CITY OF BLACK DIAMOND

April 27, 2023, Special Meeting Agenda

Council Chambers, 25510 Lawson Street, Black Diamond, WA 98010

THIS IS OFFERED AS A HYBRID MEETING AND MAY BE ATTENDED IN PERSON AT THE ABOVE NOTED ADDRESS OR BY JOINING VIRTUAL/TELEPHONICALLY. CALL IN AND JOINING INFORMATION FOLLOWS:

Zoom link to join meeting:
https://zoom.us/j/4454477047?pwd=eGxRY3ZEeU14SVM2cGRBcUxCSjdmZz09
(Note: You do not need a web cam to join the meeting, but you will need audio to hear the proceedings.)
Meeting ID: 445 447 7047
Password: Council

Telephone dial in options:
+1 253 215 8782 US (Tacoma)
+1 206 337 9723 US (Seattle)
Meeting ID: 445 447 7047
Password:426953 (phone in only)

6:00 P.M. – CALL TO ORDER, FLAG SALUTE, ROLL CALL

NEW BUSINESS

1) Review, Discussion, and Next Steps Regarding the City's Long-Term Financial Forecast

ADJOURNMENT

City of Black Diamond

General Fund Financial Forecast
Presentation to City Council
April 27, 2023

DRAFT

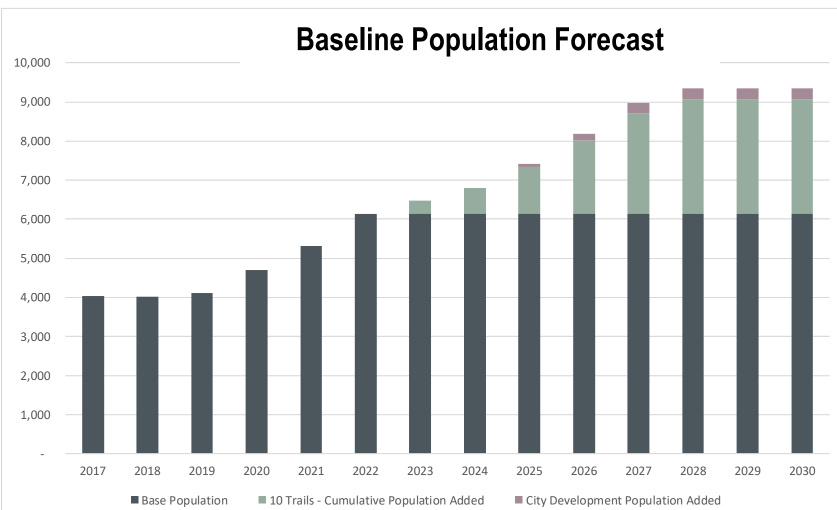
FCS GROUP
Solutions-Oriented Consulting

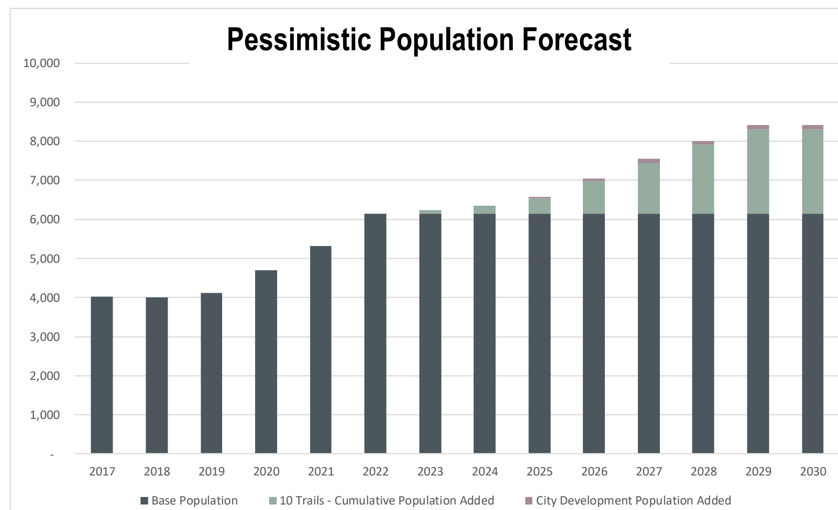
Topics for Discussion

- **Independent Analysis: City General Fund Forecast**
  - Pessimistic, Baseline Growth Scenarios
- **Revenue Assumptions**
  - Property Tax Revenue
  - Development Fee Revenue
  - Sale Tax Revenue
  - LID Levy Lift Analysis (potential $3M in 2025)
- **Financial Forecasts**
  - Existing budget and no levy lid lift
  - Existing budget and potential $3.0M levy lid lift

