



Office of the City Manager
818 East Edison Avenue
Sunnyside, Washington 98944
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DATE: November 1, 2019

TO: Honorable Mayor and City Council

FROM: Martin D. Casey, City Manager

SUBJECT: Transmittal of the Preliminary 2020 Budget

It is my privilege to submit the City of Sunnyside's Preliminary 2020 Budget for your review and consideration. This balanced budget maintains important public services at or near current levels and makes progress towards stabilizing our financial condition.

BACKGROUND

Our budget consists of many "funds." Each fund is supported by specific sources of revenue. Some funds are healthier than others, but audit and finance rules generally prohibit mixing them.

With nearly 45% of City spending, our General Fund is the largest fund. It is also one of the weakest. The State Auditor found the General Fund was overspent four times between 2011 and 2018. It pays for most of our public safety, court, administration, planning, airport, parks and recreation services, among others.

The State Auditor recommends keeping an ending balance in the General Fund equal to 60 days of spending. For us, that's about \$1.9 million. Sunnyside has not achieved a 40 day ending balance in the General Fund in the past decade. Our financial condition has resulted in multiple state audit findings.

In response, Council and City staff have taken several steps to strengthen our finances. We are already seeing improvement. Most recently, Council adopted an eight-year plan to achieve a stable fund balance by setting aside an additional \$250,000 each year. We ended 2018 at about \$232,000. With careful management, our target to end 2019 is around \$500,000. Our target for 2020 is to end with \$750,000.

At the same time, Council has been clear that my preliminary 2020 budget must balance without Council having to raise general taxes. One exception is the annual 1% increase in property tax collections (which in 2020 is estimated to generate about \$22,000 more for the General Fund).

Meeting these targets was challenging. Costs to maintain current services are rising. Demand for services is increasing as our population grows. Revenues are also rising, but not enough to both cover inflation and make new investments. Staff have worked hard to scrub the budget and achieve Council's goals.

The result is a balanced budget proposal without general tax increases that sets aside \$750,000 in General Fund ending reserve and sustains important services with no staff layoffs, but that also leaves some significant needs unaddressed.

REVENUES

In light of the financial matters noted above, my revenue review focuses mostly on the General Fund. About 75% of our General Fund revenues come from property taxes, sales taxes, and utility taxes. Other sources include licenses, permits, intergovernmental revenues, fines and penalties, and service charges (court fees, police funeral escorts and security fees, fire safety inspections, plan review fees, etc...).

As the last recession began in 2008, Sunnyside had about 15,000 residents and General Fund revenues of \$12,138,734. Since then, inflation has increased the costs of goods and services more than 19%. Our estimated population has increased about 13% to nearly 17,000 residents. Yet General Fund budgeted revenues in 2019 were \$13,334,223, an increase of only 8.9%.

During that time, tax revenues increased by about 13%, effectively keeping pace with population growth (but not with inflation). However, revenues from other sources fluctuated widely and actually declined; they generated about \$4.5 million of our revenue in 2008 but only about \$3.1 million in 2019.

While our enterprise and restricted funds saw revenue fluctuations in past years, most are now stable. These funds are dedicated to such purposes as ensuring clean drinking water, safe wastewater treatment, effective stormwater management, and quality ambulance services.

The preliminary 2020 budget shows \$13,447,360 in General Fund/General Capital revenues and beginning fund balance. This is an increase of \$113,137 from 2019.

Adding enterprise and restricted funds, the total preliminary 2020 budget shows \$32,826,948 in revenues, a decrease of \$2,161,754 from 2019. Note: \$1,053,189 of that decrease is essentially an accounting change to conform to State Auditor's Budgeting, Accounting and Reporting System (BARS) manual direction to not budget for trust fund level revenues.

EXPENSES

My expenditure review also focuses on the General Fund. In 2008, Sunnyside had General Fund expenditures of \$10,072,928 per the State Auditor. In 2019, we are budgeted for \$11,763,845: an increase of about 14% (again, keeping pace with population growth but not with inflation).

