



# CITY OF SNOHOMISH

P.O. BOX 1589 | SNOHOMISH, WASHINGTON 98291 | (360) 568-3115 | WWW.SNOHOMISHWA.GOV

## **NOTICE OF SPECIAL MEETING**

### **SNOHOMISH CITY COUNCIL**

**TUESDAY  
October 6, 2020  
5:00 p.m.**

### **WORKSHOP AGENDA ON NEXT PAGE**

### **Remote On-Line/Phone Access ONLY Via "Zoom":**

Pursuant to City of Snohomish's **Resolution 1408** adopting procedures for holding public meetings consistent with State law, and in accordance with the Governor's Proclamation 20-25, "Stay Home Stay Healthy" order to reduce the risk of exposure and the spread of contagious viruses through social interactions, the October 6, 2020 workshop and regular meeting of the City Council will be held utilizing remote access. The public is invited and encouraged to participate by calling in, and listening to the live meeting. Instructions for calling into the live meeting are provided below.

**To access the ONLINE Zoom remote meeting, please use the following link (external/internal speakers required): <https://us02web.zoom.us/j/85728871762>**

**Meeting ID: 857 2887 1762**

**To PHONE-IN without a computer, or if your computer does not have an audio feature, dial:**

+1 253 215 8782 or  
+1 669 900 6833 or  
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**YOU WILL BE PROMPTED TO ENTER THE MEETING ID# --**

**Meeting ID: 857 2887 1762**

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ENTER THE # SYMBOL**



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## NOTICE OF SPECIAL MEETING

### SNOHOMISH CITY COUNCIL

Remote On-Line/Phone Access ONLY Via "Zoom"

TUESDAY  
October 6, 2020  
5:00 p.m.

### WORKSHOP AGENDA

- 5:00 1. **CALL TO ORDER**
2. **DISCUSSION ITEM:** Mayor's Recommended Budget Overview (*P.3*)
- 5:55 3. **ADJOURN**

**DISCUSSION ITEM 2.**

**Date:** October 6, 2020  
**To:** City Council  
**From:** Mayor John T. Kartak  
Debbie Burton, Finance Director  
**Subject: 2021 - 2022 Recommended Budget Overview**

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**SUMMARY:** On September 25, 2020, the 2021-2022 Recommended Budget was published and made available to the public. The budget document can be found on the City's website at:

<https://www.snohomishwa.gov/135/Budget-Finance>

As stated in the introductory letter to the budget, "*This 2021–2022 Mayor's Budget is a conservative instrument that respects every taxpayer and ratepayer dollar . . .*"

Tonight's workshop is to provide an overview of the 2021-2022 Recommended Budget, and receive additional City Council feedback and questions.

**BUDGET OVERVIEW:**

Key City Services: The City's top five services make up nearly 80% of annual operating costs. Shown below are those services along with their 2021 and 2022 budgeted expenses and direct full-time equivalent (FTE) staff positions:

<b>Fund</b>	<b>Expenditures (Two Years)</b>	<b>FTEs</b>
Utilities	\$ 28.6 million	12.5
Law Enforcement	\$ 8.4 million	20.0
Transportation	\$ 2.4 million	3.8
Parks (& Events)	\$ 1.8 million	4.3
Plan/Permitting	\$ 1.5 million	4.0

*Utilities is comprised of the following enterprise funds: Water (Fund 401), Wastewater (Fund 402) and Stormwater (Fund 404). Law Enforcement includes 18 Commissioned Officers and two non-commissioned positions provided through an agreement with the County Sheriff's Office.*

Utilities: For the 2021-2022 budget a significant investment of \$15.876 million will be made in capital projects for water, wastewater and stormwater. No rate increases (0%) are included in the 2021-2022 budget.

General Fund: The General Fund provides the revenues for four of the key services above: Law Enforcement, Transportation, Parks, and Plan/Permitting. The City has a projected ending fund balance for December 31, 2020 that exceeds the Council's reserve policy. This is a positive outcome, but as has been previously discussed, there is no identified source of funding available for expanded or new services with current revenues. The City should continue its tight

**DISCUSSION ITEM 2.**

vigilance in 2021 and 2022, and carefully review any new ongoing expense that increases annual operating costs.

