

CITY COUNCIL AGENDA BILL

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

ITEM INFORMATION		
SUBJECT: Public Hearing on 2024 Preliminary Budget of General Fund Revenue Sources and possible increases in Property Tax for 2024.	Agenda Date: November 2, 2023	
	AB23-XXX	
	Mayor Carol Benson	
	City Administrator	
	City Attorney David Linehan	
	City Clerk – Brenda Martinez	
	Com Dev/Nat Res – Mona Davis	
	Finance – May Miller/ Xavier Mason	X
	MDRT/Ec Dev – Andy Williamson	
Cost Impact (see also Fiscal Note):	Police – Chief Kiblinger	
Fund Source: Various	Public Works – Scott Hanis	
Timeline:	Court – Judge Swain	
Agenda Placement: <input checked="" type="checkbox"/> Mayor <input type="checkbox"/> Two Councilmembers <input type="checkbox"/> Committee Chair <input type="checkbox"/> City Administrator		
Attachments: 2024 General Fund Revenue Sources & worksheets; (2) two 2024 Property Tax Ordinances		
SUMMARY STATEMENT: <p>Public Hearing on General Fund Preliminary 2024 Revenue sources and possible Property Tax increase for 2024 Property Taxes. Attached are worksheets showing the proposed 2024 revenues for the General Fund and the need for a property Tax increase which is needed to help fund Public Safety for 2024. Per RCW 84.52.020 the property tax certifications must be filed with King County no later than November 30, 2023 for Property Taxes to be collected in 2024 which the city uses for Public Safety including Fire, Police, Court, and Emergency Services. This public hearing shows the 2024 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 2024 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 \$21,125 and is an allowed percentage of 0.75051% 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 2024 and the estimated Assessed Valuation of \$2,072,300,046 provided by King County. The Maximum dollar amount is set at \$3,014,728 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, 2023 when King County finalizes the worksheets. The final King County worksheets are not expected until December 5, 2023 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 53.5% of the revenue needed to cover Public Safety costs.</p>		

FISCAL NOTE (Finance Department): The preliminary 2024 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 2, 2023		

ORDINANCE NO. 2023-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, 2024 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 2024 and

WHEREAS, the Council thereafter gave notice of public hearings and held public hearings on November 2, 2023, and

WHEREAS, the City's actual King County levy amount from the previous actual year base levy of \$2,814,728 is a base increase of \$21,125 or 0.75051%; 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 2024 tax year. The dollar amount of the increase over the actual base levy amount authorized from King County for the previous year shall be \$21,125, which is a percentage increase of 0.75051% 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 16th day of November 2023

Carol Benson, Mayor

Attest:

Brenda L. Martinez, City Clerk

APPROVED AS TO FORM:

David A Linehan, City Attorney

Published:

Posted:

Effective Date:

ORDINANCE NO. 23-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, 2024 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 2, 2023 to consider the City's 2024 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 2024; and

WHEREAS, a public hearing was held on November 2, 2023 regarding the 2024 Revenue Sources and Public safety budget and the property tax levy, and

WHEREAS, King County requires that the 2024 Property Tax Levies be submitted by November 30, 2023; 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 **\$2,072,300,046** is adopted. A regular property tax for 2024 is hereby levied in the maximum amount of **\$3,014,728** 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 16th day of November 2023.

