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City Manager Adopted Budget

As of November 23, 2015

For Fiscal Year 2016





City of Sequim
2016 Budget
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City of Sequim 2016 Budget

Introduction





City of Sequim 2016 Proposed Budget City Manager's Budget Message

Honorable Mayor, City Council and Sequim Residents:

I am pleased to present the City's 2016 Proposed Annual Budget, the annual financial roadmap for the City of Sequim with projected total expenditures of \$28.1ml.

The Annual Budget serves as a means to allocate resources to a variety of City programs and priorities and to protect the community's physical security, enhance the community's quality of life, and to maintain and develop the City's facilities and infrastructure.

This policy document represents our continued commitment to prudent fiscal management, effective service delivery and to providing our citizens with an affordable quality of life. Once adopted by the Council the budget establishes the direction for all City government programs and services for the coming year. It represents the consensus of Council direction and staff recommendations on how to best accomplish Council goals and respond to the highest priorities of community needs.

We have based the development of the proposed budget on the City Council vision and priorities that were adopted in 2015. We guided budget preparation also by the adopted City Council financial policies and the following budget principles:

- Balance the budget, current revenues and current expenses and maintain acceptable reserve levels;
- Continue to implement City Council top priorities;
- Minimize impact of any tax and fee increases on residents and ratepayers;
- Make decisions in the 2016 budget that continue to reset the City's financial plan and that create a foundation to maintain a balanced budget in future years;
- Maintain the highest quality of services.

2016 Highlights:

The budget is focused on the maintenance of service levels within the constraints of our resources. With the anticipated completion of the Civic Center in 2015, one of the largest projects ever undertaken by the City, we see 2016 resources, operations and related expenditures normalizing.

We also see some positive improvement in economic activity in 2016 that is reflected conservatively in our resources across the organization. We will utilize these resources to improve support for street operations, equipment and replacement reserves, and to fund debt services and centralized General Fund services to a greater degree.

Debt service on the bonds financing the Civic Center will continue for the second year in 2016, but without the burden of rent on multiple facilities. In 2016, we will also see the pay-off of our Keeler Park debt. We reflect a reasonable level of new capital projects in this budget for streets (\$800k), parks (\$226k), water (\$1.6ml), sewer (\$1.7ml) and facilities (\$263k) - all consistent with Council goals and the Comprehensive Improvement Plan (CIP) updated and adopted in 2015.

Utility rates are adjusted consistent with the 2013 rate study and operational expenses are on par with 2015. Transfers to utility replacement reserves are restored to pre-2014 levels.

General Fund

Total General Fund revenues projected for 2016 are approximately \$8.8 million and are balanced with expenditures. Revenues are projected to increase about 5% over the prior year and expenses about 3.8%. General Fund tax revenues are projected to grow slightly (2.2%) over the 2015 budget. Sales tax is one of our largest single general revenue sources and the only one that typically grows or shrinks significantly with the local economy. Utility Tax revenues continue to be strong with year over year growth. General Fund allocations revenue experienced a negative impact in 2015 due to the size of the Civic Center project and its impact on staff overall. We conservatively predict this revenue will rebound in 2016. Lastly, property tax revenues are steady for 2016, while they were impacted by declining assessed values and limited new construction, in the past. A statutory 1% limit on property tax collections fails to keep pace with inflation.

General Fund Highlights:

- We projected conservative revenues in all categories. We reflected conservatively the uptick in economic activity seen in 2015 for 2016's revenues;
- Interfund service costs in the General Fund are applied throughout the organization and are revised higher in 2016, due to normalizing operations with completion of the Civic Center;
- Existing labor contracts provide for nominal increases and for movement within existing ranges;
- Contributions to Street Operations and the general governmental Equipment Reserve Fund are increased in 2016;

Fund Balance and Reserves

The City has a fund balance policy for the General Fund and Street Operations that provides guidelines for our long-range financial plans. These operating ending fund balances should include adequate amounts for revenue fluctuations, cyclical activity, economic uncertainty, emergencies, and potential future liabilities. The proposed 2016 Budget provides for projected fund balances of \$1.8ml that meet those guidelines for both the General Fund and Street Operations (\$1.7ml and \$144k). This ending fund balance, plus \$257k estimated year-end fund balance for the Equipment

Reserve Fund, continues to keep the City in a strong financial position. It should be noted that the projected ending fund balance for our Equipment Reserve, which requires a minimum of 2.5 years of scheduled replacement amounts, does not meet policy (currently at 30% of minimum). We implemented a plan to restore this reserve and future budgets should gradually reflect a balance more consistent with the policy (compliance is currently expected by 2018, depending on updated equipment needs).

Personnel Services

Given that the City is primarily a service business, salaries and benefits paid to the City's employees total 48.4% of total operating expenses. In the General Fund, employee salary and benefit costs represent 63% of our total expenses. This percentage is reflective of the general services provided by the General Fund, such as police, parks, streets, and general government while the total city percentage includes the City's water and sewer utilities, which also include a significant amount of physical infrastructure, and its other funds, such as reserves. The chart below shows the City's historical staffing costs and reflects the 2016 changes.

	Actual 2013	Actual 2014	Forecast 2015	Budget 2015	Budget 2016	2016 - 2015 %
<i>Budgeted Staff (FTE, not including Council)</i>	73.24	76.29	76.29	76.29	75.54	-1.0%
OFM Census (2015 estimated)	6,855	6,910	6,915	6,915	6,984	1.02%
Employees per 1000 Population	10.8	10.7	11.0	11.0	10.8	-2.0%
Salaries	\$4,813,463	\$5,100,693	\$5,181,181	\$5,239,743	\$5,303,323	1.2%
Benefits	\$1,847,292	\$1,957,763	\$2,129,350	\$2,200,043	\$2,323,735	5.6%
Total Comp	\$ 6,660,755	\$7,058,456	\$7,310,531	\$7,439,786	\$7,627,058	2.5%
Benefits as % Total Comp	28%	28%	28%	29%	30%	30%
City-Wide Operating Budget	\$14,314,225	\$13,478,361	\$15,307,830	\$16,097,589	\$15,755,962	
Total Comp as % Operating Budget	46.5%	52.4%	47.8%	46.2%	48.4%	4.7%

The increase in the benefits category is the result of health care increases and PERS retirement increases which are offset by moderately growing revenues. The increase in total City-wide compensation costs are projected to increase by 2.5%. The proposed staffing per thousand residents remains steady over the last five years.

Salaries and benefits for bargaining units reflect the 2016 provisions negotiated in contracts approved by the City Council. The agreement with Police Sergeants and Police Officers expires at the end of 2015 and is currently under negotiation. The Non-Uniformed contract will expire at the end of 2018.

Although our non-union employees salaries are performance based and do not include “step increases” the proposed budget includes similar salary increases for these employees. Approximately 1.0% additional has been included for this group.

As Council is aware, the cost of benefits has increased at an unsustainable rate over the past few years. Unfortunately, the City does not control state mandated increases in worker’s compensation rates and retirement contributions. Fortunately, Labor & Industries rates actually declined in 2015 allowing for an overall decrease for the 2016 budget of 15%. Conversely, the continued strain on City expenditures includes year over increases in PERS (15%) and health insurance (9%). Utilities and other operational costs, mostly out of the City’s control, also continue to increase well over CPI levels for the area.

Transition in Leadership

In 2015, we saw the transition of several key senior management positions. The next several years will mark other transitions in the organization. Budgetary provisions have been included in the 2016 Budget for the anticipated vacancies for the year and we will consider options for assessing vacancies as set forth in our succession planning processes developed by each section of our operations.

Utilities

In 2013, we commissioned master plan updates for our Water and Sewer systems and a study of utility rates that indicated the need for annual revenue increases of 4%.

The proposed budget includes rate increases and the implementation of the rate structure changes to allocate the proposed increases in an equitable and consistent fashion. These rate increases are important to maintain the financial health of our utility operations and to meet our current and future debt service requirements, while also maintaining our target reserve levels. Smaller rate increases over time help to avoid large jumps in rates that are more challenging for customers to afford in the long run and demonstrate the proactive management of our utility operations. We have resumed transferring funds from our net revenue from operations to our capital accounts (Restricted Funds). We propose to continue a low income discount policy that reduces utility bills for those who qualify for the rate reduction.

The debt service requirements for the Sewer and Water Funds respectively are \$740k and \$115k next year. We have projects planned for both ongoing and major repair and replacement. Total capital project costs for the Sewer Fund are \$1.7ml and \$1.6ml for the Water Fund. We discuss individual projects in the capital projects and utilities section of the detailed budget.

Long-Range Financial Plan

Although the Annual Budget adopts the City's financial plan for one year, it is important that the City Manager and Council make the Annual Budget decisions in the context of the City’s long-range financial plan. Council reviewed the City's plan in April 2015. The City’s plan is cognizant of ongoing

revenues and the continued escalation of costs. The model projects our revenues and expenditures for the next six years so decisions for the annual budget can be based upon these long-range trends and projections. The plan is a key element in the development of operating and capital improvement plans for critical projects now and in the future.

Community Requests for City Funding

Each year, as a part of the budget process, the City considers requests for service contracts from community and intergovernmental agencies. The City also contracts with the Sequim-Dungeness Valley Chamber of Commerce to operate the Visitor Information Center. The 2016 budget recommendations for the Clallam County Economic Development Council and Human Services Contracts are consistent with amounts budgeted in 2015. The recommendation for the Chamber of Commerce Visitor Information Center is slightly higher than the prior year to reflect overall increasing costs.

The recommended budget allocations for outside agencies are as follows:

Chamber of Commerce Visitor Information Center (lodging tax funds)	\$ 77,820
Clallam County Economic Development Council	\$ 5,000
Human Services Contracts	\$ 75,000

Civic Center Debt Service

The City's related General Obligation debt (over 30 years) is approximately \$660,000 annually. In 2016, funding sources for this debt service are as follows:

Public Safety Sales Tax	\$245,000
REET transfer	75,000
Prior office rent payments	200,000
General Fund Budget capacity	<u>145,000</u>
	\$665,000

The Utility Revenue bond debt service (over 20 years) related to the Civic Center is \$225,000, annually. This "rent factor" is reflected within our Long Range Financial Plan, the accepted Utility Rate Study and the 2016 budget.

Key Policy Decisions

I have submitted the proposed 2016 Budget after substantial review and discussion. I am comfortable that the proposed budget balances the long-term needs of the City with the current economic reality and financial trends.

However, the City Council's role is to review my judgments and make the final policy decisions. Some key decisions that require your review and final decision are the following:

- My recommendation, consistent with prior years, to increase the property tax levy by the allowed 1%;

- Proposed Water and Sewer rate and structure changes; including general facility charges;
- Proposed capital projects;

Conclusion

This budget addresses the City's highest priorities for service and capital needs for 2016 and will allow us to achieve our key goals. Some return to operational normalcy is built into this plan, albeit conservatively.

Preparation and adoption of the budget is a team effort involving nearly every employee in our organization and every City Council member. Thank you to our staff for their willingness to submit realistic budget requests and to develop alternatives to meet Council priorities. Thanks especially to the Finance Department for its assistance in the preparation of this budget. Finally, thank you City Council for your leadership in moving ahead on numerous issues and for your adoption of financial policies and prudent financial guidance that resulted in the foundation for this proposed 2016 Budget.

Sincerely,

A handwritten signature in cursive script that reads "Charlie Bush".

Charlie Bush
City Manager



SEQUIM CITY COUNCIL 2015 - 2016

Sequim Vision Statement

Sequim will maintain its friendly, small-town lifestyle and overall high quality of life, as it continues to grow and develop as the cultural and civic heart of the Sequim-Dungeness Valley and as a center of commercial, recreational, educational, and medical services.

2015 - 2016 Council Goals and Priorities

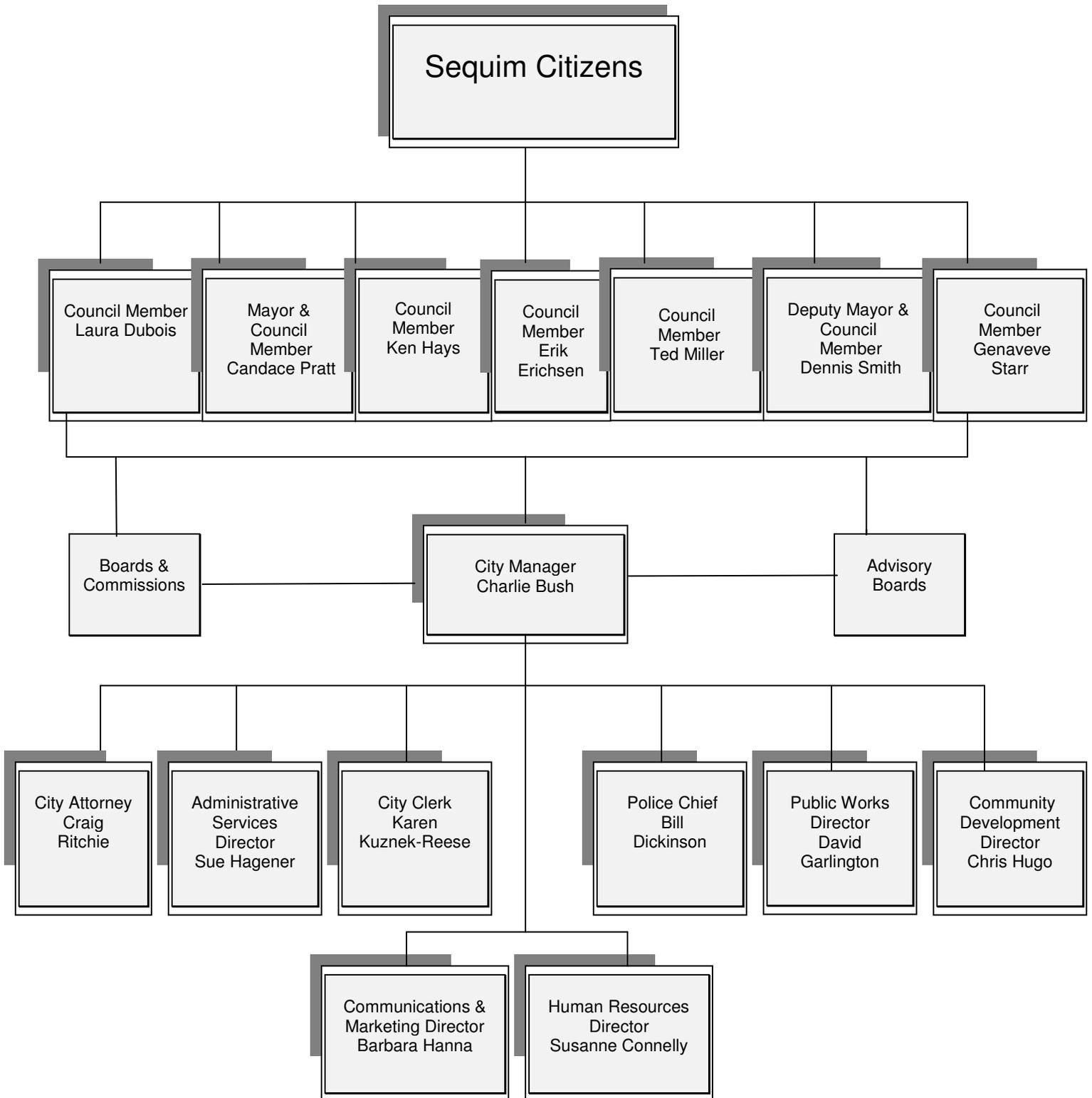
- ◆ Evaluate options for making improvements in the City's downtown neighborhoods.
- ◆ Work with Clallam County to develop a regional planning framework consistent with the Growth Management Act and the City's 2015 Comprehensive Plan Vision to preserve rural lands.
- ◆ Develop a funding plan for the next phase of Guy Cole improvements.
- ◆ Engage the community in developing a thoughtful and meaningful plan for a Metropolitan Park District.
- ◆ Develop a funding strategy to properly maintain and improve streets and sidewalks.
- ◆ Update the City's development regulations to be consistent with the Comprehensive Plan.

Critical Success Factors

- ◆ Community Alliances and Partnerships
- ◆ Quality Services and Facilities
- ◆ Effective Community Relations and Communications
- ◆ Professional and Committed Workforce
- ◆ Innovative Leadership and Strategic Planning
- ◆ Healthy, Safe, and Vibrant Neighborhoods
- ◆ Economic Sustainability, Vitality, and Financial Stability
- ◆ Environmental Sustainability

CITY OF SEQUIM 2016 BUDGET

Organizational Chart
As of September 28, 2015



**CITY OF SEQUIM
2016 BUDGET
COUNCIL/MANAGER FORM OF GOVERNMENT**

COUNCIL

CANDACE PRATT (Mayor)

DENNIS SMITH (Deputy Mayor)

ERIK ERICHSEN

GENAVEVE STARR

KEN HAYS

TED MILLER

LAURA DUBOIS

CITY MANAGER

CHARLIE BUSH

DEPARTMENT HEADS

ADMINISTRATIVE SERVICES DIRECTOR

SUE HAGENER

CHIEF OF POLICE

BILL DICKINSON

CITY ATTORNEY

CRAIG RITCHIE

CITY CLERK

KAREN KUZNEK-REESE

COMMUNICATIONS & MARKETING DIRECTOR

BARBARA HANNA

DIRECTOR OF COMMUNITY DEVELOPMENT

CHRIS HUGO

HUMAN RESOURCES DIRECTOR

SUSANNE CONNELLY

PUBLIC WORKS DIRECTOR

DAVID GARLINGTON

MANAGER/BUDGET STAFF

ADMINISTRATIVE SERVICES

Deputy Administrative Services Director
IT Manager
Payroll/HR Assistant
Accountant
Accounting Assistant
Accounting Assistant
Accounting Assistant

Connie Anderson
Steve Rose
Lajay Gove
Barbara D. Hannah
Vicki Kingsolver
Ann Holgerson
Wells Hutchins

CITY ADMINISTRATION

Assistant to the City Manager
Legal Assistant

Joseph Irvin
Erika Hamerquist

POLICE

Deputy Police Chief
Executive Admin Assistant

Sheri Crain
Victoria Ormand

PUBLIC WORKS

City Engineer
Streets Manager
Utilities Manager
PW Management Analyst
Resources

Matt Kontz
K. Mike Brandt
Pete Tjemsland
Sarah Van Ausdle
Ann Soule

CATEGORY 2 CODE CITY, CLASSIFIED UTILITIES

**2010 OFFICIAL CENSUS 6,606
2015 OFM ESTIMATE 6,915**

2016 Budget Calendar

February	2014 City and TBD Financial Results Staff reviews of Financial Policies
March	Management Retreat City Council Retreat
April	2015–2020 Long Range Financial Plan (General Fund and Street Operations) 1 st Q 2015 Financial Results Staff review and analysis of current financial policies Staff preparation of Capital Improvement Plan Review of 6-Year CIP– City Council & Planning Commission
July	Public Hearing to adopt the 2016-2021 CIP/TIP Mid-Year 2015 Financial Results Budget Kick-off and Budget Development Policy Review
September	Review of 2016 Proposed Rates and Fees Proposed City Manager Budget delivered to City Council with Citywide Overview
October	Proposed City Manager Budget – Review of Departments Proposed City Manager Budget – Review of Capital Projects
November	Public Hearings on Revenue Sources, Rates & Fees, Property Tax Levy and Proposed Budget Adoption of Rates & Fees, Property Tax Levy and 2016 Budget

Budget Calendar for Preparation of 2016 Budgets in First (Under 300,000), Second, and Fourth Class Cities, Code Cities, and Towns

Budget requirements for first (under 300,000) and second class municipalities, and towns are listed in chapter [35.33 RCW](#), as amended, and for cities under the Optional Municipal Code in chapter [35A.33 RCW](#), as amended. [Chapter 35.32A RCW](#) contains the budget law for cities over 300,000 population (Seattle).

[Chapters 35.34 RCW](#) and [35A.34](#) contain the provisions for a biennial budget. Thus far only a few cities are using the two-year budget process. All the dates are the same.

Major Steps in Budget Preparation	State Law Time Limitations	Actual 2015 Date
1. Request by clerk to all department heads and those in charge of municipal offices to prepare detailed estimates of revenues and expenditures for next fiscal year (calendar year). RCW 35.33.031 & 35A.33.030 .	By second Monday in September. ¹	September 14
2. Estimates are to be filed with the clerk. RCW 35.33.031 & 35A.33.030 .	By fourth Monday in September.	September 28
3. Estimates are presented to the chief administrative officer (CAO) for modifications, revisions or additions. Clerk must submit to CAO proposed preliminary budget setting forth the complete financial program, showing expenditures requested by each department and sources of revenue by which each such program is proposed to be financed. RCW 35.33.051 & 35A.33.050	On or before the first business day in the third month prior to beginning of the fiscal year.	October 1
4. CAO provides the legislative body with current information on estimates of revenues from all sources as adopted in the budget for the current year. CAO also provides the legislative body with the clerk's proposed preliminary budget setting forth the complete financial program, showing expenditures requested by each department and sources of revenue by which each such program is proposed to be financed. RCW 35.33.135 & 35A.33.135 .	No later than the first Monday in October.	October 5
5. The legislative body must hold a public hearing on revenue sources for the coming year's budget, including consideration of possible increases in property tax revenues. RCW 84.55.120 . After the hearing, a city may choose to pass an ordinance at the same meeting authorizing a property tax increase in terms of dollars and percent to comply with Referendum 47.	Before legislative body votes on property tax levy. Deadlines for levy setting are in item 8 below.	November 23
6. CAO prepares preliminary budget and budget message ² and files with the city legislative body and clerk. RCW 35.33.055 & 35A.33.052	At least 60 days before the ensuing fiscal year.	November 2

Major Steps in Budget Preparation	State Law Time Limitations	Actual 2015 Date
7. Clerk publishes notice that the preliminary budget has been filed and publishes a notice of public hearing on final budget once a week for two consecutive weeks. RCW 35.33.061 & RCW 35A.33.060 .	No later than the first two weeks in November.	November 2 through 13
8. Setting property tax levies. Ch. 52, Laws of 2005, HB 1048 and RCW 84.52.070 .	November 30 for <i>all</i> cities and towns.	
9. The legislative body, or a committee thereof, must schedule hearings on the budget or parts of the budget and may require the presence of department heads. RCW 35.33.057 & 35A.33.055 .	Prior to the final hearing.	November 2 through 28 (suggested)
10. Copies of proposed (preliminary) budget made available to the public. RCW 35.33.055 & 35A.33.052 .	No later than six weeks before January 1.	November 20
11. Final hearing on proposed budget. RCW 35.33.071 & 35A.33.070 .	On or <u>before</u> first Monday of December, and may be continued from day-to-day but no later than the 25th day prior to next fiscal year (December 7).	November 30
12. Adoption of budget for 2015. RCW 35.33.075 & 35A.33.075 .	Following the public hearing and prior to beginning of the ensuing fiscal year.	November 23
13. Copies of final budget to be transmitted to the State Auditor's Office and to MRSC.		After adoption
<p>¹ RCW 35.33.031 actually provides "on or before the second Monday of the fourth month," etc. Therefore, pursuant to the state budget law, that step (and certain others) could be taken before the dates listed here. See also, RCW 35A.33.030. ² RCW 35.33.057 and RCW 35A.33.055 specify that the budget message must contain the following:</p> <ol style="list-style-type: none"> 1. An explanation of the budget document; 2. An outline of the recommended financial policies and programs of the city for the ensuing fiscal year; 3. A statement of the relation of the recommended appropriation to such policies and programs; 4. A statement of the reason for salient changes from the previous year in appropriation and revenue items; 5. An explanation for any recommended major changes in financial policy. 		

<input checked="" type="checkbox"/> ADOPTED BY COUNCIL: FEB 25, 2013	EFFECTIVE DATE: FEB 25, 2013
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I. PURPOSE

The purpose of this policy is to help guide the budget development process. There may be differences between this policy and the budget based on the uniqueness of each year’s budget.

The City allocates scarce resources to programs and services through the budget process. The budget process is more than balancing revenues and expenditures one year (two year if biennium) at a time. In addition to being a short-term operational plan, it is the primary means for implementing the City’s strategic plan. The budget authorizes the level of City services for the year (or biennium), as defined by the City’s goals, priorities and objectives and adjusted for the constraints identified in the long range financial plan.

The link between the strategic plan, long range financial plan and the budget can be challenging. Strategic planning sets overall direction for the City, defining what is to be accomplished through its use of resources by identifying the City’s goals, priorities and objectives. The long range financial plan positions the City to remain effective over the long term.

II. POLICY – GENERAL

1. Budget at Fund Level: Budget adoption by the City Council shall be at the fund level. Any changes in appropriations at fund level require City Council approval.
2. Balance Ongoing Revenues with Ongoing Expenses: Current revenues, including unencumbered fund balances should be sufficient to support current expenditures. Although Fund Balance is considered revenue, its use in balancing the budget should be restricted to special situations, such as one-time expenditures or carry-over of prior year funded project (see Reserves/Fund Balance Policy for more guidance).
3. City Council Goals Identified in Annual Workplan: The City Council identifies specific goals as part of the City’s workplan. Departmental budgets should include adequate resources to accomplish those goals in the expected timeframes.
4. Municipal Service Levels: The City Council will establish municipal service levels and priorities prior to and during the development of the preliminary budget. The following will be taken into consideration to determine the proper levels of service:

- a) Maintain Quality Service Programs: If expenditure reductions are necessary as a result of changing economic status, selective service elimination is preferable to across the board cuts which can result in poor or marginal quality programs.
 - b) New Programs and Services: Adding new programs and services that require additional resources should be limited to the extent that they can be reasonably funded over the near-to-long-term given the current revenue stream.
 - i) Funding New vs Existing Programs: If new sustainable funding is not available, then new or enhanced services will compete directly with maintaining existing programs in determining the appropriate allocation of resources. This will provide the best mix of services to citizens and keep pace with the changing needs of the community.
 - ii) Adding Fee for Service Revenues: Where practical, new services that provide private benefit should be supported by new fees instead of increasing general City taxes.
 - iii) Programs with Dedicated Funding: Programs that are funded through a dedicated revenue source (i.e., grants or other non-tax revenue), that meet the goals of the City Council, will receive priority consideration, as long as ongoing funding is addressed.
5. Cost Allocation: The full cost of providing central support services shall be allocated to other funds and capital projects, and if appropriate to grants and specific programs. Indirect costs are calculated for General Fund Departments, but are not allocated. These indirect costs will be considered in evaluating the total cost of programs.
- a) Meet Federal Indirect Rate Requirements: The cost allocation plan should meet Federal requirements (OMB Circular A-87) to allow for indirect cost recovery on Federal and State grants.

II. POLICY – REVENUES

- 1. Baseline Revenues: Significant revenues that contain variable components related to economic activity, such as development, or other one-time, non-recurring or unusual items should be identified in order to determine baseline revenues. The variable component of revenues should not be used for ongoing operating programs and services.
 - a) Property Tax: Tends to be stable; contains an unpredictable component for new construction and annexation; can be impacted by zoning changes
 - i) Variable Component: new construction and annexations in year added to the tax roll (tax is based on levy rate instead of 1% increase)

- b) Sales Tax: Minimum base tends to be stable; contains an unpredictable component related to economic changes, particularly the “boom and bust” housing cycles
 - i) Variable Component: consider construction sales tax above 10 year average; other sales tax above 3% growth; may need to adjust based on economic conditions or changes in tax base such as new stores or the closing of stores
 - c) Utility (B&O) Tax: Tends to be stable; subject to changes in utility rates, usage, conservation, regulations
 - i) Variable Component: not significant; no exclusions unless specific situations warrant an exclusion
 - d) Interfund Service Charges: Minimum base tends to be stable; contains an unpredictable component related to capital projects
 - i) Variable Component: capital projects above 5 year average; may need to adjust based on unusual large projects or economic conditions
 - e) Development Related Fees: Minimum base is difficult to determine, large unpredictable component related to “boom and bust” housing cycles
 - i) Variable Component: consider amounts above 10 year average or 3% growth based on economic conditions
 - f) Interest Earnings: Interest on minimum fund balance may be included for baseline revenues.
 - g) Potential New Revenues: Proposed new revenues that are early in the Council review process are typically not included in the budget. Public input may change the process and revenues may be difficult to quantify. If Council provides a quantifiable commitment to adopt new revenues they could be included in the budget.
 - i) Unknown Component: excluded unless Council provides quantifiable commitment
2. Limit Use of One-Time Revenues: Revenues that are not predictable should be identified and should not be used for ongoing operating program and services.
- a) Types of One-time Revenues: This includes significant revenues from sales of assets, bond refunding savings, infrequent intergovernmental revenues, grants, and so forth. It also includes the variable component of taxes and other revenues.
 - b) Use of One-Time Revenues: The use of significant one-time revenues should be set aside in reserves or restricted to non-recurring expenses,

such as, research/analysis projects, expenses caused by transition, startup costs, capital projects, debt retirement, and so forth.

3. Revenue Diversification: The City will strive for a diversified mix of revenues to handle fluctuations in revenues and to better distribute the cost of providing services.
 - a) Analysis Factors: When evaluating diversification, the following factors should be considered:
 - i) Balance amongst taxpayers and ability to diversify tax base such as changes in zoning
 - ii) Sensitivity of revenues to changes in economic cycles and rates
 - iii) Fairness of the tax or fee
 - iv) Regulations or changes in state shared revenue distributions
 - v) Impact on economic growth
 - vi) Other, such as administrative aspects
 - b) Taxes Should be Balanced: When City taxes are changed (increased, decreased, extended) the following factors should be considered:
 - i) Stability of tax source over its expected life; suitability for pledge against future debt if that is part of the intent
 - ii) Spread of tax burden throughout the City's tax base through a broad array of taxes
 - iii) Tax impact to both residential and business taxpayers and its affect on future growth
 - iv) Investigation of mitigation for inequities or hardships, such as low-income deferrals, rebates or exemptions
4. Unrestricted Revenues Should Remain Unrestricted: Unless otherwise stated specifically by City Council, unrestricted resources should not be earmarked for specific purpose in the General Fund. This will preserve the ability of the Council to determine the best use of available resources to meet changing service requirements.
5. Interfund Services (Cost Allocations): Indirect costs include general management, facility and equipment costs, and operational costs that are pooled. These costs are accounted for in central support service centers and should be fully allocated to funds that benefit from the services, such as Enterprise Funds, Capital Projects and selective Special Revenue Funds or specific programs where appropriate. Grant applications should include indirect costs where allowed. Indirect costs of General Fund operating units will be calculated for use in evaluating program costs but will not be allocated.
6. Fee for Service Revenues: As much as reasonably possible, City services that provide private benefit or service limited interests should be supported by

- fees and charges in order to provide maximum flexibility in use of general City taxes to meet the cost of services of broader public benefit.
- a) Recover Full Cost: Fees should be set to recover full costs, including all direct costs and indirect costs (capital costs, department overhead and city-wide overhead (cost allocations)).
 - b) Justify Subsidy: Charging less than full costs results in using general city taxes to subsidize the cost of the service. A subsidy must be justified, and may be considered if it meets other City interests and objectives, such as remaining competitive. Intentional subsidies will be documented and periodically reviewed with City Council.
 - c) Cost Studies: Departments that impose fee for service charges should periodically prepare and update cost-of-service studies. These studies may be performed and documented internally. An external consultant may be required for complex studies or where fee surveys are not available or where fees may be contested.
 - d) Human Needs Type Services: Exception may be considered for human needs type services to persons with limited ability to pay.
7. Intergovernmental Revenues: The City should take advantage of opportunities to enhance service delivery through intergovernmental cooperation, shared revenues and grants. However, this revenue should be treated as temporary, uncertain or unpredictable revenue.
- a) Not for Ongoing Basic Services: Typically intergovernmental revenues and grants will not be used to fund ongoing basic service needs. If grants are for new, enhanced or discretionary services, then the service may need to be reduced or eliminated when the funding ends. Before accepting a grant, consideration should include not only the cost/benefits over the life of the grant, but the cost of interruption in service when the grant ends.
 - b) Capital Projects Consistent with Plan: Grants for capital improvements should be for priority projects or projects consistent with the capital improvement plan. The project should consider resources to support ongoing maintenance, operating, and replacement costs. The grant application should attempt to recover all costs, including ongoing maintenance, operating costs and replacement costs, as well as indirect costs. If a city match is required, this should be reviewed in light of other competing projects.

II. POLICY – EXPENSES

1. Baseline Expenses: Significant expenses that contain variable components related to economic activity, such as development, and other one-time or unusual items, should be identified in order to determine baseline expenses. The variable component of expenses may be funded by associated variable revenue or by one-time revenues and reserves (see Reserves/Fund Balance Policy).
 - a) Include Maintaining Facilities and Equipment: Maintenance of facilities, technology infrastructure, operating equipment and vehicles, as well as the planned replacement of such assets should be included as baseline operating expenses. The amount included as baseline operating expenses will be determined by the Capital Improvement Plan Policy.
 - i) Lowest Life Cycle Costs: When practical, resources should be allocated for selective preventative investments that can be made to avoid even larger costs in the future.
 - ii) Funding Continuous Replacement: The use of short-term financing or lease/purchase arrangements should be minimized because of the ongoing requirement for operating equipment. (See Capital Improvement Plan Policy, Debt Management Policy.) The amount necessary to fund equipment reserves will take into account both financing and transfers to Equipment Reserves.
 - b) Include Interfund Operating Transfers: Transfers to operations, such as Street Unrestricted, should be included as baseline operating expenses if General Fund is a significant revenue source for another operating fund.
 - c) Exclude Interfund Capital and Reserve Transfers: Transfers for capital projects or to replenish reserve funds should be excluded from baseline operating expenses and would be funded by one-time or excess revenues.
 - d) Exclude Community Investments: Discretionary investments for community/public benefit are excluded from baseline operating expenses. Funding from one-time revenues would be decreased if total baseline revenues fall or baseline expenses increase by 5% or more.
 - i) Funding Level Health & Human Services: The amount of funds available will fluctuate based on the City's financial situation. Council may want to consider a separate funding policy based on a percent of

sales tax revenues, such as 2%, or an amount per capita, which would be reviewed along with the funding criteria.

- ii) Funding Level Community Service Contracts: The amount of funds available will fluctuate based on the City's financial situation and service needs. Funding will be included in the City Manager's proposed Budget based on criteria for similar expenses. They will be included if they address services or facilities that support the city's mission and are a high priority compared to other options and proposed expenditures.

2. Personnel: This is the most significant operating expense.

- a) Competitive Compensation: Salaries and benefits should be comparable to cities and private sector employers that are within the same labor market and with other cities or private sector employers that offer comparable quality services in order to attract and retain high quality staff.
- b) Union Contract Negotiations: If a collective bargaining agreement is, or will be, under negotiations, then a specific amount will not be included in the budget for potential wage adjustments resulting from the negotiation, other than continuing the basis for a COLA adjustment, except a negative COLA will not be budgeted. This is to protect the City from any claims of not "bargaining in good faith". Funding for unknown contract terms must be considered in balancing ongoing revenues with ongoing expenses.
- c) Fluctuation in Staffing Requirements: Additional personnel resources needed for large projects or responding to a "housing" cycle boom may be retained on a temporary, term (non-permanent employee) or contract basis.

3. Technology Investments that Forestall Adding Permanent Staff: Recognizing that personnel related expenditures represent the largest portion of the City's budget, methods to increase efficiency and effectiveness of the delivery of City services through technology improvements should receive priority funding if it can forestall the addition of permanent staff.

4. Contingency: The budgeting for contingencies will be separately identified within each fund. An amount for General Fund contingencies will consider amounts across all departments in which only 50% of the costs are included, since all contingencies are not expected to occur.

III. PROCEDURE

1. City Council: The City Council has final responsibility for approving the annual Operating Budget.
2. City Manager: The City Manager oversees the budget development process and proposes the preliminary budget to City Council.
3. Departments: The Department directors under the guidance of the City Manager are responsible for proposing programs, recommending funding levels, and formulating budget proposals for implementing service programs in accordance with established goals and directives.
4. Finance: The Finance Department is responsible for coordinating the overall preparation and administration of the City's budget in compliance with applicable State of Washington statutes governing local government budgeting practices.
 - a. The Finance Department provides revenue budget estimates, assists department staff in identifying budget problems and formulating alternative solutions, and prepares and distributes the final budget document.
 - b. The operating budget is classified and segregated according to a standard classification of accounts as prescribed by the State Auditor.
5. Public Hearings: The Council will hold public hearings as required and approve operating and capital budgets prior to the end of the fiscal year in accordance with State law.
6. Quarterly Reporting: The Finance Department will maintain a system for monitoring the City's budget performance. This system will provide the City Council with quarterly reports regarding fund level resource collections and department level expenditures.
7. Budget Amendments: Semi-annually budget amendments will be presented in order to address unanticipated needs, emergencies, or compliance with State of Washington budgetary statutes. Budget amendments requiring City Council approval will occur through a process coordinated by the Finance Department. Significant financial issues that need to be addressed between quarterly reports will be provided to Council as warranted.

IV. REFERENCES

Sequim Municipal Code or Resolutions

- Resolution R-2009-15 Establishing Criteria for Grant Funding to Agencies through United Way (Health and Human Services Funding Criteria)

Revised Code of Washington

RCW 35A.33 provides the authority and the requirement for a code city to adopt a comprehensive annual budget prior to the start of each fiscal year.

- RCW 35A.33 Budgets in code cities
- RCW 35A.34 Biennial budgets

State Auditor's Office:

- Budget, Accounting and Reporting System (BARS) Manual, Part 2 Budgeting Chapter 1 – 3
- Small City Handbook, Section E - Budgeting

Professional Groups:

- National Advisory Council on State and Local Budgeting (NACSLB)
 - Recommended Budget Practices Element 4 Adopt Financial Policies



Financial Policies Fund Balance & Reserve Policy for General Fund and Street Operations, Special Reserves and Utility Funds

<input type="checkbox"/> ADOPTED BY COUNCIL: FEBRUARY 25, 2013	EFFECTIVE DATE: FEBRUARY 25, 2013
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I. PURPOSE

The purpose of this policy is to provide a targeted range for fund balance and reserves to help position the City and its functional units to respond to economic fluctuations, prepare for expected and unexpected liabilities, and to take advantage of economic opportunities. This policy is intended to establish an understanding of the proper level and use of those reserves for the City of Sequim.

Adequate levels of fund balance or reserves are essential to protect against temporary revenue shortfalls and helps to ensure stable taxes and fees. It provides resources criteria crucial in long-term financial planning. The value of strong fund balances and reserves needs to be balanced with pressures from unions, taxpayers and citizens' groups, which may view high levels of fund balance as "excessive."

For the City of Sequim, fund balance equals cash (which includes cash and investments held by the City) as the city reports and budgets financial activity on a cash basis

The City of Sequim follows BARS (the Budgeting, Accounting and Reporting System) promulgated by the State of Washington which includes the prescribed uniform charts of accounts, accounting and budgeting policies, guidance for preparing financial statements and instructions for preparing supplemental year end schedules (Revised Code of Washington Section 43.09.230) for local governments.

Fund Balance and Cash and/or Investments is defined in the BARS Manual as follows:

308.10 RESERVED

The amounts of cash and investments not available for spending at the beginning of the year due to the restrictions imposed on them by external parties (e.g., grantors, creditors, etc.) and/or due to internal commitments. Internally committed resources are resources with limitations imposed by the highest level of government (board of commissioners, city council, board of directors, board of supervisors, etc.) through a formal action (ordinance, resolution) that require a similar formal action on the same level to remove them. Limitations resulting from intended use (informal action) by either legislators or managers are not sufficient to classify the resources as reserved. These resources should be reported as unreserved.

308.80 UNRESERVED

The amounts of cash and investments without any limitations on their use and resources with informal limitations placed on them by either legislators or managers.



