



MEDINA, WASHINGTON

AGENDA BILL

Monday, November 13, 2023

Subject: 2024 Final Budget and Salary Schedule

Category: Ordinance, City Council Business, Public Hearing

Staff Contact: Ryan Wagner, Finance Director

Summary

History and Background Information:

June 12, 2023 Regular Meeting: Public Hearing to consider the 2024-2029 Six Year Capital Improvement and Transportation Plan (CIP/TIB/Non-TIB).

September 11, 2023 Regular Meeting: The City Council held its first public hearing on the 2024 Budget.

September 25, 2023 Study Session: The 2024 Preliminary Budget was reviewed by Fund and by Department as presented in the 2024 Preliminary Budget document. Detailed line-item spreadsheets were also made available. Key Revenue and Expense items were discussed, and Department Directors were present to answer specific questions.

October 9, 2023 Regular Meeting: The City Council held its second public hearing on the 2024 Budget.

November 13, 2023 Regular Meeting: The City Council will hold its third public hearing on the 2024 Budget.

2024 Budget Assumptions:

General Fund & Street Operations (75% of Total City Budget):

- Property tax increase of 3.31% reflects an increase to the regular levy, \$56K due to new construction.
- Sales tax predicted to stay relatively flat from 2023, budgeted accordingly.
- Utility tax predicted to increase from 2023 due to rate adjustments and an anticipated colder winter which will impact usage.
- Passport acceptance services resumed in 2023 at pre covid levels, predicted one time revenue of \$400K from 2022 did not occur.
- Investment Interest is predicted to be higher in 2024 due to continued increases in the federal fund rate, still a conservative estimate from what we saw in 2023.
- 55% of General Fund and Street Operations spending is on direct labor. A notated version of the 2024 draft budget ordinance's attachment, representing the salary schedule detailed by position, is included at the end of this brief. Direct staff's COLA adjustments are based on the following:
 - Police Guild Contract (8 FTEs), 4.5%-- contract expiring 12/31/2026.
 - Teamsters Clerical Contract (6 FTEs), 4%-- contract expiring 12/31/2024.
 - Teamsters Public Works Contract (4 FTEs), 4%-- contract expired 12/31/2024.
 - Unrepresented Employees, including City Manager (7.7 FTEs), based on June 30th CPI-W (Seattle-Tacoma-Bellevue) of 4.5%, capped at a 4% increase.

Employee benefit rates have been finalized by AWC and are reflected in this budget. In 2022 the city saw a 5.8% increase in medical rates. We saw another increase of 4.5% for 2023, and a 4.1% increase is reflected in the 2024 budget. Dental and Vision are held to 0%. The City pays 90% of medical premiums for employees and their dependents plus 100% of dental, vision, employee only LTD/life insurance.

- 76% of General Fund and Street Operations budgeted spending is for State Mandated Services: Public Safety, City Manager & Finance. 23% is spent on the Essential Services that support the need for delivering effective and efficient public service and a reliable public infrastructure such as IT, park & building maintenance, and risk management. ***The remaining 1% is discretionary spending for quality of life and other Council initiatives.***

Development Services Fund (10% of Total City Budget):

- The City, to meet its goal of greater transparency, decided to extract the Development Services Department's related revenues, expenses (direct and allocated) and customer deposits from the General Fund and place them in a newly created Development Services Fund, starting with Budget Year 2022. Development Services is a State Mandated program which funds itself through fees and occasional grants.
- Revenue in 2023 bounced back from a low point in 2022, and 2024 is estimated to continue this trend. The City has budgeted conservatively.

Capital Projects Fund and Tree Fund (15% of Total City Budget):

- 2024's anticipated REET revenue of \$1.125M has been budgeted conservatively. It assumes there is a finite amount of developable inventory within the City as well as available local industry and customers with an appetite to take on the types of homes that we have seen built.

Attachment(s)

1. 2024 Proposed Budget Memo
2. 2024 Budget Workbook
3. 2024 Budget Ordinance No. 1022 and 2024 Salary Schedule **Attachment A**
4. City Manager Burns' Carpet Replacement Request

Budget/Fiscal Impact: See attached

Recommendation: Adopt 2024 Budget Ordinance No. 1022.

City Manager Approval:



Proposed Council Motion: "I move approval of Ordinance No. 1022, adopting the 2024 Budget for the City of Medina setting forth the summary of estimated revenues and expenditures for each fund and the 2024 Salary Schedule."

Time Estimate: 30 minutes