



# City Council Meeting Schedule September 2020

City Council passed Resolution 20-08 on June 23, 2020, which temporarily designates the location for regular, special and study session meetings to the virtual location until Benton County enters into Phase Three of the Governor's Safe Start Reopening Plan. The City broadcasts City Council meetings on the City's website <https://www.go2kennewick.com/CouncilMeetingBroadcasts>.

September 1, 2020

Tuesday, 6:30 p.m.

REGULAR COUNCIL MEETING

September 8, 2020

Tuesday, 6:30 p.m.

WORKSHOP MEETING (the workshop meeting will be done via Zoom and broadcast on the City's website <https://www.go2kennewick.com/CouncilMeetingBroadcasts>)

1. WWTP Phase II Update
2. Capital Improvement Plan Update
3. City Attorney's Office Annual Update
4. Closed Session RCW 42.30.140(4)(b) Collective Bargaining beginning immediately at the conclusion of the workshop

September 15, 2020

Tuesday, 6:30 p.m.

REGULAR COUNCIL MEETING

September 22, 2020

Tuesday, 6:30 p.m.

WORKSHOP MEETING (the workshop meeting will be done via Zoom and broadcast on the City's website <https://www.go2kennewick.com/CouncilMeetingBroadcasts>)

1. Water & Sewer Rate Study Update
2. Council Sub-Committees
3. 2021/2022 Budget Assumptions
4. EXECUTIVE SESSION RCW 42.30.110(i) Pending Litigation (30 minutes)

September 29, 2020

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

# Council Workshop Coversheet



|                    |                                 |              |            |
|--------------------|---------------------------------|--------------|------------|
| Agenda Item Number | 1.                              | Meeting Date | 09/22/2020 |
| Agenda Item Type   | Presentation                    |              |            |
| Subject            | Water & Sewer Rate Study Update |              |            |
| Ordinance/Reso #   |                                 | Contract #   |            |
| Project #          |                                 | Permit #     |            |
| Department         | Public Works                    |              |            |

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

## Summary

City council adopted a rate increase for both the water and wastewater utilities for the 2019/2020 budget in 2018. The rate study presented at that time required ongoing rate increases to support ongoing operations and capital projects as well as projected debt service. Public works along with the City's consultant FCS Group will be presenting an update to the rate study including proposed rate increases, comparisons to local cities, revenue requirements and projected needs.

Through

John Cowling  
Sep 15, 14:44:36 GMT-0700 2020

Attachments: Presentation

Dept Head Approval

Cary Roe  
Sep 16, 11:23:04 GMT-0700 2020

City Mgr Approval

Marie Mosley  
Sep 18, 07:41:47 GMT-0700 2020



# City Council Workshop



## Water and Wastewater Rate Study Update

September 22, 2020

Cary Roe, P.E. Public Works Director, City of Kennewick  
Angie Sanchez Virnoche, Principal FCS GROUP  
Chase Bozett, Senior Analyst FCS GROUP



# Discussion Outline

- Background
- Rate setting overview
- Summary of findings
- Staff recommendations



# Background

- **Water and Sewer Rate Study completed in 2016**
  - » Covered 20-year time period
- **Rate plan reviewed during biennium budget process for next two-year rate setting period**
- **Each update incorporates current financial, operating and engineering needs informed by:**
  - » 2021/22 budget
  - » General Sewer Plan adopted in 2015
  - » Wastewater Treatment Facility Plan adopted in 2015
  - » Water Comprehensive Plan in 2016
  - » Water Capacity Analysis 2018
  - » Water Treatment Plant Condition Assessment 2019
  - » Reservoir Condition Assessment 2019
  - » UGA Study Update 2020

# Deferred Capital

## Water Treatment Plant Repairs and Improvements

- Replace Membranes and coat membrane filtration basins
- Replace leaking Sodium Hypochlorite Tanks (4)
- Replace Aging chemical systems and feed pumps
- Replace existing surge tank (designed for 5MGD capacity) severely undersized for today's capacity
- Upgrade aging sludge collection system
- Estimate Cost \$4,075,000

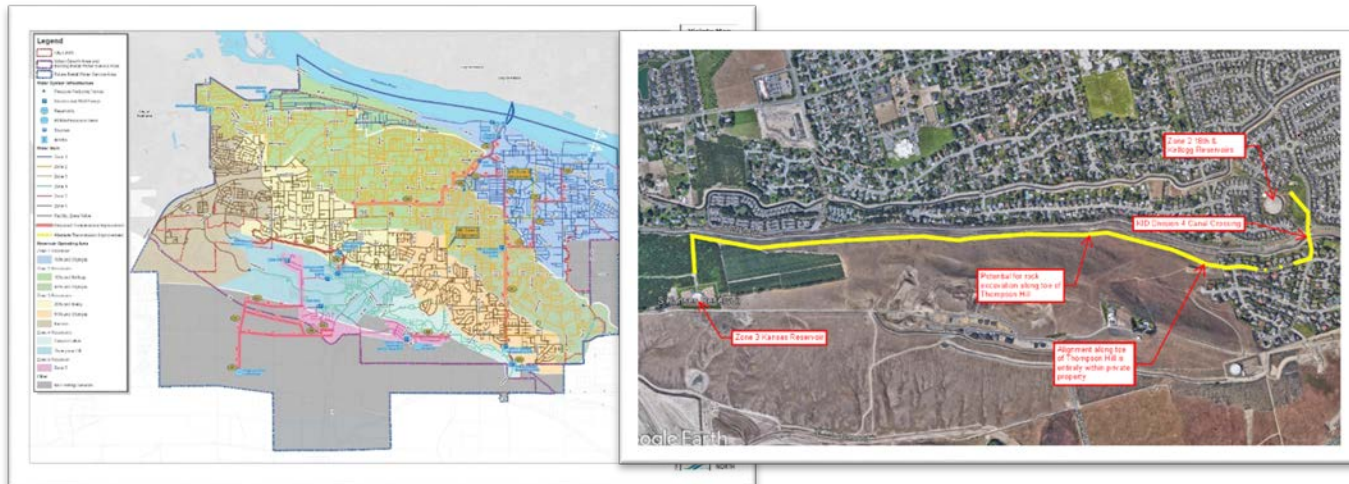




# Deferred Capital

## Transmission Mains and Pump Station Upgrades

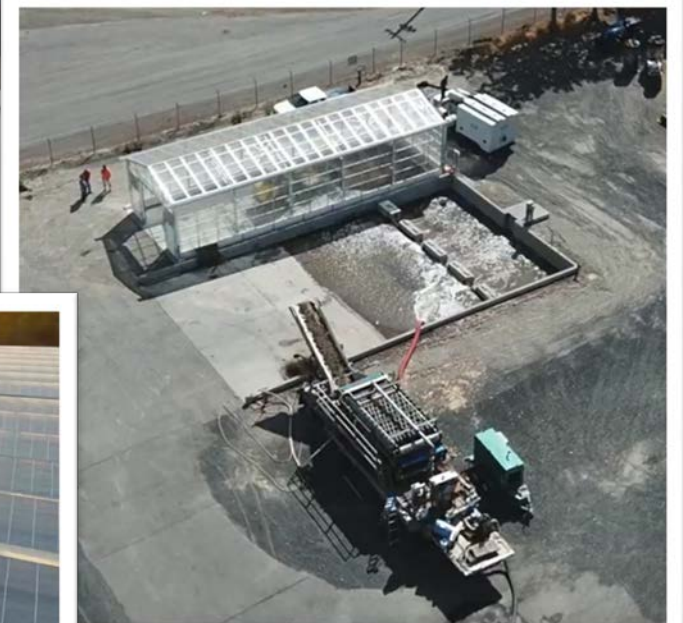
- Zone 1 RC 5 Transmission Main – Estimated cost \$1,155,000
- Zone 1 Transmission Main Phase 1 thru 4 – Estimated cost \$8,239,000
- Zone 1 Golf Course Pump Station Transmission Main - \$460,000
- Zone 1 Transmission Main Phase 2 – Estimated cost \$2,782,000
- Zone 2 East Olympia Transmission Main – Estimated cost \$2,568,000
- Zone 3 West Transmission Main – Estimated cost \$4,821,527
- Zone 3 West Transmission Main Phase 2 – Estimated cost \$963,000
- Zone 4 East Transmission Main – Estimated cost \$963,000
- Pump Station Capacity Upgrades and Surge Mitigation - \$7,900,000



