

City of Brier

# Financial Forecast

January 2025

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**BERK**



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# Overview

The City of Brier is interested in better understanding its financial condition to determine how to ensure long-term financial sustainability while maintaining high quality services valued by the community. The City also wants to attract and retain high quality employees. A long-term forecast will help the City Council make informed and prudent decisions in its annual budget development process.

Many cities in Washington face the challenge of providing quality services to the community while costs escalate. This challenge has been particularly acute since 2021 as inflation has increased significantly in the region. For small, residential cities, an additional challenge is the fact that their primary revenue source, property tax, typically grows more slowly than inflation.

This analysis builds on BERK's prior work done for the City of Brier when we modelled different options for funding fire and emergency medical services. In this current analysis, we developed three General Fund forecast scenarios for the period 2024 to 2031 which consider the impacts of adding staff positions and a law enforcement levy lid lift. The assumptions used are described in **Appendix A: Forecast Assumptions**.

The focus of this analysis is the City's General Fund, which is its largest and most flexible fund. We reviewed historical information and developed future estimates for four other funds: the Capital Equipment Fund, Street Fund, Sewer Fund, and Storm Water Management Fund. We include these funds because they, along with the General Fund, contribute to the Capital Equipment Fund. The City works to ensure its capital equipment is in good condition, so the financial condition of these other funds will help the City develop a plan for regular equipment replacement. A summary of these other funds is provided in **Appendix B: Other Funds**.

To add additional context for the City's financial condition, we looked at community characteristics and revenues in neighboring cities in Snohomish County, as well as staffing and financial sustainability strategies in peer cities that were referenced in Brier's recent labor negotiations. The City could consider exploring these strategies to support financial sustainability in Brier.

# Key Findings

- The City's General Fund expenditures have grown more quickly than revenues over the period 2014 to 2023. While expenditures have on average grown at a rate similar to inflation, revenues have grown slower than inflation.
- The General Fund ending fund balance has decreased in recent years, as expenditures have been higher than revenues from 2021 to 2023. At the end of 2023, the General Fund ending balance was approximately 65% of total expenditures. The City does not currently have a General Fund reserve policy. A reserve policy would define an appropriate fund balance level and state when reserves can be used. Most peer cities have reserve policies that guide how much should be held in reserve for the General Fund and other operating funds.
- Under the Status Quo scenario, where General Fund revenues and expenditures are projected according to historical trends and inflation forecasts, expenditures exceed revenues every year in the forecast period and the General Fund ending balance goes negative by 2029.
- If the City wants to add staff positions to enhance service levels, it will need new revenue to maintain a positive General Fund ending balance throughout the forecast period. A levy lid lift is a common strategy to increase revenues for general operations, particularly for a city where property tax is the primary revenue source.
- If the City adopts a law enforcement levy in 2026, the General Fund ending fund balance remains positive through the end of the forecast period in 2031. Adoption of a law enforcement levy would increase the average residential owner's property tax bill but would put the City in a more sustainable position to continue providing quality services.

# City Context

The City of Brier is primarily a residential community with single family homes. As it does not have a commercial core, the philosophy of the City is to remain relatively small and retain the “spacious and semi-rural wooded character” of the community.<sup>1</sup> Brier has grown slower between 2016 and 2023 and has a lower employment to population ratio than neighboring cities in Snohomish County (Edmonds, Mill Creek, Mountlake Terrace, and Mukilteo). Neighboring cities also have more multi-family housing units than Brier. See **Appendix C: Information on Other Cities** for exhibits showing these trends.

## City Government

Three City departments provide public services with a staff of 19 full-time equivalent (FTE) budgeted positions (Exhibit 1). Staffing levels have remained constant since 2014, except for one Public Works position added in 2019. The City has its own Police Department and staff has noted that residents value the high level of police services they receive. Prior to 2023, the City contracted with South County Fire, the regional fire authority (RFA), to receive fire and emergency medical services. The City’s residents voted to annex into South County Fire in 2023 and these services are now provided directly to the community by the RFA, with property owners making tax payments directly to the RFA.

**Exhibit 1: Services and FTE Budgeted Positions by Department, 2024.**

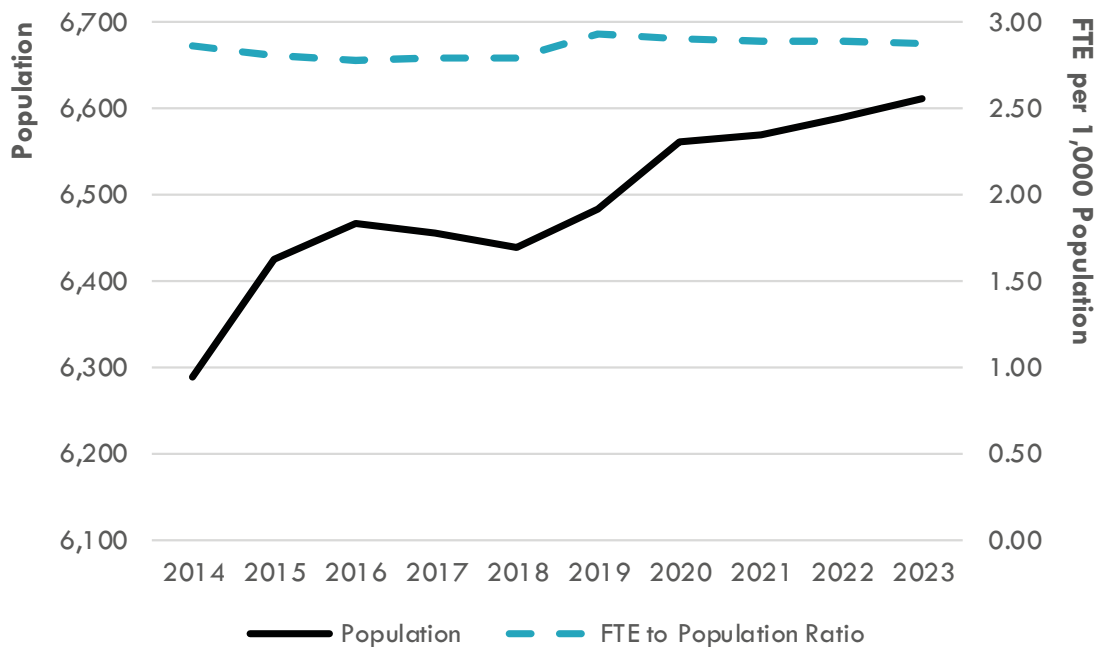
Department	Examples of Services Provided	FTE
Administration	City clerk services; payroll; business license and permit issuance; utility billing	4
Police	Law and drug enforcement; animal control; community outreach	8
Public Works	Building inspection; city planning; parks, streets, and utility maintenance	7

Sources: City of Brier, 2024; BERK, 2024.

From 2014 to 2023, the City’s population grew by over 300 residents while the ratio of City staff to the population remained relatively constant (Exhibit 2). In comparison to peer cities (Black Diamond, Buckley, Fircrest, Normandy Park, and Sultan), Brier has the lowest ratio of FTEs per 1,000 residents and the lowest ratio of police FTEs per 1,000 residents among those cities with their own police department (Exhibit 3). See **Appendix C: Information on Other Cities** for more information on peer cities.

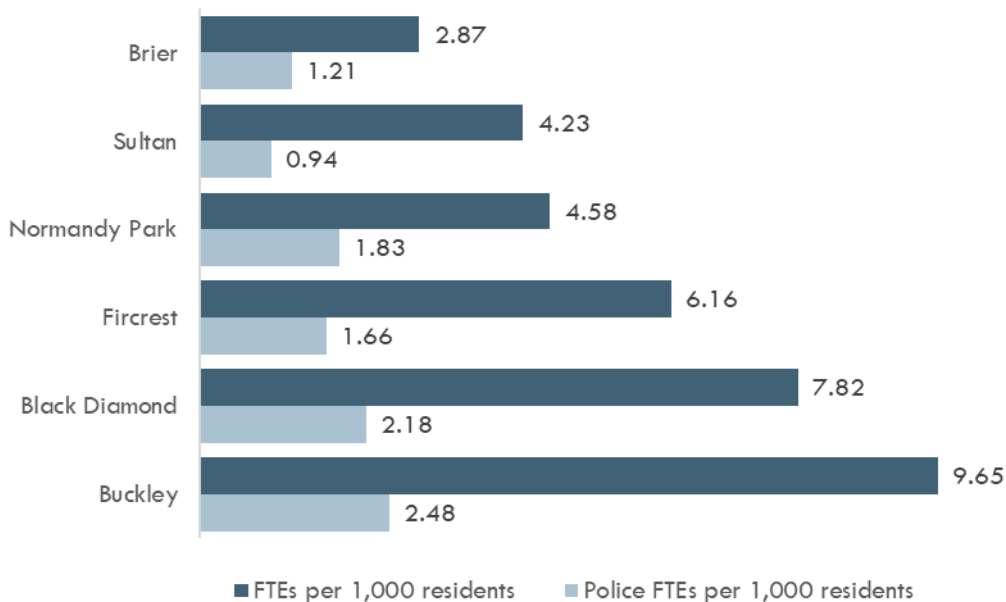
<sup>1</sup> Brier Community Profile, Economic Alliance of Snohomish County, <https://www.economicalliancesc.org/business/site-selectors/community-profiles/p/item/1042/brier>.

**Exhibit 2: City of Brier Population and Ratio of FTE per 1,000 Population, 2014-2023.**



Sources: City of Brier, 2024; Washington State Office of Financial Management, 2024; BERK, 2024.

**Exhibit 3: Total FTEs and Police Department FTEs per 1,000 Residents, Brier and Peer Cities.**



Notes: FTE counts taken from each city's 2024 budget document. The City of Sultan contracts with the county sheriff for police services. The City of Buckley has its own fire department, while the other cities receive fire services from a RFA through contract or annexation.

Sources: City of Brier, 2024; City of Black Diamond, 2024; City of Buckley, 2024; City of Fircrest, 2024; City of Normandy Park, 2024; City of Sultan, 2024; BERK, 2024.

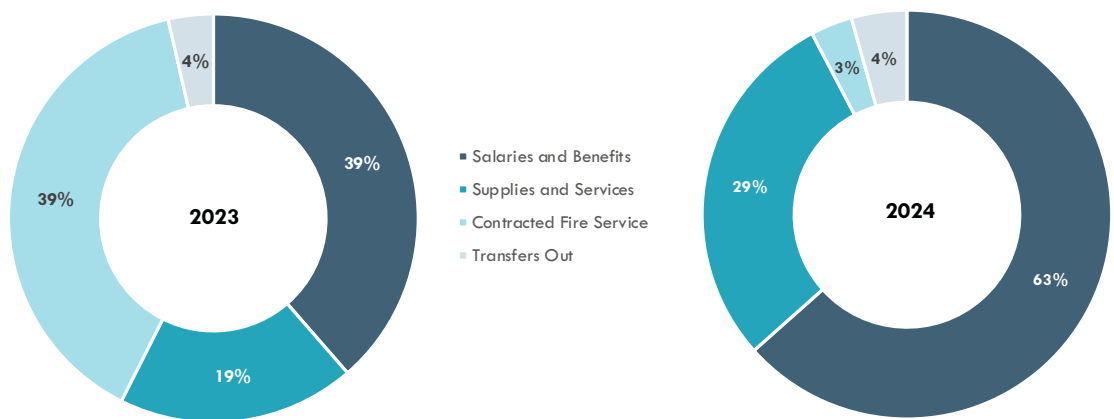
# Baseline Financial Conditions

The City has various funds with different revenue sources and expenditure purposes. The most flexible of these is the General Fund, which is funded primarily from taxes and pays for the City’s general services. Other funds are designated for specific uses, such as public works equipment replacements, and funded primarily through internal fund transfers and investment interest. See [Appendix B: Other Funds](#) for an overview of the Street Fund, Capital Equipment Fund, Sewer Fund, and Storm Water Management Fund.