Key Underlying Assumptions - Population

- **Residential Population**
  - » 2022 Population: 6,150 residents (per WA State OFM)
  - » **Baseline Forecast: City grows to about 9,200 residents** by 2030, based on DPFG's estimates and Planning Department input
  - » **Pessimistic Forecast: City grows to about 8,400 res**idents by 2030, reflecting slower than anticipated build out at Ten Trails





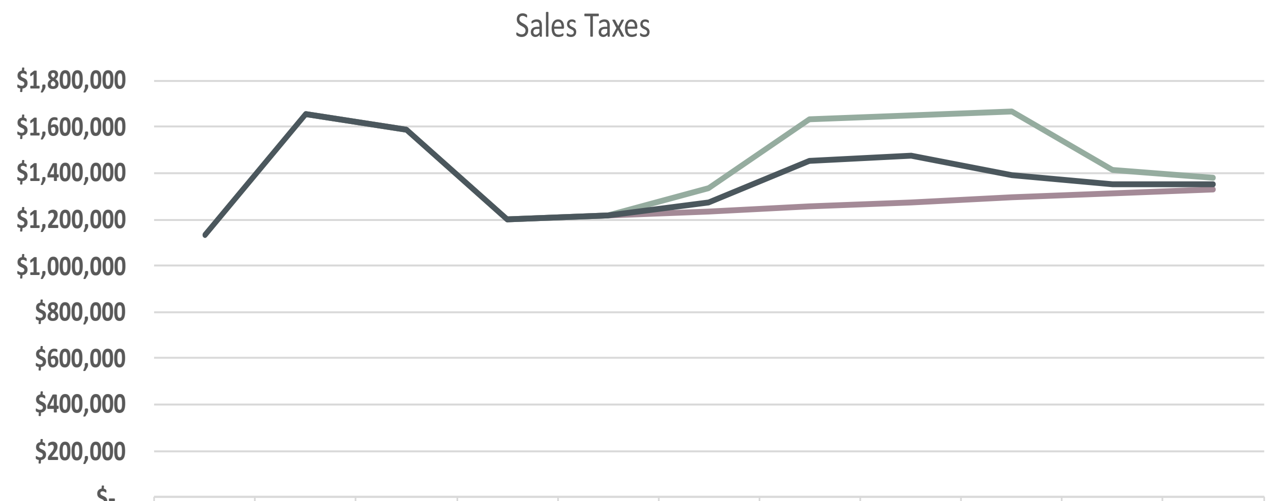
Underlying Assumptions – Property Taxes

- **1.0% growth, as limited under current law**
- **New construction declines to $100K per year then increases to $250K as buildout at TenTrails increases during last half of decade**

	Actual 2020	Actual 2021	Actuals 2022	Actuals 2023	Forecast 2024	Forecast 2025	Forecast 2026	Forecast 2027	Forecast 2028	Forecast 2029	Forecast 2030
Property Taxes (incl NC)	$1,866,000	$2,118,000	$2,444,000	$2,815,000	$2,694,000	$2,821,000	$3,050,000	$3,330,000	$3,613,000	$3,899,000	$4,188,000
Property Taxes (NC only)	$220,000	$202,000	$339,000	$316,000	$100,000	$100,000	$200,000	$250,000	$250,000	$250,000	$250,000