Carol Benson, Mayor

Attest:

Brenda L. Martinez, City Clerk

APPROVED AS TO FORM:

David A. Linehan, City Attorney

Posted:

Published:

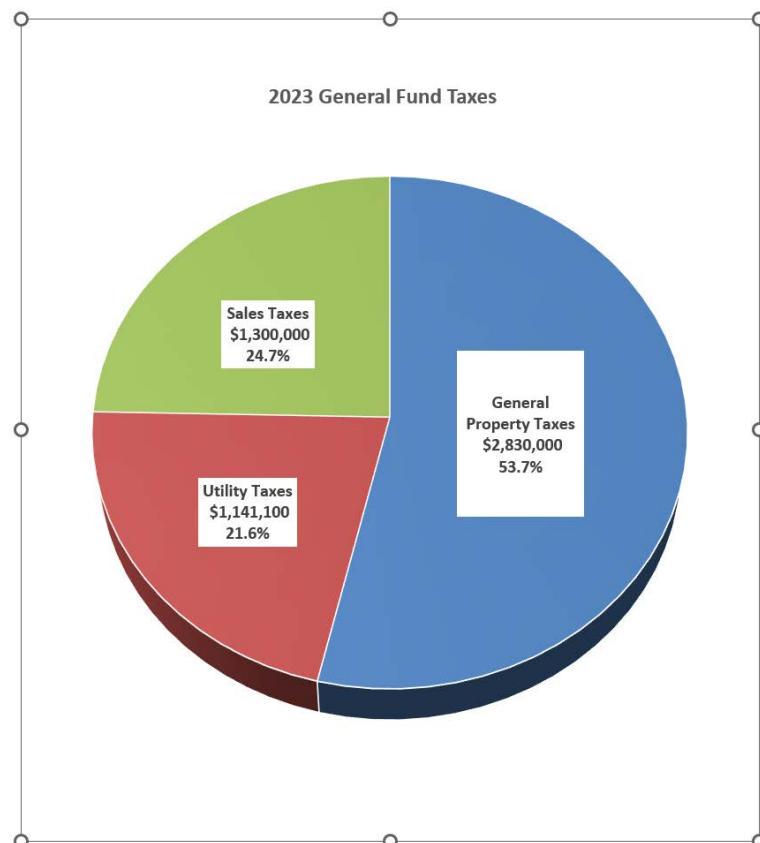
Effective Date:

City of Black Diamond Property Taxes

2024

Property taxes make up 53.7% of the General Fund's tax revenue and estimated to generate \$2,830,000 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.



