

AGENDA
GIG HARBOR CITY STUDY SESSION
Thursday, September 29, 2022 – 2:00 p.m.
Virtual Meeting

*This meeting may be accessed through Zoom
at <https://zoom.us/j/93216056382> or by calling (253) 215-8782 and entering
Meeting ID 932 1605 6382.*

CALL TO ORDER/ROLL CALL

DISCUSSION ITEMS

- 1. Introduction of Design Review Board Appointees: Larry Bradbury and Guy Hoppen**
- 2. 2023-24 Budget Process Overview**

Documents:

[Budget Overview Study Session.pdf](#)

ADJOURN

This meeting may also be viewed live in the Executive Conference Room at the Civic Center. Attendees at the Civic Center will not be able to comment during the meeting. All participants will be engaging in the meeting via Zoom.

AMERICANS WITH DISABILITIES (ADA) ACCOMMODATIONS

ADA accommodations can be provided upon request. Those requiring special accommodations should contact the City Clerk at cityclerk@gigharborwa.gov or (253) 853-7613 at least 24 hours prior to the meeting.

City of Gig Harbor Budget Overview

Prepared by
Dave Rodenbach
9/29/2022

Budget Authority – RCW 35A.34

Cities, counties, and certain special purpose districts in Washington State are required to adopt budgets.

1. Provides legal authority to expend funds
2. Reflects Council's priorities and the organization's goals
3. Allocates resources among departments, reflecting the legislative body's priorities and policies, and controls how much each department may spend

Budget Process

1. Clerk Issues Budget Request
2. Estimates Filed with Clerk
3. Clerk Presents Preliminary Budget to CAO
4. CAO Presents Preliminary Budget to Council *This is the version that will be discussed in the budget study sessions that are held in October.*
5. CAO Files Final Budget Proposal with Clerk
6. CAO Files Final Budget Proposal/Budget Message with Council - *This is the version presented in the first reading of the budget.*
7. Clerk Publishes Notice of Public Hearings – *3 are required, one for general fund revenue sources and two for the proposed budget*
8. Clerk Distributes Budget Proposal to Public
9. Public Hearings – *Usually 1st & 2nd meetings in November*
10. Council Certifies Levy to County Assessor – *Property Tax Levy*
11. Council Adopts Budget
12. Submit Adopted Budget to MRSC and SAO

New Budget Format

WHAT WE DO

The Finance Department is responsible for managing the city's financial resources and providing support for city operations. The Finance Department provides the following services for city government:

- **Treasury**
 - Receive and deposit monies into the city's bank accounts,
 - Maintain the city's banking relationships.
 - Manage investments
 - Provide financing arrangements for capital projects
 - Administer the city's debt program
 - Monitor city compliance with federal tax code and bond covenants
- **Budget preparation and administration.**
 - Prepare and manage the budget throughout the budget cycle
 - Monitor city revenue sources and provide periodic forecasts
- **Accounting services.**
 - Prepare the city's annual financial reports
 - Manage the city's financial accounting system
 - Provide departmental accounting support
 - Process accounts payable and audit expense vouchers
 - Monitor grant expenditures and prepare grant reimbursement requests
 - Maintain the city's internal control systems

BUDGET OVERVIEW

Account Title	2019	2020	2021	2022	2022	2023-24
	Actual	Actual	Actual	Budget	YE Estimate	Dept. Request
Salaries	\$ 229,660	\$ 214,832	\$ 222,326	\$ 271,800	\$ 250,200	\$ 556,400
Benefits	98,577	89,569	85,842	120,500	93,200	230,200
Supplies	4,168	17,877	12,625	10,000	18,416	29,190
Services	49,859	53,509	46,064	47,000	51,977	117,982
Capital Outlay	-	-	-	-	-	-
	\$ 382,264	\$ 375,787	\$ 366,857	\$ 449,300	\$ 413,793	\$ 933,772

