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# City Manager Adopted Budget

As of November 24, 2014

## For Fiscal Year 2015





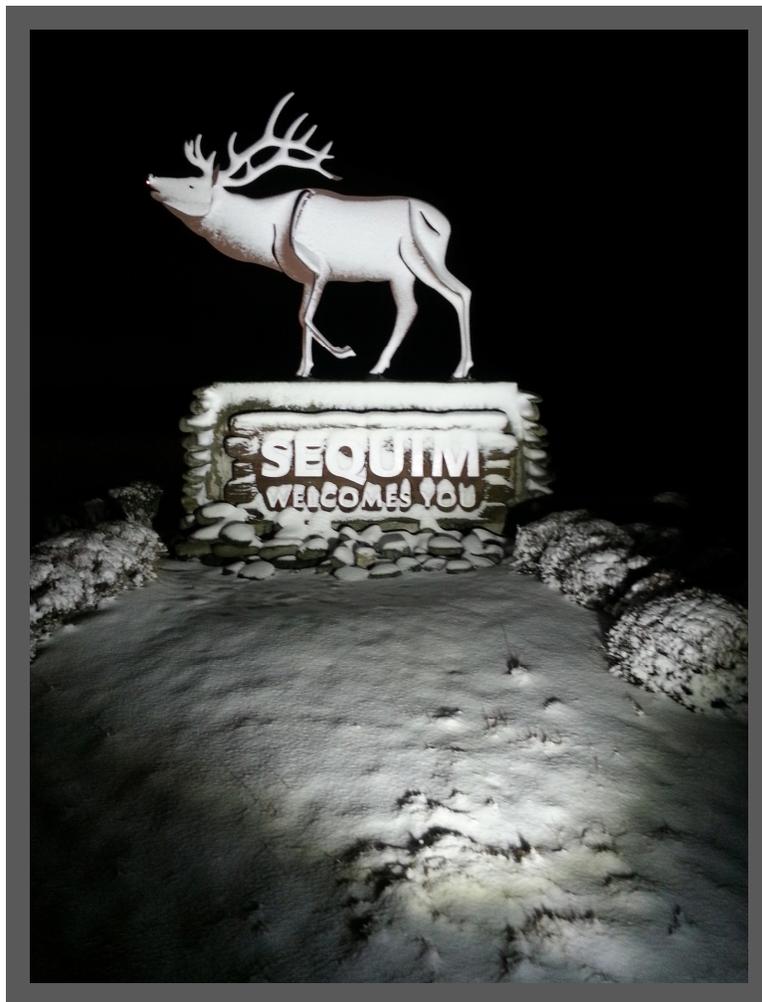
City of Sequim  
2015 Budget  
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# City of Sequim 2015 Budget

## Introduction



## **City of Sequim 2015 Proposed Budget City Manager's Budget Message**

### **Honorable Mayor, City Council and Sequim Residents:**

I am pleased to present the City's 2015 Proposed Annual Budget, the annual financial roadmap for the City of Sequim with projected total expenditures of \$37.9ml.

Adoption of the Annual Budget is the most important policy action of the City Council each year. The document serves as a means to allocate resources to a variety of City programs and priorities and to protect the community's physical security, enhance the community's quality of life, and maintain and develop the City's facilities and infrastructure.

This policy document represents our continued commitment to prudent fiscal management, effective service delivery and to providing our citizens with an affordable quality of life. Once adopted by the Council the budget establishes the direction for all City government programs and services for the coming year. It represents the consensus of Council direction and staff recommendations on how to best accomplish Council goals and respond to the highest priorities of community needs.

I have based the development of the proposed budget on the City Council vision and priorities that were adopted in 2014. Our budget preparation was also guided by the adopted City Council financial policies and the following budget principles:

- Balance the budget, current revenues and current expenses and maintain acceptable reserve levels;
- Continue to implement City Council top priorities;
- Minimize impact of any tax and fee increases on residents and ratepayers;
- Make decisions in the 2015 budget that continue to reset the City's financial plan and creates a foundation to maintain a balanced budget in future years;
- Maintain the highest quality of services.

### **2015 Highlights:**

The major capital project of 2015 will be the completed construction of the new Civic Center. The current 2014 Budget and the Proposed 2015 Budget are strained by the overlap of current rent and

maintenance of facilities still needed with the debt service requirements already in effect for the new facility. This is a common challenge with many such multi-year projects. The new Civic Center will serve the City for decades to come and will create efficiencies of having 50 or more City employees under one roof for the first time in history.

The budget is also focused on the maintenance of current service levels within the constraints of our resources. The economic growth continues at a very slow pace and is anticipated to continue at that pace for several years into the future. The prior year projections of sales tax growth have been a challenge to achieve but we should be looking at real dollar growth in that area in the next couple of years. Sales tax is one of our largest single general revenue sources and the only one that grows or shrinks with the local economy. Utility Tax revenues continue to be strong with year over year growth but General Fund allocations have been affected in 2014 and 2015 due to the effect of the size of the Civic Center project and its current requirement needs on staff overall. Property Tax revenues remain steady but with limited new construction and a statutory 1% limit on increases they fail to keep pace with inflation. General Fund Revenues are budgeted relatively flat (down 1.5%), as are expenditures (down.6%), from 2014 budget.

## **General Fund**

Proposed General Fund revenues and expenditures for 2015 are projected relatively flat, or down 1.5% and .6%, respectively. Sales tax revenues are returning to 2010 levels. General Fund revenues projected for 2015 are approximately \$8.4 million and are balanced with expenditures at \$8.4 million. The General Fund budget for 2015 is status quo as to 2014 with the exception of decreases in funding for equipment reserves and the funding of the Civic Center construction.

### **General Fund Highlights:**

- Each department was asked to carefully review its budget and to budget operating expenditures at a 3% reduction. Combined with 2014, which included a 5% reduction, this totals 8% over the past two years;
- Existing labor contracts provide for nominal increases and for movement within existing ranges;
- Contributions to the general governmental Equipment Reserve Fund have been decreased in 2015 to help mitigate the overlapping costs of the Civic Center
- Conservative attainable revenue estimates have been projected in all categories
- Allocation costs of the General Fund have been applied throughout the organization but have been revised lower in 2014 and will be so in 2015.

## **Fund Balance and Reserves**

The City Council has adopted a fund balance policy for the General Fund and Street Operations that provides guidelines for our long-range financial plans. The proposed 2015 Budget provides for projected fund balances that meet those guidelines. The projected fund balance at the end of 2015 is \$1,907,962 for the General Fund and Street Operations (\$1,753,431 + \$154,531). This balance plus \$303,701 estimated at year end 2015 for the Equipment Reserve Fund continues as a strong financial position, meeting our policy levels.

## Personnel Services

Since the City is primarily a service business, salaries and benefits paid to the City's employees represents 46% of total operating expenses. In the General Fund employee salary and benefit costs represent 65% of our total expenses. The chart below shows the City's historical staffing costs and reflects the 2015 changes.

	Actual 2012	Actual 2013	Forecast 2014	Budget 2014	Budget 2015	2015 - 2014 %
<i>Budgeted Staff (FTE, not including Council)</i>	73.24	74.91	74.91	76.29	76.29	0.0%
<b>OFM Census (2015 estimated)</b>	6,795	6,855	6,910	6,910	6979	1.0%
<b>Employees per 1000 Population</b>	10.8	10.9	10.8	11.0	10.9	-1.0%
<b>Salaries</b>	\$4,848,270	\$4,813,463	\$5,153,461	\$5,118,573	\$5,209,743	1.8%
<b>Benefits</b>	\$1,848,755	\$1,847,292	\$2,037,088	\$2,111,629	\$2,200,043	4.2%
<b>Total Comp</b>	\$ 6,697,025	\$6,660,755	\$7,190,549	\$7,230,202	\$7,409,786	2.5%
<b>Benefits as % Total Comp</b>	28%	28%	28%	29%	30%	0.5%
<b>City-Wide Operating Budget</b>	\$13,459,304	\$14,314,225	\$14,608,621	\$15,233,362	\$16,067,589	
<b>Total Comp as % Operating Budget</b>	49.8%	46.5%	49.2%	47.5%	46.1%	-1.3%

The increase in the benefits category is the result of health care increases and PERS retirement increases which are offset by moderately growing revenues. The increase in total City-wide compensation costs are projected to increase by 2.5%. The proposed staffing per thousand of the population remains steady over the last five years.

The salaries and benefits for the bargaining units reflect the 2015 provisions negotiated in contracts approved by the City Council. The agreement with Sergeants and Police Officers expire at the end of 2015 and the new Non-Uniformed contract will expire at the end of 2018.

Although our non-union employees salaries are performance based and do not include "step increases" the proposed budget includes similar salary increases for these employees. Approximately 1.0% additional has been included for this group.

As Council is aware, the cost of benefits has increased at an unsustainable rate over the past few years. Unfortunately, the City does not control state mandated increases in worker's compensation rates and retirement contributions. Continued strain on City expenditures includes year over year double digit increases in PERS and L & I rates at 20% and 11% respectively. Health Insurance, Utilities and other operational costs also continue to increase well over CPI levels for the area.

### **Transition in Leadership**

The 2014 Fiscal Year and the next several years will mark a significant transition in Leadership positions in the organization. The expectation through 2018 is that nearly 2/3rds of the senior staff will retire or move on to other professional opportunities. Budgetary provisions have been included in the 2015 Budget for the anticipated vacancies for that year and we will consider options as set forth in our succession planning processes developed by each section of our operations.

### **Utilities**

In 2013 we commissioned master plan updates for our Water and Sewer systems and a study of utility rates that indicated the need for annual revenue increases of 4%.

The proposed budget includes the rate increases and implementation of rate structure changes to allocate the proposed increases in an equitable and consistent fashion. These rate increases, while minimal, are important to maintain the financial health of our utility operations as well as to meet our current and future debt service requirements and maintain our target reserve levels. Without revenue increases, we are not able to transfer the full amount we normally transfer from our net revenue from operations to our capital accounts (Restricted Funds). We propose to continue a low income discount policy which reduces utility bills for those who qualify for the rate reduction.

The debt service requirements for the Sewer and Water Funds respectively are \$745k and \$115k next year. Projects are proposed both for ongoing and major repair and replacement. Total capital project costs for the Sewer Fund are \$1.5ml and for the Water Fund \$1.09ml. The individual projects are discussed in the capital projects and utilities section of the detail budget.

An interlocal agreement for Sewer Services is expected to bring in almost \$1ml in capital funds for the Sewer Utility before the end of 2014 or at the beginning of 2015.

### **Long-Range Financial Plan**

Although the Annual Budget adopts the City's financial plan for one year, it is important that the City Manager and Council make the Annual Budget decisions in the context of the City's long-range financial plan. Council will review the City's plan in October of 2014. The City's plan is very cognizant of the ongoing revenues and the continued escalation of costs. The model projects our revenues and expenditures for the next six years so decisions on the annual budget can be based upon these long-range trends and projections. The plan is a key element in the development of operating and capital improvement plans for critical projects now and in the future.

## Community Requests for City Funding

Each year as a part of the budget process the City considers requests for service contracts from community and intergovernmental agencies. The City also contracts with the Sequim-Dungeness Valley Chamber of Commerce to operate the Visitors Information Center. The 2015 budget recommendations for the Chamber of Commerce Visitor Information Center, the Clallam County Economic Development Council and Human Services Contracts are consistent with amounts budgeted in 2014.

The recommended budget allocations for outside agencies are as follows:

Chamber of Commerce Visitor Information Center (lodging tax funds)	\$ 72,400
Clallam County Economic Development Council	\$ 5,000
Human Services Contracts	\$ 75,000

## Civic Center Project

The two year (2014 – 2015) project costs for the construction of the Civic Center total \$13.81ml. We have forecast spending \$7.5ml in 2014 and the remaining \$6.3ml is budgeted in 2015. The two year funding sources for the completion of the project are:

Cash	\$ 371,000
General Obligation Bonds	\$10,439,000
Utility Revenue Bonds	<u>\$ 3,000,000</u>
Total	\$13,810,000

The City's related General Obligation debt (over 30 years) is \$660,000 annually. In 2015, because of the overlap of rent and debt service payments, funding sources are as follows:

Public Safety Sales Tax	\$230,000
REET transfer	\$135,000
Current office rent payments	\$ 52,000
General Fund Budget capacity	\$217,000
Interest and Beg. Fund Balance	<u>\$ 26,000</u>
	\$660,000

In future years, the City's General Obligation debt is to be paid for as follows:

Public Safety Sales Tax	\$230,000
REET transfer	75,000
Current office rent payments	200,000
General Fund Budget capacity	<u>155,000</u>
	\$660,000

The debt service related to the Utility Revenue Bonds (over 20 years) is \$225,000, annually. This "rent factor" is reflected within our Long Range Financial Plan, a recently accepted Utility Rate Study and the 2015 budget.

## **Key Policy Decisions**

I have submitted the proposed 2015 Budget after substantial review and discussion. I am comfortable that the proposed budget balances the long-term needs of the City with the current economic reality and financial trends.

However, the City Council's role is to review my judgments and make the final policy decisions. I believe the key decisions that require your review and final decision are the following:

- My recommendation to increase the property tax levy by the allowed 1%;
- Proposed Water and Sewer rate and structure changes; including general facility charges;
- Proposed capital projects;

## **Conclusion**

This budget addresses the City's highest priorities for service and capital needs for 2015 and will allow us to achieve our key goals. It completes the construction of a new Civic Center that will serve the community for several decades and it does support our efforts for continued financial stability in future years. It will, however, require us to "tighten our belt" for another year.

In presenting the budget to the Council, I would like to acknowledge and express appreciation to the City Leadership Team and staff for their willingness to submit realistic budget requests and develop alternatives to meet the Council priorities. I would also like to thank the Finance Department for its assistance in the physical preparation of this budget. In addition, I would like to thank the City Council for its courage and leadership in moving ahead on numerous issues and for its adoption of financial policies and prudent financial guidance that has resulted in the foundation for this proposed 2015 Budget.

Steven C. Burkett  
City Manager



## **SEQUIM CITY COUNCIL 2014 - 2015**

### **Sequim Vision Statement**

Sequim will maintain its friendly, small-town lifestyle and overall high quality of life, as it continues to grow and develop as the cultural and civic heart of the Sequim-Dungeness Valley and as a center of commercial, recreational, educational, and medical services.

### **2014 - 2015 Council Goals and Priorities**

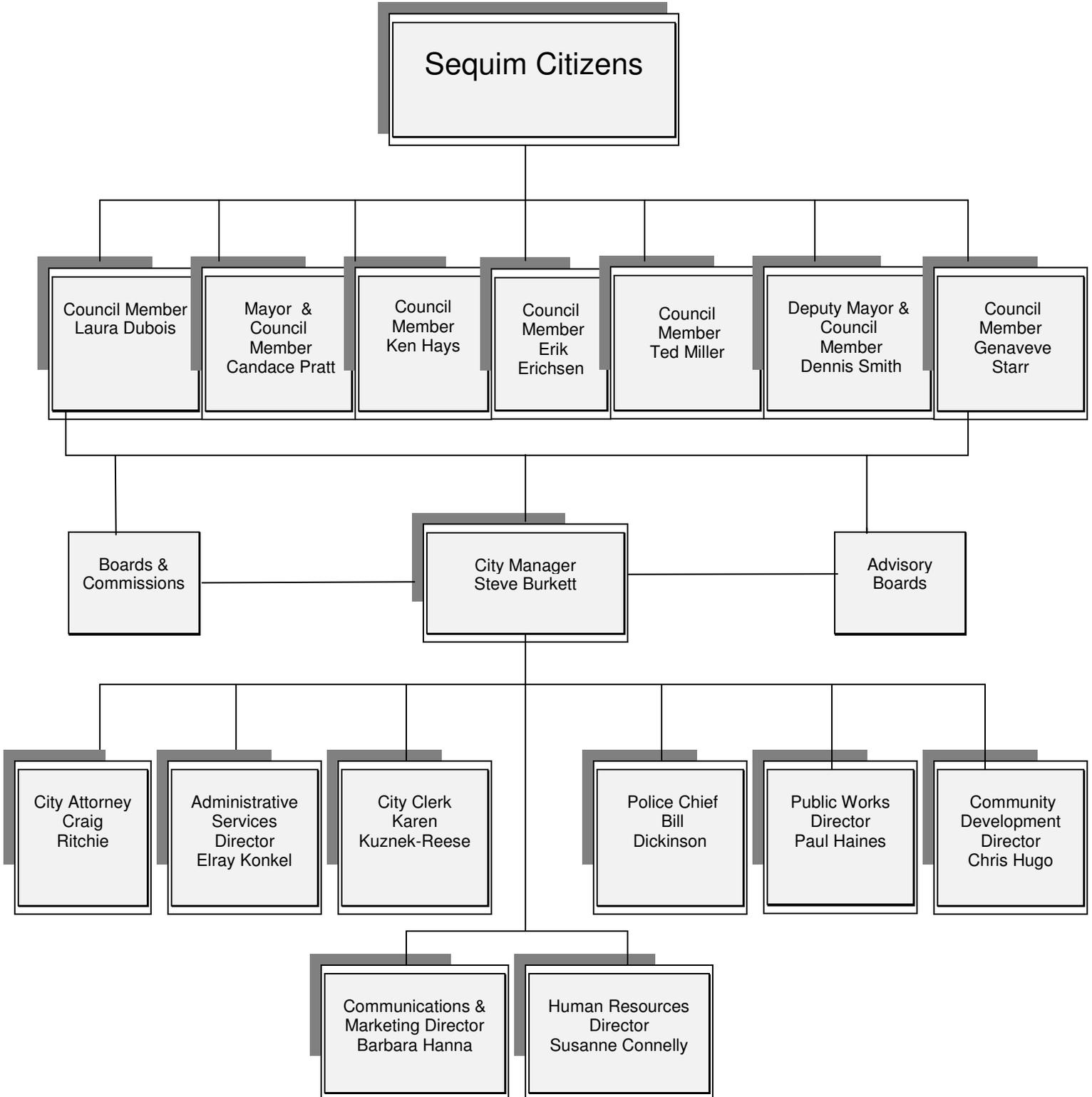
- ◆ Maintain and improve streets and sidewalks
- ◆ Adopt Comprehensive Plan Update
- ◆ Establish core values for economic development
- ◆ Construct New City Hall/Police Station on time, on budget
- ◆ Support a Community Solution for Guy Cole Center
- ◆ Provide policy guidance on private streets/water systems

### **Critical Success Factors**

- ◆ Community Alliances and Partnerships
- ◆ Quality Services and Facilities
- ◆ Effective Community Relations and Communications
- ◆ Professional and Committed Workforce
- ◆ Innovative Leadership and Strategic Planning
- ◆ Healthy, Safe, and Vibrant Neighborhoods
- ◆ Economic Sustainability, Vitality, and Financial Stability
- ◆ Environmental Sustainability

# CITY OF SEQUIM 2015 BUDGET

Organizational Chart  
As of September 29, 2014



**CITY OF SEQUIM  
2015 BUDGET  
COUNCIL/MANAGER FORM OF GOVERNMENT**

**COUNCIL**

***CANDACE PRATT (Mayor)***

***DENNIS SMITH (Deputy Mayor)***

***ERIK ERICHSEN***

***GENAVEVE STARR***

***KEN HAYS***

***TED MILLER***

***LAURA DUBOIS***

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**CITY MANAGER**

STEVE BURKETT

**DEPARTMENT HEADS**

ADMINISTRATIVE SERVICES DIRECTOR

ELRAY KONKEL

CHIEF OF POLICE

BILL DICKINSON

CITY ATTORNEY

CRAIG RITCHIE

CITY CLERK

KAREN KUZNEK-REESE

COMMUNICATIONS & MARKETING DIRECTOR

BARBARA HANNA

DIRECTOR OF COMMUNITY DEVELOPMENT

CHRIS HUGO

HUMAN RESOURCES DIRECTOR

SUSANNE CONNELLY

PUBLIC WORKS DIRECTOR

PAUL HAINES

**MANAGER/BUDGET STAFF**

ADMINISTRATIVE SERVICES

Deputy Admin Services Director / Risk Manager  
Finance Manager  
IT Manager  
Payroll/HR Assistant  
Accountant  
Accounting Assistant

Sue Hagener  
Connie Anderson  
Steve Rose  
Lajay Gove  
Barbara D. Hannah  
Ann Holgerson

CITY ADMINISTRATION

Assistant to the City Manager  
Legal Assistant

Joseph Irvin  
Erika Hamerquist

POLICE

Deputy Police Chief  
Executive Admin Assistant

Sheri Crain  
Victoria Ormand

PUBLIC WORKS

City Engineer  
Streets Manager  
Utilities Manager  
PW Management Analyst

David Garlington  
K. Mike Brandt  
Pete Tjemsland  
Sarah Van Ausdle

**CATEGORY 2 CODE CITY, CLASSIFIED UTILITIES**

**2010 OFFICIAL CENSUS 6,606  
2014 OFM ESTIMATE 6,910**

# 2015 Budget Calendar

February	2013 City and TBD Financial Results and Policy Review Review of Financial Policies City Council Retreat Management Retreat
April-July	Water, Sewer, Transportation Master Plans Utility Rates and GFCs
July	Mid-Year Financial Review City Council and TBD Budget Calendars Budget Development Policy Review Personnel Summary
September	Review of 6-Year CIP Review of Capital Projects Review of Rates and Fees Proposed City Manager Budget delivered to City Council with Citywide Overview
October	Long Range Financial Plan and Budget Impacts Proposed City Manager Budget - Review of Departments
October	Proposed City Manager Budget – Review of Capital Projects
November	Public Hearings on Revenue Sources, Rates & Fees, Property Tax Levy and Proposed Budget
November	Public Hearings on Revenue Sources, Rates & Fees, Property Tax Levy and Proposed Budget
November	Adopt 2015 Budget

# Budget Calendar for Preparation of 2015 Budgets in First (Under 300,000), Second, and Fourth Class Cities, Code Cities, and Towns

Budget requirements for first (under 300,000) and second class municipalities, and towns are listed in chapter [35.33 RCW](#), as amended, and for cities under the Optional Municipal Code in chapter [35A.33 RCW](#), as amended. [Chapter 35.32A RCW](#) contains the budget law for cities over 300,000 population (Seattle).

[Chapters 35.34 RCW](#) and [35A.34](#) contain the provisions for a biennial budget. Thus far only a few cities are using the two-year budget process. All the dates are the same.

Major Steps in Budget Preparation	State Law Time Limitations	Actual 2014 Date
1. Request by clerk to all department heads and those in charge of municipal offices to prepare detailed estimates of revenues and expenditures for next fiscal year (calendar year). <a href="#">RCW 35.33.031</a> & <a href="#">35A.33.030</a> .	By second Monday in September. <sup>1</sup>	September 8
2. Estimates are to be filed with the clerk. <a href="#">RCW 35.33.031</a> & <a href="#">35A.33.030</a> .	By fourth Monday in September.	September 22
3. Estimates are presented to the chief administrative officer (CAO) for modifications, revisions or additions. Clerk must submit to CAO proposed preliminary budget setting forth the complete financial program, showing expenditures requested by each department and sources of revenue by which each such program is proposed to be financed. <a href="#">RCW 35.33.051</a> & <a href="#">35A.33.050</a>	On or before the first business day in the third month prior to beginning of the fiscal year.	October 1
4. CAO provides the legislative body with current information on estimates of revenues from all sources as adopted in the budget for the current year. CAO also provides the legislative body with the clerk's proposed preliminary budget setting forth the complete financial program, showing expenditures requested by each department and sources of revenue by which each such program is proposed to be financed. <a href="#">RCW 35.33.135</a> & <a href="#">35A.33.135</a> .	No later than the first Monday in October.	October 6
5. The legislative body must hold a public hearing on revenue sources for the coming year's budget, including consideration of possible increases in property tax revenues. <a href="#">RCW 84.55.120</a> . After the hearing, a city may choose to pass an ordinance at the same meeting authorizing a property tax increase in terms of dollars and percent to comply with Referendum 47.	Before legislative body votes on property tax levy. Deadlines for levy setting are in item 8 below.	November 24
6. CAO prepares preliminary budget and budget message <sup>2</sup> and files with the city legislative body and clerk. <a href="#">RCW 35.33.055</a> & <a href="#">35A.33.052</a>	At least 60 days before the ensuing fiscal year.	November 3

Major Steps in Budget Preparation	State Law Time Limitations	Actual 2014 Date
7. Clerk publishes notice that the preliminary budget has been filed and publishes a notice of public hearing on final budget once a week for two consecutive weeks. <a href="#">RCW 35.33.061</a> & <a href="#">RCW 35A.33.060</a> .	No later than the first two weeks in November.	November 3 through 17
8. Setting property tax levies. <a href="#">Ch. 52, Laws of 2005, HB 1048</a> and <a href="#">RCW 84.52.070</a> .	November 30 for <i>all</i> cities and towns.	
9. The legislative body, or a committee thereof, must schedule hearings on the budget or parts of the budget and may require the presence of department heads. <a href="#">RCW 35.33.057</a> & <a href="#">35A.33.055</a> .	Prior to the final hearing.	November 3 through 28 (suggested)
10. Copies of proposed (preliminary) budget made available to the public. <a href="#">RCW 35.33.055</a> & <a href="#">35A.33.052</a> .	No later than six weeks before January 1.	November 19
11. Final hearing on proposed budget. <a href="#">RCW 35.33.071</a> & <a href="#">35A.33.070</a> .	On or <u>before</u> first Monday of December, and may be continued from day-to-day but no later than the 25th day prior to next fiscal year (December 7).	November 24
12. Adoption of budget for 2015. <a href="#">RCW 35.33.075</a> & <a href="#">35A.33.075</a> .	Following the public hearing and prior to beginning of the ensuing fiscal year.	November 24
13. Copies of final budget to be transmitted to the State Auditor's Office and to MRSC.		After adoption
<p><sup>1</sup> <a href="#">RCW 35.33.031</a> actually provides "on or before the second Monday of the fourth month," etc. Therefore, pursuant to the state budget law, that step (and certain others) could be taken before the dates listed here. See also, <a href="#">RCW 35A.33.030</a>. <sup>2</sup> <a href="#">RCW 35.33.057</a> and <a href="#">RCW 35A.33.055</a> specify that the budget message must contain the following:</p> <ol style="list-style-type: none"> <li>1. An explanation of the budget document;</li> <li>2. An outline of the recommended financial policies and programs of the city for the ensuing fiscal year;</li> <li>3. A statement of the relation of the recommended appropriation to such policies and programs;</li> <li>4. A statement of the reason for salient changes from the previous year in appropriation and revenue items;</li> <li>5. An explanation for any recommended major changes in financial policy.</li> </ol>		

<input checked="" type="checkbox"/> <b>ADOPTED BY COUNCIL:</b> FEB 25, 2013	<b>EFFECTIVE DATE:</b> FEB 25, 2013
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**I. PURPOSE**

The purpose of this policy is to help guide the budget development process. There may be differences between this policy and the budget based on the uniqueness of each year’s budget.

The City allocates scarce resources to programs and services through the budget process. The budget process is more than balancing revenues and expenditures one year (two year if biennium) at a time. In addition to being a short-term operational plan, it is the primary means for implementing the City’s strategic plan. The budget authorizes the level of City services for the year (or biennium), as defined by the City’s goals, priorities and objectives and adjusted for the constraints identified in the long range financial plan.

The link between the strategic plan, long range financial plan and the budget can be challenging. Strategic planning sets overall direction for the City, defining what is to be accomplished through its use of resources by identifying the City’s goals, priorities and objectives. The long range financial plan positions the City to remain effective over the long term.

**II. POLICY – GENERAL**

1. Budget at Fund Level: Budget adoption by the City Council shall be at the fund level. Any changes in appropriations at fund level require City Council approval.
2. Balance Ongoing Revenues with Ongoing Expenses: Current revenues, including unencumbered fund balances should be sufficient to support current expenditures. Although Fund Balance is considered revenue, its use in balancing the budget should be restricted to special situations, such as one-time expenditures or carry-over of prior year funded project (see Reserves/Fund Balance Policy for more guidance).
3. City Council Goals Identified in Annual Workplan: The City Council identifies specific goals as part of the City’s workplan. Departmental budgets should include adequate resources to accomplish those goals in the expected timeframes.
4. Municipal Service Levels: The City Council will establish municipal service levels and priorities prior to and during the development of the preliminary budget. The following will be taken into consideration to determine the proper levels of service:

- a) Maintain Quality Service Programs: If expenditure reductions are necessary as a result of changing economic status, selective service elimination is preferable to across the board cuts which can result in poor or marginal quality programs.
  - b) New Programs and Services: Adding new programs and services that require additional resources should be limited to the extent that they can be reasonably funded over the near-to-long-term given the current revenue stream.
    - i) Funding New vs Existing Programs: If new sustainable funding is not available, then new or enhanced services will compete directly with maintaining existing programs in determining the appropriate allocation of resources. This will provide the best mix of services to citizens and keep pace with the changing needs of the community.
    - ii) Adding Fee for Service Revenues: Where practical, new services that provide private benefit should be supported by new fees instead of increasing general City taxes.
    - iii) Programs with Dedicated Funding: Programs that are funded through a dedicated revenue source (i.e., grants or other non-tax revenue), that meet the goals of the City Council, will receive priority consideration, as long as ongoing funding is addressed.
5. Cost Allocation: The full cost of providing central support services shall be allocated to other funds and capital projects, and if appropriate to grants and specific programs. Indirect costs are calculated for General Fund Departments, but are not allocated. These indirect costs will be considered in evaluating the total cost of programs.
- a) Meet Federal Indirect Rate Requirements: The cost allocation plan should meet Federal requirements (OMB Circular A-87) to allow for indirect cost recovery on Federal and State grants.

## **II. POLICY – REVENUES**

- 1. Baseline Revenues: Significant revenues that contain variable components related to economic activity, such as development, or other one-time, non-recurring or unusual items should be identified in order to determine baseline revenues. The variable component of revenues should not be used for ongoing operating programs and services.
  - a) Property Tax: Tends to be stable; contains an unpredictable component for new construction and annexation; can be impacted by zoning changes
    - i) Variable Component: new construction and annexations in year added to the tax roll (tax is based on levy rate instead of 1% increase)

- b) Sales Tax: Minimum base tends to be stable; contains an unpredictable component related to economic changes, particularly the “boom and bust” housing cycles
    - i) Variable Component: consider construction sales tax above 10 year average; other sales tax above 3% growth; may need to adjust based on economic conditions or changes in tax base such as new stores or the closing of stores
  - c) Utility (B&O) Tax: Tends to be stable; subject to changes in utility rates, usage, conservation, regulations
    - i) Variable Component: not significant; no exclusions unless specific situations warrant an exclusion
  - d) Interfund Service Charges: Minimum base tends to be stable; contains an unpredictable component related to capital projects
    - i) Variable Component: capital projects above 5 year average; may need to adjust based on unusual large projects or economic conditions
  - e) Development Related Fees: Minimum base is difficult to determine, large unpredictable component related to “boom and bust” housing cycles
    - i) Variable Component: consider amounts above 10 year average or 3% growth based on economic conditions
  - f) Interest Earnings: Interest on minimum fund balance may be included for baseline revenues.
  - g) Potential New Revenues: Proposed new revenues that are early in the Council review process are typically not included in the budget. Public input may change the process and revenues may be difficult to quantify. If Council provides a quantifiable commitment to adopt new revenues they could be included in the budget.
    - i) Unknown Component: excluded unless Council provides quantifiable commitment
2. Limit Use of One-Time Revenues: Revenues that are not predictable should be identified and should not be used for ongoing operating program and services.
- a) Types of One-time Revenues: This includes significant revenues from sales of assets, bond refunding savings, infrequent intergovernmental revenues, grants, and so forth. It also includes the variable component of taxes and other revenues.
  - b) Use of One-Time Revenues: The use of significant one-time revenues should be set aside in reserves or restricted to non-recurring expenses,

such as, research/analysis projects, expenses caused by transition, startup costs, capital projects, debt retirement, and so forth.

3. Revenue Diversification: The City will strive for a diversified mix of revenues to handle fluctuations in revenues and to better distribute the cost of providing services.
  - a) Analysis Factors: When evaluating diversification, the following factors should be considered:
    - i) Balance amongst taxpayers and ability to diversify tax base such as changes in zoning
    - ii) Sensitivity of revenues to changes in economic cycles and rates
    - iii) Fairness of the tax or fee
    - iv) Regulations or changes in state shared revenue distributions
    - v) Impact on economic growth
    - vi) Other, such as administrative aspects
  - b) Taxes Should be Balanced: When City taxes are changed (increased, decreased, extended) the following factors should be considered:
    - i) Stability of tax source over its expected life; suitability for pledge against future debt if that is part of the intent
    - ii) Spread of tax burden throughout the City's tax base through a broad array of taxes
    - iii) Tax impact to both residential and business taxpayers and its affect on future growth
    - iv) Investigation of mitigation for inequities or hardships, such as low-income deferrals, rebates or exemptions
4. Unrestricted Revenues Should Remain Unrestricted: Unless otherwise stated specifically by City Council, unrestricted resources should not be earmarked for specific purpose in the General Fund. This will preserve the ability of the Council to determine the best use of available resources to meet changing service requirements.
5. Interfund Services (Cost Allocations): Indirect costs include general management, facility and equipment costs, and operational costs that are pooled. These costs are accounted for in central support service centers and should be fully allocated to funds that benefit from the services, such as Enterprise Funds, Capital Projects and selective Special Revenue Funds or specific programs where appropriate. Grant applications should include indirect costs where allowed. Indirect costs of General Fund operating units will be calculated for use in evaluating program costs but will not be allocated.
6. Fee for Service Revenues: As much as reasonably possible, City services that provide private benefit or service limited interests should be supported by

- fees and charges in order to provide maximum flexibility in use of general City taxes to meet the cost of services of broader public benefit.
- a) Recover Full Cost: Fees should be set to recover full costs, including all direct costs and indirect costs (capital costs, department overhead and city-wide overhead (cost allocations)).
  - b) Justify Subsidy: Charging less than full costs results in using general city taxes to subsidize the cost of the service. A subsidy must be justified, and may be considered if it meets other City interests and objectives, such as remaining competitive. Intentional subsidies will be documented and periodically reviewed with City Council.
  - c) Cost Studies: Departments that impose fee for service charges should periodically prepare and update cost-of-service studies. These studies may be performed and documented internally. An external consultant may be required for complex studies or where fee surveys are not available or where fees may be contested.
  - d) Human Needs Type Services: Exception may be considered for human needs type services to persons with limited ability to pay.
7. Intergovernmental Revenues: The City should take advantage of opportunities to enhance service delivery through intergovernmental cooperation, shared revenues and grants. However, this revenue should be treated as temporary, uncertain or unpredictable revenue.
- a) Not for Ongoing Basic Services: Typically intergovernmental revenues and grants will not be used to fund ongoing basic service needs. If grants are for new, enhanced or discretionary services, then the service may need to be reduced or eliminated when the funding ends. Before accepting a grant, consideration should include not only the cost/benefits over the life of the grant, but the cost of interruption in service when the grant ends.
  - b) Capital Projects Consistent with Plan: Grants for capital improvements should be for priority projects or projects consistent with the capital improvement plan. The project should consider resources to support ongoing maintenance, operating, and replacement costs. The grant application should attempt to recover all costs, including ongoing maintenance, operating costs and replacement costs, as well as indirect costs. If a city match is required, this should be reviewed in light of other competing projects.

## II. POLICY – EXPENSES

1. Baseline Expenses: Significant expenses that contain variable components related to economic activity, such as development, and other one-time or unusual items, should be identified in order to determine baseline expenses. The variable component of expenses may be funded by associated variable revenue or by one-time revenues and reserves (see Reserves/Fund Balance Policy).
  - a) Include Maintaining Facilities and Equipment: Maintenance of facilities, technology infrastructure, operating equipment and vehicles, as well as the planned replacement of such assets should be included as baseline operating expenses. The amount included as baseline operating expenses will be determined by the Capital Improvement Plan Policy.
    - i) Lowest Life Cycle Costs: When practical, resources should be allocated for selective preventative investments that can be made to avoid even larger costs in the future.
    - ii) Funding Continuous Replacement: The use of short-term financing or lease/purchase arrangements should be minimized because of the ongoing requirement for operating equipment. (See Capital Improvement Plan Policy, Debt Management Policy.) The amount necessary to fund equipment reserves will take into account both financing and transfers to Equipment Reserves.
  - b) Include Interfund Operating Transfers: Transfers to operations, such as Street Unrestricted, should be included as baseline operating expenses if General Fund is a significant revenue source for another operating fund.
  - c) Exclude Interfund Capital and Reserve Transfers: Transfers for capital projects or to replenish reserve funds should be excluded from baseline operating expenses and would be funded by one-time or excess revenues.
  - d) Exclude Community Investments: Discretionary investments for community/public benefit are excluded from baseline operating expenses. Funding from one-time revenues would be decreased if total baseline revenues fall or baseline expenses increase by 5% or more.
    - i) Funding Level Health & Human Services: The amount of funds available will fluctuate based on the City's financial situation. Council may want to consider a separate funding policy based on a percent of

sales tax revenues, such as 2%, or an amount per capita, which would be reviewed along with the funding criteria.

- ii) Funding Level Community Service Contracts: The amount of funds available will fluctuate based on the City's financial situation and service needs. Funding will be included in the City Manager's proposed Budget based on criteria for similar expenses. They will be included if they address services or facilities that support the city's mission and are a high priority compared to other options and proposed expenditures.

2. Personnel: This is the most significant operating expense.

- a) Competitive Compensation: Salaries and benefits should be comparable to cities and private sector employers that are within the same labor market and with other cities or private sector employers that offer comparable quality services in order to attract and retain high quality staff.
- b) Union Contract Negotiations: If a collective bargaining agreement is, or will be, under negotiations, then a specific amount will not be included in the budget for potential wage adjustments resulting from the negotiation, other than continuing the basis for a COLA adjustment, except a negative COLA will not be budgeted. This is to protect the City from any claims of not "bargaining in good faith". Funding for unknown contract terms must be considered in balancing ongoing revenues with ongoing expenses.
- c) Fluctuation in Staffing Requirements: Additional personnel resources needed for large projects or responding to a "housing" cycle boom may be retained on a temporary, term (non-permanent employee) or contract basis.

3. Technology Investments that Forestall Adding Permanent Staff: Recognizing that personnel related expenditures represent the largest portion of the City's budget, methods to increase efficiency and effectiveness of the delivery of City services through technology improvements should receive priority funding if it can forestall the addition of permanent staff.

4. Contingency: The budgeting for contingencies will be separately identified within each fund. An amount for General Fund contingencies will consider amounts across all departments in which only 50% of the costs are included, since all contingencies are not expected to occur.

### **III. PROCEDURE**

1. City Council: The City Council has final responsibility for approving the annual Operating Budget.
2. City Manager: The City Manager oversees the budget development process and proposes the preliminary budget to City Council.
3. Departments: The Department directors under the guidance of the City Manager are responsible for proposing programs, recommending funding levels, and formulating budget proposals for implementing service programs in accordance with established goals and directives.
4. Finance: The Finance Department is responsible for coordinating the overall preparation and administration of the City's budget in compliance with applicable State of Washington statutes governing local government budgeting practices.
  - a. The Finance Department provides revenue budget estimates, assists department staff in identifying budget problems and formulating alternative solutions, and prepares and distributes the final budget document.
  - b. The operating budget is classified and segregated according to a standard classification of accounts as prescribed by the State Auditor.
5. Public Hearings: The Council will hold public hearings as required and approve operating and capital budgets prior to the end of the fiscal year in accordance with State law.
6. Quarterly Reporting: The Finance Department will maintain a system for monitoring the City's budget performance. This system will provide the City Council with quarterly reports regarding fund level resource collections and department level expenditures.
7. Budget Amendments: Semi-annually budget amendments will be presented in order to address unanticipated needs, emergencies, or compliance with State of Washington budgetary statutes. Budget amendments requiring City Council approval will occur through a process coordinated by the Finance Department. Significant financial issues that need to be addressed between quarterly reports will be provided to Council as warranted.

#### **IV. REFERENCES**

##### Sequim Municipal Code or Resolutions

- Resolution R-2009-15 Establishing Criteria for Grant Funding to Agencies through United Way (Health and Human Services Funding Criteria)

##### Revised Code of Washington

RCW 35A.33 provides the authority and the requirement for a code city to adopt a comprehensive annual budget prior to the start of each fiscal year.

- RCW 35A.33 Budgets in code cities
- RCW 35A.34 Biennial budgets

##### State Auditor's Office:

- Budget, Accounting and Reporting System (BARS) Manual, Part 2 Budgeting Chapter 1 – 3
- Small City Handbook, Section E - Budgeting

##### Professional Groups:

- National Advisory Council on State and Local Budgeting (NACSLB)
  - Recommended Budget Practices Element 4 Adopt Financial Policies



# Financial Policies

## Fund Balance & Reserve Policy for General Fund and Street Operations, Special Reserves and Utility Funds

<input type="checkbox"/> <b>ADOPTED BY COUNCIL:</b> FEBRUARY 25, 2013	<b>EFFECTIVE DATE:</b> FEBRUARY 25, 2013
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### I. PURPOSE

The purpose of this policy is to provide a targeted range for fund balance and reserves to help position the City and its functional units to respond to economic fluctuations, prepare for expected and unexpected liabilities, and to take advantage of economic opportunities. This policy is intended to establish an understanding of the proper level and use of those reserves for the City of Sequim.

Adequate levels of fund balance or reserves are essential to protect against temporary revenue shortfalls and helps to ensure stable taxes and fees. It provides resources criteria crucial in long-term financial planning. The value of strong fund balances and reserves needs to be balanced with pressures from unions, taxpayers and citizens' groups, which may view high levels of fund balance as "excessive."

For the City of Sequim, fund balance equals cash (which includes cash and investments held by the City) as the city reports and budgets financial activity on a cash basis

The City of Sequim follows BARS (the Budgeting, Accounting and Reporting System) promulgated by the State of Washington which includes the prescribed uniform charts of accounts, accounting and budgeting policies, guidance for preparing financial statements and instructions for preparing supplemental year end schedules (Revised Code of Washington Section 43.09.230) for local governments.

