

CITY COUNCIL AGENDA BILL

City of Black Diamond
Post Office Box 599
Black Diamond, WA 98010

ITEM INFORMATION		
SUBJECT:	Agenda Date: November 3, 2022	AB21-XXX
Public Hearing on 2023 Preliminary Budget of General Fund Revenue Sources and possible increases in Property Tax for 2023.	Mayor Carol Benson	
	City Administrator	
	City Attorney David Linehan	
	City Clerk – Brenda L. Martinez	
	Finance – May Miller	X
	MDRT/Ec Dev – Andy Williamson	
	Community Dev – Barb Kincaid	
Cost Impact (see also Fiscal Note):	Police – Chief Kiblinger	
Fund Source: Various	Public Works – Seth Boettcher	
Timeline:	Court – Stephanie Metcalf	
Agenda Placement: <input checked="" type="checkbox"/> Mayor <input type="checkbox"/> Two Councilmembers <input type="checkbox"/> Committee Chair <input type="checkbox"/> City Administrator		
Attachments: 2023 General Fund Revenue Sources & worksheets; (2) two 2023 Property Tax Ordinances		
SUMMARY STATEMENT:		
<p>Public Hearing on General Fund Preliminary 2023 Revenue sources and possible Property Tax increase for 2023 Property Taxes. Attached are worksheets showing the proposed 2023 revenues for the General Fund and the need for a property Tax increase which is needed to help fund Public Safety for 2023. Per RCW 84.52.020 the property tax certifications must be filed with King County no later than November 30, 2022 for Property Taxes to be collected in 2023 which the city uses for Public Safety including Fire, Police, Court, and Emergency Services. This public hearing shows the 2023 Preliminary Revenue Sources and the need for the Property Tax increase and includes the two ordinances required by King County.</p>		
<p>The first ordinance sets the allowed Property Tax Dollar amount of the increase for 2023 and the percentage of increase of over last year's actual levy. The dollar amount calculated by King County for cities under 10,000 population for Black Diamond is \$24,675 and is an allowed percentage of 1.00% over last year's actual levy.</p>		
<p>The second required ordinance sets the possible total amount of Property Tax that Black Diamond can collect in 2023 and the estimated Assessed Valuation of \$2,041,141,237 provided by King County. The Maximum dollar amount is set at \$3,015,290 which includes an additional \$200,000 to cover any additional dollars added for new construction, annexations, State utility assessments or adjustments from King County between now and December 5, 2022 when King County finalizes the worksheets. The final King County worksheets are not expected until December 5, 2022 after we have already adopted our required levy. Our levy will be adjusted down by King County to the actual final amounts but cannot be increased.</p>		
<p>The Property Tax Revenue is used for Public Safety, which includes Police, Fire, Court, and Emergency Services. This provides approximately 55% of the revenue needed to cover Public Safety costs.</p>		

FISCAL NOTE (Finance Department): The preliminary 2023 Budget includes the anticipated property tax increase.

COUNCIL COMMITTEE REVIEW AND RECOMMENDATION:

RECOMMENDED ACTION: PUBLIC HEARING ONLY

RECORD OF COUNCIL ACTION

<i>Meeting Date</i>	<i>Action</i>	<i>Vote</i>
November 3, 2022		

ORDINANCE NO. 2022-XXXX

AN ORDINANCE OF THE CITY OF BLACK DIAMOND, WASHINGTON, RELATING TO THE GENERAL PROPERTY TAX LEVY AND SPECIFYING THE INCREASE CALCULATED BY KING COUNTY BASED ON LAST YEARS ACTUAL LEVY COMMENCING ON JANUARY 1, 2023 WITH CERTAIN CHANGES REQUIRED BY KING COUNTY IN THE MANNER IN WHICH THE AMOUNTS ARE CALCULATED. SUCH PROPERTY TAX LEVY SHALL APPLY TO ALL PROPERTY BOTH REAL AND PERSONAL, SUBJECT TO TAXATION, FOR THE PURPOSE OF PROVIDING REVENUE FOR PUBLIC SAFETY FOR THE CITY OF BLACK DIAMOND, ALL AS REQUIRED BY LAW, AND ESTABLISHING THE EFFECTIVE DATE.

