

**City of Enumclaw
1339 Griffin Avenue
Enumclaw, Washington 98022**

**City Council Budget Workshop
City Hall Council Chambers
October 4, 2021, 6:00pm**

This meeting was held by video conferencing (Microsoft Teams platform) to comply with the Governor's *Open Public Meetings Act and Public Records Act*, Proclamation 20-25, and extensions by the State Legislature. It was broadcast live on ECTV, Channel 21, and livestreamed at cityofenumclaw.net.

1. CALL TO ORDER:

Mayor Molinaro called the meeting to order at 6:00 p.m. Mayor Pro Tem LaFleur announced that Councilmember Sauvageau was absent.

LA FLEUR MOVED TO EXCUSE COUNCILMEMBER SAUVAGEAU FROM THE MEETING. WRIGHT SECONDED. MOTION CARRIED 6-0.

ATTENDANCE:

In Council Chambers: Mayor Jan Molinaro, Councilmembers Chance LaFleur, Beau Chevassus, Corrie Koopman Frazier, Anthony Wright, Kael Johnson, City Administrator Chris Searcy, Finance Director Chris Anderson, Information Services Director Joe Nanavich and Deputy City Clerk Jessica Rose. At City Hall: Information Services Technician Nick Fuller.

Through Microsoft Teams video conferencing: Councilmember Hoke Overland. Also attending through video conferencing were Public Works Director Ed Hawthorne, Community Development Director Chris Pasinetti, Parks Director Michelle Larson, and Police Chief Tim Floyd

2. CONSENT AGENDA:

A. PROJECT ACCEPTANCE

1. Northwest Cascade Construction, Battersby Ave Culvert Replacement Project
2. Wayne's Roofing, Emergency Repair of Roofs at Expo Center
3. Progressive Roofing, Inc., Police Department Re-Roof Project

LA FLEUR MOVED TO APPROVE THE CONSENT AGENDA. WRIGHT SECONDED. MOTION CARRIED 6-0.

3. OPENING REMARKS ON PRELIMINARY BUDGET:

Mayor Jan Molinaro

Mayor read his letter to the citizens regarding the 2022 preliminary budget. Some of the points touched upon:

- The revenue has been an unexpected surprise in how it has been tracking.
- Concerns on the surge in inflation and how that has affected expenses for the city.
- Without perseverance and resilience, it is much more difficult to be successful.
- With the added ARPA funds to the upcoming budget, it could cause a false sense of increased revenues for future budgets, so cautious spending needs to be considered.

- The 2022 budget has several requests that will enhance their operations and finishing projects that have been delayed. These expenditures are a necessary function of operating a city and dollars spent will increase efficiencies.
- Continued advocate for strong reserves. Preparing now will provide the city with tools on how to deal with these unknowns in a healthier, financially solid position.

Mayor thanked the City employees for their hard work and dedication to make the community function while facing new and old challenges this past year. He also thanked citizens who volunteer on the City's various commissions and boards; and those who volunteer at non-profit organizations to benefit the community.

4. 2022 PRELIMINARY BUDGET OVERVIEW:

Chris Searcy, City Administrator

Searcy briefly discussed the challenges the city faced dealing with the unknowns of COVID for the last two years.

Searcy gave an overview of the budget with the following items:

- Several new and promoted positions in both the general fund and utilities.
- The city has a \$7.3 million capital project list, infrastructure across the spectrum of the organization from IT to WasteWater.
- New development continues to add to the city's assessed value, which is now cresting the \$2 billion threshold, but resulted in losing one of our TIB grant programs. New construction value coupled with increasing assessed value of existing real estate has driven the property tax rate down to \$1.13 per \$1,000, which leaves room for higher levies in the future if necessary. It has approximately \$464,000 of banked property tax capacity available for Council action either now or in the future.
- Despite heavy build out of existing residential lots, there are 76 additional lots under construction that should be ready for home construction in 2022. Economic benefits of this modest growth are expected to continue into the next year.
- Council authorized this year a temporary 1.5% 12 month increase to the water and sewer utility tax rates. It is recommended to continue this increase for the next year as it does not impact utility rates and those utilities can forego a rate increase.
- Real estate excise tax (REET) is coming in very strong. In funding for capital projects for parks and streets with this and impact fees provides more certainty and independence from past reliance on competitive grant programs.

Searcy noted that the operating position of the General Fund is solid and continue to transfer some reserves to the contingency fund while still easily meeting the city's reserve policy levels. Expenditures include the following:

- In 2021, there was a cost-of-living-adjustments (COLA) of 1.5% that was applied based on the AFSCME collective bargaining agreement. This is tied into the Consumer Price Index (CPI) for Seattle, Tacoma, and Bellevue. The CPI was .9% last year at the index mark, however, the contract has a floor of 1.5% and a ceiling of 6%. The index for COLA in 2022 is 5.5%. This has also been applied to the non-represented positions. The police guild has yet to be negotiated but is expected to be a 3% increase on salaries.

