



City Council Meeting Schedule November 2022

The City broadcasts City Council meetings on the City's website
<https://www.go2kennewick.com/CouncilMeetingBroadcasts>.

November 1, 2022

Tuesday, 5:30 p.m.

WORKSHOP MEETING

1. 2023/2024 Biennial Budget Presentation

Tuesday, 6:30 p.m.

REGULAR COUNCIL MEETING

November 8, 2022

Tuesday, 6:30 p.m.

WORKSHOP MEETING

1. 2023 Property Tax Levy
2. Council Legislative Priorities
3. Stormwater Code Amendments

November 15, 2022

Tuesday, 6:30 p.m.

REGULAR COUNCIL MEETING

November 22, 2022

Tuesday, 6:30 p.m.

WORKSHOP MEETING

November 29, 2022

Tuesday, 6:30 p.m.

NO MEETING SCHEDULED

To assure disabled persons the opportunity to participate in or benefit from City services, please provide twenty-four (24) hour advance notice for additional arrangements to reasonably accommodate special needs.

Please be advised that all Kennewick City Council Meetings are Audio and Video Taped

November 2022
Updated 09/29/22

Council Workshop Coversheet



Agenda Item Number	1.	Meeting Date	11/01/2022
Agenda Item Type	Presentation		
Subject	2023/2024 Proposed Biennial Budget		
Ordinance/Reso #		Contract #	
Project #		Permit #	
Department	City Manager		

Info Only	<input type="checkbox"/>
Policy Review	<input checked="" type="checkbox"/>
Policy DevMnt	<input checked="" type="checkbox"/>
Other	<input type="checkbox"/>

Summary

At the November 1st City Council workshop, staff will be presenting the proposed 2023/2024 biennial budget. Similar to the last several bienniums, we have utilized the budgeting by priorities model to evaluate and prioritize the City's available resources to the over 300 services provided to the community. The proposed biennial budget provides a strategic plan for a sustainable operating and capital budget for this biennium and into the future.

The proposed 2023/2024 biennial budget was prepared with the Council's leadership in establishing clear goals and priorities as the foundation for its development. The budget planning process began in March with our Council retreat where the City's priority areas and opportunity centers were discussed and affirmed. Over the course of the next several months, each City Department also provided an update to City Council that included an overview of the scope and complexity of the services they provide to the community, as well as goals, opportunities, and challenges for the upcoming biennium. In September, City Council was also provided with an update on the major revenue and expenditure assumptions that were being utilized to prepare the proposed 2023/2024 biennial budget, as well as a projection of the resources that would be available for the upcoming biennium. At the October 25th workshop the 6-year (2023-2028) Capital Improvement Program was reviewed and discussed.

As a supplement to the presentation that will be provided on November 1st, the budget message for the 2023/2024 biennial budget is attached and details how the proposed biennial budget implements Council's priorities and goals for the upcoming biennium. The budget message provides a comprehensive summary of what is included in the proposed budget and also details the changes proposed for the biennium. Additionally, the preliminary budget document will be provided to City Council on November 1st and made available to the public the following morning. This document provides much greater detail about the proposed biennial budget, including how resources are allocated and priority programs will be implemented.

Through

Attachments:

2023_2024 Budget Message
 PowerPoint

Dept Head Approval

Dan Legard
 Oct 28, 08:53:32 GMT-0700 2022

City Mgr Approval

Marie Mosley
 Oct 28, 12:16:47 GMT-0700 2022



City of Kennewick
Office of the City Manager

**BUDGET TRANSMITTAL
LETTER**

Date: November 1, 2022

To: Bill McKay, Honorable Mayor and Members of the City Council

From: Marie E. Mosley, City Manager

Subject: 2023/2024 Biennial Budget Executive Summary

The 2023/2024 biennium begins with some good news in that the pandemic restrictions and closures that our community dealt with over the last two years now appear to be behind us. However, as we emerge from the pandemic, we are now faced with other challenges, including economic uncertainty caused by inflationary pressures, rising interest rates, potential recession and many competing priorities for our limited resources. Coupled with the behavioral health challenges we face as a community, the implementation of police reform legislation enacted by the State Legislature in 2021 has created significant challenges for our public safety personnel. We also continue to experience a shortage of workforce and other affordable housing options in our community. These challenges, coupled with the impact of significant minimum wage increases in Washington State since the approval of Initiative 1433 and workforce shortages, have required us to look for creative, flexible solutions and reimagine how we continue to provide exceptional service to our community.

The years of strategic planning and the leadership of our Council and community over the past several bienniums will help us weather these uncertainties and challenges and has set us up for success in this upcoming biennium and into the future. Our Budgeting by Priorities model provides a framework to align the City's resources and focus on the highest priority needs and expectations in the community.

Although there are challenges facing our community, state and nation, it still remains a privilege to present the proposed 2023/2024 Biennial Budget for your consideration. One way to look at these unprecedented times is that the uncertainty brings challenges, and with challenges come opportunities. Throughout 2022, we have worked hard to recover from the pandemic and set the organization up for success into the future. We remain very optimistic about our future and believe that this proposed biennial budget will set us up for success into the future as we fully recover from the pandemic and remain a strong, vibrant community and organization.

We began the biennial budget planning process with a retreat in March where City Council reaffirmed the City's budgeting by priorities model and the five priority areas of Community Safety, Economic Development, Infrastructure and Growth, Quality of Life and Responsible Government.

For the most part, the 2023/2024 biennial budget maintains our existing programs and services, although there will be areas where we are recommending that programs be realigned in order to provide you with a sustainable budget for the biennium as well as into the future. Maintaining our priority services is only possible because of the ongoing strategic planning efforts that have occurred over the past bienniums.

The proposed 2023/2024 budget was developed using our Budgeting by Priorities model where all services have been prioritized based on Council's overall goals and the five major opportunity centers established by Council. These opportunity centers provide a unique vision as we continue to work on recruitment, retention and expansion of businesses in our community:

- Southridge
- Vista Field Redevelopment – improve and connect the Entertainment District to Vista Field
- Bridge to Bridge Area & Downtown – transform and connect the waterfront to the downtown
- South Kennewick Industrial Area
- Columbia Park

Our budgeting by priorities model provides a framework to make the difficult decisions necessary in these uncertain times, with inflationary pressures, rising interest rates, supply chain impacts, and other economic uncertainties. The five priority areas that form the basis of the biennial budget consist of:

- Community Safety
- Economic Development
- Infrastructure & Growth
- Quality of Life
- Responsible Government

The following identify the broad goals in each of the priority areas and the recommended implementation strategies for the 2023/2024 biennium to achieve Council's goals. These implementation strategies provide you with an overview of the changes included in the proposed 2023/2024 biennial budget, which achieves a sustainable operating and capital budget.

Community Safety – “I want to be safe where I live, work and play”

Objective: Continue to Ensure the Safety of our Community by Maintaining Current Service Levels & Partnerships.

- Council objectives are achieved through the following broad programs in Community Safety:
 - Police Services
 - Emergency Medical Services
 - Safe Drinking Water
 - Fire Services
 - Code Enforcement
 - Building Safety

The following are Council’s goals for the 2023/2024 biennium and the implementation strategies included in the proposed biennial budget:

- ***Goal #1 – Continued Focus on Combatting Criminal Gang Activity*** – Benton County voters approved a 3/10% public safety sales tax that became effective on 1/1/2015. The City of Kennewick has outlined a program to combat gang activity, which supports our previous citizen budget survey results where the majority of respondents said they were willing to pay more to combat gang activity. This budget continues the implementation and focus of achieving the commitments made to our community when they approved the public safety sales tax.

During the 2021/2022 biennium, we have remained focused on providing a safe community as we have experienced behavioral health and homelessness in our community. That, coupled with police reform legislation implemented by the State Legislature has reduced the authority allowed by our police officers which has resulted in additional strain on other areas of the organization, particularly the Fire Department. We have and will continue to work with the City’s lobbyist and our legislators to bring back some of the previous authority to our public safety personnel.

During this next biennium, we will continue utilizing the Flock safety camera system that provides an automated means to read license plates to assist in solving crimes. The City, along with other agencies in our community, received grant funding to purchase ten cameras that are strategically deployed across the City. In addition, we are continuing to review the support needed for our police department personnel. The biennial budget includes ongoing funding for an Evidence Technician position to help with the increasing demands on public safety personnel.

We will also continue to work with Benton County and the other partner jurisdictions to implement regional programs that are critical for the safety of our community, including support for the recovery center that Benton County is building and other programs to help support our officers and firefighters. These support programs include crisis responders,

co-responders and other community-based outreach programs that will be implemented in partnership with Benton County Health and Human Services.

The City of Kennewick is also the lead agency on the implementation of a new police records management system and is supporting the dispatch center in the implementation of a Computer Aided Dispatch (CAD) upgrade. Both of these projects will assist our public safety personnel to be more efficient. We will also continue to evaluate and work on deployment of an online crime reporting system that will integrate with our police records management system.

- **Goal #2 – Enhance School Safety** – During the 2018-2019 school year, we worked with Kennewick School District (KSD) to implement a pilot program to place a School Resource Officer (SRO) in two of the five middle schools (Highlands and Park). This pilot program resulted in immediate success and further discussion with KSD about expanding the program to place a SRO in each of the middle schools to provide a safer environment for our youth to learn.

Since that time, school closures and other challenges associated with the pandemic paused the implementation of an SRO in each of the middle schools. However, the City remains committed to the partnership with KSD that will provide a SRO in each of the middle schools and anticipate that we will be able to implement this program in the upcoming biennium, as well as working together to find ways to increase school security in our Elementary Schools.

When we are able to move forward with this partnership, we recommend reallocating the D.A.R.E. Officer position and hiring an additional two officers to supplement the existing two middle school SRO positions (2.5 paid for by the School District and 1.5 paid for by the City, in addition to the D.A.R.E. position that will be reallocated). While we would no longer have a dedicated D.A.R.E. position, the program would continue by having each of the middle school SRO positions teach the D.A.R.E curriculum within the grade schools that feed into their assigned middle school. This will provide the five officers necessary to have a SRO in each of our middle schools, while still maintaining this important program.

- **Goal #3 – Strategic Planning for the Fire Department** – In order to properly prepare and provide for a strategic staffing and deployment model for the Fire Department, the foundation must be formed. That foundation started with a strategic plan that was completed during the 2021/2022 biennium and incorporated input from our regional partners and our community.

During the 2023/2024 biennium, the Fire Department will continue to implement the goals and priorities identified in the strategic plan to include the five overarching goals outlined below:

- **Core Services** – Strengthen our core emergency response, support functions, and proactive community risk reduction efforts

- **Staff Well Being** – Cultivate a healthy, safe and productive work environment
- **Effective Administration** – Enhance our mission through effective administration, technology, and data based decision making
- **Funding** – Sustain and improve our services by planning for funding opportunities and challenges
- **Community Engagement** – Lay the groundwork to enhance our community engagement efforts

One of the primary goals for the upcoming biennium will be to complete the work, along with our regional partners, on the standard of coverage study that will help to determine deployment strategies, resource needs and allocation to achieve the goals identified in the Fire Department Strategic Plan.