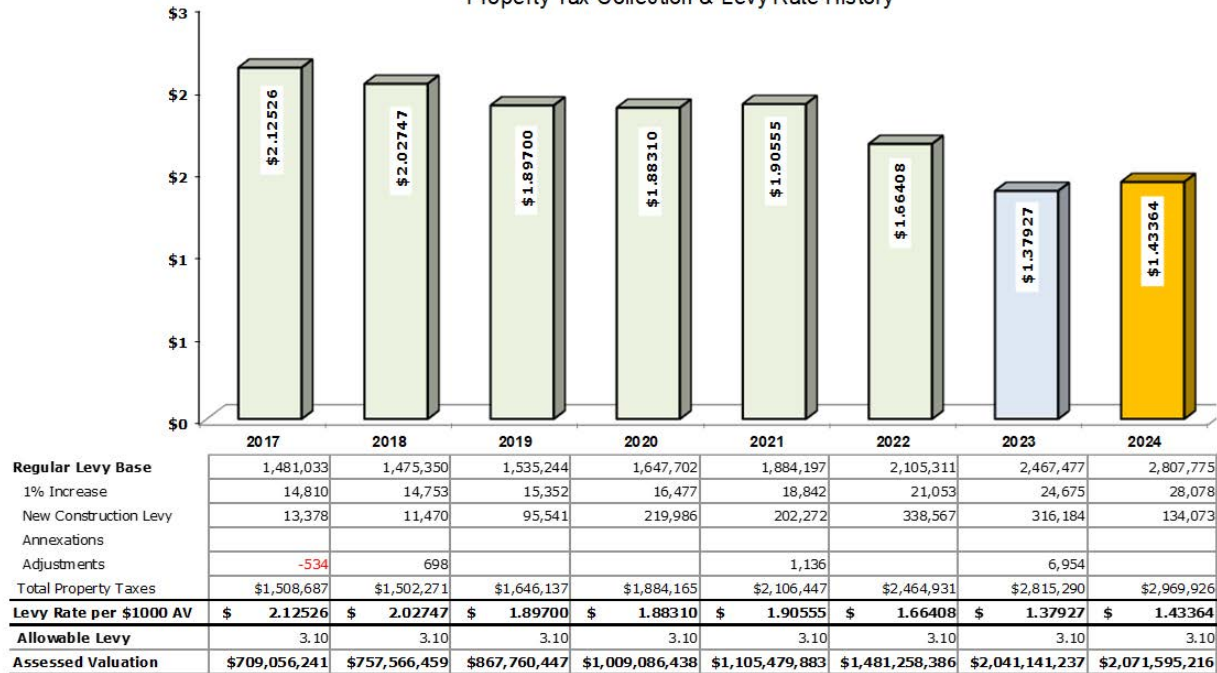
General Fund Revenue Projection	2023			2024		
	Budget	Actuals thru June	Estimated Year End	Budget	\$ Budget Change	% Budget Change
REVENUES						
1 Beginning Cash and Investments	6,097,682	7,506,059	7,506,059	7,391,287	1,293,605	21.2%
2 General Property Taxes	2,674,500	1,503,079	2,674,500	2,830,000	155,500	5.8%
3 Sales Taxes	1,200,000	637,712	1,270,000	1,300,000	100,000	8.3%
4 State Sales Tax Assistance	26,000	-	26,000	26,000	0	0.0%
5 Utility Tax and Gambling Tax	984,140	601,327	1,034,950	1,141,100	156,960	15.9%
6 Cable Franchise Fees	66,200	40,493	80,000	85,000	18,800	28.4%
7 Business License	35,600	27,025	43,000	50,000	14,400	40.4%
8 Liquor Profits & Excise Tax	80,800	45,028	90,000	102,000	21,200	26.2%
9 KC Recycle & State Court Grants	16,500	9,140	16,500	16,500	0	0.0%
10 Municipal Court Revenue	113,400	49,849	125,250	169,720	56,320	49.7%
11 Police Department Revenue	427,650	206,450	463,700	479,914	52,264	12.2%
12 Community Development Rev	1,353,100	937,618	1,270,000	1,403,000	49,900	3.7%
13 Parks Revenue	56,000	22,905	56,000	75,000	19,000	33.9%
14 Cemetery Revenue	3,600	2,150	2,150	4,000	400	11.1%
15 Investment Interest & Misc Rev.	92,000	274,597	490,743	457,000	365,000	396.7%
16 Funding Agreement - MDRT	1,052,396	426,949	843,218	1,161,779	109,383	10.4%
17 AWC Insurance Payment & Flex	403,000	209,089	416,600	526,045	123,045	30.5%
18 Total Operating Revenues	8,584,886	4,993,411	8,902,611	9,827,058	1,242,172	14.5%
19 Devel Reimb-MDRT Conslt	1,645,000	547,000	1,027,700	1,905,000	260,000	15.8%
20 TOTAL GENERAL FUND SOURCES	16,327,568	13,046,470	17,436,370	19,123,345	2,795,777	17.1%

