

2021 Mayor's Budget Message

Draft – November 1, 2020

Dear Citizens and Council Members of Sedro-Woolley:

What a year 2020 has been, bringing with it a pandemic, unforeseen challenges and cultural changes to our society and the world. Through this year of unknowns, my biennial draft balanced budget implements the same philosophy as used in my tenure as Mayor: the careful use of funds to target services that are prioritized by the City Council. The pandemic led to extensive shutdowns, but once the Governor lifted some of the mandates in May, both government and community continued forward. Construction activity moves forward with new multifamily units, commercial and remodeling of all types, which for the City, has resulted in additional permit processing, plan reviews and inspections. Looking forward, new residents will contribute to the economic vitality of the city by expanding future employment, investing in City operations, and utilizing city utilities.

As was recommended in my 2020 balanced budget, the Council adopted a **biennial budget**, which will be implemented this upcoming two-year period of 2021 and 2022. This will allow us to stretch our budget planning horizons, to strategically plan for more future expenditures, and to be less reactive than we have previously experienced with an annual budget. Working together with staff and council, we will continue to develop a **Capital Facilities Plan**. This was a recommendation I made in the 2020 Budget message, knowing the importance of planning and budgeting capital projects over the next decade.

My biennial draft balanced budget maintains existing levels of service and focuses on the following improvements:

- (1) Phase 3 construction of the new public works shop to properly and safely store and maintain vehicles and equipment;
- (2) The construction of public safety facility on Murdock Street (Station 1.5), which will provide space to properly store fire equipment and additional police department evidence;
- (3) Construction of simple structure for Fire Station 1.5; Is this the same as (2) above?
- (4) Continuation of local street projects including pre-level, chip sealing, overlays and arterial street improvements;
- (5) Strategic Increases to budgetary ending fund balances, in addition to the city's current minimum of 8% of one year's expenditures, to provide more fiscal stability and conform financial best practices;
- (6) Phase 2 of the audio/visual recording equipment in the city council chambers;

- (7) Continued support for economic development from Jana Hanson which includes her work on the Skagit STEM network, the SWIFT Center project and the Sedro-Woolley City Scene Magazine;
- (8) Contracting with EDASC (Economic Development Alliance of Skagit County) to support business growth and job creation in Sedro-Woolley;
- (9) Planned ER&R expenditures for purchases of equipment and vehicles needed in Fire, Police, Solid Waste, Sewer, Streets and Parks; and,
- (10) Phase 3 of project, renovation of the restrooms at the Community Center, in partnership with the Sedro-Woolley Rotary Club.

This budget includes overall inflationary cost increases in all areas including personnel costs, both employee salaries and fringe benefits (based upon collective bargaining agreement and cost of living adjustments, 11.1% increase in property & casualty insurance premiums, and increases in goods and services due to the impacts of the pandemic, inflation, and/or mandated expansion of government by state and federal lawmakers (i.e., stormwater utility maintenance & regulation).

Along with the City Council, I remain committed to providing our employees in public safety with much needed staffing, and the best equipment available to perform their duties within our community. As our City has grown so has the significant increase in the volume of calls for police, fire and EMS. In addition, the budget focuses on maintaining our utility infrastructure to ensure sound delivery of our public services well into the future. We extend our heartfelt thanks to the public for their support and confidence in the passage of Proposition 1. With the addition of four new officers, and with a strong partnership with our Fire and EMS departments, the Sedro-Woolley Police Department will be able to expand their already high level of service to protect our community.

For the 2021 Revenue Budget, City Council will be looking at two ordinances that will recommend a 1% increase in property taxes. This new revenue would provide an increase of \$28,175 and help meet our substantial need items of \$375,000 in revenue turn downs due to the COVID pandemic. Our list of substantial needs is greater than what the 1% increase can provide, however, it will be significant in helping the city recover.

It has been a financially challenging year for all, and the City organization is no exception. We are experiencing decreasing revenues and accelerated expenditures; many of our costs have gone up due to limited supplies and market conditions. Even though the Consumer Price Index for all Urban Consumers

(CPI-U) is 2.474%, I am asking the City Council to consider a Utility rate of 2.3% as a more accurate need of what the City needs to meet increasing inflation.

Our sewer treatment plant continues to win awards and accolades for its safety, and efficiency in producing clean water. As per our sewer plan, sewer utility rates are set to increase 2.3%, which includes stormwater and solid waste. This increase remains under the rate of inflation and includes necessary capital improvement to the plant, including a projected major, multi-million dollar plant upgrade in 2029.

The recycling component of the solid waste utility budget, included in the 2.3%, will continue to have a deficit due to recycling cost increases in the marketplace of approximately \$1.40 per unit. The City supports and respects the citizen's opinion of the need and importance to remain environmentally responsible by recycling.

The City has seen success in 2020 projects. They include:

- (1) Completion of the Winner Houser Park and Playfields;
- (2) Design and infrastructure for Olmsted Park, in partnership with the Port of Skagit;
- (3) New roof over shelter/BBQ at Bingham Park;
- (4) Phase 1 of the upgrade to the audio/visual recording equipment in the city council chambers;
- (5) Completion of Phase 2, renovation of the kitchen at the Community Center, in partnership Sedro-Woolley Rotary Club; and,
- (6) We will see the completion of the New City Library construction, consistent with our agreement and partnership with the District Library.

As Mayor, I was pleased the City Council supported the decision to take \$50,000 from the CARES Act the City received and provide grants to ten of our local businesses. The process of selection was conducted through EDASC, and we thank them for helping us provide this opportunity for our businesses here in Sedro-Woolley.

We are fortunate to have a staff that has been dedicated to working for the City. The longevity of their service exhibits the great working environment we maintain. Several of our staff have been here 20+ to 30+ plus years and will have or will be considering retirement this year and into 2021. We send our sincere thanks and gratitude to Debbie Allan, Steve Huizinga, and Cheryl Brue for their years of dedication and service to the City. To minimize the loss knowledge and help maintain continued excellent service to the public, I will be working with my staff to implement a **Plan of Succession** to

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ensure that the historical knowledge is retained within the organization and that any changes in staffing are seamless to the delivery of our services.

Our City Council has also seen changes with Germaine Kornegay resigning in August after being appointed to District 3, Skagit PUD Board of Commissioners. We welcome JoEllen Kesti, who was unanimously appointed by the City Council to fill Ms. Kornegay's Ward Two position. Councilmember Jared Couch also tenured his resignation due to move from the City of Sedro-Woolley; we are currently receiving applications for his position. We send our gratitude and thanks to both Jared and Germaine for their dedication and service on the City Council.

This budget represents as many of the city's policy objectives for the coming year as we can afford. Unlike the federal government, the city cannot run a deficit and must live within its means. I know my draft budget may not include all of the services and projects that we, as a community, would like to accomplish. However, it is a balanced budget that lives within our very limited means and serves the important needs of the citizens of Sedro-Woolley.

If this draft budget message is missing something important to you, or if you have any questions, please let me know. We all look forward to a time when we may be able to gather again, and when it is safe, I will once again reopen city hall and resume my regular coffee and conversations held throughout the year. I look forward to hearing from you.



Julia Johnson, Mayor

