

City of Kenmore Proposed Preliminary 2023-2024 Biennial Budget Presentation

Meeting of
October 10, 2022





TOTAL GENERAL FUND REVENUE 2021-2022

2021-2022 Amended Budget - \$30,589,770

- Adopted Budget \$28,567,770
- Mid-Biennium Amendments
 - \$672,000 for better-than-expected retail sales tax revenue.
 - \$1,350,000 for interfund loan repayments (Samm. Bridge & PW Shop Fund)

2021-2022 Projection - \$32,445,350

- \$1.4 million - Sales taxes better than budget (construction/internet Sales)
- \$800,000 – building related revenues
- <\$300,000> - Utility Taxes lower



TOTAL GENERAL FUND REVENUE 2023-2024

Proposed - \$31,305,131

Property Taxes

- Assume 1.9% levy increase in 2023
- 3.3% increase in 2024
- Includes new construction and banked capacity (FSP)

Sales Tax – recessionary adjustment

- <2%> - 2023
- 3% 2024

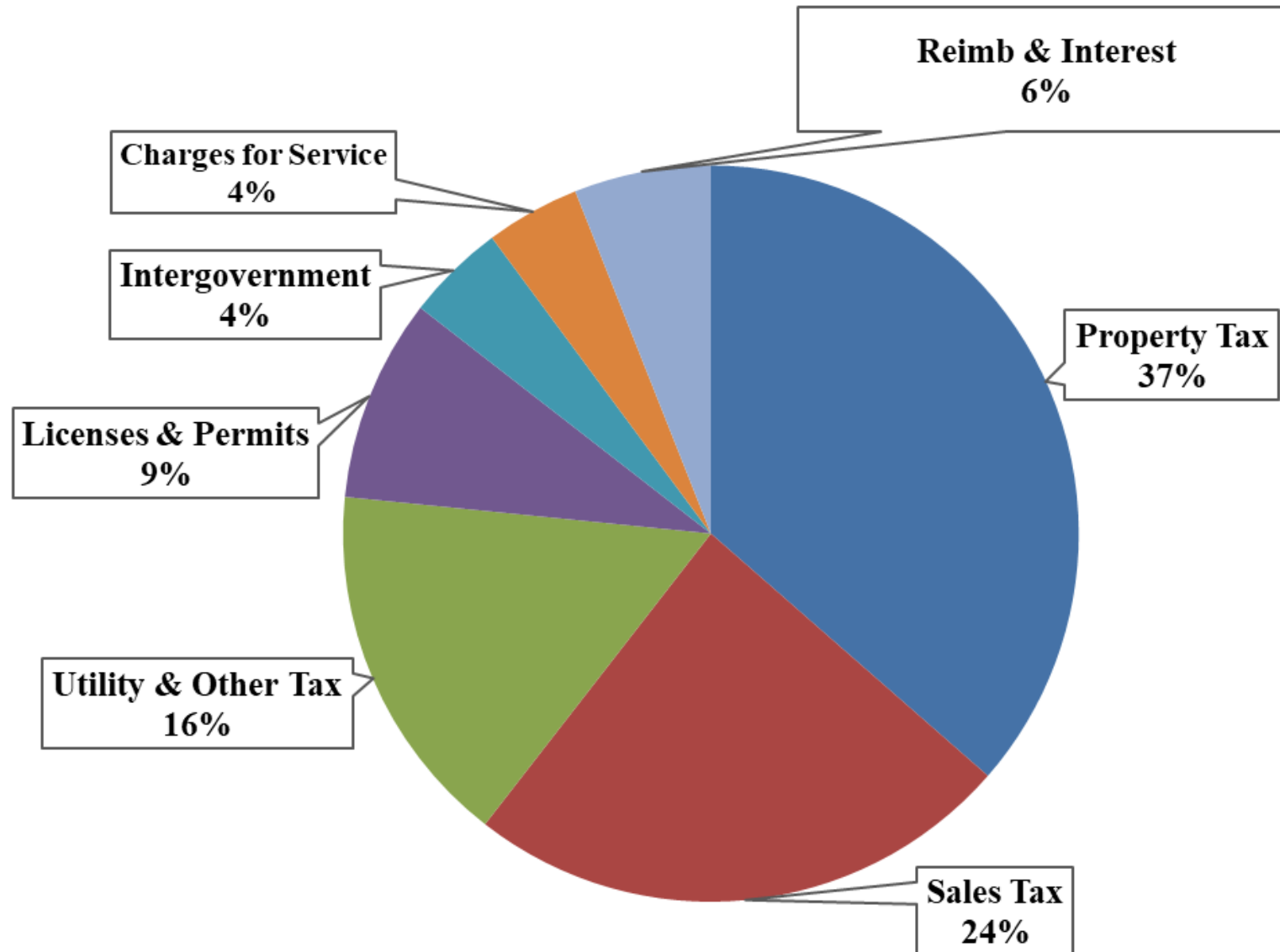
Development Revenues – recessionary adjustment