# Deferred Capital

## Wastewater Treatment Plant Upgrade

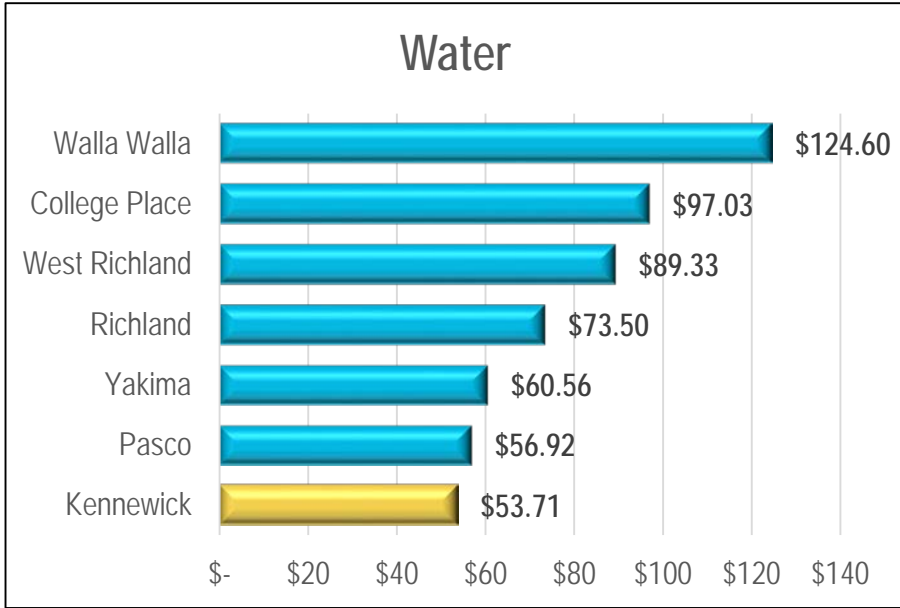
- Project improves how biosolids are managed resulting in Class A biosolids.
- Eliminates Odor concerns
- Eliminates ongoing dredging/dewatering and land application of Class B biosolids
- Estimated Cost - \$28,870,000



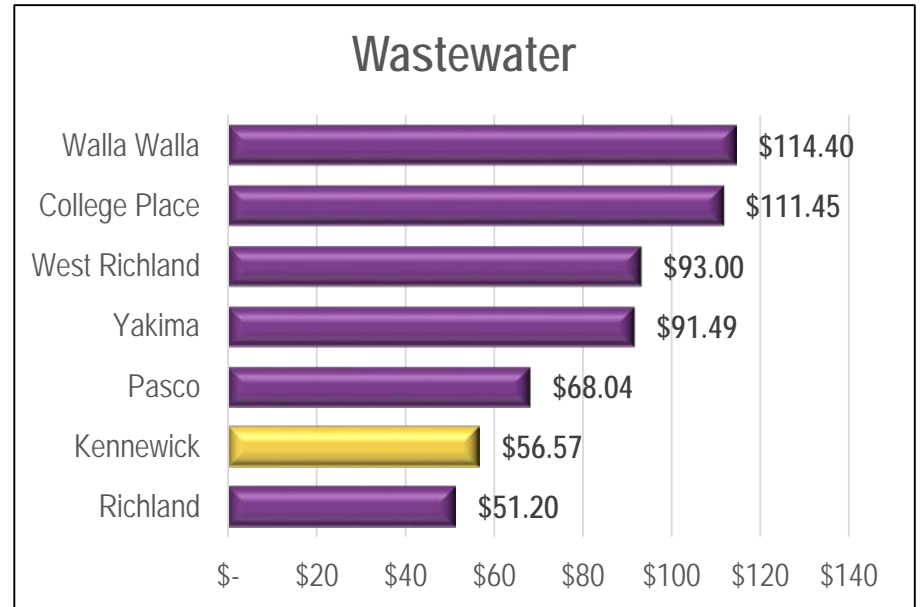




# 2020 Residential Bi-monthly Bill Comparisons



Note: Assumes residential meter 3/4" and 20 ccf bi-monthly usage



Note: Assumes 13.3 ccf bi-monthly usage where applicable



# Overview of Rate Study

## Cash Needs

O&M Costs

Debt Service

Capital Needs

Cash Reserves

Fiscal Policies



Long-Range Financial  
Planning Model

## Resources

Bi-Monthly Rates

Misc. Fees

Connection Chg.

Debt Proceeds

Use of Reserve

Craft a multi-year rate and financing plan to support the operations and capital needs of each utility



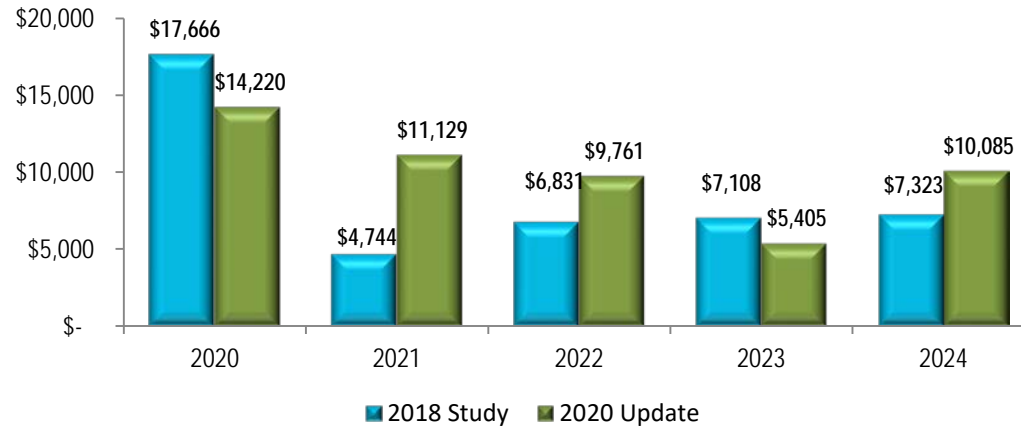
# Rate Update Overview

- Rate update focus 2021/2022 for rate-setting (time period 2020-2024)
- Operating budget used as baseline for revenue and expenses
  - » 1.50% annual growth rate
  - » Water rate revenue growth lower than anticipated
  - » Wastewater rate revenue on track
- Incorporated City provided CIP
- Fiscal policy targets
  - » Operating reserve 90 days O&M water, 60 days O&M sewer
  - » Capital reserve 1% of original cost asset value
  - » System reinvestment target equal to annual depreciation
  - » Debt service coverage target 1.50



# Capital Improvement Plan - Water

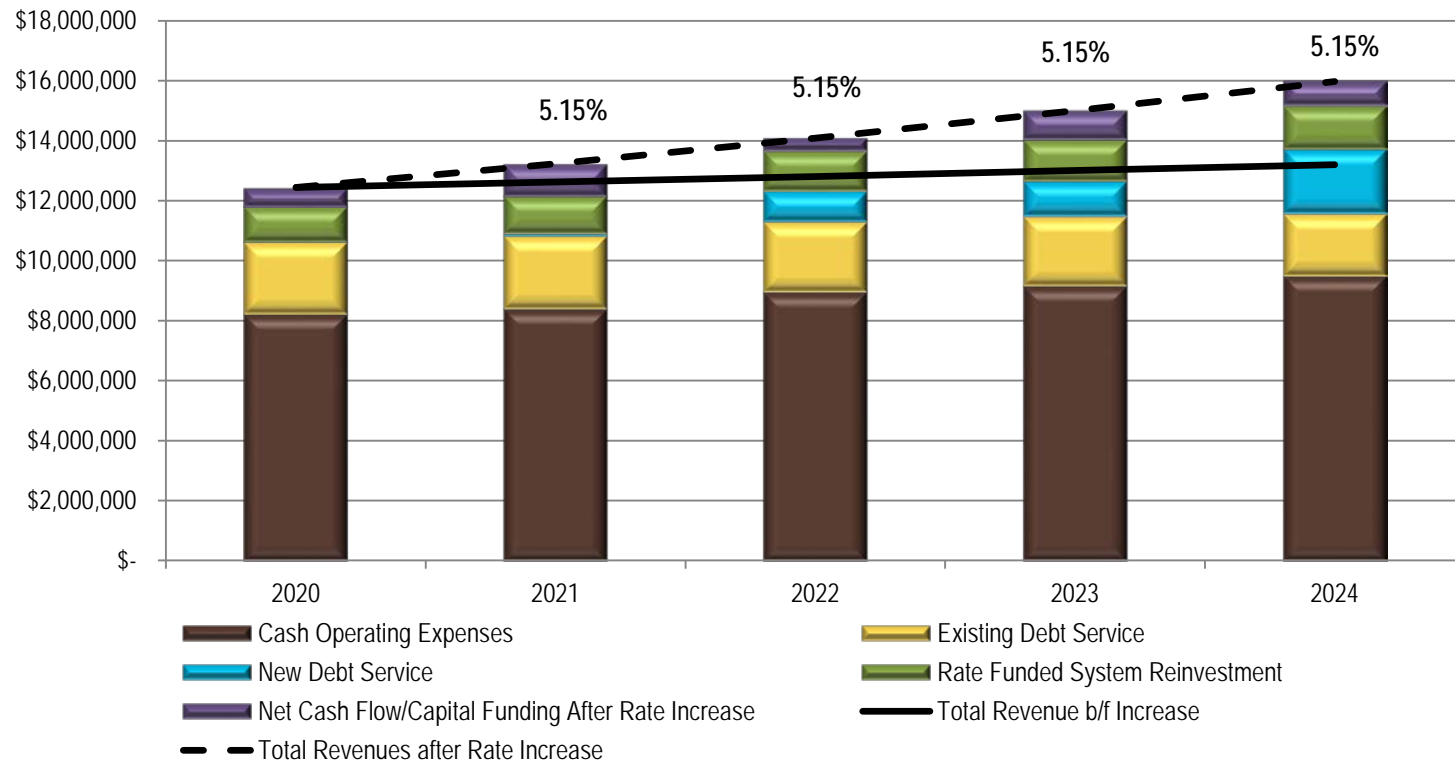
Annual Capital Costs (\$1,000s)



