



Budget Advisory Committee

Lisa King, Finance Director
September 4, 2024



Agenda

- Homework Discussion on 2025 City Budget Priorities
- 2024 Year End Financial Projections
- 2025 Draft Budget
- Revenue Discussion
- Expenditure Discussion
- Q&A
- Next Steps & Future Meetings



Homework from August 1st

- **Do you have comments, suggestions or advice on the Mayor's Proposed Priorities?**
- **From a budget standpoint, how can we serve our residents more efficiently? Are there operational changes that should be considered?**
- **Do you have suggestions on how to address our General Fund budget challenges, while continuing to deliver current service levels to residents?**
- **Are there other services or projects the City should be considering for 2025?**

Prepare your ideas and feedback individually or in small groups to present at the next BAC meeting.

2024 Budget Overview

	001	002	003	100	300	
FINAL BUDGET 2024	General Fund	Reserve Fund	Retainage Dep Fund	Special Rev Funds	Capital Projects Fund	TOTAL CITY
Beg. Fund Balance	618,468	3,222,070	200,783	2,640,129	5,892,862	12,574,313
REVENUE	5,556,541	0	50,000	271,706	953,000	6,831,247
EXPENDITURES	5,925,180	0	50,000	433,450	2,480,000	8,888,630
Surplus or (Deficit):	(368,639)	0	0	(161,744)	(1,527,000)	(2,057,383)
Total Transfer In	250,562	0	0	25,000	0	275,562
Total Transfer Out	25,000	0	0	250,562	0	275,562
Total Surplus or (Deficit):	(143,077)	0	0	(387,306)	(1,527,000)	(2,057,383)
Ending Fund Balance	475,392	3,222,070	200,783	2,252,823	4,365,862	10,516,930

How is 2024 Going?

	001	002	003	100	300	
PROJECTED YEAR END 2024	General Fund	Reserve	Retainage Dep	Special Rev Funds	Capital Projects Fund	TOTAL CITY
Beg. Fund Balance	618,468	3,222,070	200,783	2,640,129	5,892,862	12,574,313
REVENUE	5,705,982	0	50,000	237,151	704,372	6,697,505
EXPENDITURES	5,895,336	0	50,000	368,771	2,203,000	8,517,107
Surplus or (Deficit):	(189,353)	0	0	(131,620)	(1,498,628)	(1,819,602)
Total Transfer In	163,591	0	0	55,000	0	218,591
Total Transfer Out	25,000	0	0	193,591	0	218,591
Total Surplus or (Deficit):	(50,763)	0	0	(270,211)	(1,498,628)	(1,819,602)
Ending Fund Balance	567,706	3,222,070	200,783	2,369,918	4,394,234	10,754,711

\$149,441 improvement over Budget

\$29,844 improvement over Budget

\$92,314 improvement over Budget

2025 DRAFT Budget

	001	002	003	100	300	
DRAFT BUDGET 2025	General Fund	Reserve Fund	Retainage Dep Fund	Special Rev Funds	Capital Projects Fund	TOTAL CITY
Beg. Fund Balance	567,706	3,222,070	200,783	2,369,918	4,394,234	10,754,711
REVENUE	5,575,347	0	50,000	256,531	756,000	6,637,877
EXPENDITURES	6,412,374	0	50,000	184,800	3,674,314	10,321,488
Surplus or (Deficit):	(837,027)	0	0	71,731	(2,918,314)	(3,683,610)
Total Transfer In	337,583	0	0	0	0	337,583
Total Transfer Out	0	0	0	337,583	0	337,583
Total Surplus or (Deficit):	(499,444)	0	0	(265,852)	(2,918,314)	(3,683,610)
Ending Fund Balance	68,261	3,222,070	200,783	2,104,066	1,475,920	7,071,101