- Water utility has a very healthy operating position that accumulates reserves at a pace that requires the city to have a significant capital improvement program in order to justify the current rates. For next year, it is being recommended to provide funding for the water system plan update. This will inform the city if a rate decrease is advisable or if there is a list of capital needs that justifies keeping the rates where they are.
- Wastewater utility has a negative operating position at \$4.6 million revenue versus \$5 million expenditures. It has been kept healthy with the capital facilities charge revenue from all the new residential construction, which is projected to bring in \$882,000. By 2026, three Public Works Trust Fund loans will retire that total in the amount of \$1.5 million in debt service. The wastewater utility will be in a positive operating position and could potentially consider a rate decrease.
- Natural gas utility is undergoing a rate study to address fixed cost versus variable. Rates will be determined after the winter heating season.
- Solid waste utility is experiencing increased tipping rates for all products and catching up on equipment replacement contributions. Revenue is still steady after the 2019 rate restructure.
- It is being proposed to increase stormwater utility rate from \$6.50 per equivalent stormwater unit to \$7.50. This is needed to build reserves for the next stormwater permit requirements, which will become effective in mid-2024.

Searcy stated that there are 4 issues for Council to consider in future years:

- Outside agency funding will return to the General Fund
- Housing slowdown will eventually happen and will impact the General Fund
- Inflationary pressure from higher energy prices, continue supply constraints, and the unknown
- Economic impact of state legislative approach to climate change.

5. **BUDGET REVIEW PRESENTATION:**

Chris Anderson, Finance Director

Anderson gave the highlights of the 2022 budget.

- General Fund Overview
 - Revenue - \$19,837,783; Expenses - \$14,044,934; Ending Balance - \$5,792,849
 - Net Operating - \$(51,890) with a \$100,000 transfer to the Contingency Fund
 - Other Revenue
 - ARPA - \$1,703,069
 - Capital & Project Revenue - \$363,112
 - Other Expenses
 - Outside Agencies - \$7,000
 - ARPA - \$1,715,000
 - Capital & Project Expenses - \$785,659
 - Retail sales tax has been steadily increasing
 - Revenue Changes
 - Property Tax: 5% increase; Represents 1% increase in base levy
 - Sales Tax: 3% increase over year end estimate and 9.2% increase from 2021 budget.

- Building Permit: 28% increase from 2021 budget and 9% increase over year end estimate.
 - Miscellaneous, Interest and other down 67%.
 - Utility tax for water and sewer proposed to stay at 9.5% versus dropping back to 8%. (Revenue would reduce by \$109,532 if changed back).
 - Increases in Comcast Franchise Fees, Liquor Excise Tax, but continued decreases in Telecommunication Tax.
 - Expense Changes
 - Salary adjustment of 5.5% COLA; Police currently at 3%, but still being negotiated.
 - Benefit increase: LEOFF trust 10%, Regence 5.8%, Kaiser 7.3%, and Delta Dental 2%.
 - Interfund Services up 17%. Shift in personnel moving GIS under IT, which is now allocated among all funds with emphasis on Utilities. Capital request increased the allocation needed to fund IT.
 - Outside Agency funding is down due to funding from ARPA versus the General Fund
 - Current request for outside agencies:
 - \$5,006 for Enumclaw Historical Society
 - \$7,000 for Green River Community College
 - Full-Time Employee Additions for 2022
 - Finance
 - Accountant
 - Police
 - Evidence Custodian
 - Information Technology
 - Media Service Tech (.5 FTE)
 - Network Engineer (Promotion)
 - Senior Information Services Technician (Promotion)
 - GIS Administrator (Moved to IT)
 - IT Director promotion from manager; pay adjustment in 2022
 - Public Works
 - Engineering Technician I
 - Water/Wastewater Worker I (2 positions)
 - Water Worker II
 - Administration
 - Deputy City Clerk (Increase to 1.0 from .5)
 - ARPA Estimates will go to assist several projects and outside agency funding that will total in the amount of \$1,715,000.
- General Fund – Pool
 - Pool continues to increase services and revenue to pre-covid levels, but not quite all the way.
 - Pool property tax transfer of 16/1000 (total of \$322k) \$197,752
 - King County park levy of \$125,000
 - Additional support from General Fund decreased from \$100,000 in 2021 to \$50,000 in 2022.

