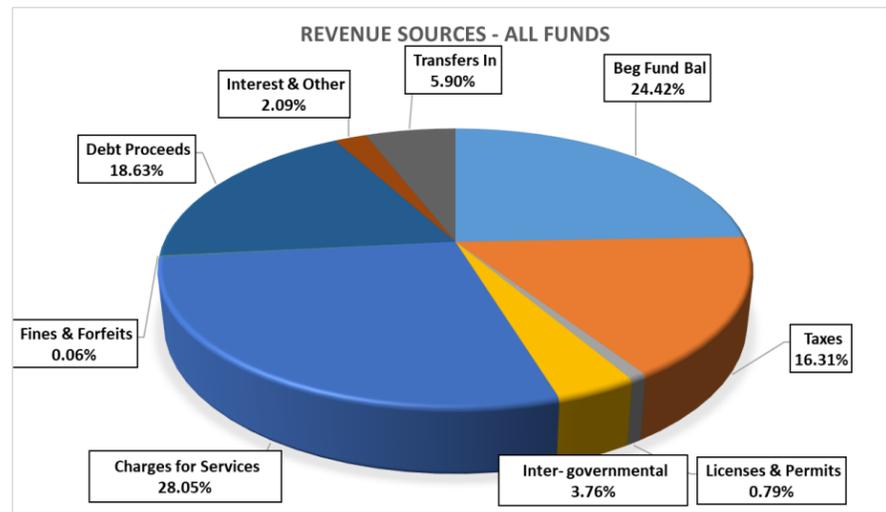


All Funds Budget Overview

The City of Monroe adopted Ordinance No. 011-2022 on April 26, 2022, moving the City's budget from an annual to a biennium fiscal period. The following numbers detail the resource and expenditure needs over a two-year horizon.

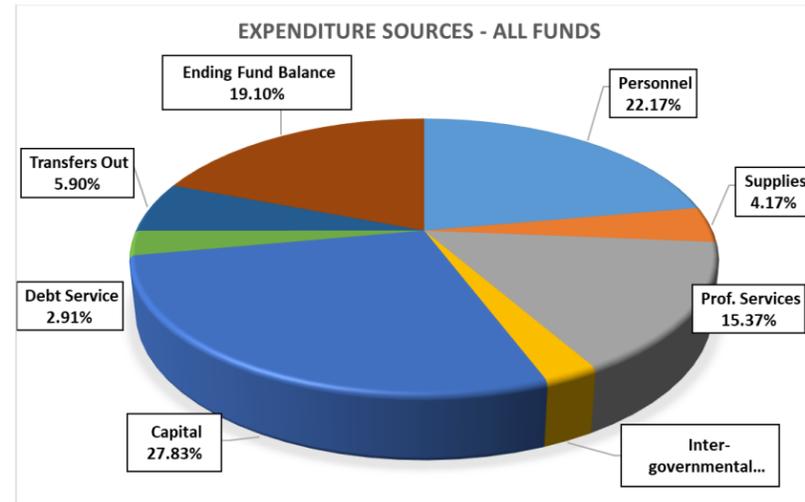
The total recommended 2023-2024 Biennial Budget across all funds is \$198,079,593. Exclusive of beginning fund balance and potential debt proceeds to support capital projects, the largest revenue stream is Charges for Services at \$55,558,853 or 28.05% with Taxes the second largest revenue stream at \$32,300,907 or 16.31%. All revenues, exclusive of beginning fund balance, debt proceeds, and transfers in, total \$101,122,190. In contrast, total expenditures across all funds, exclusive of ending fund balance, transfers out, capital, and debt service, are \$87,658,056. The difference between these figures, \$13,464,134, supports our debt service and capital programs along with transfers in and ending fund balances. Total anticipated ending fund balances, inclusive of reserves, is \$37,844,384.

Revenues All Funds		Percent
Beg Fund Balance	\$ 48,362,614	24.4%
Taxes	\$ 32,300,907	16.3%
Licenses & Permits	\$ 1,568,423	0.8%
Intergovernmental	\$ 7,438,835	3.8%
Charges for Service	\$ 55,558,853	28.0%
Fines & Forfeits	\$ 122,300	0.1%
Debt Proceeds	\$ 36,900,000	18.6%
Interest & Other	\$ 4,132,872	2.1%
Transfer In	\$ 11,694,789	5.9%
Total	\$ 198,079,593	100.0%



Total expenditures for the City, exclusive of capital, debt service, transfers out, and ending fund balance, is \$87,658,056. The largest portion of expenditures is personnel. As the City is a service-oriented agency, it is expected that personnel would be the largest expenditure category without consideration of capital, debt service, transfers out, or ending fund balance. For the 2023-2024 biennium, it is anticipated that personnel costs (salaries and benefits) will be \$43,911,470 over all funds of the City. This represents 50.09% of the \$87,658,056 expenditure total but represents 22.17% of the overall \$198,079,593 biennial budget.

