

# City of Sequim 2020 Budget

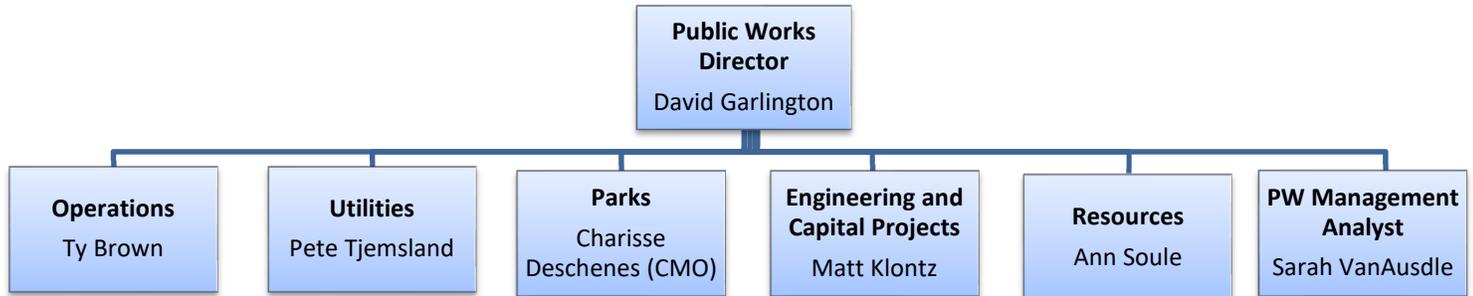
## **Public Works**





# 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 &amp; Maintenance</li> <li>▪ Utility Locates</li> <li>▪ Emergency Management Logistics</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 Operations</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>▪ 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 Logistics</li> </ul> | <ul style="list-style-type: none"> <li>▪ Storm and Surface Water Management</li> <li>▪ Stormwater 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> <li>▪ Emergency Management Planning</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>▪ Finance Dept. Liaison</li> <li>▪ Emergency Management Logistics</li> </ul> |
|---|---|--|--|--|--|

# City of Sequim Budget Overview

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

The **Public Works Department** supports its mission of building community by maintaining and enhancing the City's infrastructure in a way that meet the needs of the City and complies 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, assists in development review and answers customer inquiries. It oversees 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 assists with 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 Event 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 the Olympic Discovery 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 construction management services for general Public Works, Street, Water, Sewer, and Stormwater, and Facilities Capital Projects. Engineering also assist other City departments as needed 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.

### 2020 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 legislators, local and regional governmental entities, and other private organizations such as:
  - Clallam County—Off Channel Reservoir and stormwater interception
  - State (WSDOT)—US Highway 101 East Sequim Corridor Project
  - Jamestown S'Klallam Tribe and John Wayne Enterprises—sewer and water connections, and John Wayne Marina
  - Legislators-- Increase lobbying efforts related to the 101 Corridor's safety and mobility issues
- ❖ 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 -- Perform a sewer and water utility rate study
- ❖ PW Administration – Complete conversion to new budget and CIP software
- ❖ 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

## City of Sequim Budget Overview

- ❖ PW Administration – Increase level of contract administration support for additional grants, loans, and City-administered capital projects
- ❖ 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 the Guy Cole Event Center—completion of break-out room
- ❖ 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
- ❖ Implement site construction inspection program

### 2020 Budget Summary

#### *Facilities*

- ❖ The Facilities Budget increased by \$110k (34%) in 2020. Almost all the increase is related to the Guy Cole Event Center. \$20k has been budgeted for additional tables, chairs, and moving carts. An additional \$20k in janitorial expenses for the Guy Cole Event Center is budgeted to reflect increased usage, however, this amount is offset by revenue, because the renter pays for the janitorial services related to their individual events. There is \$40k in the budget to upgrade the ovens and grill in the kitchen.
- ❖ The balance of the increase in the Facilities budget (\$30k) is directed towards increasing the janitorial services at the Civic Center.

#### *Engineering*

- ❖ The Engineering budget has increased about \$45k (8%) in 2020. This change is due to the addition of .25 FTE Development Review Engineer and a full year of the newly hired Associate Engineer, along with cost of living increases. The Associate Engineer fulfills a critical element of the engineering team by allowing additional in-house design and construction management functionality, ultimately saving money in capital project expenses by reducing the level of consultants needed to complete projects. Almost all of engineering costs are allocated out to the Capital Projects, ultimately reducing the final cost of the project.

#### *Parks*

- ❖ The total Parks budget increased \$14.5k (6%) in 2020. This increase is a net result of cost of living increases and upgraded locks and security systems on various Parks facilities.
  - Transfers out to “The People’s Project” 1<sup>st</sup> place winner of \$63k has been added this year (not reflected in the chart). This transfer will support the installation of 13 water stations in all of our parks.

