City Council Meeting Schedule April 2018

April 3, 2018		
	Tuesday, 6:30 p.m.	REGULAR COUNCIL MEETING
April 10, 2018		
	Tuesday, 6:30 p.m.	WORKSHOP MEETING 1. Fire Department Annual Report 2. Police Department Annual Report 3. Committee Updates 4. Rivershore Re-Conveyance
April 14, 2018 Saturday, 8:00 a.m.-2:30 p.m.		COUNCIL ADVANCE Springhill Suites (7048 W. Grandridge Blvd)
April 17, 2018		
	Tuesday, 6:30 p.m.	REGULAR COUNCIL MEETING
April 24, 2018		
	Tuesday, 6:15 p.m.	EXECUTIVE SESSION (RCW 42.30.110(1)(c) Property Sale (10 minutes)
	Tuesday, 6:30 p.m.	WORKSHOP MEETING 1. Year-End Financial Review/Spring 2018 Budget Adjustments 2. METRO Update

To assure disabled persons the opportunity to participate in or benefit from City services, please provide twenty-four (24) hour advance notice for additional arrangements to reasonably accommodate special needs.

Please be advised that all Kennewick City Council Meetings are Audio Taped

Council Workshop Coversheet

Agenda Item Number	1.	Meeting Date	04/24/2018
Agenda Item Type	Presentation		
Subject	2017 Financial Results		
Ordinance/Reso #		Contract #	
Project #		Permit #	
Department	Finance		

- Info Only ☒
- Policy Review ☒
- Policy DevMnt ☐
- Other ☐

Summary

Each spring after Finance completes the process of closing the prior year, staff provides Council with an updated report on the City's financial condition and a review of the prior year's financial activity. The presentation at the April 24th workshop will cover the 2017 financial results for the City's general governmental operations, capital program, and enterprise operations. Additionally, staff will be providing Council with an overview of the spring 2018 budget adjustment, which is scheduled for City Council's formal consideration at the next regular meeting on May 1, 2018.

Through	
Dept Head Approval	Dan Legard Apr 18, 10:34:48 GMT-0700 2018
City Mgr Approval	Marie Mosley Apr 19, 22:12:47 GMT-0700 2018

Attachments: PowerPoint

2017 Financial Review

Kennewick City Council Workshop

April 24, 2018

Fund Accounting

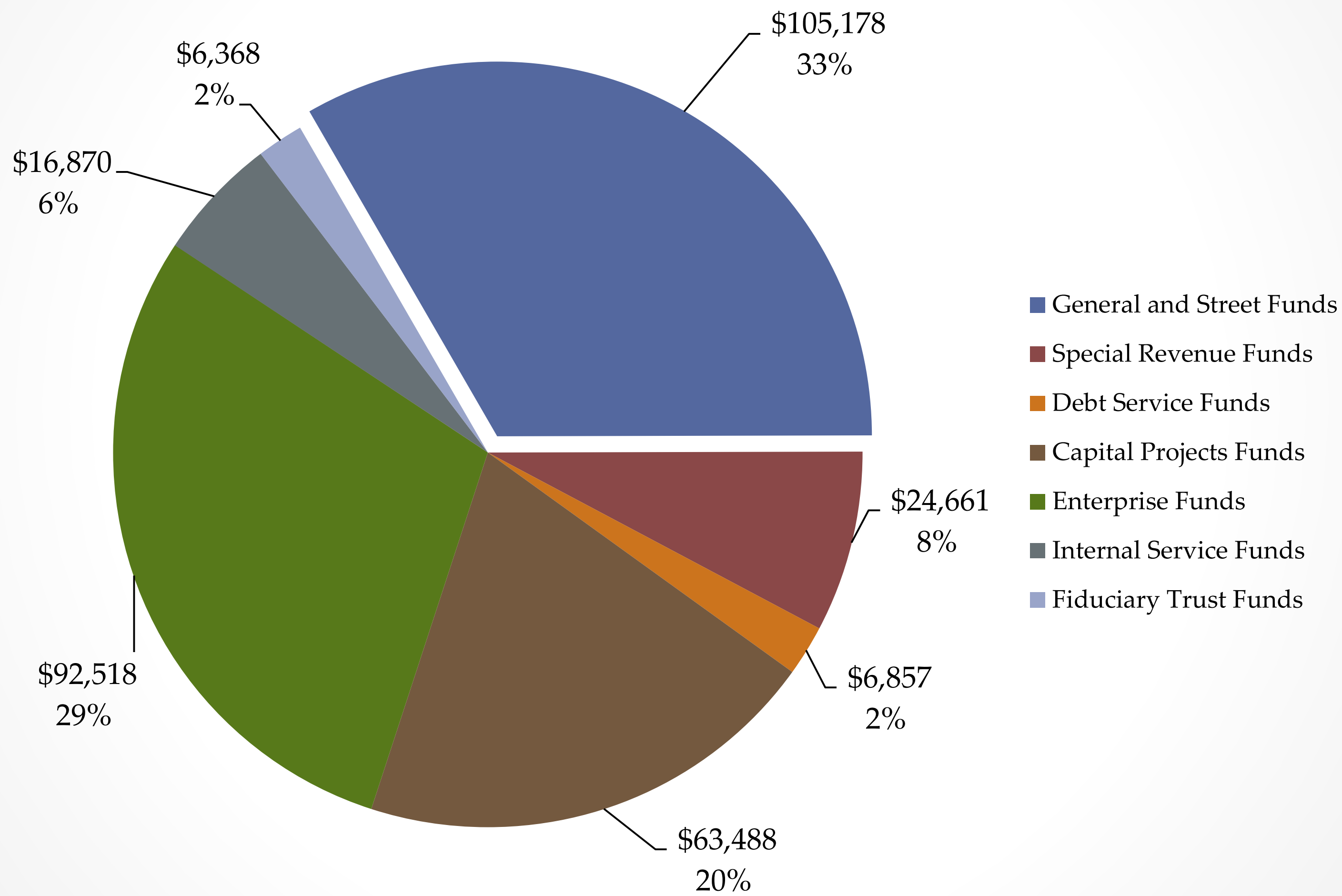
A system of accounting used by nonprofit organizations, particularly governments. Because there is generally no profit motive with these entities, accountability is emphasized rather than profitability. Instead, the main focus is stewardship of financial resources received including compliance with legal requirements. Individual funds are established to ensure accountability and that expenditures are made for designated purposes. Revenues must be raised and expended in accordance with special regulations and legal restrictions. Budgets are adopted and recorded in the accounts of the related fund.

