



# City Council Meeting Schedule October 2018

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October 2, 2018

Tuesday, 6:30 p.m.

REGULAR COUNCIL MEETING

October 9, 2018

Tuesday, 6:10 p.m.

EXECUTIVE SESSION PER RCW 42.30.110(1)(i)  
Potential Litigation (20 minutes)

Tuesday, 6:30 p.m.

WORKSHOP MEETING

1. 2019 TPA Budget & Marketing Plan
2. Employee & Community Relations Department Update
3. Finance Department Update

October 16, 2018

Tuesday, 6:30 p.m.

REGULAR COUNCIL MEETING

October 23, 2018

Tuesday, 6:30 p.m.

WORKSHOP MEETING

1. Water & Sewer Rate Update
2. IT Strategic Plan Update
3. Management Services Department Update
4. Public Works Department Update

October 30, 2018

Tuesday, 6:30 p.m.

WORKSHOP MEETING

1. 2019/2020 Biennial Budget Presentation

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

October 2018  
Updated 10/25/18

## Council Workshop Coversheet



|                    |                                    |              |            |
|--------------------|------------------------------------|--------------|------------|
| Agenda Item Number | 1.                                 | Meeting Date | 10/30/2018 |
| Agenda Item Type   | Presentation                       |              |            |
| Subject            | 2019/2020 Proposed Biennial Budget |              |            |
| Ordinance/Reso #   |                                    | Contract #   |            |
| Project #          |                                    | Permit #     |            |
| Department         | City Manager                       |              |            |

|               |                                     |
|---------------|-------------------------------------|
| Info Only     | <input type="checkbox"/>            |
| Policy Review | <input checked="" type="checkbox"/> |
| Policy DevMnt | <input checked="" type="checkbox"/> |
| Other         | <input type="checkbox"/>            |

### Summary

During the October 30th workshop, we will be presenting to you the 2019/2020 proposed biennial budget. Similar to the last several bienniums, we have used the budgeting by priorities model to evaluate the over 300 services provided to the community. This biennial budget provides a strategic plan for a sustainable operating and capital budget for this biennium. It also describes some strategies for sustainability into the future.

I will provide you with my budget message which details how the proposed biennial budget implements Council's broad goals for the upcoming biennium. The budget message provides a comprehensive summary of what is included in the proposed budget and also details the changes proposed for this biennium. For further detail, the preliminary budget document will give you a very good understanding of the budget allocation and program implementation, which will be provided at the conclusion of the workshop.

We will begin the budget workshop with a presentation on the 2019/2020 proposed budget, followed by the 2019 proposed property tax levy. The presentation will conclude with a summary overview of the proposed fall 2018 budget adjustment, which is the final budget adjustment for the 2017/2018 biennium. We have included the information that was presented during the September 25th Council workshop where our baseline budget assumptions and projections were discussed with Council. We do not intend to spend time on these slides that were previously discussed but wanted to provide them to you so that you have all the information regarding the proposed biennial budget.

The biennial budget was prepared with the Council's leadership in establishing clear goals and priorities for the biennium. The planning process began in April with our Council retreat where the priority areas and opportunity centers were discussed and affirmed. Subsequently, during the August 28th workshop, Council identified three to four broad goals within each of the priority areas that further defined the priorities for the upcoming biennium. The retreat and subsequent Council workshop established the framework for which this biennial budget is formed. The Budget and Administrative Committee has provided input into the biennial strategic program recommendations. In addition over the past several months, each of the departments have provided updates to you on the scope and complexity of the services they provide to the community.

This budget continues to expand on the work that has been accomplished in the previous bienniums where we established our budgeting by priorities model and your budget policies. In addition, we received feedback from our citizens and businesses through the citizen survey that was completed this summer. All of your work over the past year to establish policy direction for the City has formed the foundation for this proposed biennial budget that will be presented during the workshop.

Through

Dept Head Approval

City Mgr Approval

Attachments: Presentation

Marie Mosley  
Oct 26, 07:00:23 GMT-0700 2018



*City of Kennewick*  
Office of the City Manager

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**BUDGET TRANSMITTAL  
LETTER**

**Date:** October 30, 2018

**To:** Don Britain, Honorable Mayor and Members of the City Council

**From:** Marie E. Mosley, City Manager

**Subject:** 2019/2020 Biennial Budget Executive Summary

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It is an honor to present the 2019/2020 Biennial Budget for your consideration. This budget was developed with your leadership in identifying the operating and capital priorities, providing the basis for the departments to submit their budget proposals and program requests for consideration.

The planning process for this budget began on April 14<sup>th</sup> when we held our Council budget retreat. The retreat focused on reviewing our budgeting by priorities model where the Council reaffirmed your five priority areas. The overarching goal that was outlined by Council is to develop a sustainable operating and capital budget. Subsequently during the August 28<sup>th</sup> budget workshop, Council identified three to four broad goals within each of the five priority areas. This biennial budget provides an implementation strategy to achieve the goals identified by council as well as providing a sustainable operating and capital budget for the biennium, but more importantly provides that sustainability into the future.

In addition, Council has established five major opportunity centers in our community. These opportunity centers provide a unique vision as we continue to work on recruitment, retention and expansion of businesses in our community:

- Southridge
- Vista Field Redevelopment – improve and connect the Entertainment District to Vista Field
- Bridge to Bridge Area & Downtown – transform and connect the waterfront to the downtown
- Urban Growth Expansion South of I-82 for Industrial Development
- Columbia Park

During the April retreat, the Council reaffirmed the five priority areas that form the basis of the biennial budget, consisting of:

- Community Safety
- Economic Development
- Infrastructure & Growth
- Quality of Life
- Responsible Government

The biennial citizen budget survey was conducted in the summer to assist Council with establishing goals and priorities that are aligned with our citizens and businesses. We received over 1,100 responses with 86% living in Kennewick, 39% working in Kennewick, and 22% owning a business in Kennewick. The following is a summary of the results we heard from the community survey which are very much aligned with Council goals & priorities as recommended in this budget for the upcoming biennium:

- The majority of respondents felt the current budget allocation was appropriate and should not be changed.
- The most important services provided in our community were safe drinking water, police services, fire and ambulance services, and reliable sewer service.
- We discovered that it is unacceptable to reduce the level of service for road maintenance and repairs and that there were no significant service areas that they were willing to reduce or eliminate.
- The majority of the respondents were not using our social media or listening to our audio recordings of the Council meetings and were not likely to watch a video recording of our Council meetings.
- The biggest challenges our citizens felt we faced as we continue to grow are crime, traffic congestion, housing options and street repairs and maintenance.

The 2019/2020 biennial budget maintains our existing services, although there will be areas where programs are to be realigned in order to provide for the most effective service delivery to our community and partners. Maintaining our priority services is possible as a result of the planning efforts that have occurred over the past couple of bienniums.

This biennial budget was developed using our Budgeting by Priorities model where all services have been prioritized based on Council's overall goals. The following identify the broad goals in each of the priority areas and the recommended implementation strategies this biennium to achieve Council's goals. These implementation strategies provide you with the changes to this biennial budget, which achieves a sustainable operating and capital budget.

### **Community Safety** – “I want to be safe where I live, work and play”

**Objective:** Continue to Ensure the Safety of our Community by Maintaining Current Service Levels & Partnerships.

- Council objectives are achieved through the following broad programs in Community Safety:
  - Police Services
  - Emergency Medical Services

- o Safe Drinking Water
- o Fire Services
- o Code Enforcement
- o Building Safety

The following are Council's goals for the biennium and the implementation strategies included in the biennial budget:

- **Goal #1 – Continued Focus on Combatting Criminal Gang Activity** – Benton County voters approved a 3/10% public safety sales tax that was implemented on 1/1/2015. The City of Kennewick has outlined a program to combat gang activity, which supported our previous citizen budget survey results where the majority of respondents said they were willing to pay more to combat gang activity. This budget continues the implementation and focus of achieving the commitments made to our community with the public safety sales tax.

We continue to accomplished the goals by hiring and training the officers, creating a mid-shift patrol unit to combat criminal gang and drug activity, creating a cadet program to train and invest in our next generation of officers, and hiring the appropriate support staff (police support specialist and prosecuting attorney).

During this biennium we will replace our police radios, provide cell phone capability for all officers to assist in our continued commitment to the community to provide the best and most effective police services. We will also continue to work with Benton County and the other partner jurisdictions to implement our regional programs and commitments that have been identified as critical needs for the safety of our community.

- **Goal #2 – Enhance School Safety** – The Kennewick School District has approached the City with a plan to add a school resource officer (SRO) in each of the five middle schools in Kennewick. Currently, we have a SRO in each of our three high schools. We agree with the Kennewick School District that having additional officers located in the middle schools will help to provide a safer environment for our youth to learn. We are recommending a partnership with the school district that will provide five officers (four new officers) that will provide for a SRO in each of the middle schools. The school district has already implemented a trial program during this year where they are paying for two SRO's in Park & Highlands Middle Schools.

We recommend reallocating one of current officers and hiring an additional four officers (2.5 being paid for by the School District and 1.5 being paid for by the City, in addition to the current officer that will be reallocated). This will provide the five officers necessary to have a SRO in each of our middle schools.

- **Goal #3 – Implement Strategic Staffing & Deployment Model for the Fire Department** – During the past couple of bienniums, strategies were explored regarding sustainable staffing for station #6 that will be needed within this or the upcoming biennium. In preparation for that, Council implemented the recommendations from the Ambulance Utility rate study that showed we would need consistent increases to the utility over a

four year period in order to help support the staffing needed for station #6. In addition, we recently learned that the City was awarded a \$2.3M Staffing for Adequate Fire & Emergency Response (SAFER) grant from FEMA. This will provide partial funding for the 12 firefighters needed to staff station #6 over a three year period. We are in process of hiring the 12 firefighter positions (by the beginning of March, 2019) and will be deploying them on an interim basis to support existing needs in our community until station #6 is built in our Southridge area.

In support of hiring the twelve firefighters, Kennewick Fire Department along with our regional partners have begun implementing a local recruit academy. This year was the first year we have tried having our own, local academy and the results have been very good. We will continue this local academy and are anticipating that the additional firefighters from the SAFER grant will help support the academy. We currently have subject matter experts in our organization that are assisting in the academy and hope the SAFER grant resources will help to backfill those positions as we continue towards full implementation of the academy in partnership with our neighboring cities.

- ***Goal #4 – Provide Safe Drinking Water for our Existing and Growing Population*** – In preparation for providing a sustainable operating and capital budget for the biennium and into the future, a Water/Sewer Utility rate study was conducted during the previous biennium. Council implemented the results of the rate study for this current biennium which showed we would need consistent rate increases for the next ten years in both our Water and Sewer rates. As the Council approved the rate adjustments in the current biennium, the commitment was that we would provide an update to the rate study prior to the upcoming biennium. That update was provided during the October 23<sup>rd</sup> Council workshop and the results were that a similar rate increase for both our Water and Sewer utilities is required in 2019 and 2020.

