



RECOMMENDED BUDGET 2021

CHALLENGES

- ▶ COVID-19 PANDEMIC:
 - ▶ IMPLEMENTING PROTOCOLS TO PREVENT THE SPREAD OF THE VIRUS.
 - ▶ CARRY ON GOVERNMENT BUSINESS AND ESSENTIAL FUNCTIONS.
- ▶ WORSENING ECONOMIC CONDITIONS.
- ▶ DECLINING REVENUES.

RIGOROUS DISCIPLINE AND LESSONS LEARNED FROM 2014

- ▶ STRUCTURAL EXPENDITURES ARE PAID FOR BY STRUCTURAL REVENUE.
- ▶ ONE TIME MONEY IS USED FOR ONE-TIME PAYMENTS.
- ▶ NECESSITY OF ADEQUATE CONTINGENCY FUND.
- ▶ THESE BECAME CULTURAL FOUNDATIONS TO THE BUDGET GOING FORWARD.



RESULTS OF RECOVERY FROM 2014 CRISIS

- ▶ BALANCED, SOLVENT BUDGET FOR LAST 5 YEARS.
- ▶ SIGNIFICANT BOND RATING UPGRADE FROM STANDARD & POORS TO AA+ AND UPGRADE FROM MOODY'S:
 - ▶ RESULTING IN SAVINGS OF HUNDREDS OF THOUSANDS OF DOLLARS IN BOND ISSUANCE INTEREST COSTS.
- ▶ CONSISTENT 5 YEAR FORECAST PROJECTING SUSTAINABLE FINANCIAL CONDITIONS.



STEPS TAKEN TO AVOID FINANCIAL RISK

- ▶ FROZE VACANT POSITIONS.
- ▶ INSTITUTED WORKSHARE.
- ▶ CUT SEVERAL POSITIONS.
- ▶ ESTABLISHED EARLY RETIREMENT BENEFITS.
- ▶ PUT POLICE OFFICER IN TRAINING PROGRAM ON HOLD.
- ▶ TOOK ADVANTAGE OF FEDERAL AND STATE STAND BY PROGRAM.
- ▶ DOCUMENTED COVID-19 RELATED COSTS TO QUALIFY FOR FEDERAL CARES ACT RESOURCES.
- ▶ STRATEGIC USE OF ONE TIME REVENUES AND FUND BALANCE.



STRATEGIC INITIATIVES

- ▶ E.A.T.S. PROGRAM IMPLEMENTATION.
- ▶ GRO BUSINESS ASSISTANCE PROGRAM FOR LOCAL BUSINESSES AND SOCIAL PROGRAMS.
- ▶ INSTITUTED CONSERVATIVE BUDGET ASSUMPTIONS RELATIVE TO ANTICIPATED DECREASE IN REVENUES.
- ▶ COMMITTED TO ACCOMPLISHING APPROPRIATE CONTINGENT RESERVES BASED ON NATIONAL PROTOCOLS OF GOVERNMENT FINANCE OFFICERS ASSOCIATION:
 - ▶ 16.67% OF TOTAL FUND SHOULD REMAIN IN CONTINGENCY RESERVE.



STRATEGIC INITIATIVES

- ▶ COMPREHENSIVE REVIEW OF CITY FUNCTIONS TO IDENTIFY ESSENTIAL GOVERNMENT ACTIVITIES AND PROGRAMS.
- ▶ IMPLEMENTATION OF VIRTUAL BUSINESS:
 - ▶ BUILDING DEPARTMENT, PLAN REVIEW AND INSPECTIONS.
 - ▶ VIRTUAL COURT FOR THE MOST PART.
 - ▶ VIRTUAL RECREATION PROGRAMS.
- ▶ ISSUED AN EMERGENCY DECLARATION ON MARCH 5, 2020:
 - ▶ STOOD UP OUR EMERGENCY OPERATIONS CENTER AT FIRE STATION 67 IN COOPERATION WITH SOUTH KING FIRE AND RESCUE.