Fund Types

- **General Governmental Funds:**
  - **General Fund**: to account for financial resources not required to be accounted for in another fund.
  - **Special Revenue Funds**: to account for legally restricted resources.
  - **Capital Projects Funds**: to account for financial resources to be used for acquisition or construction of capital facilities.
  - **Debt Service Funds**: to account for resources accumulated for the repayment of debt.
- **Proprietary Funds:**
  - **Enterprise Funds**: to account for operations that are financed and operated in a manner similar to a private business.
  - **Internal Service Funds**: to account for financing of goods or services provided by one department to another within the government.
- **Trust & Agency Funds**:
  - Fund used to account for assets held by a government in a trustee capacity.

17/18 Adj. Budget – All Funds

(In Thousands)



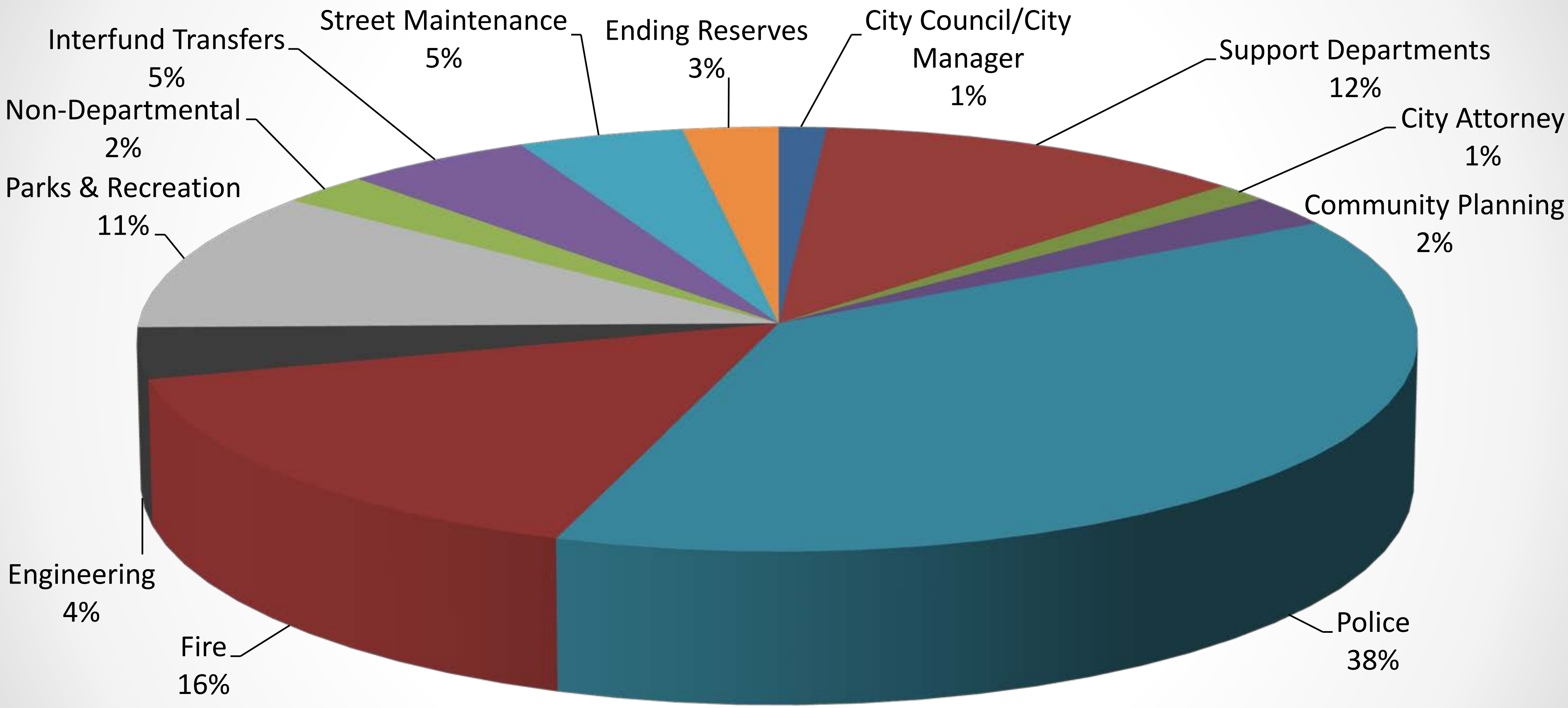
Total 2017/2018 Adjusted Budget = $315,940,477