Our recommendation is that Council approve the rate increases identified in the study for 2019 and 2020. We will be asking Council to consider that in November for implementation on 1/1/2019 and 1/1/2020. We will conduct an update to this study again towards the end of 2020 for consideration with the subsequent biennial budget as well as a review of our connection fees at the beginning of 2019. These rate adjustments will provide the sustainable maintenance and operations for the upcoming biennium. In addition, it will allow those necessary and priority (and in some cases, multi-year) capital projects to be financed. This financing provides a balance between existing and future customers paying for infrastructure that benefits both classes of customers.

### **Economic Development** – “I want a diverse and vibrant economy in Kennewick”

**Objective:** Support Existing Businesses and the Creation of Sustainable Family Wage Jobs.

- Council objectives are achieved through the following broad programs in Economic Development:
  - Tourism
  - Economic Vitality
  - Economic Growth

The following are Council's goals for the biennium and the implementation strategies included in the biennial budget:

- **Goal # 1 – Support and Promote the Realignment of the City's Urban Growth Area (UGA)** – Council has established a priority for the City to have an appropriate level of industrial land. Currently we have less than 4% of all our land use available for industrial development. This goal will help to support the residential and commercial land use in Kennewick and provide for family wage jobs in the community. The City will be applying for the UGA realignment by December 1<sup>st</sup> with Benton County. We will be asking to realign our current boundaries, as we previously requested that 250 acres on the east side of our City be eliminated from the UGA. We will now be asking to move those 250 acres south of our Southridge development area for industrial development.

During this current biennium, Council adopted our 10-year update to our 20 year comprehensive plan. In addition, the City has worked with the County to update their policies that provide for better alignment between the City and County comprehensive plan policies. This planning work provides the framework for this UGA amendment application and implements the policies in response to concerns raised during our last UGA expansion application process. During the biennium, we will be working with Benton County on this application and subsequently, on the implementation of the results of our UGA realignment efforts that will achieve Council's goals.

- **Goal # 2 – Implement the Vision and Policies Established for the City's Opportunity Centers** – In addition to the above described opportunity center (south of our Southern boundary), the City has established four other opportunity centers with unique visions for the community. The biennial budget continues to focus on realizing the vision in these opportunity centers:

- **Bridge to Bridge/Downtown** – In partnership with the Port of Kennewick, the Historical Downtown Kennewick Partnership (HDKP), Columbia Basin College (CBC) and Benton County, we have begun redevelopment of a blighted area in our community. The vision for this area is to create a destination location and connect our waterfront to the Downtown. The first phase of the project was completed this biennium with the Port providing the buildings for two wineries and the City putting in the associated infrastructure, utilizing in part the Rural County Capital Funds that have been allocated by Benton County.

This project will continue with the implementation of phase II partnership to create another winery building that will house two additional wineries, create a food truck clustering to support the wineries, begin the creation of pedestrian friendly and appealing walk from the Riverfront to the Downtown (which crosses a couple of major arterials and railroad). In addition, private development will be supporting this vision of a mixed use development in our downtown (creating residential and office space as well as retail) and also some pad sites that will become available through the Port of Kennewick after phase II partnership is completed.

- o *Vista Entertainment District* – In partnership with the Port of Kennewick, we will begin implementation of the community’s master plan of the 112 acres at Vista Field (which was a small airfield). This development will complement the Entertainment District and provide a unique gathering place for our community. The first infrastructure improvement that will begin in 2019 is the realignment of a major arterial street (Grandridge) that will move traffic into the Vista Field area. The City and Port will continue to work on projects and look for creative financial options (Rural County Capital Funds, legislative efforts and partnerships) to continue implementation of this unique opportunity for development in the center of our Tri-City community.
  - o *Columbia Park* – In conjunction with the neighboring jurisdictions and stakeholders in the community, the City will continue to work with our Federal legislators and the US Army Corps of Engineers (USACE) to allow conveyance of the shoreline that is currently owned by the USACE and leased to the local jurisdictions to maintain. Through conveyance, the City will be able to implement some complementary commercial activity that will support the recreation efforts (that is the mission of the USACE) and provide vibrancy to a very under-utilized regional park.
  - o *Southridge* – With the opening of Bob Olson Parkway this biennium, significant residential development has occurred and we will be working with the property owners and developers on potential opportunity for commercial development in this area that will utilize the infrastructure and planning that has occurred in this area.
  - o *Community Branding & Wayfinding* – The region has worked in partnership with Visit Tri-Cities to develop a plan for wayfinding signage throughout the community. During this biennium, the City of Kennewick, along with our regional jurisdictions, will begin implementing this project by providing the funding for gateway signage that will appropriately brand our community and assist in finding tourist attractions and unique gathering spaces.
- ***Goal #3 – Support Legislative Efforts for the Building Business Ecosystems (BBE) Bill***
  - Senator Brown has drafted a bill that would provide a similar type of financing mechanism that the City used in our Southridge area, which was the Local Revitalization Financing (LRF) program. This would allow for the City to provide bonding that would construct the infrastructure that is needed for development. The sales and property tax increments that are generated from the new development (both from the State & from local taxing authorities) can be utilized to pay the debt service on the bonds issued to build the infrastructure that created the growth. This was a very successful program in our Southridge area (generating over a 500% return on investment for the State). It is the City’s intent to utilize this BBE funding, if approved by the legislators and awarded to the City of Kennewick, for the infrastructure for Vista Field development.

**Infrastructure & Growth** – “I want a well-maintained city whose infrastructure keeps pace with growth”

**Objective:** Maintain existing infrastructure and build new infrastructure to support economic development & expansion.

- Council objectives are met through the following broad programs in Infrastructure & Growth:
  - Safe Streets
  - Infrastructure Planning
  - Environmental Services

The following are Council’s goals for the biennium and the implementation strategies included in the biennial budget:

- **Goal #1 – Strategic Funding & Implementation of the Sustainable Capital Plan** –The Blue Ribbon Committee was formed and provided a recommendation to the City council at the end of 2014 regarding priorities and funding for a 25 year strategic capital program. In an effort to continue implementation of the Blue Ribbon Committee recommendations, the following is included in this biennial budget:
  - *Pavement Preservation* – Our citizens and Council have identified pavement preservation as a priority and a need for sustainable capital funding into the future. During this biennium, we have allocated \$2M annually for pavement preservation in addition to a grant that we received for the Kennewick Avenue Overlay project. We are committed to continue to work with Council to find a sustainable funding source for pavement preservation into the future.
  - *Other Projects Included in the CIP* – the following are a list of other priority projects that are included to receive funding during the biennium:
    - *Police Fleet Replacement* – ongoing funding and some additional one-time funding
    - *Fire Fleet Replacement* – ongoing funding from General Fund & Ambulance Utility
    - *Parks & Street Fleet Replacement* – ongoing partial funding and some additional one-time funding
    - *Fire Stations* – in response to the planning efforts completed this biennium, we have included bonding for the replacement of Station #3, remodel of Station #1, and building of a new station in our Southridge area (Station #6). Previously a strategy to staff Station #3 was discussed (under Community Safety). Our recommendation is that the debt service for these stations will, in part, be paid through the reallocation of our LEOFF I medical utility tax. As committed during this biennium, we have conducted an actuarial study on the LEOFF I medical obligations and it was determined that a portion of the dedicated funding source (W/S utility tax) could be reallocated. This dedicated funding source for LEOFF I medical implemented by Council can be utilized with Council authority for other purposes, of which paying the debt service on fire stations is keeping this source dedicated for public safety purposes.

- *Ridgeline/395 Intersection* – A multi-year project in partnership with WSDOT and that will help support the vision for our Southridge opportunity center.
  - *Planned Replacement of City Hall* – Currently the City has aging facilities that are in need of major repair. A facility strategic plan was completed in 2014 that described the facility needs that were presented to the Blue Ribbon Committee to evaluate and make recommendations. The commitment to Council was to continue to find solutions to implement the strategic plan. The Capital Facilities Fund has anticipated selling bonds in the next 5 years for the replacement of City Hall and covering the debt service on those bonds by reallocating existing capital dollars. Also during this biennium, while planning for the future replacement project, we will evaluate the Frost Facility and City Shops to determine the best overall approach to these aging facilities, while also creating a work environment that meets our objectives of providing exceptional customer service and working across departmental lines.
  - *Technology Improvements* – Continue to implement the updated IT strategic plan, which includes several projects that support the replacement of our Enterprise Resource Planning (ERP) and Bi-County Police Information Network (BIPIN) software system.
  - *Sidewalk Replacement Program* – A pilot project was implemented during the current biennium as a trial to determine if the City should take a more proactive role in the replacement of sidewalks in the City. The biennial budget has identified ongoing resources for this program to continue. The program will be discussed with Council to determine policy direction regarding charging residents for a portion of the replacements. The trial project and recommendation is to eliminate charging residents, unless there is damage caused by that resident.
- ***Goal #2 – Continue Infrastructure Planning and Development of Creative Legislative Solutions to Achieve Council’s Strategic Goals in our Opportunity Centers*** – The biennial budget anticipates continued work with our legislators, public and private partners to implement the vision of our opportunity centers. Some examples of those would be:
  - *Building Business Ecosystems Bill*
  - *Other Legislative Economic Development Opportunities and Incentives*
  - *Rural County Capital Funds* – in partnership with Benton County & the Port of Kennewick
  - *Grant & Loan Opportunities*
  - *Public/Private Partnership Opportunities*
  - *Field Engineer Position* – This biennial budget includes the addition of a Field Engineer Position to provide better oversight and control over existing and new infrastructure that will need to be maintained in the future.