- <8%> 2023
- 1% 2024

NEW

- \$1.2 million – Cable Utility Tax, Surface Water Utility Tax & Admission Tax

General Fund Revenues 2023-2024



GENERAL FUND REVENUE ACCOUNTS

Property Taxes

2023 = \$5,609,623
1.9% increase (includes
banked capacity)
+\$36,296 new construction

2024 = \$5,793,769
3.3% increase
(includes 1% + 1.8% banked
capacity + 0.5% new
construction)

Sales Taxes

2023 = \$3,715,897
Recessionary adjustment
<2%>

2024 = \$3,827,374
3% increase over 2023

Utility Tax

Electric and Gas =
\$1,596,107 (biennium)
1% increase / per year

Telephone and Cell =
\$340,722
<1%> decline per year
based on trends

NEW
6% Cable Utility Tax
6% Surface Water Utility Tax

GENERAL FUND REVENUE ACCOUNTS

Franchise Fees

Comcast & Ziply Cable
= \$588,000,
Same as current
biennium average

Water & Sewer =
\$1,118,585,
1% increase

Development Revenues

Permits \$1,054,509,

Land Use, Review,
Inspection, Other
\$1,254,276

Overall

- <8%> 2023
- 1% 2024

Liquor Tax Distributions

Liquor Excise Tax
\$330,719

Little change; using
MRSC per capita
forecast

Liquor Board Profits
\$372,363
No change

GENERAL FUND REVENUE ACCOUNTS

Reimbursements

\$1,490,000

**Overhead Reimbursement
Capital Projects Staff:**

Engineering (480K),

Parks (\$300K)

SWM (\$660K)

Maintenance – REET \$50k

**\$75K reimbursement from
Northshore School District for
Moorlands Maint.**

Other Taxes

\$132,092

**Pull tabs & Games
2% increase from 2022
projections**

**Affordable Housing
Sales Tax**

\$24,500/yr

Miscellaneous

**New -\$50K transferred
from King Co Park Levy
for Maint.**

**Minor changes in Criminal
Justice Distributions or
other State Assistance**

\$120,000

**Kenmore Village lease
revenue**

TOTAL GENERAL FUND EXPENDITURES 2021-2022

\$27,067,770 – Adopted Budget

Mid-Biennium Budget Amendments

- \$1m - Strategic Opportunities Fund
- \$550k - PW Shop Fund interfund loan
- \$2.2m - Property Acquisition Holt
- \$15,000 - PW Shop Fund interfund transfer (debt service)
- \$198k - HR op. exp

\$31,030,904 – Amended Budget

\$30,641,076 – Projection

- Department projected spending through 12/31/22

2023-2024 TOTAL GENERAL FUND EXPENDITURES

\$31,252,425 – Proposed Budget

Increase of 13.89% (\$3.8m)



- From 2021/2022 Actual and projections
 - less one time land acquisition cost of \$2.2m

Increase breakdown:

- \$1.4m - Police Services contract
- \$977k - new positions (various departments)
- \$170k - special & virtual events
- \$265k - WCIA liability/property insurance (GF portion)
- \$988k - salary/pension/health ins./ temp \$93k/comp plan
serv.100k/ vehicle 65k