2021 BUDGET OVERVIEW

- ▶ CLOSURE OF CITY FACILITIES – REDUCTION OF PROGRAM FEES AND EVENT REVENUE. ASSUME FACILITIES CLOSED POTENTIALLY THROUGH JUNE 2021.
- ▶ 2021 PROPERTY TAX REVENUE DOES NOT INCLUDE THE ADDITIONAL 1% PROPERTY TAX LEVY. THE FORGONE 1% PROPERTY TAX INCREASE OF \$52,528 WILL BE BANKED AND AVAILABLE FOR FUTURE LEVY CAPACITY INCREASES.
- ▶ SALES AND B&O TAXES FOR 2021 ARE 7.6% LESS THAN AMOUNT ORIGINALLY BUDGETED IN 2020.
- ▶ RETAIN \$300,000 OF THE \$400,000 PLANNED ONE-TIME SALES AND B&O TAX REVENUE IN GENERAL FUND BALANCE TO ENSURE CONTINGENCY RESERVES OF 16.67%.

2021 BUDGET OVERVIEW

- ▶ REVIEW OF ESSENTIAL FUNCTIONS.
- ▶ STAFFING OVERVIEW – TOTAL DECREASE OF 9.0 FTE'S (4 OF THOSE WERE FUNDED BY ONE-TIME MONIES) AND INCREASE OF 2 HALF TIME POSITIONS:
 - ▶ STAFF REDUCTIONS:
 - ▶ 2.0 FTE'S IN COURT STAFFING DUE TO CHANGES IN MUNICIPAL COURT OPERATIONS.
 - ▶ 3.0 FTE'S FROM PUTTING THE 'HIRE AHEAD PROGRAM' ON HOLD – REDUCTION IN RED LIGHT PROGRAM REVENUE.
 - ▶ 2.0 FTE'S IN POLICE DEPARTMENT REORGANIZATION THAT ELIMINATED THE EVIDENCE TECHNICIAN AND THE MANAGEMENT ANALYST.
 - ▶ 1.0 FTE FOR THE LAYOFF OF THE ADMINISTRATIVE ASSISTANT, PARKS & RECREATION AND SENIOR SERVICES.
 - ▶ 1.0 FTE FOR THE OFFICE MANAGER POSITION AT THE MARINA.
 - ▶ STAFFING ADDITIONS:
 - ▶ 0.5 FTE IN LIMITED TERM HR POSITION – PROVIDES FULL-TIME ASSISTANCE FOR THE IMPLEMENTATION OF THE HR/PAYROLL SYSTEM.
 - ▶ 0.5 FTE FOR A RECORDS SPECIALIST RELATED TO THE BODY CAMERA PROGRAM.



2021 BUDGET OVERVIEW

- ▶ BODY CAMERA PROGRAM AND CLOUD STORAGE.
- ▶ HUMAN SERVICES ALLOCATION - \$175,000 FOR 2021 (\$25,000 INCREASE).

2021 ANNUAL BUDGET

Funds	Total City Budget	%
General Fund	\$ 28,776,681	31.19%
Special Revenue Funds	\$ 23,440,129	25.41%
Debt Service Funds	\$ 658,573	0.71%
Municipal Capital Improvements Fund	\$ 8,164,185	8.85%
Transportation Capital Improvements Fund	\$ 2,993,974	3.25%
Marina Fund	\$ 7,584,727	8.22%
Surface Water Management Fund	\$ 12,542,963	13.59%
Internal Service Funds	\$ 8,102,497	8.78%
Total City Budget	\$ 92,263,729	100.00%

2021 REVENUE SOURCES BY FUND

(PAGES 24 AND 25 IN BUDGET DOCUMENT)