**General Fund Debt Levels:** The City's debt service (non-utility) is relatively low. Bonds for the Riverfront Trail and acquisition of law enforcement radio equipment have outstanding debt of \$270,000 as of December 31, 2020, with interest rates between 4.8% and 5.0%.

**Sources of Revenue:** Nearly 80% of the General Fund's operating revenues comes from four sources (2021-2022 budget):

Sales Tax	\$ 8.30 million
Utility Tax	\$ 3.08 million
Property Tax	\$ 2.58 million
Development Fees	\$ 0.56 million
<b>TOTAL</b>	<b>\$14.52 million in Revenue</b>

**Staffing Levels:** As a result of long-term financial projections, it is recommended that no additional full-time staff positions be added for the 2021-2022 budget, and that the unfilled finance position be eliminated. Seasonal, part-time, and intern staffing allocations largely remain the same.

**FALL BUDGET SCHEDULE:**

*October 6 Council Workshop: Budget Overview (Tonight's Presentation)*

November 3 Council Meeting:

- Capital Improvement Plan Adoption - Approval by Council
- Revenue Sources Public Hearing
- Property Tax Levy First Public Hearing

November 17 Council Meeting:

- Property Tax Levy Second Hearing and Adoption
- 2021-2022 Budget Adoption

**RECOMMENDATION: That the City Council REVIEW the 2021-2022 Recommended Budget and Presentation and provide FEEDBACK and/or further DIRECTION.**

**ATTACHMENT:** Presentation (19 Slides)

**REFERENCE:** 2021-2022 Recommended Budget (Released September 25, 2020)  
<https://www.snohomishwa.gov/135/Budget-Finance>

ATTACHMENT



## 2021-2022 Recommended Budget

2021-2022

City Council

Goals

- ❖ Expand Community Involvement & Communication
- ❖ Resource Snohomish Economic and Business Recovery
- ❖ Update Boards & Commissions
- ❖ Promote Community Involvement in Public Safety
- ❖ Extend Sewer North of Blackman Lake

## 2021-2022 Recommended Budget

2021-2022

City Council

Goals

(continued)

- ❖ Investigate Barriers to Accessible Housing Initiatives
- ❖ Foster Environmental Sustainability
- ❖ Create 2022 – 2027 City of Snohomish Strategic Plan
- ❖ Extend Broadband City Wide
- ❖ South Urban Growth Area

Goals are not ranked or prioritized in any order

## 2021-2022 Recommended Budget

**Issues  
Affecting  
Overall  
2021-2022  
Budget**

- ❖ The City budget focuses primarily on sustaining existing service levels rather than increasing human resources or enhancing existing services.
- ❖ General Fund budget resources continue to be the primary focus of both cost savings as well as any new investments.
- ❖ Sales tax, the major source of General Fund revenues, has higher sensitivity to regional economic conditions.
- ❖ Property tax revenues continue to shrink as a percentage of the General Fund and ranks below utility taxes. The 1% increase is not keeping up with inflation.
- ❖ Law Enforcement and criminal justice costs drive the majority of General Fund budget increases. Criminal justice costs include indigent public defense, jail fees, prosecution fees, and 911 dispatch fees.

## 2021-2022 Recommended Budget

**Carnegie and  
the  
2021-2022  
Budget**

- ❖ Implement rentals in early 2021, per COVID health guidelines.
- ❖ No additional rental revenues or staffing expenses have been included in this budget.
- ❖ City has always paid for overhead expenses such as utilities and maintenance.
- ❖ Staffing is being discussed.
- ❖ Staff to bring back plan and as required a budget amendment in early 2021.

