

# PUBLIC HEARING 2020 ANNUAL BUDGET

October 17, 2019

The 2020 Budget is solvent, strong and sustainable. It was developed to ensure accountability, transparency and excellent delivery of programs and services to the community.

In developing the budget we have sought to address:

- ▶ Future attrition and enhance succession planning that will assure continuity of operations for all our governmental functions.
- ▶ Maximizing efficient allocation of resources to accomplish City Council policy and direction.
- ▶ We have listened and sought input from employees and the community.

In developing the budget we have sought to address (continued):

- ▶ We have sought to eliminate silos and develop a culture of cooperation and solution-oriented strategies that fosters collaboration and communication across departments.
- ▶ This collaboration and communication across departments is critical to successfully providing strong, balanced budgets reflecting best financial management practices.

In developing the budget we have sought to address (continued):

- ▶ We have sought to be responsive to the City Council's Arts Commission, Senior Services Advisory Board, Human Services, Police Advisory Board, et al.
- ▶ We have focused (with City Council support) to retain our incredible executive team, increase COLAs for staff and negotiate fair, mutually acceptable labor agreements.

# 2020 Budget Highlights

## POLICE DEPARTMENT:

- ▶ Upgraded the Commander of Operations to Assistant Chief of Operations.
- ▶ Upgraded the Commander of Administration to Assistant Chief of Administration.
- ▶ The overall impact of these position changes will assure continuity of operations for the Police Department and provide more flexibility for the Chief of Police in his role.

# 2020 Budget Highlights

## EMERGENCY MANAGEMENT:

- Created a new position and staffed with an existing employee – Emergency Preparedness Manager. This position will enhance the City’s emergency management function and provide ongoing focus to this critical area. This position will work closely with the Assistant Chief of Administration.

## FINANCE DEPARTMENT:

- Upgraded the vacant Finance Manager position to a Deputy Finance Director. This position will provide increased leadership for the department and allow the Finance Director the opportunity to focus on critical special projects, including designing and implementing a new financial management system.

# 2020 Budget Highlights

## MARINA:

- ▶ Filled the vacant Assistant Harbormaster position.
- ▶ This position is responsible for the day-to-day administration of the Marina.
- ▶ This position will also be responsible for the day-to-day supervision of the Events Management staff.
- ▶ Added 2 Harbor Attendant positions to the Marina staff. This will provide better shift coverage which will enhance customer service to the users of the Marina.



# 2020 Budget Highlights

## PARKS, RECREATION AND SENIOR SERVICES:

- ▶ Created new Assistant Director, Parks/Recreation/Senior Services position and eliminated a management analyst position.
- ▶ This position is responsible for Recreation Services, and for Senior Services, which now includes 2 new staff provided through a contract with Wesley.
- ▶ This position also provides support to the Senior Services and Human Services Advisory Committees.
- ▶ Works in coordination with Public Works to maintain city parks and recreation facilities.

# 2020 Budget Highlights

## PARKS, RECREATION AND SENIOR SERVICES:

- ▶ The City received a little over \$500,000 from the King County Veterans, Senior & Human Services Levy (to be received over a 4-1/2 year timeframe). Funding to be used for increasing Senior Services and diversity of population served.
- ▶ Complete the Midway Park purchase.

# 2020 Budget Highlights

## SOUTH CORRECTIONAL ENTITY (SCORE) REGIONAL JAIL:

- ▶ The City, working closely with new management at SCORE, was able to reduce our 2020 contribution by over \$300,000.
- ▶ The decision of the City of Federal Way to withdraw from SCORE by December 31, 2019 has required the SCORE bond issue to be refunded.
- ▶ The City of Des Moines' current bond rating (Standard & Poor's AA+) has allowed the City to participate in the bond refunding as a full "member" city. The bond refunding is estimated to achieve net present value savings over \$500,000 due to lower interest rates.

# 2020 Budget Highlights

- ▶ As a result of teamwork and leadership by our City Manager the City has saved approximately \$1.3M:
  - ▶ \$300,000 savings on the 2020 annual contribution to SCORE;
  - ▶ A net present value savings from the anticipated SCORE bond refunding; and
  - ▶ A net present value savings from City's 2018 LTGO Bond refunding.