WHEREAS, the Council of the City of Black Diamond has met and considered its budget for the calendar year 2023 and

WHEREAS, the Council thereafter gave notice of public hearings and held public hearings on November 3, 2022, and

WHEREAS, the City's actual King County levy amount from the previous actual year base levy of \$2,467,477 is a base increase of \$24,675 or 1.00%; and

WHEREAS, the population of the City is less than 10,000; and

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF BLACK DIAMOND, KING COUNTY, WASHINGTON, ORDAINS AS FOLLOWS:

Section 1. Levy and Percentage of Increase. An increase in the regular property tax levy is hereby authorized for the levy to be collected in the 2023 tax year. The dollar amount of the increase over the actual base levy amount authorized from King County for the previous year shall be \$24,675, which is a percentage increase of 1.00% from the previous year. This increases is exclusive of additional revenue resulting from new construction, improvements to property, newly constructed wind turbines, and any increase in the value of state assessed utility property, or any annexations that have occurred.

Section 2. Severability. Should any section, paragraph, sentence, clause or phrase of this ordinance, or its application to any person or circumstance, be declared unconstitutional or otherwise invalid for any reason, or should any portion of this ordinance be preempted by State or Federal law or regulations, such decisions or preemptions shall not affect the validity of the remaining portions of this ordinance or its application to other persons or circumstances.

Section 3. **Effective Date.** This Ordinance shall be published in the official newspaper of the City, and shall take effect and be in full force five (5) days after the date of publication.

PASSED by the Council and approved by the Mayor of the City of Black Diamond, Washington, this 17th day of November 2022

Carol Benson, Mayor

Attest:

Brenda L. Martinez, City Clerk

APPROVED AS TO FORM:

David A Linehan, City Attorney

Published:

Posted:

Effective Date:

ORDINANCE NO. 22-XXXX

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF BLACK DIAMOND, WASHINGTON, LEVYING THE GENERAL PROPERTY TAXES FOR THE CITY FOR THE FISCAL YEAR COMMENCING JANUARY 1, 2023 ON ALL PROPERTY BOTH REAL AND PERSONAL, SUBJECT TO TAXATION, FOR THE PURPOSE OF PROVIDING REVENUE FOR PUBLIC SAFETY FOR THE CITY OF BLACK DIAMOND FOR THE ENSUING YEAR AS REQUIRED BY LAW AND ESTABLISHING THE EFFECTIVE DATE.

WHEREAS, the cities under 10,000 population may increase the regular property tax dollar amount of the levy from the previous year by up to one percent, and

WHEREAS, the City Council has properly given notice of the Public Hearings held on November 3, 2022 to consider the City's 2023 Property Tax Levy and the Preliminary Budget including the Revenue Sources, pursuant to RCW 84.55.120; and

WHEREAS, the City Council of Black Diamond, Washington has met and considered the Public Safety budgets for the year of 2023; and

WHEREAS, a public hearing was held on November 3, 2022 regarding the 2023 Revenue Sources and Public safety budget and the property tax levy, and

WHEREAS, King County requires that the 2023 Property Tax Levies be submitted by November 30, 2022; and

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF BLACK DIAMOND, KING COUNTY, WASHINGTON, ORDAINS AS FOLLOWS:

Section 1. Amount. The preliminary assessed valuation of **\$2,041,141,237** is adopted. A regular property tax for 2023 is hereby levied in the maximum amount of **\$3,015,290** which includes an additional \$200,000 for any additional King County increases resulting from additional new construction, improvements to property, newly constructed wind turbines, and any increase in the value of state assessed property or any annexations that have occurred after the preliminary worksheets and adjustment made by the county. The final dollar amount of Property Taxes is determined by King County and reduced to the actual amount allowed.

Section 2. Severability. Should any section, paragraph, sentence, clause or phrase of this ordinance, or its application to any person or circumstance, be declared unconstitutional or otherwise invalid for any reason, or should any portion of this ordinance be preempted by State or Federal law or regulations, such decisions or preemptions shall not affect the validity of the remaining portions of this ordinance or its application to other persons or circumstances.

Section 3. **Effective Date** This Ordinance shall be published in the official newspaper of the city and shall take effect and be in full force five (5) days after the date of publication.

PASSED by the Council and approved by the Mayor of the City of Black Diamond, Washington, this 17th day of November 2022.