\$227,000 from Criminal Justice & \$120,583 from Street Fund



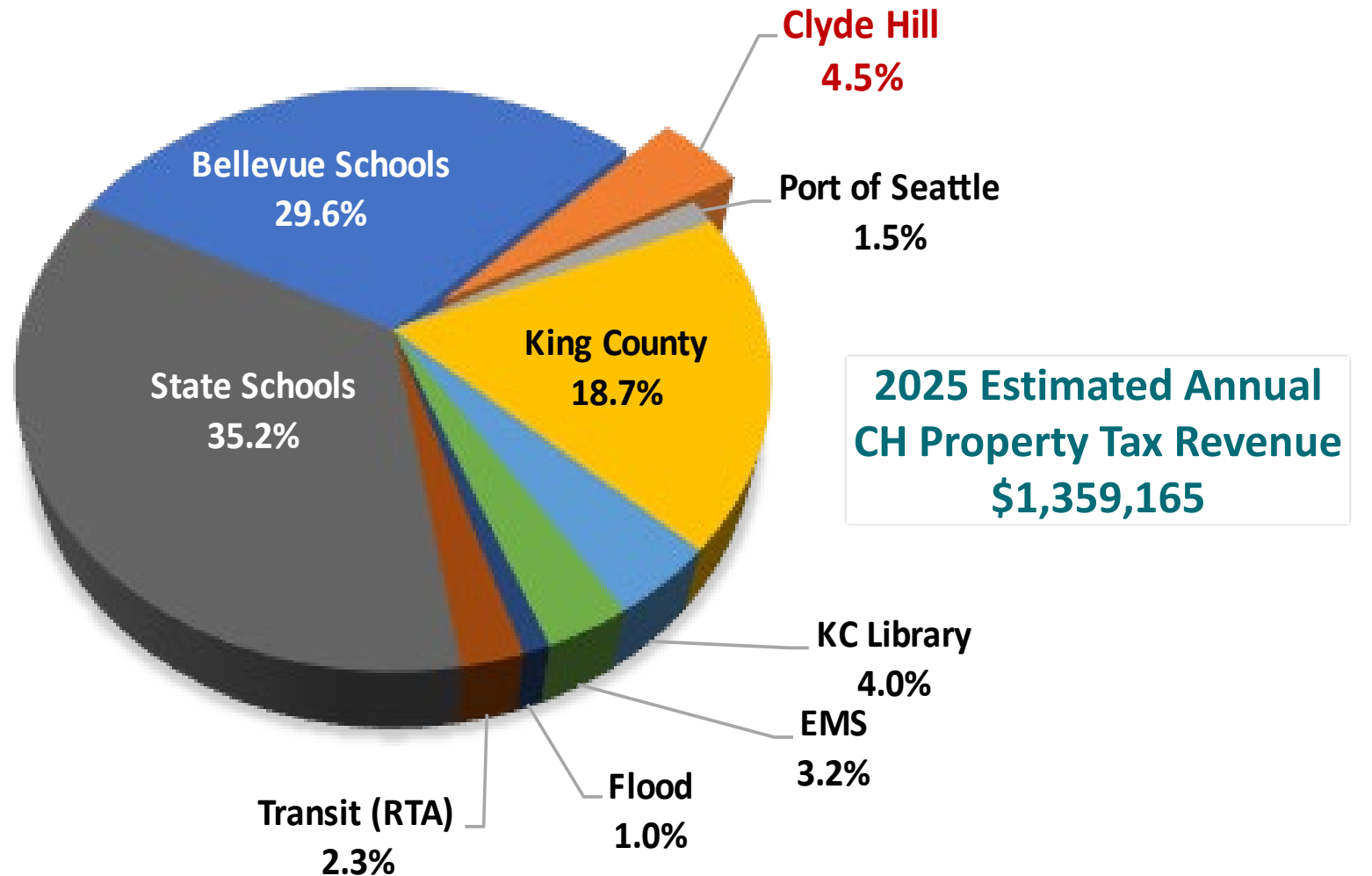
REVENUE



2025 Key Revenue Assumptions

- 1% Allowable Property Tax Levy Increase plus New Construction
- Reduction in Interest Income due to decreasing interest rate projections
- One-time \$100k permit revenue for Fire Station #5 construction
- Continuation of NPDES grant
- Sales Tax increases by 3.6% CPI
- Master Fee Schedule increase by 3.6% CPI wherever possible
- Reduced REET revenue due to housing market trends
- Annual King Co. Parks Levy distribution
- Utility Tax Rates remain unchanged
- Continuation of 25% of Police Services being paid for by Yarrow Point

2024 Property Tax Distribution



Utility Tax Revenues

	2024 Budget	2024 Projections	2025 Budget
Electric Utility (6%)	\$170,000	\$176,698	\$183,059
Natural Gas Utility (6%)	\$150,000	\$113,956	\$150,000
Cable TV Utility (9%)	\$103,000	\$129,472	\$106,708
Telephone Utility (6%)	\$28,000	\$21,150	\$20,516
Solid Waste Utility Tax (6%)	\$49,500	\$47,186	\$48,885
Cable TV Franchise Fee (5%)	\$58,000	\$55,100	\$55,000
Water Franchise Fee (10%)	\$233,333	\$226,821	\$240,000
Sewer Franchise Fee (10%)	\$131,111	\$123,072	\$130,000
Solid Waste Franchise Fee (10%)	\$45,000	\$46,983	\$48,674
Total	\$967,944	\$940,438	\$982,842



