



# City of Lake Stevens

## One Community Around the Lake

2023 Preliminary Revenues & Base Budget Overview



2023

# Preliminary Budget Calendar

<b>Council Budget Agenda <i>(Subject to Change)</i></b>	<b>Date</b>
Estimated Revenues & Preliminary Base Budget	September 13, 2022
Council Budget Discussion – Staffing/Wages	September 20 or October 4, 2022
Council Budget Discussion – Budget Requests	October 11, 2022
Council Budget Discussion – Mayor Recommendations	October 18, 2022
Council Budget Discussion	October 25, 2022
Council Budget Discussion (if needed)	November 1, 2022
Public Hearing No. 1 & Property Tax	November 8, 2022
Public Hearing Final & Budget Adoption	November 22, 2022
Public Hearing Final (continuation) & Budget Adoption (if needed)	December 13, 2022



# Revenues 2022 vs. 2023 Base Budget

Fund Name	2022 Budgeted Revenues	2022 Estimated Revenues	2023 Base Revenues	2022 Estimated to 2023 Base Budget
General Fund	\$ 15,430,790	\$ 17,390,408	\$ 17,112,434	-1.6%
Other General Funds	\$ 7,742,514	\$ 7,393,302	\$ 2,520,989	-65.9%
Special Revenue Funds	\$ 2,733,910	\$ 2,926,167	\$ 3,120,616	6.6%
Debt Service	\$ 1,513,856	\$ 1,513,856	\$ 1,379,522	-8.9%
Capital Projects	\$ 11,349,734	\$ 12,655,161	\$ 4,688,863	-62.9%
Other Proprietary	\$ 1,040,425	\$ 1,040,997	\$ 814,894	-21.7%
SWM Funds	\$ 6,247,101	\$ 7,153,611	\$ 7,019,211	-1.9%
Equipment Funds	\$ 892,350	\$ 1,444,841	\$ 947,247	-34.4%
Trust Fund	\$ 375,100	\$ 191,670	\$ 375,100	95.7%
<b>Totals</b>	<b>\$ 47,325,780</b>	<b>\$ 51,710,014</b>	<b>\$ 37,978,875</b>	<b>-26.6%</b>

- GF – decrease due to one-time allocation of Pandemic Recovery (PR) funds from the “Other GF” fund.
- Other GF – decrease due to current year ARPA grant funds
- Capital Projects – decrease due to grant reimbursements and bond proceeds
- Other Proprietary (Sewer) – decrease due to debt obligations
- Equipment Funds –
  - Computer: One-time contributions of PR funds for approved technology upgrades and continued maintenance.
  - Police: Transfer of one-time criminal justice payment to cover multiyear body-worn camera program



# Expenditures 2022 vs. 2023 Base Budget

Fund Name	2022 Budgeted Expenditures	2022 Estimated Expenditures	2023 Base Expenditures	2022 Estimated to 2023 Base Budget
General Fund	\$ 18,905,484	\$ 16,373,903	\$ 18,473,316	12.8%
Other General Funds	\$ 10,408,869	\$ 10,696,666	\$ 1,300,200	-87.8%
Special Revenue Funds	\$ 3,175,112	\$ 2,850,306	\$ 2,932,196	2.9%
Debt Service	\$ 1,513,856	\$ 1,513,856	\$ 1,379,522	-8.9%
Capital Projects	\$ 23,014,767	\$ 22,962,130	\$ 1,379,522	-94.0%
Other Proprietary	\$ 1,040,325	\$ 1,040,325	\$ 799,394	-23.2%
SWM Funds	\$ 6,414,391	\$ 5,651,758	\$ 6,016,945	6.5%
Equipment Funds	\$ 1,374,267	\$ 1,341,517	\$ 463,000	-65.5%
Trust Fund	\$ 375,100	\$ 191,670	\$ 375,100	95.7%
<b>Totals</b>	<b>\$ 66,222,171</b>	<b>\$ 62,622,131</b>	<b>\$ 33,119,194</b>	<b>-47.1%</b>

- GF – increase due to COLA, forecasting all vacant 2022 position as filled
- Other GF – decrease due to ARPA grant accounting in 2022
- Capital Project – decrease as new projects are not included in base budget
- Other Proprietary (Sewer)- decrease due to debt service payments
- Equipment – decrease shown as requests are not yet included



