City of Sequim
Adopted Budget 2025



Last updated 11/26/24

TABLE OF CONTENTS

Preface 4
Preface 5
Introduction 6
City Manager's 2025 Budget Message 7
City Council Priorities 11
2023/2024 Community Survey 12
History of City 13
Organization Chart 20
Fund Structure 22
Department Fund Relationship 24
Basis of Budgeting 25
Financial Policies 26
Budget Development Process 32
Budget Timeline 33
Statutory Budget Timeline 34
Demographics 35
Budget Priorities 38
City Management Operational Goals 39
All City and General Fund Overview 40
All City Funds 41
General Fund 47
Streets Operating 52
Funding Sources 56
General Fund Revenues 57
Departments 64
City Council Organization 65
City Council Overview and Budget 66
City Administration Organization 68
City Administration Department Overview 69
City Manager 70
City Clerk 73
City Attorney 76
Communications 80
Human Resources 82
Criminal Justice Services 85
IT (Information Technology) 87
City Administration Special Funds 89
Hotel/Motel 91
Administrative Services Organization 96
Administrative Services Department Overview 97
Finance 98
Non-Departmental 100
Affordable Housing HB 1406 102

Development Reserves . . . 104
REET . . . 105
American Rescue Plan Act . . . 108
Rainy Day Fund . . . 110
Debt Service Fund-City Hall . . . 114
Equipment Reserve . . . 117
Trust and Agency Funds . . . 121
Community Development Organization . . . 123
Community Development Department Overview . . . 124
Growth Planning / Development Services . . . 125
Police Organization . . . 129
Public Safety Operations - Department Overview . . . 130
Police Department . . . 131
Public Safety Restricted - Department Overview . . . 136
Police Restricted . . . 137
Public Works Organization . . . 140
Facilities Maintenance . . . 142
Park Operations . . . 146
Events . . . 150
PW Administration . . . 152
Street Operations . . . 154
Storm Water Operations . . . 158
Arts & Culture - Arts Commission Programs . . . 161
Water Operations . . . 165
Sewer Operations . . . 169
Engineering . . . 173
Streets Restricted . . . 177
Storm Water Restricted . . . 180
Parks Restricted . . . 182
Capital Facilities Fund . . . 184
Water Restricted . . . 187
Sewer Restricted . . . 189
Capital Improvements . . . 192
2025 Capital Projects . . . 193
Debt . . . 194
Government-wide Debt . . . 195
Debt by Type Overview . . . 197
Personnel . . . 201
Personnel Summary . . . 202
Personnel Organizational Chart . . . 206
Salary & Wage Schedule . . . 207
Salaries and Benefits . . . 209
Historical Staffing Data . . . 211
Supplemental Information . . . 213
Transfers between Funds . . . 214
Interfund & Internal Service Allocations . . . 215
Glossary . . . 217
Glossary . . . 218

PREFACE

Welcome to our 2025 digital Budget Book!

We are pleased to present the City of Sequim's 2025 Budget Book in an interactive digital format.

Key features of this digital format include:

- A **navigation** bar located above, just below the photo banner, which enables you to locate any section of the book you wish to view.
  - Click on the **>** to access content in sub-folders
- A **Print** feature that allows you to generate a printable version of one or more sections of the book. Please see the print Icon in the upper right-hand corner under the ClearGov name.
- Dynamic charts and graphics located throughout that show financial details in an easy-to-understand visual format.

INTRODUCTION



Transmittal Letter

City Manager's 2025 Budget Message

Honorable Mayor, City Council and Sequim Residents:

I am pleased to present this proposed 2025 Budget to City Council, which will serve as the annual financial roadmap for the City of Sequim. This budget reflects the City's dedication to sound financial stewardship and prudent fiscal management. It establishes the direction for the City Council, City departments, and all their related programs and services. This budget allocates resources to the Council's priorities, the City's operational needs, and addresses input from the recent Community Survey, to ultimately improve the quality of life in Sequim. The overall budget is $58M, the largest ever presented, primarily due to the inclusion of the Council-approved $24M Capital Improvement Plan, discussed below.

Our guiding principles, as outlined in the adopted City Council Financial and Budget Development Policies, provide the foundation for this proposed budget, which includes:

- Prioritizing the City's primary needs.
- Achieving a balance between revenues and expenses while maintaining optimal reserve levels.
- Minimizing the impact of tax and fee increases on residents and ratepayers.
- Continuously refining the City's financial plan to create a foundation for maintaining a balanced budget in future years.
- Maintaining and improving the quality of all municipal services.

Additionally, the budget embodies the City's 2025 Operational Goals, designed to address the continuously expanding municipal needs across our community.

Administration's 2025 Operational Goals:

1. Enhance Customer-Centric Experience: Enhance "customer-centric experience" for employees, residents, and businesses through re-engineering all touch points to increase efficient and exceptional exchanges.
2. Digital Transformation: Continued focus and strategic commitment to "digital transformation" and innovative advancements through state-of-the-art hardware, software, artificial intelligence, and analytical opportunities.
3. Managed Growth and Development: Implement the Comprehensive Plan to support "managed growth and development" through strategic municipal code amendments and execution of capital projects.
4. Municipal Infrastructure: Concentrated commitment to our mission of providing quality "municipal infrastructure" and services to our residents through our Comprehensive Plan and deployment of our Master Plans.
5. Continued Process Improvement: Commitment to "continued process improvement" in all city operations to ensure efficiencies, data-driven decisions, return on investment opportunities, while lowering costs.

While individual departments have their unique operational goals, there is a unified commitment to providing exceptional value through quality municipal services, superb customer experiences, and reducing costs through technology and enhanced efficiencies identified through a tenacious process improvement model.

This budget reflects a range of economic forecasts that predict slower but continued positive fiscal activity, driven by moderate growth and a stable retail environment. These forecasts are reflected in our conservative revenue estimates, which are designed to ensure adequate reserves, provide for timely debt payments and

cover contingencies in our General Fund. Consequently, operational expenses show modest increases from prior years, influenced by inflationary pressures, market and cost-of-living adjustments for employees, and ongoing maintenance and preventive measures.

The City's 2025 Capital Improvement Plan (CIP) totaling over $24M - the largest in the city's history - reflects many projects delayed or impacted by COVID restrictions and supply chain issues. It also addresses the need for substantial and complex capital projects to proactively manage the City's growth and development. This budget includes capital projects for streets ($1.67M), parks ($1.75M), stormwater ($770K), water ($2.50M - including $100K for emergencies), sewer ($1.05M - including $200K for emergencies), facilities ($1.61M), new categories of projects that span multiple divisions and disciplines ($14.50M), and annual projects ($2.82M) – all of which are consistent with the City Council's goals and the adopted 2025-2030 Capital Improvement Plan.

The 6-year CIP totals $121M and includes 51 key municipal projects, of which 71% (or $86M) is unfunded. The completion of these projects depends on securing external funding through grants, low-interest loans, and/or bonds.

General Fund
Revenue projections for the General Fund are $13.5M, an increase of 6% over the prior year. Key revenue drivers include:

1. Sales tax - this is one of the largest single general revenue sources and the only one that typically expands or contracts with the local economy -;
2. Utility tax - these revenues continue to show strong year-over-year growth -; and
3. Property tax - stemming from new construction also contributes to projected revenues.

General Fund Highlights:

- Projected revenues conservatively reflect the current economic marketplace as demonstrated in recent years.
- Interfund/Overhead service costs in the General Fund are applied throughout the organization.
- Existing labor contracts and cost-of-living adjustments account for increases and movement within existing wage ranges.
- Continued contributions to Street Operations, Equipment Reserve, Debt Service, and the Arts Funds.

Operational expenses are also projected to increase by 6%, primarily due to customary incremental adjustments in salaries and benefits, as well as charges for goods and services.

Fund Balance and Reserves
The City's Fund Balance and Reserve Policy provides guidelines for long-range financial planning. Maintaining adequate ending fund balances is essential to address revenue fluctuations, cyclical activity, economic uncertainty, emergencies, and potential future liabilities. This budget provides an aggregate fund balance of $3.7M, with $3.4M in the General Fund and $262K in the Street Fund, plus $2.3M in the Equipment Reserve Fund and $954K in the Rainy-Day Fund, ensuring that the City maintains a strong and fiscally responsible position.

Personnel
City employee salaries and benefits account for 71% of total expenses (excluding transfers) within the General Fund, and reflects the costs required to provide municipal services. The chart below illustrates the City's historical staffing costs and highlights the changes projected for 2025.

Historical Staffing Summary

	Actual 2021	Actual 2022	Actual 2023	Budget 2024 Amended	Budget 2025	2024 - 2025 %
Budgeted positions (FTE, not including Council)	*86.51*	*89.04*	*94.27*	*96.71*	*100.52*	*0.8%*
OFM Census	8,125	8,215	8,350	8,405	8,657*	3.0%
Employees per 1000 OFM Population	*10.6*	*10.8*	*11.3*	*11.5*	*11.3*	-2.1%
					*staff estimate 3% inc.**	
Salaries	$ 6,708,797	$ 7,265,578	$ 7,470,779	$ 8,470,836	$ 8,961,686	5.8%
Benefits	$ 2,797,830	$ 2,861,201	$ 2,970,249	$ 3,403,687	$ 3,563,704	4.7%
Total Comp	**$ 9,506,627**	**$ 10,126,779**	**$ 10,441,028**	**$ 11,874,523**	**$ 12,525,390**	5.5%
Year over Year % Increase		*6.5%*	*3.1%*	*13.7%*	*5.5%*	

Total citywide compensation costs are projected to increase by 5.5%, impacted by two of the three employee bargaining unit contracts, as well as cost-of-living and market adjustments for our non-represented staff. Salaries and benefits for all bargaining units are adjusted by contractual increases, individual step increases, and longevity adjustments. While non-union employee salaries do not include step increases, the proposed budget does provide a minimal increase for these employees. The proposed staffing model (per thousand residents) has remained relatively static over the last five years but shows a slight increase to support cross-over shadowing of retiring workers and addressing increased demand for services driven by growth and development.

Utilities

Establishing appropriate utility rates remains an important priority. These rates support the costs of daily operations and fund expenses related to master planning, capital improvement planning, and debt service. In 2020, an extensive study of utility rates was commissioned, resulting in recommendations for a 4% annual increase in water rates and a 2% increase in sewer rates through 2030. Based on the consultant's analysis of the data, the City Council authorized rate increases of 3% for each utility from 2023 through 2025. All recommendations to the City Council regarding rate increases will remain grounded in quantitative data.

The 2025 budgeted utility revenues are higher than 2024 due to the proposed rate increase mentioned earlier and the anticipated growth in new homes and subsequent utility accounts. Per City Council's direction, the low-income discount program has been continued, providing reduced utility bills for qualifying residents.

It is worth noting that the average total utility bill (water/sewer) for a single-family residence - based upon 500 cubic feet of water consumption - has increased by an average of just 1% annually over the last 10 years. In contrast, inflation averaged 3% during the same time_period, reaching a high of 9.1% in 2022. Many families, specifically those using 1,000 cubic feet or more, have seen their monthly bills decrease, primarily due to the removal of the higher two-tiered sewer rate. Accordingly, staff has diligently compiled this budget to align with City policy to "minimize the impact of any tax and fee increases on residents." Consensus confirms that regular, smaller rate increases to address rising costs are more manageable for residents than infrequent, larger rate increases.

The utility debt service in 2025 is $237K for the Sewer Fund and $305K for the Water Fund. Major repair, replacement and expansion projects are planned, along with smaller ongoing maintenance projects for both utilities. Completing these projects will require the use of fund balances, loans, grants, and developer fees.

Community Requests for City Funding
During the annual budget process, the city reviews requests for funding from the community. In 2025, the City continues to support social and human services ($215K), as well as general programs that offer a broad public benefit ($136K). Contributions to human services have grown 37% since 2022 and this program accounts for 1.6%, of the General Fund budget which is consistent with or better than allocations in comparable cities. For more information, please refer to the Municipal Funding Program spreadsheet.

Civic Center Debt Service
The annual Utility Revenue Bond debt service, related to the Civic Center and extending over 20 years, is $225K. The City's annual General Obligation (GO) debt is approximately $618K, down from $665K in prior years due to the City's ability to pay down bonds early in 2023. The funding sources for servicing this debt are detailed below.

Funding Source:	**2024**	**2025**
Public Safety Tax	$350,000	$350,000
REET Transfer	$100,000	$100,000
General Fund	$250,000	$200,000
Total:	**$700,000**	**$650,000**

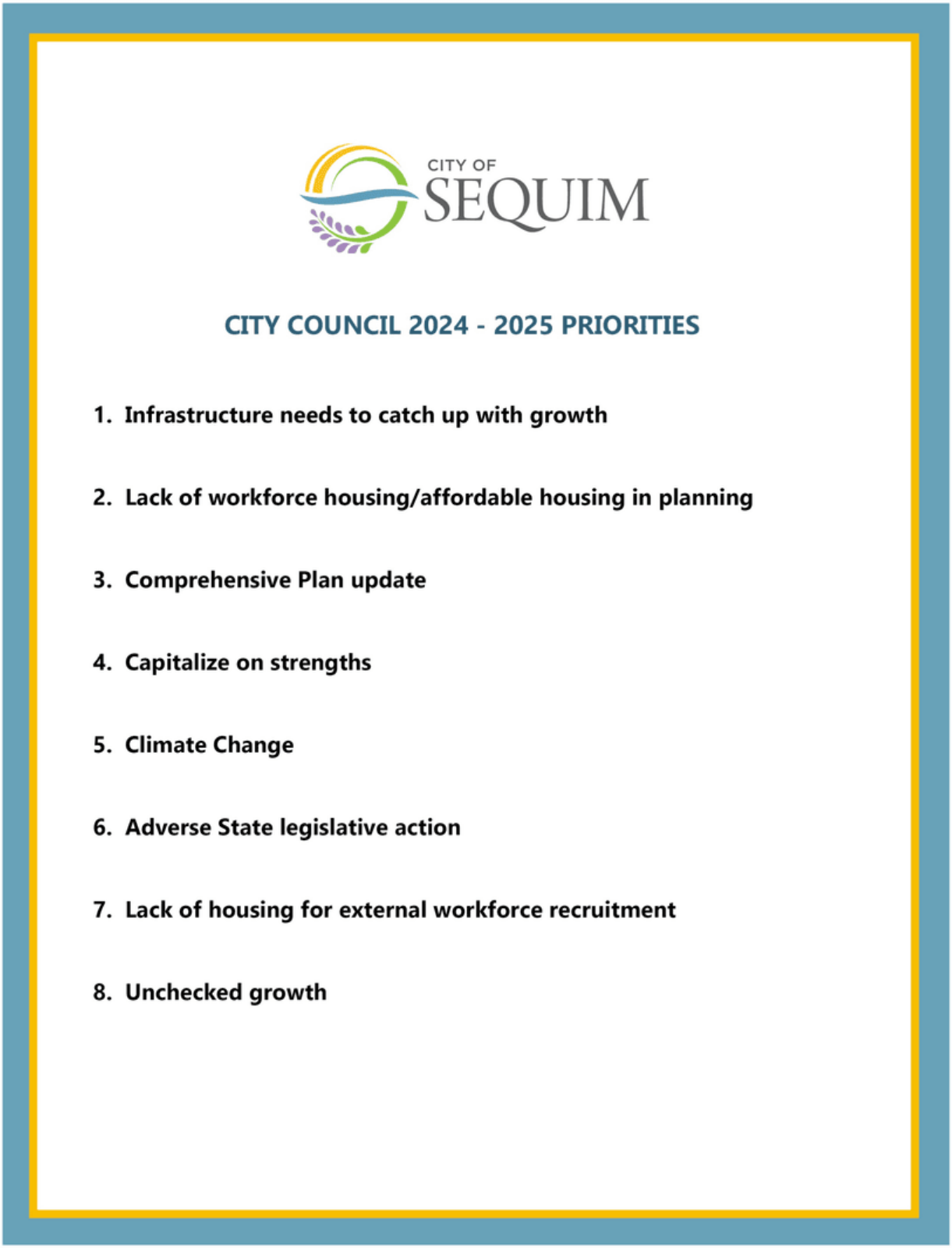
Conclusion
I am pleased to present this balanced budget, which meets the long-term needs of the City while considering the current economic realities and financial trends. This budget has undergone substantial internal review due to a range of variables that could have an impact, such as federal interest rates, inflation, election year dynamics, and recession threats. I am also delighted that this budget includes appropriations to maintain staffing and deliver vital municipal services while addressing City Council goals and community needs.

Finally, the preparation and adoption of the budget is a team effort involving leadership, staff, and the City Council members. Sincere appreciation is extended to department directors for submitting conservative budget requests and considering alternative ways to achieve priorities. Special thanks are also due to the Finance Director and staff for their tireless work and detailed preparation of this budget. Lastly, sincere appreciation goes to the City Council members for their leadership in adopting financial policies and prudent fiscal guidelines, which form the foundation for this budget proposal.

Respectfully submitted,

Matthew B. Huish
City Manager

City Council Priorities



2023 Community Survey

What We Learned

Residents Have a Very Positive Perception of Sequim

- 80% Are Satisfied with the Overall Quality of Life in Sequim

Satisfaction with City Services is Much Higher in Sequim Than Other Cities

- Sequim Rated Above the U.S. Average in 41 of 52 Areas
- Satisfaction with Customer Service Rated 38% Above the U.S. Average

Top Overall Priorities:

- Efforts by the City to Regulate Development
- Traffic Flow and Congestion
- Maintenance of City Streets, Sidewalks, and Right of Ways
- Enforcing Codes and Ordinances
- Police Protection

History of City



The City of Sequim is located on the north Olympic Peninsula in the northwest corner of Washington State. It is a semi-rural city, with a population of approximately 8,500 citizens, and covers six square miles. The City is surrounded by the Sequim-Dungeness Valley, which lies in unincorporated Clallam County and is home to an additional 25,000 residents who rely on the City of Sequim for certain amenities and community activities. Valued for the beauty of its natural surroundings, the City is bordered by the Olympic Mountains to the south and the Strait of Juan de Fuca to the north. Due to a rain shadow caused by the surrounding mountains, Sequim is one of the driest places in western Washington, averaging 16 inches in annual rainfall.

The City of Sequim is in a semi-remote location and is separated from the largest population base in the state, the Seattle – Tacoma Metropolitan areas, by two bodies of water: the Puget Sound and the Hood Canal. There are several transportation routes to Sequim and the Olympic Peninsula including Washington State Ferries through Kingston, Bremerton, and Bainbridge Island, and state routes 104 and 101 once across the Hood Canal Bridge. Trips from Seattle generally take two hours and from Tacoma approximately one hour and forty-five minutes.

Sequim History

Settlement of the Dungeness area by men of European ancestry began more than 150 years ago in the mid 1850's. Not that the land had been totally unoccupied before. For thousands of years, ancestors of the S'Klallam Tribe had fished the rich waters of Dungeness River, the Strait and Sequim Bay. They had made their homes along the beach, hunted in the dark forests and moved inland along the river and streams in search of food. The town was originally named Seguin, translated from the native Klallam language as "hunting place." According to legend, a postal clerk in the east misread the "g" and the "n" and the town was renamed to Sequim in 1907.

Formed by a group of local farmers, the Sequim Prairie Ditch Company built and opened a series of wooden flumes and irrigation ditches in 1896 bringing much needed water from the Dungeness River to the arid valley. A celebration was held on May 1, 1896 to commemorate the first irrigation ditch and the celebration continues to this day with the annual Irrigation Festival, now in its 129th year. It is the longest continuous running community festival in the state of Washington.

With a population of more than 300 residents, Sequim was incorporated in 1913 as a town. Jilson White, a local salesman was elected as the first mayor and a town council of five men was created to establish ordinances to promote public safety and regulate businesses. In 1973 the town of Sequim was advanced to the classification of city with a council of seven members and the election of all officers: mayor, council, treasurer, clerk, and attorney. In 1995 the City adopted the Council/ Manager form of government. The citizens now elect the City Council, which elects one of its members as mayor, one as deputy mayor, and hires a professional City Manager.



In 1915 railroad passenger and freight service between Port Angeles and Sequim and Sequim and Port Townsend was established allowing Sequim to become an agricultural center, and to grow and prosper.

In the 1920s and 1930s, Sequim thrived as a dairy farming community. The lush valley continued to prosper with fields of alfalfa and other grains. In 1922, the town purchased a private water system utilizing wells and small springs on the prairie. Seven years later bonds were issued to extend the system to secure a water supply from the Dungeness River.

In 1934 the University of Washington declared Sequim was “The Healthiest Place in the World.” 1936 brought Sequim’s largest project of the decade, bonding and building a sewer system with 246 connections. In 1947, the Town had a population of 880 and its first annexation since the beginning of the century. In 1950, the Town bought its first police car and established a curfew. For many years, Sequim streets remained unpaved. By 1950 residents began to protest the condition of the streets and surfacing began. The first paving project was completed in 1957. The City Council directed that horses were to be kept off all resurfaced streets.

In 1961 Washington State Governor Albert D. Rosellini cut a ribbon to open the Hood Canal Bridge, connecting the Olympic Peninsula to the larger metropolitan area. Sequim was first touted nationally as a good retirement location in 1966. In the latter half of the decade, many of the dairy farms were being sold and the land annexed into the city.
Progress continued and the City opened a modern sewage treatment plant in 1967 and established a Police Department in 1970.



Developers began noticing the Sequim-Dungeness Valley and by 1973, Sequim’s population had risen to 2,287. The City Council responded to the rapid growth and passed a comprehensive planning/zoning ordinance.

A new city hall opened on Cedar Street in 1973. The building cost $110,000. In 1974, Sequim had a population of 2,600 and voters approved a measure to reclassify Sequim as a city.

In anticipation of the Highway 101 by-pass completion, Sequim 2000, a Chamber of Commerce committee, was formed in 1995 to spark ways to increase tourism in the area. One of the ideas of the committee was the concept of fields of flowers. That concept evolved into the commercial production of lavender. In 1997 there were seven lavender farms in the valley. Today there are more than two dozen lavender farms and lavender product businesses in the Sequim-Dungeness Valley and Sequim is recognized as the Lavender Capital of North America. The first Lavender Festival was held in downtown Sequim in 1997 and drew several hundred local attendees. Today, Sequim Lavender Weekend, home to the Sequim Lavender Festival Street Fair, lavender farm festivals and events, and community events, is the premier lavender celebration in the country and draws approximately 30,000 visitors from all over the world for the three day event.

The Highway 101 bi-pass opened in 2000 taking drivers along the south side of the City instead of down Washington Street, the City's main arterial. While local merchants feared this would divert business from their stores, the reduced traffic actually made it easier for patrons to get to their desired location. The face of Sequim changed dramatically in the beginning of the 21st Century with the development of a regional retail center at the west end of the City. Housing developments and real estate boomed until the 2008 recession began.



A new Civic Center, housing the Police Department, City Hall, and a Community Plaza was designed and constructed between 2013 and 2015. The new facility brought most City services under the same roof for the first time in decades. The facility cost $14.5 million and was financed by a Sequim voter approved .1% Public Safety Tax, which helps to pay a portion of the Police Station, $10.4 million in municipal bonds were sold in 2013 to pay for construction, and $3 million in utility bonds were sold to pay for the utility portion of the building. The Civic Center received a Gold Certificate from Leadership in Energy and Environmental Design (LEED) in 2016.

Sequim saw its largest population growth through the early part of the 21st century and has grown from 4,334 residents in 2000 to 8,200 in 2022.

Local Economy

The economy in Sequim has grown along with its population and has diversified from an agricultural base to become a regional retail center, a nucleus for medical and community services, and an internationally recognized tourism destination. There are currently 1,673 active business licenses in the City of Sequim, representing a 34% increase from 2013, when the City began using the Department of Revenue's Master Business License database.



Regional Retail

The retail economy in Sequim began its major expansion with the 2003 announcement that Walmart was building a store on the west end of the City. The store opened in October 2004 and expanded in 2012 by adding a full grocery. After the opening of Walmart, the west end of Sequim quickly developed into a regional center for national brand stores. Home Depot, Costco, Office Depot, Petco, Starbucks, Discount Tires, Sleep Country USA, Michaels, and Ross Dress for Less are all located within close proximity, making Sequim the regional retail center for the Olympic Peninsula.

In addition to national brand retailers, Sequim enjoys a vibrant, walkable downtown core, which serves as the cultural and civic heart of the Sequim-Dungeness Valley. Filled with unique family-owned shops that offer locally produced products as well as antiques, and specialty items, downtown Sequim is a welcoming attraction for local residents and tourists. The downtown core has an active merchant group who work together to develop programs and events to enhance the experience of visiting downtown. Local restaurants, coffee shops, and wine tasting rooms bring diversity and offer hospitality for visitors. Recognizing the importance of a healthy downtown area to the continued success of the City, the Sequim City Council adopted a Downtown Plan in July of 2011 which provides a strategic guide for the growth, development, and visual style of the area. Since the plan's adoption, refinement has been made to the relevant zoning codes to ensure development remains consistent with the plan's vision. Additionally, a streetscaping program to establish color schemes and standards for street furniture and signage has been developed and was implemented in the summer of 2013.

Retail sales are an important component of the City of Sequim economy providing between 60 – 67% of the sales tax annually.





Medical Services

In response to the needs of a growing population, the medical industry in Sequim has expanded over the past decade to provide state of the art services to local residents. Olympic Medical Center, located in the City of Port Angeles 15 miles west of Sequim opened the Olympic Medical Center Physicians Specialty Clinic in Sequim in 2002. The clinic provides services in the areas of cardiology, gastroenterology, neurology, pulmonary medicine, sleep medicine, urology, and critical care. Through the Olympic Medical Cancer Center in Sequim, local patients have full access to the world-renowned therapies developed at the Fred Hutchinson Cancer Research Center, University of Washington Medicine, and the Seattle Children's Hospital. The Olympic Medical Center also operates an orthopedic clinic, medical imaging center, and a walk-in clinic in Sequim.

In addition to the services provided by the Olympic Medical Center, Sequim is home to a wide range of medical services including primary care physicians, dental care services, and vision care services for the whole family.

The Jamestown S'Klallam Tribe opened the Jamestown Family Health Clinic in Sequim in 2002, renting offices from Olympic Medical Center. The Jamestown Family Health Clinic moved to its current location in 2010, expanding capacity to meet the needs of the growing retirement population in Sequim. The clinic is open to non-tribal community members as well as Jamestown S'Klallam Tribal citizens. Services offered include: family practice, preventative care, geriatric care, chronic disease management, women's health, annual wellness visits, pharmacist consultation, behavioral health counseling, anticoagulation management, diabetes management and minor surgery.

The growing medical industry in Sequim enhances the livability of the City for residents of all ages and provides a growing number of family wage jobs to the support the local economy.



Tourism

Tourism is an important component of the City of Sequim's economy. There are over 360 hotel rooms in the city, as well as bed and breakfast facilities, vacation rental homes, and recreational vehicle parks offering visitors a wide range of lodging choices for their stay. Local restaurants and many retail establishments benefit from tourists that visit Sequim throughout the year. In addition to bringing outside dollars into the local economy, accommodations and food services account for between 10% and 15% of Sequim's sales tax.

Surrounded by the natural beauty of the Olympic Mountains to the south, the waters of the Strait of Juan de Fuca to the north, and Sequim Bay to the east, outdoor enthusiasts are drawn to Sequim for hiking, boating, and fishing. The 130 mile long Olympic Discovery Trail runs through the City of Sequim and is a destination for bikers, walkers, and runners.

Sequim is most well-known on a national and international level for the family-owned farms that grow the herb lavender. Each year the Sequim Lavender Weekend, home of the Sequim Lavender Festival Street Fair, lavender farm festivals and events, and community events, draws approximately 30,000 visitors for the three days of festivities. Thousands of other tourists visit Sequim throughout the summer months while the lavender is in bloom and during the harvest season.



Sequim is also host to the Sequim Irrigation Festival. Now in its 129th year, it is the longest running community festival in the state of Washington. The events take place the first two weekends in May and include a carnival, logging show, strongman competition, arts and crafts fair, and a grand parade. The Sequim Irrigation Festival is staffed entirely with volunteers. Over a hundred people are involved in the making of the Irrigation Festival. Individuals and businesses within Sequim contribute money, goods and services to help put on the festival.

The Sequim Sunshine Festival was introduced in 2020 to celebrate one of Sequim's best-known features – Sunshine. The festival celebrates the end of winter and the coming of the spring and summer seasons. The Sun Fun Color Run and illuminated drone show have become festival favorites. The festival was reduced and modified in 2021 to ensure a safe event in the middle of the COVID-19 pandemic but returned with a full festival in 2022. Plans are currently underway for 2025.



The Olympic Game Farm is located just outside of the city and is home to many species of animals, including many veterans of the film industry. The farm worked exclusively for Walt Disney Studios for 28 years and was used as a film location for many popular productions including “Charlie the Lonesome Cougar”, “The Incredible Journey”, “White Wilderness”, and the “Grizzly Adams” television and movie series. Visitors can take a self-guided driving tour and feed animals from their cars. National media attention has been given to the Kodiak bears that will wave to visitors in the hopes of getting a rewarding treat.

The Dungeness Spit is part of the Dungeness National Wildlife Refuge. With over 250 documented species of birds, as well as land and marine mammals, is an international attraction for bird and wildlife enthusiasts. The 5.5 mile spit is the longest natural sand spit in North America. At the end of the spit is the New Dungeness Lighthouse where tours are available.

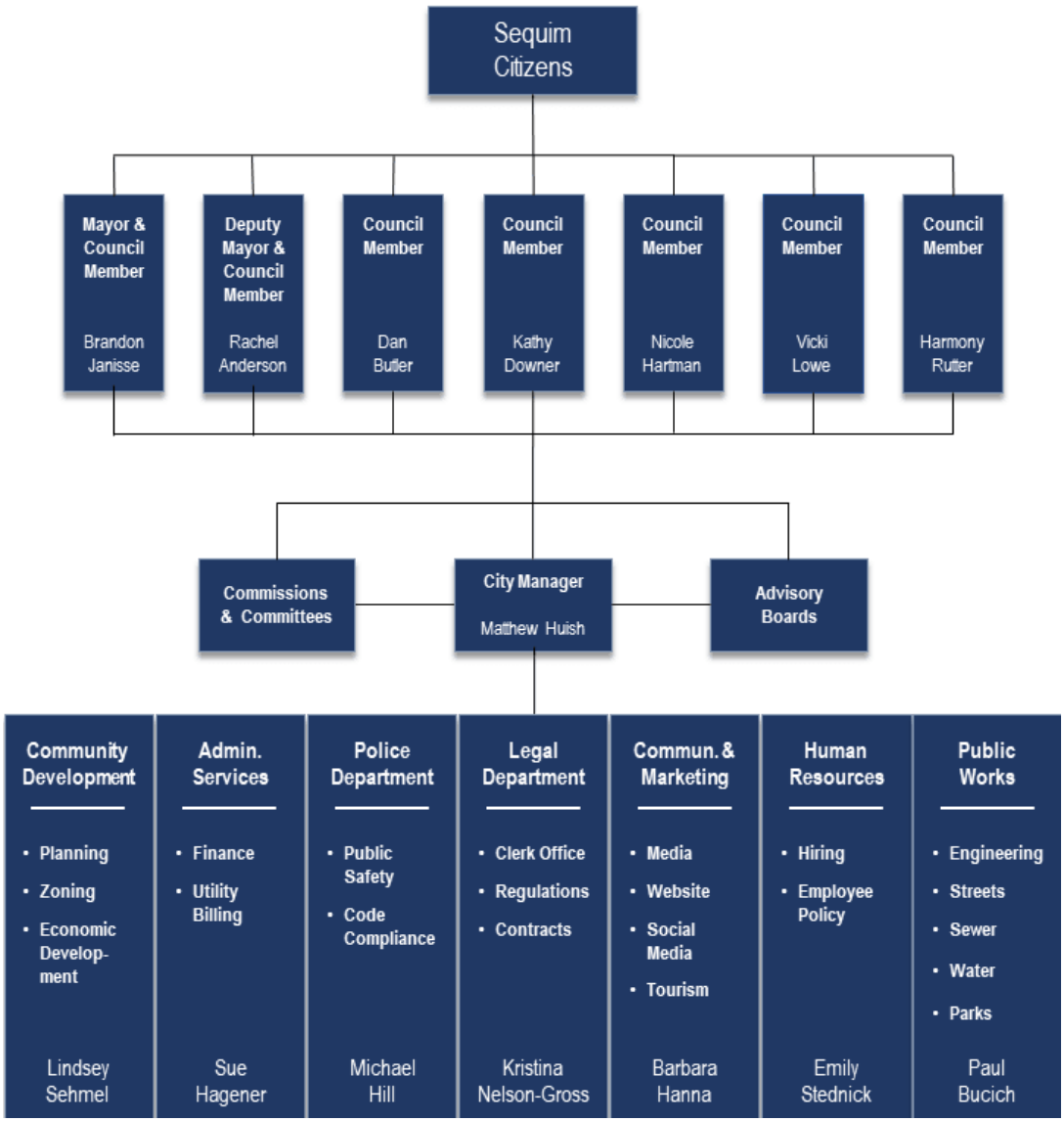
With Sequim’s close proximity to the Seattle-Tacoma metropolitan areas, it is an easy weekend destination as well as a desirable, central place to stay for tourists visiting the Olympic National Park, the city of Fork made famous by the “Twilight” books and movies, and the Victorian seaport of neighboring city, Port Townsend.

Community Services

The City of Sequim is home to the many essential community service agencies that serve the population of the Sequim-Dungeness Valley. The Sequim School District delivers kindergarten through grade 12 education for more than 2,700 students. The Sequim Library is part of the North Olympic Library System. In addition to its collection of over 55,000 books and videos, the library makes available community meeting rooms and computers for public use. The City of Sequim is served by Clallam County Fire District No. 3, which houses its headquarter office in the city and provides emergency and non-emergency response services. The Sequim Senior Center provides a community focal point for the area’s senior population and offers support and training as well as social activities. The Port of Port Angeles focuses on economic development in Clallam County and operates the John Wayne Marina on Sequim Bay. The marina was constructed in 1982 on 22 acres of land donated by the John Wayne family and was named “Best of the West” for small marinas by SEA Magazine. Additionally, two Rotary Clubs, the Lions Club, Soroptomist International, and Elks Club serve the City and the community through special projects and support of local charities.



Organization Chart



Council/Manager Form of Government

COUNCIL

KATHY DOWNER	***DAN BUTLER***
VICKI LOWE	***RACHEL ANDERSON (Deputy Mayor)***
BRANDON JANISSE (Mayor)	***HARMONY RUTTER***
NICOLE HARTMAN	

BUDGET MANAGERS

CITY MANAGER	Matthew Huish

Director of Community Development	Lindsey Sehmel
Administrative Services Director	Sue Hagener
Chief of Police	Michael Hill
City Attorney	Kristina Nelson-Gross
Communications & Marketing Director	Barbara Hanna
Public Works Director	Paul Bucich
Human Resource Director	Emily Stednick

STAFF

ADMINISTRATIVE SERVICES

Accounting Manager	Robert Kellso
Finance Project Manager	Becky Erskine

CITY ADMINISTRATION

Human Resources Analyst	Marta Johnson
City Clerk	Heather Robley
Paralegal	Erika Hamerquist
Records Officer / Risk Analyst	Tellina Sandaine
Marketing Coordinator	Patsene Dashiell

POLICE

Deputy Police Chief	Jonathan Southard
Support Services Supervisor	Tiffany Banning

PUBLIC WORKS

Deputy Public Works Director/City Engineer	Nick Dostie
Operations Manager	Ty Brown
Public Works Administrative Manager	Amy Dougherty
Parks and Events Manager	Hannah Merrill
Utilities Manager	John Christenson
Resource Analyst	Meggan Uecker
Arts Coordinator	Sarah Hurt

CATEGORY 2 CODE CITY, CLASSIFIED UTILITIES
2020 OFFICIAL CENSUS 8,024
2024 OFM ESTIMATE 8,405

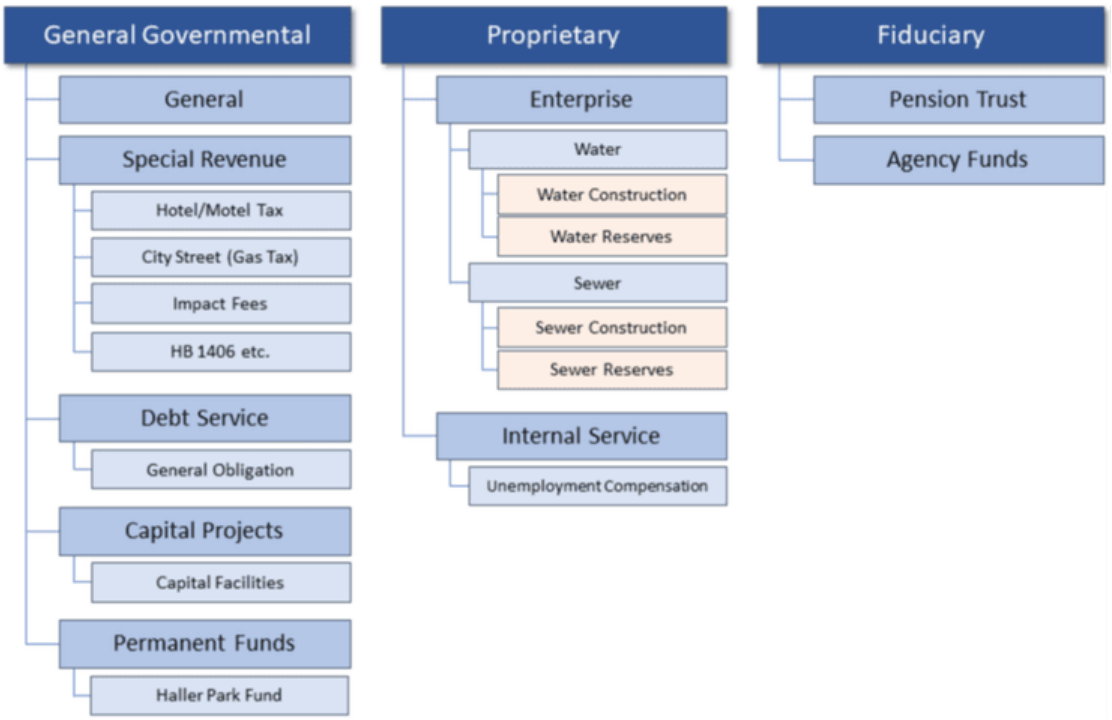
Fund Structure

The City of Sequim reports financial activity in accordance with the *Cash Basis Budgeting, Accounting and Reporting System* (BARS) Manual prescribed by the State Auditors' Office under the authority of Washington State law, Chapter 43.09 RCW. This manual prescribes a financial reporting framework that differs from generally accepted accounting principles (GAAP) in the following manner:

- Financial transactions are recognized on a cash basis of accounting.
- Component units are required to be disclosed but are not included in the financial statements.
- Government-wide statements, as defined in GAAP, are not presented.
- All funds are presented rather than a focus on major funds.
- The *Schedule of Liabilities* is required to be presented with the financial statements as supplementary information.
- Supplementary information required by GAAP is not presented.

Financial transactions of the government are reported in individual funds. Each fund uses a separate set of self-balancing accounts that comprises its cash and investments, revenues and expenditures. The government's resources are allocated to and accounted for in individual funds depending on their intended purpose. The following fund types are used:

Fund Types



Governmental Fund Types:

General Fund
This fund is the primary operating fund of the government. It accounts for all financial resources except those required or elected to be accounted for in another fund.

Special Revenue Funds
These funds account for specific revenue sources that are restricted or committed to expenditures for specified purposes of the government.

Debt Service Funds
These funds account for the financial resources that are restricted, committed, or assigned to expenditures for principal, interest and related costs on general long-term debt.

Capital Projects Funds
These funds account for financial resources which are restricted, committed, or assigned for the acquisition or construction of capital facilities or other capital assets

Permanent Funds
These funds are used to account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the City's government programs.

Proprietary Fund Types:

Enterprise Funds
These funds account for operations that provide goods or services to the general public and are supported primarily through user charges. An enterprise fund is legally required to recover the cost of those services, including related debt service and capital costs, through user charges.

Internal Service Funds
These funds account for operations that provide goods or services to other departments or funds of the government on a cost reimbursement basis.

Fiduciary Fund Types:

Fiduciary Funds
These funds are used to account for assets that the government holds on behalf of others in a custodial capacity.

Financial statements are prepared using the cash basis of accounting and measurement focus. Revenues are recognized when cash is received and expenditures are recognized when paid. In accordance with state law, the City also recognizes expenditures paid during twenty days after the close of the fiscal year for claims incurred during the previous period.

Department Fund Relationship

Department	Division	Sub Fund	Associated Fund
Council			
		City Council	001-General Fund
City Administration			
	City Administration Organization		
		City Clerk	001-General Fund
		City Manager	001-General Fund
		City Attorney	001-General Fund
		Communications	001-General Fund
		Human Resources	001-General Fund
		IT (Information Technology)	001-General Fund
		Criminal Justice Services	001-General Fund
	City Administration Special Funds		
		Hotel/Motel	115-Lodging Tax Hotel/Motel
Administrative Services			
	Administrative Services Department		
		Finance	001-General Fund
		Non-Departmental	001-General Fund
	Administrative Services -Other		
		Affordable Housing HB 1406	112-Affordable Housing
		Development Reserves	113-Development Reserves
		REET	150-Real Estate Excise Tax
		American Rescue Plan Act	180-American Rescue Plan Act
		Rainy Day Fund	199-Rainy Day Fund
		Debt Service Fund-City Hall	206-Debt Service Fund-City Hall
		Equipment Reserve	164-Equipment Reserve
		Trust and Agency Funds	Trust, Agency & Permanent Funds
Community Development			
	Community Development		
		Growth Planning / Development Services	001-General Fund
Police			
	Public Safety Operations		
		Police Department	001-General Fund
	Public Safety Restricted		
		Police Restricted	120-Police Restricted, 121- Police Asset Seizure
Public Works			
	Public Works Operating		
		Facilities Maintenance	001-General Fund
		Park Operations	001-General Fund
		Events	001-General Fund
		PW Administration	001-General Fund
		Street Operations	101-Street Unrestricted
		Storm Water Operations	107-Stormwater Unrestricted
		Arts & Culture-Arts Commission Programs	160-Arts & Culture-Arts Commission
		Water Operations	401-Water Unrestricted
		Sewer Operations	402-Sewer Unrestricted
	Public Works Capital		
		GIS/Engineering	001-General Fund
		Streets Restricted	111-street Restricted
		Storm Water Restricted	117-StormWater Restricted
		Parks Restricted	140-Parks Restricted
		Capital Facilities Fund	306-Capital Facilities Fund
		Water Restricted	411-Water Restricted
		Sewer Restricted	422-Sewer Restricted

Bold	**City Employees**

Basis of Budgeting

The City of Sequim adopts ***annual*** appropriated budgets for all its governmental and proprietary funds. These budgets are appropriated at the fund level. The budget constitutes the legal authority for expenditures at that level. Annual appropriations for these funds lapse at the fiscal year end (December 31).

Annual appropriated budgets are adopted on the same basis of accounting as used for financial reporting, which is cash basis, and in accordance with the Cash Basis Budgeting, Accounting and Reporting System (BARS) Manual prescribed by the State Auditor's Office under the authority of Washington State law, Chapter 43.09 RCW.

Budgeted amounts are authorized to be transferred between a fund or within line items within departments. However, any revisions that alter the total expenditures of a fund, or that affect the number of authorized employee positions, salary ranges, hours or other conditions of employment must be approved by the Sequim City Council.



Financial Policies

The financial policies of the City of Sequim are established by the City Council. The policies are designed to provide guidance to all stakeholders, whether they are directly involved in financial processes, internal control oversight, or any financial transaction. Financial policies are intended to serve as a blueprint to achieve fiscal stability required to accomplish the City's Strategic Plan, all other comprehensive and master plans, and City Council goals. The City Council sets forth the authorities, responsibilities, and accountability requirements of those participating in the operations of City government at all levels of the organization and endeavors to:

- Set forth financial standards.
- Reduce financial risks to withstand the ups and downs of local and regional economic environments.
- Maintain appropriate financial capacity for present and future levels of service.
- Ensure the legal use of financial resources through an effective system of internal controls.
- Provide financial transparency to the public.

General Financial Goals

- Ensure the financial integrity of the City.
- Manage the financial assets in a sound and prudent manner.
- Improve detailed financial information for decision makers at all levels:
  - Policy makers as they contemplate decisions that affect the City on a long-term basis.
  - Managers as they implement policy on a day-to-day basis.
- Maintain and further develop programs to ensure the long-term ability to pay all operational and capital costs necessary to provide the level and quality of service required by the citizens.
- Maintain a spirit of openness and transparency while being fully accountable to the public for the City's fiscal activities.

Primary Budget Responsiblity

The City Council has final responsibility for approving the annual Operating Budget and appropriating funding for the capital needs of the City. The City's budget is adopted at the fund level and *monitored* at the department level.

The City Manager and the Finance Department have the primary responsibility for bringing the budget forward for Council consideration. Department Heads have the primary responsibility for proposing programs, recommending funding levels, analyzing position expense distributions and formulating budget proposals for implementing service programs in accordance with established City Council goals and directives. The City Manager and Department Heads are responsible for the overall management of their respective budgets through monitoring, identifying and correcting any budgetary problems as they arise. The Finance Department will assist the Department Heads as needed.

At the direction of the City Manager, the Finance Department coordinates the overall preparation and administration of the City's budget in compliance with applicable State of Washington statutes. The Finance Department provides the budget calendar and revenue budget estimates, assists department staff in identifying budget problems and formulating alternative solutions, and prepares and distributes the final budget documents.

Budget Development Policy

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 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, 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.

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 a 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 (Title 2, CFR Part 200-Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards) to allow for indirect cost recovery on Federal and State grants.

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 and assessed valuation 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.

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.

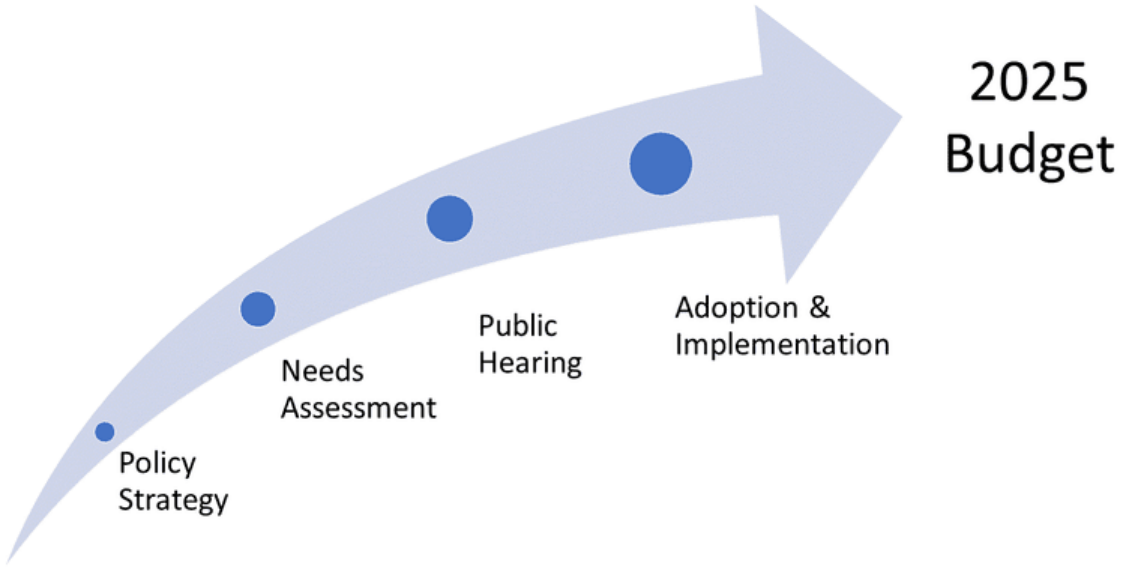
3. Technology Investments that Forestall Adding Permanent Staff: Recognizing that personnel related expenditures represent the largest portion of the City's budget, methods to increase efficiency and effectiveness of the delivery of City services through technology improvements should receive priority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

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.



Budget Development Process



Policy Strategy Phase

Council Planning
6 Year Capital Improvement Plan
Public Input via Council Meetings & Community Surveys

Needs Assessment Phase

Department Program and Staff Requests
"Budget Scrub"
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

Budget Timeline

May 1, 2024

Requests sent to all department heads to prepare budget estimates of revenues and expenditures, including assessing personnel needs. Finance Director prepares estimates for debt service and all other estimates.