- **Capital Costs higher ~ \$7 million**
  - » 18<sup>th</sup> and Kellogg reservoir improvements
  - » Automated meter reading
  - » UGA expansion accelerated
- **Balanced with project deferrals**
  - » Zone 2 West additional capacity/Zone 1,3,4 transmission mains/pump station projects
- **Capital funding from existing resources and new debt**
  - » \$19 million new debt (\$8 million 2022 and possible \$11 million 2024)



# Summary - Water



- Current rate strategy maintained for 2021/2022 biennium
- Lower revenue and higher capital costs requires some capital deferral





# Residential Bill Impact - Water

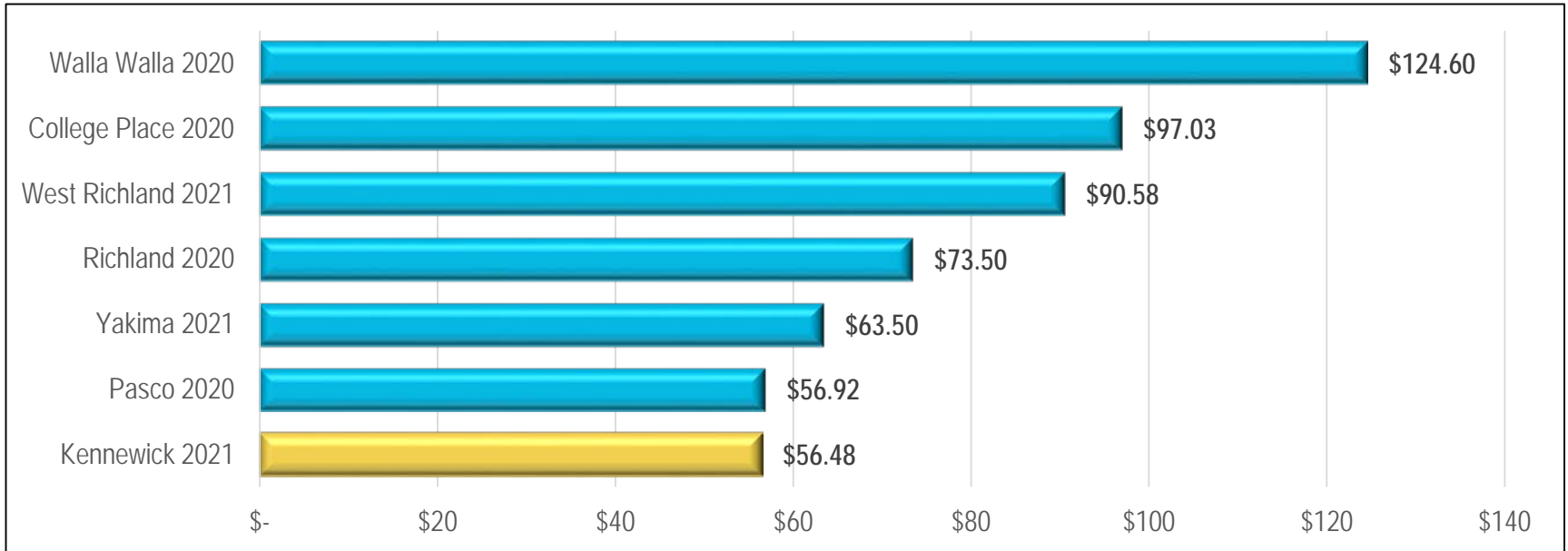
| Water Sample Bill                     | Existing | 2021           | 2022           | 2023           | 2024        |
|---------------------------------------|----------|----------------|----------------|----------------|-------------|
| Total Proposed Increases              |          | 5.15%          | 5.15%          | 5.15%          | 5.15%       |
| Sample Residential Bi-Monthly Bill \$ | 53.71 \$ | 56.48 \$       | 59.38 \$       | 62.44 \$       | 65.66       |
| Sample Residential Monthly Bill \$    | 26.86 \$ | 28.24 \$       | 29.69 \$       | 31.22 \$       | 32.83       |
| <i>Monthly Difference</i>             | \$       | <i>1.38</i> \$ | <i>1.45</i> \$ | <i>1.53</i> \$ | <i>1.61</i> |

Note: Sample bill for residential customer with 3/4" meter and average bi-monthly usage of 20 ccf

- Current rate path maintained
- Monthly bill impact \$1.38 for CY 2021
- \$0.85 per month above historical policy rate practice



# Rate Comparison - Water

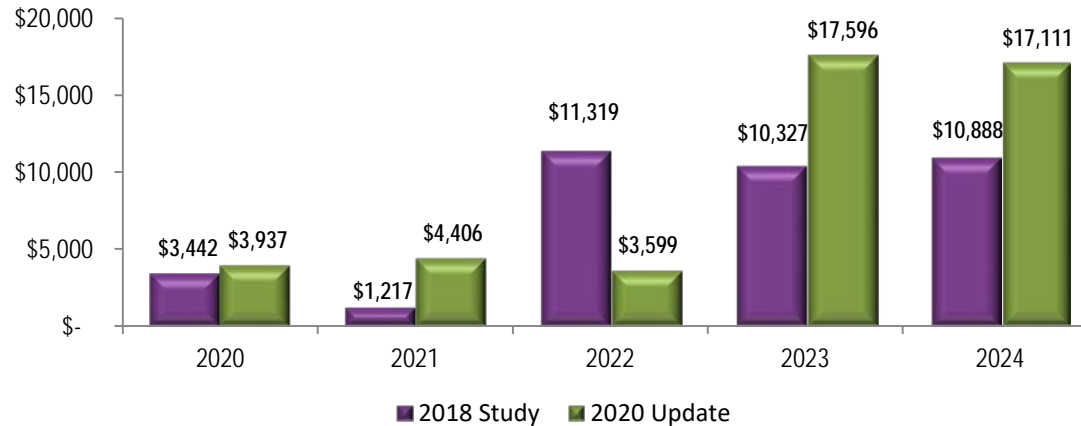


*Note: Assumes residential meter ¾" and  
20 ccf bi-monthly usage*



# Capital Improvement Plan - Wastewater

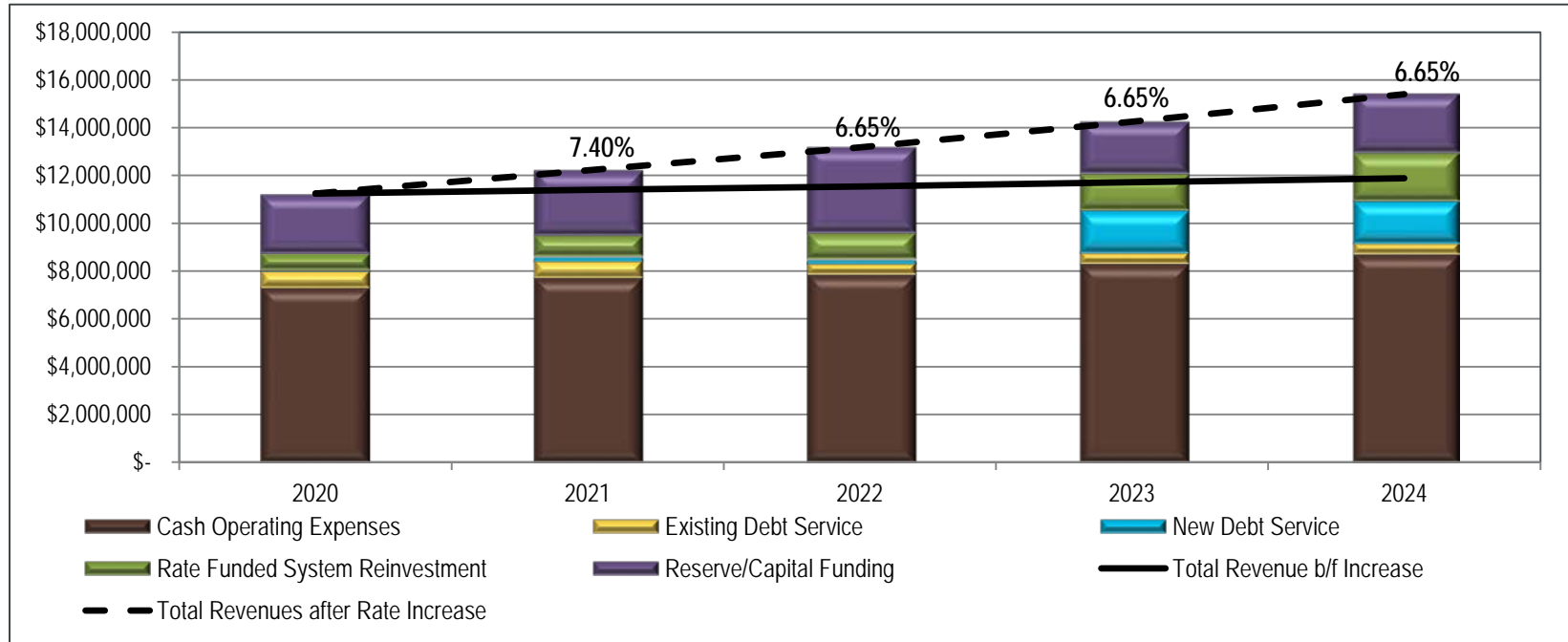
Annual Capital Costs (\$1,000s)