# 2023 Base Budget – All Funds

Fund Name	2023 Beginning Cash Balance	2023 Base Revenues	2023 Base Expenditures	2023 Base Ending Cash Balance	Revenue Over Exp (+)
General Fund	\$6,532,087	\$17,112,434	\$18,473,316	\$5,171,205	(\$1,360,882)
Other General Funds	\$10,993,178	\$2,520,989	\$1,300,200	\$12,213,967	\$1,220,789
Special Revenue Funds	\$2,622,386	\$3,120,616	\$2,932,196	\$2,810,806	\$188,420
Debt Service	\$0	\$1,379,522	\$1,379,522	\$0	\$0
Capital Projects	\$16,820,644	\$4,688,863	\$1,379,522	\$20,129,985	\$3,309,341
Other Proprietary	\$2,994	\$814,894	\$799,394	\$18,494	\$15,500
SWM Funds	\$4,530,842	\$7,019,211	\$6,016,945	\$5,533,108	\$1,002,266
Equipment Funds	\$1,728,206	\$947,247	\$463,000	\$2,212,453	\$484,247
Trust Fund	\$0	\$375,100	\$375,100	\$0	\$0
<b>Totals</b>	<b>\$43,230,337</b>	<b>\$37,978,875</b>	<b>\$33,119,194</b>	<b>\$48,090,018</b>	<b>\$4,859,681</b>