	Funds	Taxes	Licenses & Permits	Inter-Governmental	Charges for Services	Fines and Forfeits	Miscellaneous	Other Financing Sources	Transfers In	Subtotal	Beginning Fund Balance	TOTAL SOURCES
	001 General Fund	\$ 14,321,858	\$ 1,372,250	\$ 885,986	\$ 5,374,426	\$ 1,512,700	\$ 235,402	\$ -	\$ -	\$ 23,702,622	\$ 5,074,059	\$ 28,776,681
Special Revenue	101 Streets	\$ 488,435	\$ 728,430	\$ -	\$ -	\$ -	\$ 2,500	\$ -	\$ 495,000	\$ 1,714,365	\$ 640,253	\$ 2,354,618
	102 Street Pavement	-	617,574	-	-	-	12,500	-	-	630,074	1,601,930	2,232,004
	105 Development	-	994,150	67,000	1,558,309	1,000	22,400	-	-	2,642,859	4,272,119	6,914,978
	107 Police Drug Seizure	-	-	-	-	-	1,250	-	-	1,250	22,718	23,968
	111 Hotel-Motel Tax	70,000	-	-	-	-	250	-	-	70,250	74,489	144,739
	113 Affordable Housing Sales Tax	30,000	-	-	-	-	-	-	-	30,000	-	30,000
	120 Traffic In Lieu	-	-	-	1,185,000	-	1,000	-	-	1,186,000	910,771	2,096,771
	121 Traffic Impact - City-wide	-	-	-	1,490,000	-	2,500	-	-	1,492,500	862,230	2,354,730
	122 Traffic Impact - Pacific Ridge	-	-	-	39,000	-	1,250	-	-	40,250	598,158	638,408
	130 REET 1	600,000	-	-	-	-	7,500	-	-	607,500	850,348	1,457,848
	131 REET 2	600,000	-	-	-	-	5,000	-	-	605,000	385,950	990,950
	135 Park Levy	-	-	182,500	-	-	250	-	-	182,750	10,806	193,556
	136 Park In Lieu	-	-	-	135,305	-	1,500	-	-	136,805	404,611	541,416
	139 One Time Sales Tax	-	-	-	-	-	10,000	-	100,000	110,000	868,590	978,590
	140 Redondo Zone	-	-	-	-	200	88,350	-	-	88,550	8,429	96,979
	141 Waterfront Zone	-	-	-	-	750	189,600	-	-	190,350	131,240	321,590
	142 PBPW Automation Fee	-	-	-	125,000	-	2,000	-	-	127,000	391,031	518,031
	151 Urban Forestry	-	-	-	5,000	-	-	-	-	5,000	-	5,000
	180 Abatement	-	-	-	-	200	2,150	-	-	2,350	49,375	51,725
190 Automated Speed Enforce (ASE)	-	-	-	-	110,000	2,000	-	-	112,000	276,011	388,011	
199 Transportation Benefit District	-	-	-	-	-	-	-	-	-	1,106,217	1,106,217	
	Total Special Revenue Funds	\$ 1,788,435	\$ 2,340,154	\$ 249,500	\$ 4,537,614	\$ 112,150	\$ 352,000	\$ -	\$ 595,000	\$ 9,974,853	\$ 13,465,276	\$ 23,440,129