**DISCUSSION ITEM 2.**

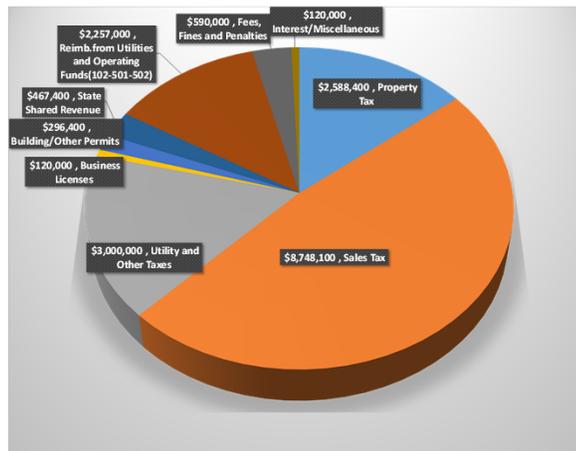
## 2021-2022 Recommended Budget

**Highlights of REVENUES**

Fund	Fund Name	2021-2022 Revenue Recommended Budget
001	General	18,187,300
102	Streets	2,141,200
104	Park Impact Fee	653,000
107	Visitor Promotion	20,200
108	PBIA	40,700
113	Police Seizure	
125	Traffic Impact Fee	305,000
130	Transportation Benefit District	2,038,200
205	Debt Service	123,500
305	Real Estate Excise Tax	1,015,000
310	Municipal Capital Projects	2,848,000
311	Street Capital Projects	3,109,100
401	Water Utility	5,656,000
402	Wastewater Utility	8,007,000
403	Solid Waste	
404	Stormwater Utility	4,819,000
501	Fleet & Facilities	1,970,500
502	Information Services	1,196,800
503	Self-insurance	10,100
505	Equipment Replacement	241,700
604	Carnegie Restoration	
<b>Fund Totals</b>		<b>52,382,300</b>

## 2021-2022 Recommended Budget

**Highlights of General Fund REVENUES**

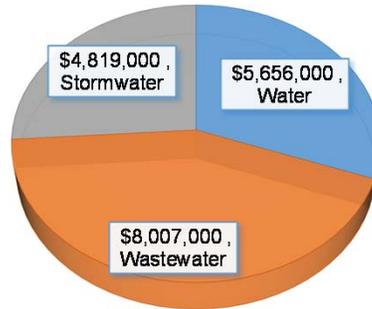


Budgeted General Fund Revenues - \$18,187,300

## 2021-2022 Recommended Budget

Highlights of  
Utility Funds  
REVENUES

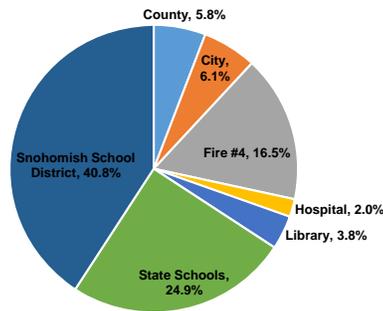
### UTILITY REVENUE



## 2021-2022 Recommended Budget

Highlights of  
Property Tax  
REVENUES

### Share of Property Tax for Typical Snohomish Home \$11.51 per \$1,000 assessed value(2021)



2021-2022 – Budget \$2,588,400 – Assumes 1% Increase

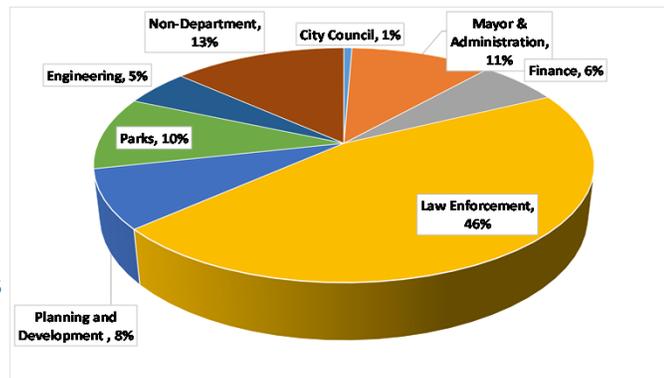
## 2021-2022 Recommended Budget

Highlights of  
EXPENDITURES

Fund	Fund Name	2021-2022 Expense Recommended Budget
001	General	19,947,900
102	Streets	2,404,300
104	Park Impact Fee	1,055,000
107	Visitor Promotion	20,000
108	PBIA	50,000
113	Police Seizure	-
125	Traffic Impact Fee	-
130	Transportation Benefit District	2,305,600
205	Debt Service	123,200
305	Real Estate Excise Tax	1,386,000
310	Municipal Capital Projects	2,996,000
311	Street Capital Projects	3,122,000
401	Water Utility	7,540,300
402	Wastewater Utility	15,146,300
403	Solid Waste	-
404	Stormwater Utility	5,929,600
501	Fleet & Facilities	1,999,800
502	Information Services	1,142,400
503	Self-insurance	10,000
505	Equipment Replacement	180,000
604	Carnegie Restoration	-
	<b>Fund Totals</b>	<b>65,358,400</b>