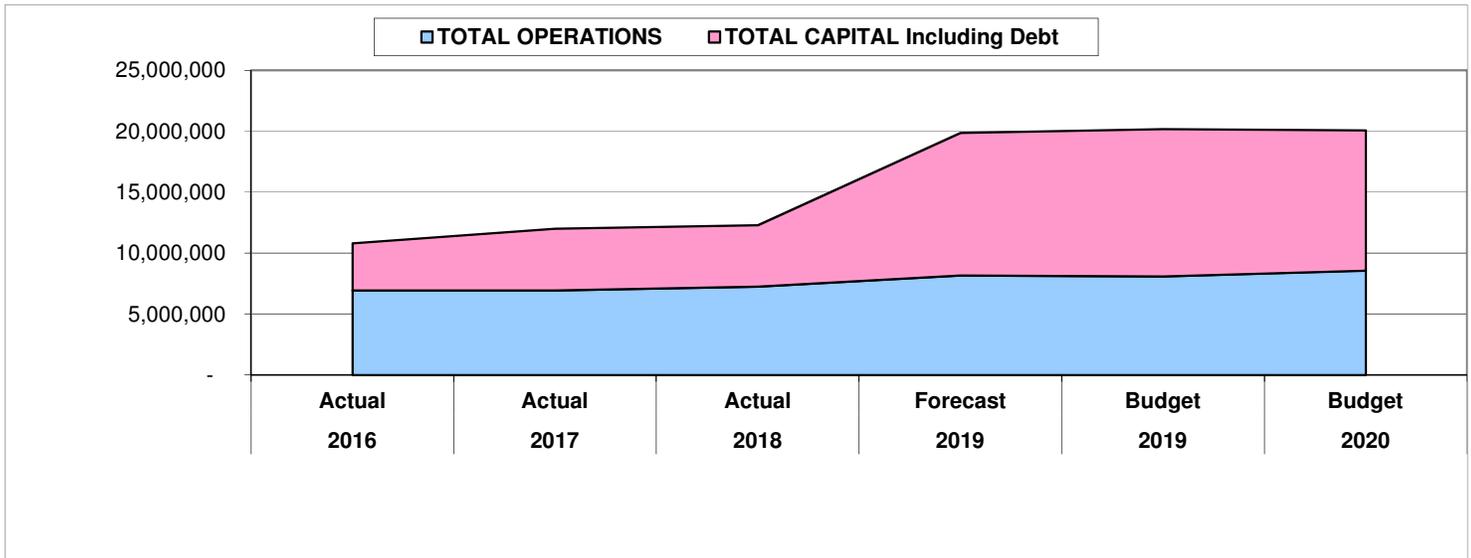
#### *PW Administration*

- ❖ The PW Administration budget has increased by \$59.6k (8%) in 2020. Salaries and benefits have increased \$47k due to cost of living and negotiated pay raises. Supplies and small tools increased about \$52.5k reflecting historical expenses in equipment repair, as well as some significant overhaul of hydraulics on aging equipment. Some new and replacement tools are budgeted to enable in-house maintenance of equipment. Services have been reduced by \$36k with the transfer of lobbying expenses for the 101 Corridor Project to the City Manager’s budget. Some additional reductions in travel and training, along with reduced outsourcing of repair work comprise the \$40k of reductions in services.

Overall the General Fund element of the Public Works budget has increased \$228k (12%) for 2020. This is a combined result of significant investment into the equipment of the Guy Cole Event Center, increased care and maintenance for public facilities, in house development and administration of capital projects, as well as fleet and equipment maintenance. 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  
2020 Budget  
5-Year Summary**

