



# CITY OF LAKE FOREST PARK

## CITY COUNCIL

### AGENDA COVER SHEET

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**Meeting Date** July 10, 2025

**Originating Department** Executive

**Contact Person** Phillip Hill, City Administrator  
Kim Adams-Pratt, City Attorney

**Title** Resolution 25-2021/Providing for a ballot measure to be submitted to the qualified electors of the city at the General Election to be held on November 4, 2025, in conjunction with the State General Election, of a proposition authorizing the city to levy regular property taxes in an amount in excess of the limitations provided in chapter 84.55 RCW for police and public safety services beginning in 2026

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#### Legislative History

- Monday, April 21, 2025 – Committee of the Whole
- Thursday, April 24, 2025 – City Council Regular Meeting
- Monday, May 19, 2025 – Committee of the Whole
- Thursday, May 22, 2025 – City Council Regular Meeting
- Monday, June 9, 2025 – City Council Special Meeting
- Thursday, June 12, 2025 – City Council Work Session & Regular Meeting
- Monday, June 16, 2025 – City Council Special Meeting
- Monday, June 23, 2025 – Committee of the Whole
- Thursday, June 26, 2025 – Budget and Finance Committee
- Thursday, June 26, 2025 – City Council Regular Meeting
- Thursday, July 10, 2025 – City Council Regular Meeting

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#### Attachments:

1. Resolution 25-2021 – version with rate of \$0.24/\$1000 of assessed value
2. Resolution 25-2021 – version with rate of \$0.26/\$1000 of assessed value
3. Resolution 25-2021 – version with rate of \$0.28/\$1000 of assessed value
4. Levy Rate Calculations
5. Possible item funding for levy

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## Executive Summary

Resulting from four years of higher-than-average inflation and extraordinary growth in costs for outside services related to Public Safety, the City's growing disparity between expenditures and revenues ballooned to roughly \$1.5 million per year, as identified during the 2025-2026 Biennial Budget process. The adopted 2025-2026 budget cut approximately \$455,000 in needed staffing, fleet services, and operations. Still, a nearly \$900,000 annual deficit remains, necessitating that the city council balance the budget with one-time funds from savings.

Given the high growth in costs for outside services and the costs for core services provided by the city, it is wise to assume that costs will continue to escalate, further widening the gap between expenditure and revenues. Those costs, plus continued inflation, are anticipated to deplete the city's savings, in excess of emergency reserves, by approximately 2030. Any unanticipated costs, responding to increases in outside services, and federal and state mandates, will only accelerate this trajectory.

Resolution 25-2021 is before the city council for consideration of placing a ballot measure before the voters for the November 2025 general election, to temporarily increase the city's general tax levy for 6 years to cover the existing deficit. As a temporary levy, a similar ballot measure would need to be presented to the residents of Lake Forest Park in 2031 to continue funding these services.

## Background

Chapter 84.55 RCW limits the amount of the City's regular property tax levy to 101% (or 100% plus inflation, if inflation is less than 1%) of the prior highest lawful levy amount (the "levy lid"), plus an additional amount for increases in assessed value from or due to new construction, construction of certain renewable energy facilities, improvements to property and state-assessed property. These increases are authorized by a majority vote of the council on an annual basis. Increases beyond this statutorily authorized amount require voter approval.

City services are primarily funded through property taxes, which are deposited into the general fund. Of the property taxes King County collects from Lake Forest Park property owners, the city receives 7.7%. This means the city gets \$0.077 (less than 8 cents) for every dollar city property owners pay in property taxes.

As property values go up, the levy rate goes down to ensure the city is limited to the same amount of money each year, plus a 1% increase allowed by law. For example, in 2024, the levy rate was about \$0.80 per \$1,000 of assessed property value. Due to the substantial increase in property values, the levy rate in 2025 was lowered, per state law, to \$0.71 per \$1,000, to ensure the city's property tax revenue stays the same, except for the 1% increase.

## Fiscal & Policy Implications

### Fiscal implications for taxpayers

Council requested that the Administration produce a final draft resolution to include a \$1.2 million annual levy amount, resulting in a property tax rate for collection in 2026 of \$0.95367 per \$1,000 of assessed valuation (an approximately \$0.24 per \$1,000 increase) beginning in the 2026 calendar year that includes an exemption from the levy increase for qualifying low-income seniors, disabled veterans and others with disabilities under RCW 84.36.381. If enacted by the voters, the levy would have the following effects based on the King County Assessor's Office assessed values. Per Council's discussion on June 26, versions of Resolution 25-2021 at rates of 26 cents and 28 cents per \$1000 of assessed value have also been attached for review.

<b>Assessed Property Value</b>	<b>Monthly Cost</b>	<b>Annual Cost</b>
\$714,000	\$14.28	\$171.36
\$914,000	\$18.28	\$219.36
\$1,114,000	\$22.28	\$267.36

Note: \$914,000 is the City of Lake Forest Park's median assessed property value in 2025.

#### Fiscal Implications for the City

New revenue sources would address the City's current funding deficit, providing for continued levels of service without reliance on one-time funds from the City's savings.

#### **Alternatives**

<b><i>Options</i></b>	<b><i>Results</i></b>
<ul style="list-style-type: none"> <li>• Pass Resolution 25-2021</li> </ul>	The ballot measure will be placed on the ballot for the November 2025 General Election
<ul style="list-style-type: none"> <li>• Do not pass Resolution 25-2021</li> </ul>	The ballot measure will not be placed on the ballot for the November 2025 General Election

#### **Staff Recommendation**

Consider the priorities of the residents, the testimony and feedback received through the City's public process, and the goals of the City Council and Mayor.