Financial Policies Fund Balance & Reserve Policy for General Fund and Street Operations, Special Reserves and Utility Funds

The City of Sequim has the following fund structure:

General Fund and Streets Unrestricted Fund (funds available for general government operations)

Capital Funds

Equipment Reserve (funds set aside and available for General Government equipment replacement)

Facilities (funds set aside for City Hall and other facility related capital projects)

Enterprise Funds

Water Unrestricted (restricted to Water Operations)

Water Restricted (restricted to Water Capital, Debt Service and Equipment Replacement)

Sewer Unrestricted (restricted to Sewer Operations)

Sewer Restricted (restricted to Sewer Capital, Debt Service and Equipment Replacement)

Special Revenue Funds (restricted by law or City Ordinances, no targeted reserves)

Street Restricted, Lodging Tax Hotel / Motel, Criminal Justice, Police Restricted

Police Asset Seizure, Parks Restricted, Real Estate Excise Tax, Gifting & Donations

Trust, Agency & Permanent Funds (funds not available for City services)

Police Expendable Trust, Construction Deposit, Intergovernmental Agency Fund

Haller Park Fund Permanent

City Targeted Reserve Funds: The City uses the following classifications:.

1. **Minimum Fund Balance Reserves** : Provides a financial cushion for revenue fluctuations and cyclical activity through General Operations.

a) **Targeted Fund Balance**

	Min	Max
General Fund and Streets	15% ongoing revenues	20% ongoing revenues
Water Unrestricted	3 months operating expenditures	5 months operating expenditures
Sewer Unrestricted	3 months operating expenditures	5 months operating expenditures



Financial Policies Fund Balance & Reserve Policy for General Fund and Street Operations, Special Reserves and Utility Funds

2. **Economic Uncertainty Reserves:** Provides a financial cushion against unanticipated adverse financial or economic circumstances, emergencies, or litigation.
- a) **Targeted Reserve:** The maximum fund balance should take into consideration level of volatile revenues, such as Development related revenues (Building Permits, Inspections, Plan Check Fees, other Development Fees) and Sales Tax.

	Min	Max
General Fund and Streets	1% ongoing revenues	3% ongoing revenues
Water Unrestricted	1% ongoing revenues	3% ongoing revenues
Sewer Unrestricted	1% ongoing revenues	3% ongoing revenues

3. **Future Liabilities Reserves:** These amounts are set aside for a specified purpose, related to an accrued obligation or to self-insure for a future obligation. This should include reserves for unemployment self-insurance or a portion of accrued compensation (paid time off and sick leave) that is paid to an employee upon separation from employment.
- a) **Targeted Reserve:** The amount necessary to mitigate a specific future expense is based on a historical pattern or other appropriate measure. Unemployment could be based on +/- 10% of the estimated annual payment to the state, or 1% of wages, or other appropriate measure. Accrued compensation is based on historical pattern or other appropriate measure.

	Min	Max
General Fund and Streets	1% ongoing revenues	3% ongoing revenues
Water Unrestricted	1% ongoing revenues	3% ongoing revenues
Sewer Unrestricted	1% ongoing revenues	3% ongoing revenues

4. **Facilities and Equipment Reserve Funds:** Established to purchase, replace or refurbish City facilities and operating equipment such as computers, copiers, operating equipment and vehicles (see Capital Improvement Plan policy).
- a) **Targeted Reserve Fund Balance:** Maintained at a level sufficient to meet scheduled equipment replacement so as to sustain an acceptable level of services.



Financial Policies Fund Balance & Reserve Policy for General Fund and Street Operations, Special Reserves and Utility Funds

	Min	Max
Equipment Replacement (General Government)	2.5 years scheduled replacement	6 years scheduled replacement
City Facilities	2.5 years scheduled replacement	6 years scheduled replacement
Water Restricted	2.5 years scheduled replacement	6 years scheduled replacement
Sewer Restricted	2.5 years scheduled replacement	6 years scheduled replacement

II. PROCEDURES

1. Ongoing Revenues and Operating Expenditures: Reflects the ongoing operations and excludes one-time, nonrecurring and capital items. (See Budget Development Policy.)
2. Addition to Fund Balance/Reserves: Typically provided by surplus from prior years, one-time revenues and revenues in excess of operating expenditures.
3. Replenishment of Fund Balance/Reserves: Where a deficit causes a fund balance to be reduced contributions will be made over a three to five year period until targeted level is attained using one-time revenues first and surplus next.
4. Minimum Fund Balance: Replenishing the fund balance to the minimum level will be the first priority use of excess year-end resources.
5. Budgeted Fund Balance and Targeted Reserves: All reserves will be presented in the budget and will be compared to the adopted financial policy. If the resulting targeted reserves fall below policy a plan will be presented to bring the fund balance into compliance.
6. Periodic Reporting: The Finance Department will provide the City Council with periodic reports (quarterly) regarding fund balance and targeted reserves. for compliance to policy.

City of Sequim 2016 Budget

All City & General Fund Overview



City Of Sequim Budget Overview

Budget Development Process

Policy Strategy Phase

Council Planning Retreat

Long Range Financial Plan

Public Input via Council Meetings & Community Survey

Needs Assessment Phase

Department Program and Staff Requests

City Manager Review of Requests

City Manager Proposed Budget

Public Hearing

Public Hearing on Revenue Sources
(Property Tax Levy, Rates and Fees Schedule)

Public Hearing on Budget

Adoption & Implementation

Council Adopts Budget



**City of Sequim
2016 Budget**

Proposed

	A Beginning Fund Balance	B Revenues	C Expenses	D=B-C Surplus / (Deficit)	E=A+D Ending Fund Balance
General Fund					
001 General Fund	1,685,370	8,849,318	8,833,148	16,170	1,701,540
Special Revenue Funds					
101 Street UnRestricted	154,925	849,248	859,546	(10,298)	144,627
111 Street Restricted	889,110	1,060,866	941,775	119,091	1,008,201
107 StormWater UnRestricted	11,586	120,475	108,072	12,403	23,989
117 StormWater Restricted	9,777	111,567	111,104	463	10,240
115 Lodging Tax Hotel/Motel	213,710	249,538	284,485	(34,948)	178,762
120 Police Restricted	79,566	411,600	406,898	4,702	84,268
121 Police Asset Seizure	28,264	20,274	30,000	(9,726)	18,538
140 Parks Restricted	134,205	360,857	384,365	(23,507)	110,698
150 Real Estate Excise Tax	154,884	268,087	300,000	(31,913)	122,971
160 Gifting & Donations	1,830	12,600	12,570	30	1,860
164 Equipment Reserve	311,676	385,673	440,001	(54,329)	257,348
Debt Service Funds					
206 Debt Service Fund	7,531	665,000	656,740	8,260	15,791
Capital Funds					
306 Capital Facilities Fund	86,035	313,205	315,237	(2,032)	84,003
Enterprise Funds					
401 Water UnRestricted	1,028,307	1,978,151	2,127,205	(149,054)	879,253
411 Water Restricted	2,384,657	2,490,730	3,484,662	(993,932)	1,390,725
402 Sewer UnRestricted	1,650,979	3,815,730	4,127,239	(311,509)	1,339,470
422 Sewer Restricted	4,870,092	2,612,962	4,055,079	(1,442,117)	3,427,975
Trust, Agency & Permanent Funds					
500 Unemployment Compensation Reserve	27,954	16,250	24,750	(8,500)	19,454
611 Flex Benefits	0	45,000	45,000	0	0
621 Police Expendable Trust	0	20,000	20,000	0	0
631 Construction Deposits	38,300	325,000	324,999	1	38,300
635 Intergovernmental Agency Fund	2,638	178,627	168,328	10,299	12,937
645 Utility Security Deposits	122,652	40,000	39,000	1,000	123,652
701 Haller Park Fund	37,964	440	0	440	38,404
	13,932,012	25,201,198	28,100,203	(2,899,006)	11,033,006
		6,194,005	6,194,004	Transfers In / Out	
		19,007,193	21,906,199	Net of Transfers	
		2,419,147	2,419,147	InterFund Service Charges*	
		16,588,046	19,487,052	Net Revenues/Expenses w/o Transfers & Interfund Services	
		15,612,922	16,055,210	Operating Funds	
		9,588,276	12,044,993	Restricted/Project Funds	
		25,201,198	28,100,203		



City Of Sequim Budget Overview

Summary of Total Revenues & Expenditures

Where will the Money come from?

Revenues

- **Fund Balance** – This is the net assets of a fund that have accumulated over time. For the City of Sequim, fund balance equals cash. The fund balance is considered a revenue source for expenditures. Typically fund balance is used for one-time expenses and capital projects.
 - Capital Projects: Streets, Parks, Capital Facilities (Civic Center), Water, Sewer and REET funds are being used for various capital projects.
- **Taxes** – Consists of sales taxes, property tax, utility (B&O) tax, Hotel/Motel taxes, Public Safety Tax and the Real Estate Excise Tax (REET).
- **Licenses & Permits** – Consists primarily of building permit fees, which fluctuate depending on development activities and business license fees.
- **Intergovernmental** – Consists of State taxes that are distributed to cities (Criminal Justice, Liquor, Fuel, PUD Privilege Tax), interagency funds and grants
- **Goods & Services** – Water and Sewer meter sales, fees, Interfund Services, Plan Check fees which fluctuates with development activity
- **Utility Charges** – Consists of water and sewer service charges.
 - For 2016, the budget reflects a 4% revenue requirement/increase as identified in the accepted 2013-2014 Rate Study (pending approval by Council). This will be achieved through both rate structure changes and simple rate increases
- **Fines & Forfeits** – Consists of traffic infractions, DUI fines, criminal fines, court costs recoupment
- **Other Miscellaneous** – Consists of investment interest, mitigation fees which fluctuate with development activity, space rental, gifts/donations, insurance recoveries
- **Enterprise Fiduciary** – Consists of Water and Sewer General Facility Fees (capital contributions) which fluctuate with development activity.
- **NonRevenue/Financing** – Consists of transfers between funds for capital projects and debt payments. It also includes Construction/Retainage and utility deposits and Latecomers fees.

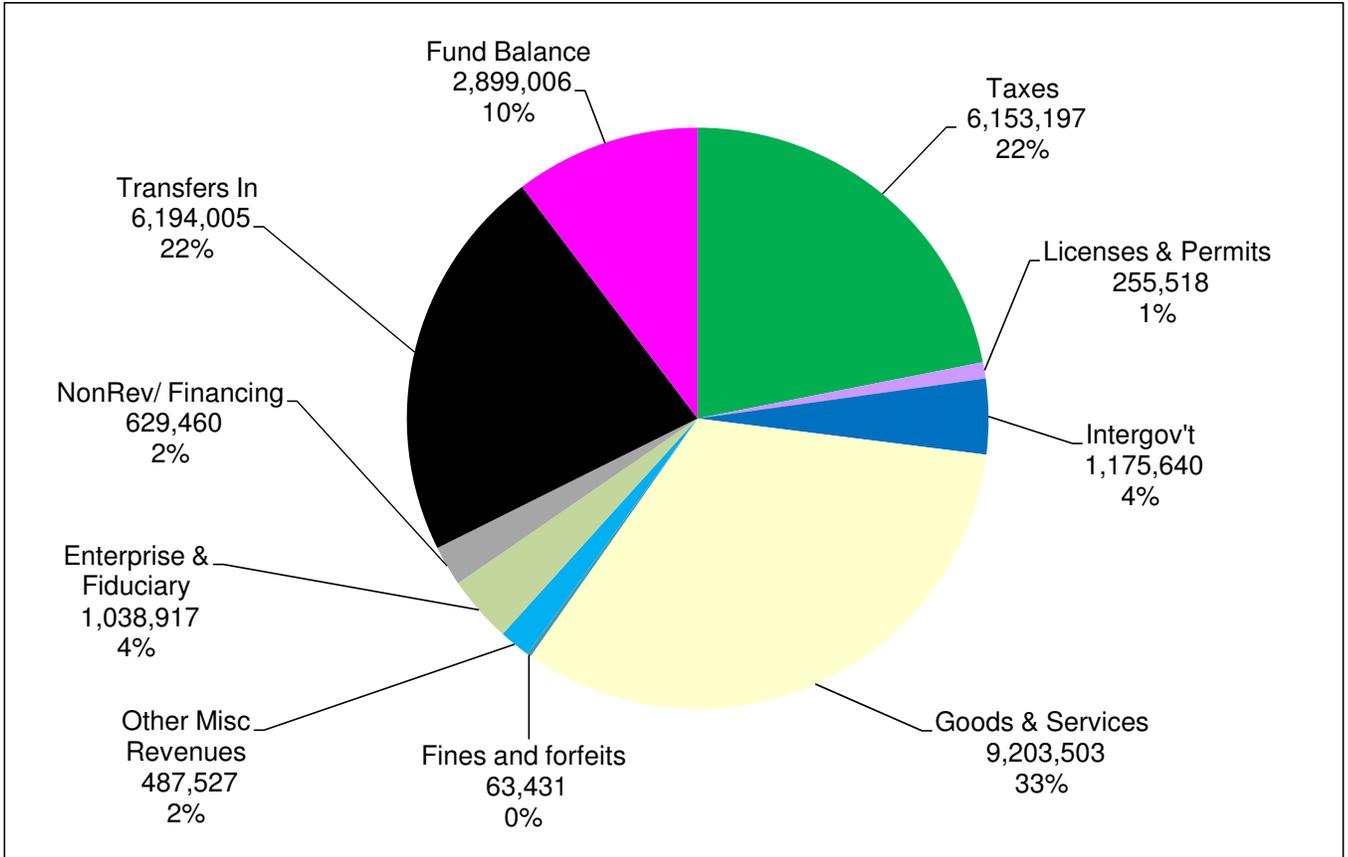
Where will the Money go?

Expenditures

- **Operations** – Consists of the General Fund, Street and Stormwater Operations, Water and Sewer Operations.
- **Capital Projects** – Consists of projects for Streets, Project Stormwater, Water, Sewer and Capital Facilities.
- **Other** – Consists of Trusts and Agency, which are pass-thru funds, Hotel/Motel which is used for tourism, Police Restricted which is grant or donation funded, and various other funds.

**City of Sequim
2016 Budget**

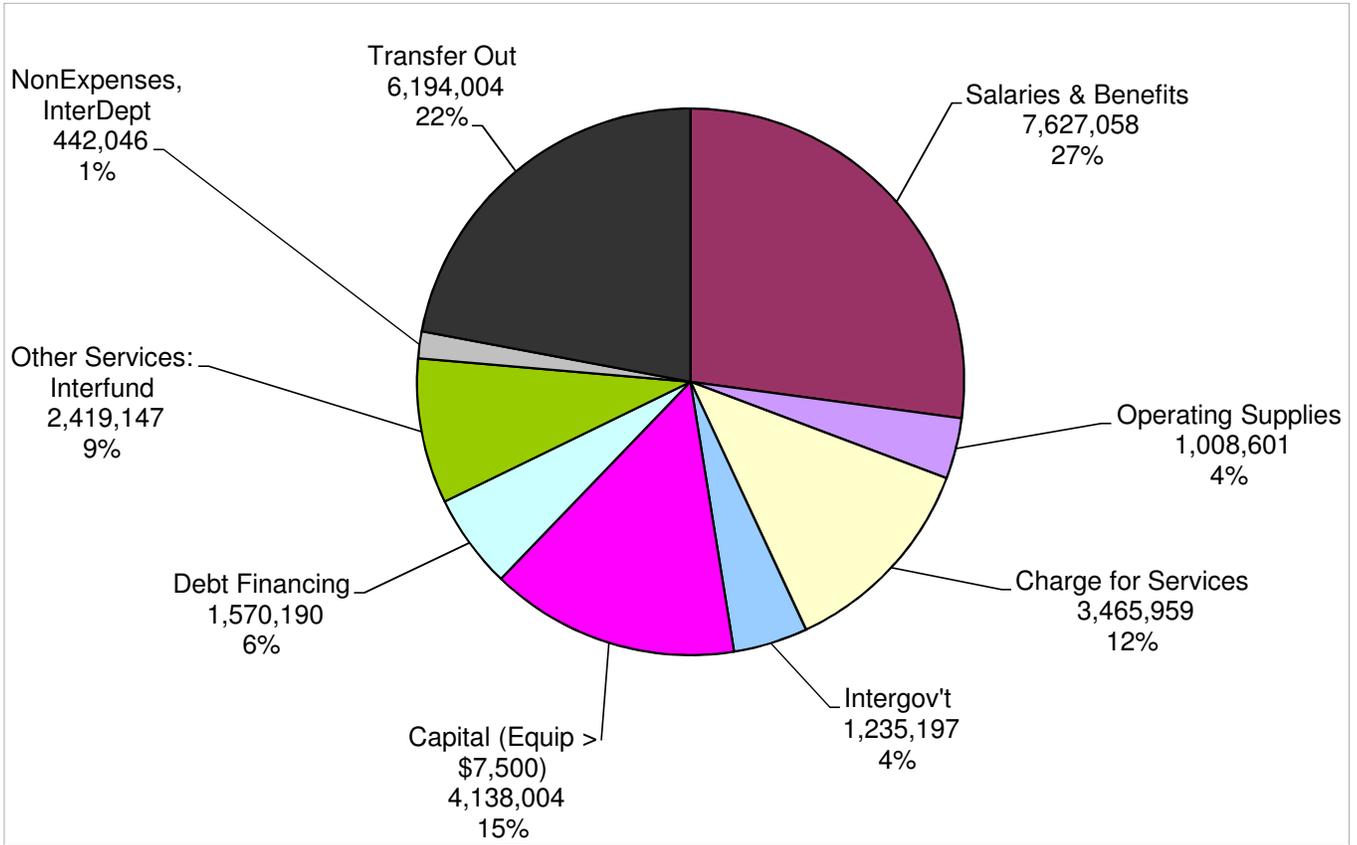
**Where will the Money Come From?
Total Revenue
28,100,204**



	2012 Actual	2013 Actual	2014 Actual	2015 Forecast	2015 Budget	2016 Budget	2016-2015 Amount	%
Taxes	5,274,929	6,240,094	5,935,499	6,015,300	6,157,594	6,153,197	(4,397)	-0.1%
Licenses & Permits	156,158	187,919	226,790	205,252	199,110	255,518	56,408	28.3%
Intergov't	612,483	924,358	510,447	1,132,069	1,083,675	1,175,640	91,965	8.5%
Goods & Services	8,569,038	8,714,356	8,208,111	8,417,256	8,723,021	9,203,503	480,482	5.5%
Fines and forfeits	69,577	68,249	60,799	70,725	71,041	63,431	(7,610)	-10.7%
Other Misc Revenues	589,874	589,197	411,673	367,379	450,782	487,527	36,745	8.2%
Enterprise & Fiduciary	304,623	460,086	511,489	2,002,706	1,512,566	1,038,917	(473,649)	-31.3%
NonRev/ Financing	121,572	10,956,470	3,642,060	1,621,556	5,725,758	629,460	(5,096,298)	-89.0%
Net Revenues	15,698,254	28,140,729	19,506,868	19,832,243	23,923,547	19,007,193	(4,916,354)	-20.6%
Transfers In	2,757,022	3,855,268	11,254,162	11,207,608	11,246,458	6,194,005	(5,052,453)	-44.9%
Revenues	18,455,275	31,995,997	30,761,030	31,039,851	35,170,005	25,201,198	(9,968,807)	-28.3%
Use of Beginning Fund Balance	1,738,992	(10,238,437)	4,550,204	6,546,217	4,758,249	2,899,006	(1,859,243)	-39.1%
Total Use of Revenue	20,194,267	21,757,560	35,311,234	37,586,068	39,928,254	28,100,204	(11,828,050)	-29.6%

**City of Sequim
2016 Budget**

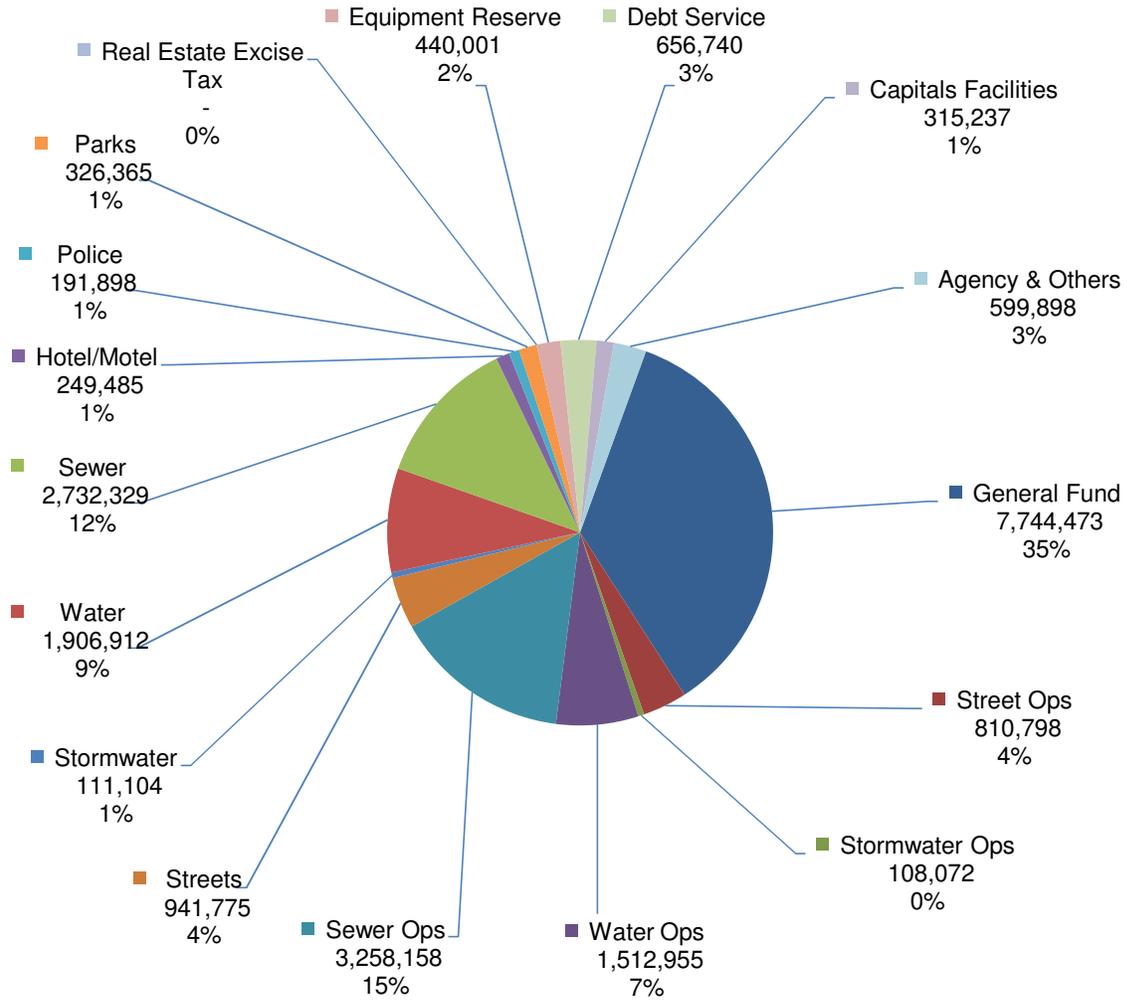
**Where will the Money Go?
Total Expenses
28,100,206**



	2012 Actual	2013 Actual	2014 Actual	2015 Forecast	2015 Budget	2016 Budget	2016-2015 Amount	%
Salaries & Benefits	6,697,025	6,660,755	7,058,456	7,310,531	7,439,786	7,627,058	187,272	2.5%
Operating Supplies	660,605	830,612	673,777	744,028	846,450	1,008,601	162,151	19.2%
Charge for Services	2,575,029	3,336,567	2,667,127	4,094,253	4,433,311	3,465,959	(967,352)	-21.8%
Intergov't	1,118,853	1,107,278	1,106,613	1,212,169	1,208,770	1,235,197	26,427	2.2%
Capital (Equip > \$7,500)	2,704,442	2,460,091	9,163,840	9,185,145	10,495,394	4,138,004	(6,357,390)	-60.6%
Debt Financing	1,243,350	964,419	1,348,867	1,601,335	1,601,559	1,570,190	(31,369)	-2.0%
Other Services: Interfund	2,407,792	2,379,013	1,972,388	1,946,849	2,169,272	2,419,147	249,875	11.5%
NonExpenses, InterDept	49,252	163,556	66,005	284,157	480,655	442,046	(38,609)	-8.0%
Net Expenses	17,456,348	17,902,291	24,057,073	26,378,467	28,675,197	21,906,202	(6,768,995)	-23.6%
Transfer Out	2,737,920	3,855,268	11,254,162	11,207,601	11,253,058	6,194,004	(5,059,054)	-45.0%
Total Expenses	20,194,268	21,757,559	35,311,235	37,586,068	39,928,255	28,100,206	(11,828,049)	-29.6%

**City of Sequim
2016 Budget**

**Total All City Programs Expenses - Excluding Transfers
Operations and Capital Projects
21,906,200**



	2012 Actuals	2013 Actuals	2014 Actual	2015 Forecast	2015 Budget	2016 Budget	2016-2015 Amount	2016-2015 %
All City Total Expenses	17,481,311	17,314,180	24,057,073	26,378,465	28,675,197	21,906,200	(6,768,997)	-24%

**City of Sequim
2016**

**All City Programs Expenses - Excluding Transfers
Operations and Capital Projects**

	2012 Actuals	2013 Actuals	2014 Actual	2015 Forecast	2015 Budget	2016 Budget	2016-2015 Amount	%
All City Program Total Expenses	17,481,311	17,314,180	24,057,073	26,378,465	28,675,197	21,906,200	(6,768,997)	-24%
Operations								
General Fund	7,355,723	7,378,909	7,502,428	7,465,699	7,684,771	7,744,473	59,702	1%
Street Ops	776,981	764,616	690,035	711,907	773,947	810,798	36,851	5%
Stormwater Ops	-	101,014	96,639	101,052	100,248	108,072	7,824	8%
Water Ops	1,198,262	1,322,300	1,227,753	1,361,382	1,450,736	1,512,955	62,219	4%
Sewer Ops	2,491,399	2,753,625	2,596,721	2,828,407	2,961,822	3,258,158	296,336	10%
Total Operations	11,822,365	12,320,464	12,113,576	12,468,447	12,971,524	13,434,456	462,932	4%
Restricted								
Streets	1,051,471	1,390,028	760,294	1,182,559	1,424,421	941,775	(482,646)	-34%
Stormwater	-	45,520	134,109	335,887	348,843	111,104	(237,739)	-68%
Water	1,009,737	290,731	1,056,992	404,066	1,536,038	1,906,912	370,874	24%
Sewer	1,458,423	1,328,019	1,350,449	2,665,510	2,738,661	2,732,329	(6,332)	0%
Total Restricted Capital	3,519,631	3,054,298	3,301,844	4,588,022	6,047,963	5,692,120	(355,843)	-6%
Hotel/Motel	242,715	262,729	219,216	248,955	246,425	249,485	3,060	1%
Police								
Police	27,818	19,976	40,019	159,781	150,717	161,898	11,181	7%
Police Asset Seizure	7,042	-	-	11,667	20,000	30,000	10,000	50%
Police Expendable Trust	1,008	3,244	8,520	485	-	-	-	0%
Total Police	35,868	23,220	48,539	171,933	170,717	191,898	21,181	12%
Parks	92,361	101,765	161,930	166,979	198,369	326,365	127,996	65%
Real Estate Excise Tax	-	0%						
Equipment Reserve	221,002	230,807	106,902	358,200	358,201	440,001	81,800	23%
Debt Service	-	245,530	579,677	662,312	668,990	656,740	(12,250)	-2%
Capitals Facilities	1,437,940	936,246	7,418,984	7,310,700	7,378,078	315,237	(7,062,841)	-96%
Agency & Others								
Gifting & Donations	5,628	5,976	4,686	9,619	10,500	12,570	2,070	20%
Unemployment Compensation Reserve	-	-	4,015	11,731	10,000	10,000	-	0%
Flex Benefits	-	-	-	11,344	11,350	45,000	33,650	296%
Construction Deposits	11,479	39,072	-	162,500	325,000	325,000	-	0%
Intergovernmental Agency Fund	92,052	73,759	65,630	133,790	178,080	168,328	(9,752.00)	-5%
Utility Security Deposits	270	20,314	32,074	73,933	100,000	39,000	(61,000)	-61%
Total Agency & Others	109,429	139,121	106,405	402,917	634,930	599,898	(35,032.00)	-6%



City Of Sequim Budget Overview

General Fund Revenue

2016 Key Goals

- ❖ Conservatively forecast and budget revenues
- ❖ Maintain a diversified mix of revenues to handle fluctuations and appropriately distribute costs of services.
- ❖ Identify ongoing revenues that can be matched with ongoing expenses.
- ❖ Support opportunities to enhance service delivery through intergovernmental cooperation, shared revenues and grants. This revenue will be treated as one-time revenue.
- ❖ Minimize impact of any tax and fee increases on residents and ratepayers, especially low income.
- ❖ Annually review service fees to help ensure fees are cost based for City services that provide private benefit or serve limited interests.

2016 Budget Summary

- ❖ Overall General Fund revenues are up \$450k or 5%
 - Sales Tax revenues are consistent with 2015 trends
 - License & Permits revenues are estimated to grow consistent with 2015 trends
 - Utility Taxes are increased based on projected rate changes of City wide utilities
 - Property Taxes will increase based only on new construction plus 1% as allowed by state statute
 - Interfund charges are based on non-General Fund activities where applicable – up due to completion of the Civic Center project

General Fund Expenses

2016 Key Goals

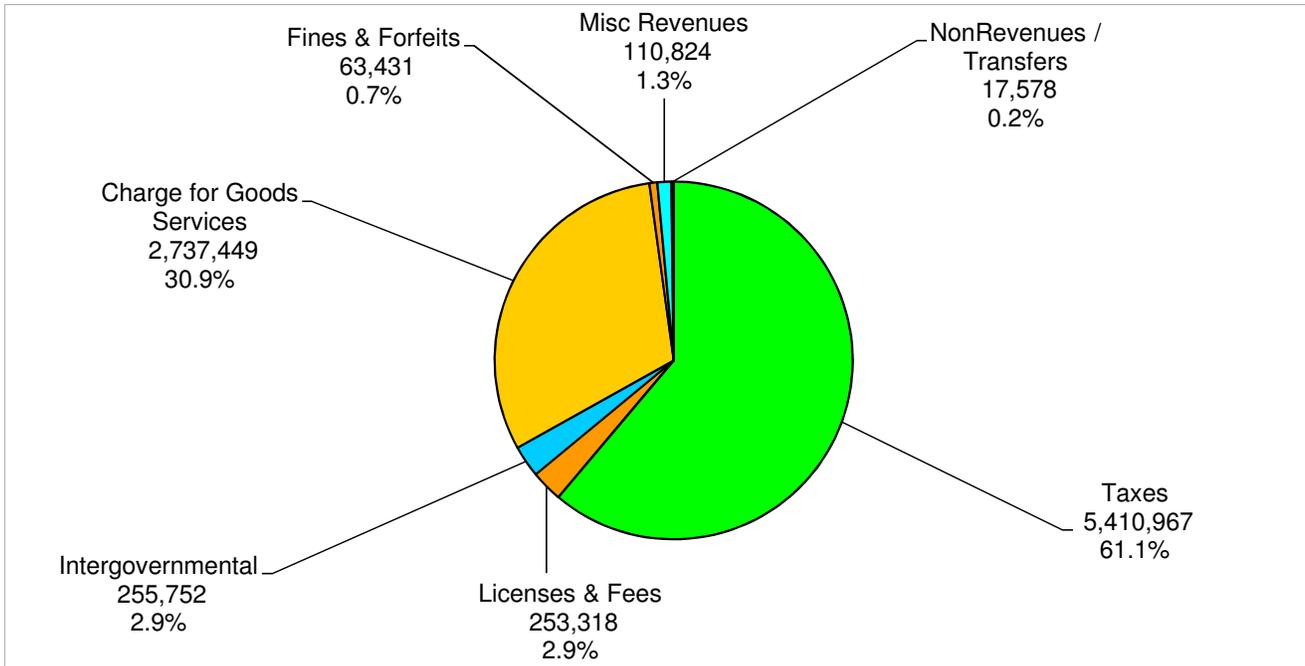
- ❖ Balance ongoing expenditures with ongoing revenues
- ❖ Full cost recovery for rates and fees and interfund support
- ❖ Support opportunities to enhance service delivery through intergovernmental cooperation

2016 Budget Summary

- ❖ Overall General Fund expenditures are up \$322k or 3.8%
 - Salary and Benefits increased by \$130k
 - Supplies, travel and training up \$85k
 - Rent payments decreased by \$131k
 - Transfers out increased by \$262k for street operations, equipment reserve and debt service

**City of Sequim
2016 Budget**

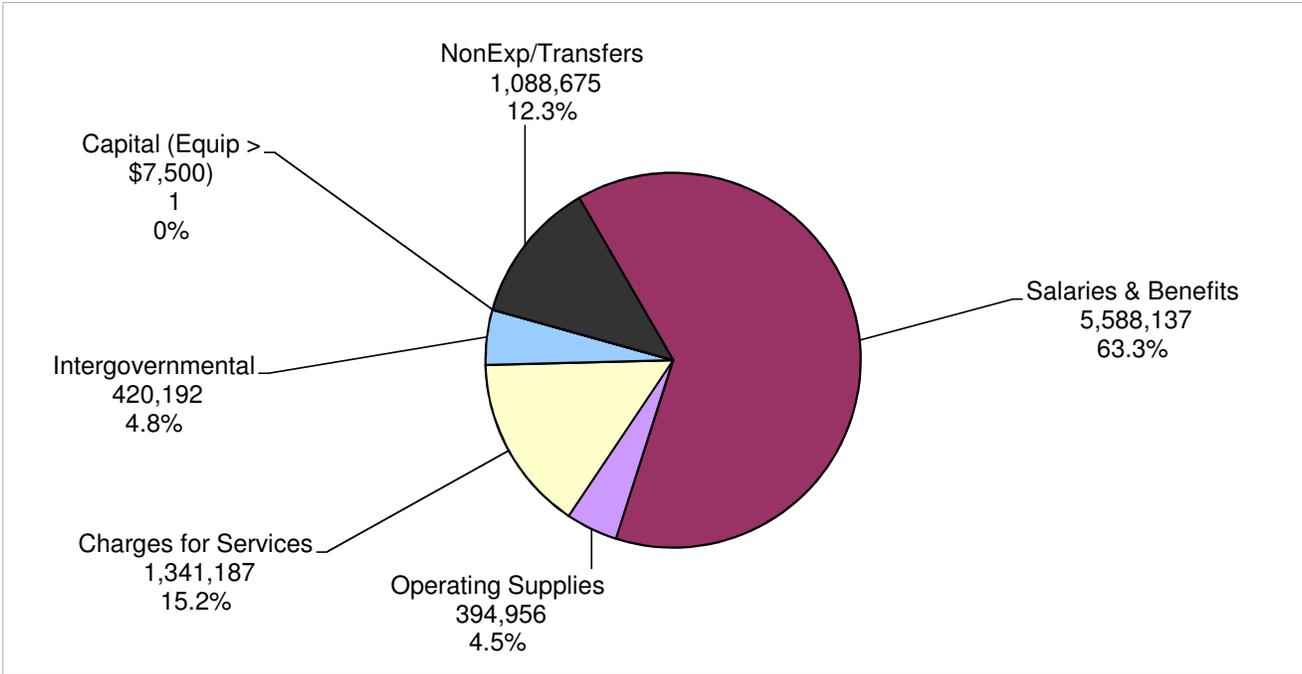
**General Fund Revenues
Total Revenues
8,849,319**



	2012 Actual	2013 Actual	2014 Actual	2015 Forecast	2015 Budget	2016 Budget	2016-2015 Amount	%
Beginning Fund Balance	1,614,777	1,756,105	1,868,524	1,820,492	1,739,842	1,685,370	(54,472)	-3.1%
Taxes	4,945,522	5,066,320	5,207,139	5,252,474	5,288,524	5,410,967	122,443	2.3%
Licenses & Fees	153,228	187,519	224,274	203,755	196,910	253,318	56,408	28.6%
Intergovernmental	231,750	197,342	216,366	226,795	219,345	255,752	36,407	16.6%
Charge for Goods Services	2,629,812	2,595,394	2,273,708	2,248,330	2,467,256	2,737,449	270,193	11.0%
Fines & Forfeits	69,577	68,249	60,799	70,725	71,041	63,431	(7,610)	-10.7%
Misc Revenues	124,960	132,960	108,588	113,260	119,528	110,824	(8,704)	-7.3%
NonRevenues / Transfers	18,387	5,144	2,628	36,649	37,136	17,578	(19,558)	-52.7%
TOTAL Revenues	8,173,236	8,252,928	8,093,502	8,151,988	8,399,740	8,849,319	449,579	5.4%
Total Expenses	8,034,930	8,138,861	8,141,536	8,287,112	8,511,150	8,833,148	321,998	3.8%
Net Surplus/(Deficit)	138,306	114,067	(48,032)	(135,124)	(111,410)	16,171	127,581	-114.5%
Ending Fund Balance	1,753,083	1,870,172	1,820,492	1,685,368	1,628,432	1,701,541	73,109	4.5%

**City of Sequim
2016 Budget**

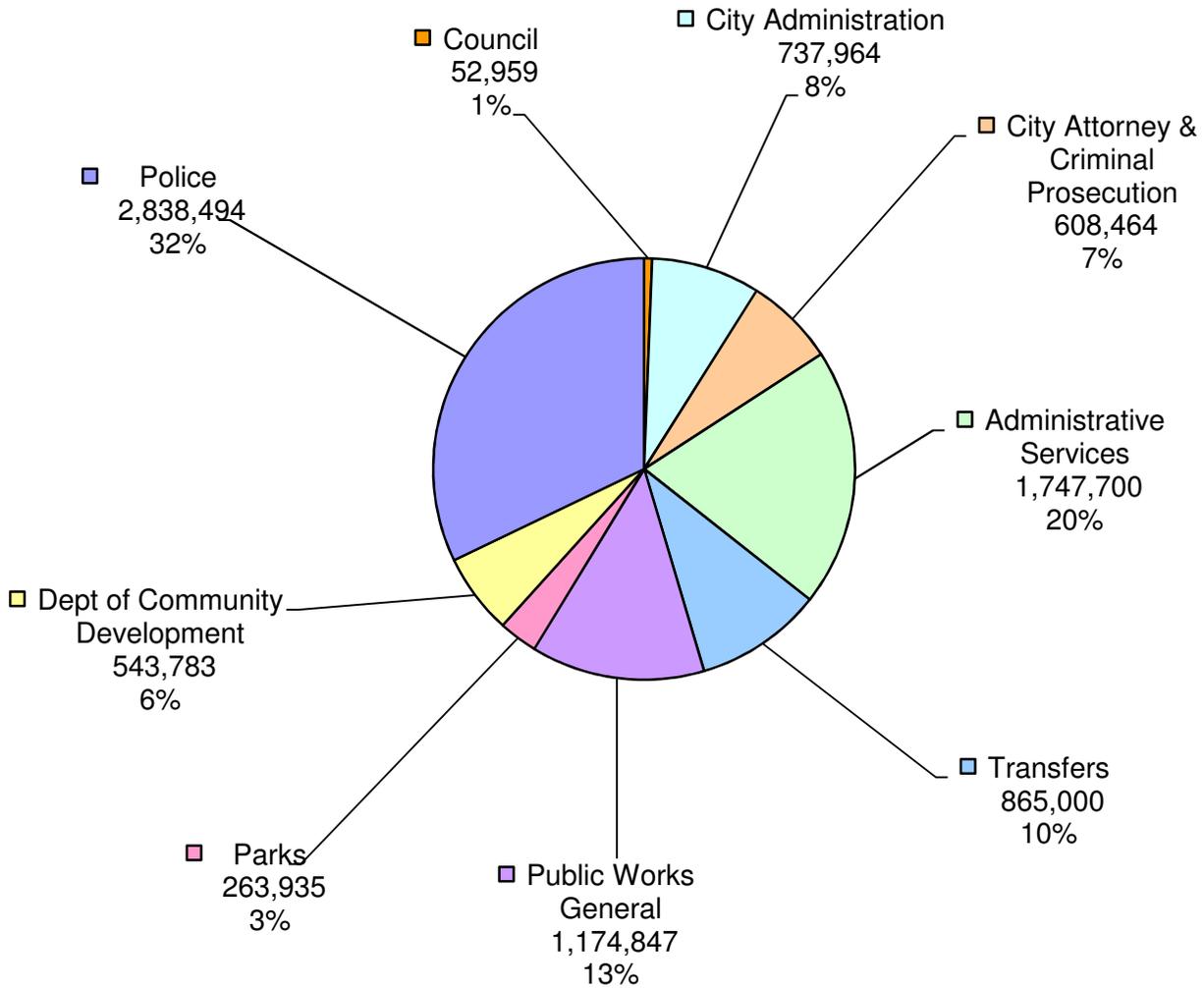
**General Fund Expenses
Total Expenses
8,833,148**