- **Capital projects delayed, higher cost~ \$9.4 million**
  - » Wastewater Treatment Plant Phase 2 - accelerated
  - » UGA expansion accelerated
- **Capital funding from existing resources and new debt**
  - » \$18 million new debt anticipated in 2023



# Summary - Wastewater



- Current rate strategy maintained for 2021/2022 biennium
- Higher capital costs may require future rate strategy to be adjusted



# Residential Bill Impact - Wastewater

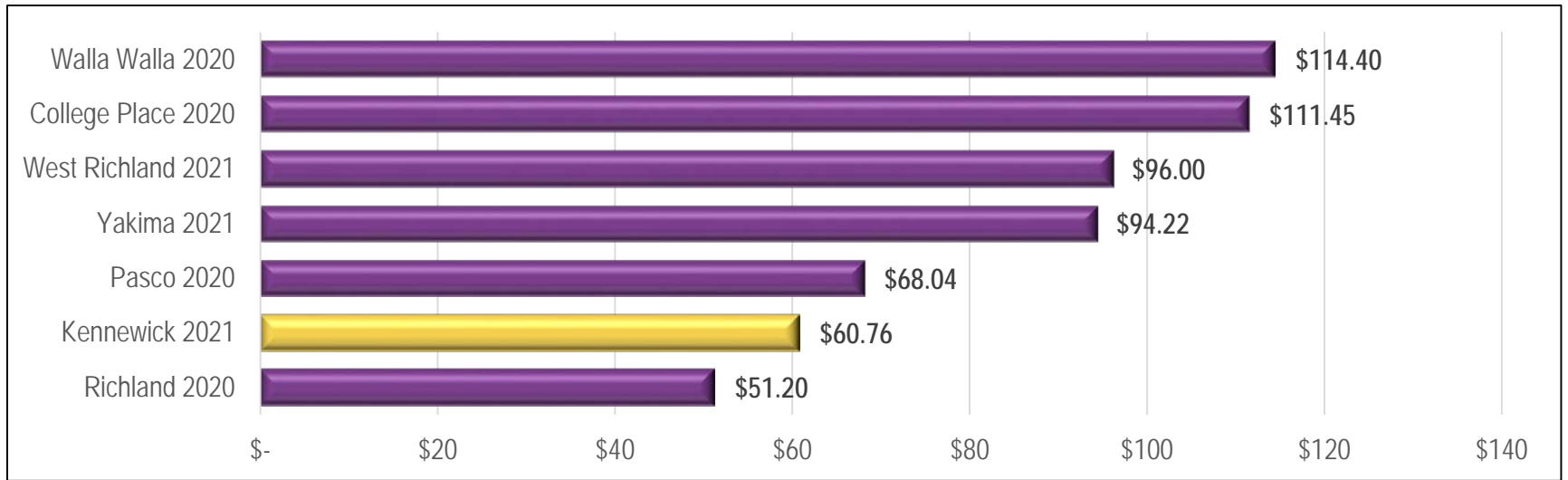
| Wastewater Sample Bill             | Existing | 2021     | 2022     | 2023     | 2024     |
|------------------------------------|----------|----------|----------|----------|----------|
| Total Proposed Increases           |          | 7.40%    | 6.65%    | 6.65%    | 6.65%    |
| Sample Residential Bi-Monthly Bill | \$ 56.57 | \$ 60.76 | \$ 64.80 | \$ 69.11 | \$ 73.70 |
| Sample Residential Monthly Bill    | \$ 28.29 | \$ 30.38 | \$ 32.40 | \$ 34.55 | \$ 36.85 |
| <i>Monthly Difference</i>          |          | \$ 2.09  | \$ 2.02  | \$ 2.15  | \$ 2.30  |

- Current rate path maintained
- Monthly bill impact \$2.09 for CY 2021
- Approximately \$1.50 per month above historical policy rate practice





# Rate Comparison - Wastewater



*Note: Assumes 13.3 ccf bi-monthly usage  
where applicable*



# Staff Recommendations

- **Maintain existing rate path for water and wastewater**
- **Proposed monthly rate increase**
  - » Water \$1.38 in 2021 and \$1.45 in 2022
  - » Wastewater \$2.09 in 2021 and \$2.02 in 2022
- **Implement rate modifications effective January 1st, 2021**



**Questions/Discussion**

# Thank you!

Angie Sanchez Virnoche, Vice President/Principal

425.336.4157

AngieS@fcsgroup.com

[www.fcsgroup.com](http://www.fcsgroup.com)

# Council Workshop Coversheet



|                    |                    |              |            |
|--------------------|--------------------|--------------|------------|
| Agenda Item Number | 2.                 | Meeting Date | 09/22/2020 |
| Agenda Item Type   | Presentation       |              |            |
| Subject            | Council Committees |              |            |
| Ordinance/Reso #   |                    | Contract #   |            |
| Project #          |                    | Permit #     |            |
| Department         | City Manager       |              |            |

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

## Summary

During the interviews that Patrick Ibarra performed with Council in preparation for the City Council retreat, the item of Council Committees was identified by some councilmembers as a topic of interest to review and discuss. During the workshop, staff will provide some background, the current policy and potential options for Council to review as they consider a potential path forward for Council Committees in the upcoming biennium.

Through

Attachments: Presentation

Dept Head Approval

City Mgr Approval

Marie Mosley  
Sep 18, 08:24:24 GMT-0700 2020



# COUNCIL COMMITTEES

SEPTEMBER 22, 2020



# BACKGROUND

- COMMITTEES FORMED IN MID-2000'S AND CODIFIED IN 2010
- PRIOR TO THIS TIME – MANY OTHER EXAMPLES OF COUNCIL COMMITTEE STRUCTURES EXISTED
- NOT UNCOMMON FOR ORGANIZATIONS TO HAVE COUNCIL COMMITTEES ALTHOUGH THE TYPE OF COMMITTEES VARY WIDELY
- THREE COUNCIL COMMITTEES – PROVIDE POLICY LEVEL GUIDANCE & DISCUSSION
- MAYOR TO APPOINT THREE COUNCILMEMBERS TO SERVE ON EACH OF THE COMMITTEES:
  - BUDGET & ADMINISTRATIVE
  - INFRASTRUCTURE & OPERATIONS
  - ECONOMIC DEVELOPMENT & LONG RANGE PLANNING
- THIS ITEM WAS RAISED BY SOME COUNCILMEMBERS DURING THE INTERVIEWS WITH PATRICK IBARRA IN PREPARATION FOR THE COUNCIL RETREAT
- COMMITTEE MEETINGS SEEM TO HAVE DUPLICATION TO COUNCIL WORKSHOPS
- DISCUSSION TO HELP ESTABLISH GOALS & PRIORITIES FOR THE UPCOMING BIENNIUM RELATING TO COUNCIL COMMITTEES



# BUDGET & ADMINISTRATIVE COMMITTEE

- PURPOSE:
  - TO RECOMMEND POLICY MODIFICATIONS RELATED TO THE BIENNIAL BUDGET AND OTHER ADMINISTRATIVE MATTERS
  - REVIEWS MONTHLY FINANCIAL INFORMATION AND PROJECTIONS AND MAKES RECOMMENDATIONS TO THE FULL COUNCIL RELATING TO ANY FINANCIAL POLICIES
- MEETINGS SHALL BE OPEN TO THE PUBLIC & CURRENT MEETING INFORMATION SHALL BE AVAILABLE ON THE CITY WEB SITE