Fund Balance and Cash and/or Investments is defined in the BARS Manual as follows:

#### **308.10 RESERVED**

The amounts of cash and investments not available for spending at the beginning of the year due to the restrictions imposed on them by external parties (e.g., grantors, creditors, etc.) and/or due to internal commitments. Internally committed resources are resources with limitations imposed by the highest level of government (board of commissioners, city council, board of directors, board of supervisors, etc.) through a formal action (ordinance, resolution) that require a similar formal action on the same level to remove them. Limitations resulting from intended use (informal action) by either legislators or managers are not sufficient to classify the resources as reserved. These resources should be reported as unreserved.

#### **308.80 UNRESERVED**

The amounts of cash and investments without any limitations on their use and resources with informal limitations placed on them by either legislators or managers.



## Financial Policies Fund Balance & Reserve Policy for General Fund and Street Operations, Special Reserves and Utility Funds

The City of Sequim has the following fund structure:

**General Fund and Streets Unrestricted Fund** (funds available for general government operations)

**Capital Funds**

Equipment Reserve (funds set aside and available for General Government equipment replacement)

Facilities (funds set aside for City Hall and other facility related capital projects)

**Enterprise Funds**

Water Unrestricted (restricted to Water Operations)

Water Restricted (restricted to Water Capital, Debt Service and Equipment Replacement)

Sewer Unrestricted (restricted to Sewer Operations)

Sewer Restricted (restricted to Sewer Capital, Debt Service and Equipment Replacement)

**Special Revenue Funds** (restricted by law or City Ordinances, no targeted reserves)

Street Restricted, Lodging Tax Hotel / Motel, Criminal Justice, Police Restricted

Police Asset Seizure, Parks Restricted, Real Estate Excise Tax, Gifting & Donations

**Trust, Agency & Permanent Funds** (funds not available for City services)

Police Expendable Trust, Construction Deposit, Intergovernmental Agency Fund

Haller Park Fund Permanent

**City Targeted Reserve Funds**: The City uses the following classifications:.

1. **Minimum Fund Balance Reserves** : Provides a financial cushion for revenue fluctuations and cyclical activity through General Operations.

a) **Targeted Fund Balance**

	Min	Max
General Fund and Streets	15% ongoing revenues	20% ongoing revenues
Water Unrestricted	3 months operating expenditures	5 months operating expenditures
Sewer Unrestricted	3 months operating expenditures	5 months operating expenditures



## Financial Policies Fund Balance & Reserve Policy for General Fund and Street Operations, Special Reserves and Utility Funds

2. **Economic Uncertainty Reserves:** Provides a financial cushion against unanticipated adverse financial or economic circumstances, emergencies, or litigation.
- a) **Targeted Reserve:** The maximum fund balance should take into consideration level of volatile revenues, such as Development related revenues (Building Permits, Inspections, Plan Check Fees, other Development Fees) and Sales Tax.

	Min	Max
General Fund and Streets	1% ongoing revenues	3% ongoing revenues
Water Unrestricted	1% ongoing revenues	3% ongoing revenues
Sewer Unrestricted	1% ongoing revenues	3% ongoing revenues

3. **Future Liabilities Reserves:** These amounts are set aside for a specified purpose, related to an accrued obligation or to self-insure for a future obligation. This should include reserves for unemployment self-insurance or a portion of accrued compensation (paid time off and sick leave) that is paid to an employee upon separation from employment.
- a) **Targeted Reserve:** The amount necessary to mitigate a specific future expense is based on a historical pattern or other appropriate measure. Unemployment could be based on +/- 10% of the estimated annual payment to the state, or 1% of wages, or other appropriate measure. Accrued compensation is based on historical pattern or other appropriate measure.

	Min	Max
General Fund and Streets	1% ongoing revenues	3% ongoing revenues
Water Unrestricted	1% ongoing revenues	3% ongoing revenues
Sewer Unrestricted	1% ongoing revenues	3% ongoing revenues

4. **Facilities and Equipment Reserve Funds:** Established to purchase, replace or refurbish City facilities and operating equipment such as computers, copiers, operating equipment and vehicles (see Capital Improvement Plan policy).
- a) **Targeted Reserve Fund Balance:** Maintained at a level sufficient to meet scheduled equipment replacement so as to sustain an acceptable level of services.



## Financial Policies Fund Balance & Reserve Policy for General Fund and Street Operations, Special Reserves and Utility Funds

	Min	Max
Equipment Replacement (General Government)	2.5 years scheduled replacement	6 years scheduled replacement
City Facilities	2.5 years scheduled replacement	6 years scheduled replacement
Water Restricted	2.5 years scheduled replacement	6 years scheduled replacement
Sewer Restricted	2.5 years scheduled replacement	6 years scheduled replacement

### II. PROCEDURES

1. Ongoing Revenues and Operating Expenditures: Reflects the ongoing operations and excludes one-time, nonrecurring and capital items. (See Budget Development Policy.)
2. Addition to Fund Balance/Reserves: Typically provided by surplus from prior years, one-time revenues and revenues in excess of operating expenditures.
3. Replenishment of Fund Balance/Reserves: Where a deficit causes a fund balance to be reduced contributions will be made over a three to five year period until targeted level is attained using one-time revenues first and surplus next.
4. Minimum Fund Balance: Replenishing the fund balance to the minimum level will be the first priority use of excess year-end resources.
5. Budgeted Fund Balance and Targeted Reserves: All reserves will be presented in the budget and will be compared to the adopted financial policy. If the resulting targeted reserves fall below policy a plan will be presented to bring the fund balance into compliance.
6. Periodic Reporting: The Finance Department will provide the City Council with periodic reports (quarterly) regarding fund balance and targeted reserves. for compliance to policy.

# City of Sequim 2015 Budget

## All City & General Fund Overview



# City Of Sequim Budget Overview

## Budget Development Process

### Policy Strategy Phase

Council Planning Retreat

Long Range Financial Plan

Public Input via Council Meetings & Community Survey

### Needs Assessment Phase

Department Program and Staff Requests

City Manager Review of Requests

City Manager Proposed Budget

### Public Hearing

Public Hearing on Revenue Sources  
(Property Tax Levy, Rates and Fees Schedule)

Public Hearing on Budget

### Adoption & Implementation

Council Adopts Budget



**City of Sequim**  
**2015 Budget**  
(Revised October 6, 2014)

	A	B	C	D=B-C	E=A+D
	Beginning Fund Balance	Revenues	Expenses	Surplus / (Deficit)	Ending Fund Balance
<b>General Fund</b>					
001 General Fund	1,739,842	8,399,740	8,386,150	13,589	1,753,431
<b>Special Revenue Funds</b>					
101 Street UnRestricted	148,618	817,507	811,594	5,913	154,531
111 Street Restricted	538,962	1,675,231	1,677,421	(2,190)	536,772
107 StormWater UnRestricted	36,644	110,475	100,248	10,227	46,871
117 StormWater Restricted	5,765	328,067	318,843	9,224	14,989
115 Lodging Tax Hotel/Motel	212,117	249,827	246,425	3,402	215,519
120 Police Restricted	73,723	372,952	385,717	(12,765)	60,958
121 Police Asset Seizure	23,395	20,274	20,000	274	23,669
140 Parks Restricted	107,913	215,877	280,869	(64,991)	42,922
150 Real Estate Excise Tax	249,442	346,758	370,000	(23,242)	226,200
160 Gifting & Donations	0	10,500	10,500	0'	0'
164 Equipment Reserve	535,746	125,526	358,201	(232,676)	303,071
<b>Debt Service Funds</b>					
206 Debt Service Fund	3,265,544	650,460	3,907,990	(3,257,530)	8,014
<b>Capital Funds</b>					
306 Capital Facilities Fund	34,616	6,350,705	6,383,078	(32,373)	2,243
<b>Enterprise Funds</b>					
401 Water UnRestricted	763,750	1,897,782	1,888,736	9,046	772,796
411 Water Restricted	2,051,922	3,042,380	3,877,538	(835,158)	1,216,764
402 Sewer UnRestricted	1,303,543	3,694,580	3,581,154	113,426	1,416,969
422 Sewer Restricted	3,775,870	5,060,628	4,676,161	384,468	4,160,338
<b>Trust, Agency &amp; Permanent Funds</b>					
500 Unemployment Compensation Reserve	40,251	0	10,000	(10,000)	30,251
621 Police Expendable Trust	1,721	20,000	20,000	0	1,721
631 Construction Deposits	0	325,000	324,999	1	0
635 Intergovernmental Agency Fund	5,269	178,247	178,080	167	5,436
645 Utility Security Deposits	101,892	100,000	100,000	0	101,892
701 Haller Park Fund	37,541	440	0	440	37,981
	<b>15,054,086</b>	<b>33,992,956</b>	<b>37,913,704</b>	<b>(3,920,748)</b>	<b>11,133,338</b>
	0	0	0	1	1
		10,274,858	10,274,858	Transfers In / Out	
		<b>23,718,098</b>	<b>27,638,846</b>	<b>Net of Transfers</b>	
		2,169,273	2,169,272	InterFund Service Charges*	
		<b>21,548,825</b>	<b>25,469,574</b>	<b>Net Revenues/Expenses</b>	
				<b>w/o Transfers</b>	
				<b>&amp; Interfund Services</b>	
		14,920,084	14,767,882	Operating Funds	
		19,072,872	23,145,822	Restricted/Project Funds	
		<b>33,992,956</b>	<b>37,913,704</b>		



# City Of Sequim Budget Overview

## Summary of Total Revenues & Expenditures

### Where will the Money come from?

#### Revenues

- **Fund Balance** – This is the net assets of a fund that have accumulated over time. For the City of Sequim, fund balance equals cash. The fund balance is considered a revenue source for expenditures. Typically fund balance is used for one-time expenses and capital projects.
  - Capital Projects: Streets, Parks, Capital Facilities (Civic Center), Water, Sewer and REET funds are being used for various capital projects.
- **Taxes** – Consists of sales taxes, property tax, utility (B&O) tax, Hotel/Motel taxes, Public Safety Tax and the Real Estate Excise Tax (REET).
- **Licenses & Permits** – Consists primarily of building permit fees, which fluctuate depending on development activities and business license fees.
- **Intergovernmental** – Consists of State taxes that are distributed to cities (Criminal Justice, Liquor, Fuel, PUD Privilege Tax), interagency funds and grants
- **Goods & Services** – Water and Sewer meter sales, fees, Interfund Services, Plan Check fees which fluctuates with development activity
- **Utility Charges** – Consists of water and sewer service charges.
  - For 2015, the budget reflects a 4% revenue requirement/increase as identified in the accepted 2013-2014 Rate Study (pending approval by Council). Could be achieved either through rate structure changes or simple rate increases
- **Fines & Forfeits** – Consists of traffic infractions, DUI fines, criminal fines, court costs recoupment
- **Other Miscellaneous** – Consists of investment interest, mitigation fees which fluctuate with development activity, space rental, gifts/donations, insurance recoveries
- **Enterprise Fiduciary** – Consists of Water and Sewer General Facility Fees (capital contributions) which fluctuate with development activity.
- **NonRevenue/Financing** – Consists of transfers between funds for capital projects and debt payments. It also includes Construction/Retainage and utility deposits and Latecomers fees.

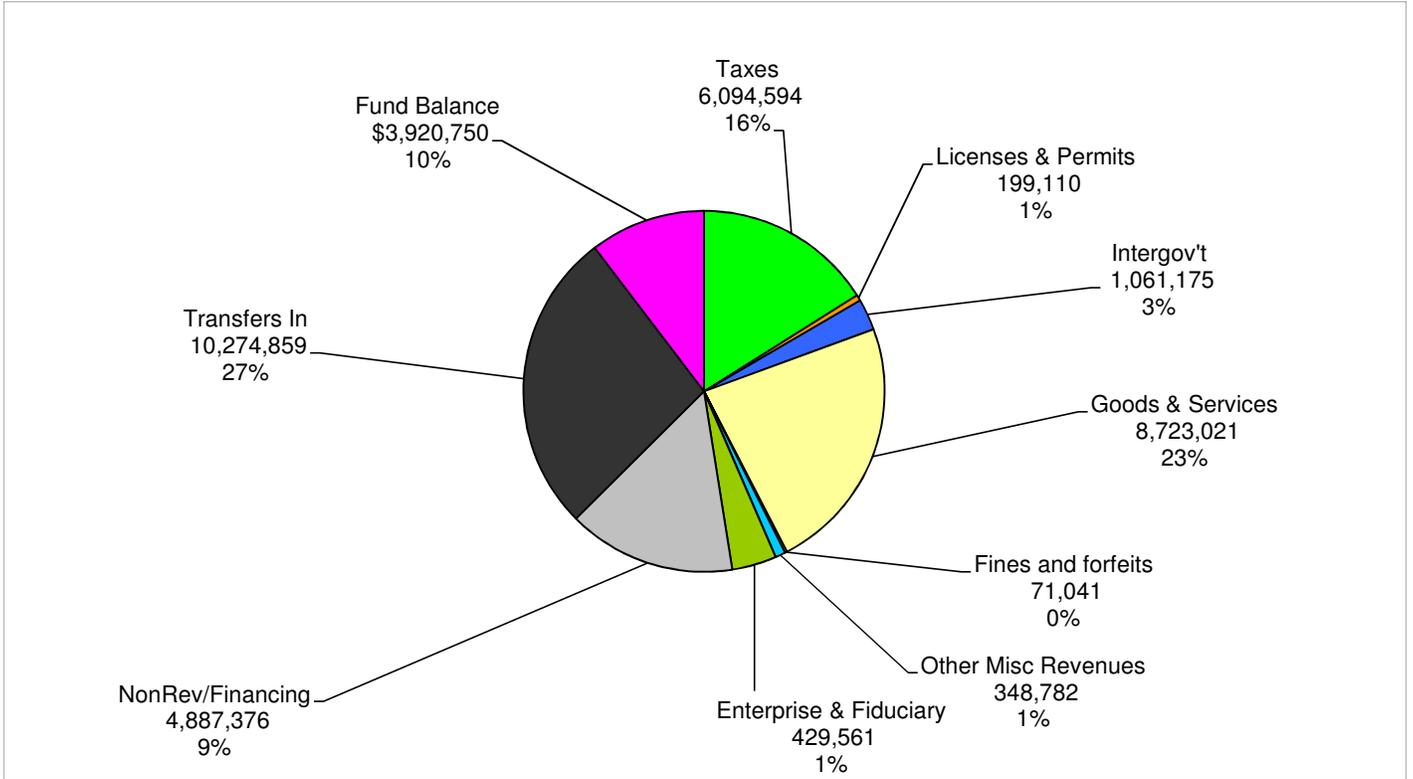
### Where will the Money go?

#### Expenditures

- **Operations** – Consists of the General Fund, Street and Stormwater Operations, Water and Sewer Operations.
- **Capital Projects** – Consists of projects for Streets, Project Stormwater, Water, Sewer and Capital Facilities.
- **Other** – Consists of Trusts and Agency, which are pass-thru funds, Hotel/Motel which is used for tourism, Police Restricted which is grant or donation funded, and various other funds.

**City of Sequim  
2015 Budget**

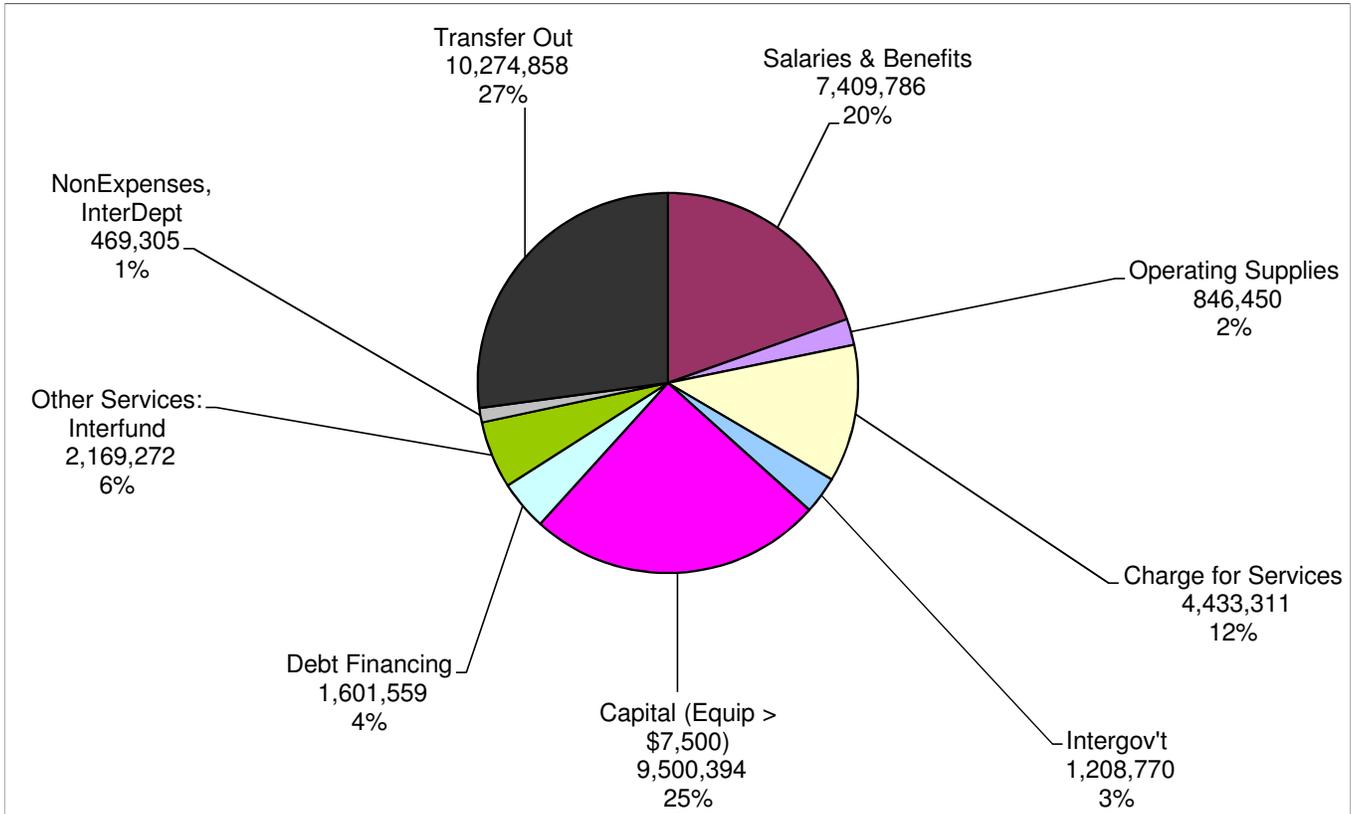
**Where will the Money Come From?  
Total Revenue  
33,992,955**



	2011 Actual	2012 Actual	2013 Actual	2014 Forecast	2014 Budget	2015 Budget	2015-2014 Amount	%
Taxes	5,552,305	5,274,929	6,240,094	5,839,957	5,783,782	6,094,594	310,812	5.4%
Licenses & Permits	162,114	156,158	187,919	178,310	174,145	199,110	24,965	14.3%
Intergov't	819,571	612,483	924,358	534,615	1,363,171	1,061,175	(301,996)	-22.2%
Goods & Services	7,414,555	8,569,038	8,714,356	8,364,594	8,706,987	8,723,021	16,034	0.2%
Fines and forfeits	66,136	69,577	68,249	64,760	77,905	71,041	(6,864)	-8.8%
Other Misc Revenues	468,293	589,874	589,197	419,847	527,501	348,782	(178,719)	-33.9%
Enterprise & Fiduciary	418,987	304,623	460,086	439,783	429,561	1,512,566	1,083,005	252.1%
NonRev/ Financing	113,453	121,572	10,956,470	685,482	4,887,376	5,707,807	820,431	16.8%
<b>Net Revenues</b>	<b>15,015,414</b>	<b>15,698,254</b>	<b>28,140,729</b>	<b>16,527,348</b>	<b>21,950,428</b>	<b>23,718,096</b>	<b>1,767,668</b>	<b>8.1%</b>
Transfers In	3,499,648	2,757,022	3,855,268	11,729,264	20,973,768	10,274,859	(10,698,909)	-51.0%
<b>Revenues</b>	<b>18,515,062</b>	<b>18,455,275</b>	<b>31,995,997</b>	<b>28,256,612</b>	<b>42,924,196</b>	<b>33,992,955</b>	<b>(8,931,241)</b>	<b>-20.8%</b>
Use of Beginning Fund Balance	207,558	1,738,992	(10,238,437)	9,970,212	12,534,670	3,920,750	(8,613,920)	-68.7%
<b>Total Use of Revenue</b>	<b>18,722,620</b>	<b>20,194,267</b>	<b>21,757,560</b>	<b>38,226,824</b>	<b>55,458,866</b>	<b>37,913,705</b>	<b>(17,545,161)</b>	<b>-31.6%</b>

**City of Sequim  
2015 Budget**

**Where will the Money Go?  
Total Expenses  
37,913,705**



	2011 Actual	2012 Actual	2013 Actual	2014 Forecast	2014 Budget	2015 Budget	2015-2014 Amount	%
Salaries & Benefits	6,295,460	6,697,025	6,660,755	7,190,549	7,230,202	7,409,786	179,584	2.5%
Operating Supplies	670,134	660,605	830,612	798,898	866,996	846,450	(20,546)	-2.4%
Charge for Services	2,100,039	2,575,029	3,336,567	3,346,276	3,403,627	4,433,311	1,029,684	30.3%
Intergov't	1,004,353	1,118,853	1,107,278	1,154,161	1,244,417	1,208,770	(35,647)	-2.9%
Capital (Equip > \$7,500)	1,602,907	2,704,442	2,460,091	10,339,963	17,518,807	9,500,394	(8,018,413)	-45.8%
Debt Financing	1,111,309	1,243,350	964,419	1,274,641	1,274,348	1,601,559	327,211	25.7%
Other Services: Interfund	2,003,147	2,407,792	2,379,013	2,118,737	2,488,120	2,169,272	(318,848)	-12.8%
NonExpenses, InterDept	459,847	49,252	163,556	274,334	458,580	469,305	10,725	2.3%
<b>Net Expenses</b>	<b>15,247,196</b>	<b>17,456,348</b>	<b>17,902,291</b>	<b>26,497,559</b>	<b>34,485,097</b>	<b>27,638,847</b>	<b>(6,846,250)</b>	<b>-19.9%</b>
Transfer Out	3,475,424	2,737,920	3,855,268	11,729,263	20,973,768	10,274,858	(10,698,910)	-51.0%
<b>Total Expenses</b>	<b>18,722,620</b>	<b>20,194,268</b>	<b>21,757,559</b>	<b>38,226,822</b>	<b>55,458,865</b>	<b>37,913,705</b>	<b>(17,545,160)</b>	<b>-31.6%</b>



# City Of Sequim Budget Overview

## General Fund Revenue

### 2015 Key Goals

- ❖ Conservatively forecast and budget revenues
- ❖ Maintain a diversified mix of revenues to handle fluctuations and appropriately distribute costs of services.
- ❖ Identify ongoing revenues that can be matched with ongoing expenses.
- ❖ Support opportunities to enhance service delivery through intergovernmental cooperation, shared revenues and grants. This revenue will be treated as one-time revenue.
- ❖ Minimize impact of any tax and fee increases on residents and ratepayers, especially low income.
- ❖ Annually review service fees to help ensure fees are cost based for City services that provide private benefit or serve limited interests.

### 2015 Budget Summary

- ❖ Overall General Fund revenues are down \$126k
  - Sales Tax revenues are flat with 2014 Budget
  - License & Permits revenues are estimated to grow 15% from 2014
  - Utility Taxes are increased based on projected rate changes of City wide utilities
  - Property Taxes will increase based only on new construction plus 1% as allowed by state statute
  - Interfund charges will be based on non General Fund activities where applicable – down due to size of Civic Center project

## General Fund Expenses

### 2015 Key Goals

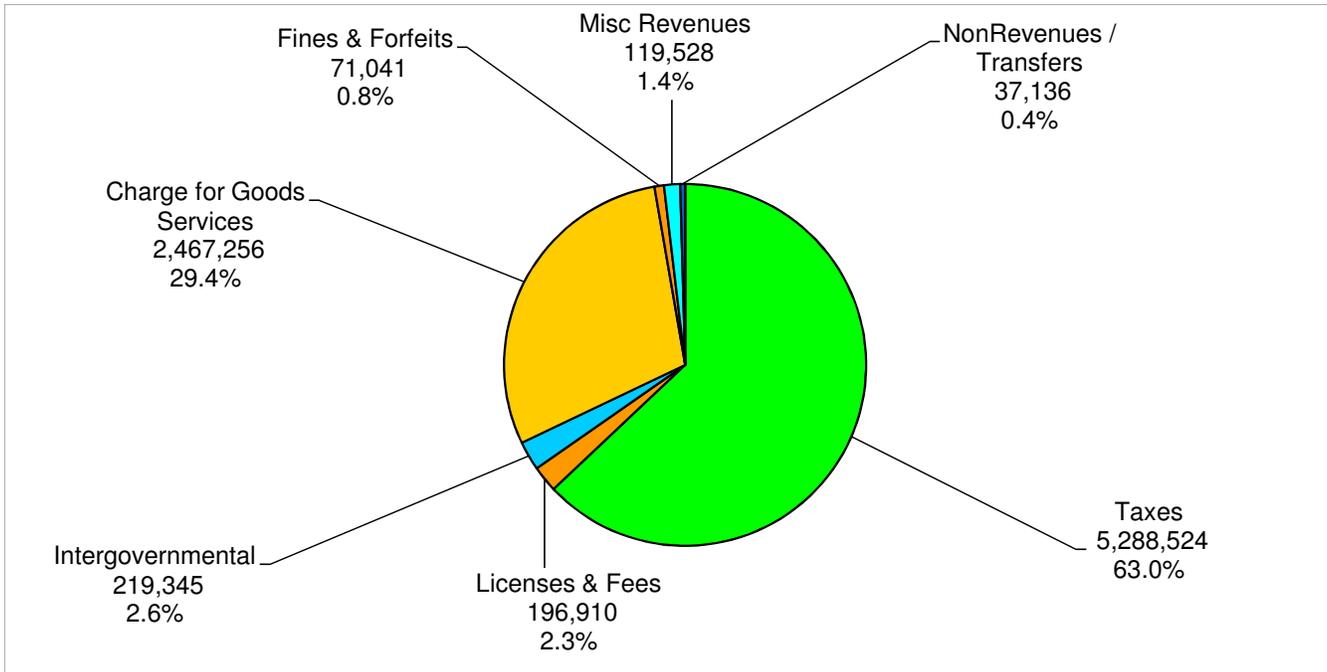
- ❖ Balance ongoing expenditures with ongoing revenues
- ❖ Full cost recovery for rates and fees and interfund support
- ❖ Support opportunities to enhance service delivery through intergovernmental cooperation

### 2015 Budget Summary

- ❖ Overall General Fund expenditures are down .8%
  - Salary and Benefit increased \$36k combined
  - Transfers out increased \$52k for Debt Service
  - Supplies, Service Charges and Intergovernmental expenses decreased \$157k

**City of Sequim  
2015 Budget**

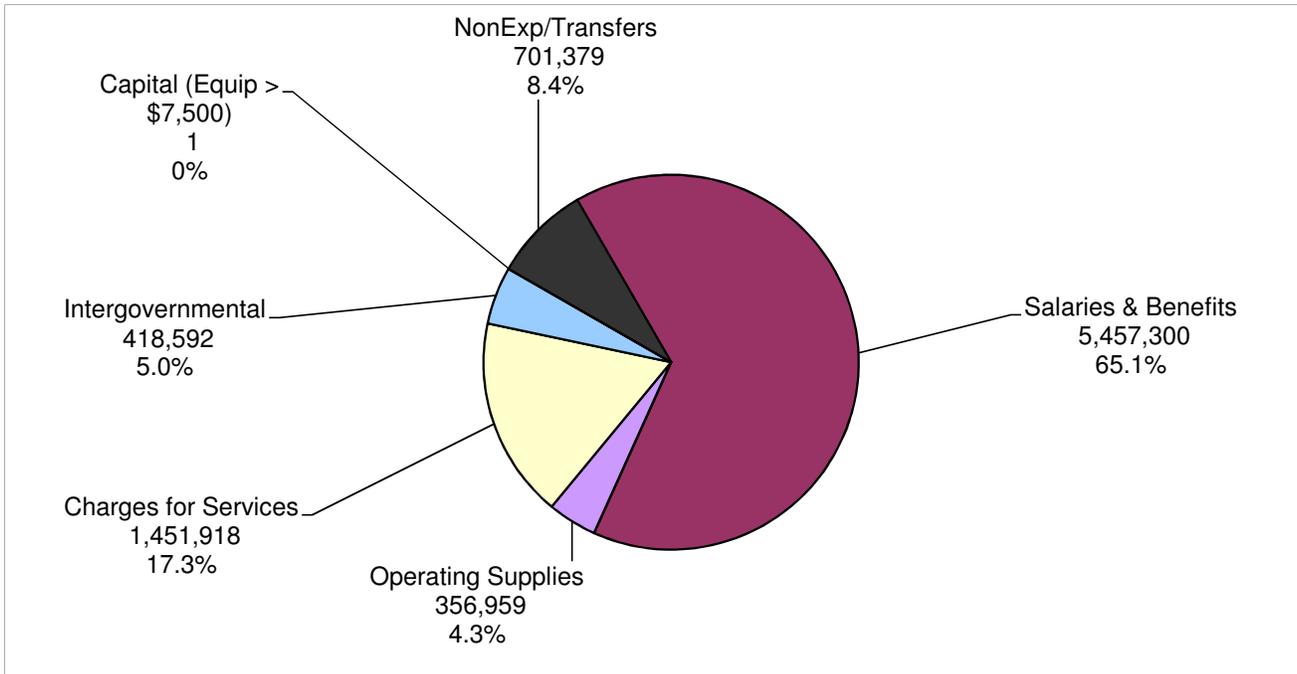
**General Fund Revenues  
Total Revenues  
8,399,740**



	2011 Actual	2012 Actual	2013 Actual	2014 Forecast	2014 Budget	2015 Budget	2015-2014 Amount	%
<b>Beginning Fund Balance</b>	<b>1,495,647</b>	<b>1,614,777</b>	<b>1,756,105</b>	<b>1,868,524</b>	<b>1,582,825</b>	<b>1,739,842</b>	<b>157,017</b>	<b>9.9%</b>
Taxes	5,086,645	4,945,522	5,066,320	5,202,391	5,167,547	5,288,524	120,977	2.3%
Licenses & Fees	159,541	153,228	187,519	174,898	171,070	196,910	25,840	15.1%
Intergovernmental	200,551	231,750	197,342	227,797	228,124	219,345	(8,779)	-3.8%
Charge for Goods Services	2,091,701	2,629,812	2,595,394	2,380,732	2,756,046	2,467,256	(288,790)	-10.5%
Fines & Forfeits	66,136	69,577	68,249	64,760	77,905	71,041	(6,864)	-8.8%
Misc Revenues	176,658	124,960	132,960	114,897	116,308	119,528	3,220	2.8%
NonRevenues / Transfers	8,981	18,387	5,144	5,728	9,205	37,136	27,931	303.4%
<b>TOTAL Revenues</b>	<b>7,790,213</b>	<b>8,173,236</b>	<b>8,252,928</b>	<b>8,171,203</b>	<b>8,526,205</b>	<b>8,399,740</b>	<b>(126,465)</b>	<b>-1.5%</b>
<b>Total Expenses</b>	<b>7,672,891</b>	<b>8,034,930</b>	<b>8,138,861</b>	<b>8,299,888</b>	<b>8,440,523</b>	<b>8,386,149</b>	<b>(54,374)</b>	<b>-0.6%</b>
Net Surplus/(Deficit)	117,322	138,306	114,067	(128,685)	72,187	13,591	(58,596)	-81.2%
<b>Ending Fund Balance</b>	<b>1,612,969</b>	<b>1,753,083</b>	<b>1,870,172</b>	<b>1,739,839</b>	<b>1,655,012</b>	<b>1,753,433</b>	<b>98,421</b>	<b>5.9%</b>

**City of Sequim  
2015 Budget**

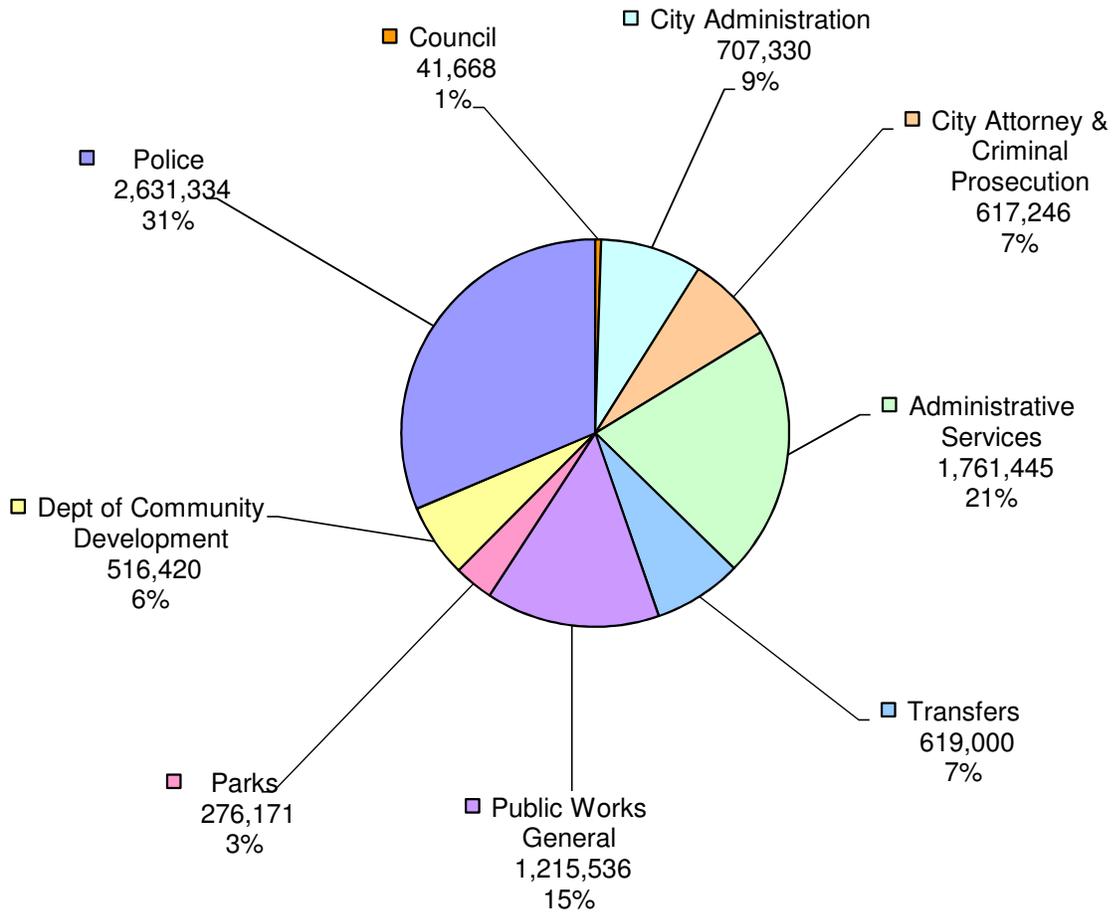
**General Fund Expenses  
Total Expenses  
8,386,149**



	2011 Actual	2012 Actual	2013 Actual	2014 Forecast	2014 Budget	2015 Budget	2015-2014 Amount	%
<b>Beginning Fund Balance</b>	1,495,647	1,614,777	1,756,105	1,868,524	1,582,825	1,739,842	157,017	9.9%
<b>Total Revenues</b>	7,790,213	8,173,236	8,252,928	8,171,203	8,526,205	8,399,740	(126,465)	-1.5%
Salaries & Benefits	4,990,287	5,323,611	5,173,914	5,421,742	5,420,380	5,457,300	36,920	0.7%
Operating Supplies	328,442	320,050	393,752	361,190	366,505	356,959	(9,546)	-2.6%
Charges for Services	1,376,625	1,218,465	1,342,005	1,431,449	1,532,168	1,451,918	(80,250)	-5.2%
Intergovernmental	400,530	492,361	467,590	436,297	485,854	418,592	(67,262)	-13.8%
Capital (Equip > \$7,500)	5,311	1,159	-	-	1	1	-	0.0%
Interfund Services	-	-	-	-	-	-	-	0.0%
InterDepartment	-	-	-	100	-	-	-	0.0%
NonExp/Transfers	571,695	679,285	761,600	649,110	649,111	701,379	52,268	8.1%
<b>Total Expenses</b>	<b>7,672,890</b>	<b>8,034,931</b>	<b>8,138,861</b>	<b>8,299,888</b>	<b>8,454,019</b>	<b>8,386,149</b>	<b>(67,870)</b>	<b>-0.8%</b>
Net Surplus/(Deficit)	117,323	141,303	114,067	(128,685)	72,186	13,591	(58,595)	-81.2%
<b>Ending Fund Balance</b>	<b>1,612,970</b>	<b>1,756,080</b>	<b>1,870,172</b>	<b>1,739,839</b>	<b>1,655,011</b>	<b>1,753,433</b>	<b>98,422</b>	<b>5.9%</b>

**City of Sequim  
2015 Budget**

**Total General Fund Expenses  
by Department  
8,386,150**



	2011 Actuals	2012 Actuals	2013 Actuals	2014 Forecast	2014 Budget	2015 Budget	2015-2014 Amount	%
<b>General Fund Total Expenses</b>	7,672,891	8,034,223	8,138,861	8,299,888	8,454,018	8,386,150	(67,868)	-1%

**City of Sequim  
2015**

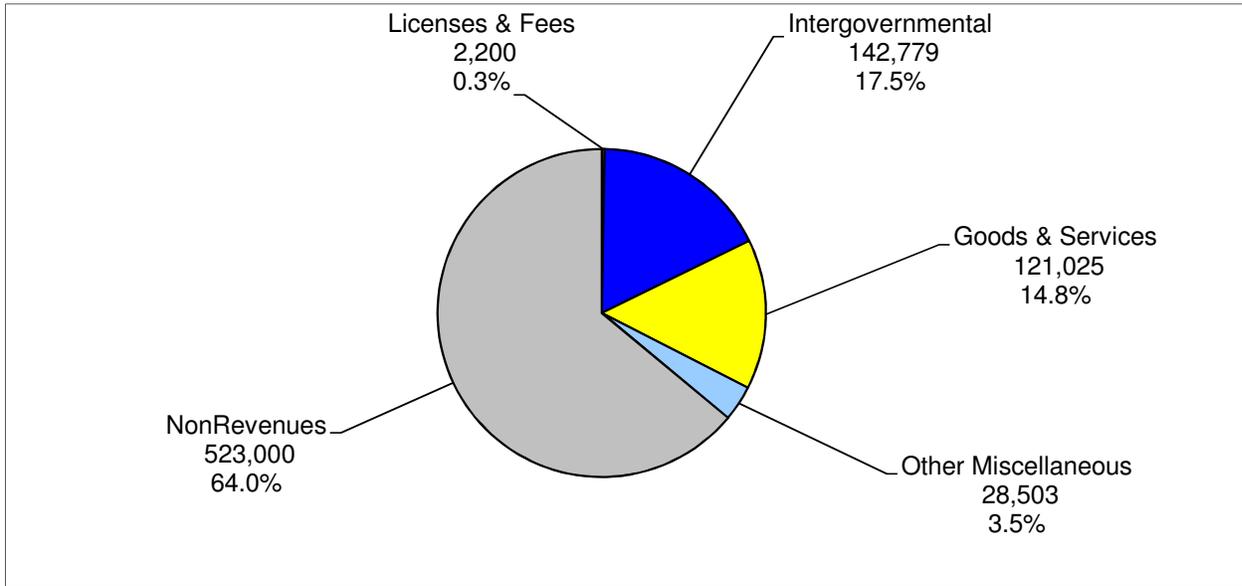
**General Fund Expenses by Department**

	2011 Actuals	2012 Actuals	2013 Actuals	2014 Forecast	2014 Budget	2015 Budget	2015-2014 Amount	%
<b>General Fund</b>								
<b>Total Expenses</b>	<b>7,672,891</b>	<b>8,034,223</b>	<b>8,138,861</b>	<b>8,299,888</b>	<b>8,454,018</b>	<b>8,386,150</b>	<b>(67,868)</b>	<b>-1%</b>
<b>Council</b>	<b>44,189</b>	<b>37,382</b>	<b>47,511</b>	<b>42,021</b>	<b>43,566</b>	<b>41,668</b>	<b>(1,898)</b>	<b>-4%</b>
<b>City Administration</b>								
City Manager	178,379	172,184	183,482	190,412	186,074	233,190	47,116	25%
City Clerk	215,387	238,163	239,351	223,320	224,544	219,040	(5,504)	-2%
Communications	61,854	47,923	49,791	53,865	54,051	48,694	(5,357)	-10%
Human Resources	266,405	180,123	176,450	202,354	201,612	206,406	4,794	2%
	<b>722,024</b>	<b>638,393</b>	<b>649,074</b>	<b>669,951</b>	<b>666,281</b>	<b>707,330</b>	<b>41,049</b>	<b>6%</b>
<b>City Attorney &amp; Criminal Prosecution</b>								
City Attorney	244,934	149,797	151,068	165,210	164,642	156,975	(7,667)	-5%
Criminal Prosecution	426,365	530,374	524,986	493,287	535,767	460,271	(75,496)	-14%
	<b>671,299</b>	<b>680,171</b>	<b>676,054</b>	<b>658,497</b>	<b>700,409</b>	<b>617,246</b>	<b>(83,163)</b>	<b>-12%</b>
<b>Administrative Services</b>								
Finance & IT	980,290	1,072,175	1,105,270	1,217,549	1,203,494	1,242,509	39,015	3%
NonDepartmental	368,694	400,986	425,473	411,992	470,684	518,936	48,252	10%
	<b>1,348,984</b>	<b>1,473,161</b>	<b>1,530,743</b>	<b>1,629,541</b>	<b>1,674,178</b>	<b>1,761,445</b>	<b>87,267</b>	<b>5%</b>
<b>Public Works General</b>								
Public Works Admin	580,895	820,826	592,675	681,495	688,005	557,859	(130,146)	-19%
Facilities	417,700	410,571	452,048	457,138	471,406	414,037	(57,369)	-12%
Engineering	184,916	277,750	281,493	290,021	289,674	243,640	(46,034)	-16%
	<b>1,183,512</b>	<b>1,509,147</b>	<b>1,326,216</b>	<b>1,428,654</b>	<b>1,449,085</b>	<b>1,215,536</b>	<b>(233,549)</b>	<b>-16%</b>
<b>Parks</b>	<b>187,101</b>	<b>176,328</b>	<b>173,486</b>	<b>230,011</b>	<b>242,486</b>	<b>276,171</b>	<b>33,685</b>	<b>14%</b>
<b>Dept of Community Development</b>								
Growth Development	301,127	151,691	163,178	200,168	194,411	152,572	(41,839)	-22%
Building Development & Code Compliance	258,422	329,302	342,107	349,301	363,680	363,848	168	0%
	<b>559,549</b>	<b>480,993</b>	<b>505,285</b>	<b>549,469</b>	<b>558,091</b>	<b>516,420</b>	<b>(41,671)</b>	<b>-7%</b>
<b>Police</b>	<b>2,384,734</b>	<b>2,480,152</b>	<b>2,530,492</b>	<b>2,651,744</b>	<b>2,679,923</b>	<b>2,631,334</b>	<b>(48,589)</b>	<b>-2%</b>
<b>Transfers</b>								
Street Ops	253,000	477,336	400,000	400,000	400,000	340,000	(60,000)	-15%
StormWater Ops	100,000	28,840	-	-	-	-	0	
Street Capital	113,500	52,320	60,000	-	-	-	0	
Equip Reserves from 098	100,000			Transfers moved to Departments, See Below				
Cap Facilities/Debt Service			240,000	10,000	10,000	269,000	259,000	2590%
Solid Waste/Other	5,000	-		30,000	30,001	10,000	(20,001)	-67%
	<b>571,500</b>	<b>558,496</b>	<b>700,000</b>	<b>440,000</b>	<b>440,001</b>	<b>619,000</b>	<b>178,999</b>	<b>41%</b>
<b>Transfer to Equipment Reserves Included in Department Budgets</b>								
Transfers to 164	-	120,789	61,600	209,110	209,110	82,379	(126,731)	-61%

