



DATE: July 9, 2025

TO: Mayor Donovan and City Council

FROM: Jennifer Berner, Parks & Enrichment Services Director; Doug Volesky, Finance Director

SUBJECT: LEVY LID LIFT RESOLUTION

RECOMMENDED ACTION:

Staff recommends City Council adopt Resolution No. 1077 placing the property tax levy lid lift on the November 4, 2025, general election ballot.

INTRODUCTION/BACKGROUND:

Since February of 2025, a major topic of discussion with City Council has been the 2026 budget gap the City is facing due to projected revenues being less than projected to maintain current service levels. Finance Director Volesky has provided revenue projections based on the City's current revenue sources and economic factors for projecting future collections and expenditure projections based on current services and adjusted for anticipated cost increases.

The City faces a perfect storm of financial pressures; personnel costs dominate the budget and steady inflation outpaces revenue growth. The discretionary portion of the budget continues to shrink, limiting financial flexibility. For several years, the City has used General Fund reserves to balance the budget. However, these reserves have dwindled to levels that threaten the financial policies and bond ratings. Without intervention, this gap will continue to expand, forcing difficult decisions between service reductions or identifying new sustainable revenue sources. The City must pivot from using reserves as a stopgap measure to implementing sustainable solutions that address the structural imbalance in the City's budget.

The option of putting a levy lid lift out to the voters has been discussed with City Council at several meetings beginning in 2024 at the Council retreat. More specific information on what the levy could fund and why it is needed was discussed at Council Committee meetings May 28, June 4, and June 25, 2025.

The primary goals of the levy lid lift are to relieve pressure from the General Fund, enhance critical city services, and create sustainable funding for parks and public safety. The proposed levy creates dedicated funding that ensures Mount Vernon can maintain and improve the services residents value most. The Levy Lid Lift would increase revenues beginning in 2026 and could eliminate the potential

budget gaps projected to occur in 2026-2031. The Levy Lid Lift would provide funding for:

PARKS – Maintenance and Operations, Maintain and Increase Staffing, Capital Projects, Community Events and Youth Recreation Programming

FIRE – Increase Staffing, Fund Equipment and Apparatus

POLICE – Increase Staffing, Equipment and Vehicles for Additional Staff

If adopted by the City Council, proposed Resolution No. 1077 would submit a ballot measure to the Mount Vernon voters that if approved would reset the City's 2026 general property tax levy rate to the maximum aggregate rate of \$2.2537 per assessed valuation and allow for annual levy increases for the years 2026-2031.

FINDINGS/CONCLUSIONS:

Without additional revenue, the City will be required to substantially reduce basic services to the citizens of the City, including services related to public safety, parks and other community services.

RECOMMENDATION:

Staff recommends City Council adopt Resolution No. 1077 placing the property tax levy lid lift on the November 4, 2025, general election ballot to set the City's property tax levy rate to the maximum aggregate rate of \$2.2537 per assessed valuation in 2026.