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## BUDGET MESSAGE

To: Ilwaco City Councilmembers  
From: Mike Cassinelli, Mayor

Subject: Budget request for 2024

I am pleased to submit for your consideration the 2024 proposed budget for the City of Ilwaco. Proposed 2024 expenditures and reserve contribution appropriations stated on a comparative basis with the 2023 budget and 2022 actual results are as follows:

	Actual	Budget	Proposed
	2022	2023	2024
<b><i>General/Streets Fund</i></b>			
General City government (including legal svc and courts)	295,365	309,868	375,109
Law Enforcement	293,654	305,400	320,670
Fire Department	294,623	138,757	298,933
Other Services (Dispatch, Correctional Institution, etc.)	29,441	38,167	28,167
Physcial Environment including Planner	22,670	23,897	61,116
Library	26,546	27,015	29,115
Community Building	27,699	29,893	28,966
Parks	73,663	104,209	147,792
Streets (including grant funded projects)	194,728	176,882	203,704
Debt Repayment/Capital Expenditures	106,460	106,460	106,460
Reserve contribution/(usage)	518,951	348,062	387,466
Total Expenditures	1,883,799	1,608,610	1,987,499
<b><i>Tourism Fund</i></b>			
Ilwaco Merchants Association	11,000	12,000	10,000
Miscellaneous	5,866	3,000	15,000
Fireworks	10,000	10,000	20,000
Visitors Bureau	20,769	15,769	17,769
Heritage Museum (includes insurance provided)	18,931	21,799	24,093
Ilwaco Charter Association	5,000	5,000	5,000
Other	-	-	-
Reserve contribution/(usage)	4,513	(27,608)	(28,862)
Total Expenditures	76,080	39,960	63,000
<b><i>Excise Reserve Fund</i></b>			
Contribution to projects	-	-	-
Reserve contribution/(usage)	41,568	20,000	21,500
	41,568	20,000	21,500



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	<b>Actual 2022</b>	<b>Budget 2023</b>	<b>Proposed 2024</b>
<b><i>Water Fund</i></b>			
Operations & Maintenance	617,841	607,110	667,117
Capital Expenditures	1,359,080	205,000	230,000
Debt Service	146,211	188,410	196,707
Reserve contribution/(usage)	111,250	(46,120)	22,166
Total Expenditures	2,234,381	954,400	1,115,990
<b><i>Water/Sewer Bond Redemption Fund</i></b>			
Debt Service	452,970	480,578	479,475
Total Expenditures	452,970	480,578	479,475
<b><i>Water/Sewer Bond Reserve Fund</i></b>			
Contribution to Reserve	21,253	11,890	11,890
Total Expenditures	21,253	11,890	11,890
<b><i>Stormwater Fund</i></b>			
Operations & Maintenance	316,912	94,288	95,149
Capital Expenditures	-	1,975,623	1,500,851
Debt Service	23,422	23,002	22,582
Reserve contribution/(usage)	(37,598)	(25,032)	(23,573)
Total Expenditures	302,736	2,067,881	1,595,009
<b><i>Wastewater Fund</i></b>			
Operations & Maintenance	697,700	706,243	772,065
Capital Expenditures	63,453	102,000	115,000
Debt Service	489,624	481,194	480,666
Reserve contribution/(usage)	113,657	(46,707)	(96,963)
Total Expenditures	1,364,434	1,242,730	1,270,768

### **Revenues**

The budget is balanced by a proposed levy of \$248,450 in property taxes that will be split between the General Fund (40%) and Streets Fund (60%). The levy is limited to a 1% increase each year which for 2024 is \$2,032.

The estimated yield from retail sales and use tax for 2024 has been kept at \$240,000. The General and Streets Fund are further provided for by utility taxes collected on electricity, solid waste collection, telephone, cable modem, water, sewer, and storm drainage; making up approximately 25% of the annual support. Additionally, Business and Occupation Tax, business license fees and Motor Vehicle Fuel Tax provide approximately 15% of the annual funding.

