



MEDINA, WASHINGTON

AGENDA BILL

Monday, July 22nd 2024

Subject: Budget Retreat Discussion

Category: Discussion and Budget Direction

Staff Contact(s): Ryan Wagner, Finance & HR Director

Summary

The Finance Director will lead a preliminary budget discussion with the Council. The goal of this meeting is to provide Council with updates to workplan items, key asks from staff for 2025, and to allow feedback from Council and the community to drive how staff prepares the 2025 budget.

The following is an outline of the meeting with time estimates.

Introduction – [5 Minutes](#)

Workplan overview and 2025 items with cost estimates – [30 minutes](#)

- *520 Mediation with WSDOT*
- *Middle Housing HB 1110 and HB 1337*
- *Telecom Wireless Facilities Code Update*

Key 2025 asks from staff – [30 minutes](#)

Broken down by department, includes the following:

- *Second Sergeant Position*
- *Tree Canopy Study*
- *Tree Inventory Study and Tree Plotter Software*
- *New Servers*
- *Canopy Cover for Public Works Vehicles*
- *Increased Street Sweeping*

Recommendations from Council - [40 Minutes](#)

- *Goal of this is for Council to voice their priorities for the 2025 budget and add/reorganize the workplan and staff recommendations.*

Long term financial forecast – [15 Minutes](#)

- *Goal of developing a process on how to handle planning for the end of the current levy period.*

Budget/Fiscal Impact: Impacts to 2025 Budget and Beyond

Recommendation: Discussion and recommendations

City Manager Approval: N/A

Proposed Council Motion: NA

Attachments:

- 1) 2025 workplan and staff asks for 2025
- 2) Levy update and financial forecasting, 2025 and beyond

City Workplan 2025 Estimated Costs

SR 520 Lid: Discussions with WSDOT – Estimated 2025 Cost \$40,000

Points Communities have retained Jack McCullough as our representative for mediation with WSDOT. Mediator selection and scheduling are ongoing in discussions between McCullough and WSDOT. Negotiations are expected to continue into 2025, at an estimated cost of \$40,000 per city. This will be funded out of the “special counsel” section of the legal budget for 2025.

Implementation of HB 1110 Middle Housing and HB 1337 ADU/DADU – Estimated Cost \$50,000

HB1110

<https://lawfilesexternal.wa.gov/biennium/2023-24/Pdf/Bill%20Reports/House/1110%20HBR%20APP%2023.pdf>

HB 1337

<https://app.leg.wa.gov/billsummary?BillNumber=1337&Initiative=false&Year=2023>

Funding will come partially from a housing grant from the Department of Commerce (\$35,000), the rest will be funded through saving within the city attorney budget.

Telecom Wireless Facilities Code Update – Estimated Cost \$14,000

In Spring 2023, Medina Council discussions relating to T-Mobile proposal that was unacceptable to community raised questions about whether current wireless facility code is sufficiently protective of community interests and character. When code was adopted, Council was assured that it was as protective as could be within limitations of federal law. That's no longer clear, given T-Mobile experience. Interest expressed in updating and strengthening code with this experience in mind, to prevent recurrence as best possible.

Options

1. Telecom Law Firm can update Medina' Wireless Facility Regulation for a flat rate of \$12,350. They will prepare and deliver the Small Wireless Facilities policy and Permit Application Form. Telecom is under contract to address telecom issues. They could this update when directed. Staff believes we could absorb this into the City Attorney budget.
2. City Attorney Jennifer Robertson law firm to handle the updates. Council would need to identify the priority for this since Robertson's firm has several Council Workplan items they are currently working on. Staff believes we could absorb this into the City Attorney budget.
3. Hold off on the update in 2025 and bring it back to Council for the 2026 budget.
4. Pull the subject from the workplan.