Underlying Assumptions – Sales Taxes

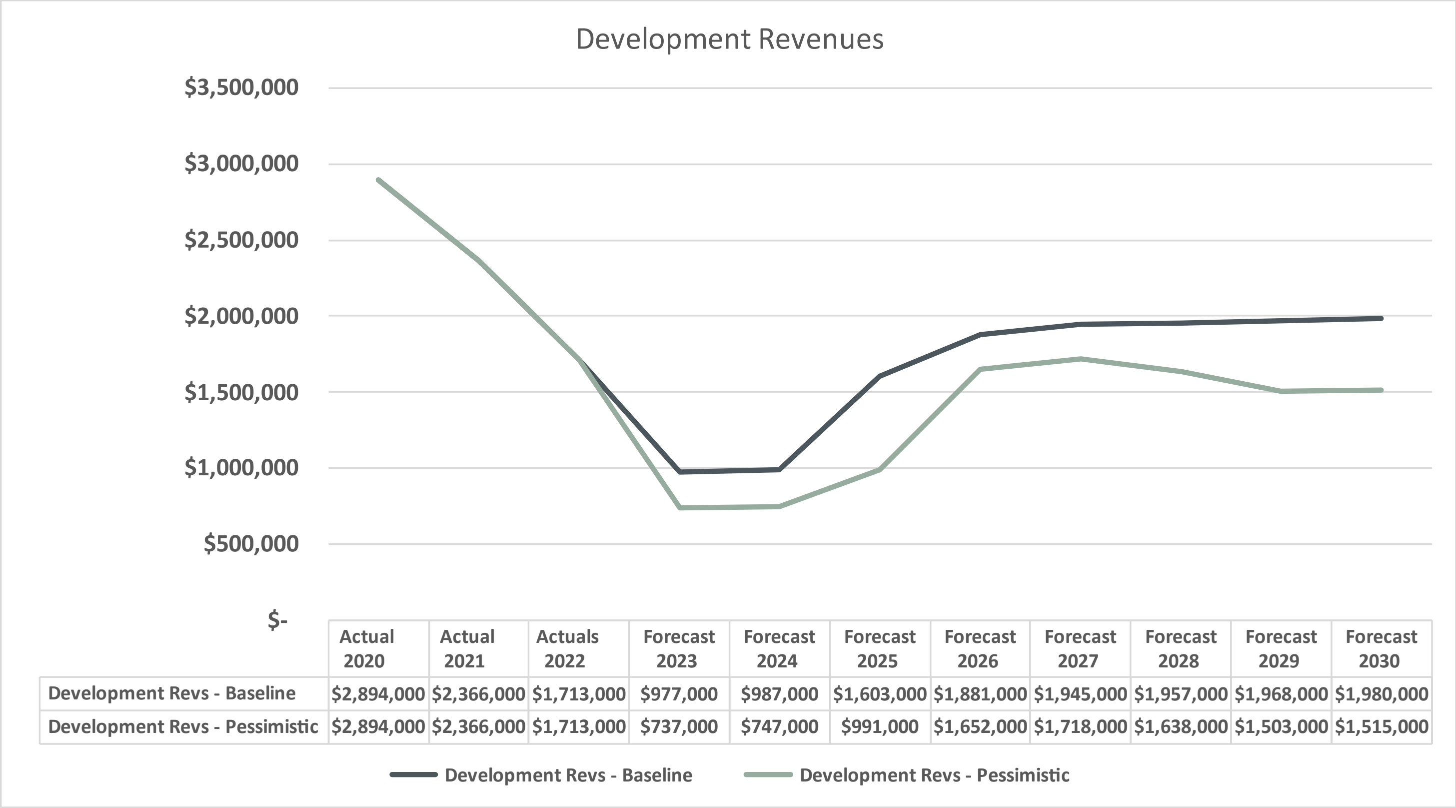
- **Moderate growth** in base economy;
- No significant new retailers expected - mostly new service retailers
- Forecasted growth due mainly to one-time sales taxes on construction
- Structural growth will depend on addition of major retailer (e.g. grocery store) or destination retailer (e.g. Home Depot or Costco)



