

CITY COUNCIL AGENDA BILL

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

ITEM INFORMATION		
SUBJECT:	Agenda Date: November 4, 2021	AB21-XXX
Public Hearing on 2022 Preliminary Budget of General Fund Revenue Sources and possible increases in Property Tax for 2022.	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: 2022 General Fund Revenue Sources & worksheets; (2) two 2022 Property Tax Ordinances		
SUMMARY STATEMENT: <p>Public Hearing on General Fund Preliminary 2022 Revenue sources and possible Property Tax increase for 2022 Property Taxes. Attached are worksheets showing the proposed 2022 revenues for the General Fund and the need for a property Tax increase which is needed to help fund Public Safety for 2022. Per RCW 84.52.020 the property tax certifications must be filed with King County no later than November 30, 2021 for Property Taxes to be collected in 2022 which the city uses for Public Safety including Fire, Police, Court and Emergency Services. This public hearing shows the 2022 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 2022 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 \$21,053 and is an allowed percentage of .95% 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 2022 and the estimated Assessed Valuation of \$1,481,258,386 provided by King County. The Maximum dollar amount is set at \$2,664,931 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, 2021 when King County finalizes the worksheets. The final King County worksheets are not expected until December 5, 2021 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 provide approximately 49% of the revenue needed to cover Public Safety costs.</p>		

FISCAL NOTE (Finance Department): The preliminary 2022 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 4, 2021		

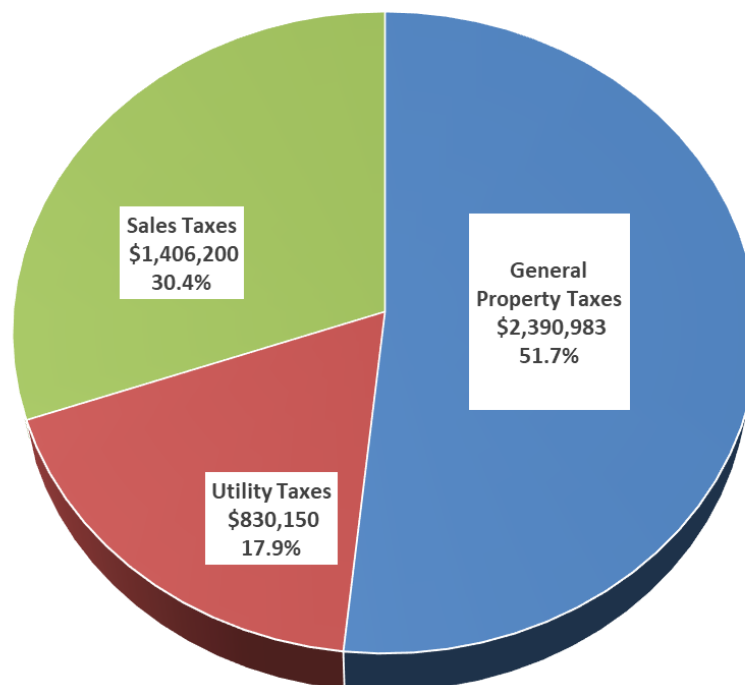
City of Black Diamond Property Taxes

2022

Property taxes make up 51.7% of the General Fund's tax revenue and estimated to generate \$2,390,983 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.