CenturyLink



COMCAST



Public Works Revenue Sources



Sub-Regional Opportunity Fund

- Property tax based – levy proceeds
- Reimbursement based for storm related projects
- 2025 allocation ~ \$35,000
- No identified eligible projects



County Parks Levy

- Property tax based – levy proceeds (2020-2025)
- NOT reimbursement based; must be utilized for park or trail improvements, with annual reporting to King Co.
- 2025 allocation ~ \$56,000
- Planned for Park Pathway Lighting



NPDES Capacity Grant

- Non-competitive, application-based grant allocation from the State to assist local agencies to comply with the terms of the NPDES Permit
- Typically \$50,000 per biennium
- Increased to \$130,000 for '24-'26 biennium

Other Revenue Sources

	2024 Budget	2024 Projection	2025 Budget
Sales Tax	\$897,400	\$898,323	\$930,600
Interest Income	\$402,200	\$518,144	\$402,500
Cannabis Excise Tax	\$4,947	\$5,125	\$5,125
Liquor Excise Tax	\$22,413	\$21,768	\$20,402
Liquor Control Board	\$23,095	\$23,713	\$22,921
Yarrow Point Police	\$527,479	\$518,014	\$574,979
Other Contract Police Reimbursement	\$10,000	\$6,082	\$10,000
Fines & Forfeitures	\$30,000	\$54,483	\$50,000
Space & Facilities Leases	\$170,985	\$170,985	\$159,814
Misc. Other Revenues & Insurance Recoveries	\$33,000	\$29,735	\$36,000

