

MUKILTEO CITY COUNCIL AGENDA BILL 2020-68	
SUBJECT TITLE: 2021 Final Budget – Public Hearing	Meeting Date: November 23, 2020
Staff Lead: Mayor Jennifer Gregerson	Exhibits: 1. Memos and 2021 Preliminary Budget Document 2. Ordinance 1445 3. Powerpoint
Department Director:	
Estimated Time: 120 minutes	
Previous Review: Council Worksession: 9/14/20 , Regular Meeting: 10/05/2020 , Special Meeting 10/12/20 , Regular Meeting 10/19/20 , Special Meeting 10/26/20 ; Regular Meeting 11/02/20 ; Special Meeting 11/09/20 ; Regular Meeting 11/16/20	

RECOMMENDATION: Council **MOTION** to approve 2020 Final Budget Adoption Ordinance 1445, as amended.

SUMMARY:

The Mayor's goals for the 2021 Preliminary Budget are:

- focus on core services
- identify all possible savings and communicate impacts
- seek funding options to continue preferred levels of city services where possible

After processing the motions approved by Council last week, the 2021 Budget now includes adopted Property Tax rates, as well as the amendments as approved last week:

- Rosehill "subsidy" limited to \$112,000
 - Mix of supply/services cuts (about \$20,000) and salaries and benefits (remaining \$40,000)
- \$66,288 in other General Fund adjustments as approved by Council

These changes result in the use of \$288,679 of ending fund balance (EFB). This would leave \$3,655,765 in EFB, which is 23.8% of annual operations.

The following pages include the last remaining staff recommended changes, ideas proposed by Councilmembers to date, information about Rosehill operations in the first quarter of 2021, and a list of current vacancies and an answer to Councilmember Champion's question about cost of living increases included in the budget.

STAFF RECOMMENDED CHANGES

	Summary of Changes to 2021 Preliminary Budget prior to Final Budget Public Hearing		
	GENERAL FUND	Revenues	Expenditures
Adopted	Increase Property Tax Revenues based on Preliminary Assessed Valuation from County	19,787	
Adopted	Reduce Transfer-Out to Emergency Medical Services Fund due to higher tax revenues in EMS		(7,676)
	Court Operations Change and New RFP resulting in Prosecuting Attorney Increase		5,000
	Subtotal Net Impact to General Fund Balance	14,787	
	EMERGENCY MEDICAL SERVICES FUND	Revenues	Expenditures
Adopted	Increase Property Tax Revenues based on Preliminary Assessed Valuation from County	7,676	
Adopted	Decrease Transfer-In from General Fund due to higher property tax revenues	(7,676)	
	Subtotal Net Impact to Emergency Medical Services Fund Balance	0	
	SURFACE WATER FUND	Revenues	Expenditures
	Decrease Surface Water Dump Truck Cost, Removing Trailer		(15,000)
	Increase SW Billing Services based on updated overhead rate received from MWWD		3,950
	Subtotal Net Impact to Surface Water Fund Balance	(11,050)	

The chart below lists items that came up as questions or proposals from Councilmembers through the budget hearings. Further explanation for many of the items below can be found [here](#).

	FURLOUGHS/STAFFING			
BC,JM, LH,RE	One Day of Furlough, All Employees except Public Safety		(15,968)	
SK,RE, JM	Avoid furloughs by implementing Council salary contributions back to the City, approx. \$200/month		(16,800)	
	Councilmembers donate full salary back to City, approx. \$400/month		(33,600)	
BC	Additional 6 Months Vacancy Streets Maintenance Worker 1		(30,924)	LH,SK
BC	Additional 9 Months Vacancy Assistant Planner		(65,412)	LH,SK
	SALES TAX			
	Adjust projection from \$2.3million to \$2.4million based on Ms. Meyer's recommendation	100,000		
	Subtotal Net Impact to General Fund Balance	560,568		
	SURFACE WATER FUND	Revenues	Expenditures	
BC,JM, LH,RE	One Day of Furlough, All Employees		(3,560)	
BC	Reduce Surface Water Rates to 2019 Rate, \$2.33 per month per residential unit	(366,432)		LH,RE,JM
RE	Switch Dump Truck Chassis to the International body, total of \$290,000		(20,000)	
	Subtotal Net Impact to Surface Water Fund Balance	3,560		
	WATERFRONT PARKING FUND	Revenues	Expenditures	
BC,JM, LH,RE	One Day of Furlough, All Employees except Public Safety		(850)	
	Subtotal Net Impact to Waterfront Parking Fund Balance	850		
	EQUIPMENT REPLACEMENT FUND	Revenues	Expenditures	
	EMS Cardiac Monitor replacement		21,400	
	Subtotal Net Impact to Capital Projects Fund Balance	(21,400)		
	CAPITAL PROJECTS FUND	Revenues	Expenditures	
BC	Reduce Traffic Calming Budget		(25,000)	RE,LH,SK,JM
	Subtotal Net Impact to Capital Projects Fund Balance	25,000		
Councilmembers: Bob Champion (BC), Elisabeth Crawford (EC), Richard Emery (RE), Riaz Khan (RK), Sarah Kneller (SK), Louis Harris (LH), Joe Marine (JM)				

