City of Sequim
Adopted Budget 2024



Last updated 11/28/23

TABLE OF CONTENTS

Preface **4**
Preface 5
Introduction **6**
City Manager's 2024 Budget Message 7
City Council Vision and Goals 12
History of City 13
Organization Chart 20
Fund Structure 22
Department Fund Relationship 24
Basis of Budgeting 25
Financial Policies 26
Budget Development Process 33
Budget Timeline 34
Statutory Budget Timeline 35
Demographics 36
Budget Priorities **39**
City Management Operational Goals 40
All City and General Fund Overview **41**
All City Funds 42
General Fund 48
Streets Operating 53
Funding Sources **57**
General Fund Revenues 58
Departments **65**
City Council Organization 66
City Council Overview and Budget 67
City Administration Organization 69
City Administration Department Overview 70
City Manager 71
City Clerk 74
City Attorney 76
Communications 79
Human Resources 81
Criminal Justice Services 84
City Administration Special Funds 86
Hotel/Motel 88
Arts & Culture - Arts Commission Programs 92
Administrative Services Organization 96
Administrative Services Department Overview 97
Finance 98
IT (Information Technology) 100
Non-Departmental 103
Affordable Housing HB 1406 105

REET 107
American Rescue Plan Act 110
Rainy Day Fund 112
Debt Service Fund-City Hall 115
Equipment Reserve 118
Trust and Agency Funds 123
Community Development Organization 125
Community Development Department Overview 126
Growth Planning / Development Services 127
Police Organization 131
Public Safety Operations - Department Overview 133
Police Department 134
Public Safety Restricted - Department Overview 138
Police Restricted 139
Public Works Organization 142
Facilities Maintenance 144
Park Operations 148
PW Administration 152
Street Operations 154
Storm Water Operations 158
Water Operations 161
Sewer Operations 165
GIS/Engineering 169
Streets Restricted 172
Storm Water Restricted 174
Parks Restricted 176
Capital Facilities Fund 178
Water Restricted 180
Sewer Restricted 182
Capital Improvements **184**
2024 Capital Projects 185
Debt **186**
Government-wide Debt 187
Debt by Type Overview 189
Personnel **193**
Personnel Summary 194
Personnel Organizational Chart 197
Salary & Wage Schedule 198
Salaries and Benefits 200
Historical Staffing Data 202
Supplemental Information **204**
Transfers between Funds 205
Interfund & Internal Service Allocations 206
Glossary **208**
Glossary 209

PREFACE

Welcome to our 2024 digital Budget Book!

We are pleased to present the City of Sequim's 2024 Budget Book in an interactive digital format.

Key features of this digital format include:

- A **navigation** bar located above, just below the photo banner, which enables you to locate any section of the book you wish to view.
  - Click on the **>** to access content in sub-folders
- A **Print** feature that allows you to generate a printable version of one or more sections of the book. Please see the print Icon in the upper right-hand corner under the ClearGov name.
- Dynamic charts and graphics located throughout that show financial details in an easy-to-understand visual format.

INTRODUCTION



Transmittal Letter

City Manager's 2024 Budget Message

Honorable Mayor, City Council and Sequim Residents:

I am pleased to present the proposed 2024 City Budget to the City Council – an annual financial roadmap for the City of Sequim.

This budget appropriates resources to the city's top priorities: enhancing the City's infrastructure and facilities, ensuring the safety of our community, and improving the quality of life in Sequim. Moreover, it reflects the specialized knowledge of our city departments and underscores the Administration's appreciation to the City Council for their continued support and trust.

Our guiding principles, as outlined in the adopted City Council Financial Policies and Budget Development Policy provide the foundation for this proposed budget, which includes:

- Prioritizing the city's primary needs.
- Achieving a balance between revenues and expenses while maintaining optimal reserve levels.
- Minimizing impacts of tax and fee increases on residents and ratepayers.
- Continuously refining the City's financial plan and creating a foundation to maintain a balanced budget in future years.
- Maintaining and improving the quality of all municipal services.

This budget is a testament to the city's dedication to sound financial stewardship and prudent fiscal management. It establishes the direction for the City Council, city departments, and all programs, and services. Additionally, it embodies the 2024 Operational Goals, crafted to address the continuously expanding municipal needs across our community.

Administration's 2024 Operational Goals:

1. Improved Municipal Infrastructure: Execution of an extensive Capital Improvement Plan (CIP) addressing the vital infrastructure needs regarding city streets, water, sewer, parks, and facilities.
2. Community Engagement: Enhanced communication with residents and businesses through satisfaction surveying, improved website and social media initiatives, community (comprehensive/master) planning, park development, and quality-of-life interactions.
3. Digital Transformation: Expanding the 'smart city' initiative and e-government automation plan to decrease costs while increasing efficiencies, access, cybersecurity, employee satisfaction, and productivity.
4. Workforce Stabilization: Investing in staff retention through competitive salaries, benefits, and skill-set development and ensuring a seamless succession of senior management transitioning into their planned retirement.
5. Continual Process Improvement: Evaluating all processes for improvement opportunities by implementing efficiencies and eliminating waste in time and materials. Evaluating return on investment with every decision, mandating data-driven decisions, and expanding analytics and business intelligence across all departments.

While individual departments have their unique operational goals, there is a unified commitment to delivering exceptional value across the organization. This commitment is realized through the provision of quality municipal services, superb customer service to our residents and businesses, and reducing costs through technology and improved efficiencies identified through a tenacious process improvement model.

This budget reflects an array of economic forecasts that predict slower but continued positive economic activity due to moderate growth and a healthy retail environment. Accordingly, operational expenses demonstrate modest increases from prior years reflecting a combination of inflationary pressures, market and cost-of-living adjustments for employees, and continued maintenance and preventive measures. This forecast is reflected in our conservative revenue estimates which will continue to support street operations, equipment and replacement reserves, funding of debt service, and other General Fund services.

The City's 2024 Capital Improvement Plan (CIP) is reflective of many projects delayed or affected by COVID restrictions and supply chain issues. This budget includes capital projects for streets ($537K), parks ($450K), stormwater ($680K), water ($4.08M), sewer ($600K), facilities ($2.05M), new categories of projects that cover multiple divisions and disciplines ($2.90M), and annual projects ($1.08M) – all of which are consistent with the City Council goals and the adopted 2023 Capital Improvement Plan.

The 6-year CIP totals $106M, which includes 46 key municipal projects, 61% (or $65M) of which are unfunded outside the City's General Fund. The completion of these projects is dependent upon securing external funding via grants, low-interest loans, and/or bonds.

The City of Sequim stands out as a regional retail hub. Many people outside the city come into town for shopping, entertainment, and professional services. Recognizing this, the city extends municipal services such as parks, roads, and sidewalks to this broader community, and diligently cares for and maintains these services.

General Fund

The 2024 General Fund revenue projections are $12.68M and slightly exceed operational expenditures. Revenues are projected to increase by 2% over the prior year's conservative estimates and are reflective of current revenue performance. Operational expenses are projected to increase by 2% as well, with the most significant increases seen in charges for goods and services.

Sales tax is one of the largest single general revenue sources and the only one that typically expands or contracts per the local economy.
Utility tax revenues continue to be strong with year-over-year growth.
Property tax from new construction (although slowing) is also contributing to projected revenues.

General Fund Highlights:

- Projected revenues conservatively reflect the current economic marketplace demonstrated in recent years.
- Interfund/Overhead service costs in the General Fund are applied throughout the organization.
- Existing labor contracts and cost-of-living adjustments provide for increases and movement within existing wage ranges.

- Continued contributions to Street Operations, Equipment Reserve, Debt Service, and the Arts Funds.

Fund Balance and Reserves

The Fund Balance and Reserve Policy provides guidelines for long-range financial planning. Ending fund balances include adequate amounts for revenue fluctuations, cyclical activity, economic uncertainty, emergencies, and potential future liabilities. This budget provides for projected fund balances of $3.83M - with $3.53M in the General fund and $292K in the Street Fund. These ending fund balances in addition to $1.61M in the Equipment Reserve Fund and $1.46M in the Rainy-Day Fund, continue to maintain the City in a strong financial position.

Personnel

City employee salaries and benefits represent a significant portion of the operating expenses, including up to 71% of total expenses (excluding transfers) of the General Fund. This percentage is reflective of the costs necessary to staff governmental services supported by the General Fund. The chart below shows the City's historical staffing costs and reflects the 2024 changes.

Historical Staffing Summary

	Actual 2020	Actual 2021	Actual 2022	Budget 2023 Adopted	Budget 2024	2023 - 2024 %
Budgeted positions (FTE, not including Council)	*87.00*	*86.51*	*89.04*	*94.27*	*95.71*	*1.5%*
OFM Census	8,024	8,125	8,215	8,350	8,517	2.0%
Employees per 1000 OFM Population	*10.8*	*10.6*	*10.8*	*11.3*	*11.2*	-0.5%
				*staff estimate 2% inc.**		
Salaries	$ 6,587,800	$ 6,708,797	$ 7,265,578	$ 8,011,330	$ 8,418,836	5.1%
Benefits	$ 2,922,431	$ 2,797,830	$ 2,861,201	$ 3,577,454	$ 3,403,687	-4.9%
Total Comp	**$ 9,510,231**	**$ 9,506,627**	**$ 10,126,779**	**$ 11,588,784**	**$ 11,822,523**	2.0%
Year over Year % increase		*0.0%*	*6.5%*	*14.4%*	*2.0%*	

Total citywide compensation costs are projected to increase by 2%. This increase is reflective of one of the three bargaining unit contracts, as well as cost-of-living and market adjustments for our non-represented staff. The proposed staffing model (per thousand residents) has held relatively static over the last five years but does show a slight increase in recent years for temporary positions needed to support specific activities. In 2024, two temporary FTEs have been added to allow for cross-training with retiring personnel and one-time support for software conversion projects that extend across all major business processes.

Specifically, salaries and benefits for all bargaining units are modified by contractual increases, individual employee step increases, and longevity adjustments. Non-union employees' salaries do not include "step increases"; however, the proposed budget includes a minimal increase for these employees, as well.

2024 will continue to see organizational transitions in staffing due to planned retirements. Budgetary provisions have been included for the anticipated vacancies and cross-training of new staff. The city will continue to implement a variety of options for addressing vacancies as set forth in our succession planning processes, as developed by Human Resources and the affected department. The net increase in staffing noted above is primarily due to temporary staff.

Utilities

Establishing appropriate utility rates is extremely important. Rates not only support the costs associated with operations, but also expenses tied to master planning, capital improvement planning, and debt service. In 2020, an extensive study of utility rates was commissioned; after which, a 4% annual increase in water rates and a 2% increase in sewer rates were recommended through 2030. With this data and recommendation, the City Council authorized rate increases of 3% for each utility from 2023 through 2025. While any recommendation to the City Council regarding a rate increase is difficult, such will always be firmly based on current and quantitative data. To that end, when city staff updated the financial model from the 2020 comprehensive utility rate study, the data led to a staff recommendation for a 3% annual increase for each utility over a three-year period.

It is worth noting that the average total utility bill (water/sewer) for a single-family residence, based upon 500 cubic feet of water consumption, has risen by an average of just 1% annually over the last 9 years (a total increase of only $2.83). Many families, specifically those using 1,000 cubic feet or more, have seen their monthly bills decrease, primarily due to the removal of the higher two-tiered sewer rate. Therefore, the administration has diligently complied with budget policy to "minimize the impact of any tax and fee increases on residents."

The general consensus, though debatable, is that regular smaller rate increases to address rising costs are more manageable for residents than infrequent, larger rate increases. As a result, the 2024 budgeted utility revenues are only slightly higher than in 2023. This increase is due to the proposed rate increase mentioned earlier and the anticipated growth in the number of utility accounts. Following the City Council's direction, the low-income discount program has been continued, offering reduced utility bills for those who qualify.

The utility debt service in 2024 is $317K for Sewer and $480K for Water Funds. Major repair and replacement projects are planned, as are smaller ongoing maintenance projects for both water and sewer. Completing these projects will require utilizing fund balances, loans, grants, and developer fees. Please see individual project details in the Capital Projects and Utilities section of the Detailed Budget.

Community Requests for City Funding

During the annual budget process, the city reviews requests for service contracts from the community; such as a contract with the Sequim-Dungeness Valley Chamber of Commerce to operate the Visitor Information Center. Additionally, the 35% rise in human service funding included in the 2023 budget has been included in the 2024 budget.

The recommended budget allocations for outside agencies are as follows:

Chamber of Commerce Visitor Information Center (lodging tax funds)	$97,000
Human Services Contracts – increased	$ 133,100
Community Services Funding – static	$ 45,500
Economic Development Contracts – static	$ 35,000

Civic Center Debt Service

In 2024, debt service on the bonds financing the Civic Center will continue. The City's annual General Obligation (GO) debt over 30 years is approximately $665,000. Funding sources to service this debt are shown below. When feasible, the city builds these reserves to enable the prepayment of Civic Center-related debt.

Funding Source:	**2023**	**2024**
Public Safety Tax	$290,000	$350,000
REET Transfer	$ 75,000	$100,000
General Fund	$335,000	$250,000
Total:	**$700,000**	**$700,000**

The annual Utility Revenue Bond debt service (over 20 years) related to the Civic Center is $225K.

Conclusion

I am proud to present this balanced budget which meets the long-term needs of the city in consideration of the current economic reality and financial trends. This budget has undergone substantial internal review and discussion. I am also pleased that this budget contains appropriations to maintain staffing and deliver vital municipal services while addressing City Council goals and community needs. Statutorily, the City Council's role now is to review this proposed budget.

This 2024 Budget addresses the city's top priorities for municipal services and capital requirements, allowing for the achievement of key operational goals. This budget aligns with the "dashboard" that reflects key metrics for all municipal services indicating accurate, quantitative, and timely Sequim ratings alongside national comparisons.

This budget reflects the administration's Vision "to be Washington's most sought-after city to work and live in", and our Mission "to provide maximum VALUE to our community by: provision of high-quality municipal services, ensuring superb customer (co-workers, citizens, businesses) satisfaction, and decreasing costs through technology and improved efficiencies". The administration and the senior management team remain committed to demonstrating effective leadership at all levels and encouraging innovative problem-solving while adapting to the changing community needs and regional environment.

Finally, it should be clearly noted that the preparation and adoption of the budget is a team effort, involving leadership, staff, and City Council members. Sincere appreciation goes out to our department directors for submitting conservative budget requests and for considering alternative ways to accomplish priorities. Special thanks also go to the Administrative Services finance staff for their assistance in contributing endless hours and detailed preparation of this budget. Finally, sincere appreciation is extended to City Council members for their leadership in adopting financial policies and prudent fiscal guidelines that have been foundational for this proposed 2024 Budget.

Respectfully submitted,

Matthew B. Huish
City Manager

City Council Vision and Goals

2023 - 2024 Sequim City Council Vision and Goals



History of City



The City of Sequim is located on the north Olympic Peninsula in the northwest corner of Washington State. It is a semi-rural city, with a population of approximately 8,000 citizens, and covers six square miles. The City is surrounded by the Sequim-Dungeness Valley, which lies in unincorporated Clallam County and is home to an additional 25,000 residents who rely on the City of Sequim for certain amenities and community activities. Valued for the beauty of its natural surroundings, the City is bordered by the Olympic Mountains to the south and the Strait of Juan de Fuca to the north. Due to a rain shadow caused by the surrounding mountains, Sequim is one of the driest places in western Washington, averaging 16 inches in annual rainfall.

The City of Sequim is in a semi-remote location and is separated from the largest population base in the state, the Seattle – Tacoma Metropolitan areas, by two bodies of water: the Puget Sound and the Hood Canal. There are several transportation routes to Sequim and the Olympic Peninsula including Washington State Ferries through Kingston, Bremerton, and Bainbridge Island, and state routes 104 and 101 once across the Hood Canal Bridge. Trips from Seattle generally take two hours and from Tacoma approximately one hour and forty-five minutes.

Sequim History

Settlement of the Dungeness area by men of European ancestry began more than 150 years ago in the mid 1850's. Not that the land had been totally unoccupied before. For thousands of years, ancestors of the S'Klallam Tribe had fished the rich waters of Dungeness River, the Strait and Sequim Bay. They had made their homes along the beach, hunted in the dark forests and moved inland along the river and streams in search of food. The town was originally named Seguin, translated from the native Klallam language as "hunting place." According to legend, a postal clerk in the east misread the "g" and the "n" and the town was renamed to Sequim in 1907.

Formed by a group of local farmers, the Sequim Prairie Ditch Company built and opened a series of wooden flumes and irrigation ditches in 1896 bringing much needed water from the Dungeness River to the arid valley. A celebration was held on May 1, 1896 to commemorate the first irrigation ditch and the celebration continues to this day with the annual Irrigation Festival, now in its 128th year. It is the longest continuous running community festival in the state of Washington.

With a population of more than 300 residents, Sequim was incorporated in 1913 as a town. Jilson White, a local salesman was elected as the first mayor and a town council of five men was created to establish ordinances to promote public safety and regulate businesses. In 1973 the town of Sequim was advanced to the classification of city with a council of seven members and the election of all officers: mayor, council, treasurer, clerk, and attorney. In 1995 the City adopted the Council/ Manager form of government. The citizens now elect the City Council, which elects one of its members as mayor, one as deputy mayor, and hires a professional City Manager.



In 1915 railroad passenger and freight service between Port Angeles and Sequim and Sequim and Port Townsend was established allowing Sequim to become an agricultural center, and to grow and prosper.

In the 1920s and 1930s, Sequim thrived as a dairy farming community. The lush valley continued to prosper with fields of alfalfa and other grains. In 1922, the town purchased a private water system utilizing wells and small springs on the prairie. Seven years later bonds were issued to extend the system to secure a water supply from the Dungeness River.

In 1934 the University of Washington declared Sequim was “The Healthiest Place in the World.” 1936 brought Sequim’s largest project of the decade, bonding and building a sewer system with 246 connections. In 1947, the Town had a population of 880 and its first annexation since the beginning of the century. In 1950, the Town bought its first police car and established a curfew. For many years, Sequim streets remained unpaved. By 1950 residents began to protest the condition of the streets and surfacing began. The first paving project was completed in 1957. The City Council directed that horses were to be kept off all resurfaced streets.

In 1961 Washington State Governor Albert D. Rosellini cut a ribbon to open the Hood Canal Bridge, connecting the Olympic Peninsula to the larger metropolitan area. Sequim was first touted nationally as a good retirement location in 1966. In the latter half of the decade, many of the dairy farms were being sold and the land annexed into the city.
Progress continued and the City opened a modern sewage treatment plant in 1967 and established a Police Department in 1970.



Developers began noticing the Sequim-Dungeness Valley and by 1973, Sequim’s population had risen to 2,287. The City Council responded to the rapid growth and passed a comprehensive planning/zoning ordinance.

A new city hall opened on Cedar Street in 1973. The building cost $110,000. In 1974, Sequim had a population of 2,600 and voters approved a measure to reclassify Sequim as a city.

In anticipation of the Highway 101 by-pass completion, Sequim 2000, a Chamber of Commerce committee, was formed in 1995 to spark ways to increase tourism in the area. One of the ideas of the committee was the concept of fields of flowers. That concept evolved into the commercial production of lavender. In 1997 there were seven lavender farms in the valley. Today there are more than two dozen lavender farms and lavender product businesses in the Sequim-Dungeness Valley and Sequim is recognized as the Lavender Capital of North America. The first Lavender Festival was held in downtown Sequim in 1997 and drew several hundred local attendees. Today, Sequim Lavender Weekend, home to the Sequim Lavender Festival Street Fair, lavender farm festivals and events, and community events, is the premier lavender celebration in the country and draws approximately 30,000 visitors from all over the world for the three day event.

The Highway 101 bi-pass opened in 2000 taking drivers along the south side of the City instead of down Washington Street, the City's main arterial. While local merchants feared this would divert business from their stores, the reduced traffic actually made it easier for patrons to get to their desired location. The face of Sequim changed dramatically in the beginning of the 21st Century with the development of a regional retail center at the west end of the City. Housing developments and real estate boomed until the 2008 recession began.



A new Civic Center, housing the Police Department, City Hall, and a Community Plaza was designed and constructed between 2013 and 2015. The new facility brought most City services under the same roof for the first time in decades. The facility cost $14.5 million and was financed by a Sequim voter approved .1% Public Safety Tax, which helps to pay a portion of the Police Station, $10.4 million in municipal bonds were sold in 2013 to pay for construction, and $3 million in utility bonds were sold to pay for the utility portion of the building. The Civic Center received a Gold Certificate from Leadership in Energy and Environmental Design (LEED) in 2016.

Sequim saw its largest population growth through the early part of the 21st century and has grown from 4,334 residents in 2000 to 8,200 in 2022.

Local Economy

The economy in Sequim has grown along with its population and has diversified from an agricultural base to become a regional retail center, a nucleus for medical and community services, and an internationally recognized tourism destination. There are currently 1,673 active business licenses in the City of Sequim, representing a 34% increase from 2013, when the City began using the Department of Revenue's Master Business License database.

Regional Retail

The retail economy in Sequim began its major expansion with the 2003 announcement that Walmart was building a store on the west end of the City. The store opened in October 2004 and expanded in 2012 by adding a full grocery. After the opening of Walmart, the west end of Sequim quickly developed into a regional center for national brand stores. Home Depot, Costco, Office Depot, Petco, Starbucks, Discount Tires, Sleep Country USA, Michaels, and Ross Dress for Less are all located within close proximity, making Sequim the regional retail center for the Olympic Peninsula.

In addition to national brand retailers, Sequim enjoys a vibrant, walkable downtown core, which serves as the cultural and civic heart of the Sequim-Dungeness Valley. Filled with unique family-owned shops that offer locally produced products as well as antiques, and specialty items, downtown Sequim is a welcoming attraction for local residents and tourists. The downtown core has an active merchant group who work together to develop programs and events to enhance the experience of visiting downtown. Local restaurants, coffee shops, and wine tasting rooms bring diversity and offer hospitality for visitors. Recognizing the importance of a healthy downtown area to the continued success of the City, the Sequim City Council adopted a Downtown Plan in July of 2011 which provides a strategic guide for the growth, development, and visual style of the area. Since the plan's adoption, refinement has been made to the relevant zoning codes to ensure development remains consistent with the plan's vision. Additionally, a streetscaping program to establish color schemes and standards for street furniture and signage has been developed and was implemented in the summer of 2013.

Retail sales are an important component of the City of Sequim economy providing between 60 – 67% of the sales tax annually.





Medical Services

In response to the needs of a growing population, the medical industry in Sequim has expanded over the past decade to provide state of the art services to local residents. Olympic Medical Center, located in the City of Port Angeles 15 miles west of Sequim opened the Olympic Medical Center Physicians Specialty Clinic in Sequim in 2002. The clinic provides services in the areas of cardiology, gastroenterology, neurology, pulmonary medicine, sleep medicine, urology, and critical care. Through the Olympic Medical Cancer Center in Sequim, local patients have full access to the world-renowned therapies developed at the Fred Hutchinson Cancer Research Center, University of Washington Medicine, and the Seattle Children's Hospital. The Olympic Medical Center also operates an orthopedic clinic, medical imaging center, and a walk-in clinic in Sequim.

In addition to the services provided by the Olympic Medical Center, Sequim is home to a wide range of medical services including primary care physicians, dental care services, and vision care services for the whole family.

The Jamestown S'Klallam Tribe opened the Jamestown Family Health Clinic in Sequim in 2002, renting offices from Olympic Medical Center. The Jamestown Family Health Clinic moved to its current location in 2010, expanding capacity to meet the needs of the growing retirement population in Sequim. The clinic is open to non-tribal community members as well as Jamestown S'Klallam Tribal citizens. Services offered include: family practice, preventative care, geriatric care, chronic disease management, women's health, annual wellness visits, pharmacist consultation, behavioral health counseling, anticoagulation management, diabetes management and minor surgery.

The growing medical industry in Sequim enhances the livability of the City for residents of all ages and provides a growing number of family wage jobs to the support the local economy.



Tourism

Tourism is an important component of the City of Sequim's economy. There are over 360 hotel rooms in the city, as well as bed and breakfast facilities, vacation rental homes, and recreational vehicle parks offering visitors a wide range of lodging choices for their stay. Local restaurants and many retail establishments benefit from tourists that visit Sequim throughout the year. In addition to bringing outside dollars into the local economy, accommodations and food services account for between 10% and 15% of Sequim's sales tax.

Surrounded by the natural beauty of the Olympic Mountains to the south, the waters of the Strait of Juan de Fuca to the north, and Sequim Bay to the east, outdoor enthusiasts are drawn to Sequim for hiking, boating, and fishing. The 130 mile long Olympic Discovery Trail runs through the City of Sequim and is a destination for bikers, walkers, and runners.

Sequim is most well-known on a national and international level for the family-owned farms that grow the herb lavender. Each year the Sequim Lavender Weekend, home of the Sequim Lavender Festival Street Fair, lavender farm festivals and events, and community events, draws approximately 30,000 visitors for the three days of festivities. Thousands of other tourists visit Sequim throughout the summer months while the lavender is in bloom and during the harvest season.



The Sequim Sunshine Festival was introduced in 2020 to celebrate one of Sequim's best-known features – Sunshine. The festival celebrates the end of winter and the coming of the spring and summer seasons. The Sun Fun Color Run and illuminated drone show have become festival favorites. The festival was reduced and modified in 2021 to ensure a safe event in the middle of the COVID-19 pandemic but returned with a full festival in 2022. Plans are currently underway for 2024.

Sequim is also host to the Sequim Irrigation Festival. Now in its 129th year, it is the longest running community festival in the state of Washington. The events take place the first two weekends in May and include a carnival, logging show, strongman competition, arts and crafts fair, and a grand parade. The Sequim Irrigation Festival is staffed entirely with volunteers. Over a hundred people are involved in the making of the Irrigation Festival. Individuals and businesses within Sequim contribute money, goods and services to help put on the festival.



The Olympic Game Farm is located just outside of the city and is home to many species of animals, including many veterans of the film industry. The farm worked exclusively for Walt Disney Studios for 28 years and was used as a film location for many popular productions including “Charlie the Lonesome Cougar”, “The Incredible Journey”, “White Wilderness”, and the “Grizzly Adams” television and movie series. Visitors can take a self-guided driving tour and feed animals from their cars. National media attention has been given to the Kodiak bears that will wave to visitors in the hopes of getting a rewarding treat.

The Dungeness Spit is part of the Dungeness National Wildlife Refuge. With over 250 documented species of birds, as well as land and marine mammals, is an international attraction for bird and wildlife enthusiasts. The 5.5 mile spit is the longest natural sand spit in North America. At the end of the spit is the New Dungeness Lighthouse where tours are available.

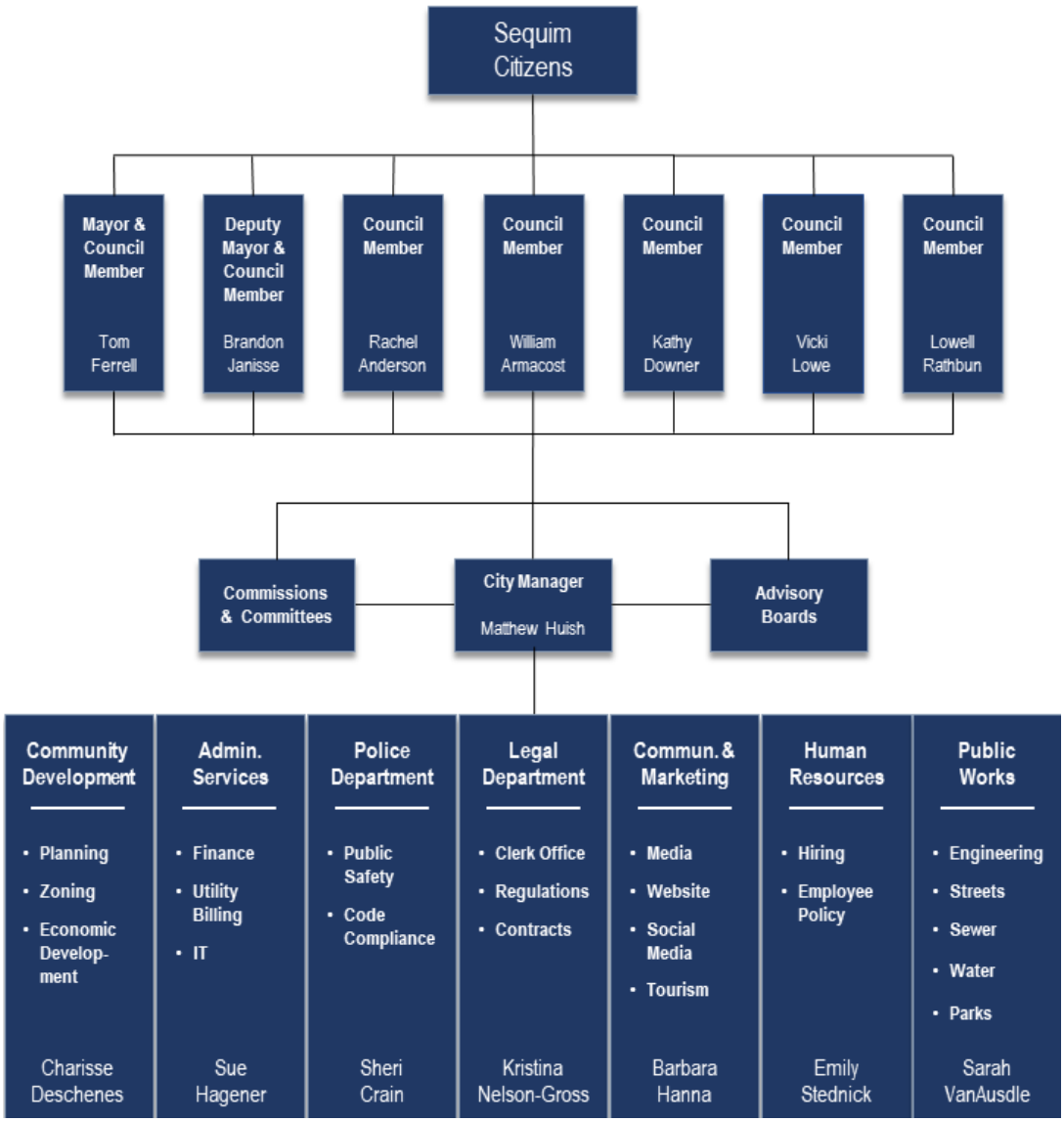
With Sequim’s close proximity to the Seattle-Tacoma metropolitan areas, it is an easy weekend destination as well as a desirable, central place to stay for tourists visiting the Olympic National Park, the city of Fork made famous by the “Twilight” books and movies, and the Victorian seaport of neighboring city, Port Townsend.

Community Services

The City of Sequim is home to the many essential community service agencies that serve the population of the Sequim-Dungeness Valley. The Sequim School District delivers kindergarten through grade 12 education for more than 2,700 students. The Sequim Library is part of the North Olympic Library System. In addition to its collection of over 55,000 books and videos, the library makes available community meeting rooms and computers for public use. The City of Sequim is served by Clallam County Fire District No. 3, which houses its headquarter office in the city and provides emergency and non-emergency response services. The Sequim Senior Center provides a community focal point for the area’s senior population and offers support and training as well as social activities. The Port of Port Angeles focuses on economic development in Clallam County and operates the John Wayne Marina on Sequim Bay. The marina was constructed in 1982 on 22 acres of land donated by the John Wayne family and was named “Best of the West” for small marinas by SEA Magazine. Additionally, two Rotary Clubs, the Lions Club, Soroptomist International, and Elks Club serve the City and the community through special projects and support of local charities.



Organization Chart



Council/Manager Form of Government

COUNCIL

TOM FERRELL (Mayor)	***BRANDON JANISSE (Deputy Mayor)***
RACHEL ANDERSON	***WILLIAM ARMACOST***
KATHY DOWNER	***VICKI LOWE***
LOWELL RATHBUN	

CITY MANAGER	Matthew Huish

Deputy City Manager / Director of Community Development	Charisse Deschenes
Administrative Services Director	Sue Hagener
Chief of Police	Sheri Crain
City Attorney	Kristina Nelson-Gross
City Clerk	Amy Aschenbrenner
Communications & Marketing Director	Barbara Hanna
Public Works Director	Sarah VanAusdle
Human Resource Director	Emily Stednick

BUDGET MANAGERS / STAFF

ADMINISTRATIVE SERVICES

Accounting Manager	Leslie White
IT Manager	Anthony Martin
Budget Analyst	Becky Erskine

CITY ADMINISTRATION

Human Resources Analyst	Marta Johnson
Paralegal	Erika Hamerquist
Legal Assistant / Risk Analyst	Tellina Sandaine
Arts Coordinator	Sarah Hurt
Marketing Coordinator	Patsene Dashiell
Assistant City Clerk	Heather Robley

POLICE

Deputy Police Chief	Mike Hill
Support Services Supervisor	Tiffany Banning

PUBLIC WORKS

Deputy Public Works Director/City Engineer	Nick Dostie
Operations Manager	Ty Brown
Sr. Management Analyst	Amy Dougherty
Parks and Facilities Manager	Hannah Merrill
Utilities Manager	Pete Tjemsland
Resource Analyst	Meggan Uecker

CATEGORY 2 CODE CITY, CLASSIFIED UTILITIES
2020 OFFICIAL CENSUS 8,024
2023 OFM ESTIMATE 8,350

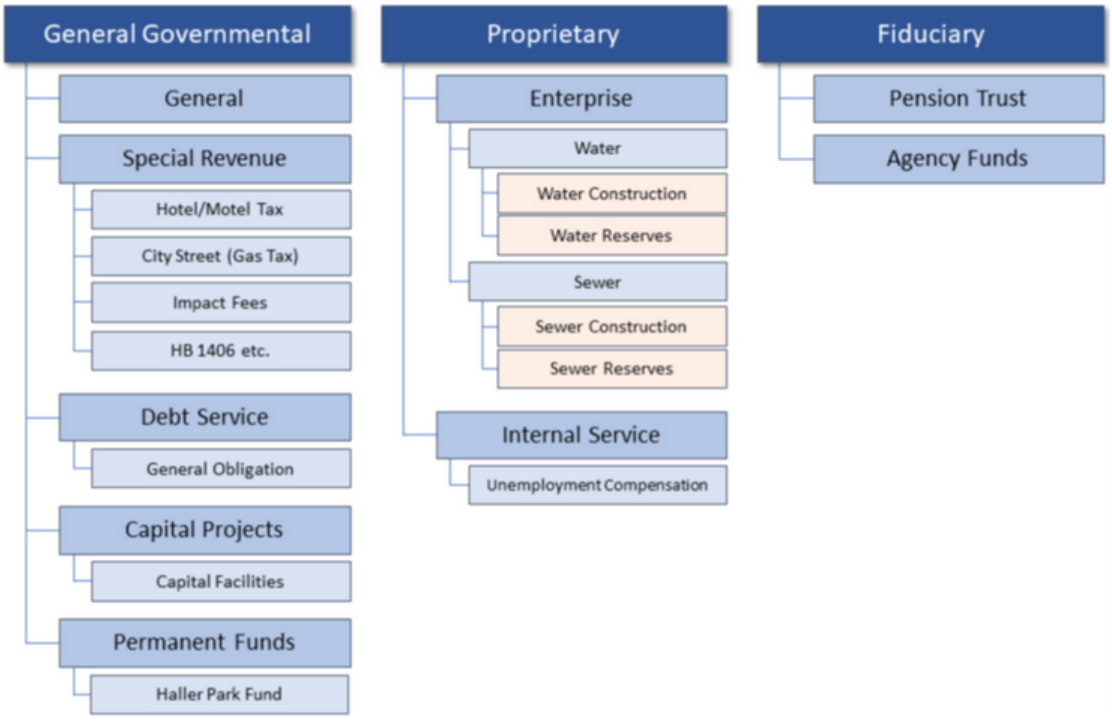
Fund Structure

The City of Sequim reports financial activity in accordance with the *Cash Basis Budgeting, Accounting and Reporting System* (BARS) Manual prescribed by the State Auditors' Office under the authority of Washington State law, Chapter 43.09 RCW. This manual prescribes a financial reporting framework that differs from generally accepted accounting principles (GAAP) in the following manner:

- Financial transactions are recognized on a cash basis of accounting.
- Component units are required to be disclosed but are not included in the financial statements.
- Government-wide statements, as defined in GAAP, are not presented.
- All funds are presented rather than a focus on major funds.
- The *Schedule of Liabilities* is required to be presented with the financial statements as supplementary information.
- Supplementary information required by GAAP is not presented.

Financial transactions of the government are reported in individual funds. Each fund uses a separate set of self-balancing accounts that comprises its cash and investments, revenues and expenditures. The government's resources are allocated to and accounted for in individual funds depending on their intended purpose. The following fund types are used:

Fund Types



Governmental Fund Types:

General Fund
This fund is the primary operating fund of the government. It accounts for all financial resources except those required or elected to be accounted for in another fund.

Special Revenue Funds
These funds account for specific revenue sources that are restricted or committed to expenditures for specified purposes of the government.

Debt Service Funds
These funds account for the financial resources that are restricted, committed, or assigned to expenditures for principal, interest and related costs on general long-term debt.

Capital Projects Funds
These funds account for financial resources which are restricted, committed, or assigned for the acquisition or construction of capital facilities or other capital assets

Permanent Funds
These funds are used to account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the City's government programs.

Proprietary Fund Types:

Enterprise Funds
These funds account for operations that provide goods or services to the general public and are supported primarily through user charges. An enterprise fund is legally required to recover the cost of those services, including related debt service and capital costs, through user charges.

Internal Service Funds
These funds account for operations that provide goods or services to other departments or funds of the government on a cost reimbursement basis.

Fiduciary Fund Types:

Fiduciary Funds
These funds are used to account for assets that the government holds on behalf of others in a custodial capacity.

Financial statements are prepared using the cash basis of accounting and measurement focus. Revenues are recognized when cash is received and expenditures are recognized when paid. In accordance with state law, the City also recognizes expenditures paid during twenty days after the close of the fiscal year for claims incurred during the previous period.

Department Fund Relationship

Department	Division	Sub Fund	Associated Fund
Council			
		City Council	001-General Fund
City Administration			
	City Administration Organization		
		City Clerk	001-General Fund
		City Manager	001-General Fund
		City Attorney	001-General Fund
		Communications	001-General Fund
		Human Resources	001-General Fund
		Criminal Justice Services	001-General Fund
	City Administration Special Funds		
		Hotel/Motel	115-Lodging Tax Hotel/Motel
		Arts & Culture-Arts Commission Programs	160-Arts & Culture-Arts Commission
Administrative Services			
	Administrative Services Department		
		Finance	001-General Fund
		IT (Information Technology)	001-General Fund
		Non-Departmental	001-General Fund
	Administrative Services -Other		
		Affordable Housing HB 1406	112-Affordable Housing
		REET	150-Real Estate Excise Tax
		American Rescue Plan Act	180-American Rescue Plan Act
		Rainy Day Fund	199-Rainy Day Fund
		Debt Service Fund-City Hall	206-Debt Service Fund-City Hall
		Equipment Reserve	164-Equipment Reserve
		Trust and Agency Funds	Trust, Agency & Permanent Funds
Community Development			
	Community Development		
		Growth Planning / Development Services	001-General Fund
Police			
	Public Safety Operations		
		Police Department	001-General Fund
	Public Safety Restricted		
		Police Restricted	120-Police Restricted, 121- Police Asset Seizure
Public Works			
	Public Works Operating		
		Facilities Maintenance	001-General Fund
		Park Operations	001-General Fund
		PW Administration	001-General Fund
		Street Operations	101-Street Unrestricted
		Storm Water Operations	107-Stormwater Unrestricted
		Water Operations	401-Water Unrestricted
		Sewer Operations	402-Sewer Unrestricted
	Public Works Capital		
		GIS/Engineering	001-General Fund
		Streets Restricted	111-street Restricted
		Storm Water Restricted	117-StormWater Restricted
		Parks Restricted	140-Parks Restricted
		Capital Facilities Fund	306-Capital Facilities Fund
		Water Restricted	411-Water Restricted
		Sewer Restricted	422-Sewer Restricted

Bold	**City Employees**

Basis of Budgeting

The City of Sequim adopts ***annual*** appropriated budgets for all its governmental and proprietary funds. These budgets are appropriated at the fund level. The budget constitutes the legal authority for expenditures at that level. Annual appropriations for these funds lapse at the fiscal year end (December 31).

Annual appropriated budgets are adopted on the same basis of accounting as used for financial reporting, which is cash basis, and in accordance with the Cash Basis Budgeting, Accounting and Reporting System (BARS) Manual prescribed by the State Auditor's Office under the authority of Washington State law, Chapter 43.09 RCW.

Budgeted amounts are authorized to be transferred between a fund or within line items within departments. However, any revisions that alter the total expenditures of a fund, or that affect the number of authorized employee positions, salary ranges, hours or other conditions of employment must be approved by the Sequim City Council.



Financial Policies

The financial policies of the City of Sequim are established by the City Council. The policies are designed to provide guidance to all stakeholders, whether they are directly involved in financial processes, internal control oversight, or any financial transaction. Financial policies are intended to serve as a blueprint to achieve fiscal stability required to accomplish the City's Strategic Plan, all other comprehensive and master plans, and City Council goals. The City Council sets forth the authorities, responsibilities, and accountability requirements of those participating in the operations of City government at all levels of the organization and endeavors to:

- Set forth financial standards.
- Reduce financial risks to withstand the ups and downs of local and regional economic environments.
- Maintain appropriate financial capacity for present and future levels of service.
- Ensure the legal use of financial resources through an effective system of internal controls.
- Provide financial transparency to the public.

General Financial Goals

- Ensure the financial integrity of the City.
- Manage the financial assets in a sound and prudent manner.
- Improve detailed financial information for decision makers at all levels:
  - Policy makers as they contemplate decisions that affect the City on a long-term basis.
  - Managers as they implement policy on a day-to-day basis.
- Maintain and further develop programs to ensure the long-term ability to pay all operational and capital costs necessary to provide the level and quality of service required by the citizens.
- Maintain a spirit of openness and transparency while being fully accountable to the public for the City's fiscal activities.

Primary Budget Responsiblity

The City Council has final responsibility for approving the annual Operating Budget and appropriating funding for the capital needs of the City. The City's budget is adopted at the fund level and *monitored* at the department level.

The City Manager and the Finance Department have the primary responsibility for bringing the budget forward for Council consideration. Department Heads have the primary responsibility for proposing programs, recommending funding levels, analyzing position expense distributions and formulating budget proposals for implementing service programs in accordance with established City Council goals and directives. The City Manager and Department Heads are responsible for the overall management of their respective budgets through monitoring, identifying and correcting any budgetary problems as they arise. The Finance Department will assist the Department Heads as needed.

At the direction of the City Manager, the Finance Department coordinates the overall preparation and administration of the City's budget in compliance with applicable State of Washington statutes. The Finance Department provides the budget calendar and revenue budget estimates, assists department staff in identifying budget problems and formulating alternative solutions, and prepares and distributes the final budget documents.

Budget Development Policy

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 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, 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.

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 a 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 (Title 2, CFR Part 200-Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards) to allow for indirect cost recovery on Federal and State grants.

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 and assessed valuation 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.

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.

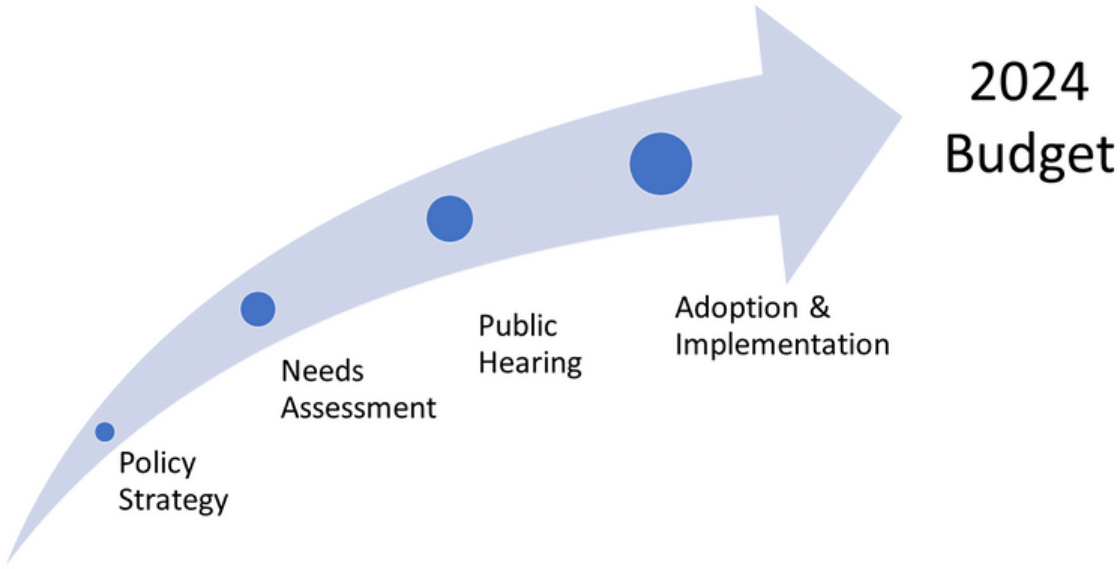
Procedure

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.



Budget Development Process



Policy Strategy Phase

Council Planning
6 Year Capital Improvement Plan
Public Input via Council Meetings & Community Surveys

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

Budget Timeline

May 1, 2023

Requests sent to all department heads to prepare budget estimates of revenues and expenditures, including assessing personnel needs. Finance Director prepares estimates for debt service and all other estimates.

Jul 14, 2023

Budget estimates from department heads filed with the Finance Director

Jul 27, 2023

"Budget Scrub" meeting of all department heads to identify areas of potential savings and to balance operational budgets (depart. budget assumptions are "scrubbed")

Sep 15, 2023

Delivery of 2024 Budget Book to City Council (including access to on-line budget materials)

Sep 25, 2023

Presentation of 2024 Budget Overview and proposed 2024 Rates & Fees to Council

Oct 23, 2023

Optional: Address Council's 2024 Budget Comments, Questions and Concerns

Nov 13, 2023

Public Hearing (first reading) - 2024 Budget
Public Hearing - 2024 Rates and Fees / 2024 Property Tax Ordinance

Nov 27, 2023

Public Hearing (second reading) - 2024 Budget Adoption

Nov 30, 2023

Deadline for filing Property Tax Ordinance with Clallam County

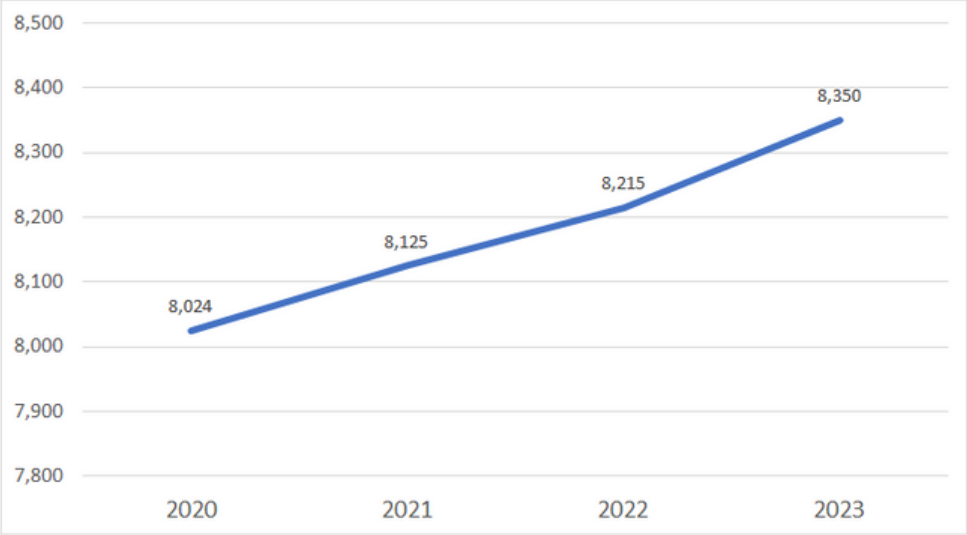
Dec 31, 2023

Deadline for 2024 Budget Adoption

Statutory Budget Timeline – Per MRSC

2024 Budget Calendar for Cities and Towns	
Pre-Budget Items (Spring/Summer)	Council retreat; Adopt/update financial policies; Public hearings for capital facility plan updates; Public forums or community outreach (ex: community priorities); Mayor/manager communicates budget objectives to staff
Sept. 11	Budget request to all department heads
Sept. 11-24	Department heads prepare estimates of revenues and expenditures; Clerk prepares estimates for debt service and all other estimates
Sept. 25	Implicit price deflator calculated (only applies to cities of 10,000+ population)
Sept. 25	Budget estimates from department heads filed with clerk
Oct. 2	Clerk provides estimates filed by department heads to mayor/manager showing complete financial program
Oct. 2	Mayor/manager provides council with estimates of revenues from all sources, including estimates prepared by clerk, for consideration of setting property tax levy
Mid-October to mid-November (approx.)	Public hearing on revenue sources including possible increases in property tax
Nov. 2	Mayor/manager prepares preliminary budget and budget message; files with clerk and council
Nov. 1-18 (approx.)	Publication notice of preliminary budget and final hearing
Nov. 1-25 (approx.)	Public hearing(s) on preliminary budget
Nov. 21	Copies of budget available to public
Nov. 30	Property tax levies set by ordinance and filed with county
Dec. 4	Final budget hearing
Dec. 31	Budget adoption deadline

Population Estimates



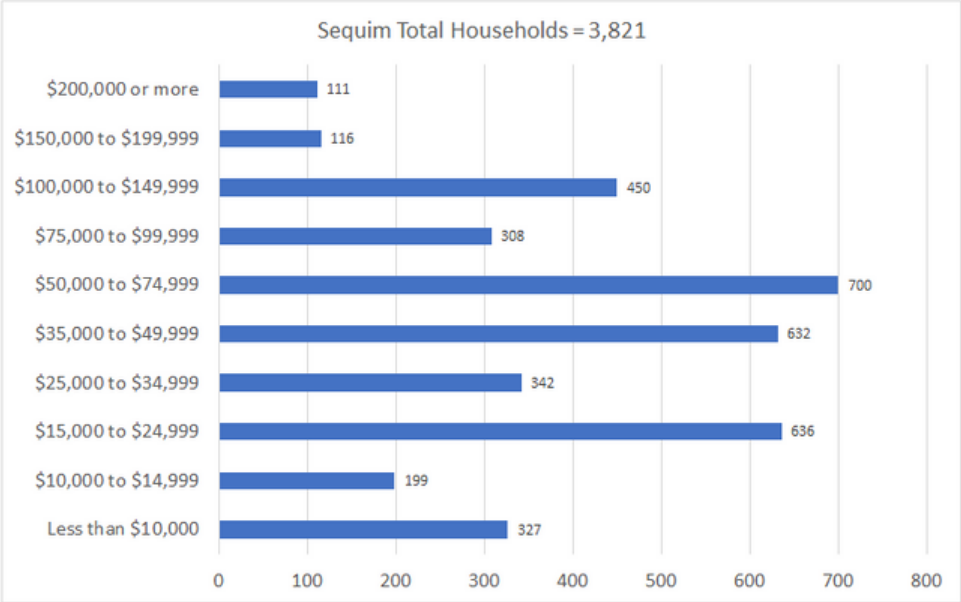
April 1, 2023 Population of Cities, Towns and Counties
Used for Allocation of Selected State Revenues
Office of Financial Management, Forecasting and Research Division

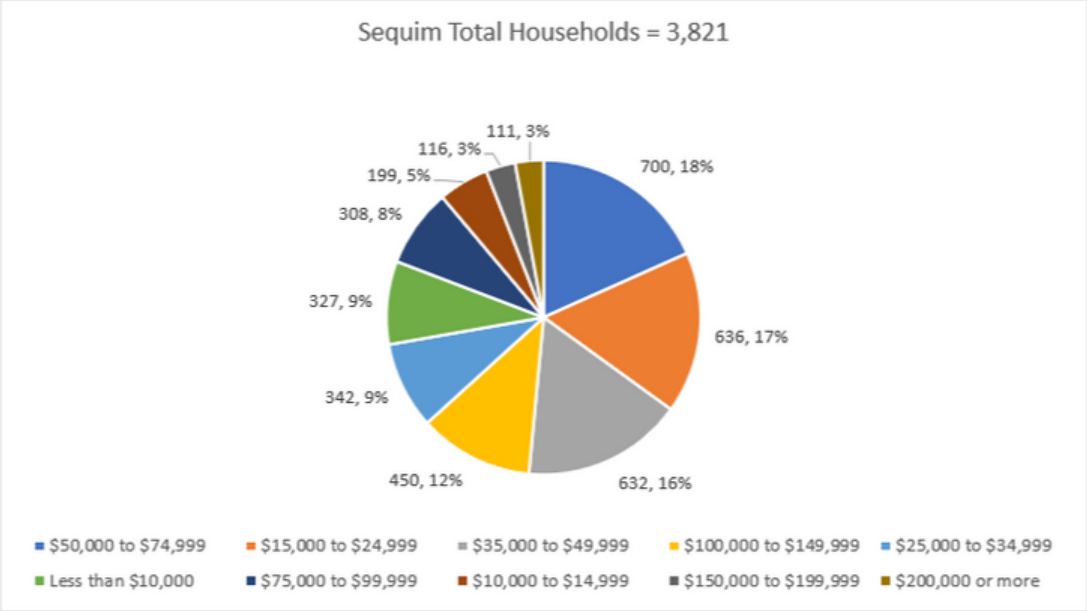
	2020 Census	2021 Estimate	2022 Estimate	2023 Estimate
Sequim	8,024	8,125	8,215	8,350

April 1 official population estimates_Office of Financial Management (wa.gov)



Household Income Estimates



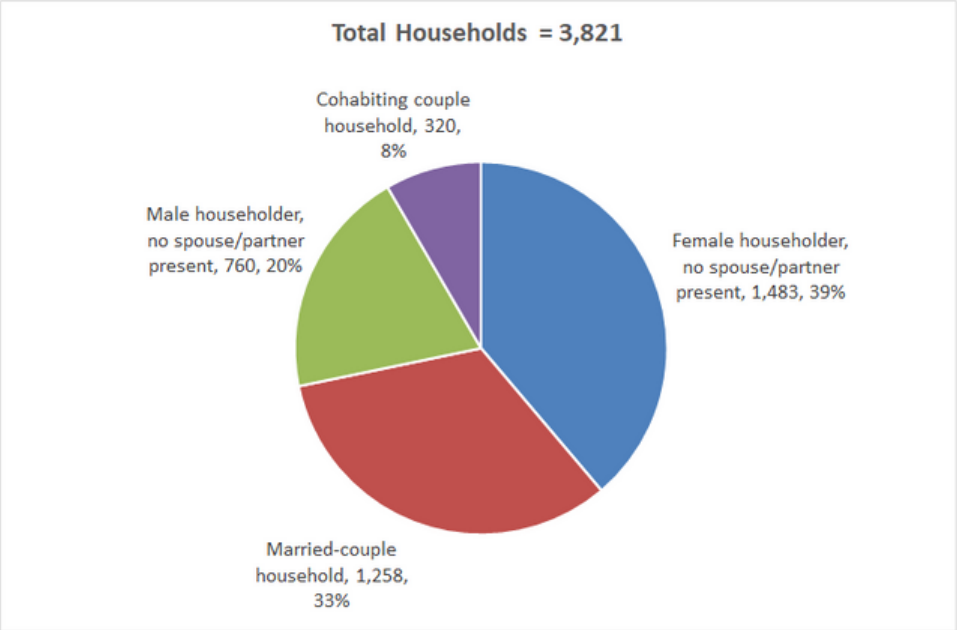


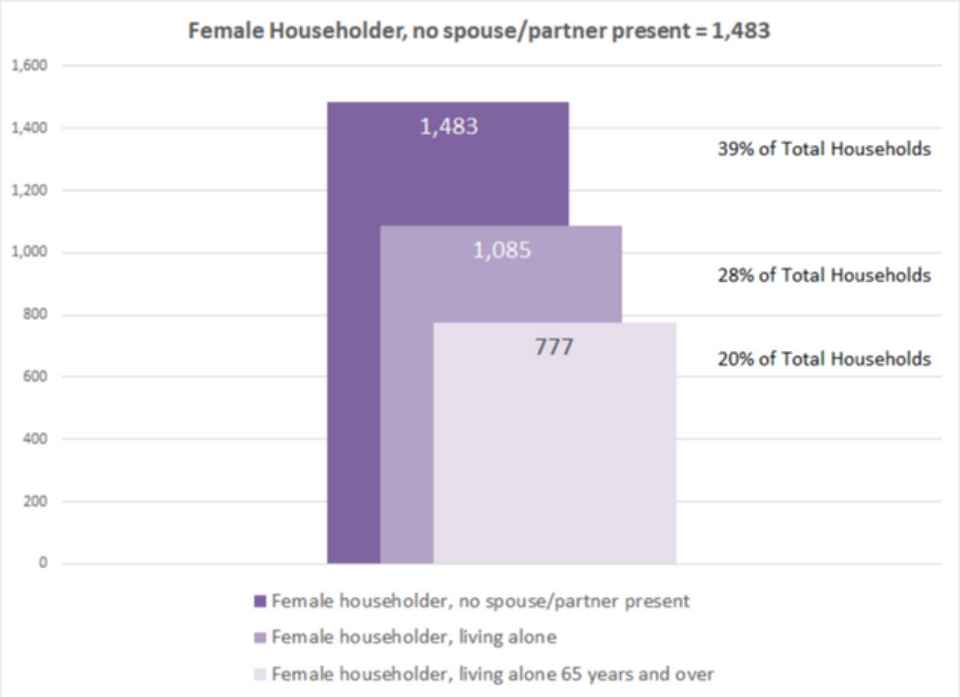
Median household income (dollars) = $41,571

(in 2021 inflation-adjusted dollars)

Data Source: American Community Survey, 2021, ACS 5-Year Estimates Data Profiles
DP03: SELECTED ECONOMIC CHARACTERISTICS - Census Bureau Table

Household Analysis Estimates





20% of Total Households are "Female householder, living alone 65 year and over"

Data Source: American Community Survey, 2021, ACS 5-Year Estimates Data Profiles
DP02: SELECTED SOCIAL CHARACTERISTICS - Census Bureau Table

BUDGET PRIORITIES

City Management Operational Goals for 2024



CITY OF SEQUIM

CITY MANAGEMENT OPERATIONAL GOALS FOR 2024

IMPROVED MUNICIPAL INFRASTRUCTURE
Execution of an extensive Capital Improvement Plan (CIP) addressing the vital infrastructure needs regarding city streets, water, sewer, parks, and facilities.