Following the standard of coverage planning effort, funding is included in the 2023/2024 biennial budget to update the ambulance utility cost of service study. This update will reflect funding received through the Ground Emergency Medical Transportation (GEMT) program that was implemented following the last cost of service study, as well as operational changes that have incurred since that time associated with the opening of Fire Station #5. This update will provide the basis for recommendations in the upcoming biennium on allocations of Fire & EMS personnel as well as ongoing General Fund operating contributions towards ambulance service.

- ***Goal #4 – Provide Safe Drinking Water for our Existing and Growing Population*** – In preparation for providing a sustainable operating and capital budget for the biennium and into the future, a Water/Sewer Utility rate study update was conducted during the 2021/2022 biennium. The results of this update were consistent with what has been shared with the Council over the last couple of bienniums for the most part, showing we would need rate increases at a similar level each year for the next four years in both our Water and Sewer rates. However, due to the decision to move forward with the more economical Florida Green Model for upcoming Wastewater Treatment Plant upgrades and the receipt of a low-interest State Revolving Loan rather than issuing revenue bonds to pay for these improvements, recommended sewer rate increases were lower than previously anticipated.

During the October 11th Council workshop, the results of the Water/Sewer rate study update were shared with the Council, and Council will consider the rate recommendations from the study at the November 1st Council meeting. This rate adjustment will provide the resources to sustain operations for the upcoming biennium, maintain our existing infrastructure, replace the highest priorities in terms of our aging infrastructure, and address expansion of our infrastructure to accommodate our growing community.

Additionally, the proposed rate increases will support the necessary and priority (and in some cases, multi-year) capital projects for the utility to be financed, which provides the appropriate balance between existing and future customers paying for infrastructure that benefits both classes of customers to ensure intergenerational equity.

Economic Development – “I want a diverse and vibrant economy in Kennewick”

Objective: Support Existing Businesses and the Creation of Sustainable Family Wage Jobs.

- Council objectives are achieved through the following broad programs in Economic Development:
 - Tourism
 - Economic Vitality
 - Economic Growth

The following are Council’s goals for the 2023/2024 biennium and the implementation strategies included in the proposed biennial budget:

- ***Goal # 1 – Support and Promote the City’s Industrial Development Area*** – The City was successful in bringing approximately 223 acres of land South of I-82 into our urban growth area and then subsequently annexing that land into the City limits. The Council adopted a comprehensive plan amendment in 2022 that identifies the land use for this area as light industrial. This industrial expansion will help to support the residential and commercial land use in Kennewick and provide for family wage jobs in the community.

During this biennium, the City will work with TRIDEC, Department of Commerce and other developer partners to bring in new industrial businesses and jobs to this area. The City will also continue to plan for and implement the extension of utilities and infrastructure into this area to facilitate future development.

- ***Goal # 2 – Implement the Vision and Policies Established for the City’s Opportunity Centers*** – In addition to the new Industrial Development Area (now our Southern boundary), the City has established four other opportunity centers with unique visions for the community. We will continue to work on these partnerships and look for creative funding opportunities, such as grants, financing, and the utilization of rural county capital funds (in partnership with Benton County). The proposed 2023/2024 biennial budget continues to focus on realizing the vision in these opportunity centers:
 - ***Bridge to Bridge/Downtown*** – In partnership with the Port of Kennewick, the Historical Downtown Kennewick Partnership (HDKP) and Benton County, we are implementing the vision to connect our waterfront to the Downtown area by continuing the investment in redeveloping the riverfront and connecting it to the Downtown area. The first two phases of the project are complete, with the Port providing the buildings for four wineries and a food truck plaza, while the City installed the associated infrastructure, utilizing Rural County Capital Funds that were allocated to the City by Benton County.

The City also received a \$500,000 Complete Streets Grant to achieve a more pedestrian friendly connection on Washington Street. Both the Port of Kennewick and the HDKP were important partners for the City to make this project a success and the improvements were completed in the current biennium. Two new tenants have opened wine tasting rooms and one of the food trucks will

be building a brick and mortar storefront in this area. We will continue to seek other partnership opportunities that will bring tourism to the waterfront and downtown areas.

- *Vista Entertainment District* – During the current biennium the City, Kennewick Public Facilities District, and A-1 Pearl Development Group continued working on a public-private partnership to bring the much needed expansion to the Three Rivers Convention Center, as well as a performing arts center, new headquarter hotel, added retail component and condominiums. Working together, the City and Kennewick Public Facilities District will build the Convention Center expansion, and A-1 Pearl will build the adjacent hotel. Upon successful completion of this first phase, A-1 Pearl will begin phase 2, which includes additional retail space, office space, and condominiums to support the entertainment district as well as the Vista Field Development vision established by the Port of Kennewick with the assistance of the community and stakeholders.

The grand opening of Vista Field occurred in the current biennium, where the Port of Kennewick has established over 20 parcels for private development that will implement the community vision for this area. Vista Field is a unique mixed use development, taking 103 acres that used to be a small airfield and creating a unique live, work, and recreate area in the center of our community.

- *Columbia Park* – In conjunction with the neighboring jurisdictions and stakeholders in the community, the City will continue to work with our Federal legislators and the US Army Corps of Engineers (USACE) to allow conveyance of the shoreline that is currently owned by the USACE and leased to the local jurisdictions to maintain. Through conveyance, the City will be able to implement some complementary commercial activity that will support the recreation efforts (that is the mission of the USACE) and provide vibrancy to a very under-utilized regional park.
- *Southridge* – Significant residential development has occurred in the Southridge area and we will be working with the property owners and developers on potential opportunities for mixed use and commercial development in this area that will utilize the infrastructure and planning that has already occurred within this area to support the existing and future residential development. The City, in partnership with the Washington State Department of Transportation (WSDOT), completed the construction of Hwy 395/Ridgeline Underpass, increasing greater access to the Southridge area for existing and future residential and commercial development. This new interchange will open in November, 2022.
- ***Goal #3 – Seek Grant Opportunities and Support Legislative Efforts for Creative Economic Development Incentives*** – The City supported new legislation providing a similar type of tax-increment financing mechanism that the City used in our Southridge area, which was the Local Revitalization Financing (LRF) program. This legislation would allow the City to provide bonding to construct the infrastructure needed for

development, and utilize new tax increments generated as a result of development to pay the debt service on the bonds. We will continue to work with our legislators, AWC and lobbyist to support this type of creative financing as well as other creative economic development incentives that will help the economy to recover from the pandemic and continue to grow and be vibrant. We also continue to seek grant opportunities at the State and Federal level that will help to achieve the goals and priorities needed in our community as we recover from the pandemic.

In partnership with the Kennewick Housing Authority (KHA), grant funding was secured to develop an affordable housing project in the area where the City owns land that used to house our City maintenance shops. A portion of the land will be vacated of city facilities and sold to KHA to begin the 52 unit housing project in 2023. There is a possibility of a second phase to this project when the City is able to fully vacate our shops from the remaining adjacent property.

Economic recovery and monitoring inflationary pressures post pandemic will remain a top priority for the City, as well as a focus on bringing tourism, tournaments and events to our region. As the economy reopened after the pandemic, the City filled the Economic Development Director vacant position in 2022 to implement the strategic goals and priorities for the City and to update the economic development strategic plan, which positions the City well to meet the goals in this priority area during the upcoming biennium.

Infrastructure & Growth – “I want a well-maintained city whose infrastructure keeps pace with growth”

Objective: Maintain existing infrastructure and build new infrastructure to support economic development & expansion.

- Council objectives are met through the following broad programs in Infrastructure & Growth:
 - Safe Streets
 - Infrastructure Planning
 - Environmental Services

The following are Council’s goals for the 2023/2024 biennium and the implementation strategies included in the proposed biennial budget:

- ***Goal #1 – Strategic Funding & Implementation of the Sustainable Capital Plan*** –The Blue Ribbon Committee was formed and provided a recommendation to the City council regarding priorities and funding for a 25-year strategic general governmental capital improvement program (CIP). Since that time, staff continues to update the 25-year capital plan. In an effort to continue implementation of the Blue Ribbon Committee’s recommendations, the following is included in this biennial budget:
 - *Pavement Preservation* – Our citizens and Council have identified pavement preservation as a priority and a need for sustainable capital funding into the future. The proposed 2023/2024 biennial budget continues the baseline

commitment of \$2M annually for pavement preservation. Based on the results of the pavement preservation condition evaluation and City Council's priority to maintain our streets, we have funded an additional \$2M in the CIP pavement preservation allocation annually in the upcoming biennium, bringing that total biennial amount to \$8M.

- *Ongoing Funding Strategy* – Our general governmental CIP has adequate funding to provide for the priority capital projects in this biennium as well as into the future. The six-year capital program continues to maintain our existing budget policy to transfer \$1M in general governmental funding to the capital project fund annually, in addition to dedicated tax resources, transportation and park impact fees, and state and federal grants. Given our success in receiving grant funding and managing our capital projects effectively, the City has accumulated additional fund balance (reserves) that will be set aside to provide one-time funding for some of the major capital facility needs, such as expansion to the convention center and a new city hall.
- *Other Projects Included in the CIP* – the following are a list of other priority projects that are included to receive funding during the biennium:
 - *Completion of the 2021/2022 Funded Projects:*
 - Regional Animal Shelter – The cities of Pasco, Kennewick and Richland have been working together to find the most effective way to replace an end of life animal shelter facility located in Pasco. It is anticipated that the shelter design will be completed in 2022 and then construction will be completed in 2023. In alignment with this recommendation, we have included \$2M in the biennial budget for our share of the facility.
 - American Rescue Plan Act (ARPA) Funded Projects
 - Fire Station #1 and Administrative Offices
 - Steptoe/Gage Intersection Improvements
 - *Police Fleet Replacement* – ongoing funding from the capital improvement program to include replacement of mobile data terminals
 - *Fire Fleet Replacement* – Ongoing funding from the CIP & Ambulance Utility to include replacement of 14 mobile data computers and 4 additional units for existing Fire Department apparatus
 - *Parks & Street Fleet Replacement* – Ongoing partial funding for the highest priority replacements from the CIP. In addition to the high priority parks and street replacement, there is funding for a new front end loader and dump truck
 - *Fire Stations* – The City completed financing and has started construction on the replacement of Station #1. The planning efforts for a new station in our Southridge area (Station #6) will continue during the upcoming biennium in alignment with the strategic plan and in conjunction with the standard of coverage study being recommended for the Fire Department.