Carol Benson, Mayor

Attest:

Brenda L. Martinez, City Clerk

APPROVED AS TO FORM:

David A. Linehan, City Attorney

Posted:

Published:

Effective Date:

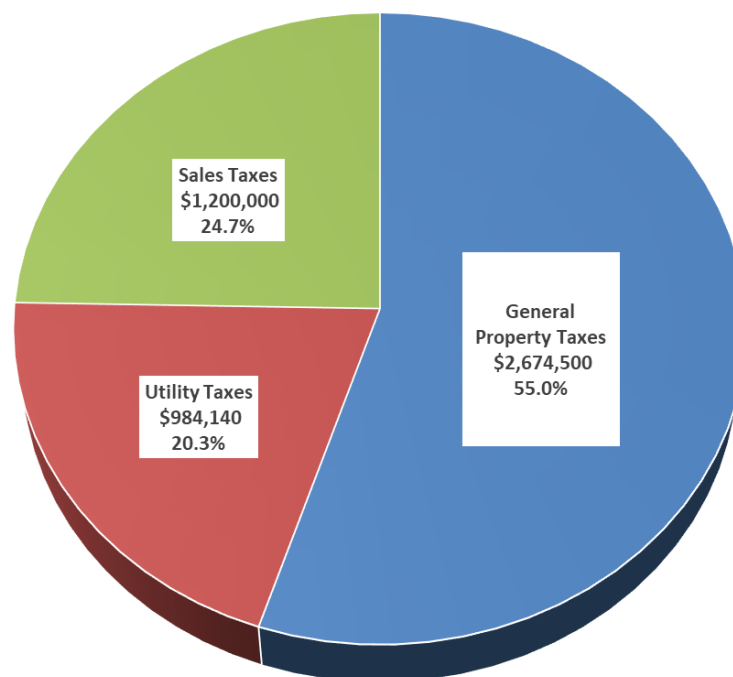
City of Black Diamond Property Taxes

2023

Property taxes make up 55% of the General Fund's tax revenue and estimated to generate \$2,674,500 in revenue for the city. All revenues from property taxes go directly to the General Fund to support public safety for police, fire protection and emergency services. Black Diamond depends heavily on property tax collections, as the city has a small commercial base for generating sales tax revenue.

In Washington cities such as Black Diamond, property tax increases are limited to a 1% total dollar annual increase per year unless voters approve a lid-lift or larger percent increases plus any property tax from new construction. King County sets assessed valuation on property and calculates levy rates. Each taxing authority receives a portion of the tax amount, which King County collects and then passes on. In Black Diamond, there are four school districts with separate rates, so depending on which school district the property is in, the taxing amount will vary.

