



November 1, 2022

Honorable City Council,

The 2023 budget continues to be an opportunity for the city of Lake Stevens to work on its internal processes. The city has grown quickly in the last decade, and it is time to bring how we do business up to current day standards. This budget improves city operations by continuing accreditation from the American Public Works Association (APWA), completing capital projects and meeting community need for more recreational and outdoor opportunities.

The accreditation of our Public Works Department ensures that systems and procedures are meeting national standards. This is an 18 to 24-month process started last year to obtain accreditation that will improve how Public Works and the city delivers services to residents. This accreditation not only improves service delivery, but also saves taxpayer dollars with improved efficiency.

There are multiple capital project projects underway throughout the city. The Washington Department of Transportation will continue the SR 9/204 project. This will include constructing two large roundabouts at SR 9 at the SR9/204 intersection and just north of that project at N. Davies Rd and Vernon Rd. We are working closely with WSDOT to communicate traffic changes to our community and are grateful for this partnership.

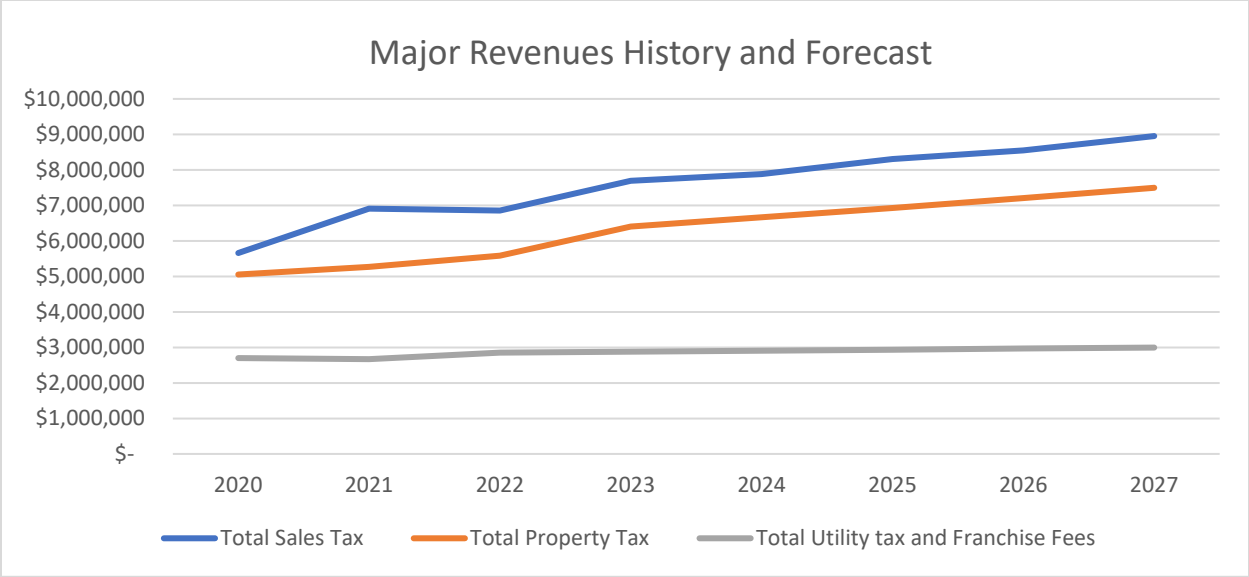
Other capital projects that support outdoor recreation include improving parts of Sunset Park, final improvements to Frontier Heights Park, improving the 20<sup>th</sup> Street Powerline Trail, and extending the South Lake Stevens multi-use path to Highway 9. In addition, our number one legislative priority is to secure \$1.8 million in funding to remodel the Cedarwood Community Center.

Residents of Lake Stevens have been clear and vocal about their desire for infrastructure improvements and recreational activities/enjoyment of the outdoors. We will continue to meet these needs for residents and visitors alike share in funding vital city services.

As always, we appreciate your support and welcome your questions.