## General Fund Expenditures

In 2024, 63% of General Fund expenditures (excluding non-expenditures) are budgeted for salaries and benefits and 29% for supplies and services (Exhibit 4). The City’s annexation into the RFA is reflected in a lower share of expenditures going towards contracted fire services in 2024 compared to 2023. Though fire suppression services are now provided through the RFA, the City still contracts with Snohomish County 911 and the Snohomish County Fire Marshal’s Office for fire safety services. Salary costs also increased by 20% between 2023 and 2024 to reflect new labor agreements. This budgeted increase aligns with the regional labor market and increases in peer cities used in labor negotiations.

**Exhibit 4: General Fund Expenditure Mix, 2023 and 2024.**



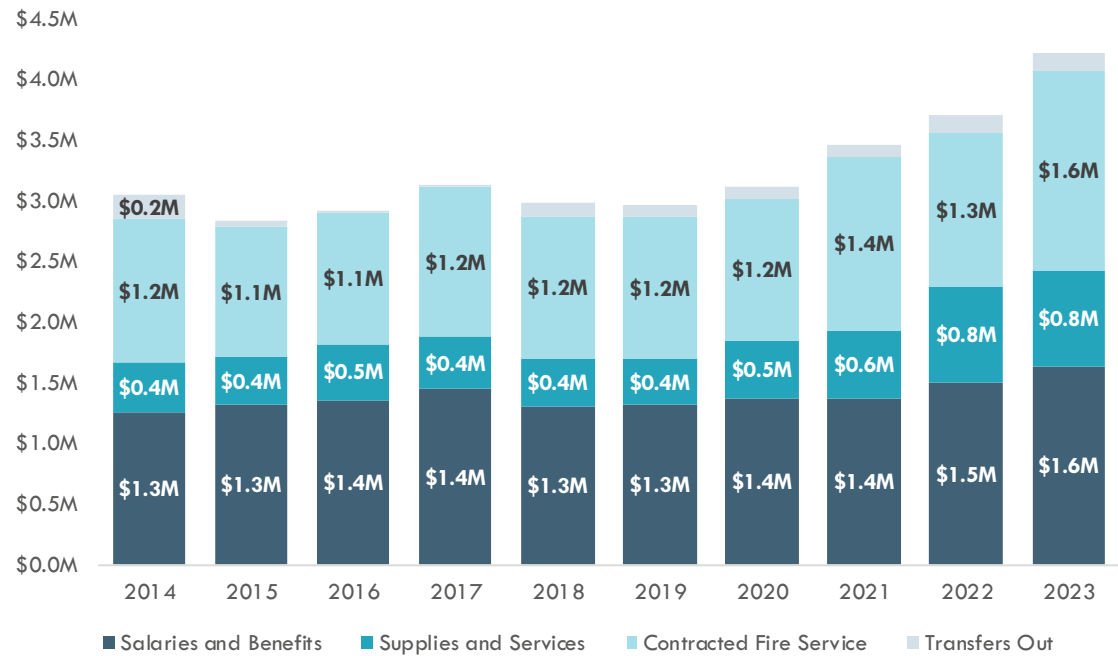
*Note: Excludes non-expenditures. Examples of non-expenditures are deposit refunds, miscellaneous fees, and purchase of investments.*

Sources: City of Brier, 2024; BERK, 2024.

Exhibit 5 provides an overview of historical expenditures by expense category. It shows that salaries and benefits have increased from \$1.3 million in 2014 to \$1.6 million in 2023, or an increase of 3% annually on average. Supplies and services have grown more quickly, from \$0.4 million in 2014 to \$0.8 million in 2023, or an increase of 9% annually on average. Costs that have increased significantly over this period are insurance, repair and maintenance services, and professional services. Not including fire and EMS services, the Police Department has historically made up the largest share of the City’s budget (Exhibit 6). Public Safety expenditures have risen primarily due to increased salary and overtime costs and assistance from the Snohomish County Sheriff’s Office.



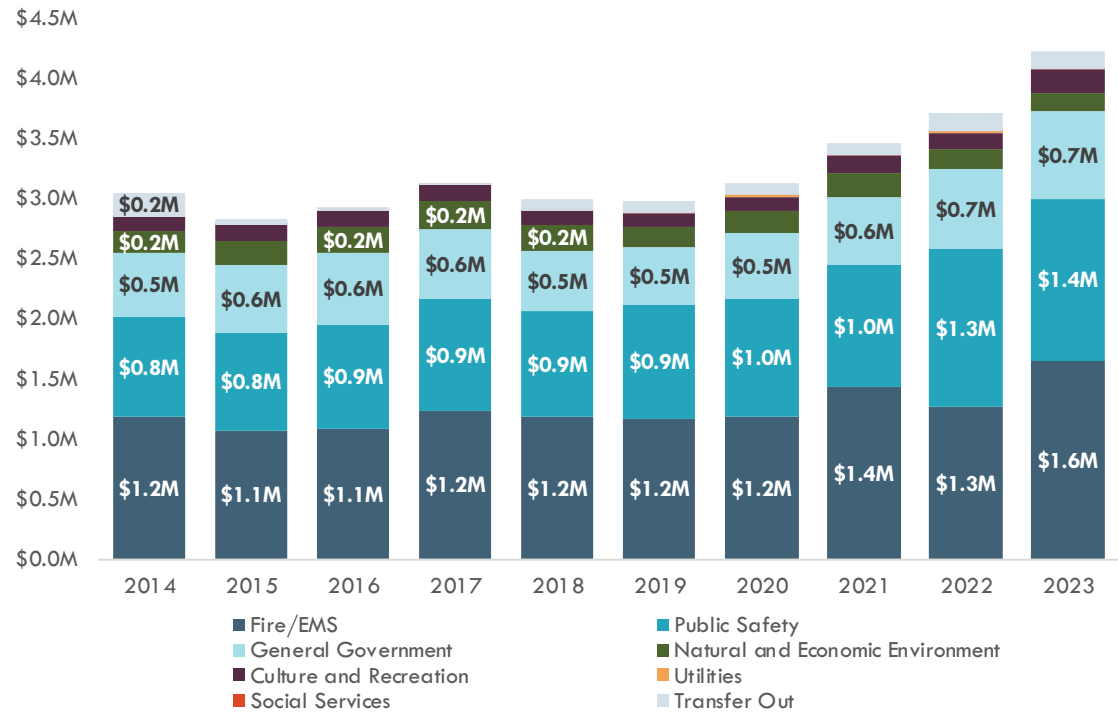
**Exhibit 5: General Fund Expenditures by Expense Category, 2014-2023.**



Notes: Labels not shown for categories under \$200,000. Excludes non-expenditures.

Sources: City of Brier, 2024; BERK, 2024.

**Exhibit 6: General Fund Expenditures by Function, 2014-2023.**



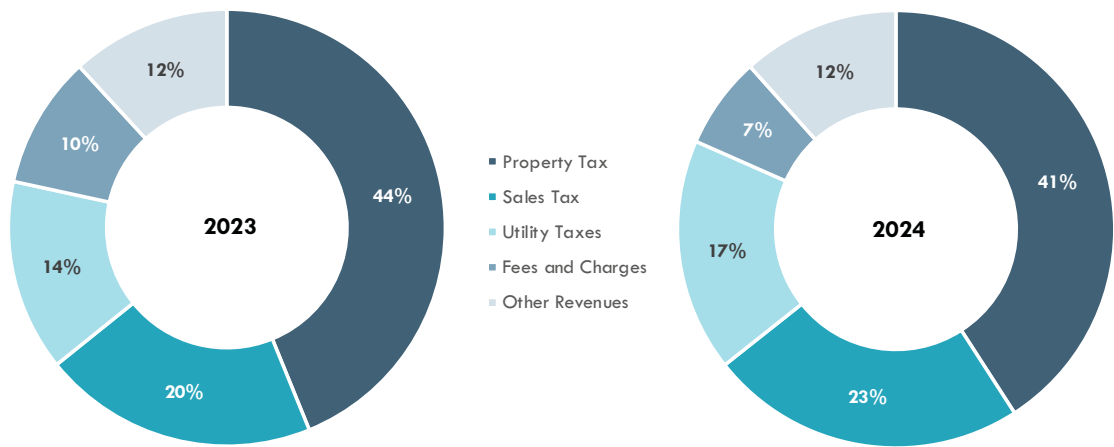
Notes: Labels not shown for functions under \$200,000. Excludes non-expenditures.

Sources: City of Brier, 2024; BERK, 2024.

# General Fund Revenues

In 2024, over 80% of General Fund revenue is budgeted to come from three sources: property tax, sales tax, and utility taxes (Exhibit 7). With annexation into the RFA, the City receives a lower total amount of property tax revenue as it no longer collects revenue through the EMS levy, but property tax is still budgeted to be the largest single source of revenue. The remaining revenue comes from license and permit fees, charges for goods and services, and other revenues including intergovernmental revenues, fines and penalties, transfers from other City funds, and investment interest. In comparison to neighboring cities in Snohomish County, Brier receives a larger share of General Fund revenue from property tax (Exhibit 8).

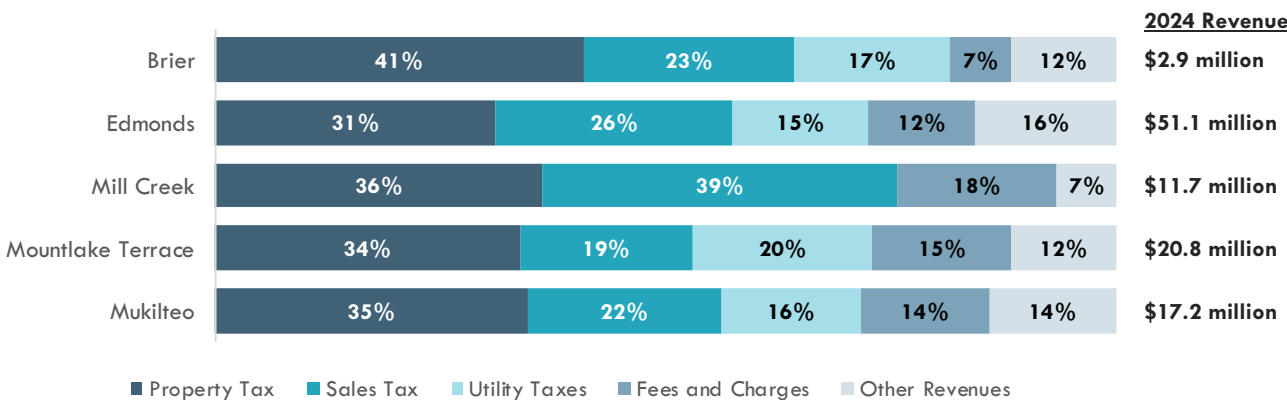
Exhibit 7: General Fund Revenue Mix, 2023 and 2024.



