

# AB 6377

2023-2024 Mid-Biennial Budget Workshop

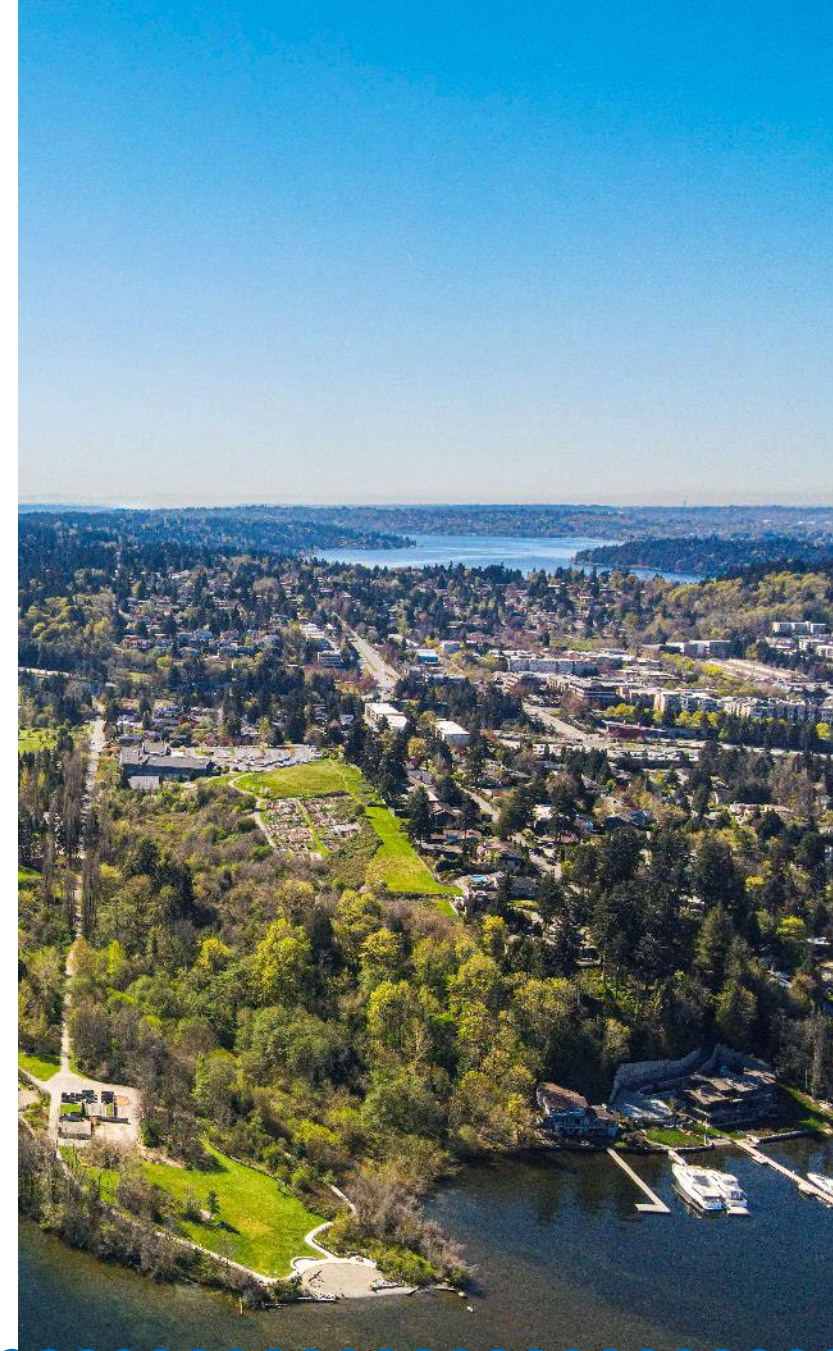
Nov 21, 2023



# Agenda

- 1. Q3 2023 Financial Status Update**
- 2. Mid-biennial Budget Adjustments**
- 3. 2024 Utility Rate Adjustments**
- 4. Property Tax, NORCOM, & Declaration of Intent**