DEPARTMENT PRESENTATIONS



CITY COUNCIL

Department Description

- Policy Making Body; Sets Vision and Priorities for the City
- Adopts Budget and Ordinances, Represents the City on Regional and State and National Organizations

Proposed Budget

- | | |
|----------------------------------|-----------|
| • Total 2023-2024 Budget | \$405,013 |
| • Percent of General Fund | 1% |
| • Total 2021-2022 Amended Budget | \$332,711 |
| • Positions | 7 |

CITY COUNCIL

Highlights and changes

- Allocated Federal American Rescue Plan Act (ARPA) funding, including \$1 million in direct cash assistance to low-income residents impacted by the pandemic.
- Adopted a Climate Action Plan - Sets a goal to reduce greenhouse gas emissions by 50% by 2030 and 100% by 2050.
- Appointed a Diversity, Equity, and Inclusion Task Force, directed a community engagement process. Soon to adopt a Diversity, Equity, Inclusion, and Accessibility Policy.
- Adopted a Diversity, Equity, Inclusion, and Accessibility Policy.
- Adopted a number of tenant protections.
- Adopted new policies aimed at improving housing choices and affordability.
- Accepted several awards, including the Association of Washington Cities Municipal Excellence Award for the City's ARPA response, including the direct cash assistance program. Three awards were given for the new Kenmore Public Boathouse, including the Governor's Smart Communities Award.

CITY COUNCIL

Highlights and changes

- See the City Council's adopted priorities
- Fund and implement the Climate Action Plan
- Continue to implement the Housing Strategy Plan
- Implement the DEIA policy and implementation plan
- Approve the site plan and budget for the Public Works facility
- Break ground on the Plymouth affordable housing project. Select the program and developer for the Holt property
- Cut ribbons on the remaining Walkways & Waterways projects
- Implement the ARPA-funded programs

CITY MANAGER

Department Description

- City Manager Department provides leadership to the organization and oversees citywide functions including communications, economic development, city clerk, public records, intergovernmental relations, housing and human services, ARPA, and regional initiatives.

Proposed Budget

- | | |
|--|-------------|
| • Total 2023-2024 Budget | \$3,640,924 |
| • Percent of General Fund | 12% |
| • % Increase or Decrease from 2021-2022 Budget | 17% |
| • FTE's | 6.2 |

CITY MANAGER

Highlights and changes

- City Clerk team joining the CMO; two new ARPA positions funded through 2024; Events team moving to Operations
- New housing and human services efforts underway including two affordable housing projects
- Public Safety reports to Deputy City Manager
- Lakepointe leadership in City Manager's Office
- ARCH, eCityGov, 24/7 Crisis Center effort, and new RADAR expansion entity among regional initiatives
- New economic development approach

CITY CLERK

Department Description

- City Council meeting support: preparing agendas, attending meetings, producing minutes
- Stewards Council legislation including ordinances, resolutions and proclamations
- Oversees records management, Municipal Code, custodian of official city documents, manages Human Services funding

Proposed Budget

- | | |
|----------------------------------|-----------|
| • Total 2023-2024 Budget | \$978,750 |
| • Percent of General Fund | 3% |
| • Increase over 2021-2022 Budget | 4% |
| • FTE's | 1 FTE |

CITY CLERK



Highlights and changes

- Continue supporting the City Council with hybrid meetings and OPMA compliance including staffing and clerk backup for hybrid meetings
- Implement the Pulse Monitoring System in the Council Chambers
- Continue to improve the management of public records
- Research a potential work-study program
- Improve technology for City Council meeting agendas, agenda bills, and user-friendly access to meeting recordings

ARPA

Department Description

- The American Rescue Plan Act (ARPA) is a federal law passed in 2021 that provided \$1.9 trillion to help the U.S. respond to and recover from the COVID-19 pandemic. The funds were distributed to state, local, tribal and territorial governments.
- The City of Kenmore received \$6.4 million in ARPA funds.