2023 General Fund Taxes

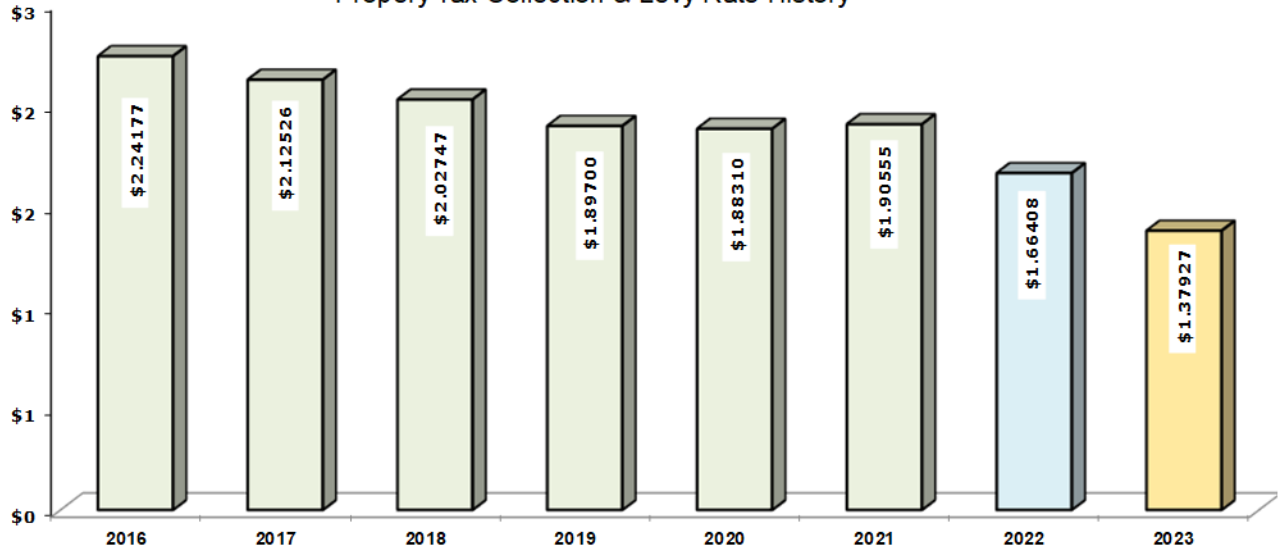


General Fund Revenue Projection	2022			2023		
	Budget	Actuals Thru June	Estimated Year End	Budget	\$ Budget Change	% Budget Change
REVENUES						
1 Beginning Cash and Investments	7,358,410	8,346,574	8,346,574	6,197,682	(1,160,728)	-15.8%
2 General Property Taxes	2,390,983	1,320,428	2,375,000	2,674,500	283,517	11.9%
3 Sales Taxes	1,406,200	799,478	1,510,900	1,200,000	(206,200)	-14.7%
4 State Sales Tax Assistance	6,000	15,085	24,000	26,000	20,000	0.0%
5 Utility Tax and Gambling Tax	830,150	513,924	926,590	984,140	153,990	18.5%
6 Cable Franchise Fees	76,500	49,034	69,400	66,200	(10,300)	-13.5%
7 Business License	32,300	22,060	35,600	35,600	3,300	10.2%
8 Liquor Profits & Excise Tax	88,700	39,551	79,000	80,800	(7,900)	-8.9%
9 KC Recycle & State Court Grants	16,000	46,359	108,300	31,500	15,500	96.9%
10 Community Development Rev	2,035,750	1,042,238	1,698,935	1,353,100	(682,650)	-33.5%
11 Police Department Revenue	338,600	203,314	408,123	427,650	89,050	26.3%
12 Municipal Court Revenue	128,350	53,743	107,190	98,400	(29,950)	-23.3%
13 Parks Revenue	54,000	18,586	42,000	56,000	2,000	3.7%
14 Cemetery Revenue	2,500	1,807	2,200	3,600	1,100	44.0%
15 Charges for Services & Misc Rev.	72,200	39,065	55,170	92,000	19,800	27.4%
16 Funding Agreement - MDRT	1,017,016	443,666	945,800	1,052,396	35,380	3.5%
17 AWC Insurance Payment & Flex	312,800	156,752	305,000	403,000	90,200	28.8%
18 Total Operating Revenues	8,808,049	4,765,089	8,693,208	8,584,886	(223,163)	-2.5%
19 Devel Reimb-MDRT Conslt	1,645,000	580,429	1,000,000	1,645,000	0	0.0%
20 TOTAL GENERAL FUND SOURCES	17,811,459	13,692,092	18,039,782	16,427,568	(1,383,891)	-7.8%

General Fund Expenditure Projection	2022			2023		
	Budget	Actuals Thru June	Estimated Year End	Budget	\$ Budget Change	% Budget Change
EXPENDITURES						
1 Legislative - Council	24,419	9,916	22,200	24,542	123	0.5%
2 Executive - Mayor	15,768	6,615	13,100	15,898	130	0.8%
3 Administration - City Administrator	200,000	-	35,000	206,351	6,351	3.2%
4 Administrative Services	781,871	320,670	712,800	784,654	2,783	0.4%
5 Legal Services	306,300	147,481	406,000	369,000	62,700	20.5%
6 Prosecuting Atty and Public Defender	130,300	41,700	101,000	130,300	0	0.0%
7 Municipal Court	391,261	181,735	326,200	442,488	51,227	13.1%
8 Police Department	3,186,886	1,389,536	2,960,000	3,552,317	365,431	11.5%
9 Fire Department	1,024,100	497,311	1,021,000	1,133,340	109,240	10.7%
10 Recycle/Anim Cont/Mental Health/Covid 1	149,700	35,304	69,700	122,200	(27,500)	-18.4%
11 Master Development Review Team	1,017,016	434,564	945,800	1,052,396	35,380	3.5%
12 Community Development	1,882,118	461,581	1,200,000	2,043,937	161,819	8.6%
13 Facilities	289,212	69,302	275,000	152,702	(136,510)	-47.2%
14 Parks Department	332,305	90,337	300,300	359,570	27,265	8.2%
15 Cemetery	39,041	20,080	69,000	28,742	(10,299)	-26.4%
16 AWC Insurance Payment & Flex	308,000	2,109	350,000	403,000	95,000	30.8%
17 Transfer to Street Fund	170,000	50,000	170,000	200,000	30,000	17.6%
16 Total Operating Expenditures	10,248,297	3,758,241	8,977,100	11,021,437	773,140	7.5%
18 Transfer to Future Campus Costs	1,800,000	1,800,000	1,800,000	-	(1,800,000)	-100.0%
19 Transfer to Fire Study	-	-	65,000	-	0	0.0%
20 Developer MDRT Consultants	1,645,000	488,486	1,000,000	1,645,000	0	0.0%
21 Total Expenditures	13,693,297	6,046,726	11,842,100	12,666,437	(1,026,860)	-7.5%
22 30% Reserved Cash and Investments	3,074,489	2,279,702	3,552,630	3,306,431	231,942	7.5%
23 Unreserved Cash and Investments	1,043,673	5,319,305	2,645,052	454,700	(588,973)	-56.4%
24 Total Ending Cash and Investments	4,118,162	7,599,007	6,197,682	3,761,131	(357,031)	-8.7%
25 TOTAL GENERAL FUND USES	17,811,459	13,645,733	18,039,782	16,427,568	(1,383,891)	-7.8%

