

MAYOR'S MESSAGE



MONROE

WASHINGTON



October 8, 2024

Honorable City Councilmembers and Residents of Monroe:

I am pleased to submit for your consideration the 2025-2026 Recommended Budget for the City of Monroe.

The 2025-2026 Recommended Budget supports *Imagine Monroe* and the City Council's strategic priorities – to create accessible parks and healthy waterways; support local businesses; build community; create connections; and ensure a safe place for all, where everyone feels at home and everyone feels they belong. *Imagine Monroe* informs and guides how we develop and implement policies and budgets and how we deliver services to our community. The 2025-2026 Recommended Budget:

- Creates accessible parks and healthy waterways by planning improvements at North Hill Park, the city's newest neighborhood park; evaluating the health of the city's urban forest; and ensuring clean water is entering the Skykomish River and Puget Sound.
- Supports local businesses by investing in downtown flower baskets, rebranded light pole banners, and promotion campaigns to highlight Monroe's unique restaurants, shops, and services.
- Builds community through acquisition and development of a community gathering space downtown and improvements to the city's existing park facilities such as Lake Tye and Currie View Park on 154th Street.
- Creates and strengthens connections among residents by investing in crosswalk improvements so people can move safely through the city, and an additional park maintenance worker to support our growing number of community events and activities.
- Ensures a safe place for all by continuing to invest in law enforcement, human services, therapeutic court, and code enforcement. The Recommended Budget includes the addition of FLOCK cameras which will allow us to join the network of communities in our region in receiving real time license plate alerts to identify stolen vehicles, missing persons, and people who are wanted for felony level crimes.

Revenue Assumptions

The biennial budget is built on a set of risk averse estimates and fully funds the city's contingency reserves, priority programs, and transfers to support capital projects such as the signalized intersection at 179th Ave SE and 147th Street. The recent economic environment has seen a significant decline in inflation since the 2023-2024 budget was adopted. The June over June CPI-Urban for Seattle/Tacoma/Bellevue was 3.8% down from 10.1% in 2023. The 3.8% CPI was incorporated into budget projections during the development of the biennial budget. The 2025-2026 budget assumes retail and construction sales tax revenues will remain flat at \$6.6 million in each year for a total of \$13.2 million for the biennium.

Detached residential building permits are expected to remain flat at 180 permits over the next two years. This is reflected in the projections for community development revenues, traffic and park impact fees, and utility facility charges and connection fees. Related to development revenue, sales taxes associated with new construction is also projected to decrease from 2023-2024 levels. Real Estate Excise Taxes are being modestly forecasted as housing sales slow and housing prices do not rise as quickly as seen in prior years.

Budget By the Numbers

The City of Monroe accounts for its operations in 22 separate funds, each requiring an adopted budget. The total recommended 2025-2026 Biennial Budget across all funds is approximately \$200,830,000 inclusive of beginning fund balance and potential debt proceeds to support capital projects. The 2025-2026 Recommended Budget maintains existing programs and levels of service. The Recommended Budget uses all available resources to be fiscally sustainable for this biennium while delivering the best services we can afford to residents, businesses, and visitors to the city. In addition, the 2025-2026 Recommended Budget includes using the city's 1% property tax as allowed by State law, and \$154,000 in banked capacity to fund a parks maintenance worker. This equates to approximately \$1/month for a \$600,000 home.

The primary operations fund (the current expense fund) of the city is the General Fund 001. This fund houses the revenues and expenditures which support police, parks, community development, court, finance, executive, and city clerk's office. Overall, 2025-2026 General Fund revenues are anticipated to be approximately \$21.0 million in 2025 and \$20.4 million 2026 with \$7.3 million in beginning fund balance. City General Fund expenditures for 2025 and 2026 are approximately \$45.9 million.

Reserves

The city's policy and practice is to reserve the equivalent of two months of anticipated General Fund expenditures for cash flow purposes in a General Fund reserve. The Recommended Budget fully funds this General Fund reserve target of \$1.681 million in 2025 and \$1.681 million in 2026 and assumes full funding of all city reserves and full funding of all city fiscal policies, such as fleet funding and Contingency Reserve. Maintaining fully funded reserves allows the city to maintain services during times of fluctuating revenues and supports a balanced budget past the current biennium.

