



City of Duvall

Small Town. Real Life.

2015 PRELIMINARY BUDGET

October 23, 2014

City of Duvall

Washington

2015 BUDGET

ELECTED OFFICIALS

Will Ibershof	Mayor
Jason Walker	Mayor Pro Tem
Dianne Brudnicki	Councilmember
Leroy Collinwood	Councilmember
Scott Thomas	Councilmember
Becky Nixon	Councilmember
Gary Gill	Councilmember
Amy Ockerlander	Councilmember

ADMINISTRATION

Steve Leniszewski	Public Works Director/City Administrator
Jill Long	Finance Director
Lara Thomas	Planning Manager
Rachel Turpin	Contract City Attorney

For additional information:

City Hall 425 788-1185

www.duvallwa.gov

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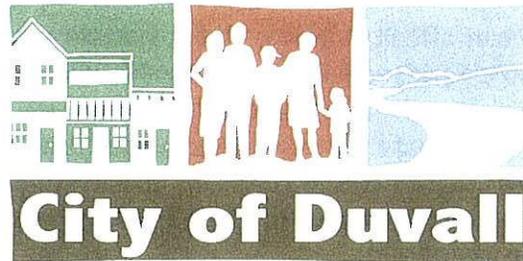
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Small Town. Real Life.

October 23, 2014

OFFICE OF THE MAYOR

BUDGET MESSAGE

I am pleased to present the 2015 Preliminary Budget for the City of Duvall. The budget is a living policy document that our City uses to plan for the future fiscal sustainability of our community. It is a forecast of expected resources and the purposeful investment of those resources. The 2015 Preliminary Budget is a balanced budget - beginning fund balances and resources equal ending fund balances and expenditures. Per Council policy, the General Fund is maintaining a 17% operating reserve, plus \$25,000 for emergency management; the utilities are also maintaining their reserves in accordance with Council policy.

One key aspect of this budget is that we are no longer spending down the ending fund balance to fund on-going operations like we have in past years. This is a significant change for 2015. Instead, this budget is sustainable and focuses on balancing on-going revenues with on-going expenses.

Each year, the City anticipates a specific number of building permits. For 2014, we estimated we would receive revenues from 29 building permits; we have revised that estimate downward to 15. This decrease affects the 2014 revenues we forecast and is reflected in the 2014 ending balance, which reduces the beginning fund balance for 2015.

To balance the loss of revenue and match expenses with revenues, I have proposed a tax increase for our utilities. For cable TV, I am requesting that we match our other utilities and increase it to Six percent (6%) from One percent (1%). In addition, I am recommending a Three percent (3%) increase in the utility tax rates for water, sewer and storm. These four utility tax increases will generate \$175,000 a year and provide structural sustainability. The key point is that with these increases, the five-year revenue/expenditure forecast balances; without these increases, our five-year forecast does not balance.

This dramatic shift in the proposed budget for 2015 does not come without reductions in the different departments. Each department was charged with reducing operating and maintenance expenses. As the largest Departments in our organization, Police and Public Works were tasked with identifying the majority of reductions. Within the Public Works department, we are working with the labor union to achieve concessions in an effort to reduce the number of positions that will need to be eliminated to keep the 2015 budget balanced. In 2008, during the Great

Recession, we reduced the number of employees City-wide within the organization; now I am recommending reductions in Public Works. We will continue to provide quality service to our citizens based upon what we can afford. Many of the contracts with outside vendors we have relied upon in the past to provide park and landscape maintenance were canceled earlier this year to help manage our expenses. We will be using our in-house staff to assume those previously contracted maintenance services as best they can, given limited capacity. In order to maintain the current level of service in parks, new funding sources will be explored in 2015. I will also be working with our Home Owners Associations in 2015 to identify what volunteer opportunities are available to help maintain our parks.

With staffing, I am proposing an increase of one police officer position within the Police Department, which will help reduce our overtime expenses. The Chief has identified savings in annual overtime in an amount that will both fund the position and provide additional overtime savings. We have seen a strong partnership with the Riverview School District in 2014 that I am confident will grow in 2015. The District has agreed to provide financial support for the services of a school resource officer (SRO). The SRO's duties will be provided to the District through current Department personnel. We will provide four hours per school day in exchange for \$25,000 per school year.

At Council direction, I have included a city administrator position in this budget. Council has had this position as a priority for the past few years and this budget accomplishes that priority. The city administrator position will provide day-to-day administrative leadership to the organization and will be responsible for improving accountability, ensuring transparency and identifying efficiencies that will improve service delivery to our community. This position will assist the Council and me in ensuring we accomplish our goals for 2015 and beyond.