There are some important trends within the General Fund:

- In response to severe criminal gang activity, we prioritized public safety and successfully reduced crime. General Fund spending for public safety increased from about \$5.8 million to about \$7.1 million (about 18%, just keeping up with inflation).
- Spending for streets, bridges, the airport, and related administration increased from about \$900,000 to \$1.6 million. Some years had higher spending due to local matches required for getting state or federal grants for major projects, which affected our ending balance.
- Spending in our community planning, parks, and recreation services has remained flat, at just over \$1 million.
- We actually reduced spending in general government for legislative, judicial, executive, and financial management functions, from roughly \$2.3 million in 2008 to about \$1.8 million in 2019.

For 2020, before looking at any increases in services or staffing, we first built a maintenance-level budget. We adjusted for inflation to estimate the costs of providing just the same levels of services and staffing in 2020 as in 2019. We also projected potential revenues. We then set aside a \$750,000 “expenditure” as an ending fund reserve in 2020.

Unfortunately, that draft maintenance-level budget did not balance. Consequently, we scrubbed our estimates. We shifted a small number of expenditures to healthier funds where permissible. We set modest rate adjustments on our jail contracts and a few fees in SMC 2.02. We reduced spending wherever feasible, cutting roughly \$385,000, while trying to preserve core services and existing employees.

We closed the gap with about \$46,000 to spare.

However, this also meant we were unable to include most of the enhancements for new services, staffing or equipment that Council and departments requested in the budget process. Altogether, these would have added more than \$1.4 million in General Fund expenditures. In an appendix, I summarize those requests and identify potential future funding mechanisms where possible.

The preliminary 2020 budget reflects \$13,400,922 in General Fund expenditures. This is an increase of \$399,727 from the 2019 budget. However, with enterprise and restricted funds, the total preliminary 2020 budget reflects \$28,021,325 in expenditures, a decrease of \$2,244,504 from the 2019 budget. Note: \$904,610 of that decrease is essentially an accounting change to

conform to State Auditor's Budgeting, Accounting and Reporting System (BARS) manual direction to not budget for trust fund level revenues.

PERSONNEL

The preliminary 2020 budget has **no staff layoffs**. In the General Fund, this budget does leave two existing positions (that have been vacant for 10 or more months) unfunded until our financial condition improves and Council can consider restoring funding.

The Water, Sewer, Stormwater, and Ambulance funds can support four new positions to address increasing workload and backlogs. Adding these positions will also enable us to shift a limited number of activities from General Fund programs, which will help ease their workload.

We further recommend that the Fire Department move forward with a resident volunteer program and ask Council to establish a new vacant firefighter/EMT position that can be funded when our financial condition improves.

International Association of Fire Fighters members have been working without a new contract since 12/31/2018; however, we have reached tentative agreement on a new contract. Contracts with the Police Officers Guild and Teamsters Office-Clerical, Police Department Support Staff, and Division Supervisors bargaining units all end on 12/31/2019, and we are actively bargaining new agreements. These bargaining units comprise nearly 75% of the City's workforce.

In addition, external factors drive certain personnel costs, such as health insurance premiums. State workers' compensation rates increased between 4% and 11% depending on the job type. For planning purposes only, this preliminary budget assumes an overall increase of only 2% in the costs of City employee compensation and benefits.

EQUIPMENT RENTAL

This year's budget will provide appropriations for the Equipment Rental Fund in order to enhance our replacement and maintenance schedule for motor vehicles and equipment. Appropriations for 2020 are \$275,620. There are no planned equipment replacements for 2020 in the Equipment Rental Fund. Looking ahead, the fund that most directly benefits from each piece of equipment will pay for planned equipment replacements.