General & Street Funds

- Police
- Fire Suppression & Inspection
- Planning
- Economic Development
- Engineering
- Parks & Recreation
- Street Maintenance
- Support & Administration Functions (e.g. City Manager & Council, City Attorney, City Clerk, Finance & Customer Service, Purchasing, Information Systems, Human Resources)

17/18 Adj. Budget – General/Street Funds

(In Thousands)



2017/2018 Adjusted General & Street Fund Budget = $105,177,978

2017 Operating Indicators

City Attorney

- Criminal Cases Filed & Prosecuted – 2,898

Police

- Calls for Service – 91,963
- Notice of Infractions – 9,522

Finance

- Utility Bills Processed – 145,787

Fire

- EMS Calls for Service – 7,754
- Structure Fires Requiring Suppression – 136

Parks & Recreation

- Total Program Participants – 122,508 (2015)
- City Facilities Maintained – 330,000 Sq. Ft.
- Park/Greenway Acres Maintained – 593

Public Works

- Street Lane Miles Maintained – 778
- Water Treatment Plant, Gallons Produced – 3.7 billion (10.2M/day)
- Wastewater Treatment Plant, Gallons Treated – 2 billion (5.4M/day)

Community Planning/Building Safety

- Building Permits Issued – 2,062 (resulting in 10,403 inspections)

General & Street Funds (Thousands)

	Adj Budget 2017/2018	Actual 2017	% Rec/Spent
Revenues:			
Taxes	$ 74,353	$ 37,011	49.8%
Licenses & Permits	1,789	1,074	60.0%
Intergovernmental Revenues	8,246	4,461	54.1%
Charges for Services	8,907	4,558	51.2%
Fines & Forfeitures	2,473	806	32.6%
Miscellaneous Revenue	925	541	58.5%
Other Financing Sources	4,740	2,549	53.8%
Total Revenues	$ 101,433	$ 51,000	50.3%
Expenditures:			
Salaries & Benefits	$ 75,221	$ 36,652	48.7%
Supplies	3,458	1,928	55.8%
Services	8,349	4,175	50.0%
Intergovernmental Services/Payments	9,836	5,220	53.1%
Interfund Transfers	5,358	2,805	52.4%
Capital Outlay	232	12	5.2%
Total Expenditures	$ 102,454	$ 50,792	49.6%
Excess (Deficit) Revs over Exps	(1,021)	208	
Beginning Fund Balance	3,745	3,745	
Ending Fund Balance	$ 2,724	$ 3,953	
Required Ending Fund Balance	$ 2,561	$ 2,561	
Excess over Req Reserve	**$ 163**	**$ 1,392**	

Operating Funds Highlights

- Overall revenue growth of 4.4%
  - o Growth in taxes of 3.2% (approx. $1.15M)
    - Double digit growth from electric & natural gas
  - o Growth in Intergovernmental revenues of 12.8% (approx. $500K)
  - o Growth in charges for services of 5.4% (approx. $233K)
  - o Decline in fines & forfeitures of 7% (approx. $63K)
- Expenditure growth of 6%
  - o Increase in salaries & benefits of 7.6% (approx. $2.6M)
    - Reflects one-time reallocation of KPD overtime in 2015/2016, IMT overtime in KFD & overtime associated with snow & ice response
  - o Increase in supplies of 21% (approx. $334K)
    - Includes one-time grant funded SCBA replacement in KFD
  - o Decline in services of 4.1% (approx. $179K)
  - o Increase in Intergovt'l Services/Payments (approx. $126K)