The City of Duvall is a full-service municipality serving a resident population of approximately 7,325. The municipal government will employ 41.1 people to deliver \$22.5 million in services during 2015. The City delivers a variety of services, including police, street operations and maintenance, water distribution, sewer collection and treatment, storm drainage, planning, zoning, building, and development permitting, and road, park, utility and building capital project development. As a full service City, our entire staff is spread throughout and across multiple departments. The budget reflects an adjustment to salaries between Two percent (2%) for Non-represented and Teamster represented employees and Two and two-tenths percent (2.2%) for Police Union represented employees. There are also increases in Labor and Industries (L&I) rates and Public Employee Retirement System pension rates (PERS). Medical insurance costs will rise by Five percent (5%) and our liability/property insurance with Cities Insurance Authority of Washington (CIAW) will rise by Twenty percent (20%). This latter increase is due to a change in our carriers' fiscal year, so we are paying an additional three months in 2015 to extend our coverage to the new anniversary date. The water, sewer, and storm drainage utilities will incur their automatic Consumer Price Index (CPI) increase per Resolution 11-02, dated February 2011. The CPI increase of Two percent (2%) is to cover the inflationary and contractual increases in the cost of labor and materials to operate the utilities, keeping them at healthy levels as required by the bonding agencies. These utilities are seeing a number of projects that will improve and replace some of the aging equipment we have. We are also proposing an additional Three percent (3%) increase for the utility excise taxes.

In addition, I am asking the City Council to invest close to \$2.3 million dollars in capital projects. The projects include \$1.2 million for the Washington Department of Transportation

(WSDOT) Coe Clemmons Creek Crossing, \$200,000 for the Taylor Park Wall improvements funded by a Community Development Block Grant (CDBG), various utility system improvements, as well as \$179,911 for the Main Street design for sidewalks from Valley Street to Big Rock Road that began in 2014.

Lastly, we will be allocating \$60,000 from the Contingency Fund to continue the update of the City's Comprehensive Plan and Transportation Element as mandated by the state legislature and Growth Management Act.

Economic development is also very important to our community. The 2015 Preliminary Budget once again provides financial support to the Cultural Commission so community events can continue. Both the residents and the business community enjoy the benefits that result from the different events the City helps host. The Commission will continue to work on expanding their fundraising effort to help support these events. My preliminary budget does not provide funding for our previous year's community grant program of \$20,000: \$10,000 was typically used for health and humans services and \$10,000 was used for community events. With the funding challenges we are facing, I do not recommend we continue to fund these programs given other priorities.

In conclusion, this was a difficult budget to prepare and present to Council and the community. Yet they do meet many of the goals that council and I have discussed over the last several months. The goals I maintained within the 2015 Preliminary Budget were to continue to provide the core services our citizens have come to enjoy and expect at a funding level that is sustainable, include the position of city administrator to provide the day-to-day organizational leadership, ensure public safety, identify and develop key efficiencies in each department, and work on growing our partnerships in the community. I feel we have accomplished these goals in the 2015 Preliminary Budget.

Thanks to all City staff members who assisted me in preparing a balanced budget for your review and consideration. This was a difficult exercise for them, and they rose to the challenge. Not only did they develop a sustainable budget for 2015 and beyond, they worked on a new format for presenting the budget to you that was designed to make your review more productive. This process will improve over time.

Finally, I sincerely thank Council for their hard work and diligence in working with City staff and me during 2014. It has been another challenging year where we have excelled in our efforts to maintain the high level of services our citizens have enjoyed and come to expect. This partnership developed on trust and understanding has allowed us to manage our resources in such a way that we are able to present a balanced budget for 2015.

Respectfully submitted,



Will Ibershof
Mayor

CITY OF DUVALL
2015 PRELIMINARY BUDGET
COMPARED TO 2014 By Fund Type

Fund Types	2013	2014	2015	2014-2015 % Change
	Actuals	Amended Budget	Preliminary Budget	
General Fund	5,871,479	5,837,971	5,444,948	-6.7%
Contingency Fund	227,583	184,104	68,304	-62.9%
Special Revenue Funds	763,579	954,324	619,802	-35.1%
Capital Project Funds	3,322,522	4,123,785	3,481,792	-15.6%
Utility Funds	10,385,443	10,732,924	11,254,033	4.9%
Bond Redemption & Reserve	713,846	719,177	723,731	0.6%
Internal Service Funds	818,061	884,954	957,257	8.2%
TOTALS	\$ 22,102,512	\$ 23,437,240	\$ 22,549,867	-3.8%

