



Levy Lid-Lift CITY OF LAKE FOREST PARK

17425 BALLINGER WAY NE • LAKE FOREST PARK • WA • 98155 • USA • 206.368.5440

[Home](#) • [City Hall](#) • [Services](#) • [Our Community](#) • [City Calendar](#) • [News](#) • [Search](#)

A Letter from the Mayor

August 18, 2010

Dear Lake Forest Park Resident,

The results are in from the election last night, and Proposition #1 did not gain a majority of support from the community.

The City is faced with an estimated \$692,000 deficit for this upcoming year, or a 10% reduction in our general fund. This is on top of an 8% reduction already made in 2010. These reductions are expected to impact services such as police, courts, parks and other basic services. Some difficult choices must be made to balance the services with the revenues available. The City Council and I will need your help as we create a balanced 2011-2012 biennial budget.

This will be a dynamic process with the Council as we learn more about actions that may impact us in the future. For example, the County has a sales tax proposition that would positively impact the city; however, a liquor tax initiative would negatively impact the City's revenues. As we proceed with a methodical look at our budget this fall, we will take all of these variables into consideration.

To help balance the budget, I am taking the following immediate actions:

1. Asking all City departments to prepare a budget with a 10% reduction in their costs.
2. Continuing our current cost cutting measures.
3. Starting budget discussions early with the Council.

As your Mayor, I have been a strong advocate for this wonderful city, and I have been proud to call Lake Forest Park home for 40 years. In our recent surveys, citizens gave their City high marks for the quality of service provided and its good financial management. I am hopeful that we will continue to earn that good will in the community as we find ways to cut costs and balance the 2011-2012 budget.

The structural budget issues which were raised during the discussion on this proposition are still with us and will need to be reconciled with the services that the community has come to expect.

As we move forward, we will look forward to your ongoing support as we find ways to preserve the essential character of our City.

Sincerely,

Mayor Dave Hutchinson

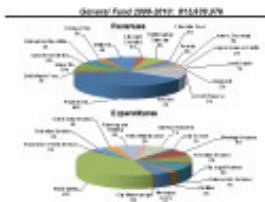
City Council adopts Proposition 1 to place Levy Lid Lift on August ballot

[→Jump to Background Material Links](#)

The City budget is balanced for 2010. This is a result of cuts to the budget over the past two years that have reduced 2010 expenditures by \$931,000 (**Chart 1**) from what they would have been if 2008 expenditures and levels of service had been maintained and by dipping into "rainy day" reserves (set aside by the Mayor and Council during better years) in the amount of approximately \$500,000 (**Chart 2**). The cuts include reductions in staff (8 percent), personnel costs, and other spending. The City could have raised additional taxes and fees on utilities to balance the 2010 budget; however, the City Council decided to fill the gap with money from the rainy day fund.



In the future, the City is faced with a persistent structural budget gap which has been compounded by the biggest recession in 80 years. Property taxes are the largest single component of the City's General Fund revenues (**Chart 3**). For the past eight years, property taxes payable to



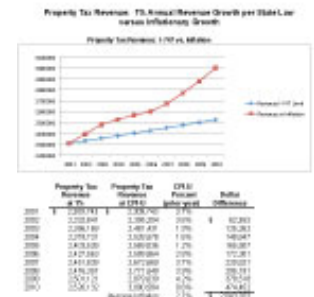
the City have been capped at a 1% annual increase. The City could have asked voter authorization to increase that amount, but instead, the City managed to avoid that request over those years through careful budgeting and increased revenue from other sources due to the growing economy. At the same time, average annual inflation has been around 3% (**Chart 4**)

Currently, all other major sources of revenue are in decline due to the economy, so not only are there no other revenues to fill the "structural gap" between property tax revenues and inflation, there is a greater gap than was the case in 2008. The revenue from sales taxes, permit fees, business taxes, the passport program, investment interest, and real estate excise taxes are declining (**Chart 5**). This structural

Top 11 General Fund Revenues: Change from Prior Year

Revenue Source	% of Total	Change from Prior Year
Property Tax	70%	1%
State and State Tax	10%	1%
Transfer from Other	5%	1%
Investment Income	3%	1%
Real Estate Excise Tax	2%	1%
Business Tax	1%	1%
Permit Fees	1%	1%
Other	1%	1%
Excise Tax	1%	1%
Interest	1%	1%
Other	1%	1%

gap cannot indefinitely be bridged with the "rainy day" funds as such funds are rapidly declining.



The City Council Budget Committee has reviewed the service reductions that have already been taken, the financial forecast, and the impact of additional service reductions and has recommended that the City Council place a property tax levy lid-lift on the ballot in August 2010 in order to retain basic public safety and other services. The proposal includes a levy lid-lift of \$692,000 for 2011 with an annual inflation factor for 2012-2016 based on the consumer price index for urban areas. The proposed lid lift is estimated to increase 2011 property taxes for the average Lake Forest Park house by \$11.53 per month. Because the majority of the General Fund is spent on public safety, a no levy lid-lift approach could have a significant impact on these services in addition to the reductions that have been taken over the past two-years.

The full Council reviewed the proposed levy lid-lift, and held a public hearing to get input from citizens. The public hearing was held on April 22, 2010. The Council voted to place the levy on the ballot on August 17.

The City has developed responses to frequently asked questions that are posted on the City web site. If you would like to submit a question, please email [cityhall @ cityofflp.com](mailto:cityhall@cityofflp.com) or call 206-957-2804. The Mayor and City Council encourage your input and participation in this process.

Background Material

Explanatory Statement

The statement that will appear in the Voters' Pamphlet describing the levy.

Resolution 1209

The resolution establishing pro and con committees for the Voters' Pamphlet.

Resolution 1202

The proposed levy lid lift resolution establishing the rate and duration of the levy.

Town Crier: Special Budget Issue

Winter, 2010 issue focuses on the City budget, results of recent survey of residents.

Staff report on Levy Lid Lift

The Budget Committee recommendation and the accompanying staff report

Background: Community Conversations

Information gathered for the Mayor's Community Conversations provides a snapshot of Lake Forest Park, its budget and financial future.

City Finance Department

The City's Budget can be found here, along with other materials relating to the City's finances.

Sewer Tax and Fee Increases

The City's compliance with the Federal Clean Water Act and sewer infrastructure maintenance necessitates sewer rate increase.

City Council task Force on the City's financial future executive summary

The task force on the City's financial future met in 2009 and submitted a report to the city council.

Mayor's 2009 Budget Message

The budget has been revised often to keep it balanced as required by law. In October, 2009, an overview of the April, 2009 survey of residents in regard to services, steps taken to ensure a balanced budget through 2010.

Transportation Benefit District Funds

Keeping the roads we all use in good repair, free of snow and debris.

Community Workshop on City Finances

If you didn't attend this April, 2009 workshop, the PowerPoint presentation shows Lake Forest Park in relation to cities of similar size.

Frequently Asked Questions

Frequently Asked Questions about the Lake Forest Park Levy Lid Lift Ballot Proposition.

[Home](#) • [City Hall](#) • [Services](#) • [Our Community](#) • [Calendar](#) • [News](#) • [Search](#)