- *Parks & Recreation Planning Efforts and Improvements* – The following projects are included in the biennial budget to assist in our parks, facilities and recreation planning and evaluation for the overall parks system:
 - Update the Parks & Recreation Comprehensive Plan. Based on the results of the study and community feedback, a recommendation will be provided on the appropriate next steps for further master planning (such as a community center feasibility study, paths & trails master plan utilizing the Kennewick Irrigation District (KID) canals, or a civic center master plan)
 - Splash Pad Improvements at the civic center pool area
 - Community Dog Park – Phase 1
 - Southridge Sports & Events Complex Sport Court & Lighting Improvements
 - Playground Surface, Hard Surface & Court Replacement Projects
 - Southridge Turf Replacement next to the splash pad and pavilion
- *Replacement of City Hall* – Currently the City has aging facilities that are in need of major repair. The proposed six-year capital improvement program anticipates selling bonds within the next five years to finance the replacement of City Hall, and covering the debt service on those bonds by reallocating existing capital dollars. We will also evaluate the Frost Facility and City Shops to determine the best overall approach to these aging facilities, while also creating a work environment that meets our objectives of providing exceptional customer service and working across departmental lines.
- *Fire Training Tower Conversion* – In conjunction with Benton County Fire District #1, we will convert the joint Fire Training Center to class B training props from the existing class A, which will provide for a safer and more effective training center.
- *Other Facility Planning Efforts* – A priority is to provide safe facilities for our employees as well as the community. In addition to the items specifically identified above, the following will be completed in the biennium:
 - Improvements to the Frost Facility in the warehouse area
 - Physical security upgrades at City facilities to provide for safe and effective operations
- *Other Public Work Projects* – The following are major projects within the six-year capital improvement program that will be completed in the 2023/2024 biennium or within the six-year horizon:
 - Salt Shed Cover at the west end of the City (10th & Steptoe), allowing for additional salt storage capacity and more effective operations during snow and ice events (2022-2023)
 - Bob Olson Parkway & Sherman Traffic Signal (2023-2024)
 - CCB Intersections at Quinault & Deschutes (2023-2024)
 - CCB Widening (2026-2027)
 - 10th Avenue – Clearwater to Bob Olson Parkway (2025-2026)
 - W. 45th Avenue Widening – Ely/Olympia (2027-2028)

- 1st Avenue Road Diet (2025-2026)
 - Implement a dedicated camera system for KPD to be placed at critical intersections throughout the City

- ***Goal #2 – Continue Infrastructure Planning and Development of Creative Solutions to Achieve Council’s Strategic Goals in our Opportunity Centers*** – The proposed 2023/2024 biennial budget anticipates continued work with our legislators, public and private partners to implement the vision of our opportunity centers. Some examples of those would be:
 - *Legislative Economic Development Opportunities and Incentives*
 - *Rural County Capital Funds* – In partnership with Benton County & the Port of Kennewick
 - *Grant & Loan Opportunities*
 - *Public/Private Partnership Opportunities*
 - *Infrastructure and Utility Planning* – During this biennium staff will continue to evaluate the extension of utilities into the newly established industrial area and begin the implementation in preparation for development to occur, creating job growth to support the existing and expanding residential, commercial and mixed use development.

- ***Goal #3 – Implement Creative Solutions to Maintain the City’s Existing Infrastructure & Provide for Growth in the Most Efficient Manner Possible***
 - *Parks Capital Projects, Operations and Maintenance* – The Parks Department is hiring a Capital Projects Manager in 2022 to replace the existing Contracts Specialist position, in recognition of the number of capital projects and system needs. A new Program Coordinator position and a new Maintenance and Construction Craftworker position are also funded through an offsetting reduction in part-time/overtime wages for the 2023/2024 biennium. During the biennium, we will continue to evaluate the needs of the Parks, Recreation & Facilities Department to determine the appropriate service level to support the overall growth and demand for our parks, events and recreation programs.
 - *Water Sewer Rate Review* – As outlined earlier in this message, the City recently completed a rate study update for its Water and Sewer Utility and provided the results of that study to City Council during a workshop on October 11th. City Council will consider approval of this rate recommendation at its November 1st Council Meeting. As also previously discussed, this rate adjustment would provide the resources to maintain our existing infrastructure, replace the highest priorities in terms of our aging infrastructure, and address expansion of our infrastructure to accommodate our growing community. Even after these rate adjustments are implemented, City of Kennewick ratepayers will continue to have some of the lowest water and sewer rates in our local area as well as in comparison to similar sized jurisdictions across the entire state. The following are programs that would be supported by the proposed rate modifications:
 - *Continued Implementation of the Automated Metering Infrastructure (AMI)* – Completion of the AMI project will provide the ability to

reallocate our existing meter reader positions to other priority needs in the City

- *WaterSmart Customer Portal* – Implement a customer portal where customers will be able to access daily usage data and receive leak alerts from the new AMI smart meters.
- *SCADA Master Plan* – Review current communication and controls equipment, along with software to create a road map for technology and security enhancements and replacements
- *Wastewater Treatment Plant (WWTP) Improvements* – Design and construct the WWTP phase II biosolids plant and the most effective operations and maintenance of our infrastructure, which will require three additional WWTP Operators beginning in July of 2024
- *Zone 3 Water Transmission Main* – Design, bid and construct during this biennium
- *Water Treatment Plant – Capacity Improvement Project*
- *Fleet Replacement* – Water/Sewer utility has eight vehicles that have been prioritized for replacement and replacement reserves continue to be set aside for future replacement of the water/sewer utility fleet
- *Stormwater Rate Review* – Similar to our Water/Sewer rate study and implementation plan, we continue to implement the recommendations from our most recent Stormwater rate study. With this dedicated funding source, we recommend continuing our current operations and providing the following from the most recent study to maintain a sustainable operating and capital stormwater utility:
 - *Replacement of a dump truck*
 - *Priority Infrastructure capital needs*

Quality of Life – “I want to enjoy access to a variety of amenities and opportunities in a safe environment”

Objective: Maintain Parks, Provide for Diverse Entertainment Options, Offer Recreation Programs for a Well Planned Community.

- Council objectives are met through the following broad programs in Quality of Life:
 - Recreation & Entertainment Opportunities
 - Parks & Facilities
 - Livable Community
 - Community Planning

The following are Council’s goals for the 2023/2024 biennium and the implementation strategies included in the proposed biennial budget:

- ***Goal #1 – Support and Promote Conveyance of Columbia Park*** – In conjunction with the US Army Corps of Engineers (USACE), TRIDEC, our neighboring jurisdictions, and in partnership with our Federal legislators, we are working on conveyance of the portion of the shoreline that is no longer needed by the USACE. Columbia Park is included in that proposal and we are actively supporting this effort so that we can better utilize this

regional park located along the waterfront in Kennewick. As part of this effort, the City has entered into a Memorandum of Understanding (MOU) with the Confederated Tribes of the Umatilla Indian Reservation (CTUIR) to work together on mutually beneficial projects.

- *Columbia Park Golf Course* – We continue to work with CourseCo to operate and maintain the Columbia Park Golf Course. Similarly, a lease agreement is in place for Foodies to take over the Golf Course restaurant after being notified by the Bite at the Landing that they would need to end their lease agreement. We will continue to work with Foodies to provide an option for indoor/outdoor dining in Kennewick, along the riverfront. We will also work closely with them to provide events and other opportunities at the Golf Course Club House in Columbia Park.
 - *Tree Maintenance* – Included in the biennial budget are some one-time funds to maintain the aging trees in Columbia Park, along with other highly utilized parks in our community.
- ***Goal #2 – Leverage Community Partnerships and Align our Service Delivery to Implement Council Goals and Priorities*** – The following priority programs are recommended for implementation in the 2023/2024 biennium:
 - *Wildland/Urban Interface Mitigation Plan* – Zintel Canyon is a nature trail in our community that is very under-utilized and has several issues that require mitigation efforts so that it can be utilized as the walking path and nature trail that it was intended. The City has established a cross functional team consisting of Police, Fire, Parks, Public Works, City Attorney, Public Relations and our partner the Kennewick Irrigation District (KID). Priority needs are being identified as well as a long-term plan that will be funded in the upcoming and future bienniums. We will continue to work with the homeowners and stakeholders that abut and utilize this nature trail. In addition, we will continue to work with residents and businesses located adjacent to our southern border to provide education and suggestions to help mitigate fire hazards.
 - *Homelessness & Housing* – We will continue to work with our community partners to identify and implement creative solutions to affordable housing and homelessness concerns. Some of our partner agencies include the Kennewick Housing Authority, Benton County, and our existing social service agencies. The 2023/2024 biennial budget includes \$100,000 in funding for our cross functional homeless encampment mitigation team to proactively address encampments, homelessness and mitigation measures (including clean-up costs). We will continue to work on our partnerships to implement and address community safety needs and concerns including:
 - The Recovery Center being funded by Benton County
 - Implementation of the 1/10% sales tax measure in Benton & Franklin Counties for mental health
 - Mobile Crisis Response Teams
 - Crisis Responders and/or Co-Responders
 - Evaluate potential code changes and comprehensive planning efforts to help encourage and facilitate development of workforce housing

- Partnership with our Community Development Block Grant (CDBG) program to provide rental assistance
 - Partnership with Benton County Human Services to address homelessness and housing needs
 - *Recreation Programming & Special Events* – We are committed to align staffing resources to be able to focus on the priority programs for our community that are identified in the Parks & Recreation Comprehensive Plan to include:
 - Special Events – Work to streamline the event application process and add a Recreation Coordinator position to assist in processing and implementing special events in our community
 - Youth Sports – Continue to implement youth sports programming that is a priority for our community
- ***Goal # 3 – Prepare for Future Growth through Implementation of our Strategic Comprehensive Plan***
 - *Park & Greenway Maintenance* – In alignment with maintaining our existing level of service in our parks and throughout our greenways, we are continuing to work on creative solutions for ongoing, sustainable maintenance of our Parks & Greenways. Some of the strategies we are recommending to implement are:
 - *Tree Replacement* – Ongoing funding for the priority tree replacement and maintenance program in Columbia Park and throughout the park system.
 - *Parks & Recreation Comprehensive Plan* – As described earlier in this message, funding is included in the proposed budget for a consultant to assist and facilitate an update to the Parks & Recreation Comprehensive plan that would include a review of the priority needs in our community. Based on the results of the comprehensive planning efforts, funding is available for the priority master plan or feasibility study that is identified, examples include:
 - *Community Center Feasibility Study*
 - *Path & Trails Master Plan using the KID canals*
 - *Civic Center Master Plan*

This planning effort will need to consider other regional projects that will be undertaken during the upcoming biennium, including the Pasco PFD Aquatics Facility and the implementation of the Benton County Fairground master planning efforts. It would be our goal to provide enhancements that will complement the other projects in our community.
 - *Lawrence Scott Park Pickleball Courts* – This project began in 2022 and will be completed in the upcoming biennium and will include a 15 court pickleball complex, a sun shade structure, resurfacing and restriping the parking lot to add 115 spaces, and a new restroom. The project was funded using American Rescue Plan Act (ARPA) funds, park impact fees, corporate sponsorship and the local pickleball club fundraising.
 - *Comprehensive Planning Efforts* –Implementation of the Comprehensive Plan
 - Begin preparation for the periodic update that will be due in June of 2026
 - Codify and streamline design standards without losing integrity of and flexibility within the standards
 - Work on the housing updates to the code and comprehensive plan

Responsible Government – “I want a City government that is responsive, responsible and fiscally accountable”

Objective: Provide Exceptional Public Service, Stewardship, Transparency and a Sustainable Future.