Note: Excludes non-revenues. Examples of non-revenues are deposits and sale of investments.

Sources: City of Brier, 2024; BERK, 2024.

Exhibit 8: General Fund Revenue Mix, Brier and Neighboring Cities, 2024.



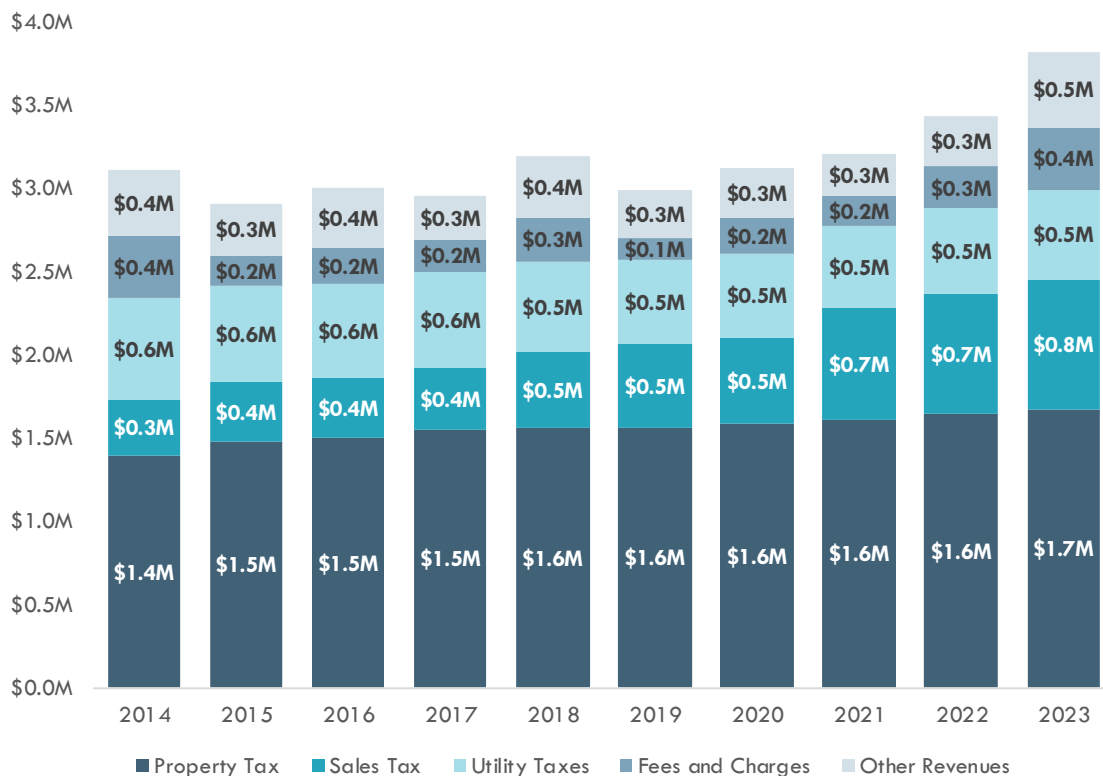
Note: 2024 budgeted revenues are used in this chart to reflect the recent annexation of Brier and Mountlake Terrace to South County Fire, which reduces property tax collections in those cities. Mill Creek does not assess utility taxes.

Sources: City of Brier, 2024; City of Edmonds, 2024; City of Mill Creek, 2024; City of Mountlake Terrace, 2024; City of Mukilteo, 2024; BERK, 2024.

Exhibit 9 shows that property tax has historically made up about half of General Fund revenue in the City of Brier, with property tax revenue growing 1.6% annually on average from \$1.4 million in 2014 to \$1.7 million in 2023. The share of sales tax revenue has also increased over this period, from \$0.3 million in 2014 to \$0.8 million in 2023, or an increase of 12% annually on average. Revenue from utility taxes has decreased from \$0.6 million in 2014 to \$0.5 million in 2023. Revenue from fees and charges went down to \$0.1 million in 2019 but has recovered to \$0.4 million, which is around 2014 levels.

These trends are consistent with revenue growth in other cities. Property tax revenue has increased slowly due to the limit on total property tax revenue growth in Washington, while sales tax revenue has grown more quickly as residents shifted to purchasing goods online during the pandemic. Utility tax revenue has decreased due to changes in customer behavior (e.g., conserving more energy). At the same time, cities are collecting more revenue from fees and charges as construction activity and use of City facilities has picked up since the pandemic.

**Exhibit 9: General Fund Revenues by Source, 2014-2023.**



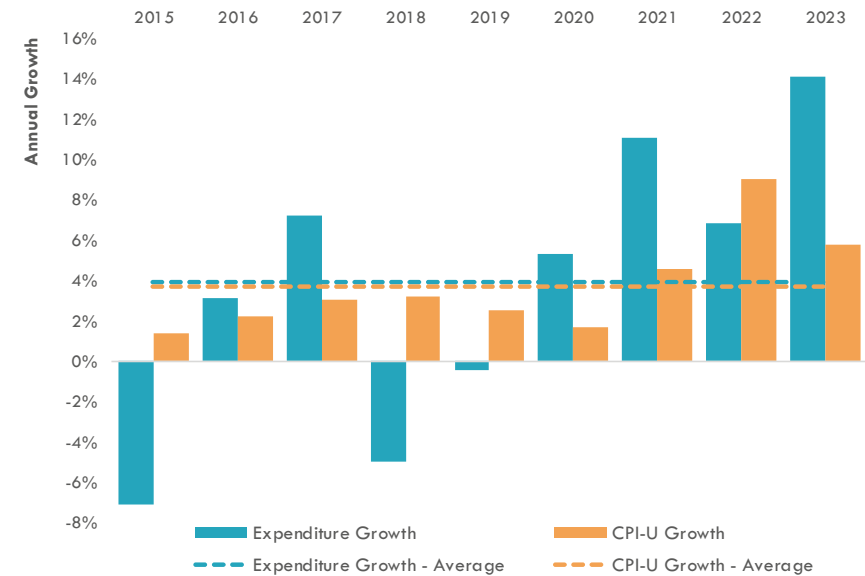
Note: Excludes non-revenues.

Sources: City of Brier, 2024; BERK, 2024.

# Comparison to Inflation

The City’s expenditures have on average grown at a rate comparable to inflation, while the City’s revenues have on average grown more slowly than inflation. Exhibit 10 and Exhibit 11 show annual growth in inflation, as measured by the Consumer Price Index for All Urban Consumers (CPI-U) for Seattle-Tacoma-Bellevue, compared to annual growth in General Fund expenditures and revenues.

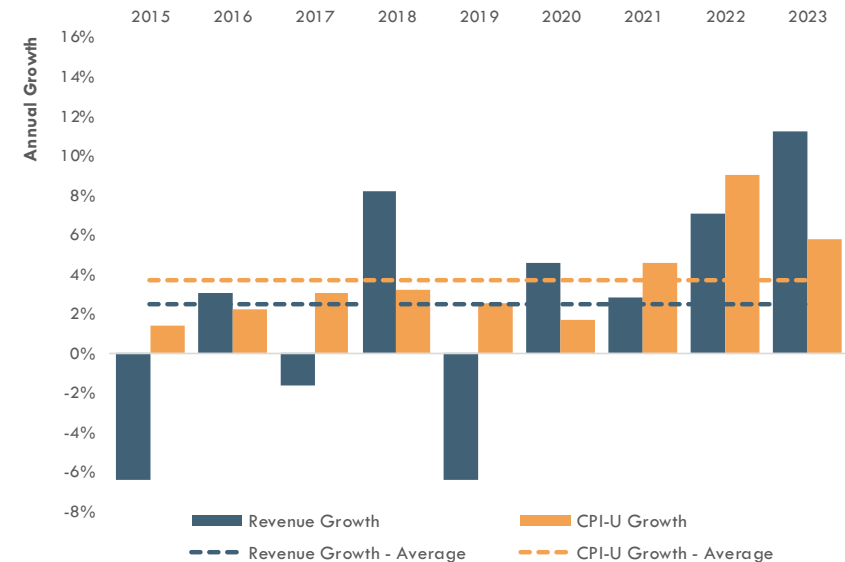
**Exhibit 10: Annual General Fund Expenditure and CPI-U Growth, 2015-2023.**



Note: Expenditure Growth excludes non-expenditures.

Sources: City of Brier, 2024; Bureau of Labor Statistics, 2024; BERK, 2024.

**Exhibit 11: Annual General Fund Revenue and CPI-U Growth, 2015-2023.**



Note: Revenue Growth excludes non-revenues.

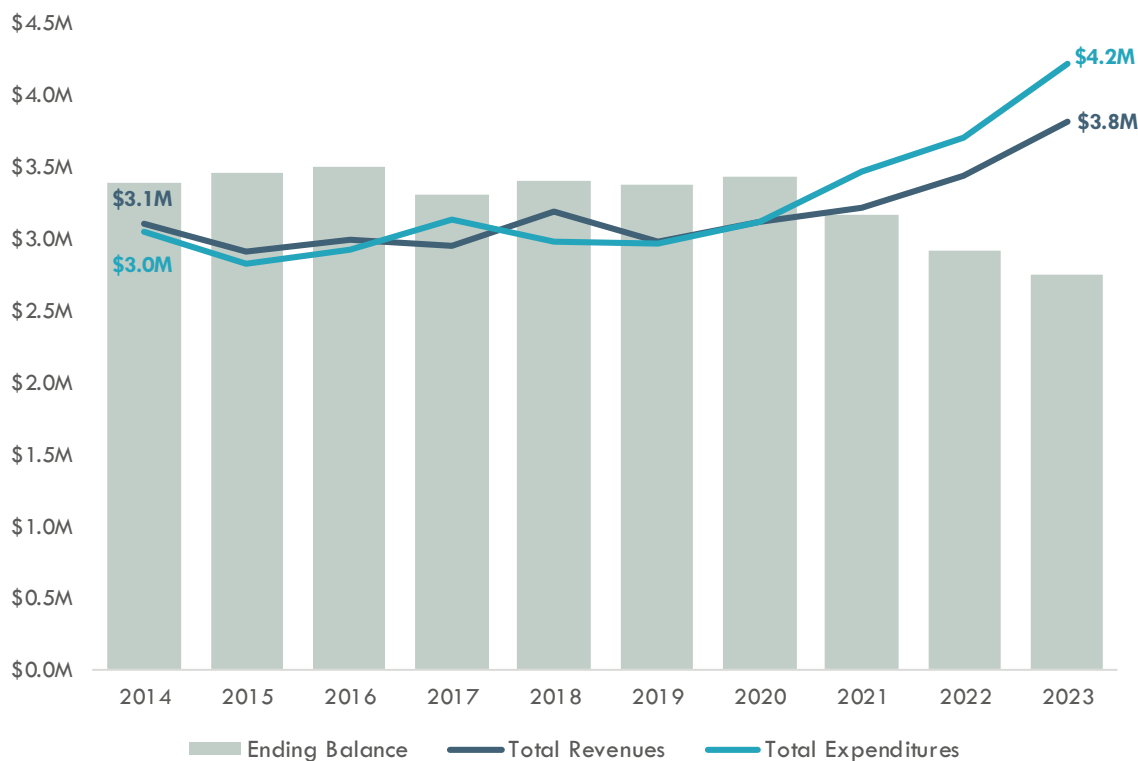
Sources: City of Brier, 2024; Bureau of Labor Statistics, 2024; BERK, 2024.

