

City Overview

CITY OF ELLensburg 2021/2022 BIENNIAL BUDGET

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Introduction

Historic Ellensburg is located in central Washington, about halfway between Spokane in eastern Washington and Seattle in western Washington on Interstate 90. Citizens and visitors enjoy the four-season weather with easy access to the mountains for snow skiing and hiking, and river rafting and fishing on the Yakima River.



Long before Ellensburg existed, the Yakama Indians roamed the Kittitas Valley, enjoying its beauty, bounty, and serenity. Kittitas means "plenty of food" and the Yakama Indians looked to the valley for berries, grains, and game to sustain them through the winter.

Settlers began moving into the valley in the early 1860s. By the early 1870s, a trading post was established near the present corner of Third and Main Streets. John Shoudy bought the store, known as Robbers' Roost,

along with a 160-acre claim, and plotted the future town site of Ellensburg, named for his wife Mary Ellen.

With the arrival of the Northern Pacific Railroad in 1886, there was speculation that Ellensburg would become the "Pittsburgh of the West" because of readily available sources of iron ore and coal.

Ellensburg was the site of the State Admissions Convention in 1889, called by citizens of the territory for petitioning Congress for statehood. There were high hopes that Ellensburg would be named the state capital due to its central location. Plans were even drawn up for the capitol site on the northwest edge of town and a mansion to house the Governor was built across town. That building, known locally as "The Castle" may be seen today at the corner of Third and Chestnut.



Courtesy of Douglas MacArthur

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Whether it was disaster or politics that changed the course of history is open to debate. On the evening of July 5, 1889, a fire, fanned by Ellensburg's famous northwest wind destroyed most of the business district and many homes. Although the rebuilding of the city began in a matter of days, this time with brick construction, Olympia was chosen as the state capital.



The only major business building to survive the fire was the Lynch Block. It is still alive and well today at the corner of Fifth and Pearl Avenue, and represents the city rising from the ashes.

Ellensburg was soon chosen as the site for the State Normal School for the preparation of teachers. The original building, Barge Hall, now a part of Central Washington University, serves as a familiar landmark on University Way.

Economic Outlook

Kittitas County's nonfarm

economy has expanded in each of the past six years (2014 through 2019). In fact, from 2014 through 2018, the local economy grew at, or above, a 2.5 percent clip annually. In 2019, the county's labor market averaged 17,570 jobs, a modest 200 job and 1.2 percent upturn since 2018. However, since the onset of COVID-19-related layoffs in April 2020, the local economy has watched nonfarm employment shrink substantially (in the -12 to -17 percent range) during each of April through October 2020. In October 2020, employment totaled 15,180, down by 2,770 jobs and 15.4 percent from the 17,950 jobs tallied in October 2019.

How long this economic downturn will last is uncertain. Much depends on how soon the COVID-19 virus can be contained and/or eradicated. This makes preparing an outlook during these COVID-19 times difficult. Nevertheless, official long-term, (i.e., ten-year) industry employment projections produced by the Employment Security Department are for a 1.1 percent average annual nonfarm growth rate from 2017 to 2027 for the four-county (Kittitas, Klickitat, Skamania and Yakima) South Central Workforce Development Area (WDA), and for a 1.5 percent growth rate for Washington state. These targets are likely to be exceeded in the periods immediately following COVID-19 containment.

In 2019, the accommodation and food services sector (primarily hotels and restaurants) provided 17.4 percent of all jobs countywide, but only 9.0 percent of total payroll or wages – indicating that many of these jobs are part time and/or seasonal. The percent of total covered employment in Kittitas County in accommodation and food services is high when compared with other counties. This indicates both the importance of tourism to the Kittitas County economy and the availability of workers (i.e., relatively large numbers of CWU students) seeking part-time and/or seasonal jobs.

Local government had 15.6 percent of all jobs, but 19.1 percent of wages during 2019. This category includes Kittitas Valley Hospital (KVH), local public schools, police and fire departments, libraries, city and county government administrative offices, etc.

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State government provided just 10.2 percent of all jobs countywide, but 20.1 percent of total payroll or wages across Kittitas County in 2019. Hence, more than one in every five dollars of earned wage income countywide comes from state government employment (in which CWU is a major employer).

Average annual wages in 2019 were highest in government (\$66,084), information (\$56,576), and construction (\$56,247). Conversely, average annual wages were lowest in arts, entertainment and recreation (\$19,083), accommodation and food services (\$22,425) and in other services (\$28,140).

Inflation adjusted per capita income in Kittitas County was estimated at \$43,562 in 2019, 67.3 percent of the state average (\$64,758) and 77.1 percent of the U.S. average (\$56,490). Kittitas County ranks 29th in the state (out of 39 counties) for per capita income.

In 2019, a slightly larger portion (16.8 percent) of Kittitas County's population was 65 years and older compared to the state (15.9 percent). The county had a lower proportion of its residents under the age of 18 (16.8 percent) in 2019 than the state (21.8 percent). Females in 2019 made up 49.5 percent of the population, just below that of the state at 49.9 percent. In 2019, 91.6 percent of Kittitas County's residents were white, higher than the state (78.5 percent) and the nation (76.5 percent).

Slightly more Kittitas County residents age 25 and older (92.1 percent) were high school graduates compared to the state (91.1 percent) and the nation (87.7 percent) over the period of 2014 to 2018. From 2014 to 2018, those with a bachelor's degree or higher comprised 34.8 percent of Kittitas County residents age 25 and older, which roughly compares with 35.3 percent of state residents.