2022 General Fund Taxes



General Fund Revenue Projection		2021			2022		
		Budget	Actuals Thru June	Estimated Year End	Budget	\$ Budget Change	% Budget Change
REVENUES							
1	Beginning Cash and Investments	4,334,539	6,022,284	6,022,285	7,358,410	3,023,871	69.8%
2	General Property Taxes	2,014,434	1,129,080	1,974,145	2,390,983	376,549	18.7%
3	Sales Taxes	898,960	731,271	1,539,115	1,406,200	507,240	56.4%
4	State Sales Tax Assistance	-	5,975	19,200	6,000	6,000	0.0%
5	Utility Tax and Gambling Tax	694,400	434,539	770,150	830,150	135,750	19.5%
6	Cable Franchise Fees	69,350	37,499	74,000	76,500	7,150	10.3%
7	Business License	29,450	17,900	29,450	32,300	2,850	9.7%
8	Liquor Profits & Excise Tax	63,600	38,484	69,800	88,700	25,100	39.5%
9	KC Recycle, EMS & State Court Grants	81,100	6,341	75,100	16,000	(65,100)	-80.3%
10	Community Development Rev	2,000,000	1,562,125	2,734,056	2,035,750	35,750	1.8%
11	Police Department Revenue	336,200	207,489	397,400	338,600	2,400	0.7%
12	Municipal Court Revenue	130,000	67,928	146,400	128,350	(1,650)	-1.3%
13	Parks Revenue	32,200	25,069	49,800	54,000	21,800	67.7%
14	Cemetery Revenue	5,700	500	600	2,500	(3,200)	-56.1%
15	Charges for Services & Misc Rev.	33,000	39,240	76,300	72,200	39,200	118.8%
16	Funding Agreement - MDRT	958,814	357,616	945,800	1,017,016	58,202	6.1%
17 Total Operating Revenues		7,347,208	4,661,055	8,901,316	8,495,249	1,148,041	15.6%
18	COVID Grants	-	34,311	34,311	-		
19	AWC 2019 Acct Change	249,500	122,657	280,000	312,800	63,300	25.4%
20	Devel Reimb-MDRT Conslt	1,845,000	490,391	1,400,000	1,645,000	(200,000)	-10.8%
21 TOTAL GENERAL FUND SOURCES		13,776,247	11,330,699	16,637,912	17,811,459	4,035,212	29.3%

General Fund Expenditure Projection	2021			2022		
	Budget	Actuals Thru June	Estimated Year End	Budget	\$ Budget Change	% Budget Change
EXPENDITURES						
1 Legislative - Council	23,972	8,175	24,500	24,419	447	1.9%
2 Executive - Mayor	15,761	6,812	13,960	15,768	7	0.0%
3 Administrative Services	624,847	294,708	655,292	781,871	157,024	25.1%
4 Legal Services	204,000	79,752	290,600	306,300	102,300	50.1%
5 Prosecuting Atty and Public Defender	100,850	39,400	109,700	130,300	29,450	29.2%
6 Municipal Court	348,334	140,349	325,400	391,261	42,927	12.3%
7 Police Department	2,824,483	1,219,817	2,589,900	3,186,886	362,403	12.8%
8 Fire Department	613,853	303,783	616,450	1,024,100	410,247	66.8%
9 EMS/Recyl/Anim Cont/Mental Health	44,400	37,672	54,400	59,700	15,300	34.5%
10 Master Development Review Team	958,814	410,837	945,800	1,017,016	58,202	6.1%
11 Community Development	1,587,184	362,616	1,346,900	1,882,118	294,934	18.6%
12 Facilities	230,305	62,958	172,800	289,212	58,907	25.6%
13 Parks Department	143,338	65,699	192,300	332,305	188,967	131.8%
14 Cemetery	29,507	8,542	26,500	39,041	9,534	32.3%
15 Total Operating Expenditures	7,749,648	3,041,121	7,364,502	9,480,297	1,730,649	22.3%
16 Covid Costs	50,000	19,899	65,000	90,000	40,000	80.0%
17 AWC Insurance 2020 Acct Pmt	249,500	1,150	280,000	308,000	58,500	23.4%
18 Transfer to Street Fund	170,000	100,000	170,000	170,000	0	0.0%
19 Transfer to Future Campus Costs	-	-	-	2,000,000	2,000,000	0.0%
19 Developer MDRT Consultants	1,845,000	320,297	1,400,000	1,645,000	(200,000)	-10.8%
20 Total Expenditures	10,064,148	3,482,466	9,279,502	13,693,297	3,629,149	36.1%
21 30% Reserved Cash and Investments	3,019,244		2,783,851	4,107,989	1,088,745	36.1%
22 Unreserved Cash and Investments	692,855	7,848,232	4,574,559	10,173	(682,681)	-98.5%
23 Total Ending Cash and Investments	3,712,099	7,848,232	7,358,410	4,118,162	406,063	10.9%
24 TOTAL GENERAL FUND USES	13,776,247	11,330,699	16,637,912	17,811,459	4,035,212	29.3%