### **Personnel**

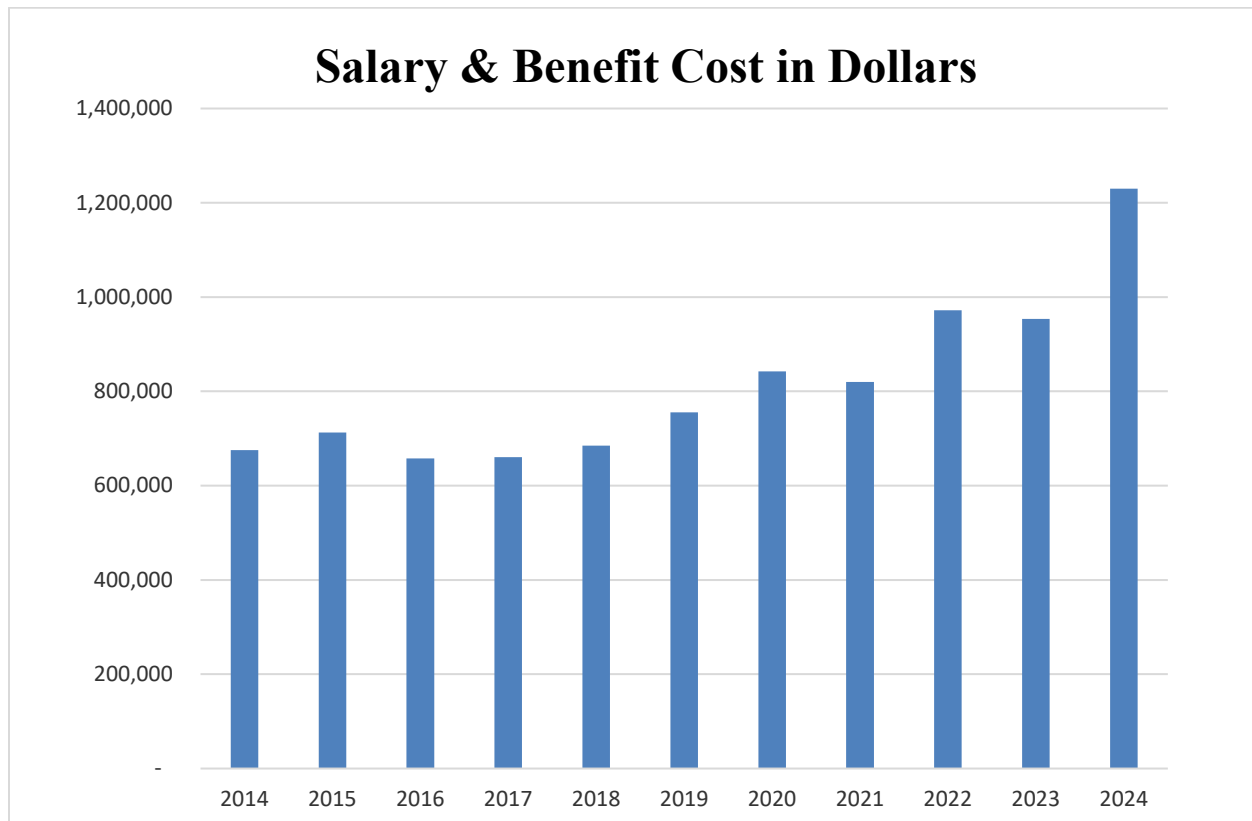
Salary and benefit costs are allocated to the General, Streets, Stormwater, Water and Wastewater Funds based on the time staff provide services for those activities. Time studies are being implemented to ensure that allocations are true to the actual time spent by the crew, however the city crew is small and continues to assist over many different areas and time accounting practices are difficult to adhere to under stressful

City of Ilwaco is an equal opportunity provider and employer.



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project conditions. The budget provides for normal progressive step increases under Ordinance 924 establishing an updated pay table from current federal scales. In 2024, the city will provide a 3% Cost of Living increase to the 2023 salary scale. The city continues to provide a full benefit package to employees and their families.



The 2024 budget estimates provide for an additional full time employee at City Hall, nine full-time utility employees, a full time fire chief and a part time fire admin. Compensation for Mayor and Council are also included in the salary allocations.

#### **General Fund (001)**

The General Fund provides for numerous city services, such as law enforcement, courts and detention facilities, fire protection and emergency services; parks, lakes, trails and recreation; library, senior services and community facilities; city planner, city attorney, clerk, treasurer, council and mayor. Approximately 30% of the annual operational expenditures from the General Fund are strictly for payment of the law enforcement services provided by the City of Long Beach. For 2024, the city will track revenues and expenditures for the fire department separate from the general fund. The general fund still rolls the fire fund into itself at year end, and fire revenue will be increased by Basic Life Transport services begun in 2023. 10% of the General Fund budget is to maintain the city parks. 30% of the expenditures will provide for City Hall administration, municipal court, city attorney, elected officials and audit costs. Substantial debt from the remodel of the community building, reconstruction of the fire station and purchase of the city hall and shop facility, along with capital expenditures, make up 15% of



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the fund's annual expenditure. The General Fund proforma reflects the payoff of both the Community Building and Fire Hall debt in the next 3 years which will allow for additional support of the Fire Hall equipment updates and Community Building exterior.