Jul 12, 2024

Budget estimates from department heads filed with the Finance Director

Jul 25, 2024

"Budget Scrub" meeting of all department heads to identify areas of potential savings and to balance operational budgets (depart. budget assumptions are "scrubbed")

Sep 13, 2024

Delivery of 2025 Budget Book to City Council (including access to on-line budget materials)

Sep 23, 2024

Presentation of 2025 Budget Overview and proposed 2025 Rates & Fees to Council

Oct 21, 2024

Optional: Address Council's 2025 Budget Comments, Questions and Concerns

Nov 11, 2024

Public Hearing (first reading) - 2025 Budget
Public Hearing - 2025 Rates and Fees / 2025 Property Tax Ordinance

Nov 25, 2024

Public Hearing (second reading) - 2025 Budget Adoption

Nov 30, 2024

Deadline for filing Property Tax Ordinance with Clallam County

Dec 31, 2024

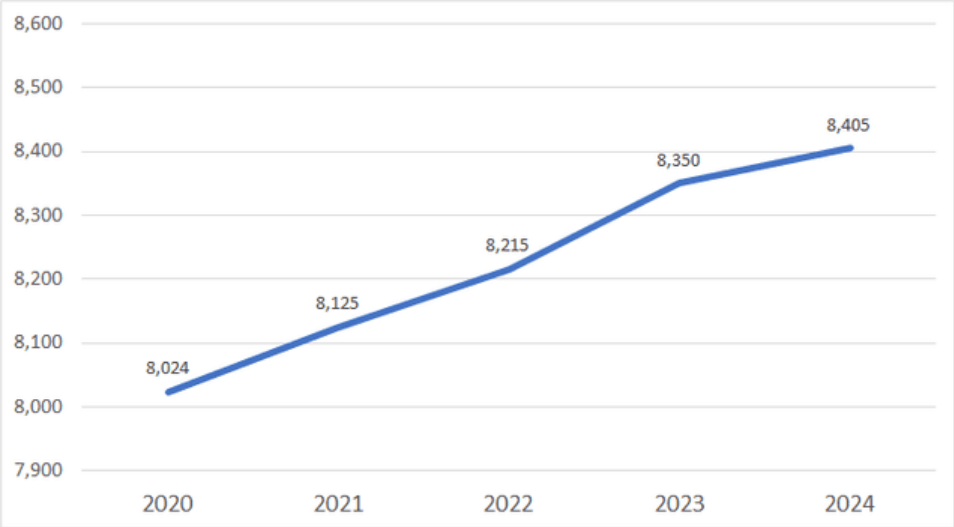
Deadline for 2025 Budget Adoption

Statutory Budget Timeline – Per MRSC*

Statutory Deadlines for Preparing 2025 City/Town Budgets	
Pre-Budget Items (Spring/Summer 2024)	Council retreat; Adopt/update financial policies; Public hearings for capital facility plan updates; Public forums or community outreach (ex: community priorities); Mayor/manager communicates budget objectives to staff
Sept. 9	Budget request to all department heads
Sept. 9-22	Department heads prepare estimates of revenues and expenditures; Clerk prepares estimates for debt service and all other estimates
Sept. 23	Budget estimates from department heads filed with clerk
Sept. 25	Implicit price deflator calculated (only applies to cities of 10,000+ population)
Oct. 1	Clerk provides estimates filed by department heads to mayor/manager showing complete financial program
Oct. 7	Mayor/manager provides council with estimates of revenues from all sources, including estimates prepared by clerk, for consideration of setting property tax levy
Mid-October to mid-November (approx.)	Public hearing on revenue sources including possible increases in property tax
Nov. 2	Mayor/manager prepares preliminary budget and budget message; files with clerk and council
Nov. 1-18 (approx.)	Publication notice of preliminary budget and final hearing
Nov. 1-25 (approx.)	Public hearing(s) on preliminary budget
Nov. 21	Copies of budget available to public
Nov. 30	Property tax levies set by ordinance and filed with county
Dec. 2	Final budget hearing
Dec. 31	Budget adoption deadline

Printed 7-26-24
* Municipal Research and Services Center

Population Estimates



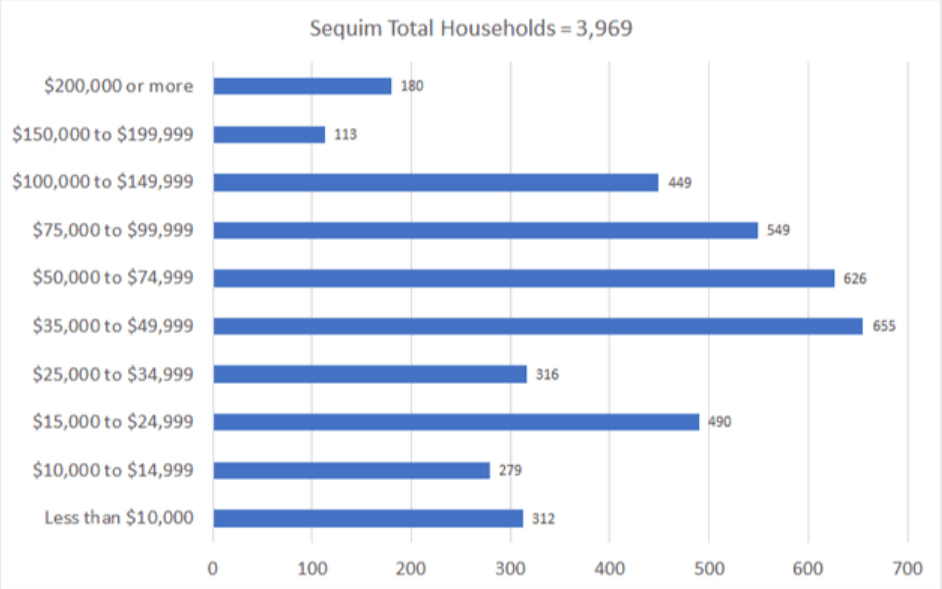
April 1, 2024 Population of Cities, Towns and Counties
Used for Allocation of Selected State Revenues
Office of Financial Management, Forecasting and Research Division

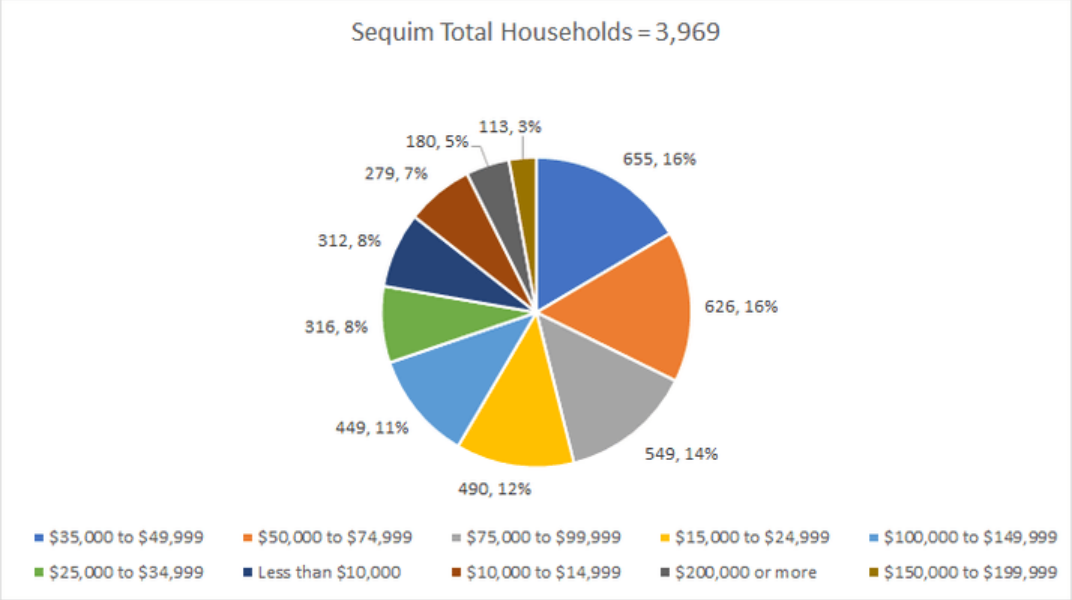
	2020 Census	2021 Estimate	2022 Estimate	2023 Estimate	2024 Estimate
Sequim	8,024	8,125	8,215	8,350	8,405

Data Source: Office of Financial Management (wa.gov), April 1 official population estimates



Household Income Estimates

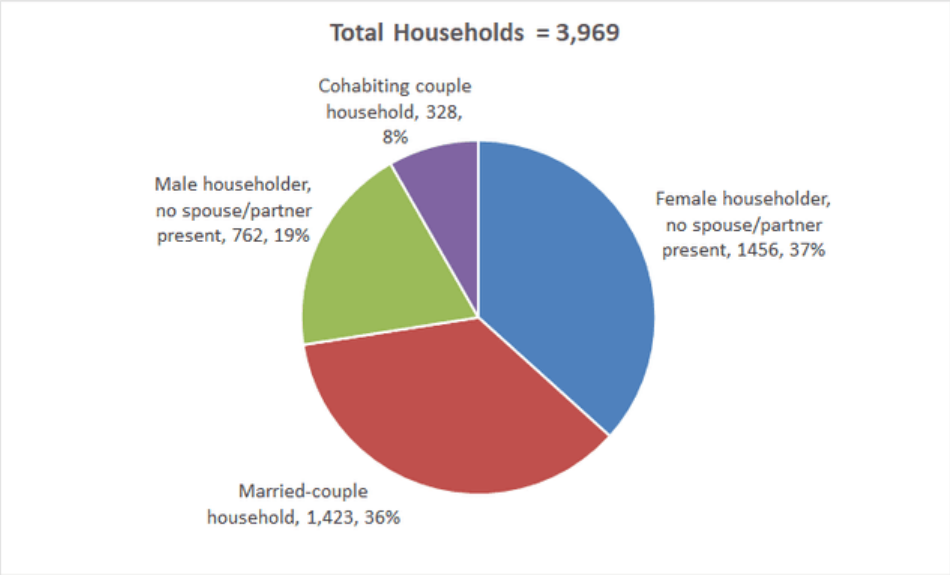


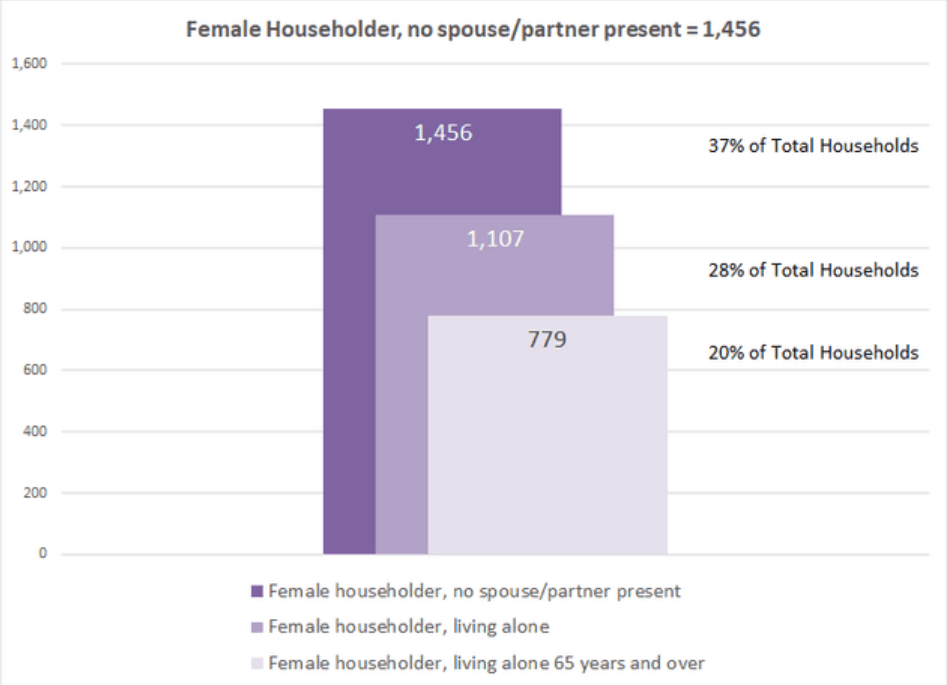


Median household income (dollars) = $48,015
(in 2022 inflation-adjusted dollars)

Data Source: American Community Survey, 2022, ACS 5-Year Estimates Data Profiles
DP03: SELECTED ECONOMIC CHARACTERISTICS - Census Bureau Table

Household Analysis Estimates





20% of Total Households are "Female householder, living alone 65 year and over"

17% of Total Households are "Households with one or more people under 18 years"
51% of Total Households are "Households with one or more people 65 years and over"

Data Source: American Community Survey, 2022, ACS 5-Year Estimates Data Profiles
DP02: SELECTED SOCIAL CHARACTERISTICS - Census Bureau Table

BUDGET PRIORITIES

City Management Operational Goals for 2025



ALL CITY AND GENERAL FUND OVERVIEW

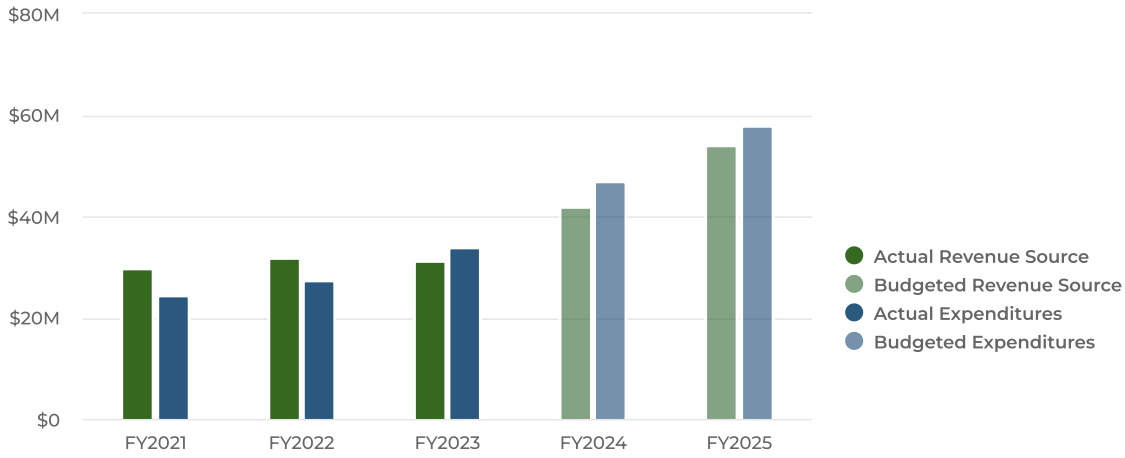
EXHIBIT A: All City Fund Summary

Budget/Actuals/Forecast: Budget
Budget Year: 2025
Fund: All
Sub Fund: All

	Beginning Balance Fund	Revenues	Expenses	Surplus/(Deficit)	Ending Fund Balance	
General Fund						
001 - General Fund	3,387,855	13,469,371	13,413,805	55,566	3,443,421	Operating
Special Revenue Funds						
101 - Street Unrestricted	261,436	1,232,100	1,231,180	920	262,356	Operating
107 - Stormwater Unrestricted	260,830	172,935	155,218	17,717	278,547	Operating
111 - Street Restricted	1,779,367	5,274,544	5,587,748	-313,204	1,466,163	Restricted
112 - Affordable Housing	135,969	30,990	-	30,990	166,959	Restricted
113 - Development Reserves	-	250,000	250,000	-	-	Restricted
115 - Lodging Tax Hotel/Motel	1,188,310	592,800	589,142	3,658	1,191,968	Restricted
117 - StormWater Restricted	149,099	975,000	865,295	109,705	258,804	Restricted
120 - Police Restricted	482,264	641,131	911,201	-270,070	212,194	Restricted
121 - Police Asset Seizure	30,571	20,274	15,000	5,274	35,845	Restricted
140 - Parks Restricted	1,234,607	1,210,607	1,975,303	-764,696	469,911	Restricted
150 - Real Estate Excise Tax	862,000	405,450	591,500	-186,050	675,950	Restricted
160 - Arts & Culture-Arts Commission Programs	77,396	65,500	64,548	952	78,348	Restricted
164 - Equipment Reserve	2,252,870	586,800	555,426	31,374	2,284,244	Restricted
180 - American Rescue Plan Act	614,000	3,300	614,000	-610,700	3,300	Restricted
199 - Rainy Day Fund	941,996	13,000	47,500	-34,500	907,496	Restricted
Debt Service Funds						
206 - Debt Service Fund-City Hall	61,914	653,000	618,100	34,900	96,814	Restricted
Capital Funds						
306 - Capital Facilities Fund	483,811	1,614,205	2,089,000	-474,795	9,016	Restricted
Enterprise Funds						
401 - Water Unrestricted	1,590,185	3,049,340	3,028,264	21,076	1,611,261	Operating
402 - Sewer Unrestricted	2,558,369	5,503,010	5,458,932	44,078	2,602,447	Operating
411 - Water Restricted	870,111	4,811,000	5,082,429	-271,429	598,682	Restricted
422 - Sewer Restricted	3,490,208	13,632,067	14,688,005	-1,055,938	2,434,270	Restricted
Trust, Agency & Permanent Funds						
500 - Unemployment Compensation	238,227	-	40,000	-40,000	198,227	Restricted
611 - Flex Benefits - EE Contributions	12,341	45,000	45,000	-	12,341	Restricted
621 - Police Expendable Trust	-	20,000	20,000	-	-	Restricted
635 - Intergovernmental Agency Fund	3,852	70,000	70,000	-	3,852	Restricted
701 - Haller Park Fund	23,476	440	6,000	-5,560	17,916	Restricted
	22,991,064	**54,341,864**	**58,012,596**	**-3,670,732**	**19,320,332**	
		6,980,300	6,980,300	Transfers In / Out		
		47,361,564	**51,032,296**	**Net of Transfers**		
		2,832,000	2,896,000	InterFund Service Charges*		
		44,529,564	**48,136,296**	**Net Revenues/Expenses w/o Transfers & Interfund Services**		
		23,426,756	23,287,399	Operating		
		30,915,108	34,725,197	Restricted		
		54,341,864	**58,012,596**			

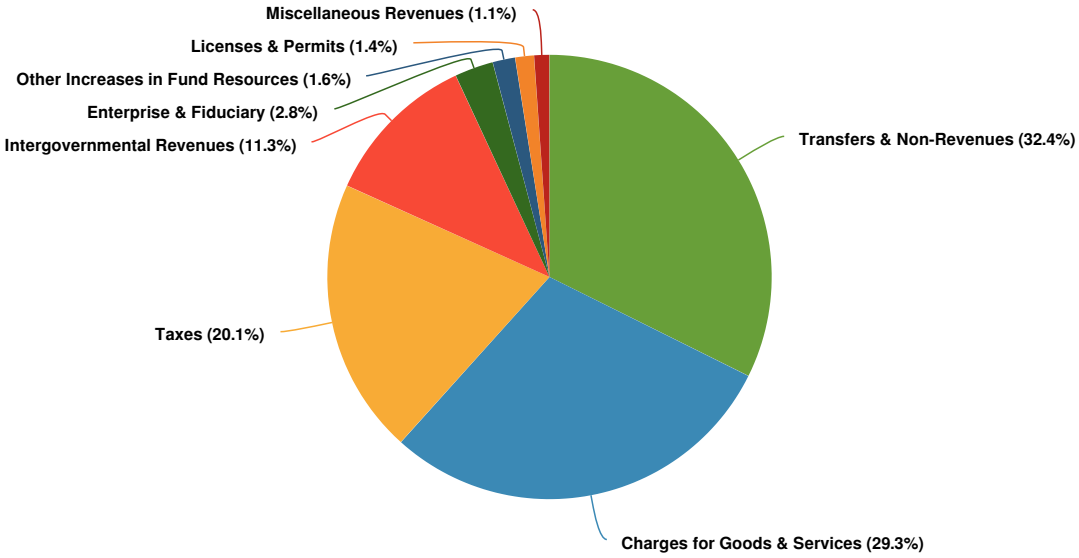
Summary

The City of Sequim is projecting $54.34M of revenue in FY2025, which represents a 26.2% increase over the prior year. Budgeted expenditures are projected to increase by 15.7% or $7.87M to $57.97M in FY2025.

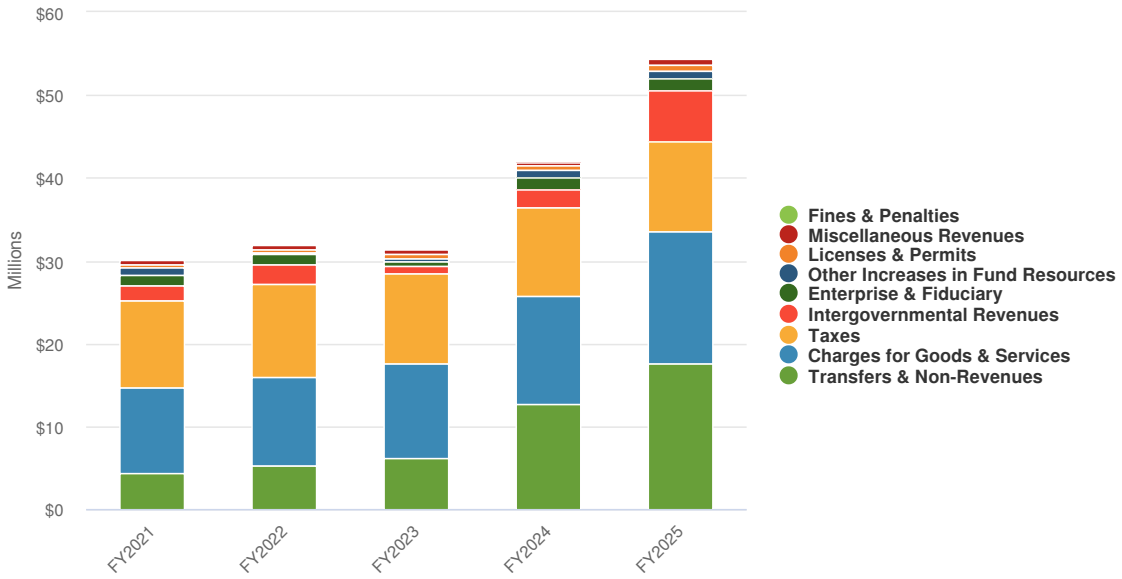


Revenues by Source: Where Will the Money Come From?

Projected Revenues by Source



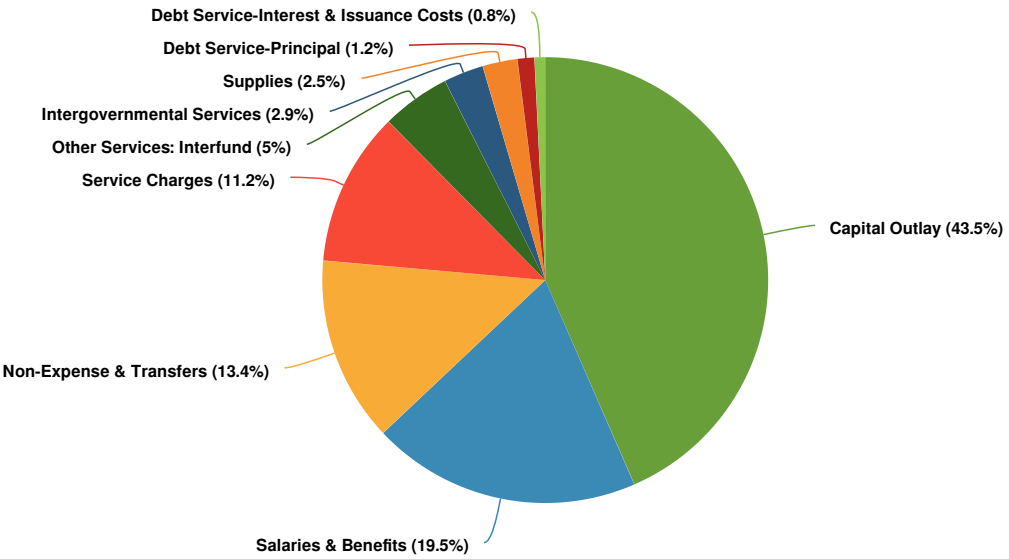
Budgeted and Historical Revenues by Source



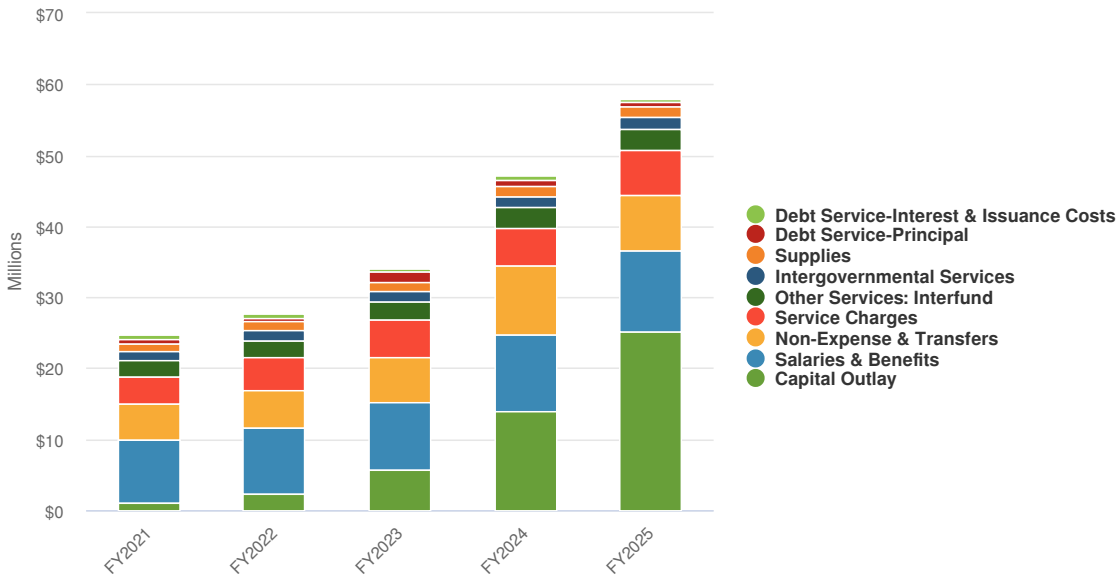
Name	FY2021 Actuals	FY2022 Actuals	FY2023 Actuals	FY2024 Amended	FY2025 Requested	FY2024 Amended vs. FY2025 Requested ($ Change)	FY2024 Amended vs. FY2025 Requested (% Change)
Revenue Source							
Taxes	$10,515,886	$11,165,188	$10,869,727	$10,649,911	$10,916,470	$266,559	2.5%
Licenses & Permits	$415,549	$396,199	$522,781	$421,745	$741,885	$320,140	75.9%
Intergovernmental Revenues	$1,844,539	$2,466,220	$1,000,983	$2,790,044	$6,146,091	$3,356,047	120.3%
Charges for Goods & Services	$10,244,819	$10,686,747	$11,331,249	$13,129,416	$15,932,195	$2,802,779	21.3%
Fines & Penalties		$100	$1,179			$0	N/A
Miscellaneous Revenues	$447,953	$526,601	$638,057	$515,427	$602,404	$86,977	16.9%
Other Increases in Fund Resources	$894,942	$132,913	$309,135	$887,200	$887,200	$0	0%
Enterprise & Fiduciary	$1,255,848	$1,192,256	$524,033	$1,477,000	$1,533,640	$56,640	3.8%
Transfers & Non-Revenues	$4,434,810	$5,297,832	$6,206,104	$13,174,700	$17,581,979	$4,407,279	33.5%
Total Revenue Source:	**$30,054,346**	**$31,864,056**	**$31,403,248**	**$43,045,443**	**$54,341,864**	**$11,296,421**	**26.2%**

Expenditures by Expense Type: Where Will the Money Go?

Budgeted Expenditures by Expense Type



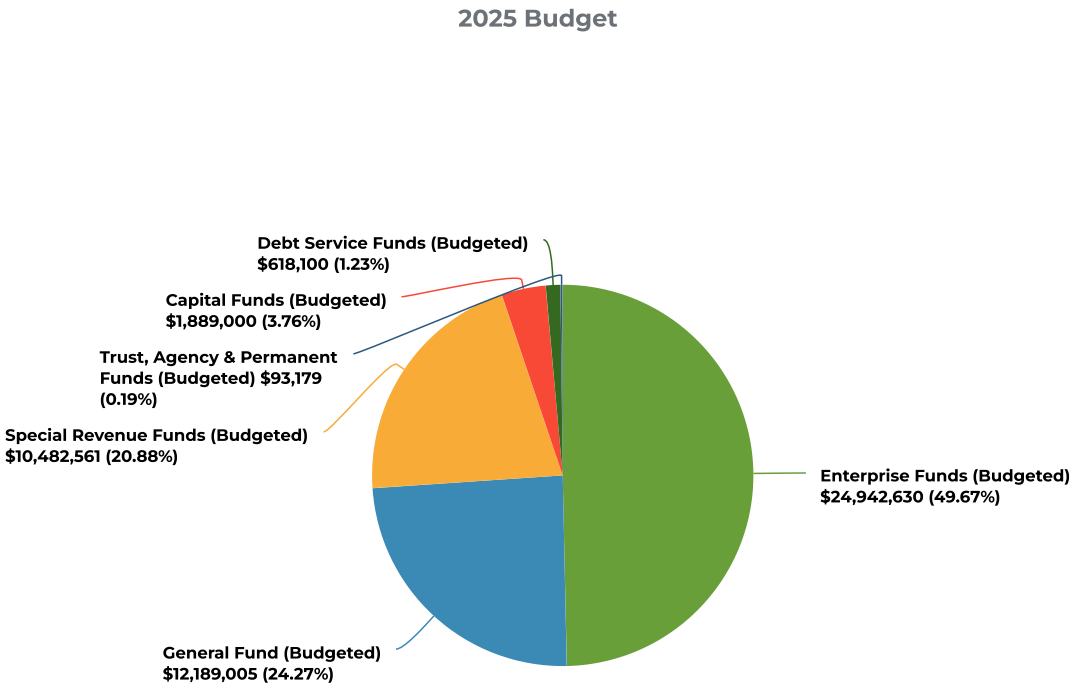
Budgeted and Historical Expenditures by Expense Type



Name	FY2021 Actuals	FY2022 Actuals	FY2023 Actuals	FY2024 Amended	FY2025 Requested	FY2024 Amended vs. FY2025 Requested ($ Change)	FY2024 Amended vs. FY2025 Requested (% Change)
Expense Objects							
Salaries & Benefits	$8,955,563	$9,355,379	$9,560,028	$10,934,523	$11,317,390	$382,867	3.5%
Supplies	$991,066	$1,309,970	$1,370,513	$1,359,861	$1,470,144	$110,283	8.1%
Service Charges	$3,949,262	$4,514,169	$5,219,468	$5,396,593	$6,486,159	$1,089,566	20.2%
Intergovernmental Services	$1,306,177	$1,373,631	$1,456,012	$1,589,710	$1,673,904	$84,194	5.3%
Capital Outlay	$1,014,684	$2,329,085	$5,620,896	$16,332,801	$25,211,664	$8,878,863	54.4%
Debt Service-Interest & Issuance Costs	$520,135	$526,821	$499,492	$568,904	$445,323	-$123,581	-21.7%
Non-Expense & Transfers	$4,969,126	$5,330,286	$6,421,249	$10,130,521	$7,798,121	-$2,332,400	-23%
Debt Service-Principal	$709,627	$573,949	$1,438,343	$887,927	$713,891	-$174,036	-19.6%
Other Services: Interfund	$2,318,542	$2,369,441	$2,527,441	$2,896,000	$2,896,000	$0	0%
Total Expense Objects:	**$24,734,182**	**$27,682,731**	**$34,113,442**	**$50,096,840**	**$58,012,596**	**$7,915,756**	**15.8%**



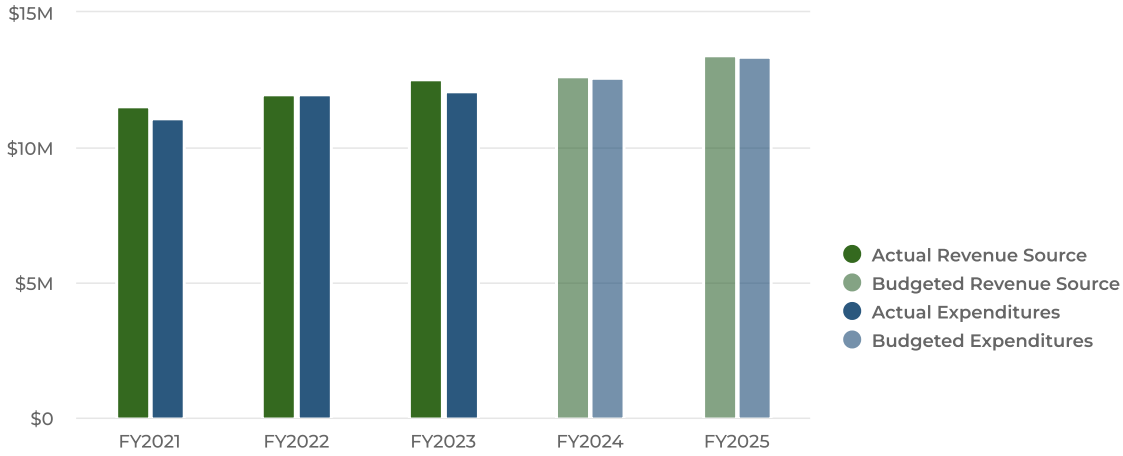
All City Programs Expenses - Excluding Transfers & Non-Expenses



Fund Categories	FY2021 Actuals	FY2022 Actuals	FY2023 Actuals	FY2024 Amended	FY2025 Requested	FY2024 Amended vs. FY2025 Requested ($ change)	FY2024 Amended vs. FY2025 Requested (% change)
General Fund	10,061,290	9,721,179	10,361,510	11,367,334	12,189,005	821,671	7.2%
Total General Fund	**10,061,290**	**9,721,179**	**10,361,510**	**11,367,334**	**12,189,005**	**821,671**	**7.2%**
Street Unrestricted	919,645	1,073,328	1,240,682	1,223,336	1,231,180	7,844	0.6%
Stormwater Unrestricted	142,198	137,754	152,995	172,363	155,218	(17,145)	-9.9%
Street Restricted	2,681,387	1,087,154	2,366,413	2,195,248	4,527,748	2,332,500	106.3%
Development Reserves	-	-	-	-	250,000	250,000	100.0%
Lodging Tax Hotel/Motel	447,521	414,025	448,143	593,944	589,142	(4,802)	-0.8%
StormWater Restricted	418,528	58,528	24,423	775,295	865,295	90,000	11.6%
Police Restricted	108,343	66,874	114,373	196,156	211,201	15,045	7.7%
Police Asset Seizure	15,000	-	-	15,000	15,000	-	0.0%
Parks Restricted	698,821	238,566	162,633	2,995,303	1,975,303	(1,020,000)	-34.1%
Arts & Culture-Arts Commission Programs	45,162	33,062	33,501	57,483	64,548	7,065	12.3%
Equipment Reserve	1,057,500	318,340	475,917	1,069,200	555,426	(513,774)	-48.1%
American Rescue Plan Act	-	92,610	363,256	405,300	-	(405,300)	-100.0%
Rainy Day Fund	435,000	472,316	-	-	-	-	0.0%
Total Special Revenue Funds	**6,969,105**	**3,992,557**	**5,382,335**	**9,698,628**	**10,440,061**	**741,433**	**7.6%**
Debt Service Fund-City Hall	657,926	655,075	1,507,025	660,096	618,100	(41,996)	-6.4%
Total Debt Service Funds	**657,926**	**655,075**	**1,507,025**	**660,096**	**618,100**	**(41,996)**	**-6.4%**
Capital Facilities Fund	661,283	188,121	349,050	2,220,000	1,889,000	(331,000)	-14.9%
Total Capital Funds	**661,283**	**188,121**	**349,050**	**2,220,000**	**1,889,000**	**(331,000)**	**-14.9%**
Water Unrestricted	1,761,449	2,008,698	1,994,419	2,199,580	2,348,264	148,684	6.8%
Sewer Unrestricted	3,749,246	4,468,175	4,470,176	4,601,383	4,773,932	172,549	3.7%
Water Restricted	1,390,409	943,097	2,149,087	5,635,073	4,289,929	(1,345,144)	-23.9%
Sewer Restricted	2,653,547	372,726	1,767,384	3,480,046	13,530,505	10,050,459	288.8%
Total Enterprise Funds	**9,554,651**	**7,792,696**	**10,381,067**	**15,916,082**	**24,942,630**	**9,026,548**	**56.7%**
Unemployment Compensation	98,000	2,019	16,365	40,000	40,000	-	0.0%
Intergovernmental Agency Fund	146,000	1,874	578	47,179	47,179	-	0.0%
Hall Park Fund	-	-	-	17,000	6,000	(11,000)	-64.7%
Total Trust, Agency & Permanent Funds	**244,000**	**3,893**	**16,942**	**104,179**	**93,179**	**(11,000)**	**-10.6%**
TOTAL	**28,148,255**	**22,353,521**	**27,997,928**	**39,966,319**	**50,171,975**	**10,205,656**	**25.5%**

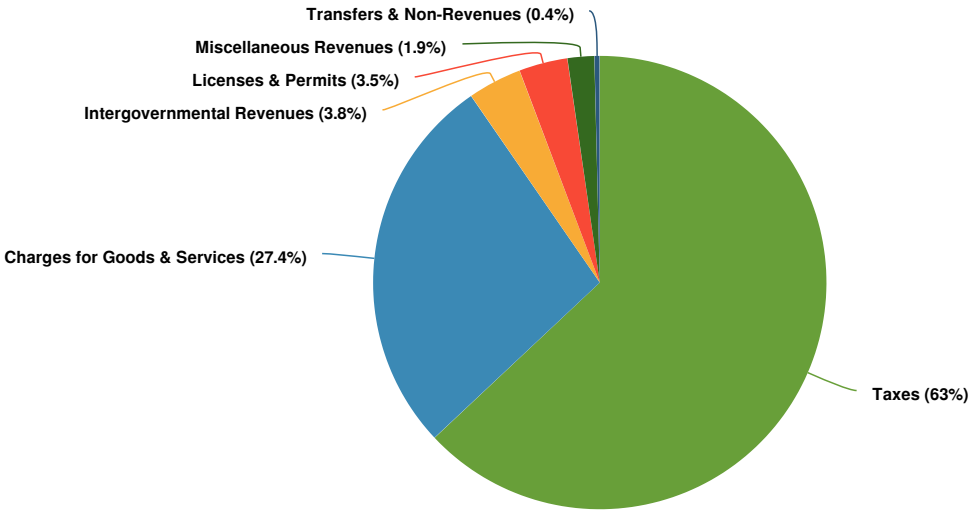
Summary

The City of Sequim is projecting $13.47M of revenue in FY2025, which represents a 5.9% increase over the prior year. Budgeted expenditures are projected to increase by 5.8% or $740.27K to $13.41M in FY2025.

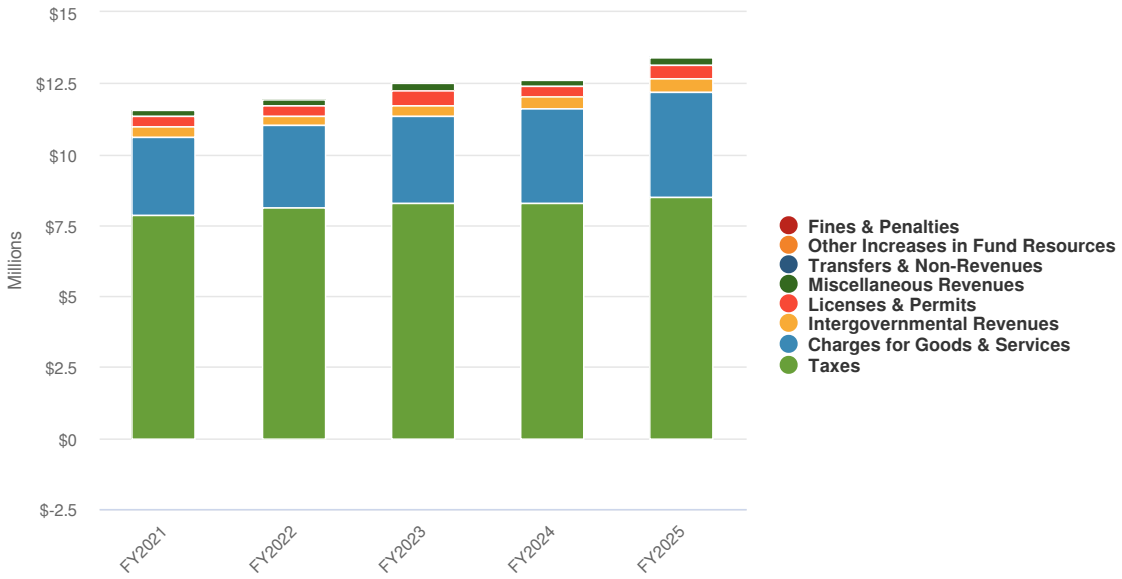


General Fund Revenues

Projected Revenues by Source



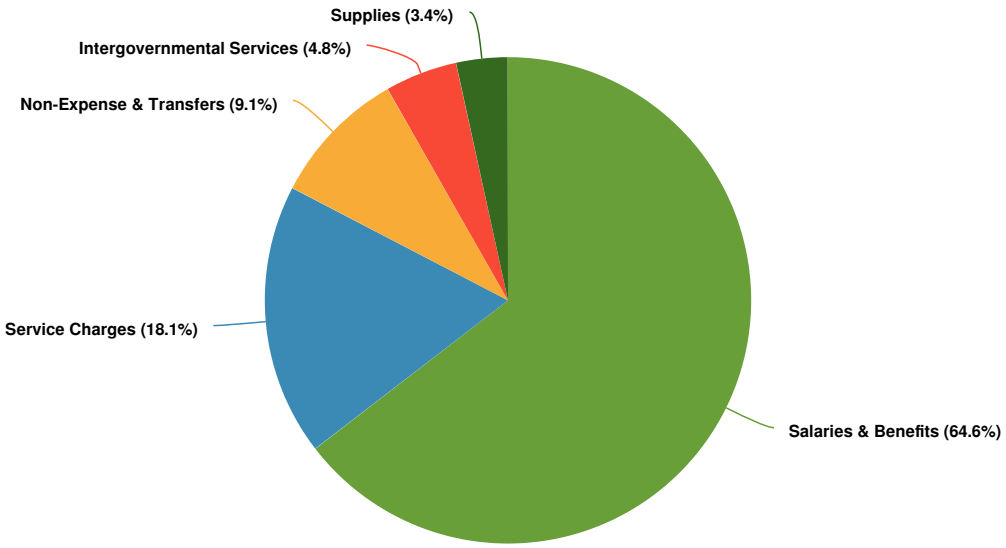
Budgeted and Historical Revenues by Source



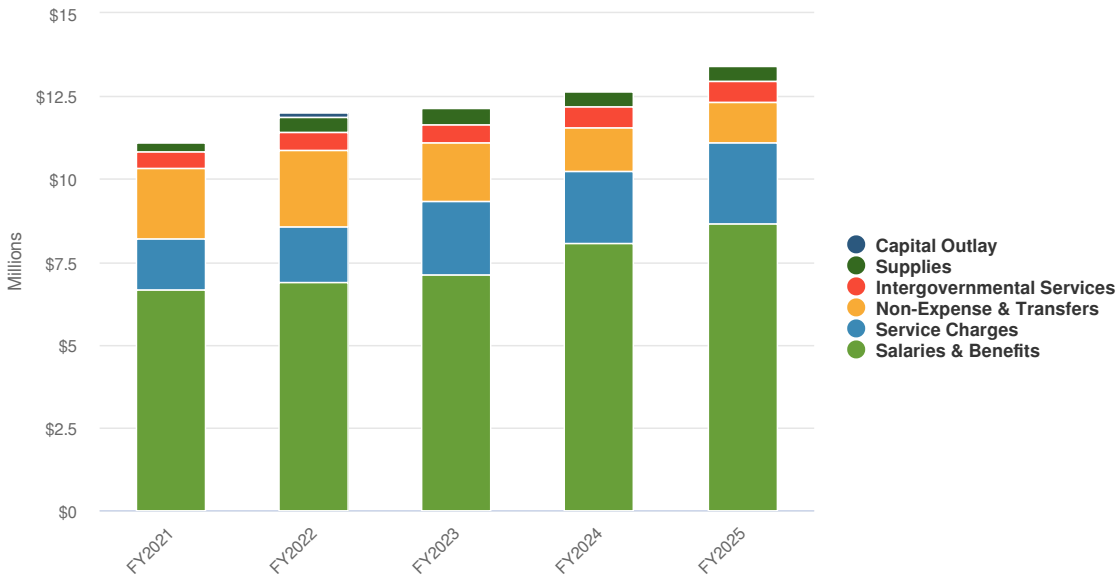
Name	FY2021 Actuals	FY2022 Actuals	FY2023 Actuals	FY2024 Amended	FY2025 Requested	FY2024 Amended vs. FY2025 Requested ($ Change)	FY2024 Amended vs. FY2025 Requested (% Change)
Revenue Source							
Taxes	$7,868,139	$8,146,297	$8,261,979	$8,280,019	$8,486,619	$206,600	2.5%
Licenses & Permits	$404,165	$363,172	$513,845	$375,745	$467,385	$91,640	24.4%
Intergovernmental Revenues	$339,627	$317,593	$392,326	$413,917	$518,435	$104,518	25.3%
Charges for Goods & Services	$2,761,960	$2,906,207	$3,064,465	$3,393,066	$3,689,194	$296,128	8.7%
Fines & Penalties		$100	$1,179			$0	N/A
Miscellaneous Revenues	$169,077	$188,378	$279,210	$211,469	$257,738	$46,269	21.9%
Other Increases in Fund Resources	-$43	$2,275	$5,776			$0	N/A
Transfers & Non-Revenues	$34,637	$50,646	$18,802	$40,000	$50,000	$10,000	25%
Total Revenue Source:	**$11,577,563**	**$11,974,668**	**$12,537,582**	**$12,714,216**	**$13,469,371**	**$755,155**	**5.9%**

General Fund Expenditures

Budgeted Expenditures by Expense Type



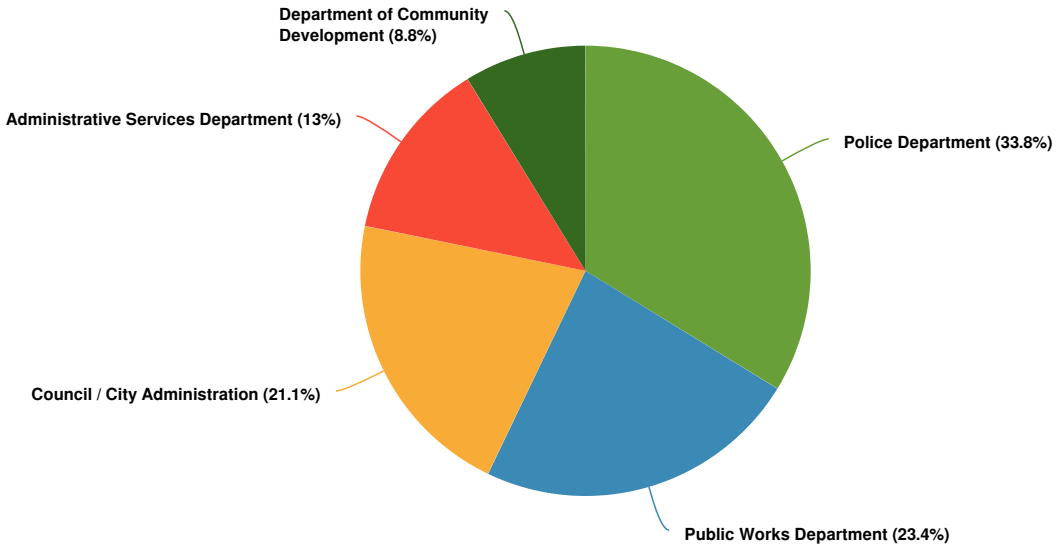
Budgeted and Historical Expenditures by Expense Type



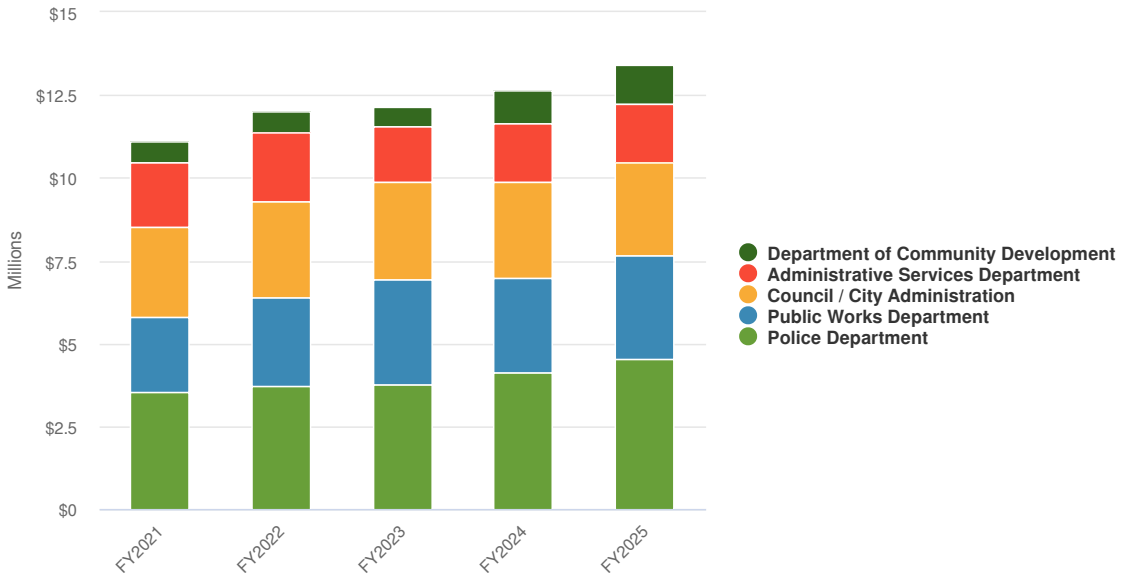
Name	FY2021 Actuals	FY2022 Actuals	FY2023 Actuals	FY2024 Amended	FY2025 Requested	FY2024 Amended vs. FY2025 Requested ($ Change)	FY2024 Amended vs. FY2025 Requested (% Change)
Expense Objects							
Salaries & Benefits	$6,647,206	$6,875,231	$7,123,441	$8,135,692	$8,661,198	$525,506	6.5%
Supplies	$287,122	$456,504	$469,641	$439,652	$460,701	$21,049	4.8%
Service Charges	$1,556,901	$1,706,594	$2,189,552	$2,172,109	$2,423,831	$251,722	11.6%
Intergovernmental Services	$506,785	$555,094	$578,876	$619,881	$643,275	$23,394	3.8%
Capital Outlay		$127,756				$0	N/A
Non-Expense & Transfers	$2,114,300	$2,298,540	$1,775,710	$1,306,200	$1,224,800	-$81,400	-6.2%
Total Expense Objects:	$11,112,313	$12,019,719	$12,137,220	$12,673,534	$13,413,805	$740,271	5.8%

General Fund Expenditures by Department

Budgeted Expenditures by Department



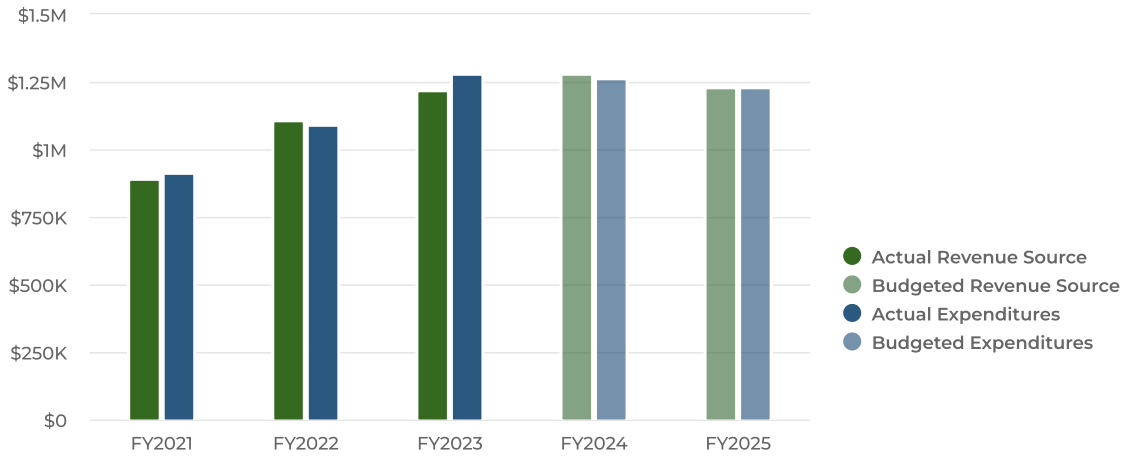
Budgeted and Historical Expenditures by Department



Name	FY2021 Actuals	FY2022 Actuals	FY2023 Actuals	FY2024 Amended	FY2025 Requested	FY2024 Amended vs. FY2025 Requested ($ Change)	FY2024 Amended vs. FY2025 Requested (% Change)
Expenditures							
Council / City Administration	$2,737,781	$2,906,002	$2,986,657	$2,901,143	$2,824,725	-$76,418	-2.6%
Police Department	$3,539,315	$3,717,595	$3,778,427	$4,116,948	$4,530,274	$413,326	10%
Department of Community Development	$629,758	$660,281	$596,665	$963,505	$1,178,189	$214,684	22.3%
Administrative Services Department	$1,950,547	$2,051,093	$1,641,552	$1,791,616	$1,746,152	-$45,464	-2.5%
Public Works Department	$2,254,912	$2,684,749	$3,133,918	$2,900,322	$3,134,465	$234,143	8.1%
Total Expenditures:	**$11,112,313**	**$12,019,719**	**$12,137,220**	**$12,673,534**	**$13,413,805**	**$740,271**	**5.8%**

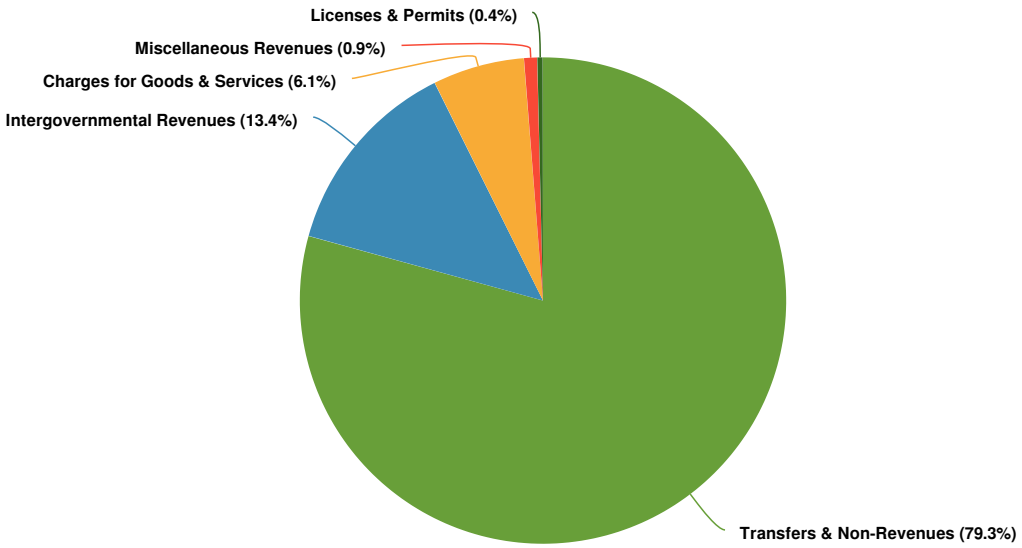
Summary

The City of Sequim is projecting $1.23M of revenue in FY2025, which represents a 3.9% decrease over the prior year. Budgeted expenditures are projected to decrease by 2.9% or $37.16K to $1.23M in FY2025.