# Financial Status Update - Q3 2023



# Budget v. Actuals Overview

<b>FUNDS</b>	<b>Actuals thru 9/30/22</b>	<b>2023 Amended Budget</b>	<b>Actuals thru 9/30/23</b>	<b>Actuals v Amended Budget</b>
<b>GENERAL FUND</b>				
<b>Revenues</b>	\$23.2	\$36.1	\$27.0	75.0%
<b>Expenditures</b>	\$24.7	\$36.1	\$26.7	73.9%
<b>UTILITY FUNDS</b>				
<b>Revenues</b>	\$18.2	\$44.0	\$20.9	47.5%
<b>Expenditures</b>	\$14.0	\$52.3	\$18.7	48.0%

\*\$ in Millions. Differences may occur due to rounding.

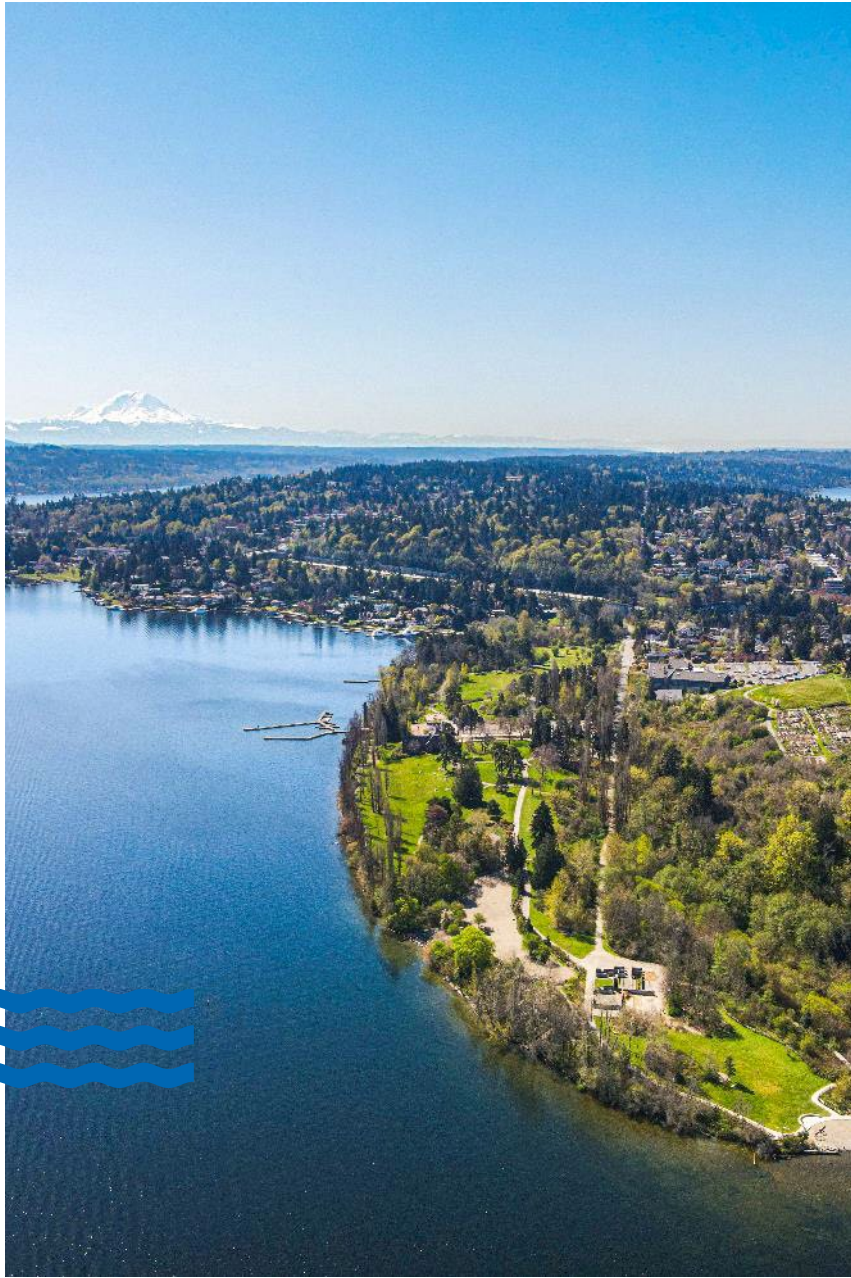
# General Fund Revenues

- ❑ Sales tax is performing above budget expectations.
  - ❑ Construction sector up \$511K compared to 2022.
- ❑ Thru Sept 30, interest earnings were \$1.7 M.
  - ❑ In Q3 alone, net earnings were \$579,808.

# General Fund Expenditures

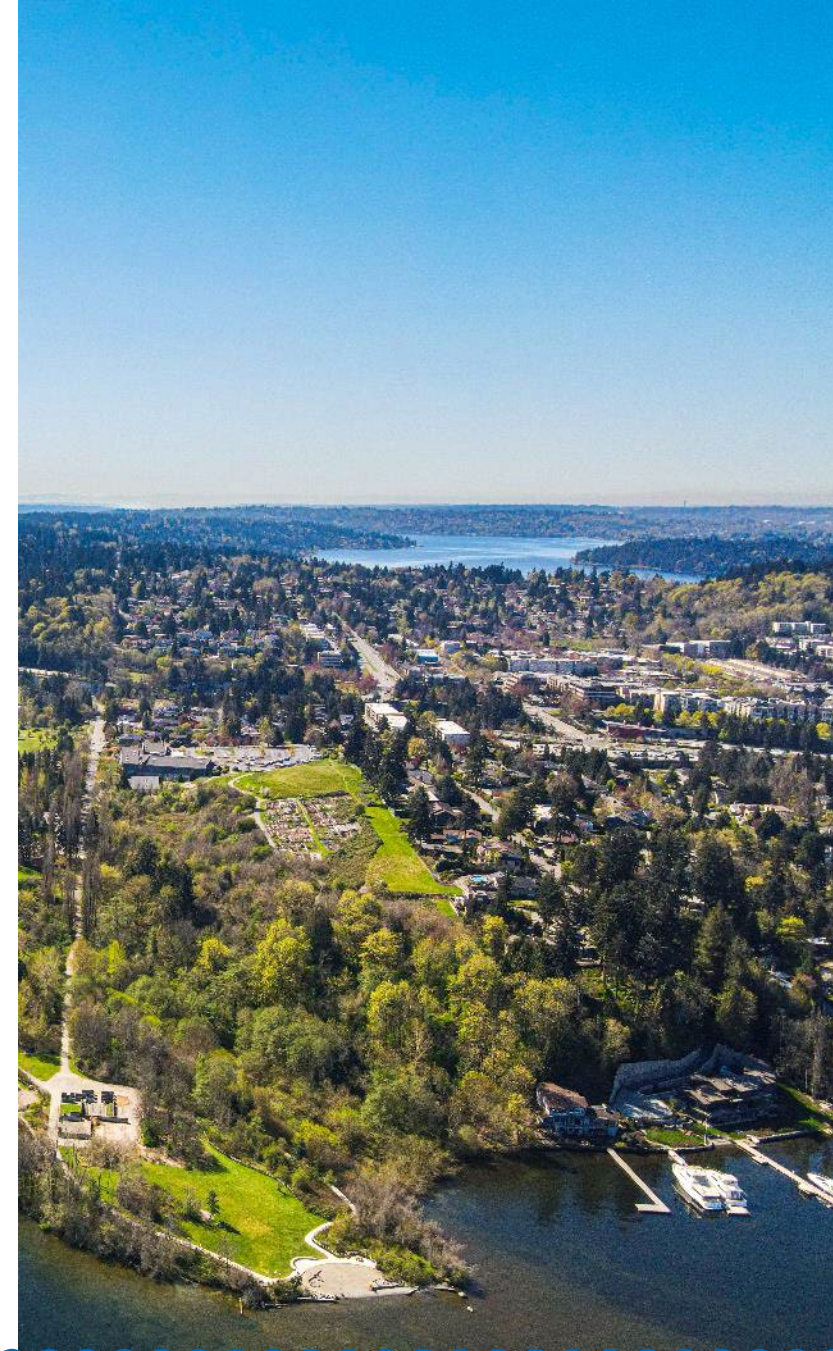
- Expenditures on track with budget expectations.