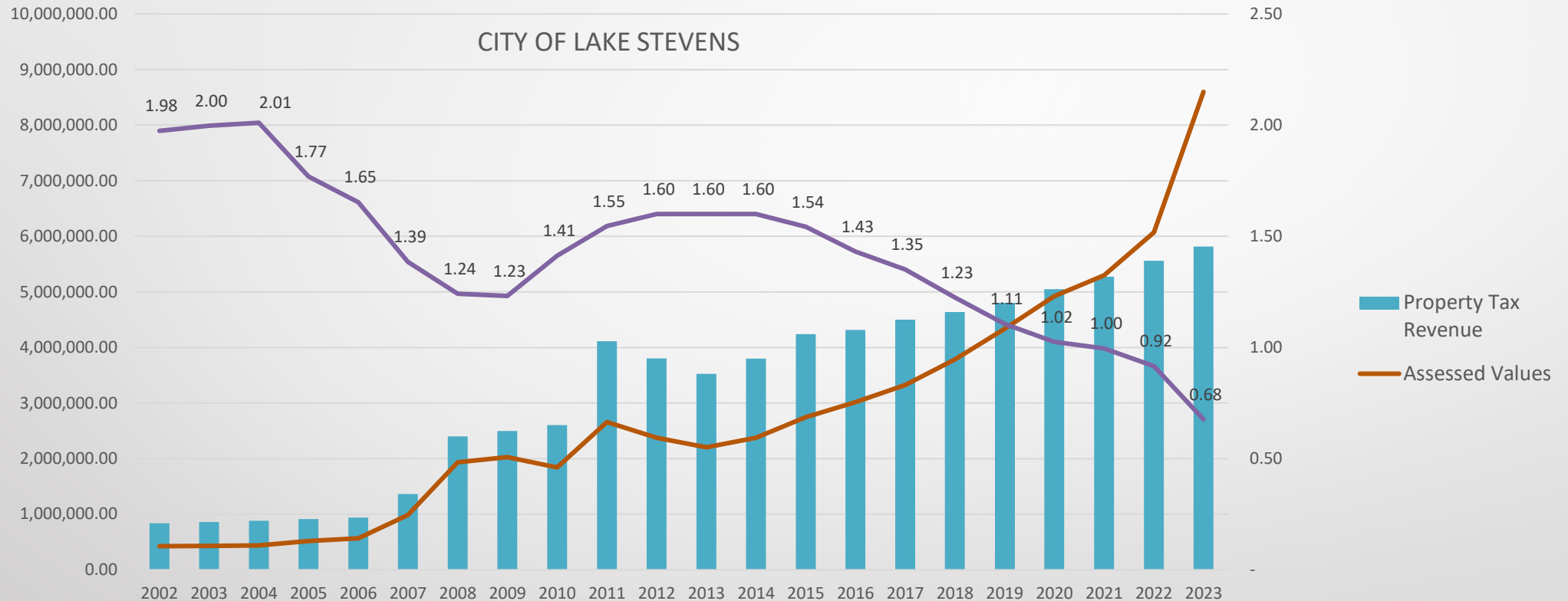
# Major Revenue Sources

Revenue Source	Fund	Uses	% Total Rev	2022 Budget	2022 Estimated	2023 Base	2023 Vs 2022 Estimated
GF - Property Tax	General 72%	Unrestricted	11%	\$4,021,000	\$4,021,000	\$4,188,000	104.2%
GF - Local Sales & Use Tax	General/Reserve	Unrestricted	17%	\$6,100,000	\$5,917,604	\$6,590,875	111.4%
GF - Utility Taxes/Franchise	General	Unrestricted	8%	\$2,809,000	\$2,914,060	\$2,943,200	101.0%
GF - Criminal Justice – Sales/Use Tax	General	Some Restrictions	3%	\$700,000	\$933,720	\$1,098,175	117.6%
GF - Liquor/DUI/State Shared	General	Some Restrictions	2%	\$630,200	\$724,772	\$733,103	101.1%
GF - Building Permits	Permit	Retricted	4%	\$1,500,000	\$1,577,880	\$1,500,000	95.1%
GF - Zoning & Subdivision (Plats)	Permit	Restricted	1%	\$300,000	\$220,989	\$220,989	100.0%
ST - Property Tax	Street – 28%	Unrestricted	4%	\$1,564,000	\$1,564,000	\$1,629,000	104.2%
ST - Utility Taxes	Street	Unrestricted	1.2%	\$335,000	\$434,456	\$438,801	101.0%
ST - State Shared - MVFT	Street	Restricted to Fund Usage	2%	\$695,800	\$780,634	\$840,048	107.6%
Real Estate Excise Taxes	REET I&II	Restricted	8%	\$3,000,000	\$4,000,000	\$3,000,000	75.0%
Traffic Impact Fees	TM	Restricted	2%	\$1,495,000	\$1,471,959	\$900,000	61.1%
Park Impact Fees	PM	Restricted	2%	\$700,000	\$1,085,931	\$700,000	64.5%
Surface Water Fees	SWM	Restricted to Fund Usage	12%	\$4,059,667	\$4,525,376	\$4,706,391	104.0%

Largest revenues sources remain – Sales and Property Taxes



# Property Taxes History



- Estimated 2023 AV increase 41.7%
- Estimated Levy Rate \$0.68/ \$100 AV
- Estimated 2023 Revenues \$5,817,000

# Untapped Revenue Sources

- Utility Tax
  - Imposed upon Gross Revenues of Utilities providing service with City boundaries
  - No taxes imposed on Sewer Utility or Storm Water Utilities currently
    - At 6% - Sewer Estimated over \$1,000,000
    - At 6% - SWM Estimated \$300,000







# General Fund Revenue Assumptions for 2023

- Property Tax: \$4,188,000
  - Allocation remains at 72% GF, 28% Street Fund (\$1.62M)
  - Assessed Value Increased 41.7%
  - Levy Rate Estimated \$0.68/1,000 AV
    - \$100,000 home = \$68 City Tax
    - \$1,000,000 home = \$680 City Tax
- Sales Tax: \$6,590,875
  - Estimated 6% increase
  - Plus, estimated Costco revenues
  - Construction \$1,100,000 (\$800,000 in Contingency Fund)
- Permits – In Restricted Fund
  - Building Permits – Based on known and suspected developments – \$1,500,000
  - Zoning & Subdivision – Anticipate slight decrease over 2022 budget due to delayed projects - \$220,989



# General Fund Expenditure Assumptions for 2023

- General Fund Expenditures – 18,473,316
  - 2.6% decrease over 2022 Budget
    - One-time expenditures
  - Estimated base increase – 12.8%
- 2023 Estimated Base Budget Fund Balance  
\$5,171,2056
- Salaries & Benefits - \$12,829,872
  - Current staffing levels
  - Cost of Living Increases – Current CPI 9.5%
    - 8.6% Non-Represented
    - 3% Guild
    - 0% Teamsters (under negotiations)
- Medical/Dental Increases – 7%



# Street Fund Assumptions for 2023

- Revenues - \$3,120,281
  - Property Tax: \$1,629,000
    - Allocation remains at 28%
  - MVFT & Multimodal Trans Tax: \$840,048
  - Garbage Utility Tax \$438,800
- 2023 Estimated Ending Fund Balance \$2,745,150
- Expenditures - \$2,932,196
  - Salaries/Benefits - \$1,502,000
    - No COLA increase budgeted (currently under negotiation)
  - Continue Annual Pavement Preservation - \$400,000
  - Continue Contribution to Equipment Fund
    - Reevaluate based on new replacement schedule
    - No Capital Projects included in base budget
  - Will include some costs related to APWA Certification