Operating Funds Highlights (cont'd)

- Ending fund balance > 5% req.
- Increased strategic reserve to $2.8M
- Vulnerabilities:
  - Budget model/Utilizing growth revenues to fund existing programs
  - Pavement preservation program – lack of dedicated funding
  - Intergovernmental contracts
  - Future unfunded legislative mandates/loss of state shared revenue

2017 Capital Program Highlights

- Citywide Asphalt Restoration
- US 395/Ridgeline Intersection (Design)
- Hildebrand/Bob Olson Pkwy
- Metaline Widening (Design)
- Clearwater Safety Improvements
- SR Blvd. Improvements – Ridgeline to Christensen Rd.
- US395/Ridgeline Intersection – Design
- Wastewater Treatment Plant Upgrade
- Sewer Biosolids Removal
- SR397 Stormwater Line Replacement

Water & Sewer Fund (Thousands)

		Adj Budget 2017/2018		Actual 2017	% Rec/Spent
Revenues:					
Revenue from Rates	$	38,111	$	18,146	47.6%
Other Fees & Charges		2,284		1,068	46.8%
Intergovernmental		132		837	634.1%
Interest & Miscellaneous		164		144	87.8%
Other Financing Sources		10,928		1,988	18.2%
Total Revenues	$	51,619	$	22,183	43.0%
Expenditures:					
Salaries & Benefits	$	9,479	$	4,500	47.5%
Supplies		617		385	62.4%
Other Services & Charges		14,355		7,195	50.1%
Transfers		242		119	49.2%
Capital		21,934		4,781	21.8%
Debt Service		6,400		3,425	53.5%
Total Expenditures	$	53,027	$	20,405	38.5%
Excess (Deficit) Revs over Exps	$	(1,408)	$	1,778	
Beginning Working Capital	$	9,125	$	9,125	
Ending Working Capital	$	7,717	$	10,903	

Water & Sewer Highlights

- Overall increase in rate revenue of 6.7%
  - Water revenue up 5.2% (4.55% attributable to 2017 rate modifications)
  - Sewer revenue up 8.5% (5.4% attributable to 2017 rate modifications)
- Growth in operating expenses of 2.9%
- Capital projects include:
  - Bob Olson Pkwy/Hildebrand Blvd., WW Treatment Plant Upgrade (Design), Biosolids Removal
- Ending reserves higher than budgeted due to timing of capital projects still to be completed

Stormwater Utility Fund (Thousands)

		Adj Budget 2017/2018		Actual 2017	% Rec/Spent
Revenues:					
Revenue from Rates	$	2,875	$	1,222	42.5%
Interest & Miscellaneous		3		3	100.0%
Intergovernmental		1,780		46	2.6%
Total Revenues	$	4,658	$	1,271	27.3%
Expenditures:					
Salaries & Benefits	$	1,321	$	542	41.0%
Supplies		40		24	60.0%
Other Services & Charges		1,139		520	45.7%
Transfers		19		-	0.0%
Debt Service		383		185	48.3%
Capital		1,929		94	4.9%
Total Expenditures	$	4,831	$	1,365	28.3%
Excess (Deficit) Revs over Exps	$	(173)	$	(94)	
Beginning Working Capital	$	284	$	284	
Ending Working Capital	$	111	$	190	

Stormwater Utility Highlights

- Moderate growth in rate revenue of 2.4%
- Operating expenses decreased 27%
  - Unchanged when considering 2016 Zintel Canyon pipe sediment removal
- Significant budget remaining for facility projects funded with State Department of Ecology grants
- Reserve levels declined to $190K
- 2017 rate study recommendations approved at mid-biennium and implemented in 2018

Ambulance Utility (Thousands)

	Adj Budget 2017/2018		Actual 2017		% Rec/Spent
Revenues:					
Transport Revenue	$	4,580	$	2,108	46.0%
Household Ambulance Charge		6,370		3,054	47.9%
Intergovernmental		-		1	n.a.
Interest & Miscellaneous		-		4	n.a.
Transfer from General Fund		1,450		725	50.0%
Total Revenues	$	12,400	$	5,892	47.5%
Expenditures:					
Salaries & Benefits	$	9,350	$	4,427	47.4%
Supplies		366		168	45.9%
Other Services & Charges		2,405		1,145	47.6%
Intergovt'l Services & Taxes		201		97	48.3%
Transfers		146		119	81.5%
Total Expenditures	$	12,468	$	5,956	47.8%
Excess (Deficit) Revs over Exps	$	(68)	$	(64)	
Beginning Working Capital	$	676	$	676	
Ending Working Capital	$	608	$	612	