Cultural Activities

Ellensburg is the home to the famous "Ellensburg Rodeo". The event is on Labor Day and the old west really comes alive. The third full weekend in May is the "Western Art Show", and for the music lovers "Jazz in the Valley" is a three-day music extravaganza during the last weekend of July. The Yakima River is also an ideal place for fly-fishing for trout, or just a place to get some peace and quiet on the water. A weekly Farmers Market provides the best vegetables and garden products our rich soil has to offer. Ellensburg's greatest asset is its people who love their community and their dedication to keeping it a great place.



Courtesy of Douglas MacArthur

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The City, because of its location, receives an average of 300 days of sunshine per year. This makes it an ideal place for summer sports like soccer, biking, hiking, or just soaking in the sun. It is also close to winter sport recreational areas like Mission Ridge in Wenatchee, and Snoqualmie Pass on I-90 for downhill skiing. The various federal and state forestlands around the area are also ideal for snowmobiling, snowshoeing, or cross-country skiing throughout Kittitas County.

Awards

Tree City USA award: The City of Ellensburg holds the longest running "Tree City USA" award of any city in Washington State. It is also the first city in the State of Washington to receive the "Tree City USA" honor. The City of Ellensburg has received the award every year for the past 38 years. The Tree City USA Award is provided by the National Arbor Day Foundation, in cooperation with the National Association of State Foresters and the USDA Forest Service, to recognize the following:

- establishment of a community forestry program that is supported by an annual budget of at least \$2.00 per capita
- issuance of a tree care ordinance that designates the establishment of a tree board or department and charge the department with the responsibility of writing and implementing an annual community forestry work plan
- issuance of an Arbor Day proclamation

State Auditor's Stewardship Award: State Auditor's Office recognized the City of Ellensburg with the award in October 2019. The State Auditor cited the City's active use of available resources, as shown by its use of the SAO HelpDesk and participating in process improvement trainings through the Center for Government Innovation.

Education

Ellensburg School District

The Ellensburg School District's 3,451 students attend Valley View, Mount Stuart, and Lincoln Elementary Schools (K-5); Morgan Middle School (6-8); Excel High School program (9-12); Ellensburg High School (9-12) and the Parent Partner Program (1-12).

The district has a strong tradition of providing a solid educational program that prepares students for adult life. The basic education offerings of the district are augmented by a Career and Technical Education (CTE) program, alternative programs, on-line credit retrieval, remediation programs, a Highly Capable program, and a special services department.

Ellensburg School District also offers a full range of co-curricular programs including athletics, music, drama, and academic competitions. The Ellensburg community has demonstrated strong support for its schools through the regular passage of maintenance and operation levies and approval of bond measures to support excellent educational facilities.

Outstanding parent groups, an Education Foundation, and an exemplary community are part of the support base for Ellensburg School District.

Post-Secondary Education

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Central Washington University (CWU) celebrated its 125-year presence in the community in 2016. From its beginning as a state normal school to prepare public school teachers in 1891, CWU has grown to an institution that serves over 11,376 resident and commuter students on the Ellensburg campus, and at extended degree centers in Yakima, Kent, Lynnwood, Des Moines, Moses Lake, Pierce County, and Wenatchee. Over 8,000 of the students attend the Ellensburg campus, and about 2,800 students are on-campus residents at any given time.

One of the state's three comprehensive regional universities, CWU educates students for bachelor and master degrees in arts, sciences, business and economics, and professional studies. CWU's continuing education department works with area businesses, schools, and interest groups to design workshops.

Many Washington high school students who attend one of the many competitions, clinics, and camps for music, academics, or sports throughout the year choose to return to Central Washington University for their college education.

CWU music, art, and drama departments provide a rich variety of entertainment throughout the year. The university features nationally recognized speakers on thought-provoking topics at its activities and events which are also available to the entire community.

Around 2,000 students graduate from CWU every year in more than 135 majors. An average class size is about 20 students with a 49/51 male/female ratio.



Courtesy of Central Washington University

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Other Information

Form of Government: Council/Manager
Date Incorporated: November 26, 1883
Area: 7.706 Square miles
Population (2020 Estimate): 20,640
Governing Body: City Council

The seven council members are elected in non-partisan, at-large elections to four-year overlapping terms. The City Council elects a Mayor and the Mayor Pro-Tem from its members to serve a two-year term.

City Services: Full service including police, street maintenance, library services, planning & zoning, electric, gas, stormwater, telecommunications, water, wastewater collection & treatment, animal control, and parks & recreation.

Services Provided to Areas Outside City: Animal control & shelter, electric, gas, stormwater, water, wastewater collection & treatment, telecommunications, library, and parks & recreation.

Police Protection: One Station
29 full-time Commissioned Officers
8 patrol vehicles
712 citizens per officer

Number of Parks: 17 parks totaling over 250 acres
Approximately 83 citizens per acre of park

Public Works 84.7 miles of paved streets
1014.47 miles of Sidewalks

Library Service: 1 main building
80,000 items in collection
45,000 electronic items in collection
12,350 Sq. Ft
400 youth and adult programs annually
14,000 program attendance annually
Open 52 hours a week

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City Government Organization

Structure: The City of Ellensburg, incorporated on November 26, 1883, is a Council/City Manager form of government.