2020 PRELIMINARY BUDGET PROPOSAL

November 1, 2019



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**2018 BUDGET/ACTUAL
2019 YEAR END PROJECTIONS**

Fund #	Name	Budget		Actual		BUDGET			ACTUAL		
		2018 Revenues	2018 Expenditures	2018 Revenues	2018 Expenditures	2019 Revenues	2019 Expenditures	2019 Difference	2019 Revenues	2019 Expenditures	2019 Difference
001	General Fund	14,124,030	14,081,041	14,699,287	14,435,570	11,956,873	11,763,845	193,028	11,894,204	11,231,264	662,941
016	General Capital Projects Fund	-	-	-	-	1,377,350	1,237,350	140,000	1,202,553	479,314	723,239
099	Payroll Liability Fund	27,365	25,000	27,365	(2,103)	2,365	2,365	-	29,469	(108,572)	138,040
101	Street Fund	2,464,960	2,462,859	2,536,296	2,610,015	1,182,800	1,177,982	4,818	1,079,831	1,166,070	(86,239)
106	Street Capital Projects Fund	-	-	-	-	1,501,800	1,501,800	-	1,174,062	1,056,558	117,504
115	Contingency Fund	407,891	400,000	412,753	400,000	12,900	-	12,900	13,004	-	13,004
120	Investigative Fund	45,177	13,800	45,175	11,105	34,500	11,800	22,700	37,286	11,230	26,057
130	Police Dept Crime Prevention Fund	153,611	18,332	156,164	11,791	147,800	74,650	73,150	154,313	43,893	110,420
140	Public Safety (L&J 3/10) Tax Fund	732,020	550,000	741,264	524,224	613,000	602,529	10,471	703,306	563,600	139,706
146	Public Safety Capital Projects Fund	-	-	-	-	-	-	-	-	-	-
160	Tourism Expansion Fund	290,303	157,200	295,405	120,032	243,800	145,750	98,050	272,004	120,750	151,254
201	General Obligation Bonds Fund	660,935	660,935	653,767	653,767	652,198	652,198	-	652,198	652,198	-
303	Community Development Block Grant Fund	78,112	-	78,274	-	82,125	78,200	3,925	84,931	49,502	35,429
304	Local Capital Improvement Fund (REET 1)	286,474	240,000	291,897	219,538	154,000	150,000	4,000	182,435	157,508	24,927
305	Local Capital Improvement Fund (REET 2)	301,498	110,000	321,701	56,891	257,700	110,000	147,700	361,409	18,842	342,567
322	Fire Equipment Reserve Fund	49,022	20,000	49,414	8,529	29,000	20,000	9,000	41,394	-	41,394
410	Water Fund	5,038,143	4,291,141	4,994,648	3,491,484	4,215,150	3,334,845	880,305	4,408,698	3,677,679	731,019
411	Water Bond Reserve Fund	114,250	121,994	114,480	-	114,250	-	114,250	116,293	-	116,293
415	Water Revenue Bond Fund	12,194	-	123,737	104,338	113,250	113,250	-	113,250	113,250	-
416	Water Capital Projects Fund	-	-	-	-	1,326,600	1,326,600	-	1,326,600	860,689	465,911
420	Sewer Fund	5,535,121	4,465,868	4,989,133	3,418,669	4,919,675	2,490,136	2,429,539	4,790,803	2,739,747	2,051,056
421	Sewer Bond Reserve Fund	114,250	-	114,480	-	114,250	-	114,250	116,293	-	116,293
425	Sewer Revenue Bond Fund	104,339	104,339	91,481	104,338	113,250	113,250	-	113,250	113,250	-
426	Sewer Capital Projects Fund	-	-	-	-	321,600	321,600	-	321,600	83,109	238,491
430	Garbage Fund	1,420,069	1,420,000	1,332,291	1,334,435	1,317,700	1,298,600	19,100	1,439,361	1,292,670	146,691
440	Ambulance/EMS Fund	1,461,422	1,454,252	1,522,467	1,536,436	2,208,925	2,085,302	123,623	2,286,514	1,749,215	537,299
446	Ambulance/EMS Capital Projects Fund	-	-	-	-	42,922	42,922	-	42,922	21,407	21,515
450	Stormwater Fund	147,563	111,230	152,368	75,991	314,350	140,865	173,485	384,240	170,388	213,852
501	Equipment Rental Fund	287,416	287,416	334,184	334,184	300,000	300,000	-	300,000	300,000	-
504	Information Technology Fund	243,146	243,146	355,775	355,775	265,380	265,380	-	265,380	265,380	-
601	Jail Trust Fund	161,876	111,700	175,113	138,821	162,185	111,700	50,485	136,837	98,809	38,028
602	Sunnyside Court Trust Fund	564,010	560,000	790,103	692,801	604,000	560,000	44,000	675,314	572,526	102,788
610	State Court Fines Fund	312,888	265,800	279,698	240,965	282,510	232,910	49,600	255,169	216,812	38,358
611	Fireman's Relief & Pension Fund	340,113	15,700	342,549	12,122	-	-	-	330,427	330,427	-
621	Police Dept Honor Guard Fund	4,494	-	4,494	-	4,494	-	4,494	4,509	-	4,509
699	Transporation Benefit District Fund	-	-	-	-	-	-	-	-	-	-
	TOTALS	35,482,692	32,191,753	36,025,763	30,889,719	34,988,702	30,265,829	4,722,873	35,309,859	28,047,513	7,262,345