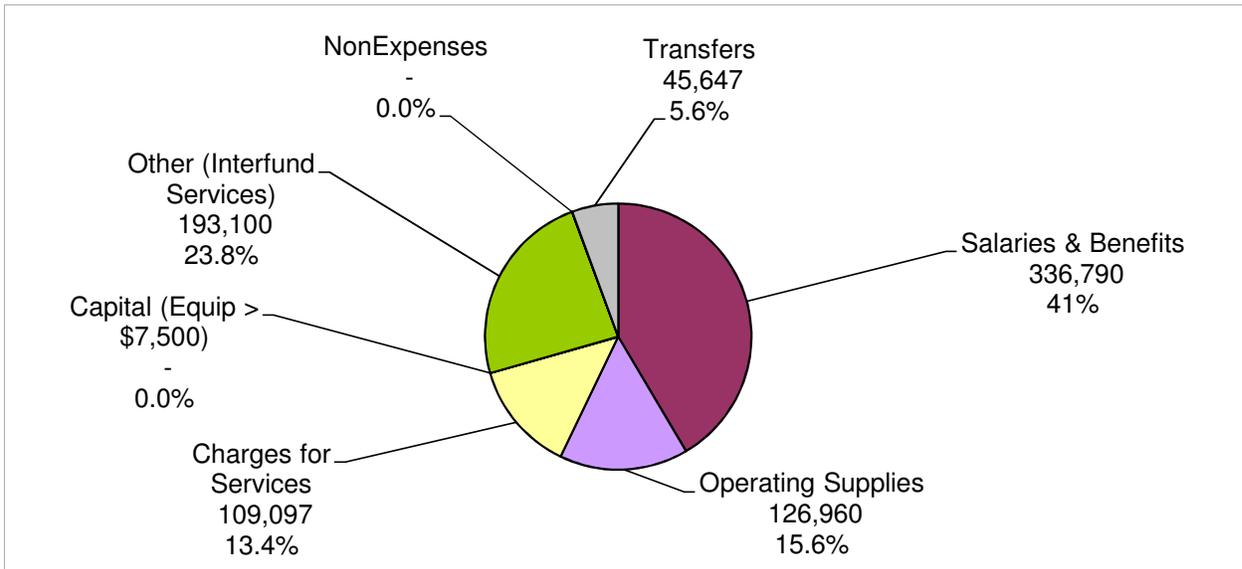
**City of Sequim  
2015 Budget**

**Street Operating Revenues & Expenses**

**Total Revenue     \$     817,507**



**Total Expenses     \$     811,594**



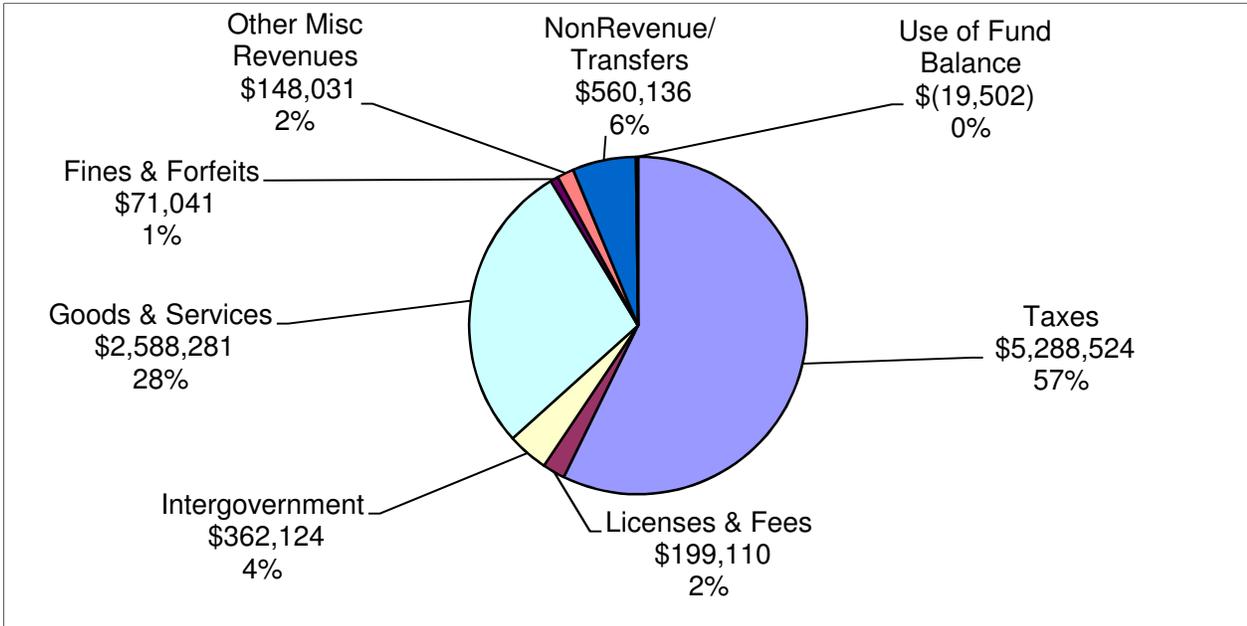
**2015 Budget**

Beginning Fund Balance	\$	148,618
Total Revenues		817,507
Total Expenses		811,594
Surplus/(Deficit)		5,913
Ending Fund Balance	\$	154,531

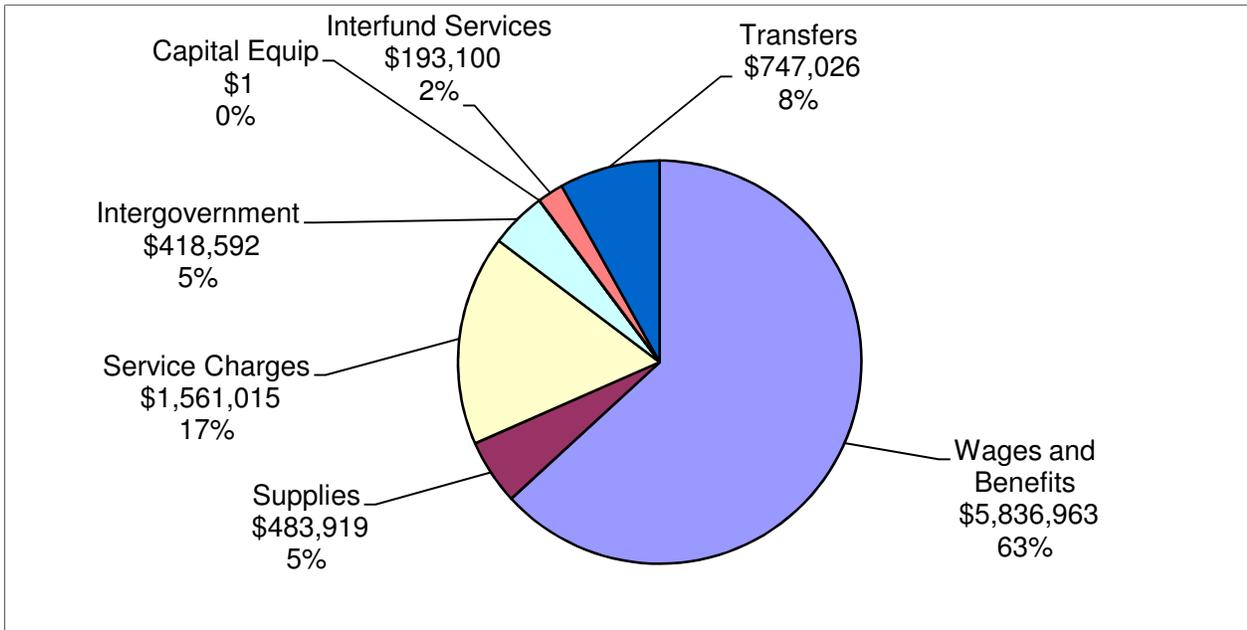
**City of Sequim  
2015 Budget**

**General Fund & Streets Operating Revenues & Expenses**

**Total Revenues \$ 9,197,745**

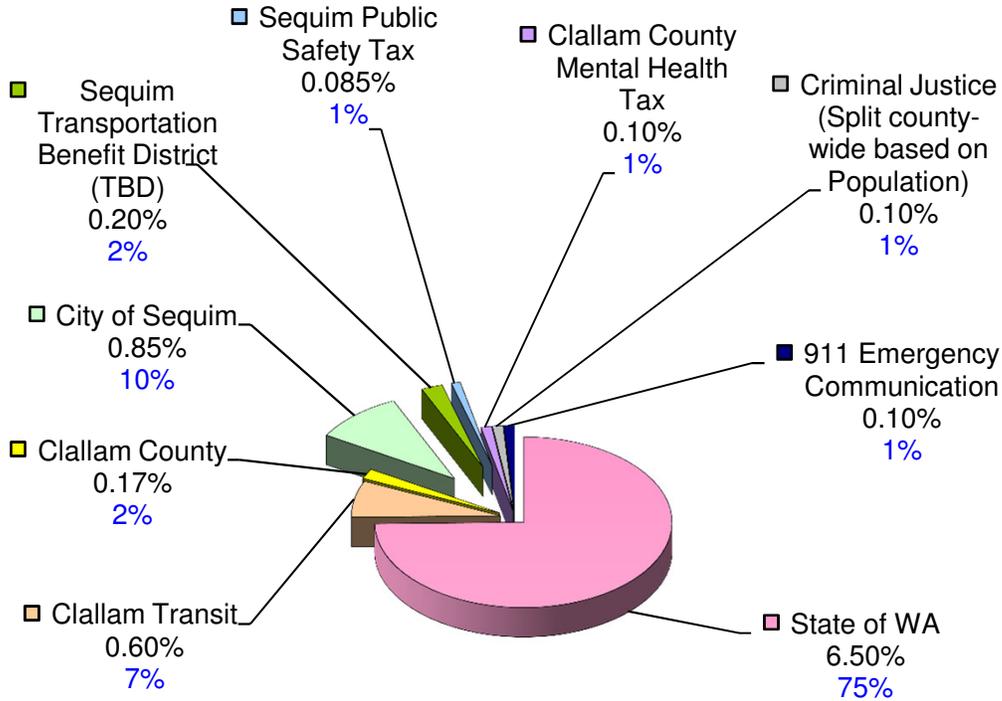


**Total Expenses \$ 9,240,616**



**CITY OF SEQUIM  
2015**

**8.70% Sales Tax Distribution  
Within the City Limits of Sequim**

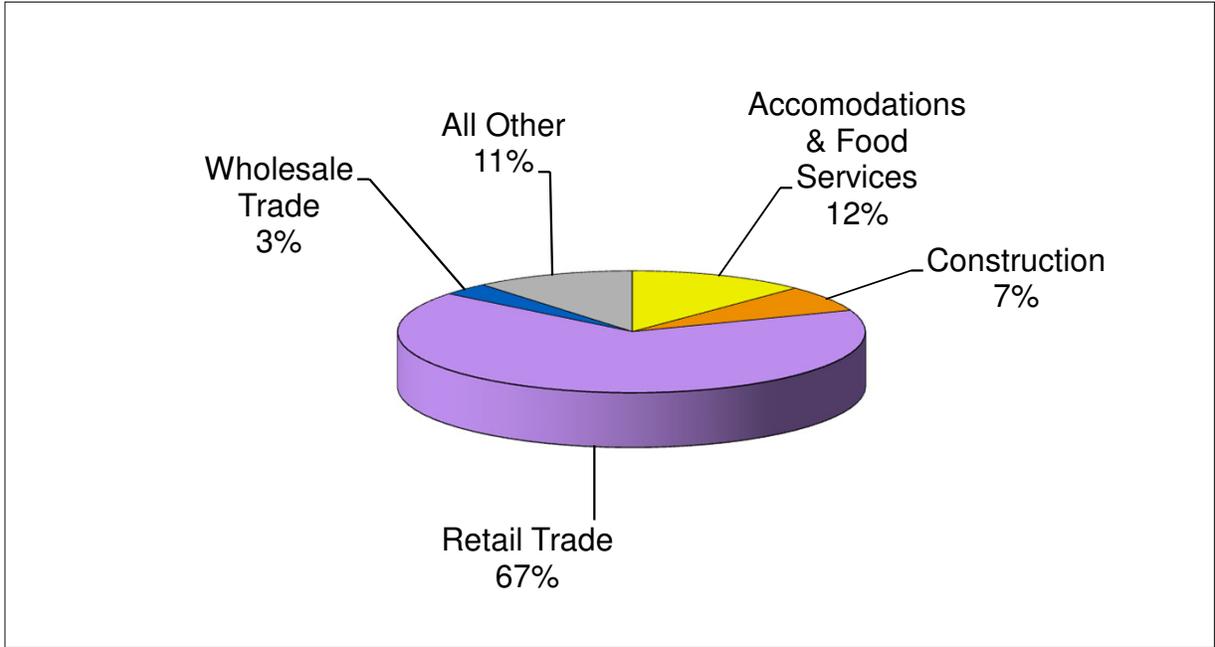


Distribution of Sales Tax Dollars		<i>Estimated</i>	
		<i>Annual Sequim Sales</i>	<i>Tax Revenue Generated</i>
<b>Total Tax %</b>	<b>8.70%</b>	<b>\$ 277,969,765</b>	<b>\$ 24,183,370</b>
State of WA	6.50%		18,068,035
Clallam Transit	0.60%		1,667,819
Clallam County	0.17%		458,650
<b>City of Sequim</b>	<b>0.85%</b>		<b>2,362,743</b>
Sequim Transportation Benefit District (TBD)	0.20%		555,940
Sequim Public Safety Tax	0.085%		236,274
Clallam County Mental Health Tax	0.10%		277,970
Criminal Justice (Split county-wide based on Population)	0.10%		277,970
911 Emergency Communication	0.10%		277,970

The taxable base includes all retail sales of personal property to state residents and some types of services. Exclusions are food products consumed off the premises and prescription services drugs. are remitted by the retailers to the WA State Department of Revenue by the 25th of the month (for most taxpayers). The Department of Revenue distributes the local government's share (less fees) on the last day of the month following remittance to the State.

**CITY OF SEQUIM  
2015 Budget**

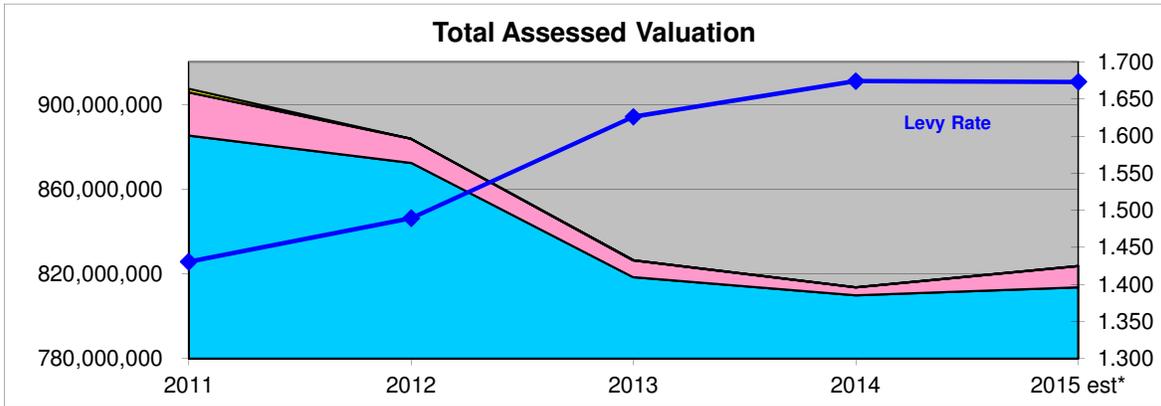
**Annual Sales Tax by Industry  
Estimate based on 2014 Forecast**



	2011 Actual	2012 Actuals	2013 Actuals	2014 Forecast	2015 Budget	2015-2014 Amount	%
<b>Accommodations &amp; Food Services</b>	254,626	272,504	296,390	289,970			
<b>Construction</b>	181,805	139,557	142,777	165,024		Budget detail	
<b>Retail Trade</b>	1,438,379	1,434,724	1,498,410	1,565,367		by Industry not	
<b>Wholesale Trade</b>	103,303	67,857	72,944	77,797		available	
<b>All Other</b>	302,462	260,209	243,457	259,323			
<b>State Adjustments</b>	31,307	5,657	22,709	-			
<b>Total</b>	<b>\$ 2,311,882</b>	<b>\$ 2,180,508</b>	<b>\$ 2,276,687</b>	<b>\$ 2,357,481</b>	<b>\$ 2,362,743</b>	<b>\$ 5,262</b>	<b>0.22%</b>

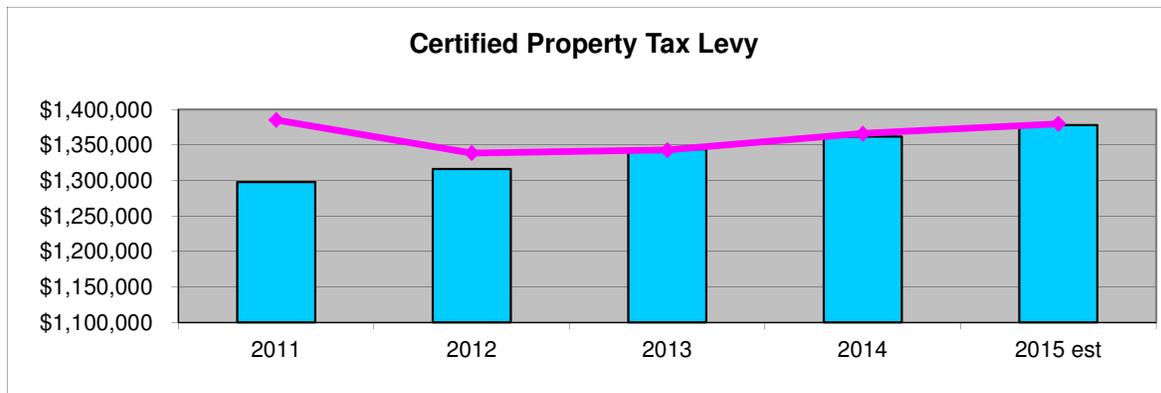
**Estimated Annual Sequim Sales**    \$271,986,118    \$256,530,353    \$267,845,529    \$ 277,350,706    \$ 277,969,765

**City of Sequim  
2015 Budget  
Property Tax**



	2011	2012	2013	2014	2015 est*
<b>Levy Rate</b>	<b>1.43066</b>	<b>1.48922</b>	<b>1.62605</b>	<b>1.67408</b>	<b>1.67310</b>
Existing Properties	885,198,077	872,379,918	818,328,871	809,854,861	813,614,967
New Construction	20,457,733	11,284,939	8,030,406	3,760,106	10,000,000
Annexation	1,585,754	-	-	-	-
<b>Prior Year Assessed Value</b>	<b>\$ 907,241,564</b>	<b>\$ 883,664,857</b>	<b>\$ 826,359,277</b>	<b>\$ 813,614,967</b>	<b>\$ 823,614,967</b>

2015 estimate, prelim valuation 9/24/14



Property Tax is a major source of revenue for the General Fund. The property tax increase is limited by state statute.

	2011	2012	2013	2014	2015 est
<b>Certified Property Tax Levy</b>	<b>\$ 1,297,951</b>	<b>\$ 1,315,974</b>	<b>\$ 1,343,705</b>	<b>\$ 1,362,056</b>	<b>\$ 1,377,990</b>
Highest Lawful Levy (prior year)	1,260,433	1,305,041	1,334,570	1,359,875	1,379,822
1% Increase	12,604	13,050	13,346	13,599	13,798
New Construction	29,264	16,145	11,959	6,348	16,740
State Assessed Properties	459	334	-	-	-
Annexation	2,281	-	-	-	-
Recover Refunded Amounts	2,973	1,544	2,613	2,650	2,500
<b>Allowable Levy (Tax)</b>	<b>\$ 1,308,014</b>	<b>\$ 1,336,114</b>	<b>\$ 1,362,488</b>	<b>\$ 1,382,472</b>	<b>\$ 1,412,860</b>

	2011	2012	2013	2014 Forecast	2015 Budget
Actual Property Taxes Received	\$ 1,385,322	\$ 1,338,578	\$ 1,342,846	\$ 1,366,141	\$ 1,379,802
Collection Rate	107%	102%	100%	100%	100%
Year-End Tax Receivables	\$ 102,361	\$ 79,756	\$ 80,616	\$ 76,531	\$ 74,719

The above "Actual Property Taxes" reflects what the City receives based on tax collections, which is often less than the levied rate.

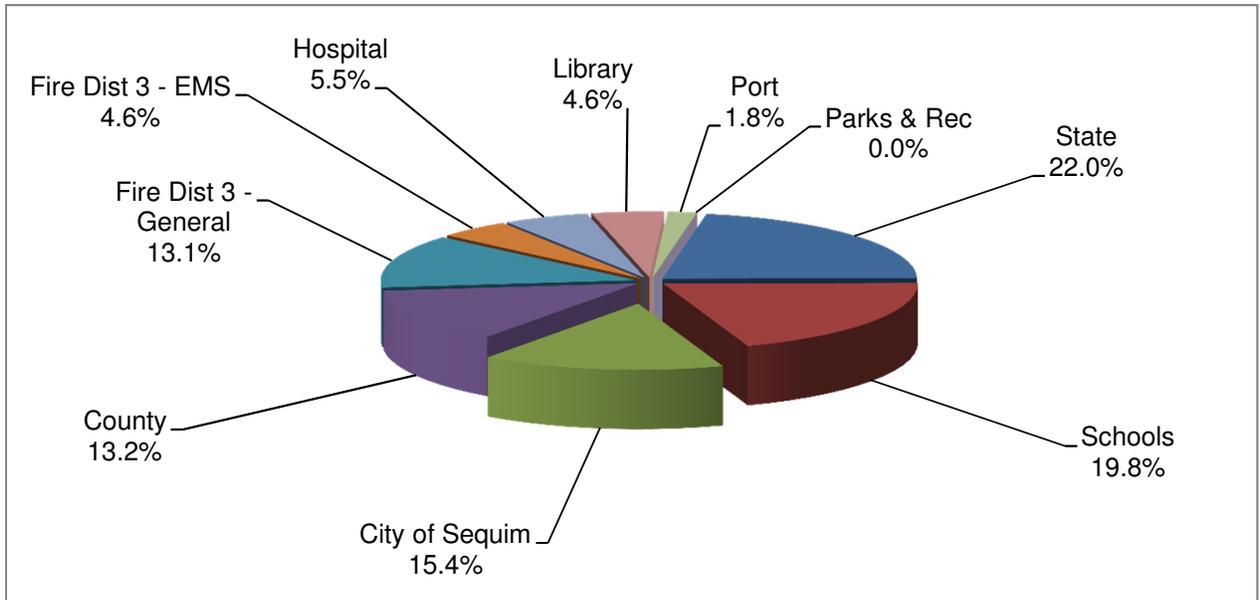
**City of Sequim  
2015 Budget**

**2014 Property Tax Levy Rate**

*(2015 estimates not available from Assessor's Office)*

<u>Clallam County Levy</u>		
2013 Clallam County Total Valuation:	\$	7,002,941,388
2013 City of Sequim Valuation:	\$	813,614,967
2014 Distribution per \$1,000 Assessed Value:	\$	10.89
Total 2014 Property Tax Levied:	\$	8,863,771

<b>Distribution of Property Tax Dollars</b>			<u>Estimated</u>
	<u>% Distribution</u>	<u>Rate per \$1,000</u>	<u>Sequim Property Tax</u>
State	22.0%	2.40165	1,954,016
Schools	19.8%	2.15650	1,754,562
<b>City of Sequim</b>	<b>15.4%</b>	<b>1.67408</b>	<b>1,362,056</b>
County	13.2%	1.44158	1,172,893
Fire Dist 3 - General	13.1%	1.42592	1,160,150
Fire Dist 3 - EMS	4.6%	0.50000	406,807
Hospital	5.5%	0.59455	483,736
Library	4.6%	0.50000	406,807
Port	1.8%	0.20002	162,742
Parks & Rec	0.0%	0.00000	-
	<b>100.0%</b>	<b>10.89431</b>	<b>\$ 8,863,771</b>



<b>2014 Example Property Tax Calculation</b>		
<u>Assessed Value</u>	<u>Total Tax</u>	<u>City of Sequim's Share</u>
\$150,000	\$1,634	\$251
\$200,000	\$2,179	\$335
\$250,000	\$2,724	\$419
Assessed Value x Levy Rate / \$1000 = Annual Property Tax		



## City Of Sequim Department Description

### Municipal Debt Capacity & Type of Debt

#### **General Obligation Debt**<sup>1</sup>

According to Washington State law, voters may approve general obligation debt issues of up to 7.5% of the City's assessed valuation. This 7.5% debt capacity is allocated evenly between general government purposes, utilities and open space, park facilities & capital facilities associated with economic development, resulting in a 2.5% limit for each. All voted bonds require a 60% majority approval. To validate the election, the total votes cast must equal at least 40% of the total votes cast in the last general election.

Under RCW 39.36.020(2), the public may vote to approve **Unlimited Tax General Obligation (UTGO)** bond issues for general government in an amount not to exceed 2.5% of the assessed valuation. UTGO Bonds represent debt that was approved by voters for a specific purpose. In this case, citizens have agreed to levy property taxes to repay the debt generally over a twenty-year period. Within the 2.5% limit, the City Council may approve **Limited Tax General Obligation (LTGO)** bond issues (also called Councilmanic Bonds) not to exceed 1.5% of the City's assessed valuation. LTGO Bonds can be issued with approval of the City Council. The 1.5% can be used for any municipal purpose, including using the entire amount for bonds. This non-voted debt is repaid from general revenues of the City.

Under RCW 39.36.020(4), the public may vote to approve **Parks, Open Space and Capital Facilities associated with Economic Development** bond issues and **Utility Purpose** bond issues. Each of which is also limited to 2.5% of the City's assessed valuation.

Although the City can legally issue up to 7.5% of its assessed valuation, bond-rating agencies have a lower threshold for an acceptable debt load. Bond rating agencies use several criteria for determining the level of debt a city can maintain. The two most important are debt as a percent of assessed valuation and debt per capita. As a general rule, debt in excess of 4.5% of assessed valuation is viewed as a cause for concern.

#### **Other Long Term Debt**

**Revenue bonds** are used to finance construction or improvements to facilities of enterprise systems operated by the City and are generally payable from the revenues of the enterprise. No taxing power or general fund pledge is provided as security. Unlike general obligation bonds, revenue bonds are not subject to the City's statutory debt limitation and voter approval is not required.

**Public Works Trust Fund loans and State Revolving Fund loans** are low interest and/or interest-free loans granted to Washington cities based on a competitive and comprehensive loan application process. The cities are evaluated based on 60% professional management and 40% city need. Those cities scoring highest in the State's evaluation process receive the favorable loans. The more significant qualifying criteria require cities to:

- Impose the ¼ of one percent real estate excise tax
- Develop a long-term plan for financing public work needs
- Use all local revenue sources which are reasonably available for funding public works
- Adopt a comprehensive plan
- Demonstrate a history of maintaining the city's utility system
- Demonstrate a commitment to professional management.

<sup>1</sup> RCW 39.36 – Public Contract & Indebtedness – Limitation of Indebtedness of taxing districts

# City Of Sequim Budget Overview

## Debt Summary

### 2015 Key Goal

- ❖ Manage the City's Municipal Debt and protect the City's credit rating (AA-)
  - Conservatively manage funding sources
  - Make timely debt payments
  - Prepare timely and accurate financial information that demonstrates compliance the a myriad of financial policies for Council and Rating Agencies

### 2015 Budget

- ❖ \$10.68m in LTGO debt was issued in August 2013 for the Civic Center project with total debt service in 2015 of \$660k
  - Funded with \$269k General Fund, \$230k from the Public Safety Tax, \$135k from REET and \$16k from interest on investment of the bond proceeds
- ❖ Keeler Park debt payments continue through 2018 at \$82k per year, funded by Park Impact fees and cell tower rental income
- ❖ Current Utility Debt payments continue as in prior years and are funded by Utility Rates
- ❖ Future utility loans/bonds and debt service related to other water and sewer infrastructure improvement
  - Water and sewer revenue bonds totaling approximately \$3m to fund the utility portion of the Civic Center project, and related debt service of \$115k per utility
  - Drinking Water Revolving Funds - \$862k
  - Other State Revolving Funds - \$720k

### General Obligation Debt

#### **2013 Limited Tax General Obligation (LTGO) Bond – Civic Center Project**

In 2013, the City issued \$10.68m in LTGO debt to provide funds for a portion of the City's Civic Center Project as well as to pay the costs of issuance and sale of the bonds (\$241k). Payment on the \$10.68m 30 year bond at 4.53% began in 2014, with interest only payments required in the first year and a half. Payments thereafter are \$660k annually. The bond matures in December 2043.

#### **2009 LTGO Bond - Keeler Property Acquisition**

In 2008, the City entered into an agreement to purchase park lands known as Keeler Park. In 2009, the City issued \$675k in debt to finance the purchase. The 10 year debt at 3.95% interest began repayment in June 2009 and the final payment was scheduled for December 2019. In June 2010, Ducks Unlimited contributed a \$200k North American Wetlands Conservation Act Grant to the City to put towards the purchase of the property, a habitat protected for birds, elk, and deer. The grant proceeds were used to pay down the 2009 debt. The final payment of the debt is now in December 2016.

### **Compensated Absences**

The City is obligated to pay accrued vacation and sick-leave to its employees in accordance with union contracts and internal personnel policies. Although Compensated Absences are not payable to employees on a particular schedule, like loans and bonds, they can become a sizable liability to agencies. In 2011, the State Auditor's Office clarified requirements for debt capacity calculations to include these obligations. Rating agencies exclude this particular obligation when calculating debt capacity.

### Utility Debt

#### **1998 WA State Revolving Fund (SRF) Loan – Sewer Reclaimed Water Facility**

The City received a \$5.324 million loan from the Washington Water Pollution Control – State Revolving Fund (SRF) Loan. This award was used to assist in the construction of a new "Class A" sewer reclamation facility at the City's sewer treatment plant and to extend the sewer outfall if grant funds were insufficient. Repayment commenced March 1, 1999 and continues at 0% interest, but interest is subject to change. Final payment is scheduled for March 2018.

## **City Of Sequim Budget Overview**

### **2009 WA State Revolving Fund (SRF) Loan – Sewer Water Reclamation Facility Upgrade & Expansion**

The City received a \$5.540 million loan from the Centennial Clean Water Program, Washington State Water Pollution Control Revolving Fund, WA State Department of Ecology. This award was used for the upgrade and expansion of a Water Pollution Control Facility. Repayment commenced on January 2011 at 2.1% interest. Final payment is scheduled for January 2030.

### **2013 WA State Public Works Trust Fund Loan (PWTF) for Aerobic Digester Upgrade**

City Council approved a loan of \$520k with an interest rate of 0.5% for a project to upgrade the current digesters and aeration system to allow greater control by the operators as well as improve energy efficiency. The City expects to collect the remaining \$510k of the proceeds in 2015, as the project deadline for completion is June 2015. Ten annual payments of principal and interest on the loan balance commence one year after completion of the project.

### **2015 Water and Sewer Revenue Bonds**

In 2014, Council approved a revenue bond proposal to fund the utility portion of the Civic Center project. The City is planning for approximately \$3m in proceeds, plus issuance costs and enough for a reserve/coverage amount that will likely be required by the bond covenants. Estimated debt service for each of the utilities will not exceed \$115k per year. This obligation is reflected in the budget (the 411 Water Restricted and 422 Sewer Restricted funds).

### **2015 Water and Sewer Loans - Other**

In 2013, Water and Sewer Capital Improvement Plans were adopted by Council and a Utility Rate Study was accepted. In 2014, the Capital Improvement Program (CIP) was also adopted. The plans/programs identified capital projects required to maintain the systems as well as meet the demands of growth in the area. The Rate Study provided information on revenue requirements of both enterprise funds over a 20 year period. Staff analyzed various alternative financial strategies and determined that a combination of rate increases and new debt in both water and sewer funds would be required to maintain satisfactory cash flow and reserves. New debt will depend upon the capital projects the City is capable of initiating and managing.

The City currently expects to obtain a Drinking Water Revolving Fund (DWRF) loan of \$862k in 2015 to fund expansion of the 5<sup>th</sup> & McCurdy booster station operations, replacement of an AC line on West Fir from 5<sup>th</sup> to Sequim Ave, expand services to Emerald Highlands, and general asbestos line replacement and oversizing.

The City is also applying for additional SRF funds totaling \$720k to assist in upgrading the Aerobic Digester project mentioned above, including headworks and grit removal system improvements.

**City of Sequim  
2015 Budget**

**Debt Capacity**

Based on Prior Year Assessed Value

<i>Amount at End of Year</i>	<u>2011</u> <u>Actuals</u>	<u>2012</u> <u>Actuals</u>	<u>2013</u> <u>Actuals</u>	<u>2014</u> <u>Forecast</u> <small>as of 9/2014</small>	<u>2015</u> <u>Budget</u>
<b>Prior Year Assessed Property Value</b>	907,241,564	883,664,857	826,359,277	813,614,967	823,614,967
				<small>2015 estimates, prelim valuation 9/24/14</small>	
<b>General Purpose Debt Limit</b>					
NonVoted Debt Limit 1.5% (councilmanic)	13,608,623	13,254,973	12,395,389	12,204,225	12,354,225
Voted Debt Limit 1.0%	9,072,416	8,836,649	8,263,593	8,136,150	8,236,150
<b>Debt Limit 2.5%</b>	<b>22,681,039</b>	<b>22,091,621</b>	<b>20,658,982</b>	<b>20,340,374</b>	<b>20,590,374</b>
<b>Utility Purpose Debt Limit</b>					
Voted Debt Limit 2.5%	22,681,039	22,091,621	20,658,982	20,340,374	20,590,374
<b>Open Space, Park &amp; Capital Facilities Debt Limit</b>					
Voted Debt Limit 2.5%	22,681,039	22,091,621	20,658,982	20,340,374	20,590,374
<b>Total General Obligation Debt Capacity</b>	<b>68,043,117</b>	<b>66,274,864</b>	<b>61,976,946</b>	<b>61,021,123</b>	<b>61,771,123</b>
<b>NonVoted General Obligation Debt Outstanding</b>					
City Hall/Police Facility LTGO			10,680,000	10,680,000	10,455,000
Keeler Park Note/Bond	349,193	279,941	207,926	133,038	55,163
Compensated Absence Accrual	724,097	715,662	763,002	654,454	620,000
<b>◆◆ NonVoted GO Debt Outstanding</b>	<b>1,073,290</b>	<b>995,602</b>	<b>11,650,928</b>	<b>11,467,492</b>	<b>11,130,163</b>
NonVoted Debt Capacity					
Voted Debt Capacity	12,535,333	12,259,370	744,462	736,733	1,224,062
<b>Availalbe GO Debt Capacity</b>	<b>54,434,494</b>	<b>53,019,891</b>	<b>49,581,557</b>	<b>48,816,898</b>	<b>49,416,898</b>
	<b>66,969,827</b>	<b>65,279,262</b>	<b>50,326,018</b>	<b>49,553,631</b>	<b>50,640,960</b>
<b>GO Debt as % of Assessed Value</b>	<b>0.12%</b>	<b>0.11%</b>	<b>1.41%</b>	<b>1.41%</b>	<b>1.35%</b>
Industry Standard not to exceed					4.5%
					37,062,674
<b>GO Debt per Capita</b>	162	147	1,700	1,660	1,607
Population	6,625	6,795	6,855	6,910	6,924

**Revenue Debt Outstanding (excluded from General Purpose Debt limits)**

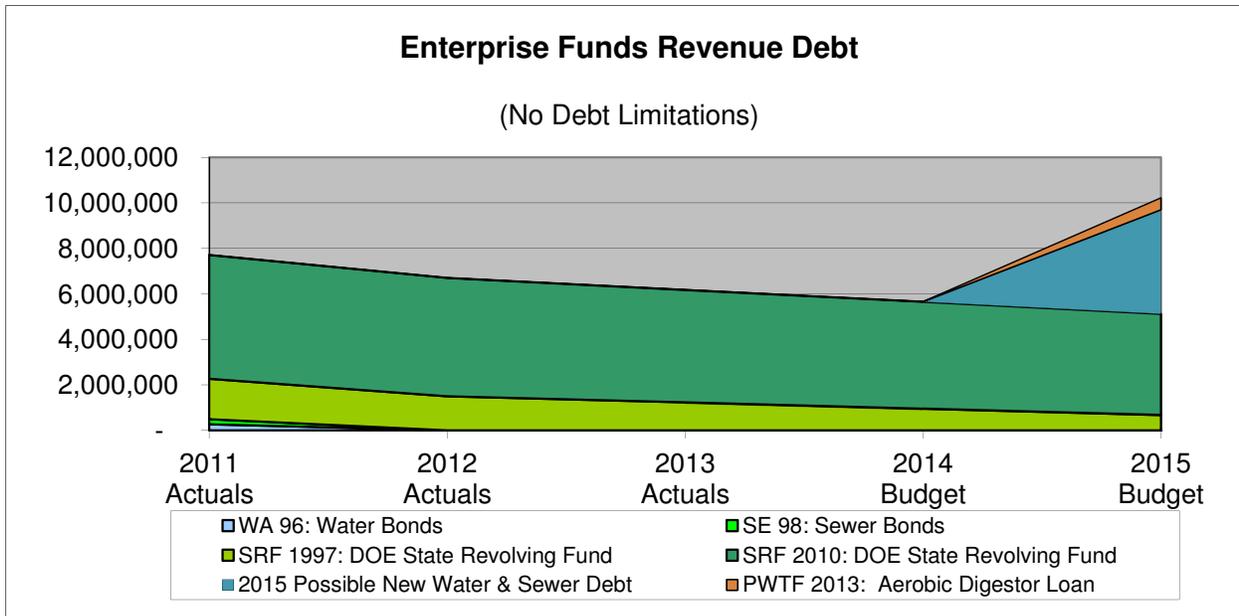
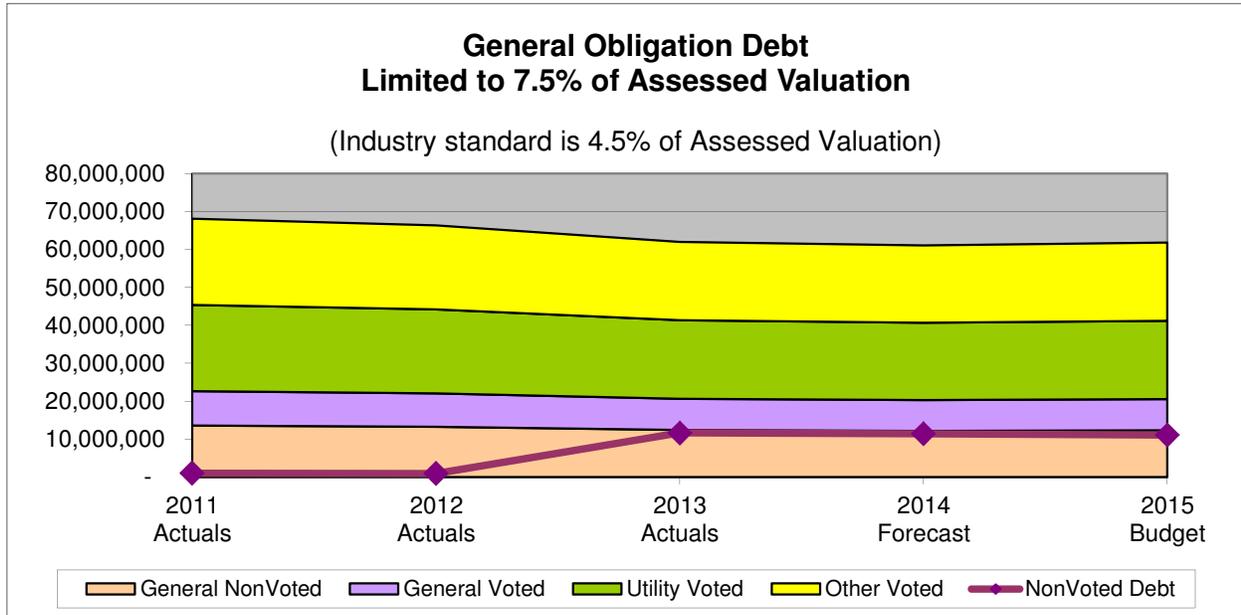
<i>Amount Outstanding at End of Year</i>	<u>2011</u> <u>Actuals</u>	<u>2012</u> <u>Actuals</u>	<u>2013</u> <u>Actuals</u>	<u>2014</u> <u>Budget</u>	<u>2015</u> <u>Budget</u>
SRF 2010: DOE State Revolving Fund	5,442,967	5,199,625	4,951,124	4,697,353	4,438,201
SRF 1997: DOE State Revolving Fund	1,774,666	1,501,641	1,228,615	955,590	682,564
PWTF 2013: Aerobic Digester Loan			9,675	9,675	520,000
2015 Possible New Water & Sewer Debt				-	4,582,000
<sup>2</sup> SE 98: Sewer Bonds	230,000	-			-
<sup>1</sup> WA 96: Water Bonds	270,000	-			-
<b>Revenue Debt Outstanding</b>	<b>7,717,633</b>	<b>6,701,266</b>	<b>6,189,414</b>	<b>5,662,618</b>	<b>10,222,766</b>

<sup>2</sup> 2012: Paid off early

Per amortization Schedule Principal outstanding (cash basis: interest not recorded until due)

**City of Sequim  
2015 Budget**

**Debt Capacity**





# City of Sequim 2015 Budget

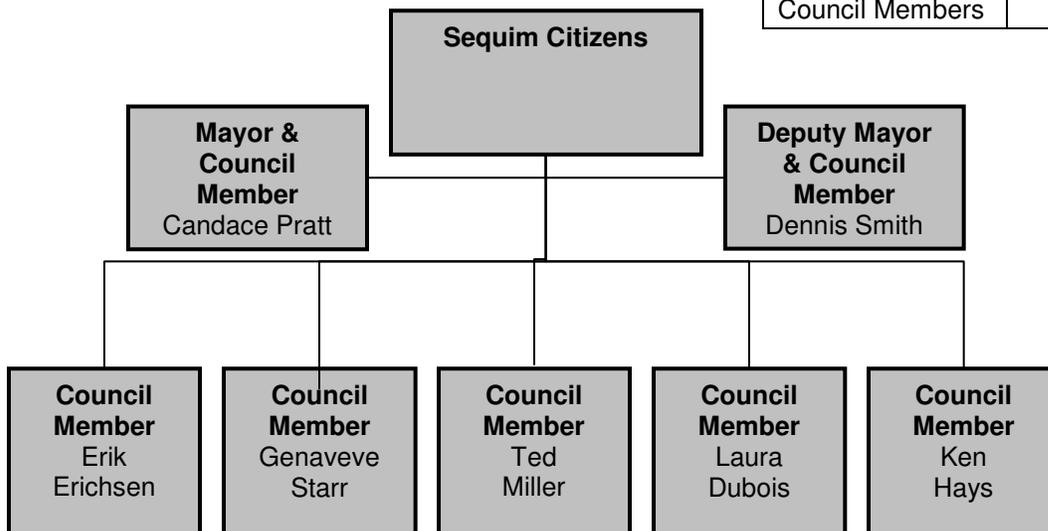
**City Council  
City Administration  
Civil Matters & Criminal Prosecution  
Communications/Marketing**



# City Of Sequim Department Description

## City Council

Staffing	Budget 2015
Council Members	7.00



- Passes local ordinances and resolutions
- Approves contracts
- Establishes policy
- Approves the budget
- Approves various land use actions
- Listens to concerns and suggestions from the residents
- Appoints the City Manager
- Establishes various committees and confirms appointments to those committees
- Mayor serves as the ceremonial head of the City

The City of Sequim operates under the council-manager form of government. Under the council-manager form of government for municipalities, the elected governing body (**City Council**) is responsible for the legislative function of the municipality such as establishing policy, passing local ordinances, establishing an annual budget, and developing an overall vision.