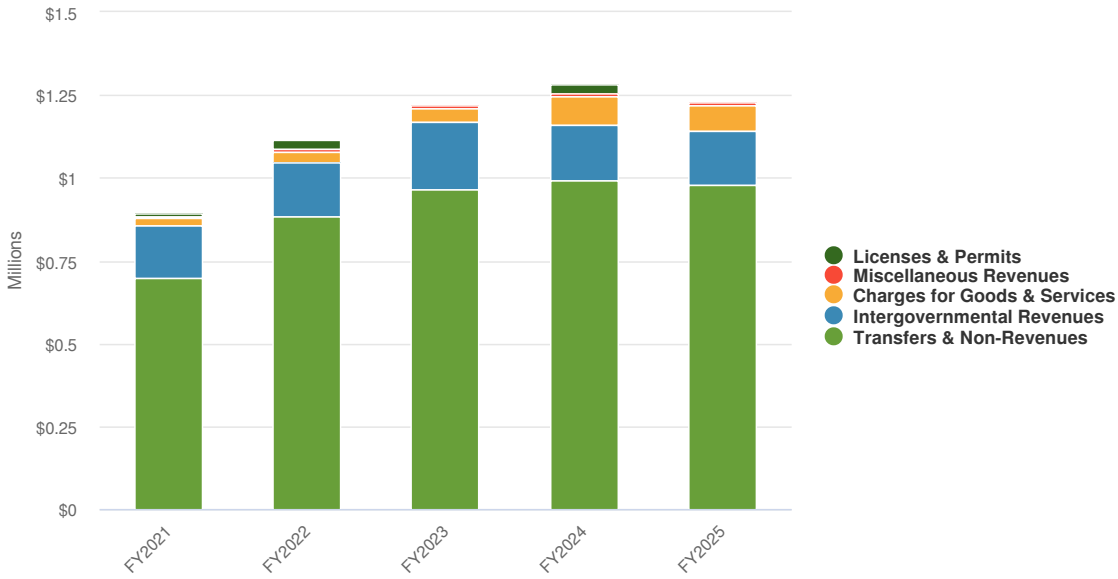


Streets Operating Revenues

Projected Revenues by Source



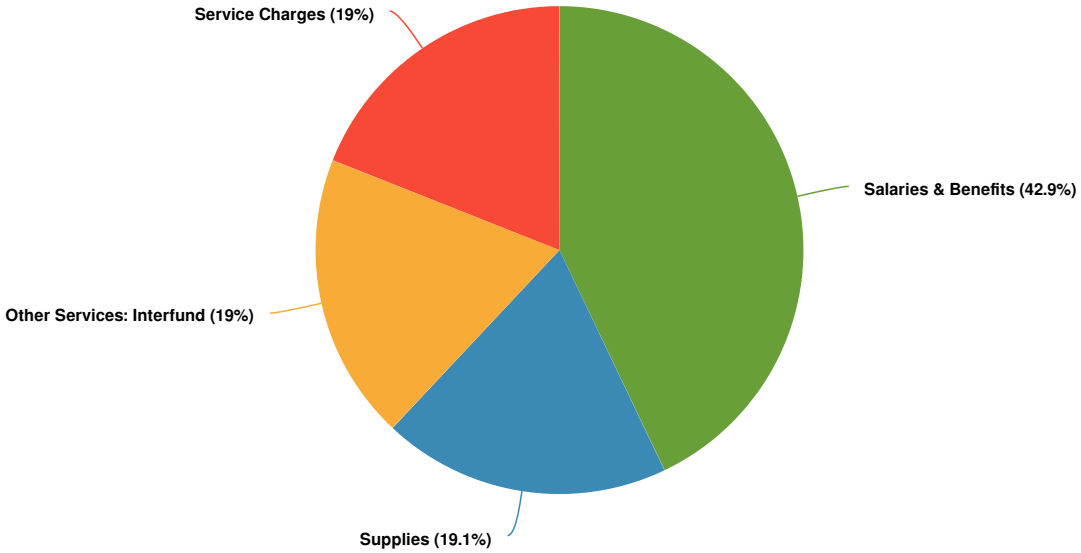
Budgeted and Historical Revenues by Source



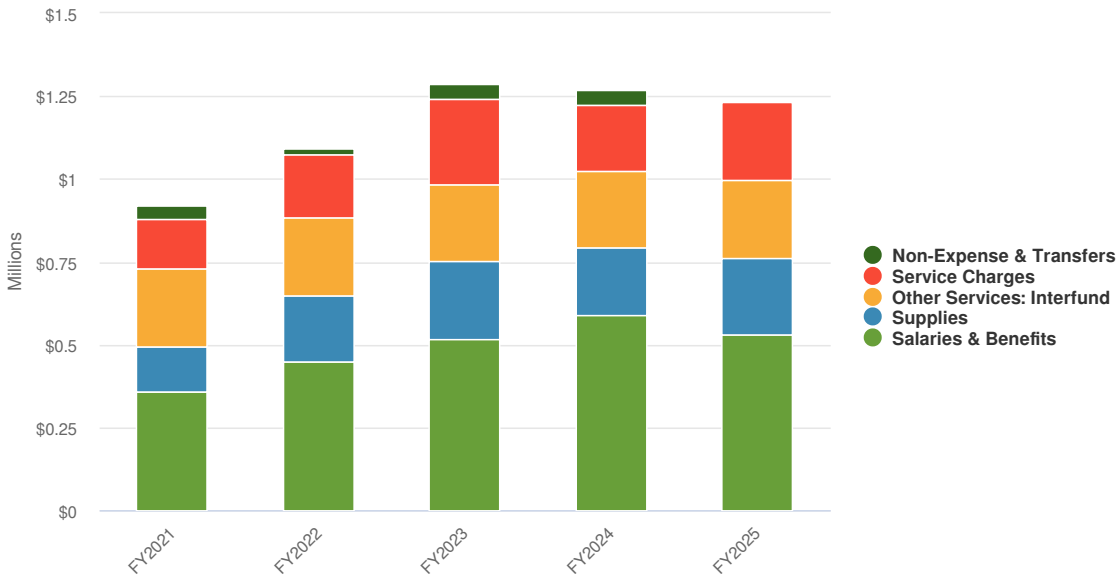
Name	FY2021 Actuals	FY2022 Actuals	FY2023 Actuals	FY2024 Amended	FY2025 Requested	FY2024 Amended vs. FY2025 Requested ($ Change)	FY2024 Amended vs. FY2025 Requested (% Change)
Revenue Source							
Licenses & Permits	$6,682	$27,613	$4,531	$26,000	$4,500	-$21,500	-82.7%
Intergovernmental Revenues	$160,731	$163,240	$203,217	$170,373	$164,679	-$5,694	-3.3%
Charges for Goods & Services	$23,231	$31,002	$38,494	$83,101	$75,101	-$8,000	-9.6%
Miscellaneous Revenues	$4,296	$8,487	$8,313	$10,820	$10,820	$0	0%
Transfers & Non-Revenues	$697,335	$883,022	$967,392	$992,000	$977,000	-$15,000	-1.5%
Total Revenue Source:	$892,275	$1,113,363	$1,221,947	$1,282,294	$1,232,100	-$50,194	-3.9%

Streets Operating Expenditures

Budgeted Expenditures by Expense Type



Budgeted and Historical Expenditures by Expense Type



Name	FY2021 Actuals	FY2022 Actuals	FY2023 Actuals	FY2024 Amended	FY2025 Requested	FY2024 Amended vs. FY2025 Requested ($ Change)	FY2024 Amended vs. FY2025 Requested (% Change)
Expense Objects							
Salaries & Benefits	$358,018	$450,072	$517,243	$589,650	$528,465	-$61,185	-10.4%
Supplies	$137,192	$197,321	$235,034	$202,105	$234,835	$32,730	16.2%
Service Charges	$149,384	$190,992	$256,000	$197,581	$233,880	$36,299	18.4%
Non-Expense & Transfers	$39,232	$19,000	$45,000	$45,000	$0	-$45,000	-100%
Other Services: Interfund	$234,886	$234,943	$232,406	$234,000	$234,000	$0	0%
Total Expense Objects:	**$918,712**	**$1,092,328**	**$1,285,682**	**$1,268,336**	**$1,231,180**	**-$37,156**	**-2.9%**

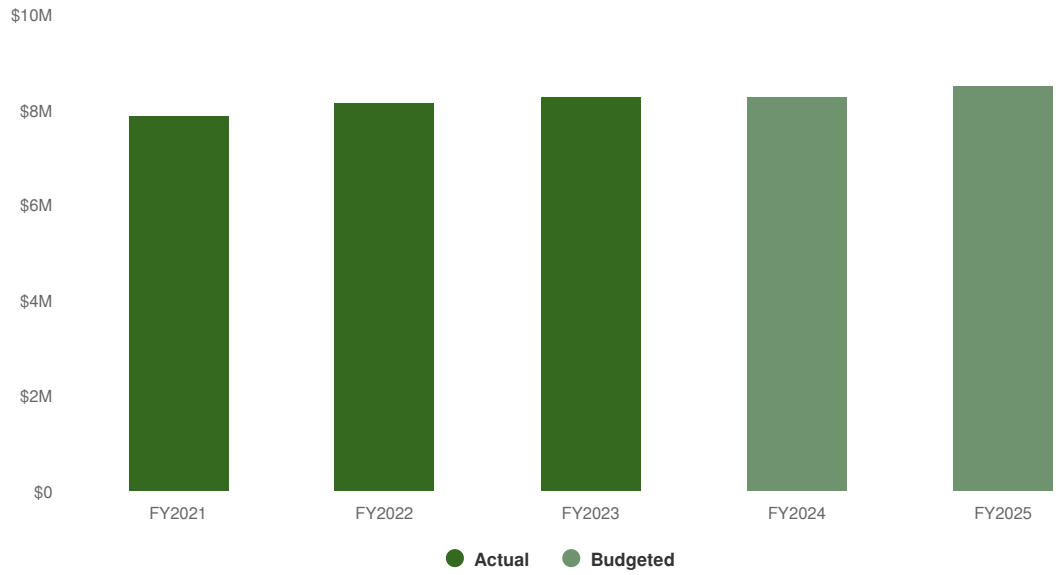


FUNDING SOURCES

General Fund Revenues - Taxes Including B&O

$8,486,619 $206,600
(2.50% vs. prior year)

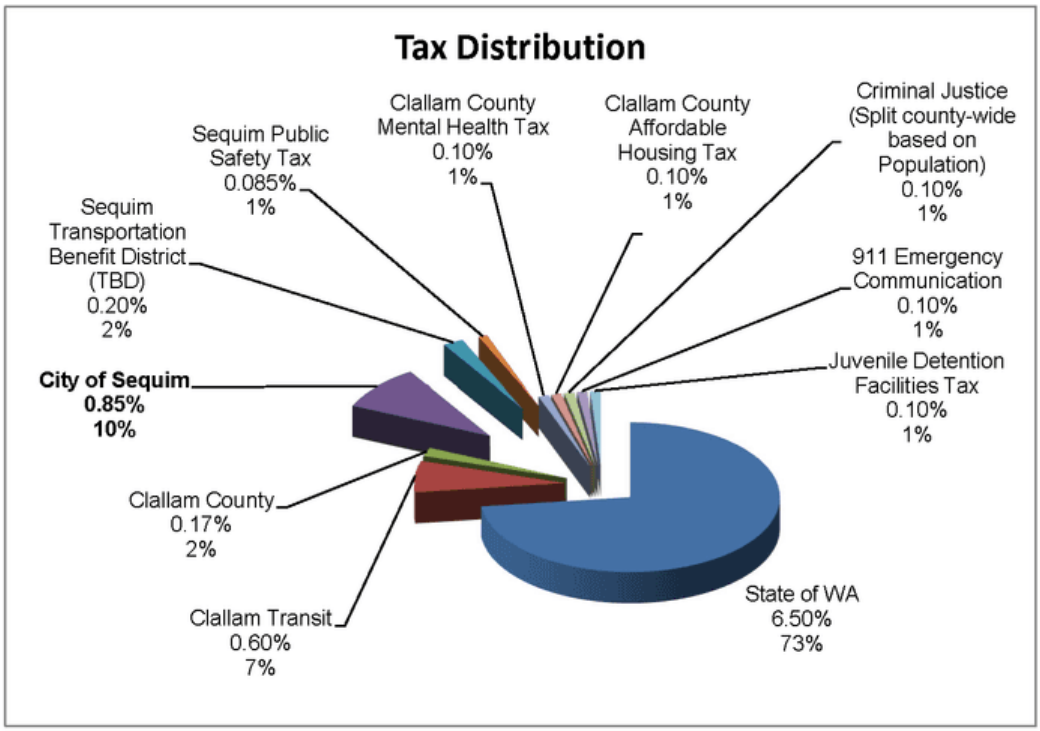
General Fund Revenues Proposed and Historical Budget vs. Actual



Revenues by Source

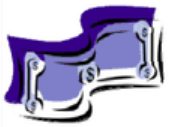
Name	FY2021 Actuals	FY2022 Actuals	FY2023 Actuals	FY2024 Amended	FY2025 Requested	FY2024 Amended vs. FY2025 Requested ($ Change)	FY2024 Amended vs. FY2025 Requested (% Change)
Revenue Source							
Taxes							
All City & General Fund Summary							
Real & Personal Property Tax	$1,667,891	$1,714,954	$1,766,967	$1,818,840	$1,870,180	$51,340	2.8%
Sales & Use Tax	$4,224,238	$4,372,721	$4,352,846	$4,320,017	$4,373,937	$53,920	1.2%
WATER B&O	$212,129	$223,401	$240,801	$228,843	$255,250	$26,407	11.5%
SEWER B&O	$372,459	$378,491	$415,752	$405,000	$442,718	$37,718	9.3%
Electric-BusinessOccTax	$712,713	$761,168	$769,036	$804,940	$784,579	-$20,361	-2.5%
Garbage-BusinessOccTa	$227,946	$239,993	$250,093	$245,620	$287,273	$41,653	17%
Cable-BusinessOccTax	$119,317	$86,062	$80,442	$86,062	$91,337	$5,275	6.1%
Telephone-Business Occ Tax	$110,810	$129,102	$136,447	$130,000	$136,447	$6,447	5%
Leasehold Excise Tax	$51,082	$55,313	$60,298	$53,955	$55,380	$1,425	2.6%
Interest on Excise Tax	$0					$0	N/A
Total All City & General Fund Summary:	$7,698,584	$7,961,203	$8,072,682	$8,093,277	$8,297,101	$203,824	2.5%
Police Department							
Criminal Justice Tax	$169,555	$185,093	$189,296	$186,742	$189,518	$2,776	1.5%
Total Police Department:	$169,555	$185,093	$189,296	$186,742	$189,518	$2,776	1.5%
Total Taxes:	$7,868,139	$8,146,297	$8,261,979	$8,280,019	$8,486,619	$206,600	2.5%
Total Revenue Source:	$7,868,139	$8,146,297	$8,261,979	$8,280,019	$8,486,619	$206,600	2.5%

8.90% Sales Tax Distribution - Within The City Limits



Distribution of Sales Tax Dollars		Estimated Annual Sequim Sales	Estimated Tax Revenue Generated
Total Tax %	**8.90%**	***$514,580,824***	***$45,797,693***
State of WA	6.50%		*33,447,754*
Clallam Transit	0.60%		*3,087,485*
Clallam County	0.17%		*849,058*
City of Sequim	**0.85%**		***4,373,937***
Sequim Transportation Benefit District (TBD)	0.20%		*1,029,162*
Sequim Public Safety Tax	0.085%		*437,394*
Clallam County Mental Health Tax	0.10%		*514,581*
Clallam County Affordable Housing Tax	0.10%		*514,581*
Criminal Justice (Split county-wide based on Population)	0.10%		*514,581*
911 Emergency Communication	0.10%		*514,581*
Juvenile Detention Facilities Tax	0.10%		*514,581*

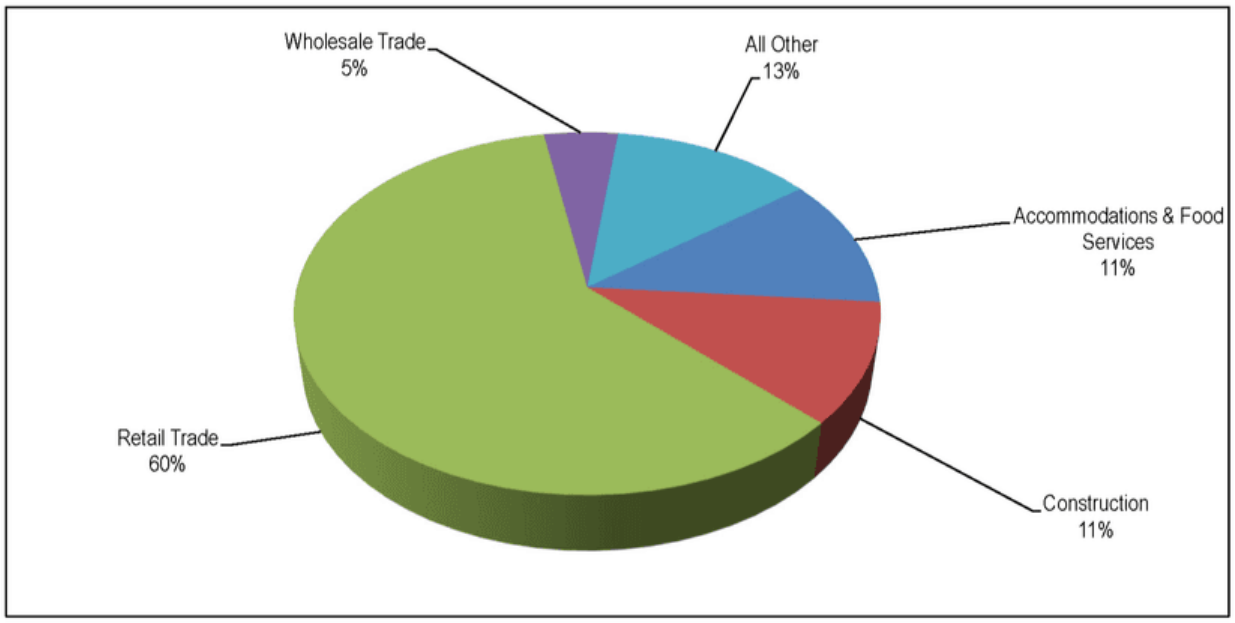
2025 Example of Sales Tax Collection



Sequim Sale	Total Sales Tax	State Share	All Other Share	City Of Sequim Share
$1,000	*$89*	*$65*	*$13*	***$11***
$5,000	*$445*	*$325*	*$63*	***$57***
$10,000	*$890*	*$650*	*$127*	***$114***
$25,000	*$2,225*	*$1,625*	*$316*	***$284***

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.

Annual Sales Tax by Industry - Estimate based on 2024 Forecast



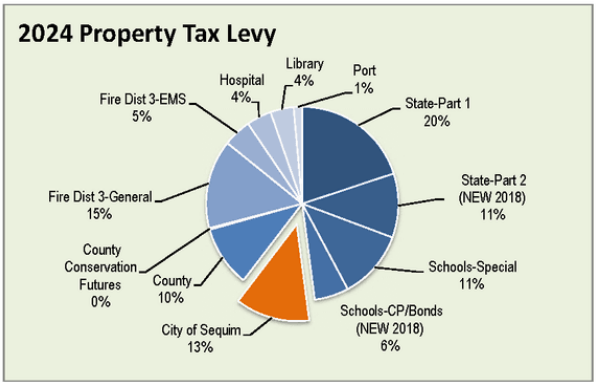
	2020 Actuals	2021 Actuals	2022 Actuals	2023 Actuals	2024 Forecast	2025 Budget	2025-2024 Amount	%
Accommodations & Food Services	379,028	475,437	516,988	556,380	501,651			
Construction	293,034	425,159	409,737	369,064	467,054	Budget detail		
Retail Trade	2,370,048	2,675,324	2,690,394	2,706,169	2,607,718	by Industry not		
Wholesale Trade	120,375	124,503	189,685	173,491	203,255	available		
All Other	420,230	542,908	575,241	539,632	553,545			
State Adjustments	(25,186)	(19,095)	(9,325)	8,111	(8,649)			
Total	**$ 3,557,529**	**$ 4,224,237**	**$ 4,372,720**	**$ 4,352,848**	**$ 4,324,574**	**$ 4,373,937**	**$ 49,363**	**1.14%**
Estimated Annual Sequim Sales	*$ 418,532,824*	*$ 496,969,059*	*$ 514,437,647*	*$ 512,099,765*	*$ 508,773,412*	*$ 514,580,824*		

Distribution of Sequim Property Tax Dollars

	2022			2023			2024		
Taxing District	Levy Rate per $1,000 Valuation	Percent of Levy	Tax on a $300k Home	Levy Rate per $1,000 Valuation	Percent of Levy	Tax on a $300k Home	Levy Rate per $1,000 Valuation	Percent of Levy	Tax on a $300k Home
State-Part 1	1.793	19%	538	1.562	20%	469	1.508	20%	452
State-Part 2 (NEW 2018)	0.966	10%	290	0.835	11%	251	0.809	11%	243
Schools-Special	1.109	12%	333	0.903	12%	271	0.867	11%	260
Schools-CP/Bonds (NEW 2018)	0.562	6%	169	0.455	6%	136	0.434	6%	130
City of Sequim	**1.148**	**12%**	**344**	**0.977**	**12%**	**293**	**0.946**	**13%**	**284**
County	0.988	11%	297	0.813	10%	244	0.771	10%	231
County Conservation Futures	0.023	0%	7	0.019	0%	6	0.018	0%	5
Fire Dist 3-General	1.279	14%	384	1.132	14%	340	1.120	15%	336
Fire Dist 3-EMS	0.453	5%	136	0.370	5%	111	0.354	5%	106
Hospital	0.406	4%	122	0.334	4%	100	0.318	4%	95
Library	0.376	4%	113	0.309	4%	93	0.294	4%	88
Port	0.137	1%	41	0.113	1%	34	0.111	1%	33
Total Levy	**9.241**	**100%**	**2,772**	**7.822**	**100%**	**2,347**	**7.550**	**100%**	**2,265**

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.

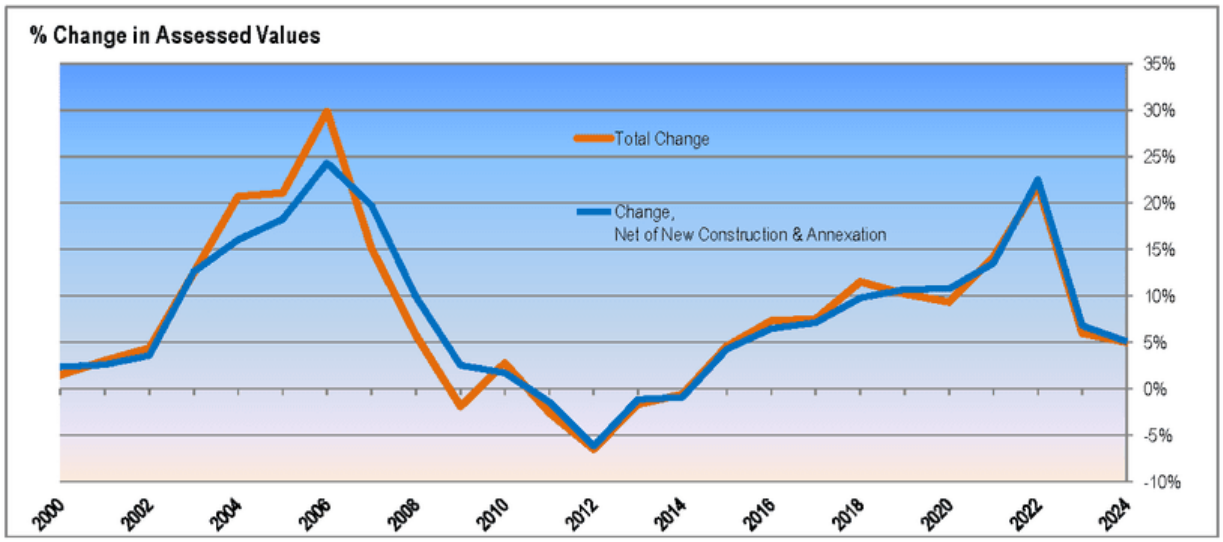
C. The City may levy taxes below the legal limit. Special levies approved by the voters are not subject to the above limitations.

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.

Assessed Values

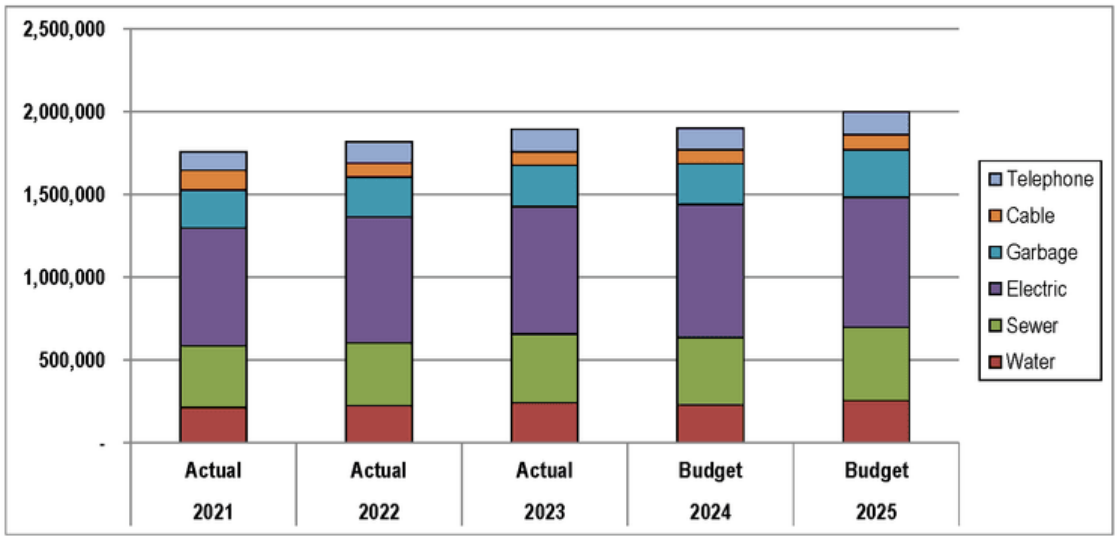
Assessment Yr.	Collection Yr.	Total Tax Collections	Total Assessed Valuation (incl. New Construction & Annexation)	New Construction	Annexation	Total Change	Change, Net of New Construction & Annexation
2024	2025	1,870,180	2,024,906,046	25,000,000		5.00%	5.06%
2023	2024	1,824,528	1,928,481,949	24,894,716		5.96%	6.75%
2022	2023	1,778,659	1,820,084,367	36,914,025	-	21.89%	22.51%
2021	2022	1,714,128	1,493,196,143	37,649,354	-	14.15%	13.51%
2020	2021	1,664,763	1,308,100,815	25,769,571	-	9.31%	10.76%
2019	2020	1,611,688	1,196,659,049	38,898,334	-	10.20%	10.69%
2018	2019	1,538,503	1,085,922,040	39,986,813	-	11.50%	9.78%
2017	2018	1,462,655	973,941,010	21,181,704	-	7.49%	7.12%
2016	2017	1,413,614	906,086,629	16,658,560	-	7.33%	6.45%
2015	2016	1,379,800	844,245,082	8,524,443	201,044	4.55%	4.26%
2014	2015	1,354,031	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 values.

Public Utility Tax - by Public Utility

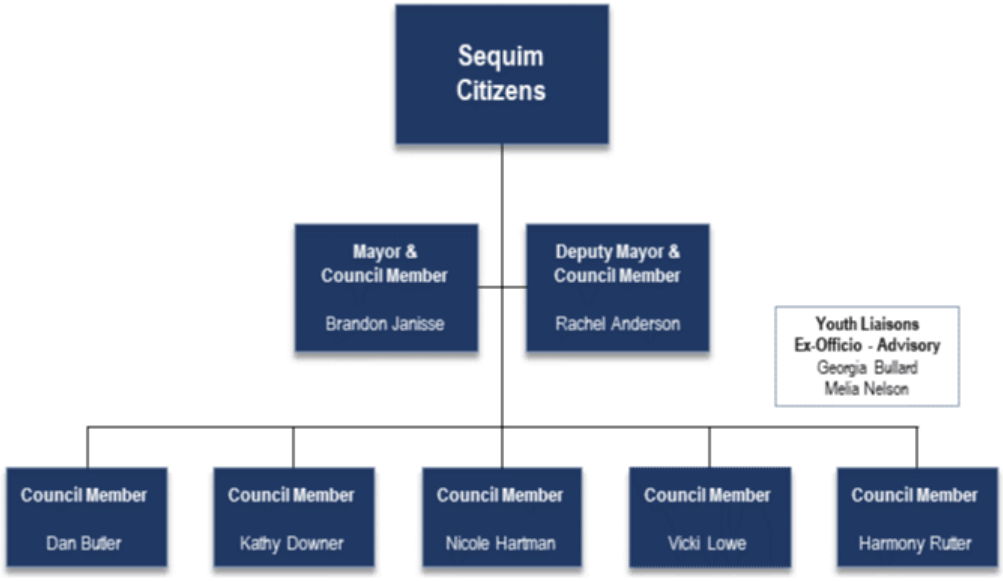


Tax Rate*	Public Utility	2021 Actual	2022 Actual	2023 Actual	2024 Budget	2025 Budget	2025-2024 Amount	%
8%	Water	212,129	223,401	240,801	228,843	255,250	26,407	12%
8%	Sewer	372,459	378,491	415,752	405,000	442,718	37,718	9%
6%	Electric	712,713	761,168	769,036	804,940	784,579	(20,361)	-3%
8%	Garbage	227,946	239,993	250,093	245,620	287,273	41,653	17%
5%	Cable	119,317	86,062	80,442	86,062	91,337	5,275	6%
6%	Telephone	110,810	129,102	136,447	130,000	136,447	6,447	5%
	Total	$ 1,755,373	$ 1,818,216	$ 1,892,572	$ 1,900,465	$ 1,997,604	$ 97,139	5%

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

DEPARTMENTS

City Council Organization



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



City Council

Department Description
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 before the regular meeting, if necessary, to devote extra study to an issue.

Mission
The mission of the City Council is to provide quality, cost-effective services and facilities to build an exceptional community and a great place to live.

Key Goals

- Economic Development
- Housing
- Parks
- Transportation

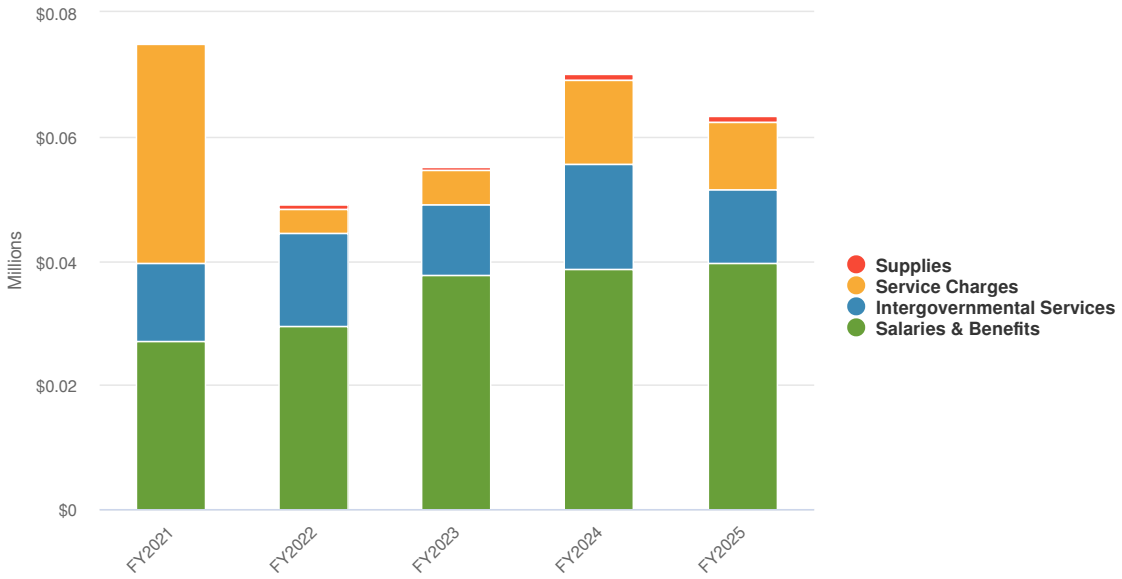
Summary

Expenditure Summary
This budget decreased by $7k (10%) from the 2024 Budget due to the net effect of an increase in Council member stipends (as determined by the Council Salary Commission) and decreases in training-related travel and voter registration costs.



City Council Expenditures

Budgeted and Historical Expenditures by Expense Type



Name	FY2021 Actuals	FY2022 Actuals	FY2023 Actuals	FY2024 Amended	FY2025 Requested	FY2024 Amended vs. FY2025 Requested ($ Change)	FY2024 Amended vs. FY2025 Requested (% Change)
Expense Objects							
Salaries & Benefits	$27,124	$29,499	$37,616	$38,624	$39,578	$954	2.5%
Supplies	$17	$890	$548	$1,000	$1,000	$0	0%
Service Charges	$35,378	$3,714	$5,463	$13,450	$10,800	-$2,650	-19.7%
Intergovernmental Services	$12,461	$15,055	$11,532	$17,000	$12,000	-$5,000	-29.4%
Total Expense Objects:	$74,981	$49,158	$55,159	$70,074	$63,378	-$6,696	-9.6%

City Administration Organization

City Manager
Matthew Huish

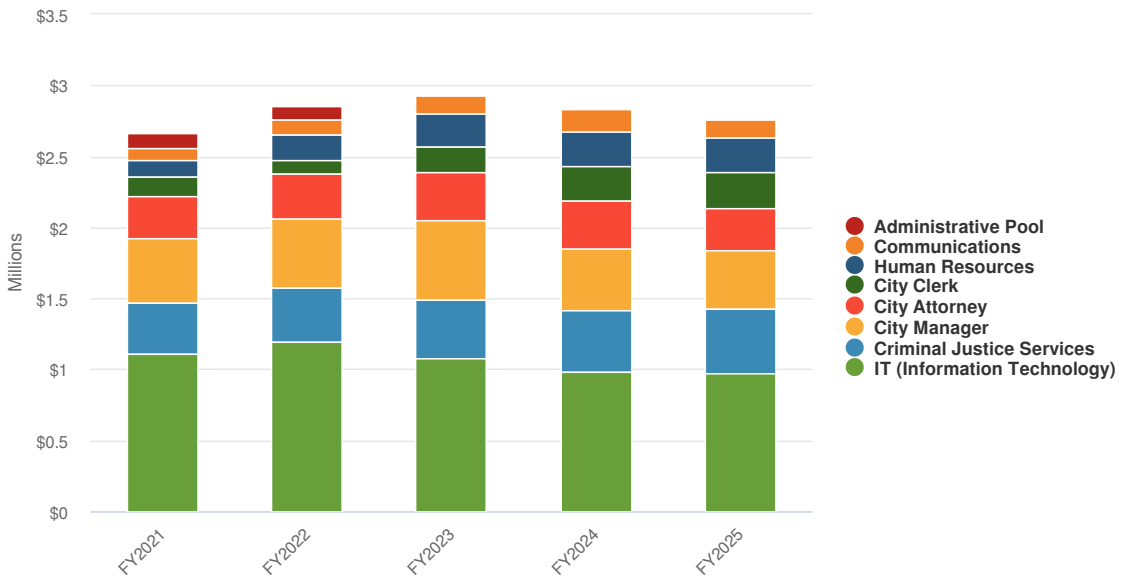
Community Development	Admin. Services	Police Department	Legal Department	Commun. & Marketing	Human Resources	Public Works
• Planning • Zoning • Economic Develop-ment	• Finance • Utility Billing	• Public Safety • Code Compliance	• Clerk Office • Regulations • Contracts	• Media • Website • Social Media • Tourism	• Hiring • Employee Policy	• Engineering • Streets • Sewer • Water • Parks
Lindsey Sehmel	Sue Hagener	Michael Hill	Kristina Nelson-Gross	Barbara Hanna	Emily Stednick	Paul Bucich



City Administration Department Overview

City Administration Expenditures

Budgeted and Historical Expenditures by Function



Name	FY2021 Actuals	FY2022 Actuals	FY2023 Actuals	FY2024 Amended	FY2025 Requested	FY2024 Amended vs. FY2025 Requested ($ Change)	FY2024 Amended vs. FY2025 Requested (% Change)
Expenditures							
Council / City Administration							
City Clerk	$138,914	$89,671	$180,547	$239,915	$252,653	$12,738	5.3%
City Manager	$457,978	$485,319	$555,933	$426,053	$422,452	-$3,601	-0.8%
City Attorney	$292,698	$321,690	$344,055	$341,403	$289,837	-$51,566	-15.1%
Communications	$92,993	$112,164	$128,743	$154,206	$132,022	-$22,184	-14.4%
Human Resources	$113,034	$177,878	$226,491	$248,560	$241,716	-$6,844	-2.8%
Administrative Pool	$99,450	$93,700	$4,179			$0	N/A
Criminal Justice Services	$357,808	$380,502	$416,425	$435,581	$451,700	$16,119	3.7%
IT (Information Technology)	$1,109,925	$1,195,918	$1,075,126	$985,351	$970,967	-$14,384	-1.5%
Total Council / City Administration:	$2,662,800	$2,856,844	$2,931,499	$2,831,069	$2,761,347	-$69,722	-2.5%
Total Expenditures:	$2,662,800	$2,856,844	$2,931,499	$2,831,069	$2,761,347	-$69,722	-2.5%

City Manager

Department Description
The City Manager's Office (CMO) implements and operationalizes policy decisions from the City Council. The CMO provides organizational, management and strategic direction to all city departments and staff. Additionally, the CMO is responsible for preparing a proposed annual budget and long-range financial plan to City Council for their review and approval. The CMO is committed to utilizing data and analytics for all business decisions to support its vision, mission and foundational values (see below). The CMO also works closely with elected officials, city designated commissions and committees, community businesses, public agencies, Tribal leadership, resident/volunteer groups, and other organized entities.

Vision
To be Washington's most sought-after city to work and live in.

Mission
To provide maximum VALUE to our community by:

- Providing high-quality municipal services
- Ensuring superb customer (co-workers, citizens, businesses) satisfaction
- Decreasing costs through technology and improved efficiencies discovered through continual process improvement

Foundational Values

- Honesty, Integrity, Fairness
- Customer Centric, Clear Communication
- Teamwork, Collaboration
- State-of-the-art Technology, Equipment, Tools
- Data Analytics, CQI, Decision Support
- Engagement, Ownership, Solution Orientation
- Strong Work, Commitment, Ethics
- Ongoing Personal, Professional Learning
- Professional Competency, Subject Matter Expertise

Key Goals

- **Enhance Customer-Centric Experience:** Enhance "customer-centric experience" for employees, residents, and businesses through re-engineering all touchpoints to increase efficient and exceptional exchanges.
- **Digital Transformation:** Continued focus and strategic commitment to "digital transformation" and innovative advancements through state-of-the-art hardware, software, artificial intelligence, and analytical opportunities.
- **Municipal Infrastructure:** Concentrated commitment to our mission of providing excellent "municipal infrastructure" and services to our residents through our Comprehensive Plan and deployment of our Master Plans.
- **Managed Growth and Development:** Implement the Comprehensive Plan to support "managed growth and development" through strategic municipal code amendments and execution of capital projects.
- **Continued Process Improvement:** Commitment to "continued process improvement" in all city operations to ensure efficiencies, data-driven decisions, return-on-investment opportunities, while lowering costs.

Summary

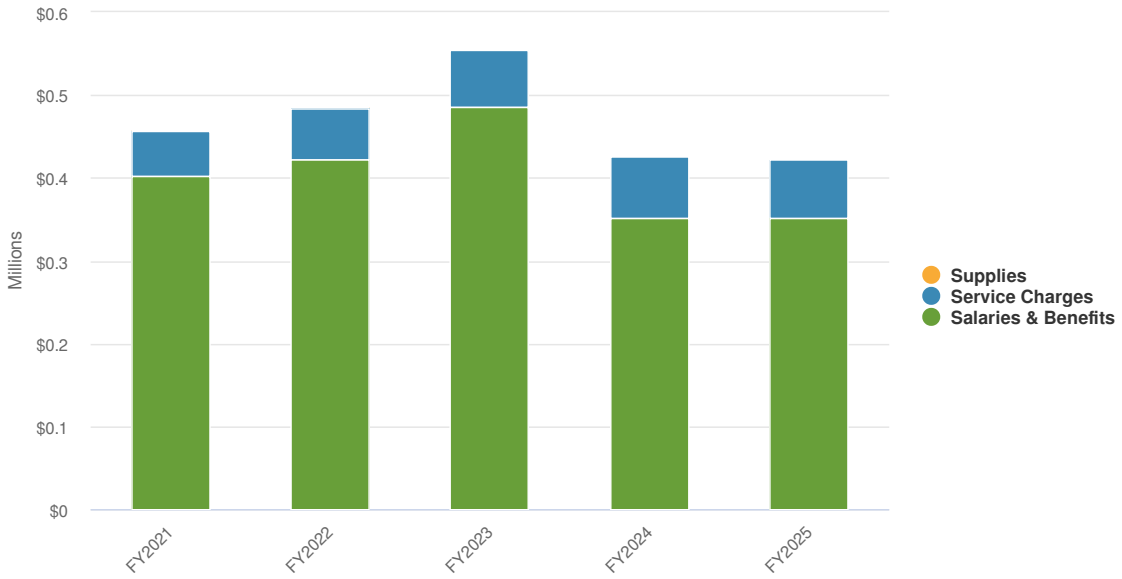
Expenditure Summary

The CMO budget has decreased by $4k (1%) from the 2024 Budget primarily due to a decrease in training/travel. Although the salary and benefit expenses appear flat from the year prior, there was a 3% increase in salaries - per Council approval and consistent with the June 2024 Consumer Price Index (CPI) - but also a corresponding reduction in benefit expenses – namely health insurance – because of our designation as a 'Well City'.



City Manager Expenditures

Budgeted and Historical Expenditures by Expense Type



Name	FY2021 Actuals	FY2022 Actuals	FY2023 Actuals	FY2024 Amended	FY2025 Requested	FY2024 Amended vs. FY2025 Requested ($ Change)	FY2024 Amended vs. FY2025 Requested (% Change)
Expense Objects							
Salaries & Benefits	$402,318	$422,466	$486,582	$352,318	$352,262	-$56	0%
Supplies	$534	$728	$860	$270	$120	-$150	-55.6%
Service Charges	$55,127	$62,126	$68,490	$73,465	$70,070	-$3,395	-4.6%
Total Expense Objects:	**$457,978**	**$485,319**	**$555,933**	**$426,053**	**$422,452**	**-$3,601**	**-0.8%**

City Clerk

Department Description

The City Clerk's Office is a division of the Legal Department and serves as a link between the public and City Council and facilitates the City's legislative process. The Clerk's Office assists the City Council in fulfilling responsibilities by administering required procedures involved in Council operations. The Clerk's Office is the liaison to Clallam County Elections, verifies notices have been posted or published, and completes necessary tasks for effective and compliant public meetings. The Clerk's Office records Council decisions in meeting minutes and oversees the preservation and protection of ordinances, resolutions, the municipal code and other vital public records.

Records Management and Technology

The Clerk's Office promotes efficient management of all public records through written procedures and staff training to ensure compliance with Washington State records management and disclosure laws. By improving the organization of and access to information, the Clerk's Office assists all staff members in efficiently carrying out their duties.

The Clerk's Office seeks to increase public transparency and accessibility to City documents and records. The Clerk's Office recently implemented new technology portals including an Agenda and Minutes Portal to host meeting agendas and videos together with the use of the City's YouTube channel to post meeting videos; the Electronic Records Center, which allows the public to search official City records online with some documents dating back to 1913; and the Public Records Request Portal where the public can submit public records requests and City staff can manage requests, review records for redaction, and produce responses in a timely and cost-effective manner.

Public Records Requests

The Clerk's Office serves as the City's Public Records Officer required by RCW 42.56.580 and serves as a point of contact for members of the public requesting records.

In 2023, the City processed 342 records requests. In late 2023, the City of Sequim Police Department began using body-worn cameras (BWC); this statistic includes processing BWC. With the implementation of BWC and to comply with Washington State law, the City updated its Fee Schedule (Sequim Municipal Code Chapter 3.68) related to public records fees and how customers were charged for BWC footage, paper copies, and electronic copies of responsive records. Also in 2023, Staff time increased for the Clerk’s Office as they processed the bulk of the records released. An increase in staff time is expected in 2025 as the Sequim Police Department plans to roll out in-car dash cameras.

Mission

The mission of the City Clerk’s office is to maintain open government and preserve the public record.

Key Goals

- Standardize and streamline the operation of all City Council advisory commissions, committees, and boards.
- Use technology and improved procedures to provide greater public access to public meetings, records, and information.
- Process and respond to public records requests in a timely, accurate, and complete manner.
- Update and create key internal processes and procedures for records management.
- Develop a public records training program for all members of staff and specialized records training for identified staff members.
- Develop and oversee a records inventory that includes a review of digital and paper files.

Summary

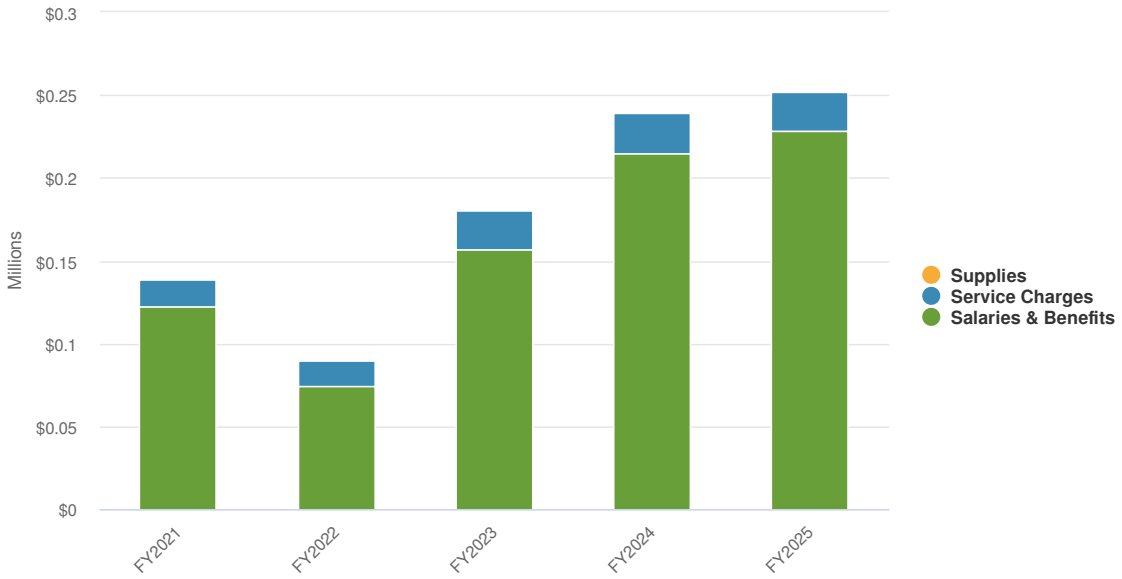
Expenditure Summary

This budget increased by $13k (5%) from the 2024 Budget primarily due to the effect of a 3% increase in salaries consistent with the June 2024 Consumer Price Index (CPI) and a reduction in certain benefit expenses, namely health insurance, as a result of our designation as a Well City.



City Clerk Expenditures

Budgeted and Historical Expenditures by Expense Type



Name	FY2021 Actuals	FY2022 Actuals	FY2023 Actuals	FY2024 Amended	FY2025 Requested	FY2024 Amended vs. FY2025 Requested ($ Change)	FY2024 Amended vs. FY2025 Requested (% Change)
Expense Objects							
Salaries & Benefits	$122,710	$74,511	$156,953	$214,965	$228,277	$13,312	6.2%
Supplies	$130	$260	$476	$500	$500	$0	0%
Service Charges	$16,074	$14,900	$23,119	$24,450	$23,876	-$574	-2.3%
Total Expense Objects:	**$138,914**	**$89,671**	**$180,547**	**$239,915**	**$252,653**	**$12,738**	**5.3%**

City Attorney

Department Description

The City Attorney serves as legal advisor to the City Council, City Manager, City boards and commissions, and to City staff on issues related to City business. The Legal Department helps conduct City business and reduces risk of loss caused by legal issues. It pursues civil litigation authorized by Council, statute, or ordinance; defends the City in civil litigation; prepares and reviews Council agenda items, contracts, and interlocal agreements; assesses compliance with statutes, regulations, and rules; recommends and drafts changes to the Sequim Municipal Code, internal policies, and procedures; and advises staff and Council on a variety of City issues. The Department continues to work closely with Human Resources on personnel and collective bargaining matters.

Risk Management and Claims

The Legal Department took over the primary responsibility for risk management/claims, municipal code revisions, and overall contract management in 2019 with Council's approval of a new paralegal position. Claims that do not reach risk pool deductible levels are handled internally by the Legal Department. Claims for 2023 consisted of 44 property claims (all closed) and 4 tort claims (all closed/settled). Total claims for 2024 (as of June 30) are 23 property claims and 2 tort claims. The 2 tort claims and 18 property claims are closed; 5 property claims remain open. Of those 23 property claims, 10 were graffiti and 13 were small property damage claims. Total property claims increased in 2022 due to the City's efforts to track graffiti and "small property damage" claims. The City did not track graffiti or small property damage claims until 2022, when the Legal Department partnered with Public Works through the Cartegraph program to develop a tracking system to track and monitor potentially problematic areas.

We also partner with Human Resources to examine worker injury and incorporate risk identification and management into that area as well. The Legal Department also discovered that we could use our risk pool's platform to develop an internal training program to further train City staff in targeted areas.

Staff continue to develop and enhance our risk management guidelines and procedures, designed to create a culture of risk management and safety throughout the organization. One staff member received her risk management certification through our risk pool's risk management program. The City's commitment to risk management comes through when compared to our risk pool group. The City of Sequim is in Group 2, which is comprised of 27 members and includes cities such as Burien, Battleground and Chehalis and this grouping is based upon the number of worker hours. In 2023, the City performed better than expected in total costs and actual number of claims. Our risk pool expected the City to have 33 claims, but actual claims were only 26; similarly, the City's expected total cost of claims was $1.2m, but our actual costs were considerably lower at only $282k.

In 2022, the Legal Department also took over supervision of the City Clerk's Office, which provides much-needed support for the Clerk in terms of back-up Clerk duties, public records responses, and overall records management. As part of the Department's new Clerk responsibilities and to mitigate risk, the Department began addressing critical needs in our records management and public records processes. In 2023, we launched a new online electronic records platform, public records request platform, and in early 2024, a new agenda planning program. We have also implemented a records management training program for staff, which continues through 2024.

The Clerk's Office

The Department continues to work with other departments to send numerous municipal code revisions to City Council. Between July 11, 2023 and the present (July 2, 2024), the City Council has adopted, amended, or repealed 242 sections of the Sequim Municipal Code (41 repeals; 15 adoptions; 186 amendments). Staff have many more in various stages of a "work in progress" because of staff workloads, and we must send many land use codes to WA State Dept. of Commerce and Planning Commission first. Council can expect to see continued code adoptions, amendments, and repeals throughout the remainder of 2024. This process will continue into 2026 with adoption of regulations associated with the City's Comprehensive Plan update and the City's Unified Development Code.

Municipal Code/Internal Guidelines and Procedures

The Department continues to work with other departments to send numerous municipal code revisions to City Council. Between July 11, 2023 and the present (July 2, 2024), the City Council has adopted, amended, or repealed 242 sections of the Sequim Municipal Code (41 repeals; 15 adoptions; 186 amendments). Staff have many more in various stages of a "work in progress" because of staff workloads, and because we must send many land use codes to WA State Dept. of Commerce and Planning Commission first. Council can expect to see continued code adoptions, amendments, and repeals throughout the remainder of 2024. This process will continue into 2026 with adoption of regulations associated with the City's Comprehensive Plan update and the City's Unified Development Code.

This Department also oversees the review and update of various City policies and procedures to conform with changing law and best practices. Completed projects include updating Public Records Disclosure Guide, creating risk management and general Records Management guidelines, and creating or updating other miscellaneous policies, guidelines, and procedures as appropriate.

Mission

The mission of the City Attorney's Office is to use the law to protect and promote sound public policy.

Key Goals

- Continue to minimize unnecessary legal costs
- Continue to update, streamline, and process improve the Sequim Municipal Code and City forms and policies
- Continue involvement with the legal aspects of Human Resources
- Continue primary responsibility for Risk Management

Summary

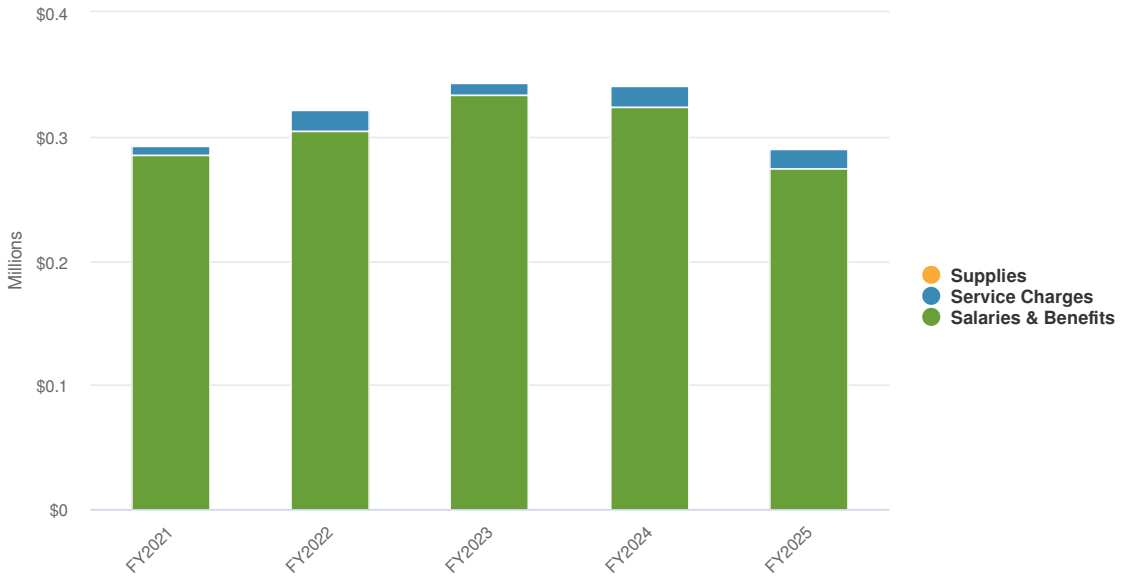
Expenditure Summary

This budget decreased by $52k (15%) from the 2024 Budget due to the net effect of a 3% increase in salaries consistent with the June 2024 Consumer Price Index (CPI) and a reduction in benefit expenses, namely health insurance, as a result of our designation as a Well City. Also, these numbers reflect increases in the allocation of costs related to personnel matters out to other departments (based upon FTE count).



City Attorney Expenditures

Budgeted and Historical Expenditures by Expense Type



Name	FY2021 Actuals	FY2022 Actuals	FY2023 Actuals	FY2024 Amended	FY2025 Requested	FY2024 Amended vs. FY2025 Requested ($ Change)	FY2024 Amended vs. FY2025 Requested (% Change)
Expense Objects							
Salaries & Benefits	$284,881	$304,991	$333,775	$323,821	$274,706	-$49,115	-15.2%
Supplies		$431	$420	$300	$300	$0	0%
Service Charges	$7,818	$16,269	$9,859	$17,282	$14,831	-$2,451	-14.2%
Total Expense Objects:	**$292,698**	**$321,690**	**$344,055**	**$341,403**	**$289,837**	**-$51,566**	**-15.1%**

Communications

Department Description
This office develops and implements various strategies as they relate to both internal and external communications and supports community engagement programs. The Communications Director serves as an internal consultant to the City Council, City Manager and other departments, as requested, on communication strategies and methods, serves as a City liaison to community organizations, advises on or handles high profile media issues, produces and oversees the publication of the monthly newsletter, oversees social media programs, and assists internal departments with website content.

Mission
The mission of the Communications Office is to communicate for an engaged and informed community.

Key Goals

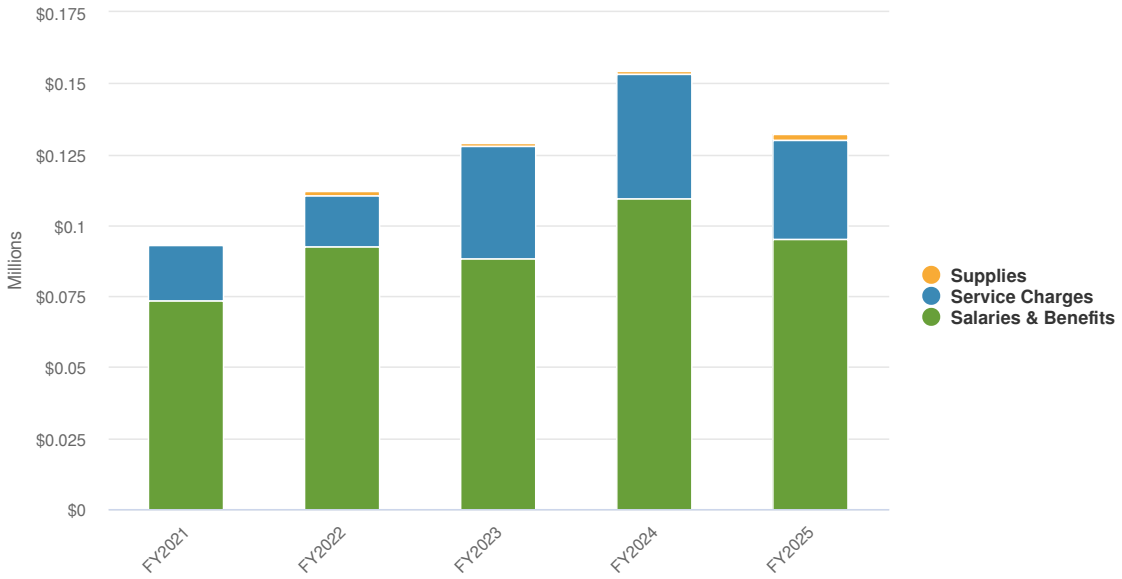
- A new Citizen Customer Satisfaction Survey is scheduled for late 2025 to begin developing comparative data from the 2023 survey and help the City establish priorities and workplans based on citizen input, supporting the operational goal of enhancing customer centric experiences.
- Work with other departments to support community outreach and engagement programs to further enhance customer centric experiences.
- Continue the distribution of the monthly newsletter through utility billings, to residents in multi-unit facilities when possible, and publication in the local newspaper. Promote a subscription based digital e-newsletter. This offers our citizens a variety of ways to receive information from the City.
- Continue to focus on emergency management communications.
- Continue the internal website committee for self training and best practices to ensure we are getting the most out of this communications resource for our customers.
- Continue to develop social media resources as a communications tool for Sequim citizens by developing an internal social media committee that will work together on content and scheduling.

Summary

Expenditure Summary
This budget decreased by $22k (14%) from the 2024 Budget due to the net impact of a 3% increase in salaries consistent with the June 2024 Consumer Price Index (CPI) and a reduction in certain benefit expenses, namely health insurance, as a result of our designation as a Well City. Additionally, the 2024 budget contained a partial (temporary) FTE added for shadowing an expected retiring staff member which was removed in 2025. We also expect a survey of our businesses to be completed in early 2025 at a reduced cost from the citizen survey completed in 2024, although we do expect to have some expense related to the 2025 citizen survey late in the year.

Communications Expenditures

Budgeted and Historical Expenditures by Expense Type



Name	FY2021 Actuals	FY2022 Actuals	FY2023 Actuals	FY2024 Amended	FY2025 Requested	FY2024 Amended vs. FY2025 Requested ($ Change)	FY2024 Amended vs. FY2025 Requested (% Change)
Expense Objects							
Salaries & Benefits	$73,610	$92,755	$88,223	$109,556	$95,252	-$14,304	-13.1%
Supplies	$86	$1,448	$712	$750	$2,200	$1,450	193.3%
Service Charges	$19,297	$17,961	$39,808	$43,900	$34,570	-$9,330	-21.3%
Total Expense Objects:	**$92,993**	**$112,164**	**$128,743**	**$154,206**	**$132,022**	**-$22,184**	**-14.4%**



Human Resources

Department Description

The Human Resources department covers a broad range of responsibilities including the following:

- Talent Acquisition and Recruitment: Attracting top talent to fill critical positions within the City through strategic and inclusive recruitment practices.
- Employee Development and Training: Providing targeted training and development opportunities to foster the growth and success of City employees.
- Performance Management: Ensuring a performance management framework that aligns employee goals with the City's objectives, building accountability and continuous improvement.
- Compensation and Benefits: Administering competitive compensation packages and benefits that reflect market data while appropriately valuing our employees and their contributions to the community.
- Employee Relations: Nurturing a collaborative and harmonious work environment by addressing concerns, promoting effective communication, and facilitating conflict resolution.
- Diversity, Equity, and Inclusion: Leading initiatives that uphold principles of equity, diversity, and inclusivity in all aspects of City employment practices.
- HR Policy and Compliance: Developing, communicating, and enforcing HR policies that adhere to legal requirements and uphold the City's commitment to ethical conduct.
- Safety and Wellness: Prioritizing the total well-being of our employees through health and safety programs that ensure their physical and mental health.
- HR Information Systems: Leveraging technology to streamline HR processes, maintain accurate records, and empower employees with self-service tools.
- Strategic Planning: Collaborating closely with City leadership to align HR strategies with the City's vision, goals, and long-term plans.

Mission

The Human Resources Department is dedicated to empowering an engaged and productive culture.



Key Goals

- Negotiate fair contracts for union groups.
- Partner with professional consultant to implement compensation and benefits recommendations for non-represented staff.
- Build upon Gallup Engagement Survey results and participation to increase employee engagement and reduce turnover.
- Foster a range of professional development opportunities to enhance employees' skills, foster career growth, and prepare them for leadership roles.
- Implement an integrated HR information system to streamline processes, enhance data accuracy, and empower employees with self-service options.
- In partnership with the Legal Department, regularly review and update HR policies and practices to ensure alignment with local, state, and federal employment laws and ethical guidelines.
- Continue to grow safety and wellness programs that support employees' physical and mental health, promoting a balanced and resilient workforce.

By focusing on these key goals, the Human Resources Division of the City of Sequim will contribute to building a thriving, diverse, and engaged workforce that supports the City's mission of enhancing the quality of life for its residents.

Summary

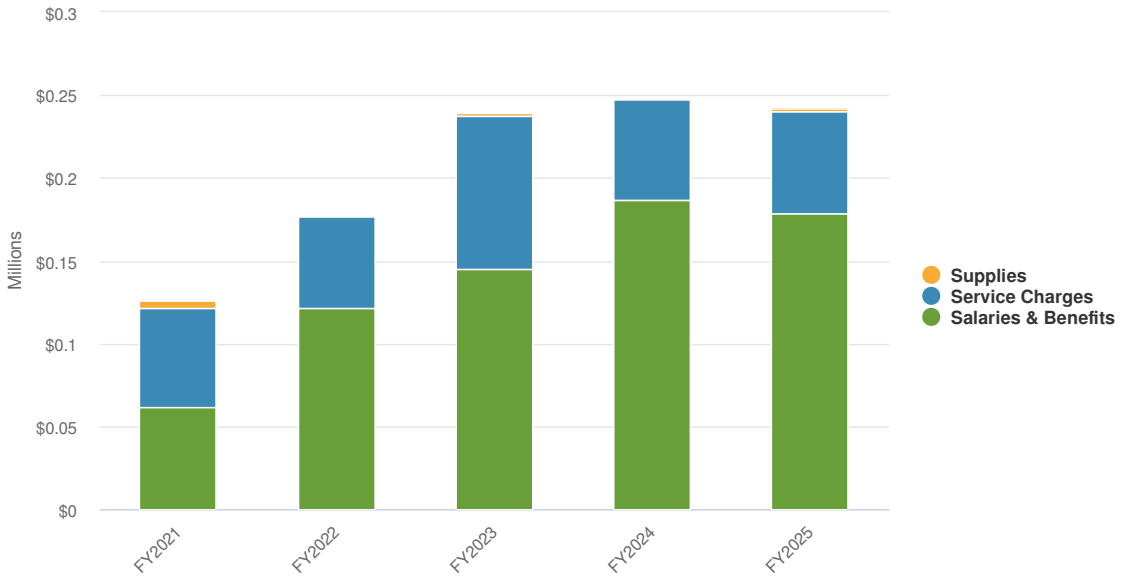
Expenditure Summary

This budget decreased by $7k (3%) from the 2024 Budget primarily due to the net effect of a 3% increase in salaries consistent with the June 2024 Consumer Price Index (CPI) and a reduction in benefit expenses, namely health insurance, as a result of our designation as a Well City. Also, these numbers reflect increases in the allocation of costs related to personnel matters to other departments (based upon FTE count).