#### **Streets Fund (101)**

The fund was depleted of reserve objectives in 2021 as property taxes were directly allocated to the general fund in order to offset COVID19 responses. The 2024 budget continues to rebuild reserves with the 60/40 property tax split. Street repairs continue to be the forefront of objectives for the city administration. However, Pacific County continues to have trouble retaining an engineer in Public Works to assist with interlocal planning.

#### **Tourism Fund (104)**

Lodging tax revenues continue to exceed the budgeted revenue expectations of the last decade and are likely going to sustain into the future. Estimated revenue for the fund has been increased from \$40,000 to \$60,000.

#### **Fire Fund (105)**

In 2023, the City Council adopted by resolution Fire Fund 105 to track fire revenues and expenditures away from the general fund. The Ilwaco Fire Department began offering Basic Life Transport services to the community which has increased revenue. The council has also chosen to establish a fulltime Fire Chief position to assist with furthering the BLS transports and interlocal agreements between local agencies. The city believes strongly that this is a positive step in serving the needs of our citizens, and for the future growth of the city itself.

#### **Excise Reserve Fund (301)**

As typical, Real Estate Excise Tax collected on the sale of property is estimated in the amount of \$20,000 for 2024 and is still benefitting from the 2021-2022 inflated housing market. The revenue can be used to fund capital improvement projects.

#### **Water Fund (401)**

The estimated Water Fund budgeted expenditures of \$1.1M are for maintenance and operation of the plant and distribution system, as well as repayment of long-term debt and capital projects. The city must fund the cost of completing a water system plan update so that loan and grant funding can be explored for repairs to the Indian Creek Dam and the reservoir intake. The Whealdon Road project will be closed out and debt obligations for the project funding have been included in the next budget cycle. The city will also be calling for proposals to finance a complete water meter system replacement as we continue to encounter meters that are reading incorrectly or not at all, after being in service for nearly 15 years and have exceeded their useful life. The estimated cost for a 10 year lease of a replacement system has also been included in the budgeted expenditures. The fund ends the year with a very slim reserve. The council has chosen to make a small base rate increase and adopt the seasonal consumption charges year round, in combination with a \$50,000 transfer from the excise reserve fund to reduce the rate burden on our citizens.

#### **Watershed Fund (402)**

In 2019, council authorized the creation of the Watershed Fund for revenue from timber harvesting and to handle expenses specifically related to Source Water Protection as identified in the 2015 Source



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Watershed Control Plan. In 2022 the city finalized the purchase of the watershed, creating the Bear Ridge Community Forest. Currently, recreational trail planning is being discussed as well as how the city will continue to foster the growth of a healthy working forest.

**Water/Sewer Bond Redemption Fund (403)**

Revenues are transferred from the Water and Sewer Funds to provide for payments of long-term debt redemption.

**Water/Sewer Bond Reserve Fund (404)**

Debt covenants for certain bonds require that the city hold one annual payment in reserve. In 2024, the city will continue to collect 10% of the USDA Whealdon Road Improvements payment reserve and the final loan payment for the Sahalee sewer line improvements.

**Stormwater Fund (408)**

At the end of 2011, the Ilwaco City Council passed the necessary legislation to form a stormwater utility. The utility is responsible for the operation, maintenance, construction and debt service related to Ilwaco's stormwater infrastructure. Additionally, the utility has alleviated the burden on the Streets Fund allowing for future streets maintenance and repair. The Public Works crew continues to spend a significant amount of time locating and diagraming storm drainage.

**Sewer Fund (409)**

The estimated expenditures of \$1.2M are for daily maintenance and operation of the plant and collection system, as well as repayment of long-term debt and necessary capital expenditures. The city continues to find that when the treatment plant is running at its best, there is little need for utilizing the bio-solid facility. Inclusion of land application costs have remained for 2024 but with ongoing climate change and instability of atmospheric river events, the city has begun to rely more on private companies on the east side of the state for treatment, resulting in increased cost. Capital expenditures also include a 50% share of the cost of leasing a new meter system.

**Summary**

2023 will mark the closing of the Whealdon Road Water Distribution and Treatment Plant repair work which has been an ongoing struggle for over nine years to package together and fund. SCADA improvements at both the water and wastewater treatment plants are complete and 2024 will continue with final lift and pump station upgrades. Property and liability insurance costs continue to rise, along with the utility rates. Interest in development of the vacant MSW land could bring much needed relief to the citizens from carrying the operational costs of a small city for so many years. The city also continues to look at ways to encourage housing development for workforce and retirement needs.

Respectfully submitted,

Mike Cassinelli, Mayor