	2012 Actual	2013 Actual	2014 Actual	2015 Forecast	2015 Budget	2016 Budget	2016-2015 Amount	%
Beginning Fund Balance	1,614,777	1,756,105	1,868,524	1,820,492	1,739,842	1,685,370	(54,472)	-3.1%
Total Revenues	8,173,236	8,252,928	8,093,504	8,151,988	8,399,740	8,849,319	449,579	5.4%
Salaries & Benefits	5,323,611	5,173,914	5,388,068	5,353,141	5,457,301	5,588,137	130,836	2.4%
Operating Supplies	320,050	393,752	299,993	305,342	356,959	394,956	37,997	10.6%
Charges for Services	1,218,465	1,342,005	1,336,842	1,315,296	1,451,918	1,341,187	(110,731)	-7.6%
Intergovernmental	492,361	467,590	451,425	445,937	418,592	420,192	1,600	0.4%
Capital (Equip > \$7,500)	1,159		25,999	45,984	1	1	-	0.0%
Interfund Services				-	-	-	-	0.0%
InterDepartment				-	-	-	-	0.0%
NonExp/Transfers	679,285	761,600	639,208	821,412	826,379	1,088,675	262,296	31.7%
Total Expenses	8,034,931	8,138,861	8,141,535	8,287,112	8,511,150	8,833,148	321,998	3.8%
Net Surplus/(Deficit)	141,303	114,067	(48,032)	(135,124)	(111,410)	16,171	127,581	-114.5%
Ending Fund Balance	1,756,080	1,870,172	1,820,492	1,685,368	1,628,432	1,701,541	73,109	4.5%

**City of Sequim
2016 Budget**

**Total General Fund Expenses
by Department
8,833,146**



	2012 Actuals	2013 Actuals	2014 Actual	2015 Forecast	2015 Budget	2016 Budget	2016-2015 Amount	%
General Fund Total Expenses	8,034,223	8,138,861	8,141,536	8,287,112	8,511,152	8,833,146	321,994	4%

**City of Sequim
2016**

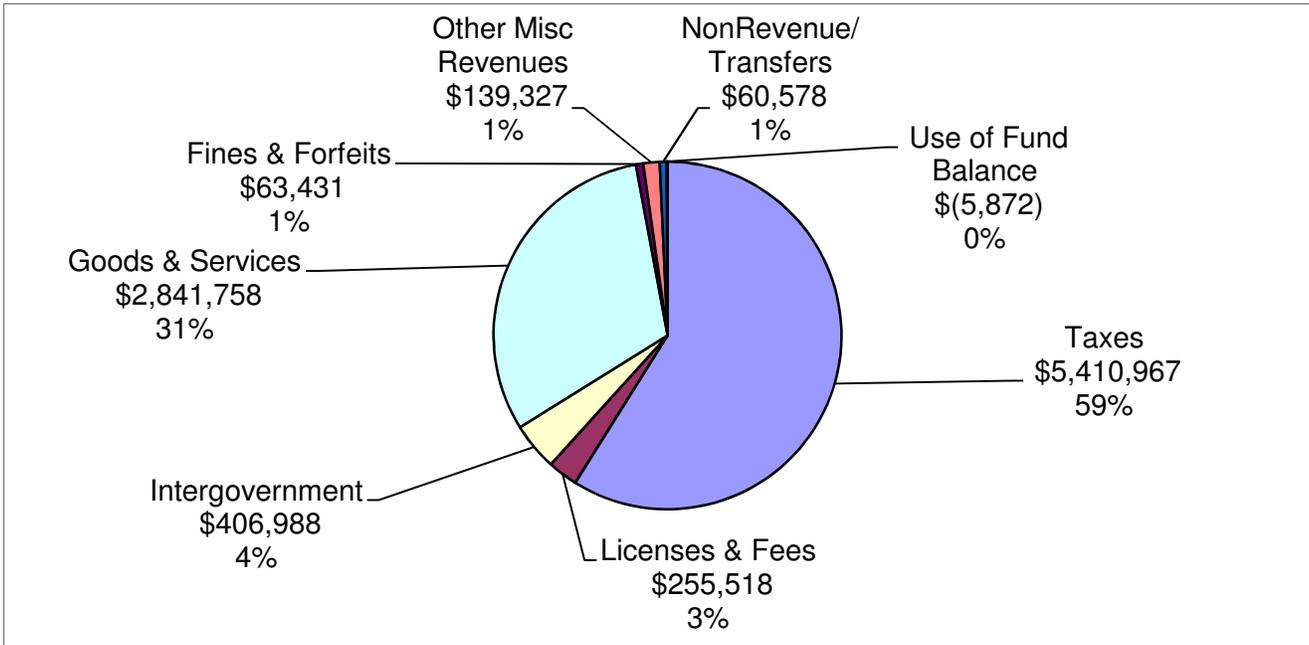
General Fund Expenses by Department

	2012 Actuals	2013 Actuals	2014 Actual	2015 Forecast	2015 Budget	2016 Budget	2016-2015 Amount	%
General Fund								
Total Expenses	8,034,223	8,138,861	8,141,536	8,287,112	8,511,152	8,833,146	321,994	4%
Council	37,382	47,511	39,816	69,350	41,668	52,959	11,291	27%
City Administration								
City Manager	172,184	183,482	188,238	240,848	233,190	244,004	10,814	5%
City Clerk	238,163	239,351	210,299	214,916	219,040	224,109	5,069	2%
Communications	47,923	49,791	52,204	48,356	48,694	59,602	10,908	22%
Human Resources	180,123	176,450	199,974	206,267	206,406	210,249	3,843	2%
	638,393	649,074	650,715	710,387	707,330	737,964	30,634	4%
City Attorney & Criminal Prosecution								
City Attorney	149,797	151,068	163,555	160,316	156,975	164,855	7,880	5%
Criminal Prosecution	530,374	524,986	492,239	457,166	460,271	443,609	(16,662)	-4%
	680,171	676,054	655,794	617,482	617,246	608,464	(8,782)	-1%
Administrative Services								
Finance & IT	1,072,175	1,105,270	1,211,723	1,183,486	1,242,509	1,255,928	13,419	1%
NonDepartmental	400,986	425,473	384,552	384,606	518,938	491,772	(27,166)	-5%
	1,473,161	1,530,743	1,596,275	1,568,092	1,761,447	1,747,700	(13,747)	-1%
Public Works General								
Public Works Admin	820,826	592,675	670,242	528,430	557,859	616,239	58,380	10%
Facilities	410,571	452,048	452,629	384,931	414,037	242,599	(171,438)	-41%
Engineering	277,750	281,493	282,491	275,684	243,640	316,009	72,369	30%
	1,509,147	1,326,216	1,405,362	1,189,045	1,215,536	1,174,847	(40,689)	-3%
Parks	176,328	173,486	226,605	268,435	276,171	263,935	(12,236)	-4%
Dept of Community Development								
Growth Development	151,691	163,178	174,785	169,481	152,572	154,509	1,937	1%
Building Development & Code Compliance	329,302	342,107	352,873	355,286	363,848	389,274	25,426	7%
	480,993	505,285	527,658	524,767	516,420	543,783	27,363	5%
Police	2,480,152	2,530,492	2,609,313	2,625,554	2,661,334	2,838,494	177,160	7%
Transfers								
Street Ops	477,336	400,000	399,999	340,000	340,000	520,000	180,000	53%
Stormwater Ops	28,840	-	-	-	-	-	-	-
Street Capital	52,320	60,000	-	-	-	-	-	-
Equipment Reserves			Transfers moved to Departments, See Below					
Cap Facilities/Debt Service		240,000		374,000	374,000	345,000	(29,000)	-8%
Solid Waste/Other			30,000					0%
	558,496	700,000	429,999	714,000	714,000	865,000	151,000	21%
Transfer to Equipment Reserves Included in Department Budgets								
Transfers to 164	120,789	61,600	209,109	82,379	82,379	223,675	141,296	172%

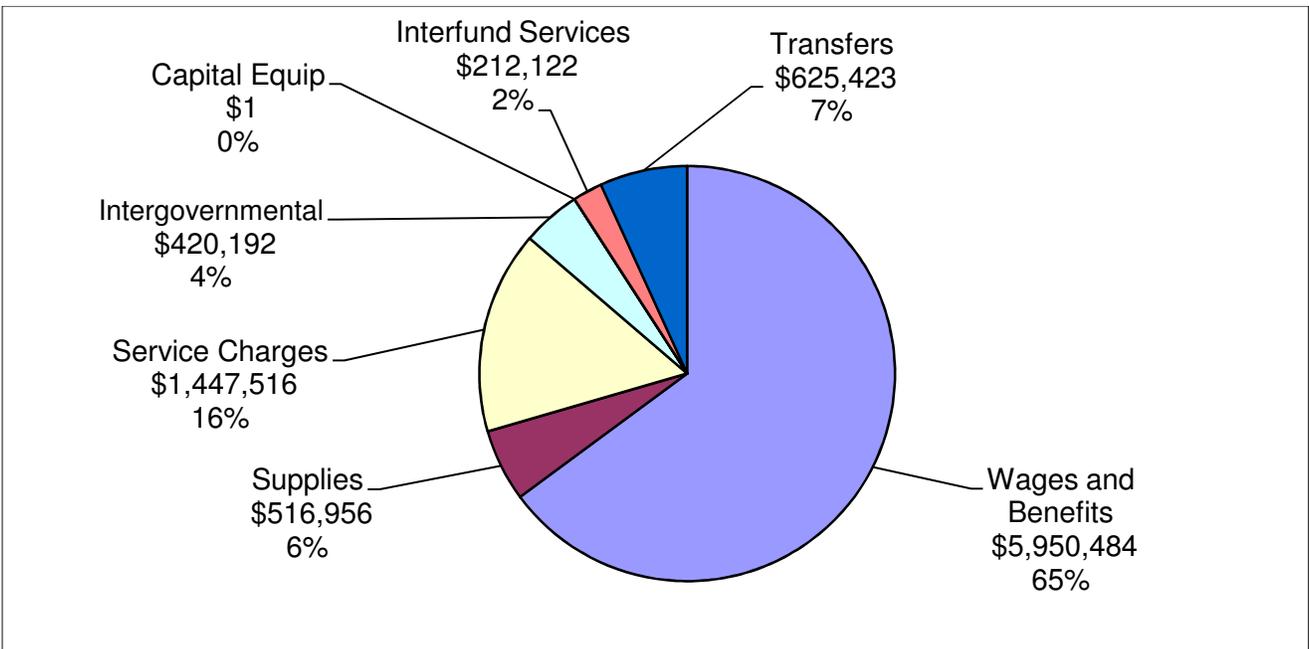
**City of Sequim
2016 Budget**

General Fund & Streets Operating Revenues & Expenses

Total Revenues \$ 9,172,695



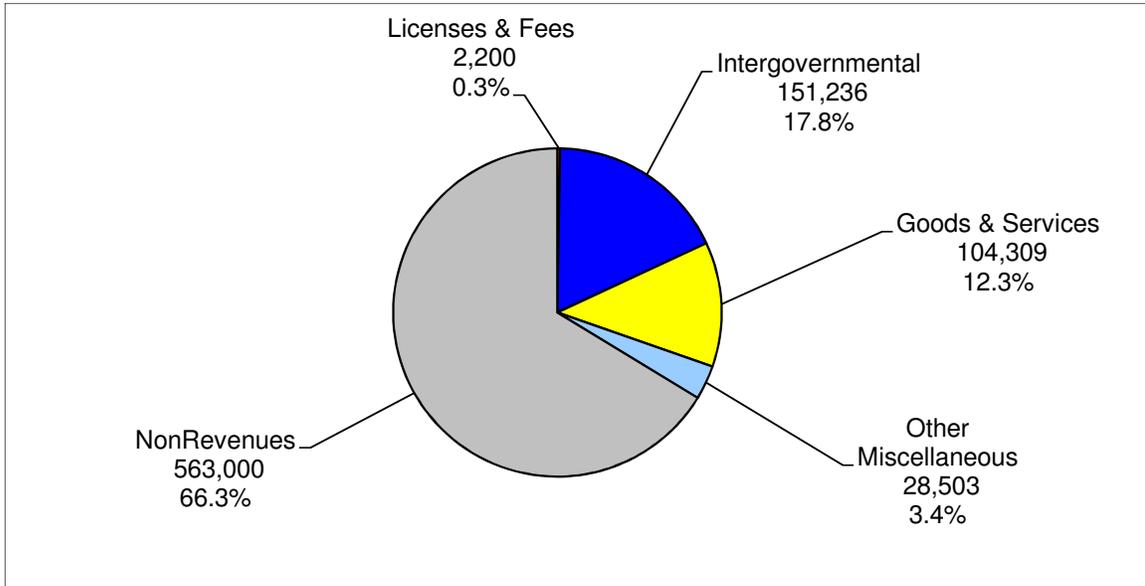
Total Expenses \$ 9,172,694



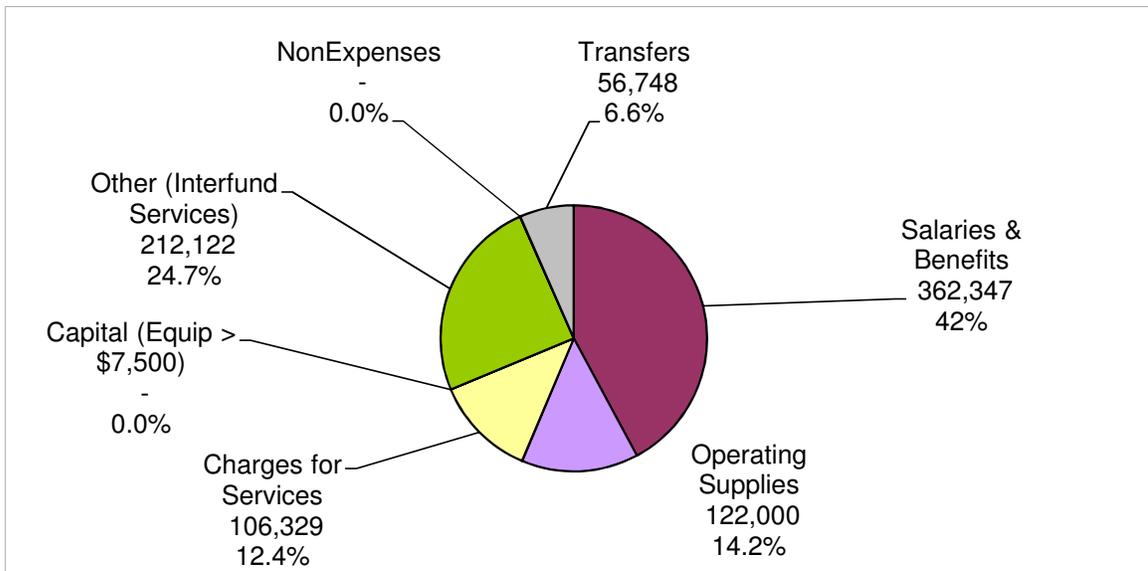
**City of Sequim
2016 Budget**

Street Operating Revenues & Expenses

Total Revenues \$ 849,248



Total Expenses \$ 859,546

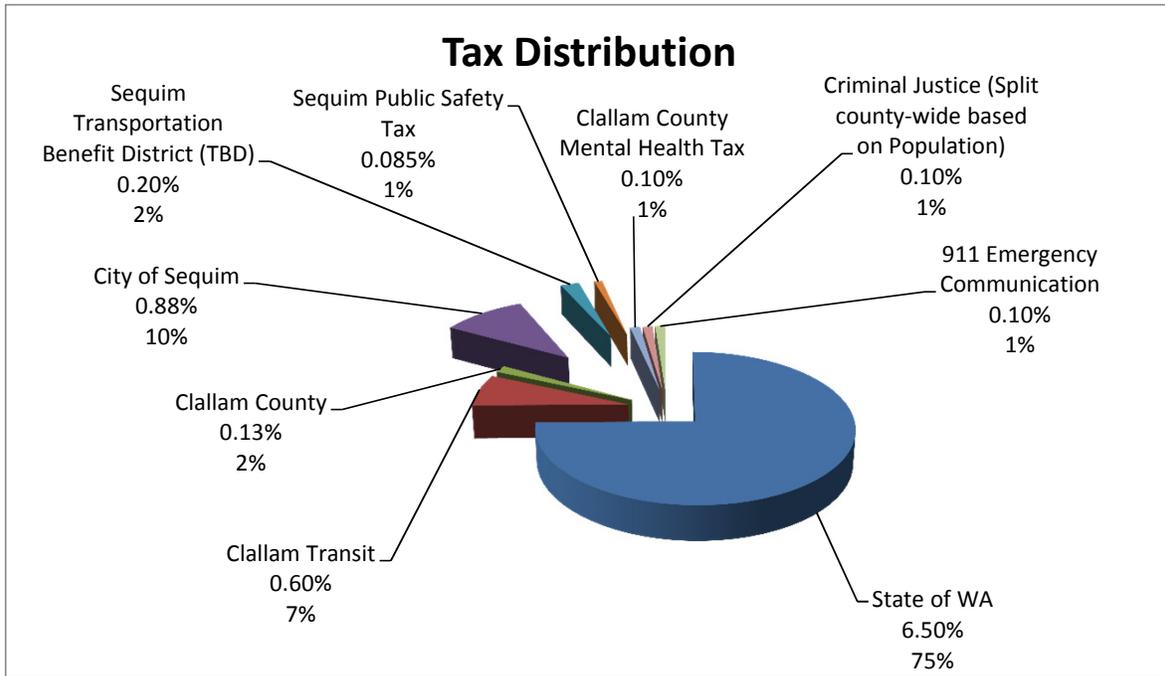


2016 Budget

Beginning Fund Balance	\$	154,925
Total Revenues		849,248
Total Expenses		859,546
Surplus/(Deficit)		<u>(10,298)</u>
Ending Fund Balance	\$	144,627

**CITY OF SEQUIM
2016**

**8.70% Sales Tax Distribution
Within the City Limits of Sequim**



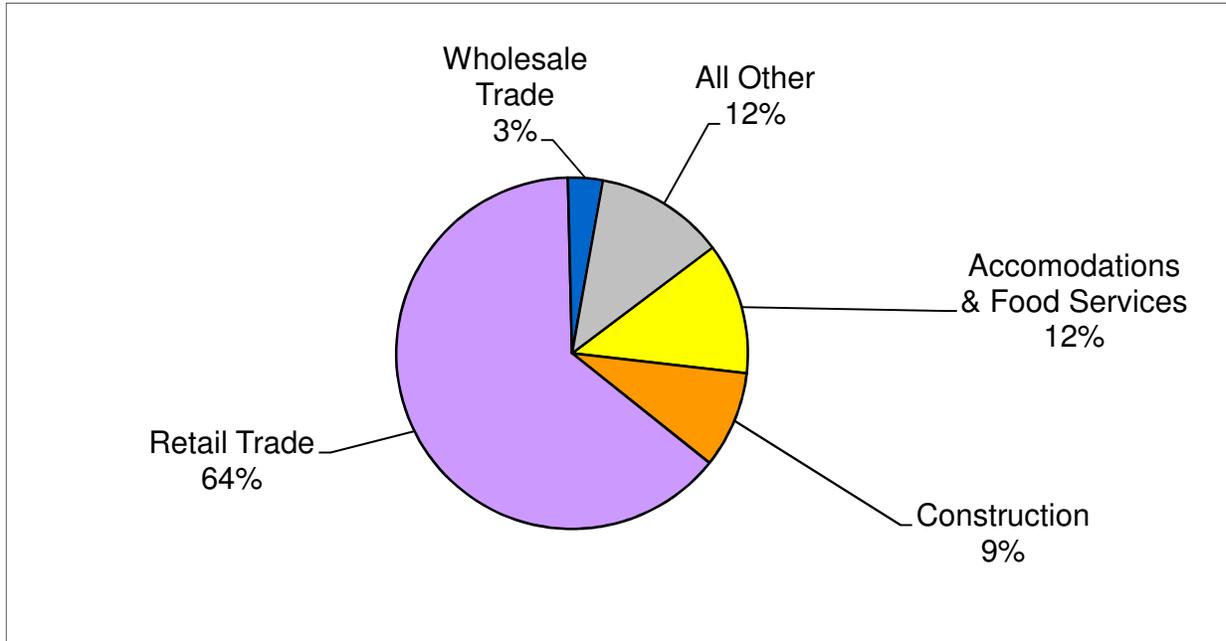
Distribution of Sales Tax Dollars		<i>Estimated</i>	
		<i>Annual Sequim Sales</i>	<i>Tax Revenue Generated</i>
Total Tax %	8.70%	\$278,907,386	\$24,250,997
State of WA	6.50%		18,128,980
Clallam Transit	0.60%		1,673,444
Clallam County	0.13%		362,580
City of Sequim	0.88%		2,454,385
Sequim Transportation Benefit District (TBD)	0.20%		557,815
Sequim Public Safety Tax	0.085%		237,071
Clallam County Mental Health Tax	0.10%		278,907
Criminal Justice (Split county-wide based on Population)	0.10%		278,907
911 Emergency Communication	0.10%		278,907

<u>2016 Example of Sales Tax Collection</u>					
	<i>Sequim Sale</i>	<i>Total Sales Tax</i>	<i>State Share</i>	<i>All Other Share</i>	<i>City Of Sequim Share</i>
	\$1,000	\$87	\$65	\$10	\$12
	\$5,000	\$435	\$325	\$52	\$58
	\$10,000	\$870	\$650	\$103	\$117
	\$25,000	\$2,174	\$1,625	\$258	\$291

The taxable base includes all retail sales of personal property to state residents and some types of professional services. Exclusions are food products consumed off the premises and prescription services drugs. Sales taxes are remitted by the retailers to the WA State Department of Revenue by the 25th of the month following sales (for most taxpayers). The Department of Revenue distributes the local government's share (less administrative fees) on the last day of the month following remittance to the State.

**CITY OF SEQUIM
2016 Budget**

**Annual Sales Tax by Industry
Estimate based on 2015 Forecast**



	2012 Actual	2013 Actual	2014 Actual	2015 Forecast	2016 Budget	2016-2015 Amount	%
Accommodations & Food Services	272,504	296,390	305,573	285,892			
Construction	139,557	142,777	154,637	210,284	Budget detail		
Retail Trade	1,434,724	1,498,410	1,516,369	1,509,793	by Industry not		
Wholesale Trade	67,857	72,944	84,377	75,608	available		
All Other	260,209	243,457	267,010	281,166			
State Adjustments	5,657	22,709	32,675	-			
Total	\$ 2,180,508	\$ 2,276,687	\$ 2,360,641	\$ 2,362,743	\$ 2,454,385	\$ 91,642	3.88%

Estimated Annual Sequim Sales \$ 256,530,353 \$ 267,845,529 \$ 277,722,527 \$ 277,969,765 \$ 278,907,386

**City of Sequim
2016 Budget
Property Tax**

Clallam County Levy

	2012	2013	2014	2015
Clallam County Total Valuation	\$ 7,524,783,407	\$ 7,173,041,376	\$ 7,002,941,388	\$ 7,054,903,078
Total County Property Tax Levied	\$ 9,456,950	\$ 9,950,654	\$ 8,863,771	\$ 8,281,675
City of Sequim Valuation	\$ 883,664,857	\$ 828,293,553	\$ 813,614,967	\$ 807,498,734
Total Sequim Property Tax Levied	\$ 1,315,974	\$ 1,343,705	\$ 1,360,360	\$ 1,342,327
Distribution per \$1,000 Assessed Value	10.08	10.99	10.89	10.26

Distribution of Sequim Property Tax Dollars

Taxing District	2012			2013			2014			2015		
	Levy Rate per \$1,000 Valuation	Percent of Levy	Cost for a \$200k Home	Levy Rate per \$1,000 Valuation	Percent of Levy	Cost for a \$200k Home	Levy Rate per \$1,000 Valuation	Percent of Levy	Cost for a \$200k Home	Levy Rate per \$1,000 Valuation	Percent of Levy	Cost for a \$200k Home
State	2.352	23%	470	2.548	23%	510	2.402	22%	480	2.309	23%	462
Schools	1.947	19%	389	2.298	21%	460	2.157	20%	431	1.600	16%	320
City of Sequim	1.489	15%	298	1.626	15%	325	1.674	15%	335	1.662	16%	332
County	1.294	13%	259	1.387	13%	277	1.442	13%	288	1.443	14%	289
Fire Dist 3-General	1.287	13%	257	1.375	12%	275	1.426	13%	285	1.438	14%	288
Fire Dist 3-EMS	0.500	5%	100	0.500	5%	100	0.500	5%	100	0.500	5%	100
Hospital	0.532	5%	106	0.572	5%	114	0.595	5%	119	0.601	6%	120
Library	0.500	5%	100	0.500	5%	100	0.500	5%	100	0.500	5%	100
Port	0.181	2%	36	0.194	2%	39	0.200	2%	40	0.202	2%	40
Parks & Rec	-	0%	-	-	0%	-	-	0%	-	-	0%	-
	10.082	100%	2,016	11.000	100%	2,200	10.894	100%	2,179	10.256	100%	2,051

Property Taxes (RCW 84.52)

The County Treasurer acts as an agent to collect property taxes levied in the county for all taxing authorities. Taxes are levied in November on the property value listed as of the prior May 31, and becomes a lien as of January 1. Assessed values are established by the County Assessor at 100% of the fair market value and are adjusted each year by the County Assessor based on market value changes. A physical verification of each property is made at least once every six years and the estimated assessed value is then changed to reflect the physical verification.

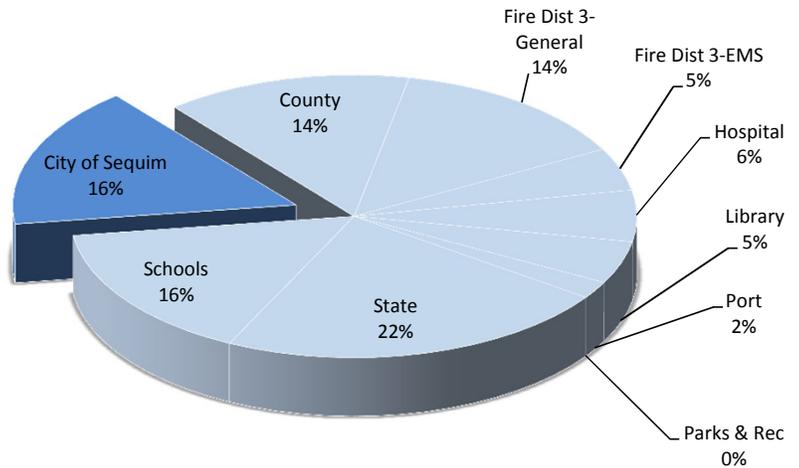
Taxes are due in two equal installments on April 30th and October 31st. Collections are remitted the month following collection to the appropriate taxing district by the County Treasurer.

A City is permitted by law to levy up to \$3.60 per \$1,000 of assessed valuation for general governmental services. This amount does not include voter approved special levies, and may be reduced for any of the following reasons:

- A.** The Washington State Constitution limits the total regular property taxes to 1% of assessed value, of which a city may levy up to \$3.60 per \$1,000 of assessed value. If the taxes of all districts exceed this amount, each is proportionately reduced until the total is at or below the 1% limit.
- B.** Growth of the regular property tax levy before new construction and annexations is currently limited to 1% for cities with a population of less than 10,000. Prior to 2001, Washington State law (RCW 84.55.010) limited the growth of regular property taxes to 6% per year, before adjustments for new construction and annexations.
- C.** The City may levy taxes below the legal limit. Special levies approved by the voters are not subject to the above limitations.
- D.** Library Districts (North Olympic Library System) are entitled to \$.50 per \$1,000 of assessed valuation. Fire Districts (Fire District 3-General) are entitled to \$1.50 per \$1,000 of assessed valuation.

The Library and Fire District levies are deducted from the \$3.60 maximum available to cities. Any year in which the Library or the Fire District do not utilize their full levy, a city may assess the unused portion subject to the limitations listed above.

2015 Property Tax Levy

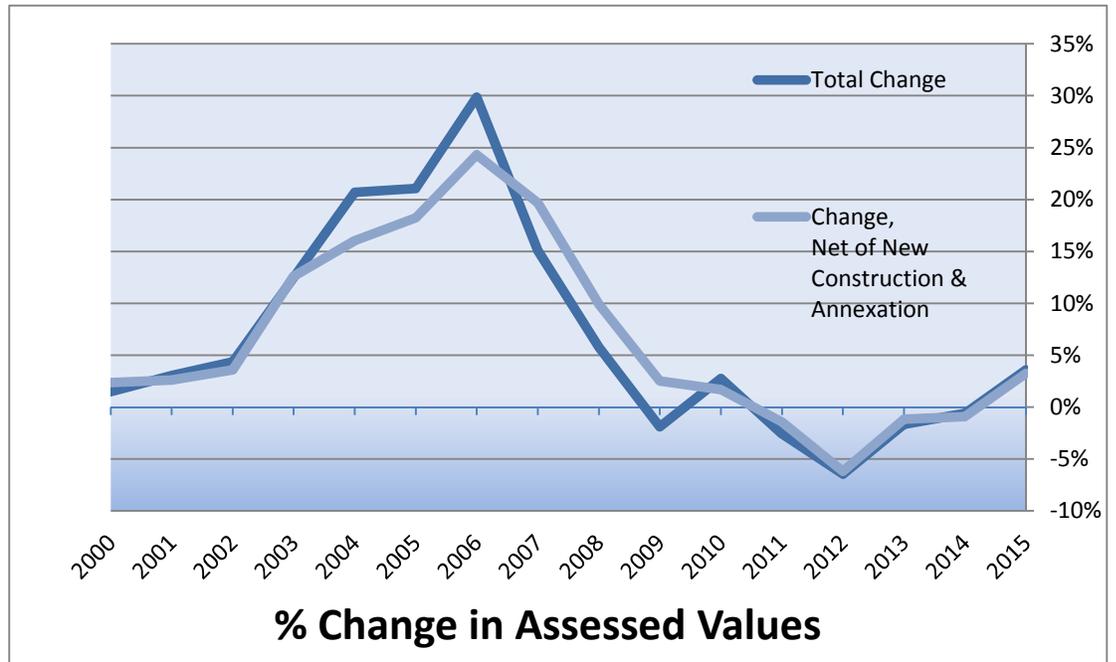


**City of Sequim
2016 Budget**

Property Tax							
Assessment Yr.	Collection Yr.	Total Tax Collections	Total Assessed Valuation (incl. New Construction & Annexation)	New Construction	Annexation	Total Change	Change, Net of New Construction & Annexation
2015	2016 est	1,393,600	836,386,675	8,945,506	-	3.58%	3.25%
2014	2015	1,379,800	807,498,734	6,118,573	-	-0.63%	-0.92%
2013	2014	1,359,320	812,601,422	3,760,106	-	-1.66%	-1.16%
2012	2013	1,342,846	826,359,277	8,030,406	-	-6.48%	-6.20%
2011	2012	1,338,578	883,664,857	11,284,939	-	-2.60%	-1.45%
2010	2011	1,385,322	907,241,564	20,457,733	1,585,754	2.75%	1.69%
2009	2010	1,233,066	882,919,973	11,496,585	970,739	-1.91%	2.51%
2008	2009	1,160,061	900,145,266	46,458,065	4,529,465	5.75%	9.89%
2007	2008	1,096,381	851,183,997	66,253,363	12,228,125	15.07%	19.70%
2006	2007	1,039,810	739,682,945	84,711,905	9,418,060	29.85%	24.32%
2005	2006	876,384	569,637,795	48,311,540	2,050,930	21.07%	18.24%
2004	2005	793,783	470,495,733	29,855,770	1,475,195	20.70%	16.03%
2003	2004	774,707	389,806,532	11,312,760	-	12.48%	12.59%
2002	2003		346,554,900	8,022,745	2,358,590	4.36%	3.58%
2001	2002		332,077,932	7,521,730	-	3.03%	2.59%
2000	2001		322,322,567	5,324,205	636,155	1.48%	2.36%
1999	2000		317,636,346	8,142,335	422,570		

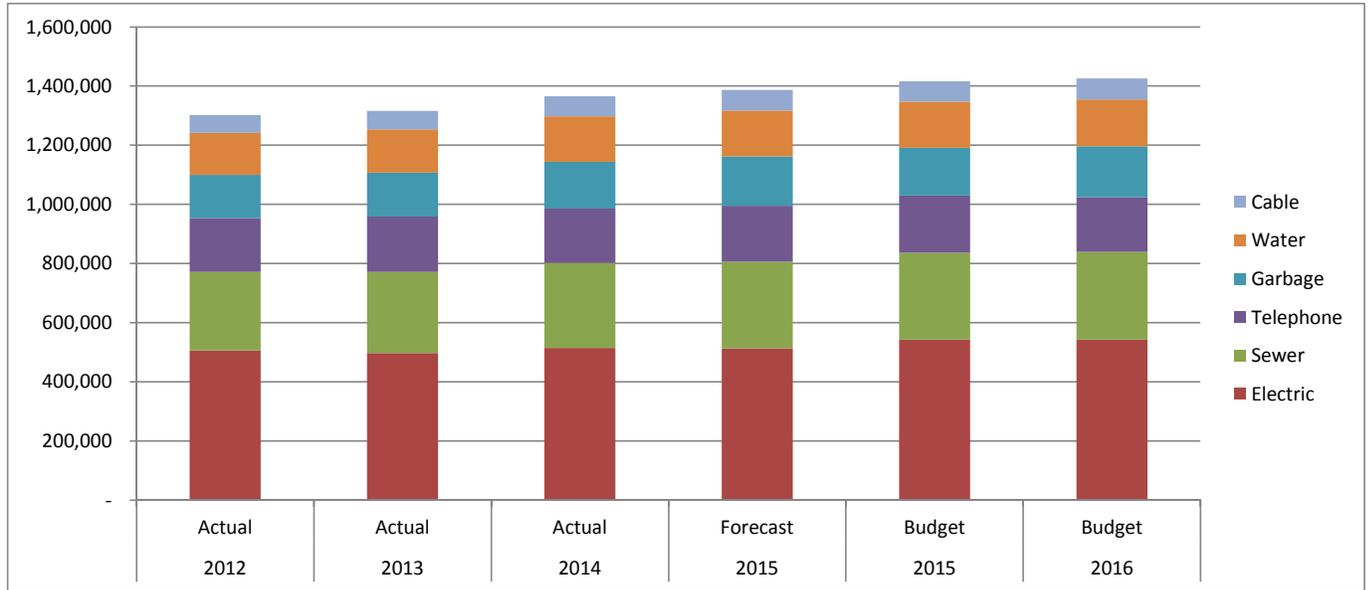
Property Tax

The statutory maximum increase of the tax levy without voter approval is 1% plus the taxable value of new construction and improvements, annexations and increases in State of Washington assessed utility



**CITY OF SEQUIM
2016 Budget**

**Business & Occupation Tax
by Public Utility**



Tax Rate*	Public Utility	2012 Actual	2013 Actual	2014 Actual	2015 Forecast	2015 Budget	2016 Budget	2016-2015 Amount	2016-2015 %
6%	Electric	506,078	497,542	514,785	513,386	542,415	542,768	353	0.00
8%	Sewer	265,350	273,821	286,766	292,761	293,992	296,186	2,194	0.01
6%	Telephone	182,577	187,749	183,703	188,839	193,249	185,315	(7,934)	-0.04
8%	Garbage	145,957	148,472	159,005	166,685	161,258	172,488	11,230	0.07
8%	Water	142,285	146,182	153,749	155,866	156,550	157,587	1,037	0.01
5%	Cable	59,300	61,745	67,182	69,369	68,617	71,177	2,560	0.04
	Total	\$ 1,301,547	\$ 1,315,511	\$ 1,365,190	\$ 1,386,906	\$ 1,416,081	\$ 1,425,521	\$ 9,440	0.66%

*The tax rate is imposed upon the public utility's gross receipts.

City Of Sequim Department Description

Municipal Debt Capacity & Type of Debt

General Obligation Debt¹

According to Washington State law, voters may approve general obligation debt issues of up to 7.5% of the City's assessed valuation. This 7.5% debt capacity is allocated evenly between general government purposes, utilities and open space, park facilities & capital facilities associated with economic development, resulting in a 2.5% limit for each. All voted bonds require a 60% majority approval. To validate the election, the total votes cast must equal at least 40% of the total votes cast in the last general election.

Under RCW 39.36.020(2), the public may vote to approve **Unlimited Tax General Obligation (UTGO)** bond issues for general government in an amount not to exceed 2.5% of the assessed valuation. UTGO Bonds represent debt that was approved by voters for a specific purpose. In this case, citizens have agreed to levy property taxes to repay the debt generally over a twenty-year period. Within the 2.5% limit, the City Council may approve **Limited Tax General Obligation (LTGO)** bond issues (also called Councilmanic Bonds) not to exceed 1.5% of the City's assessed valuation. LTGO Bonds can be issued with approval of the City Council. The 1.5% can be used for any municipal purpose, including using the entire amount for bonds. This non-voted debt is repaid from general revenues of the City.

Under RCW 39.36.020(4), the public may vote to approve **Parks, Open Space and Capital Facilities associated with Economic Development** bond issues and **Utility Purpose** bond issues. Each of which is also limited to 2.5% of the City's assessed valuation.

Although the City can legally issue up to 7.5% of its assessed valuation, bond-rating agencies have a lower threshold for an acceptable debt load. Bond rating agencies use several criteria for determining the level of debt a city can maintain. The two most important are debt as a percent of assessed valuation and debt per capita. As a general rule, debt in excess of 4.5% of assessed valuation is viewed as a cause for concern.

Other Long Term Debt

Revenue bonds are used to finance construction or improvements to facilities of enterprise systems operated by the City and are generally payable from the revenues of the enterprise. No taxing power or general fund pledge is provided as security. Unlike general obligation bonds, revenue bonds are not subject to the City's statutory debt limitation and voter approval is not required.

Public Works Trust Fund loans and State Revolving Fund loans are low interest and/or interest-free loans granted to Washington cities based on a competitive and comprehensive loan application process. The cities are evaluated based on 60% professional management and 40% city need. Those cities scoring highest in the State's evaluation process receive the favorable loans. The more significant qualifying criteria require cities to:

- Impose the ¼ of one percent real estate excise tax
- Develop a long-term plan for financing public work needs
- Use all local revenue sources which are reasonably available for funding public works
- Adopt a comprehensive plan
- Demonstrate a history of maintaining the city's utility system
- Demonstrate a commitment to professional management.