- Expenses estimated to be \$3,800 less in 2022 versus budget in 2021.
- 9% increase in user fees and additional revenue generated.
- Capital item
 - Pool interior paint \$20,000
- General Fund – Streets
 - Transfer from General Fund increased \$63,000 in 2022
 - Fuel tax revenue improved but not back to pre-covid level. Downward trend due to
 - Fuel efficiency standards
 - Electric vehicles
 - Remote working
 - Operating cost increased mainly due to inflation. Salaries up slightly due to reallocating positions based on duties.
 - Debt service reduced to zero due to payment of vector truck moved to stormwater.
 - Some decrease in streetlighting due to LED conversion but offset by additional lighting in new development.
 - Capital items:
 - City parking lot improvements - \$229,314
 - Washington Ave Improvements - \$100,000
 - EV Charging Station - \$20,000
 - Cole Street Light Pole Painting - \$58,810
 - 244th Roosevelt Improvements - \$35,000
- Transportation Benefit Fund
 - No big changes
 - Capital items:
 - Warner Ave SR-410 Berninger - \$649,969
 - Roosevelt Overlay Semanski to Cole - \$451,124
 - Third Street Overlay - \$90,000
 - 288th Avenue Overlay - \$90,000
 - Myrtle Avenue Road Improvements - \$280,000
- All other special revenue funds –
 - Lodging Tax Advisory Committee (LTAC) will bring to Council for approval on October 18th.
- REET
 - Revenue continues to be high. Budgeted conservative but still \$100,000 above last year's budget, but \$100,000 less than current year end estimate.
- Impact/Mitigation
 - Revenues continue to be strong. Budgeted an additional \$100,000 from 2021 year end estimate.
- Water Utility
 - Capital Connection fees up \$300,000 from 2021 budget
 - No rate increases this year.
 - Interfund service up \$186,000. This is due to increase in allocation from IT services along with ER&R. Reserves for ER&R were examined and determined to be falling short of needed replacement value.

- Capital items:
 - Waterline Improvement and Other - \$375,000
 - Boise Spring - \$100,000
 - Comp Plan - \$120,000
- Wastewater Utility
 - Capital connection fees up 324K from 2021 budget.
 - No rate increases this year.
 - Interfund service up to 50K. This is due to increase in allocation from IT services along with ER&R.
 - Capital Items:
 - Sanitary sewer rehab - \$300,000
 - 428th avenue lift station - \$620,000
 - Miscellaneous Sewer System Improvements - \$75,000
 - SR 410 Sewer Main Replacement - \$1,400,000
 - I&I Repair Reimbursement Program - \$250,000
- Natural Gas Utility
 - No significant revenue changes this year.
 - No rate increases this year (Gas rate study underway).
 - Natural gas purchase up \$100,000 from 2021 budget.
 - Interfund Services up \$240,000 from 2021 budget. This is due to the IT allocation as well as the ER&R catch up.
 - Capital Items:
 - Concrete & asphalt repair - \$10,000
 - Sod cutter, hole hog & leak detection tool SCBA tanks - \$21,000
 - New construction - \$75,000
- Solid Waste Utility
 - Revenue increase of \$350,000 due to 7% rate increase. 5% already planned for King County rate increase with additional 2%.
 - Expense changes that reflect the rate increase
 - City taxes - \$35,000
 - Services and taxes - \$48,000
 - Recycle tipping fees – \$18,000
 - Organics tipping fees - \$6,000
 - Garbage tipping fees – \$94,000
 - Interfund services up \$114,000 from 2021 budget. This is due to the IT allocation as well as the ER&R catch up.
- Stormwater Utility
 - Charges for services up \$100,000 (increase of \$1 per equivalent service unit)
 - Expense changes that reflect the rate increase
 - Additional staff time due to continuing regulations from Department of Ecology & Maintenance.
 - Loan for vactor truck was transferred from Street to Storm.
 - Splitting cost of sweeper with streets.
 - Interfund services up \$40,000 from 2021 budget. This is due to IT allocation as well as the ER&R catch up.
 - Capital items:

- Various catch basin repairs/storm pond repairs - \$25,000
- Equipment Rental
 - Total citywide charges - \$1,571,007
 - Capital items
 - Police cruisers (3 total) - \$171,800
 - Forklift - \$35,000
 - Backhoe replacement - \$145,000
 - Above ground vehicle lift - \$35,000
 - Water work truck (2 total) - \$120,000
 - WWTP pick up - #38,800
 - Gas truck replacement - \$253,400
 - CD replacement Ford Escape - \$25,000
- Data Process – IT
 - Total citywide charges - \$1,461,951
 - Capital items:
 - ECTV equipment upgrades - \$35,000
 - Arg GIS enterprise implementation - \$28,000
 - Cartograph phase 2 implementation - \$25,000
 - Share point implementation - \$10,000
 - Pipeline compliance system upgrade - \$16,100
 - Copier & printer replacement - \$39,400
 - PD firewall replacement - \$12,000
 - Jail intercom system replacement - \$25,000
 - Additional jail cameras - \$9,000
 - Body worn cameras - \$22,000
 - Citywide switch replacement - \$130,000
 - Switch replacement can be reimbursed by ARPA,
 - Card entry - \$30,000
- Facilities
 - Total citywide charges - \$907,077
 - Capital items (rollover, items not new)
 - A&E Stevenson Yerxa remodel - \$337,735
 - City shops renovations - \$288,680
 - Vehicle storage/shop facilities - \$673,585