# 2020 Budget Highlights

## MULTI-MODAL TRANSPORTATION OPTIONS:

- ▶ The City's partnership with METRO created the Community Connections shuttle that serves the Angle Lake light rail station, the Des Moines Creek Business Park, the downtown and the Marina.
- ▶ On September 21, 2019 we expanded shuttle service to include midday, which will provide shuttle service from 7am to 7pm Monday through Saturday.
- ▶ This summer the City provided shuttle service on Saturdays to serve the Des Moines Farmer's Market, held each Saturday at the Marina.

# 2020 Budget Highlights

## HUMAN SERVICES FUNDING:

- ▶ In 2017, the City provided approximately \$85,000 in funding.
- ▶ In 2018, the City provided \$100,000 in funding.
- ▶ In 2019, the City provided \$125,000 in funding.
- ▶ In 2020, we are recommending the City provide \$150,000 in funding.
- ▶ This is based on current City policy to provide 1% of the General Operating Budget for Human Services, which equates to approximately \$200,000. As the City has experienced increased financial health, we continue to move incrementally towards this goal.

# 2020 Department Requests - Staffing

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## FTE REQUESTS – (ONE-TIME)

- ▶ General Fund (001):
  - ▶ 4.0 FTE - Police Officers – Hire Ahead Program. (4.0 FTE Authorized, but 3.0 FTE Funded).
  - ▶ 0.5 FTE – HR Intern (Limited Term, 6 months)
  
- ▶ Planning, Building & Public Works – Fund 105:
  - ▶ 1.0 FTE - Community Development: Building Inspector/Plans Examiner. (Hire Ahead Program for succession planning & institutional knowledge approved in 2019).
  - ▶ 2.0 FTE – Sound Transit Development Agreement (2019-2024).
    - ▶ Administrative Coordinator
    - ▶ Civil Engineer

# 2020 Department Requests - Programs

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## Program Enhancements/Increases (Subject to Council Approval):

### ▶ One-time:

- ▶ Professional Services for Economic Development, Marina Redevelopment, and other emerging issues - \$100,000
- ▶ Metro Shuttle – Midday & Saturday Service- \$87,400
- ▶ Audio System at the Senior Center - \$25,000
- ▶ Event Center Athletic Floor - \$78,690 with \$50,000 grant - \$28,690
- ▶ Des Moines Memorial Flag Triangle - \$35,000



# 2020 Department Requests - Programs

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## Public Safety Program Expenditures:

- ▶ On-going:
  - ▶ In Car Camera Cloud Storage - \$2,700/year
  - ▶ Onsite Training - \$15,000
- ▶ One-time:
  - ▶ In Car Cameras - \$125,000, lease to own over 5 year period
  - ▶ Drone Pilot Program - \$12,000
  - ▶ Evidence Storage Container - \$6,000
  - ▶ Radar Equipment - \$10,000

# GENERAL FUND

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2019-2024 GENERAL FUND							
	BUDGET	REVISED EST	BUDGET	FORECAST			
	2019	2019	2020	2021	2022	2023	2024
<b>BEGINNING RESERVE</b>	\$ 4,946,525	\$ 5,743,219	\$ 4,543,050	\$ 4,500,003	\$ 4,801,512	\$ 5,166,352	\$ 5,253,165
Operating Revenues	23,113,425	23,638,728	25,165,977	25,524,836	25,925,022	26,391,213	27,252,741
Operating Expenditures	(22,704,880)	(23,426,488)	(24,715,709)	(25,333,367)	(25,635,182)	(26,079,400)	(26,643,403)
<b>Net Activity ("Operating revenues over (under) operating expenditures")</b>	<b>408,545</b>	<b>212,240</b>	<b>450,268</b>	<b>191,469</b>	<b>289,840</b>	<b>311,813</b>	<b>609,338</b>
<b>ONE-TIME ACTIVITIES</b>							
<i>Total One-Time Revenues</i>	<i>1,000,000</i>	<i>1,191,624</i>	<i>961,000</i>	<i>768,000</i>	<i>653,600</i>	<i>358,000</i>	<i>250,200</i>
<b>Expenditures</b>							
<i>Total One-Time Expenditures - CIP &amp; Public Safety</i>	<i>(1,385,010)</i>	<i>(1,734,613)</i>	<i>(1,019,835)</i>	<i>(425,000)</i>	<i>(425,000)</i>	<i>(475,000)</i>	<i>(200,000)</i>
<i>Total Other One-Time Expenditures</i>	<i>(691,781)</i>	<i>(869,420)</i>	<i>(434,480)</i>	<i>(232,960)</i>	<i>(153,600)</i>	<i>(108,000)</i>	<i>(25,200)</i>
<i>Total One-Time Expenditures</i>	<i>(2,076,791)</i>	<i>(2,604,033)</i>	<i>(1,454,315)</i>	<i>(657,960)</i>	<i>(578,600)</i>	<i>(583,000)</i>	<i>(225,200)</i>
<b>ENDING RESERVE</b>	\$ 4,278,279	\$ 4,543,050	\$ 4,500,003	\$ 4,801,512	\$ 5,166,352	\$ 5,253,165	\$ 5,887,503
Reserve policy for the General Fund Ending Fund Balance per Ordinance No. 1703.							
<b>GFOA Target of 60 days (approx. 16.67%)</b>	<b>3,784,903</b>	<b>3,905,196</b>	<b>4,120,109</b>	<b>4,223,072</b>	<b>4,273,385</b>	<b>4,347,436</b>	<b>4,441,455</b>
<b>Reserve (shortfall) surplus to GFOA Target</b>	<b>493,376</b>	<b>637,854</b>	<b>379,894</b>	<b>578,440</b>	<b>892,967</b>	<b>905,729</b>	<b>1,446,048</b>
Ending Reserve - % Total Expenditures	18.84%	19.39%	18.21%	18.95%	20.15%	20.14%	22.10%