## 2021-2022 Recommended Budget

Highlights of  
General Fund  
EXPENDITURES

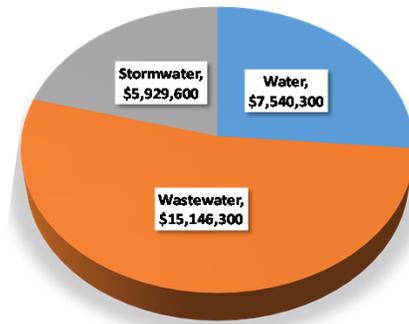


Department	2019-2020	2021-2022	Less Reimb from Utilities Funds	Net Expense
City Council	114,978	115,000		115,000
Mayor & Administration	2,314,847	2,306,800	290,000	2,016,800
Finance	1,632,667	1,515,700	384,000	1,131,700
Law Enforcement	7,777,105	8,398,600		8,398,600
Planning and Development	1,411,076	1,491,900		1,491,900
Parks	1,636,626	1,845,700		1,845,700
Engineering	1,768,479	1,813,700	883,000	930,700
Non-Department	2,735,278	2,460,500		2,460,500
<b>Total</b>	<b>19,391,055</b>	<b>19,947,900</b>	<b>1,557,000</b>	<b>18,390,900</b>

## 2021-2022 Recommended Budget

Highlights of  
Utility Fund  
EXPENDITURES

Utility Expense including Capital and Debt Service



Capital & Debt:  
Water - \$2,403,000  
Wastewater - \$10,460,600  
Stormwater - \$4,493,200

## 2021-2022 Recommended Budget

2021-2022

Personnel Plan

Costs

- ❖ Cost of living adjustments – 2% in 2021 and 3% in 2021
- ❖ Pay step movements for eligible employees
- ❖ Medical premium increases
- ❖ Employer retirement plan contribution assumes 1% increase from 2020
- ❖ Staffing
  - ❖ Eliminate Finance position
  - ❖ No new positions from 2020

## 2021-2022 Recommended Budget

**2021-2022  
Personnel Plan**

Salaries & Benefits		2019-2020	2021-2022	\$ Chg	% Chg
<b>General Fund</b>					
City Council		92,978	93,000	22	0%
Mayor & Administrator		777,808	567,900	(209,908)	-27%
City Clerk/Human Resources		304,870	530,500	225,630	74%
Economic Development		302,198	321,200	19,002	6%
Finance		1,322,673	1,204,700	(117,973)	-9%
Planning & Permitting and Building					
Inspection		1,016,859	1,096,000	79,141	8%
Parks		1,013,147	1,070,100	56,953	6%
Engineering		1,426,407	1,462,800	36,393	3%
<b>Total General Fund</b>		<b>6,256,939</b>	<b>6,346,200</b>	<b>89,261</b>	<b>1%</b>
<b>Street Fund</b>					
		936,047	861,500	(74,547)	-8%
<b>Fleet and Facilities</b>					
		776,062	808,800	32,738	4%
<b>Information Services</b>					
		555,931	587,700	31,769	6%
<b>Water</b>					
		1,090,134	1,079,000	(11,134)	-1%
<b>Wastewater</b>					
		1,293,005	1,363,400	70,395	5%
<b>Stormwater</b>					
		520,596	535,300	14,704	3%
<b>Total All Operating Funds</b>		<b>11,428,715</b>	<b>11,581,900</b>	<b>153,185</b>	<b>1%</b>

✓ Changes: Admin Specialist moved from Mayor/Administrator to Clerk/HR and elimination of Finance position, COLA and STEP increases and premium increases. Important to note that a portion of General Fund salaries and benefits are allocated to the utilities. Table shows amounts prior to allocation.

