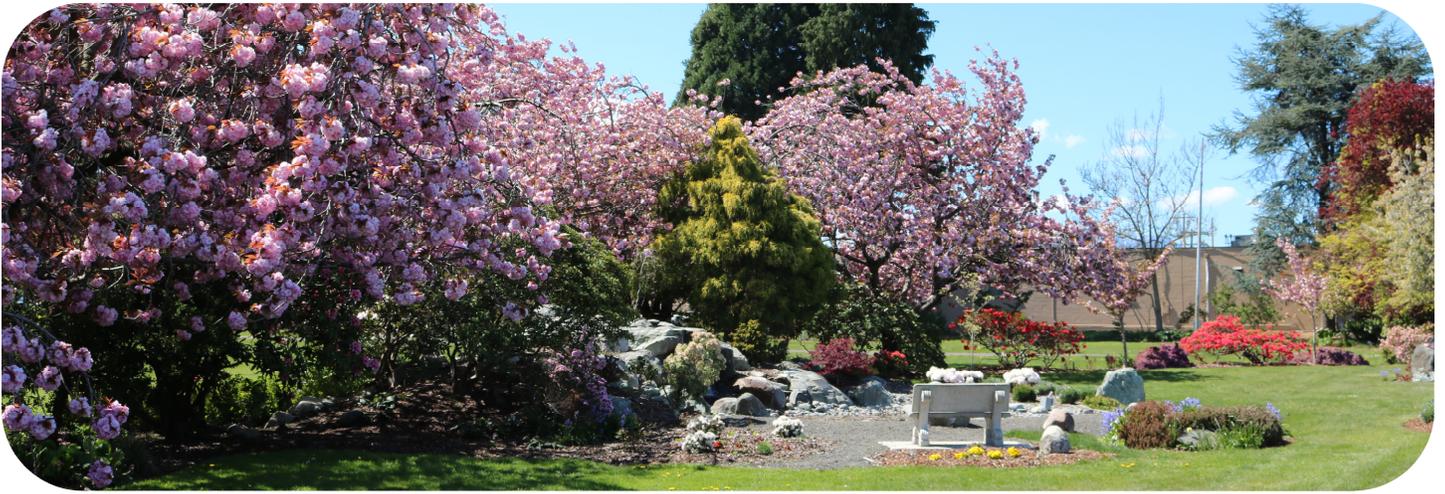




# Adopted 2020 Budget



**City of Sequim  
2020 Adopted Budget**

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# City of Sequim 2020 Budget

## Introduction







## City of Sequim City Manager's 2020 Budget Message

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

I am pleased to present the City's 2020 Proposed Annual Budget, the annual financial roadmap for the City of Sequim with projected total expenditures of \$37.7ml (\$30.5ml excluding transfers).

The Annual Budget allocates 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 for the 2018-2019 time period, with many of the goals stretching several more years into the future. The adopted City Council financial policies and budget principles below also guided budget preparation:

- 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 2020 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

### 2020 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 2020, 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 2019. These include organizational development, management of the Council Goals Work Plan, improving efficiencies, community engagement 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. 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 sixth year in 2020. Capital projects in this budget for streets (\$4.5ml), parks (\$250k), stormwater (\$303k), water (\$972k), sewer (\$1.8ml) and facilities (\$966k) – are all consistent with Council goals and the Capital Improvement Plan (CIP) updated and adopted in 2019. It should be noted that this budget proposes to use fund balance to accomplish some long overdue, highly anticipated, growth related and/or critical projects. These projects include West Fir Street Improvements (using saved Transportation Tax and Transportation Impact Fees), the Sunshine Festival (using saved Lodging Tax), Stormwater Improvements (using saved Water/Sewer funds), and EOC Improvements and a Fuel Station at the shop (using saved Public Safety Tax). Real Estate Excise Tax fund balance also supports a variety of other CIP projects.

Utility rates are adjusted to ensure predictable bills for customers while enabling predictable revenues to support operations. Operational expenses are only slightly increased from prior years reflecting a combination of maintenance and preventative measures.

## **General Fund**

Total General Fund revenues projected for 2020 are approximately \$11.3ml and are balanced with expenditures. Revenues are projected to increase 8% over the prior year’s conservative estimates and include some expected one-time sales tax receipts to support one-time projects and expenditures. Revenues are balanced with the increase in operational expenses of 8%. General Fund tax revenues are projected to grow (6%) over the 2019 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 2020, 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 2020’s revenues
- Interfund/Overhead service costs in the General Fund are applied throughout the organization and are revised higher in 2020, due to increases in the cost of those services
- Existing labor contracts and cost of living adjustments provide for increases and movement within existing wage ranges

- Contributions to Street Operations, Equipment Reserve, Debt Service, the Arts Fund and the Unemployment Reserve continue in 2020
- Contributions to “The People’s Project” are new in 2020 and reflect the results of the City’s participatory budgeting efforts

## 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 2020 Budget provides for projected fund balances of \$2.3ml that meet those guidelines for both the General Fund and Street Operations (\$2.0ml and \$370k, respectively). This ending fund balance, plus \$1.0ml for the Equipment Reserve Fund and \$1.6ml 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, dips slightly below minimum policy requirements in 2020 as adjustments are made annually to the equipment replacement plan. 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 48.1% of total operating expenses. 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 2020 changes.

	Actual 2016	Actual 2017	Actual 2018	Forecast 2019	Budget 2019	Budget 2020	2020 - 2019 %
<i>Budgeted positions (FTE, not including Council)</i>	75.42	76.56	78.18	82.25	82.25	85.38	3.8%
OFM Census	7,075	7,280	7,460	7,460	7,695	7,926	3.0%
<i>Employees per 1000 OFM Population</i>	11.0	10.7	10.5	11.0	10.7	10.8	0.8%
						<i>staff estimate 3% inc.*</i>	
Salaries	\$ 5,316,955	\$ 5,338,866	\$ 5,529,342	\$ 6,062,226	\$ 6,117,111	\$ 6,607,701	8.0%
Benefits	\$ 2,194,671	\$ 2,303,631	\$ 2,391,672	\$ 2,843,335	\$ 2,907,295	\$ 3,140,927	8.0%
<b>Total Comp</b>	<b>\$ 7,111,483</b>	<b>\$ 7,511,626</b>	<b>\$ 7,921,014</b>	<b>\$ 8,905,561</b>	<b>\$ 9,024,406</b>	<b>\$ 9,748,628</b>	8.0%
<i>Year over Year % Increase</i>	0.8%	5.6%	5.5%	12.4%	13.9%	8.0%	
Benefits as % Salaries	40%	41%	43%	47%	48%	48%	0.0%
Benefits as % Total Comp	28%	29%	30%	32%	32%	32%	0.0%
<i>City Wide Operating Funds</i>	<i>\$ 14,332,439</i>	<i>\$ 15,377,248</i>	<i>\$ 16,965,383</i>	<i>\$ 18,178,953</i>	<i>\$ 18,270,506</i>	<i>\$ 20,281,512</i>	11.0%
<b>Total Comp as % Op Budget</b>	<b>49.6%</b>	<b>48.8%</b>	<b>46.7%</b>	<b>49.0%</b>	<b>49.4%</b>	<b>48.1%</b>	-2.7%

The increases in benefits 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 8.0%. That said, the proposed staffing per thousand residents is below 2016 levels and has remained relatively consistent over the last five years.

Salaries and benefits for all bargaining units reflect the 2020 provisions negotiated in contracts approved by the City Council. 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.

As Council is aware, the cost of benefits has increased at an unsustainable rate over the years (42.5% over 2016). 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 2020 smaller increases are expected. Health insurance costs are estimated to increase 7% in 2020, 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 key senior management positions. The next several years will mark other transitions in the organization. Budgetary provisions have been included in the 2020 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 4% rate increase for water and no increase in sewer rates. Growth in the number of our sewer customers, including regional support of Carlsborg residents and businesses and the Jamestown S'Klallam Tribe, has resulted in strong financial performance for that fund. By increasing water rates while maintaining current sewer rates, the average residential customer should only see their monthly bill increase by \$1.21. 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 \$156k, respectively. We have projects planned for both ongoing and major repair and replacement, utilizing fund balance for portions of those projects. Total capital project costs for the sewer fund are \$1.8ml and \$972k 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 2020 Budget recommendations for the Human Services Contracts are consistent with prior year budgets. 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)	\$ 86,144
Human Services Contracts	\$ 75,000
Additional Services Funding	\$ 30,000
Economic Development Corporation	\$ 20,000
“Service Fest” / Neighborhoods Contribution	\$ 12,000
Small Business Development Corporation	\$ 5,000
Center for Inclusive Entrepreneurship	\$ 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 2020 Budget are compared to the 2019 budget below. When feasible, the City builds these reserves to enable prepayment of Civic Center-related debt. In 2020, the City intends to use estimated one-time revenues to build GO debt reserves beyond what is required for annual debt service:

Funding Source	2019	2020
Public Safety Tax	\$315,000	\$255,000
REET Transfer	\$105,000	\$105,000
General Fund	\$335,000	\$335,000
<b>Total</b>	<b>\$755,000</b>	<b>\$695,000</b>

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 2020 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 rate changes
- Proposed capital projects

## **Conclusion**

This budget addresses the City's highest priorities for service and capital needs for 2020 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 2020 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.

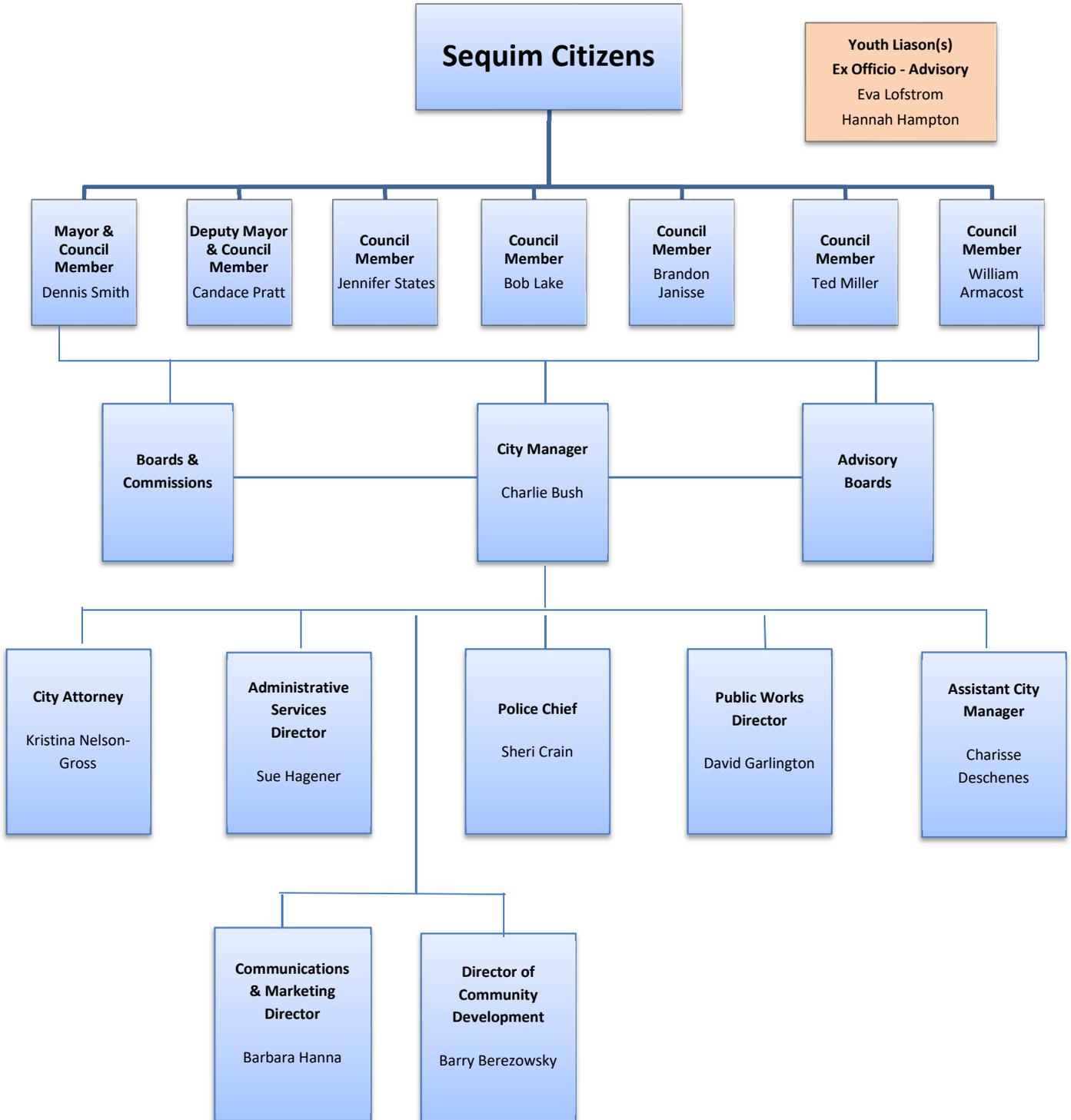
### CITY COUNCIL GOALS

- ◆ 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 2019



**CITY OF SEQUIM  
2020 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)*

*HANNAH HAMPTON (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

Public Works Director

David Garlington

**BUDGET MANAGERS / STAFF**

ADMINISTRATIVE SERVICES

Deputy Administrative Services Director

Connie Anderson

Human Resource Manager

Emily Stednick

IT Program Manager

Anthony Martin

Accounting Project Manager

Karen Turner

CITY ADMINISTRATION

Management Analyst

Jason Loihle

Legal Assistant

Erika Hamerquist

Arts Coordinator

Cyndi Hueth

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**

**2019 OFM ESTIMATE 7,695**



## 2020 Budget Calendar

January	Council Advance to Establish Priorities Management Retreat to Review Council Priorities
March	2018 Year-End Financial Reports Financial Policies Compliance and Review of Financial Policies
April-June	Q1 2019 Financial Reports Q1 2019 Budget Amendments Staff preparation of Long-Range Financial Plan Staff preparation of Capital Improvement Plan Staff preparation of Budget Software Staff preparation of 2019 Forecast (establishes 2020 Beginning Fund Balances)
June	Personnel Requests Finalized Staff completes 2019 Forecast
July	Council Review of 2020-2025 CIP Mid-Year 2019 Financial Reports Staff budget requests due Staff engages in 2 day “Budget Scrub”
August	Mid-Year 2019 Budget Amendments Budget Narratives Completed Preparation of 2020 Budget Book
September	Council review of Long-Range Financial Plan Preview of 2020 Rates and Fees Proposed 2020 City Manager Budget delivered to City Council with Citywide Overview
October	Proposed City Manager Budget: Comments, Questions or Concerns
November	Public Hearings and Adoption of Revenue Sources, Rates & Fees, Property Tax Levy and the 2020 Budget for the City

# 2020 Budget Calendar for Cities and Towns

The annual budget preparation procedures and deadlines for cities are found in [chapter 35A.33 RCW](#) (code cities) and [chapter 35.33 RCW](#) (all other cities and towns except Seattle) and outlined below.

The pre-budget items listed below are recommendations only and are not required by statute. The rest of the items are statutory deadlines only – cities and towns can take these steps earlier than listed or adopt different deadlines for some of these steps by ordinance or charter.

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

For recent examples of budget preparation calendars created by cities and towns, as well as a downloadable calendar that will load all of this information directly into your Outlook calendar, see our webpage [2020 Budget Calendar for Cities and Towns](#).

For a detailed explanation of the budget requirements, as well as some helpful practice tips, see our webpage [Budget Preparation Procedures for Cities and Towns](#).

<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 communicates budget objectives to staff</li> </ul>
<b>September</b>	<p><b>Sept 9</b> Budget request to all department heads.</p> <p><b>Sept 9–22</b> Department heads prepare estimates of revenues and expenditures. Clerk prepares estimates for debt service and all other estimates.</p> <p><b>Sept 23</b> Budget estimates from department heads filed with clerk</p> <p><b>Sept 25</b> Implicit price deflator calculated (only applies to cities of 10,000+ population)</p>
<b>October</b>	<p><b>Oct 1</b> Clerk provides estimates filed by department heads to Mayor/Manager showing complete financial program.</p> <p><b>Oct 7</b> 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 (suggested)</b> Public hearing on revenue sources including possible increases in property tax.</p>
<b>November</b>	<p><b>Nov 1</b> Mayor/Manager prepares preliminary budget and budget message. Files with clerk and council.</p> <p><b>Nov 1–18</b> Publication notice of preliminary budget and final hearing.</p> <p><b>Nov 1–25</b> Public hearing(s) on preliminary budget. Public hearing on revenue sources for levy setting.</p> <p><b>Nov 20</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 2</b> Final budget hearing</p> <p><b>Dec 31</b> Budget adoption</p>

<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
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## I. PURPOSE

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

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

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

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

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

### 308.10 RESERVED

The amounts of cash and investments 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 2020 Budget

## All City and General Fund Overview



# City of Sequim Budget Overview

## Budget Development Process

### Policy Strategy Phase

Council Planning

6 Year Long Range Financial Plan

6 Year Capital Improvement Plan

Public Input via Council Meetings & Community Survey (The People's Project)

### 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

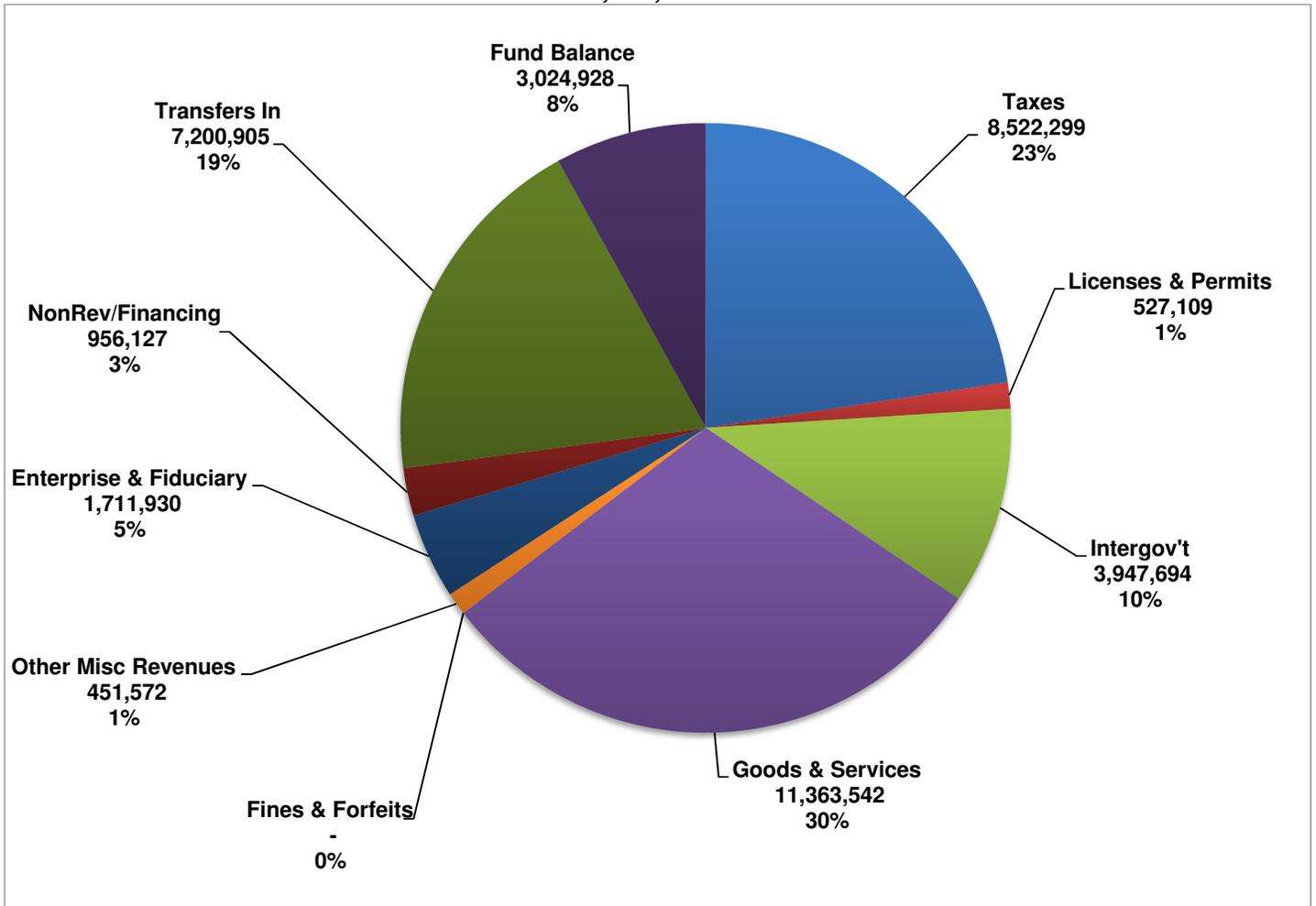


**EXHIBIT A  
City of Sequim  
2020 Budget**

	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	1,959,281	11,320,241	11,298,848	21,393	1,980,674	Ops
<b>Special Revenue Funds</b>						
101 Street UnRestricted	369,970	926,181	926,006	175	370,145	Ops
111 Street Restricted	1,153,966	6,803,080	7,322,569	(519,489)	634,477	R
107 StormWater UnRestricted	116,477	160,475	135,146	25,329	141,806	Ops
117 StormWater Restricted	472,555	302,007	380,792	(78,785)	393,770	R
115 Lodging Tax Hotel/Motel	580,583	412,000	447,472	(35,472)	545,111	R
120 Police Restricted	186,441	403,682	489,538	(85,856)	100,585	R
121 Police Asset Seizure	40,260	20,274	30,000	(9,726)	30,534	R
140 Parks Restricted	922,949	409,358	409,738	(380)	922,569	R
150 Real Estate Excise Tax	338,678	505,450	839,500	(334,050)	4,628	R
160 Arts & Culture-Arts Commission Progr	12,227	45,500	44,884	616	12,843	R
164 Equipment Reserve	953,424	464,100	406,200	57,900	1,011,324	R
199 Rainy Day	1,605,946	6,000	0	6,000	1,611,946	R
<b>Debt Service Funds</b>						
206 Debt Service Fund	243,289	695,000	660,426	34,574	277,863	R
<b>Capital Funds</b>						
306 Capital Facilities Fund	263,281	1,176,205	1,170,522	5,683	268,964	R
<b>Enterprise Funds</b>						
401 Water UnRestricted	1,038,682	2,478,687	2,450,183	28,504	1,067,186	Ops
402 Sewer UnRestricted	1,871,811	4,659,136	4,653,935	5,201	1,877,012	Ops
411 Water Restricted	3,342,687	1,426,500	2,072,722	(646,222)	2,696,465	R
422 Sewer Restricted	5,945,772	2,158,235	3,636,297	(1,478,062)	4,467,710	R
<b>Trust, Agency &amp; Permanent Funds</b>						
500 Unemployment Compensation Reserve	57,316	65,000	98,000	(33,000)	24,316	R
611 Flex Benefits	5,293	45,000	45,000	0	5,293	R
621 Police Expendable Trust	0	20,000	20,000	0	0	R
631 Construction Deposits	106,965	0	0	0	106,965	R
635 Intergovernmental Agency Fund	14,174	178,627	168,328	10,299	24,473	R
645 Utility Security Deposits	2,176	0	0	0	2,176	R
701 Haller Park Fund	40,405	440	0	440	40,845	R
	<b>21,644,608</b>	<b>34,681,178</b>	<b>37,706,106</b>	<b>(3,024,928)</b>	<b>18,619,680</b>	
		7,200,905	7,200,905	Transfers In / Out		
		<b>27,480,273</b>	<b>30,505,201</b>	<b>Net of Transfers</b>		
		3,400,000	3,737,585	InterFund Service Charges*		
		<b>24,080,273</b>	<b>26,767,616</b>	<b>Net Revenues/Expenses w/o Transfers &amp; Interfund Services</b>		
		19,544,720	19,464,118	Operating Funds		Ops
		15,136,458	18,241,988	Restricted/Project Funds		R
		<b>34,681,178</b>	<b>37,706,106</b>			

**City of Sequim  
2020 Budget**

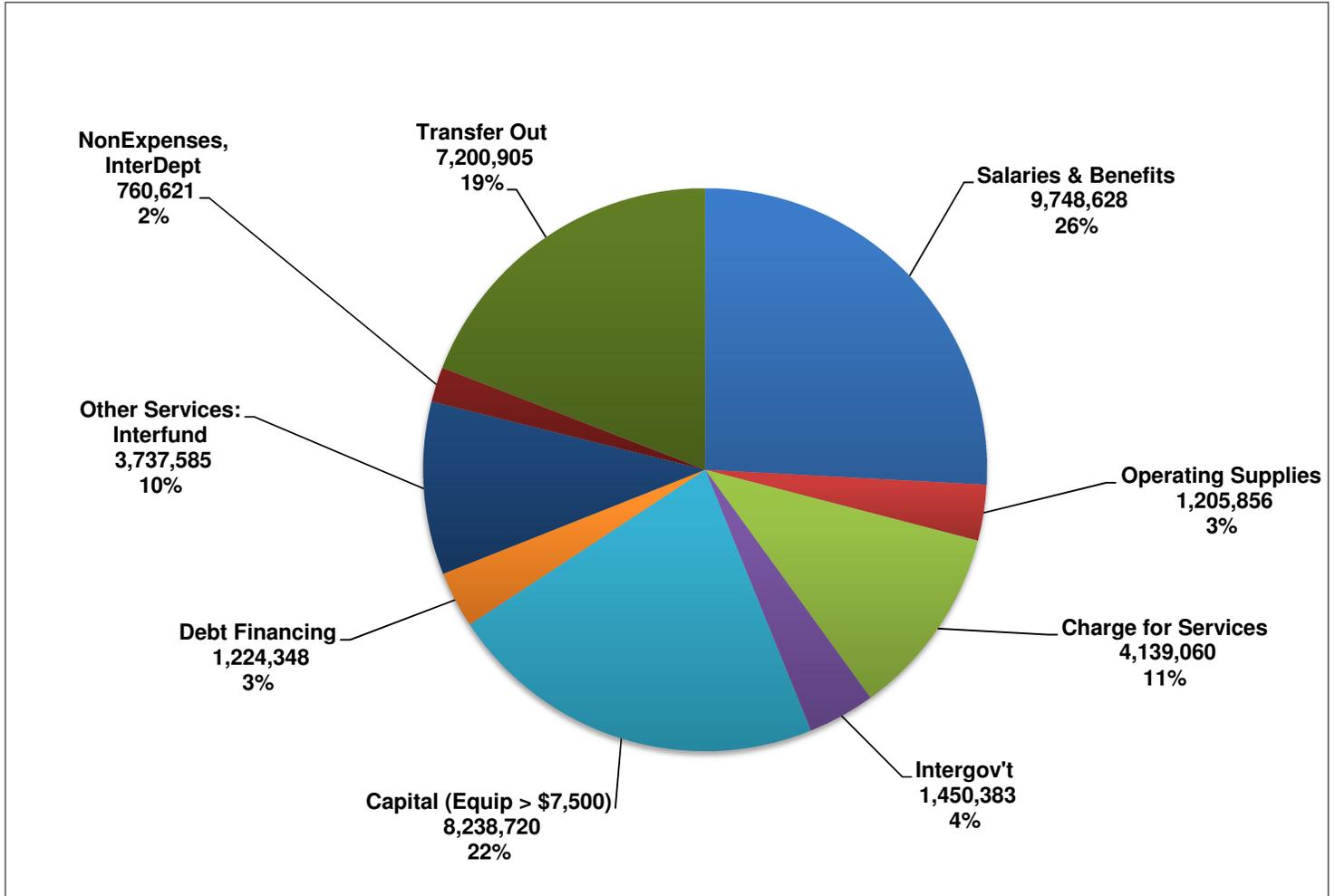
**Where Will the Money Come From?  
Total Revenue / Resources  
37,706,106**



	2016 Actual	2017 Actual	2018 Actual	2019 Forecast	2019 Budget	2020 Budget	2020-2019 Amount	%
Taxes	6,685,600	7,213,627	8,656,002	8,010,052	7,871,414	8,522,299	650,885	8.3%
Licenses & Permits	310,333	501,374	559,792	411,110	370,901	527,109	156,208	42.1%
Intergov't	640,502	935,068	893,032	4,633,623	3,060,339	3,947,694	887,355	29.0%
Goods & Services	9,588,642	10,806,191	10,381,034	10,657,283	10,517,827	11,363,542	845,715	8.0%
Fines & Forfeits	4,931	526	1,273	452	-	-	-	0.0%
Other Misc Revenues	564,313	537,598	471,089	617,484	599,722	451,572	(148,150)	-24.7%
Enterprise & Fiduciary	1,222,483	1,860,538	2,345,613	1,460,706	1,148,600	1,711,930	563,330	49.0%
NonRev/Financing	1,304,948	1,110,361	981,442	1,179,430	654,208	956,127	301,919	46.2%
<b>Net Revenues</b>	<b>20,321,752</b>	<b>22,965,283</b>	<b>24,289,277</b>	<b>26,970,140</b>	<b>24,223,011</b>	<b>27,480,273</b>	<b>3,257,262</b>	<b>13.4%</b>
Transfers In	5,378,960	5,121,422	6,018,086	9,325,306	8,295,305	7,200,905	(1,094,400)	-13.2%
<b>Revenues</b>	<b>25,700,712</b>	<b>28,086,705</b>	<b>30,307,363</b>	<b>36,295,446</b>	<b>32,518,316</b>	<b>34,681,178</b>	<b>2,162,862</b>	<b>6.7%</b>
Use of Beginning Fund Balance	(1,928,487)	(2,650,868)	(3,509,746)	2,162,257	5,339,707	3,024,928	(2,314,779)	-43.4%
<b>Total Use of Revenue</b>	<b>23,772,225</b>	<b>25,435,837</b>	<b>26,797,617</b>	<b>38,457,703</b>	<b>37,858,023</b>	<b>37,706,106</b>	<b>(151,917)</b>	<b>-0.4%</b>

**City of Sequim  
2019 Budget**

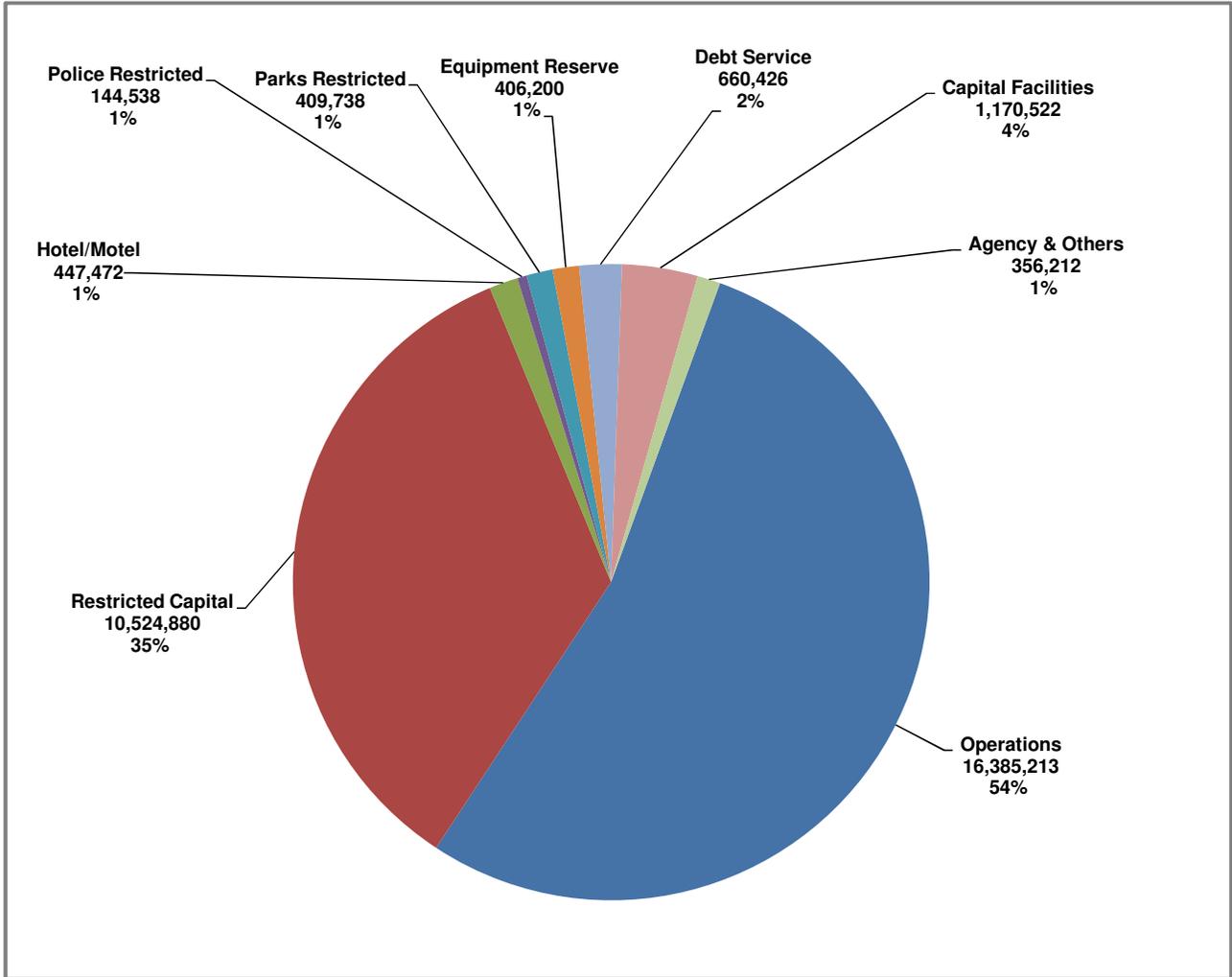
**Where Will the Money Go?  
Total Expenses  
37,706,106**