Human Resources Expenditures

Budgeted and Historical Expenditures by Expense Type



Name	FY2021 Actuals	FY2022 Actuals	FY2023 Actuals	FY2024 Amended	FY2025 Requested	FY2024 Amended vs. FY2025 Requested ($ Change)	FY2024 Amended vs. FY2025 Requested (% Change)
Expense Objects							
Salaries & Benefits	$61,657	$121,535	$145,070	$186,910	$178,116	-$8,794	-4.7%
Supplies	$4,480	$865	$1,675	$850	$1,250	$400	47.1%
Service Charges	$59,897	$55,478	$92,252	$60,800	$62,350	$1,550	2.5%
Total Expense Objects:	**$126,034**	**$177,878**	**$238,997**	**$248,560**	**$241,716**	**-$6,844**	**-2.8%**

Criminal Justice Services

Department Description
These activities have been contracted with Clallam County. The contract provides a flat fee for prosecution, public defense, court, and jail services, which provides more stability to the City's budget.

Key Goals

- Find stability in administering Criminal Justice Services.
- Continue to engage Clallam County regarding the current contract for Criminal Justice Services.

Summary

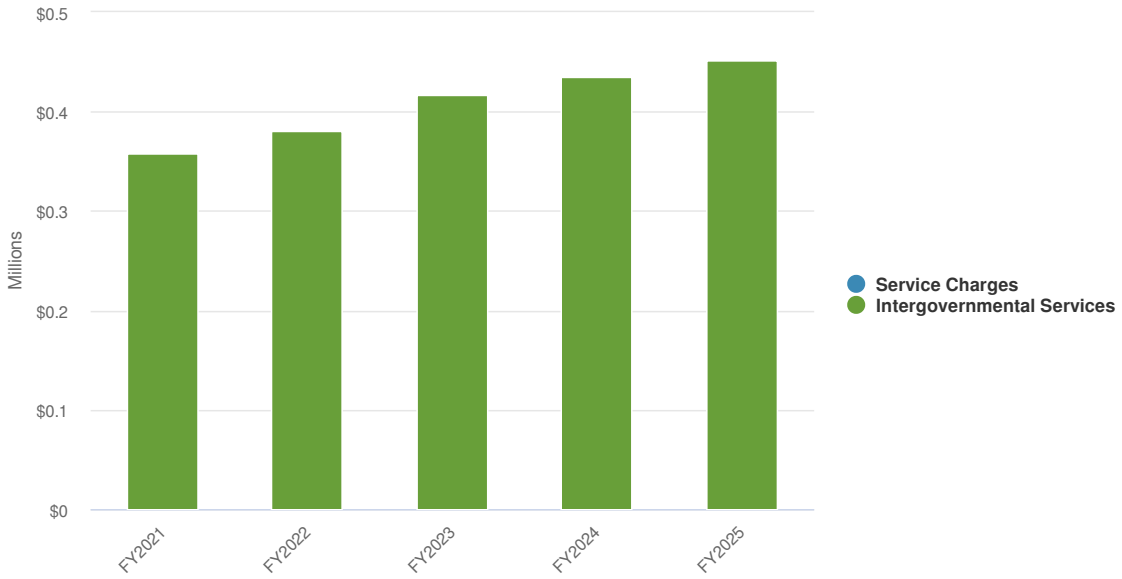
Revenue Summary
All revenues associated with Court in prior years go to Clallam County per the contract.

Expenditure Summary
The City has an agreement with the County for flat rate Criminal Justice Services, including Municipal Court, prosecution, defense and jail services. $320k – the original contract in 2016 - plus an annual adjustment per the CPI-W Seattle-Tacoma-Bremerton. For 2025, the cost of these services increased by $16k (3.7%) for a total cost of $452k. All salary and benefits for the City Attorney staff are recorded in the City Attorney's budget.



Criminal Justice Services Expenditures

Budgeted and Historical Expenditures by Expense Type



Name	FY2021 Actuals	FY2022 Actuals	FY2023 Actuals	FY2024 Amended	FY2025 Requested	FY2024 Amended vs. FY2025 Requested ($ Change)	FY2024 Amended vs. FY2025 Requested (% Change)
Expense Objects							
Service Charges		$206	$0			$0	N/A
Intergovernmental Services	$357,808	$380,297	$416,425	$435,581	$451,700	$16,119	3.7%
Total Expense Objects:	**$357,808**	**$380,502**	**$416,425**	**$435,581**	**$451,700**	**$16,119**	**3.7%**

IT (Information Technology)

Department Description
The Information Technology (IT) Department is responsible for supporting city operations and staff by effectively managing all City IT assets at all sites.

Services include, but are not limited to, email, file storage, print services, cloud and server databases, telecommunications, network connectivity, security, off-the-shelf application support, mobile devices, data backup and recovery audio/visual systems, camera and physical security (shared), records requests, training, and project management.

Mission
The mission of the IT Department is to enable effective municipal business operations and efficient digital interfacing with residents.

Key Goals

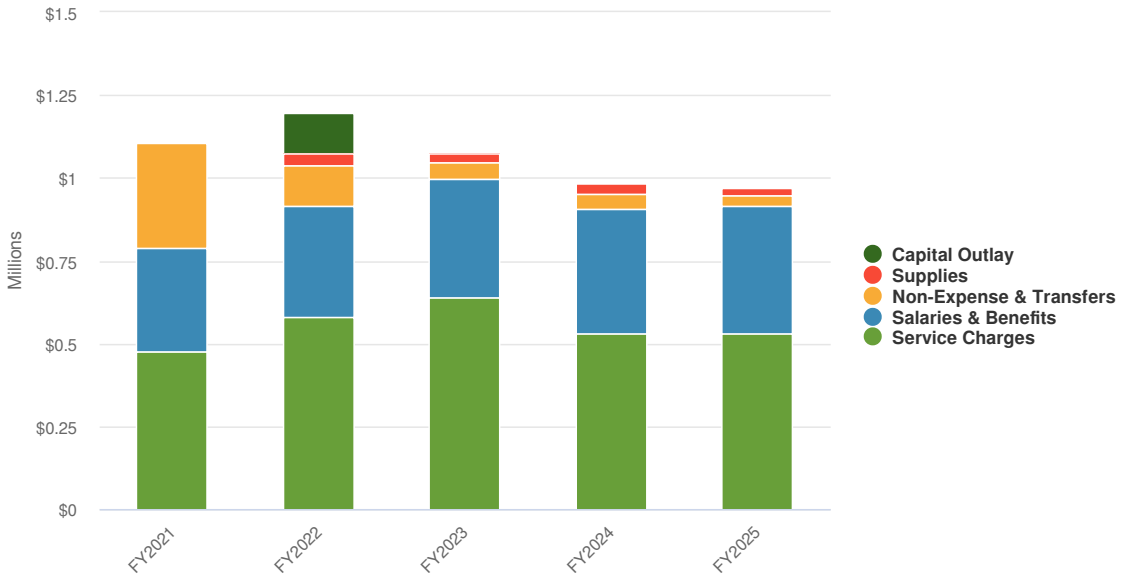
- Stabilize and integrate the IT team with city operations.
- Remain focused on and committed to digital transformation and innovative, state-of-the-art technology advancements and opportunities.
- Complete the IT Project List in collaboration and coordination with the Executive Technology Committee.
- Create IT Department policies and procedures for all City of Sequim IT services.
- Enhance business continuity by improving the resilience and redundancy of network resources, both on-premises and remotely.

Summary

Expenditure Summary
This budget decreased by $14k (2%) from the 2024 Budget due to a reduction in supplies and transfers to the Equipment Reserve, notwithstanding net increases is staff salaries and benefits.

IT Expenditures

Budgeted and Historical Expenditures by Expense Type



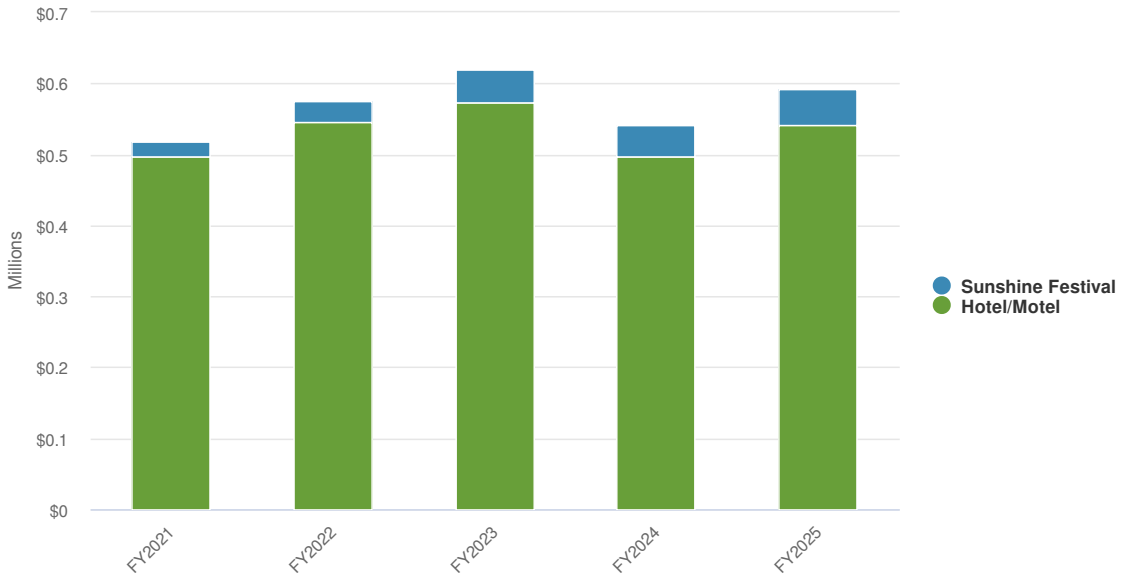
Name	FY2021 Actuals	FY2022 Actuals	FY2023 Actuals	FY2024 Amended	FY2025 Requested	FY2024 Amended vs. FY2025 Requested ($ Change)	FY2024 Amended vs. FY2025 Requested (% Change)
Expense Objects							
Salaries & Benefits	$312,825	$332,995	$361,208	$374,850	$385,088	$10,238	2.7%
Supplies	$5,340	$39,356	$30,353	$34,100	$25,900	-$8,200	-24%
Service Charges	$477,959	$580,769	$637,166	$530,001	$529,979	-$22	0%
Capital Outlay		$119,998				$0	N/A
Non-Expense & Transfers	$313,800	$122,800	$46,400	$46,400	$30,000	-$16,400	-35.3%
Total Expense Objects:	**$1,109,925**	**$1,195,918**	**$1,075,126**	**$985,351**	**$970,967**	**-$14,384**	**-1.5%**



City Administration Special Funds

City Administration Special Funds Revenues

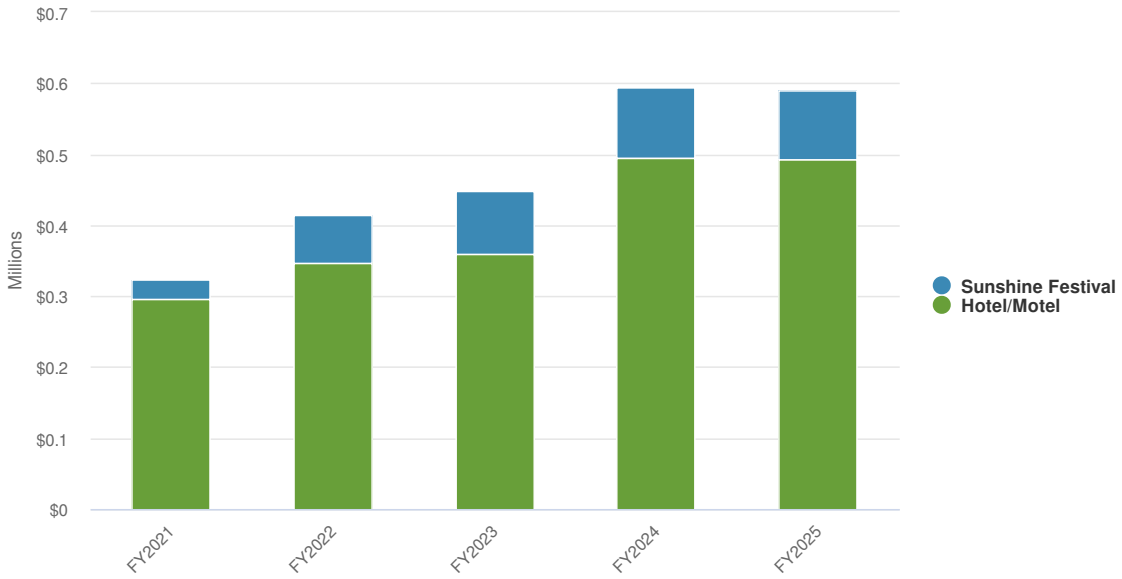
Budgeted and Historical Revenue by Department



Name	FY2021 Actuals	FY2022 Actuals	FY2023 Actuals	FY2024 Amended	FY2025 Requested	FY2025 Budgeted	FY2024 Amended vs. FY2025 Requested ($ Change)	FY2024 Amended vs. FY2025 Requested (% Change)
Revenue								
Council / City Administration								
Hotel/Motel	$497,121	$546,594	$572,736	$496,600	$542,100	$542,100	$45,500	9.2%
Sunshine Festival	$20,431	$28,115	$47,533	$45,400	$50,700	$50,700	$5,300	11.7%
Total Council / City Administration:	$517,552	$574,709	$620,269	$542,000	$592,800	$592,800	$50,800	9.4%
Total Revenue:	$517,552	$574,709	$620,269	$542,000	$592,800	$592,800	$50,800	9.4%

City Administration Special Funds Expenditures

Budgeted and Historical Expenditures by Function



Name	FY2021 Actuals	FY2022 Actuals	FY2023 Actuals	FY2024 Amended	FY2025 Requested	FY2024 Amended vs. FY2025 Requested ($ Change)	FY2024 Amended vs. FY2025 Requested (% Change)
Expenditures							
Council / City Administration							
Hotel/Motel	$295,978	$346,931	$358,693	$494,199	$492,147	-$2,052	-0.4%
Sunshine Festival	$28,285	$67,094	$89,450	$99,745	$96,995	-$2,750	-2.8%
Total Council / City Administration:	$324,264	$414,025	$448,143	$593,944	$589,142	-$4,802	-0.8%
Total Expenditures:	$324,264	$414,025	$448,143	$593,944	$589,142	-$4,802	-0.8%



Hotel/Motel

Department Description

This function is responsible for managing the Hotel/Motel tax budget and utilizing the available monies to increase tourism to Sequim. The function works with the Lodging Tax Advisory Committee to develop plans for tourism promotion which may include advertising, publication development, 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. Tourism is an important economic driver in Sequim and supports the City Council goal that relates to Economic Development.

The Sequim Sunshine Festival's first run occurred in 2020 and was developed to increase tourism during a typically slow time of year for travel. A modified version of the festival took place in 2021, but a full festival was executed in 2022, 2023, and 2024 . The budget includes funds to continue to support this growing event including the illuminated drone show and to better accommodate participants should the weather turn unpleasant. The festival continues to grow and is beginning to draw more participants from out of the area, as it was intended.

The budget also includes some additional funds to help cover the cost of staff for the Sunshine Festival, Independence Day Celebration, and the Hometown Holidays events.

In 2023, Clallam County initiated the development of a Tourism Strategic Master Plan for the Olympic Peninsula. Sequim participated by having a representative on the Leadership Team for the plan development. The five-year plan was completed and presented in the spring of 2024 with five short-term priorities. Committees of tourism professionals across the Olympic Peninsula have been established to develop more specific plans to accomplish those five priorities. The 2025 Lodging Tax budget includes $5,500 (approximately 1% of 2023 tax revenue) to support the implementation of moving plans forward to accomplish these priorities.

Mission

The mission of Hotel/Motel operations is to promote Sequim to increase tourism.



Key Goals

- Continue to build social media followers by developing campaigns and targeting ads to the Seattle metro area
- Continue to market Sequim in the Northwest region through print and digital advertising, publications, media relations, and co-op partnerships
- Continue to offer increased available funds and maintain the increased limit per grant for Tourism Enhancement Grants to support local festivals and events
- Work with internal and external partners to build on the 2024 success of the Sequim Sunshine Festival for the winter of 2025 (one of the slowest times of the year for tourism). Events include the Sun Fun Color Run, illuminated drone show, community art projects, lighting events, live music, and market place. The planning committee is working on utilizing tents to increase indoor space and rearranging events to best utilize the Guy Cole Event Center. The Parks and Events division of Public Works will now be managing the operations of the Sunshine Festival and other City sponsored events, but funding for tourism driven special events will remain in the Hotel/Motel fund. Marketing and promotion of City sponsored events will remain the responsibility of the Communications and Marketing Director in collaboration with event organizers.
- Provide support for the Independence Day Celebration for fireworks, live music, and infrastructure. The event is for the Sequim community and visitors. Half of the event will be funded out of lodging tax, the other half from Parks.
- Serve as committee chair for the "The Olympic Peninsula is More Than a Park" promotional program, one of the short-term goals of the Olympic Peninsula Tourism Strategic Master Plan.



Summary

Revenue Summary

Lodging tax revenues reflect an increase over previous budgets due to the continued performance of lodging tax dollars.

Expenditure Summary

This budget decreased by $5k (1%) from the 2024 Budget due to the net impact of a 3% increase in salaries consistent with the June 2024 Consumer Price Index (CPI) and a reduction in certain benefit expenses, namely health insurance, as a result of our designation as a Well City. Additionally, the 2024 Budget had a partial (temporary) FTE added for shadowing an expected retiring staff member. Staff salary allocation for the Communications and Marketing Director remains at a 50-50 split between tourism marketing and city-wide communications functions. The part-time Marketing Coordinator position salary is still split 80% from hotel/motel and 20% from the General Fund Communications budget. This allows flexibility for the position to provide back-up support for the Director in general communications. Other increases in this budget include funding to support implementation of the Olympic Peninsula Strategic Plan.

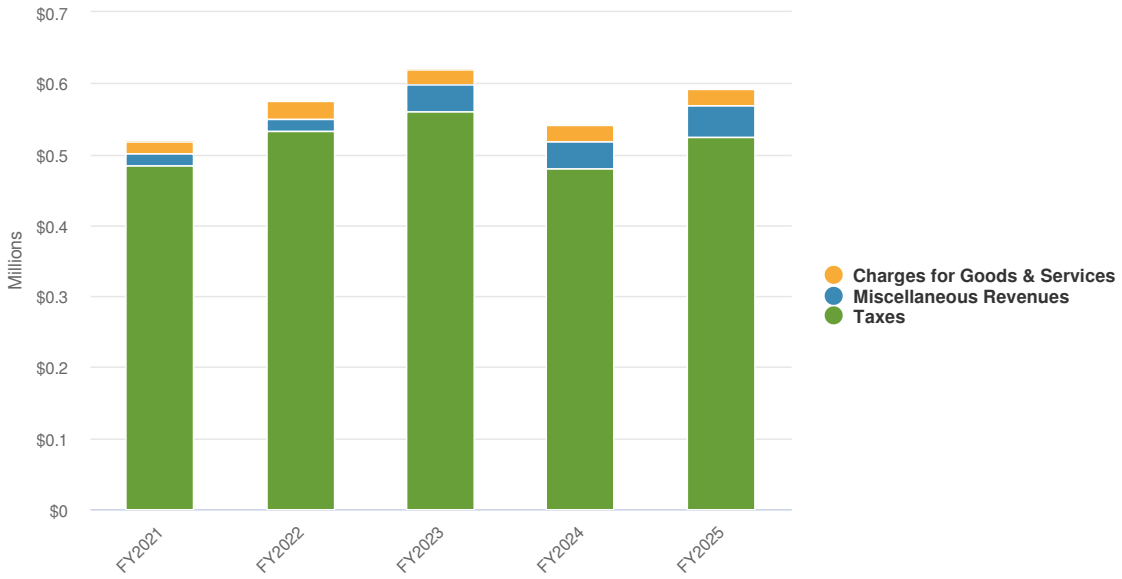
The Sunshine Festival's expenses include professional services to produce specific events, such as the color run and the illuminated drone show; supplies to support the event; and marketing of the event to the greater Seattle area.

Finally, funding is consistent with the prior year to cover public works and police staff salaries for support of the Sunshine Festival, Independence Day Celebration, and Hometown Holidays.



Hotel/Motel Revenues

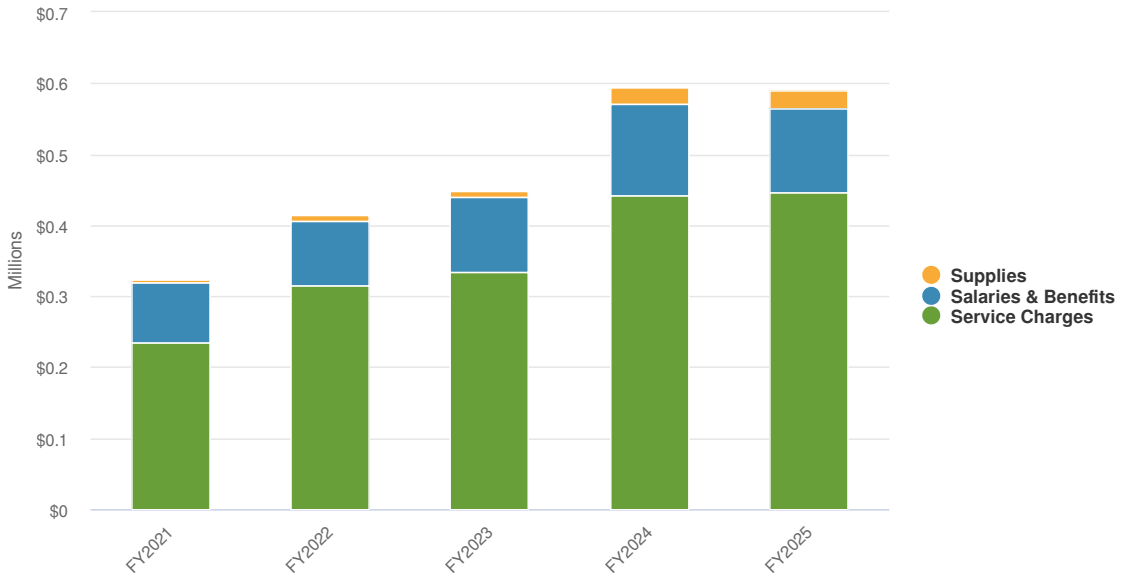
Budgeted and Historical Revenues by Source



Name	FY2021 Actuals	FY2022 Actuals	FY2023 Actuals	FY2024 Amended	FY2025 Requested	FY2024 Amended vs. FY2025 Requested ($ Change)	FY2024 Amended vs. FY2025 Requested (% Change)
Revenue Source							
Taxes	$484,555	$533,464	$559,707	$480,000	$525,500	$45,500	9.5%
Charges for Goods & Services	$15,787	$25,600	$22,705	$24,400	$23,700	-$700	-2.9%
Miscellaneous Revenues	$17,209	$15,645	$37,857	$37,600	$43,600	$6,000	16%
Total Revenue Source:	$517,552	$574,709	$620,269	$542,000	$592,800	$50,800	9.4%

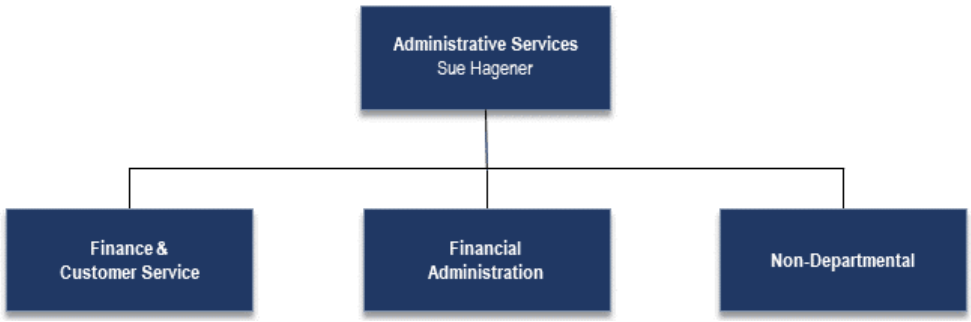
Hotel/Motel Expenditures

Budgeted and Historical Expenditures by Expense Type



Name	FY2021 Actuals	FY2022 Actuals	FY2023 Actuals	FY2024 Amended	FY2025 Requested	FY2024 Amended vs. FY2025 Requested ($ Change)	FY2024 Amended vs. FY2025 Requested (% Change)
Expense Objects							
Salaries & Benefits	$84,699	$90,087	$107,400	$129,647	$117,585	-$12,062	-9.3%
Supplies	$4,747	$8,475	$7,383	$22,152	$24,402	$2,250	10.2%
Service Charges	$234,818	$315,463	$333,360	$442,145	$447,155	$5,010	1.1%
Total Expense Objects:	**$324,264**	**$414,025**	**$448,143**	**$593,944**	**$589,142**	**-$4,802**	**-0.8%**

Administrative Services Organization



Finance & Customer Service

- Utility Billing/Customer Service
- Receipting/Cashier
- Accounting
- Accounts Payable
- Payroll
- Grants/Contracts
- Financial Reporting
- Budgets
- Cost Allocation
- Financial Analysis

Financial Administration

- Cash Management
- Affordable Housing
- Development Reserves
- REET
- Equipment Reserve
- American Rescue Plan Act
- Rainy Day Fund
- Debt Service
- Trust and Agency Funds

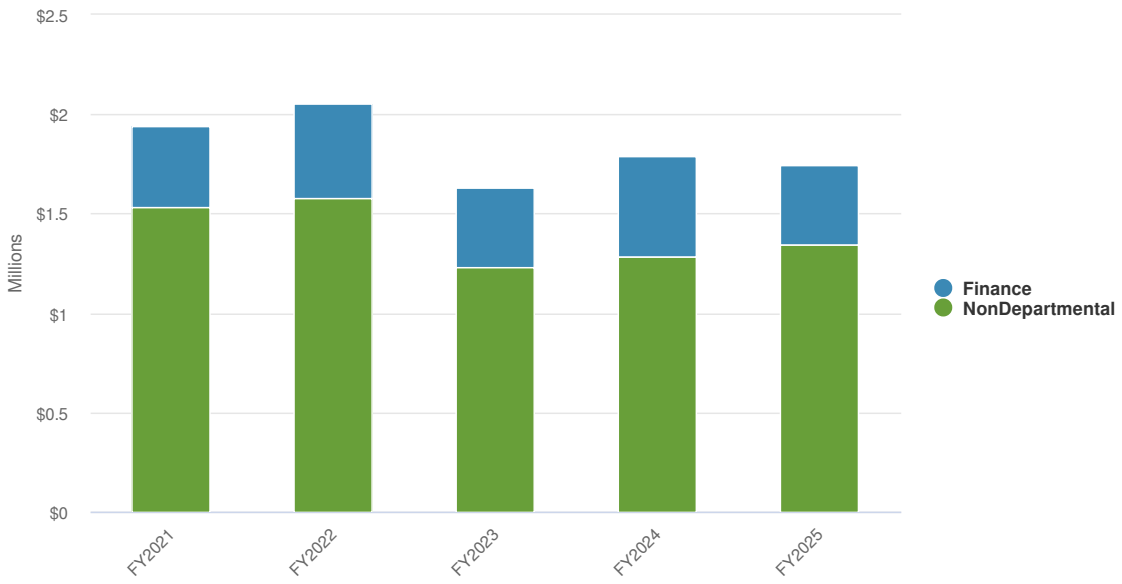
Non-Departmental

- City-wide Indirect Expenses
- Community Service Contracts
- Contingency Budget
- Transfers
- Risk Management and Insurance Support
- Other Shared Costs



Administrative Services Department Overview

Budgeted and Historical Expenditures by Function



Name	FY2021 Actuals	FY2022 Actuals	FY2023 Actuals	FY2024 Amended	FY2025 Requested	FY2024 Amended vs. FY2025 Requested ($ Change)	FY2024 Amended vs. FY2025 Requested (% Change)
Expenditures							
Administrative Services Department							
Finance	$401,229	$470,823	$397,853	$504,191	$403,002	-$101,189	-20.1%
NonDepartmental	$1,536,318	$1,580,269	$1,231,193	$1,287,425	$1,343,150	$55,725	4.3%
Total Administrative Services Department:	$1,937,547	$2,051,093	$1,629,046	$1,791,616	$1,746,152	-$45,464	-2.5%
Total Expenditures:	$1,937,547	$2,051,093	$1,629,046	$1,791,616	$1,746,152	-$45,464	-2.5%

Finance

Department Description

The Finance Department 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. Staff assists other departments in budgeting and financial reporting, financial planning and analysis of projects, purchasing and bidding regulations, complying with grant requirements, and financing capital projects. The City is audited by the State Auditor and has had a clean audit for over 30 years (based on available documents going back to 1992). This function also provides customer service for the City's Water and Sewer utilities, serves as the central reception for the City, and responds to a wide variety of citizen inquiries.

Mission

The mission of the Finance Department is to provide the foundation for the City's fiscal health.

Key Goals

- Continue to maintain a high quality level of service.
- Continue to maintain the highest level of compliance with State Auditor reporting and internal control requirements.
- Continue to ensure prompt debt service payments and responsible reporting to rating agencies.
- Continue support of key Council Goals.
- Continue to improve all key financial processes with new technology.

Summary

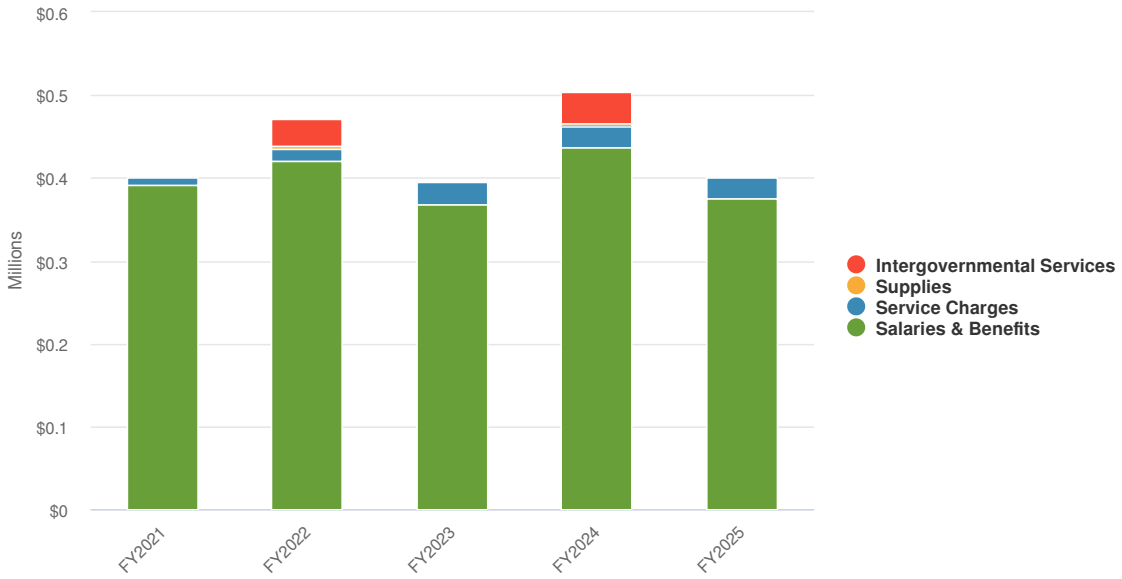
Expenditure Summary

This budget decreased by $101k (20%) from the 2024 Budget due to the elimination of .50 FTE added in 2024 to support a City-wide information technology conversion as well as expenses for a bi-annual audit by the Washington State Auditors Office (which is not expected to occur in 2025).



Finance Expenditures

Budgeted and Historical Expenditures by Expense Type



Name	FY2021 Actuals	FY2022 Actuals	FY2023 Actuals	FY2024 Amended	FY2025 Requested	FY2024 Amended vs. FY2025 Requested ($ Change)	FY2024 Amended vs. FY2025 Requested (% Change)
Expense Objects							
Salaries & Benefits	$392,361	$421,035	$367,796	$437,526	$376,037	-$61,489	-14.1%
Supplies	$1,082	$3,764	$2,654	$4,680	$3,180	-$1,500	-32.1%
Service Charges	$7,522	$13,787	$27,403	$23,985	$23,785	-$200	-0.8%
Intergovernmental Services	$265	$32,238		$38,000	$0	-$38,000	-100%
Total Expense Objects:	**$401,229**	**$470,823**	**$397,853**	**$504,191**	**$403,002**	**-$101,189**	**-20.1%**

Non-Departmental

Department Description
Non-Departmental shared costs are those that benefit city-wide operations. Also included are Community Services (Human and Health) contracts, General Fund contingencies, and Street Operation Transfers.

Key Goals

- Review and coordinate community investments.
- Manage the use of contingency funds.
- Manage transfers.

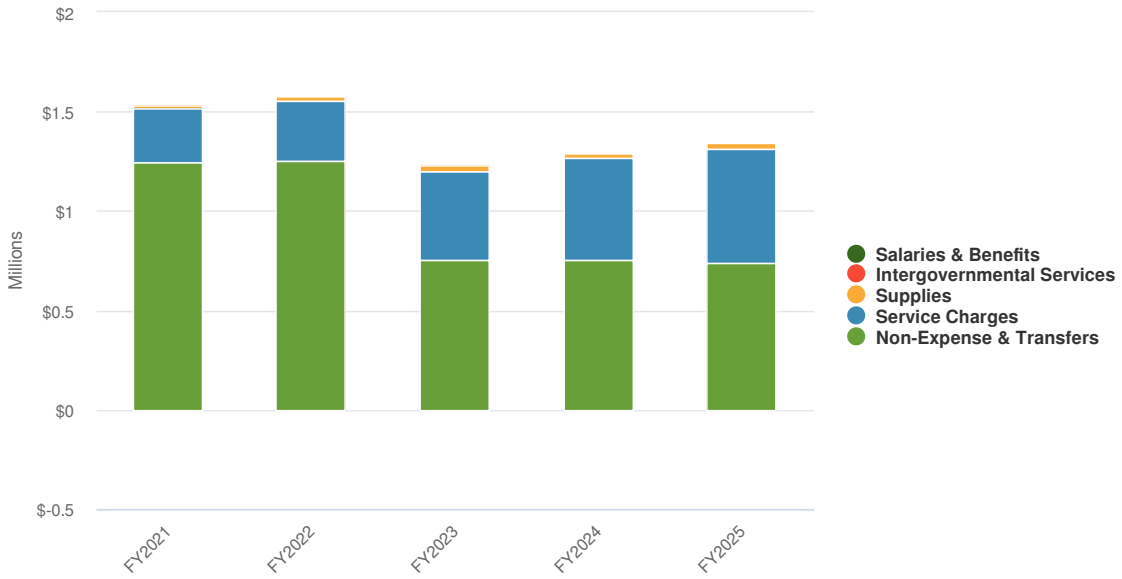
Summary

Expenditure Summary
This budget increased by $56k (4%) from the 2024 Budget due to the net effect of increases in service charges that include the annual WCIA insurance assessment ($110k) and reduction of the 2025 transfer out to Street Operations. Additionally, our Contingency of $100k was reduced by $20k. Human services funding remains flat with 2024.



Non-Departmental Expenditures

Budgeted and Historical Expenditures by Expense Type



Name	FY2021 Actuals	FY2022 Actuals	FY2023 Actuals	FY2024 Amended	FY2025 Requested	FY2024 Amended vs. FY2025 Requested ($ Change)	FY2024 Amended vs. FY2025 Requested (% Change)
Expense Objects							
Salaries & Benefits	$8	-$513	-$150			$0	N/A
Supplies	$16,038	$25,012	$27,625	$21,000	$26,350	$5,350	25.5%
Service Charges	$270,797	$303,698	$445,319	$510,825	$576,200	$65,375	12.8%
Intergovernmental Services	$2,974	$3,072	$3,399	$600	$600	$0	0%
Non-Expense & Transfers	$1,246,500	$1,249,000	$755,000	$755,000	$740,000	-$15,000	-2%
Total Expense Objects:	**$1,536,318**	**$1,580,269**	**$1,231,193**	**$1,287,425**	**$1,343,150**	**$55,725**	**4.3%**

Affordable Housing HB 1406

Description

State House Bill 1406 was passed in 2019. This bill authorized a local sales tax option that is a credit against the state sales tax rate of 6.5% and is not a new tax. The City decided to participate in this tax credit and created a fund to account for these tax receipts. The funds can be used for:

- Acquiring, rehabilitating, or constructing affordable housing, which may include new units of affordable housing within an existing structure or facilities providing supportive housing services; or
- Funding the operations and maintenance costs of new units of affordable or supportive housing, or
- Providing rental assistance to tenants.

There is a broad discretion in how these funds can be expended as long as actions target housing and programs serving persons whose income is at or below sixty percent of the median income of the county or city imposing the tax.

When Council agreed to accept these tax receipts in 2020, the intent was to accumulate funds for at least three years to increase the "buying" power. Tax receipts began in October 2020 and approximate $30k per year.

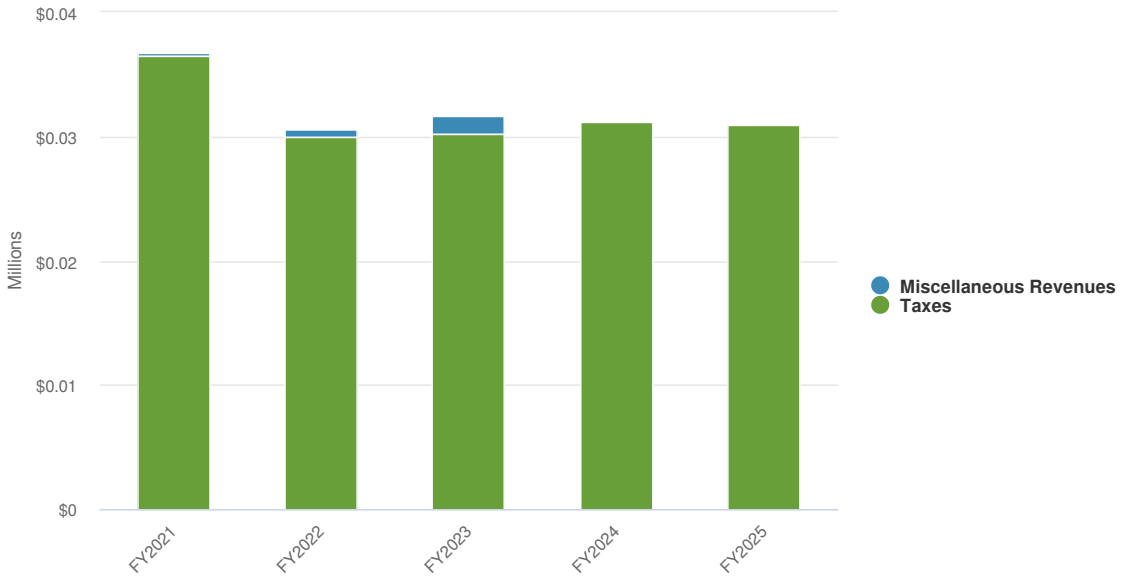
Key Goals

- Accumulate tax receipts in this fund until Council authorizes an appropriate use.



Affordable Housing HB 1406 Revenues

Budgeted and Historical Revenues by Source



Name	FY2021 Actuals	FY2022 Actuals	FY2023 Actuals	FY2024 Amended	FY2025 Requested	FY2024 Amended vs. FY2025 Requested ($ Change)	FY2024 Amended vs. FY2025 Requested (% Change)
Revenue Source							
Taxes	$36,529	$29,968	$30,182	$31,138	$30,990	-$148	-0.5%
Miscellaneous Revenues	$197	$578	$1,449			$0	N/A
Total Revenue Source:	$36,726	$30,546	$31,631	$31,138	$30,990	-$148	-0.5%

Development Reserves

Department Description

This is a new fund created in 2024 to account for large development revenues and related expenditures (e.g., on-call engineering for site construction inspections). Frequently, large development revenues are collected one year, and not expended until years later. So, the purpose of this fund is to eliminate the volatile and unpredictable nature of these transactions from the General Fund. It also serves as a better accounting mechanism for tracking the recovery of expenditures related to development reviews.

Key Goals

- Properly account for large development related revenues and expenditures.

Development Reserves Revenues

Revenues are balanced with expenditures and are an estimate until further data can be collected on these transactions.

Name	FY2025 Requested	FY2024 Amended vs. FY2025 Requested ($ Change)	FY2024 Amended vs. FY2025 Requested (% Change)
Revenue Source			
Licenses & Permits	$250,000	$250,000	N/A
Total Revenue Source:	**$250,000**	**$250,000**	**N/A**

Development Reserves Expenditures

Name	FY2025 Requested	FY2024 Amended vs. FY2025 Requested ($ Change)	FY2024 Amended vs. FY2025 Requested (% Change)
Expense Objects			
Service Charges	$250,000	$250,000	N/A
Total Expense Objects:	**$250,000**	**$250,000**	**N/A**



Real Estate Excise Taxes

Revenues of the Real Estate Excise Taxes (REET) Fund are based on the selling price of real estate sold within the City limits 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) 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, stormwater 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) is restricted to use for street, water and sewer acquisitions. Capital projects include those noted above but specifically excludes facilities. The definition continues: "and planning, construction, reconstruction, repair, rehabilitation, or improvement of parks". It excludes acquisition and replacement. Recent legislation (RCW 82.46.035(6)) adds certain eligible projects related to facilities for those experiencing homelessness and affordable housing, with some limitations and reporting requirements (expires January 1, 2026). Finally, interest earned by REET 1 and 2 must be used on the same basis as the underlying funds.

REET funds are being used for Capital Facility, Streets, and Parks projects and will help pay the debt service on the LTGO bonds issued for the Civic Center. Use of beginning fund balance is budgeted.

Key Goals

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

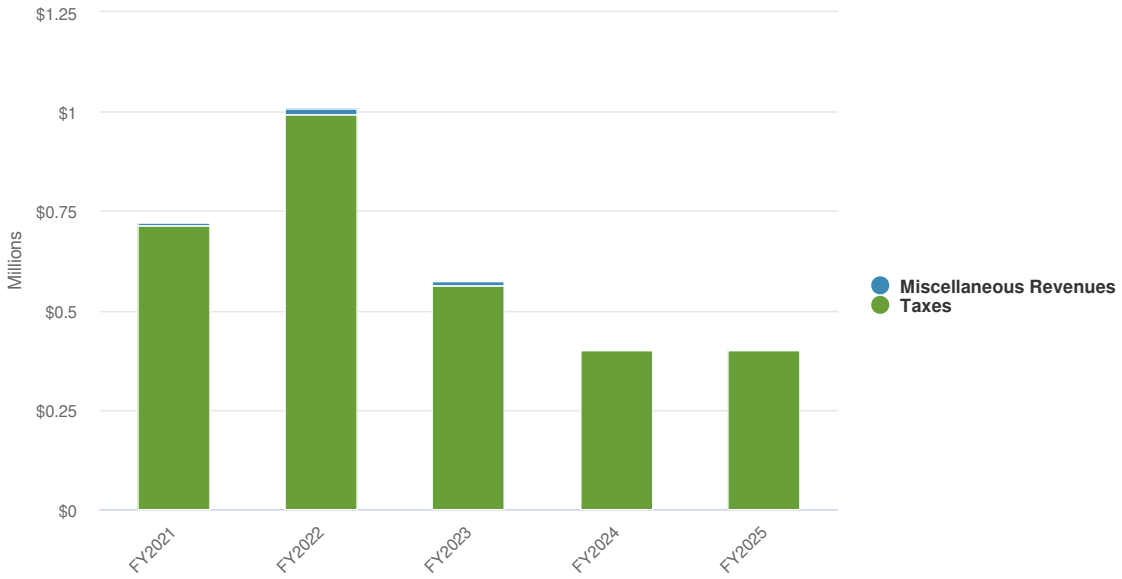
Summary

Revenue Summary
2025 revenues for both REET 1 and 2 are budgeted at $400k, based on reasonable assumptions for a cooling real estate market.

Expenditure Summary
REET 1 and 2 expenses are budgeted at $591k and consist of transfers to other funds to support budgeted or future projects as follows: $126k for the Transportation Master Plan, $50k for City-wide pavement preservation, $230k for Carrie Blake Park bridges, $50k for Civic Center improvements and $100k to Civic Center LTGO Debt Service.

Real Estate Excise Taxes Revenues

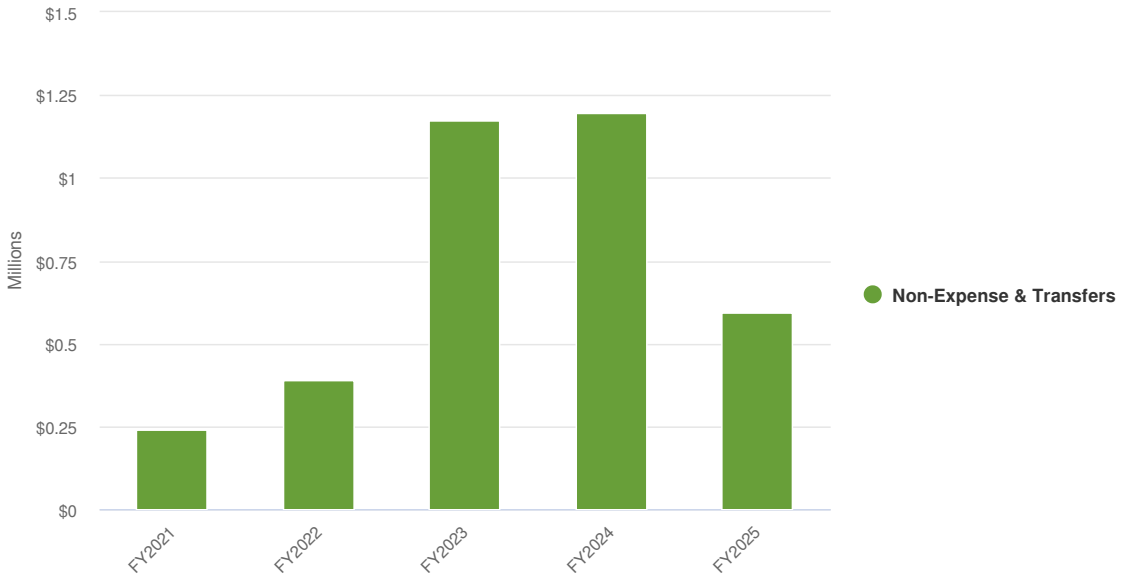
Budgeted and Historical Revenues by Source



Name	FY2021 Actuals	FY2022 Actuals	FY2023 Actuals	FY2024 Amended	FY2025 Requested	FY2024 Amended vs. FY2025 Requested ($ Change)	FY2024 Amended vs. FY2025 Requested (% Change)
Revenue Source							
Taxes	$714,008	$993,917	$561,359	$400,000	$400,000	$0	0%
Miscellaneous Revenues	$6,835	$14,641	$14,051	$5,450	$5,450	$0	0%
Total Revenue Source:	$720,843	$1,008,558	$575,410	$405,450	$405,450	$0	0%

Real Estate Excise Taxes Expenditures

Budgeted and Historical Expenditures by Expense Type



Name	FY2021 Actuals	FY2022 Actuals	FY2023 Actuals	FY2024 Amended	FY2025 Requested	FY2024 Amended vs. FY2025 Requested ($ Change)	FY2024 Amended vs. FY2025 Requested (% Change)
Expense Objects							
Non-Expense & Transfers	$240,000	$390,000	$1,175,000	$1,195,000	$591,500	-$603,500	-50.5%
Total Expense Objects:	**$240,000**	**$390,000**	**$1,175,000**	**$1,195,000**	**$591,500**	**-$603,500**	**-50.5%**



American Rescue Plan Act (ARPA)

Description

This fund was created in 2021 and since then has received a total of $2.135ml from the US Department of the Treasury. The funds are the federal government's contribution to the City to support recovery efforts related to the COVID-19 public health emergency, declared in 2020. At the time of this fund's creation, there were many unknowns about the manner in which these funds could be used, other than the broad categories, as follows:

- Responding to the public health emergency/negative economic impact
- Revenue loss
- Premium pay
- Water, sewer and broadband infrastructure

The final rule, adopted in January 2022, offers a "standard allowance" for revenue loss up to $10 million, allowing recipients to select an allowance (up to the amount of the City's actual award) for governmental services and projects. This is the category under which Council has opted to deploy these funds - simplifying reporting requirements while bolstering governmental services and projects that will position the City to better serve our citizens. Specifically, the City intends to use these funds on the following projects:

- Technology Update: Implement new Enterprise Resource Planning (ERP) technology
- Civic Center Upgrades: Improvements to an outdated and inefficient use of space, primarily on the 2nd floor
- City Shop Improvement Project: Badly needed, capital improvements at the Public Works and Police Shop operations center (streets and sewer equipment/trucks, fleet/mechanic workshop, storage, etc.)

Eligible uses are forward looking and must be used to cover costs incurred starting March 3, 2021. The City has until December 31, 2024 to obligate these grant funds.

Key Goals

- Expend federal funds in a manner consistent with the Act's requirements.
- Prepare the annual report to the Treasury on the use of these funds accurately and timely.

Summary

Revenue Summary

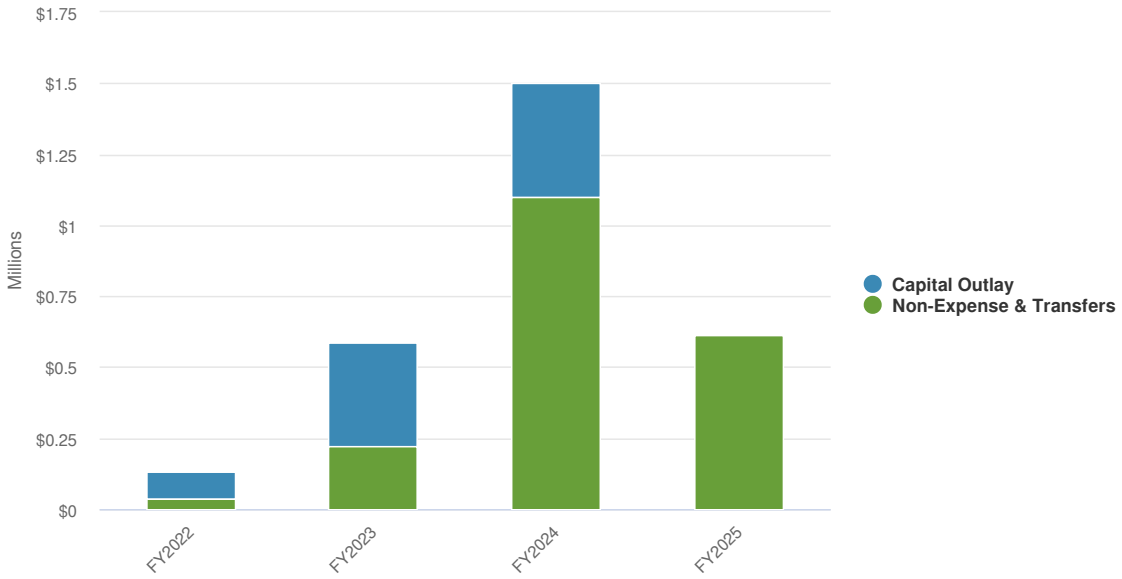
All installments of ARPA funds totaling $2.135ml were receipted in and recorded in prior years.

Expenditure Summary

The City expects to obligate or spend all remaining ARPA funds by the end of 2024. Included in the $614k in expenditures is the funding support for the City Shop improvement project.

American Rescue Plan Act Expenditures

Budgeted and Historical Expenditures by Expense Type



Name	FY2022 Actuals	FY2023 Actuals	FY2024 Amended	FY2025 Requested	FY2024 Amended vs. FY2025 Requested ($ Change)	FY2024 Amended vs. FY2025 Requested (% Change)
Expense Objects						
Capital Outlay	$92,610	$363,256	$405,300	$0	-$405,300	-100%
Non-Expense & Transfers	$39,619	$222,666	$1,098,000	$614,000	-$484,000	-44.1%
Total Expense Objects:	$132,229	$585,921	$1,503,300	$614,000	-$889,300	-59.2%



Rainy Day Fund

Description
The Rainy Day Fund was created by Council in 2018 to provide resources for potential needs related to budget stabilization, emergency response and one-time opportunities. Funds may only be used upon Council approval.

Key Goals

- Use these funds, as needed, for budget stabilization, emergency response and/or one-time opportunities.

Summary

Revenue Summary
At this time, no revenues other than interest income are anticipated, unless they become available at Council's direction.

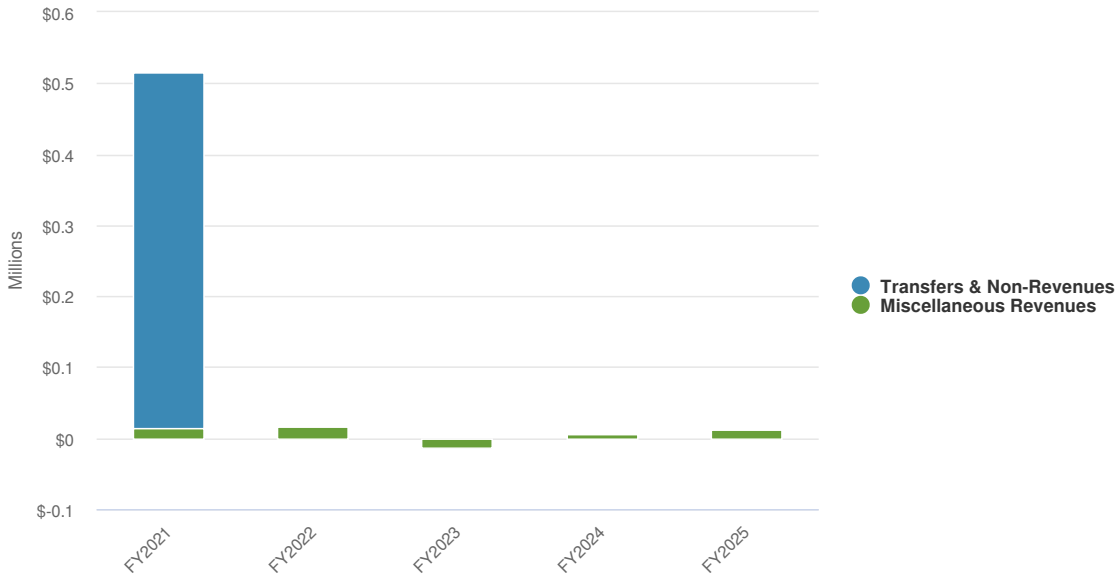
Expenditure Summary
The 2025 Budget currently includes $5k in transfers out to the Parks Restricted fund to provide seed money for a Gold Start Memorial in our new Ruth C. McChord Memorial Park. It also includes $42k in health and human services funding for a youth and family navigator employed by the YMCA to address housing and financial issues of members in our community.

Expenditures from this fund must be brought to Council for approval (upon their direction). In 2020 and 2021, funds were used to support the community in responding to the COVID-19 pandemic. In 2022, funds were used in a one-time opportunity to purchase property behind the Civic Center. In 2024, funds were used to support the purchase of land for the Ruth C. McChord Memorial Park.