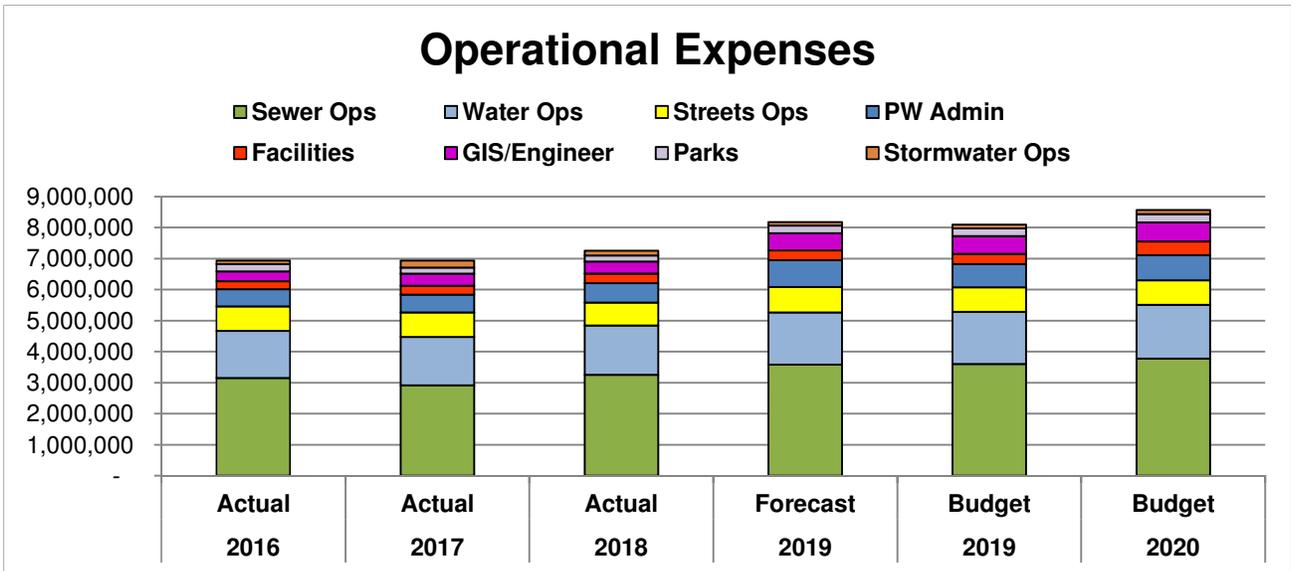
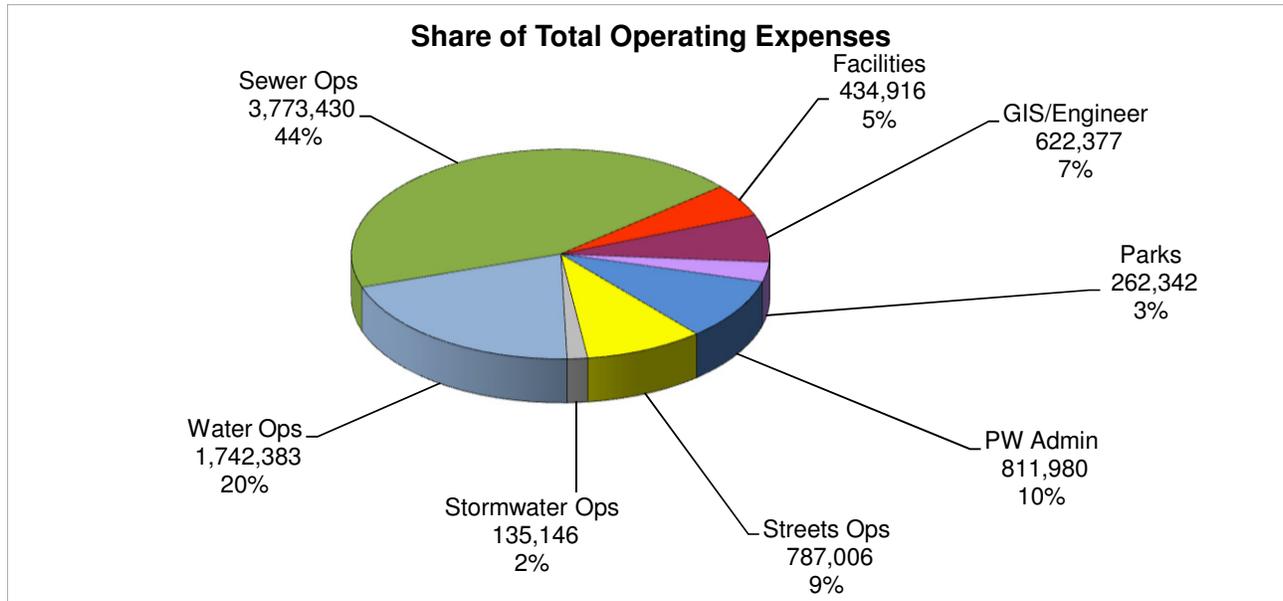
**PW Admin, Streets, Parks, Capital Facilities, Water, Sewer, Stormwater & Solid Waste  
Operations and Capital Projects (Excludes Non-Expense & Transfers Out)**