2022 HIGHLIGHTS

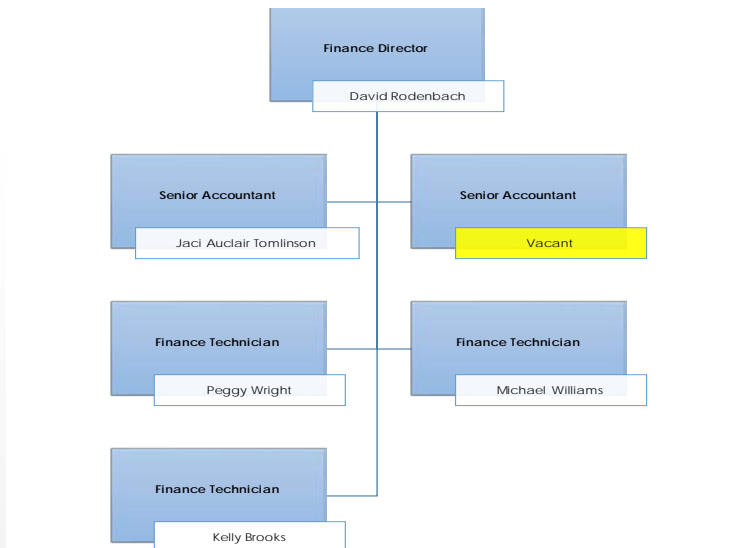
- Transitioned the city from annual budget to biennial budget
- Developed a new format for biennial budget
- Managed implementation of Municipal Payments module. This is an additional module provided by Springbrook, which is the city's financial system. It is thought that this module will be a solution for processing and managing park rentals and reservation fees
- Implemented a succession plan for retiring Finance Director
- Provided information for and worked with Peninsula Financial Consulting concerning the water, sewer and storm rate study

2023 - 24 GOALS

- **Internal services fund - Information and Technology Services.** Develop and implement an internal services fund for Information and Technology services. This fund will account for all shared technology services centrally. The costs will then be charged back to the departments as an annual fee.
- **Indirect Cost Allocation.** Review and refine the city's indirect cost allocation plan to equitably distribute costs among benefitted departments Continue Emergency Management Program
- **General Controls – Federal Grants.** Ensure systems are documented and working as designed

LONG-RANGE PLANS

- Maintain the city's Aa2, and AA investment grade bond ratings from Moody's and Standard and Poor's
- Maintain strong and effective internal controls over financial and grant processes