Ambulance Highlights

- 1.7% growth in overall rate revenue:
  - 0.7% growth in net transport revenue
  - 2.4% growth in revenue from monthly availability charge
- Operating expenses increased 5.2%
- Ending reserve level slightly reduced
- 2016 rate study recommendations approved at mid-biennium and implemented beginning in 2018
  - Provides funding for station #6 staffing by 2021 & to address interim staffing needs at existing stations

Building Safety Fund (Thousands)

	Adj Budget 2017/2018	Actual 2017	% Rec/Spent
Revenues:			
Licenses & Permits	$ 2,800	$ 1,410	50.4%
Interest & Miscellaneous	20	22	110.0%
Total Revenues	$ 2,820	$ 1,432	50.8%
Expenditures:			
Salaries & Benefits	$ 2,575	$ 1,226	47.6%
Supplies	34	14	41.2%
Other Services & Charges	436	206	47.3%
Transfers	15	4	26.7%
Total Expenditures	$ 3,060	$ 1,450	47.4%
Excess (Deficit) Revs over Exps	$ (240)	$ (18)	
Beginning Working Capital	$ 1,736	$ 1,736	
Ending Working Capital	$ 1,496	$ 1,718	

Building Safety Highlights

- 14% decrease in permit revenue in 2017
  - o 12% decrease in permits issued; 7% decrease in valuation
    - Decline in number residential permits issued and overall valuation
- Continued growth in Express Permitting program
- 10.6% increase in operating expenses
  - o Added 0.5 FTE Residential Plans Examiner & 1.0 FTE Office Specialist to provide assistance to express permitting
- Healthy ending reserve balance and liquidity

Toyota Center & Arena (Thousands)

		Adj Budget 2017/2018		Actual 2017	% Rec/Spent
Revenues:					
Operating Revenue	$	6,135	$	2,849	46.4%
Transfer in - Operations		750		375	50.0%
Transfer in - Capital		640		290	45.3%
Transfer in - Debt Service		1,098		549	50.0%
Total Revenues	$	8,623	$	4,063	47.1%
Expenditures:					
Cost of Operations	$	6,885	$	3,352	48.7%
Interfund Loan Repayment		1,103		552	50.1%
Capital Outlay		640		420	65.6%
Total Expenditures	$	8,628	$	4,324	50.1%
Excess (Deficit) Revs over Exps	$	(5)	$	(261)	
Beginning Working Capital	$	(503)	$	(503)	
Ending Working Capital	$	(508)	$	(764)	

Toyota Center & Arena Highlights

- 8% decrease in operating revenues
  - Loss of 8 Tri-City Fever in 2017
  - Minimal play-off games for Tri-City Americans
- No increase in operating expenses
- Aging equipment & increasing maintenance needs
- 2017 net operating loss of $503K ($128K below budget)
  - Net General Fund contribution of $161K
- Operating results do not reflect ancillary revenues

Net General Fund Contribution

2017 Net Operating Loss	$502,971
Less: Lodging Tax Dedicated to TC&A	($175,000)
Less: Admissions Tax from TC&A Events	($167,298)
Net General Fund Contribution	$160,673

Columbia Park Golf Links (Thousands)

		Adj Budget 2017/2018		Actual 2017	% Rec/Spent
Revenues:					
Greens & Range Fees	$	442	$	187	42.3%
Concessions & Other		73		21	28.8%
Transfers In - Operations		133		135	101.5%
Transfers In - Capital		472		47	10.0%
Total Revenues	$	1,120	$	390	34.8%
Expenditures:					
General & Administrative	$	168	$	88	52.4%
Maintenance & Operations		440		204	46.4%
2012 - 2016 Excise Taxes		-		35	n.a.
Capital		472		51	10.8%
Total Expenditures	$	1,080	$	378	35.0%
Excess (Deficit) Revs over Exps	$	40	$	12	
Beginning Working Capital	$	(40)	$	(40)	
Ending Working Capital	$	-	$	(28)	

CP Golf Links Highlights

- Net operating loss of $84K ($38K more than budgeted)
  - Additional $35K for excise taxes owed from DOR audit
- 3% increase in operating revenues
  - 7% decrease in rounds played
- 7% increase in operating expenses
  - Includes purchase of new mower (under capitalization threshold)
- Cumulative working capital shortfall
  - 2018 Annual Plan projects $65K loss (vs. $46K originally budgeted) & $31.5K in capital
- Carry Forward of clubhouse project to 2018

Spring Budget Adjustment (Thousands)

Fund Type	2017/2018 Adjusted Budget	Spring 2018 Budget Adjustment	2017/2018 Adjusted Budget
General & Street	$ 105,178	$ 827	$ 106,005
Special Revenue Funds	24,661	647	25,308
Debt Service Funds	6,857	-	6,857
Capital Funds	63,488	758	64,246
Proprietary Funds	109,388	2,627	112,016
Trust Funds	6,368	-	6,368
Totals:	$ 315,940	$ 4,859	$ 320,800

(1.5% Incr.)