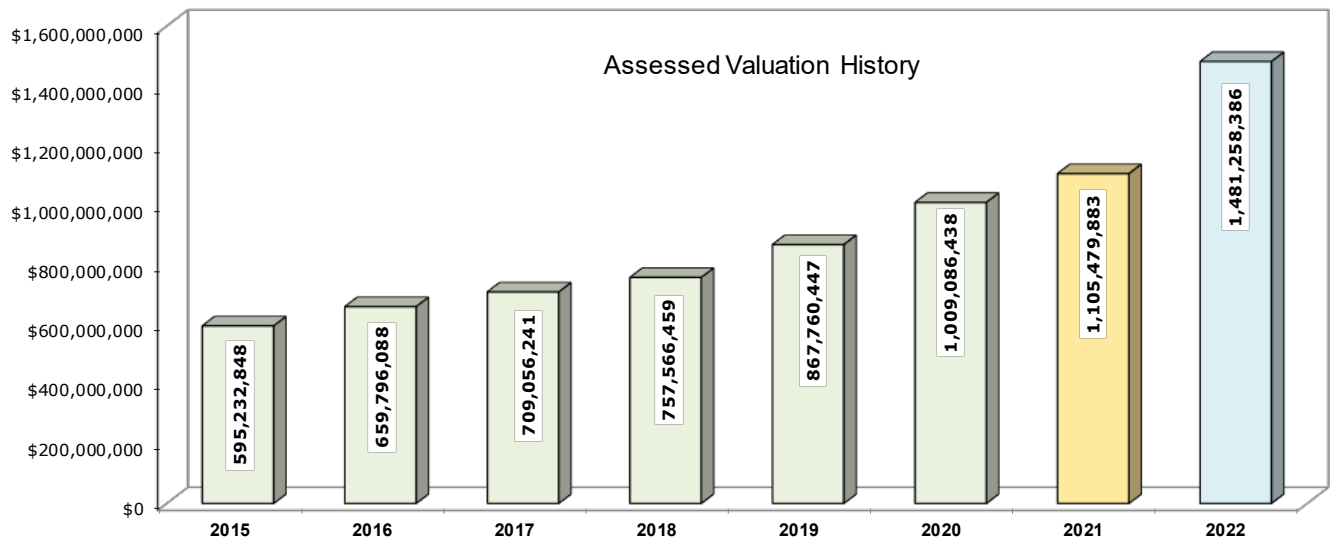
General Fund Functions Supported by Types of Revenue		2021 Budget	2022 Prelim Budget	\$ Change	% Change	Public Safety	General Gov't	MDRT
REVENUES								
1	Beginning Cash and Investments	4,334,539	7,358,410	3,023,871	69.8%	21,908	7,273,502	63,000
2	Public Safety Revenue Funded With:							
3	General Property Taxes	2,014,434	2,390,983	376,549	18.7%	2,390,983		
4	Utility Tax and Gambling Tax	694,400	830,150	135,750	19.5%	830,150		
5	Criminal Justice Sales Tax	137,500	95,500	(42,000)	-30.5%	95,500		
6	Liquor Excise Tax and Profits	63,600	88,700	25,100	39.5%	88,700		
7	Municipal Court Revenue	130,000	128,350	(1,650)	-1.3%	128,350		
8	EMS Levy Taxes	65,100	-	(65,100)	-100.0%	-		
9	Business License	29,450	32,300	2,850	9.7%	32,300		
10	Police Charges for Service, Grants, Misc	198,700	243,100	44,400	22.3%	243,100		
11	Total Public Safety Revenue	3,333,184	3,809,083	475,899	14.3%	3,809,083		
12	General Government Funded With:							
13	Sales Taxes	898,960	1,406,200	507,240	56.4%		1,406,200	
14	Land Use and Permitting Fees	2,000,000	2,035,750	35,750	1.8%		2,035,750	
15	Cable Franchise Fees	69,350	76,500	7,150	10.3%		76,500	
16	Sales Tax Assist	-	6,000	6,000	0.0%		6,000	
17	Grants, Passports, Charges for Svs	49,000	88,200	39,200	80.0%		88,200	
18	Parks Revenue	32,200	54,000	21,800	67.7%		54,000	
19	Cemetery Revenue	5,700	2,500	(3,200)	-56.1%		2,500	
20	Total Gen Fund Operating Revenue	3,055,210	3,669,150	613,940	20.1%		3,669,150	
21	AWC Insurance Deposit & Flex	249,500	312,800	63,300	25.4%		312,800	
22	Funding Agreement - MDRT	958,814	1,017,016	58,202	6.1%			1,017,016
23	Total General Fund Revenue	7,596,708	8,808,049	1,211,341	1	3,809,083	\$3,981,950	\$1,017,016
EXPENDITURES								
24	Public Safety: Fire, Police, Court, EMS/Recyl/Animal Cont/Mental Health	3,931,920	4,792,247	860,327	21.9%	4,792,247		
25	Community Development	1,587,184	1,882,118	294,934	18.6%		1,882,118	
26	Bldg, Grounds, Parks, Cemetery	403,150	660,558	257,408	63.8%		660,558	
27	Legislative and adm. Services	664,580	822,058	157,478	23.7%		822,058	
28	Legal Services	204,000	306,300	102,300	50.1%		306,300	
29	Master Development Review Team MDRT	958,814	1,017,016	58,202	6.1%			1,017,016
30	Total Operating Expenditures	7,749,648	9,480,297	1,730,649	22.3%	\$4,792,247	3,671,034	1,017,016
31	Covid Costs & AWC Expenses	299,500	398,000	98,500	32.9%		398,000	
32	Trf to Street/Future Campus Costs	170,000	2,170,000	2,000,000	1176.5%		2,170,000	
33	Changes to Cash and Investments	3,712,099	4,118,162	406,063	10.9%	(961,256)	5,016,418	63,000