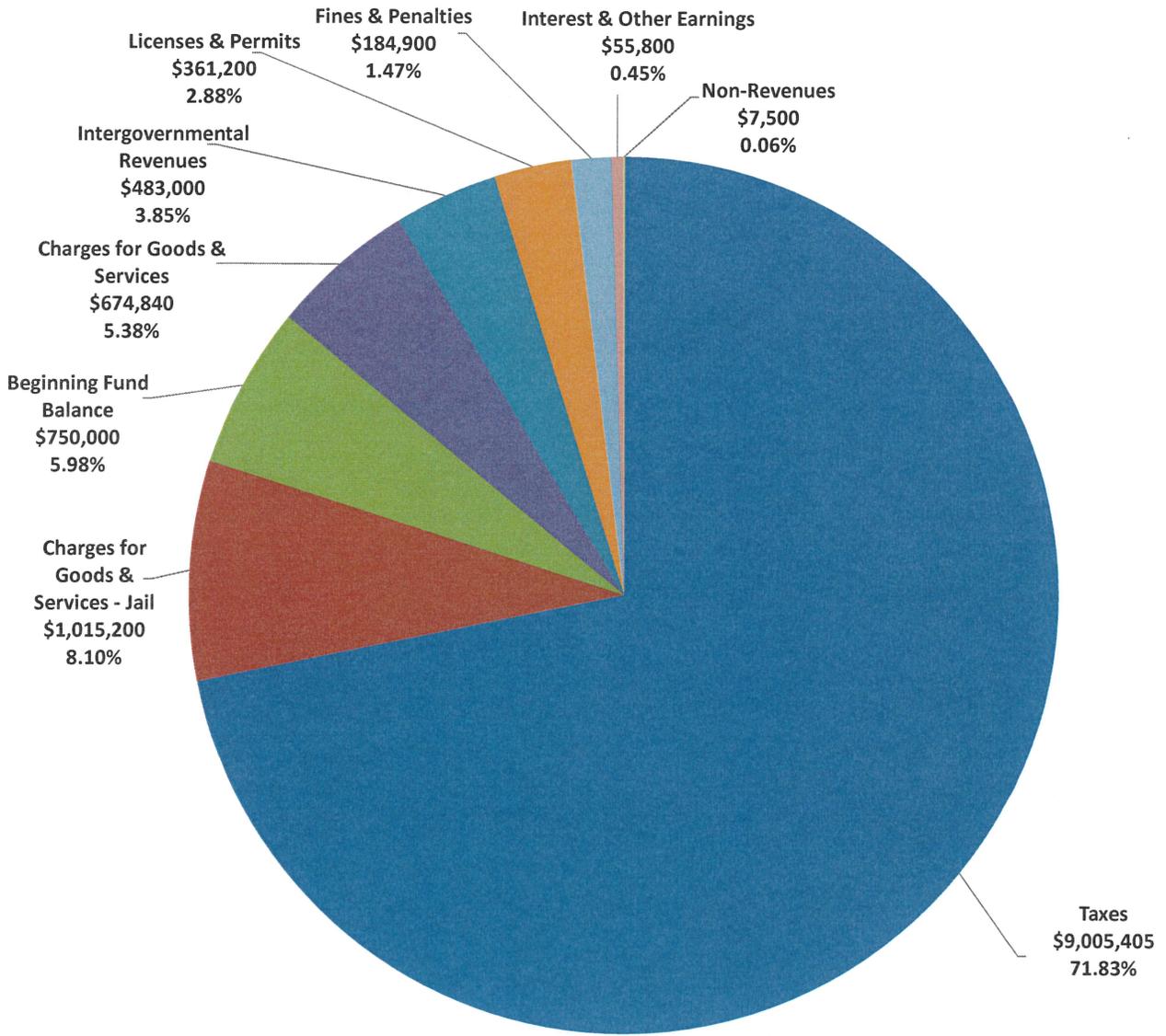
2020 BUDGET SUMMARY

Includes Budget Amendment #3

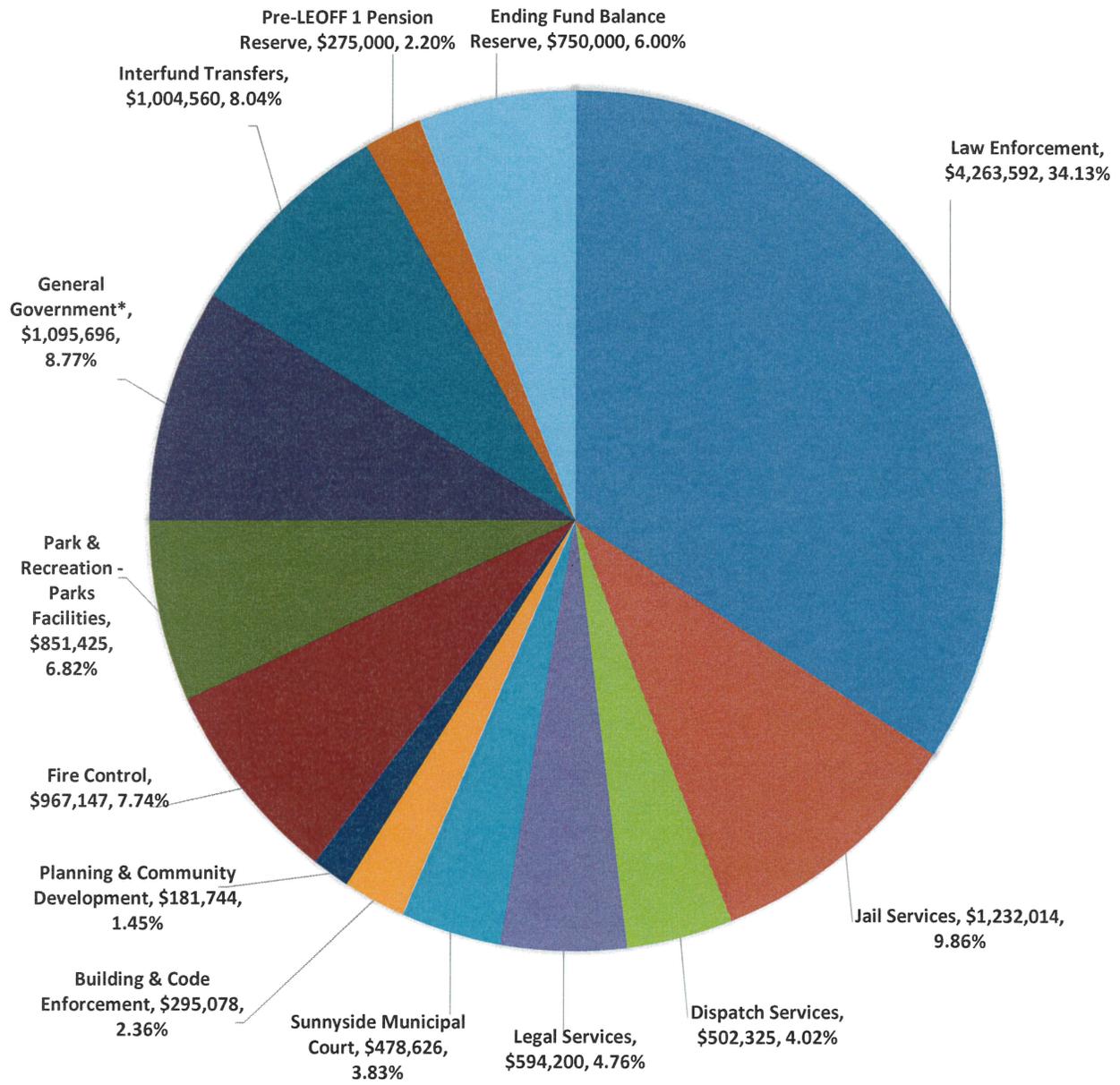
Preliminary

Fund #	Name	2019 Revenues	2019 Expenditures	2019 Difference	2020 Revenues	2020 Expenditures	2020 Difference
001	General Fund	11,956,873.00	11,763,845.00	193,028.00	12,537,845.00	12,491,407.00	46,438.00
016	General Capital Projects Fund	1,377,350.00	1,237,350.00	140,000.00	909,515.00	909,515.00	-
099	Payroll Liability Fund	2,365.00	2,365.00	-	-	-	-
101	Street Fund	1,182,800.00	1,177,982.00	4,818.00	1,145,700.00	1,141,740.00	3,960.00
106	Street Capital Projects Fund	1,501,800.00	1,501,800.00	-	532,060.00	532,060.00	-
115	Contingency Fund	12,900.00	-	12,900.00	13,400.00	-	13,400.00
120	Investigative Fund	34,500.00	11,800.00	22,700.00	25,300.00	14,450.00	10,850.00
130	Police Dept Crime Prevention Fund	147,800.00	74,650.00	73,150.00	85,650.00	67,850.00	17,800.00
140	Public Safety (L&J 3/10) Tax Fund	613,000.00	602,529.00	10,471.00	571,000.00	555,190.00	15,810.00
146	Public Safety Capital Projects Fund	-	-	-	-	-	-