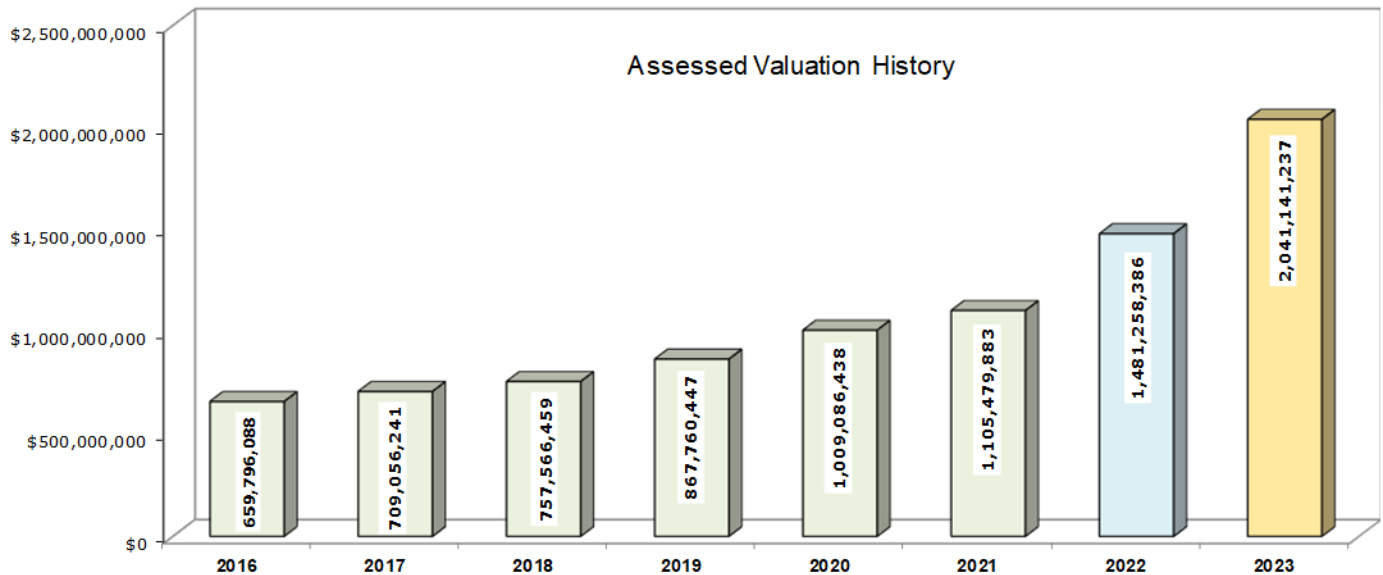
General Fund Functions Supported by Types of Revenue		2022 Budget	2023 Prelim Budget	\$ Change	% Change	Public Safety	General Gov't	MDRT
REVENUES								
1	Beginning Cash and Investments	7,358,410	6,197,682	(1,160,728)	-15.8%	21,908	6,112,774	63,000
2	Public Safety Revenue Funded With:							
3	General Property Taxes	2,390,983	2,674,500	283,517	11.9%	2,674,500		
4	Utility Tax and Gambling Tax	830,150	984,140	153,990	18.5%	984,140		
5	Criminal Justice Sales Tax	135,500	206,150	70,650	52.1%	206,150		
6	Liquor Excise Tax and Profits	88,700	80,800	(7,900)	-8.9%	80,800		
7	Municipal Court Revenue	128,350	113,400	(14,950)	-11.6%	113,400		
8	EMS Levy Taxes	-	-	0	0.0%	-		
9	Business License	32,300	35,600	3,300	10.2%	35,600		
10	Police Charges for Service, Grants, Misc	203,100	221,500	18,400	9.1%	221,500		
11	Total Public Safety Revenue	3,809,083	4,316,090	507,007	13.3%	4,316,090		
12	General Government Funded With:							
13	Sales Taxes	1,406,200	1,200,000	(206,200)	-14.7%		1,200,000	
14	Land Use and Permitting Fees	2,035,750	1,353,100	(682,650)	-33.5%		1,353,100	
15	Cable Franchise Fees	76,500	66,200	(10,300)	-13.5%		66,200	
16	Sales Tax Assist	6,000	26,000	20,000	0.0%		26,000	
17	Grants, Passports, Charges for Svs	88,200	108,500	20,300	23.0%		108,500	
18	Parks Revenue	54,000	56,000	2,000	3.7%		56,000	
19	Cemetery Revenue	2,500	3,600	1,100	44.0%		3,600	
20	AWC Insurance and Flex	312,800	403,000	90,200	28.8%		403,000	
21	Funding Agreement - MDRT	1,017,016	1,052,396	35,380	3.5%			1,052,396
22	Total Gen Fund Operating Revenue	4,998,966	4,268,796	(730,170)	-14.6%		3,216,400	1,052,396
23	Total General Fund Revenue	8,808,049	8,584,886	(223,163)	-1.3%	4,316,090	3,216,400	1,052,396
24	Public Safety: Fire, Police, Court, EMS/Recyl/Animal Cont/Mental Health	4,882,247	5,380,645	498,398	10.2%	5,380,645		
25	Community Development	1,882,118	2,043,937	161,819	8.6%		2,043,937	
26	Bldg, Grounds, Parks, Cemetery	660,558	541,014	(119,544)	-18.1%		541,014	
27	Legislative, City Administrator and Administrative Services	1,022,058	1,031,445	9,387	0.9%		1,031,445	
28	Legal Services	306,300	369,000	62,700	20.5%		369,000	
29	AWC Expenses	308,000	403,000	95,000	30.8%		403,000	
30	Transfer to Street Fund	170,000	200,000	30,000	17.6%		200,000	
31	Master Development Review Team MDRT	1,017,016	1,052,396	35,380	3.5%			1,052,396
32	Total Operating Expenditures	10,248,297	11,021,437	737,760	7.2%	5,380,645	4,588,396	1,052,396
33	Changes to Cash and Investments	5,918,162	3,761,131	(2,157,031)	-36.4%	(1,042,647)	4,740,778	63,000