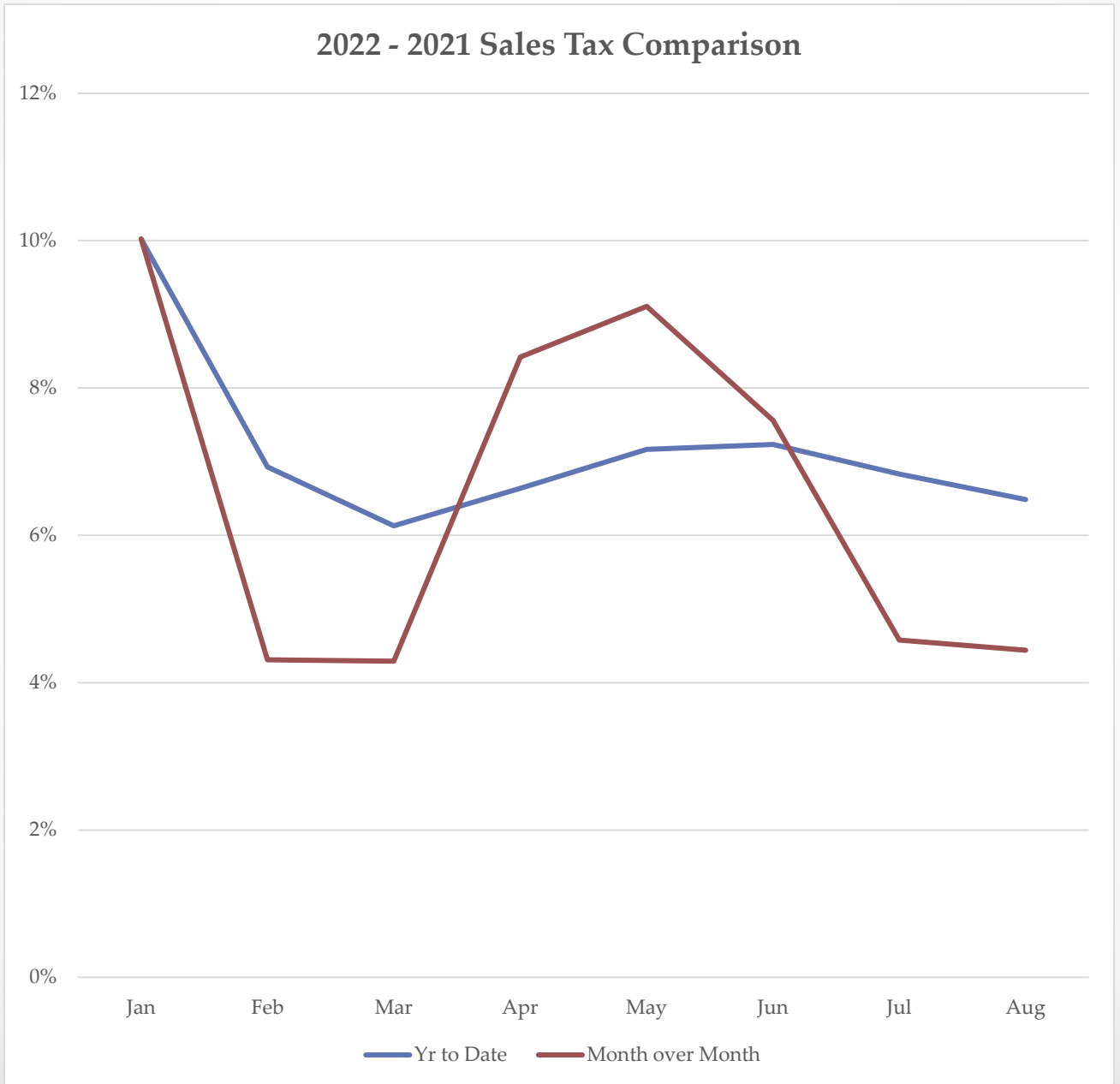
Economic Picture 2023-24 Biennium

- Economic Considerations
 - Will we have a recession (50-50 WSJ July survey)?
 - Mild, moderate or severe?
 - About one year lag to city revenues
 - Current revenues are tracking 5% over 2021
 - Revenues flat for 2023 and 2% growth for 2024
 - 5% inflation assumed for expenditures