* Analysis doesn't include MDRT Consultant Revenues and Expenses in 2021 or 2022

Property Tax Collection & Levy Rate History

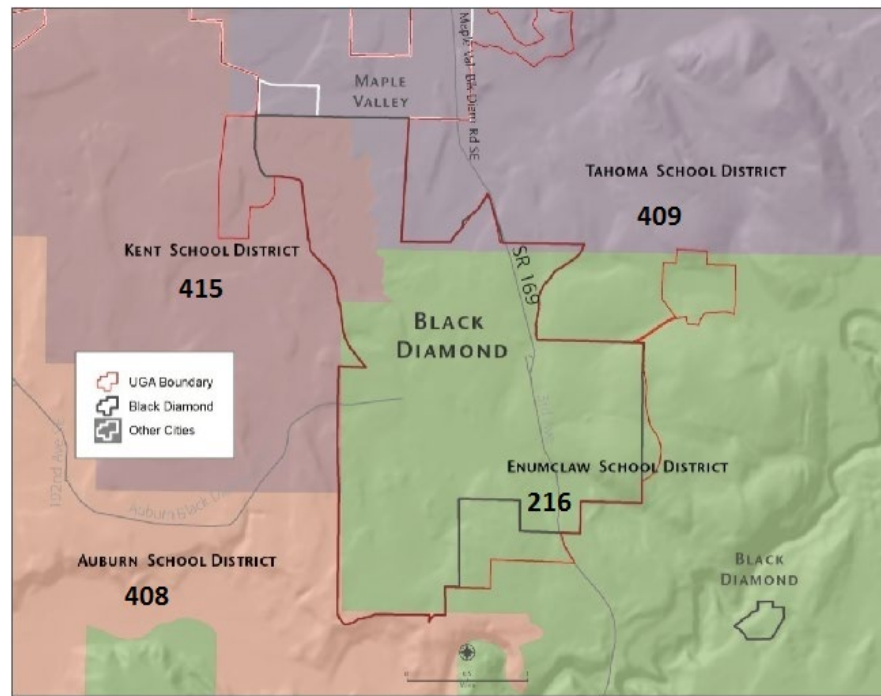


	2015	2016	2017	2018	2019	2020	2021	2022
Regular Levy Base	1,438,114	1,462,890	1,481,033	1,475,350	1,535,244	1,647,702	1,884,197	2,105,311
1% Increase	14,381	14,629	14,810	14,753	15,352	16,477	18,842	21,053
New Construction Levy	3,145	11,905	13,378	11,470	95,541	219,986	202,272	338,567
Annexations								
Adjustments	5,137	-14,074	-534	698			1,136	
Total Property Taxes	\$1,460,777	\$1,475,350	\$1,508,687	\$1,502,271	\$1,646,137	\$1,884,165	\$2,106,447	\$2,464,931
Levy Rate per \$1000 AV	\$ 2.41750	\$ 2.24177	\$ 2.12526	\$ 2.02747	\$ 1.89700	\$ 1.88310	\$ 1.90555	\$ 1.66408
Allowable Levy	3.10	3.10	3.10	3.10	3.10	3.10	3.10	3.10
Assessed Valuation	\$595,232,848	\$659,796,088	\$709,056,241	\$757,566,459	\$867,760,447	\$1,009,086,438	\$1,105,479,883	\$1,481,258,386