## 2021-2022 Recommended Budget

### 2021-2022 Capital Improvement Projects

14th Street (Bonneville Avenue - Avenue D) Overlay	Homestead (Ludwig) Park Improvements
16th Street (West of Holly Vista Drive) Storm Improvements	Machias Road PUD Water System Intertie
Avenue F (2nd Street - 3rd Street) Utility Improvements	North Trunkline
Avenue G (2nd Street - 3rd Street) Utility Improvements	Park Avenue Overlay Bickford Avenue Overlay
Avenue H (2nd Street - 6th Street) Overlay	Pilchuck Bridge Water Improvements
Avenue H (2nd Street - 6th Street) Utility Improvements	Police Station Improvements (Walls, Entrance)
Averill Field Improvements	Public Works Facility Improvements - Shoreline/Floodplain
Bickford Avenue (Weaver Road - 30th Street) Overlay	Public Works Facility Improvements- Shoreline/Floodplain
Champagne Lift Station Improvements	Rainier Force Main Replacement
City Facility Upgrades	Rainier Lift Station Improvements
City Hall & Engrg Improvements (Roof, Seismic)	Ridge Avenue (14th Street - 15th Street) Overlay
Electric Vehicle Charging Station	Riverfront Parks Improvements
Filtration Upgrades	Sidewalk Repairs/Crosswalk Improvements
Ford Avenue (Maple Avenue - Ninth Street) Overlay	Swift Creek Pipe Replacement
Ford Avenue Storm Improvements	Van Jan Street (Ninth Street - Root Avenue) Overlay
Historic District CSO Reduction	Veteran's Memorial
Holly Vista Drive (East of 16th Street) Overlay	Wastewater Treatment Plant
Holly Vista Drive Utility Improvements	Water Treatment Plant Building Demolition

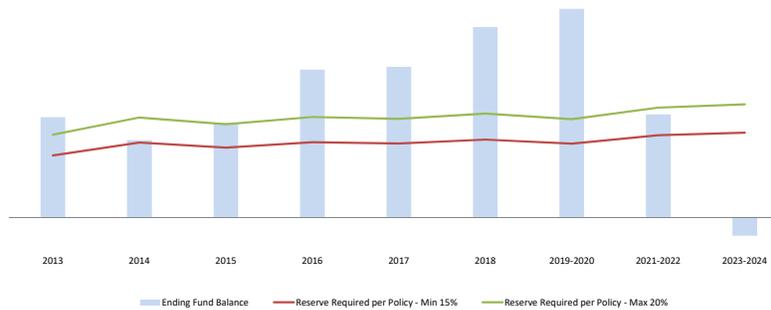
## 2021-2022 Recommended Budget

**2021-2022  
Fund Balance &  
Future Outlook**

Fund	Fund Name	Projected Beginning Fund Balance	2021-2022 Revenue Recommended Budget	2021-2022 Expense Recommended Budget	Projected Ending Fund Balance
001	General	3,488,597	18,187,300	19,947,900	1,727,997
102	Streets	301,113	2,141,200	2,404,300	38,013
104	Park Impact Fee	827,379	653,000	1,055,000	425,379
107	Visitor Promotion	30,078	20,200	20,000	30,278
108	PBIA	45,167	40,700	50,000	35,867
113	Police Seizure	127			127
125	Traffic Impact Fee	535,536	305,000	-	840,536
130	Transportation Benefit District	4,397,522	2,038,200	2,305,600	4,130,122
205	Debt Service	15,204	123,500	123,200	15,504
305	Real Estate Excise Tax	1,027,204	1,015,000	1,386,000	656,204
310	Municipal Capital Projects	177,045	2,848,000	2,996,000	29,045
311	Street Capital Projects	1,406,151	3,109,100	3,122,000	1,393,251
401	Water Utility	5,817,326	5,656,000	7,540,300	3,933,026
402	Wastewater Utility	9,813,785	8,007,000	15,146,300	2,674,485
403	Solid Waste	175,109			175,109
404	Stormwater Utility	3,635,240	4,819,000	5,929,600	2,524,640
501	Fleet & Facilities	502,662	1,970,500	1,999,800	473,362
502	Information Services	579,357	1,196,800	1,142,400	633,757
503	Self-insurance	4,793	10,100	10,000	4,893
505	Equipment Replacement	164,706	241,700	180,000	226,406
604	Carnegie Restoration	6,911			6,911
<b>Fund Totals</b>		<b>32,951,012</b>	<b>52,382,300</b>	<b>65,358,400</b>	<b>19,974,912</b>

## 2021-2022 Recommended Budget

**Ending Fund Balance Trend**



❖ Looking ahead to 2023-2024 there is a potential budget gap if we see a combination of lower revenues and higher expenditures.

(Graph assumes 1.5% increase in revenues and 3% increase in operating expenses)