	Actual 2020	Actual 2021	Actuals 2022	Forecast 2023	Forecast 2024	Forecast 2025	Forecast 2026	Forecast 2027	Forecast 2028	Forecast 2029	Forecast 2030
Sales Taxes - Base Forecast	$1,135,000	$1,657,000	$1,585,000	$1,200,000	$1,218,000	$1,236,000	$1,255,000	$1,274,000	$1,293,000	$1,312,000	$1,332,000
Sales Taxes - Baseline	$1,135,000	$1,657,000	$1,585,000	$1,200,000	$1,218,000	$1,336,000	$1,630,000	$1,649,000	$1,668,000	$1,412,000	$1,382,000
Sales Taxes - Pessimistic	$1,135,000	$1,657,000	$1,585,000	$1,200,000	$1,218,000	$1,276,000	$1,455,000	$1,474,000	$1,393,000	$1,352,000	$1,352,000

Underlying Assumptions – Dev Revs

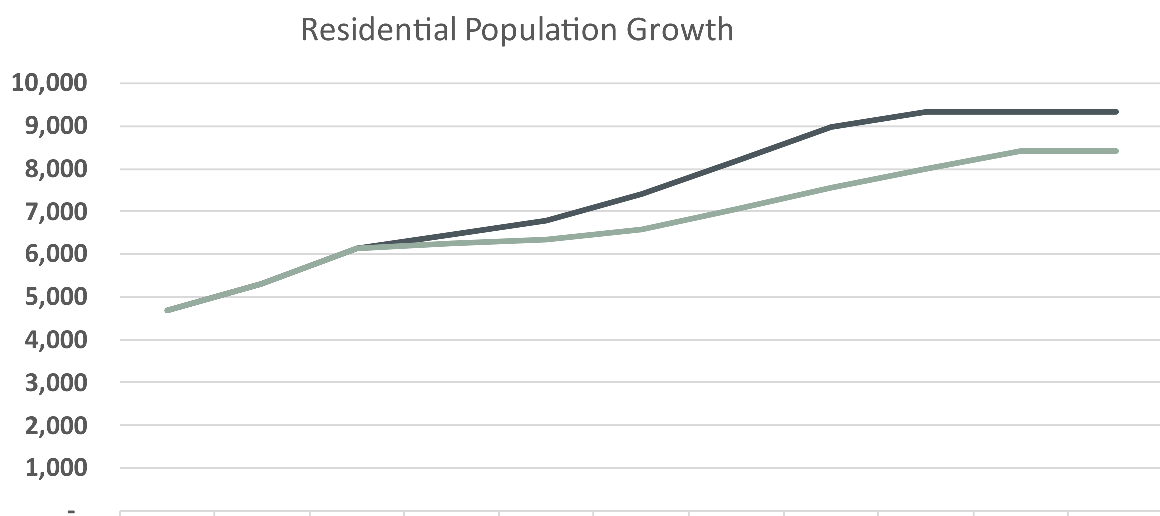
- Highly sensitive to development activity
- Factors: Timing of new construction at Ten Trails and in-city developments



	Actual 2020	Actual 2021	Actuals 2022	Forecast 2023	Forecast 2024	Forecast 2025	Forecast 2026	Forecast 2027	Forecast 2028	Forecast 2029	Forecast 2030
Development Revs - Baseline	$2,894,000	$2,366,000	$1,713,000	$977,000	$987,000	$1,603,000	$1,881,000	$1,945,000	$1,957,000	$1,968,000	$1,980,000
Development Revs - Pessimistic	$2,894,000	$2,366,000	$1,713,000	$737,000	$747,000	$991,000	$1,652,000	$1,718,000	$1,638,000	$1,503,000	$1,515,000

Underlying Assumptions – Population Growth

- Factors: Timing of new construction and sales at Ten Trails and in-city developments
- No estimates for Phase 3 of the Master Planned Development (MPD) included



	Actual 2020	Actual 2021	Actuals 2022	Forecast 2023	Forecast 2024	Forecast 2025	Forecast 2026	Forecast 2027	Forecast 2028	Forecast 2029	Forecast 2030
Resid Pop - Baseline	4,697	5,320	6,145	6,469	6,793	7,424	8,190	8,983	9,342	9,342	9,342
Resid Pop - Pessimistic	4,697	5,320	6,145	6,245	6,345	6,579	7,052	7,546	8,006	8,412	8,412