Revenues

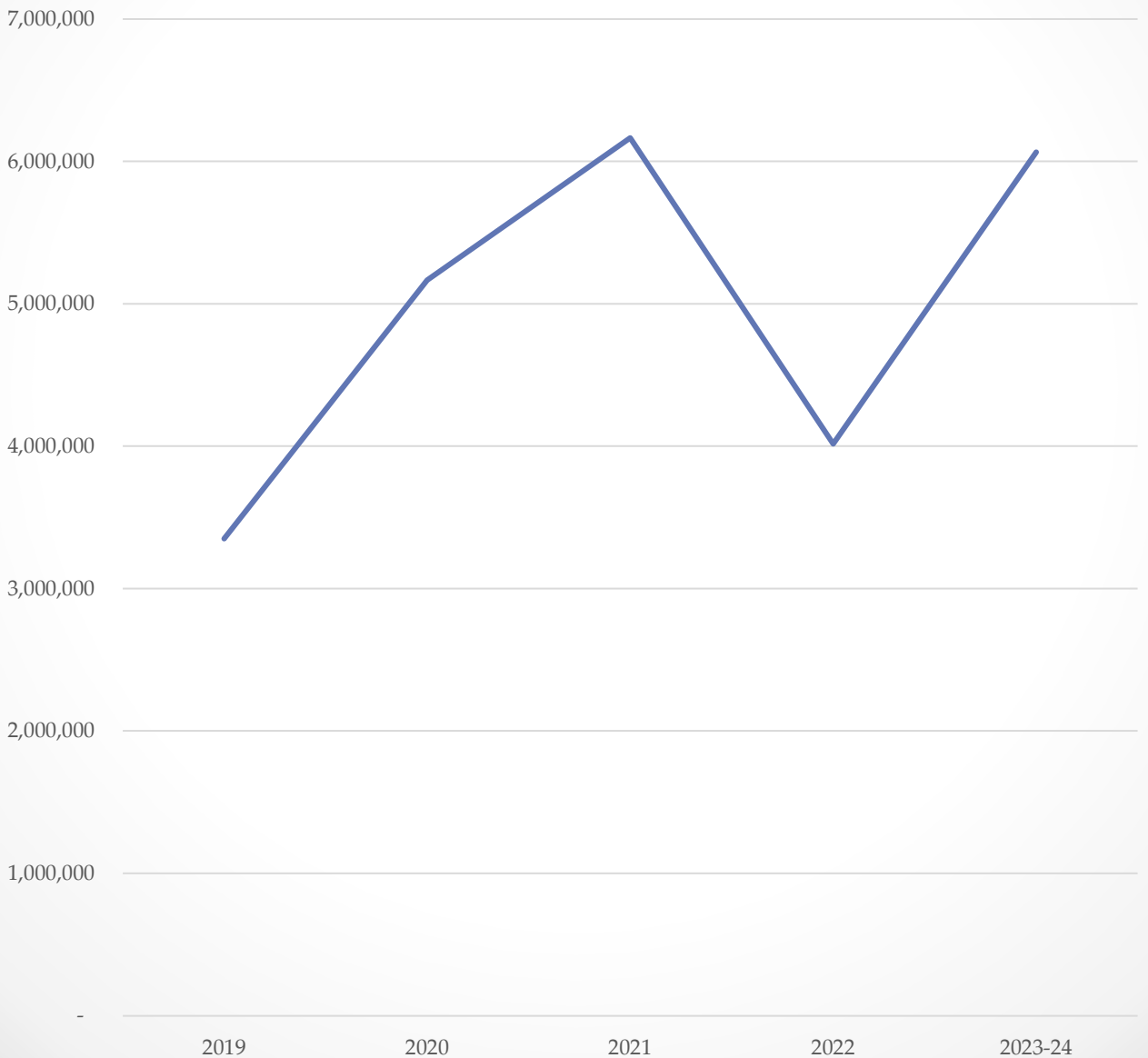
Fund	Description	2023-24 Budget	% of Total Revenue for Fund
General fund	Sales tax	\$ 18,089,445	51.4%
	Property tax	6,710,000	19.1%
	Utility tax & franchise fees	3,876,033	11.0%
	Permit fees	3,585,488	10.2%
Street Operating fund	General fund transfer	10,100,000	94.0%
Water Operating fund	Customer charges	5,448,477	94.8%
Sewer Operating fund	Customer charges	11,700,219	94.7%
Storm Operating fund	Customer charges	\$ 3,682,460	98.5%