Development Revenue Sources

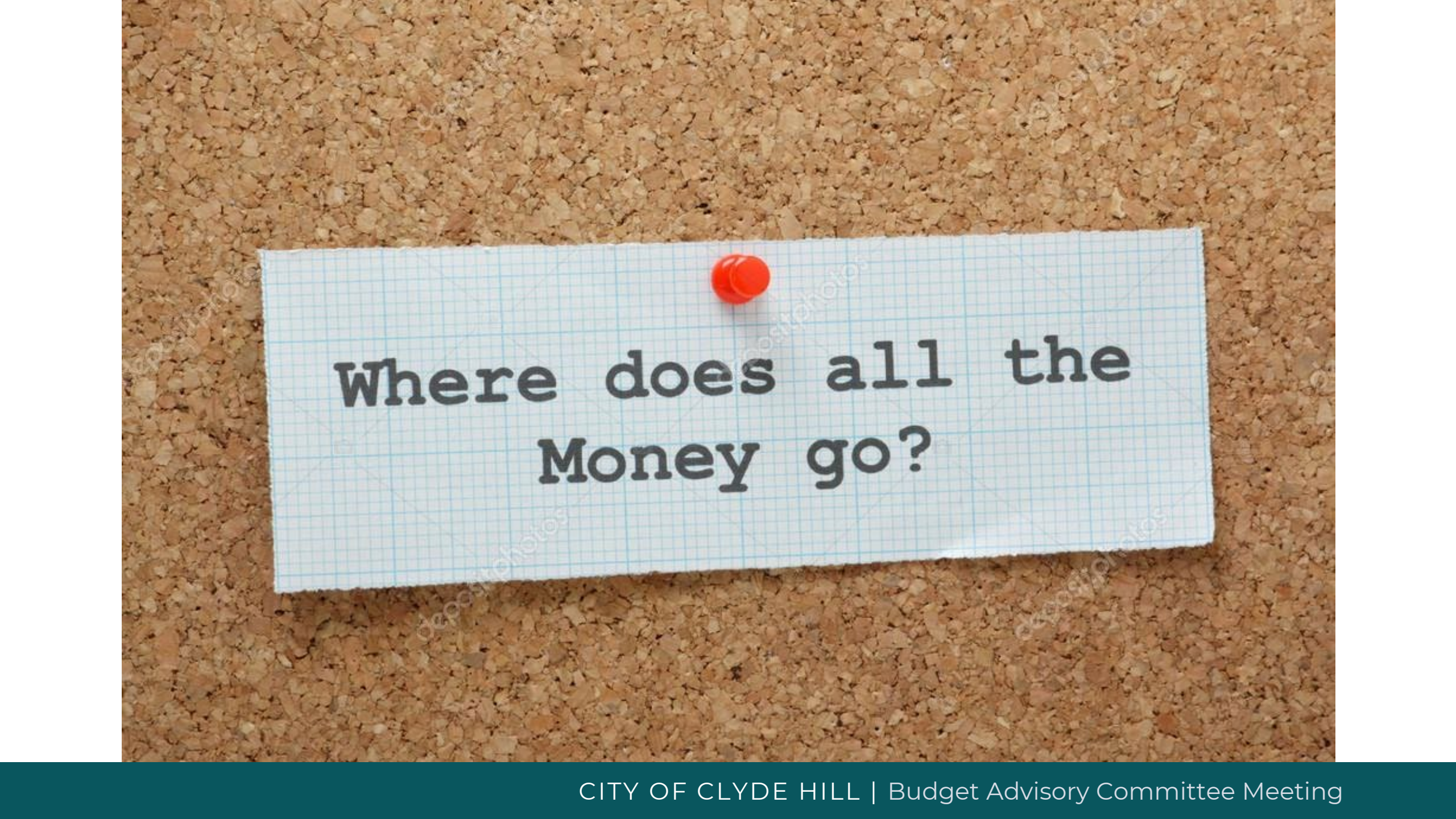
	2024 Budget	2024 Projections	2025 Budget
Building & Structural Permits	\$400,000	\$426,278	\$500,000
Other Non-Business Permits	\$120,000	\$103,680	\$110,000
Zoning & Subdivision Fees	\$10,000	\$10,000	\$10,000
Plan Check Fees	\$220,000	\$320,000	\$320,000
Total	\$750,000	\$859,958	\$930,000

This assumes above average increases in Fees for Building Permits related to Fire Station #5.