COMMUNITY ENGAGEMENT
Enhanced communication with residents and businesses through satisfaction surveying, improved website and social media initiatives, community (comprehensive/master) planning, park development, and quality-of-life interactions.

DIGITAL TRANSFORMATION
Expanding the 'smart city' initiative and e-government automation plan to decrease costs while increasing efficiencies, access, cybersecurity, employee satisfaction, and productivity.

WORKFORCE STABILIZATION
Investing in staff retention through competitive salaries, benefits, and skill-set development and ensuring a seamless succession of senior management transitioning into their planned retirement.

CONTINUAL PROCESS IMPROVEMENT
Evaluating all processes for improvement opportunities by implementing efficiencies and eliminating waste in time and materials. Evaluating return on investment with every decision, mandating data-driven decisions, and expanding analytics and business intelligence across all departments.

ALL CITY AND GENERAL FUND OVERVIEW

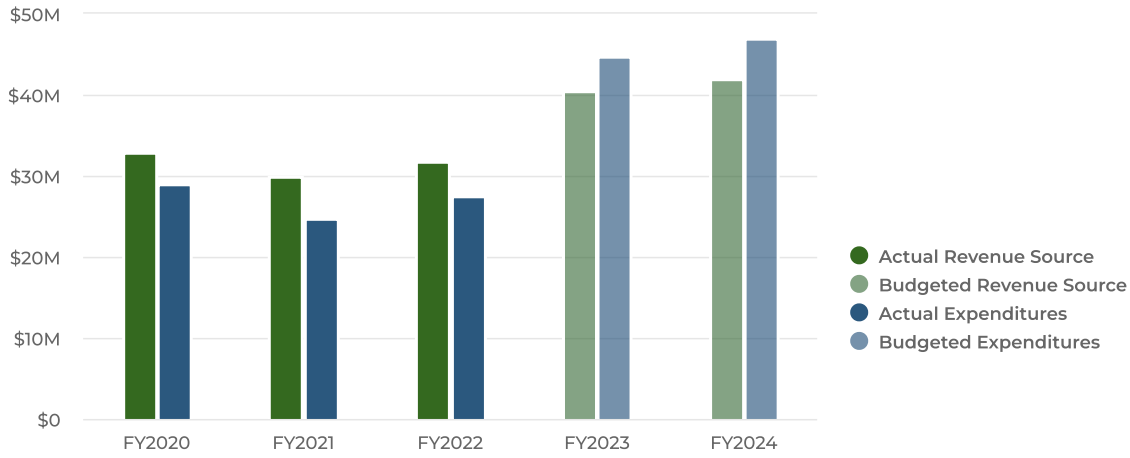
EXHIBIT A: All City Fund Summary

Budget/Actuals/Forecast: Budget
Budget Year: 2024
Fund: All
Sub Fund: All

	Beginning Balance Fund	Revenues	Expenses	Surplus/(Deficit)	Ending Fund Balance	
General Fund						
001 - General Fund	3,478,898	12,677,816	12,621,534	56,282	3,535,180	Operating
Special Revenue Funds						
101 - Street Unrestricted	277,898	1,282,294	1,268,336	13,958	291,856	Operating
107 - Stormwater Unrestricted	246,003	172,935	172,363	572	246,575	Operating
111 - Street Restricted	3,102,102	3,106,704	3,369,748	-263,044	2,839,058	Restricted
112 - Affordable Housing	104,155	31,138	-	31,138	135,293	Restricted
115 - Lodging Tax Hotel/Motel	1,047,180	542,000	593,944	-51,944	995,236	Restricted
117 - StormWater Restricted	233,023	777,500	775,295	2,205	235,228	Restricted
120 - Police Restricted	681,197	643,639	736,156	-92,517	588,680	Restricted
121 - Police Asset Seizure	30,253	20,274	15,000	5,274	35,527	Restricted
140 - Parks Restricted	1,563,791	748,599	535,303	213,296	1,777,087	Restricted
150 - Real Estate Excise Tax	1,229,802	405,450	1,195,000	-789,550	440,252	Restricted
160 - Arts & Culture-Arts Commission Programs	55,222	57,500	57,483	17	55,239	Restricted
164 - Equipment Reserve	1,546,446	1,135,700	1,069,200	66,500	1,612,946	Restricted
180 - American Rescue Plan Act	1,500,000	3,300	1,503,300	-1,500,000	-	Restricted
199 - Rainy Day Fund	1,450,365	6,000	-	6,000	1,456,365	Restricted
Debt Service Funds						
206 - Debt Service Fund-City Hall	861,993	703,000	660,096	42,904	904,897	Restricted
Capital Funds						
306 - Capital Facilities Fund	390,475	2,168,205	2,420,000	-251,795	138,680	Restricted
Enterprise Funds						
401 - Water UnRestricted	1,237,336	2,868,577	2,844,580	23,997	1,261,333	Operating
402 - Sewer Unrestriced	2,301,404	5,093,472	5,036,383	57,089	2,358,493	Operating
411 - Water Restricted	2,039,877	6,481,000	7,079,573	-598,573	1,441,304	Restricted
422 - Sewer Restricted	5,774,124	2,902,500	4,939,546	-2,037,046	3,737,078	Restricted
Trust, Agency & Permanent Funds						
500 - Unemployment Compensation	274,289	-	40,000	-40,000	234,289	Restricted
611 - Flex Benefits - EE Contributions	10,662	45,000	45,000	-	10,662	Restricted
621 - Police Expendable Trust	-	20,000	20,000	-	-	Restricted
635 - Intergovernmental Agency Fund	16,822	70,000	70,000	-	16,822	Restricted
701 - Haller Park Fund	42,375	440	17,000	-16,560	25,815	Restricted
	29,495,692	**41,963,043**	**47,084,840**	**-5,121,797**	**24,373,895**	
		8,812,700	8,812,700	Transfers In / Out		
		33,150,343	**38,272,140**	**Net of Transfers**		
		2,750,000	2,896,000	InterFund Service Charges*		
		30,400,343	**35,376,140**	**Net Revenues/Expenses w/o Transfers & Interfund Services**		
		22,095,094	21,943,196	Operating		
		19,867,949	25,141,644	Restricted		
		41,963,043	**47,084,840**			

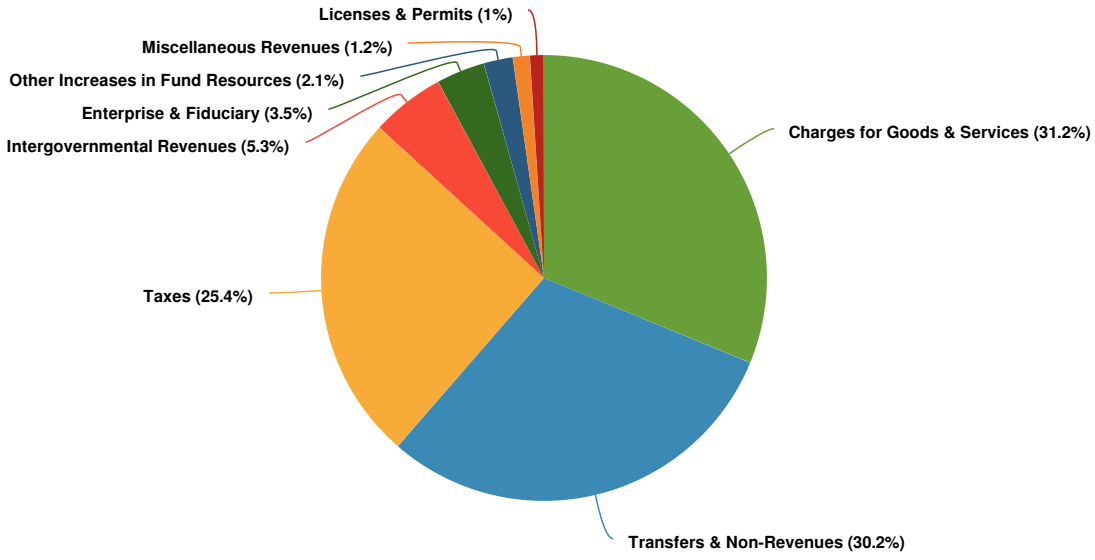
Summary

The City of Sequim is projecting $41.96M of revenue in FY2024, which represents a 3.4% increase over the prior year. Budgeted expenditures are projected to increase by 4.9% or $2.22M to $47.08M in FY2024.

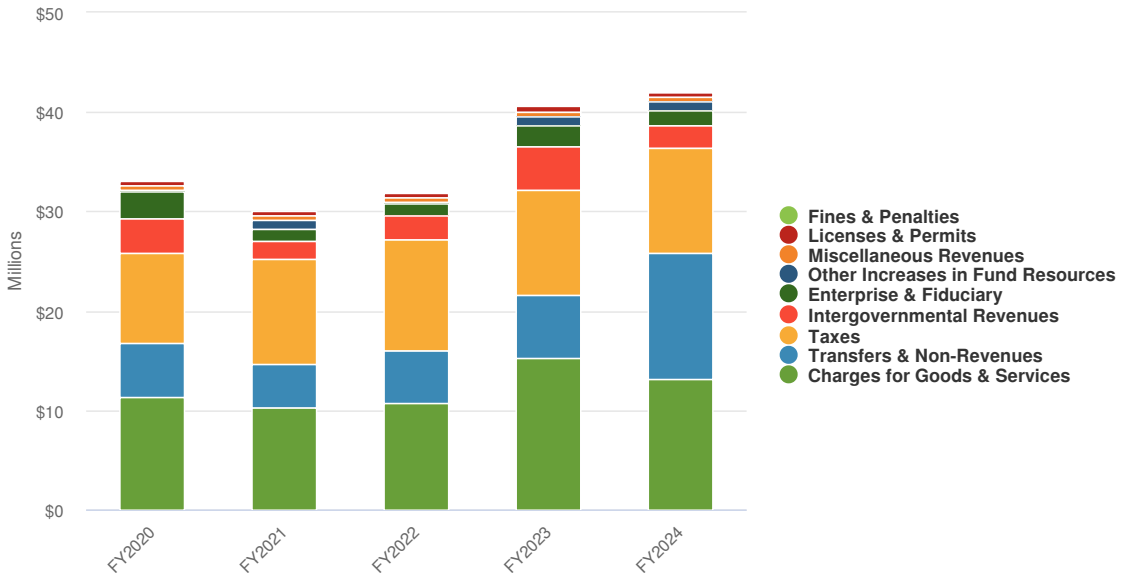


Revenues by Source: Where Will the Money Come From?

Projected Revenues by Source



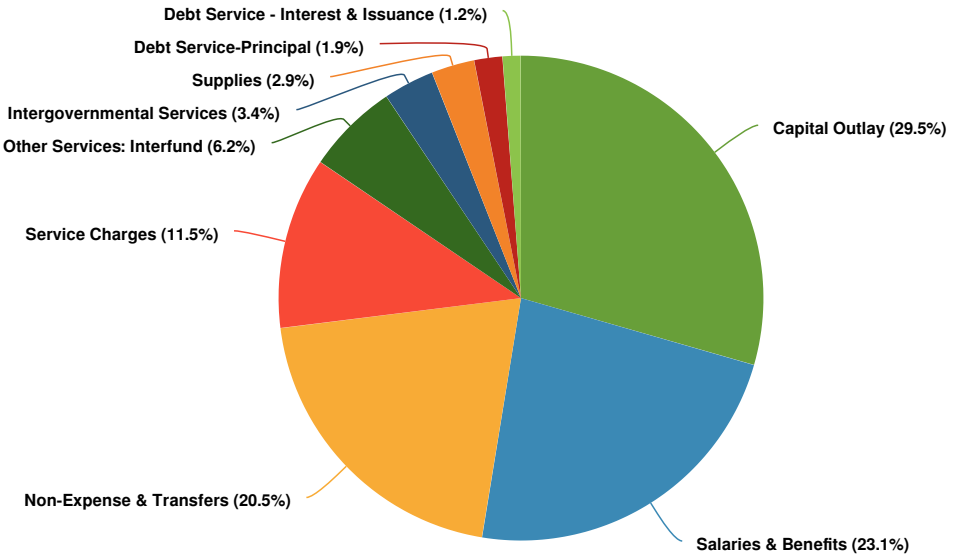
Budgeted and Historical Revenues by Source



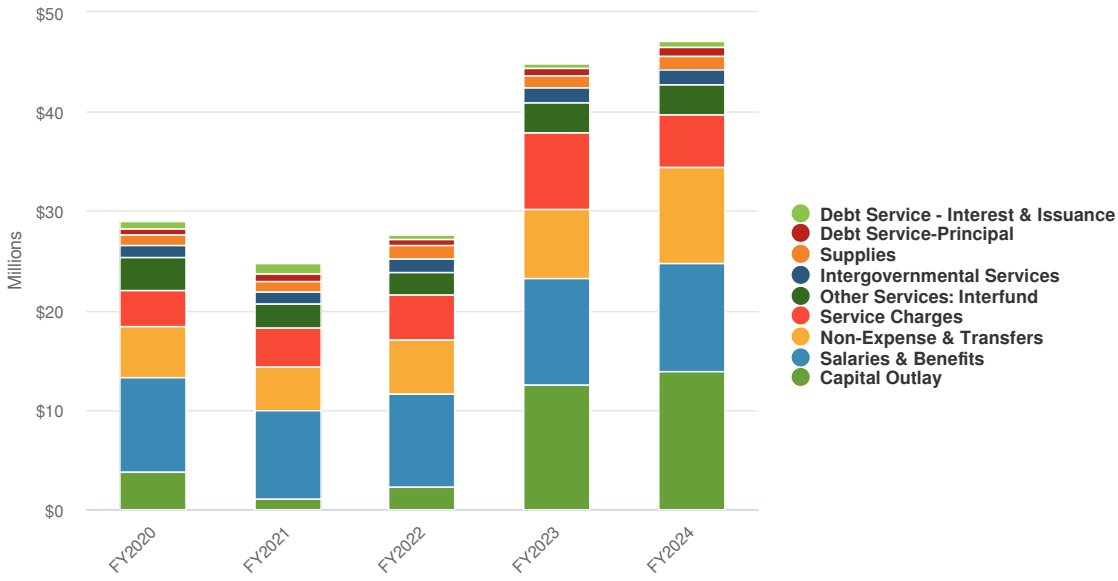
Name	FY2020 Actuals	FY2021 Actuals	FY2022 Actuals	FY2023 Adopted	FY2024 Budgeted	FY2023 Adopted vs. FY2024 Budgeted ($ Change)	FY2023 Adopted vs. FY2024 Budgeted (% Change)
Revenue Source							
Taxes	$9,063,132	$10,515,886	$11,165,188	$10,436,674	$10,649,911	$213,237	2%
Licenses & Permits	$390,261	$415,549	$396,199	$564,745	$421,745	-$143,000	-25.3%
Intergovernmental Revenues	$3,552,060	$1,844,539	$2,466,220	$4,457,004	$2,244,044	-$2,212,960	-49.7%
Charges for Goods & Services	$11,381,078	$10,244,819	$10,686,747	$15,215,224	$13,093,016	-$2,122,208	-13.9%
Fines & Penalties	$422		$100			$0	N/A
Miscellaneous Revenues	$489,371	$447,952	$526,601	$455,393	$515,427	$60,034	13.2%
Other Increases in Fund Resources	$157,354	$894,942	$132,913	$845,827	$887,200	$41,373	4.9%
Enterprise & Fiduciary	$2,654,089	$1,255,848	$1,192,256	$2,135,500	$1,477,000	-$658,500	-30.8%
Transfers & Non-Revenues	$5,334,282	$4,434,810	$5,297,832	$6,453,900	$12,674,700	$6,220,800	96.4%
Total Revenue Source:	**$33,022,049**	**$30,054,346**	**$31,864,056**	**$40,564,267**	**$41,963,043**	**$1,398,776**	**3.4%**

Expenditures by Expense Type: Where Will the Money Go?

Budgeted Expenditures by Expense Type



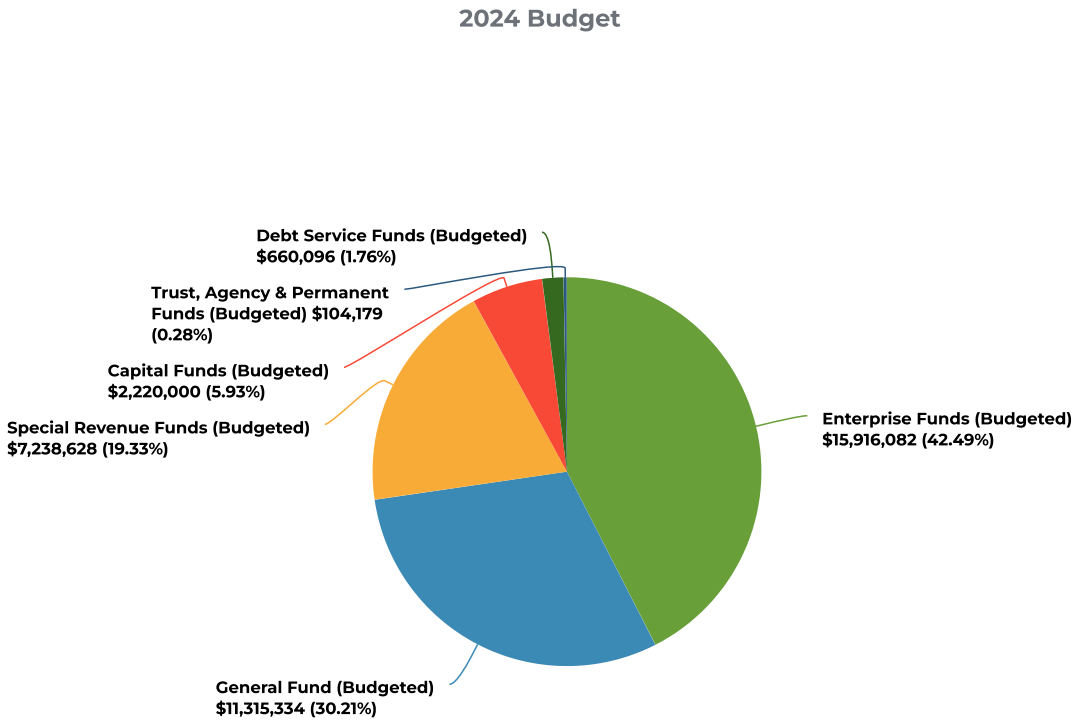
Budgeted and Historical Expenditures by Expense Type



Name	FY2020 Actuals	FY2021 Actuals	FY2022 Actuals	FY2023 Adopted	FY2024 Budgeted	FY2023 Adopted vs. FY2024 Budgeted ($ Change)	FY2023 Adopted vs. FY2024 Budgeted (% Change)
Expense Objects							
Salaries & Benefits	$9,510,231	$8,955,563	$9,355,379	$10,756,783	$10,882,523	$125,740	1.2%
Supplies	$991,047	$991,066	$1,309,970	$1,256,153	$1,359,861	$103,708	8.3%
Service Charges	$3,594,892	$3,949,262	$4,514,169	$7,657,694	$5,396,593	-$2,261,101	-29.5%
Intergovernmental Services	$1,307,270	$1,306,177	$1,373,631	$1,461,271	$1,589,710	$128,439	8.8%
Capital Outlay	$3,769,586	$1,014,684	$2,329,085	$12,505,502	$13,872,801	$1,367,299	10.9%
Debt Service - Interest & Issuance	$694,253	$1,069,389	$527,897	$512,004	$568,904	$56,900	11.1%
Non-Expense & Transfers	$5,205,352	$4,419,872	$5,329,210	$6,950,527	$9,630,521	$2,679,994	38.6%
Debt Service-Principal	$697,377	$709,627	$573,949	$662,927	$887,927	$225,000	33.9%
Other Services: Interfund	$3,233,347	$2,318,542	$2,369,441	$3,103,000	$2,896,000	-$207,000	-6.7%
Total Expense Objects:	**$29,003,356**	**$24,734,182**	**$27,682,731**	**$44,865,861**	**$47,084,840**	**$2,218,979**	**4.9%**



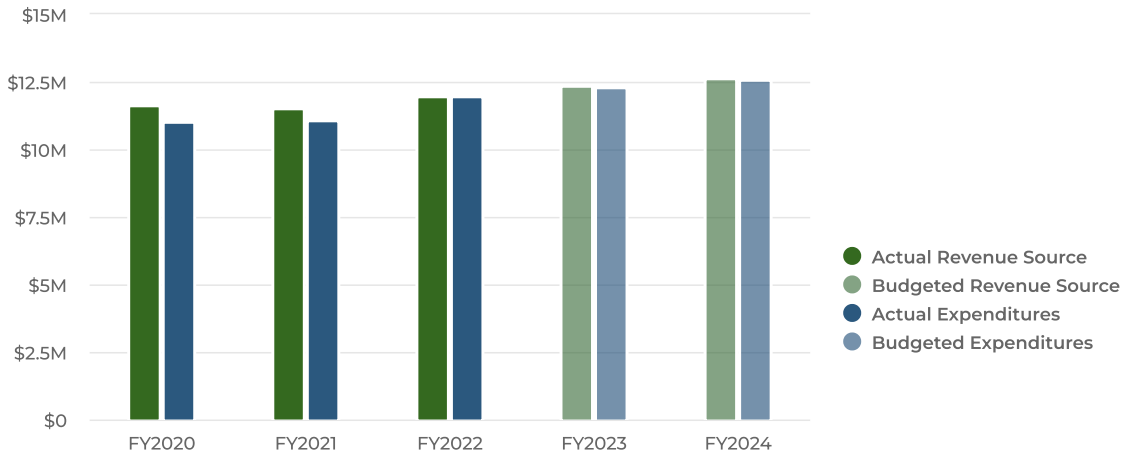
All City Programs Expenses - Excluding Transfers & Non-Expenses



Fund Categories	FY2020 Actuals	FY2021 Actuals	FY2022 Actuals	FY2023 Adopted	FY2024 Budgeted	FY2023 Adopted vs. FY2024 Budgeted ($ change)	FY2023 Adopted vs. FY2024 Budgeted (% change)
General Fund	9,936,251	10,061,290	9,721,179	10,972,482	11,315,334	342,852	3.1%
Total General Fund	**9,936,251**	**10,061,290**	**9,721,179**	**10,972,482**	**11,315,334**	**342,852**	**3.1%**
Street Unrestricted	787,004	919,645	1,073,328	1,103,186	1,223,336	120,150	10.9%
Stormwater Unrestricted	135,146	142,198	137,754	162,510	172,363	9,853	6.1%
Street Restricted	5,372,569	2,681,387	1,087,154	4,890,748	2,195,248	(2,695,500)	-55.1%
Lodging Tax Hotel/Motel	497,472	447,521	414,025	539,468	593,944	54,476	10.1%
StormWater Restricted	380,791	418,528	58,528	587,295	775,295	188,000	32.0%
Police Restricted	114,537	108,343	66,874	198,191	196,156	(2,035)	-1.0%
Police Asset Seizure	30,000	15,000		15,000	15,000	-	0.0%
Parks Restricted	409,738	698,821	238,566	420,104	535,303	115,199	27.4%
Arts & Culture-Arts Commission Programs	44,884	45,162	33,062	53,542	57,483	3,941	7.4%
Equipment Reserve	406,200	1,057,500	318,340	700,500	1,069,200	368,700	52.6%
American Rescue Plan Act			92,610	-	405,300	405,300	100.0%
Rainy Day Fund	455,000	435,000	472,316	-	-	-	0.0%
Total Special Revenue Funds	**8,633,341**	**6,969,105**	**3,992,557**	**8,670,544**	**7,238,628**	**(1,431,916)**	**-16.5%**
Debt Service Fund-City Hall	660,426	657,926	655,075	657,776	660,096	2,320	0.4%
Total Debt Service Funds	**660,426**	**657,926**	**655,075**	**657,776**	**660,096**	**2,320**	**0.4%**
Capital Facilities Fund	1,070,522	661,283	188,121	1,795,000	2,220,000	425,000	23.7%
Total Capital Funds	**1,070,522**	**661,283**	**188,121**	**1,795,000**	**2,220,000**	**425,000**	**23.7%**
Water Unrestricted	1,742,383	1,761,449	2,008,698	2,005,175	2,199,580	194,405	9.7%
Sewer Unrestricted	3,773,430	3,749,246	4,468,175	4,475,120	4,601,383	126,263	2.8%
Water Restricted	1,345,721	1,390,409	943,097	3,655,192	5,635,073	1,979,881	54.2%
Sewer Restricted	2,925,797	2,653,547	372,726	5,498,046	3,480,046	(2,018,000)	-36.7%
Total Enterprise Funds	**9,787,331**	**9,554,651**	**7,792,696**	**15,633,533**	**15,916,082**	**282,549**	**1.8%**
Unemployment Compensation	98,000	98,000	2,019	40,000	40,000	-	0.0%
Intergovernmental Agency Fund	146,000	146,000	1,874	146,000	47,179	(98,821)	-67.7%
Hall Park Fund	-	-	-	-	17,000	17,000	100.0%
Total Trust, Agency & Permanent Funds	**244,000**	**244,000**	**3,893**	**186,000**	**104,179**	**(81,821)**	**-44.0%**
TOTAL	30,331,871	28,148,255	22,353,521	37,915,335	37,454,319	(461,016)	-1.2%

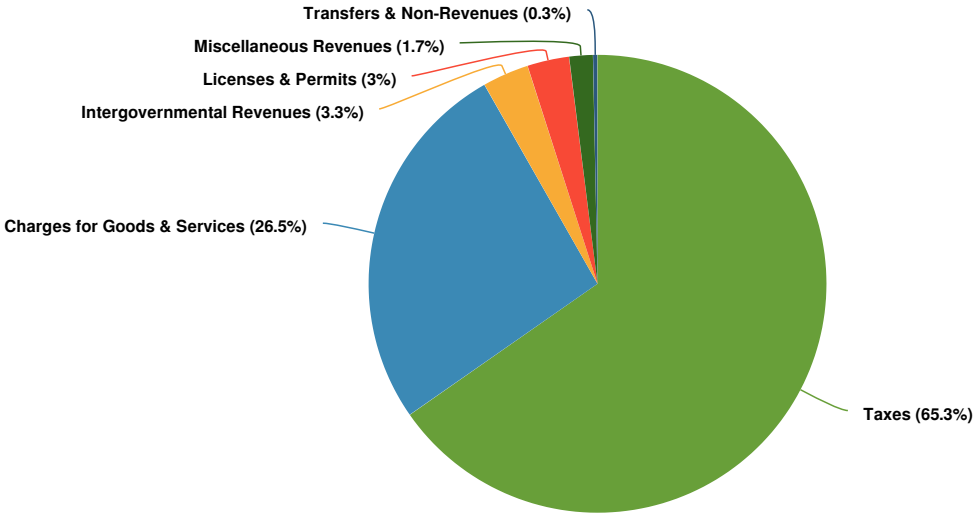
Summary

The City of Sequim is projecting $12.68M of revenue in FY2024, which represents a 2.3% increase over the prior year. Budgeted expenditures are projected to increase by 2.1% or $260.85K to $12.62M in FY2024.

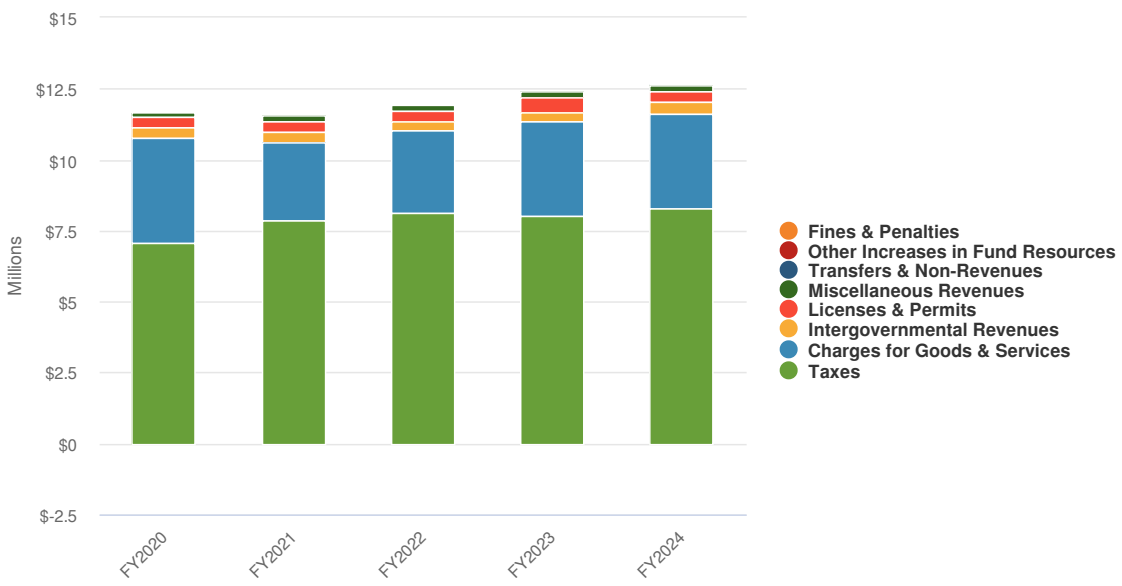


General Fund Revenues

Projected Revenues by Source



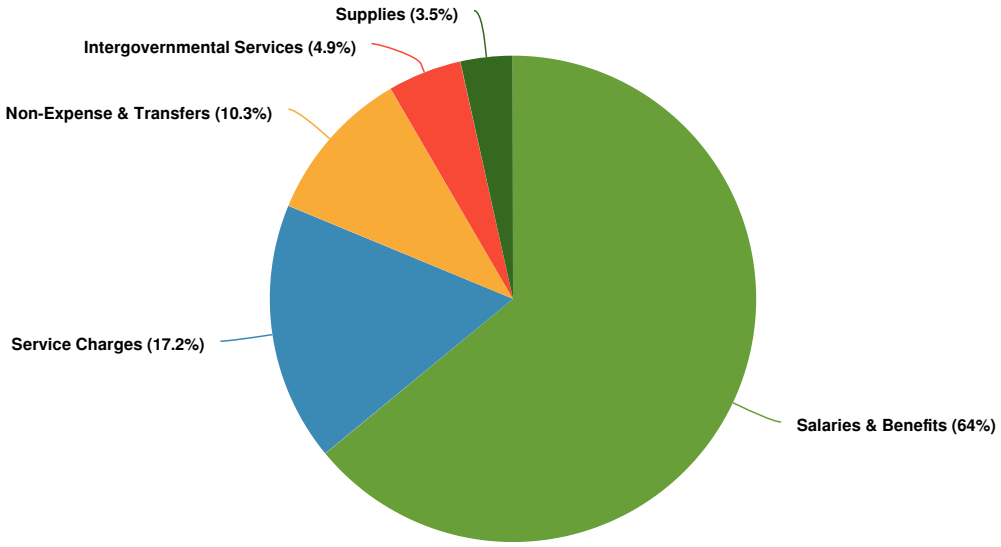
Budgeted and Historical Revenues by Source



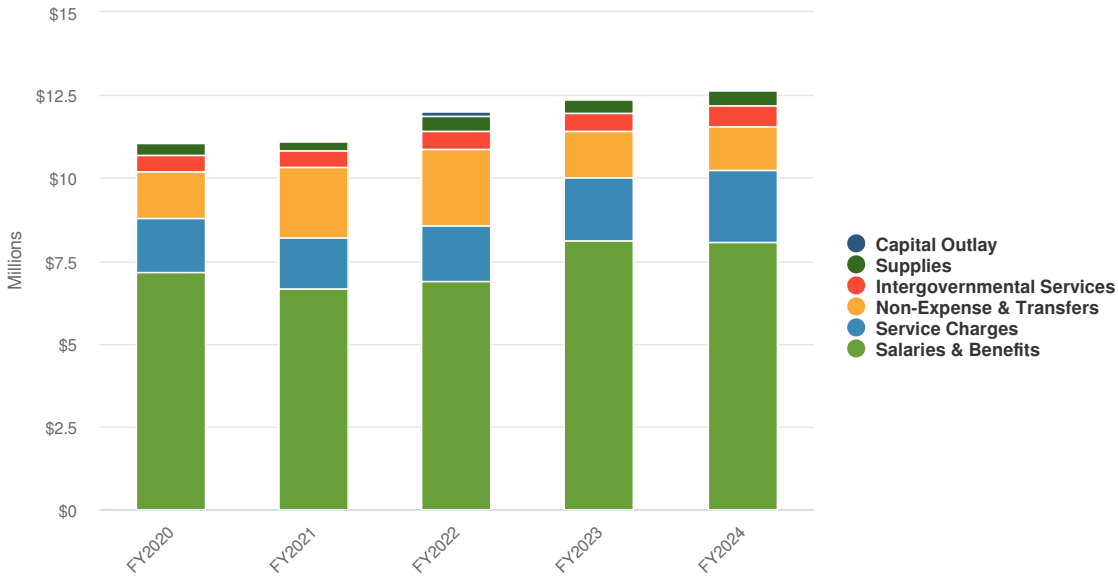
Name	FY2020 Actuals	FY2021 Actuals	FY2022 Actuals	FY2023 Adopted	FY2024 Budgeted	FY2023 Adopted vs. FY2024 Budgeted ($ Change)	FY2023 Adopted vs. FY2024 Budgeted (% Change)
Revenue Source							
Taxes	$7,061,446	$7,868,139	$8,146,297	$8,022,514	$8,280,019	$257,505	3.2%
Licenses & Permits	$386,085	$404,165	$363,172	$555,245	$375,745	-$179,500	-32.3%
Intergovernmental Revenues	$360,044	$339,627	$317,593	$325,168	$413,917	$88,749	27.3%
Charges for Goods & Services	$3,708,293	$2,761,960	$2,906,207	$3,318,116	$3,356,666	$38,550	1.2%
Fines & Penalties	$422		$100			$0	N/A
Miscellaneous Revenues	$167,084	$169,077	$188,378	$172,035	$211,469	$39,434	22.9%
Other Increases in Fund Resources	$656	-$43	$2,275	$0	$0	$0	0%
Transfers & Non-Revenues	$5,196	$34,637	$50,646	$0	$40,000	$40,000	N/A
Total Revenue Source:	**$11,689,225**	**$11,577,563**	**$11,974,668**	**$12,393,078**	**$12,677,816**	**$284,738**	**2.3%**

General Fund Expenditures

Budgeted Expenditures by Expense Type



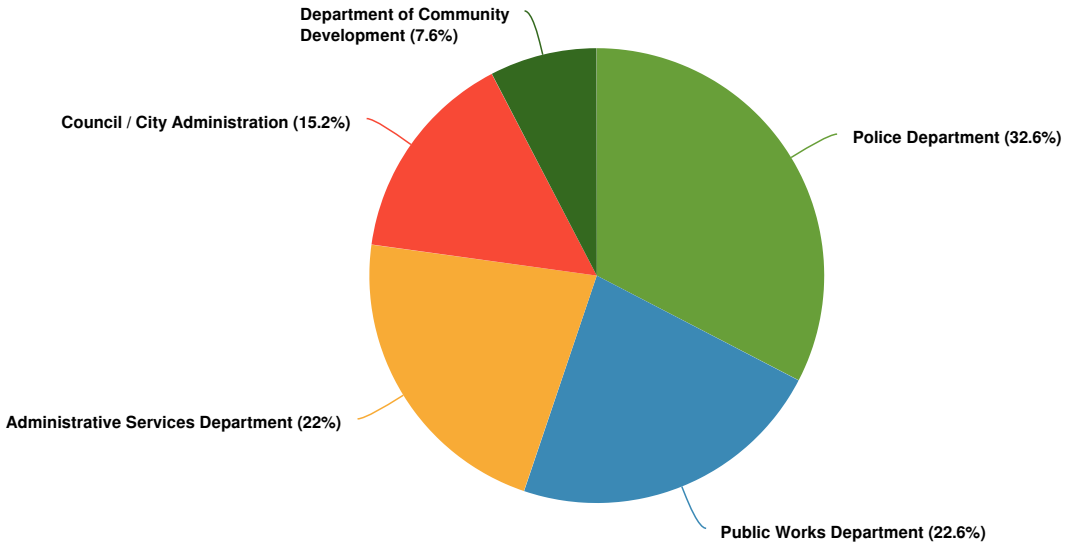
Budgeted and Historical Expenditures by Expense Type



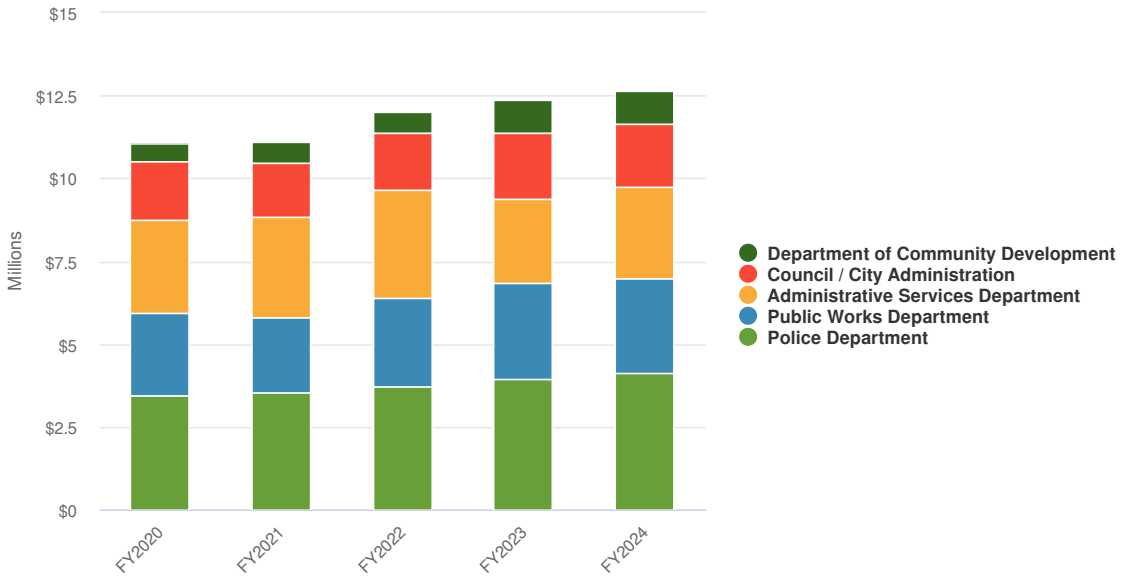
Name	FY2020 Actuals	FY2021 Actuals	FY2022 Actuals	FY2023 Adopted	FY2024 Budgeted	FY2023 Adopted vs. FY2024 Budgeted ($ Change)	FY2023 Adopted vs. FY2024 Budgeted (% Change)
Expense Objects							
Salaries & Benefits	$7,160,818	$6,647,206	$6,875,231	$8,101,768	$8,083,692	-$18,076	-0.2%
Supplies	$323,319	$287,122	$456,504	$407,973	$439,652	$31,679	7.8%
Service Charges	$1,622,495	$1,556,901	$1,706,594	$1,912,714	$2,172,109	$259,395	13.6%
Intergovernmental Services	$525,146	$506,785	$555,094	$550,026	$619,881	$69,855	12.7%
Capital Outlay	$28,956	$0	$127,756	$0	$0	$0	0%
Non-Expense & Transfers	$1,406,925	$2,114,300	$2,298,540	$1,388,200	$1,306,200	-$82,000	-5.9%
Total Expense Objects:	**$11,067,659**	**$11,112,313**	**$12,019,719**	**$12,360,681**	**$12,621,534**	**$260,853**	**2.1%**

General Fund Expenditures by Department

Budgeted Expenditures by Department



Budgeted and Historical Expenditures by Department

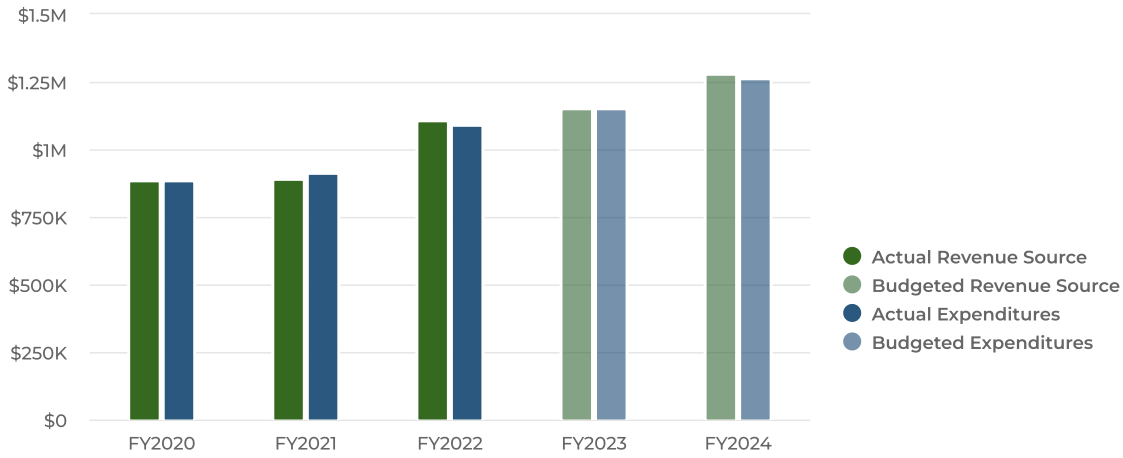


Name	FY2020 Actuals	FY2021 Actuals	FY2022 Actuals	FY2023 Adopted	FY2024 Budgeted	FY2023 Adopted vs. FY2024 Budgeted ($ Change)	FY2023 Adopted vs. FY2024 Budgeted (% Change)
Expenditures							
Council / City Administration	$1,738,810	$1,627,856	$1,710,083	$1,967,283	$1,915,792	-$51,491	-2.6%
Police Department	$3,463,797	$3,539,315	$3,717,595	$3,949,065	$4,116,948	$167,883	4.3%
Department of Community Development	$568,880	$629,758	$660,281	$996,975	$963,505	-$33,470	-3.4%
Administrative Services Department	$2,804,093	$3,060,472	$3,247,011	$2,534,968	$2,776,967	$241,999	9.5%
Public Works Department	$2,492,080	$2,254,912	$2,684,749	$2,912,390	$2,848,322	-$64,068	-2.2%
Total Expenditures:	**$11,067,659**	**$11,112,313**	**$12,019,719**	**$12,360,681**	**$12,621,534**	**$260,853**	**2.1%**

Streets Operating

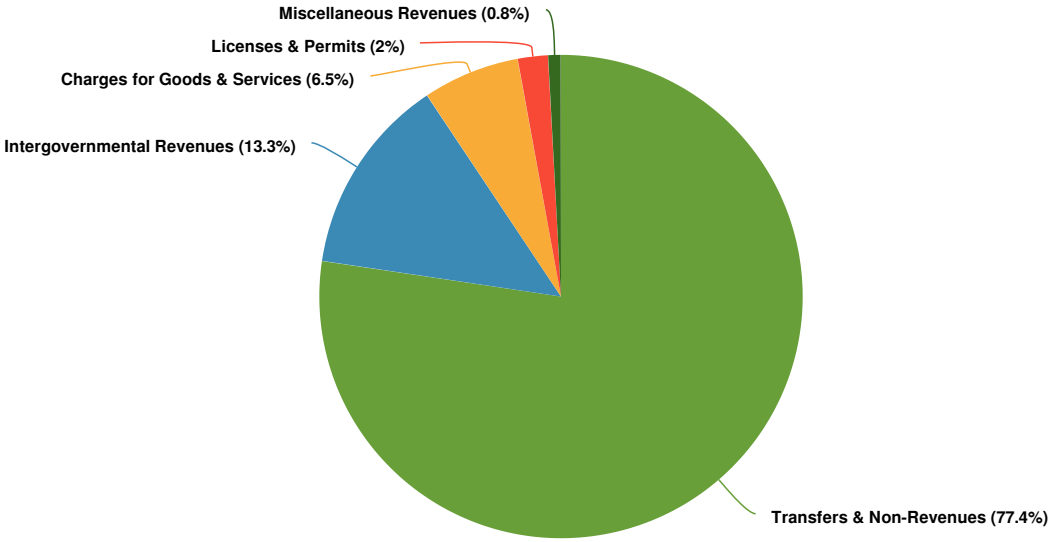
Summary

The City of Sequim is projecting $1.28M of revenue in FY2024, which represents a 11.1% increase over the prior year. Budgeted expenditures are projected to increase by 10% or $115.15K to $1.27M in FY2024.