# INFRASTRUCTURE & OPERATIONS COMMITTEE

- PURPOSE:
  - TO PROVIDE POLICY AND FUTURE GUIDANCE FOR THE CITY'S CAPITAL IMPROVEMENT AND OPERATIONS PROGRAMS
  - CAPITAL IMPROVEMENT AND OPERATIONS PROGRAMS PROVIDE THE MEANS THROUGH WHICH THE CITY OF KENNEWICK TAKES A PLANNED AND PROGRAMMED APPROACH TO UTILIZING ITS FINANCIAL RESOURCES IN THE MOST RESPONSIVE AND EFFICIENT MANNER TO MEET SERVICE AND INFRASTRUCTURE NEEDS
  - THE CAPITAL AND INFRASTRUCTURE PROGRAMS SERVE TO ALIGN THE PRIORITIES RECOGNIZED IN THE GROWTH MANAGEMENT ACT, COMPREHENSIVE LAND USE PLAN AND BIENNIAL BUDGET WITH APPROPRIATE FUNDING MECHANISMS
- MEETINGS SHALL BE OPEN TO THE PUBLIC & CURRENT MEETING INFORMATION SHALL BE AVAILABLE ON THE CITY WEB SITE



# ECONOMIC DEVELOPMENT & LONG RANGE PLANNING

- PURPOSE:
  - TO IMPROVE THE OVERALL BUSINESS CLIMATE BY STRENGTHENING THE SUPPORT SYSTEMS FOR ENTREPRENEURS AND SMALL BUSINESS AND CREATING GROWTH IN THE CITY THROUGH PUBLIC POLICY
- MEETINGS SHALL BE OPEN TO THE PUBLIC & CURRENT MEETING INFORMATION SHALL BE AVAILABLE ON THE CITY WEB SITE



# MUNICIPAL RESEARCH SERVICES CENTER (MRSC) INFORMATION

- COUNCIL COMMITTEES ARE POLICY REVIEW AND DISCUSSION ARMS OF THE CITY COUNCIL THAT HAVE BEEN CREATED TO ASSIST THE COUNCIL IN EXAMINING ISSUES THAT MAY COME BEFORE IT IN GREATER DEPTH AND DETAIL. COMMITTEES STUDY ISSUES AND DEVELOP RECOMMENDATIONS FOR CONSIDERATION BY THE COUNCIL. COMMITTEES DO NOT TAKE BINDING ACTION ON BEHALF OF THE CITY.
- TWO TYPES OF COMMITTEES EXIST AT THE LOCAL LEVEL:
  - **STANDING COMMITTEES** ARE PERMANENT BODIES WITH JURISDICTION OVER SPECIFIC ONGOING POLICY AREAS SUCH AS FINANCE AND PUBLIC SAFETY.
  - **AD HOC COMMITTEES** ARE TEMPORARY COMMITTEES ESTABLISHED TO INVESTIGATE AND ADVISE ON MORE SHORT-TERM ISSUES AND PROBLEMS.
- WHILE THERE IS NO STATUTE THAT SPECIFICALLY ADDRESSES THE ESTABLISHMENT AND OPERATION OF INTERNAL CITY COUNCIL COMMITTEES, MRSC BELIEVES THE AUTHORITY FOR THIS CAN BE FOUND IN [RCW 35A.12.120](#), WHICH PROVIDES, IN PART: "THE COUNCIL SHALL DETERMINE ITS OWN RULES AND ORDER OF BUSINESS AND MAY ESTABLISH RULES FOR THE CONDUCT OF COUNCIL MEETINGS AND THE MAINTENANCE OF ORDER." UNDER THIS AUTHORITY, THE CITY COUNCIL MAY ENACT RULES AND REGULATIONS TO GOVERN THE CONDUCT AND OPERATIONS OF THE CITY COUNCIL. THIS AUTHORITY INCLUDES THE ABILITY TO DETERMINE IF AND WHEN STANDING COMMITTEES WILL BE UTILIZED, WHAT THE COMMITTEES WILL BE, HOW THEY WILL CONDUCT THEIR BUSINESS, AND HOW THEIR MEMBERS WILL BE APPOINTED.



# EXAMPLES OF COUNCIL COMMITTEES

| City of Renton          | City of Tacoma                            | City of Lacey                        | City of Snoqualmie       |
|-------------------------|---|--------------------------------------|--------------------------|
| Committee of the Whole  | Committee of the Whole                    | Community Relations & Public Affairs | Community Development    |
| Community Services      | Economic Development                      | Finance & Economic Development       | Finance & Administration |
| Finance                 | Community Vitality & Safety               | General Government & Public Safety   | Parks & Public Works     |
| Planning & Development  | Government Performance & Finance          | Transportation                       | Public Safety            |
| Public Safety           | Infrastructure, Planning & Sustainability | Utilities                            |                          |
| Transportation/Aviation |   | Land Use                             |                          |
| Utilities               |   |                                      |                          |



# CONSIDERATIONS & OPTIONS

- CONTINUE WITH THE EXISTING COUNCIL COMMITTEE STRUCTURE
- DISBAND SUB-COMMITTEES & USE COMMITTEE OF THE WHOLE (WORKSHOPS)
  - COULD ESTABLISH & USE AD-HOC COMMITTEES AS NEEDED
- MODIFY THE SUB-COMMITTEES CURRENTLY IN PLACE
- CLEARLY DEFINE THE ROLE OF SUB-COMMITTEES OR CHANGE THE ROLE OF SUB-COMMITTEES
  - PROVIDE POLICY LEVEL DISCUSSION AND RECOMMENDATIONS TO THE COUNCIL
  - EXAMINE ISSUES IN GREATER DETAIL PRIOR TO COMING TO THE FULL COUNCIL
  - DETERMINE THE TYPE OF WORK AND ITEMS TO BE ACCOMPLISHED IN COMMITTEE



# DISCUSSION & ACTION ITEMS

# Council Workshop Coversheet



|                    |                                       |              |            |
|--------------------|---------------------------------------|--------------|------------|
| Agenda Item Number | 3.                                    | Meeting Date | 09/22/2020 |
| Agenda Item Type   | Presentation                          |              |            |
| Subject            | 2021/2022 Biennial Budget Assumptions |              |            |
| Ordinance/Reso #   |                                       | Contract #   |            |
| Project #          |                                       | Permit #     |            |
| Department         | Finance                               |              |            |

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

## Summary

At the September 22, 2020 Kennewick City Council workshop, staff will provide City Council with an update on current revenue projections for the 2019/2020 biennium, as well as revenue and expenditure assumptions that are currently being utilized to develop a proposed 2021/2022 biennial budget for City Council's consideration later this year.

Through

Attachments: Presentation

Dept Head Approval

Dan Legard  
Sep 17, 10:40:57 GMT-0700 2020

City Mgr Approval

Marie Mosley  
Sep 18, 07:58:24 GMT-0700 2020



# 2021/2022 Budget Assumptions

Kennewick City Council Workshop  
September 22, 2020





# Fund Accounting

A system of accounting used by nonprofit organizations, particularly governments. Because there is generally no profit motive with these entities, accountability is emphasized rather than profitability. Instead, the main focus is stewardship of financial resources received including compliance with legal requirements. Individual funds are established to ensure accountability and that expenditures are made for designated purposes. Revenues must be raised and expended in accordance with special regulations and legal restrictions. Budgets are adopted and recorded in the accounts of the related fund.



# Fund Types

## › General Governmental Funds:

- **General Fund:** to account for financial resources not required to be accounted for in another fund.
- **Special Revenue Funds:** to account for legally restricted resources.
- **Capital Projects Funds:** to account for financial resources to be used for acquisition or construction of capital facilities.
- **Debt Service Funds:** to account for resources accumulated for the repayment of debt.