160	Tourism Expansion Fund	243,800.00	145,750.00	98,050.00	219,550.00	151,800.00	67,750.00
201	General Obligation Bonds Fund	652,198.00	652,198.00	-	660,216.00	660,216.00	-
303	Community Development Block Grant Fund	82,125.00	78,200.00	3,925.00	8,125.00	-	8,125.00
304	Local Capital Improvement Fund (REET 1)	154,000.00	150,000.00	4,000.00	86,500.00	50,290.00	36,210.00
305	Local Capital Improvement Fund (REET 2)	257,700.00	110,000.00	147,700.00	232,200.00	-	232,200.00
322	Fire Equipment Reserve Fund	29,000.00	20,000.00	9,000.00	9,250.00	-	9,250.00
410	Water Fund	4,215,150.00	3,334,845.00	880,305.00	3,261,305.00	2,621,285.00	640,020.00
411	Water Bond Reserve Fund	114,250.00	-	114,250.00	119,000.00	-	119,000.00
415	Water Revenue Bond Fund	113,250.00	113,250.00	-	113,285.00	113,285.00	-
416	Water Capital Projects Fund	1,326,600.00	1,326,600.00	-	680,000.00	680,000.00	-
420	Sewer Fund	4,919,675.00	2,490,136.00	2,429,539.00	5,567,845.00	2,940,771.00	2,627,074.00
421	Sewer Bond Reserve Fund	114,250.00	-	114,250.00	119,000.00	-	119,000.00