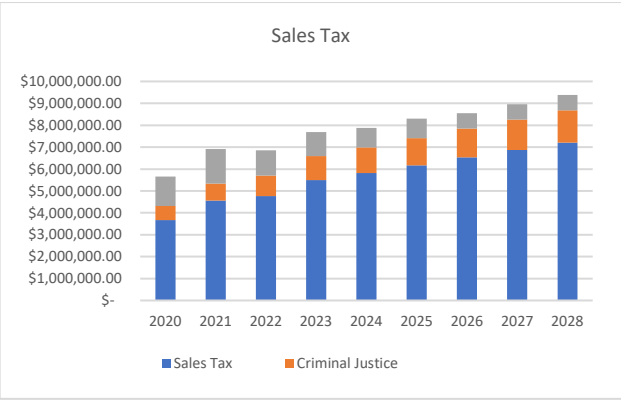
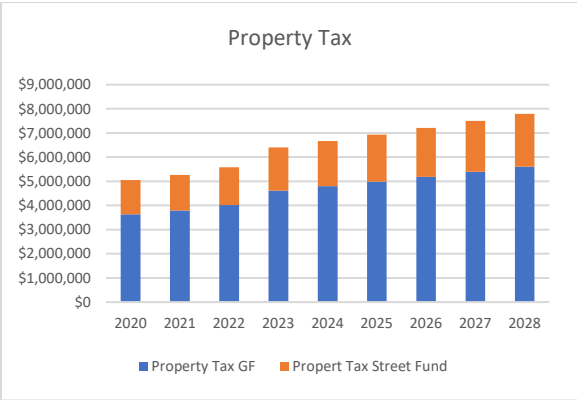
## **REVENUES**

Lake Stevens has seen revenue growth over the past six years and can expect some sources to continue to grow, while others flatten out. Using reasonable assumptions, we foresee overall growth of 4% per year for all combined revenue.



The assumptions used to make these projections are:

- Sales Tax increase of 6% a year until 2026 then 5% increase thereafter.
- Property Tax increase of 1% plus estimated new construction and annexation assessments.
- Utility Tax increase of 1% per year.



Lake Stevens continues to see new retail and redevelopment which signals a strong economy and reinforces the city’s revenue projections.

The city continues to allocate \$300,000 of construction sales tax revenue into the general fund for operating purposes. Any remaining construction sales tax is allocated to our capital reserves for future infrastructure needs.

**2023 Priorities**

Our budget priorities for 2023 are to:

1. Achieve American Public Work Association (APWA) accreditation
2. Improve transportation program
3. Develop Parks and Recreation program

4. Complete identified capital projects.
5. Streamline citywide processes to increase levels of Service.

### **Proposed Operating Budget**

Our proposed budget is structured to fund the highest priority needs for city residents while maintaining adequate reserves. The city continues to look toward the future with continued economic development on 20<sup>th</sup> St SE and potential Transportation Benefit District funding. In the meantime, the 2023 budget strategically funds department needs that are a priority for residents.

The proposed staffing budget includes:

1. Add IT Applications Analyst
2. Add Public Works Analyst
3. Add Public Works Shop Quartermaster
4. Add Grant Writer
5. Add four Seasonal Park Workers
6. Increase Part-time Senior Planner to Full-time
7. Cost of Living Adjustment for Non-Represented Staff
8. Allow for internal promotional opportunities to retain staff

To maintain a balanced budget, some positions are budgeted to start in middle to late 2023.

### **SUMMARY**

The 2023 budget continues to support the city we all live in and enjoy, as well as attract and retain skilled staff to deliver services our community wants. Our city is continuously changing and improving to meet these needs and function more efficiently. I am excited to enter 2023 knowing the challenges of change and improvement are our budget priorities.

I appreciate the hard work of our staff, city council, and the community in not only building this budget, but also in building "One Community Around the Lake."

Respectfully,

Brett Gailey, Mayor