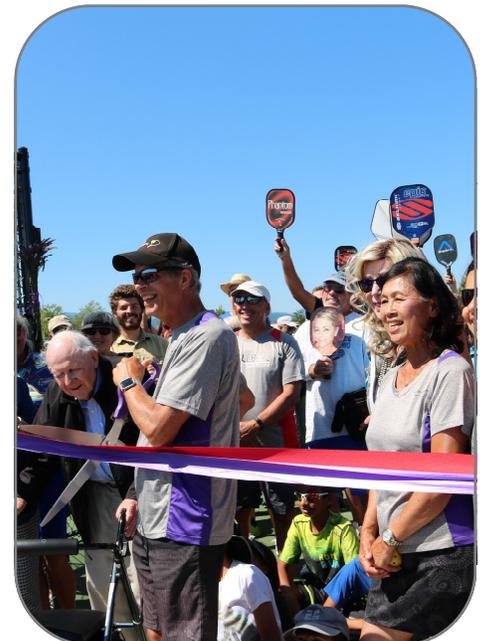


# 2019 Adopted Budget



**City of Sequim  
2019 Adopted Budget**

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# City of Sequim 2019 Budget

## Introduction

*Continued commitment to prudent fiscal management*

### Budget Principals

*Established in the Budget Development Policy*

#### Balance

*Ongoing revenues with ongoing expenses*

#### Implement

*Council priorities*

#### Maintain

*Highest quality of  
service*

#### Ensure

*Long-term financial  
sustainability*

#### Minimize

*Impact of taxes,  
rates & fees*



## City of Sequim City Manager's 2019 Budget Message

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

I am pleased to present the City's 2019 Proposed Annual Budget, the annual financial roadmap for the City of Sequim with projected total expenditures of \$37.9ml (\$29.6ml excluding transfers).

The Annual Budget serves as a means to allocate resources to a variety of City priorities and programs to ensure 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.

We have based the proposed budget on the City Council's goals, vision and priorities that were adopted in 2018. We guided budget preparation also by the adopted City Council financial policies and the following budget principles:

- Continue to implement City Council top priorities
- Balance current revenues and current expenses and maintain acceptable reserve levels
- Minimize impact of any tax and fee increases on residents and ratepayers
- Make decisions in the 2019 budget that continue to reset the City's financial plan and create a foundation to maintain a balanced budget in future years
- Maintain the highest quality of services

### 2019 Highlights:

This budget is a balancing act between meeting the increasing demands of a growing community and improving service levels within the constraints of our resources. In 2019, we see continued positive economic activity that is reflected conservatively in our resources across the organization. We will continue to utilize these resources to support street operations, equipment and replacement reserves, to fund debt service and centralized General Fund services as well as Council priorities to a greater degree.

In the following pages you will see continuing themes from 2018. These include Organizational Development, management of the Council Goals work plan, improving efficiencies, and cross-training as part of succession planning for upcoming retirements. Specific line items from prior years continue in this budget for economic development, neighborhood revitalization, code enforcement, municipal code “scrubbing”, technology improvements, and continued emergency management planning - to name a few things. New items include a citizen survey that will help inform our budgets and capital plans and 4.8 new FTE to meet the increasing demands on our staff from a growing community. The budget reflects our mission to achieve the highest level of employee and customer satisfaction by being proactive and productive, demonstrating effective leadership at all levels, encouraging creative problem-solving and adapting to changing community needs and environment.

Debt service on the bonds financing the Civic Center will continue for the fifth year in 2019. Capital projects in this budget for streets (\$2.4ml), parks (\$50k), stormwater (\$307k), water (\$1.2ml), sewer (\$1.9ml) and facilities (\$307k) – are all consistent with Council goals and the Capital Improvement Plan (CIP) updated and adopted in 2018.

Utility rates are adjusted to ensure predictable bills for customers while enabling predictable revenues to support operations. Operational expenses are reduced from prior years reflecting a combination of completed maintenance, preventative measures and conservation of resources by crew members.

## **General Fund**

Total General Fund revenues projected for 2019 are approximately \$10.5ml and are balanced with expenditures. Revenues are projected to increase 5% over the prior year’s conservative estimates and include some expected one-time sales tax receipts to support one-time projects. Revenues are balanced with the increase in operational expenses of 5%. General Fund tax revenues are projected to grow (4%) over the 2018 budget. Sales tax is one of our largest single general revenue sources and the only one that typically grows or shrinks significantly with the local economy. Utility tax revenues continue to be strong with year-over-year growth. General Fund allocations conservatively predict increases consistent with the increase in the cost of overhead functions. Lastly, property tax revenues are improving for 2019, while they were impacted by declining assessed values and limited new construction in the past. A statutory 1% limit on growth in property tax collections fails to keep pace with inflation.

### **General Fund Highlights:**

- We conservatively reflect the economic activity seen in recent years for 2019’s revenues
- Interfund/Overhead service costs in the General Fund are applied throughout the organization and are revised higher in 2019, due to increases in the cost of those services
- Existing labor contracts provide for increases and movement within existing ranges
- Cost of living / wage adjustments are reflected for all staff within the salary or contingency line items, although contract negotiations continue for represented staff at this time

- Contributions to Street Operations, Equipment Reserve, Debt Service and the Unemployment Reserve continue and in 2019 there is new support for the Arts Fund

## Fund Balance and Reserves

The City has a fund balance policy for the General Fund and Street Operations that provides guidelines for our long-range financial plans. These operating ending fund balances should include adequate amounts for revenue fluctuations, cyclical activity, economic uncertainty, emergencies, and potential future liabilities. The proposed 2019 Budget provides for projected fund balances of \$2.6ml that meet those guidelines for both the General Fund and Street Operations (\$2.3ml and \$293k, respectively). This ending fund balance, plus \$917k for the Equipment Reserve Fund and \$702k for the Rainy Day Fund, continues to keep the City in a strong financial position. It should be noted that the projected ending fund balance for our Equipment Reserve, which requires a minimum of 2.5 years of scheduled replacement amounts, will finally reach minimum policy requirements in 2019. We plan to continue to build this reserve, as well as the Debt Service Reserves, as long as extra funding remains feasible.

## Personnel Services

Given that the City is primarily a service business, salaries and benefits paid to the City's employees total 49.4% of total operating expenses. In the General Fund, employee salary and benefit costs represent 73% of our total expenses (excluding transfers). This percentage is reflective of the general services provided by the General Fund, such as police, parks, and general government while the total City percentage includes the City's water and sewer utilities, which also include a significant amount of physical infrastructure, and its other funds, such as reserves. The chart below shows the City's historical staffing costs and reflects the 2019 changes.

	Actual 2015	Actual 2016	Actual 2017	Forecast 2018	Budget 2018	Budget 2019	2019 - 2018 %
<i>Budgeted positions (FTE, not including Council)</i>	76.17	75.42	76.56	78.18	78.18	82.25	5.2%
OFM Census	6,915	7,075	7,280	7,460	7,460	7,684	3.0%
<i>Employees per 1000 OFM Population</i>	11.0	10.7	10.5	10.5	10.5	10.7	2.1%
						<i>staff estimate 3% inc.*</i>	
Salaries	\$ 5,090,953	\$ 5,316,955	\$ 5,338,866	\$ 5,653,366	\$ 5,636,005	\$ 6,117,111	8.5%
Benefits	\$ 2,020,530	\$ 2,194,671	\$ 2,303,631	\$ 2,483,349	\$ 2,589,018	\$ 2,907,295	12.3%
<b>Total Comp</b>	<b>\$ 7,111,483</b>	<b>\$ 7,511,626</b>	<b>\$ 7,642,497</b>	<b>\$ 8,136,715</b>	<b>\$ 8,225,023</b>	<b>\$ 9,024,406</b>	9.7%
<i>Year over Year % Increase</i>	0.8%	5.6%	1.7%	6.5%	7.6%	9.7%	
Benefits as % Salaries	40%	41%	43%	44%	46%	48%	3.5%
Benefits as % Total Comp	28%	29%	30%	31%	31%	32%	2.3%
<i>City Wide Operating Funds</i>	<i>\$ 13,730,963</i>	<i>\$ 14,332,439</i>	<i>\$ 15,377,248</i>	<i>\$ 17,309,031</i>	<i>\$ 17,235,466</i>	<i>\$ 18,270,506</i>	6.0%
<b>Total Comp as % Op Budget</b>	<b>51.8%</b>	<b>52.4%</b>	<b>49.7%</b>	<b>47.0%</b>	<b>47.7%</b>	<b>49.4%</b>	3.5%

The increases in the benefits category over time are the result of health care and retirement increases which are offset by moderately growing revenues. Total Citywide compensation costs are projected to increase by 9.7%. That said, the proposed staffing per thousand residents is below 2015 levels and has remained relatively consistent over the last five years.

Salaries and benefits for all bargaining units reflect the 2018 provisions negotiated in contracts approved by the City Council, as these contracts are currently being negotiated. All contracts 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 1.5% additional has been included for this group and another 2% for merit/salary adjustment increases is included in our contingency.

As Council is aware, the cost of benefits has increased at an unsustainable rate over the years (43.9% over 2015). Unfortunately, the City does not control State-mandated increases in worker's compensation rates and retirement contributions. The continued strain on City expenditures includes year-over-year increases in PERS and LEOFF rates, although for 2019 smaller increases are expected. Health insurance costs are estimated to increase 7% in 2019, despite efforts our insurance providers made to contain costs and adhere to the Affordable Care Act rules. As part of these measures, AWC eliminated the health plan for non-union employees, effective December 31, 2017, and the City implemented a new plan which reduced benefits to the employee but also reduced benefit costs for the City.

### **Transitions in Staffing**

2015 through 2018 saw the transition of several key senior management positions. The next several years will mark other transitions in the organization. Budgetary provisions have been included in the 2019 Budget for the anticipated vacancies and cross-training of replacement staff. So, the City has and will continue to implement a variety of options for addressing vacancies 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. The study, in consideration of the new master plans, indicated the need for an annual revenue increase of 4% over a period of 6 years, whether this was achieved through growth, structural changes, actual rate increases or a combination. In 2018, the City completed implementation of all recommended changes. Utility rates not only support operations, they support our master plans, our Capital Improvement Plan and debt service, as well.

The proposed budget includes a 6% rate increase for water and a 2% reduction in sewer rates. Growth in the number of our sewer customers, including regional support of Carlsborg residents and businesses, has resulted in strong financial performance for that fund. By increasing water rates while decreasing sewer rates, the average residential customer should only see their monthly bill increase by \$0.50. The water rate increase is important to maintain the financial health of our

utility operations and to meet our current and future debt service requirements, while also maintaining our target reserve levels. Smaller rate increases over time help to avoid large jumps in rates that are more challenging for customers to afford in the long run and demonstrate the proactive management of our utility operations. We propose to continue a low income discount policy that reduces utility bills for those who qualify for the rate reduction.

The debt service requirements next year for the sewer and water funds are \$408k and \$126k, respectively. However, the City intends to pay off one of our higher interest rate sewer loans in early 2019, to the tune of \$3.67ml (saving the City \$476k in interest expense over the life of that loan). We have projects planned for both ongoing and major repair and replacement. Total capital project costs for the sewer fund are \$1.9ml and \$1.2ml for the water fund. We discuss individual projects in the capital projects and utilities section of the detailed budget.

### Community Requests for City Funding

Each year, as a part of the budget process, the City considers requests for service contracts from the community. The City also contracts with the Sequim-Dungeness Valley Chamber of Commerce to operate the Visitor Information Center. The 2019 budget recommendations for the Human Services Contracts are consistent with prior year budgets, but an additional \$30k has been set aside for additional support for service contracts Citywide (should the Council choose). The recommendation for the Chamber of Commerce Visitor Information Center is slightly higher than the prior year to reflect overall increasing costs.

The recommended budget allocations for outside agencies are as follows:

Chamber of Commerce Visitor Information Center (lodging tax funds)	\$ 84,017
Human Services Contracts	\$ 75,000
Additional Services Funding	\$ 30,000
Economic Development Corporation	\$ 15,000
“Service Fest” / Neighborhoods Contribution	\$ 5,000
Small Business Development Corporation	\$ 5,000

### Civic Center Debt Service

The City’s related General Obligation (GO) debt, over 30 years, is approximately \$660,000 annually. Funding sources for the 2019 budget are compared to the 2018 budget below. When feasible, the City builds these reserves to enable prepayment of Civic Center-related debt. In 2019, the City intends to use estimated one-time Public Safety Tax, and Development and Real Estate Excise Tax revenues to build GO debt reserves beyond what is required for annual debt service:

Funding Source	2019	2018
Public Safety Tax	\$315,000	\$255,000
REET Transfer	\$105,000	\$75,000
General Fund	\$335,000	\$335,000
<b>Total</b>	<b>\$755,000</b>	<b>\$665,000</b>

As the Public Safety Tax continues to grow, contributions to debt service will also until they approximate at least 40% of total debt service. The Utility Revenue bond debt service (over 20 years) related to the Civic Center is \$225k, annually.

### **Key Policy Decisions**

I have submitted the proposed 2019 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. I am also excited that this budget contains appropriations to further develop staff, and aggressively address community issues and other Council goals.

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

- My recommendation, consistent with prior years, to increase the property tax levy by the allowed 1%
- Proposed water and sewer rate changes
- Proposed capital projects

### **Conclusion**

This budget addresses the City's highest priorities for service and capital needs for 2019 and will allow us to achieve our key goals.

Preparation and adoption of the budget is a team effort involving nearly every employee in our organization and every City Council member. Thank you to our staff for their willingness to submit realistic budget requests and to develop alternatives to meet Council priorities. Thanks especially to the Finance Department for its assistance in the preparation of this budget. Finally, thank you City Council for your leadership in moving ahead on numerous issues, including identifying your goals and priorities, and for your adoption of financial policies and prudent financial guidance that resulted in the foundation for this proposed 2019 Budget.

Sincerely,



Charlie Bush  
City Manager



## SEQUIM CITY COUNCIL GOALS 2018 - 2019

### 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.

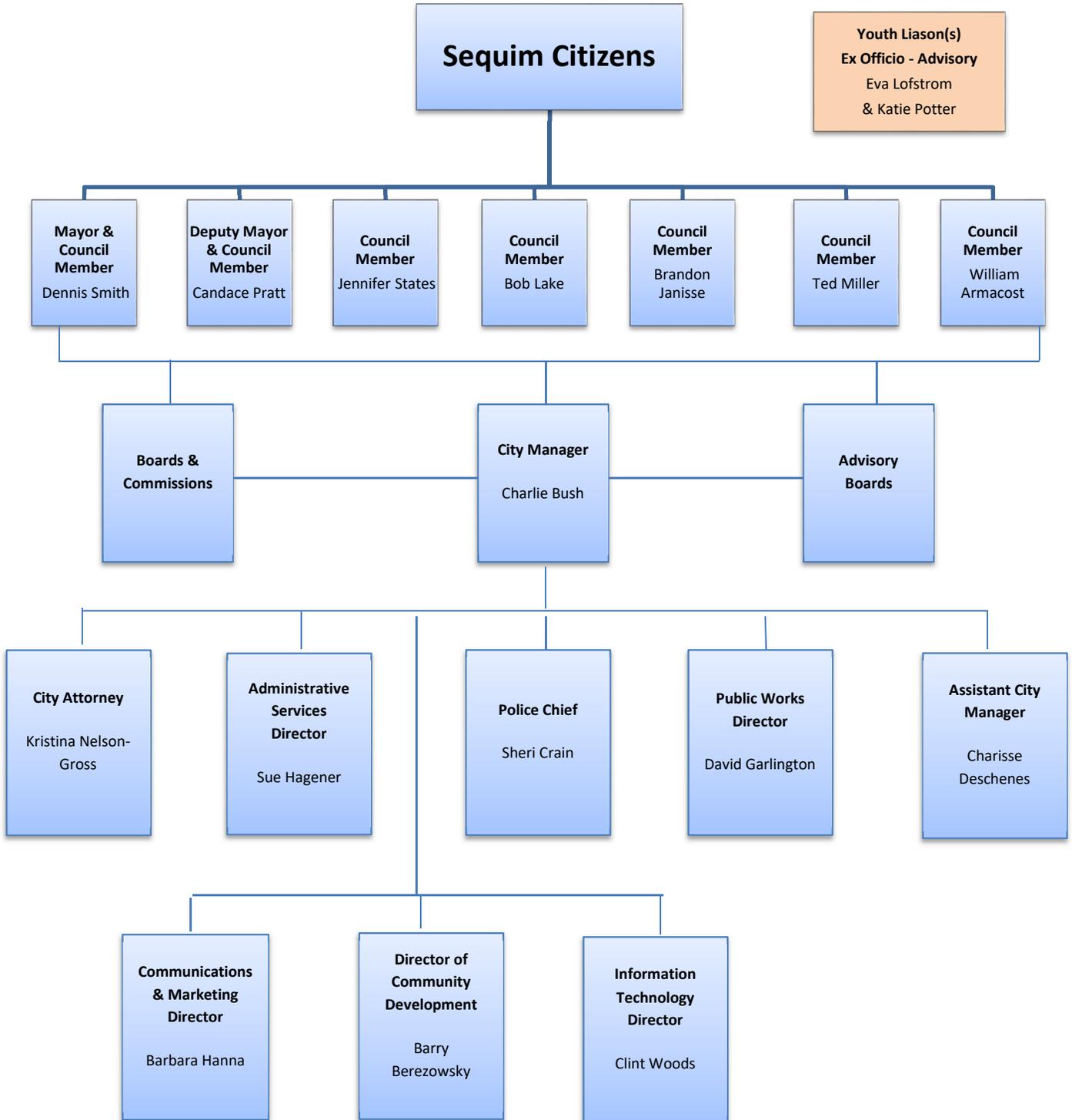
### CITY COUNCIL GOALS

- ◆ Produce new user-friendly Sequim Municipal Code language that fosters economic development and a high quality of life.
- ◆ Facilitate City-wide economic development through code amendments, and financially support and partner with Economic Development organizations.
- ◆ Reduce recyclables and food waste hauled to landfill.
- ◆ Invest in infrastructure and equipment to reduce carbon emissions.
- ◆ Develop and implement a strategy that increases solar as an alternative energy use in the community.
- ◆ Explore and develop a strategy for expanding the availability of broadband within the City limits.

### 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 Organizational Chart As of August 1, 2018



**CITY OF SEQUIM  
2019 BUDGET  
COUNCIL/MANAGER FORM OF GOVERNMENT**

**COUNCIL**

*DENNIS SMITH (Mayor)*

*CANDACE PRATT (Deputy Mayor)*

*BRANDON JANISSE*

*BOB LAKE*

*JENNIFER STATES*

*TED MILLER*

*WILLIAM ARMACOST*

**Ex Officio - Advisory**

*EVA LOFSTROM (YOUTH LIAISON)*

*KATIE POTTER (YOUTH LIAISON)*

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**CITY MANAGER**

Assistant City Manager

CHARLIE BUSH

Charisse Deschenes

**DEPARTMENT HEAD**

Administrative Services Director

Sue Hagener

Chief of Police

Sheri Crain

City Attorney

Kristina Nelson-Gross

City Clerk

Karen Kuznek-Reese

Communications & Marketing Director

Barbara Hanna

Director of Community Development

Barry Berezowsky

Information Technology Director

Clint Woods

Public Works Director

David Garlington

**MANAGER / BUDGET STAFF**

ADMINISTRATIVE SERVICES

Deputy Administrative Services Director

Connie Anderson

Accounting Project Manager

Karen Turner

Accounting Assistant

Ann Holgerson

Accounting Assistant

Vicki Kingsolver

Accounting Assistant

Wells Hutchins

Administrative Assistant

Johnna Roark

CITY ADMINISTRATION

Human Resource Manager

Emily Stednick

Legal Assistant

Erika Hamerquist

POLICE

Staff Sergeant

Sean Madison

Executive Admin Assistant

Tiffany Banning

PUBLIC WORKS

City Engineer

Matt Klontz

Operations Manager

Ty Brown

Utilities Manager

Pete Tjemsland

Management Analyst

Sarah VanAusdle

Resources Manager

Ann Soule

**CATEGORY 2 CODE CITY, CLASSIFIED UTILITIES**

**2010 OFFICIAL CENSUS 6,606  
2018 OFM ESTIMATE 7,460**



## 2019 Budget Calendar

January	Council Advance to Establish Goals
February	2017 Year-End Financial Reports 2017 Financial Policy Compliance Reports Council Review of Financial Policies
March-June	Q1 2018 Financial Reports Q1 2018 Budget Amendments Staff preparation of Capital Improvement Plan Staff preparation of Budget Software Staff preparation of 2018 Forecast (establishes 2019 Beginning Fund Balances)
June	Non-Rep Salary Survey Completed Personnel Requests for 2019 Finalized 2018 Forecast Completed
July	Council Review/Approve of 2019-2024 CIP & TIP Council "Value Scores" the City's Core Services Staff budget requests due Staff engages in 2 day "Budget Scrub"
August	Mid-Year Financial Review Council Preview of Personnel Requests/Changes for 2019 Budget Narratives and Budget Book Compiled
September	Proposed 2019 Rates and Fees previewed by Council Proposed 2019 City Manager Budget delivered to City Council
October	2018 Year-End Budget Amendments <i>Optional:</i> Additional Presentations on the 2019 Budget
November	Public Hearings and Adoption of Revenue Sources, Rates & Fees, Property Tax Levy and 2019 Budgets for City and TBD
December	Neighborhood Meeting/Focus Groups on Budget Priorities for 2020

# 2019 Budget Calendar for Cities and Towns

The annual budget process requirements for cities and towns are listed in chapter [35.33 RCW](#) and for code cities in chapter [35A.33 RCW](#).

This calendar provides the statutory deadlines for each of the budget preparation steps. Throughout chapter [35.33 RCW](#) and [35A.33](#) the statutes read “on or before” or “at least \_\_ days before”, therefore pursuant to budget law, these budget steps can be taken before the dates listed on the calendar. Pre-budget items have been included as recommendation only and are not part of the budget statutory requirements.

We recommend that each city and town develop a time line that best meets their needs, assures compliance with the statutes, and provides sufficient time to prepare this vital financial plan.

<b>March– August</b>	<p><b>Pre-Budget Items</b></p> <ul style="list-style-type: none"> <li>Council retreat</li> <li>Update and/or adopt financial policies</li> <li>Public hearings for capital facility plan updates</li> <li>Public forums or community outreach (ex: community priorities)</li> <li>Mayor/Manager communicate budget objectives to staff</li> </ul>
<b>September</b>	<p><b>Sept 10</b> Budget request to all department heads</p> <p><b>Sept 10-23</b> Department heads prepare estimates of revenues and expenditures Clerk prepares estimates for debt service and all other estimates</p> <p><b>Sept 24</b> Budget estimates from department heads filed with clerk</p>
<b>October</b>	<p><b>Oct 1</b> Clerk provides estimates filed by department heads to Mayor/Manager showing complete financial program Mayor/Manager provides Council with estimates of revenues from all sources including estimates prepared by clerk for consideration of setting property tax levy</p> <p><b>Mid-October to Mid-November</b> Suggested public hearing on revenue sources including possible increases in property tax</p>
<b>November</b>	<p><b>Nov 2</b> Mayor/Manager prepares preliminary budget and budget message, files with clerk and Council</p> <p><b>Nov 2-20</b> Publication notice of preliminary budget and final hearing</p> <p><b>Nov 2-29</b> Public hearing(s) on preliminary budget Public hearing on revenue sources for levy setting</p> <p><b>Nov 19</b> Copies of budget available to public</p> <p><b>Nov 30</b> Property tax levies set by ordinance and filed with the County</p>
<b>December</b>	<p><b>Dec 3</b> Final budget hearing</p> <p><b>Dec 31</b> Budget adoption</p>

A detailed explanation of the budget preparation requirements, deadlines, and procedural tips are provided on the MRSC webpage: [Budget Preparation Procedures for Cities and Towns](#).

<input checked="" type="checkbox"/> <b>ADOPTED BY COUNCIL:</b> FEBRUARY 22, 2016	<b>EFFECTIVE DATE:</b> FEBRUARY 22, 2016
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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 22, 2016	<b>EFFECTIVE DATE:</b> FEBRUARY 22, 2016
-----------------------------------------------------------------------	------------------------------------------

## 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 with specific purpose or use restrictions imposed on them by external parties (e.g., enabling legislation, grantors, creditors, etc.) or from formal internal commitments. Internal commitments are specific constraints imposed by the highest level of government (board of commissioners, city council, board of directors, board of supervisors, etc.) through the most formal binding 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)

Real Estate Excise Tax (REET) 1 (funds restricted as to use on capital facilities)

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 (REET 2), Gifting & Donations

### Internal Service Funds

Unemployment Claims Reserve

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

Police Expendable Trust, Flexible Spending Benefits, Utility Deposits, 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**



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

	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

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 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. Accrued compensation is based on historical patterns 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



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

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.

	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.



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

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 2019 Budget

## All City and General Fund Overview

*Providing for a safe, sustainable, and connected community*

### The Sequim Vision and Council Goals

#### A Connected Community

*Invest in transportation infrastructure, arts and culture programs, neighborhood improvements, expand available broadband...*

#### A Great Place to Live

*Economic development, youth programs...*

#### Friendly, Safe Neighborhoods

*Partner with non-profits, crime prevention, emergency preparedness...*

#### Stewards of the Environment

*Reduce carbon emissions, increase alternative energy sources, reduce recyclables & food waste...*

#### Heart of the Rural Valley

*User-friendly municipal code, ECO DEVO...*

# City Of Sequim Budget Overview

## Budget Development Process

### Policy Strategy Phase

Council Planning

Long Range Financial Plan

Public Input via Council Meetings & Community Survey

### Needs Assessment Phase

Department Program and Staff Requests

“Budget Scrub”

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

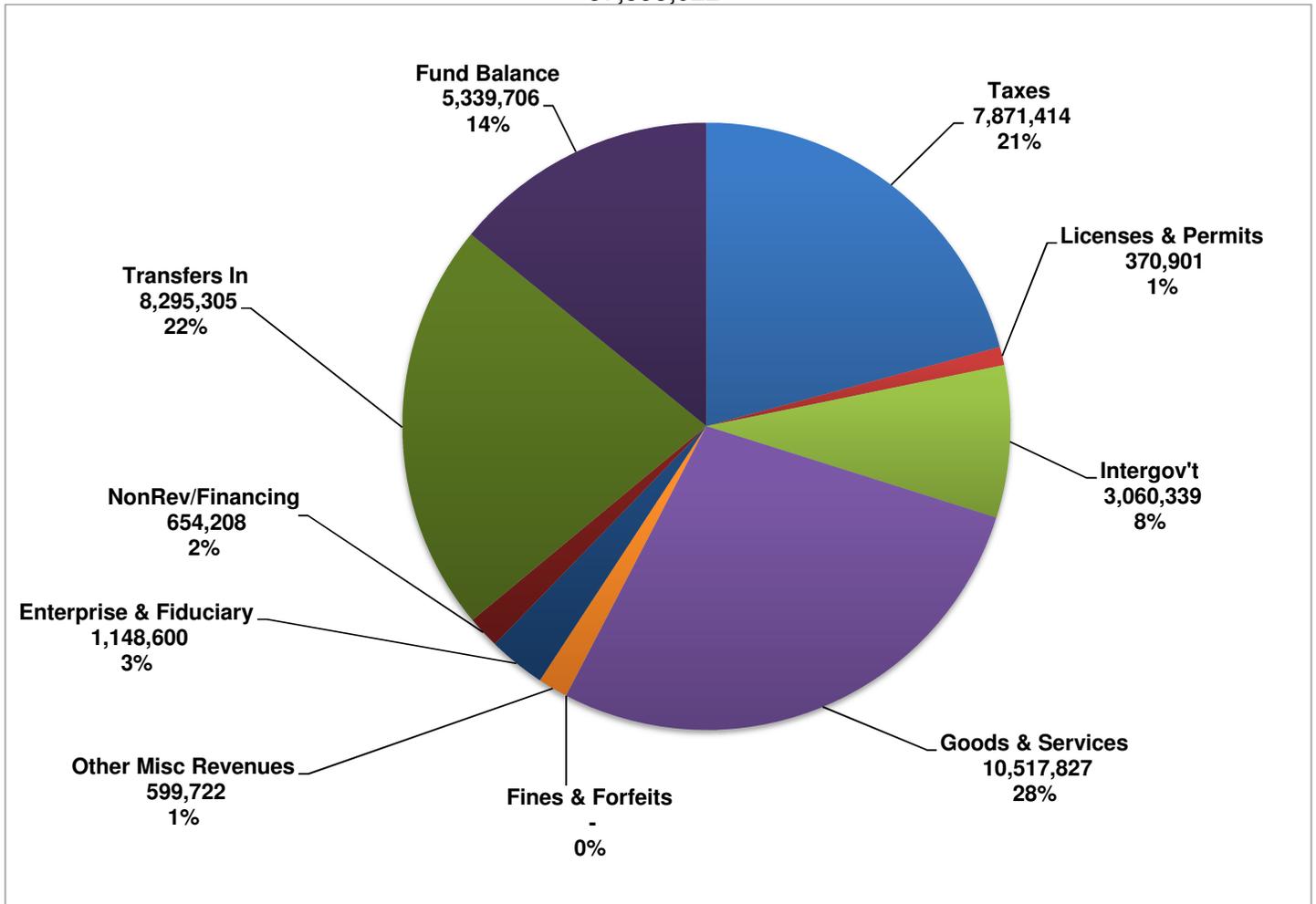


**City of Sequim  
2019 Budget**

	A Beginning Fund Balance	B Revenues	C Expenses	D=B-C Surplus / (Deficit)	E=A+D Ending Fund Balance
<b>General Fund</b>					
001 General Fund	2,293,857	10,459,001	10,450,141	8,860	2,302,717
<b>Special Revenue Funds</b>					
101 Street UnRestricted	278,911	870,735	856,388	14,347	293,258
111 Street Restricted	1,380,362	2,791,874	3,319,401	(527,527)	852,835
107 StormWater UnRestricted	66,389	160,475	117,983	42,492	108,881
117 StormWater Restricted	399,919	307,000	363,184	(56,184)	343,735
115 Lodging Tax Hotel/Motel	480,451	326,500	324,219	2,281	482,732
120 Police Restricted	142,903	362,128	382,381	(20,254)	122,649
121 Police Asset Seizure	31,534	20,274	20,000	274	31,808
140 Parks Restricted	744,267	186,138	144,408	41,730	785,997
150 Real Estate Excise Tax	548,535	404,650	620,000	(215,350)	333,185
160 Arts & Culture-Arts Commission Progr	5,044	56,500	53,388	3,112	8,156
164 Equipment Reserve	795,540	405,800	284,700	121,100	916,640
199 Rainy Day	700,000	2,000	0	2,000	702,000
<b>Debt Service Funds</b>					
206 Debt Service Fund	103,303	755,000	657,625	97,375	200,678
<b>Capital Funds</b>					
306 Capital Facilities Fund	38,315	421,205	415,743	5,462	43,777
<b>Enterprise Funds</b>					
402 Sewer UnRestricted	1,558,975	4,389,958	4,259,818	130,140	1,689,115
401 Water UnRestricted	837,014	2,357,706	2,367,645	(9,939)	827,075
411 Water Restricted	3,290,919	1,146,500	1,960,150	(813,650)	2,477,269
422 Sewer Restricted	6,727,354	6,399,805	10,539,520	(4,139,715)	2,587,639
<b>Trust, Agency &amp; Permanent Funds</b>					
500 Unemployment Compensation Reserve	63,080	61,000	98,000	(37,000)	26,080
611 Flex Benefits	8,038	45,000	45,000	0	8,038
621 Police Expendable Trust	0	20,000	20,000	0	0
631 Construction Deposits	78,963	325,000	325,000	0	78,963
635 Intergovernmental Agency Fund	1,702	178,627	168,328	10,299	12,001
645 Utility Security Deposits	163,360	65,000	65,000	0	163,360
701 Haller Park Fund	39,918	440	0	440	40,358
	<b>20,778,653</b>	<b>32,518,316</b>	<b>37,858,022</b>	<b>(5,339,707)</b>	<b>15,438,946</b>
		8,295,305	8,295,305	Transfers In / Out	
		<b>24,223,011</b>	<b>29,562,717</b>	<b>Net of Transfers</b>	
		3,155,000	3,441,191	InterFund Service Charges*	
		<b>21,068,011</b>	<b>26,121,526</b>	<b>Net Revenues/Expenses</b>	
				<b>w/o Transfers</b>	
				<b>&amp; Interfund Services</b>	
		14,269,122	14,207,900	Operating Funds	
		18,249,194	23,650,122	Restricted/Project Funds	
		<b>32,518,316</b>	<b>37,858,022</b>		

**City of Sequim  
2019 Budget**

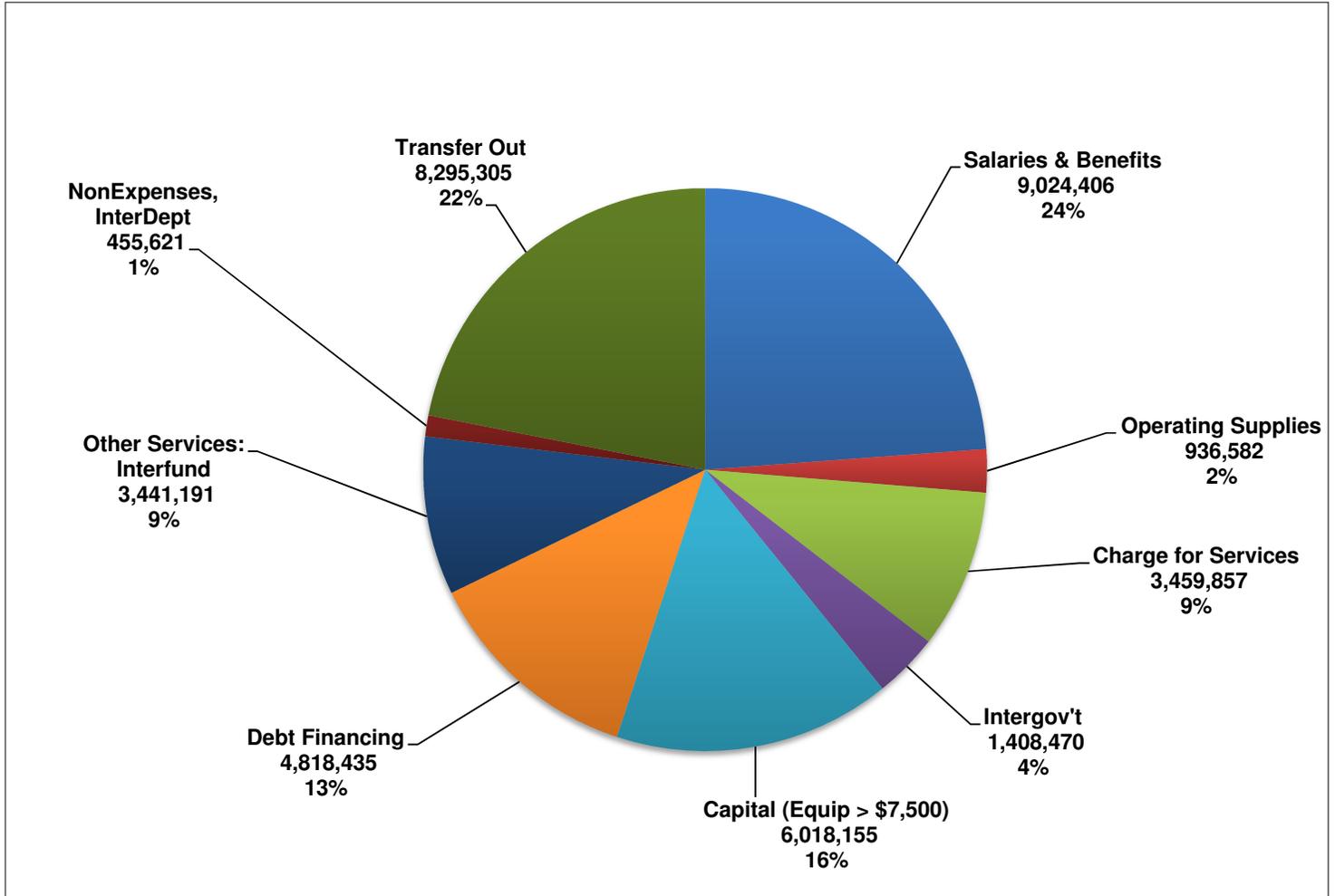
**Where Will the Money Come From?  
Total Revenue / Resources  
37,858,022**



	2015 Actual	2016 Actual	2017 Actual	2018 Forecast	2018 Budget	2019 Budget	2019-2018 Amount	%
Taxes	6,370,241	6,685,600	7,213,627	8,253,686	7,537,963	7,871,414	333,451	4.4%
Licenses & Permits	264,296	310,333	501,374	398,566	395,961	370,901	(25,060)	-6.3%
Intergov't	666,954	640,502	935,068	933,911	2,407,489	3,060,339	652,850	27.1%
Goods & Services	8,840,752	9,588,642	10,806,191	10,275,572	10,207,933	10,517,827	309,894	3.0%
Fines & Forfeits	68,424	4,931	526	36	-	-	-	0.0%
Other Misc Revenues	369,213	564,313	537,598	399,224	537,953	599,722	61,769	11.5%
Enterprise & Fiduciary	2,240,234	1,222,483	1,860,538	1,715,959	1,029,000	1,148,600	119,600	11.6%
NonRev/Financing	186,973	1,304,948	(679,638)	833,629	664,631	654,208	(10,423)	-1.6%
<b>Net Revenues</b>	<b>19,007,087</b>	<b>20,321,752</b>	<b>21,175,284</b>	<b>22,810,583</b>	<b>22,780,930</b>	<b>24,223,011</b>	<b>1,442,081</b>	<b>6.3%</b>
Transfers In	10,088,183	5,378,960	6,911,421	6,663,898	6,116,898	8,295,305	2,178,407	35.6%
<b>Revenues</b>	<b>29,095,270</b>	<b>25,700,712</b>	<b>28,086,705</b>	<b>29,474,481</b>	<b>28,897,828</b>	<b>32,518,316</b>	<b>3,620,488</b>	<b>12.5%</b>
Use of Beginning Fund Balance	4,763,044	(1,928,487)	(2,650,868)	(483,812)	3,808,329	5,339,706	1,531,377	40.2%
<b>Total Use of Revenue</b>	<b>33,858,314</b>	<b>23,772,225</b>	<b>25,435,837</b>	<b>28,990,669</b>	<b>32,706,157</b>	<b>37,858,022</b>	<b>5,151,865</b>	<b>15.8%</b>

**City of Sequim  
2019 Budget**

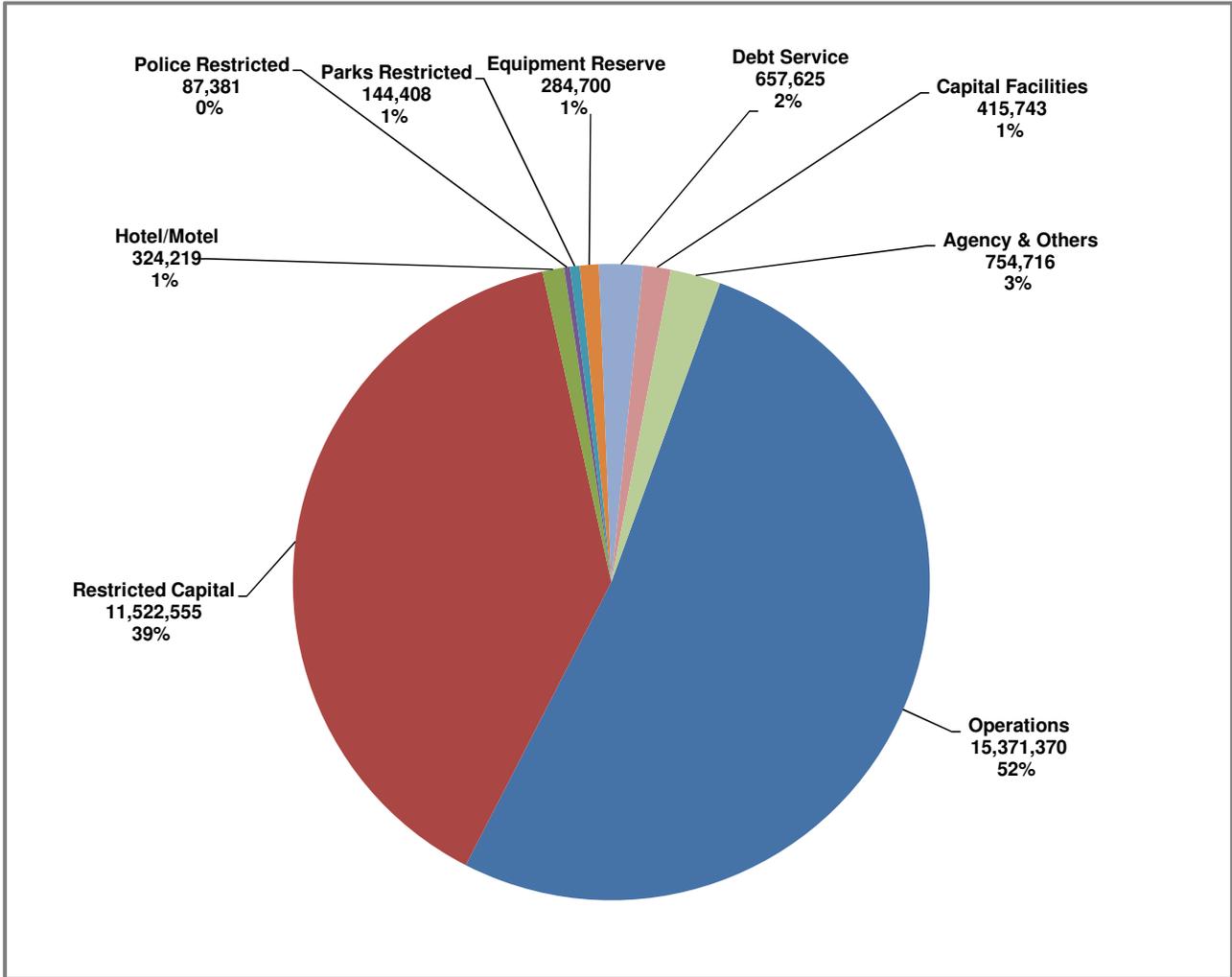
**Where Will the Money Go?  
Total Expenses  
37,858,022**