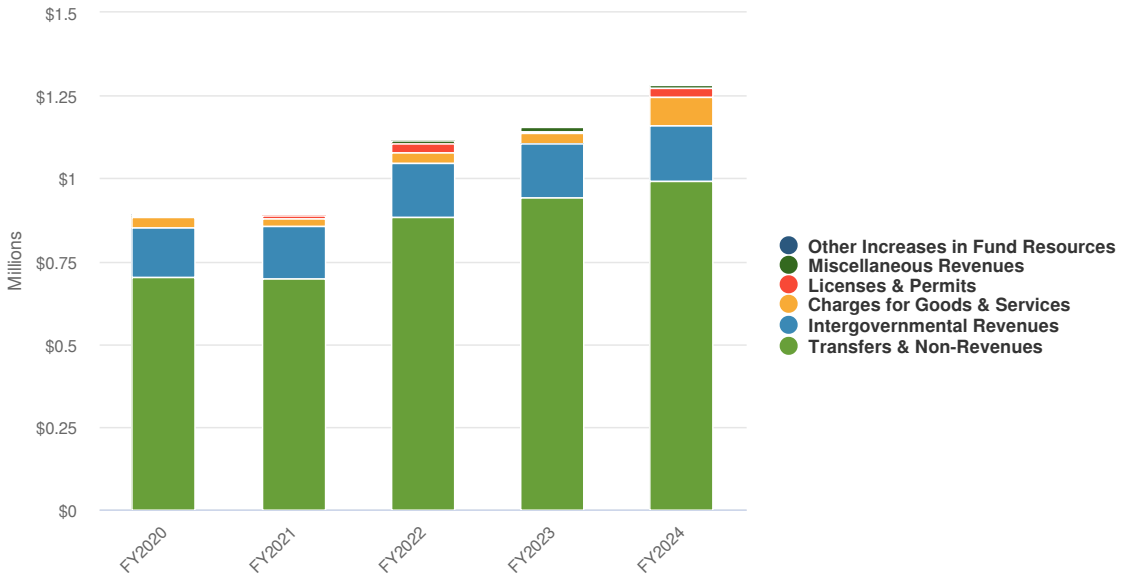


Streets Operating Revenues

Projected Revenues by Source



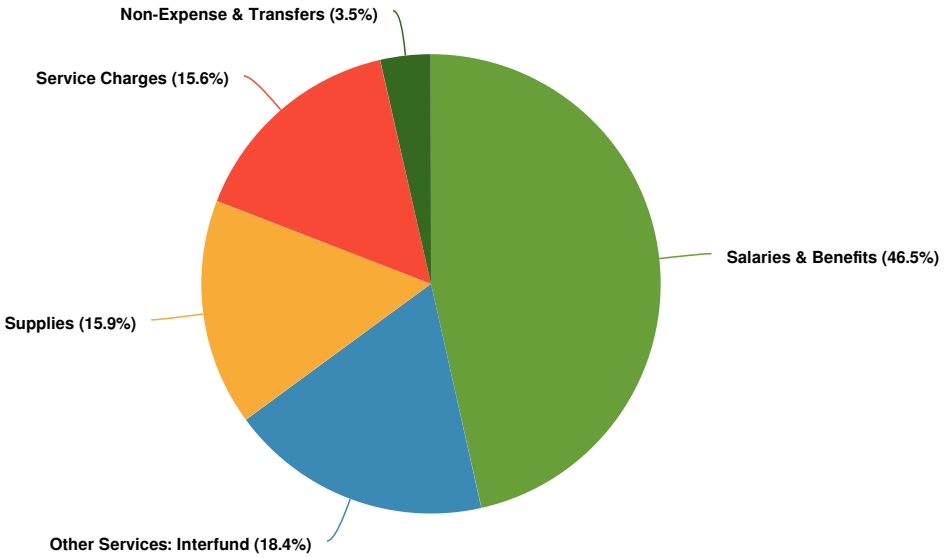
Budgeted and Historical Revenues by Source



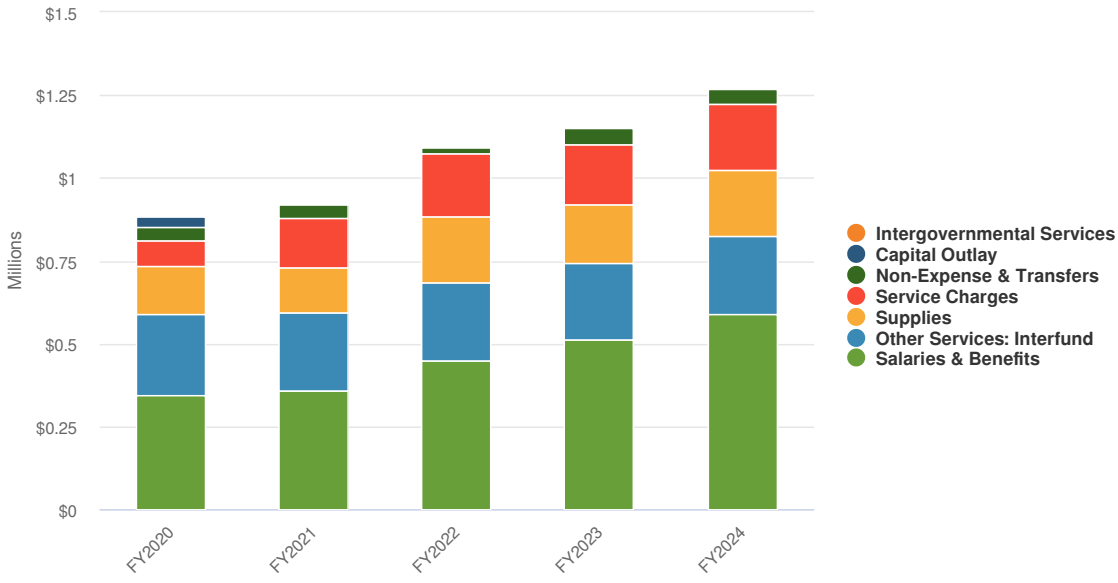
Name	FY2020 Actuals	FY2021 Actuals	FY2022 Actuals	FY2023 Adopted	FY2024 Budgeted	FY2023 Adopted vs. FY2024 Budgeted ($ Change)	FY2023 Adopted vs. FY2024 Budgeted (% Change)
Revenue Source							
Licenses & Permits	$570	$6,682	$27,613	$6,500	$26,000	$19,500	300%
Intergovernmental Revenues	$152,960	$160,731	$163,240	$165,582	$170,373	$4,791	2.9%
Charges for Goods & Services	$29,116	$23,231	$31,002	$31,001	$83,101	$52,100	168.1%
Miscellaneous Revenues	$6,659	$4,296	$8,487	$10,820	$10,820	$0	0%
Other Increases in Fund Resources	$1,000					$0	N/A
Transfers & Non-Revenues	$700,950	$697,335	$883,022	$940,700	$992,000	$51,300	5.5%
Total Revenue Source:	**$891,255**	**$892,275**	**$1,113,363**	**$1,154,603**	**$1,282,294**	**$127,691**	**11.1%**

Streets Operating Expenditures

Budgeted Expenditures by Expense Type



Budgeted and Historical Expenditures by Expense Type



Name	FY2020 Actuals	FY2021 Actuals	FY2022 Actuals	FY2023 Adopted	FY2024 Budgeted	FY2023 Adopted vs. FY2024 Budgeted ($ Change)	FY2023 Adopted vs. FY2024 Budgeted (% Change)
Expense Objects							
Salaries & Benefits	$342,874	$358,018	$450,072	$511,026	$589,650	$78,624	15.4%
Supplies	$147,915	$137,192	$197,321	$175,840	$202,105	$26,265	14.9%
Service Charges	$78,491	$149,384	$190,992	$182,320	$197,581	$15,261	8.4%
Intergovernmental Services	$6,540					$0	N/A
Capital Outlay	$30,735					$0	N/A
Non-Expense & Transfers	$39,000	$39,232	$19,000	$50,000	$45,000	-$5,000	-10%
Other Services: Interfund	$243,989	$234,886	$234,943	$234,000	$234,000	$0	0%
Total Expense Objects:	**$889,545**	**$918,712**	**$1,092,328**	**$1,153,186**	**$1,268,336**	**$115,150**	**10%**

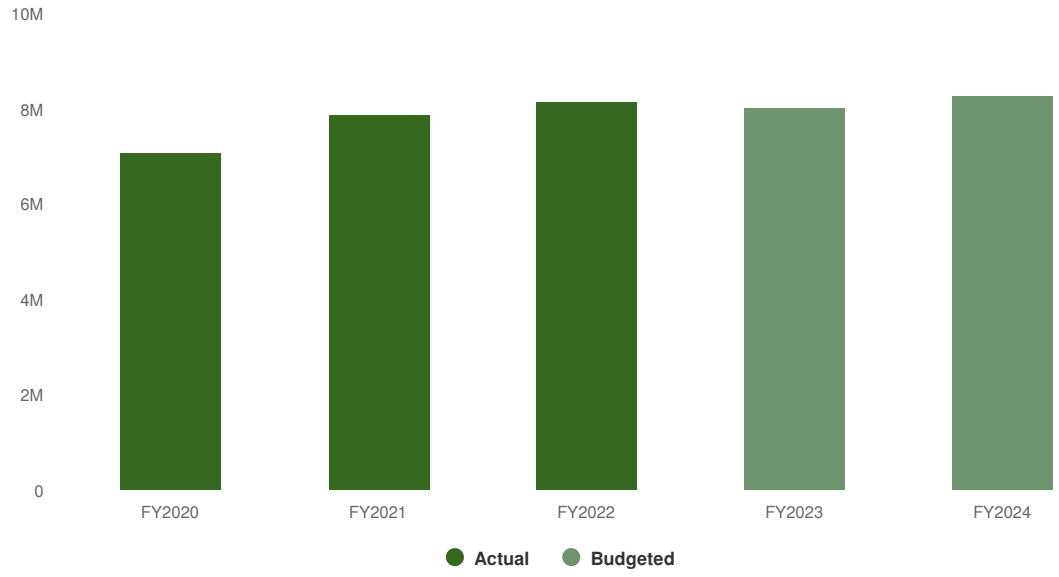


FUNDING SOURCES

General Fund Revenues - Taxes Including B&O

$8,280,019 $257,505
(3.21% vs. prior year)

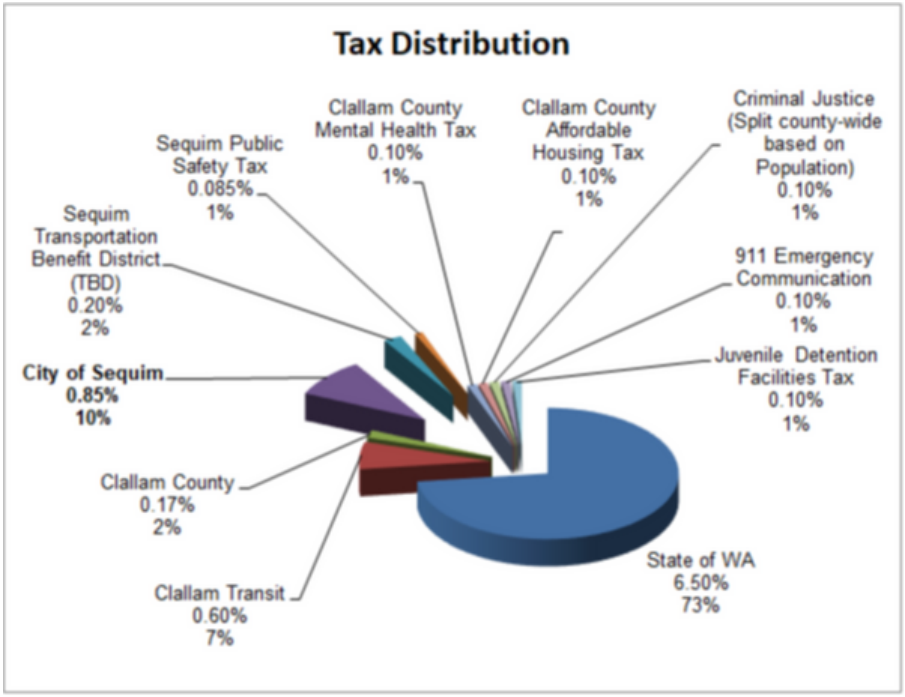
General Fund Revenues Proposed and Historical Budget vs. Actual



Revenues by Source

Name	FY2020 Actuals	FY2021 Actuals	FY2022 Actuals	FY2023 Adopted	FY2024 Budgeted	FY2023 Adopted vs. FY2024 Budgeted ($ Change)	FY2023 Adopted vs. FY2024 Budgeted (% Change)
Revenue Source							
Taxes							
All City & General Fund Summary							
Real & Personal Property Tax	$1,600,665	$1,667,891	$1,714,954	$1,755,080	$1,818,840	$63,760	3.6%
Sales & Use Tax	$3,557,529	$4,224,238	$4,372,721	$4,192,431	$4,320,017	$127,586	3%
WATER B&O	$201,532	$212,129	$223,401	$217,336	$228,843	$11,507	5.3%
SEWER B&O	$356,741	$372,459	$378,491	$399,838	$405,000	$5,162	1.3%
Electric-BusinessOccTax	$684,322	$712,713	$761,168	$744,033	$804,940	$60,907	8.2%
Garbage-BusinessOccTa	$212,032	$227,946	$239,993	$234,259	$245,620	$11,361	4.8%
Cable-BusinessOccTax	$103,482	$119,317	$86,062	$88,437	$86,062	-$2,375	-2.7%
Telephone-Business Occ Tax	$159,573	$110,810	$129,102	$161,300	$130,000	-$31,300	-19.4%
Leasehold Excise Tax	$48,438	$51,082	$55,313	$51,872	$53,955	$2,083	4%
Interest on Excise Tax		$0				$0	N/A
Total All City & General Fund Summary:	**$6,924,314**	**$7,698,584**	**$7,961,203**	**$7,844,586**	**$8,093,277**	**$248,691**	**3.2%**
Police Department							
Criminal Justice Tax	$137,132	$169,555	$185,093	$177,928	$186,742	$8,814	5%
Total Police Department:	**$137,132**	**$169,555**	**$185,093**	**$177,928**	**$186,742**	**$8,814**	**5%**
Total Taxes:	**$7,061,446**	**$7,868,139**	**$8,146,297**	**$8,022,514**	**$8,280,019**	**$257,505**	**3.2%**
Total Revenue Source:	**$7,061,446**	**$7,868,139**	**$8,146,297**	**$8,022,514**	**$8,280,019**	**$257,505**	**3.2%**

8.90% Sales Tax Distribution - Within the City Limits



Distribution of Sales Tax Dollars		Estimated Annual Sequim Sales	Estimated Tax Revenue Generated
Total Tax %	**8.90%**	**$508,237,294**	**$45,233,119**
State of WA	6.50%		33,035,424
Clallam Transit	0.60%		3,049,424
Clallam County	0.17%		838,592
City of Sequim	**0.85%**		**4,320,017**
Sequim Transportation Benefit District (TBD)	0.20%		1,016,475
Sequim Public Safety Tax	0.085%		432,002
Clallam County Mental Health Tax	0.10%		508,237
Clallam County Affordable Housing Tax	0.10%		508,237
Criminal Justice (Split county-wide based on Populatic	0.10%		508,237
911 Emergency Communication	0.10%		508,237
Juvenile Detention Facilities Tax	0.10%		508,237

2023 Example of Sales Tax Collection

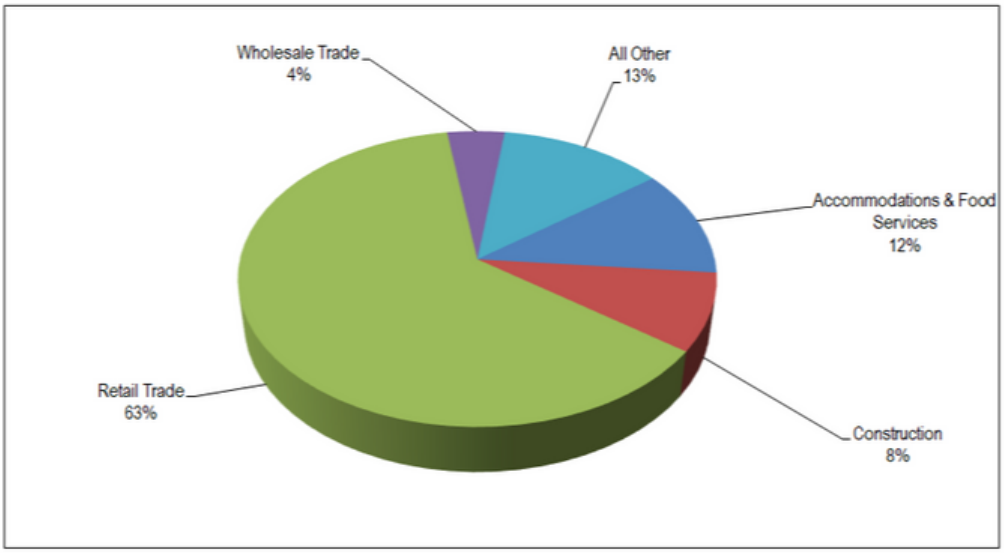


Sequim Sale	Total Sales Tax	State Share	All Other Share	City Of Sequim Share
$1,000	$89	$65	$13	**$11**
$5,000	$445	$325	$63	**$57**
$10,000	$890	$650	$127	**$114**
$25,000	$2,225	$1,625	$316	**$284**

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.

Annual Sales Tax by Industry - Estimate based on 2023 Forecast

Annual Sales Tax by Industry - Estimate based on 2023 Forecast



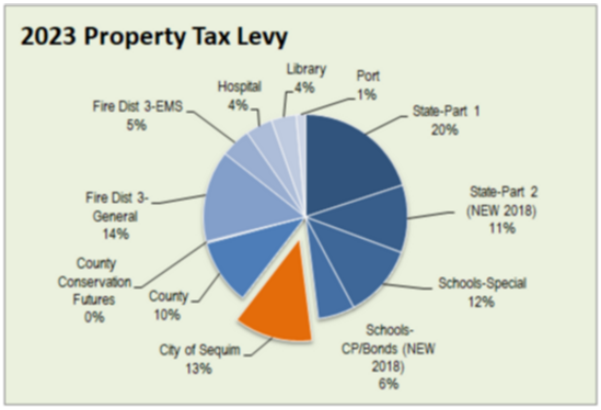
	2019 Actual	2020 Actuals	2021 Actuals	2022 Actuals	2023 Forecast	2024 Budget	2024-2023 Amount	%
Accommodations & Food Services	434,965	379,028	475,437	516,988	503,181			
Construction	438,049	293,034	425,159	409,737	365,559	Budget detail		
Retail Trade	2,218,391	2,370,048	2,675,324	2,690,394	2,692,231	by Industry not		
Wholesale Trade	130,115	120,375	124,503	189,685	189,230	available		
All Other	397,784	420,230	542,908	575,241	541,887			
State Adjustments	(29,201)	(25,186)	(19,095)	(9,325)	8,601			
Total	**$ 3,590,102**	**$ 3,557,529**	**$ 4,224,237**	**$ 4,372,720**	**$ 4,300,689**	**$ 4,320,017**	**$ 19,328**	**0.45%**
Estimated Annual Sequim Sales	*$ 422,364,941*	*$ 418,532,824*	*$ 496,969,059*	*$ 514,437,647*	*$ 505,963,412*	*$ 508,237,294*		

Distribution of Sequim Property Tax Dollars

	2021			2022			2023		
Taxing District	Levy Rate per $1,000 Valuation	Percent of Levy	Tax on a $250k Home	Levy Rate per $1,000 Valuation	Percent of Levy	Tax on a $250k Home	Levy Rate per $1,000 Valuation	Percent of Levy	Tax on a $250k Home
State-Part 1	1.900	20%	475	1.793	23%	448	1.562	20%	390
State-Part 2 (NEW 2018)	1.022	11%	256	0.966	12%	241	0.835	11%	209
Schools-Special	1.226	13%	306	1.109	14%	277	0.903	12%	226
Schools-CP/Bonds (NEW 2018)		0%	-	0.562	7%	141	0.455	6%	114
City of Sequim	**1.273**	**14%**	**318**	**1.148**	**15%**	**287**	**0.977**	**12%**	**244**
County	1.083	12%	271	0.988	13%	247	0.813	10%	203
County Conservation Futures	0.026	0%	6	0.023	0%	6	0.019	0%	5
Fire Dist 3-General	1.346	14%	336	1.279	16%	320	1.132	14%	283
Fire Dist 3-EMS	0.500	5%	125	0.453	6%	113	0.370	5%	93
Hospital	0.446	5%	112	0.406	5%	102	0.334	4%	84
Library	0.412	4%	103	0.376	5%	94	0.309	4%	77
Port	0.150	2%	37	0.137	2%	34	0.113	1%	28
Total Levy	**9.384**	**100%**	**2,346**	**9.241**	**118%**	**2,310**	**7.822**	**100%**	**1,956**

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.

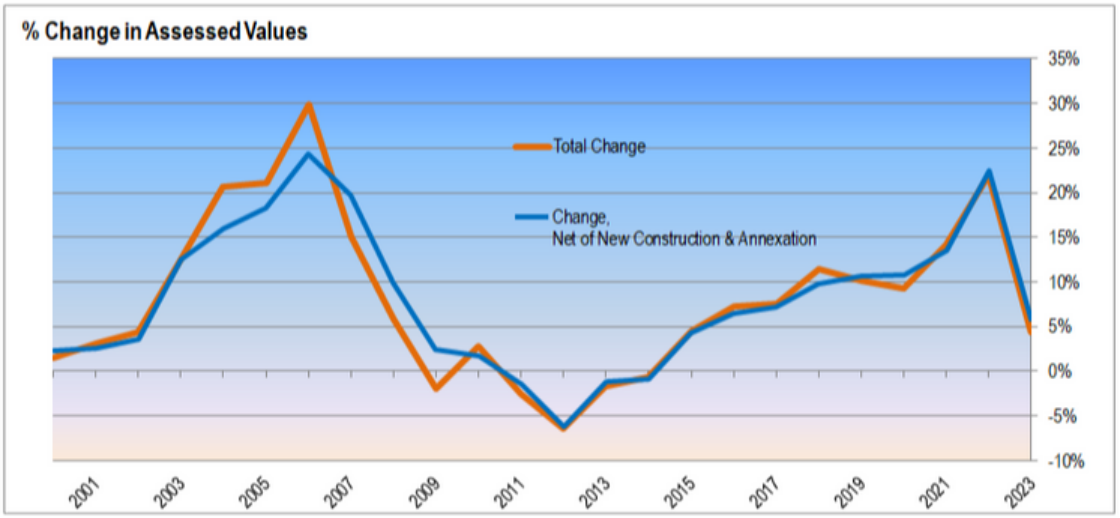
C. The City may levy taxes below the legal limit. Special levies approved by the voters are not subject to the above limitations.

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.

Assessed Values

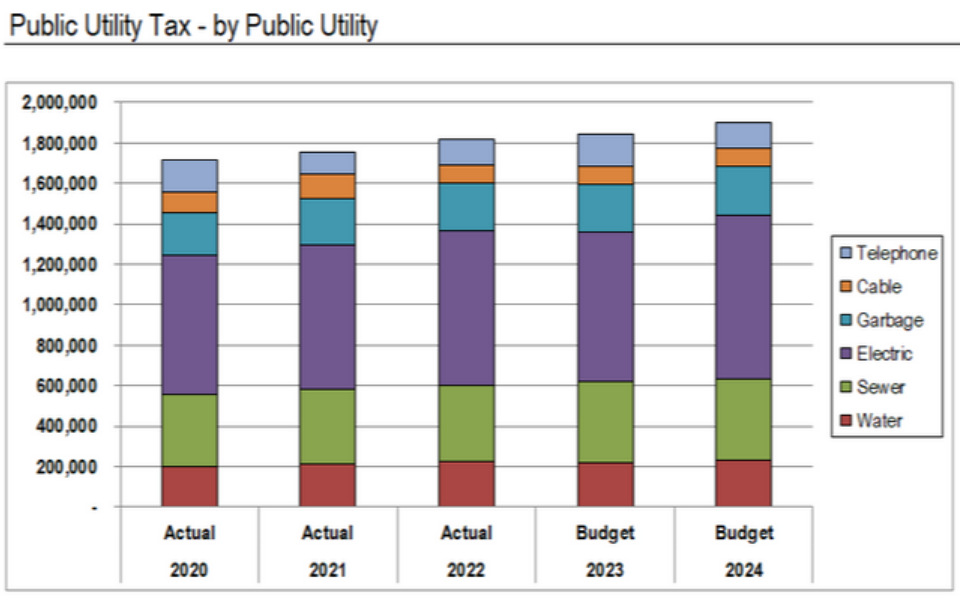
Assessment Yr.	Collection Yr.	Total Tax Collections	Total Assessed Valuation (incl. New Construction & Annexation)	New Construction	Annexation	Total Change	Change, Net of New Construction & Annexation
2023	2024	1,818,840	1,900,000,000	16,665,000		4.39%	5.62%
2022	2023	1,778,659	1,820,084,367	36,914,025	-	21.89%	22.51%
2021	2022	1,714,128	1,493,196,143	37,649,354	-	14.15%	13.51%
2020	2021	1,664,763	1,308,100,815	25,769,571	-	9.31%	10.76%
2019	2020	1,611,688	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.

Public Utility Tax - by Public Utility

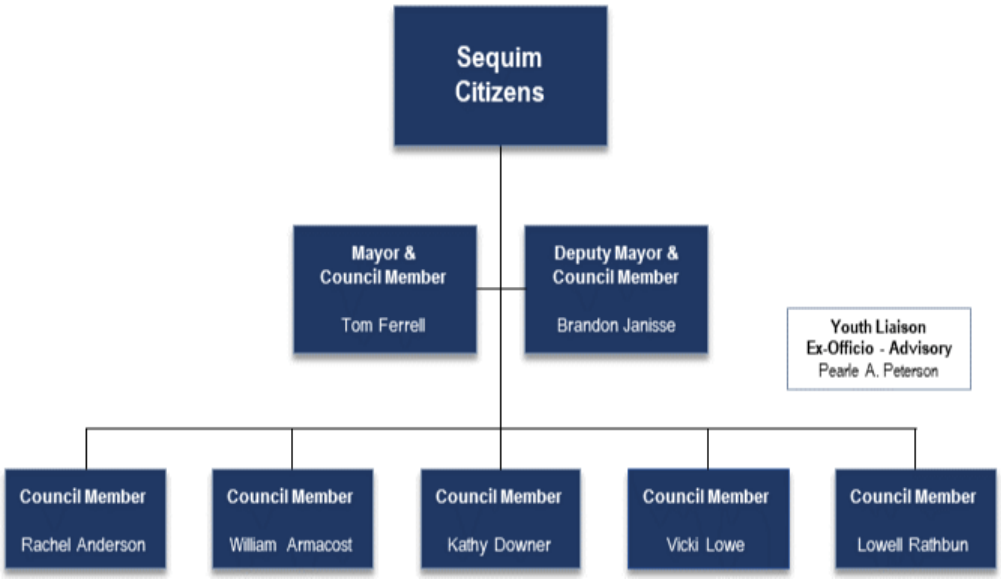


Tax Rate*	Public Utility	2020 Actual	2021 Actual	2022 Actual	2023 Budget	2024 Budget	2024-2023 Amount	%
8%	Water	201,532	212,129	223,401	217,336	228,843	11,507	5%
8%	Sewer	356,741	372,459	378,491	399,838	405,000	5,162	1%
6%	Electric	684,322	712,713	761,168	744,033	804,940	60,907	8%
8%	Garbage	212,032	227,946	239,993	234,259	245,620	11,361	5%
5%	Cable	103,482	119,317	86,062	88,437	86,062	(2,375)	-3%
6%	Telephone	159,573	110,810	129,102	161,300	130,000	(31,300)	-19%
	Total	$ 1,717,682	$ 1,755,373	$ 1,818,216	$ 1,845,203	$ 1,900,465	$ 55,262	3%

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

DEPARTMENTS

City Council Organization



- Adopts local ordinances & resolutions
- Approves contracts
- Establishes policy
- Approves the budget
- Approves various legislative land use action
- 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



City Council

Department Description
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.

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.

Mission
The mission of the City Council is to provide quality, cost-effective services and facilities to build an exceptional community and a great place to live.

Key Goals

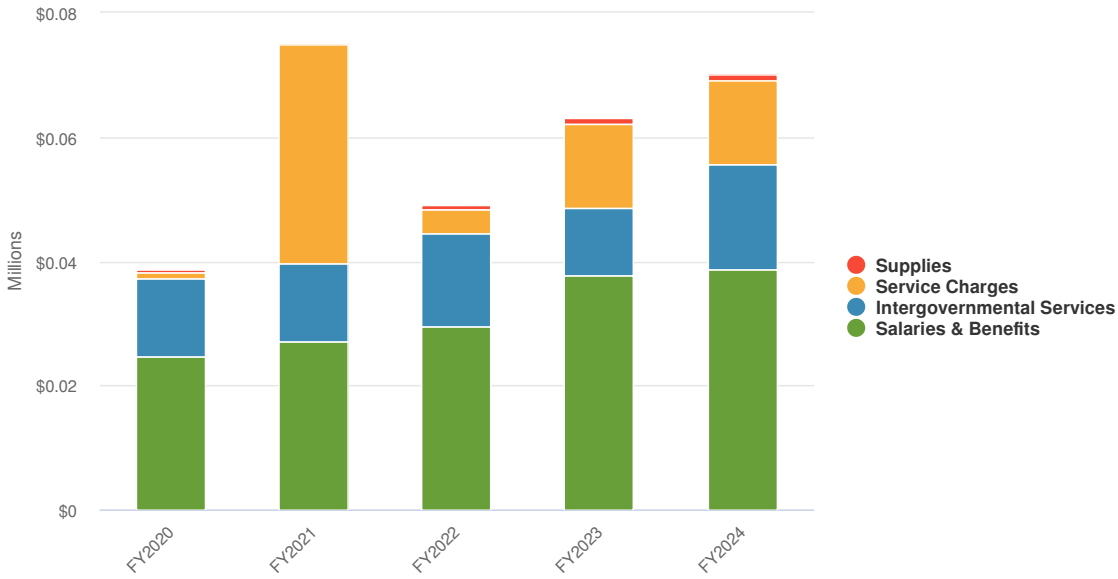
- Economic Development
- Housing
- Parks
- Transportation

Summary

Expenditure Summary
This budget increased by $7k (11%) from the 2023 Budget due an increase in Council member stipends (as determined by the Council Salary Commission to be more equitable and in line with comparable cities) and increases in election and voter registration costs.

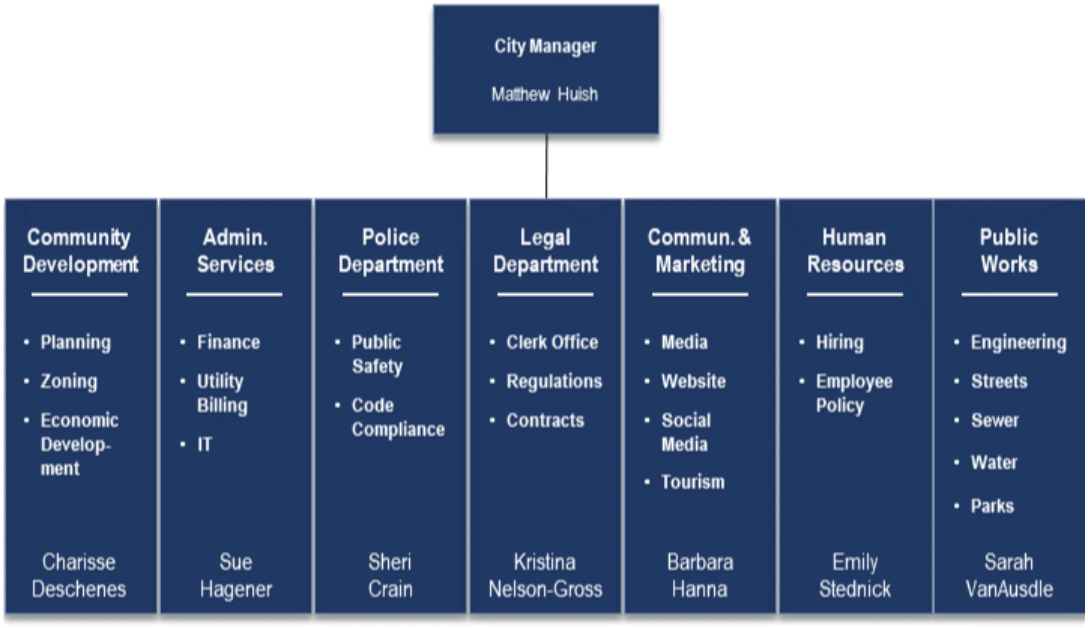
City Council Expenditures

Budgeted and Historical Expenditures by Expense Type



Name	FY2020 Actuals	FY2021 Actuals	FY2022 Actuals	FY2023 Adopted	FY2024 Budgeted	FY2023 Adopted vs. FY2024 Budgeted ($ Change)	FY2023 Adopted vs. FY2024 Budgeted (% Change)
Expense Objects							
Salaries & Benefits	$24,721	$27,124	$29,499	$37,689	$38,624	$935	2.5%
Supplies	$708	$17	$890	$1,000	$1,000	$0	0%
Service Charges	$773	$35,378	$3,714	$13,450	$13,450	$0	0%
Intergovernmental Services	$12,572	$12,461	$15,055	$11,000	$17,000	$6,000	54.5%
Total Expense Objects:	**$38,775**	**$74,981**	**$49,158**	**$63,139**	**$70,074**	**$6,935**	**11%**

City Administration Organization

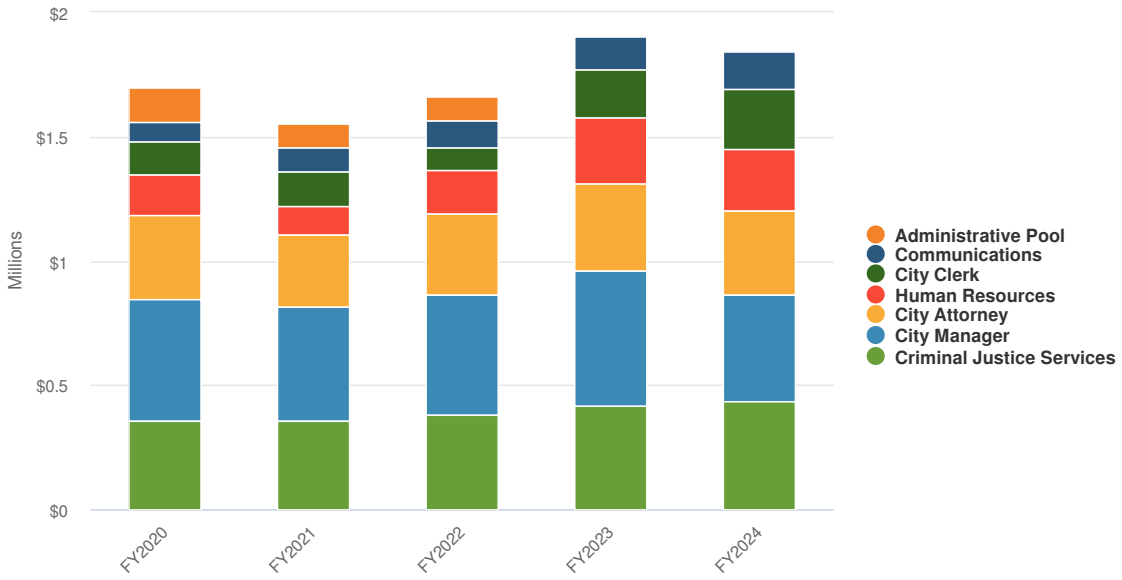




City Administration Department Overview

City Administration Expenditures

Budgeted and Historical Expenditures by Function



Name	FY2020 Actuals	FY2021 Actuals	FY2022 Actuals	FY2023 Adopted	FY2024 Budgeted	FY2023 Adopted vs. FY2024 Budgeted ($ Change)	FY2023 Adopted vs. FY2024 Budgeted (% Change)
Expenditures							
Council / City Administration							
City Clerk	$133,754	$138,914	$89,671	$189,307	$239,915	$50,608	26.7%
City Manager	$494,109	$457,978	$485,319	$541,857	$426,053	-$115,804	-21.4%
City Attorney	$333,717	$292,698	$321,690	$353,773	$341,403	-$12,370	-3.5%
Communications	$82,036	$92,993	$112,164	$136,296	$154,206	$17,910	13.1%
Human Resources	$162,010	$113,034	$177,878	$266,485	$248,560	-$17,925	-6.7%
Administrative Pool	$139,803	$99,450	$93,700			$0	N/A
Criminal Justice Services	$354,605	$357,808	$380,502	$416,426	$435,581	$19,155	4.6%
Total Council / City Administration:	**$1,700,034**	**$1,552,875**	**$1,660,925**	**$1,904,144**	**$1,845,718**	**-$58,426**	**-3.1%**
Total Expenditures:	**$1,700,034**	**$1,552,875**	**$1,660,925**	**$1,904,144**	**$1,845,718**	**-$58,426**	**-3.1%**

City Manager

Department Description

The City Manager's Office (CMO) implements and operationalizes policy decisions from the City Council. The CMO provides organizational, management and strategic support and direction to all city departments and staff. Additionally, the CMO is responsible for preparing a proposed annual budget and long-range financial plan to City Council for their review and approval. The CMO is committed to its vision, mission and foundational values which drive all business decisions. Utilizing data and analytics for decision support are key. The CMO also works closely with elected officials, community businesses, public agencies, Tribal leadership, resident/volunteer groups, other organized entities as well as city designated commissions and committees.

Vision

To be Washington's most sought-after city to work and live in.

Mission

To provide maximum VALUE to our community by:

- Providing high-quality municipal services
- Ensuring superb customer (co-workers, citizens, businesses) satisfaction
- Decreasing costs through technology and improved efficiencies discovered through continual process improvement

Foundational Values

- Honesty, Integrity, Fairness
- Customer Centric, Clear Communication
- Teamwork, Collaboration
- State-of-the-art Technology, Equipment, Tools
- Data Analytics, CQI, Decision Support, Subject Matter Expertise
- Engagement, Ownership, Solution Orientation
- Strong Work, Commitment, Ethics
- Ongoing Personal, Professional Learning
- Professional Competency, Subject Matter Expertise

Key Goals

- **Improved Municipal Infrastructure:** Execution of an extensive Capital Improvement Program (CIP) per the identified infrastructure needs regarding city streets, water, sewer, parks, and facilities.
- **Community Engagement:** Increased resident and business communications through satisfaction surveying, improved website and social media initiatives, community (comprehensive/master) planning opportunities, park development, and quality-of-life interactions.
- **Digital Transformation:** Implementation of a smart city, e-government automation plan to decrease operational costs while increasing efficiencies, access, cybersecurity, employee satisfaction and productivity.
- **Workforce Stabilization:** Investing in staff retention through competitive salaries, benefits, and skill-set development while also ensuring a seamless succession of senior management transitioning into planned retirement.
- **Continual Process Improvement**: Evaluating all processes for improvement opportunities by implementing efficiencies and eliminating waste in time and materials. Evaluating return on investment with every decision, mandating data-driven decisions, and expansion of analytics and business intelligence across all departments.

Summary

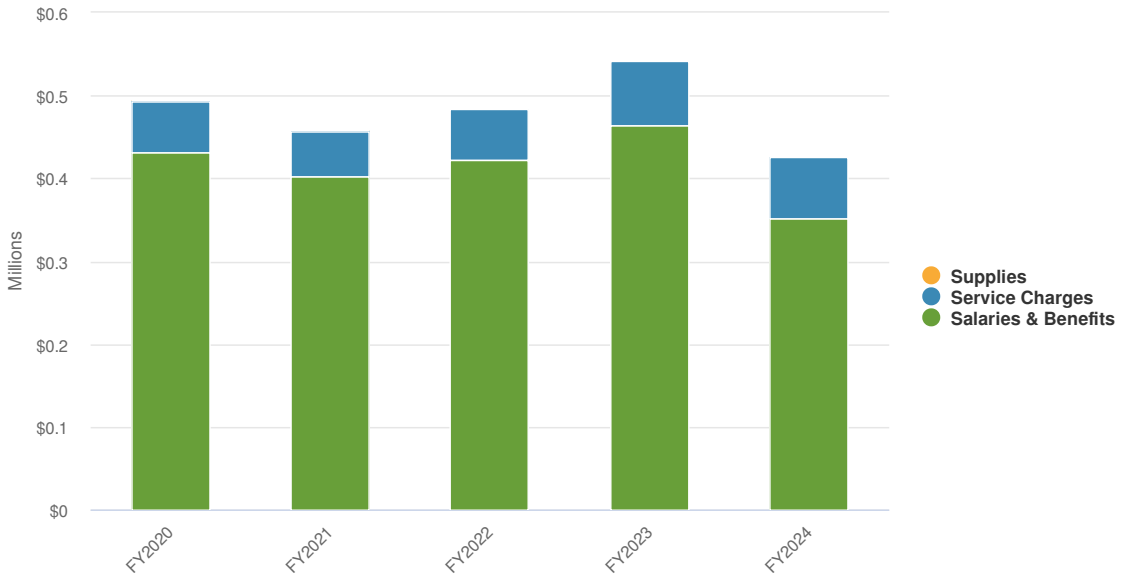
Expenditure Summary

This budget decreased by $116k (21%) from the 2023 Budget primarily due to a .5 net reduction in FTE which included the removal of the Assistant City Manager position (1 FTE) from this department, movement of the Assistant City Clerk (.5 FTE) to the Clerk's Office, and the addition of an Executive Administrative Assistant (1FTE). An appropriate decrease in training/travel was made to accompany the reduction in staffing.



City Manager Expenditures

Budgeted and Historical Expenditures by Expense Type



Name	FY2020 Actuals	FY2021 Actuals	FY2022 Actuals	FY2023 Adopted	FY2024 Budgeted	FY2023 Adopted vs. FY2024 Budgeted ($ Change)	FY2023 Adopted vs. FY2024 Budgeted (% Change)
Expense Objects							
Salaries & Benefits	$432,227	$402,318	$422,466	$463,271	$352,318	-$110,953	-23.9%
Supplies	$551	$534	$728	$121	$270	$149	123.1%
Service Charges	$61,332	$55,127	$62,126	$78,465	$73,465	-$5,000	-6.4%
Total Expense Objects:	**$494,109**	**$457,978**	**$485,319**	**$541,857**	**$426,053**	**-$115,804**	**-21.4%**

City Clerk

Department Description
The City Clerk serves as a link between the public and policy formation and facilitates the City's legislative process. The City Clerk assists the City Council in fulfilling responsibilities by administering required procedures involved in Council operations. The Clerk is the liaison to Clallam County Elections, conducts City Council elections and the appointment process for Council vacancies, verifies notices have been posted or published, and completes necessary tasks for effective and compliant public meetings. The Clerk records Council decisions in meeting minutes and oversees the preservation and protection of ordinances, resolutions, the municipal code, and other vital public records.

The Clerk promotes efficient management of all public records in accordance with state laws through written procedure and staff training. By improving the organization of and access to information the Clerk assists all members of staff in carrying out duties efficiently. The Clerk is the City's Public Records Officer required by RCW 42.56.580 who serves as a point of contact for members of the public requesting records disclosure. The position oversees the City's compliance with state public records disclosure requirements.

The City Clerk recognizes the need to professionalize key processes within the organization and provide greater standards for boards, commissions, and committees. Through 2023 and beyond this Division will work with City Council and Staff to evaluate current procedures and develop streamlined improvements.

Mission
The mission of the City Clerk’s office is to maintain open government and preserve the public record.

Key Goals

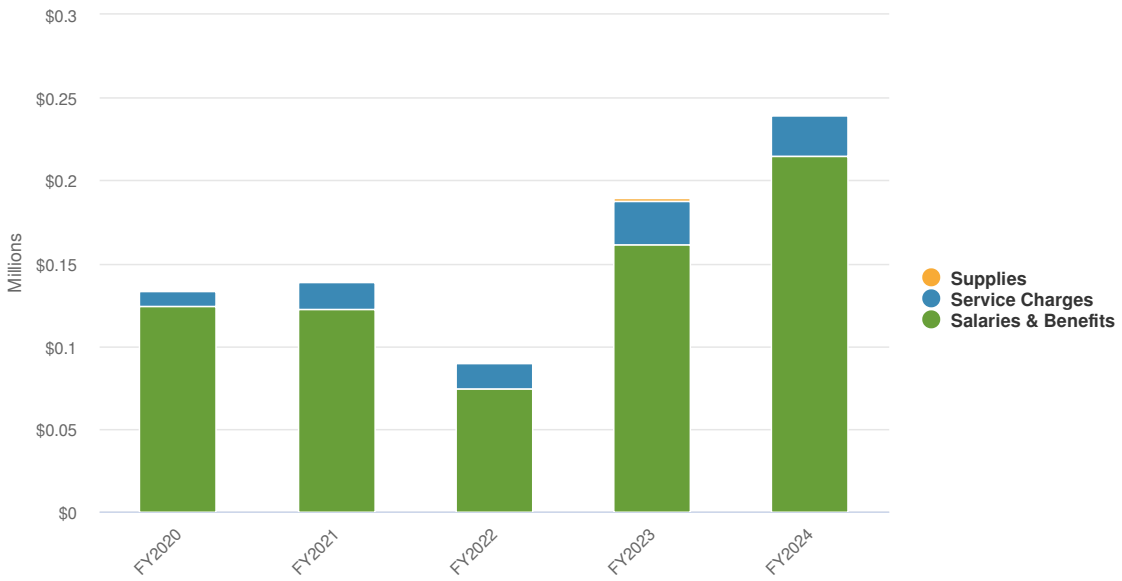
- Use technology and improved procedures to provide greater public access to public meetings, records, and information.
- Process and respond to public records requests in a timely, accurate, and complete manner.
- Standardize and streamline the operation of all City Council advisory commissions, committees, and boards.
- Update and create key internal processes and procedures for records management.
- Develop a public records training program for all members of staff and specialized records training for identified staff members.
- Develop and oversee a records inventory that includes a review of digital and paper files.

Summary

Expenditure Summary
The 2024 Budget increased by $51k (27%) from the 2023 Budget primarily due to the addition of a partial position (creating a full-time Assistant City Clerk) due to mounting administrative and records management needs.

City Clerk Expenditures

Budgeted and Historical Expenditures by Expense Type



Name	FY2020 Actuals	FY2021 Actuals	FY2022 Actuals	FY2023 Adopted	FY2024 Budgeted	FY2023 Adopted vs. FY2024 Budgeted ($ Change)	FY2023 Adopted vs. FY2024 Budgeted (% Change)
Expense Objects							
Salaries & Benefits	$124,303	$122,710	$74,511	$161,522	$214,965	$53,443	33.1%
Supplies	$919	$130	$260	$1,500	$500	-$1,000	-66.7%
Service Charges	$8,532	$16,074	$14,900	$26,285	$24,450	-$1,835	-7%
Total Expense Objects:	**$133,754**	**$138,914**	**$89,671**	**$189,307**	**$239,915**	**$50,608**	**26.7%**



City Attorney

Department Description

The City Attorney serves as legal advisor to the City Council, City Manager, City boards and commissions, and to City staff on issues related to City business. This Department helps conduct City business and reduces risk of loss caused by legal issues. It pursues civil litigation authorized by Council, statute, or ordinance; defends the City in civil litigation; prepares and reviews Council agenda items, contracts, and interlocal agreements; assesses compliance with statutes, regulations, and rules; recommends and drafts changes to the Sequim Municipal Code, internal policies, and procedures; and advises staff and Council on a variety of City issues. The Department continues to work closely with Human Resources in the City's collective bargaining processes.

The Legal Department took over the primary responsibility for risk management/claims, code revisions, and overall contract management in 2019 with Council's approval of a new paralegal position. Claims that do not reach risk pool deductible levels are handled internally by the Legal Department. Total claims for 2023 (as of June 30) are 28 property claims and 3 tort claims. The 3 tort claims are closed, and of the property claims 3 claims remain open. Of those 28 property claims, 19 were graffiti and 7 were small property damage claims. Total property claims started to increase in 2022 (41) due to a large up-swing in graffiti and "small property damage" claims. The City did not track graffiti or small property damage claims until 2022. In 2022, the Legal Department partnered with Public Works through the Cartegraph program to develop a tracking system for various claims, such as property damage, to track and monitor potentially problematic areas. We also partner with Human Resources to examine worker injury and incorporate risk identification and management into that area as well. The Legal Department also discovered through our risk pool, WCIA, that we could use their training program to develop our own to further train City staff on targeted areas. One of our staff has received certification in our risk pool's risk management program. Staff continue to develop and enhance our risk management guidelines and procedures, designed to create a culture of risk management and safety throughout the organization. We also continue to work with other departments to improve and streamline their processes.

Also in 2022, the Legal Department also took on supervision of the Clerk's Office, and provides much-needed support to the Clerk in terms of back-up Clerk duties, public records responses, and overall records management. As part of the Department's new Clerk responsibilities and to mitigate risk, the Department began addressing critical needs in our records management and public records processes. These improvements include, among other things, purchasing new software to enhance public access to the City's records. We are currently training other department staff in proper records retention and management strategies.

Between July 2022 and July 10, 2023, the City Council has adopted, amended, or repealed 159 sections of the Sequim Municipal Code. Staff have many more in various stages of a "work in progress" because of staff workloads, and we must send many land use codes to WA State Dept. of Commerce and Planning Commission first. Council can expect to see continued code adoptions, amendments, and repeals throughout the remainder of 2023 and into 2024.

This Department also oversees the review and update of various City policies and procedures to conform with changing law and best practices. Completed projects include updating the City's Personnel Policy, and its refreshments, donations, and surplus guidelines, along with other

miscellaneous administrative guidelines. Projects currently underway include updating the Public Records Disclosure guide, creating risk management and general Records Management guidelines, and creating or updating other miscellaneous policies, guidelines, and procedures as appropriate.

Mission
We use the law to protect and promote sound public policy.

Key Goals

- Continue to minimize unnecessary legal costs.
- Continue to update and streamline the Sequim Municipal Code and City forms and policies.
- Continue involvement with the legal aspects of Human Resources.
- Continue primary responsibility for Risk Management.

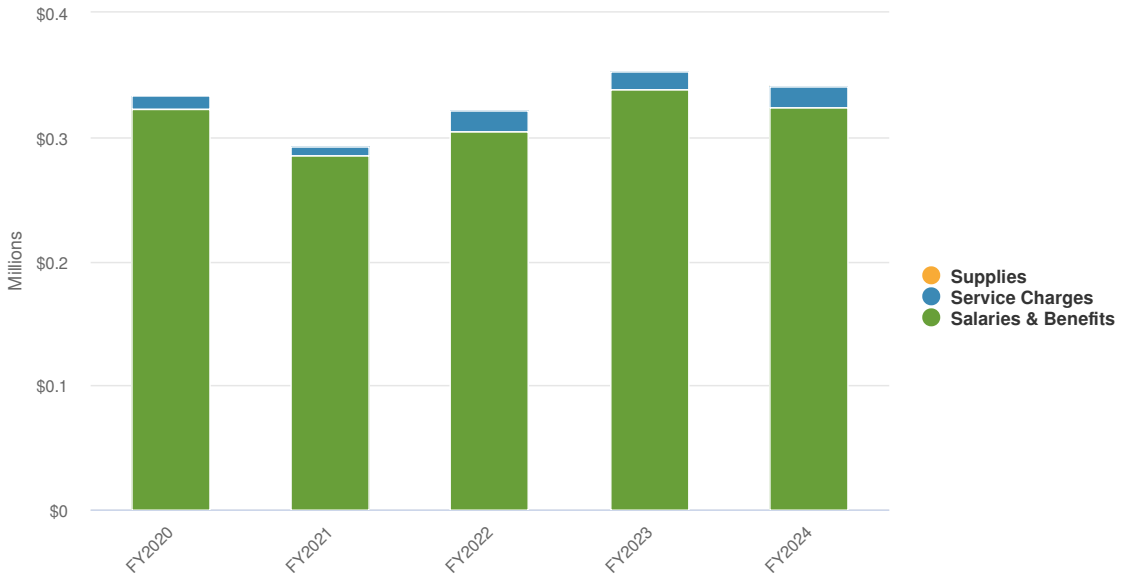
Summary

Expenditure Summary
This budget decreased by $12k (4%) from the 2023 Budget due to increases in the allocation of costs related to personnel matters out to other departments (based upon FTE count) and lower PERS and medical insurance costs.



City Attorney Expenditures

Budgeted and Historical Expenditures by Expense Type



Name	FY2020 Actuals	FY2021 Actuals	FY2022 Actuals	FY2023 Adopted	FY2024 Budgeted	FY2023 Adopted vs. FY2024 Budgeted ($ Change)	FY2023 Adopted vs. FY2024 Budgeted (% Change)
Expense Objects							
Salaries & Benefits	$322,839	$284,881	$304,991	$338,017	$323,821	-$14,196	-4.2%
Supplies	$107		$431	$300	$300	$0	0%
Service Charges	$10,771	$7,818	$16,269	$15,456	$17,282	$1,826	11.8%
Total Expense Objects:	**$333,717**	**$292,698**	**$321,690**	**$353,773**	**$341,403**	**-$12,370**	**-3.5%**

Communications

Department Description
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.

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

Key Goals

- Citizen Customer Satisfaction Survey program will be launched in 2023 and is intended to continue on an annual basis with different areas of emphasis allowing the City to develop workplans from the input and improve customer satisfaction.
- Support community outreach and engagement programs.
- Continue the distribution of the monthly newsletter through utility billings, to residents in multi-unit facilities when possible, and publication in the local newspaper, while developing a new digital newsletter.
- Continue to focus on emergency management communications.
- Continue the internal website committee for self training and best practices to ensure we are getting the most out of this communications resource.
- Continue to develop social media resources as a communications tool for Sequim citizens.

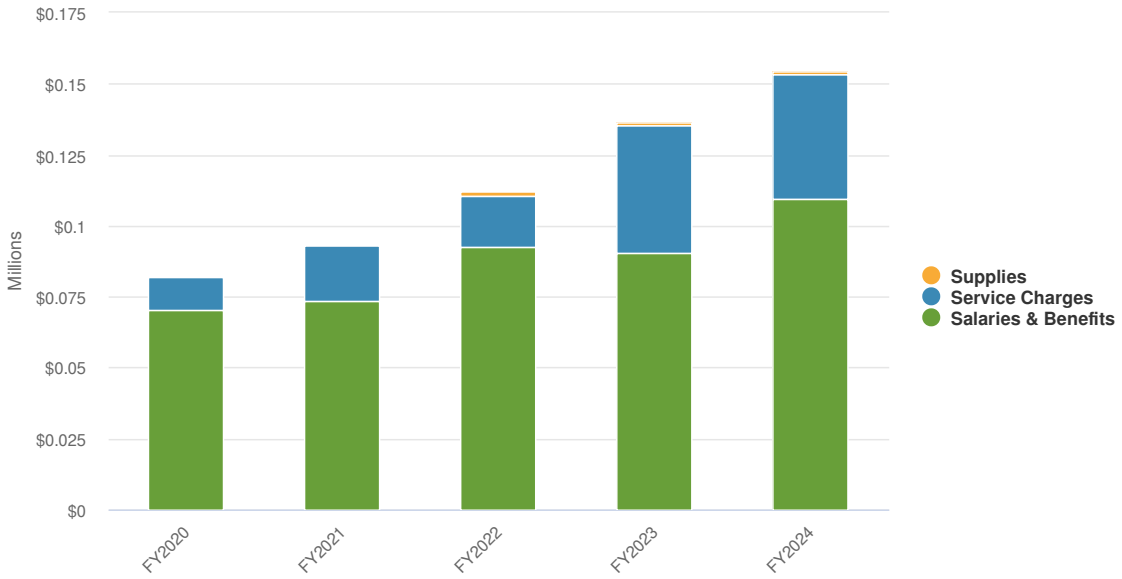
Summary

Expenditure Summary
This budget increased by $18k (13%) from the 2023 Budget due to net impact of market adjustments in salaries and benefits and a slight decrease in newsletter costs. 2024 includes $20k for a citizen survey.



Communications Expenditures

Budgeted and Historical Expenditures by Expense Type



Name	FY2020 Actuals	FY2021 Actuals	FY2022 Actuals	FY2023 Adopted	FY2024 Budgeted	FY2023 Adopted vs. FY2024 Budgeted ($ Change)	FY2023 Adopted vs. FY2024 Budgeted (% Change)
Expense Objects							
Salaries & Benefits	$70,234	$73,610	$92,755	$90,446	$109,556	$19,110	21.1%
Supplies	$310	$86	$1,448	$750	$750	$0	0%
Service Charges	$11,492	$19,297	$17,961	$45,100	$43,900	-$1,200	-2.7%
Total Expense Objects:	**$82,036**	**$92,993**	**$112,164**	**$136,296**	**$154,206**	**$17,910**	**13.1%**

Human Resources

Department Description

The Human Resources department covers a broad range of responsibilities including the following:

- Talent Acquisition and Recruitment: Attracting top talent to fill critical positions within the City through strategic and inclusive recruitment practices.
- Employee Development and Training: Providing targeted training and development opportunities to foster the growth and success of City employees.
- Performance Management: Implementing a performance management framework that aligns employee goals with the City's objectives, ensuring accountability and continuous improvement.
- Compensation and Benefits: Administering competitive compensation packages and benefits that reflect market data while appropriately valuing our employees and their contributions to Sequim.
- Employee Relations: Nurturing a collaborative and harmonious work environment by addressing concerns, promoting effective communication, and facilitating conflict resolution.
- Diversity, Equity, and Inclusion: Leading initiatives that uphold principles of equity, diversity, and inclusivity in all aspects of City employment practices.
- HR Policy and Compliance: Developing, communicating, and enforcing HR policies that adhere to legal requirements and uphold the City's commitment to ethical conduct.
- Safety and Wellness: Prioritizing the total well-being of our employees through health and safety programs that ensure their physical and mental health.
- HR Information Systems: Leveraging technology to streamline HR processes, maintain accurate records, and empower employees with self-service tools.
- Strategic Planning: Collaborating closely with City leadership to align HR strategies with the City's vision, goals, and long-term plans.