# Storm Water Fund Revenue Assumptions for 2023

- Revenues - \$4,784,162
  - Storm Water Service Charges – 4% increase
    - Based on Rate Study & Population
    - Direct bill School District & Post Office
  - Contributions from Permit Managerial Fund for Permit related work
- 2023 Estimated Ending Fund Balance
  - Operating: \$1,621,205
  - Capital: \$4,061,903

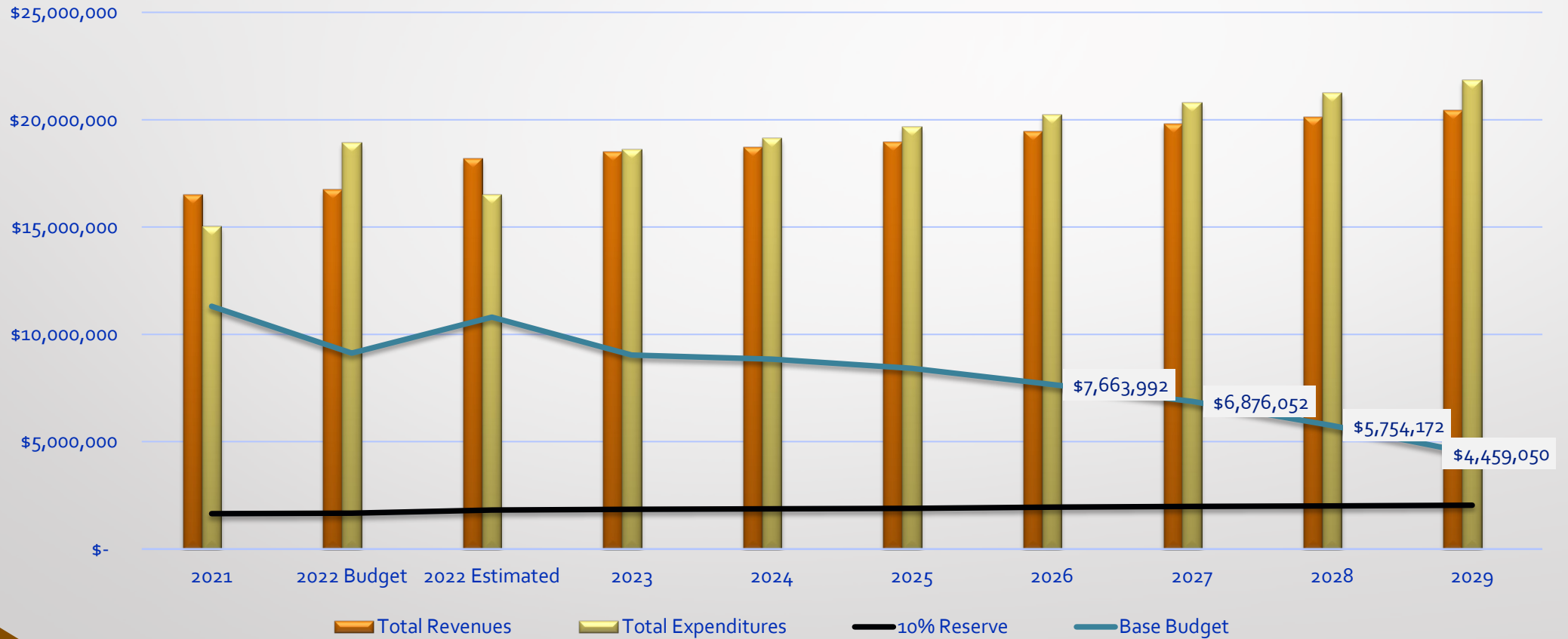
## Expenditures

- Operating Base Budget - \$5,635,681
  - Salaries/Benefits \$2,365,616
    - No increase for COLA in base budget (contract under negotiation)
  - Continue Lake Treatments
  - Will include some costs related to APWA Certification
- Capital Expenditures \$0
  - No Projects included in 2023 Base Budget
  - Various projects to be funded by Pandemic Recovery Fund
  - 2022 projects will be RF if not completed
- Debt Expenditures \$231,264
  - Vactor
  - Decant Land Purchase