	2015 Actuals	2016 Actuals	2017 Actuals	2018 Forecast	2018 Budget	2019 Budget	2019-2018 Amount	%
Salaries & Benefits	7,111,483	7,511,626	7,642,497	8,136,715	8,225,023	9,024,406	799,383	9.7%
Operating Supplies	759,877	885,194	905,841	937,597	941,994	936,582	(5,412)	-0.6%
Charge for Services	2,815,738	2,340,136	2,985,633	3,649,324	3,337,736	3,459,857	122,121	3.7%
Intergov't	1,154,226	1,173,710	1,160,371	1,403,594	1,482,574	1,408,470	(74,104)	-5.0%
Capital (Equip > \$7,500)	8,320,066	2,408,397	3,183,217	2,966,007	7,338,904	6,018,155	(1,320,749)	-18.0%
Debt Financing	1,597,622	1,570,616	1,608,416	1,556,839	1,556,844	4,818,435	3,261,591	209.5%
Other Services: Interfund	1,889,639	2,421,773	2,682,906	3,181,801	3,248,139	3,441,191	193,052	5.9%
NonExpenses, InterDept	121,480	81,814	145,534	469,895	458,046	455,621	(2,425)	-0.5%
<b>Net Expenses</b>	<b>23,770,131</b>	<b>18,393,266</b>	<b>20,314,415</b>	<b>22,301,772</b>	<b>26,589,260</b>	<b>29,562,717</b>	<b>2,973,457</b>	<b>11.2%</b>
Transfer Out	10,088,183	5,378,960	5,121,422	6,688,898	6,116,898	8,295,305	2,178,407	35.6%
<b>Total Expenses</b>	<b>33,858,314</b>	<b>23,772,226</b>	<b>25,435,837</b>	<b>28,990,670</b>	<b>32,706,158</b>	<b>37,858,022</b>	<b>5,151,864</b>	<b>15.8%</b>

**City of Sequim  
2019 Budget**

**Total All City Programs Expenses - Excluding Transfers  
Operations and Capital Projects  
29,562,717**



	2015 Actual	2016 Actual	2017 Actual	2017 Forecast	2018 Budget	2019 Budget	2019-2018% Amount	%
<b>All City</b>								
<b>Total Expenses</b>	23,770,132	18,393,266	20,314,415	22,301,772	26,589,259	29,562,717	2,973,458	11%

**City of Sequim  
2019 Budget**

**All City Programs Expenses - Excluding Transfers  
Operations and Capital Projects**

	2015 Actual	2016 Actual	2017 Actual	2018 Forecast	2018 Budget	2019 Budget	2019-2018 Amount	%
<b>All City Program</b>								
<b>Total Expenses</b>	<b>23,770,132</b>	<b>18,393,266</b>	<b>20,314,415</b>	<b>22,301,772</b>	<b>26,589,259</b>	<b>29,562,717</b>	<b>2,973,458</b>	<b>0</b>
<b>Operations</b>								
General Fund	7,525,513	7,589,168	7,965,729	8,539,480	8,611,540	9,172,841	561,301	0
Street Ops	670,764	794,177	784,277	807,598	810,445	793,388	(17,057)	(0)
Stormwater Ops	92,825	107,676	221,117	155,840	155,988	117,983	(38,005)	(0)
Water Ops	1,402,310	1,518,421	1,568,928	1,707,043	1,724,069	1,684,845	(39,224)	(0)
Sewer Ops	2,739,388	3,155,723	2,910,943	3,613,574	3,621,861	3,602,313	(19,548)	(0)
<b>Total Operations</b>	<b>12,430,800</b>	<b>13,165,165</b>	<b>13,450,994</b>	<b>14,823,535</b>	<b>14,923,903</b>	<b>15,371,370</b>	<b>447,467</b>	<b>0</b>
<b>Capital Restricted</b>								
Streets	973,447	537,228	1,333,899	1,716,288	3,304,394	2,964,401	(339,993)	(0)
Stormwater	296,373	61,142	-	13,620	175,430	363,184	187,754	1
Water	337,822	348,235	914,495	953,504	2,296,260	1,644,950	(651,310)	(0)
Sewer	1,134,561	2,279,544	1,362,515	2,068,429	2,824,895	6,550,020	3,725,125	1
<b>Total Restricted Capital</b>	<b>2,742,203</b>	<b>3,226,149</b>	<b>3,610,909</b>	<b>4,751,841</b>	<b>8,600,979</b>	<b>11,522,555</b>	<b>2,921,576</b>	<b>0</b>
<b>Hotel/Motel</b>	<b>224,369</b>	<b>237,315</b>	<b>251,205</b>	<b>280,852</b>	<b>291,314</b>	<b>324,219</b>	<b>32,905</b>	<b>0</b>
<b>Police Restricted</b>								
Police Restricted	123,914	115,296	48,946	64,779	66,684	67,381	697	0
Police Asset Seizure	-	-	-	20,000	30,000	20,000	(10,000)	(0)
Police Expendable Trust	643	123	0	0	0	0	0	0
<b>Total Police</b>	<b>124,557</b>	<b>115,419</b>	<b>48,946</b>	<b>84,779</b>	<b>96,684</b>	<b>87,381</b>	<b>(9,303)</b>	<b>(0)</b>
<b>Parks Restricted</b>	<b>159,037</b>	<b>561,071</b>	<b>626,887</b>	<b>370,656</b>	<b>727,355</b>	<b>144,408</b>	<b>(582,947)</b>	<b>(1)</b>
<b>Equipment Reserve</b>	<b>325,901</b>	<b>243,127</b>	<b>627,108</b>	<b>450,792</b>	<b>465,800</b>	<b>284,700</b>	<b>(181,100)</b>	<b>(0)</b>
<b>Debt Service</b>	<b>659,837</b>	<b>656,740</b>	<b>659,190</b>	<b>659,302</b>	<b>659,675</b>	<b>657,625</b>	<b>(2,050)</b>	<b>(0)</b>
<b>Capital Facilities</b>	<b>6,929,743</b>	<b>79,506</b>	<b>823,744</b>	<b>239,096</b>	<b>104,391</b>	<b>415,743</b>	<b>311,352</b>	<b>3</b>
<b>Agency &amp; Others</b>								
Arts & Culture	3,770	21,299	27,241	31,171	39,830	53,388	13,558	0
Unemployment Reserve	6,731	3,354	37,991	48,094	83,000	98,000	15,000	0
Flex Benefits	11,173	12,864	13,966	41,564	45,000	45,000	-	-
Construction Deposits	38,300	27,902	49,743	323,960	325,000	325,000	-	-
Intergovernmental								0
Agency Fund	71,295	33,443	44,192	138,055	168,328	168,328	0	0
Utility Security Deposits	42,416	9,912	42,299	58,075	58,000	65,000	7,000	0
Haller Park								-
<b>Total Agency &amp; Others</b>	<b>173,685</b>	<b>108,774</b>	<b>215,432</b>	<b>640,919</b>	<b>719,158</b>	<b>754,716</b>	<b>35,558</b>	<b>0</b>



# City Of Sequim Budget Overview

## General Fund Revenues

### 2019 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 is 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

### 2019 Budget Summary

- ❖ Overall General Fund revenues are up \$507k or 5%
  - Sales Tax revenues reflect baseline revenues, plus \$106k to support one-time expenses
  - License & Permits revenues reflect baseline revenues
  - Utility Taxes are increased based on projected rate changes of Citywide utilities
  - Property Taxes will increase based only on new construction plus 1% as allowed by state statute
  - Interfund charges are based on non-General Fund activities where applicable – up due to increases in service costs and capital projects

## General Fund Expenses

### 2019 Key Goals

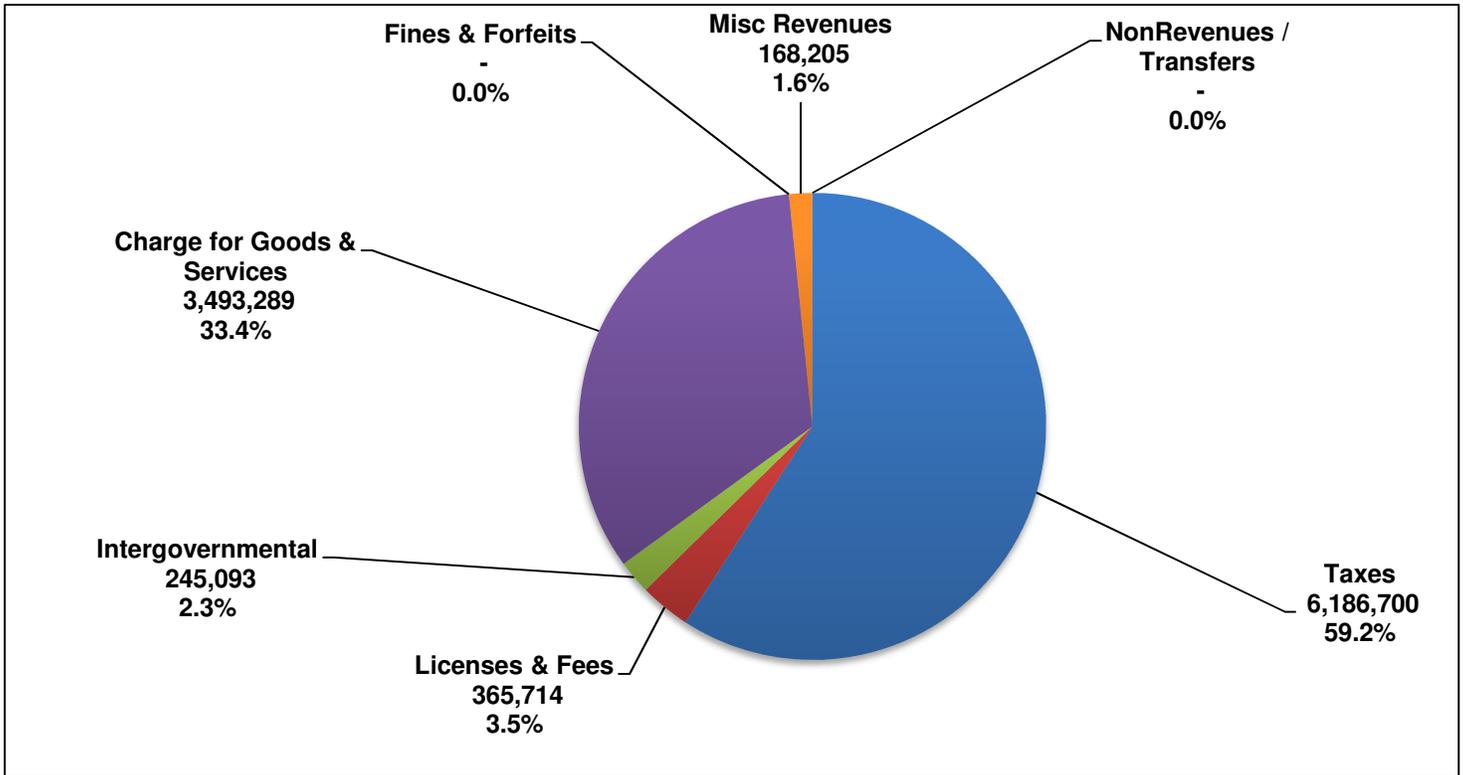
- ❖ Balance ongoing expenditures with ongoing revenues
- ❖ Full cost recovery for rates and fees and interfund support
- ❖ Support opportunities to enhance service delivery through intergovernmental cooperation
- ❖ Allocation of resources toward Council priorities

### 2019 Budget Summary

- ❖ Overall General Fund expenditures increased \$510k or 5%
  - Salary and Benefits increased by \$637k or 11%
  - Supplies increased \$12k or 4%
  - Services decreased by \$76k or 4%
  - Transfers out decreased by \$51k or 4%

**City of Sequim  
2019 Budget**

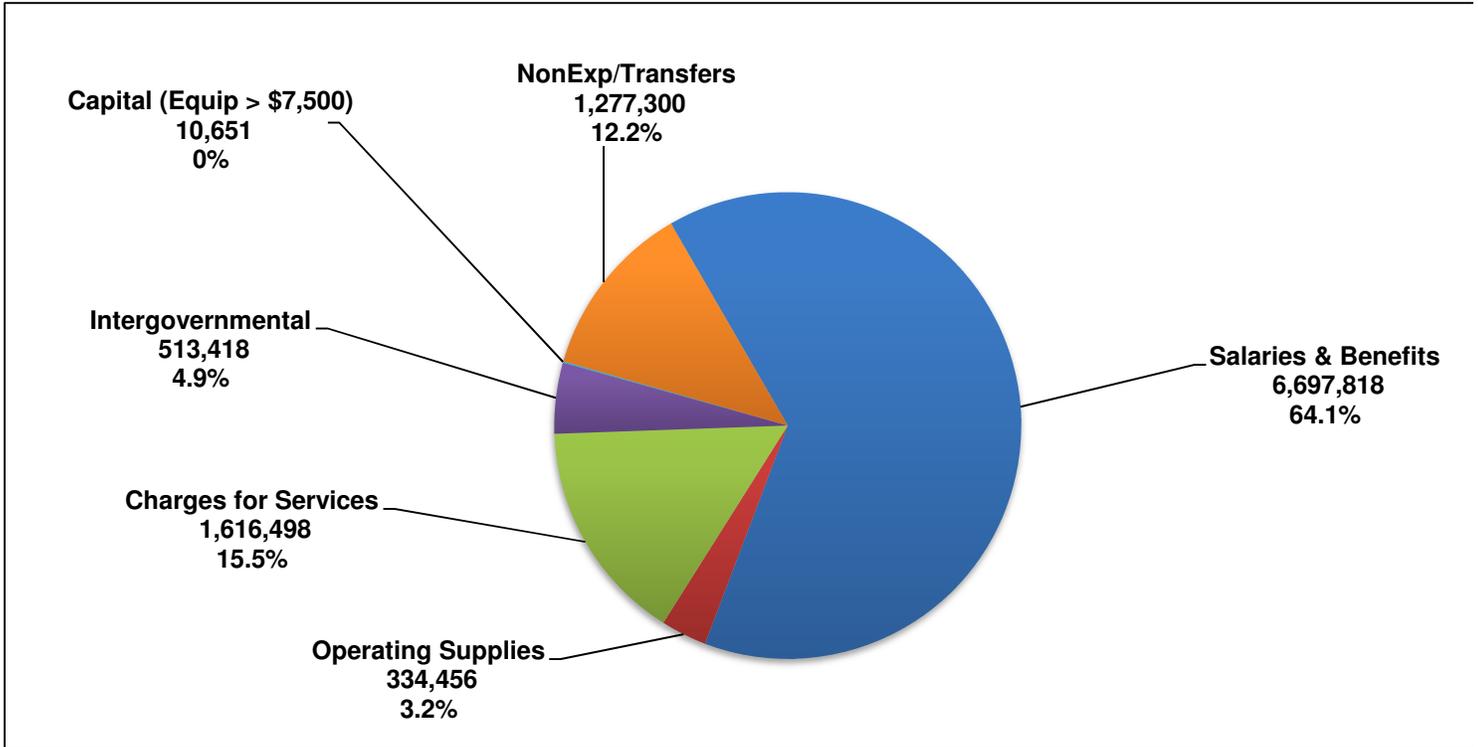
**General Fund Revenues  
Total Revenues  
10,459,001**



	2015 Actual	2016 Actual	2017 Actual	2018 Forecast	2018 Budget	2019 Budget	2019-2018 Amount	2019-2018 %
<b>Beginning Fund Balance</b>	<b>1,820,544</b>	<b>1,811,635</b>	<b>2,155,443</b>	<b>2,421,742</b>	<b>1,899,192</b>	<b>2,293,857</b>	<b>394,665</b>	<b>21%</b>
Taxes	5,457,944	5,706,099	6,036,523	6,378,296	5,941,250	6,186,700	245,450	4%
Licenses & Fees	263,301	304,496	496,527	392,797	390,774	365,714	(25,060)	-6%
Intergovernmental	214,021	217,030	238,385	265,708	216,479	245,093	28,614	13%
Charge for Goods & Services	2,212,579	2,809,715	3,067,074	3,251,008	3,281,496	3,493,289	211,793	6%
Fines & Forfeits	68,424	4,931	526	36	-	-	-	
Misc Revenues	109,492	117,999	141,381	124,181	119,218	168,205	48,987	41%
NonRevenues / Transfers	5,146	21,380	7,787	10,168	2,998	-	(2,998)	-100%
<b>TOTAL Revenues</b>	<b>8,330,907</b>	<b>9,181,650</b>	<b>9,988,203</b>	<b>10,422,194</b>	<b>9,952,215</b>	<b>10,459,001</b>	<b>506,786</b>	<b>5%</b>
<b>Total Expenses</b>	<b>8,339,818</b>	<b>8,837,842</b>	<b>9,721,905</b>	<b>10,550,080</b>	<b>9,940,140</b>	<b>10,450,141</b>	<b>510,001</b>	<b>5%</b>
Net Surplus/(Deficit)	(8,910)	343,808	266,298	(127,886)	12,075	8,860	(3,215)	-27%
<b>Ending Fund Balance</b>	<b>1,811,634</b>	<b>2,155,443</b>	<b>2,421,741</b>	<b>2,293,856</b>	<b>1,911,267</b>	<b>2,302,717</b>	<b>391,450</b>	<b>20%</b>

**City of Sequim  
2019 Budget**

**General Fund Expenses  
Total Expenses  
10,450,141**

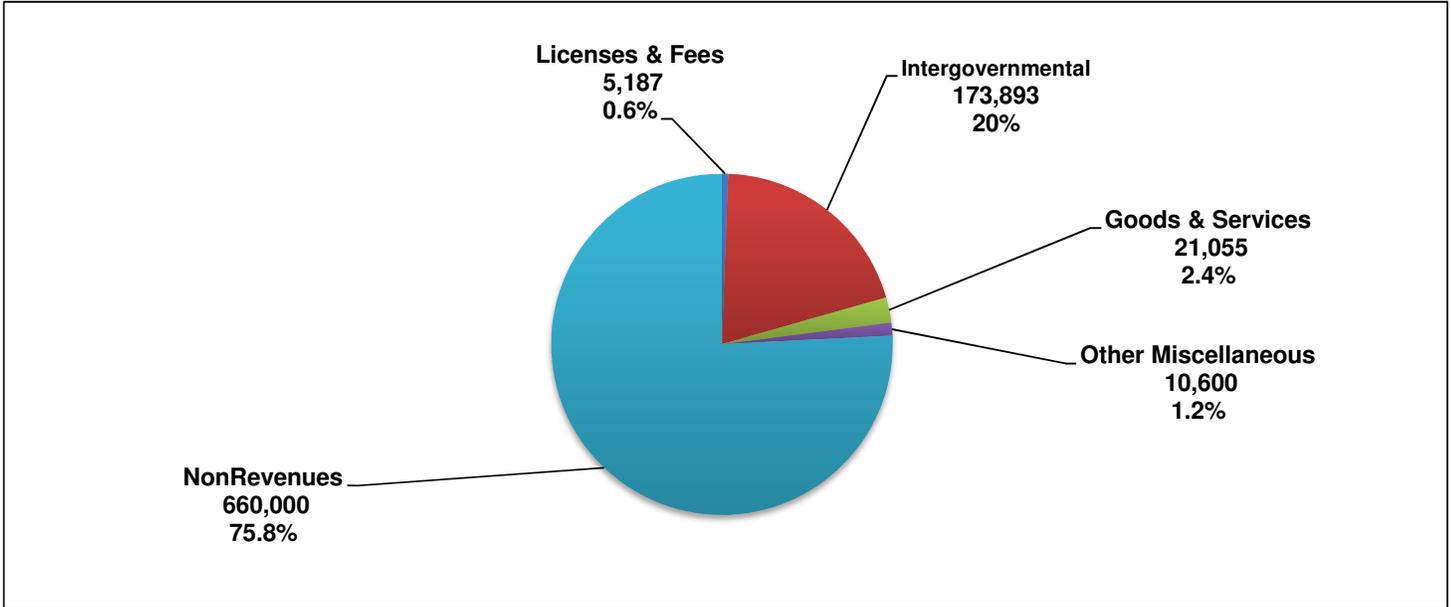


	2015 Actual	2016 Actual	2017 Actual	2018 Forecast	2018 Budget	2019 Budget	2019-2018 Amount	%
<b>Beginning Fund Balance</b>	1,820,544	1,811,635	2,155,443	2,421,742	1,899,192	2,293,857	394,665	21%
<b>Total Revenues</b>	8,330,908	9,181,650	9,988,203	10,422,194	9,952,215	10,459,001	506,786	5%
Salaries & Benefits	5,299,729	5,544,036	5,664,362	6,042,892	6,061,241	6,697,818	636,577	11%
Operating Supplies	332,414	331,547	347,658	324,601	322,189	334,456	12,267	4%
Charges for Services	1,430,835	1,233,144	1,411,062	1,637,009	1,692,447	1,616,498	(75,949)	-4%
Intergovernmental	432,549	478,956	482,663	531,124	530,662	513,418	(17,244)	-3%
Capital (Equip > \$7,500)	29,536	-	57,587	2,804	5,001	10,651	5,650	53%
NonExp/Transfers	814,755	1,250,159	1,758,573	2,011,650	1,328,600	1,277,300	(51,300)	-4%
<b>Total Expenses</b>	<b>8,339,818</b>	<b>8,837,842</b>	<b>9,721,905</b>	<b>10,550,080</b>	<b>9,940,140</b>	<b>10,450,141</b>	<b>510,001</b>	<b>5%</b>
Net Surplus/(Deficit)	(8,910)	343,808	266,298	(127,886)	12,075	8,860	(3,215)	-27%
<b>Ending Fund Balance</b>	<b>1,811,634</b>	<b>2,155,443</b>	<b>2,421,741</b>	<b>2,293,856</b>	<b>1,911,267</b>	<b>2,302,717</b>	<b>391,450</b>	<b>20%</b>

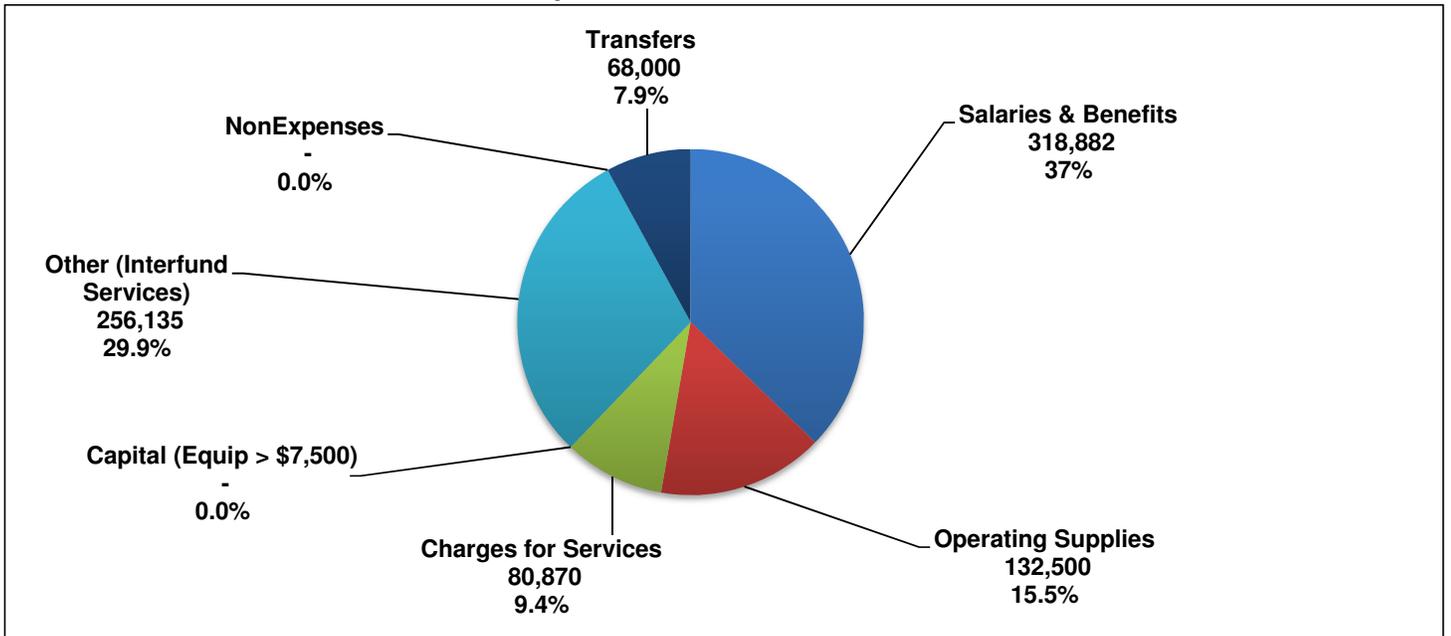
**City of Sequim  
2019 Budget**

**Street Operating Revenues & Expenses**

**Total Revenues \$ 870,735**



**Total Expenses \$ 856,387**



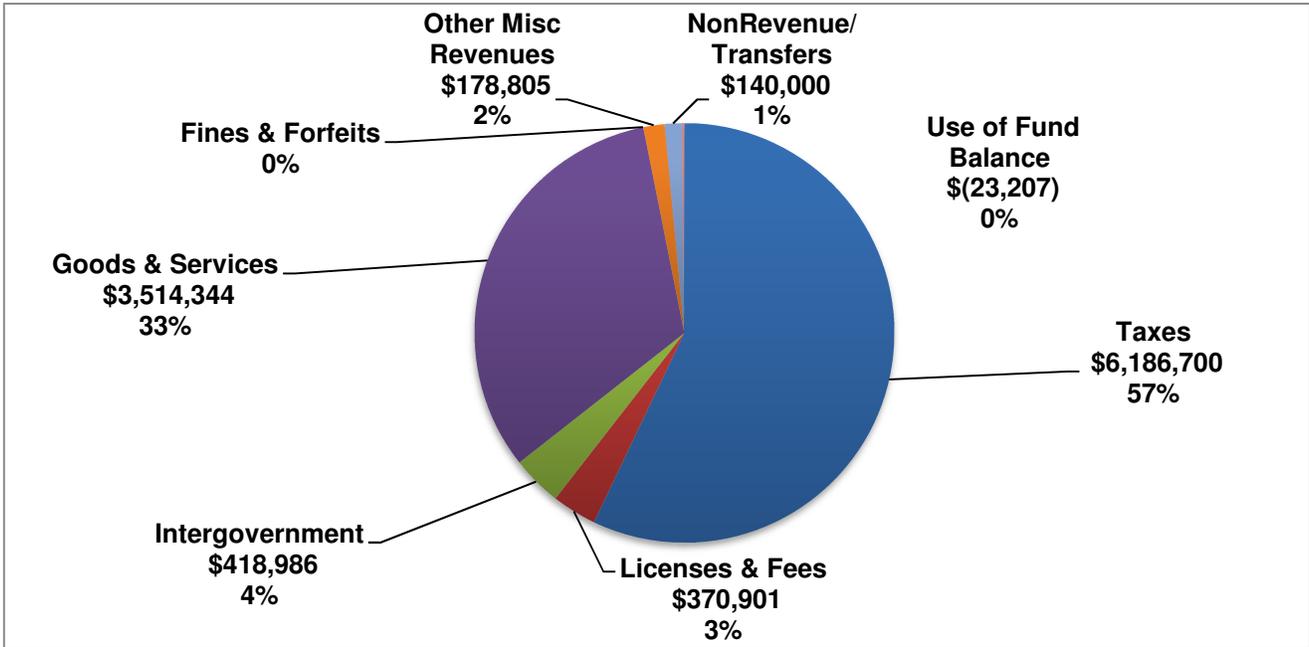
**2019 Budget**

Beginning Fund Balance	\$	278,911
Total Revenues		870,735
Total Expenses		856,387
Surplus/(Deficit)		<u>14,348</u>
Ending Fund Balance	\$	293,259

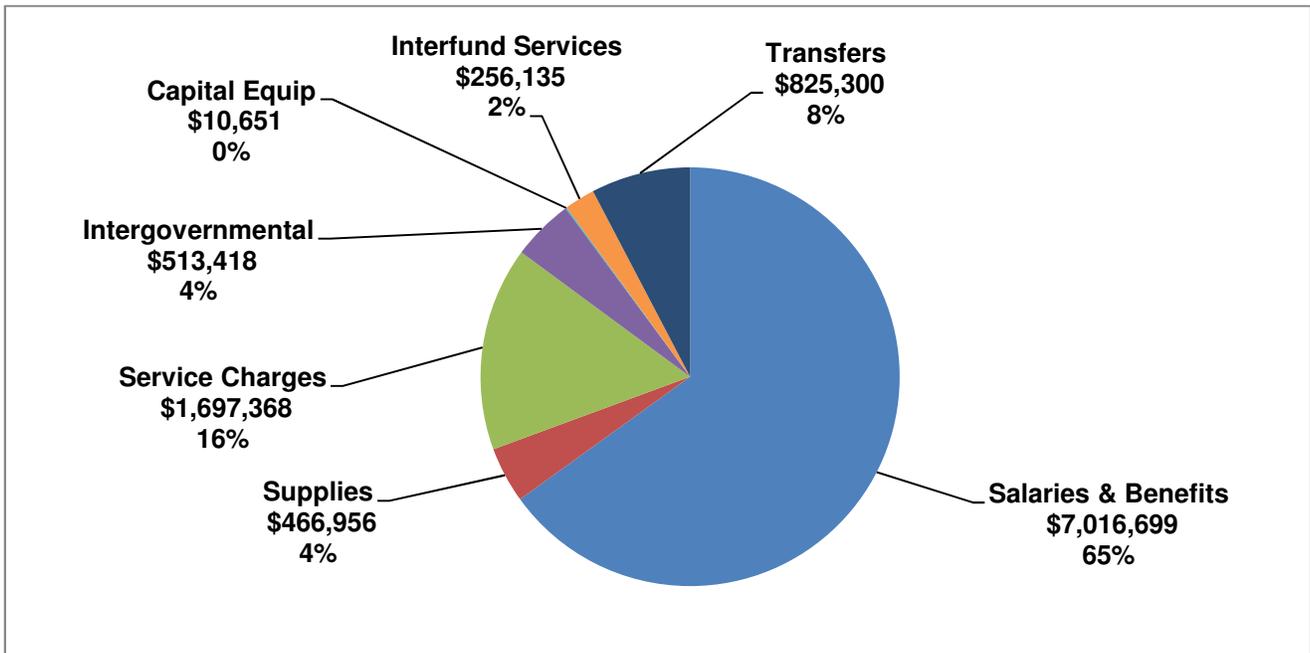
**City of Sequim  
2019 Budget**

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

**Total Resources/Revenues \$ 10,786,529**

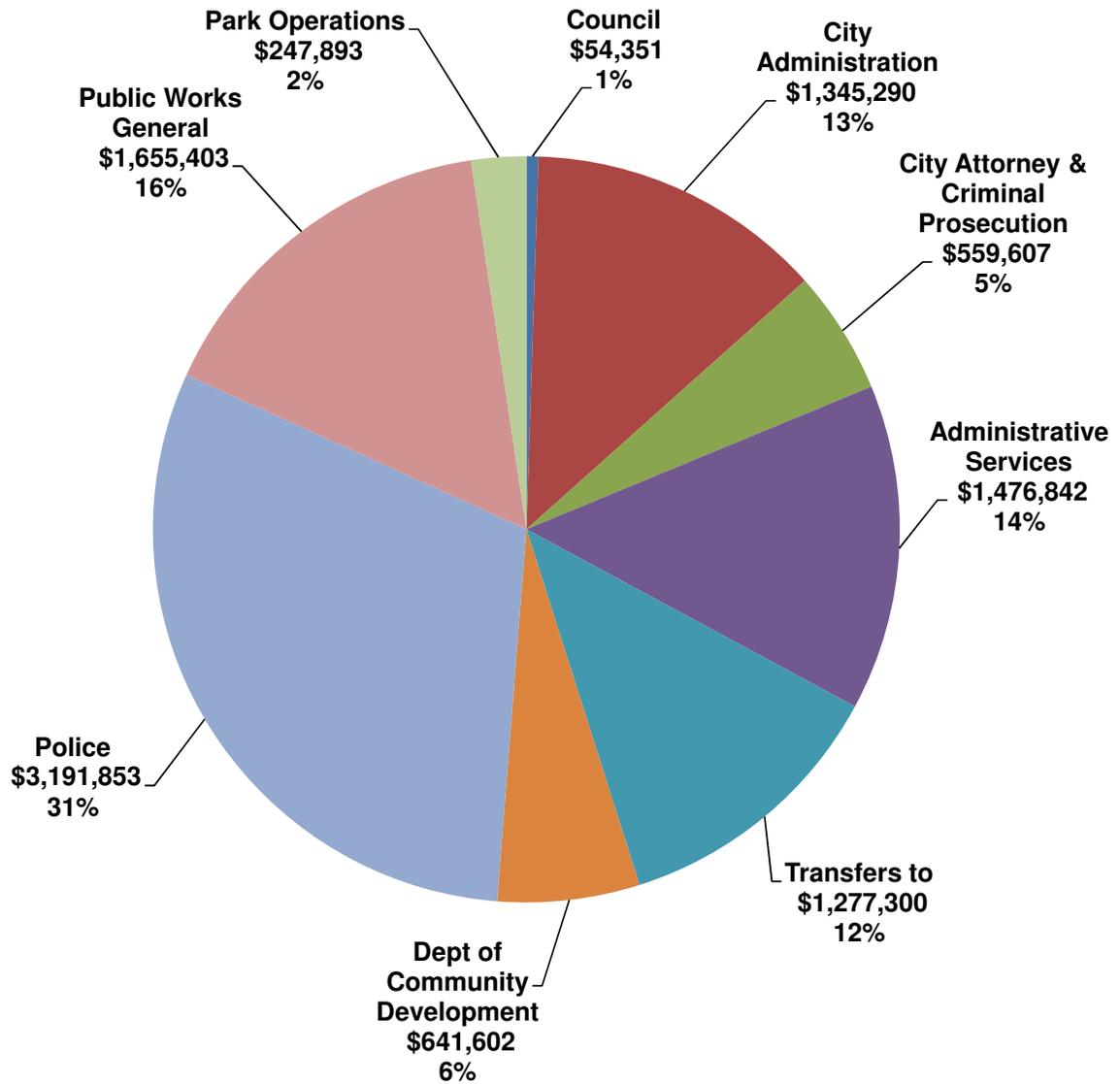


**Total Expenses \$ 10,786,527**



**City of Sequim  
2019 Budget**

**Total General Fund Expenses  
by Department  
10,450,141**

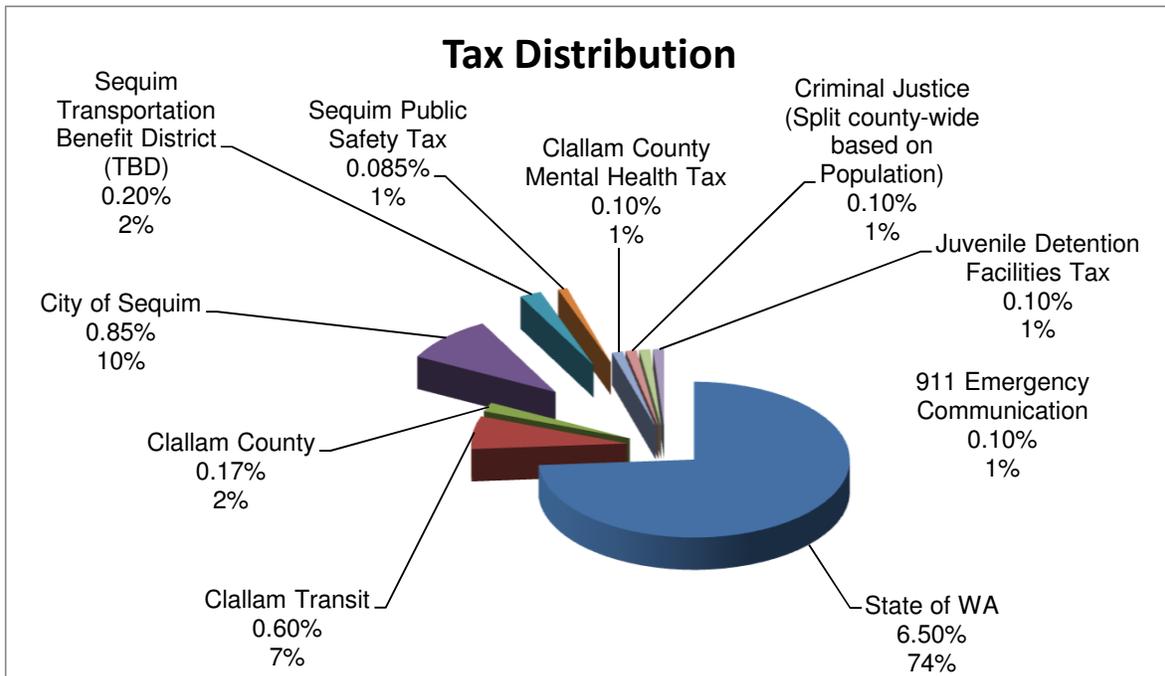


	2015 Actual	2016 Actual	2017 Actual	2018 Forecast	2018 Budget	2019 Budget	2019-2018 Amount	%
<b>General Fund Total Expenses</b>	8,339,818	8,837,842	9,721,904	10,550,080	9,940,140	10,450,141	510,001	5%

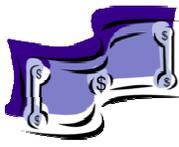


**CITY OF SEQUIM  
2019 Budget**

**8.80% Sales Tax Distribution  
Within the City Limits of Sequim**



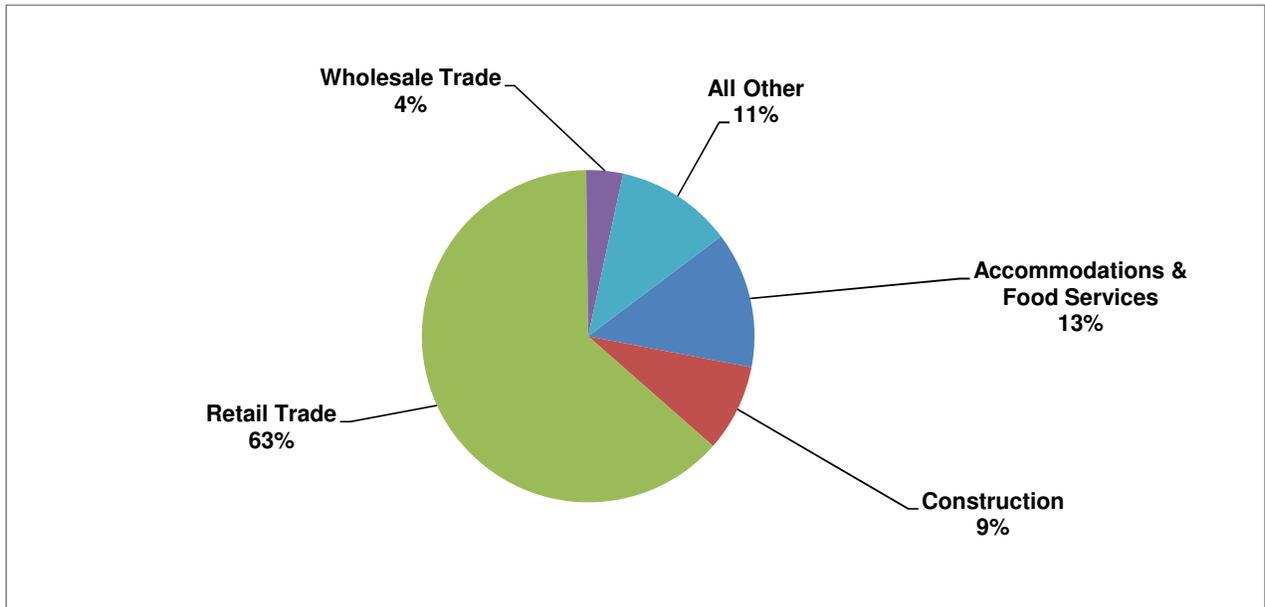
Distribution of Sales Tax Dollars		<i>Estimated</i>	
		<i>Annual Sequim Sales</i>	<i>Tax Revenue Generated</i>
<b>Total Tax %</b>	<b>8.80%</b>	<b>\$346,633,529</b>	<b>\$30,503,751</b>
State of WA	6.50%		22,531,179
Clallam Transit	0.60%		2,079,801
Clallam County	0.17%		571,945
<b>City of Sequim</b>	<b>0.85%</b>		<b>2,946,385</b>
Sequim Transportation Benefit District (TBD)	0.20%		693,267
Sequim Public Safety Tax	0.085%		294,639
Clallam County Mental Health Tax	0.10%		346,634
Criminal Justice (Split county-wide based on Population)	0.10%		346,634
911 Emergency Communication	0.10%		346,634
Juvenile Detention Facilities Tax	0.10%		346,634

<b><u>2019 Example of Sales Tax Collection</u></b>					
	<b><u>Sequim Sale</u></b>	<b><u>Total Sales Tax</u></b>	<b><u>State Share</u></b>	<b><u>All Other Share</u></b>	<b><u>City Of Sequim Share</u></b>
	\$1,000	\$88	\$65	\$12	\$11
	\$5,000	\$440	\$325	\$58	\$57
	\$10,000	\$880	\$650	\$117	\$114
	\$25,000	\$2,200	\$1,625	\$291	\$284

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

**CITY OF SEQUIM  
2019 Budget**

**Annual Sales Tax by Industry  
Estimate based on 2018 Forecast**



	2015 Actual	2016 Actual	2017 Actual	2018 Forecast	2019 Budget	2018-2017 Amount	%
<b>Accommodations &amp; Food Services</b>	330,682	365,711	386,478	422,764			
<b>Construction</b>	209,030	182,795	249,432	271,086			
<b>Retail Trade</b>	1,619,665	1,748,493	1,847,468	2,017,006			
<b>Wholesale Trade</b>	79,273	89,809	103,570	112,952			
<b>All Other</b>	274,152	335,966	331,431	361,447			
<b>State Adjustments</b>	59,695	15,580	36,283	41,954			
<b>Total</b>	<b>\$ 2,572,497</b>	<b>\$ 2,738,354</b>	<b>\$ 2,954,662</b>	<b>\$ 3,227,209</b>	<b>\$ 2,946,385</b>	<b>\$ (8,277)</b>	<b>-0.28%</b>

Budget detail  
by Industry not  
available

*Estimated Annual Sequim Sales*    \$ 302,646,706    \$322,159,335    \$347,607,294    \$379,671,647    \$ 346,633,529

**City of Sequim  
2019 Budget  
Property Tax**

**Clallam County Levy**

	2016	2017	2018
Clallam County Total Valuation	\$ 7,318,181,962	\$ 7,697,314,552	\$ 8,321,650,465
Total County Property Tax Levied	\$ 10,271,663	\$ 10,491,188	\$ 10,732,513
City of Sequim Valuation	\$ 835,517,579	\$ 906,086,629	\$ 973,941,010
Total Sequim Property Tax Levied	\$ 1,371,065	\$ 1,413,614	\$ 1,049,952
Distribution per \$1,000 Assessed Value	9.81	9.54	10.32

**Distribution of Sequim Property Tax Dollars**

Taxing District	2016			2017			2018		
	Levy Rate per \$1,000 Valuation	Percent of Levy	Cost for a \$200k Home	Levy Rate per \$1,000 Valuation	Percent of Levy	Cost for a \$200k Home	Levy Rate per \$1,000 Valuation	Percent of Levy	Cost for a \$200k Home
State-Part 1	2.097	21%	419	2.093	22%	419	1.942	19%	388
State-Part 2 (NEW 2018)							1.060	10%	212
Schools-Special	1.517	15%	303	1.427	15%	285	1.437	14%	287
Schools-CP/Bonds (NEW 2018)							0.154	1%	31
<b>City of Sequim</b>	<b>1.641</b>	<b>17%</b>	<b>328</b>	<b>1.560</b>	<b>16%</b>	<b>312</b>	<b>1.502</b>	<b>15%</b>	<b>300</b>
County	1.404	14%	281	1.363	14%	273	1.290	12%	258
Fire Dist 3-General	1.393	14%	279	1.336	14%	267	1.256	12%	251
Fire Dist 3-EMS	0.486	5%	97	0.500	5%	100	0.471	5%	94
Hospital	0.587	6%	117	0.568	6%	114	0.535	5%	107
Library	0.491	5%	98	0.500	5%	100	0.493	5%	99
LCFA		-	-		-	-			
Port	0.199	2%	40	0.191	2%	38	0.179	2%	36
<b>Total Levy</b>	<b>9.814</b>	<b>100%</b>	<b>1,963</b>	<b>9.538</b>	<b>100%</b>	<b>1,908</b>	<b>10.319</b>	<b>100%</b>	<b>2,064</b>

**Property Taxes (RCW 84.52)**

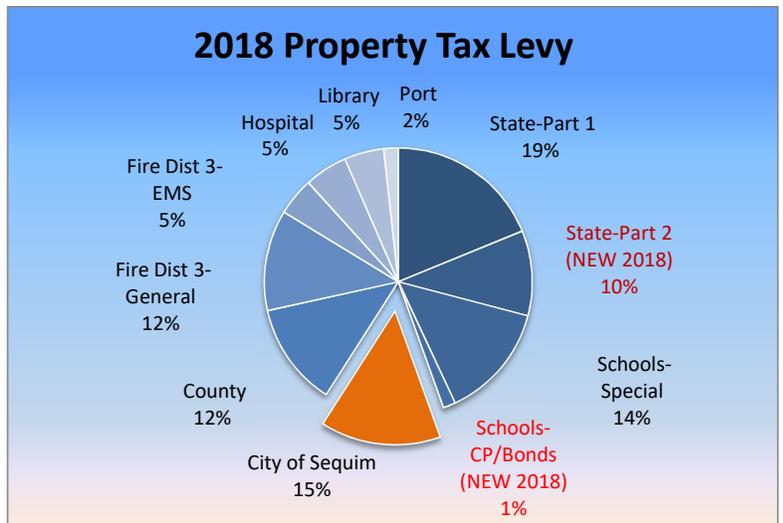
The County Treasurer acts as an agent to collect property taxes levied in the county for all taxing authorities. Taxes are levied in November on the property value listed as of the prior May 31, and becomes a lien as of January 1. Assessed values are established by the County Assessor at 100% of the fair market value and are adjusted each year by the County Assessor based on market value changes. A physical verification of each property is made at least once every six years and the estimated assessed value is then changed to reflect the physical verification.