2021 REVENUE SOURCES BY FUND (CONTINUED)

Funds		Taxes	Licenses & Permits	Inter-Governmental	Charges for Services	Fines and Forfeits	Miscellaneous	Other Financing Sources	Transfers In	Subtotal	Beginning Fund Balance	TOTAL SOURCES	
Debt Service	201	REET 1 Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,242	\$ 19,242	\$ 16,917	\$ 36,159	
	202	REET 2 Debt Service	-	-	-	-	-	-	246,203	246,203	31,869	278,072	
	208	2018 LTGO Debt Service	-	-	-	-	350	-	230,600	230,950	113,392	344,342	
		Total Debt Service	\$ -	\$ -	\$ -	\$ -	\$ 350	\$ -	\$ 496,045	\$ 496,395	\$ 162,178	\$ 658,573	
Capital Project	310	Municipal Capital Improvement	\$ -	\$ -	\$ 3,266,000	\$ -	\$ -	\$ -	\$ 804,000	\$ 4,070,000	\$ 4,094,185	\$ 8,164,185	
	319	Transportation Capital Improvement	-	-	716,000	-	-	-	677,000	1,393,000	1,600,974	2,993,974	
		Total Capital Project Funds	\$ -	\$ -	\$ 3,982,000	\$ -	\$ -	\$ -	\$ 1,481,000	\$ 5,463,000	\$ 5,695,159	\$ 11,158,159	
Enterprise	401	Marina	\$ -	\$ -	\$ -	\$ 4,355,907	\$ 20,000	\$ 89,059	\$ -	\$ 50,000	\$ 4,514,966	\$ 3,069,761	\$ 7,584,727
	450	Surface Water Management	\$ -	\$ -	\$ -	\$ 4,413,440	\$ -	\$ 47,500	\$ 65,000	\$ -	\$ 4,525,940	\$ 8,017,023	\$ 12,542,963
Internal Service	500	Equipment Rental Operations	\$ -	\$ -	\$ -	\$ 553,364	\$ -	\$ 2,500	\$ -	\$ -	\$ 555,864	\$ 333,064	\$ 888,928
	501	Equipment Rental Replacement	-	-	-	379,329	-	6,500	-	250,000	635,829	2,560,074	3,195,903
	506	Facility Repair & Replacement	-	-	-	109,270	-	1,500	-	51,000	161,770	637,750	799,520
	511	Computer Replacement	-	-	-	149,800	-	4,000	-	-	153,800	1,064,159	1,217,959
	520	Self Insurance	-	-	-	694,147	-	5,000	-	-	699,147	793,350	1,492,497
	530	Unemployment Insurance	-	-	-	34,880	-	1,250	-	-	36,130	471,560	507,690
	Total Internal Service Funds	\$ -	\$ -	\$ -	\$ 1,920,790	\$ -	\$ 20,750	\$ -	\$ 301,000	\$ 2,242,540	\$ 5,859,957	\$ 8,102,497	
	Total Budget	\$ 16,110,293	\$ 3,712,404	\$ 5,117,486	\$ 20,602,177	\$ 1,644,850	\$ 745,061	\$ 65,000	\$ 2,923,045	\$ 50,920,316	\$ 41,343,413	\$ 92,263,729	
	% of Total Revenue	31.64%	7.29%	10.05%	40.46%	3.23%	1.46%	0.13%	5.74%	100.00%			

2021 EXPENDITURE CATEGORIES BY FUND

(PAGES 26 AND 27 IN BUDGET DOCUMENT)