The 2025-2026 Mayor's Recommended Biennium Budget includes a targeted ending fund balance in F330 Building Capital as a debt reserve for the Municipal Campus bonds of 2 ½ years of debt payments. The City Council approved funding this debt reserve by transferring REET1 funds that exceeded budgeted expectations to Fund 330 Building Capital over the last two years.

General Obligation and Revenue Bonds

The 2025-2026 Mayor's Recommended Biennium Budget assumes the issuance of \$12.5 million in bonds over the next two years to support a sewer capital project as identified in the 6 Year Capital Improvement Plan (CIP). The proceeds will help fund a biosolids treatment project that is projected to cost \$29,241,700 (\$15,450,000 in 2025 and \$13,791,700 in 2026).

Justice and Public Safety: Ensuring Monroe is a Safe Place for all

My Recommended Budget funds a coordinated approach to ensuring that Monroe is a safe place for all. The budget properly funds police services, human services, public safety, community outreach, therapeutic court, public defense, and prosecuting attorney functions. The budget also provides funding for non-profit service providers that interact in the public safety space in our community. This approach is having positive outcomes for Monroe residents.

Our Police Department is community centered and has a well-deserved reputation as an employer of choice. This has allowed Monroe to avoid excessive vacancies in commissioned positions that have affected service delivery in other police departments in the region.

The 2025-2026 Recommended Budget continues to support a safety net to serve the most vulnerable members of our community. This includes funding for the city's embedded social worker, community service officer, peer support, and domestic violence advocate. My recommended budget funds an update to the city's human services needs assessment and \$150,000 to address the highest priority needs identified in the assessment.

Delivering Services and on our Vision The 2025-2026 Recommend Budget invests in programs to improve service delivery. An additional parks maintenance worker will help maintain current service levels, meet the growing demand for city parks, and support an increasing number of special events. Funding for the FLOCK camera system will allow the police department to more quickly solve crimes. Investments in the city's information technology systems will improve access to information and protect city data. In 2024, the city completed a cross-department assessment of its land use and building permit tracking software and workflow. The assessment resulted in a selection process to purchase and implement a new software system in 2025. The outcome will be improved transparency and information for permit applicants while improving staff efficiency.

We are wrapping up our rebranding effort which started with the City Council adopting our vision statement, "*Imagine Monroe*". *Imagine Monroe* describes who we are today and who we aspire to be in the future. The 2025-2026 Recommended Budget incorporates the city's new logo and brand. In 2025, community members will begin to see the brand in city documents, letter head, vehicle decals, and marketing campaigns.

Coordinating with County, State, and Federal Agencies/Officials

The City Council and I continue to advocate with state and federal officials for needed projects and policies beneficial to Monroe while expressing concern about policies with negative impacts to the community. As a result of our advocacy efforts, we have built relationships with State and Federal elected officials to help address priority community needs. Since 2022, the city has received more than \$10 million in State and Federal grants to leverage local dollars for transportation, water quality, human services, therapeutic court, affordable and temporary housing, and park improvements. We continue to advocate and support widening State Route 522 to 4 lanes between High Bridge and Paradise Lake Rd. intersection. My recommended budget supports regular in-person visits with our state and federal elected officials in 2025 and 2026.

My Recommended budget is built on existing revenues. It does not rely on the community adopting Proposition 1. If Proposition 1 passes, the 2025-2026 Recommended Budget would be amended to account for the additional positions for parks maintenance and public safety, equipment, and supplies.

I look forward to working with community and council in 2025 to discuss further enhancements to public safety if the county's criminal justice tax passes.

I feel that the recommended budget supports the City's commitment to realizing *Imagine Monroe*, including that Monroe is a safe place for all, where everyone feels at home and everyone feels they belong. I look forward to continuing to work with council, staff, and community to realize this vision.

Respectfully,



Mayor Geoffrey Thomas