# FUND 105

## 2019-2024 FUND 105 FINANCIAL FORECAST

	BUDGET	REVISED EST	BUDGET	FORECAST			
	2019	2019	2020	2021	2022	2023	2024
<i>BEGINNING RESERVE</i>	\$4,446,615	\$4,699,442	\$3,696,299	\$ 3,614,578	\$ 3,218,981	\$ 2,729,264	\$ 2,008,994
Revenues (excludes Sound Transit)	2,510,680	1,617,472	2,344,623	1,975,608	1,709,130	1,691,080	1,668,030
Expenditures (excludes Sound Transit)	(3,115,952)	(2,822,378)	(2,744,027)	(2,636,751)	(2,560,369)	(2,624,257)	(2,708,148)
<i>Other Expenditure Reductions</i>					150,000	155,000	160,000
<b>Net Activity</b>	<u>(605,272)</u>	<u>(1,204,906)</u>	<u>(399,404)</u>	<u>(661,144)</u>	<u>(701,239)</u>	<u>(778,177)</u>	<u>(880,118)</u>
Sound Transit Revenues	396,062	315,937	548,400	506,044	459,664	314,460	79,800
Sound Transit Expenditures		(114,175)	(230,717)	(240,497)	(248,142)	(256,552)	(132,902)
<b>Sound Transit Net Activity</b>	<u>396,062</u>	<u>201,763</u>	<u>317,683</u>	<u>265,547</u>	<u>211,522</u>	<u>57,908</u>	<u>(53,102)</u>
<b>Total Net Activity</b>	<u>(209,210)</u>	<u>(1,003,144)</u>	<u>(81,721)</u>	<u>(395,596)</u>	<u>(489,718)</u>	<u>(720,269)</u>	<u>(933,220)</u>
<i>ENDING RESERVE</i>	\$4,237,405	\$3,696,299	\$3,614,578	\$ 3,218,981	\$ 2,729,264	\$ 2,008,994	\$ 1,075,774