	Funds	Salaries & Wages	Personnel Benefits	Supplies	Services & Charges	Interfund Charges	Transfers Out	Capital Outlay	Debt Service	Subtotal	Ending Fund Balance	TOTAL USES
	001 General Fund	\$ 10,746,246	\$ 3,955,645	\$ 753,967	\$ 4,619,564	\$ 3,899,425	\$ 679,748	\$ 20,000	\$ -	\$ 24,674,595	\$ 4,102,086	\$ 28,776,681
Special Revenue	101 Streets	\$ 394,009	\$ 149,126	\$ 97,713	\$ 677,550	\$ 390,336	\$ -	\$ -	\$ -	\$ 1,708,734	\$ 645,884	\$ 2,354,618
	102 Street Pavement	-	-	-	143,000	-	475,000	-	-	618,000	1,614,004	2,232,004
	105 Development	1,574,007	639,493	35,822	388,065	475,109	-	-	-	3,112,496	3,802,482	6,914,978
	107 Police Drug Seizure	-	-	500	500	-	-	-	-	1,000	22,968	23,968
	111 Hotel-Motel Tax	-	-	-	70,250	-	-	-	-	70,250	74,489	144,739
	113 Affordable Housing Sales Tax	-	-	-	30,000	-	-	-	-	30,000	-	30,000
	120 Traffic In Lieu	-	-	-	-	-	-	-	-	-	2,096,771	2,096,771
	121 Traffic Impact - City-wide	-	-	-	-	-	552,000	-	-	552,000	1,802,730	2,354,730
	122 Traffic Impact - Pacific Ridge	-	-	-	-	-	-	-	-	-	638,408	638,408
	130 REET 1	-	-	-	-	-	111,094	-	-	111,094	1,346,754	1,457,848
	131 REET 2	-	-	-	-	-	331,203	-	-	331,203	659,747	990,950
	135 Park Levy	-	-	-	-	-	100,000	-	-	100,000	93,556	193,556
	136 Park In Lieu	-	-	-	-	-	150,000	-	-	150,000	391,416	541,416
	139 One Time Sales Tax	-	-	-	-	-	378,000	-	-	378,000	600,590	978,590
	140 Redondo Zone	-	-	9,000	31,096	30,979	-	-	-	71,075	25,904	96,979
	141 Waterfront Zone	-	-	10,000	60,304	55,812	-	-	-	126,116	195,474	321,590
	142 PBPW Automation Fee	-	-	-	-	93,190	-	-	-	93,190	424,841	518,031
	151 Urban Forestry	-	-	5,000	-	-	-	-	-	5,000	-	5,000
	180 Abatement	-	-	-	1,000	-	-	-	-	1,000	50,725	51,725
	190 Automated Speed Enforce (ASE)	-	-	-	118,000	20,000	45,000	-	-	183,000	205,011	388,011
199 Transportation Benefit District	-	-	-	-	-	-	-	-	-	1,106,217	1,106,217	
	Total Special Revenue Funds	\$ 1,968,016	\$ 788,619	\$ 158,035	\$ 1,519,765	\$ 1,065,426	\$ 2,142,297	\$ -	\$ -	\$ 7,642,158	\$ 15,797,971	\$ 23,440,129

2021 EXPENDITURE CATEGORIES BY FUND (CONTINUED)

Funds		Salaries & Wages	Personnel Benefits	Supplies	Services & Charges	Interfund Charges	Transfers Out	Capital Outlay	Debt Service	Subtotal	Ending Fund Balance	TOTAL USES	
Debt Service	201	REET 1 Debt Service	\$ -	\$ -	\$ -	\$ 500	\$ 428		\$ 13,148	\$ 14,076	\$ 22,083	\$ 36,159	
	202	REET 2 Debt Service	-	-	-	-	6,567		235,090	241,657	36,415	278,072	
	208	2018 LTGO Debt Service	-	-	-	-	-		230,600	230,600	113,742	344,342	
		Total Debt Service	\$ -	\$ -	\$ -	\$ 500	\$ 6,995	\$ -	\$ -	\$ 478,838	\$ 486,333	\$ 172,240	\$ 658,573
Capital Project	310	Municipal Capital Improvement	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,024,000		\$ 8,024,000	\$ 140,185	\$ 8,164,185	
	319	Transportation Capital Improvement	-	-	-	-	-	1,465,000		1,465,000	1,528,974	2,993,974	
		Total Capital Project Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,489,000	\$ -	\$ 9,489,000	\$ 1,669,159	\$ 11,158,159
Enterprise	401	Marina	\$ 697,627	\$ 295,124	\$ 1,188,643	\$ 393,310	\$ 735,996	\$ -	\$ 480,000	\$ 780,146	\$ 4,570,846	\$ 3,013,881	\$ 7,584,727
	450	Surface Water Management	\$ 947,951	\$ 424,401	\$ 116,650	\$ 1,281,487	\$ 484,617	\$ -	\$ 2,940,000	\$ -	\$ 6,195,106	\$ 6,347,857	\$ 12,542,963
Internal Service	500	Equipment Rental Operations	\$ 135,446	\$ 66,674	\$ 292,793	\$ 49,950	\$ 28,229	\$ -	\$ -	\$ -	\$ 573,092	\$ 315,836	\$ 888,928
	501	Equipment Rental Replacement	-	-	-	-	-	-	290,000	-	290,000	2,905,903	3,195,903
	506	Facility Repair & Replacement	-	-	-	-	-	-	270,000	-	270,000	529,520	799,520
	511	Computer Replacement	-	-	-	-	-	101,000	162,461	-	263,461	954,498	1,217,959
	520	Self Insurance	-	-	-	729,575	16,876	-	-	-	746,451	746,046	1,492,497
	530	Unemployment Insurance	-	120,000	-	-	-	-	-	-	120,000	387,690	507,690
	Total Internal Service Funds	\$ 135,446	\$ 186,674	\$ 292,793	\$ 779,525	\$ 45,105	\$ 101,000	\$ 722,461	\$ -	\$ 2,263,004	\$ 5,839,493	\$ 8,102,497	
	Total Budget	\$ 14,495,286	\$ 5,650,463	\$ 2,510,088	\$ 8,594,151	\$ 6,237,564	\$ 2,923,045	\$ 13,651,461	\$ 1,258,984	\$ 55,321,042	\$ 36,942,687	\$ 92,263,729	
	% of Total Expenditures	26.20%	10.21%	4.54%	15.54%	11.28%	5.28%	24.67%	2.28%	100.00%			