- Council objectives are met through the following broad programs in Responsible Government:
 - Risk Management
 - Community Outreach & Engagement
 - Internal Infrastructure
 - Regional Collaboration
 - Sound Financial Management
 - Excellence in Service

The following are Council’s goals for the 2023/2024 biennium and the implementation strategies included in the proposed biennial budget:

- ***Goal #1 – Utilize Innovation, Creativity and Flexibility in Program Delivery:***
 - *Cross Functional Teams & Staff Development* – during the past biennium, we have experienced a number of retirements and we will continue prepare for retirements in the next several years. Our focus is to continue to support cross functional teams and staff development that will provide effective, sustainable operations and creative solutions to make us the absolute best organization.
 - *Cross Functional Teams* – examples include:
 - Development Review – Continue to work across departmental lines and align staffing resources that will provide flexibility and creativity in working with our development community
 - Inspection Program – Collaboration with all inspection areas of responsibility and institute a virtual inspection program
 - Zintel Canyon Mitigation and other Opportunities
 - Homeless Encampment Mitigation Team
 - Code Enforcement Team – Improve coordination of the process to assist in our focus on substandard and unfit buildings and pursue receivership where appropriate on nuisance properties with deceased owners. This biennial budget includes a position that will support both code enforcement and building inspections, which will also assist in our succession planning efforts for the building inspection division.
- ***Goal # 2 – Maintain and Enhance Internal Infrastructure***
 - *Implement the IT Strategic Plan* – The IT strategic plan needs to be updated and this biennial budget provides funding to update the plan. Also included in to the proposed budget is funding to continue the implementation of our current strategic plan with the following programs recommended for funding:
 - *ERP/Eden System Replacement* – Continue implementation
 - *BIPIN System Replacement* – Complete implementation; including staffing resources

- *Council & Planning Commission Meeting Broadcasts* – Including the software services to support as well as IT staff overtime
 - *Network Equipment Replacement*
 - *Software Upgrade (SQL Server)*
 - *Core Switch Replacement*
 - *Backup and Recovery Device Expansion*
 - *Workstation Replacement*
- ***Goal #3 – Enhance and Leverage Strong Community Partnerships for Most Efficient and Effective Service Delivery***
 - *Succession Planning* – We continue to work with existing staff to identify successor interest and provide support to develop that staff for future leadership roles and opportunities within the organization as many of our long-term staff will be retiring and we seek to develop and retain the next generation of our workforce. Funding is included to have approximately 6 months overlap for several key positions that have provided notification of an upcoming retirement to provide cross training opportunities.
 - *Realignment of Existing Personnel* – We continue to evaluate where we can provide efficiencies in service delivery through alignment of staff across departmental lines. An example of this will be the implementation of the Automated Metering Infrastructure (AMI) system that is part of the water and sewer utility’s capital program. We will continue to evaluate how the existing meter readers can be incorporated into other areas in our organization where we have identified needs. We will also focus on implementation of priority capital and recreation programs as we continue to evaluate and realign staffing resources.
 - *Work with Partner Agencies* – We will continue to work with our public partner agencies (KID, Port, Neighboring Jurisdictions, Benton County, PUD, etc.) as well as private businesses and developers, to provide the best service to our citizens and this community.
 - *Effective Service Delivery through Public Outreach* – We will continue to outreach to the public and provide effective means for our community to work with the City. We will implement some additional software solutions that will enhance our services
 - *Citizen Connect* – Provide a means for citizens to virtually see where development is taking place as well as sign up for alerts and updates
 - *Decision Engine* – Assists customers to easily and effectively access our online services and help them quickly find information or get to the area they need by answering a few questions
 - *ClearGov* – Contract to provide a digital budget book platform and also provides for internal debt, leasing and compliance tracking
 - *Public Records* – Continue to work on efficient and effective archiving and retrieval of public records in compliance with State Statute. Evaluate

- an Agenda Management system and continue to expand the content management system City-wide for more effective records management
 - *Language Line* – Work to offer meaningful access to customer facing services throughout the organization in accordance with Title VI
 - *Paperless System* – Fully implement the paperless system for the Criminal Division that provides effectiveness and proper retention and coordination for records and case management
 - *Budgeting by Priorities Model Evaluation* – Throughout the biennium we will be monitoring our revenue projections and providing updates. During the mid-biennium review, priority programs will be evaluated for potential consideration and the lower priority programs will be reduced or eliminated as deemed appropriate. Included in the biennial budget is funding for a Council retreat in the first part of 2024 as we begin the process to prepare the 2025/2026 biennial budget. This provides an opportunity to Council to evaluate the budgeting by priorities model and identify goals and priorities for the upcoming biennium.

At the conclusion of the 2023/2024 biennium, the voter-approved Public Safety Sales Tax (PSST) will sunset and we will be asking the community to support the positions and programs that are currently funded in Kennewick and Benton County with this revenue source. The City of Kennewick's portion of PSST support 15 officers, 1 Assistant City Attorney, 2.5 Police Support and Public Records Unit positions, an Evidence Technician, 6 Cadet Officers, and many other public safety programs that allow us to be most effective and proactive in the community. Vacant positions will be closely monitored as we are dealing with the post-pandemic economy and inflationary pressures.

- ***Goal #4 – Recruit, Retain, Promote and Support our City Employees***
 - *Officer Health & Resiliency/Staff Wellbeing* – During 2022 we implemented a pilot program to provide behavior health and crisis support to our public safety personnel. In addition, both police and fire are working on processes and procedures for a peer support program that will be evaluated during the upcoming biennium.
 - *Hire, Promote and Retain the best and the brightest* – As we continue to face challenges attracting and hiring talented, qualified staff for critical positions, we are implementing some new programs that will assist with recruitment:
 - *Careers in Government* – Provides a more effective means to recruit and retain positions with the most qualified candidates
 - *NeoGov Onboarding* – Improves our overall onboarding experience
 - *Spark Hire* – Provides efficiency in reviewing candidates for positions
 - *Background Investigations* – Provides additional funding to be able to complete background investigations more effectively as we are working to fill many vacant public safety positions
 - *Creative & Flexible Opportunities* – Continue to identify and implement creative and flexible work hours, remote work and other opportunities to

help recruit and retain staff to support and implement Council's strategic goals.

- Contract Negotiations and Non-Contract Compensation – Continue to review pay and benefits of our comparators, work with Council to set bargaining parameters and continue to implement our pay for performance program for non-contract employees
- Other Employee Programs – Continue to evaluate other new programs during the biennium for potential implementation, including employee engagement events, leadership development, and employee engagement survey. These will be evaluated during the biennium and implemented dependent upon staffing resources and priorities

The implementation of your Council goals for each of the priority areas are realized in this proposed biennial budget that also provides for sustainable operating and capital budget strategies into the future. The implementation of these recommendations will become my and the organization's performance goals for the 2023/2024 biennium.

Although we have presented a balanced and sustainable budget, we recognize there are vulnerabilities that exist in this budget and are prepared to address them during the upcoming biennium as we continue to utilize a Budgeting by Priorities strategic approach to decision making. In addition, there are strategic funding opportunities that would provide a more sustainable operating and capital budget into the future and achieve Council's long-term goals and priorities that are also aligned with the priorities that we heard from our citizens. Some of the vulnerabilities and opportunities that we will be monitoring and discussing with Council in the upcoming biennium are:

- **Post Pandemic Recovery and Inflationary Pressure** – The economy is still recovering from the pandemic and we continue to be prepared to support development and new businesses in our community. The inflationary pressures we are currently experiencing create uncertainty for developers and investors with inflation currently at near 40-year highs. With interest rates also rising in an effort to combat inflation, and lingering supply chain issues, many experts feel a recession could occur in 2023. Other factors that could impact the economy are the war in Ukraine and potential for new COVID-19 variants. If the revenue projections utilized to prepare the 2023/2024 biennial budget do not materialize, we will be prepared to recommend additional actions that may be necessary in alignment with our budgeting by priorities model and our broad goal of providing a sustainable operating and capital budget not only for the biennium but also into the future.
- **Contracted Services** – The City of Kennewick has some very large contracted services, such as Jail, District Court, Probation Services, Dispatch Services, Emergency Management, Golf Course Management, Collective Bargaining Contracts, and others. In many cases, we have limited control over what our annual assessments will be for these contracts. We will continue to closely monitor these large expenditures and be prepared to modify the budget as needed if our current estimates do not materialize.

- **State Challenges and Potential Unfunded Mandates** – We will be working to preserve the City’s existing state shared revenues, continuing to support revenue flexibility and trying to ensure that additional unfunded mandates are not enacted or that additional fees and charges from the State are not passed on to local governments.
- **Strategies for Aging Infrastructure and Sustainable Capital Funding** – Identifying funding for critical transportation infrastructure, City facilities, and other capital projects continues to be both a challenge and an opportunity for the City. It is important for the City to maintain the proper balance when allocating its limited resources between capital programs and the operating needs of the City and to continue exploring opportunities for dedicated funding sources, like the Transportation Benefit District (TBD) or Metropolitan Park District (MPD) that are discussed below. We will continue to consider these dedicated funding options with Council during the upcoming biennium.
 - *Transportation Benefit District* – The State has allowed this revenue option to be specifically dedicated for transportation funding. Some of the considerations in reviewing a TBD in the future are discussed below:
 - *Pavement Preservation* – In alignment with past citizen survey results, road maintenance and repairs are a priority for our citizens. This funding source could be dedicated to our pavement preservation program, allowing the City to maintain our existing streets as we identify the priority projects through our pavement management system. This funding source may also provide an opportunity to enhance the City’s pavement preservation program within residential neighborhoods.
 - *State Legislature & Transportation Commission* – We continue to hear from the State Legislature and Transportation Commission that they expect local governments to implement their local funding options before requesting additional state funding. The State has also not been sympathetic to local governments losing state-shared revenues if they have not fully implemented the funding sources directly available to them. We may possibly continue to see pressure from the State to implement our local taxing authority in order to maintain our current state-shared revenues and continue to receive grant opportunities from the State in the future.
 - *Water Sewer & Stormwater Rate Reviews* – We will continue to evaluate and update our rate study for our water and sewer and stormwater utilities prior to the next biennium to determine how their operating and capital programs are actually performing compared to the rate review expectations. We have utility infrastructure priorities as well as operating needs as we prepare for a sustainable utility into the future. It is important that we balance the burden of infrastructure improvements to our existing and future ratepayers, which can be achieved by financing some of the larger, multi-year infrastructure improvements.
 - *Ambulance Utility* – The most recent cost of service study for the utility identified the full costs to provide Emergency Medical Services (EMS) in our community.