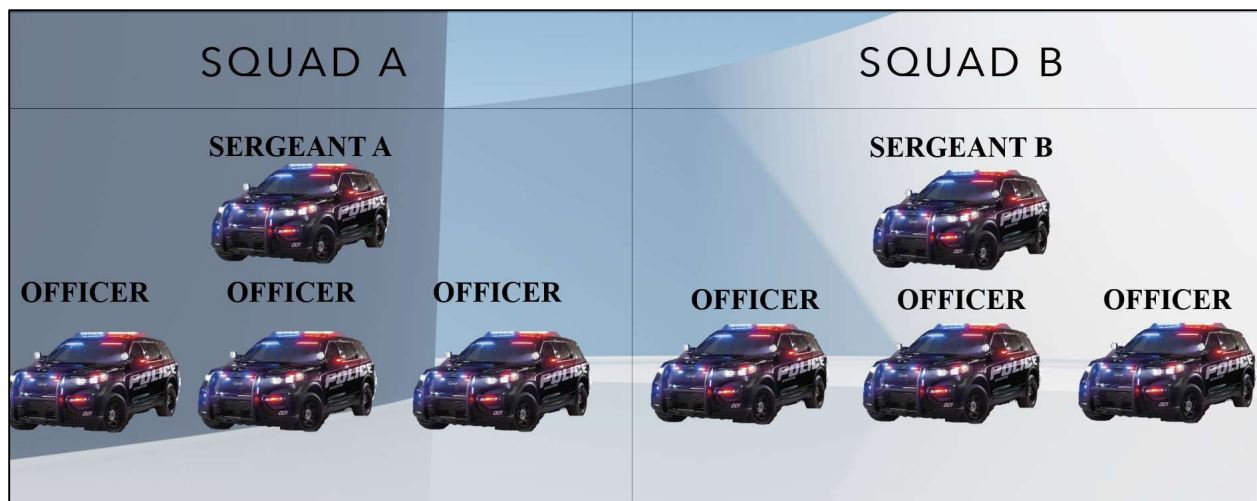
Police Department

Second Sergeant Position – Estimated Cost \$90,000/ Annually

With the vacancy of the Police Administrative Specialist, dating back to September of 2023, staff are recommending eliminating the position in favor of adding another sergeant position within the Police Department. With Medina being located in between two growing cities, with large populations, the potential for a rise in criminal activity can be expected. Adding not only another officer, but a supervisory position, allow the city to have a supervisor working seven days a week. Having additional trained managers within the department will help mitigate risk and allow for easier shift coverage. With no vacancies, the city could see up to three/four officers out at one time.

While this would not add an FTE, there is a financial cost to this move for 2025 and beyond. An expected \$50,000 increase in salary over the previous position, with up to \$22,000 in additional police guild related benefits. Another squad car would also need to be leased, which is estimated at between \$12,000 - \$18,000 annually. This increase would be covered by the estimated savings as we switch from WCIA to AWC for insurance. Also note that Hunts Point will cover about 13% of any PD related cost increases per our service agreement.

Proposed Staffing Model



(A short PowerPoint presentation will be given by Chief Jeff Sass during the retreat)



Development Services

Tree Canopy Study – Estimated Cost \$30,000 (One Time)

In 2015, Medina had a tree canopy study done to determine the coverage within the city limits. As we approach the ten-year mark, staff recommend that another study would be beneficial as a comparison to see the impact of code changes over this period, and to assess the current canopy for future discussion and action. This study would include a presentation by the contractor that will allow the Council to ask questions and to better understand the process and data collected.

To cover this cost in the 2025 budget, it will replace the Inspector vehicle that was included in the 2024 budget at \$45,000.

Tree Inventory Study – Estimated Cost \$76,000 (One Time) Plus \$14,500/ Annual Cost

As of 2024, Medina does not understand how many or what types of trees are located on city land, either in parks or in the right of way. This study would be handled by our arborist and other contractors, to document the number, type, and health of all trees located on public land. This data would be useful for future discussion and action in a few areas. Staff could utilize this information to determine what types of trees need to be planted, and to provide information to Ryan Osada on when diseased or hazardous trees need to be removed.

The cost would include the following estimated costs:

One-time 2025 expenses

- Inventory of ROW and city trees \$75,000
- “Tree Plotter” software 0 onboarding \$1,000

Annual Expenses

- City Arborist’s cost to administer \$10,000
- “Tree Plotter software access \$ 4,500



Central Services

New Servers (On Prem Vs Cloud) – Estimated Cost \$31,000 - \$41,000/ year

On premise hardware

Pros:

- Control: Complete control over hardware, software, and security configurations.
- Customization: Ability to customize hardware and software to meet specific needs.
- Performance: Potentially lower latency and better performance for certain applications, as data doesn't need to travel over the internet.
- Compliance: Easier to meet certain regulatory and compliance requirements that require data to be stored on-premises.
- Predictable Costs: Fixed costs for hardware and maintenance, making budgeting more predictable.