EXPENSES	2016 Actual	2017 Actual	2018 Actual	2019 Forecast	2019 Budget	2020 Budget	2020-2019 Amount	%
Facilities	257,574	294,182	310,819	316,666	325,322	434,916	109,594	34%
GIS/Engineer	322,679	388,397	386,395	558,686	577,712	622,377	44,665	8%
Parks	233,087	194,776	197,113	245,925	247,893	262,342	14,449	6%
PW Admin	548,616	575,053	625,268	853,684	752,369	811,980	59,611	8%
<b>SubTotal</b>	<b>1,361,956</b>	<b>1,452,408</b>	<b>1,519,595</b>	<b>1,974,961</b>	<b>1,903,296</b>	<b>2,131,615</b>	<b>228,319</b>	<b>12%</b>
Streets Ops	790,664	782,984	742,071	829,735	788,388	787,006	(1,382)	0%
Stormwater Ops	107,676	221,117	152,880	113,873	117,983	135,146	17,163	15%
<b>SubTotal</b>	<b>898,340</b>	<b>1,004,101</b>	<b>894,951</b>	<b>943,608</b>	<b>906,371</b>	<b>922,152</b>	<b>15,781</b>	<b>2%</b>
Water Ops	1,518,090	1,567,283	1,581,874	1,677,927	1,684,845	1,742,383	57,538	3%
Sewer Ops	3,155,723	2,910,943	3,257,078	3,582,847	3,602,313	3,773,430	171,117	5%
<b>SubTotal</b>	<b>4,673,813</b>	<b>4,478,226</b>	<b>4,838,952</b>	<b>5,260,774</b>	<b>5,287,158</b>	<b>5,515,813</b>	<b>228,655</b>	<b>4%</b>
<b>TOTAL OPERATIONS</b>	<b>6,934,109</b>	<b>6,934,735</b>	<b>7,253,498</b>	<b>8,179,343</b>	<b>8,096,825</b>	<b>8,569,580</b>	<b>472,755</b>	<b>6%</b>
Streets	537,228	1,333,898	1,731,746	2,800,519	2,964,401	5,372,569	2,408,168	81%
Stormwater	61,142	-	-	102,600	363,184	380,792	17,608	5%
Parks Restricted	561,071	626,886	381,823	48,885	144,408	409,738	265,330	184%
Haller Park	-	-	-	-	-	-	-	0%
Capital Facilities	79,506	823,744	158,330	311,759	415,743	1,070,522	654,779	157%
Water	348,235	914,495	1,382,336	1,949,183	1,644,950	1,345,722	(299,228)	-18%
Sewer	2,279,544	1,362,516	1,377,899	6,460,183	6,550,020	2,925,797	2,925,797	45%
<b>TOTAL CAPITAL Including Debt</b>	<b>3,866,726</b>	<b>5,061,539</b>	<b>5,032,134</b>	<b>11,673,129</b>	<b>12,082,706</b>	<b>11,505,140</b>	<b>(577,566)</b>	<b>-5%</b>
<b>Total Expenses BEFORE Transfers</b>	<b>10,800,835</b>	<b>11,996,274</b>	<b>12,285,632</b>	<b>19,852,472</b>	<b>20,179,531</b>	<b>20,074,720</b>	<b>(104,811)</b>	<b>-1%</b>
NonExpense/Transfers	3,980,560	3,037,945	3,573,542	6,781,329	6,479,805	5,739,605	(740,200)	-11%
<b>Total Expenses Including Transfers</b>	<b>14,781,395</b>	<b>15,034,219</b>	<b>15,859,174</b>	<b>26,633,801</b>	<b>26,659,336</b>	<b>25,814,325</b>	<b>(845,011)</b>	<b>-3%</b>

**City of Sequim  
2020 Budget**

**PW Admin, Streets, Parks, Capital Facilities, Water, Sewer, Stormwater & Solid Waste  
Operations (Excludes Non-Expense & Transfers Out)**



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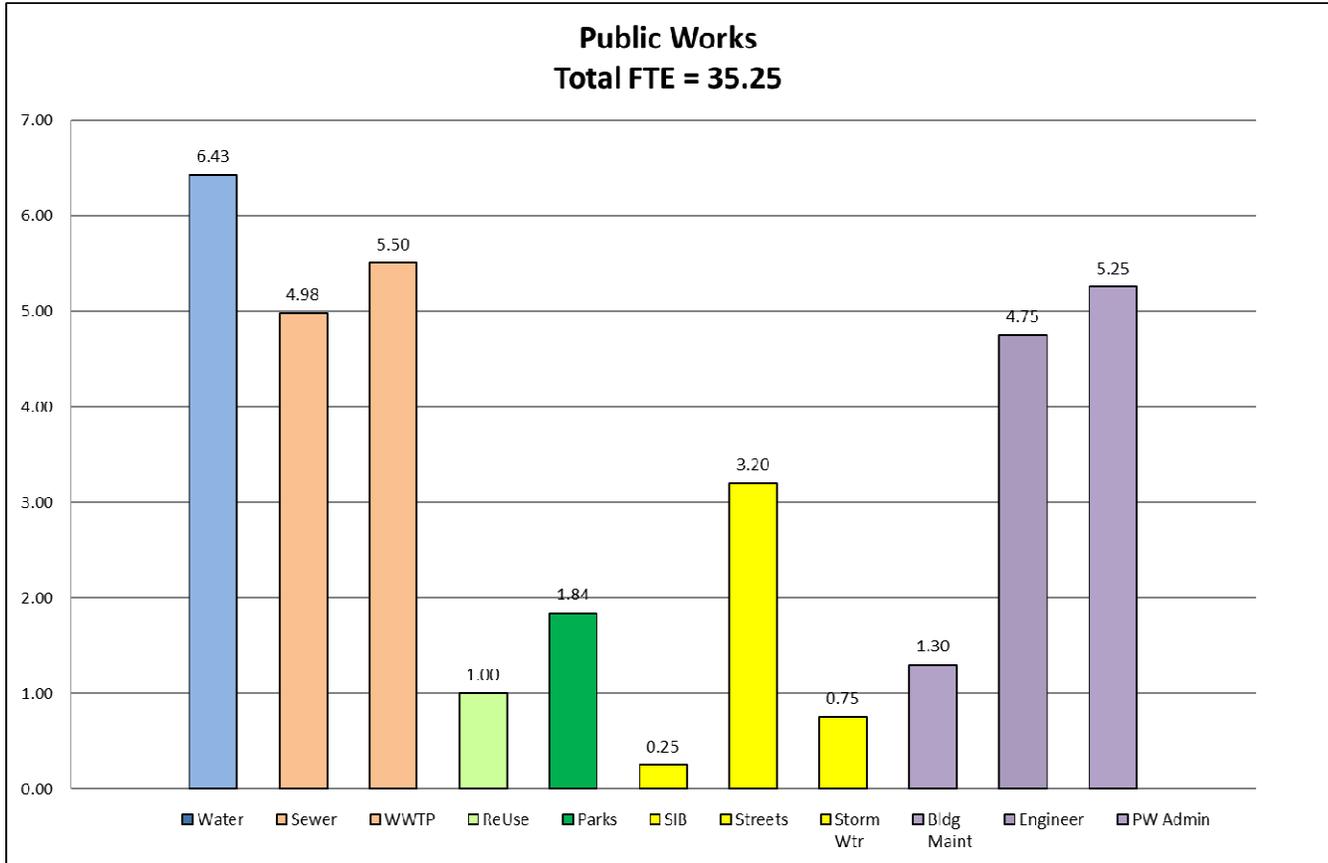
Gen Fund  
12%