CITY OF DUVALL
2015 PRELIMINARY BUDGET REVENUE AND EXPENSE SUMMARY

Fund	Description	Estimated Beginning			Estimated Ending	
		Fund Balance	Revenues	Expenditures	Fund Balance	Net Change
001	General Fund	\$ 1,083,953.38	\$ 4,360,994.20	\$ 4,359,123.54	\$ 1,085,824.04	1,870.66
002	Contingency Fund	68,253.85	50.00	60,000.00	8,303.85	(59,950.00)
101	Street Fund	64,034.58	422,243.00	452,661.94	33,615.64	(30,418.94)
106	Big Rock Ball Park Maintenanc	5,094.90	90,100.00	79,394.83	15,800.07	10,705.17
107	Sensitive Areas Mitigation Fun	38,279.87	50.00	31,200.00	7,129.87	(31,150.00)
304	Real Estate Excise Tax Fund 1	396,832.31	135,400.00	335,325.83	196,906.48	(199,925.83)
305	Real Estate Excise Tax Fund 2	403,673.64	335,400.00	575,242.09	163,831.55	(239,842.09)
307	Street CIP Fund	1,024,974.30	353,608.00	717,657.33	660,924.97	(364,049.33)
308	Parks CIP Fund	625,779.59	206,124.00	9,464.00	822,439.59	196,660.00
401	Water Fund	2,328,857.42	1,878,072.00	1,672,034.80	2,534,894.62	206,037.20
402	Sewer Fund	1,424,952.09	2,221,500.00	2,314,925.83	1,331,526.26	(93,425.83)
404	Storm Drainage Fund	382,892.15	701,535.00	728,353.30	356,073.85	(26,818.30)
407	Water CIP Fund	481,555.67	337,452.00	485,789.09	333,218.58	(148,337.09)
408	Sewer CIP Fund	467,148.26	928,334.96	366,291.78	1,029,191.44	562,043.18
409	Storm Drainage CIP Fund	19,668.86	82,065.00	1,200.00	100,533.86	80,865.00
410	Bond Redemption Fund	17,695.72	443,785.00	443,785.00	17,695.72	(0.00)
411	Bond Reserve Fund	261,850.00	400.00	400.00	261,850.00	-
501	Equipment Fund	493,441.78	76,961.00	97,497.00	472,905.78	(20,536.00)
502	IT Fund	-	256,921.00	231,921.00	25,000.00	25,000.00
503	Building Maintenance Fund	17,523.21	112,409.80	112,389.84	17,543.17	19.96
	TOTAL	\$ 9,606,461.58	\$ 12,943,404.96	\$ 13,074,657.20	\$ 9,475,209.34	(131,252.24)

*The net change in City funds is for capital projects or one time expenditures.

**CITY OF DUVALL
TOTAL DEBT PAYMENT OBLIGATIONS
Principal and Interest**

	<u>PWTF</u>		<u>Bonds</u>		<u>SRF Loan WWTP Construction</u>	<u>Total</u>
	<u>1996 2.2M Gal Wtr Tank</u>	<u>1997 Wtr Main Pump</u>	<u>2004 Ref. 2.2 M Gal Wtr Tank</u>	<u>2011 Ref of 2000 Sewer</u>		
2015	50,668.09	15,991.00	212,580.00	230,905.00	334,555.16	844,699.25
2016		15,835.75	209,000.00	231,705.00	334,555.16	791,095.91
2017		15,680.57		442,620.00	334,555.16	792,855.73
2018				138,375.00	334,555.16	472,930.16
2019					334,555.16	334,555.16
2020					334,555.16	334,555.16
2021					334,555.16	334,555.16
2022					334,555.16	334,555.16
2023					334,555.16	334,555.16
2024					334,555.16	334,555.16
2025					167,277.78	167,277.78
Total	50,668.09	47,507.32	421,580.00	1,043,605.00	3,512,829.38	5,076,189.79

Total Water Debt Obligations	519,755.41
Total Sewer/Wastewater Debt Obligations	4,556,434.38
Total General Government Debt Obligations	-
Grand Total	<u>5,076,189.79</u>