¹ RCW 39.36 – Public Contract & Indebtedness – Limitation of Indebtedness of taxing districts

City Of Sequim Budget Overview

Debt Summary

2016 Key Goal

- ❖ Manage the City's Municipal Debt and protect the City's credit rating (AA- for LTGO and A+ for Revenue Bonds)
 - Conservatively manage funding sources
 - Make timely debt payments
 - Prepare timely and accurate financial information that demonstrates compliance the a myriad of financial policies for Council and Rating Agencies

2016 Budget

- ❖ \$10.68m in LTGO debt was issued in August 2013 for the Civic Center project with total debt service in 2016 of \$660k
 - Funded with \$345k General Fund, \$245k from the Public Safety Tax, and \$75k from REET
- ❖ Keeler Park debt payments discontinue in 2016 and total \$56.5k next year, funded by Park Impact fees
- ❖ Current Utility Debt payments continue as in prior years and are funded by Utility Rates
 - Water and sewer revenue bonds totaling approximately \$3m to fund the utility portion of the Civic Center project, and related debt service of \$115k per utility
 - State Revolving Funds - \$4.583ml
 - Public Works Trust Fund - \$520k

General Obligation Debt

2013 Limited Tax General Obligation (LTGO) Bond – Civic Center Project

In 2013, the City issued \$10.68m in LTGO debt to provide funds for a portion of the City's Civic Center Project as well as to pay the costs of issuance and sale of the bonds (\$241k). Payment on the \$10.68m 30 year bond at 4.53% began in 2014, with interest only payments required in the first year and a half. Payments thereafter are \$660k annually. The bond matures in December 2043.

2009 LTGO Bond - Keeler Property Acquisition

In 2008, the City entered into an agreement to purchase park lands known as Keeler Park. In 2009, the City issued \$675k in debt to finance the purchase. The 10 year debt at 3.95% interest began repayment in June 2009 and the final payment was scheduled for December 2019. In June 2010, Ducks Unlimited contributed a \$200k North American Wetlands Conservation Act Grant to the City to put towards the purchase of the property, a habitat protected for birds, elk, and deer. The grant proceeds were used to pay down the 2009 debt. The final payment of the debt is now in December 2016.

Compensated Absences

The City is obligated to pay accrued vacation and sick-leave to its employees in accordance with union contracts and internal personnel policies. Although Compensated Absences are not payable to employees on a particular schedule, like loans and bonds, they can become a sizable liability to agencies. In 2011, the State Auditor's Office clarified requirements for debt capacity calculations to include these obligations. Rating agencies exclude this particular obligation when calculating debt capacity.

Utility Debt

1998 WA State Revolving Fund (SRF) Loan – Sewer Reclaimed Water Facility

The City received a \$5.324 million loan from the Washington Water Pollution Control – State Revolving Fund (SRF) Loan. This award was used to assist in the construction of a new "Class A" sewer reclamation facility at the City's sewer treatment plant and to extend the sewer outfall if grant funds were insufficient. Repayment commenced March 1, 1999 and continues at 0% interest, but interest is subject to change. Final payment is scheduled for March 2018.

2009 WA State Revolving Fund (SRF) Loan – Sewer Water Reclamation Facility Upgrade & Expansion

The City received a \$5.540 million loan from the Centennial Clean Water Program, Washington State Water Pollution Control Revolving Fund, WA State Department of Ecology. This award was used for the upgrade and

City Of Sequim Budget Overview

expansion of a Water Pollution Control Facility. Repayment commenced on January 2011 at 2.1% interest. Final payment is scheduled for January 2030.

2013 WA State Public Works Trust Fund Loan (PWTF) for Aerobic Digester Upgrade

City Council approved a loan of \$520k with an interest rate of 1% for a project to upgrade the current digesters and aeration system to allow greater control by the operators as well as improve energy efficiency. The City expects to collect the remaining \$450k of the proceeds in 2015 or early 2016, as the project deadline for completion is December 2015. Ten annual payments of principal and interest on the loan balance commence one year after completion of the project.

2015 Water and Sewer Revenue Bonds

In 2014, Council approved a revenue bond proposal to fund the utility portion of the Civic Center project. Total proceeds were \$3.3m. Debt service for each of the utilities does not exceed \$115k per year, per utility. This obligation is reflected in the budget (the 411 Water Restricted and 422 Sewer Restricted funds).

2015 Water and Sewer Loans - Other

In 2013, Water and Sewer Capital Improvement Plans were adopted by Council and a Utility Rate Study was accepted. In 2014, the Capital Improvement Program (CIP) was also adopted. The plans/programs identified capital projects required to maintain the systems as well as meet the demands of growth in the area. The Rate Study provided information on revenue requirements of both enterprise funds over a 20 year period. Staff analyzed various alternative financial strategies and determined that a combination of rate increases and new debt in both water and sewer funds would be required to maintain satisfactory cash flow and reserves. The rate study is updated on a regular basis and the CIP is updated. New debt will depend upon the capital projects the City is capable of initiating and managing.

**City of Sequim
2016**

Debt Capacity

Based on Prior Year Assessed Value

<i>Amount at End of Year</i>	<u>2012 Actuals</u>	<u>2013 Actuals</u>	<u>2014 Actuals</u>	<u>2015 Forecast</u>	<u>2016 Budget</u>
Prior Year Assessed Property Value	883,664,857	826,359,277	812,601,422	807,498,734	807,498,734
				<small>per 2015 annual report 2016 estimates, prelim valuation 9/2015</small>	
General Purpose Debt Limit					
NonVoted Debt Limit 1.5% (councilmanic)	13,254,973	12,395,389	12,189,021	12,112,481	12,112,481
Voted Debt Limit 1.0%	8,836,649	8,263,593	8,126,014	8,074,987	8,074,987
Debt Limit 2.5%	22,091,621	20,658,982	20,315,036	20,187,468	20,187,468
Utility Purpose Debt Limit					
Voted Debt Limit 2.5%	22,091,621	20,658,982	20,315,036	20,187,468	20,187,468
Open Space, Park & Capital Facilities Debt Limit					
Voted Debt Limit 2.5%	22,091,621	20,658,982	20,315,036	20,187,468	20,187,468
Total General Obligation Debt Capacity	66,274,864	61,976,946	60,945,107	60,562,405	60,562,405
NonVoted General Obligation Debt Outstanding					
City Hall/Police Facility LTGO		10,680,000	10,680,000	10,455,000	10,230,000
Keeler Park Note/Bond	279,941	207,926	133,038	55,163	-
Compensated Absence Accrual	715,662	763,002	719,906	700,000	700,000
NonVoted GO Debt Outstanding	995,602	11,650,928	11,532,944	11,210,163	10,930,000
NonVoted Debt Capacity					
Voted Debt Capacity	12,259,370	744,462	656,077	902,318	1,182,481
Available GO Debt Capacity	53,019,891	49,581,557	48,756,085	48,449,924	48,449,924
	65,279,262	50,326,018	49,412,163	49,352,242	49,632,405
GO Debt as % of Assessed Value	0.11%	1.41%	1.42%	1.39%	1.35%
Industry Standard not to exceed					4.5%
GO Debt per Capita	147	1,700	1,670	1,621	1,565
Population	6,795	6,855	6,905	6,915	6,984

Revenue Debt Outstanding (excluded from General Purpose Debt limits)

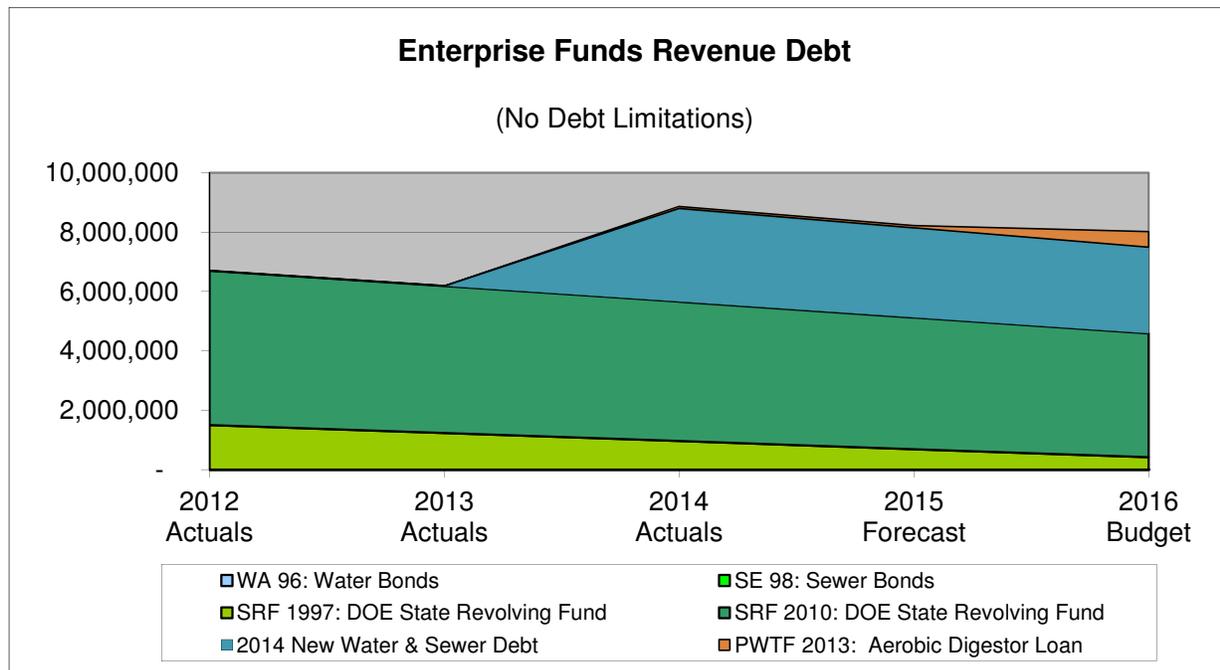
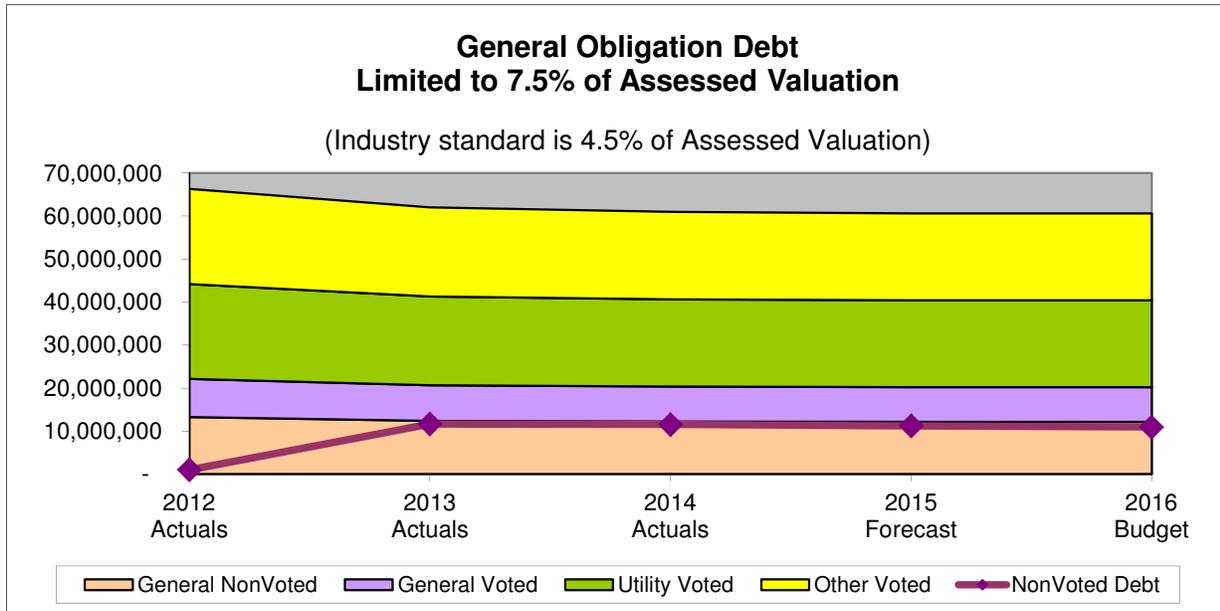
<i>Amount Outstanding at End of Year</i>	<u>2012 Actuals</u>	<u>2013 Actuals</u>	<u>2014 Actuals</u>	<u>2015 Forecast</u>	<u>2016 Budget</u>
SRF 2010: DOE State Revolving Fund	5,199,625	4,951,124	4,697,353	4,438,202	4,173,555
SRF 1997: DOE State Revolving Fund	1,501,641	1,228,615	955,590	682,564	409,538
PWTF 2013: Aerobic Digester Loan		9,675	70,067	70,067	520,000
2014 New Water & Sewer Debt			3,145,000	3,025,000	2,910,000
² SE 98: Sewer Bonds	-	-	-	-	-
¹ WA 96: Water Bonds	-	-	-	-	-
Revenue Debt Outstanding	6,701,266	6,189,414	8,868,010	8,215,833	8,013,093

² 2012: Paid off early

Per amortization Schedule Principal outstanding (cash basis: interest not recorded until due)

**City of Sequim
2016 Budget**

Debt Capacity





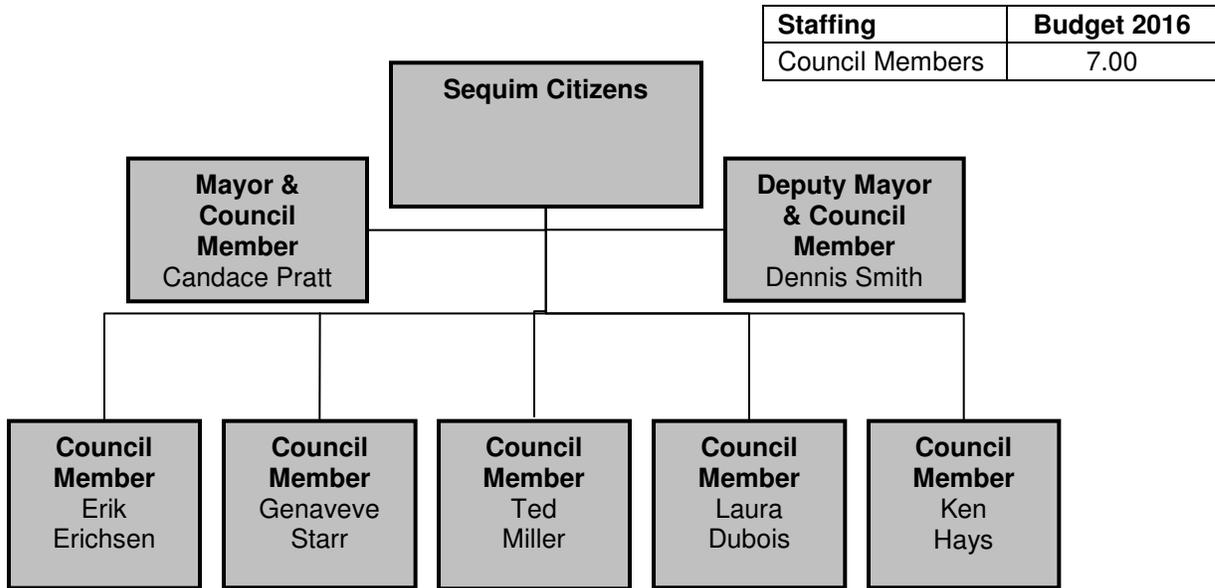
City of Sequim 2016 Budget

**City Council
City Administration
Civil Matters & Criminal Prosecution
Communications/Marketing**



City Of Sequim Department Description

City Council



- Adopts local ordinances and resolutions
- Approves contracts
- Establishes policy
- Approves the budget
- Approves various land use actions
- Listens to concerns and suggestions from the residents
- Appoints the City Manager
- Establishes various committees and confirms appointments to those committees
- Mayor serves as the ceremonial head of the City

The City of Sequim operates under the council-manager form of government. Under the council–manager form of government for municipalities, the elected governing body (**City Council**) is responsible for the legislative function of the municipality such as establishing policy, adopting local ordinances, establishing an annual budget, and developing an overall vision.

The Council is made up of seven members elected at large on a non-partisan basis for overlapping four-year terms. Every two years Council members elect a Mayor and Deputy Mayor from among their membership to lead the Council’s business meetings and represent the City at official functions.

Work by the Council involves considerable interaction with citizens, commissions, other governmental agencies, and staff. Regular meetings of the Council are held every second and fourth Monday evening starting at 6:00 p.m. Work sessions are held prior to the regular meeting, if necessary to devote extra study to an issue.

2016 Key Goals

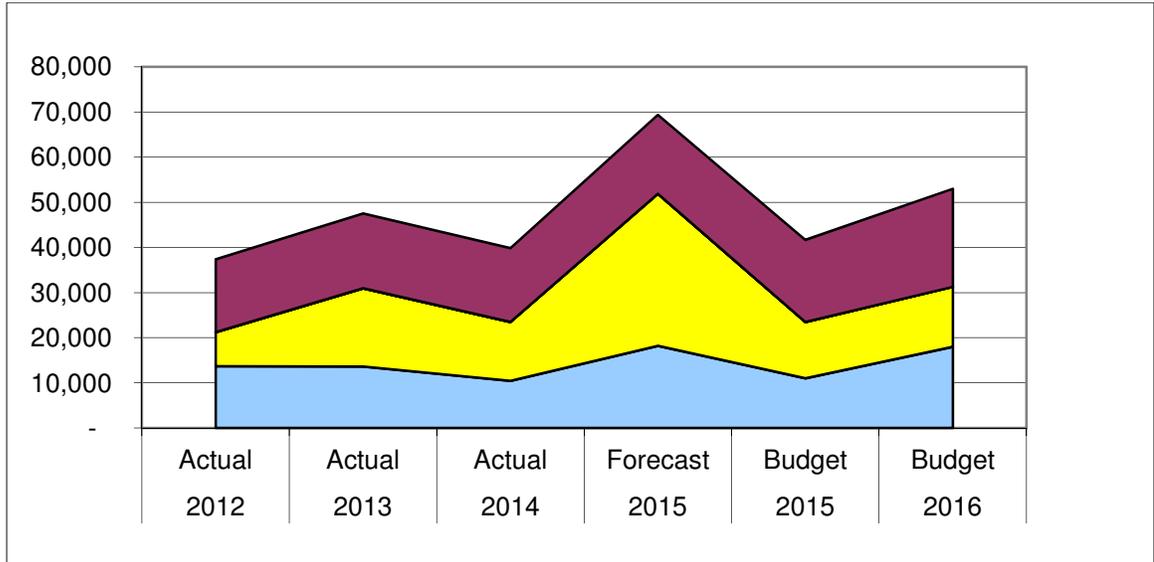
- ❖ Evaluate options for making improvements in the City’s downtown neighborhoods
- ❖ Work with Clallam County to develop a regional planning framework consistent with the Growth Management Act and the City’s 2015 Comprehensive Plan Vision to preserve rural lands
- ❖ Develop a funding plan for the next phase of Guy Cole improvements
- ❖ Engage the community in developing a thoughtful and meaningful plan for a Metropolitan Park District
- ❖ Develop a funding strategy to properly maintain and improve streets and sidewalks
- ❖ Update the City’s development regulations to be consistent with the Comprehensive Plan

2016 Budget Summary

- ❖ No significant changes

**City of Sequim
2016 Budget
5-Year Summary**

City Council Expenses

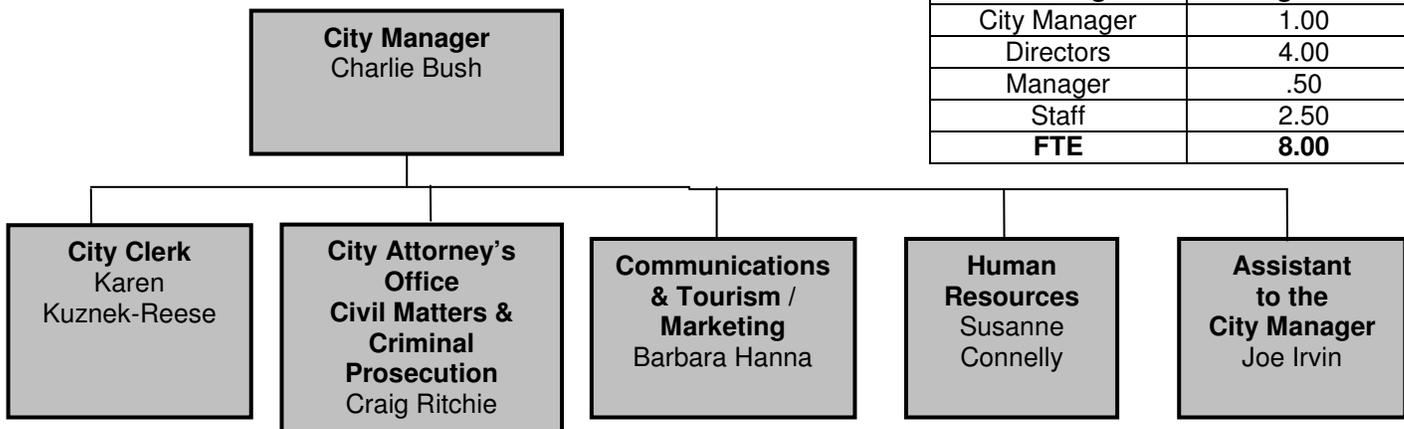


	2012	2013	2014	2015	2015	2016	2016-2015	
	Actual	Actual	Actual	Forecast	Budget	Budget	Amount	%
Salaries & Benefits	16,172	16,554	16,356	17,489	18,193	21,684	3,491	19%
Operating Supplies	25			-	-	-	-	0%
Charges for Services	7,526	17,367	13,011	33,644	12,475	13,275	800	6%
Intergovernmental	13,660	13,589	10,448	18,217	11,000	18,000	7,000	64%
Total Expenses	37,382	47,510	39,815	69,350	41,668	52,959	11,291	27%

**City of Sequim
Department Description**

**City Administration
City Manager, City Clerk, City Attorney, Communications & Human Resources
Donations (restricted) & Hotel/Motel (restricted)**

Staffing	Budget 2016
City Manager	1.00
Directors	4.00
Manager	.50
Staff	2.50
FTE	8.00



**City Clerk /
Special Projects**

- Prepare council meeting agendas, packets and minutes
- Manage official City records and serves as Public Records Officer
- Publish, update & distribute City ordinances & code
- Open Public Meetings Act & legal notice compliance
- Passport Acceptance Agent
- Gifting & Donations
- Volunteer Program
- Customer Service Program
- Coordinates City facility rentals
- Manages the City Arts Advisory Commission programming and master planning efforts

**Civil Legal
Matters**

- Employment / Labor law
- Contracts
- Prepare ordinances and resolutions
- Advise City representatives on all legal issues
- Municipal Court Services

**Criminal
Prosecution**

- Court and jail services contracted with other agencies
- Criminal legal services
- Supervise court services
- Review filings, pleas or offers

Communications

- Direct City's communication strategy & development
- Serve as internal consultant on communications
- Contact point for citizens & community groups
- Handle or advise on media issues
- Manage content & publishing of monthly utility newsletter

**Tourism/
Marketing**

- Develop & implement marketing plan
- Increase tourism through advertising & public relations vehicles
- Work with Lodging Tax Advisory Committee
- Represent City & partner with other tourism organizations

**Human
Resources**

- Compensation & benefits
- Development & training
- Recruitment
- Employee relations
- Labor Relations
- H.R. Policy and administration

City Management

- Assist City Manager in execution of city-wide operations and special projects integral to the management of the city
- Review and conduct studies on operational, administrative, policy and legislative issues
- Research, analyze, recommend and administer approved policies and procedures necessary to provide and improve services
- Lead projects and initiatives as assigned
- Coordinate the development of the Capital Improvement Plan
- Manages the City's Parks and Recreation programming and master planning efforts

City Of Sequim Budget Overview

City Administration City Manager Charlie Bush, City Manager

Department Description

The mission of the City Manager's Office is to implement the City Council's goals and vision for the community, provide organizational leadership, strategic direction, and ensure the delivery of efficient and effective public facilities and services. To accomplish this, the Manager resolves issues by promoting effective two-way communication among the City Council, citizens, community/regional stakeholders and staff. The City Manager also makes policy recommendations to the Council, implements Council policy decisions and directives, prepares the recommended annual budget, the long range financial plan, appoints and evaluates Department Heads, and interacts with Council, citizens, commissions, other governmental agencies and staff. The City Manager also evaluates City operations, customer service practices and identifies opportunities for improvement. The City Manager is responsible for the efficient, ethical, and professional management of all affairs and departments operating within the city.

2016 Key Goals

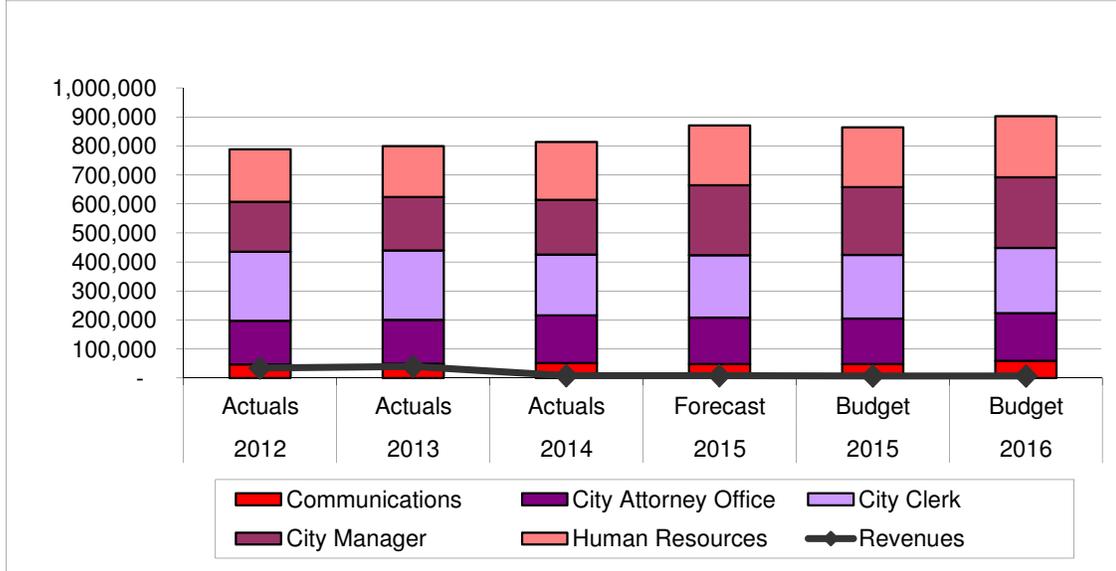
- ❖ Accomplish the City Council's adopted priorities
- ❖ Propose a balanced and sustainable long-range financial plan.
- ❖ Implement the transition to develop an effective Senior Management Team.

2016 Budget Summary

- ❖ In 2016 there was a slight increase in the appropriations for training.

**City of Sequim
2016 Budget
5-Yr Summary**

**City Administration Expenses by Department
City Manager, Clerk, Attorney, Communications & Human Resources**

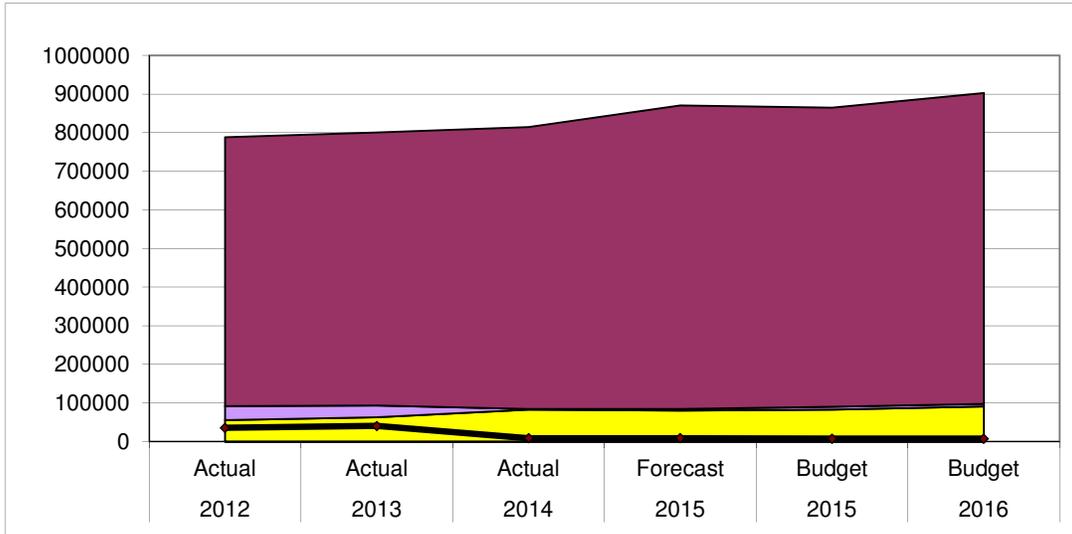


	2012 Actuals	2013 Actuals	2014 Actuals	2015 Forecast	2015 Budget	2016 Budget	2015-2014 Amount	%
Revenues								
011 Clerk	35,231	40,226	7,950	8,335	7,129	7,125	(4)	0%
012 City Manager	-	-	-	-	-	-	-	0%
013 City Attorney	-	-	-	-	-	-	-	0%
015 Communications	-	-	-	-	-	-	-	0%
016 Human Resources	-	-	610	-	-	-	-	0%
Revenues	35,231	40,226	8,560	8,445	7,125	7,125	373	0%

	2012 Actuals	2013 Actuals	2014 Actuals	2015 Forecast	2015 Budget	2016 Budget	2015-2014 Amount	%
Expenses								
City Manager	172,184	183,482	188,238	240,848	233,190	244,004	10,814	5%
City Clerk	238,163	239,351	210,299	214,916	219,040	224,109	5,069	2%
City Attorney Office	149,797	151,068	163,555	160,316	156,975	164,855	7,880	5%
Communications	47,948	49,791	52,204	48,356	48,694	59,602	10,908	22%
Human Resources	180,123	176,450	199,974	206,267	206,406	210,249	3,843	2%
Total City Administration	788,215	800,142	814,270	870,703	864,305	902,819	38,514	4%

**City of Sequim
2016 Budget
5-Year Summary**

**City Administration Expenses
City Manager, Clerk, Attorney, Communications & Human Resources**



	2012 Actual	2013 Actual	2014 Actual	2015 Forecast	2015 Budget	2016 Budget	2016-2015 Amount	%
Revenues								
011 Clerk	35,231	40,226	7,950	8,335	7,129	7,125	(4)	0%
012 City Manager				-	-	-		0%
013 City Attorney	-			-	-	-		0%
015 Communications				-	-	-		0%
016 Human Resources			610	110	-	-		0%
Revenues	35,231	40,226	8,560	8,445	7,125	7,125	-	0%
Expenses								
Salaries & Benefits	697,087	707,130	729,839	786,528	774,712	805,529	30,817	4%
Operating Supplies	35,628	30,223	2,362	3,958	6,900	6,950	50	1%
Charges for Services	55,500	62,789	82,068	80,217	82,693	90,341	7,648	9%
Intergovernmental				-	-	-		0%
Capital (Equip > \$7,500)				-	-	-		0%
Transfers (Equip Reserve)				-	-	-		0%
Total Expenses	788,215	800,142	814,269	870,703	864,305	902,820	38,515	4%

City Of Sequim Budget Overview

City Administration City Clerk (General Fund) Gifting & Donations (Restricted) Karen Kuznek-Reese, City Clerk

Department Description

City Clerk

This office is responsible for all public records, assures compliance with the Open Public Meetings Act, public notice requirements, and records management laws, provides administrative support to the City Council and City Manager, attends and records minutes for the Planning Commission, is responsible for management of the Volunteer Program and customer service. The City Clerk is also responsible for Special Projects such as Music in the Park, the City's Wellness Program and serves as staff liaison to the City Arts Advisory Commission. The City Clerk's office also serves as a passport acceptance agent and processes requests for facility rentals.

Gifting and Donations

This is a separate fund from the General Fund. It was established in accordance with Sequim Municipal Code 3.74, Donations, Devises or Bequests to record the proceeds from monetary and non-monetary donations accepted by the City Manager, as appropriate, of value, or useful to the city. All donations that are accepted must meet City guidelines (i.e. design standards for structures) as applicable.

The Music in the Park program income and expenses are included in this budget. Donations and sponsorships from the community help fund this program providing free entertainment to the public.

The Arts Commission income and expenses are also included in this budget. The Arts Commission hopes to increase public awareness of the arts in Sequim thereby increasing public support for events and activities.

2016 Key Goals

City Clerk

- ❖ Continue to digitize the City's paper records increasing accessibility for staff and public and reducing storage needs
- ❖ Develop a city-wide electronic records file structure and policy
- ❖ Work with the City Arts Advisory Commission to implement their Strategic Plan and increase awareness of arts and culture in the community
- ❖ Implement new software to increase efficiencies in departmental functions

Gifting & Donations

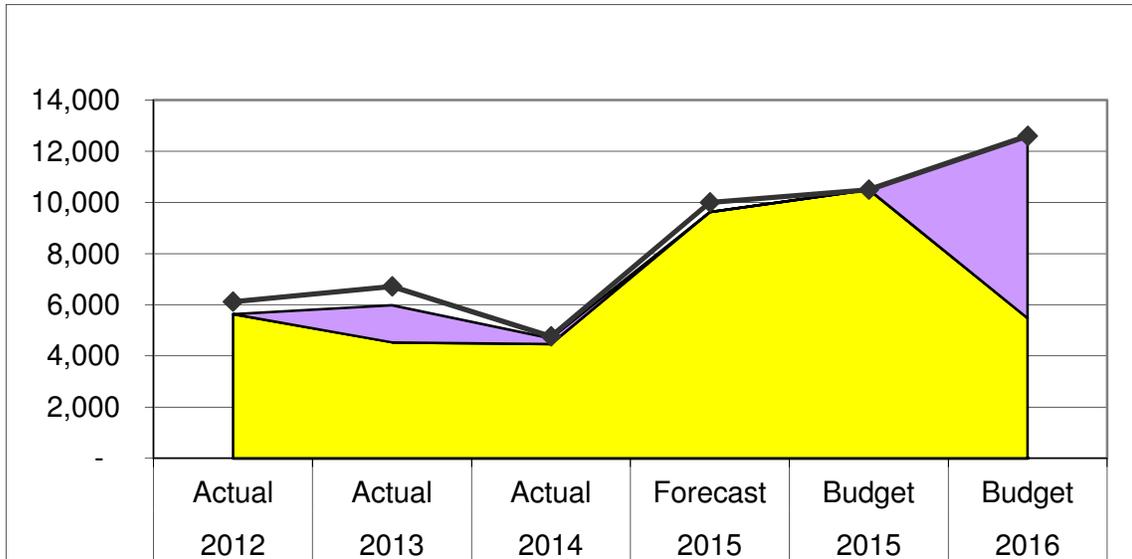
- ❖ Obtain sponsors for arts and cultural events

2016 Budget Summary

Slight increases were made in these budgets.

**City of Sequim
2016 Budget
5-Year Summary**

Gifts and Donations (restricted fund)



	2012 Actual	2013 Actual	2014 Actual	2015 Forecast	2015 Budget	2016 Budget	2016-2015	
							Amount	%
Beginning Fund Balance	143	633	1,373	1,448	0	1,830	1,830	0%
Revenues	6,119	6,716	4,761	10,001	10,500	12,600	2,100	20%
Operating Supplies	-	1,447	224	-	-	7,100		0%
Charges for Services	5,628	4,529	4,462	9,619	10,500	5,470	(5,030)	-48%
Capital (Equip > \$7,500)	-	-	-	-	-	-		0%
NonExpenses	-	-	-	-	-	-		0%
Total Expenses	5,628	5,976	4,686	9,619	10,500	12,570	2,070	20%
Surplus / (Deficit)	490	740	75	382	-	30	30	0%
Ending Fund Balance	633	1,373	1,448	1,830	-	1,860	1,860	0%

City Of Sequim Budget Overview

City Administration City Attorney & Criminal Prosecution Services Craig A. Ritchie, City Attorney

Department Description

City Attorney

The City Attorney serves as legal advisor to the City Council, City Manager, staff and boards/commissions. This department helps conduct City business and reduces risk of loss caused by legal issues. It prosecutes or defends litigation; drafts and reviews Council agenda items, contracts and interlocal agreements; assesses compliance with statutes, regulations and rules; advises staff on public records responses; and supervises Municipal Court activities.

Criminal Prosecution/Municipal Court

This function reviews criminal cases from initial charging decisions through plea bargains to disposition, manages the criminal case files, exercises supervisory authority over the City's contract prosecutor and processes diversions for the diversion program. This budget includes all aspects of court, jail, provision of indigent defense services, prosecution support services including subpoenas, criminal complaints other than officer-originated citations, and sets prosecution policies and deals with cost containment. The function also serves as an advisor to the Sequim Police on legal issues.

Potential Contract for Prosecution services

Currently the City contracts with an experienced private attorney for prosecution services. The City pays Clallam County for jail and municipal court services through the County and the Clallam County District Court. The City contracts with the Clallam Public Defender to provide defense counsel for the indigent. The City is reviewing a proposal from Clallam County under which the County would perform certain prosecution, court, jail and defense services for a flat fee in a long term contract.

2016 Key Goals

Civil Legal Matters

- ❖ Continue to minimize non-necessary legal costs
- ❖ Transition to a new City Attorney

Criminal Prosecution Services

- ❖ Continue to reduce non-necessary criminal justice costs

2016 Budget Summary

City Attorney

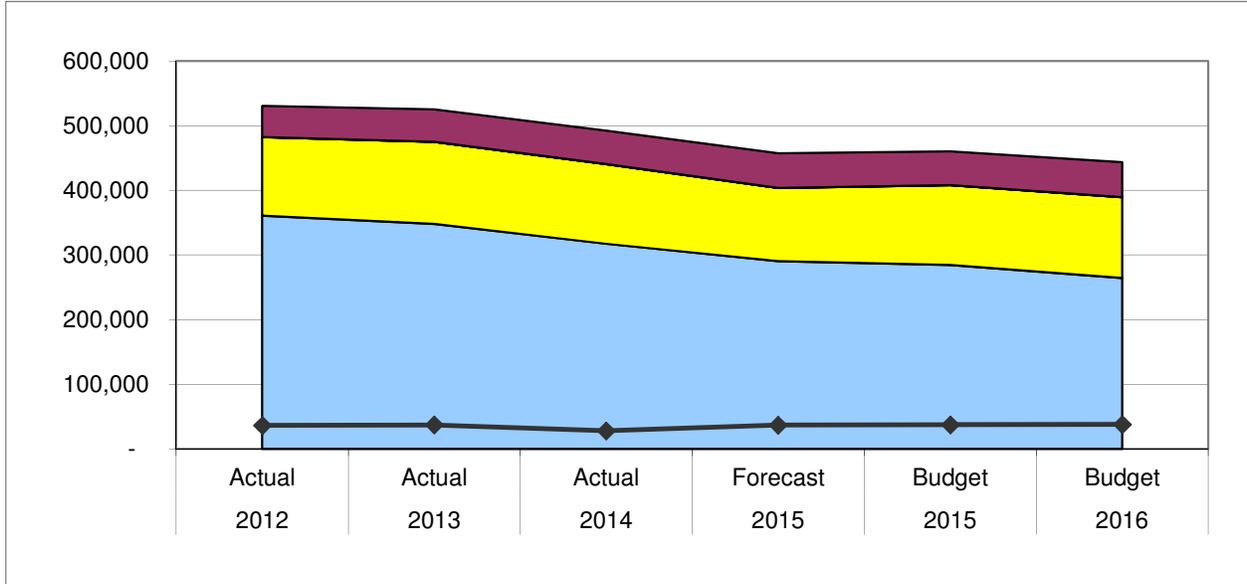
- ❖ There are no significant changes from the 2015 budget.