- **Goal #3 – Implement Creative Solutions to Maintain the City’s Existing Infrastructure & Provide for Growth in the Most Efficient Manner Possible**
  - *Water Sewer Rate Review* – It is recommended that Council approve the rate adjustments recommended by our consultant and provided to Council during the October 23<sup>rd</sup> council workshop. This rate adjustment will still allow for the City of Kennewick rate payers to have some of the lowest Water and Sewer rates in our local area as well as in relationship to similar sized jurisdictions. Those rate increases will sustain our ongoing programs and support the following:
    - *Automated Control & Telemetry (ACT) backup and support position*
    - *Pretreatment position & program lead in 2020*
    - *Automated Meter Reading (AMR)* – which will provide the ability to reallocate our existing meter reader positions to priority needs in the City
    - *Sewer Interceptor Project (5.7 Mile UPRR)*
    - *Water Transmission Main*
    - *10MG Reservoir (18<sup>th</sup> & Kellogg)*
    - *Wastewater Treatment Plan Improvements* – Plan for plant expansion & the most effective operations and maintenance of our infrastructure
  - *Stormwater Rate Review* – Similar to our Water/Sewer rate study and implementation plan, we conducted a Stormwater rate study and Council provided authorization to update our stormwater rates. With this dedicated funding source, we recommend continuing our current operations and providing the following for a sustainable operating and capital stormwater utility:
    - *Equipment Operator for Stormwater utility*
    - *Decant Facility & Equipment*
    - *Priority Infrastructure capital needs*

**Quality of Life** – “I want to enjoy access to a variety of amenities and opportunities in a safe environment”

**Objective:** Maintain Parks, Provide for Diverse Entertainment Options, Offer Recreation Programs for a Well Planned Community.

- Council objectives are met through the following broad programs in Quality of Life:
  - Recreation & Entertainment Opportunities
  - Parks & Facilities
  - Livable Community
  - Community Planning

The following are Council’s goals for the biennium and the implementation strategies included in the biennial budget:

- **Goal #1 – Support and Promote Conveyance of Columbia Park** – In conjunction with the US Army Corps of Engineers (USACE), our neighboring jurisdictions and in partnership with our Federal legislators, we are working on conveyance of the portion of the shoreline that is no longer needed by the USACE. Columbia Park is included in that proposal and we are actively supporting this effort to move forward so that we can better utilize this regional park located along the waterfront in Kennewick.

During the current biennium and in conjunction with the Park Comprehensive Plan, an outreach was conducted to see what our community envisions for Columbia Park. We heard that they would like to have additional amenities that would not be allowed under the USACE ownership. The City has a vision to be able to provide commercial activity to support the recreation focus of Columbia Park (such as restaurants, coffee shops, recreation equipment rental shops, etc.). In addition, the City will fully implement the following major projects in Columbia Park:

- *Golf Course Clubhouse* – under construction to be rebuilt on the existing footprint
  - *Playground of Dreams Rebuild* – in response to the study regarding improvement and repairs needed, we have identified funding to complete phase I that is under construction and to support the full rebuild during the upcoming biennium on the same footprint as our existing Playground of Dreams. This is being done in partnership with the community and businesses and will provide a safe, accessible and inclusive playground that will be widely used in Columbia Park.
  - *JS Express Train* – in partnership with the Kiwanis Club, the City will be finding a temporary location for the train and identifying a permanent building location.
- ***Goal #2 – Leverage Community Partnerships and Align our Service Delivery to Implement Council Goals and Priorities*** – The following priority programs are recommended for implementation in the biennium:
  - *Wildland/Urban Interface Mitigation Plan* – Zintel Canyon is a nature trail in our community that is very under-utilized and has several issues that need to be mitigated so that we have a nice natural trail that can be utilized as the walking path and nature trail that it was intended. The City has established a cross functional team consisting of Police, Fire, Parks, Public Works, City Attorney, Public Relations and our partner the Kennewick Irrigation District (KID). Priority needs are being identified as well as a long-term plan that will be funded in the upcoming and future bienniums. We will continue to work with the homeowners and stakeholders that abut and utilize this nature trail.
  - *Homelessness & Housing* – we will continue to work with our community partners to identify and implement creative solutions to affordable housing and homelessness concerns. Some of our partner agencies include the Housing Authority, Benton County and our existing Social Service Agencies.
- ***Goal #3 – Prepare for Future Growth through Implementation of our Strategic Comprehensive Plan***
  - *Park & Greenway Maintenance* – in alignment with what we heard from the citizen survey and in order to maintain our existing level of service in our parks and throughout our greenways, we are continuing to work on creative solutions for ongoing, sustainable maintenance of our Parks & Greenways. Some of the strategies we are recommending to implement are:
    - *Tree Replacement* – Ongoing funding for priority tree replacement and maintenance program
    - *Art in the Roundabouts* – Provide funding for maintaining existing and implementing new and creative solutions for Art in Roundabouts, which will include sponsorship opportunities.

- *Jail Crew* – Reduce our jail work crew from 2 work crews to ½ and reallocate dollars to contract services and seasonal part-time wages
- *Implement Cost Recovery Recommendations* – based on attendance and feedback we have received from recreation class participants, we are recommending that our existing policy of recovering 75% for Youth and 100% for Adult recreation programs be modified to:
  - *Recover a minimum of 60% of the costs for Youth & Senior Programs*
  - *Recover 100% of the costs for Adult Programs*

**Responsible Government** – “I want a City government that is responsive, responsible and fiscally accountable”

***Objective:*** Provide Exceptional Public Service, Stewardship, Transparency and a Sustainable Future.

- Council objectives are met through the following broad programs in Responsible Government:
  - Risk Management
  - Community Outreach & Engagement
  - Internal Infrastructure
  - Regional Collaboration
  - Sound Financial Management
  - Excellence in Service

The following are Council’s goals for the biennium and the implementation strategies included in the biennial budget:

- ***Goal #1 – Utilize Creativity and Flexibility in Program Delivery:***
  - *Cross Functional Teams & Staff Development* – as we prepare for 27% of our workforce being eligible for retirement in the next five years, we will continue to focus on cross functional teams and staff development that will provide effective operations and creative solutions that will make us the absolute best organization.
    - *Cross training opportunity with existing BIPIN Analyst*
    - *Cross training for CDBG Coordinator position*
    - *Implement Cross Functional Teams* – examples include:
      - Development Review – provide funding to increase the residential plans examiner/inspector to full-time in 2020
      - Inspection Program
      - Zintel Canyon Mitigation and other Opportunities
      - Records Management – form a public records unit, consolidating the police public records (one existing public records officer and PSS from police) and city records (full-time public records officer)
- ***Goal #2 – Maintain Internal Infrastructure***
  - *Fully Implement the IT Strategic Plan* – This biennium we will continue to implement our updated IT strategic plan with the following programs funded:

- *ERP/Eden System Replacement*
  - *BIPIN System Replacement* – includes the hiring of an additional BIPIN analyst to be paid for by all BIPIN agencies (Benton & Franklin Counties as well as all cities within Benton & Franklin Counties)
  - *Network Security Audit*
  - *Televising Council Meetings* – This was an area that was identified in the Council retreat and solutions reviewed during a workshop this summer
  - *Phase 3 Physical Security* – for the Water Treatment Plant
  - *Workstation Replacement Program* – determine the most effective solution for each employee that will accommodate our diverse needs
  - *Advanced Authentication* – continue implementation that will restrict unauthorized access into our system
- *Ensure Adequate Funding to Maintain Fleet Program* – Added additional one-time funding in the Police, Street & Park fleet replacement programs
  - *Mechanic Position* – will evaluate the needs during the mid-biennium review
- ***Goal #3 – Enhance and Leverage Community Partnerships for Most Efficient and Effective Service Delivery***
  - *Succession Planning* – we continue to work with existing staff and new hires to identify successor interest and provide support to develop our staff for future leadership roles and opportunities within the organization as many of our long term staff will be retiring and we are attracting the next generation workforce.
  - *Realignment of Existing Personnel* – we continue to evaluate where we can provide efficiencies in service delivery through alignment of staff across departmental lines. An example of this will be the implementation of an Automated Meter Reading (AMR) system that is part of the Water/Sewer capital program. We will continue to evaluate how the existing meter readers can be incorporated into other areas in our organization where we have identified needs.
  - *Work with Partner Agencies* – we will continue to work with our public partner agencies (KID, Port, Neighboring Jurisdictions, Benton County, PUD, etc.) as well as private businesses and developers, to provide the best service to our citizens and this community.

The implementation of your Council goals for each of the priority areas are realized in this biennial budget that also provides for sustainable operating and capital budget strategies into the future. The implementation of these recommendations will become my and the organization's performance goals for the 2019/2020 biennium.

Although we have presented a balanced and sustainable budget, we recognize there are vulnerabilities that exist in this budget and are prepared to address them during the upcoming biennium as we continue to implement a Budgeting by Priorities strategic approach to decision making. In addition, there are strategic funding opportunities that will provide the sustainable operating and capital budget into the future and achieve Council's long term goals and priorities that are aligned with the priorities that we heard from our citizens. Some of the vulnerabilities

and opportunities that we will be monitoring and discussing with Council in the upcoming biennium are:

- o **Contracted Services** – The City of Kennewick has some very large contracted services, such as Jail, District Court, Probation Services, Dispatch Services, Emergency Management, Golf Course Management, Union Contracts and others. We will continue to closely monitor these large expenditures and be prepared to modify the budget as needed if our current estimates do not materialize. The largest of these contracted services is the jail contract, which will be expiring at the end of 2020.
- o **State Challenges and Potential Unfunded Mandates** – We will be working to preserve the City's existing state shared revenues, continuing to support revenue flexibility and trying to ensure that additional unfunded mandates are not enacted or that additional fees and charges from the State are not passed onto local governments.
- o **Strategies for Aging Infrastructure and Sustainable Capital Funding** – Identifying funding for critical transportation infrastructure, City facilities, and other capital projects continues to be both a challenge and an opportunity for the City. It is important for the City to maintain the proper balance when allocating its limited resources between capital programs and the operating needs of the City and to continue exploring opportunities for dedicated funding sources, like the Transportation Benefit District (TBD) or Metropolitan Park District (MPD) that are discussed below. We will continue to consider these dedicated funding options with Council during the upcoming biennium.
  - o *Transportation Benefit District* – The State has allowed this revenue option to be specifically dedicated for transportation funding. State statute allows the Council to implement a \$20 car tab fee and also provides a voter approved option up to \$100. Although not popular, currently over 100 cities throughout the State of Washington have established TBD's. Some of the considerations in reviewing a TBD in the future are discussed below:
    - *Pavement Preservation* – in alignment with the citizen survey results, road maintenance and repairs are a priority for our citizens. This funding source could be dedicated to our pavement preservation program, allowing the City to maintain our existing streets as we identify the priority projects through our pavement management system.
    - *State Legislature & Transportation Commission* – we continue to hear from the state legislature and transportation commission that they expect local governments to implement their local funding sources. The State has not been sympathetic to losing state shared revenues when the local government has not implemented the funding sources available. I believe that we will continue to see pressure from the State to implement our local taxing authority in order to maintain our current state shared revenues and receive grant opportunities from the State.
  - o *Water Sewer & Stormwater Rate Reviews* – we will continue to evaluate and update our rate study for our water sewer and stormwater utilities prior to the next biennium to determine how our operating and capital programs are achieving the rate review expectations. We continue to have utility infrastructure priorities as well as operating needs and will provide updates to Council as we prepare for a sustainable utility into the future. It is important that we balance the burden of

infrastructure improvements to our existing and future rate payers, which can be achieved by financing some of the larger, multi-year infrastructure improvements.