## › Proprietary Funds:

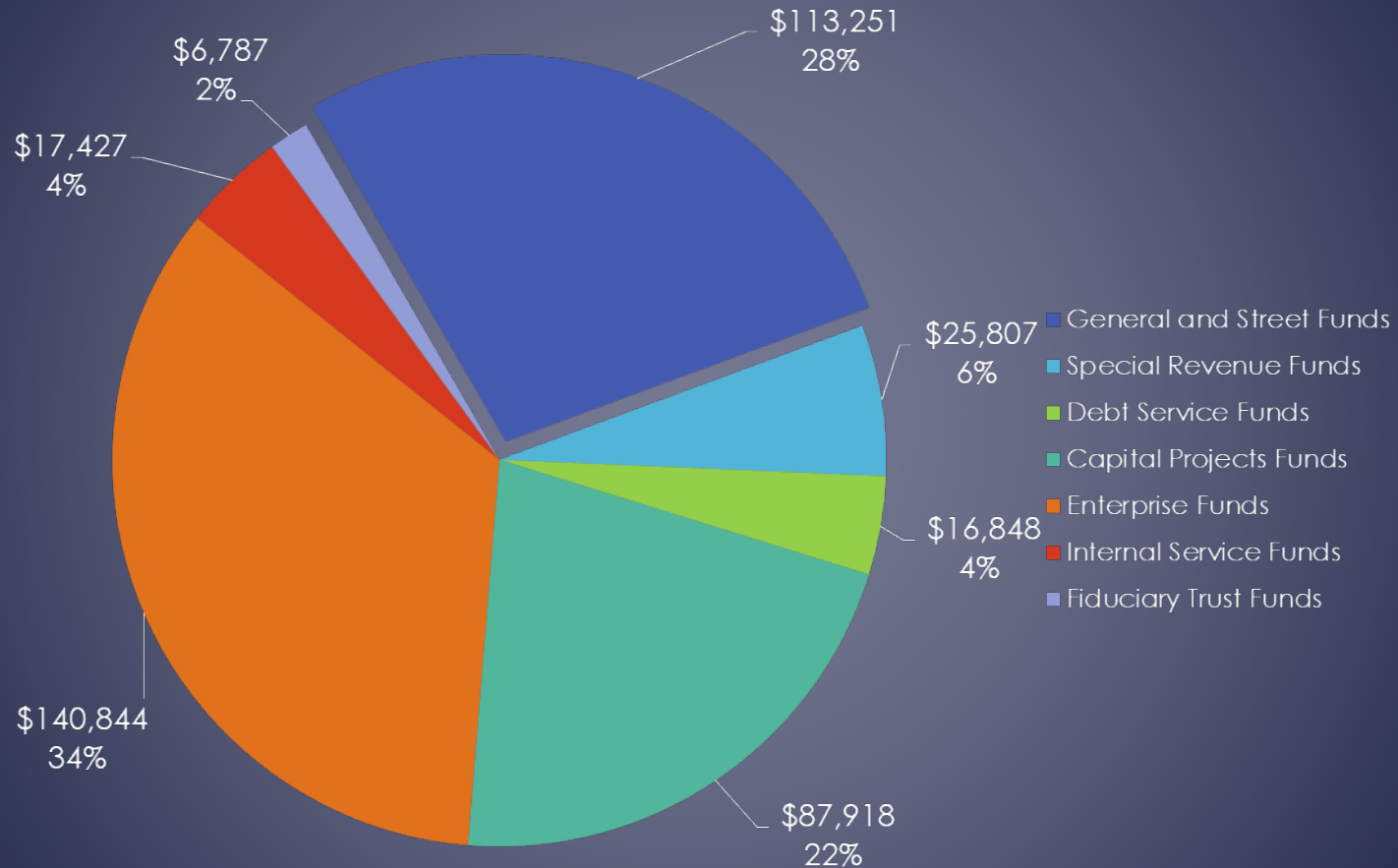
- **Enterprise Funds:** to account for operations that are financed and operated in a manner similar to a private business.
- **Internal Service Funds:** to account for financing of goods or services provided by one department to another within the government.

## › Trust & Agency Funds:

- Fund used to account for assets held by a government in a trustee capacity.

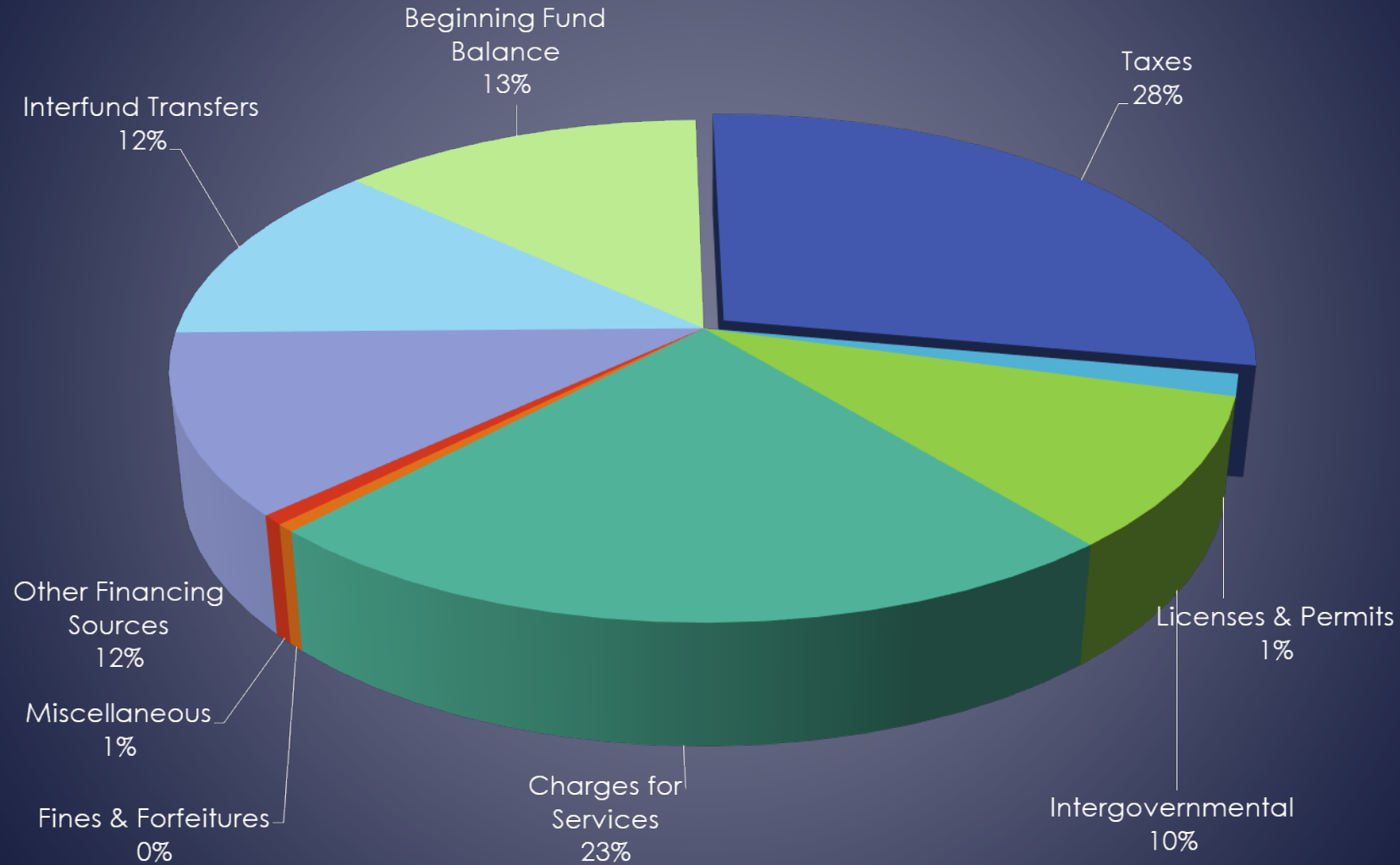
# 19/20 Adj. Budget – All Funds

(In Thousands)