We have appropriately allocated our Fire & EMS costs to the Ambulance Utility (Emergency Medical Services) and the General Fund (Fire Suppression, Prevention and Training). There remains a significant General Fund contribution required to support the Ambulance Utility, leaving a future opportunity to align the cost to provide EMS services with future rate adjustments, resulting in a more sustainable utility and General Fund operation. Funding is included in this biennial budget to update the ambulance utility cost of service study and provide additional recommendations to the Council resulting from the study.

- *Metropolitan Park District* – The implementation of a voter-approved Metropolitan Park District (MPD) would provide a dedicated funding source for parks, trails, and recreation programs within our community. As we continue to review sustainable options that implement the goals and priorities of the Council and our citizens, we may want to consider the opportunities that a MPD can provide to the City of Kennewick and potentially to our region. The biennial budget includes funding for the Parks & Recreation Comprehensive Plan update which may provide recommendations for projects and services that are needed in our community. An MPD could be a funding source to consider for those park and recreation projects and programs.
- *Public Facility District* – The Kennewick and Regional Public Facilities District (PFD) is another opportunity to provide priority regional amenities for our community. As we continue to work with the Port of Kennewick to implement the vision of Vista Field and our developer partners to implement the vision of the entertainment district, we will continue to evaluate a combination of options. Those options may include a project utilizing the authority established by the PFD in combination with existing sources that implement the community vision for the Entertainment District and help spur private development opportunities.

In addition to providing a sustainable capital budget, the Council’s budgeting by priorities model, described below, will allow us to proactively address changes to priorities or budget assumptions that occur during the biennium.

- **Budgeting by Priorities** – During this biennial budget process over 300 services were identified and prioritized. This effort allows the City to respond quickly to any unanticipated reduction in revenues or increase in costs that occur during the biennium. The lower priority services will continue to be evaluated to determine if there is an alternative way to deliver these services, or a reduction in service level or elimination of these services is necessary as we continue to evaluate budget vulnerabilities during the upcoming biennium.

It is important to note that lower priority items are not services deemed needless, inefficient or unwanted by our community. The City takes great pride in delivering every service and citizens have certain expectations for each one. In recent years, City departments have significantly streamlined programs and increased efficiencies to meet priorities with fewer staff and increased population. Due to these recent efforts, further

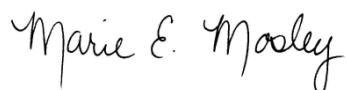
reductions or reallocations in any of these services will be challenging to implement, will result in further vulnerabilities, and may also be difficult for our citizens to accept.

In summary, I believe this proposed biennial budget is fiscally responsible and provides our citizens with creative means to deliver priority services. We recognize there are vulnerabilities, and we are prepared to strategically address them in the upcoming biennium using our budgeting by priorities model to allocate resources based on the priorities of Council and our community for service delivery. During the upcoming biennium we will continue to review and consider strategies that will provide sustainability into the future. The implementation of Council's strategic goals through this biennial budget will set the City up for success and provide a sustainable operating & capital budget and path forward into the future.

I would like to acknowledge and thank our employees who work diligently every day to implement City-wide goals and objectives by providing exceptional customer service to our citizens and who critically evaluate the most innovative and effective manner to deliver those services. I would also like to thank the Department Head team for carefully reviewing their budget submittals and recognizing that there are limited resources to be allocated to City-wide priorities. They have approached this biennial budget as a team and from the perspective of identifying the services our citizens expect as a whole from the City, not from a departmental perspective. They continue to implement innovative solutions for effective service delivery. Finally, I would like to thank Dan Legard, Deputy City Manager for his leadership in preparing the biennial budget document. He and the Finance staff have done an exceptional job, with limited resources, much uncertainty, under a very tight timeframe, while also implementing a new financial software system.

I would be happy to answer any questions that you have regarding this biennial budget and strategies for continuing to optimize our limited resources into the future.

Respectfully,

A handwritten signature in cursive script that reads "Marie E. Mosley".

Marie E. Mosley
City Manager



2023/2024

BIENNIAL BUDGET RECOMMENDATIONS

November 1st, 2022

Kennewick City Council Workshop

Biennial Budget Preparation:

- **Council-Facilitator Interviews & Council Retreat (*Formed the Foundation*):**
 - Reaffirmed the 5 Priority Areas & Program Areas
- **Overarching Goal** – Provide for a Sustainable Operating & Capital Budget for the Future
- **Budget Instructions & Preparation** – Summer/Fall
- **September 27th Council Workshop** – Budget assumptions & projections
- **2023/2024 Biennial Budget** – Maintains Existing Programs & sets forth the implementation plan for Council's goals while providing for future sustainability



PRIORITY AREAS



**Community
Safety**



**Economic
Development**



**Infrastructure
and Growth**



**Quality
of Life**

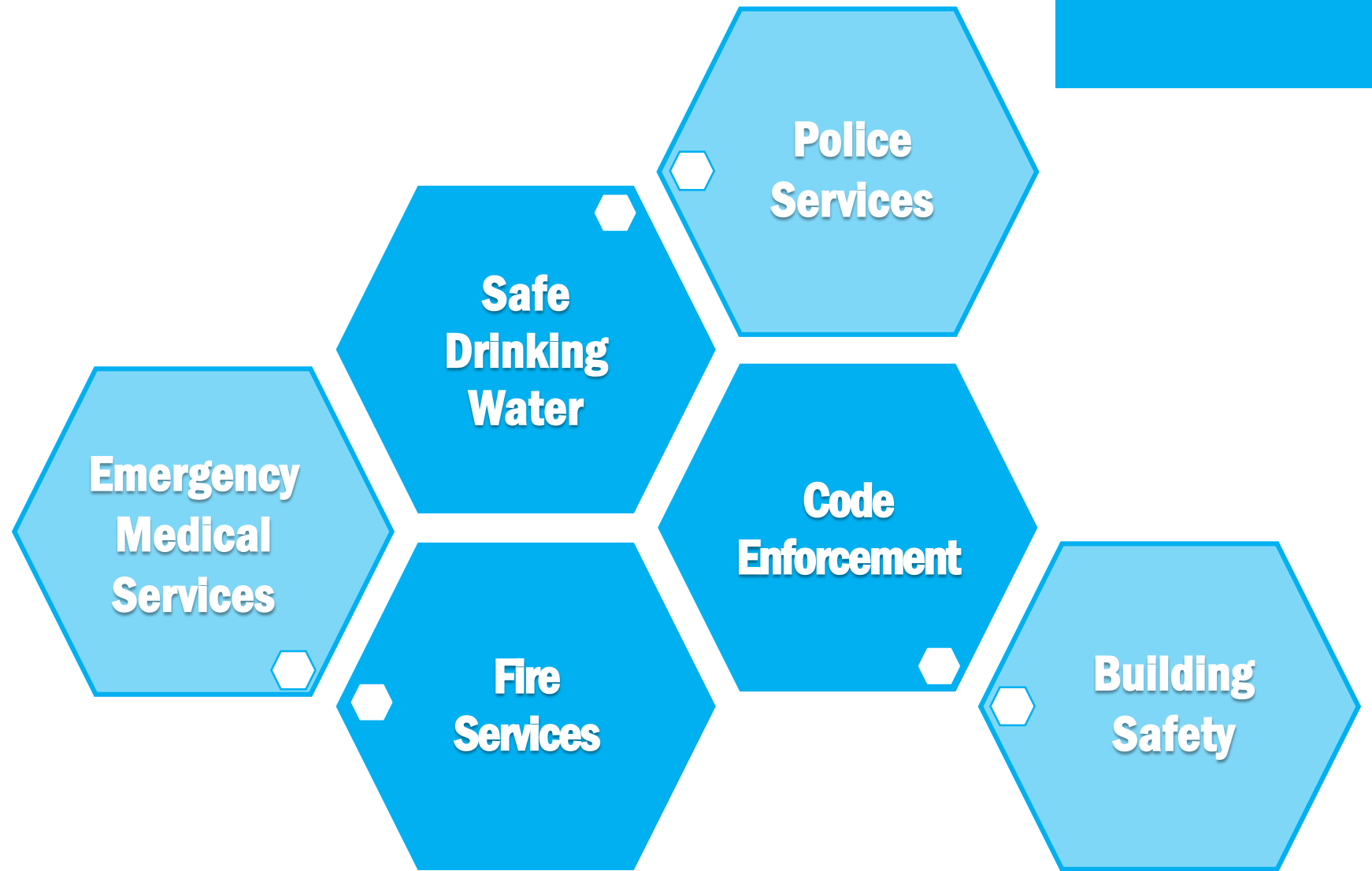


**Responsible
Government**

COMMUNITY SAFETY

OBJECTIVE

Continue to Ensure the Safety of our Community by Maintaining Current Service Levels & Partnerships



A Safe Place to Live, Work and Play

Biennial Priorities:

- Focus on Combatting Criminal Gang Activity
- Enhance school safety
- Maintain the availability of safe drinking water for the city's existing and growing population
- Fire Department Strategic Planning



Biennial Recommendations:

- **Combat Criminal Gang Activity:**
 - Public Safety Sales Tax Commitments
 - Implementation of Flock safety camera system
 - Evidence Technician
 - Legislative Efforts for Police Reform
 - BIPIN records management implementation
 - Crime fighting strategies & deployment models
- **Enhance school safety**
 - Evaluate School Resource Officers (SRO's) in all middle schools
 - Work with school district (KSD) on elementary school safety
- **Maintain the availability of safe drinking water:**
 - Implement Water/Sewer rate study recommendations
 - Finalize design, bid, & construct Zone 3 Water Transmission Main Project
 - WTP Capacity Improvement Project
- **Fire Department Strategic Plan:**
 - Implement the goals of the strategic plan in the areas of Core Services, Staff Well Being, Effective Administration, Funding, Community Engagement
 - Update Ambulance Cost of Service Study