Ordinances enacted by the City Council govern the City. The Council may change an ordinance at any time or the voters of the City of Ellensburg can initiate an ordinance change. The City Council is composed of seven council members elected to four-year terms on a non-partisan ballot. The Council's authority extends over all the City's powers and sets the policies by which the City serves its citizens. The Council takes official action at regular Council meetings, which are open to the public. The Mayor may call a special meeting, if the public is given a 24-hour notice. The Council elects a Mayor among its members for a term of two years, selects a City Manager to serve as the chief administrative officer of the City, and appoints citizens to serve on various advisory boards established by the Council. The Mayor is the formal representative of the City, and presides over Council meetings.

The City Manager is responsible for the general management of the business operations of the City of Ellensburg that includes the appointment and supervision of staff, enforcement of the City Code, presentation of the City's annual budget, and the coordination of the issues that come before the Council. As the chief administrator, the City Manager has no vote in the Council, but may take part in discussions of matters before the Council.

The City Council appoints several citizens to serve on its advisory boards and commissions. The following is information on some of the commissions. For additional information on the commissions and the advisory boards, contact the City Manager's Office at (509) 962-7221.

Affordable Housing Commission

The purpose of the Affordable Housing Commission is to support the development of safe and affordable housing and related services in the City, by assisting the City in determining gaps in affordable housing, and by making recommendations to the City Council for addressing the identified affordable housing needs of city residents. Seven members, five are required to be city residents.

Meetings: First Wednesday of each month; third Wednesday of each month, as needed
Time & Place: 4:30p.m., Council Conference Room, 501 North Anderson Street
Staff Contact: Jamey Ayling, (509) 925-8653
Authority: Chapter 1.86 of the City Code

Arts Commission

The Arts Commission was created to advise Council on matters concerning performing and visual arts; encourage and promote art activities of individuals, organizations and government agencies in the city; and formulate and recommend to Council an arts advancement program for the City. Seven members (not required to be city residents).

Meetings: Second Thursday of each month
Time & Place: 4:00p.m., Council Conference Room, 501 North Anderson Street
Staff Contact: Josephine Camarillo, (509) 962-7252
Authority: Chapter 1.33 of the City Code

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Finance/ Budget Advisory Committee

The Finance/Budget Advisory Committee was created for purpose of providing an avenue for the Council to have detailed involvement in the finance and budget administration of the City. The committee consists of 4 members (2 Councilmembers, City Manager, and Finance Director.)

Meetings: Third Wednesday of January, April, July, October and as needed
Time & Place: 4:00 p.m., Council Conference Room, 501 North Anderson Street
Staff Contact: Jerica Pascoe, (509) 962-7205
Authority: Chapter 2.20.080 of the City Code

Building Appeals Board

The Building Appeals Board hears appeals of decisions or interpretations of the building official concerning alternate materials and types of construction as required in the International Building Code adopted by the City, and provides for reasonable interpretations of the provisions of the code. The Board may recommend to Council such new legislation as is consistent with its interpretations. Five members (not required to be city residents).

Meetings: At the call of the Chair
Time & Place: Council Chambers, 501 North Anderson Street
Staff Contact: Kelli McDonald, (509) 962-7239
Authority: Chapter 3.2 of the City Code

Civil Service Commission

The City Manager appoints Civil Service Commission members. Applicants must be city residents for at least three years preceding appointment. Commission duties include making rules and regulations regarding the manner in which police examinations may be held and in which appointments, promotions, transfers, reinstatements, demotions, suspensions and discharges shall be made; hearing and determining appeals or complaints regarding the administrative work of the personnel department, appeals of the allocation of positions, the rejection of the examination, and other such matters as may be referred; providing for, formulating and holding competitive tests to determine the relative qualifications of persons seeking appointment; and establishing and maintaining eligibility lists for various classes of positions. Three members (required to be city residents, governed by RCW 41.12.030)

Meetings: First Tuesday of each month
Time & Place: 4:00 p.m., Council Conference Room, 501 N. Anderson Street
Staff Contact: Cindy Smith, Chief Examiner, (509) 962-7222
Authority: Chapter 1.28 of the City Code

Environmental Commission

The Environmental Commission was created to advise Council on environmental matters with the mission of maintaining and enhancing the uniquely livable and sustainable environment enjoyed by city residents. The commission has 9 members, 3 members may be non-residents, and 2 members may be under 18 years of age. President of the Ellensburg Environmental Club is an ex-officio member.

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(Environmental Commission – Continued)

Meetings: Third Wednesday of each month
Time & Place: 5:15 p.m., Council Conference Room, 501 North Anderson Street
Staff Contact: Laura Wilson, (509) 962-7231
Authority: Chapter 1.60 of the City Code

Landmarks and Design Commission

The role of the Landmarks and Design Commission is to identify, evaluate, designate, protect, enhance and perpetuate historic places within the City of Ellensburg; perform design review of all new commercial, industrial and multi-family construction projects and associated landscape and parking plans within the City of Ellensburg. Seven members (Majority of members (4) must be city residents. Board shall include: 2 property owners within the Downtown or Residential Historic Districts, 3 professionals, and 1 member at-large.)

Meetings: First Tuesday of each month; Third Tuesday of each month as needed
Time & Place: 5:45 p.m., Council Conference Room, 501 North Anderson Street
Staff Contact: Stacey Henderson, (509) 925-8608
Authority: Chapter 1.45.08.12 of the City Code

Library Board

Library Board members are appointed by the City Manager. The Board provides citizen input to the City Manager, City Council, and the Library Director. The Board considers and recommends policy to govern operations and programs of the library. It gives recommendations on Director appointment, participates in efforts to secure library funds, advises the Director during budget preparations, assists the Director in developing policies including collection development, and supports and participates in public relations and marketing programs. Five-Seven members (majority of members must be city residents).