	2016 Actuals	2017 Actuals	2018 Actuals	2019 Forecast	2019 Budget	2020 Budget	2020-2019 Amount	%
Salaries & Benefits	7,511,626	7,642,497	7,921,014	8,905,561	9,024,406	9,748,628	724,222	8.0%
Operating Supplies	885,194	905,841	978,375	957,073	936,582	1,205,856	269,274	28.8%
Charge for Services	2,340,136	2,985,633	3,846,616	3,553,021	3,459,857	4,139,060	679,203	19.6%
Intergov't	1,173,710	1,160,371	1,270,294	1,348,342	1,408,470	1,450,383	41,913	3.0%
Capital (Equip > \$7,500)	2,408,397	3,183,217	2,091,705	5,470,985	6,018,155	8,238,720	2,220,565	36.9%
Debt Financing	1,570,616	1,608,416	1,557,893	4,866,747	4,818,435	1,224,348	(3,594,087)	-74.6%
Other Services: Interfund	2,421,773	2,682,906	2,949,084	3,414,956	3,441,191	3,737,585	296,394	8.6%
NonExpenses, InterDept	81,814	145,534	164,551	565,716	455,621	760,621	305,000	66.9%
<b>Net Expenses</b>	<b>18,393,266</b>	<b>20,314,415</b>	<b>20,779,532</b>	<b>29,082,401</b>	<b>29,562,717</b>	<b>30,505,201</b>	<b>942,484</b>	<b>3.2%</b>
Transfer Out	5,378,960	5,121,422	6,018,086	9,375,302	8,295,305	7,200,905	(1,094,400)	-13.2%
<b>Total Expenses</b>	<b>23,772,226</b>	<b>25,435,837</b>	<b>26,797,618</b>	<b>38,457,703</b>	<b>37,858,022</b>	<b>37,706,106</b>	<b>(151,916)</b>	<b>-0.4%</b>

**City of Sequim  
2020 Budget**

**Total All City Programs Expenses - Excluding Transfers  
Operations and Capital Projects  
30,505,201**



	2016 Actual	2017 Actual	2018 Actual	2019 Forecast	2019 Budget	2020 Budget	2020-2019 Amount	%
<b>All City Total Expenses</b>	18,393,266	20,314,415	20,779,533	29,082,401	29,562,717	30,505,201	942,484	3%

**City of Sequim  
2020 Budget**

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

	2016 ABtual	2017 Actual	2018 Actual	2019 Forecast	2019 Budget	2020 Budget	2020-2019 Amount	%
<b>All City Program</b>								
<b>Total Expenses</b>	<b>18,393,266</b>	<b>20,314,415</b>	<b>20,779,533</b>	<b>29,082,401</b>	<b>29,562,717</b>	<b>30,505,201</b>	<b>942,484</b>	<b>3.2%</b>
<b>Operations</b>								
General Fund	7,589,168	7,965,729	8,397,105	9,016,068	9,172,841	9,847,248	674,407	7.4%
Street Ops	794,177	784,277	742,371	830,479	793,388	787,006	(6,382)	-0.8%
Stormwater Ops	107,676	221,117	152,880	113,873	117,983	135,146	17,163	14.5%
Water Ops	1,518,421	1,568,928	1,581,874	1,678,486	1,684,845	1,792,383	107,538	6.4%
Sewer Ops	3,155,723	2,910,943	3,257,078	3,582,847	3,602,313	3,823,430	221,117	6.1%
<b>Total Operations</b>	<b>13,165,165</b>	<b>13,450,994</b>	<b>14,131,308</b>	<b>15,221,753</b>	<b>15,371,370</b>	<b>16,385,213</b>	<b>1,013,843</b>	<b>6.6%</b>
<b>Capital Restricted</b>								
Streets	537,228	1,333,899	1,731,746	2,800,519	2,964,401	5,672,569	2,708,168	91.4%
Stormwater	61,142	-	-	102,600	363,184	380,792	17,608	4.8%
Water	348,235	914,495	1,382,336	1,949,183	1,644,950	1,445,722	(199,228)	-12.1%
Sewer	2,279,544	1,362,515	1,377,899	6,460,183	6,550,020	3,025,797	(3,524,223)	-53.8%
<b>Total Restricted Capital</b>	<b>3,226,149</b>	<b>3,610,909</b>	<b>4,491,981</b>	<b>11,312,485</b>	<b>11,522,555</b>	<b>10,524,880</b>	<b>(997,675)</b>	<b>-8.7%</b>
<b>Hotel/Motel</b>	<b>237,315</b>	<b>251,205</b>	<b>272,717</b>	<b>324,575</b>	<b>324,219</b>	<b>447,472</b>	<b>123,253</b>	<b>38.0%</b>
<b>Police Restricted</b>								
Police Restricted	115,296	48,946	49,051	49,829	67,381	114,538	47,157	70.0%
Police Asset Seizure	-	-	-	11,665	20,000	30,000	10,000	50.0%
Police Expendable Trust	123	-	-	-	-	-	-	0.0%
<b>Total Police</b>	<b>115,419</b>	<b>48,946</b>	<b>49,051</b>	<b>61,494</b>	<b>87,381</b>	<b>144,538</b>	<b>57,157</b>	<b>65.4%</b>
<b>Parks Restricted</b>	<b>561,071</b>	<b>626,887</b>	<b>381,823</b>	<b>48,885</b>	<b>144,408</b>	<b>409,738</b>	<b>265,330</b>	<b>183.7%</b>
<b>Equipment Reserve</b>	<b>243,127</b>	<b>627,108</b>	<b>428,083</b>	<b>347,235</b>	<b>284,700</b>	<b>406,200</b>	<b>121,500</b>	<b>42.7%</b>
<b>Debt Service</b>	<b>656,740</b>	<b>659,190</b>	<b>659,302</b>	<b>657,125</b>	<b>657,625</b>	<b>660,426</b>	<b>2,801</b>	<b>0.4%</b>
<b>Capital Facilities</b>	<b>79,506</b>	<b>823,744</b>	<b>158,331</b>	<b>311,759</b>	<b>415,743</b>	<b>1,170,522</b>	<b>754,779</b>	<b>181.5%</b>
<b>Agency &amp; Others</b>								
Arts & Culture	21,299	27,241	14,114	52,648	53,388	44,884	(8,504)	-15.9%
Unemployment Reserve	3,354	37,991	26,902	87,956	98,000	98,000	-	0.0%
Flex Benefits	12,864	13,966	17,359	35,418	45,000	45,000	-	0.0%
Construction Deposits	27,902	49,743	58,475	333,348	325,000	-	(325,000)	-100.0%
Intergov't Agency Fund	33,443	44,192	41,882	113,415	168,328	168,328	-	0.0%
Utility Security Deposits	9,912	42,299	48,205	174,305	65,000	-	(65,000)	-100.0%
Haller Park	-	-	-	-	-	-	-	0.0%
<b>Total Agency &amp; Others</b>	<b>108,774</b>	<b>215,432</b>	<b>206,937</b>	<b>797,090</b>	<b>754,716</b>	<b>356,212</b>	<b>(398,504)</b>	<b>-52.8%</b>

# City Of Sequim Budget Overview

## General Fund Revenues

### 2020 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

### 2020 Budget Summary

- ❖ Overall General Fund revenues are up \$861k or 8% from the 2019 (original) Adopted Budget
  - Sales Tax revenues reflect baseline revenues, plus \$299k to support one-time expenses
  - License & Permits revenues reflect baseline revenues, plus minimal one-time revenues to support one-time expenses as well as new fees related to Development Reviews
  - 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

### 2020 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

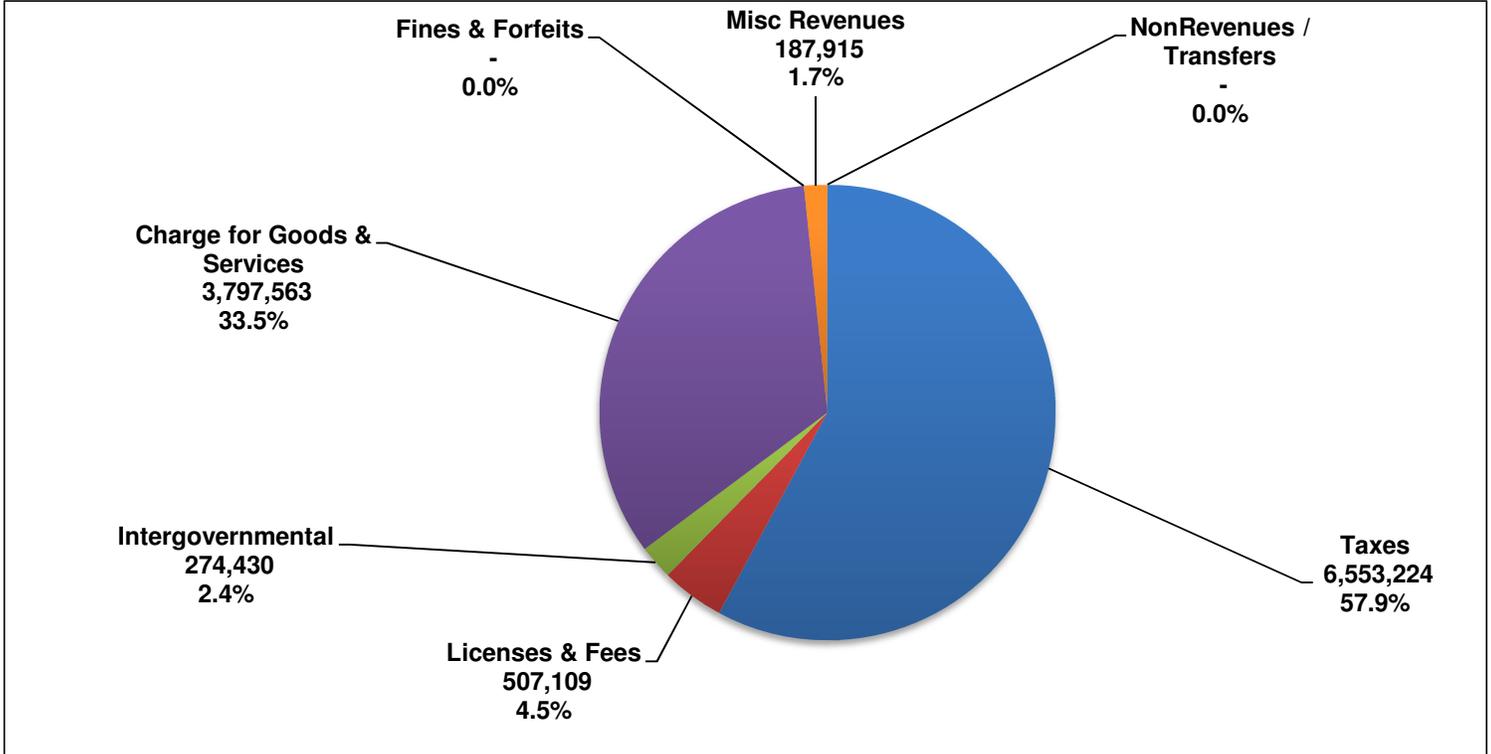
### 2020 Budget Summary

- ❖ Overall General Fund expenditures increased \$849k or 8% from the 2019 (original) Adopted Budget
  - Salary and Benefits increased by \$523k or 8%
  - Supplies increased \$71k or 21%
  - Services increased by \$35k or 2%
  - Intergovernmental Services increased by \$16k or 3%
  - Capital purchases increased by \$29k or 276%
  - Transfers out increased by \$174k or 14%



**City of Sequim  
2020 Budget**

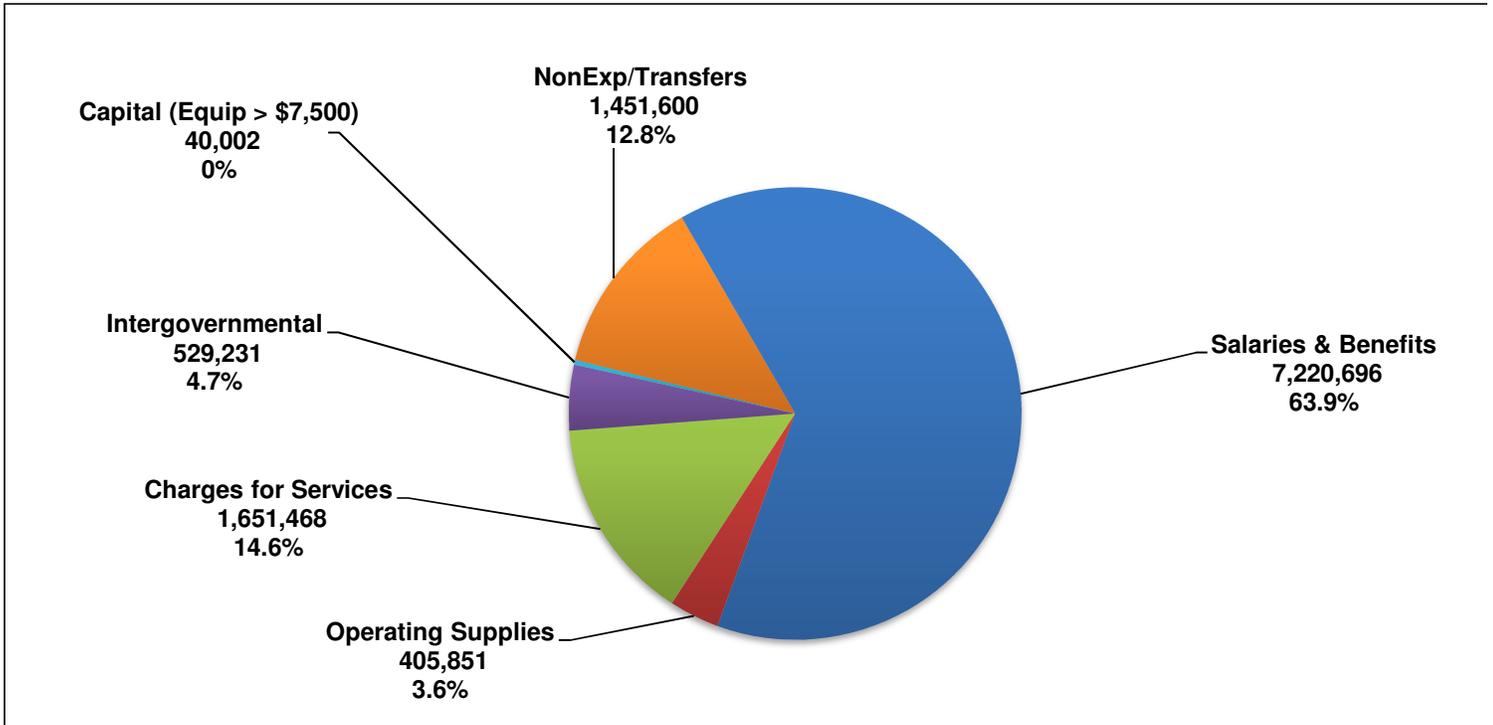
**General Fund Revenues  
Total Revenues  
11,320,241**



	2016 Actual	2017 Actual	2018 Actual	2019 Forecast	2019 Budget	2020 Budget	2020-2019 Amount	%
<b>Beginning Fund Balance</b>	1,811,635	2,155,443	2,422,226	2,507,057	2,293,857	1,959,281	(334,576)	-15%
Taxes	5,706,099	6,036,523	6,612,120	6,213,674	6,186,700	6,553,224	366,524	6%
Licenses & Fees	304,496	496,527	552,318	391,184	365,714	507,109	141,395	39%
Intergovernmental	217,030	238,385	301,496	249,727	245,093	274,430	29,337	12%
Charge for Goods & Services	2,809,715	3,067,074	3,223,740	3,480,578	3,493,289	3,797,563	304,274	9%
Fines & Forfeits	4,931	526	1,273	452	-	-	-	
Misc Revenues	117,999	141,381	151,407	172,417	168,205	187,915	19,710	12%
NonRevenues / Transfers	21,380	7,787	11,382	12,557	-	-	-	0%
<b>TOTAL Revenues</b>	<b>9,181,650</b>	<b>9,988,203</b>	<b>10,853,736</b>	<b>10,520,589</b>	<b>10,459,001</b>	<b>11,320,241</b>	<b>861,240</b>	<b>8%</b>
<b>Total Expenses</b>	<b>8,837,842</b>	<b>9,721,904</b>	<b>10,768,905</b>	<b>11,068,365</b>	<b>10,450,140</b>	<b>11,298,848</b>	<b>848,708</b>	<b>8%</b>
Net Surplus/(Deficit)	343,808	266,298	84,831	(547,776)	8,861	21,393	12,532	141%
<b>Ending Fund Balance</b>	<b>2,155,443</b>	<b>2,421,741</b>	<b>2,507,057</b>	<b>1,959,281</b>	<b>2,302,718</b>	<b>1,980,674</b>	<b>(322,044)</b>	<b>-14%</b>

**City of Sequim  
2020 Budget**

**General Fund Expenses  
Total Expenses  
11,298,848**

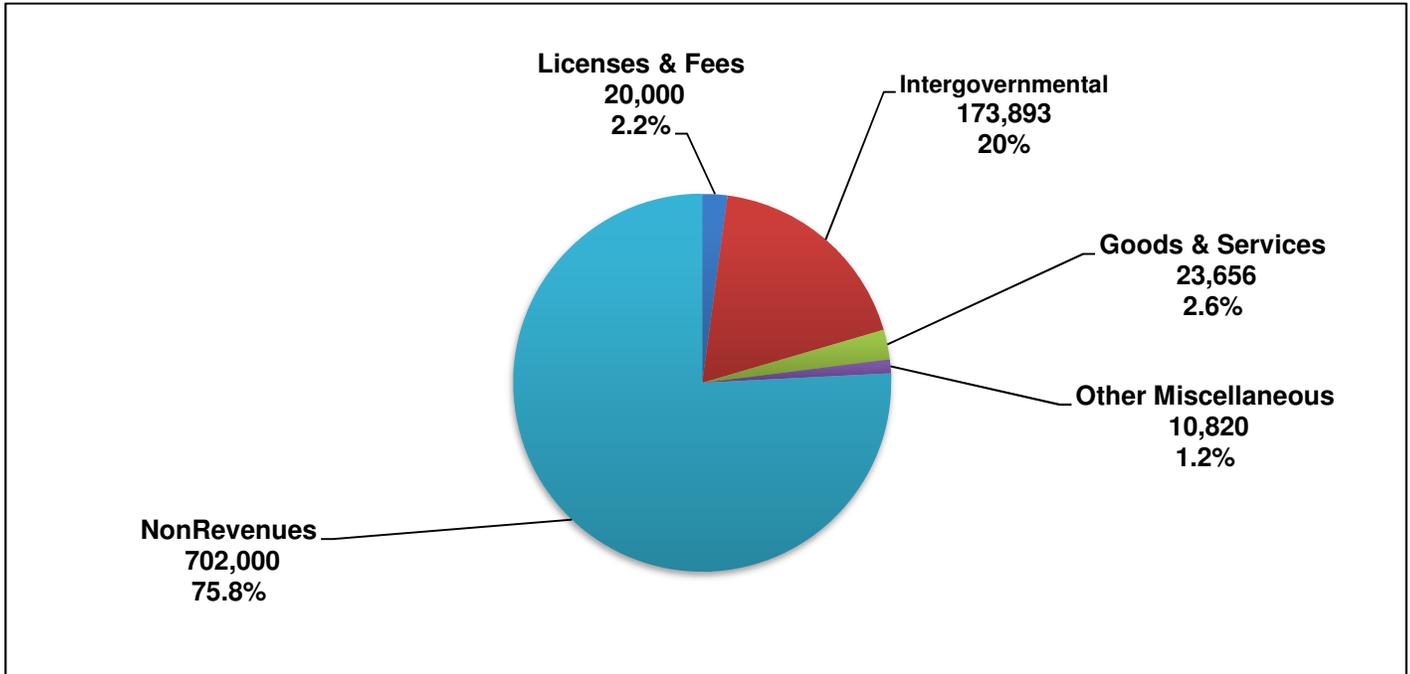


	2016 Actual	2017 Actual	2018 Actual	2019 Forecast	2019 Budget	2020 Budget	2020-2019 Amount	%
<b>Beginning Fund Balance</b>	1,811,635	2,155,443	2,422,226	2,507,057	2,293,857	1,959,281	(334,576)	-15%
<b>Total Revenues</b>	9,181,650	9,988,203	10,853,736	10,520,589	10,459,001	11,320,241	861,240	8%
Salaries & Benefits	5,544,036	5,664,362	5,912,377	6,591,071	6,697,817	7,220,696	522,879	8%
Operating Supplies	331,547	347,658	362,049	329,129	334,456	405,851	71,395	21%
Charges for Services	1,233,144	1,411,062	1,570,724	1,579,021	1,616,498	1,651,468	34,970	2%
Intergovernmental	478,956	482,663	511,922	508,628	513,418	529,231	15,813	3%
Capital (Equip > \$7,500)	-	57,587	37,876	8,000	10,651	40,002	29,351	276%
NonExp/Transfers	1,250,159	1,758,573	2,373,957	2,052,516	1,277,300	1,451,600	174,300	14%
<b>Total Expenses</b>	<b>8,837,842</b>	<b>9,721,905</b>	<b>10,768,905</b>	<b>11,068,365</b>	<b>10,450,140</b>	<b>11,298,848</b>	<b>848,708</b>	<b>8%</b>
Net Surplus/(Deficit)	343,808	266,298	84,831	(547,776)	8,861	21,393	12,532	141%
<b>Ending Fund Balance</b>	<b>2,155,443</b>	<b>2,421,741</b>	<b>2,507,057</b>	<b>1,959,281</b>	<b>2,302,718</b>	<b>1,980,674</b>	<b>(322,044)</b>	<b>-14%</b>