City of Black Diamond

GF Financial Forecast

Scenario: S0 - Maintain existing budget; Baseline revenue forecast

	Actual 2022	Forecast 2023	Forecast 2024	Forecast 2025	Forecast 2026	Forecast 2027	Forecast 2028	Forecast 2029	Forecast 2030
Beginning Cash	**$ 8.287**	**$ 7.455**	**$ 6.071**	**$ 4.624**	**$ 3.836**	**$ 3.649**	**$ 3.623**	**$ 3.669**	**$ 3.479**
Revenues									
Property Txs	$ 2.444	$ 2.784	$ 2.912	$ 3.041	$ 3.272	$ 3.554	$ 3.840	$ 4.128	$ 4.420
Sales Txs	1.585	1.200	1.218	1.336	1.630	1.649	1.668	1.412	1.382
Permits	1.713	0.977	0.987	1.603	1.881	1.945	1.957	1.968	1.980
All Other	4.377	1.899	1.947	2.018	2.103	2.194	2.255	2.292	2.329
Total	**$ 10.120**	**$ 6.860**	**$ 7.064**	**$ 7.999**	**$ 8.885**	**$ 9.342**	**$ 9.720**	**$ 9.801**	**$ 10.111**
Expenditures									
Police	2.699	3.260	3.373	3.490	3.611	3.736	3.866	4.001	4.141
Fire	1.023	1.083	1.115	1.149	1.183	1.219	1.255	1.293	1.332
Comm Development	0.939	1.020	1.055	1.091	1.128	1.166	1.206	1.248	1.291
All Other	6.290	2.881	2.968	3.058	3.151	3.247	3.346	3.449	3.555
Total	**$ 10.952**	**$ 8.244**	**$ 8.511**	**$ 8.787**	**$ 9.072**	**$ 9.368**	**$ 9.674**	**$ 9.990**	**$ 10.318**
Ending Cash	**$ 7.455**	**$ 6.071**	**$ 4.624**	**$ 3.836**	**$ 3.649**	**$ 3.623**	**$ 3.669**	**$ 3.479**	**$ 3.272**
check	-	-	-	-	*0*	-	-	-	-
Population Projection	***6,145***	***6,469***	***6,793***	***7,424***	***8,190***	***8,983***	***9,342***	***9,342***	***9,342***
Exps per capita	$ 1,782	$ 1,274	$ 1,253	$ 1,184	$ 1,108	$ 1,043	$ 1,036	$ 1,069	$ 1,105
General Fund Reserves									
20% Expenditure Target	***$ 2.190***	***$ 1.649***	***$ 1.702***	***$ 1.757***	***$ 1.814***	***$ 1.874***	***$ 1.935***	***$ 1.998***	***$ 2.064***
Surplus or Cut To Expenditures	$ 5.265	$ 4.422	$ 2.922	$ 2.079	$ 1.834	$ 1.749	$ 1.734	$ 1.481	$ 1.209