Property Tax Collection & Levy Rate History



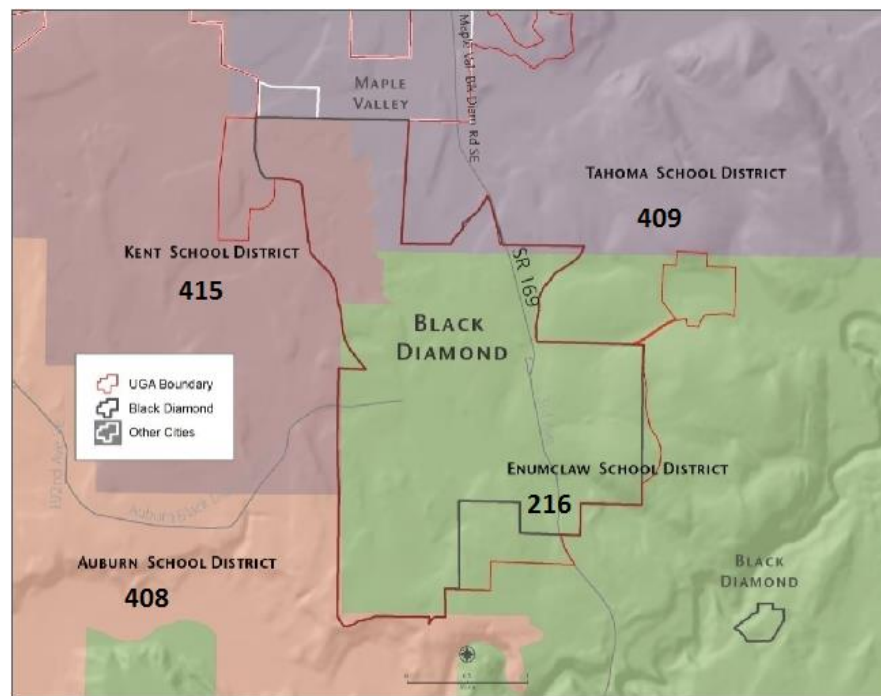
Regular Levy Base	1,462,890	1,481,033	1,475,350	1,535,244	1,647,702	1,884,197	2,105,311	2,467,477
1% Increase	14,629	14,810	14,753	15,352	16,477	18,842	21,053	24,675
New Construction Levy	11,905	13,378	11,470	95,541	219,986	202,272	338,567	316,184
Annexations								
Adjustments	-14,074	-534	698			1,136		6,954
Total Property Taxes	\$1,475,350	\$1,508,687	\$1,502,271	\$1,646,137	\$1,884,165	\$2,106,447	\$2,464,931	\$2,815,290
Levy Rate per \$1000 AV	\$ 2.24177	\$ 2.12526	\$ 2.02747	\$ 1.89700	\$ 1.88310	\$ 1.90555	\$ 1.66408	\$ 1.37927
Allowable Levy	3.10	3.10	3.10	3.10	3.10	3.10	3.10	3.10
Assessed Valuation	\$659,796,088	\$709,056,241	\$757,566,459	\$867,760,447	\$1,009,086,438	\$1,105,479,883	\$1,481,258,386	\$2,041,141,237