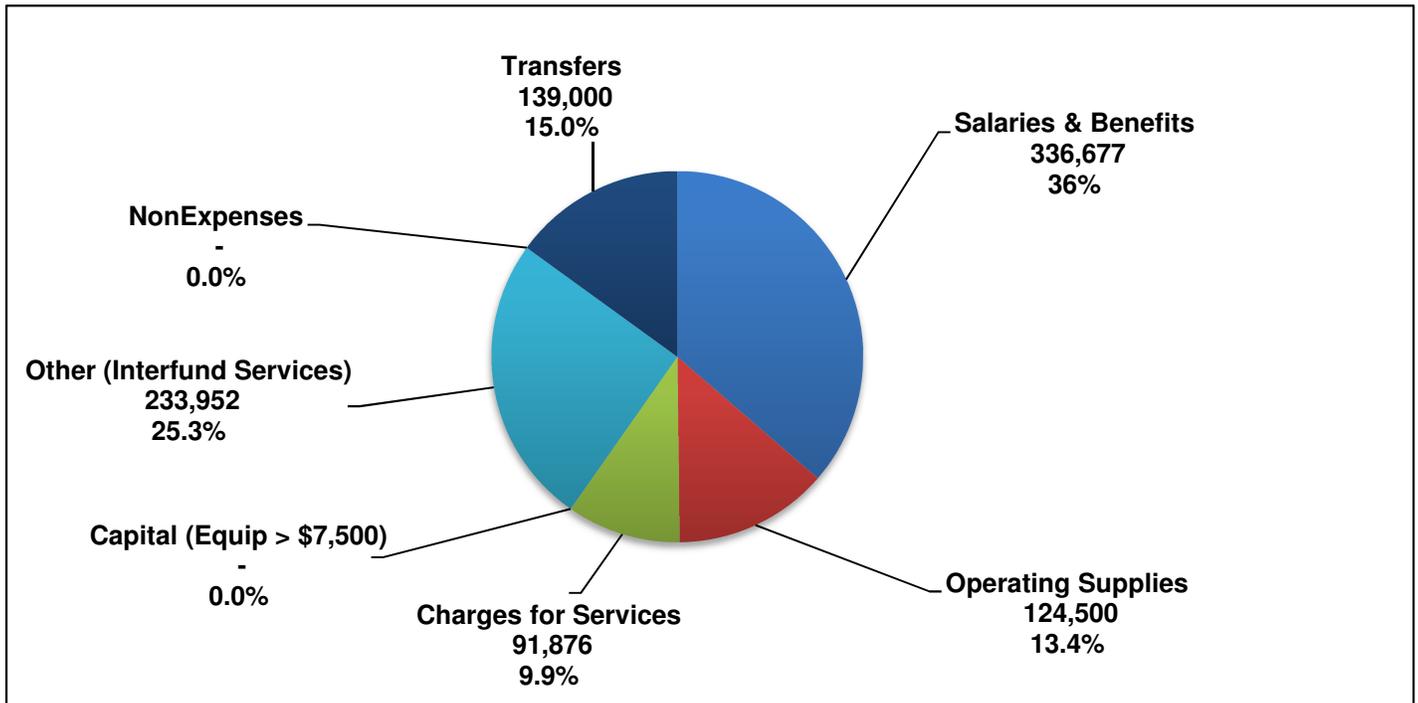
**City of Sequim  
2020 Budget**

**Street Operating Revenues & Expenses**

**Total Revenues \$ 926,181**



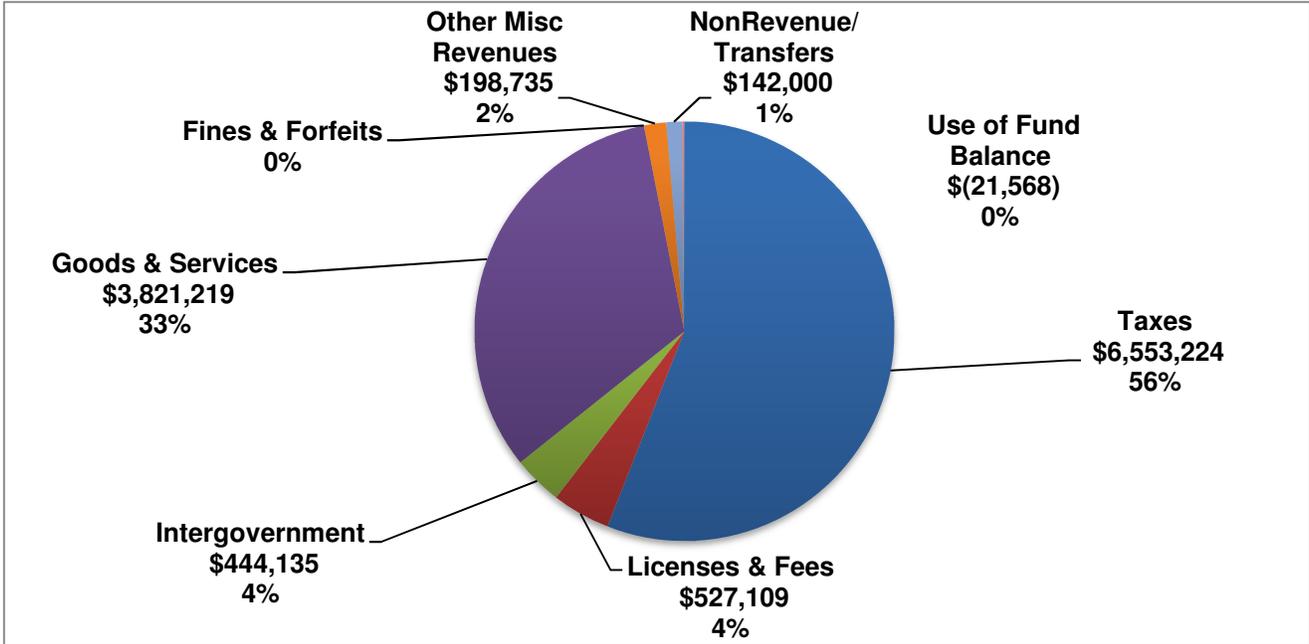
**Total Expenses \$ 926,005**



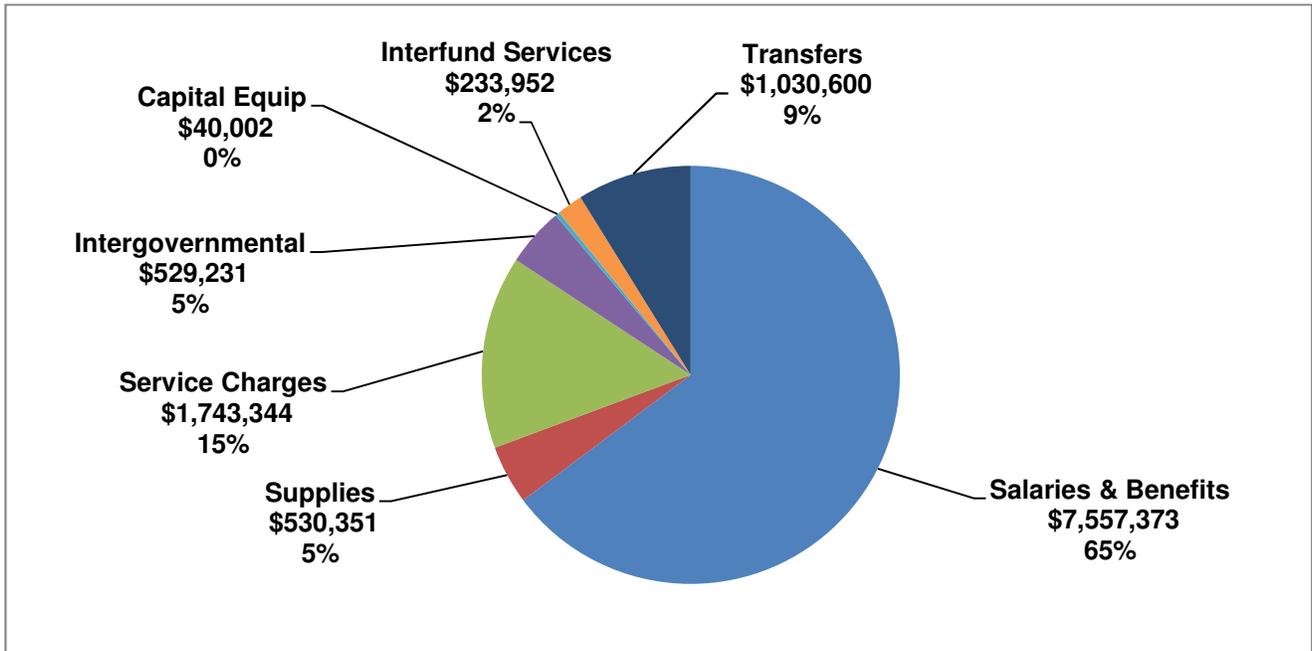
**City of Sequim  
2020 Budget**

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

**Total Resources/Revenues \$ 11,664,854**

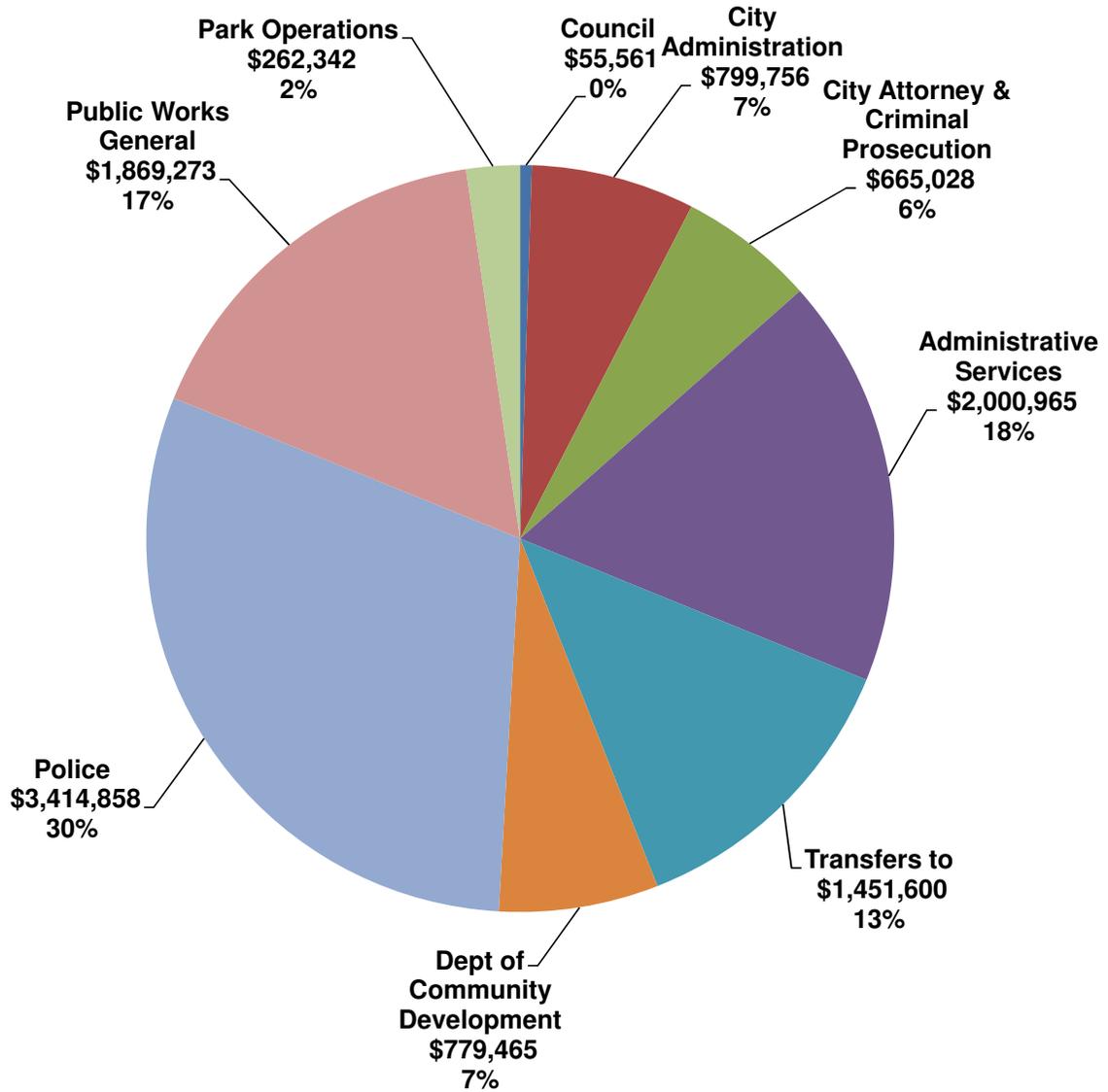


**Total Expenses \$ 11,664,853**



**City of Sequim  
2020 Budget**

**Total General Fund Expenses  
by Department  
11,298,848**

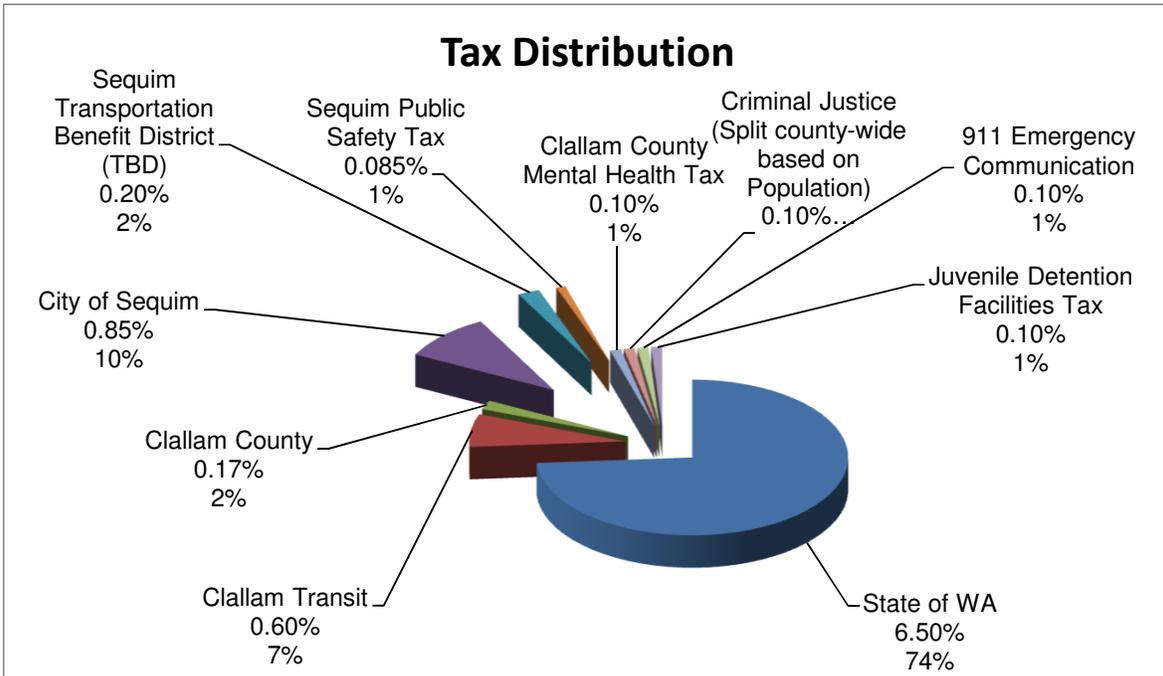


	2016 Actual	2017 Actual	2018 Actual	2019 Forecast	2019 Budget	2020 Budget	2020-2019 Amount	%
<b>General Fund Total Expenses</b>	8,837,842	9,721,904	10,768,905	11,068,364	10,450,141	11,298,848	848,707	8%



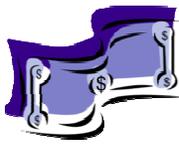
**CITY OF SEQUIM  
2020 Budget**

**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>\$354,618,588</b>	<b>\$31,206,436</b>
State of WA	6.50%		23,050,208
Clallam Transit	0.60%		2,127,712
Clallam County	0.17%		585,121
<b>City of Sequim</b>	<b>0.85%</b>		<b>3,014,258</b>
Sequim Transportation Benefit District (TBD)	0.20%		709,237
Sequim Public Safety Tax	0.085%		301,426
Clallam County Mental Health Tax	0.10%		354,619
Criminal Justice (Split county-wide based on Population)	0.10%		354,619
911 Emergency Communication	0.10%		354,619
Juvenile Detention Facilities Tax	0.10%		354,619

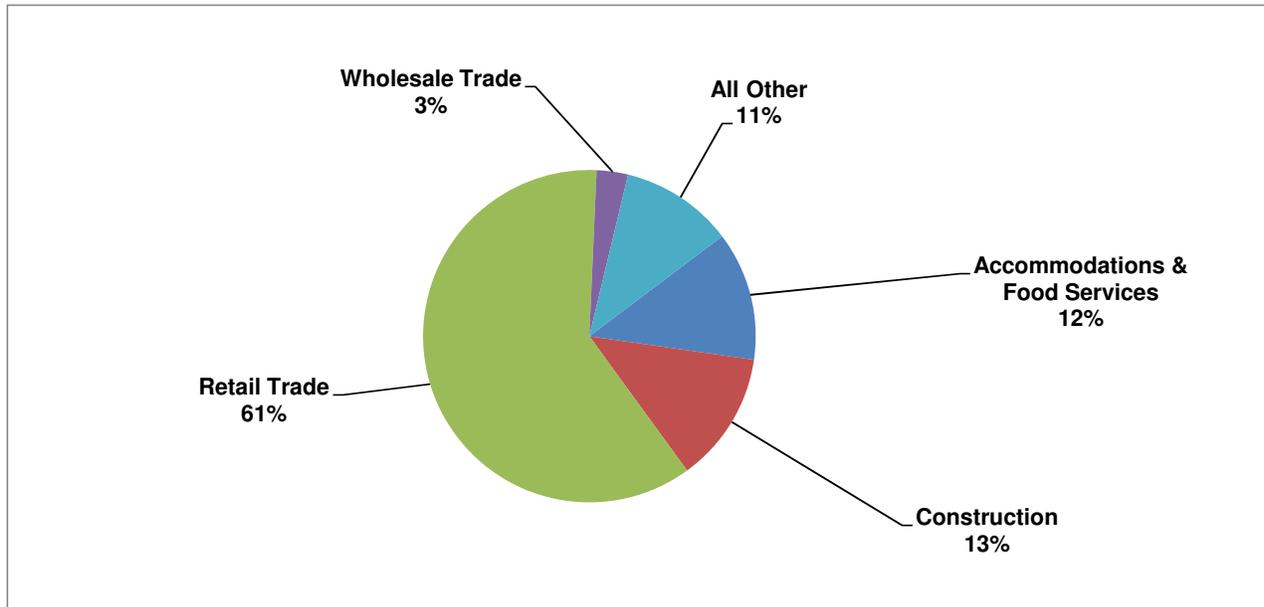
**2020 Example of Sales Tax Collection**

	<u>Sequim Sale</u>	<u>Total Sales Tax</u>	<u>State Share</u>	<u>All Other Share</u>	<u>City Of Sequim Share</u>
	\$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  
2020 Budget**

**Annual Sales Tax by Industry  
Estimate based on 2019 Forecast**



	2016 Actual	2017 Actual	2018 Actual	2019 Forecast	2020 Budget	2020-2019 Amount	%
Accommodations & Food Services	365,711	386,478	424,668	369,585			
Construction	182,795	249,432	430,523	374,681			
Retail Trade	1,748,493	1,847,468	2,055,670	1,789,033			
Wholesale Trade	89,809	103,570	103,309	89,909			
All Other	335,966	331,431	370,787	322,693			
State Adjustments	15,580	36,283	819	714			
<b>Total</b>	<b>\$ 2,738,354</b>	<b>\$ 2,954,662</b>	<b>\$ 3,385,777</b>	<b>\$ 2,946,615</b>	<b>\$ 3,014,258</b>	<b>\$ 67,643</b>	<b>2.30%</b>

Budget detail  
by Industry not  
available

*Estimated Annual Sequim Sales*    \$322,159,335    \$347,607,294    \$398,326,706    \$ 346,660,588    \$ 354,618,588

**City of Sequim  
2020 Budget  
Property Tax**

**Clallam County Levy**

	2017	2018	2019
Clallam County Total Valuation	\$ 7,697,314,552	\$ 8,321,650,465	\$ 9,041,260,634
Total County Property Tax Levied	\$ 10,491,188	\$ 10,732,513	<i>Not Available as of publication</i>
City of Sequim Valuation	\$ 906,086,629	\$ 973,941,010	\$ 1,085,922,040
Total Sequim Property Tax Levied	\$ 1,413,614	\$ 1,049,952	\$ 1,538,503
Distribution per \$1,000 Assessed Value	9.54	10.32	10.32

**Distribution of Sequim Property Tax Dollars**

Taxing District	2017			2018			2019		
	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	2.093	20%	419	1.942	19%	388	1.973	19%	395
State-Part 2 (NEW 2018)				1.060	10%	212	0.735	7%	147
Schools-Special	1.427	14%	285	1.437	14%	287	1.367	14%	273
Schools-CP/Bonds (NEW 2018)				0.154	2%	31	0.323	3%	65
<b>City of Sequim</b>	<b>1.560</b>	<b>15%</b>	<b>312</b>	<b>1.502</b>	<b>15%</b>	<b>300</b>	<b>1.417</b>	<b>14%</b>	<b>283</b>
County	1.363	13%	273	1.290	13%	258	1.219	12%	244
Fire Dist 3-General	1.336	13%	267	1.256	12%	251	1.500	15%	300
Fire Dist 3-EMS	0.500	5%	100	0.471	5%	94	0.451	4%	90
Hospital	0.568	6%	114	0.535	5%	107	0.504	5%	101
Library	0.500	5%	100	0.493	5%	99	0.465	5%	93
LCFA		-	-						
Port	0.191	2%	38	0.179	2%	36	0.169	2%	34
<b>Total Levy</b>	<b>9.538</b>	<b>92%</b>	<b>1,908</b>	<b>10.319</b>	<b>102%</b>	<b>2,064</b>	<b>10.122</b>	<b>100%</b>	<b>2,024</b>

**Property Taxes (RCW 84.52)**

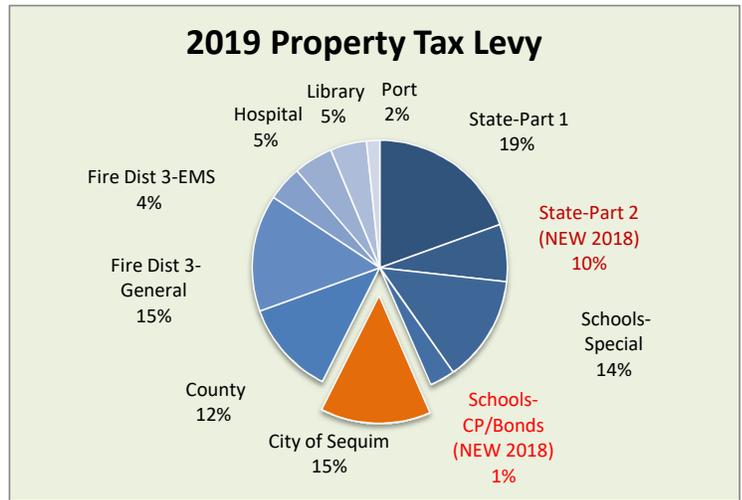
The County Treasurer acts as an agent to collect property taxes levied in the county for all taxing authorities. Taxes are levied in November on the property value listed as of the prior May 31, and becomes a lien as of January 1. Assessed values are established by the County Assessor at 100% of the 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.



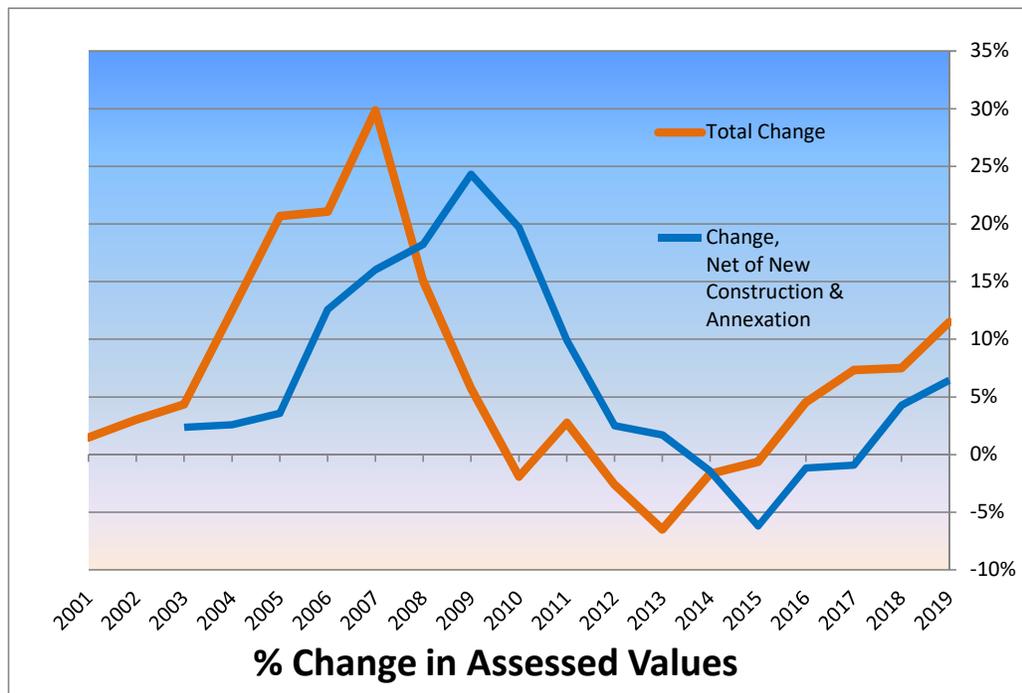
City of Sequim  
2020 Budget

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
2019	2020	1,588,888	1,196,659,049	38,898,334		10.20%	10.69%
2018	2019	1,538,503	1,085,922,040	39,986,813	-	11.50%	9.78%
2017	2018	1,462,655	973,941,010	21,181,704	-	7.49%	7.12%
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		332,077,932	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

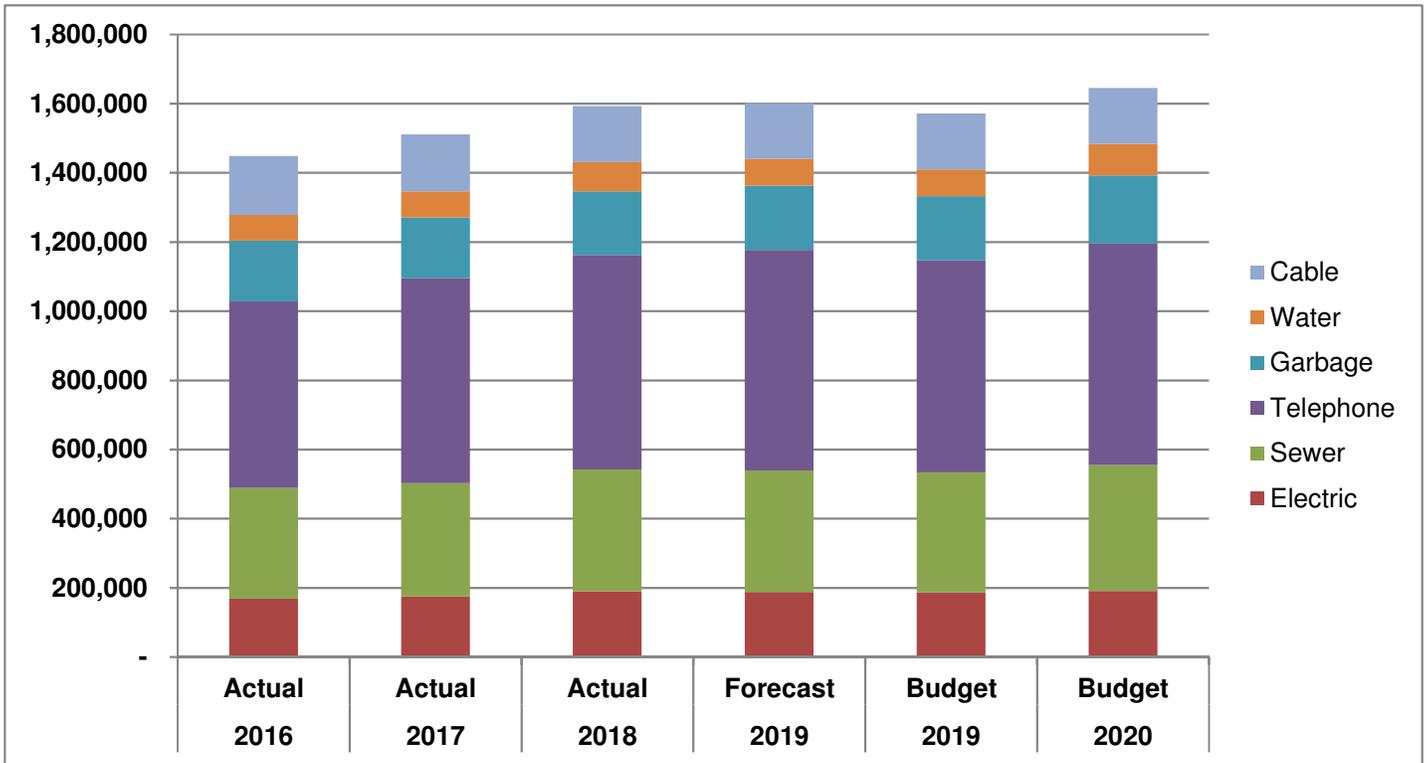
The statutory maximum increase of the tax levy without voter approval is 1% plus the taxable value of new construction and improvements, annexations and increases in State of Washington assessed utility values.





**CITY OF SEQUIM  
2020 Budget**

**Public Utility Tax  
by Public Utility**



Tax Rate*	Public Utility	2016 Actual	2017 Actual	2018 Actual	2019 Forecast	2019 Budget	2020 Budget	2020-2019 Amount	2020-2019 %
6%	Electric	168,372	175,147	189,722	187,258	187,000	190,143	3,143	2%
8%	Sewer	320,200	327,181	352,316	351,575	347,000	364,731	17,731	5%
6%	Telephone	539,479	592,795	620,396	638,295	612,227	641,440	29,213	5%
8%	Garbage	175,041	175,811	184,016	185,118	185,857	195,826	9,969	5%
8%	Water	74,526	75,415	84,411	77,556	77,555	91,282	13,727	18%
5%	Cable	170,562	164,633	162,075	161,253	161,683	161,683	-	0%
	<b>Total</b>	<b>\$ 1,448,180</b>	<b>\$ 1,510,982</b>	<b>\$ 1,592,936</b>	<b>\$ 1,601,055</b>	<b>\$ 1,571,322</b>	<b>\$ 1,645,105</b>	<b>\$ 73,783</b>	<b>5%</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

## 2020 Debt Summary

### 2020 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

### 2020 Budget

- ❖ \$10.68ml in LTGO debt was issued in August 2013 for the Civic Center project with total debt service in 2020 of \$660k
  - A total of \$695k is being transferred into this fund to service the debt and save for possible future pre-payment of debt.
  - \$335k from the General Fund, \$255k from the Public Safety Tax, and \$105k from REET
- ❖ 2020 Utility Debt payments continue as in prior years and are funded by Utility Rates and regional contracts. 2020 begins the year with the following outstanding debt:
  - Water and sewer revenue bonds totaling approximately \$2.5m to fund the utility portion of the Civic Center project, and related debt service of \$114k per utility
  - State Revolving Funds - \$3.4ml in outstanding principal
  - Public Works Trust Fund - \$462k 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.

#### **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.

#### **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 was scheduled for January 2030, but the City paid off this loan in early 2019.

## City Of Sequim Budget Overview

### **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) commenced 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 principal and interest of \$168k per year. 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, \$513k 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  
2020 Budget**

**Debt Capacity**

Based on Prior Year Assessed Value

<i>Amount at End of Year</i>	<u>2016</u> <u>Actual</u>	<u>2017</u> <u>Actual</u>	<u>2018</u> <u>Actual</u>	<u>2019</u> <u>Forecast</u>	<u>2020</u> <u>Budget</u>
<b>Prior Year Assessed Property Value</b>	906,118,684	973,941,010	1,086,080,554	1,085,922,040	1,196,659,049
				<small>2020 estimated, Clallam County Assessor's office</small>	
<b>General Obligation Debt Capacity ( up to 7.5% )</b>					
<b>General Purpose Debt Limit ( 2.5% )</b>					
NonVoted Debt Limit 1.5% (councilmanic)	13,591,780	14,609,115	16,291,208	16,288,831	17,949,886
Voted Debt Limit 1.0%	9,061,187	9,739,410	10,860,806	10,859,220	11,966,590
<b>Debt Limit 2.5%</b>	<b>22,652,967</b>	<b>24,348,525</b>	<b>27,152,014</b>	<b>27,148,051</b>	<b>29,916,476</b>
<b>Utility Purpose Debt Limit ( 2.5% )</b>					
Voted Debt Limit 2.5%	22,652,967	24,348,525	27,152,014	27,148,051	29,916,476
<b>Open Space, Park &amp; Capital Facilities Debt Limit ( 2.5% )</b>					
Voted Debt Limit 2.5%	22,652,967	24,348,525	27,152,014	27,148,051	29,916,476
<b>Total General Obligation Debt Capacity</b>	<b>67,958,901</b>	<b>73,045,576</b>	<b>81,456,042</b>	<b>81,444,153</b>	<b>89,749,429</b>
<b>NonVoted General Obligation Debt Outstanding</b>					
City Hall/Police Facility LTGO	10,230,000	10,000,000	9,765,000	9,525,000	9,275,000
Keeler Park Note/Bond	-	-	-	-	-
<b>NonVoted GO Debt Outstanding</b>	<b>10,230,000</b>	<b>10,000,000</b>	<b>9,765,000</b>	<b>9,525,000</b>	<b>9,275,000</b>
NonVoted Debt Capacity	3,361,780	4,609,115	6,526,208	6,763,831	8,674,886
Voted Debt Capacity	54,367,121	58,436,461	65,164,833	65,155,322	71,799,543
<b>Available GO Debt Capacity</b>	<b>57,728,901</b>	<b>63,045,576</b>	<b>71,691,042</b>	<b>71,919,153</b>	<b>80,474,429</b>
	-	-	-	-	-
<b>Industry Bond Rating Standard</b>					
<b>GO Debt as % of Assessed Value</b>	<b>1.13%</b>	<b>1.03%</b>	<b>0.90%</b>	<b>0.88%</b>	<b>0.78%</b>
Industry Standard not to exceed 4.5%			-	-	53,849,657
<b>GO Debt per Capita</b>	<b>1,446</b>	<b>1,374</b>	<b>1,309</b>	<b>1,238</b>	<b>1,170</b>
Population	7,075	7,280	7,460	7,695	7,926
				<small>est based upon 3% growth</small>	
				<small>OFM est for 2019</small>	

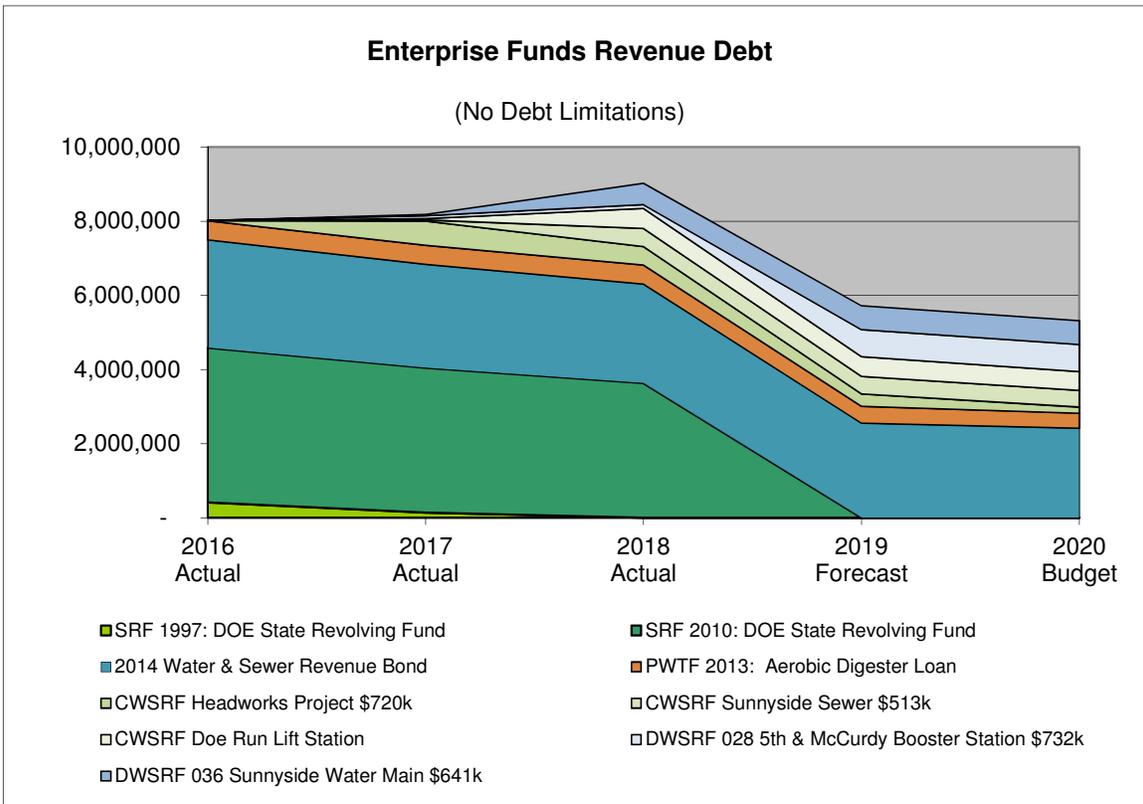
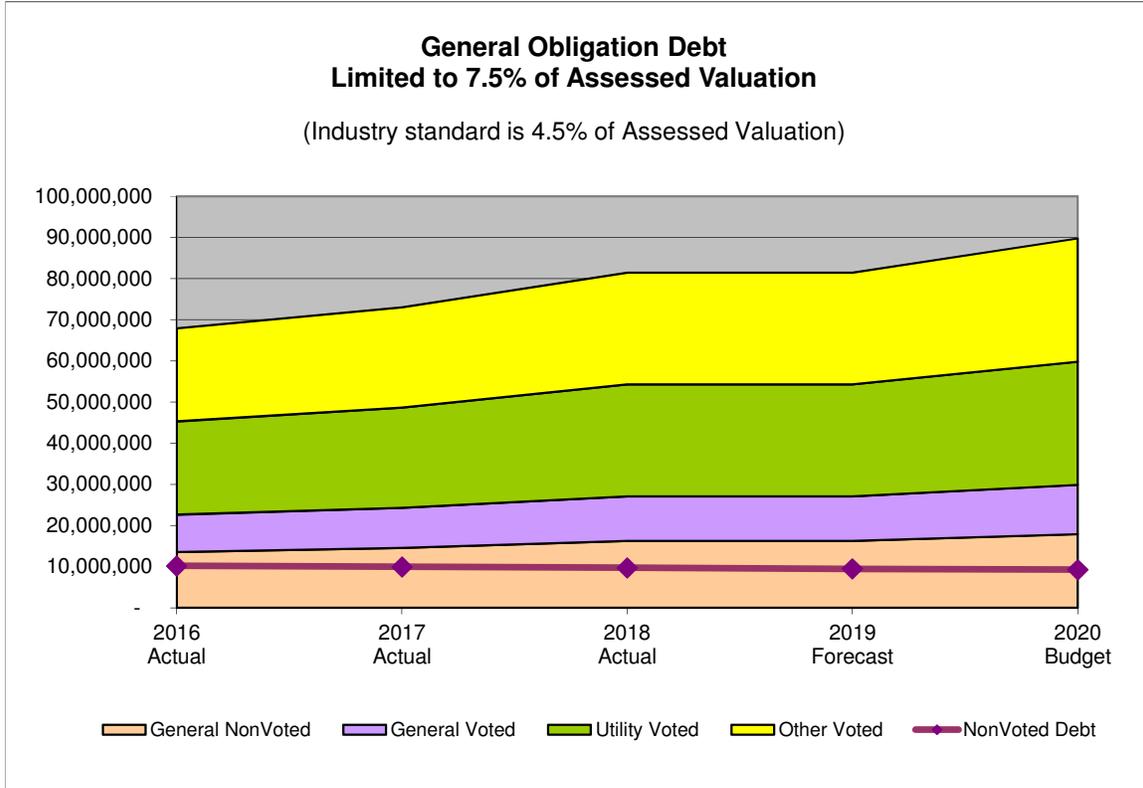
<b>Revenue Debt Outstanding (excluded from General Purpose Debt limits)</b>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
<i>Amount Outstanding at End of Year</i>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Forecast</u>	<u>Budget</u>
SRF 2010: DOE State Revolving Fund	4,173,555	3,903,297	3,627,309	-	-
SRF 1997: DOE State Revolving Fund	409,538	136,513	-	-	-
PWTF 2013: Aerobic Digester Loan	520,000	520,000	520,000	462,223	404,445
2014 Water & Sewer Revenue Bond	2,910,000	2,790,000	2,670,000	2,545,000	2,415,000
CWSRF W Fir Sewer				538,650	538,650
CWSRF Headworks Project \$720k	-	650,846	491,533	329,976	166,142
CWSRF Aerobic Digester Capacity		-	-	178,000	178,000
CWSRF Sunnyside Sewer \$513k		30,478	488,763	472,289	450,756
CWSRF Doe Run Lift Station		33,481	547,930	529,468	505,339
DWSRF 028 5th & McCurdy Booster Station \$732k		81,757	103,166	732,099	732,099
DWSRF 036 Sunnyside Water Main \$641k		34,242	575,856	641,249	641,249
<b>Revenue Debt Outstanding</b>	<b>8,013,094</b>	<b>8,180,614</b>	<b>9,024,557</b>	<b>6,428,954</b>	<b>6,031,680</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  
2020 Budget**

**Debt Capacity**





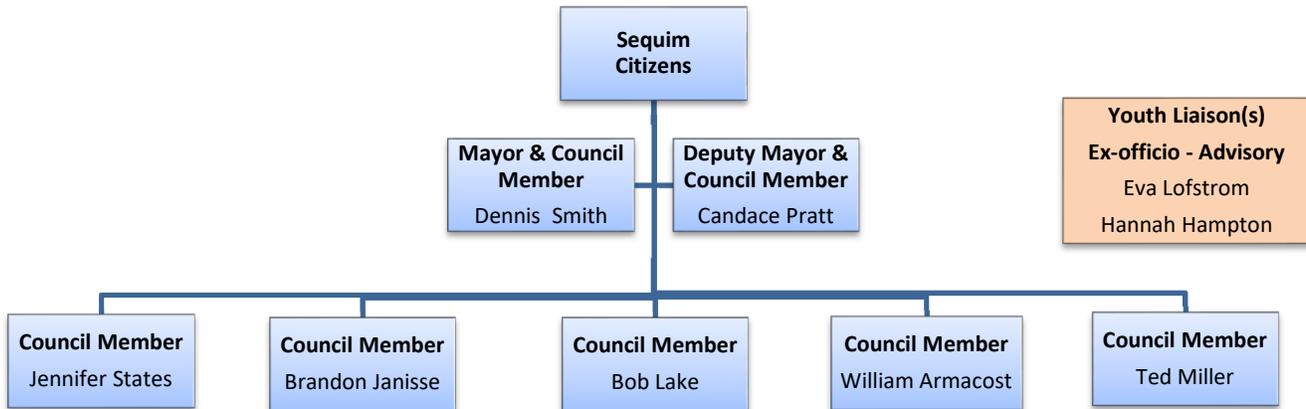
# City of Sequim 2020 Budget

## City Council and City Administration



# 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.

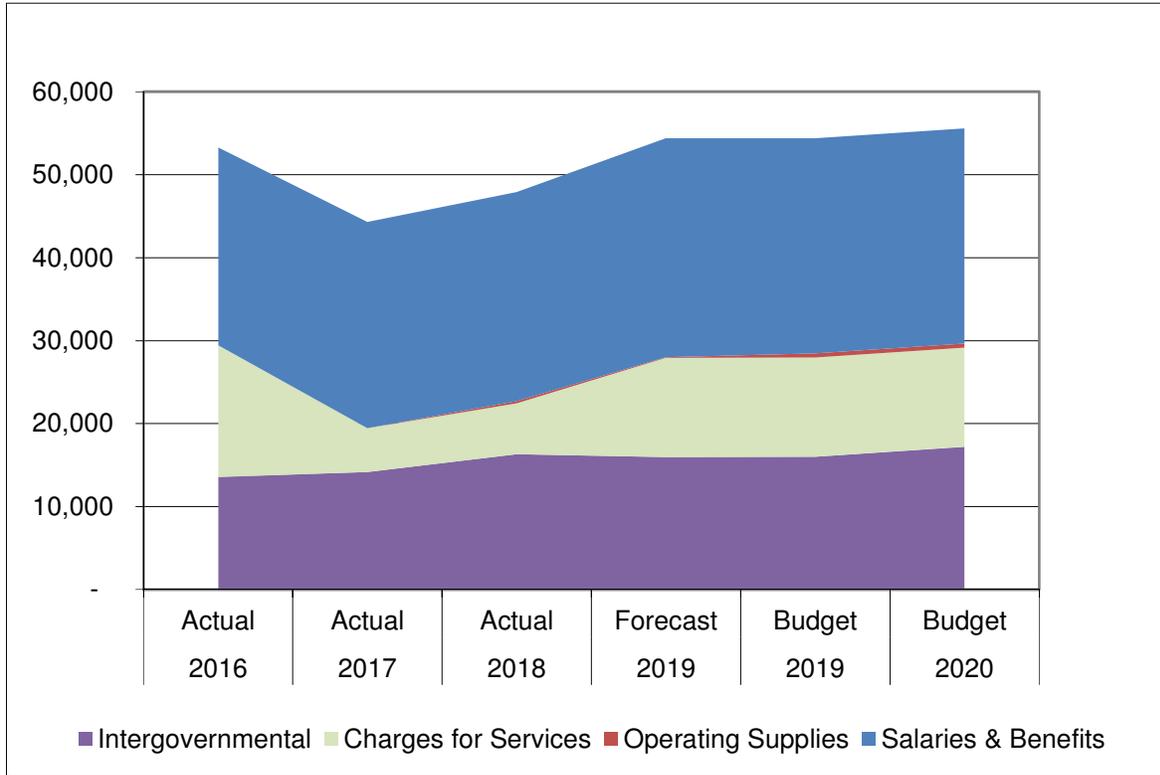
Other longer term priorities are also specifically funded within the budget and called out in each section.