# City of Sequim Department Description

## Public Works Staffing

The Public Works Department 2020 budget supports a total of 35.25 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 2020 staffing level increased by .50 FTE reflecting the addition of .25 FTE Development Review Engineer shared with the Department of Community Development, and .25 temporary Stormwater Intern, funded by a Stormwater Financial Assistance Program Grant.

The 2019 addition of new engineering staff, and project-oriented staff on the public works crew, has brought the department increased capacity to execute more projects in house.

The WRF is fully staffed for the first time in several years, and is now focused on succession planning for the retirement of the long time WRF Lead with the addition of a temporary .5 FTE.

Public Works staff work independently and collaboratively across divisions. The Department is focused on cross-training current staff, and on succession planning for retiring employees. The 2020 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.

Position	Water	Sewer	WWTP	ReUse	Parks	SIB	Streets	Storm Wtr	Bldg Maint	Engineer	PW Admin	Total
Accounting Assistant - Finance											0.25	0.25
Associate Engineer										1.00		1.00
Chief Mechanic											1.00	1.00
City Engineer										1.00		1.00
Development Review Engineer										0.25		0.25
Engineering Support Specialist										0.50	0.50	1.00
Engineering Tech - GIS										1.00		1.00
Maintenance Technician - 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	0.25	0.75										1.00
Maintenance Worker - Sewer	0.25	0.75										1.00
Maintenance Worker - Sewer/ReUse		0.50		0.50								1.00
Maintenance Worker - Sewer Carlsborg	0.25	0.75										1.00
Maintenance Worker - Streets							1.00					1.00
Maintenance Worker - Streets							0.75	0.25				1.00
Maintenance Worker - Water	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					0.25	0.25						0.50
Maintenance Worker - Seasonal	0.50											0.50
Maintenance Worker - Parks					1.00							1.00
Maintenance Worker - Projects											1.00	1.00
Operations Manager	0.34	0.32			0.09		0.20		0.05			1.00
Project Manager										1.00		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
Stormwater Intern								0.25				0.25
Utilities Manager	0.34	0.66										1.00
WRF Lead			1.00									1.00
WRF Succession Planning			0.50									
WRF Operator			1.00									1.00
WRF Operator			1.00									1.00
WRF Operator			1.00									1.00
WRF Maintenance Worker			1.00									1.00
<b># of Fte</b>	<b>6.43</b>	<b>4.98</b>	<b>5.50</b>	<b>1.00</b>	<b>1.84</b>	<b>0.25</b>	<b>3.20</b>	<b>0.75</b>	<b>1.30</b>	<b>4.75</b>	<b>5.25</b>	<b>35.25</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 2,768 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
- 92 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 ditch sites
- 1 acre of rapid infiltration basins
- 3 Bell Creek outfalls
- \$57M 6 year 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.

### 2020 Key Goals

- ❖ Move ahead with the South Sequim Complete Street neighborhood 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

### 2020 Street Operations Funding Sources

General Fund	\$560k
Reuse	\$ 20k
TBD	\$130k
Motor Vehicle Tax	\$160k
Misc.	\$ 56k
<b>Total</b>	<b>\$926k</b>

## City of Sequim Budget Overview

### 2020 Budget Summary

#### *Revenue - Significant Changes*

- ❖ Increase of \$40k from the General Fund
- ❖ Increase of \$2k from Streets in Bloom Reuse Demo Fee
- ❖ Increase of \$10k from TBD
- ❖ Decrease of \$4k from the Motor Vehicle Fuel tax
- ❖ Decrease of \$8k from Miscellaneous Revenues

#### *Expense – Significant Changes*

- ❖ The Streets Operations budget is basically static, with a slight decrease of \$1.4k (0%) overall (excluding transfers out). This decrease is a net of increased salaries and benefits of \$14k due to cost of living and negotiated pay raises, miscellaneous adjustments to supplies and services, and a reduction in overhead allocations (\$22k)
  - Transfers out increased by \$63k due to contributions to the shop fueling station project

**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, street and 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 (.75 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:

- ❖ In-pipe cameras are used to assess infrastructure condition
- ❖ 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 help from seasonal interns. 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.