EXPENDITURES <i>(\$ in millions)</i>	FY 2023 AMENDED BUDGET	% of AMENDED BUDGET	ACTUALS thru 9/30/22	ACTUALS thru 9/30/23	ACTUALS V AMENDED BUDGET
Salaries & Benefits	24.83	69%	16.68	18.53	75%
Supplies	0.89	2%	0.61	0.59	66%
Contract Services	3.73	10%	2.14	2.07	55%
Other Services & Charges	5.91	16%	3.98	4.97	84%
Interfund Transfers Out	0.71	2%	1.27	0.52	72%
<b>TOTAL EXPENDITURES</b>	<b>\$36.07</b>	<b>100%</b>	<b>\$24.68</b>	<b>\$26.67</b>	<b>74%</b>



# Questions

# Mid-Biennial Budget Adjustments





# Capital Budget Adjustments

2023-2024 Mid-Biennial Adjustments <i>(\$ in thousands)</i>		Adopted Budget	Proposed Changes	Revised Budget
GB0103	City Hall Seismic Retrofits	\$ 250	<b>\$ (250)</b>	\$ -
GB0110	City Hall Paint, Carpet, and Furniture	660	<b>(660)</b>	-
GB0115	Facilities Plan	200	<b>300</b>	500
GB0170	City Hall Safety Improvements	250	<b>(250)</b>	-

- Repurpose capital funds with City Hall's closure.
  - Terminate interior, safety, and seismic improvements to City Hall.
  - Increase funding for long-range facility planning.

# Operating Budget Adjustments

<b>2023-2024 Mid-Biennial Adjustments</b> <i>(\$ in thousands)</i>	<b>Adopted Budget</b>	<b>Proposed Changes</b>	<b>Revised Budget</b>
Police Support Facilities	\$ -	<b>\$ 300</b>	\$ 300
Public Records Management	-	<b>100</b>	100
WCIA Liability Insurance	1,692	<b>318</b>	2,010

- ❑ Intermediate solution for Police operational space.
- ❑ Accelerate digitization of archival records.
- ❑ WCIA 25% rate increase for 2024 auto & property insurance.

# Summary

<b>2023-2024 Mid-Biennial Adjustments</b>		<b>ARPA</b>	<b>GENERAL</b>
<i>(\$ in thousands)</i>		<b>FUND</b>	<b>FUND</b>
GB0103	City Hall Seismic Retrofits	\$ (250)	\$ -
GB0110	City Hall Paint, Carpet, and Furniture	(660)	-
GB0115	Facilities Plan	180	120
GB0170	City Hall Safety Improvements	(250)	-
	Police Support Facilities	300	-
	Public Records Management	100	-
	WCIA Liability Insurance	-	318
<b>TOTAL</b>		<b>\$ (580)</b>	<b>\$ 438</b>

## Result

Eliminate \$1.16 M & reappropriate \$0.58 in ARPA funds.

Appropriate \$0.43 M of General Fund dollars.