### 2020 Budget Summary

- ❖ \$1k (2%) increase in the budget for election and voter registration costs

**City of Sequim  
2020 Budget  
5-Year Summary**

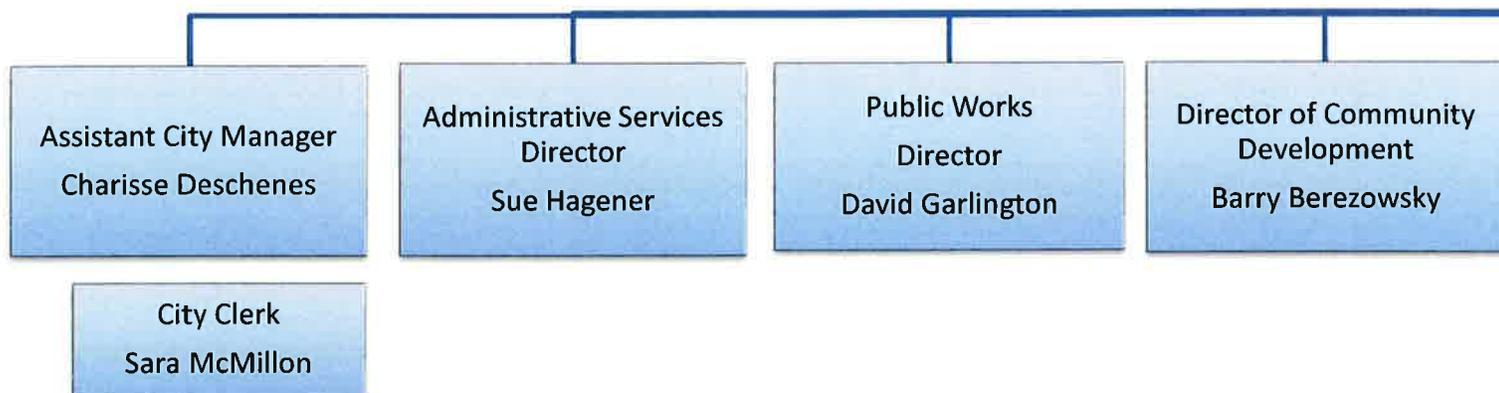
**City Council Expenses**



	2016 Actual	2017 Actual	2018 Actual	2019 Forecast	2019 Budget	2020 Budget	2020-2019 Amount	%
Salaries & Benefits	23,851	24,797	25,207	26,380	25,901	25,911	10	0%
Operating Supplies		-	240	70	500	500	0	0%
Charges for Services	15,831	5,308	6,134	11,950	11,950	11,950	0	0%
Intergovernmental	13,567	14,161	16,307	15,959	16,000	17,200	1,200	8%
<b>Total Expenses</b>	<b>53,249</b>	<b>44,266</b>	<b>47,888</b>	<b>54,359</b>	<b>54,351</b>	<b>55,561</b>	<b>1,210</b>	<b>2%</b>

**City of Sequim  
Department Description**

**City Administration  
City Manager, Assistant City Manager, City Clerk, City Attorney,  
Communications, Administrative Pool,  
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

- 2020 Adopted Budget 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

**Public Works**

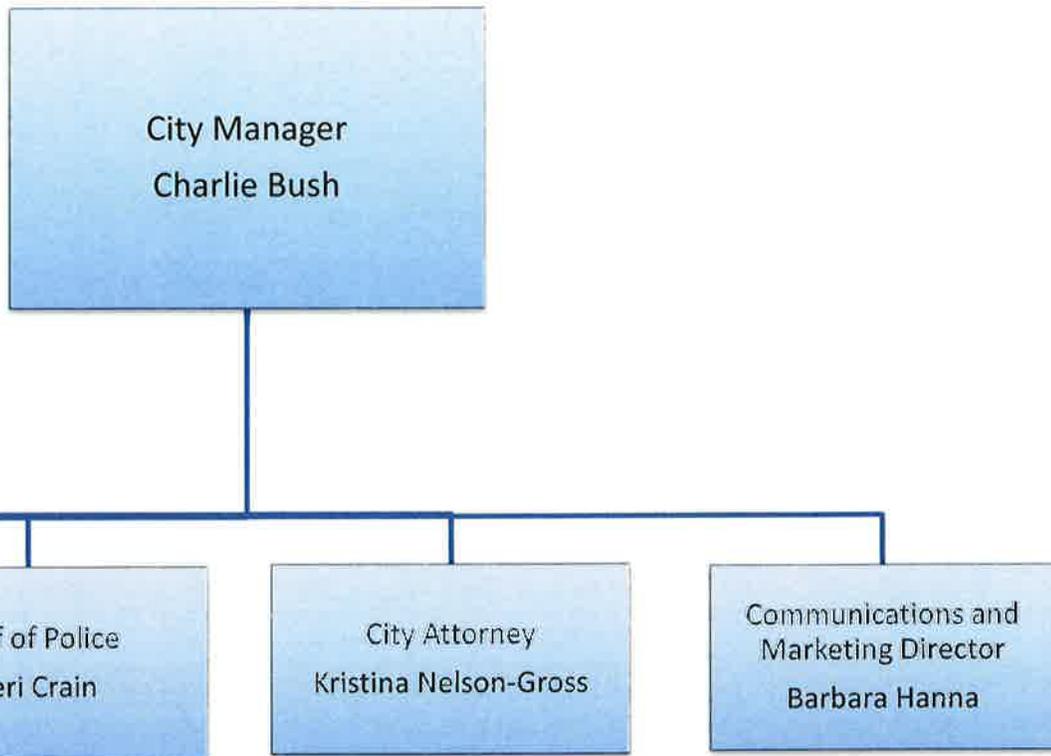
- See Department section

**Department of Community Development**

- See Department Section

**Administrative Pool**

- Provide overall administrative support to the organization



**Police Services**

- See Department section

**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.

The Assistant City Manager (ACM) oversees additional City Manager's Office (CMO) Staff and the Clerk's Office and serves as the Parks Manager. The position oversees Parks Planning, community engagement and implementation of the Parks Master Plan, liaisons with the Parks, Recreation and Arbor Board (PARB) and manages the oversight of the City Arts Advisory Commission (CAAC). In 2020 the position will manage the update to the Parks and Recreation Master Plan and Parks Impact Fee Study.

The City's engagement in Performance Management and the development of Key Performance Indicators (KPIs) is led by a team including the ACM, the Management Analyst and the Deputy Administrative Services Director.

The ACM serves on the Human Services team. In 2019 the team led service providers through a process of defining service alternatives in Sequim. In 2020 the team will work with providers to provide the services and monitor the outcomes.

Volunteer program management, neighborhood revitalization programs, and coordinating emergency management activities are a few more focus areas of the ACM and the Management Analyst. The Management Analyst obtained a Black Belt in Lean Six Sigma and coordinates and oversees continuous improvement projects through City departments. The Management Analyst provides service delivery, works on special projects, completes research, supports the intern and international relations programs. In addition to the assistance mentioned above, the Management Analyst offers day-to-day support for the CM Office, parks planning and liaising with the PARB. The Management Analyst provides additional support to the CAAC when needed.

#### *City Clerk*

The mission of the City Clerk's office is to fuel a transparent and accountable government.

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, records management laws, provides administrative support to the City Council, and prepares Council and Arts Commission agenda packets. The Clerk attends and records minutes for the City Council and coordinates management of board/commission memberships and required training. The part-time Arts Coordinator oversees that arts program and is the liaison to the CAAC. The Arts Coordinator reports to the Clerk. In 2019 the CAAC established partnerships, held community conversations, put on concerts and events and brought art shows to the Civic Center. The group will continue the programming in 2020 and intends to further develop partnerships within the community.

# City of Sequim Budget Overview

## *City Attorney*

The mission of the City Attorney's Office is to use the law to protect and promote sound public policy.

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. In 2017, this Department took on additional responsibilities associated with personnel and employee relations and will continue to work closely with Human Resources. With Council's approval of a new paralegal position, this Department took over the primary responsibility for risk management, code scrub, and contract management. Council can expect to see increased number of proposed code revisions in 2020. This Department will also oversee review and update of various City policies to conform with changing law and best practices.

## *Communications*

The mission of the Communications Office is to communicate for an engaged and informed community.

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.

## **2020 Key Goals**

### *City Manager*

- ❖ Accomplish milestones related to the City Council's adopted goals (See Council Section)
- ❖ Accomplish items listed for improvement in the City Manager's 2019 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 and program
- ❖ 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*

- ❖ Update and add internal policies for records management

## City of Sequim Budget Overview

- ❖ 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 the CAAC Priorities. Continue to development partnerships, increase community 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
- ❖ Continue involvement with the legal aspects of Human Resources
- ❖ Introduce the abatement process for blighted properties
- ❖ Assume primary responsibility for Risk Management
- ❖ Lead efforts to negotiate expiring bargaining unit contracts

### *Communications*

- ❖ Oversee the execution of an on-line citizen survey system to evaluate community satisfaction and provide input on key initiatives to City Council and staff
- ❖ 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

## **2020 Budget Summary**

### *City Manager*

This budget increased by \$65k (15%) primarily due to:

- ❖ Movement of Lobbyist cost from Public Works to the City Manager's Department of \$37k (7%). Salaries and benefits increased by \$34.4k (16%) due to cost of living adjustments for non-represented staff, PERS and medical insurance increases.
- ❖ Movement of the Volunteer's appreciation dinner fund of \$4.5k was moved from the Clerk's funds to the City Manager's Office. There were increases of \$2k in professional services related to the City Manager's required 360 review. Another increase included funds to support Sequim 101 (a new program to engage and educate our citizenry in municipal operations). These increases were offset by decreases in training and travel.

### *City Clerk*

This budget increased by \$11k (6%) primarily due to increases in salaries and benefits of \$14k that represent cost of living increases for non-represented staff, PERS and medical insurance requirements. The movement of the volunteer program to the City Manager's office decreased this budget by \$4k. Other changes were nominal.

### *City Attorney*

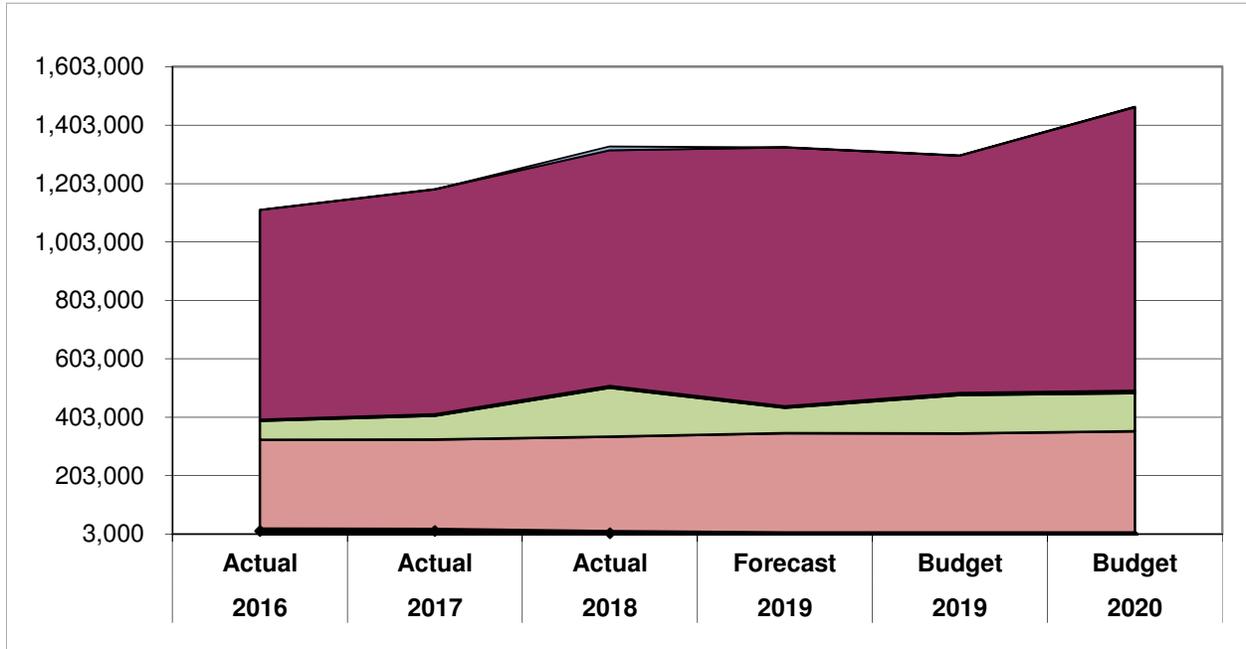
This budget increased by \$98k (46%) due to the addition of a new paralegal position (1FTE) not reflected in the original 2019 Adopted Budget.

### *Communications*

This budget decreased by \$15k (14%) due to elimination of the citizen survey of \$20k (and replacement with the use of Polco as a community survey instrument for \$6.5k). All other changes were nominal.

**City of Sequim  
2020 Budget  
5-Year Summary**

**City Administration Expenses  
City Manager, Clerk, Attorney, Communications, Criminal Prosecution**



	2016 Actual	2017 Actual	2018 Actual	2019 Forecast	2019 Budget	2020 Budget	2020-2019 Amount	2020-2019 %
<b>Revenues</b>								
011 Clerk	8,734	10,936	95	-	-	-	-	0%
012 City Manager	-	-	5,300	-	-	-	-	0%
013 City Attorney	-	-	-	-	-	-	-	0%
015 Communications	110	-	-	-	-	-	-	0%
113 Criminal Prosecution	4,284	2,090	-	-	-	-	-	0%
<b>Revenues</b>	<b>13,128</b>	<b>13,026</b>	<b>5,395</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0%</b>
<b>Expenses</b>								
Salaries & Benefits	717,860	770,471	806,671	886,379	812,043	971,628	159,585	20%
Operating Supplies	3,612	4,509	6,280	4,571	6,550	6,950	400	6%
Charges for Services	65,245	81,840	167,268	87,140	132,317	131,206	(1,111)	-1%
Intergovernmental	325,668	326,400	336,406	348,300	347,287	355,000	7,713	2%
Capital (Equip > \$7,500)	-	-	-	-	-	-	-	0%
Transfers (Equip Reserve)	-	-	13,000	-	-	-	-	0%
<b>Total Expenses</b>	<b>1,112,385</b>	<b>1,183,220</b>	<b>1,329,625</b>	<b>1,326,390</b>	<b>1,298,197</b>	<b>1,464,784</b>	<b>166,587</b>	<b>13%</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.

In July 2018, Clallam County issued a termination notice regarding the contract, which would have caused the City to start its own municipal court or renegotiate a contract with the County. The City conducted a municipal court study to determine whether a court was feasible for the City and determined that the costs were too great at this time. The cities and the County agreed to work collaboratively to address rising criminal justice costs and other issues.

In December 2018, the cities of Sequim and Port Angeles and Clallam County entered into a criminal justice efficiency study to look for ways in which the entities could work together to lower criminal justice costs. This study is expected to conclude at the end of 2019.

### 2020 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

### 2020 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. \$320k – the original contract in 2016 - plus an annual adjustment per the CPI-W (per the contract). For 2020, we estimate an increase of \$7.7k or 1.9% for a total cost of \$355k.
  - 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 staff are recorded in the City Attorney's budget.

# City of Sequim Budget Overview

## City Administration Hotel/Motel (Restricted Fund)

Barbara Hanna, Communications & Marketing Director

### **Mission**

*Hotel/Motel*

To promote Sequim to increase tourism.

### **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.

### **2020 Key Goals**

*Hotel/Motel*

- ❖ Work with internal and external partners to develop the Sequim Sunshine Festival for the winter of 2020. 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

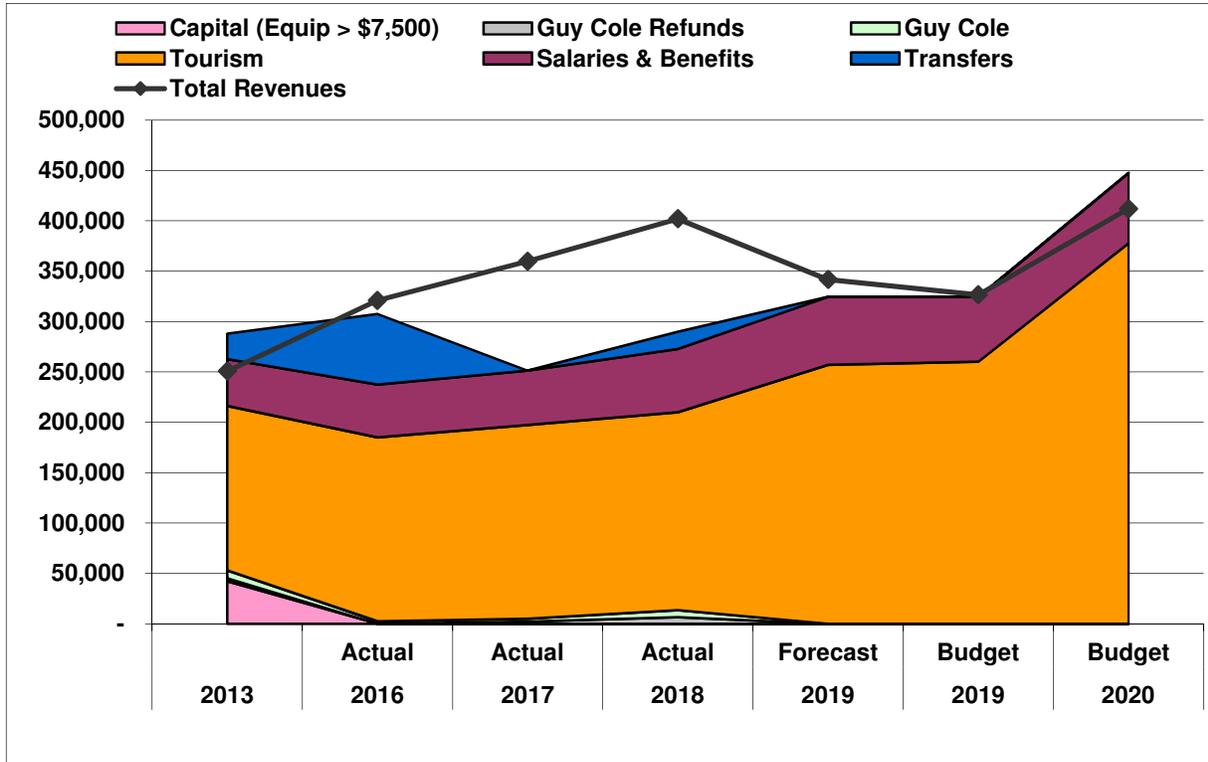
### **2020 Budget Summary**

*Hotel/Motel*

- ❖ Lodging tax revenues reflect an increase over previous budgets, but still reflect conservative estimates
- ❖ New revenues include Admissions and Events fees expected from the new Sunshine Festival
- ❖ Staff salary allocation remains at a 50-50 split between tourism marketing and city-wide communications functions
- ❖ An increase in support (supplies and professional services) for on-going festivals and investment in the new Sunshine Festival

**City of Sequim  
2020 Budget  
5-Year Summary**

**Hotel Motel Fund**



	2016 Actual	2017 Actual	2018 Actual	2019 Forecast	2019 Budget	2020 Budget	2020-2019 Amount	%
<b>Beginning Fund Balance</b>	329,001	342,670	451,191	563,500	480,451	580,583	100,132	21%
Tourism	320,984	352,571	381,665	336,958	323,000	408,500	85,500	26%
Interest Income	-	3,005	13,812	4,701	3,500	3,500	0	0%
Guy Cole Deposits	-	4,150	6,550	-	-	-	0	0%
<b>◆◆ Total Revenues</b>	<b>320,984</b>	<b>359,726</b>	<b>402,027</b>	<b>341,659</b>	<b>326,500</b>	<b>412,000</b>	<b>85,500</b>	<b>26%</b>
Salaries & Benefits	52,362	54,073	62,789	67,746	64,016	69,826	5,810	9%
Tourism	182,476	192,250	196,557	256,830	260,203	377,646	117,443	45%
Guy Cole	2,477	2,867	6,882	-	-	-	0	0%
Guy Cole Refunds	-	2,015	6,490	-	-	-	0	0%
Capital (Equip > \$7,500)	-	-	-	-	-	-	0	0%
Transfers	70,000	-	17,000	-	-	-	0	0%
<b>Total Expenses</b>	<b>307,315</b>	<b>251,205</b>	<b>289,718</b>	<b>324,576</b>	<b>324,219</b>	<b>447,472</b>	<b>123,253</b>	<b>38%</b>
<b>Surplus/(Deficit)</b>	<b>13,669</b>	<b>108,521</b>	<b>112,309</b>	<b>17,083</b>	<b>2,281</b>	<b>(35,472)</b>	<b>(37,753)</b>	<b>-1655%</b>
<b>Ending Fund Balance</b>	<b>342,670</b>	<b>451,191</b>	<b>563,500</b>	<b>580,583</b>	<b>482,732</b>	<b>545,111</b>	<b>62,379</b>	<b>13%</b>

# City of Sequim Budget Overview

## City Administration Arts & Culture Fund (General Fund) Sara McMillon, City Clerk

### **Mission**

To encourage, support and facilitate various forms of artistic and cultural activities within the greater Sequim community.

### **Department Description**

This fund includes money allocated for public art and cultural events and activities such as Music in the Park, Keying Around, and Block Party, organized by the City Arts Advisory Commission (CAAC).

This fund also includes donations and sponsorships from the community to underwrite the cost of arts & cultural 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.

In 2019, this department added a 0.4 FTE (\$21.2k) part-time un-benefited position to carry-out the CAAC's Strategic Plan and support the Commission's work.

### **2020 Key Goals**

- ❖ Carry out the City Arts Advisory Commission's 2020 Priorities

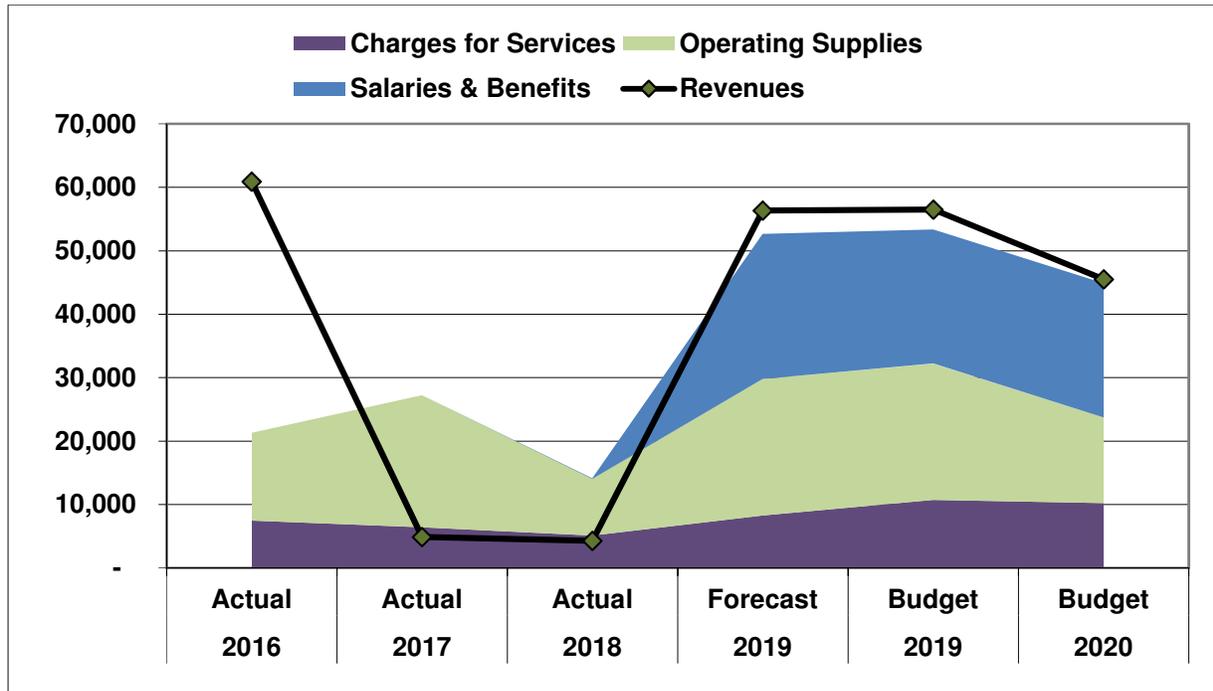
### **2020 Budget Summary**

This budget decreased \$8.5k (16%) due to the following:

- ❖ Game tables previously planned were deemed not a CAAC responsibility
- ❖ Previously planned CAAC projects (public art pads and information kiosk) are being revisited to determine feasibility

**City of Sequim  
2020 Budget  
5-Year Summary**

**Arts & Culture-Arts Commission Programs**



	2016 Actual	2017 Actual	2018 Actual	2019 Forecast	2019 Budget	2020 Budget	2020-2019 Amount	%
<b>Beginning Fund Balance</b>	1,017	40,655	18,337	8,511	5,044	12,227	7,183	142%
<b>Revenues</b>	60,937	4,923	4,287	56,365	56,500	45,500	(11,000)	-19%
Salaries & Benefits			52	22,882	21,168	21,164	(4)	0%
Operating Supplies	13,825	20,812	8,938	21,500	21,500	13,500	(8,000)	-37%
Charges for Services	7,474	6,429	5,123	8,267	10,720	10,220	(500)	-5%
<b>Total Expenses</b>	<b>21,299</b>	<b>27,241</b>	<b>14,113</b>	<b>52,649</b>	<b>53,388</b>	<b>44,884</b>	<b>(8,504)</b>	<b>-16%</b>
<b>Surplus / (Deficit)</b>	<b>39,638</b>	<b>(22,318)</b>	<b>(9,826)</b>	<b>3,716</b>	<b>3,112</b>	<b>616</b>	<b>(2,496)</b>	<b>-80%</b>
<b>Ending Fund Balance</b>	<b>40,655</b>	<b>18,337</b>	<b>8,511</b>	<b>12,227</b>	<b>8,156</b>	<b>12,843</b>	<b>4,687</b>	<b>57%</b>



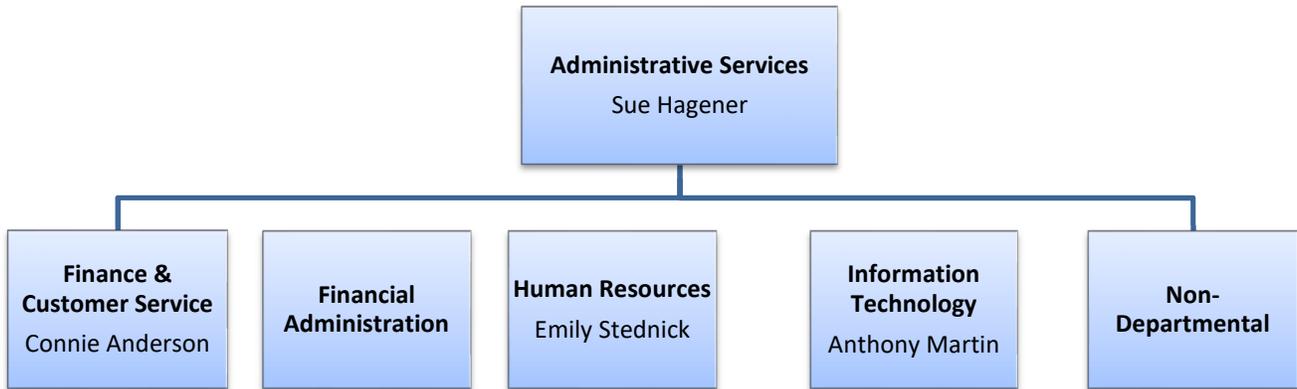
# City of Sequim 2020 Budget

## Administrative Services Department





**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 and 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>▪ IT Help Desk</li> <li>▪ Enterprise Infrastructure (servers/data storage/network communications/back-up and recovery)</li> <li>▪ Cyber Security for Users, Devices and Systems</li> <li>▪ Disaster Recovery and Continuity of Business Operations</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 financing capital projects. The City is audited by the State Auditor and has had a clean audit for over 27 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.

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.

# City of Sequim Budget Overview

## Administrative Services

### Finance, Human Resources and Information Technology

Sue Hagener, Administrative Services Director

Emily Stednick – Human Resources Manager

Anthony Martin – Information Technology Program Manager

#### Mission

##### *Finance*

To provide the foundation for the City's fiscal health.

#### 2020 Key Goals

##### *Finance*

- ❖ Continue implementation of Key Performance Indicators
- ❖ Continue community outreach on the Budget Process – “The People's Project!”
- ❖ Continue refinement of the financial systems
- ❖ Continue development of the capital equipment, IT and vehicle replacement/financing plans
- ❖ Continue to ensure prompt debt service payments and responsible reporting to rating agencies
- ❖ Continue support of key Council Goals
- ❖ Implement new technology supporting Budget, Capital Improvement, Transportation Improvement, and Long-Range Financial Planning, including community engagement

#### 2020 Budget Summary

##### *Finance*

Operating expenses increased by \$35k (5%): The increase in salaries and benefits of \$32k represents cost of living increases for non-represented staff, bargaining unit contract increases, PERS and medical insurance requirements. There was also an increase in intergovernmental expenses of \$10k with the expected completion of the 2-year Accountability Audit in 2020. Reductions in service charges of \$7k round out the 2020 budget.