Meetings: Second Tuesday of each month
Time & Place: 4:30 p.m., Council Conference Room, 501 North Anderson Street
Staff Contact: Josephine Camarillo, (509) 962-7252
Authority: City Ordinance No. 3937

Lodging Tax Advisory Committee

The Lodging Tax Advisory Committee reviews proposed changes to the lodging tax rate, exemptions and use. Tax proceeds may be used for tourism promotion, the acquisition and operation of tourism-related facilities, and other uses as authorized by state law. Five members (2 members must be from the lodging industry, 2 from organizations involving activities authorized to receive tax proceeds, and 1 council member).

Meetings: First Wednesday of each month
Time & Place: 2:00 p.m., Council Conference Room, 501 North Anderson Street
Staff Contact: Laurie Gigstead, (509) 962-7221
Authority: City Ordinance No. 4111

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Parks & Recreation Commission

The role of the Parks & Recreation Commission is to make recommendations to Council pertaining to recreation programs and parks development and operation, encourage and promote all forms of recreation programs and activities that employ residents' leisure time in a constructive and wholesome manner, and periodically review and make recommendations for revisions to the Parks and Recreation Comprehensive Plan. The commission has 7 members (4 members must be city residents).

Meetings: Second Wednesday of each month
Time & Place: 5:30 p.m., Council Conference Room, 501 N. Anderson Street
Staff Contact: Brad Case, (509) 925-8639
Authority: Chapter 1.16 of the City Code

Planning Commission

The Planning Commission reviews and makes recommendations to Council pertaining to the long-term Comprehensive Land Use Plan and the zoning ordinance. It conducts hearings and makes decisions and/or recommendations on a variety of land-use applications including permits, conditional uses, annexations, rezones and subdivisions, and hears appeals of administrative decisions related to zoning. The commission has 7 members, at least five members must be city residents, and all members must live in Kittitas County.

Meetings: Second Thursday of each month; the fourth Thursday of each month as needed
Time & Place: 5:45 p.m., Council Chambers, 501 North Anderson Street
Staff Contact: Jamey Ayling, (509) 925-8653
Authority: Chapter 1.14 of the City Code

Public Transit Advisory Committee

The role of the Public Transit Advisory Committee is to advise and make recommendations to Council pertaining to the maintenance and operation of public transit within the City, develop and implement a community outreach program, provide advice and recommendations to city's transit provider, Council and staff concerning the public transit system, and report at least annually to Council on matters as they pertain to the city's public transit system. The committee has five members, including one Councilmember, two representatives from CWU and to members at large.

Meetings: Third Tuesday of the Month
Time & Place: 3:30 p.m., Council Conference Room, 501 North Anderson Street
Staff Contact: Betsy Dunbar, (509) 962-7230
Authority: Chapter 1.84 of the City Code

Senior Citizens Advisory Commission

The Senior Citizens Advisory Commission makes recommendations to Council on matters pertaining to senior citizen participation in programs and use of facilities provided by the City. The Commission encourages and promotes activities to meet the needs of seniors as well as formulating and articulating to Council the long-term needs and goals of senior citizens. The Commission has 7 members, members must be at least 55 years of age and the Commission includes representatives of agencies or organizations interested primarily in senior citizen issues.

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(Senior Citizens Advisory Commission – Continued)

Meetings: Second Tuesday of each month
Time & Place: 1:00 p.m., Adult Activity Center, 506 South Pine Street
Staff Contact: Katelyn Clavette, (509) 962-7242
Authority: Chapter 1.48 of the City Code

Utility Advisory Committee

The Utility Advisory Committee was created to provide a mechanism for the City Council to obtain benefits of recommendations, advice, and opinions on those matters affecting City's energy policy and operations. The Committee may devote the resources necessary for careful consideration of such matters and which will increase citizen participation and input to local government. The 7 members include 2 Council members, 1 CWU representative, 1 KITTCOM representative, 1 telecommunications utility customer, and 2 customers of one or more city utility systems.

Meetings: Third Tuesday of each month
Time & Place: 3:30 p.m. Council Conference Room, 501 North Anderson Street
Staff Contact: Darren Larsen, (509) 962-7124
Authority: Chapter 1.50 of the City Code

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City Council

(As of 12/31/2020)



Bruce Tabb, Mayor



Nancy Lillquist



Stacy Bankston Engel



Mary Morgan



Tristan Lamb



David Miller



Nancy Goodloe

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Administrative Staff



Terry Weiner
*Assistant City Manager / City
Attorney*



John Akers
City Manager



Ryan Lyyski
*Director of Public Works and
Utilities*



Kirsten Sackett
*Director of Community
Development*



Ken Wade
Police Chief



Jerica Pascoe
Director of Finance



Cindy Smith
Director of Human Resources



Brad Case
Director of Parks and Recreation



Josephine Camarillo
Director of Library Services

Budget Process Overview

The 2021/2022 Biennial Budget is a policy document, an operations guide, a financial plan, and a communications device. It includes the financial planning and legal authority to obligate public funds. An adequate budget document must answer what, why, and how questions.

What?

The budget includes the financial planning and legal authority to obligate public funds. Additionally, the budget provides significant policy direction by the City Council to the staff and the community. As a result, the City Council, staff, and public are involved in establishing the budget for the City of Ellensburg. The budget allocates of scarce resources for the purpose of financing competing interests.