Sales Taxes



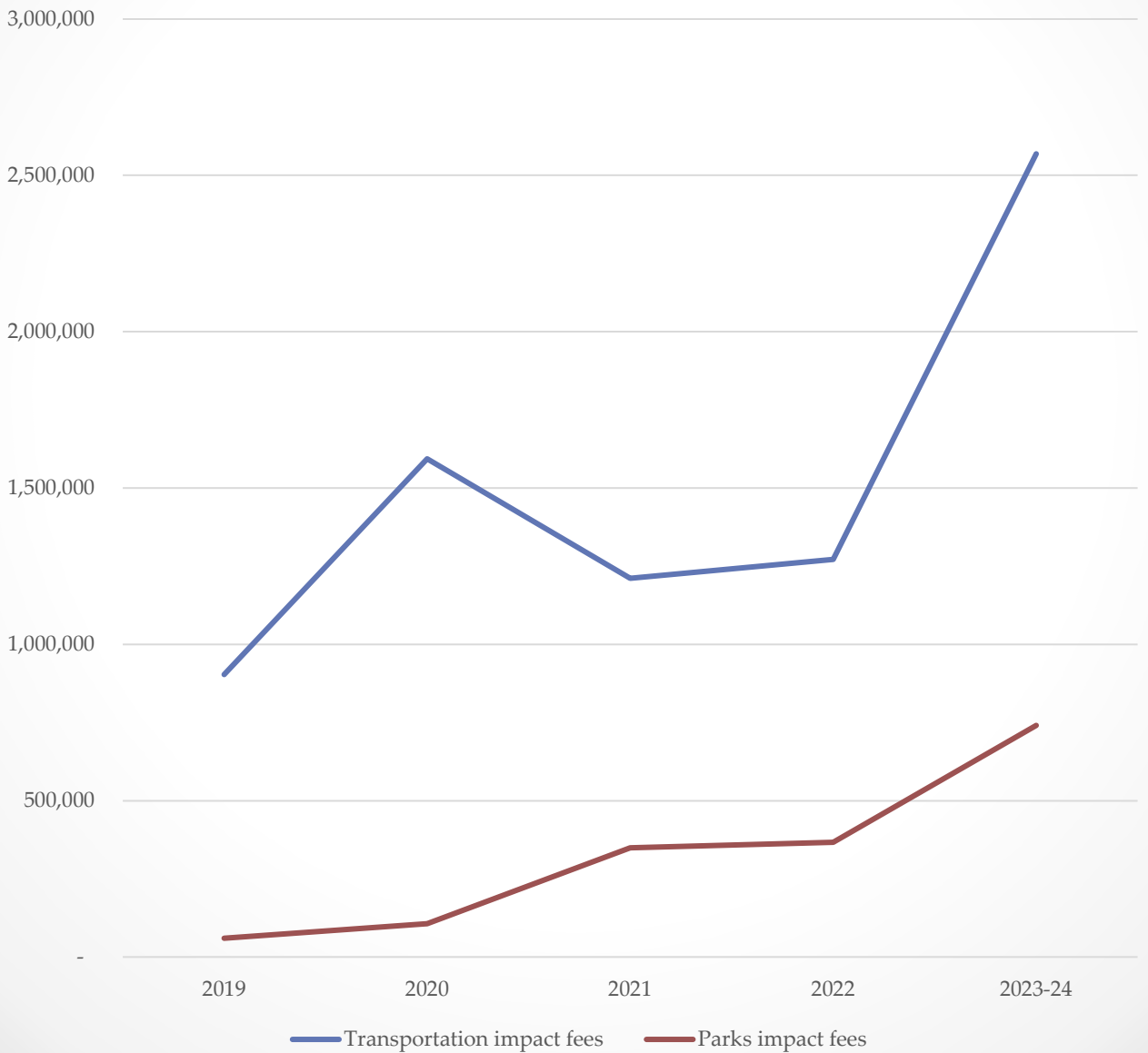
Hospital Benefit Zone (HBZ)