#### Mission

##### *Human Resources*

To empower an engaged and productive culture.

#### 2020 Key Goals

##### *Human Resources*

- ❖ Manage recruitments and succession planning for key positions
- ❖ Continue to provide legal compliance and employee training support
- ❖ Continue to develop a more robust Organizational and Leadership Development Program
- ❖ Partner with Finance to monitor all employee benefit plans and costs
- ❖ Partner with Finance in supporting safety efforts and records, workers compensation claims and several other city-wide programs
- ❖ Partner with Finance and the City Attorney's Office in negotiating expiring bargaining union contracts
- ❖ Continue implementation of the Gallup Poll on employee engagement

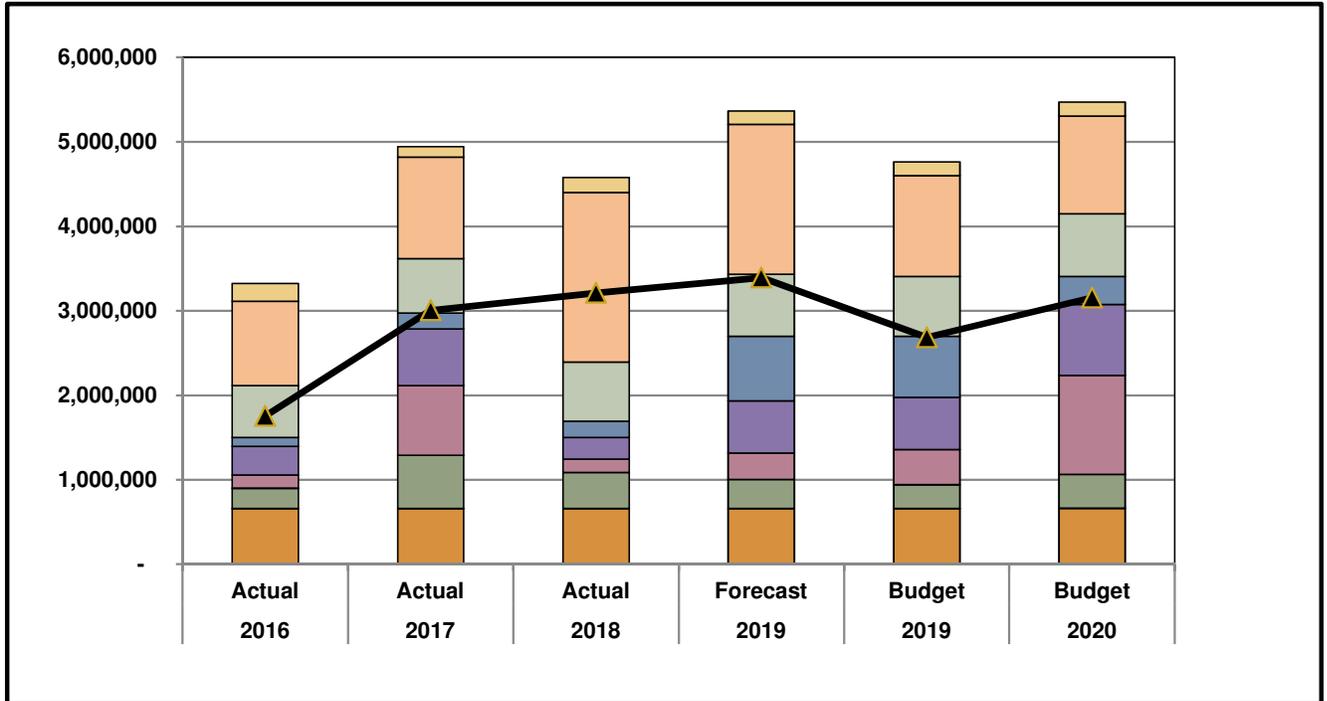
#### 2020 Budget Summary

##### *Human Resources*

Operating expenses increased by \$3k (2%): The increase in salaries and benefits of \$11k (9%) represent cost of living increases for non-represented staff, PERS and medical insurance requirements. This increase is somewhat offset by decreases in professional services and supplies of 8k (20%).

**City of Sequim  
2020 Budget**

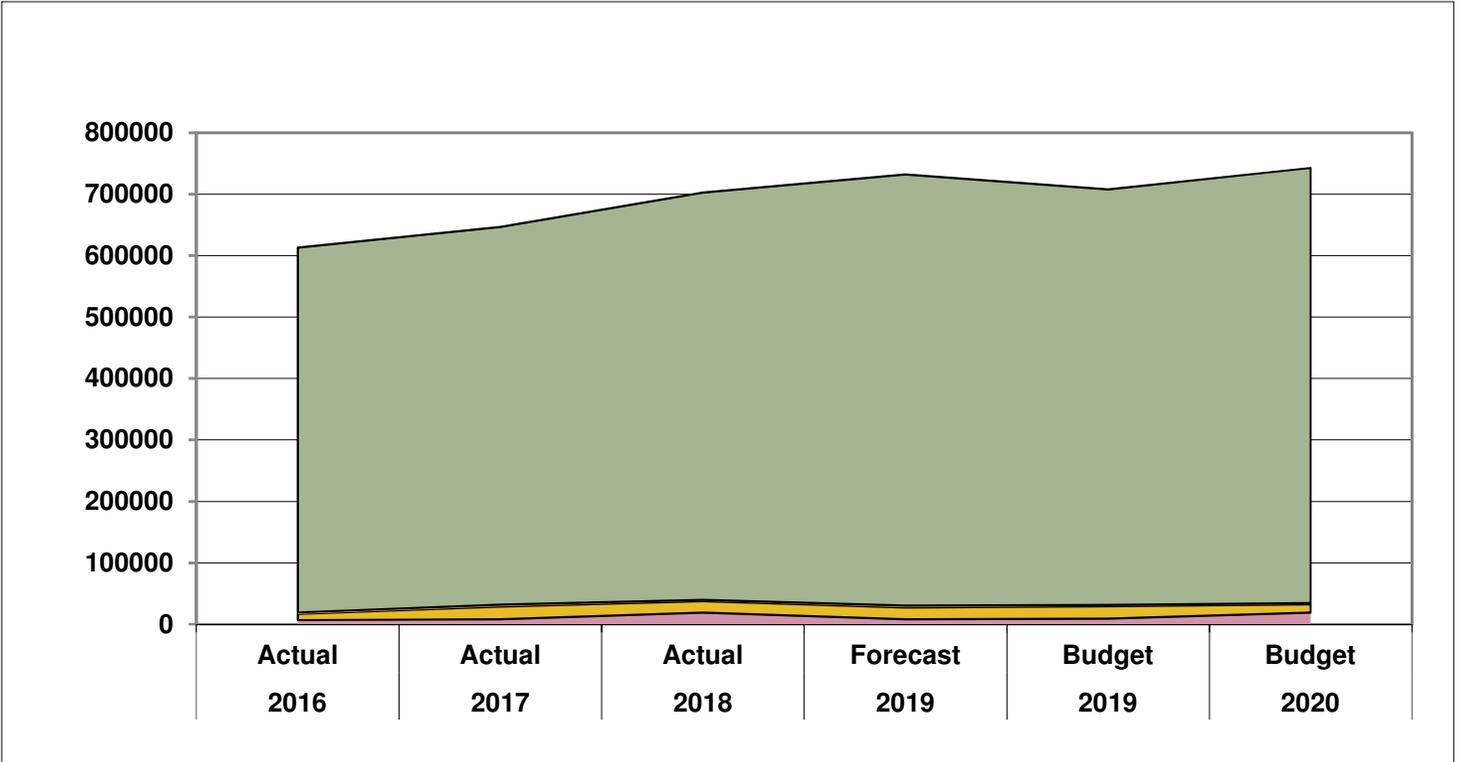
**Administrative Services**



	2016 Actual	2017 Actual	2018 Actual	2019 Forecast	2019 Budget	2020 Budget	2020-2019 Amount	%
<b>Revenues</b>								
Equipment Reserves	399,523	771,961	657,552	431,571	405,800	464,100	58,300	14%
Rainy Day			825,835	780,111	2,000	6,000	4,000	200%
Debt Service	706,319	705,939	706,846	755,651	755,000	695,000	(60,000)	-8%
Capital Facilities	87,778	709,561	224,409	421,839	421,205	1,176,205	755,000	179%
Real Estate Tax	405,019	538,217	539,593	425,385	404,650	505,450	100,800	25%
Trust & Agency Funds	155,283	277,670	256,900	577,262	695,067	309,067	(386,000)	-56%
Miscellaneous Revenue	50	96	-	867	800	800	-	0%
<b>◆◆◆ Total Revenues</b>	<b>1,753,972</b>	<b>3,003,444</b>	<b>3,211,135</b>	<b>3,392,686</b>	<b>2,684,522</b>	<b>3,156,622</b>	<b>472,100</b>	<b>18%</b>
<b>Expenses</b>								
Finance	612,928	646,489	702,422	732,092	707,757	742,858	35,101	5%
Human Resources	209,897	125,565	176,110	158,746	160,785	163,362	2,577	2%
Information Technology	660,939	743,513	755,657	651,102	729,500	726,860	(2,640)	0%
Non Departmental	1,000,506	1,199,796	2,005,405	1,774,952	1,194,300	1,154,685	(39,615)	-3%
Equipment Reserves	243,127	631,546	428,083	347,234	284,700	406,200	121,500	43%
Debt Service	656,740	659,190	659,302	657,125	657,625	660,426	2,801	0%
Capital Facilities	157,507	823,744	158,331	311,759	415,743	1,170,522	754,779	182%
Real Estate Tax	340,000	670,000	255,000	620,000	620,000	839,500	219,500	35%
Trust & Agency Funds	103,453	188,191	192,823	764,442	721,328	331,328	(390,000)	-54%
<b>Total Expenses</b>	<b>3,985,097</b>	<b>5,688,034</b>	<b>5,333,133</b>	<b>6,017,452</b>	<b>5,491,738</b>	<b>6,195,741</b>	<b>704,003</b>	<b>13%</b>

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

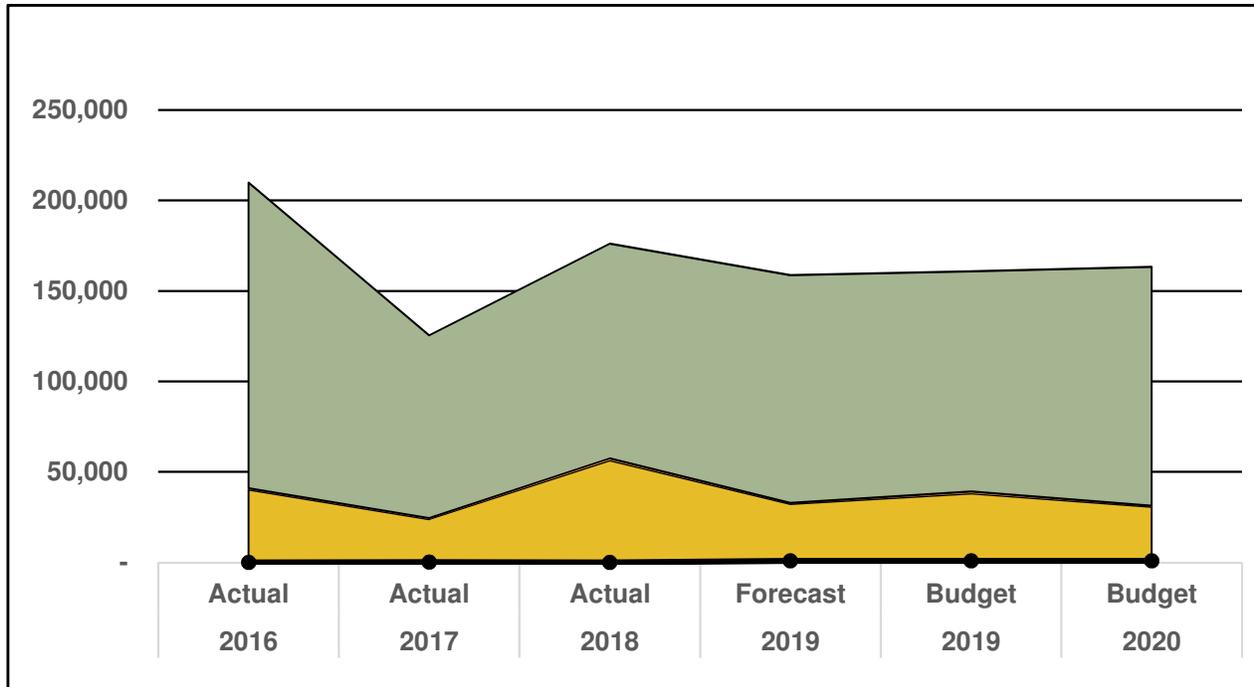
**Administrative Services  
Finance**



	2016 Actual	2017 Actual	2018 Actual	2019 Forecast	2019 Budget	2020 Budget	2020-2019 Amount	%
Salaries & Benefits	593,547	614,573	662,684	701,776	676,323	708,294	31,971	5%
Operating Supplies	2,618	3,224	2,029	3,194	1,995	2,238	243	12%
Charges for Services	9,789	20,339	18,902	19,122	20,440	13,325	(7,115)	-35%
Intergovernmental	6,974	8,353	18,807	8,000	9,000	19,000	10,000	111%
<b>Total Expenses</b>	<b>612,928</b>	<b>646,489</b>	<b>702,422</b>	<b>732,092</b>	<b>707,758</b>	<b>742,857</b>	<b>35,099</b>	<b>5%</b>

**City of Sequim  
2020 Budget  
5-Year Summary**

**Human Resources**



	2016 Actual	2017 Actual	2018 Actual	2019 Forecast	2019 Budget	2020 Budget	2020-2019 Amount	%
<b>Revenues</b>								
Miscellaneous Revenue	50	96	-	867	800	800	-	
◆◆◆ Total Revenues	50	96	-	867	800	800	-	0%
<b>Expenses</b>								
Salaries & Benefits	168,906	101,119	118,636	125,887	121,635	132,162	10,527	9%
Supplies	784	565	1,107	603	1,000	550	(450)	-45%
Service Charges	40,207	23,881	56,367	32,257	38,150	30,650	(7,500)	-20%
<b>Total Expenses</b>	<b>209,897</b>	<b>125,565</b>	<b>176,110</b>	<b>158,747</b>	<b>160,785</b>	<b>163,362</b>	<b>2,577</b>	<b>2%</b>

# City of Sequim Budget Overview

## **Mission**

### *Information Technology*

To enable business operations to support effective government

## **Department Description**

### *Information Technology*

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.

## **2020 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 (International City/County Management Association) Capstone Project, evaluate/select/implement a software environment to effectively manage information related to Code Enforcement processes
- ❖ Support technology improvements to the Emergency Operations Center
- ❖ Support implementation of new budget, CIP and LRFP technology

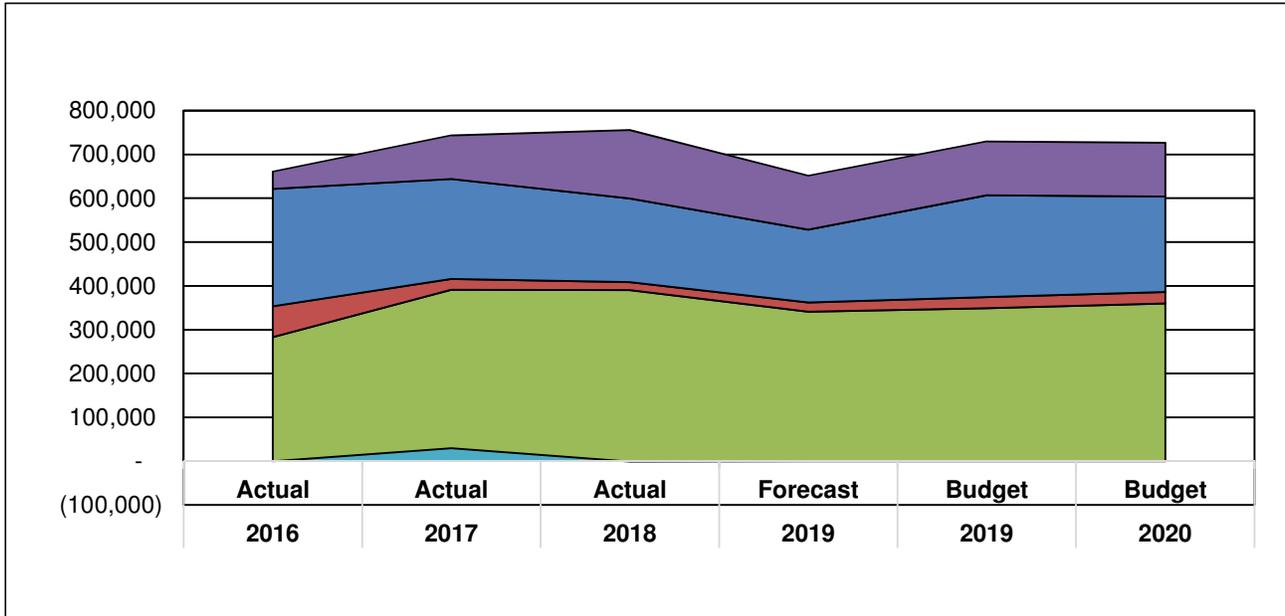
## **2020 Budget Summary**

### *Information Technology*

- ❖ The overall budget request decreased by \$3k (0%) due to decreases in salaries and benefits (department reorganization), and increases in training, software licenses and subscriptions.

**City of Sequim  
2020 Budget  
5-Year Summary**

**Information Technology**



	2016 Actual	2017 Actual	2018 Actual	2019 Forecast	2019 Budget	2020 Budget	2020-2019 Amount	%
Salaries & Benefits	267,277	228,324	190,835	165,859	231,811	218,270	(13,541)	-6%
Operating Supplies	70,573	24,881	18,162	21,153	25,700	25,700	-	0%
Charges for Services	283,216	361,079	391,857	341,291	349,189	360,089	10,900	3%
Capital (Equip > \$7,500)	-	29,854	(1,196)	-	1	1	-	0%
<b>Total Expenses</b>	<b>621,065</b>	<b>644,138</b>	<b>599,658</b>	<b>528,303</b>	<b>606,701</b>	<b>604,060</b>	<b>(2,641)</b>	<b>0%</b>
<b>Transfers</b>								
Capital Projects	39,874	99,375	156,000	122,800	122,800	122,800	-	0%
<b>Total Transfers</b>	<b>39,874</b>	<b>99,375</b>	<b>156,000</b>	<b>122,800</b>	<b>122,800</b>	<b>122,800</b>	<b>-</b>	<b>0%</b>

# City of Sequim Budget Overview

## Administrative Services Non-Departmental

### 2020 Key Goals

- ❖ Continue 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

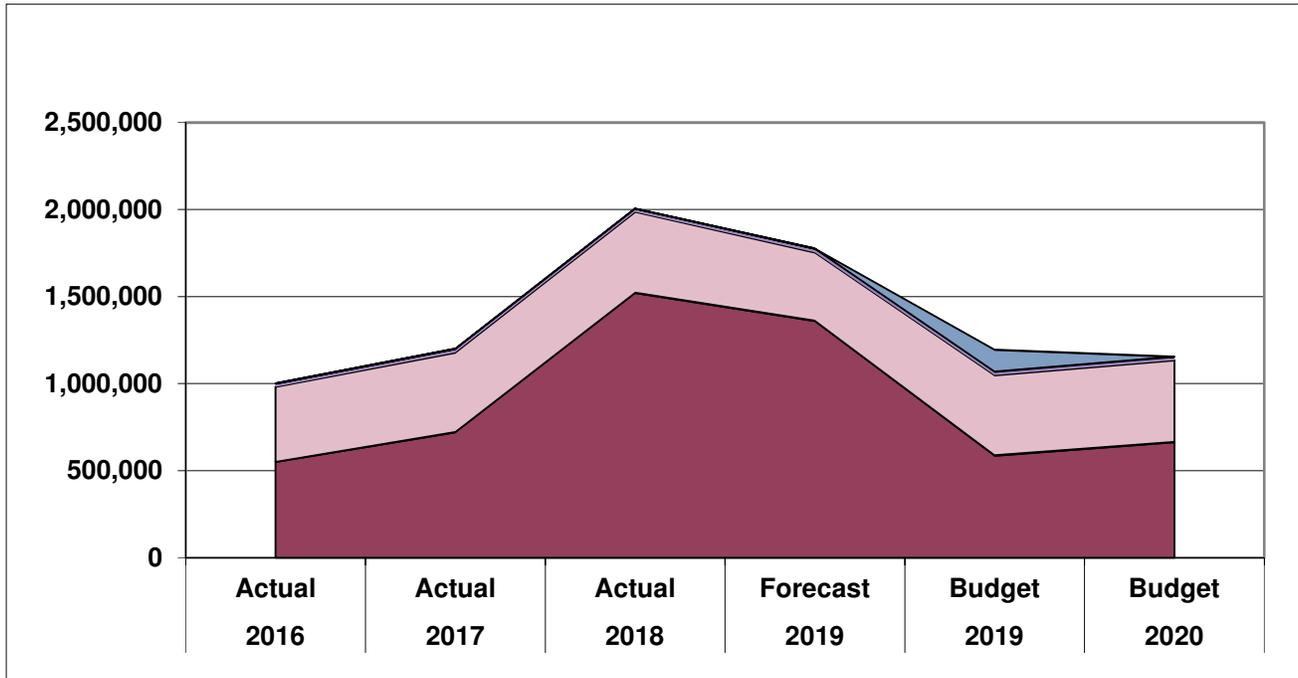
### 2019 Budget Summary

The overall budget decrease of \$40k (3%) is due to the following:

- ❖ The City has transitioned to a new insurance pool, WCIA, in 2019. We have estimated an annual premium of \$300k, which is flat with the 2019 estimate.
- ❖ Transfers out to the unemployment compensation reserve of \$26k is flat with 2019.
- ❖ 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 2020, we've budgeted \$105k which is flat with 2019.
- ❖ Contingency money of \$40k is increased from the 2019 budget by \$10k.
- ❖ Transfers out to Street Operations increased by \$40k from 2019 because of an increase in Street expenses.
- ❖ Transfers out to "The Peoples Project" 2<sup>nd</sup> Place project of \$30k are new this year and support implementation of a pilot of BigBelly Smart Recycling and Solid Waste bins. (Additional money for "The People's Project" is coming out of the Parks Operations budget.)
- ❖ Transfers out to the Arts & Culture Fund of \$34k are reduced by \$6k. These transfers are reevaluated annually.
- ❖ Contingency money for General Fund wage and benefit increases of \$126k has been removed, as these increases are reflected in departmental budget line items.

**City of Sequim  
2020 Budget  
5-Year Summary**

**Administrative Services  
Non-Departmental**



	2016 Actual	2017 Actual	2018 Actual	2019 Forecast	2019 Budget	2020 Budget	2020-2019 Amount	2020-2019 %
Salaries & Benefits			-	-	125,776	-	(125,776)	
Operating Supplies	18,989	22,750	19,222	20,278	21,000	21,000	-	0%
Charges for Services	431,485	456,861	463,950	393,375	460,925	469,085	8,160	2%
Intergovernmental	32	185	1,234	303	600	600	-	0%
Capital (Equip > \$7,500)		-	-	-	-	-	-	0%
NonExpense/Financing	550,000	720,000	1,521,000	1,360,996	586,000	664,000	78,000	13%
<b>Total Expenses</b>	<b>1,000,506</b>	<b>1,199,796</b>	<b>2,005,406</b>	<b>1,774,952</b>	<b>1,194,301</b>	<b>1,154,685</b>	<b>(39,616)</b>	<b>-3%</b>

**Transfers**

	2016 Actual	2017 Actual	2018 Actual	2019 Forecast	2019 Budget	2020 Budget	2020-2019 Amount	2020-2019 %
Equipment Reserves								
Street Operations	550,000	610,000	560,000	519,996	520,000	560,000	40,000	8%
Capital Projects		60,000	115,000	-	-	-	-	0%
Other		50,000	846,000	841,000	66,000	104,000	38,000	58%
<b>Total Transfers</b>	<b>550,000</b>	<b>720,000</b>	<b>1,521,000</b>	<b>1,360,996</b>	<b>586,000</b>	<b>664,000</b>	<b>78,000</b>	<b>13%</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. Recent legislation adds certain eligible projects related to facilities for those experiencing homelessness and affordable housing, with some limitations and reporting requirements (expires January 1, 2026).

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

**2020 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. Use of beginning fund balance is budgeted.

**2020 Key Goals**

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

**2020 Budget Summary**

Revenues for 2020 are budgeted at \$505k based on reasonable assumptions for development and \$100k or 25% higher than 2019 Budget. Expenses are budgeted at \$840k, use existing fund balance, and consist of transfers to other funds to support budgeted or future projects as follows:

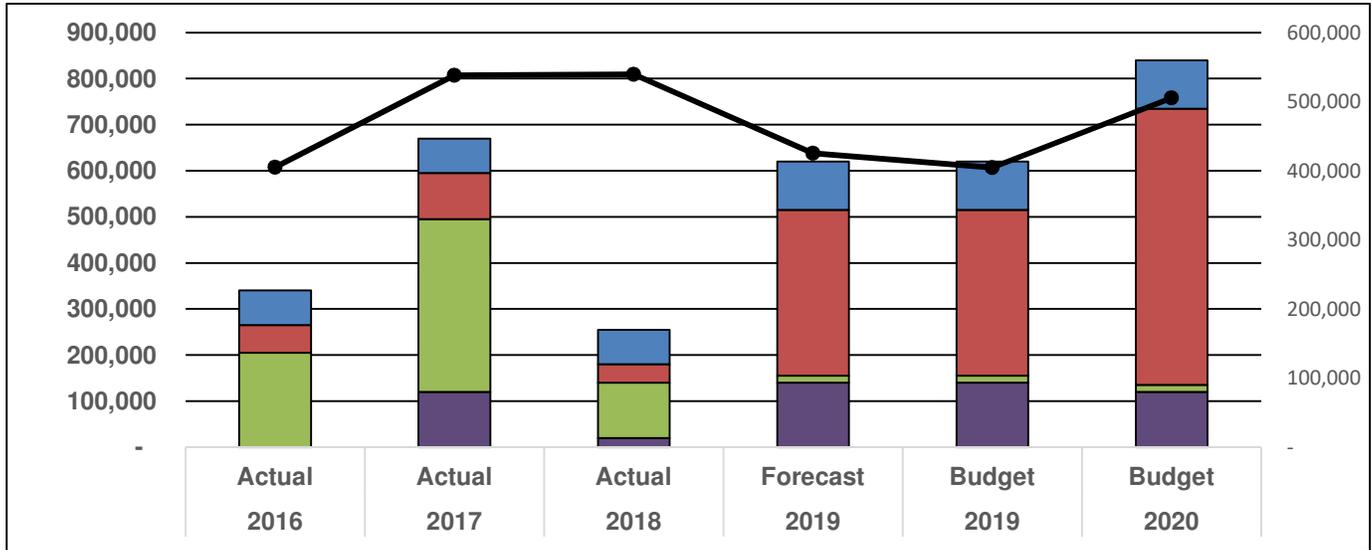
- ❖ \$ 15k for future parks projects
- ❖ \$105k to Civic Center LTGO Debt Service
- ❖ \$120k to Capital Facility projects for Civic Center improvements (if needed) and the Guy Cole Break-out Rooms project
- ❖ \$600k to Streets projects for W. Fir Street, the Sequim Avenue Roundabout, City-wide sidewalk repairs and savings for an emergency street or sidewalk repair

<sup>1</sup> REET1 – 82.46.010 (6)

<sup>2</sup> REET2 – 82.46.035 (5)

**City of Sequim  
2020 Budget  
5-Year Summary**

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



	2016 Actual	2017 Actual	2018 Actual	2019 Forecast	2019 Budget	2020 Budget	2020-2019 Amount	%
<b>Beginning Fund Balance</b>								
REET 1	186,011	314,098	140,450	230,548	168,203	78,379	(89,824)	-53%
REET 2	129,453	66,385	108,250	302,745	380,332	260,299	(120,033)	-32%
<b>Beginning Fund Balance</b>	<b>315,464</b>	<b>380,483</b>	<b>248,700</b>	<b>533,293</b>	<b>548,535</b>	<b>338,678</b>	<b>(209,857)</b>	<b>-38%</b>
<b>Revenues</b>								
Taxes	400,355	535,379	533,844	419,605	400,000	500,000	100,000	25%
Other Miscellaneous	4,664	2,838	5,748	5,780	4,650	5,450	800	17%
NonRevenues	-	-	-	-	-	-	-	0%
<b>Revenues</b>	<b>405,019</b>	<b>538,217</b>	<b>539,592</b>	<b>425,385</b>	<b>404,650</b>	<b>505,450</b>	<b>100,800</b>	<b>25%</b>
<b>Expenses</b>								
<b>Transfers To:</b>								
Civic Center/Debt Service	75,000	75,000	75,000	105,000	105,000	105,000	-	0%
101 Streets Ops/111 Streets R	60,000	100,000	40,000	360,000	360,000	599,500	239,500	67%
140 Parks R	205,000	375,000	120,000	15,000	15,000	15,000	-	0%
306 Capital Facilities	-	120,000	20,000	140,000	140,000	120,000	(20,000)	-14%
<b>Total Expenses</b>	<b>340,000</b>	<b>670,000</b>	<b>255,000</b>	<b>620,000</b>	<b>620,000</b>	<b>839,500</b>	<b>219,500</b>	<b>35%</b>
<b>Surplus/(Deficit)</b>	<b>65,019</b>	<b>(131,783)</b>	<b>284,592</b>	<b>(194,615)</b>	<b>(215,350)</b>	<b>(334,050)</b>	<b>(118,700)</b>	<b>-55%</b>
<b>Ending Fund Balance</b>								
REET 1	314,097	140,450	230,548	78,379	6,053	6,229	176	3%
REET 2	66,385	108,250	302,745	260,299	327,132	-1,601	(328,733)	-100%
<b>Ending Fund Balance</b>	<b>380,483</b>	<b>248,700</b>	<b>533,293</b>	<b>338,678</b>	<b>333,185</b>	<b>4,628</b>	<b>(328,557)</b>	<b>-99%</b>

# City of Sequim Budget Overview

## Equipment Reserve (Restricted Fund)

### 2020 Key Goals

- ❖ Support the City Manager's goal of improving technology for a more efficient workforce
- ❖ Support the Organization Goal of improving employee engagement by providing the tools and resources needed to do their jobs
- ❖ 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

### 2020 Budget Summary

Transfers into this reserve have generally increased over the last five 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 2020 with a fund balance just short of minimum policy requirements. (This calculation is based upon current needs scheduled out through 2026. This schedule of needs is updated annually.)

2020 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		122,800	122,800
<b>General Fund Subtotal</b>	<b>200,800</b>	<b>138,800</b>	<b>339,600</b>
Streets	20,000	14,000	44,000
Water and Sewer		85,000	85,000
<b>Total</b>	<b>220,800</b>	<b>237,800</b>	<b>458,600</b>

### 2020 Expenses – Significant Changes

Expenses budgeted for 2020 of \$406k are \$121k or 43% higher than 2019 and 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 2020, consistent with the PD's vehicle repair and replacement program.
- ❖ IT Systems (\$95.7k): 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 - \$37.5K: 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

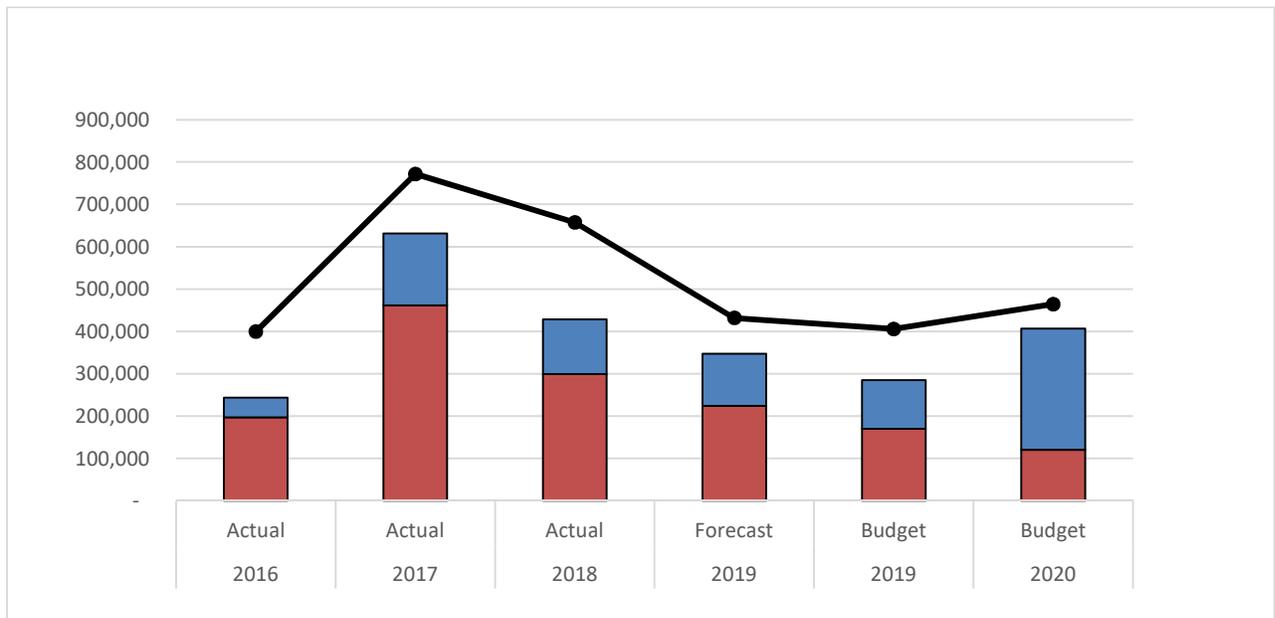
is recommended that we replace the existing device and introduce encryption at the same time.