425	Sewer Revenue Bond Fund	113,250.00	113,250.00	-	113,285.00	113,285.00	-
426	Sewer Capital Projects Fund	321,600.00	321,600.00	-	560,000.00	560,000.00	-
430	Garbage Fund	1,317,700.00	1,298,600.00	19,100.00	1,325,300.00	1,301,085.00	24,215.00
440	Ambulance/EMS Fund	2,208,925.00	2,085,302.00	123,623.00	2,867,240.00	2,331,677.00	535,563.00
446	Ambulance/EMS Capital Projects Fund	42,922.00	42,922.00	-	42,922.00	-	42,922.00
450	Stormwater Fund	314,350.00	140,865.00	173,485.00	454,785.00	218,749.00	236,036.00
501	Equipment Rental Fund	300,000.00	300,000.00	-	275,620.00	275,620.00	-
504	Information Technology Fund	265,380.00	265,380.00	-	291,050.00	291,050.00	-
601	Jail Trust Fund	162,185.00	111,700.00	50,485.00	-	-	-
602	Sunnyside Court Trust Fund	604,000.00	560,000.00	44,000.00	-	-	-
610	State Court Fines Fund	282,510.00	232,910.00	49,600.00	-	-	-
611	Fireman's Relief & Pension Fund	-	-	-	-	-	-
621	Police Dept Honor Guard Fund	4,494.00	-	4,494.00	-	-	-
699	Transporation Benefit District Fund	-	-	-	-	-	-
	TOTALS	34,988,702.00	30,265,829.00	4,722,873.00	32,826,948.00	28,021,325.00	4,805,623.00