The Council is made up of seven members elected at large on a non-partisan basis for overlapping four-year terms. Every two years Council members elect a Mayor and Mayor Pro-tem from among their membership to lead the Council's business meetings and represent the City at official functions.

Work by the Council involves considerable interaction with citizens, commissions, other governmental agencies, and staff. Regular meetings of the Council are held every second and fourth Monday evening starting at 6:00 p.m. Work sessions are held prior to the regular meeting, if necessary to devote extra study to an issue.

### 2015 Key Goals

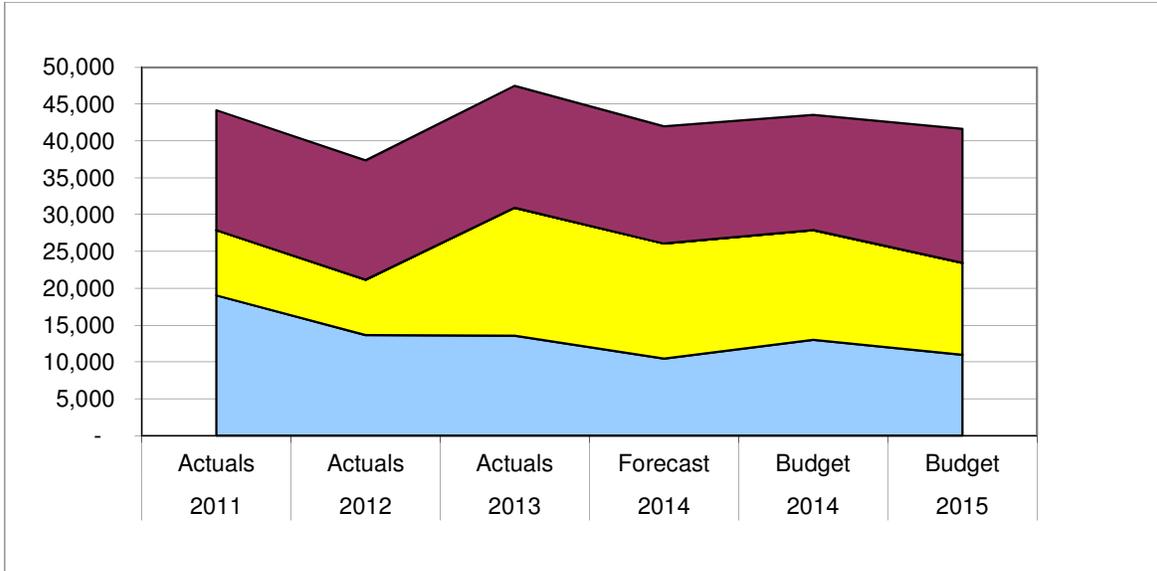
- ❖ Maintain and improve streets and sidewalks
- ❖ Adopt Comprehensive Plan Update
- ❖ Establish core values for economic development
- ❖ Construct a new Civic Center which includes City Hall and Police Station, on time/on budget
- ❖ Support a community solution for Guy Cole Center
- ❖ Provide policy guidance on private streets/water systems

### 2015 Budget Summary

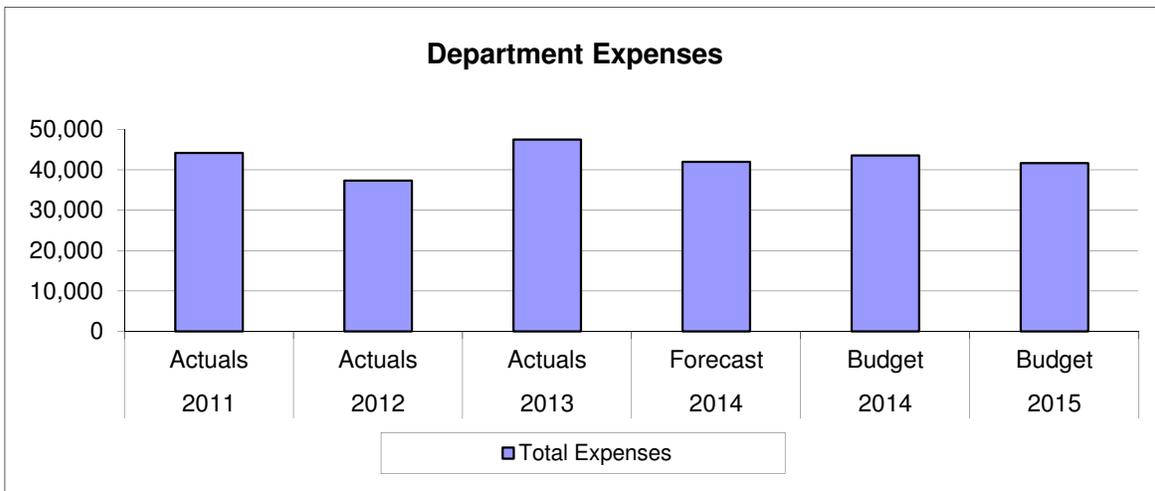
- ❖ No significant changes

**City of Sequim  
2015 Budget  
5-Year Summary**

**City Council Expenses**



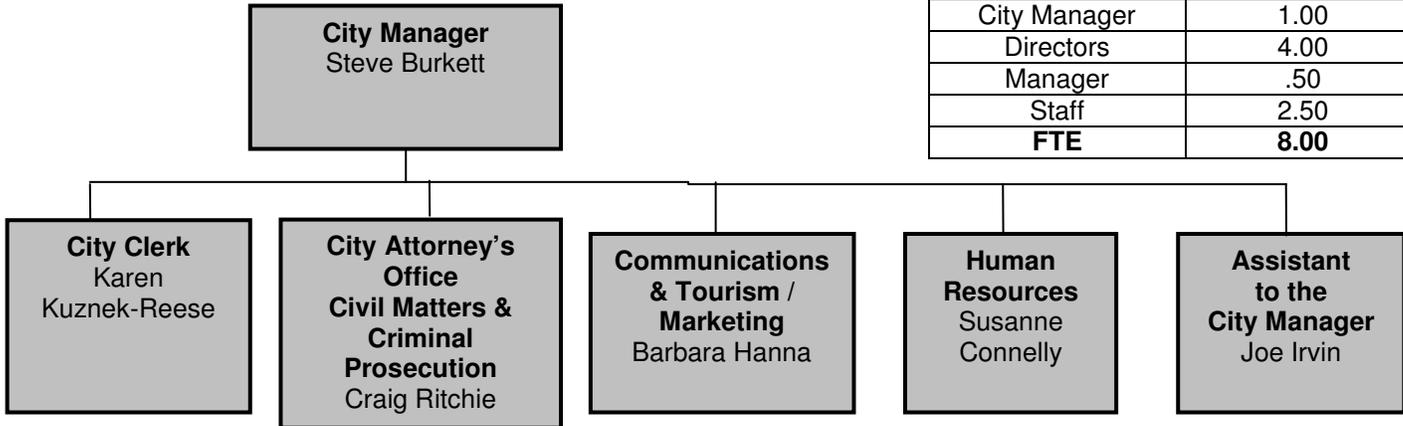
	2011 Actuals	2012 Actuals	2013 Actuals	2014 Forecast	2014 Budget	2015 Budget	2015-2014	
							Amount	%
Salaries & Benefits	16,294	16,172	16,554	15,932	15,636	18,193	2,557	16%
Operating Supplies	-	25	-	-	-	-	-	0%
Charges for Services	8,851	7,526	17,367	15,641	14,930	12,475	-2,455	-16%
Intergovernmental	19,043	13,660	13,589	10,448	13,000	11,000	-2,000	-15%
<b>Total Expenses</b>	<b>44,189</b>	<b>37,382</b>	<b>47,510</b>	<b>42,021</b>	<b>43,566</b>	<b>41,668</b>	<b>(1,898)</b>	<b>-4%</b>



**City of Sequim  
Department Description**

**City Administration  
City Manager, City Clerk, City Attorney, Communications & Human Resources  
Donations (restricted) & Hotel/Motel (restricted)**

Staffing	Budget 2015
City Manager	1.00
Directors	4.00
Manager	.50
Staff	2.50
<b>FTE</b>	<b>8.00</b>



**City Clerk /  
Special Projects**

- Prepare council meeting agendas, packets and minutes
- Manage official City records and serves as Public Records Officer
- Publish, update & distribute City ordinances & code
- Open Public Meetings Act compliance
- Passport Acceptance Agent
- Gifting & Donations
- Volunteer Program
- Customer Service Program
- City facility rentals
- Staff liaison to City Arts Advisory Commission

**Civil Legal  
Matters**

- Employment / Labor law
- Contracts
- Prepare ordinances and resolutions
- Advise City representatives on all legal issues
- Municipal Court Services

**Criminal  
Prosecution**

- Court and jail services contracted with other agencies
- Criminal legal services
- Supervise court services
- Review filings, pleas or offers

**Communications**

- Direct City's communication strategy & development
- Serve as internal consultant on communications
- Contact point for citizens & community groups
- Handle or advise on high profile media issues
- Manage content & publishing of monthly utility newsletter

**Tourism/  
Marketing**

- Develop & implement marketing plan
- Increase tourism through advertising & public relations vehicles
- Work with Lodging Tax Advisory Committee
- Represent City & partner with other tourism organizations

**Human  
Resources**

- Compensation & benefits
- Development & training
- Recruitment
- Employee relations
- Labor Relations
- H.R. Policy and administration

**City Management**

- Assist City Manager in execution of city-wide operations and special projects integral to the management of the city
- Review and conduct studies on operational, administrative, policy and legislative issues
- Research, analyze, recommend and administer approved policies and procedures necessary to provide and improve services
- Lead high profile projects and initiatives as assigned
- Coordinate the development of the Capital Improvement Plan
- Manages the City's Parks and Recreation programming and master planning efforts

# **City Of Sequim Budget Overview**

## **City Administration City Manager Steve Burkett, City Manager**

### **Department Description**

The mission of the City Manager's Office is to implement the City Council's goals and vision for the community, provide organizational leadership, strategic direction, and ensure the delivery of efficient and effective public facilities and services. To accomplish this, the Manager resolves issues by promoting effective two-way communication among the City Council, citizens, community/regional stakeholders and staff. The City Manager also makes policy recommendations to the Council, implements Council policy decisions and directives, prepares the recommended annual budget, the long range financial plan, appoints and evaluates Department Heads, and interacts with Council, citizens, commissions, other governmental agencies and staff. The City Manager also evaluates City operations, customer service practices and identifies opportunities for improvement. The City Manager is responsible for the efficient, ethical, and professional management of all affairs and departments operating within the city.

### **2015 Key Goals**

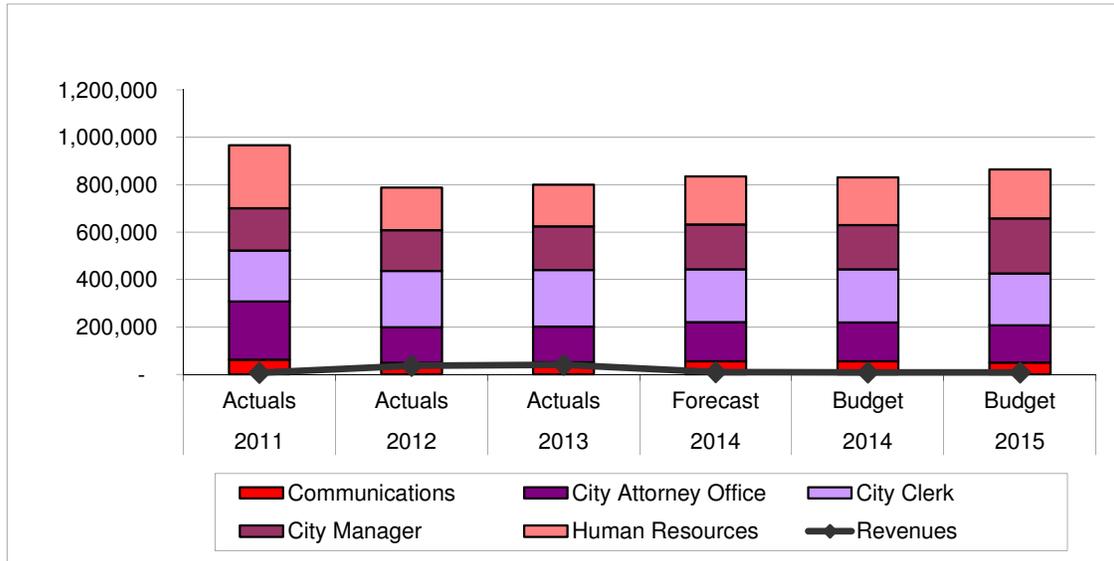
- ❖ Accomplish the City Council's adopted priorities
- ❖ Monitor the construction of the new Civic Center to keep the project on schedule and within the budget.
- ❖ Propose a balanced and sustainable long-range financial plan.
- ❖ Continue to develop the effectiveness of the city's Leadership Team.
- ❖ Initiate and implement an effective transition and succession plan due to anticipated City Manager and Department Head retirements.

### **2015 Budget Summary**

- ❖ In 2015 changes to staffing include a move of .5 FTE to the City Manager's Department (Assistant to the City Manager), while the remaining .5 FTE remains in the Public Works Department in charge of Parks Administration. There is no net increase in city-wide FTE's associated with this staffing change. This change has been made to provide support to the City Manager in the management and evaluation of city-wide operations and completion of special projects integral to the management of the City. The addition of the .5 FTE to the City Manager's office will better equip the City Manager's office to take the lead on city-wide projects and initiatives that are not appropriate for specific departments.

**City of Sequim  
2014 Budget  
5-Yr Summary**

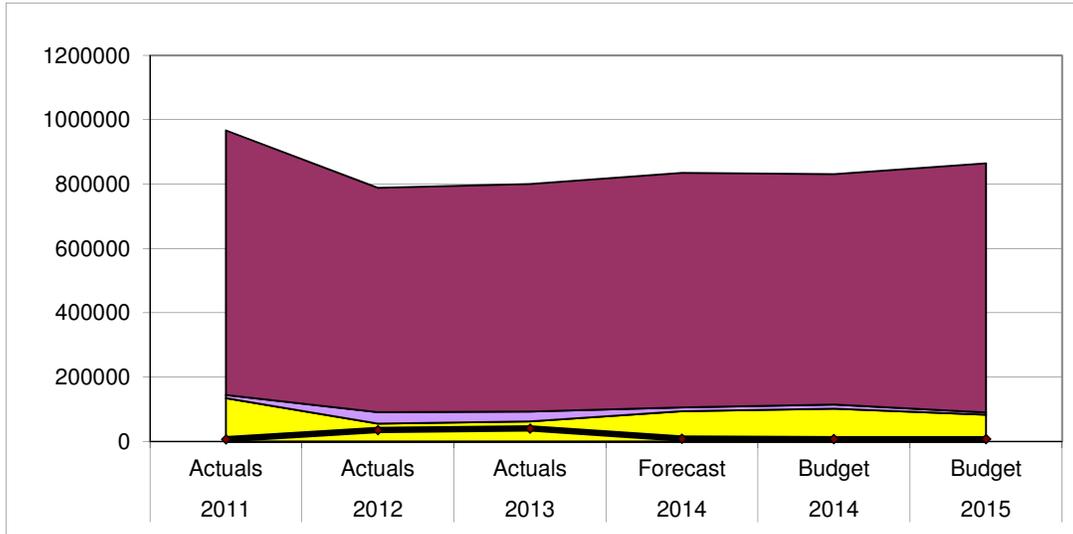
**City Administration Expenses by Department  
City Manager, Clerk, Attorney, Communications & Human Resources**



	2011 Actuals	2012 Actuals	2013 Actuals	2014 Forecast	2014 Budget	2015 Budget	2015-2014	
							Amount	%
<b>Revenues</b>								
011 Clerk	6,752	35,231	40,226	8,858	8,600	7,129	(1,471)	-17%
012 City Manager	-	-	-	-	-	-	-	0%
013 City Attorney	-	-	-	-	-	-	-	0%
015 Communications	-	-	-	-	-	-	-	0%
016 Human Resources	-	-	-	-	-	-	-	0%
◆◆◆ Revenues	6,752	35,231	40,226	8,858	7,129	7,129	377	0%
<b>Expenses</b>								
City Manager	178,379	172,184	183,482	190,412	186,074	233,190	47,116	25%
City Clerk	215,387	238,163	239,351	223,320	224,544	219,040	(5,504)	-2%
City Attorney Office	244,934	149,797	151,068	165,210	164,642	156,975	(7,667)	-5%
Communications	61,854	47,948	49,791	53,865	54,051	48,694	(5,357)	-10%
Human Resources	266,405	180,123	176,450	202,354	201,612	206,406	4,794	2%
<b>Total City Administration</b>	<b>966,957</b>	<b>788,215</b>	<b>800,142</b>	<b>835,161</b>	<b>830,923</b>	<b>864,305</b>	<b>33,382</b>	<b>4%</b>

**City of Sequim  
2015 Budget  
5-Year Summary**

**City Administration Expenses  
City Manager, Clerk, Attorney, Communications & Human Resources**



	2011 Actuals	2012 Actuals	2013 Actuals	2014 Forecast	2014 Budget	2015 Budget	2015-2014 Amount	%
<b>Revenues</b>								
011 Clerk	6,752	35,231	40,226	8,858	8,600	7,129	(1,471)	-17%
012 City Manager	-	-	-	-	-	-	-	0%
013 City Attorney	-	-	-	-	-	-	-	0%
015 Communications	-	-	-	-	-	-	-	0%
016 Human Resources	-	-	-	-	-	-	-	0%
<b>Revenues</b>	<b>6,752</b>	<b>35,231</b>	<b>40,226</b>	<b>8,858</b>	<b>7,129</b>	<b>7,129</b>	<b>-</b>	<b>0%</b>
<b>Expenses</b>								
Salaries & Benefits	822,397	697,087	707,130	729,324	715,965	774,712	58,747	8%
Operating Supplies	10,187	35,628	30,223	11,618	13,050	6,900	(6,150)	-47%
Charges for Services	134,374	55,500	62,789	94,219	101,908	82,693	(19,215)	-19%
Intergovernmental *	-	-	-	-	-	-	-	0%
Capital (Equip > \$7,500)	-	-	-	-	-	-	-	0%
Transfers (Equip Reserve)	-	-	-	-	-	-	-	0%
<b>Total Expenses</b>	<b>966,957</b>	<b>788,215</b>	<b>800,142</b>	<b>835,161</b>	<b>830,923</b>	<b>864,305</b>	<b>33,382</b>	<b>4%</b>

# City Of Sequim Budget Overview

## City Administration City Clerk (General Fund) Gifting & Donations (Restricted) Karen Kuznek-Reese, City Clerk

### Department Description

#### *City Clerk*

This office is responsible for all public records, assures compliance with the Open Public Meetings Act, public notice requirements, and records management laws, provides administrative support to the City Council and City Manager, and is responsible for management of the Volunteer Program and customer service. The City Clerk is also responsible for Special Projects such as Music in the Park, the City's Wellness Program and serves as staff liaison to the recently-formed City Arts Advisory Commission. The City Clerk's office also serves as a passport acceptance agent and processes requests for facility rentals.

#### *Gifting and Donations*

This is a separate fund from the General Fund. It was established in accordance with Sequim Municipal Code 3.74, Donations, Devises or Bequests to record the proceeds from monetary and non-monetary donations accepted by the City Manager, as appropriate, of value, or useful to the city. All donations that are accepted must meet City guidelines (i.e. design standards for structures) as applicable.

The Music in the Park (M&M) program is included in this budget. Donations and sponsorships from the community fund this program providing free entertainment to the public.

### 2015 Key Goals

#### *City Clerk*

- ❖ Convert the City's paper records to electronic which will eliminate moving paper documents to the new Civic Center as well as increase accessibility for staff and public
- ❖ Work with the City Arts Advisory Commission to develop a Strategic Plan for public art in the City
- ❖ Develop a city-wide signage policy
- ❖ Implement new software to increase efficiencies in departmental functions
- ❖ Update and implement policy for city facility rentals

#### *Gifting & Donations*

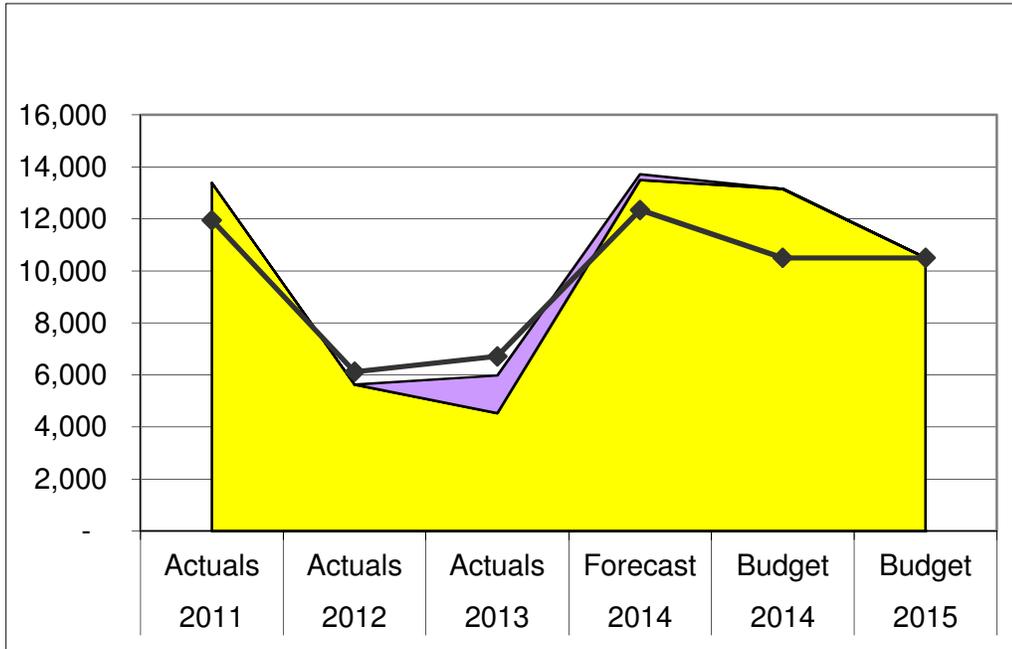
- ❖ Obtain sponsors for Music in the Park
- ❖ Obtain sponsors to conduct a celebratory event to commemorate the opening of the new Civic Center
- ❖ Work with the City Arts Advisory Committee to develop a process for donations to public art

### 2015 Budget Summary

Slight reductions were made in this budget.

**City of Sequim  
2015 Budget  
5-Year Summary**

**Gifts and Donations (restricted fund)**



	2011 Actuals	2012 Actuals	2013 Actuals	2014 Forecast	2014 Budget	2015 Budget	2015-2014	
							Amount	%
<b>Beginning Fund Balance</b>	1,579	143	633	1,373	9,154	0	(9,154)	-100%
<b>Revenues</b>	11,946	6,119	6,716	12,338	10,501	10,500	(1)	0%
Operating Supplies	-	-	1,447	224	-	-		0%
Charges for Services	13,383	5,628	4,529	13,487	13,150	10,500	(2,650)	-20%
Capital (Equip > \$7,500)	-	-	-	-	-	-		0%
NonExpenses	-	-	-	-	-	-		0%
<b>Total Expenses</b>	<b>13,383</b>	<b>5,628</b>	<b>5,976</b>	<b>13,711</b>	<b>13,150</b>	<b>10,500</b>	<b>(2,650)</b>	<b>-20%</b>
<b>Surplus / (Deficit)</b>	<b>(1,437)</b>	<b>490</b>	<b>740</b>	<b>(1,373)</b>	<b>(2,649)</b>	<b>-</b>	<b>2,649</b>	<b>-100%</b>
<b>Ending Fund Balance</b>	<b>143</b>	<b>633</b>	<b>1,373</b>	<b>-</b>	<b>6,505</b>	<b>-</b>	<b>(6,505)</b>	<b>-100%</b>

# City Of Sequim Budget Overview

## City Administration City Attorney & Criminal Prosecution Services Craig Ritchie, City Attorney

### Department Description

#### *City Attorney*

To reduce the City's risk of loss due to legal issues, the City Attorney serves as legal advisor to the City Council, staff and boards/commissions. This department provides legal advice, document review and drafting, litigation, legal compliance and liability reduction as well as supervision of Municipal Court activities. This department also provides legal research, advice, contract preparation and negotiations related to the civic center.

#### *Criminal Prosecution/Municipal Court*

This function reviews criminal cases from initial charging decisions through plea bargains to disposition, manages the criminal case files, exercises supervisory authority over the City's contract prosecutor and processes diversions for the diversion program. This budget includes all aspects of court, jail, provision of indigent defense services, prosecution support services including subpoenas, criminal complaints other than officer-originated citations, and sets prosecution policies and deals with cost containment. The function also serves as an advisor to the Sequim Police on legal issues.

### 2015 Key Goals

#### *Civil Legal Matters*

- ❖ Continue to minimize non-necessary legal costs

#### *Criminal Prosecution Services*

- ❖ Continue to minimize non-necessary jail costs

### 2015 Budget Summary

#### *City Attorney*

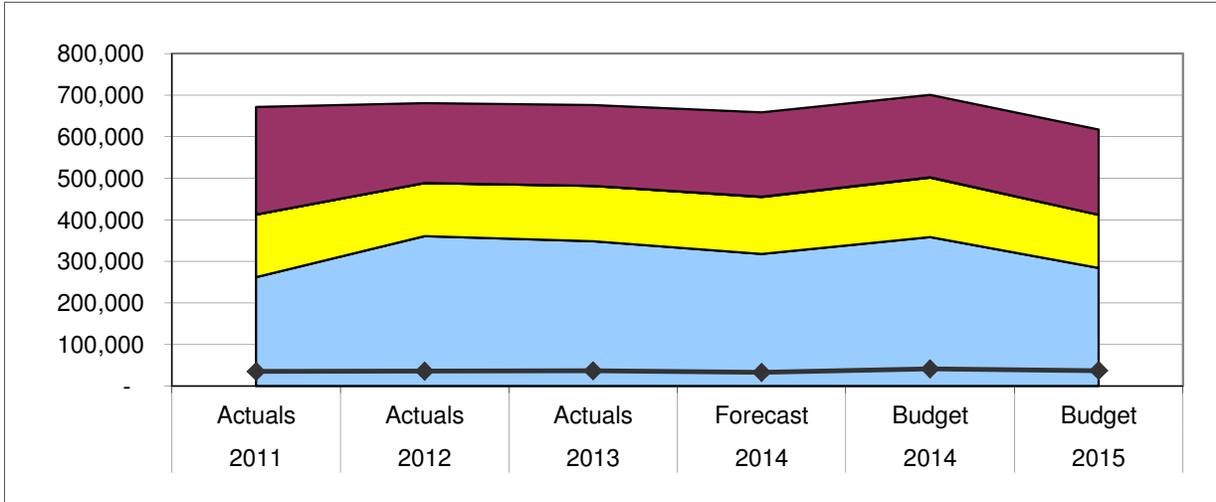
- ❖ There are no significant changes from the 2014 budget.

#### *Criminal Prosecution*

- ❖ The City has entered an agreement with the County for a flat jail rate of \$240,000 for 2015

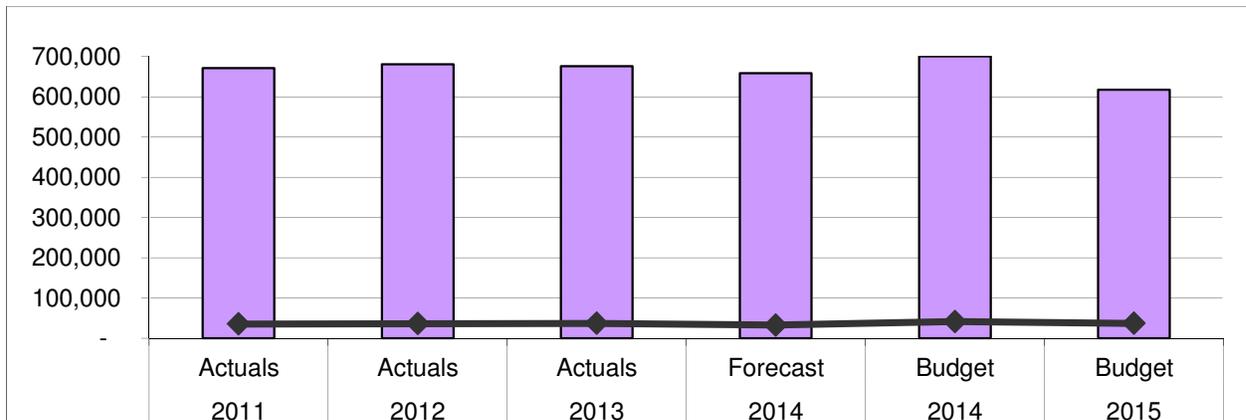
**City of Sequim  
2015 Budget  
5-Year Summary**

**City Attorney's Office  
Criminal Prosecution Services**



	2011 Actuals	2012 Actuals	2013 Actuals	2014 Forecast	2014 Budget	2015 Budget	2015-2014	
							Amount	%
Intergovernmental Revenues	6,444	3,868	100	3,060	5,304	100	(5,204)	-98%
Charges for Goods & Services	11,448	10,546	11,956	9,218	10,675	12,134	1,459	14%
Fines & Forfeits	12,785	17,359	20,872	15,144	16,395	20,900	4,505	27%
NonRevenues & Other Financing	4,750	4,579	4,136	5,622	9,205	4,136	(5,069)	-55%
<b>Revenues</b>	<b>35,426</b>	<b>36,352</b>	<b>37,064</b>	<b>33,044</b>	<b>41,579</b>	<b>37,270</b>	<b>(4,309)</b>	<b>-10%</b>
<b>Salaries &amp; Benefits</b>	<b>258,311</b>	<b>191,782</b>	<b>194,829</b>	<b>203,118</b>	<b>198,494</b>	<b>204,943</b>	<b>6,449</b>	<b>3%</b>
<b>Operating Supplies</b>	<b>36</b>	<b>30</b>		<b>292</b>	<b>500</b>	<b>500</b>	<b>-</b>	<b>0%</b>
<b>Charges for Services</b>	<b>150,879</b>	<b>127,803</b>	<b>133,163</b>	<b>137,375</b>	<b>143,025</b>	<b>127,545</b>	<b>(15,480)</b>	<b>-11%</b>
<b>Intergovernmental</b>	<b>262,073</b>	<b>360,556</b>	<b>348,062</b>	<b>317,714</b>	<b>358,390</b>	<b>284,258</b>	<b>(74,132)</b>	<b>-21%</b>
<b>Total Expenses</b>	<b>671,299</b>	<b>680,172</b>	<b>676,054</b>	<b>658,499</b>	<b>700,409</b>	<b>617,246</b>	<b>(83,163)</b>	<b>-12%</b>

2.00



# City Of Sequim Budget Overview

## City Administration Communications (General Fund) Hotel/Motel (Restricted Fund)

Barbara Hanna, Communications & Marketing Director

### Department Description

#### *Communications*

Develops and implements various strategies as they relate to both internal and external communications. The Communications Director will serve as an internal consultant to the City Council, City Manager and other departments, as requested, on communication strategies and methods, will serve as the City's liaison to community organizations, advise on or handle high profile media issues, produce and oversee the publication of the monthly utility newsletter.

#### *Hotel/Motel*

This function is responsible for managing the Hotel/Motel tax budget and utilizing the available monies to increase tourism to the City of Sequim. The function works with the Lodging Tax Advisory Committee to develop plans for tourism promotion which may include advertising, publications, public relations programs, websites, special events and social media activities. The Communications and Marketing Director is responsible for the overall plan and its implementation. This position also functions as the liaison to other tourism organizations.

### 2015 Key Goals

#### *Communications*

- ❖ Continue to support public information for the new Civic Center construction, completion and move-in.
- ❖ Continue to work with the Department of Community Development on communication in public input for the adoption of the Sequim 120 Comprehensive Plan update.
- ❖ Continue to assist with the communications plan and public outreach for the Stormwater assessment program.
- ❖ Continue to develop social media resources as a communications tool for Sequim citizens.

#### *Hotel/Motel*

- ❖ Develop monthly tourism electronic newsletter to go to potential visitors, industry partners, and travel writers.
- ❖ Develop targeted outreach to outdoor adventure market.
- ❖ Continue to develop and support the destination wedding market.
- ❖ Continue to develop social media resources as a communications tool for visitors to Sequim.

### 2015 Budget Summary

Staff salary allocation has shifted from a 50/50 split to a 60/40 split due to completion of major projects and anticipated completions (Centennial, Civic Center, and Comprehensive Plan Update) with 60% coming from the Lodging Tax Fund and 40% the General Fund.

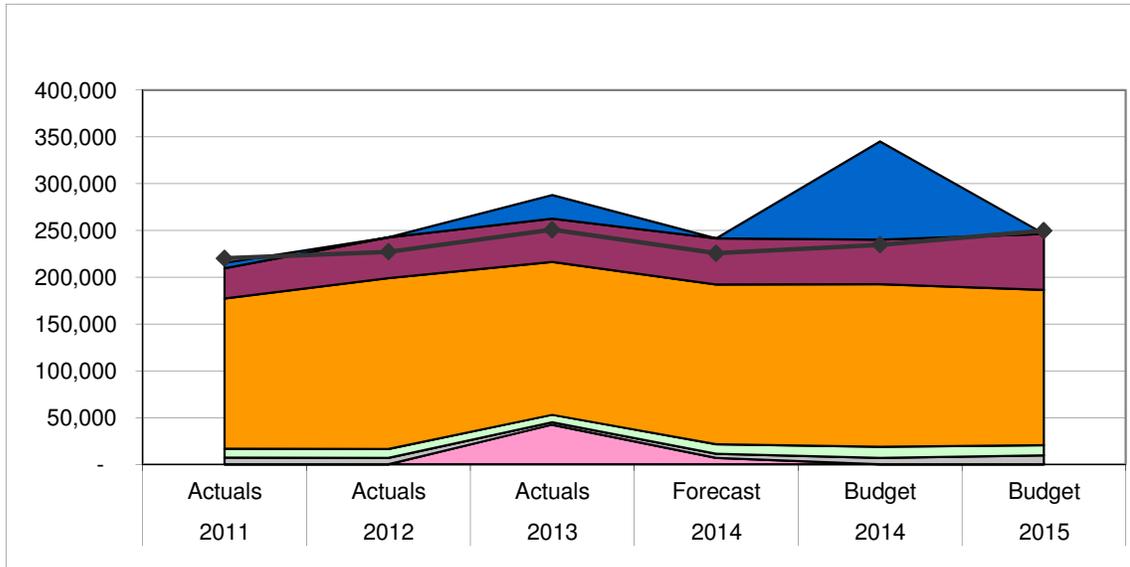
#### *Communications:*

- ❖ Salary reduction by \$10k.
- ❖ \$3,000 monthly newsletter expense was moved from Non-Departmental to Communications

#### *Hotel/Motel:*

- ❖ Revenues projected to stay consistent with 2014 anticipated revenues
- ❖ Expenses are balanced with revenues
  - \$10k additional staff time will be used to develop a monthly digital newsletter for potential visitors, industry partners, and travel writers and increase social media exposure
  - Eliminated \$105k in transfers out for Guy Cole facility improvements

**City of Sequim  
2015 Budget  
5-Year Summary  
Hotel Motel Fund**



	2011 Actuals	2012 Actuals	2013 Actuals	2014 Forecast	2014 Budget	2015 Budget	2015-2014 Amount	%
<b>Beginning Fund Balance</b>	275,746	280,477	264,916	227,929	189,757	212,117	22,360	12%
Tourism Guy Cole Guy Cole Deposits	193,027 18,489 8,675	199,660 23,069 4,425	232,322 14,597 3,824	209,073 9,925 6,650	213,626 11,593 9,425	228,717 11,685 9,425	15,091 92 0	7% 1% 0%
<b>Total Revenues</b>	<b>220,192</b>	<b>227,154</b>	<b>250,743</b>	<b>225,648</b>	<b>234,644</b>	<b>249,827</b>	<b>15,183</b>	<b>6%</b>
Salaries & Benefits Tourism Guy Cole Guy Cole Refunds Capital (Equip > \$7,500) Transfers	32,287 160,704 9,568 6,901 -	43,516 182,945 9,433 6,686 -	46,494 163,459 7,930 2,639 42,207	49,394 170,902 10,081 4,510 6,575	47,748 173,985 11,751 6,700 -	59,989 166,260 10,751 9,425 -	12,241 -7,725 -1,000 2,725 0	26% -4% -9% 41% 0%
<b>Total Expenses</b>	<b>215,461</b>	<b>242,581</b>	<b>287,729</b>	<b>241,462</b>	<b>345,184</b>	<b>246,425</b>	<b>(98,759)</b>	<b>-29%</b>
<b>Surplus/(Deficit)</b>	<b>4,731</b>	<b>(15,561)</b>	<b>(36,986)</b>	<b>(15,814)</b>	<b>(110,540)</b>	<b>3,402</b>	<b>113,942</b>	<b>-103%</b>
<b>Ending Fund Balance</b>	<b>280,477</b>	<b>264,916</b>	<b>227,930</b>	<b>212,115</b>	<b>79,217</b>	<b>215,519</b>	<b>136,302</b>	<b>172%</b>

# **City Of Sequim Budget Overview**

## **City Administration Human Resources Department** Susanne Connelly, Human Resource Director

### **Department Description**

This function provides strategic and operational management to enhance the performance of the City staff. The HR department covers a broad range of responsibilities including: employee compensation and benefits, HR strategic planning and analysis, Equal Employment Opportunity compliance, staff recruiting and selection, employee development and career planning, performance review management and employee and labor/management relations and serves as the Civil Service Chief Examiner.