Taxes are due in two equal installments on April 30th and October 31st. Collections are remitted the month following collection to the appropriate taxing district by the County Treasurer.

A City is permitted by law to levy up to \$3.60 per \$1,000 of assessed valuation for general governmental services. This amount does not include voter approved special levies, and may be reduced for any of the following reasons:

- A. The Washington State Constitution limits the total regular property taxes to 1% of assessed value, of which a city may levy up to \$3.60 per \$1,000 of assessed value. If the taxes of all districts exceed this amount, each is proportionately reduced until the total is at or below the 1% limit.
- B. Growth of the regular property tax levy before new construction and annexations is currently limited to 1% for cities with a population of less than 10,000. Prior to 2001, Washington State law (RCW 84.55.010) limited the growth of regular property taxes to 6% per year, before adjustments for new construction and annexations.
- C. The City may levy taxes below the legal limit. Special levies approved by the voters are not subject to the above limitations.
- D. Library Districts (North Olympic Library System) are entitled to \$.50 per \$1,000 of assessed valuation. Fire Districts (Fire District 3-General) are entitled to \$1.50 per \$1,000 of assessed valuation.

The Library and Fire District levies are deducted from the \$3.60 maximum available to cities. Any year in which the Library or the Fire District do not utilize their full levy, a city may assess the unused portion subject to the limitations listed above.



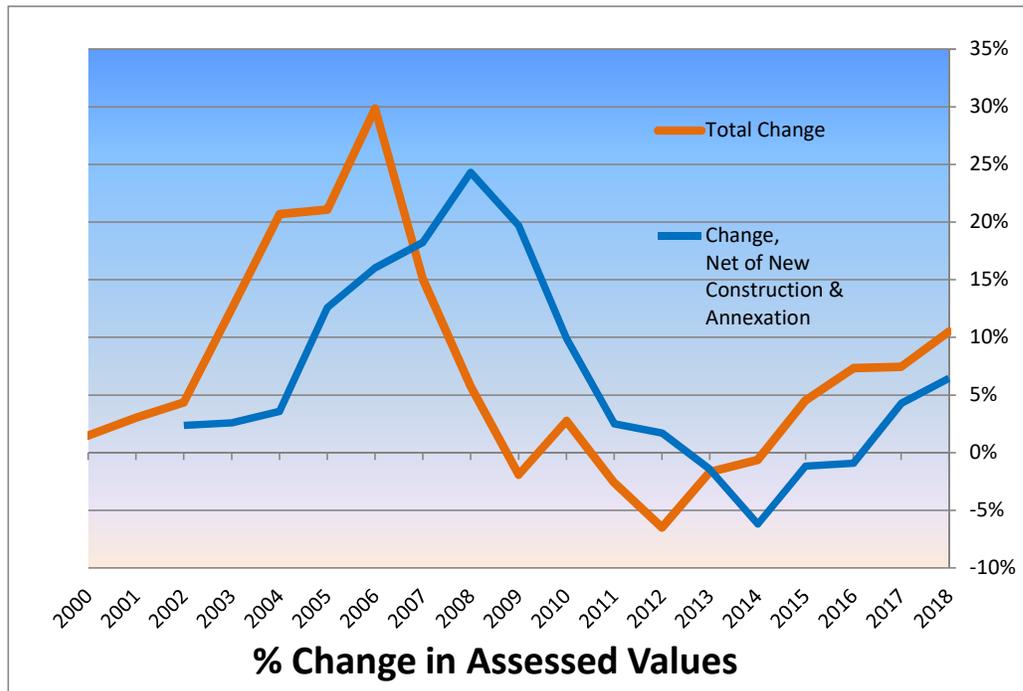
**City of Sequim  
2019 Budget**

**Assessed Values**

Property Tax							
Assessment Yr.	Collection Yr.	Total Tax Collections	Total Assessed Valuation (incl. New Construction & Annexation)	New Construction	Annexation	Total Change	Change, Net of New Construction & Annexation
2018	2019 est	1,502,281	1,075,833,442	29,600,000	-	10.50%	9.85%
2017	2018 est	1,462,655	973,641,686	21,181,704	-	7.46%	7.09%
2016	2017	1,413,614	906,086,629	16,658,560	-	7.33%	6.45%
2015	2016	1,379,800	844,245,082	8,524,443	201,044	4.55%	4.26%
2014	2015	1,354,031	807,498,734	6,118,573	-	-0.63%	-0.92%
2013	2014	1,359,320	812,601,422	3,760,106	-	-1.66%	-1.16%
2012	2013	1,342,846	826,359,277	8,030,406	-	-6.48%	-6.20%
2011	2012	1,338,578	883,664,857	11,284,939	-	-2.60%	-1.45%
2010	2011	1,385,322	907,241,564	20,457,733	1,585,754	2.75%	1.69%
2009	2010	1,233,066	882,919,973	11,496,585	970,739	-1.91%	2.51%
2008	2009	1,160,061	900,145,266	46,458,065	4,529,465	5.75%	9.89%
2007	2008	1,096,381	851,183,997	66,253,363	12,228,125	15.07%	19.70%
2006	2007	1,039,810	739,682,945	84,711,905	9,418,060	29.85%	24.32%
2005	2006	876,384	569,637,795	48,311,540	2,050,930	21.07%	18.24%
2004	2005	793,783	470,495,733	29,855,770	1,475,195	20.70%	16.03%
2003	2004	774,707	389,806,532	11,312,760	-	12.48%	12.59%
2002	2003		346,554,900	8,022,745	2,358,590	4.36%	3.58%
2001	2002		322,077,932	7,521,730	-	3.03%	2.59%
2000	2001		322,322,567	5,324,205	636,155	1.48%	2.36%
1999	2000		317,636,346	8,142,335	422,570		

**Property Tax**

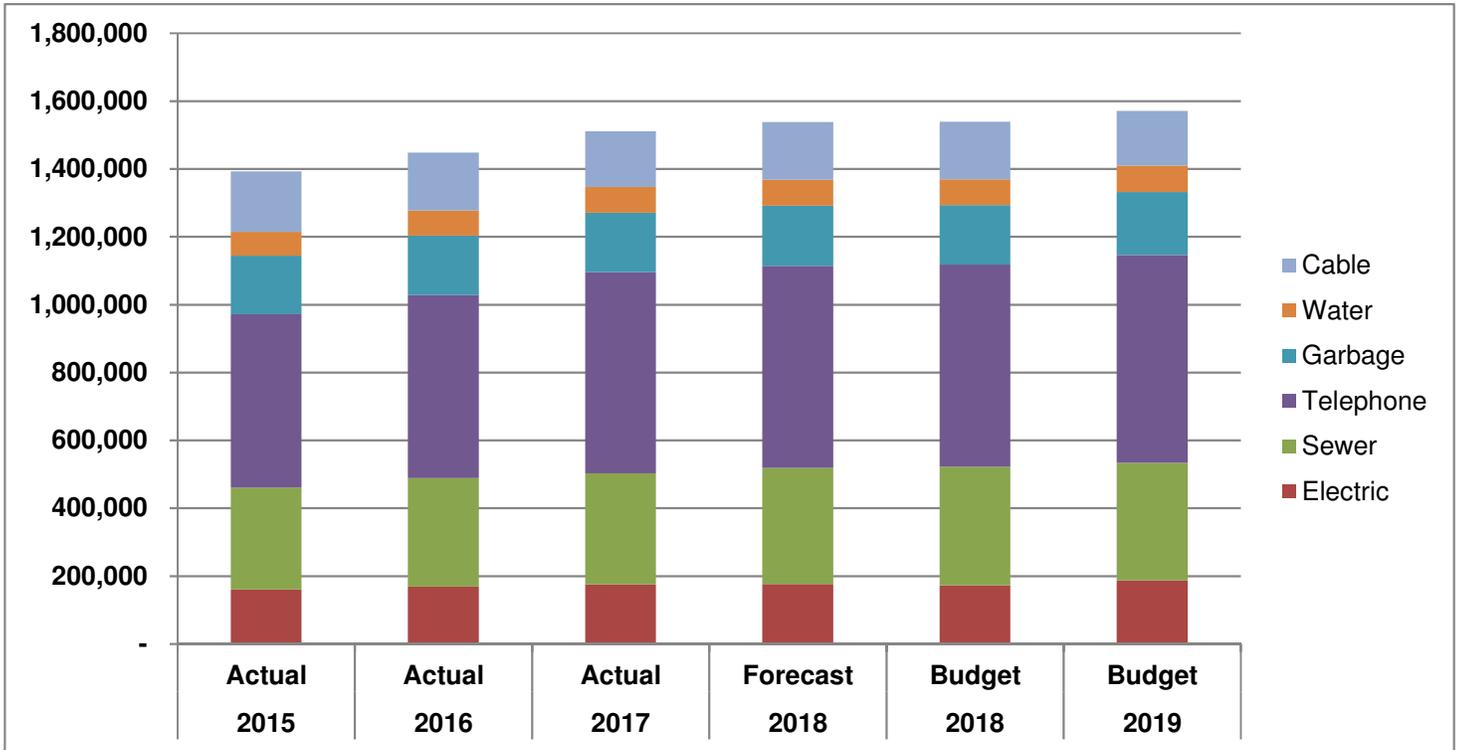
The statutory maximum increase of the tax levy without voter approval is 1% *plus* the taxable value of new construction and improvements, annexations and increases in State of Washington assessed utility values.





**CITY OF SEQUIM  
2019 Budget**

**Public Utility Tax  
by Public Utility**



Tax Rate*	Public Utility	2015 Actual	2016 Actual	2017 Actual	2018 Forecast	2018 Budget	2019 Budget	2018-2017 Amount	2018-2017 %
6%	Electric	160,718	168,373	175,147	175,821	173,000	187,000	14,000	8%
8%	Sewer	300,084	320,200	327,181	342,337	349,377	347,000	(2,377)	-1%
6%	Telephone	511,018	539,479	592,795	596,100	595,623	612,227	16,604	3%
8%	Garbage	172,768	175,041	175,811	177,263	174,813	185,857	11,044	6%
8%	Water	70,289	74,526	75,415	76,434	76,561	77,555	994	1%
5%	Cable	177,369	170,562	164,633	169,613	169,609	161,683	(7,926)	-5%
	<b>Total</b>	<b>\$ 1,392,246</b>	<b>\$ 1,448,181</b>	<b>\$ 1,510,982</b>	<b>\$ 1,537,568</b>	<b>\$ 1,538,983</b>	<b>\$ 1,571,322</b>	<b>\$ 32,339</b>	<b>2%</b>

\*The tax rate is imposed upon the public utility's gross receipts.



## 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 and 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 thirty-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. Those cities scoring highest in the State's evaluation process receive the favorable loans. The more significant qualifying criteria require cities to, among other things:

- Have rate studies supporting fee adoption
- Adopt a Comprehensive Plan and long-term plan for financing public works needs
- Demonstrate a history of maintaining the City's utility system
- Demonstrate ability to complete the proposed project
- Demonstrate financial health and ability to repay the loan
- Have the technical and managerial capacity

The City accepts the concept that utility infrastructure users change over the useful life of those assets and fairness requires that the cost of that infrastructure be spread to those who will use it over time. Long term financing is often more equitable than using currently available funds because the users/beneficiaries/ratepayers of the system pay for the related debt. This "pay-as-you-use" concept also takes into account the negative carry costs of cash funding. Finally, our City Council will determine what is best for the community, with available and limited resources.<sup>2</sup>

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

<sup>2</sup> MRSC Financing Public Infrastructure: Generational Equity and Municipal Debt

# City Of Sequim Budget Overview

## 2019 Debt Summary

### 2019 Key Goal

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

### 2019 Budget

- ❖ \$10.68ml in LTGO debt was issued in August 2013 for the Civic Center project with total debt service in 2019 of \$660k
  - A total of \$755k is being transferred into this fund to service the debt and save for possible future pre-payment of debt.
  - \$335k from the General Fund, \$315k from the Public Safety Tax, and \$105k from REET
- ❖ 2019 Utility Debt payments continue as in prior years and are funded by Utility Rates and regional contracts. 2019 begins the year with the following outstanding debt:
  - Water and sewer revenue bonds totaling approximately \$2.8m to fund the utility portion of the Civic Center project, and related debt service of \$113k per utility
  - State Revolving Funds - \$4.9ml in outstanding principal
  - Public Works Trust Fund - \$520k in outstanding principal

### General Obligation Debt

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

In 2013, the City issued \$10.68ml 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 \$10.68ml 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.

#### **2018 Public Works Board Loan - Prairie Street Pre-Construction**

In 2018, City Council approved a \$1ml loan application to the Public Works Loan Board for pre-construction work for Prairie Street. The application was approved by the Board. Payment on the \$1ml, 20 year loan at 1.56% approximates \$60k per year. The City expects to begin collection of loan proceeds in 2019.

#### **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 on the debt was made 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. 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 \$5.324ml 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 continued at 0% interest. Final payment was made in March 2018.

## City Of Sequim Budget Overview

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

The City received a \$5.540ml 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 but the City intends to pay off this loan in early 2019.

### **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 1% for a project to upgrade the current digesters and aeration system to allow greater control by the operators as well as improve energy efficiency. Ten annual payments of principal and interest (\$60k) commence in 2019. The loan matures in 2027.

### **2014 WA State Revolving Fund (SRF) – WRF Aerobic Digester and Headworks Upgrade**

In 2014, Council approved a loan for \$720k, paid over 5 years at 1.4%, with an annual payment of \$168k in 2019. This loan matures in 2021.

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

In 2014, Council approved a revenue bond proposal to fund the utility portion of the Civic Center project. Total proceeds were \$3.3ml. Debt service for each of the utilities does not exceed \$115k per year, per utility. This obligation is reflected in the budget (the 411 Water Restricted and 422 Sewer Restricted funds).

### **2016 WA State Revolving Fund Loans – For Water Pollution Control and Safe Drinking Water**

In 2016, Council authorized the City Manager to enter into 5 separate loan agreements as the actual loan documents become available. These loans are repayable with utility revenues.

Water Pollution Control Revolving Fund (CWSRF) loans include: \$178k for Aerobic Digester Capacity Upgrades (PE) with a 20 year term, 2.0% interest and \$89k in forgivable principal, \$514k for Sunnyside Sanitary Sewer Improvement, with a 20 year term, 1.8% interest and \$25k in forgivable principal, \$589k for Doe Run Lift Station Improvements, with a 20 year term, 1.8% interest and \$41k in forgivable principal.

Drinking Water State Revolving Fund (DWSRF) loans include \$732k for 5<sup>th</sup> and McCurdy Booster Station Improvements, with a 20 year term and a 1.0% interest rate, \$641k for Sunnyside Water Main Replacement with a 20 year term and a 1.0% interest rate.

The amount of outstanding principal reflected on the next schedule is consistent with the CIP's prediction of progress on these projects and are only estimations.

### **2019 WA State Revolving Fund Loan – West Fir Street Sewer Improvements**

The City will receive reimbursements for sewer construction and improvements on West Fir Street in the form of a \$770k, 20 year loan, at 1.4% beginning in 2019. \$67k is forgivable principal. Annual payment should approximate \$40k per year and will be paid for with sewer revenues.

**City of Sequim  
2019 Budget**

**Debt Capacity**

Based on Prior Year Assessed Value

<i>Amount at End of Year</i>	<u>2015</u> <u>Actual</u>	<u>2016</u> <u>Actual</u>	<u>2017</u> <u>Actual</u>	<u>2018</u> <u>Forecast</u>	<u>2019</u> <u>Budget</u>
<b>Prior Year Assessed Property Value</b>	807,498,734	835,517,579	973,941,010	973,941,010	1,075,833,442 <small>2019 estimated, with new construction</small>
<b>General Purpose Debt Limit</b>					
NonVoted Debt Limit 1.5% (councilmanic)	12,112,481	12,532,764	14,609,115	14,609,115	16,137,502
Voted Debt Limit 1.0%	8,074,987	8,355,176	9,739,410	9,739,410	10,758,334
<b>Debt Limit 2.5%</b>	<b>20,187,468</b>	<b>20,887,939</b>	<b>24,348,525</b>	<b>24,348,525</b>	<b>26,895,836</b>
<b>Utility Purpose Debt Limit</b>					
Voted Debt Limit 2.5%	20,187,468	20,887,939	24,348,525	24,348,525	26,895,836
<b>Open Space, Park &amp; Capital Facilities Debt Limit</b>					
Voted Debt Limit 2.5%	20,187,468	20,887,939	24,348,525	24,348,525	26,895,836
<b>Total General Obligation Debt Capacity</b>	<b>60,562,405</b>	<b>62,663,818</b>	<b>73,045,576</b>	<b>73,045,576</b>	<b>80,687,508</b>
<b>NonVoted General Obligation Debt Outstanding</b>					
City Hall/Police Facility LTGO	10,455,000	10,230,000	10,000,000	9,765,000	9,525,000
W Prairie Street TIB Loan					500,000
Keeler Park Note/Bond	55,243	-	-	-	-
<b>NonVoted GO Debt Outstanding</b>	<b>10,510,243</b>	<b>10,230,000</b>	<b>10,000,000</b>	<b>9,765,000</b>	<b>10,025,000</b>
NonVoted Debt Capacity	1,602,238	2,302,764	4,609,115	4,844,115	6,112,502
Voted Debt Capacity	48,449,924	50,131,055	58,436,461	58,436,461	64,550,007
<b>Available GO Debt Capacity</b>	<b>50,052,162</b>	<b>52,433,818</b>	<b>63,045,576</b>	<b>63,280,576</b>	<b>70,662,508</b>
<b>GO Debt as % of Assessed Value</b>	<b>1.30%</b>	<b>1.22%</b>	<b>1.03%</b>	<b>1.00%</b>	<b>0.93%</b>
Industry Standard not to exceed	4.5%				48,412,505
<b>GO Debt per Capita</b>	1,520	1,446	1,374	1,309	1,305
Population	6,915	7,075	7,280	7,460	7,684

OFM est for 2018

est based upon 3%  
growth

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

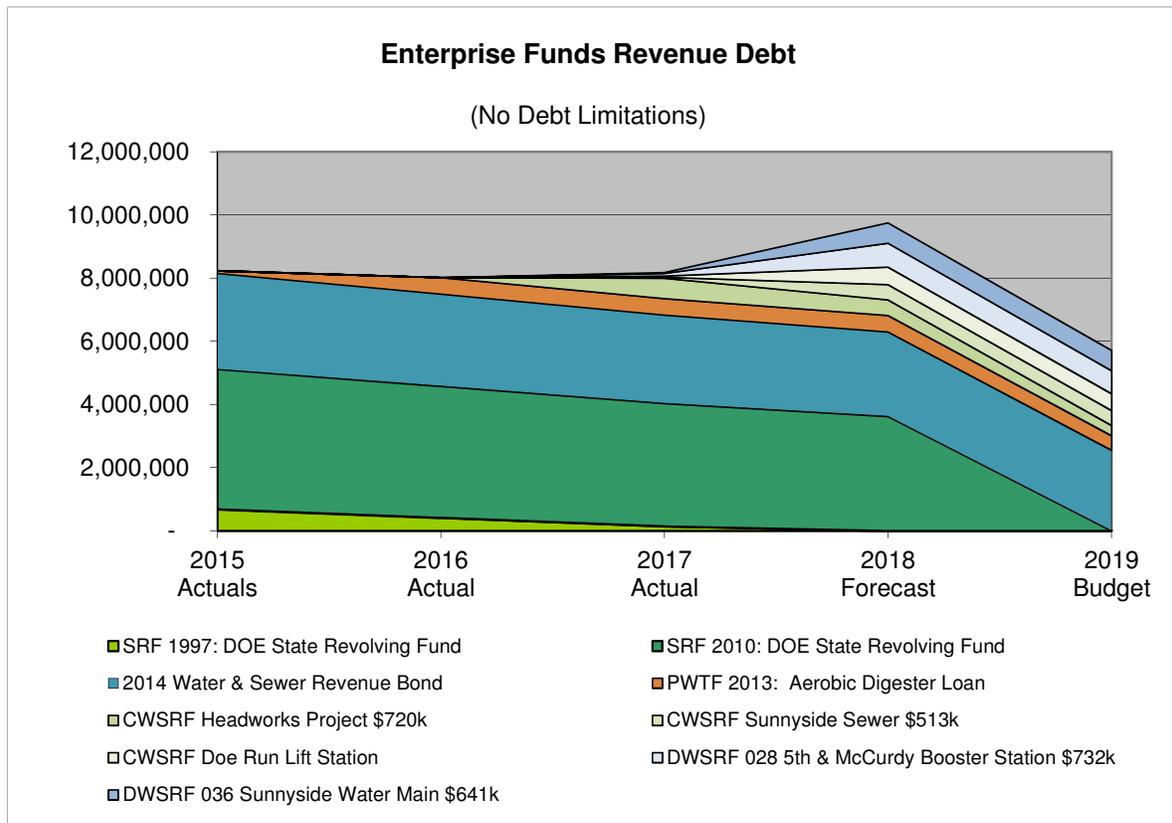
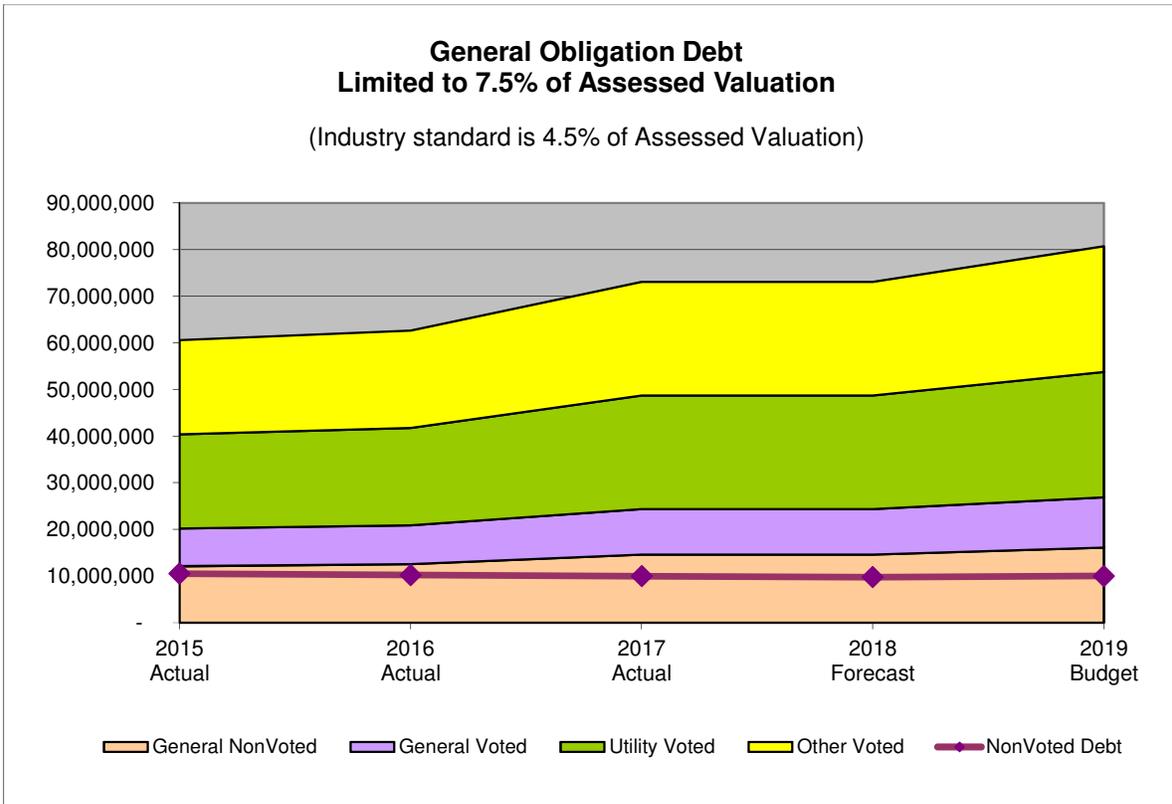
<i>Amount Outstanding at End of Year</i>	<u>2015</u> <u>Actuals</u>	<u>2016</u> <u>Actual</u>	<u>2017</u> <u>Actual</u>	<u>2018</u> <u>Forecast</u>	<u>2019</u> <u>Budget</u>
SRF 2010: DOE State Revolving Fund	4,438,201	4,173,555	3,903,297	3,627,309	-
SRF 1997: DOE State Revolving Fund	682,564	409,538	136,513	-	-
PWTF 2013: Aerobic Digester Loan	84,510	520,000	520,000	520,000	462,223
2014 Water & Sewer Revenue Bond	3,025,000	2,910,000	2,790,000	2,670,000	2,545,000
CWSRF W Fir Sewer					538,650
CWSRF Headworks Project \$720k		-	650,846	491,533	329,976
CWSRF Aerobic Digester Capacity			-	-	203,000
CWSRF Sunnyside Sewer \$513k			30,478	488,763	471,861
CWSRF Doe Run Lift Station			33,481	547,930	528,982
DWSRF 028 5th & McCurdy Booster Station \$732k			81,757	762,099	732,099
DWSRF 036 Sunnyside Water Main \$641k			34,242	641,249	641,249
<b>Revenue Debt Outstanding</b>	<b>8,230,275</b>	<b>8,013,094</b>	<b>8,180,614</b>	<b>9,748,883</b>	<b>6,453,040</b>

<sup>1</sup> Estimated use of loan proceeds based upon Capital Improvement Plan

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

**City of Sequim  
2018 Budget**

**Debt Capacity**





# City of Sequim 2019 Budget

## City Council and City Administration

*Providing quality, cost effective services and facilities to build an exceptional community and a great place to live*

### City Council

*Achieving the highest level of employee and customer satisfaction*

### City Manager

*Creating exceptional public value*

### City Clerk

*Fueling a transparent  
& accountable  
government*

### Information Technology

*Enabling operations  
for effective  
government*

### City Attorney

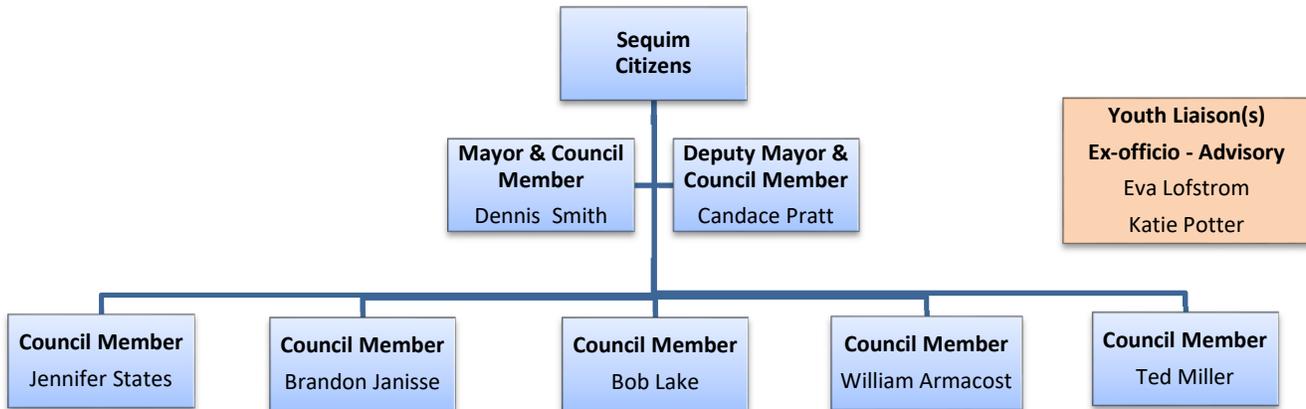
*Protecting and  
promoting sound  
public policy*

### Communications Hotel/Motel

*Communicating for an  
engaged and informed  
community*

# City of Sequim Department Description

## City Council



- Adopts local ordinances & resolutions
- Approves contracts
- Establishes policy
- Approves the budget
- Approves various land use actions
- Listens to concerns/suggestions from 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, adopting 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 Deputy Mayor from among their membership to lead the Council’s business meetings and represent the City at official functions. In 2004 the City Council adopted a resolution creating up to two positions for student representation on the Council.

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.

### 2018-2019 Goals

- ❖ Produce new user-friendly Sequim Municipal Code language that fosters economic development and a high quality of life.
- ❖ Facilitate City-wide economic development through code amendments, and financially support and partner with Economic Development organizations.
- ❖ Reduce recyclables and food waste hauled to the landfill.
- ❖ Invest in transportation infrastructure and equipment to reduce carbon emissions.
- ❖ Develop and implement a strategy that increases solar as an alternative energy use in the community.
- ❖ Explore and develop a strategy for expanding the availability of broadband within the City limits.

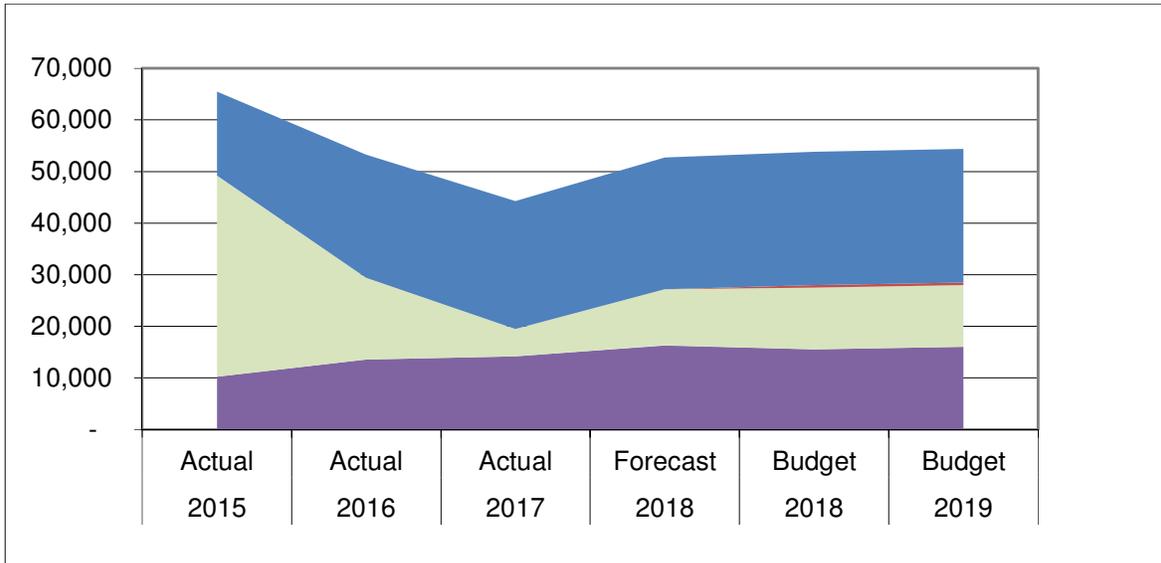
Other longer term priorities are also specifically funded within the budget and called out in each section.

### 2019 Budget Summary

- ❖ \$558 (1%) increase in the budget for election and voter registration costs

**City of Sequim  
2019 Budget  
5-Year Summary**

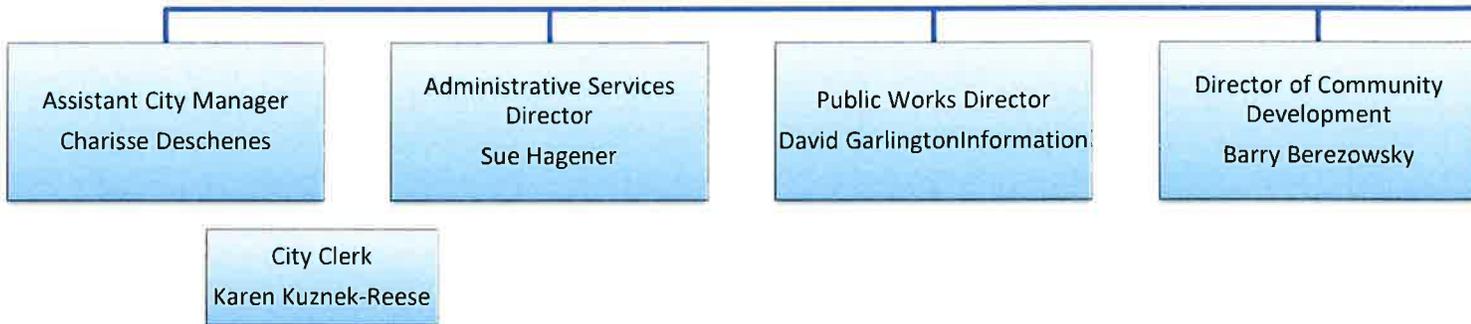
**City Council Expenses**



	2015 Actual	2016 Actual	2017 Actual	2018 Forecast	2018 Budget	2019 Budget	2019-2018 Amount	2019-2018 %
Salaries & Benefits	16,301	23,851	24,797	25,476	25,843	25,901	58	0%
Operating Supplies					500	500	0	0%
Charges for Services	38,930	15,831	5,308	10,871	11,950	11,950	0	0%
Intergovernmental	10,217	13,567	14,161	16,307	15,500	16,000	500	3%
<b>Total Expenses</b>	<b>65,448</b>	<b>53,249</b>	<b>44,266</b>	<b>52,654</b>	<b>53,793</b>	<b>54,351</b>	<b>558</b>	<b>1%</b>

**City of Sequim  
Department Description**

**City Administration  
City Manager, Assistant City Manager, City Clerk, City Attorney,  
Communications, Administrative Pool and Information Technology  
Arts and Culture (restricted) and Hotel/Motel (restricted)**



**City Management**

- Assist CMO 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 projects and initiatives
- Parks management, planning and master plan
- Manage Parks, Arbor and Recreation Board
- Human services funding and contract management
- Volunteer Program

**City Clerk/Special Projects**

- Prepare council meeting agendas, packets and minutes
- Manage official city records and serve as public records officer
- Publish, update and distribute city ordinances and code
- Open Public Meetings Act and legal notice compliance
- Contract tracking
- Track committee member/term/training

**Arts and Culture**

- Manage Arts Commission programming and master planning efforts

**Administrative Services**

- See Department section
- Human Resources**
- See Department section

**Public Works**

- See Department section

**Department of Community Development**

- See Department Section

**Administrative Pool**

- Provide overall administrative support to the organization

City Manager  
Charlie Bush

Chief of Police  
Sheri Crain

Technology Director  
Clint Woods

City Attorney  
Kristina Nelson-Gross

Communications and  
Marketing Director  
Barbara Hanna

**Police Services**

- See Department section

**Information Technology**

- Provide IT Service Desk support (support calls, service request tickets, desktop/laptop hardware, mobile and desk phones, software access/privileges)
- Manage Enterprise Infrastructure resources (servers, data storage, network, telecommunications, backup/recovery)
- Enhance Cyber security profile for users, devices and systems
- Provide disaster recovery and continuity of business operations resources

**Civil Legal Matters**

- Advise City representatives on all legal issues
- Employment/Labor Law/Contracts
- Prepare/review ordinances, contracts and resolutions
- Employment Law compliance
- Public works contracting compliance
- Represent city in legal disputes

**Criminal Prosecution**

- Monitor all Criminal Justice Services

**Communications**

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

**Tourism Marketing**

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

# City of Sequim Budget Overview

## City Administration City Manager, Clerk, Attorney, Communications, Charlie Bush, City Manager

### Department Descriptions

#### *City Manager*

The mission of the City Manager's Office is to create exceptional public value. This is accomplished by implementing the City Council's goals and vision for the community, providing organizational management and support, developing strategic direction, exercising and encouraging leadership, fostering civic engagement, and ensuring the delivery of efficient and effective facilities and services to the public. The Manager resolves issues by promoting effective communication among the City Council, citizens, community/regional stakeholders and staff. The City Manager makes policy recommendations to the Council, implements Council policy decisions and directives, prepares the recommended annual budget and the long range financial plan, appoints and evaluates department heads, and interacts with Council, citizens, commissions, other governmental agencies and staff. The Manager also evaluates 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.

In 2018, the Assistant City Manager assumed responsibility for overseeing the Clerk's Office as well as continued management of parks planning activities, human services administration, volunteer program management, and coordination of special events/projects on behalf of the Arts Commission. Other projects include implementing performance management, managing neighborhood revitalization programs, coordinating emergency management activities, and coordinating the intern program. Finally, in 2018 the department repositioned an Assistant to the City Manager position as a Management Analyst to assist the City Manager's Office in service delivery, special projects, research, the intern program, international relations, the volunteer program, the arts program, parks planning, and supporting the Parks, Arbor and Recreation Board.

#### *City Clerk*

This office is responsible for all public records, assures compliance with the Public Records Act, Open Public Meetings Act, public notice requirements, Sequim Municipal Code updates, and records management laws, provides administrative support to the City Council, prepares Council and Arts Commission agenda packets, attends and records minutes for the City Council and Arts Commission, and coordinates management of board/commission memberships and required training. A part-time Arts Coordinator position was added for 2019 to oversee that program and will be supervised by the City Clerk.

#### *City Attorney*

The City Attorney serves as legal advisor to the City Council, City Manager, staff and boards/commissions. This Department helps conduct City business and reduces risk of loss caused by legal issues. It pursues or defends civil litigation; drafts and reviews Council agenda items, contracts and interlocal agreements; assesses compliance with statutes, regulations and rules; recommends changes to the Sequim Municipal Code; and advises staff on a variety of City issues. This Department took on additional responsibilities in 2017 typically associated with the Human Resources Department and continues to increase its presence in these functions. This Department continues to work with Human Resources to develop and implement best practices and intends to be an active participant in the next round of collective bargaining with our employees' unions.

Public disclosure continues to be a top priority. This Department has worked with the City Clerk's office to develop and implement best practices for responding to and managing public records requests and discovery demands. This area of law is complex and continuously evolving and the Department will continue to work towards improvement.

Code revisions have already begun, and Council can expect to see more of these throughout the next several years. The focus will be on eliminating government "red-tape" and confusion and keeping pace with changing laws.

# City of Sequim Budget Overview

## *Communications*

This office develops and implements various strategies as they relate to both internal and external communications and supports community engagement programs. The Communications Director serves as an internal consultant to the City Council, City Manager and other departments, as requested, on communication strategies and methods, serves as a City liaison to community organizations, advises on or handles high profile media issues, produces and oversees the publication of the monthly newsletter, oversees social media programs, and assists internal departments with website content.