City of Black Diamond

GF Financial Forecast

Scenario: S0 - Maintain existing budget; Pessimistic Revenue Forecast

	Actual 2022	Forecast 2023	Forecast 2024	Forecast 2025	Forecast 2026	Forecast 2027	Forecast 2028	Forecast 2029	Forecast 2030
Beginning Cash	**$ 8.287**	**$ 7.455**	**$ 5.681**	**$ 3.827**	**$ 2.351**	**$ 1.825**	**$ 1.437**	**$ 1.126**	**$ 0.608**
Revenues									
Property Txs	$ 2.444	$ 2.784	$ 2.912	$ 3.041	$ 3.272	$ 3.554	$ 3.840	$ 4.128	$ 4.420
Sales Txs	1.585	1.200	1.218	1.336	1.630	1.649	1.668	1.412	1.382
Permits	1.713	0.603	0.614	0.980	1.631	1.695	1.707	1.719	1.731
All Other	4.377	1.883	1.913	1.953	2.014	2.081	2.148	2.213	2.248
Total	**$ 10.120**	**$ 6.471**	**$ 6.657**	**$ 7.311**	**$ 8.546**	**$ 8.980**	**$ 9.363**	**$ 9.472**	**$ 9.780**
Expenditures									
Police	2.699	3.260	3.373	3.490	3.611	3.736	3.866	4.001	4.141
Fire	1.023	1.083	1.115	1.149	1.183	1.219	1.255	1.293	1.332
Comm Development	0.939	1.020	1.055	1.091	1.128	1.166	1.206	1.248	1.291
All Other	6.290	2.881	2.968	3.058	3.151	3.247	3.346	3.449	3.555
Total	**$ 10.952**	**$ 8.244**	**$ 8.511**	**$ 8.787**	**$ 9.072**	**$ 9.368**	**$ 9.674**	**$ 9.990**	**$ 10.318**
Ending Cash	**$ 7.455**	**$ 5.681**	**$ 3.827**	**$ 2.351**	**$ 1.825**	**$ 1.437**	**$ 1.126**	**$ 0.608**	**$ 0.070**
check	-	-	-	-	*0*	-	-	-	-
Population Projection	***6,145***	***6,245***	***6,345***	***6,579***	***7,052***	***7,546***	***8,006***	***8,412***	***8,412***
Exps per capita	$ 1,782	$ 1,320	$ 1,341	$ 1,336	$ 1,286	$ 1,241	$ 1,208	$ 1,188	$ 1,227
General Fund Reserves									
20% Expenditure Target	***$ 2.190***	***$ 1.649***	***$ 1.702***	***$ 1.757***	***$ 1.814***	***$ 1.874***	***$ 1.935***	***$ 1.998***	***$ 2.064***
Surplus or Cut To Expenditures	**$ 5.265**	**$ 4.032**	**$ 2.125**	**$ 0.594**	**$ 0.011**	***$ (0.436)***	***$ (0.809)***	***$ (1.390)***	***$ (1.994)***
Cuts as a percentage of OpEx						***5%***	***8%***	***14%***	***19%***

City of Black Diamond

GF Financial Forecast

Scenario: S1 - Maintain existing budget; Baseline revenue forecast with potential $3.0M Levy Lid Lift

		Actual 2022		Forecast 2023		Forecast 2024		Forecast 2025		Forecast 2026		Forecast 2027		Forecast 2028		Forecast 2029		Forecast 2030
Beginning Cash	**$**	**8.287**	**$**	**7.455**	**$**	**6.071**	**$**	**4.624**	**$**	**6.836**	**$**	**9.664**	**$**	**12.668**	**$**	**15.759**	**$**	**18.630**
Revenues																		
Property Txs	$	2.444	$	2.784	$	2.912	$	6.041	$	6.272	$	6.554	$	6.840	$	7.128	$	7.420
Sales Txs		1.585		1.200		1.218		1.336		1.630		1.649		1.668		1.412		1.382
Permits		1.713		0.977		0.987		1.603		1.881		1.945		1.957		1.968		1.980
All Other		4.377		1.899		1.947		2.018		2.118		2.224		2.300		2.353		2.405
Total	**$**	**10.120**	**$**	**6.860**	**$**	**7.064**	**$**	**10.999**	**$**	**11.900**	**$**	**12.372**	**$**	**12.765**	**$**	**12.862**	**$**	**13.187**
Expenditures																		
Police		2.699		3.260		3.373		3.490		3.611		3.736		3.866		4.001		4.141
Fire		1.023		1.083		1.115		1.149		1.183		1.219		1.255		1.293		1.332
Comm Development		0.939		1.020		1.055		1.091		1.128		1.166		1.206		1.248		1.291
All Other		6.290		2.881		2.968		3.058		3.151		3.247		3.346		3.449		3.555
Total	**$**	**10.952**	**$**	**8.244**	**$**	**8.511**	**$**	**8.787**	**$**	**9.072**	**$**	**9.368**	**$**	**9.674**	**$**	**9.990**	**$**	**10.318**
Ending Cash	**$**	**7.455**	**$**	**6.071**	**$**	**4.624**	**$**	**6.836**	**$**	**9.664**	**$**	**12.668**	**$**	**15.759**	**$**	**18.630**	**$**	**21.499**
check		-		-		-		-		***0***		-		-		-		-
Population Projection		***6,145***		***6,469***		***6,793***		***7,424***		***8,190***		***8,983***		***9,342***		***9,342***		***9,342***
Exps per capita	$	1,782	$	1,274	$	1,253	$	1,184	$	1,108	$	1,043	$	1,036	$	1,069	$	1,105
General Fund Reserves																		
20% Expenditure Target	***$***	***2.190***	***$***	***1.649***	***$***	***1.702***	***$***	***1.757***	***$***	***1.814***	***$***	***1.874***	***$***	***1.935***	***$***	***1.998***	***$***	***2.064***
Surplus or Cut To Expenditures	$	5.265	$	4.422	$	2.922	$	5.079	$	7.849	$	10.794	$	13.824	$	16.632	$	19.435