### **2015 Key Goals**

- ❖ Manage department head and other position recruitments in succession planning projects
- ❖ Represent management in two Police bargaining unit labor contract negotiations
- ❖ Continue to provide legal compliance and employee development on-line training support
- ❖ Serve on city-wide safety committee toward goal of reducing employee incidents and costs
- ❖ Lead/facilitate a non-union benefits committee toward goal of restricting non-union benefit levels to reduce costs to City effective January 1, 2016

### **2015 Budget Summary**

- ❖ Includes uniformed labor contract lead negotiator contract fee
- ❖ Maintained cost for organization-wide training in employee development and legal compliance focused training

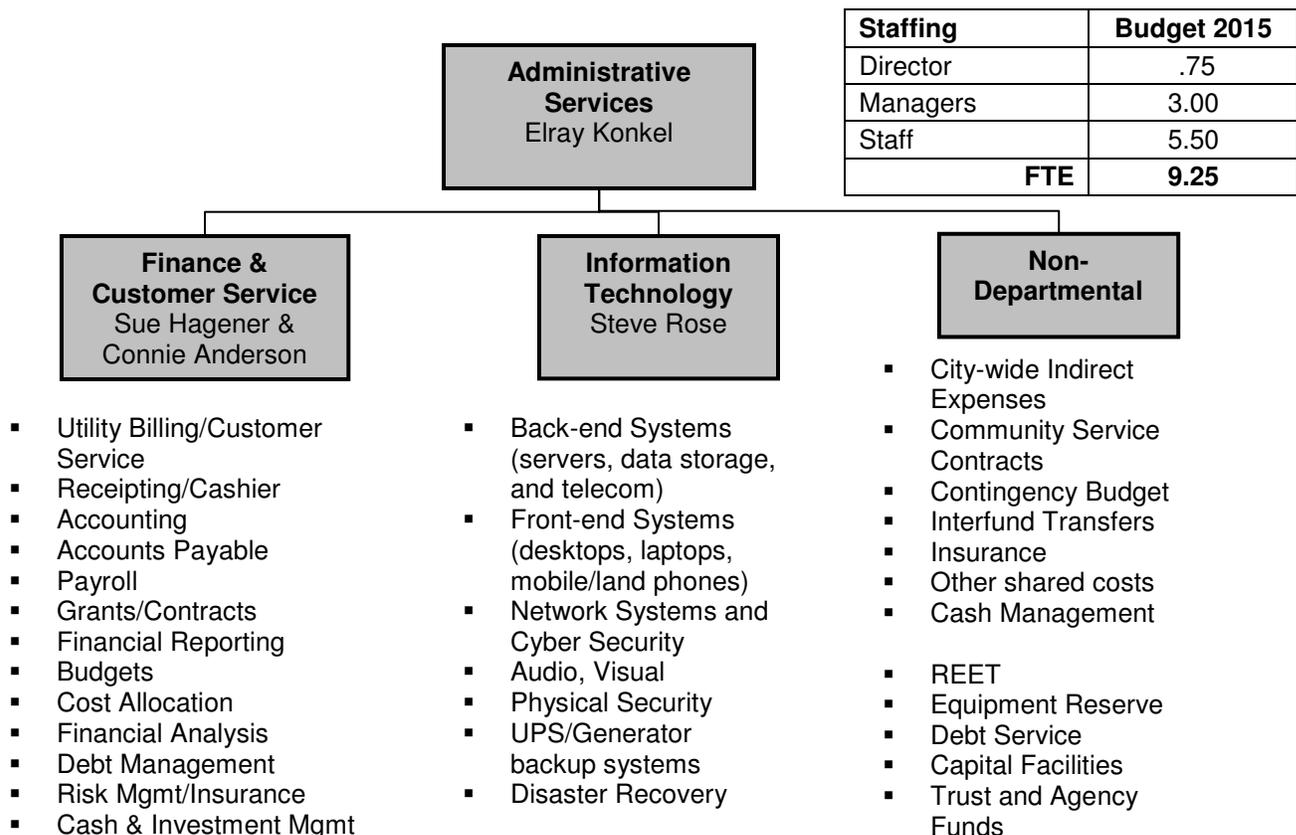
# City of Sequim 2015 Budget

## Administrative Services Department



**City Of Sequim  
Department Description**

**Administrative Services Department  
and Non-Departmental**



The **Administrative Services Department** is responsible for all financial aspects of the City and related customer service as well as Information Technology support and systems for all departments, Non-Departmental costs, REET, Equipment Reserve, Debt Service and Capital Facilities.

The **Finance** function oversees all financial functions of the City, the integrity of the City's financial records and ensures that public dollars are spent according to the approved budget. Finance staff assists other departments in budgeting and financial reporting, financial planning and analysis of projects, purchasing and bidding regulations, complying to grant requirements and submissions, and financing of capital projects. The City is audited by the State Auditor and has had a clean audit for over 15 years (based on available documents going back to 1992). Customer service is provided for the City's Water and Sewer utilities and assists with contracted solid waste services. The staff also supports business licensing, provides central reception services and responds to a wide variety of citizen inquiries.

The **Information Technology** manages a data network that consists of 5 VMware ESX Servers, 20 Windows Servers, 75 Windows Workstations and 20 Police Toughbooks. The City's (WAN) Wide Area Network connects three primary departments, three satellite offices, and several remote sites. IT staff provides helpdesk support and computer training to all City staff and alerts staff to network and system issues. A multi-layered network security system is provided to protect City systems against the latest virus and malware threats, identity theft and phishing scams, and ensure systems are (PCI) Payment Card Industry compliant. Additionally, IT provides service and support to desktop phones, cellular phones, smartphones, tablets, audio and visual systems, website support, facility security systems and other electronic devices.

**Non-Departmental** shared costs are those that benefit city-wide operations. Also included are Community Service contracts, General Fund contingencies, and Transfers. Additionally managed are REET, Equipment Reserve, Debt Service, Capital Facilities and Trust and Agency Funds. All accounts and activities are managed by the Finance and Budget personnel.

# City Of Sequim Budget Overview

## Administrative Services Department Finance & Information Technology Elray Konkell, Administrative Services Director

### 2015 Key Goals

- ❖ Continue refinement of the financial systems including: financials, utilities, payroll and accounts payable
- ❖ Continue development of the capital equipment, IT and vehicle replacement/financing plan with all Departments
- ❖ Continue to monitor progress payments for new Civic Center and ensure prompt debt service payments
- ❖ Continue to update the Six Year Capital Improvement Plan in conjunction with the Long Range Financial Plan
- ❖ Replace network switching and routing equipment for the New Civic Center Data Center.
- ❖ Implement a Virtual Desktop and thin-client solution
- ❖ Replace end-of-life in-house phone system with hosted Cisco solution
- ❖ Form an IT Steering Committee to assist in the development of a 5-year technology plan, and provide an orderly process to recommend the best allocation of technology resources

### 2015 Budget Summary

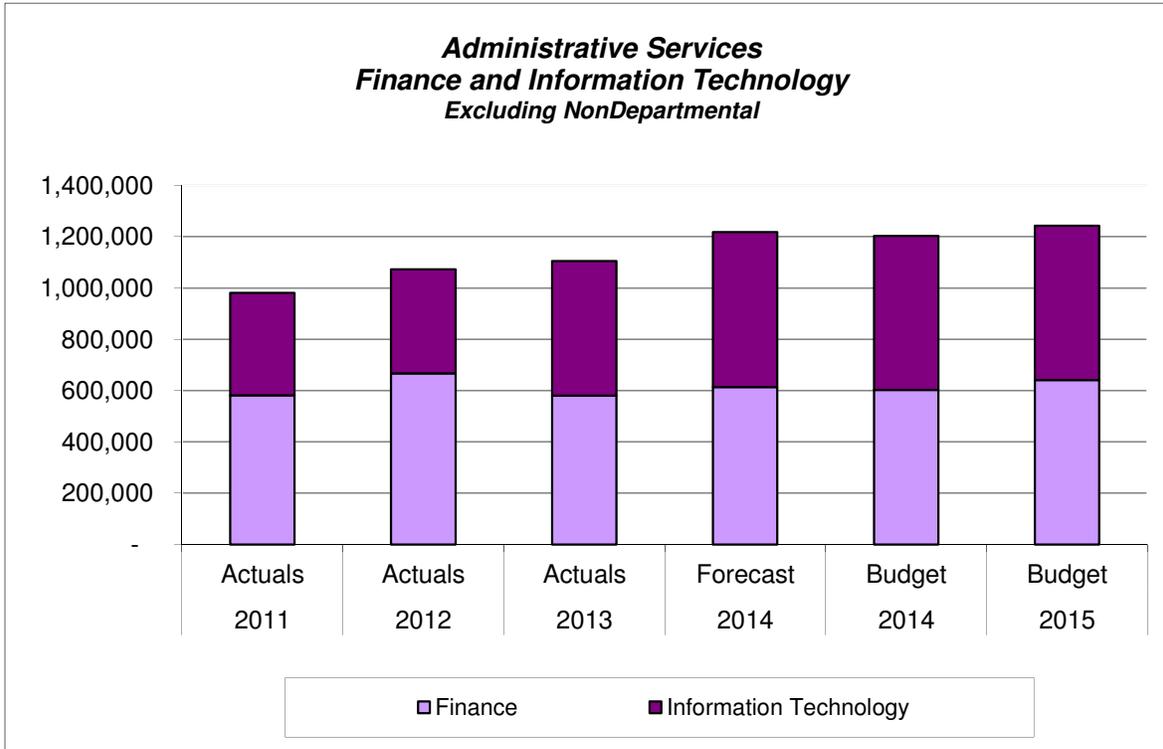
#### Finance

- ❖ Operating expenses increased \$39k or 6% over prior year amended budget, due to salary and benefit increases as well as a three-year accountability audit occurring in 2015

#### IT

- ❖ Operating expenses are flat with the prior year amended budget
  - Reductions in transfers to Equipment Reserves helped offset other increases

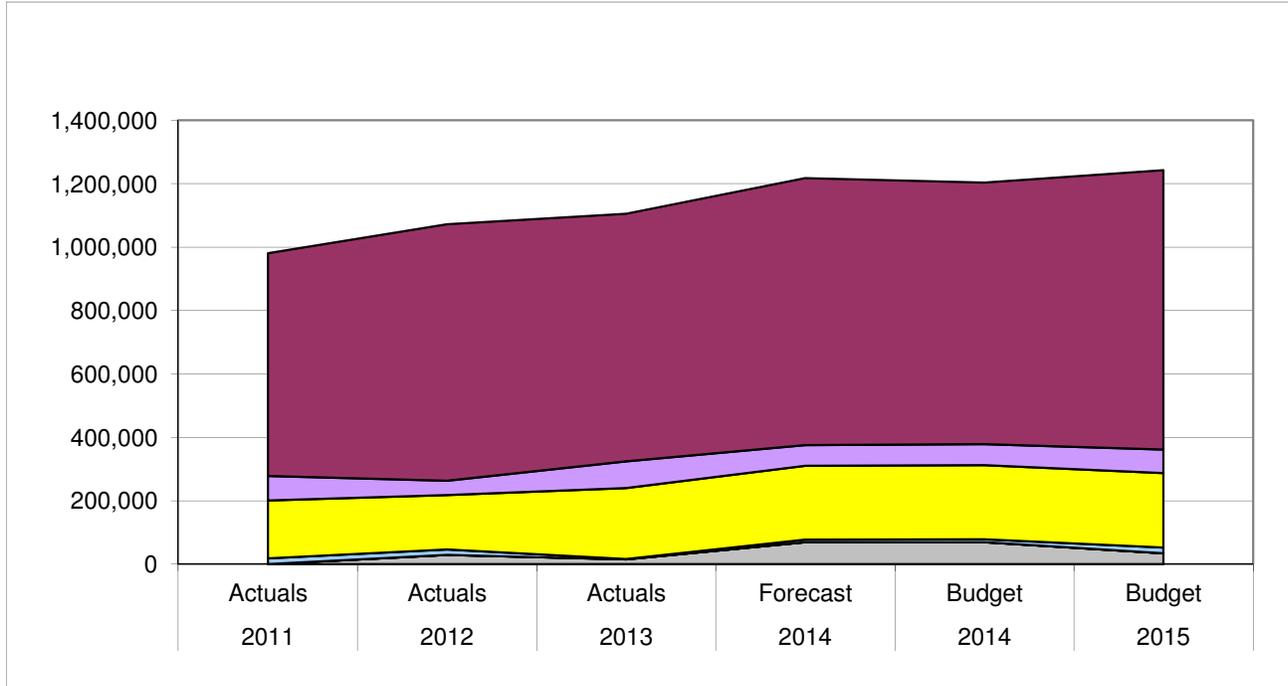
**City of Sequim  
2015 Budget  
Other Information**



	2011 Actuals	2012 Actuals	2013 Actuals	2014 Forecast	2014 Budget	2015 Budget	2015-2014 Amount	%
Finance	581,036	666,867	580,267	613,168	602,233	641,154	38,921	6.5%
Information Technology	399,254	405,386	525,053	604,381	601,261	601,355	94	0.0%
<b>Total Finance &amp; IT</b>	<b>980,290</b>	<b>1,072,253</b>	<b>1,105,320</b>	<b>1,217,549</b>	<b>1,203,494</b>	<b>1,242,509</b>	<b>39,015</b>	<b>3.2%</b>
NonDepartmental	940,647	959,482	1,126,043	851,991	910,685	858,938	(51,747)	-5.7%
<b>Total Admin Services</b>	<b>1,920,937</b>	<b>2,031,735</b>	<b>1,126,043</b>	<b>2,069,540</b>	<b>2,114,179</b>	<b>2,101,447</b>	<b>(12,732)</b>	<b>-0.6%</b>

**City of Sequim  
2015 Budget  
5-Year Summary**

**Administrative Services  
Finance and Information Technology**



	2011 Actuals	2012 Actuals	2013 Actuals	2014 Forecast	2014 Budget	2015 Budget	2015-2014 Amount	%
Salaries & Benefits	702,537	809,192	781,389	841,834	824,694	881,114	56,420	7%
Operating Supplies	76,889	45,476	83,988	65,381	66,100	74,000	7,900	12%
Charges for Services	182,798	170,740	223,246	232,975	234,490	234,890	400	0%
Intergovernmental	18,067	17,638	1,889	8,149	9,000	17,900	8,900	99%
Capital (Equip > \$7,500)	0	0	-	-	1	1	-	0%
Transfer (Equip Reserve)	0	29,208	14,808	69,209	69,209	34,605	(34,604)	-50%
<b>Total Expenses</b>	<b>980,290</b>	<b>1,072,253</b>	<b>1,105,320</b>	<b>1,217,548</b>	<b>1,203,494</b>	<b>1,242,510</b>	<b>39,016</b>	<b>3%</b>

**Expenses By Program**

Finance	581,036	666,867	580,267	613,168	602,233	641,154	38,921	6%
Information Technology	399,254	405,386	525,053	604,381	601,261	601,355	94	0%
<b>Total Admin Services</b>	<b>980,290</b>	<b>1,072,253</b>	<b>1,105,320</b>	<b>1,217,549</b>	<b>1,203,494</b>	<b>1,242,509</b>	<b>39,015</b>	<b>3%</b>

**City Of Sequim  
Budget Overview  
Non-Departmental**

**2015 Key Goals**

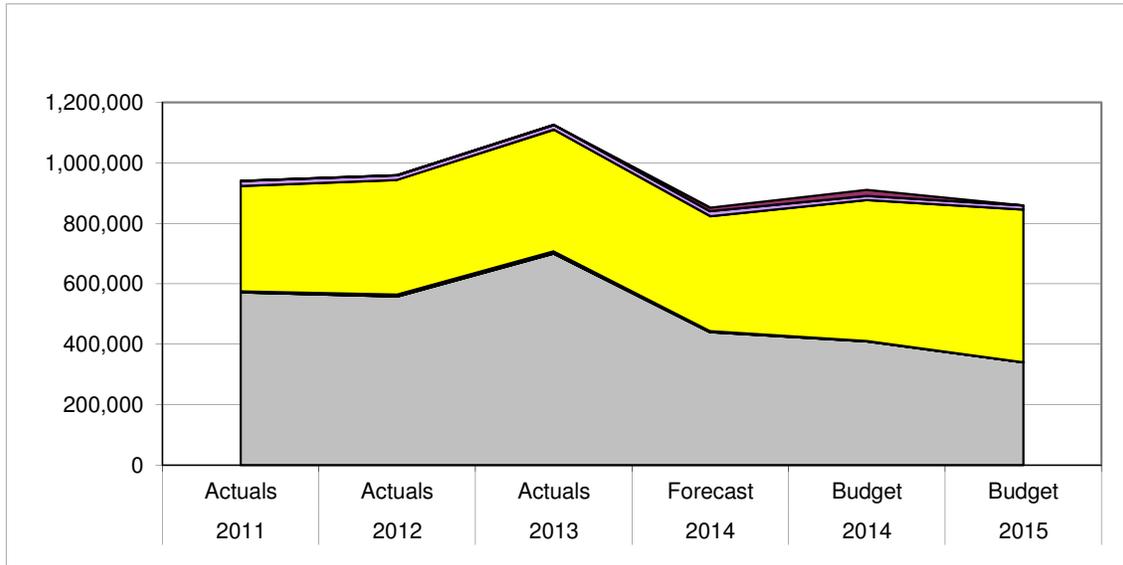
- ❖ Maintain positive reviews by AWC Risk Management Service Agency (RMSA)
- ❖ Review and coordinate community investments
- ❖ Manage the use of contingency funds
- ❖ Manage transfers

**2015 Budget Summary**

- ❖ Contingency money of \$135k, as compared to \$100k in the prior year budget
- ❖ Funding Health & Human Services and Community Service Contracts are based on the City's financial condition as these are discretionary investments for community/public benefit – consistent with prior year (\$75k)
- ❖ Insurance premiums are set by the AWC Risk Management Service Agency (RMSA) based on claims history and asset valuations (\$272k), an estimated 5% increase from prior year actual charges
- ❖ Transfers out consist only of those to street operations and are reduced slightly from prior years to help maintain fund balance

**City of Sequim  
2015 Budget  
5-Year Summary**

**Administrative Services  
NonDepartmental**



	2011 Actuals	2012 Actuals	2013 Actuals	2014 Forecast	2014 Budget	2015 Budget	2015-2014 Amount	%
Salaries & Benefits	-	-	-	12,057	20,152	-	(20,152)	
Operating Supplies	17,324	15,477	15,807	16,088	13,000	13,000	-	0%
Charges for Services	348,566	379,751	402,791	380,585	467,092	505,498	38,406	8%
Intergovernmental	3,062	5,758	7,445	3,261	440	440	-	0%
Capital (Equip > \$7,500)	-	-	-	-	-	-	-	0%
NonExpense/Financing	571,695	558,496	700,000	440,000	410,001	340,000	(70,001)	-17%
<b>Total Expenses</b>	<b>940,647</b>	<b>959,482</b>	<b>1,126,043</b>	<b>851,991</b>	<b>910,685</b>	<b>858,938</b>	<b>(51,747)</b>	<b>-6%</b>
<b>Transfers</b>								
Reserves								
Equipment Reserves	100,000	-	-	-	-	-	-	0%
Street Operations	466,500	477,336	400,000	400,000	400,000	340,000	(60,000)	-15%
Capital Projects	-	52,320	300,000	40,000	10,001	-	(10,001)	-100%
Other	5,195	28,840	-	-	-	-	-	0%
<b>Total Transfers</b>	<b>571,695</b>	<b>558,496</b>	<b>700,000</b>	<b>440,000</b>	<b>410,001</b>	<b>340,000</b>	<b>(70,001)</b>	<b>-17%</b>

# City Of Sequim Department Description & Budget Overview

## Real Estate Excise Tax REET 1 & REET 2

### Department Description

Revenues of the **REET Fund** are based on the selling price of real estate sold within the City limits of Sequim and are collected and distributed by the Clallam County Treasurer. They are restricted as to the first and second ¼% of Real Estate Excise Taxes (REET1 and REET2) and are recorded separately according to RCW Title 82 – Excise Taxes.

The revenues generated by the first ¼% (REET1)<sup>1</sup> of these assessments shall be used solely for financing capital projects specified in a capital facilities plan element of the comprehensive plan and housing relocation assistance under RCW 59.18.440 and 59.18.450. Capital projects include public works projects for planning, acquisition, construction, reconstruction, repair, replacement, rehabilitation, or improvement of streets, roads, highways, sidewalks, street and road lighting systems, traffic signals, bridges, domestic water systems, storm water systems, sanitary sewer systems, parks, recreational facilities, law enforcement facilities, fire protection facilities, trails, libraries, administrative and/or judicial facilities, river and/or waterway flood control projects.

The second ¼% (REET2)<sup>2</sup> is restricted to use for street, water and sewer acquisitions. Capital projects include public works projects for planning, acquisition, construction, reconstruction, repair, replacement, rehabilitation, or improvement of streets, roads, highways, sidewalks, street and road lighting systems, traffic signals, bridges, domestic water systems, storm water systems, and sanitary sewer systems. It excludes facilities. The definition continues: “*and planning, construction, reconstruction, repair, rehabilitation, or improvement of parks*”. It excludes acquisition and replacement.

The REET Flexibility bill (HB 1953) allows local governments to use a portion of Real Estate Excise Tax collections to pay for the maintenance and operation of eligible REET categories, including streets, sidewalks, parks and other existing capital projects thru 2016. Interest earned by REET1 and REET2 must be used on the same basis of the underlying funds.

### Budget Overview

In July of 2011, the Legislature passed HB 1953 loosening the restrictions on REET funding due to the current economic downturn. This change in legislation freed up a portion of the REET monies to be used on Operations and Maintenance. This less restrictive use of REET funds expires on December 31, 2016. The City is using this opportunity to fund Streets Operations in 2015. REET funds are also being used for streets and parks projects. Lastly, monies from REET1 will help pay the debt service on the LTGO bonds issued for the Civic Center.

### 2015 Key Goals

- ❖ Record and manage Real Estate Excise Taxes as required by RCW 82

### 2015 Budget Summary

Revenues for 2015 are budgeted at \$347k based on the assumption of a percolating economy with slight growth (and consistent with 2014 receipts). Expenses are budgeted at \$370k and consist of transfers to other funds to support budgeted or future projects as follows:

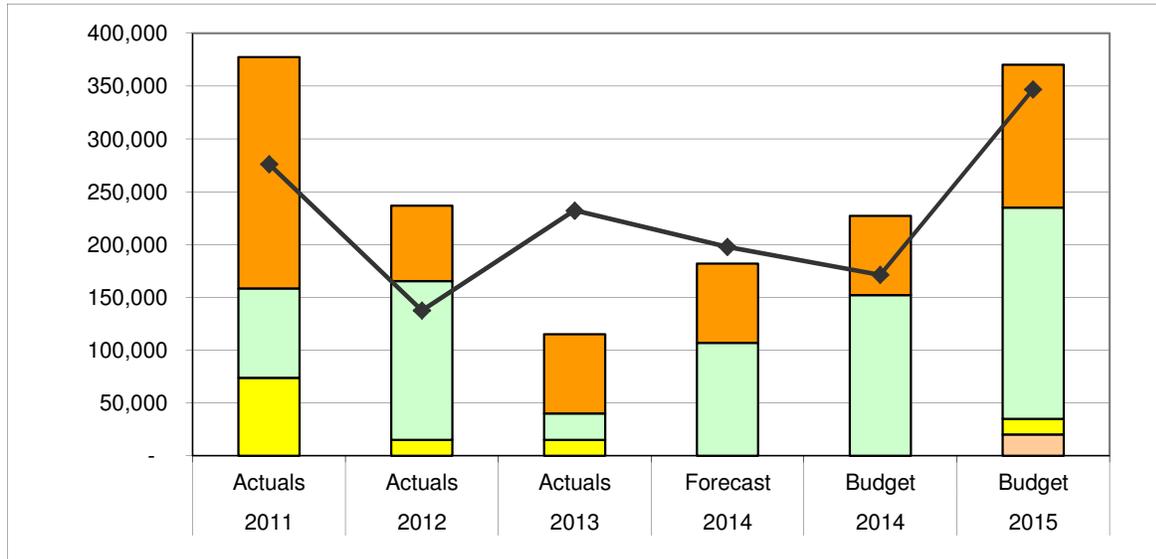
- ❖ \$15k to Parks Restricted for projects (transfers to Parks in 2014 was temporarily suspended)
- ❖ \$20k to Capital Facilities for City Shop related projects
- ❖ \$25k to Streets Restricted projects
- ❖ \$135k to the Civic Center Debt Service Fund
- ❖ \$175k to Streets Unrestricted for Operations and Maintenance

<sup>1</sup> REET1 – 82.46.010 (6)

<sup>2</sup> REET2 – 82.46.035 (5)

**City of Sequim  
2015 Budget  
5-Year Summary**

**Real Estate Excise Tax (restricted fund)**



	2011 Actuals	2012 Actuals	2013 Actuals	2014 Forecast	2014 Budget	2015 Budget	2015-2014 Amount	%
<b>Beginning Fund Balance</b>								
REET 1	197,662	77,739	75,061	127,000	90,247	151,179	60,932	68%
REET 2	119,480	138,062	41,477	106,752	41,186	98,263	57,077	139%
<b>Beginning Fund Balance</b>	<b>317,142</b>	<b>215,801</b>	<b>116,538</b>	<b>233,752</b>	<b>131,433</b>	<b>249,442</b>	<b>118,009</b>	<b>90%</b>
<b>Revenues</b>								
Taxes	272,633	133,800	229,078	195,476	170,109	343,978	173,869	102%
Other Miscellaneous	3,428	3,697	3,137	2,215	1,201	2,780	1,579	131%
NonRevenues	-	-	-	-	-	-	-	0%
<b>Revenues</b>	<b>276,060</b>	<b>137,497</b>	<b>232,215</b>	<b>197,691</b>	<b>171,310</b>	<b>346,758</b>	<b>175,448</b>	<b>102%</b>
<b>Expenses</b>								
Transfer to Civic Cntr/Debt Service	219,000	71,500	75,000	75,000	75,000	135,000	60,000	80%
Transfer to 101/111 Street	84,701	150,260	25,000	107,000	152,000	200,000	48,000	32%
Transfer to 140 Parks	73,700	15,000	15,000	-	-	15,000	15,000	
Transfer to 306 Capital Facilities	-	-	-	-	-	20,000	20,000	
<b>Total Expenses</b>	<b>377,401</b>	<b>236,760</b>	<b>115,000</b>	<b>182,000</b>	<b>227,000</b>	<b>370,000</b>	<b>143,000</b>	<b>63%</b>
<b>Surplus/(Deficit)</b>	<b>(101,341)</b>	<b>(99,263)</b>	<b>117,215</b>	<b>15,691</b>	<b>(55,690)</b>	<b>(23,242)</b>	<b>32,448</b>	<b>-58%</b>
<b>Ending Fund Balance</b>								
REET 1	77,739	75,061	127,000	151,179	66,260	119,768	53,508	81%
REET 2	138,062	41,477	106,752	98,263	21,313	106,432	85,119	399%
<b>Ending Fund Balance</b>	<b>215,801</b>	<b>116,538</b>	<b>233,753</b>	<b>249,443</b>	<b>75,743</b>	<b>226,200</b>	<b>150,457</b>	<b>199%</b>

**City Of Sequim  
Budget Overview**

**Equipment Reserve (restricted fund)**

**2015 Key Goals**

- ❖ Manage and fund the equipment replacement function of the organization (excluding enterprise funds)

**2015 Budget Summary**

Transfers into the equipment reserve have been decreased in 2015 in response to the funding requirements for the Civic Center debt, while still paying rent for part of the year.

Department transfers for vehicle and equipment reserves are typically based on approximately 25% of the calculated annual payment to equipment reserves. The goal is to fund this 100% in the future. The City will build up to the full payment over time.

Ending fund balance is still considered healthy.

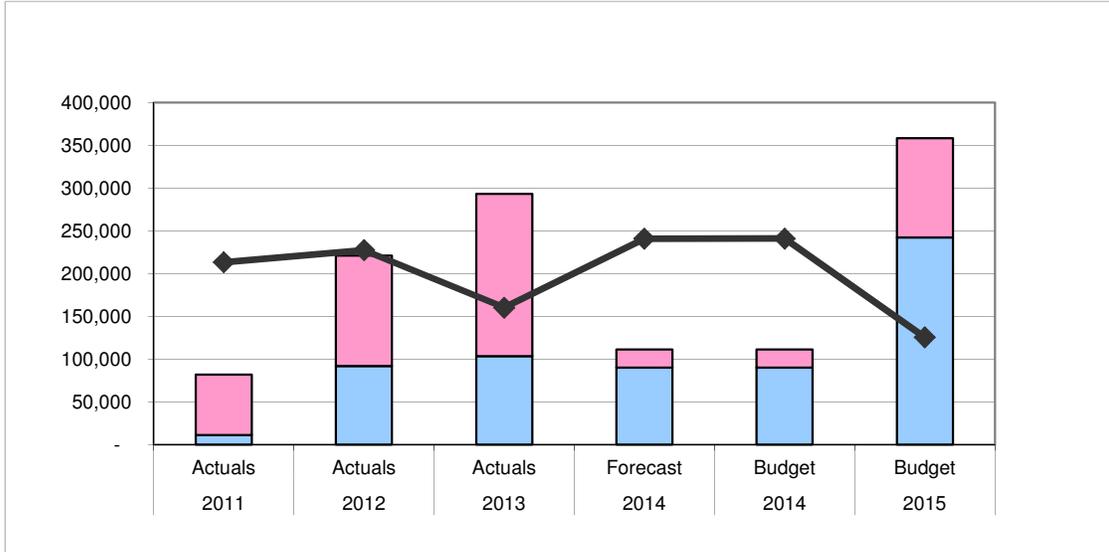
<b>2015 Transfer/Revenues to 164</b>	<b>Vehicles</b>	<b>Equipment</b>	<b>Total</b>
DCD	915		915
Facilities Maintenance	1,122		1,122
GIS/Engineering	603		603
Parks	1,068	813	1,881
PW Admin	5,495	2,458	7,953
Police	35,300		35,300
IT	230	34,375	34,605
<b>General Fund Subtotal</b>	<b>\$44,733</b>	<b>\$37,646</b>	<b>\$82,379</b>
Streets	\$30,000	\$7,647	\$37,647
<b>Total</b>	<b>\$74,733</b>	<b>\$45,293</b>	<b>\$120,026</b>

**2015 Expenses – Significant Changes**

Expenses budgeted for 2015 include two police cars for \$100k (including all related equipment), \$65k for a new streets truck (including a boom crane for safe repair/replacement of street signs), \$11k for a mower, \$10k toward a shop car hoist, \$97.2k for two new trucks for facilities /streets operations. \$25k has been budgeted for a new time tracking/HR system and \$50k for virtual desktop improvements.

**City of Sequim  
2015 Budget  
5-Year Summary**

**Equipment Reserve Fund (restricted fund)**



	2011 Actuals	2012 Actuals	2013 Actuals	2014 Forecast	2014 Budget	2015 Budget	2015-2014 Amount	%
<b>Beginning Fund Balance</b>								
164-0xx Equipment	150,470	154,736	150,577	57,377	54,276	138,699	84,423	156%
164-1xx Vehicles	250,783	377,961	388,539	349,043	351,145	397,047	45,902	13%
<b>Beginning Fund Balance</b>	<b>401,253</b>	<b>532,697</b>	<b>539,116</b>	<b>406,420</b>	<b>405,421</b>	<b>535,746</b>	<b>130,325</b>	<b>32%</b>
<b>Revenues</b>								
164-0xx Equipment	73,000	111,562	92,644	97,130	97,130	45,293	(51,837)	-53%
164-1xx Vehicles	135,000	95,255	58,821	138,005	138,004	74,733	(63,271)	-46%
Other Revenues	5,319	20,604	8,846	5,693	5,834	5,500	(334)	-6%
<b>Total Revenues</b>	<b>213,319</b>	<b>227,421</b>	<b>160,311</b>	<b>240,828</b>	<b>240,968</b>	<b>125,526</b>	<b>(115,442)</b>	<b>-48%</b>
<b>Expenses</b>								
164-0xx Equipment	70,502	129,131	189,568	21,500	21,500	116,001	94,501	440%
164-1xx Vehicles	11,372	91,871	103,439	90,000	90,000	242,200	152,200	169%
<b>Total Expenses</b>	<b>81,875</b>	<b>221,002</b>	<b>293,007</b>	<b>111,500</b>	<b>111,500</b>	<b>358,201</b>	<b>246,701</b>	<b>221%</b>
<b>Surplus/(Deficit)</b>	<b>131,445</b>	<b>6,419</b>	<b>(132,696)</b>	<b>129,328</b>	<b>129,468</b>	<b>(232,675)</b>	<b>(362,143)</b>	<b>-280%</b>
<b>Ending Fund Balance</b>								
164-0xx Equipment	155,627	148,932	57,377	138,699	135,740	73,491	(62,249)	-46%
164-1xx Vehicles	377,070	390,184	349,043	397,047	399,149	229,580	(169,569)	-42%
<b>Ending Fund Balance</b>	<b>532,697</b>	<b>539,116</b>	<b>406,420</b>	<b>535,746</b>	<b>534,889</b>	<b>303,071</b>	<b>(231,818)</b>	<b>-43%</b>
<b>Expenses by Program</b>								
IT	-	101,791	146,504	-	-	75,000	75,000	
Police	-	109,033	18,872	90,000	90,000	100,000	10,000	11%
Streets	81,875	10,178	51,067	-	-	65,001	65,001	
DCD	-	-	-	-	-	-	-	0%
PW Admin	-	-	76,564	21,500	21,500	118,200	96,700	450%
Transfers to IT	-	-	0	-	-	-	-	
<b>Total Expenses</b>	<b>81,875</b>	<b>221,002</b>	<b>293,007</b>	<b>111,500</b>	<b>111,500</b>	<b>358,201</b>	<b>246,701</b>	<b>221%</b>

# City Of Sequim Budget Overview

## Debt Service Fund

### Description

This Fund was created for the purpose of recording bond proceeds and cost of issuance plus paying principal and interest related to the Civic Center (LTGO) bonds. Investment earnings of the fund shall be retained within the fund for debt service.

### 2015 Key Goals

- ❖ Administer the ongoing debt service requirements of the bonds supporting the Civic Center project including transfers from the General Fund, the Police Restricted funds (Public Safety Tax) and Real Estate Excise Tax plus investment earnings of the fund.

### 2015 Budget Summary

- ❖ Debt Service payments of the bonds supporting the Civic Center project of \$660k in 2015 and thereafter (\$269k from General Fund, \$230k from Public Safety Tax, \$135k from REET and \$16k in investment earnings)
  - In 2015, rent expenses are still in play for part of the year so additional transfers from REET for debt service are alleviating the General Fund's participation. In future years, we anticipate a greater share from the General Fund for debt service.
- ❖ Transfers of the projected remaining bond proceeds to the Capital Facilities fund for the Civic Center Project are estimated at \$3.239m

## Capital Facilities Fund

### Description

This Fund was created for the purpose of paying and tracking the costs associated with Facility projects, including the Civic Center project. It is funded by the sale of the bonds associated with the project as well as Water and Sewer Funds. Additionally, investment earnings of the fund shall be retained within the fund.

### 2015 Key Goals

- ❖ Account for and monitor the project expenditures of the new Civic Center
- ❖ Account for and monitor other Facility Capital projects

### 2015 Budget Summary

- ❖ Fund activity for the Civic Center project construction costs budgeted at \$6.3 million equals the estimated remaining cost of construction, project management, FF&E, contingency and other related costs
- ❖ \$30k for shop property planning and \$50k for modular offices at that site

**City of Sequim  
2015 Budget  
5-Year Summary**

**Debt Service (restricted fund)**

	2011 Actuals	2012 Actuals	2013 Actuals	2014 Forecast	2014 Budget	2015 Budget	2015-2014 Amount	%
<b>Beginning Fund Balance</b>	-	-	-	10,447,633	10,444,000	3,265,544	(7,178,456)	
<b>Revenues</b>								
LTGO Bond Proceeds	-	-	10,680,000	-	-	-	-	0%
Other Miscellaneous	-	-	13,163	88,059	50,000	16,460	(33,540)	
NonRevenues	-	-	-	510,000	510,000	634,000	124,000	
<b>Revenues</b>	-	-	<b>10,693,163</b>	<b>598,059</b>	<b>560,000</b>	<b>650,460</b>	<b>90,460</b>	16%
<b>Expenses</b>								
Issuance Costs & Debt Service	-	-	245,530	580,149	561,776	668,990	107,214	19%
Transfers to Capital Facilities	-	-	-	7,200,000	10,440,000	3,239,000	(7,201,000)	
<b>Total Expenses</b>	-	-	<b>245,530</b>	<b>7,780,149</b>	<b>11,001,776</b>	<b>3,907,990</b>	<b>(7,093,786)</b>	-64%
<b>Surplus/(Deficit)</b>	-	-	<b>10,447,633</b>	<b>(7,182,090)</b>	<b>(10,441,776)</b>	<b>(3,257,530)</b>	<b>7,184,246</b>	-69%
<b>Ending Fund Balance</b>	-	-	<b>10,447,633</b>	<b>3,265,543</b>	<b>2,224</b>	<b>8,014</b>	<b>5,790</b>	260%

**Capital Facilities (restricted fund)**

	2011 Actuals	2012 Actuals	2013 Actuals	2014 Forecast	2014 Budget	2015 Budget	2015-2014 Amount	%
<b>Beginning Fund Balance</b>	2,190,200	2,260,610	927,138	556,660	250,689	34,616	(216,073)	-86%
<b>Revenues</b>								
Other Miscellaneous	24,922	32,968	19,423	10,444	185,084	26,205	(158,879)	-86%
NonRevenues	258,465	71,500	550,346	7,300,001	12,345,002	6,324,500	(6,020,502)	-49%
<b>Revenues</b>	<b>283,387</b>	<b>104,468</b>	<b>569,769</b>	<b>7,310,445</b>	<b>12,530,086</b>	<b>6,350,705</b>	<b>(6,179,381)</b>	-49%
<b>Expenses</b>								
City Hall/Police Facility	141,284	1,289,085	478,481	7,511,670	12,100,001	6,298,991	(5,801,010)	-48%
Other Capital Projects	-	-	285,318	80,000	345,000	80,000	(265,000)	-77%
Administrative Overhead	71,694	148,855	176,447	40,819	122,492	4,087	(118,405)	-97%
Transfers BFB to Debt Service	-	-	-	200,000	200,000	-	(200,000)	
<b>Total Expenses</b>	<b>212,978</b>	<b>1,437,940</b>	<b>940,246</b>	<b>7,832,489</b>	<b>12,767,493</b>	<b>6,383,078</b>	<b>(6,384,415)</b>	-50%
<b>Surplus/(Deficit)</b>	<b>70,410</b>	<b>(1,333,472)</b>	<b>(370,477)</b>	<b>(522,044)</b>	<b>(237,407)</b>	<b>(32,373)</b>	<b>205,034</b>	-86%
<b>Ending Fund Balance</b>	<b>2,260,610</b>	<b>927,138</b>	<b>556,661</b>	<b>34,616</b>	<b>13,282</b>	<b>2,243</b>	<b>(11,039)</b>	-83%

# City Of Sequim Department Description & Budget Overview

## Trust & Agency Funds

### Department Description

The City has five Trust & Agency Funds: Police Expendable Trust Fund, Construction Deposits, Intergovernmental Agency Funds, Utility Security Deposits and the Haller Park Fund.

**Police Expendable Trust Fund** is used to temporarily hold seized assets until the case is resolved in favor of the City and the Court systems declares the property as belonging to the City. Once declared as a City asset the money is transferred to special revenue Fund 121, Police Seized Asset Fund, where the funds are spent according to state law.

**Construction Deposits** is used to hold funds in lieu of a performance bond from a developer or retainage for a large project. Funds will be repaid based on acceptable completion of the project or used to complete/repair work not done according to City standards.

**Intergovernmental Agency Fund** is used to receipt various monies received from the County and remitted to other government agencies.

**Utility Security Deposits Fund** is needed to account for incoming/outgoing security deposits held for the Water and Sewer Utilities.

**Haller Park Fund** is needed to account for a non-expendable trust of the City provided by the Haller Family

### 2015 Key Goals

- ❖ To appropriately account for trust and agency funds according to regulations.

### 2015 Budget Summary

Revenues and expenses for all funds fluctuate based on external factors. Revenues are budgeted basically the same from year to year because these funds are budgeted to account for volatility of revenues and costs. Actuals can vary significantly from budget. Expenses are the same, with the exception of retainage which is paid out 45 to 60 days after a project is complete as determined by the City Engineer or, for large projects, the City Council.

#### *Police Expendable Trust Fund*

- ❖ Revenues and expenses are budgeted at \$20,000 but are dependent on activity.

#### *Construction Deposits*

- ❖ Revenues: Include construction deposits for developments and City projects that will have retainage.
  - \$325,000 new construction deposits
- ❖ Expenses: Are budgeted to equal revenues allowing for the return of funds during the same year.
  - \$325,000 new construction deposits

#### *Intergovernmental Agency Fund*

- ❖ These are funds held in a fiduciary capacity by the City and can not be used for general operations. A budget amount was selected that will cover the costs of disbursements.
- ❖ The revenue and expenses are based on assessments and court fines, for Public Safety and Education and the sale of bus passes.