## **2019 Key Goals**

### *City Manager*

- ❖ Accomplish milestones related to the City Council's 2018-2019 adopted goals (See Council Section)
- ❖ Accomplish items listed for improvement in the City Manager's 2018 evaluation:
  - Ensure that personnel policies reflect employee-oriented provisions
  - Provide adequate managerial coverage when senior staff absences overlap
  - Achieve policies that balance development and community interests
  - Broaden staff expertise within the Community Development Department
  - Seek to reduce unreasonably restrictive or confusing business regulations
  - Continue to refine and implement on-boarding procedures for new Councilmembers
- ❖ Continue to develop a High Performing Organization by implementing a performance management system, reevaluating employee engagement, and continuing to implement Lean principles
- ❖ Complete and begin to implement a Neighborhoods Plan
- ❖ Continue to incorporate neighborhood engagement into city planning processes
- ❖ Establish and continue neighborhood revitalization partnerships
- ❖ Ensure successful implementation of the Leadership ICMA Code Compliance report
- ❖ Update the Parks Master Plan
- ❖ Implement updates from the Carrie Blake Community Park Master Plan
- ❖ Implement human services contracts for service
- ❖ Resolve service delivery contract issues related to municipal court, jail, prosecution, and public defense services by establishing our own services, contracting with the County, or contracting with another provider
- ❖ Collaborate on a long-term solution that supports John Wayne Marina remaining public
- ❖ Implement revisions to the budget process, including the addition of a citizen survey in 2019
- ❖ Explore a staff exchange with Shiso City, Japan

### *City Clerk*

- ❖ Continue to work with departments and train them to digitize the City's paper records which will increase accessibility for staff and public as well as reduce physical storage needs
- ❖ Develop a city-wide electronic records file structure and policy and then provide training to staff to implement these policies
- ❖ Increase the use of technology to enhance efficiency in departmental functions
- ❖ Work with the City Arts Advisory Commission to implement those items outlined in their 2019 CAAC Priorities and continue to increase awareness and provide arts and cultural opportunities in the community

### *City Attorney, Civil Legal Matters*

- ❖ Continue to minimize unnecessary legal costs
- ❖ Continue to update our Sequim Municipal Code to correct inefficiencies, eliminate regulatory gaps, complying with changes in the law, and for general housekeeping
- ❖ Collaborate with other departments/agencies for long-term solutions for socio-legal problems such as code enforcement, homelessness, water/stormwater issues

## City of Sequim Budget Overview

- ❖ Continue involvement with the legal aspects of Human Resources
- ❖ Introduce the abatement process for blighted properties

### *Communications*

- ❖ Oversee the execution of a citizen survey to evaluate community satisfaction
- ❖ Support community outreach and engagement programs
- ❖ Continue to play a larger role in Organizational Development by supporting the City's move towards becoming a High Performance Organization and serving as the lead of the facilitator group, the Grease Team
- ❖ Continue to focus on emergency management preparation
- ❖ Continue to develop social media resources as a communications tool for Sequim citizens

## **2019 Budget Summary**

### *City Manager*

This budget decreased by \$47k (10%) primarily due to:

- ❖ The separation of a seasoned Assistant City Manager and replacement of the Assistant to the City Manager with a Management Analyst in 2018 resulted in a savings of \$40k
- ❖ Funds for an independent party to facilitate the City Manager's annual evaluation were reduced by \$5k to be more in line with expectations (of \$5k)
- ❖ The contribution to the Habitat for Humanity-sponsored "Service Fest" event was reduced by \$15k to \$5k, as this City-wide project is expected to be downsized
- ❖ There were other small increases in travel and training expenses as well as service charges

### *City Clerk*

This budget decreased by \$20k (10%) primarily due to the elimination of an \$18k transfer out for records management software in 2018.

### *City Attorney*

This budget increased by \$9k (4%) due to the addition of professional service expenses for increased code enforcement activities on blighted properties.

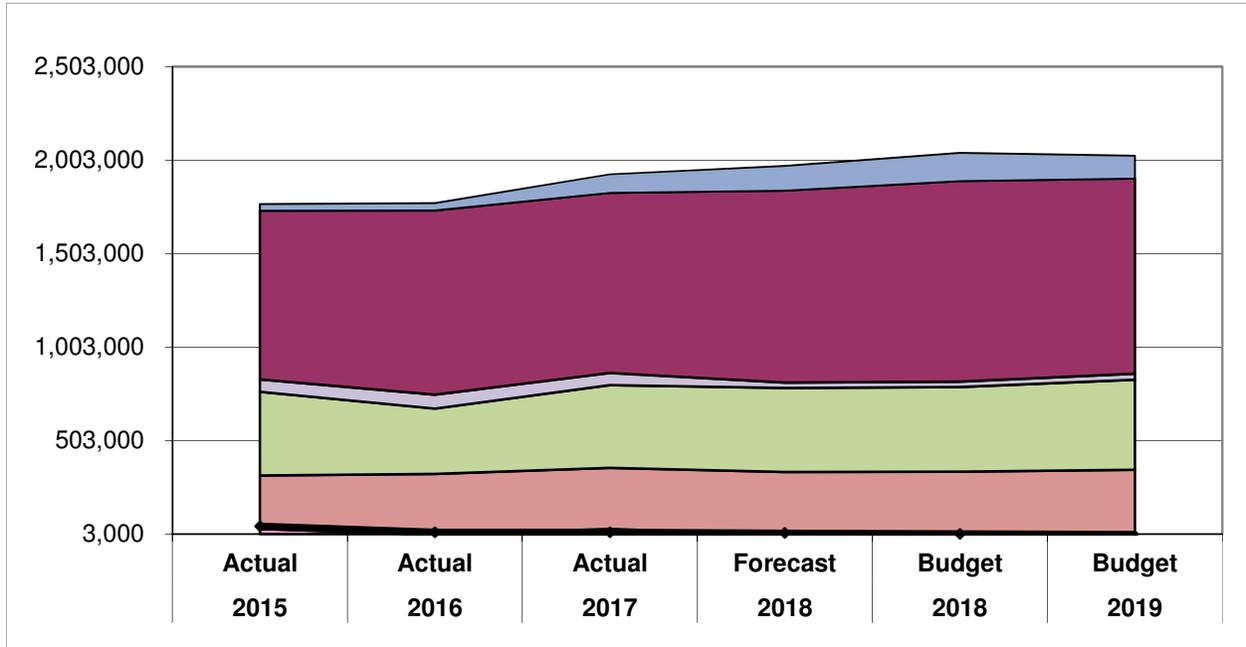
### *Communications*

This budget increased by \$28k (35%) due to the addition of a \$15k citizen survey and \$2k for Neighborhood Outreach. All other changes were nominal.



**City of Sequim  
2019 Budget  
5-Year Summary**

**City Administration Expenses  
City Manager, Clerk, Attorney, Communications, Criminal Prosecution  
Information Technology & Administrative Pool**



	2015 Actual	2016 Actual	2017 Actual	2018 Forecast	2018 Budget	2019 Budget	2019-2018 Amount	%
<b>Revenues</b>								
011 Clerk	8,504	8,734	10,936	15	-	-	-	0%
012 City Manager			-	5,150	-	-	-	0%
013 City Attorney			-	-	-	-	-	0%
015 Communications		110	-	-	-	-	-	0%
113 Criminal Prosecution	35,634	4,284	2,090	2,915	4,373	-	(4,373)	-100%
<b>Revenues</b>	<b>44,138</b>	<b>13,128</b>	<b>13,026</b>	<b>8,080</b>	<b>4,373</b>	<b>-</b>	<b>(4,373)</b>	<b>-100%</b>
<b>Expenses</b>								
Salaries & Benefits	901,786	985,135	962,401	1,027,000	1,072,317	1,043,853	(28,464)	-3%
Operating Supplies	67,273	74,185	65,206	28,163	29,250	32,250	3,000	10%
Charges for Services	448,204	348,461	443,304	449,867	453,432	481,506	28,074	6%
Intergovernmental	286,169	325,668	326,592	336,192	336,192	347,287	11,095	3%
Capital (Equip > \$7,500)	29,536	-	29,854	(1,196)	1	1	-	0%
Transfers (Equip Reserve)	34,605	39,874	99,375	132,800	150,800	122,800	(28,000)	-19%
<b>Total Expenses</b>	<b>1,767,573</b>	<b>1,773,323</b>	<b>1,926,732</b>	<b>1,972,826</b>	<b>2,041,992</b>	<b>2,027,697</b>	<b>(14,295)</b>	<b>-1%</b>





# City of Sequim Budget Overview

## City Administration Criminal Prosecution Services Kristina Nelson-Gross, City Attorney

### Department Description

#### *Criminal Prosecution/Municipal Court*

These activities have been contracted with Clallam County. The contract provides a flat fee for prosecution, public defense, court, and jail services, which provides more stability to the City's budget. Because of this change, the Legal Assistant will continue to be utilized in the City Clerk Office half-time to assist in public disclosure, records management, and agenda preparation.

In July 2018, the County issued a termination notice regarding the contract due to perceived budgetary losses caused by recent Washington State legislation. As of the time of this writing, the contract would be terminated in July 2019. In response, the City initiated a study to determine whether the City should establish its own municipal court. As a parallel track, the City will continue to negotiate with the County to salvage or amend the contract in whole or in part.

If the City were to establish its own court and the County did not extend the termination date, the City would need to have all codes and other needed items in place by December 1, 2018 to be operational by January 1, 2019. This would require budget amendments and additional Council direction before such action may be taken. As such, this possibility is not currently reflected in the Criminal Prosecution Services budget.

### 2019 Budget Goals

#### *Criminal Prosecution Services*

- ❖ To find stability in administering Criminal Justice Services
- ❖ Continue to engage Clallam County regarding the current contract for Criminal Justice Services

### 2019 Budget Summary

#### *Criminal Prosecution Services*

- ❖ The City has an agreement with the County for flat rate Criminal Justice Services, including Municipal Court, prosecution, defense and jail services. \$320,000 – the original contract in 2016 - plus an annual adjustment per the CPI-W (per the contract). For 2019, that rate adjustment was 3.6%.
  - All revenues associated with Court in prior years go to Clallam County per the contract unless or until the contract is terminated or the City chooses other criminal prosecution service alternatives
- ❖ All salary and benefits for the City Attorney are recorded in the City Attorney's budget and the Legal Assistant FTE is split 50/50 between the City Clerk and the City Attorney's budgets.

# City of Sequim Budget Overview

## Information Technology Clint Woods – IT Director

### Department Description

The Information Technology Department is responsible for supporting the operational needs of City staff by effectively managing Enterprise Information Technology assets. Core departmental services include providing IT Service Desk Support, managing Enterprise Infrastructure Resources, enhancing our Cybersecurity Profile, and facilitating Continuity of Operations.

Services are provided for three staffed sites (City Hall, City Shop, WRF) and for several satellite sites (Guy Cole, EOC/Transit and Port Williams Pump Station, etc.). Services include email and collaboration, file storage, print services, data backup and recovery, telecommunications, network connectivity and security, off-the-shelf application support, mobile devices, audio/visual systems, camera and physical security (shared), records requests, training, and project management. The Department is challenged to manage this diverse portfolio of technology assets across the Enterprise from both a knowledge and bandwidth perspective.

There are significant future opportunities to improve the efficiency of City staff and the services provided to the citizenry. As the City sets out to employ additional technologies, careful management of expectations and resources will be required to ensure that support for current business operations is maintained.

### 2019 Budget Goals

#### *Information Technology*

- ❖ Continue with the Technology Refresh Program (TRP) to proactively replace devices that are at end of life rather than risk disruption associated with device failure
- ❖ Implement policy and technology changes to address Criminal Justice Information Systems (CJIS) audit findings. Initiatives include encrypting “files at rest”, automating network event monitoring and actively managing security (encryption, remote wipe) of mobile devices
- ❖ In alignment with the ICMA Capstone Project, evaluate/select/implement a software environment to effectively manage information related to Code Enforcement processes
- ❖ Support the City Manager in accomplishing technology improvement goals established by Council as a result of his evaluation in 2018

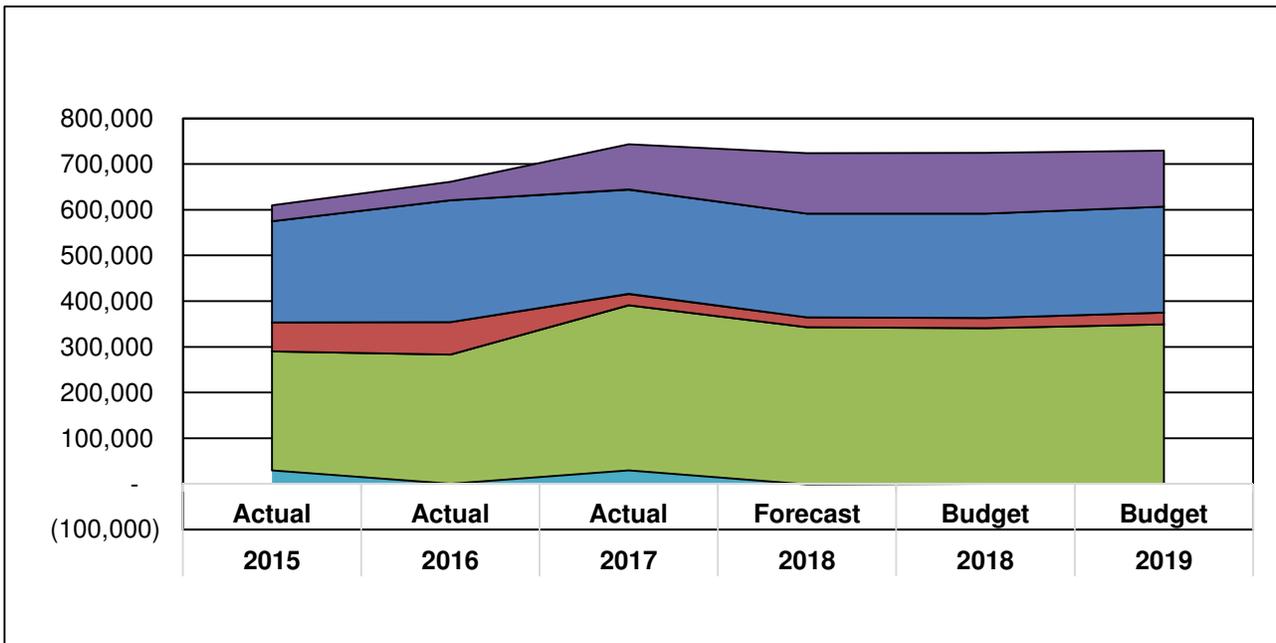
### 2019 Budget Summary

#### *Information Technology*

- ❖ The overall budget request increased by \$5k (1%) due to nominal increases in salaries and benefits, small tools, communications and software licensing. These increases are balanced out by a \$10k reduction in transfers out to the Equipment Reserve.

**City of Sequim  
2019 Budget  
5-Year Summary**

**Information Technology**



	2015 Actual	2016 Actual	2017 Actual	2018 Forecast	2018 Budget	2019 Budget	2019-2018 Amount	%
Salaries & Benefits	221,703	267,277	228,324	226,695	228,641	231,810	3,169	1%
Operating Supplies	63,172	70,573	24,881	21,798	22,700	25,700	3,000	13%
Charges for Services	260,567	283,216	361,079	343,991	340,486	349,189	8,703	3%
Capital (Equip > \$7,500)	29,536	-	29,854	(1,196)	1	1	-	0%
<b>Total Expenses</b>	<b>574,978</b>	<b>621,065</b>	<b>644,138</b>	<b>591,288</b>	<b>591,828</b>	<b>606,700</b>	<b>14,872</b>	<b>3%</b>
<b>Transfers</b>								
Capital Projects	34,605	39,874	99,375	132,800	132,800	122,800	(10,000)	-8%
<b>Total Transfers</b>	<b>34,605</b>	<b>39,874</b>	<b>99,375</b>	<b>132,800</b>	<b>132,800</b>	<b>122,800</b>	<b>(10,000)</b>	<b>-8%</b>

**City of Sequim  
Budget Overview**

**City Administration  
Hotel/Motel (Restricted Fund)**

Barbara Hanna, Communications & Marketing Director

**Department Description**

*Hotel/Motel*

This function is responsible for managing the Hotel/Motel tax budget and utilizing the available monies to increase tourism to 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.

**2019 Key Goals**

*Hotel/Motel*

- ❖ Work with internal and external partners to develop the Sequim Sunshine Festival for the winter of 2020. Logo development and marketing to begin in 2019
- ❖ Continue to build social media followers by developing campaigns and targeting ads to the Seattle metro area
- ❖ Continue to market Sequim in the Northwest region through print and digital advertising, media relations, and co-op partnerships
- ❖ Continue to support local festivals and events through the Tourism Enhancement Grant process

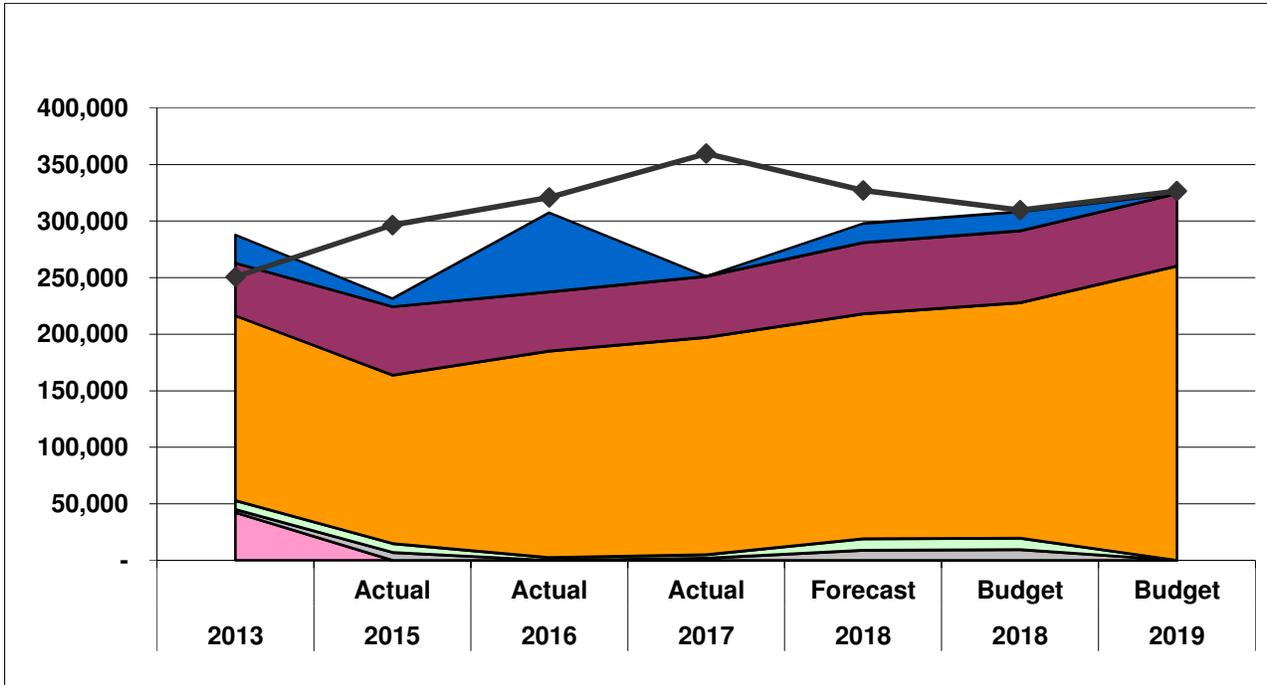
**2019 Budget Summary**

*Hotel/Motel*

- ❖ Revenues reflect an increase over previous budgets, but still reflect conservative estimates
- ❖ Staff salary allocation remains at a 50-50 split between tourism marketing and city-wide communications functions
- ❖ Revenues for the Guy Cole Convention Center and expenses for utilities and supplies to support the facility have been moved to the General Fund facilities budget
- ❖ Increased support for on-going festivals and a new winter festival
- ❖ Transfers out for the Tourism Web-Site upgrades in 2018 have been removed

**City of Sequim  
2019 Budget  
5-Year Summary**

**Hotel Motel Fund**



	2015 Actual	2016 Actual	2017 Actual	2018 Forecast	2018 Budget	2019 Budget	2019-2018 Amount	%
<b>Beginning Fund Balance</b>	<b>264,071</b>	<b>329,001</b>	<b>342,670</b>	<b>451,191</b>	<b>358,736</b>	<b>480,451</b>	<b>121,715</b>	<b>34%</b>
Tourism	281,054	320,984	352,571	303,212	284,400	323,000	38,600	14%
Interest Income	8,069	-	3,005	14,725	16,000	3,500	-12,500	-78%
Guy Cole Deposits	7,397	-	4,150	9,175	9,425	-	-9,425	-100%
◆◆◆ <b>Total Revenues</b>	<b>296,520</b>	<b>320,984</b>	<b>359,726</b>	<b>327,112</b>	<b>309,825</b>	<b>326,500</b>	<b>16,675</b>	<b>5%</b>
Salaries & Benefits	60,566	52,362	54,073	62,945	63,512	64,016	504	1%
Tourism	149,034	182,476	192,250	198,743	208,130	260,203	52,073	25%
Guy Cole	7,910	2,477	2,867	10,139	10,247	-	-10,247	-100%
Guy Cole Refunds	6,860	-	2,015	9,025	9,425	-	-9,425	-100%
Capital (Equip > \$7,500)	-	-	-	-	-	-	0	0%
Transfers	7,220	70,000	-	17,000	17,000	-	-17,000	-100%
<b>Total Expenses</b>	<b>231,590</b>	<b>307,315</b>	<b>251,205</b>	<b>297,852</b>	<b>308,314</b>	<b>324,219</b>	<b>15,905</b>	<b>5%</b>
<b>Surplus/(Deficit)</b>	<b>64,930</b>	<b>13,669</b>	<b>108,521</b>	<b>29,260</b>	<b>1,511</b>	<b>2,281</b>	<b>770</b>	<b>51%</b>
<b>Ending Fund Balance</b>	<b>329,001</b>	<b>342,670</b>	<b>451,191</b>	<b>480,451</b>	<b>360,247</b>	<b>482,732</b>	<b>122,485</b>	<b>34%</b>

# City of Sequim Budget Overview

## City Administration Arts & Culture Fund (General Fund) Karen Kuznek-Reese, City Clerk

### Department Description

This fund was previously titled the *Gifts and Donations Fund*. However, most donations are now tracked through the appropriate departments (e.g., K-9 is tracked through the Police Department, memorial benches are tracked through the Parks Budget, etc.)

#### *Arts & Culture Fund*

This fund includes money allocated for public art and cultural events and activities. This includes such events as Music in the Park, Keying Around, Performers on the Plaza and other programs and activities developed by the City Arts Advisory Commission (CAAC). The budget also includes a starter fund for establishing public art sculpture bases and a kiosk for providing information related to the arts and cultural activities or organizations.

This fund also includes donations and sponsorships from the community to help fund these various programs as well as provide art in public spaces. Any public art donations must meet City guidelines (i.e. design standards for structures) as applicable.

### 2019 Key Goals

#### *Arts & Culture*

- ❖ Carry out the City Arts Advisory Commission's 2019 Priorities

### 2019 Budget Summary

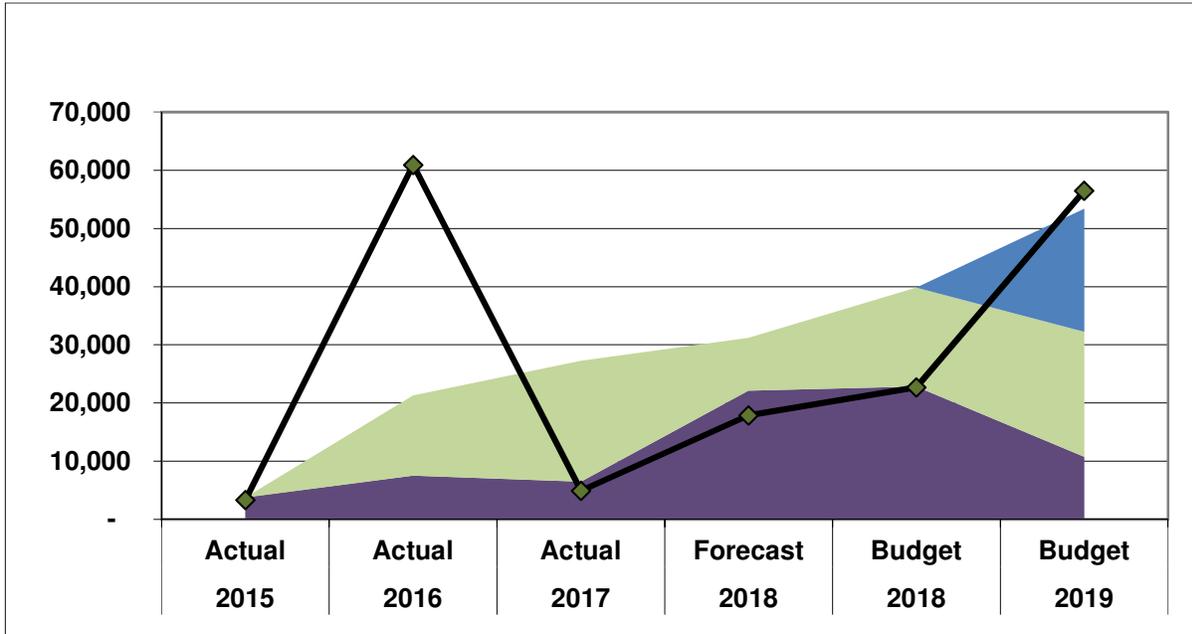
#### *Arts & Culture*

This budget increased \$13.6k (34%) due to the following:

- ❖ The addition of 0.4 FTE (\$21.2k) for a part-time un-benefited position to carry-out the CAAC's Strategic Plan
- ❖ Increased activity and additional arts and cultural activities will be executed as reported in the CAAC's Strategic Plan

**City of Sequim  
2019 Budget  
5-Year Summary**

**Arts & Culture-Arts Commission Programs**



	2015 Actual	2016 Actual	2017 Actual	2018 Forecast	2018 Budget	2019 Budget	2019-2018 Amount	2019-2018 %
<b>Beginning Fund Balance</b>	1,448	1,017	40,655	18,337	17,138	5,044	(12,094)	-71%
<b>Revenues</b>	3,339	60,937	4,923	17,878	22,700	56,500	33,800	149%
Salaries & Benefits						21,168	21,168	100%
Operating Supplies		13,825	20,812	9,071	17,010	21,500	4,490	26%
Charges for Services	3,770	7,474	6,429	22,100	22,820	10,720	(12,100)	-53%
<b>Total Expenses</b>	<b>3,770</b>	<b>21,299</b>	<b>27,241</b>	<b>31,171</b>	<b>39,830</b>	<b>53,388</b>	<b>13,558</b>	<b>34%</b>
<b>Surplus / (Deficit)</b>	<b>(431)</b>	<b>39,638</b>	<b>(22,318)</b>	<b>(13,293)</b>	<b>(17,130)</b>	<b>3,112</b>	<b>20,242</b>	<b>118%</b>
<b>Ending Fund Balance</b>	<b>1,017</b>	<b>40,655</b>	<b>18,337</b>	<b>5,044</b>	<b>8</b>	<b>8,156</b>	<b>8,148</b>	<b>101850%</b>



# City of Sequim 2019 Budget

## Administrative Services Department

*Providing the foundation for the City's fiscal health*

### **Vision**

*The City will have the resources to make Sequim  
a great place to live, work, and visit*

### **Citizens & Employees**

*Have timely and accurate  
information*

### **Assets**

*Safeguarded but  
accessible and transparent*

### **Citizens & Employees**

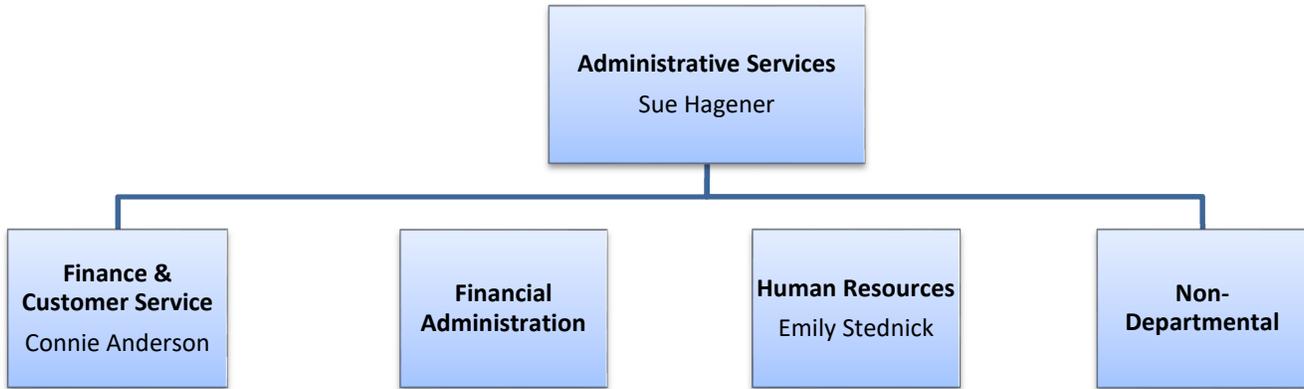
*Have confidence in the decisions  
we make*

### **Resources**

*Available for responding to  
changing community needs*

**City of Sequim  
Department Description**

**Administrative Services Department  
And Non-Departmental**



- |                                                                                                                                                                                                                                                                                                                                |                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                  |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>▪ Utility Billing/Customer Service</li> <li>▪ Receipting/Cashier</li> <li>▪ Accounting</li> <li>▪ Accounts Payable</li> <li>▪ Payroll</li> <li>▪ Grants/Contracts</li> <li>▪ Financial Reporting</li> <li>▪ Budgets</li> <li>▪ Cost Allocation</li> <li>▪ Financial Analysis</li> </ul> | <ul style="list-style-type: none"> <li>▪ Cash Management</li> <li>▪ REET</li> <li>▪ Equipment Reserve</li> <li>▪ Debt Service</li> <li>▪ Capital Facilities</li> <li>▪ Trust and Agency Funds</li> </ul> | <ul style="list-style-type: none"> <li>▪ Compensation &amp; Benefits</li> <li>▪ Training and Compliance</li> <li>▪ Recruitment and Selection</li> <li>▪ Employee Relations</li> <li>▪ Labor Relations</li> <li>▪ Policy Administration</li> <li>▪ Civil Service Commission</li> </ul> | <ul style="list-style-type: none"> <li>▪ City-wide Indirect Expenses</li> <li>▪ Community Service Contracts</li> <li>▪ Contingency Budget</li> <li>▪ Transfers</li> <li>▪ Risk Management and Insurance</li> <li>▪ Other Shared Costs</li> </ul> |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

The **Administrative Services Department** is responsible for all financial aspects of the City and related customer service as well as the Financial Administration of city-wide 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. Staff assists other departments in budgeting and financial reporting, financial planning and analysis of projects, purchasing and bidding regulations, complying with grant requirements and submissions, and financing capital projects. The City is audited by the State Auditor and has had a clean audit for over 26 years (based on available documents going back to 1992). This function provides customer service for the City’s Water and Sewer utilities, serves as the central reception for the City, and responds to a wide variety of citizen inquiries.

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

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

# City of Sequim Budget Overview

## Administrative Services Finance & Human Resources Sue Hagener, Administrative Services Director

### 2019 Key Goals

#### *Finance*

- ❖ Continue implementation of Key Performance Indicators
- ❖ Continue community outreach on the Budget Process
- ❖ Continue refinement of the financial systems, including utility billing module conversion/upgrade, financials, payroll, permits and accounts payable
- ❖ Continue development of the capital equipment, IT and vehicle replacement/financing plan with all Departments
- ❖ Continue to ensure prompt debt service payments and responsible reporting to rating agencies
- ❖ Continue support of key Council Goals

### 2019 Budget Summary

#### *Finance*

Operating expenses decreased by \$4k (0%): The increase in salaries and benefits of \$15k represent cost of living increases for non-represented staff, bargaining unit contract increases, PERS and medical insurance requirements. This increase is more than balanced by decreases in intergovernmental expenses of \$21k (70%) with the expected completion of the 3-year Accountability Audit in 2018.

### 2019 Key Goals

#### *Human Resources*

- ❖ Manage recruitments and succession planning for key Public Works field positions
- ❖ Continue to provide legal compliance and employee training support
- ❖ Partner with Finance to monitor all employee benefit plans and costs
- ❖ Develop a more robust Organizational and Leadership Development Program
- ❖ Partner with Finance in supporting safety efforts and records, workers compensation claims and several other city-wide programs

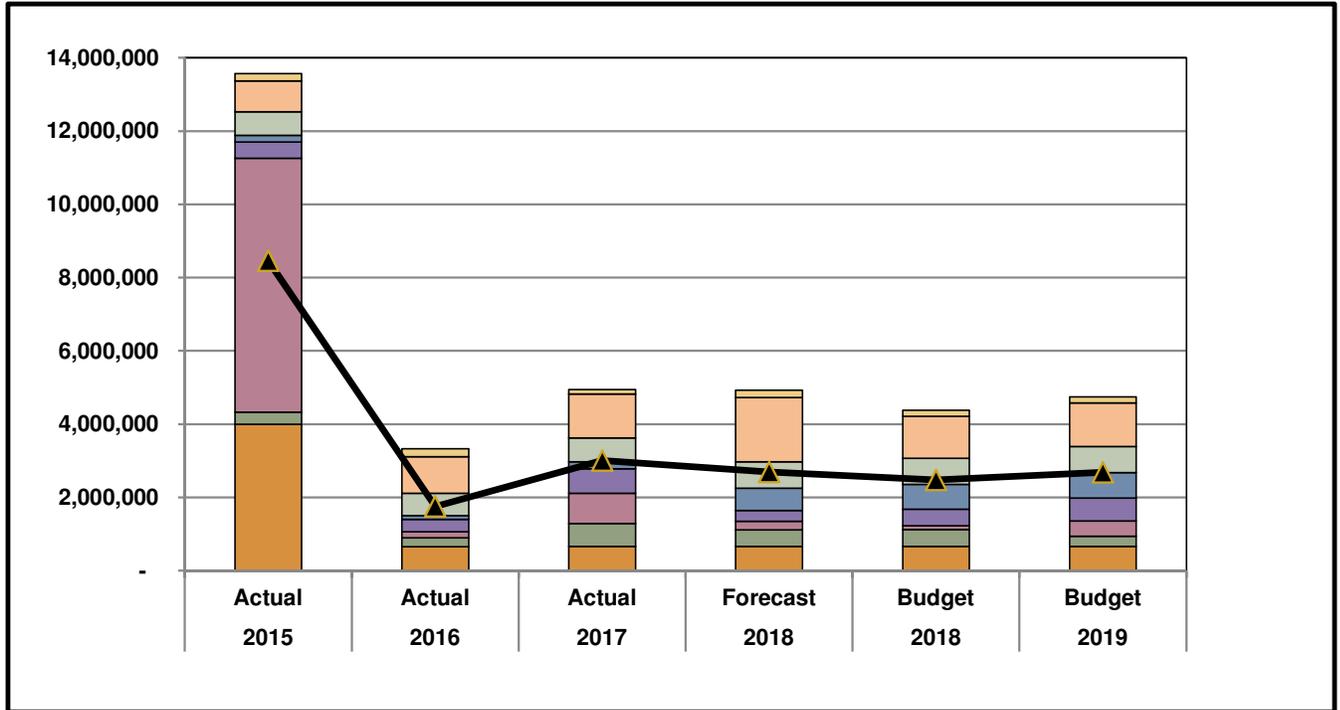
### 2019 Budget Summary

#### *Human Resources*

Operating expenses decreased by \$4k (2%): The increase in salaries and benefits of \$30k (33%) represents the cost of elevating the HR Analyst position to HR Manager, which is a fully benefited position, unlike the prior Analyst (as the prior Analyst opted out of medical benefits). This increase is more than balanced by decreases in professional services of \$34k (47%) due to the *expected* completion of services related to a salary survey and 3 bargaining unit contract negotiations in 2018.