Expenditures All Funds		Percent
Personnel	\$ 43,911,470	22.2%
Supplies	\$ 8,265,058	4.2%
Prof. Services	\$ 30,436,850	15.4%
Intergovernmental	\$ 5,044,678	2.5%
Capital	\$ 55,128,120	27.8%
Debt Service	\$ 5,754,244	2.9%
Transfers Out	\$ 11,694,789	5.9%
End Fund Balance	\$ 37,844,384	19.1%
Total	\$ 198,079,593	100.0%



Exclusive of ending fund balance, capital is the largest expenditure category at \$55,128,120. This represents 27.83% of the overall \$198,079,593. A listing of capital included in this biennium may be found on page 114 of the budget book. Capital costs fluctuate each fiscal period as projects are budgeted when financial and other resources, such as personnel, allow.

Full details on all funds for the 2023-2024 Biennial Budget may be found on the City's website at <https://monroewa.gov/DocumentCenter/View/13880/2023-2024-Mayors-Recommended-Biennium-Budget>



2023-2024 CITY BUDGET IN BRIEF

Honorable City Councilmembers and Residents of Monroe:

I am pleased to submit for your consideration the 2023-2024 Recommended Budget for the City of Monroe. The 2023-2024 Recommended Budget is the City's first biennial budget. I thank City staff, our board and commission members, and our councilmembers who have worked hard this year to serve our community. And I thank our residents and employers who create the fabric of our community.

The 2023-2024 Recommended Budget supports *Imagine Monroe* and the City Council's strategic priorities. *Imagine Monroe* informs and guides how we develop and implement policies and budgets and how we deliver services to our community. The 2023-2024 Recommended Budget includes programs to:

- Create accessible parks and healthy waterways by increasing the number of parks seasonal workers;
- Support local businesses by installing new wayfinding signs to direct visitors and residents to North Kelsey, Downtown and the Fryelands; support for capacity improvements on US2 and SR522; conduct the annual business survey, and support business recovery using American Rescue Plan Act funding;
- Build community through partnerships with non-profit agencies to serve our most vulnerable residents by funding a full-time human service coordinator, embedded social workers, community court, and funding to implement the recommendations of the 2021 Human Services Needs Assessment;
- Create and strengthen connections among residents by investing in community gathering spaces, events, services, and continued development of the City's parks and trail systems;
- Ensuring a safe place for all by investing in the health of our first responders and investing in training for staff and the community as recommended by the Community Human Services Advisory Committee.

We continue to manage through unprecedented economic times and will remain prepared to watch our budget closely and work with the City Council to make adjustments, if necessary, during the budget term. The following document summarizes key changes and investments in the 2023-2024 Recommended Budget to meet the challenges ahead and positioning the City to be able to capitalize on appropriate opportunities which may present themselves.

Sincerely,

Geoffrey Thomas

{Excerpt from Mayor's Message – full message may be found in the 2023-2024 Budget Document}

Budget Goals and Projects

- Fully fund all City reserves;
- Invest \$300,000 in Human Services Awards;
- Invest \$240,000 in Business Assistance Awards;
- Conduct Annual Business Survey;
- Increase number of Parks Seasonal Workers by two;
- Update Blueberry Playground equipment;
- Plan and repair trails;
- Design and construct Phase II for the Municipal Campus;
- Install second phase of the City’s Wayfinding signage program;
- Pursue completion of State Route 522 (#Finish522) and support Highway 2 capacity improvements;
- Reconstruct Powell Street;
- Install 147th Street/179th Street signal;
- Improve 179th Street sidewalks;
- Invest in various traffic calming improvements;
- Complete US Highway 2 Non-motorized shared path construction; and
- Improve service delivery by increasing City’s public records officer to full time (2023), creating a public works customer service coordinator (2023), and establishing an environmental compliance officer (2024)

Budget Assumptions

- Utilize \$241,063 in banked property tax capacity
- Population decreasing to 19,700 from 19,900
- CPI (June over June) – 10.1% (last year was 5.5%);
- Implicit price deflator – 6.457%;
- 180 new housing starts over the biennium;
- Water rate adjustment – 3.0%;
- Stormwater rate adjustment – 10.0%;
- Sewer rate – no adjustment;
- Preliminary assessed value for new construction - \$30.0 Million; and
- Gas tax decrease – 4.0%.
- Utilize \$2.7 million American Rescue Plan Act funds to bridge final fiscal period of COVID recovery

Property Tax Overview

The City’s property tax is levied on the assessed value from the previous year, as determined by the Snohomish County Assessor. While the City has moved to a biennial budget, the City Council must still set the property tax levy annually by November 30th of each year, by when it is legally required to be certified to the County. The City Council may increase its property tax revenue by either one percent or the Implicit Price Deflator (IPD) published in September each year, whichever is lower. The IPD for 2023 taxes is 6.457%. If the City Council does not increase the property tax by the amount allowed (1% for 2023), the City then “banks” the unused authority for potential future use.