Proposed Budget

- | | |
|---|-------------|
| • Total 2023-2024 Budget | \$4,932,411 |
| • Budget Decrease from 2021-2022 Budget | +214% |
| • Percent of General Fund | 0% |
| • (ARPA is a separate fund) | |
| • FTE's | 2 |

ARPA

Highlights and changes

- City Council approved the following ARPA Work Program:
 - Homelessness Response Pilot Program (\$50,000)
 - Catch Up Learning and Childcare Support (\$100,000)
 - Human Services Funding (\$250,000)
 - Business Assistance (\$185,000)
- City Council approved using \$3.2 million in ARPA funds for the Plymouth affordable housing project
- In August 2022, hired a Management Analyst and an Assistant to the City Manager, both funded through 2024, to implement the City's ARPA program
- The Kenmore community weighed in on other uses for the City's ARPA funds; the ARPA team will propose a process for using that feedback to allocate remaining funds

FINANCE & ADMINISTRATION

Department Description

- Finance, Accounting, Budget, Financial Reporting, Risk Management, IT
 - Budget preparation and oversight
 - Long range forecast & financial planning
 - Treasury, Debt & investment management
 - Financial reporting & audit
 - Payroll, benefits, accounts payable
 - Billing, cash receipt & collection
 - Fixed asset tracking, grant reporting, monthly financial reporting, internal controls
 - technology, oversight of city computer network, telecommunications, internet, software and hardware.

Proposed Budget

- | | |
|--|-------------|
| • Total 2023-2024 Budget | \$2,527,861 |
| • Percent of General Fund | 8% |
| • % Increase or Decrease from 2021-2022 Budget | 2% |
| • FTE's | 3 |

FINANCE AND ADMINISTRATION

Highlights and changes

- Managed biennial budget w/minimal adjustments
- Unqualified (clean) audit report for 2020 from State Auditor's office
- Issued \$19.9 million in three separate bond issues
- Obtained AAA rating from S&P rating agency
- Managed the 6-year financial sustainability plan & implemented elements of plan

LEGAL

Department Description

- City Attorney services to Council and City Administration
 - Legal guidance and support; advice on policy matters, attendance at Council meetings
- Provided by contract with Inslee, Best.

Proposed Budget

- | | |
|--|-----------|
| • Total 2023-2024 Budget | \$700,000 |
| • Percent of General Fund | 2% |
| • % Increase or Decrease from 2021-2022 Budget | 24% |
| • FTE's (provided through contract) | 0 |

NON DEPARTMENTAL COST CENTER

Department Description

- The Non-Departmental cost center (page 121) only accounts for Transfers to Other Funds such as:
 - Street Fund
 - PW Shop Fund (debt service)

Proposed Budget

- Total 2023-2024 Budget \$1,950,513
 - Water Sewer Franchise Fees \$1,118,585
 - Additional General Fund resources of \$831,928
- Percent of General Fund 6%
- % Increase or Decrease from 2021-2022 Budget <38%>
 - which included \$1.6M to Street Fund, \$1M to Strategic Opportunities Fund, and \$550K to PW Shop fund

HR

Department Description

- Talent Acquisition and Career Development
- Employee Relations
- Employee Benefits and Compensation
- Policy and Procedure
- Employee Safety Culture
- Employee Relations
- Diversity, Equity, Inclusion and Accessibility (DEIA)

Proposed Budget

- | | |
|--|-----------|
| • Total 2023-2024 Budget | \$510,304 |
| • Percent of General Fund | 2% |
| • % Increase or Decrease from 2021-2022 Budget | 158% * |
| • FTE's | 1 |

* HR budgeted in Finance/Adm in 2021-2022 budget. Amend. In 2022 for that year's exp.