Rainy Day Fund Revenues

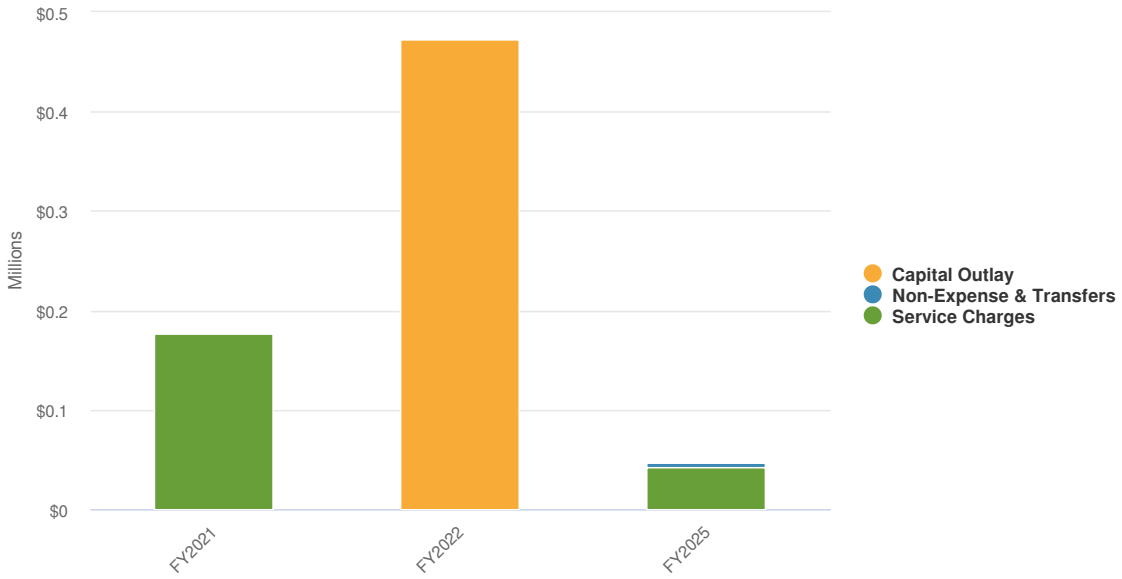
Budgeted and Historical Revenues by Source



Name	FY2021 Actuals	FY2022 Actuals	FY2023 Actuals	FY2024 Amended	FY2025 Requested	FY2024 Amended vs. FY2025 Requested ($ Change)	FY2024 Amended vs. FY2025 Requested (% Change)
Revenue Source							
Miscellaneous Revenues	$14,658	$17,193	-$12,644	$6,000	$13,000	$7,000	116.7%
Transfers & Non-Revenues	$500,000					$0	N/A
Total Revenue Source:	**$514,658**	**$17,193**	**-$12,644**	**$6,000**	**$13,000**	**$7,000**	**116.7%**

Rainy Day Fun Expenditures

Budgeted and Historical Expenditures by Expense Type



Name	FY2021 Actuals	FY2022 Actuals	FY2023 Requested	FY2024 Amended	FY2025 Requested	FY2024 Amended vs. FY2025 Requested ($ Change)	FY2024 Amended vs. FY2025 Requested (% Change)
Expense Objects							
Service Charges	$176,467		$0	$0	$42,500	$42,500	N/A
Capital Outlay		$472,316				$0	N/A
Non-Expense & Transfers				$500,000	$5,000	-$495,000	-99%
Total Expense Objects:	**$176,467**	**$472,316**	**$0**	**$500,000**	**$47,500**	**-$452,500**	**-90.5%**

Debt Service Fund-City Hall

Description

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

Summary

Revenue Summary

Funding for this debt service is slightly below 2024 Budget levels as early calling of bonds in 2023 saves on the annual debt service payment in 2025. Funding is as follows: $200k from General Fund, $350k from Public Safety Tax, and $100k from REET.

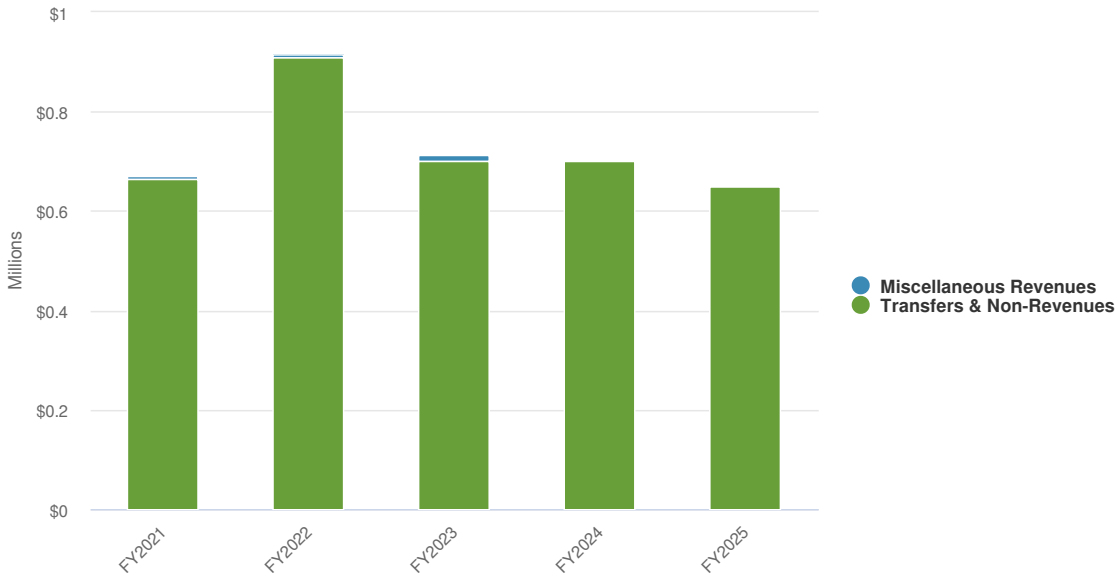
Expenditure Summary

Debt Service payments of the bonds supporting the Civic Center are approximately $618k.



Debt Service Fund-City Hall Revenues

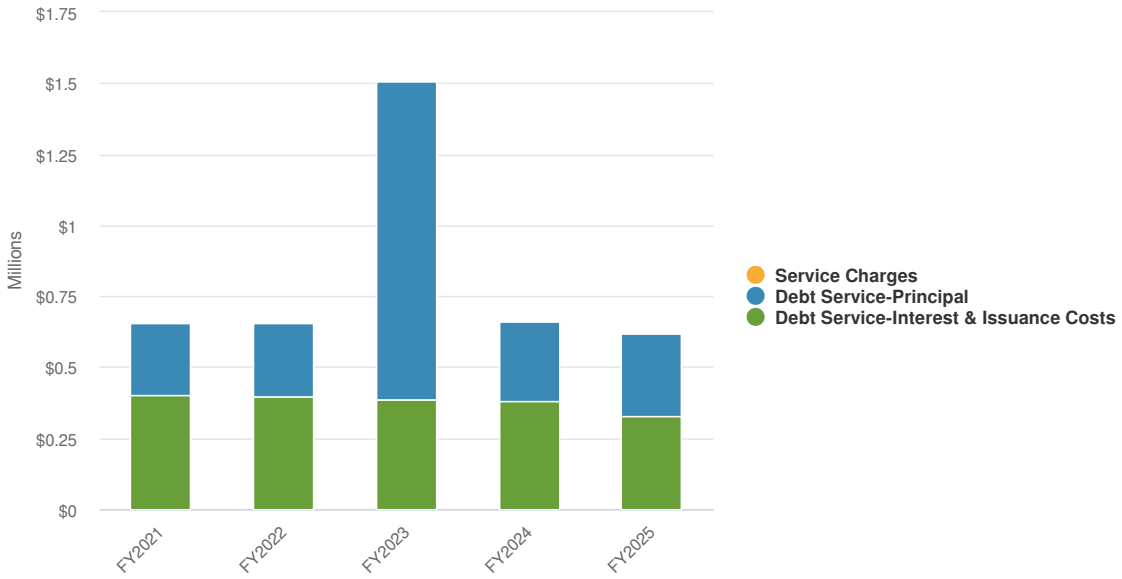
Budgeted and Historical Revenues by Source



Name	FY2021 Actuals	FY2022 Actuals	FY2023 Actuals	FY2024 Amended	FY2025 Requested	FY2024 Amended vs. FY2025 Requested ($ Change)	FY2024 Amended vs. FY2025 Requested (% Change)
Revenue Source							
Miscellaneous Revenues	$4,628	$6,861	$12,390	$3,000	$3,000	$0	0%
Transfers & Non-Revenues	$665,000	$910,000	$700,000	$700,000	$650,000	-$50,000	-7.1%
Total Revenue Source:	**$669,628**	**$916,861**	**$712,390**	**$703,000**	**$653,000**	**-$50,000**	**-7.1%**

Debt Service Fund-City Hall Expenditures

Budgeted and Historical Expenditures by Expense Type



Name	FY2021 Actuals	FY2022 Actuals	FY2023 Actuals	FY2024 Amended	FY2025 Requested	FY2024 Amended vs. FY2025 Requested ($ Change)	FY2024 Amended vs. FY2025 Requested (% Change)
Expense Objects							
Service Charges				$1,220	$800	-$420	-34.4%
Debt Service-Interest & Issuance Costs	$402,425	$395,075	$387,025	$378,876	$327,300	-$51,576	-13.6%
Debt Service-Principal	$255,000	$260,000	$1,120,000	$280,000	$290,000	$10,000	3.6%
Total Expense Objects:	**$657,425**	**$655,075**	**$1,507,025**	**$660,096**	**$618,100**	**-$41,996**	**-6.4%**



Equipment Reserve

Description

The Equipment Reserve Fund was created to account and save for capital equipment purchases related predominantly to General Fund and Street Operations, the Police Department, Information Technology, Parks, Facilities, PW Administration and Engineering. Regular transfers are made from these funds to support ongoing equipment needs, as scheduled out using our best estimated useful life scenarios.

Key Goals

- Support the City's goal of improving technology for a more efficient workforce.
- Support the Organization Goal of improving employee engagement by providing the tools and resources needed to do their jobs.
- Manage and fund the equipment replacement function of the organization (excluding enterprise funds) - Policy minimum fund balance is 2.5 years of replacement and maximum is 6 years of replacement (minimum ending fund balance for 2025 is $2.145ml).



Summary

Revenue Summary

Transfers into this reserve have been generally aggressive over the years in response to equipment needs and to move toward complying with fund balance requirements. Now that we currently meet these requirements, we are in "maintenance mode." The City is continuing its savings efforts, ending 2025 with a fund balance exceeding minimum policy requirements. This calculation is based upon current needs scheduled out through 2030. This "schedule of needs" is updated annually.

Transfers in for 2025 of $568k are $549k (48%) less than the 2024 Budget and exceed total expenses.

Expenditure Summary

Expenses budgeted for 2025 of $555k are $514k (53%) less than 2024 and include:

PD - Two police cars - $160k: The City intends to replace 2 cars in 2025, consistent with the PD's vehicle repair and replacement program.

PD - Tasers - $18k: The City intends to replace all tasers in 2025 and enter into a subscription arrangement for regular replacement going forward.

IT - Technology Refresh Program - Moved to Fund 180 - American Rescue Plan Act (ARPA) - in 2024. We've budgeted $114k for this in 2025.

PW – Replacement Truck - $65K: This truck will be a ¾ ton, snowplow ready vehicle, primarily used for general streets maintenance. It will replace a 2001 Ford F150 4WD pickup that has reached the end of its service life.

PW – Replace backhoe - $100k: This backhoe will be shared among the Public Works divisions for light industrial jobs. This unit will replace a 1986 backhoe which has reached the end of its service life. The replacement unit will be a refurbished backhoe saving the city $150k over the price of a new backhoe.

PW – Purchase a mini excavator - $45K: This excavator will be shared among the Public Works divisions for light industrial jobs. It will be a slightly used excavator for use in tight repair situations.

PW – Purchase a new mower - $16K: This mower will be shared by multiple divisions for right of way mowing. It will be used heavily during peak mowing season, April through October. The current mower inventory is not sufficient for staffing levels and to achieve the standards for rights of way vegetation control.

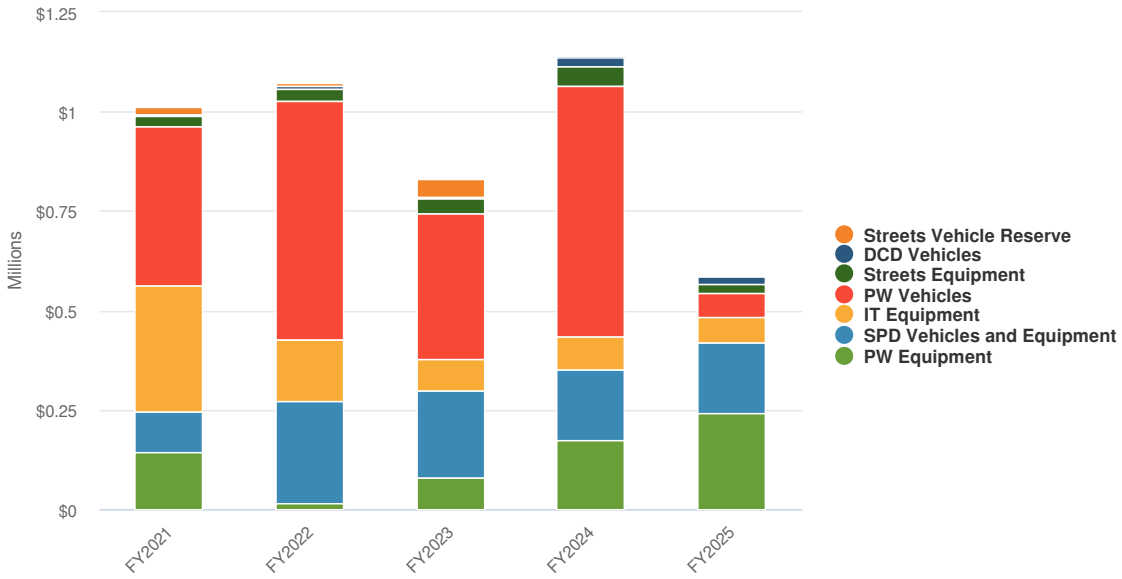
PW – Purchase a new flatbed trailer - $10K: This will be a single axle trailer, used by multiple divisions to transport mowers. The capacity of this trailer will accommodate any of the current mower fleet and increase the ability to move mowers throughout the city in a timely fashion. Current trailers are limited by size and do not allow for moving the larger mowers.

PW – Purchase a new scissor lift - $12K: This lift will be shared among Public Works divisions. It will be used to access work at elevated levels in a safe manner where the boom truck is not applicable (inside structures and in close quarters). This unit will eliminate the need to rent a scissor lift in the future.

Streets – Purchase two Public Communication Signs (PCS) - $15K: These signs will be used to notify the public for events, construction, and maintenance events. The City currently has one PCS which will be retired as it has reached the end of its service life. The additional PCS will replace the need to rent a unit from outside parties.

Equipment Reserve Revenue

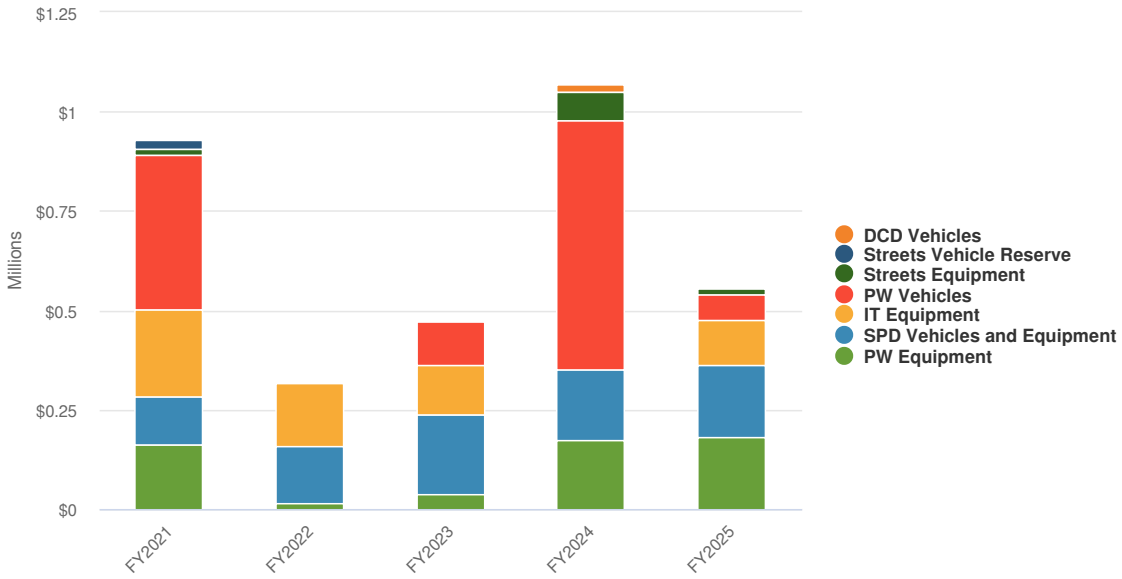
Budgeted and Historical Revenue by Department



Name	FY2021 Actuals	FY2022 Actuals	FY2023 Actuals	FY2024 Amended	FY2025 Requested	FY2024 Amended vs. FY2025 Requested ($ Change)	FY2024 Amended vs. FY2025 Requested (% Change)
Revenue							
Capital							
Streets Equipment	$26,005	$29,451	$36,334	$50,500	$22,000	-$28,500	-56.4%
IT Equipment	$313,800	$157,800	$81,400	$81,400	$65,000	-$16,400	-20.1%
PW Equipment	$143,250	$16,000	$80,000	$175,000	$241,000	$66,000	37.7%
SPD Vehicles and Equipment	$104,043	$254,071	$217,752	$178,000	$178,000	$0	0%
DCD Vehicles	$4,703	$8,372	$4,405	$20,000	$20,000	$0	0%
Streets Vehicle Reserve	$20,000	$5,000	$45,000	$0	$0	$0	0%
PW Vehicles	$401,805	$600,800	$364,402	$630,800	$60,800	-$570,000	-90.4%
Total Capital:	$1,013,606	$1,071,495	$829,293	$1,135,700	$586,800	-$548,900	-48.3%
Total Revenue:	$1,013,606	$1,071,495	$829,293	$1,135,700	$586,800	-$548,900	-48.3%

Equipment Reserve Expenditures

Budgeted and Historical Expenditures by Function



Name	FY2021 Actuals	FY2022 Actuals	FY2023 Actuals	FY2024 Amended	FY2025 Requested	FY2024 Amended vs. FY2025 Requested ($ Change)	FY2024 Amended vs. FY2025 Requested (% Change)
Expenditures							
Capital							
Streets Equipment	$16,178		$2,839	$70,000	$15,000	-$55,000	-78.6%
IT Equipment	$217,677	$159,643	$126,868	$0	$114,426	$114,426	N/A
PW Equipment	$161,395	$13,799	$36,409	$175,000	$183,000	$8,000	4.6%
SPD Vehicles and Equipment	$122,955	$144,898	$200,357	$178,000	$178,000	$0	0%
DCD Vehicles				$20,000	$0	-$20,000	-100%
Streets Vehicle Reserve	$23,262					$0	N/A
PW Vehicles	$388,205		$109,443	$626,200	$65,000	-$561,200	-89.6%
Total Capital:	$929,673	$318,340	$475,917	$1,069,200	$555,426	-$513,774	-48.1%
Total Expenditures:	$929,673	$318,340	$475,917	$1,069,200	$555,426	-$513,774	-48.1%

Trust, Agency and Internal Services Funds

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.
- **Intergovernmental Agency Fund** is used to receipt various monies received and then 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.

Key Goals

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

Summary

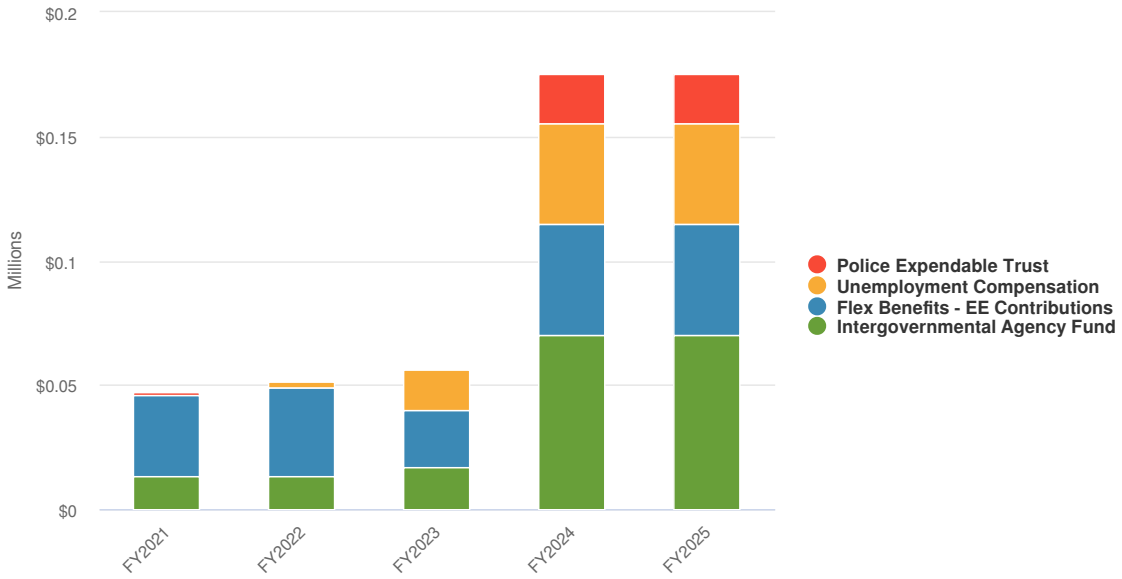
Revenues and expenses for all funds fluctuate based on external factors. **Revenues** are budgeted basically the same from year to year because these funds are budgeted to account for volatility of revenues and costs. Actual revenues can vary significantly from budget. **Expenses** are the same.

- **Unemployment Compensation Reserve:** No revenues are budgeted at this time as this reserve is adequately funded. Expenses consist of $40k for potential claims.
- **Police Expendable Trust Fund:** Revenues and expenses are budgeted at $20k but are dependent on activity.
- **Intergovernmental Agency Fund:** These are funds held in a fiduciary capacity by the City and cannot be used for general operations. A budget amount was selected that will cover the costs of disbursements. The revenue and expenses are based on tax assessments and the sale of bus passes.
- **Flexible Spending Account Fund:** Revenues and expenses are budgeted at $45k and based upon expected benefit activity



Trust and Agency Funds Expenditures

Budgeted and Historical Expenditures by Function



Name	FY2021 Actuals	FY2022 Actuals	FY2023 Actuals	FY2024 Amended	FY2025 Requested	FY2024 Amended vs. FY2025 Requested ($ Change)	FY2024 Amended vs. FY2025 Requested (% Change)
Expenditures							
Administrative Services Department							
Unemployment Compensation		$2,019	$16,365	$40,000	$40,000	$0	0%
Flex Benefits - EE Contributions	$32,811	$36,158	$23,019	$45,000	$45,000	$0	0%
Police Expendable Trust	$745			$20,000	$20,000	$0	0%
Intergovernmental Agency Fund	$13,277	$13,076	$16,753	$70,000	$70,000	$0	0%
Total Administrative Services Department:	$46,833	$51,253	$56,137	$175,000	$175,000	$0	0%
Total Expenditures:	$46,833	$51,253	$56,137	$175,000	$175,000	$0	0%

Community Development Organization



Growth Planning

- Customer service: general planning information and education
- Comprehensive Plan and Future Land Use Map
- Subarea plans and functional planning
- SMC development codes
- Public participation programs
- Land use and demographic databases
- Regional growth coordination and issues
- Annexation program
- Economic development

Development Services

- Customer service: permit intake and general information
- Permit administration for land use and building activity
- Building plan review / inspections
- Permit tracking
- Address files
- Site plan review and inspections
- Plan review, permits renewal and inspections
- SMC, IBC, design standards, and other development codes
- SEPA review
- Subdivision review

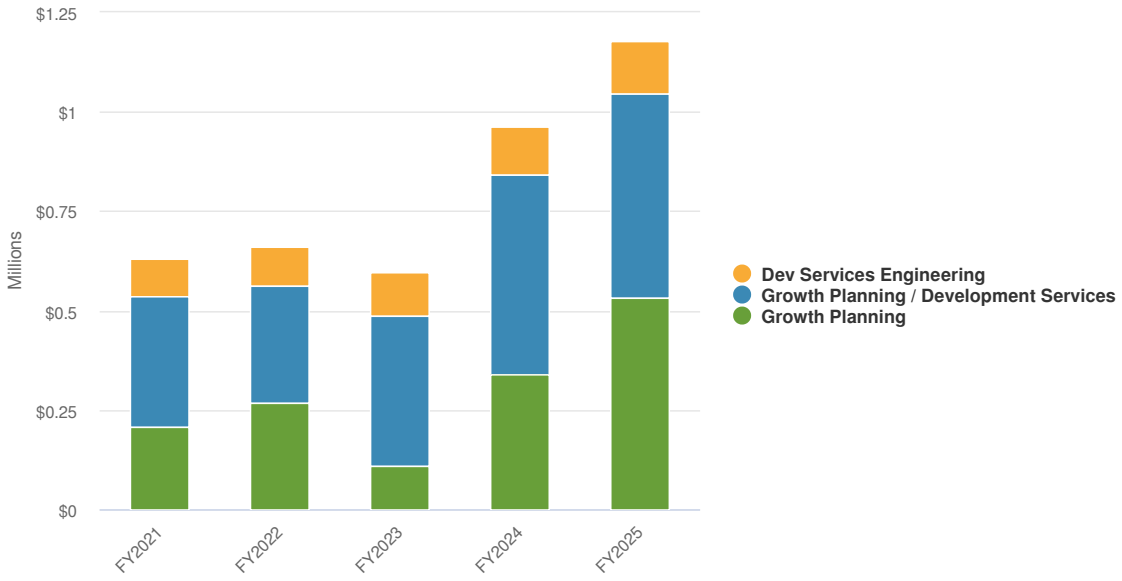
Land Use and Building Compliance

- Code Compliance:
  - Sign Code
  - Zoning violations
- Compliance records
- SMC updates to strengthen compliance
- Residential building inspections / violations
- Land use violations

Community Development Department Overview

Community Development Department Expenditures

Budgeted and Historical Expenditures by Function



Name	FY2021 Actuals	FY2022 Actuals	FY2023 Actuals	FY2024 Amended	FY2025 Requested	FY2024 Amended vs. FY2025 Requested ($ Change)	FY2024 Amended vs. FY2025 Requested (% Change)
Expenditures							
Department of Community Development							
Growth Planning / Development Services	$326,512	$294,560	$377,718	$505,083	$513,723	$8,640	1.7%
Dev Services Engineering	$93,791	$99,075	$110,654	$120,242	$133,695	$13,453	11.2%
Growth Planning	$209,455	$266,645	$108,293	$338,180	$530,771	$192,591	56.9%
Total Department of Community Development:	$629,758	$660,281	$596,665	$963,505	$1,178,189	$214,684	22.3%
Total Expenditures:	$629,758	$660,281	$596,665	$963,505	$1,178,189	$214,684	22.3%

Growth Planning / Development Services

Department Description

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 guided by the Comprehensive Plan, zoning and land division codes, environmental plans and ordinances, and building and fire codes.

Growth Planning is responsible for managing the preparation of City's Comprehensive Plan to guide long-range growth and development, as well as, assisting with the preparation of functional plans for transportation, utilities, parks, and public safety to support the growth policies contained in the City's Comprehensive Plan. This plan is the community's vision for future growth and development guided by public involvement.

Development Services is responsible for protecting the City's health, safety and welfare through the administration of development and building codes, project and plan review, site and building inspections, environmental review, and code compliance with land use and building codes. It consists of three functions: Current Planning, Building Services, and Development Services. Current Planning is responsible for all land use and environmental regulations. Building Services reviews building plans and conducts building inspections to ensure safe occupancy and code compliance ensures that development is consistent with all City plans, codes, and permit conditions. Development Services oversees the permit counter which provides information, responds to questions, and takes in permit applications.

Residential development activity in the City of Sequim has picked up in the last few years. The Rolling Hills project is currently under Site Construction Permit review for 215 single-family lots. The Legacy Ridge Subdivision is in for a Site Construction Permit as well, with a total of 233 residential lots. All phases of Mariners Outlook are under review for a Site Construction Permit with a total of 82 units. Habitat for Humanity has a major subdivision of approximately 50 units. With residential platting and development underway the Department is currently establishing electronic plan review and refinements to the processing timelines and touchpoints to ensure development activities are processed effectively and consistently.

As the City continues to work on the 2025 Comprehensive Plan major update, climate resiliency and housing will be key work areas. Council identified the need for workforce housing in Sequim. Research, code updates and legislative updates relating to housing will be a focus of the DCD Team in 2024 through 2025. The State of Washington made the most significant reforms to the Growth Management act in more than 20 years in the last few sessions. DCD will implement the state mandated changes into our Comprehensive Plan Update and zoning code amendments that will ensure compliance and place us in a favorable position to acquire more eligible funding and grants in the future.

Mission

The mission of Growth Planning/Development Services is to facilitate quality development through good design.

Key Goals

DCD is evaluating our lines of business and level of service. As our department becomes more sophisticated and data focused, we are reviewing current practices, processes, code sections, and guiding documents. The Team has an internal five-year strategic plan with work items and priorities based on actions to move the department forward in growth planning, current planning / development review, building permits, code compliance, building inspections and economic development.

Goals include:

- Meet community needs through the Comprehensive Plan Periodic Review and Development Regulations update. Work to complete this goal continues until the deadline with the Washington State Department of Commerce on June 30, 2025. Additional work updating the Critical Areas Ordinance and Municipal Code will occur after adoption of the Comprehensive Plan.
- Update processes and improve permitting software through the implementation and training of users in the Tyler Technologies Permitting Software. This will go live in late 2024, 2025 will focus on streamlining of electronic plan review internally through Tyler Tech and Bluebeam sessions, form and publication updates of handouts and development Fact Sheets specific to land use and subdivision requirements.
- Focus on process improvement, customer service with updates to the DCD Website as well as providing updated information to the customer that will help communicate and understand the services of DCD and processes provided by the Department.

Summary

Revenue Summary

Most revenue sources are expected to increase slightly given 2024 performance, but they are difficult to predict. Increases in grant revenues are anticipated to partially fund the Comprehensive Plan update process.

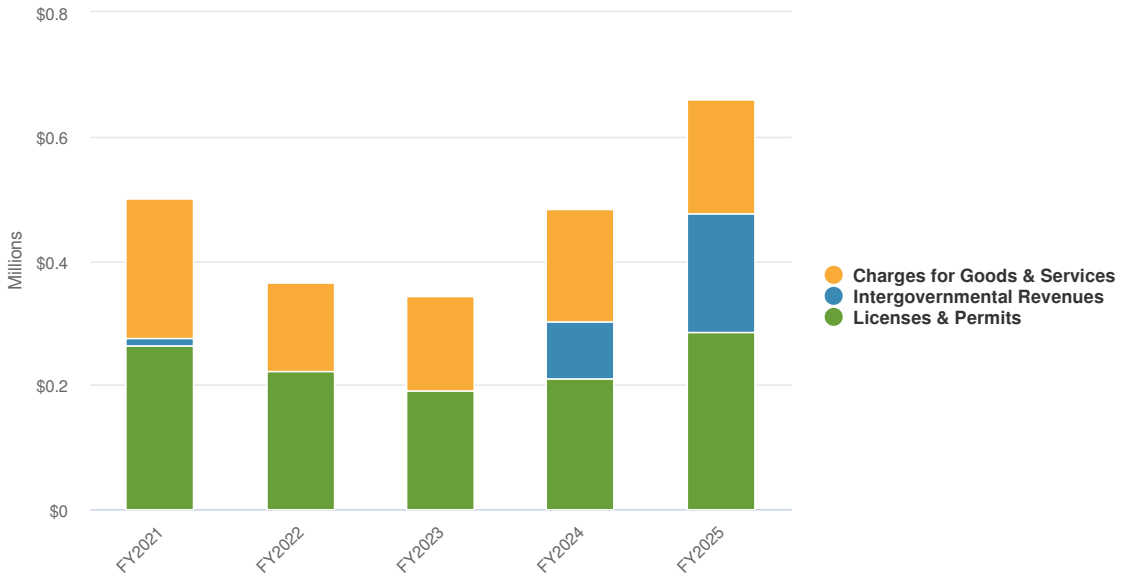
Expenditure Summary

This budget increased by $215k (22%) from the 2024 Budget. This budget includes Hearings Examiner services, and outside professional services to assist in shepherding the Comprehensive Plan and related code updates - a project expected to be multi-year. The significant increase in services is related to the Comprehensive Plan and code updates.



Growth Planning / Development Services Revenues

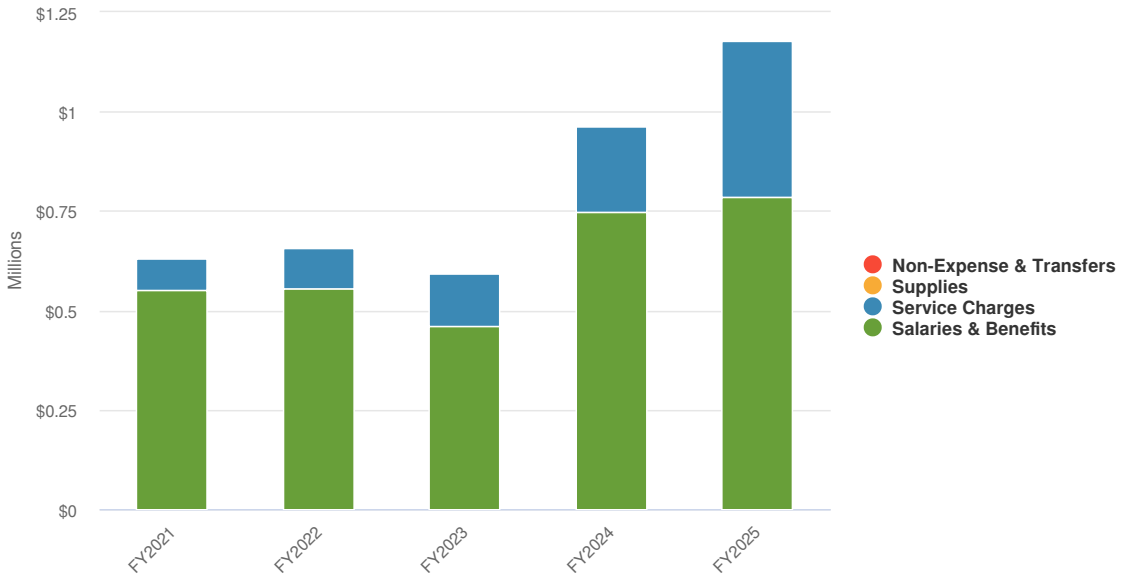
Budgeted and Historical Revenues by Source



Name	FY2021 Actuals	FY2022 Actuals	FY2023 Actuals	FY2024 Amended	FY2025 Requested	FY2024 Amended vs. FY2025 Requested ($ Change)	FY2024 Amended vs. FY2025 Requested (% Change)
Revenue Source							
Licenses & Permits	$264,375	$221,541	$191,904	$211,000	$285,000	$74,000	35.1%
Intergovernmental Revenues	$12,343			$90,000	$191,300	$101,300	112.6%
Charges for Goods & Services	$224,718	$143,962	$151,196	$182,750	$182,750	$0	0%
Total Revenue Source:	$501,435	$365,502	$343,101	$483,750	$659,050	$175,300	36.2%

Growth Planning / Development Services Expenditures

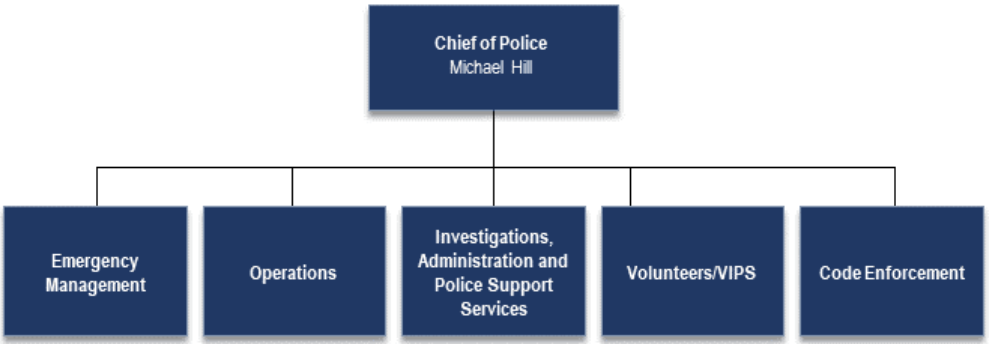
Budgeted and Historical Expenditures by Expense Type



Name	FY2021 Actuals	FY2022 Actuals	FY2023 Actuals	FY2024 Amended	FY2025 Requested	FY2024 Amended vs. FY2025 Requested ($ Change)	FY2024 Amended vs. FY2025 Requested (% Change)
Expense Objects							
Salaries & Benefits	$551,266	$556,636	$460,422	$748,305	$786,239	$37,934	5.1%
Supplies	$888	$1,567	$2,946	$1,450	$1,450	$0	0%
Service Charges	$77,605	$99,079	$133,298	$213,750	$390,500	$176,750	82.7%
Non-Expense & Transfers		$3,000		$0	$0	$0	0%
Total Expense Objects:	**$629,758**	**$660,281**	**$596,665**	**$963,505**	**$1,178,189**	**$214,684**	**22.3%**



Police Organization



Emergency Management

- Emergency management services

Operations

- Patrol/911 Response
- Investigations
- Training
- K-9 Unit
- WSP Target Zero partner
- Crime Prevention

Investigations, Administration and Police Support Services

- Crime Investigation
- Regional Drug Team
- Sex Offender Checks
- Budget
- Customer Service
- Licensing, Permits and Fingerprints
- Personnel Administration
- Professional Accountability
- Records
- Communications
- Property and Evidence
- Crime Data Reports

Volunteers/VIPS

- Project Lifesaver
- Block Watch
- Business Watch
- Front Office Support
- Vacation House Check
- Child Car Seat Safety
- Pawnshop Detail
- Chaplain

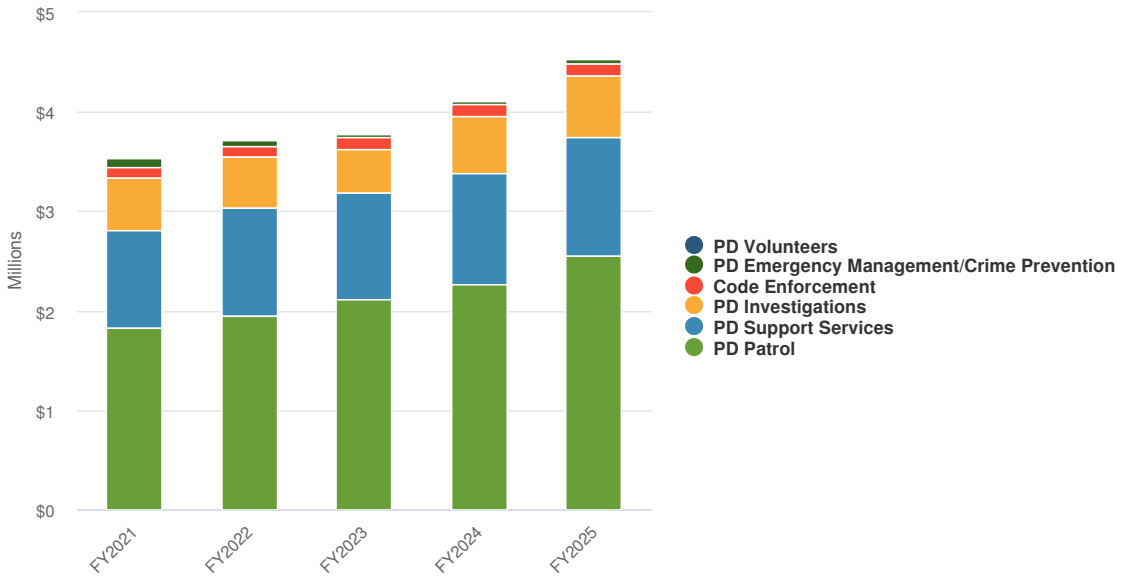
Code Enforcement

- Animal Control
- Code Enforcement

Public Safety Operations - Department Overview

Public Safety Operations Expenditures

Budgeted and Historical Expenditures by Function



Name	FY2021 Actuals	FY2022 Actuals	FY2023 Actuals	FY2024 Amended	FY2025 Requested	FY2024 Amended vs. FY2025 Requested ($ Change)	FY2024 Amended vs. FY2025 Requested (% Change)
Expenditures							
Police Department							
Code Enforcement	$102,619	$106,471	$113,974	$121,088	$124,459	$3,371	2.8%
PD Support Services	$988,272	$1,094,934	$1,078,676	$1,115,982	$1,196,231	$80,249	7.2%
PD Volunteers	$147	$167	$578	$3,260	$1,701	-$1,559	-47.8%
PD Patrol	$1,826,283	$1,947,817	$2,108,282	$2,265,427	$2,548,065	$282,638	12.5%
PD Investigations	$531,330	$509,003	$441,567	$571,328	$619,085	$47,757	8.4%
PD Emergency Management/Crime Prevention	$90,664	$59,203	$35,350	$39,863	$40,733	$870	2.2%
Total Police Department:	$3,539,315	$3,717,595	$3,778,427	$4,116,948	$4,530,274	$413,326	10%
Total Expenditures:	$3,539,315	$3,717,595	$3,778,427	$4,116,948	$4,530,274	$413,326	10%

Police Department

Department Description

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 offenders; and by ordinance, emergency management and preparation. The Department coordinates investigations and law enforcement operations with other jurisdictions and agencies.

Additionally, the Support Services front counter offers weapons permitting and transfers, fingerprinting, records retrieval, incident reports, vacation check requests, evidence and property management, and public records requests.

Our Code Enforcement Officer will continue to investigate Animal Control and Nuisances issues. 2025 responsibilities will include working as a liaison with social services and taking on additional responsibilities previously handled by DCD.

The 2025 budget reflects Department staffing of twenty-two sworn Officers (22 FTE) and one Code Enforcement Officer. In 2025, there are multiple predicted personnel openings, continued trainings as required by state law and WASPC accreditation, additional state mandated trainings including LETCSA , and projected increases in police incidents. Police Department functions are greatly supported by three Records Specialists in our Support Services division supervised by the Support Services Supervisor for a total of four civilian support FTE. Following the pandemic, the Department experienced a decrease in civilian volunteers who support office and patrol functions; currently there are approximately 10 volunteers who assist the Department's efforts and provide enhanced public safety programs.

Emergency management efforts within the City were augmented in 2020 to include a .4 Emergency Management Coordinator. With the COVID-19 public heath emergency, that position was expanded to full-time in 2020. Mid-year in 2022, the full-time emergency level was reduced back to the .4 FTE and is continued through the 2025 budget. However, 2024 required training in emergency management functions to new City staff to enhance emergency management efforts throughout the City.

Mission

The mission of the Police Department is to partner with our community in preserving the peace and reducing the incidence of crime for everyone who lives, works and visits our City.

Key Goals

- Enhanced Customer-Centric Experience: Continue engagement with regional partners and service providers in the areas of homelessness, mental illness, and substance abuse to increase efficient and exceptional exchanges. Continue our commitment to our regional drug enforcement task force (OPNET) and School Resource partnership with the Sequim School District, ensuring exceptional service to our residents.
- Continued Process Improvement: Continue implementation of training and protocols to ensure adherence to de-escalation, emergency response (Active Shooter), use of force, crisis intervention, the LETCSA mandate, and required legislation and best industry standards, thereby ensuring efficiency and the utilization of data-driven decision making. Continue with Accreditation annual proofs/requirements, thereby maintaining the re-certification awarded in 2024
- Digital Transformation: Work towards full operational implementation (including CAD integration) of our Body Worn Camera and In-Car Video systems, implement an unmanned aerial vehicle (UAV) program (including purchase of software and equipment and training personnel), and obtain software and initiate transfer of evidence and property processing to digital format, continuing towards a paperless records division and supporting the city's strategic commitment to innovative advancement.
- Municipal Infrastructure: Update the Police Department Strategic plan, communicating a commitment to our mission to preserve the peace and reduce the incidents of crime for everyone who lives, works, and visits in our city.
- Managed Growth and Development: Initiate participation in a multi-agency crisis response team (CRT) and schedule training of a new K9 Team (canine and handler following K9 Mamba's retirement in late 2024/early 2025), establishing a strong foundation for future growth and development. Focus on succession planning within the Department to address staff turnover due to long time employees retiring. Hiring, training, and replacement of job expertise (such as ancillary duties and specialty skills) is needed to absorb several retirements experienced in the recent past and to proactively address expected future retirements.



Summary

Revenue Summary

2025 budgeted revenues of $539k increased $24k (5%) from the prior year due to trends in criminal justice, liquor and marijuana tax receipts - driven by increases in population and consumer purchasing habits.

Expenditure Summary

Overall, the police budget for 2025 of $4.530ml increased by $413k (10%) from the 2024 Budget. Salary and benefit expenses reflect a normal COLA increase for non-represented staff plus the cost of health insurance and retirement benefits. Increases in uniformed staffing costs reflect the bargaining unit contract that is effective until December 1, 2026. State mandated costs continue to increase, including Labor and Industries Industrial Insurance and LEOFF (Law Enforcement Officers and Fire Fighters Retirement System) contributions.

2025 budget assumptions are: Supply and equipment replacement expenses reflect normal operations but will be impacted by inflationary pressures in the marketplace. Training, travel, and registration were increased as needed to address needs brought on by Police Reform laws passed in 2021/22 and required specialty trainings following predictable retirements and promotions. Local in-service training and remote/on-line offerings will continue to be leveraged where possible within our 2025 training plan. Due to the City's enhanced emergency operations, and the need to effectively respond to emergencies, City staff assigned to emergency management will continue with required training and the department budgeted to purchase/upgrade equipment.

Hiring expenses increased due to predicted staffing needs and replacement, adhering to statutory requirements (polygraph, psychological, medical, equipment, BLEA/BLEEA training, etc.). Retention and recruitment of employees is paramount to the department's success and the budget has increased to facilitate proactive hiring activities.

Increases in PENCOM dispatch services are expected; however, the amount is unknown at this time. Investigative technology expenses are also reflected in this budget. Digital subscription and storage services are shared between the department and IT and are subject to change. Transfers out to the Equipment Reserve reflect the intention to purchase 2 police cars as part of our Police fleet plan, upgrading outdated taser equipment to a contractual lease program, and outfitting the crisis response team member(s).

Recent crime trends have shown an increase need for investigations of crimes which occurred in Sequim but require travel for case investigation and resolution, to include suspect apprehension.

The Police Department will continue its participation in the Olympic Peninsula Narcotics Enforcement Task Force (OPNET), Kitsap Crisis Incident Response Team (KCIRT), Major Incident Response Team (MIRT), and Crisis Response Team (CRT).

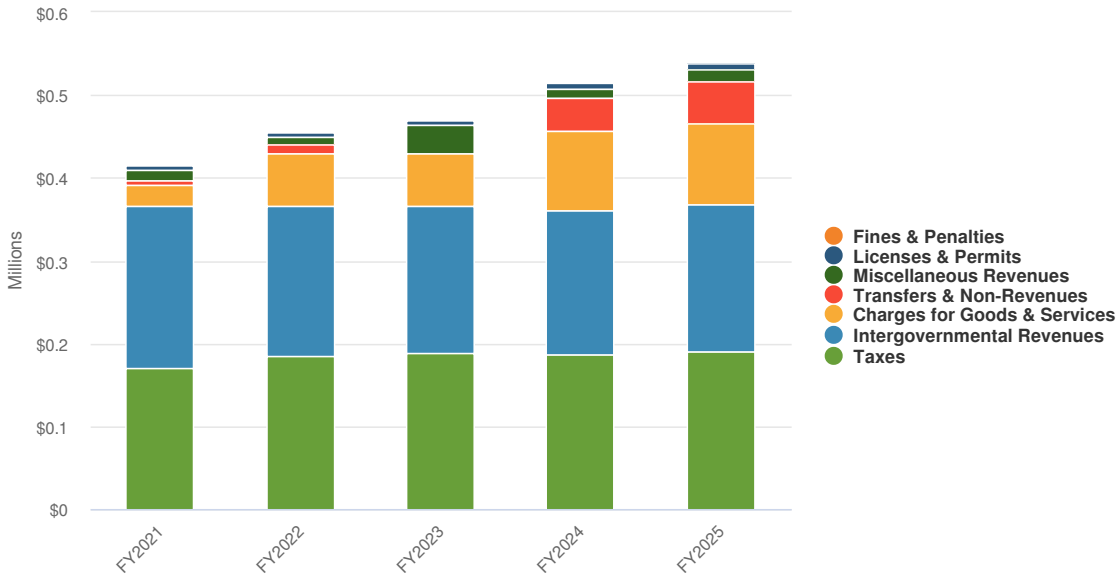
The money received from Jamestown Healing Clinic for a mental health professional contract expires mid-2025; projected expense for continuance of the program is not reflected in the department 2025 budget, but in the Police Restricted Funds.

The Sequim School District continues to share salary and benefit expenses as part of the School Resource Officer (SRO) agreement.

As the facility and office equipment age, replacement will be required. This expense was previously provided for in the Facilities budget; however, has become a department responsibility and those items will need to be purchased on an as-needed basis.

Police Department Revenues

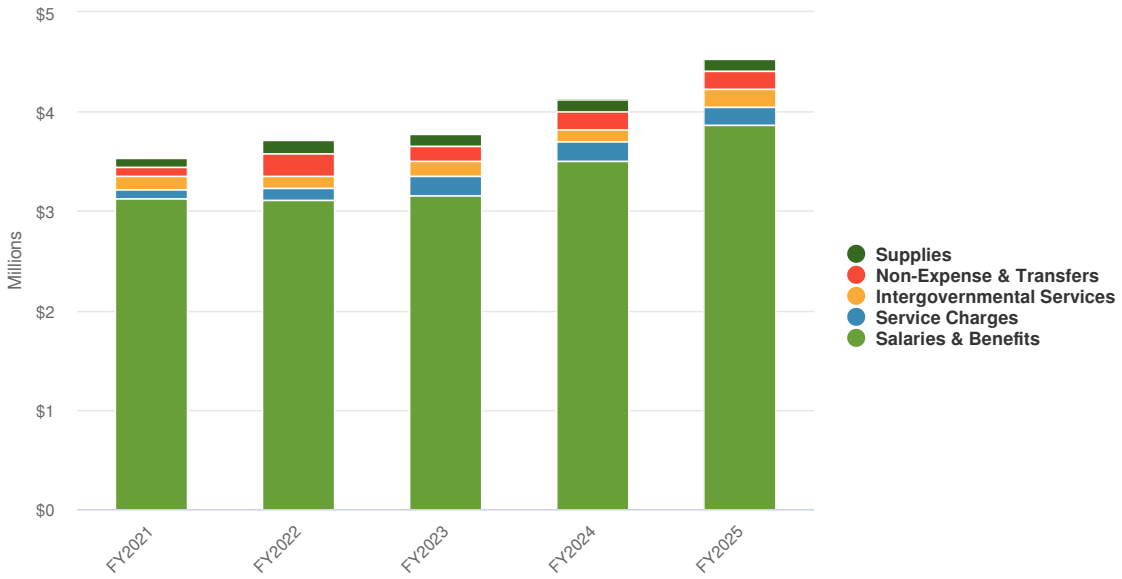
Budgeted and Historical Revenues by Source



Name	FY2021 Actuals	FY2022 Actuals	FY2023 Actuals	FY2024 Amended	FY2025 Requested	FY2024 Amended vs. FY2025 Requested ($ Change)	FY2024 Amended vs. FY2025 Requested (% Change)
Revenue Source							
Taxes	$169,555	$185,093	$189,296	$186,742	$189,518	$2,776	1.5%
Licenses & Permits	$5,107	$6,592	$6,298	$6,745	$6,745	$0	0%
Intergovernmental Revenues	$196,143	$180,453	$176,545	$173,476	$179,288	$5,812	3.4%
Charges for Goods & Services	$25,473	$64,264	$63,700	$97,000	$97,000	$0	0%
Fines & Penalties		$100	$1,179			$0	N/A
Miscellaneous Revenues	$11,800	$9,241	$34,177	$11,000	$16,000	$5,000	45.5%
Transfers & Non-Revenues	$6,180	$10,234	$116	$40,000	$50,000	$10,000	25%
Total Revenue Source:	**$414,258**	**$455,978**	**$471,311**	**$514,963**	**$538,551**	**$23,588**	**4.6%**

Police Department Expenditures

Budgeted and Historical Expenditures by Expense Type

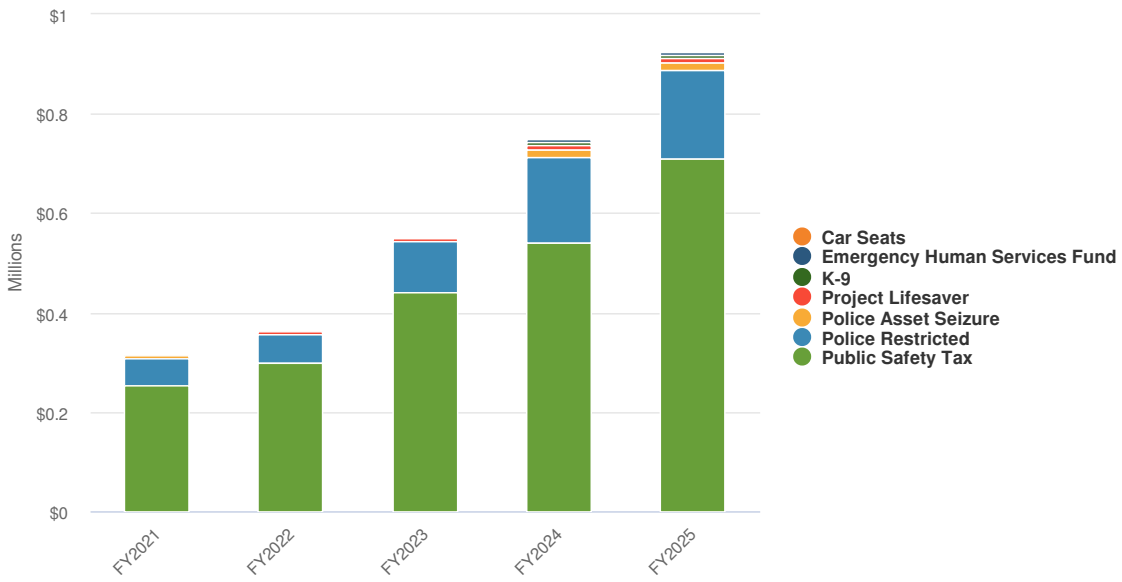


Name	FY2021 Actuals	FY2022 Actuals	FY2023 Actuals	FY2024 Amended	FY2025 Requested	FY2024 Amended vs. FY2025 Requested ($ Change)	FY2024 Amended vs. FY2025 Requested (% Change)
Expense Objects							
Salaries & Benefits	$3,119,663	$3,109,893	$3,162,535	$3,503,491	$3,860,144	$356,653	10.2%
Supplies	$92,965	$131,653	$117,383	$115,302	$124,201	$8,899	7.7%
Service Charges	$93,505	$126,709	$190,989	$191,455	$188,954	-$2,501	-1.3%
Intergovernmental Services	$133,183	$124,340	$147,520	$128,700	$178,975	$50,275	39.1%
Non-Expense & Transfers	$100,000	$225,000	$160,000	$178,000	$178,000	$0	0%
Total Expense Objects:	**$3,539,315**	**$3,717,595**	**$3,778,427**	**$4,116,948**	**$4,530,274**	**$413,326**	**10%**

Public Safety Restricted - Department Overview

Public Safety Restricted Expenditures

Budgeted and Historical Expenditures by Function



Name	FY2021 Actuals	FY2022 Actuals	FY2023 Actuals	FY2024 Amended	FY2025 Requested	FY2024 Amended vs. FY2025 Requested ($ Change)	FY2024 Amended vs. FY2025 Requested (% Change)
Expenditures							
Police Department							
Police Restricted	$51,601	$56,544	$102,718	$172,156	$177,201	$5,045	2.9%
Car Seats				$1,200	$1,200	$0	0%
K-9	$2,636	$4,299	$2,423	$7,400	$7,400	$0	0%
Project Lifesaver		$5,879	$6,384	$10,000	$10,000	$0	0%
Public Safety Tax	$255,153	$300,000	$440,000	$540,000	$710,000	$170,000	31.5%
Emergency Human Services Fund	$381	$152	$2,847	$5,400	$5,400	$0	0%
Police Asset Seizure	$8,795			$15,000	$15,000	$0	0%
Total Police Department:	$318,566	$366,874	$554,373	$751,156	$926,201	$175,045	23.3%
Total Expenditures:	$318,566	$366,874	$554,373	$751,156	$926,201	$175,045	23.3%

Police Restricted

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 the k-9 program, Project LifeSaver, Public Safety Tax collection and transfers, Emergency Human Services funding and the Chaplaincy fund. In 2022, we added the Jamestown Medically Assisted Treatment Clinic monitoring and evaluation program which provides a Navigator program funded by the Jamestown S'Klallam Tribe. This program will continue in 2024.

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 state 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 fund require written authorization of the Chief of Police and the City Manager (Sequim Municipal Code 3.42.030).

