

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

**City Council Budget Workshop
City Hall Council Chambers
October 7, 2019, 6:00pm**

1. CALL TO ORDER:

Mayor Molinaro called the meeting to order at 6:00 p.m. Mayor Pro Tem LaFleur announced that Councilmember Binion and Overland were absent.

LA FLEUR MOVED TO EXCUSE COUNCILMEMBERS BINION AND OVERLAND FROM THE BUDGET WORKSHOP. JACOBSON SECONDED. MOTION CARRIED 5-0.

ATTENDANCE:

Councilmembers Kael Johnson, Anthony Wright, Kyle Jacobson, Beau Chevassus and Chance LaFleur were present. Also present were Mayor Jan Molinaro, City Administrator Chris Searcy City Attorney Mike Reynolds, City Clerk Maureen Burwell, Public Works Director Jeff Lincoln, Community Development Director Chris Pasinetti, Parks Director Michelle Larson, Finance Director Stephanie McKenzie, Police Commander Tim Floyd, Information Services Technician Travis Rose, and Information Services Manager Joe Nanavich.

OPENING REMARKS:

Mayor thanked City staff for working through budget process with diligence and patience within a tight timeline. He also thanked all City Councilmembers a successful 2019 in terms of budget and accomplishments. He noted that funding requests for 2020 for both within the City and with all outside agencies came to a total of approximately \$437,000. This dollar amount includes requests for new and ongoing funding that could be labeled discretionary spending as they need to be submitted annually for approval by Council. The estimated increase in revenue to the City, which includes sales and property tax as the major contributors, was at approximately \$279,000. Capital & Project revenues are not included in this figure. He explained that taking a balanced approach to the needs of the City's expenditures and revenue, factored into the decision to not include some of these requests.

Mayor stated, moving toward the goals for the remainder of 2019 and into 2020, his desire that the City continue to provide Enumclaw citizens with the highest level of core services sustained with efficient spending. He asserted that being prudent with taxpayer money is an obligatory responsibility to our citizens as well as to the operations of City government.

2. 2020 PRELIMINARY BUDGET OVERVIEW:

Searcy gave an overview of the proposed 2020 Budget. He noted that the Budget funds core services at current levels in all departments and provides an increase in resources to the Cultural Programs division of the Parks and Recreation Department. The General Fund continues in a very solid position with reserves exceeding 22%; the operating budget is structurally balanced.

He noted that the assessed value from development that has occurred over the past four years continues to be reflected in revenue, the additional property tax receipts from new construction.

Increased sales tax from multiple years of construction and renovation at Enumclaw High School has leveled off, however, modest increases continue with an increasing population and online sales. Searcy suggested that construction of an expansion of the Enumclaw Plateau Heated Storage on Commerce Street, anticipation of a light industrial redevelopment on Cole Street and redevelopment of the old Thai restaurant building will bring continued construction sales tax revenue.

Searcy gave an overview of the major capital projects for 2020:

- The continuation of the Automated Meter Reading conversion in the Water Utility, a multi-year project totaling nearly \$3 million.
- Waterline Replacements - \$1,270,000.
- Pussyfoot Creek Gas Main Relocation - \$1,365,000.
- Railroad Street Improvements (Battersby to Myrtle) - \$600,000; out to bid currently.
- Semanski-Warner Intersection Improvement - \$564,000.
- Warner Avenue Resurfacing (Semanski to SR 410) - \$158,000; TIB grant expected.
- Cole Street Resurfacing (Stevenson to Roosevelt) - \$533,000; grant received.
- Foothills/Battersby Trails Development - \$1,139,000; Federal funding.
- Battersby Avenue Culvert Replacement - \$423,000; 100% funded by King County Flood Control District.
- City Hall Masonry Restoration - \$110,000.
- Cole Streetscape Re-painting - \$65,000.
- Les Schwab Hall (Expo) Roof - \$500,000; State grant.
- Aquatic Center ADA Improvements - \$125,000; King County grant.
- Aquatic Center Liner & Deck Replacement - \$258,000; State grant.

The total General Fund budget is approximately \$16.7 million including contingency, property management and general reserves. The General Fund operating budget is \$10,721,000 with a very slight positive margin of about \$15,000. The total capital budget is approximately \$11.8 million. The total budget of all city funds is \$68 million with a total appropriation authority of \$44.8 million; the balance being reserves.