2020 Budget Update

Councilmembers have asked about the status of the 2020 Budget ending fund balance. Staff is working to prepare the final budget amendment for December 7. We do have the projected ending fund balance based on estimated actual revenue and expenditures as of November 18. Total revenues exceed expenditures, so additional money will be left in the ending fund balance.

For the General Fund, including transfers out to other funds:

- Estimated Total Expenditures; \$15,483,668
- Estimated Total Revenues: \$15,347,169
- Leaves \$136,499 in ending fund balance.
- Total Ending Fund Balance for the start of 2021 estimated at \$3,944,444, which is 25.7%

Rosehill Community Center 2020 First Quarter Operations

Rosehill Community Center will be fully closed until March 1. Emails and voicemails will not be returned. Starting March 1, the staff will begin a reopening phase-in. Recreation program sign-ups and reservations will be taken. Other Recreation and Cultural Services Department activities will continue, including but not limited to support of the Parks and Arts Commission, operations and business planning, reopening procedures, and support of any new COVID-related grant programs.

The City expects to save \$1,950 per month in the first quarter on gas, electricity, sewer, and water utilities, in the Facilities Maintenance Fund, for a total savings of \$5,850 in that fund.

Currently Vacant Positions

Councilmembers have asked about vacant positions. Currently, outside of Fire and Police, these positions are vacant:

- Maintenance Worker 1, Streets
- Assistant Planner
- Senior Engineering Technician (as of November 13)
- Finance Director
- Customer Service Clerk (one is vacant, the rest are in layoff status)

Cost of Living Increases

Councilmember Champion asked if there were cost of living increases included in the budget for non-represented employees. All non-represented employees (directors and managers) have a cost of living increase of 2.25% applied.

The total budget cost is \$41,460 in General Fund-supported funds and \$4,640 in Surface Water.

The positions below are non-represented and receiving the 2.25%:

- | | |
|--------------------------------------|----------------------------------|
| • Accounting Manager | • City Administrator |
| • Administrative Support Coordinator | • City Clerk |
| • Assistant City Engineer | • Community Development Director |
| • Assistant Police Chief | • Customer Service Clerk |
| • Capital Projects Engineer | • Executive Assistant |

- Finance Director
- Fire Chief
- Fire Marshal
- Human Resources Manager
- IT Manager
- Planning Manager
- Police Chief
- Public Works Superintendent
- Public Works Director
- Recreation/Cultural Director

For reference, the cost of living increases for other employees are:

- IAFF (Fire)- 2.25%
- OCT (Office, Clerical and Technical) - 2.0%
- LEO (Law Enforcement Officers)- 2.5%
- LES (Law Enforcement Support)- 2.0%
- PW (Public Works)- 1.5%
 - The Public Works contract cost of living increase is based on the Seattle-Tacoma-Bellevue CPI-U, June to June, with a minimum of 1.5% and a maximum of 3.0%.

EXHIBIT 1

**CITY OF MUKILTEO
MUKILTEO, WASHINGTON
ORDINANCE NO. 1445**

**AN ORDINANCE OF THE CITY OF MUKILTEO, WASHINGTON,
ADOPTING THE 2021 MUNICIPAL BUDGET IN THE AMOUNT OF
\$43,886,766.**

WHEREAS, the Mayor's 2021 Preliminary Budget recommendation and Budget Message was presented to the City Council, and filed with the City Clerk for the purpose of presenting the 2021 Annual Budget; and

WHEREAS, the City Clerk provided sufficient copies of the Mayor's Preliminary Budget and Budget Message to meet the reasonable demands of taxpayers, and published and posted notice of filing and the availability of said Preliminary Budget together with the date of a public hearing for the purpose of fixing a Final Budget, all as required by law; and

WHEREAS, the City Council scheduled a hearing on the Preliminary Budget for the purpose of providing information regarding estimates and programs; and

WHEREAS, the City Council held Preliminary Budget public hearings on October 5, 12, 19, and 26 at which hearings all taxpayers were heard who appeared for or against any part of said budget; and

WHEREAS, the public hearings for the Final Budget were held on November 2 and 9, and 16; and

WHEREAS, following the conclusion of said hearing, the City Council made adoptions and changes as it deemed necessary and proper.