- Network Event Monitoring - \$7.5k: 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 - \$15k: 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.
  - Professional Services – 23.2k: Professional services are needed to design and implement the above-mentioned technologies related to the CJIS audit.
- 
- ❖ Replace PW-34 Cadet - \$20k: The 2005 mower has become unusable.
  - ❖ CAT Skidsteer 229D2 - \$120k: A new small multi-function machine to be used on utility repairs.
  - ❖ Blade for Skidsteer - \$7.5k: An attachment for the Skidsteer.
  - ❖ Replace PK-60 Cadet - \$20k: Mower repair costs and down time are beginning to exceed expectations.
  - ❖ Snow plow for Streets Truck - \$9k: Snow plow for new 2019 streets truck.
  - ❖ Salt Spreader - \$14k: To be used in place of the Salt Dogg which is a small insufficient salt/sand spreader during snow and ice storms.



**City of Sequim  
2020 Budget  
5-Year Summary**

**Equipment Reserve Fund (Restricted Fund)**



	2016 Actual	2017 Actual	2018 Actual	2019 Forecast	2019 Budget	2020 Budget	2020-2019 Amount	%
<b>Beginning Fund Balance</b>								
164-0xx Equipment	75,081	176,911	241,790	390,866	314,952	444,549	129,597	41%
164-1xx Vehicles	267,727	322,292	397,828	478,222	480,588	508,875	28,287	6%
<b>Beginning Fund Balance</b>	<b>342,808</b>	<b>499,203</b>	<b>639,618</b>	<b>869,088</b>	<b>795,540</b>	<b>953,424</b>	<b>157,884</b>	<b>20%</b>
<b>Revenues</b>								
164-0xx Equipment	143,372	232,495	270,000	169,500	169,500	237,800	68,300	40%
164-1xx Vehicles	251,800	531,596	359,206	231,971	230,800	220,800	(10,000)	-4%
Other Revenues	4,351	7,870	28,346	30,100	5,500	5,500	-	0%
◆◆◆ <b>Total Revenues</b>	<b>399,523</b>	<b>771,961</b>	<b>657,552</b>	<b>431,571</b>	<b>405,800</b>	<b>464,100</b>	<b>58,300</b>	<b>14%</b>
<b>Expenses</b>								
164-0xx Equipment	46,030	170,182	129,156	123,189	114,700	286,200	171,500	150%
164-1xx Vehicles	197,097	461,364	298,927	224,045	170,000	120,000	(50,000)	-29%
<b>Total Expenses</b>	<b>243,127</b>	<b>631,546</b>	<b>428,083</b>	<b>347,234</b>	<b>284,700</b>	<b>406,200</b>	<b>121,500</b>	<b>43%</b>
<b>Surplus/(Deficit)</b>	<b>156,396</b>	<b>140,415</b>	<b>229,469</b>	<b>84,337</b>	<b>121,100</b>	<b>57,900</b>	<b>(63,200)</b>	<b>-52%</b>
<b>Ending Fund Balance</b>								
164-0xx Equipment	176,911	241,790	390,866	444,548	375,252	401,649	26,397	7%
164-1xx Vehicles	322,292	397,828	478,222	508,876	541,388	609,675	68,287	13%
<b>Ending Fund Balance</b>	<b>499,203</b>	<b>639,618</b>	<b>869,088</b>	<b>953,424</b>	<b>916,640</b>	<b>1,011,324</b>	<b>94,684</b>	<b>10%</b>

**Expenses by Program**

<b>IT</b>	32,679	88,154	87,631	105,700	105,700	95,700	(10,000)	-9%
<b>Police</b>	96,758	152,096	226,938	120,000	120,000	120,000	-	0%
<b>Streets</b>	19,105	1,813	19,368	53,998	9,000	23,000	14,000	156%
<b>DCD</b>		-	28,733	-	-	-	-	0%
<b>PW Admin</b>	94,585	389,483	65,413	67,536	50,000	167,500	117,500	235%
<b>Total Expenses</b>	<b>243,127</b>	<b>631,546</b>	<b>428,083</b>	<b>347,234</b>	<b>284,700</b>	<b>406,200</b>	<b>121,500</b>	<b>43%</b>

# City of Sequim Budget Overview

## Debt Service Fund

### Description

This fund was created for the purpose of recording bond proceeds and the cost of issuance plus paying principal and interest related to the Civic Center (LTGO) bonds.

### 2020 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.

### 2020 Budget Summary

- ❖ Debt Service payments of the bonds supporting the Civic Center project are approximately \$660k in 2020 and thereafter. (We will be paying down our principal balance in 2020 by \$250k.) Funding for this debt service is as follows: \$335k from General Fund, \$255k from Public Safety Tax, \$105k from REET. 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.

### 2020 Key Goals

- ❖ Account for and monitor Facility Capital projects

### 2020 Budget Summary

The 2020 budget of \$1.171ml includes the following projects (excluding overhead allocations):

- ❖ \$ 20k for possible Civic Center improvements - used only as needed.
- ❖ \$100k for Guy Cole meeting room improvements. This project aims to provide space to used by the community for meetings, classrooms and other group events. It is a roll forward of delayed projects from 2019.
- ❖ \$816k for a Fuel Station at the Shop Property. This project aims to reduce City fueling costs as well as provide fuel storage and reserves during an emergency.
- ❖ Addition of \$100k in possible Construction Retention (moved from Agency Funds per SAO).

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

<b>Debt Service (Restricted Fund)</b>								
	2016 Actual	2017 Actual	2018 Actual	2019 Forecast	2019 Budget	2020 Budget	2020-2019 Amount	%
<b>Beginning Fund Balance</b>	890	50,469	97,218	144,763	103,303	243,289	139,986	
<b>Revenues</b>								
LTGO Bond Proceeds					-	-	-	0%
Other Miscellaneous	1,319	939	1,846	651	-	-	-	0%
NonRevenues	705,000	705,000	705,000	755,000	755,000	695,000	(60,000)	-8%
<b>Revenues</b>	<b>706,319</b>	<b>705,939</b>	<b>706,846</b>	<b>755,651</b>	<b>755,000</b>	<b>695,000</b>	<b>(60,000)</b>	<b>-8%</b>
<b>Expenses</b>								
Issuance Costs & Debt Service	656,740	659,190	657,125	657,125	657,625	660,426	2,801	0%
Transfers to Capital Facilities	-	-	-	-	-	-	-	0%
<b>Total Expenses</b>	<b>656,740</b>	<b>659,190</b>	<b>657,125</b>	<b>657,125</b>	<b>657,625</b>	<b>660,426</b>	<b>2,801</b>	<b>0%</b>
					-			
<b>Surplus/(Deficit)</b>	<b>49,579</b>	<b>46,749</b>	<b>49,721</b>	<b>98,526</b>	<b>97,375</b>	<b>34,574</b>	<b>(62,801)</b>	<b>-64%</b>
<b>Ending Fund Balance</b>	<b>50,469</b>	<b>97,218</b>	<b>146,939</b>	<b>243,289</b>	<b>200,678</b>	<b>277,863</b>	<b>77,185</b>	<b>38%</b>

<b>Capital Facilities (Restricted Fund)</b>								
	2016 Actual	2017 Actual	2018 Actual	2019 Forecast	2019 Budget	2020 Budget	2020-2019 Amount	%
<b>Beginning Fund Balance</b>	271,064	201,336	153,201	153,201	38,315	263,281	224,966	587%
<b>Revenues</b>								
Other Miscellaneous	2,778	349,531	89,409	200,839	200,205	205	(200,000)	-100%
NonRevenues	85,000	360,000	135,000	221,000	221,000	1,176,000	955,000	432%
<b>Revenues</b>	<b>87,778</b>	<b>709,531</b>	<b>224,409</b>	<b>421,839</b>	<b>421,205</b>	<b>1,176,205</b>	<b>755,000</b>	<b>179%</b>
<b>Expenses</b>								
Civic Center	52,717	185,018	15,429	240,001	240,001	20,000	(220,001)	-92%
Other Capital Projects	21,449	494,047	105,677	56,746	150,000	916,000	766,000	511%
Administrative Overhead	5,341	144,678	37,225	15,012	25,742	134,522	108,780	423%
Construction Retention (new)						100,000		
Transfers	78,000	-	-	-	-	-	-	0%
<b>Total Expenses</b>	<b>157,507</b>	<b>823,743</b>	<b>158,331</b>	<b>311,759</b>	<b>415,743</b>	<b>1,170,522</b>	<b>754,779</b>	<b>182%</b>
					-			
<b>Surplus/(Deficit)</b>	<b>(69,729)</b>	<b>(114,212)</b>	<b>66,078</b>	<b>110,080</b>	<b>5,462</b>	<b>5,683</b>	<b>221</b>	<b>4%</b>
<b>Ending Fund Balance</b>	<b>201,335</b>	<b>87,124</b>	<b>219,279</b>	<b>263,281</b>	<b>43,777</b>	<b>268,964</b>	<b>225,187</b>	<b>514%</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 Fund** WAS used to hold funds in lieu of a performance bond from a developer or retainage for a large project. New Washington State Auditor Office (SAO) requirements provide that we move these monies to the relevant project fund.
- ❖ **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** WAS used to account for incoming/outgoing security deposits held for the Water and Sewer Utilities. New Washington SAO requirements provide that we move these monies to the relevant utility fund.
- ❖ **Haller Park Fund** is needed to account for a non-expendable trust of the City provided by the Haller Family.

### 2020 Key Goals

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

### 2020 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. Actual revenues can vary significantly from budget. **Expenses** are the same.

#### *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*

- ❖ All monies have been moved to the relevant capital project fund (new SAO requirement).

#### *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*

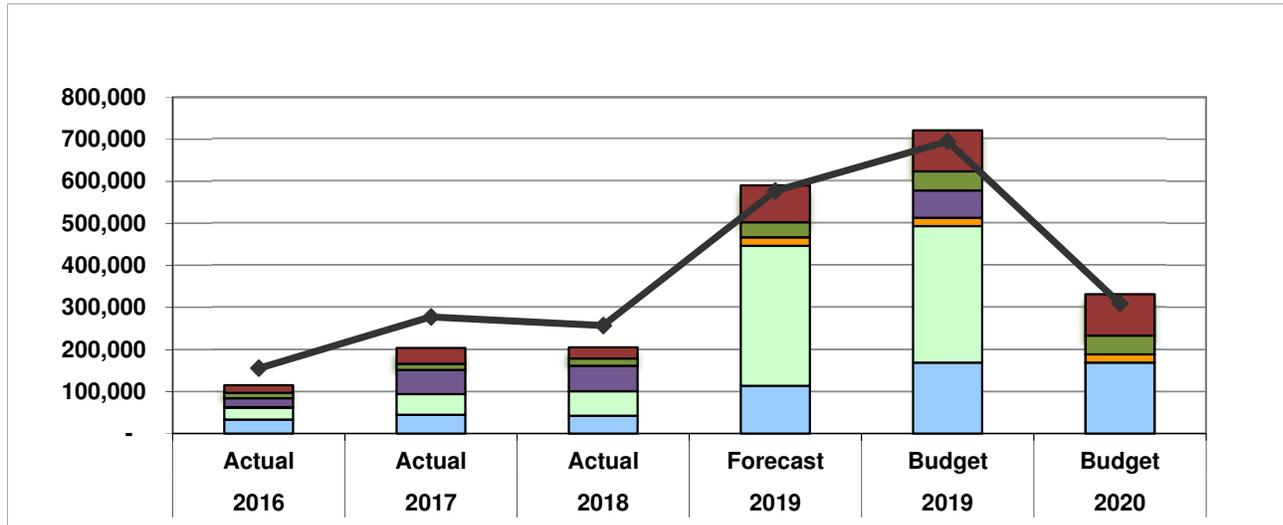
- ❖ All monies have been moved to the relevant utility fund (new SAO requirement).

#### *Haller Park Fund*

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

**City of Sequim  
2020 Budget  
5-Year Summary**

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



	2016 Actual	2017 Actual	2018 Actual	2019 Forecast	2019 Budget	2020 Budget	2020-2019 Amount	%
<b>Beginning Fund Balance</b>								
Unemployment Compensation	32,520	30,666	50,175	84,272	63,080	57,316	(5,764)	-9%
Flexible Benefits	455	2,733	4,602	2,460	8,038	5,293	(2,745)	-34%
Police Expendable Trust	-	-	-	-	-	-	-	0%
Construction Deposits/Retainage	-	35,735	89,945	106,965	78,963	106,965	28,002	35%
Utility Deposits	136,478	148,166	164,141	176,478	163,360	2,176	(161,184)	-99%
Haller Park Fund	37,904	38,332	39,468	39,958	39,918	40,405	487	1%
Intergovernmental Agency Fund	5	3,558	1,101	3,375	1,702	14,174	12,472	733%
<b>Beginning Fund Balance</b>	<b>207,362</b>	<b>259,190</b>	<b>349,432</b>	<b>413,508</b>	<b>355,061</b>	<b>226,329</b>	<b>(128,732)</b>	<b>-36%</b>
<b>Revenues</b>								
Unemployment Compensation	16,250	57,500	61,000	61,000	61,000	65,000	4,000	7%
Flexible Benefits	15,143	15,835	15,218	38,251	45,000	45,000	-	0%
Police Expendable Trust	1,228	-	-	20,000	20,000	20,000	-	0%
Construction Deposits/Retainage	63,637	103,953	75,494	333,348	325,000	-	(325,000)	-100%
Utility Deposits	21,600	57,512	60,542	2	65,000	-	(65,000)	-100%
Haller Park Fund	428	1,136	490	447	440	440	-	0%
Intergovernmental Agency Fund	36,997	41,734	44,156	124,214	178,627	178,627	-	0%
<b>Revenues</b>	<b>155,283</b>	<b>277,670</b>	<b>256,900</b>	<b>577,262</b>	<b>695,067</b>	<b>309,067</b>	<b>(386,000)</b>	<b>-56%</b>
<b>Total Expenses</b>								
Unemployment Compensation	18,104	37,991	26,902	87,956	98,000	98,000	-	0%
Flexible Benefits	12,864	13,966	17,359	35,418	45,000	45,000	-	0%
Police Expendable Trust	1,228	-	-	20,000	20,000	20,000	-	0%
Construction Deposits/Retainage	27,902	49,743	58,475	333,348	325,000	-	(325,000)	-100%
Utility Deposits	9,912	42,299	48,205	174,305	65,000	-	(65,000)	-100%
Haller Park Fund	-	-	-	-	-	-	-	0%
Intergovernmental Agency Fund	33,443	44,192	41,882	113,415	168,328	168,328	-	0%
<b>Total Expenses</b>	<b>103,453</b>	<b>188,191</b>	<b>192,823</b>	<b>764,442</b>	<b>721,328</b>	<b>331,328</b>	<b>(390,000)</b>	<b>-54%</b>
<b>Ending Fund Balance</b>								
Unemployment Compensation	30,666	50,175	84,272	57,316	26,080	24,316	(1,764)	-7%
Flexible Benefits	2,733	4,602	2,460	5,293	8,038	5,293	(2,745)	-34%
Police Expendable Trust	-	-	-	-	-	-	-	0%
Construction Deposits/Retainage	35,735	89,945	106,965	106,965	78,963	106,965	28,002	35%
Utility Deposits	148,166	163,379	176,478	2,176	163,360	2,176	(161,184)	-99%
Haller Park Fund	38,332	39,468	39,958	40,405	40,358	40,845	487	1%
Intergovernmental Agency Fund	3,558	1,101	3,375	14,174	12,001	24,473	12,472	104%
<b>Ending Fund Balance</b>	<b>259,192</b>	<b>348,669</b>	<b>413,509</b>	<b>226,328</b>	<b>328,800</b>	<b>204,068</b>	<b>(124,732)</b>	<b>-38%</b>



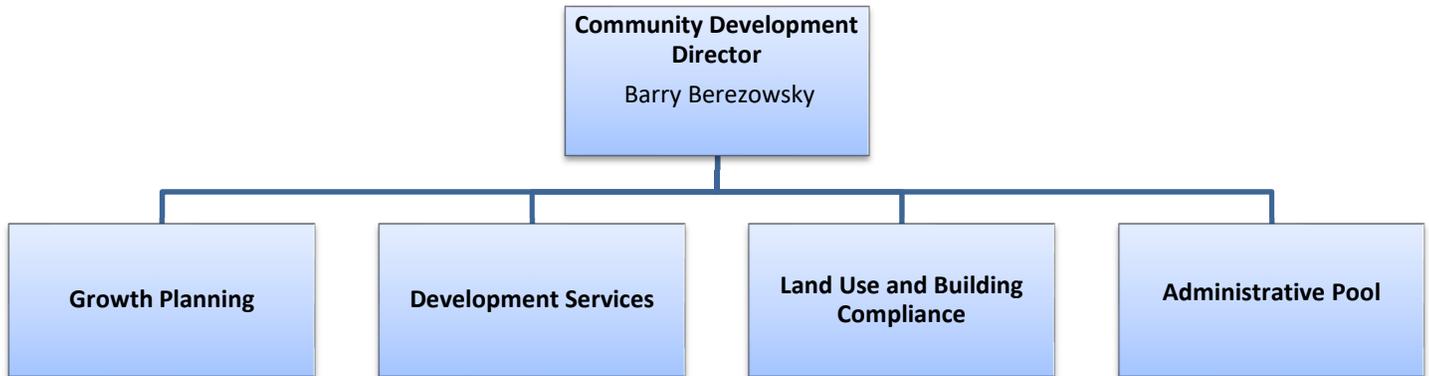
# City of Sequim 2020 Budget

## Department of Community Development



**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
- Facility rentals
- 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. The Department also manages the City's administrative pool and facility rentals.

**Growth Planning** is responsible for managing the preparation of City's Comprehensive Land Use Plan to guide long-range growth and development, as well as, assisting with the preparation of functional plans for transportation, utilities, parks, and public safety to support the growth VISION contained in the City's Comprehensive Plan.

**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 Code 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 and facility rentals.

# City of Sequim Budget Overview

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

Barry Berezowsky, Community Development

### Mission

*Growth Planning / Community Development*

To facilitate quality development through good design.

### 2020 Key Goals

*Growth Planning / Development Services*

- ❖ Continue working to update/rewrite the City's development regulations in Titles 18 (Zoning), 17 (Subdivisions) and procedural requirements contained in Title 20 to maintain consistency with the City's 2015 Comprehensive Plan and to make the City's regulatory framework more user friendly
- ❖ Propose amendments to housing regulations to implement recommendations from Housing Task Force and Planning Commission
- ❖ Bring efficiencies to the development review process through additional development review engineering staff
- ❖ 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 reviewing the 2015 Comprehensive Plan and recommend amendments where appropriate
- ❖ New fees proposed as part of 2020 budget process to support new development review engineering position
- ❖ Implement the use of a hearings examiner to address land use issues
- ❖ Continue working with the Police Departments Code Enforcement staff to develop an effective Code Compliance process

### Mission

*Administrative Pool*

To provide essential citywide services in support of exceptional public service.

### 2020 Key Goals

*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
- ❖ Continue looking for better ways to manage facility rentals

### 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 community.
- ❖ Utilization of new development opportunities through amendments to the zoning code 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.

## **City of Sequim Budget Overview**

- ❖ Possible substantial increase in residential permit activity due to an uptick in preliminary plat activity in 2019 such as Legacy Ridge, Cameron Farm Estates, Littlejohn Binding Site Plan and Lavender Meadows Manufactured Home Park.

### **2020 Budget Summary**

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

Budgeted revenues increased by \$169k or (57%)

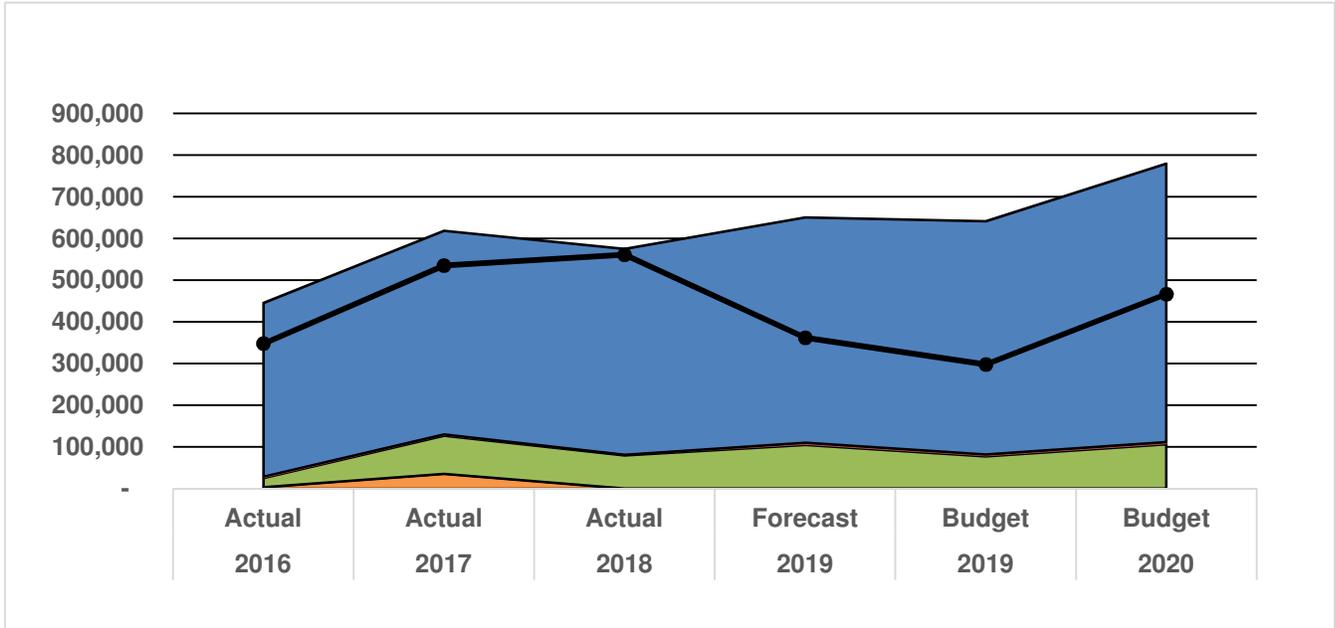
- ❖ Permitting revenues continue to conservatively reflect development activity/growth. New development fees have been proposed to cover most of the costs of the Development Review Engineer.
- ❖ \$15k in grant money has been added for the Shoreline Master Program update.

Budgeted expenses increased \$138k (21%) due to the following:

- ❖ Salaries and benefits increased by \$108k (19%) due to cost of living adjustments for non-represented staff, bargaining unit contract increases, PERS and Medical increases as well as the reclassification of the Assistant Planner to a Senior Planner, the Administrative Assistant to DCD Specialist and Building Official to Building Inspector / Plans Examiner. In addition, there is an additional FTE for a Development Review Engineer not reflected in the original 2019 Adopted Budget.
- ❖ Building Department Supplies increased by \$1k (25%) primarily due to the purchase of new I-Code books.
- ❖ Charges for Goods and Services increased by \$28k (37%) primarily due to the addition of professional services to assist with the Municipal Code Scrub and the Shoreline Master Program update (grant funded).

**City of Sequim  
2020 Budget  
5-Year Summary**

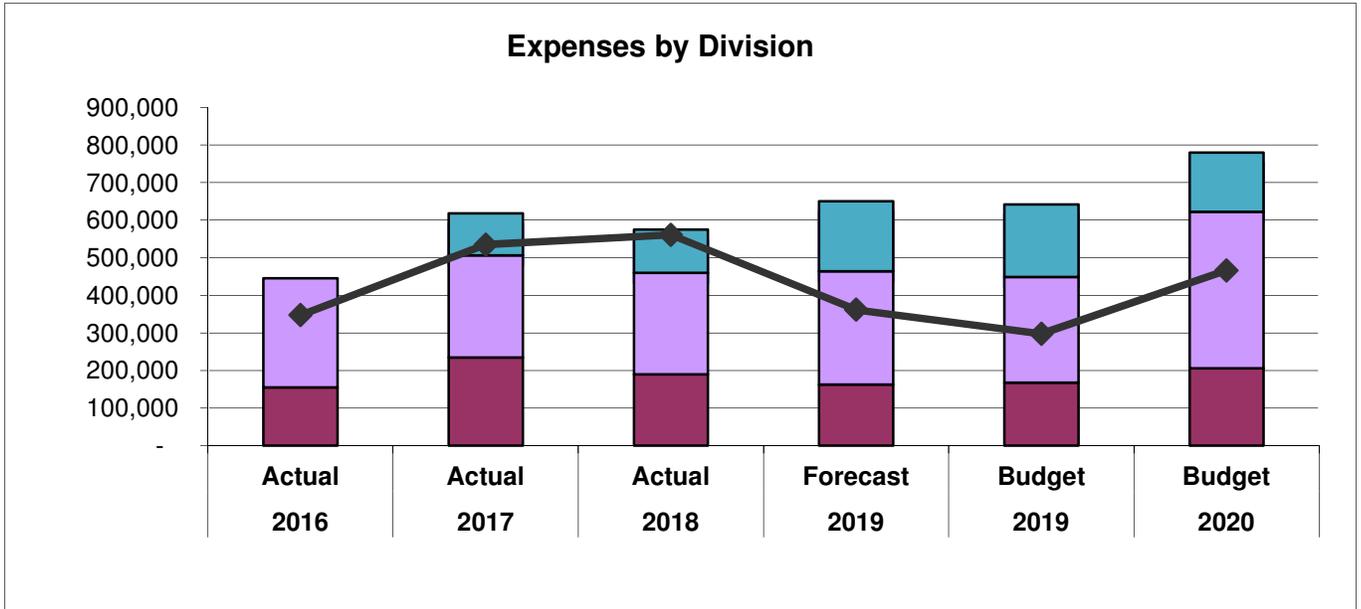
**Department of Community Development**



	2016 Actual	2017 Actual	2018 Actual	2019 Forecast	2019 Budget	2020 Budget	2020-2019 Amount	%
Licenses & Permits	210,244	397,752	441,056	248,137	198,000	340,000	142,000	72%
Intergovernmental	8,100	16,452	33,548	-	-	15,000	15,000	100%
Goods & Services	129,073	108,781	86,586	113,678	99,677	111,494	11,817	12%
Misc Income		12,000	4	-	-	-	-	0%
<b>◆◆◆ Total Revenues</b>	<b>347,417</b>	<b>534,985</b>	<b>561,194</b>	<b>361,815</b>	<b>297,677</b>	<b>466,494</b>	<b>168,817</b>	<b>57%</b>
Salaries & Benefits	416,877	488,869	494,098	540,881	560,108	668,433	108,325	19%
Operating Supplies	3,879	3,002	1,935	5,163	4,350	5,450	1,100	25%
Charges for Services	21,540	91,520	78,987	104,515	77,145	105,582	28,437	37%
Transfers (Equip Reserve)	3,000	35,000	-	-	-	-	-	0%
<b>Total Expenses *</b>	<b>445,296</b>	<b>618,391</b>	<b>575,020</b>	<b>650,559</b>	<b>641,603</b>	<b>779,465</b>	<b>137,862</b>	<b>21%</b>

**City of Sequim  
2020 Budget  
Other Information**

**Department of Community Development  
Administrative Pool**



	2016 Actual	2017 Actual	2018 Actual	2019 Forecast	2019 Budget	2020 Budget	2020-2019 Amount	%
<b>Revenues</b>								
Development Services	339,318	505,158	527,642	361,391	297,677	451,494	153,817	52%
Admin Pool	-	-	-	-	-	-	-	0%
Growth Planning	8,100	29,827	33,552	424	-	15,000	15,000	100%
◆◆◆ <b>Total Revenues</b>	<b>347,418</b>	<b>534,985</b>	<b>561,194</b>	<b>361,815</b>	<b>297,677</b>	<b>466,494</b>	<b>168,817</b>	<b>57%</b>
<b>Expenses</b>								
Development Services	290,681	271,898	269,943	301,852	281,233	416,987	135,754	48%
Admin Pool	-	111,990	115,443	186,413	193,049	156,791	(36,258)	-19%
Growth Planning	154,616	234,503	189,634	162,294	167,320	205,687	38,367	23%
<b>Total Community Development Services</b>	<b>445,297</b>	<b>618,391</b>	<b>575,020</b>	<b>650,559</b>	<b>641,602</b>	<b>779,465</b>	<b>137,863</b>	<b>21%</b>

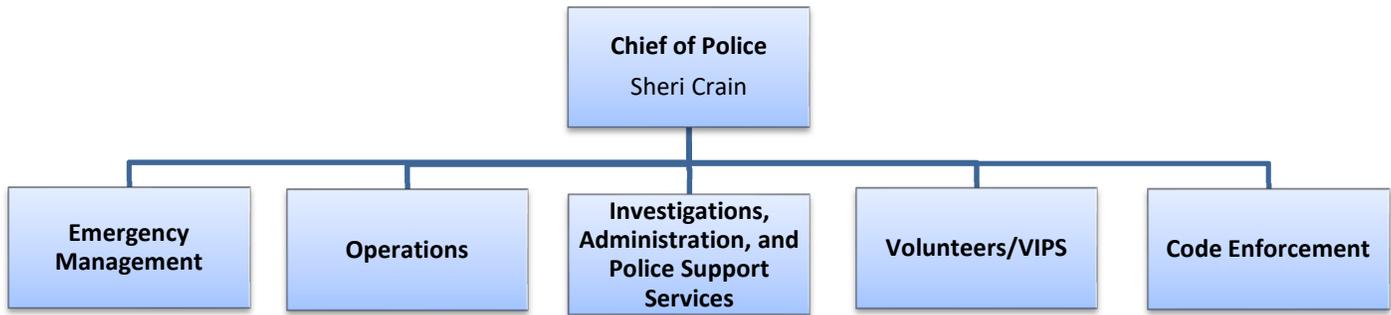
# City of Sequim 2020 Budget

## Police Department



# 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 2020, the Code Enforcement Officer will remain within the Police Department while working with Department of Community Development staff to implement the plan developed with suggestions and recommendations from the ICMA-L analysis work.

The 2020 budget reflects Department staffing of nineteen sworn Officers (19 FTE) and one Code Enforcement Officer. The 19<sup>th</sup> Officer position was added in 2019 to allow the Police Department to keep pace with the growth in our City, calls for service load 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 25 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

### **Mission**

To partner with our community in preserving the peace and reducing the incidence of crime for everyone who lives, works and visits our City.

### **2020 Key Goals**

The Police Department has several goals for 2020 reflecting ongoing City Council priorities and initiatives to include issues identified in the Department's Strategic Plan.

- ❖ Analyze lessons learned and conduct follow up from the mass casualty/Active Shooter drill conducted in the fall of 2019 in collaboration with the Sequim School District, Fire District 3, Clallam County Sheriff's Department and other regional partners
- ❖ Implement the 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
- ❖ Continued engagement with regional partners and service providers in the areas of homelessness, mental illness and substance abuse
- ❖ Apply for and achieve WASPC Accreditation

### **2020 Budget Summary**

Overall, the police budget for 2020 increased from the prior year by \$206k or 6%. Salary and benefit expenses reflect a \$240k (9%) 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. Additionally, the Department added a part-time Emergency Management Coordinator in 2020 who will leverage work being done by City staff to better provide emergency management and preparedness functionality within the City.

The Department has 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". Additional training requirements are anticipated as the result of a new state law, Senate House Bill 1064, which codified many aspects of the voter approved Initiative 940.