# Base Budget Forecasted Ending Balances

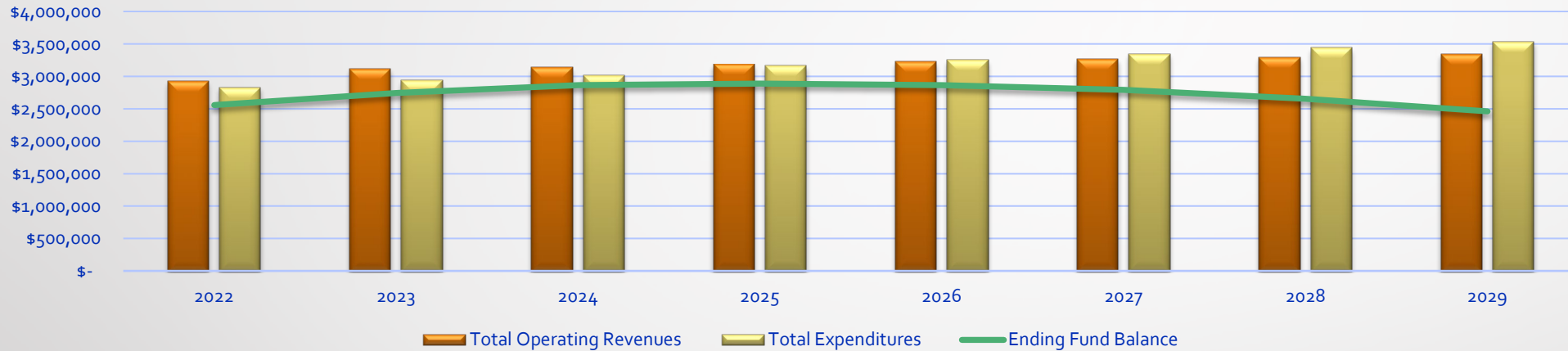
General Fund - 2023 Budget - Base - Preliminary Forecast



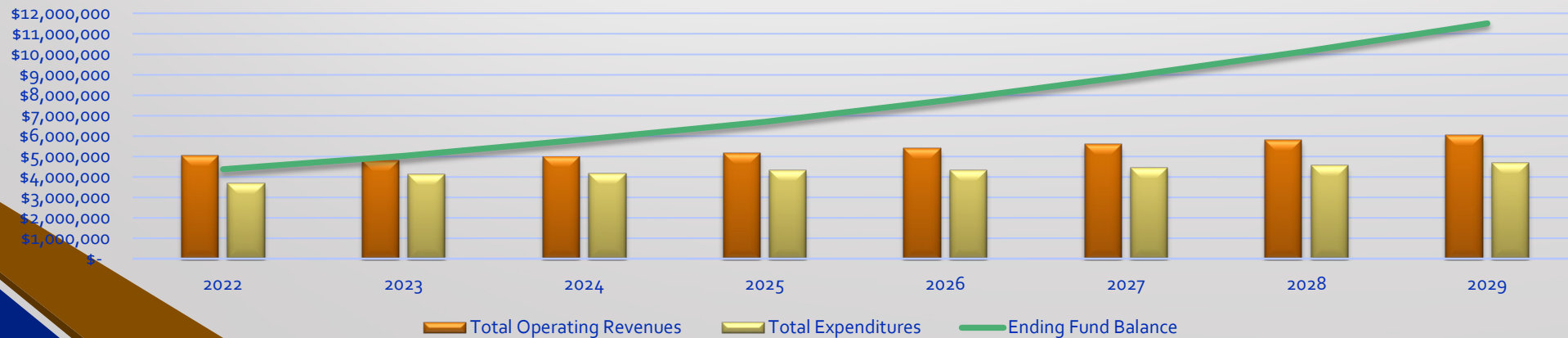


# Base Budget Forecasted Ending Balances

## Street Fund - 2023 - Base - Preliminary Forecast



## Storm Water - 2023 - Base Preliminary Forecast



# 2023 Budget Priorities

- American Public Works Association (APWA) Accreditation
- Complete Capital Projects in Process
- Streamlining Citywide Processes to Increase LOS
- Enhance Transportation Program
- Enhance Park & Recreation Program
- Maintain Public Health & Safety
- Attract & Retain Highly Qualified Staff