Criminal Prosecution

- ❖ The City has entered an agreement with the County for a flat jail rate of \$200,000 for 2016
- ❖ Municipal Court services will be by contract in an amount yet to be determined.

**City of Sequim
2016 Budget
5-Year Summary**

**City Attorney's Office
Criminal Prosecution Services**



	2012	2013	2014	2015	2015	2016	2016-2015	
	Actual	Actual	Actual	Forecast	Budget	Budget	Amount	%
Intergovernmental Revenues	3,868	100	50	280	100	50	(50)	-50%
Charges for Goods & Services	10,546	11,956	8,919	13,217	12,134	15,575	3,441	28%
Fines & Forfeits	17,359	20,872	16,819	19,645	20,900	19,451	(1,449)	-7%
NonRevenues & Other Financing	4,579	4,136	2,222	3,629	4,136	2,828	(1,308)	-32%
◆————◆	Revenues	36,352	37,064	28,010	36,771	37,270	634	2%
Salaries & Benefits	47,921	49,877	51,886	53,520	52,518	54,512	1,994	4%
Operating Supplies	30	-	-	9	-	-	-	0%
Charges for Services	121,868	127,047	123,148	113,481	123,495	124,840	1,345	1%
Intergovernmental	360,556	348,062	317,205	290,156	284,258	264,258	(20,000)	-7%
Total Expenses	530,375	524,986	492,239	457,166	460,271	443,610	(16,661)	-4%
						1.00		

City Of Sequim Budget Overview

City Administration Communications (General Fund) Hotel/Motel (Restricted Fund)

Barbara Hanna, Communications & Marketing Director

Department Description

Communications

Develops and implements various strategies as they relate to both internal and external communications. The Communications Director will serve as an internal consultant to the City Council, City Manager and other departments, as requested, on communication strategies and methods, will serve as the City's liaison to community organizations, advise on or handle high profile media issues, produce and oversee the publication of the monthly utility newsletter.

Hotel/Motel

This function is responsible for managing the Hotel/Motel tax budget and utilizing the available monies to increase tourism to the City of Sequim. The function works with the Lodging Tax Advisory Committee to develop plans for tourism promotion which may include advertising, publications, public relations programs, websites, special events and social media activities. The Communications and Marketing Director is responsible for the overall plan and its implementation. This position also functions as the liaison to other tourism organizations.

2016 Key Goals

Communications

- ❖ Continue to work with the Department of Community Development on final document preparation of the Sequim 120 Comprehensive Plan update.
- ❖ Assist with communications for proposed Metropolitan Parks District.
- ❖ Continue to assist with the communications plan and public outreach for the Stormwater assessment program.
- ❖ Continue to develop social media resources as a communications tool for Sequim citizens.

Hotel/Motel

- ❖ Build content and readers for new monthly tourism electronic newsletter.
- ❖ Continue to develop and support the destination wedding market.
- ❖ Continue to develop social media resources as a communications tool for visitors to Sequim.

2016 Budget Summary

Staff salary allocation has returned to a 50/50 split to reflect the on-going support for the completion of the Comprehensive Plan and city-wide communications needs.

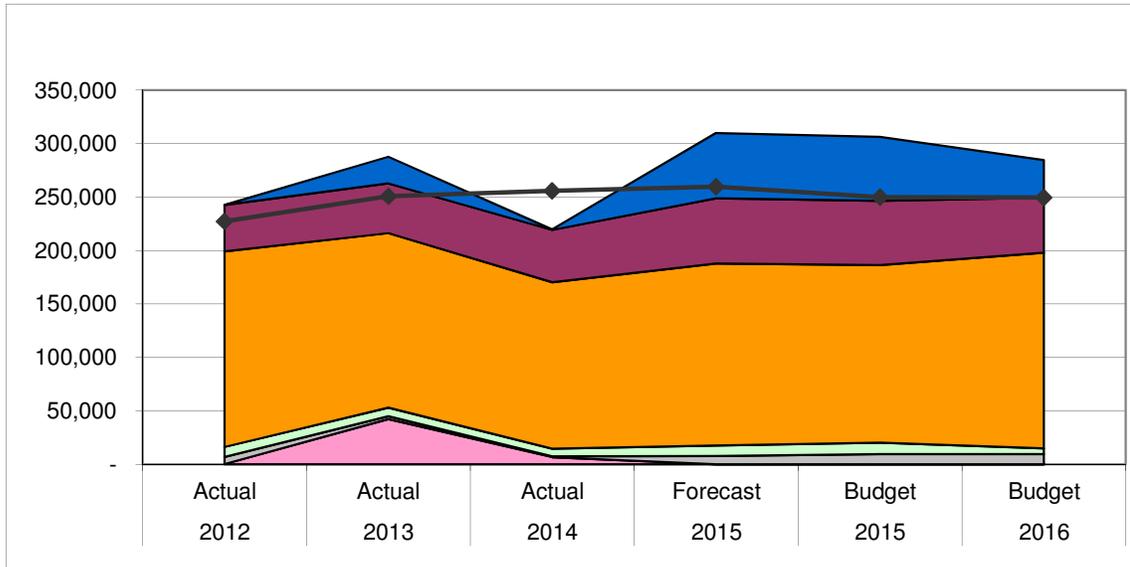
Communications:

- ❖ Salary increased by \$10k to reflect 50/50 split between departments.

Hotel/Motel:

- ❖ Revenues reflect a conservative estimate based on the increases in 2014 and 2015 revenues.
- ❖ Expenses are balanced with revenues.
- ❖ It is anticipated that the Guy Cole renovation will use the remaining \$35K budgeted from the original \$120K budgeted in 2013.

**City of Sequim
2016 Budget
5-Year Summary
Hotel Motel Fund**



	2012 Actual	2013 Actual	2014 Actual	2015 Forecast	2015 Budget	2016 Budget	2016-2015 Amount	%
Beginning Fund Balance	280,477	264,916	227,929	264,071	212,117	213,710	1,593	1%
Tourism Guy Cole Guy Cole Deposits	199,660 23,069 4,425	232,322 14,597 3,824	241,175 11,001 3,650	239,706 10,387 9,502	228,717 11,685 9,425	231,500 8,613 9,425	2,783 -3,072 0	1% -26% 0%
Total Revenues	227,154	250,743	255,826	259,595	249,827	249,538	(289)	0%
Salaries & Benefits Tourism Guy Cole Guy Cole Refunds Capital (Equip > \$7,500) Transfers	43,516 182,945 9,433 6,686 -	46,494 163,459 7,930 2,639 42,207	49,093 155,638 7,161 750 6,575	61,179 170,310 9,735 7,733 -	59,989 166,260 10,751 9,425 -	51,652 183,033 5,376 9,425 -	-8,337 16,773 -5,375 0 0	-14% 10% -50% 0% 0%
Total Expenses	242,581	287,729	219,684	309,957	306,425	284,486	(21,939)	-7%
Surplus/(Deficit)	(15,561)	(36,986)	36,142	(50,362)	(56,598)	(34,948)	21,650	-38%
Ending Fund Balance	264,916	227,930	264,071	213,709	155,519	178,762	23,243	15%

City Of Sequim Budget Overview

City Administration Human Resources Department Susanne Connelly, Human Resource Director

Department Description

This function provides strategic and operational management to enhance the performance of the City staff. The HR department covers a broad range of responsibilities including: employee compensation and benefits, HR strategic planning and analysis, Equal Employment Opportunity compliance, staff recruiting and selection, employee development and career planning, performance review management, employee and union labor/management relations, policy development and serves as the Civil Service Chief Examiner.

2016 Key Goals

- ❖ Manage department head and other position recruitments in succession planning projects
- ❖ Continue to provide legal compliance and employee and organizational development training support
- ❖ Serve on city-wide safety committee toward goal of reducing employee incidents and costs
- ❖ Lead/facilitate a non-union benefits committee to make recommendation to City Manager regarding changing non-union benefit levels to reduce costs to City effective January 1, 2017 or January 1, 2018

2016 Budget Summary

- ❖ Upon finalizing two Police union contracts this Fall, the City will not need to conduct union contract negotiations until May of 2018

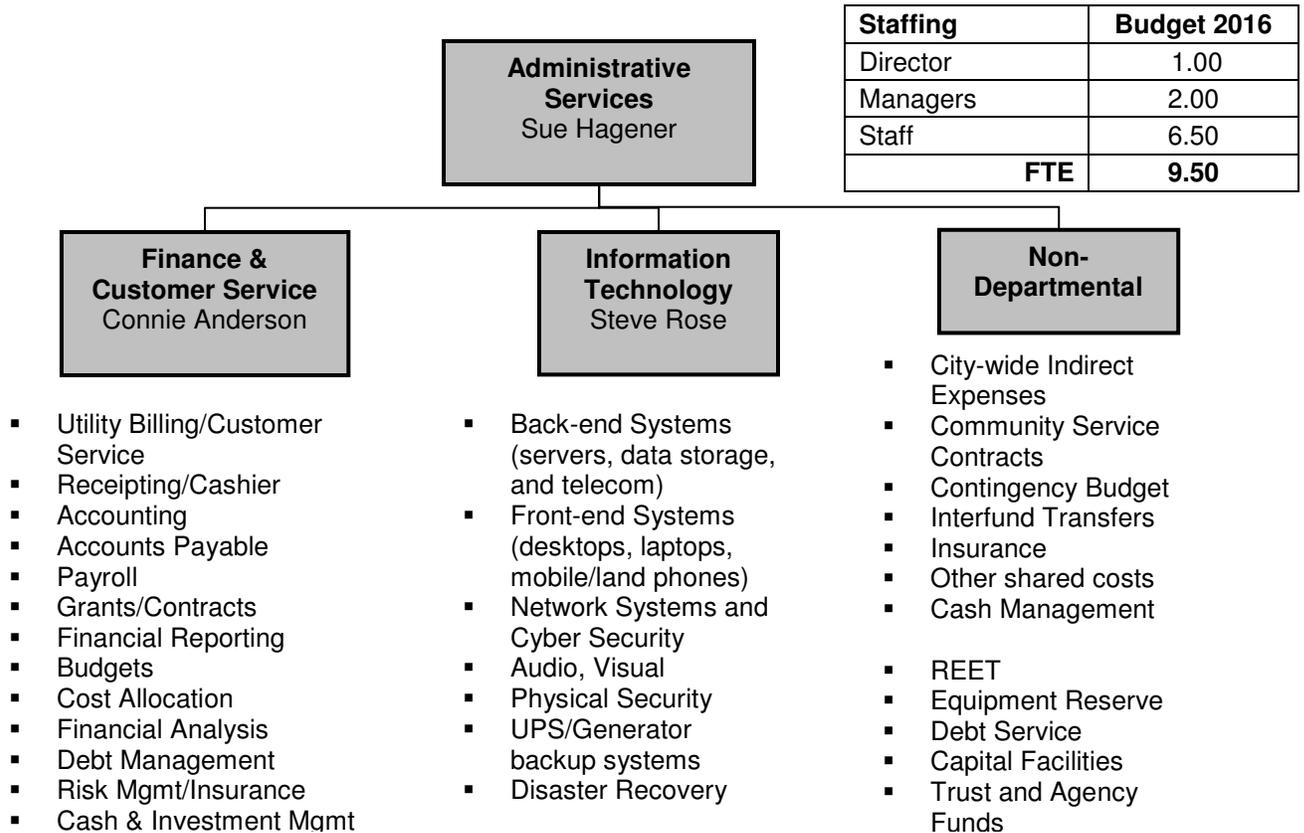
City of Sequim 2016 Budget

Administrative Services Department



**City Of Sequim
Department Description**

**Administrative Services Department
and Non-Departmental**



The **Administrative Services Department** is responsible for all financial aspects of the City and related customer service as well as Information Technology support and systems for all departments, Non-Departmental costs, REET, Equipment Reserve, Debt Service and Capital Facilities.

The **Finance** function oversees all financial functions of the City, the integrity of the City's financial records and ensures that public dollars are spent according to the approved budget. Finance staff assists other departments in budgeting and financial reporting, financial planning and analysis of projects, purchasing and bidding regulations, complying to grant requirements and submissions, and financing of capital projects. The City is audited by the State Auditor and has had a clean audit for over 24 years (based on available documents going back to 1992). Customer service is provided for the City's Water and Sewer utilities and assists with contracted solid waste services. The staff also supports business licensing, provides central reception services and responds to a wide variety of citizen inquiries.

The **Information Technology** manages a data network that consists of 5 VMware ESX Servers, 25 Windows Servers, 75 Windows Workstations and 20 Police mobile data terminals. The majority of the City's network has been consolidated into the Civic Center Data Center which hosts the Administrative, Public Works, Community Development and Police networks. The city also provides technology services to several remote sites over a secure (WAN) Wide Area Network. IT staff provides helpdesk support and computer training to all City staff and alerts staff to network and system issues. A multi-layered network security system is provided to protect City systems against the latest virus and malware threats, identity theft and phishing scams, and ensure systems are (PCI) Payment Card Industry compliant. Additionally, IT provides service and support to desktop phones, cellular phones, smartphones, tablets, audio and visual systems, website support, facility security systems and other electronic devices.

Non-Departmental shared costs are those that benefit city-wide operations. Also included are Community Service contracts, General Fund contingencies, and Streets Transfers. Additionally managed are REET, Equipment Reserve, Debt Service, Capital Facilities and Trust and Agency Funds. All accounts and activities are managed by the Finance and Budget personnel.

City Of Sequim Budget Overview

Administrative Services Department Finance & Information Technology Sue Hagener, Administrative Services Director

2016 Key Goals

- ❖ Continue refinement of the financial systems including: financials, utilities, payroll and accounts payable
- ❖ Continue development of the capital equipment, IT and vehicle replacement/financing plan with all Departments
- ❖ Continue to ensure prompt debt service payments and responsible reporting to rating agencies
- ❖ Continue to update the Six Year Capital Improvement Plan in conjunction with the Long Range Financial Plan
- ❖ Modernize Disaster Recovery (Backup) equipment
- ❖ Upgrade network switching equipment at WRF (Waste Water Facility), City Shop, and the Transit Center
- ❖ Upgrade broadband performance/throughput to WRF, City Shop, Guy-Cole Center, and other remote sites
- ❖ Continue with the formation of an IT Steering Committee to assist in the development of a 5-year technology plan, and provide an orderly process to recommend the best allocation of technology resources
- ❖ Conduct an external IT security assessment

2016 Budget Summary

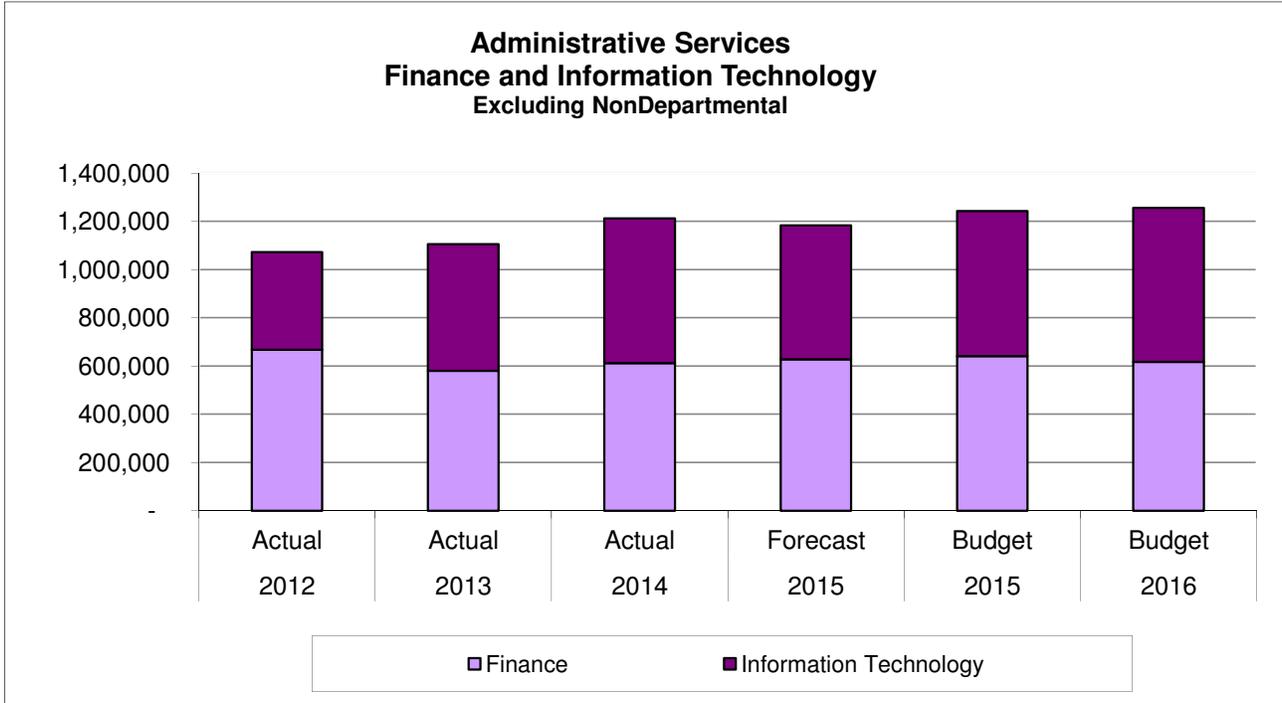
Finance

- ❖ Operating expenses decreased by \$24k (3.8%) due to restructuring of the department after a Director's retirement in 2015. A reduction in audit expenses also contributed to this decrease (financial audit only in 2016 vs. financial and accountability audits in 2015).

IT

- ❖ Operating expenses increased by \$37k (6.3%) due to increases in small tools, services charges for the IT Security audit, licensing costs and increased training as well as transfers out to equipment reserves.

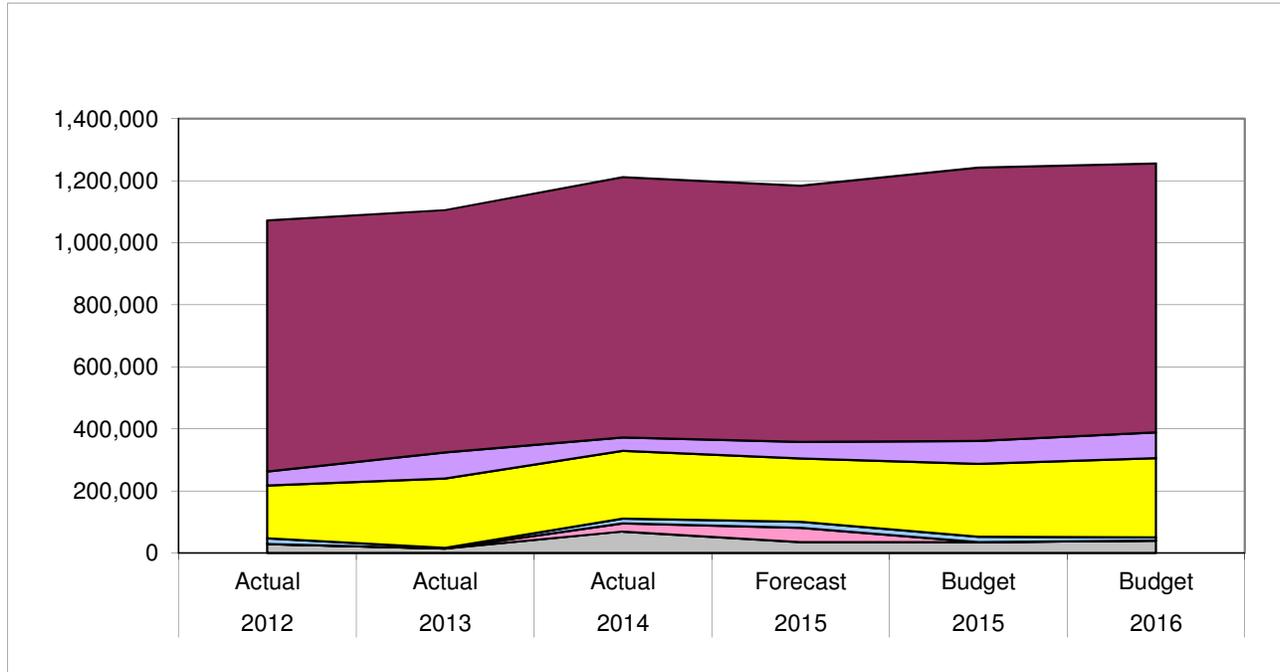
**City of Sequim
2016 Budget
Other Information**



	2012 Actual	2013 Actual	2014 Actual	2015 Forecast	2015 Budget	2016 Budget	2016-2015 Amount	%
Finance	666,867	580,267	612,121	627,121	641,154	616,945	(24,209)	-3.8%
Information Technology	405,386	525,053	599,602	556,365	601,355	638,983	37,628	6.3%
Total Finance & IT	1,072,253	1,105,320	1,211,723	1,183,486	1,242,509	1,255,928	13,419	1.1%
NonDepartmental	959,482	1,126,043	814,550	829,606	963,938	1,011,772	47,834	5.0%
Total Admin Services	2,031,735	2,231,363	2,026,273	2,013,092	2,206,447	2,267,700	61,253	2.8%

**City of Sequim
2016 Budget
5-Year Summary**

**Administrative Services
Finance and Information Technology**



	2012	2013	2014	2015	2015	2016	2016-2015	
	Actual	Actual	Actual	Forecast	Budget	Budget	Amount	%
Salaries & Benefits	809,192	781,389	839,377	825,714	881,114	867,167	(13,947)	-2%
Operating Supplies	45,476	83,988	43,303	53,085	74,000	83,187	9,187	12%
Charges for Services	170,740	223,246	218,195	203,702	234,890	255,700	20,810	9%
Intergovernmental	17,638	1,889	15,769	20,395	17,900	10,000	(7,900)	-44%
Capital (Equip > \$7,500)	0		25,872	45,984	1	1	-	0%
Transfer (Equip Reserve)	29,208	14,808	69,209	34,605	34,605	39,875	5,270	15%
Total Expenses	1,072,253	1,105,320	1,211,725	1,183,485	1,242,510	1,255,930	13,420	1%

**City Of Sequim
Budget Overview
Non-Departmental**

2016 Key Goals

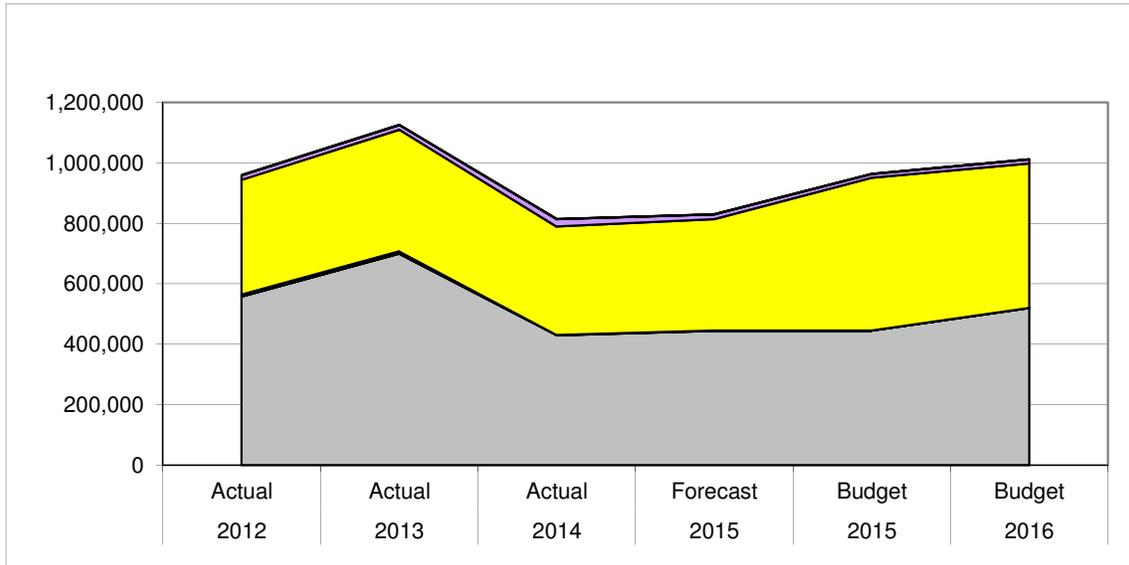
- ❖ Maintain positive reviews by AWC Risk Management Service Agency (RMSA)
- ❖ Review and coordinate community investments
- ❖ Manage the use of contingency funds
- ❖ Manage transfers

2016 Budget Summary

- ❖ Contingency money of \$100k, as compared to \$135k in the prior year budget
- ❖ Funding Health & Human Services and Community Service Contracts are based on the City's financial condition as these are discretionary investments for community/public benefit – consistent with prior year (\$75k)
- ❖ Insurance premiums are set by the AWC Risk Management Service Agency (RMSA) based on claims history and asset valuations (\$278k), an estimated 2% increase from prior year actual charges
- ❖ Transfers out to Street Operations increased by \$180k

**City of Sequim
2016 Budget
5-Year Summary**

**Administrative Services
NonDepartmental**



	2012 Actual	2013 Actual	2014 Actual	2015 Forecast	2015 Budget	2016 Budget	2016-2015 Amount	%
Salaries & Benefits	-	-	302	-	-	-	-	-
Operating Supplies	15,477	15,807	24,910	15,923	13,000	13,000	-	0%
Charges for Services	379,751	402,791	358,640	368,649	505,498	478,332	(27,166)	-5%
Intergovernmental	5,758	7,445	699	34	440	440	-	0%
Capital (Equip > \$7,500)	-	-	-	-	-	-	-	0%
NonExpense/Financing	558,496	700,000	429,999	445,000	445,000	520,000	75,000	17%
Total Expenses	959,482	1,126,043	814,550	829,606	963,938	1,011,772	47,834	5%

Transfers

	2012 Actual	2013 Actual	2014 Actual	2015 Forecast	2015 Budget	2016 Budget	2016-2015 Amount	%
Reserves	-	-	-	-	-	-	-	-
Equipment Reserves	-	-	-	-	-	-	-	0%
Street Operations	477,336	400,000	399,999	340,000	340,000	520,000	180,000	53%
Capital Projects	52,320	300,000	30,000	105,000	105,000	-	(105,000)	-100%
Other	28,840	-	-	-	-	-	-	0%
Total Transfers	558,496	700,000	429,999	445,000	445,000	520,000	75,000	17%

City Of Sequim Department Description & Budget Overview

Real Estate Excise Tax REET 1 & REET 2

Department Description

Revenues of the **REET Fund** are based on the selling price of real estate sold within the City limits of Sequim and are collected and distributed by the Clallam County Treasurer. They are restricted as to the first and second ¼% of Real Estate Excise Taxes (REET1 and REET2) and are recorded separately according to RCW Title 82 – Excise Taxes.

The revenues generated by the first ¼% (REET1)¹ of these assessments shall be used solely for financing capital projects specified in a capital facilities plan element of the comprehensive plan and housing relocation assistance under RCW 59.18.440 and 59.18.450. Capital projects include public works projects for planning, acquisition, construction, reconstruction, repair, replacement, rehabilitation, or improvement of streets, roads, highways, sidewalks, street and road lighting systems, traffic signals, bridges, domestic water systems, storm water systems, sanitary sewer systems, parks, recreational facilities, law enforcement facilities, fire protection facilities, trails, libraries, administrative and/or judicial facilities, river and/or waterway flood control projects.

The second ¼% (REET2)² is restricted to use for street, water and sewer acquisitions. Capital projects include public works projects for planning, acquisition, construction, reconstruction, repair, replacement, rehabilitation, or improvement of streets, roads, highways, sidewalks, street and road lighting systems, traffic signals, bridges, domestic water systems, storm water systems, and sanitary sewer systems. It excludes facilities. The definition continues: “*and planning, construction, reconstruction, repair, rehabilitation, or improvement of parks*”. It excludes acquisition and replacement.

The REET Flexibility bill (HB 1953) allows local governments to use a portion of Real Estate Excise Tax collections to pay for the maintenance and operation of eligible REET categories, including streets, sidewalks, parks and other existing capital projects thru 2016. Interest earned by REET1 and REET2 must be used on the same basis of the underlying funds.

Budget Overview

In July of 2011, the Legislature passed HB 1953 loosening the restrictions on REET funding due to the current economic downturn. This change in legislation freed up a portion of the REET monies to be used on Operations and Maintenance. This less restrictive use of REET funds expires on December 31, 2016. The City is using this opportunity to a limited degree to fund Streets Operations in 2016 (significantly less than in the 2015 budget). REET funds are also being used for streets and parks projects. Lastly, monies from REET1 will help pay the debt service on the LTGO bonds issued for the Civic Center.

2016 Key Goals

- ❖ Record and manage Real Estate Excise Taxes as required by RCW 82

2016 Budget Summary

Revenues for 2016 are budgeted at \$265k based on the assumption of a percolating economy with slight growth (and are conservative). Expenses are budgeted at \$300k and consist of transfers to other funds to support budgeted or future projects as follows:

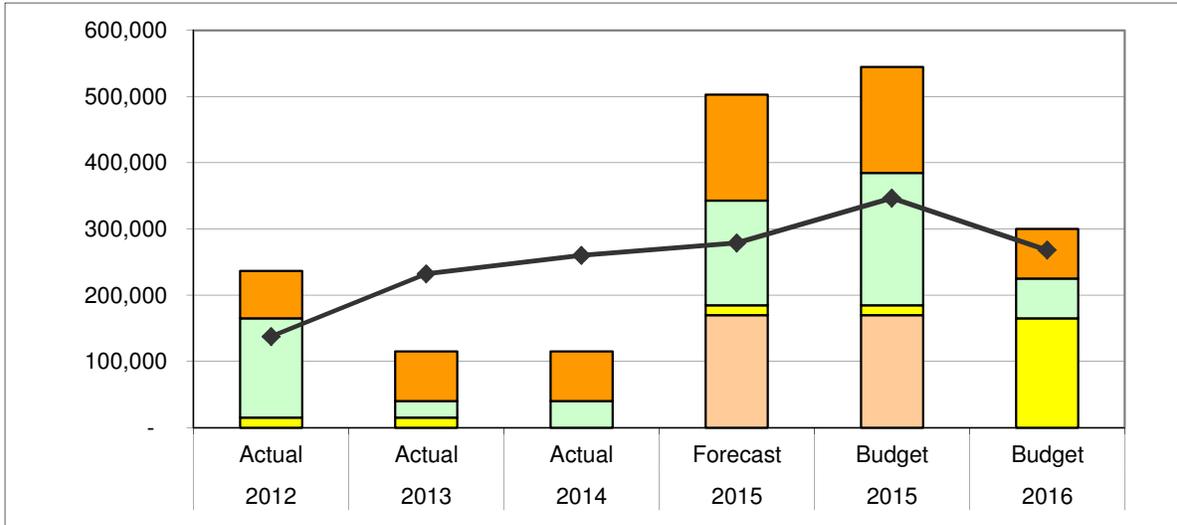
- ❖ \$25k to Street Projects
- ❖ \$35k to Street Operations
- ❖ \$75k to Civic Center LTGO Debt Service
- ❖ \$165k to Parks Projects including a line item for Carrie Blake Park Parking solution

¹ REET1 – 82.46.010 (6)

² REET2 – 82.46.035 (5)

**City of Sequim
2016 Budget
5-Year Summary**

Real Estate Excise Tax (restricted fund)



	2012 Actual	2013 Actual	2014 Actual	2015 Forecast	2015 Budget	2016 Budget	2016-2015 Amount	%
Beginning Fund Balance								
REET 1	77,739	75,061	127,000	182,163	151,179	39,223	(111,956)	-74%
REET 2	138,062	41,477	106,752	196,665	98,263	115,661	17,398	18%
Beginning Fund Balance	215,801	116,538	233,752	378,828	249,442	154,884	(94,558)	-38%
Revenues								
Taxes	133,800	229,078	256,274	275,609	343,978	265,307	(78,671)	-23%
Other Miscellaneous	3,697	3,137	3,801	3,447	2,780	2,780	-	0%
NonRevenues	-	-	-	-	-	-	-	0%
Revenues	137,497	232,215	260,075	279,056	346,758	268,087	(78,671)	-23%
Expenses								
Transfers To:								
Civic Center/ Debt Service	71,500	75,000	75,000	160,000	160,000	75,000	(85,000)	-53%
101 Streets Ops/ 111 Streets R	150,260	25,000	40,000	158,000	200,000	60,000	(140,000)	-70%
140 Parks R	15,000	15,000	-	15,000	15,000	165,000	150,000	
306 Capital Facilities	-	-	-	170,000	170,000	-	(170,000)	
Total Expenses	236,760	115,000	115,000	503,000	545,000	300,000	(245,000)	-45%
Surplus/(Deficit)	(99,263)	117,215	145,075	(223,944)	(198,242)	(31,913)	166,329	-84%
Ending Fund Balance								
REET 1	75,061	127,000	182,163	39,223	19,768	100,463	80,695	408%
REET 2	41,477	106,752	196,665	115,661	31,432	22,508	(8,924)	-28%
Ending Fund Balance	116,538	233,753	378,827	154,884	51,200	122,971	71,771	140%

City Of Sequim Budget Overview

Equipment Reserve (restricted fund)

2016 Key Goals

- ❖ Manage and fund the equipment replacement function of the organization (excluding enterprise funds)

2016 Budget Summary

Transfers into the equipment reserve have been increased in response to the funding requirements for equipment and a step toward complying with ending fund balance requirements. The city is readjusting its savings efforts upward due to prior year declines.

Department transfers for vehicle and equipment reserves are *typically* based on approximately 25% of the calculated annual payment to equipment reserves. The goal is to fund this 100% in the future. The City will build up to the full payment over time.

2016 Transfer/Revenues to 164	Vehicles	Equipment	Total
Water and Sewer	32,500	75,000	107,500
DCD	8,000		8,000
Facilities Maintenance	4,400		4,400
GIS/Engineering	2,400		2,400
Parks	4,000	3,000	7,000
PW Admin	50,000	12,000	62,000
Police	100,000		100,000
IT	500	39,375	39,875
General Fund Subtotal	169,300	54,375	223,675
Streets	30,000	13,998	43,998
Total	231,800	143,373	375,173

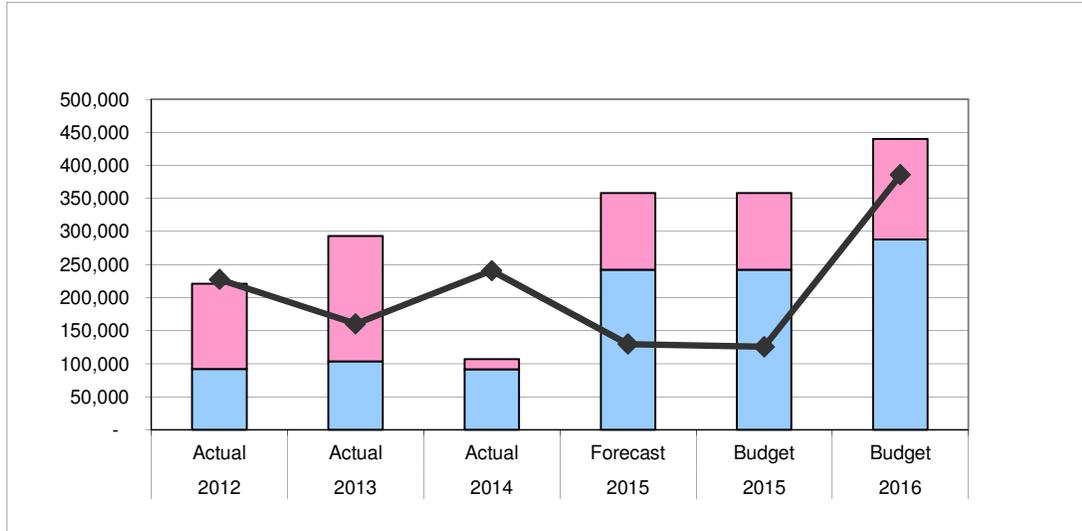
2016 Expenses – Significant Changes

Expenses budgeted for 2016 include:

- ❖ Two police cars (\$100k),
- ❖ Snow plow and de-icing equipment (\$30k),
- ❖ Pressure washer (\$15k),
- ❖ IT Systems (\$110k):
 - permitting system enhancements,
 - upgrade to our e-mail server
 - wireless broadband for the treatment plant and water wells,
- ❖ Replacement dump truck (\$70k)
- ❖ Replacement flower truck (\$25k)
- ❖ Replacement Code Enforcement vehicle (\$28k)
- ❖ Replacement Mechanic truck (\$65k)

**City of Sequim
2016 Budget
5-Year Summary**

Equipment Reserve Fund (restricted fund)



	2012 Actual	2013 Actual	2014 Actual	2015 Forecast	2015 Budget	2016 Budget	2016-2015 Amount	%
Beginning Fund Balance								
164-0xx Equipment	154,736	150,577	57,377	144,656	138,699	78,998	(59,701)	-43%
164-1xx Vehicles	377,961	388,539	349,043	395,536	351,145	232,678	(118,467)	-34%
Beginning Fund Balance	532,697	539,116	406,420	540,192	489,844	311,676	(178,168)	-36%
Revenues								
164-0xx Equipment	111,562	92,644	97,130	45,293	45,293	143,373	98,080	217%
164-1xx Vehicles	95,255	58,821	138,004	74,733	74,733	231,800	157,067	210%
Other Revenues	20,604	8,846	5,540	9,658	5,500	10,500	5,000	91%
◆◆◆ Total Revenues	227,421	160,311	240,674	129,684	125,526	385,673	260,147	207%
Expenses								
164-0xx Equipment	129,131	189,568	15,391	116,000	116,001	152,001	36,000	31%
164-1xx Vehicles	91,871	103,439	91,511	242,200	242,200	288,000	45,800	19%
Total Expenses	221,002	293,007	106,902	358,200	358,201	440,001	81,800	23%
Surplus/(Deficit)	6,419	(132,696)	133,772	(228,516)	129,468	(54,328)	(183,796)	-142%
Ending Fund Balance								
164-0xx Equipment	148,932	57,377	144,656	78,998	73,491	75,870	2,379	3%
164-1xx Vehicles	390,184	349,043	395,536	232,678	229,580	181,478	(48,102)	-21%
Ending Fund Balance	539,116	406,420	540,192	311,676	257,169	257,348	179	0%
Expenses by Program								
IT	101,791	146,504		75,000	75,000	110,001	35,001	
Police	109,033	18,872	91,511	100,000	100,000	100,000	-	0%
Streets	10,178	51,067		65,000	65,001	65,000	(1)	
DCD				-	-	28,000	28,000	100%
PW Admin		76,564	15,391	118,200	118,200	137,000	18,800	16%
Transfers to IT		0		-				
Total Expenses	221,002	293,007	106,902	358,200	358,201	440,001	81,800	23%

City Of Sequim Budget Overview

Debt Service Fund

Description

This Fund was created for the purpose of recording bond proceeds and cost of issuance plus paying principal and interest related to the Civic Center (LTGO) bonds.

2016 Key Goals

- ❖ Administer the ongoing debt service requirements of the LTGO bonds supporting the Civic Center project including transfers from the General Fund, the Police Restricted funds (Public Safety Tax) and Real Estate Excise Tax.

2016 Budget Summary

- ❖ Debt Service payments of the bonds supporting the Civic Center project of \$660k in 2016 and thereafter (\$345k from General Fund, \$245k from Public Safety Tax, \$75k from REET)

Capital Facilities Fund

Description

This Fund was created for the purpose of paying and tracking the costs associated with Facility projects.

2016 Key Goals

- ❖ Account for and monitor Facility Capital projects including a master plan for the shop property, modular offices for the shop property and Guy Cole remodel costs.

2016 Budget Summary

- ❖ The reduction in overall costs for 2016 is due to the completion of the Civic Center
- ❖ \$105k for shop property planning, \$50k for modular offices at that site and \$108k for continuing Guy Cole remodel costs.