General Fund Expenditure Projection	2023			2024		
	Budget	Actuals Thru June	Estimated Year End	Budget	\$ Budget Change	% Budget Change
EXPENDITURES						
1 Legislative - Council	24,542	7,849	17,602	25,574	1,032	4.2%
2 Executive - Mayor	15,898	6,851	14,348	15,837	(61)	-0.4%
3 Administration - City Administrator	206,351	-	-	216,154	9,803	4.8%
4 Administrative Services	803,854	355,129	767,833	779,287	(24,567)	-3.1%
5 Legal Services	369,000	56,654	178,000	253,000	(116,000)	-31.4%
6 Prosecuting Atty and Public Defender	130,300	41,800	111,650	157,400	27,100	20.8%
7 Municipal Court	442,488	182,528	372,811	456,779	14,291	3.2%
8 Police Department	3,552,317	1,519,476	2,961,467	3,770,123	217,806	6.1%
9 Fire Department	1,133,340	541,157	1,103,340	1,165,055	31,715	2.8%
10 Recycle/Anim Cont/Mental Health	122,200	4,284	52,996	81,200	(41,000)	-33.6%
11 Master Development Review Team	1,052,396	464,507	843,218	1,161,779	109,383	10.4%
12 Community Development	2,024,737	687,905	1,236,787	1,588,584	(436,153)	-21.5%
13 Facilities	152,702	63,846	230,875	82,647	(70,055)	-45.9%
14 Parks Department	359,570	105,844	320,422	418,096	58,526	16.3%
15 Cemetery	28,742	8,282	14,433	61,512	32,770	114.0%
16 AWC Insurance Payment & Flex	403,000	1,248	416,600	526,045	123,045	30.5%
17 Transfer to Street & Comp Plan	200,000	200,000	375,000	200,000	0	0.0%
18 Total Operating Expenditures	11,021,437	4,247,361	9,017,383	10,959,072	(62,365)	-0.6%
19 Developer MDRT Consultants	1,645,000	447,134	1,027,700	1,905,000	260,000	15.8%
20 Total Expenditures	12,666,437	4,694,495	10,045,083	12,864,072	197,635	1.6%
21 30% Reserved Cash and Investments	3,306,431	2,505,593	2,705,215	3,287,722	(18,710)	-0.6%
22 Unreserved Cash and Investments	354,700	5,846,383	4,686,072	2,971,552	2,616,852	737.8%
23 Total Ending Cash and Investments	3,661,131	8,351,975	7,391,287	6,259,273	2,598,142	71.0%
24 TOTAL GENERAL FUND USES	16,327,568	13,046,470	17,436,370	19,123,345	2,795,777	17.1%

General Fund Functions Supported by Types of Revenue		2023 Budget	2024 Prelim Budget	\$ Change	% Change	Public Safety	General Gov't	MDRT
REVENUES								
1	Beginning Cash and Investments	6,097,682	7,391,287	1,293,605	21.2%	21,908	7,306,379	63,000
2	Public Safety Revenue Funded With:							
3	General Property Taxes	2,674,500	2,830,000	155,500	5.8%	2,830,000		
4	Utility Tax and Gambling Tax	984,140	1,141,100	156,960	15.9%	1,141,100		
5	Criminal Justice Sales Tax	206,150	221,114	14,964	7.3%	221,114		
6	Liquor Excise Tax and Profits	80,800	102,000	21,200	26.2%	102,000		
7	Municipal Court Revenue	113,400	169,720	56,320	49.7%	169,720		
8	Business License	35,600	50,000	14,400	40.4%	50,000		
9	Police Charges for Service, Grants, Misc	221,500	258,800	37,300	16.8%	258,800		
10	Total Public Safety Revenue	4,316,090	4,772,734	456,644	10.6%	4,772,734		
11	General Government Funded With:							
12	Sales Taxes	1,200,000	1,300,000	100,000	8.3%		1,300,000	
13	Land Use and Permitting Fees	1,353,100	1,403,000	49,900	3.7%		1,403,000	
14	Cable Franchise Fees	66,200	85,000	18,800	28.4%		85,000	
15	Sales Tax Assist	26,000	26,000	0	0.0%		26,000	
16	Reinvested Interest, Grants and Charges for Services	108,500	473,500	365,000	336.4%		473,500	
17	Parks Revenue	56,000	75,000	19,000	33.9%		75,000	
18	Cemetery Revenue	3,600	4,000	400	11.1%		4,000	
19	AWC Insurance and Flex	403,000	526,045	123,045	30.5%		526,045	
20	Funding Agreement - MDRT	1,052,396	1,161,779	109,383	10.4%			1,161,779
21	Total Gen Fund Operating Revenue	4,268,796	5,054,324	785,528	18.4%		3,892,545	1,161,779
22	Total General Fund Revenue	8,584,886	9,827,058	1,242,172	29.0%	4,772,734	3,892,545	1,161,779
23	Public Safety: Fire, Police, Court, Recyl/Animal Cont/Mental Health	5,380,645	5,630,557	249,912	4.6%	5,630,557		
24	Community Development	2,024,737	1,588,584	(436,153)	-21.5%		1,588,584	
25	Facilities, Parks, Cemetery	541,014	562,255	21,241	3.9%		562,255	
26	Legislative, City Administrator and Administrative Services	1,050,645	1,036,852	(13,793)	-1.3%		1,036,852	
27	Legal Services	369,000	253,000	(116,000)	-31.4%		253,000	
28	AWC Insurance and Flex	403,000	526,045	123,045	30.5%		526,045	
29	Transfer to Street Fund	200,000	200,000	0	0.0%		200,000	
30	Master Development Review Team MDRT	1,052,396	1,161,779	109,383	10.4%			1,161,779
31	Total Operating Expenditures	11,021,437	10,959,072	(62,365)	-0.6%	5,630,557	4,166,736	1,161,779
32	Ending Cash & Investments	3,661,131	6,259,273	2,598,142	71.0%	(835,915)	7,032,188	63,000