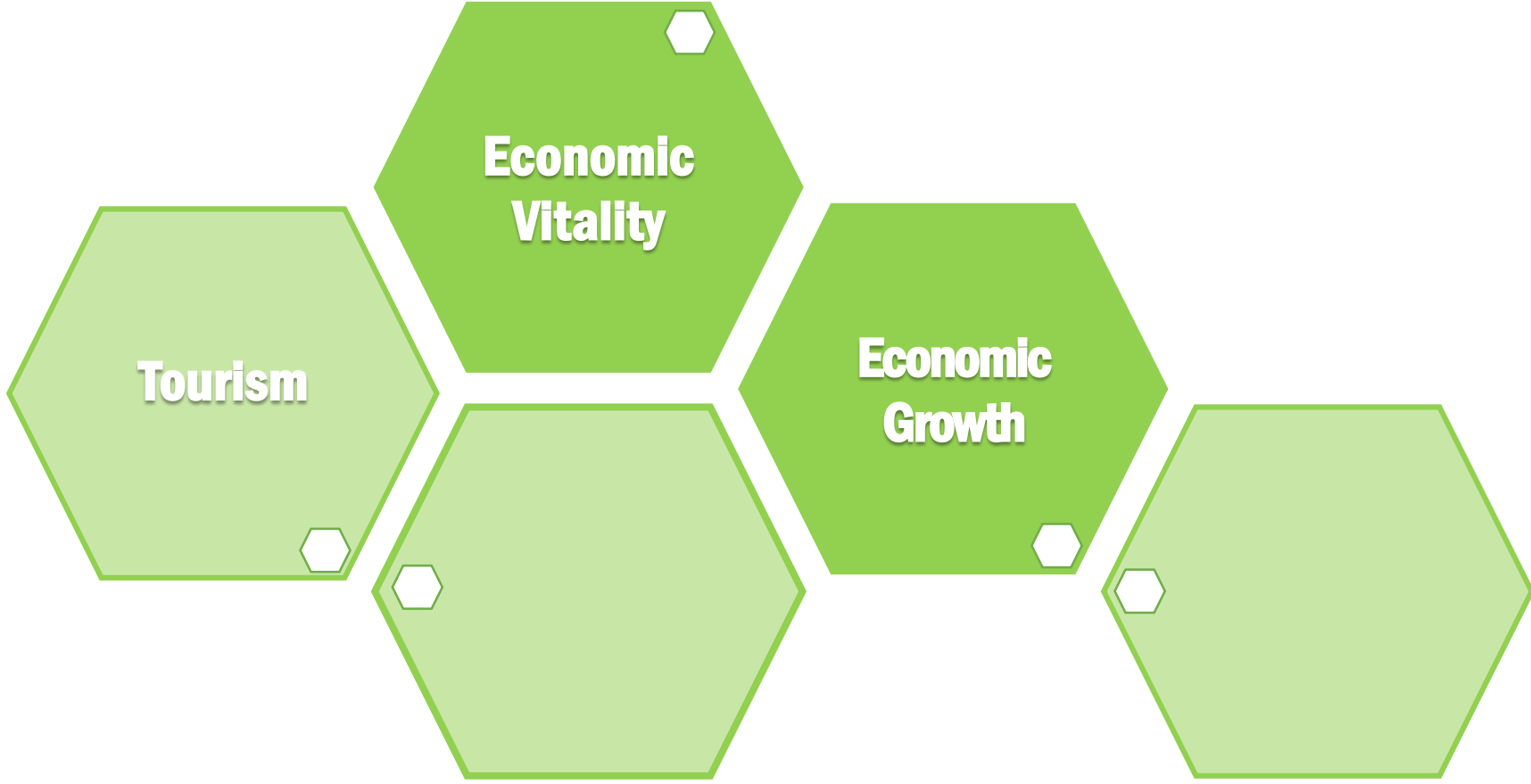
COMMUNITY
SAFETY



ECONOMIC DEVELOPMENT

OBJECTIVE

Support Existing Businesses and the Creation of Sustainable Family Wage Jobs



Biennial Priorities:

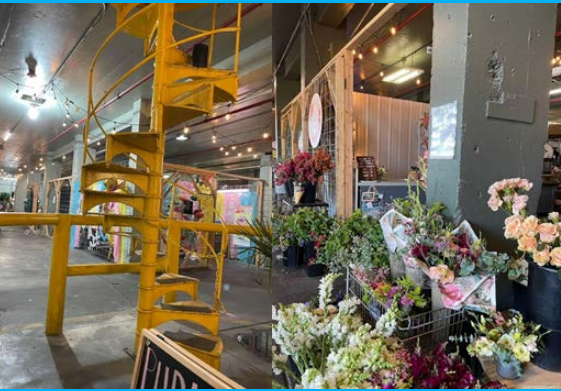
- Support & Promote Industrial Development Area
- Implement the Vision and Policies for the City's Opportunity Centers
- Seek Grant Opportunities and Support Legislative Efforts for Creative Economic Development Incentives



OPPORTUNITY CENTERS



Bridge to Bridge
Downtown to Waterfront



Vista Field
Entertainment District



Southridge



**Columbia
Park**



Industrial Dev
South of I-82



Biennial Recommendations:

- **Support and Promote the City's Industrial Development Area:**
 - Plan for and Implement the Extension of Utilities
 - Work with TRIDEC, Dept of Commerce and Developer to recruit businesses to the Industrial Area in South Kennewick
- **Implement the Vision & Policies Established for the Opportunity Center:**
 - Partner with the Port and HDKP for Bridge to Bridge projects that provide vibrancy and connect the waterfront to the downtown
 - Partner with the Port, A1 Pearl & Benton County to expand the Convention Center, build a connecting hotel and enhance the amenities in the Entertainment District & Vista Field as well as support the private development in Vista Field
 - Work with USACE, CTUIR and TRIDEC to convey the shoreline, specifically Columbia Park
 - Work with property owners and developers on residential and commercial development in Southridge
- **Seek Grant Opportunities and Support Legislative Efforts**
 - Partner with Kennewick Housing Authority to sell land at 10th Avenue shops to develop an affordable housing project
- **Update Economic Development Strategic Plan**
 - Implement the goals and priorities for the City



INFRASTRUCTURE and GROWTH

OBJECTIVE

Maintain Existing Infrastructure and Build New Infrastructure to Support Economic Development & Expansion



A Well-Maintained City with Infrastructure Keeping Pace with Growth

Biennial Priorities:

- Strategic Funding & Implementation of a Sustainable Capital Facilities Plan
 - Pavement Rating & Preservation – additional \$2M annually (total of \$8M for the biennium)
 - Ongoing Funding Strategy:
 - Continue to transfer \$1M per year from General Fund in addition to the dedicated funding sources
 - Excess fund balance to be set as one-time funding for major capital facility projects
 - Public Work Projects:
 - Complete salt shed cover
 - Bob Olson Parkway & Sherman Traffic Signal
 - CCB Intersection at Deschutes and Quinault
- Priority Projects to include:
 - Completion of 21/22 biennial projects:
 - American Rescue Plan Act (ARPA)
 - Animal Shelter – in partnership with Pasco and Richland
 - Fire Station #1
 - Steptoe/Gage Intersection
 - Fleet Replacement – police, fire, parks, street fleet-including front loader/dump truck
 - Parks & Recreation Planning Efforts:
 - Comp plan update & Master plan or feasibility study for identified high priority need
 - Splash pad & Dog park
 - Playground & court resurfacing



Biennial Recommendations:

- **Priority Projects Cont'd:**
 - Plan for future projects:
 - City Hall Replacement
 - 10th Ave - Clearwater to Bob Olson Pkwy
 - 45th & CCB Widening Projects
 - 1st Ave Road Diet
 - Fire station #6
 - Dedicated camera system for KPD – placed at critical intersections
 - Fire Training Tower in conjunction with FD #1 at the joint training facility
 - Improvements to Warehouse in Frost Facility
 - Physical security upgrades at City facilities
- **Continue Infrastructure Planning and the Development of Creative Solutions to Achieve Council's Strategic Goals in our Opportunity Centers:**
 - Legislative Economic Development Opportunities & Incentives
 - Rural County Capital Funds (RCCF) in partnership with Benton County & Port of Kennewick
 - Grant & Loan Opportunities
 - Private/Public Partnership Opportunities
 - Utility and infrastructure planning in Industrial Area



Biennial Recommendations:

- **Implement Creative Solutions to Maintain the City’s Existing Infrastructure & Provide for Growth in the Most Effective Manner**
 - Parks and Recreation Maintenance & Operations – additional coordinator & M&C Craftsworker position funded with reduction of overtime and part-time wages
 - Capital Projects Manager hired in 2022 and will continue to evaluate priority projects, contracts and specialist positions in the biennium
- **Sustainable Funding for Utility Capital Facility Plan Priority Projects**
 - Utility capital Priorities – The following priority projects are included in the Water, Sewer and Stormwater rate study recommendations:
 - Advanced Metering Infrastructure (AMI) project– continue implementation of AMI system which provide the ability to reallocate existing meter reader positions
 - WaterSmart Customer Portal
 - SCADA Master Plan
 - Wastewater Treatment Plant Improvements
 - Zone 3 Water Transmission Main
 - Water Treatment Plant Improvements
 - Fleet Replacement for Utilities
 - Replacement of Dump Truck with Stormwater Funding
 - Priority Stormwater infrastructure capital needs

QUALITY of LIFE

OBJECTIVE

Maintain Parks, Provide for Diverse Entertainment Options, and Offer Recreation Programs for a Well Planned Community



Access to a Variety of Amenities and Opportunities in a Safe Environment

Biennial Priorities:

- Support and Promote Conveyance of Columbia Park
- Leverage Community Partnerships and Align our Service Delivery to Implement Council Goals and Priorities
- Prepare for Future Growth through Implementation of our Strategic Comprehensive Plan



Biennial Recommendations:

- **Support & Promote Conveyance of Columbia Park**
 - Partnership with USACE, CTUIR, TRIDEC and local agencies for conveyance
 - Columbia Golf Course and Club House Partnership
 - Tree Maintenance in Columbia Park and other priority parks in the City
- **Leverage Community Partnerships & Align Service Delivery**
 - Wildland/Urban interface mitigation plan – Zintel Canyon partnership & southern boundary
 - Housing & Homelessness – cross functional team partnership with Housing Authority, Benton County Human Services to implement and support the recovery center, mobile crisis response, co-responders, housing and homeless concerns to include the review of code modifications
 - Recreation Program Recommendations:
 - Special Events – continue to streamline the application process
 - Youth Sports – continue to implement youth sports programming
- **Prepare for Future Growth through Implementation of our Strategic Comprehensive Plan**
 - Park & Greenway Maintenance & Tree Replacement
 - Parks & Recreation Comprehensive Plan update and additional feasibility study on priority project (i.e. Community Rec Center, Paths & Trails Master Plan, Civic Center Master Plan)
 - Completion of Lawrence Scott Pickleball Courts (including shade structure & restrooms)
 - Implement the Comprehensive Plan and review/update the Housing section