Total 2019/20 Adjusted Budget = \$408,881,927

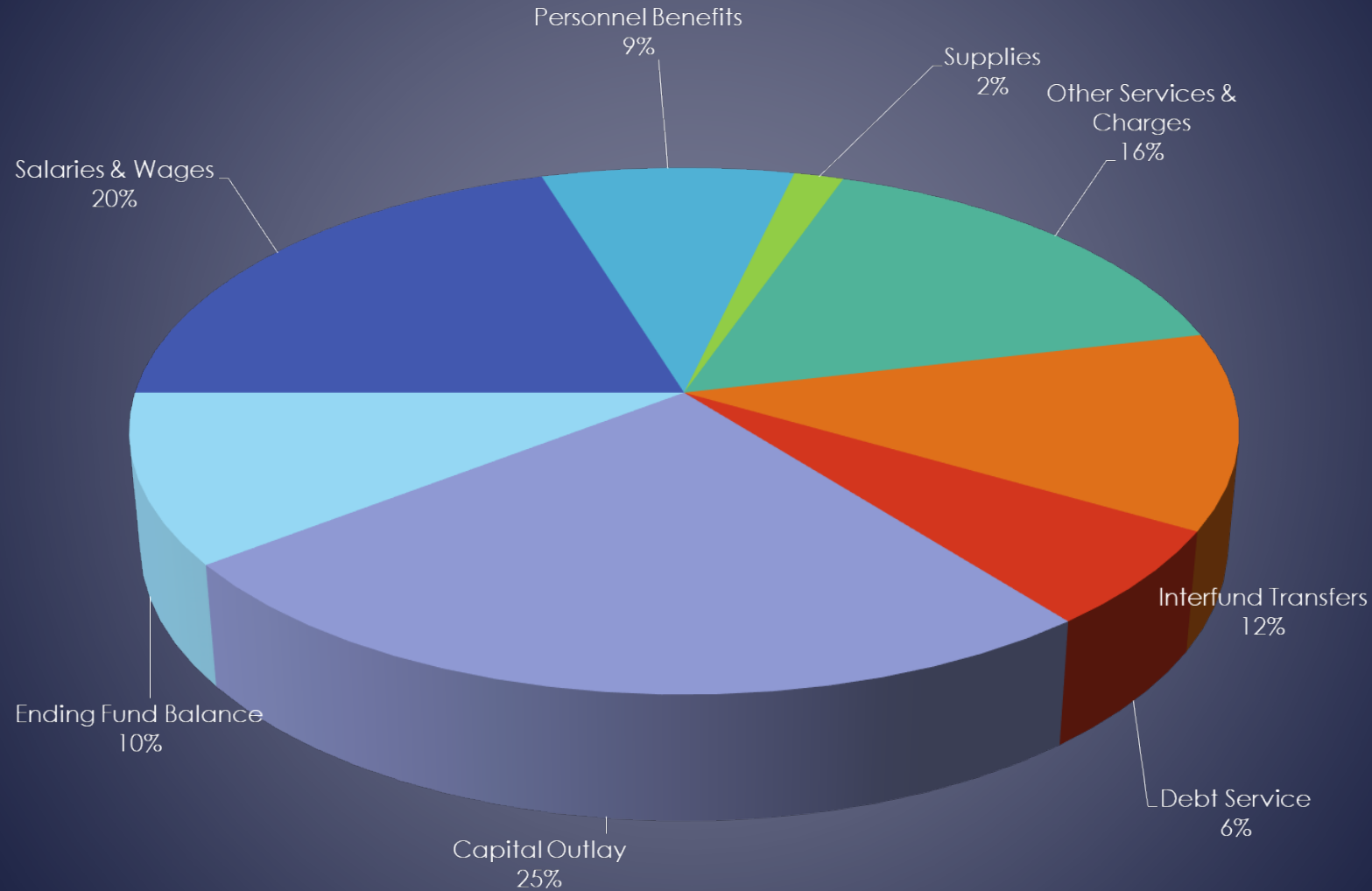
# 19/20 Adj. Revenue Budget – All Funds



2019/20 Adjusted Budget = \$408,881,927



# 19/20 Adj. Expenditure Budget – All Funds



2019/20 Adjusted Budget = \$408,881,927

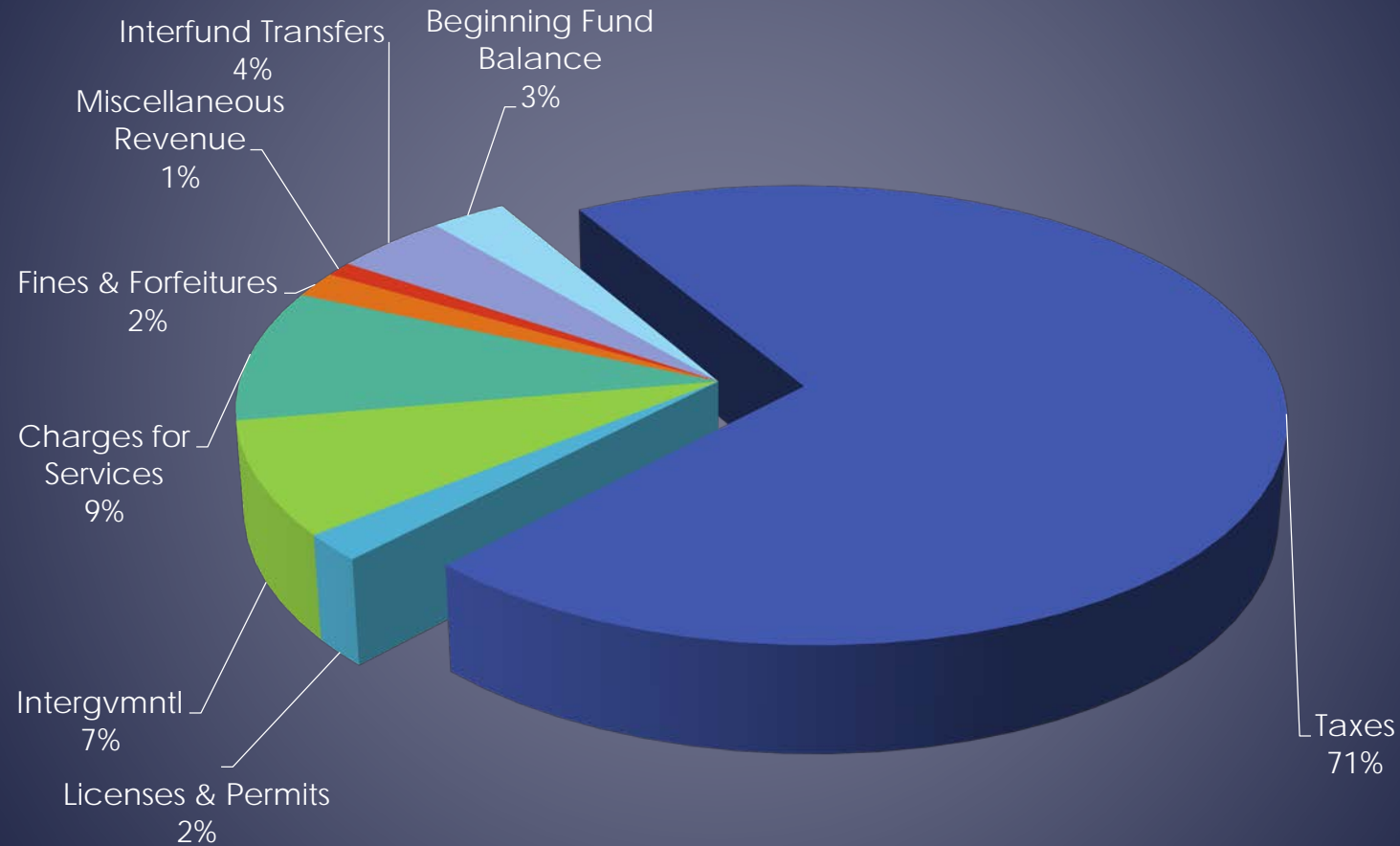




# General & Street Funds

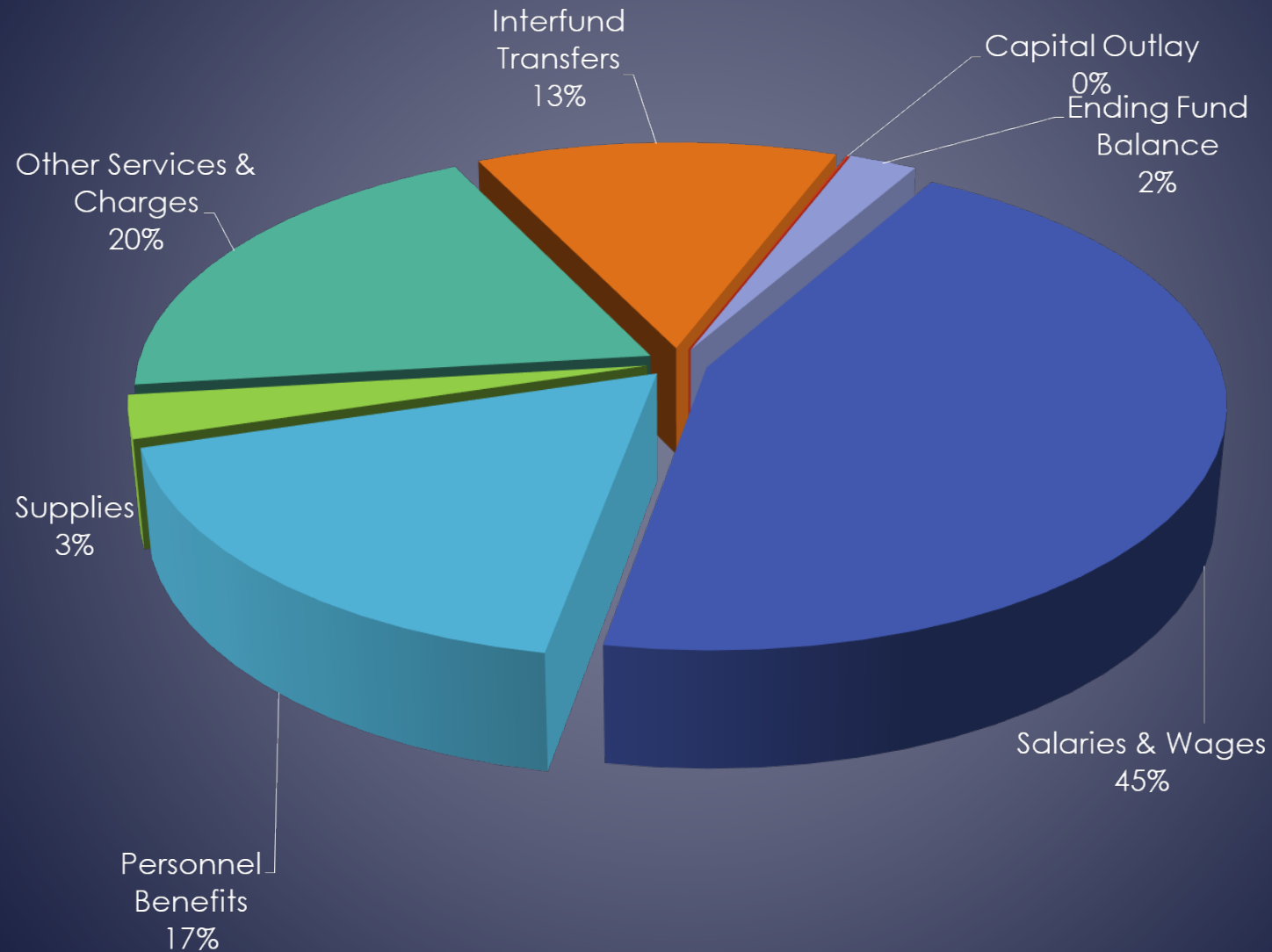
- Police
- Fire Suppression & Inspection
- Planning
- Economic Development
- Engineering
- Parks & Recreation
- Street Maintenance
- Support & Administration Functions (e.g. City Manager & Council, City Attorney, City Clerk, Finance & Customer Service, Purchasing, Information Systems, Human Resources)