The budget provides four functions:

1. A Policy Document

The budget functions as a policy document because decisions made within the budget will "reflect the general principles or plans that guide the actions taken for the future." As a policy document, the budget makes specific attempts to link desired goals and policy direction to the actual day-to-day activities and expenditures of the City staff.

2. An Operational Tool

The budget of the City reflects its operation. Activities of each city function and organization have been planned, debated, formalized, and described in the following sections. This process will help to maintain an understanding of the various operations of the City, how they relate to each other, and attain the policy issues and goals of the City Council. In this effort, the budget addresses areas that may not be traditional budget document topics but inclusion of the topics make the activities of the City more understandable.

These include current and future debt management, staffing levels, long-range planning, capital spending plans, and the tax base and its relationship to the provision of services. A statistical section is added to provide additional information. The City's long-range plan will affect the future capital spending, staff level, and debt plan of the City.

3. A Link with the General Public

The budget provides a unique opportunity to allow and encourage public review of City operations. The budget describes the activities of the City, the reason or cause for those activities, future implications, and the direct relationship to the citizenry.

4. A Legally Required Financial Planning Tool

Traditionally a financial planning tool, the budget is also a requirement of all cities as stated in the Revised Code of Washington Title 35A. The budget must be adopted as a balanced budget and must be in place prior to the spending of any city funds. The budget is the legal authority to expend public monies and controls those expenditures by limiting the amount of the appropriation at the fund level. The revenues of the City are estimated, along with available cash carry-forward, to indicate funds available. The staff requests for appropriations comprise the disbursement side of the budget. In this budget, the general fund and the non-general funds appropriation levels are set at the fund level.

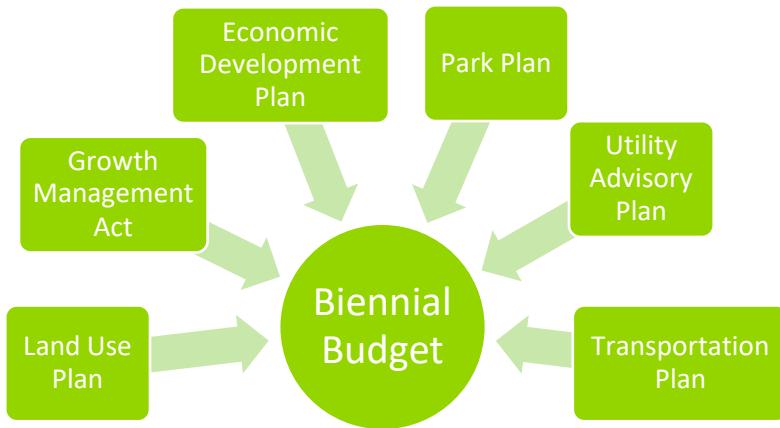
How Does the Budget Compare to the Annual Report?

The City prepares an annual financial report in conformance with the requirements of the Washington State Auditor's Office. The budget is prepared using a similar basis of accounting, however it cannot in all cases be compared to information depicted in the annual report.

Why?

The budget and budget process are required by State law. The budget, as adopted, constitutes the legal authority for expenditures. The City's budget is adopted at the fund level except the General Fund that is adopted at the department level, so expenditures may not legally exceed appropriations at that level. The City's budget is amended at least once a year. All appropriations, except operating grants and capital projects, lapse at year-end. Unexpended resources must be re-appropriated in the subsequent period.

In addition, the budget process affords both an interesting and challenging opportunity to reassess plans, overall goals, and the means for accomplishing them. It is through this effort that the budget is the single most important policy document produced each year. Much effort is expended to ensure the budget plan will achieve the goals and objectives of the City Council.



How?

The Budget Process

Determining Policies and Goals: The Budget process for the City of Ellensburg is, in some respects, an ongoing, year-round activity. The formal budget planning begins in the summer with discussions between the City Manager, departments, and City Council about the status of ongoing programs, new goals, and objectives for the future. Many city planning, policy, and goal setting documents are reflected in the budget.

Reporting and Monitoring: The budget and its policies are implemented through the individual departments and the accounting controls of the Finance Department. The budget is monitored by a reporting system consisting of monthly reports to department heads and divisional managers. Financial reports are issued by the Finance Department comparing actual expenditures and revenues with the budget. In these reports, financial data is presented at a more detailed level than the final budget. Financial reports are submitted to the City Council on a quarterly basis. The budget may be amended by Council action at any time during the year.

Staff Planning and Preparation: Budget preparation begins in July with the budget message to the departments and the projection of city reserves, revenues, expenditures, and financial capacity. It is with this background information and guidelines that departments develop their expenditure requests that are subsequently reviewed.

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Components of the Budget: There are two components of the budget: the base operation budget and capital improvements.

Base Budget Approach: The base operation budget consists of budget proposals that will be sufficient to maintain the operation of programs that have been authorized in earlier budgets.

Capital Improvements: The budget includes capital projects scheduled for construction. The City's approach to capital budgeting is financial in character. The budget authorizes a series of potential projects to be considered for funding. The Council works with city staff to approve specific projects up to the funding approved in the budget. If more funds become available, or third party funding can be arranged, a budget amendment is considered. The City's capital program is funded primarily through the issuance of general obligation bonds, revenue bonds, real estate excise tax funds, sales tax funds, federal and state loan and grant programs.