# MARINA FUND

## 2019-2024 MARINA FUND FINANCIAL FORECAST

	BUDGET	REVISED EST	BUDGET	FORECAST			
	2019	2019	2020	2021	2022	2023	2024
<b>BEGINNING WORKING CAPITAL</b>	\$ 3,635,762	\$ 3,134,075	\$ 3,506,403	\$ 3,578,038	\$ 4,020,613	\$ 3,981,837	\$ 3,415,509
Operating Revenues	4,333,286	4,390,786	4,769,474	4,477,892	4,567,231	4,659,319	4,754,244
Operating Expenses	<u>(2,971,780)</u>	<u>(2,920,883)</u>	<u>(3,197,026)</u>	<u>(3,195,171)</u>	<u>(3,276,536)</u>	<u>(3,356,461)</u>	<u>(3,432,150)</u>
<b>Operating Income (Loss) excluding depreciation</b>	<u>1,361,506</u>	<u>1,469,903</u>	<u>1,572,448</u>	<u>1,282,721</u>	<u>1,290,695</u>	<u>1,302,858</u>	<u>1,322,094</u>
Transfers In from 1-Time Sales Tax Fund for Capital	50,000	50,000	330,000	-	-	-	-
Capital Improvements	(875,000)	(315,000)	(804,000)	(60,000)	(550,000)	(1,400,000)	-
Intrafund Transfers	(450,000)	-	82,000	-	-	-	-
Debt Service	<u>(782,575)</u>	<u>(782,575)</u>	<u>(778,813)</u>	<u>(780,146)</u>	<u>(779,471)</u>	<u>(469,186)</u>	<u>(472,525)</u>
Total Capital Improvements & Debt Service	<u>(2,107,575)</u>	<u>(1,097,575)</u>	<u>(1,500,813)</u>	<u>(840,146)</u>	<u>(1,329,471)</u>	<u>(1,869,186)</u>	<u>(472,525)</u>
<b>Total Net Activity</b>	<u>(746,069)</u>	<u>372,328</u>	<u>71,635</u>	<u>442,575</u>	<u>(38,776)</u>	<u>(566,328)</u>	<u>849,569</u>
<b>ENDING WORKING CAPITAL</b>	\$ 2,889,693	\$ 3,506,403	\$ 3,578,038	\$ 4,020,613	\$ 3,981,837	\$ 3,415,509	\$ 4,265,078
Capital Improvements:							
Fuel & Electrical Replacement	\$ 190,000	70,000	244,000	-	-	-	-
Tenant Restroom Replacement	50,000	50,000	330,000	-	-	-	-
Dock Electrical Replacements	-	60,000	60,000	60,000	60,000	-	-
Marina Guest Moorage Power Upgrades	-	-	170,000	-	-	-	-
Marina Dock Replacement	-	-	-	-	-	1,400,000	-
10-Yr Dredging Services	135,000	135,000	-	-	490,000	-	-
N Bulkhead Replacement	500,000	-	-	-	-	-	-
	<u>\$ 875,000</u>	<u>\$ 315,000</u>	<u>\$ 804,000</u>	<u>\$ 60,000</u>	<u>\$ 550,000</u>	<u>\$ 1,400,000</u>	<u>\$ -</u>