- o *Ambulance Utility* – the rate study that was conducted this past biennium identified the full costs to provide Emergency Medical Services (EMS) in our community. We have appropriately allocated our Fire & EMS costs to the Ambulance Utility (Emergency Medical Services) and the General Fund (Fire Suppression, Prevention and Training). There is a significant General Fund contribution required to support the Ambulance Utility, leaving a future opportunity to align the cost to provide EMS services with future rate adjustments, resulting in a sustainable utility and general fund operation.
- o *Metropolitan Park District* – the implementation of a Metropolitan Park District (MPD) would provide a dedicated funding source for the parks and trails within our community. As we continue to review sustainable options that implement the goals and priorities of the Council and our citizens, we may want to consider the opportunities that a MPD can provide to the City of Kennewick and potentially to our region.
- o *Public Facility District* – the Kennewick and Regional Public Facilities District (PFD) is another opportunity in our community to provide regional amenities that are a priority to our community. As we continue to work with the Port of Kennewick to implement the vision of Vista Field, we will continue to evaluate a combination of options that would include a project utilizing the authority established by the PFD in combination with existing sources that are allocated to the Entertainment District and private development opportunities.
- o **Other Potential Opportunities** – we have a few unique opportunities that can be considered that would offset the impact to our citizens as we implement priority programs that require additional funding.
  - o *LEOFF I Retiree Obligation* – we have conducted a study for LEOFF I long-term care and actuarial needs for our LEOFF I retirees. We are recommending reallocating a portion of this source to pay for a portion of the debt service on the fire stations that need to be rebuilt and new station #6, which is keeping with the dedicated public safety use. We will continue to evaluate during the biennium this revenue source and discuss other potential opportunities as the liability for LEOFF I retirees continues to be reduced.
  - o *Washington Survey & Ratings Bureau (WSRB)* – The WSRB will be back at the beginning of 2019 to conduct a review of our Fire and EMS services. This review will result in a report to the City that will determine our rating relating to providing fire services in the community. This rating has an impact on fire insurance premiums. We believe that we are well positioned to receive positive results that could provide savings on insurance premiums in our community. Once we receive the results, we will provide Council with an update and discuss potential strategies.

In addition to providing a sustainable capital budget, the Council's budgeting by priorities model, described below, will allow us to proactively address changes to priorities or budget assumptions that occur during the biennium.

- o **Budgeting by Priorities** – During this Biennial Budget process over 300 services were identified and prioritized. This effort allows the City to respond quickly to any unanticipated reduction in revenues or increase in costs that occur during the biennium. The lower priority services will continue to be evaluated to determine an alternative way to deliver these services, a reduction in service level or elimination of these services as we continue to evaluate the vulnerabilities during the upcoming biennium.

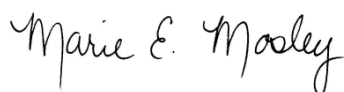
It is important to note that lower priority items are not services deemed needless, inefficient or unwanted by our community. The City takes great pride in delivering every service and citizens have certain expectations for each one. In recent years, City departments have significantly streamlined programs and increased efficiencies to meet priorities with fewer staff and increased population. Due to these recent efforts further reductions or reallocations in any of these services will be challenging to implement, will result in further vulnerabilities and may also be difficult for our citizens to accept.

In summary, I believe this biennial budget is fiscally responsible and provides our citizens with creative means to deliver priority services. We recognize there are vulnerabilities, and we are prepared to strategically address them in the upcoming biennium using our budgeting by priorities model to allocate resources based on the Council and community priorities for service delivery. During the upcoming biennium we will continue to review and consider strategies that will provide sustainability into the future. The implementation of Council's strategic goals through this biennial budget will set the City up for success and provide a sustainable operating & capital budget and path forward into the future.

I would like to acknowledge and thank our employees who work diligently every day to implement City-wide goals and objectives by providing exceptional customer service to our citizens and who critically evaluate the most innovative and effective manner to deliver those services. I would also like to thank the Department Head team for carefully reviewing their budget submittals and recognizing that there are limited resources to be allocated to City-wide priorities. They have approached this biennial budget as a team and from the perspective of identifying the services our citizens expect as a whole from the City, not from a departmental perspective. They continue to implement innovative solutions for effective service delivery. Finally, I would like to thank Dan Legard for his leadership in preparing the biennial budget document. He and the Finance staff have done an exceptional job, with limited resources under a very tight timeframe.

I would be happy to answer any questions that you have regarding this biennial budget and strategies for continuing to optimize our limited resources into the future and in preparation for any unforeseen circumstances that may occur during the upcoming biennium.

Respectfully,



Marie E. Mosley  
City Manager

A faint, light blue background illustration of a tree on the left and a person sitting on a rock in the lower left. The text is centered in a large, bold, blue serif font with a slight drop shadow.

# **2019/2020 Biennial Budget Recommendations**

**October 30, 2018  
Kennewick City Council Workshop**

# Biennial Budget Preparation

- o April 14<sup>th</sup> Retreat (Formed the Foundation):
  - o Reaffirm the 5 Priority Areas & Program Areas
- o Overarching Goal – Provide for a Sustainable Operating & Capital Budget for the Future
- o Citizen Survey – Send out during the summer; Results help shape the biennial budget
- o August 23<sup>rd</sup> Council Workshop – Discussion of Council's broad goals to help shape the budget
- o Budget Instructions & Preparation – Summer/Fall
- o September 25<sup>th</sup> Council Workshop – Baseline budget assumptions & projections
- o 2019/2020 Biennial Budget – Maintains Existing Programs & sets forth the implementation plan for Council's goals

# 2019/2020 Budget Survey

- o Survey Conducted June 13<sup>th</sup> – July 5th
- o Over 1,100 responses received
  - o 86% live in Kennewick
  - o 22% own a business in Kennewick
  - o 39% work in Kennewick
- o Majority felt like the City's budget is allocated to appropriate priorities
- o Respondents indicated the following services as the most important in making Kennewick better for them:
  - o Fire & Ambulance Services (66%)
  - o Police Services (68%)
  - o Reliable Sewer System (54%)
  - o Safe Drinking Water (77%)

# 2019/2020 Budget Survey

- o Respondents indicated it would be unacceptable to reduce or eliminate the current level of road maintenance
- o The majority of our respondents are currently not utilizing the City's social media nor webpage nor listening to audio recordings of Council meetings and indicated they are not likely to watch video recordings
- o Respondents indicated the biggest challenges facing the City as we grow are:
  - o Crime (75%)
  - o Traffic Congestion (69%)
  - o Street Repairs & Maintenance (53%)
  - o Housing Options/Property Values (50%)

# Major Revenue Assumptions

## (General & Street Funds)

- o Tax Revenues:
  - o Sales Tax – 3% growth per year plus impacts of Marketplace Fairness Act
  - o Utility Tax:
    - o Electric – 4% incr. each yr. (1.5% customer growth & 2.5% rate incr.)
    - o Telephone – 7% **reduction** each yr.
    - o Cable – 0% change from projected 2018 for both 2019 and 2020
    - o Other Utilities – Generally 1.5% customer growth and 2% for rates tied to CPI (where applicable)
  - o Property Tax:
    - o 2019 – Preliminary AV and 1% growth in base levy
    - o 2020 – 1% growth in base levy and \$100M in new construction (40% in Southridge LRF)
- o State Shared Revenue – No reduction in current funding
- o Other Revenues – generally anticipate 2% increase per year

# Major Expenditure Assumptions

## (General & Street Funds)

### o Personnel Costs:

- o Wages – Per contract terms through end of contract period with projected rates for 2020 (if applicable)
  - o Allowance for Under-Expenditures of \$2M
- o Medical Rates – premium increases of 3.3% in 2019 and 5% in 2020 with increases to employee paid premiums
- o Retirement – Per DRS projections

### o Major Interlocal Contract Assumptions:

- o Jail – Budget allocation of 16.92%, 4% incr. to net billable costs
- o SeComm/BCES – 2019 assessment & 7.5% incr. in 2020
- o District Court/OPD – 10% incr. to budget allocation based on caseloads

# Major Expenditure Assumptions

## (General & Street Funds)

---

- o Transfers:
  - o Risk Management Fund - \$1.775M
  - o Toyota Center & Arena - \$400K (+\$350K lodging tax)
  - o Capital - \$2M
  - o Columbia Park Golf Links - \$254K
- o Other expenditures – generally 5% increase for biennium

# 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 2018 Property Tax Levy is \$12.46 per \$1,000 in assessed valuation. The City receives 17¢ 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 punch-board, 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             | \$ 2,491                  | \$ 2,491             | \$ 434                         |
| Water/Sewer              | \$ 620                    | \$ 83                | \$ 537                         |
| Utilities                | \$ 5,339                  | \$ 442               | \$ 442                         |
| Retail Sales             | \$ 19,468                 | \$ 1,674             | \$ 165                         |
| Admissions/Entertainment | \$ 2,000                  | \$ 100               | \$ 100                         |
| Gambling/Arcade Games    | \$ 500                    | \$ 10                | \$ 10                          |
| State Shared Revenues    | \$ 6,500                  | \$ 1,534             | \$ 148                         |
| Ambulance Utility        | \$ 110                    | \$ 110               | \$ 110                         |
| Stormwater Utility       | \$ 49                     | \$ 49                | \$ 49                          |
| <b>TOTALS:</b>           | <b>\$ 37,077</b>          | <b>\$ 6,493</b>      | <b>\$ 1,995</b>                |

### Admissions Taxes

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

### State Shared Revenue

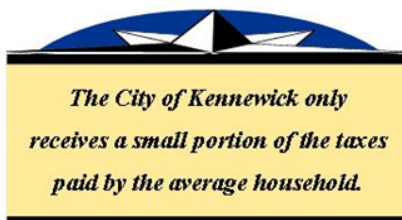
State shared revenues are collected by the State and include Gas Tax, Liquor Tax, PUD Privilege Tax, and Criminal Justice funding. Distributions are made on a per capita basis.

### Ambulance Utility Fee

Kennewick citizens pay \$9.19 per month for ambulance services.

### Stormwater Utility Fee

Kennewick residents pay \$4.11 per month to help fund the stormwater program.