- Includes appropriation for 2017 Fire IMT personnel costs reimbursed by State and Federal agencies.
- Includes FEMA grants totaling $1.4M for emergency road, pavement patching & biosolids removal from the WWTP lagoon.
- Includes 2018 CDBG program allocations including $350K project for Juniper & Hawthorne ½ street.
- Includes an additional $600K for Phase I water and sewer improvements at Vista Field.
- Includes revised appropriation for new Columbia Parks Golf Links clubhouse.
- <u>Does not include</u> two (2) new $6M state PWTF loans for SR395/Ridgeline and Water/Sewer AMR projects.

CITY TAXES & FEES

AVERAGE FAMILY HOUSEHOLD

Assuming an average 4-person family with a $200,000 home and household Adjusted Gross Income between $70,000-$80,000 per year

Property Taxes

The 2017 Property Tax Levy is $11.44 per $1,000 in assessed valuation. The City receives 19¢ per $1.00 paid.

Sales Taxes

The City receives just 0.85% of the 8.6% Sales Tax rate. In addition, the criminal justice sales tax of 0.10% and a voter approved public safety sales tax is distributed back to all jurisdictions in Benton County based on population through State Shared Revenues.

Utility Taxes

The City levies an 8.5% utility tax on electric, natural gas & telephone services, 7% on cable & garbage, and 15.5% on water/sewer services.

Gambling Taxes

The City currently levies a 10% tax for punchboard, pull-tab, and card room activities; 5% for bingo; and 2% for amusement games.

How much does the City of Kennewick receive from the average household?

	Estimated Annual Spending	Estimated Annual Tax	Amount Distributed to the City
Property Tax	$ 2,288	$ 2,288	$ 434
Water/Sewer	$ 580	$ 78	$ 502
Utilities	$ 5,759	$ 472	$ 472
Retail Sales	$ 27,228	$ 2,342	$ 231
Admissions/Entertainment	$ 2,000	$ 100	$ 100
Gambling/Arcade Games	$ 500	$ 10	$ 10
State Shared Revenues	$ 5,500	$ 1,436	$ 142
Ambulance Utility	$ 93	$ 93	$ 93
Stormwater Utility	$ 34	$ 34	$ 34
TOTALS:	**$ 43,982**	**$ 6.853**	**$ 2,018**

Admissions Taxes

The City collects a 5% admissions tax on admission charges to any place or event, except school events.

State Shared Revenue

State shared revenues are collected by the State and include Gas Tax, Liquor Tax, PUD Privilege Tax, and Criminal Justice funding. Distributions are made on a per capita basis.

Ambulance Utility Fee

Kennewick citizens pay $7.78 per month for ambulance services.

Stormwater Utility Fee

Kennewick residents pay $2.81 per month to help fund the stormwater program.

The City of Kennewick only receives a small portion of the taxes paid by the average household.

What does your $168 per month get you?

For just $168 per month, the average household in the City of Kennewick receives these basic services.

KENNEWICK
WASHINGTON

Where Does Your Sales Tax Go?

*The sales tax rate for the City of Kennewick = 8.6%, or 8.6¢ on every taxable retail dollar spent.
**60% allocated to Benton County, remainder to cities based on population.
***10% allocated to Benton County, remainder to cities and county based on population.

How is Sales Tax Distributed?

Did you know?

Only 0.85% of the total sales tax paid on every purchase is returned directly to the City.

Washington State
$ 3,123

Public Safety
$ 144

Benton County
$ 120

Criminal Justice
$ 48

Ben Franklin Transit
$ 288

City of Kennewick
$ 408

General Fund
$ 294

Capital Improvement Fund
$ 114

$4,132
Sales Tax on $48,043 Purchase Price

Sales Tax Rate	
State	6.50 %
Kennewick	0.85 %
County	0.25 %
Transit	0.60 %
Criminal Justice	0.10 %
Public Safety	0.30 %
Total Sales Tax Rate:	**8.60 %**

Where Does Your Property Tax Dollar Go?

2018 Total Property Tax Levy – $12.46

Questions?