**City of Sequim  
2019 Budget**

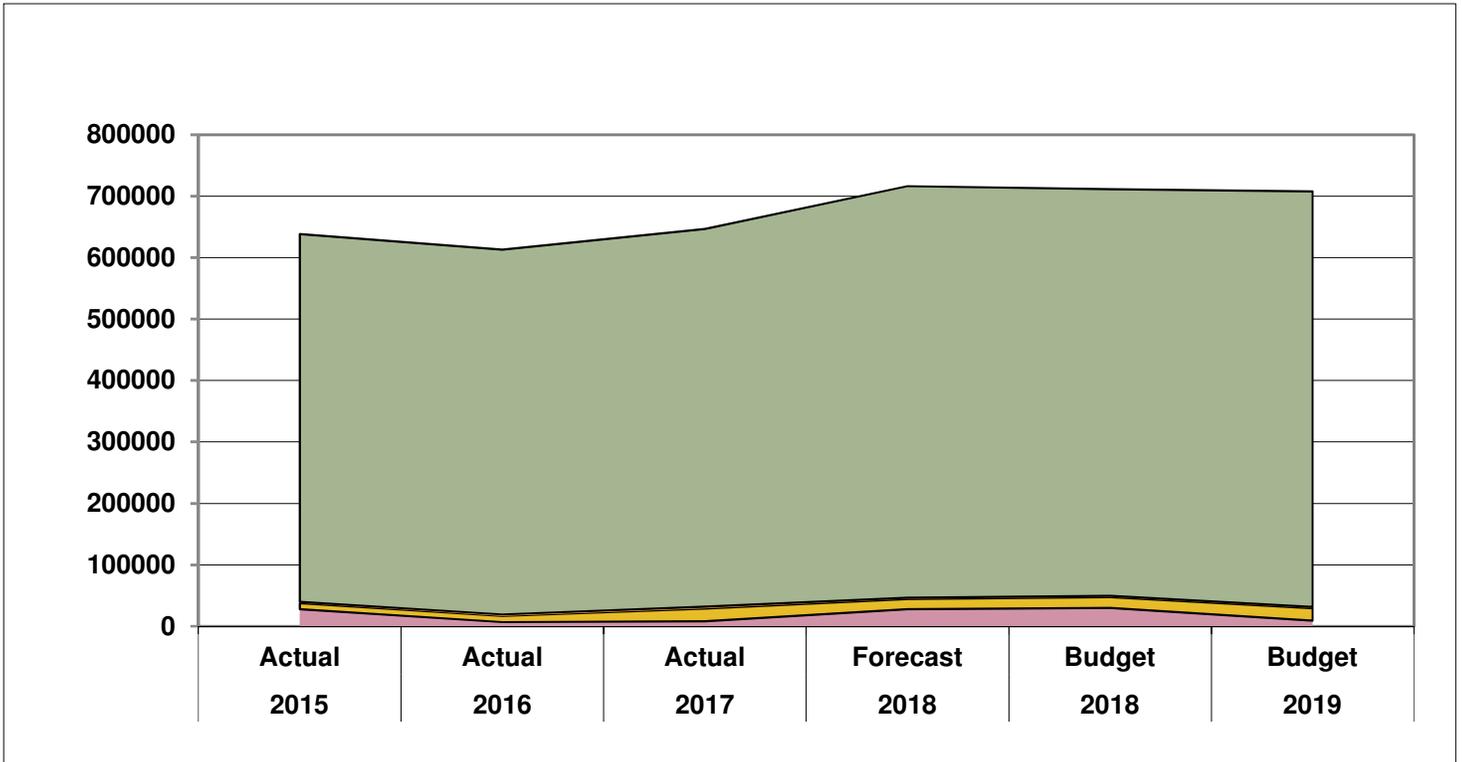
**Administrative Services**



	2015 Actual	2016 Actual	2017 Actual	2018 Forecast	2018 Budget	2019 Budget	2019-2018 Amount	2019-2018 %
<b>Revenues</b>								
Equipment Reserves	128,517	399,523	771,961	606,714	616,580	405,800	(210,780)	-34%
Debt Service	637,545	706,319	705,939	665,386	665,000	755,000	90,000	14%
Capital Facilities	7,152,683	87,778	709,561	190,288	101,205	421,205	320,000	316%
Real Estate Tax	386,636	405,019	538,217	594,834	404,650	404,650	-	0%
Trust & Agency Funds	148,138	155,283	277,670	636,140	688,067	695,067	7,000	1%
Miscellaneous Revenue	565	50	96	-	-	800	800	100%
<b>◆◆◆ Total Revenues</b>	<b>8,454,084</b>	<b>1,753,972</b>	<b>3,003,444</b>	<b>2,693,362</b>	<b>2,475,502</b>	<b>2,682,522</b>	<b>206,220</b>	<b>8%</b>
<b>Expenses</b>								
Finance	638,320	612,928	646,489	716,363	711,268	707,757	(3,511)	0%
Human Resources	201,165	209,897	125,565	196,518	164,772	160,785	(3,987)	-2%
Non Departmental	848,860	1,000,506	1,199,796	1,758,646	1,140,623	1,194,300	53,677	5%
Equipment Reserves	325,902	243,127	631,546	450,792	465,800	284,700	(181,100)	-39%
Debt Service	3,999,053	656,740	659,190	659,302	659,675	657,625	(2,050)	0%
Capital Facilities	6,929,743	157,507	823,744	239,097	104,391	415,743	311,352	298%
Real Estate Tax	450,000	340,000	670,000	295,000	450,000	620,000	170,000	38%
Trust & Agency Funds	178,580	103,453	188,191	609,748	679,328	701,328	22,000	3%
<b>Total Expenses</b>	<b>13,571,623</b>	<b>3,324,158</b>	<b>4,944,521</b>	<b>4,925,466</b>	<b>4,375,857</b>	<b>4,742,238</b>	<b>366,381</b>	<b>8%</b>

**City of Sequim  
2019 Budget  
5-Year Summary**

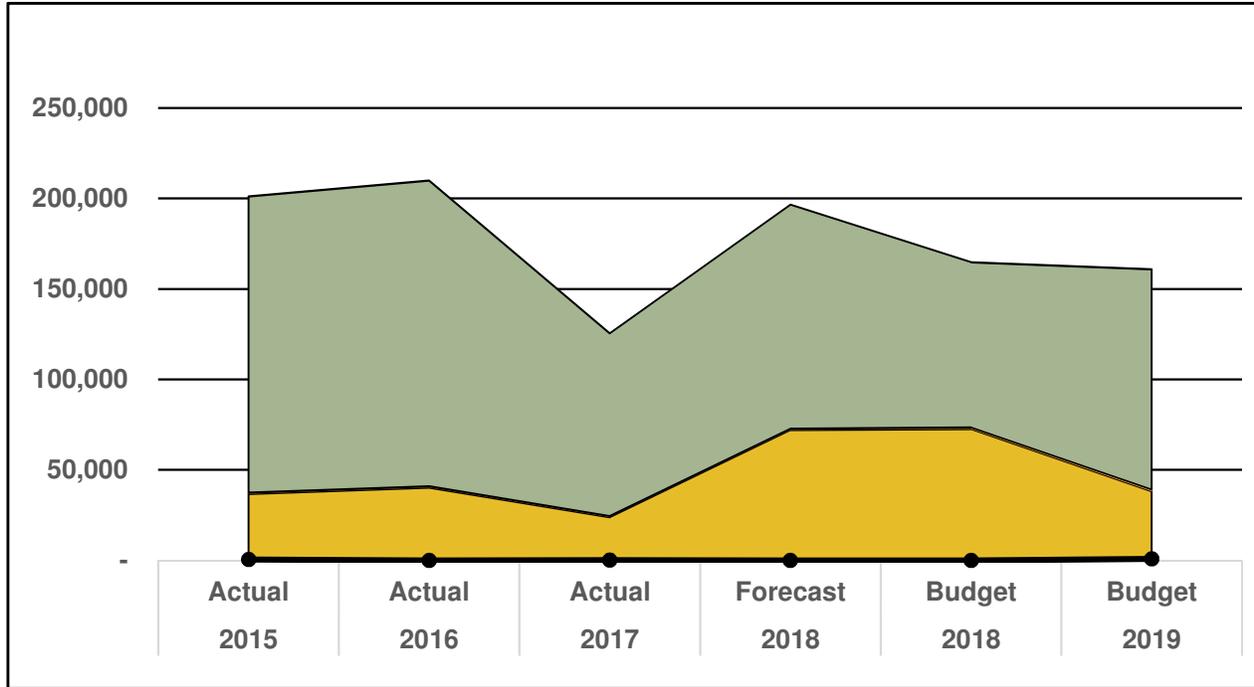
**Administrative Services  
Finance**



	2015 Actual	2016 Actual	2017 Actual	2018 Forecast	2018 Budget	2019 Budget	2019-2018 Amount	%
Salaries & Benefits	598,646	593,547	614,573	669,998	661,833	676,321	14,488	2%
Operating Supplies	2,176	2,618	3,224	1,976	1,995	1,995	-	0%
Charges for Services	9,689	9,789	20,339	16,398	17,440	20,440	3,000	17%
Intergovernmental	27,809	6,974	8,353	27,991	30,000	9,000	(21,000)	-70%
<b>Total Expenses</b>	<b>638,320</b>	<b>612,928</b>	<b>646,489</b>	<b>716,363</b>	<b>711,268</b>	<b>707,756</b>	<b>(3,512)</b>	<b>0%</b>

**City of Sequim  
2019 Budget  
5-Year Summary**

**Human Resources**



	2015 Actual	2016 Actual	2017 Actual	2018 Forecast	2018 Budget	2019 Budget	2019-2018 Amount	%
<b>Revenues</b>								
Miscellaneous Revenue	565	50	96	-	-	800	800	
◆◆◆ Total Revenues	565	50	96	-	-	800	800	100%
<b>Expenses</b>								
Salaries & Benefits	163,732	168,906	101,119	123,817	91,302	121,635	30,333	33%
Supplies	687	784	565	600	900	1,000	100	11%
Service Charges	36,746	40,207	23,881	72,101	72,570	38,150	(34,420)	-47%
<b>Total Expenses</b>	<b>201,165</b>	<b>209,897</b>	<b>125,565</b>	<b>196,518</b>	<b>164,772</b>	<b>160,785</b>	<b>(3,987)</b>	<b>-2%</b>



# City of Sequim Budget Overview

## Non-Departmental

### 2019 Key Goals

- ❖ Transition to a new Risk Pool, the Washington Cities Insurance Authority (WCIA)
  - Support City-wide compliance efforts with new requirements
- ❖ Review and coordinate community investments
- ❖ Manage the use of contingency funds
- ❖ Manage transfers

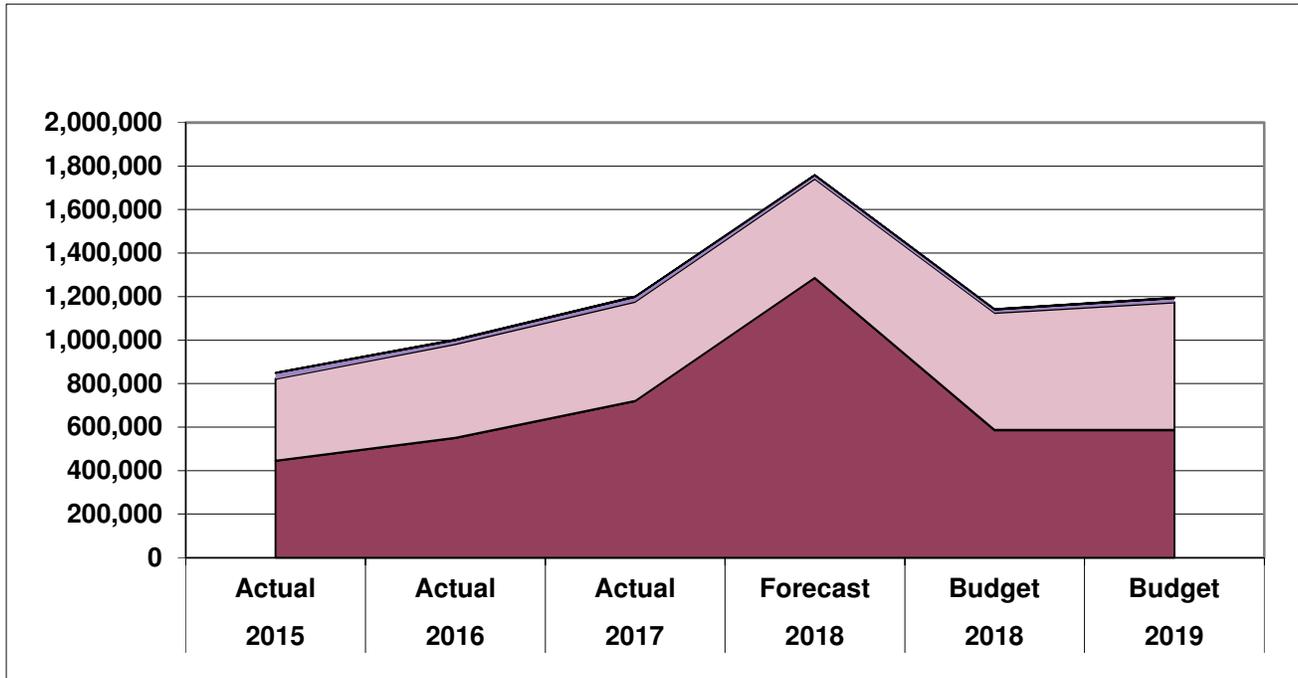
### 2019 Budget Summary

The overall budget increase of \$54k (6%) is due to the following:

- ❖ The city is transitioning to a new insurance pool, WCIA, in 2019. We have estimated an annual premium of \$300k, compared with the RMSA fee estimate of \$378k in 2018, for a savings of \$78k (21%). The actual amount of the new premium will take many factors into consideration, including claims history and insured values. The city expects some savings over RMSA, but the 2019 budget is purely an estimate at this time, and we believe this estimate is conservative.
- ❖ Transfers out to Street Operations decreased by \$40k from 2018 because of a reduction in street expenses.
- ❖ Transfers out to the unemployment compensation reserve of \$26k remain the same.
- ❖ Transfers out to the Arts & Culture Fund are new this year and total \$40k. These transfers are funded by one-time sales tax money and will go toward paying for a part-time Arts Coordinator as well as to partially fund Arts Commission programs. These transfers will be reevaluated annually.
- ❖ Contingency money of \$30k is decreased from the 2018 budget by \$33k primarily due to staff cost of living increases and/or contract adjustments (still unknown) being budgeted in other line items.
- ❖ 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. In 2019, we've budgeted \$105k which increased from the prior year by \$30k and is paid for with cell tower lease money moved from the Parks Restricted Fund.

**City of Sequim  
2019 Budget  
5-Year Summary**

**Administrative Services  
Non-Departmental**



	2015 Actual	2016 Actual	2017 Actual	2018 Forecast	2018 Budget	2019 Budget	2019-2018 Amount	2019-2018 %
Salaries & Benefits				-	-	-	-	-
Operating Supplies	26,919	18,989	22,750	17,912	16,035	21,000	4,965	31%
Charges for Services	376,807	431,485	456,861	454,101	538,148	586,701	48,553	9%
Intergovernmental	134	32	185	634	440	600	160	36%
Capital (Equip > \$7,500)			-	-	-	-	-	0%
NonExpense/Financing	445,000	550,000	720,000	1,286,000	586,000	586,000	-	0%
<b>Total Expenses</b>	<b>848,860</b>	<b>1,000,506</b>	<b>1,199,796</b>	<b>1,758,647</b>	<b>1,140,623</b>	<b>1,194,301</b>	<b>53,678</b>	<b>5%</b>

**Transfers**

Equipment Reserves				Equipment Reserve Transfers made direct from Department Budgets				
Street Operations	340,000	550,000	610,000	560,000	560,000	520,000	(40,000)	-7%
Capital Projects	105,000		60,000	-	-	-	-	0%
Other			50,000	726,000	26,000	66,000	40,000	154%
<b>Total Transfers</b>	<b>445,000</b>	<b>550,000</b>	<b>720,000</b>	<b>1,286,000</b>	<b>586,000</b>	<b>586,000</b>	<b>-</b>	<b>0%</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, stormwater 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, stormwater 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.

Finally, interest earned by REET1 and REET2 must be used on the same basis as the underlying funds.

**2019 Budget Overview**

REET funds are being used for Capital Facility, Streets, and Parks projects and will help pay the debt service on the LTGO bonds issued for the Civic Center.

**2019 Key Goals**

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

**2019 Budget Summary**

Revenues for 2019 are budgeted at \$405k based on conservative assumptions for development and are flat with 2018. Expenses are budgeted at \$620k and consist of transfers to other funds to support budgeted or future projects as follows:

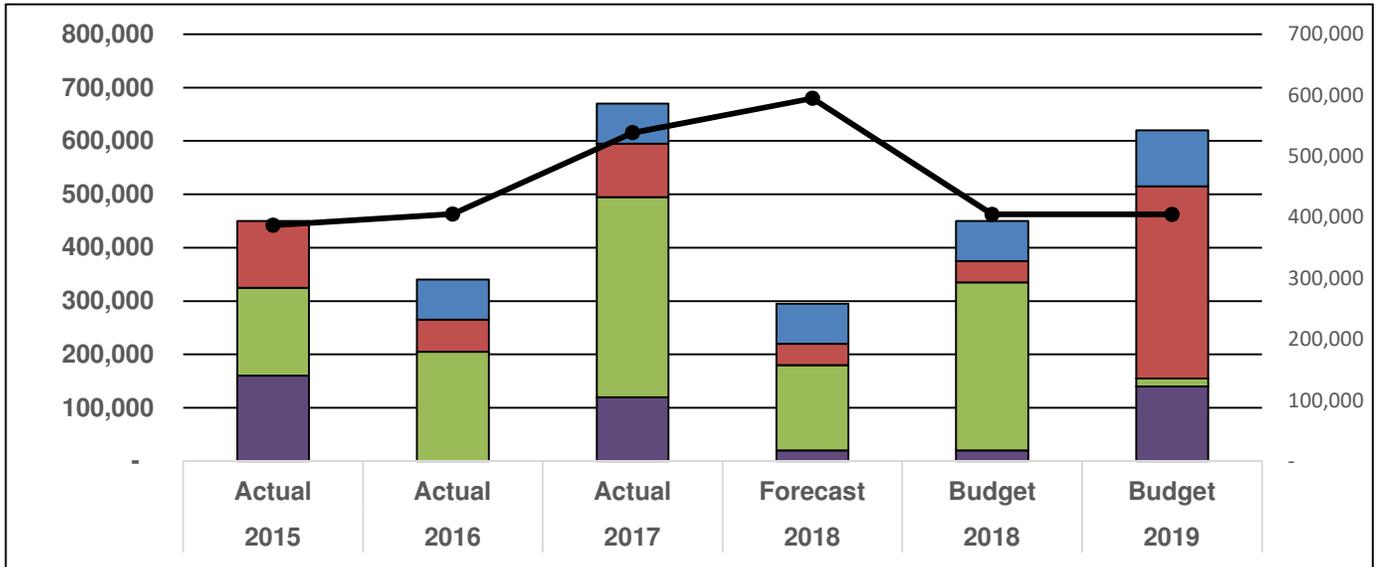
- ❖ \$ 15k for future parks projects
- ❖ \$105k to Civic Center LTGO Debt Service (an increase of \$30k)
- ❖ \$140k to Capital Facility projects for Civic Center improvements (if needed) and the Guy Cole Break-out Rooms project
- ❖ \$360k to Streets projects for Fir Street, Prairie Street, City-wide sidewalk repairs and savings for an emergency repair

<sup>1</sup> REET1 – 82.46.010 (6)

<sup>2</sup> REET2 – 82.46.035 (5)

**City of Sequim  
2019 Budget  
5-Year Summary**

**Real Estate Excise Tax (Restricted Fund)**



	2015 Actual	2016 Actual	2017 Actual	2018 Forecast	2018 Budget	2019 Budget	2019-2018 Amount	%
<b>Beginning Fund Balance</b>								
REET 1	182,163	186,011	314,098	140,450	56,393	168,203	111,810	198%
REET 2	196,665	129,453	66,385	108,250	47,423	380,332	332,909	702%
<b>Beginning Fund Balance</b>	<b>378,828</b>	<b>315,464</b>	<b>380,483</b>	<b>248,700</b>	<b>103,816</b>	<b>548,535</b>	<b>444,719</b>	<b>428%</b>
<b>Revenues</b>								
Taxes	382,230	400,355	535,379	590,455	400,000	400,000	-	0%
Other Miscellaneous	4,406	4,664	2,838	4,379	4,650	4,650	-	0%
NonRevenues	-	-	-	-	-	-	-	0%
<b>Revenues</b>	<b>386,636</b>	<b>405,019</b>	<b>538,217</b>	<b>594,834</b>	<b>404,650</b>	<b>404,650</b>	<b>-</b>	<b>0%</b>
<b>Expenses</b>								
<b>Transfers To:</b>								
Civic Center/Debt Service		75,000	75,000	75,000	75,000	105,000	30,000	40%
101 Streets Ops/111 Streets R	125,000	60,000	100,000	40,000	40,000	360,000	320,000	800%
140 Parks R	165,000	205,000	375,000	160,000	315,000	15,000	(300,000)	-95%
306 Capital Facilities	160,000		120,000	20,000	20,000	140,000	120,000	600%
<b>Total Expenses</b>	<b>450,000</b>	<b>340,000</b>	<b>670,000</b>	<b>295,000</b>	<b>450,000</b>	<b>620,000</b>	<b>170,000</b>	<b>38%</b>
<b>Surplus/(Deficit)</b>	<b>(63,364)</b>	<b>65,019</b>	<b>(131,783)</b>	<b>299,834</b>	<b>(45,350)</b>	<b>(215,350)</b>	<b>(170,000)</b>	<b>-375%</b>
<b>Ending Fund Balance</b>								
REET 1	186,011	314,097	140,450	168,202	19,243	6,053	(13,190)	-69%
REET 2	129,453	66,385	108,250	380,332	39,223	327,132	287,909	734%
<b>Ending Fund Balance</b>	<b>315,464</b>	<b>380,483</b>	<b>248,700</b>	<b>548,534</b>	<b>58,466</b>	<b>333,185</b>	<b>274,719</b>	<b>470%</b>

# City of Sequim Budget Overview

## Equipment Reserve (Restricted Fund)

### 2019 Key Goals

- ❖ Support the City Manager's goal of improving technology for a more efficient workforce
- ❖ Manage and fund the equipment replacement function of the organization (excluding enterprise funds)
  - Policy minimum fund balance is 2.5 years of replacement and maximum is 6 years of replacement

### 2019 Budget Summary

Transfers into this reserve have generally increased over the last four years in response to funding requirements for equipment and to move toward complying with fund balance requirements. The City is continuing its savings efforts (funding the reserve in excess of expenses) ending 2019 with a fund balance finally in compliance with minimum policy requirements. (This calculation is based upon current needs scheduled out through 2025. This schedule of needs is updated annually.)

2019 Transfer In / Revenues	Vehicles	Equipment	Total
Facilities Maintenance	4,400		4,400
GIS/Engineering	2,400		2,400
Parks	4,000	3,000	7,000
PW Admin	50,000	13,000	63,000
Police	140,000		140,000
IT		139,500	139,500
<b>General Fund Subtotal</b>	<b>200,800</b>	<b>155,500</b>	<b>356,300</b>
Streets	30,000	14,000	44,000
<b>Total</b>	<b>230,800</b>	<b>169,500</b>	<b>400,300</b>

### 2019 Expenses – Significant Changes

Expenses budgeted for 2019 of \$284.7k include:

- ❖ Two police cars (\$120k): Staffing levels increased substantially in 2006 and 2007 for a variety of reasons, including grant funding. With the new officers came the need to outfit those officers with marked and unmarked cars in those years. (Few cars were purchased in the years after.) As such, there are currently a significant number of police cars in use that are over 10 years old. The City intends to replace 2 of these cars in 2019, consistent with the PD's vehicle repair and replacement program.
- ❖ IT Systems (\$105.7k): IT Capital items include regular replacement of older computers and several items associated with a recent tri-annual Criminal Justice Information System (CJIS) audit.
  - Technology Refresh Program (TRP) - \$12.5k: Replace technology components that are at end of life. Proactive replacement of selected components will reduce the risk of hardware failures and provide updated technology to support business operations. Items include desktops, laptops, printers and monitors.
  - Encrypted Disk Storage - \$42.3K: A CJIS audit finding requires encryption of "files at rest" on storage systems. Encryption and performance standards have changed over time so it

## City of Sequim Budget Overview

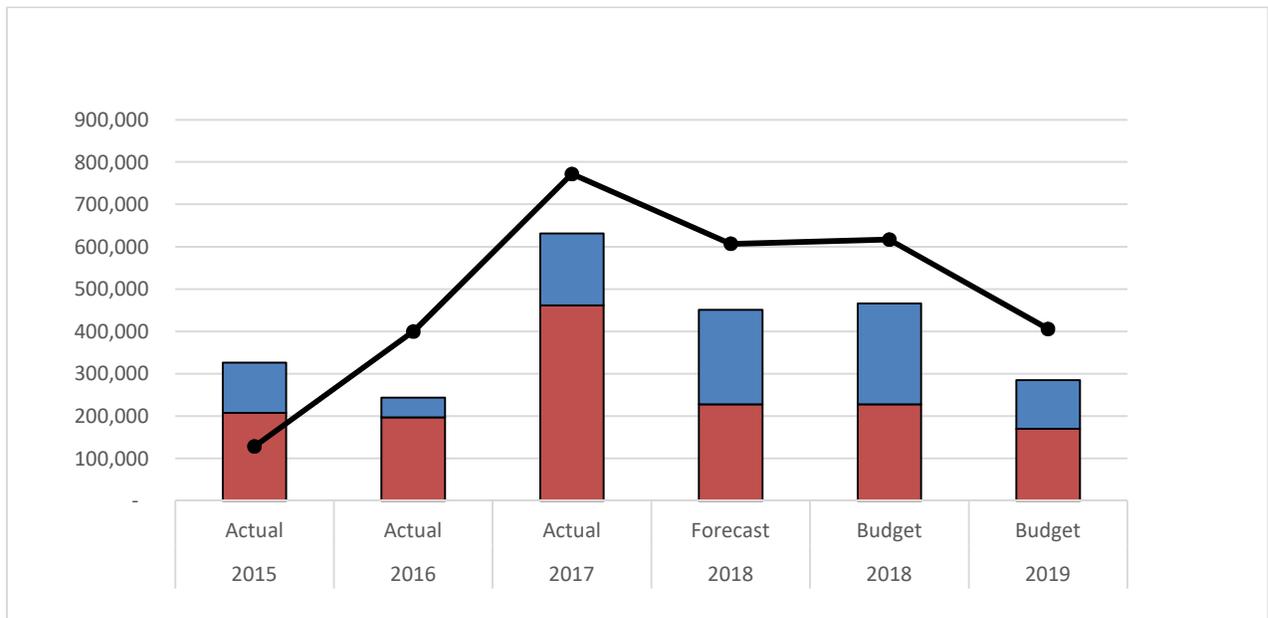
is recommended that we replace the existing device and introduce encryption at the same time.

- Network Event Monitoring - \$16.7k: A CJIS audit finding requires regular monitoring of system events/notifications. A centralized dashboard is planned to consolidate the diverse types of alerts created. Tools and processes will need to be put in place to manage to the audit finding.
  - Mobile Device Management - \$24.2k: Many city wireless devices are currently managed/registered with the Meraki System. As part of the CJIS audit, all devices will need to be under one policy – Mobile Device Management. This budget item is to support purchasing additional licenses and for CJIS security policy implementation assistance.
  - Code Enforcement Software - \$10k: At the recommendation of the ICMA Capstone project, Code Enforcement should invest in software dedicated to tracking, simplifying and automating various tasks.
- 
- ❖ Replace Parks Vehicle: 1995 PK-49 - \$50k: This vehicle has deteriorated to the point of perpetual breakdowns. It can be replaced with an electric vehicle as long as it can meet size and load needs that are required in the tasks of parks maintenance. Three-quarter ton+ capacity with an 8-foot flat-bed would be ideal with externally mounted toolboxes above and under the bed.
  - ❖ New Plow for F550 - \$9k: This truck is currently fitted with a V-plow designed for parking lot snow removal. The street crew needs this truck to plow the main streets as well, with a straight blade for efficiency. The two plow types can easily be swapped for both parking lot and street needs.



**City of Sequim  
2019 Budget  
5-Year Summary**

**Equipment Reserve Fund (Restricted Fund)**



	2015 Actual	2016 Actual	2017 Actual	2018 Forecast	2018 Budget	2019 Budget	2019-2018 Amount	%
<b>Beginning Fund Balance</b>								
164-0xx Equipment	144,656	75,081	176,911	241,790	255,561	314,952	59,391	23%
164-1xx Vehicles	395,536	267,727	322,292	397,828	359,919	480,588	120,669	34%
<b>Beginning Fund Balance</b>	<b>540,192</b>	<b>342,808</b>	<b>499,203</b>	<b>639,618</b>	<b>615,480</b>	<b>795,540</b>	<b>180,060</b>	<b>29%</b>
<b>Revenues</b>								
164-0xx Equipment	45,293	143,372	232,495	289,800	307,800	169,500	(138,300)	-45%
164-1xx Vehicles	74,733	251,800	531,596	303,280	303,280	230,800	(72,480)	-24%
Other Revenues	8,491	4,351	7,870	13,634	5,500	5,500	-	0%
<b>Total Revenues</b>	<b>128,517</b>	<b>399,523</b>	<b>771,961</b>	<b>606,714</b>	<b>616,580</b>	<b>405,800</b>	<b>(210,780)</b>	<b>-34%</b>
<b>Expenses</b>								
164-0xx Equipment	118,750	46,030	170,182	222,791	237,800	114,700	(123,100)	-52%
164-1xx Vehicles	207,152	197,097	461,364	228,001	228,000	170,000	(58,000)	-25%
<b>Total Expenses</b>	<b>325,902</b>	<b>243,127</b>	<b>631,546</b>	<b>450,792</b>	<b>465,800</b>	<b>284,700</b>	<b>(181,100)</b>	<b>-39%</b>
<b>Surplus/(Deficit)</b>	<b>(197,385)</b>	<b>156,396</b>	<b>140,415</b>	<b>155,922</b>	<b>150,780</b>	<b>121,100</b>	<b>(29,680)</b>	<b>-20%</b>
<b>Ending Fund Balance</b>								
164-0xx Equipment	75,081	176,911	241,790	314,952	331,061	375,252	44,191	13%
164-1xx Vehicles	267,727	322,292	397,828	480,588	435,199	541,388	106,189	24%
<b>Ending Fund Balance</b>	<b>342,808</b>	<b>499,203</b>	<b>639,618</b>	<b>795,540</b>	<b>766,260</b>	<b>916,640</b>	<b>150,380</b>	<b>20%</b>

**Expenses by Program**

IT	87,096	32,679	88,154	163,168	185,800	105,700	(80,100)	-43%
Police	112,528	96,758	152,096	130,001	130,000	120,000	(10,000)	-8%
Streets	70,132	19,105	1,813	73,000	73,000	9,000	(64,000)	-88%
DCD	1,765	-	-	-	-	-	-	0%
PW Admin	54,381	94,585	389,483	84,623	77,000	50,000	(27,000)	-35%
<b>Total Expenses</b>	<b>325,902</b>	<b>243,127</b>	<b>631,546</b>	<b>450,792</b>	<b>465,800</b>	<b>284,700</b>	<b>(181,100)</b>	<b>-39%</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.

### 2019 Key Goals

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

### 2019 Budget Summary

- ❖ Debt Service payments of the bonds supporting the Civic Center project are approximately \$660k in 2019 and thereafter. (We will be paying down our principal balance in 2019 by \$240k.) Funding for this debt service is as follows: \$335k from General Fund, \$315k from Public Safety Tax (an increase of \$60k from 2018), \$105k from REET (an increase of \$30k from 2018). When feasible, the City increases transfers into this fund in order to save for possible prepayment of debt by 2023.

## Capital Facilities Fund

### Description

This Fund was created for the purpose of paying and tracking the costs associated with Facility projects.

### 2019 Key Goals

- ❖ Account for and monitor Facility Capital projects

### 2019 Budget Summary

The 2019 budget of \$416k includes the following projects (excluding overhead allocations):

- ❖ \$ 40k for possible Civic Center improvements
- ❖ \$ 50k for shop property upgrades
- ❖ \$100k for Guy Cole break-out room improvements
- ❖ \$200k for a solar energy project

**City OF Sequim  
Budget Overview  
5-Year Summary**

<b>Debt Service (Restricted Fund)</b>								
	2015 Actual	2016 Actual	2017 Actual	2018 Forecast	2018 Budget	2019 Budget	2019-2018 Amount	%
<b>Beginning Fund Balance</b>	3,362,398	890	50,469	97,218	96,984	103,303	6,319	
<b>Revenues</b>								
LTGO Bond Proceeds					-	-	-	0%
Other Miscellaneous	(41,455)	1,319	939	386	-	-	-	0%
NonRevenues	679,000	705,000	705,000	665,000	665,000	755,000	90,000	14%
<b>Revenues</b>	<b>637,545</b>	<b>706,319</b>	<b>705,939</b>	<b>665,386</b>	<b>665,000</b>	<b>755,000</b>	<b>90,000</b>	<b>14%</b>
<b>Expenses</b>								
Issuance Costs & Debt Service	659,837	656,740	659,190	659,302	659,675	657,625	(2,050)	0%
Transfers to Capital Facilities	3,339,216	-	-	-	-	-	-	0%
<b>Total Expenses</b>	<b>3,999,053</b>	<b>656,740</b>	<b>659,190</b>	<b>659,302</b>	<b>659,675</b>	<b>657,625</b>	<b>(2,050)</b>	<b>0%</b>
<b>Surplus/(Deficit)</b>	<b>(3,361,508)</b>	<b>49,579</b>	<b>46,749</b>	<b>6,084</b>	<b>5,325</b>	<b>97,375</b>	<b>92,050</b>	<b>1729%</b>
<b>Ending Fund Balance</b>	<b>890</b>	<b>50,469</b>	<b>97,218</b>	<b>103,302</b>	<b>102,309</b>	<b>200,678</b>	<b>98,369</b>	<b>96%</b>

<b>Capital Facilities (Restricted Fund)</b>								
	2015 Actual	2016 Actual	2017 Actual	2018 Forecast	2018 Budget	2019 Budget	2019-2018 Amount	%
<b>Beginning Fund Balance</b>	48,124	271,064	201,336	87,122	62,378	38,315	(24,063)	-39%
<b>Revenues</b>								
Other Miscellaneous	98,449	2,778	349,531	89,288	205	200,205	200,000	97561%
NonRevenues	7,054,234	85,000	360,000	101,000	101,000	221,000	120,000	119%
<b>Revenues</b>	<b>7,152,683</b>	<b>87,778</b>	<b>709,531</b>	<b>190,288</b>	<b>101,205</b>	<b>421,205</b>	<b>320,000</b>	<b>316%</b>
<b>Expenses</b>								
Civic Center	6,747,704	52,717	185,019	42,065	40,001	240,001	200,000	500%
Other Capital Projects	22,528	21,449	494,047	158,750	64,390	175,742	111,352	173%
Administrative Overhead	159,511	5,341	144,678	38,282	-	-	-	0%
Transfers		78,000	-	-	-	-	-	0%
<b>Total Expenses</b>	<b>6,929,743</b>	<b>157,507</b>	<b>823,744</b>	<b>239,097</b>	<b>104,391</b>	<b>415,743</b>	<b>311,352</b>	<b>298%</b>
<b>Surplus/(Deficit)</b>	<b>222,940</b>	<b>(69,729)</b>	<b>(114,213)</b>	<b>(48,809)</b>	<b>(3,186)</b>	<b>5,462</b>	<b>8,648</b>	<b>271%</b>
<b>Ending Fund Balance</b>	<b>271,064</b>	<b>201,335</b>	<b>87,123</b>	<b>38,313</b>	<b>59,192</b>	<b>43,777</b>	<b>(15,415)</b>	<b>-26%</b>

**City of Sequim  
Department Description  
& Budget Overview**

**Trust, Agency and Internal Services Funds**

**Department Description**

- ❖ **Unemployment Compensation Reserve** is an internal services fund used to pay unemployment claims and to reserve for future unemployment claims (based upon historical activity).
- ❖ **Police Expendable Trust Fund** is used to temporarily hold seized assets until the case is resolved and the Court system declares the rightful property owner. 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.
- ❖ **Flexible Spending Account Fund** is used to account for incoming/outgoing employee benefit money that is collected pre-tax and expended on behalf of the employee for medical related expenses based on IRS guidelines.
- ❖ **Utility Security Deposits Fund** is used 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.

**2019 Key Goals**

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

**2019 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.

*Unemployment Compensation Reserve*

- ❖ Revenues consist of transfers in from General Fund, streets and sewer and expenses consist of \$98k for potential claims.

*Police Expendable Trust Fund*

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

*Construction Deposits*

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

*Intergovernmental Agency Fund*

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

*Flexible Spending Account Fund*

- ❖ Revenues and expenses are budgeted at \$45k and based upon expected benefit activity.

*Utility Security Deposits*

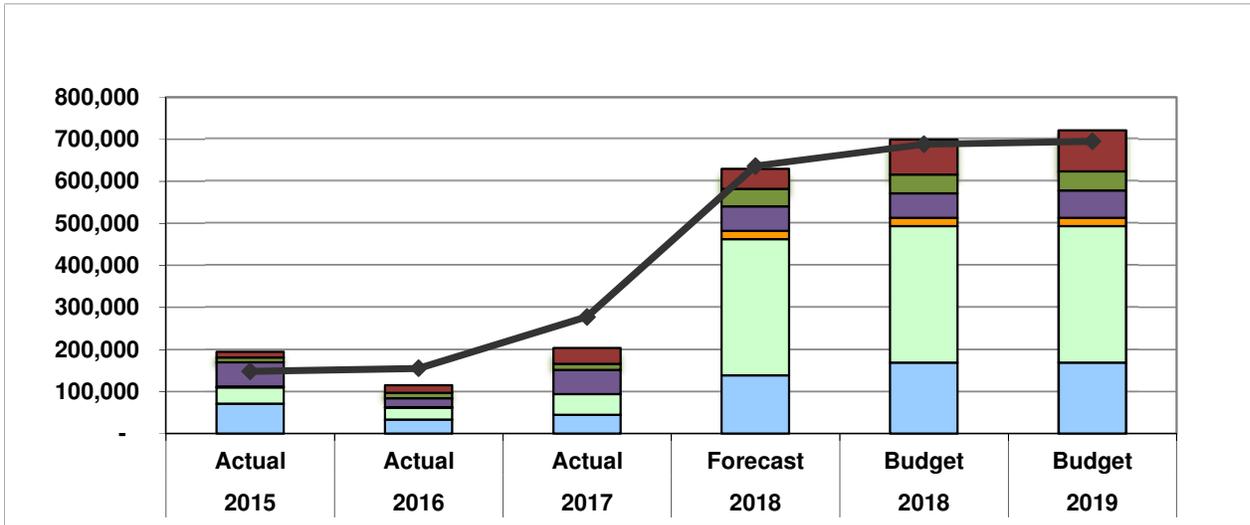
- ❖ Based on level of security deposits held for the Water and Sewer Utilities.

*Haller Park Fund*

- ❖ Monies expendable in the fund are limited to interest only.

**City of Sequim  
2019 Budget  
5-Year Summary**

**Trust & Agency Funds (Restricted Funds)**



	2015 Actual	2016 Actual	2017 Actual	2018 Forecast	2018 Budget	2019 Budget	2019-2018 Amount	%
<b>Beginning Fund Balance</b>								
Unemployment Compensation	39,685	32,520	30,666	50,175	38,979	63,080	24,101	62%
Flexible Benefits		455	2,733	4,602	2,269	8,038	5,769	254%
Police Expendable Trust	485	-	-	-	-	-	-	0%
Construction Deposits/Retainage	36,851	-	35,735	89,945	29,371	78,963	49,592	169%
Utility Deposits	120,939	136,478	148,166	163,379	174,114	163,360	(10,754)	-6%
Haller Park Fund	37,544	37,904	38,332	39,468	29,346	39,918	10,572	36%
Intergovernmental Agency Fund	2,732	5	3,558	1,101	11,747	1,702	(10,045)	-86%
<b>Beginning Fund Balance</b>	<b>238,236</b>	<b>207,362</b>	<b>259,190</b>	<b>348,670</b>	<b>285,826</b>	<b>355,061</b>	<b>69,235</b>	<b>24%</b>
<b>Revenues</b>								
Unemployment Compensation	6,600	16,250	57,500	61,000	61,000	61,000	-	0%
Flexible Benefits	11,628	15,143	15,835	45,000	45,000	45,000	-	0%
Police Expendable Trust	1,580	1,228	-	20,000	20,000	20,000	-	0%
Construction Deposits/Retainage	1,448	63,637	103,953	312,978	325,000	325,000	-	0%
Utility Deposits	57,955	21,600	57,512	58,056	58,000	65,000	7,000	12%
Haller Park Fund	360	428	1,136	450	440	440	-	0%
Intergovernmental Agency Fund	68,567	36,997	41,734	138,656	178,627	178,627	-	0%
<b>Revenues</b>	<b>148,138</b>	<b>155,283</b>	<b>277,670</b>	<b>636,140</b>	<b>688,067</b>	<b>695,067</b>	<b>7,000</b>	<b>1%</b>
<b>Total Expenses</b>								
Unemployment Compensation	13,331	18,104	37,991	48,094	83,000	98,000	15,000	18%
Flexible Benefits	11,173	12,864	13,966	41,564	45,000	45,000	-	0%
Police Expendable Trust	2,065	1,228	-	20,000	20,000	20,000	-	0%
Construction Deposits/Retainage	38,300	27,902	49,743	323,960	325,000	325,000	-	0%
Utility Deposits	42,416	9,912	42,299	58,075	58,000	65,000	7,000	12%
Haller Park Fund	-	-	-	-	-	-	-	0%
Intergovernmental Agency Fund	71,295	33,443	44,192	138,055	168,328	168,328	-	0%
<b>Total Expenses</b>	<b>178,580</b>	<b>103,453</b>	<b>188,191</b>	<b>629,748</b>	<b>699,328</b>	<b>721,328</b>	<b>22,000</b>	<b>3%</b>
<b>Ending Fund Balance</b>								
Unemployment Compensation	32,954	30,666	50,175	63,081	16,979	26,080	9,101	54%
Flexible Benefits	455	2,733	4,602	8,038	2,269	8,038	5,769	254%
Police Expendable Trust	-	-	-	-	-	-	-	0%
Construction Deposits/Retainage	-	35,735	89,945	78,963	29,371	78,963	49,592	169%
Utility Deposits	136,478	148,166	163,379	163,360	174,114	163,360	(10,754)	-6%
Haller Park Fund	37,904	38,332	39,468	39,918	29,786	40,358	10,572	35%
Intergovernmental Agency Fund	5	3,558	1,101	1,702	22,046	12,001	(10,045)	-46%
<b>Ending Fund Balance</b>	<b>207,794</b>	<b>259,192</b>	<b>348,669</b>	<b>355,062</b>	<b>274,565</b>	<b>328,800</b>	<b>54,235</b>	<b>20%</b>



# City of Sequim 2019 Budget

## Community Development

*Facilitating quality development through good design*

### **Vision**

*Sequim will be a thriving and well-managed community,  
now and in the future*

### **Development Services**

*Small town friendly customer  
service, economic development...*

### **Permitting**

*Intake, administration, process  
improvements...*

### **Economic Development**

*Leadership, vision,  
collaboration,  
execution...*

### **Building Inspections & Plan Reviews**

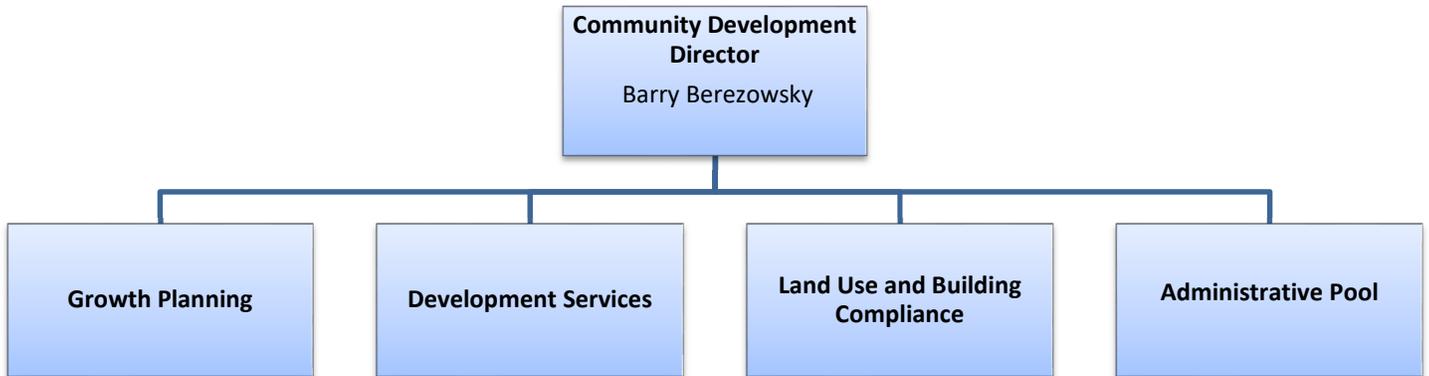
*Compliance,  
efficiency, process  
improvements...*

### **Community Partnerships**

*County-wide  
planning...*

**City of Sequim  
Department Description**

**Department of Community Development**



- Customer service: general planning information and education
- Comprehensive Plan and Future Land Use Map
- Subarea plans and functional planning
- SMC development codes
- Public participation programs
- Land use and demographic databases
- Regional growth coordination and issues
- Annexation program
- Economic development

- Customer Service: permit intake and general information
- Permit administration for land use and building activity
- Building plan review / inspections
- Permit tracking
- Address files
- Site plan review and inspections
- Plan review, permits renewal and fire systems inspections
- SMC, IBC, design standards, and other development codes
- SEPA review
- Process subdivisions

- Code Compliance:
  - Sign Code
  - Zoning violations
- Compliance records
- SMC updates to strengthen compliance
- Residential building inspections / violations
- Land use violations

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.

**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, environmental reviews, and compliance with land use and building codes. Development Services consists of three functions: Current Planning, Building Services, and Compliance. 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 ensure safe occupancy, and approves fire suppression permits. Compliance ensures that development occurs consistent with City plans, codes, and permits issued. Development Services oversees the permit counter which provides information, responds to questions, and takes in permit applications.

The **Administrative Pool** is responsible for second floor reception and administrative support for enhanced customer service.

# City of Sequim Budget Overview

## Department of Community Development Growth Planning / Development Services & Administrative Pool

Barry Berezowsky, Community Development

In 2018/2019, the Director of Community Development assumed responsibility for overseeing Economic Development as well as an Administrative Pool that provides overall support to the Organization.

### 2019 Key Goals

#### *Growth Planning / Development Services*

- ❖ Continue working to update/rewrite the procedural and other development regulations in Titles 18 (Zoning), 17 (Subdivisions), 20 (Procedural) to maintain consistency with new Comprehensive Plan and to make the City's regulatory framework more user friendly
- ❖ Assist the Council with completion of the regional growth planning collaborative process, including ratification of 2015-35 Countywide Planning Policies and 20-year population targets
- ❖ Initiate a discussion with the County to renegotiate the current Service Extension Review Process (SERP) and the existing Urban Growth Area Management Agreement (UGAMA)
- ❖ Continue to improve customer service with technical enhancements to the permit intake lobby and refinements to the new permit software, including permit management, project tracking and connectivity in the field
- ❖ Continue to implement permit process improvements discovered during Lean Academy
- ❖ Provide support to Neighborhood Revitalization, economic development program, affordable housing and other citywide community development initiatives
- ❖ Continue to refine the 2015 Comprehensive Plan
- ❖ Fee increases proposed as part of 2019 budget process
- ❖ Implement the use of a hearings examiner to address land use issues

#### *Administrative Pool*

- ❖ Provide first class service to all City customers who visit the second floor Departments
- ❖ Provide backup to other Departments as necessary to maintain a consistent and high level of service to all customers
- ❖ Continue providing cross training opportunities to ensure all second-floor functions can be managed regardless of staffing

### Key Assumptions

- ❖ Development activity will continue to grow for residential and corollary non-residential development due to continued growth in national and regional economies, stabilization of lending markets, and ongoing media attention to Sequim as a desirable retirement community.
- ❖ Utilization of new development opportunities in the new Comprehensive Plan will generate major residential and non-residential project activity that requires significant staff time to coordinate, review and permit.
- ❖ Staff resources will be expended during the year to integrate the new permit system process improvements and capabilities into everyday operations.
- ❖ Major commercial and institutional projects are anticipated (OMC Cancer Care Center expansion is expected to break ground in 2019) and a new hotel permit is expected to be approved.
- ❖ Possible substantial increase in residential permit activity due to an uptick in preliminary plat activity in 2017 such as Legacy Ridge, Cameron Farm Estates and Jennies' Meadow. In addition, planning is underway for a 100 unit manufactured home park.
- ❖ The addition of 1 FTE Assistant should provide relief to other department employees, freeing up time for increased Code Enforcement/Compliance activities.