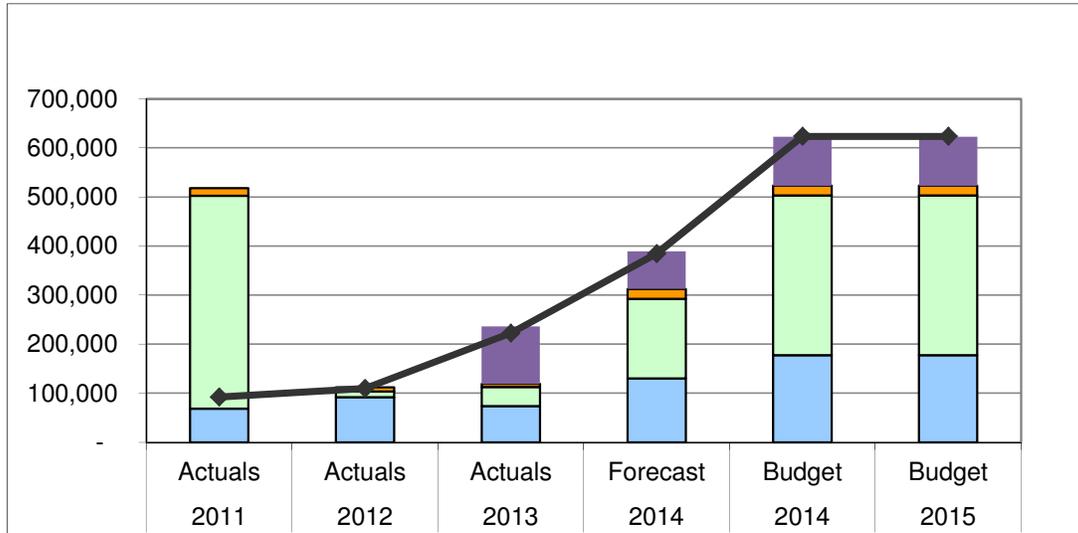
#### *Utility Security Deposits*

- ❖ Based on level of security deposits held for the Water and Sewer Utilities

*Haller Park Fund* monies expendable in the fund are limited to interest only

**City of Sequim  
2015 Budget  
5-Year Summary**

**Trust & Agency Funds (restricted funds)**



	2011 Actuals	2012 Actuals	2013 Actuals	2014 Forecast	2014 Budget	2015 Budget	2015-2014 Amount	%
<b>Beginning Fund Balance</b>								
Police Expendable Trust	31,483	17,546	8,520	8,520	8,520	1,721	(6,799)	-80%
Construction Deposits/Retainage	422,449	4,704	16,218	-	16,218	-	(16,218)	-100%
Utility Deposits			-	96,740	-	101,892		
Haller Park Fund	35,581	35,845	36,384	37,059	37,140	37,541		
Intergovernmental Agency Fund	1,544	7,041	1,426	3,278	17,100	5,269	(11,831)	-69%
<b>Beginning Fund Balance</b>	<b>491,056</b>	<b>65,137</b>	<b>62,548</b>	<b>145,597</b>	<b>78,978</b>	<b>146,423</b>	<b>67,445</b>	<b>85%</b>
<b>Revenues</b>								
Police Expendable Trust	1,658	-	6,340	13,201	20,000	20,000	-	0%
Construction Deposits/Retainage	15,801	22,993	22,854	162,500	325,000	325,000	-	0%
Utility Deposits			117,166	76,543	100,000	100,000	-	
Haller Park Fund	264	539	675	483	458	440		
Intergovernmental Agency Fund	74,547	86,437	75,610	132,292	178,247	178,247	-	0%
<b>Revenues</b>	<b>92,269</b>	<b>109,969</b>	<b>222,645</b>	<b>385,019</b>	<b>623,705</b>	<b>623,687</b>	<b>(18)</b>	<b>0%</b>
<b>Total Expenses</b>								
Police Expendable Trust	15,594	9,026	6,340	20,000	20,000	20,000	-	0%
Construction Deposits/Retainage	433,545	11,479	39,072	162,500	325,000	325,000	-	0%
Utility Deposits			20,426	71,391	100,000	100,000	-	
Haller Park Fund			-	-	-	-		
Intergovernmental Agency Fund	69,049	92,052	73,759	130,301	178,080	178,080	-	0%
<b>Total Expenses</b>	<b>518,188</b>	<b>112,557</b>	<b>139,597</b>	<b>384,192</b>	<b>623,080</b>	<b>623,080</b>	<b>-</b>	<b>0%</b>
<b>Ending Fund Balance</b>								
Police Expendable Trust	17,546	8,520	8,520	1,721	8,520	1,721	(6,799)	-80%
Construction Deposits/Retainage	4,704	16,218	-	-	16,218	-	(16,218)	-100%
Utility Deposits			96,740	101,892	-	101,892		
Haller Park Fund	35,845	36,384	37,059	37,541	37,598	37,981		
Intergovernmental Agency Fund	7,041	1,426	3,278	5,269	17,267	5,436	(11,831)	-69%
<b>Ending Fund Balance</b>	<b>65,137</b>	<b>62,549</b>	<b>145,596</b>	<b>146,424</b>	<b>79,603</b>	<b>147,030</b>	<b>67,427</b>	<b>85%</b>



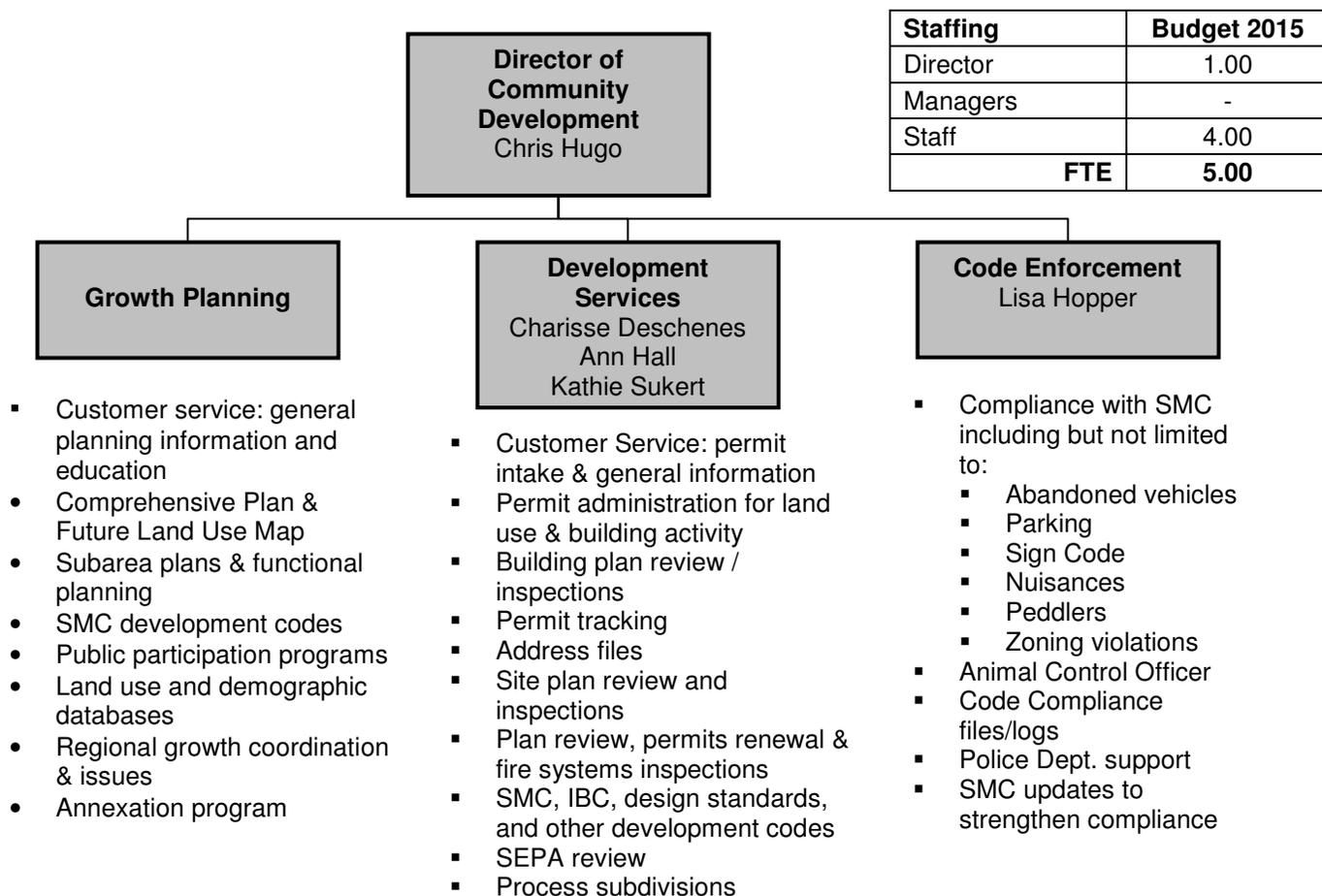
# City of Sequim 2015 Budget

**Department of Community Development**



**City Of Sequim  
Department Description**

**Department of Community Development**



The **Department of Community Development** is responsible for the community's healthy growth and development. This duty includes administration of the City's land use policies and regulations, including the Comprehensive Plan, zoning and subdivision codes, environmental plans and ordinances, and building and fire codes. The Department's Code Compliance section helps ensure adherence to a broad range of code provisions related to community maintenance.

**Growth Planning** is responsible for managing the preparation of community plans for long-range growth and development, including the Comprehensive Plan and subarea plans for Downtown or other districts, as well as assisting in the preparation of functional plans for transportation, utilities, parks, and public safety.

**Development Services** is responsible for promoting the general health, safety and welfare through administration of development and building codes, project and plan reviews, site and building inspections, and environmental reviews. Development Services consists of two sections, Current Planning and Building Services. Current Planning administers all land use codes and permits including rezones, variances, platting, conditional uses, temporary uses and special events, signs, and all associated environmental determinations. Building Services reviews building plans, conducts building inspections to insure safe occupancy, and approves fire suppression permits. Development Services oversees the permit counter which provides information, responds to questions, and takes in permit applications.

**Code Compliance** is charged with gaining adherence to specified SMC provisions and regulations: abandoned vehicles, illegal parking of vehicles/RVs, a wide variety of nuisances, and sign issues. The CC works in conjunction with the Sequim Police Department as necessary and also handles Animal Control.

# City Of Sequim Budget Overview

## Department of Community Development Growth Planning, Development Services and Code Compliance

Chris Hugo, Director of Community Development

### 2015 Key Goals

- ❖ Present final draft of new Comprehensive Plan to Council for adoption.
- ❖ Assist the Council to complete the regional growth planning collaborative process including ratification of 2015-35 Countywide Planning Policies and 20-year population targets.
- ❖ Utilize the new Civic Center's design and co-located departments to create customer service enhancements and increased efficiency within the already good permitting process.
- ❖ Commence the preparation of a new Title 18 Zoning, amendments to subdivision regulations, and other development regulations to maintain consistency with new Comprehensive Plan.
- ❖ Start work with the IT Steering Committee to identify a new permitting system design and vendor for acquisition in 2016-17.

### Key Assumptions

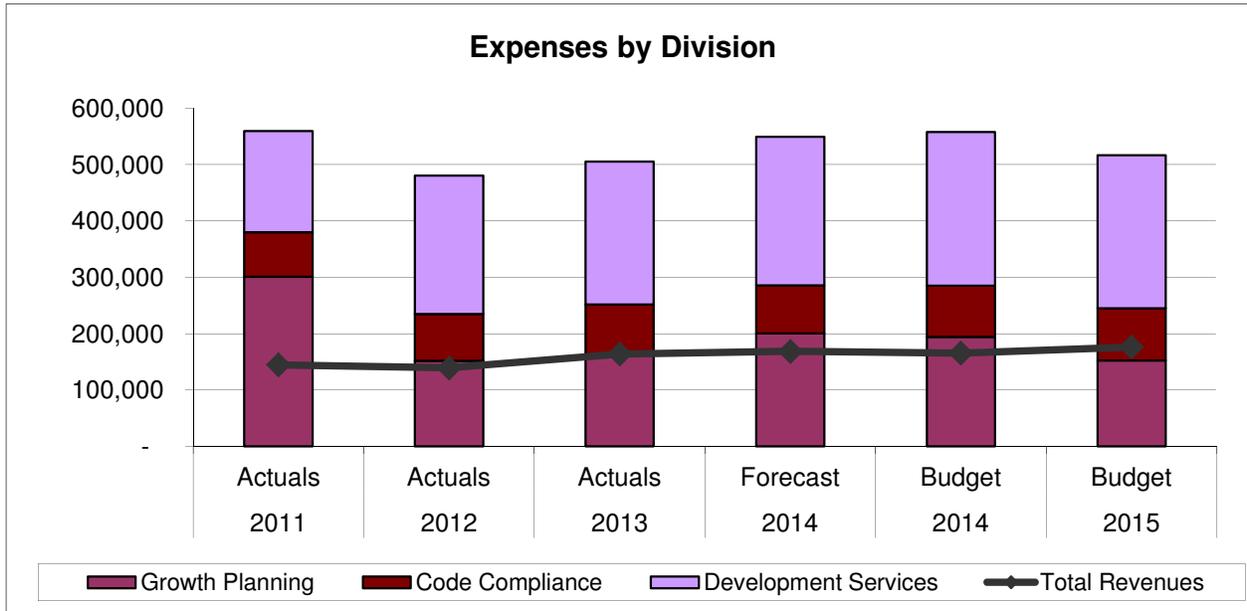
- ❖ Development activity will slightly increase for residential and non-residential development due to continued growth in national and regional economies and steady media attention to Sequim as a desirable retirement community.
- ❖ Utilization of new development opportunities in the new Comprehensive Plan may generate project activity that requires considerable staff time to coordinate, review and permit.
- ❖ Considerable staff resources will be expended in the first half of the year for archiving permit histories, converting project files to electronic records and other preparations to move into the Civic Center.

### 2015 Budget Summary

- No significant changes to programs or service delivery from the prior year.
- To meet a balanced budget, training and travel funds are greatly reduced or eliminated.
- No funds are budgeted for outside consulting resources other than to complete SEPA review for Comprehensive Plan.

**City of Sequim  
2015 Budget  
Other Information**

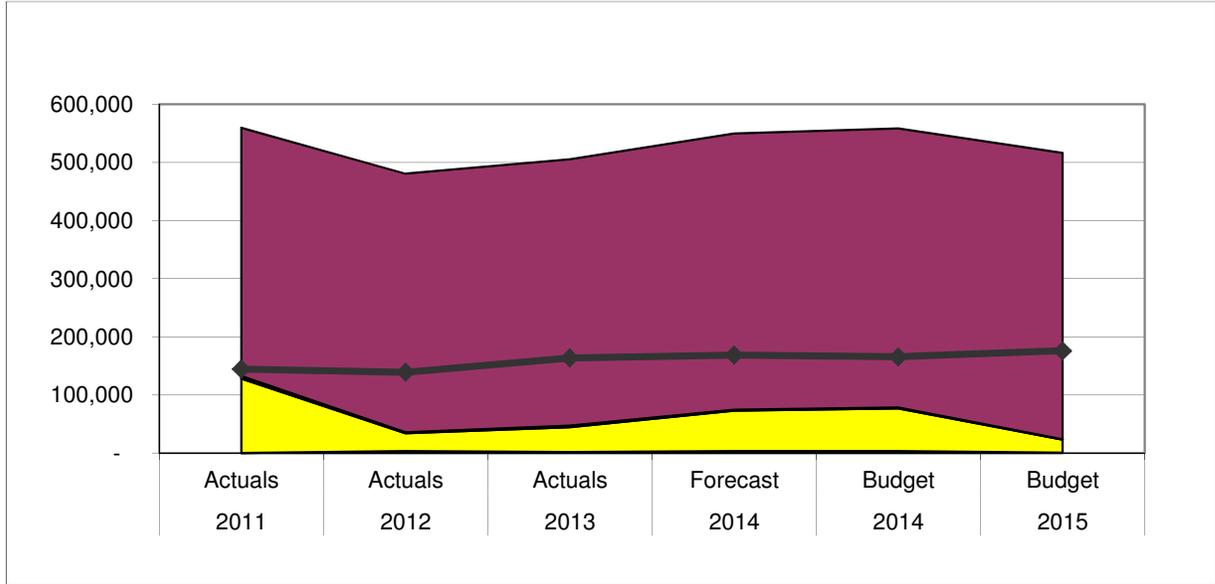
**Department of Community Development**



	2011 Actuals	2012 Actuals	2013 Actuals	2014 Forecast	2014 Budget	2015 Budget	2015-2014 Amount	%
<b>Revenues</b>								
30 Development Services	118,181	126,490	157,040	151,462	151,200	161,295	10,095	7%
24 Code Compliance	-	-	-	150	-	-	-	0%
50 Growth Planning	26,271	12,615	6,726	16,871	14,350	14,700	350	2%
◆◆◆ Total Revenues	144,452	139,105	163,766	168,483	165,550	175,995	10,445	6%
<b>Expenses</b>								
30 Development Services	179,772	245,657	253,357	263,747	272,762	271,694	(1,068)	0%
24 Code Compliance	78,651	83,020	88,750	85,554	90,918	92,154	1,236	1%
50 Growth Planning	301,127	151,691	163,179	200,168	194,411	152,572	(41,839)	-22%
<b>Total Community</b>								
Development Services	559,549	480,368	505,286	549,469	558,091	516,420	(41,671)	-7%

**City of Sequim  
2015 Budget  
5-Year Summary**

**Department of Community Development**



	2011 Actuals	2012 Actuals	2013 Actuals	2014 Forecast	2014 Budget	2015 Budget	2015-2014 Amount	%
Licenses & Permits	90,847	85,015	117,204	106,213	104,020	118,295	14,275	14%
Intergovernmental	21,530	4,736	2,764	5,400	5,400	3,600	(1,800)	-33%
Goods & Services	32,042	49,354	43,797	56,865	56,130	54,100	(2,030)	-4%
Misc Income	33	0	-	6	-	-	-	0%
<b>Total Revenues</b>	<b>144,452</b>	<b>139,105</b>	<b>163,765</b>	<b>168,484</b>	<b>165,550</b>	<b>175,995</b>	<b>10,445</b>	<b>6%</b>
Salaries & Benefits	426,838	444,490	457,792	474,983	479,417	492,785	13,368	3%
Operating Supplies	4,548	1,934	2,851	1,280	1,990	340	(1,650)	-83%
Charges for Services	128,163	30,284	42,783	69,546	73,025	22,379	(50,646)	-69%
Transfers (Equip Reserve)	-	3,660	1,860	3,660	3,660	915	(2,745)	-75%
<b>Total Expenses</b>	<b>559,549</b>	<b>480,368</b>	<b>505,286</b>	<b>549,469</b>	<b>558,092</b>	<b>516,419</b>	<b>(41,673)</b>	<b>-7%</b>
		(1)	(0)	-	1	(1)		



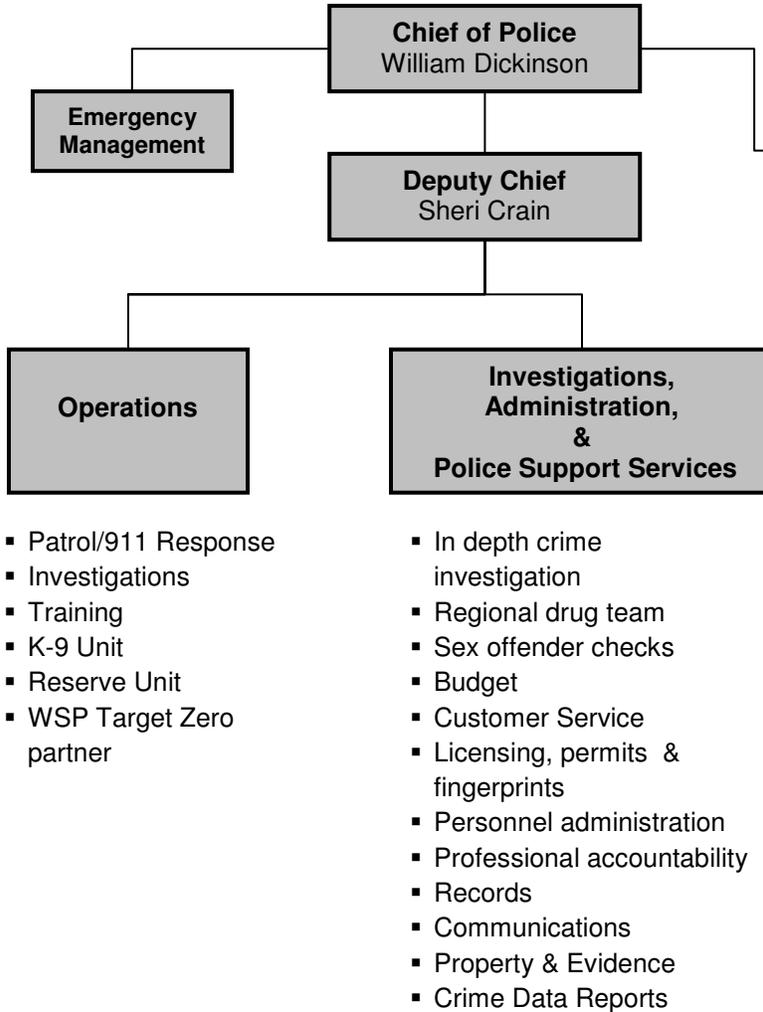
# City of Sequim 2015 Budget

## Police Department

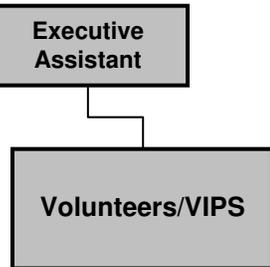


**City Of Sequim  
Department Description**

**Police Department**



<b>Staffing</b>	<b>Budget 2015</b>
Chief	0.92
Deputy Chief	1.00
Sergeants	4.00
SRO Officer	1.00
Police Officers	12.00
Support Staff	3.00
<b>FTE</b>	<b>21.92</b>



- Project Lifesaver
- Block Watch
- Business watch
- Subpoena service
- Front office support
- Vacation house check
- Child car seat safety program
- Pawnshop detail
- Chaplain

The Sequim Police Department is charged with a variety of duties relating to the protection and safety of the community. This mandate is carried out through the enforcement of criminal and traffic laws; the investigation of criminal activities and the arrest of the offenders; and emergency preparation and management. The Department coordinates investigations and law enforcement operations with other jurisdictions and agencies. Additionally, the Support Services front counter offers animal licensing and weapons permitting and transfers, as well as fingerprinting, records retrieval, bicycle licenses, incident reports, vacation check requests and public records requests. Due to staffing reductions, we currently rely more heavily on volunteer staffing to accomplish some of our tasks. Others, such as providing a dedicated Public Information Officer, Emergency Management Coordinator, and Crime Prevention Officer have been deleted or significantly reduced.

The department consists of nineteen sworn officers (19 FTE), three civilian support employees (3.00 FTE), two Reserve Officers (not FTE's), and an active group of 20 civilian volunteers who assist the department's efforts and provide enhanced public safety programs.

# City Of Sequim Budget Overview

## Police Department

William Dickinson, Chief of Police

### 2015 Key Goals

The Police Department has two immediate goals for 2015.

- ❖ Implement the dedicated School Resource Officer for the Sequim School District. A grant application to the Department of Justice has been approved, the SRO has been identified and provided job-specific training, the hiring and training process for a replacement patrol officer is expected to be completed, and the City may then begin billing the federal government and school district for the approved funding.
- ❖ Move into the new police station and begin the process of gaining State Accreditation.

### 2015 Budget Summary

The 2015 Police operating budget has been reduced by \$39k and we have not proposed any new initiatives, programs or staffing. We have not been notified of any increases in externally driven operational expenses including the cost of fuel, the LEDRN (the Law Enforcement Digital Radio Network operated by the Clallam County Sheriff) and PenCom (Peninsula 9-1-1 Communications operated by the Port Angeles Police Department) bills. State mandated costs including Labor and Industries Industrial Insurance, and LEOFF (Law Enforcement Officers and Fire Fighters Retirement System) contribution rates are all expected to increase. A small cost recovery occurs as three senior employees are being replaced with new entry-level members, the Department receives a temporary reduction in labor costs while the new employees begin working their way up the pay scale, starting from entry-level wages.

The current labor contracts for Police Officer and Sergeant include a 1% cost-of- living adjustment, so our payroll increases are minimal including the consequence of step increases for those current employees whose tenure calls for it. Overall, our labor costs are relatively flat for the coming year.

Equipment wise, the Department has significantly reduced its contribution to the equipment reserve fund for 2015 as a budget cutting mechanism, but which will require playing catch-up in a future year. In summary, the police budget has decreased by \$39k. We have taken reductions in operating expenses, training and overtime (in the hope that we will have returned to full staffing and have less need for operational overtime expenses).

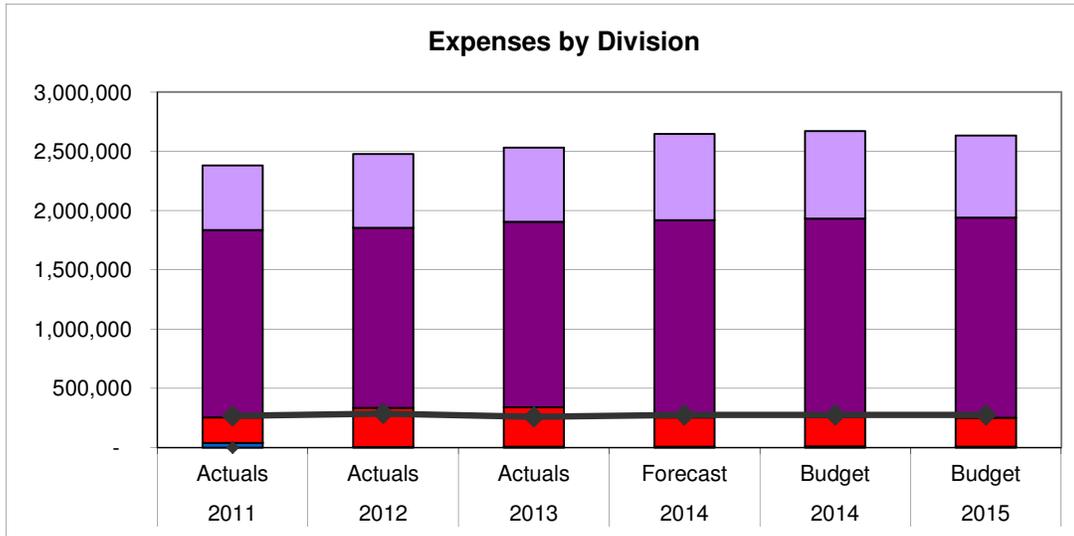
We have requested to upgrade the Records Clerk position to that of Police Specialist so that our front desk staff positions are equal in their job tasks and pay. This upgrade of the one position results in a \$2,400 increase in pay and benefits although it may be a little less since it involves a new replacement specialist who will be entering at the bottom of the pay scale.

### Key Assumptions

- ❖ The Department has taken significant operational cuts over the last few years and continues to seek every opportunity for operational efficiency.

**City of Sequim  
2015 Budget  
Other Information**

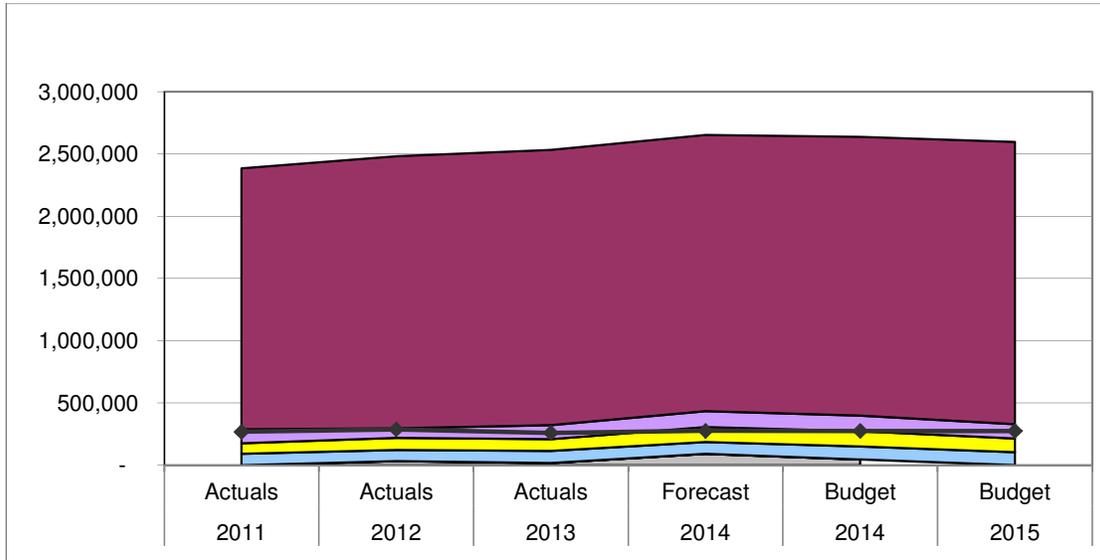
**Police Department**



	2011 Actuals	2012 Actuals	2013 Actuals	2014 Forecast	2014 Budget	2015 Budget	2015-2014 Amount	%
<b>Revenues</b>								
Taxes	74,543	77,935	83,521	80,215	78,485	84,215	5,730	7.3%
Licenses & Permits	1,709	2,197	2,767	3,087	2,600	2,767	167	6.4%
Intergov't'l Revenues	118,557	132,797	100,046	123,992	119,298	117,128	(2,170)	-1.8%
Goods & Services	11,581	14,733	19,260	12,408	6,982	14,600	7,618	109.1%
Fines & Forfeits	53,351	52,217	47,377	49,616	61,510	50,141	(11,369)	-18.5%
Miscellaneous Revenue	7,933	7,526	6,455	6,000	6,000	6,000	-	0.0%
<b>Total Revenues</b>	<b>267,674</b>	<b>287,405</b>	<b>259,426</b>	<b>275,318</b>	<b>274,875</b>	<b>274,851</b>	<b>(24)</b>	<b>0.0%</b>
<b>Expenses</b>								
General	-	-	-	-	-	-	-	0.0%
Support Services	544,237	624,149	623,098	726,879	739,422	692,324	(47,098)	-6.4%
Volunteers	3,165	2,373	767	6,054	8,100	8,100	-	0.0%
Patrol Operations	1,580,197	1,520,120	1,566,980	1,663,866	1,674,615	1,688,113	13,498	0.8%
Investigations	215,207	330,101	333,077	248,206	247,780	244,687	(3,093)	-1.2%
Traffic	48	-	-	-	-	-	-	0.0%
Emerg Mgmt/Crime Prevention	40,020	3,409	6,571	6,740	10,006	8,109	(1,897)	-19.0%
<b>Total Expenses</b>	<b>2,382,873</b>	<b>2,480,153</b>	<b>2,530,493</b>	<b>2,651,745</b>	<b>2,679,923</b>	<b>2,641,333</b>	<b>(38,590)</b>	<b>-1.4%</b>

**City of Sequim  
2015 Budget  
5-Year Summary**

**Police Department**



	2011 Actuals	2012 Actuals	2013 Actuals	2014 Forecast	2014 Budget	2015 Budget	2015-2014	
							Amount	%
<b>Revenues</b>								
Taxes	74,543	77,935	83,521	80,215	78,485	84,215	5,730	7%
Licenses & Permits	1,709	2,197	2,767	3,087	2,600	2,767	167	6%
Intergovt'l Revenues	118,557	132,797	100,046	123,992	119,298	117,128	(2,170)	-2%
Goods & Services	11,581	14,733	19,260	12,408	6,982	14,600	7,618	109%
Fines & Forfeits	53,351	52,217	47,377	49,616	61,510	50,141	(11,369)	-18%
Miscellaneous Revenue	7,933	7,526	6,455	6,000	6,000	6,000	-	0%
<b>◆◆◆ Total Revenues</b>	<b>267,674</b>	<b>287,405</b>	<b>259,426</b>	<b>275,318</b>	<b>274,875</b>	<b>274,851</b>	(24)	0%
							-	
<b>Expenses</b>								
Salaries & Benefits	2,095,613	2,184,277	2,208,083	2,219,286	2,238,436	2,266,313	27,877	1%
Operating Supplies	110,899	76,526	113,711	127,585	124,499	115,752	(8,747)	-7%
Charges for Services	85,430	98,510	95,340	118,784	122,562	109,574	(12,988)	-11%
Intergovernmental	90,931	88,156	96,303	96,087	104,424	104,394	(30)	0%
Capital (Equip > \$7,500)				-	-	0	-	0%
Transfers (Equip/SRO match)		32,684	17,056	90,003	90,003	45,300	(44,703)	-50%
<b>Total Expenses</b>	<b>2,382,873</b>	<b>2,480,152</b>	<b>2,530,493</b>	<b>2,651,745</b>	<b>2,679,924</b>	<b>2,641,333</b>	(38,591)	-1%



**City Of Sequim  
Department Description**

**Police Restricted Fund  
Police Asset Seizure Fund**

**Chief of Police**  
William Dickinson

Police Restricted Fund

- Grant funded or donation funded special activities.

Police Asset Seizure

- Revenues are used for funding drug enforcement in accordance with RCW 69.50.505

The **Police Restricted Fund** is for grant funded or donation funded special activities that are in addition to ongoing police operations. Projects and activities include:

- K-9 program setup and training (2000 – ongoing)
- Project LifeSaver (2007 – ongoing)
- 9/11 Memorial donations (2011-ongoing)
- Public Safety Tax collection and transfers
- SRO grant revenues and related expenditures

Note: In the past, this fund included Criminal Justice taxes and state shared revenues, but these were moved to the General Fund in 2008. Beginning in 2013, Public Safety Sales Tax revenues approved for the purchase of new police and emergency operations facilities are reflected in the Restricted Fund.

The **Police Asset Seizure Fund** was created to deposit the net portion of forfeited proceeds after payment to the Washington State Treasurer and settlement of all claims as required by the RCW and federal laws. These funds are to be used to assist the Sequim Police Department in funding drug enforcement as determined by the Chief of Police in accordance with RCW 69.50.505.

The net proceeds are provided by the following per Sequim Municipal Code 3.42:

- RCW 69.50.505 – seizure and forfeiture of property connected with the manufacture, compounding, processing, delivery, importing, or exporting of illegal narcotics and drugs (controlled substances) by law enforcement agencies, including the Sequim Police Department.
- RCW 46.61.5058 – seizure and forfeiture of a vehicle connected with driving a motor vehicle while meeting or exceeding the Washington state recognized level of intoxication (DUI) and having had a prior conviction within seven years as defined by RCW 46.61.5055.
- Chapter 9A.83 RCW – seizure and forfeiture of proceeds and property connected with money laundering.
- Moneys derived as a result of the Federal Comprehensive Crime Control Act.
- Withdrawals from the account shall require written authorization of the Chief of Police and the City Manager (Sequim Municipal Code 3.42.030).

# City Of Sequim Budget Overview

## Police Restricted Fund Police Asset Seizure Fund William Dickinson, Chief of Police

### 2015 Key Goals

- ❖ Fully implement the School Resource Officer and begin billing the Federal Grant and School District for services provided
- ❖ Continue to utilize donated funds for their dedicated purposes, to include: K-9 program support, Project Lifesaver, Police Asset Seizure Fund, 9-11 memorial fund and volunteer activities such as Child Car seat inspections, etc.
- ❖ Asset seizure funds are typically applied towards needed officer safety and investigative equipment purchases.
- ❖ Transfer available Public Safety Tax to Debt Service Fund for bond payments.

### 2015 Budget Summary

#### *Police Restricted Fund*

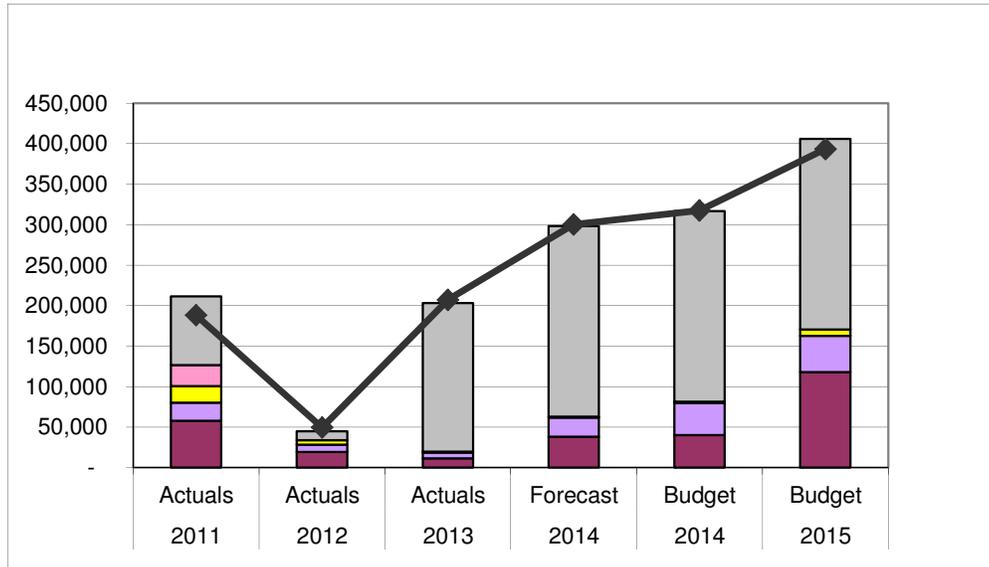
- ❖ The Police Restricted budget reflects grant money and donations that are linked to specific purposes and programs. Donated monies within the Police Restricted fund are earmarked by donators to support a multitude of police department programs, such as our K-9 program, Project Lifesaver, and volunteer supported activities such as child car seat inspections.
- ❖ The voter-approved Public Safety Sales Tax revenue is reflected in the restricted fund and will continue to be utilized for the new police and EOC facilities portion of the new Police Facility.

#### *Police Asset Seizure Fund*

- ❖ Revenues are anticipated based on averages.
- ❖ The uses of the Asset Seizure Fund are set out in both state law and under current City Ordinance. The actual amount of revenue can vary significantly from year-to-year, based on the unpredictable nature of narcotics investigations, proactive resources available for enforcement, backlogs of seizure hearings, and other variables including, even, the type of drug of choice that is being peddled and purchased.
- ❖ No significant changes are anticipated in this Budget cycle.

