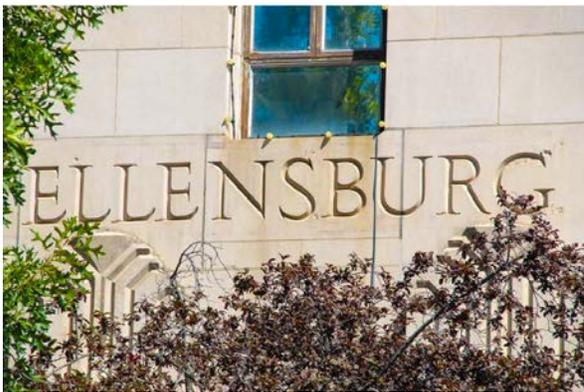


2019 - 2020 Biennial Budget





2019 – 2020 Biennial Budget City of Ellensburg, Washington

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Front Cover Images: Ellensburg's green neighborhoods and Central Washington University campus; Community Softball; vibrant and historic downtown; National Night Out at the Public Safety Building.

CITY OF ELLENSBURG 2019/2020 BIENNIAL BUDGET

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November 1, 2018

The Honorable Mayor,
City Council, and
Citizens of Ellensburg, Washington

We are pleased to present to you the proposed 2019-2020 Biennial Budget for the City of Ellensburg. The purpose of this transmittal letter is to provide the Council and public a summary of the general issues addressed in the budget and to highlight significant changes in projected revenues and expenditures. This document as presented represents a continued commitment to provide effective fiscal management and professional service delivery, while maintaining a high quality of life for our citizens. The budget reflects a financial plan to move us forward toward achieving the goals identified in the City's Comprehensive Plan and priorities established by the City Council. It allocates resources to a variety of programs necessary to protect the community, maintain the city's infrastructure, and continue to provide a level of service that our community has come to expect.

Budget Development

The Biennial Budget preparation takes a significant amount of time and commitment on behalf of all departments every other year beginning in June of even years. As noted below, staff develops the budget with City Council's goals and objectives in mind as the foundation of the budget development. This budget serves as a policy document, an operations guide, a financial plan, and a communications device for the coming biennium. It helps guide our decisions and discussions about operations and capital programs throughout each year of the biennium. This budget maintains current levels of service, programs, and required reserve balances. The budget also includes modest increases to address Council priorities, and to the extent possible, addresses individual department requests.

Financial Challenges

The Ellensburg economy appears to have stabilized. While the revenue picture has improved, and while we remain cautious we have included initiatives addressed by Council in the annual Council Retreat. The City's targeted General Fund reserve is set by resolution at 20% of ongoing operating expense, and by resolution is not to fall below 15%. For 2019 and 2020, reserve levels are at 18.7% and 18.1% respectfully when including the sales tax reserve. While the projected fund balance in 2020 is below the 20 % reserve target, it is anticipated that prudent management of the General Fund will result in a larger cash balance than budget and these expenditures will be closely monitored to ensure a healthy bottom line at the end of 2020.

One component of our general fund revenue that continues to decrease is the tax revenue associated with land line telephone and cable television. As options become available for other ways to obtain these services the resulting revenue has diminished and this trend is expected to continue.

Budget Summary

The 2019-2020 Biennial Budget totals \$85,137,989 for 2019 and \$78,224,013 for 2020 excluding fund balance. The City's General Fund revenues are projected to increase slightly. The projected revenue for fiscal years 2019/2020 are \$14,904,686 and \$15,712,355 respectively. Combined with the projected carryover from 2018 the total available resources in the General Fund are \$15,721,046 for 2019 and \$15,809,690 for 2020.

Total projected tax revenue (property taxes, sales taxes, business and occupation tax and utility taxes) in the General Fund are \$11,267,086 for 2019 and \$11,509,011 for 2020. Regular property tax receipts incorporate a 1.0% property tax increase as allowed under current law. This increase produces approximately \$29,369. Retail sales tax activity projection for most sectors anticipates taxable sales growth of 3% in 2018 and 2% in 2019 available for funding City operations. Taxable sales in the Construction sector are more volatile and are conservatively projected lower based on 2018 experience to date. The 2019-2020 Biennial Budget also includes a rate adjustments in the electric utility of 6.5%, the water utility of 7% per year, the sanitary sewer utility of 6.5% per year, the gas utility of 3%, and an increase of 2\$ in 2019 and 1\$ in 2020 per equivalent residential unit in the stormwater utility to address increased operational cost of the various utilities.