Street Fund Revenue Sources

	2024 Budget	2024 Projections	2025 Budget
Motor Vehicle Fuel Tax <i>(formerly General Fund)</i>	\$56,358	\$52,528	\$56,633
Multimodal Transpo City <i>(formerly General Fund)</i>	\$3,937	\$3,993	\$3,950
Grading Fee <i>(formerly General Fund Permit Fees)</i>	\$65,500	\$40,000	\$40,000
Total	\$125,795	\$96,521	\$100,583

This fund is required by the State of Washington Auditors Office to account for certain types of state revenues. Funds are used to pay for the costs of the Transportation Division of the PW Budget and is recorded in the budget as a \$100,583 Transfer-in.



**Where does all the
Money go?**



2025 Key Expenditure Assumptions

- Full staffing in all departments
- Elimination of 0.5 FTE Management Intern & 0.15 FTE Planning Manager
- 3.6% CPI increase on wages (excluding CBA positions)
- Increase of 5%-6% in medical insurance rates
- 95% Completion of 10-year Stormwater Comp Plan in 2024 (incl. Flood Control District reimbursement)
- Elimination of Council Retreat
- 2023/2024 State Audit
- Above average increases in Court Fees & Public Defenders
- 6.8% increase in WCIA Insurance

2025 Key Expenditure Assumptions



- Improved technology solution for Community Engagement
- New technology requirements for FLOCK, Drones, Body-worn Cameras, Public Records Requests
- 19.6% increase in NORCOM (911 Dispatch)
- 0.9% increase in Bellevue Fire
- \$100k unfunded state planning mandates & \$100k for other planning & code review
- Elimination of City Movie Night
- Delay annual Transfer to Equipment Replacement Reserve for 1 year
- Replacement of 1 Police Vehicle & 1 PW Vehicle
- Legal contingency for 520 Lid Negotiations with WSDOT

2025 Staffing



➤ Gen Gov't Services (4.75 FTE)

- City Administrator
- Assistant City Administrator
- Finance Director (0.5 FTE)
- Deputy City Clerk (1.25 FTE)
- Records Officer (0.5 FTE)
- ~~Management Intern (0.5 FTE)~~

➤ Public Works, Building & Planning (5.75 FTE)

- Public Works Director
- PW Crew (3 FTE)
- Permit/Code Enforcement Specialist (0.75 FTE)
- Building Official
- ~~Planning Manager (0.15 FTE)~~

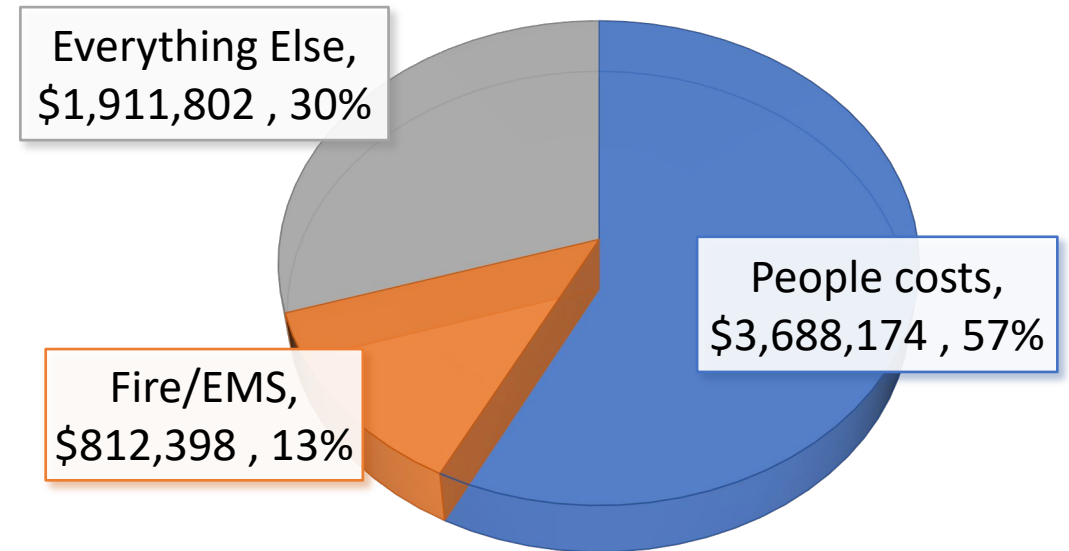
➤ Police (11 FTE)