# General Fund Balance

General Fund revenues and expenditures generally aligned between 2014 and 2020 (Exhibit 12). From 2021 to 2023, expenditures grew more quickly than revenues, with expenditures increasing 11% annually on average and revenues increasing 7% annually on average. As expenditures have been greater than revenues in recent years, the General Fund ending balance has declined between 2020 and 2023. This trend has contributed to the City’s desire for a long-term financial forecast.

The General Fund ending balance at the end of 2023 was \$2.74 million, or 65% of total expenditures (excluding non-expenditures). Most peer cities have reserve policies that guide how much should be held in reserve for the General Fund and other operating funds, but Brier does not.<sup>2</sup> See **Appendix C: Information on Other Cities** for more information on reserve policies and other financial sustainability strategies in peer cities.

**Exhibit 12: General Fund Revenues, Expenditures, and Ending Fund Balance, 2014-2023.**



*Note: Total Revenues excludes non-revenues and Total Expenditures excludes non-expenditures.*

*Sources: City of Brier, 2024; BERK, 2024.*

<sup>2</sup> In “Fund Balance Guidelines for the General Fund” from 2015, the Government Finance Officers Association (GFOA) recommended that governments maintain a general fund balance of no less than two months of regular general fund operating revenues or regular general fund operating expenditures. This corresponds to approximately 16%. The appropriate reserve level for an individual government depends on many factors such as its debt obligations, exposure to risk, and predictability of its revenues.

# General Fund Forecast Scenarios

BERK staff projected the City's General Fund revenues and expenditures under three scenarios:

1. **Status Quo**, which incorporates historical trends, inflation forecasts, and new labor agreements.
2. **Enhanced Staffing with Existing Revenues**, which adds four staff positions to the Status Quo.
3. **Enhanced Staffing with Levy Lid Lift**, which assumes the adoption of a law enforcement levy lid lift in addition to the four added staff positions.

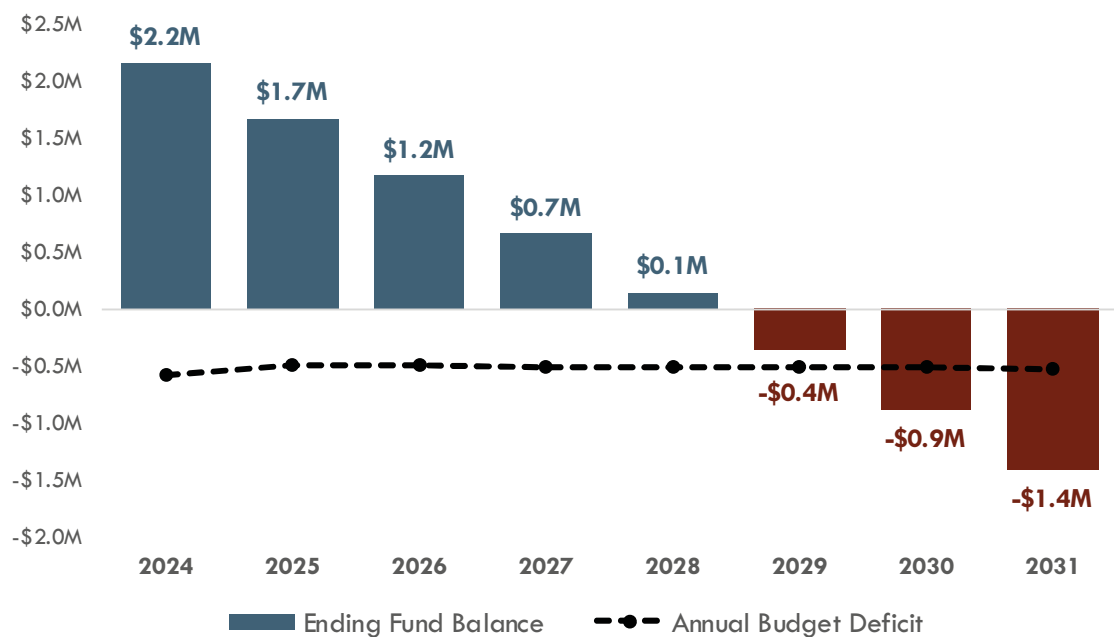
Each scenario is presented on the pages that follow.

# Scenario 1: Status Quo

Under this scenario, there is an annual deficit of approximately \$500,000 and the General Fund ending balance goes negative by 2029. The Status Quo is not sustainable over the long term.

This scenario projects General Fund revenues and expenditures according to historical trends, inflation forecasts, and new labor agreements (Exhibit 13). Though the City has historically underspent its budget, with actual expenditures comprising on average 93% of budgeted expenditures between 2018 and 2023, this forecast assumes 2024 expenditures as budgeted. This is a conservative approach which may overstate the budget deficit, as the City may not fully spend what is budgeted. See [Appendix A: Forecast Assumptions](#) for more detail on the assumptions used to project revenues and expenditures.

Exhibit 13: Status Quo, Annual General Fund Summary, 2024-2031.



Sources: City of Brier, 2024; Bureau of Labor Statistics, 2024; King County Office of Economic and Financial Analysis, 2024; Snohomish County Assessor's Office, 2024; BERK, 2024.

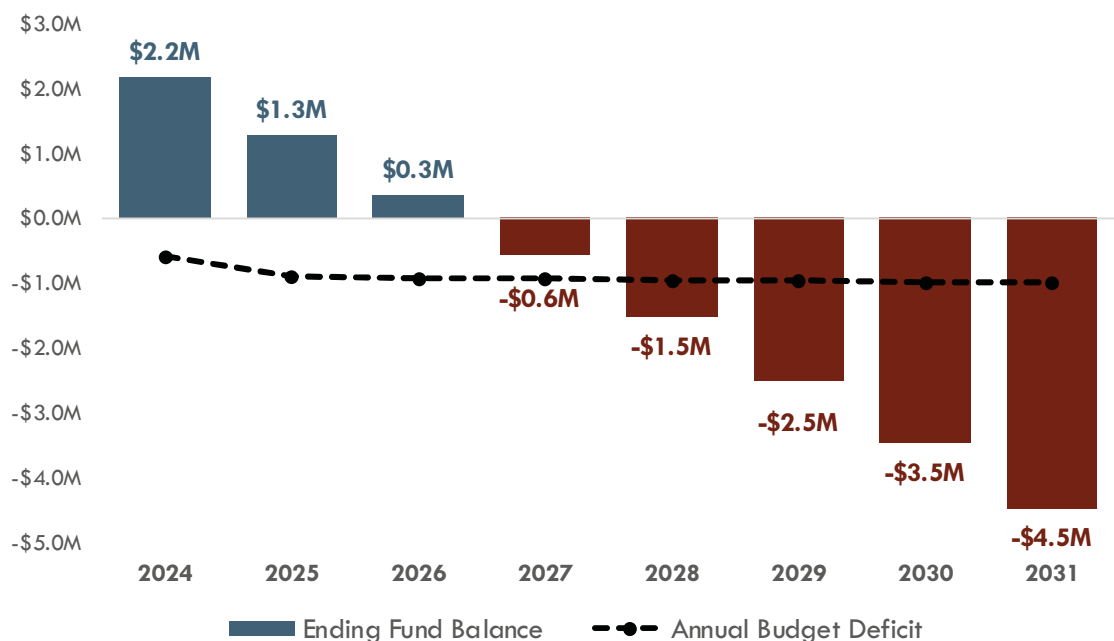
# Scenario 2: Enhanced Staffing with Existing Revenues

With existing revenues and enhanced staffing, there is an annual deficit of approximately \$950,000 and the General Fund ending fund balance goes negative by 2027. Adding staffing with existing revenues will put the City in a more financially unsustainable position compared to the Status Quo.

This scenario builds on the Status Quo forecast to incorporate anticipated new expenditures to maintain quality services to the community (Exhibit 14). Starting in 2025, salaries and benefits totaling approximately \$400,000 per year are added to the budget to account for the following four new staff positions needed to maintain quality service levels and support staff workloads:

- One Deputy Clerk position to support the various administrative responsibilities of the City Clerk.
- Two Police Sergeant positions to provide 24/7 supervisory coverage for police officers. Since the COVID-19 pandemic, the Police Department is responding to more calls for service, particularly in response to burglaries, theft, mental health, and security checks.<sup>3</sup>
- One Maintenance Worker position to help address a growing workload related to aging infrastructure and a desired level of service by the community. This would allow the Public Works Department to take on tasks that are currently not being completed. This position would be funded by the General Fund, the Street Fund, the Sewer Fund, and the Stormwater Fund. One quarter of this position cost is assumed for the General Fund.

Exhibit 14: Enhanced Staffing with Existing Revenues, Annual General Fund Summary, 2024-2031.



Sources: City of Brier, 2024; Bureau of Labor Statistics, 2024; King County Office of Economic and Financial Analysis, 2024; Snohomish County Assessor's Office, 2024; BERK, 2024.

<sup>3</sup> Total calls for service increased by 31% between 2021 and 2022. See pages 10-13 of City of Brier [Police Department Annual Report 2022](#).



# Scenario 3: Enhanced Staffing with Levy Lid Lift

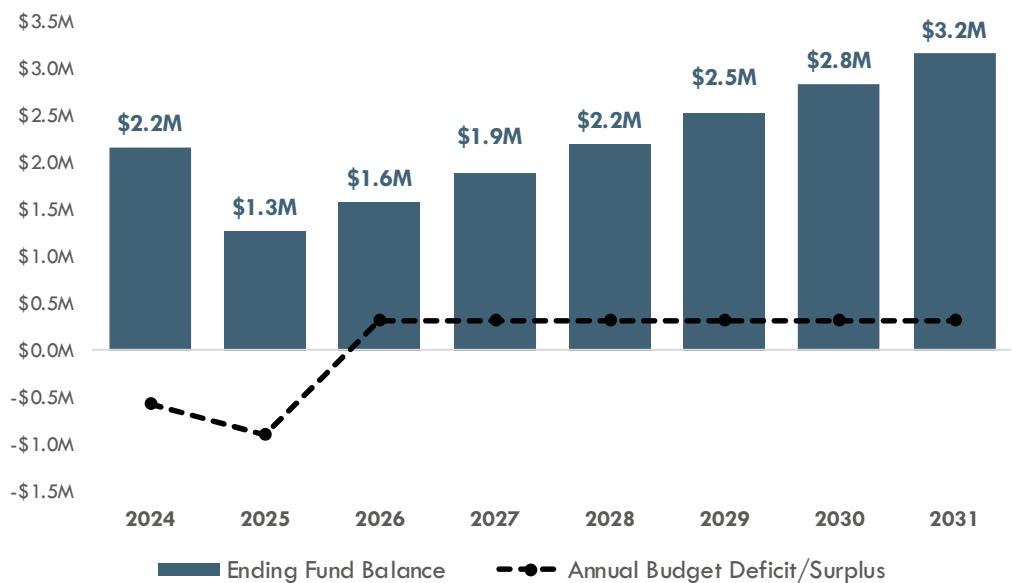
With the adoption of a law enforcement levy in 2026 and the four added staff positions, there is a small annual surplus beginning in 2026. The General Fund ending fund balance remains positive through the end of the forecast period. This additional revenue source would enhance the City’s long-term financial sustainability.