Assessed Valuation History



Base Assessed Valuation	659,784,183	709,042,863	757,554,989	867,664,906	1,008,866,452	1,104,833,418	1,480,919,819	2,040,825,053
New Construction	11,905	13,378	11,470	95,541	219,986	202,272	338,567	316,184
Final Assessed Valuation	659,796,088	709,056,241	757,566,459	867,760,447	1,009,086,438	1,105,479,883	1,481,258,386	2,041,141,237
% change from prior year	11%	7%	7%	15%	16%	10%	34%	38%
Population	4,450	4,470	4,480	4,500	4,520	5,207	5,990	
Property Tax Levy Rate	2.242	2.125	2.027	1.897	1.883	1.906	1.664	1.379
Increase in Base value	64,563,240	49,260,153	48,510,218	110,193,988	141,325,991	96,393,445	375,778,503	559,882,851
Percentage increase in base	11%	7%	7%	15%	16%	10%	34%	38%

School Districts in Black Diamond



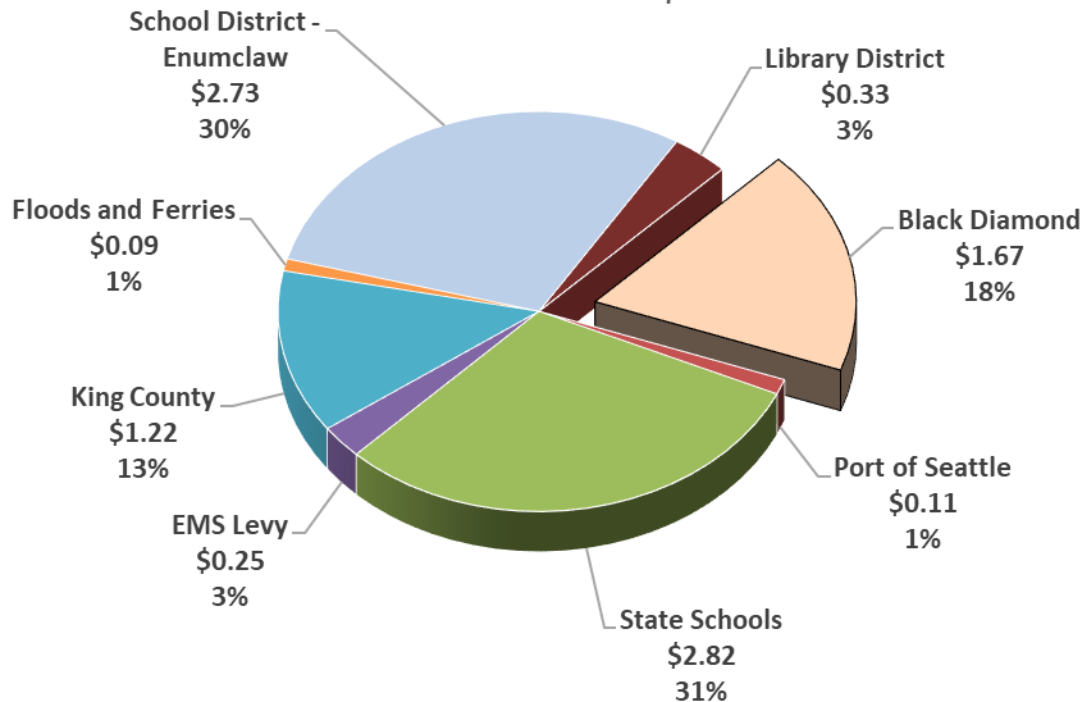
The total property tax rates in Black Diamond vary because of the four different school districts within our city limits.				
2022 Rates				
Local School District	2.73	3.89	3.82	4.99
Washington State for Schools Part 1	1.85	1.85	1.85	1.85
McCleary Decision for Schools Part 2	0.97	0.97	0.97	0.97
King County	1.22	1.22	1.22	1.22
City of Black Diamond	1.67	1.67	1.67	1.67
Port of Seattle	0.11	0.11	0.11	0.11
Library District	0.33	0.33	0.33	0.33
Emergency Medical Services	0.25	0.25	0.25	0.25
King County Flood & Ferry Levy	0.09	0.09	0.09	0.09
Total Levy Rate 2021	9.22	10.38	10.31	11.47
Total 2021 Levy Rates	11.45	12.60	11.37	13.48