Key Goals

- Utilize donated funds for their dedicated purposes.
- Apply asset seizure funds towards needed officer safety and investigative equipment purchases.
- Transfer available Public Safety Tax to Debt Service Fund for Civic Center bond payments.
- Jamestown MAT Clinic monitoring and evaluation program related activities.



Summary

Revenue Summary

Police Restricted Fund: The Police Restricted budget reflects grant money and donations that are linked to specific purposes and programs as previously noted. Additionally, the voter-approved Public Safety Sales Tax revenue is recorded in this fund which continues to be used to pay Civic Center/Police Station debt. Finally, a new program revenue was added to this fund in 2022 to pay for a professional social services navigator, contracted by the City, to carry out part of the Jamestown Medically Assisted Treatment facility (MAT) clinic monitoring and evaluation program.

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.

Expenditure Summary

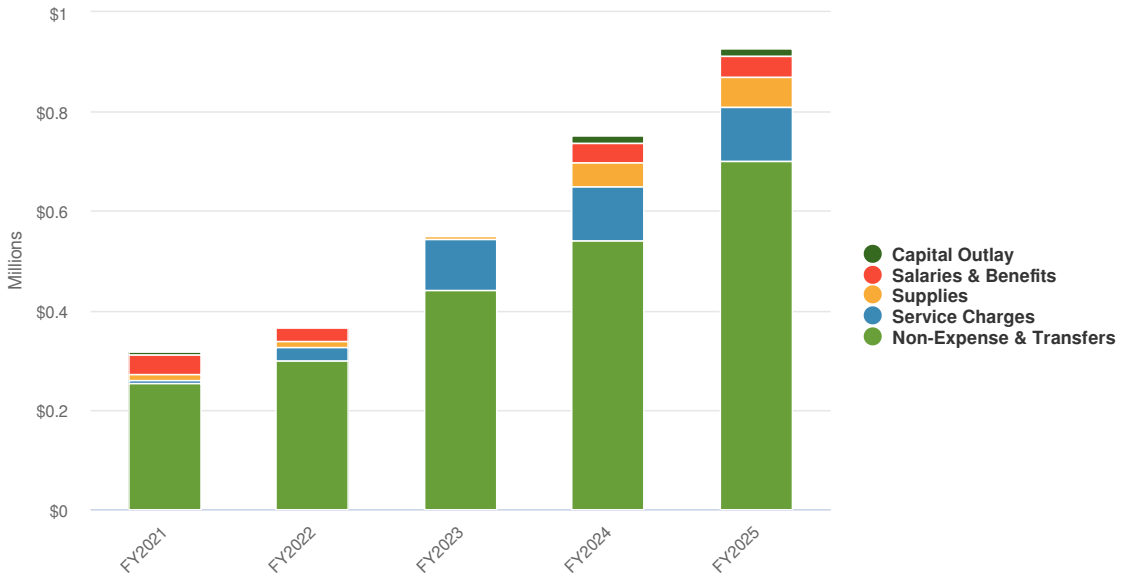
Police Restricted Fund: A transfer out to the Civic Center debt is flat with 2024 by and a transfer out to the City Shop Improvements project of $300k is increased in 2025 by $150k. This budget also includes and additional $10k in transfers to the General Fund's Emergency Management Department. Other items that remain flat include the professional social services navigator program to support compliance with the MAT clinic monitoring and evaluation requirements (paid for by the Jamestown Tribe). This agreement is in place at least until June 1, 2025.

Police Asset Seizure Fund: The asset seizure fund is a restricted fund by RCW with limited law enforcement purposes connected to drug enforcement. Any expenses must fit within the guidance provided by RCW and our City code, 3.42.030.



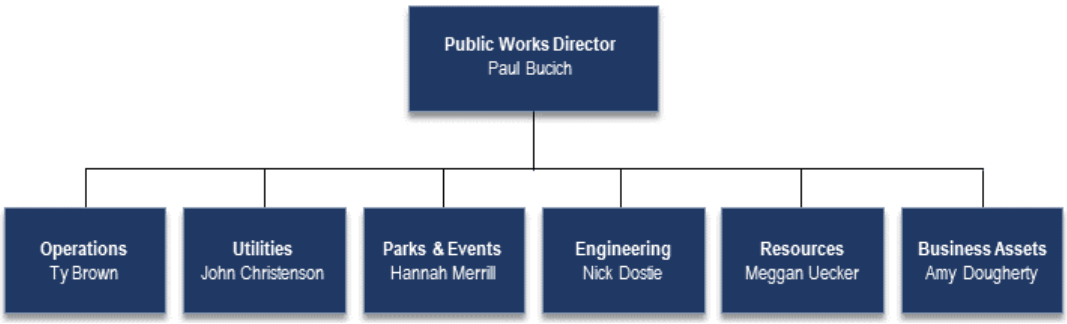
Police Restricted Expenditures

Budgeted and Historical Expenditures by Expense Type



Name	FY2021 Actuals	FY2022 Actuals	FY2023 Actuals	FY2024 Amended	FY2025 Requested	FY2024 Amended vs. FY2025 Requested ($ Change)	FY2024 Amended vs. FY2025 Requested (% Change)
Expense Objects							
Salaries & Benefits	$36,904	$28,148	$3,933	$37,575	$42,620	$5,045	13.4%
Supplies	$13,884	$12,577	$6,579	$48,681	$58,681	$10,000	20.5%
Service Charges	$4,383	$26,150	$103,861	$109,900	$109,900	$0	0%
Capital Outlay	$8,394			$15,000	$15,000	$0	0%
Non-Expense & Transfers	$255,000	$300,000	$440,000	$540,000	$700,000	$160,000	29.6%
Total Expense Objects:	**$318,566**	**$366,874**	**$554,373**	**$751,156**	**$926,201**	**$175,045**	**23.3%**

Public Works Organization



Operations

- Streets and Stormwater Maintenance and Repair
- Right of Way Landscaping
- Safety
- Lighting
- Traffic Signals
- Traffic Signs
- Sidewalks
- Snow and Ice Control
- Striping and Traffic Controls
- Radio Communication
- Emergency Management Logistics

Utilities

- Water Supply and Distribution
- Water Rights Management
- Water Operations and Maintenance
- Sewer Operations & Maintenance
- Water Reclamation Facility (WRF)
- Reclaimed Water and Biosolids Distribution
- Industrial Pre-Treatment
- Utility Locates
- Emergency Management Operations

Parks & Events

- Coordinate Park Docents
- Parks Board Liaison
- Parks Master Planning
- Donations/Volunteer Coordination
- Janitorial Service
- Parks Operations
- Emergency Management Operations

Engineering

- Capital Improvement Program
- GIS
- Traffic Engineering
- Development Reviews
- Site Construction Inspections
- Emergency Management Logistics
- Transportation Improvement Planning
- Construction Administration

Resources

- Stormwater Compliance
- Reclaimed Water Utilization Management
- Natural Resource Sustainability
- Governmental Tribal/Public Resource Liaison
- Emergency Management Planning
- Solid Waste Management
- Grant Procurement and Management

Business Assets

- Asset Management Program
- Facilities Management
- Capital Improvement Program Prep
- Budget Prep and Compliance
- Purchasing and Acquisition
- Utility Rate and Fee Development
- Fiscal Data Analysis
- Fleet Management Coordination
- Contract Administration
- Finance Dept. Liaison
- Emergency Management Logistics

Facilities Maintenance

Department Description

The Facilities Maintenance Division includes building repairs, maintenance, and janitorial services for all City owned properties and the Clallam Transit Center. Facilities staff also assists with a variety of highly technical "one-off" projects throughout the City as well as the community clean-up events, including “Rally in the Alley”. The operation of the rental facilities within the City is also contained in this division.

Key Goals

- Perform scheduled maintenance and upgrades to City Facilities.
- Retro-fit administrative buildings to accommodate staffing levels.
- Implement an upgraded City-wide security system.
- Replace HVAC equipment at Civic Center, Guy Cole, and City shop.
- Assess building roofs and establish an ongoing repair-replacement program.



Summary

Revenue Summary

Facilities revenue is expected to increase by $12k (27%) due to additional special events permits anticipated.

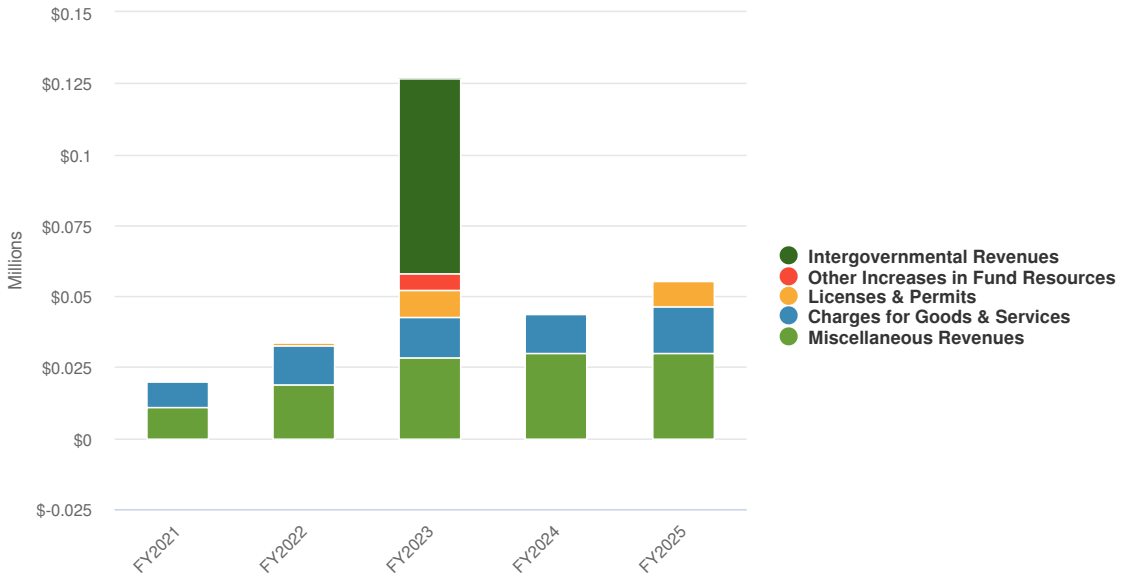
Expenditure Summary

This budget decreased by $8k (1%) from the 2024 Budget. The transfer to capital projects was reduced by $50k (20%) due to a reduction in facilities related capital projects. This was offset by a $20k (6%) increase in wages and benefits resulting from the reallocation of staff time to the facilities functions as well as a $11k (59%) increase in repair and maintenance costs for HVAC maintenance and a $14k (21%) increase in contracted janitorial fees.



Facilities Maintenance Revenues

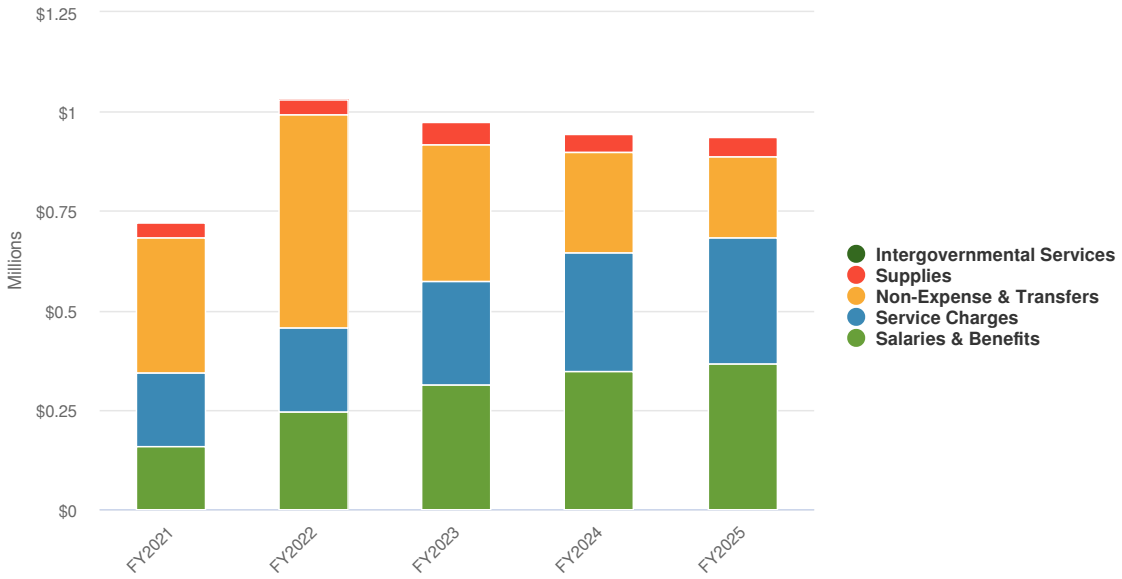
Budgeted and Historical Revenues by Source



Name	FY2021 Actuals	FY2022 Actuals	FY2023 Actuals	FY2024 Amended	FY2025 Requested	FY2024 Amended vs. FY2025 Requested ($ Change)	FY2024 Amended vs. FY2025 Requested (% Change)
Revenue Source							
Licenses & Permits		$1,250	$9,250		$9,250	$9,250	N/A
Intergovernmental Revenues			$68,766			$0	N/A
Charges for Goods & Services	$9,139	$13,921	$14,494	$13,900	$16,370	$2,470	17.8%
Miscellaneous Revenues	$10,760	$18,733	$28,317	$30,000	$30,000	$0	0%
Other Increases in Fund Resources	-$59	$118	$5,776			$0	N/A
Total Revenue Source:	**$19,840**	**$34,022**	**$126,603**	**$43,900**	**$55,620**	**$11,720**	**26.7%**

Facilities Maintenance Expenditures

Budgeted and Historical Expenditures by Expense Type



Name	FY2021 Actuals	FY2022 Actuals	FY2023 Actuals	FY2024 Amended	FY2025 Requested	FY2024 Amended vs. FY2025 Requested ($ Change)	FY2024 Amended vs. FY2025 Requested (% Change)
Expense Objects							
Salaries & Benefits	$156,878	$246,885	$314,994	$347,204	$367,492	$20,288	5.8%
Supplies	$36,647	$36,644	$58,212	$44,520	$49,400	$4,880	11%
Service Charges	$188,479	$209,617	$259,891	$298,000	$314,785	$16,785	5.6%
Intergovernmental Services	$93	$93				$0	N/A
Non-Expense & Transfers	$339,600	$536,340	$341,910	$254,400	$204,400	-$50,000	-19.7%
Total Expense Objects:	**$721,697**	**$1,029,579**	**$975,008**	**$944,124**	**$936,077**	**-$8,047**	**-0.9%**

Park Operations

Department Description

Park Operations is responsible for the maintenance of nine (9) City-owned parks, including the James Center for the Performing Arts, and the Guy Cole Event Center. Some of the maintenance is shared with non-profit organizations. Total park area property is approximately 133 acres. The City also maintains approximately 4 miles of the Olympic Discovery Trail system located in the City of Sequim. In addition to the Carrie Blake Park complex, the City maintains the relatively undeveloped Keeler, Gerhardt and the newly purchased McCord Parks as well as several smaller parks scattered throughout the City. The Parks Division also coordinates with community groups who provide scheduling and some maintenance of various park play and leisure areas.

Key Goals

- Continued implementation of the Parks Master Plan.
- Development of individual park Master Plans, including community outreach and engagement for Keeler and Gerhardt Parks.
- Identify and pursue funding sources for acquisition development and maintenance of Parks.
- Improve customer service through facility reservation system for additional park amenities.



Summary

Revenue Summary

Parks revenues are expected to increase by $199k (57%) from the 2024 Budget due to interfund service fees associated with the reuse demonstration site.

Expenditure Summary

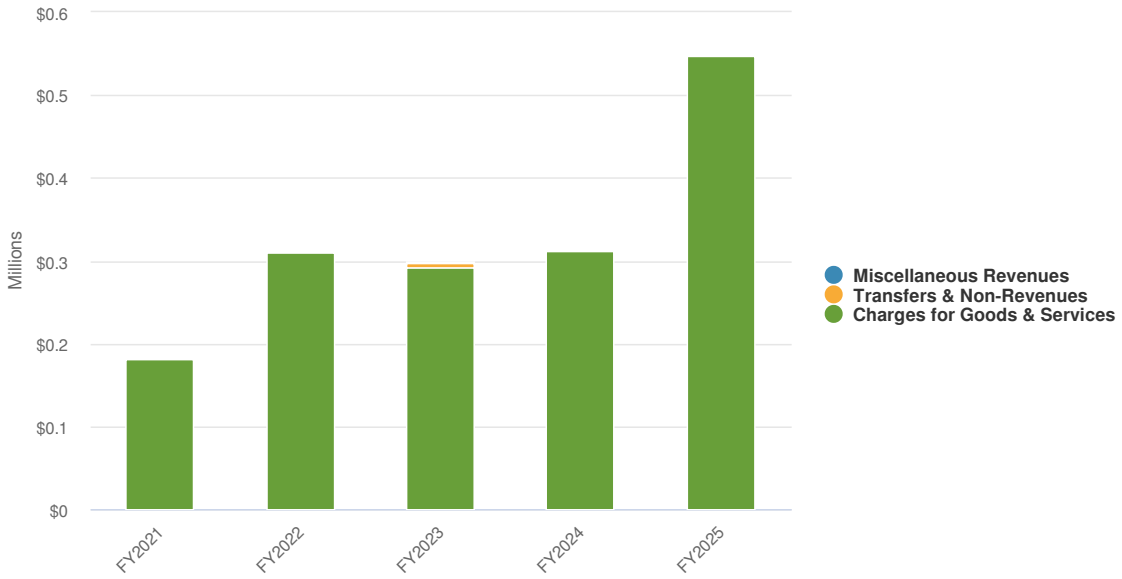
This budget increased by $225k (47%) from the 2024 Budget. This increase is the result of $220k (61%) in salaries and benefits due to the addition of 1 FTE to assist with managing the park division and 2 seasonal employees to maintain the parks grounds plus small changes in utilities fees.





Park Operations Revenues

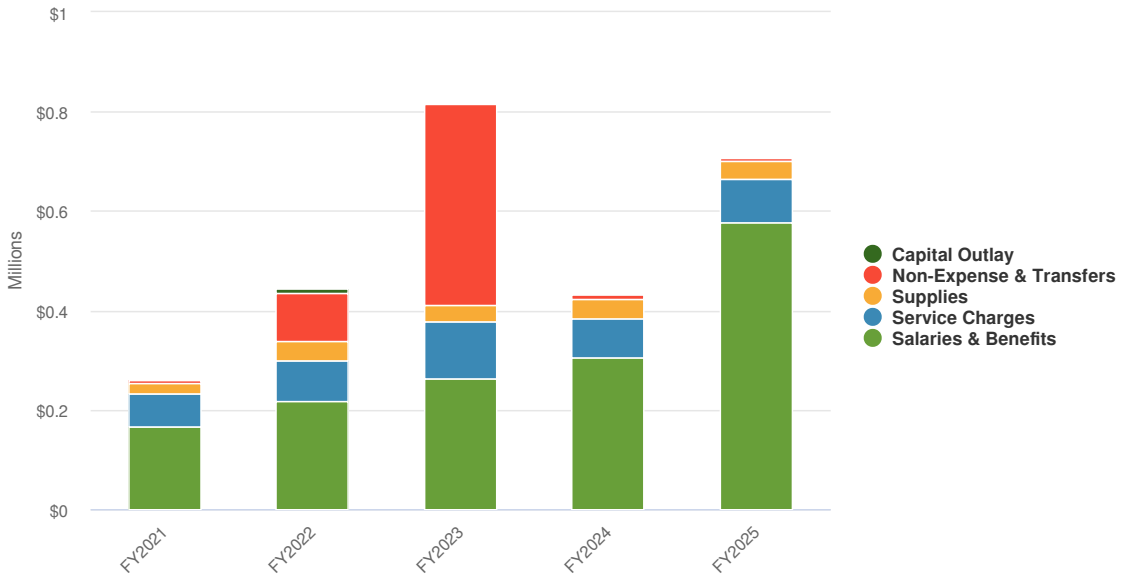
Budgeted and Historical Revenues by Source



Name	FY2021 Actuals	FY2022 Actuals	FY2023 Actuals	FY2024 Amended	FY2025 Requested	FY2024 Amended vs. FY2025 Requested ($ Change)	FY2024 Amended vs. FY2025 Requested (% Change)
Revenue Source							
Charges for Goods & Services	$181,960	$309,779	$291,237	$348,400	$547,558	$199,158	57.2%
Miscellaneous Revenues	$1,105	$2,744	$1,735	$0	$0	$0	0%
Transfers & Non-Revenues			$6,312			$0	N/A
Total Revenue Source:	**$183,065**	**$312,523**	**$299,284**	**$348,400**	**$547,558**	**$199,158**	**57.2%**

Park Operations Expenditures

Budgeted and Historical Expenditures by Expense Type



Name	FY2021 Actuals	FY2022 Actuals	FY2023 Actuals	FY2024 Amended	FY2025 Requested	FY2024 Amended vs. FY2025 Requested ($ Change)	FY2024 Amended vs. FY2025 Requested (% Change)
Expense Objects							
Salaries & Benefits	$165,593	$216,115	$262,876	$358,503	$578,399	$219,896	61.3%
Supplies	$19,329	$38,268	$31,068	$40,825	$34,825	-$6,000	-14.7%
Service Charges	$67,997	$84,112	$116,117	$76,455	$87,660	$11,205	14.7%
Capital Outlay		$7,758				$0	N/A
Non-Expense & Transfers	$7,000	$97,000	$407,000	$7,000	$7,000	$0	0%
Total Expense Objects:	**$259,919**	**$443,253**	**$817,061**	**$482,783**	**$707,884**	**$225,101**	**46.6%**

Events

Department Description

This is a new department created in 2025 to better track revenues and expenses for the increasing number of events and special permit related activities. The City has allocated 20% of the Parks and Events Manager and 40% of the Assistant Parks and Events Manager's salaries and benefits to this department. Also, the costs associated with the 4th of July celebration and related supplies and services, like Sanikans, are booked in this department.

Key Goals

- Research and develop future community events and programming, including a community outreach component.
- Plan, organize, and coordinate the Fourth of July event.



Summary

Revenue Summary

This budget contains an estimation of seed money needed from the Hotel/Motel Fund to support the Fourth of July Celebration.

Expenditure Summary

This budget includes the cost to manage events that occur throughout the year. Portions of staff salaries and benefits are included based on anticipated time necessary to facilitate event activity. Supplies and services such as portable bathroom facilities are also included. The main event for 2025 is the Fourth of July Fireworks Show.

Event Revenues

Name	FY2025 Requested	FY2024 Amended vs. FY2025 Requested ($ Change)	FY2024 Amended vs. FY2025 Requested (% Change)
Revenue Source			
Charges for Goods & Services	$12,500	$12,500	N/A
Total Revenue Source:	**$12,500**	**$12,500**	**N/A**

Event Expenditures

Name	FY2025 Requested	FY2024 Amended vs. FY2025 Requested ($ Change)	FY2024 Amended vs. FY2025 Requested (% Change)
Expense Objects			
Salaries & Benefits	$75,715	$75,715	N/A
Supplies	$5,000	$5,000	N/A
Service Charges	$23,000	$23,000	N/A
Total Expense Objects:	**$103,715**	**$103,715**	**N/A**



PW Administration

Department Description

The Public Works Department has the primary 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 and priorities. 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, administers grant and loan agreements, facilitates transportation and infrastructure planning, assists in development review and answers customer inquiries. It oversees budget preparation and administration and ensures compliance with purchasing regulations.

Mission

The Public Works Department mission is to build community by maintaining and enhancing the City's infrastructure in a way that meet the needs of the City and complies with state, federal and Council established standards.

Key Goals

- Collaborate with legislators, local and regional governmental entities, and other private organizations to promote infrastructure expansion and improvement that supports development and community needs.
- Support Department of Community Development's update of the Comprehensive Plan.
- Develop updated Comprehensive Sewer Plan.
- Finalize Transportation Master Plan.
- Strengthen utilization of Cartegraph Asset Management System for asset documentation, maintenance, and rehabilitation/replacement, including Fleet.
- Source and purchase necessary equipment to improve service levels throughout the city.
- Strengthen Public Works Safety Program.
- Support increased training and certification programs for Public Works crews.
- Emergency Operations support.



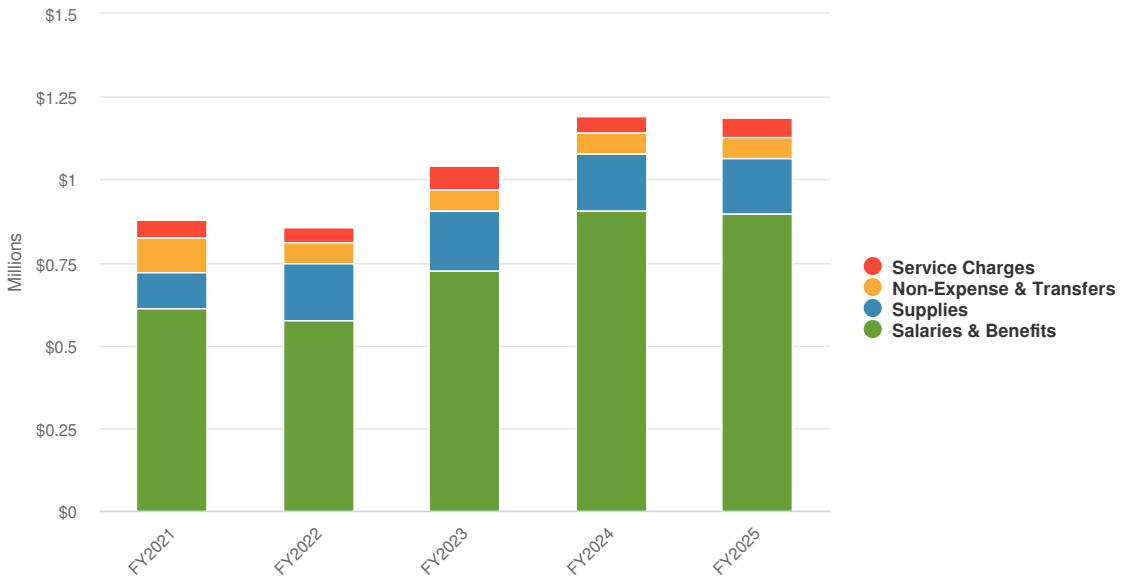
Summary

Expenditure Summary

This budget decreased by $7k (0.6%) from the 2024 Budget. Salaries and benefits decreased by $9k (10%) due to the reduction of staff positions required in 2024 to cover retirements and overlap. This was offset by an increase in uniform costs for the Public Works field crew members.

PW Administration Expenditures

Budgeted and Historical Expenditures by Expense Type



Name	FY2021 Actuals	FY2022 Actuals	FY2023 Actuals	FY2024 Amended	FY2025 Requested	FY2024 Amended vs. FY2025 Requested ($ Change)	FY2024 Amended vs. FY2025 Requested (% Change)
Expense Objects							
Salaries & Benefits	$612,949	$573,860	$724,107	$907,706	$898,736	-$8,970	-1%
Supplies	$108,503	$172,950	$182,916	$169,380	$165,300	-$4,080	-2.4%
Service Charges	$51,708	$48,056	$71,519	$53,741	$59,221	$5,480	10.2%
Non-Expense & Transfers	$105,000	$63,000	$63,000	$63,000	$63,000	$0	0%
Total Expense Objects:	$878,160	$857,867	$1,041,542	$1,193,827	$1,186,257	-$7,570	-0.6%

Street Operations

Department Description

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 signals, and pavement markings), maintaining sidewalks and trails, street trees and landscaping, street lighting, parking facilities, and other maintenance-related services. Unrestricted revenues come from: General Fund, motor vehicle tax and arterial fuel tax.

Key Goals

- Update City street signs and ensure all maintenance is documented.
- Initiate a sign reflectivity testing program.
- Develop innovative maintenance methods to reduce task time related to asphalt replacement and flat work.
- Initiate a guard rail replacement program.
- Establish brine station for winter de-icing.
- Create a tree inventory program and document any Legacy Trees.
- Develop annual chip seal and asphalt patching program



Summary

Revenue Summary

Streets revenue decreased by $50k (4%) due to anticipated decreases in street/curb/ROW permit fees of $22k (83%), Transportation Benefit District tax contributions of $6k (4%), charges for Public Works property management services of $8k (11%), and, finally, transfers from the general fund of $15k (2%).

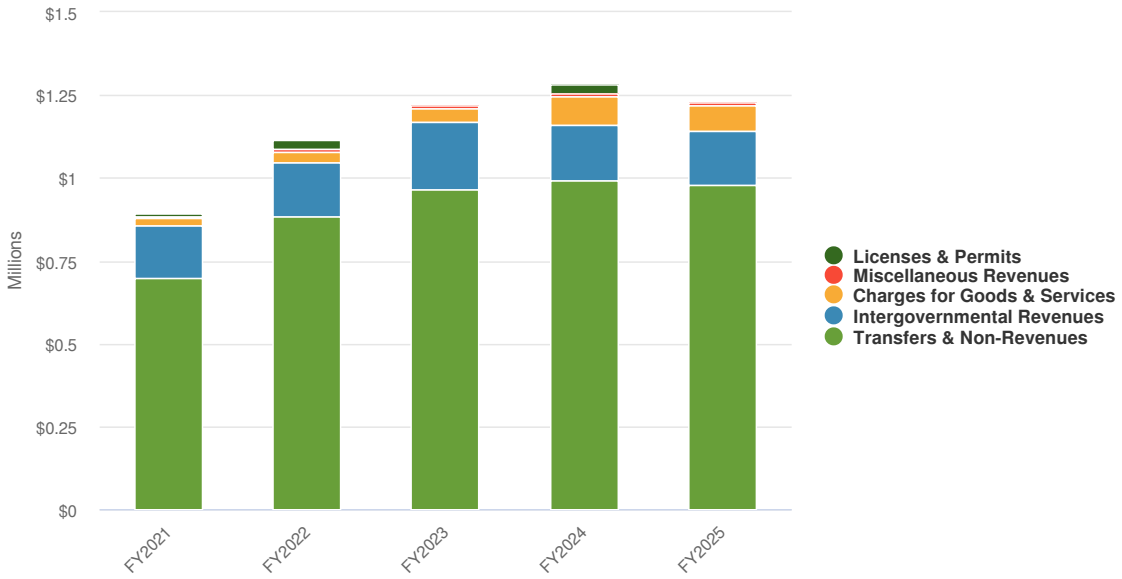
Expenditure Summary

This budget decreased by $37k (3%) from the 2024 Budget. Salaries and benefits decreased $60k (10%) due to reallocation of staff time to other divisions and the retirement of a partial FTE. Additionally, we decreased transfers to the Equipment Reserve for 2025. This was offset by an increase of $18k for seasonal décor and $15K for traffic safety signs.



Street Operations Revenues

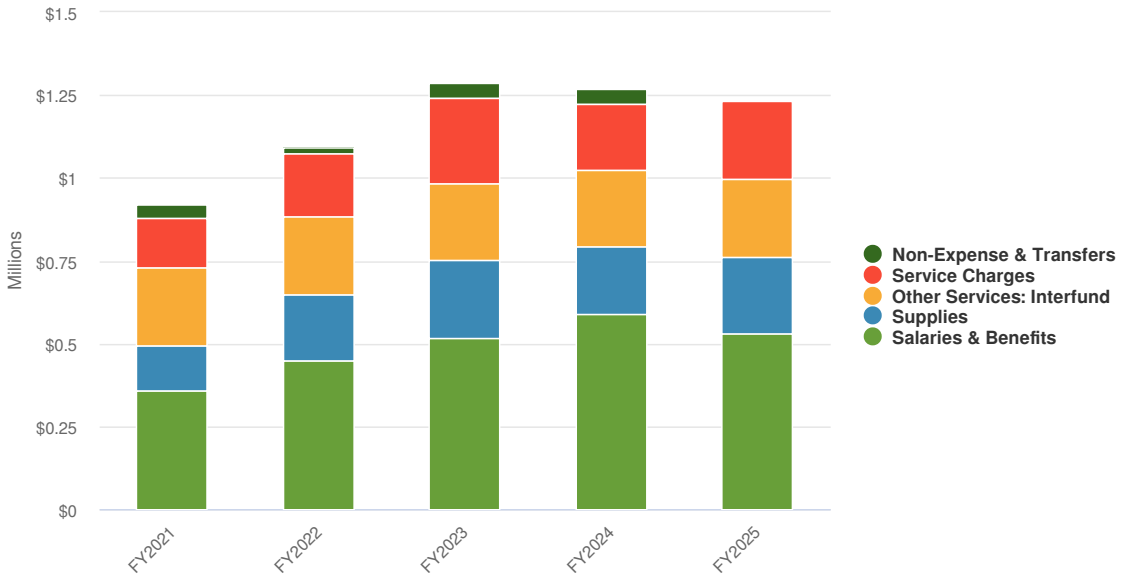
Budgeted and Historical Revenues by Source



Name	FY2021 Actuals	FY2022 Actuals	FY2023 Actuals	FY2024 Amended	FY2025 Requested	FY2024 Amended vs. FY2025 Requested ($ Change)	FY2024 Amended vs. FY2025 Requested (% Change)
Revenue Source							
Licenses & Permits	$6,682	$27,613	$4,531	$26,000	$4,500	-$21,500	-82.7%
Intergovernmental Revenues	$160,731	$163,240	$203,217	$170,373	$164,679	-$5,694	-3.3%
Charges for Goods & Services	$23,231	$31,002	$38,494	$83,101	$75,101	-$8,000	-9.6%
Miscellaneous Revenues	$4,296	$8,487	$8,313	$10,820	$10,820	$0	0%
Transfers & Non-Revenues	$697,335	$883,022	$967,392	$992,000	$977,000	-$15,000	-1.5%
Total Revenue Source:	**$892,275**	**$1,113,363**	**$1,221,947**	**$1,282,294**	**$1,232,100**	**-$50,194**	**-3.9%**

Street Operations Expenditures

Budgeted and Historical Expenditures by Expense Type



Name	FY2021 Actuals	FY2022 Actuals	FY2023 Actuals	FY2024 Amended	FY2025 Requested	FY2024 Amended vs. FY2025 Requested ($ Change)	FY2024 Amended vs. FY2025 Requested (% Change)
Expense Objects							
Salaries & Benefits	$358,018	$450,072	$517,243	$589,650	$528,465	-$61,185	-10.4%
Supplies	$137,192	$197,321	$235,034	$202,105	$234,835	$32,730	16.2%
Service Charges	$149,384	$190,992	$256,000	$197,581	$233,880	$36,299	18.4%
Non-Expense & Transfers	$39,232	$19,000	$45,000	$45,000	$0	-$45,000	-100%
Other Services: Interfund	$234,886	$234,943	$232,406	$234,000	$234,000	$0	0%
Total Expense Objects:	**$918,712**	**$1,092,328**	**$1,285,682**	**$1,268,336**	**$1,231,180**	**-$37,156**	**-2.9%**

Storm Water Operations

Department Description
Stormwater Operations manages risk and increases resiliency by protecting water quality, water resources/ supplies, and preventing damage from floods. Stormwater operations and maintenance staff includes field personnel who maintain the City stormwater facilities and respond to flooding issues during storms, and office personnel who track compliance, coordinate with commercial, residential, and irrigation facility owners, provide planning and technical support, and apply for grant funding.

Field operations currently entail maintaining and repairing City-owned facilities: In-pipe cameras are used to assess infrastructure condition, the vac truck is used to clean catch basins and clear infiltration lines and dry wells, staff or contractors maintain stormwater ponds to ensure they are functioning as designed and the street sweeper is utilized weekly on all streets per a regular schedule.

The City's inventory and mapping of its stormwater (and other in-ground) facilities is ongoing. With the planned expansion of GIS capabilities this information will be made available department-wide for tracking and scheduling maintenance. Periodic work responding to storms includes sandbagging to direct runoff into appropriate storm drains, clearing trash racks and culverts when they are clogged, etc. The most problematic clogs are usually resolved with the vac truck. Mutual assistance contracts with Sequim Prairie Tri-Irrigation Association and Highland Irrigation District are in place to expedite storm response.

Key Goals

- Complete the maintenance and brush removal of all the City storm water ponds.
- Clean and maintain all the City catch basins per sludge level and maintenance needs. Includes filter replacement as needed on water quality devices.
- Add an infiltration catch basin and infiltration line on the side of West Brackett Road to reduce flooding.
- Replace stormwater pond fencing as needed.

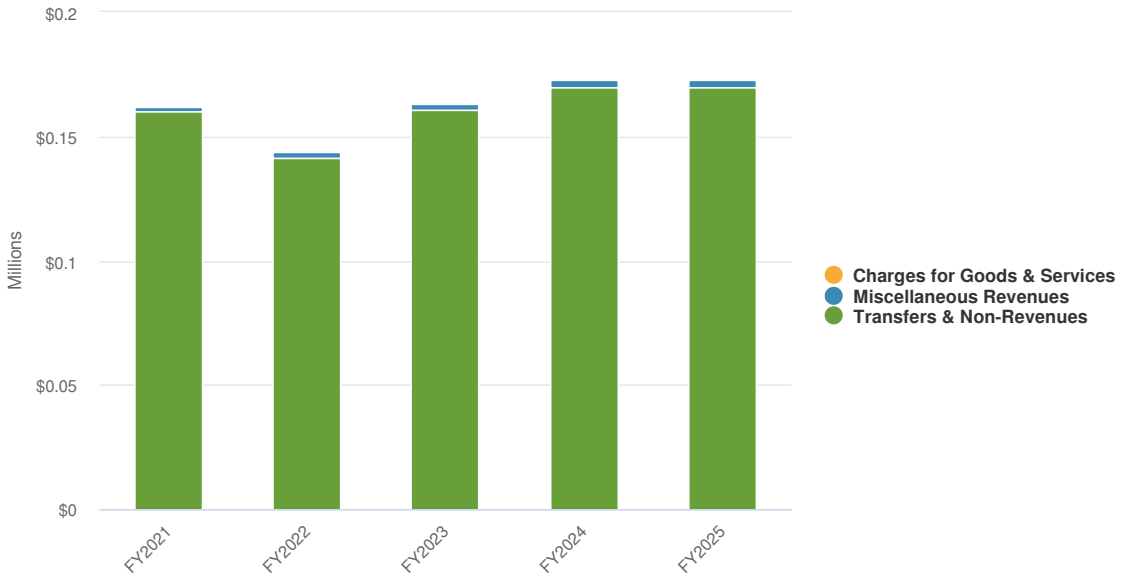
Summary

Revenue Summary
The Stormwater Operations budget is, and has historically been, funded by transfers from the Water (33%) and Sewer (67%) Funds proportionately by fund revenue. For 2025 the transfer amount from the Water Fund is $60k and from the Sewer fund is $110k. This amount covers only the operational activities of the Stormwater Program.

Expenditure Summary
This budget decreased $17k (10%) from the 2024 Budget. Salaries and benefits decreased by $10k (10%) as a result of an employee retirement. In addition, a $12k (12%) reduction in vac truck parts is anticipated due to the arrival of newer equipment in recent years.

Storm Water Operations Revenues

Budgeted and Historical Revenues by Source

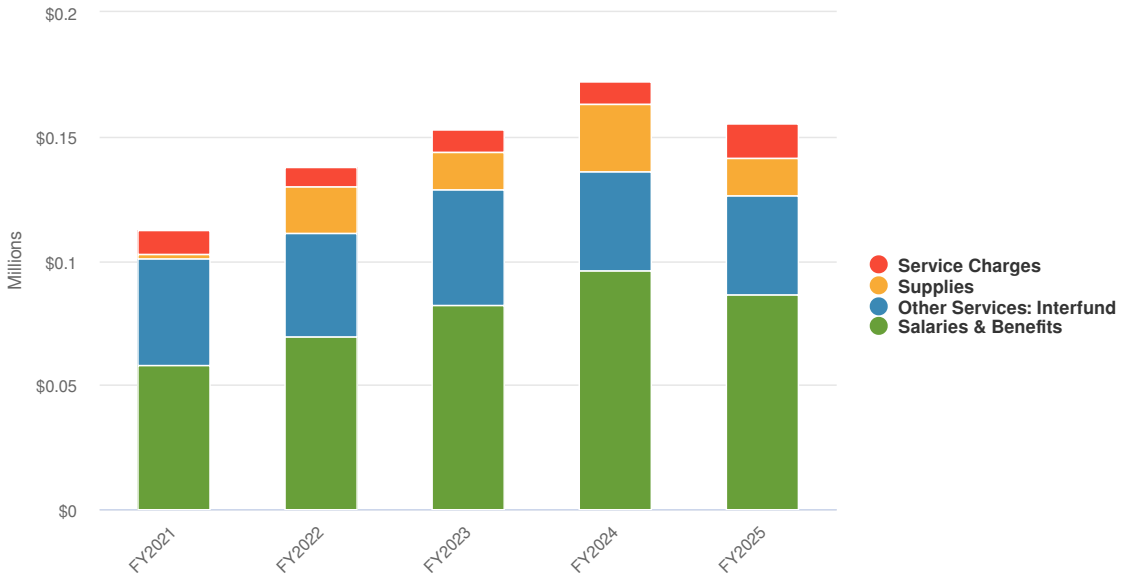


Name	FY2021 Actuals	FY2022 Actuals	FY2023 Actuals	FY2024 Amended	FY2025 Requested	FY2024 Amended vs. FY2025 Requested ($ Change)	FY2024 Amended vs. FY2025 Requested (% Change)
Revenue Source							
Charges for Goods & Services		$175				$0	N/A
Miscellaneous Revenues	$1,835	$2,588	$2,122	$2,935	$2,935	$0	0%
Transfers & Non-Revenues	$160,000	$141,170	$161,000	$170,000	$170,000	$0	0%
Total Revenue Source:	**$161,835**	**$143,933**	**$163,122**	**$172,935**	**$172,935**	**$0**	**0%**



Storm Water Operations Expenditures

Budgeted and Historical Expenditures by Expense Type



Name	FY2021 Actuals	FY2022 Actuals	FY2023 Actuals	FY2024 Amended	FY2025 Requested	FY2024 Amended vs. FY2025 Requested ($ Change)	FY2024 Amended vs. FY2025 Requested (% Change)
Expense Objects							
Salaries & Benefits	$58,247	$69,711	$82,318	$96,163	$86,218	-$9,945	-10.3%
Supplies	$2,311	$18,675	$15,376	$27,050	$15,050	-$12,000	-44.4%
Service Charges	$9,488	$7,849	$9,008	$9,150	$13,950	$4,800	52.5%
Other Services: Interfund	$42,436	$41,518	$46,294	$40,000	$40,000	$0	0%
Total Expense Objects:	**$112,482**	**$137,754**	**$152,995**	**$172,363**	**$155,218**	**-$17,145**	**-9.9%**



Arts & Culture - Arts Commission Programs

Department Description
This fund includes money allocated for public art and cultural events and activities such as the First Friday Art Exhibits organized by the Sequim Arts Commission (SAC). The fund also includes a small monetary award for students recognized in the High Schools of the Olympic Peninsula Creative Arts and Crafts exhibit per the revision Public Arts Policy. This fund also includes donations and sponsorships from the community to underwrite the cost of arts & cultural programs, as well as provide art in public spaces. Any public art donations must meet City guidelines (i.e. design standards for structures) as applicable. In 2020, this program started to receive additional funding from the General Fund.

In 2019, this department added a 0.38 FTE ($22k) part-time non-benefited position to carry out the SAC's Strategic Plan and support the Commission's work. In 2022, the FTE was increased to .44. The position remains at .44 into 2025.

Mission
The mission of Arts and Culture Programs is to encourage, support and facilitate various forms of artistic and cultural activities within the greater Sequim community.

Key Goals

- Implement the Sequim Arts Commission’s 2025 Priorities for beautification, education, and community collaboration and outreach.
- Implement existing and new Community and Public Arts Projects.
- Coordinate community art workshops.
- Explore arts education with outside agencies.

Summary

Revenue Summary

Budgeted revenues increased $8 (14%) above 2024 revenues in anticipation of additional sponsorships/grants.

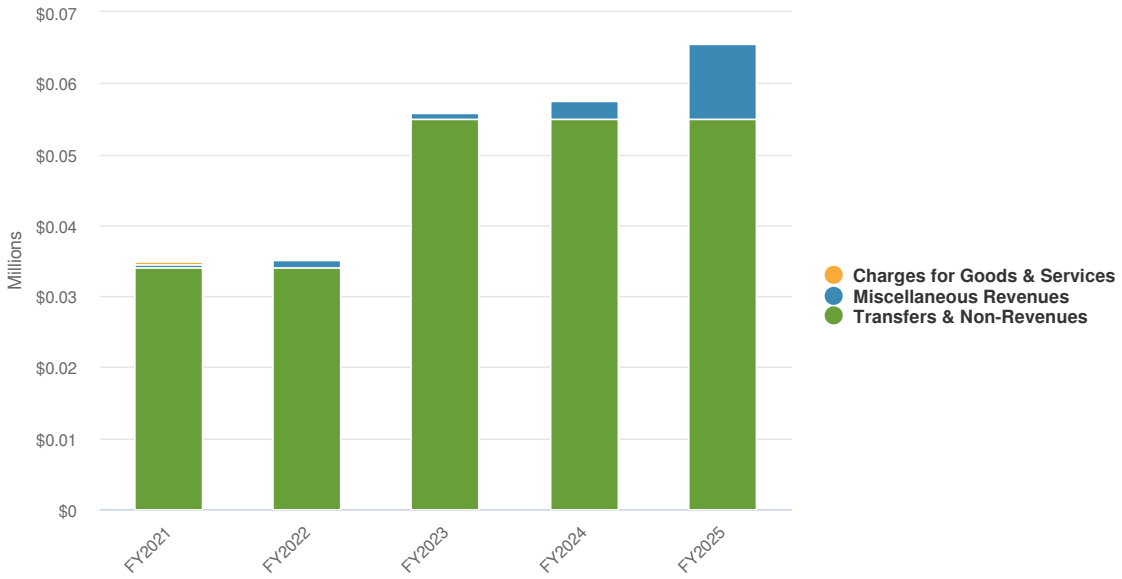
Expenditure Summary

Overall expenses in Arts and Culture increased $7k (13%) from the 2024 Amended Budget. This is a result of increased wages and benefits of $3k (9%) as well as the addition of a pole banner project in 2025 for $3k.



Arts & Culture - Arts Commission Revenues

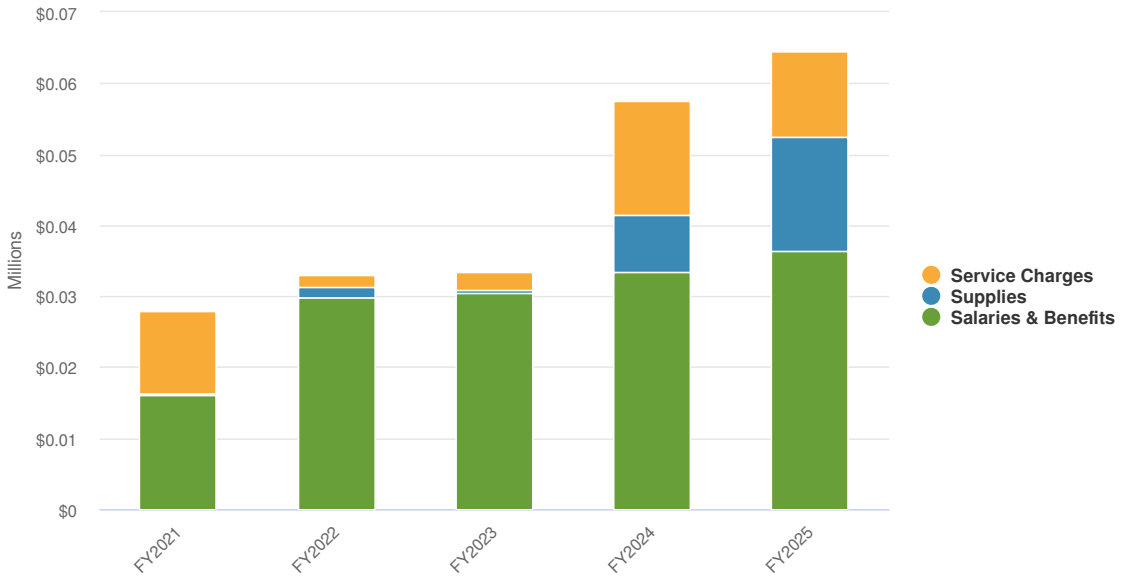
Budgeted and Historical Revenues by Source



Name	FY2021 Actuals	FY2022 Actuals	FY2023 Actuals	FY2024 Amended	FY2025 Requested	FY2024 Amended vs. FY2025 Requested ($ Change)	FY2024 Amended vs. FY2025 Requested (% Change)
Revenue Source							
Charges for Goods & Services	$570					$0	N/A
Miscellaneous Revenues	$429	$1,057	$727	$2,500	$10,500	$8,000	320%
Transfers & Non-Revenues	$34,000	$34,000	$55,000	$55,000	$55,000	$0	0%
Total Revenue Source:	**$34,999**	**$35,057**	**$55,727**	**$57,500**	**$65,500**	**$8,000**	**13.9%**

Arts & Culture - Arts Commission Expenditures

Budgeted and Historical Expenditures by Expense Type



Name	FY2021 Actuals	FY2022 Actuals	FY2023 Actuals	FY2024 Amended	FY2025 Requested	FY2024 Amended vs. FY2025 Requested ($ Change)	FY2024 Amended vs. FY2025 Requested (% Change)
Expense Objects							
Salaries & Benefits	$15,994	$29,716	$30,548	$33,483	$36,348	$2,865	8.6%
Supplies	$309	$1,507	$366	$8,000	$16,000	$8,000	100%
Service Charges	$11,600	$1,839	$2,587	$16,000	$12,200	-$3,800	-23.7%
Total Expense Objects:	**$27,903**	**$33,062**	**$33,501**	**$57,483**	**$64,548**	**$7,065**	**12.3%**

Water Operations

Department Description

The Water Operations 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 stations, reservoirs, 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. Utility billing and administrative support is provided by Finance. The General Fund finances a portion of management oversight and Finance Department services. Services provided by departments outside of the Water Fund are charged to the Water Fund through an Interfund Professional Services Charge (Allocations).

Approximately 1,400,000 gallons per day (gpd) of potable water are provided to the citizens and businesses of Sequim during the summer months and approximately 752,000 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.

Key Goals

- Comply with all state, federal, and city requirements and regulations.
- Continue repairing and refining water system components and processes to increase resilience, safety and health during a natural disaster or water system interruption event.
- Perform conditional assessments to identify and repair/replace old and/or leaking pipes and hydrants.
- Develop plan for valve exercising and implementation of unidirectional flushing.
- Provide additional training for staff to ensure that all industry standards are met or exceeded.

Summary

Revenue Summary

Budgeted revenues increased $181k (6%) above 2024 revenues as a result of the Council approved 3% rate increase and to accommodate growth in the number of water customers.

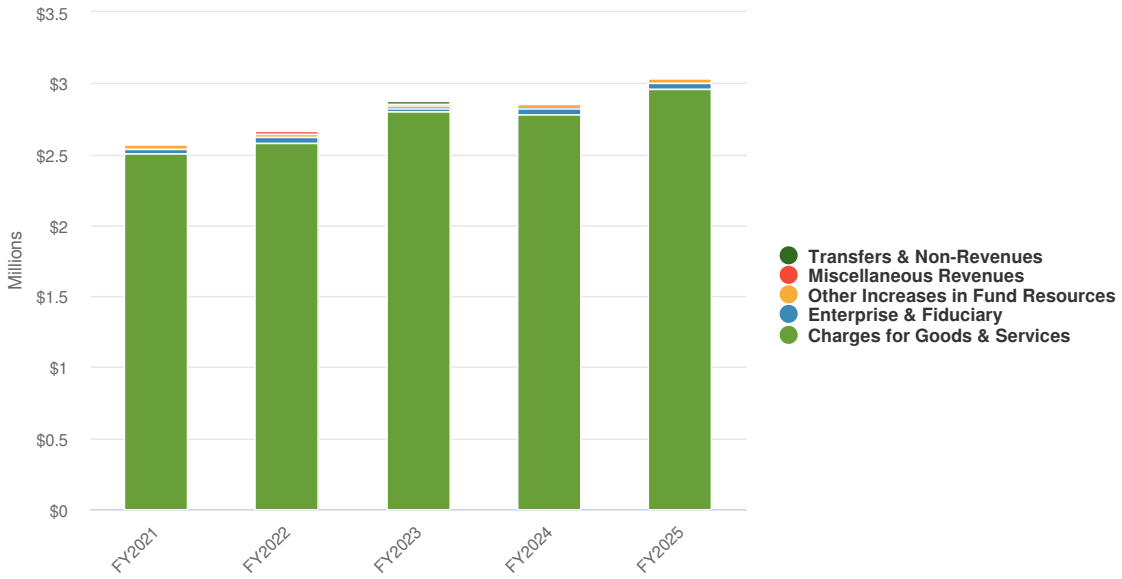
Expenditure Summary

Overall expenses in Water Operations increased $184k (6%) from the 2024 Budget. This is a result of increased wages and benefits of $85k (16%) due to one additional FTE (needed to accommodate workloads due to rapid infrastructure expansion and an aging water distribution system), fire & casualty insurance of $50k (25%), and transfer to capital improvements of $35k (10%) for water infrastructure projects.



Water Operations Revenues

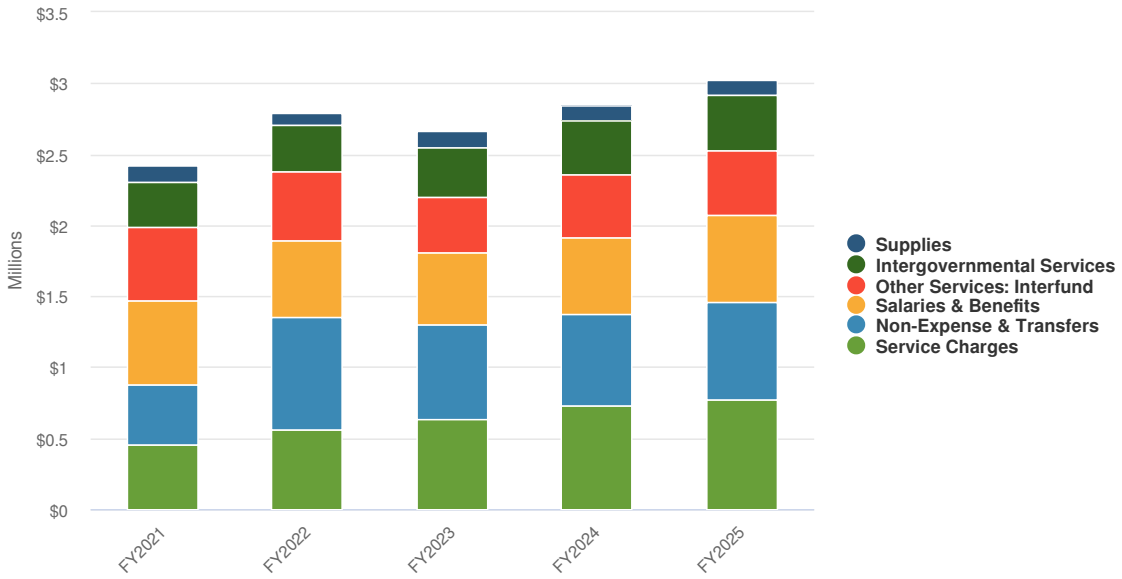
Budgeted and Historical Revenues by Source



Name	FY2021 Actuals	FY2022 Actuals	FY2023 Actuals	FY2024 Amended	FY2025 Requested	FY2024 Amended vs. FY2025 Requested ($ Change)	FY2024 Amended vs. FY2025 Requested (% Change)
Revenue Source							
Charges for Goods & Services	$2,502,580	$2,578,941	$2,805,063	$2,783,377	$2,965,140	$181,763	6.5%
Miscellaneous Revenues	$7,759	$15,579	$18,356	$16,000	$15,000	-$1,000	-6.2%
Other Increases in Fund Resources	$23,079	$25,156	$18,570	$27,200	$27,200	$0	0%
Enterprise & Fiduciary	$38,889	$42,790	$15,958	$42,000	$42,000	$0	0%
Transfers & Non-Revenues			$18,186			$0	N/A
Total Revenue Source:	**$2,572,306**	**$2,662,466**	**$2,876,134**	**$2,868,577**	**$3,049,340**	**$180,763**	**6.3%**

Water Operations Expenditures

Budgeted and Historical Expenditures by Expense Type



Name	FY2021 Actuals	FY2022 Actuals	FY2023 Actuals	FY2024 Amended	FY2025 Requested	FY2024 Amended vs. FY2025 Requested ($ Change)	FY2024 Amended vs. FY2025 Requested (% Change)
Expense Objects							
Salaries & Benefits	$596,054	$541,503	$503,639	$532,705	$618,614	$85,909	16.1%
Supplies	$113,451	$88,642	$113,449	$104,355	$111,225	$6,870	6.6%
Service Charges	$450,832	$565,629	$632,843	$733,545	$775,275	$41,730	5.7%
Intergovernmental Services	$317,230	$324,260	$354,109	$378,975	$393,150	$14,175	3.7%
Non-Expense & Transfers	$424,107	$786,799	$671,877	$645,000	$680,000	$35,000	5.4%
Other Services: Interfund	$520,949	$488,664	$390,378	$450,000	$450,000	$0	0%
Total Expense Objects:	**$2,422,622**	**$2,795,496**	**$2,666,296**	**$2,844,580**	**$3,028,264**	**$183,684**	**6.5%**

Sewer Operations

Department Description

The Sewer Operations 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 biosolids testing, 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, Operations Manager and other staff in Public Works Administration. Utility billing and administrative support is provided by Finance. The General Fund finances a portion of management oversight and all of Finance Department services. Services provided by departments outside of the Sewer Fund are charged to the Sewer Fund through an Interfund Professional Services Charge (Allocations).