Preliminary Budget: The budget is ready for the City Manager's review in September. The Council reviews the preliminary budget in October. The proposed budget is also available for citizen review in October. The Council conducts a series of workshops to examine the budget in detail and then conducts a preliminary budget hearing before acting formally on the budget as modified during its workshop meetings. Final action on the budget usually occurs in November.

Final Budget: The final budget is issued as a formal published document in summarized format from the preliminary budget, but as modified by the City Council. The actual appropriations implementing and amending the budget are contained in the budget ordinance adopted by the City Council. Public hearings are scheduled for City Council meetings in October and November, with the final budget adoption typically scheduled in December.

Amending the Budget: The City Manager is authorized to transfer budgeted line item amounts within appropriated funds. However, any revisions that alter the total expenditures and fund balance of a fund, total expenditures of departments within the General Fund, or that change the number of permanently authorized employee positions, salary ranges, or other conditions of employment, must be approved by the City Council.

The City Council may determine what is in the best interest of the City to increase or decrease the appropriation of a particular department or fund. This can be accomplished by adoption of a supplemental budget ordinance.

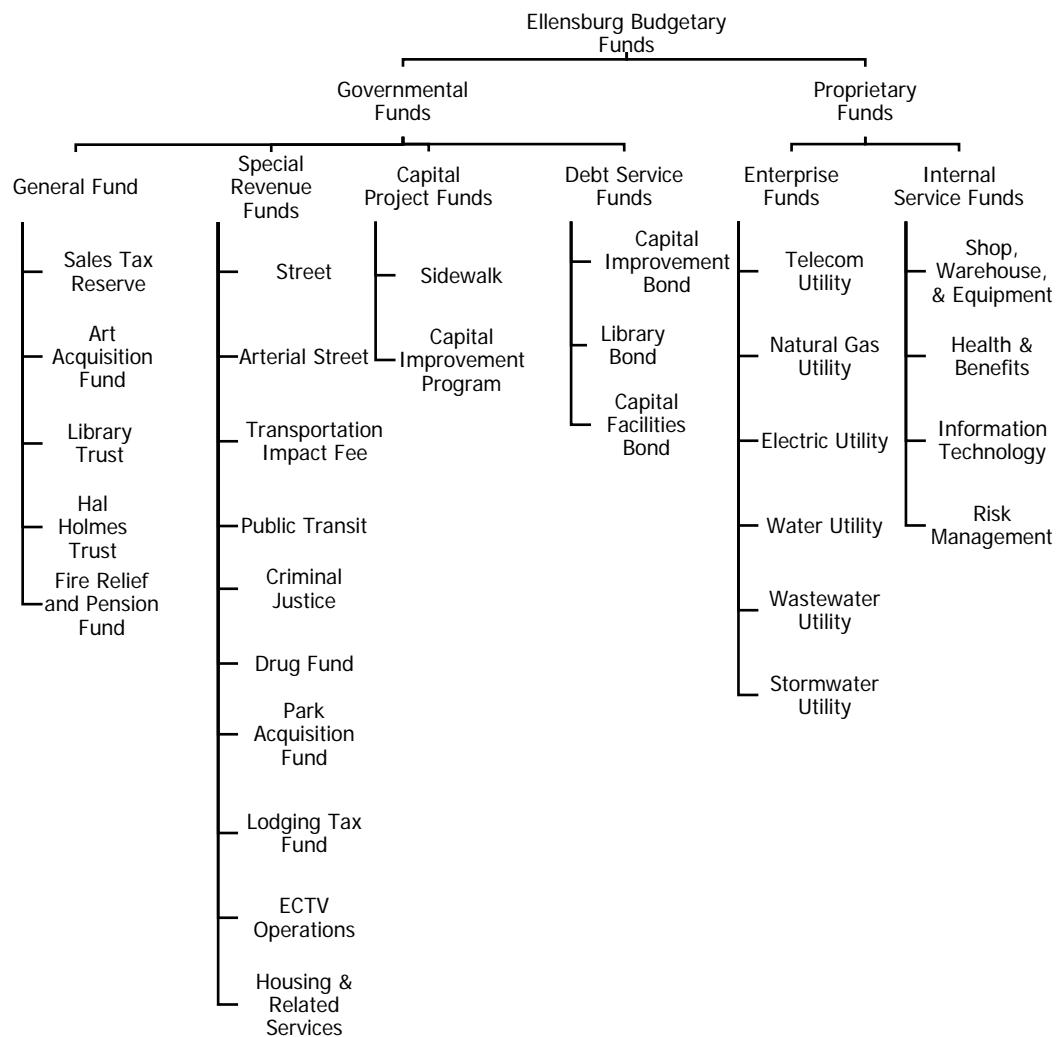
The status of the budget is comprehensively reviewed in November to identify any needed adjustments. All requests for amendments are filed with the Finance Director. The Finance Director and City Manager, after careful review of the process, make a recommendation to the City Council for budget amendments.