# 19/20 Revenue Budget – General/Street Funds



2019/20 Adjusted Budget = \$113,251,268

# 19/20 Expenditure Budget – General/Street Funds



2019/20 Adjusted Budget = \$113,251,268

# 2020 Revenue Projections - General & Street Funds

| Revenue Item                | Mid-Biennium Proj | Revised*         | Financial Impact |
|-----------------------------|-------------------|------------------|------------------|
| Property Tax                | 1% Incr. Overall  | 3% Decr.         | (\$564K)         |
| Sales Taxes                 | 3 % Incr.         | 4% Decr.         | (\$731K)         |
| Utility Taxes               | 1% Incr. Overall  | 1% Decr. Overall | (\$180K)         |
| Gambling & Admissions Taxes | 3.8% Incr.        | 65% Decr.        | (\$690K)         |
| Recreation Programs         | 9% Incr. Overall  | 44% Decr.        | (\$195K)         |
| Fines & Forfeitures         | 4% Incr.          | 34% Decr.        | (\$411K)         |
| Facility Rentals/Interest   | Flat              | 58% Decr.        | (\$335K)         |
| SSR - Gas Taxes             | 4.9% Incr.        | 2% Decr.         | (\$131K)         |
| Coronavirus Relief Funds**  | \$0               | \$3.7M           | \$3.7M           |

\*Preliminary, subject to change. Projections are updated frequently based on new data and conditions.

\*\*May not be used to backfill for lost revenue.



# 2020 Revenue Projections - Other Governmental Funds

| Revenue Item                    | Mid-Biennium Proj | Revised*  | Financial Impact |
|---------------------------------|-------------------|-----------|------------------|
| Sales Taxes**                   | 3% Incr.          | 4% Decr.  | (\$731K)         |
| Public Safety Sales Tax         | 3% Incr.          | 2% Decr.  | (\$147K)         |
| Lodging Taxes                   | 2.5% Incr.        | 37% Decr. | (\$449K)         |
| Real Estate Excise Taxes (REET) | 2% Incr.          | 13% Decr. | (\$512K)         |

\*Preliminary, subject to change. Projections are updated frequently based on new data and conditions.

\*\*Portion allocated to the Capital Improvement Fund through Council policy.



# 2020 Expenditure Reductions

(All Funds)

- › Hiring of all vacant positions other than police and fire on hold since March
- › All discretionary spending reviewed and eliminated where possible
- › Capital projects reviewed and deferred where possible
- › Deployment and other operational strategies implemented to maximize grant opportunities

# Major Revenue Assumptions (General & Street Funds)

## › Tax Revenues:

- Sales Tax – 1% incr. in 2021 (relative to 2020) and 4.75% incr. in 2022 (relative to projected 2021)

- Property Tax:

- › 2021 – 0.6% growth in base levy and \$101M in new construction AV
- › 2022 – 1% growth in base levy and \$100M in new construction
- › Projections allow for 5% reduction due to late payments

- Utility Tax:

- › Electric – 1% incr. in 2021 and 2.5% incr. in 2022
- › Telephone – 7.5% reduction each year
- › Cable – 1% decr. in 2021 and 2.5% decr. in 2022
- › Other Utilities – generally no growth in 2021 and 2% growth in 2022

- Gambling/Admissions Taxes – estimated at 60% of 2019 amounts for 2021 and 100% of 2019 amounts for 2022

- › State Shared Revenue – No reduction in current funding

# Major Revenue Assumptions – Cont'd

## (General & Street Funds)

- › Rec Programs – estimated at 80% of the average of 2018-2019 for 2021 and 100% of the same average for 2022
- › Fines & Forfeitures - estimated at 80% of the average of 2018-2019 for 2021 and 100% of the same average for 2022
- › Facility Rentals – mirrors assumptions for rec programs
- › Interest – low interest rate environment for 2021 and 2022 (0.50% on average)
- › Other Revenues – generally anticipate 2% increase per year (on lower base for 2021)



# Major Revenue Assumptions

## (Other General Governmental Funds)

- › Public Safety Sales Tax – 1% incr. in 2021 (relative to 2020) and 4.75% incr. in 2022 (relative to projected 2021)
- › Lodging Taxes:
  - 2021 – 35% reduction Jan-Mar (compared to 2020) and April – June (compared to 2019), 5% decr. thereafter (compared to 2019)
  - 2022 – return to 2019 revenue levels
- › Real Estate Excise Tax (CIP)– 0% incr. for 2021 and 3% incr. for 2022
  - Remains \$350K - \$450K below peak revenue in 2019

# Major Revenue Trends

## (General and Street Funds)

|                           | <i>Actual</i>        | <i>Projected</i> *   |                      |                      |
|---------------------------|----------------------|----------------------|----------------------|----------------------|
|                           | 2019                 | 2020                 | 2021                 | 2022                 |
| Taxes                     | \$ 39,794,817        | \$ 38,296,476        | \$ 39,565,502        | \$ 41,047,914        |
| Licenses & Permits        | 1,426,792            | 1,181,600            | 1,118,100            | 1,208,200            |
| Intergovernmental Revenue | 4,795,742            | 4,693,923            | 4,383,216            | 4,212,363            |
| Charges for Services      | 4,757,472            | 4,460,226            | 5,016,062            | 5,232,553            |
| Fines & Forfeitures       | 1,084,382            | 716,500              | 875,900              | 1,084,300            |
| Miscellaneous Revenue     | 644,373              | 273,550              | 426,700              | 518,300              |
| Other Financing Sources   | 2,456,333            | 2,336,042            | 2,250,917            | 2,263,625            |
| Total:                    | <u>\$ 54,959,911</u> | <u>\$ 51,958,317</u> | <u>\$ 53,636,397</u> | <u>\$ 55,567,255</u> |
| Biennium Total:           | 2019/2020:           | \$ 106,918,228       | 2021/2022:           | \$ 109,203,652       |

\*Preliminary, subject to change. Projections are updated frequently based on new data and conditions.



# Major Expenditure Assumptions (General & Street Funds)

## › Personnel Costs:

- Wages – Per contract terms or anticipated contract terms where applicable
  - › Allowance for Under-Expenditures of \$2M
- Medical Rates – premium increases of 5% in 2021 and 2022 with increases to employee paid premiums
- Retirement – Per DRS projections

## › Major Interlocal Contract Assumptions:

- › Jail Services – Contract currently in negotiations. Assuming budget allocation of 14.59% of net billable costs based on current contract terms
- › SeComm/BCES – 2021 preliminary assessment & 5% incr. in 2022
- › District Court/OPD – 21.52% and 36% allocation, respectively





# Major Expenditure Assumptions (General & Street Funds)

- › Transfers:
  - Toyota Center & Arena - \$400K (+\$350K lodging tax)
  - Columbia Park Golf Links Operations - \$247K
- › Other expenditures – generally no increase for biennium





# City Council Meeting Schedule October 2020

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City Council passed Resolution 20-08 on June 23, 2020, which temporarily designates the location for regular, special and study session meetings to the virtual location until Benton County enters into Phase Three of the Governor's Safe Start Reopening Plan. The City broadcasts City Council meetings on the City's website <https://www.go2kennewick.com/CouncilMeetingBroadcasts>.

October 6, 2020  
Tuesday, 6:30 p.m.                      REGULAR COUNCIL MEETING

October 13, 2020  
Tuesday, 6:30 p.m.                      WORKSHOP MEETING (the workshop meeting will be done via Zoom and broadcast on the City's website <https://www.go2kennewick.com/CouncilMeetingBroadcasts>)

1. Animal Shelter Update
2. Visit Tri-Cities Annual Update
3. Historic Downtown Kennewick Partnership Update
4. Ethics Code Amendments

October 20, 2020  
Tuesday, 6:30 p.m.                      REGULAR COUNCIL MEETING

October 27, 2020  
Tuesday, 6:30 p.m.                      WORKSHOP MEETING(the workshop meeting will be done via Zoom and broadcast on the City's website <https://www.go2kennewick.com/CouncilMeetingBroadcasts>)

1. 2021/2022 Proposed Budget

**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**