### 2020 Key Goals

- ❖ Track fifth year of implementation of Tier A activities from the Stormwater Plan adopted in early 2016
- ❖ Continue to document expenses relating to Stormwater Operations
- ❖ Continue to repair chronic problem areas in conjunction with 2020 Pavement Preservation Project
- ❖ Continue to partner with regional water managers to identify opportunities for increased water supply resilience, such as finding funding sources for stormwater capture and infiltration components of the storage reservoir on River Road
- ❖ Stormwater grant from State Department of Ecology:
  - 85% reimbursable, 15% City match (non-cash, using seasonal/intern staff)
  - Design and other pre-construction activities for two facility retrofits
  - Continue to prioritize future infiltration facility retrofits for city owned facilities
  - Continue to develop and implement a private facility guidance program for Stormwater Compliance

# City of Sequim Budget Overview

## 2020 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 2020 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-*

- ❖ Stormwater operations expenses increased \$17k in 2020. Salaries and benefits increased \$3k due to negotiated pay increases. An additional \$20k has been budgeted for repair parts for the street sweeper and vac truck, Storm water retainage pond maintenance expenses have been reduced as a result of concentrated effort in 2019.

**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, water managers, and managers of privately-owned stormwater facilities 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. Utility billing and administrative support is provided by Finance. The General Fund finances a portion of management oversight and all of Finance Department services. Services provided by departments outside of the Water Fund are charged to the Water Fund through an Interfund Professional Services Charge (Allocations).

Approximately 1,350,000 gallons per day (gpd) of potable water are provided to the citizens and businesses of Sequim during the summer months and approximately 712,000 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. The City has applied for an additional water right of 500 gpm and will drill a test well in 2020.

### 2020 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
- ❖ Develop additional water rights and drill test well
- ❖ Identify and repair leaking pipes

### 2020 Budget Summary

#### *Revenues – Significant Changes*

- ❖ Total budgeted revenues are \$71K (3%) higher than 2019 based on a 4% rate increase adopted by City Council, conservatively projected growth, and a decrease in miscellaneous revenues.

#### *Expenses–Significant Changes*

- ❖ Overall expenses in Water Operations increased \$57.5k (3%) in 2020. Of this amount, \$71k is salaries and benefits. This amount is a combination of negotiated pay increases along with a shift of .73FTE from other departments, reflecting documented work effort. A modest \$13k increase in supplies and services is offset by (\$28k) decrease in allocations and a (\$25k) decrease in transfers to the Water Replacement Reserve account.

# 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. Utility billing and administrative support is provided by Finance. The General Fund finances a portion of management oversight and all of Finance Department services. 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.

### 2020 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
- ❖ Begin accepting sewage from Blyn
- ❖ Prepare for WRF lead replacement
- ❖ Explore alternative uses for biosolids

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

### 2020 Budget Summary

#### *Revenues-Significant Changes*

- ❖ Budgeted revenues are \$228k (5%) and higher than 2019 based a 0% rate change adopted by Council, and projected growth.

#### *Expenses-Significant Changes*

- ❖ Expenses in the Sewer Operations Department are budgeted to increase \$171k (5%) in 2020 (excluding transfers out).

Personnel expenses increased by \$90k, a combination of a shift of .73FTE to the Water Operations Department, and the addition of .5 FTE for replacement training of the WRF Lead.

Supplies have increased \$70k due to increased parts for repair of the vac truck, and increased supplies and chemicals for the WRF per the 2019 trend. Services increased \$35k resulting from increased reuse demonstration fees, utility costs at the WRF, and some anticipated additional outsourced maintenance costs with the retirement of the WRF Lead.

A (\$25k) reduction in small capital projects offsets some of the increased costs.

**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 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 2020. 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