Council Workshop Coversheet

Agenda Item Number	2.	Meeting Date	04/24/2018
Agenda Item Type	Presentation		
Subject	Metro Informational Update		
Ordinance/Reso #		Contract #	
Project #		Permit #	
Department	Police Department		

- Info Only ☒
- Policy Review ☐
- Policy DevMnt ☐
- Other ☐

Summary

Chief Hohenberg, Dan Legard and Commander Chris Guerrero will provide an update on the Tri-Cities Metro Drug Task Force. This presentation will include:

- History of Metro
- The Mission of Metro and how Metro is currently deployed. This will also include the overall local impact.
- Metro Finances, Byrne JAG Grant and HIDTA.

Through	Chris Guerrero Apr 18, 09:19:02 GMT-0700 2018
Dept Head Approval	Ken Hohenberg Apr 18, 09:48:31 GMT-0700 2018
City Mgr Approval	Marie Mosley Apr 19, 22:16:30 GMT-0700 2018

Attachments: Presentation

Tri-City Metro Drug Task Force

Kennewick City Council

April 24, 2018

"Leading the Way"

Metro's History

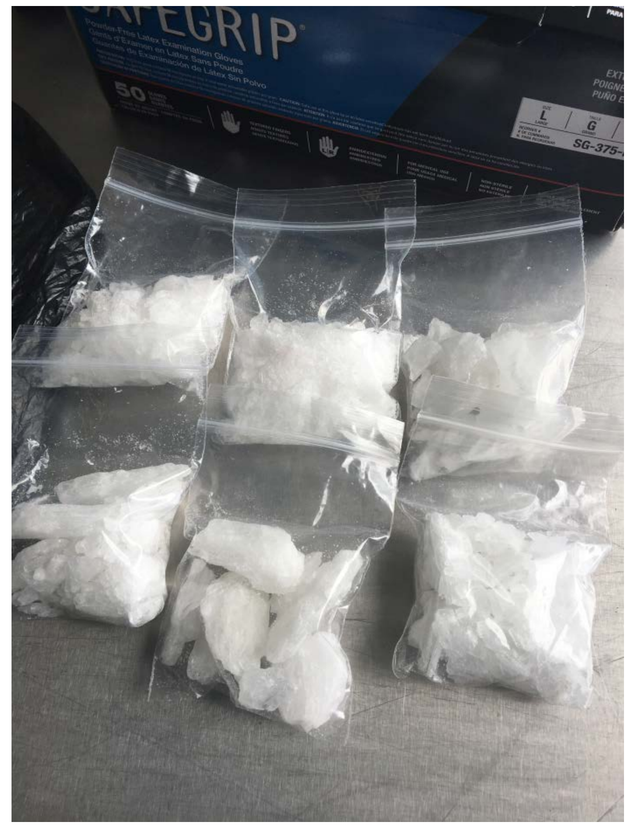
- Began in July1988
- Receipt of the Byrne Justice Assistance Grant (JAG) – Approximately $345,000
- Benton County was the original administrative agency. 1996 – Pasco became the administrative agency. 2009 to current – Kennewick is the administrative agency.

Metro Structure - 2018

- Metro Executive Board
- Metro Governing Board
- 1 – Kennewick Police - Commander
- 1 – Kennewick Police – Sergeant
- 1 – Kennewick Police – Detective
- 1 – Richland Police - Detective
- 1 – Pasco Police - Detective
- 1 – West Richland Police - Detective
- 1 – Franklin County Sheriffs Office – Detective
- 1 – Benton County Sheriffs Office – Detective
- 1 – Benton County Sheriffs Office – Vacant
- 1 – City of Kennewick - Legal Secretary