**City of Sequim  
2015 Budget  
5-Year Summary**

**Police Restricted & Asset Seizure**



	2011	2012	2013	2014	2014	2015	2015-2014	
	Actuals	Actuals	Actuals	Forecast	Budget	Budget	Amount	%
<b>Beginning Fund Balance</b>								
Police Restricted	105,456	68,170	71,539	71,796	67,362	73,723	6,361	9%
Police Asset Seizure	4,376	18,387	19,837	23,301	20,253	23,395	3,142	16%
<b>Beginning Fund Balance</b>	<b>109,832</b>	<b>86,557</b>	<b>91,376</b>	<b>95,098</b>	<b>87,615</b>	<b>97,118</b>	<b>9,503</b>	<b>11%</b>
<b>Revenues</b>								
<b>Taxes (NEW)</b>	-	-	183,346	235,000	235,000	234,876	(124)	0%
<b>Intergovernmental</b>	141,320	24,661	15,760	41,171	42,358	101,051	58,693	139%
<b>Goods &amp; Services</b>	20,200	10,450	360	6,033	10,000	20,000	10,000	100%
<b>Other Miscellaneous</b>	12,696	6,500	4,482	6,464	9,999	7,299	(2,700)	-27%
<b>NonRevenues / Financing</b>	14,029	8,068	3,096	11,480	20,000	30,000	10,000	50%
<b>Revenues</b>	<b>188,245</b>	<b>49,679</b>	<b>207,044</b>	<b>300,148</b>	<b>317,357</b>	<b>393,226</b>	<b>75,869</b>	<b>24%</b>
<b>Expenses</b>								
<b>Salaries &amp; Benefits</b>	57,965	19,498	11,683	38,160	40,301	117,967	77,666	193%
<b>Operating Supplies</b>	22,198	8,942	7,033	23,736	39,750	44,750	5,000	13%
<b>Charges for Services</b>	20,467	5,641	1,262	1,232	1,500	8,000	6,500	433%
<b>Intergovernmental</b>	-	-	-	-	-	0	-	-
<b>Capital (Equip &gt; \$7,500)</b>	25,890	0	-	-	-	0	-	-
<b>NonExpense/Transfers</b>	85,000	10,778	183,346	235,000	235,000	235,000	-	0%
<b>Total Expenses</b>	<b>211,520</b>	<b>44,860</b>	<b>203,324</b>	<b>298,128</b>	<b>316,551</b>	<b>405,717</b>	<b>89,166</b>	<b>28%</b>
<b>Surplus/(Deficit)</b>	<b>(23,275)</b>	<b>4,819</b>	<b>3,720</b>	<b>2,020</b>	<b>806</b>	<b>(12,491)</b>	<b>(13,297)</b>	<b>-1650%</b>
<b>Ending Fund Balance</b>								
Police Restricted	68,170	71,539	71,797	73,722	67,919	60,958	(6,961)	-10%
Police Asset Seizure	18,387	19,837	23,301	23,395	20,502	23,669	3,167	15%
<b>Ending Fund Balance</b>	<b>86,557</b>	<b>91,376</b>	<b>95,098</b>	<b>97,118</b>	<b>88,421</b>	<b>84,627</b>	<b>(3,794)</b>	<b>-4%</b>



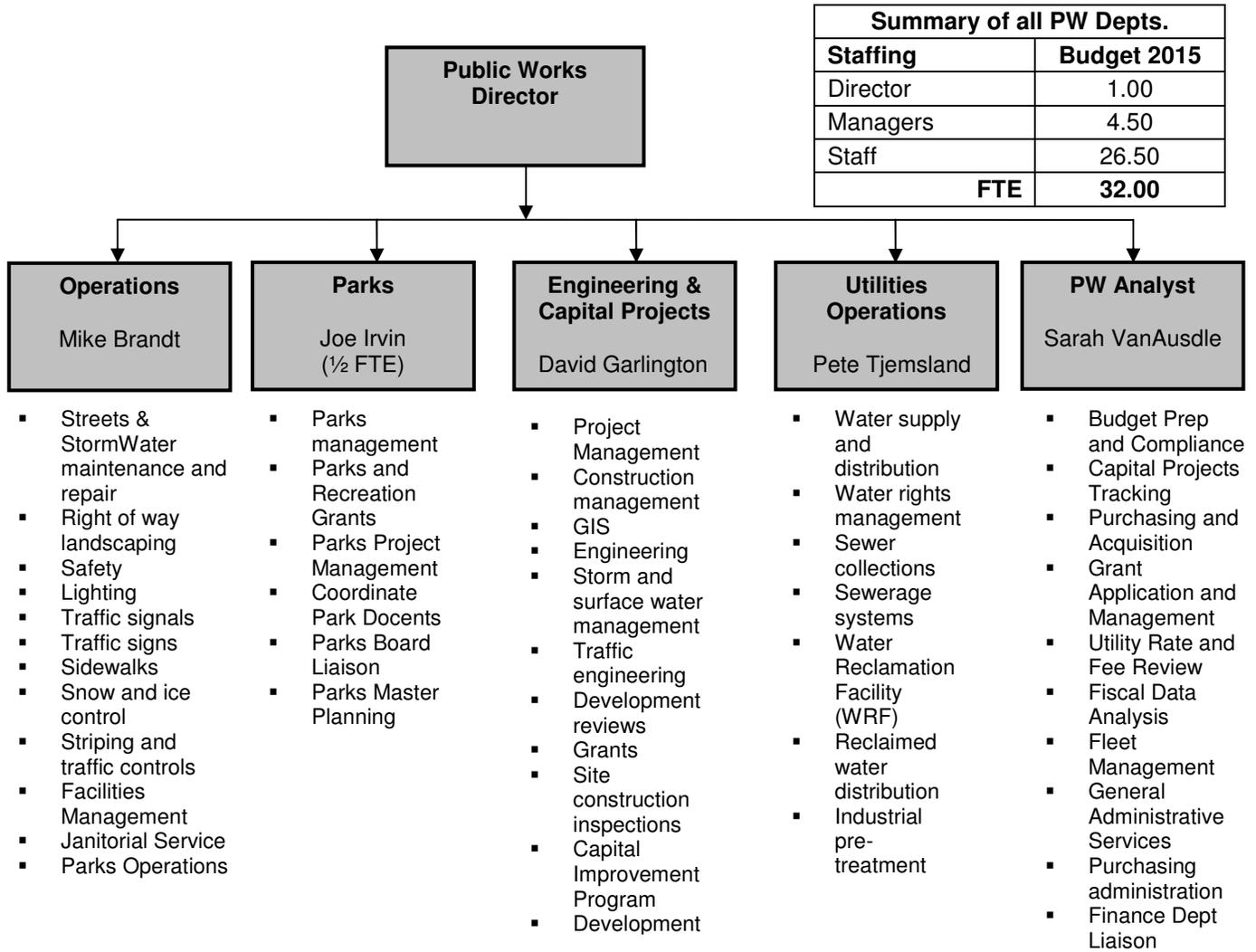
# City of Sequim 2015 Budget

**Public Works Administration  
Streets, Parks, Facilities & Engineering  
Utilities & Capital Facilities**



# City Of Sequim Department Description

## Public Works Administration, Streets, Parks, Capital Facilities & Utilities



### Inventory of Infrastructure Operated and Maintained by Public Works Department

- 54 center line miles of streets
- 7 miles of Alleys
- 38.5 miles of shoulders mowed
- 59 miles of water lines
- 72 miles of sewer lines
- 1.4 miles of outfall pipe ending 1900 feet into the Strait of Juan de Fuca
- 1.67 million gallon per day Water Reclamation Facility
- 4 sewerage lift stations
- 3.4 million gallons of potable water storage in 4 reservoirs
- 3 water sources
- 6 drinking water wells
- 4 drinking water booster pump stations
- Approximately 2,400 water meters
- 8 parks
- 117 acres of park land
- 8 Playgrounds/Fields
- 4 miles of paved trails
- 18 buildings not associated with water or sewer facilities
- 50 vehicles and rolling equipment
- 7 traffic signals
- Approximately 350 street lights
- 1000s of street signs
- About 750 street trees
- 9 foot bridges
- 1 vehicle bridge
- 49,000 sq ft of City building facilities
- Hundreds of catch basins on city streets
- Dozens of retention/detention ponds
- Dozens of drywells and infiltration pipes
- Several irrigation ditches sites
- 1 acre of rapid infiltration basins
- \$50M newly adopted Capital Improvement Program

**City of Sequim  
2015 Budget**

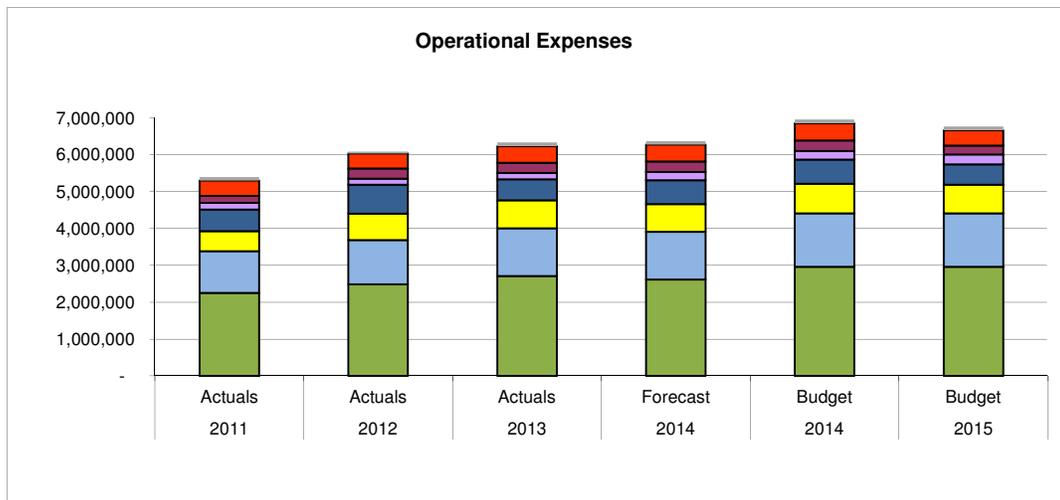
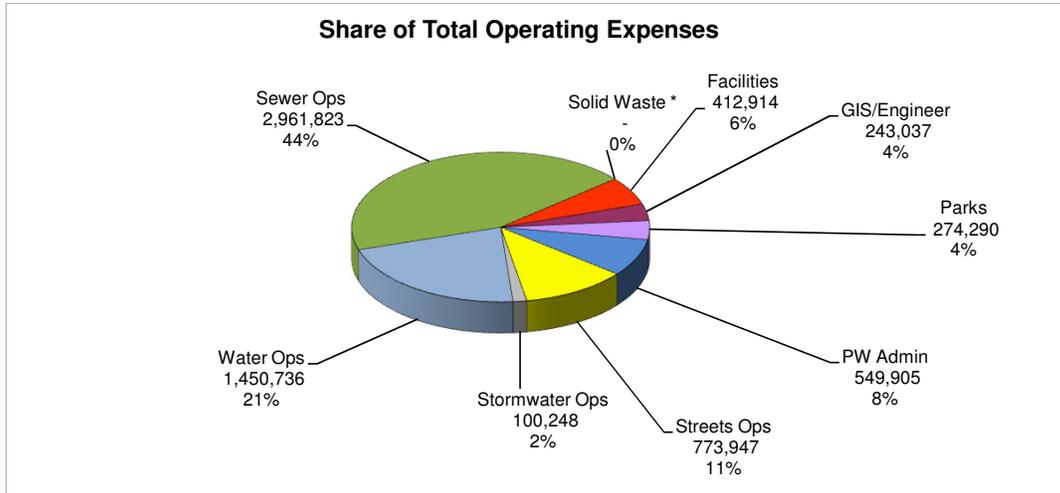
**Public Works Staffing**

**Inter-Divisional Effort**

Position	Water	Sewer	WWTP	ReUse	Parks	Street	SIB	Storm Wtr	Bldg Maint	Engineer	Project Mgt	PW Admin
Chief Mechanic	0.30	0.30										0.40
City Engineer	0.10	0.10	0.10	0.10						0.30	0.20	0.10
Engineering Tech										0.50	0.50	
Engineering Tech - GIS										1.00		
Maintenance Worker - Facilities	0.10	0.10			0.10				0.70			
Maintenance Worker - Janitor									1.00			
Maintenance Worker - Janitor				0.50					0.50			
Maintenance Worker - Lead Sewer		0.75						0.25				
Maintenance Worker - Lead Streets						0.80		0.20				
Maintenance Worker - Lead Water	1.00											
Maintenance Worker - Parks					1.00							
Maintenance Worker - Seasonal				0.50								
Maintenance Worker - Seasonal			0.50									
Maintenance Worker - Seasonal		0.50										
Maintenance Worker - Seasonal					0.50							
Maintenance Worker - Seasonal	0.50											
Maintenance Worker - Sewer		1.00										
Maintenance Worker - Sewer		0.75						0.25				
Maintenance Worker - Streets					0.10	0.90						
Maintenance Worker - Streets					0.10		0.90					
Maintenance Worker - Streets					0.10	0.90						
Maintenance Worker - Water	1.00											
Maintenance Worker - Water	1.00											
Parks Manager					0.50							
Public Works Director												1.00
PW Admin Asst												1.00
PW Management Analyst											0.25	0.75
Streets Manager	0.25	0.25			0.15	0.25		0.05	0.05			
Utilities Manager	0.50	0.50										
Water Resource Manager								1.00				
Water/Env Specialist	0.25		0.75									
WRF Lead			1.00									
WRF Operator			1.00									
WRF Operator			1.00									
WRF Operator			1.00									
<b>TOTAL FTE = 32</b>	<b>5.00</b>	<b>4.25</b>	<b>5.35</b>	<b>1.10</b>	<b>2.55</b>	<b>2.85</b>	<b>0.90</b>	<b>1.75</b>	<b>2.25</b>	<b>1.80</b>	<b>0.95</b>	<b>3.25</b>

**City of Sequim  
2015 Budget**

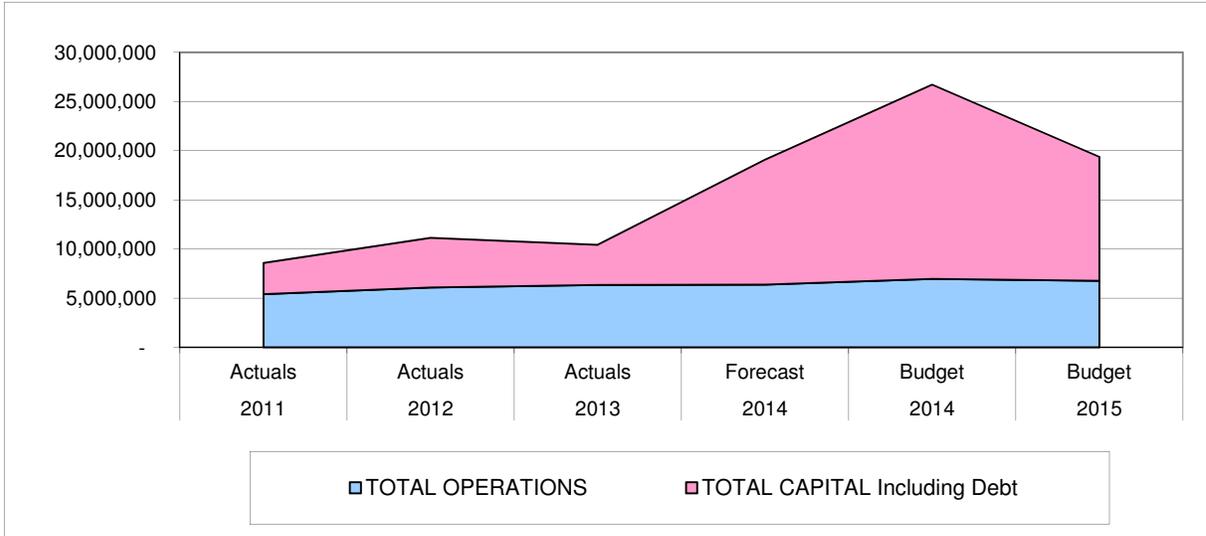
**PW Admin, Streets, Parks, Capital Facilities, Water, Sewer, Stormwater & Solid Waste  
Operations**



	2011 Actuals	2012 Actuals	2013 Actuals	2014 Forecast	2014 Budget	2015 Budget	2015-2014 Amount	%	
Facilities	417,300	406,788	449,800	452,648	466,916	412,914	(54,002)	-12%	} Gen Fund -10%
GIS/Engineer	184,916	275,339	280,081	287,609	287,262	243,037	(44,225)	-15%	
Parks	187,101	168,805	169,686	222,489	234,963	274,290	39,327	17%	
PW Admin	580,895	780,012	572,259	649,581	656,191	549,905	(106,286)	-16%	
Streets Ops	549,006	718,681	760,956	752,929	804,569	773,947	(30,622)	-4%	
Stormwater Ops	93,882	54,215	101,014	98,948	102,705	100,248	(2,457)	-2%	
Water Ops	1,133,334	1,198,262	1,290,094	1,292,281	1,443,673	1,450,736	7,063	0%	
Sewer Ops	2,245,664	2,486,661	2,710,999	2,616,874	2,964,263	2,961,823	(2,440)	0%	
Solid Waste *	3,189	-	-	* CLOSED	-	* CLOSED			
<b>TOTAL OPERATIONS (Excluding Transfers)</b>	<b>5,395,287</b>	<b>6,088,764</b>	<b>6,334,889</b>	<b>6,373,359</b>	<b>6,960,542</b>	<b>6,766,900</b>	<b>(193,642)</b>	<b>-3%</b>	

**City of Sequim  
2015 Budget  
5-Year Summary**

**PW Admin, Streets, Parks, Capital Facilities, Water, Sewer, Stormwater & Solid Waste  
Operations and Capital Projects**



EXPENSES	2011 Actuals	2012 Actuals	2013 Actuals	2014 Forecast	2014 Budget	2015 Budget	2015-2014 Amount	%
Facilities	417,300	406,788	449,800	452,648	466,916	412,914	(54,002)	-12%
GIS/Engineer	184,916	275,339	280,081	287,609	287,262	243,037	(44,225)	-15%
Parks	187,101	168,805	169,686	222,489	234,963	274,290	39,327	17%
PW Admin	580,895	780,012	572,259	649,581	656,191	549,905	(106,286)	-16%
<b>SubTotal</b>	<b>1,370,212</b>	<b>1,630,944</b>	<b>1,471,826</b>	<b>1,612,327</b>	<b>1,645,332</b>	<b>1,480,146</b>	<b>(165,186)</b>	<b>-10%</b>
Streets Ops	549,006	718,681	760,956	752,929	804,569	773,947	(30,622)	-4%
Stormwater Ops	93,882	54,215	101,014	98,948	102,705	100,248	(2,457)	
Solid Waste *	3,189	-	-	* CLOSED	* CLOSED	* CLOSED		
<b>SubTotal</b>	<b>646,077</b>	<b>772,896</b>	<b>861,970</b>	<b>851,877</b>	<b>907,274</b>	<b>874,195</b>	<b>(33,079)</b>	<b>-4%</b>
Water Ops	1,133,334	1,198,262	1,290,094	1,292,281	1,443,673	1,450,736	7,063	0%
Sewer Ops	2,245,664	2,486,661	2,710,999	2,616,874	2,964,263	2,961,823	(2,440)	0%
<b>SubTotal</b>	<b>3,378,997</b>	<b>3,684,924</b>	<b>4,001,093</b>	<b>3,909,155</b>	<b>4,407,936</b>	<b>4,412,559</b>	<b>4,623</b>	<b>0%</b>
<b>TOTAL OPERATIONS</b>	<b>5,395,287</b>	<b>6,088,764</b>	<b>6,334,889</b>	<b>6,373,359</b>	<b>6,960,542</b>	<b>6,766,900</b>	<b>(193,642)</b>	<b>-3%</b>
Streets	711,367	1,051,471	1,390,013	1,124,820	2,087,626	1,424,421	(663,205)	-32%
Stormwater	-	-	45,504	177,185	185,935	318,843	132,908	
Parks Restricted	86,108	83,128	101,765	185,675	221,875	198,369	(23,506)	-11%
Haller Park	-	-	-	-	-	-	-	0%
Capital Facilities	213,291	1,437,940	940,246	7,632,489	12,567,493	6,383,078	(6,184,415)	-49%
Water	729,800	1,009,737	290,730	1,883,185	2,561,704	1,536,038	(1,025,666)	-40%
Sewer	1,442,342	1,458,423	1,328,018	1,691,228	2,119,107	2,738,661	619,554	29%
<b>TOTAL CAPITAL Including Debt</b>	<b>3,182,907</b>	<b>5,040,699</b>	<b>4,096,276</b>	<b>12,694,582</b>	<b>19,743,740</b>	<b>12,599,410</b>	<b>(7,144,330)</b>	<b>-36%</b>
<b>Total Expenses BEFORE Transfers</b>	<b>8,578,194</b>	<b>11,129,463</b>	<b>10,431,165</b>	<b>19,067,941</b>	<b>26,704,282</b>	<b>19,366,310</b>	<b>(7,337,972)</b>	<b>-27%</b>
NonExpense/Transfers	2,424,217	1,863,180	2,755,757	3,503,071	9,330,195	5,990,038	(3,340,157)	-36%
<b>Total Expenses Including Transfers</b>	<b>11,002,412</b>	<b>12,992,642</b>	<b>13,186,922</b>	<b>22,571,012</b>	<b>36,034,477</b>	<b>25,356,348</b>	<b>(10,678,129)</b>	<b>-30%</b>

# City Of Sequim Budget Overview

## Public Works Administration and Operations Public Works Director (vacant)

**Public Works Department** has responsibility to provide and maintain the infrastructure, facilities and services that meet the needs of the City of Sequim and comply with the state, federal and council established standards.

**Public Works Administration** provides the overall management and support for these functions. The Public Works office coordinates with outside jurisdictions, oversees contract management and consultant agreements, facilitates transportation and infrastructure planning, performs development review and answers customer inquiries. It oversees the budget preparation and administration, and ensures compliance with purchasing regulations.

The **Facilities Maintenance Division** includes all building repairs maintenance and janitorial costs for all City owned and leased properties. This includes the Clallam Transit Center, where Council meetings are held as well as remodeling of leased space, and lease negotiations. Facilities' staff also manages the Spring Clean-up.

The **Parks Division** changed to a maintenance only department in 2008 and is responsible for the operations and maintenance of eight (8) City owned parks, including the James Center for the Performing Arts, and the Guy Cole Convention center. Some of the maintenance is shared with non-profit organizations. Total park area property is approximately 127 acres. The City also maintains approximately 4 miles or 4.8 acres of asphalt trail system located in the City of Sequim. The Gerhardt Park property, located on the North East corner at the intersection of Reservoir Road and South 3<sup>rd</sup> Avenue, was donated to the City in 2013. The Parks Master Plan, which is being completed in 2014, will determine how to best develop and utilize the property. This is approximately 7.5 acres of pristine view property. The Parks Division also coordinates with community groups who provide scheduling and some maintenance of various park play and leisure areas.

**Engineering** provides services for general Public Works, Streets Restricted projects, Water & Sewer Capital Projects Funds, Capital Facilities, Community Development and the general public. The GIS element of the Engineering department is responsible for maintaining a detailed informational data base of city infrastructure and geographic data to facilitate decision making for the supported departments.

### 2015 Key Goals

- ❖ Recruit and fill vacant Public Works Director position
- ❖ Continue to Establish/Re-Establish working partnerships with local and regional governmental entities
- ❖ Improve emergency management planning and training routines, and work to equip staff with needed policies, procedures, funding, training and equipment.
- ❖ Continue to improve employee safety practices.
- ❖ Institute policies on private streets and water systems
- ❖ Focus on the success of City Council Goals.
  
- ❖ PW Administration - Continue to tighten purchasing controls, track work order service levels and employee training and development
- ❖ PW Administration - Continue the development of the fleet services operation.
  
- ❖ Facilities – Maintenance of newly added properties that are now under city ownership
  
- ❖ Parks – Finalize and develop site renderings for newly adopted Parks Master Plan
- ❖ Parks – Renovate and re-purpose the Guy Cole Convention Center in collaboration with the School District's Building Skills Class
- ❖ Parks- Continue development of Gerhardt Park, in accordance with the Parks Master Plan
  
- ❖ Engineering – Comply with newly adopted Capital Improvement Program.
- ❖ Engineering - Finalize construction of new Civic Center
- ❖ Engineering - Complete Stormwater and Surface Water Master Plan.

# City Of Sequim Budget Overview

## 2015 Budget Summary

### *PW Administration*

- ❖ Salaries and benefits have decreased significantly with the vacancy of the Public Works Director position for half of the year, and the transfer of 0.5 FTE Management position to the City Manager's Department
- ❖ All other expenses are budgeted approximately at the 2014 level.

### *Facilities*

- ❖ Operating leases are decreased due to vacating 3 rental facilities for new Civic Center.
- ❖ Utilities are slightly lower due to conservation and budget based on historical costs.
- ❖ \$269k in transfers to debt service reflects the first General Fund contribution to the Civic Center debt.

### *Parks*

- ❖ Utilities are slightly lower due to conservation and budgeting based on historical costs.
- ❖ All other expenses are budgeted at approximately the 2014 level.

### *Engineering*

- ❖ Personnel expenses are lower due to overlap of Interim Public Works Director and City Engineer
- ❖ All other expenses are budget at the 2014 level

# City Of Sequim Budget Overview

## Streets and Stormwater Operations

Public Works Director (vacant)

The **Streets Operations and Maintenance Division** supports general operations for maintaining a transportation network that safely combines motorized (including transit services) and non-motorized elements for the public. Primary responsibilities include maintaining the roadway and right-of-way, providing traffic control for motorized traffic and pedestrians (such as street signs, traffic lights, and pavement markings), maintaining sidewalks and trails, street landscaping, street lighting, parking facilities, and other maintenance related services. Unrestricted revenues come from: General Fund revenues, motor vehicle tax and arterial fuel tax.

Improvement projects are financed by Street Fund revenues, including transfers from General Funds, grants, Local Improvement Districts (LID), SEPA mitigation fees, TBD funds and private development. Management oversight and administrative support is provided by Public Works Administration through an interdepartmental allocation.

### 2015 Key Goals

- ❖ Maintain traffic control signage as needed to meet visibility mandate
- ❖ Reduce electrical consumption for traffic signals and street lights
- ❖ Improve employee safety practices
- ❖ Increase staff training on emergency response, CPR, first aid and flagging
- ❖ Continue street sign change out to new signs
- ❖ Develop alternatives to city maintenance of right of way and park strips outside city core
- ❖ Pursue policies and standards needed to consider transfer of responsibilities of private streets to city
- ❖ Increased voluntary maintenance of streetscape areas
- ❖ Begin researching long term strategies for funding Street Operations

### 2015 Street Operations Funding Sources

General Fund	\$340k
REET (OP contribution expires 2016)	\$175k
REUSE (SIB Demo)	\$ 18k
TBD (10 year term, 2010 - 2020)	\$100k
Motor Vehicle Tax	\$143k
Misc.	<u>\$ 42k</u>
<b>Total Funding</b>	<b>\$818k</b>

Total Streets Operating Expense      \$812k

### 2015 Budget Summary

#### Revenue-

- ❖ Increase very slightly due to miscellaneous revenues
- ❖ Reduced transfers from general fund by \$60k but increased transfers from REET by \$45K

#### Expense-

- ❖ All expenses are budgeted flat from 2014.

# City Of Sequim Budget Overview

## Streets and Stormwater Operations

Public Works Director (vacant)

The **Stormwater Division** supports the general operation for maintaining the City Stormwater system. The City has a very stringent policy regarding the collection, detention or retention of Stormwater created by any impervious surface of all new projects built within the City. The Sequim Municipal Code's Title 13 Public Services (Utilities) Chapters 13.104 and 13.108 describe what a Stormwater system must do to retain the natural flow of all waters falling on the project's impervious surfaces and through the property. It also provides for enforcement requirements if a developer does not provide for a Stormwater management system. This department has .75 FTE for Stormwater catch basin maintenance and street sweeping duties.

Because of recent statewide mandates (unfunded), the City Council and City staff believe that a Stormwater Program may need to be more fully funded for the future collection, transport and treatment for those storm waters that flow over public right of ways and into City storm catch basins or inadvertently into the City's sanitary sewer system. In 2013-14 the City's limited-term Water Resource Specialist finalized the Needs Assessment of our existing Stormwater management system, and began assessing what is needed in both Operations and Capital for a future Stormwater Program. This study is funded as a Capital Project through 2015.

In 2014 Stormwater operational expenses was separated from the Streets Operations into a different fund, specifically designated as Stormwater Fund 107-000.

### 2015 Key Goals

- ❖ Establish a documented history of expenses relating to Stormwater Operations.

### 2015 Budget Summary

#### *Revenue-*

- ❖ The Stormwater Operations budget is funded by equal transfers of \$55k each from the Water and Sewer Funds.

#### *Expense-*

- ❖ All expenses are budgeted flat from 2014.



# City Of Sequim Budget Overview

## Utilities Division (Water and Sewer) Operations

Public Works Director (vacant)

The **Water Unrestricted Fund** receives revenues from monthly water usage charges. These revenues are used to cover the cost of operating the water utility, which includes producing potable water, monitoring water quality, small infrastructure improvements, and maintaining existing water lines, wells, booster station and other infrastructure to store and transport water. Three months of operating expenses are maintained in the fund for emergency purposes. Revenues received over the cost of planned expenses and operating reserves are transferred to the Water Replacement Reserve fund for future replacement of the water infrastructure and equipment.

Management oversight and support is provided by the PW Director, Utilities Manager and other staff in Public Works Administration, which is part of the General Fund. Utility billing and administrative support is provided by Finance, which is part of the General Fund. Services provided by departments outside of the Water Fund are charged to the Water Fund through an Interfund Professional Services charge.

Approximately 1,500,000 gallons per day (gpd) of potable water are provided to the citizens and businesses of Sequim during the summer months and approximately 600,000 gpd during late fall and winter. In addition to this water production and treatment, staff also maintains approximately 59 miles of water line, four reservoirs that provide a total of 3.4 million gallons of storage, and three water sources. The Department of Ecology and Department of Health regulate water rights and water quality through state mandated daily, monthly and yearly reports that guarantee the steady flow of quality water to citizens.

### 2015 Key Goals

- ❖ Provide residential and commercial customers with superior customer service.
- ❖ Supply safe drinking water.
- ❖ Comply with all state and federal requirements and regulations
- ❖ Establish a water conservation program with drinking water customers, encouraging customer input. (This would be a partnership with city utilities, possibly Clallam County PUD and other partners)
- ❖ Research and implement water conservation measures
- ❖ Operate the City's water system, with pride and professionalism
- ❖ Continue operator training and Safety Programs
- ❖ Review and recommend necessary rate adjustments
- ❖ Implement Water System Plan completed in 2014
- ❖ Research and pursue additional sources of water rights
- ❖ Develop regional leadership role in providing safe drinking water to the Dungeness Valley area.
- ❖ Participate in the demonstration of uses for reclaimed water for irrigation and appropriate recreation use, and ground water aquifer re-charge.

### 2015 Budget Summary

Revenues are based on an adopted 4% revenue increase plus an additional 2% adjustment for actual sales. Operational expenses are mostly flat from 2014 levels; however, overall expenses are lower than prior years mainly due to decreased allocations and transfers to the capital fund. In 2015 the water fund will take on approximately \$115k annual debt service in support of the new Civic Center

### Revenues-Significant changes

- ❖ No significant changes beyond the recommended 4% revenue increase.

### Expenses – Significant Changes

- ❖ Reduction of \$6k in supplies through careful conservation
- ❖ Increase of \$12k in services, mainly due to outside electrical contracting services
- ❖ Transfers out include \$138k to debt service, \$55k to the Stormwater operations Fund, and \$225k to the Replacement Reserve account

# City Of Sequim Budget Overview

## Utilities Division (Water and Sewer) Operations *(cont.)*

Public Works Director (vacant)

The **Sewer Unrestricted Fund** receives revenues from monthly sewer usage charges. These revenues are used to cover the cost of operating the sewer utility, which includes operation of the Water Reclamation Facility (WRF), influent, effluent, and bio-solids testing, and maintaining sewer lines, lift stations and other infrastructure to transport wastewater. Three months of operating expenses are maintained in the fund for emergency purposes. Revenues received over the cost of planned expenses and operating reserves are transferred to the Sewer Replacement Reserve fund for future replacement of the sewer infrastructure and equipment.

Management oversight and support is provided by the PW Director, Utilities Manager and other staff in Public Works Administration, which is part of the General Fund. Utility billing and administrative support is provided by Finance, which is part of the General Fund. Services provided by departments outside of the Sewer Fund are charged to the Sewer Fund through an Interfund Professional Services charge.

This division maintains approximately 72.03 miles of sewer line, four lift stations, a 1.67 million gallon per day Water Reclamation Facility, producing Class "A" Reclaimed Water, a Class "A" (EQ) Biosolids, and 7,320 feet of outfall pipe measured from the reclamation facility to the diffuser located approximately 1,900 feet into the Strait of Juan de Fuca at a depth of 53 feet. The WRF is required to meet stringent NPDES requirements. All infrastructure at the reuse demonstration site is operated and maintained by the WRF. All equipment must be maintained and upgraded as needed to satisfy state and federal permitting requirements.

### 2015 Goals

- ❖ Provide residential and commercial customers with superior customer service.
- ❖ Furnish a safe and reliable Sewer collections system
- ❖ Continue the City's vision of the state of the art Water Reclamation Facility
- ❖ Comply with all state and federal requirements and regulations
- ❖ Operate and maintain the collection system and WRF with pride and professionalism
- ❖ Promote the use of Reclaimed Water
- ❖ Continue operator and collections training
- ❖ Achieve 100% compliance of NPDES permit
- ❖ Operate infiltration system and pilot project at Reuse Demonstration Site
- ❖ Implement the Carlsborg sewer service contract
- ❖ Develop and pursue regional leadership role in providing wastewater collection and treatment services to the Dungeness Valley and Blyn area
- ❖ Adopt updated Pre-Treatment Codes

The City of Sequim's collection system and Water Reclamation Facility will continue to improve and expand in conjunction with customer service, collections sustainability and sewage treatment. The City's vision has invested a great deal of time and funds; City staff will continue with this vision. Training to maintain certifications and professional growth will give the City staff needed knowledge of current technology and will help to develop well informed ideas.

### 2015 Budget Summary

Revenues are based on 4% revenue increase. Personnel costs reflect the increase of .5 FTE Seasonal worker to accommodate the significant increase in maintained grounds and facilities square footage (new Civic Center, Park buildings at Gerhardt Park, and new restrooms at the Reuse Demonstration site). Operating expenses reflect significant decreases due to conservation, delay of contracts and reduction of scoping for some minor projects. In 2015 the sewer fund will take on \$115k in annual debt service for its cost of the Civic Center.

## City Of Sequim Budget Overview

### Revenues-Significant Changes

- ❖ No significant changes other than the recommended 4% revenue increase

### Expenses-Significant changes

- ❖ Supplies are budgeted to decrease by \$10k due to careful monitoring by staff.
- ❖ Service charges decrease significantly due to line item reduction for unexpected expenses, reduction of utilities based on historical usage, and reducing the scope of valving for the North End Lift Station.
- ❖ Transfers include \$532k to debt service for the Wastewater Treatment Plant and new Civic Center debt, and \$55K to the Stormwater Operations Fund. Transfers to Replacement Reserve have been postponed for a year, due to the expected \$1.05M revenue from the Carlsborg sewer connection.

# City Of Sequim Department Description

## Capital Projects

The City of Sequim adopted a **Capital Improvement Planning Policy** on February 28, 2011 and a **Capital Improvement Plan (CIP)** on September 8, 2014. Adhering to this policy and program will ensure that the City preserves, maintains, and improves buildings, parks, roads, sewers, equipment and other capital investments. This policy will also help the City avoid emergency and unexpected major costs in the future. The 2015 Capital budget follows the 2015 programmed CIP.

### Capital Project Criteria

A capital project is included if it meets the following criteria:

- Projects that exceed \$50,000 in total cost.
- Projects that involve the purchase of land, buildings, building improvements or building components.
- Projects where the City is responsible for the purchase and/or development.
- Projects included in the City's Comprehensive Plan or related capital plans.

### Capital Project Prioritization

The City prioritizes the use of City funding for capital projects. Priority is given for projects that meet the following criteria:

1. Projects that preserve existing capital infrastructure.
2. Projects with low life-cycle costs.
3. Projects that have a high percentage of project costs funded by non-city sources or that have a dedicated funding source.
4. Projects that generate revenue or reduce operations and maintenance costs.
5. Projects that have identified funding for operations and maintenance costs.
6. Projects that have a high level of community support.

### Capital Project Funds

The City has established several capital project funds to be used to accrue moneys for the construction and/or completion of approved capital projects. All funding and expenses related to the capital project shall be accounted for in the appropriate capital projects fund.

1. Water Restricted
2. Sewer Restricted-(note: In 2015 this fund is expected to receive one-time revenue of \$1.05M from the initial buy-in payment for the Carlsborg Wastewater Treatment Agreement)
3. Streets Restricted
4. Stormwater Restricted-(new in 2014) the City established a temporary position in 2013 (through 2015) to develop the City's first Stormwater Master Plan and to further the pursuit of long term drinking water rights. A grant from Ecology was obtained to assist with the cost of the Plan.
5. Parks Restricted
6. Capital Facilities Fund for buildings

### GOALS

- Delivery of the 2015 Capital Projects on time, on budget, and on target.
- Execution of a Carlsborg wastewater treatment contract

City of Sequim  
2015 Capital Projects

	<b>2015</b>	Project Cost	FUNDING SOURCE (green denotes outside funding)
	<b>Parks</b>		
1	City-wide Restroom Upgrade	\$15,000	Sewer
2	Park's Master Site Plan Renderings	\$25,000	Parks Restricted
3	Gerhardt Park-Upgrades	\$53,000	REET
4	Park Equipment/Repairs	\$20,000	Parks REstricted
	<b>Total Parks Projects</b>	<b>\$113,000</b>	
	<b>Building Facilities</b>		
5	Civic Center - Const Contract	\$6,300,000	TGO Bonds/Utility Revenue Bonds
6	Modular Offices at shop	\$50,000	GF/Water/Sewer
7	Shop Property Plan	\$30,000	GF/ Water/Sewer
	<b>Total Capital Facilities</b>	<b>\$6,380,000</b>	
	<b>Stormwater</b>		
8	Stormwater Master Plan	\$260,000	Water/Sewer/DOE Grant
	<b>Total Stormwater Projects</b>	<b>\$260,000</b>	
	<b>Streets</b>		
9	Special Planning-Wash/Seq Enhancements	\$20,000	TBD
10	Special Planning-School Zone Treatments	\$10,000	TBD
11	City Wide Safety Projects	\$53,000	TBD
12	Pavement Rehabilitation	\$468,000	TBD/Water/Sewer
13	Fir Street Improvements-Sequim to 5th PE/R	\$465,000	Impact Fees/STP Grant
14	Street Light LED Conversion	\$51,000	TBD
15	N Sequim Ave Bicycle Lane	\$5,000	TBD
16	N 5th Ave /W Fir Street Traffic Signal	\$47,000	Impact Fees/SRTS Grant
17	N Sequim Ave & Fir Street Traffic Signal	\$29,000	TBD
18	Signal/roadway Engineering-Washington Stre	\$51,000	Impact Fees
19	West Prairie St Improvements	\$70,000	Water/Sewer
	<b>Total Streets Projects</b>	<b>\$1,269,000</b>	
	<b>Water</b>		
20	AC/Galv line Replacement/Repair	\$210,000	Water
21	Connection across 3rd @ Sycamore	\$47,000	Water
22	5th & McCurdy Booster Station Improvements	\$263,000	Water
23	Service of Emerald Highlands - Const	\$179,000	Water
24	Isolation Valves on Wash St. -5th to Sequim	\$16,000	Water
25	Replacement Meters-FINISH	\$25,000	Water
26	Remotely Read Meters-Fixed Base	\$242,000	Water/Sewer
27	Study for Reactivation of 500k Gal Reservoir	\$26,000	Water
28	Fir Str from N 5th Ave to N Sequim Ave - PE	\$53,000	Water
29	Unidentified Regionalization Effort	\$25,000	Water
	<b>Total Water Projects</b>	<b>\$1,086,000</b>	
	<b>Sewer</b>		
30	Collection System I/I Reduction	\$40,000	Sewer
31	Equalization Basin Aeration Improvements	\$57,000	Sewer
32	Aerobic Digester Aeration System Improvement	\$572,000	Sewer/PWTF Loan/SRF Loan
33	Sunnyside Str Sewer- Hammond to Fir -PE	\$85,000	Sewer
34	Fir Str from N 5th Ave to N Sequim Ave - PE	\$67,000	Sewer
35	Doe Run Lift Station -PE	\$67,000	Sewer
36	WRF Headworks Modifications & Grit Removal	\$472,000	Sewer/SRF Loan
37	Sequim Bay Park Pressure Main Improvement	\$95,000	Sewer
38	Unidentified Regionalization Effort	\$25,000	Sewer
39	Major Repairs /Unidentified/Oversize Sewer P	\$50,000	Sewer
	<b>Total Sewer Projects</b>	<b>\$1,530,000</b>	
	<b>Total All Capital Projects</b>	<b>\$10,638,000</b>	

# City of Sequim 2015 Capital Project Summary

## Parks

- 1) **City-wide Public Restroom Upgrade** - Repainting facilities, changing to industrial (vandalism proof) fixtures, replacing lighting/fans with more energy efficient fixtures, installing automatic door locks, insulating to prevent frozen pipes.
- 2) **Park's Master Plan Update** – Develop site plan renderings to support the Park's Master Plan which was updated by City Staff in 2014
- 3) **Gerhardt Park Upgrades** – This is a two year project to fund needed upgrades to the property since acquiring it in 2013. Develop public access to the park. Clean up and upgrade to the two homes which will be extensive and necessary during first two years. Upgrades will also include capital infrastructure to comply with developing Parks Master Site Plan.
- 4) **Park Equipment/Repairs** – These funds will support needed equipment as identified in the Parks Master Plan, or unexpected repairs to existing equipment

## Capital Facilities

- 5) **Civic Center** – Completion of Civic Center project. Expenditures are funded from \$10.4M sale of bonds and \$1.5M each from Water and Sewer Utility Revenue Bond sale.
- 6) **Modular Offices at shop** – Purchase and installation of modular office building for Public Works Lead Staff. Offices are needed for computer space and confidential business
- 7) **Shop Property Plan** – Development of a master site plan for future Shop requirements

## Stormwater

- 8) **Stormwater Master Plan** – City Staff working with consultant to develop a Stormwater Master Plan which identifies programmatic solutions to physical, regulatory and funding needs. Staff obtained a grant to assist with the cost of the planning process including outreach and education with the general public as well as other water managers such as Clallam County and irrigation entities.

## Streets

- 9) **Special Planning – Wash/Sequim Enhancements** – Engineering study to identify geometric and other improvements to provide greater pedestrian and vehicle throughput at the intersection.
- 10) **Special Planning – School Zone Treatments** – Evaluate intersection treatments that improve safety and mobility in the school area bounded by 5<sup>th</sup>, Hendrickson, Sequim, and Spruce.
- 11) **City Wide Safety Projects** – Miscellaneous minor projects which improve multi-modal safety City-wide.
- 12) **Pavement Rehabilitation** – Repair selected areas of pavement throughout the city that have been identified by the Pavement Management Study.
- 13) **Fir St. Improvements-Sequim to 5<sup>th</sup> PE/ROW** – Engineering and design to construct a School Connection corridor. Identification of ROW needs in conjunction with School Facilities planning.
- 14) **Street Light LED Conversion** - On-going process of replacing existing HPS street lights with LED heads and bulbs to reduce long term operating costs.
- 15) **North Sequim Ave Bicycle Lane** – Provide bicycle lanes that will connect Washington St with the ODT improving bicycle safety and way-finding.

## **City of Sequim 2015 Capital Project Summary**

- 16) **North 5<sup>th</sup> Ave & West Fir Street Traffic Signal** – Provide warrant analysis and construct traffic signal to improve east-west connectivity and pedestrian safety.
- 17) **North Sequim Ave & Fir Street Traffic Signal** – Provide warrant analysis and construct traffic signal to improve east-west connectivity and pedestrian safety in a school zone.
- 18) **Signal/Roadway Engineering-Washington Street-** Identify signal timing and coordination improvements to improve traffic and pedestrian flow along Washington Street corridor and at the Washington/Sequim intersection.
- 19) **West Prairie St Improvements** – Reconstruct Prairie between Sequim and 2<sup>nd</sup> to calm traffic that may enter this neighborhood from commercial area to the east.

### **Water**

- 20) **A/C Galvanized line replacement-** Replacement and oversizing of underground utilities throughout the distribution system with piping of sufficient diameter to meet future demands, using state of the art materials and construction techniques.
- 21) **Connection across 3<sup>rd</sup> @ Sycamore** – Install water main between South 3<sup>rd</sup> Ave and Sycamore St providing standard fireflow to the area.
- 22) **5<sup>th</sup> and McCurdy Booster Station Improvements-** - This project will expand the capacity of the 5<sup>th</sup> and McCurdy Booster Station to allow the City to transfer more water from the Port Williams Wellfield to the 420 Reservoir under high demand conditions.
- 23) **Service of Emerald Highlands – Construction** - This project will make modifications to the water system to allow the City to provide service to the Emerald Highlands Subdivision, which is currently served by agreement with Clallam County PUD No. 1.
- 24) **Isolation Valves on Washington Street- 5<sup>th</sup> to Sequim- PE** - This project will add isolation valves to three intersections along Washington Street allowing work to be done on the water main along Washington Street without shutting the entire length of water service down.
- 25) **Replacement Meters-FINISH-**Complete the water meter replacement project implemented in 2009. There are currently only about 4 major commercial high-volume meters that need to be completed. The work will be completed by contract.
- 26) **Remotely Read Meters, Fixed Base** - This project will develop a fixed base automatic meter reading system that will provide near real-time usage data for the City's water connections.
- 27) **Study for Reuse of 500k Gallon Reservoir** – Study for potential uses for the currently idle 500K gallon reservoir. Potential uses include rehabilitation of existing reservoir, construction of new reservoir, or use of existing reservoir for reclaimed water storage.
- 28) **Fir Street from North 5<sup>th</sup> to North Sequim Ave – PE** – Finish engineering on the project which will replace an existing 8-inch AC line and provide additional capacity.
- 29) **Unidentified Regionalization Efforts** - Investment in the ability to participate and to leverage regional water and sewer solutions.

