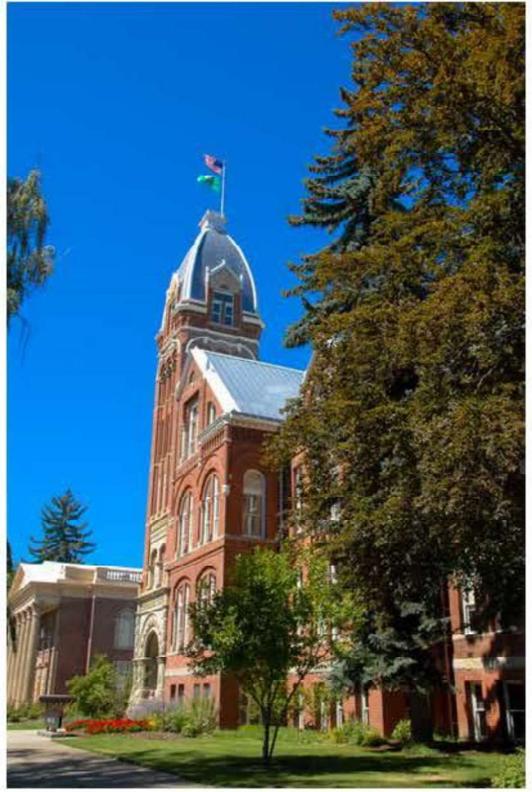
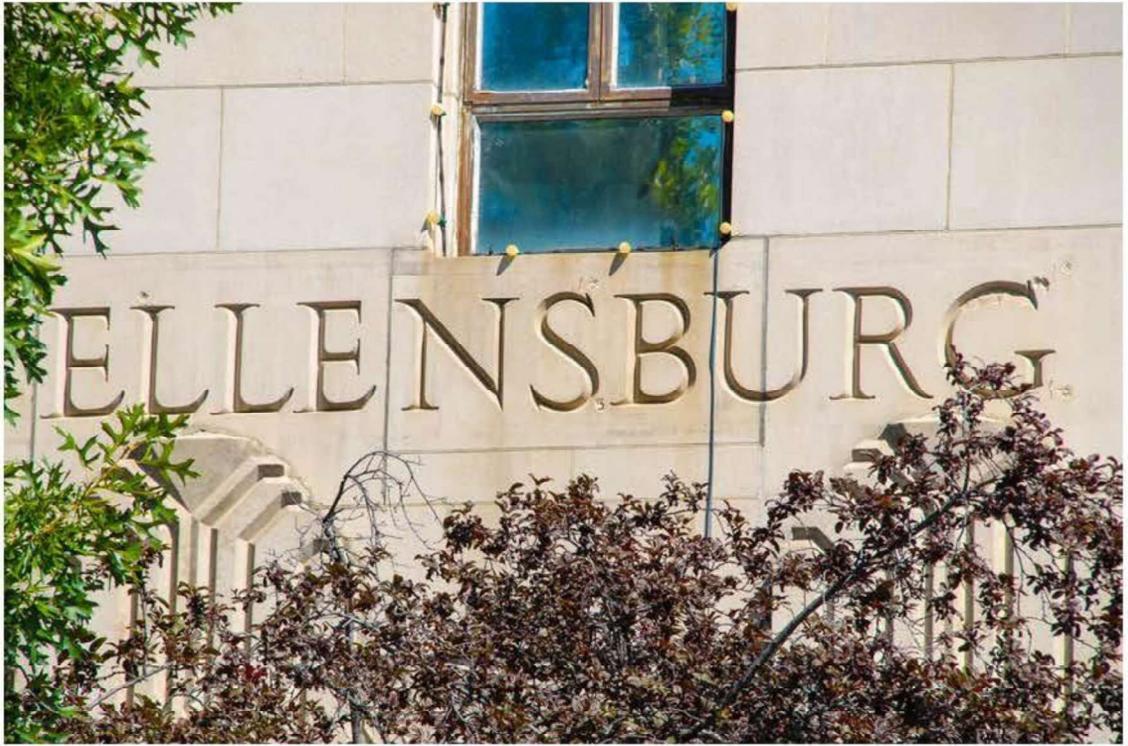


2017 - 2018 Biennial Budget



City of
Ellensburg
WASHINGTON

CITY OF ELLENSBURG 2017/2016 BIENNIAL BUDGET

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City of

Ellensburg
WASHINGTON

2017 – 2018 Biennial Budget

City of Ellensburg, Washington

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Front Cover Images: Ellensburg's vibrant and historic downtown; Dachshunds on Parade (Annually in June); Barge Hall at Central Washington University

CITY OF ELLENSBURG 2017/2018 BIENNIAL BUDGET

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

We are pleased to present to you the 2017-2018 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 within the confines of available revenue. 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. The 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, individual department requests.

Financial Challenges

The Ellensburg economy appears to have stabilized. While the revenue picture has improved, we remain cautious and have included only modest initiatives addressed by Council in the annual budget retreat, some of the work identified in the Energy Efficiency and Conservation Strategy, and critical requests to address individual department needs. 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 2017 and 2018, reserve levels are at 14.87% and 15.92% respectfully when including the sales tax reserve. While the projected fund balance in 2018 is below the 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 2018.

