



CITY OF LAKE FOREST PARK

CITY COUNCIL

AGENDA COVER SHEET

Meeting Date	October 10, 2024
Originating Department	Executive
Contact Person	Phillip Hill, City Administrator
Title	Resolution 24-1973/Approving the Liz Loomis Public Affairs Professional Services Agreement for Levy Lid Lift Consulting Services

Legislative History

- First Presentation – October 10, 2024
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Attachments:

1. Resolution 24-1973 approving the Liz Loomis Public Affairs Professional Services Agreement for Levy Lid Lift Consulting Services
 2. Liz Loomis Public Affairs Professional Services Agreement for Levy Lid Lift Consulting Services
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Executive Summary

The administration issued a Request for Qualifications (RFQ) from firms to assist the city in exploring a possible levy lid lift to address the ongoing general fund budget deficit on July 2 – July 16, receiving no responses. The RFQ was again issued from July 22 – August 12, resulting in three firms responding. A selection committee consisting of Councilmembers Riddle and Goldman, City Administrator Hill, and Finance Director Vaughn, reviewed proposals, selecting two firms to interview. Following those interviews, the selection committee unanimously selected Liz Loomis Public Affairs to assist the city in preparing for a possible levy lid lift ballot measure in November 2025. The contract identifies a December 1, 2024, start date.

The city, over multiple biennial budgets, has dealt with a structural deficit in the general fund, largely due to the states 1% cap on property taxes and 3% inflation on average. Ongoing expenditures have consistently outpaced ongoing revenues, such that the city council is continually balancing the budget through unanticipated one-time funds, cost savings brought about by the fiscal responsibility of department directors, and using unallocated fund balance. Inflation and new costs of providing government services continue to escalate causing the city to explore new and creative ways to fund basic government services.

The general fund deficit in 2019-2020 biennial budget was \$877K; and as we began to come out of the global pandemic in the 2021-2022 budget the deficit grew to \$1.25M; in the 2023-2024 mayor's

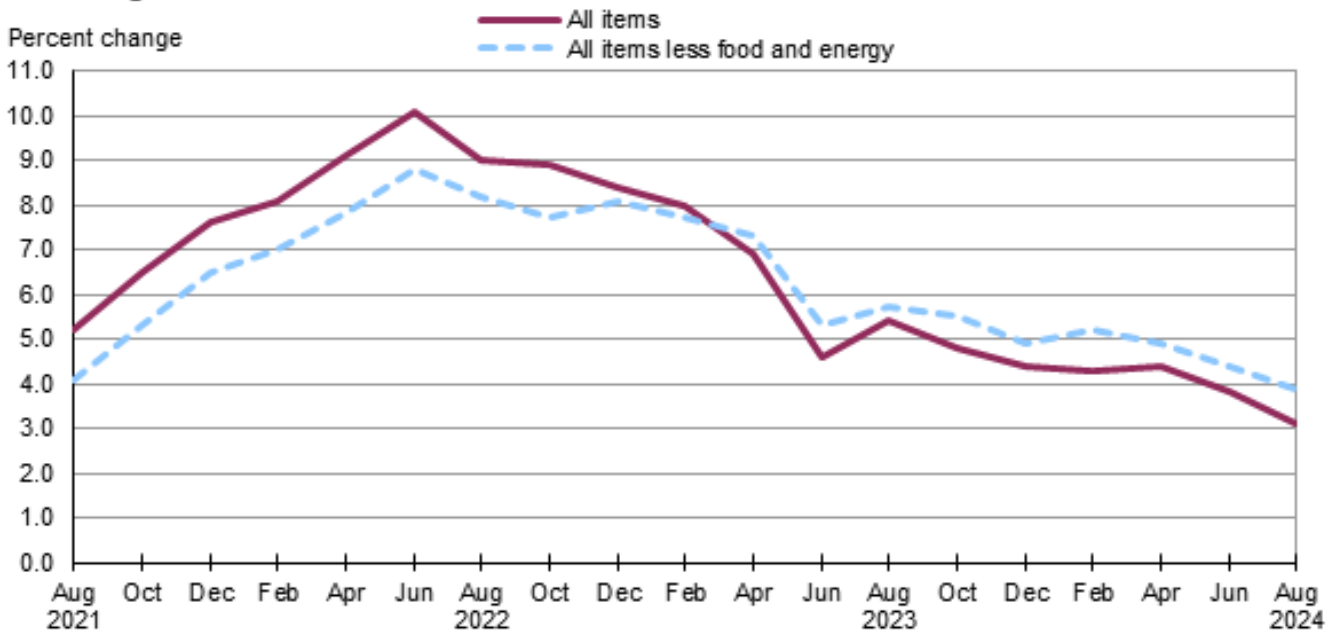
proposed budget the deficit was \$1.9M, partially offset in the adopted budget by the city council’s action to impose new utility taxes that flow into the general fund and the adoption of a new financial investment strategy that has resulted in increased interest income also benefitting the general fund.