NOW THEREFORE THE CITY COUNCIL OF THE CITY OF MUKILTEO, WASHINGTON DO ORDAIN AS FOLLOWS:

Section 1. The 2021 budget for the City of Mukilteo, Washington, on file with the City Clerk, is hereby adopted in its final form and content. The totals of estimated revenues and transfers in and appropriations for expenditures and transfers out for each separate Fund and the aggregate totals for all such Funds combined, in summary form, are attached hereto as Exhibit "A" and incorporated herein by this reference.

Section 2. A complete copy of the 2021 Adopted Municipal Budget, together with a copy of this adopting ordinance shall be transmitted by the Finance Director to the Division of Municipal Corporations of the Office of the State Auditor and to the Association of Washington Cities.

Section 3. Administrative Budget Adjustments. The Mayor and City Administrator are authorized to transfer budgeted appropriations within any Fund when considered necessary for the

EXHIBIT 1

conduct of City business and the provision of services to the public as long as the total appropriations of any Fund are not increased. Any budget adjustments that would increase the total appropriations of any Fund must be approved by the City Council by Ordinance as part of the budget amendment process. Budgeted appropriations are defined to include amounts budgeted for both expenditures and transfers to other Funds.

This section shall not be construed to authorize expenditures in excess of expenditure limits established by the City Council for the specific program or services.

Section 4. This ordinance shall take effect five (5) days after publication of the attached summary, which is hereby approved.

PASSED by at least a majority plus one of the City Council and APPROVED by the Mayor this 23rd day of November, 2020.

APPROVED

MAYOR, JENNIFER GREGERSON

ATTEST/AUTHENTICATED:

CITY CLERK, CAROL MOORE

APPROVED AS TO FORM:
OFFICE OF THE CITY ATTORNEY:

By: _____
DANIEL KENNY

FILED WITH THE CITY CLERK: 11-23-2020
PASSED BY THE CITY COUNCIL: 11-23-2020
PUBLISHED:
EFFECTIVE DATE:
ORDINANCE NO. 1445

EXHIBIT 1

ORDINANCE NO. 1445

Exhibit A

Exhibit 1 - BUDGET SUMMARY BY FUND								
	BEGINNING FUND BALANCE	REVENUE	INCOMING TRANSFERS	TOTAL FUND SOURCES	EXPENDITURES	OUTGOING TRANSFERS	TOTAL FUND USES	ENDING FUND BALANCE
GENERAL & SPECIAL REVENUE FUNDS								
General	\$ 3,944,444	\$ 14,919,301	\$ 154,000	\$ 15,073,301	\$ 13,705,100	\$ 1,656,880	\$ 15,361,980	\$ 3,655,765
City Reserve	1,000,000	-	-	-	-	-	-	1,000,000
LEOFF I Reserve	19,957	-	-	-	11,200	-	11,200	8,757
Transportation Benefit District	411,826	317,650	-	317,650	-	729,476	729,476	-
Streets	-	548,250	302,500	850,750	850,750	-	850,750	-
Waterfront Parking	18,256	769,700	-	769,700	729,550	-	729,550	58,406
Hotel/Motel Lodging Tax	144,031	245,000	-	245,000	250,600	-	250,600	138,431
Emergency Medical Services	-	2,989,320	1,229,380	4,218,700	4,155,700	63,000	4,218,700	-
Drug Enforcement	4,279	20,000	-	20,000	20,000	-	20,000	4,279
DEBT SERVICE FUND	10,132	-	870,000	870,000	879,140	-	879,140	992
CAPITAL PROJECT FUNDS								
Capital Projects	-	9,192,025	2,477,375	11,669,400	11,669,400	-	11,669,400	-
Park Acquisition & Development	250,449	20,000	-	20,000	-	-	-	270,449
Transportation Impact Fee	120,589	50,000	-	50,000	-	92,400	92,400	78,189
Real Estate Excise Tax I	2,047,661	700,000	-	700,000	-	895,000	895,000	1,852,661
Real Estate Excise Tax II	1,045,999	700,000	-	700,000	-	1,745,999	1,745,999	-
PROPRIETARY FUNDS								
Surface Water Management	5,078,018	4,228,640	-	4,228,640	5,125,871	48,950	5,174,821	4,131,837
Surface Water Reserve	300,000	-	-	-	-	-	-	300,000
INTERNAL SERVICE FUNDS								
Technology Replacement Reserve	128,837	18,500	103,000	121,500	125,000	-	125,000	125,337
Equipment Replacement Reserve	1,571,996	277,000	-	277,000	231,000	-	231,000	1,617,996
Facilities Maintenance	-	801,750	-	801,750	801,750	-	801,750	-
Facility Renewal	320,662	15,000	95,450	110,450	100,000	-	100,000	331,112
	\$ 16,417,136	\$ 35,812,136	\$ 5,231,705	\$ 41,043,841	\$ 38,655,061	\$ 5,231,705	\$ 43,886,766	\$ 13,574,211