# Municipal Facility Replacement Fund

- ❑ **Purpose:** Set aside resources for short & long-term facility needs.
- ❑ **Funding Target:** \$10 million.
  - ❑ Near-term leases for temporary space.
  - ❑ Replacement of City Hall.
- ❑ Redirect Q3/Q4 2023 General Fund interest earnings.
  - ❑ For Q3 2023, amounts to \$579,808.

# Opioid Settlement Funds

- ❑ Mercer Island will **receive \$702,296 over 17 years.**
  - ❑ Allocation to cities based on population size.
  - ❑ Will result in **\$41,312/ year** through 2039.
- ❑ Recommend funds go to the Healthy Youth Initiative.
  1. Anti-drug coalitions in the Communities That Care framework.
  2. Affirmative public education campaigns based on local data.

# Proposed Budget Adjustments

1. Reduce City Hall-related capital projects in the amount \$1.16 million.
2. Appropriate \$300,000 for long-range facility planning.
3. Appropriate \$300,000 for Police support facilities.
4. Appropriate \$100,000 for public records management.
5. Appropriate \$317,928 for WCIA liability insurance.
6. Establish a new Municipal Facility Replacement Fund with a funding target of \$10 million.
7. Authorize transfer of \$579,808 of interest earnings from the General Fund to the Municipal Facility Replacement Fund.
8. Appropriate Opioid settlement funds to Mercer Island's Healthy Youth Initiative.

# Utility Rate Adjustments

Bi-Monthly Utility Rates		2023	2024	2024	
<i>Single-Family Residence</i>		Adopted	Proposed	\$ Change	% Change
City	Water	\$ 132	\$ 142	\$10.55	8.0%
City	Sewer Maintenance	\$ 65	\$ 68	2.95	4.5%
City	Storm Water	\$ 43	\$ 46	3.44	8.0%
City	EMS	\$ 10	\$ 12	1.05	10.0%
<b>Total Increase</b>		<b>\$355</b>	<b>\$379</b>	<b>\$24</b>	

- ❑ Unanimously approved by the Utility Board this fall.
- ❑ Adjustments in the 2024 Master Fee Schedule update on December 5, 2023.
- ❑ Utility Board Chair Mr. O’Connell.

# Property Tax Levies

- Assume the 1% increase in 2024 for the Regular levy and the 2022 Parks Operations and Maintenance levy lid lift.

<b>PROPERTY TAX LEVIES</b> <i>Ord. No. 23-18 &amp; 23-19 (\$ in thousands)</i>	<b>2023 FINAL LEVY</b>	<b>2024 PRELIM LEVY</b>
Regular Levy	\$12,752	<b>\$13,034</b>
2022 Parks Operations & Maintenance Lid Lift	\$1,629	<b>\$1,646</b>
<b>Total Levy</b>	<b>\$14,381</b>	<b>\$14,679</b>



# Declaration of Intent Resolution

- ❑ Equips City to reimburse itself for costs incurred prior to a bond issuance.
  - ❑ Extends timeframe to use bond proceeds.
  - ❑ Helps manage cash flow needs.
- ❑ Resolution No. 1652 designates City Manager to issue statements of official intent.

# NORCOM 2024 Budget

- ❑ City's annual contribution for regional public safety radio.
- ❑ Must adopt a resolution before NORCOM approves its 2024 budget. The City's NORCOM contribution in 2024 is \$560,337.