One component of our general fund revenue that continues to decrease is the utility tax on natural gas. Over the last few years' natural gas pricing has decrease to the extent that we are purchasing gas at about approximately 20 percent of the price seen in previous years. While this

is a good impact for our rate payers, it does result in loss of revenue to the general fund to support the general government services provided to the Natural Gas Utility.

Budget Summary

The 2017-2018 Biennial Budget for all funds total \$71,004,202 for 2017 and \$69,707,752 for 2018, excluding fund balance.

The City's General Fund revenues are projected to increase slightly. The projected revenue for fiscal years 2017/2018 are \$13,741,476 and \$14,105,501 respectively. Combined with the projected fund balance carryover from 2016, the total available resources in the General Fund are \$15,885,374 for 2017 and \$15,180,535 for 2018

Total projected tax revenue (property taxes, sales taxes, business and occupation tax and utility taxes) in the governmental funds is \$ 13,326,176 for 2017 and \$13,759,629 for 2018. Regular property tax receipts incorporate a 0.965% property tax increase as allowed under current law. This increase produces approximately \$26,763. Retail sales tax (excluding the 2/10 of 1% for transportation) includes a 2% increase for 2017 over the 2016 projected and a 4.3% increase for 2018 over the 2017 budgeted. This is a conservative estimate based upon projected sales tax growth of 9.5% in 2016.

The 2017-2018 Biennial Budget also includes a rate adjustment in the electric utility of 4% to address the increase in City's purchase price of wholesale power.

Budget Highlights

The 2017-2018 Biennial Budget includes a number of expanded programs and capital projects. We have continued to make progress in meeting many of the City's capital investment needs. The following is included in the budget;

- The budget provides for design of the Public Safety Building Renovation Project.
- 2017 marks the first year of sustainable transit funding from the successful sales tax measure.
- Various vehicle and equipment replacements are included and funded from the Shop Reserve.
- Utilities continue capital replacement at prudent levels.
- The budget continues initiatives identified in the Energy Conservations and Efficiency Strategy.

A tabular list of funded expanded programs and capital requests can be found beginning on page 171.

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 2017 and 2018 and will receive step increases subject to satisfactory performance and available revenue.

Major Projects, Programs, and Issues

Sustainable Transit Funding: With passage of the 0.2% sale tax for transit the City now has a sustainable revenue source for transit operations. The 2017/2018 budget incorporates additional transit routes, expanded dial-a-ride service, cabulance service, and funds the City's share of the Yakima/Ellensburg Commuter service which reestablishes Ellensburg stops that were eliminated due the City's previous inability to pay. The 2017 budget includes funding for a Transit Manager to establish the contracts and relationships necessary to implement expanded transit service.

Police Vehicle Replacement: 2017 marks the first year that police response vehicles will be incorporated in the shop replacement reserve account. Previously the replacement of police vehicles was provided for in the department's vehicle replacement fund and it became clear that some other provision must be made to ensure funding availability to replace the department fleet. The 2017/2-18 budget incorporates police vehicle replacement in the shop reserve account. During the first two years of this transition it will be necessary to double capitalize the account in order to build the necessary long term reserve. However, the resulting balance in the account will provide sustainable funding for department vehicle replacement.

City Shop Secondary Access: Several years ago the City acquired property adjunct to the City's maintenance shop yard. The environmental and design work necessary to connect the shop yard to south Railroad Avenue is now complete and construction of the connection is included in the budget. The work includes bridge construction over Wilson Creek and paving of the shop entrance driveway. Completion of this project will provide a back access into the shop yard and improve access to west Ellensburg and Rotary Park.

Dolarway Road SR-97 Intersection Improvements: The Washington State Department of Transportation has completed design of the Dolarway Road/Highway 97 intersection. This project is scheduled for spring construction and the City is providing transportation impact fee funding to the project. The project design provides for a two lane traffic circle that is sized to accommodate the high volume of truck traffic at the intersection. The City is providing \$400,000 of the total \$3,100,000 estimated for the project.

John Wayne Trail – 18th Avenue to Geenfield Avenue: Continuation of the John Wayne Trail construction is included in the budget with that portion of the trail between Greenfield Avenue and 18th Avenue slated for construction in 2017. The trail south of 18th Avenue will be included as a grant request and if successful will need to be amended into the 2018 budget.

Vantage Highway and Pfenning Road Intersection Signalization: The signalization project at the Pfenning Road and Vantage Highway intersection is scheduled for completion in the spring of 2017 at a total cost of \$991,675. This project is within the area annexed by the City in 2014 and is funded under a grant from the Transportation Improvement Board with the City supplying \$405,000 in matching funds.

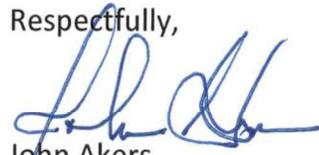
Acknowledgments

The 2017-2018 Biennial Budget is formulated with the thought that we will continue to deliver City services at the same level with little to no increase in costs. 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. The Council is supported by a professional staff that continues to bring to bear experience in meeting the needs of the community within the fiscal limitations facing the City.

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 the 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,



John Akers
City Manager