EXHIBIT 1

SUMMARY OF ORDINANCE NO 1445 of the City of Mukilteo, Washington

On November 23, 2020, the City Council of the City of Mukilteo, Washington, adopted Ordinance No. 1445 the main point of which may be summarized by its title as follows:

AN ORDINANCE OF THE CITY OF MUKILTEO, WASHINGTON, ADOPTING THE 2021 MUNICIPAL BUDGET IN THE AMOUNT OF \$43,886,766.

The 2021 Budget as Set Forth in Exhibit “A”:

Exhibit 1 - BUDGET SUMMARY BY FUND								
	BEGINNING FUND BALANCE	REVENUE	INCOMING TRANSFERS	TOTAL FUND SOURCES	EXPENDITURES	OUTGOING TRANSFERS	TOTAL FUND USES	ENDING FUND BALANCE
GENERAL & SPECIAL REVENUE FUNDS								
General	\$ 3,944,444	\$ 14,919,301	\$ 154,000	\$ 15,073,301	\$ 13,705,100	\$ 1,656,880	\$ 15,361,980	\$ 3,655,765
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LEOFF I Reserve	19,957	-	-	-	11,200	-	11,200	8,757
Transportation Benefit District	411,826	317,650	-	317,650	-	729,476	729,476	-
Streets	-	548,250	302,500	850,750	850,750	-	850,750	-
Waterfront Parking	18,256	769,700	-	769,700	729,550	-	729,550	58,406
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Emergency Medical Services	-	2,989,320	1,229,380	4,218,700	4,155,700	63,000	4,218,700	-
Drug Enforcement	4,279	20,000	-	20,000	20,000	-	20,000	4,279
DEBT SERVICE FUND	10,132	-	870,000	870,000	879,140	-	879,140	992
CAPITAL PROJECT FUNDS								
Capital Projects	-	9,192,025	2,477,375	11,669,400	11,669,400	-	11,669,400	-
Park Acquisition & Development	250,449	20,000	-	20,000	-	-	-	270,449
Transportation Impact Fee	120,589	50,000	-	50,000	-	92,400	92,400	78,189
Real Estate Excise Tax I	2,047,661	700,000	-	700,000	-	895,000	895,000	1,852,661
Real Estate Excise Tax II	1,045,999	700,000	-	700,000	-	1,745,999	1,745,999	-
PROPRIETARY FUNDS								
Surface Water Management	5,078,018	4,228,640	-	4,228,640	5,125,871	48,950	5,174,821	4,131,837
Surface Water Reserve	300,000	-	-	-	-	-	-	300,000
INTERNAL SERVICE FUNDS								
Technology Replacement Reserve	128,837	18,500	103,000	121,500	125,000	-	125,000	125,337
Equipment Replacement Reserve	1,571,996	277,000	-	277,000	231,000	-	231,000	1,617,996
Facilities Maintenance	-	801,750	-	801,750	801,750	-	801,750	-
Facility Renewal	320,662	15,000	95,450	110,450	100,000	-	100,000	331,112
	\$ 16,417,136	\$ 35,812,136	\$ 5,231,705	\$ 41,043,841	\$ 38,655,061	\$ 5,231,705	\$ 43,886,766	\$ 13,574,211

The full text of this ordinance will be mailed upon request.