Budget Highlights

The 2019-2020 Biennial Budget includes a number of expanded programs and capital projects, and we continue to make progress in meeting and enhancing capital investment needs. Utility expansions included in this budget are focused upon preservation of existing systems and expansions to improve existing service and ensure redundancy in the event of outages or service interruptions on the various utility systems.

The personnel portion of the budget includes salary increases governed by the various labor contracts. Non-represented personnel are scheduled to receive a 2% market adjustment in 2019 and 2020 and those employees who have not reached the top of the pay scale for their position(s) will receive step increases within the allowable pay range subject to satisfactory performance and available revenue. The budget also funds anticipated health insurance increases in 2019 and 2020 of 5% each year. Included in the proposed budget is a request for additional personnel in the Community Development Department and the Finance Department.

The position in Community Development provides for one added full time equivalent (FTE) with the hiring of a planning secretary. This position will be tasked with clerical work that is currently being performed by Planners in the department. Much of the priority work identified by Council in the annual retreat discussion is focused in the Community Development Department, and additional staffing will allow existing staff to direct focus on the Council priorities and redirect

clerical work previously performed by all the planning staff to a position that will be tasked with the clerical function in the department.

The position in the Finance Department is a one-half FTE Payroll/Benefits Technician. Currently the City compensation and benefits structure is managed by a single employee. The individual in the full time position is scheduled to retire and the training of a part time technician will provide for efficient transition of the payroll function, allow backup coverage for the full time position, and address significant changes in the regulatory structure of public compensation.

Following is a summary of major projects included in the budget. A tabular list of all proposed programs and capital requests can be found in Table 1 of the proposed budget.

Major Projects, Programs, and Issues

- The proposed budget provides funding for construction of the Public Safety Building Renovation Project. This project is planned for a January bid letting with construction to be completed in December of 2019.
- The budget incorporates Council priorities identified in Council's review of the comprehensive plan during the annual Council retreat.
- The following General Fund, Street, Pedestrian, and Storm Drainage improvement projects are proposed for the biennium:
 - University Way/Wildcat Way Intersection reconstruction and re-channelization.
 - Main Street Extension to 15th Avenue w/ 15th Avenue signalization.
 - Willow Street pedestrian and roadway improvements Mt. View Avenue to Capital Avenue.
 - University Way Gateway Stormwater and Gateway Enhancement Project Wenas Street to Whiskey Creek.
 - Non-Motorized System Plan Update.
 - West Ellensburg Flood Control Phase II
 - John Wayne Pioneer Trail Reconnection 14th Avenue to 18th Avenue.
 - Wayfinding Signage Implementation.
 - Central Park Property Acquisition and Development.
- The following major projects are proposed in the various utility budgets:
 - Bull Road/I-90 Utility Crossing – Water, Sanitary Sewer, Electricity, Natural Gas, and Telecommunications.
 - Illinois Street Well Drilling and Equipment.
 - Umptanum Road/Anderson Road Utility Extension – Sanitary Sewer

Acknowledgments

The proposed 2019-2020 Biennial Budget is formulated with the thought that we will continue to deliver City services at the same level. In preparation of the proposed utility budgets staff relied upon the guidance provided in the contracted Cost of Service Analysis completed in 2018 which identified needed rate increases and some adjustment within customer classes in each utility. Every effort has been made to assure consistency with the leadership direction of the City Council. As the City of Ellensburg moves forward, our focus will continue to be on fiscal stability,

effectiveness, efficiency, transparency, and accountability. I wish to express my sincere appreciation for the teamwork and support provided by department directors, and their staff. A special note of thanks is given to Jerica Pascoe, Finance Director, Keith Bassett, Senior Financial Analyst/Budget Officer and Finance staff who have served as the main budget preparers and coordinators.

A special thanks to the City Council for input and priority setting that forms the framework of the budget. Council's direction and policy insight enabled staff to bring forward sound budget proposals, resulting in a sound financial plan for operations of the City in the next biennium and for the long term future of the City and its citizens.

Respectfully,

A handwritten signature in blue ink, appearing to read "John Akers", written over the printed name and title.

John Akers
City Manager