- Chief of Police
- Commander
- Finance Director (0.5 FTE)
- Records Manager (1.5 FTE)
- Corporals (2 FTE)
- Detective
- Patrol Officers (4 FTE)

2025 General Fund Costs

General Governmental Services	\$1,473,903 (23%)
Law Enforcement	\$2,643,325 (41%)
Fire & Emergency Medical Services	\$812,398 (13%)
Public Works	\$1,482,748 (23%)
Total	\$6,412,374

2025 EXPENDITURES



2024 vs 2025 GF Expenditures by Department

	2024 Budget	2024 Projection	2025 Budget
Legislative	\$55,840	\$51,800	\$47,000
Executive	\$32,050	\$24,198	\$26,500
General Governmental (Incl Legal, Finance, Records)	\$1,361,902	\$1,333,626	\$1,400,403
Law Enforcement	\$2,075,686	\$2,225,662	\$2,643,625
Fire/EMS	\$805,163	\$805,180	\$812,398
Public Works – Engineering, Transportation, Parks	\$782,669	\$702,662	\$609,374
Public Works – Stormwater Division	\$384,500	\$394,886	\$343,300
Public Works – Community Development Division	\$427,370	\$357,323	\$530,074
Transfers Out	\$25,000	\$25,000	\$0
TOTAL GF EXPENDITURES & TRANSFERS OUT	\$5,950,179	\$5,920,336	\$6,412,374

2024 vs 2025 - Project Fund Expenditures/Transfers

	2024 Budget	2024 Projection	2025 Budget
Criminal Justice	\$261,450	\$219,049	\$336,800
City Street Fund	\$125,795	\$96,521	\$110,583
Grants	\$184,767	\$114,792	\$0
Equipment Replacement Fund	\$50,000	\$70,000	\$50,000
Special Projects (Incl FMP)	\$62,000	\$62,000	\$25,000
TOTAL PROJECT FUND EXPENDITURES & TRANSFERS OUT	\$684,012	\$562,362	\$522,383

2025 Capital Projects Budget



Roadway = \$3,149,314

- 84th Ave NE Sidewalk Improvements & Overlay = \$3,113,314
- Points Drive ADA Ramp Replacement = \$36,000

Roads/Streets REET 1 Ordinary
Maintenance

- Bridge Railing Replacement = \$45,000

Facilities = \$180,000

- City Hall Parking Lot

Parks = \$270,000

- Pathway & Tennis Court Lighting



Where Do We Go From Here?

Possible New Revenue Sources

- Increase Utility Taxes
- Transportation Benefit District - 0.1% Sales Tax increase for up to 10 years
(Must be passed by & notify County by Oct 18)
- New or Increased Fees

Possible Expenditure Cuts

- Further Scrutinize Discretionary Expenses (e.g. Cut Training Budget, Delay Tool Replacement)
- Eliminate or Reduce Services (e.g. Arborist Services, Number of Public Meetings)

Spend Down Reserves

Contact Information

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Appendix



2025 Mayor's Strategic Priorities

PRIORITY 1: GOVERNMENT PERFORMANCE & SUSTAINABILITY

1.1 City elected leadership, appointed officials, and administrative staff work together to drive results

- Consider sessions, such as retreats, for Council or Council/Planning Commission to agree on priorities and form working relationships
- Build staff planning expertise and capacity to respond to Council requests and provide support to the Council Land Use Subcommittee and Planning Commission
- Document work plans and processes and collaborate internally where feasible

1.2 The City attracts and retains skilled employees

- Continue to update recruitment materials & candidate outreach processes
- Identify career pathways and support employee professional development
- Ensure employee satisfaction