CITY OF SUNNYSIDE 2020 PROPOSED BUDGET GENERAL FUND REVENUES



CITY OF SUNNYSIDE 2020 PROPOSED BUDGET GENERAL FUND EXPENDITURES



General Fund (001)

Notes:

- This chart reflects both Council and Department requests; requests are listed alphabetically.
- No enhancement requests below are included in the 2020 Preliminary Budget. Two security requests were shifted to Fund 140.
- City Manager's Recommended Priorities for Council consideration when funding allows are shown in ***Bold Italics***. Est. \$396,500.

Title/Description	2020 Est.	Notes/Options
Airport Development Strategy	\$10,000	Seek Grant Funding
Archive Social – Social Media Records Management	\$4,800	Consider in 2020 Budget Amendment if Financial Condition Improves
Building Access Security Improvements	\$80,000	Defer to completion of Comp Plan Update and new Capital Facilities Plan. Total Cost \$80,000
City Council Tablet Devices	\$9,600	Consider in 2020 Budget Amendment if Financial Condition Improves; Raise General Fund Rates (Dell Latitude 2 in 1, Price Range \$6,350 to \$8,950)
<i>City Hall/Veterans Plaza Security Cameras</i>	<i>\$12,000</i>	Consider in 2020 Budget Amendment if Financial Condition Improves; or Raise General Fund Rates
City Issued Cell Phones (PD)	\$35,000	Hold pending Collective Bargaining
<i>Comprehensive Plan Updates</i>	<i>\$70,000</i>	Consider in 2020 Budget Amendment if Financial Condition Improves; or Raise General Fund Revenue Rates
Contract for Planning Services	\$640,000	Received quotes for services; Exceeds in-house cost by \$150,000/year.
Create One (1) Police Patrol Position	\$112,500	Consider in 2020 Budget Amendment if Financial Condition Improves; or Raise General Fund Rates
<i>Create 1 Fire/EMS Position</i>	<i>\$38,500</i>	Establish a new vacant firefighter/EMT position that can be funded when our financial condition improves. (35% GF/64% Amb)
Create a 2 nd Fire/EMS Position	\$38,500	Establish a new vacant firefighter/EMT position that can be funded when our financial condition improves. (35% GF/64% Amb)
Economic Development Pgm.	\$36,000	Defer for Evaluation by Planning/Community Development Supervisor
Expand Pool Operations/Maint.	\$85,000	Defer
<i>Fire Engine (Lease-Purchase)</i>	<i>\$51,000</i>	Six year payment plan; Seek Grant Funding; or Raise General Fund Rates
IAPro/Blue Team Software	\$13,600	Seek Grant Funding; or Raise General Fund Revenue Rates
Media Coordinator	\$52,000	Defer
New City Hall	\$350,000	Defer to completion of Comp Plan Update and new Capital Facilities Plan. Total Est. Cost \$3.5 to 5 million
Pathway Tractors	\$5,000	Seek Grant Funding; Seek Community Project
Pathway Trees	\$5,000	Seek Grant Funding; Seek Community Project
Police Vehicles (Lease 3)	\$48,000	Consider in 2020 Budget Amendment if Financial Condition Improves; or Raise General Fund Rates
Reposition Benches	\$150	<i>Advanced to 2019 Expenditures; Public Works can complete in 2019</i>
<i>Restore Vacant PD Commander Position</i>	<i>\$140,000</i>	Consider in 2020 Budget Amendment if Financial Condition Improves; or Raise General Fund Rates
<i>Restore Vacant PD Corrections Position</i>	<i>\$85,000</i>	Consider in 2020 Budget Amendment if Financial Condition Improves; or Raise General Fund Rates
Unemployment Self-Insurance	\$30,000	Consider in 2020 Budget Amendment if Financial Condition Improves
Video for Council Meetings	\$2,500	Consider in 2020 Budget Amendment if Financial Condition Improves
TOTAL	\$1,954,150	