Mission

The mission of the Human Resources Department is to empower an engaged and productive culture.

Key Goals

- Implement a performance management system that emphasizes regular feedback, aligning employee goals with City objectives, and promoting a culture of continuous improvement.
- Build upon Gallup Engagement Survey results and participation to increase employee engagement and reduce turnover.
- Foster a range of professional development opportunities to enhance employees' skills, foster career growth, and prepare them for leadership roles.
- Implement an integrated HR information system to streamline processes, enhance data accuracy, and empower employees with self-service options.
- In partnership with the Legal Department, regularly review and update HR policies and practices to ensure alignment with local, state, and federal employment laws and ethical guidelines.
- Continue to grow safety and wellness programs that support employees' physical and mental health, promoting a balanced and resilient workforce.

By focusing on these key goals, the Human Resources Division of the City of Sequim will contribute to building a thriving, diverse, and engaged workforce that supports the City's mission of enhancing the quality of life for its residents.

Summary

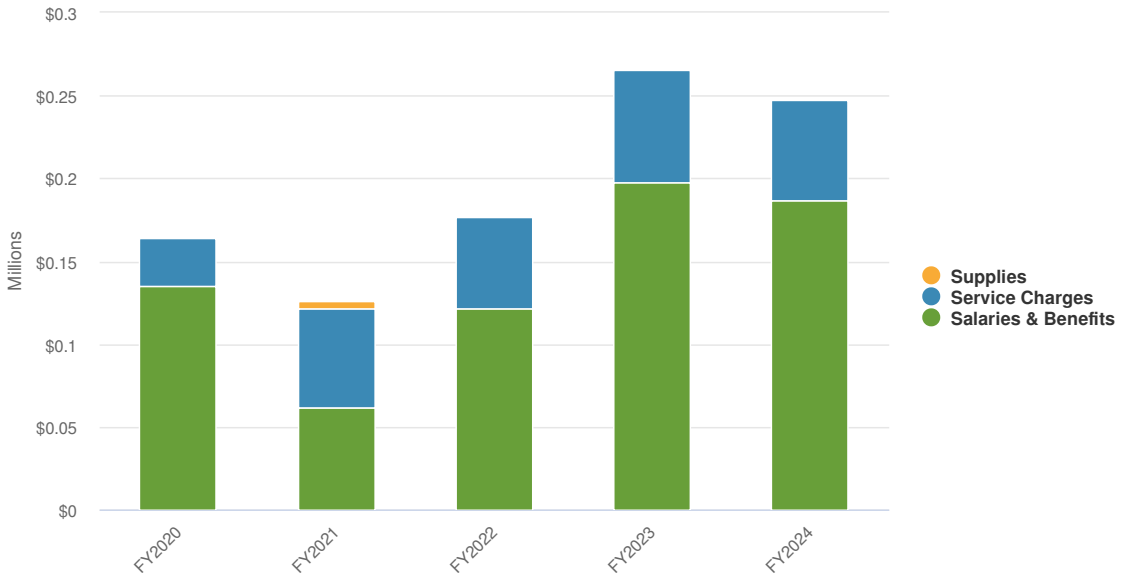
Expenditure Summary

This budget decreased by $18k (7%) from the 2023 Budget primarily due to increases in the allocation of costs related to personnel matters out to other departments (based upon FTE count) and lower PERS and medical insurance costs. There was also a slight reduction in services related to wellness and safety initiatives because the City made incredible progress and advancements in these areas in 2023.



Human Resources Expenditures

Budgeted and Historical Expenditures by Expense Type



Name	FY2020 Actuals	FY2021 Actuals	FY2022 Actuals	FY2023 Adopted	FY2024 Budgeted	FY2023 Adopted vs. FY2024 Budgeted ($ Change)	FY2023 Adopted vs. FY2024 Budgeted (% Change)
Expense Objects							
Salaries & Benefits	$134,638	$61,657	$121,535	$197,710	$186,910	-$10,800	-5.5%
Supplies	$404	$4,480	$865	$1,025	$850	-$175	-17.1%
Service Charges	$28,969	$59,897	$55,478	$67,750	$60,800	-$6,950	-10.3%
Total Expense Objects:	**$164,010**	**$126,034**	**$177,878**	**$266,485**	**$248,560**	**-$17,925**	**-6.7%**

Criminal Justice Services

Department Description
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.

Key Goals

- Find stability in administering Criminal Justice Services.
- Continue to engage Clallam County regarding the current contract for Criminal Justice Services.

Summary

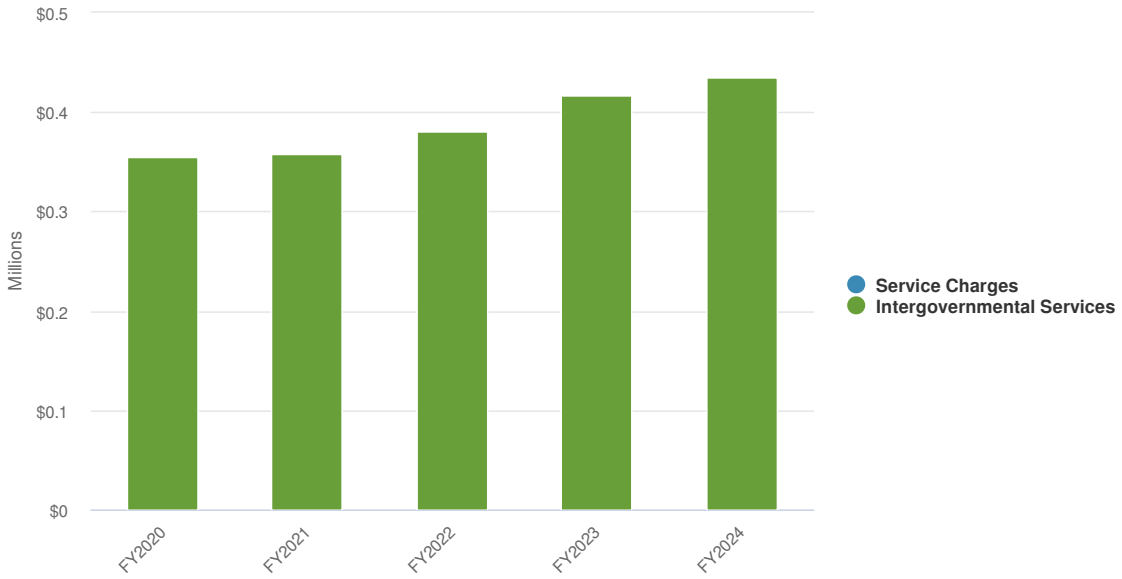
Revenue Summary
All revenues associated with Court in prior years go to Clallam County per the contract.

Expenditure Summary
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 Seattle-Tacoma-Bremerton. For 2024, the cost of these services increased by $19k (3%) for a total cost of $436k. All salary and benefits for the City Attorney staff are recorded in the City Attorney's budget.



Criminal Justice Services Expenditures

Budgeted and Historical Expenditures by Expense Type

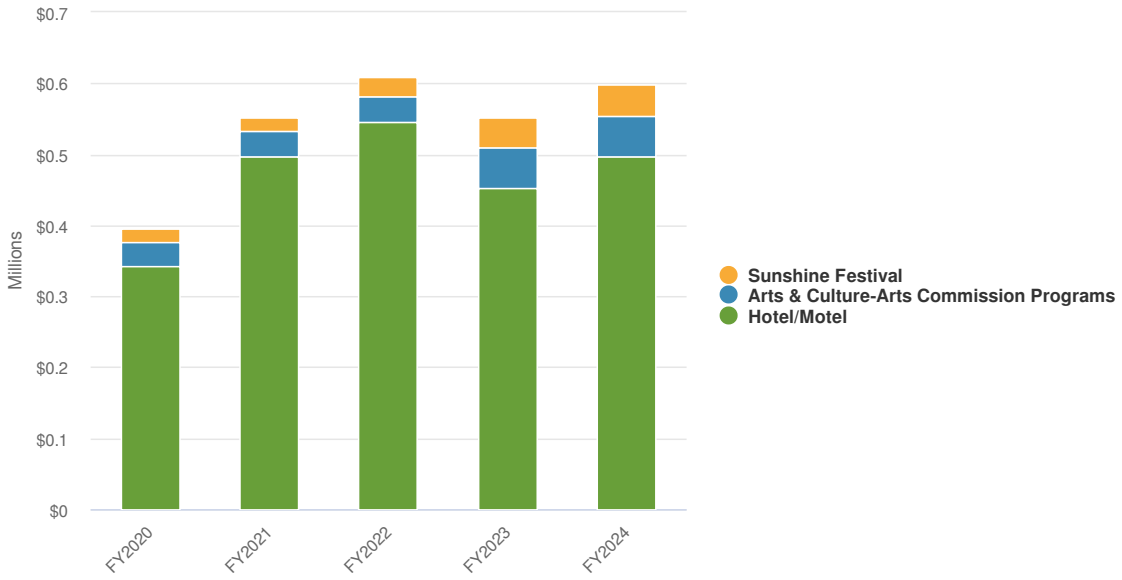


Name	FY2020 Actuals	FY2021 Actuals	FY2022 Actuals	FY2023 Adopted	FY2024 Budgeted	FY2023 Adopted vs. FY2024 Budgeted ($ Change)	FY2023 Adopted vs. FY2024 Budgeted (% Change)
Expense Objects							
Service Charges	$340		$206			$0	N/A
Intergovernmental Services	$354,265	$357,808	$380,297	$416,426	$435,581	$19,155	4.6%
Total Expense Objects:	**$354,605**	**$357,808**	**$380,502**	**$416,426**	**$435,581**	**$19,155**	**4.6%**

City Administration Special Funds

City Administration Special Funds Revenues

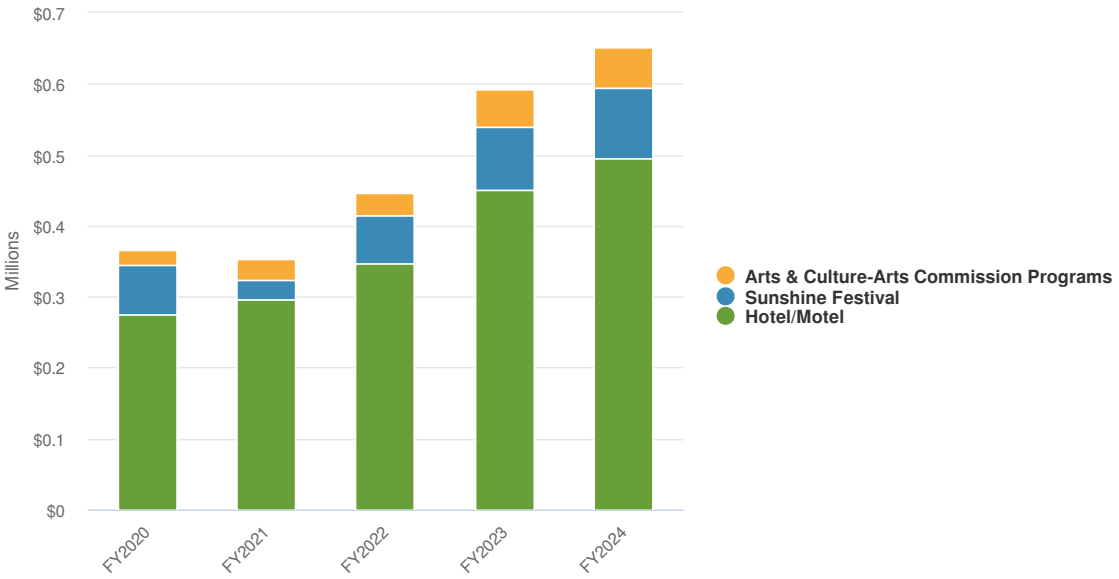
Budgeted and Historical Revenue by Department



Name	FY2020 Actuals	FY2021 Actuals	FY2022 Actuals	FY2023 Adopted	FY2024 Budgeted
Revenue					
Council / City Administration					
Hotel/Motel	$342,653	$497,121	$546,594	$453,500	$496,600
Sunshine Festival	$18,269	$20,431	$28,115	$41,900	$45,400
Arts & Culture-Arts Commission Programs	$34,426	$34,999	$35,057	$57,000	$57,500
Total Council / City Administration:	**$395,348**	**$552,550**	**$609,766**	**$552,400**	**$599,500**
Total Revenue:	**$395,348**	**$552,550**	**$609,766**	**$552,400**	**$599,500**

City Administration Special Funds Expenditures

Budgeted and Historical Expenditures by Function



Name	FY2020 Actuals	FY2021 Actuals	FY2022 Actuals	FY2023 Adopted	FY2024 Budgeted	FY2023 Adopted vs. FY2024 Budgeted ($ Change)	FY2023 Adopted vs. FY2024 Budgeted (% Change)
Expenditures							
Council / City Administration							
Hotel/Motel	$274,942	$295,978	$346,931	$450,723	$494,199	$43,476	9.6%
Sunshine Festival	$70,522	$28,285	$67,094	$88,745	$99,745	$11,000	12.4%
Arts & Culture-Arts Commission Programs	$20,745	$27,903	$33,062	$53,542	$57,483	$3,941	7.4%
Total Council / City Administration:	**$366,210**	**$352,166**	**$447,087**	**$593,010**	**$651,427**	**$58,417**	**9.9%**
Total Expenditures:	**$366,210**	**$352,166**	**$447,087**	**$593,010**	**$651,427**	**$58,417**	**9.9%**



Hotel/Motel

Department Description
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. Tourism is an important economic driver in Sequim and supports the City Council goal that relates to Economic Development.

The Sequim Sunshine Festival's maiden voyage occurred in 2020 and was developed to increase tourism during a typically slow time of year for travel. A modified version of the festival took place in 2021, but a full festival was executed in 2022 and 2023 despite inclement weather. The budget includes funds to continue to support this growing event, including the illuminated drone show, and to better accommodate participants should the weather turn unpleasant. The budget also includes some additional funds to help cover the cost of staff for the Sunshine Festival, Independence Day Celebration, and the Hometown Holidays events.

Mission
The mission of Hotel/Motel operations is to promote Sequim to increase tourism.

Key Goals

- 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, publications, media relations, and co-op partnerships.
- Continue to fund and maintain the increased limit per grant for Tourism Enhancement Grants to support local festivals/events.
- Work with internal and external partners to build on the 2023 success of the Sequim Sunshine Festival for the winter of 2024 (one of the slowest times of the year for tourism). Events include the Sun Fun Color Run, illuminated drone show, community art projects, lighting events, live music, and market place.
- Provide support for the Independence Day Celebration for fireworks, live music, and infrastructure. Half of the event will be funded out of lodging tax, the other half from Parks.

Summary

Revenue Summary

Lodging tax revenues reflect an increase over previous budgets due to the continued performance of lodging tax dollars.

Expenditure Summary

This budget increased by $55k (10%) from the 2023 Budget due to market and cost of living adjustments for non-represented staff. Staff salary allocation for the Communications and Marketing Director remains at a 50-50 split between tourism marketing and city-wide communications functions. The part-time Marketing Coordinator position salary is now split 80% from hotel/motel and 20% from the General Fund Communications budget. This allows flexibility for the position to provide back-up support for the Director in general communications. Other increases include expansion of the tourism enhancement grant program, more advertising and additional sunshine festival expenses.

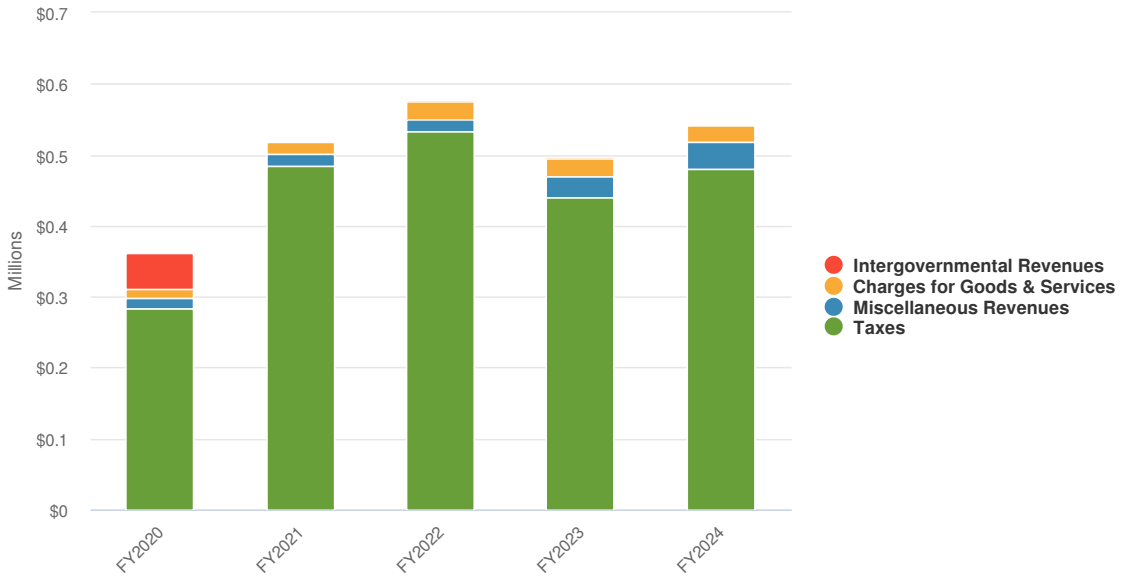
The Sunshine Festival's expenses include professional services to produce specific events, such as the color run and the illuminated drone show; supplies to support the event; and marketing of the event to the greater Seattle area. The 2024 budget also includes providing tents to accommodate weather.

Finally, funds were added to cover public works and police staff salaries for support of the Sunshine Festival, Independence Day Celebration, and Hometown Holidays.



Hotel/Motel Revenues

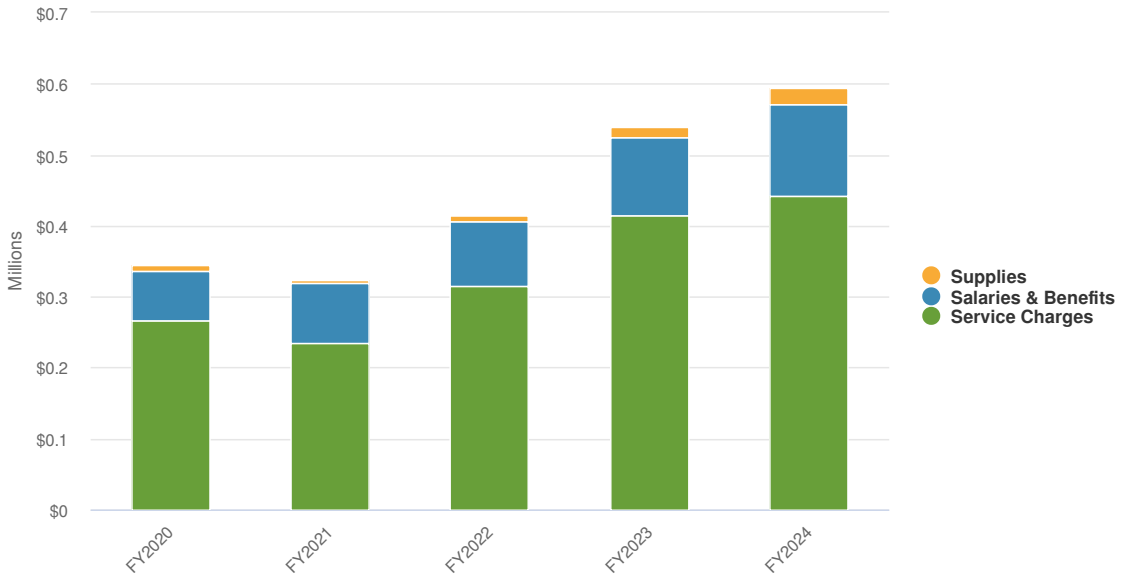
Budgeted and Historical Revenues by Source



Name	FY2020 Actuals	FY2021 Actuals	FY2022 Actuals	FY2023 Adopted	FY2024 Budgeted	FY2023 Adopted vs. FY2024 Budgeted ($ Change)	FY2023 Adopted vs. FY2024 Budgeted (% Change)
Revenue Source							
Taxes	$283,860	$484,555	$533,464	$440,000	$480,000	$40,000	9.1%
Intergovernmental Revenues	$49,074					$0	N/A
Charges for Goods & Services	$12,712	$15,787	$25,600	$24,900	$24,400	-$500	-2%
Miscellaneous Revenues	$15,276	$17,209	$15,645	$30,500	$37,600	$7,100	23.3%
Total Revenue Source:	**$360,922**	**$517,552**	**$574,709**	**$495,400**	**$542,000**	**$46,600**	**9.4%**

Hotel/Motel Expenditures

Budgeted and Historical Expenditures by Expense Type



Name	FY2020 Actuals	FY2021 Actuals	FY2022 Actuals	FY2023 Adopted	FY2024 Budgeted	FY2023 Adopted vs. FY2024 Budgeted ($ Change)	FY2023 Adopted vs. FY2024 Budgeted (% Change)
Expense Objects							
Salaries & Benefits	$70,233	$84,699	$90,087	$110,391	$129,647	$19,256	17.4%
Supplies	$8,938	$4,747	$8,475	$15,002	$22,152	$7,150	47.7%
Service Charges	$266,294	$234,818	$315,463	$414,075	$442,145	$28,070	6.8%
Total Expense Objects:	**$345,465**	**$324,264**	**$414,025**	**$539,468**	**$593,944**	**$54,476**	**10.1%**

Arts & Culture - Arts Commission Programs

Department Description
This fund includes money allocated for public art and cultural events and activities such as the First Friday Art Exhibits organized by the Sequim Arts Commission (SAC). The fund also includes a small monetary award for students recognized in the High Schools of the Olympic Peninsula Creative Arts and Crafts exhibit per the revision Public Arts Policy. 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 2020, this program started to receive additional funding from the General Fund.

In 2019, this department added a 0.38 FTE ($22k) part-time non-benefited position to carry out the SAC's Strategic Plan and support the Commission's work. In 2022, the FTE was increased to .44. The position remains at .44 into 2024.

Mission
The mission of Arts and Culture Programs is to encourage, support and facilitate various forms of artistic and cultural activities within the greater Sequim community.

Key Goals

Carry out the City Arts Advisory Commission’s 2024 Priorities:

- Community Arts Programs
  - Arts Workshops & Arts Skills Development
  - Music in the Park
  - Creative Arts District Certification
  - Gallery Exhibitions at Civic Center
- Public Arts Projects
  - Music Jam
  - Murals & Mosaic Projects
  - Busking & Street Performances
  - Community Paint Project (Sunshine Festival)
- Supporting Sequim’s Creative Economy
  - Create Opportunities for Arts Tourism
  - Increase Economic Opportunities for Local Artists
- Creative Arts District Certification (Approved by Council, Resolution 2018-20)
  - Strengthen Sequim’s Creative Sector
  - Diversify Economy
  - Enhance Quality of Life

Summary

Revenue Summary

This budget is funded primarily by transfers in from the General Fund. Transfers in were static with 2023 at $55k.

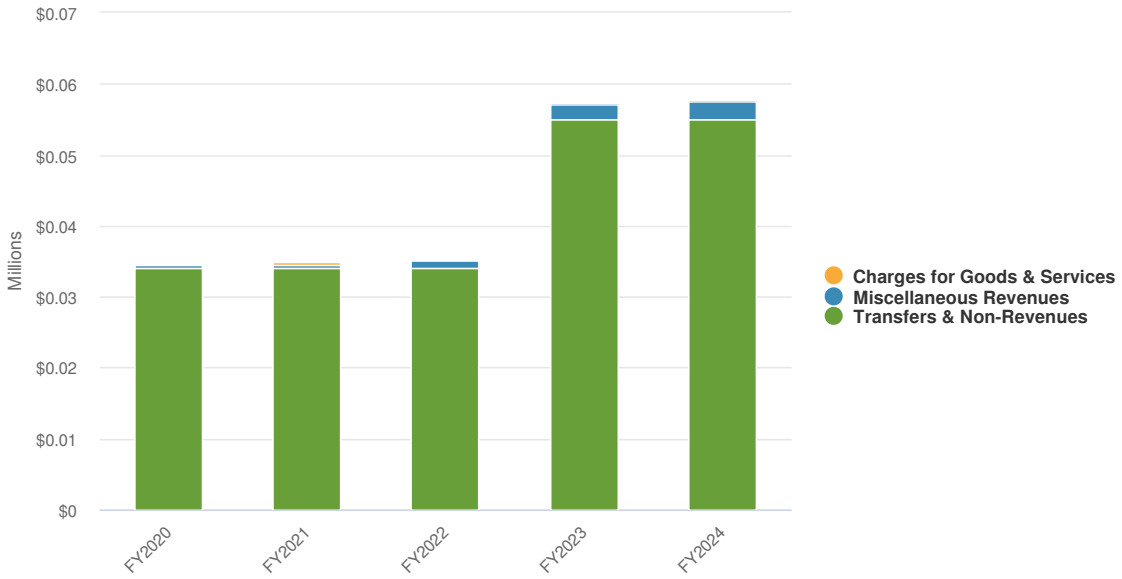
Expenditure Summary

This budget increased by $4k (7%) from the 2023 Budget due to slight increases in salaries and benefits and additional Arts Program costs, to accomplish the goals identified above.



Arts & Culture - Arts Commission Revenues

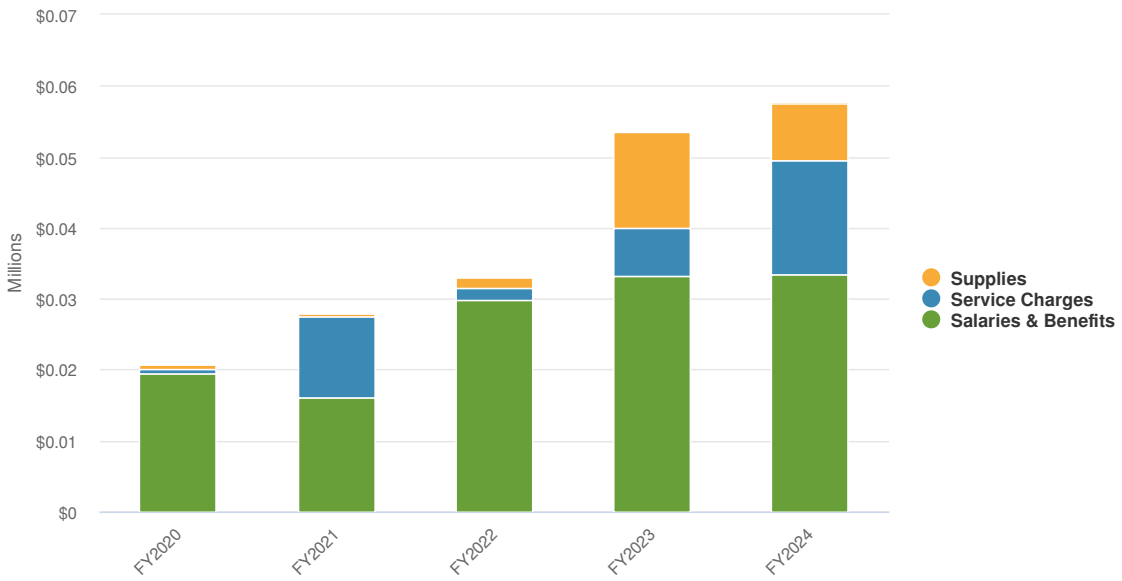
Budgeted and Historical Revenues by Source



Name	FY2020 Actuals	FY2021 Actuals	FY2022 Actuals	FY2023 Adopted	FY2024 Budgeted	FY2023 Adopted vs. FY2024 Budgeted ($ Change)	FY2023 Adopted vs. FY2024 Budgeted (% Change)
Revenue Source							
Charges for Goods & Services		$570				$0	N/A
Miscellaneous Revenues	$426	$429	$1,057	$2,000	$2,500	$500	25%
Transfers & Non-Revenues	$34,000	$34,000	$34,000	$55,000	$55,000	$0	0%
Total Revenue Source:	**$34,426**	**$34,999**	**$35,057**	**$57,000**	**$57,500**	**$500**	**0.9%**

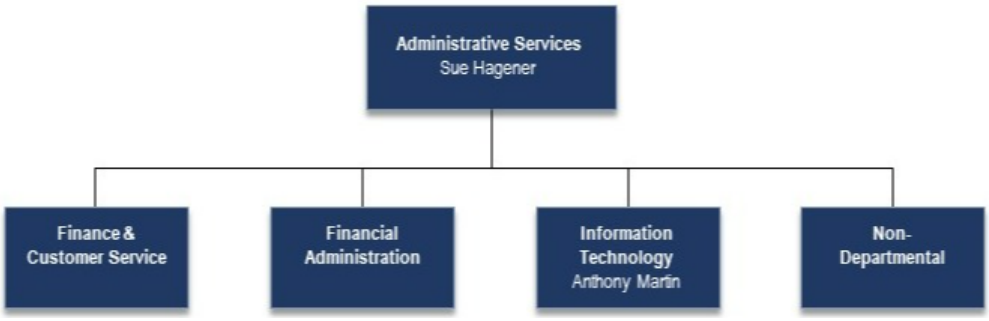
Arts & Culture - Arts Commission Expenditures

Budgeted and Historical Expenditures by Expense Type



Name	FY2020 Actuals	FY2021 Actuals	FY2022 Actuals	FY2023 Adopted	FY2024 Budgeted	FY2023 Adopted vs. FY2024 Budgeted ($ Change)	FY2023 Adopted vs. FY2024 Budgeted (% Change)
Expense Objects							
Salaries & Benefits	$19,404	$15,994	$29,716	$33,242	$33,483	$241	0.7%
Supplies	$674	$309	$1,507	$13,500	$8,000	-$5,500	-40.7%
Service Charges	$668	$11,600	$1,839	$6,800	$16,000	$9,200	135.3%
Total Expense Objects:	**$20,745**	**$27,903**	**$33,062**	**$53,542**	**$57,483**	**$3,941**	**7.4%**

Administrative Services Organization



Finance & Customer Service

- Utility Billing/Customer Service
- Receipting/Cashier
- Accounting
- Accounts Payable
- Payroll
- Grants/Contracts
- Financial Reporting
- Budgets
- Cost Allocation
- Financial Analysis

Financial Administration

- Cash Management
- Affordable Housing
- REET
- Equipment Reserve
- American Rescue Plan Act
- Rainy Day Fund
- Debt Service
- Trust and Agency Funds

Information Technology

- IT Help Desk
- Enterprise Infrastructure (servers/data storage/network communications/back-up and recovery)
- Cyber Security for Users, Devices and Systems
- Disaster Recovery and Continuity of Business Operations

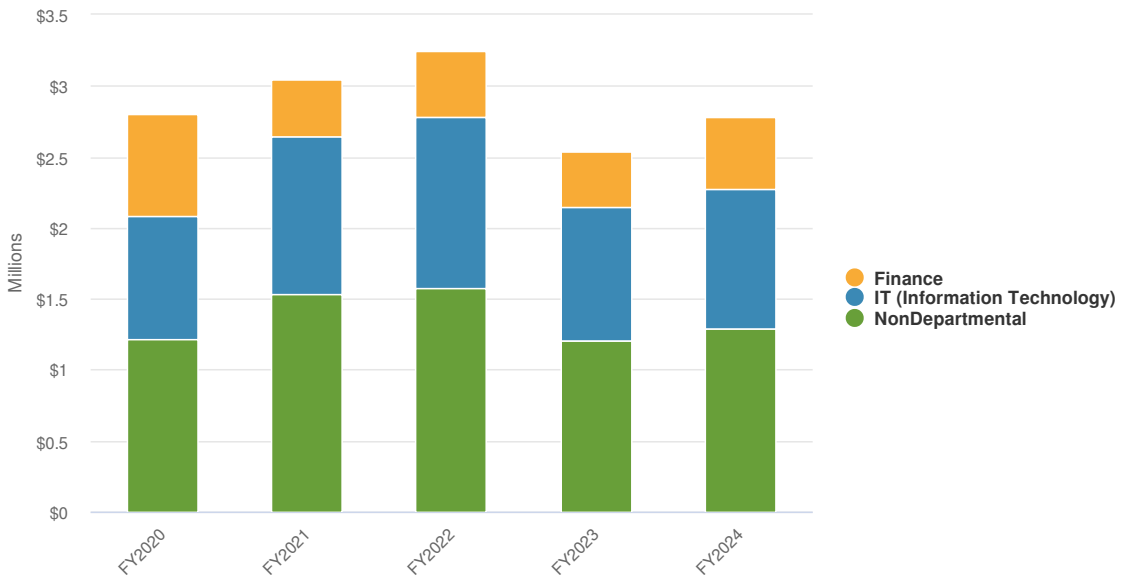
Non-Departmental

- City-wide Indirect Expenses
- Community Service Contracts
- Contingency Budget
- Transfers
- Risk Management and Insurance Support
- Other Shared Costs



Administrative Services Department Overview

Budgeted and Historical Expenditures by Function



Name	FY2020 Actuals	FY2021 Actuals	FY2022 Actuals	FY2023 Adopted	FY2024 Budgeted	FY2023 Adopted vs. FY2024 Budgeted ($ Change)	FY2023 Adopted vs. FY2024 Budgeted (% Change)
Expenditures							
Administrative Services Department							
Finance	$721,346	$401,229	$470,823	$391,492	$504,191	$112,699	28.8%
NonDepartmental	$1,213,859	$1,536,318	$1,580,269	$1,205,025	$1,287,425	$82,400	6.8%
IT (Information Technology)	$866,887	$1,109,925	$1,195,918	$938,451	$985,351	$46,900	5%
Total Administrative Services Department:	**$2,802,093**	**$3,047,472**	**$3,247,011**	**$2,534,968**	**$2,776,967**	**$241,999**	**9.5%**
Total Expenditures:	**$2,802,093**	**$3,047,472**	**$3,247,011**	**$2,534,968**	**$2,776,967**	**$241,999**	**9.5%**

Finance

Department Description
The Finance Department 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 30 years (based on available documents going back to 1992). This function also 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.

Mission
The mission of the Finance Department is to provide the foundation for the City's fiscal health.

Key Goals

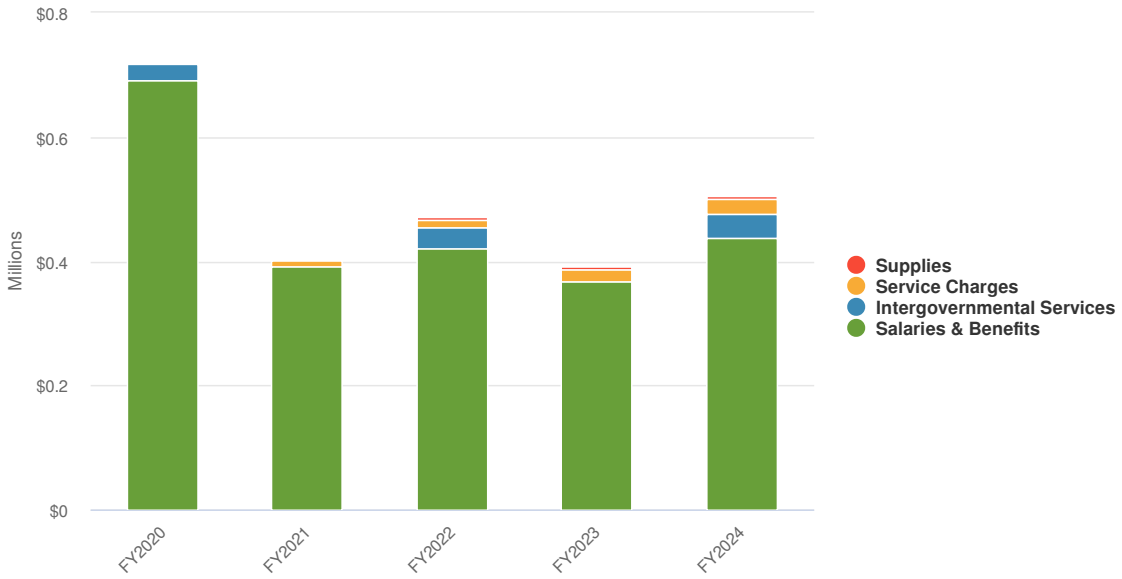
- Continue to maintain a high quality level of service.
- Continue to maintain the highest level of compliance with State Auditor reporting and internal control requirements.
- Continue to ensure prompt debt service payments and responsible reporting to rating agencies.
- Continue support of key Council Goals.
- Transition all key financial processes to new technology.

Summary

Expenditure Summary
This budget increased by $113k (29%) from the 2023 Budget due to the addition of .94 FTE, added training/travel and provision for a bi-annual audit by the Washington State Auditors Office. The FTE count increase resulted from bringing a part-time employee to full-time to allow for better front office coverage as well as .5 in temporary staff to support the conversion of all of our business processes to a new ERP software solution. (We expect to run two systems in parallel for at least 6 months in 2024.) Increases in training and travel are necessary to support a majority of staff in the Finance department that are new to their positions and/or new to municipal finance. $38k was added as the estimated cost of an audit of 2022 and 2023 financials, which is expected to occur in the fall of 2024.

Finance Expenditures

Budgeted and Historical Expenditures by Expense Type



Name	FY2020 Actuals	FY2021 Actuals	FY2022 Actuals	FY2023 Adopted	FY2024 Budgeted	FY2023 Adopted vs. FY2024 Budgeted ($ Change)	FY2023 Adopted vs. FY2024 Budgeted (% Change)
Expense Objects							
Salaries & Benefits	$692,137	$392,361	$421,035	$366,487	$437,526	$71,039	19.4%
Supplies	$1,167	$1,082	$3,764	$4,680	$4,680	$0	0%
Service Charges	$3,233	$7,522	$13,787	$20,325	$23,985	$3,660	18%
Intergovernmental Services	$24,809	$265	$32,238		$38,000	$38,000	N/A
Total Expense Objects:	**$721,346**	**$401,229**	**$470,823**	**$391,492**	**$504,191**	**$112,699**	**28.8%**

IT (Information Technology)

Department Description
The IT 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 Maturity, and facilitating Continuity of Operations.

Services are provided for four staffed sites (City Hall, City Shop, the "Admin" Building and 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.

Mission
The mission of the IT Department is to enable business operations to support effective government.

Key Goals

- Upgrade telecommunications network to provide truly unified communications system enabling a standard and easy-to-use voice, video, and messaging experience for users in the office, on the go, or remote at home.
- Development of third-party partnerships to manage more background IT services, freeing resources and creating capacity to serve as a strategic partner driving continuous process improvement, project management, and technology adoption among the business units.
- Continue the Technology Refresh Program (TRP) to proactively replace devices nearing the end of their useful life rather than risk service interruption associated with device failure.
- Update current and implement new policy and procedures outlining use of network resources, online public engagement, and identity management for staff working on-site and remotely.
- Enhance business continuity in times of disaster by improving the resilience and availability of network resources to users on premise and remote.
- Expand City network to new buildings and currently isolated remote/satellited facilities to create opportunities for future digital transformation and more centralized maintenance.

Summary

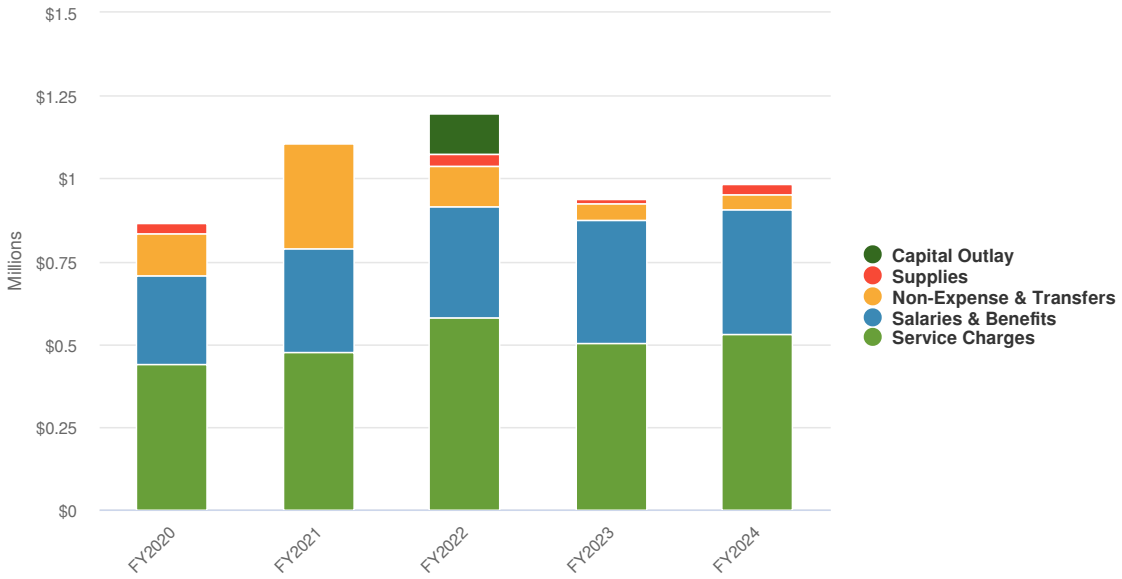
Expenditure Summary

This overall budget increased by $47k (5%) from the 2023 Budget. The most significant increases can be seen in supplies like monitors, laptops, and accessories ($18k) and services charges that include software licensing and telecommunications costs ($28k). The number of licenses and mobile devices increased exponentially with the COVID-19 pandemic and the roll out of improved technology tools to the Public Works crew.



IT Expenditures

Budgeted and Historical Expenditures by Expense Type



Name	FY2020 Actuals	FY2021 Actuals	FY2022 Actuals	FY2023 Adopted	FY2024 Budgeted	FY2023 Adopted vs. FY2024 Budgeted ($ Change)	FY2023 Adopted vs. FY2024 Budgeted (% Change)
Expense Objects							
Salaries & Benefits	$270,984	$312,825	$332,995	$373,565	$374,850	$1,285	0.3%
Supplies	$35,013	$5,340	$39,356	$16,200	$34,100	$17,900	110.5%
Service Charges	$438,090	$477,959	$580,769	$502,286	$530,001	$27,715	5.5%
Capital Outlay			$119,998			$0	N/A
Non-Expense & Transfers	$122,800	$313,800	$122,800	$46,400	$46,400	$0	0%
Total Expense Objects:	**$866,887**	**$1,109,925**	**$1,195,918**	**$938,451**	**$985,351**	**$46,900**	**5%**

Non-Departmental

Department Description
Non-Departmental shared costs are those that benefit city-wide operations. Also included are Community Services (Human and Health) contracts, General Fund contingencies, and Street Operation Transfers.

Key Goals

- Review and coordinate community investments.
- Manage the use of contingency funds.
- Manage transfers.

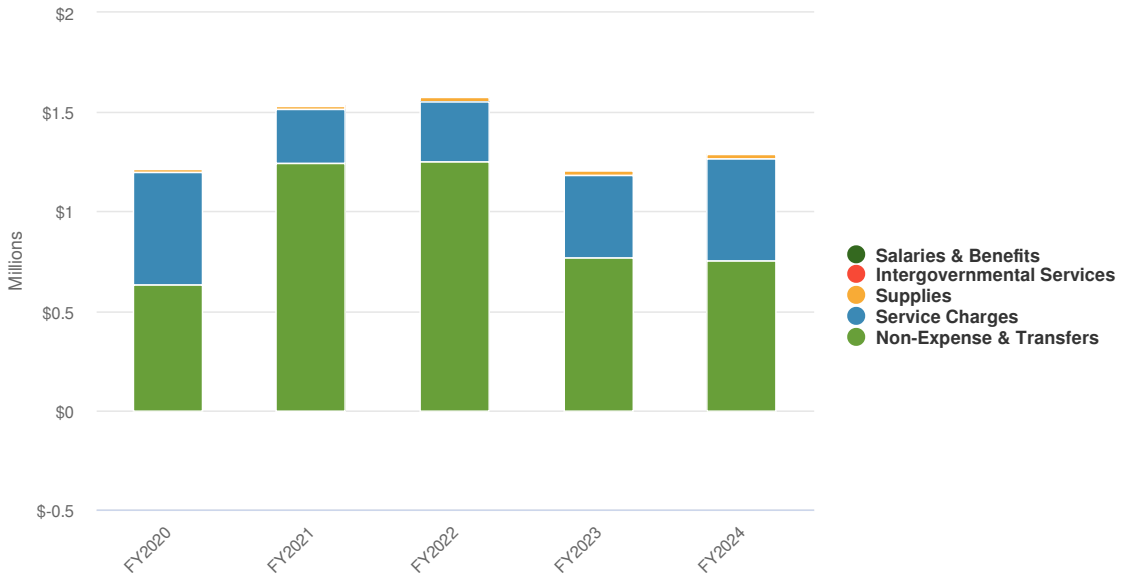
Summary

Expenditure Summary
This budget increased by $82k (7%) from the 2023 Budget due to the net effect of increases in service charges that include the annual WCIA insurance assessment ($97k) and removal of the 2023 transfer out to the Unemployment Reserve ($15k), as that Reserve is adequately funded. Additionally, our Contingency of $67k was reduced by $33k and Human Services funding of $179 was increased by $23k over prior years.



Non-Departmental Expenditures

Budgeted and Historical Expenditures by Expense Type



Name	FY2020 Actuals	FY2021 Actuals	FY2022 Actuals	FY2023 Adopted	FY2024 Budgeted	FY2023 Adopted vs. FY2024 Budgeted ($ Change)	FY2023 Adopted vs. FY2024 Budgeted (% Change)
Expense Objects							
Salaries & Benefits	-$9	$8	-$513			$0	N/A
Supplies	$16,148	$16,038	$25,012	$21,000	$21,000	$0	0%
Service Charges	$562,797	$270,797	$303,698	$413,425	$510,825	$97,400	23.6%
Intergovernmental Services	$924	$2,974	$3,072	$600	$600	$0	0%
Non-Expense & Transfers	$634,000	$1,246,500	$1,249,000	$770,000	$755,000	-$15,000	-1.9%
Total Expense Objects:	**$1,213,859**	**$1,536,318**	**$1,580,269**	**$1,205,025**	**$1,287,425**	**$82,400**	**6.8%**

Affordable Housing HB 1406

State House Bill 1406 was passed in 2019. This bill authorized a local sales tax option that is a credit against the state sales tax rate of 6.5% and is not a new tax. The City decided to participate in this tax credit and created a fund to account for these tax receipts. The funds can be used for:

- Acquiring, rehabilitating, or constructing affordable housing, which may include new units of affordable housing within an existing structure or facilities providing supportive housing services; or
- Funding the operations and maintenance costs of new units of affordable or supportive housing, or
- Providing rental assistance to tenants.

There is a broad discretion in how these funds can be expended as long as actions target housing and programs serving persons whose income is at or below sixty percent of the median income of the county or city imposing the tax.

When Council agreed to accept these tax receipts in 2020, the intent was to accumulate funds for at least three years to increase the "buying" power. Tax receipts began in October 2020 and approximate $30k per year.

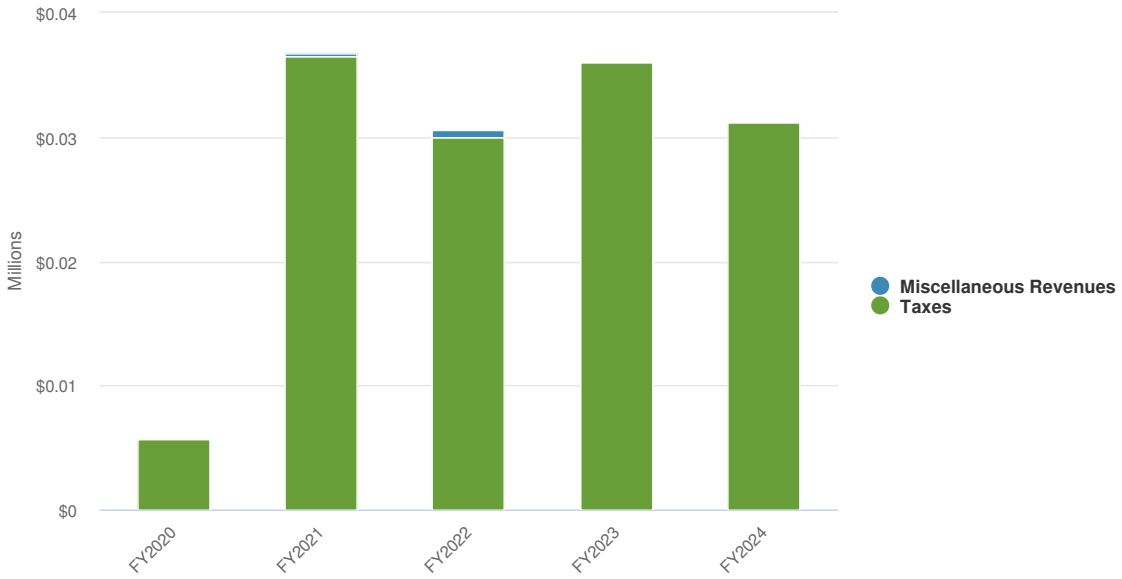
Key Goals

- Accumulate tax receipts in this fund until Council authorizes an appropriate use



Affordable Housing HB 1406 Revenues

Budgeted and Historical Revenues by Source



Name	FY2020 Actuals	FY2021 Actuals	FY2022 Actuals	FY2023 Adopted	FY2024 Budgeted	FY2023 Adopted vs. FY2024 Budgeted ($ Change)	FY2023 Adopted vs. FY2024 Budgeted (% Change)
Revenue Source							
Taxes	$5,620	$36,529	$29,968	$36,000	$31,138	-$4,862	-13.5%
Miscellaneous Revenues	$4	$197	$578			$0	N/A
Total Revenue Source:	**$5,623**	**$36,726**	**$30,546**	**$36,000**	**$31,138**	**-$4,862**	**-13.5%**

Real Estate Excise Taxes

Revenues of the Real Estate Excise Taxes (REET) Fund are based on the selling price of real estate sold within the City limits 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) 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) is restricted to use for street, water and sewer acquisitions. Capital projects include those noted above but specifically excludes facilities. The definition continues: "and planning, construction, reconstruction, repair, rehabilitation, or improvement of parks". It excludes acquisition and replacement. Recent legislation (RCW 82.46.035(6)) 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 REET 1 and 2 must be used on the same basis as the underlying funds.

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.

Key Goals

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

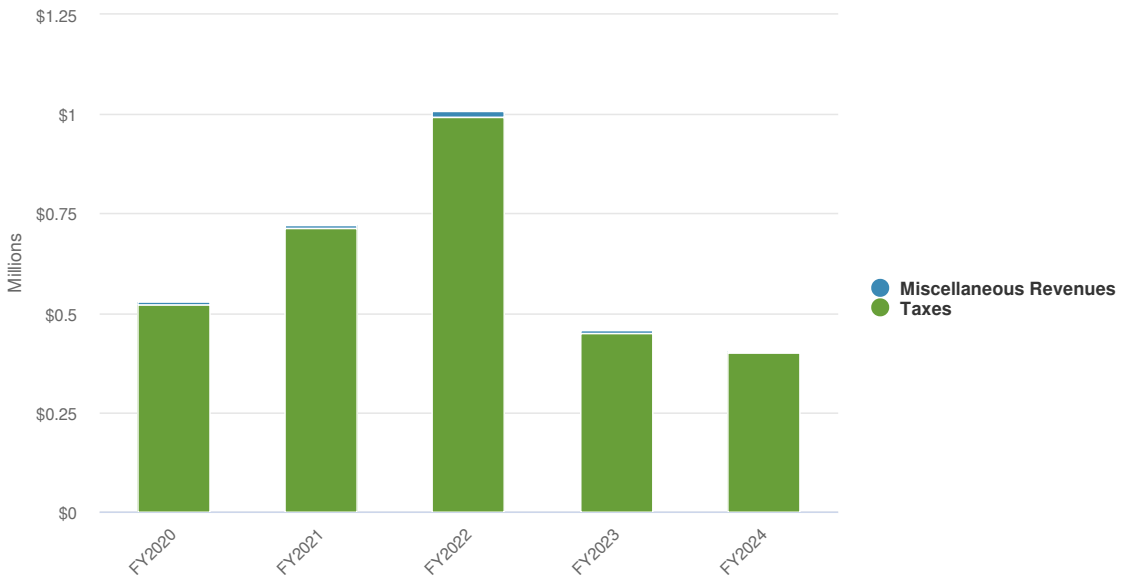
Summary

Revenue Summary
2023 revenues for both REET 1 and 2 are budgeted at $400k, based on reasonable assumptions for a cooling real estate market.