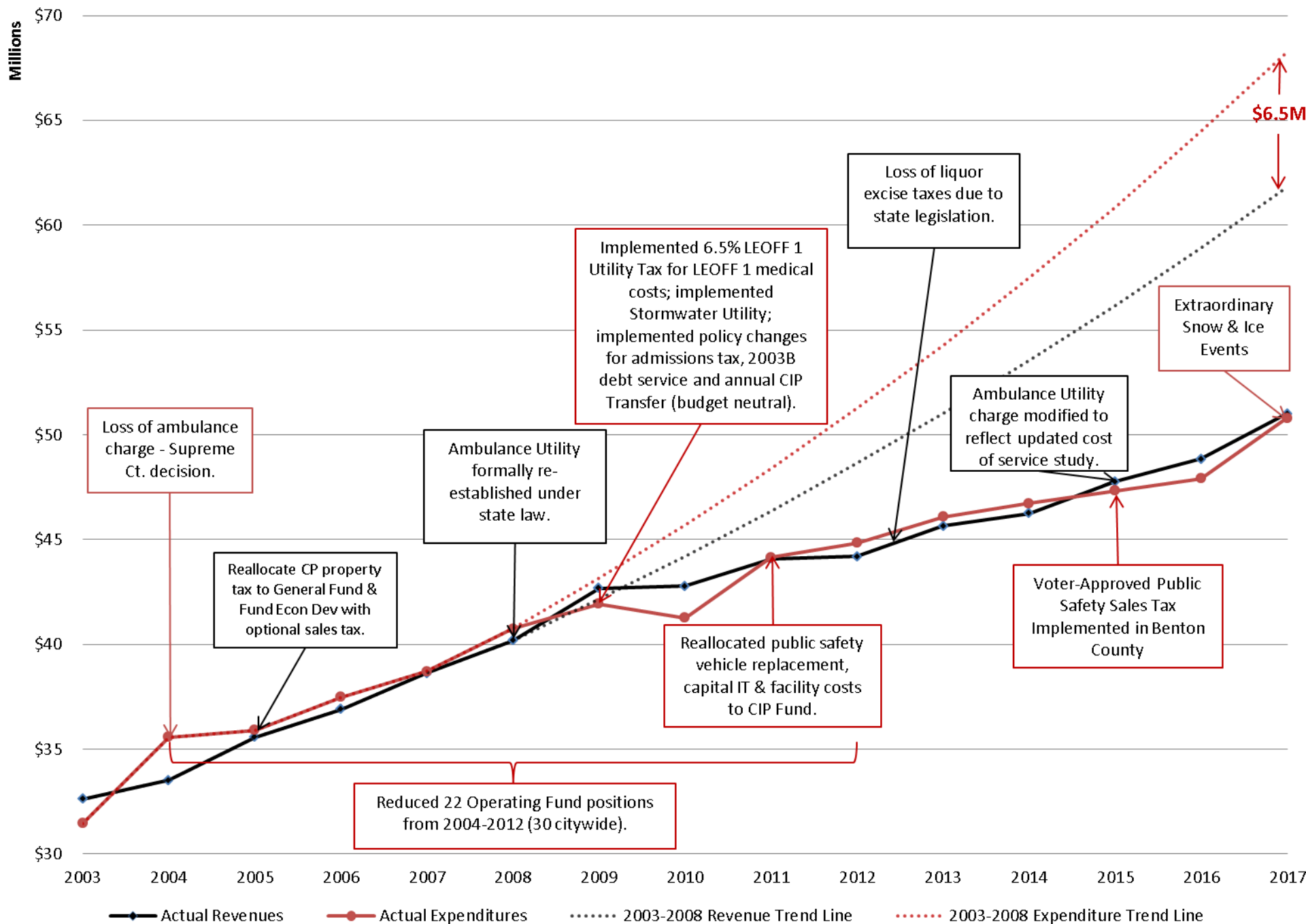


# What does your \$166 per month get you?

For just \$166 per month, the average household in the City of Kennewick receives these basic services.



# General and Street Fund Revenues & Expenditures 2003 - 2017



# Priority Areas



*I want to be safe where I live, work  
and play.*



# Community Safety

Objective – Continue to Ensure the Safety of our Community by  
Maintaining Current Service Levels & Partnerships

- o Continued Focus on Combatting Criminal Gang Activity
- o Enhance School Safety
- o Implement Strategic Staffing & Deployment Model for the Fire Department
- o Maintain the Availability of Safe Drinking Water for a Growing Population



# Biennial Budget Recommendations

- o **Combat Gang Activity:**
  - o Continue implementation of existing program commitments
  - o Work with Benton County on partnership opportunities
    - o District Court, OPD, Jail, Probation contracts (impact of LFO decision)
  - o Cell Phone & Radio Replacement Programs
- o **Enhance School Safety:**
  - o Implement School Resource Officers (5 SRO's) in all middle schools in partnership with the School District
- o **Strategic Staffing & Deployment Model for Fire:**
  - o Implement Ambulance Utility Recommendations
  - o Fully implement the new recruit regional fire academy
  - o Fulfill requirements of SAFER Grant by March, 2019 and deploy resources on a temporary basis (12 FTE's to staff station #6)
- o **Safe Drinking Water – Implement recommendations from the Water/Sewer rate study**
  - o ACT Specialist to provide cross training for SCADA & Telemetry
  - o Pre-treatment position & program lead – in 2020

*I want a diverse and vibrant economy  
in Kennewick.*



# Economic Development

Objective – Support Existing Businesses and the Creation of Sustainable Family Wage Jobs

- o Support and Promote the Realignment of the City's Urban Growth Area
- o Implement the Vision and Policies Established for the City's Opportunity Centers:
  - o Bridge to Bridge/Downtown
  - o Vista Entertainment District
  - o Columbia Park
  - o Southridge
- o Support Legislative Efforts for the Building Business Ecosystems Bill



# Biennial Budget Recommendations

- o Apply for (by Dec 1, 2018) and implement (during the biennium) the realignment of the Cities UGA
  - o Partnership with Benton County, property owners and Futurewise
- o Work in partnership with property owners and developers to implement the vision of Southridge
- o Rural County Capital Funds & Partnerships:
  - o Columbia Gardens — implement phase II in partnership with the County, Port, CBC and private developers
  - o Vista Field — implement phase I Vista Field improvements in partnership with the Port & provide the synergy with the Entertainment District
- o Support Building Business Ecosystems Act — for Vista Field Development
- o Community Branding:
  - o Wayfinding — implement phase I Wayfinding in Kennewick

*I want a well-maintained City whose infrastructure keeps pace with growth.*



# Infrastructure and Growth

**Objective – Maintain Existing Infrastructure and Build New Infrastructure to Support Economic Development & Expansion**

- o Strategic Funding & Implementation of a Sustainable Capital Facilities Plan
  - o Transportation Projects
  - o Utility Infrastructure
  - o City Owned Facilities & Parks
- o Continue Infrastructure Planning and the Development of Creative Legislative Solutions to Achieve Council's Strategic Goals in our Opportunity Centers
- o Implement Creative Solutions to Maintain the City's Existing Infrastructure & Provide for Growth in the Most Efficient Manner Possible



# Biennial Budget Recommendations

- o Sustainable Funding for Priority Capital Facilities Plan:
  - o Pavement Preservation – \$2M annually plus Kennewick Avenue project & continue to review long-term strategy for sustainable funding
  - o Priority Capital Needs (strategic plan to deal with aging infrastructure, while providing sustainability into the future):
    - o Police & Fire Fleet Replacement Program – additional one-time funding
    - o Street & Parks Partial Fleet Replacement – additional one-time funding
    - o Fire Stations – reallocate portion of W/S utility tax for LEOFF I medical
    - o Ridgeline/395 Intersection – in partnership with WSDOT
    - o Planned Replacement of City Hall – in 5 years (evaluate City Hall, Frost & Shops)
    - o Technology Improvements – implement IT Strategic Plan
    - o Sidewalk Replacement Program – identify & implement priority areas
- o Implement Creative Solutions to Maintain Existing Infrastructure:
  - o Field Engineer Position – Provide better oversight & control over existing and new infrastructure that will be maintained in the future

# Biennial Budget Recommendations

## ◦ Water/Sewer & Stormwater Rate Recommendations:

- Automated Meter Reading – ability to reallocate existing meter reader positions
- Equipment Operator for Stormwater
- Priority plant & infrastructure capital needs
- Decant Facility & Equipment
- Sewer Interceptor Project (5.7 mile UPRR)
- Water Transmission Main
- 10MG Reservoir (18<sup>th</sup> & Kellogg)
- Planning for future plant expansion & most effective operations and maintenance of our infrastructure (Wastewater treatment plant improvements, etc.)

*I want to enjoy access to a variety of amenities and opportunities in a safe environment.*



# Quality of Life

Objective – Maintain Parks, Provide for Diverse Entertainment Options, and Offer Recreation Programs for a Well Planned Community

- o Support and Promote Conveyance of Columbia Park
- o Leverage Community Partnerships and Align our Service Delivery to Implement Council Goals and Priorities
- o Prepare for Future Growth through Implementation of our Strategic Comprehensive Plan



# Biennial Budget Recommendations

- o Support & Promote Conveyance of Shoreline
  - o Partner with USACE & other agencies
- o Leverage Partnerships in Community
  - o Wildland/Urban interface mitigation plan — Zintel Canyon partnership with KID and cross functional team
- o Nuisance Abatement & Code Enforcement Abatement Fund
- o Housing & Homelessness — community partnership with:
  - o Housing Authority
  - o Benton County,
  - o Social Service Agencies
- o Park & Greenway Maintenance
  - o Tree replacement and maintenance program
  - o Work on creative solutions (Arts in Roundabouts); seek sponsorship opportunities & maintain art projects
  - o Reduce to ½ jail work crew (from existing 2) and reallocate dollars to contract services & seasonal part-time wages
- o Implement Cost Recovery Recommendations:
  - o Minimum of 60% cost recovery for Youth Programs
  - o Minimum of 60% cost recovery for Senior Programs