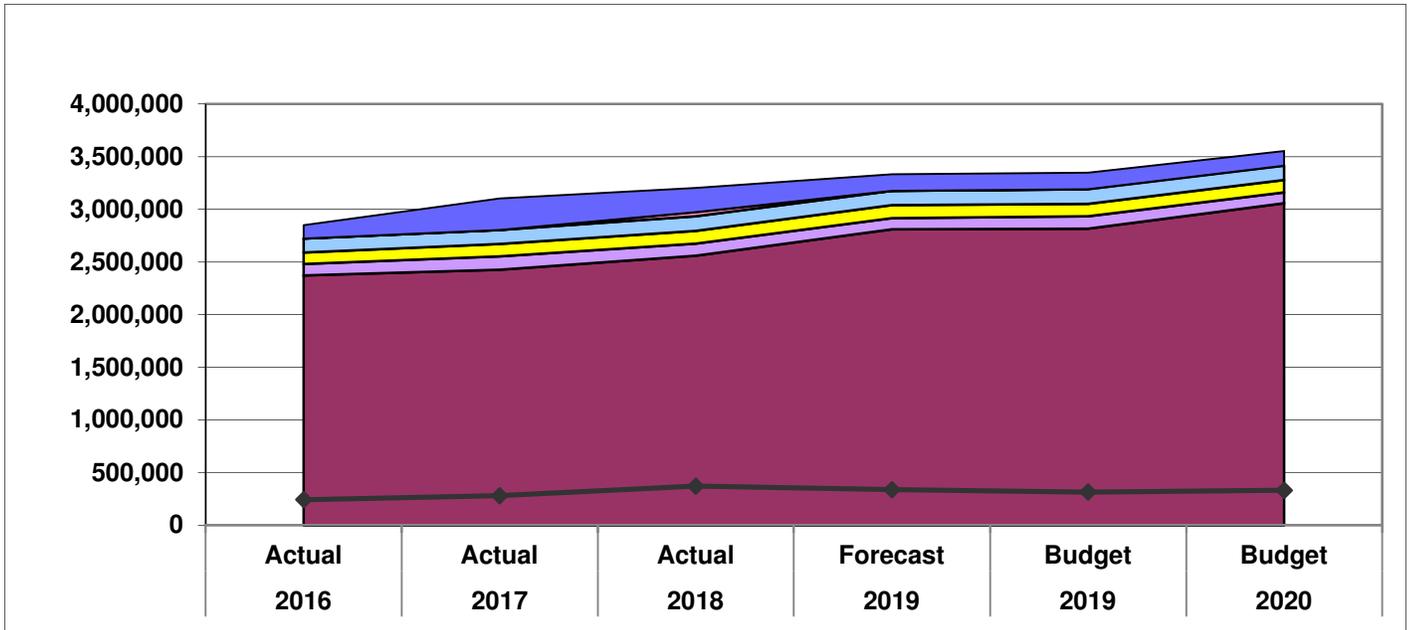
In 2020, we anticipate the completion and implementation of work plans for Code Compliance and Neighborhoods of which Police staff will have key roles. 2020 is also the year we re-apply for Accreditation. Accreditation is a Best Practices review of our Police Department, top to bottom, by the Washington Association of Sheriffs and Chief of Police (WASPC). Our agency was Accredited for the first time in 2016.

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

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

**City of Sequim  
2020 Budget  
5-Year Summary**

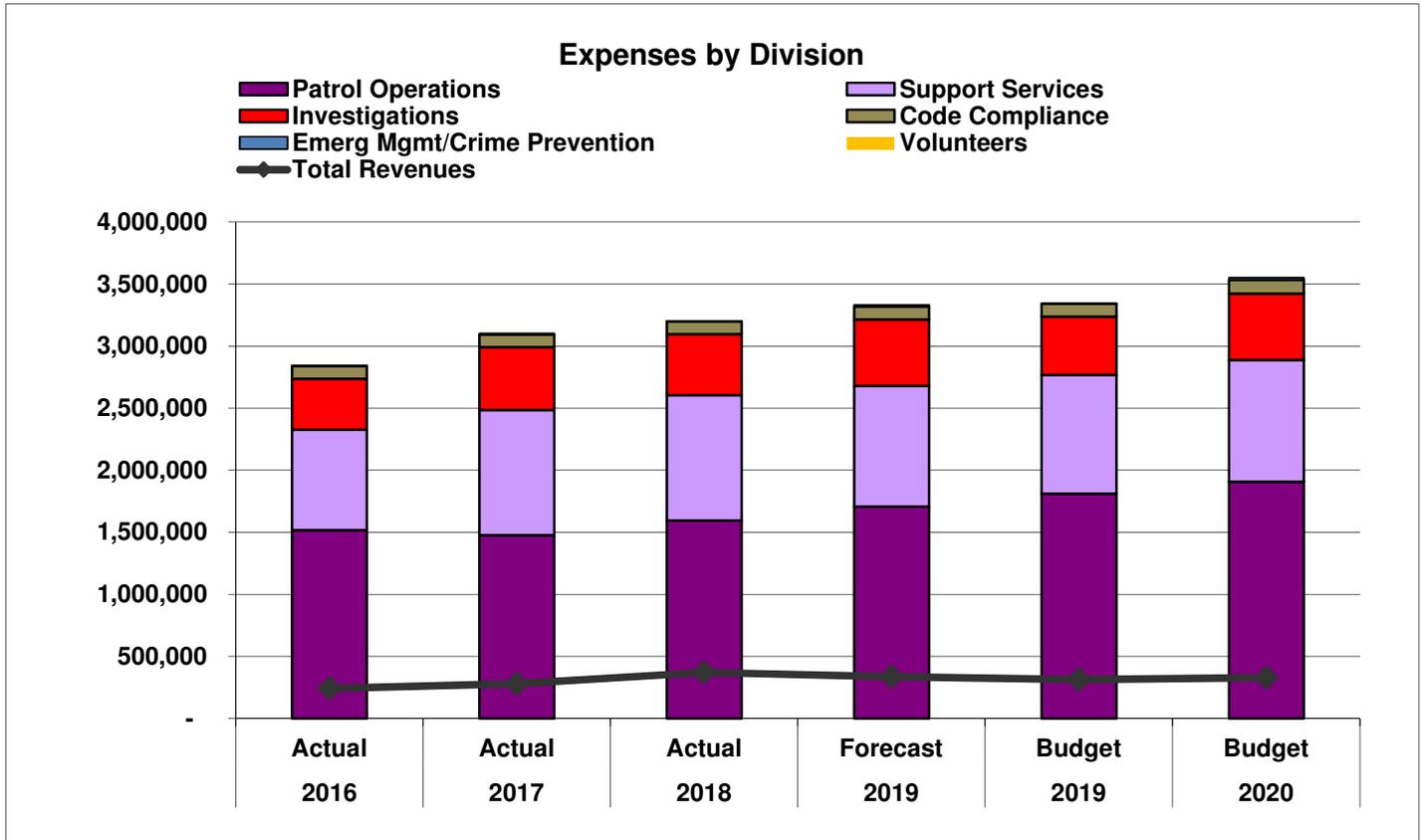
**Police Department**



	2016	2017	2018	2019	2019	2020	2020-2019	
Revenues	Actual	Actual	Actual	Forecast	Budget	Budget	Amount	%
Taxes	102,382	108,394	120,511	116,598	114,130	123,932	9,802	9%
Licenses & Permits	4,577	4,054	6,501	6,588	7,350	6,745	(605)	-8%
Intergovt'l Revenues	104,927	119,410	153,051	144,098	139,499	141,739	2,240	2%
Goods & Services	19,259	40,520	60,942	52,241	47,425	51,650	4,225	9%
Fines & Forfeits	3,765	496	1,273	452	-	-	-	0%
Miscellaneous Revenue	7,500	6,460	29,217	16,978	6,000	6,000	-	0%
<b>◆◆◆ Total Revenues</b>	<b>242,410</b>	<b>279,334</b>	<b>371,495</b>	<b>336,955</b>	<b>314,404</b>	<b>330,066</b>	<b>15,662</b>	<b>5%</b>

Expenses	2016	2017	2018	2019	2019	2020	2020-2019	
	Actual	Actual	Actual	Forecast	Budget	Budget	Amount	%
Salaries & Benefits	2,372,594	2,425,155	2,559,626	2,809,896	2,816,835	3,056,713	239,878	9%
Operating Supplies	107,517	128,054	113,550	105,508	116,260	103,012	(13,248)	-11%
Charges for Services	111,016	117,725	122,323	125,947	118,757	118,131	(626)	-1%
Intergovernmental	132,275	133,125	138,653	135,134	140,001	137,001	(3,000)	-2%
Capital (Equip > \$7,500)		-	39,072	-	-	-	-	0%
Transfers (Equipment Reserve)	125,000	300,000	230,000	156,700	156,700	140,000	(16,700)	-11%
<b>Total Expenses</b>	<b>2,848,402</b>	<b>3,104,059</b>	<b>3,203,224</b>	<b>3,333,185</b>	<b>3,348,553</b>	<b>3,554,857</b>	<b>206,304</b>	<b>6%</b>

**City of Sequim  
2020 Budget  
Other Information**



	2016	2017	2018	2019	2019	2020	2020-2019	
	Actual	Actual	Actual	Forecast	Budget	Budget	Amount	%
<b>Revenues</b>								
Taxes	102,382	108,394	120,511	116,598	114,130	123,932	9,802	9%
Licenses & Permits	4,577	4,054	6,501	6,588	7,350	6,745	(605)	-8%
Intergov't'l Revenues	104,927	119,410	153,051	144,098	139,499	141,739	2,240	2%
Goods & Services	19,259	40,520	60,942	52,241	47,425	51,650	4,225	9%
Fines & Forfeits	3,765	496	1,273	452	-	-	-	0%
Miscellaneous Revenue	7,500	6,460	29,217	16,978	6,000	6,000	-	0%
<b>Total Revenues</b>	<b>242,410</b>	<b>279,334</b>	<b>371,495</b>	<b>336,955</b>	<b>314,404</b>	<b>330,066</b>	<b>15,662</b>	<b>5%</b>
<b>Expenses</b>								
Support Services	809,292	1,007,801	1,009,399	973,786	957,004	979,868	22,864	2%
Volunteers	3,577	3,227	1,632	2,864	4,503	3,503	(1,000)	-22%
Code Compliance	100,786	99,871	102,893	104,562	103,916	108,634	4,718	5%
Patrol Operations	1,518,189	1,476,876	1,593,866	1,705,939	1,810,713	1,908,526	97,813	5%
Investigations	410,208	506,878	493,597	533,277	468,909	535,176	66,267	14%
Emerg Mgmt/Crime Prevention	6,350	9,407	1,837	12,757	3,508	19,150	15,642	446%
<b>Total Expenses</b>	<b>2,848,402</b>	<b>3,104,060</b>	<b>3,203,224</b>	<b>3,333,185</b>	<b>3,348,553</b>	<b>3,554,857</b>	<b>206,304</b>	<b>6%</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

### 2020 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

### 2020 Budget Summary

#### *Police Restricted Fund*

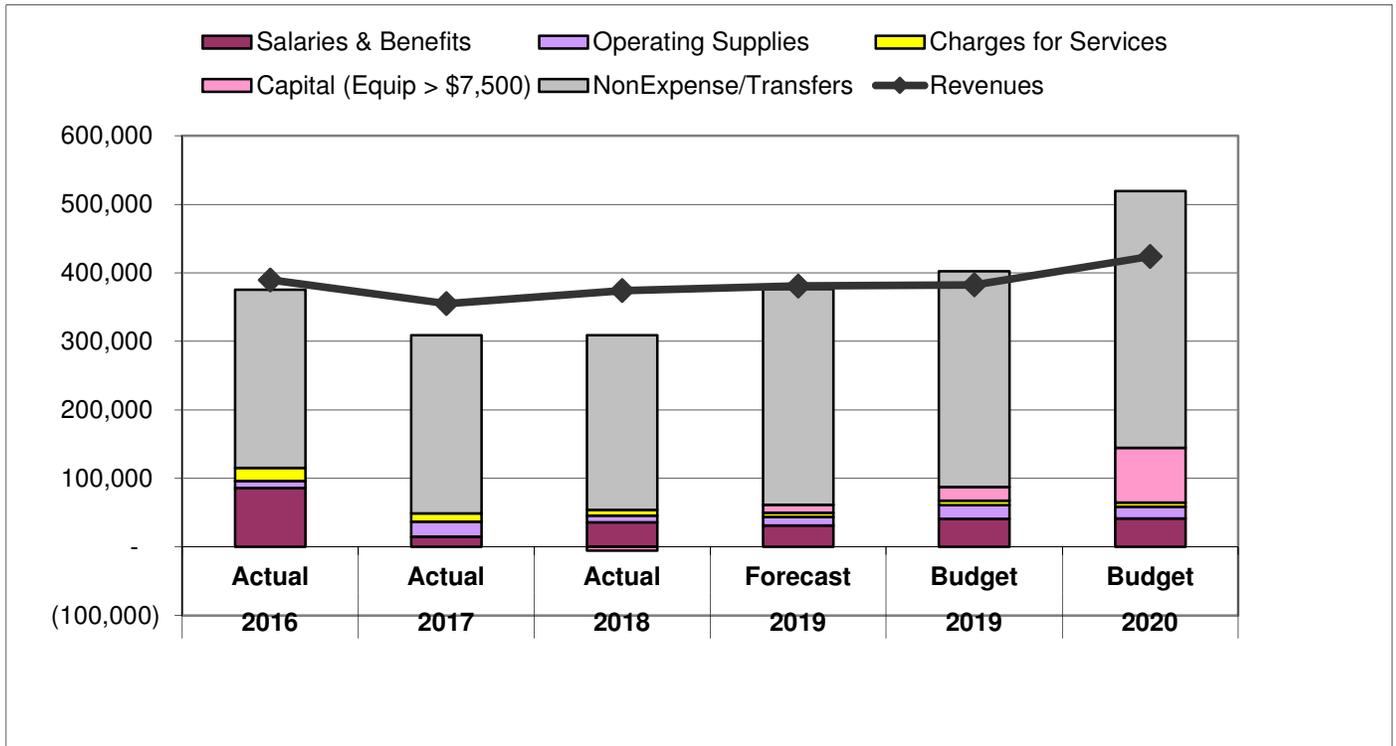
- ❖ The Police Restricted budget reflects grant money and donations that are linked to specific purposes and programs. Donated monies within the Police Restricted fund are earmarked by donors to support a multitude of police department programs, such as our K-9 program, Project Lifesaver, Emergency Human 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 recorded in this restricted fund and is increased over previous budgets, but still conservative. Historically, it has been used for to pay Civic Center/Police Station debt and 2020 is no exception. However, the transfer out to the Civic Center debt is reduced by \$60k to allow use of these funds for Emergency Operations Center improvements (\$50k) and to support a transfer out of \$120k for the fuel station proposed to be built at the City shop property. Use of fund balance is needed to fund these important emergency preparedness related projects.

#### *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  
2020 Budget  
5-Year Summary**

**Police Restricted & Asset Seizure**



	2016 Actual	2017 Actual	2018 Actual	2019 Forecast	2019 Budget	2020 Budget	2020-2019 Amount	%
<b>Beginning Fund Balance</b>								
Police Restricted	61,407	74,606	120,059	190,815	142,873	186,441	43,568	30%
Police Asset Seizure	29,664	31,105	31,227	31,614	31,534	40,260	8,726	28%
<b>Beginning Fund Balance</b>	<b>91,071</b>	<b>105,711</b>	<b>151,286</b>	<b>222,429</b>	<b>174,407</b>	<b>226,701</b>	<b>52,294</b>	<b>30%</b>
<b>Revenues</b>								
<b>Taxes</b>	266,621	292,151	335,449	309,975	293,176	333,331	40,155	14%
<b>Intergovernmental</b>	64,528	46,374	30,373	37,508	51,051	51,051	-	0%
<b>Goods &amp; Services</b>	15,522	8,044	1,512	6,383	10,000	10,000	-	0%
<b>Other Miscellaneous</b>	41,934	8,598	6,772	6,899	8,174	9,574	1,400	17%
<b>NonRevenues / Financing</b>	1,105	-	-	20,000	20,000	20,000	-	0%
<b>Revenues</b>	<b>389,710</b>	<b>355,167</b>	<b>374,106</b>	<b>380,765</b>	<b>382,401</b>	<b>423,956</b>	<b>41,555</b>	<b>11%</b>
<b>Expenses</b>								
<b>Salaries &amp; Benefits</b>	85,957	15,199	36,153	31,444	41,179	41,586	407	1%
<b>Operating Supplies</b>	10,374	21,580	9,741	12,364	19,702	17,202	(2,500)	-13%
<b>Charges for Services</b>	18,964	12,169	7,999	6,022	6,500	5,750	(750)	-12%
<b>Capital (Equip &gt; \$7,500)</b>		-	(5,542)	11,665	20,000	80,000	60,000	300%
<b>NonExpense/Transfers</b>	260,000	260,000	255,000	315,000	315,000	375,000	60,000	19%
<b>Total Expenses</b>	<b>375,295</b>	<b>308,948</b>	<b>303,351</b>	<b>376,495</b>	<b>402,381</b>	<b>519,538</b>	<b>117,157</b>	<b>29%</b>
<b>Surplus/(Deficit)</b>	14,415	46,219	70,755	4,270	(19,980)	(95,582)	(75,602)	-378%
<b>Ending Fund Balance</b>								
Police Restricted	74,915	120,704	190,815	186,440	122,619	100,585	(22,034)	-18%
Police Asset Seizure	31,105	31,227	31,614	40,260	31,808	30,534	(1,274)	-4%
<b>Ending Fund Balance</b>	<b>106,020</b>	<b>151,930</b>	<b>222,041</b>	<b>226,699</b>	<b>154,427</b>	<b>131,119</b>	<b>(23,308)</b>	<b>-15%</b>

# City of Sequim 2020 Budget

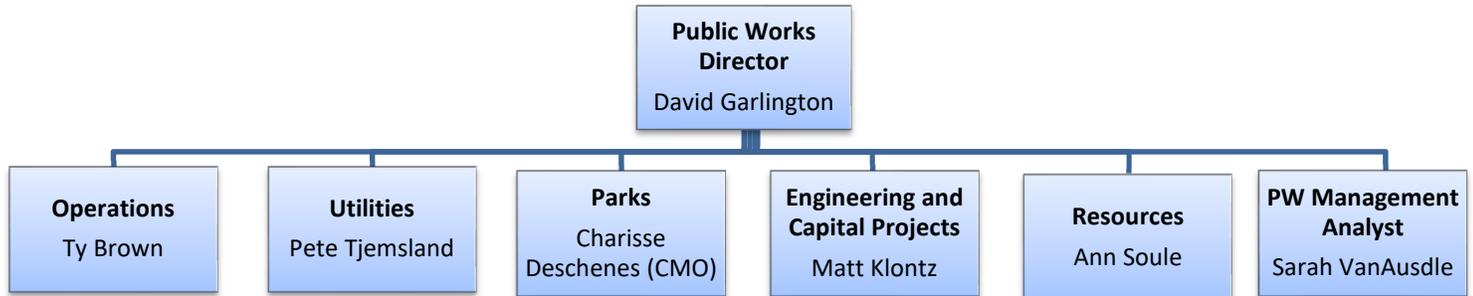
## **Public Works**





**City of Sequim  
Department Description**

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



- Streets and Stormwater Maintenance and Repair
- Right of Way Landscaping
- Safety
- Lighting
- Traffic Signals
- Traffic Signs
- Sidewalks
- Snow and Ice Control
- Striping and Traffic Controls
- Facilities Management
- Janitorial Service
- Parks Operations
- Water and Sewer Operations & Maintenance
- Utility Locates
- Emergency Management Logistics

- Water Supply and Distribution
- Water Rights Management
- Sewer Collections
- Sewerage Systems
- Water Reclamation Facility (WRF)
- Reclaimed Water and Biosolids Distribution
- Industrial Pre-Treatment
- Radio Communication
- Emergency Management Operations

- Coordinate Park Docents
- Parks Board Liaison
- Parks Master Planning
- Donations

- Project Management
- Construction Management
- GIS
- Engineering Design
- Traffic Engineering
- Development Reviews
- Grants and Loans
- Site Construction Inspections
- Capital Improvement Program
- Emergency Management Logistics

- Storm and Surface Water Management
- Stormwater Compliance
- Water Rights Management
- Reclaimed Water Utilization Management
- Natural Resource Sustainability
- Citywide Grant and Loan Applications and Admin.
- Governmental Tribal/Public Resource Liaison
- Emergency Management Planning

- Budget Prep and Compliance
- Capital Projects Tracking
- Contract Administration
- Purchasing and Acquisition
- Grant and Loan Management
- Utility Rate and Fee Review
- Fiscal Data Analysis
- Fleet Management
- General Administrative Services
- Finance Dept. Liaison
- Emergency Management Logistics

# 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.

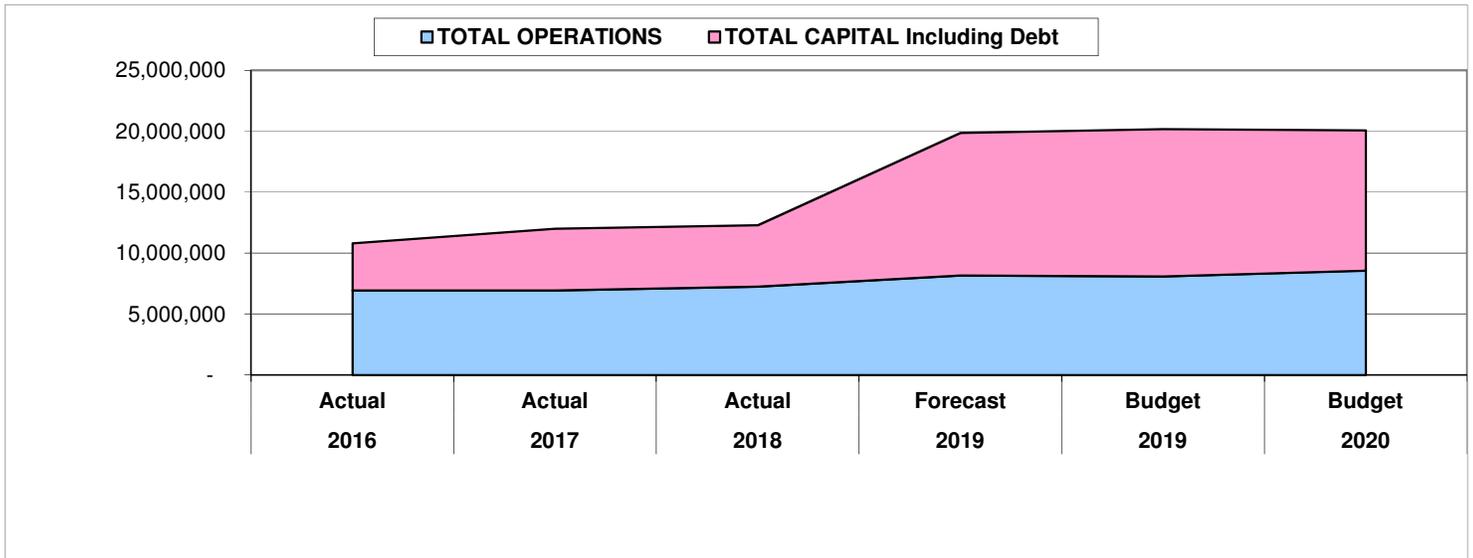
#### *PW Administration*

- ❖ 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**

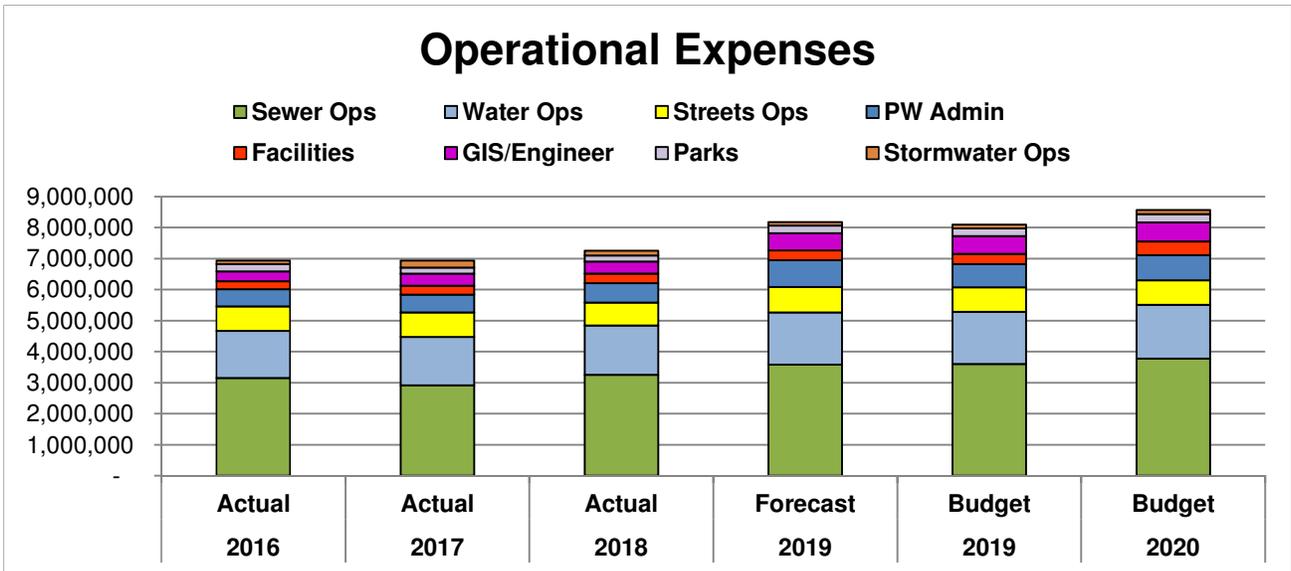
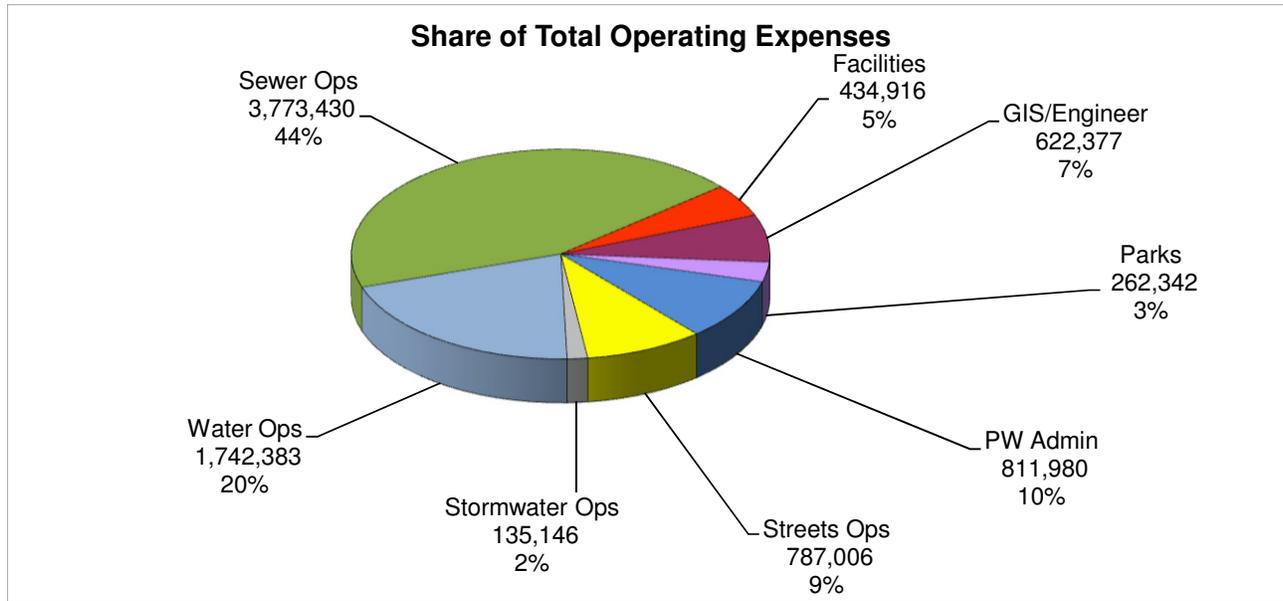
**PW Admin, Streets, Parks, Capital Facilities, Water, Sewer, Stormwater & Solid Waste  
Operations and Capital Projects (Excludes Non-Expense & Transfers Out)**



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)**



	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%
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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%
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>TOTAL OPERATIONS (Excluding Transfers)</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>

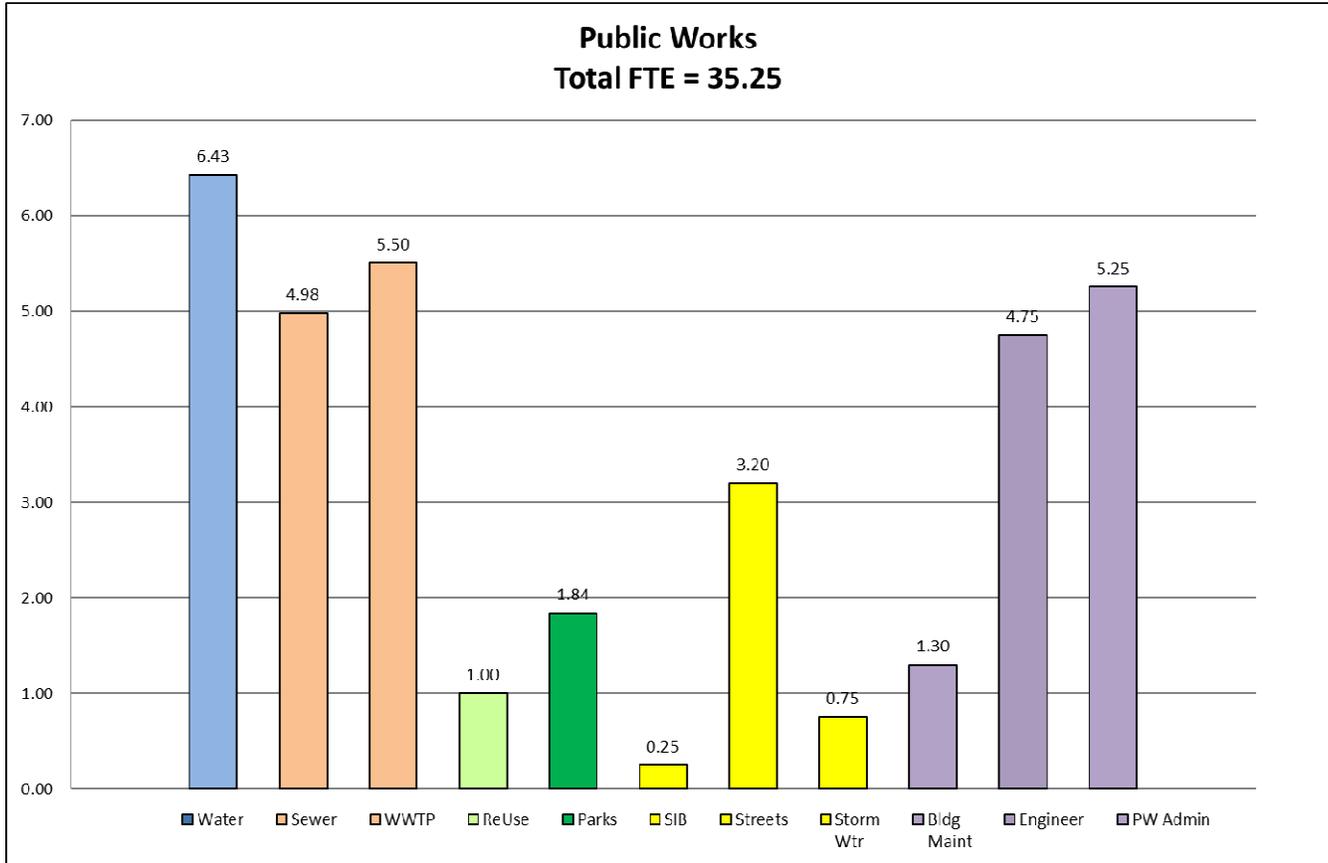
Gen Fund  
12%

# 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

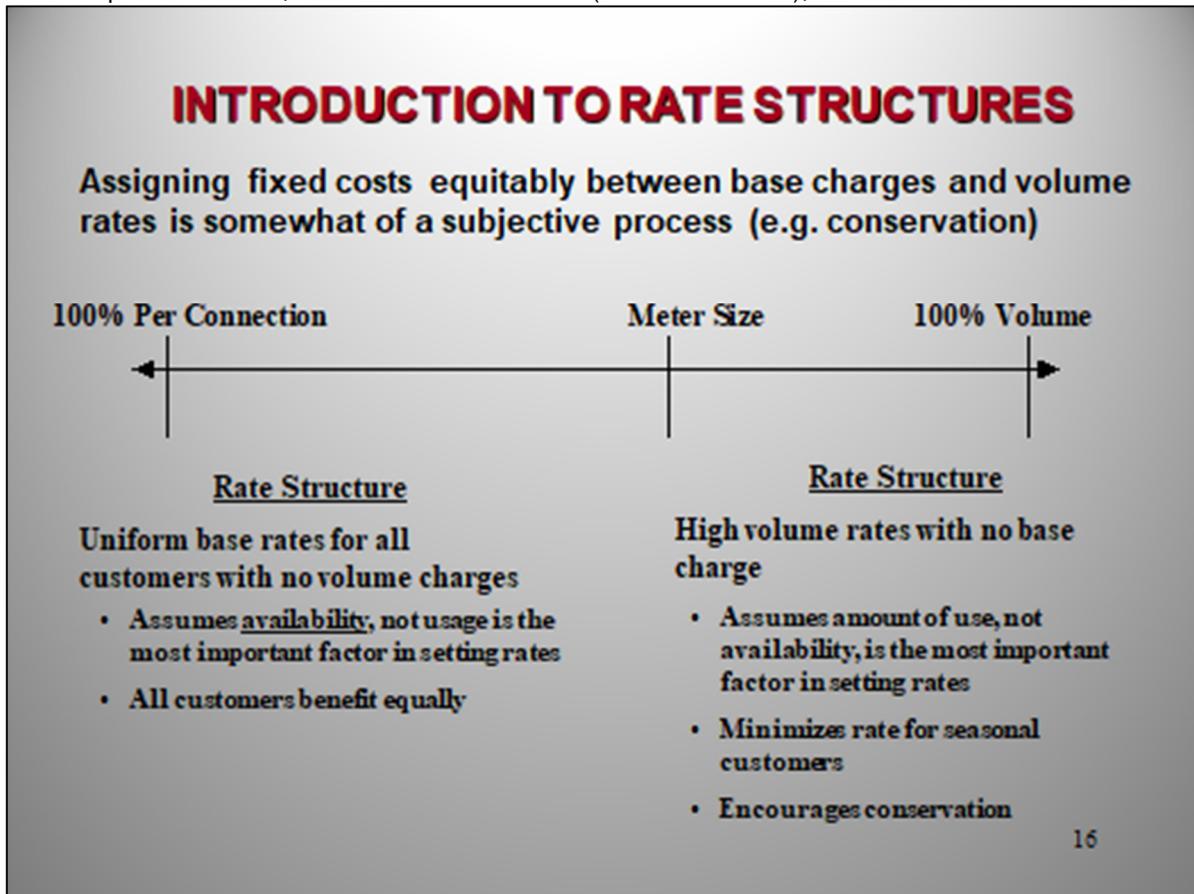
In general, a utility's revenues are more volatile than its costs:

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.