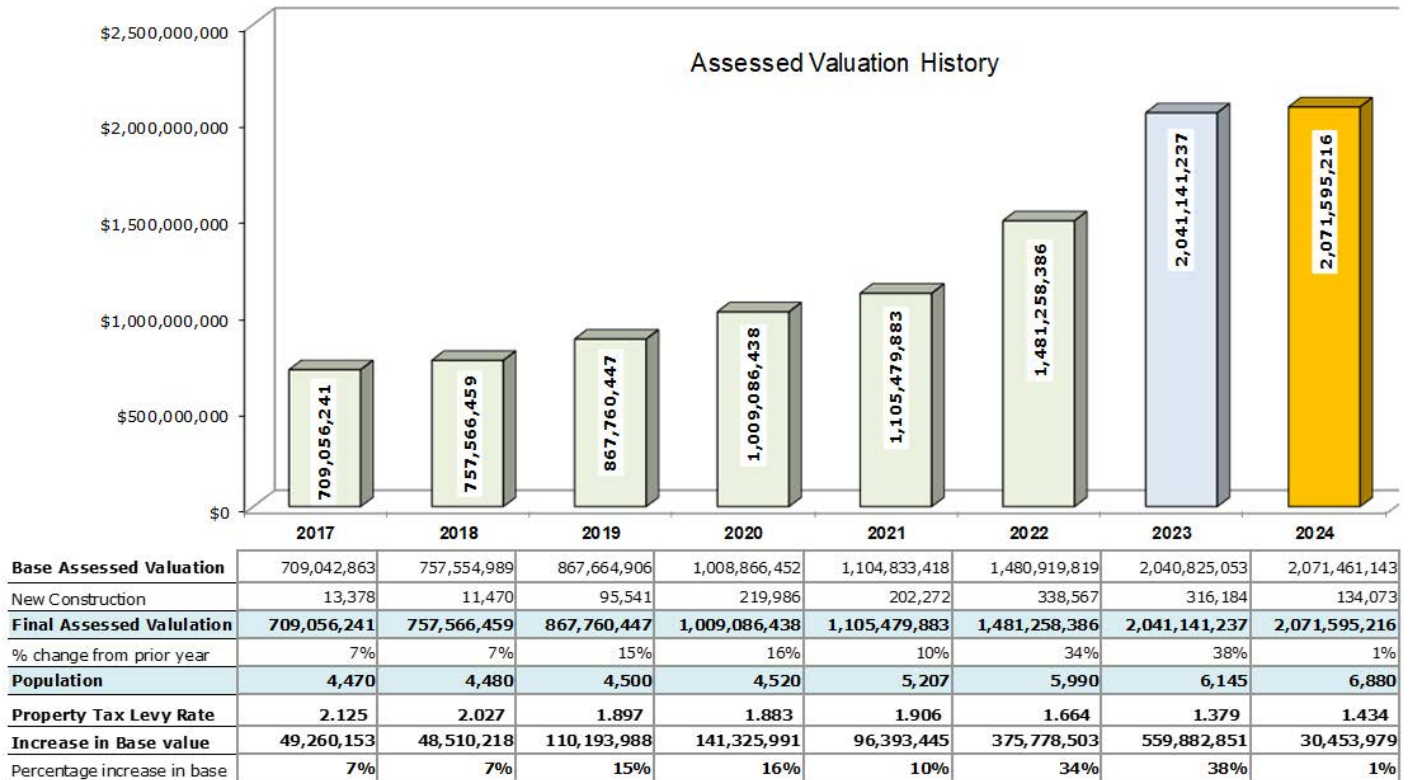
* Analysis doesn't include MDRT Consultant Revenues and Expenses in 2023 or 2024