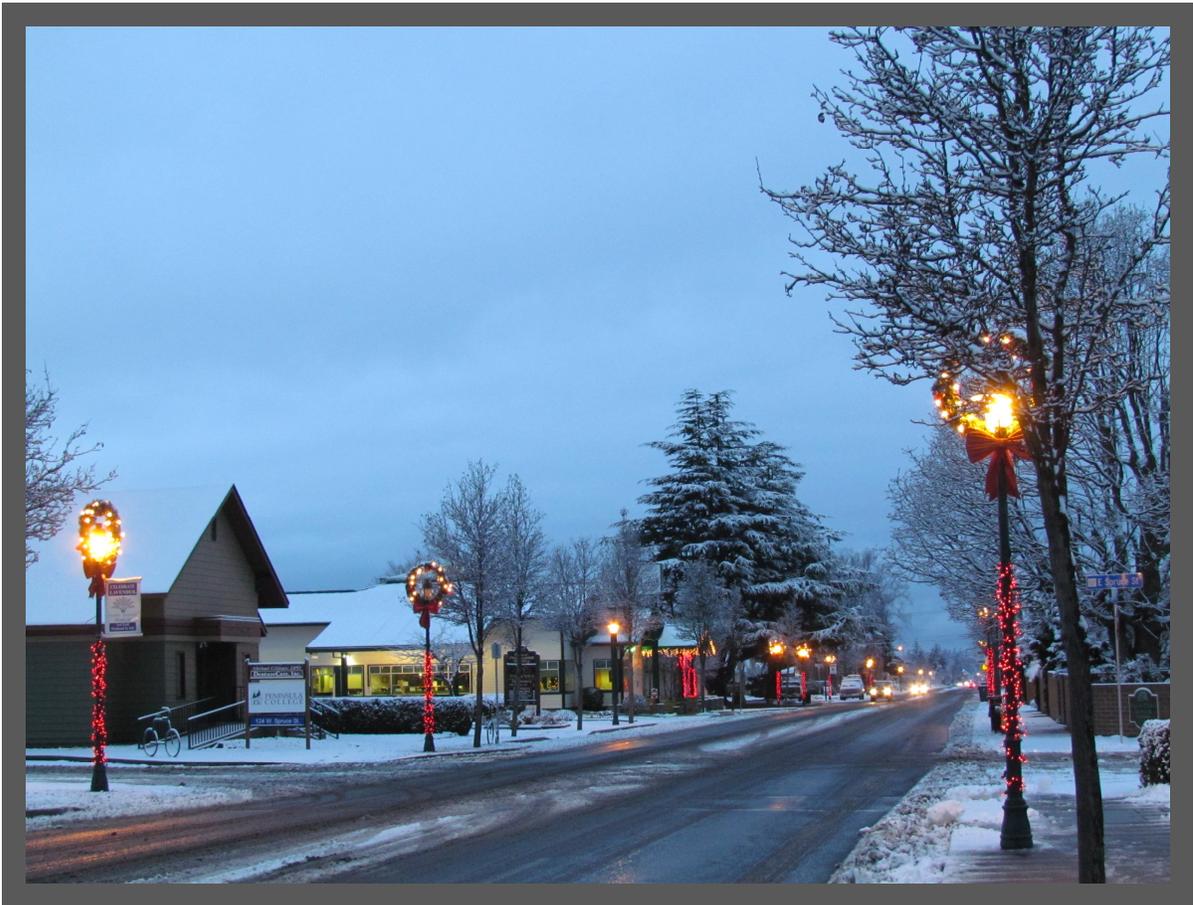
## City of Sequim 2015 Capital Project Summary

### Sewer

- 30) Collection System I/I Reduction** – This project includes completing necessary Inflow/Infiltration repairs, including re-grouting of manholes, realignment of manhole lids and frames, concrete work, and other maintenance activities.
- 31) Equalization Basin Aeration Improvements** – This project improves the mixing capability of the equalization basin by refurbishing an existing Aeromix submersible mixer.
- 32) Aerobic digester Aeration System Improvements-** This project will address the need for higher oxygen transfer and more energy efficient aeration within the existing aerobic digesters located at the WRF.
- 33) Sunnyside Street Sewer Improvements (Hammond to Fir) - PE** - This project will replace the sewer line along both North and South Sunnyside Avenue. This is a troublesome area that is undersized for existing flows especially in an area designated for significant proposed commercial growth.
- 34) Fir Street Sewer Improvements** – This project includes replacing the existing sewer line along Fir Street between North 4<sup>th</sup> Avenue and North Sequim Avenue with 12-inch pipe
- 35) Doe Run Lift Station – PE** - This project would include construction of a new lift station to serve the existing service area, as well as add capability to serve additional areas west or south of the Bell Hill/Bell Gates community.
- 36) WRF Headworks Modifications and Grit Removal System-** This project will replace the existing manual bar screen in the headworks area with a new mechanical fine screen system to conform with new regulations. It will also replace the existing grit collection system immediately after the mechanical fine screen at the WRF headworks.
- 37) Sequim Bay Park Pressure Main Improvement** - Installation of additional valves along the pressure main that carries wastewater from Sequim Bay State Park and Sequim Bay Lodge to the WRF.
- 38) Regionalization Effort (Carlsborg)** - Investment in the ability to participate and to leverage regional water and sewer solutions.
- 39) Major Repairs/Unidentified/Oversize Projects** - This project provides budgetary funds for upsizing or unanticipated repairs to pipes within the City sewer system. These funds are precautionary and will be used by staff to help fund emergency repairs or the cost difference for large pipe size in anticipation of commercial or other significant growth.

# City of Sequim 2015 Budget

## Transfers & Interfund Charges



# City Of Sequim Budget Overview

## Transfers between Funds

### Key Goals

- ❖ Provide a funding source for one-time expense, capital projects, debt payments, operations, etc. within restrictions and regulatory requirements
- ❖ Transfers are appropriately authorized
- ❖ Acceptable audit documentation
- ❖ Transfers “in” and “out” are balanced

Transfers are moneys taken out of one fund and deposited into another to provide funding for a particular activity and are considered “Other Financing Sources and Uses”. Although transfers are budgeted, the amount transferred should only be the amount necessary to complete the activity.

Transfer Report: The top of this Report identifies the receiving fund of the transfer (the use or revenue). The bottom of the report identifies the fund incurring the expense for the transfer out (the source). Significant transfers include: remaining LTGO Debt proceeds to Civic Center project, from Water/Sewer for projects (including Civic Center) and bond payments, from General Fund to Street operations, equipment replacement, and LTGO debt service, and from other funds for projects.

DESCRIPTION	Transfer In	Transfer Description
<b>General Fund</b>	33,000	From Water & Sewer Ops for Facility Projects
<b>Street Restricted</b>	768,000	From Water/Sewer for Utility Related Road Repairs, REET for capital improvements, Other Streets R for capital projects
<b>Street UnRestricted</b>	515,000	From General Fund & REET for Street Ops
<b>Stormwater Restricted</b>	133,000	From Water/Sewer for Project Stormwater
<b>Stormwater Unrestricted</b>	110,000	From Water/Sewer for Operations
<b>Police Restricted</b>	10,000	From General Fund as City's match for the SRO grant
<b>Police Asset Seizure</b>	20,000	From Seized Drug Money fund for restricted use
<b>Parks Restricted</b>	112,500	From Sewer & Parks for Debt payments & projects
<b>Equipment Reserve</b>	120,026	From General Fund & Streets for Equipment
<b>Debt Service Fund</b>	634,000	From General Fund, REET and Police Restricted (public Safety Tax) for debt payments
<b>Capital Facilities Fund</b>	6,324,500	From Debt Service Fund, Water & Sewer for Civic Center, From Water & Sewer for PW Shop upgrades
<b>Water Restricted</b>	493,000	From Water Ops & Water Debt for Capital projects & Replacement Reserve, From Sewer for Remotely Read Meters
<b>Sewer Restricted</b>	1,001,832	From Water & Sewer for Bond redemption & Replacement Reserve, From Water for Capital Projects
<b>Totals Transfers In</b>	<b>10,274,858</b>	
DESCRIPTION	Transfer Out	
<b>General Fund</b>	701,379	To Street Ops, Equipment Replacement Reserve & Debt Service (LTGO)
<b>Street Restricted</b>	253,000	To Streets for Projects
<b>Street UnRestricted</b>	37,647	To Equipment Replacement Reserve
<b>Police Restricted</b>	235,000	To Debt Service for bond payments
<b>Parks Restricted</b>	82,500	To Parks for Keeler Debt Payments
<b>Real Estate Excise Tax</b>	370,000	To Debt Service, to Streets R for projects, to Streets Ops & to Parks R
<b>Debt Service Fund</b>	3,239,000	To Capital Facilities for Civic Center project
<b>Water Restricted</b>	2,341,500	To Water Replacement, to Sewer Debt, to Utility Related Capital Projects, including Civic Center, to Project Stormwater
<b>Water UnRestricted</b>	438,000	To Replacement Reserve, to Stormwater Ops, to Capital Facilities, to General Fund, To Water Debt
<b>Sewer Restricted</b>	1,937,500	To Streets for Utility Related Road Repairs, to Capital Facilities for Civic Center, to Project Stormwater
<b>Sewer UnRestricted</b>	619,332	To Debt and Utility Related Capital Projects, to Stormwater Ops, to General Fund
<b>Police Expendable Trust</b>	20,000	To Police Restricted for restricted use
<b>Total Transfers Out</b>	<b>10,274,858</b>	

# City Of Sequim Budget Overview

## Cost Allocations for Interfund Services

### Key Goals

- ❖ Apportion administrative costs to operating funds that are supported by central services
- ❖ Apportion Public Works central services costs to Public Works operating funds and capital projects
- ❖ Acceptable audit documentation

### Cost Allocation Method

The City provides support services to operating units (funds and departments) through the following Central Service Departments (cost centers).

- ❖ City Council (allocations not allowed on Federal Programs)
- ❖ City Administration (City Manager, City Clerk, City Attorney, Communications and Human Resources)
- ❖ Administrative Services (Finance and Information Technology)
- ❖ Public Works Administration (GIS/Engineering, PW Admin, and Facilities Maintenance)
  - The costs in Public Works administration is a mixture of overhead and direct costs of providing services. Since the City is small and employees serve multiple functions, it was easiest to centralize costs and services instead of trying to directly charge them to each public works function or capital project.
- ❖ Non-Departmental (City-wide Expenses)

The allocation base determines how the costs are distributed from the Central Services, also referred to as indirect, administrative, or overhead cost centers, to operating units which provide services directly to customers. The City uses the following allocation bases:

- ❖ Council Agenda items
- ❖ Fund Activity (expenses net of interfund charges, transfers, debt)
- ❖ Number of employees (FTEs)
- ❖ Equipment: IT equipment, vehicles, other equipment maintained by support services
- ❖ Square Footage of office space (owned and leased, public restrooms and other buildings)
- ❖ Insurance Claims to allocate insurance premiums

### 2015 Budget Summary

- ❖ The model was changed to eliminate allocations to the Civic Center project - the charge is calculated but not booked due to budget limitations of the project. There have also been updates for equipment purchases, square footage due to employee office changes, and FTE adjustments. Eliminating the charge to the Civic Center project reduced allocation revenue to the General Fund by \$319k from the prior year budget (but is a slight increase from the 2014 forecast).

	General Fund	Streets Ops	R	Storm Water Ops	R	Capital Facilities	Water Ops	R	Sewer Ops	R	Totals
<b>REVENUE</b>											
General Fund	2,169,272	-	-	-	-	-	-	-	-	-	2,169,272
<b>Total Revenue</b>	<b>2,169,272</b>	-	-	-	-	-	-	-	-	-	<b>2,169,272</b>
<b>EXPENSES</b>											
Streets	-	193,100	155,221	-	-	-	-	-	-	-	348,321
Storm Water	-	-	-	25,273	56,751	-	-	-	-	-	82,024
Capital Facilities	-	-	-	-	-	4,087	-	-	-	-	4,087
Water	-	-	-	-	-	-	410,104	172,493	-	-	582,597
Sewer	-	-	-	-	-	-	-	-	936,283	215,960	1,152,243
<b>Total Expenses</b>	<b>-</b>	<b>193,100</b>	<b>155,221</b>	<b>25,273</b>	<b>56,751</b>	<b>4,087</b>	<b>410,104</b>	<b>172,493</b>	<b>936,283</b>	<b>215,960</b>	<b>2,169,272</b>



# City of Sequim 2015 Budget

## Personnel Summary



# City Of Sequim 2015 Budget

## Personnel Summary

Susanne Connelly, Human Resource Director

### **FTE Summary:**

The planned full time employee headcount for 2015 is 76.29. In 2015, employee salary costs are estimated at \$5.2ml and benefits at \$2.2ml. This represents a 1.8% increase in wages and a 4.2% increase in benefit costs. Human resources will continue to work with departments to analyze and reduce benefit program costs and options, unemployment costs and workers compensation program fees.

### **Salary and Wages**

#### Non-uniformed Bargaining Unit

This unit currently represents 33 employees. Total compensation for this group is budgeted to be \$2.7ml for 2015. The wage freeze for employees in this group ended on January 1, 2013. Currently, about three-fourths of these employees are at the top step of their pay ranges. The bargaining unit contract for this group ends December 31, 2014 and we are currently in the process of labor negotiations, effective January 1, 2015.

#### Police Sergeants Bargaining Unit

Four employees are represented by this unit. The bargaining unit contract for this group is effective January 1, 2013 through December 31, 2015. Because management research demonstrated their pay was at market in 2012, this group did not received any wage increase in 2013, 2014 and will receive a 1% increase in 2015. We will begin labor negotiations in May 2015 for a new labor contract for Police Sergeants effective January 1, 2016. In 2015, total compensation for this group is budgeted at \$496k.

#### Police Officer Bargaining Unit

Thirteen employees are represented by this unit. As above, the police officer labor contract was negotiated in 2012 to provide no cost of living wage increase effective January 1, 2013 or January 1, 2014, with a 1% effective January 1, 2015. As above, we will begin labor negotiations for this unit in May 2015. Total compensation in 2015 for the group is budgeted at \$1.39ml.

#### Non-represented staff

There are 21.67 employees in this group, with salary changes governed by the "Management Compensation Policy Objectives" policy approved in November 2010 that established pay ranges for these employees with wage progression tied to job performance. Performance evaluations for each employee in this group were completed in December 2013 to enable a wage review based on work performance for any possible wage changes effective January 1, 2014. Wage increases averaging from 1% to 3% were provided to this group. Total compensation in 2015 for the group is budgeted at \$2.43ml.

#### Other wages, salaries, benefits

This category includes wages for one temporary Water Resource Manager, one Police Reserve officer and seven Seasonal / Temporary employees, representing a total of 4.62 FTE. Total compensation is budgeted at \$300k in 2015.

### **Benefits**

#### Health Benefits

We provide two health benefit (medical, dental, vision, life insurance) programs for our employees; one through Washington Welfare Teamsters Trust and one through the Association of Washington Cities. Medical insurance comprises the largest component of these costs. We estimate the average budgeted health benefit increase for 2015 to be 6%.

## City Of Sequim 2015 Budget

- Teamsters: We have 50 union employees in the Non-commissioned, Police Patrol and Police Sergeant bargaining units. The union employees are covered by Washington Welfare Teamsters Trust insurance, with the City paying 85% of this cost. The Welfare Trust charges one monthly health insurance rate, regardless of whether the employee is single or has a full family. The Welfare Trust does not provide rate increase estimates; they publish rate increase information in late November.
- AWC: We have 23 non-union employees eligible for insurance benefits covered by the Association of Washington Cities Trust. AWC became self-insured January 1, 2014. They have projected a 5% rate increase for medical, 6% for dental and 5% for vision in 2015.

As we continue to monitor PPACA provisions and its potential impacts on the City, we will reconvene the non-union benefits committee in March 2015 to analyze medical cost saving options for the City.

### Holidays

The number of approved annual City holidays is 11 with one additional floating holiday.

### Retirement Benefits

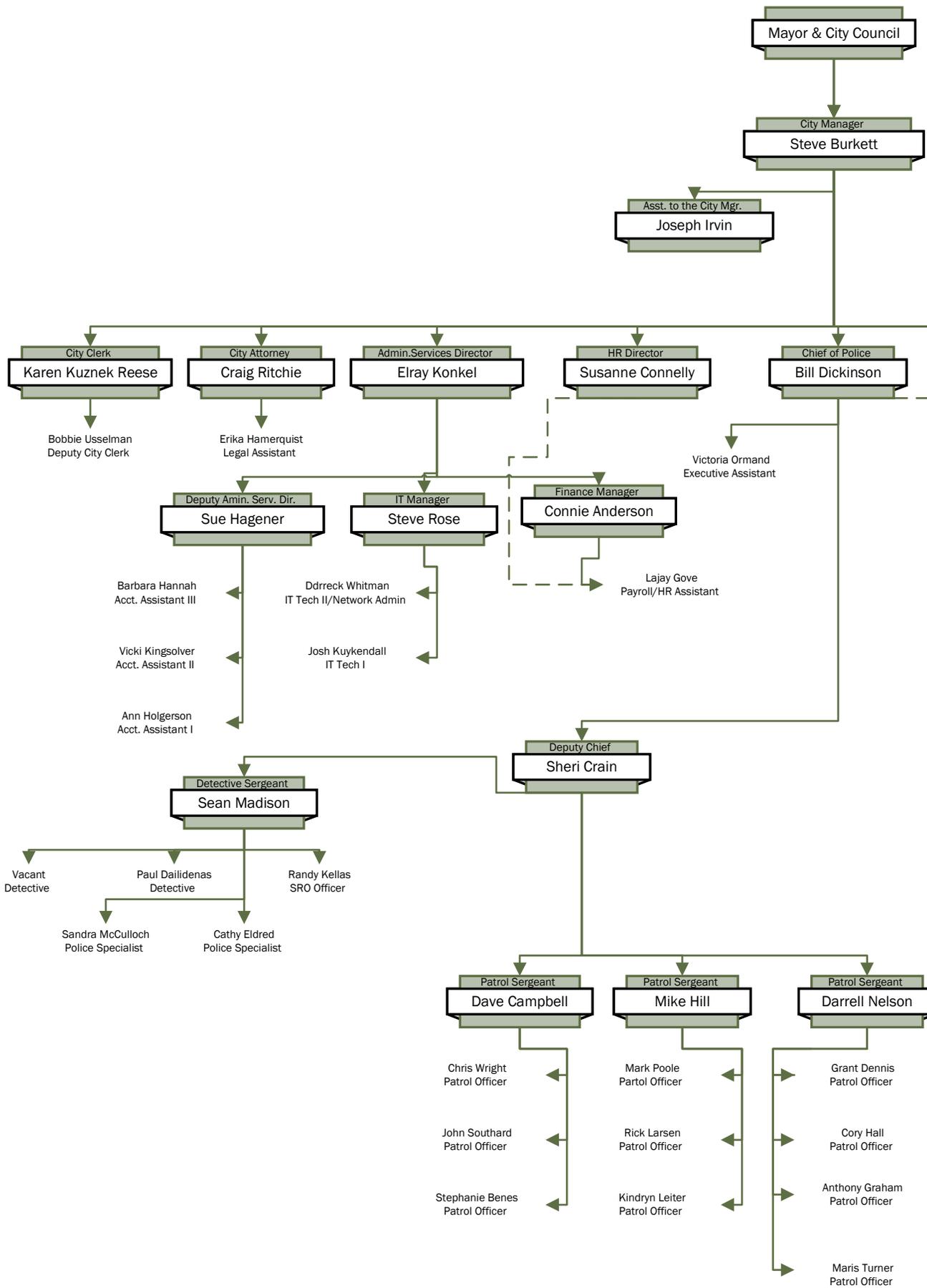
All regular city positions participate in a defined benefit plan required by the State of Washington that includes an employer and employee contribution. Our uniformed Police employees participate in the LEOFF plan and all other regular employees are covered by the PERS plan. The State legislature sets the contribution rates for both the employer and the employee, which are subject to change based on plan provisions, economic assumptions and the actuarial experience of the system. For 2015, the PERS 2 and PERS 3 employer rates will increase by 22% on July 1, 2015.

### Payroll taxes

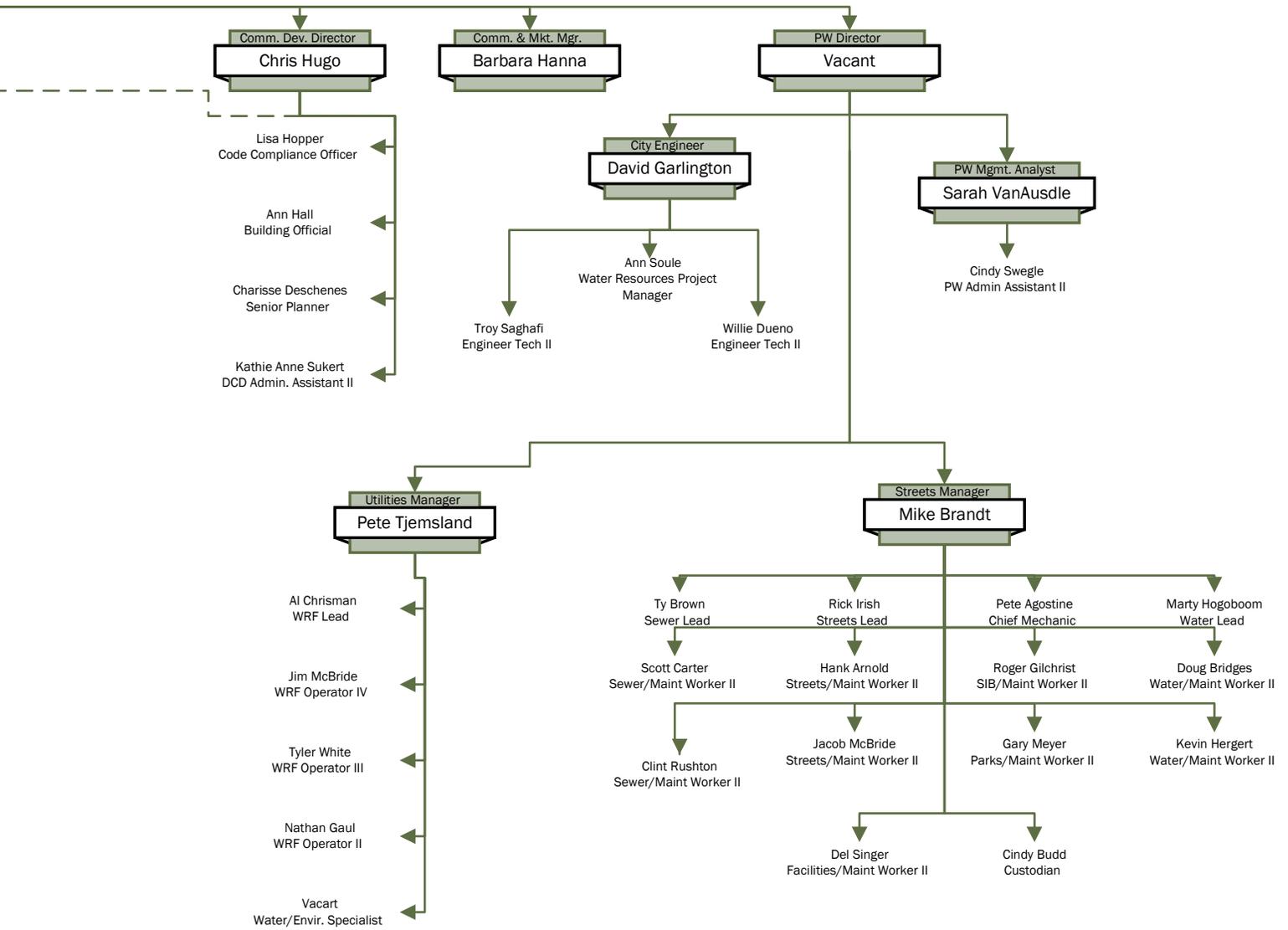
L&I rates reflect the City's history of safety injuries and claims. Over the last several years L&I rates have continued to increase state-wide. In 2012 human resources established an all-city safety committee meeting monthly to "increase safety awareness and reduce safety incidents" by recommending improvements and training to department heads. At this time we estimate a 4% increase for 2015 for L&I costs. L&I will publish final rate notices confirming this information in December.

The City is self-insured for unemployment costs of employees who have left the City and request/qualify for unemployment under State rules (includes seasonal and temporary workers). In 2013, in an effort to reduce unemployment costs on Public Works seasonal workers, we began using Express Personnel Services so the responsibility for paying unemployment costs shifted to them. Also in 2013, the Department of Retirement Systems informed employers that they must start paying PERS retirement for returning seasonal workers. Additionally, throughout 2013 and 2014 human resources and payroll staff continued to monitor PPACA regulations which include the possibility of requiring the City to pay health coverage for seasonal workers. Due to the regulatory requirements, the City returned to hiring seasonal workers in-house in 2014.

For employers, social security tax continues to be 6.2% and Medicare tax 1.45%.



# City of Sequim Organizational Chart Budget 2015





**City of Sequim  
2015 Budget**

**Historical Staffing Summary**

	Actual 2011	Actual 2012	Actual 2013	Forecast 2014	Budget 2014	Budget 2015	2015 - 2014 %
<i>Budgeted Staff (FTE, not including Council)</i>	73.24	73.24	74.91	74.91	76.29	76.29	0.0%
OFM Census	6,625	6,795	6,855	6,910	6,910	6979	1.0%
<i>Employees per 1000 OFM Population</i>	11.1	10.8	10.9	10.8	11.0	10.9	-1.0%
						<i>staff estimate *</i>	
Salaries	\$ 4,667,795	\$ 4,848,270	\$ 4,813,463	\$ 5,153,461	\$ 5,118,573	\$ 5,209,743	1.8%
Benefits	\$ 1,627,665	\$ 1,848,755	\$ 1,847,292	\$ 2,037,088	\$ 2,111,629	\$ 2,200,043	4.2%
<b>Total Comp</b>	<b>\$ 6,295,460</b>	<b>\$ 6,697,025</b>	<b>\$ 6,660,755</b>	<b>\$ 7,190,549</b>	<b>\$ 7,230,202</b>	<b>\$ 7,409,786</b>	<b>2.5%</b>
Benefits as % Salaries	35%	38%	38%	40%	41%	42%	1.0%
Benefits as % Total Comp	26%	28%	28%	28%	29%	30%	0.5%
City Wide Operating Funds	\$ 12,073,133	\$ 13,459,304	\$ 14,314,225	\$ 14,608,621	\$ 15,233,362	\$ 16,067,589	
<b>Total Comp as % Op Budget</b>	<b>52.1%</b>	<b>49.8%</b>	<b>46.5%</b>	<b>49.2%</b>	<b>47.5%</b>	<b>46.1%</b>	<b>-1.3%</b>

**Salary and Benefits by Employee Group**

	Council	Non- Represented	Non- Uniformed	Sergeants	Uniformed	Reserves, Seasonal & Temporary	Total
Regular Salary	14,400	1,727,913	1,748,806	315,435	841,198	184,219	4,831,971
Overtime - Hourly	-	-	69,708	45,707	178,096	-	293,511
On Call Pay	-	-	70,428	13,833	-	-	84,261
<b>Total Salary</b>	<b>\$ 14,400</b>	<b>\$ 1,727,913</b>	<b>\$ 1,888,942</b>	<b>\$ 374,975</b>	<b>\$ 1,019,294</b>	<b>\$ 184,219</b>	<b>\$ 5,209,743</b>
Health Insurance	-	354,600	496,212	60,680	197,209	21,879	1,130,580
Retirement	-	155,896	181,180	19,717	55,646	18,036	430,475
Payroll Taxes	1,274	131,961	139,377	27,857	77,714	14,093	392,276
Other Benefits	-	40,632	600	2,640	8,520	54,080	106,472
Workers Comp	149	20,504	61,476	9,904	28,499	7,583	128,115
<b>Total Benefits</b>	<b>\$ 1,423</b>	<b>\$ 703,593</b>	<b>\$ 878,845</b>	<b>\$ 120,798</b>	<b>\$ 367,588</b>	<b>\$ 115,671</b>	<b>\$ 2,187,918</b>
<b>Total Salary &amp; Benefits</b>	<b>\$ 15,823</b>	<b>\$ 2,431,506</b>	<b>\$ 2,767,787</b>	<b>\$ 495,773</b>	<b>\$ 1,386,882</b>	<b>\$ 299,890</b>	<b>\$ 7,397,661</b>
<i>Budgeted Staff (FTE, not including Council)</i>		21.67	33.00	4.00	13.00	4.62	76.29
Salary per FTE		79,738	57,241	93,744	78,407	39,874	68,289
Benefits per FTE		32,469	26,632	30,200	28,276	25,037	28,679
<b>Total per FTE</b>		<b>\$ 112,206</b>	<b>\$ 83,872</b>	<b>\$ 123,943</b>	<b>\$ 106,683</b>	<b>\$ 64,911</b>	<b>\$ 96,968</b>

LEOFF I Retired Medical Benefits \$ 12,125

**Total Benefits including Retired Medical Benefits \$ 2,200,043**

**CITY OF SEQUIM**  
**2015**  
**Salary & Wage Schedule**

Division Dept	Union Range	Compensation Schedule by Job Title	FTE	Salary & Wage Range		
				Minimum	< ---- >	Maximum
		<b>Council</b>	7	1,800	< ---- >	3,000
		<b>Non-Represented</b>				
		<b>Exempt / Non-Exempt</b>				
ADM		City Manager	1	127,260	< ---- >	136,500
ADM		Admin Services Director/Treasurer	0.75	86,940	< ---- >	112,140
PW		Public Works Director	1	86,940	< ---- >	112,140
POL		Chief of Police	0.92	86,940	< ---- >	112,140
ADM		City Attorney	1	86,940	< ---- >	112,140
DCD		Community Development Director	1	86,940	< ---- >	112,140
PW		City Engineer	1	76,320	< ---- >	97,740
POL		Deputy Chief	1	76,320	< ---- >	97,740
ADM		HR Director	1	76,320	< ---- >	97,740
ADM		Deputy Admin Services Director	1	76,320	< ---- >	97,740
ADM		City Clerk	1	68,040	< ---- >	88,200
ADM		Comm. & Marketing Director	1	68,040	< ---- >	88,200
ADM		Finance Manager	1	68,040	< ---- >	88,200
ADM		IT Manager	1	57,960	< ---- >	75,600
PW		Streets Manager	1	57,960	< ---- >	75,600
PW		Utilities Manager	1	57,960	< ---- >	75,600
PW		Asstistant to the City Manager / Parks Mgr	1	57,960	< ---- >	75,600
PW		PW Management Analyst	1	57,960	< ---- >	75,600
ADM		Deputy City Clerk	1	40,320	< ---- >	64,260
POL		Executive Admin Assistant	1	40,320	< ---- >	64,260
ADM		Payroll Admin/HR Asstistant	1	40,320	< ---- >	64,260
ADM		Legal Assistant	1	40,320	< ---- >	64,260
		<b>Reserves, Temporary, Seasonal &amp; Interns</b>				
PW		PW Water Resources Manager Temp	1	57,960	< ---- >	75,600
POL		Police Reserve	0.12			
PW		Seasonal Maint. Workers	3.5	\$14.50/hr	< ---- >	\$17.00/hr
		<b>Union Represented</b>				
		<b>Non-Uniformed</b>		<b>Step A</b>	Effective 7/1/2011	<b>Step E</b>
DCD	26	Senior Planner	1	59,093	..B..C..D..	70,491
DCD	26	Building Official	1	59,093	..B..C..D..	70,491
PW	20	WRF Lead	1	49,483	..B..C..D..	59,010
PW	19	Chief Mechanic	1	48,048	..B..C..D..	57,325
PW	19	Engineering Tech II	2	48,048	..B..C..D..	57,325
ADM	18	IT Tech II	1	46,654	..B..C..D..	55,619
PW	18	WRF Operator IV	1	46,654	..B..C..D..	55,619
DCD	17	Code Compliance Officer	1	45,302	..B..C..D..	54,018
PW	17	Maint Worker III (Leads)	3	45,302	..B..C..D..	54,018
PW	15	WRF Operator II	2	42,702	..B..C..D..	50,918
PW	15	Water/Environmental Specialist	1	42,702	..B..C..D..	50,918
PW	15	Maint Worker II & Water Operators	9	42,702	..B..C..D..	50,918
ADM	14	Accounting Assistant III	1	41,454	..B..C..D..	49,442
ADM	14	IT Tech I	1	41,454	..B..C..D..	49,442
POL	12	Police Specialist	2	39,083	..B..C..D..	46,592
ADM	12	Accounting Assistant II	1	39,083	..B..C..D..	46,592
PW	11	Maint Worker I Janitor	1	37,939	..B..C..D..	45,261
ADM	10	Accounting Assistant I	1	36,837	..B..C..D..	43,930
DCD	9	Administrative Assistant II	1	35,755	..B..C..D..	42,619
PW	9	Administrative Assistant II	1	35,755	..B..C..D..	42,619
		<b>Uniformed</b>		<b>Step A</b>	Effective 1/1/2013	<b>Step E</b>
POL		Police Sergeant	4	70,429	..B..C..D..	76,232
POL		Police Officer	12	53,352	..B..C..D..	65,915
POL		SRO Officer	1	53,352	..B..C..D..	65,915
<b>Total Employees (excluding Council)</b>			<b>76.29</b>			

\* By approving the budget Council authorizes the City Manager to adjust duties & salaries within the number of FTEs & within the budgeted salaries & benefits amounts.  
2015 Adopted Budget 128 11/24/2014

**CITY OF SEQUIM  
2015 BUDGET**

**Personnel Summary by Department and Fund**

	Budget 2011	Budget 2012	Budget 2013	Budget 2014	Amended Budget 2014	Budget 2015	2015-2014 Change
<b>General Fund</b>							
City Manager	1.00	1.00	1.00	1.00	1.00	1.50	0.50
City Clerk	2.00	2.00	2.00	2.00	2.00	2.00	-
Communications	0.38	0.50	0.50	0.50	0.50	0.40	(0.10)
City Attorney	1.35	1.35	1.35	1.35	1.35	1.35	-
Crim Prosecution (Municipal Court)	0.65	0.65	0.65	0.65	0.65	0.65	-
Temporary, Seasonal or Interns	1.00	-	-	-	-	-	-
Human Resources	-	1.50	1.50	1.50	1.50	1.50	-
Finance	8.00	7.50	6.25	6.25	6.25	6.25	-
Information Technology	2.00	2.00	3.00	3.00	3.00	3.00	-
Growth Planning	3.00	3.00	1.00	1.00	1.00	1.00	-
Temporary, Seasonal or Interns	-	-	-	-	-	-	-
Code Compliance	1.00	1.00	1.00	1.00	1.00	1.00	-
Dev Services	1.00	1.00	3.00	3.00	3.00	3.00	-
PW Administration	5.50	6.60	4.50	5.10	5.10	4.10	(1.00)
Facilities Maintenance	1.40	1.40	1.80	1.55	1.55	1.56	0.01
Temporary, Seasonal or Interns	0.50	0.25	-	-	-	-	-
Engineering	2.67	3.00	2.90	2.90	2.90	2.90	-
Parks	2.00	1.00	1.40	1.65	1.65	2.15	0.50
Temporary, Seasonal or Interns	-	0.50	-	0.50	0.50	0.50	-
Police	21.57	21.00	20.92	20.92	20.92	20.92	-
Police Reserve	0.24	0.24	0.24	0.12	0.12	0.12	-
<b>Subtotal</b>	<b>55.26</b>	<b>55.49</b>	<b>53.01</b>	<b>53.99</b>	<b>53.99</b>	<b>53.90</b>	<b>(0.09)</b>
<b>Streets - includes seasonal</b>							
Temporary, Seasonal or Interns	-	-	0.50	-	0.50	-	(0.50)
<b>Subtotal</b>	<b>2.85</b>	<b>3.85</b>	<b>5.10</b>	<b>4.05</b>	<b>4.55</b>	<b>4.04</b>	<b>(0.51)</b>
<b>Storm Water</b>							
Storm Water Operations	0.75	0.40	0.80	0.75	0.75	0.75	-
Temporary Water Resouce	-	-	0.75	0.75	0.75	1.00	0.25
<b>Subtotal</b>	<b>0.75</b>	<b>0.40</b>	<b>1.55</b>	<b>1.50</b>	<b>1.50</b>	<b>1.75</b>	<b>0.25</b>
<b>Restricted Funds</b>							
Capital Facilities	-	-	-	-	-	-	-
Hotel/Motel Fund	0.38	0.50	0.50	0.50	0.50	0.60	0.10
Police Restricted	1.00	-	-	-	1.00	1.00	-
<b>Subtotal</b>	<b>1.38</b>	<b>0.50</b>	<b>0.50</b>	<b>0.50</b>	<b>1.50</b>	<b>1.60</b>	<b>0.10</b>
<b>Enterprise Funds</b>							
Water	4.15	4.25	4.00	4.00	4.00	4.00	-
Temporary, Seasonal or Interns	-	-	0.50	0.50	0.50	0.50	-
Temporary Water Resouce	-	-	0.25	0.25	0.25	-	(0.25)
Sewer	7.85	7.25	8.00	8.00	8.00	8.00	-
WRF Temporary	-	-	-	-	-	-	-
Reclaimed Water	-	-	-	-	-	-	-
Temporary, Seasonal or Interns	1.00	1.50	2.00	2.00	2.00	2.50	0.50
<b>Subtotal</b>	<b>13.00</b>	<b>13.00</b>	<b>14.75</b>	<b>14.75</b>	<b>14.75</b>	<b>15.00</b>	<b>0.25</b>
<b>Total Full Time Equivalent</b>	<b>73.24</b>	<b>73.24</b>	<b>74.91</b>	<b>74.79</b>	<b>76.29</b>	<b>76.29</b>	<b>0.00</b>
Tax Supported (includes Streets)	58.86	59.74	58.11	58.04	58.54	57.94	(0.60)
Other Funding	1.38	0.50	0.50	0.50	1.50	1.60	0.10
Enterprise Fund Supported	13.00	13.00	16.30	16.25	16.25	16.75	0.50
<b>Total Full Time Equivalent</b>	<b>73.24</b>	<b>73.24</b>	<b>74.91</b>	<b>74.79</b>	<b>76.29</b>	<b>76.29</b>	<b>(0.00)</b>

**CITY OF SEQUIM  
2015 BUDGET**

**Benefits Schedule**

*Preliminary as of 8/29/14 - Subject to Change*

<b>City Paid Benefits 90% Health Insurance; 100% Remaining Insurance (Non-represented employees)</b>	<b>Total Monthly Cost</b>
Medical - Regence Blue Shield / AWC Health First Plan	\$ 712.22 < -----> \$ 2,075.47
Dental - WDS / Plan F, plus Orthodontia	\$ 54.28 < -----> \$ 179.76
Vision - VSP	\$ 16.82
Employee Assistance Program - ComPsych	\$ 1.49
Basic Life Insurance - The Standard	0.19/per \$1000 of coverage
AD&D Insurance - The Standard	0.05/per \$1000 of coverage
Long Term Disability - The Standard	0.468% of compensation
<b>City Paid Benefits 85% Insurance (Union Employees)</b>	<b>Total Monthly Cost</b>
Medical - WA Teamsters Welfare Trust / Plan A	\$ 1,293.15
Dental - NW Teamsters Dental Trust / Plan A	\$ 130.50
Vision - WA Teamsters Vision Trust	\$ 14.90
Time Loss Insurance / Plan C or Plan A	\$ 8.00 < -----> \$ 16.00
Life and AD&D Insurance / Non-Unif Plan B, Uniformed Plan A	\$ 4.40 < -----> \$ 9.00
Waiver of contributions for 12 months due to total disability	\$ 11.40
<b>Other City Paid Benefits - Employer Contribution</b>	<b>Total Monthly Cost</b>
Retirement: PERS Plans	9.21% < -----> 11%
LEOFF2	5.23%

\* Management reserves the right to make changes in these benefits when not limited by existing contract.

# City of Sequim 2015 Budget

## Appendix





# City Of Sequim Budget

## Appendix

### **Washington State Auditor**

<http://www.sao.wa.gov>

The City of Sequim prepares its annual budget based on the requirements prescribed by the Washington State Auditor. The State Auditor's Office is required by state law (RCW 43.09.200) to prescribe uniform budgeting, accounting and reporting systems (BARS) that local government organizations must follow.

### **Local Government Reporting Requirements**

The City of Sequim follows the guidelines for Cities, Counties and Special Purpose Districts (Cash Basis).  
[http://www.sao.wa.gov/local/BarsManual/Pages/BarsManual\\_Cash.aspx#.UuwXUfPTmpp](http://www.sao.wa.gov/local/BarsManual/Pages/BarsManual_Cash.aspx#.UuwXUfPTmpp)

### **BARS Budgeting Principles and Procedures**

The detailed budgeting principles and procedures are outlined in the BARS manual:

[http://www.sao.wa.gov/local/BarsManual/Pages/BARSManual\\_Cash\\_Budgeting.aspx#.UuwMofPTmpo](http://www.sao.wa.gov/local/BarsManual/Pages/BARSManual_Cash_Budgeting.aspx#.UuwMofPTmpo)

### **Glossary of Accounting Terms:**

The glossary of accounting terms is available in the BARS manual:

[http://www.sao.wa.gov/local/BarsManual/Documents/GAAP\\_p5\\_Glossary.pdf](http://www.sao.wa.gov/local/BarsManual/Documents/GAAP_p5_Glossary.pdf)