Expenditure Summary
REET 1 and 2 expenses are budgeted at $1.195ml and consist of transfers to other funds to support budgeted or future projects as follows: $455k for parks projects that include the Carrie Blake Park bridges, $320k for City Shop upgrades, Civic Center improvements and Spruce Street parking lot, $100k to Civic Center LTGO Debt Service, and $320k to streets projects, including the W. Sequim Bay Road.0

Real Estate Excise Taxes Revenues

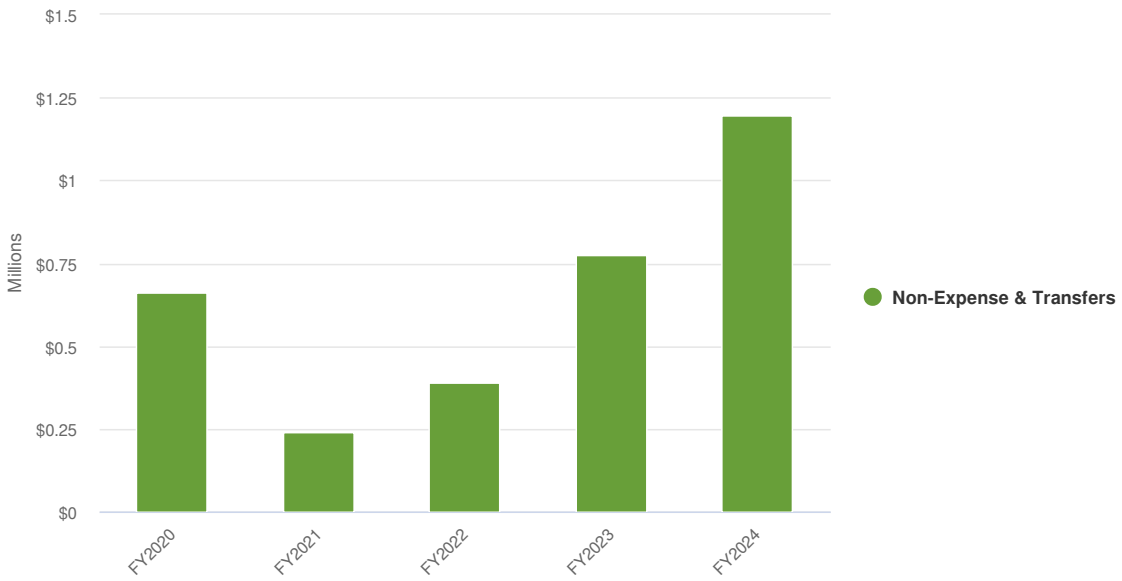
Budgeted and Historical Revenues by Source



Name	FY2020 Actuals	FY2021 Actuals	FY2022 Actuals	FY2023 Adopted	FY2024 Budgeted	FY2023 Adopted vs. FY2024 Budgeted ($ Change)	FY2023 Adopted vs. FY2024 Budgeted (% Change)
Revenue Source							
Taxes	$522,151	$714,008	$993,917	$450,000	$400,000	-$50,000	-11.1%
Miscellaneous Revenues	$7,249	$6,835	$14,641	$5,450	$5,450	$0	0%
Total Revenue Source:	**$529,400**	**$720,843**	**$1,008,558**	**$455,450**	**$405,450**	**-$50,000**	**-11%**

Real Estate Excise Taxes Expenditures

Budgeted and Historical Expenditures by Expense Type



Name	FY2020 Actuals	FY2021 Actuals	FY2022 Actuals	FY2023 Adopted	FY2024 Budgeted	FY2023 Adopted vs. FY2024 Budgeted ($ Change)	FY2023 Adopted vs. FY2024 Budgeted (% Change)
Expense Objects							
Non-Expense & Transfers	$660,000	$240,000	$390,000	$775,000	$1,195,000	$420,000	54.2%
Total Expense Objects:	**$660,000**	**$240,000**	**$390,000**	**$775,000**	**$1,195,000**	**$420,000**	**54.2%**



American Rescue Plan Act

This fund was created in 2021 and since then has received a total of $2.135ml from the US Department of the Treasury. The funds are the federal government's contribution to the City to support recovery efforts related to the COVID-19 public health emergency, declared in 2020. At the time of this fund's creation, there were many unknowns about the manner in which these funds could be used, other than the broad categories, as follows:

- Responding to the public health emergency/negative economic impact
- Revenue loss
- Premium pay
- Water, sewer and broadband infrastructure

The final rule, adopted in January 2022, offers a "standard allowance" for revenue loss up to $10 million, allowing recipients to select an allowance (up to the amount of the City's actual award) for governmental services and projects. This is the category under which Council has opted to deploy these funds - simplifying reporting requirements while bolstering governmental services and projects that will position the City to better serve our citizens. Specifically, the City intends to use these funds on the following projects:

- Technology Update: Implement new Enterprise Resource Planning (ERP) technology
- Civic Center Upgrades: Improvements to an outdated and inefficient use of space, primarily on the 2nd floor
- City Shop Improvement Project: Badly needed, capital improvements at the Public Works and Police Shop operations center (streets and sewer equipment/trucks, fleet/mechanic workshop, storage, etc.)

Eligible uses are forward looking and must be used to cover costs incurred starting March 3, 2021. The City has until December 31, 2024 to obligate these grant funds.

Key Goals

- Expend federal funds in a manner consistent with the Act's requirements
- Prepare the annual report to the Treasury on the use of these funds accurately and timely

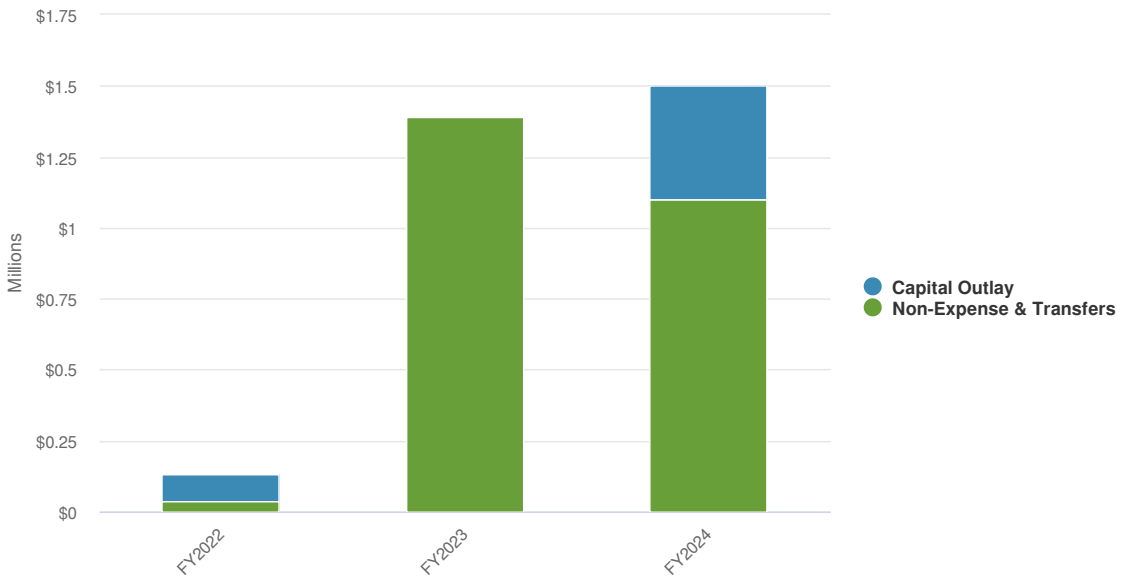
Summary

Revenue Summary
All installments of ARPA funds totaling $2.135ml were receipted in and recorded in prior years.

Expenditure Summary
The City expects to obligate or spend all remaining ARPA funds by the end of 2024. Included in the $1.5ml in expenditures is the purchase of a drone for the Police Department, IT Capital purchases and projects, and the Civic Center and City Shop improvement projects.

American Rescue Plan Act Expenditures

Budgeted and Historical Expenditures by Expense Type



Name	FY2022 Actuals	FY2023 Adopted	FY2024 Budgeted	FY2023 Adopted vs. FY2024 Budgeted ($ Change)	FY2023 Adopted vs. FY2024 Budgeted (% Change)
Expense Objects					
Capital Outlay	$92,610		$405,300	$405,300	N/A
Non-Expense & Transfers	$39,619	$1,390,000	$1,098,000	-$292,000	-21%
Total Expense Objects:	**$132,229**	**$1,390,000**	**$1,503,300**	**$113,300**	**8.2%**



Rainy Day Fund

The Rainy Day Fund was created by Council in 2018 to provide resources for potential needs related to budget stabilization, emergency response and one-time opportunities. Funds may only be used upon Council approval.

Key Goals

- Use these funds, as needed, for budget stabilization, emergency response and/or one-time opportunities.

Summary

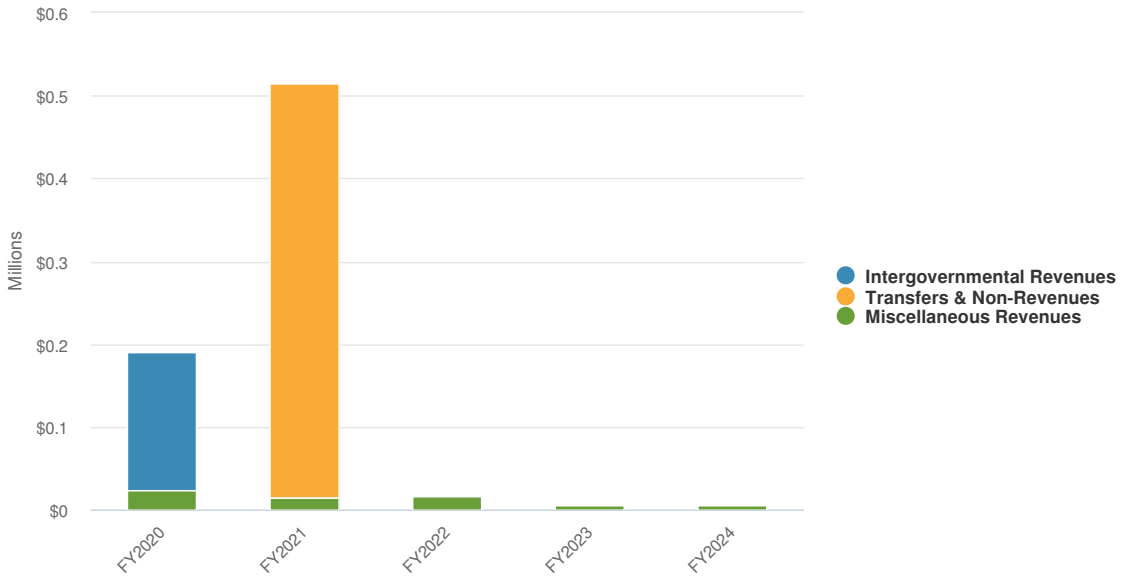
Revenue Summary
At this time, no revenues are anticipated, unless they become available at Council's direction.

Expenditure Summary
The 2024 Budget currently includes no expenditures. Expenditures from this fund must be brought to Council for approval (upon their direction) and will require budget amendments. In 2020 and 2021, funds were used to support the community in responding to the COVID-19 pandemic. In 2022, funds were used in a one-time opportunity to purchase property behind the Civic Center.



Rainy Day Fund Revenues

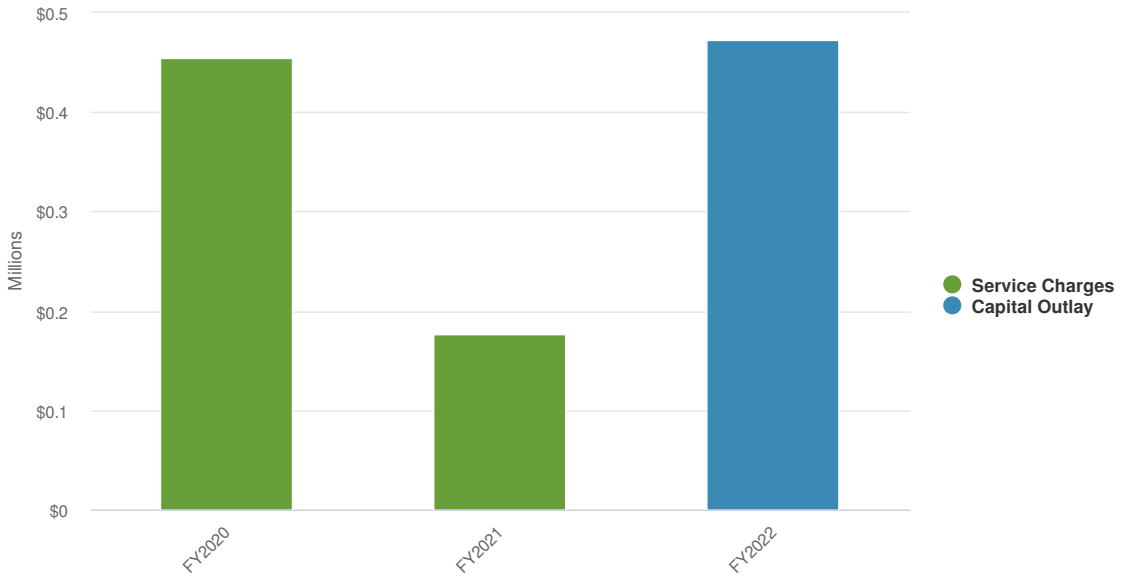
Budgeted and Historical Revenues by Source



Name	FY2020 Actuals	FY2021 Actuals	FY2022 Actuals	FY2023 Adopted	FY2024 Budgeted	FY2023 Adopted vs. FY2024 Budgeted ($ Change)	FY2023 Adopted vs. FY2024 Budgeted (% Change)
Revenue Source							
Intergovernmental Revenues	$167,732					$0	N/A
Miscellaneous Revenues	$22,990	$14,658	$17,193	$6,000	$6,000	$0	0%
Transfers & Non-Revenues		$500,000				$0	N/A
Total Revenue Source:	**$190,722**	**$514,658**	**$17,193**	**$6,000**	**$6,000**	**$0**	**0%**

Rainy Day Fun Expenditures

Budgeted and Historical Expenditures by Expense Type



Name	FY2020 Actuals	FY2021 Actuals	FY2022 Actuals	FY2023 Requested	FY2024 Budgeted	FY2023 Adopted vs. FY2024 Budgeted ($ Change)	FY2023 Adopted vs. FY2024 Budgeted (% Change)
Expense Objects							
Service Charges	$454,329	$176,467		$0	$0	$0	N/A
Capital Outlay			$472,316			$0	N/A
Total Expense Objects:	**$454,329**	**$176,467**	**$472,316**	**$0**	**$0**	**$0**	**N/A**

Debt Service Fund-City Hall

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.

Summary

Revenue Summary

Funding for this debt service is flat with the 2023 Budget: $250k from General Fund, $350k from Public Safety Tax, and $100k from REET. When feasible, the City increases transfers into this fund in order to save for possible prepayment of debt.

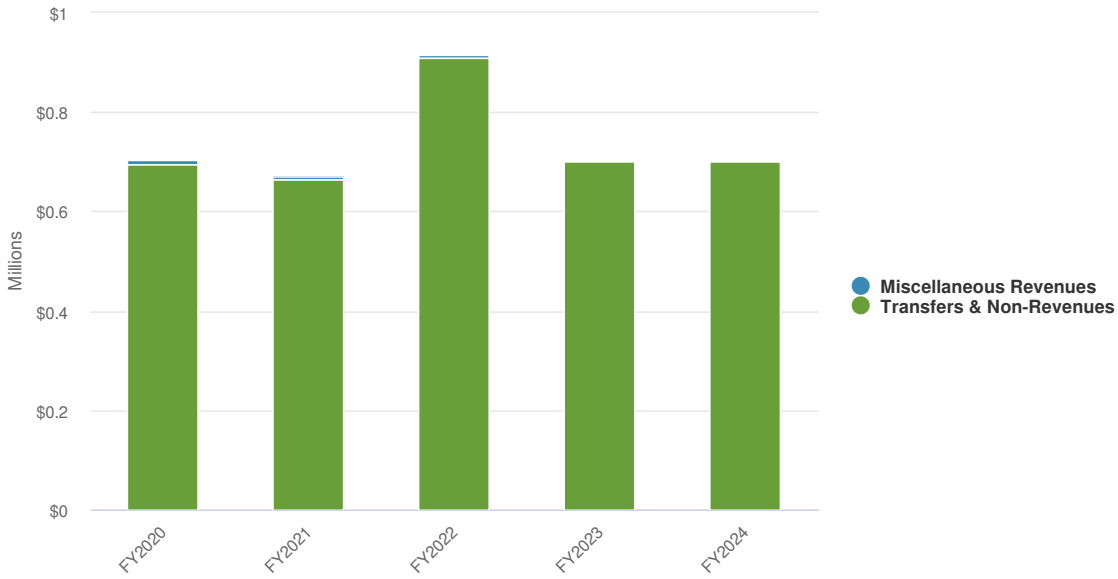
Expenditure Summary

Debt Service payments of the bonds supporting the Civic Center are approximately $660k in 2024 and thereafter. (We will be paying down our principal balance in 2024 by $280k.)



Debt Service Fund-City Hall Revenues

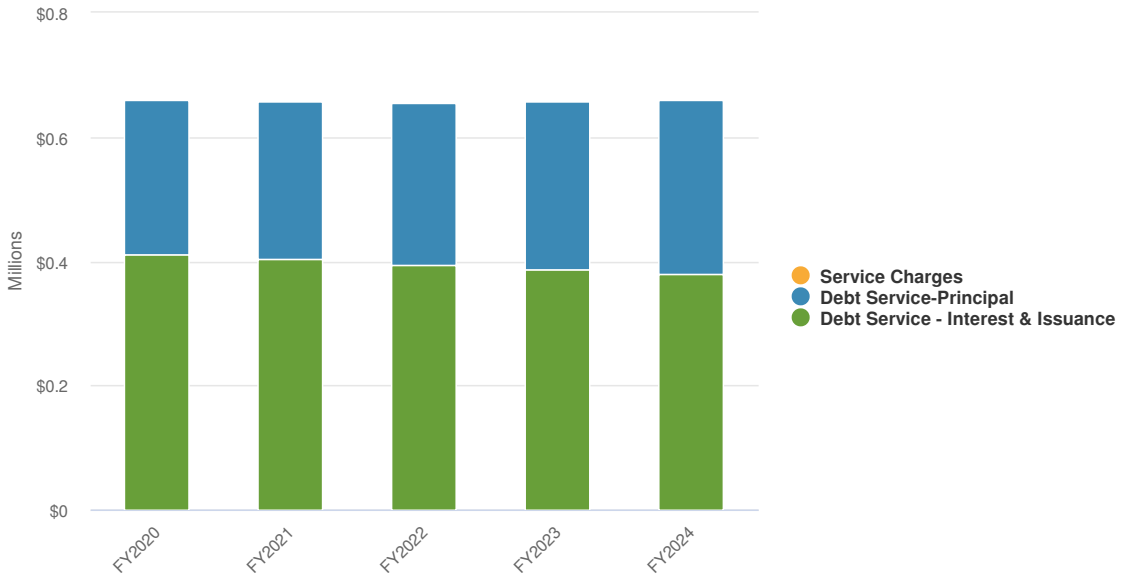
Budgeted and Historical Revenues by Source



Name	FY2020 Actuals	FY2021 Actuals	FY2022 Actuals	FY2023 Adopted	FY2024 Budgeted	FY2023 Adopted vs. FY2024 Budgeted ($ Change)	FY2023 Adopted vs. FY2024 Budgeted (% Change)
Revenue Source							
Miscellaneous Revenues	$7,700	$4,628	$6,861	$3,000	$3,000	$0	0%
Transfers & Non-Revenues	$695,000	$665,000	$910,000	$700,000	$700,000	$0	0%
Total Revenue Source:	**$702,700**	**$669,628**	**$916,861**	**$703,000**	**$703,000**	**$0**	**0%**

Debt Service Fund-City Hall Expenditures

Budgeted and Historical Expenditures by Expense Type



Name	FY2020 Actuals	FY2021 Actuals	FY2022 Actuals	FY2023 Adopted	FY2024 Budgeted	FY2023 Adopted vs. FY2024 Budgeted ($ Change)	FY2023 Adopted vs. FY2024 Budgeted (% Change)
Expense Objects							
Service Charges				$800	$1,220	$420	52.5%
Debt Service - Interest & Issuance	$409,925	$402,425	$395,075	$386,976	$378,876	-$8,100	-2.1%
Debt Service-Principal	$250,000	$255,000	$260,000	$270,000	$280,000	$10,000	3.7%
Total Expense Objects:	**$659,925**	**$657,425**	**$655,075**	**$657,776**	**$660,096**	**$2,320**	**0.4%**



Equipment Reserve

The Equipment Reserve Fund was created to account and save for capital equipment purchases related predominantly to General Fund and Street Operations, the Police Department, Information Technology, Parks, Facilities, PW Administration and Engineering. Regular transfers are made from these funds to support ongoing equipment needs, as scheduled out using our best estimated useful life scenarios.

Key Goals

- Support the City'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 (minimum ending fund balance for 2024 is $1.600ml).



Summary

Revenue Summary

Transfers into this reserve have been generally aggressive over the years in response to equipment needs and to move toward complying with fund balance requirements. Now that we currently meet these requirements, we are in "maintenance mode." The City is continuing its savings efforts, ending 2024 with a fund balance exceeding minimum policy requirements. This calculation is based upon current needs scheduled out through 2029. This "schedule of needs" is updated annually.

Transfers in for 2024 of $1.136ml are $400k (54%) more than the 2023 Budget and exceed total expenses.

Expenditure Summary

Expenses budgeted for 2024 of $1.069ml are $369k (53%) more than 2023 and include:

PD - Two police cars - $160k: The City intends to replace 2 cars in 2024, consistent with the PD's vehicle repair and replacement program.

PD - Tasers - $18k: The City intends to replace all tasers in 2024 and enter into a subscription arrangement for regular replacement going forward.

IT - Technology Refresh Program - Moved to Fund 180 - American Rescue Plan Act (ARPA): Moved in 2024, consistent with Council approved ARPA spending plan

PW – Replace Road Salt Spreader $40K: The salt spreader is used to disperse deicer on road surfaces during adverse weather conditions. The current spreader was purchased in 2010 and has reached the end of its useful life.

PW – Replace 1973 Asphalt Roller - $30K: The asphalt roller is used in street repair throughout the City. The current roller is a 1973 Rosco Rollpac and has reached the end of its useful life.

PW – Purchase New Tractor - $65K: This tractor will be shared among the Public Works divisions for light industrial jobs. The current 2005 John Deere 4100 20hp tractor is no longer suitable for this type of work due to age and condition. It will be repurposed to the Parks division to be used primarily at Carrie Blake and Reuse Parks.

PW – Replace WRF EQB Pump - $60K: The two Equalization Basin pumps move approximately 1600 gallons of sewage from the Equalization Basin to the Aeration Basin on a continuous basis. These pumps are critical components to the process. One of the two pumps has reached the end of its service life and needs to be replaced.

PW – Replace WRF Aeration Basin DO Probe - $50k: An Aeration Basin Dissolved Oxygen probe is required by Washington State Department of Ecology operating permit. The current probe was purchased in 2008 and reached the end of its useful life.

PW – Replacement CamVan - $400K: The sewer division specialized mobile camera inspection system is used to visually inspect sewer lines. The data that is collected though inspections allows the crew to diagnose and address problems that are not visible above ground. The current unit is a

2010 trailer, with an outdated camera system, that has reached the end of its useful life. The replacement unit will be fully mobile, will have an updated video inspection package, and be able to integrate with Cartegraph Asset Management.

PW - Replace 1993 Water Truck - $75K: One-ton flatbed truck that is used as a multiple purpose vehicle for many different departments. This truck utilizes a lift gate for ease of loading and hauling items. Originally a water truck, this truck was retooled for its current role after many years of heavy use. Due to age and condition, this truck requires regular repairs every year to keep in service.

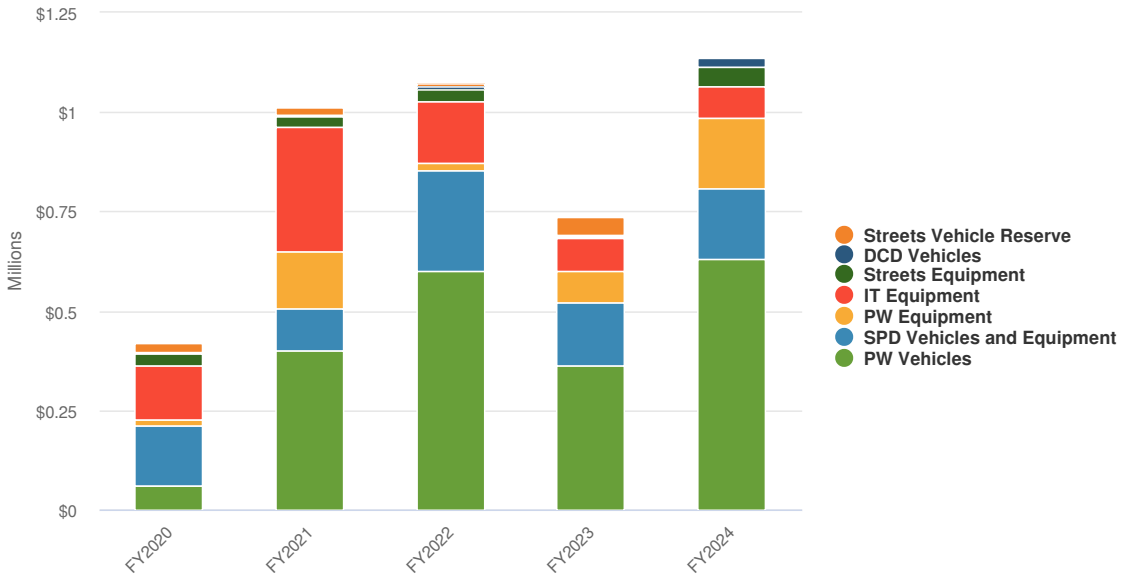
PW – Purchase New One-Ton Truck, with Dump and Plow - $115K: This truck is the primary vehicle used for general street maintenance throughout the year and snow removal during winter months and will provide a vehicle for an additional crew member hired last year.

PW – Purchase new pickup - $35K: This pickup will be used by the WRF crew for plant maintenance and to deliver time-sensitive samples to contract laboratories. The current vehicle being used for maintenance is a 2017 Polaris Ranger utility vehicle. This unit will be repurposed to the reuse park.



Equipment Reserve Revenue

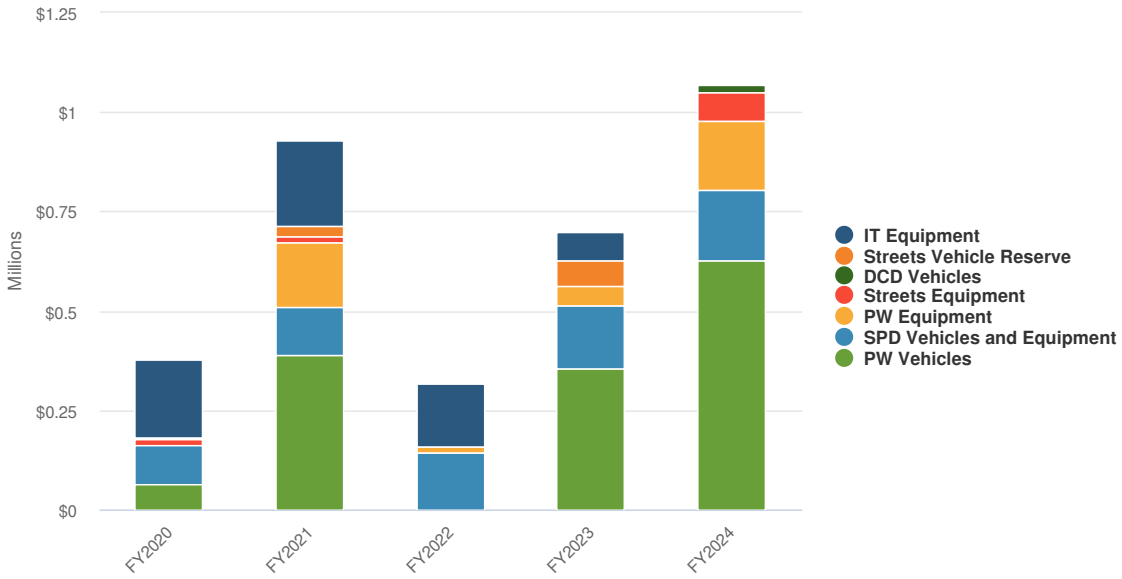
Budgeted and Historical Revenue by Department



Name	FY2020 Actuals	FY2021 Actuals	FY2022 Actuals	FY2023 Adopted	FY2024 Budgeted	FY2023 Adopted vs. FY2024 Budgeted ($ Change)	FY2023 Adopted vs. FY2024 Budgeted (% Change)
Revenue							
Capital							
Streets Equipment	$31,388	$26,005	$29,451	$5,500	$50,500	$45,000	818.2%
IT Equipment	$135,747	$313,800	$157,800	$81,400	$81,400	$0	0%
PW Equipment	$16,000	$143,250	$16,000	$80,000	$175,000	$95,000	118.8%
SPD Vehicles and Equipment	$150,439	$104,043	$254,071	$160,000	$178,000	$18,000	11.3%
DCD Vehicles	$3,606	$4,703	$8,372	$3,000	$20,000	$17,000	566.7%
Streets Vehicle Reserve	$20,000	$20,000	$5,000	$45,000	$0	-$45,000	-100%
PW Vehicles	$61,000	$401,805	$600,800	$360,800	$630,800	$270,000	74.8%
Total Capital:	**$418,180**	**$1,013,606**	**$1,071,495**	**$735,700**	**$1,135,700**	**$400,000**	**54.4%**
Total Revenue:	**$418,180**	**$1,013,606**	**$1,071,495**	**$735,700**	**$1,135,700**	**$400,000**	**54.4%**

Equipment Reserve Expenditures

Budgeted and Historical Expenditures by Function



Name	FY2020 Actuals	FY2021 Actuals	FY2022 Actuals	FY2023 Adopted	FY2024 Budgeted	FY2023 Adopted vs. FY2024 Budgeted ($ Change)	FY2023 Adopted vs. FY2024 Budgeted (% Change)
Expenditures							
Capital							
Streets Equipment	$14,877	$16,178			$70,000	$70,000	N/A
IT Equipment	$197,035	$217,677	$159,643	$75,000	$0	-$75,000	-100%
PW Equipment	$0	$161,395	$13,799	$48,500	$175,000	$126,500	260.8%
SPD Vehicles and Equipment	$94,878	$122,955	$144,898	$160,000	$178,000	$18,000	11.3%
DCD Vehicles	$6,180	$0	$0	$0	$20,000	$20,000	N/A
Streets Vehicle Reserve		$23,262		$62,000		-$62,000	N/A
PW Vehicles	$65,853	$388,205	$0	$355,000	$626,200	$271,200	76.4%
Total Capital:	**$378,823**	**$929,673**	**$318,340**	**$700,500**	**$1,069,200**	**$368,700**	**52.6%**
Total Expenditures:	**$378,823**	**$929,673**	**$318,340**	**$700,500**	**$1,069,200**	**$368,700**	**52.6%**

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.
- **Intergovernmental Agency Fund** is used to receipt various monies received and then 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.

Key Goals

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

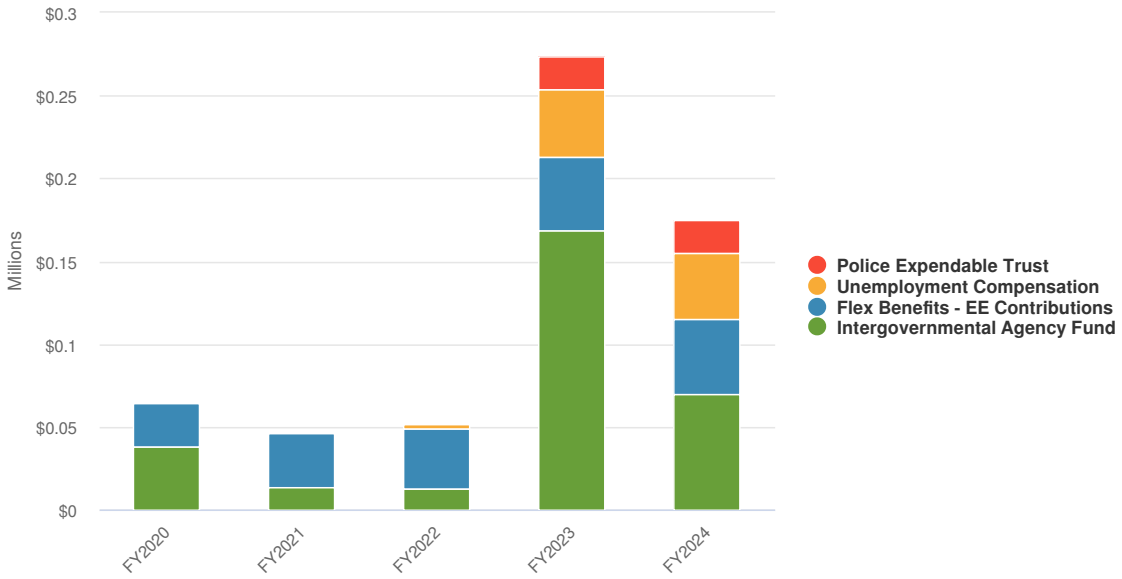
Summary

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, water and sewer and expenses consist of $40k for potential claims.
- **Police Expendable Trust Fund:** Revenues and expenses are budgeted at $20k but are dependent on activity.
- **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

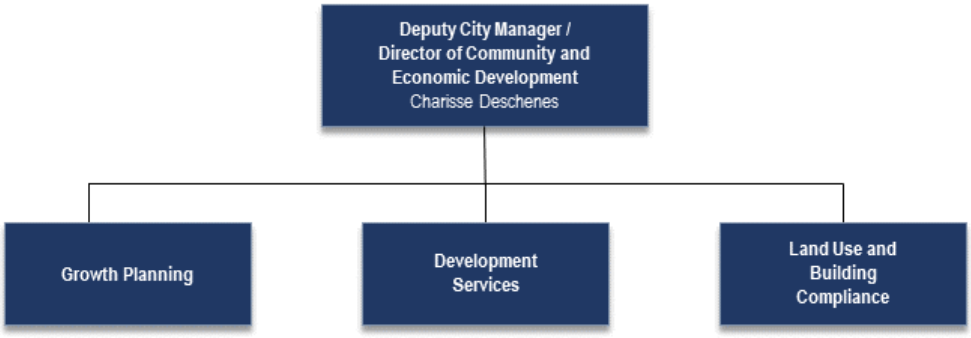
Trust and Agency Funds Expenditures

Budgeted and Historical Expenditures by Function



Name	FY2020 Actuals	FY2021 Actuals	FY2022 Actuals	FY2023 Adopted	FY2024 Budgeted	FY2023 Adopted vs. FY2024 Budgeted ($ Change)	FY2023 Adopted vs. FY2024 Budgeted (% Change)
Expenditures							
Administrative Services Department							
Unemployment Compensation			$2,019	$40,000	$40,000	$0	0%
Flex Benefits - EE Contributions	$26,019	$32,811	$36,158	$45,000	$45,000	$0	0%
Police Expendable Trust		$745		$20,000	$20,000	$0	0%
Intergovernmental Agency Fund	$38,439	$13,277	$13,076	$168,327	$70,000	-$98,327	-58.4%
Total Administrative Services Department:	**$64,458**	**$46,833**	**$51,253**	**$273,327**	**$175,000**	**-$98,327**	**-36%**
Total Expenditures:	**$64,458**	**$46,833**	**$51,253**	**$273,327**	**$175,000**	**-$98,327**	**-36%**

Community Development Organization



Growth Planning

- 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

Development Services

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

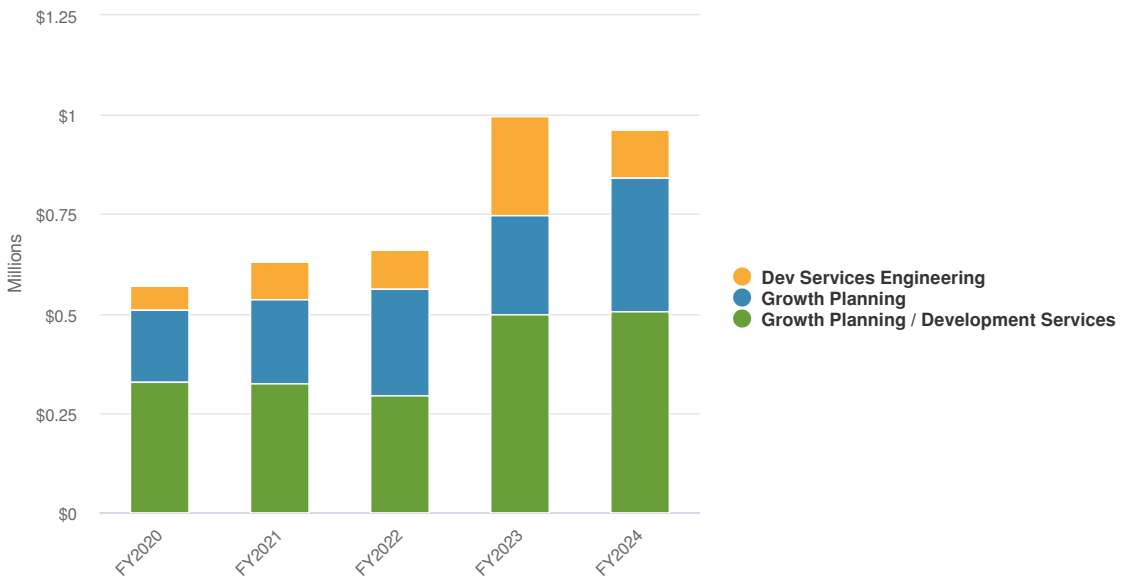
Land Use and Building Compliance

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

Community Development Department Overview

Community Development Department Expenditures

Budgeted and Historical Expenditures by Function



Name	FY2020 Actuals	FY2021 Actuals	FY2022 Actuals	FY2023 Adopted	FY2024 Budgeted	FY2023 Adopted vs. FY2024 Budgeted ($ Change)	FY2023 Adopted vs. FY2024 Budgeted (% Change)
Expenditures							
Department of Community Development							
Growth Planning / Development Services	$330,376	$326,512	$294,560	$496,998	$505,083	$8,085	1.6%
Dev Services Engineering	$59,282	$93,791	$99,075	$248,356	$120,242	-$128,114	-51.6%
Growth Planning	$179,221	$209,455	$266,645	$251,621	$338,180	$86,559	34.4%
Total Department of Community Development:	**$568,880**	**$629,758**	**$660,281**	**$996,975**	**$963,505**	**-$33,470**	**-3.4%**
Total Expenditures:	**$568,880**	**$629,758**	**$660,281**	**$996,975**	**$963,505**	**-$33,470**	**-3.4%**

Growth Planning / Development Services

Department Description

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 guided by the Comprehensive Plan, zoning and land division codes, environmental plans and ordinances, and building and fire codes.

Growth Planning is responsible for managing the preparation of City's Comprehensive 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 policies contained in the City's Comprehensive Plan. This plan is the community's vision for future growth and development guided by public involvement.

Development Services is responsible for protecting the City's health, safety and welfare through the administration of development and building codes, project and plan review, site and building inspections, environmental review, and code compliance with land use and building codes. It consists of three functions: Current Planning, Building Services, and Code Compliance. Current Planning is responsible for all land use and environmental regulations. Building Services reviews building plans and conducts building inspections to ensure safe occupancy. Code compliance ensures that development is consistent with City plans, codes, and permit conditions. Development Services oversees the permit counter which provides information, responds to questions, and takes in permit applications.

In 2021, the Department issued 316 building permits. In 2022, 356 building permits were issued. Through August 15, 2023, 149 building permits have been issued. Building permit numbers only tell a part of the story as you relate it to the amount of work the DCD completes. Pre-application meetings and inquiries regarding property development also require the DCD Team's resources while also working through current planning applications. The Rolling Hills project is currently under Site Construction Permit review for 215 single-family lots. The Legacy Ridge Subdivision is in for a Site Construction Permit as well with a total of 233 residential lots. Willow Creek Manor Phase C has completed the site construction work and is estimated to go online soon with 27 new lots for development.

As the City prepares for the 2025 Comprehensive Plan periodic review, strong themes from the 2023 Legislative Session will influence the outcome of the plan. Climate resiliency and housing will be key work areas. Council identified the need for workforce housing in Sequim. Research, code updates and legislative updates relating to housing will be a focus of the DCD Team in 2024. Over the last year Council initiatives and inquiries for research include the following topics: homesharing, land trust / land banking, Accessory Dwelling Units (ADUs), Mobile Home and Manufactured Home Park (MHP) overlay zones and moratoriums, short-term rentals and transient accommodations. The Governor and the Legislature made the most significant reforms to the Growth Management act in more than 20 years in the last session. Multiple bills are housing related all designed to increase the range of allowable housing types within cities along with historic access to housing funds. While DCD focuses on the work listed above, other improvements are needed regarding municipal code language. The Team will continue to bring forward code language updates for consideration.

The Community Development Department and Public Works Department continue to work with the community and stakeholders to create a clear and predictable development review process.

Mission
The mission of Growth Planning / Development Services is to facilitate quality development through good urban design.

Key Goals

DCD is evaluating our lines of business and level of service. As our department becomes more sophisticated and data focused, we are reviewing current practices, processes, code sections, and guiding documents. The Team has an internal five-year strategic plan with work items and priorities based on actions to move the department forward in growth planning, current planning / development review, building permits, code compliance, building inspections and economic development.

In 2024, Goals include:

- Meet community needs through the Comprehensive Plan Periodic Review and Development Regulations update. Work to complete this goal continues until the deadline with the Washington State Department of Commerce on June 30, 2025.
- Update processes and improve permitting software through the implementation and training of users in the Tyler Technologies Permitting Software.
- Focus on process improvement, customer service with updates to the DCD Website as well as providing updated information to the customer that will help communicate and understand the services of DCD and processes provided by the Department.
- Conduct precision cuts to the Municipal Code to create clarity and consistency for internal and external users.

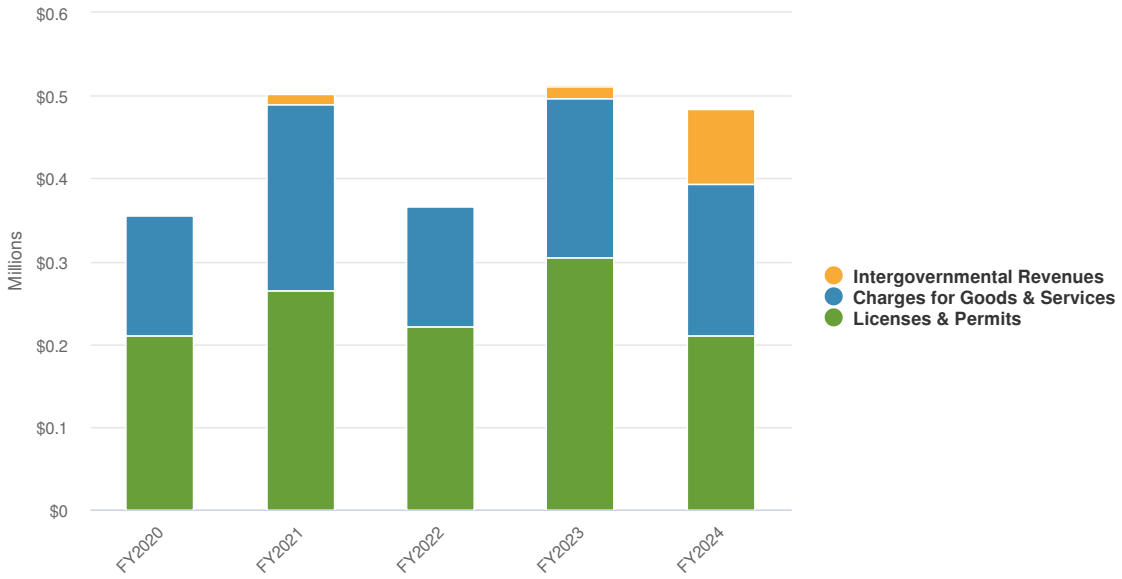
Summary

Revenue Summary
Most revenue sources are expected to decrease given 2023 performance. New construction starts have slowed and this is consistent with national reports of changing market conditions and uncertainty. Increases in grant revenues are anticipated to partially fund the Comprehensive Plan update process.

Expenditure Summary
This budget decreased by $33k (3%) from the 2023 Budget. This is primarily due to the elimination of the *temporary* Development Inspector which was anticipated to accommodate increased development activity. Other increases in this budget include Hearings Examiner services and outside professional services to assist in shepherding the Comprehensive Plan update - a project expected to be multi-year.

Growth Planning / Development Services Revenues

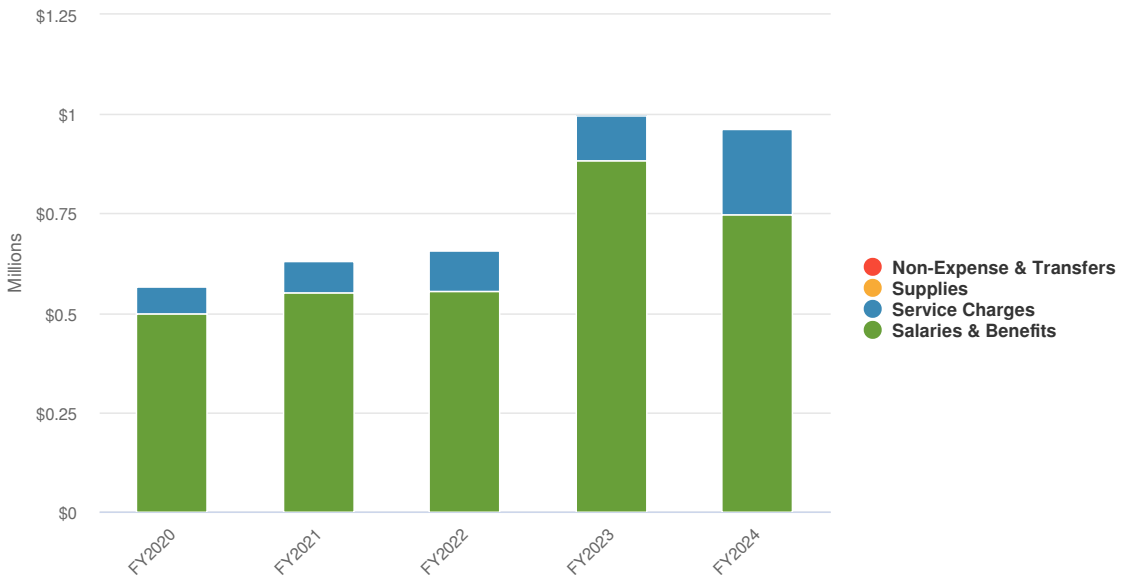
Budgeted and Historical Revenues by Source



Name	FY2020 Actuals	FY2021 Actuals	FY2022 Actuals	FY2023 Adopted	FY2024 Budgeted	FY2023 Adopted vs. FY2024 Budgeted ($ Change)	FY2023 Adopted vs. FY2024 Budgeted (% Change)
Revenue Source							
Licenses & Permits	$210,011	$264,375	$221,541	$305,000	$211,000	-$94,000	-30.8%
Intergovernmental Revenues	$1,094	$12,343		$15,000	$90,000	$75,000	500%
Charges for Goods & Services	$145,119	$224,718	$143,962	$191,000	$182,750	-$8,250	-4.3%
Total Revenue Source:	**$356,223**	**$501,435**	**$365,502**	**$511,000**	**$483,750**	**-$27,250**	**-5.3%**

Growth Planning / Development Services Expenditures

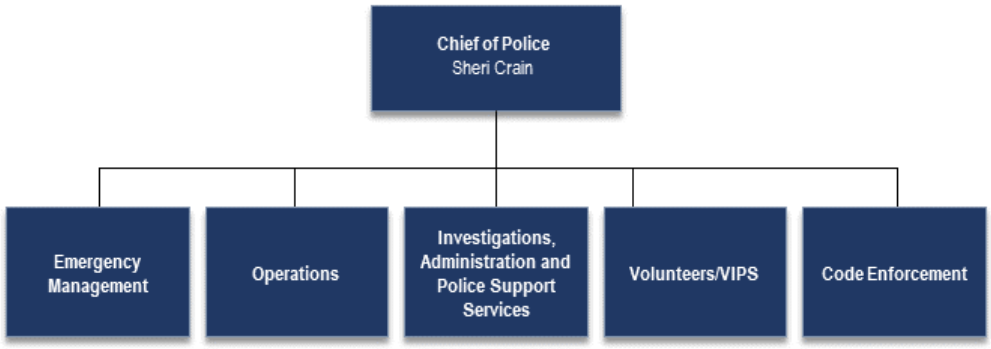
Budgeted and Historical Expenditures by Expense Type



Name	FY2020 Actuals	FY2021 Actuals	FY2022 Actuals	FY2023 Adopted	FY2024 Budgeted	FY2023 Adopted vs. FY2024 Budgeted ($ Change)	FY2023 Adopted vs. FY2024 Budgeted (% Change)
Expense Objects							
Salaries & Benefits	$500,049	$551,266	$556,636	$883,298	$748,305	-$134,993	-15.3%
Supplies	$3,010	$888	$1,567	$1,401	$1,450	$49	3.5%
Service Charges	$65,820	$77,605	$99,079	$112,276	$213,750	$101,474	90.4%
Non-Expense & Transfers			$3,000		$0	$0	N/A
Total Expense Objects:	**$568,880**	**$629,758**	**$660,281**	**$996,975**	**$963,505**	**-$33,470**	**-3.4%**



Police Organization



Emergency Management

- Emergency management services

Operations

- Patrol/911 Response
- Investigations
- Training
- K-9 Unit
- WSP Target Zero partner
- Crime Prevention

Investigations, Administration and Police Support Services

- Crime Investigation
- Regional Drug Team
- Sex Offender Checks
- Budget
- Customer Service
- Licensing, Permits and Fingerprints
- Personnel Administration
- Professional Accountability
- Records
- Communications
- Property and Evidence
- Crime Data Reports

Volunteers/VIPS

- Project Lifesaver
- Block Watch
- Business Watch
- Front Office Support
- Vacation House Check
- Child Car Seat Safety
- Pawnshop Detail
- Chaplain

Code Enforcement

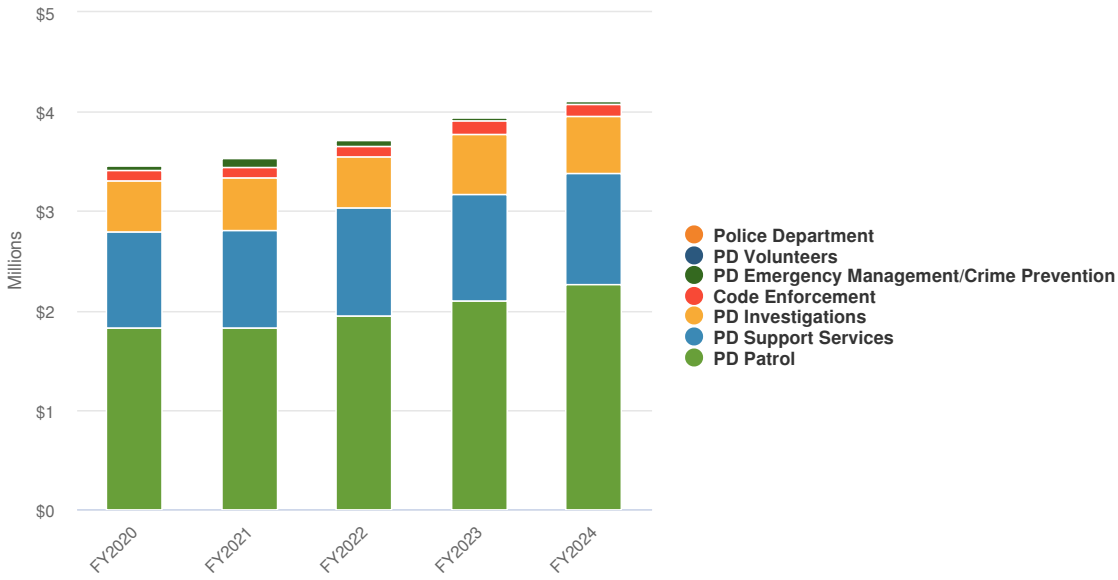
- Animal Control
- Code Enforcement



Public Safety Operations - Department Overview

Public Safety Operations Expenditures

Budgeted and Historical Expenditures by Function



Name	FY2020 Actuals	FY2021 Actuals	FY2022 Actuals	FY2023 Adopted	FY2024 Budgeted	FY2023 Adopted vs. FY2024 Budgeted ($ Change)	FY2023 Adopted vs. FY2024 Budgeted (% Change)
Expenditures							
Police Department							
Police Department	$2,205					$0	N/A
Code Enforcement	$102,051	$102,619	$106,471	$123,267	$121,088	-$2,179	-1.8%
PD Support Services	$958,080	$988,272	$1,094,934	$1,075,766	$1,115,982	$40,216	3.7%
PD Volunteers	$1,358	$147	$167	$2,964	$3,260	$296	10%
PD Patrol	$1,834,965	$1,826,283	$1,947,817	$2,101,479	$2,265,427	$163,948	7.8%
PD Investigations	$518,647	$531,330	$509,003	$606,490	$571,328	-$35,162	-5.8%
PD Emergency Management/Crime Prevention	$46,491	$90,664	$59,203	$39,099	$39,863	$764	2%
Total Police Department:	**$3,463,797**	**$3,539,315**	**$3,717,595**	**$3,949,065**	**$4,116,948**	**$167,883**	**4.3%**
Total Expenditures:	**$3,463,797**	**$3,539,315**	**$3,717,595**	**$3,949,065**	**$4,116,948**	**$167,883**	**4.3%**

Police Department

Department Description

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 by ordinance, emergency management and preparation. The Department coordinates investigations and law enforcement operations with other jurisdictions and agencies.