# City of Sequim 2020 Budget

## Transfers and Interfund Charges



# 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 specific 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.

<b>Transfer In</b> Identifies the Receiving Fund and the Revenue Use		
DESCRIPTION	Amount	Transfer Description
<b>101 Street Operations</b>	690,000	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>	2,379,500	From Water and Sewer for utility-related road repairs, and General Fund, Street Project Funds, the TBD and REET for projects
<b>117 Stormwater Restricted</b>	47,000	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>	128,000	From General Fund for Parks planning and projects and REET for future projects
<b>160 Arts &amp; Culture</b>	34,000	From General Fund for funding of Arts Program
<b>164 Equipment Reserve</b>	458,600	From General Fund, Street, Water, and Sewer Operations for equipment
<b>206 Debt Service Fund</b>	695,000	From General Fund, REET and Police Restricted (Public Safety Tax) for Debt Service
<b>306 Capital Facilities Fund</b>	1,076,000	From Police Restricted, Street, Water, Sewer and REET for projects
<b>411 Water Restricted</b>	689,500	From Water Operations and Water Restricted for projects and debt
<b>422 Sewer Restricted</b>	758,305	From Sewer Operations and Sewer Restricted for projects and debt
<b>500 Unemployment Reserve</b>	65,000	From General Fund, Street, Water and Sewer Operations for potential unemployment claims
<b>Total Transfers In</b>	<b>7,200,905</b>	

<b>Transfer Out</b> Identifies the Fund Incurring the Expense		
DESCRIPTION	Amount	Transfer Description
<b>001 General Fund</b>	1,451,600	To Street Operations, LTGO Debt Service, Streets and Parks for projects, Equipment and Unemployment Reserves, and Arts Program
<b>101 Street Operations</b>	139,000	To Capital Facilities for Shop Upgrades, Equipment and Unemployment Reserves
<b>111 Street Restricted</b>	1,650,000	To Street Operations and Streets Restricted for projects
<b>120 Police Restricted</b>	375,000	To LTGO Debt Service for Debt Service
<b>150 Real Estate Excise Tax</b>	839,500	To Parks, Streets and Capital Facilities for projects, and to Debt Service
<b>401 Water Operations</b>	657,800	To Water Restricted for Debt and Projects, to Stormwater for Operations, and to Unemployment Reserve
<b>402 Sewer Operations</b>	830,505	To Sewer Restricted for Debt and Projects, to Stormwater for Operations, and to Unemployment Reserve
<b>411 Water Restricted</b>	627,000	To Streets for Utility-related road repairs, to Stormwater Projects, to Capital Facilities for Shop Upgrades, to other Water Restricted for projects and debt
<b>422 Sewer Restricted</b>	610,500	To Streets for Utility-related road repairs, to Stormwater Projects, to Capital Facilities for Shop Upgrades and to other Sewer Restricted for projects and debt
<b>621 Police Expendable Trust</b>	20,000	To Police Asset Seizure for equipment
<b>Total Transfers Out</b>	<b>7,200,905</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 following central service departments provide support service to other operating units (funds and departments).

- ❖ City Council (allocations not allowed on Federal Programs)
- ❖ City Administration (City Manager, City Clerk, City Attorney, and Communications)
- ❖ Administrative Services (Finance, Human Resources, Information Technology 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

### 2020 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 \$245k.

	Streets		Storm Water		Parks	Capital	Water		Sewer		Totals
	Ops	R	Ops	R	R	Facilities	Ops	R	Ops	R	
<b>REVENUE</b>											
<b>General Fund</b>	-	-	-	-	-	-	-	-	-	-	3,400,000
<b>Total Revenue</b>	-	-	-	-	-	-	-	-	-	-	<b>3,400,000</b>
<b>EXPENSES</b>											
<b>Streets</b>	233,952	907,569	-	-	-	-	-	-	-	-	1,141,521
<b>Storm Water</b>	-	-	43,813	68,224	-	-	-	-	-	-	112,037
<b>Parks</b>	-	-	-	-	71,436	-	-	-	-	-	71,436
<b>Capital Facilities</b>	-	-	-	-	-	134,522	-	-	-	-	134,522
<b>Water</b>	-	-	-	-	-	-	488,886	177,366	-	-	666,252
<b>Sewer</b>	-	-	-	-	-	-	-	-	1,272,453	339,364	1,611,817
<b>Total Expenses</b>	<b>233,952</b>	<b>907,569</b>	<b>43,813</b>	<b>68,224</b>	<b>71,436</b>	<b>134,522</b>	<b>488,886</b>	<b>177,366</b>	<b>1,272,453</b>	<b>339,364</b>	<b>3,737,585</b>



# City of Sequim 2020 Budget

## **Personnel Summary**



# City Of Sequim 2020 Budget

## Personnel Summary

### FTE Summary:

The planned full-time employee (FTE) headcount for 2020 is 85.38, which increased 3.13 FTE over the 2019 (original) Adopted Budget. Aside from staff reallocations from one department to the other, this count includes staffing adjustment as follows:

- ❖ The Police Department has requested a part-time Emergency Management Coordinator position (.38 FTE). This position is new to the organization.
- ❖ The Sewer Department has requested a temporary increase in FTE of .5 to provide for cross training of a new WRF Lead upon the expected requirement of the current Lead.
- ❖ The Department of Community Development added a Development Review Engineer in the 2019 Mid-Year Budget Amendment.
- ❖ The City Attorney's Office added a Paralegal in the 2019 Mid-Year Budget Amendment.
- ❖ An intern (.25 FTE) that was added as part of the Q1 2019 Budget Amendment has been reallocated from the City Manager's Budget to Stormwater projects funded by a grant.

In 2020 employee salary costs are estimated at \$6.5ml and benefits at \$3.1ml. This represents a 7.6% increase in wages and a 7.6% 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 39.25 employees. Total compensation for this group is budgeted to be \$3.75ml for 2020. The bargaining unit contract for this group of employees was effective January 1, 2019 and expires on December 31, 2021. Their last pay increase was 3.5%, effective January 1, 2019. For 2020, this contract includes a 2.5% wage increase effective January 1.

#### Police Sergeants Bargaining Unit

Five employees are represented by this unit. In 2020, total compensation for this group is budgeted at \$747k. The bargaining unit contract for this group of employees was effective January 1, 2019 and expires December 31, 2020. To correct market inequities, this group had two pay increases in 2019. A 5% increase effective January 1 and a second 5% increase on July 1. For 2020, this contract includes a 2% wage increase effective January 1.

#### Police Officer Bargaining Unit

Fourteen employees are represented by this unit. Total compensation in 2020 for the group is budgeted at \$1.76 ml. The bargaining unit contract for this group of employees was effective January 1, 2019 and also expires December 31, 2020. To correct market inequities, this group had two pay increases in 2019. A 4.5% increase effective January 1 and a second 4.5% increase on July 1. For 2020, this contract includes a 2% wage increase effective January 1.

#### Non-Represented Staff

The full-time employee equivalent count for this non-union group of employees is 25. Total compensation in 2020 is budgeted at \$3.27 ml. Their last pay increase was January 1, 2019 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 an outside consultant to complete a thorough wage survey of all non-union positions. This group's salary range chart has been updated for 2020, 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 2020 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 seasonal/temporary positions, Police Reserve officers, and the proposed part-time Emergency Management Coordinator. In addition, this category includes the temporary Arts Coordinator position which is funded by one-time sales tax receipts, to be revisited annually for funding availability. The total FTE representation in this category is 2.13 FTE. Total compensation is budgeted at \$47k in 2020.

### **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 2020.

- ❖ Teamsters: Total FTE count of 58.25 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 City pays 87.5% of the cost for all union employees. 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 25 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 2020, 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 25 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 two of the five possible employees taking advantage of this voluntary option in 2020.

#### 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 had a slight increase of 12.86% (from 12.83%) on July 1, 2019 and LEOFF rates had a slight decrease of 5.33%. 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

## **City Of Sequim 2020 Budget**

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 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 began on January 1, 2019, and benefits will become available to employees on January 1, 2020.



# Sequim City Council

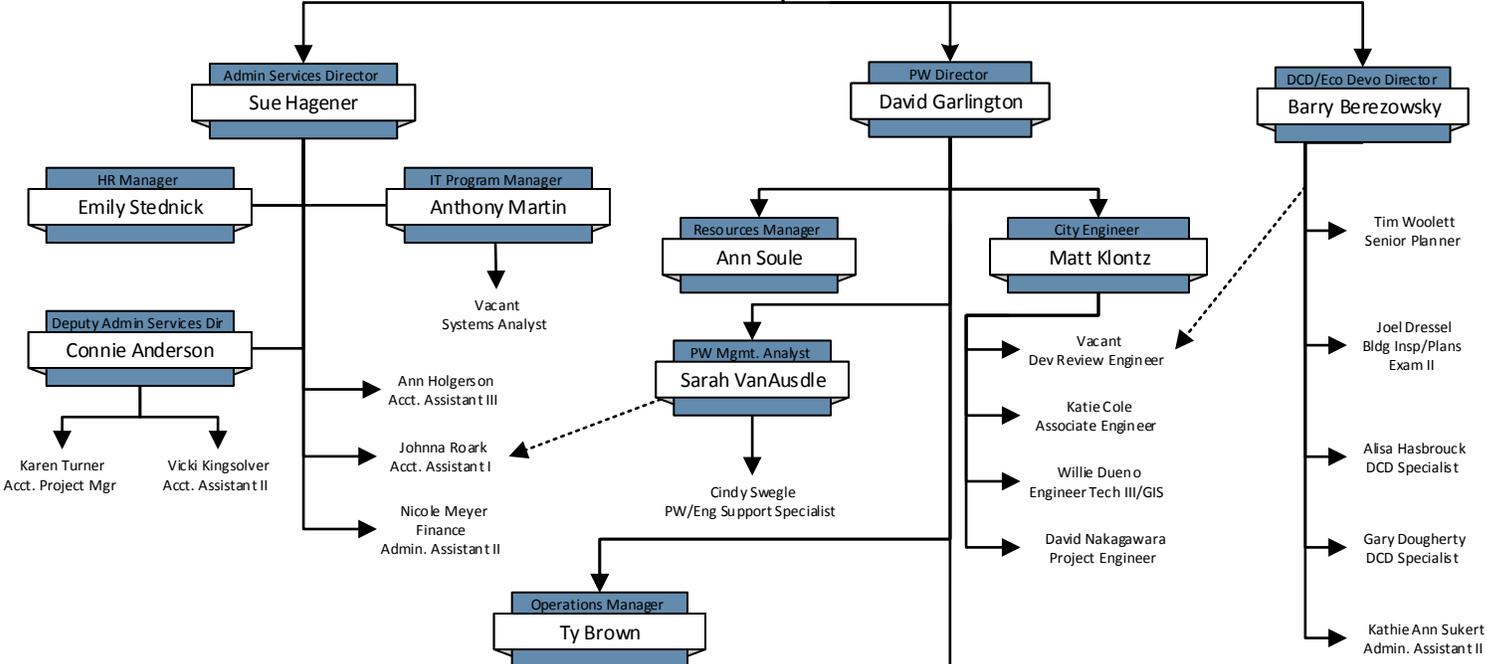


**Youth Liaison(s)**  
Ex-officio - Advisory  
Hannah Hampton  
Eva Lofstrom

**City Manager**  
**Charlie Bush**

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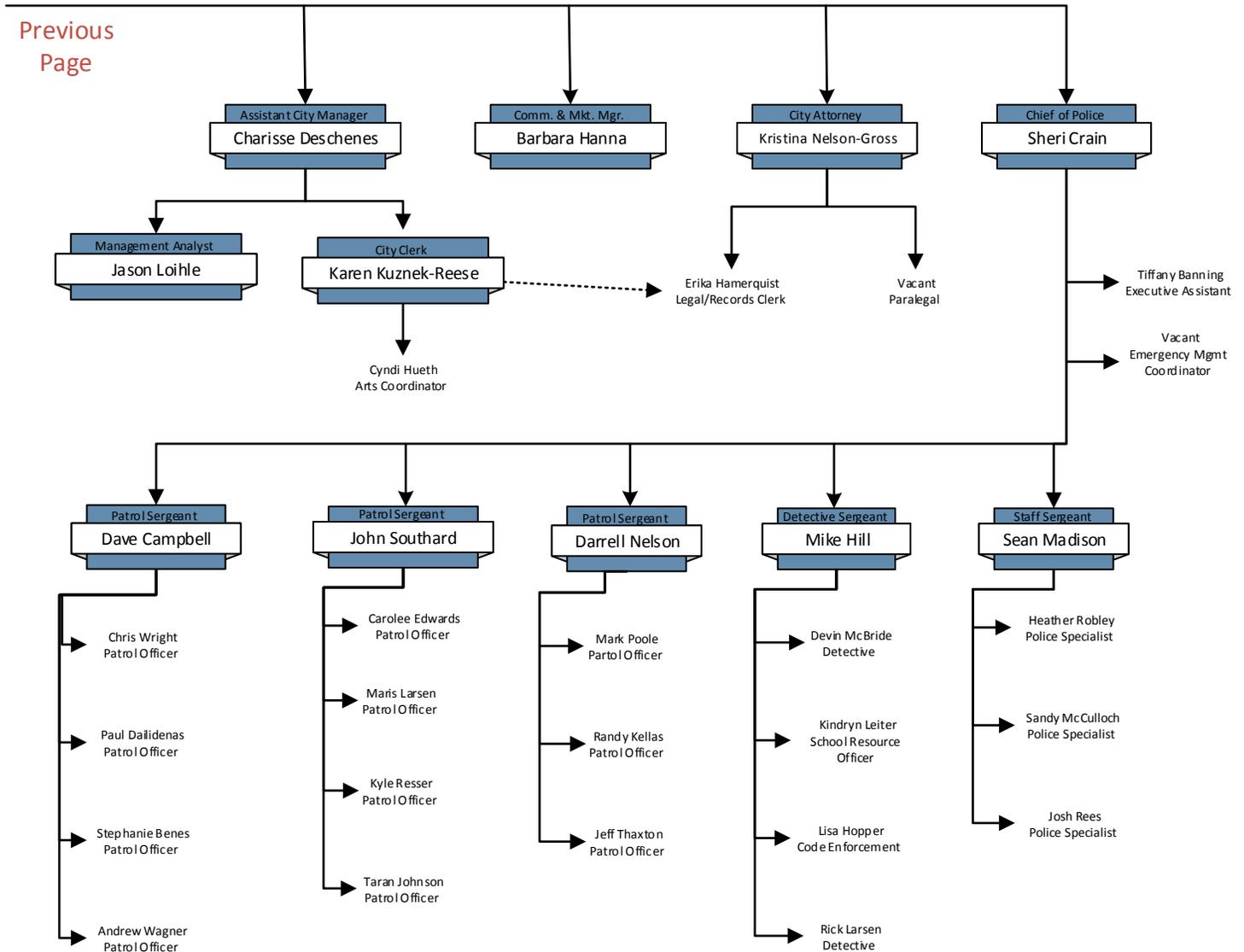


George Priest Maint Worker II	Kevin Hergert Maint Worker II	Jacob McBride Water Operator	Marty Hogboom Water Lead
Moses McDonald Maint Worker II	Michael Latimer Maint Worker I	Gary Meyer Maint Worker II	Scott Carter Sewer Lead
	Hank Arnold Maint Worker II	Josh Henning Maint Worker II	Rick Irish Streets Lead
	Thomas Rossi Maint Worker I	Gary Butler Maint Worker II	Roger Gilchrist Parks Lead
Cindy Budd Maint Worker/ Custodian	Ryan Loghry Project Maint Worker	Pete Agostine Chief Mechanic	Del Singer Facilities Maint Tech

# Organizational Chart Budget 2020 as of August 2019

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**City of Sequim  
2020 Budget**

**Historical Staffing Summary**

	Actual 2016	Actual 2017	Actual 2018	Forecast 2019	Budget 2019	Budget 2020	2020 - 2019 %
<i>Budgeted positions (FTE, not including Council)</i>	75.42	76.56	78.18	82.25	82.25	85.38	3.8%
OFM Census	7,075	7,280	7,460	7,460	7,695	7,926	3.0%
<i>Employees per 1000 OFM Population</i>	11.0	10.7	10.5	11.0	10.7	10.8	0.8%
					<i>staff estimate 3% inc.*</i>		
Salaries	\$ 5,316,955	\$ 5,338,866	\$ 5,529,342	\$ 6,062,226	\$ 6,117,111	\$ 6,607,701	8.0%
Benefits	\$ 2,194,671	\$ 2,303,631	\$ 2,391,672	\$ 2,843,335	\$ 2,907,295	\$ 3,140,927	8.0%
<b>Total Comp</b>	<b>\$ 7,111,483</b>	<b>\$ 7,511,626</b>	<b>\$ 7,921,014</b>	<b>\$ 8,905,561</b>	<b>\$ 9,024,406</b>	<b>\$ 9,748,628</b>	8.0%
<i>Year over Year % Increase</i>	0.8%	5.6%	5.5%	12.4%	13.9%	8.0%	
Benefits as % Salaries	40%	41%	43%	47%	48%	48%	0.0%
Benefits as % Total Comp	28%	29%	30%	32%	32%	32%	0.0%
<i>City Wide Operating Funds</i>	\$ 14,332,439	\$ 15,377,248	\$ 16,965,383	\$ 18,178,953	\$ 18,270,506	\$ 20,281,512	11.0%
<b>Total Comp as % Op Budget</b>	<b>49.6%</b>	<b>48.8%</b>	<b>46.7%</b>	<b>49.0%</b>	<b>49.4%</b>	<b>48.1%</b>	-2.7%

**Salary and Benefits by Employee Group**

	Council	Non- Represented	Non- Uniformed	Sergeants	Uniformed	Reserves, Seasonal & Temporary	Total
Regular Salary	23,880	2,327,601	2,296,172	479,134	1,078,217	40,233	6,245,237
Overtime - Hourly	-	-	91,220	12,334	179,793	-	283,347
On Call Pay	-	-	64,152	14,965	-	-	79,117
<b>Total Salary</b>	<b>23,880</b>	<b>2,327,601</b>	<b>2,451,544</b>	<b>506,433</b>	<b>1,258,010</b>	<b>\$ 40,233</b>	<b>\$ 6,607,701</b>
Health Insurance	-	507,741	682,990	89,914	251,757	-	1,532,402
Retirement	-	278,095	313,653	26,687	68,310	4,270	691,015
Payroll Taxes	1,827	179,073	182,807	37,983	96,385	3,078	501,153
Family Leave	36	3,536	3,584	745	1,890	60	9,851
Other Benefits	-	52,140	-	4,680	3,240	-	60,060
Workers Comp	168	35,888	99,156	25,179	75,212	3,843	239,446
<b>Total Benefits</b>	<b>\$ 2,031</b>	<b>\$ 1,056,473</b>	<b>\$ 1,282,190</b>	<b>\$ 185,188</b>	<b>\$ 496,794</b>	<b>\$ 11,251</b>	<b>\$ 3,033,927</b>
<b>Total Salary &amp; Benefits</b>	<b>\$ 25,911</b>	<b>\$ 3,384,074</b>	<b>\$ 3,733,734</b>	<b>\$ 691,621</b>	<b>\$ 1,754,804</b>	<b>\$ 51,484</b>	<b>\$ 9,641,628</b>
<i>Actual Budgeted Staff (FTE, not including Council)</i>		25.38	39.25	5.00	14.00	1.75	85.38
Salary per FTE		91,710	62,460	101,287	89,858	22,990	77,392
Benefits per FTE		41,626	32,667	37,038	35,485	6,429	35,534
<b>Total per FTE</b>		<b>\$ 133,336</b>	<b>\$ 95,127</b>	<b>\$ 138,324</b>	<b>\$ 125,343</b>	<b>\$ 29,419</b>	<b>\$ 112,926</b>

LEOFF I Retired Medical Benefits \$ 9,000

Unemployment Reserve \$ 98,000

**Total Benefits including Retired Medical Benefits \$ 3,140,927**

**CITY OF SEQUIM  
2020  
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	129,246	< ---- >	147,018
ADM		Assistant City Manager	1	95,178	< ---- >	122,022
ADM		Admin Services Director/Treasurer	1	95,178	< ---- >	122,022
POL		Chief of Police	1	95,178	< ---- >	122,022
ADM		City Attorney	1	95,178	< ---- >	122,022
DCD		DCD Director	1	95,178	< ---- >	122,022
PW		Public Works Director	1	95,178	< ---- >	122,022
PW		City Engineer	1	81,631	< ---- >	104,655
ADM		Comm. & Marketing Director	1	81,631	< ---- >	104,655
ADM		Deputy Admin Services Director	1	81,631	< ---- >	104,655
ADM		City Clerk	1	73,608	< ---- >	94,369
ADM		HR Manager	1	73,608	< ---- >	94,369
ADM		IT Program Manager	1	73,608	< ---- >	94,369
PW		PW Operations Manager	1	73,608	< ---- >	94,369
PW		PW Senior Management Analyst	1	73,608	< ---- >	94,369
PW		Utilities Manager	1	73,608	< ---- >	94,369
ADM		Accounting Project Manager	1	65,825	< ---- >	84,391
PW		Engineering Project Manager	1	65,825	< ---- >	84,391
PW		Resources Manager	1	65,825	< ---- >	84,391
DCD/PW		Development Review Engineer	1	53,204	< ---- >	68,211
PW		Associate Engineer	1	53,204	< ---- >	68,211
ADM		CM Management Analyst	1	53,204	< ---- >	68,211
ADM		Paralegal	1	53,204	< ---- >	68,211
POL		Executive Admin Assistant	1	50,489	< ---- >	63,112
ADM		Legal/Records Clerk	1	50,489	< ---- >	63,112
		<b>Seasonal &amp; Part Time</b>				
PW		Emergency Management Coordinator	0.38	\$23.91/hr	< ---- >	\$29.89/hr
ADM		Arts Coordinator	0.38	\$23.91/hr	< ---- >	\$29.89/hr
POL		Police Reserve	0.12			
PW		Seasonal Maint. Workers/Intern	1.25	\$14.50/hr	< ---- >	\$17.00/hr
		<b>Union Represented</b>				
		<b>Non-Uniformed</b>		<b>Step A</b>	<b>Effective 1/1/2020</b>	<b>Step E</b>
DCD	26	Senior Planner	1	66,552	..B..C..D..	79,394
PW	21	Engineering Tech III	1	57,416	..B..C..D..	68,427
PW	21	WRF Lead	1.5	57,416	..B..C..D..	68,427
PW	20	Chief Mechanic	1	55,739	..B..C..D..	66,441
ADM	20	IT Systems Analyst	1	55,740	..B..C..D..	66,442
DCD	19	Building Inspector/Plans Examiner II	1	54,106	..B..C..D..	64,565
PW	19	Maint Worker III (Leads)	3	54,106	..B..C..D..	64,565
PW	19	WRF Operator IV	1	54,106	..B..C..D..	64,565
PW	19	Lead Water	1	54,106	..B..C..D..	64,565
DCD	17	Code Enforcement Officer	1	51,017	..B..C..D..	60,837
PW	17	Maint Worker III (Non-Leads)	0	51,017	..B..C..D..	60,837
PW	17	WRF Operator III	1	51,017	..B..C..D..	60,837
PW	16	Water Operator	1	49,539	..B..C..D..	59,093
PW	16	Maintenance Project Worker	1	49,539	..B..C..D..	59,093
PW	16	Facilities Maintenance Tech	1	49,539	..B..C..D..	59,093
PW	15	Maint Worker II	7	48,104	..B..C..D..	57,328
PW	15	WRF Operator II	1	48,104	..B..C..D..	57,328
ADM	15	Accounting Assistant III	1	48,104	..B..C..D..	57,328
DCD	14	DCD Specialist	2	46,692	..B..C..D..	55,695
ADM	13	Accounting Assistant II	1	45,302	..B..C..D..	54,040
PW	13	Eng/Admin Support Specialist II	1	45,302	..B..C..D..	54,040
POL	12	Police Specialist	3	44,022	..B..C..D..	52,473
PW	11	Maint Worker I	3	42,720	..B..C..D..	50,973
PW	11	Maint Worker/Custodian	1	42,720	..B..C..D..	50,973
ADM	10	Accounting Assistant I	0.75	41,507	..B..C..D..	49,472
ADM/DCD	9	Administrative Assistant II	2	40,271	..B..C..D..	47,994
		<b>Uniformed</b>		<b>Step A</b>	<b>Effective 1/1/2020</b>	<b>Step E</b>
POL		Police Sergeant	5	82,742	..B..C..D..	87,984
POL		Police Officer	14	62,774	..B..C..D..	74,568
		<b>Total Employees (excluding Council)</b>	<b>85.38</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  
2020 BUDGET**

**Personnel Summary by Department and Fund**

	Budget 2016	Budget 2017	Budget 2018	Budget 2019	Budget 2020	2020-2019 Change
<b>General Fund</b>						
City Manager	1.50	2.00	3.30	3.00	3.00	-
City Clerk	2.00	2.00	1.50	1.50	1.50	-
Communications	0.50	0.50	0.50	0.50	0.50	-
City Attorney	1.35	1.50	1.50	1.50	2.50	1.00
Crim Prosecution (Municipal Court)	0.65	-	-	-	-	-
Human Resources	1.50	1.00	1.00	1.00	1.00	-
Information Technology	3.00	3.00	2.00	2.00	2.00	-
Finance	6.50	6.56	6.56	6.56	6.49	(0.07)
Growth Planning	1.00	1.00	1.00	0.75	0.75	-
Administrative Pool	-	1.50	1.50	2.50	1.75	(0.75)
Dev Services	3.00	2.75	2.75	2.75	4.25	1.50
PW Administration	4.00	4.00	4.05	5.19	5.25	0.06
Facilities Maintenance	1.05	1.06	1.33	1.30	1.30	-
Engineering	3.00	2.00	2.00	4.50	4.75	0.25
Temporary Engineering Project Mgr	-	1.50	1.50	-	-	-
Parks	1.90	1.38	1.38	1.59	1.59	-
Temporary, Seasonal or Interns	0.50	-	-	0.25	0.25	-
Police	20.92	22.50	23.00	24.00	24.38	0.38
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>53.37</b>	<b>55.37</b>	<b>55.99</b>	<b>60.01</b>	<b>62.38</b>	<b>2.37</b>
<b>Streets</b>						
Temporary, Seasonal or Interns	4.20	3.59	3.64	3.20	3.20	-
Temporary, Seasonal or Interns	-	0.50	0.50	0.25	0.25	-
<b>Subtotal</b>	<b>4.20</b>	<b>4.09</b>	<b>4.14</b>	<b>3.45</b>	<b>3.45</b>	<b>-</b>
<b>Stormwater</b>						
Stormwater Operations	0.70	1.58	0.84	0.50	0.50	-
Project Stormwater	0.25	-	-	-	0.25	0.25
Temporary Water Resource	-	-	-	-	-	-
<b>Subtotal</b>	<b>0.95</b>	<b>1.58</b>	<b>0.84</b>	<b>0.50</b>	<b>0.75</b>	<b>0.25</b>
<b>Restricted Funds</b>						
Hotel/Motel Fund	0.50	0.50	0.50	0.50	0.50	-
Arts & Culture	-	-	-	0.38	0.38	-
Police Restricted	1.00	-	-	-	-	-
<b>Subtotal</b>	<b>1.50</b>	<b>0.50</b>	<b>0.50</b>	<b>0.88</b>	<b>0.88</b>	<b>-</b>
<b>Enterprise Funds</b>						
Water	4.25	4.93	5.43	5.19	5.92	0.73
Temporary, Seasonal or Interns	0.50	0.50	0.50	0.50	0.50	-
Sewer	9.15	8.21	9.58	11.72	11.50	(0.22)
Temporary, Seasonal or Interns	1.50	1.50	0.50	-	-	-
<b>Subtotal</b>	<b>15.40</b>	<b>15.14</b>	<b>16.01</b>	<b>17.41</b>	<b>17.92</b>	<b>0.51</b>
<b>Total Full Time Equivalents</b>	<b>75.42</b>	<b>76.68</b>	<b>77.48</b>	<b>82.25</b>	<b>85.38</b>	<b>3.13</b>
Tax Supported (includes Streets)	57.57	59.46	60.13	63.46	65.83	2.38
Other Funding	1.50	0.50	0.50	0.88	0.88	-
Enterprise Fund Supported	16.35	16.72	16.85	17.91	18.67	0.76
<b>Total Full Time Equivalents</b>	<b>75.42</b>	<b>76.68</b>	<b>77.48</b>	<b>82.25</b>	<b>85.38</b>	<b>3.14</b>

**CITY OF SEQUIM  
2020 BUDGET  
Benefits Schedule**

*Preliminary as of 8/9/19 - 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	\$ 710.00	< ----->	\$ 2,070.00
Dental - WDS / Plan F, plus Orthodontia	\$ 57.70	< ----->	\$ 189.50
Vision - VSP	\$ 7.72	< ----->	\$ 23.16
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 87.5% Insurance (Non- Uniformed Union Employees)</b>	<b>Total Monthly Cost</b>		
Medical - WA Teamsters Welfare Trust / Plan A		\$ 1,325.00	
Dental - NW Teamsters Dental Trust / Plan A		\$ 122.00	
Vision - WA Teamsters Vision Trust		\$ 16.00	
Time Loss Insurance / Plan C		\$ 5.60	
Life and AD&D Insurance / Non-Unif Plan B		\$ 4.10	
Waiver of Contributions 9-Month Disability Extension		\$ 10.65	
<b>City Paid Benefits 87.5% Insurance (Uniformed Union Employees)</b>	<b>Total Monthly Cost</b>		
Medical - WA Teamsters Welfare Trust / Plan A		\$ 1,325.00	
Dental - NW Teamsters Dental Trust / Plan A		\$ 122.00	
Vision - WA Teamsters Vision Trust		\$ 16.00	
Time Loss Insurance / Plan A		\$ 16.85	
Life and AD&D Insurance / Uniformed Plan A		\$ 8.00	
Waiver of Contributions 9-Month Disability Extension		\$ 10.65	
<b>Other City Paid Benefits - Employer Contribution</b>	<b>Total Monthly Cost</b>		
Retirement:			
PERS Plans	12.86%	< ----->	12.86%
LEOFF2	5.43%	< ----->	5.43%

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



# City of Sequim 2020 Budget

## Appendix



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## 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)