MONTHLY 2022 Property Tax Rates on a \$512,000 Appraised Home

Translate to:

Total Monthly Taxes of \$393.35

Black Diamond's Portion: \$71.43



King County Taxing District	Levy Rate per \$1000 in Value	Percent of Property Taxes Collected	2022 Annual Tax on a \$512,000 Home	Monthly Tax on a \$512,000 Home
Port of Seattle	0.11258	1%	\$57.64	\$4.80
State Schools	2.82	31%	\$1,442.28	\$120.19
EMS Levy	0.25	3%	\$127.19	\$10.60
King County	1.22	13%	\$624.23	\$52.02
Floods and Ferries	0.09	1%	\$46.35	\$3.86
School District - Enumclaw	2.73	30%	\$1,397.60	\$116.47
Library District	0.33	4%	\$167.72	\$13.98
Subtotal	7.54493	82%	\$3,863.00	\$321.92
Black Diamond	1.67	18%	\$857.18	\$71.43
Total	9.2191	100%	\$4,720.18	\$393.35

PRELIMINARY**LEVY LIMIT WORKSHEET – 2023 Tax Roll****TAXING DISTRICT: City of Black Diamond**

The following determination of your regular levy limit for 2023 property taxes is provided by the King County Assessor pursuant to RCW 84.55.100.

Annexed to Library District

(Note 1)

Estimated Library rate: 0.23473

Using Limit Factor For District	Calculation of Limit Factor Levy	Using Implicit Price Deflator
2,467,477	Levy basis for calculation: (2022 Limit Factor) (Note 2)	2,467,477
1.0100	x Limit Factor	1.0646
2,492,152	= Levy	2,626,802
188,860,439	Local new construction	188,860,439
0	+ Increase in utility value (Note 3)	0
188,860,439	= Total new construction	188,860,439
1.67417	x Last year's regular levy rate	1.67417
316,184	= New construction levy	316,184
2,808,336	Total Limit Factor Levy	2,942,986
Annexation Levy		
0	Omitted assessment levy (Note 4)	0
2,808,336	Total Limit Factor Levy + new lid lifts	2,942,986
2,041,141,237	÷ Regular levy assessed value less annexations	2,041,141,237
1.37587	= Annexation rate (cannot exceed statutory maximum rate)	1.44183
0	x Annexation assessed value	0
0	= Annexation Levy	0
Lid lifts, Refunds and Total		
0	+ First year lid lifts	0
2,808,336	+ Limit Factor Levy	2,942,986
2,808,336	= Total RCW 84.55 levy	2,942,986
6,954	+ Relevy for prior year refunds (Note 5)	6,954
2,815,290	= Total RCW 84.55 levy + refunds	2,949,940
Levy Correction: Year of Error _____ (+or-)		
2,815,290	ALLOWABLE LEVY (Note 6)	2,949,940
Increase Information (Note 7)		
1.37927	Levy rate based on allowable levy	1.44524
2,467,477	Last year's ACTUAL regular levy	2,467,477
24,675	Dollar increase over last year other than N/C – Annex	159,325
1.00%	Percent increase over last year other than N/C – Annex	6.46%
Calculation of statutory levy		
	Regular levy assessed value (Note 8)	2,041,141,237
	x Maximum statutory rate	3.36527
	= Maximum statutory levy	6,868,991
	+Omitted assessments levy	0
	=Maximum statutory levy	6,868,991
	Limit factor needed for statutory levy	Not usable