Property Tax Collection & Levy Rate History

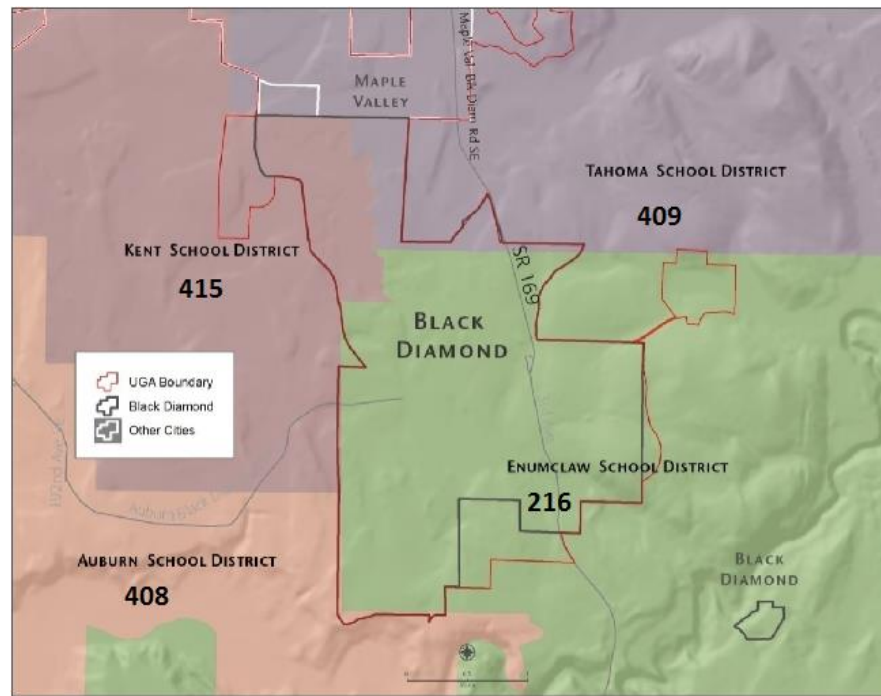


Please note: 2024 numbers are preliminary

Assessed Valuation History



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.				
2023 Rates				
Local School District	2.60	3.28	3.53	4.41
Washington State for Schools Part 1	1.50	1.50	1.50	1.50
McCleary Decision for Schools Part 2	0.81	0.81	0.81	0.81
King County	1.05	1.22	1.05	1.05
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	0.36	0.33	0.36	0.36
Emergency Medical Services	0.26	0.26	0.25	0.26
King County Flood & Ferry Levy	0.10	0.10	0.10	0.10
Total Levy Rate 2023	9.22	9.14	9.40	10.27
Total 2022 Levy Rates	9.22	10.38	10.31	11.47