6. PRESENTATIONS:

A. YMCA, Enumclaw Youth Center

Gary Hemminger, Director, and Christine Adkins, Case Manager

Adkins briefly gave an overview of the different services that were provided by the Youth Center as well as the current situations they are facing during the pandemic. The Youth Center is requesting \$40,000 to hire a Youth Resource Worker that will assist the youth with their schooling and improving their mental health. Hemminger discussed how the youth center has allowed them to leverage into other services that they have provided to the community. The Youth Center are able to train interns for mental health counseling. They are also a state licensed mental health agency that allows them to assist those who are on state subsidize medical insurance.

B. Enumclaw Plateau Historical Society

Rich Elfers, Co-President

Elfers stated that they are requesting funds from the Schlotfeldt fund to assist with utilities since the museum was closed for the majority of the pandemic. They will be applying through other programs to assist in replenishing their reserves that they had to use while closed to the public. They had requested funds in 2020 to assist them in finding a new President for the Historical Society, but they never used the funds.

C. Friends of the Library

Steven Bailey, KCLS Librarian Manager

Bailey stated that they would like to do a story walk in a local park where families can read a story as they walk along the path. Stories can be switched out monthly and help inform families of the library. They are asking for \$3500 from the Lafromboise Endowment funds to set up 20 permanent frames where they will showcase 12 children's books throughout the year that the Friends of the Library will cover each year.

7. COUNCIL DISCUSSION:

Council and staff discussion included the following:

- Clarification on the Card Entry Project in IT and what was included in the budget.
- Outside agency funding will not affect the net position, but the reserves.
- FTE Positions
 - Media Services Technician (.5) will be responsible for tv station, city website, and media services.
 - The Evidence Custodian position will manage the physical evidence and body camera footage.
 - The Finance Dept has been short staffed for some time and the Accountant position will help offset the department's workload.
 - The Deputy City Clerk position going full-time will assist the Human Resources Manager with clerical work.
 - Engineering Tech will be split among storm (50%), water (35%) and sewer (15%) and will manage the regulations for the stormwater management plan. A Source Control Program has to be created in 2022, which the Engineering Tech will be surveying buildings as well as managing the cross-connection program.
 - Three additional Water (1 FTE) and Water/Sewer (2 FTE) positions, which will be replacing the water system main lines, which there are 4.4 miles left. They will also be repairing the 2019 I&I problems.
 - Concerns for the Parks & Recreation being understaffed. The unfrozen Parks Maintenance Position, increased scope with the landscaping company, and seasonal workers puts the Parks in a good position.
- Items that staff would like to see in the budget that was not included:
 - Additional Senior Planner to assist with the upcoming Comp Plan Update and increase the Code Enforcement Officer position to full-time.
 - Preservation of the City Hall Brickwork Project – Phase 2 approximately \$200,000
 - Remodel of the Skatepark, and playground replacements in other parks (\$40,000 per playground)
 - Past grants that were applied for and the possibility to access the King

County Levy that was approved years ago.

- Skatepark has the most liability for maintenance and repair.
- Carpeting the rest of City Hall, which would possibly come out of the 180 Fund.
- Upgrades to Montgomery Park and Elk Meadows Park Fitness Court.
- Pool rate increase is calculated into the budget.
- The City has saved \$700,000 by hedging the gas fund.
- IT costs related to facilities should qualify for the 180 Fund.
- Funds will be needed to match grants for the Pavilion.
- There was nothing that was cut from the budget that was requested by staff.
- 2024 Comprehensive plan update for Community Development to be contracted with in-house preparing parts of it. It will affect the 2023 budget by \$100,000 - \$250,000.
- Contingency Fund has a cap of \$750,000 and it is currently at \$550,000.
- The proposal for continuing the 1.5% water and sewer utility tax rate.
- The 16% level for the reserves and everyone being in favor of it staying where it is.
- Schlotfeldt Fund is low compared to the other Endowment Funds
 - Not accruing as much interest.
 - Unlike the other Endowment Funds, the Schlotfeldt Fund was to eventually be used up and the account closed.

8. **ADJOURNMENT:**

LA FLEUR MOVED TO ADJOURN THE MEETING. CHEVASSUS SECONDED. MOTION CARRIED 6-0.

The Mayor adjourned the workshop at 8:18. p.m.

Respectfully Submitted,

Jessica Rose
Deputy City Clerk

Date Minutes Approved: _____

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Date Minutes Approved: 10-25-21