This scenario builds on the Existing Revenues and Enhanced Staffing scenario to incorporate the adoption of a levy lid lift (Exhibit 15). A levy lid lift is a common strategy to increase revenues for general operations. There are many ways to design a levy lid lift. It can be for a specific function such as law enforcement and can be a single-year or multi-year lift (up to 6 years).

This scenario assumes the adoption of a single-year law enforcement levy lid lift in 2026 starting at a rate of \$0.50 per \$1,000 of assessed value. The focus on law enforcement aligns with the fact that the Police Department is the largest expense for the City and the City would like to add two positions to enhance service levels as noted in Scenario 2.

Single-year lid lifts may be submitted to the voters at any special, primary, or general election, while multi-year lid lifts are limited to the primary or general election. All levy lid lifts require a simple majority (50% plus one) for passage. This means that to receive increased tax revenues next year, the election can be no later than November of the current year. Levy lid lifts do not have any minimum voter turnout requirements. Between 2020 and 2024, there were 147 ballot measures in Washington State to approve a levy and 78% passed. Of these, 18 were related to law enforcement and 67% passed.<sup>4</sup> See **Appendix C: Information on Other Cities** for additional revenue tools explored in other cities.

Exhibit 15: Enhanced Staffing with Levy Lid Lift, Annual General Fund Summary, 2024-2031.



Sources: City of Brier, 2024; Bureau of Labor Statistics, 2024; King County Office of Economic and Financial Analysis, 2024; Snohomish County Assessor’s Office, 2024; BERK, 2024.

<sup>4</sup> “Local Ballot Measure Database,” Municipal Research and Services Center, <https://mrsc.org/mrstools/Elections.aspx>, accessed May 24, 2024.

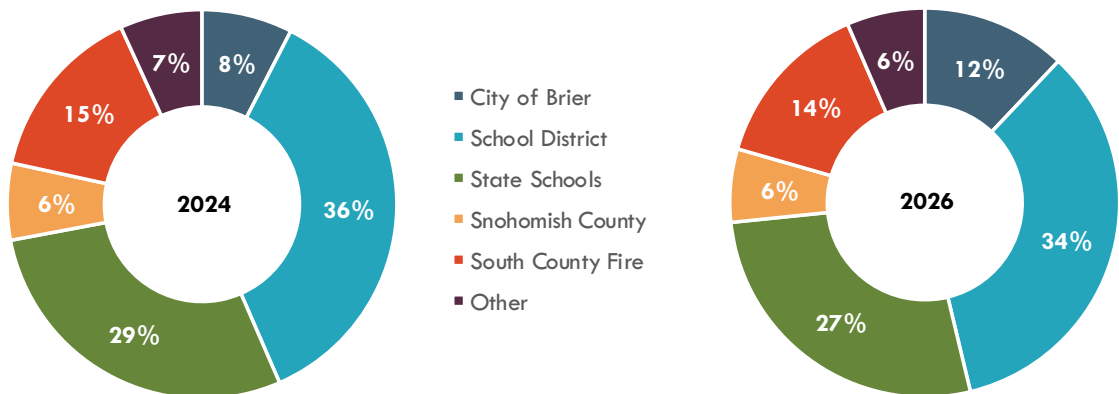
# Impact of Levy Lid Lift on Residential Taxpayers

**While adoption of a law enforcement levy would put the City in a more sustainable position to support City staff and ongoing service delivery, it would increase taxes for property owners.**

In 2024, the owner of an average value residential property in Brier will pay approximately \$6,825 in total property taxes. Approximately 8% (\$546) of this goes to the City, while the remaining 92% goes to other jurisdictions (Exhibit 16). In 2026, assuming the adoption of a \$0.50 per \$1,000 assessed value law enforcement levy lid lift, the same property owner would pay approximately \$8,092 in property taxes. Approximately 12% (\$971) of this would go to the City. This estimate assumes the average residential property would increase in value and other levy rates are the same.

Exhibit 17 shows the 2024 city and fire/EMS levy rates for all cities in Snohomish County. Brier’s current levy rate is below the median value. If Brier adopted a \$0.50 per \$1,000 assessed value law enforcement levy lid lift, the total rate would be around the median of the 2024 rates. This analysis assumes the levy lid lift would be adopted in 2026 and levy rates in other cities would likely be different at that time as well, meaning Brier’s rate may compare differently to other cities.

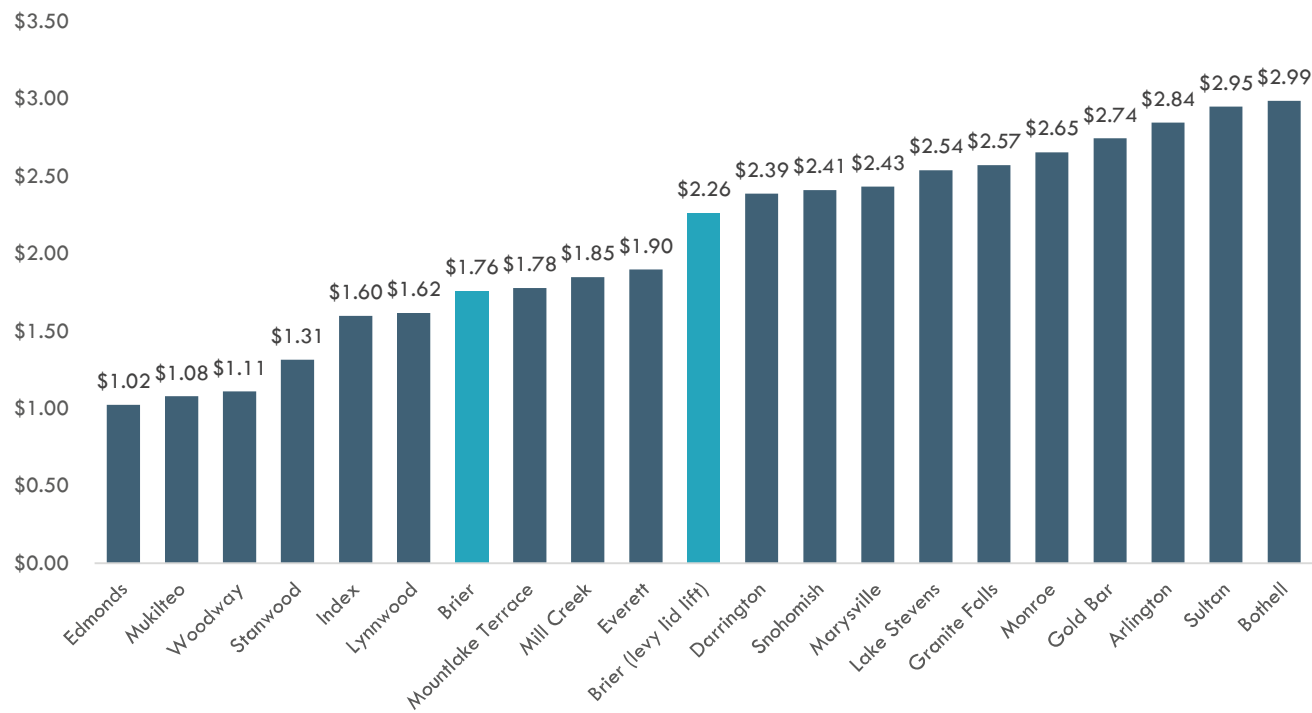
**Exhibit 16: Brier Total Property Tax Bill Composition, 2024 and 2026.**



*Notes: Average residence assessed value is assumed to be \$865,300 in 2024. Average residence assessed value is assumed to be \$976,136 in 2026, which assumes annual growth of 6.2% or the average growth in average residence assessed value from 2006 to 2022. As there are two school districts that encompass portions of the City of Brier—Edmonds School District and Northshore School District—this analysis assumes an average of the two school districts’ levy rates for 2024 (\$2.73 and \$2.94 per \$1,000 assessed value, respectively). For this analysis, 2026 levy rates for other taxing districts are assumed to be the same as in 2024. They will likely decrease as total assessed value increases.*

Sources: Snohomish County Assessor’s Office, 2024; BERK, 2024.

**Exhibit 17: City and Fire/EMS Tax Rates for Snohomish County Cities, 2024, and Estimated Brier Rate with Levy Lid Lift in 2026.**



Sources: Snohomish County Assessor's Office, 2024; BERK, 2024.

# Conclusions

The analysis in this report shows that the City will need new revenue to continue providing high quality services that residents desire. A law enforcement levy lid lift would support the addition of new positions and ensure that the General Fund ending fund balance remains positive through 2031.

It should be considered that adoption of a levy lid lift would increase the average residential owner's property tax bill, especially given the recent annexation into South County Fire and the associated impact on property tax bills. Conversation with the community about the City's needs and capacity to generate revenue will help residents make an informed decision about whether to support a levy lid lift.

# Appendix A: Forecast Assumptions

## Forecast Confidence

This analysis includes estimates based on the below assumptions and available data sources. Variables that may result in actual future revenues and expenditures varying from this forecast include:

- Amount of new construction and/or changes in state legislation that may affect property tax revenues.
- A recession that may impact revenue collections, particularly sales tax.
- Independent decisions by the City Council such as changes to tax or fee rates.
- Efficiencies in operations that may result in cost savings.
- Vacancies in staff positions that may result in lower actual salaries and benefits.
- Inflation rates that differ from forecasted values due to macroeconomic factors.

## Population

Historical population estimates are from the Washington State Office of Financial Management. Population projections for 2024-2031 assume 0.48% annual growth, which is the compound annual population growth rate for the past five years (2019-2023).

## Inflation

Historical inflation uses the Bureau of Labor Statistics (BLS) annual Consumer Price Index for all urban consumers (CPI-U) in the Seattle-Tacoma-Bellevue area (series CUURS49DSA0).

For 2024-2031, we use the following forecasts from the March 2024 King County Economic and Revenue Forecast. These estimates are produced by the King County Office of Economic and Financial Analysis.

- Annual CPI-U, based on the BLS CPI-U for Seattle-Tacoma-Bellevue (series CUURS49DSA0).
- June to June CPI-W, based on the BLS CPI-W for Seattle-Tacoma-Bellevue (series CWURS49DSA0).

## Revenues

Revenues through 2024 are from City budget documents. Revenues for 2025-2031 are projected according to the revenue category:

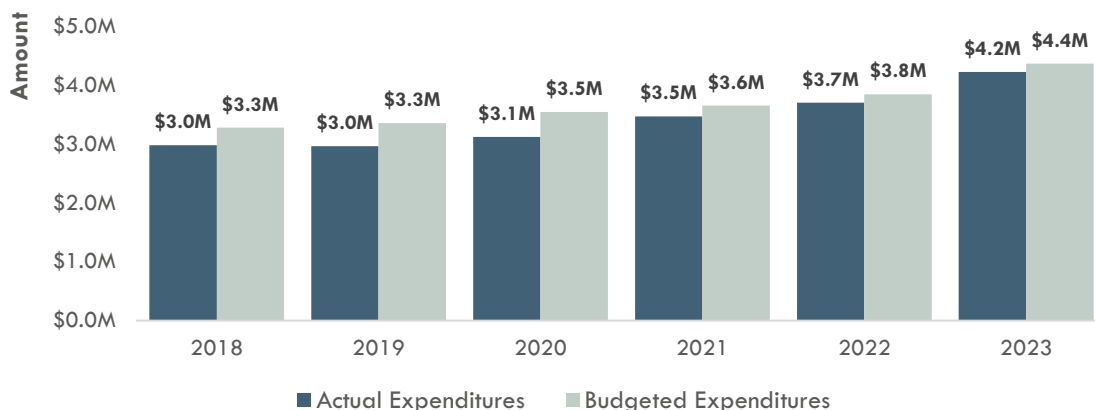
- **Property tax revenues** assume 1% annual growth (in accordance with state law) for revenue from regular levy property tax on existing property, which does not include new construction.
  - Assessed value of real and personal property assumes 4.12% annual growth, which is the average growth in assessed value for the past 15 years (2009-2023) in 2023 inflation-adjusted dollars. Historical values from Snohomish County Assessor's Office annual reports.
  - Assessed value of new construction assumes \$10,413,842 annually, which is the average assessed value of new construction for the past 15 years (2009-2023) in 2023 inflation-adjusted dollars. Historical values provided by the City.

- Assessed value of existing property assumed to be assessed value of real and personal property less assessed value of new construction.
- Regular levy rates assumed to be revenue from regular levy property tax on existing property divided by assessed value of existing property, expressed per \$1,000 of assessed value.
- EMS levy rates assumed to be zero, as the City has annexed into the RFA.
- RFA levy rates assume -5.15% annual growth, which is the average growth rate for 2019-2023. Historical values from Snohomish County Assessor's Office annual reports.
- **Sales tax** revenues assume annual percentage increases equal to the King County Sales and Use Taxbase Forecast, which is produced by the King County Office of Economic and Financial Analysis. These estimates are used as a proxy for Brier sales tax revenue growth.
- **Utility tax and intergovernmental revenues** use a per capita projection method because these revenues are expected to increase with population growth and keep up with inflation. These are projected using the 2024 budgeted amount per capita with annual percentage increases equal to King County's CPI-U forecast for Seattle-Tacoma-Bellevue.
- **Other revenues** include license and permit fees, charges for goods and services, fines and penalties, and miscellaneous revenues. These assume annual percentage increases equal to King County's CPI-U forecast for Seattle-Tacoma-Bellevue.
- **Transfers** assume \$10,000 annually based on historical transfers.
- **Non-revenues** such as deposits and sale of investments are not forecasted due to the discrete nature of these revenues.

## Expenditures

Expenditures through 2024 are from City budget documents. 2024 expenditures assume the amount budgeted by the City, which is a conservative approach since actual expenditures have historically been approximately 93% of budgeted expenditures (Exhibit 18).

**Exhibit 18: General Fund Actual and Budgeted Expenditures, 2018-2023.**



Note: Excludes non-expenditures.

Sources: City of Brier, 2024; BERK, 2024.

Expenditures for 2025-2031 are projected according to the expenditure category:

- **Salaries and benefits** assume annual percentage increases equal to labor agreements and King County's CPI-W forecast for Seattle-Tacoma-Bellevue. Salaries for the additional four staff positions are based on 2024 salary schedules and assume an additional 30% for the overhead costs of medical benefits, employer taxes, and retirement plan contributions. Salaries and benefits for the Maintenance Worker position assume 25% contribution from the General Fund.
- **Supplies and services** assume annual percentage increases equal to King County's CPI-U forecast for Seattle-Tacoma-Bellevue.
- **Contracted fire safety services** assume annual percentage increases equal to King County's CPI-W forecast for Seattle-Tacoma-Bellevue. Though fire suppression services are now provided through the RFA, the City still contracts with Snohomish County 911 and the Snohomish County Fire Marshal's Office for fire safety services.
- **Capital and non-expenditures** such as deposit refunds, miscellaneous fees, and purchase of investments are not forecasted due to the discrete nature of these expenditures.

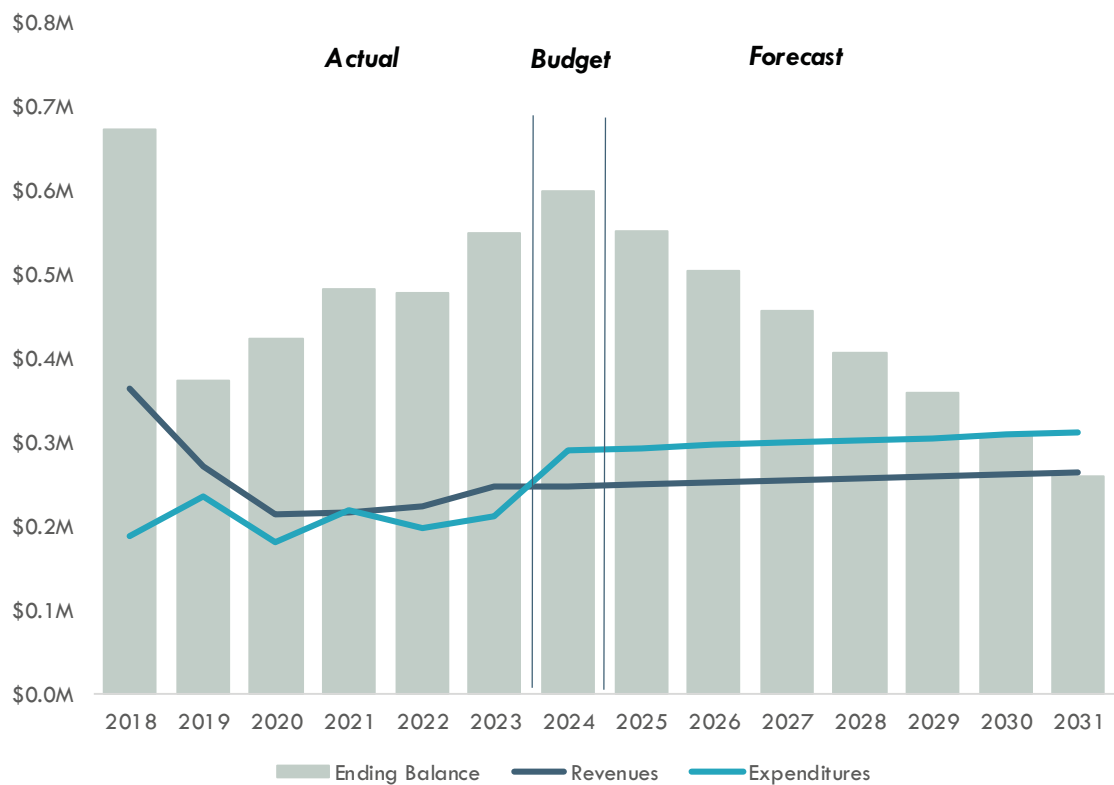
# Appendix B: Other Funds

## Street Fund

The Street Fund pays for the repair and maintenance of the City’s streets, sidewalks, and streetlights. This fund receives revenue from motor vehicle fuel taxes, licenses and permits, and a share of the property tax levy. Between 2018 and 2023, revenues were higher than expenditures, which allowed the ending fund balance to increase. The balance at the end of 2023 was approximately \$550,000, which is almost \$200,000 more than the total 2023 expenditures from this fund.

Budgeted expenditures for 2024 are higher than revenues. Using 2024 as a baseline, expenditures are estimated to continue to be higher than revenues over the forecast period. One factor is the slow growth in motor vehicle fuel tax revenue, as estimated by the State<sup>5</sup>. This will cause the Fund’s ending balance to decrease over the forecast period. The forecast does not include transfers to the Capital Equipment Fund, which would lead to a more rapid decrease in the ending fund balance. A summary of historical, budgeted, and forecasted revenues and expenditures for the Street Fund is shown in Exhibit 19.

**Exhibit 19: Street Fund Annual Summary, 2018-2031.**



Sources: City of Brier, 2024; BERK, 2024.

<sup>5</sup> “February 2024 Transportation Economic and Revenue Forecasts,” Transportation Revenue Forecast Council, February 15, 2024.

## Capital Equipment Fund

The Capital Equipment Fund pays for vehicles and equipment. The General Fund, Street Fund, Sewer Fund, and Storm Water Fund contribute to the Capital Equipment Fund. Each fund's contribution can only be used for purchases to support that fund. For example, new police cars must use the General Fund's portion of the Capital Equipment Fund. Exhibit 20 shows the ending balances in the Capital Equipment Fund by contributing fund.

**Exhibit 20: Balances in Capital Equipment Fund, 2023.**

Contributing Fund	Ending Balance
General Fund (#001)	\$266,822
Street Fund (#101)	(\$16,620)
Sewer Fund (#400)	\$378,682
Stormwater Fund (#407)	\$167,338

Sources: City of Brier, 2024; BERK, 2024.

The City has identified some needs for this Fund, such as replacing police cars on a regular basis and replacing capital equipment that is nearing the end of its useful life. There may be unplanned purchases as well. A list of equipment that may need to be replaced during the forecast period is provided in Exhibit 21. The contributing fund or funds are noted, but the share coming from each fund would depend on available funding and the City's cost allocation at the time the purchase is made. The forecast scenarios do not include transfers to the Capital Equipment Fund because there is not sufficient information to estimate how much each fund should contribute annually.

**Exhibit 21: Public Works Equipment Replacement List, 2026-2031.**

Year in Service	Item	Desired Year of Replacement	Total Insured Value	Contributing Fund(s)
1998	Vactor Truck	2026	\$465,000	Sewer/Storm Water
2001	Cab/chassis	2027	\$38,000	Sewer/Storm Water/General
2001	Cab/chassis	2028	\$38,000	Sewer/Storm Water/General
2006	Sweeper	2029	\$340,000	Storm Water/Street
1990	Mower and Tractor	2030	\$54,530	General
1998	Mower	2030	\$25,000	General
1990	Dump Truck	2031	\$80,000	Sewer/Storm Water/Street/General
1990	Snowplow	2031	\$12,118	Street
1989	Sander	2031	\$12,118	Street

Sources: City of Brier, 2024; BERK, 2024.