RESPONSIBLE GOVERNMENT

OBJECTIVE

Provide Exceptional
Public Service,
Stewardship,
Transparency, and a
Sustainable Future



Responsive, Responsible, and Fiscally Accountable Government

Biennial Priorities:

- Utilize Innovation, Creativity and Flexibility in Program Delivery
- Maintain & Enhance Internal Infrastructure
- Enhance and Leverage Community Partnerships for Most Efficient and Effective Service Delivery



Biennial Recommendations:

- Utilize Creativity and Flexibility in Program Delivery:
 - Cross-Functional Teams – (i.e. development review, encampment & mitigation, code enforcement)
- Maintain and Enhance Internal Infrastructure
 - Implement the IT Strategic Plan (system upgrades, network, backup system, workstation replacement)
 - Complete implementation of the Records Management System (RMS) and Jail Management System (JMS) for BIPIN.
 - Complete implementation of the ERP Project
- Enhance & Leverage Strong Community Partnerships for Effective Service Delivery:
 - Succession Planning
 - Realign Existing Personnel (AMI implementation)
 - Work with Partner Agencies
 - Public Outreach – citizen connect, decision engine, cleargov, language line, paperless court system
 - Budgeting by Priorities Model
- Recruit, Retain, Promote & Support our City Employees
 - Officer Health & Resiliency
 - Staff Wellbeing
 - Hire, Promote and Retain – (implement new programs – Careers in Gov, NeoGov, Spark Hire, Background Investigations, flexible workplace, contract negotiations & non-contract, other employee programs)





Major Revenue Assumptions

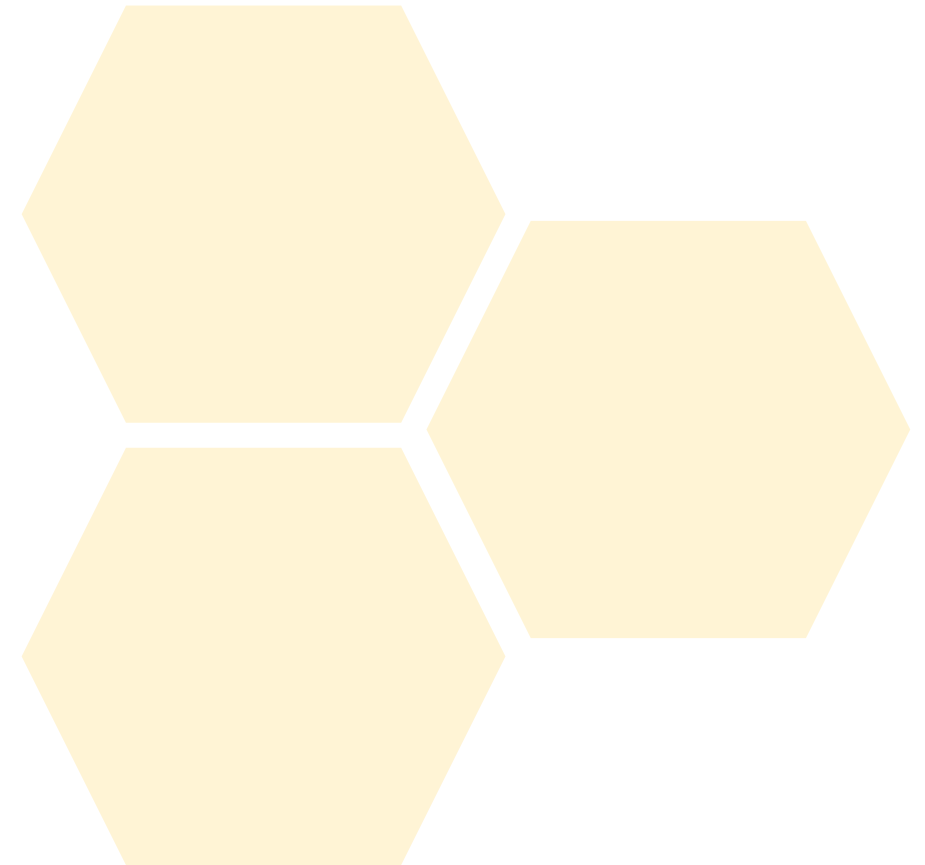


General & Street Funds

- Sales Tax – 2.5% reduction in 2023 & 2.5% growth in 2024
 - Follows 18% incr. in 2021 and proj. 3% incr. in 2022
 - Economic downturn or recession concerns for 2023
- Property Tax:
 - 2023 - 1% growth in base levy & **\$195M in new construction**
 - 40% of new construction projected in SR LRA
 - 2024 - 1% growth in base levy & \$100M in new construction
 - 40% of new construction projected in SR LRA
- Utility Taxes:
 - Electric – 1.5% incr. each yr. (customer growth)
 - Telephone – 10% reduction each yr.
 - Cable – 1% incr. each yr. (3% rate growth, less 2% customer reduction)
 - Natural Gas – **22.8% incr.** in 2023 & 3.5% incr. in 2024
 - Other –1.5% customer growth (where applicable) and 4% for rates tied to CPI (where applicable)
- State Shared Revenues – No change to existing allocations
- Other Revenues – Generally 2% increases per year

Other Governmental Funds

- Public Safety Sales Tax – mirrors regular/optional sales tax assumptions
- Lodging Taxes – 2.5% growth per year
- Real Estate Excise Tax (CIP) – projected to match 2019/2020 revenue levels

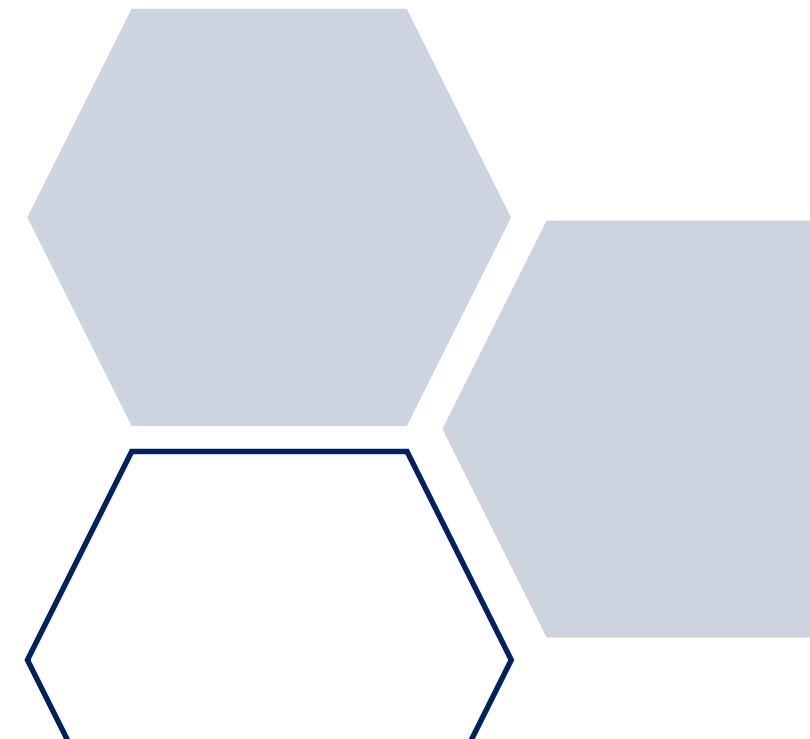


Major Expenditure Assumptions



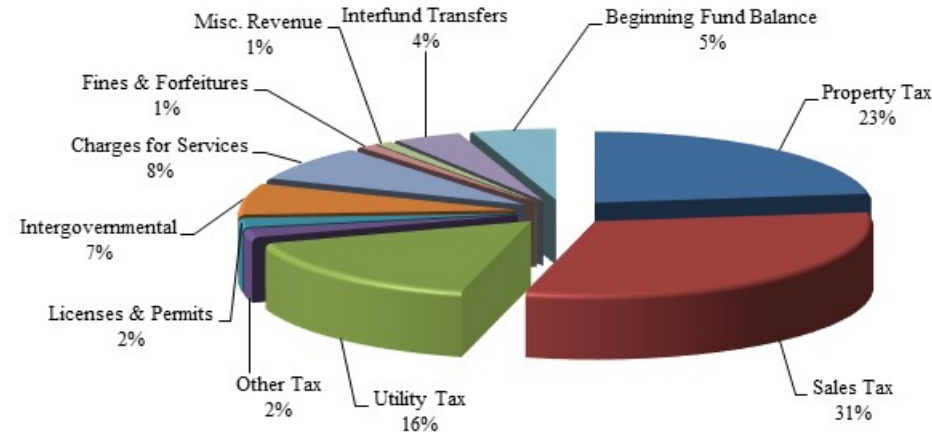
General & Street Funds

- Salaries & Wages – Per contract terms/projected terms
 - Allowance for Under-Expenditures of \$3M
- Medical Rates – 4.5% incr. in 2023 & 10% incr. 2024 with increases to employee paid premiums
- Retirement Rates - Per DRS projections
- Workers' Comp – Per L&I recommended rates for 2023
- Other Benefit Rates – 3% annual increases
- Major Contract Assumptions:
 - Jail – Allocation of 9.21%, proposed 2023/2024 budget
 - SeComm/BCES – 2023 assessment & 7.5% incr. in 2024
 - District Court – 16.89% allocation based on caseloads; proposed 2023/2024 budget
 - OPD – 38.64% allocation based on caseloads, preliminary budget for 2023 and assumption of 5% incr. for 2024
- Other Expenditures – 10% incr. for the biennium
- GF Capital Contribution – \$2M
- GF Risk Management Contribution - \$2.45M
- GF Ambulance Utility Contribution - \$10.12M