CITY OF DUVALL

2015 RESERVE FUNDS

General Fund	\$	708,634	17% of operating budget or 2 months coverage
Disaster Relief		25,000	Established by City Council
Contingency		8,304	Maximum allowed is 37.5% of AV or about \$297K
Water Utility		657,717	Established by City Council
Sewer Utility		876,956	Established by City Council
Sewer Utility, DOE Loan		335,000	Annual loan payment
Storm Drain		274,050	Established by City Council
Utility Bond Debt Reserve		261,850	Amount required by bond covenant
Equipment Fund		<u>200,000</u>	Established by City Council
Total Restricted Funds	\$	<u>3,347,511</u>	

CITY OF DUVALL

SUMMARY OF CAPITAL PROJECTS

\$1,200,000	WSDOT Coe Clemmons
200,000	Taylor Park Wall, CDBG Grant
179,911	Main Street – Valley to Big Rock
10,000	Boy Scout/Park Projects
201,850	Water Various Capital Projects
442,500	Sewer Various Capital Projects
<u>14,000</u>	Sewer Equipment
\$2,248,261	TOTAL CAPITAL PROJECTS PROPOSED FOR 2015

CITY OF DUVALL

2015 STAFFING

Number of Employees

<u>Full Time Equivalents:</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Executive	0.33	0.33	0.22	0.50	0.50	0.50	0.500	0.650
Finance	2.90	1.65	1.65	1.65	1.90	1.90	2.160	2.160
Police	17.89	16.89	16.89	16.75	16.75	16.75	13.750	14.000
Engineering	1.04	0.79	0.79	0.80	0.80	0.80	0.825	0.875
Economic Development	1.00	0.00	0.00	0.00	0.00	0.00	0.000	0.000
Community Events	0.00	0.00	0.00	0.00	0.40	0.60	0.600	0.600
Planning	3.89	2.89	2.00	2.50	2.00	2.50	2.500	2.500
Building	2.20	1.70	1.70	1.70	1.20	1.20	1.575	1.575
Big Rock Park	0.00	0.17	0.17	0.17	0.17	0.17	0.350	0.350
Parks	1.00	0.83	0.83	0.83	0.83	0.83	1.850	1.700
Streets	3.28	2.83	2.83	2.83	2.89	2.89	2.720	2.422
IT	0.00	0.00	0.50	0.50	0.50	0.50	0.500	0.000
Total General Fund	33.53	28.08	27.58	28.23	27.94	28.64	27.330	26.832
Water Utility	5.86	5.78	5.18	5.29	6.14	6.14	5.240	4.821
Sewer Utility	6.60	6.62	6.52	6.65	6.72	6.72	6.070	5.907
Storm Drainage Utility	6.01	6.02	5.72	5.82	5.10	5.10	3.960	3.540
Total Utilities	18.47	18.42	17.42	17.76	17.96	17.96	15.270	14.268
Total City Employees	52.00	46.50	45.00	45.99	45.90	46.60	42.600	41.100