1.3 The City operates in an efficient and financially sustainable way

- Continue to pursue new and enhanced funding sources, including grant funding, fee schedule adjustments, creation of a stormwater utility, and favorable negotiated terms with partner agencies
- Identify areas for cost-savings, optimize internal processes, and increase operational efficiency
- Appropriately maximize use of restricted fund balance to support current levels of service

2025 Mayor's Strategic Priorities

PRIORITY 1: GOVERNMENT PERFORMANCE & SUSTAINABILITY

1.4 Community members enjoy positive and helpful interactions with the City

- Provide customer service training to frontline staff
- Promptly respond to resident service requests; consider establishing a process for routing and responding to resident service requests
- Continue improving access to and efficiency of public records request services
- Continue to improve self-service website and permit portal tools, providing timely updates and maintenance

1.5 Community members are informed and feel engaged in decisions made at City Hall

- Utilize new website to proactively share news and information for residents
- Explore and implement new communication methods and tools to expand community reach
- Build communications program capacity to provide consistent, high-quality information
- Develop a communications plan and update the City's social media policy
- Explore approaches to engage the Council and community in strategic planning, capital improvement project planning, and budget development

2025 Mayor's Strategic Priorities

PRIORITY 2: SAFE & LIVABLE COMMUNITY

2.1 Neighborhoods retain their charm and distinctive character and setting

- Evaluate and update the City's land use code to ensure development regulations align with legal requirements, enforcement practices, and community preferences
- Implement development regulation changes to comply with enacted State housing and land use legislation
- Improve public information and guidance to promote understanding of the municipal code, clarify enforcement, and speed up permit processing times
- Utilize lobbyist to advance the City's interests around state housing policy, including reaching out to representatives between legislative sessions

2.2 City streets are safe to use for drivers, cyclists, and pedestrians

- Reduce cut-through traffic and promote safe speeds through police enforcement and the introduction of discrete traffic calming measures
- Monitor and improve School Zone safety, especially during peak use times
- Improve safety and provide traffic management support at the SR-520 Lid during peak use times

2025 Mayor's Strategic Priorities

PRIORITY 2: SAFE & LIVABLE COMMUNITY

2.3 Residents benefit from easy access to modern, high-quality Police, Fire, and EMS services

- Improve law enforcement equipment, technologies, and facilities, including use of body worn cameras and drones
- Maintain high organizational standards in preparation for 2026 Police Department re-accreditation
- Promote officer satisfaction through operationalization of new Teamsters labor contract and investment in training, recruitment, and retention strategies.
- Work with City of Bellevue on construction of new Fire Station 5 serving Clyde Hill
- Ensure Fire Department service levels are maintained during Fire Station 5 construction

PRIORITY 3: INFRASTRUCTURE & ENVIRONMENTAL STEWARDSHIP

3.1 Roads and sidewalks are well-maintained and meet community needs

- Complete annual street paving and related sidewalk upgrades
- Complete Design work for 84th Ave NE Improvement Project
- Resurface and construct improvements to the City Hall parking lot
- Continue to review sidewalk options and identify bike path improvements

2025 Mayor's Strategic Priorities

PRIORITY 3: INFRASTRUCTURE & ENVIRONMENTAL STEWARDSHIP

3.2 The City's stormwater system accommodates new development and complies with national requirements

- Evaluate and plan for current system deficiencies and future system needs
- Invest in stormwater programming and facilities through development of a stormwater utility
- Identify private stormwater systems and ensure coordination with City stormwater system

3.3 The City's built and natural environment promotes community enjoyment and positively contributes to property values

- Consider new strategies to limit clear-cutting and preserve the City's tree canopy, including potential development of a tree code
- Improve appearance of City rights-of-way through enhanced landscaping, signage, and pedestrian amenities
- Construct Park improvements to increase their use by families and individuals.