Highlights and changes

Human Resources

- The City's first Human Resources Manager hired during the Pandemic
- Adjusted and pivoted to assist employees with accommodations, listening to and meeting their needs throughout the Pandemic (e.g., Mental Health Workshop and Resources offered during Pandemic)
- Successful transition of staff back to City Offices
- Implemented Wellness Floating Holiday
- Implemented Teleworking Policy

Diversity, Equity, Inclusion and Accessibility (DEIA)

- Collaborating with DEI Consultant Chanin Kelly-Rae Consulting:
 - Partnered with City Council in the recruitment of the DEI Task Force that has now evolved into the DEIA Advisory Committee
 - Conducted an Organization-wide Gap Analysis, interviews and several surveys combined with the contributions from City Staff, the DEI Task Force and City Council to help develop and shape the DEIA Policy
- Adoption of the DEIA Policy
- Creation of the DEI Strategic Initiative

PUBLIC SAFETY

Department Description

- **Police Services** - Contract with King County
 - 24/7 patrol and support services and follow-up investigations
- **Jail Services** - Contract with SCORE (South Correctional Entity) and King County
- **Court Services** - Contract with King County District Court (Shoreline)
- **Prosecutor and Public Defense Services** - Contract with the Kenmore Prosecutor’s Office and Stewart MacNichols Harmell, Inc.

Proposed Budget

- | | |
|--|----------------------------|
| • Total 2023-2024 Budget | \$9,666,950 |
| • Percent of General Fund | 31% |
| • % Increase or Decrease from 2021-2022 Budget | 6% |
| • FTE’s (provided through contract) | 14 Dedicated FTEs (Police) |

Increase from actual exp. In 2021-2022 is 19%

PUBLIC SAFETY

Highlights and changes

- Police costs to increase by 13% in 2023 due to risk management and insurance costs, labor costs, and the new body-worn camera program
- Jails and court costs remain steady due to decrease in the number of pre-purchased jail beds
- Reduced equipment purchases, however training costs remain steady due to introduction of various training opportunities through KCSO
- Maintains community outreach and community oriented policing efforts including the Regional Crisis Response (RCR) program (formerly RADAR)
- New Community Court program to roll out in 2023
- Community Oriented Policing
 - National Night Out event
 - Bike Rodeo
 - Traffic Safety Emphasis
- Photo Enforcement Program support

DEVELOPMENT SERVICES

Department Description

- Development Services is responsible for:
 - oversight of development throughout the city by way of review, issuance, and inspection of permits and land use decisions.
 - also responsible for code enforcement to address code violations.
- With a reliable and responsive staff, the department is committed to providing permit services that are consistent, equitable, code-compliant, and efficient.

Proposed Budget

• Total 2023-2024 Budget	\$3,371,076
• Percent of General Fund	11%
• % Increase or Decrease from 2021-2022 Budget	18%
• FTE's	9.125

DEVELOPMENT SERVICES

Permit Revenues

- Revenues
 - 2023 projected decrease of approximately 8% from 2022
 - 2024 projected increase of 1%
- Total biennium projected revenues for 2023-2024 is \$2,308,785 vs. 2,538,411 in 2021-2022.
- Revenue projections are determined from what projects are in the pipeline, status of the economy and previous trends.

Upcoming Projects

- Projects in pipeline for 2023-2024 that represent a significant workload and/or revenue are:
 - A 276-unit condominium project at the old Murphy's Auction House ("25 Degrees")
 - 55-unit apartment complex ("Beechwood II")
 - 38-unit townhome development at the old Capps Club ("Kenmore Urban")
 - 100-unit affordable housing project ("Plymouth Housing")
 - various single-family residential short plats, and smaller townhome projects.

DEVELOPMENT SERVICES

Highlights and changes

- To meet current workload demands on the department, increased staffing to a level that justifies the following positions:
 - One part-time Permit Specialist (25/week)
 - One full-time Construction Inspector (40/week).
The Construction Inspector position would replace a contract valued at approximately \$150,000.
- Changes in position duties result in the following reclassifications:
 - Development Review Engineer to Senior Development Review Engineer
 - Permit Coordinator to Senior Permit Coordinator
 - Administrative Assistant to Administrative Specialist

This concludes the 1st presentation
for the 2023-2024 Biennium Budget

Next presentations on October 17, and October 24
Public Hearings on November 7, and November 14,
Adoption November 21

Thank You!
Comments or Questions?