The City has traditionally foregone its statutorily allowed increase each year and “banked” the taxing authority, with the exception of fiscal years 2017 and 2019. For 2017, the City used \$484,312 of its banked capacity to help restore specific positions/services within the General Fund, such as a parks supervisor, part-time permit tech/code enforcement, and a city accountant/Finance Manager (filled in 2021). The 2018 Approved Budget did not increase property taxes over 2017 collections, leaving approximately \$671,000 in banked tax capacity. In 2019, the City used \$450,000 of this remaining banked capacity, specifically to hire two positions for its Parks Department and to help fund specific Economic Development Advisory Board recommendations. For fiscal years 2020, 2021, and 2022, the budget again did not utilize the City’s statutorily allowed property tax increase, instead banking that capacity. Any growth in property tax revenue was solely from new construction in those fiscal years. The following chart details the historical rate per thousand assessed for City taxes since 2013:

Historical City Assessed Valuation, General Property Tax Levied, and City Property Tax Rate **2023 rates are preliminary estimates			
Year	Assessed Value	Revenue	Rate per \$1,000
2023 with banked capacity used	\$4,598,864,603	\$3,922,319	\$0.85
2023 without banked capacity used	\$4,598,864,603	\$3,681,256	\$0.80
2022	\$3,395,678,937	\$3,469,175	\$1.02
2021	\$3,115,841,466	\$3,402,070	\$1.09
2020	\$2,885,062,587	\$3,275,000	\$1.14
2019	\$2,600,459,852	\$3,201,628	\$1.23
2018	\$2,255,923,097	\$2,674,640	\$1.19
2017	\$1,991,598,893	\$2,577,719	\$1.29
2016	\$1,773,873,208	\$2,047,724	\$1.15
2015	\$1,631,751,335	\$2,013,295	\$1.23
2014	\$1,464,883,201	\$1,991,453	\$1.36
2013	\$1,349,715,977	\$1,969,615	\$1.46

For 2023, the City’s property tax banked capacity is \$331,825. The 2023-2024 Recommended Biennial Budget proposes using \$241,063 of this amount to fund the following operational costs and Council priorities:

Amount	Operational Program/Priority
\$33,207	Public Records Officer position part to full time (cost difference)
\$25,000	Annual maintenance cost for holding cell cameras/audio recording capabilities (unfunded legislative mandate)
\$28,800	Continued Mental Health provider contract for PD (first two years were grant funded)
\$44,828	Two 5-month parks seasonal positions
\$109,228	Human Services Coordinator position (conversion from contract to FTE approved by Council during 2022 Budget Amendment)
\$241,063	Total

The use of \$241,063 in banked capacity leaves \$90,762 in unused banked capacity for potential future use while adding \$0.05 of tax to each \$1,000 of property value. For specific property values, the impacts of using this banked capacity are:

Home Value	Per month impact	Per year impact
\$900,000	\$3.93	\$47.18
\$600,000	\$2.62	\$31.45
\$400,000	\$1.75	\$20.97

The property tax rates illustrated in the prior table are for the City of Monroe’s portion only of the overall tax bill. For the majority of residents, the property tax bill also includes taxes to the state, Snohomish Fire & Rescue, the library, schools, hospital, and county. The following graphic illustrates how much of each dollar paid in property taxes goes to each jurisdiction. For 2022, the City of Monroe’s portion represented 10.94% of the total bill. The total property tax bill on a house with an assessed value of \$519,400 in 2022 is \$4,849.24 (total tax rate is \$9.34 per each \$1,000 in value for this property). The City received \$530.64 of this \$4,849.24, with the remainder going to other agencies. The graph below illustrates the distribution of the tax collected for this house.



While all taxes represent 65.19% of the 2023-2024 General Fund Recommended Budget, property taxes alone represent just 17.81% of the anticipated General Fund revenues (\$7,864,945 of the \$28,785,907 anticipated biennium tax revenue).

Full Budget may be found here:

<https://monroewa.gov/DocumentCenter/View/13880/2023-2024-Mayors-Recommended-Biennium-Budget>