	2015	2016	2017	2018	2019	2020	2021	2022
Base Assessed Valuation	595,229,703	659,784,183	709,042,863	757,554,989	867,664,906	1,008,866,452	1,104,833,418	1,480,919,819
New Construction	3,145	11,905	13,378	11,470	95,541	219,986	202,272	338,567
Final Assessed Valuation	595,232,848	659,796,088	709,056,241	757,566,459	867,760,447	1,009,086,438	1,105,479,883	1,481,258,386
% change from prior year	8%	11%	7%	7%	15%	16%	10%	34%
Population	4,420	4,450	4,470	4,480	4,500	4,520	5,207	5,990
Property Tax Levy Rate	2.418	2.242	2.125	2.027	1.897	1.883	1.906	1.664
Increase in Base value	42,653,245	64,563,240	49,260,153	48,510,218	110,193,988	141,325,991	96,393,445	375,778,503
Percentage increase in base	8%	11%	7%	7%	15%	16%	10%	34%

School Districts in Black Diamond



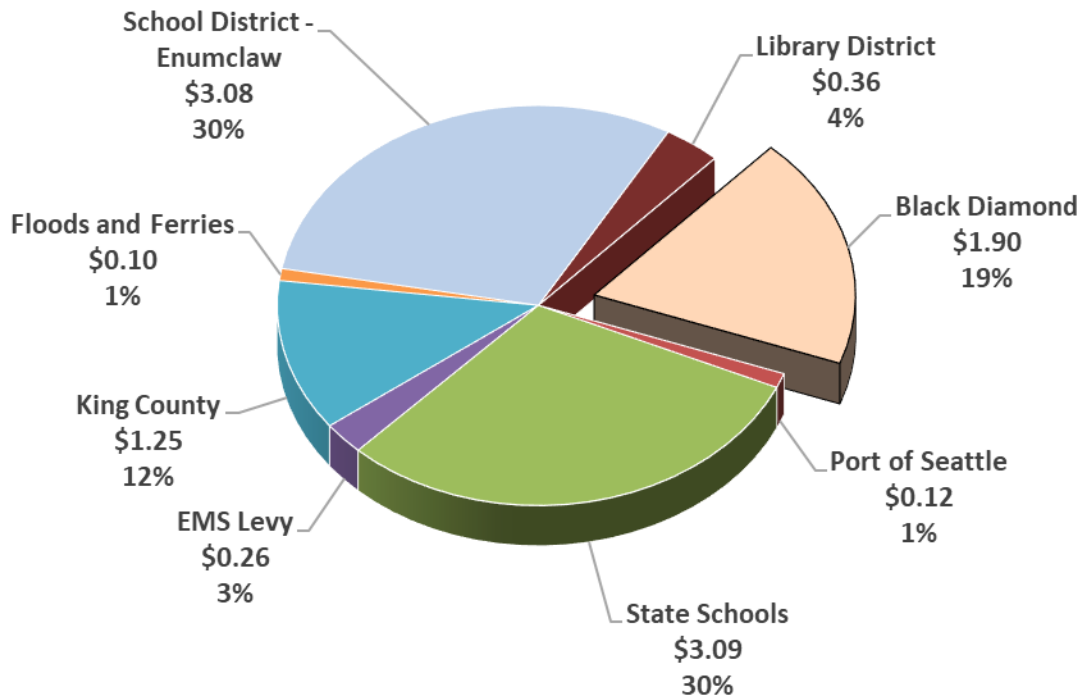
The total property tax rates in Black Diamond vary because of the four different school districts within our city limits.				
2021 Rates				
Local School District	Enumclaw	Tahoma	Kent	Auburn
Washington State for Schools Part 1	3.08	4.35	3.83	5.20
McCleary Decision for Schools Part 2	2.01	2.01	2.01	2.01
King County	1.08	1.08	1.08	1.08
City of Black Diamond	1.25	1.25	1.25	1.25
Port of Seattle	1.90	1.90	1.90	1.90
Library District	0.12	0.12	0.12	0.12
Emergency Medical Services	0.36	0.36	0.36	0.36
King County Flood & Ferry Levy	0.26	0.26	0.26	0.26
Total Levy Rate 2021	10.17	11.43	10.91	12.29
Total 2021 Levy Rates	11.45	12.60	11.37	13.48

MONTHLY 2021 Property Tax Rates on a \$450,000 Appraised Home

Translate to:

Total Monthly Taxes of \$397.11

Black Diamond's Portion: \$71.41



King County Taxing District	Levy Rate per \$1000 in Value	Percent of Property Taxes Collected	2021 Annual Tax on a \$450,000 Home	Monthly Tax on a \$450,000 Home
Port of Seattle	0.11984	1%	\$53.93	\$4.49
State Schools	3.09	30%	\$1,389.70	\$115.81
EMS Levy	0.26	3%	\$119.25	\$9.94
King County	1.25	12%	\$561.10	\$46.76
Floods and Ferries	0.10	1%	\$44.52	\$3.71
School District - Enumclaw	3.08	30%	\$1,387.31	\$115.61
Library District	0.36	4%	\$162.18	\$13.52
Subtotal	8.26219	81%	\$3,717.99	\$309.83
Black Diamond	1.90	19%	\$856.90	\$71.41
Total	10.16641	100%	\$4,574.88	\$381.24

LEVY LIMIT WORKSHEET – 2022 Tax Roll

TAXING DISTRICT: City of Black Diamond

The following determination of your regular levy limit for 2022 property taxes is provided by the King County Assessor pursuant to RCW 84.55.100.

Annexed to Library District

(Note 1)

Estimated Library rate: 0.29186

Using Limit Factor For District	Calculation of Limit Factor Levy	Using Implicit Price Deflator
2,105,311	Levy basis for calculation: (2021 Limit Factor) (Note 2)	2,105,311
1.0100	x Limit Factor	1.0386
2,126,364	= Levy	2,186,576
177,798,005	Local new construction	177,798,005
0	+ Increase in utility value (Note 3)	0
177,798,005	= Total new construction	177,798,005
1.90422	x Last year's regular levy rate	1.90422
338,567	= New construction levy	338,567
2,464,931	Total Limit Factor Levy	2,525,143
Annexation Levy		
0	Omitted assessment levy (Note 4)	0
2,464,931	Total Limit Factor Levy + new lid lifts	2,525,143
1,481,258,386	÷ Regular levy assessed value less annexations	1,481,258,386
1.66408	= Annexation rate (cannot exceed statutory maximum rate)	1.70473
0	x Annexation assessed value	0
0	= Annexation Levy	0
Lid lifts, Refunds and Total		
0	+ First year lid lifts	0
2,464,931	+ Limit Factor Levy	2,525,143
2,464,931	= Total RCW 84.55 levy	2,525,143
0	+ Relevy for prior year refunds (Note 5)	0
2,464,931	= Total RCW 84.55 levy + refunds	2,525,143
	Levy Correction: Year of Error _____ (+or-)	
2,464,931	ALLOWABLE LEVY (Note 6)	2,525,143
Increase Information (Note 7)		
1.66408	Levy rate based on allowable levy	1.70473
2,106,447	Last year's ACTUAL regular levy	2,106,447
19,917	Dollar increase over last year other than N/C – Annex	80,129
0.95%	Percent increase over last year other than N/C – Annex	3.80%
Calculation of statutory levy		
	Regular levy assessed value (Note 8)	1,481,258,386
	x Maximum statutory rate	3.30814
	= Maximum statutory levy	4,900,210
	+Omitted assessments levy	0
	=Maximum statutory levy	4,900,210
	Limit factor needed for statutory levy	Not usable

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, 2022 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 2022 and

WHEREAS, the Council thereafter gave notice of public hearings and held public hearings on November 4, 2021, and

WHEREAS, the City's actual King County levy amount from the previous actual year base levy of \$1,884,197 is a base increase of **\$21,053 or .95%**; 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 2022 tax year. The dollar amount of the increase over the actual base levy amount authorized from King County for the previous year shall be \$21,053, which is a percentage increase of .95% 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 18th day of November 2021

Carol Benson, Mayor

Attest:

Brenda L. Martinez, City Clerk

APPROVED AS TO FORM:

David A Linehan, City Attorney

Published:

Posted:

Effective Date:

ORDINANCE NO. 21-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, 2022 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 4, 2021 to consider the City's 2022 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 2022; and

WHEREAS, a public hearing was held on November 4, 2021 regarding the 2022 Revenue Sources and Public safety budget and the property tax levy, and

WHEREAS, King County requires that the 2022 Property Tax Levies be submitted by November 30, 2021; 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 **\$1,481,258,386** is adopted. A regular property tax for 2022 is hereby levied in the maximum amount **\$2,664,931** 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 18th day of November 2021.

Carol Benson, Mayor

Attest:

Brenda L. Martinez, City Clerk

APPROVED AS TO FORM:

David A. Linehan, City Attorney

Posted:

Published:

Effective Date: