

# 2019/2020 Proposed Budget:

October 2, 2018

Amy Ockerlander  
Mayor



**City of Duvall**

Small Town. Real Life.

# 2019/2020 Proposed Budget

## *First Biennial Budget, Focused on Accommodating Rising Costs, Funding Deferred Maintenance, Employee Safety and Planning For a Sustainable Future*

- **A Year of Transition**
  - Five New Councilmembers and Changes to Senior Staff
  - Opportunity to Focus on Core Services, Change the Way We Do Business

# 2019/2020 Proposed Budget

## *First Biennial Budget, Focused on Accommodating Rising Costs, Funding Deferred Maintenance, Employee Safety and Planning For a Sustainable Future*

- **Budget Focus Areas:**
  - Unfunded Mandates
  - Achieve Appropriate Staffing Levels
  - Funding Deferred Maintenance of City Facilities and Equipment
  - Reduce Building Maintenance Overhead
  - Streamline City Operations

# 2019/2020 Proposed Budget

## *First Biennial Budget, Focused on Accommodating Rising Costs, Funding Deferred Maintenance, Employee Safety and Planning For a Sustainable Future*

- **Building and Real Estate Assumptions and Forecast:**
  - Acknowledges the Slowdown in the Real Estate Market
  - Forecast 25% Fewer New Housing Units for 2019-2020
  - More Realistic, Reducing Need for Budget Cuts Mid-Biennium if the Market Does not Stabilize

# 2019/2020 Proposed Budget

## *First Biennial Budget, Focused on Accommodating Rising Costs, Funding Deferred Maintenance, Employee Safety and Planning For a Sustainable Future*

- **Increased Internal Transparency for Budget Development:**
  - Every Staff Member Participated at Some Level
  - Staff Presented to Mayor and Budget Team, Will Present to Council
  - More Information Shared with Council, Public
  - Future Town Hall Meetings to Educate Public and Develop Future Priorities

# 2019/2020 Proposed Budget

## *First Biennial Budget, Focused on Accommodating Rising Costs, Funding Deferred Maintenance, Employee Safety and Planning For a Sustainable Future*

- **Acknowledging Staffing Needs:**
  - Adds City's First Parks Maintenance Employee
  - Two-Year Temporary Positions for Building & Utilities Inspector and Plans Examiner 2/Inspector

# 2019/2020 Proposed Budget

## *First Biennial Budget, Focused on Accommodating Rising Costs, Funding Deferred Maintenance, Employee Safety and Planning For a Sustainable Future*

- **Unexpected Outcome:**
  - City Administrator Position Will Remain Vacant through 2020
  - If Revenues Allow, Position Will be Reevaluated

# 2019/2020 Proposed Budget

## *First Biennial Budget, Focused on Accommodating Rising Costs, Funding Deferred Maintenance, Employee Safety and Planning For a Sustainable Future*

- **Emphasis and Priority Given to Deferred Maintenance**
  - Vehicles More Than 15-years Old, Fast Tracks Replacements and Planning for Routine Replacement
  - Repairs for Buildings – Including the PD Where a Water Heater Replacement is Needed and the Breakroom Floor is in Need of Repair.

# 2019/2020 Proposed Budget

## *First Biennial Budget, Focused on Accommodating Rising Costs, Funding Deferred Maintenance, Employee Safety and Planning For a Sustainable Future*

- **Planning For the Future By Saving and Smart Investments**
  - Propose Moving Council Meeting to DVC
  - Sale of the W.R.E.C.K. Center – Fund Deferred Building Maintenance, Capital Facilities Analysis & Planning, and Reserves
  - Third-Party Staff Workload Analysis
  - Reduction to Overtime and Comp Time – 10%
  - Allocated Funding for Employee Buyouts
  - Staff Development

# 2019/2020 Proposed Budget

## *First Biennial Budget, Focused on Accommodating Rising Costs, Funding Deferred Maintenance, Employee Safety and Planning For a Sustainable Future*

- **Expanded Unfunded Mandate**
  - Now Meet Revenue Threshold for Annual State Audit
  - Result in \$40,000 per Year General Fund Cost

# 2019/2020 Proposed Budget

## *First Biennial Budget, Focused on Accommodating Rising Costs, Funding Deferred Maintenance, Employee Safety and Planning For a Sustainable Future*

- **Increased Wages, Health, Dental Costs**
  - Program Rates Will Increase up to 8% in 2019
  - Step Increases and COLA's
- **1% Property Tax Cap**
  - Cost of Providing Core Services Escalates Faster Than Revenues Increases
- **Historic Revenue Sources Diminishing, Loss of Local Control**
  - Inability to Manage Broadband, Threat of Not Gaining Ability to Receive Revenue from 5g Service

# 2019/2020 Proposed Budget

## *First Biennial Budget, Focused on Accommodating Rising Costs, Funding Deferred Maintenance, Employee Safety and Planning For a Sustainable Future*

- **Investment Changes Increasing Revenue**
  - Change to Private Market from LGIP Tripled Investment Interest Income
  - Boost General Fund Revenues by \$390,000 over the Biennium

# 2019/2020 Proposed Budget

## *First Biennial Budget, Focused on Accommodating Rising Costs, Funding Deferred Maintenance, Employee Safety and Planning For a Sustainable Future*

- **Support Economic Development and Human Services**
  - Reduce Contract Staff
  - Adding Dedicated City Staffing to the DCC
  - Providing \$20,000 for Human Services Funding
  - Supporting Other Economic Development Activities
- **Move Forward Infrastructure Projects**
  - Funding of Tolt Pipeline Two Project
  - Water Comprehensive Plan
  - Sewer Capital Facilities Plan

# 2019/2020 Proposed Budget

## *First Biennial Budget, Focused on Accommodating Rising Costs, Funding Deferred Maintenance, Employee Safety and Planning For a Sustainable Future*

- **Proposes Revenue for the Street Fund**
  - Assumes \$20 Councilmanic Tab Fee
  - Starting Funding Reduces Long-Term Taxpayer Burden for Delayed Road Maintenance
- **Overdue Road Maintenance**
  - Batten Road Overlay

# 2019/2020 Proposed Budget

## *First Biennial Budget, Focused on Accommodating Rising Costs, Funding Deferred Maintenance, Employee Safety and Planning For a Sustainable Future*

- **Changing How We Budget and Do Business**
  - NEW: List of Deferred Maintenance Projects Requested, But Not Yet Funded
- **Disappointments for 2018-2020**
  - Lack of Staff Capacity to Update the Parks, Trails, and Open Space Plan
  - Lack of Capacity to Move Forward with the Affordable Housing Task Force

# 2019/2020 Proposed Budget

## *First Biennial Budget, Focused on Accommodating Rising Costs, Funding Deferred Maintenance, Employee Safety and Planning For a Sustainable Future*

- **Budget is Balanced, but Not Sustainable**
  - Reasons Include:
    - Critical Deferred Maintenance Needs
    - Yearly Escalations in Wage and Benefit Costs
    - Maintenance Costs of New Infrastructure
    - Lack of Robust Retail Sales Tax Base
    - Limitations on Local Revenue Options

# 2019/2020 Proposed Budget

## *First Biennial Budget, Focused on Accommodating Rising Costs, Funding Deferred Maintenance, Employee Safety and Planning For a Sustainable Future*

- **Looking Forward:**
  - Will Begin Working on Asset Management Program
  - Building Repair and Replacement into the Budget Cycle Where Possible

# 2019/2020 Proposed Budget

## *First Biennial Budget, Focused on Accommodating Rising Costs, Funding Deferred Maintenance, Employee Safety and Planning For a Sustainable Future*

- **End of Year Revenue Projections**
  - General Fund is expected to be, \$7,148,073.20 an increase of 3.1% over 2018 estimates
    - Drivers for Revenue Growth Include Sales Tax From Manufacturing, Public Services and Wholesale Sales

# 2019/2020 Proposed Budget

## ***First Biennial Budget, Focused on Accommodating Rising Costs, Funding Deferred Maintenance, Employee Safety and Planning For a Sustainable Future***

- **End of Year Revenue Projections**
  - Across All Funds, the 2017 and 2018 Combined Total Expenditures are \$72,777,000, with a 2019-2020 Mayor's Proposed Budget of \$48,690,000, a Decrease of 33.1% Over the Previous Biennium
    - The Decrease Accounts for Reduced Forecasts for Capital Projects Funding, a Reduction in Bond Redemption and Reserve, Internal Service Funds, and Debt Payment.
  - Special Revenue Funds are Budgeted to Increase by 31%

## Revenue Enhancement Assumptions

- 1% Property Tax Increase = \$17,977
- 1% Increase to Utility Tax = \$107,926
- \$20 Car Tab Fee to Fund the Transportation Benefit District = \$66,000 year 1, \$132,125 year 2

## Purpose of Proposed Revenue Enhancements

- Committed to “Right Siding” City Operations and Finances
- Fund Street Maintenance and Operations
- Funding of Deferred Maintenance for City Owned Buildings
- Investment in Succession Planning and Staff Development
- Planning for the Future: Preparing for Population Growth, Rising Wage and Benefits Costs, Capital Facilities Planning, Economic Development

## Challenges

- Cost of Deferred Maintenance Examples
  - Painting Buildings
  - Repair of Rose Room Floor Due to Flooding
  - End of Life Cycle for the Police Department Building
  - No Consolidation of City Services
  - Increased Benefit Costs
  - Limited Revenue Options

## Assumptions for 2019-20

- PERS Increase from 12.7% to 12.83%
- LEOFF No increase
- Health Care 5.5% increase in 2019 and 5% 2020  
CPI of 3% for Utilities, Only Proposing a 2% Rate Increase
- Residential Building Permits Reduction to 55 per year
- Funding of TBD Through Modest Tab Fee
- 1% Property Tax Increase

## Assumptions for 2019-20

- New FTEs for Parks and Building
- Department Vehicle Purchases
- New Dump Truck (with Plow Attachment) for Public Works
- Deferred Maintenance Completion on City Facilities
- Continued Vacancy of City Administrator Position
- Sale of WRECK Center to Deferred Building Maintenance and Funding of a Comprehensive Capital Facilities Plan
- 10% Reduction in Overtime Across the Board

## Moving Towards Sustainability

- Changing the Way We Do Business
- Supporting Community Priorities
- Maintaining Levels of Service
- Funding Deferred Maintenance
- Investing in Succession Planning
- No Longer Put Off Tough Decisions

# 2019/2020 Proposed Budget

Unless otherwise note, all meetings are on Tuesdays.

\*\*Please note, this calendar is in DRAFT form and is a working document which will be updated as dates for other items are confirmed.

DATE	MEETING TYPE	AGENDA	TIME	LOCATION
10/4 Thursday	Workshop	Economic Development	4:00 p.m. -- 8:00 p.m.	DVC
10/9	Special COW	Budget Department Presentations: Public Works	4:00 p.m. -- 7:00 p.m.	DVC
10/11 Thursday	Special COW	Budget Department Presentations: Police Department Other Departments if needed	5:00 p.m. -- 7:00 p.m.	Police Department
10/16	COW -- early start Council	Department Presentations: Miscellaneous (Economic Development, Community Events, Recycling), Non-Departmental, Planning, Building, Cultural Commission & General Budget Discussion Regular Council agenda PH -- Property Tax Public Hearing PH -- First Budget Public Hearing	4:00 p.m. -- 7:00 p.m. 7:00 p.m. -- ??	RSD -- PL1 or 2 RSD -- Boardroom
10/23	Special COW	Continued Budget Discussions	4:00 p.m. -- 7:00 p.m.	DVC
10/24 Wednesday	Joint PC/CC Workshop	Comprehensive Plan Amendments	7:00 p.m. -- ??	DVC
10/30	Special COW	Final Budget Discussions -- tentative, if needed	4:00 p.m. -- 7:00 p.m.	RSD
11/6	COW Council	Regular COW Regular Council agenda PH -- Final Budget Public Hearing Setting of property tax levies	5:30 p.m. -- 7:00 p.m. 7:00 p.m. -- ??	RSD -- PL1 or 2 RSD -- Boardroom
11/20	COW/Council	Regular COW/Council	5:30 p.m. -- ??	RSD
12/4	COW Council	Regular COW/ Regular Council agenda PH -- Comprehensive Plan Amendments	5:30 p.m. -- 7:00 p.m. 7:00 p.m. -- ??	RSD
12/18	COW/Council	Regular COW/Council	5:30 p.m. -- ??	RSD

¶

Budget adoption can occur during 11/20, 12/4 or 12/18 meetings

# QUESTIONS