Additionally, the Support Services front counter offers weapons permitting and transfers, fingerprinting, records retrieval, incident reports, vacation check requests, and public records requests.

Our Code Enforcement Officer will continue to investigate Animal Control and Nuisances issues.

The 2024 Budget reflects Department staffing of twenty-two sworn Officers (22 FTE) and one Code Enforcement Officer which is an increase of 2 to account for predicted personnel openings, increase in police incidents, and compliance with State mandated training and tactics. Police Department functions are greatly supported by three Records Specialists in our Support Services division supervised by the Support Services Supervisor for a total of four Civilian support FTE. The Department also benefits from an active group of more than 15 civilian volunteers who assist the Department's efforts and provide enhanced public safety programs.

Emergency management efforts within the City were augmented in 2020 to include a .4 Emergency Management Coordinator. With the COVID-19 public heath emergency, that position was expanded to full-time in 2020. Mid-year in 2022, the fulltime emergency level was reduced back to the .4 FTE and is represented as such in the 2024 budget.

Mission

The mission of the Police Department is to partner with our community in preserving the peace and reducing the incidence of crime for everyone who lives, works and visits our City.



Key Goals

- Continued engagement with regional partners and service providers in the areas of homelessness, mental illness and substance abuse. Continue our commitment to our regional drug enforcement task force (OPNET) and School Resource partnership with the Sequim School District.
- Body Worn Camera and In-Car Video full operational implementation.
- Training and protocols to ensure adherence to de-escalation, emergency response (Active Shooter), use of force, crisis intervention and other training as required by legislation and best industry standards.
- Complete Re-Accreditation.
- Produce a Police Department Strategic plan.
- Succession planning within the Department to address staff turnover due to long time employees retiring. Hiring, training and replacement of job expertise is needed to absorb several retirements experienced in the near past and to proactively address expected future retirements.

Summary

Revenue Summary
2024 budgeted revenues of $515k increased $98k (23%) from the 2023 Budget due to trends in criminal justice, liquor and marijuana tax receipts - driven by increases in population and consumer purchasing habits. Additional support from the Hotel/Motel fund is represented for additional festival and event policing. We've also added a $40k transfer in from the Public Safety Tax to support Emergency Management.

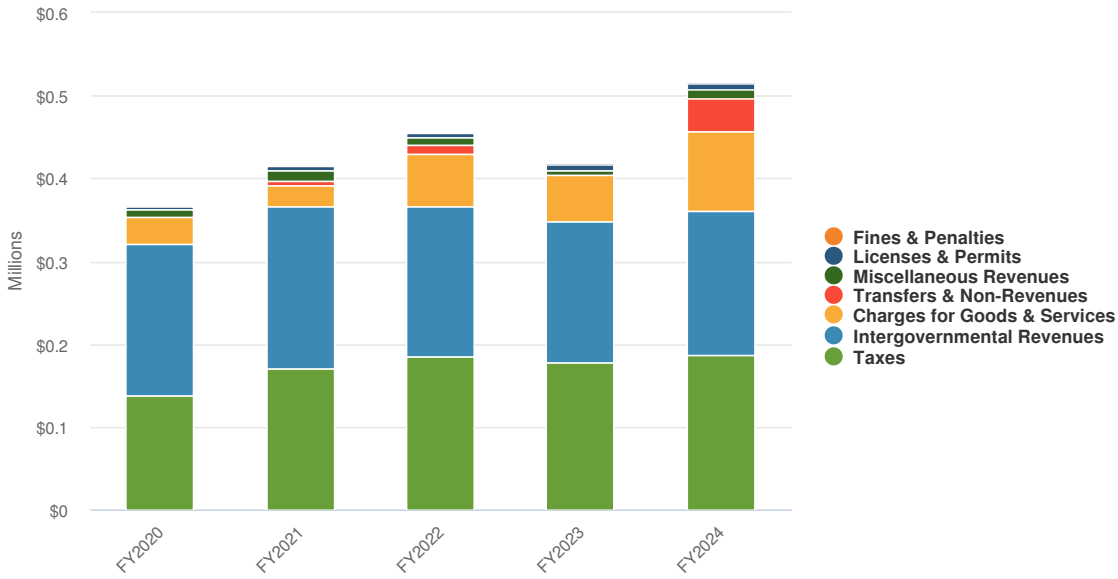
Expenditure Summary
Overall, the police budget for 2024 of $4.12ml increased by $168k (4%) from the 2023 Budget. Salary and benefit expenses reflect an increase of 2 FTE added to the employee count in 2023. State mandated costs continue to increase, including Labor and Industries Industrial Insurance and LEOFF (Law Enforcement Officers and Fire Fighters Retirement System) contributions.

2024 budget assumptions are: Supply and equipment replacement expenses are impacted by inflationary pressures in the marketplace. Training, travel, and registration were expanded to address training needs brought on by Police Reform laws passed in 2021/22/23. Local in-service training and remote/on-line offerings will continue to be leveraged where possible within our 2024 training plan. Increases in PENCOM dispatch services as well as Body-worn camera and other investigative technology expenses are also reflected in this budget. Transfers out to the Equipment Reserve reflect the intention to purchase 2 police cars and tasers as part of our Police asset plan.

The Sequim School District continues to share salary and benefit expenses as part of the School Resource Officer (SRO) agreement and the Police Department will continue its participation in the Olympic Peninsula Narcotics Enforcement Task Force (OPNET).

Police Department Revenues

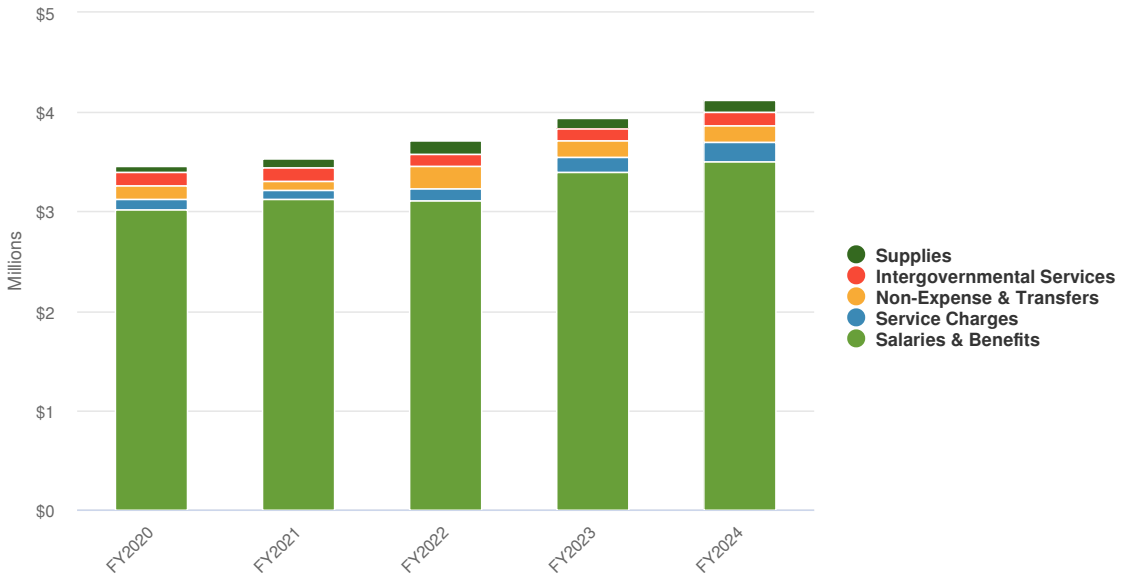
Budgeted and Historical Revenues by Source



Name	FY2020 Actuals	FY2021 Actuals	FY2022 Actuals	FY2023 Adopted	FY2024 Budgeted	FY2023 Adopted vs. FY2024 Budgeted ($ Change)	FY2023 Adopted vs. FY2024 Budgeted (% Change)
Revenue Source							
Taxes	$137,132	$169,555	$185,093	$177,928	$186,742	$8,814	5%
Licenses & Permits	$3,507	$5,107	$6,592	$6,745	$6,745	$0	0%
Intergovernmental Revenues	$184,024	$196,143	$180,453	$169,824	$173,476	$3,652	2.2%
Charges for Goods & Services	$32,064	$25,473	$64,264	$56,000	$97,000	$41,000	73.2%
Fines & Penalties	$422		$100			$0	N/A
Miscellaneous Revenues	$8,700	$11,800	$9,241	$6,000	$11,000	$5,000	83.3%
Transfers & Non-Revenues	$0	$6,180	$10,234	$0	$40,000	$40,000	N/A
Total Revenue Source:	**$365,850**	**$414,258**	**$455,978**	**$416,497**	**$514,963**	**$98,466**	**23.6%**

Police Department Expenditures

Budgeted and Historical Expenditures by Expense Type

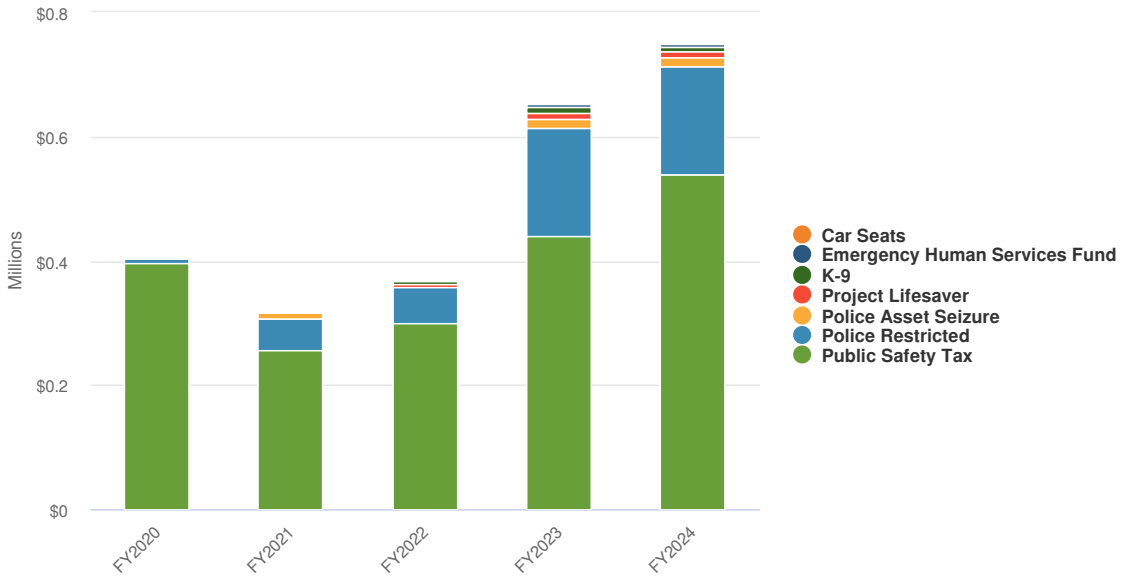


Name	FY2020 Actuals	FY2021 Actuals	FY2022 Actuals	FY2023 Adopted	FY2024 Budgeted	FY2023 Adopted vs. FY2024 Budgeted ($ Change)	FY2023 Adopted vs. FY2024 Budgeted (% Change)
Expense Objects							
Salaries & Benefits	$3,028,266	$3,119,663	$3,109,893	$3,394,164	$3,503,491	$109,327	3.2%
Supplies	$65,510	$92,965	$131,653	$115,846	$115,302	-$544	-0.5%
Service Charges	$97,673	$93,505	$126,709	$157,055	$191,455	$34,400	21.9%
Intergovernmental Services	$132,347	$133,183	$124,340	$122,000	$128,700	$6,700	5.5%
Non-Expense & Transfers	$140,000	$100,000	$225,000	$160,000	$178,000	$18,000	11.3%
Total Expense Objects:	**$3,463,797**	**$3,539,315**	**$3,717,595**	**$3,949,065**	**$4,116,948**	**$167,883**	**4.3%**

Public Safety Restricted - Department Overview

Public Safety Restricted Expenditures

Budgeted and Historical Expenditures by Function



Name	FY2020 Actuals	FY2021 Actuals	FY2022 Actuals	FY2023 Adopted	FY2024 Budgeted	FY2023 Adopted vs. FY2024 Budgeted ($ Change)	FY2023 Adopted vs. FY2024 Budgeted (% Change)
Expenditures							
Police Department							
Police Restricted	$7,068	$51,601	$56,544	$174,191	$172,156	-$2,035	-1.2%
Car Seats	$831			$1,200	$1,200	$0	0%
K-9	$2,308	$2,636	$4,299	$7,400	$7,400	$0	0%
Project Lifesaver	$2,157		$5,879	$10,000	$10,000	$0	0%
Public Safety Tax	$396,046	$255,153	$300,000	$440,000	$540,000	$100,000	22.7%
Emergency Human Services Fund	$1,645	$381	$152	$5,400	$5,400	$0	0%
Police Asset Seizure	$0	$8,795	$0	$15,000	$15,000	$0	0%
Total Police Department:	**$410,056**	**$318,566**	**$366,874**	**$653,191**	**$751,156**	**$97,965**	**15%**
Total Expenditures:	**$410,056**	**$318,566**	**$366,874**	**$653,191**	**$751,156**	**$97,965**	**15%**

Police Restricted

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 the k-9 program, Project LifeSaver, Public Safety Tax collection and transfers, Emergency Human Services funding and the Chaplaincy fund. In 2022, we added the Jamestown Medically Assisted Treatment Clinic monitoring and evaluation program which provides a Navigator program funded by the Jamestown S'Klallam Tribe. This program will continue in 2023.

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 fund require written authorization of the Chief of Police and the City Manager (Sequim Municipal Code 3.42.030).

Key Goals

- Utilize donated funds for their dedicated purposes.
- Apply asset seizure funds towards needed officer safety and investigative equipment purchases.
- Transfer available Public Safety Tax to Debt Service Fund for Civic Center bond payments.
- Jamestown MAT Clinic monitoring and evaluation program related activities.



Summary

Revenue Summary

Police Restricted Fund: The Police Restricted budget reflects grant money and donations that are linked to specific purposes and programs as previously noted. Additionally, the voter-approved Public Safety Sales Tax revenue is recorded in this fund which continues to be used to pay Civic Center/Police Station debt. Finally, a new program revenue was added to this fund in 2022 to pay for a professional social services navigator, contracted by the City, to carry out part of the Jamestown Medically Assisted Treatment facility (MAT) clinic monitoring and evaluation program.

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.

Expenditure Summary

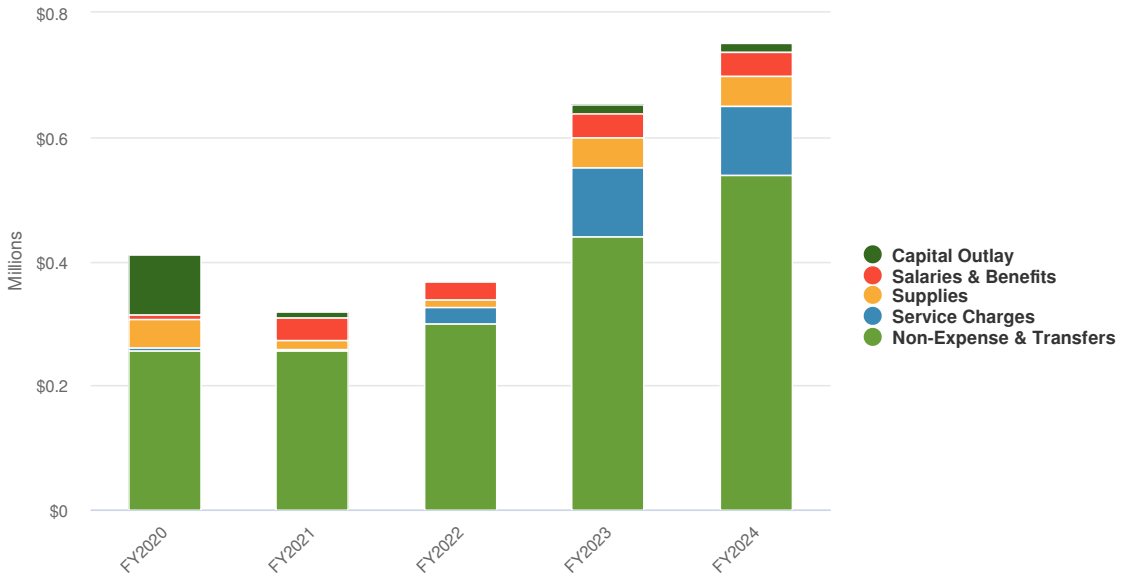
Police Restricted Fund: A transfer out to the Civic Center debt is increased from 2023 by $100k and a transfer out to the City Shop Improvements project of $150k is static in 2024. Other items that remain flat include the professional social services navigator program to support compliance with the MAT clinic monitoring and evaluation requirements (paid for by the Jamestown Tribe). This agreement is in place at least until June 1, 2025.

Police Asset Seizure Fund: The asset seizure fund is a restricted fund by RCW with limited law enforcement purposes connected to drug enforcement. Any expenses must fit within the guidance provided by RCW and our City code, 3.42.030.



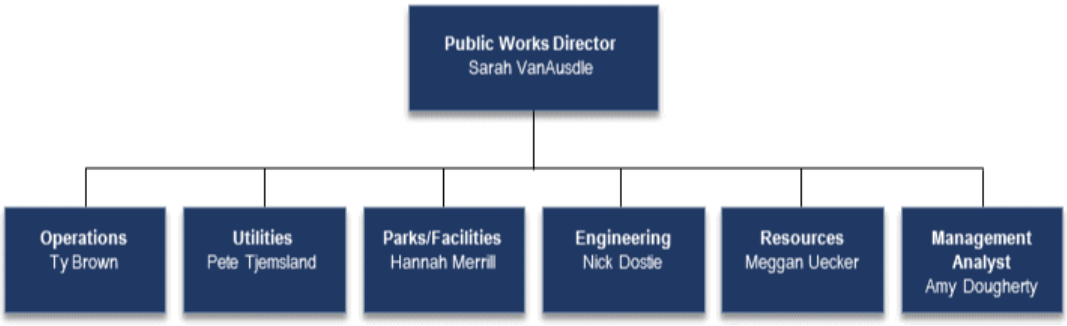
Police Restricted Expenditures

Budgeted and Historical Expenditures by Expense Type



Name	FY2020 Actuals	FY2021 Actuals	FY2022 Actuals	FY2023 Adopted	FY2024 Budgeted	FY2023 Adopted vs. FY2024 Budgeted ($ Change)	FY2023 Adopted vs. FY2024 Budgeted (% Change)
Expense Objects							
Salaries & Benefits	$7,568	$36,904	$28,148	$39,610	$37,575	-$2,035	-5.1%
Supplies	$47,566	$13,884	$12,577	$48,681	$48,681	$0	0%
Service Charges	$5,231	$4,383	$26,150	$109,900	$109,900	$0	0%
Capital Outlay	$94,691	$8,394	$0	$15,000	$15,000	$0	0%
Non-Expense & Transfers	$255,000	$255,000	$300,000	$440,000	$540,000	$100,000	22.7%
Total Expense Objects:	**$410,056**	**$318,566**	**$366,874**	**$653,191**	**$751,156**	**$97,965**	**15%**

Public Works Organization



Operations

- 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
- Radio Communication
- Emergency Management Logistics

Utilities

- Water Supply and Distribution
- Water Rights Management
- Water Operations and Maintenance
- Sewer Operations & Maintenance
- Water Reclamation Facility (WRF)
- Reclaimed Water and Biosolids Distribution
- Industrial Pre-Treatment
- Utility Locates
- Emergency Management Operations

Parks/Facilities

- Coordinate Park Docents
- Parks Board Liaison
- Parks Master Planning
- Donations/Volunteer Coordination
- Facilities Management
- Janitorial Service
- Parks Operations
- Emergency Management Operations

Engineering

- Capital Improvement Program
- GIS
- Traffic Engineering
- Development Reviews
- Site Construction Inspections
- Emergency Management Logistics
- Transportation Improvement Planning
- Construction Administration

Resources

- Stormwater Compliance
- Reclaimed Water Utilization Management
- Natural Resource Sustainability
- Governmental Tribal/Public Resource Liaison
- Emergency Management Planning
- Solid Waste Management
- Grant Procurement and Management

Management Analyst

- Asset Management Program
- Capital Improvement Program Prep
- Budget Prep and Compliance
- Purchasing and Acquisition
- Utility Rate and Fee Development
- Fiscal Data Analysis
- Fleet Management Coordination
- Contract Administration
- Finance Dept. Liaison
- Emergency Management Logistics

Facilities Maintenance

Department Description

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 a variety of highly technical "one-off" projects throughout the City as well as the community clean-up events, including “Rally in the Alley”. The operation of the rental facilities within the City is also contained in this division.

Key Goals

- Perform scheduled maintenance and upgrades to City Facilities using Cartegraph to document time and expense.
- Retro-fit Civic Center HVAC system to one vendor design.
- Retro-fit second floor reception area.
- Retro-fit former Administration building for additional staff use.
- Complete Carrie Blake Park equipment storage and security with concrete pad and cover behind mower shed.
- Implement an upgraded City-wide security system.



Summary

Revenue Summary

Facilities revenue is expected to increase by $26k (143%) due to additional short-term rentals projected.

Expenditure Summary

This budget decreased by $25k (3%) from the 2023 Budget. The transfer to special funds operations was reduced by $85k (25%) due to a reduction in the general fund's contribution to Limited Tax General Obligation debt service. This was offset by an increase in utilities charges of $43k (45%) to reflect actual spending and additional janitorial fees of $13k (71%) to reflect actual spending.



Facilities Maintenance Revenues

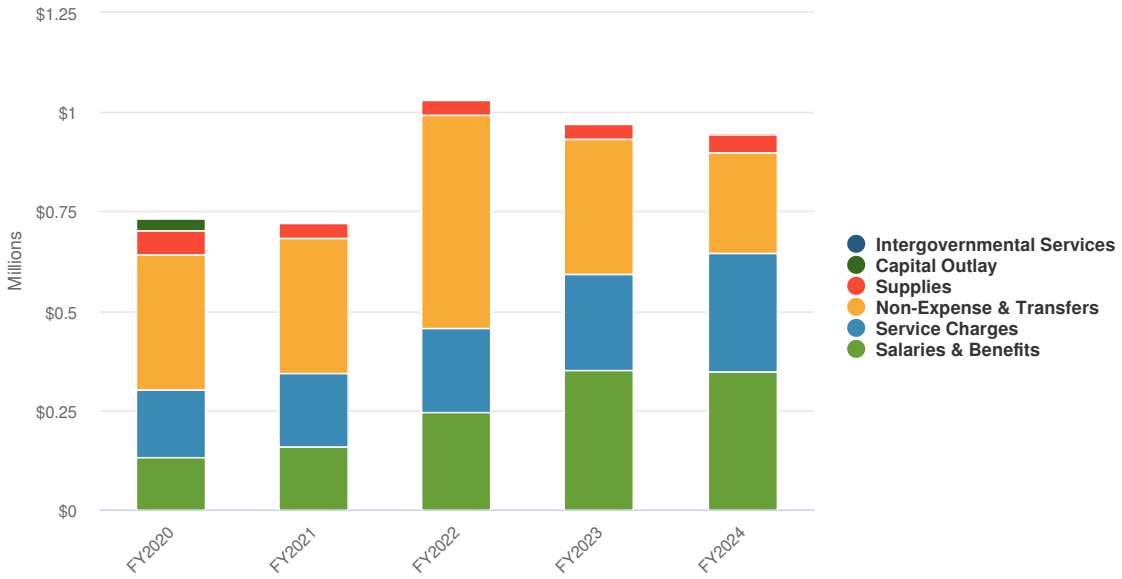
Budgeted and Historical Revenues by Source



Name	FY2020 Actuals	FY2021 Actuals	FY2022 Actuals	FY2023 Adopted	FY2024 Budgeted	FY2023 Adopted vs. FY2024 Budgeted ($ Change)	FY2023 Adopted vs. FY2024 Budgeted (% Change)
Revenue Source							
Licenses & Permits			$1,250			$0	N/A
Charges for Goods & Services	$8,001	$9,139	$13,921	$8,100	$13,900	$5,800	71.6%
Miscellaneous Revenues	-$2,747	$10,760	$18,733	$10,000	$30,000	$20,000	200%
Other Increases in Fund Resources	-$1,800	-$59	$118			$0	N/A
Total Revenue Source:	**$3,454**	**$19,840**	**$34,022**	**$18,100**	**$43,900**	**$25,800**	**142.5%**

Facilities Maintenance Expenditures

Budgeted and Historical Expenditures by Expense Type



Name	FY2020 Actuals	FY2021 Actuals	FY2022 Actuals	FY2023 Adopted	FY2024 Budgeted	FY2023 Adopted vs. FY2024 Budgeted ($ Change)	FY2023 Adopted vs. FY2024 Budgeted (% Change)
Expense Objects							
Salaries & Benefits	$133,429	$156,878	$246,885	$352,049	$347,204	-$4,845	-1.4%
Supplies	$60,960	$36,647	$36,644	$37,320	$44,520	$7,200	19.3%
Service Charges	$167,899	$188,479	$209,617	$239,920	$298,000	$58,080	24.2%
Intergovernmental Services	$227	$93	$93			$0	N/A
Capital Outlay	$28,956					$0	N/A
Non-Expense & Transfers	$339,725	$339,600	$536,340	$339,400	$254,400	-$85,000	-25%
Total Expense Objects:	**$731,196**	**$721,697**	**$1,029,579**	**$968,689**	**$944,124**	**-$24,565**	**-2.5%**

Park Operations

Department Description

Park Operations 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.

Key Goals

- Implementation of the Parks Master Plan.
- Identify needs for additional parks services and maintenance staff.
- Identify funding sources for playground construction for Margaret Kirner, Dr. Standard, and Carrie Blake Parks.
- Explore expansion of Civic Rec to include reservation capabilities for additional park amenities and playing fields.



Summary

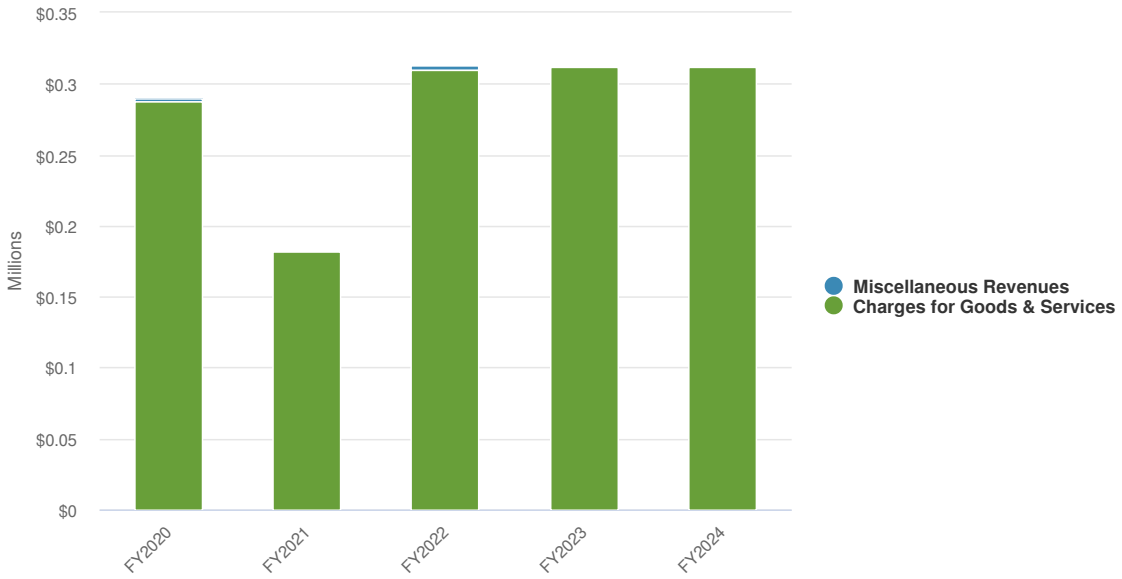
Revenue Summary
Parks revenue is expected remain static in 2024.

Expenditure Summary
This budget increased by $36k (9%) from the 2023 Budget. This increase is the result of $34k (12%) in salaries and benefits due to the addition of ½ FTE to assist with managing the park assets and a $2k (15%) increase in services to address ADA accessible temporary bathroom services.



Park Operations Revenues

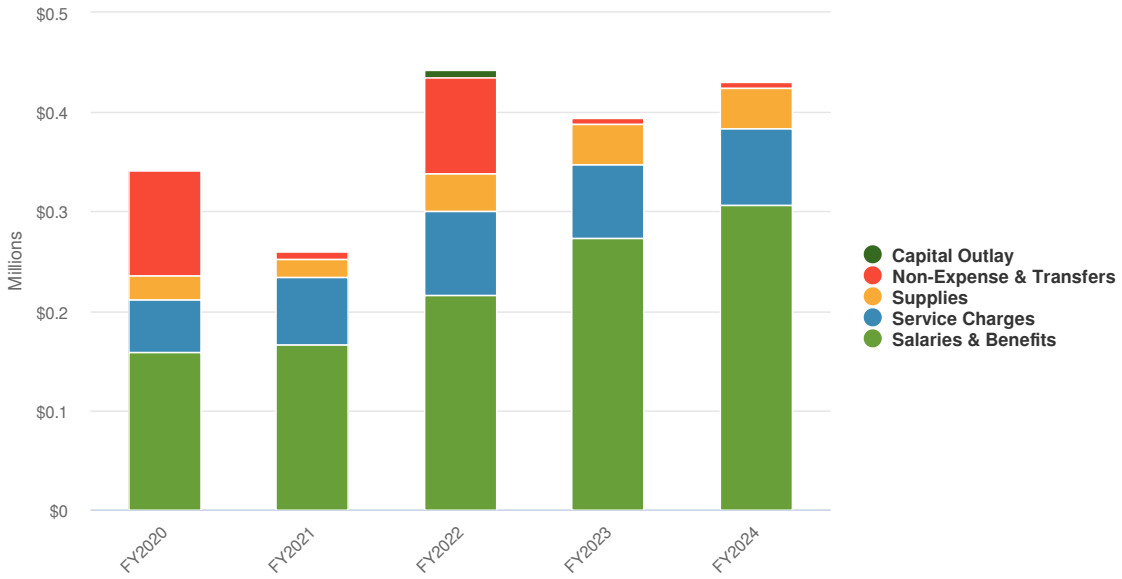
Budgeted and Historical Revenues by Source



Name	FY2020 Actuals	FY2021 Actuals	FY2022 Actuals	FY2023 Adopted	FY2024 Budgeted	FY2023 Adopted vs. FY2024 Budgeted ($ Change)	FY2023 Adopted vs. FY2024 Budgeted (% Change)
Revenue Source							
Charges for Goods & Services	$288,022	$181,960	$309,779	$312,000	$312,000	$0	0%
Miscellaneous Revenues	$1,650	$1,105	$2,744		$0	$0	N/A
Total Revenue Source:	**$289,672**	**$183,065**	**$312,523**	**$312,000**	**$312,000**	**$0**	**0%**

Park Operations Expenditures

Budgeted and Historical Expenditures by Expense Type



Name	FY2020 Actuals	FY2021 Actuals	FY2022 Actuals	FY2023 Adopted	FY2024 Budgeted	FY2023 Adopted vs. FY2024 Budgeted ($ Change)	FY2023 Adopted vs. FY2024 Budgeted (% Change)
Expense Objects							
Salaries & Benefits	$157,922	$165,593	$216,115	$272,717	$306,503	$33,786	12.4%
Supplies	$25,138	$19,329	$38,268	$40,825	$40,825	$0	0%
Service Charges	$53,323	$67,997	$84,112	$74,280	$76,455	$2,175	2.9%
Capital Outlay			$7,758			$0	N/A
Non-Expense & Transfers	$105,000	$7,000	$97,000	$7,000	$7,000	$0	0%
Total Expense Objects:	**$341,384**	**$259,919**	**$443,253**	**$394,822**	**$430,783**	**$35,961**	**9.1%**

PW Administration

Department Description
The Public Works Department has the primary responsibility to provide and maintain the infrastructure, facilities, and services that meet the needs of the City of Sequim and comply with the state, federal and Council established standards and priorities. 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.

Mission
The Public Works Department mission is to build 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.

Key Goals

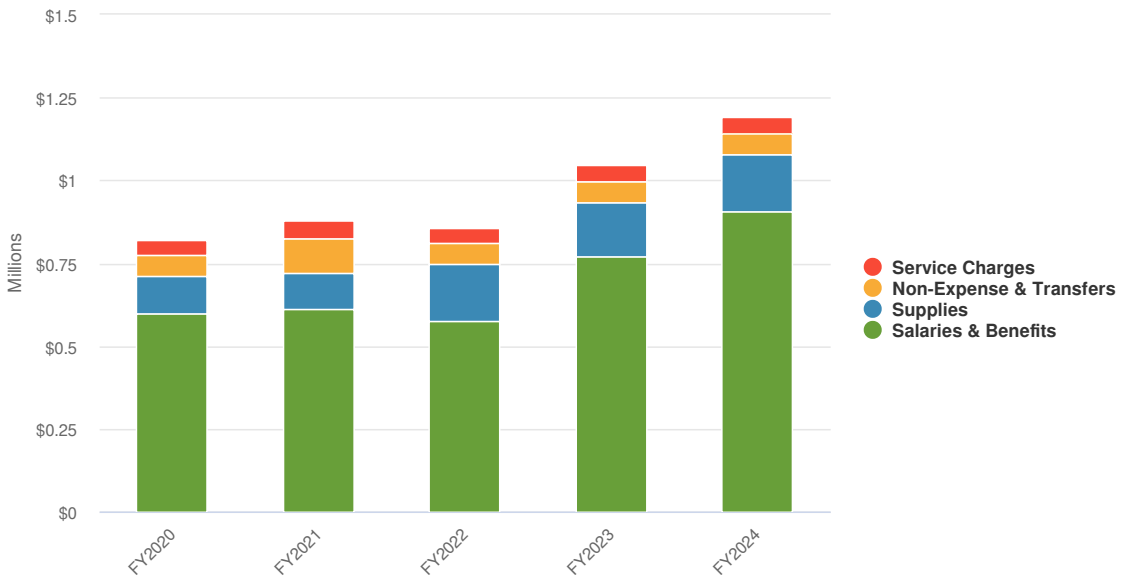
- Collaborate with legislators, local and regional governmental entities, and other private organizations to promote infrastructure expansion and improvement that supports development.
- Support Department of Community Development's update of the Comprehensive Plan.
- Successful recruitment and transition of new Public Works Director.
- Strengthen utilization of Cartegraph Asset Management System for asset documentation, maintenance, and rehabilitation/replacement including Fleet.
- Fuel Card System integration with Cartegraph.
- Strengthen Public Works Safety Program.
- Successful implementation of new development permitting software.
- Successful acquisition of funding for capital projects
- Support increased training and certification programs for Public Works crews.
- Emergency Operations support.

Summary

Expenditure Summary
This budget increased by $145k (14%) from the 2023 Budget. Salaries and benefits increased by $137k (18%) due to the reallocation of an FTE from the Engineering division to manage the Asset and Fleet program as well as additional staff necessary for a pending retirement. In addition, fuel costs were increased by $4k (5%) due to anticipated inflation in the fuel market and small work tools were increased by $4k (8%) to cover expected shop needs.

PW Administration Expenditures

Budgeted and Historical Expenditures by Expense Type



Name	FY2020 Actuals	FY2021 Actuals	FY2022 Actuals	FY2023 Adopted	FY2024 Budgeted	FY2023 Adopted vs. FY2024 Budgeted ($ Change)	FY2023 Adopted vs. FY2024 Budgeted (% Change)
Expense Objects							
Salaries & Benefits	$598,621	$612,949	$573,860	$770,913	$907,706	$136,793	17.7%
Supplies	$113,029	$108,503	$172,950	$161,780	$169,380	$7,600	4.7%
Service Charges	$46,015	$51,708	$48,056	$52,941	$53,741	$800	1.5%
Non-Expense & Transfers	$63,000	$105,000	$63,000	$63,000	$63,000	$0	0%
Total Expense Objects:	**$820,665**	**$878,160**	**$857,867**	**$1,048,634**	**$1,193,827**	**$145,193**	**13.8%**



Street Operations

Department Description

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 signals, and pavement markings), maintaining sidewalks and trails, street trees and landscaping, street lighting, parking facilities, and other maintenance-related services. Unrestricted revenues come from: General Fund, motor vehicle tax and arterial fuel tax.

Key Goals

- Update City street signs and ensure all maintenance is documented in Cartegraph.
- Initiate a sign reflective testing program.
- Develop innovative maintenance methods to reduce task time related to asphalt replacement and flat work.
- Initiate a guard rail replacement program.
- Establish brine station for winter de-icing.
- Create a tree inventory program in Cartegraph, document any Legacy Trees.
- Develop annual chip and seal and asphalt program.



Summary

Revenue Summary

Streets revenue increased by $128k (11%) due to an increase in street/curb/ROW permit fees of $20k (300%), transfers in from sewer & water for SIB and ROW maintenance of $47k (179%), transfers in from TBD tax of $40k (18%), and insurance recoveries of $11k (55%).

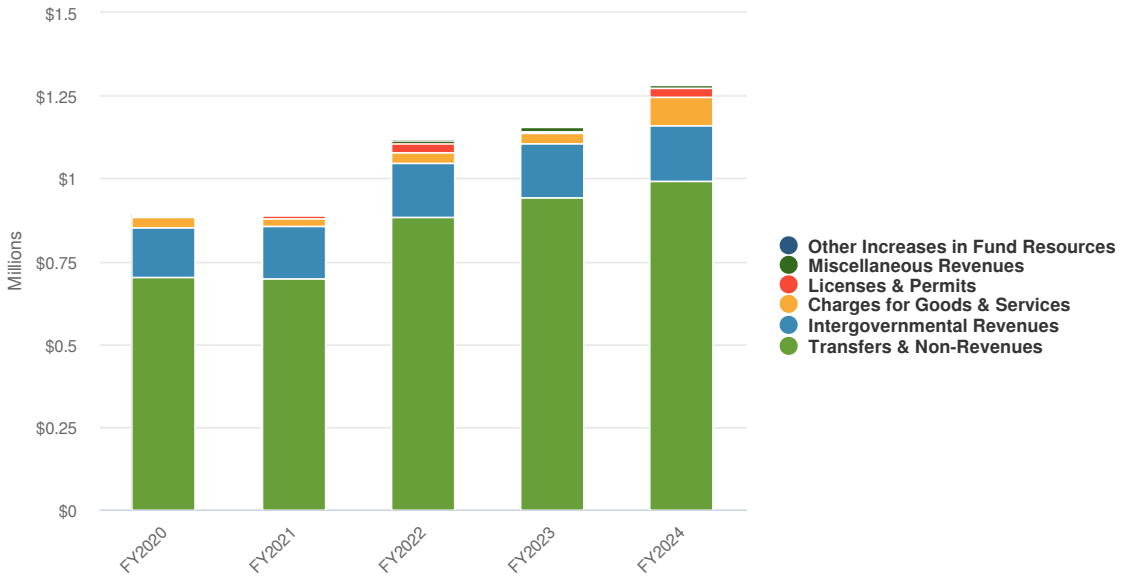
Expenditure Summary

This budget increased by $115k (10%) from the 2023 Budget. Salaries and benefits increased $79k (15%) due to addition of ½ FTE for increased ROW maintenance task. In addition, an increase of $15k (20%) for fire & casualty insurance costs, $12K for light pole replacement from accidents, and $8k for street paint striping supplies is included.



Street Operations Revenues

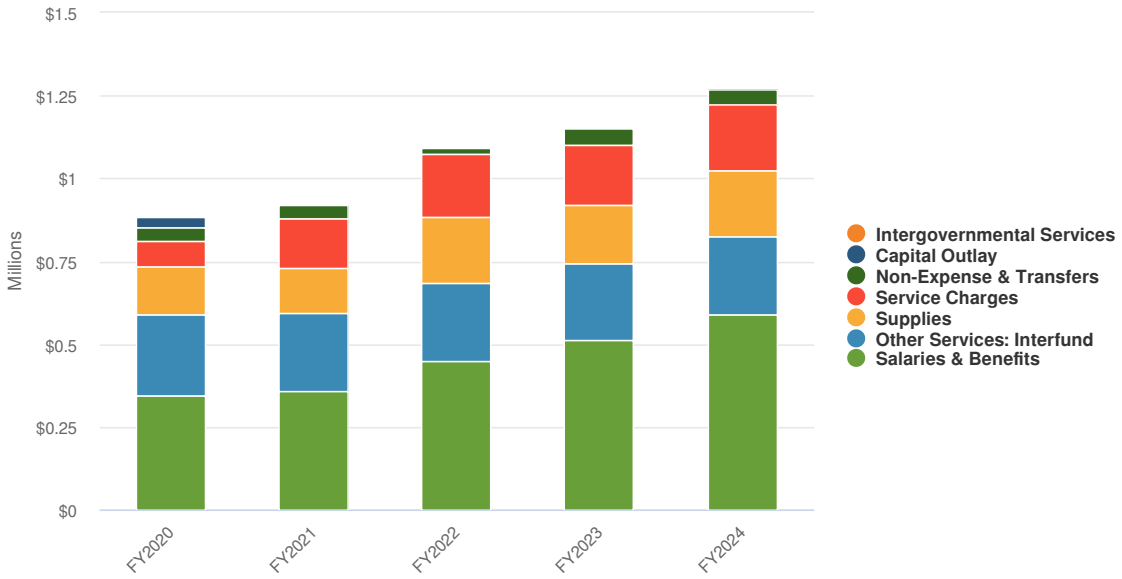
Budgeted and Historical Revenues by Source



Name	FY2020 Actuals	FY2021 Actuals	FY2022 Actuals	FY2023 Adopted	FY2024 Budgeted	FY2023 Adopted vs. FY2024 Budgeted ($ Change)	FY2023 Adopted vs. FY2024 Budgeted (% Change)
Revenue Source							
Licenses & Permits	$570	$6,682	$27,613	$6,500	$26,000	$19,500	300%
Intergovernmental Revenues	$152,960	$160,731	$163,240	$165,582	$170,373	$4,791	2.9%
Charges for Goods & Services	$29,116	$23,231	$31,002	$31,001	$83,101	$52,100	168.1%
Miscellaneous Revenues	$6,659	$4,296	$8,487	$10,820	$10,820	$0	0%
Other Increases in Fund Resources	$1,000					$0	N/A
Transfers & Non-Revenues	$700,950	$697,335	$883,022	$940,700	$992,000	$51,300	5.5%
Total Revenue Source:	**$891,255**	**$892,275**	**$1,113,363**	**$1,154,603**	**$1,282,294**	**$127,691**	**11.1%**

Street Operations Expenditures

Budgeted and Historical Expenditures by Expense Type



Name	FY2020 Actuals	FY2021 Actuals	FY2022 Actuals	FY2023 Adopted	FY2024 Budgeted	FY2023 Adopted vs. FY2024 Budgeted ($ Change)	FY2023 Adopted vs. FY2024 Budgeted (% Change)
Expense Objects							
Salaries & Benefits	$342,874	$358,018	$450,072	$511,026	$589,650	$78,624	15.4%
Supplies	$147,915	$137,192	$197,321	$175,840	$202,105	$26,265	14.9%
Service Charges	$78,491	$149,384	$190,992	$182,320	$197,581	$15,261	8.4%
Intergovernmental Services	$6,540					$0	N/A
Capital Outlay	$30,735					$0	N/A
Non-Expense & Transfers	$39,000	$39,232	$19,000	$50,000	$45,000	-$5,000	-10%
Other Services: Interfund	$243,989	$234,886	$234,943	$234,000	$234,000	$0	0%
Total Expense Objects:	**$889,545**	**$918,712**	**$1,092,328**	**$1,153,186**	**$1,268,336**	**$115,150**	**10%**

Storm Water Operations

Department Description
Stormwater Operations manages risk and increases resiliency by protecting water quality, water resources/ supplies, and preventing damage from floods. Stormwater operations and maintenance staff includes field personnel who maintain the City stormwater facilities 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 dry wells, staff or contractors maintain stormwater ponds to ensure they are functioning as designed and the street sweeper is utilized weekly on all streets per a regular schedule.

The City's inventory and mapping of its stormwater (and other in-ground) facilities is ongoing. With the planned expansion of GIS capabilities this information will be made available department-wide for tracking and scheduling maintenance. Periodic work responding to storms includes sandbagging to direct runoff into appropriate storm drains, clearing trash racks and culverts when they are clogged, etc. The most problematic clogs are usually resolved with the vac truck. Mutual assistance contracts with Sequim Prairie Tri-Irrigation Association and Highland Irrigation District to expedite storm response.

Key Goals

- Document all storm water operations in Cartegraph.
- Complete the maintenance and vegetation removal of all the City storm water ponds.
- Clean and maintain all the City catch basins per sludge level and maintenance needs.
- Add an infiltration catch basin and infiltration line on the side of West Brackett Road to reduce flooding.

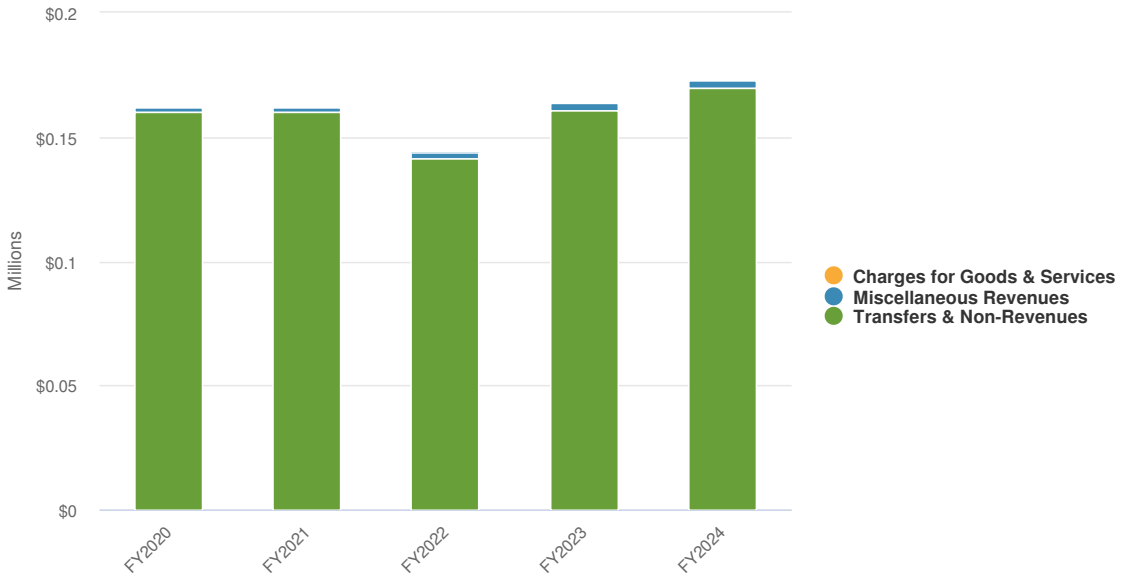
Summary

Revenue Summary
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 2024 the transfer amount from the Water Fund is $60k and from the Sewer fund is $110k. This amount covers only the operational activities of the Stormwater Program.

Expenditure Summary
This budget increased $10k (6%) from the 2023 Budget. Salaries and benefits were increased by $14k (17%) as a result of reallocating supervision and administrative tasks. This is offset by a reduction in vac truck and sweeper parts of $3k (12%).

Storm Water Operations Revenues

Budgeted and Historical Revenues by Source

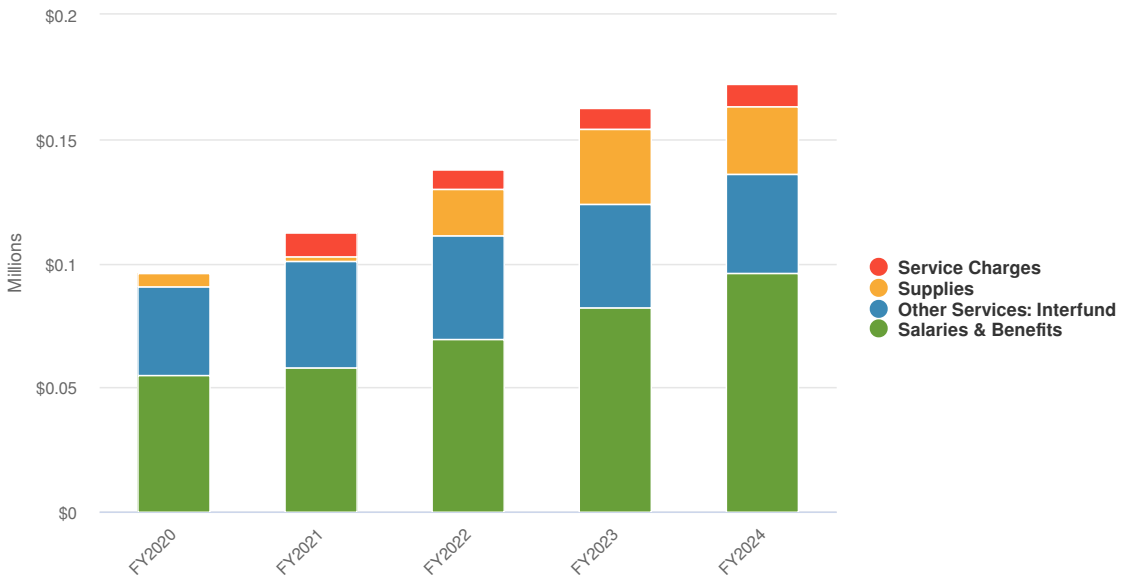


Name	FY2020 Actuals	FY2021 Actuals	FY2022 Actuals	FY2023 Adopted	FY2024 Budgeted	FY2023 Adopted vs. FY2024 Budgeted ($ Change)	FY2023 Adopted vs. FY2024 Budgeted (% Change)
Revenue Source							
Charges for Goods & Services			$175			$0	N/A
Miscellaneous Revenues	$1,982	$1,835	$2,588	$2,935	$2,935	$0	0%
Transfers & Non-Revenues	$160,000	$160,000	$141,170	$161,000	$170,000	$9,000	5.6%
Total Revenue Source:	**$161,982**	**$161,835**	**$143,933**	**$163,935**	**$172,935**	**$9,000**	**5.5%**



Storm Water Operations Expenditures

Budgeted and Historical Expenditures by Expense Type



Name	FY2020 Actuals	FY2021 Actuals	FY2022 Actuals	FY2023 Adopted	FY2024 Budgeted	FY2023 Adopted vs. FY2024 Budgeted ($ Change)	FY2023 Adopted vs. FY2024 Budgeted (% Change)
Expense Objects							
Salaries & Benefits	$54,741	$58,247	$69,711	$82,110	$96,163	$14,053	17.1%
Supplies	$5,213	$2,311	$18,675	$30,050	$27,050	-$3,000	-10%
Service Charges	$40	$9,488	$7,849	$8,350	$9,150	$800	9.6%
Other Services: Interfund	$35,974	$42,436	$41,518	$42,000	$40,000	-$2,000	-4.8%
Total Expense Objects:	**$95,968**	**$112,482**	**$137,754**	**$162,510**	**$172,363**	**$9,853**	**6.1%**

Water Operations

Department Description

The Water Operations 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, reservoirs, and other infrastructure to store and transport water. Three months of operating expenses are maintained in the fund for emergency purposes. Revenues received over the cost of planned expenses and operating reserves are transferred to the Water Replacement Reserve fund for future replacement of the water infrastructure and equipment.

Management oversight and support is provided by the PW Director, Utilities Manager and other staff in Public Works Administration. 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 1,400,000 gallons per day (gpd) of potable water are provided to the citizens and businesses of Sequim during the summer months and approximately 752,000 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.

Key Goals

- Comply with all state, federal, and city requirements and regulations.
- Research and implement water loss counter measures.
- Increase efficiency and reduce operational expenses to minimize necessary rate adjustments.
- Identify and repair leaking pipes.
- Provide additional training for staff to ensure that all industry standards are met.
- Develop a succession plan for Utilities Manger and train employees accordingly.

Summary

Revenue Summary

Budgeted revenues increased $154k (6%) above 2023 revenues, to accommodate a rate increase of 3% and growth in the number of water customers.

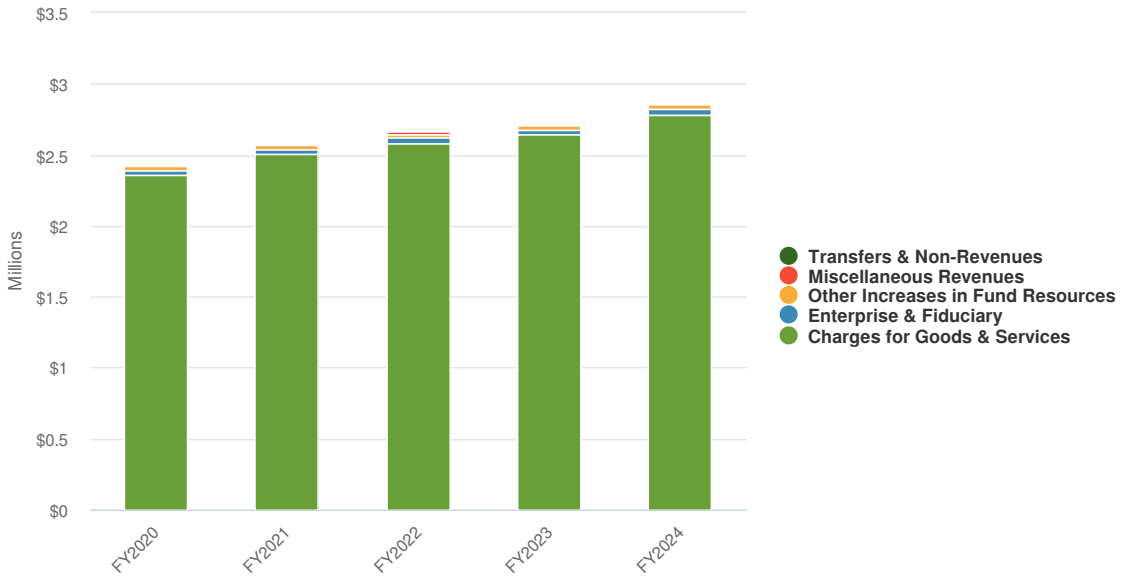
Expenditure Summary

Overall expenses in Water Operations increased $153k (6%) from the 2023 Budget. Professional services increased by $100k (99%) due to the Department of Health pipe material inventory requirements. In addition, an increase of $115k (135%) of fire & casualty insurance is included which is offset by a $16k (38%) reduction is chemicals, a $14k (3%) reduction in salaries and benefits due to an anticipated retirement, and a $35k (7%) reduction in the administrative services fee.