Searcy detailed Budget goals:

- Maintain essential public services.
- Protect and enhance the City's fiscal strength.
- Address Capital infrastructure and public facilities needs.
- Sustain and enhance a high quality of life within the Community.

The Puget Sound regional economic forecast continues to be favorable for 2020. Strong retail sales continue and are the primary driver of the health of the General Fund. Moderate regional inflation, low unemployment and modest increases in personal income and population continue to provide economic stability to the region. Enumclaw continues to experience modest growth in sales tax in 2019 and expects continued growth in 2020 and 2021, albeit at a lesser rate of 3%. The Puget Sound housing market is doing well, and Enumclaw is doing better than the average as new building permits are being issued at an impressive rate. The additional subdivision of Suntop Div. 5, under construction during 2019, will add 79 additional lots ready

for single-family home construction in late 2020. Preliminary Plats have been approved that may start construction on 42 lots next year.

Searcy gave an overview of the utilities, noting they are stable and no rate increases other than the Stormwater Utility, which is being evaluated for potential increase.

The recommended changes to the organization:

- Increase Cultural Programs Coordinator from 1/3 to 1/2 FTE. (Full Time Equivalent)
- Increase Police Chief and Police Commanders salary.

Searcy itemized the outside agency funding as listed in the budget document; as well as the requested personnel changes that are not included in the budget.

Councilmembers and Mayor's questions/comments regarding the points made by Searcy:

- Sales Tax – with EHS school project and online retailers now paying tax to the City, a 5% increase was forecasted for 2019; likely to be 4.5% actual. 2020 projected at 2.5% increase.
- Tourism Advisory Board (TAB) – matching funds for Port of Seattle grant; the 2019 grant is not yet closed out.
- Representatives from Rainier Foothills Wellness Foundation and Plateau Outreach Ministries will be at the next budget discussion to answer any questions.
- When a house is completed, it will show up on the County Assessor Rolls the following year and then Property Tax will be collected.
- Sales tax has a two-month lag.

3. BUDGET REVIEW & COUNCIL DISCUSSION:

McKenzie explained the General Fund spreadsheet and then detailed each section in the Budget document. Staff members from each specific department were available for explanations.

- Council

Not many changes.

- Municipal Court

The revenue charges for services are the Black Diamond Traffic School; defendants can make this choice. This is more cost effective than the City running the program. The increase in expenditures is the upgrade to the Public Defender contract.

- Administration

Includes Property Management Fund 180; the revenue is Comcast franchise fees. The Human Resources Manager position has been transferred to Administration Department from the Finance Department, which increases salary and benefits.

- Finance

Passport fees are the revenue. Salary and benefits decreased when Administration increased as explained above. The State Auditor charges were noted; as well as temporary help.

- Legal

Expenditures have decreased. Each year hours are reviewed and then the contract amount for the following year are based on this "look-back".

- Police

Floyd gave a short overview of the highlights for 2019:

- Remodel project about 98% done.
- Jail antennae system.
- School Resource Officer (SRO) program.
- First Responder Active Shooter Training.
- Sergeant Promotion.

2020 Plans:

- Upgrade jail camera system.
- PSAP (Public Safety Answering Point dispatch center) and PSERN (Puget Sound Emergency Radio Network) upgrades.

Council, Mayor and staff discussion:

- Emergency Management Training with King County; Emergency Operations Center (EOC) table top exercise possible in 2020.
- SRO is three year commitment for the officer. The agreement with the Enumclaw School District does not have a specific end of term; either party can terminate.
- Jail revenue up; there is a 24 average daily population in a 25 bed corrections facility.
- Staffing will be at 100% after the new entry level patrol officer and lateral officer are hired this month, and a corrections officer in mid-November.
- A Community Service Officer was requested by the Department, however not included in the budget. This is a limited authority position; this staff member would handle the evidence room, crime prevention programs, take walk-in reports, prisoner transport and manage a volunteer program. \$90,000 with salary and benefits; possible parking enforcement to offset costs.

McKenzie explained the two special revenue funds that are associated with the Police Department: Seized Asset Fund; and Drug Education Fund.

- Community Development

Pasinetti stated that a reduction in revenue for single family housing developments is expected due to building permit applications slowing down. Business license revenue has been higher than expected. He explained that the table-top monitor requested in the budget is for plan review for the building official, which is part of the conversion from paper to electronic records.