APPROVED by the City Council on November 23, 2020

CITY CLERK, CAROL MOORE

Exhibit 3



1



2020 Budget Update

- Budget Amendment scheduled for December 7
- General Fund:
 - Estimated Total Expenditures; \$15,483,668
 - Estimated Total Revenues: \$15,347,169
 - Leaves \$136,499 in ending fund balance.
 - Total Ending Fund Balance for the start of 2021 estimated at \$3,944,444, which is 25.7%

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2021 General Fund

- Now includes adopted Property Tax and staff recommended Court and Prosecutor increases
- Amendments as approved last week:
 - Rosehill “subsidy” limited to \$112,000
 - Mix of supply/services cuts (about \$20,000) and salaries and benefits (remaining \$40,000)
 - \$66,288 in other General Fund adjustments as approved by Council
- Results in use of \$288,679 of ending fund balance (EFB)
- Would leave \$3,655,765 in EFB, which is 23.8%

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Revenue Options

- Included in 2021 Preliminary Budget:
 - Water/wastewater franchise fees increase
 - Increase in EMS Transport revenues and Waterfront Parking fees and parking fines
- Other fees in the Fee Schedule can be increased
 - Business Licenses, new B&O Tax
 - Waterfront Parking (\$0.25 = \$55,000 in WFP Fund)
- Vehicle License Fee up to \$20 is possible
 - \$5.00 = \$145,000 for streets, sidewalks, bike infrastructure, in Capital Projects Fund, possibly Streets Fund

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Sales Tax Update

- 2021 Preliminary Budget \$2.7 Million
 - Reduced to \$2.565 Million then to \$2.3 Million
- YTD 2020 amounts indicate on track to exceed 2020 budget amount of \$2.7 Million (likely to reach \$2.9M) despite COVID-19


	Jan - Oct 2019	Jan - Oct 2020
	\$ 2,362,285	\$ 2,532,281

- Subtracting Ferry Project, 2020 still exceeding 2019

	Jan - Oct 2019	Jan - Oct 2020
WITHOUT FERRY PROJECT		
Total Sales Tax Collected	\$ 2,253,400	\$ 2,375,962

- 2021 Estimate could be increased to \$2.565 Million or \$2.4 Million to be more conservative


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Options to Preserve General Fund Balance

FURLOUGHS/STAFFING			
BC, JM, LH, RE, SK, RE, JM	One Day of Furlough, All Employees except Public Safety		(15,968)
	Avoid furloughs by implementing Council salary contributions back to the City, approx. \$200/month		(16,800)
	Councilmembers donate full salary back to City, approx. \$400/month		(33,600)
BC	Additional 6 Months Vacancy Streets Maintenance Worker 1		(30,924) LH, SK
BC	Additional 9 Months Vacancy Assistant Planner		(65,412) LH, SK
SALES TAX			
	Adjust projection from \$2.3million to \$2.4million based on Ms. Meyer's recommendation	100,000	
Subtotal Net Impact to General Fund Balance			560,568
SURFACE WATER FUND		Revenues	Expenditures
BC, JM, LH, RE	One Day of Furlough, All Employees		(3,560)
BC	Reduce Surface Water Rates to 2019 Rate, \$2.33 per month per residential unit	(366,432)	LH, RE, JM
RE	Switch Dump Truck Chassis to the International body, total of \$290,000		(20,000)
Subtotal Net Impact to Surface Water Fund Balance			3,560
WATERFRONT PARKING FUND		Revenues	Expenditures
	Furlough Target		(850)
Subtotal Net Impact to Waterfront Parking Fund Balance			850
EQUIPMENT REPLACEMENT FUND		Revenues	Expenditures
	EMS Cardiac Monitor replacement		21,400
Subtotal Net Impact to Capital Projects Fund Balance			(21,400)
CAPITAL PROJECTS FUND		Revenues	Expenditures
BC	Reduce Traffic Calming Budget		(25,000) RE, LH, SK, JM
Subtotal Net Impact to Capital Projects Fund Balance			25,000
Councilmembers: Bob Champion (BC), Elisabeth Crawford (EC), Richard Emery (RE), Riaz Khan (RK), Sarah Kneller (SK), Louis Harris (LH), Joe Marine (JM)			


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Other Options to Preserve General Fund Balance

- Reduce or Eliminate 2021 Contributions to Reserve Funds:
 - \$231,000 to Equipment Replacement from General Fund
 - \$22,000 to Facility Renewal from General Fund
 - \$21,000 to Equipment Replacement from EMS Fund
 - \$63,000 to Facility Renewal from EMS Fund
- Still maintains minimum fund balance in all funds in accordance with policy

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Discussion

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