**City of Sequim
2016 Budget
5-Year Summary**

Debt Service (restricted fund)

	2012 Actual	2013 Actual	2014 Actual	2015 Forecast	2015 Budget	2016 Budget	2016-2015 Amount	%
Beginning Fund Balance	-	-	10,447,633	3,362,398	3,265,544	7,531	(3,258,013)	
Revenues								
LTGO Bond Proceeds	-	10,680,000	508,232		63,000	-	(63,000)	-100%
Other Miscellaneous		13,163	86,209	(32,863)	16,460	-	(16,460)	
NonRevenues	-			679,524	679,000	665,000	(14,000)	
Revenues	-	10,693,163	594,441	646,661	758,460	665,000	(93,460)	-12%
Expenses								
Issuance Costs & Debt Service	-	245,530	579,677	662,312	668,990	656,740	(12,250)	-2%
Transfers to Capital Facilities	-		7,100,000	3,339,216	3,344,000	-	(3,344,000)	
Total Expenses	-	245,530	7,679,677	4,001,528	4,012,990	656,740	(3,356,250)	-84%
Surplus/(Deficit)	-	10,447,633	(7,085,236)	(3,354,867)	(3,254,530)	8,260	3,262,790	-100%
Ending Fund Balance	-	10,447,633	3,362,397	7,531	11,014	15,791	4,777	43%

Capital Facilities (restricted fund)

	2012 Actual	2013 Actual	2014 Actual	2015 Forecast	2015 Budget	2016 Budget	2016-2015 Amount	%
Beginning Fund Balance	2,260,610	927,138	560,660	48,124	34,616	86,035	51,419	149%
Revenues								
Other Miscellaneous	32,968	19,423	2,489	87,183	128,205	108,205	(20,000)	-16%
NonRevenues	71,500	550,346	7,103,959	7,261,428	7,224,500	205,000	(7,019,500)	-97%
Revenues	104,468	569,769	7,106,448	7,348,611	7,352,705	313,205	(7,039,500)	-96%
Expenses								
City Hall/Police Facility	1,289,085	478,481	7,415,025	7,057,460	7,138,991	1	(7,138,990)	-100%
Other Capital Projects	-	285,318	3,959	233,147	235,000	263,000	28,000	12%
Administrative Overhead	148,855	176,447	200,000	20,093	4,087	52,236	48,149	1178%
Transfers BFB to Debt Service				-	-	-	-	
Total Expenses	1,437,940	940,246	7,618,984	7,310,700	7,378,078	315,237	(7,062,841)	-96%
Surplus/(Deficit)	(1,333,472)	(370,477)	(512,536)	37,911	(25,373)	(2,032)	23,341	-92%
Ending Fund Balance	927,138	556,661	48,124	86,035	9,243	84,003	74,760	809%

City Of Sequim Department Description & Budget Overview

Trust, Agency and Internal Services Funds

Department Description

- ❖ **Unemployment Compensation Reserve** is an internal services fund used to pay unemployment claims and to reserve for future unemployment claims (based upon historical activity).
- ❖ **Police Expendable Trust Fund** is used to temporarily hold seized assets until the case is resolved and the Court system declares the rightful property owner. Once declared as a City asset the money is transferred to special revenue Fund 121, Police Seized Asset Fund, where the funds are spent according to state law.
- ❖ **Construction Deposits** is used to hold funds in lieu of a performance bond from a developer or retainage for a large project. Funds will be repaid based on acceptable completion of the project or used to complete/repair work not done according to City standards.
- ❖ **Intergovernmental Agency Fund** is used to receipt various monies received from the County and remitted to other government agencies.
- ❖ **Flexible Spending Account Fund** is used to account for incoming/outgoing employee benefit money that is collected pre-tax and expended on behalf of the employee for medical related expenses based on IRS guidelines.
- ❖ **Utility Security Deposits Fund** is needed to account for incoming/outgoing security deposits held for the Water and Sewer Utilities.
- ❖ **Haller Park Fund** is needed to account for a non-expendable trust of the City provided by the Haller Family

2016 Key Goals

- ❖ To appropriately account for trust, agency and internal services funds according to regulations.

2016 Budget Summary

Revenues and expenses for all funds fluctuate based on external factors. Revenues are budgeted basically the same from year to year because these funds are budgeted to account for volatility of revenues and costs. Actuals can vary significantly from budget. Expenses are the same, with the exception of retainage which is paid out 45 to 60 days after a project is complete as determined by the City Engineer or, for large projects, the City Council.

Unemployment Compensation Reserve

- ❖ Revenues consist of a \$6.6k transfer in from streets and expenses consist of a \$14.7k transfer to pay back the general funds as well as \$10k in claims paid.

Police Expendable Trust Fund

- ❖ Revenues and expenses are budgeted at \$20,000 but are dependent on activity.

Construction Deposits

- ❖ Revenues: Include construction deposits for developments and City projects that will have retainage.
 - \$325,000 new construction deposits
- ❖ Expenses: Are budgeted to equal revenues allowing for the return of funds during the same year.
 - \$325,000 new construction deposits

Intergovernmental Agency Fund

- ❖ These are funds held in a fiduciary capacity by the City and can not be used for general operations. A budget amount was selected that will cover the costs of disbursements. The revenue and expenses are based on assessments and court fines, for Public Safety and Education and the sale of bus passes.

Flexible Spending Account Fund

- ❖ Revenues and expenses are budgeted at \$11k and based upon expected benefit activity.

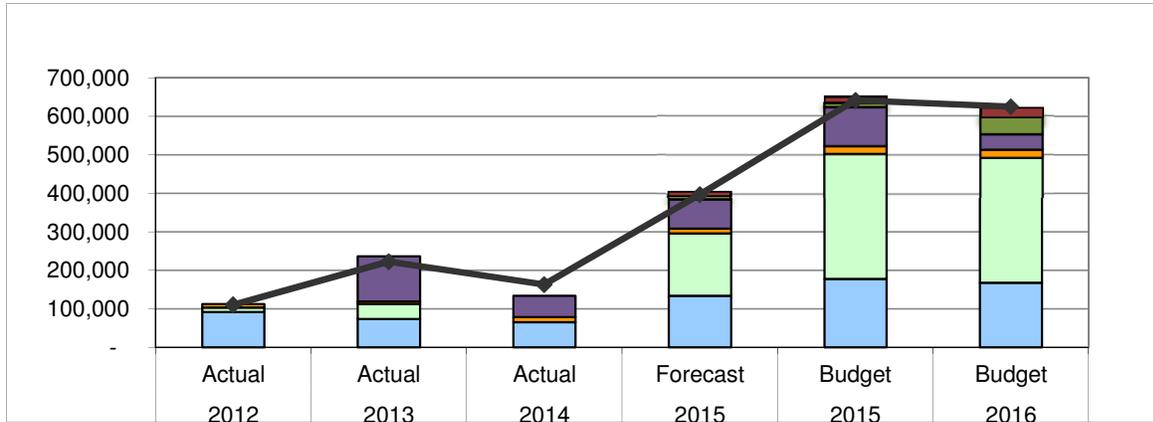
Utility Security Deposits

- ❖ Based on level of security deposits held for the Water and Sewer Utilities

Haller Park Fund monies expendable in the fund are limited to interest only.

**City of Sequim
2016 Budget
5-Year Summary**

Trust & Agency Funds (restricted funds)



	2012 Actual	2013 Actual	2014 Actual	2015 Forecast	2015 Budget	2016 Budget	2016-2015 Amount	%
Beginning Fund Balance								
Unemployment Compensation				39,685	40,251	27,954	(12,297)	-31%
Flexible Benefits				-	-	-	-	0%
Police Expendable Trust	17,546	8,520	8,520	485	1,721	-	(1,721)	-100%
Construction Deposits/Retainage	4,704	16,218	-	36,851	-	38,300	38,300	100%
Utility Deposits			96,851	120,445	101,892	122,652	20,760	20%
Haller Park Fund	35,845	36,384	37,059	37,544	37,541	37,964	423	1%
Intergovernmental Agency Fund	7,041	1,426	3,278	2,732	5,269	2,638	(2,631)	-50%
Beginning Fund Balance	65,137	62,548	145,708	237,742	186,674	229,508	42,834	23%

Revenues								
Unemployment Compensation				0	6,600	16,250	9,650	146%
Flexible Benefits				11,344	11,350	45,000	33,650	296%
Police Expendable Trust	-	6,340	4,853	11,667	20,000	20,000	-	0%
Construction Deposits/Retainage	22,993	22,854	36,851	163,948	325,000	325,000	-	0%
Utility Deposits		117,166	55,668	76,140	100,000	40,000	(60,000)	-60%
Haller Park Fund	539	675	485	420	440	440	-	0%
Intergovernmental Agency Fund	86,437	75,610	65,085	133,696	178,247	178,627	380	0%
Revenues	109,969	222,645	162,942	397,215	641,637	625,317	(16,320)	-3%

Total Expenses								
Unemployment Compensation				11,731	16,600	24,750	8,150	49%
Flexible Benefits				11,344	11,350	45,000	33,650	296%
Police Expendable Trust	9,026	6,340	12,888	12,152	20,000	20,000	-	0%
Construction Deposits/Retainage	11,479	39,072	-	162,500	325,000	325,000	-	0%
Utility Deposits		20,426	32,074	73,933	100,000	39,000	(61,000)	-61%
Haller Park Fund		-	-	-	-	-	-	0%
Intergovernmental Agency Fund	92,052	73,759	65,630	133,790	178,080	168,328	(9,752)	-5%
Total Expenses	112,557	139,597	110,592	405,450	651,030	622,078	(28,952)	-4%

Ending Fund Balance								
Unemployment Compensation				27,954	30,251	19,454	(10,797)	-36%
Flexible Benefits				0'	-	-	-	0%
Police Expendable Trust	8,520	8,520	485	-	-	-	-	0%
Construction Deposits/Retainage	16,218	-	36,851	38,300	-	38,300	38,300	100%
Utility Deposits		96,740	120,445	122,652	101,892	123,652	21,760	21%
Haller Park Fund	36,384	37,059	37,544	37,964	37,981	38,404	423	1%
Intergovernmental Agency Fund	1,426	3,278	2,732	2,638	5,436	12,937	7,501	138%
Ending Fund Balance	62,549	145,596	198,058	229,507	177,281	232,747	55,466	31%



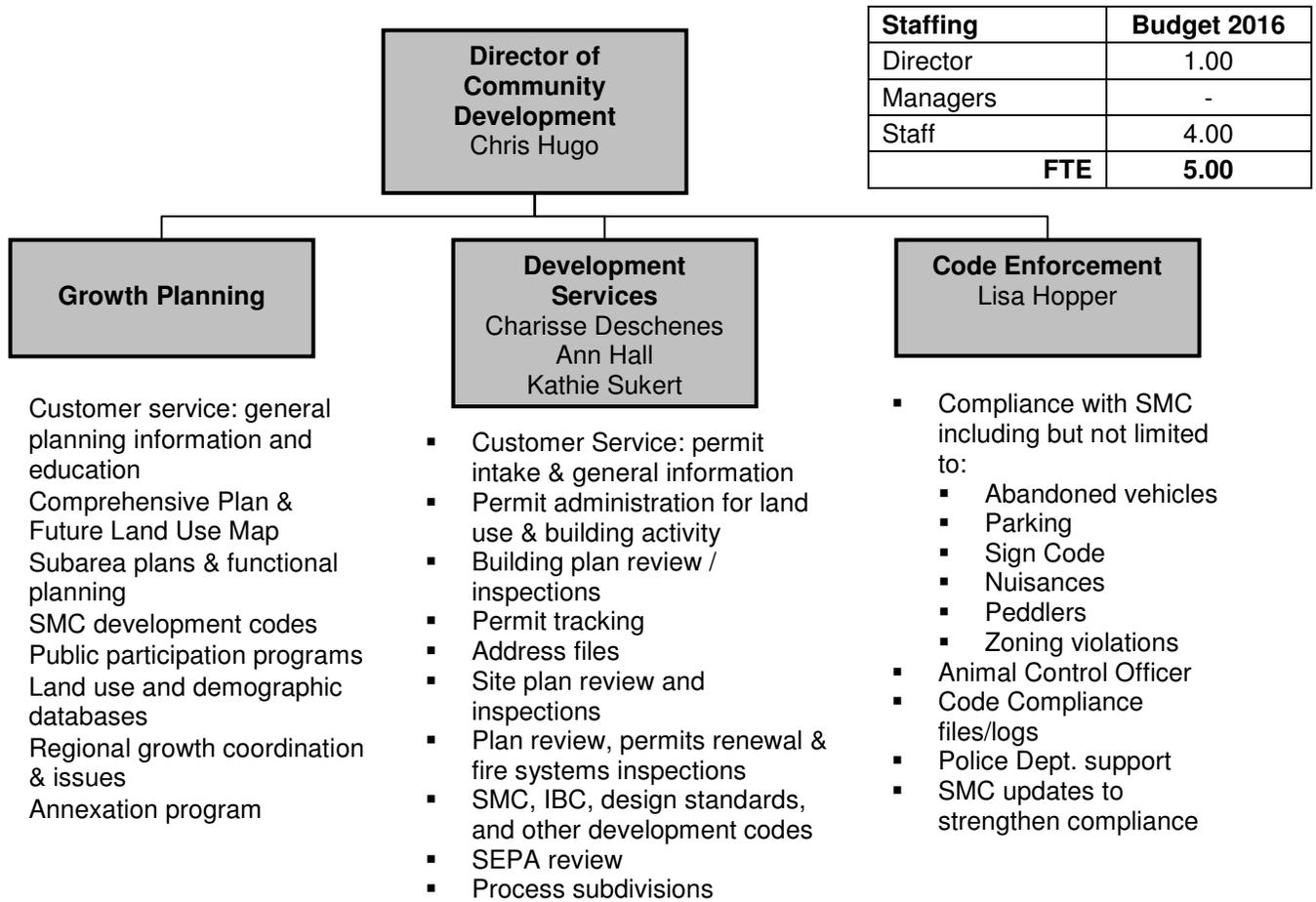
City of Sequim 2016 Budget

Department of Community Development



**City Of Sequim
Department Description**

Department of Community Development



The **Department of Community Development** is responsible for the community's healthy growth and development. This duty includes administration of the City's land use policies and regulations, including the Comprehensive Plan, zoning and subdivision codes, environmental plans and ordinances, and building and fire codes. The Department's Code Compliance section helps ensure adherence to a broad range of code provisions related to community maintenance.

Growth Planning is responsible for managing the preparation of community plans for long-range growth and development, including the Comprehensive Plan and subarea plans for Downtown or other districts, as well as assisting in the preparation of functional plans for transportation, utilities, parks, and public safety.

Development Services is responsible for promoting the general health, safety and welfare through administration of development and building codes, project and plan reviews, site and building inspections, and environmental reviews. Development Services consists of two sections, Current Planning and Building Services. Current Planning administers all land use codes and permits including rezones, variances, platting, conditional uses, temporary uses and special events, signs, and all associated environmental determinations. Building Services reviews building plans, conducts building inspections to insure safe occupancy, and approves fire suppression permits. Development Services oversees the permit counter which provides information, responds to questions, and takes in permit applications.

Code Compliance is charged with gaining adherence to specified SMC provisions and regulations: abandoned vehicles, illegal parking of vehicles/RVs, a wide variety of nuisances, and sign issues. The CC works in conjunction with the Sequim Police Department as necessary and also handles Animal Control.

City Of Sequim Budget Overview

Department of Community Development Growth Planning, Development Services and Code Compliance

Chris Hugo, Director of Community Development

2016 Key Goals

- ❖ Assist the Council to complete the regional growth planning collaborative process including ratification of 2015-35 Countywide Planning Policies and 20-year population targets.
- ❖ Assist city renegotiation of current Service Extension Review Process (SERP) to a broader Urban Growth Area Management Agreement (UGAMA)
- ❖ Continue to enhance customer service with technical enhancements to the permit “island” and deployment of new, integrated permit software that includes permit management and tracking.
- ❖ Commence the preparation of a revised Title 18 Zoning, amendments to subdivision regulations, and update of other development regulations to maintain consistency with new Comprehensive Plan.
- ❖ Provide support to Downtown Neighborhood Revitalization, more proactive economic development, and other citywide community development initiatives.

Key Assumptions

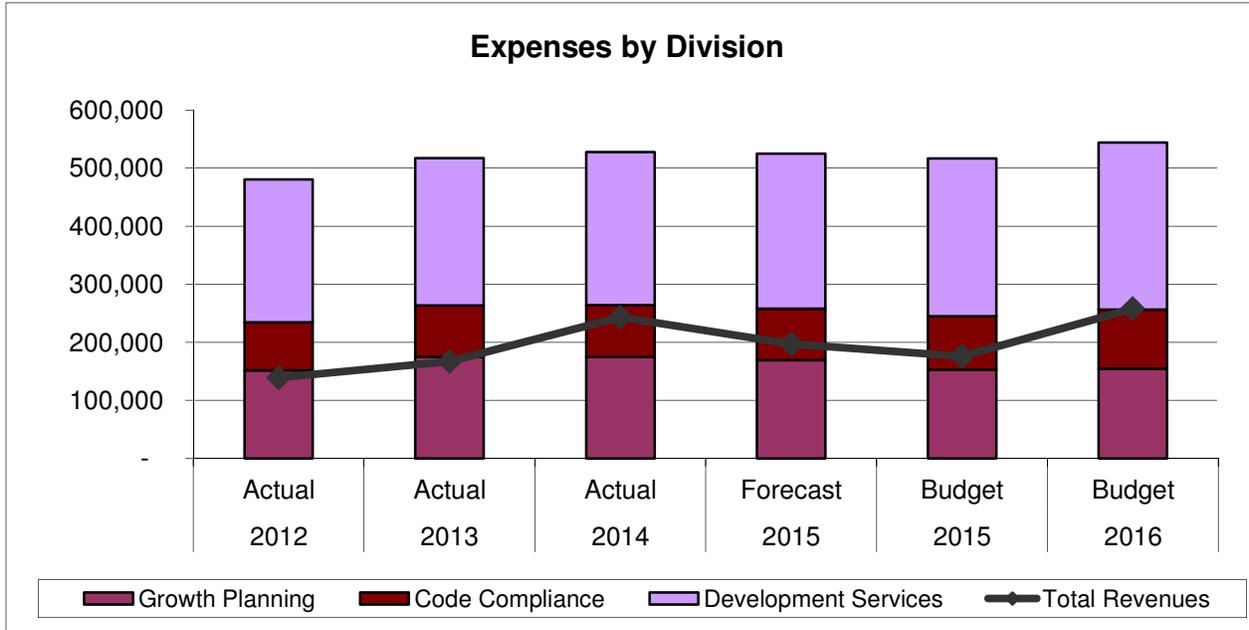
- ❖ Development activity will increase for residential and non-residential development due to continued growth in national and regional economies and steady media attention to Sequim as a desirable retirement community.
- ❖ Utilization of new development opportunities in the new Comprehensive Plan may generate project activity that requires considerable staff time to coordinate, review and permit.
- ❖ Considerable staff resources will be expended during the year for porting permit records and making the conversion to new permit software.

2016 Budget Summary

- No significant changes to programs from the prior year.
- Permitting revenues conservatively reflect an increase in development activity
- Training and travel funds are restored to prior, effective levels.
- No funds are budgeted for outside consulting resources
- Transfers out the equipment reserve were increased for potential equipment purchases

**City of Sequim
2016 Budget
Other Information**

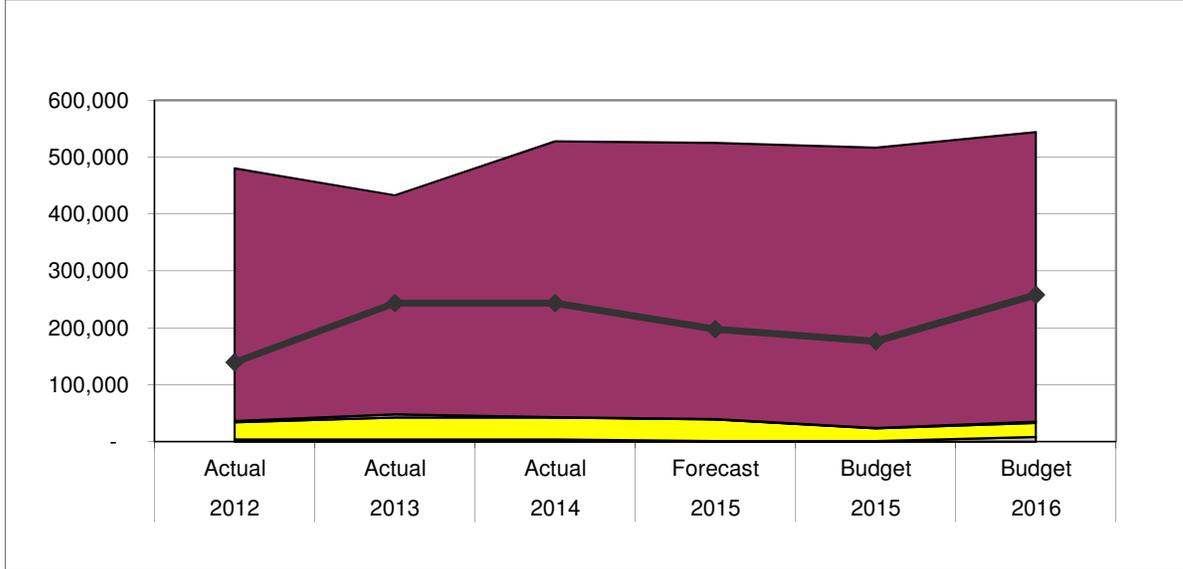
Department of Community Development



	2012 Actual	2013 Actual	2014 Actual	2015 Forecast	2015 Budget	2016 Budget	2016-2015 Amount	%
Revenues								
Development Services	126,490	157,040	233,277	176,177	161,295	239,972	78,677	49%
Code Compliance	-	-	-	-	-	-	-	0%
Growth Planning	12,615	10,166	10,166	21,175	14,700	17,850	3,150	21%
Total Revenues	139,105	167,206	243,443	197,352	175,995	257,822	81,827	46%
Expenses								
Development Services	245,657	253,357	263,565	267,020	271,694	287,514	15,820	6%
Code Compliance	83,020	88,750	89,308	88,266	92,154	101,760	9,606	10%
Growth Planning	151,691	174,786	174,785	169,481	152,572	154,509	1,937	1%
Total Community Development Services	480,368	516,893	527,658	524,767	516,420	543,783	27,363	5%

**City of Sequim
2016 Budget
5-Year Summary**

Department of Community Development



	2012 Actual	2013 Actual	2014 Actual	2015 Forecast	2015 Budget	2016 Budget	2016-2015 Amount	%
Licenses & Permits	85,015	147,686	147,686	122,202	118,295	168,026	49,731	42%
Intergovernmental	4,736	-	-	6,300	3,600	-	(3,600)	-100%
Goods & Services	49,354	95,751	95,751	68,850	54,100	89,796	35,696	66%
Misc Income	0	-	6	-	-	-	-	0%
Total Revenues	139,105	243,437	243,443	197,352	175,995	257,822	81,827	46%
Salaries & Benefits	444,490	385,043	484,882	485,540	492,785	508,732	15,947	3%
Operating Supplies	1,934	5,897	754	198	340	2,300	1,960	576%
Charges for Services	30,284	38,364	38,364	38,114	22,379	24,753	2,374	11%
Transfers (Equip Reserve)	3,660	3,660	3,660	915	915	8,000	7,085	774%
Total Expenses	480,368	432,964	527,660	524,767	516,419	543,785	27,366	5%
		(0)	(83,929)	-	(1)	2		



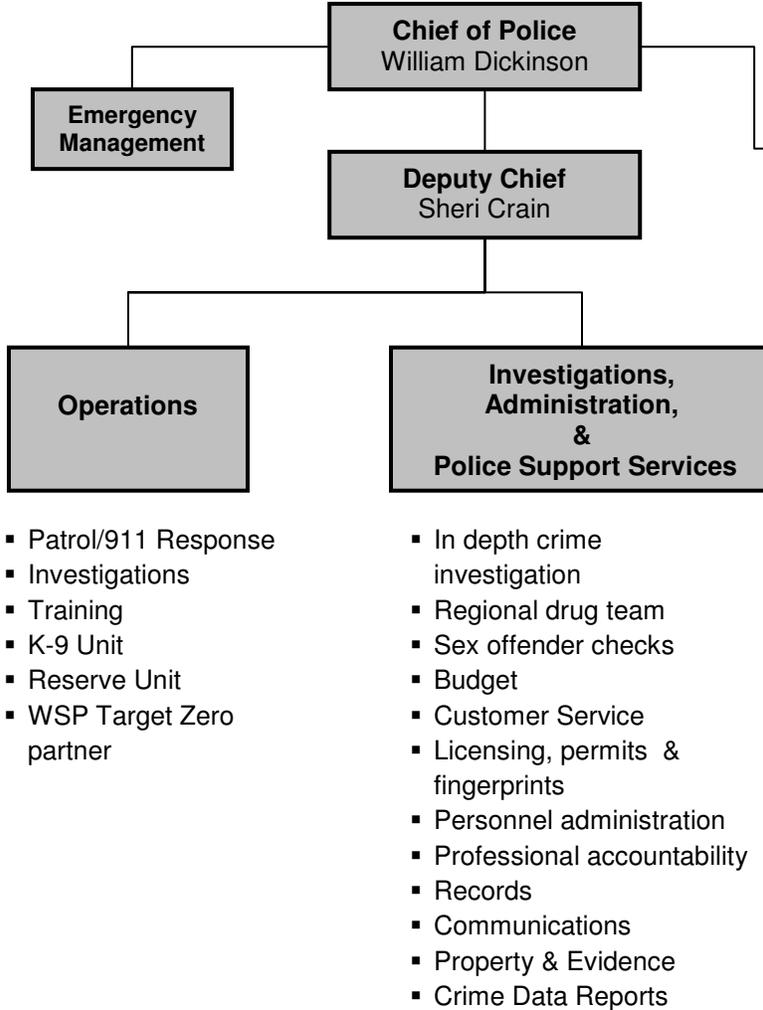
City of Sequim 2016 Budget

Police Department

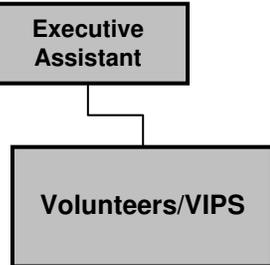


**City Of Sequim
Department Description**

Police Department



Staffing	Budget 2016
Chief	.92
Deputy Chief	1.00
Sergeants	4.00
SRO Officer	1.00
Police Officers	12.00
Support Staff	3.00
FTE	21.92



- Project Lifesaver
- Block Watch
- Business watch
- Subpoena service
- Front office support
- Vacation house check
- Child car seat safety program
- Pawnshop detail
- Chaplain

The Sequim Police Department is charged with a variety of duties relating to the protection and safety of the community. This mandate is carried out through the enforcement of criminal and traffic laws; the investigation of criminal activities and the arrest of the offenders; and emergency management and preparation. The Department coordinates investigations and law enforcement operations with other jurisdictions and agencies. Additionally, the Support Services front counter offers animal licensing, weapons permitting and transfers, fingerprinting, records retrieval, bicycle licenses, incident reports, vacation check requests and public records requests. Due to staffing reductions, we currently rely more heavily on volunteer staffing to accomplish some of our tasks. Others, such as providing a dedicated Public Information Officer, Emergency Management Coordinator, and Crime Prevention Officer have been deleted or significantly reduced.

The department consists of nineteen sworn officers (19 FTE), three civilian support employees (3.00 FTE), six Reserve Officers (not FTE's), and an active group of 20 civilian volunteers who assist the department's efforts and provide enhanced public safety programs.

City Of Sequim Budget Overview

Police Department William Dickinson, Chief of Police

2016 Key Goals

The Police Department has several immediate goals for 2016.

- ❖ Continue the implementation of the dedicated School Resource Officer for the Sequim School District. The first year of the SRO program has been successful both in the eyes of the School District and the Department.
- ❖ Following the completion and move into the new police station we now begin the process of gaining State Accreditation which will be a first for this Agency.
- ❖ An Emergency Operations Center for City of Sequim emergency management was planned for in the Civic Center building process; our goal is to seek completion of the EOC function in 2016.

2016 Budget Summary

The Police 2015 operating budget was reduced by \$39k, primarily in the area of training and investment in equipment replacement. The 2016 budget restores those programs, training and equipment.

We have not proposed any new initiatives, programs or staffing.

The budget reflects a 3% increase in salary and benefit expenses, primarily due to contractual wage and step increases plus the cost of health insurance and retirement benefits. State mandated costs including Labor and Industries Industrial Insurance and LEOFF (Law Enforcement Officers and Fire Fighters Retirement System) contribution rates continue to increase.

We have been notified that Pencom (Peninsula Communications) Dispatch services will increase in 2016 by 24% due to necessary capital expenditures there. While that is a large increase, Pencom has operated for several years in a row without any increases until they have arrived at a point where they need to catch up in terms of their reserve fund and updating new hardware and software systems.

Equipment wise, the Department has recovered its contribution to the equipment reserve fund for 2016 which had been severely cut in the 2015 budget.

Of interest in light of recent revenue take-backs by the State, the 2016 police budget reflects a 12% increase in revenues primarily due to partial restoration of local shares of the state alcohol taxes.

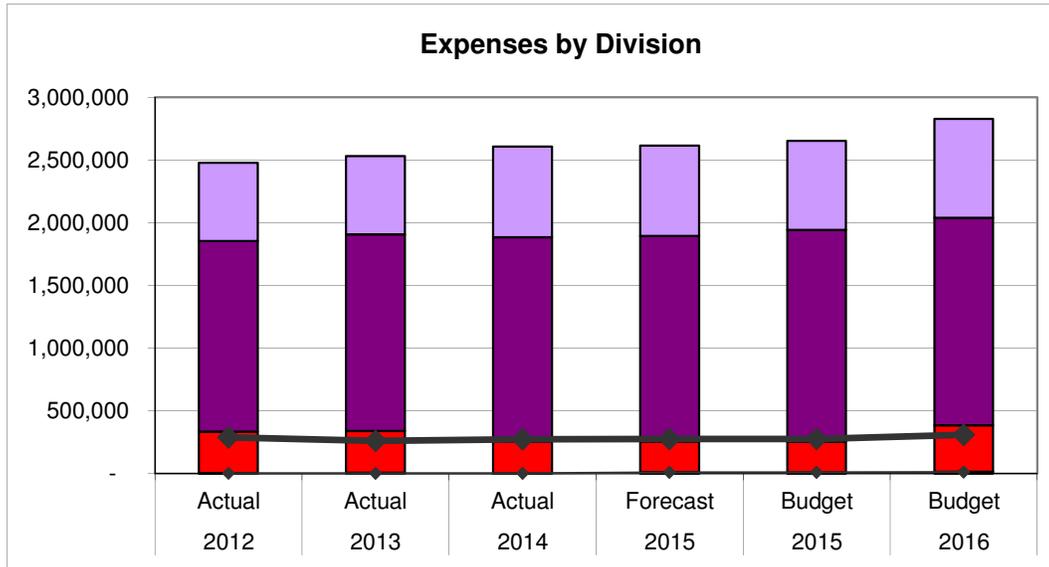
Overall, with wage and benefit increases, contract dispatch increases, restoration of equipment fund, and training and materials back to our former operating budget, we anticipate an overall 7% increase in our 2016 budget over 2015.

Key Assumptions

- ❖ The Department has taken significant operational cuts over the last few years. 2016 reflects recovery from those cuts absent restoration of any past FTE cuts. We continue to seek every opportunity for operational efficiency.

**City of Sequim
2016 Budget
Other Information**

Police Department

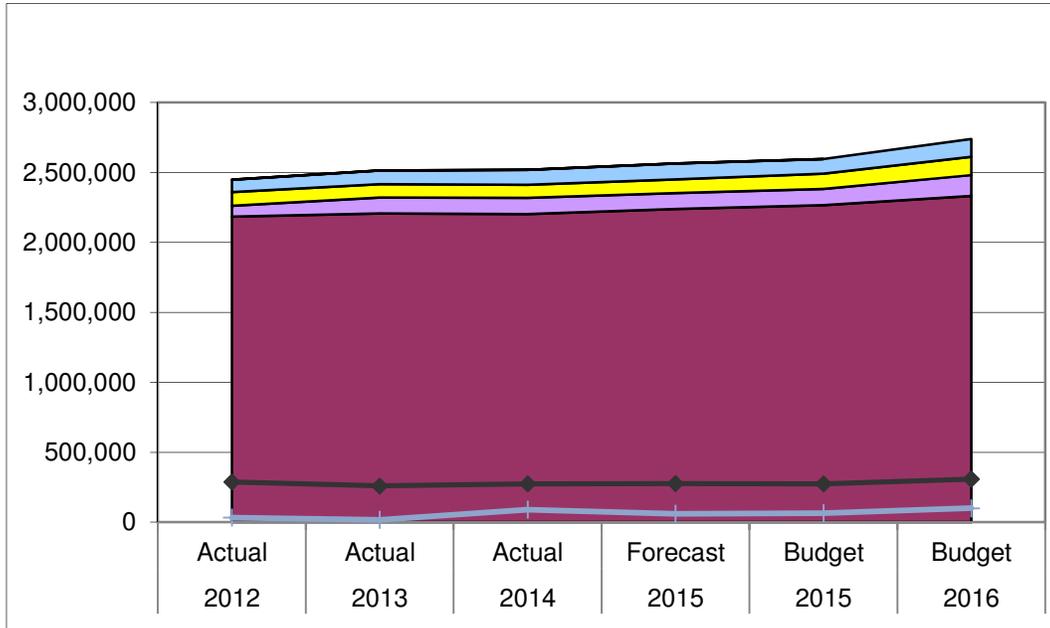


	2012	2013	2014	2015	2015	2016	2016-2015	
Revenues	Actual	Actual	Actual	Forecast	Budget	Budget	Amount	%
Taxes	77,935	83,521	87,423	85,900	84,215	91,779	7,564	9.0%
Licenses & Permits	2,197	2,767	2,691	3,386	2,767	3,220	453	16.4%
Intergov'tl Revenues	132,797	100,046	121,588	121,698	117,128	156,069	38,941	33.2%
Goods & Services	14,733	19,260	12,112	7,860	14,600	7,497	(7,103)	-48.7%
Fines & Forfeits	52,217	47,377	43,980	51,080	50,141	43,980	(6,161)	-12.3%
Miscellaneous Revenue	7,526	6,455	6,000	6,000	6,000	6,000	-	0.0%
◆◆◆ Total Revenues	287,405	259,426	273,794	275,924	274,851	308,545	33,694	12.3%

Expenses	2012	2013	2014	2015	2015	2016	2016-2015	
General	-	-	-	-	-	-	-	0.0%
Support Services	624,149	623,098	723,142	720,797	712,324	789,570	77,246	10.8%
Volunteers	2,373	767	2,570	10,124	8,100	11,200	3,100	38.3%
Patrol Operations	1,520,120	1,566,980	1,629,119	1,640,107	1,688,113	1,652,506	(35,607)	-2.1%
Investigations	330,101	333,077	254,354	242,413	244,687	370,661	125,974	51.5%
Traffic	-	-	-	-	-	-	-	0.0%
Emerg Mgmt/ Crime Prevention	3,409	6,571	127	12,114	8,109	14,556	6,447	79.5%
Total Expenses	2,480,153	2,530,493	2,609,312	2,625,555	2,661,333	2,838,493	177,160	6.7%

**City of Sequim
2016 Budget
5-Year Summary**

Police Department



	2012	2013	2014	2015	2015	2016	2016-2015	
Revenues	Actual	Actual	Actual	Forecast	Budget	Budget	Amount	%
Taxes	77,935	83,521	87,423	85,900	84,215	91,779	7,564	9%
Licenses & Permits	2,197	2,767	2,691	3,386	2,767	3,220	453	16%
Intergov't'l Revenues	132,797	100,046	121,588	121,698	117,128	156,069	38,941	33%
Goods & Services	14,733	19,260	12,112	7,860	14,600	7,497	(7,103)	-49%
Fines & Forfeits	52,217	47,377	43,980	51,080	50,141	43,980	(6,161)	-12%
Miscellaneous Revenue	7,526	6,455	6,000	6,000	6,000	6,000	-	0%
◆◆ Total Revenues	287,405	259,426	273,794	275,924	274,851	308,545	33,694	12%
Expenses								
Salaries & Benefits	2,184,277	2,208,083	2,203,700	2,238,000	2,266,313	2,331,931	65,618	3%
Operating Supplies	76,526	113,711	115,129	113,954	115,752	149,433	33,681	29%
Charges for Services	98,510	95,340	93,485	97,645	109,574	130,236	20,662	19%
Intergovernmental	88,156	96,303	106,996	115,622	104,394	126,894	22,500	22%
Capital (Equip > \$7,500)				-	-	0	-	0%
Transfers (Equip/SRO match)	32,684	17,056	90,002	60,333	65,300	100,000	34,700	53%
Total Expenses	2,480,152	2,530,493	2,609,312	2,625,554	2,661,333	2,838,494	177,161	7%



**City Of Sequim
Department Description**

**Police Restricted Fund
Police Asset Seizure Fund**

Chief of Police
William Dickinson

Police Restricted Fund

- Grant funded or donation funded special activities.

Police Asset Seizure

- Revenues are used for funding drug enforcement in accordance with RCW 69.50.505

The **Police Restricted Fund** is for grant funded or donation funded special activities that are in addition to ongoing police operations. Projects and activities include:

- K-9 program setup and training (2000 – ongoing)
- Project LifeSaver (2007 – ongoing)
- 9/11 Memorial donations (2011-2015, last of the funds expended for memorial located at the Civic Center Plaza)
- Public Safety Tax collection and transfers
- SRO grant revenues and related expenditures

Note: In the past, this fund included Criminal Justice taxes and state shared revenues, but these were moved to the General Fund in 2008. Beginning in 2013, Public Safety Sales Tax revenues approved for the purchase of new police and emergency operations facilities are reflected in the Restricted Fund.

The **Police Asset Seizure Fund** was created to deposit the net portion of forfeited proceeds after payment to the Washington State Treasurer and settlement of all claims as required by the RCW and federal laws. These funds are to be used to assist the Sequim Police Department in funding drug enforcement as determined by the Chief of Police in accordance with RCW 69.50.505.

The net proceeds are provided by the following per Sequim Municipal Code 3.42:

- RCW 69.50.505 – seizure and forfeiture of property connected with the manufacture, compounding, processing, delivery, importing, or exporting of illegal narcotics and drugs (controlled substances) by law enforcement agencies, including the Sequim Police Department.
- RCW 46.61.5058 – seizure and forfeiture of a vehicle connected with driving a motor vehicle while meeting or exceeding the Washington state recognized level of intoxication (DUI) and having had a prior conviction within seven years as defined by RCW 46.61.5055.
- Chapter 9A.83 RCW – seizure and forfeiture of proceeds and property connected with money laundering.
- Moneys derived as a result of the Federal Comprehensive Crime Control Act.
- Withdrawals from the account shall require written authorization of the Chief of Police and the City Manager (Sequim Municipal Code 3.42.030).

City Of Sequim Budget Overview

Police Restricted Fund Police Asset Seizure Fund William Dickinson, Chief of Police

2016 Key Goals

- ❖ Continue the School Resource Officer (SRO) partnership with the Sequim School District.
- ❖ Continue to utilize donated funds for their dedicated purposes, to include: K-9 program support, Project Lifesaver, Police Asset Seizure Fund, and volunteer activities such as Child Car seat inspections, etc.
- ❖ Asset seizure funds are typically applied towards needed officer safety and investigative equipment purchases.
- ❖ Transfer available Public Safety Tax to Debt Service Fund for bond payments.