Cons:

- Upfront Costs: High initial investment in hardware, infrastructure, and setup.
- Maintenance: Ongoing costs and resources needed for maintenance, upgrades, and repairs.
- Scalability: Limited scalability, as adding more capacity requires purchasing and installing more hardware.
- Disaster Recovery: Requires investment in backup solutions and disaster recovery plans.
- Space and Power: Requires physical space and power, which can be costly and limited.
- Cloud Service

Pros:

- Scalability: Easily scalable, allowing you to quickly adjust resources based on demand.
- Pay-as-you-go model: reducing upfront costs and allowing for more predictable operational expenses.
- Accessibility: Access from anywhere with an internet connection, enabling remote work and collaboration.
- Maintenance: Cloud providers handle maintenance, updates, and security, reducing the burden on your IT staff.

- Disaster Recovery: Built-in disaster recovery and backup solutions provided by cloud providers.

Cons:

- Control: Less control over hardware and some aspects of security and data management.
- Latency: Potential for higher latency due to data traveling over the internet.
- Compliance: Can be challenging to meet certain regulatory and compliance requirements.
- Cost Over Time: While initial costs are lower, long-term costs can add up and may exceed the cost of on-premise solutions for some workloads.
- Vendor Lock-In: Dependency on a specific cloud provider can make it difficult to switch providers or move back to on-premise solutions.

Price Comparison



On-Premise:

- Equipment: Dell + VMware Lease w/1.00 buyout
- Purchase Price: \$110,000.00 (tax & freight not included)
- Lease Term: 4 annual @ \$31,700/yr.
- 16 quarterly @ \$8,175/qtr.
- 48 monthly @ \$2,740/mo.

Migration costs will be minimal. Only setup and migration level of effort would be under 80 hours



Cloud:

- Microsoft Azure Estimate
- Term: On going
- Yearly 41,454.24/yr,
- \$3,454.52/mo.
- **All Cloud Pricing provided is estimated and will fluctuate with utilization.**

Migration costs will require a full cloud assessment as well as setup and migration.

Assessment and migration could be upwards of 200 hours.

Recommendation - Hybrid Infrastructure

- On-Premise hardware for Production
- Minimal Cloud for off site backup and DR.
- Available Cloud for special or short-term projects as-needed



Public Works

Canopy Cover for Public Works Vehicles – Estimated Cost \$50,000

Currently, city vehicles at the public workshop sit uncovered in the lot subject to environmental wear and tear. As the city maintains and runs its vehicles for sometimes longer than 20 years before replacement, it is important to make sure they stay in good condition. Also, the city has uncovered gas tanks which would be covered as well by this project, which is a requirement by the Department of Ecology.

This project is considered a "building improvement", therefore the funding will come directly out of the capital budget for 2025.

Increased Street Sweeping Service – Estimated Cost \$ 40,000

As of 2024, the city budgets for 5 instances of street sweeping annually. This is an ask to increase that number from 5 to 12 or even the 14-15 annually. This will allow more monthly cleanings, and for one off cleanings after winter storms. Street sweeping offers more than just cosmetic benefits to the city and its residents; clean streets also help keep our storm water system clean. This saves the city \$\$ each year, while potentially reducing flooding risk as well.



Street Sweeping can be considered road maintenance, and the cost can be covered by both REET and unrestricted Capital funds. Therefore, this should fall outside of the normal operating budget or General Fund.