Metro’s Mission

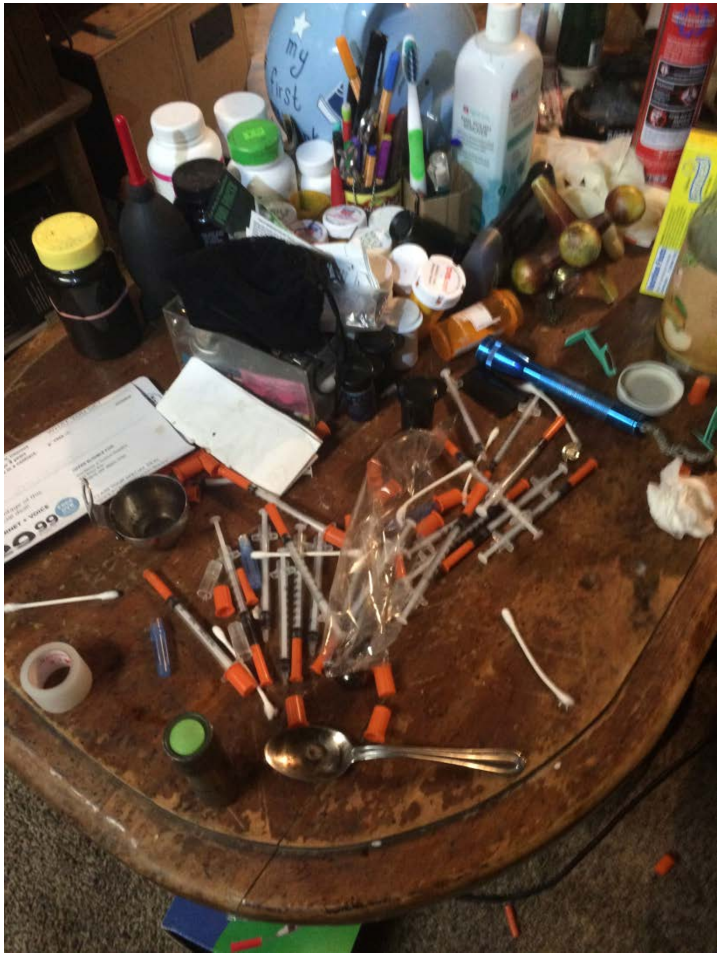
- “The Tri-City Metro Drug Task Force is dedicated to the disruption of narcotic trafficking, illegal gun sales and gang activity in the region.”
- Current Threats
  - Methamphetamine
  - Heroin / Fentanyl (powder, pills)
- Metro’s partnerships
  - Local – Street Crimes Teams
  - State – Fellow Task Forces
  - Federal – DEA, FBI, US Marshalls, ATF, Border Patrol

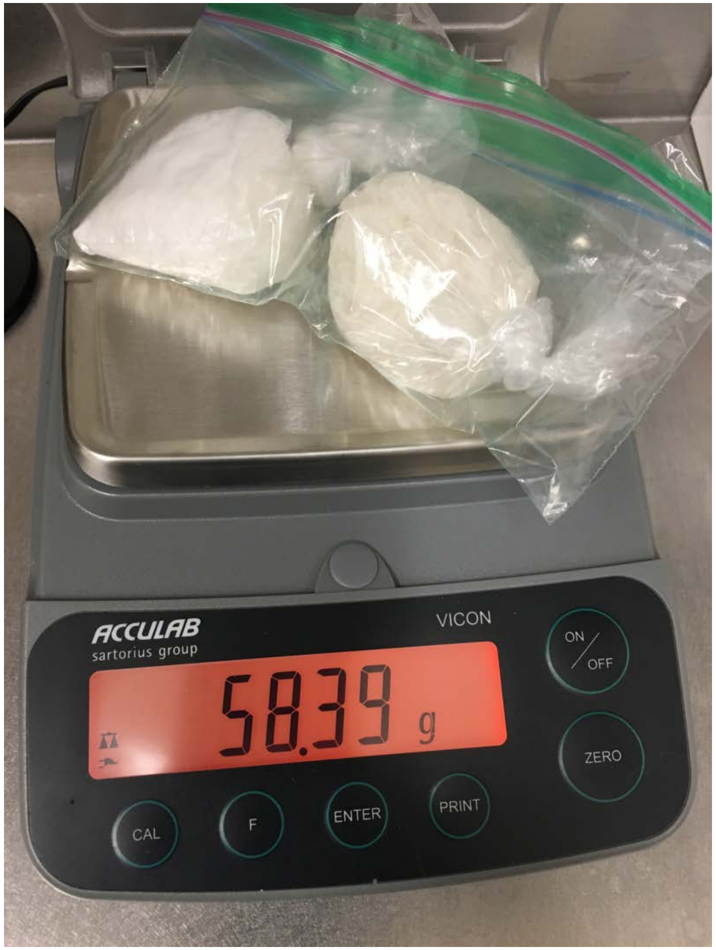


Metro Finances

- Byrne JAG Grant – Expected $113,000 for 2017-2018
  - Current Status
  - Future Forecast
- HIDTA (High Intensity Drug Trafficking Area)
  - Both Benton and Franklin Counties are unfunded initiatives
  - Received $80,000 ($40,000 to DEA, $40,000 to Metro) for 2018.
  - Future Forecast
  - Current Metro Finances

Questions??

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City Council Meeting Schedule May 2018

May 1, 2018		
	Tuesday, 6:30 p.m.	REGULAR COUNCIL MEETING
May 8, 2018		
	Tuesday, 6:30 p.m.	WORKSHOP MEETING 1. Transportation Systems Plan
May 15, 2018		
	Tuesday, 6:30 p.m.	REGULAR COUNCIL MEETING
May 22, 2018		
	Tuesday, 6:30 p.m.	WORKSHOP MEETING 1. Legislative Update 2. Budget Calendar/Citizen Budget Survey
May 29, 2018		
	Tuesday, 6:30 p.m.	NO MEETING

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