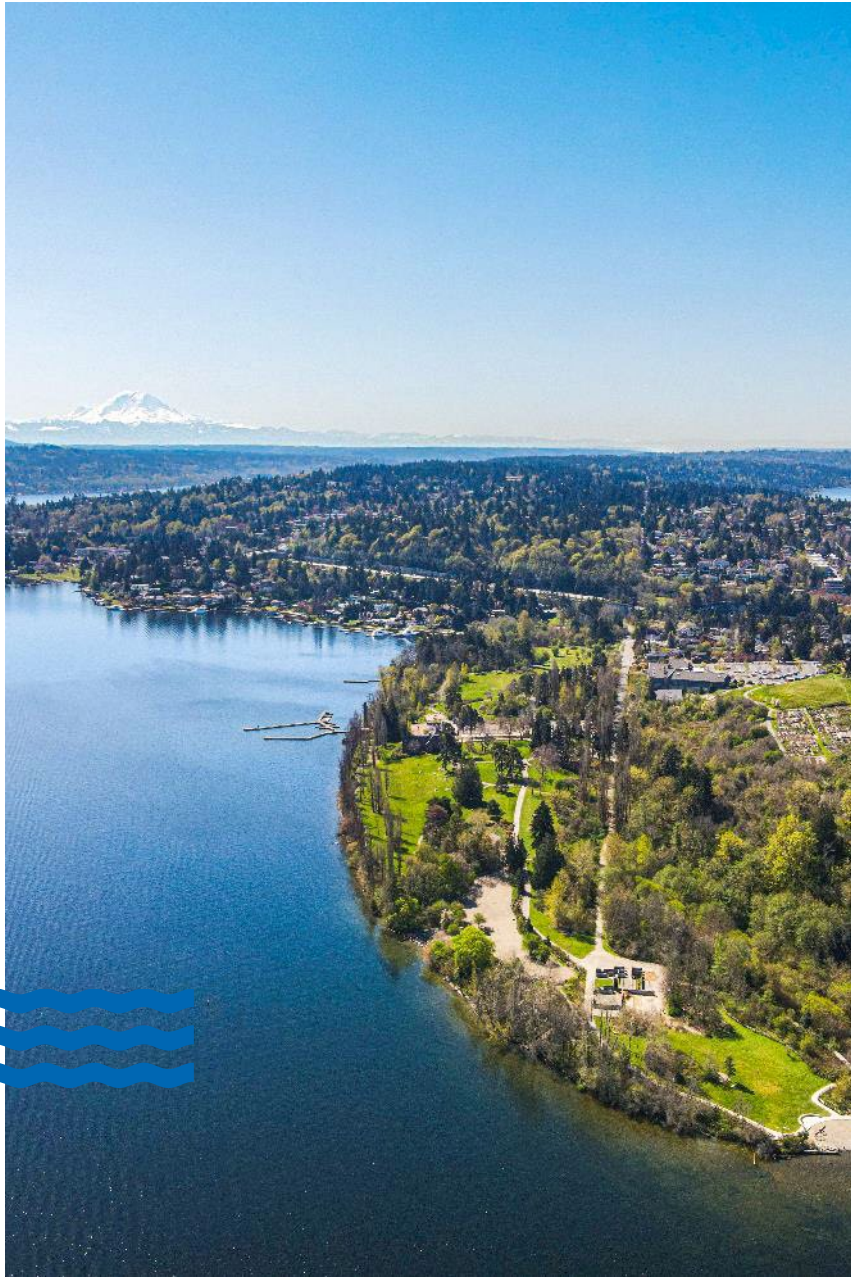
NORCOM Budget Allocations		
Department	2023	2024
Police	560,337	560,337
Fire	186,100	-
<b>Total</b>	<b>\$746,437</b>	<b>\$560,337</b>

# Next Steps

- Adopt Budget Amending Ordinance on December 5, 2023.

# Staff Recommendation

1. Adopt Ordinance No. 23-18, establishing the dollar amount and percent increase for the Property Tax levies in 2024.
2. Adopt Ordinance No. 23-19, appropriating funds and establishing the amount of Property Taxes to be levied in 2024.
3. Adopt Resolution No. 1652, appointing the City Manager for the purpose of designating certain expenditures for reimbursement from bonds that may be authorized and approved by the City for issuance in the future.
4. Adopt Resolution No. 1653, approving NORCOM's 2024 budget allocation from the City of Mercer Island.



# Questions