Water Operations Revenues

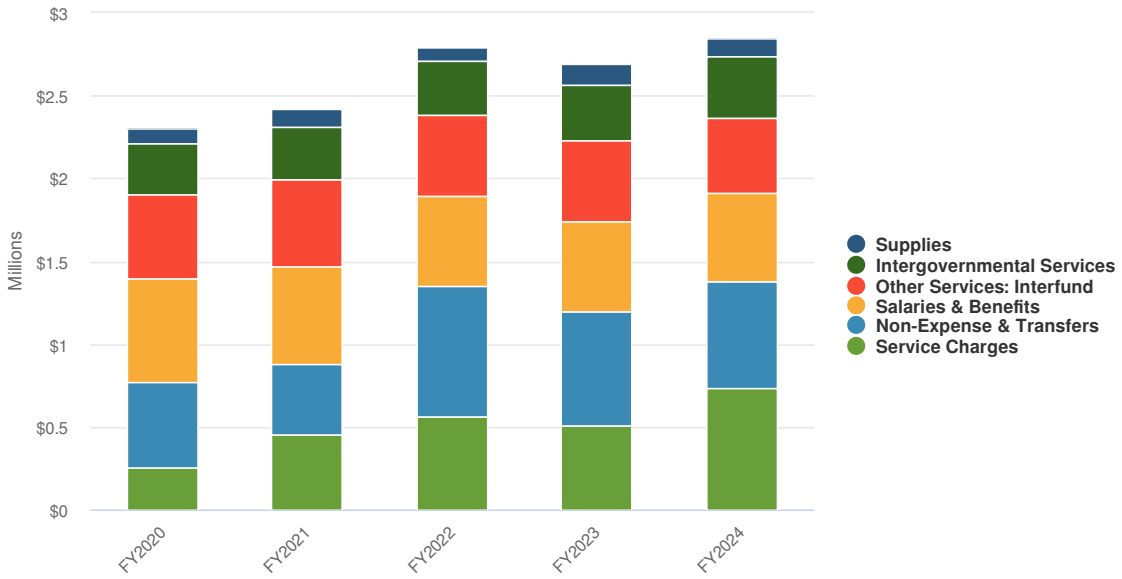
Budgeted and Historical Revenues by Source



Name	FY2020 Actuals	FY2021 Actuals	FY2022 Actuals	FY2023 Adopted	FY2024 Budgeted	FY2023 Adopted vs. FY2024 Budgeted ($ Change)	FY2023 Adopted vs. FY2024 Budgeted (% Change)
Revenue Source							
Charges for Goods & Services	$2,362,724	$2,502,580	$2,578,941	$2,639,400	$2,783,377	$143,977	5.5%
Miscellaneous Revenues	$14,661	$7,759	$15,579	$8,200	$16,000	$7,800	95.1%
Other Increases in Fund Resources	$29,805	$23,079	$25,156	$27,200	$27,200	$0	0%
Enterprise & Fiduciary	$27,307	$38,889	$42,790	$40,000	$42,000	$2,000	5%
Transfers & Non-Revenues	$223					$0	N/A
Total Revenue Source:	**$2,434,719**	**$2,572,306**	**$2,662,466**	**$2,714,800**	**$2,868,577**	**$153,777**	**5.7%**

Water Operations Expenditures

Budgeted and Historical Expenditures by Expense Type



Name	FY2020 Actuals	FY2021 Actuals	FY2022 Actuals	FY2023 Adopted	FY2024 Budgeted	FY2023 Adopted vs. FY2024 Budgeted ($ Change)	FY2023 Adopted vs. FY2024 Budgeted (% Change)
Expense Objects							
Salaries & Benefits	$628,028	$596,054	$541,503	$546,903	$532,705	-$14,198	-2.6%
Supplies	$93,606	$113,451	$88,642	$128,355	$104,355	-$24,000	-18.7%
Service Charges	$255,600	$450,832	$565,629	$508,022	$733,545	$225,523	44.4%
Intergovernmental Services	$305,771	$317,230	$324,260	$336,895	$378,975	$42,080	12.5%
Non-Expense & Transfers	$511,405	$424,107	$786,799	$686,000	$645,000	-$41,000	-6%
Other Services: Interfund	$507,025	$520,949	$488,664	$485,000	$450,000	-$35,000	-7.2%
Total Expense Objects:	**$2,301,436**	**$2,422,622**	**$2,795,496**	**$2,691,175**	**$2,844,580**	**$153,405**	**5.7%**

Sewer Operations

Department Description

The Sewer Operations 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 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 70 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.

Key Goals

Sewer Collection

- Reduce the amount of Inflow and Infiltration that enters into the city sewer collection system.
- Correct sewer manhole issues located at the end of pressure lines.
- Public education about the harmful effects of cat litter and flushable wipes on a sewer system.
- Implement a jetting maintenance program for the Carlsborg Sewer System.
- Implement root control program.
- NAASCO training and certification for all crew.
- Create valve turning program for lift stations.

Water Reclamation Facility

- Increase efficiency and reduce operational expenses to minimize necessary rate adjustments.
- Provide additional training for staff to ensure all industry standards are met.
- Develop a succession plan for Utilities Manager and train employees accordingly.
- Explore alternative uses for biosolids.
- Ensure compliance with all state, federal, and city requirements and regulations.

The City’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.



Summary

Revenue Summary

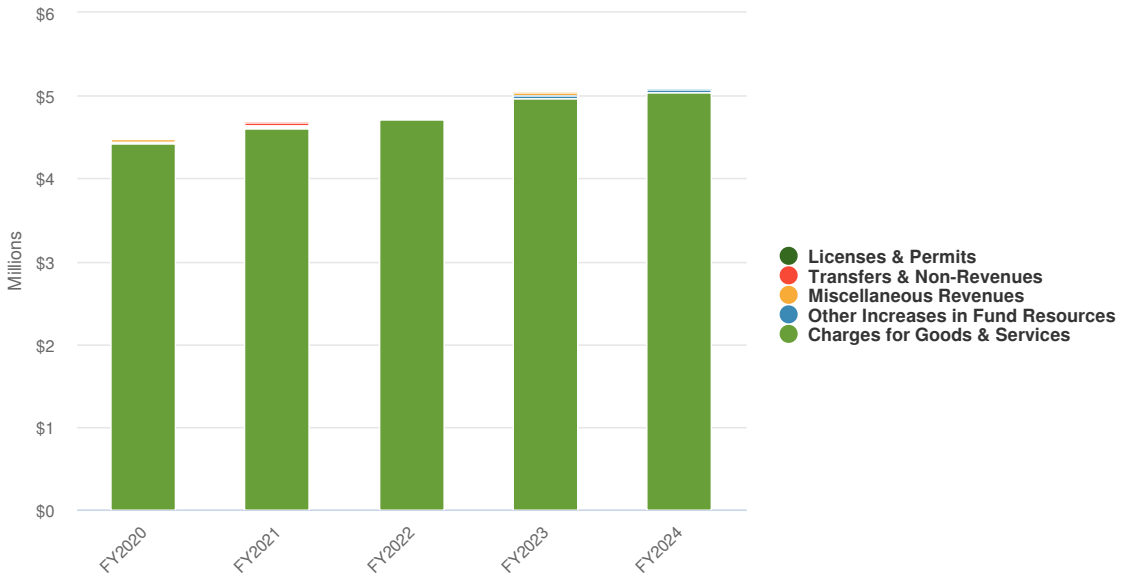
2024 budgeted revenues increased by $63k (1%). Commercial rate revenue increased by $315k (34%) and regional partnerships/services by $37k (34%). Residential rate revenue decreased by $282k (8%). These changes are the result of both a 3% increase in rates and structural changes made as a result of the 2020 Utility Rate Stuy

Expenditure Summary

This budget increased by $6k (0.1%) from the 2023 Budget. Salaries and benefits increased $34k (3%) due to the addition of staff to cover for pending retirements. Additional increases include $59k (31%) for fire & casualty insurance, $46K (33%) for WRF's lab UV bulbs and other small equipment, and $13K (23%) for fuel. These costs were offset by a reduction in WRF repair maintenance of $20k (44%) and a $170 (13%) reduction in the administrative service fee.

Sewer Operations Revenues

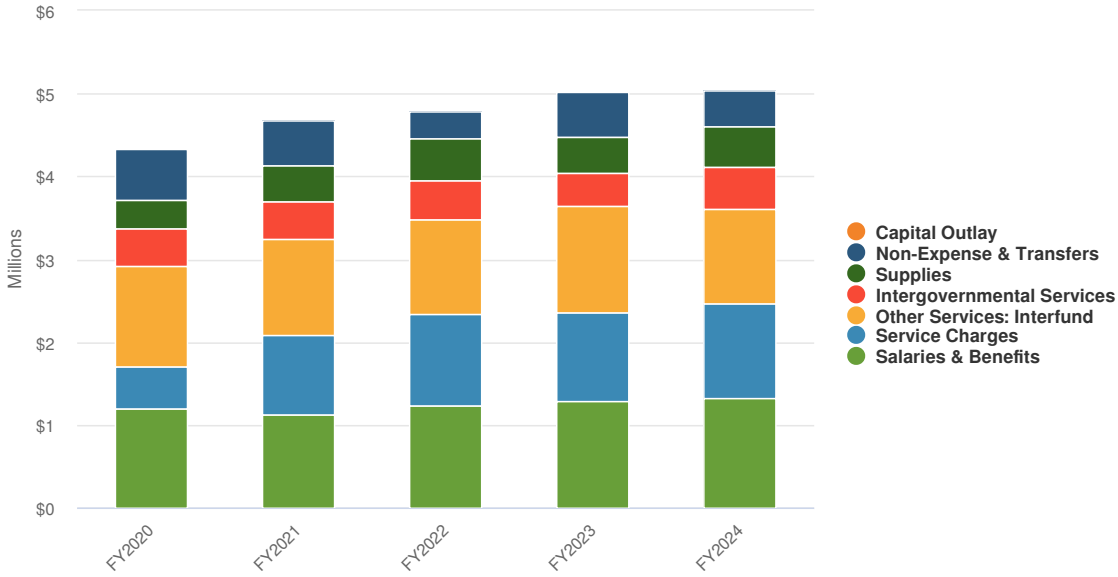
Budgeted and Historical Revenues by Source



Name	FY2020 Actuals	FY2021 Actuals	FY2022 Actuals	FY2023 Adopted	FY2024 Budgeted	FY2023 Adopted vs. FY2024 Requested ($ Change)	FY2023 Adopted vs. FY2024 Requested (% Change)
Revenue Source							
Licenses & Permits			$41			$0	N/A
Charges for Goods & Services	$4,425,287	$4,608,735	$4,709,984	$4,973,807	$5,045,472	$71,665	1.4%
Miscellaneous Revenues	$31,655	$19,005	$26,130	$32,000	$23,000	-$9,000	-28.1%
Other Increases in Fund Resources	$24,371	$20,450	$21,667	$25,000	$25,000	$0	0%
Transfers & Non-Revenues	$670	$28,000				$0	N/A
Total Revenue Source:	**$4,481,984**	**$4,676,190**	**$4,757,822**	**$5,030,807**	**$5,093,472**	**$62,665**	**1.2%**

Sewer Operations Expenditures

Budgeted and Historical Expenditures by Expense Type



Name	FY2020 Actuals	FY2021 Actuals	FY2022 Actuals	FY2023 Adopted	FY2024 Budgeted	FY2023 Adopted vs. FY2024 Budgeted ($ Change)	FY2023 Adopted vs. FY2024 Budgeted (% Change)
Expense Objects							
Salaries & Benefits	$1,189,334	$1,126,657	$1,232,323	$1,291,733	$1,325,727	$33,994	2.6%
Supplies	$345,242	$428,756	$513,650	$426,352	$486,266	$59,914	14.1%
Service Charges	$523,053	$966,099	$1,113,512	$1,055,884	$1,143,914	$88,030	8.3%
Intergovernmental Services	$448,090	$453,588	$472,116	$401,150	$515,475	$114,325	28.5%
Capital Outlay				$1	$1	$0	0%
Non-Expense & Transfers	$620,072	$553,328	$322,892	$555,000	$435,000	-$120,000	-21.6%
Other Services: Interfund	$1,213,942	$1,150,004	$1,136,573	$1,300,000	$1,130,000	-$170,000	-13.1%
Total Expense Objects:	**$4,339,732**	**$4,678,432**	**$4,791,067**	**$5,030,120**	**$5,036,383**	**$6,263**	**0.1%**

GIS/Engineering

Department Description
Engineering provides design and construction management services for general Public Works, Street, Water, Sewer, and Stormwater, and Facilities Capital Projects. Engineering also assists 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 assets and geographic data to facilitate inventory control, utility locates, and develop maintenance schedules.

Key Goals

- Improve development permitting and review process, measured by community meeting responses and time to completion prior to deadline.
- Revise and improve existing codes and engineering standards to align with modern practices and requirements.
- Improve and streamline Prioritization Matrix and incorporate capital projects from new master plans.
- Provide cross training and professional development to engineering staff.
- Complete a comprehensive portfolio of engineering standards for to incorporate sewer, water, streets, stormwater, and erosion control.
- Incorporate deficiencies identified in ADA Transition Plan in the CIP and TIP.
- Complete adopted 2024 Capital Improvement Projects.
- Utilize Cartegraph to advise and prioritize capital projects, maintenance schedules, and track staff time (permits) and resources.
- Develop an annual project and maintenance plan to improve the Pavement Condition Index (PCI) to 70 or above.
- Develop an internal and public facing CIP map.
- Develop a public facing multi-purpose map.

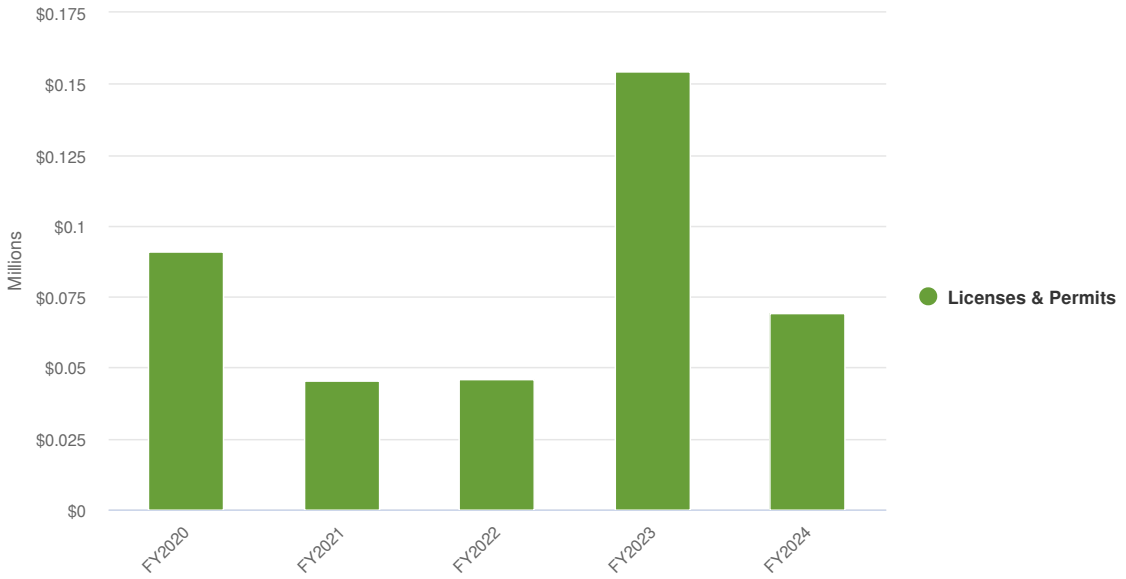
Summary

Revenue Summary
Revenues are expected to decrease by $86k (55%) to account for a decrease in site construction permits as development activity begins to slow down.

Expenditure Summary
This budget decreased by $221k (44%) from the 2023 Budget. Salaries and benefits decreased by $168k (42%) due to the removal of a Full Time Employee (FTE) that was included in 2023 to manage capital projects. Additionally, there is a decrease of $53k (72%) in professional services for 3rd party inspections and review. A total of $350k of engineering costs will be allocated out to other department and funds.

GIS/Engineering Revenues

Budgeted and Historical Revenues by Source

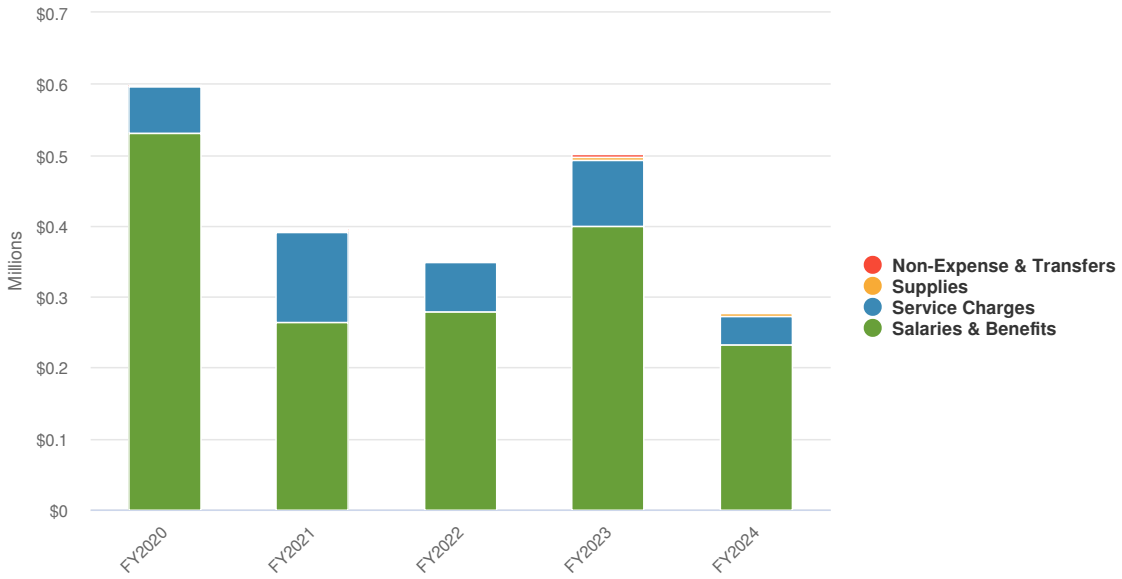


Name	FY2020 Actuals	FY2021 Actuals	FY2022 Actuals	FY2023 Adopted	FY2024 Budgeted	FY2023 Adopted vs. FY2024 Budgeted ($ Change)	FY2023 Adopted vs. FY2024 Budgeted (% Change)
Revenue Source							
Licenses & Permits							
Site Construction Permit	$90,957	$45,293	$45,753	$154,500	$69,000	-$85,500	-55.3%
Total Licenses & Permits:	**$90,957**	**$45,293**	**$45,753**	**$154,500**	**$69,000**	**-$85,500**	**-55.3%**
Total Revenue Source:	**$90,957**	**$45,293**	**$45,753**	**$154,500**	**$69,000**	**-$85,500**	**-55.3%**



GIS/Engineering Expenditures

Budgeted and Historical Expenditures by Expense Type



Name	FY2020 Actuals	FY2021 Actuals	FY2022 Actuals	FY2023 Adopted	FY2024 Budgeted	FY2023 Adopted vs. FY2024 Budgeted ($ Change)	FY2023 Adopted vs. FY2024 Budgeted (% Change)
Expense Objects							
Salaries & Benefits	$530,653	$263,914	$278,869	$399,920	$231,913	-$168,007	-42%
Supplies	$344	$1,084	$2,668	$4,225	$4,725	$500	11.8%
Service Charges	$65,437	$127,739	$70,114	$93,700	$40,550	-$53,150	-56.7%
Non-Expense & Transfers	$2,400	$2,400	$2,400	$2,400	$2,400	$0	0%
Total Expense Objects:	**$598,835**	**$395,136**	**$354,051**	**$500,245**	**$279,588**	**-$220,657**	**-44.1%**

Streets Restricted

The Streets Restricted Fund is comprised of special revenues, private development contributions, and grants. These funds are restricted by state and/or federal regulations, agreements, or restrictions created by City Council. The funds are used to improve the transportation network which addresses safety, mobility preservation, and functional use needs. Restricted Street funded projects that require a match of city funds may be financed from Streets Unrestricted, General Funds, REET 2 (Real Estate Excise Tax), TBD service charges, and other sources.

Key Goals

Force Main Pipe Relocation at Johnson Creek (PWP-STR-087RR) $500K
Location: Johnson Creek & Hwy 101 in east Sequim
Project: Repair the Railroad Trestle Foot Bridge.
Benefit: Improves pedestrian structure over Johnson Creek.

W Sequim Bay Rd Shoreline Revetment Repair (STR-063RR) $410K
Location: W Sequim Bay Rd, near Pitship Bridge.
Project: Reconstruction of the rock revetment supporting W Sequim Bay Rd, near Pitship Bridge.
Benefit: Stabilizes the roadway embankment and prevents wash-out during weather events.

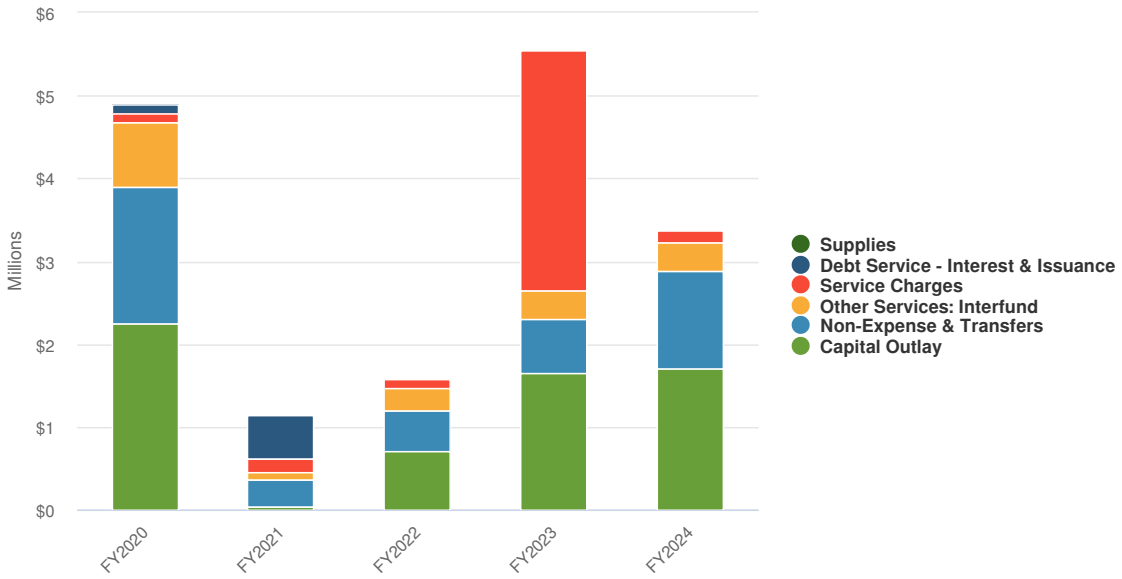
Transportation Master Plan/Impact Fee Update (STR-060PL) $126.5k
Location: NA
Project: Update of Transportation Master Plan (TMP) which provides a long-term planning strategy for the City's surface transportation network for the 6-year and 20-year planning periods.
Benefit: Updates the 2015 adopted TMP as required by the City's Comprehensive Plan, and updates Transportation Impact Fees. Following adoption of the 2025 plan, an update will not be necessary until 2035.

City-wide Pavement Rehabilitation (STR-041RR) $618K
Location: TBD
Project: Annual program for repair, overlay, or reconstruction of pavement of City streets.
Benefit: Maintains the City's street systems through pavement preservation.

City Wide Pedestrian/Bike Improvements (STR-072CU) $50K
Location: TBD
Project: Annual program for construction of pedestrian and bicycle projects thought the City.
Benefit: Improves pedestrian and bicycle facilities for users of all ages and abilities throughout the city.

Streets Restricted

Budgeted and Historical Expenditures by Expense Type



Name	FY2020 Actuals	FY2021 Actuals	FY2022 Actuals	FY2023 Adopted	FY2024 Budgeted	FY2023 Adopted vs. FY2024 Budgeted ($ Change)	FY2023 Adopted vs. FY2024 Budgeted (% Change)
Expense Objects							
Supplies	$17,693					$0	N/A
Service Charges	$102,156	$159,300	$100,609	$2,891,748	$141,748	-$2,750,000	-95.1%
Capital Outlay	$2,251,206	$32,066	$713,117	$1,650,000	$1,704,500	$54,500	3.3%
Debt Service - Interest & Issuance	$121,474	$522,675				$0	N/A
Non-Expense & Transfers	$1,650,000	$324,116	$490,000	$650,000	$1,174,500	$524,500	80.7%
Other Services: Interfund	$777,666	$101,957	$273,429	$349,000	$349,000	$0	0%
Total Expense Objects:	**$4,920,196**	**$1,140,113**	**$1,577,154**	**$5,540,748**	**$3,369,748**	**-$2,171,000**	**-39.2%**



Storm Water Restricted

The Stormwater Restricted Fund was established in 2014 for the development of the first Stormwater Master Plan, adopted in 2016, which identifies capital projects and operations to control and/or treat stormwater within the City.

Revenues from the Water and Sewer Utility funds cover the costs of capital projects; this is justifiable since effective stormwater management can benefit the City's water supply, water quality, and sewer system. Grants are sometimes obtained to offset City costs.

Key Goals

7th Ave and Washington St Discharge Retrofit (SMR-116RR) $180K
Location: 7th Ave and Washington St, west side of intersection
Project: Installation a biofiltration unit for treatment of runoff and protection of the infiltration facility, tie in of existing catch basis into the filtration unit, and installation of extended infiltration trench for infiltration runoff.
Benefit: Decreases the risk of flooding at a major arterial intersection.

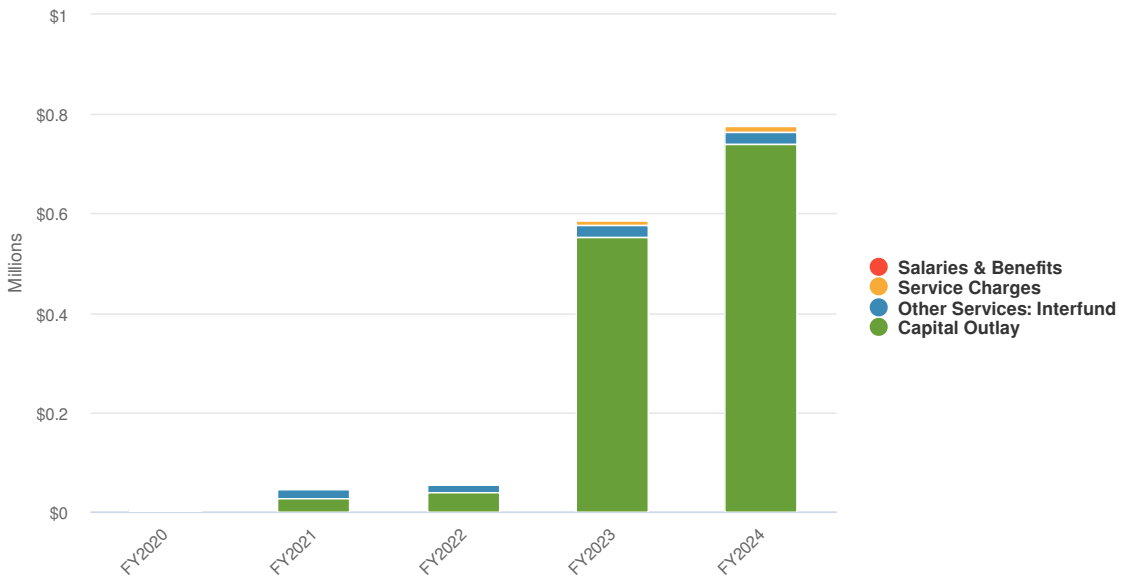
Happy Valley Stormwater Diversion (SMR-001CU) $500K
Location: Burnt Hill area southwest of Sequim in Clallam County
Project: Stormwater or overland runoff capture project to alleviate periodic flooding inside City limits. The stormwater will be diverted to a large overland parcel for dispersion and infiltration.
Benefit: Installs green infrastructure to fortify the aquifer and improve resilience of drinking water supplies for thousands of residents in the City of Sequim and Clallam County while reducing periodic flooding inside City limits.

Urban Stormwater Drainage Improvements (SMR-079RR) $60K
Location: TBD
Project: Annual program for repair, reconstruction, or installation of stormwater management devices to reduce stormwater flooding and promote responsible stormwater management in the City.
Benefit: Reduces localized stormwater flooding that occurs in the City during heavy rainstorms and snow events.



Storm Water Restricted Expenditures

Budgeted and Historical Expenditures by Expense Type



Name	FY2020 Actuals	FY2021 Actuals	FY2022 Actuals	FY2023 Adopted	FY2024 Budgeted	FY2023 Adopted vs. FY2024 Budgeted ($ Change)	FY2023 Adopted vs. FY2024 Budgeted (% Change)
Expense Objects							
Salaries & Benefits	$5,485					$0	N/A
Service Charges		$5,401	$5,171	$11,295	$11,295	$0	0%
Capital Outlay	$20	$26,859	$38,592	$552,000	$740,000	$188,000	34.1%
Other Services: Interfund	$2,009	$17,236	$14,766	$24,000	$24,000	$0	0%
Total Expense Objects:	**$7,514**	**$49,495**	**$58,528**	**$587,295**	**$775,295**	**$188,000**	**32%**

Parks Restricted

This Special Revenue Fund was established in 2005. The expenditures are restricted to park capital projects, maintenance and the acquisition of future equipment, park lands and open space. This fund has expanded to include other special revenues, such as "in lieu/impact fees", and a portion of money received by the City for the abandonment of public rights of way. Sub-funds are used to track large park projects.

Key Goals

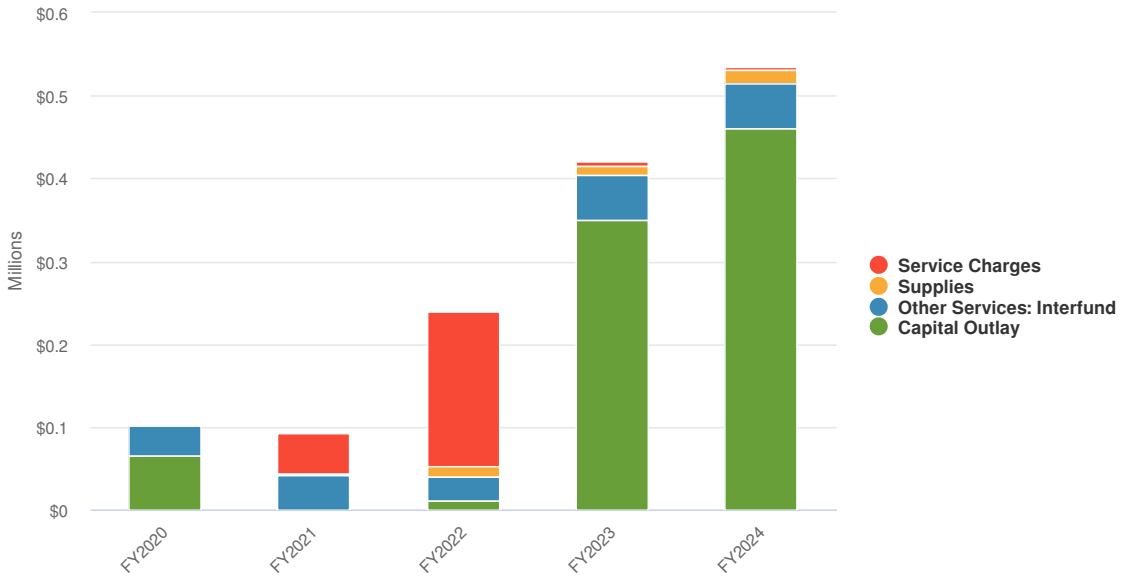
Carrie Blake Park Bridge Replacement (PRK-052RR) $350K
Location: Carrie Blake Park. Small Northwest Bridge, Large Southwest Bridge, Center Bridge, and East Bridge
Project: Replacement of 4 timber pedestrian bridges between Carrie Blake Park and the Reuse Demonstration Site across Bell Creek.
Benefit: Provides ADA compliant bridges and improve pedestrian connectivity for patrons with mobility challenges. Provides maintenance access (e.g. mowers) between the two recreational facilities. The bridges have reached the end of their service life.

Centennial Park Sequim Understory Development, The People's Project (GEN-001AD) $100k
Location: Centennial Park, 104 E Washington St
Project: Redesigning Centennial Park to better serve existing and new community programs, needs and desires.
Benefit: The public was afforded the opportunity to propose and vote on City projects. This project was selected and aims to better serve the needs of the community.



Parks Restricted Expenditures

Budgeted and Historical Expenditures by Expense Type



Name	FY2020 Actuals	FY2021 Actuals	FY2022 Actuals	FY2023 Adopted	FY2024 Budgeted	FY2023 Adopted vs. FY2024 Budgeted ($ Change)	FY2023 Adopted vs. FY2024 Budgeted (% Change)
Expense Objects							
Supplies	$881	$1,361	$12,191	$10,400	$15,600	$5,200	50%
Service Charges	$76	$48,491	$185,837	$4,703	$4,703	$0	0%
Capital Outlay	$65,741	$0	$10,876	$350,001	$460,000	$109,999	31.4%
Other Services: Interfund	$34,871	$41,746	$29,662	$55,000	$55,000	$0	0%
Total Expense Objects:	**$101,570**	**$91,598**	**$238,566**	**$420,104**	**$535,303**	**$115,199**	**27.4%**



Capital Facilities Fund

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

Key Goals

City Shop Upgrade and Expansion (CLF-012NC) $1.4M
Location: 169 W. Hemlock St.
Project: Expansion and facility development of the existing shop area and City owned undeveloped area between the shop and S 3rd Ave. Improvements include a new operations building with backup generator, rehabilitation of the existing operations building, a fueling station with backup generator, covered vehicle storage, police vehicle staging, designated areas for material stockpiles, covered equipment storage and a greenhouse.
Benefit: Improves City's maintenance operations by providing a consolidated, adequate, and safer environment for personnel; adequate work and storage space for equipment and materials for more cost-effective stewardship of public funds and improves regional resiliency and hazard response.

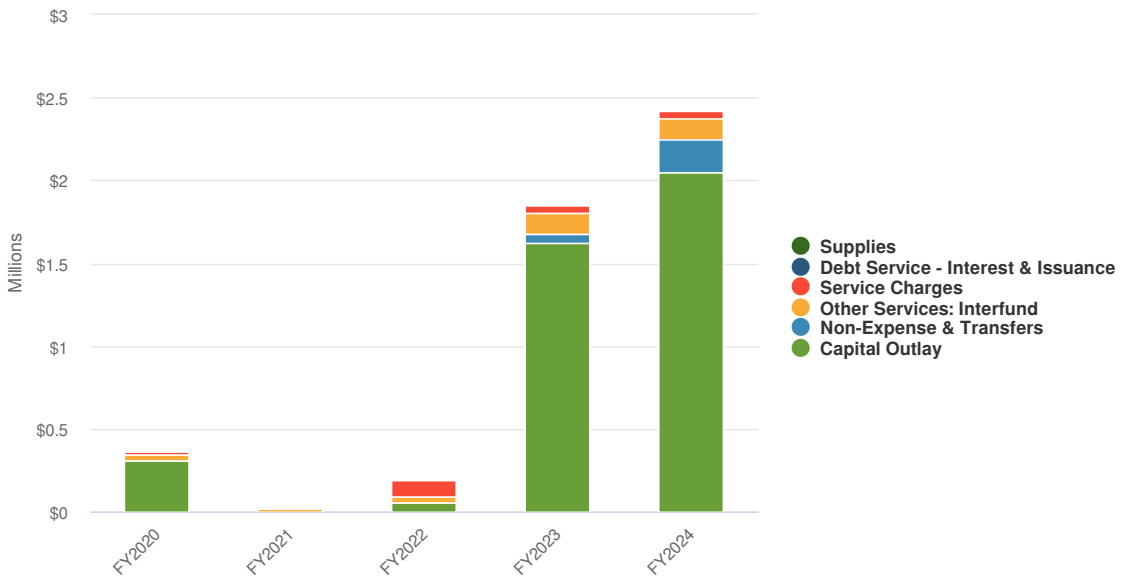
W Spruce St Parking Lot Construction (CFL-110NC) $400K
Location: W Spruce St, between N Sequim Ave and N 2nd Ave.
Project: Development of City owned property adding traffic flow, pavement, and EV charging stations.
Benefit: Provides parking facilities for current and future employees, reducing the need for leased property. Provides EV charging capabilities to support requirements to electrify fleet.

Civic Center Remodel (CFL-101CU) $250K
Location: 152 W Cedar St, 2nd floor
Project: Redesign of the 2nd floor of Civic Center as required to improve communication, accommodate work group functionality, and address security and privacy deficiencies.
Benefit: Improves the use of space for current and future employees, workstations and space requirements for workgroups, and safety and security for both staff and the public.



Capital Facilities Fund Expenditures

Budgeted and Historical Expenditures by Expense Type



Name	FY2020 Actuals	FY2021 Actuals	FY2022 Actuals	FY2023 Adopted	FY2024 Budgeted	FY2023 Adopted vs. FY2024 Budgeted ($ Change)	FY2023 Adopted vs. FY2024 Budgeted (% Change)
Expense Objects							
Supplies		$1,819	$204			$0	N/A
Service Charges	$20,700	$2,824	$98,940	$45,000	$45,000	$0	0%
Capital Outlay	$306,195	$2,080	$52,627	$1,625,000	$2,050,000	$425,000	26.2%
Debt Service - Interest & Issuance	$4,674	$7,059				$0	N/A
Non-Expense & Transfers				$50,000	$200,000	$150,000	300%
Other Services: Interfund	$37,862	$19,909	$36,349	$125,000	$125,000	$0	0%
Total Expense Objects:	**$369,432**	**$33,690**	**$188,121**	**$1,845,000**	**$2,420,000**	**$575,000**	**31.2%**

Water Restricted

The Water Restricted Fund is comprised of several sub-funds. These funds are restricted by state and/or federal regulations, agreements or restrictions created by City Council. General Facility Charges (GFCs) are assessed for new connections to the system and are used for new construction and improvements to the system. Revenues from rates are transferred to the Water Restricted Fund to cover the cost of repairing and/or replacing infrastructure and equipment. Revenues from rates are also transferred into this fund to cover debt service.

Key Goals

West Sequim Bay Corridor Improvements (PWP-WTR-111CU) $695K
Location: Independence Dr to Junco Rd and Washington Harbor Lp (water)
Project: Expansion and looping of water service eastward on W Sequim Bay Rd with construction of 2,330 LF of 12 in. water pipe from Independence Dr to Junco Rd, and 1,000 LF of 12 in. water main to connect Washington Harbor Lp, along with necessary pavement rehabilitation.
Benefit: Provides connection capacity to anticipated residential developments & John Wayne Marina. Supports developer driven project to expand the PNNL site. Reduces on-site septic systems in critical areas.

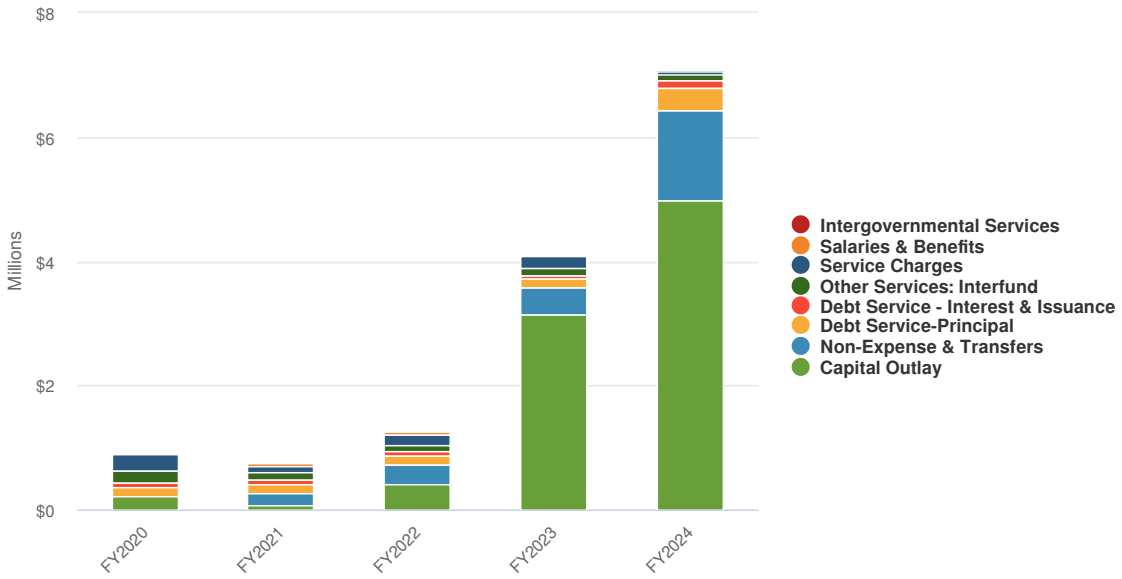
Silberhorn Deep Well No. 4 Construction (WTR-040CU) $3.83M
Location: Silberhorn Wellfield, W Silberhorn Rd to S River Rd
Project: Construction of a new municipal water supply well and Motor Control Center at existing Silberhorn Wellfield including transmission pipelines to connect new facilities to existing water distribution system.
Benefit: Increases the ability to supply instantaneous water and meet forecast water demands through the 20-year horizon of the Sequim Comprehensive Plan.

Water System Automatic Meter Reading Development (WTR-036CU) $250K
Location: City Wide
Project: Installation of an automatic meter reading system to provide near real-time usage data for the utility's water connections. The City will install the hardware over several years.
Benefit: Increases meter reading efficiency, reduces overhead costs and enhances water utility customer service.

AC/Galv Iron Main Replacement (WTR-027CU) $200K
Location: TBD
Project: Annual program for replacement of undersized or failing Asbestos Concrete (AC) and galvanized iron (Galv Iron) water mains throughout the distribution system with piping of sufficient diameter to meet future demands, using state-of-the-art materials and construction techniques.
Benefit: Increases service reliability, reduce maintenance and emergency repair costs.

Water Restricted Expenditures

Budgeted and Historical Expenditures by Expense Type



Name	FY2020 Actuals	FY2021 Actuals	FY2022 Actuals	FY2023 Adopted	FY2024 Budgeted	FY2023 Adopted vs. FY2024 Budgeted ($ Change)	FY2023 Adopted vs. FY2024 Budgeted (% Change)
Expense Objects							
Salaries & Benefits	$31,745	$31,784	$36,568		$13,881	$13,881	N/A
Service Charges	$258,851	$115,066	$182,987	$190,365	$40,365	-$150,000	-78.8%
Intergovernmental Services	$7,332	$10,353	$11,054	$10,000	$11,000	$1,000	10%
Capital Outlay	$222,116	$60,835	$414,311	$3,140,000	$4,975,000	$1,835,000	58.4%
Debt Service - Interest & Issuance	$61,231	$73,996	$56,237	$51,997	$116,997	$65,000	125%
Non-Expense & Transfers	$0	$212,500	$317,500	$439,500	$1,444,500	$1,005,000	228.7%
Debt Service-Principal	$141,754	$143,831	$146,331	$148,830	$363,830	$215,000	144.5%
Other Services: Interfund	$204,135	$101,088	$95,609	$114,000	$114,000	$0	0%
Total Expense Objects:	**$927,165**	**$749,453**	**$1,260,597**	**$4,094,692**	**$7,079,573**	**$2,984,881**	**72.9%**

Sewer Restricted

The Sewer Restricted Fund is comprised of several sub-funds. These funds are restricted by state and/or federal regulations, agreements or restrictions created by City Council. General Facility Charges (GFCs) are assessed for new connections to the system and can be used for new construction and improvements to the system. Revenues from rates are transferred from the Operating budget to cover the cost of replacing or repairing the infrastructure and equipment. Revenues from rates are also transferred into this fund to cover debt service.

Key Goals

West Sequim Bay Corridor Improvements (PWP-SRR-111CU) $1.205M
Location: W Sequim Bay Rd from Washington Harbor Rd to Forrest Rd
Project: Expansion of sewer service eastward on W Sequim Bay Rd with construction of 5,100 LF of 8 in. gravity sewer line, 5,100 LF of 8 in. sewer force main from Forrest Rd to Independence Dr, 1,800 LF of 12 in. gravity sewer line from Washington Harbor Rd to Independence Dr, and a 400-gpm lift station at Forrest Rd.
Benefit: Provides connection capacity to anticipated residential developments & John Wayne Marina. Supports developer driven project to expand the PNNL site. Reduces on-site septic systems in critical areas.

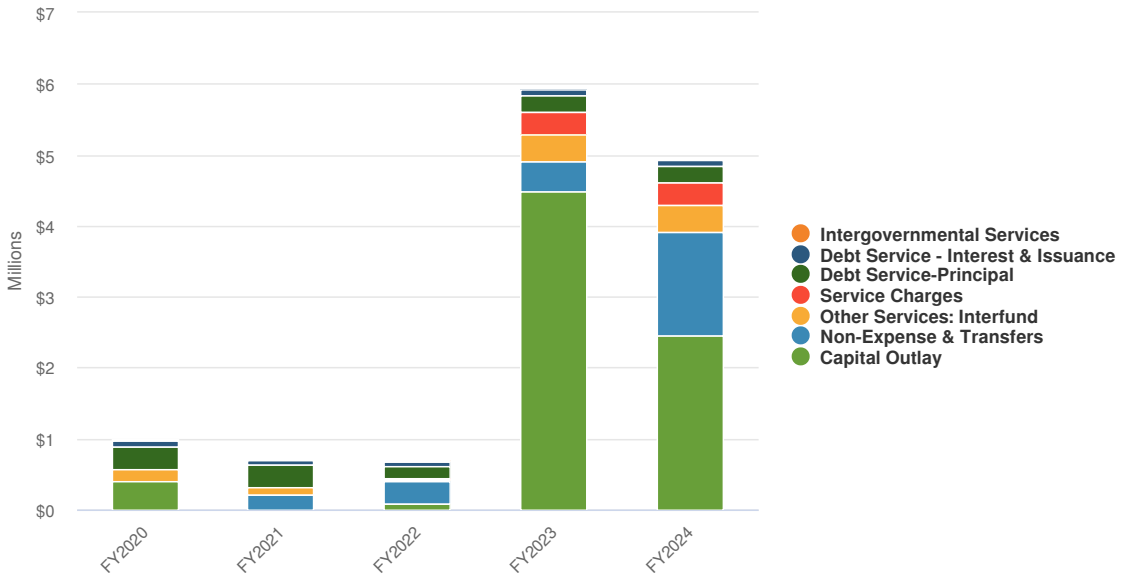
Force Main Pipe Relocation at Johnson Creek (PWP-SRR-087RR) $500K
Location: Johnson Creek & Hwy 101 in east Sequim
Project: Relocation of Johnson Creek sewer force main to the underside of the Johnson Creek Railroad Trestle Foot Bridge. Work must occur before WSDOT's Johnson Creek culvert replacement project on Highway 101.
Benefit: Supports fish passage initiatives while completing necessary improvements to pedestrian structure over Johnson Creek.

Doe Run Lift Station Rehabilitation & Replacement (SRR-003CU) $600K
Location: 2226 Doe Run Rd.
Project: Rehabilitation of existing wet well, replacement of existing lift station with package lift station equipped with 2-100 gpm, 25 hp non-clog centrifugal pumps, and installation of flow meter and vault, automatic transfer switch and other electrical upgrades, electrical panel shelter and pole lighting and permanent backup power. Services south/southwest areas of Bell Hill (Highland Hills development) and pumps to gravity sewer on Fox Hollow Rd.
Benefit: Reduces the risk of failure of lift station equipment near end of its service life. Maintain wastewater service to protect water quality at headwaters of Bell Creek. Improves safety at Lift Station and reduce O&M costs with additional automatic controls.

City-wide Inflow and Infiltration Reduction (SRR-082RR) $150K
Location: TBD
Project: Annual program for rehabilitation of the sewer collection mains and manholes where inflow and infiltration (I/I) is entering into the collection system during periods of high groundwater and during storm event.
Benefit: Minimizes the risk of backups and overflows in the collection system and at the Water Reclamation Facility (WRF) which can cause structural instability of sewer pipes and reduction of pipe capacity for conveying sewer flow. Reduces the cost associated with treating additional I/I at the WRF and increases the plant capacity for sewage treatment.

Sewer Restricted Expenditures

Budgeted and Historical Expenditures by Expense Type



Name	FY2020 Actuals	FY2021 Actuals	FY2022 Actuals	FY2023 Adopted	FY2024 Budgeted	FY2023 Adopted vs. FY2024 Budgeted ($ Change)	FY2023 Adopted vs. FY2024 Budgeted (% Change)
Expense Objects							
Service Charges	$227	$5,122	$12,598	$315,718	$315,718	$0	0%
Intergovernmental Services	$12,884	$16,176	$9,232	$17,200	$17,200	$0	0%
Capital Outlay	$397,784	$7,980	$88,765	$4,473,000	$2,455,000	-$2,018,000	-45.1%
Debt Service - Interest & Issuance	$96,949	$63,234	$76,585	$73,031	$73,031	$0	0%
Non-Expense & Transfers	$0	$212,500	$317,500	$439,500	$1,459,500	$1,020,000	232.1%
Debt Service-Principal	$305,623	$310,796	$167,619	$244,097	$244,097	$0	0%
Other Services: Interfund	$175,873	$88,333	$17,928	$375,000	$375,000	$0	0%
Total Expense Objects:	**$989,341**	**$704,142**	**$690,226**	**$5,937,546**	**$4,939,546**	**-$998,000**	**-16.8%**

CAPITAL IMPROVEMENTS

2024 Capital Projects

Project Number	2024 Capital Projects	Project Cost	Funding Source
Multidivisional			
PWP-111CU	W Sequim Bay Corridor Improvement		
PWP-SRR-111CU	West Sequim Bay Corridor Improvements - Sewer	1,205,000	Grant/Developer/Sewer
PWP-WTR-111NC	West Sequim Bay Corridor Improvements - Water	695,000	Grant/Developer
PWP-087RR	Force Main Pipe Relocation at Johnson Creek		
PWP-SRR-087RR	Force Main Pipe Relocation at Johnson Creek - Sewer	500,000	Sewer/Wholesale Sewer
PWP-STR-087RR	Force Main Pipe Relocation at Johnson Creek - Streets	500,000	Grant/TBD
Total Multidivisional Projects		**2,900,000**	
Building Facilities			
CFL-012NC	City Shop Upgrade and Expansion	1,400,000	Grant/ Reet/ Tax/ GFCs
CFL-101CU	Civic Center Remodel	250,000	Grant
CFL-110NC	W Spruce St Parking Lot Construction	400,000	GFC/GF
Total Capital Facilities		**2,050,000**	
Parks			
GEN-001AD	Centennial Park Sequim Understory Development, The People's Project	100,000	GF
PRK-052RR	Carrie Blake Park Bridge Replacement	350,000	GF/REET
Total Parks Projects		**450,000**	
Stormwater			
SMR-001CU	Happy Valley Stormwater Diversion	500,000	Grant/ Water/ Sewer
SMR-116RR	7th Ave and Washington St Discharge Retrofit	180,000	Grant/ Water/ Sewer
Total Stormwater Projects		**680,000**	
Sewer			
	Emergency	200,000	Sewer
SRR-003CU	Doe Run Lift Station Rehabilitation & Replacement	600,000	GFC
Total Sewer Projects		**800,000**	
Streets			
STR-060PL	Transportation Master Plan/Impact Fee Update	126,500	TBD
STR-063RR	W Sequim Bay Rd Shoreline Revetment Repair	410,000	Grant/GF/ REET
Total Streets Projects		**536,500**	
Water			
	Emergency	100,000	Water
WTR-036CU	Water System Automatic Meter Reading Development	250,000	Water/Sewer
WTR-040CU	Silberhorn Deep Well No.4 Construction	3,830,000	Loan/Water
Total Water Projects		**4,180,000**	
Annual Projects			
SRR-082RR	City-wide Inflow and Infiltration Reduction	150,000	Sewer
SMR-079RR	Urban Stormwater Drainage Improvements	60,000	Water/ Sewer
STR-041RR	City-wide Pavement Rehabilitation	618,000	Water/ Sewer/TBD
STR-072CU	City Wide Pedestrian/Bike Improvements	50,000	TBD
WTR-027CU	AC/Galv Iron Main Replacement	200,000	Water
ANNUAL TOTAL		**1,078,000**	
Total All Capital Projects		**12,674,500**	

Information about our 6-year Capital Improvement Plan (CIP) is linked below:
2024-29 SCHEDULE
2024-29 FUNDING

DEBT

Municipal Debt: Capacity and Type of Debt



General Obligation Debt[1]

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.**2**

[1] RCW 39.36 – Public Contract & Indebtedness – Limitation of Indebtedness of taxing districts
[2] MRSC Financing Public Infrastructure: Generational Equity and Municipal Debt



2024 Debt Summary

2024 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

2024 Budget

- $10.68ml in LTGO debt was issued in August 2013 for the Civic Center project with total debt service in 2024 of $659k
  - A total of $700k is being transferred into this fund to service the debt and save for possible future pre-payment of debt.
  - $250k from the General Fund, $350k from the Public Safety Tax, and $100k from REET
- 2024 Utility Debt payments continue as in prior years and are funded by Utility Rates and regional contracts. 2024 begins the year with the following outstanding debt:
  - Water and sewer revenue bonds totaling approximately $1.995m to fund the utility portion of the Civic Center project, and related debt service of $115k per utility
  - State Revolving Funds - $1.689ml in outstanding principal
  - Public Works Trust Fund - $231k 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 approximate $660k annually. The bond matures in December 2043.