HBZ Ending Fund Balance



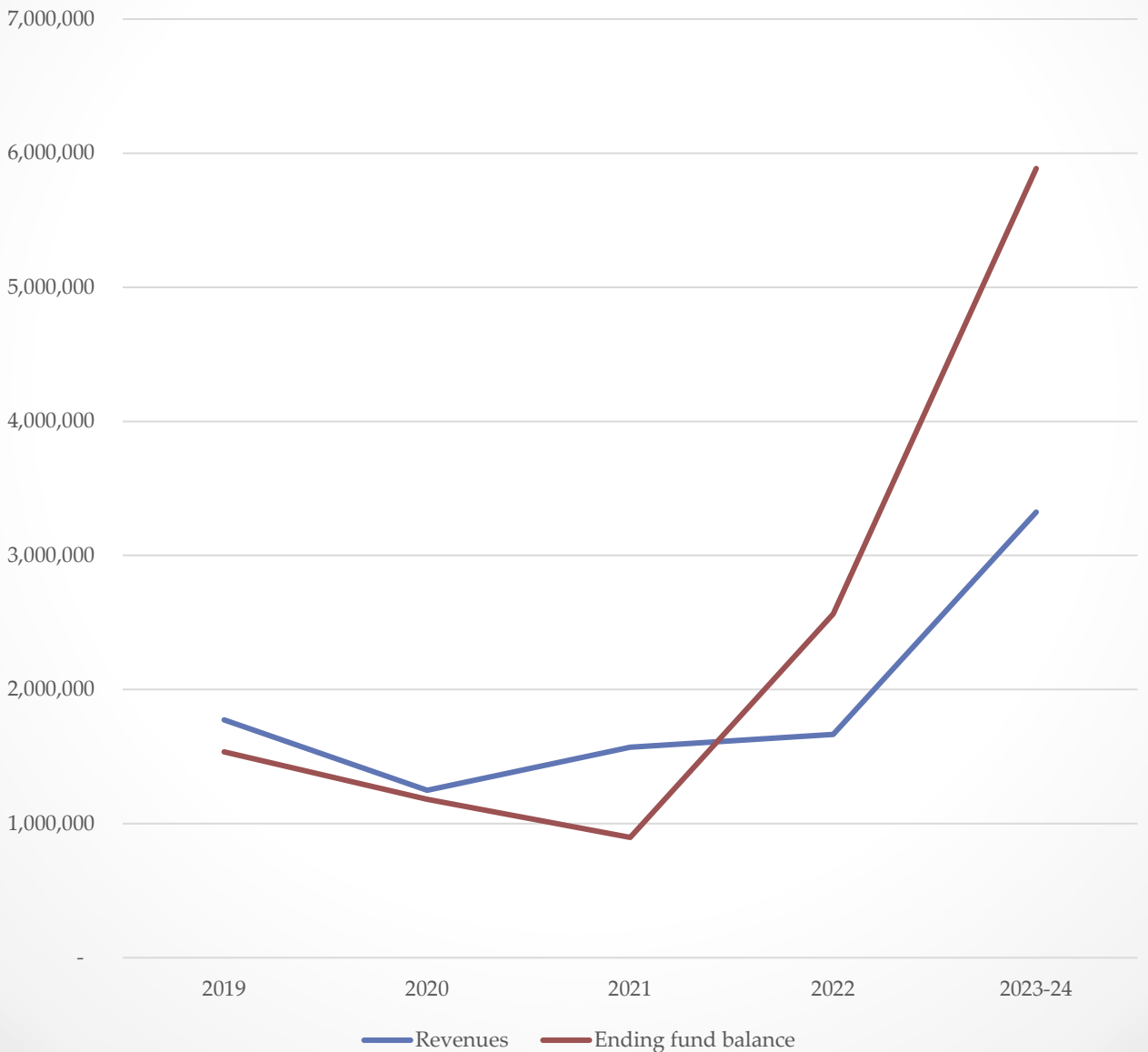
Impact Fees