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City of Ellensburg Budget Adoption Schedule 2021/2022 Biennium Budget Preparation		
Budget Item	City Deadline	Statutory Deadline
2021-2022 Budget Initiation		
Council Retreat	3/13/2020	
Update Budget Policies (Finance Department)	5/1/2020	
Finalize Budgeting Expectations/ Objectives (Finance/City Manager)	6/12/2020	
2021-2022 Budget Preliminary Preparation		
Personnel Worksheets to Departments (Finance)	5/1/2020	
Internal Service Fund Worksheets to Departments (Finance)	5/1/2020	
Personnel Worksheets back to Finance (All Departments)	6/5/2020	
Internal Service Fund Worksheets back to Finance (Internal Service Funds)	6/5/2020	
2021-2022 Departmental Budget Preparation		
Budget Kickoff Meeting; budget instructions released (Finance/ All Departments)	7/28/2020	9/14/2020
Budget worksheets released to Departments (Finance)	7/28/2020	9/14/2020
Department submit current service level budget and proposal packages to Finance (All Departments)	8/27/2020	9/28/2020
Non-departmental revenue estimates prepared by Finance Department	8/27/2020	9/28/2020
2021-2022 City Manager's Preliminary Budget Preparation		
Finance and Department Work-sessions / Questions and Answers (All Departments)	8/27 - 9/14	
Departmental estimates provided to City Manager; complete financial program (Finance Department)	9/11/2020	10/1/2020
City Manager/Department Budget Review Sessions (All Departments)	9/14 - 9/24	
Manager provides Council with estimates of revenues from all sources (Finance Department)	10/5/2020	10/5/2020
Preparation of Manager's Preliminary budget (Finance Department)	10/7/2020	11/2/2020
Manager's preliminary budget & budget message to Council & Clerk (Finance Department & City Manager)	10/19/2020	11/2/2020
Publication notice of preliminary budget and final hearing (Finance Department)	10/20/2020	11/3/2020
2021-2022 Council Budget Review & Adoption		
Copies of budget available to public (Finance Department)	10/19/2020	11/23/2020
Council- Public hearing(s) on preliminary budget	11/2/2020	
Council- Public hearing revenues for levy setting	11/2/2020	11/27/2020
Council- Property Tax Levy Ordinance first reading	11/2/2020	
Council- Property Tax Levy Ordinance second reading & Adoption	11/16/2020	11/30/2020
Council- Public Hearing , Budget Ordinance first reading	11/16/2020	12/7/2020
Council- Budget Ordinance second reading & Adoption	12/7/2020	12/31/2020

CITY OF ELLensburg 2021/2022 BIENNIAL BUDGET

Financial Structure



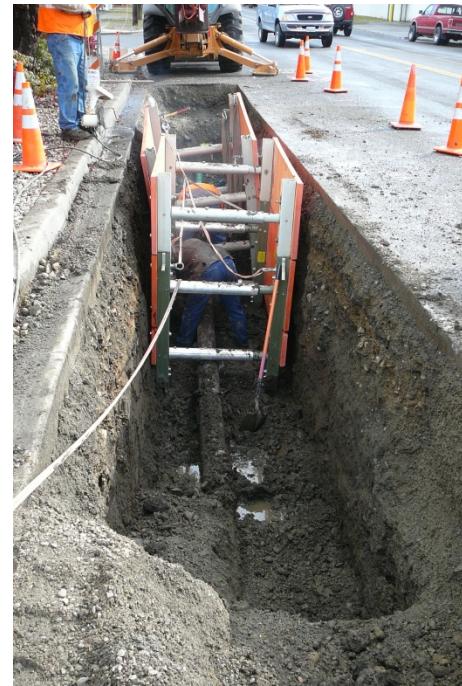
CITY OF ELLensburg 2021/2022 BIENNIAL BUDGET

The City of Ellensburg's accounting and budgeting systems are organized and operated on a department and fund basis. Departments and funds are accounting entities used to record revenues and expenditures. The City of Ellensburg's funds are grouped into eight categories: General, Special Revenue, Debt Service, Governmental Capital Projects, Enterprise, and Internal Service Funds.

The City of Ellensburg budgets its funds according to the State Auditor's Office Cash Basis requirements.

The following are budgeted funds:

- General Fund
 - Sales Tax Reserve Fund
 - Art Acquisition Fund
 - Library Trust Fund
 - Hal Holmes Trust Fund
 - Fire Relief & Pension Fund
- Special Revenue Funds
 - Street
 - Arterial Street
 - Transportation Impact Fee
 - Public Transit
 - Criminal Justice
 - Drug Fund
 - Park Acquisition Fund
 - Lodging Tax Fund
 - ECTV Operations
 - Housing & Related Services
- Debt Service Funds
- Capital Improvements Funds
- Enterprise Funds
 - Telecommunications
 - Stormwater
 - Gas
 - Light
 - Water
 - Sewer
- Internal Service Funds
 - Shop
 - Information Technology
 - Risk Management
 - Health and Benefit



Governmental Funds Summary

The General Fund is the principal operating fund of the City. It accounts for the financial resources of the City that are not accounted for in any other fund. Principal sources of revenue are property tax, sales tax, utility tax, licenses and permits, state-shared revenues, charges for services, and interest income. Primary expenditures are for general city administration, police, engineering,

CITY OF ELLensburg 2021/2022 BIENNIAL BUDGET

planning and development services, parks, library, and cultural and recreational services. The General Fund "buys" services from Internal Service funds as follows: fuel and rental of vehicles from the Shop Fund, health insurance from the Health & Benefits Fund, insurance coverage from the Risk Management Fund, and information technology hardware and software support services from the Information Technology Fund (IT).

Cost allocations from the General Fund are provided to equitably distribute costs of accounting, budgeting, auditing, personnel, legal, city management, and public information services.

Separately budgeted sub-funds within the General Fund support specified city activities. Several are set up with ongoing council-allocated revenue streams, and two hold donated and bequeathed funds.

The Sales Tax Reserve Fund accumulates general sales tax revenues to be transferred to other funds in support of city programs. Major support in the 2021/2022 biennium will be directed to General Fund and Street Fund activities.