This division maintains approximately 70 miles of sewer line, four lift stations, a 1.67 million gallon per day capacity WRF, producing 100% Class “A” Reclaimed Water, a Class “A” (EQ) Biosolids, and 7,320 feet of outfall pipe measured from the WRF 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.

Key Goals

Sewer Collection

- Reduce the amount of Inflow and Infiltration into the city sewer collection system.
- Correct sewer manhole issues at the end of pressure lines.
- Provide public education about the harmful effects of cat litter and flushable wipes on a sewer system.
- Implement a jetting maintenance program for the Carlsborg Sewer System.
- Implement root control program.
- NAASCO training and certification for all crew.
- Create valve turning program for lift stations.

Water Reclamation Facility

- Ensure compliance with all state, federal, and city requirements and regulations.
- Work with Department of Ecology to expand WRF environmental laboratory accreditation to increase accuracy and reduce costs.
- Increase process efficiency to reduce operational expenses and minimize necessary rate adjustments.
- Explore alternative biosolids processes and uses.
- Provide additional training for staff to ensure all industry standards are met or exceeded.
- Boost awareness and education of the benefits of Reuse Water to inform our citizens on how the City utilizes that resource.

The City’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 resulted in the investment of 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 with continual process improvements.



Summary

Revenue Summary

2025 budgeted revenues increased by $410k (8%) as a result of the Council approved 3% rate increase and to accommodate growth in the number of water customers. Commercial rate revenue increased by $59k (5%), regional partnerships/services by $135k (37%), and residential rate revenue by $217k (6%).

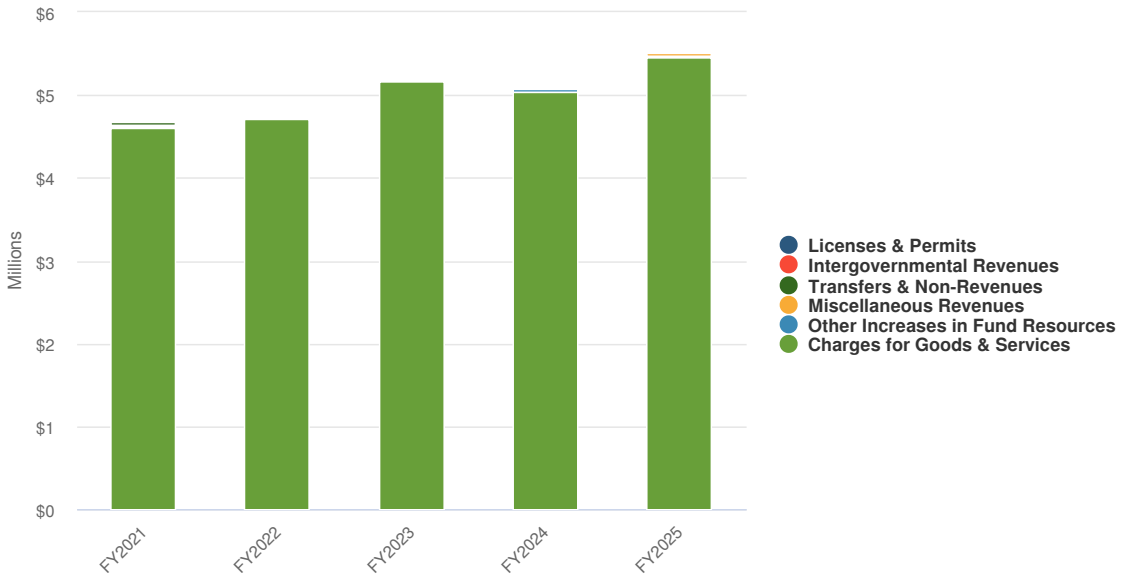
Expenditure Summary

This budget increased by $423k (8%) from the 2024 Budget. Professional services increased by $168k (77%) due to interfund service fees associated with the reuse demonstration facility. In addition, fire and casualty insurance increased $75k (31%), taxes associated with higher revenues increased by $33k (8%), and WRF's lab UV bulbs increased by $32k (17%). The interfund transfer to support sewer projects also increased $250k. These costs were offset by a reduction in wages and benefits of $140k (10%) associated with employee retirement in 2024.



Sewer Operations Revenues

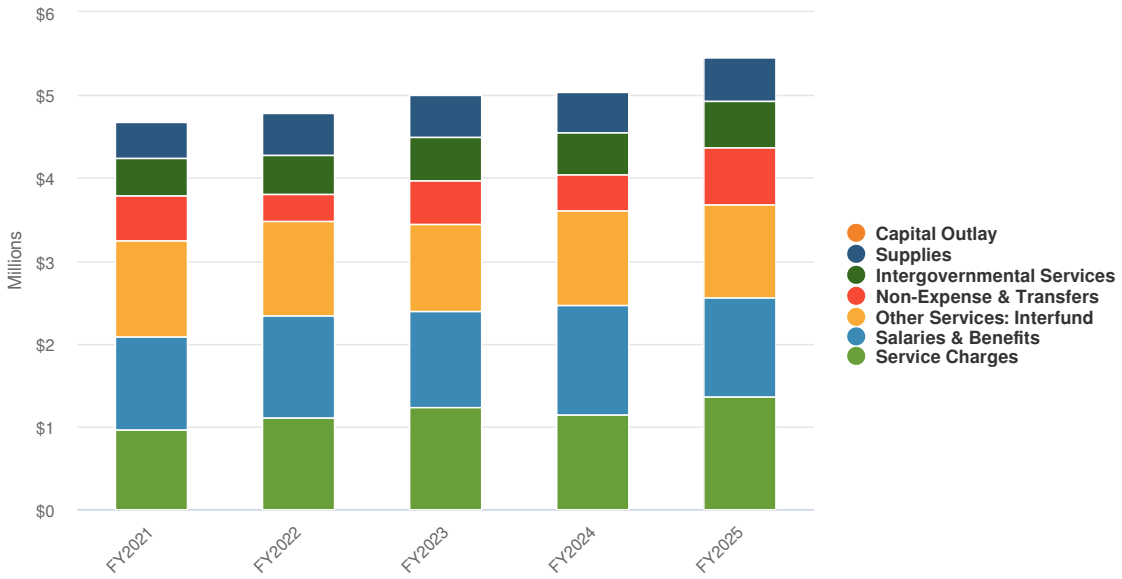
Budgeted and Historical Revenues by Source



Name	FY2021 Actuals	FY2022 Actuals	FY2023 Actuals	FY2024 Amended	FY2025 Requested	FY2024 Amended vs. FY2025 Requested ($ Change)	FY2024 Amended vs. FY2025 Requested (% Change)
Revenue Source							
Licenses & Permits		$41				$0	N/A
Intergovernmental Revenues			$9,781			$0	N/A
Charges for Goods & Services	$4,608,735	$4,709,984	$5,164,744	$5,045,472	$5,457,810	$412,338	8.2%
Miscellaneous Revenues	$19,005	$26,130	$24,152	$23,000	$20,200	-$2,800	-12.2%
Other Increases in Fund Resources	$20,450	$21,667	$22,058	$25,000	$25,000	$0	0%
Transfers & Non-Revenues	$28,000					$0	N/A
Total Revenue Source:	**$4,676,190**	**$4,757,822**	**$5,220,735**	**$5,093,472**	**$5,503,010**	**$409,538**	**8%**

Sewer Operations Expenditures

Budgeted and Historical Expenditures by Expense Type



Name	FY2021 Actuals	FY2022 Actuals	FY2023 Actuals	FY2024 Amended	FY2025 Requested	FY2024 Amended vs. FY2025 Requested ($ Change)	FY2024 Amended vs. FY2025 Requested (% Change)
Expense Objects							
Salaries & Benefits	$1,126,657	$1,232,323	$1,167,823	$1,325,727	$1,186,342	-$139,385	-10.5%
Supplies	$428,756	$513,650	$515,556	$486,266	$527,650	$41,384	8.5%
Service Charges	$966,099	$1,113,512	$1,231,635	$1,143,914	$1,367,839	$223,925	19.6%
Intergovernmental Services	$453,588	$472,116	$513,115	$515,475	$562,100	$46,625	9%
Capital Outlay				$1	$1	$0	0%
Non-Expense & Transfers	$553,328	$322,892	$535,333	$435,000	$685,000	$250,000	57.5%
Other Services: Interfund	$1,150,004	$1,136,573	$1,042,047	$1,130,000	$1,130,000	$0	0%
Total Expense Objects:	$4,678,432	$4,791,067	$5,005,509	$5,036,383	$5,458,932	$422,549	8.4%

Engineering

Department Description
Engineering provides design and construction management services for general Public Works, Street, Water, Sewer, and Stormwater, and Facilities Capital Projects. Engineering also assists other City departments as needed and responds to questions from the general public. The GIS element of the Engineering department is responsible for maintaining a detailed informational data base of City assets and geographic data to facilitate inventory control, utility locates, and develop maintenance schedules.

Key Goals

- Improve development permitting and review process, measured by community meeting responses and time to completion prior to deadline.
- Revise and improve existing codes and engineering standards to align with modern practices and requirements.
- Update and complete a comprehensive portfolio of engineering standards for sewer, water, streets, and stormwater. Coordinate standards with SMC.
- Finish 2024 CIP projects running into 2025; initiate adopted 2025 Capital Improvement Projects.
- Pursue grant opportunities in support of 2025/2026 Capital Improvement Projects.
- Incorporate new master plans and the ADA Transition Plan into the CIP and TIP.
- Develop an annual project and maintenance plan to improve the Pavement Condition Index (PCI) to 70 or above.
- Develop a public facing multi-purpose map.

Summary

Revenue Summary

Revenues are expected to increase by $5k (7%) from the 2024 Amended Budget to account for a slight increase in site construction permits.

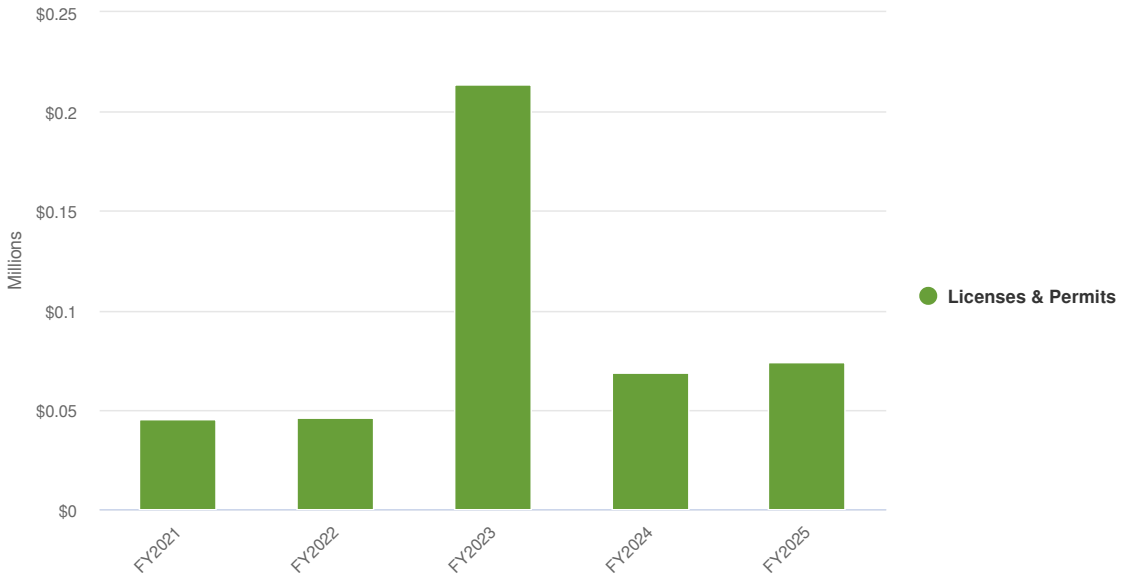
Expenditure Summary

This budget decreased by $79k (28%) from the 2024 Budget. A total of $500k of engineering costs will be allocated to other departments and funds, which increased by $110k (28%) from the 2024 budget due to the number of capital projects to manage in 2025. In addition, professional services for 3rd party inspections and review were decreased by $21k (100%) and reassigned to another fund. Reductions were offset by an increase in wages and benefits for $43k (7%).



GIS/Engineering Revenues

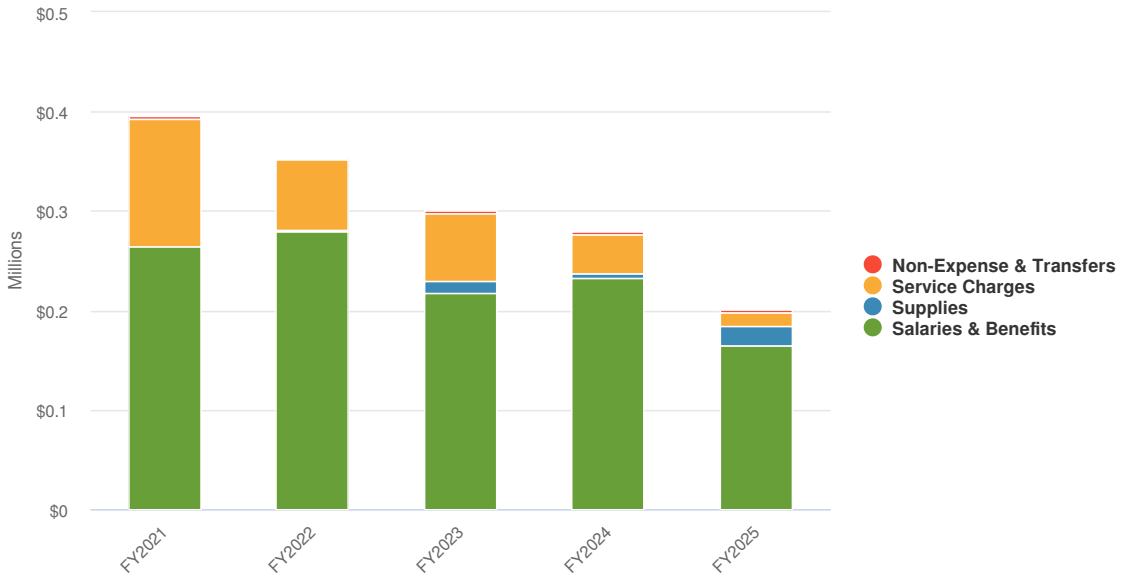
Budgeted and Historical Revenues by Source



Name	FY2021 Actuals	FY2022 Actuals	FY2023 Actuals	FY2024 Amended	FY2025 Requested	FY2024 Amended vs. FY2025 Requested ($ Change)	FY2024 Amended vs. FY2025 Requested (% Change)
Revenue Source							
Licenses & Permits							
Site Construction Permit	$45,293	$45,753	$214,002	$69,000	$74,000	$5,000	7.2%
Total Licenses & Permits:	$45,293	$45,753	$214,002	$69,000	$74,000	$5,000	7.2%
Total Revenue Source:	$45,293	$45,753	$214,002	$69,000	$74,000	$5,000	7.2%

GIS/Engineering Expenditures

Budgeted and Historical Expenditures by Expense Type



Name	FY2021 Actuals	FY2022 Actuals	FY2023 Actuals	FY2024 Amended	FY2025 Requested	FY2024 Amended vs. FY2025 Requested ($ Change)	FY2024 Amended vs. FY2025 Requested (% Change)
Expense Objects							
Salaries & Benefits	$263,914	$278,869	$217,256	$231,913	$165,157	-$66,756	-28.8%
Supplies	$1,084	$2,668	$11,793	$4,725	$19,725	$15,000	317.5%
Service Charges	$127,739	$70,114	$68,858	$40,550	$13,250	-$27,300	-67.3%
Non-Expense & Transfers	$2,400	$2,400	$2,400	$2,400	$2,400	$0	0%
Total Expense Objects:	**$395,136**	**$354,051**	**$300,307**	**$279,588**	**$200,532**	**-$79,056**	**-28.3%**

Streets Restricted

Description

The Streets Restricted Fund is comprised of special revenues, private development contributions, and grants. These funds are restricted by state and/or federal regulations, agreements, or restrictions created by City Council. The funds are used to improve the transportation network which addresses safety, mobility preservation, and functional use needs. Restricted Street funded projects that require a match of city funds may be financed from Streets Unrestricted, General Funds, REET 2 (Real Estate Excise Tax), Transportation Benefit District taxes, and other sources.



Key Goals

2025-2030 Transportation Improvement Program

Transportation Master Plan/Impact Fee Update (STR-060PL) $126K
Location: NA
Project: Update of Transportation Master Plan (TMP) which provides a long-term planning strategy for the City's surface transportation network for the 6-year and 20-year planning periods.
Benefit: Updates the 2015 adopted TMP as required by the City's Comprehensive Plan, and updates Transportation Impact Fees. Following adoption of the 2025 plan, an update will not be necessary until 2035.

W Washington St Traffic Signals Replacement (STR-135CU) $550K
Location: Intersection of W Washington St and Sequim Ave and the intersection of W Washington St and 3rd Ave.
Project: Replacement of two traffic signal cabinets, including Accessible Pedestrian Signals, and a flashing yellow phase added to the left-turn movements to allow "yield" left-turns.
Benefit: Improves vehicle and pedestrian mobility, corrects ADA and safety deficiencies in downtown.
Funding Note: This project is dependent upon outside funding that has not yet been secured.

W Sequim Bay Rd Shoreline Revetment Repair (STR-063RR) $205K (multiyear project, $410k)
Location: W Sequim Bay Rd, near Pitship Bridge.
Project: Reconstruction of the rock revetment supporting W Sequim Bay Rd, near Pitship Bridge.
Benefit: Stabilizes the roadway embankment and prevents wash-out during weather events.
Funding Note: This project is dependent upon outside funding that has not yet been secured.

N 3rd Ave Sidewalks, Bike Lane Improvement (STR-104RR) $250K (multiyear project, $2.9M)
Location: N 3rd Ave, from W Washington St to W Fir St
Project: Repair pavement and constructs sidewalks and bike lanes.
Benefit: Improves pedestrian and bicycle mobility for users of all ages and abilities.
Funding Note: This project is dependent upon outside funding that has not yet been secured.

5th Ave and Washington St Intersection Improvements (STR-080RR) $438K (multiyear project, $876K)
Location: 5th Ave and W Washington St
Project: Construction of intersection improvements consisting of alignment of turn lanes, addition of right turn lanes, curb ramps, and updating the traffic signal equipment that is at the end of its service life.
Benefit: Improves vehicle and pedestrian mobility, corrects ADA and safety deficiencies in downtown.
Funding Note: This project is dependent upon outside funding that has not yet been secured.

Johnson Creek Crossing Repair (STR-087RR) $100K (multiyear project, $875K)
Location: Johnson Creek & Hwy 101 in east Sequim
Project: Repair of Johnson Creek Railroad Trestle Foot Bridge based on 2022 inspection.
Benefit: Improve pedestrian structure over Johnson Creek.
Funding Note: This project is dependent upon outside funding that has not yet been secured.

City-wide Pavement Rehabilitation, non-arterials and non-collectors (STR-041RR) $300K
Location: TBD
Project: Annual program for repair, overlay, or reconstruction of pavement of City streets that are not arterials or collectors.
Benefit: Maintains the City's street systems through pavement preservation.

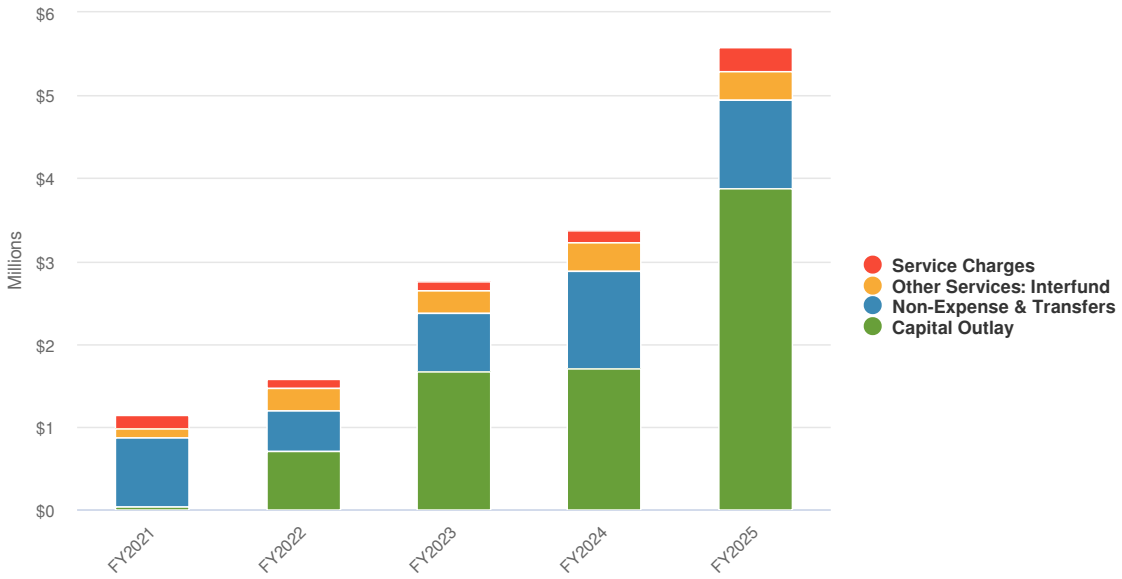
City-wide Pavement Rehabilitation, arterials and collectors (STR-165RR) $1.9M

Location: River Rd from Washington St south to WSDOT boundary, Priest Rd from Washington St to north city limits, Washington St from 7th Ave to 9th Ave
Project: Annual program for repair, overlay, or reconstruction of pavement of City streets that are arterials or collectors.
Benefit: Maintains the City's street systems through pavement preservation.

City Wide Pedestrian/Bike Improvements (STR-072CU) $150K
Location: TBD
Project: Annual program for construction of pedestrian and bicycle projects thought the City.
Benefit: Improves pedestrian and bicycle facilities for users of all ages and abilities throughout the city.

Streets Restricted

Budgeted and Historical Expenditures by Expense Type



Name	FY2021 Actuals	FY2022 Actuals	FY2023 Actuals	FY2024 Amended	FY2025 Requested	FY2024 Amended vs. FY2025 Requested ($ Change)	FY2024 Amended vs. FY2025 Requested (% Change)
Expense Objects							
Service Charges	$159,300	$100,609	$110,382	$141,748	$291,748	$150,000	105.8%
Capital Outlay	$32,066	$713,117	$1,673,484	$1,704,500	$3,887,000	$2,182,500	128%
Non-Expense & Transfers	$846,791	$490,000	$697,468	$1,174,500	$1,060,000	-$114,500	-9.7%
Other Services: Interfund	$101,957	$273,429	$276,812	$349,000	$349,000	$0	0%
Total Expense Objects:	$1,140,113	$1,577,154	$2,758,146	$3,369,748	$5,587,748	$2,218,000	65.8%

Storm Water Restricted

Description

The Stormwater Restricted Fund was established in 2014 for the development of the first Stormwater Master Plan, adopted in 2016, which identifies capital projects and operations to control and/or treat stormwater within the City.

Revenues from the Water and Sewer Utility funds cover the costs of capital projects; this is justifiable since effective stormwater management can benefit the City's water supply, water quality, and sewer system. Grants are sometimes obtained to offset City costs.

Key Goals

N Brown Rd and Washington St Upgrade Discharge of Bell Creek (SMR-011RR) $480K
Location: N Brown Rd and Washington St
Project: Install infiltration facilities under sidewalk on the west side of N Brown Rd and south side of E Washington St at their intersection to handle the discharge to Bell Creek.
Benefit: Improve water quality in Bell Creek by removing toxic contaminates in stormwater runoff.

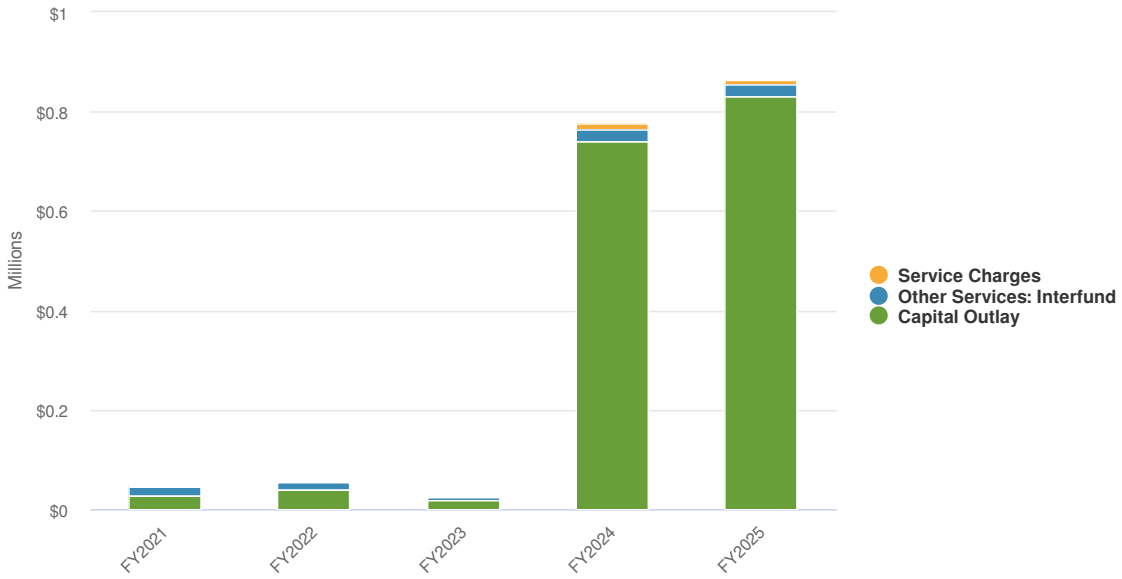
Happy Valley Stormwater Diversion (SMR-001CU) $290K (multiyear project, $1.2M)
Location: Burnt Hill area southwest of Sequim in Clallam County
Project: Stormwater or overland runoff capture project to alleviate periodic flooding inside City limits. The stormwater will be diverted to a large overland parcel for dispersion and infiltration.
Benefit: Installs green infrastructure to fortify the aquifer and improve resilience of drinking water supplies for thousands of residents in the City of Sequim and Clallam County while reducing periodic flooding inside City limits.

Urban Stormwater Drainage Improvements (SMR-079RR) $60K
Location: TBD
Project: Annual program for repair, reconstruction, or installation of stormwater management devices to reduce stormwater flooding and promote responsible stormwater management in the City.
Benefit: Reduces localized stormwater flooding that occurs in the City during heavy rainstorms and snow events.



Storm Water Restricted Expenditures

Budgeted and Historical Expenditures by Expense Type



Name	FY2021 Actuals	FY2022 Actuals	FY2023 Actuals	FY2024 Amended	FY2025 Requested	FY2024 Amended vs. FY2025 Requested ($ Change)	FY2024 Amended vs. FY2025 Requested (% Change)
Expense Objects							
Service Charges	$5,401	$5,171	$1,422	$11,295	$11,295	$0	0%
Capital Outlay	$26,859	$38,592	$19,430	$740,000	$830,000	$90,000	12.2%
Other Services: Interfund	$17,236	$14,766	$3,571	$24,000	$24,000	$0	0%
Total Expense Objects:	$49,495	$58,528	$24,423	$775,295	$865,295	$90,000	11.6%

Parks Restricted

Description

This Special Revenue Fund was established in 2005. The expenditures are restricted to park capital projects, maintenance and the acquisition of future equipment, park lands and open space. This fund has expanded to include other special revenues, such as "in lieu/impact fees", and a portion of money received by the City for the abandonment of public rights of way. Sub-funds are used to track large park projects.

Key Goals

Carrie Blake Park Bridge Replacement (PRK-052RR) $350K (multiyear project $700k)
Location: Carrie Blake Park.
Project: Purchase and install 2 pedestrian bridges between Carrie Blake Park and the Reuse Demonstration Site across Bell Creek.
Benefit: Provides ADA compliant bridges and improves pedestrian connectivity for patrons with mobility challenges. Provides maintenance access (e.g. mowers) between the two recreational facilities.

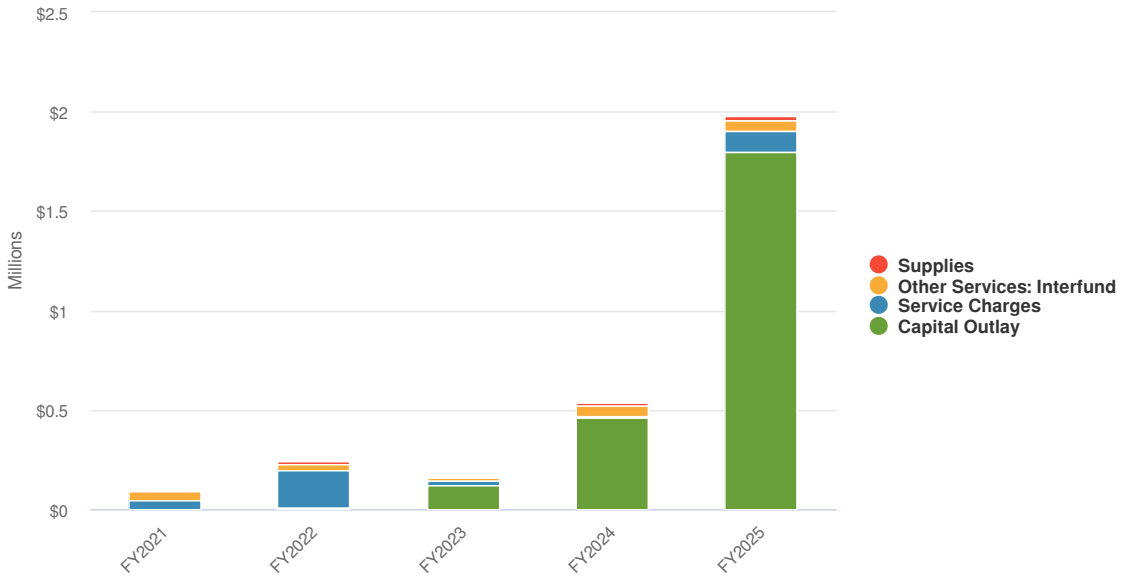
Playground Equipment Upgrade - Margaret Kirner Park (PRK-054NC) $500K (multiyear project, $1.5M)
Location: Margaret Kirner Park, S 4th Ave
Project: Replacement of playground equipment with a universally accessible inclusive playground design with ADA compliant fall surfaces.
Benefit: Provides safer and more accessible playgrounds that serve a more diverse population. The playground equipment has reached the end of its service life, and the current fall surface is not ADA compliant.
Funding Note: This project is dependent upon outside funding that has not yet been secured.

Centennial Place Construction (PRK-142NC) $900K (multiyear project, $3.9M)
Location: Centennial Park, 104 E Washington St
Project: Design and construct improvements in Centennial Place Park to cultivate a distinct sense of place in the city center.
Benefit: Improve accessibility, greenspace, safety and economic activity in the downtown core.
Funding Note: This project is dependent upon outside funding that has not yet been secured.

ADA Transition Plan (PRK-127PL) $100K
Location: City-wide parks
Project: The Americans with Disabilities Act (ADA) of 1990 prohibits discrimination against people who have disabilities. A self-evaluation of all current parks will be performed to determine accessibility under the ADA and a plan will be developed to address any deficiencies.
Benefit: Provides a guide for future park upgrades to increase accessibility and maintain compliance with the ADA.

Parks Restricted Expenditures

Budgeted and Historical Expenditures by Expense Type



Name	FY2021 Actuals	FY2022 Actuals	FY2023 Actuals	FY2024 Amended	FY2025 Requested	FY2024 Amended vs. FY2025 Requested ($ Change)	FY2024 Amended vs. FY2025 Requested (% Change)
Expense Objects							
Supplies	$1,361	$12,191	$7,129	$15,600	$15,600	$0	0%
Service Charges	$48,491	$185,837	$21,532	$4,703	$104,703	$100,000	2,126.3%
Capital Outlay		$10,876	$119,813	$2,920,000	$1,800,000	-$1,120,000	-38.4%
Other Services: Interfund	$41,746	$29,662	$14,158	$55,000	$55,000	$0	0%
Total Expense Objects:	**$91,598**	**$238,566**	**$162,633**	**$2,995,303**	**$1,975,303**	**-$1,020,000**	**-34.1%**



Capital Facilities Fund

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

Key Goals

City Shop Upgrade and Expansion (CLF-012NC) $1.2M (multiyear project $35.5M)
Location: 169 W. Hemlock St.
Project: Expansion and facility development of the existing shop area and City owned undeveloped area between the shop and S 3rd Ave. Improvements include a new operations building with backup generator, rehabilitation of the existing operations building, a fueling station with backup generator, covered vehicle storage, police vehicle staging, designated areas for material stockpiles, covered equipment storage and a greenhouse.
Benefit: Improves City's maintenance operations by providing a consolidated, adequate, and safer environment for personnel; adequate work and storage space for equipment and materials for more cost-effective stewardship of public funds and improves regional resiliency and hazard response.
Funding Note: This project is dependent upon outside funding that has not yet been secured.

Gerhardt Park Building Removal (CFL-044RR) $50K
Location: 1610 S 3rd Ave.
Project: Removal of the 1930's home and out-structures at Gerhardt Park.
Benefit: Improves community recreation opportunities.

City Wide Security (CFL-102CU) $300K
Location: All city owned facilities
Project: Standardize security on city owned facilities at access points.
Benefit: Improves protection of City assets.

ADA Transition Plan (PWP-CFL-127PL) $100K
Location: City-wide recreational facilities
Project: The Americans with Disabilities Act (ADA) of 1990 prohibits discrimination against people who have disabilities. A self-evaluation of all current recreational facilities will be performed to determine accessibility under the ADA and a plan will be developed to address any deficiencies.
Benefit: Provides a guide for future recreational facility upgrades to increase accessibility and maintain compliance with the ADA.

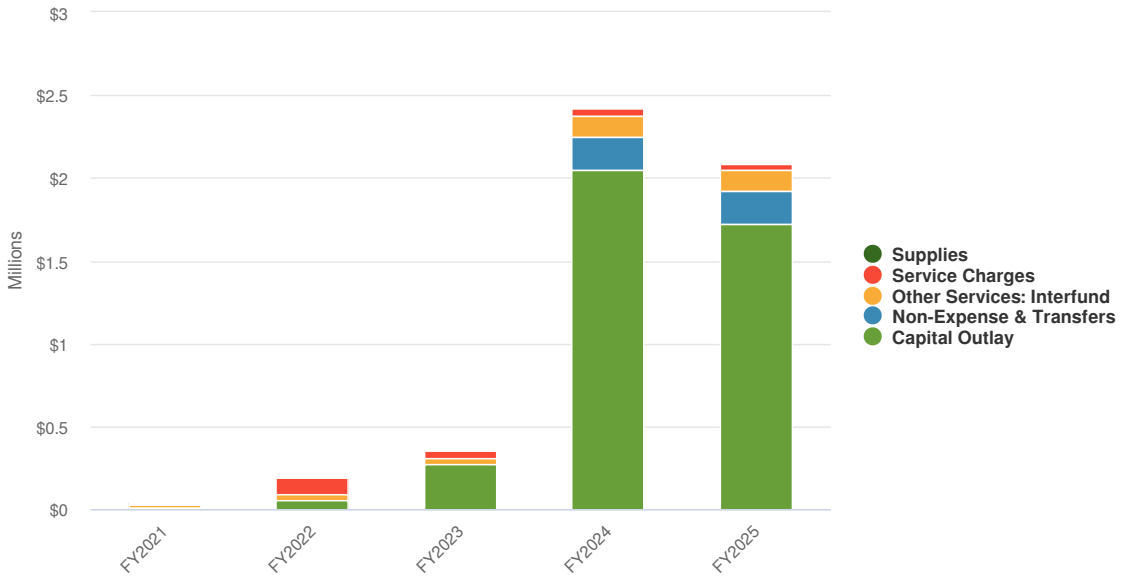
HVAC Replacement $155k
Civic Center HVAC electronic controls replacement - $100K: The Civic Center was built in 2015. The original HVAC electronic controls on the 4 rooftop units are obsolete. New controls will allow for detailed control of the units, increasing the ability to fine tune the airflow for more efficient use and energy savings.

Civic Center HVAC desktop control replacement - $15K: The HVAC system in the Civic Center is controlled by a desktop server. The unit is out of date and will need to be upgraded to accept the newer versions of software used to run the HVAC units. The new configuration will allow for system remote viewing for maintenance and controls.
Guy Cole HVAC system replacement - $25K: This HVAC unit will replace one of the two original HVAC units at the Guy Cole facility which is currently functioning as a fan unit only and cannot be repaired. The new HVAC unit will be more efficient and reliable.
City Shop HVAC system replacement - $15K: This HVAC unit will replace a 2000 unit that is servicing the City Shop. The existing unit is no longer providing temperature control for the area and is beyond repair. The new HVAC unit will be more efficient and reliable.



Capital Facilities Fund Expenditures

Budgeted and Historical Expenditures by Expense Type



Name	FY2021 Actuals	FY2022 Actuals	FY2023 Actuals	FY2024 Amended	FY2025 Requested	FY2024 Amended vs. FY2025 Requested ($ Change)	FY2024 Amended vs. FY2025 Requested (% Change)
Expense Objects							
Supplies	$1,819	$204				$0	N/A
Service Charges	$2,824	$98,940	$40,099	$45,000	$45,000	$0	0%
Capital Outlay	$2,080	$52,627	$274,851	$2,050,000	$1,719,000	-$331,000	-16.1%
Non-Expense & Transfers	$7,059			$200,000	$200,000	$0	0%
Other Services: Interfund	$19,909	$36,349	$34,099	$125,000	$125,000	$0	0%
Total Expense Objects:	**$33,690**	**$188,121**	**$349,050**	**$2,420,000**	**$2,089,000**	**-$331,000**	**-13.7%**

Water Restricted

Description

The Water Restricted Fund is comprised of several sub-funds. These funds are restricted by state and/or federal regulations, agreements or restrictions created by City Council. General Facility Charges (GFCs) are assessed for new connections to the system and are used for new construction and improvements to the system. Revenues from rates are transferred to the Water Restricted Fund to cover the cost of repairing and/or replacing infrastructure and equipment. Revenues from rates are also transferred into this fund to cover debt service.

Key Goals

Water System Plan 2023

West Sequim Bay Corridor Improvements (PWP-WTR-111CU) $1.2M
Location: Independence Dr to Junco Rd and Washington Harbor Loop (water)
Project: Expansion and looping of water service eastward on W Sequim Bay Rd with construction of 2,330 LF of 12 in. water pipe from Independence Dr to Junco Rd, and 1,000 LF of 12 in. water main to connect Washington Harbor Loop, along with necessary pavement rehabilitation.
Benefit: Provides connection capacity to anticipated residential developments & John Wayne Marina. Supports developer driven project to expand the PNNL site.

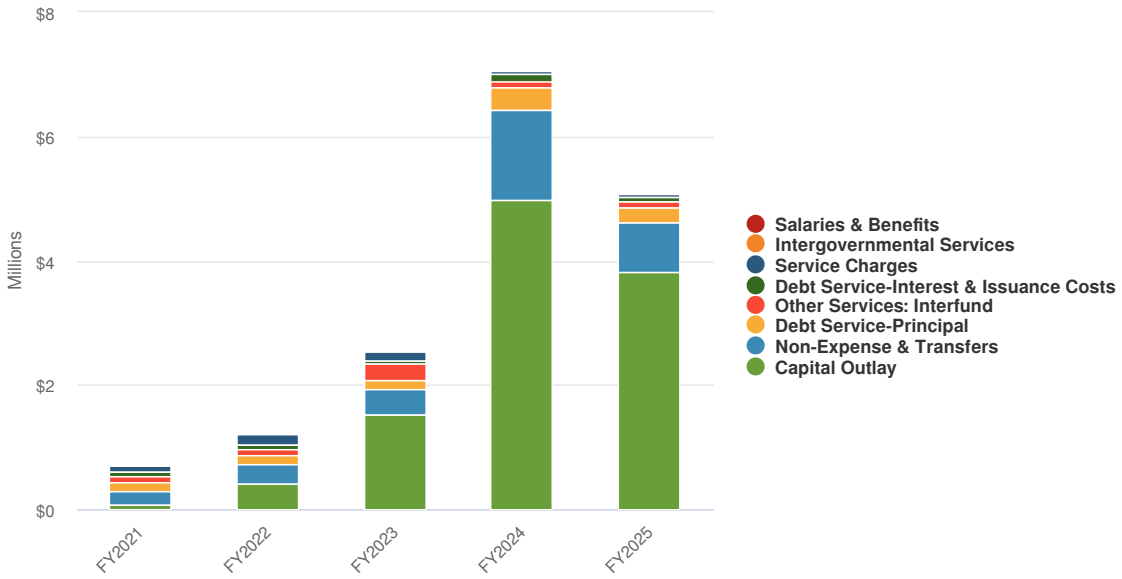
Silberhorn Deep Well No. 4 Construction (WTR-040CU) $2.0M (multiyear project, $3.6M)
Location: Silberhorn Wellfield, W Silberhorn Rd to S River Rd
Project: Construction of a new municipal water supply well and Motor Control Center at existing Silberhorn Wellfield including transmission pipelines to connect new facilities to existing water distribution system.
Benefit: Increases the ability to supply instantaneous water and meet forecast water demands through the 20-year horizon of the Sequim Comprehensive Plan.

Water System Automatic Meter Reading Development (WTR-036CU) $500K
Location: City Wide
Project: Installation of an automatic meter reading system to provide near real-time usage data for the utility's water connections.
Benefit: Increases meter reading efficiency, reduces overhead costs and enhances water utility customer service.



Water Restricted Expenditures

Budgeted and Historical Expenditures by Expense Type



Name	FY2021 Actuals	FY2022 Actuals	FY2023 Actuals	FY2024 Amended	FY2025 Requested	FY2024 Amended vs. FY2025 Requested ($ Change)	FY2024 Amended vs. FY2025 Requested (% Change)
Expense Objects							
Salaries & Benefits	$31,784	$36,568	$7,320	$13,881		-$13,881	N/A
Service Charges	$115,066	$182,987	$152,985	$40,365	$40,365	$0	0%
Intergovernmental Services	$10,353	$11,054	$4,127	$11,000	$11,000	$0	0%
Capital Outlay	$60,835	$414,311	$1,531,842	$4,975,000	$3,820,000	-$1,155,000	-23.2%
Debt Service-Interest & Issuance Costs	$57,800	$55,161	$52,173	$116,997	$70,734	-$46,263	-39.5%
Non-Expense & Transfers	$228,696	$318,575	$409,500	$1,444,500	$792,500	-$652,000	-45.1%
Debt Service-Principal	$143,831	$146,331	$148,831	$363,830	$233,830	-$130,000	-35.7%
Other Services: Interfund	$101,088	$95,609	$251,809	$114,000	$114,000	$0	0%
Total Expense Objects:	$749,453	$1,260,597	$2,558,587	$7,079,573	$5,082,429	-$1,997,144	-28.2%

Sewer Restricted

Description

The Sewer Restricted Fund is comprised of several sub-funds. These funds are restricted by state and/or federal regulations, agreements or restrictions created by City Council. General Facility Charges (GFCs) are assessed for new connections to the system and can be used for new construction and improvements to the system. Revenues from rates are transferred from the Operating budget to cover the cost of replacing or repairing the infrastructure and equipment. Revenues from rates are also transferred into this fund to cover debt service.

2024 Sewer Camera Van



Key Goals

West Sequim Bay Corridor Improvements (PWP-SRR-111CU) $11.0M (multiyear project, $16.5M)
Location: W Sequim Bay Rd from Washington Harbor Rd to Forrest Rd
Project: Expansion of sewer service eastward on W Sequim Bay Rd with construction of 5,100 LF of 8 in. gravity sewer line, 5,100 LF of 8 in. sewer force main from Forrest Rd to Independence Dr, 1,800 LF of 12 in. gravity sewer line from Washington Harbor Rd to Independence Dr, and a 900-gpm lift station at Forrest Rd.
Benefit: Provides connection capacity to anticipated residential developments, Pacific Northwest National Laboratory (PNNL) & John Wayne Marina. Supports developer driven project to expand the PNNL site and develop the Harbor Town and other undeveloped sites. Reduces on-site septic systems in critical areas, supports zoned density.
Funding Note: This project is dependent upon outside funding that has not yet been secured.

General Sewer Plan Update (SRR-041PL) $150K (multiyear project, $300k)
Location: NA
Project: Update of the General Sewer Plan (GSP) which provides a long-term planning strategy for the City's sewer utility for the 6-year and 20-year planning periods to meet the requirements of the Washington Administrative Code (WAC) 173-240-050.
Benefit: Provides an update to the current General Sewer Plan adopted in 2013. Following adoption of the 2025 plan, an update will not be necessary until 2035.

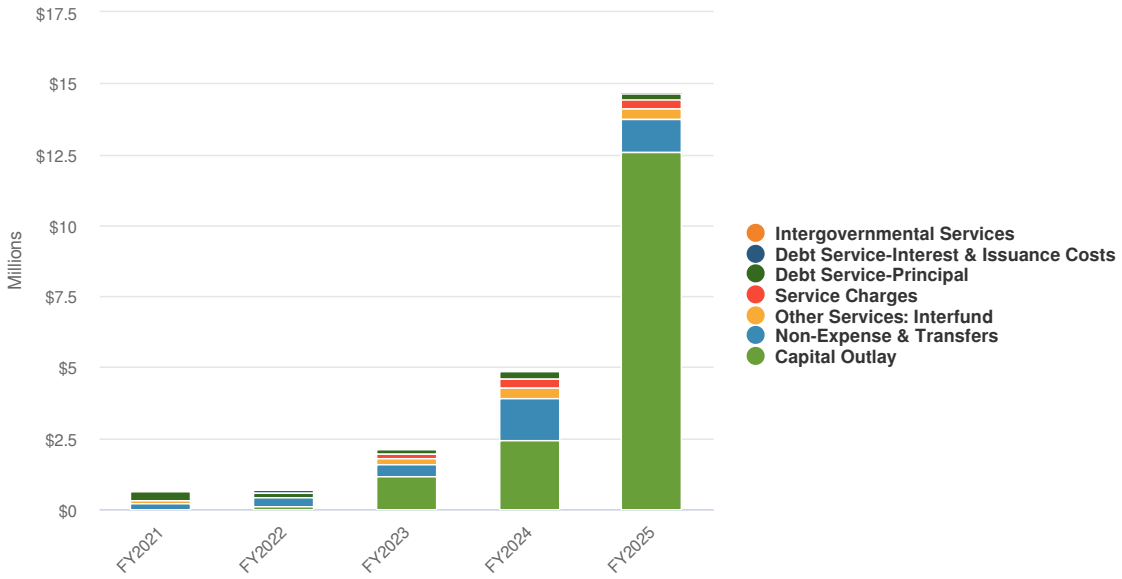
Replace manholes on Washington Harbor Loop (SRR-171RR) $400K
Location: Washington Harbor Loop
Project: Replace manholes on Washington Harbor Loop with HDPE lined manholes.
Benefit: Manholes have deteriorated over time and have reach their end of life. Improves inflow and infiltration issues.

Biosolids Capacity & Process Improvements (SRR-176RR) $500K (multiyear project, $3.8M)
Location: WRF, 247 Schmuck Rd
Project: Replace screw press and add paddle dryers at the WRF facility.
Benefit: Increase biosolids production capacity, eliminate the need for quicklime and reduce polymer costs.
Funding Note: This project is dependent upon outside funding that has not yet been secured.

City-wide Inflow and Infiltration Reduction (SRR-082RR) $65K
Location: TBD
Project: Annual program for rehabilitation of the sewer collection mains and manholes where inflow and infiltration (I/I) is entering into the collection system during periods of high groundwater and during storm event.
Benefit: Minimizes the risk of backups and overflows in the collection system and at the Water Reclamation Facility (WRF) which can cause structural instability of sewer pipes and reduction of pipe capacity for conveying sewer flow. Reduces the cost associated with treating additional I/I at the WRF and increases the plant capacity for sewage treatment.

Sewer Restricted Expenditures

Budgeted and Historical Expenditures by Expense Type



Name	FY2021 Actuals	FY2022 Actuals	FY2023 Actuals	FY2024 Amended	FY2025 Requested	FY2024 Amended vs. FY2025 Requested ($ Change)	FY2024 Amended vs. FY2025 Requested (% Change)
Expense Objects							
Service Charges	$5,122	$12,598	$134,201	$315,718	$315,718	$0	0%
Intergovernmental Services	$16,176	$9,232	$5,207	$17,200	$17,200	$0	0%
Capital Outlay	$7,980	$88,765	$1,162,302	$2,455,000	$12,585,237	$10,130,237	412.6%
Debt Service-Interest & Issuance Costs	$59,910	$76,585	$60,294	$73,031	$47,289	-$25,742	-35.2%
Non-Expense & Transfers	$215,824	$317,500	$409,500	$1,459,500	$1,157,500	-$302,000	-20.7%
Debt Service-Principal	$310,796	$167,619	$169,512	$244,097	$190,061	-$54,036	-22.1%
Other Services: Interfund	$88,333	$17,928	$235,867	$375,000	$375,000	$0	0%
Total Expense Objects:	$704,142	$690,226	$2,176,884	$4,939,546	$14,688,005	$9,748,459	197.4%

CAPITAL IMPROVEMENTS

2025 Capital Projects

Project Number	2025 Capital Projects	Project Cost	Funding Source
Multidivisional			
PWP-127PL	ADA Transition Plan		
PWP-CFL-127PL	ADA Transition Plan - Facilities	100,000	GF
PWP-PRK-127PL	ADA Transition Plan - Parks	100,000	GF
PWP-111CU	W Sequim Bay Corridor Improvement		
PWP-SRR-111CU	West Sequim Bay Corridor Improvements - Sewer	11,035,237	Grant / Loan / Developer
PWP-WTR-111NC	West Sequim Bay Corridor Improvements - Water	1,220,000	Developer
Total Multidivisional Projects		**12,455,237**	
Building Facilities			
CFL-012NC	City Shop Upgrade and Expansion	1,164,000	Grant/Tax
CFL-044RR	Gerhardt Park Building Removal	150,000	GF
CFL-102CU	City Wide Security	300,000	GF
Total Capital Facilities		**1,614,000**	
Parks			
PRK-052RR	Carrie Blake Park Bridge Replacement	350,000	GF / REET
PRK-054NC	Playground Equipment Updgrade - Margaret Kirner	500,000	Impact Fees / GF
PRK-142NC	Centennial Place Construction	900,000	Grant/Impact Fees
Total Parks Projects		**1,750,000**	
Stormwater			
SMR-001CU	Happy Valley Stormwater Diversion	290,000	Grant / Other
SMR-011RR	Brown Rd and WA St Updgrade Discharge	480,000	Grant / Water / Sewer
Total Stormwater Projects		**770,000**	
Sewer			
	Emergency	200,000	Sewer
SRR-041PL	City Wide Sewer Plan Update	150,000	GFC
SRR-171RR	Replace Manholes on WA Harbor Loop	400,000	Sewer
SRR-176RR	Biosolids Capacity & Process Upgrades	500,000	Grant / Loan
Total Sewer Projects		**1,250,000**	
Streets			
STR-060PL	Transportation Master Plan/Impact Fee Update	126,500	REET
STR-063RR	W Sequim Bay Rd Shoreline Revetment Repair	205,000	Grant
STR-080RR	5th Ave & W WA St Intersection Improvements	438,000	TBD / Grant / Impact Fees
STR-087RR	Johnson Creek Crossing Repair	100,000	Grant
STR-104RR	N 3rd Ave Sidewalks, Bike Lane Improvements	250,000	Reet / TBD / Grant
STR-135CU	W WA St Traffic Signals Replacement	550,000	Grant / Impact Fees
Total Streets Projects		**1,669,500**	
Water			
	Emergency	100,000	Water
WTR-036CU	Water System Automatic Meter Reading Development	500,000	Water
WTR-040CU	Silberhorn Deep Well No.4 Construction	2,000,000	GFC / Loan
Total Water Projects		**2,600,000**	
Annual Projects			
SRR-082RR	City-wide Inflow and Infiltration Reduction	65,000	Sewer
SMR-079RR	Urban Stormwater Drainage Improvements	60,000	Water/ Sewer
STR-041RR	City-wide Pavement Rehabilitation, Non-areterial, Non-collector	300,000	TBD
STR-072CU	City Wide Pedestrian/Bike Improvements	150,000	TBD
STR-135RR	City-wide Pavement Rehabilitation - Areterial, Collector	1,918,000	TBD / Grant / Sewer / Water
ANNUAL TOTAL		**2,493,000**	
Total All Capital Projects		**24,601,737**	

Information about our 6-year Capital Improvement Plan (CIP) is provided in the links below:

2025-2030 CIP Project Schedule

2025-2030 CIP Project Descriptions

2025-2030 CIP Funding Sources

2025-2030 CIP Overview Graph

DEBT

Municipal Debt: Capacity and Type of Debt



General Obligation Debt[1]

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 and 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 thirty-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. Those cities scoring highest in the State's evaluation process receive the favorable loans. The more significant qualifying criteria require cities to, among other things: have rate studies supporting fee adoption, adopt a Comprehensive Plan and long-term plan for financing public works needs, demonstrate a history of maintaining the City's utility system, demonstrate ability to complete the proposed project, demonstrate financial health and ability to repay the loan, have the technical and managerial capacity.

The City accepts the concept that utility infrastructure users change over the useful life of those assets and fairness requires that the cost of that infrastructure be spread to those who will use it over time. Long term financing is often more equitable than using currently available funds because the users/beneficiaries/ratepayers of the system pay for the related debt. This "pay-as-you-*use*" concept also takes into account the negative carry costs of cash funding. Finally, our City Council will determine what is best for the community, with available and limited resources.**2**

[1] RCW 39.36 – Public Contract & Indebtedness – Limitation of Indebtedness of taxing districts
[2] MRSC Financing Public Infrastructure: Generational Equity and Municipal Debt



2025 Debt Summary

2025 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 with financial policies for Council and Rating Agencies

2025 Budget

- $10.68ml in LTGO debt was issued in August 2013 for the Civic Center project with total debt service in 2025 of $617k
  - A total of $650k is being transferred into this fund to service the debt.
  - $200k from the General Fund, $350k from the Public Safety Tax, and $100k from REET
- 2025 Utility Debt payments continue as in prior years and are funded by Utility Rates and regional contracts. 2025 begins the year with the following outstanding debt:
  - Water and sewer revenue bonds totaling approximately $1.845m to fund the utility portion of the Civic Center project, and related debt service of $115k per utility
  - State Revolving Funds - $3.884ml in outstanding principal
  - Public Works Trust Fund - $173k in outstanding principal

General Obligation Debt

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

In 2013, the City issued $10.68ml 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 $10.68ml 30-year bond at 4.53% began in 2014, with interest-only payments required in the first year and a half. Payments thereafter approximated $660k annually. In 2023 the City called approximately $800k in outstanding bonds decreasing the annual debt service to $617k and shortening the maturity by one year to 2042.

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. Rating agencies exclude this particular obligation when calculating debt capacity.

Utility Debt

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. Ten annual payments of principal and interest ($60k) commenced in 2019. The loan matures in 2027.

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 $3.3ml. 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).