EXHIBIT B

CITY OF DUVALL NON-UNION PAY CLASSIFICATIONS - 2015

2% over 2014-proposed

		PROBATION PERIOD			STEPS				LONGEVITY PAY		
		A	B	C	D	E	F	G	H	I	J
									10-14 YRS	15-19 YRS	20+ YRS
CITY ADMINISTRATOR	ANNUAL	120,000.00	122,400.00	124,848.00	127,344.96	129,891.86	132,489.70	135,139.49			
	MONTHLY	9,282.00	9,282.00	9,514.05	9,751.90	9,995.70	10,245.59	10,501.73			
PUBLIC WORKS DIRECTOR	ANNUAL		105,692.09	108,826.04	111,829.39	114,858.85	117,888.36	120,943.94			
	MONTHLY		8,807.67	9,068.84	9,319.12	9,571.57	9,824.03	10,078.66			
PLANNING DIRECTOR	ANNUAL		94,880.00	96,777.60	98,713.15	100,687.42	102,701.16	104,755.19			
	MONTHLY		7,906.67	8,064.80	8,226.10	8,390.62	8,558.43	8,729.60			
POLICE CHIEF	ANNUAL		102,442.22	105,003.28	107,628.36	110,319.07	113,077.05	115,903.97			
	MONTHLY		8,536.85	8,750.27	8,969.03	9,193.26	9,423.09	9,658.66			
FINANCE DIRECTOR	ANNUAL	95,171.75	97,075.17	99,016.68	100,997.02	103,016.96	105,077.30	107,178.85	660.11	1,320.08	1,980.19
	MONTHLY	7,930.98	8,089.60	8,251.39	8,416.42	8,584.75	8,756.44	8,931.57	55.01	110.01	165.02
CITY ENGINEER	ANNUAL	88,690.47	92,999.63	97,282.69	101,565.75	105,927.14	110,210.20	114,493.24	660.11	1,320.08	1,980.19
	MONTHLY	7,390.87	7,749.97	8,106.89	8,463.81	8,827.26	9,184.18	9,541.10	55.01	110.01	165.02
PLANNING MANAGER	ANNUAL	73,338.18	76,138.13	79,754.41	83,370.68	86,986.96	90,603.23	94,219.50	660.11	1,320.08	1,980.19
	MONTHLY	6,111.52	6,344.84	6,646.20	6,947.56	7,248.91	7,550.27	7,851.63	55.01	110.01	165.02
IT MANAGER	ANNUAL	77,684.57	79,269.95	80,887.71	82,538.48	84,222.94	85,941.77	87,695.69	660.11	1,320.08	1,980.19
	MONTHLY	6,473.71	6,605.83	6,740.64	6,878.21	7,018.58	7,161.81	7,307.97	55.01	110.01	165.02
EXECUTIVE ASST TO THE PW DIRECTOR	ANNUAL	62,178.00	63,409.24	64,686.09	65,962.94	67,285.40	68,630.65	70,021.50	660.11	1,320.08	1,980.19
	MONTHLY	5,181.50	5,284.10	5,390.51	5,496.91	5,607.12	5,719.22	5,835.13	55.01	110.01	165.02
ACCOUNTANT	ANNUAL	60,145.52	62,548.21	65,055.37	67,666.96	70,356.94	73,177.47	76,102.50	660.11	1,320.08	1,980.19
	MONTHLY	5,012.13	5,212.35	5,421.28	5,638.91	5,863.08	6,098.12	6,341.87	55.01	110.01	165.02
BUILDING OFFICIAL	ANNUAL	54,948.40	58,761.36	62,495.96	66,282.81	70,017.42	73,804.27	77,565.00	660.11	1,320.08	1,980.19
	MONTHLY	4,579.03	4,896.78	5,208.00	5,523.57	5,834.79	6,150.36	6,463.75	55.01	110.01	165.02
CITY CLERK	ANNUAL	53,407.55	57,168.29	60,955.11	64,715.85	68,476.57	72,289.53	76,024.13	660.11	1,320.08	1,980.19
	MONTHLY	4,450.63	4,764.02	5,079.59	5,392.99	5,706.38	6,024.13	6,335.34	55.01	110.01	165.02
RECORDS MANAGER - POLICE	ANNUAL	54,304.64	55,378.25	56,476.82	57,600.37	58,748.88	59,847.46	61,120.81	660.11	1,320.08	1,980.19
	MONTHLY	4,525.39	4,614.85	4,706.40	4,800.03	4,895.74	4,987.29	5,093.40	55.01	110.01	165.02
COMMUNITY COORDINATOR	ANNUAL	49,501.47	50,491.07	51,502.18	52,534.80	53,588.94	54,643.08	55,740.25	660.11	1,320.08	1,980.19
	MONTHLY	4,125.12	4,207.59	4,291.85	4,377.90	4,465.75	4,553.59	4,645.02	55.01	110.01	165.02

EXHIBIT C

CITY OF DUVALL Hourly Billing Rates

	<u>2014</u> <u>Rates</u>	<u>2015</u> <u>Rates</u>	<u>%</u> <u>Change</u>
City Administrator	\$ -		
Planning Admin. Assistant	\$ 57.00	\$ 58.00	2%
Associate Planner	\$ 84.00	\$ 86.00	2%
Planning Mgr/Senior Planner	\$ 92.00	\$ 94.00	2%
Planning Director			
Engineering Technician	\$ 81.00	\$ 83.00	2%
Public Works Superintendent	\$ 98.00	\$ 100.00	2%
Utilities Inspector	\$ -		
City Engineer	\$ 108.00	\$ 110.00	2%
Public Works Director	\$ 113.00	\$ 115.00	2%
Building Official	\$ 111.00	\$ 113.00	2%
Plans Examiner	\$ 81.00	\$ 83.00	2%
Building Permit Technician	\$ 78.00	\$ 79.50	2%
Public Works Crew Time	\$ 82.00	\$ 84.00	2%
Project Managers	\$ 91.00	\$ 93.00	2%
Police Services*	\$ 67.00	\$ 68.50	2%

*Police rates may vary due to personnel required and equipment used.
Billing Rates will be for actual costs incurred.