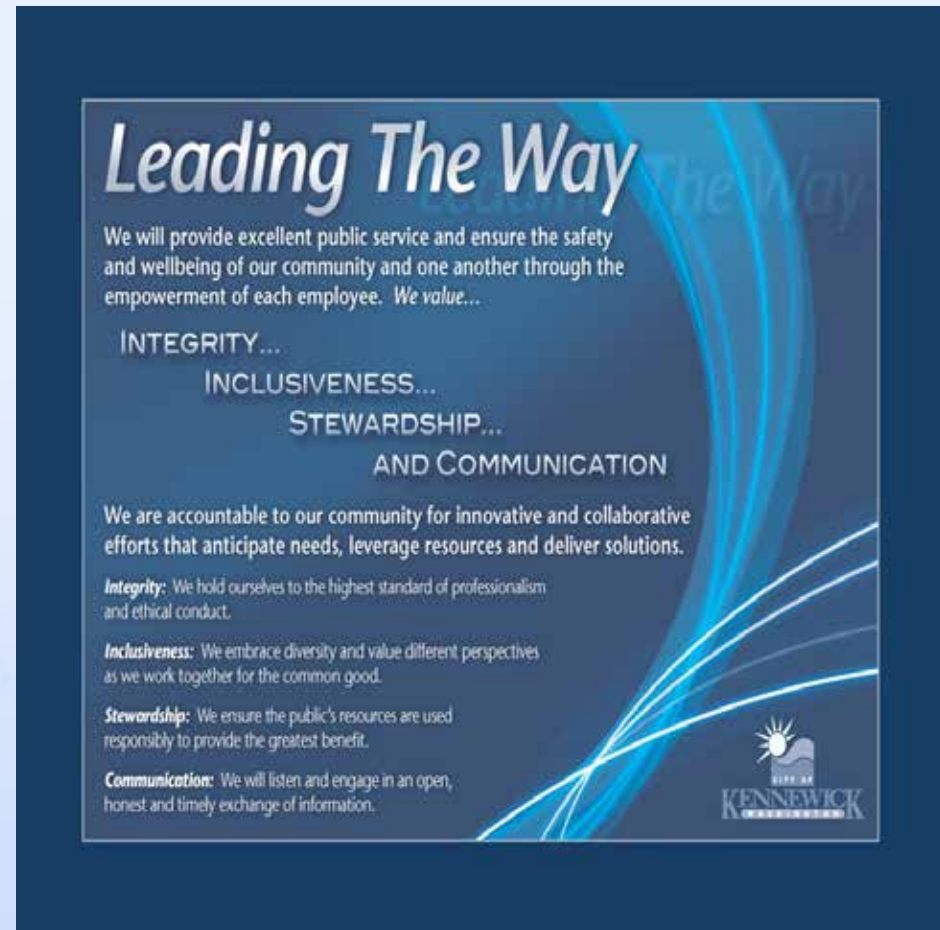
*I want a City government that is responsive,  
responsible and fiscally accountable.*



# Responsible Government

Objective – Provide Exceptional Public Service, Stewardship, Transparency and a Sustainable Future

- o Utilize Creativity and Flexibility in Program Delivery:
  - o Cross-Functional Teams
  - o Staff Development
- o Maintain Internal Infrastructure
  - o Fully Implement the 5-Year IT Strategic Plan
  - o Ensure adequate funding to maintain fleet program
- o Enhance and Leverage Community Partnerships for Most Efficient and Effective Service Delivery



# Biennial Budget Recommendations

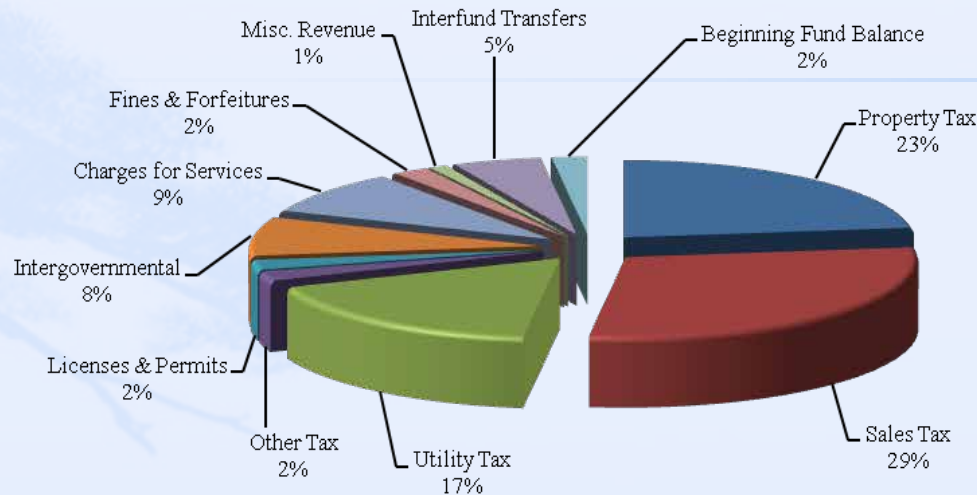
- o IT Strategic Plan — Implement recommendations from the updated IT Strategic Plan:
  - o ERP/Eden System Replacement
  - o BIPIN System Replacement – Including new analyst to support BIPIN and cross training
  - o Network Security Audit
  - o Televising Council Meetings — Enhance outreach to community
  - o Phase 3 Physical Security — Water Treatment Plant
  - o Workstation Replacement Program
  - o Advanced Authentication — Restrict unauthorized access
- o Records Management — Form a public records unit
  - o Consolidate police & city public records unit and make public records officer full-time

# Biennial Budget Recommendations

- o Internal Cross Functional Teams and Succession Planning:
  - o Cross Training Opportunity for BIPIN Analyst
  - o Cross Training Opportunity for CDBG Coordinator Position
  - o Implement Cross Function Teams:
    - o Development Review (increase residential plans examiner/inspector position to full-time in 2020)
    - o Inspection Program
    - o Attracting the Next Generation
    - o Social Media and Public Outreach
    - o Zintel Canyon Mitigation & Opportunity
- o Fleet System – provide sustainable funding for replacement and maintenance of all City fleet
  - o Evaluate mechanic position & needs at mid-biennium

# Sources of Funding – Operating Funds

## 2019/2020 Proposed Budget

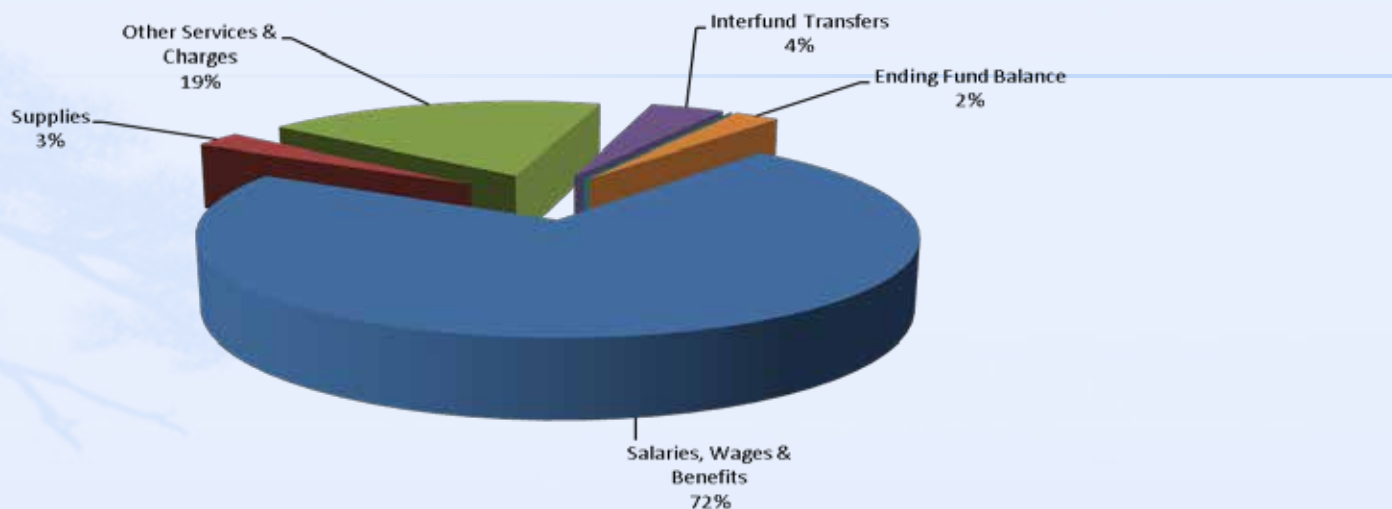


| Sources of Funding<br>Operating Funds | 2015-2016<br>Actual | 2017-2018<br>Adjusted<br>Budget* | 2019-2020<br>Proposed<br>Budget | 17/18 - 19/20      |           |
|---------------------------------------|---------------------|----------------------------------|---------------------------------|--------------------|-----------|
|                                       |                     |                                  |                                 | \$ Change          | % Change  |
| Property Tax                          | \$23,453,007        | \$24,978,224                     | \$26,019,988                    | \$1,041,764        | 4%        |
| Sales Tax                             | 27,331,369          | 29,546,000                       | 32,629,800                      | 3,083,800          | 10%       |
| Utility Taxes                         | 17,486,506          | 18,472,000                       | 18,954,000                      | 482,000            | 3%        |
| Other Taxes                           | 2,315,761           | 2,332,000                        | 2,220,400                       | (111,600)          | -5%       |
| Licenses & Permits                    | 1,717,260           | 2,094,000                        | 2,204,100                       | 110,100            | 5%        |
| Intergovernmental                     | 7,460,913           | 8,380,554                        | 8,677,754                       | 297,200            | 4%        |
| Charges for Services                  | 8,759,474           | 9,565,508                        | 10,377,201                      | 811,693            | 8%        |
| Fines & Penalties                     | 2,069,185           | 2,472,800                        | 2,056,400                       | (416,400)          | -17%      |
| Miscellaneous Revenue                 | 1,212,012           | 972,572                          | 1,093,900                       | 121,328            | 12%       |
| Interfund Transfers                   | 4,793,932           | 5,017,083                        | 4,864,917                       | (152,166)          | -3%       |
| Subtotal Revenues:                    | 96,599,419          | 103,830,741                      | 109,098,460                     | 5,267,719          | 5%        |
| Beginning Fund Balance                | 2,423,685           | 3,767,421                        | 2,700,000                       | (1,067,421)        | -28%      |
| <b>Total Sources</b>                  | <b>\$99,023,104</b> | <b>\$107,598,162</b>             | <b>\$111,798,460</b>            | <b>\$4,200,298</b> | <b>4%</b> |

\*Includes proposed fall 2018 budget adjustment.

# Uses of Funding – Operating Funds

## 2019/2020 Proposed Budget



| Uses of Funding<br>Operating Funds | 2015-2016<br>Actual | 2017-2018            | 2019-2020            | 17/18 - 19/20      |           |
|------------------------------------|---------------------|----------------------|----------------------|--------------------|-----------|
|                                    |                     | Adjusted<br>Budget*  | Proposed<br>Budget   | \$ Change          | % Change  |
| Salaries, Wages & Benefits         | \$69,155,792        | \$76,325,522         | \$80,415,611         | \$4,090,089        | 5%        |
| Supplies                           | 2,874,298           | 3,988,856            | 2,898,195            | (1,090,661)        | -27%      |
| Other Services & Charges           | 18,622,396          | 19,869,233           | 21,108,170           | 1,238,937          | 6%        |
| Interfund Transfers                | 4,534,257           | 4,156,700            | 4,603,000            | 446,300            | 11%       |
| Capital Outlay                     | 68,940              | 264,785              | -                    | (264,785)          | -100%     |
| Subtotal Appropriations:           | 95,255,683          | 104,605,096          | 109,024,976          | 4,419,880          | 4%        |
| Ending Fund Balance                | 3,767,421           | 2,993,066            | 2,773,484            | (219,582)          | -7%       |
| <b>Total Uses:</b>                 | <b>\$99,023,104</b> | <b>\$107,598,162</b> | <b>\$111,798,460</b> | <b>\$4,200,298</b> | <b>4%</b> |

\*Includes proposed fall 2018 budget adjustment.