2016 Budget Summary

Police Restricted Fund

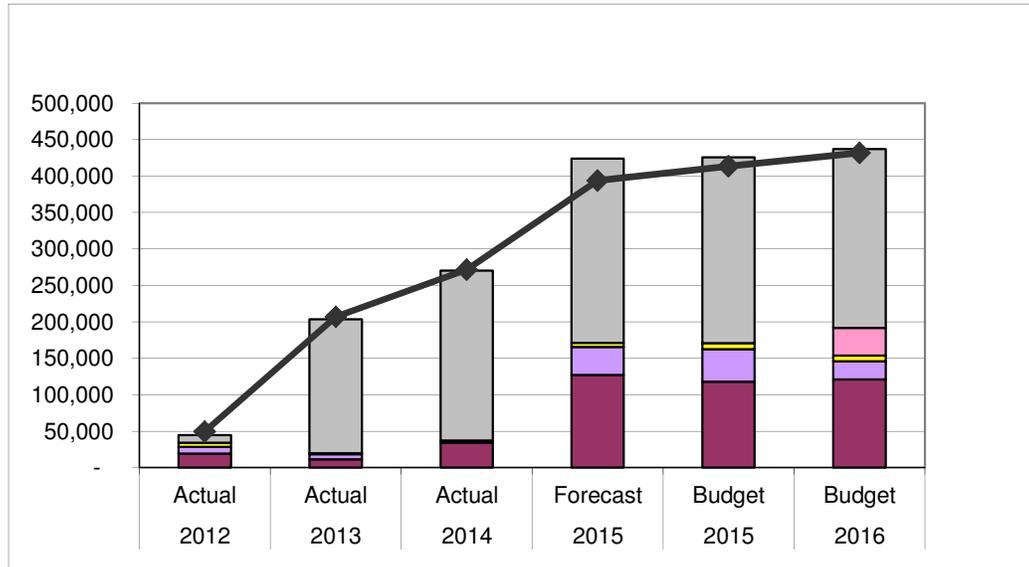
- ❖ The Police Restricted budget reflects grant money and donations that are linked to specific purposes and programs. Donated monies within the Police Restricted fund are earmarked by donators to support a multitude of police department programs, such as our K-9 program, Project Lifesaver, and volunteer supported activities such as child car seat inspections.
- ❖ The voter-approved Public Safety Sales Tax revenue is reflected in the restricted fund and will continue to be utilized for the new police and EOC facilities portion of the new Police Facility.

Police Asset Seizure Fund

- ❖ Revenues are anticipated based on averages.
- ❖ The uses of the Asset Seizure Fund are set out in both state law and under current City Ordinance. The actual amount of revenue can vary significantly from year-to-year, based on the unpredictable nature of narcotics investigations, proactive resources available for enforcement, backlogs of seizure hearings, and other variables including, even, the type of drug of choice that is being peddled and purchased.
- ❖ No significant changes are anticipated in this Budget cycle with the exception of the possible purchase of grant funded bullet proof vests and body cameras.

**City of Sequim
2016 Budget
5-Year Summary**

Police Restricted & Asset Seizure



	2012	2013	2014	2015	2015	2016	2016-2015	
	Actual	Actual	Actual	Forecast	Budget	Budget	Amount	%
Beginning Fund Balance								
Police Restricted	68,170	71,539	71,796	65,527	43,051	79,566	36,515	85%
Police Asset Seizure	18,387	19,837	23,301	27,974	20,274	28,264	7,990	39%
Beginning Fund Balance	86,557	91,376	95,097	95,098	63,325	107,830	44,505	70%

Revenues

Taxes		183,346	233,232	249,110	234,876	246,924	12,048	5%
Intergovernmental	24,661	15,760	30,270	86,518	101,051	108,651	7,600	8%
Goods & Services	10,450	360	300	22,205	20,000	34,000	14,000	70%
Other Miscellaneous	6,500	4,482	3,485	4,927	7,299	22,299	15,000	206%
NonRevenues / Financing	8,068	3,096	4,368	30,875	50,000	20,000	(30,000)	-60%
Revenues	49,679	207,044	271,655	393,635	413,226	431,874	18,648	5%

Expenses

Salaries & Benefits	19,498	11,683	34,269	127,114	117,967	121,195	3,228	3%
Operating Supplies	8,942	7,033	2,608	38,635	44,750	24,702	(20,048)	-45%
Charges for Services	5,641	1,262	378	5,700	8,000	8,000	-	0%
Intergovernmental				-	-	0	-	
Capital (Equip > \$7,500)	0			-	-	38,000	38,000	
NonExpense/Transfers	10,778	183,346	233,232	252,524	255,000	245,000	(10,000)	-4%
Total Expenses	44,860	203,324	270,487	423,973	425,717	436,897	11,180	3%
Surplus/(Deficit)	4,819	3,720	1,168	(30,338)	(12,491)	(5,023)	7,468	-60%

Ending Fund Balance

Police Restricted	71,539	71,797	68,291	34,900	67,919	84,267	16,348	24%
Police Asset Seizure	19,837	23,301	27,974	28,264	20,502	18,538	(1,964)	-10%
Ending Fund Balance	91,376	95,098	96,265	64,760	50,834	102,807	51,973	102%

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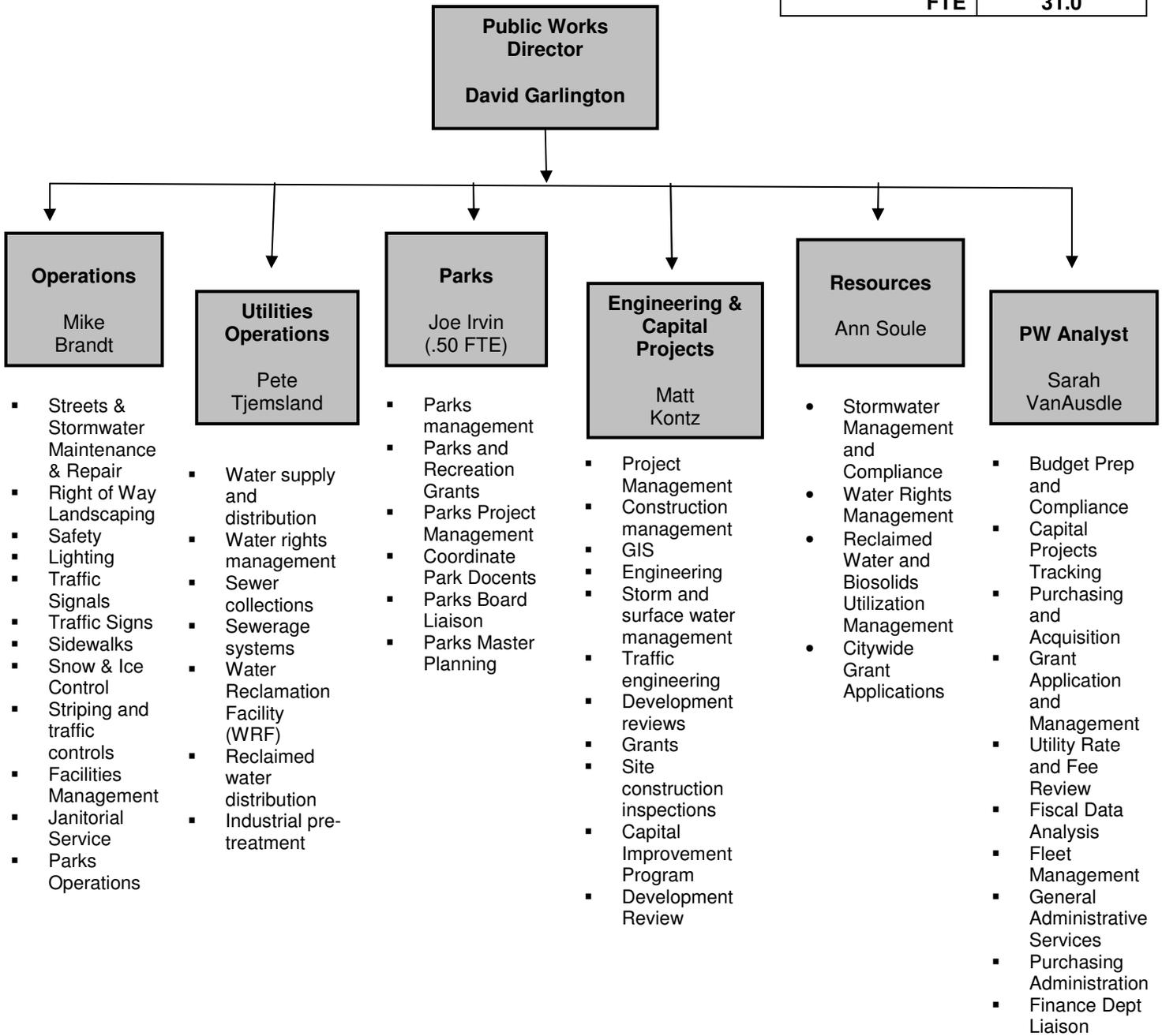
City of Sequim 2016 Budget

**Public Works Administration
Streets, Parks, Facilities & Engineering
Utilities & Capital Facilities**



Public Works Administration, Streets, Parks, Capital Facilities & Utilities

Summary of all PW Depts.	
Staffing	Budget 2016
Director	1.00
Managers	5.50
Staff	24.5
FTE	31.0



**City Of Sequim
Department Description**

Public Works Staffing

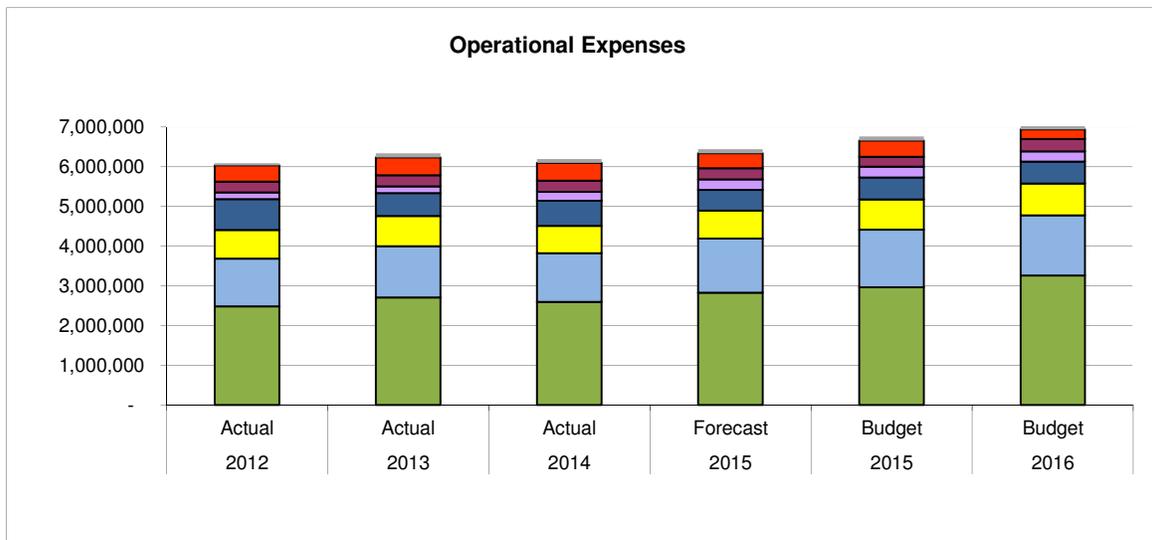
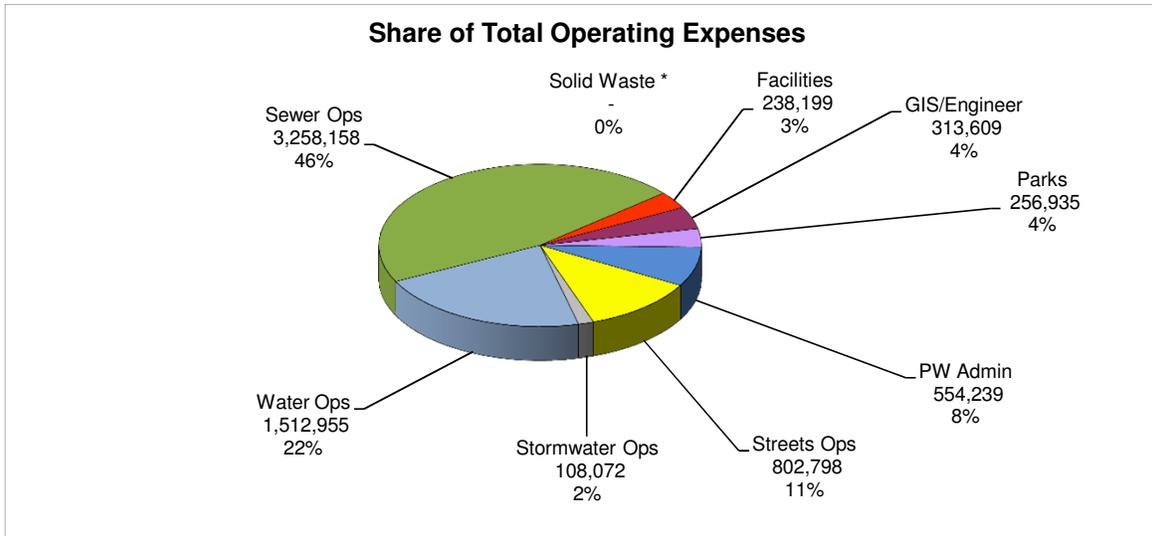
Position	Water	Sewer	WWTP	ReUse	Parks	Street	SIB	Storm Wtr	Bldg Maint	Engineer	PW Admin	Total
Chief Mechanic											1.00	1.00
City Engineer										1.00		1.00
Engineering Tech										2.00		2.00
Maintenance Worker - Facilities						0.25			0.75			1.00
Maintenance Worker - Janitor		0.50			0.25				0.25			1.00
Maintenance Worker - Lead Sewer		0.90						0.10				1.00
Maintenance Worker - Lead Streets						0.70		0.30				1.00
Maintenance Worker - Lead Water	1.00											1.00
Maintenance Worker - Parks					1.75							1.75
Maintenance Worker - Sewer		3.00										3.00
Maintenance Worker - Streets						3.00						3.00
Maintenance Worker - Water	2.75											2.75
Parks Manager				0.20	0.30							0.50
Public Works Director											1.00	1.00
PW Admin Asst											1.00	1.00
PW Management Analyst											1.00	1.00
Operations Manager	0.25	0.30			0.10	0.25		0.05	0.05			1.00
Utilities Manager	0.50	0.50										1.00
Resource Manager	0.25	0.25						0.50				1.00
WRF Lead			1.00									1.00
WRF Operator			4.00									4.00
TOTAL FTE = 31	4.75	5.45	5.00	0.20	2.40	4.20	0.00	0.95	1.05	3.00	4.00	31.00

Inventory of Infrastructure Operated and Maintained by Public Works

- 54 center line miles of streets
- 7 miles of Alleys
- 38.5 miles of shoulders mowed
- 59 miles of water lines
- 72 miles of sewer lines
- 1.4 miles of outfall pipe ending 1900 feet into the Strait of Juan de Fuca
- 1.67 million gallon per day Water Reclamation Facility
- 4 sewerage lift stations
- 3.4 million gallons of potable water storage in 4 reservoirs
- 3 water sources
- 6 drinking water wells
- 4 drinking water booster pump stations
- Approximately 2,400 water meters
- 8 parks
- 117 acres of park land
- 8 Playgrounds/Fields
- 117 acres of park land
- 8 Playgrounds/Fields
- 4 miles of paved trails
- 17 buildings not associated with water or sewer facilities
- 91 vehicles and rolling equipment
- 7 traffic signals
- Approximately 350 street lights
- 1000s of street signs
- About 750 street trees
- 9 foot bridges
- 1 vehicle bridge
- 49,000 sq ft of City building facilities
- Hundreds of catch basins on city streets
- 6 detention ponds
- Hundreds of drywells and infiltration pipes
- Multiple irrigation ditches sites
- 1 acre of rapid infiltration basins
- \$47M Capital Improvement Program

**City of Sequim
2016 Budget**

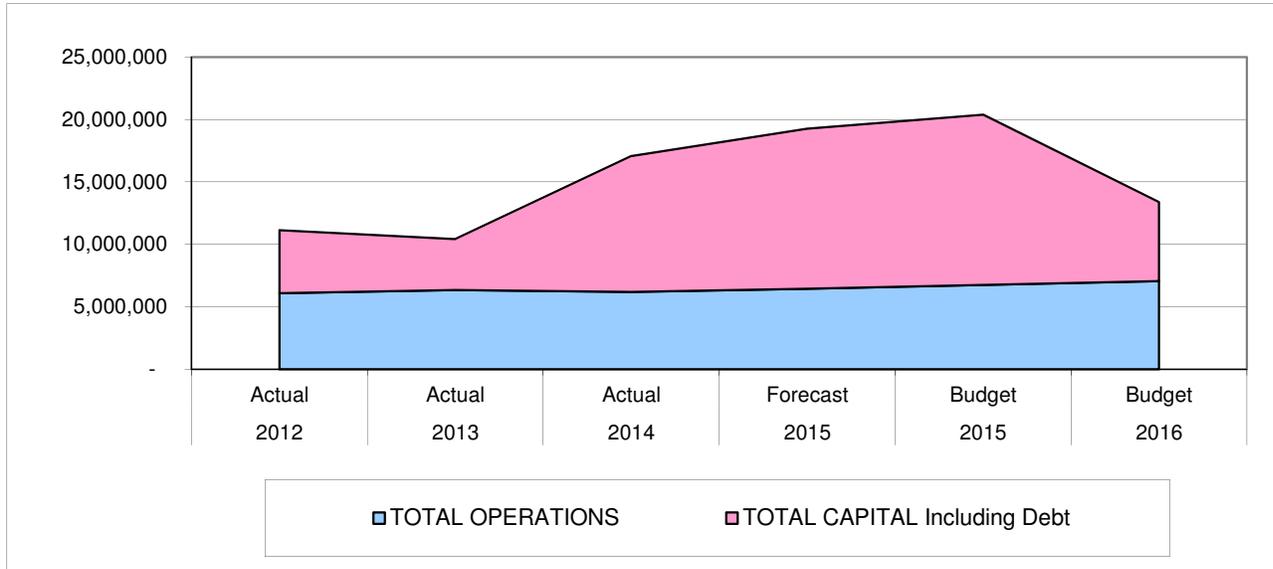
**PW Admin, Streets, Parks, Capital Facilities, Water, Sewer, Stormwater & Solid Waste
Operations**



	2012 Actual	2013 Actual	2014 Actual	2015 Forecast	2015 Budget	2016 Budget	2016-2015 Amount	%	
Facilities	406,788	449,800	448,139	383,808	412,914	238,199	(174,715)	-42%	} Gen Fund -8%
GIS/Engineer	275,339	280,081	280,079	275,081	243,037	313,609	70,572	29%	
Parks	168,805	169,686	219,083	266,555	274,291	256,935	(17,356)	-6%	
PW Admin	780,012	572,259	638,328	520,477	549,906	554,239	4,333	1%	
Streets Ops	718,681	760,956	683,168	704,992	765,947	802,798	36,851	5%	
Stormwater Ops	54,215	101,014	96,639	101,052	100,248	108,072	7,824	8%	
Water Ops	1,198,262	1,290,094	1,227,753	1,361,382	1,450,736	1,512,955	62,219	4%	
Sewer Ops	2,486,661	2,710,999	2,596,721	2,828,407	2,961,822	3,258,158	296,336	10%	
Solid Waste *	-	-	-	* CLOSED	-	* CLOSED			
TOTAL OPERATIONS (Excluding Transfers)	6,088,764	6,334,889	6,189,910	6,441,754	6,758,901	7,044,965	286,064	4%	

**City of Sequim
2016 Budget
5-Year Summary**

**PW Admin, Streets, Parks, Capital Facilities, Water, Sewer, Stormwater & Solid Waste
Operations and Capital Projects**



EXPENSES	2012 Actual	2013 Actual	2014 Actual	2015 Forecast	2015 Budget	2016 Budget	2016-2015 Amount	%
Facilities	406,788	449,800	448,139	383,808	412,914	238,199	(174,715)	-42%
GIS/Engineer	275,339	280,081	280,079	275,081	243,037	313,609	70,572	29%
Parks	168,805	169,686	219,083	266,555	274,291	256,935	(17,356)	-6%
PW Admin	780,012	572,259	638,328	520,477	549,906	554,239	4,333	1%
SubTotal	1,630,944	1,471,826	1,585,629	1,445,921	1,480,148	1,362,982	(117,166)	-8%
Streets Ops	718,681	760,956	683,168	704,992	765,947	802,798	36,851	5%
Stormwater Ops	54,215	101,014	96,639	101,052	100,248	108,072	7,824	8%
Solid Waste *	-	-	-	* CLOSED	* CLOSED	* CLOSED	-	-
SubTotal	772,896	861,970	779,807	806,044	866,195	910,870	44,675	5%
Water Ops	1,198,262	1,290,094	1,227,753	1,361,382	1,450,736	1,512,955	62,219	4%
Sewer Ops	2,486,661	2,710,999	2,596,721	2,828,407	2,961,822	3,258,158	296,336	10%
SubTotal	3,684,924	4,001,093	3,824,474	4,189,789	4,412,558	4,771,113	358,555	8%
TOTAL OPERATIONS	6,088,764	6,334,889	6,189,910	6,441,754	6,758,901	7,044,965	286,064	4%
Streets	1,051,471	1,390,013	760,295	1,182,558	1,424,421	941,775	(482,646)	-34%
Stormwater	-	45,504	134,109	335,887	348,843	111,104	(237,739)	-68%
Parks Restricted	83,128	101,765	161,930	166,979	198,369	326,365	127,996	65%
Haller Park	-	-	-	-	-	-	-	0%
Capital Facilities	1,437,940	940,246	7,418,984	7,310,700	7,378,078	315,237	(7,062,841)	-96%
Water	1,009,737	290,730	1,056,992	1,149,066	1,536,038	1,906,912	370,874	24%
Sewer	1,458,423	1,328,018	1,350,449	2,665,511	2,738,661	2,732,329	(6,332)	0%
TOTAL CAPITAL Including Debt	5,040,699	4,096,276	10,882,759	12,810,701	13,624,410	6,333,722	(7,290,688)	-54%
Total Expenses BEFORE Transfers	11,129,463	10,431,165	17,072,669	19,252,455	20,383,311	13,378,687	(7,004,624)	-34%
NonExpense/Transfers	1,863,180	2,755,757	3,215,192	6,506,255	6,484,638	4,919,379	(1,565,259)	-24%
Total Expenses Including Transfers	12,992,642	13,186,922	20,287,861	25,758,710	26,867,949	18,298,066	(8,569,883)	-32%

City Of Sequim Budget Overview

Public Works Administration and Operations

David Garlington, Public Works Director

Public Works Department has responsibility to provide and maintain the infrastructure, facilities and services that meet the needs of the City of Sequim and comply with the state, federal and council established standards.

Public Works Administration provides the overall management and support for these functions. The Public Works office coordinates with outside jurisdictions, oversees contract management and consultant agreements, facilitates transportation and infrastructure planning, performs development review and answers customer inquiries. It oversees the budget preparation and administration, and ensures compliance with purchasing regulations.

The **Facilities Maintenance Division** includes all building repairs maintenance and janitorial costs for all City owned properties. This includes the Clallam Transit Center. Facilities' staff also manage the Spring Clean-up.

The **Parks Division** is responsible for the maintenance of eight (8) City owned parks, including the James Center for the Performing Arts, and the Guy Cole Convention center. Some of the maintenance is shared with non-profit organizations. Total park area property is approximately 117 acres. The City also maintains approximately 4 miles or 4.8 acres of asphalt trail system located in the City of Sequim. The Gerhardt Park property, located on the North East corner at the intersection of Reservoir Road and South 3rd Avenue, was donated to the City in 2013. This is approximately 7.5 acres of pristine view property. The Parks Division also coordinates with community groups who provide scheduling and some maintenance of various park play and leisure areas.

Engineering provides services for general Public Works, Streets Restricted projects, Water & Sewer Capital Projects Funds, Capital Facilities, other City departments, and the general public. The GIS element of the Engineering department is responsible for maintaining a detailed informational data base of city infrastructure and geographic data to facilitate decision making for the supported departments.

2016 Key Goals -

- ❖ Continue to foster working partnerships with local and regional governmental entities, and other organizations
- ❖ Improve emergency management planning and training routines, and work to equip staff with needed policies, procedures, funding, training and equipment.
- ❖ Continue to improve employee safety practices and provide meaningful safety training
- ❖ Institute policies on private streets and water systems
- ❖ Focus on the success of City Council Goals.

- ❖ PW Administration - Continue to tighten purchasing controls, track work order service levels and employee training and development
- ❖ PW Administration - Continue the development of the fleet services operation.

- ❖ Facilities – Maintenance of newly added properties that are now under city ownership

- ❖ Parks – Work to implement portions of the City's Parks and Recreation Master Plan.
- ❖ Parks – Renovate and re-purpose the Guy Cole Convention Center in collaboration with the School District's Building Skills Class and with the Washington State Department of Commerce grant funds received as part of the State's 2015-2017 biennium capital budget.

- ❖ Engineering – Comply with newly adopted Capital Improvement Program.
- ❖ Engineering - Complete Stormwater Master Plan.
- ❖ Engineering – Track budget, schedule, and performance of capital projects
- ❖ Engineering – Provide engineering and GIS support to all City departments

City Of Sequim Budget Overview

2016 Budget Summary

Facilities

- ❖ Salaries and Benefits decreased \$32k due to redistribution of personnel expense and the elimination of a seasonal janitorial position.
- ❖ Supplies reduced \$3k due to the inclusion of Civic Center janitorial supplies in the janitorial contract.
- ❖ Services reduced about \$138k as a result of elimination of operating leases, projected reduction in utilities and facility repair.

Engineering

- ❖ Personnel expenses increased \$70k due to salary and benefit increase and a fully staffed City engineer position.
- ❖ All other expenses are budget at the 2015 level

Parks

- ❖ Salaries and benefits decreased \$23k due to the redistribution of the Parks Manager salary to reflect extensive effort at the Re-Use site.
- ❖ Other expenses reflect the purchase of a small utility trailer and increased transfer to the equipment fund.

PW Administration

- ❖ Personnel expenses reflect a slight increase in salaries and benefits.
- ❖ All other expenses are budgeted below the 2015 level but are offset by a scheduled increase to the equipment fund.

City Of Sequim Budget Overview

Streets and Stormwater Operations

David Garlington, Public Works Director

The **Streets Operations and Maintenance Division** supports general operations for maintaining a transportation network that safely combines motorized (including transit services) and non-motorized elements for the public. Primary responsibilities include maintaining the roadway and right-of-way, snow and ice control, providing traffic control for motorized traffic and pedestrians (such as street signs, traffic lights, and pavement markings), maintaining sidewalks and trails, street landscaping, street lighting, parking facilities, and other maintenance related services. Unrestricted revenues come from: General Fund revenues, motor vehicle tax and arterial fuel tax.

Improvement projects are financed by Street Fund revenues, including transfers from General Funds, grants, any Local Improvement Districts (LID), SEPA mitigation fees, TBD funds, REET and private development.

Management oversight and administrative support is provided by Public Works Administration through an interdepartmental allocation.

2016 Key Goals

- ❖ Develop street projects to promote downtown neighborhood revitalization
- ❖ Maintain traffic control signage as needed to meet visibility mandate
- ❖ Improve employee safety practices
- ❖ Increase staff training on emergency response, CPR, first aid and flagging
- ❖ Develop alternatives to city maintenance of right of way and park strips outside city core
- ❖ Pursue policies and standards needed to consider transfer of responsibilities of private streets to city
- ❖ Research long term strategies for funding Street Operations

2016 Street Operations Funding Sources

General Fund	\$520k
REET (OP contribution expires 2016)	\$ 35k
REUSE (SIB Demo)	\$ 22k
TBD (10 year term, 2010 - 2020)	\$ 80k
Motor Vehicle Tax	\$151k
Misc.	<u>\$ 41k</u>
Total Funding	\$849k

Total Streets Operating Expense \$859k

2016 Budget Summary

Revenue-

- ❖ Increase of \$8,500 from the Motor Vehicle Fuel tax
- ❖ Increase of \$180k from the General Fund
- ❖ Decrease of \$20k from TBD for operations and maintenance
- ❖ Decrease of \$140k from REET

This shift in funding reflects the Council Priority of directing more General Funds to Street Operations and decreasing operational dependence on TBD and the sunset of REET funding.

Expense-

- ❖ Personnel expenses have increased \$25k due to redistribution of staff effort and increases in salaries and benefits
- ❖ Supplies and services were reduced by almost \$8k
- ❖ Interfund charges increased \$19k due to rebalancing of allocations after the completion of the Civic Center project and an increase transfers to the equipment fund.

City Of Sequim Budget Overview

Streets and Stormwater Operations

David Garlington, Public Works Director

Stormwater Program operations manage risk by protecting water quality and preventing damage from floods. Stormwater Program staff (0.75 FTE) maintains the City stormwater system and responds to flooding issues during storms.

Operations currently entail maintaining City-owned facilities:

- The vac truck is used to clean catch basins and clear infiltration lines and drywells.
- Staff or contractors maintain stormwater ponds to ensure they are functioning as designed.
- The street sweeper is utilized weekly on all streets per a regular schedule

The City's inventory and map of its stormwater facilities is incomplete and annual inspection of all components per SMC 13.108 is not possible with current staffing levels.

Occasional work responding to storms includes sandbagging to direct runoff into appropriate storm drains, clearing trash racks and culverts when they're clogged, etc. The most problematic clogs are usually resolved with the vac truck.

Over the past two years activities that are typically considered "operations" for most jurisdictions have increased due to the City's Centennial Clean Water grant from Ecology for stormwater planning. These are funded as a capital project in 2014-16:

- Outreach to residents and the general public.
- Coordination with homeowner associations, irrigation managers, County roads department, and others.
- Surface water flow monitoring.

2016 Key Goals

- ❖ Establish a documented history of expenses relating to Stormwater Operations.
- ❖ Develop a maintenance and inspection program for Stormwater Compliance
- ❖ Complete Stormwater Master Plan

2016 Budget Summary

Revenue-

- ❖ The Stormwater Operations budget is funded by equal transfers of \$60k each from the Water and Sewer Funds.

Expense-

- ❖ Personnel expenses reflect a \$5k increase in salaries and wages.
- ❖ Interfund charges increased by \$3k due to rebalancing of allocations after completion of the Civic Center project.



City Of Sequim Budget Overview

Utilities Division (Water and Sewer) Operations

David Garlington, Public Works Director

The **Water Unrestricted Fund** receives revenues from monthly water usage charges. These revenues are used to cover the cost of operating the water utility, which includes producing potable water, monitoring water quality, small infrastructure improvements, and maintaining existing water lines, wells, booster station and other infrastructure to store and transport water. Three months of operating expenses are maintained in the fund for emergency purposes. Revenues received over the cost of planned expenses and operating reserves are transferred to the Water Replacement Reserve fund for future replacement of the water infrastructure and equipment.

Management oversight and support is provided by the PW Director, Utilities Manager and other staff in Public Works Administration, which is part of the General Fund. Utility billing and administrative support is provided by Finance, which is part of the General Fund. Services provided by departments outside of the Water Fund are charged to the Water Fund through an Interfund Professional Services charge.

Approximately 1,500,000 gallons per day (gpd) of potable water are provided to the citizens and businesses of Sequim during the summer months and approximately 600,000 gpd during late fall and winter. In addition to this water production and treatment, staff also maintains approximately 59 miles of water line, four reservoirs that provide a total of 3.4 million gallons of storage, and three water sources. The Department of Ecology and Department of Health regulate water rights and water quality through state mandated daily, monthly and yearly reports that guarantee the steady flow of quality water to citizens.

2016 Key Goals

- ❖ Comply with all state, federal, and City requirements and regulations
- ❖ Research and implement water conservation measures
- ❖ Review and recommend necessary rate adjustments
- ❖ Research and pursue additional sources of water rights
- ❖ Increase storage capacity for a more reliable water supply

2016 Budget Summary

Revenues are based on the adopted 4% revenue increase. Operational expenses are basically flat from 2015 levels; however, overall expenses are higher than 2015 mainly due to increased salaries and benefit cost, increased allocations and transfers to the capital fund.

Revenues-Significant changes

- ❖ No significant changes beyond the recommended 4% revenue increase.

Expenses – Significant Changes

- ❖ Personnel Expenses increase \$37k due to increase in salaries and benefits and re-distribution of expense based on effort
- ❖ Capital equipment increased a net \$5k due to the purchase of a source meter for \$15k, with the delay of a reservoir painting project estimated at \$20k
- ❖ Interfund charges increased \$21k due to rebalancing of allocations at the completion of the Civic Center project
- ❖ Transfer out include a \$115k transfer to debt reserve for Civic Center bond

City Of Sequim Budget Overview

Utilities Division (Water and Sewer) Operations *(cont.)*

David Garlington, Public Works Director

The **Sewer Unrestricted Fund** receives revenues from monthly sewer usage charges. These revenues are used to cover the cost of operating the sewer utility, which includes operation of the Water Reclamation Facility (WRF), influent, effluent, and bio-solids testing, and maintaining sewer lines, lift stations and other infrastructure to transport wastewater. Three months of operating expenses are maintained in the fund for emergency purposes. Revenues received over the cost of planned expenses and operating reserves are transferred to the Sewer Replacement Reserve fund for future replacement of the sewer infrastructure and equipment.

Management oversight and support is provided by the PW Director, Utilities Manager and other staff in Public Works Administration, which is part of the General Fund. Utility billing and administrative support is provided by Finance, which is part of the General Fund. Services provided by departments outside of the Sewer Fund are charged to the Sewer Fund through an Interfund Professional Services charge.

This division maintains approximately 72.03 miles of sewer line, four lift stations, a 1.67 million gallon per day Water Reclamation Facility, producing Class "A" Reclaimed Water, a Class "A" (EQ) Biosolids, and 7,320 feet of outfall pipe measured from the reclamation facility to the diffuser located approximately 1,900 feet into the Strait of Juan de Fuca at a depth of 53 feet. The WRF is required to meet stringent NPDES requirements. All infrastructure at the reuse demonstration site is operated and maintained by the WRF. All equipment must be maintained and upgraded as needed to satisfy state and federal permitting requirements.

2016 Goals

- ❖ Continue the City's vision of the state of the art Water Reclamation Facility
- ❖ Comply with all state, federal, and City requirements and regulations
- ❖ Achieve 100% compliance of NPDES permit
- ❖ Operate infiltration system and pilot project at Reuse Demonstration Site
- ❖ Implement the Carlsborg sewer service contract
- ❖ Develop and pursue regional leadership role in providing wastewater collection and treatment services to the Dungeness Valley and Blyn area
- ❖ Adopt updated Pre-Treatment Codes
- ❖ Participate in the demonstration of uses for reclaimed water for irrigation and appropriate recreation use, and ground water aquifer re-charge.

The City of Sequim's collection system and Water Reclamation Facility will continue to improve and expand in conjunction with customer service, collections sustainability and sewage treatment. The City's vision has invested a great deal of time and funds; City staff will continue with this vision. Training to maintain certifications and professional growth will give the City staff needed knowledge of current technology and will help to develop well informed ideas.

City Of Sequim Budget Overview

2016 Budget Summary

Revenues are based on the adopted 4% revenue increase. Overall expenses are higher in 2016 mainly due to increased salaries and benefit cost, Operational expenses increased from 2015 levels due to needed supplies and capital purchases, increased allocations and transfers to the capital fund.

Revenues-Significant Changes

- ❖ No significant changes other than the recommended 4% revenue increase

Expenses-Significant changes

- ❖ Personnel expenses increased \$74k due to salary and benefits increases and shifting of management expenses related to area of effort.
- ❖ Supplies and repairs increased a net of \$70k due to the needed replacement of UV bulbs (\$20k), lift station repairs (\$20k), an increase in estimated WRF utility costs (\$40k), and some miscellaneous reduction in supplies and minor equipment.
- ❖ Capital Expenditures are increased by \$65k and include NE Lift Station valving and fence (\$35k), sewer camera (\$19k), recirculation booster system (\$40k) and a cub cadet mower for the WRF (\$13k)
- ❖ Interfund transfers increased by \$79k due to rebalancing of allocation after completion of the Civic Center project and \$250k of transfers to replacement reserve. Transfers out include \$115k to the debt reserve for the Civic Center bond.

City Of Sequim Department Description

Capital Projects

The City of Sequim adopted a **Capital Improvement Planning Policy** on February 28, 2011 and a **Capital Improvement Plan (CIP)** on September 8, 2014. The CIP was updated for 2016-2021 and adopted by Council on July 27, 2015. Adhering to this policy and program will ensure that the City preserves, maintains, and improves buildings, parks, roads, sewers, equipment and other capital investments. This policy will also help the City avoid emergency and unexpected major costs in the future. The 2016 Capital budget follows the 2016 programmed CIP.

Capital Project Criteria

A capital project is included if it meets the following criteria:

- Projects that exceed \$50,000 in total cost.
- Projects that involve the purchase of land, buildings, building improvements or building components.
- Projects where the City is responsible for the purchase and/or development.
- Projects included in the City's Comprehensive Plan, Capital Improvement Program, or related system plans.

Capital Project Prioritization

The City prioritizes the use of City funding for capital projects. Priority is given for projects that meet the following criteria:

1. Projects that preserve existing capital infrastructure.
2. Projects with low life-cycle costs.
3. Projects that have a high percentage of project costs funded by non-city sources or that have a dedicated funding source.
4. Projects that generate revenue or reduce operations and maintenance costs.
5. Projects that have identified funding for operations and maintenance costs.
6. Projects that have a high level of community support.

Capital Project Funds

The City has established several capital project funds to be used to accrue moneys for the construction and/or completion of approved capital projects. All funding and expenses related to the capital project shall be accounted for in the appropriate capital projects fund.

1. Water Restricted
2. Sewer Restricted
3. Streets Restricted
4. Stormwater Restricted
5. Parks Restricted
6. Capital Facilities Fund for buildings

GOALS

- Delivery of the 2016 Capital Projects on time, on budget, and on target.
- Project tracking to provide continuous information on physical progress, schedule, and budget.

2016
Capital Projects

	2016	Project Cost*	FUNDING SOURCE (green denotes outside funding)
	Parks		
1	Park Performance Enhancement Grants	\$25,000	REET
2	Park Renovation and Rehabilitation	\$75,000	REET
3	Pickleball Courts	\$51,000	Beginning Fund Balance/REET
4	Parking Lot at ReUse Demonstration Site	\$75,000	REET
	Total Parks Projects	\$226,000	
	Building Facilities		
5	City Shop Upgrades	\$105,000	GF/Water/Sewer
6	Modular Offices at shop	\$50,000	TBD/Water/Sewer
7	Guy Cole Remodel	\$108,000	Grant/Donation
	Total Capital Facilities	\$263,000	
	Stormwater		
8	Stormwater Master Plan	\$60,000	DOE Grant/Water/Sewer
	Total Stormwater Projects	\$60,000	
	Streets		
9	Sunnyside Ave Bike Lane	\$48,000	TBD
10	City Wide Safety Projects	\$54,000	TBD
11	Pavement Rehabilitation (expense 117.000 & 112.000)	\$473,000	TBD/Water/Sewer
12	Street Light LED Conversion	\$53,000	TBD
13	Sidewalk Infill on Blake	\$54,000	TBD
14	Washington St Signal Interconnect	\$46,000	Impact Fees
15	West Prairie St Improvements (expense 117.000)	\$71,000	Water/Sewer
	Total Streets Projects	\$799,000	
	Water		
16	AC/Galv line Replacement/Repair	\$200,000	Water
17	5th & McCurdy Booster Station - CN	\$283,000	Water
18	Service of Emerald Highlands - CN	\$196,000	Water
19	W Washington Isolation Valves - CN	\$16,000	Water
20	N and S Sunnyside - Bell to Fir - CN	\$615,000	SRF Loan
21	ReUse of 500k Gal Reservoir - CN	\$205,000	Water
22	SCADA Upgrade Report	\$48,000	Water
	Total Water Projects	\$1,563,000	
	Sewer		
23	Aerobic Digester Capacity Upgrades - PE	\$237,000	Sewer
24	Sunnyside Str Sewer- Hammond to Fir -CN	\$579,000	Sewer
25	Doe Run Lift Station -CN	\$549,000	Sewer
26	Replace line 4th Ave - Wash to Cedar - CN	\$154,000	Sewer
27	Sequim Bay Park Pressure Main Improvement	\$97,000	Sewer
28	Major Repairs /Unidentified/Oversize Sewer Projects	\$54,000	Sewer
	Total Sewer Projects	\$1,670,000	
	Total All Capital Projects	\$4,581,000	

Amounts include cost of project only and exclude allocations, transfers and debt service expenses that roll up to fund totals on page 29.