Impact Fees



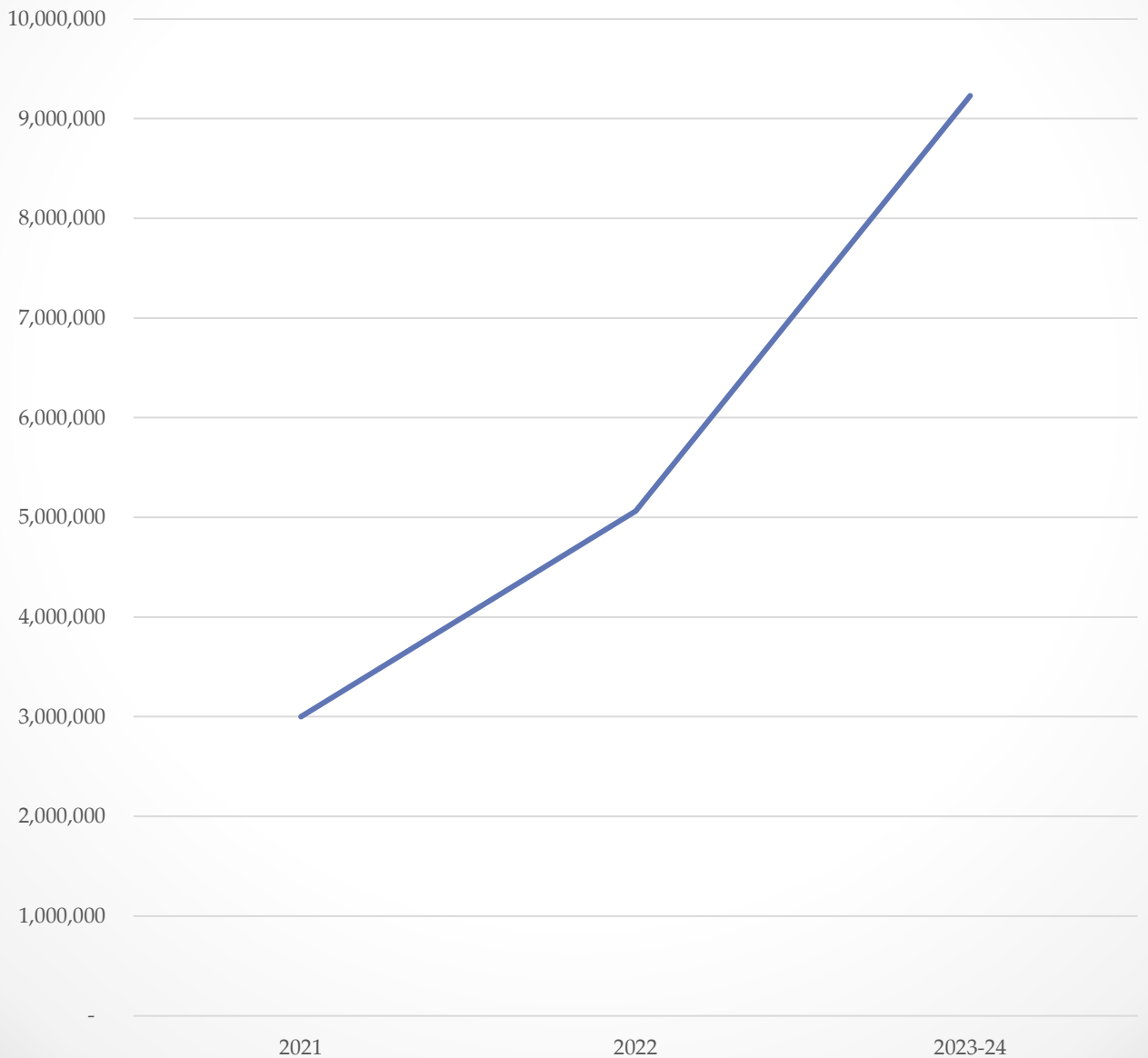
Real Estate Excise Taxes (REET)