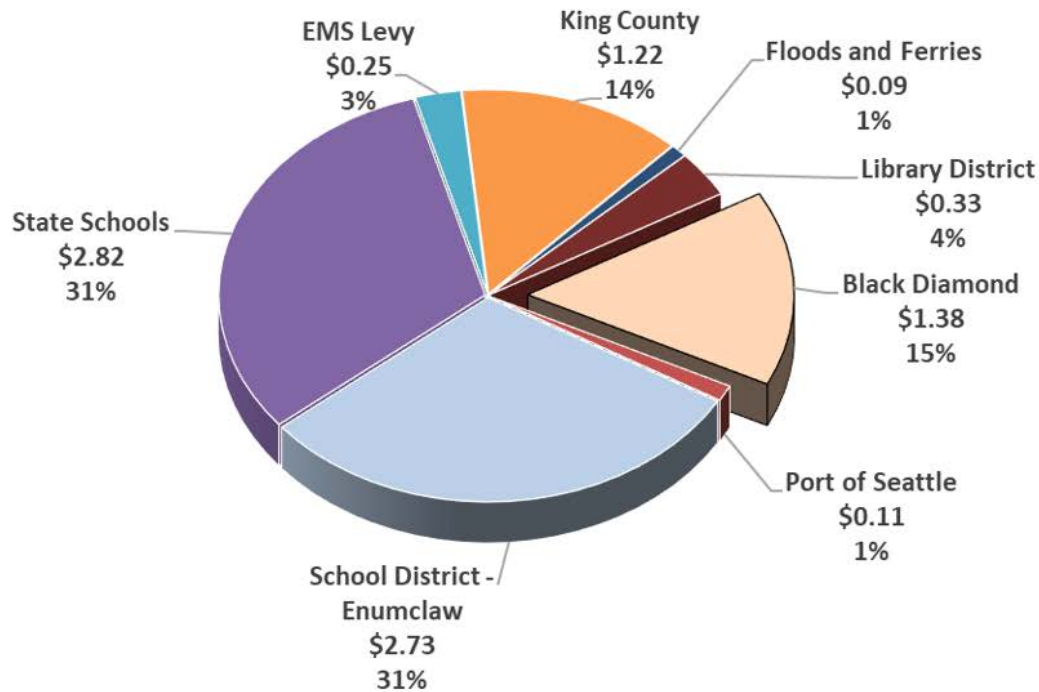
These draft rates are based on initial Levy Rates, as official rates weren't posted as of 10/19/2023

MONTHLY 2023 Property Tax Rates on a \$500,000 Appraised Home

Translate to:

Total Monthly Taxes of \$371.87

Black Diamond's Portion: \$57.50



King County Taxing District	Levy Rate per \$1000 in Value	Percent of Property Taxes Collected	2023 Annual Tax on a \$500,000 Home	Monthly Tax on a \$500,000 Home
Port of Seattle	0.11258	1%	\$56.29	\$4.69
School District - Enumclaw	2.73	31%	\$1,364.85	\$113.74
State Schools	2.82	32%	\$1,408.48	\$117.37
EMS Levy	0.25	3%	\$124.21	\$10.35
King County	1.22	14%	\$609.60	\$50.80
Floods and Ferries	0.09	1%	\$45.27	\$3.77
Library District	0.33	4%	\$163.79	\$13.65
Subtotal	7.54493	85%	\$3,772.47	\$314.37
Black Diamond	1.38	15%	\$690.00	\$57.50
Total	8.92493	100%	\$4,462.47	\$371.87

PRELIMINARY LEVY LIMITATIONS WORKSHEET 10.19.2023

TAXING DISTRICT **Black Diamond** **2023** Levy for **2024** Taxes IPD: **1.03670**