# SWM FUND

## 2019-2024 SURFACE WATER MANAGEMENT FUND FINANCIAL FORECAST

	BUDGET	REVISED EST	BUDGET	FORECAST			
	2019	2019	2020	2021	2022	2023	2024
<b>BEGINNING WORKING CAPITAL</b>	\$ 3,617,217	\$ 5,289,348	\$ 4,175,107	\$ 2,534,828	\$ 2,720,823	\$ 1,694,612	\$ 859,820
Operating Revenues	4,141,914	4,141,914	4,332,323	4,545,334	4,647,466	4,751,947	4,858,832
Operating Expenses	(3,215,940)	(3,233,205)	(3,482,652)	(3,475,389)	(3,623,727)	(3,767,739)	(3,940,345)
<b>Operating Income (Loss) excluding depreciation</b>	<u>925,974</u>	<u>908,709</u>	<u>849,671</u>	<u>1,069,945</u>	<u>1,023,739</u>	<u>984,208</u>	<u>918,487</u>
Storm Drainage Hook-Up Fees	65,000	65,000	65,000	65,000	65,000	-	-
Interest Income	50	50	50	50	50	-	-
Transfers In for Capital Improvements	-	-	-	-	-	-	-
Capital Improvements	(1,705,000)	(2,088,000)	(2,555,000)	(949,000)	(2,115,000)	(1,819,000)	(662,000)
<b>Total Change</b>	<u>(713,976)</u>	<u>(1,114,241)</u>	<u>(1,640,279)</u>	<u>185,995</u>	<u>(1,026,211)</u>	<u>(834,792)</u>	<u>256,487</u>
<b>ENDING WORKING CAPITAL</b>	\$ 2,903,241	\$ 4,175,107	\$ 2,534,828	\$ 2,720,823	\$ 1,694,612	\$ 859,820	\$ 1,116,307
Capital Improvements:							
Annual Pipe Replacement	\$ -	\$ -	\$ -	\$ -	\$ 44,000	\$ 285,000	\$ -
Barnes Creek/KDM Culvert	20,000	279,000	1,220,000	-	-	-	-
24th Ave Pipe Replacement	64,000	-	64,000	-	744,000	-	-
251st St. Storm Outfall	-	55,000	-	-	-	-	-
Deepdene Outfall	224,000	310,000	-	-	-	-	-
South 223rd Stormwater Improvements	-	1,000	-	-	-	-	-
216th/11th Ave Pipe Replacement	280,000	280,000	-	-	-	-	-
Pond Safety Improvements	35,000	42,000	-	-	-	-	-
6th Ave/239th Pipe Replacement	257,000	108,000	218,000	-	-	-	-
8th Ave Pipe (264th to 265th)	258,000	64,000	221,000	-	-	-	-
14th Ave (268th to 272nd) Pipe Upgrade	94,000	-	-	-	-	-	109,000
N Fork McSorley Ck Diversion	85,000	191,000	347,000	-	-	-	-
Soundview Dr./Redondo Beach Dr. Pipe Upgrade Project	45,000	102,000	160,000	-	-	-	-
10th Ave Pipe Replacement	-	8,000	152,000	-	-	-	-
DMMD/200th Stormwater Extension	-	220,000	-	-	-	-	-
S 251st Pipe Replacement Project	-	85,000	-	-	-	-	-
24th Ave Sidewalk & S 216th Segment 3 Project	343,000	343,000	-	-	-	-	-
DMMD 208th to 212th Pipe Project	-	-	119,000	484,000	-	-	-
KDM /16th Avenue A Pipe Replacement	-	-	54,000	218,000	-	-	-
KDM/ 16th Ave B Pipe Replacement	-	-	-	-	245,000	904,000	-
5th Ave/212th St Pipe Upgrade	-	-	-	170,000	714,000	-	-
216th Pl/ Marine view Dr Pipe Upgrade	-	-	-	77,000	247,000	-	-
232nd Street (10th to 14th) Pipe Project	-	-	-	-	121,000	508,000	-
258th Street (13th Pl to 16th) Pipe Project	-	-	-	-	-	122,000	344,000
6th Place/287th St Pipe Replacement	-	-	-	-	-	-	209,000
<b>Total Capital Improvements</b>	<u>\$ 1,705,000</u>	<u>\$ 2,088,000</u>	<u>\$ 2,555,000</u>	<u>\$ 949,000</u>	<u>\$ 2,115,000</u>	<u>\$ 1,819,000</u>	<u>\$ 662,000</u>

# 2020 Capital Projects Program

## Total \$13,836,000

- ▶ Building Facility Projects - \$179,000
- ▶ Technology Projects - \$295,000
- ▶ Park Facility & Playground Projects - \$6,305,000
- ▶ Waterfront Facility Projects – \$425,000
- ▶ Transportation Operating Projects - \$970,000
- ▶ Transportation Capital Projects - \$2,303,000
- ▶ Marina Capital Improvements - \$804,000
- ▶ Surface Water Management Capital Improvements - \$2,555,000

# 2020 Annual Budget Discussion

- ▶ Budget preparation was a collaborative process.
- ▶ Continue to focus on utilization of Best Management Practices to ensure the City's finances remain solvent, strong and sustainable.
- ▶ The result is that we continue to receive positive audits from the State Auditor.

# Acknowledgements

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- ▶ City Council.
- ▶ Staff.



# Next Steps:

## Budget Calendar

- ▶ November 14, 2019:
  - ▶ Public Hearing on General Property Tax Levy and Revenue Sources.
  - ▶ Public Hearing on 2020 Annual Budget – 2<sup>nd</sup> Reading (continued if needed).
  - ▶ Public Hearing on Revised 2019 Annual Budget.

# Conclusion

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The 2020 Annual Budget presented tonight is a balanced budget that:

- ▶ Supports City Council goals;
- ▶ Addresses current and projected service and infrastructure needs; and
- ▶ Reflects current and projected economic conditions impacting the City.

# Questions

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- ▶ MOTION: "I MOVE TO PASS DRAFT ORDINANCE NO. 19-107 TO A SECOND READING ON NOVEMBER 14, 2019 FOR FURTHER CITY COUNCIL CONSIDERATION AND APPROVAL."