# 2019/2020 Proposed Budget

## CITY OF KENNEWICK COMPARATIVE BUDGET SUMMARY

| FUND                                     | ACTUAL<br>2015/2016  | ADJUSTED<br>BUDGET<br>2017/2018* | PROPOSED<br>BUDGET<br>2019/2020 | VARIANCE |
|------------------------------------------|----------------------|----------------------------------|---------------------------------|----------|
| <b>OPERATING (GENERAL &amp; STREET)</b>  | \$99,023,103         | \$107,598,162                    | <b>\$111,798,460</b>            | 4%       |
| <b>CAPITAL PROJECTS</b>                  | 57,889,305           | 67,022,629                       | <b>75,653,515</b>               | 13%      |
| <b>ENTERPRISE &amp; INTERNAL SERVICE</b> |                      |                                  |                                 |          |
| Water & Sewer                            | 46,333,369           | 61,690,954                       | <b>72,408,188</b>               | 17%      |
| Building Safety                          | 4,281,696            | 4,556,312                        | <b>5,580,000</b>                | 22%      |
| Medical Services                         | 11,876,435           | 13,863,009                       | <b>26,607,604</b>               | 92%      |
| Coliseum Fund                            | 7,665,359            | 12,900,246                       | <b>8,332,266</b>                | -35%     |
| Stormwater                               | 3,538,411            | 5,230,597                        | <b>5,217,969</b>                | 0%       |
| Columbia Park Golf Course                | 535,471              | 2,178,412                        | <b>916,900</b>                  | -58%     |
| Equipment Rental                         | 10,138,322           | 12,948,505                       | <b>11,573,594</b>               | -11%     |
| Risk Management                          | 3,200,444            | 3,899,467                        | <b>3,919,536</b>                | 1%       |
| Central Stores                           | 681,531              | 650,681                          | <b>656,000</b>                  | 1%       |
| Subtotal                                 | 88,251,038           | 117,918,183                      | <b>135,212,057</b>              | 15%      |
| <b>DEBT SERVICE</b>                      | 12,861,487           | 6,857,379                        | <b>7,295,397</b>                | 6%       |
| <b>SPECIAL REVENUE</b>                   |                      |                                  |                                 |          |
| Cash Reserve Fund                        | 2,753,500            | 2,753,500                        | <b>2,811,300</b>                | 2%       |
| BI-PIN Operations                        | 647,005              | 709,954                          | <b>1,168,847</b>                | 65%      |
| Community Development                    | 1,980,086            | 2,207,787                        | <b>1,305,000</b>                | -41%     |
| MPD Assistant Operations                 | 32,599               | -                                | -                               | -        |
| Asset Forfeiture Fund                    | 146,144              | 111,576                          | <b>72,800</b>                   | -35%     |
| Public Safety                            | 4,793,932            | 4,984,583                        | <b>4,864,917</b>                | -2%      |
| Lodging Tax Fund                         | 3,420,694            | 3,767,344                        | <b>4,206,285</b>                | 12%      |
| Criminal Justice Sales Tax               | 4,276,917            | 5,582,118                        | <b>5,944,600</b>                | 6%       |
| Subtotal                                 | 18,050,877           | 20,116,862                       | <b>20,373,749</b>               | 1%       |
| <b>FIDUCIARY TRUST FUNDS</b>             | 4,796,748            | 6,367,855                        | <b>6,798,000</b>                | 7%       |
| <b>TOTAL</b>                             | <b>\$280,872,558</b> | <b>\$325,881,070</b>             | <b>\$357,131,178</b>            | 10%      |

\*Includes proposed fall 2018 budget adjustment.

# Future Opportunities in 2019/2020

## Discuss Sustainable Strategies

- o **Blue Ribbon Committee Recommendations:**
  - o **Transportation Benefit District (potential \$20 car tab fee):**
    - o Sustainable Capital Budget into the Future
    - o Pavement Preservation – Budget survey results
  - o **Strategies for Aging Facilities – within existing resources**
    - o Toyota Center & Entertainment District – Public/Private Opportunities
    - o City Hall, Frost Facility & 10<sup>th</sup> Avenue Shops Integration
    - o Fire Stations
    - o Swimming Pool
  - o **Metropolitan Park District & Public Facility District Opportunities**
- o **W/S & Stormwater Rates – Evaluate and implement rate recommendations**
  - o AMR implementation & reallocation of current meter reading staff
- o **Succession Planning – Provide internal & external opportunities & modern work environment**
- o **Strategies to offset the Impact to our Citizens:**
  - o LEOFF I Utility Tax Rate – evaluate options and implement recommendations
  - o Washington Survey & Rating Bureau Results – fire insurance premiums



Questions?





# 2019 Property Tax Levy

# Property Tax Distribution

School District - 40¢

State School I&II - 25¢

City - 17¢

County - 10¢

Other - 8¢



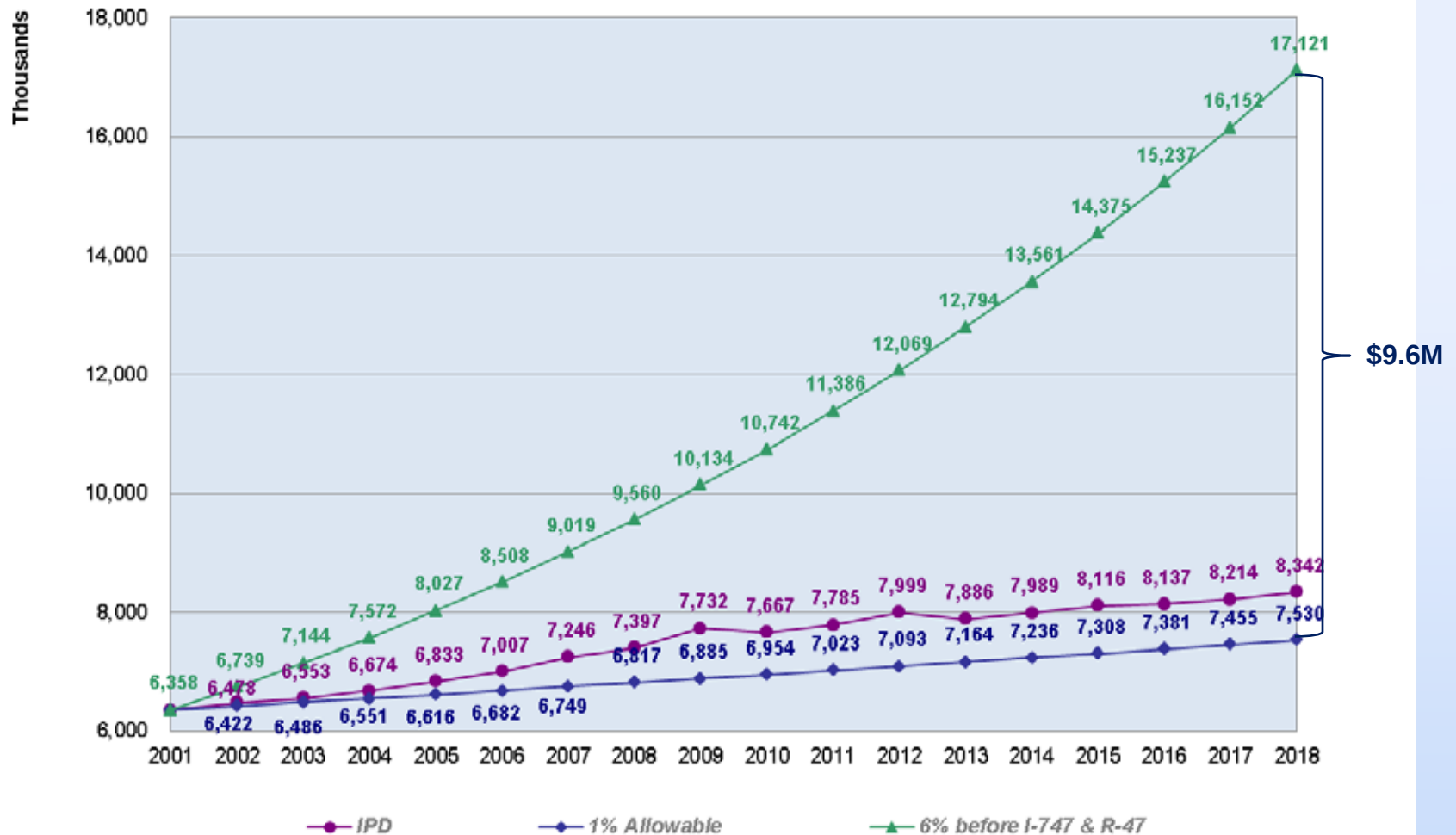
***2018 Total Property Tax Levy – \$12.46***

# Property Tax Overview

- Statutory Maximum Levy Rate is \$3.325 for Kennewick (\$3.825 less \$.50 library district) without voter approval
- Prior to November, 1997 base levy limit factor was 106%
- Referendum 47 (1997) reduced limit Implicit Price Deflator (IPD) but allowed for up to a 6% increase if approved by a super-majority vote of Council
- I-747 (2001) further reduced limit to the lesser of IPD or 1%
  - Revenue derived from New Construction & Annexations are outside the limitation of I-747
  - I-747 was declared unconstitutional in 2007, but was then added to state law later in the year