## City of Sequim Budget Overview

### 2019 Budget Summary

#### *Growth Planning / Development Services/Administrative Pool*

Budgeted revenues decreased by \$20k or (7%)

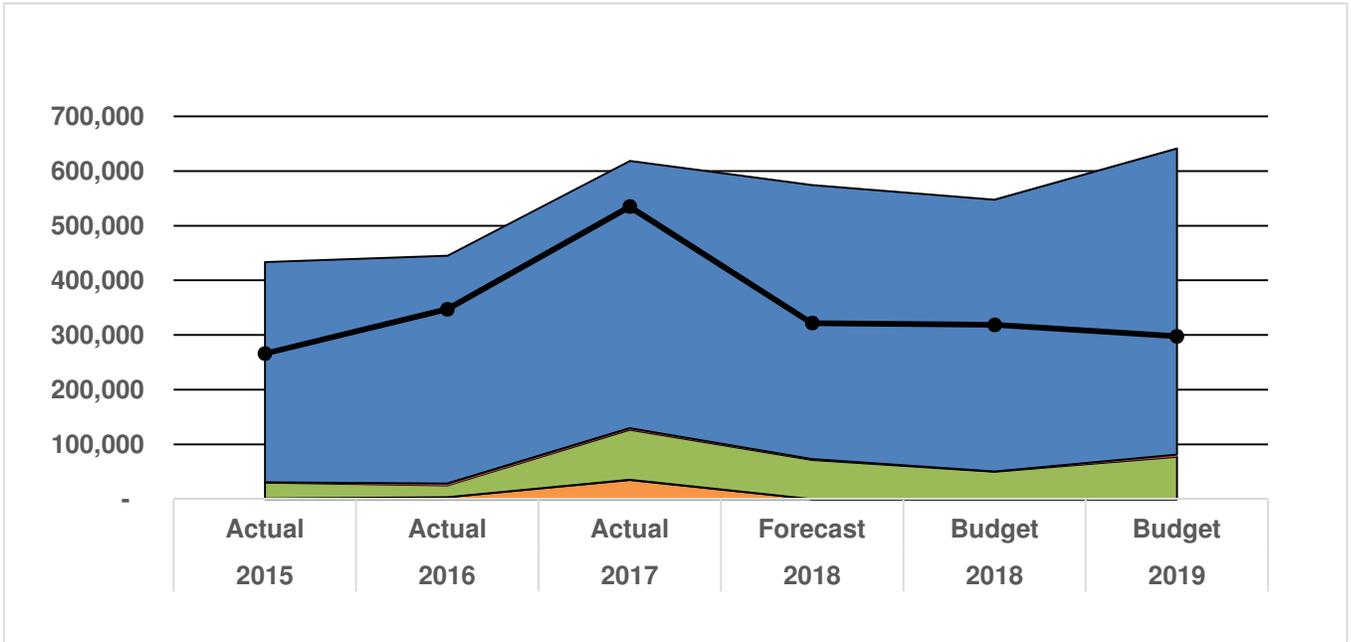
- ❖ Permitting revenues conservatively reflect development activity/growth, but some 2018 development fee revenues have been removed, as they are considered one-time revenues.

Budgeted expenses increased \$94k (17%) due to the following:

- ❖ Salaries and benefits increased by \$63k (13%) due to cost of living adjustments for non-represented staff, bargaining unit contract increases, PERS and Medical increases as well as the addition of 1 FTE Administrative Assistant to the Administrative Pool. The addition of this Assistant will relieve the current DCD Specialist of front counter responsibilities, so she can play a more active role in Code Compliance.
- ❖ Supplies increased by \$4k (1143%) primarily due to the increase in Code Enforcement/Compliance activities expected in 2019.
- ❖ Charges for Goods and Services increased by \$27k (55%) primarily due to the addition of hearings examiner services forecasted for 2019.

**City of Sequim  
2019 Budget  
5-Year Summary**

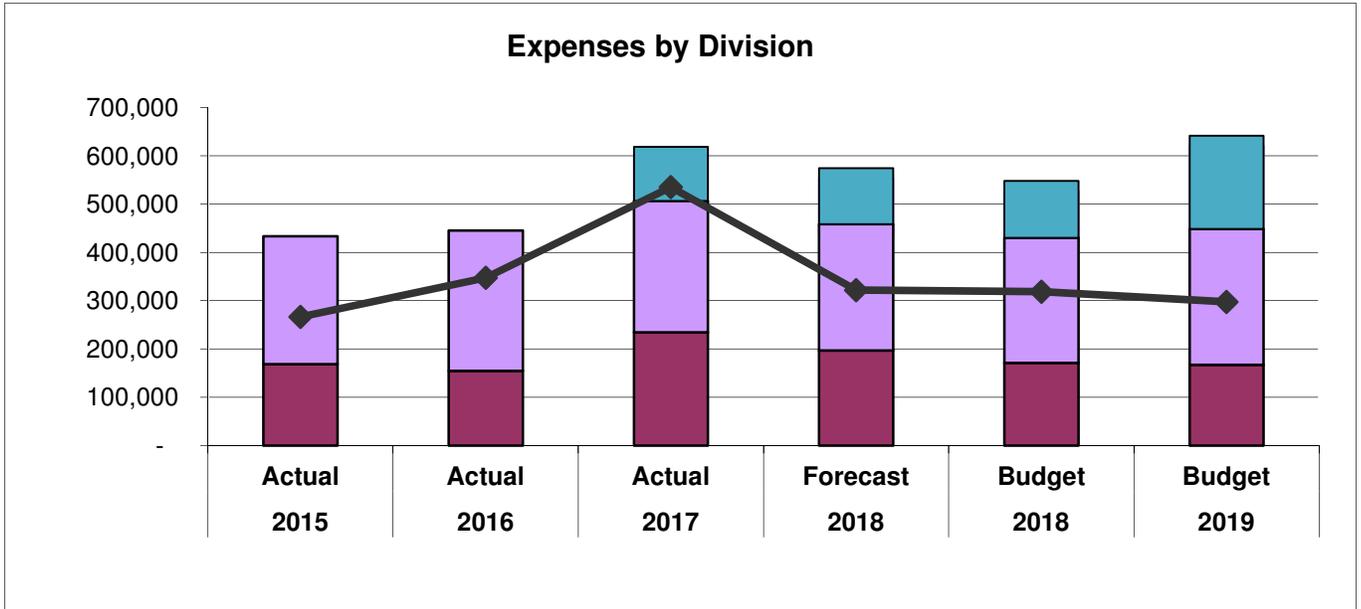
**Department of Community Development**



	2015 Actual	2016 Actual	2017 Actual	2018 Forecast	2018 Budget	2019 Budget	2019-2018 Amount	%
Licenses & Permits	179,266	210,244	397,752	190,758	190,400	198,000	7,600	4%
Intergovernmental	9,000	8,100	16,452	33,548	-	-	-	0%
Goods & Services	77,967	129,073	108,781	97,525	128,246	99,677	(28,569)	-22%
Misc Income			12,000	-	-	-	-	0%
<b>◆◆◆ Total Revenues</b>	<b>266,233</b>	<b>347,417</b>	<b>534,985</b>	<b>321,831</b>	<b>318,646</b>	<b>297,677</b>	<b>(20,969)</b>	<b>-7%</b>
Salaries & Benefits	403,108	416,877	488,869	501,082	497,418	560,107	62,689	13%
Operating Supplies	299	3,879	3,002	1,876	350	4,350	4,000	1143%
Charges for Services	29,203	21,540	91,520	71,387	49,920	77,145	27,225	55%
Transfers (Equip Reserve)	915	3,000	35,000	-	-	-	-	0%
<b>Total Expenses *</b>	<b>433,525</b>	<b>445,296</b>	<b>618,391</b>	<b>574,345</b>	<b>547,688</b>	<b>641,602</b>	<b>93,914</b>	<b>17%</b>

**City of Sequim  
2019 Budget  
Other Information**

**Department of Community Development  
Administrative Pool**



	2015 Actual	2016 Actual	2017 Actual	2018 Forecast	2018 Budget	2019 Budget	2019-2018 Amount	%
<b>Revenues</b>								
Development Services	256,571	339,318	505,158	288,283	318,646	297,677	(20,969)	-7%
Admin Pool	-	-	-	-	-	-	-	0%
Growth Planning	9,662	8,100	29,827	33,548	-	-	-	0%
◆◆◆ <b>Total Revenues</b>	<b>266,233</b>	<b>347,418</b>	<b>534,985</b>	<b>321,831</b>	<b>318,646</b>	<b>297,677</b>	<b>(20,969)</b>	<b>-7%</b>
<b>Expenses</b>								
Development Services	264,924	290,681	271,898	261,766	259,357	281,233	21,876	8%
Admin Pool	-	-	111,990	115,832	117,462	193,049	75,587	64%
Growth Planning	168,601	154,616	234,503	196,747	170,869	167,320	(3,549)	-2%
<b>Total Community Development Services</b>	<b>433,525</b>	<b>445,297</b>	<b>618,391</b>	<b>574,345</b>	<b>547,688</b>	<b>641,602</b>	<b>93,914</b>	<b>17%</b>

# City of Sequim 2019 Budget

## Police Department

*Partnering with our community in preserving the peace and reducing incidence of crime for everyone who lives, works and visits*

### **Vision**

*We will continually contribute to the safest possible environment by*

**Living our core values**

**Being proactive and highly productive**

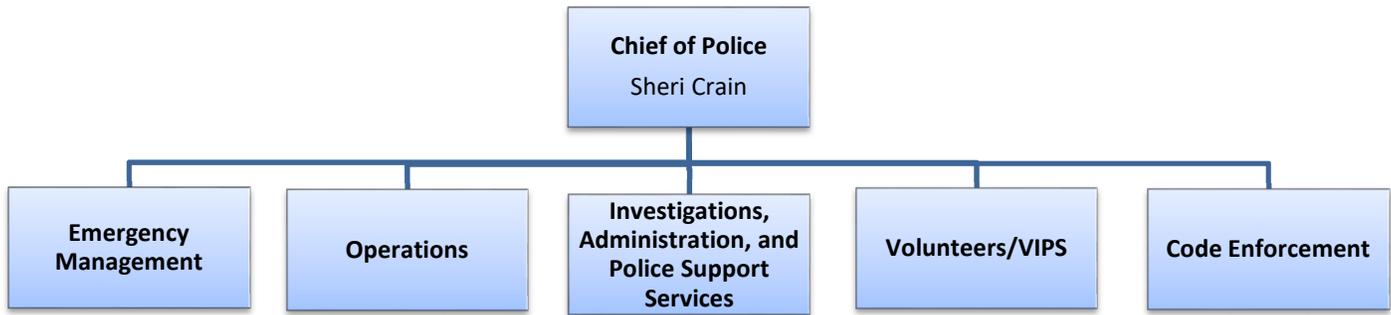
**Demonstrating effective leadership at all levels**

**Encouraging creative problem solving**

**Adapting to changing community needs and environment**

# City of Sequim Department Description

## Police Department



- |                                                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                        |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>▪ Patrol/911 Response</li> <li>▪ Investigations</li> <li>▪ Training</li> <li>▪ K-9 Unit</li> <li>▪ Reserve Unit</li> <li>▪ WSP Target Zero partner</li> <li>▪ Animal Control</li> <li>▪ Code Enforcement</li> <li>▪ Crime Prevention</li> </ul> | <ul style="list-style-type: none"> <li>▪ Crime Investigation</li> <li>▪ Regional Drug Team</li> <li>▪ Sex Offender Checks</li> <li>▪ Budget</li> <li>▪ Customer Service</li> <li>▪ Licensing, Permits and Fingerprints</li> <li>▪ Personnel Administration</li> <li>▪ Professional Accountability</li> <li>▪ Records</li> <li>▪ Communications</li> <li>▪ Property and Evidence</li> <li>▪ Crime Data Reports</li> </ul> | <ul style="list-style-type: none"> <li>▪ Project Lifesaver</li> <li>▪ Block Watch</li> <li>▪ Business Watch</li> <li>▪ Front Office Support</li> <li>▪ Vacation House Check</li> <li>▪ Child Car Seat Safety</li> <li>▪ Pawnshop Detail</li> <li>▪ Chaplain</li> </ul> |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

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 offenders; and emergency management and preparation. The Department coordinates investigations and law enforcement operations with other jurisdictions and agencies.

Additionally, the **Support Services** front counter offers animal licensing, weapons permitting and transfers, fingerprinting, records retrieval, incident reports, vacation check requests and public records requests. Support Services added a third Records Specialist in 2018, smoothing out the workload and making that function more effective.

Code Enforcement was brought into the Police Department in 2017 to better align enforcement activities within the City. In 2018, the City worked with an ICMA leadership group to evaluate the City's state of code enforcement. In 2019, the Code Enforcement Officer will remain within the Police Department while the City moves forward with plans to address suggestions and recommendations from that analysis.

The 2019 budget adds a sworn Officer position, bringing the Department to twenty sworn Officers (20 FTE) and one Code Enforcement Officer. The additional Officer position allows the Police Department to keep pace with growth in our City, calls for service and requests for assistance and services. Additionally, the Department continues to benefit from a volunteer Reserve Officer Program (though we currently have only one active Reserve Officer). The Department also benefits from an active group of more than 20 civilian volunteers who assist the Department's efforts and provide enhanced public safety programs.

# City of Sequim Budget Overview

## Police Department Sheri Crain, Chief of Police

### 2019 Key Goals

The Police Department has several goals for 2019 reflecting ongoing City Council priorities and initiatives to include issues identified in the Department's Strategic Plan.

- ❖ Conduct a mass casualty/Active Shooter drill in collaboration with the Sequim School District, Fire District 3, Clallam County Sheriff's Department and other regional partners
- ❖ Complete an updated City of Sequim Comprehensive Emergency Management Plan (CEMP)
- ❖ Provide enhanced and improved delivery of Police services, including proactive policing, crime prevention and code enforcement to the community within the City-wide Neighborhood plan being developed for 2019
- ❖ Continued engagement with regional partners and service providers in the areas of homelessness, mental illness and substance abuse

### 2019 Budget Summary

Overall, the police budget for 2019 increased from the prior year by \$147k or 5%. Salary and benefit expenses reflect a \$205k (8%) increase due to contractual wage and step increases plus the cost of health insurance and retirement benefits. State mandated costs continue to increase, including Labor and Industries Industrial Insurance and LEOFF (Law Enforcement Officers and Fire Fighters Retirement System) contributions. Additional impacts to salary and benefit costs are due to the addition of one Police Officer FTE which allows the Department to keep up with growth, workload indicators and service delivery expectations.

The Department has already met the timeline to comply with the mandate for Crisis Intervention Training under RCW 43.101.427. This training is "designed to provide tools and resources to full-time, general authority Washington peace officers in order to respond effectively to individuals who may be experiencing an emotional, mental, physical, behavioral, or chemical dependency crisis, distress, or problem and that are designed to increase the safety of both law enforcement and individuals in crisis". As of 2018, all Commissioned Officer staff has met the standards required within the law by 2021. Ongoing, annual refresher training will begin in 2019.

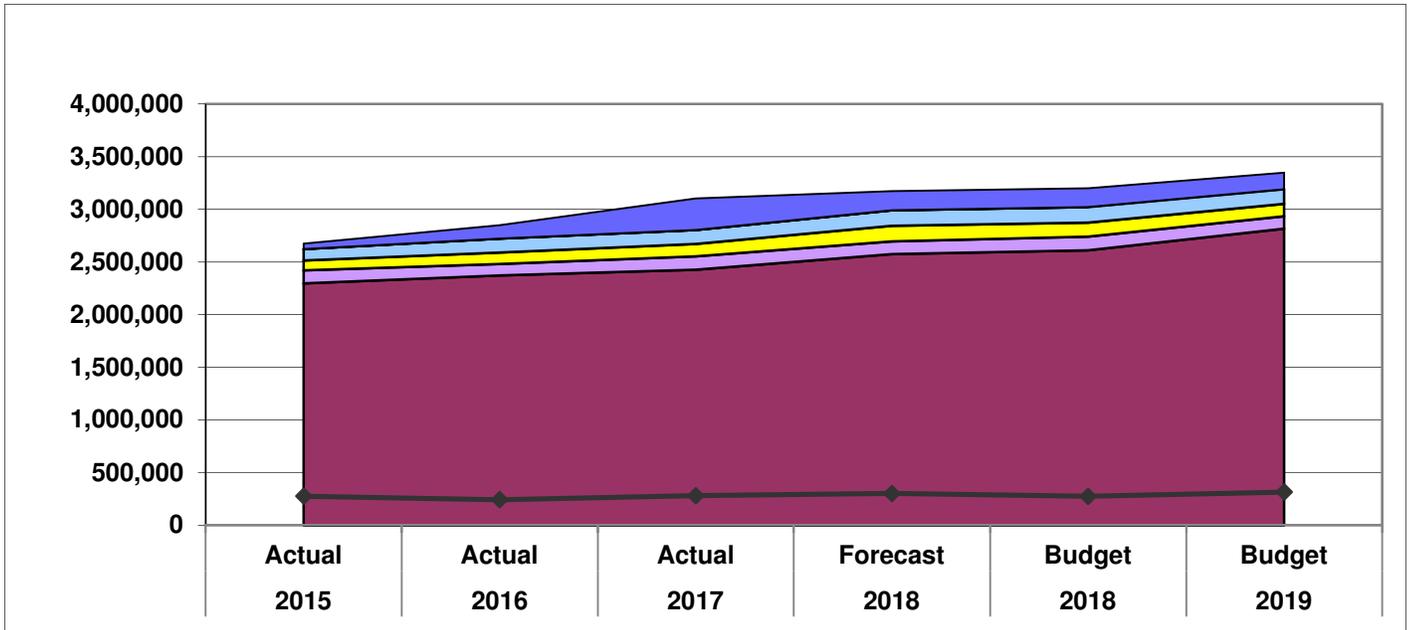
In 2018, the City worked with an International City/County Management Association (ICMA) leadership group to evaluate code compliance and enforcement in the City. In 2019, the Code Enforcement Officer will remain within the Police Department while the City moves forward with plans to address suggestions and recommendations from that analysis.

The Sequim School District continues to share salary and benefit expenses as part of the School Resource Officer (SRO) grant agreement.

The Police Department continues its participation in the Olympic Peninsula Narcotics Enforcement Task Force (OPNET).

**City of Sequim  
2018 Budget  
5-Year Summary**

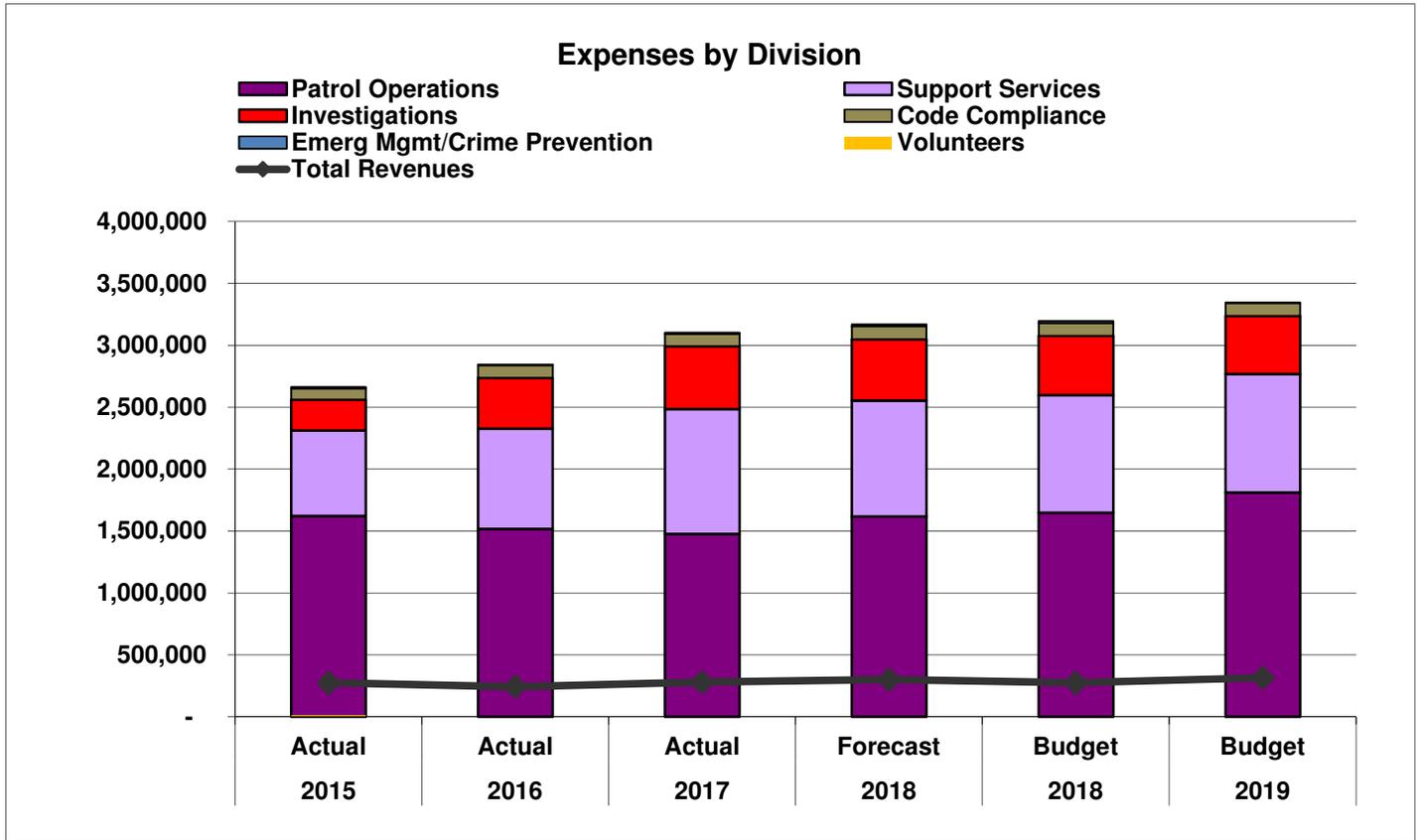
**Police Department**



	2015	2016	2017	2018	2018	2019	2019-2018	
Revenues	Actual	Actual	Actual	Forecast	Budget	Budget	Amount	%
Taxes	95,878	102,382	108,394	108,557	104,924	114,130	9,206	9%
Licenses & Permits	4,587	4,577	4,054	5,508	4,637	7,350	2,713	59%
Intergov't'l Revenues	108,990	104,927	119,410	126,563	110,884	139,499	28,615	26%
Goods & Services	13,871	19,259	40,520	49,235	48,185	47,425	(760)	-2%
Fines & Forfeits	47,211	3,765	496	36	-	-	-	0%
Miscellaneous Revenue	4,500	7,500	6,460	10,976	6,000	6,000	-	0%
<b>Total Revenues</b>	<b>275,037</b>	<b>242,410</b>	<b>279,334</b>	<b>300,875</b>	<b>274,630</b>	<b>314,404</b>	<b>39,774</b>	<b>14%</b>

Expenses	2015	2016	2017	2018	2018	2019	2019-2018	
	Actual	Actual	Actual	Forecast	Budget	Budget	Amount	%
Salaries & Benefits	2,295,661	2,372,594	2,425,155	2,575,589	2,611,906	2,816,835	204,929	8%
Operating Supplies	125,770	107,517	128,054	119,145	128,209	116,260	(11,949)	-9%
Charges for Services	92,718	111,016	117,725	147,640	133,037	118,757	(14,280)	-11%
Intergovernmental	107,782	132,275	133,125	149,311	148,000	140,001	(7,999)	-5%
Capital (Equip > \$7,500)	-	-	-	-	-	-	-	0%
Transfers (Equipment Reserve)	53,226	125,000	300,000	180,000	180,000	156,700	(23,300)	-13%
<b>Total Expenses</b>	<b>2,675,157</b>	<b>2,848,402</b>	<b>3,104,059</b>	<b>3,171,685</b>	<b>3,201,152</b>	<b>3,348,553</b>	<b>147,401</b>	<b>5%</b>

**City of Sequim  
2019 Budget  
Other Information**



	2015	2016	2017	2018	2018	2019	2019-2018	
	Actual	Actual	Actual	Forecast	Budget	Budget	Amount	%
<b>Revenues</b>								
Taxes	95,878	102,382	108,394	108,557	104,924	114,130	9,206	9%
Licenses & Permits	4,587	4,577	4,054	5,508	4,637	7,350	2,713	59%
Intergov't'l Revenues	108,990	104,927	119,410	126,563	110,884	139,499	28,615	26%
Goods & Services	13,871	19,259	40,520	49,235	48,185	47,425	(760)	-2%
Fines & Forfeits	47,211	3,765	496	36	-	-	-	0%
Miscellaneous Revenue	4,500	7,500	6,460	10,976	6,000	6,000	-	0%
<b>Total Revenues</b>	<b>275,037</b>	<b>242,410</b>	<b>279,334</b>	<b>300,875</b>	<b>274,630</b>	<b>314,404</b>	<b>39,774</b>	<b>14%</b>
<b>Expenses</b>								
Support Services	689,681	809,292	1,007,801	935,420	948,971	957,004	8,033	1%
Volunteers	11,853	3,577	3,227	4,421	5,254	4,503	(751)	-14%
Code Compliance	88,280	100,786	99,871	103,264	103,784	103,916	132	0%
Patrol Operations	1,621,224	1,518,189	1,476,876	1,617,235	1,647,463	1,810,713	163,250	10%
Investigations	251,439	410,208	506,878	496,381	479,173	468,909	(10,264)	-2%
Emerg Mgmt/Crime Prevention	12,680	6,350	9,407	14,964	16,507	3,508	(12,999)	-79%
<b>Total Expenses</b>	<b>2,675,157</b>	<b>2,848,402</b>	<b>3,104,060</b>	<b>3,171,685</b>	<b>3,201,152</b>	<b>3,348,553</b>	<b>147,401</b>	<b>5%</b>

**City of Sequim  
Department Description**

**Police Restricted Fund  
Police Asset Seizure Fund**

**Chief of Police**  
Sheri Crain

**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)
- Public Safety Tax collection and transfers
- Emergency Human Services funding
- Chaplaincy fund

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 state 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 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 Sheri Crain, Chief of Police

### 2019 Key Goals

- ❖ Utilize donated funds for their dedicated purposes, to include: K-9 program support, Project Lifesaver, Emergency Human Services, Police Asset Seizure Fund, and volunteer activities such as Child Car Seat inspections, Chaplaincy etc.
- ❖ Apply asset seizure funds towards needed officer safety and investigative equipment purchases
- ❖ Transfer available Public Safety Tax to Debt Service Fund for bond payments

### 2019 Budget Summary

#### *Police Restricted Fund*

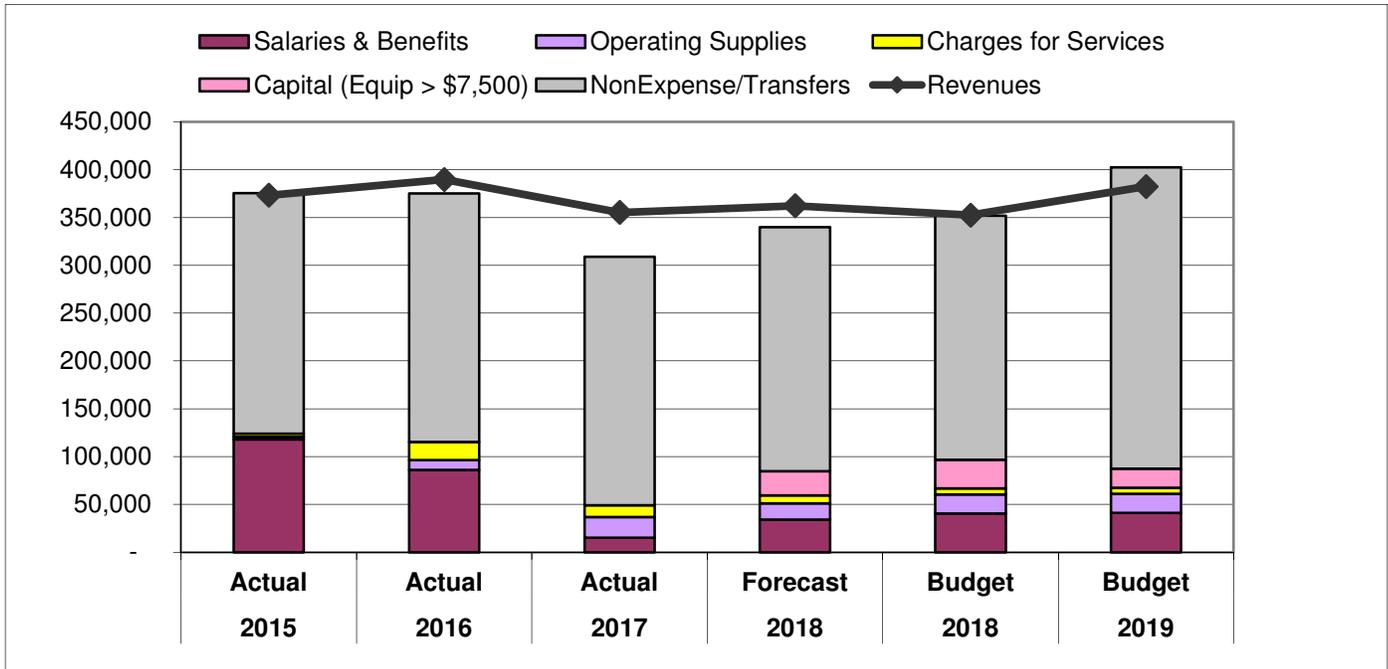
- ❖ The Police Restricted budget reflects grant money and donations that are linked to specific purposes and programs. Donated monies within the Police Restricted fund are earmarked by donors to support a multitude of police department programs, such as our K-9 program, Project Lifesaver, Emergency Human Services and volunteer-supported activities such as child car seat inspections and Chaplaincy. Expenses in the fund are determined by available grant money.
- ❖ The voter-approved Public Safety Sales Tax revenue is reflected in the restricted fund and will continue to be utilized for Police Center-related debt. Transfers out for debt service exceed the prior year budget by \$60k due to increasing sales tax receipts, which we consider one-time revenue but which we choose to transfer to debt service for future prepayment of debt.

#### *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  
2019 Budget  
5-Year Summary**

**Police Restricted & Asset Seizure**



	2015	2016	2017	2018	2018	2019	2019-2018	
	Actual	Actual	Actual	Forecast	Budget	Budget	Amount	%
<b>Beginning Fund Balance</b>								
Police Restricted	65,562	61,407	74,606	120,704	90,841	142,873	52,032	57%
Police Asset Seizure	27,974	29,664	31,105	31,227	33,964	31,534	(2,430)	-7%
<b>Beginning Fund Balance</b>	<b>93,536</b>	<b>91,071</b>	<b>105,711</b>	<b>151,931</b>	<b>124,805</b>	<b>174,407</b>	<b>49,602</b>	<b>40%</b>
<b>Revenues</b>								
<b>Taxes</b>	251,129	266,621	292,151	283,454	263,176	293,176	30,000	11%
<b>Intergovernmental</b>	89,157	64,528	46,374	44,955	51,051	51,051	-	0%
<b>Goods &amp; Services</b>	10,381	15,522	8,044	6,867	10,000	10,000	-	0%
<b>Other Miscellaneous</b>	3,270	41,934	8,598	7,010	8,174	8,174	-	0%
<b>NonRevenues / Financing</b>	19,348	1,105	-	20,000	20,000	20,000	-	0%
<b>Revenues</b>	<b>373,285</b>	<b>389,710</b>	<b>355,167</b>	<b>362,286</b>	<b>352,401</b>	<b>382,401</b>	<b>30,000</b>	<b>9%</b>
<b>Expenses</b>								
<b>Salaries &amp; Benefits</b>	117,961	85,957	15,199	34,100	40,482	41,179	697	2%
<b>Operating Supplies</b>	2,499	10,374	21,580	16,981	19,702	19,702	-	0%
<b>Charges for Services</b>	3,454	18,964	12,169	8,157	6,500	6,500	-	0%
<b>Capital (Equip &gt; \$7,500)</b>			0	25,542	30,000	20,000	(10,000)	-33%
<b>NonExpense/Transfers</b>	251,576	260,000	260,000	255,000	255,000	315,000	60,000	24%
<b>Total Expenses</b>	<b>375,490</b>	<b>375,295</b>	<b>308,948</b>	<b>339,780</b>	<b>351,684</b>	<b>402,381</b>	<b>50,697</b>	<b>14%</b>
<b>Surplus/(Deficit)</b>	<b>(2,205)</b>	<b>14,415</b>	<b>46,219</b>	<b>22,506</b>	<b>717</b>	<b>(19,980)</b>	<b>(20,697)</b>	<b>-2887%</b>
<b>Ending Fund Balance</b>								
Police Restricted	61,377	74,915	120,704	147,925	101,284	122,619	21,335	21%
Police Asset Seizure	29,664	31,105	31,227	29,045	24,238	31,808	7,570	31%
<b>Ending Fund Balance</b>	<b>91,041</b>	<b>106,020</b>	<b>151,930</b>	<b>174,437</b>	<b>125,522</b>	<b>154,427</b>	<b>28,905</b>	<b>23%</b>

# City of Sequim 2019 Budget

## Public Works

***Building community by maintaining and enhancing the City's infrastructure***

### **Vision**

*Sequim is a destination...  
a place where people want to live, work and visit*

### **Capital Facilities**

*Preservation of publicly owned facilities and  
planning wisely for the future...*

### **Stormwater**

*Stewardship over  
water, air, habitat...*

### **Streets**

*Carry out and fund  
the transportation  
plan...*

### **Parks**

*Develop, maintain  
and coordinate for  
maximum use by the  
public...*

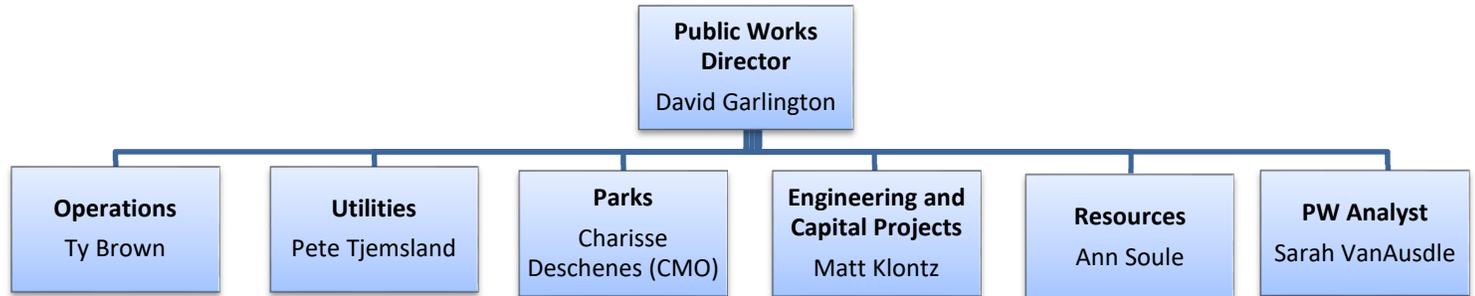
### **Utilities**

*Reduce recyclables  
and solid waste,  
increase availability  
of broadband,  
alternative energy...*



# City of Sequim Department Description

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



- |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                                                                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>▪ Streets and Stormwater Maintenance and Repair</li> <li>▪ Right of Way Landscaping</li> <li>▪ Safety</li> <li>▪ Lighting</li> <li>▪ Traffic Signals</li> <li>▪ Traffic Signs</li> <li>▪ Sidewalks</li> <li>▪ Snow and Ice Control</li> <li>▪ Striping and Traffic Controls</li> <li>▪ Facilities Management</li> <li>▪ Janitorial Service</li> <li>▪ Parks Operations</li> <li>▪ Water and Sewer Operations</li> <li>▪ Utility Locates</li> </ul> | <ul style="list-style-type: none"> <li>▪ Water Supply and Distribution</li> <li>▪ Water Rights Management</li> <li>▪ Sewer Collections</li> <li>▪ Sewerage Systems</li> <li>▪ Water Reclamation Facility (WRF)</li> <li>▪ Reclaimed Water and Biosolids Distribution</li> <li>▪ Industrial Pre-Treatment</li> <li>▪ Radio Communication</li> <li>▪ Emergency Management Logistics</li> </ul> | <ul style="list-style-type: none"> <li>▪ Coordinate Park Docents</li> <li>▪ Parks Board Liaison</li> <li>▪ Parks Master Planning</li> <li>▪ Donations</li> </ul> | <ul style="list-style-type: none"> <li>▪ Project Management</li> <li>▪ Construction Management</li> <li>▪ GIS</li> <li>▪ Engineering Design</li> <li>▪ Storm and Surface Water Management</li> <li>▪ Traffic Engineering</li> <li>▪ Development Reviews</li> <li>▪ Grants and Loans</li> <li>▪ Site Construction Inspections</li> <li>▪ Capital Improvement Program</li> <li>▪ Emergency Management Operations</li> </ul> | <ul style="list-style-type: none"> <li>▪ Stormwater Management and Compliance</li> <li>▪ Water Rights Management</li> <li>▪ Reclaimed Water Utilization Management</li> <li>▪ Natural Resource Sustainability</li> <li>▪ Citywide Grant and Loan Applications and Admin.</li> <li>▪ Governmental Tribal/Public Resource Liaison</li> </ul> | <ul style="list-style-type: none"> <li>▪ Budget Prep and Compliance</li> <li>▪ Capital Projects Tracking</li> <li>▪ Contract Administration</li> <li>▪ Purchasing and Acquisition</li> <li>▪ Grant and Loan Management</li> <li>▪ Utility Rate and Fee Review</li> <li>▪ Fiscal Data Analysis</li> <li>▪ Fleet Management</li> <li>▪ General Administrative Services</li> <li>▪ Purchasing Administration</li> <li>▪ Finance Dept. Liaison</li> </ul> |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

# City of Sequim Budget Overview

## Public Works Administration and Operations David Garlington, Public Works Director

The **Public Works Department** provides and maintains the infrastructure, facilities and services that meet the needs of the City of Sequim and comply with 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, administers grant and loan 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 building repairs, maintenance, and janitorial services for all City owned properties and the Clallam Transit Center. Facilities' staff also manages the community clean-up events, including "Rally in the Alley".

The **Parks Division** is responsible for the 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 117 acres. The City also maintains approximately 4 miles of asphalt trail system located in the City of Sequim. In addition to the Carrie Blake Park complex, the City maintains the relatively undeveloped Keeler and Gerhardt Parks as well as several smaller parks scattered throughout the City. The Parks Division also coordinates with community groups who provide scheduling and some maintenance of various park play and leisure areas.

**Engineering** provides design and project management services for general Public Works, Street, Water, and Sewer Capital Projects, Capital Facilities, other City departments, and responds to questions from 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 inventory control, maintenance, and decision making for the supported departments.

### 2019 Key Goals

- ❖ Focus on the success of City Council Goals:
  - Revise the PW portions of the Municipal Code to promote economic development and a high quality of life
  - Reduce recyclables and food waste going to landfills
  - Invest in transportation infrastructure and equipment to reduce carbon emissions
  - Develop and implement a strategy that increases use of solar as an alternative energy
  - Develop a strategy to expand broadband availability
- ❖ Continue to foster working partnerships with local and regional governmental entities and other private organizations
- ❖ Continuous improvement of employee safety practices and meaningful safety training
- ❖ Manage employee succession to capture institutional knowledge
- ❖ Development of long-term water sources and rights
  
- ❖ PW Administration - Simplify purchasing compliance with efficiencies and interlocal purchasing cooperatives
- ❖ PW Administration – Increase employee training and development
- ❖ PW Administration – Continue development of the fleet services operation
- ❖ PW Administration – Expand, strengthen and automate the PW asset management program
- ❖ PW Administration – Increase level of contract administration support for additional grants, loans, and City-administered capital projects
- ❖ PW Administration – Increase lobbying efforts related to the 101 Corridor's safety and mobility issues

## City of Sequim Budget Overview

- ❖ Facilities - Continue City shop property improvements such as a fueling station that will accommodate day to day as well as emergency needs
- ❖ Parks – Complete the final phase of improvements to Guy Cole—completion of break-out rooms
- ❖ Parks – Plant trees and develop park amenities such as ponds and paths
- ❖ Engineering – Provide timely support and standards for development reviews
- ❖ Engineering – Deliver on time and economical capital projects
- ❖ Engineering – Continue development of in-house design capabilities
- ❖ Engineering – Increase GIS capabilities and support to all City departments

### 2018 Budget Summary

#### *Facilities*

- ❖ The Facilities Budget increased by \$10k (3%) in 2019. Most of this is comprised of additional utility and maintenance expenses related to the Guy Cole Convention Center rentals, and additional Civic Center maintenance services, offset by the removal of a \$5k wash bay ventilation system that existed in the 2018 budget.

#### *Engineering*

- ❖ The Engineering budget has increased about \$28k (5%) in 2019. This change is due to the addition of a full time Associate Engineer and half of an Administrative Assistant offset by a reduction in development review expenses of \$30k and the removal of a Pavement Condition Index Study of \$20k from the 2018 budget. The new Associate Engineer will fulfill a critical element of the engineering team by allowing additional in-house design and construction management functionality, ultimately saving money for capital projects by reducing the level of consultants needed to complete projects. The additional half Administrative Assistant is not a new position, but a shift from the PW Administrative budget to Engineering, reflecting time expended on administering grant and loan funding related to capital projects. Almost all of these engineering costs are allocated out to the Capital Projects, ultimately reducing the final cost of the project.