The Fire Relief and Pension Fund is used to provide pension benefits to former City firefighters hired before 1965. The major source of the revenue for this fund is the support (transfer-in) of a portion of the City's property tax revenues.

The Art Acquisition Fund was created by Council in 2016 to fund public art acquisition and promotion. Funded by a dedicated portion of the City's construction related sales tax; annual revenues are set in city code between a ceiling of \$50,000 a year and a floor of \$25,000 per year.

For 2021/2022, two permanent funds are budgeted: (a) Library Trust, and (b) Hal Holmes Trust.

The General Fund includes most tax revenues and such services as public safety, parks & recreation, engineering, planning, library, and general administration of the city government.

In accordance with City ordinance, the City's targeted General Fund reserve is set by resolution not to fall below 15%. The City is using \$1,798,309 in 2021 and \$1,418,980 in 2022 of its fund balance to balance the General Fund budget, with fund balance expected within target reserve levels.

The City's Special Revenue Funds account for governmental activities with principal funding from revenues designated for specific purposes.

The Street Fund is designed for street operations and maintenance. It is funded mostly from sales tax revenue and is not designed to carry much of a fund balance. The level of Street Fund budgeted appropriations spends down a majority of the fund balance by the end of 2020. Street Fund maintenance and operations is mostly supported by transfers-in from the Sales Tax Fund.

The Arterial Street Fund is responsible for the construction and major maintenance of streets, bridges, signals, and trails. The City accumulates these funds in order to finance projects as it sees fit.

Other budgeted special revenue funds are the Traffic Impact Fees, Ellensburg Public Transit, Criminal Justice, Drug, ECTV Operations & Maintenance, Park Acquisition, Lodging Tax, and Housing & Related Services Funds.

CITY OF ELLensburg 2021/2022 BIENNIAL BUDGET

Governmental Debt Service funds are used to account for the accumulation of resources to be used for the retirement of general, long-term debt. Sources of revenue to fund the retirement of general obligation long-term debt are property taxes and occasionally transfers from special revenue or proprietary funds that are responsible for repaying the debt.

The city has two groups of general obligation debts: (a) voter approved unlimited debt, and (b) limited obligation debt. Limited obligation debts are funded by a transfer out of the Sales Tax Fund. Unlimited debt obligations are funded directly through the excess property tax approved by the voters.

Budgeted debt service funds are (a) Library Construction Debt Fund, (b) Maintenance Bond Debt Fund, and (c) Capital Facilities Improvement Debt Fund.

Governmental Capital Project Funds account for the financing of major capital projects other than those financed by proprietary funds. Sources of revenue include proceeds of debt issuance, grants, and transfers from other funds (generally from special revenue funds). The only fund in this category for 2021/2022 is the Sidewalk Construction Fund.

Proprietary Funds Summary

Enterprise Funds are used to account for the financing of services provided to the general public where all or most of the costs involved are paid for by user charges. Operations financed as enterprise funds are operated in a manner similar to private business enterprises.

Enterprise funds "buy" services from the Shop Fund for equipment rental and gasoline, and from the Information Technology Fund for data processing and computer maintenance. The enterprise funds also reimburse the General Fund for cost allocations for budgeting, auditing, accounting, personnel, utility billings and collections, legal, and engineering costs that relate to enterprise funds. Other funds purchase utilities at the same rate as the public.

The Natural Gas Fund accounts for the activities of the City's gas distribution operations. The major source of revenue is the charges for the sale of gas, and the bulk of expenses are the purchase of gas for resale. The gas activities will be affected by the weather, the unit cost of gas the City pays, and the rate the City charges for the units sold. The expected decrease in the volume will be determined by weather and not by the number of customers. Central Washington University and Twin City Foods account for a large share of the department's annual sale. The price of gas has generally decreased leading into the 2021/2022 biennium, which is affecting the price we charge our customers and thusly the municipal utility tax paid into the city's General Fund.

The Electric Fund accounts for the activities of the city's electric distribution operations. The major source of revenue is the same of electricity and major expense is the purchase of power from entities such as Bonneville Power Administration. Central Washington University and Twin Foods are key customers.

CITY OF ELLensburg 2021/2022 BIENNIAL BUDGET

The Water Fund accounts for the activities of the city's water pumping and distribution operations. In 2021/2022 the Water Fund spends a plurality of its budget on capital construction, including commissioning a new well, with the remainder spent on salaries, benefits, contractual services, and intergovernmental payments to maintain its wells and water lines. The Water Capital Fund accumulates funds for infrastructure construction and major maintenance.

The Sewer Fund accounts for the activities of the city's wastewater treatment plant, sewer pumping station, and collection system, providing a system to collect and treat wastewater produced within the service area. The fund spends a large portion of its budget on salaries, benefits, contracted services, and intergovernmental services.

The Stormwater Fund accounts for the activities of the City's surface water utility, including intergovernmental payments to the Street and Sewer Funds for stormwater management activities.

The Telecommunications Fund accounts for the activities of the city's municipal area fiber-optic network utility, which provides telecommunications services including internet, fast Ethernet, and dark fiber to government entities and city departments, with limited public service offerings.

Internal Service Funds account for the financing of specific services primarily provided to departments within the City by other departments within the City. These funds provide centrally administered services that generate revenue by billing other funds at cost plus a reserve for future needs. These funds include the Shop, Information Technology, Health and Benefits, and Risk Management Funds.