*

City of Sequim 2016 Capital Project Summary

Parks

- 1) **Park Performance Enhancement Grants** – This program will help to leverage local funds for improving recreation opportunities for Sequim residents.
- 2) **Park Renovation and Rehabilitation** – This project strives to ensure City Parks remain open and operational year round. The funds can be used to help make renovations to playground equipment and other park facilities
- 3) **Pickle ball Courts** – The Parks Master Plan identified pickle ball courts as a needed City recreation facility and this project is expected to include public and private dollars to be used as matching funds for recreation grant opportunities. It is anticipated that eight regulation sized pickle ball courts will be included in the Carrie Blake Park Master Site Plan.
- 4) **Parking Lot at ReUse Site** – The City is actively working to determine appropriate parking accommodations for the Water ReUse Demonstration Site in collaboration with the Sequim Family Advocates

Capital Facilities

- 5) **City Shop Upgrades** – Development of a master site plan for future Shop facilities and operational requirements
- 6) **Modular Office at Shop** - Purchase and installation of modular office building for Public Works Lead Staff. Offices are needed for computer space and confidential business
- 7) **Guy Cole Remodel** – The City recently received \$450,000 from the Washington State Department of Commerce as part of the State's 2015-2017 biennium budget. This project will include electrical, heating/air-conditioning, and ventilation improvements and it is anticipated that this phase of the project will also include a complete renovation of the kitchen in the center.

Stormwater

- 8) **Stormwater Master Plan** – City Staff working with consultant to develop a Stormwater Master Plan which identifies programmatic solutions to physical, regulatory and funding needs. Staff obtained a grant to assist with the cost of the planning process including outreach and education with the general public as well as other water managers such as Clallam County and irrigation entities.

Streets

- 9) **Sunnyside Bike Lane** – Accommodate bike traffic between Fir St. and Prairie St.
- 10) **City Wide Safety Projects** – Miscellaneous minor projects which improve multi-modal safety City-wide.
- 11) **Pavement Rehabilitation** – Repair selected areas of pavement throughout the city that have been identified by the Pavement Management Study.
- 12) **Street Light LED Conversion** - On-going process of replacing existing HPS street lights with LED heads and bulbs to reduce long term operating costs.
- 13) **Sidewalk Infill on Blake** – Design curb, gutter, sidewalk, stormwater, and median landscaping for areas lacking sidewalk between Oak and Washington St. This project may be modified due to Carrie Blake/Re-Use site plan.

**City of Sequim
2016 Capital Project Summary**

- 14) **Washington Street Signal Interconnect-** Identify signal timing and coordination improvements to improve traffic and pedestrian flow along Washington Street corridor and at the Washington/Sequim intersection.
- 15) **West Prairie St Improvements** – Reconstruct Prairie between Sequim and 2nd to calm traffic that may enter this neighborhood from commercial area to the east.

Water

- 16) **A/C Galvanized line replacement-** Replacement and oversizing of underground utilities throughout the distribution system with piping of sufficient diameter to meet future demands, using state of the art materials and construction techniques.
- 17) **5th and McCurdy Booster Station Improvements – CN** - This project will expand the capacity of the 5th and McCurdy Booster Station to allow the City to transfer more water from the Port Williams Wellfield to the 420 Reservoir under high demand conditions.
- 18) **Service of Emerald Highlands – CN** - This project will make modifications to the water system to allow the City to provide service to the Emerald Highlands Subdivision, which is currently served by agreement with Clallam County PUD No. 1.
- 19) **West Washington St. Isolation Valves** - This project will add isolation valves to three intersections along Washington Street allowing work to be done on the water main along Washington Street without shutting the entire length of water service down.
- 20) **N and S Sunnyside – Bell to Fir – CN** – Replace existing AC water line with 6” HDPE pipe. This work will be done concurrent with replacing sewer line
- 21) **Reuse of 500k Gallon Reservoir** – Construct the preferred alternative of potential uses for 500k Reservoir. Potential uses include rehabilitation of existing reservoir, construction of new reservoir, or use of existing reservoir for reclaimed water storage.
- 22) **SCADA Upgrade Report** – This report will inventory the existing SCADA and telemetry of the water and wastewater systems, and develop a plan for an integrated system. The report will study various methods of communications with remote sites and lay out options for operator access and location of a Master Control Center.

Sewer

- 23) **Aerobic Digester Capacity Upgrades** – This project will increase the capacity of the existing aerobic digestion system by adding additional tank space. Two new cells with additional blowers and diffusers, as well as a rotary screen thickener will thicken the waste activated thickener upstream of the digester.
- 24) **Sunnyside Sewer – Hammond to Fir – CN** – Construct 12” sewer line to augment existing AS line. This new line is needed for future Carlsborg flows.
- 25) **Doe Run Lift Station – CN** - Construction of a new lift station to serve the existing service area, as well as adding capability to serve additional areas west or south of the Bell Hill/Bell Gates community.
- 26) **4th Ave Sewer line – Washington to Cedar – CN** – Construct new manhole and stormwater system to replace existing stormwater connection to sanitary sewer.

**City of Sequim
2016 Capital Project Summary**

- 27) Sequim Bay Park Pressure Main Improvement** - Installation of additional valves along the pressure main that carries wastewater from Sequim Bay State Park and Sequim Bay Lodge to the WRF.
- 28) Major Repairs/Unidentified/Oversize Projects** - This project provides budgetary funds for upsizing or unanticipated repairs to pipes within the City sewer system. These funds are precautionary and will be used by staff to help fund emergency repairs or the cost difference for large pipe size in anticipation of commercial or other significant growth.

City of Sequim 2016 Budget

Transfers & Interfund Charges



City Of Sequim Budget Overview Transfers between Funds

Key Goals

- ❖ Provide a funding source for one-time expense, capital projects, debt payments, operations, etc. within restrictions and regulatory requirements
- ❖ Transfers are appropriately authorized
- ❖ Acceptable audit documentation
- ❖ Transfers “in” and “out” are balanced

Transfers are moneys taken out of one fund and deposited into another to provide funding for a particular activity and are considered “Other Financing Sources and Uses”. Although transfers are budgeted, the amount transferred should only be the amount necessary to complete the activity.

Transfer Report: The top of this Report identifies the receiving fund of the transfer (the use or revenue). The bottom of the report identifies the fund incurring the expense for the transfer out (the source). Significant transfers include: transfers from General Fund to Street Operations, LTGO Debt Service and Equipment Reserves, from Water and Sewer Operations/Restricted to Replacement Reserves, debt service and Street Restricted for utility related road repairs.

DESCRIPTION	Transfer In	Transfer Description
001 General Fund	14,750	From Unemployment Reserve to repay contribution
101 Street Operations	555,000	From General Fund and REET for operations
107 Stormwater Operations	120,000	From Water and Sewer Operations
111 Street Restricted	509,000	From Water and Sewer for utility related road repairs and from REET for projects
117 Stormwater Restricted	66,500	From Water and Sewer Restricted for the project
121 Police Asset Seizure	20,000	From Police Expendable Trust for body cameras
140 Parks Restricted	223,000	From REET for projects and from Parks for debt payments
164 Equipment Reserve	375,172	From General Fund and Street Operations for equipment
206 Debt Service Fund	665,000	From General Fund, REET and Police Restricted (Public Safety Tax) for debt
306 Capital Facilities Fund	205,000	From Water and Sewer for Shop Master Plan and Modular offices and from Hotel/Motel for Guy Cole
411 Water Restricted	1,458,000	From Water Operations to Replacement Reserve and from Water Restricted for projects and debt
422 Sewer Restricted	1,966,332	From Water/Sewer Operations and Sewer Restricted for debt, projects and reserves
500 Unemployment Reserve	16,250	From Sewer and Street Operations for potential unemployment claims
Totals Transfers In	6,194,004	
DESCRIPTION	Transfer Out	
001 General Fund	1,088,675	To Street Operations, LTGO Debt Service and Equipment Reserve
101 Street Operations	48,748	To Equipment Reserve for equipment
115 Lodging Tax Hotel/Motel	35,000	To Capital Facilities for Guys Cole
120 Police Restricted	245,000	To LTGO Debt Service for debt payments
140 Parks Restricted	58,000	To Parks for Keeler debt payments
150 Real Estate Excise Tax	300,000	To Parks and Streets for projects and operations, to LTGO debt service for debt
401 Water Operations	614,250	To Water Restricted for Debt, to Water Replacement Reserve for Projects, to Stormwater for Operations
402 Sewer Operations	869,081	To Sewer Restricted for Debt, to Sewer Replacement Reserve for Projects, to Stormwater for Operations
411 Water Restricted	1,577,750	To Streets for Utility Related road repairs, to Project Stormwater, to Sewer for Debt, to other Water Restricted for projects and reserves
422 Sewer Restricted	1,322,750	To Streets for Utility Related road repairs, to Project Stormwater, to Sewer for Debt, to Sewer Restricted for projects and reserves
500 Unemployment Reserve	14,750	To General Fund to repay contribution
621 Police Expendable Trust	20,000	To Police Asset Seizure for body cameras
Total Transfers Out	6,194,004	

City Of Sequim Budget Overview Cost Allocations for Interfund Services

Key Goals

- ❖ Apportion administrative costs to operating funds that are supported by central services
- ❖ Apportion Public Works central services costs to Public Works operating funds and capital projects
- ❖ Acceptable audit documentation

Cost Allocation Method

The City provides support services to operating units (funds and departments) through the following Central Service Departments (cost centers).

- ❖ City Council (allocations not allowed on Federal Programs)
- ❖ City Administration (City Manager, City Clerk, City Attorney, Communications and Human Resources)
- ❖ Administrative Services (Finance and Information Technology)
- ❖ Public Works Administration (GIS/Engineering, PW Admin, and Facilities Maintenance)
 - The costs in Public Works administration is a mixture of overhead and direct costs of providing services. Since the City is small and employees serve multiple functions, it was easiest to centralize costs and services instead of trying to directly charge them to each public works function or capital project.
- ❖ Non-Departmental (City-wide Expenses)

The allocation base determines how the costs are distributed from the Central Services, also referred to as indirect, administrative, or overhead cost centers, to operating units which provide services directly to customers. The City uses the following allocation bases:

- ❖ Council Agenda items
- ❖ Fund Activity (expenses net of interfund charges, transfers, debt)
- ❖ Number of employees (FTEs)
- ❖ Equipment: IT equipment, vehicles, other equipment maintained by support services
- ❖ Square Footage of office space (owned and leased, public restrooms and other buildings)
- ❖ Insurance Claims to allocate insurance premiums

2016 Budget Summary

- ❖ The model was changed in 2015 to eliminate allocations to the Civic Center project - the charge was calculated but not booked due to budget limitations of the project. In 2016, with completion of the Civic Center, we have adjusted the model appropriately. There have also been updates for equipment purchases, square footage, and FTE adjustments. By completing the Civic Center and returning to normalized operations, we anticipate an increase in revenues to the general fund by \$250k.

	General Fund	Streets Ops	R	Stormwater Ops	R	Parks R	Capital Facilities	Water Ops	R	Sewer Ops	R	Totals
REVENUE												
General Fund	2,419,147	-	-	-	-	-	-	-	-	-	-	2,419,147
Total Revenue	2,419,147	-	-	-	-	-	-	-	-	-	-	2,419,147
EXPENSES												
Streets	-	212,122	142,775	-	-	-	-	-	-	-	-	354,897
Storm Water	-	-	-	28,445	23,811	-	-	-	-	-	-	52,256
Parks	-	-	-	-	-	38,815	-	-	-	-	-	38,815
Capital Facilities	-	-	-	-	-	-	52,236	-	-	-	-	52,236
Water	-	-	-	-	-	-	-	431,586	224,711	-	-	656,297
Sewer	-	-	-	-	-	-	-	-	-	1,015,517	249,129	1,264,646
Total Expenses	-	212,122	142,775	28,445	23,811	38,815	52,236	431,586	224,711	1,015,517	249,129	2,419,147



City of Sequim 2016 Budget

Personnel Summary



City Of Sequim 2016 Budget

Personnel Summary

Susanne Connelly, Human Resource Director

FTE Summary:

The planned full time employee headcount for 2016 is 75.54. The planned full time employee count includes two primary changes for 2016. First, two public works seasonal employees will be replaced with a permanent maintenance worker I position. And second, an unfilled environmental technician will be replaced with a permanent resource manager. This also includes the elimination of the temporary storm water resource manager position. In 2016, employee salary costs are estimated at \$5.3ml and benefits at \$2.3ml. This represents a 1.2% increase in wages and a 5.6% increase in benefit costs. Human resources will continue to work with departments to analyze and reduce benefit program costs and options, unemployment costs and workers compensation program fees.

Salary and Wages

Non-uniformed Bargaining Unit

This unit currently represents 33 employees. Total compensation for this group is budgeted to be \$3.06ml for 2016. The bargaining unit contract for this group of employees is effective January 1, 2015 through December 31, 2018. For 2016, it includes a ¼ of a percent wage increase effective January 1 and a ¾ of a percent effective July 1. In addition, based on market compensation research conducted as part of Teamster negotiations in 2014, there is a 3% market wage adjustment for seven of the 28 job classifications.

Police Sergeants Bargaining Unit

Four employees are represented by this unit. In 2016, total compensation for this group is budgeted at \$500k. As the bargaining unit contract for this group expires December 31, 2015, the City team is working to finish labor negotiations by October. Salary research has demonstrated that at the current top wage step, our Police Sergeants are paid 4% less than our regional market comparable counterparts. We anticipate the new bargaining unit contract for this group will bring their wages to the middle/average of their regional colleagues.

Police Officer Bargaining Unit

Thirteen employees are represented by this unit. Total compensation in 2016 for the group is budgeted at \$1.43ml. The bargaining unit contract for this group also expires December 31, 2015, and the City team is working to finish labor negotiations by October for a new three-year bargaining agreement. Salary research has demonstrated that our Police officers are currently paid 1% less than their regional counterparts. We anticipate bringing their wages to the middle/average of their regional colleagues.

Non-represented staff

The full-time employee equivalent count for this non-union group of employees is 20.83. Total compensation in 2016 is again budgeted at 2.43ml. Their last pay increase was January 1, 2015, with the majority receiving 1%. The City's "Management Compensation Policy Objectives" (November 2010) establishes a wage market survey be conducted every two to three years. It was last conducted summer of 2013, so we anticipate doing a job market comparable salary survey in mid-2016 for any updates effective January 1, 2017. This study can be conducted either by a compensation consultant or, as before, internally by Human Resources staff. When this group's salary range chart is updated it does not necessarily mean a wage increase for them because that is based on achieving performance measures.

Other wages, salaries, benefits

This category includes wages for Public Works seasonal/temporary positions and Police Reserve officers, representing a total of 2.62 FTE. Total compensation is budgeted at \$138k in 2016.

City Of Sequim 2016 Budget

Benefits

Health Benefits

We provide two health benefit (medical, dental, vision, life insurance) programs for our employees; one through Washington Welfare Teamsters Trust and one through the Association of Washington Cities. Health insurance comprises the largest component of these costs. We estimate the average budgeted health benefit increase for 2016 to be 9%.

- Teamsters: We have a FTE count of 52.9 union employees in the Non-commissioned, Police Patrol and Police Sergeant bargaining units. The union employees are covered by Washington Welfare Teamsters Trust insurance, with the City paying 85% of this cost. The Welfare Trust charges one monthly health insurance rate, regardless of whether the employee is single or has a full family. The Welfare Trust does not provide rate increase estimates; they publish rate increase information in late November.
- AWC: We have 21 non-union employees eligible for insurance benefits covered by the Association of Washington Cities Trust. AWC has projected a 5% rate increase for medical, 0% for dental and 0% for vision in 2016.

We continue to monitor PPACA (Patient Protection and Affordable Care Act) provisions and its potential impacts on the City. Last year at this time, we planned to reconvene an employee benefits committee in mid-2015 to analyze medical plan types and costs, to make recommendation to City Manager for probable changes effective 1/1/16. In preparation for this study, Human Resources and Payroll staff attended an AWC medical benefit trends update workshop at AWC headquarters in the spring. Based on new benefit trend information that we learned there, Human Resources and Payroll recommended to the City Manager that we hold off reconvening the benefits committee for one year. We anticipate facilitating this benefit cost and plan type analysis in 2016.

Holidays

The number of approved annual City holidays is 11 with one additional floating holiday.

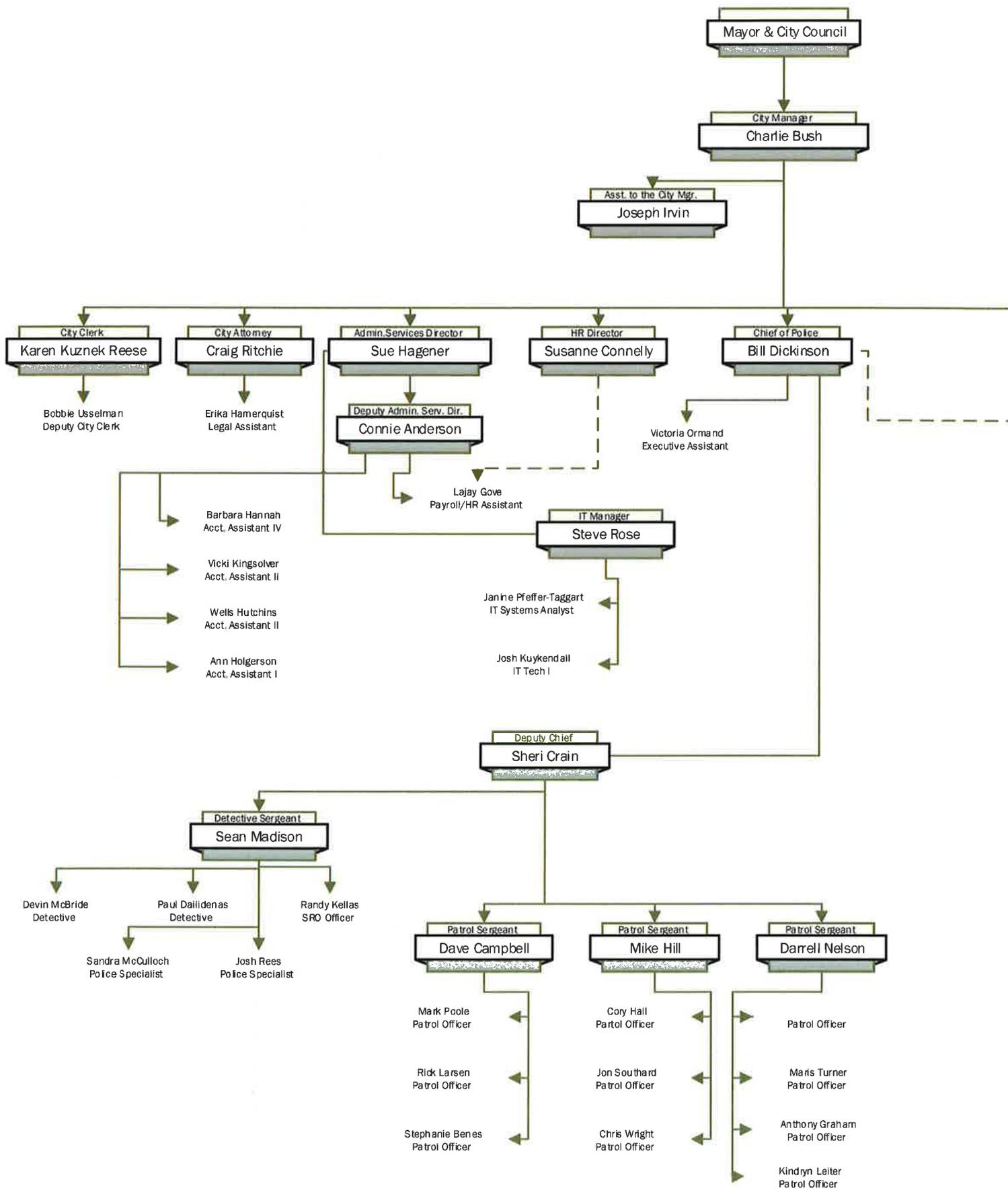
Retirement Benefits

All regular city positions participate in a defined benefit plan required by the State of Washington that includes an employer and employee contribution. Our uniformed Police employees participate in the LEOFF plan and all other regular employees are covered by the PERS plan. The State legislature sets the contribution rates for both the employer and the employee, which are subject to change based on plan provisions, economic assumptions and the actuarial experience of the system. Because PERS rates were increased significantly in mid-2015, we do not anticipate a *rate* increase in 2016. However, both LEOFF and PERS contributions will increase based upon planned increases in salaries/wages.

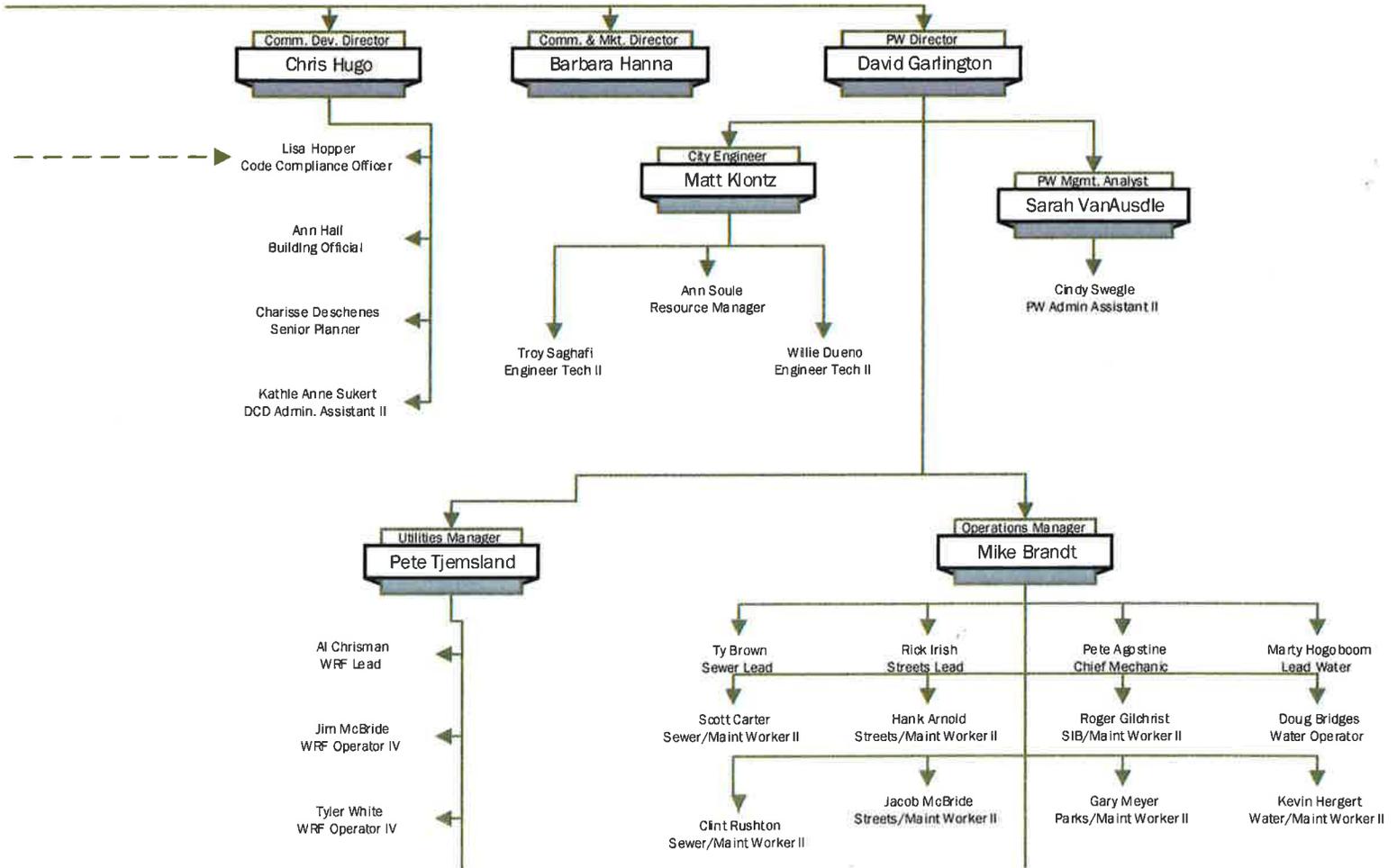
Payroll taxes

Labor & Industries (L&I) rates reflect the City's history of safety injuries and claims. Over the last several years L&I rates have continued to increase state-wide. The City has an all-city safety committee meeting monthly to "increase safety awareness and reduce safety incidents" by recommending improvements and training to department heads. At this time we estimate a 10% increase for 2016 for L&I *rates*. However, an overall decline in these rates in 2015 produces a decline in the expense for 2016. L&I will publish final rate notices confirming this information in December.

For employers, social security tax continues to be 6.2% and Medicare tax 1.45%.



City of Sequim Organizational Chart Budget 2016



**City of Sequim
2016 Budget**

Historical Staffing Summary

	Actual 2012	Actual 2013	Actual 2014	Forecast 2015	Budget 2015	Budget 2016	2016 - 2015 %
<i>Budgeted Staff (FTE, not including Council)</i>	73.24	73.24	76.29	76.29	76.29	75.54	-1.0%
OFM Census	6,795	6,855	6,910	6,915	6,915	6984	1.0%
<i>Employees per 1000 OFM Population</i>	10.8	10.7	11.0	11.0	11.0	10.8	-2.0%
						<i>staff estimate *</i>	
Salaries	\$ 4,848,270	\$ 4,813,463	\$ 5,100,693	\$ 5,181,181	\$ 5,239,743	\$ 5,303,323	1.2%
Benefits	\$ 1,848,755	\$ 1,847,292	\$ 1,957,763	\$ 2,129,350	\$ 2,200,043	\$ 2,323,735	5.6%
Total Comp	\$ 6,697,025	\$ 6,660,755	\$ 7,058,456	\$ 7,310,531	\$ 7,439,786	\$ 7,627,058	2.5%
<i>Year over Year % Increase</i>		-0.5%	6.0%	3.6%	1.8%	2.5%	
Benefits as % Salaries	38%	38%	38%	41%	42%	44%	4.4%
Benefits as % Total Comp	28%	28%	28%	29%	30%	30%	3.0%
City Wide Operating Funds	\$ 13,459,304	\$ 14,314,225	\$ 13,478,361	\$ 15,307,830	\$ 16,097,589	\$ 15,755,962	
Total Comp as % Op Budget	49.8%	46.5%	52.4%	47.8%	46.2%	48.4%	4.7%

Salary and Benefits by Employee Group

	Council	Non- Represented	Non- Uniformed	Sergeants	Uniformed	Reserves, Seasonal & Temporary	Total
Regular Salary	20,035	1,699,287	1,940,313	318,766	863,376	80,215	4,921,992
Overtime - Hourly	-	4,363	68,903	45,707	178,097	-	297,070
On Call Pay	-	-	70,428	13,834		-	84,262
Total Salary	\$ 20,035	\$ 1,703,650	\$ 2,079,644	\$ 378,307	\$ 1,041,473	\$ 80,215	\$ 5,303,324
Health Insurance	-	394,966	561,288	64,405	209,185	-	1,229,844
Retirement	-	173,468	224,017	20,888	59,687	8,270	486,329
Payroll Taxes	1,533	129,650	153,918	28,112	79,411	6,136	398,759
Other Benefits	-	24,321		2,640	11,520	39,180	77,661
Workers Comp	116	12,973	50,740	9,492	30,903	4,794	109,017
Total Benefits	\$ 1,649	\$ 735,376	\$ 989,963	\$ 125,537	\$ 390,705	\$ 58,381	\$ 2,301,610
Total Salary & Benefits	\$ 21,684	\$ 2,439,026	\$ 3,069,607	\$ 503,844	\$ 1,432,178	\$ 138,596	\$ 7,604,934
<i>Budgeted Staff (FTE, not including Council)</i>		20.83	35.09	4.00	13.00	2.62	75.54
Salary per FTE		81,788	59,266	94,577	80,113	30,616	70,206
Benefits per FTE		35,304	28,212	31,384	30,054	22,283	30,469
Total per FTE		\$ 117,092	\$ 87,478	\$ 125,961	\$ 110,168	\$ 52,899	\$ 100,674

LEOFF I Retired Medical Benefits \$ 12,125

Unemployment Reserve \$ 10,000

Total Benefits including Retired Medical Benefits \$ 2,323,735

CITY OF SEQUIM
2016
Salary & Wage Schedule

Division Dept	Union Range	Compensation Schedule by Job Title	FTE		Salary & Wage Range		
			budgeted	actual	Minimum	< ---- >	Maximum
		Council	7	7	1,800	< ---- >	3,000
		Non-Represented					
		Exempt / Non-Exempt					
ADM		City Manager	1	1	120,000	< ---- >	136,500
ADM		Admin Services Director/Treasurer	1	1	86,940	< ---- >	112,140
PW		Public Works Director	1	1	86,940	< ---- >	112,140
POL		Chief of Police	1	0.92	86,940	< ---- >	112,140
ADM		City Attorney	1	1	86,940	< ---- >	112,140
DCD		Community Development Director	1	1	86,940	< ---- >	112,140
PW		City Engineer	1	1	76,320	< ---- >	97,740
POL		Deputy Chief	1	1	76,320	< ---- >	97,740
ADM		HR Director	1	1	76,320	< ---- >	97,740
ADM		Deputy Admin Services Director	1	1	76,320	< ---- >	97,740
ADM		City Clerk	1	1	68,040	< ---- >	88,200
ADM		Comm. & Marketing Director	1	1	68,040	< ---- >	88,200
ADM		IT Manager	1	1	68,040	< ---- >	88,201
PW		Operations Manager	1	1	57,960	< ---- >	75,600
PW		Utilities Operations Manager	1	1	57,960	< ---- >	75,600
PW		Asstistant to the City Manager / Parks Mgr	1	1	57,960	< ---- >	75,600
PW		PW Management Analyst	1	1	57,960	< ---- >	75,600
PW		Resources Manager	1	1	57,960	< ---- >	75,600
ADM		Deputy City Clerk	1	1	40,320	< ---- >	64,260
POL		Executive Admin Assistant	1	1	40,320	< ---- >	64,260
ADM		Payroll Administrator/HR Asstistant	1	1	40,320	< ---- >	64,260
ADM		Legal Assistant	1	1	40,320	< ---- >	64,260
		Reserves, Seasonal & Interns					
POL		Police Reserve	0.12	0.12			
PW		Seasonal Maint. Workers	2.5	2.5	\$14.50/hr	< ---- >	\$17.00/hr
		Union Represented					
		Non-Uniformed			Step A	Effective 1/1/2016	Step E
DCD	26	Senior Planner	1	1	59,974	..B..C..D..	71,554
DCD	26	Building Official	1	1	59,974	..B..C..D..	71,554
PW	21	WRF Lead	1	1	51,737	..B..C..D..	61,667
PW	20	Chief Mechanic	1	1	50,232	..B..C..D..	59,890
ADM	20	IT Systems Analyst	1	1	50,232	..B..C..D..	59,890
PW	19	Engineering Tech II	2	2	48,769	..B..C..D..	58,197
PW	19	WRF Operator IV	2	2	48,769	..B..C..D..	58,197
PW	18	Lead Water	1	1	47,348	..B..C..D..	56,462
DCD	17	Code Compliance Officer	1	1	45,989	..B..C..D..	54,831
PW	17	Maint Worker III (Leads)	2	2	45,989	..B..C..D..	54,831
PW	16	Water Operator	1	1	44,651	..B..C..D..	53,242
PW	15	WRF Operator II	1	1	43,355	..B..C..D..	51,675
PW	15	Maint Worker II	8	8	43,355	..B..C..D..	51,675
ADM	15	Accounting Assistant IV	1	1	43,355	..B..C..D..	51,675
ADM	14	IT Tech I	1	1	42,080	..B..C..D..	50,191
ADM	13	Accounting Assistant II	2	2	40,846	..B..C..D..	48,706
POL	12	Police Specialist	2	2	39,676	..B..C..D..	47,285
PW	11	Maint Worker I	2	2	38,505	..B..C..D..	45,947
ADM	10	Accounting Assistant I	1	1	37,397	..B..C..D..	44,588
DCD/PW	9	Administrative Assistant II	2	2	36,289	..B..C..D..	43,250
		Uniformed			Step A	Effective 1/1/2015	Step E
POL		Police Sergeant	4	4	70,429	..B..	76,232
POL		Police Officer	12	12	53,893	..B..C..D..	64,002
POL		SRO Officer	1	1	53,893	..B..C..D..	64,002
Total Employees (excluding Council)			75.62	75.54			

* By approving the budget Council authorizes the City Manager to adjust duties & salaries within the number of FTEs & within the budgeted salaries & benefits amounts.

**CITY OF SEQUIM
2016 BUDGET**

Personnel Summary by Department and Fund

	Budget 2012	Budget 2013	Budget 2014	Budget 2015	Budget 2016	2016-2015 Change
General Fund						
City Manager	1.00	1.00	1.00	1.50	1.50	-
City Clerk	2.00	2.00	2.00	2.00	2.00	-
Communications	0.50	0.50	0.50	0.40	0.50	0.10
City Attorney	1.35	1.35	1.35	1.35	1.35	-
Crim Prosecution (Municipal Court)	0.65	0.65	0.65	0.65	0.65	-
Human Resources	1.50	1.50	1.50	1.50	1.50	-
Finance	7.50	6.25	6.25	6.25	6.50	0.25
Information Technology	2.00	3.00	3.00	3.00	3.00	-
Growth Planning	3.00	1.00	1.00	1.00	1.00	-
Code Compliance	1.00	1.00	1.00	1.00	1.00	-
Dev Services	1.00	3.00	3.00	3.00	3.00	-
PW Administration	6.60	4.50	5.10	4.10	4.00	(0.10)
Facilities Maintenance	1.40	1.80	1.55	1.56	1.05	(0.51)
Temporary, Seasonal or Interns	0.25	-	-	-	-	-
Engineering	3.00	2.90	2.90	2.90	3.00	0.10
Parks	1.00	1.40	1.65	2.15	1.90	(0.25)
Temporary, Seasonal or Interns	0.50	-	0.50	0.50	0.50	-
Police	21.00	20.92	20.92	20.92	20.92	-
Police Reserve	0.24	0.24	0.12	0.12	0.12	-
Subtotal	55.49	53.01	53.99	53.90	53.49	(0.41)
Streets						
Temporary, Seasonal or Interns	3.85	4.60	4.05	4.04	4.20	0.16
Subtotal	3.85	5.10	4.55	4.04	4.20	0.16
Storm Water						
Storm Water Operations	0.40	0.80	0.75	0.75	0.70	(0.05)
Project Stormwater	-	-	-	-	0.25	0.25
Temporary Water Resource	-	0.75	0.75	1.00	-	(1.00)
Subtotal	0.40	1.55	1.50	1.75	0.95	(0.80)
Restricted Funds						
Hotel/Motel Fund	0.50	0.50	0.50	0.60	0.50	(0.10)
Police Restricted	-	-	1.00	1.00	1.00	-
Subtotal	0.50	0.50	1.50	1.60	1.50	(0.10)
Enterprise Funds						
Water	4.25	4.00	4.00	4.00	4.25	0.25
Temporary, Seasonal or Interns	-	0.50	0.50	0.50	0.50	-
Temporary Water Resource	-	0.25	0.25	-	-	-
Sewer	7.25	8.00	8.00	8.00	9.15	1.15
Temporary, Seasonal or Interns	1.50	2.00	2.00	2.50	1.50	(1.00)
Subtotal	13.00	14.75	14.75	15.00	15.40	0.40
Total Full Time Equivalents	73.24	74.91	76.29	76.29	75.54	(0.75)
Tax Supported (includes Streets)	59.74	58.11	58.54	57.94	57.69	(0.25)
Other Funding	0.50	0.50	1.50	1.60	1.50	(0.10)
Enterprise Fund Supported	13.00	16.30	16.25	16.75	16.35	(0.40)
Total Full Time Equivalents	73.24	74.91	76.29	76.29	75.54	(0.75)

**CITY OF SEQUIM
2016 BUDGET**

Benefits Schedule

Preliminary as of 8/22/15 - Subject to Change

City Paid Benefits 90% Health Insurance; 100% Remaining Insurance (Non-represented employees)	Total Monthly Cost
Medical - Regence Blue Shield / AWC Health First Plan	\$ 698.91 < -----> \$ 2,036.67
Dental - WDS / Plan F, plus Orthodontia	\$ 54.79 < -----> \$ 181.57
Vision - VSP	\$ 7.96 < -----> \$ 23.88
Employee Assistance Program - ComPsych	\$ 1.49
Basic Life Insurance - The Standard	0.19/per \$1000 of coverage
AD&D Insurance - The Standard	0.05/per \$1000 of coverage
Long Term Disability - The Standard	0.468% of compensation
City Paid Benefits 85% Insurance (Union Employees)	Total Monthly Cost
Medical - WA Teamsters Welfare Trust / Plan A	\$ 1,293.90
Dental - NW Teamsters Dental Trust / Plan A	\$ 130.50
Vision - WA Teamsters Vision Trust	\$ 14.90
Time Loss Insurance / Plan C or Plan A	\$ 8.00 < -----> \$ 16.00
Life and AD&D Insurance / Non-Unif Plan B, Uniformed Plan A	\$ 8.60
Waiver of contributions for 12 months due to total disability	\$ 11.40
Other City Paid Benefits - Employer Contribution	Total Monthly Cost
Retirement: PERS Plans	11%
LEOFF2	5.23%

* Management reserves the right to make changes in these benefits when not limited by existing contracts.



City of Sequim 2016 Budget

Appendix





City Of Sequim Budget

Appendix

Washington State Auditor

<http://www.sao.wa.gov>

The City of Sequim prepares an annual budget based on the requirements prescribed by the Washington State Auditor. The State Auditor's Office is required by state law (RCW 43.09.200) to prescribe uniform budgeting, accounting and reporting systems (BARS). Local government organizations are required by statute to follow these requirements.

Local Government Reporting Requirements

The City of Sequim follows the guidelines for Cities, Counties and Special Purpose Districts (Cash Basis).

http://www.sao.wa.gov/local/BarsManual/Pages/BarsManual_Cash.aspx#.UuwxUfPTmpp

BARS Budgeting Principles and Procedures

The detailed budgeting principles and procedures are outlined in the BARS manual:

http://www.sao.wa.gov/local/BarsManual/Pages/BARSManual_Cash_Budgeting.aspx#.UuwmofPTmpo

Glossary of Accounting Terms:

The glossary of accounting terms is available in the BARS manual:

http://www.sao.wa.gov/local/BarsManual/Documents/GAAP_p5_Glossary.pdf