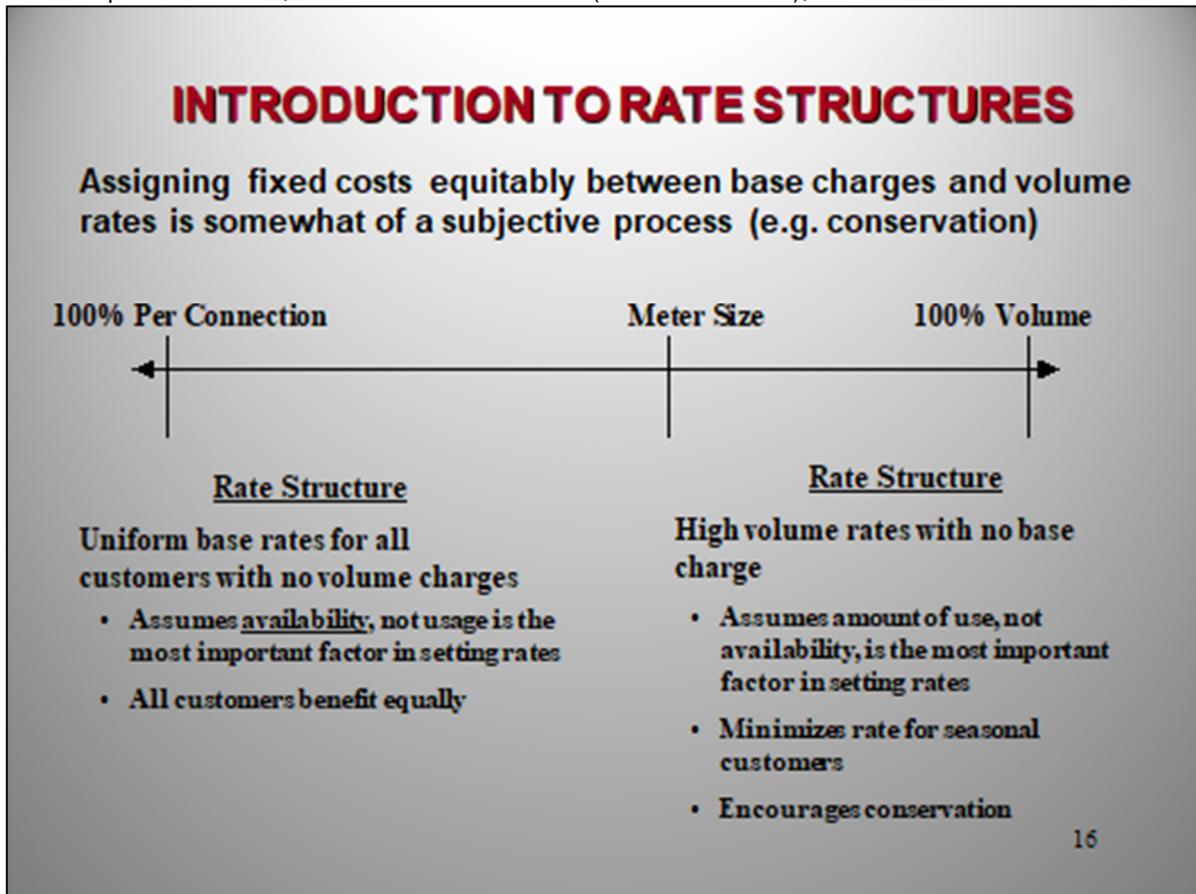
In general, a utility’s revenues are more volatile than its costs:

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



**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 of revenue stability desired by an agency.

**For the 2020 Budget, the City Council has approved a 4% increase in water rates. The sewer rate will remain the same with no increase in rate. The net effect of this change is a \$1.21 increase in the total monthly 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 2020-2025 and adopted by Council on August 12, 2019. 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 2020 capital budget follows the 2020 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

### 2020 Goals

- ❖ Delivery of the 2020 Capital Projects on time, on budget, and on target
- ❖ Establish outside funding mechanisms for capital projects
- ❖ Work with local legislators for project specific appropriations
- ❖ Integrate capital projects as a method of neighborhood improvement
- ❖ Project tracking to provide continuous information on physical progress, schedule, and budget

City Of Sequim

2020 Capital Project List

	<b>2020</b>	Project Cost	Funding Source
	<b>Parks</b>		
	Parks Impact Fee Study	\$50,000	General Fund
	City Wide Park Acquisition	\$200,000	Parks Impact Fees
	<b>Total Parks Projects</b>	<b>\$250,000</b>	
	<b>Building Facilities</b>		
	Guy Cole Meeting Room	\$100,000	REET
	EOC Upgrade	\$50,000	Public Safety Tax
	Fuel Station at City Shop Property	\$816,000	PST/GF/Water/Sewer
	<b>Total Capital Facilities</b>	<b>\$966,000</b>	
	<b>Stormwater</b>		
	7th Ave and Washington Upgrade	\$190,000	SFAP Grant/Water/Sewer
	Retrofit Discharge to Bell Creek on North Brown	\$113,000	SFAP Grant/Water/Sewer
	<b>Total Stormwater Projects</b>	<b>\$303,000</b>	
	<b>Streets</b>		
	Emergency	\$50,000	REET
	City wide Sidewalk Repair	\$52,000	REET
	Pavement Rehabilitation	\$230,000	Water/Sewer
	South Sequim Complete Streets	\$350,000	PWTF
	West Fir St- Sequim to 5th	\$3,415,000	SRTS/TIB/TBD/Impact
	Sequim Ave Roundabout and Sidewalk Infill between Old Olympic Hwy and Hendrickson	\$350,000	REET/SRTS
	<b>Total Streets Projects</b>	<b>\$4,447,000</b>	
	<b>Water</b>		
	Emergency	\$100,000	Water
	West Fir Transmission Main Replacement	\$267,000	Water
	AC/GALC Replacement (Bell St Alley - 2nd to 3rd)	\$200,000	Water
	SCADA Upgrade Report	\$56,000	Water
	West Washington Isolation Valves	\$113,000	Water
	Utility Rate Study (Water and Sewer)	\$100,000	Water/Sewer
	New Deep Well	\$136,000	Water
	<b>Total Water Projects</b>	<b>\$972,000</b>	
	<b>Sewer</b>		
	Emergency	\$200,000	Sewer
	Aerobic Digester Capacity Upgrades	\$1,091,201	Sewer/County/Jamestown
	West Fir St Sewer Replacement	\$183,000	Sewer
	WRF Odor Control	\$335,000	Sewer/County/Jamestown
	<b>Total Sewer Projects</b>	<b>\$1,809,201</b>	
	<b>Total All Capital Projects</b>	<b>\$8,747,201</b>	

# City of Sequim 2020 Capital Project Summary

The 2020 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.
- 2) **City Wide Park Acquisition - \$200k:** This project secures right of way for future park development.