Real Estate Excise Taxes



Transportation Benefit District

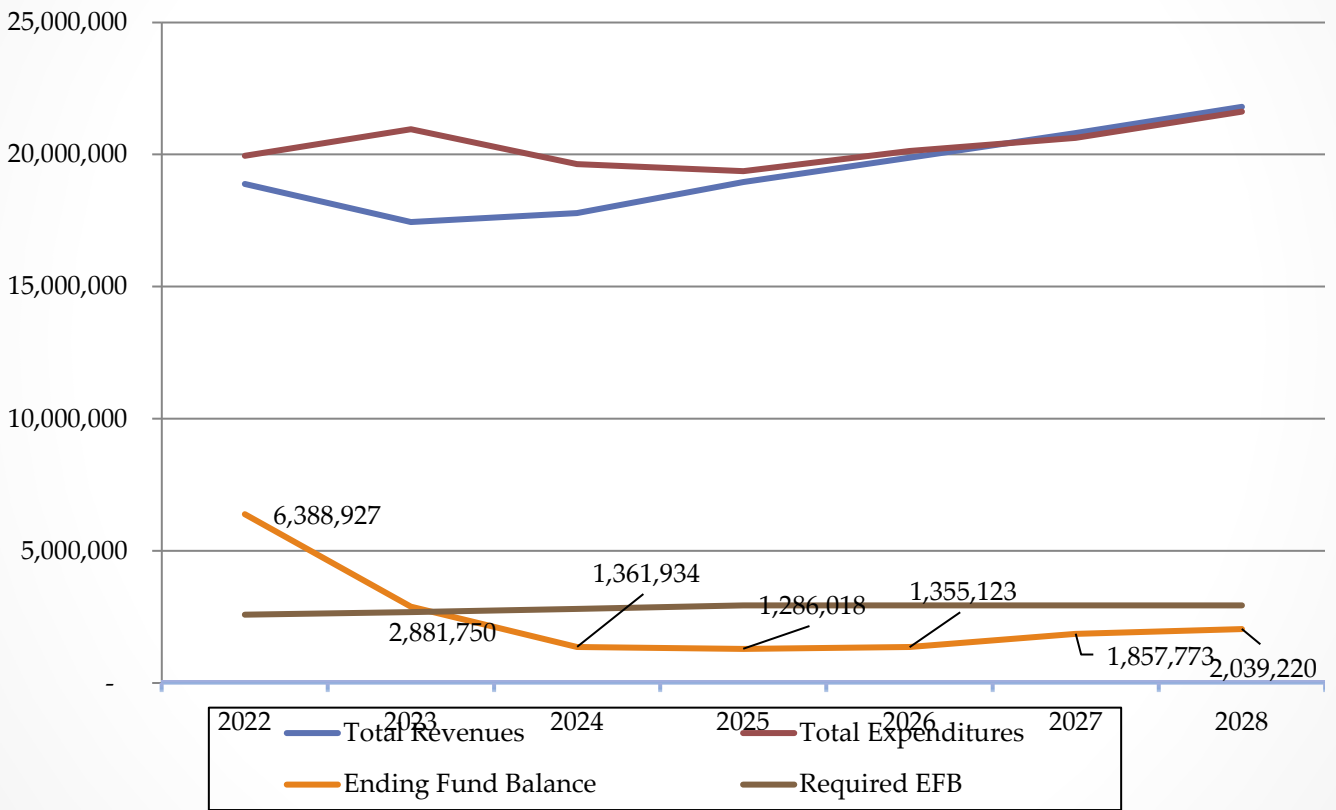
TBD Ending Fund Balance



Six-year Forecast

- General and Street Operating funds
 - Other funds are discretionary in nature (e.g. capital)
- Based on trends, 2022 year-end, and 2023-24 draft preliminary budget
- Does not include capital projects beyond 2024
- Utilities covered in rate study
 - General facilities charges (connection fees)
 - Regular usage (monthly rates)

General Fund 6-Year Forecast



Street Operating Fund Forecast