#### *Parks*

- ❖ The total Parks budget increased \$39k (19%) in 2019. Salaries and benefits increased by \$34k due to a shift in documented activities by FTE and cost of living increases. Parks supplies increased approximately \$6k, reflecting the 2018 trend of increased effort in the upkeep and maintenance of park facilities.

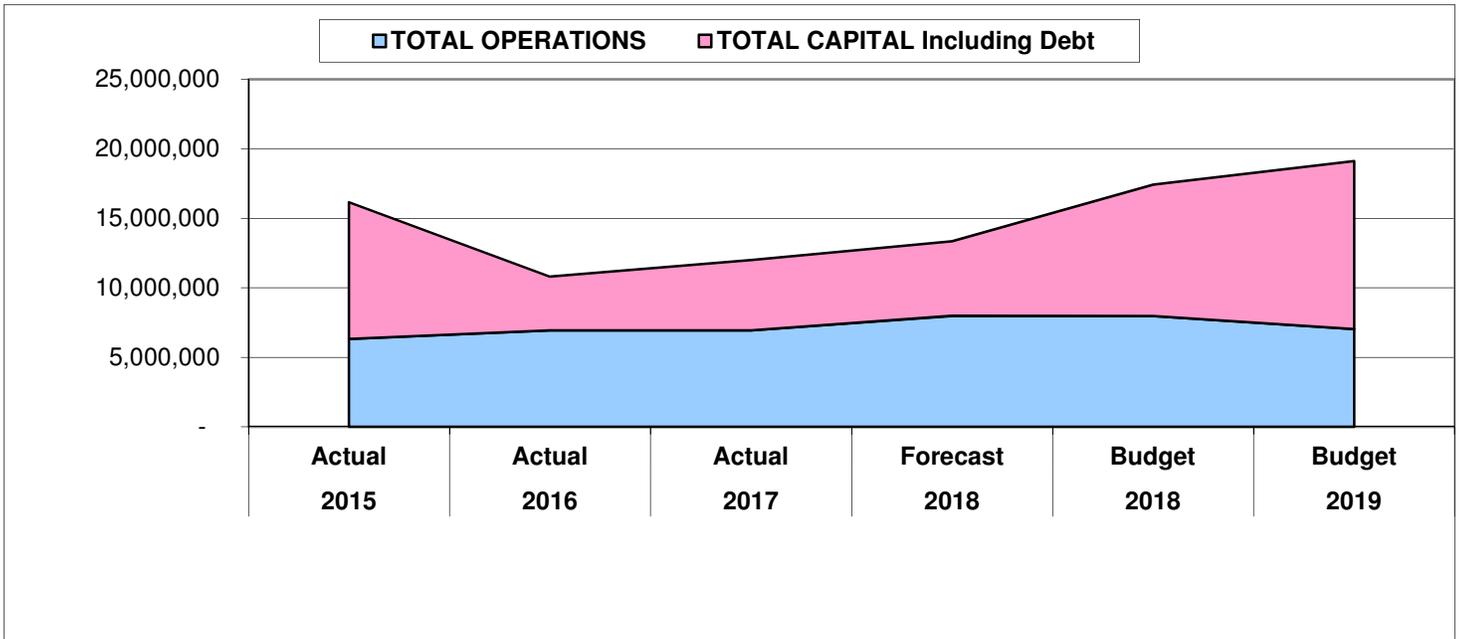
#### *PW Administration*

- ❖ Salaries and benefits in the PW Administrative budget have increased \$123k. This is due to the addition of a Project Maintenance Worker, and additional .25 FTE reflecting the shift from Administrative Pool oversight to 100% PW Administration for the PW Financial Analyst. There are various shifts of Administrative and Financial personnel between departments to reflect the area in which effort is expended. Supplies increased about \$10k (\$5k for fuel expenses) and some additional specific requests for tools. Maintenance services were reduced about \$3k per 2018 trend. Professional services increased by \$36k to accommodate a lobbyist for the 101 Corridor safety and mobility issues.

Overall the General Fund element of the Public Works budget has increased \$236k (14%) for 2019. This is a combined result of reallocation of salaries per documented time tracking, and the addition of a Project Maintenance Worker and Associate Engineer and restoration of the PW Analyst to 100% Public Works. The salary of the Project Maintenance worker is allocated to the various funds depending on expense activity, as is most of the PW Administrative staff, and the salary of the Associate Engineer is charged to capital projects via the allocation process. Public Works staff is dedicated to supporting Council Vision and Goals of creating a connected community as the cultural and civic heart of the Sequim-Dungeness Valley.

**City of Sequim  
2019 Budget  
5-Year Summary**

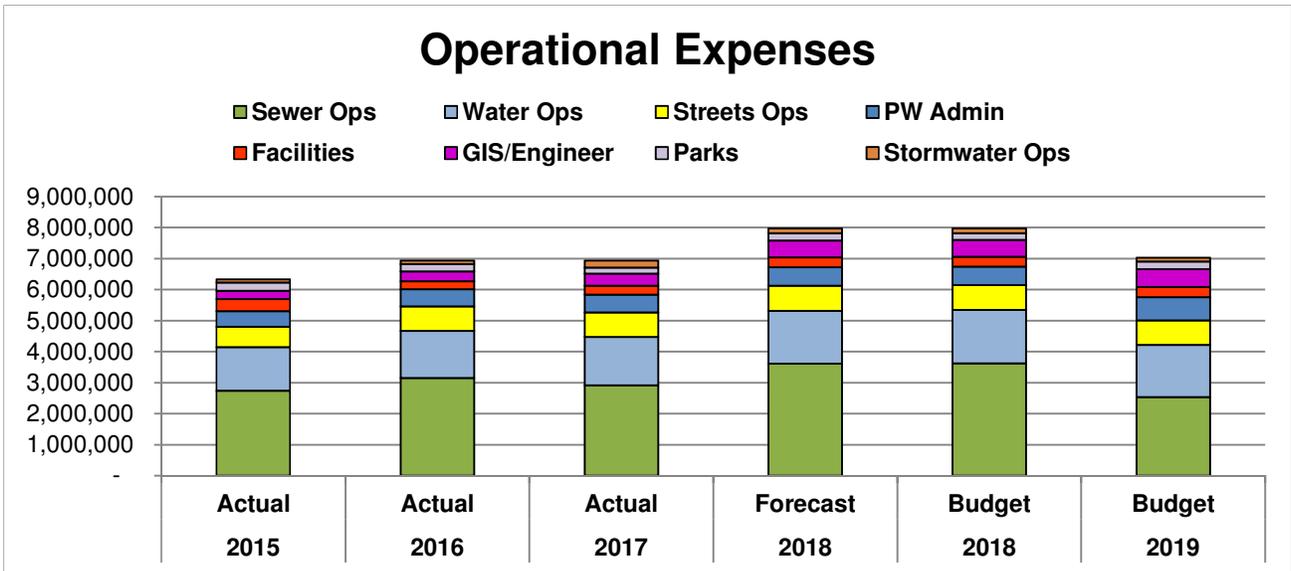
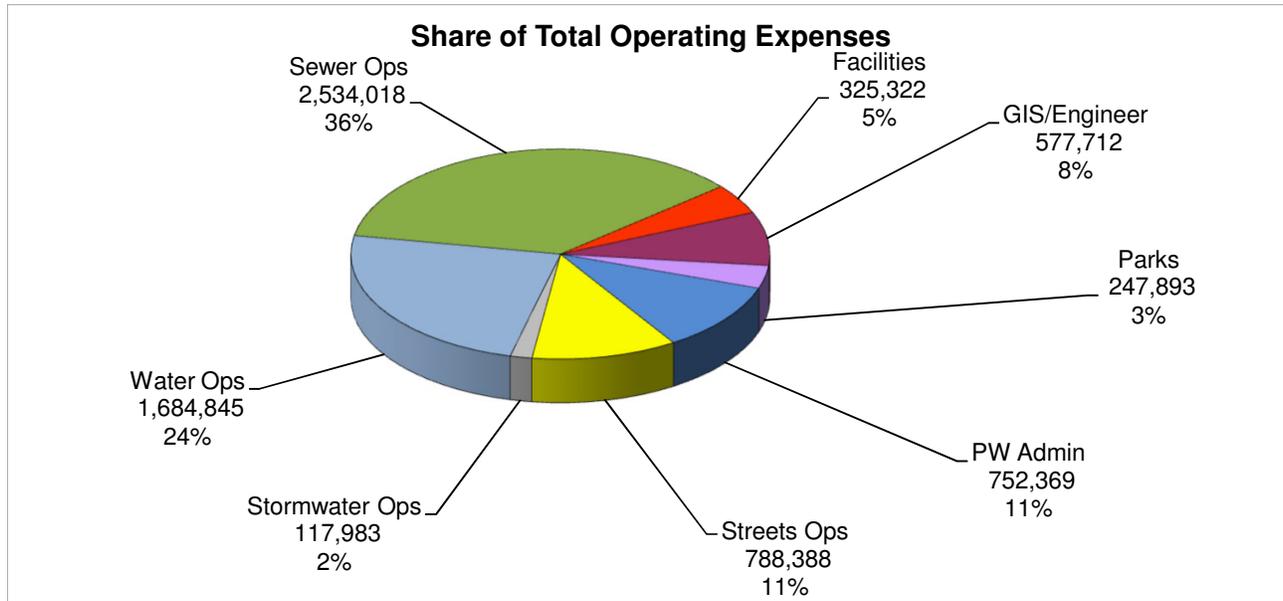
**PW Admin, Streets, Parks, Capital Facilities, Water, Sewer, Stormwater & Solid Waste  
Operations and Capital Projects**



EXPENSES	2015 Actual	2016 Actual	2017 Actual	2018 Forecast	2018 Budget	2019 Budget	2019-2018 Amount	%
Facilities	389,480	257,574	294,182	316,675	315,567	325,322	9,755	3%
GIS/Engineer	260,837	322,679	388,397	541,747	549,616	577,712	28,096	5%
Parks	276,571	233,087	194,776	242,477	208,687	247,893	39,206	19%
PW Admin	501,870	548,616	575,053	593,294	593,184	752,369	159,185	27%
<b>SubTotal</b>	<b>1,428,758</b>	<b>1,361,956</b>	<b>1,452,408</b>	<b>1,694,193</b>	<b>1,667,054</b>	<b>1,903,296</b>	<b>236,242</b>	<b>14%</b>
Streets Ops	664,049	790,664	782,984	807,598	805,445	788,388	(17,057)	-2%
Stormwater Ops	92,825	107,676	221,117	155,840	155,988	117,983	(38,005)	-24%
<b>SubTotal</b>	<b>756,874</b>	<b>898,340</b>	<b>1,004,101</b>	<b>963,438</b>	<b>961,433</b>	<b>906,371</b>	<b>(55,062)</b>	<b>-6%</b>
Water Ops	1,402,310	1,518,090	1,567,283	1,707,043	1,724,069	1,684,845	(39,224)	-2%
Sewer Ops	2,739,388	3,155,723	2,910,943	3,613,574	3,621,861	2,534,018	(1,087,843)	-30%
<b>SubTotal</b>	<b>4,141,698</b>	<b>4,673,813</b>	<b>4,478,226</b>	<b>5,320,617</b>	<b>5,345,930</b>	<b>4,218,863</b>	<b>(1,127,067)</b>	<b>-21%</b>
<b>TOTAL OPERATIONS</b>	<b>6,327,330</b>	<b>6,934,109</b>	<b>6,934,735</b>	<b>7,978,248</b>	<b>7,974,417</b>	<b>7,028,530</b>	<b>(945,887)</b>	<b>-12%</b>
Streets	973,446	537,228	1,333,898	1,716,288	3,304,394	2,964,401	(339,993)	-10%
Stormwater	296,373	61,142	-	13,620	175,430	363,184	187,754	107%
Parks Restricted	159,039	561,071	626,886	370,655	727,355	144,408	(582,947)	-80%
Haller Park	-	-	-	-	-	-	-	0%
Capital Facilities	6,929,742	79,506	823,744	239,097	104,391	415,743	311,352	298%
Water	337,823	348,235	914,495	953,505	2,296,260	1,644,951	(651,309)	-28%
Sewer	1,134,562	2,279,544	1,362,516	2,068,429	2,824,895	6,550,020	3,725,125	132%
<b>TOTAL CAPITAL Including Debt</b>	<b>9,830,985</b>	<b>3,866,726</b>	<b>5,061,539</b>	<b>5,361,594</b>	<b>9,432,725</b>	<b>12,082,707</b>	<b>2,649,982</b>	<b>28%</b>
<b>Total Expenses BEFORE Transfers</b>	<b>16,158,315</b>	<b>10,800,835</b>	<b>11,996,274</b>	<b>13,339,842</b>	<b>17,407,142</b>	<b>19,111,237</b>	<b>1,704,095</b>	<b>10%</b>
NonExpense/Transfers	5,505,566	3,980,560	3,037,945	4,504,148	4,463,098	6,479,805	2,016,707	45%
<b>Total Expenses Including Transfers</b>	<b>21,663,881</b>	<b>14,781,395</b>	<b>15,034,219</b>	<b>17,843,990</b>	<b>21,870,240</b>	<b>25,591,042</b>	<b>3,720,802</b>	<b>17%</b>

**City of Sequim  
2019 Budget**

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



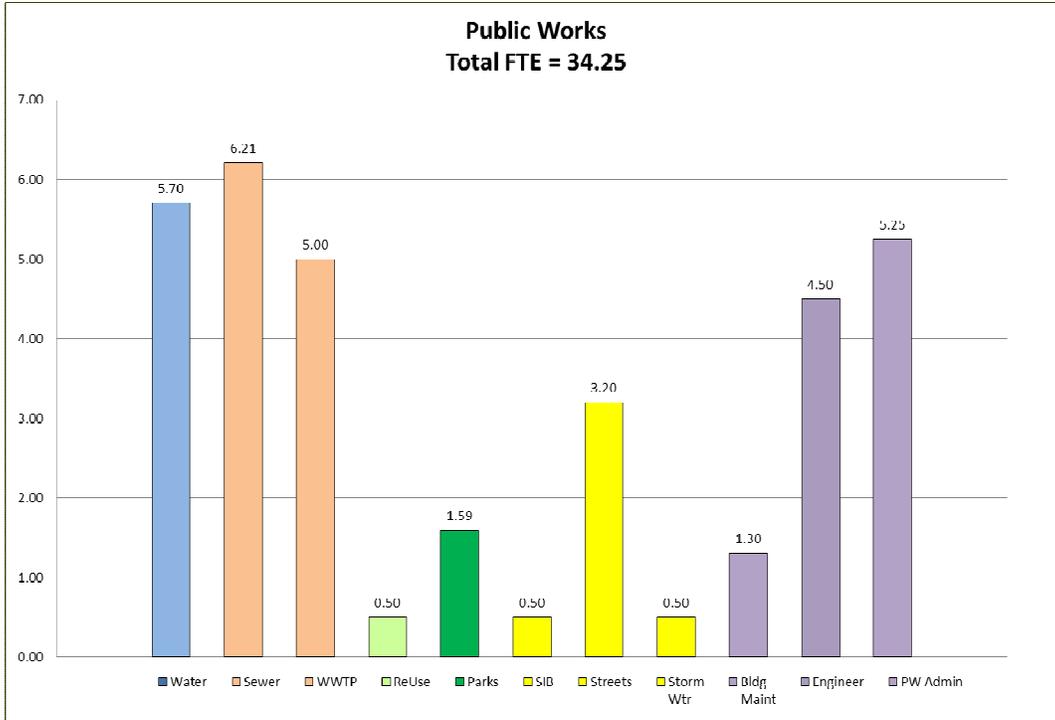
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Sewer Ops	2,739,388	3,155,723	2,910,943	3,613,574	3,621,861	2,534,018	(1,087,843)	-30%	
<b>TOTAL OPERATIONS (Excluding Transfers)</b>	<b>6,327,330</b>	<b>6,934,109</b>	<b>6,934,735</b>	<b>7,978,248</b>	<b>7,974,417</b>	<b>7,028,530</b>	<b>(945,887)</b>	<b>-12%</b>	

# City of Sequim Department Description

## Public Works Staffing

The Public Works Department 2019 budget supports a total of 34.25 Full Time Employees. These employees are a mix of administrative, technical, and maintenance staff. Field crews and project-oriented staff report time as directly related to effort expended against a particular division, utility, or project. The budget process annually reviews the time expended and adjusts the payroll allocation against the identified division, utility, or project for the following year.

The chart below displays the actual number of FTEs charged to each division or utility for 2019, as documented by the timesheets submitted.



The 2019 staffing includes the addition of a full time Associate Engineer, intended to assist the Engineering Department with the execution of the 2019 budgeted capital projects, as well as the 6-year Capital Improvement Program. This position will reduce costs by eliminating the need for consultants to design and administer some of the capital projects. The budget also includes a full time Project Maintenance Worker on the Public Works Crew who will take on smaller projects around the City, reducing staff time required for administering external contracts. Two existing three-quarter time Project Engineers have been combined into one full-time Project Engineer, taking advantage of existing staff with institutional knowledge and expertise. Additionally, a half-time seasonal employee at the WRF has been converted into a permanent FTE, in response to increased workload and reporting requirements, as well as succession planning. The PW Financial Analyst has been increased from .75 FTE to 1.0 FTE, reflecting the shift in Administrative Pool oversight to the Department of Community Development. The .5 FTE for Carlsborg (and possibly Jamestown) System Maintenance is increased to 1 full FTE, and there is .25 FTE of Administrative support from the Finance department included to assist with administrative duties.

Public Works staff works independently and collaboratively across divisions. The Department is focused on cross-training current staff, and on succession planning for retiring employees. The 2019 budget reflects continuing cross-training among divisions, with focused training of newer staff members in preparation for anticipated retirements.

## City of Sequim Department Description

The following matrix displays how staff and crew collaborate to accomplish the complex and varied tasks required to keep the City's infrastructure in good repair, while adhering to state and federal mandates and regulations and maintaining a safety-first environment.

### 2019 Staffing

Position	Water	Sewer	WWTP	ReUse	Parks	SIB	Streets	Storm Wtr	Bldg Maint	Engineer	PW Admin	Total
Administrative Assistant - Finance											0.25	0.25
Associate Engineer										1.00		1.00
Chief Mechanic											1.00	1.00
City Engineer										1.00		1.00
Engineering Tech - GIS										1.00		1.00
Maintenance Worker - Facilities/Parks				0.25	0.25				0.50			1.00
Maintenance Worker - Lead Parks				0.25	0.25		0.50					1.00
Maintenance Worker - Lead Sewer		1.00										1.00
Maintenance Worker - Lead Water	1.00											1.00
Maintenance Worker - Sewer		1.00										1.00
Maintenance Worker - Sewer		1.00										1.00
Maintenance Worker - Sewer Carlsborg		1.00										1.00
Maintenance Worker - Streets							1.00					1.00
Maintenance Worker - Streets							0.75	0.25				1.00
Maintenance Worker - Succession Planning		1.00										1.00
Maintenance Worker - Water	1.00											1.00
Maintenance Worker - Water	1.00											1.00
Maintenance Worker - Facilities							0.25		0.75			1.00
Maintenance Worker - Lead Streets	0.25	0.25					0.50					1.00
Maintenance Worker - Seasonal						0.50						0.50
Maintenance Worker - Seasonal	0.50											0.50
Maintenance Worker - Parks					1.00							1.00
Maintenance Worker - Water	1.00											1.00
Maintenance Worker - Projects											1.00	1.00
Operations Manager	0.36	0.30			0.09		0.20		0.05			1.00
Project Managers										1.00		1.00
Public Works Admin Assistant										0.50	0.50	1.00
Public Works Director											1.00	1.00
Public Works Management Analyst											1.00	1.00
Resource Manager	0.25							0.25			0.50	1.00
Utilities Manager	0.34	0.66										1.00
WRF Lead			1.00									1.00
WRF Operator			1.00									1.00
WRF Operator			1.00									1.00
WRF Operator			1.00									1.00
WRF Operator			1.00									1.00
<b># of Fte</b>	<b>5.70</b>	<b>6.21</b>	<b>5.00</b>	<b>0.50</b>	<b>1.59</b>	<b>0.50</b>	<b>3.20</b>	<b>0.50</b>	<b>1.30</b>	<b>4.50</b>	<b>5.25</b>	<b>34.25</b>

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

- 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 capacity 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 2,550 water meters
- 8 parks
- 117 acres of park land
- 8 playgrounds/fields
- 4 miles of paved trails
- 17 buildings not associated with water or sewer facilities
- 91 vehicles and rolling equipment
- 7 traffic signals
- Approximately 350 street lights
- Thousands 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
- 6 detention ponds
- 1 fishing pond
- Hundreds of drywells and infiltration pipes
- Multiple irrigation ditches sites
- 1 acre of rapid infiltration basins
- 3 Bell Creek outfalls
- \$45M Capital Improvement Program
- County-owned Carlsborg Sewer System

# City of Sequim Budget Overview

## Streets Operations

David Garlington, Public Works Director

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, snow and ice control, 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, motor vehicle tax and arterial fuel tax.

Improvement projects are financed by Street Fund revenues, including transfers from General Funds, grants, any Local Improvement Districts (LID), SEPA mitigation fees, TBD funds, REET and private development.

Management oversight and administrative support is provided by Public Works Administration through an interdepartmental allocation.

### 2019 Key Goals

- ❖ Adopt funding strategies for street operations including renewal of TBD
- ❖ Move ahead with the Prairie Street neighborhood revitalization project
- ❖ Emphasize non-motorized improvements
- ❖ Continuous emphasis on employee safety
- ❖ Develop innovative maintenance methods of right of way and park strips outside city core
- ❖ Extend record of zero accidents related to snow and ice
- ❖ Complete street signing project
- ❖ Continue roadside vegetation removal
- ❖ Continue sidewalk replacement and improvements

### 2019 Street Operations Funding Sources

General Fund	\$520k
Reuse	\$ 18k
TBD	\$120k
Motor Vehicle Tax	\$164k
Misc.	\$ 48k
<b>Total</b>	<b>\$870k</b>

## City of Sequim Budget Overview

### 2019 Budget Summary

#### *Revenue- changes from 2018*

- ❖ Decrease of \$40k from the General Fund
- ❖ Decrease of \$8k from Streets in Bloom Reuse Demo Fee
- ❖ Increase of \$6k from the Motor Vehicle Fuel tax
- ❖ Decrease of \$1k from Miscellaneous Revenues

#### *Expense-*

- ❖ The Streets Operations budget has decreased \$17k (-2%) from 2018. Salary and benefit expenses have decreased \$25k based on a shift in documented effort. The budget for supplies includes a slight increase (\$11k) mainly due to snow and ice removal materials, and two sheds for storing street maintenance supplies, offset by a \$5k decrease in crosswalk marking supplies which were completed in 2018. General maintenance services have decreased slightly per 2018 trend.

**The Street Department crew is dedicated to maintaining and preserving the condition and safety of Sequim City streets, sidewalks, bikeways and right-of-ways throughout the year. Experienced staff carries out stringent schedules for refurbishing street paint and plastic, traffic and street sign replacement, lighting maintenance, parking lot maintenance, sidewalk repair, snow and ice removal and prevention, and numerous other activities in support of the City's regional role as the heart of the Sequim-Dungeness Valley.**

# City of Sequim Budget Overview

## Stormwater Operations David Garlington, Public Works Director

**Stormwater Operations** manages risk and increases resiliency by protecting water quality, water resources/ supplies, and preventing damage from floods. Stormwater operations and maintenance staff (.50 FTE) includes field personnel who maintain the City stormwater system and respond to flooding issues during storms, and office personnel who track compliance, coordinate with commercial, residential, and irrigation facility owners, provide planning and technical support, and apply for grant funding.

Field operations currently entail maintaining and repairing City-owned facilities:

- ❖ The vac truck is used to clean catch basins and clear infiltration lines and drywells
- ❖ Staff or contractors maintain stormwater ponds to ensure they are functioning as designed
- ❖ The street sweeper is utilized weekly on all streets per a regular schedule

The City's inventory and mapping of its stormwater (and other in-ground) facilities is ongoing. With the planned expansion of GIS capabilities this information will be made available department-wide for tracking and scheduling maintenance.

Periodic work responding to storms includes sandbagging to direct runoff into appropriate storm drains, clearing trash racks and culverts when they are clogged, etc. The most problematic clogs are usually resolved with the vac truck. Mutual assistance contracts with Sequim Prairie Tri-Irrigation Association and Highland Irrigation District expedite storm response.

### 2019 Key Goals

- ❖ Track fourth year of implementation of Tier A activities from the Stormwater Plan adopted in early 2016
- ❖ Continue to document expenses relating to Stormwater Operations
- ❖ Repair chronic problem areas in conjunction with 2019 Pavement Preservation Project
- ❖ Continue to partner with regional water managers to identify opportunities for increased water supply resilience, such as finding funding sources for a storage reservoir on River Road
- ❖ New stormwater grant from State Department of Ecology (contract pending final approval):
  - 85% reimbursable, 15% City match
  - Design and other pre-construction activities for two facility retrofits
  - Prioritize future infiltration facility retrofits
  - Develop a private facility guidance program for Stormwater Compliance

## City of Sequim Budget Overview

### 2019 Budget Summary

#### *Revenue-*

- ❖ The Stormwater Operations budget is, and has historically been, funded by transfers from the Water (33%) and Sewer (67%) Funds proportionately by fund revenue. For 2019 the transfer amount from the Water Fund is \$53k and from the Sewer fund is \$107k. This amount covers only the operational activities of the Stormwater Program.

#### *Expense-*

- ❖ Salary and benefit expenses decreased \$26k in 2019. This decrease is a reflection of reduced staff time spent in cleaning catch basins, infiltration lines and drywells. In 2016-2017 staff caught up with a backlog of maintenance activities, and became more efficient in preventative activities, thus reducing the time spent in responding to storm and flooding issues. Supplies and services are budgeted at 2018 levels. Allocation expenses decreased by \$11k, a reflection of the decreased overall departmental expenses. Overall, the Stormwater Operations budget is lower by \$38K (-24%) than the 2018 budget.

**The stormwater element of the Public Works responsibility relates to maintenance of the streets, as well as stewardship over the water and sewer utilities. The City collects and manages stormwater that is generated outside of City limits as well as from inside, necessitating collaboration with other agencies and water managers in the area. The stormwater operations effort from the Public Works crew demonstrates the importance of the City's responsibility as a regional steward of the environment in the Sequim-Dungeness Valley.**

# City of Sequim Budget Overview

## Utilities Division (Water and Sewer) Operations

David Garlington, Public Works Director

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 stations, 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, Operations Manager, 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 (Allocations).

Approximately 1,415,000 gallons per day (gpd) of potable water are provided to the citizens and businesses of Sequim during the summer months and approximately 699,000 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.

### 2019 Key Goals

- ❖ Comply with all state, federal, and city requirements and regulations
- ❖ Continuous emphasis on employee safety
- ❖ Research and implement water conservation measures
- ❖ Work to minimize necessary rate adjustments
- ❖ Apply for additional water rights and drill test well
- ❖ Identify and repair leaking pipes

### 2019 Budget Summary

#### *Revenues – Significant Changes*

- ❖ Budgeted revenues are \$160K (7.5%) higher than 2018 based on 1.5% projected growth and a 6% rate increase adopted by City Council.

#### *Expenses–Significant Changes*

- ❖ Personnel expenses have increased very slightly by \$4k for 2019 mainly due to cost of living and negotiated pay raises. The supplies and services budgets were decreased by \$23k as a result of completed maintenance and ongoing preventative measures. Excise taxes increased by \$6k while allocations were reduced by \$25k as a result of the lower expenses budgeted. Overall the Water Operations budget was reduced by \$39k (-2%).

# City of Sequim Budget Overview

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

David Garlington, Public Works Director

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 biosolids testing, 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, Operations Manager, 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 (Allocations).

This division maintains approximately 72 miles of sewer line, four lift stations, a 1.67 million gallon per day capacity WRF, producing 100% Class "A" Reclaimed Water, a Class "A" (EQ) Biosolids, and 7,320 feet of outfall pipe measured from the WRF 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.

### 2019 Goals

- ❖ Continue the City's vision of the state of the art Water Reclamation Facility
- ❖ Continuous emphasis on employee safety
- ❖ Comply with all state, federal, and city requirements and regulations
- ❖ Operate infiltration system and pilot project at Reuse Demonstration Site and Bell Creek
- ❖ Reduce infiltration and infill into the system
- ❖ Participate in the demonstration of uses for reclaimed water for irrigation and appropriate recreation use, and ground water aquifer re-charge
- ❖ Complete NPDES Permit renewal

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 resulted in the investment of 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.

# City of Sequim Budget Overview

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

David Garlington, Public Works Director

### 2019 Budget Summary

#### *Revenues-Significant Changes*

- ❖ Budgeted revenues are \$56k **lower** (-1.2%) than 2018. This reduction is based on a combination of the **2% rate reduction** adopted by City Council, combined with a documented 4% increase in growth.

#### *Expenses-Significant Changes*

- ❖ Personnel expenses increase in 2019 by \$190k. This is a result of increasing a .5 FTE Seasonal employee to full time at the WRF to accommodate growth and succession planning. Additionally, a previously approved .5 FTE for maintenance of the Carlsborg system (and possibly Jamestown) was increased to full time. This position is fully reimbursable through maintenance billing. There are also some shifts in expenses to the sewer budget based on documented time expended by managers and crew.

Supplies and services have been reduced by a total of \$50k through a combination of completed maintenance, preventative measures, and conservation of resources by crew members. Capital expenditures have also been reduced by \$58k as a result of completing the bandshell painting project, completed lift station repairs, and recirculation pump replacement.

There was a \$40K reduction in allocation expense as a result of the reduced expenses, and a significant \$64k one-time recalculation in excise tax.

Overall, the Sewer Operations expense budget has been reduced by almost \$20K (-1%).

**The water, sewer and WRF crew are committed to maintaining the City's utility systems with the highest possible level of stewardship and adherence to state and federal mandates and regulations. The experienced staff is meticulous about preventative maintenance, and quick to anticipate and react to changing weather and external circumstances which can affect the operation and integrity of the utility. The Water Division is actively involved in changing to lead-free fittings. The Sewer Division and WRF are currently providing operations and maintenance services to the Carlsborg area and anticipate providing the same to the Jamestown S'Klallam tribal campus in the future. The WRF has received the Washington State DOE Outstanding Performance Award for 100% compliance with the State NPDES Permit every year since 2011. Being a steward of the environment is a daily and long-term goal for the City of Sequim Utilities.**

# City of Sequim Budget Overview

## Utilities Division (Water and Sewer) Operations

David Garlington, Public Works Director

### Utility Rate Overview

The goal of a municipal utility is to provide customers with sustainable, safe, equitable service today and for generations in the future. Municipal utilities are required to at least break even, and any additional funds are held in reserve for future utility use. Cities have broad authority to set rates and fees for the operation of utility systems. The primary funding sources for utility operations and improvements are user rates and fees, or connection charges.

- User fees are on-going revenues generated from monthly rates, penalties, late fees, and other services. This on-going revenue source is used to fund maintenance, operations, administration, debt, and reserve accounts (for infrastructure projects).
- Connection charges are one-time revenues. Grants, loans, and reserves are other sources of one-time revenues. One-time revenues are utilized for studies and capital projects which upgrade and expand the system.

#### **It is the City of Sequim's goal to have sustainable utility practices:**

- Predictable bills for customers
- Predictable revenue and expenditures for the utility
- Avoid drastic rate increases
- Plan for future replacement
- Balance between existing and future customers

In 2013 the City conducted a Utility Rate Study with Peninsula Financial Consulting. The study analyzed the existing revenue source by customer class, the existing operational costs and debt service of each utility, and the 6-20 year capital improvement plan as recommended by the Water and Sewer Master Plans. The study concluded that an annual revenue requirement increase of 4%, assuming debt funding for all eligible projects, was required to maintain ending fund balance in accordance with adopted City Policy. The study also proposed a series of rate structure changes to promote equity among various customer classes according to the amount of the usage for the particular utility.

In 2014, the City Council adopted the Utility Rate Study as a basis for assisting the City in determining Water and Sewer utility rates. Also, in 2014 the City Council adopted by Ordinance a four year implementation program of rate structure changes designed to promote equity among the various customer classes. The objective of the changes as directed by Council was to:

- 1) Eliminate inconsistencies in billing
- 2) Balance percentage of revenue generated with proportionate use of utility (by customer class)
- 3) Consistent with progressive and current industry practices
- 4) Promote conservation

# City of Sequim Budget Overview

## Utility Rate Overview (cont..)

The Implementation Schedule was completed in 2018. Another Utility Rate Study is scheduled for the 2020 budget to determine if the projected equity in rates and usage between the utility customer classes has been achieved, and if further structural changes are needed.

### Fixed vs Volume

At the core of rate equity is how much of a customer's monthly bill will be fixed (e.g. water meter base charge) versus how much will be based on actual water consumption or sewer flow.

- 75% of all annual operation costs are typically due to labor (salaries & benefits)
- The majority (typically 90%) of annual operating costs are fixed; they will occur even if water or sewer flows change dramatically
- Fixed costs are usually associated with the number of customers/size of the system

In general, a utility's revenues are more volatile than its costs:

EX: Expenses = Fixed 90% Variable 10%  
Revenues = Fixed 70% Variable 30%

There are limited billing alternatives for equitably allocating fixed expenses to customer rates:

Water – per connection, meter size, multi-family (MF) units

Sewer – per connection, estimated sewer volume (winter water use), MF units

## INTRODUCTION TO RATE STRUCTURES

**Assigning fixed costs equitably between base charges and volume rates is somewhat of a subjective process (e.g. conservation)**

100% Per Connection



Meter Size

100% Volume

Rate Structure

**Uniform base rates for all customers with no volume charges**

- Assumes availability, not usage is the most important factor in setting rates
- All customers benefit equally

Rate Structure

**High volume rates with no base charge**

- Assumes amount of use, not availability, is the most important factor in setting rates
- Minimizes rate for seasonal customers
- Encourages conservation

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**Ultimately: Rate Design must = Revenue Collection**

# City of Sequim Budget Overview

## Utility Rate Overview (cont..)

There are three common rate structures:

- 1) **Flat rate**  
Does not vary with water use
- 2) **Base + volume rate** (*this is the City's current structure*)  
Base rate is fixed (by meter)  
Volume varies by water use
- 3) **Volume rate**  
Varies by water use

The goal is to strike a balance, which includes:

- Fixed and variable costs
- Predictable customer bills
- Predictable utility revenue

The overall guiding principle to setting base fees is the concept of capacity at any given time, the cost of providing such capacity and availability, social objectives (affordability, economic development, conservation) and the level or revenue stability desired by an agency.

**For the 2019 Budget, the City Council has approved a 6% increase in water rates, offset by a 2% decrease in sewer rates. The net effect of these changes is a \$.50 (fifty cents) increase in the total utility bill of the average Sequim residential customer. Analysis of the water and sewer fund balances along with the adopted 6-year Capital Improvement Program (CIP) has determined that the water fund, which receives about half of the rate revenue of the sewer fund, as well as less additional revenue from growth, will need additional funding from rates and debt service in order to complete the scheduled capital projects.**

# 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 Program (CIP)** on September 8, 2014. The CIP was updated for 2019-2024 and adopted by Council on July 23, 2018. Adhering to this policy and program will ensure that the City preserves, maintains, and improves buildings, parks, roads, potable water, sewers, equipment and other capital investments. This policy will also help the City avoid emergency and unexpected major costs in the future. The 2019 capital budget follows the 2019 programmed CIP.

### Capital Project Criteria

A capital project is included if it meets any of 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, Capital Improvement Program, or related system 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 accomplish Council priorities
2. Projects that preserve existing capital infrastructure
3. Projects with low life-cycle costs
4. Projects that have a high percentage of project costs funded by non-city sources or that have a dedicated funding source
5. Projects that generate revenue or reduce operations and maintenance costs
6. Projects that have identified funding for operations and maintenance costs
7. 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 planning, design, permitting, right-of-way acquisition, 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
3. Streets Restricted
4. Stormwater Restricted
5. Parks Restricted
6. Capital Facilities Fund for buildings

### GOALS

- ❖ Delivery of the 2019 Capital Projects on time, on budget, and on target
- ❖ Establish outside funding mechanisms for capital projects
- ❖ Integrate capital projects as a method of neighborhood improvement
- ❖ Project tracking to provide continuous information on physical progress, schedule, and budget

City Of Sequim

2019 Capital Project List

<b>2019</b>		Project Cost	FUNDING SOURCE
<b>Parks</b>			
Parks Impact Fee Study	\$50,000	Impact Fees	
<b>Total Parks Projects</b>	<b>\$50,000</b>		
<b>Building Facilities</b>			
Guy Cole Breakout Rooms	\$100,000	REET	
Civic Center Solar Panels	\$200,000	Grant	
<b>Total Capital Facilities</b>	<b>\$300,000</b>		
<b>Stormwater</b>			
7th Ave and Washington Upgrade	\$219,000	SFAP Grant	
Miller Rd Abatement - City Limit to EH Pond	\$88,000	Water/Sewer	
<b>Total Stormwater Projects</b>	<b>\$307,000</b>		
<b>Streets</b>			
Emergency	\$50,000	REET	
City wide Sidewalk Repair	\$50,000	REET	
Traffic Impact Fee Study	\$50,000	Impact Fees	
Miller Rd Retaining Wall	\$51,000	Water/Sewer	
Pavement Rehabilitation	\$561,000	TBD/Water/Sewer	
Prairie St - 9th to South Brown	\$100,000	REET/TBD	
Washington St Signal Timing & Coordination	\$150,000	Impact Fees	
West Fir St- Sequim to 5th	\$1,140,000	SRTS/STP/Impact Fees	
N 9th- Bracket to Hendrickson	\$261,000	Impact Fees	
<b>Total Streets Projects</b>	<b>\$2,413,000</b>		
<b>Water</b>			
Emergency	\$100,000	Water	
West Fir Transmission Main Replacement	\$610,000	Water	
West Prairie - Sequim to 5th	\$53,000	Water	
West Hemlock Main Replacement - 4th to 5th	\$104,000	Water	
West Washington Isolation Valves	\$104,000	Water	
General Water System Plan Update	\$75,000	Water	
New Well-Silberhorn Deep Well	\$134,000	Water	
<b>Total Water Projects</b>	<b>\$1,180,000</b>		
<b>Sewer</b>			
Emergency	\$200,000	Sewer	
Aerobic Digester Capacity Upgrades	\$203,000	Sewer/SRF/Carlsborg	
Aeration Basin Diffuser Replacement	\$55,000	Sewer	
Doe Run Lift Station	\$836,000	Sewer/SRF	
West Fir St Sewer Replacement	\$588,000	SRF	
WRF Odor Control	\$33,000	Sewer/Carlsborg	
<b>Total Sewer Projects</b>	<b>\$1,915,000</b>		
<b>Total All Capital Projects</b>	<b>\$6,165,000</b>		

## City of Sequim 2019 Capital Project Summary

The 2019 Capital Projects are briefly summarized in this section. All of the Capital Projects promote and support one or more of the Sequim 120 Vision and the adopted City Council Goals.

### Parks

- 1) **Parks Impact Fee Study – \$50k:** This project will update the City's Parks Impact Fee Study and ensure that sufficient funds are available to support the development of recreational parks.

### Capital Facilities

- 2) **Guy Cole Breakout Rooms – \$100k:** This project converts two partially finished rooms at the Guy Cole Center to community meeting spaces.
- 3) **Civic Center Solar Panels - \$200k:** This project will install solar panels on the Civic Center.

### Stormwater

- 4) **7<sup>th</sup> Ave and Washington Upgrade – \$219k:** This Project installs a Filterra bio-filtration unit or similar. It ties existing catch basins into the Filterra and extends the infiltration trench. This will eliminate frequent flooding at the southwest corner of the intersection and treat the runoff prior to infiltration.
- 5) **Retro Discharge to Bell Creek on North Brown – \$88k:** This project will redirect storm drains from East Washington and North Brown to existing infiltration facility to the north, and add a treatment device. This project improves the water quality in Bell Creek by removing toxin contaminants in runoff.

### Streets

- 6) **Emergency Project – \$50k:** This project reserves funding for unexpected and unidentified emergencies throughout the year that may require emergency repair.
- 7) **City-wide Sidewalk and Pedestrian/Bike Improvements – \$50k:** This annual city-wide program will support the construction of pedestrian and bicycle improvements for users of all ages and abilities.
- 8) **Traffic Impact Fee Study – \$50k:** This project will update the City's Transportation Impact Fee Study and ensure sufficient funds are available to support projects targeting traffic congestion reduction.
- 9) **Miller Road Retaining Wall – \$51k:** This project includes geotechnical evaluation of the slope stability and potentially slope repair to prevent future slides along Miller Road in the Eagle Crest subdivision.
- 10) **Pavement Rehabilitation - \$561k:** This annual project repairs selected areas of pavement throughout the city that have been identified by the Pavement Management Study. This project maintains the appearance and drivability of the streets and slows deterioration.
- 11) **Prairie Street – 9<sup>th</sup> to South Brown - \$100k:** Once complete, the 12 block (1.5 mile) Prairie Street corridor in Sequim will directly connect the two Economic Opportunity Areas from the west to the east side of the downtown area. The City desires to make an example of Prairie Street by implementing Complete Streets principles to create safe and multi-modal transportation options, manage and treat stormwater using LID, and revitalize the existing residential neighborhood.
- 12) **Washington Street Signal Timing and Coordination- \$150k:** Identify signal timing and coordination improvements to improve traffic and pedestrian flow along Washington Street corridor and at the Washington/Sequim intersection. This project will improve mobility through the downtown corridor.
- 13) **West Fir Street Improvements – \$1.140ml:** This project will rebuild the roadway with new sidewalk, bike lanes, curb and gutter, illumination, and stormwater handling. Irrigation lines will be repaired. This project improves the east-west connectivity and pedestrian safety in a school zone and reduces vehicle pressure on Washington Street.

## City of Sequim 2019 Capital Project Summary

- 14) **North 9<sup>th</sup>- Brackett to Hendrickson – \$261k:** Ensure Right-of-Way for this project which will connect and construct 9<sup>th</sup> Ave to an arterial street standard between Brackett Rd to Hendrickson Rd.