- Parks/Arts

Larson explained that the Recreation division budget is approximately the same as 2019; minor increases in expenditures due to the increase in minimum wage for temporary help. The revenue is increased by a small percentage also. There is a \$10,000 increase in repairs and maintenance of parks. A Parks Maintenance worker was implemented in the 2019 budget, which decreased temporary help costs. The Cultural Programs Coordinator position, Arts, is increased to a .5 FTE in the budget, from .33 FTE. Arts programming is covered by a 4Culture grant. There are capital projects planned for 2020: play element at Martin Johnson Park; Skate Park replacement (pending grant request); engineered wood fiber to replace pea gravel in two parks; McFarland Park restroom demo; Goodwill Park tree replacement; Garret Park irrigation; and McFarland Park sport court.

- Senior Center

The King County Veterans, Seniors and Human Service Levy has awarded the Enumclaw Senior Center a grant; approximately \$190,000 per year for program costs, along with capital costs for the first year. Also, the wheelchair accessible senior van will be replaced in 2020.

- Youth Center

There is no change from 2019 in the direct cash subsidy. The City also provides the building along with utility charges and custodial service.

- Non-Departmental / Interfund Transfers

These expenditures do not fit into any other departments, and include Civil Service, King County Elections, Animal Control, etc. Also the LEOFF I Medical payments are in this section.

The Street Fund and Pool Fund receive subsidies from the General Fund for their operations.

\$125,000 for capital needs transferred from the General Fund to the Equipment Rental Fund.

Council, Mayor and staff discussion on General Fund:

- Port of Seattle grant fund; a TAB member will update after their next meeting.
- Currently negotiating a lease with a new Golf Course operator; capital requests may be received.
- Scenic Byways Sign. Discussion on whether to change the allocated \$5,000 to \$10,000 dependent on the group raising matching funds. Ownership must be determined for asset management and maintenance.

(NOTE: LaFleur recused himself from the discussion on the Chinook Scenic Byways sign as it concerns property that he manages professionally.)

- Request by the Enumclaw Plateau Farmer's Market for \$5,000 for advertising; additionally they requested \$10,000 as a one-time ask for EBT (Electronic Benefits Transfer) technology. People who utilize food stamps would be able to shop at the Farmer's Market. A representative will be presenting at a future meeting and can answer questions then.

McKenzie continued on with items originally scheduled for 10/14/19:

- Lodging Tax Fund

The Lodging Tax Advisory Committee has met and the deadline for grant applications is soon. The Committee will meet on October 16 and then make their recommendation to Council for funding. \$20,000 is in the budget as a place holder.

- Schlotfeldt Endowment

Enumclaw Historical Society has requested \$3,200 from this fund for 2020.

- Lafromboise Memorial Fund

The Library Advisory Board (in conjunction with Friends of the Library and King County Library System) has requested funding for three projects.

- Cemetery Endowment

The City receives a percentage from lot sales at the Cemetery and it is allocated for future growth and maintenance.

- Real Estate Excise Tax (REET) – REET Fund 130 and REET Fund131

These fund are usually used for capital project matches. The Expo Center, Streets and Data Processing all benefit from these two funds.

- Impact Fees – Park Impact Fee and Street Impact Fee

\$429,000 for park-related projects and \$639,000 for street projects are allocated for 2020. McKenzie noted that the Finance Department keeps track of the dates when the funding is received in order to ensure that it is utilized according to the timeframe restrictions.

- Debt Funds

There is one active LID (Local Improvement District) for the Y Bar S water system. It is assessed against the individual properties and the City makes the debt service payments. This was funded partly by a grant and partly by Drinking Water State Revolving Fund loan. The remaining principal of \$386,000 will be paid off in 2029.

McKenzie explained the two active revenue bonds, both paid through the Wastewater Fund: the 2011 and 2017 Revenue Bonds.

There was some discussion on interfund charges and the Finance Department recouping their costs. Also discussion on the financial software system used by the City. The current system (Eden) is cumbersome and there may be other software suites the City should consider, which would have a better payroll and human resources interface. Other software systems in the City are consistently upgraded to the newest version and they work well; the Eden upgrades have not been as beneficial.

There was some general discussion on bond ratings, reserves (General Fund exceeding reserve goal) and mitigation strategy if a recession occurs.

4. ADJOURNMENT:

Mayor adjourned the meeting at 8:12 p.m.

Respectfully Submitted,

Maureen Burwell
City Clerk

Date Minutes Approved: _____

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Date Minutes Approved: 10-28-19