City of Black Diamond

GF Financial Forecast

Scenario: S1 - Maintain existing budget; Pessimistic Revenue Forecast with potential $3.0M Levy Lid Lift

	Actual 2022	Forecast 2023	Forecast 2024	Forecast 2025	Forecast 2026	Forecast 2027	Forecast 2028	Forecast 2029	Forecast 2030
Beginning Cash	**$ 8.287**	**$ 7.455**	**$ 5.681**	**$ 3.827**	**$ 5.351**	**$ 7.840**	**$ 10.482**	**$ 13.217**	**$ 15.758**
Revenues									
Property Txs	$ 2.444	$ 2.784	$ 2.912	$ 6.041	$ 6.272	$ 6.554	$ 6.840	$ 7.128	$ 7.420
Sales Txs	1.585	1.200	1.218	1.336	1.630	1.649	1.668	1.412	1.382
Permits	1.713	0.603	0.614	0.980	1.631	1.695	1.707	1.719	1.731
All Other	4.377	1.883	1.913	1.953	2.029	2.111	2.194	2.273	2.324
Total	**$ 10.120**	**$ 6.471**	**$ 6.657**	**$ 10.311**	**$ 11.561**	**$ 12.010**	**$ 12.408**	**$ 12.532**	**$ 12.856**
Expenditures									
Police	2.699	3.260	3.373	3.490	3.611	3.736	3.866	4.001	4.141
Fire	1.023	1.083	1.115	1.149	1.183	1.219	1.255	1.293	1.332
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Ending Cash	**$ 7.455**	**$ 5.681**	**$ 3.827**	**$ 5.351**	**$ 7.840**	**$ 10.482**	**$ 13.217**	**$ 15.758**	**$ 18.296**
check	-	-	-	-	***0***	-	-	-	-
Population Projection	***6,145***	***6,245***	***6,345***	***6,579***	***7,052***	***7,546***	***8,006***	***8,412***	***8,412***
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20% Expenditure Target	***$ 2.190***	***$ 1.649***	***$ 1.702***	***$ 1.757***	***$ 1.814***	***$ 1.874***	***$ 1.935***	***$ 1.998***	***$ 2.064***
Surplus or Cut To Expenditures	$ 5.265	$ 4.032	$ 2.125	$ 3.594	$ 6.026	$ 8.609	$ 11.282	$ 13.760	$ 16.233

Next Steps

- **Motion declaring the City Council's desire to explore a potential property tax levy lid lift to fund increasing costs for public safety, and requesting the Mayor to prepare an analysis of levy lid lift options (rates, durations, and timing) for the Council to evaluate and determine whether to submit the question to voters.**

- **FCS GROUP to return with approval steps and analysis for property tax levy lid lift process including:**
  - Types of levy lid lift options
  - Amount of levy lid lift
  - Potential dates for levy lid lift election
  - Examples of recent levy lid lifts by other jurisdictions
  - Potential property tax bill impact to the average homeowner

Thank you!
Questions?

www.fcsgroup.com

FCS GROUP
Solutions-Oriented Consulting