### Water

- 15) **Emergency Projects – \$100k:** This project reserves funding for unexpected and unidentified emergencies throughout the year that may require emergency repair.
- 16) **West Fir Transmission Main Replacement – \$610k:** This project replaces an existing 8" AC transmission main with a 10" PVC water main in West Fir Street from North 5<sup>th</sup> Avenue to North Sequim Avenue. This project will provide additional water service capacity to the Sequim School District's three adjacent campuses, improve service reliability for current customers and facilitate infill development of the adjacent residential area.
- 17) **West Prairie – Sequim to 5th - \$53k:** This project replaces and upsizes the water line to an 8-inch main from South Sequim Avenue to South 5<sup>th</sup> Avenue as part of the West Prairie Complete Streets Revitalization Project.
- 18) **West Hemlock Main Replacement – 4<sup>th</sup> to 5th Avenues– \$104k:** This project will replace an existing galvanized water main near the end of its service life with a new polyvinylchloride main.
- 19) **West Washington Isolation Valves - \$104k:** The City will add isolation valves to the existing 10-inch diameter water main on West Washington Street at its intersections with 2<sup>nd</sup> Avenue, 3<sup>rd</sup> Avenue, and 4<sup>th</sup> Avenue. This project will add four-way gate valve clusters on the existing 6-inch diameter cross-street mains to allow future upsizing.
- 20) **General Water System Plan Update - \$75k:** This project will update the current City General Water System Plan and provide long-term strategy for future water infrastructure and availability.
- 21) **New Silberhorn Deep Well – \$134k:** The City plans to drill and develop an additional well within the water system. The City's current sources do not have the capacity to supply the entire instantaneous water right entitlement. The proposed well addition would offset this potential shortfall.

### Sewer

- 22) **Emergency - \$200k:** This project reserves funding for unexpected and unidentified emergencies throughout the year that may require emergency repair.
- 23) **Aerobic Digester Capacity Upgrade – \$203k:** This project provides preliminary engineering for two new 100,000 gallon cells that will be constructed to increase the capacity of existing aerobic digesters by adding additional tanks.
- 24) **Aeration Basin Diffuser Replacement - \$55k:** This project replaces 1502 diffusers that have reached the end of their service life in the two aeration basin drains.
- 25) **Doe Run Lift Station – \$836k:** This project constructs a new lift station which pumps sewage from the south and southwest areas of Bell Hill to a manhole in the gravity sewer on Fox Hollow Road.
- 26) **West Fir Street Sewer Replacement – \$588k:** This project includes replacing the existing sewer line along Fir Street between North 4<sup>th</sup> Avenue and North Sequim Avenue with 12" pipe and the installation of new pipe between North 5<sup>th</sup> and North 4<sup>th</sup> Avenues.
- 27) **WRF Odor Control –\$33k:** This project involves installing a mechanical filtering odor control device to minimize odor pollution.

# City of Sequim 2019 Capital Project Summary

## CAPITAL EQUIPMENT PURCHASES

The following items are budgeted for additional equipment purchases for 2019:

### Capital Facilities

- 1) **Shop Property Upgrades – up to \$50k:** The next steps in this ongoing project will be to hire a consultant to design the most efficient use of the shop properties. Included in this design will be the configuration for the fuel station.

### Parks

- 2) **Ball Field Fence Topper - \$10k:** Replace existing fence topper at Dr. Standard Park that is worn out and unsafe.

### Water

- 3) **Replace Pickup Truck - \$50k:** This 2002 pickup truck was purchased used and is requiring significant repair. This vehicle is used to operate and maintain the City's water system. It also is used for emergency callouts.

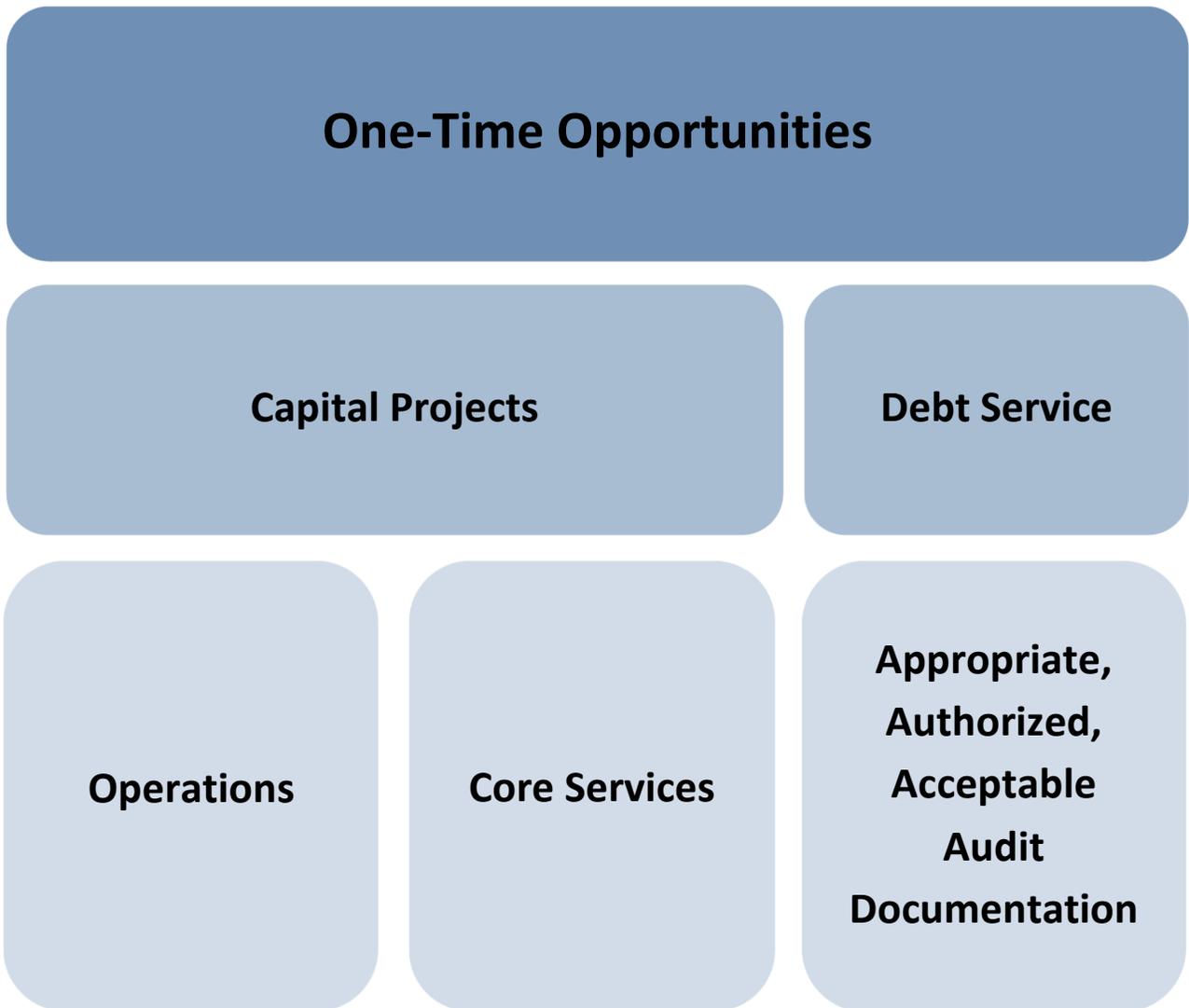
### Sewer

- 4) **New Manhole - \$10k:** Install new manhole in the sewer main between Cedar Street and Spruce Street. Manholes between 4th and 5th Avenues are spaced over 800' apart. This manhole will split the difference following the Washington State Department Guidelines of 400' maximum distance between manholes.
- 5) **Inflow and Infiltration (I&I) on Centennial Place and other city-wide locations - \$40k:** Currently the Centennial Place stormwater drains directly into the sewer system. This needs to be corrected. Other areas of I&I will also be identified around the City and corrected. Inflow and Infiltration elimination is an ongoing project that is required by the State. The City has taken on the need to eliminate I&I to reduce treatment costs and gain back capacity.
- 6) **Replace Pickup Truck - \$90k:** This 1995 pick-up will be replaced with a more useful truck with dump body having the ability to haul gravel, excavated material, equipment and pull equipment trailers.
- 7) **Pipe Patch - \$10k:** The patch will be located near Jiffy lube on Washington Street and Bell Hill sewer main.
- 8) **WRF Lab Upgrade - \$45k:** The WRF Lab was constructed in 1983 and hasn't had any updates or remodels since then. The lab's countertop and cabinets are worn out due to daily use and need replacement.
- 9) **Bocceball/Shuffleboard Court at Re-Use Demonstration Site - \$10k:** To be located at the Reuse Demonstration Site near the Docent quarters.

# City of Sequim 2019 Budget

## Transfers and Interfund Charges

*Providing funding for core services, council priorities and goals*



## City of Sequim Budget Overview

### Transfers between Funds

#### Key Goals

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

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: transfers from General Fund to Street Operations, LTGO Debt Service and Equipment Reserves, from Water and Sewer Operations to Reserves, debt service and Street Restricted for utility-related road repairs, and from REET to Streets Restricted and Capital Projects.

DESCRIPTION	Transfer In	Transfer Description
<b>101 Street Operations</b>	640,000	From General Fund and TBD for operations
<b>107 Stormwater Operations</b>	160,000	From Water and Sewer for operations
<b>111 Street Restricted</b>	897,000	From Water and Sewer for utility-related road repairs, Street Project Funds, the TBD and REET for projects
<b>117 Stormwater Restricted</b>	143,200	From Water and Sewer Restricted for projects
<b>121 Police Asset Seizure</b>	20,000	From Police Expendable Trust for equipment
<b>140 Parks Restricted</b>	15,000	From REET for future projects
<b>160 Arts &amp; Culture</b>	40,000	From General Fund for funding of Arts Program
<b>164 Equipment Reserve</b>	400,300	From General Fund and Street Operations for equipment
<b>206 Debt Service Fund</b>	755,000	From General Fund, REET and Police Restricted (Public Safety Tax) for Debt Service
<b>306 Capital Facilities Fund</b>	221,000	From Streets, Water, Sewer and REET for projects
<b>411 Water Restricted</b>	709,500	From Water Operations and Water Restricted for projects and debt
<b>422 Sewer Restricted</b>	4,233,305	From Sewer Operations and Restricted for Debt Service
<b>500 Unemployment Reserve</b>	61,000	From General Fund, Streets, Water and Sewer Operations for potential unemployment claims
<b>Totals Transfers In</b>	<b>8,295,305</b>	
DESCRIPTION	Transfer Out	Transfer Description
<b>001 General Fund</b>	1,277,300	To Street Operations, LTGO Debt Service, Equipment Reserve and Arts Programs
<b>101 Street Operations</b>	63,000	To Equipment and Unemployment Reserves
<b>111 Street Restricted</b>	355,000	To Street Operations and Streets Restricted for projects
<b>120 Police Restricted</b>	315,000	To LTGO Debt Service for Debt Service
<b>150 Real Estate Excise Tax</b>	620,000	To Parks, Streets and Capital Facilities for projects, and to Debt Service
<b>401 Water Operations</b>	682,800	To Water Restricted for Debt, to Water Replacement Reserve for Projects, to Stormwater for Operations and to Unemployment Reserve
<b>402 Sewer Operations</b>	657,505	To Sewer Restricted for Debt, to Stormwater for Operations and to Unemployment Reserve
<b>411 Water Restricted</b>	315,200	To Streets for Utility-related road repairs, to Stormwater Projects, to Capital Facilities for Shop Upgrades, to other Water Restricted for projects and reserves
<b>422 Sewer Restricted</b>	3,989,500	To Streets for Utility-related road repairs, to Stormwater Projects, to Capital Facilities for Shop Upgrades and to Sewer for Debt Service
<b>621 Police Expendable Trust</b>	20,000	To Police Asset Seizure for equipment
<b>Total Transfers Out</b>	<b>8,295,305</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 Information Technology)
- ❖ Administrative Services (Finance, Human Resources and Non-Departmental)
- ❖ Public Works Administration (Engineering/GIS, PW Admin, Administrative Pool 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.

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

### 2019 Budget Summary

- ❖ The allocation model reflects increased distributions of the Central Services. The anticipated revenue and expenses reflect a continued focus on City Capital projects, as evidenced by the continuing change in the engineering project staff as well as receipt of State and Federal grants. The model has been appropriately updated to reflect equipment purchases, square footage, and FTE counts. With continued focus on City business, increasing costs and increasing fund activity (capital projects), we anticipate a reciprocal increase in Overhead revenues to the General Fund by \$230k.

	Streets		Stormwater		Parks	Capital	Water		Sewer		Totals
	Ops	R	Ops	R	R	Facilities	Ops	R	Ops	R	
<b>REVENUE</b>											
<b>General Fund</b>	-	-	-	-	-	-	-	-	-	-	3,155,000
<b>Total Revenue</b>	-	-	-	-	-	-	-	-	-	-	<b>3,155,000</b>
<b>EXPENSES</b>											
<b>Streets</b>	256,135	551,401	-	-	-	-	-	-	-	-	807,536
<b>Stormwater</b>	-	-	44,962	56,184	-	-	-	-	-	-	101,146
<b>Parks</b>					44,408						44,408
<b>Capital Facilities</b>	-	-	-	-	-	25,742	-	-	-	-	25,742
<b>Water</b>	-	-	-	-	-	-	516,539	251,241	-	-	767,780
<b>Sewer</b>	-	-	-	-	-	-	-	-	1,290,305	404,274	1,694,579
<b>Total Expenses</b>	<b>256,135</b>	<b>551,401</b>	<b>44,962</b>	<b>56,184</b>	<b>44,408</b>	<b>25,742</b>	<b>516,539</b>	<b>251,241</b>	<b>1,290,305</b>	<b>404,274</b>	<b>3,441,191</b>



# City of Sequim 2019 Budget

## Personnel Summary

*Empowering an engaged & productive workforce*

### **Vision**

*The City has a happy, healthy and effective workforce*

### **Employees**

*Have the tools and training they need*

### **We Are**

*Legally compliant and  
fiscally responsible*

### **We Are**

*Trustworthy and  
competent*

### **The Community**

*Values us*

### **We Are**

*Accountable and  
respectful*

# City Of Sequim 2019 Budget

## Personnel Summary

### FTE Summary:

The planned full time employee (FTE) headcount for 2019 is 82.25, increased 4.77 FTE over 2018. Aside from staff reallocations from one department to another, this count includes several staffing additions and adjustments as follows:

- ❖ The City Manager's office has requested a part-time Arts Coordinator position (.4 FTE) funded by one-time sales tax receipts, to be revisited annually for funding availability.
  - The City Manager's office is eliminating a part-time intern position (.3 FTE) until the program can be further defined.
- ❖ The Police Department has requested an additional full-time Police Officer (1 FTE).
- ❖ Public Works and DCD have requested a shared full-time Administrative Assistant position to support both departments, reporting in the Administrative Pool (1 FTE) as well as additional time from an existing Finance Administrative Assistant (.19 FTE).
- ❖ Public Works has also requested a full-time Associate Engineer position to replace the existing part time Project Engineer (net .5 FTE) and a full-time Maintenance Project Worker (1 FTE).
- ❖ Finally, the Sewer Department will be bringing on the Carlsborg Maintenance worker full-time in 2019 (net .5 FTE) and a new WRF maintenance worker, swapping out a seasonal to add a full-time member to the team (net .5 FTE).

In 2019 employee salary costs are estimated at \$6.1ml and benefits at \$2.9ml. This represents an 8.5% increase in wages and a 12.3% 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 38.75 employees. Total compensation for this group, including the proposed Maintenance Project Worker and Administrative Assistant, is budgeted to be \$3.6ml for 2019. The bargaining unit contract for this group of employees expires on December 31, 2018. At the time of this budget's preparation the contract is under negotiation.

#### Police Sergeants Bargaining Unit

Five employees are represented by this unit. In 2019, total compensation for this group is budgeted at \$670k. The bargaining unit contract for this group expires December 31, 2018. At the time of this budget's preparation the contract is under negotiation.

#### Police Officer Bargaining Unit

Fourteen employees are represented by this unit. Total compensation in 2019 for the group is budgeted at \$1.6ml. The bargaining unit contract for this group also expires December 31, 2018. At the time of this budget's preparation the contract is under negotiation.

#### Non-Represented Staff

The full-time employee equivalent count for this non-union group of employees is 23. Total compensation in 2019 is budgeted at \$2.9ml. Their last pay increase was January 1, 2018 with the majority receiving a 1.5% COLA and a merit increase. The City's "Management Compensation Policy Objectives" (included in the Personnel Policy Manual, Chapter 6-D), establishes that a wage market survey be conducted every two to three years. In 2018, Human Resources staff worked with a third party consultant to complete a thorough wage survey of all non-union positions, plus a compensation analysis for new positions requested by departments in the budget process. This group's salary range chart has been updated for 2019, to reflect market increases. Note that a market update to the salary schedule does not necessarily mean a wage increase for employees, because an actual wage increase is based on achieving performance measures.

## City Of Sequim 2019 Budget

The intent of reevaluating compensation regularly is to ensure City positions reflect the labor market and that there is parity between represented and non-represented employees.

### Other wages, salaries, benefits

This category includes wages for Public Works seasonal/temporary positions and Police Reserve officers, representing a total of 1.5 FTE. Total compensation is budgeted at \$50k in 2019.

### **Benefits**

#### Health Benefits

We provide two health benefit (medical, dental, vision, disability, life insurance) programs for our employees; one through Washington Welfare Teamsters Trust and one through the Association of Washington Cities. Health insurance comprises the largest component of these costs. We estimate the average budgeted health benefit will increase 7% for 2019.

- ❖ Teamsters: Total FTE count of 57.75 union employees in the Non-Commissioned, Police Patrol and Police Sergeant bargaining units. These union employees are covered by Washington Welfare Teamsters Trust insurance. The Welfare Trust charges one monthly health insurance rate, regardless of whether the employee is single or has a 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. The AWC benefits health plan provided for this group estimates increases effective 2019, based on claims experience. Final rates will be announced in late September. The City pays 87.5% of the cost for non-union employees.

As an additional way to save on health benefit costs, “voluntary opt-out of health insurance” for the non-union group was implemented in 2017. The union Teamster health insurance does not allow this; however, AWC health insurance plan rules allow up to 5 of the 23 non-union employees to voluntarily end their participation in the City-paid health insurance if they have alternate insurance available through another qualified employer-sponsored group health insurance. Other comparable cities offer this option by providing a monetary incentive to the employee opting out to cover the costs of signing up with the other qualified employer sponsored group health plan. We currently have three of the five possible employees taking advantage of this voluntary option in 2019.

#### 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. PERS rates increased to 12.83% (from 12.70%) on September 1, 2018 and LEOFF rates remain at 5.43%. There are no additional increases scheduled by the State legislature in 2019. Both PERS and LEOFF contributions will also increase based upon planned increases in salaries/wages.

#### Payroll Taxes

Labor & Industries (L&I) rates reflect the City’s history of safety, injuries and worker’s compensation claims. Over the last several years, L&I rates have continued to increase statewide. The City has an all-City safety committee meeting monthly to “increase safety awareness and reduce safety incidents” by recommending improvements and training to department heads. L&I rates are based on a city’s rolling 3 year experience

## **City Of Sequim 2019 Budget**

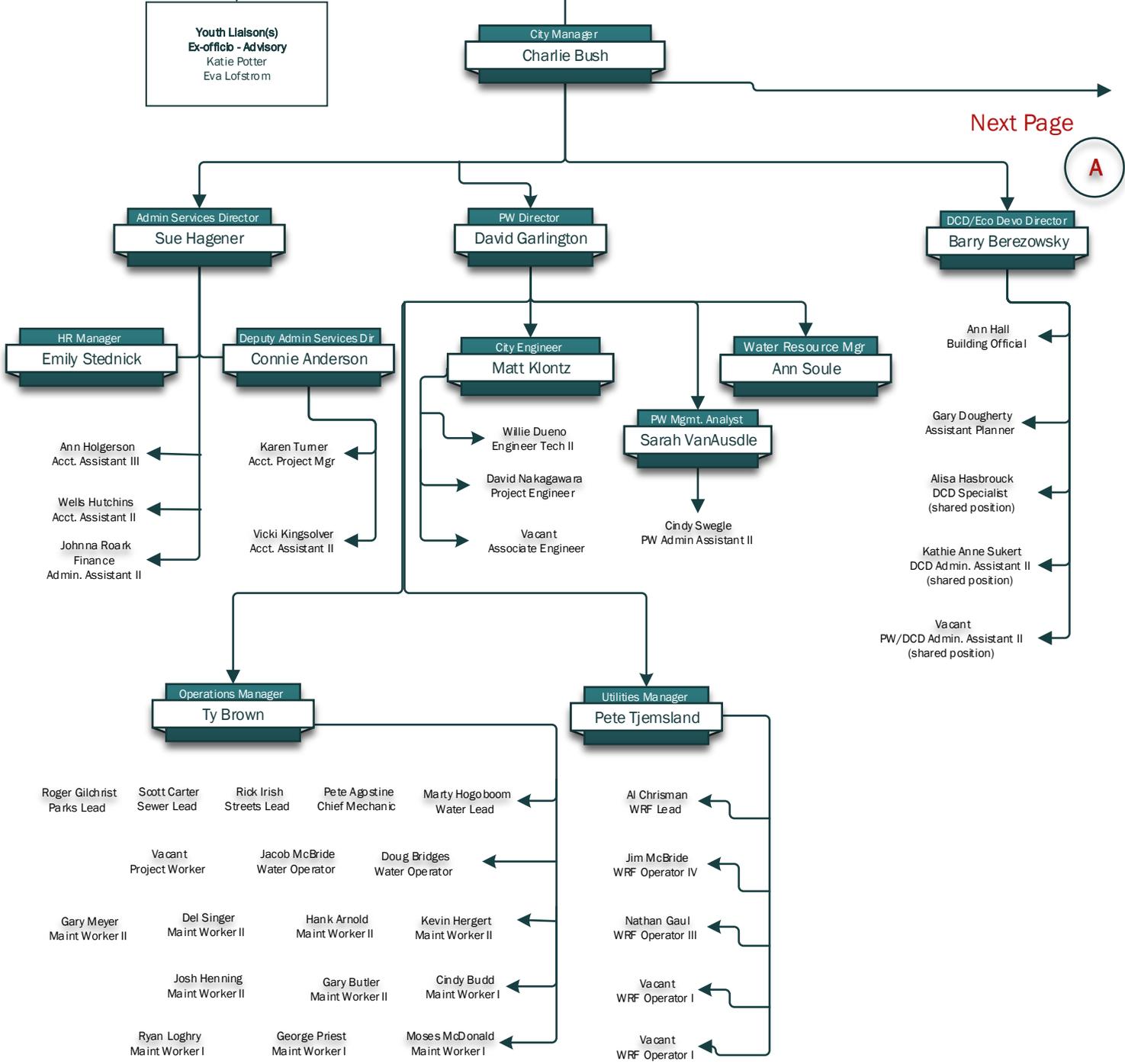
rating as well as the overall cost for Labor & Industries to manage the worker's compensation program. At this time we estimate a 10% increase for 2019 for L&I rates. L&I will publish final rate notices confirming this information in December.

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

The State of Washington passed a new law in 2018 regarding paid family and medical leave. Both employers and employees pay into this insurance fund, with a 0.4% payroll tax. Payroll deductions will begin on January 1, 2019, and benefits will become available to employees on January 1, 2020.



# Sequim City Council



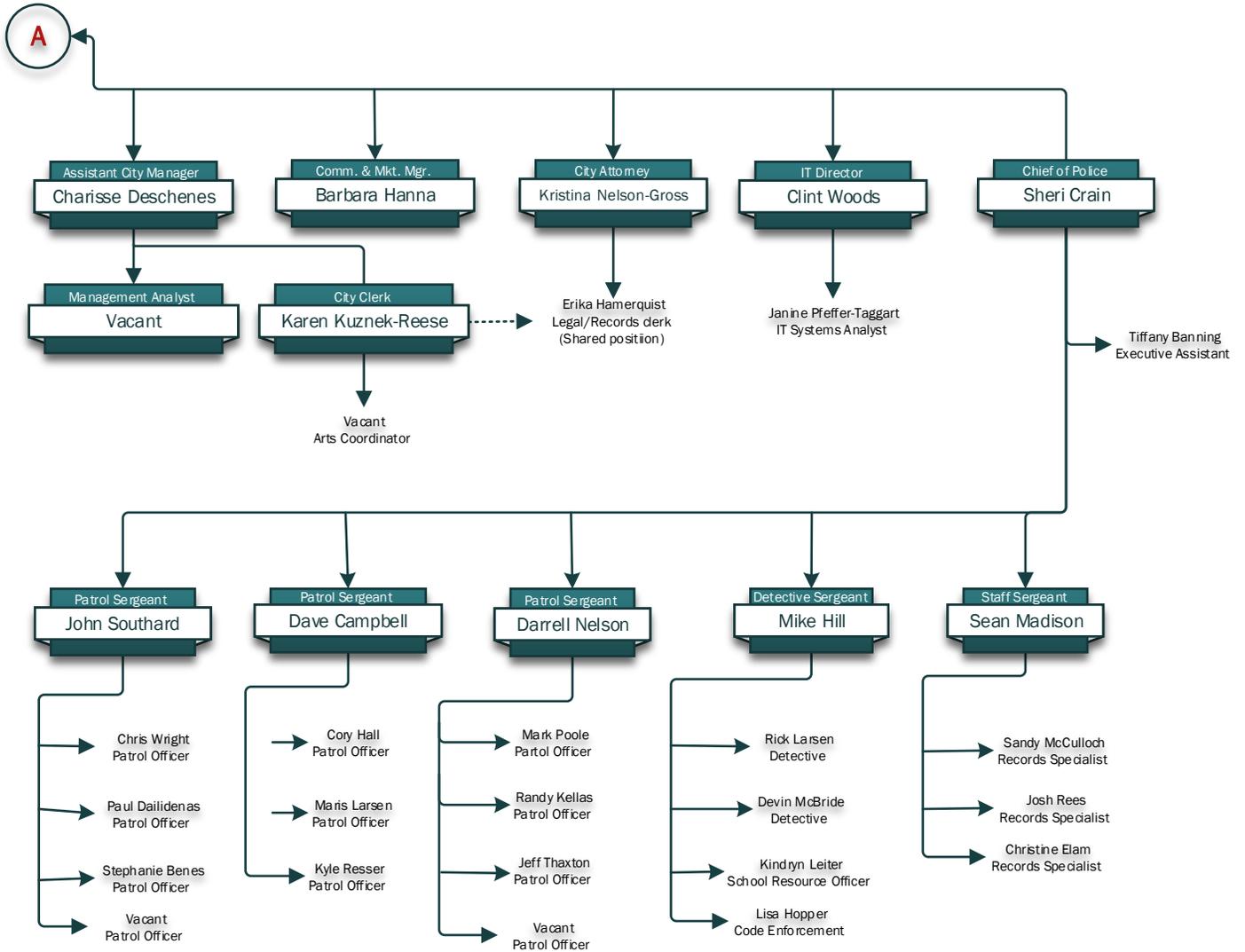
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## Organization Chart Budget 2019

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**City of Sequim  
2019 Budget**

**Historical Staffing Summary**

	Actual 2015	Actual 2016	Actual 2017	Forecast 2018	Budget 2018	Budget 2019	2019 - 2018 %
<i>Budgeted positions (FTE, not including Council)</i>	76.17	75.42	76.56	78.18	78.18	82.25	5.2%
OFM Census	6,915	7,075	7,280	7,460	7,460	7,684	3.0%
<i>Employees per 1000 OFM Population</i>	11.0	10.7	10.5	10.5	10.5	10.7	2.1%
					<i>staff estimate 3% inc.*</i>		
Salaries	\$ 5,090,953	\$ 5,316,955	\$ 5,338,866	\$ 5,653,366	\$ 5,636,005	\$ 6,117,111	8.5%
Benefits	\$ 2,020,530	\$ 2,194,671	\$ 2,303,631	\$ 2,483,349	\$ 2,589,018	\$ 2,907,295	12.3%
<b>Total Comp</b>	<b>\$ 7,111,483</b>	<b>\$ 7,511,626</b>	<b>\$ 7,642,497</b>	<b>\$ 8,136,715</b>	<b>\$ 8,225,023</b>	<b>\$ 9,024,406</b>	9.7%
<i>Year over Year % Increase</i>	0.8%	5.6%	1.7%	6.5%	7.6%	9.7%	
Benefits as % Salaries	40%	41%	43%	44%	46%	48%	3.5%
Benefits as % Total Comp	28%	29%	30%	31%	31%	32%	2.3%
<i>City Wide Operating Funds</i>	\$ 13,730,963	\$ 14,332,439	\$ 15,377,248	\$ 17,309,031	\$ 17,235,466	\$ 18,270,506	6.0%
<b>Total Comp as % Op Budget</b>	<b>51.8%</b>	<b>52.4%</b>	<b>49.7%</b>	<b>47.0%</b>	<b>47.7%</b>	<b>49.4%</b>	3.5%

**Salary and Benefits by Employee Group**

	Council	Non- Represented	Non- Uniformed	Sergeants	Uniformed	Reserves, Seasonal & Temporary	Total
Regular Salary	23,880	1,985,915	2,258,535	435,134	1,008,125	39,528	5,751,117
Overtime - Hourly		-	107,438	43,911	135,528		286,877
On Call Pay		-	64,152	14,965	-		79,117
<b>Total Salary</b>	<b>\$ 23,880</b>	<b>\$ 1,985,915</b>	<b>\$ 2,430,125</b>	<b>\$ 494,010</b>	<b>\$ 1,143,653</b>	<b>\$ 39,528</b>	<b>\$ 6,117,111</b>
Health Insurance	-	459,604	673,284	87,005	242,888	-	1,462,781
Retirement	-	244,822	298,880	26,012	62,100	4,227	636,042
Payroll Taxes	1,863	157,453	184,601	37,751	89,398	3,083	474,148
Other Benefits	-	17,153	-	4,680	3,120		24,953
Workers Comp	158	30,010	84,965	20,421	60,346	3,346	199,246
<b>Total Benefits</b>	<b>\$ 2,021</b>	<b>\$ 909,042</b>	<b>\$ 1,241,730</b>	<b>\$ 175,869</b>	<b>\$ 457,852</b>	<b>\$ 10,656</b>	<b>\$ 2,797,170</b>
<b>Total Salary &amp; Benefits</b>	<b>\$ 25,901</b>	<b>\$ 2,894,957</b>	<b>\$ 3,671,854</b>	<b>\$ 669,879</b>	<b>\$ 1,601,506</b>	<b>\$ 50,184</b>	<b>\$ 8,914,281</b>
<i>Actual Budgeted Staff (FTE, not including Council)</i>		23.00	38.75	5.00	14.00	1.50	82.25
Salary per FTE		86,344	62,713	98,802	81,690	26,352	74,372
Benefits per FTE		39,524	32,045	35,174	32,704	7,104	34,008
<b>Total per FTE</b>		<b>\$ 125,868</b>	<b>\$ 94,758</b>	<b>\$ 133,976</b>	<b>\$ 114,393</b>	<b>\$ 33,456</b>	<b>\$ 108,380</b>

LEOFF I Retired Medical Benefits \$ 12,125

Unemployment Reserve \$ 98,000

**Total Benefits including Retired Medical Benefits \$ 2,907,295**

**CITY OF SEQUIM  
2019  
Salary & Wage Schedule**

Division Dept	Union Range	Compensation Schedule by Job Title	FTE budgeted	Salary & Wage Range		
				Minimum	< ---- >	Maximum
		<b>Council</b>	7	1,800	< ---- >	4,920
		<b>Non-Represented</b>				
		<b>Exempt / Non-Exempt</b>				
ADM		City Manager	1	127,336	< ---- >	144,845
ADM		Assistant City Manager	1	93,771	< ---- >	120,219
ADM		Admin Services Director/Treasurer	1	93,771	< ---- >	120,219
POL		Chief of Police	1	93,771	< ---- >	120,219
ADM		City Attorney	1	93,771	< ---- >	120,219
DCD		DCD Director	1	93,771	< ---- >	120,219
ADM		IT Director	1	93,771	< ---- >	120,219
PW		Public Works Director	1	93,771	< ---- >	120,219
PW		City Engineer	1	80,425	< ---- >	103,109
ADM		Comm. & Marketing Director	1	80,425	< ---- >	103,109
ADM		Deputy Admin Services Director	1	80,425	< ---- >	103,109
POL		Deputy Chief of Police	0	80,425	< ---- >	103,109
ADM		City Clerk	1	72,520	< ---- >	92,974
ADM		HR Manager	1	72,520	< ---- >	92,974
PW		PW Operations Manager	1	72,520	< ---- >	92,974
PW		PW Senior Finance Analyst	1	72,520	< ---- >	92,974
PW		Utilities Manager	1	72,520	< ---- >	92,974
ADM		Accounting Project Manager	1	64,852	< ---- >	83,144
PW		Engineering Project Manager	1	64,852	< ---- >	83,144
PW		Resources Manager	1	64,852	< ---- >	83,144
PW		Associate Engineer	1	52,418	< ---- >	67,203
ADM		CM Management Analyst	1	52,418	< ---- >	67,203
POL		Executive Admin Assistant	1	49,743	< ---- >	62,179
ADM		Legal/Records Clerk	1	49,743	< ---- >	62,179
		<b>Seasonal &amp; Temporary</b>				
PW		Arts Coordinator	0.38	14.50/hr	< ---- >	\$20.00/hr
POL		Police Reserve	0.12			
PW		Seasonal Maint. Workers	1	\$14.50/hr	< ---- >	\$17.00/hr
		<b>Union Represented</b>				
		<b>Non-Uniformed</b>				
DCD	26	Building Official/Fire Marshall	1	62,733	..B..C..D..	74,838
PW	21	WRF Lead	1	54,122	..B..C..D..	64,501
PW	20	Chief Mechanic	1	52,541	..B..C..D..	62,629
ADM	20	IT Systems Analyst	1	52,541	..B..C..D..	62,629
DCD	19	Assistant Planner	1	51,002	..B..C..D..	60,861
PW	19	Engineering Tech II	1	51,002	..B..C..D..	60,861
PW	19	WRF Operator IV	1	51,002	..B..C..D..	60,861
PW	18	Lead Water	1	49,525	..B..C..D..	59,051
DCD	17	Code Enforcement Officer	1	48,090	..B..C..D..	57,346
PW	17	Maint Worker III (Leads)	3	48,090	..B..C..D..	57,346
PW	17	WRF Operator III	1	48,090	..B..C..D..	57,346
PW	16	Water Operator	2	46,696	..B..C..D..	55,702
PW	16	Maintenance Project Worker	1	46,696	..B..C..D..	55,702
PW	15	Maint Worker II	6	45,344	..B..C..D..	54,038
ADM	15	Accounting Assistant III	1	45,344	..B..C..D..	54,038
DCD	14	DCD Specialist	1	44,013	..B..C..D..	52,499
ADM	13	Accounting Assistant II	2	42,702	..B..C..D..	50,939
PW	12	WRF Operator I	2	41,496	..B..C..D..	49,462
POL	12	Police Specialist	3	41,496	..B..C..D..	49,462
PW	11	Maint Worker I	4	40,269	..B..C..D..	48,048
PW	10	Administrative Assistant II	1	39,125	..B..C..D..	46,634
ADM/PW/DCD	9	Administrative Assistant I	2.75	37,960	..B..C..D..	45,240
		<b>Uniformed</b>				
POL		Police Sergeant	5	73,584	..B..C..D..	78,234
POL		Police Officer	14	54,131	..B..C..D..	66,925
		<b>Total Employees (excluding Council)</b>	<b>82.25</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.

**CITY OF SEQUIM  
2019 BUDGET  
Personnel Summary by Department and Fund**

	Budget 2015	Budget 2016	Budget 2017	Budget 2018	Budget 2019	2019-2018 Change
<b>General Fund</b>						
City Manager	1.50	1.50	2.00	3.30	3.00	(0.30)
City Clerk	2.00	2.00	2.00	1.50	1.50	-
Communications	0.40	0.50	0.50	0.50	0.50	-
City Attorney	1.35	1.35	1.50	1.50	1.50	-
Crim Prosecution (Municipal Court)	0.65	0.65	-	-	-	-
Human Resources	1.50	1.50	1.00	1.00	1.00	-
Information Technology	3.00	3.00	3.00	2.00	2.00	-
Finance	6.25	6.50	6.56	6.56	6.56	-
Growth Planning	1.00	1.00	1.00	1.00	0.75	(0.25)
Administrative Pool	-	-	1.50	1.50	2.50	1.00
Dev Services	3.00	3.00	2.75	2.75	2.75	-
PW Administration	4.10	4.00	4.00	4.05	5.19	1.14
Facilities Maintenance	1.56	1.05	1.06	1.33	1.30	(0.03)
Engineering	2.90	3.00	2.00	2.00	4.50	2.50
Temporary Engineering Project Mgr			1.50	1.50	-	(1.50)
Parks	2.15	1.90	1.38	1.38	1.59	0.21
Temporary, Seasonal or Interns	0.50	0.50	-	-	0.25	0.25
Police	20.92	20.92	22.50	23.00	24.00	1.00
Code Enforcement	1.00	1.00	1.00	1.00	1.00	-
Police Reserve	0.12	0.12	0.12	0.12	0.12	-
<b>Subtotal</b>	<b>53.78</b>	<b>53.37</b>	<b>55.37</b>	<b>55.99</b>	<b>60.01</b>	<b>4.02</b>
<b>Streets</b>						
Temporary, Seasonal or Interns	4.04	4.20	3.59	3.64	3.20	(0.44)
<b>Subtotal</b>	<b>4.04</b>	<b>4.20</b>	<b>4.09</b>	<b>4.14</b>	<b>3.45</b>	<b>(0.69)</b>
<b>Stormwater</b>						
Stormwater Operations	0.75	0.70	1.58	0.84	0.50	(0.34)
Project Stormwater	-	0.25	-	-	-	-
Temporary Water Resource	1.00	-	-	-	-	-
<b>Subtotal</b>	<b>1.75</b>	<b>0.95</b>	<b>1.58</b>	<b>0.84</b>	<b>0.50</b>	<b>(0.34)</b>
<b>Restricted Funds</b>						
Hotel/Motel Fund	0.60	0.50	0.50	0.50	0.50	-
Arts & Culture				-	0.38	0.38
Police Restricted	1.00	1.00	-	-	-	-
<b>Subtotal</b>	<b>1.60</b>	<b>1.50</b>	<b>0.50</b>	<b>0.50</b>	<b>0.88</b>	<b>0.38</b>
<b>Enterprise Funds</b>						
Water	4.00	4.25	4.93	5.43	5.19	(0.24)
Temporary, Seasonal or Interns	0.50	0.50	0.50	0.50	0.50	-
Sewer	8.00	9.15	8.21	9.58	11.72	2.14
Temporary, Seasonal or Interns	2.50	1.50	1.50	0.50	-	(0.50)
<b>Subtotal</b>	<b>15.00</b>	<b>15.40</b>	<b>15.14</b>	<b>16.01</b>	<b>17.41</b>	<b>1.40</b>
<b>Total Full Time Equivalents</b>	<b>76.17</b>	<b>75.42</b>	<b>76.68</b>	<b>77.48</b>	<b>82.25</b>	<b>4.77</b>
Tax Supported (includes Streets)	57.82	57.57	59.46	60.13	63.46	3.33
Other Funding	1.60	1.50	0.50	0.50	0.88	0.38
Enterprise Fund Supported	16.75	16.35	16.72	16.85	17.91	1.06
<b>Total Full Time Equivalents</b>	<b>76.17</b>	<b>75.42</b>	<b>76.68</b>	<b>77.48</b>	<b>82.25</b>	<b>4.77</b>

**CITY OF SEQUIM**

**2019 BUDGET**

**Benefits Schedule**

*Preliminary as of 8/14/18 - Subject to Change*

<b>City Paid Benefits 87.5% Health Insurance; 100% Remaining Insurance (Non-Represented Employees)</b>	<b>Total Monthly Cost</b>
Medical - Regence Blue Shield / AWC Health First 250 Plan	\$ 669.64 < -----> \$ 2,004.22
Dental - WDS / Plan F, plus Orthodontia	\$ 56.02 < -----> \$ 183.99
Vision - VSP	\$ 7.96 < -----> \$ 23.88
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	0.341% of compensation
<b>City Paid Benefits 85% Insurance (Non- Uniformed Union Employees)</b>	<b>Total Monthly Cost</b>
Medical - WA Teamsters Welfare Trust / Plan A	\$ 1,243.65
Dental - NW Teamsters Dental Trust / Plan A	\$ 118.69
Vision - WA Teamsters Vision Trust	\$ 13.55
Time Loss Insurance / Plan C	\$ 7.28
Life and AD&D Insurance / Non-Unif Plan B	\$ 4.00
Waiver of Contributions 9-Month Disability Extension	\$ 10.37
<b>City Paid Benefits 87.5% Insurance (Uniformed Union Employees)</b>	<b>Total Monthly Cost</b>
Medical - WA Teamsters Welfare Trust / Plan A	\$ 1,280.23
Dental - NW Teamsters Dental Trust / Plan A	\$ 122.18
Vision - WA Teamsters Vision Trust	\$ 13.95
Time Loss Insurance / Plan A	\$ 14.98
Life and AD&D Insurance / Uniformed Plan A	\$ 8.05
Waiver of Contributions 9-Month Disability Extension	\$ 10.67
<b>Other City Paid Benefits - Employer Contribution</b>	<b>Total Monthly Cost</b>
Retirement:	
PERS Plans	12.83% < -----> 12.83%
LEOFF2	5.43%

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



# City of Sequim 2019 Budget

## Appendix

*Providing for a safe, sustainable, and connected community*



# City Of Sequim 2019 Budget

## Appendix

### **Washington State Auditor**

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

The City of Sequim prepares an 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). Local government organizations are required by statute to follow these requirements.

### **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/Cash/Pages/Default2.aspx>

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

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

[http://www.sao.wa.gov/local/BarsManual/Cash/Pages/Cash\\_Budgeting.aspx](http://www.sao.wa.gov/local/BarsManual/Cash/Pages/Cash_Budgeting.aspx)