2021-2025 General Fund Financial Forecast

(page 49 of budget document)

	PRE-COVID	IMPACT OF COVID	CONTINUATION OF COVID	FORECAST			
	BUDGET 2020	REVISED BUDGET 2020	BUDGET 2021	2022	2023	2024	2025
BEGINNING FUND BALANCE	\$ 4,500,950	\$ 5,837,998	\$ 5,074,059	\$ 4,153,086	\$ 4,038,087	\$ 4,113,372	\$ 4,268,474
Operating Revenues	25,195,977	21,688,306	23,134,622	24,219,513	24,821,416	25,605,559	26,283,097
Operating Expenditures	(24,760,709)	(22,652,650)	(23,807,633)	(24,219,512)	(24,646,131)	(25,385,457)	(25,848,446)
Net Activity ("Operating revenues over (under) operating expenditures")	435,268	(964,344)	(673,011)	1	175,285	220,102	434,651
ONE-TIME ACTIVITIES							
Total One-Time Revenues	961,000	2,089,030	568,000	503,600	503,600	258,000	200,200
One-time Expenditures							
Total One-Time Expenditures	(1,454,315)	(1,888,625)	(815,962)	(618,600)	(603,600)	(323,000)	(240,200)
ENDING FUND BALANCE	\$ 4,442,903	\$ 5,074,059	\$ 4,153,086	\$ 4,038,087	\$ 4,113,372	\$ 4,268,474	\$ 4,663,125
GFOA Target of 60 days (approx. 16.67%)	4,127,610	3,776,197	3,968,732	4,037,393	4,108,510	4,231,756	4,308,936
Reserve (shortfall) surplus to GFOA Target	315,293	1,297,862	184,354	694	4,862	36,718	354,189
Ending Reserve - % Total Operating Expenditures	17.94%	22.40%	17.44%	16.67%	16.69%	16.81%	18.04%



NEXT STEPS – BUDGET CALENDAR

- ▶ NOVEMBER 12, 2020:
 - ▶ PUBLIC HEARING ON GENERAL PROPERTY TAX LEVY AND REVENUE SOURCES.
 - ▶ PUBLIC HEARING ON 2021 ANNUAL BUDGET – 2ND READING.
 - ▶ PUBLIC HEARING ON REVISED 2020 ANNUAL BUDGET.



CONCLUSION

The 2021 Annual Budget presented tonight is a balanced budget that is sustainable and solvent into the foreseeable future.





QUESTIONS???

Motion: "I MOVE TO PASS DRAFT ORDINANCE NO. 20-062 TO A SECOND READING ON NOVEMBER 12, 2020 FOR FURTHER CITY COUNCIL CONSIDERATION AND APPROVAL"