Long Term Financial Forecast

2019 Levy Overview

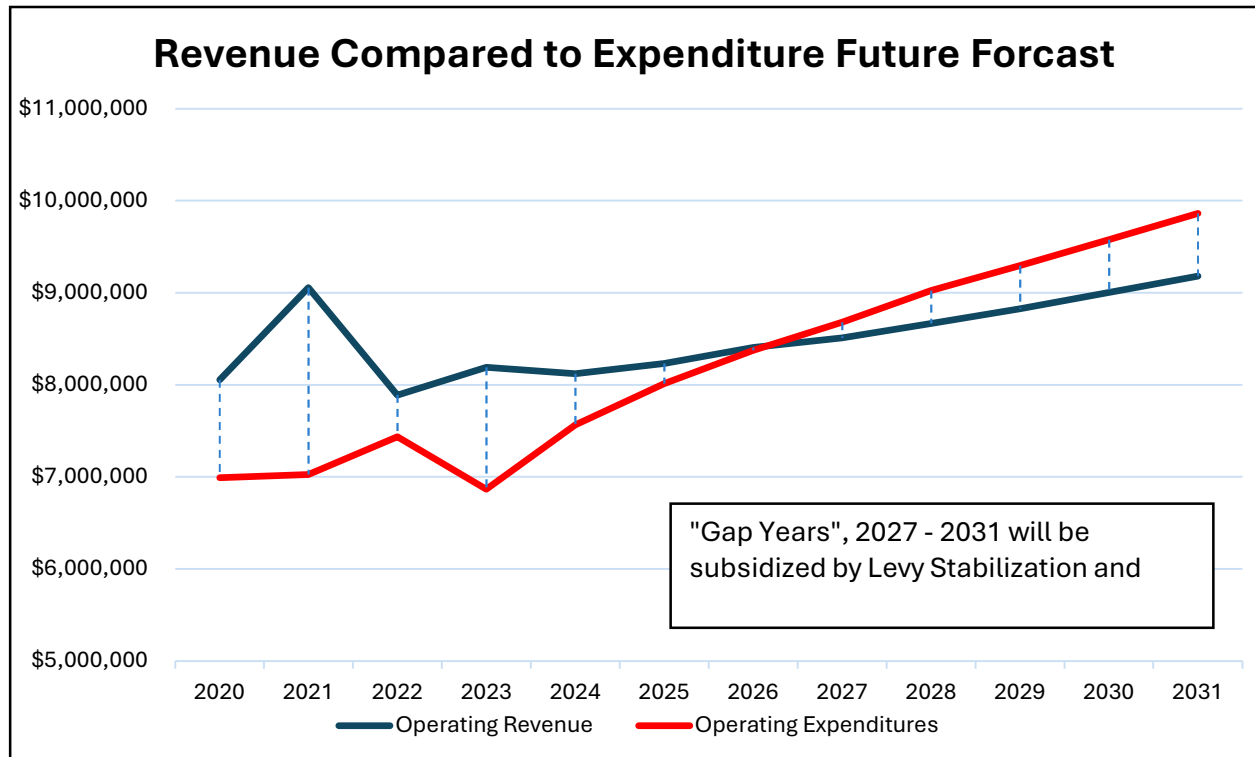
The promises that were made to the voters, if they passed the measure, are the foundation this budget was built on.

Why did we go to the ballot? The City was at a financial crossroads. Rising costs were making it difficult for the city to provide the level of services our community had come to expect. Until 2019, the city had been able to balance the budget through aggressive cost-savings measures, identifying additional revenue sources and dipping into reserves. But in looking long-term, the city determined it could no longer find efficiencies without impacting service delivery.

-Make the “bump” from the 6-year levy last at least 10-years.

Levy year 1 (2020) filled the gap and allowed services to continue without reduction. Years 2-6 (2021-25) will have budgeted transfers to a Levy Stabilization Fund in amounts that will build a minimum operating reserve of \$2.5M to draw on through at least 2030.

As you can see in the below graphic, the city is projected to start deficit spending in 2027. Therefore, it is important that Medina has a plan in place to transition to once the levy period has passed.



Potential Options for Funding

Banked Capacity

Currently the City has \$624,698 of banked capacity available that can be drawn on in future years to increase revenues. By the end of the 6-year levy lid lift period, if the City continues to bank this excess in the same manner, the total banked capacity available going into 2026 will be approximately \$800K. While that sounds significant, keep in mind that it is less than the 2020 bump of \$943K which only increased, for example, the median valued home in the City tax bill by approximately \$400 a year. Also keep in mind going into 2026, this begins the period outlined in the long-term financial planning when the City would be drawing on the Levy Stabilization Fund to fill budget gaps caused by revenues not being able to keep up with inflation's effect on expenses. It would likely be unnecessary to address the banked capacity until at least 2030, or later depending on how long it takes to deplete the Levy Stabilization Fund. After that, would be the point in the long-term financial plan that was identified as when the City would need to talk about the newly evolving difficulties balancing the budget within revenue restraints.

Ultimately, what the City wants to do with its banked capacity falls entirely within the discretion of the Council; even if they want to draw it all in next year, ignore until the end of days, or something in between.

Business Licenses

The city will discuss Business Licenses later this meeting, but it is a potential revenue option for the city.

Through the Department of Revenue, Council can utilize this route to not only gain more information about who does work within the city, but also to create another revenue source. While this is most likely not a long-term solution to financing the city after the levy, it could play a part.