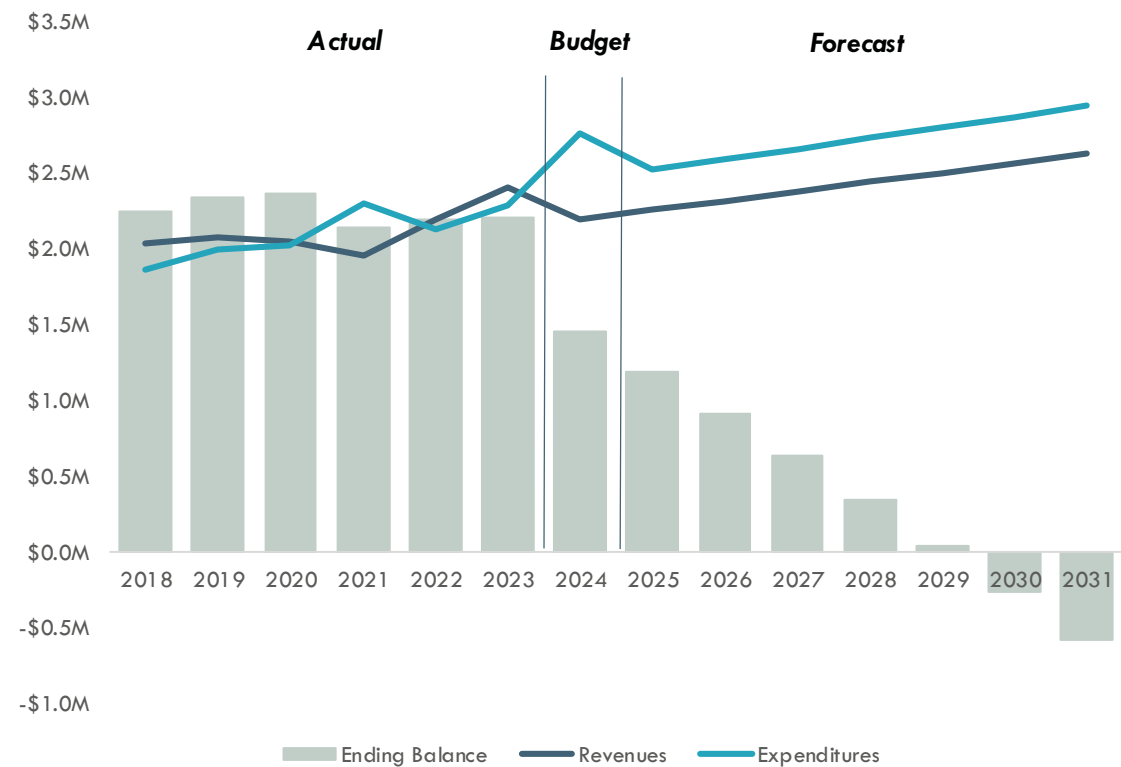


# Sewer Fund

The Sewer Fund pays for the maintenance and operation of the City’s sanitary sewer system. The primary revenue source for this fund is sewer fees. Revenues in this fund decreased in 2021 but grew in the following two years. Between 2018 and 2023, the ending fund balance has remained around \$2.2 million.

Budgeted expenditures for 2024 are higher than revenues by \$567,000. The 2024 budget includes a \$200,000 transfer to the Capital Equipment Fund, a \$104,000 transfer to the General Fund, and higher repair/maintenance and insurance costs. Using 2024 as a baseline, expenditures are estimated to continue to be higher than revenues over the forecast period. This will cause the Fund’s ending balance to decrease over the forecast period. The forecast does not include transfers to the Capital Equipment Fund, which would lead to a more rapid decrease in the ending fund balance. A summary of historical, budgeted, and forecasted revenues and expenditures for the Sewer Fund is shown in Exhibit 22.

**Exhibit 22: Sewer Fund Annual Summary, 2018-2031.**



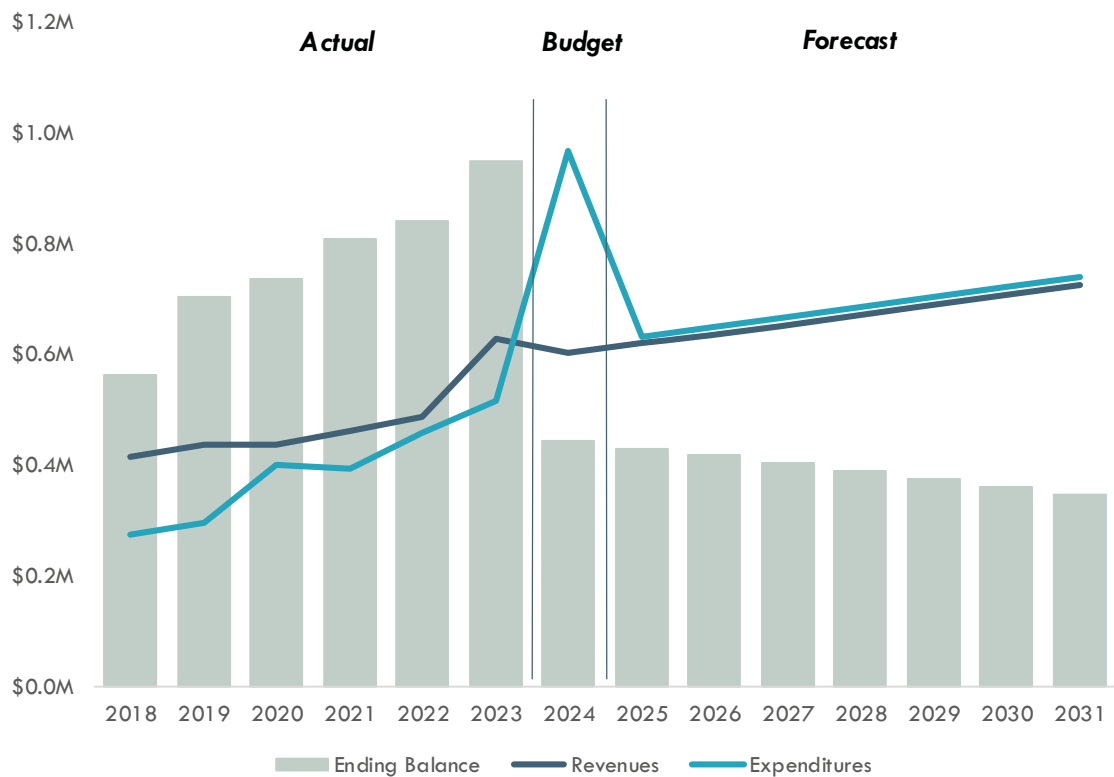
Sources: City of Brier, 2024; BERK, 2024.

# Storm Water Management Fund

The Storm Water Management Fund pays for the maintenance and operation of the City’s storm water detention system. The primary revenue source for this fund is storm water fees. Between 2018 and 2023, revenues were greater than expenditures, which allowed the fund balance to grow. The fund balance at the end of 2023 was \$948,000.

Budgeted expenditures for 2024 are higher than revenues by \$362,500. The 2024 budget includes a \$100,000 transfer to the Capital Equipment Fund, \$250,000 for drainage construction projects, and higher repair/maintenance and insurance costs. Using 2024 as a baseline, expenditures are estimated to be slightly higher than revenues over the forecast period. This will cause the Fund’s ending balance to decrease over the forecast period but remain positive. The forecast does not include transfers to the Capital Equipment Fund, which would lead to a more rapid decrease in the ending fund balance. A summary of historical, budgeted, and forecasted revenues and expenditures for the Storm Water Management Fund is shown in Exhibit 23.

**Exhibit 23: Storm Water Management Fund Annual Summary, 2018-2031.**



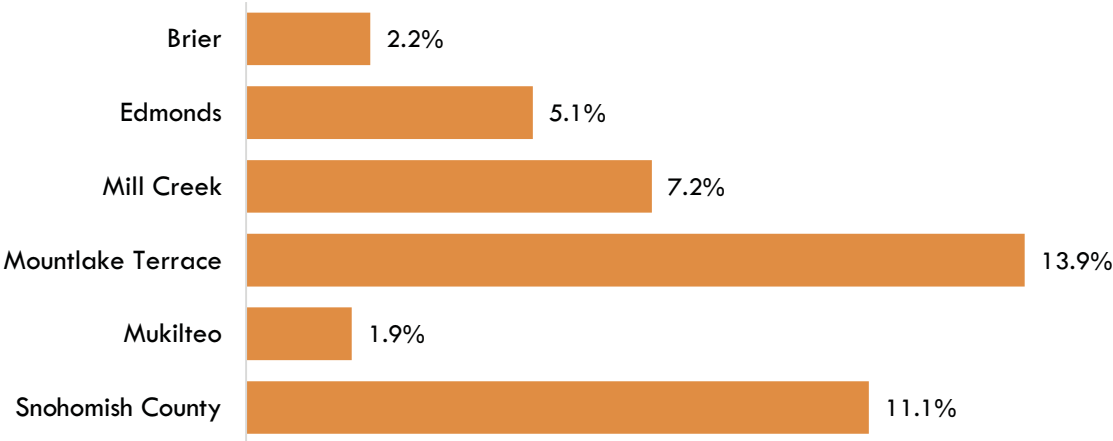
Sources: City of Brier, 2024; BERK, 2024.

# Appendix C: Information on Other Cities

## Neighboring Cities

Brier is distinct from other cities in Snohomish County in population, employment, and housing. We looked at population growth, the employment to population ratio, and housing stock by housing type in Edmonds, Mill Creek, Mountlake Terrace, and Mukilteo. Brier's community has grown slower than the population growth from 2016 to 2023 in Snohomish County overall, as well as each of these neighboring cities except for Mukilteo (Exhibit 24).

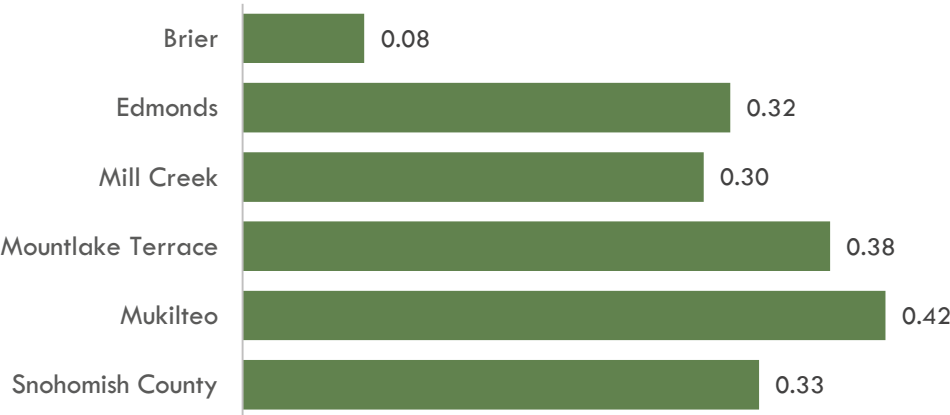
**Exhibit 24: Population Growth, Brier and Neighboring Cities, 2016-2023.**



Sources: Washington State Office of Financial Management, 2024; BERK, 2024.