## Capital Facilities

- 3) **Guy Cole Meeting Room – \$100k:** This project converts a partially finished room at the Guy Cole Center into a community meeting space.
- 4) **EOC Upgrade - \$50k:** This project converts the Transit Center to a permanent Emergency Operations Center and upgrades the IT infrastructure.
- 5) **Fuel Station at City Shop Property - \$816k:** The fuel station will be located on the undeveloped property between the existing City shop and South 3rd Ave. The tank will be a split tank for gasoline and diesel. The City will be the primary user of the fuel station daily and for emergencies. Other jurisdictions will have access to fuel during emergencies.

## Stormwater

- 6) **7<sup>th</sup> Ave and Washington Upgrade – \$190k:** 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.
- 7) **Retro Discharge to Bell Creek on North Brown – \$113k:** 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

- 8) **Emergency Project – \$50k:** This project reserves funding for unexpected and unidentified emergencies throughout the year that may require emergency repair.
- 9) **City-wide Sidewalk and Pedestrian/Bike Improvements – \$52k:** This annual city-wide program will support the construction of pedestrian and bicycle improvements for users of all ages and abilities.
- 10) **Pavement Rehabilitation - \$230k:** 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) **South Sequim Complete Streets - \$350k:** Once complete, the 12 block (1.5 mile) city 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 this project 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) **West Fir Street Improvements – \$3.415ml:** 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.
- 13) **Sequim Ave Roundabout and Sidewalk Infill between Old Olympic Hwy and Hendrickson - \$350k:** The primary need for this project is mobility, filling a 3,000-foot gap in facilities for pedestrians and bicyclists coming from the North-Northeast into/out of the school zone for the downtown 4-school campus in Sequim.

**City of Sequim  
2020  
Capital Project Summary**

**Water**

- 14) Emergency Projects – \$100k:** This project reserves funding for unexpected and unidentified emergencies throughout the year that may require emergency repair.
- 15) West Fir Transmission Main Replacement – \$267k:** 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.
- 16) AC/GALV Replacement (Bell St Alley - 2nd to 3rd) - \$200k:** This project replaces an undersized and failing galvanized water main
- 17) SCADA Upgrade Report - \$56k:** This project develops an inventory of the existing telemetry for the water and sewer utilities, recommends a plan for the integration, and prepares cost estimates for implementation
- 18) West Washington Isolation Valves - \$113k:** 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.
- 19) Utility Rate Study - \$100k:** The Utility Rate Study reviews customer classes and utility usage, rates and connection fees, and recommends utility rates to support costs.
- 20) New Deep Well – \$136k:** 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**

- 21) Emergency - \$200k:** This project reserves funding for unexpected and unidentified emergencies throughout the year that may require emergency repair.
- 22) Aerobic Digester Capacity Upgrade – \$1.091ml:** This project provides constructs two new 100,000 gallon cells to increase the capacity of existing aerobic digesters by adding additional tanks.
- 23) West Fir Street Sewer Replacement – \$183k:** 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.
- 24) WRF Odor Control –\$335k:** This project involves installing a mechanical filtering odor control device to minimize odor pollution.

# City of Sequim 2020 Capital Project Summary

## CAPITAL EQUIPMENT PURCHASES

The following items are budgeted for additional equipment purchases for 2020:

### Sewer

- 1) **New Dump Truck for WRF- \$170k:** Replacement of a 1982 5 yard dump truck used to convey biosolids. Upgrade to a 10 yard dump truck that allows longer run time of the screwpress.
- 2) **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.
- 3) **Screw Conveyor for Screwpress - \$40k:** The screw conveyor is in need of replacement and upgrade due to use. The replacement conveyer has been timed to coordinate with replacement of the WRF dump truck. The conveyor design will need to accommodate the larger dump truck.
- 4) **3<sup>rd</sup> Digester Blower - \$40k:** The additional blower will give the operators important redundancy and more aeration when needed
- 5) **WRF Lab Upgrade - \$25k:** 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. This initial amount is for designing and some preliminary construction work.
- 6) **Skid Mount Drain Jetter - \$15k:** Will allow the sewer crew to access areas in the sewer and stormwater systems that cannot be accessed by the Vac/Jet trucks.
- 7) **SCADA Connect - \$10k:** Connect the electronics with SCADA at the Reuse Demonstration Site and the Operators at the WRF. THE Operators will be able to monitor and make changes from the WRF.