2016 WA State Revolving Fund Loans – For Water Pollution Control and Safe Drinking Water

In 2016, Council authorized the City Manager to enter into 4 separate loan agreements as the actual loan documents become available. These loans are repayable with utility revenues.

Water Pollution Control Revolving Fund (CWSRF) loans include: $513k for Sunnyside Sanitary Sewer Improvement, with a 20-year term, 1.8% interest and $25k in forgivable principal, $589k for Doe Run Lift Station Improvements, with a 20-year term, 1.8% interest and $41k in forgivable principal.

Drinking Water State Revolving Fund (DWSRF) loans include $732k for 5th and McCurdy Booster Station Improvements, with a 20-year term and a 1.0% interest rate, $641k for Sunnyside Water Main Replacement with a 20-year term and a 1.0% interest rate.

2019 WA State Revolving Fund Loan – West Fir Street Sewer Improvements
The City has received reimbursements for sewer construction and improvements on West Fir Street in the form of a $420k, 20-year loan, at 1.4%. $67k is forgivable principal. Annual payment amounts are $20k and paid for with sewer revenues.

The amount of outstanding principal reflected on the next schedule is consistent with the CIP's prediction of progress on these projects and are only estimations.

2023 WA State Public Works Board – Silberhorn Deep Well
The City is expected to receive reimbursement for the construction of a new supply production well in the form of a $4.830ml, 20-year loan, at 1.39%. Annual payment amounts are expected to be approximately $275k and paid for with water revenues.

The amount of outstanding principal reflected on the next schedule is consistent with the CIP's prediction of progress on this project and is only an estimation.

2023 WA State Revolving Fund Loan – West Sequim Bay Sewer Loan
The City is expected to receive reimbursement for the construction of a sewer lift station in the form of a $2.053ml, 20-year loan, at 1.2%. $1.026ml is forgivable. Annual payment amounts are expected to be approximately $60k and paid for with sewer revenues.

The amount of outstanding principal reflected on the next schedule is consistent with the CIP's prediction of progress on this project and is only an estimation.



Debt Capacity

Based on Prior Year Assessed Value

Amount at End of Year	2021 Actual	2022 Actual	2023 Actual	2024 Forecast	2025 Budget
Prior Year Assessed Property Value	1,308,100,815	1,493,196,143	1,820,099,782	1,928,481,949	2,024,906,046
					2025 Estimated
General Obligation Debt Capicity (up to 7.5%)					
General Purpose Debt Limit (2.5%)					
NonVoted Debt Limit 1.5% (councilmanic)	19,621,512	22,397,942	27,301,497	28,927,229	30,373,591
Voted Debt Limit 1.0%	13,081,008	14,931,961	18,200,998	19,284,819	20,249,060
Debt Limit 2.5%	**32,702,520**	**37,329,904**	**45,502,495**	**48,212,049**	**50,622,651**
Utility Purpose Debt Limit (2.5%)					
Voted Debt Limit 2.5%	32,702,520	37,329,904	45,502,495	48,212,049	50,622,651
Open Space, Park & Capital Facilities Debt Limit (2.5%)					
Voted Debt Limit 2.5%	32,702,520	37,329,904	45,502,495	48,212,049	50,622,651
Total General Obligation Debt Capacity	**98,107,561**	**111,989,711**	**136,507,484**	**144,636,146**	**151,867,953**
NonVoted General Obligation Debt Outstanding					
City Hall/Police Facility LTGO	9,020,000	8,760,000	7,640,000	7,360,000	7,070,000
NonVoted GO Debt Outstanding	**9,020,000**	**8,760,000**	**7,640,000**	**7,360,000**	**7,070,000**
NonVoted Debt Capacity	10,601,512	13,637,942	19,661,497	21,567,229	23,303,591
Voted Debt Capacity	78,486,049	89,591,769	109,205,987	115,708,917	121,494,363
Available GO Debt Capacity	**89,087,561**	**103,229,711**	**128,867,484**	**137,276,146**	**144,797,953**

Industry Bond Rating Standard						
GO Debt as % of Assessed Value		**0.69%**	**0.59%**	**0.42%**	**0.38%**	**0.35%**
Industry Standard not to exceed	4.5%	60,255,689	67,193,826	81,904,490	86,781,688	91,120,772
GO Debt per Capita		1,114	1,066	915	876	817
Population		8,125	8,215	8,350	8,405	8,657
						est based upon 3% growth

Revenue Debt Outstanding (excluded from General Purpose Debt limits)

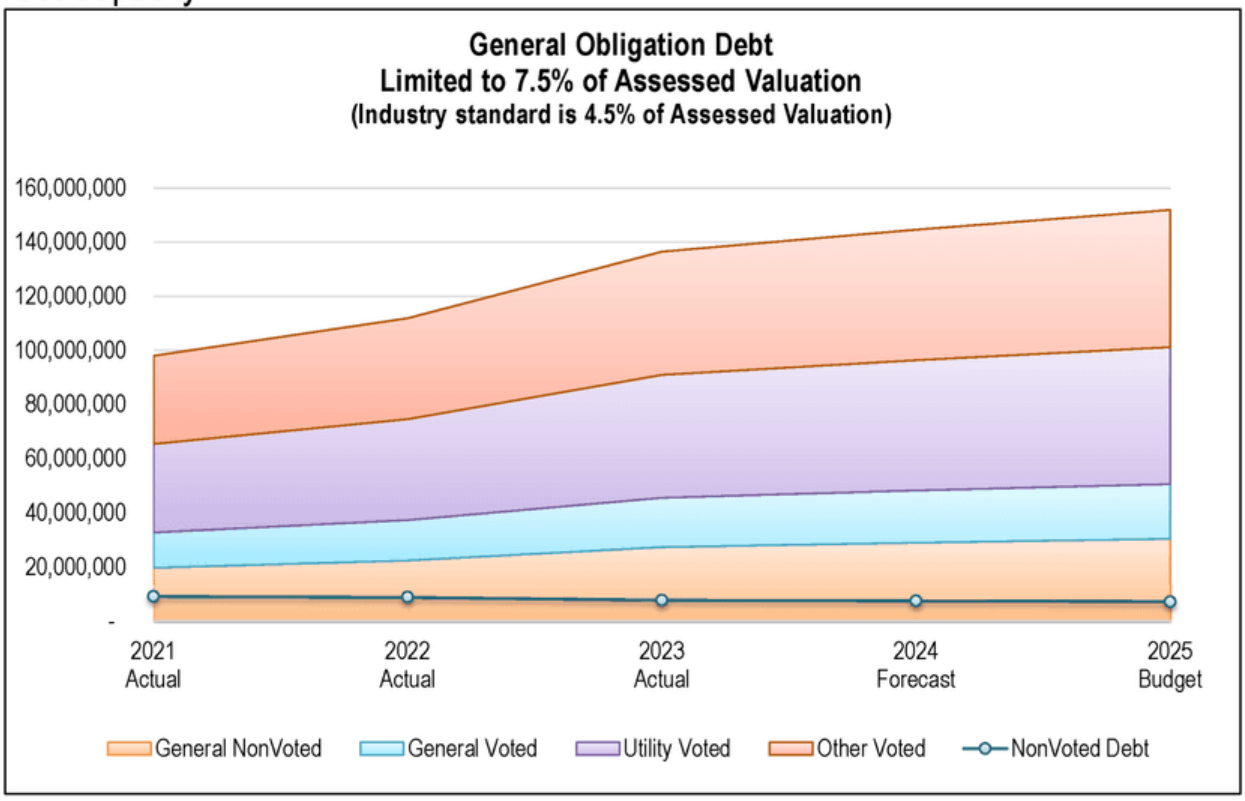
Amount Outstanding at End of Year

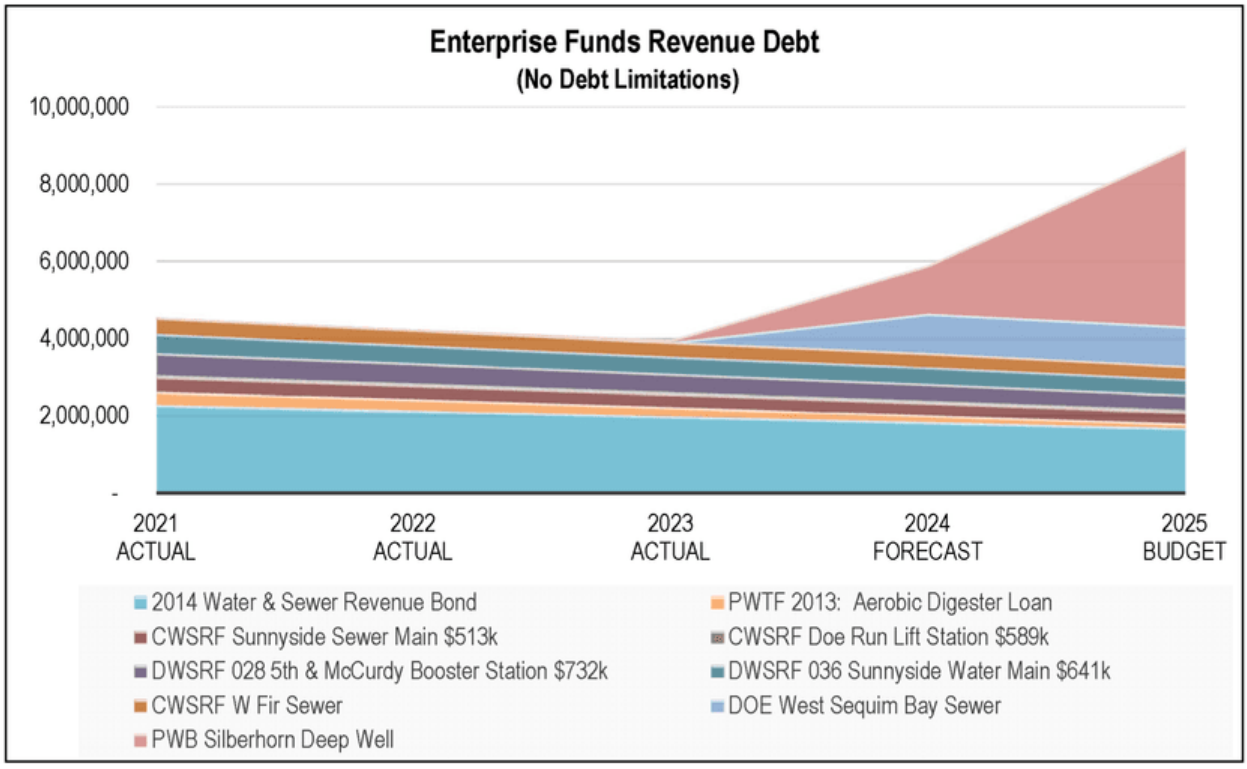
	2021 Actual	2022 Actual	2023 Actual	2024 Forecast	2025 Budget
PWTF 2013: Aerobic Digester Loan	346,667	288,889	231,111	173,334	115,556
2014 Water & Sewer Revenue Bond	2,280,000	2,140,000	1,995,000	1,845,000	1,690,000
CWSRF W Fir Sewer	419,384	399,291	380,248	360,969	341,353
[1] PWB Silberhorn Deep Well			61,123	1,250,000	4,618,851
[1] DOE West Sequim Bay Sewer				1,026,477	1,026,477
CWSRF Sunnyside Sewer Main $513k	392,466	372,719	352,592	332,081	311,175
CWSRF Doe Run Lift Station $589k	40,528	42,331	40,463	38,559	36,619
DWSRF 028 5th & McCurdy Booster Station $732k	563,762	523,493	483,224	442,956	402,687
DWSRF 036 Sunnyside Water Main $641k	504,869	468,807	432,745	432,745	396,683
	4,547,676	**4,235,530**	**3,976,506**	**5,902,121**	**8,939,401**

[1] Estimated use of loan proceeds based upon Capital Improvement Plan

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

Debt Capacity





PERSONNEL

Personnel Summary

FTE Summary:
The planned full-time equivalency (FTE) employee headcount for 2025 is 100.52, which increased by a net of 3.81 FTE over the 2024 Amended Budget. Aside from staff reallocations from one department to another, this count includes staffing adjustment as follows:

- Removed 1.25 *Temporary* FTE for Retirement Cross-over/Shadowing: Positions included Utilities Manager (.5), Public Works Director (.25), Marketing and Communications Director (.25), and Sewer Lead (.25).
- Removed .5 *Temporary* FTE for an Accounting Assistant: This position was added in 2024 to support the Finance Department as it converted all major business processes over to a new ERP Software.
- Added .56 FTE for a Public Works Administrative Assistant: A part-time Assistant is needed to support an increase in administrative work resulting from increased capital projects and the related grant and loan management.
- Added 1 FTE for the Water Maintenance Worker: This position is needed to balance the workload due to rapid infrastructure expansion and an aging water distribution system. It will allow us to bring more work in-house to improve quality control and ensure work is done to City standards and methods.
- Added 1 FTE for Parks and Events: This addition represents two seasonal workers needed to keep up with the increasing demands on our Parks, due to growth and the increased number of events, ensuring parks are well maintained and safe for our citizens.
- Added 1 *Temporary* FTE for a West Sequim Bay Corridor Construction Manager and Inspector to save significant money on these services that would otherwise be provided by a full-time consultant. This project is expected to last 2 to 3 years.
- Added 1 FTE for a Capital Project and Development Inspector to save significant money on these services that would otherwise be provided by on-call engineering firms.
- Added 1 FTE for a DCD Building Inspector/Plans Reviewer to accommodate for increases in the turnaround time on permits and plan reviews effective January 1, 2025, per RCW 19.27.31.

In 2025 employee salary costs are estimated at $9.0ml and benefits at $3.6ml. This represents a 5.8% increase in wages and a 4.7% increase in benefit costs. <u>These figures are prior to deductions for services charged out to other departments and funds.</u>



Salary and Wages

Non-Uniformed Bargaining Unit

This unit currently represents 44.56 employees. Total compensation for this group is budgeted to be $4.7ml for 2025. The current Collective Bargaining Agreement for this group is from January 1, 2022 to December 31, 2024. Bargaining unit negotiations are in process as of the time of this Budget Book's development.

Police Sergeants Bargaining Unit

Five employees are represented by this unit. In 2025, total compensation for this group is budgeted at $756k. The current Collective Bargaining Agreement for this group is from January 1, 2024 to December 31, 2026.

Police Officer Bargaining Unit

Fifteen employees are represented by this unit. Total compensation in 2025 for the group is budgeted at $2.3ml. The current Collective Bargaining Agreement for this group is also from January 1, 2024 to December 31, 2026.

Non-Represented Staff

The full-time employee equivalent count for this non-union group of employees is 32. Total compensation in 2025 is budgeted at $4.7ml. This group's salary range chart has been updated for 2025, to reflect a 3.0% COLA increase, as required by City policy.

Other wages, salaries, benefits

This category includes wages for seasonal, temporary and/or limited part-time positions. The total FTE representation in this category is 3.96 FTE. Total compensation is budgeted at $114k in 2025.



Benefits

Health Benefits

We provide two health benefit programs (medical, dental, vision, disability, life insurance) for our employees; one through Washington Teamsters Welfare Trust (for employees part of a bargaining unit) and one through the Association of Washington Cities (for non-represented employees). The City pays 87.5% of the cost for all plans. Health insurance comprises the largest component of these costs. Although final rates will not be announced until later this year, we estimate the overall *average* budgeted health benefit will increase about 5% for 2025 (although in 2024, rates actually decreased for non-represented staff as a result of becoming a designated Well City).

The AWC health insurance plan rules allow up to 25% of non-represented employees to voluntarily end their participation in the City-paid health insurance if they have alternate insurance available through another qualified plan. We currently have four of the seven possible employees taking advantage of this option in 2025. The Welfare Trust plan does not have such an accommodation.

Holidays

The number of approved annual City holidays is 12 with one additional floating holiday.

Retirement Benefits

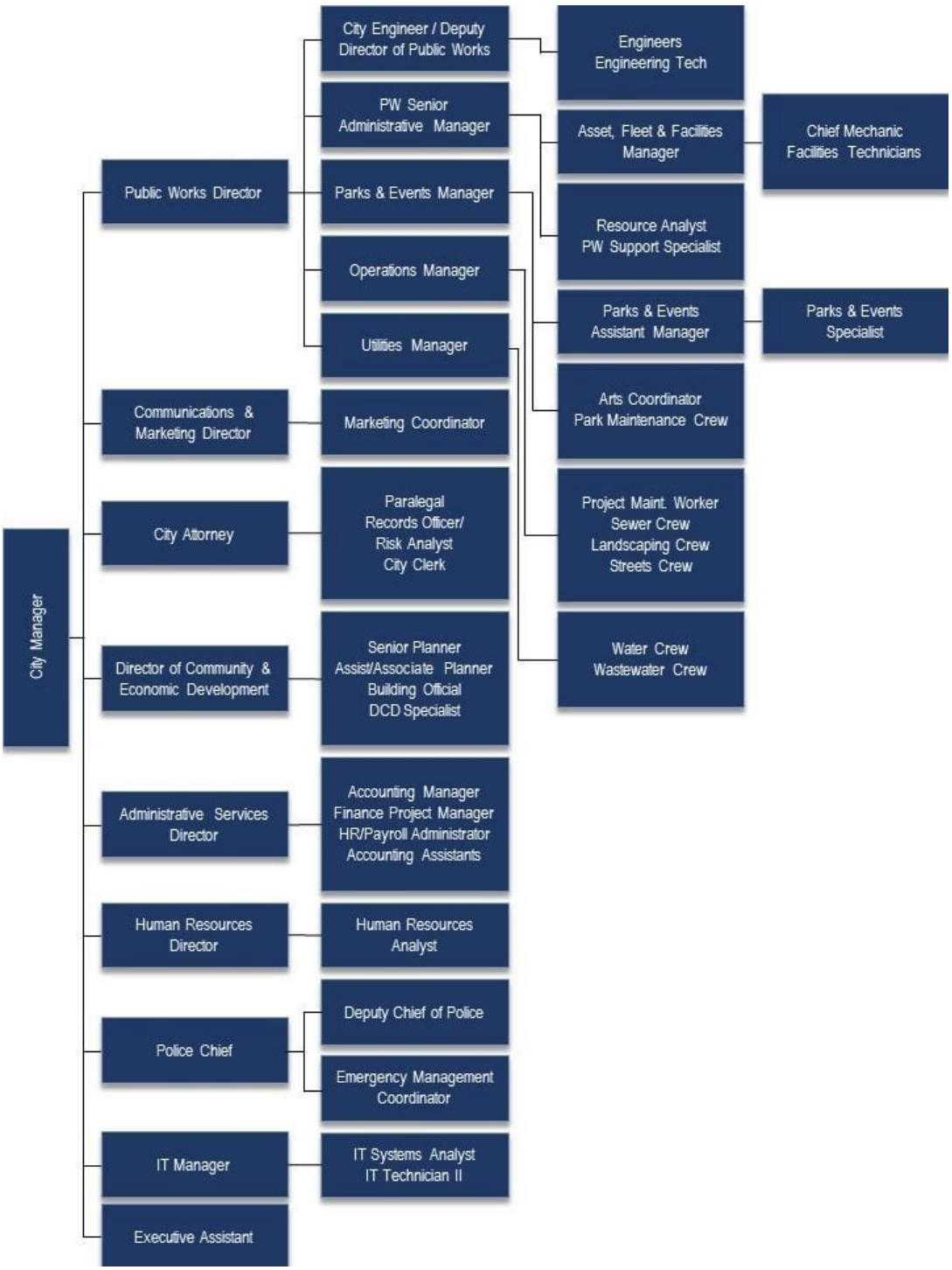
All regular City positions participate in a defined benefit plan required by the State of Washington that includes an employer and employee contribution. Our uniformed Police employees participate in the LEOFF plan and all other regular employees are covered by the PERS plan. The State legislature sets 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. PERS rates of 9.03% decreased (from 9.39%) on July 1, 2024. LEOFF rates also decreased slightly to 5.3% (from 5.8%). There will likely be changes made to these rates by the State legislature in 2025. Both PERS and LEOFF contributions will increase or decrease based upon planned salaries/wages.

Payroll Taxes

Labor & Industries (L&I) rates reflect the City's history of worker's compensation claims. The City has an all-City safety committee meeting monthly to "increase safety awareness and reduce safety incidents" by recommending improvements and training to management. L&I rates are based on a City's rolling 3-year experience rating as well as the overall cost for Labor & Industries to manage the worker's compensation program. We estimate the average budgeted L&I rates will increase about 5% in 2024. L&I will publish final rate notices confirming this information in December.

Regarding Washington Paid Family and Medical Leave, employers pay a 0.4% payroll tax. In addition, social security tax continues to be 6.2% and Medicare tax 1.45%.

Personnel Organizational Chart



Salary & Wage Schedule

Division Dept	Union Range	Compensation Schedule by Job Title	FTE budgeted	Minimum	< ---- >	Maximum
		Council	7.00	4,524	< ---- >	7,752
		Non-Represented				
		Exempt / Non-Exempt				
ADM		City Manager	1.00	154,116	< ---- >	211,465
ADM		Community & Econ Dvlpmt Director	1.00	130,944	< ---- >	170,235
ADM		Admin Services Director/Treasurer	1.00	130,944	< ---- >	170,235
POL		Chief of Police	1.00	130,944	< ---- >	170,235
ADM		City Attorney	1.00	130,944	< ---- >	170,235
PW		Public Works Director	1.00	130,944	< ---- >	170,235
ADM		HR Director	1.00	130,944	< ---- >	170,235
ADM		Comm. & Marketing Director	1.00	130,944	< ---- >	170,235
PW		Deputy PW Director/City Engineer	1.00	119,053	< ---- >	154,767
POL		Deputy Police Chief	1.00	119,053	< ---- >	154,767
ADM		IT Manager	1.00	108,213	< ---- >	140,670
PW		PW Operations Manager	1.00	100,200	< ---- >	130,258
PW		Utilities Manager	1.00	100,200	< ---- >	130,258
PW		Sr PW Admin. Manager	1.00	100,200	< ---- >	130,258
ADM		Accounting Manager	1.00	92,787	< ---- >	120,617
PW		Civil Engineer II	1.00	92,787	< ---- >	120,617
PW		Asset & Fleet Manager	1.00	92,787	< ---- >	120,617
PW		Parks and Events Manager	1.00	92,787	< ---- >	120,617
ADM		Finance Project Manager	1.00	85,910	< ---- >	111,683
POL		Support Services Supervisor	1.00	85,910	< ---- >	111,683
DCD		Civil Engineer I	2.00	85,910	< ---- >	111,683
PW		Resource Analyst	1.00	79,547	< ---- >	103,414
ADM		City Clerk	1.00	79,547	< ---- >	103,414
PW		Parks and Events Asst Mngr	1.00	79,547	< ---- >	103,414
PW		Capital and Development Inspector	1.00	79,547	< ---- >	103,414
ADM		HR Analyst	1.00	73,656	< ---- >	95,744
ADM		Paralegal	1.00	73,656	< ---- >	95,744
ADM		Records Officer/Risk Analyst	1.00	73,656	< ---- >	95,744
ADM		HR/Payroll Administrator	1.00	68,193	< ---- >	88,653
ADM		Executive Assistant	1.00	68,193	< ---- >	88,653
ADM		Legal Assistant	1.00	68,193	< ---- >	88,653
		Seasonal, Temporary and/or Limited Part Time				
PW		Temp PT PW Executive Advisor	0.38	46.30/hr	< ---- >	100.00/hr
PW		Temp WSB Construction Inspector	1.00	35.41/hr	< ---- >	46.03/hr
POL		Emergency Mgmt Coordinator	0.38	30.36/hr	< ---- >	39.47/hr
ADM		Arts Coordinator	0.475	30.36/hr	< ---- >	39.47/hr
ADM		Marketing Coordinator	0.475	30.36/hr	< ---- >	39.47/hr
PW		Seasonal Maint. Workers/Intern	1.25	19.37/hr	< ---- >	23.14/hr

Salary & Wage Schedule (cont'd)

Division Dept	Union Range	Compensation Schedule by Job Title	FTE budgeted		< ---- >	Maximum
		Union Represented				
		Non-Uniformed		**Step A**	Effective 1/1/2025	**Step E**
DCD	26	Senior Planner	1.00	78,305	..B..C..D..	93,409
DCD	26	Building Official	1.00	78,305	..B..C..D..	93,409
ADM	25	Senior IT Systems Analyst	-	76,034	..B..C..D..	90,709
PW	23	WRF Lead	1.00	71,685	..B..C..D..	85,396
DCD	23	Associate Planner	1.00	71,685	..B..C..D..	85,396
PW	21	Water Lead	1.00	67,571	..B..C..D..	80,511
PW	21	WRF Operator IV	1.00	67,571	..B..C..D..	80,511
ADM	21	IT Systems Analyst	1.00	67,571	..B..C..D..	80,511
PW	20	Chief Mechanic	1.00	65,600	..B..C..D..	78,176
PW	20	WRF Operator III	-	65,600	..B..C..D..	78,176
DCD	19	Building Inspector/Plans Examiner	1.00	63,651	..B..C..D..	78,090
DCD	19	Assistant Planner	-	63,651	..B..C..D..	78,090
PW	19	Maint Worker III (Leads)	2.00	63,651	..B..C..D..	78,090
ADM	19	IT Tech II	1.00	63,651	..B..C..D..	78,090
PW	18	Facilities Maintenance Tech	2.00	61,830	..B..C..D..	73,720
PW	18	Water Operator	4.00	61,830	..B..C..D..	73,720
ADM	18	Accounting Assistant IV (Lead)	1.00	61,830	..B..C..D..	73,720
PW	17	Engineering Tech I	1.00	60,030	..B..C..D..	71,599
POL	17	Code Compliance Officer	1.00	60,030	..B..C..D..	71,599
PW	17	Maint Worker III (Non-Leads)	-	60,030	..B..C..D..	71,599
PW	17	WRF Operator II	1.00	60,030	..B..C..D..	71,599
PW	16	Maintenance Project Worker	1.00	58,295	..B..C..D..	69,542
PW	15	Maint Worker II	3.00	56,581	..B..C..D..	67,464
ADM	15	Accounting Assistant III	-	56,581	..B..C..D..	67,464
DCD	14	DCD Specialist	1.00	54,953	..B..C..D..	65,536
PW	14	WRF Operator I	1.00	54,953	..B..C..D..	65,536
ADM	13	Accounting Assistant II	1.00	53,303	..B..C..D..	63,586
PW	13	Parks & Facilities Specialist	1.00	53,303	..B..C..D..	63,586
PW	13	Eng/Admin Support Specialist II	1.00	53,303	..B..C..D..	63,586
POL	12	Police Specialist	3.00	51,803	..B..C..D..	61,744
PW	11	Maint Worker I	8.00	50,261	..B..C..D..	59,966
PW	11	Maint Worker/Custodian	1.00	50,261	..B..C..D..	59,966
ADM	10	Accounting Assistant I	1.00	48,847	..B..C..D..	58,209
ADM	9	Administrative Assistant II	0.56	47,390	..B..C..D..	56,474
		Uniformed		**Step A**	Effective 1/1/2025	**Step E**
POL		Police Sergeant	5.00	104,998	..B..C..D..	110,718
POL		Police Officer	15.00	80,350	..B..C..D..	95,451
		Total Employees (excluding Council)	**100.52**			

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

Salaries and Benefits

Salary and Benefits by Employee Group

	Council	Non-Represented	Non-Uniformed	Sergeants	Uniformed	Temporary &/or Limited PT	Total
Regular Salary	36,576	3,448,979	3,024,218	503,128	1,525,356	104,688	8,642,945
Overtime - Hourly	-	-	99,999	37,236	116,427	-	253,662
On Call Pay	-	-	52,001	13,078	-	-	65,079
Total Salary	**36,576**	**3,448,979**	**3,176,218**	**553,442**	**1,641,783**	**104,688**	**$ 8,961,686**
Health Insurance	-	564,897	858,137	98,410	314,912	-	1,836,356
Retirement	-	316,401	301,169	31,179	91,755	-	740,504
Payroll Taxes	2,798	263,167	242,982	42,697	125,654	8,008	685,306
Family Leave	57	5,404	5,099	896	2,638	168	14,262
Other Benefits	-	74,031	-	9,720	720	-	84,471
Workers Comp	147	28,155	76,861	20,145	76,478	1,019	202,805
Total Benefits	**$ 3,002**	**$ 1,252,055**	**$ 1,484,248**	**$ 203,047**	**$ 612,157**	**$ 9,195**	**$ 3,563,704**
Total Salary & Benefits	**$ 39,578**	**$ 4,701,034**	**$ 4,660,466**	**$ 756,489**	**$ 2,253,940**	**$ 113,883**	**$ 12,525,390**
Actual Budgeted Staff (FTE, not including Council)		***32.00***	***44.56***	***5.00***	***15.00***	***3.96***	***100.52***
Salary per FTE		107,781	71,280	110,688	109,452	26,436	89,153
Benefits per FTE		39,127	33,309	40,609	40,810	2,322	35,453
Total per FTE		**$ 146,907**	**$ 104,589**	**$ 151,298**	**$ 150,263**	**$ 28,758**	**$ 124,606**

LEOFF I Retired Medical Benefits	$ -
Salary Allocation model	$ (1,248,000)
Unemployment Reserve	$ 40,000
Total Salary & Benefits	**$ 11,317,390**

Benefits

City Paid Benefits 87.5% Health Insurance; 100% Remaining Insurance (Non-Represented Employees)	Total Monthly Cost		
Medical - Regence Blue Shield / AWC Health First 250 Plan	$ 817.39	< ------->	$ 2,383.29
Dental - WDS / Plan F, plus Orthodontia	$ 58.67	< ------->	$ 173.69
Vision - VSP	$ 8.11	< ------->	$ 24.32
Employee Assistance Program - ComPsych	$ 1.49		
Basic Life Insurance - The Standard	0.15/per $1000 of coverage		
AD&D Insurance - The Standard	0.15/per $1000 of coverage		
Long Term Disability - The Standard	0.341% of compensation		

City Paid Benefits 87.5% Insurance (Non- Uniformed Union Employees)	Total Monthly Cost
Medical - WA Teamsters Welfare Trust / Plan A	$ 1,478.82
Dental - NW Teamsters Dental Trust / Plan A	$ 110.71
Vision - WA Teamsters Vision Trust	$ 15.71
Time Loss Insurance / Plan C	$ 5.51
Life and AD&D Insurance / Non-Unif Plan B	$ 4.04
Waiver of Contributions 9-Month Disability Extension	$ 10.47

City Paid Benefits 87.5% Insurance (Uniformed Union Employees)	Total Monthly Cost
Medical - WA Teamsters Welfare Trust / Plan A	$ 1,478.82
Dental - NW Teamsters Dental Trust / Plan A	$ 110.71
Vision - WA Teamsters Vision Trust	$ 15.71
Time Loss Insurance / Plan A	$ 16.54
Life and AD&D Insurance / Uniformed Plan A	$ 7.90
Waiver of Contributions 9-Month Disability Extension	$ 10.47

Other City Paid Benefits - Employer Contribution	Total Monthly Cost		
Retirement:			
PERS Plans	9.03%	< ------->	9.03%
LEOFF2	5.32%	< ------->	5.32%

* Management reserves the right to make changes in these benefits when not limited by existing contracts.
**Preliminary as of 7/23/2024 - Subject to Change

Historical Staffing Summary

Historical Staffing Summary

	Actual 2021	Actual 2022	Actual 2023	Budget 2024 Amended	Budget 2025	2024 - 2025 %
Budgeted positions (FTE, not including Council)	*86.51*	*89.04*	*94.27*	*96.71*	*100.52*	*0.8%*
OFM Census	8,125	8,215	8,350	8,405	8,657*	3.0%
Employees per 1000 OFM Population	*10.6*	*10.8*	*11.3*	*11.5*	*11.3*	-2.1%
				*staff estimate 3% inc.**		
Salaries	$ 6,708,797	$ 7,265,578	$ 7,470,779	$ 8,470,836	$ 8,961,686	5.8%
Benefits	$ 2,797,830	$ 2,861,201	$ 2,970,249	$ 3,403,687	$ 3,563,704	4.7%
Total Comp	**$ 9,506,627**	**$ 10,126,779**	**$ 10,441,028**	**$ 11,874,523**	**$ 12,525,390**	5.5%
Year over Year % Increase		*6.5%*	*3.1%*	*13.7%*	*5.5%*	
Benefits as % Salaries	42%	39%	40%	40%	40%	-1.0%
Benefits as % Total Comp	29%	28%	28%	29%	28%	-0.7%
City Wide Operating Costs	$ 17,520,610	$ 18,925,692	$ 20,157,610	$ 22,176,687	$ 23,881,683	7.7%
Total Comp as % Op Budget	**54.3%**	**53.5%**	**51.8%**	**53.5%**	**52.4%**	-2.0%

Historical Personnel Summary by Department and Fund

Historical Personnel Summary by Department and Fund

		Budget 2021	Budget 2022	Budget 2023	Amended 2024	Budget 2025	2024-2025 Change
General Fund							
City Manager		2.75	1.50	2.50	2.00	2.00	-
City Clerk		1.00	1.50	1.50	2.00	2.00	-
Communications		0.58	0.60	0.60	0.73	0.60	(0.13)
City Attorney		3.00	3.00	3.00	3.00	3.00	-
Human Resources		1.00	2.25	2.25	2.25	2.25	-
Information Technology		3.00	3.00	3.00	3.00	3.00	-
Finance		6.50	7.00	6.31	7.25	6.75	(0.50)
Growth Planning		1.00	1.00	1.00	1.00	1.00	-
Administrative Pool		1.75	-	-	-	-	-
Dev Services		3.50	3.00	4.00	4.00	5.00	1.00
Dev Svc Engineering		1.00	1.00	2.00	1.00	1.00	-
PW Administration		5.25	4.88	5.88	6.63	6.44	(0.19)
Facilities Maintenance		1.55	3.00	3.25	3.25	3.50	0.25
Engineering		4.50	6.33	6.00	5.25	6.25	1.00
Parks & Events		1.84	2.75	2.75	4.00	6.50	2.50
Police Department		26.00	25.38	27.38	27.38	27.38	-
	Subtotal	**64.22**	**66.19**	**71.42**	**72.74**	**76.67**	3.93
Streets		3.70	5.55	5.05	5.80	5.05	(0.75)
	Subtotal	**3.70**	**5.55**	**5.05**	**5.80**	**5.05**	(0.75)
Stormwater							
Stormwater Operations		0.50	0.60	0.60	0.60	0.60	-
Project Stormwater			-	-	-	-	-
	Subtotal	**0.50**	**0.60**	**0.60**	**0.60**	**0.60**	**-**
Restricted Funds							
Hotel/Motel Fund		0.80	0.88	0.88	1.01	0.88	(0.13)
Arts & Culture		0.38	0.47	0.47	0.47	0.47	-
	Subtotal	**1.18**	**1.35**	**1.35**	**1.48**	**1.35**	**(0.13)**
Enterprise Funds							
Water		6.11	4.83	4.83	4.49	5.43	0.94
Sewer/WRF		10.80	10.52	11.02	11.60	11.42	(0.18)
	Subtotal	**16.91**	**15.35**	**15.85**	**16.09**	**16.85**	0.76
Total Full Time Equivalents		**86.51**	**89.04**	**94.27**	**96.71**	**100.52**	**3.81**
Tax Supported (includes Streets)		67.92	71.74	76.47	78.54	81.72	3.18
Other Funding		1.18	1.35	1.35	1.48	1.35	(0.13)
Enterprise Fund Supported		17.41	15.95	16.45	16.69	17.45	0.76
Total Full Time Equivalents		**86.51**	**89.04**	**94.27**	**96.71**	**100.52**	**3.81**

SUPPLEMENTAL INFORMATION

Transfers between Funds

Key Goals

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

Transfers are moneys taken out of one fund and deposited into another to provide funding for a specific 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.

Transfers In Identifies the Receiving Fund and the Revenue Use		
DESCRIPTION	**Amount**	**Transfer Description**
001 General Fund	50,000	From Public Safety Tax for Emergency Management
101 Street Operations	945,000	From General Fund and TBD Tax for Street Safety and Maintenance
107 Stormwater Operations	170,000	From Water/Sewer Funds for Stormwater Operations
111 Street Restricted	876,500	From REET for and TBD Tax for Street Master Plan and Projects
117 Storm Water Restricted	240,000	From Water and Sewer GFCs for Stormwater Projects
121 Police Asset Seizure	20,000	From Police Expendable Trust for Equipment
140 Parks Restricted	270,000	From REET for Park Bridge Replacement and from Rainy Day for Memorial
160 Arts & Culture	55,000	From General Fund for Arts Programing
164 Equipment Reserve	544,800	From General Fund, Water, and Sewer for Equipment and Vehicles
206 Debt Service Fund	650,000	From General Fund, REET and Police Restricted (Public Safety Tax) for LTGO Debt Service
306 Capital Facilities Fund	1,164,000	From ARPA, Public Safety Tax, Water/Sewer, and REET for City Shop Improvements, HVAC Maintenance, and Civic Center Parking and Upkeep
411 Water Restricted	895,000	From Water Operations for Projects and Debt Service
422 Sewer Restricted	1,100,000	From Sewer Operations for Projects and Debt Service
Total Transfers In	6,980,300	

Transfers Out Identifies the Fund Incurring the Expense		
DESCRIPTION	**Amount**	**Transfer Description**
001 General Fund	1,224,800	To Street Operations, Equipment Reserve and Arts Programs
111 Street Restricted	760,000	To Street Operations for Safety and Maintenance and to Street Projects
120 Police Restricted	700,000	To LTGO Debt Service, City Shop Improvements and Emergency Management Operations
150 Real Estate Excise Tax	591,500	To Parks, Streets and Capital Facilities for City Shop Improvements and Civic Center Maintenance, HVAC Maintenance, and to Debt Service
180 American Rescue Plan Act	614,000	To Capital Facility Projects for Shop Improvements and Civic Center Remodel (2nd floor)
199 Rainy Day Fund	5,000	To Parks for Gold Star Memorial
401 Water Operations	655,000	To Water Restricted for Debt and Projects, and to Stormwater for Operations
402 Sewer Operations	660,000	To Sewer Restricted for Projects and to Stormwater for Operations
411 Water Restricted	692,500	To Equipment Reserve, Water Projects, Debt Service and Stormwater Projects
422 Sewer Restricted	1,057,500	To Equipment Reserve, Sewer Projects, Debt Service and Stormwater Projects
621 Police Expendable Trust	20,000	To Police Asset Seizure for Equipment
Total Transfers Out	6,980,300	

Interfund Allocations & Internal Service Allocations

Central service departments provide support services or support functions to other operating units. The associated overhead costs are shared across city departments through a cost allocation process. Central service departments include:

- City Council (allocations not allowed on Federal Programs)
- City Administration (City Manager, City Clerk, City Attorney, Human Resources, Communications and Information Technology)
- Administrative Services (Finance and Non-Departmental)
- Public Works Administration (Engineering/GIS, PW Admin and Facilities Maintenance)

The allocation base determines how the costs are distributed from 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
- Number of employees (FTEs)
- Fund Activity (Expenses net of interfund charges, transfers, debt)
- 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

In 2023, the Budget reflected a change in accounting practice recommended by the Washington State Auditor's Office (SAO), in that many charges to our benefiting funds are now netted against the expense in the General Fund, as opposed to recording it as revenue to the General Fund. Per the SAO Budgeting, Accounting and Reporting System (BARS) Manual: 3.9.4.20 Reimbursements are repayments from the fund responsible for particular expenditures/expenses to the fund that initially paid for them. They are adjustments to correct the assignment of the expenditures/expenses. Reimbursements reduce expenditures/expenses in the fund that is reimbursed and move the expenditures/expenses to the fund that ultimately pays for it. This practice continues in 2025.

Key Goals

- Apportion administrative costs to operating funds that are supported by central services
- Acceptable audit documentation
- Adjust accounting practices acceptable to the SAO

2025 Budget Summary

The allocation model reflects flat Central Services distributions.

Interfund Allocations

Interfund Allocations	300 Revenues	500 Expenses
001 - General Fund	**2,832,000**	
001 - General Fund	2,832,000	
100 - Special Revenue Funds		**702,000**
101 - Street Unrestricted		234,000
107 - Stormwater Unrestricted		40,000
111 - Street Restricted		349,000
117 - StormWater Restricted		24,000
140 - Parks Restricted		55,000
300 - Capital Funds		**125,000**
306 - Capital Facilities Fund		125,000
400 - Enterprise Funds		**2,069,000**
401 - Water Unrestricted		450,000
402 - Sewer Unrestricted		1,130,000
411 - Water Restricted		114,000
422 - Sewer Restricted		375,000
Grand Total	**2,832,000**	**2,896,000**

Internal Service Allocations

Internal Service Allocations	General Fund	Charges for Services
Internal Employee Services	**-468,000**	
001-013 - City Attorney	-153,000	
001-014 - Finance	-163,000	
001-016 - Human Resources	-152,000	
101-000 - Street Operations		72,000
107-000 - Storm Water Operations		9,000
401-001 - Water Administration		126,000
402-001 - Sewer Administration		261,000
Internal Project Engineering	**-500,000**	
001-035 - GIS/Engineering	-500,000	
111-103 - Streets R - Transportation Capital Projects		32,000
111-104 - Streets R - Impact Fees		41,000
111-112 - Streets R - TBD Projects		109,000
117-107 - Stormwater Restricted		14,000
140-000 - Parks Restricted		6,000
306-000 - Capital Facilities Fund		58,000
411-411 - Water Restricted GFCs		59,000
411-413 - Water Replacement Reserve		32,000
422-422 - Sewer Restricted GFCs		109,000
422-424 - Sewer Replacement Reserve		40,000
Utility Billing Services	**-280,000**	
001-014 - Finance	-280,000	
401-001 - Water Administration		85,000
402-001 - Sewer Administration		195,000
Grand Total	**-1,248,000**	**1,248,000**

GLOSSARY

Glossary

Abatement: A reduction or elimination of a real or personal property tax, motor vehicle excise, a fee, charge, or special assessment imposed by a governmental unit. Granted only on application of the person seeking the abatement and only by the committing governmental unit.

Accounting System: The total structure of records and procedures that identify record, classify, and report information on the financial position and operations of a governmental unit or any of its funds, account groups, and organizational components.

Accrued Interest: The amount of interest that has accumulated on the debt since the date of the last interest payment, and on the sale of a bond, the amount accrued up to but not including the date of delivery (settlement date). (See Interest)

Amortization: The gradual repayment of an obligation over time and in accordance with a predetermined payment schedule.

Appropriation: A legal authorization from the community's legislative body to expend money and incur obligations for specific public purposes. An appropriation is usually limited in amount and as to the time period within which it may be expended.

Arbitrage: As applied to municipal debt, the investment of tax-exempt bonds or note proceeds in higher yielding, taxable securities. Section 103 of the Internal Revenue Service (IRS) Code restricts this practice and requires (beyond certain limits) that earnings be rebated (paid) to the IRS.

Assessed Valuation: A value assigned to real estate or other property by a government as the basis for levying taxes.

Audit: An examination of a community's financial systems, procedures, and data by a certified public accountant (independent auditor), and a report on the fairness of financial statements and on local compliance with statutes and regulations. The audit serves as a valuable management tool in evaluating the fiscal performance of a community.

Audit Report: Prepared by an independent auditor, an audit report includes: (a) a statement of the scope of the audit; (b) explanatory comments as to application of auditing procedures; (c) findings and opinions. It is almost always accompanied by a management letter which contains supplementary comments and recommendations.

Available Funds: Balances in the various fund types that represent non-recurring revenue sources. As a matter of sound practice, they are frequently appropriated to meet unforeseen expenses, for capital expenditures or other one-time costs.

Balance Sheet: A statement that discloses the assets, liabilities, reserves and equities of a fund or governmental unit at a specified date.

Betterments (Special Assessments): Whenever a specific area of a community receives benefit from a public improvement (e.g., water, sewer, sidewalk, etc.), special property taxes may be assessed to reimburse the governmental entity for all or part of the costs it incurred. Each parcel receiving benefit from the improvement is assessed for its proportionate share of the cost of such improvements. The proportionate share may be paid in full or the property owner may request that the assessors apportion the betterment over 20 years. Over the life of the betterment, one year's apportionment along with one year's committed interest computed from October 1 to October 1 is added to the tax bill until the betterment has been paid.

Bond: A means to raise money through the issuance of debt. A bond issuer/borrower promises in writing to repay a specified sum of money, alternately referred to as face value, par value or bond principal, to the buyer of the bond on a specified future date (maturity date), together with periodic interest at a specified rate. The term of a bond is always greater than one year. (See Note)

Bond and Interest Record: (Bond Register) – The permanent and complete record maintained by a treasurer for each bond issue. It shows the amount of interest and principal coming due each date and all other pertinent information concerning the bond issue.

Bonds Authorized and Unissued: Balance of a bond authorization not yet sold. Upon completion or abandonment of a project, any remaining balance of authorized and unissued bonds may not be used for other purposes, but must be rescinded by the community's legislative body to be removed from community's books.

Bond Issue: Generally, the sale of a certain number of bonds at one time by a governmental unit.

Bond Rating (Municipal): A credit rating assigned to a municipality to help investors assess the future ability, legal obligation, and willingness of the municipality (bond issuer) to make timely debt service payments. Stated otherwise, a rating helps prospective investors determine the level of risk associated with a given fixed-income investment. Rating agencies, such as Moody's and Standard and Poors, use rating systems, which designate a letter or a combination of letters and numerals where AAA is the highest rating and C1 is a very low rating.

Budget: A plan for allocating resources to support particular services, purposes and functions over a specified period of time. (See Performance Budget, Program Budget)

Capital Assets: All real and tangible property used in the operation of government, which is not easily converted into cash, and has an initial useful live extending beyond a single financial reporting period. Capital assets include land and land improvements; infrastructure such as roads, bridges, water and sewer lines; easements; buildings and building improvements; vehicles, machinery and equipment. Communities typically define capital assets in terms of a minimum useful life and a minimum initial cost. (See Fixed Assets)

Capital Budget: An appropriation or spending plan that uses borrowing or direct outlay for capital or fixed asset improvements. Among other information, a capital budget should identify the method of financing each recommended expenditure, i.e., tax levy or rates, and identify those items that were not recommended. (See Capital Assets, Fixed Assets)

Cash: Currency, coin, checks, postal and express money orders and bankers' drafts on hand or on deposit with an official or agent designated as custodian of cash and bank deposits.

Cash Management: The process of monitoring the ebb and flow of money in an out of municipal accounts to ensure cash availability to pay bills and to facilitate decisions on the need for short- term borrowing and investment of idle cash.

Certificate of Deposit (CD): A bank deposit evidenced by a negotiable or non-negotiable instrument, which provides on its face that the amount of such deposit plus a specified interest payable to a bearer or to any specified person on a certain specified date, at the expiration of a certain specified time, or upon notice in writing.

Classification of Real Property: Assessors are required to classify all real property according to use into one of four classes: residential, open space, commercial, and industrial. Having classified its real properties, local officials are permitted to determine locally, within limitations established by statute and the Commissioner of Revenue, what percentage of the tax burden is to be borne by each class of real property and by personal property owners.

Collective Bargaining: The process of negotiating workers' wages, hours, benefits, working conditions, etc., between an employer and some or all of its employees, who are represented by a recognized labor union. regarding wages, hours and working conditions.

Consumer Price Index: The statistical measure of changes, if any, in the overall price level of consumer goods and services. The index is often called the "cost-of-living index."

Cost-Benefit Analysis: A decision-making tool that allows a comparison of options based on the level of benefit derived and the cost to achieve the benefit from different alternatives.

Debt Burden: The amount of debt carried by an issuer usually expressed as a measure of value (i.e., debt as a percentage of assessed value, debt per capita, etc.). Sometimes debt burden refers to debt service costs as a percentage of the total annual budget.

Debt Service: The repayment cost, usually stated in annual terms and based on an amortization schedule, of the principal and interest on any particular bond issue.

Encumbrance: A reservation of funds to cover obligations arising from purchase orders, contracts, or salary commitments that are chargeable to, but not yet paid from, a specific appropriation account.

Enterprise Funds: An enterprise fund is a separate accounting and financial reporting mechanism for municipal services for which a fee is charged in exchange for goods or services. It allows a community to demonstrate to the public the portion of total costs of a service that is recovered through user charges and the portion that is subsidized by the tax levy, if any. With an enterprise fund, all costs of service delivery – direct, indirect, and capital costs – are identified. This allows the community to recover total service costs through user fees if it chooses. Enterprise accounting also enables communities to reserve the "surplus" or net assets unrestricted generated by the operation of the enterprise rather than closing it out to the general fund at year-end. Services that may be treated as enterprises include, but are not limited to, water, sewer, hospital, and airport services.

Equalized Valuations (EQVs): The determination of the full and fair cash value of all property in the community that is subject to local taxation.

Estimated Receipts: A term that typically refers to anticipated local revenues often based on the previous year's receipts and represent funding sources necessary to support a community's annual budget. (See Local Receipts)

Exemptions: A discharge, established by statute, from the obligation to pay all or a portion of a property tax. The exemption is available to particular categories of property or persons upon the timely submission and approval of an application to the assessors. Properties exempt from taxation include hospitals, schools, houses of worship, and cultural institutions. Persons who may qualify for exemptions include disabled veterans, blind individuals, surviving spouses, and seniors.

Expenditure: An outlay of money made by municipalities to provide the programs and services within their approved budget.

Fiduciary Funds: Repository of money held by a municipality in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and other funds. These include pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds, and agency funds.

Fixed Assets: Long-lived, assets such as buildings, equipment and land obtained or controlled as a result of past transactions or circumstances.

Fixed Costs: Costs that are legally or contractually mandated such as retirement, FICA/Social Security, insurance, debt service costs or interest on loans.

Float: The difference between the bank balance for a local government's account and its book balance at the end of the day. The primary factor creating float is clearing time on checks and deposits. Delays in receiving deposit and withdrawal information also influence float.

Full Faith and Credit: A pledge of the general taxing powers for the payment of governmental obligations. Bonds carrying such pledges are usually referred to as general obligation or full faith and credit bonds.

Fund: An accounting entity with a self-balancing set of accounts that are segregated for the purpose of carrying on identified activities or attaining certain objectives in accordance with specific regulations, restrictions, or limitations.

Fund Accounting: Organizing financial records into multiple, segregated locations for money. A fund is a distinct entity within the municipal government in which financial resources and activity (assets, liabilities, fund balances, revenues, and expenditures) are accounted for independently in accordance with specific regulations, restrictions or limitations. Examples of funds include the general fund and enterprise funds. Communities whose accounting records are organized according to the Uniform Municipal Accounting System (UMAS) use multiple funds.

GASB 34: A major pronouncement of the Governmental Accounting Standards Board that establishes new criteria on the form and content of governmental financial statements. GASB 34 requires a report on overall financial health, not just on individual funds. It requires more complete information on the cost of delivering value estimates on public infrastructure assets, such as bridges, road, sewers, etc. It also requires the presentation of a narrative statement the government's financial performance, trends and prospects for the future.

GASB 45: This is another Governmental Accounting Standards Board major pronouncement that each public entity account for and report other postemployment benefits in its accounting statements. Through actuarial analysis, municipalities must identify the true costs of the OPEB earned by employees over their estimated years of actual service.

General Fund: The fund used to account for most financial resources and activities governed by the normal appropriation process.

General Obligation Bonds: Bonds issued by a municipality for purposes allowed by statute that are backed by the full faith and credit of its taxing authority.

Governing Body: A board, committee, commission, or other executive or policymaking bodyof a municipality or school district.

Indirect Cost: Costs of a service not reflected in the operating budget of the entity providing the service. An example of an indirect cost of providing water service would be the value of time spent by non-water department employees processing water bills. A determination of these costs is necessary to analyze the total cost of service delivery. The matter of indirect costs arises most often in the context of enterprise funds.

Interest: Compensation paid or to be paid for the use of money, including amounts payable at periodic intervals or discounted at the time a loan is made. In the case of municipal bonds, interest payments accrue on a day-to-day basis, but are paid every six months.

Interest Rate: The interest payable, expressed as a percentage of the principal available for use during a specified period of time. It is always expressed in annual terms.

Investments: Securities and real estate held for the production of income in the form of interest, dividends, rentals or lease payments. The term does not include fixed assets used in governmental operations.

Line Item Budget: A budget that separates spending into categories, or greater detail, such as supplies, equipment, maintenance, or salaries, as opposed to a program budget.

Local Aid: Revenue allocated by the state or counties to municipalities and school districts.

Maturity Date: The date that the principal of a bond becomes due and payable in full.

Municipal(s): (As used in the bond trade) "Municipal" refers to any state or subordinate governmental unit. "Municipals" (i.e., municipal bonds) include not only the bonds of all political subdivisions, such as cities, towns, school districts, special districts, counties but also bonds of the state and agencies of the state.

Note: A short-term loan, typically with a maturity date of a year or less.

Objects of Expenditures: A classification of expenditures that is used for coding any department disbursement, such as “personal services,” “expenses,” or “capital outlay.”

Official Statement: A document prepared for potential investors that contains information about a prospective bond or note issue and the issuer. The official statement is typically published with the notice of sale. It is sometimes called an offering circular or prospectus.

Operating Budget: A plan of proposed expenditures for personnel, supplies, and other expenses for the coming fiscal year.

Overlapping Debt: A community's proportionate share of the debt incurred by an overlapping government entity, such as a regional school district, regional transit authority, etc.
Performance Budget: A budget that stresses output both in terms of economy and efficiency.

Principal: The face amount of a bond, exclusive of accrued interest.

Program: A combination of activities to accomplish an end.

Program Budget: A budget that relates expenditures to the programs they fund. The emphasis of a program budget is on output.

Purchased Services: The cost of services that are provided by a vendor.

Refunding of Debt: Transaction where one bond issue is redeemed and replaced by a new bond issue under conditions generally more favorable to the issuer.

Reserve Fund: An amount set aside annually within the budget of a town to provide a funding source for extraordinary or unforeseen expenditures.

Revaluation: The assessors of each community are responsible for developing a reasonable and realistic program to achieve the fair cash valuation of property in accordance with constitutional and statutory requirements. The nature and extent of that program will depend on the assessors’ analysis and consideration of many factors, including, but not limited to, the status of the existing valuation system, the results of an in-depth sales ratio study, and the accuracy of existing property record information.

Revenue Anticipation Note (RAN): A short-term loan issued to be paid off by revenues, such as tax collections and state aid. RANs are full faith and credit obligations.

Revenue Bond: A bond payable from and secured solely by specific revenues and thereby not a full faith and credit obligation.

Revolving Fund: Allows a community to raise revenues from a specific service and use those revenues without appropriation to support the service.

Sale of Real Estate Fund: A fund established to account for the proceeds of the sale of municipal real estate other than proceeds acquired through tax title foreclosure.

Stabilization Fund: A fund designed to accumulate amounts for capital and other future spending purposes, although it may be appropriated for any lawful purpose.

Surplus Revenue: The amount by which cash, accounts receivable, and other assets exceed liabilities and reserves.

Tax Rate: The amount of property tax stated in terms of a unit of the municipal tax base; for example, $14.80 per $1,000 of assessed valuation of taxable real and personal property.

Tax Title Foreclosure: The procedure initiated by a municipality to obtain legal title to real property already in tax title and on which property taxes are overdue.

Trust Fund: In general, a fund for money donated or transferred to a municipality with specific instructions on its use. As custodian of trust funds, the treasurer invests and expends such funds as stipulated by trust agreements, as directed by the commissioners of trust funds or by the community's legislative body. Both principal and interest may be used if the trust is established as an expendable trust. For nonexpendable trust

funds, only interest (not principal) may be expended as directed.

Uncollected Funds: Recently deposited checks included in an account's balance but drawn on other banks and not yet credited by the Federal Reserve Bank or local clearinghouse to the bank cashing the checks. (These funds may not be loaned or used as part of the bank's reserves and they are not available for disbursement.)

Undesignated Fund Balance: Monies in the various government funds as of the end of the fiscal year that are neither encumbered nor reserved, and are therefore available for expenditure once certified as part of free cash.

Unreserved Fund Balance (Surplus Revenue Account): The amount by which cash, accounts receivable, and other assets exceed liabilities and restricted reserves. It is akin to a "stockholders' equity" account on a corporate balance sheet. It is not, however, available for appropriation in full because a portion of the assets listed as "accounts receivable" may be taxes receivable and uncollected. (See Free Cash)

Valuation (100 Percent): The legal requirement that a community's assessed value on property must reflect its market, or full and fair cash value