Tourism Fund (160)

Title/Description	2020 Est.	Notes/Options
Conference Center	\$250,000	Defer to completion of Comp Plan Update and new Capital Facilities Plan. Total Cost \$3.0 million
TOTAL	\$250,000	

Public Safety Fund (140)

Title/Description	2020 Est.	Notes/Options
Create One (1) Police Patrol Position	\$112,500	Consider in 2020 Budget Amendment if Financial Condition Improves
Police Recorder System	\$28,000	Included ; Start in 2019; system is not supported and at risk of failure
Jail Safety and Security Improvements	\$70,000	Included ; Urgent priority to repair and replace failing equipment (split \$35,000/\$35,000 with Fund 130)
TOTAL	\$210,000	

Water Fund (410)

Title/Description	2020 Est.	Notes/Options
Maintenance Worker	\$80,000	Included ; Sustainable within existing revenues
Utility Billing Clerk, 25% Share	\$18,500	Included ; Sustainable within existing revenues
Chlorine Monitor - Well #6	\$15,000	Included ; One-time equipment expense within existing revenues
Water Division Roof Replacement	\$20,000	Included ; One-time repair expense within existing revenues
TOTAL	\$133,500	

Sewer Fund (420)

Title/Description	2020 Est.	Notes/Options
Maintenance Worker	\$80,000	Included ; Sustainable within existing revenues
Utility Billing Clerk, 25% Share	\$18,500	Included ; Sustainable within existing revenues
Vactor Truck	\$500,000	Included ; One-time equipment expense within existing revenues; Sell old Vactor to Stormwater (\$100,000 -3 yr purchase contract shown below)
Service Truck	\$60,000	Included ; One-time equipment expense within existing revenues
WWTP UV System Upgrades	\$40,000	Included ; One-time equipment expense within existing revenues
Sewer Lift Station Upgrades	\$90,000	Included ; One-time equipment expense within existing revenues
TOTAL	\$788,500	

Ambulance Fund (440)

Title/Description	2020 Est.	Notes/Options
Utility Billing Clerk, 25% Share	\$18,500	Included ; Sustainable within existing revenues
Resident Volunteer EMS Program	\$100,240	Included ; Sustainable within existing revenues
Create 1 Fire/EMS Position	\$71,500	Establish a new vacant firefighter/EMT position that can be funded when our financial condition improves. (35% GF/64% Amb)
Create a 2 nd Fire/EMS Position	\$71,500	Establish a new vacant firefighter/EMT position that can be funded when our financial condition improves. (35% GF/64% Amb)
TOTAL	\$261,740	

Stormwater Fund (450)

Title/Description	2020 Est.	Notes/Options
Maintenance Worker	\$80,000	Included ; Sustainable within existing revenues
Utility Billing Clerk, 25% Share	\$18,500	Included ; Sustainable within existing revenues
Vactor Truck (from Sewer)	\$34,650	Included ; \$100,000 -3 yr purchase contract within existing revenues
TOTAL	\$133,040	