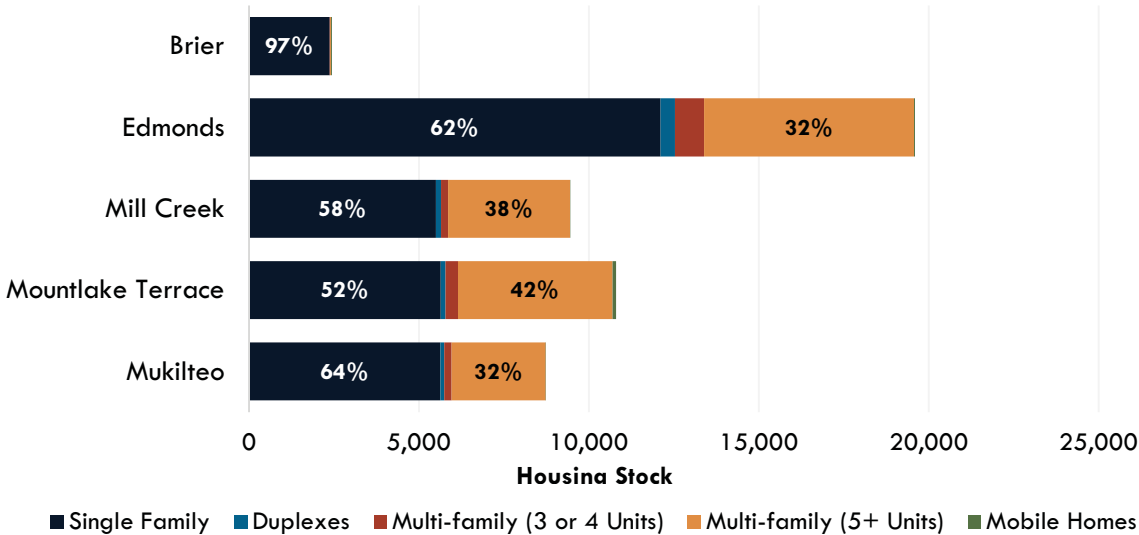
Brier is also primarily a residential community, with a low employment to population ratio and most of its housing as single-family homes (Exhibit 25 and Exhibit 26). The employment to population ratio shows in Exhibit 25 represents the number of jobs in Brier compared to the resident population, which was 519 jobs and 6,590 residents in 2022.

**Exhibit 25: Covered Employment to Population Ratio, Brier and Neighboring Cities, 2022.**



Sources: PSRC, 2024; BERK, 2024.

**Exhibit 26: Housing Stock by Housing Type, Brier and Neighboring Cities, 2023.**

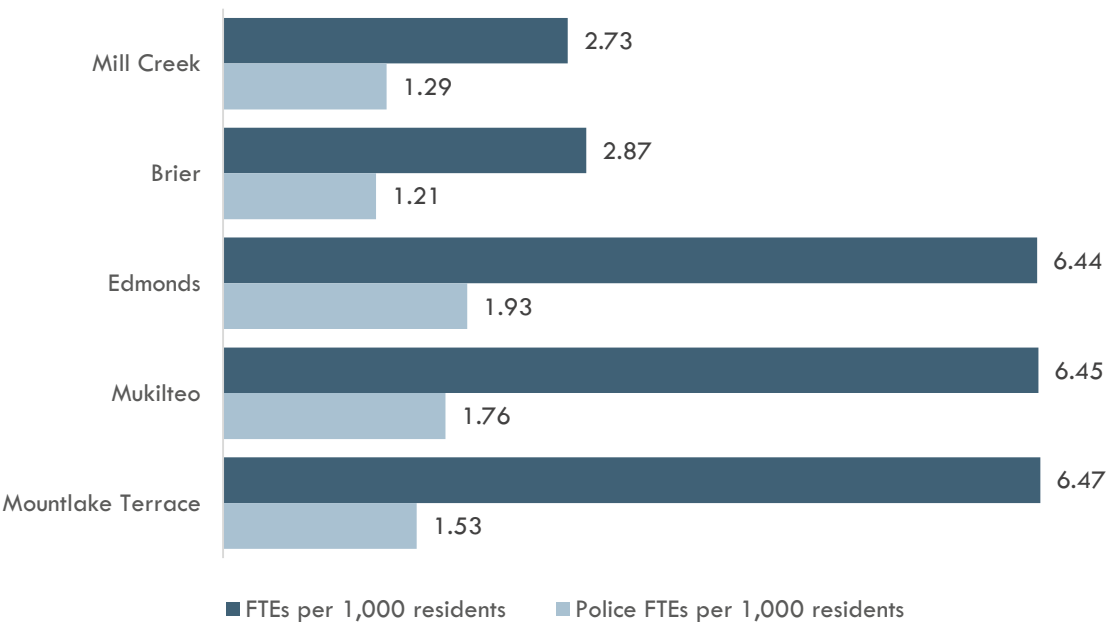


*Note: Labels show the percentage of housing stock by type and are suppressed for shares under 5-percent.*

*Sources: Washington State Office of Financial Management, 2024; BERK, 2024.*

In comparison to neighboring cities, Brier has the second lowest ratio of FTEs per 1,000 residents and the lowest ratio of police FTEs per 1,000 residents (Exhibit 27).

**Exhibit 27: Total FTEs and Police Department FTEs per 1,000 Residents, Brier and Neighboring Cities.**



*Sources: City of Brier, 2024; City of Edmonds, 2024; City of Mill Creek, 2024; City of Mountlake Terrace, 2024; City of Mukilteo, 2024; BERK, 2024.*

## Peer Cities

For context on staffing and financial sustainability strategies, we looked at FTE to population ratios and policies explored in Black Diamond, Buckley, Fircrest, Normandy Park, and Sultan. These peer cities have previously been used as comparisons in Brier's labor negotiations.

Exhibit 28 provides a summary of the population size, staffing, and service delivery model in Brier and peer cities. The information is taken from each city's most recently available budget document. Brier has the lowest ratio of FTEs per 1,000 residents among peer cities and the lowest ratio of police FTEs per 1,000 residents among peer cities with their own police department.

**Exhibit 28: Summary Characteristics, Brier and Peer Cities.**

	Brier	Black Diamond	Buckley	Fircrest	Normandy Park	Sultan
<b>Population</b>	6,610	6,880	5,555	7,235	6,840	6,730
<b>2022 General Fund Revenue</b>	\$3.43 million	\$9.77 million	\$6.52 million	\$6.11 million	\$6.92 million	\$3.98 million
<b>FTE Positions</b>	19	53.77	53.6	44.55	31.32	28.5
<b>FTEs per 1,000 residents</b>	2.87	7.82	9.65	6.16	4.58	4.23
<b>Type of City Administration</b>	Mayor-Council	Mayor-Council	Mayor-Council	Council-Manager	Council-Manager	Mayor-Council
<b>Police Service Provision</b>	City department	City department	City department	City department	City department	Contract with county sheriff
<b>Police FTEs</b>	8	15	13.75	12	12.5	6.33
<b>Fire Service Provision</b>	Annexed to RFA	Contract with RFA	City department	Contract with city	Annexed to RFA	Annexed to RFA

Sources: City of Brier, 2024; City of Black Diamond, 2024; City of Buckley, 2024; City of Fircrest, 2024; City of Normandy Park, 2024; City of Sultan, 2024; State Auditor's Office Financial Intelligence Tool, 2024; BERK, 2024.

Peer cities face similar financial challenges as Brier and are taking steps to plan for long-term financial sustainability such as exploring levy lid lifts and working to grow the city's revenue base. Examples of policies that peer cities have explored to support financial sustainability include:

- **Reserve policies:** Most peer cities have reserve policies that guide how much should be held in reserve for the General Fund and other operating funds. Reserves are intended to guard against risks like catastrophic events or revenue instability. Brier currently does not have reserve policies.
  - The City of Fircrest has a financial policy goal of maintaining an ending fund balance equivalent to at least 3 months of the General Fund operating budget. The City also has a cumulative reserve fund with emergency reserves that can only be used by the General Fund and requires Council approval by ordinance to utilize these funds.
  - The City of Normandy Park strives to maintain General Fund and Street Operating Fund unassigned balances at a level at least 20% of the total budgeted operating revenue. The City

also has a cumulative reserve fund to help mitigate the effects of revenue fluctuations and economic downturns.

- The City of Sultan council passed a resolution in 2023 directing that reserve funds should hold 90 days of operating expenses.
- **Levy lid lift:** The City of Normandy Park received voter approval for a levy lid lift in 2021. This is a multi-year levy lid lift intended to restore city services to previous levels. This additional revenue allowed the City to add one Police Officer in the 2024 budget. This new position minimizes the frequency of the City only having one officer working.
- **Transportation Benefit District (TBD):** Cities can establish a TBD, which is a special taxing district that can raise revenue for specific transportation projects through a vehicle license fee or sales tax. TBD revenue may be used for transportation improvements included in a local, regional, or state transportation plan. Construction, maintenance, and operation costs are eligible. The cities Black Diamond, Buckley, and Normandy Park have established a TBD and collect a vehicle license fee.
- **Position changes to address growth:** Most peer cities recently added positions to address growth in their communities. Adding new staff positions supports financial sustainability by maintaining levels of service and reducing burnout among city staff.
  - The City of Black Diamond added two new public works positions in the 2024 budget to address continued growth.
  - The City of Fircrest added a community development director, a recreation specialist, and a part-time accountant in the 2024 budget.
  - The City of Normandy Park added one public works supervisor and one police officer in the 2024 budget. The additional police officer minimizes the frequency of the City only having one officer working.
  - The City of Sultan added an assistant planner position in the 2023 budget position to keep up with the demand and complexity of permit applications received by the City.
- **Financial sustainability planning:** Property tax makes up a large share of General Fund revenue as peer cities are also primarily residential communities. Escalating costs make it challenging to provide the same level of service. To address these challenges, peer cities have noted the following efforts to plan for long-term financial sustainability.
  - The City of Black Diamond will be working with a consultant to explore the need for a possible property tax lid lift or other sustainable revenue options.
  - The City of Fircrest recognizes the importance of growing and diversifying its revenue base to meet the community's needs. The City plans to focus on economic development and sustainability to provide quality services and amenities.
  - The City of Normandy Park aims to identify new revenue sources and increase focus on economic development efforts.

- In 2023, the City of Sultan considered creating a Metropolitan Parks District and asking voters to approve a parks and recreation levy to increase the level of park maintenance. This effort is currently on hold.

## Other Financial Sustainability Strategies

Additional strategies outside of taxes and fees that could potentially support financial sustainability include grants, cost efficiencies, and annexation. However, it is important to weigh the costs and benefits of pursuing these options.

### *Grants*

Federal or state grants are a potential source of new revenue. These are one-time revenues, so it is best when they fund one-time expenditures, such as capital projects. If the City of Brier identifies capital projects that could not otherwise move forward without grant funding, it may choose to pursue this strategy. Managing a grant award is labor intensive due to the reporting requirements, particularly for a federal grant. The City has historically not pursued grants for this reason as it would have placed a high burden on staff. Grants may also require matching contributions from the City.

### *Cost Efficiencies*

Another strategy to achieve financial sustainability is to slow the growth of expenditures so that ongoing revenues can support expenditures. A city can reduce the level of service provided, find efficiencies, or find alternative methods of service delivery. Brier residents voted to annex into South County Fire in 2023, which many other cities have done to reduce city expenditures. The City of Brier has operated with the same level of staffing since 2019 and has fewer FTEs per 1,000 residents than peer cities.

### *Annexation*

Annexation is the process whereby a city adds territory beyond its existing city limits. If the City of Brier annexed adjacent property, it would collect revenues generated by the property (e.g. property tax, sales tax, permit fees). The City would also have to provide services to the property (e.g. law enforcement, street maintenance). Annexing residential property often does not provide a financial benefit because property tax is the largest source of revenue for a residential area and property tax growth is limited to 1% annually. The State allows a city to receive a 10-year sales tax credit if it is determined that the projected cost to provide services exceeds the projected general revenues ([RCW 82.14.415](#)).