A. Highest regular tax which could have been lawfully levied beginning with the 1985 levy (refund levy not included).					
Year	2023	\$2,807,775	×	101.000%	= \$2,835,853
		Highest Lawful Levy Since 1985	Limit Factor/Max Increase 101%		
B. Current year's assessed value of new construction, improvements, and wind turbines, solar, biomass, and geothermal facilities in original districts before annexation occurred times last year's levy rate (if an error occurred or an error correction was made in the previous year, use the rate that would have been levied had no error occurred).					
	\$97,076,874	×	1.37818	÷	\$1,000 = \$133,789
		A.V.	Last Year's Levy Rate		
C. Tax Increment finance area increment AV increase (RCW 84.55.010(1)€) (value included in B & D cannot be included in C)					
	\$0	×	1.37818	÷	\$1,000 = \$0
		A.V.	Last Year's Levy Rate		
D. Current year's state assessed property value less last year's state assessed property value. The remainder is to be multiplied by last year's regular levy rate (or the rate that should have been levied).					
	\$9,122,527	-	\$9,122,527	=	\$ -
		Current Year's A.V.	Previous Year's A.V.		Remainder
	\$0	×	1.37818	÷	\$1,000 = \$0.00
		Remainder from Line C	Last Year's Levy Rate		
E. Regular property tax limit:				A+B+C+D	= \$2,969,642

Parts F through H are used in calculating the additional levy limit due to annexation.

F. To find the rate to be used in F, take the levy limit as shown in Line E above and divide it by the current assessed value of the district, excluding the annexed area.					
	\$2,969,642	÷	\$2,072,300,046	×	\$1,000 = 1.43301
		Total in Line E	Assessed Value Less Annexed AV		
G. Annexed area's current assessed value including new construction and improvements, times the rate in Line E.					
	\$0	×	1.43301	÷	\$1,000 = \$0.00
		Annexed Area's A.V.	Rate in Line F		
H. Regular property tax limit including annexation				E+G	= \$2,969,642

I. Statutory maximum calculation

Only enter fire/RFA rate, library rate, & firefighter pension fund rate for cities annexed to a fire/RFA or library, or has a firefighters pension fund.

3.60000	-	0.00000	-	0.26093	+	0.00000	=	3.33907
District base levy rate		Fire or RFA Rate		Library Rate		Firefighter Pension Fund		Statutory Rate Limit
\$2,072,300,046	×	3.33907	÷	\$1,000	=	\$6,919,555		Statutory Amount
		A.V. of District	Statutory Rate Limit					

J. Highest Lawful Levy For This Tax Year (Lesser of H and I) = **\$2,969,642**

K. New highest lawful levy since 1985 (Lesser of H & I minus C, unless A (before limit factor increase) is greater than I or H minus C, then A before the limit factor increase) **\$2,969,642**

L. Lesser of I and J **\$2,969,642**

M. Refunds **\$4,137**

N. Levy Corrections Year of Error: 0

1. Minus amount over levied (if applicable) **\$0.00**

2. Plus amount under levied (if applicable) **\$0.00**

O. Total: L+M+-N (unless voted rate)..... **\$2,973,779**

P. Tax Base For Regular Levy

1. Total district taxable value (including state-assessed property, and excluding boats, timber assessed value, and the senior citizen exemption for the regular levy) **\$2,072,300,046**

Q. Tax Base for Excess and Voted Bond Levies

2. Less assessed value of the senior citizen exemption of less than \$40,000 income or 65% of the median household income for the county based on lower of frozen or market value. **\$11,273,240**

3. Plus Timber Assessed Value (TAV) **\$0**

4. Tax base for excess and voted bond levies (1-2+3) **\$2,061,026,806**

R. Increase Information

1. Levy rate based on allowable levy **1.43501**

2. Last year's ACTUAL regular levy **\$2,814,728**

3. Dollar Increase over last year other than New Construction (-) Annexation **\$21,125**

4. Percent Increase over last year other than New Construction (-) Annexation **0.75051%**