Sources of Funding – General & Street Funds

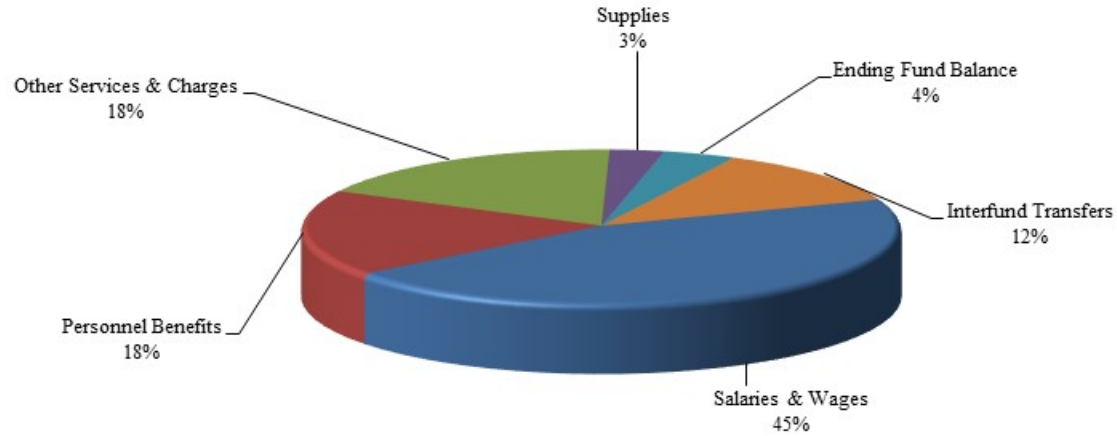
2023/2024 Proposed Budget



Sources of Funding Operating Funds	2019-2020	2021-2022	2023-2024	21/22 - 23/24	
	Actual	Adjusted Budget	Proposed Budget	\$ Change	% Change
Property Tax	\$26,311,230	\$27,279,108	\$28,969,702	\$1,690,594	6%
Sales Tax	32,681,573	35,619,700	39,089,200	3,469,500	10%
Utility Taxes	18,789,199	19,055,936	21,220,300	2,164,364	11%
Other Taxes	1,563,499	1,688,700	2,343,400	654,700	39%
Licenses & Permits	2,724,268	2,428,175	2,806,600	378,425	16%
Intergovernmental	13,956,025	10,622,026	9,103,100	(1,518,926)	-14%
Charges for Services	9,233,576	10,036,615	10,257,625	221,010	2%
Fines & Penalties	1,834,413	1,960,200	965,900	(994,300)	-51%
Miscellaneous Revenue	910,253	945,000	1,208,800	263,800	28%
Interfund Transfers	4,746,124	4,514,542	4,769,250	254,708	6%
Subtotal Revenues:	112,750,160	114,150,002	120,733,877	6,583,875	6%
Beginning Fund Balance	3,275,166	5,966,211	6,000,000	33,789	1%
Total Sources	\$116,025,326	\$120,116,213	\$126,733,877	\$6,617,664	6%

Uses of Funding – General & Street Funds

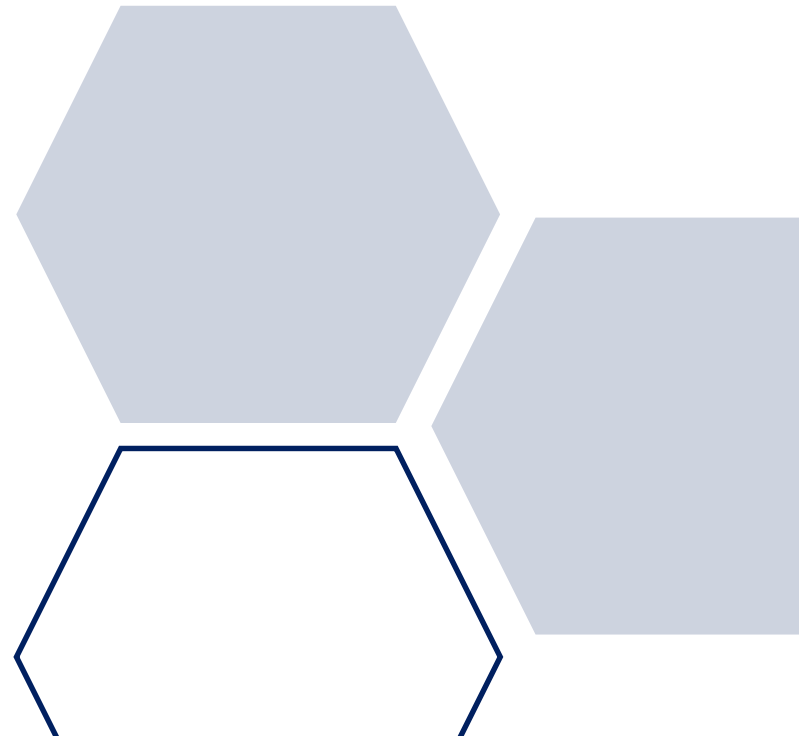
2023/2024 Proposed Budget



Uses of Funding Operating Funds	2019-2020	2021-2022	2023-2024	21/22 - 23/24	
	Actual	Adjusted Budget	Proposed Budget	\$ Change	% Change
Salaries & Wages	\$50,561,951	\$52,270,010	\$56,693,252	\$4,423,242	8%
Personnel Benefits	18,370,774	20,456,965	22,566,190	2,109,225	10%
Supplies	3,060,014	2,911,047	3,378,128	467,081	16%
Other Services & Charges	22,926,848	24,454,899	23,396,815	(1,058,084)	-4%
Interfund Transfers	14,893,579	13,781,150	15,206,000	1,424,850	10%
Capital Outlay	245,949	255,024	-	(255,024)	-100%
Subtotal Appropriations:	110,059,115	114,129,095	121,240,385	7,111,290	6%
Ending Fund Balance	5,966,211	5,987,118	5,493,492	(493,626)	-8%
Total Uses:	\$116,025,326	\$120,116,213	\$126,733,877	\$6,617,664	6%

General & Street Funds One-Time Uses

- Succession/Replacement for key position retirements
 - Finance
 - IT
 - City Clerk
- Bi-PIN Implementation Administrator
- IT Strategic Plan
- KFD Standard of Cover Study
- Planning Software Enhancements



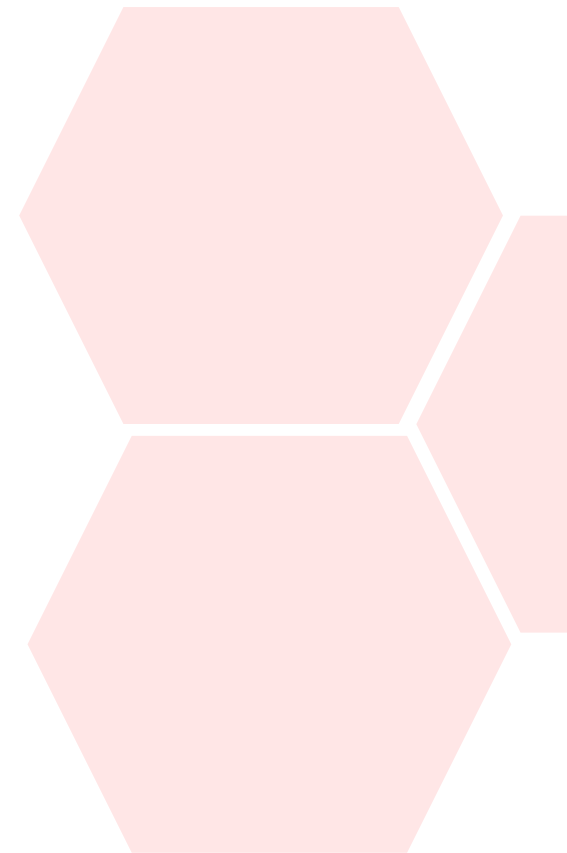
Proposed Budget Policy Revision

- Current General & Street Fund Reserve Policy:

Maintain fund balance equal to 5% of annual operating expenditures to meet cash flow requirements in the general governmental operating funds (General and Street Funds).

- Proposed General & Street Fund Reserve Policy:

Maintain fund balance equal to **7.5%** of annual operating expenditures to meet cash flow requirements in the general governmental operating funds (General and Street Funds).



2023/2024 Proposed Budget

CITY OF KENNEWICK COMPARATIVE BUDGET SUMMARY

FUND	ACTUAL 2019/2020	ADJUSTED BUDGET 2021/2022	PROPOSED BUDGET 2023/2024	VARIANCE
OPERATING (GENERAL & STREET)	\$116,025,326	\$120,116,213	\$126,733,877	6%
CAPITAL PROJECTS	75,732,638	76,354,980	65,004,300	-15%
ENTERPRISE & INTERNAL SERVICE				
Water & Sewer	76,131,837	97,544,786	105,475,231	8%
Building Safety	6,609,267	5,812,808	5,883,000	1%
Medical Services	31,662,032	34,995,119	35,204,879	1%
Coliseum Fund	11,154,582	9,196,947	9,326,400	1%
Stormwater	6,942,743	7,021,449	6,965,250	-1%
Columbia Park Golf Course	1,241,546	925,152	956,000	3%
Equipment Rental	12,403,162	15,619,885	15,516,451	-1%
Risk Management	5,090,663	5,096,044	6,244,944	23%
Central Stores	717,558	690,636	693,087	0%
Subtotal	151,953,390	176,902,826	186,265,242	5%
DEBT SERVICE	16,858,019	8,659,573	7,538,098	-13%
SPECIAL REVENUE				
Cash Reserve Fund	2,971,529	3,151,529	3,200,000	2%
BI-PIN Operations	1,124,201	1,779,774	2,080,161	17%
Community Development	1,873,788	3,110,380	1,873,600	-40%
Asset Forfeiture Fund	190,587	117,742	241,000	105%
Public Safety	4,746,124	4,514,542	4,769,250	6%
Lodging Tax Fund	3,264,780	3,773,793	5,584,500	48%
Criminal Justice Sales Tax	6,355,985	6,672,094	8,258,000	24%
HIDTA Program	-	4,500,000	4,000,000	-11%
Coronavirus Fiscal Recovery	-	4,999,000	2,296,640	-54%
Subtotal	20,526,994	32,618,854	32,303,151	-1%
FIDUCIARY TRUST FUNDS	6,564,500	6,954,689	7,657,600	10%
TOTAL	\$387,660,867	\$421,607,135	\$425,502,268	1%

Potential Budget Vulnerabilities

- Economic slowdown or national recession
 - Risks of persistent inflation
 - Rising interest rates
 - Labor shortages and increases to minimum wage
 - Impact of market volatility on consumerism
- Unsettled Labor Contracts
 - 3 public safety unit contracts expire 12/31/22
- Expiration of Public Safety Sales Tax in 2024
- 2023 Washington State Legislative Session
 - Will Include adoption of State's 2023-2025 budget
- Succession Planning and Retirements



QUESTIONS?

THANK YOU

11.1.2022



City Council Meeting Schedule December 2022

The City broadcasts City Council meetings on the City's website
<https://www.go2kennewick.com/CouncilMeetingBroadcasts>.

December 6, 2022
Tuesday, 6:30 p.m. REGULAR COUNCIL MEETING

December 13, 2022
Tuesday, 6:30 p.m. WORKSHOP MEETING
1. Animal Control Update
2. City Manager Goals & Accomplishments

December 20, 2022
Tuesday, 6:30 p.m. REGULAR COUNCIL MEETING

December 27, 2022
Tuesday, 6:30 p.m. WORKSHOP MEETING

To assure disabled persons the opportunity to participate in or benefit from City services, please provide twenty-four (24) hour advance notice for additional arrangements to reasonably accommodate special needs.

Please be advised that all Kennewick City Council Meetings are Audio and Video Taped

December 2022
Updated 10/06/22