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

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 matured 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 $120k 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 4 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: $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 5th 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 has received reimbursements for sewer construction and improvements on West Fir Street in the form of a $420k, 20-year loan, at 1.4%. $67k is forgivable principal. Annual payment amounts are $20k and paid for with sewer revenues.

2023 WA State Public Works Board – Silberhorn Deep Well
The City is expected to receive reimbursement for the construction of a new supply production well in the form of a $4.830ml, 20-year loan, at 1.39%. Annual payment amounts are expected to be approximately $275k and paid for with water revenues.

The amount of outstanding principal reflected on the next schedule is consistent with the CIP's prediction of progress on this project and is only an estimation.



Debt Capacity

Based on Prior Year Assessed Value

Amount at End of Year		2020 Actual	2021 Actual	2022 Actual	2023 Forecast	2024 Budget
Prior Year Assessed Property Value		1,196,659,049	1,308,100,815	1,493,196,143	1,820,099,782	1,900,000,000
						2024 CC Estimated
General Oblication Debt Capicity (up to 7.5%)						
General Purpose Debt Limit (2.5%)						
NonVoted Debt Limit 1.5% (councilmanic)		17,949,886	19,621,512	22,397,942	27,301,497	28,500,000
Voted Debt Limit 1.0%		11,966,590	13,081,008	14,931,961	18,200,998	19,000,000
Debt Limit 2.5%		**29,916,476**	**32,702,520**	**37,329,904**	**45,502,495**	**47,500,000**
Utility Purpose Debt Limit (2.5%)						
Voted Debt Limit 2.5%		29,916,476	32,702,520	37,329,904	45,502,495	47,500,000
Open Space, Park & Capital Facilities Debt Limit (2.5%)						
Voted Debt Limit 2.5%		29,916,476	32,702,520	37,329,904	45,502,495	47,500,000
Total General Obligation Debt Capacity		**89,749,429**	**98,107,561**	**111,989,711**	**136,507,484**	**142,500,000**
NonVoted General Obligation Debt Outstanding						
City Hall/Police Facility LTGO		9,275,000	9,020,000	8,760,000	8,490,000	8,210,000
NonVoted GO Debt Outstanding		**9,275,000**	**9,020,000**	**8,760,000**	**8,490,000**	**8,210,000**
NonVoted Debt Capacity		8,674,886	10,601,512	13,637,942	18,811,497	20,290,000
Voted Debt Capacity		71,799,543	78,486,049	89,591,769	109,205,987	114,000,000
Available GO Debt Capacity		**80,474,429**	**89,087,561**	**103,229,711**	**128,017,484**	**134,290,000**
Industry Bond Rating Standard						
GO Debt as % of Assessed Value		**0.78%**	**0.69%**	**0.59%**	**0.47%**	**0.43%**
Industry Standard not to exceed	4.5%	53,849,657	60,255,689	67,193,826	81,904,490	85,500,000
GO Debt per Capita		1,156	1,114	1,066	1,017	955
Population		8,024	8,125	8,215	8,350	8,601
		2020 census				est based upon 3% growth

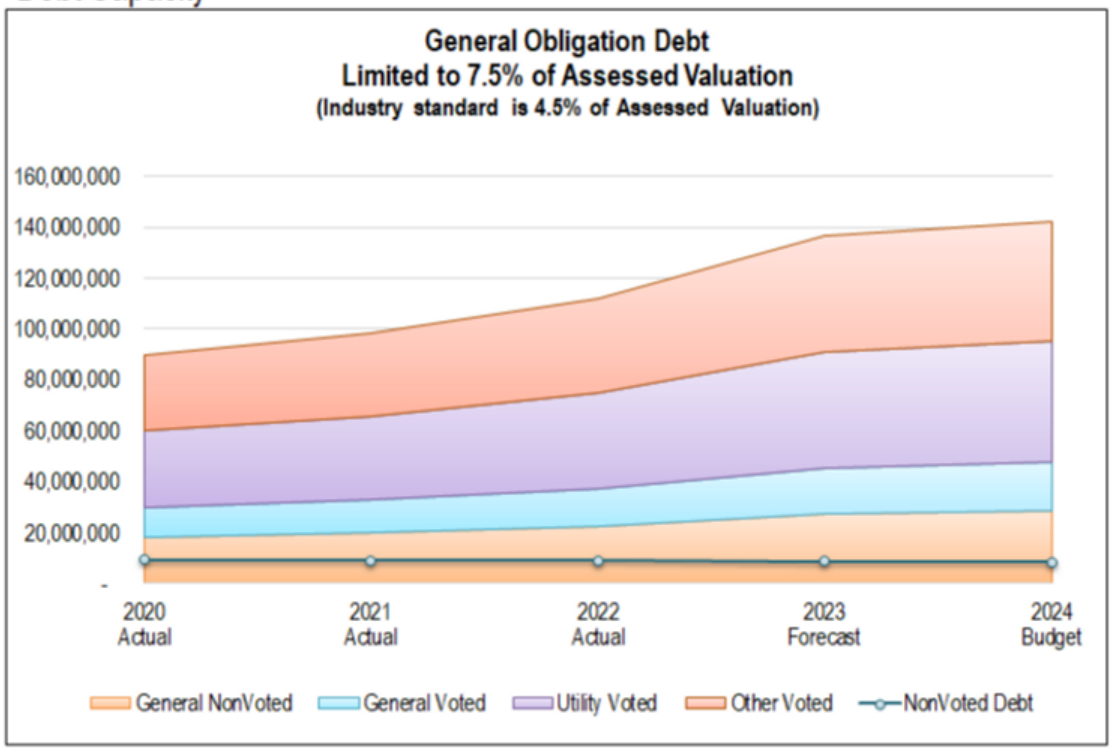
Revenue Debt Outstanding (excluded from General Purpose Debt limits)

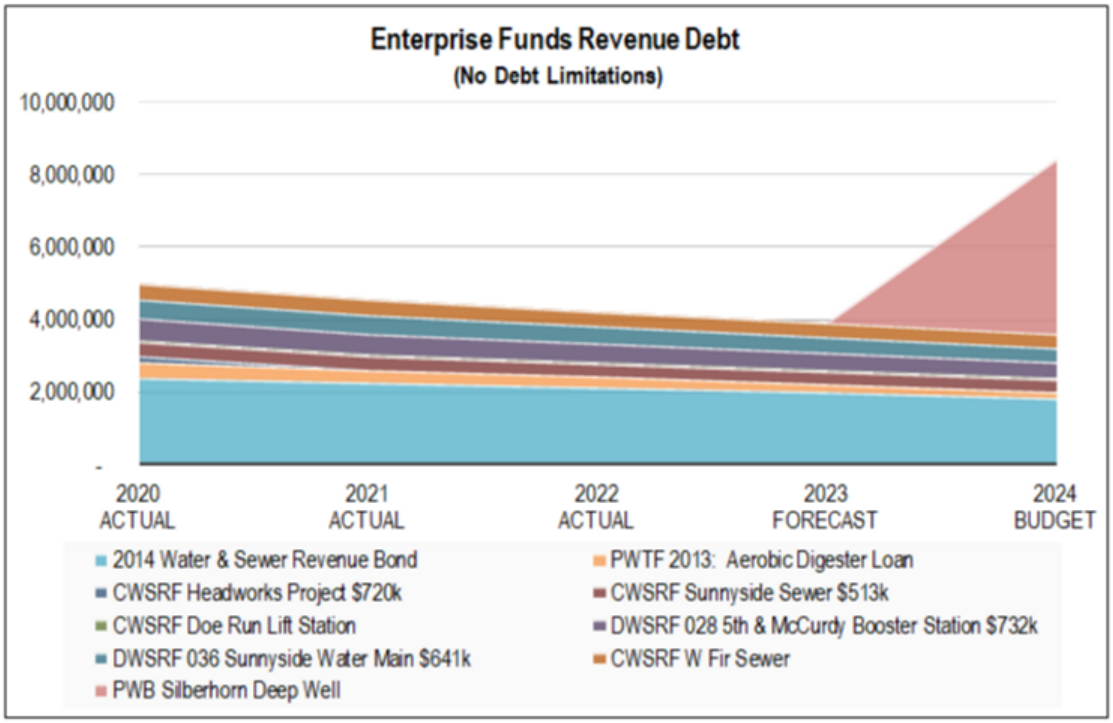
Amount Outstanding at End of Year	2020 Actual	2021 Actual	2022 Actual	2023 Forecast	2024 Budget
PWTF 2013: Aerobic Digester Loan	404,445	346,667	288,889	231,111	173,334
2014 Water & Sewer Revenue Bond	2,415,000	2,280,000	2,140,000	1,995,000	1,845,000
CWSRF W Fir Sewer	419,384	419,384	399,291	380,248	360,936
PWB Silberhorn Deep Well					4,830,000
[1] CWSRF Headworks Project $720k	166,142	-	-	-	-
[1] CWSRF Sunnyside Sewer $513k	411,843	392,466	372,719	352,592	332,081
[1] CWSRF Doe Run Lift Station	40,528	40,528	42,331	40,463	38,559
[1] DWSRF 028 5th & McCurdy Booster Station $732k	604,031	563,762	523,493	483,224	442,956
[1] DWSRF 036 Sunnyside Water Main $641k	540,931	504,869	468,807	432,745	396,683
	5,002,304	**4,547,676**	**4,235,530**	**3,915,383**	**8,419,549**

[1] Estimated use of loan proceeds based upon Capital Improvement Plan

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

Debt Capacity





PERSONNEL

Personnel Summary

FTE Summary:

The planned full-time equivalency (FTE) employee headcount for 2024 is 95.71, which increased 1.44 FTE over the 2023 Amended Budget. Aside from staff reallocations from one department to another, this count includes staffing adjustment as follows:

- Added 1.5 *Temporary* FTE for Retirement Cross-over/Shadowing: Positions include Utilities Manager (.5), Public Works Director (.25), Marketing and Communications Director (.25), Sewer Lead (.25), and Engineering Intern (.25).
- Added .5 *Temporary* FTE for an Accounting Assistant: This position will support the Finance Department as it converts all major business processes over to a new ERP Software. Go-live in the new system is expected to take approximately 6 months, in early 2024.
- Added .44 FTE for an Accounting Assistant: A part-time Accounting Assistant was converted to full-time to support Front Office and Finance activities.
- Added 3 FTE for the following Positions: Fleet and Asset Manager, Parks and Facilities Specialist and Assistant Clerk. All of these positions were the result of repurposing existing positions, for changes in operations and priorities.
- Subtracted 4 FTE for the following Positions: Development Project Manager, CIP Project Manager, Legal Secretary and DCD Director.

In 2024 employee salary costs are estimated at $8.4ml and benefits at $3.4ml. This represents a 5.1% increase in wages and a 4.9% decrease in benefit costs. These figures are prior to deductions for services charged out to other departments and funds.



Salary and Wages

Non-Uniformed Bargaining Unit

This unit currently represents 42.00 employees. Total compensation for this group is budgeted to be $4.5ml for 2024. The current Collective Bargaining Agreement for this group is from January 1, 2022 to December 31, 2024. On January 1 and July 1, 2024, this group will receive 3% in wage increases.

Police Sergeants Bargaining Unit

Five employees are represented by this unit. In 2024, total compensation for this group is budgeted at $780k. The current Collective Bargaining Agreement for this group is from January 1, 2022 to December 31, 2023 and is in the process of being negotiated for 2024 and beyond.

Police Officer Bargaining Unit

Fifteen employees are represented by this unit. Total compensation in 2024 for the group is budgeted at $1.9ml. The current Collective Bargaining Agreement for this group is also from January 1, 2022 to December 31, 2023 and is in the process of being negotiated for 2024 and beyond.

Non-Represented Staff

The full-time employee equivalent count for this non-union group of employees is 30. Total compensation in 2024 is budgeted at $4.4ml. This group's salary range chart has been updated for 2024, to reflect a 3.0% COLA increase, as required by City policy. 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. A 3.0% wage increase has been budgeted for this group.

Other wages, salaries, benefits

This category includes wages for seasonal, temporary and/or limited part-time positions. The total FTE representation in this category is 3.71 FTE. Total compensation is budgeted at $147k in 2024.



Benefits

Health Benefits

We provide two health benefit (medical, dental, vision, disability, life insurance) programs for our employees; one through Washington Teamsters Welfare Trust (for employee's part of a bargaining unit) and one through the Association of Washington Cities (for non-represented employees). The City pays 87.5% of the cost for both plans for non-represented and police officers and pays 90% of the cost for sergeants. Health insurance comprises the largest component of these costs. Although final rates will not be announced until later this year, we estimate the average budgeted health benefit will decrease about 2% for 2024.

The AWC health insurance plan rules allow up to 25% of non-represented employees to voluntarily end their participation in the City-paid health insurance if they have alternate insurance available through another qualified plan. We currently have six of the seven possible employees taking advantage of this option in 2024. The Welfare Trust plan does not have such an accommodation.

Holidays

The number of approved annual City holidays is 12 with one additional floating holiday.

Retirement Benefits

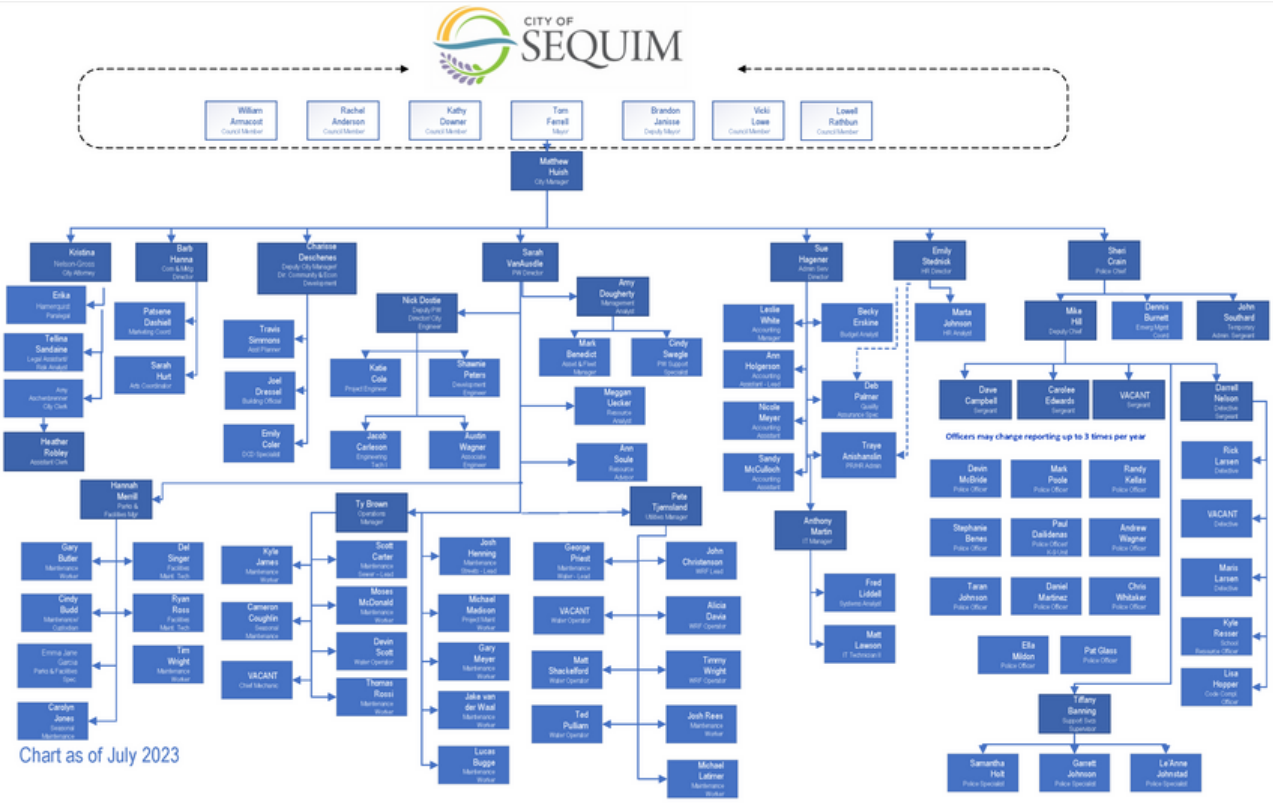
All regular City positions participate in a defined benefit plan required by the State of Washington that includes an employer and employee contribution. Our uniformed Police employees participate in the LEOFF plan and all other regular employees are covered by the PERS plan. The State legislature sets 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 decreased to 9.39% (from 10.39%) on September 1, 2023, and LEOFF rates increased slightly to 5.8% (from 5.3%). There will likely be changes made to these rates by the State legislature in 2024. Both PERS and LEOFF contributions will increase or decrease based upon planned salaries/wages.

Payroll Taxes

Labor & Industries (L&I) rates reflect the City's history of worker's compensation claims. The City has an all-City safety committee meeting monthly to "increase safety awareness and reduce safety incidents" by recommending improvements and training to management. 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. We estimate the average budgeted L&I rates will decrease about 6% in 2024. L&I will publish final rate notices confirming this information in December.

Regarding Washington Paid Family and Medical Leave, employers pay a 0.4% payroll tax. In addition, social security tax continues to be 6.2% and Medicare tax 1.45%.

Personnel Organizational Chart





Salary & Wage Schedule

Salary & Wage Schedule 2024 Budget

Division Dept	Union Range	Compensation Schedule by Job Title	FTE budgeted		< — >	Maximum
		Council	7.00	4,416	< — >	7,560
		Non-Represented				
		Exempt / Non-Exempt				
ADM		City Manager	1.00	149,627	< — >	205,305
ADM		Assistant City Manager/DCD Director	1.00	112,281	< — >	160,401
ADM		Admin Services Director/Treasurer	1.00	112,281	< — >	160,401
POL		Chief of Police	1.00	112,281	< — >	160,401
ADM		City Attorney	1.00	112,281	< — >	160,401
PW		Public Works Director	1.25	112,281	< — >	160,401
ADM		HR Director	1.00	112,281	< — >	160,401
ADM		Comm. & Marketing Director	1.25	112,281	< — >	160,401
PW		Deputy PW Director/City Engineer	1.00	94,488	< — >	134,982
POL		Deputy Chief Of Police	1.00	94,488	< — >	134,982
ADM		City Clerk	1.00	83,444	< — >	119,205
ADM		IT Manager	1.00	83,444	< — >	119,205
PW		PW Operations Manager	1.00	83,444	< — >	119,205
PW		Utilities Manager	1.50	83,444	< — >	119,205
PW		Sr PW Management Analyst	1.00	83,445	< — >	119,206
POL		Support Services Supervisor	1.00	74,240	< — >	106,058
ADM		Accounting Manager	1.00	74,240	< — >	106,058
PW		Engineering Project Manager	1.00	74,240	< — >	106,058
PW		Resource Analyst	1.00	74,240	< — >	106,058
PW		Parks and Facilities Manager	1.00	74,240	< — >	106,058
PW		Asset & Fleet Manager	1.00	74,240	< — >	106,058
DCD		Development Engineer	1.00	65,037	< — >	92,910
PW		Associate Engineer	1.00	65,037	< — >	92,910
ADM		Budget Analyst	1.00	65,037	< — >	92,910
ADM		HR Analyst / Specialist	1.00	65,037	< — >	92,910
ADM		HR/Payroll Administrator	1.00	65,037	< — >	92,910
ADM		Paralegal	1.00	65,037	< — >	92,910
ADM		Assistant Clerk	1.00	65,037	< — >	92,911
ADM		Legal Assistant/Risk Analyst	1.00	65,037	< — >	92,912
ADM		Executive Assistant	1.00	55,834	< — >	79,762
		Seasonal, Temporary and/or Limited Part Time				
PW		Temp PT PW Executive Advisor	0.38	44.95/hr	< — >	84.28/hr
POL		Emergency Mgmt Coordinator	0.38	32.74/hr	< — >	39.03/hr
ADM		Arts Coordinator	0.475	26.84/hr	< — >	38.36/hr
ADM		Marketing Coordinator	0.475	26.84/hr	< — >	38.36/hr
PW		Engineering Intern	0.25	16.90/hr	< — >	19.00/hr

Salary & Wage Schedule (cont'd)

Division	Union	Compensation Schedule	FTE			
Dept	Range	by Job Title	budgeted		< — >	Maximum
		Union Represented				
		Non-Uniformed		**Step A**	Effective 1/1/2024	**Step E**
DCD	26	Senior Planner	1.00	78,305	..B..C..D..	93,409
DCD	26	Building Official	1.00	78,305	..B..C..D..	93,409
ADM	25	Senior IT Systems Analyst	-	76,034	..B..C..D..	90,709
PW	23	WRF Lead	1.00	71,685	..B..C..D..	85,396
DCD	23	Associate Planner	-	71,685	..B..C..D..	85,396
PW	21	Water Lead	1.00	67,571	..B..C..D..	80,511
PW	21	WRF Operator IV	-	67,571	..B..C..D..	80,511
ADM	21	IT Systems Analyst	1.00	67,571	..B..C..D..	80,511
PW	20	Chief Mechanic	1.00	65,600	..B..C..D..	78,176
PW	20	WRF Operator III	-	65,600	..B..C..D..	78,176
DCD	19	Assistant Planner	1.00	63,651	..B..C..D..	78,090
PW	19	Maint Worker III (Leads)	2.25	63,651	..B..C..D..	78,090
ADM	19	IT Tech II	1.00	63,651	..B..C..D..	78,090
PW	18	Facilities Maintenance Tech	2.00	61,830	..B..C..D..	73,720
PW	18	Water Operator	2.00	61,830	..B..C..D..	73,720
ADM	18	Accounting Assistant IV (Lead)	1.00	61,830	..B..C..D..	73,720
PW	17	Engineering Tech I	1.00	60,030	..B..C..D..	71,599
POL	17	Code Compliance Officer	1.00	60,030	..B..C..D..	71,599
PW	17	Maint Worker III (Non-Leads)	-	60,030	..B..C..D..	71,599
PW	17	WRF Operator II	1.00	60,030	..B..C..D..	71,599
PW	16	Maintenance Project Worker	1.00	58,295	..B..C..D..	69,542
PW	15	Maint Worker II	6.00	56,581	..B..C..D..	67,464
ADM	15	Accounting Assistant III	-	56,581	..B..C..D..	67,464
DCD	14	DCD Specialist	1.00	54,953	..B..C..D..	65,536
PW	14	WRF Operator I	1.00	54,953	..B..C..D..	65,536
ADM	13	Accounting Assistant II	1.50	53,303	..B..C..D..	63,586
PW	13	Parks & Facilities Specialist	1.00	53,303	..B..C..D..	63,586
PW	13	Eng/Admin Support Specialist II	1.00	53,303	..B..C..D..	63,586
POL	12	Police Specialist	3.00	51,803	..B..C..D..	61,744
PW	11	Maint Worker I	7.00	50,261	..B..C..D..	59,966
PW	11	Maint Worker/Custodian	1.00	50,261	..B..C..D..	59,966
ADM	10	Accounting Assistant I	1.00	48,847	..B..C..D..	58,209
ADM	9	Administrative Assistant II	-	47,390	..B..C..D..	56,474
		Uniformed		**Step A**	Effective 1/1/2023	**Step E**
POL		Police Sergeant	5.00	89,523	..B..C..D..	95,181
POL		Police Officer	15.00	71,897	..B..C..D..	85,373
		Total Employees (excluding Council)	**95.71**			

By approving the budget Council authorizes the City Manager to adjust positions, duties & salaries within the number of FTEs & within the budgeted salaries & benefits amounts.

Salaries and Benefits

Salary and Benefits by Employee Group

	Council	Non-Represented	Non-Uniformed	Sergeants	Uniformed	Temporary &/or Limited PT	Total
Regular Salary	35,688	3,245,203	2,920,567	510,697	1,217,741	135,316	8,065,212
Overtime - Hourly	-	-	115,060	41,286	128,068	-	284,414
On Call Pay	-	-	52,611	16,599	-	-	69,210
Total Salary	**35,688**	**3,245,203**	**3,088,238**	**568,582**	**1,345,809**	**135,316**	**$ 8,418,836**
Health Insurance	-	523,199	830,416	100,250	292,395	-	1,746,260
Retirement	-	296,274	290,194	33,422	78,549	-	698,439
Payroll Taxes	2,732	250,880	236,417	43,856	103,066	10,351	647,302
Family Leave	57	5,187	4,968	921	2,166	218	13,516
Other Benefits	-	90,517	2,200	9,720	1,440	-	103,877
Workers Comp	147	29,679	76,116	22,480	64,673	1,198	194,293
Total Benefits	**$ 2,936**	**$ 1,195,736**	**$ 1,440,311**	**$ 210,649**	**$ 542,289**	**$ 11,767**	**$ 3,403,687**
Total Salary & Benefits	**$ 38,624**	**$ 4,440,939**	**$ 4,528,549**	**$ 779,231**	**$ 1,888,098**	**$ 147,083**	**$ 11,822,523**
Actual Budgeted Staff (FTE, not including Council)		***30.00***	***42.00***	***5.00***	***15.00***	***3.71***	**95.71**
Salary per FTE		108,173	73,529	113,716	89,721	36,473	87,962
Benefits per FTE		39,858	34,293	42,130	36,153	3,172	35,563
Total per FTE		**$ 148,031**	**$ 107,823**	**$ 155,846**	**$ 125,873**	**$ 39,645**	**$ 123,524**

LEOFF I Retired Medical Benefits	$ -
Salary Allocation model	$ (980,000)
Unemployment Reserve	$ 40,000
Total Salary & Benefits	**$ 10,882,523**

Benefits

Benefits Schedule

City Paid Benefits 87.5% Health Insurance; 100% Remaining Insurance (Non-Represented Employees)	Total Monthly Cost		
Medical - Regence Blue Shield / AWC Health First 250 Plan	$ 812.65	< ------->	$ 2,369.50
Dental - WDS / Plan F, plus Orthodontia	$ 59.51	< ------->	$ 176.17
Vision - VSP	$ 8.22	< ------->	$ 24.67
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		

City Paid Benefits 87.5% Insurance (Non- Uniformed Union Employees)	Total Monthly Cost
Medical - WA Teamsters Welfare Trust / Plan A	$ 1,460.81
Dental - NW Teamsters Dental Trust / Plan A	$ 112.29
Vision - WA Teamsters Vision Trust	$ 15.94
Time Loss Insurance / Plan C	$ 5.59
Life and AD&D Insurance / Non-Unif Plan B	$ 4.10
Waiver of Contributions 9-Month Disability Extension	$ 10.62

City Paid Benefits 87.5% Insurance (Uniformed Union Employees)	Total Monthly Cost
Medical - WA Teamsters Welfare Trust / Plan A	$ 1,460.81
Dental - NW Teamsters Dental Trust / Plan A	$ 112.29
Vision - WA Teamsters Vision Trust	$ 15.94
Time Loss Insurance / Plan A	$ 16.77
Life and AD&D Insurance / Uniformed Plan A	$ 8.01
Waiver of Contributions 9-Month Disability Extension	$ 10.62

Other City Paid Benefits - Employer Contribution	Total Monthly Cost		
Retirement:			
PERS Plans	9.53%	< ------->	9.53%
LEOFF2	5.32%	< ------->	5.32%

* Management reserves the right to make changes in these benefits when not limited by existing contracts.
**Preliminary as of 8/8/2023 - Subject to Change

Historical Staffing Summary

	Actual 2020	Actual 2021	Actual 2022	Budget 2023 Adopted	Budget 2024	2023 - 2024 %
Budgeted positions (FTE, not including Council)	***87.00***	***86.51***	***89.04***	***94.27***	***95.71***	***1.5%***
OFM Census	8,024	8,125	8,215	8,350	8,517	2.0%
Employees per 1000 OFM Population	*10.8*	*10.6*	*10.8*	*11.3*	*11.2*	-0.5%
				staff estimate 2% inc.*		
Salaries	$ 6,587,800	$ 6,708,797	$ 7,265,578	$ 8,011,330	$ 8,418,836	5.1%
Benefits	$ 2,922,431	$ 2,797,830	$ 2,861,201	$ 3,577,454	$ 3,403,687	-4.9%
Total Comp	**$ 9,510,231**	**$ 9,506,627**	**$ 10,126,779**	**$ 11,588,784**	**$ 11,822,523**	2.0%
Year over Year % Increase		***0.0%***	***6.5%***	***14.4%***	***2.0%***	
Benefits as % Salaries	44%	42%	39%	45%	40%	-9.5%
Benefits as % Total Comp	31%	29%	28%	31%	29%	-6.7%
City Wide Operating Costs	$ 18,636,787	$ 17,520,610	$ 18,925,692	$ 24,234,902	$ 22,293,531	-8.0%
Total Comp as % Op Budget	**51.0%**	**54.3%**	**53.5%**	**47.8%**	**53.0%**	10.9%

Historical Personnel Summary by Department and Fund

	Budget 2020	Budget 2021	Budget 2022	Adopted 2023	Budget 2024	2023-2024 Change
General Fund						
City Manager	3.00	2.75	1.50	2.50	2.00	(0.50)
City Clerk	1.50	1.00	1.50	1.50	2.00	0.50
Communications	0.50	0.58	0.60	0.60	0.73	0.13
City Attorney	2.50	3.00	3.00	3.00	3.00	-
Human Resources	1.00	1.00	2.25	2.25	2.25	-
Information Technology	3.00	3.00	3.00	3.00	3.00	-
Finance	6.49	6.50	7.00	6.31	7.25	0.94
Growth Planning	0.75	1.00	1.00	1.00	1.00	-
Administrative Pool	1.75	1.75	-	-	-	-
Dev Services	4.25	3.50	3.00	4.00	4.00	-
Dev Svc Engineering	-	1.00	1.00	2.00	1.00	(1.00)
PW Administration	5.25	5.25	4.88	5.88	6.63	0.75
Facilities Maintenance	1.30	1.55	3.00	3.25	3.25	-
Engineering	4.75	4.50	6.33	6.00	5.25	(0.75)
Parks	1.84	1.84	2.75	2.75	3.00	0.25
Police Department	26.12	26.00	25.38	27.38	27.38	-
Subtotal	**64.00**	**64.22**	**66.19**	**71.42**	**71.74**	0.32
Streets	3.45	3.70	5.55	5.05	5.80	0.75
Subtotal	**3.45**	**3.70**	**5.55**	**5.05**	**5.80**	0.75
Stormwater						
Stormwater Operations	0.50	0.50	0.60	0.60	0.60	-
Project Stormwater	0.25	-	-	-	-	-
Subtotal	**0.75**	**0.50**	**0.60**	**0.60**	**0.60**	**-**
Restricted Funds						
Hotel/Motel Fund	0.50	0.80	0.88	0.88	1.01	0.13
Arts & Culture	0.38	0.38	0.47	0.47	0.47	-
Subtotal	**0.88**	**1.18**	**1.35**	**1.35**	**1.48**	**0.13**
Enterprise Funds						
Water	6.42	6.11	4.83	4.83	4.49	(0.34)
Sewer/WRF	11.50	10.80	10.52	11.02	11.60	0.58
Subtotal	**17.92**	**16.91**	**15.35**	**15.85**	**16.09**	0.24
Total Full Time Equivalents	**87.00**	**86.51**	**89.04**	**94.27**	**95.71**	**1.44**
Tax Supported (includes Street	67.45	67.92	71.74	76.47	77.54	1.07
Other Funding	0.88	1.18	1.35	1.35	1.48	0.13
Enterprise Fund Supported	18.67	17.41	15.95	16.45	16.69	0.24
Total Full Time Equivalents	**87.00**	**86.51**	**89.04**	**94.27**	**95.71**	**1.44**

SUPPLEMENTAL INFORMATION

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 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.

Transfers In Identifies the Receiving Fund and the Revenue Use		
DESCRIPTION	Amount	Transfer Description
001 General Fund	40,000	From Public Safety Tax for Emergency Management
101 Street Operations	960,000	From General Fund and TBD Tax for Street Safety and Maintenance
107 Stormwater Operations	170,000	From Water/Sewer Funds for Stormwater Operations
111 Street Restricted	934,500	From REET for and TBD Tax for Street Master Plan and Projects
117 Storm Water Restricted	340,000	From Water and Sewer GFCs for Stormwater Projects
121 Police Asset Seizure	20,000	From Police Expendable Trust for Equipment
140 Parks Restricted	455,000	From REET for Park Bridge Replacement and Future Projects
160 Arts & Culture	55,000	From General Fund for Arts Programing
164 Equipment Reserve	1,110,200	From General Fund, Water, and Sewer for Equipment and Vehicles
206 Debt Service Fund	700,000	From General Fund, REET and Police Restricted (Public Safety Tax) for LTGO Debt Service
306 Capital Facilities Fund	1,968,000	From ARPA, Public Safety Tax, Water/Sewer, and REET for City Shop Improvements, HVAC Maintenance, and Civic Center Parking and Upkeep
411 Water Restricted	1,210,000	From Water Operations for Projects and Debt Service
422 Sewer Restricted	850,000	From Sewer Operations for Projects and Debt Service
Total Transfers In	8,812,700	

Transfers Out Identifies the Fund Incurring the Expense		
DESCRIPTION	Amount	Transfer Description
001 General Fund	1,306,200	To Street Operations, Equipment Reserve and Arts Programs
101 Street Operations	45,000	To Equipment Reserve for Street Equipment and Vehicles
111 Street Restricted	874,500	To Street Operations for Safety and Maintenance and to Street Projects
120 Police Restricted	540,000	To LTGO Debt Service, City Shop Improvements and Emergency Management Operations
150 Real Estate Excise Tax	1,195,000	To Parks, Streets and Capital Facilities for City Shop Improvements and Civic Center Maintenance, HVAC Maintenance, and to Debt Service
180 American Rescue Plan Act	1,098,000	To Capital Facility Projects for Shop Improvements and Civic Center Remodel (2nd floor)
401 Water Operations	620,000	To Water Restricted for Debt and Projects, to Stormwater for Operations, and to the Unemployment Reserve
402 Sewer Operations	410,000	To Sewer Restricted for Projects and to Stormwater for Operations
411 Water Restricted	1,344,500	To Equipment Reserve, Water Projects, Debt Service and Stormwater Projects
422 Sewer Restricted	1,359,500	To Equipment Reserve, Sewer Projects, Debt Service and Stormwater Projects
621 Police Expendable Trust	20,000	To Police Asset Seizure for Equipment
Total Transfers Out	8,812,700	

Interfund Allocations & Internal Service Allocations

Central service departments provide support services or support functions to other operating units. The associated overhead costs are shared across city departments through a cost allocation process. Central service departments include:

- City Council (allocations not allowed on Federal Programs)
- City Administration (City Manager, City Clerk, City Attorney, Human Resources and Communications)
- Administrative Services (Finance, Information Technology and Non-Departmental)
- Public Works Administration (Engineering/GIS, PW Admin and Facilities Maintenance)

The allocation base determines how the costs are distributed from 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
- Number of employees (FTEs)
- Fund Activity (Expenses net of interfund charges, transfers, debt)
- 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

In 2023, the Budget reflected a change in accounting practice recommended by the Washington State Auditor's Office (SAO), in that many charges to our benefiting funds are now netted against the expense in the General Fund, as opposed to recording it as revenue to the General Fund. Per the SAO Budgeting, Accounting and Reporting System (BARS) Manual: 3.9.4.20 Reimbursements are repayments from the fund responsible for particular expenditures/expenses to the fund that initially paid for them. They are adjustments to correct the assignment of the expenditures/expenses. Reimbursements reduce expenditures/expenses in the fund that is reimbursed and move the expenditures/expenses to the fund that ultimately pays for it. This practice continues in 2024.

Key Goals

- Apportion administrative costs to operating funds that are supported by central services
- Acceptable audit documentation
- Adjust accounting practices acceptable to the SAO

2024 Budget Summary

The allocation model reflects flat Central Services distributions.

Interfund Allocations

Interfund Allocations	300 Revenues	500 Expenses
001 - General Fund	**2,750,000**	
001 - General Fund	2,750,000	
100 - Special Revenue Funds		**702,000**
101 - Street Unrestricted		234,000
107 - Stormwater Unrestricted		40,000
111 - Street Restricted		349,000
117 - StormWater Restricted		24,000
140 - Parks Restricted		55,000
300 - Capital Funds		**125,000**
306 - Capital Facilities Fund		125,000
400 - Enterprise Funds		**2,069,000**
401 - Water Unrestricted		450,000
402 - Sewer Unrestricted		1,130,000
411 - Water Restricted		114,000
422 - Sewer Restricted		375,000
Grand Total	**2,750,000**	**2,896,000**

Internal Service Allocations

Internal Service Allocations	General Fund	Charges for Services
Internal Employee Services	**-260,000**	
001-013 - City Attorney	-77,000	
001-014 - Finance	-70,000	
001-016 - Human Resources	-113,000	
101-000 - Street Operations		40,000
107-000 - Storm Water Operations		5,200
401-001 - Water Administration		70,000
402-001 - Sewer Administration		144,800
Internal Project Engineering	**-390,000**	
001-035 - GIS/Engineering	-390,000	
111-103 - Streets R - Transportation Capital Projects		25,000
111-104 - Streets R - Impact Fees		32,000
111-112 - Streets R - TBD Projects		85,000
117-107 - Stormwater Restricted		11,000
140-000 - Parks Restricted		5,000
306-000 - Capital Facilities Fund		45,000
411-411 - Water Restricted GFCs		46,000
411-413 - Water Replacement Reserve		25,000
422-422 - Sewer Restricted GFCs		85,000
422-424 - Sewer Replacement Reserve		31,000
Utility Billing Services	**-330,000**	
001-014 - Finance	-330,000	
401-001 - Water Administration		100,000
402-001 - Sewer Administration		230,000
Grand Total	**-980,000**	**980,000**

GLOSSARY

Glossary

Abatement: A reduction or elimination of a real or personal property tax, motor vehicle excise, a fee, charge, or special assessment imposed by a governmental unit. Granted only on application of the person seeking the abatement and only by the committing governmental unit.

Accounting System: The total structure of records and procedures that identify record, classify, and report information on the financial position and operations of a governmental unit or any of its funds, account groups, and organizational components.

Accrued Interest: The amount of interest that has accumulated on the debt since the date of the last interest payment, and on the sale of a bond, the amount accrued up to but not including the date of delivery (settlement date). (See Interest)

Amortization: The gradual repayment of an obligation over time and in accordance with a predetermined payment schedule.

Appropriation: A legal authorization from the community's legislative body to expend money and incur obligations for specific public purposes. An appropriation is usually limited in amount and as to the time period within which it may be expended.

Arbitrage: As applied to municipal debt, the investment of tax-exempt bonds or note proceeds in higher yielding, taxable securities. Section 103 of the Internal Revenue Service (IRS) Code restricts this practice and requires (beyond certain limits) that earnings be rebated (paid) to the IRS.

Assessed Valuation: A value assigned to real estate or other property by a government as the basis for levying taxes.

Audit: An examination of a community's financial systems, procedures, and data by a certified public accountant (independent auditor), and a report on the fairness of financial statements and on local compliance with statutes and regulations. The audit serves as a valuable management tool in evaluating the fiscal performance of a community.

Audit Report: Prepared by an independent auditor, an audit report includes: (a) a statement of the scope of the audit; (b) explanatory comments as to application of auditing procedures; (c) findings and opinions. It is almost always accompanied by a management letter which contains supplementary comments and recommendations.

Available Funds: Balances in the various fund types that represent non-recurring revenue sources. As a matter of sound practice, they are frequently appropriated to meet unforeseen expenses, for capital expenditures or other one-time costs.

Balance Sheet: A statement that discloses the assets, liabilities, reserves and equities of a fund or governmental unit at a specified date.

Betterments (Special Assessments): Whenever a specific area of a community receives benefit from a public improvement (e.g., water, sewer, sidewalk, etc.), special property taxes may be assessed to reimburse the governmental entity for all or part of the costs it incurred. Each parcel receiving benefit from the improvement is assessed for its proportionate share of the cost of such improvements. The proportionate share may be paid in full or the property owner may request that the assessors apportion the betterment over 20 years. Over the life of the betterment, one year's apportionment along with one year's committed interest computed from October 1 to October 1 is added to the tax bill until the betterment has been paid.

Bond: A means to raise money through the issuance of debt. A bond issuer/borrower promises in writing to repay a specified sum of money, alternately referred to as face value, par value or bond principal, to the buyer of the bond on a specified future date (maturity date), together with periodic interest at a specified rate. The term of a bond is always greater than one year. (See Note)

Bond and Interest Record: (Bond Register) – The permanent and complete record maintained by a treasurer for each bond issue. It shows the amount of interest and principal coming due each date and all other pertinent information concerning the bond issue.

Bonds Authorized and Unissued: Balance of a bond authorization not yet sold. Upon completion or abandonment of a project, any remaining balance of authorized and unissued bonds may not be used for other purposes, but must be rescinded by the community's legislative body to be removed from community's books.

Bond Issue: Generally, the sale of a certain number of bonds at one time by a governmental unit.

Bond Rating (Municipal): A credit rating assigned to a municipality to help investors assess the future ability, legal obligation, and willingness of the municipality (bond issuer) to make timely debt service payments. Stated otherwise, a rating helps prospective investors determine the level of risk associated with a given fixed-income investment. Rating agencies, such as Moody's and Standard and Poors, use rating systems, which designate a letter or a combination of letters and numerals where AAA is the highest rating and C1 is a very low rating.

Budget: A plan for allocating resources to support particular services, purposes and functions over a specified period of time. (See Performance Budget, Program Budget)

Capital Assets: All real and tangible property used in the operation of government, which is not easily converted into cash, and has an initial useful live extending beyond a single financial reporting period. Capital assets include land and land improvements; infrastructure such as roads, bridges, water and sewer lines; easements; buildings and building improvements; vehicles, machinery and equipment. Communities typically define capital assets in terms of a minimum useful life and a minimum initial cost. (See Fixed Assets)

Capital Budget: An appropriation or spending plan that uses borrowing or direct outlay for capital or fixed asset improvements. Among other information, a capital budget should identify the method of financing each recommended expenditure, i.e., tax levy or rates, and identify those items that were not recommended. (See Capital Assets, Fixed Assets)

Cash: Currency, coin, checks, postal and express money orders and bankers' drafts on hand or on deposit with an official or agent designated as custodian of cash and bank deposits.

Cash Management: The process of monitoring the ebb and flow of money in an out of municipal accounts to ensure cash availability to pay bills and to facilitate decisions on the need for short- term borrowing and investment of idle cash.

Certificate of Deposit (CD): A bank deposit evidenced by a negotiable or non-negotiable instrument, which provides on its face that the amount of such deposit plus a specified interest payable to a bearer or to any specified person on a certain specified date, at the expiration of a certain specified time, or upon notice in writing.

Classification of Real Property: Assessors are required to classify all real property according to use into one of four classes: residential, open space, commercial, and industrial. Having classified its real properties, local officials are permitted to determine locally, within limitations established by statute and the Commissioner of Revenue, what percentage of the tax burden is to be borne by each class of real property and by personal property owners.

Collective Bargaining: The process of negotiating workers' wages, hours, benefits, working conditions, etc., between an employer and some or all of its employees, who are represented by a recognized labor union. regarding wages, hours and working conditions.

Consumer Price Index: The statistical measure of changes, if any, in the overall price level of consumer goods and services. The index is often called the "cost-of-living index."

Cost-Benefit Analysis: A decision-making tool that allows a comparison of options based on the level of benefit derived and the cost to achieve the benefit from different alternatives.

Debt Burden: The amount of debt carried by an issuer usually expressed as a measure of value (i.e., debt as a percentage of assessed value, debt per capita, etc.). Sometimes debt burden refers to debt service costs as a percentage of the total annual budget.

Debt Service: The repayment cost, usually stated in annual terms and based on an amortization schedule, of the principal and interest on any particular bond issue.

Encumbrance: A reservation of funds to cover obligations arising from purchase orders, contracts, or salary commitments that are chargeable to, but not yet paid from, a specific appropriation account.

Enterprise Funds: An enterprise fund is a separate accounting and financial reporting mechanism for municipal services for which a fee is charged in exchange for goods or services. It allows a community to demonstrate to the public the portion of total costs of a service that is recovered through user charges and the portion that is subsidized by the tax levy, if any. With an enterprise fund, all costs of service delivery – direct, indirect, and capital costs – are identified. This allows the community to recover total service costs through user fees if it chooses. Enterprise accounting also enables communities to reserve the

"surplus" or net assets unrestricted generated by the operation of the enterprise rather than closing it out to the general fund at year-end. Services that may be treated as enterprises include, but are not limited to, water, sewer, hospital, and airport services.

Equalized Valuations (EQVs): The determination of the full and fair cash value of all property in the community that is subject to local taxation.

Estimated Receipts: A term that typically refers to anticipated local revenues often based on the previous year's receipts and represent funding sources necessary to support a community's annual budget. (See Local Receipts)

Exemptions: A discharge, established by statute, from the obligation to pay all or a portion of a property tax. The exemption is available to particular categories of property or persons upon the timely submission and approval of an application to the assessors. Properties exempt from taxation include hospitals, schools, houses of worship, and cultural institutions. Persons who may qualify for exemptions include disabled veterans, blind individuals, surviving spouses, and seniors.

Expenditure: An outlay of money made by municipalities to provide the programs and services within their approved budget.

Fiduciary Funds: Repository of money held by a municipality in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and other funds. These include pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds, and agency funds.

Fixed Assets: Long-lived, assets such as buildings, equipment and land obtained or controlled as a result of past transactions or circumstances.

Fixed Costs: Costs that are legally or contractually mandated such as retirement, FICA/Social Security, insurance, debt service costs or interest on loans.

Float: The difference between the bank balance for a local government’s account and its book balance at the end of the day. The primary factor creating float is clearing time on checks and deposits. Delays in receiving deposit and withdrawal information also influence float.

Full Faith and Credit: A pledge of the general taxing powers for the payment of governmental obligations. Bonds carrying such pledges are usually referred to as general obligation or full faith and credit bonds.

Fund: An accounting entity with a self-balancing set of accounts that are segregated for the purpose of carrying on identified activities or attaining certain objectives in accordance with specific regulations, restrictions, or limitations.

Fund Accounting: Organizing financial records into multiple, segregated locations for money. A fund is a distinct entity within the municipal government in which financial resources and activity (assets, liabilities, fund balances, revenues, and expenditures) are accounted for independently in accordance with specific regulations, restrictions or limitations. Examples of funds include the general fund and enterprise funds. Communities whose accounting records are organized according to the Uniform Municipal Accounting System (UMAS) use multiple funds.

GASB 34: A major pronouncement of the Governmental Accounting Standards Board that establishes new criteria on the form and content of governmental financial statements. GASB 34 requires a report on overall financial health, not just on individual funds. It requires more complete information on the cost of delivering value estimates on public infrastructure assets, such as bridges, road, sewers, etc. It also requires the presentation of a narrative statement the government's financial performance, trends and prospects for the future.

GASB 45: This is another Governmental Accounting Standards Board major pronouncement that each public entity account for and report other postemployment benefits in its accounting statements. Through actuarial analysis, municipalities must identify the true costs of the OPEB earned by employees over their estimated years of actual service.

General Fund: The fund used to account for most financial resources and activities governed by the normal appropriation process.

General Obligation Bonds: Bonds issued by a municipality for purposes allowed by statute that are backed by the full faith and credit of its taxing authority.

Governing Body: A board, committee, commission, or other executive or policymaking bodyof a municipality or school district.

Indirect Cost: Costs of a service not reflected in the operating budget of the entity providing the service. An example of an indirect cost of providing water service would be the value of time spent by non-water department employees processing water bills. A determination of these costs is necessary to analyze the total cost of service delivery. The matter of indirect costs arises most often in the context of enterprise funds.

Interest: Compensation paid or to be paid for the use of money, including amounts payable at periodic intervals or discounted at the time a loan is made. In the case of municipal bonds, interest payments accrue on a day-to-day basis, but are paid every six months.

Interest Rate: The interest payable, expressed as a percentage of the principal available for use during a specified period of time. It is always expressed in annual terms.

Investments: Securities and real estate held for the production of income in the form of interest, dividends, rentals or lease payments. The term does not include fixed assets used in governmental operations.

Line Item Budget: A budget that separates spending into categories, or greater detail, such as supplies, equipment, maintenance, or salaries, as opposed to a program budget.

Local Aid: Revenue allocated by the state or counties to municipalities and school districts.

Maturity Date: The date that the principal of a bond becomes due and payable in full.

Municipal(s): (As used in the bond trade) "Municipal" refers to any state or subordinate governmental unit. "Municipals" (i.e., municipal bonds) include not only the bonds of all political subdivisions, such as cities, towns, school districts, special districts, counties but also bonds of the state and agencies of the state.

Note: A short-term loan, typically with a maturity date of a year or less.

Objects of Expenditures: A classification of expenditures that is used for coding any department disbursement, such as “personal services,” “expenses,” or “capital outlay.”

Official Statement: A document prepared for potential investors that contains information about a prospective bond or note issue and the issuer. The official statement is typically published with the notice of sale. It is sometimes called an offering circular or prospectus.

Operating Budget: A plan of proposed expenditures for personnel, supplies, and other expenses for the coming fiscal year.

Overlapping Debt: A community's proportionate share of the debt incurred by an overlapping government entity, such as a regional school district, regional transit authority, etc.
Performance Budget: A budget that stresses output both in terms of economy and efficiency.

Principal: The face amount of a bond, exclusive of accrued interest.

Program: A combination of activities to accomplish an end.

Program Budget: A budget that relates expenditures to the programs they fund. The emphasis of a program budget is on output.

Purchased Services: The cost of services that are provided by a vendor.

Refunding of Debt: Transaction where one bond issue is redeemed and replaced by a new bond issue under conditions generally more favorable to the issuer.

Reserve Fund: An amount set aside annually within the budget of a town to provide a funding source for extraordinary or unforeseen expenditures.

Revaluation: The assessors of each community are responsible for developing a reasonable and realistic program to achieve the fair cash valuation of property in accordance with constitutional and statutory requirements. The nature and extent of that program will depend on the assessors’ analysis and consideration of many factors, including, but not limited to, the status of the existing valuation system, the results of an in-depth sales ratio study, and the accuracy of existing property record information.

Revenue Anticipation Note (RAN): A short-term loan issued to be paid off by revenues, such as tax collections and state aid. RANs are full faith and credit obligations.

Revenue Bond: A bond payable from and secured solely by specific revenues and thereby not a full faith and credit obligation.

Revolving Fund: Allows a community to raise revenues from a specific service and use those revenues without appropriation to support the service.

Sale of Real Estate Fund: A fund established to account for the proceeds of the sale of municipal real estate other than proceeds acquired through tax title foreclosure.

Stabilization Fund: A fund designed to accumulate amounts for capital and other future spending purposes, although it may be appropriated for any lawful purpose.

Surplus Revenue: The amount by which cash, accounts receivable, and other assets exceed liabilities and reserves.

Tax Rate: The amount of property tax stated in terms of a unit of the municipal tax base; for example, $14.80 per $1,000 of assessed valuation of taxable real and personal property.

Tax Title Foreclosure: The procedure initiated by a municipality to obtain legal title to real property already in tax title and on which property taxes are overdue.

Trust Fund: In general, a fund for money donated or transferred to a municipality with specific instructions on its use. As custodian of trust funds, the treasurer invests and expends such funds as stipulated by trust agreements, as directed by the commissioners of trust funds or by the community's legislative body. Both principal and interest may be used if the trust is established as an expendable trust. For nonexpendable trust funds, only interest (not principal) may be expended as directed.

Uncollected Funds: Recently deposited checks included in an account’s balance but drawn on other banks and not yet credited by the Federal Reserve Bank or local clearinghouse to the bank cashing the checks. (These funds may not be loaned or used as part of the bank’s reserves and they are not available for disbursement.)

Undesignated Fund Balance: Monies in the various government funds as of the end of the fiscal year that are neither encumbered nor reserved, and are therefore available for expenditure once certified as part of free cash.

Unreserved Fund Balance (Surplus Revenue Account): The amount by which cash, accounts receivable, and other assets exceed liabilities and restricted reserves. It is akin to a "stockholders’ equity" account on a corporate balance sheet. It is not, however, available for appropriation in full because a portion of the assets listed as "accounts receivable" may be taxes receivable and uncollected. (See Free Cash)

Valuation (100 Percent): The legal requirement that a community’s assessed value on property must reflect its market, or full and fair cash value