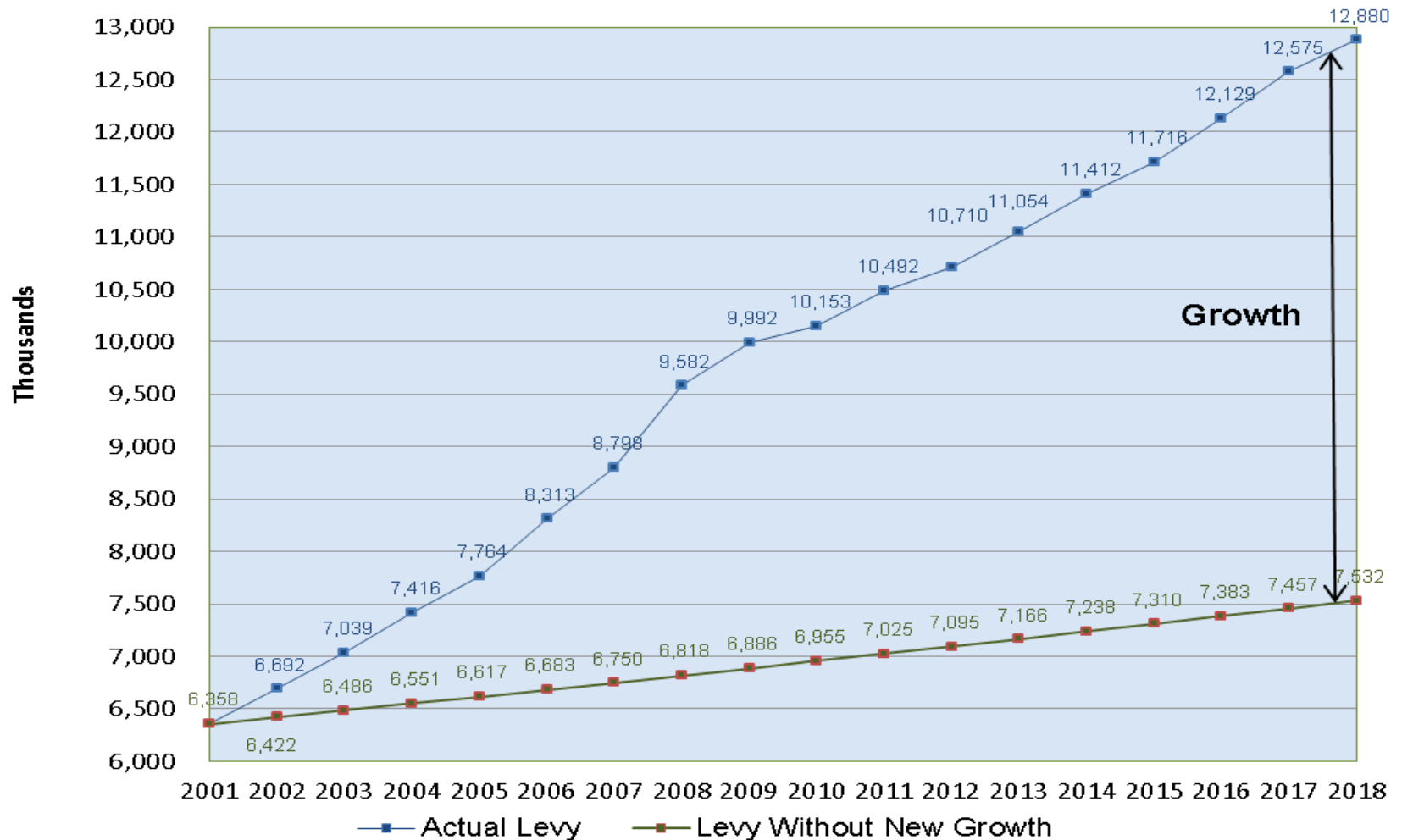
# Reduced Levy Capacity

## 2001 - 2018

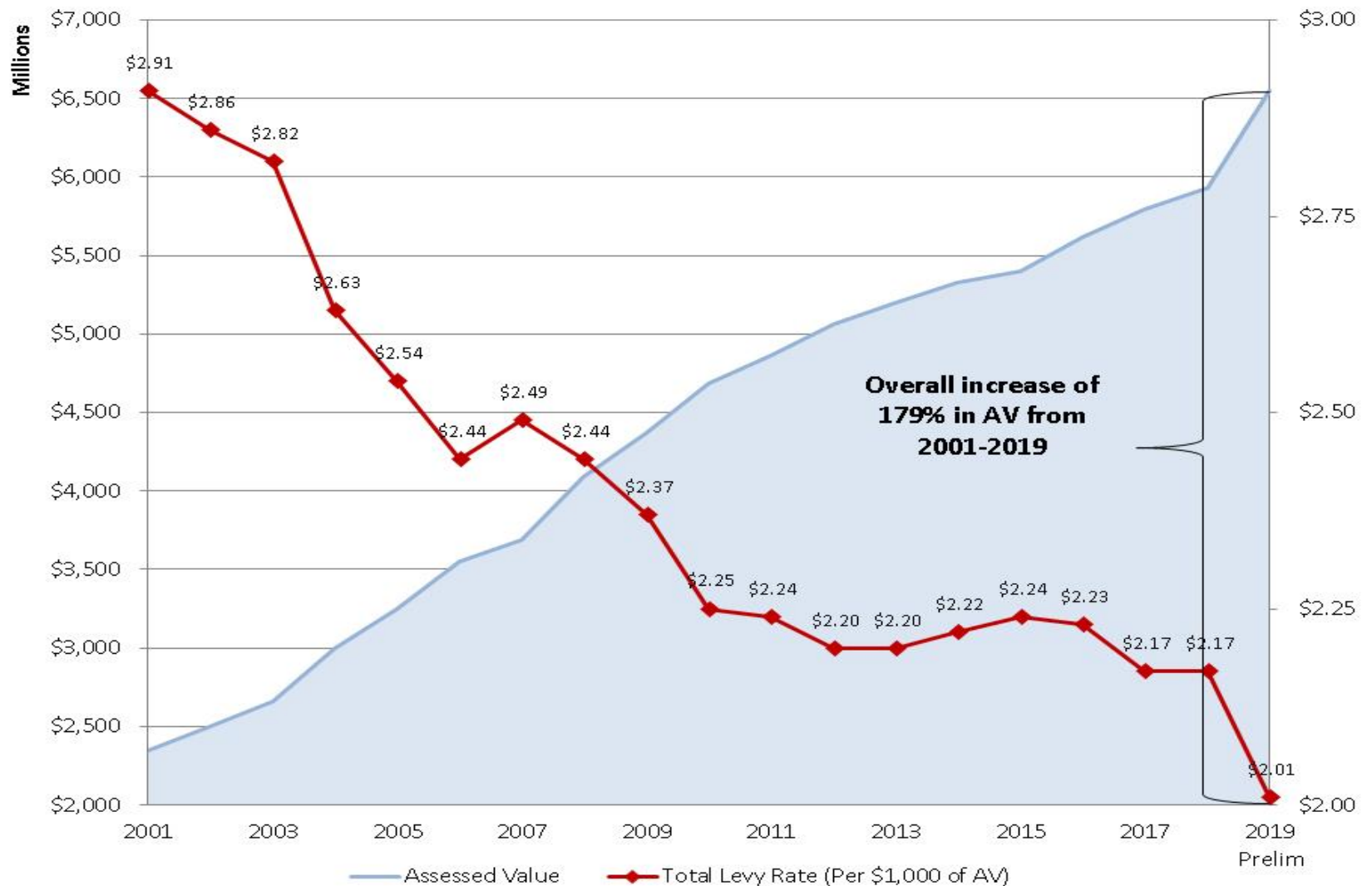


# Property Tax Levy History

2001 - 2018



# AV & Levy Rate 2001-2018



# 2019 Property Tax Levy Proposal

- o **Property Tax Levy Rate** — Reduction of 16¢ to \$2.01 (per \$1,000 of AV)
  - o Reduction of \$32 annually for the owner of a \$200K home, if value remains constant
- o **Preliminary Assessed Value** — Increased by \$618M (Total AV of \$6.55B)
  - \$83.6M from new construction
    - o \$22.2M in Southridge LRA (75% dedicated to LRF program)
  - \$534M from revaluation of existing property – 9% incr.
    - 2018 valuation for 2019 levy reflects more aggressive “market adjustment” by Assessor
- o **Property Tax Levy** — Increase of \$311k to \$13.2M
  - New Construction (\$83.6M in AV) - \$181k (\$36k to SR LRF)
  - Change to Base Levy - \$130k (1% as allowed by State law)
    - July 2018 IPD = 2.169%

# Tri-City 2018 Levy Rate Comparison

|                        | <u><b>Kennewick</b></u> | <u><b>Pasco</b></u>     | <u><b>Richland</b></u>  |
|------------------------|-------------------------|-------------------------|-------------------------|
| Regular Levy           | \$ 2.1708               | \$ 1.7457               | \$ 2.6658               |
| Voted G.O. Bonds       | 0.0000                  | 0.0000                  | 0.3179                  |
| Library District       | <u>0.3671</u>           | <u>0.0000</u>           | <u>0.0000</u>           |
| Total Rate Per \$1,000 | <u><u>\$ 2.5379</u></u> | <u><u>\$ 1.7457</u></u> | <u><u>\$ 2.9837</u></u> |

# Fall Budget Adjustment (Thousands)

| Fund Type             | 2017/2018<br>Adjusted<br>Budget | Fall 2018<br>Budget<br>Adjustment | 2017/2018<br>Adjusted<br>Budget |
|-----------------------|---------------------------------|-----------------------------------|---------------------------------|
| General & Street      | \$ 106,005                      | \$ 1,593                          | \$ 107,598                      |
| Special Revenue Funds | 25,308                          | 174                               | 25,482                          |
| Debt Service Funds    | 6,857                           | -                                 | 6,857                           |
| Capital Funds         | 64,246                          | (2,588)                           | 61,658                          |
| Proprietary Funds     | 112,016                         | 4,902                             | 116,918                         |
| Trust Funds           | 6,368                           | -                                 | 6,368                           |
| Totals:               | \$ 320,800                      | \$ 4,081                          | \$ 324,881                      |

**(1.3% Incr.)**

- Includes revised projections for property tax, utility tax, and construction engineering permit revenues.
- Includes 2018 Fire IMT personnel and revised projections for non-IMT Fire overtime.
- Includes the replacement of approximately ½ of Police Department radios that are at the end of life.
- Includes revised projections for interlocal contracts including jail, District Court and OPD.
- Includes \$575K for a new signal at 27<sup>th</sup> & Olson.
- Includes reduction for city match on SR395/Ridgeline Intersection.
- Includes estimated costs for replacement of the ice plant and lighting at the Toyota Center & Arena.
- Includes revised appropriation for new Columbia Parks Golf Links clubhouse and course operations.



# Questions or Comments

2019/2020 Biennial Budget Recommendations

2019 Property Tax Levy

Fall 2018 Budget Adjustment



# City Council Meeting Schedule November 2018

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November 6, 2018  
Tuesday, 6:30 p.m.

REGULAR COUNCIL MEETING

November 13, 2018  
Tuesday, 6:30 p.m.

WORKSHOP MEETING  
1. Committee Updates

November 20, 2018  
Tuesday, 6:30 p.m.

REGULAR COUNCIL MEETING

November 27, 2018  
Tuesday, 6:30 p.m.

WORKSHOP MEETING  
1. Columbia Park Golf Links Annual Plan 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

November 2018  
Updated 10/23/18