For the upcoming 2025-2026 biennium, expenditures currently outpace revenues by \$3.0M. This large increase over the current biennium is due in large part to significant inflationary pressures coming out of the pandemic and several unanticipated costs outside of the city’s control.

Increased Costs

Following a near zero inflationary number during 2020 resulting from the pandemic, inflationary pressure has had a dramatic effect on the cost of providing basic government services. This impacts everything from salaries, health insurance, property insurance, contracts for services, supplies, and fleet. While inflation is currently near 3%, the historic average, over two years of inflation between 4% and 10% has resulted in unsustainable cost increase.

Chart 1. Over-the-year percent change in CPI-U, Seattle-Tacoma-Bellevue, WA, August 2021–August 2024



Source: U.S. Bureau of Labor Statistics.

New Costs

From Washington Cities Insurance Authority (WCIA), the 2023/2024 budget is impacted by a 44% increase in insurance rates for liability, 43% for auto physical damage, and 28% for property damage for a total impact of \$109,000 per year. During the current biennium the city has also realized several unanticipated costs outside the city’s control:

- Bothell ceased providing dispatch services for LFP requiring a transition to NORCOM for dispatch services - \$283,560 additional cost per year
- Jail Services - \$150,000 additional cost per year
- Public Defenders - \$30,000 additional cost per year
- Police Department 2023 5% mid-biennium wage increase - \$100,000 additional cost per year

Background

As the administration began assembling the mayor’s proposed budget for the 2023-2024 biennium, all department budgets were zeroed out in every category except salaries and benefits to ensure budgets were based on need and not historical trends. This was to ensure that budgets were as lean as possible, while keeping the lights on, as fiscal recovery from the pandemic was still unknown.

Staffing within the city is also extremely lean. There is no duplication of services, and no new positions have been added to the budget, only hours added to provide increased service needs. The FTE count history for the city is as follows.

Eight Year Schedule of Authorized Positions by Department

Department	2019	2020	2021	2022	2023	2024	2025	2026
Executive	2.5	2.5	2.5	2.5	2.5	2.5	3.3	3.3
Municipal Court	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3
Municipal Services	4.75	4.75	4.6	4.6	4.85	4.85	5.35	5.35
Finance & Information Technology	5.38	5.38	5.2	5.2	5.6	5.6	5.6	5.6
Community Development					1	1	1	1
Planning	3.6	3.6	3.6	3.6	3.75	2.75	2.75	2.75
Building	2	2	1.75	1.75	1.8	1.8	1.8	1.8
Environmental Sustainability						1	1	1
Community Services	0.95	0.95	0.95	0.95	0.35	0.35	0.35	0.35
Engineering	1.0	1.0	1.0	1.0	0.0	0.0	0	0
Police	23	23	23	23	23	23	23	23
Emergency Management	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Public Works	9.9	9.9	10.9	10.9	12.5	12.5	13.5	13.5
Total Budgeted FTE's	58.38	58.38	58.8	58.8	60.65	60.65	62.95	62.95

The increases shown in the 2025-2026 proposed budget include 1.0 FTE in Public Works, proposed to be fully funded by the Surface Water Utility; 0.5 FTE in Municipal Services for Passports, fully funded by passport fees; and 0.8 FTE in Executive to support Human Resources, only partially funded by the general fund, the remainder of funding from other funds.

Fiscal & Policy Implications

The base fee for services in this contract is a not to exceed \$96,000. There will be other costs related to media production that will be billed at cost. The 2023-2024 executive department professional services budget has sufficient funds on hand to cover the first months’ work under the proposed contract. The mayor’s proposed 2025-2026 budget includes sufficient funds to cover the remaining 11-months of this contract.

Alternatives

<i>Options</i>	<i>Results</i>
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Staff Recommendation

Provide questions and any requests for additional information to be reported back to council at the October 21, 2024, committee of the whole meeting.