

Budget Workshop

And how the City pays for things



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20,970
population

~\$124
million

70%
people

215
ft employees

10+
facilities

150
acres

6
utilities + transit

11,000
customers

92.8
street miles



Budget Overview & Revenues

About the Budget
Governmental Fund Activities
Revenues
About Taxes: Sales & Property
Financial Toolbox
Next Steps



Budget Basics

- Total 2-year Biennial Budget
- Organized by funds - 44 “buckets” with reserve policies
- Audited by the State Auditor for State, Local, and Federal compliance
- One-time revenue to one-time expenses
- Structural deficit of revenue growth not keeping pace with growth in expenditures
- Basic revenue sources: taxes, fees for service (mostly inter-departmental), fines, and intergovernmental
- Tax-payer supported for the public good and to be available as needed (streets, police, parks, library)
- User supported for individual good for on-demand services (permits, utilities, recreation, inspections)
- The general tax capacity is heavily limited by State law – can only tax where City has authority



Budget Structure

Governmental Funds



General Fund

Restricted



**Special
Revenue Funds**



**Capital Project
Funds**



**Debt Service
Funds**



Proprietary Funds



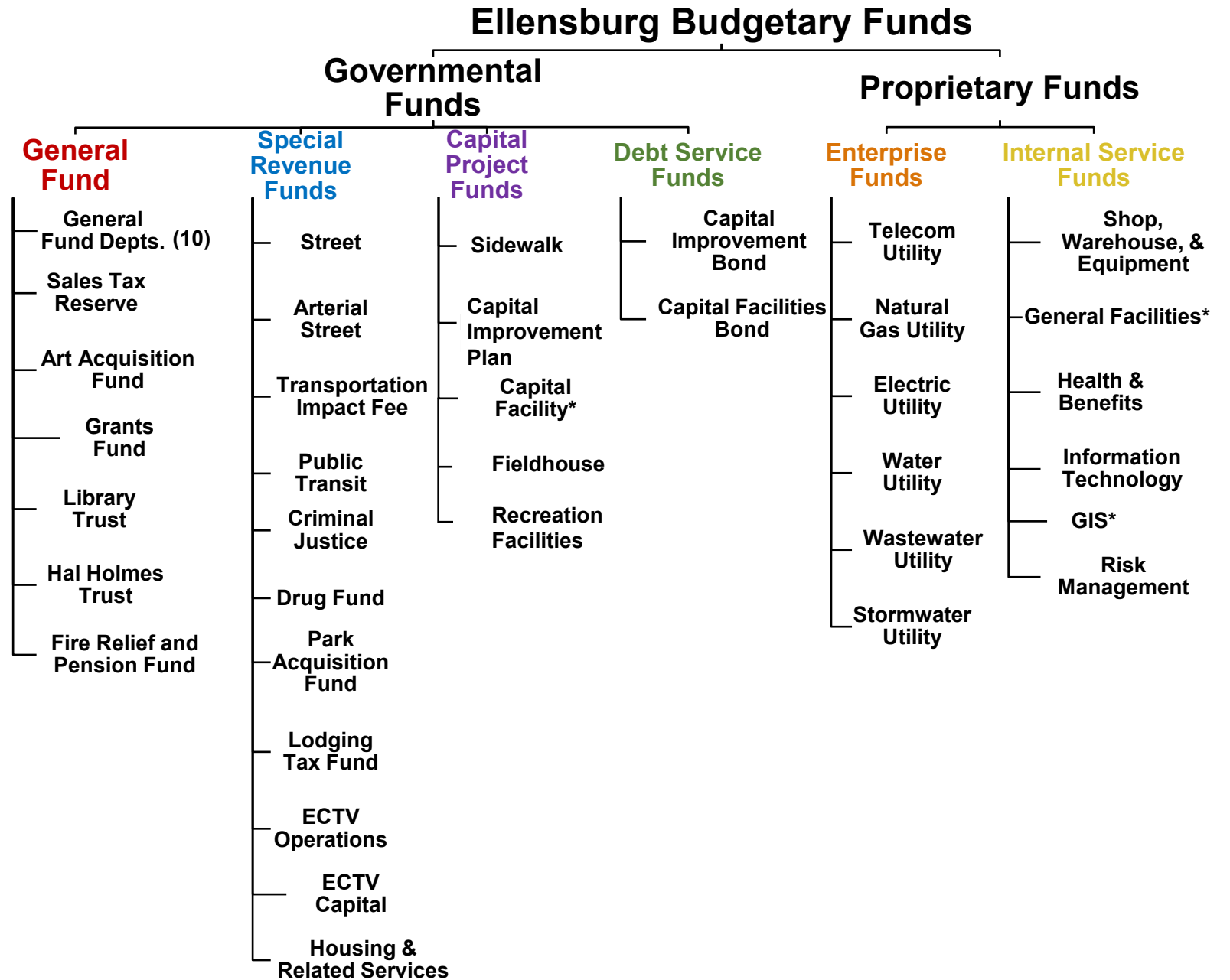
Enterprise Funds



**Internal Service
Funds**

Budget Structure

- 44 Funds
- Restricted revenues
- Dedicated expenditures



Governmental Funds



General Fund



**Special
Revenue Funds**



**Capital Project
Funds**



**Debt Service
Funds**



Governmental Fund Activities

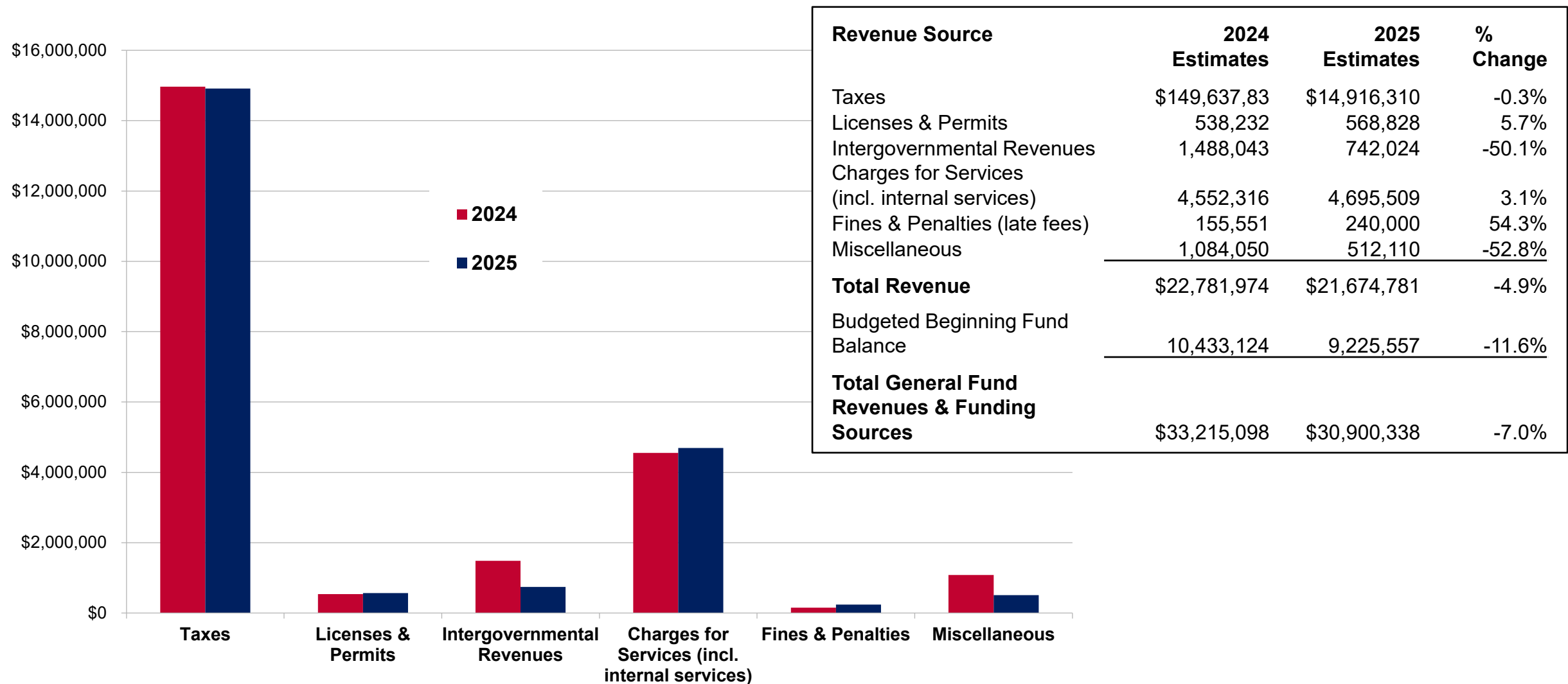


- Council/City Management
- General Government
- Economic Development/Arts
- Community Development
- Parks & Recreation
- Library Services
- Engineering Services
- Library Services
- Public Safety
- Affordable Housing
- Streets
- Sidewalks
- Transit

**Costs increase
~3% per year**

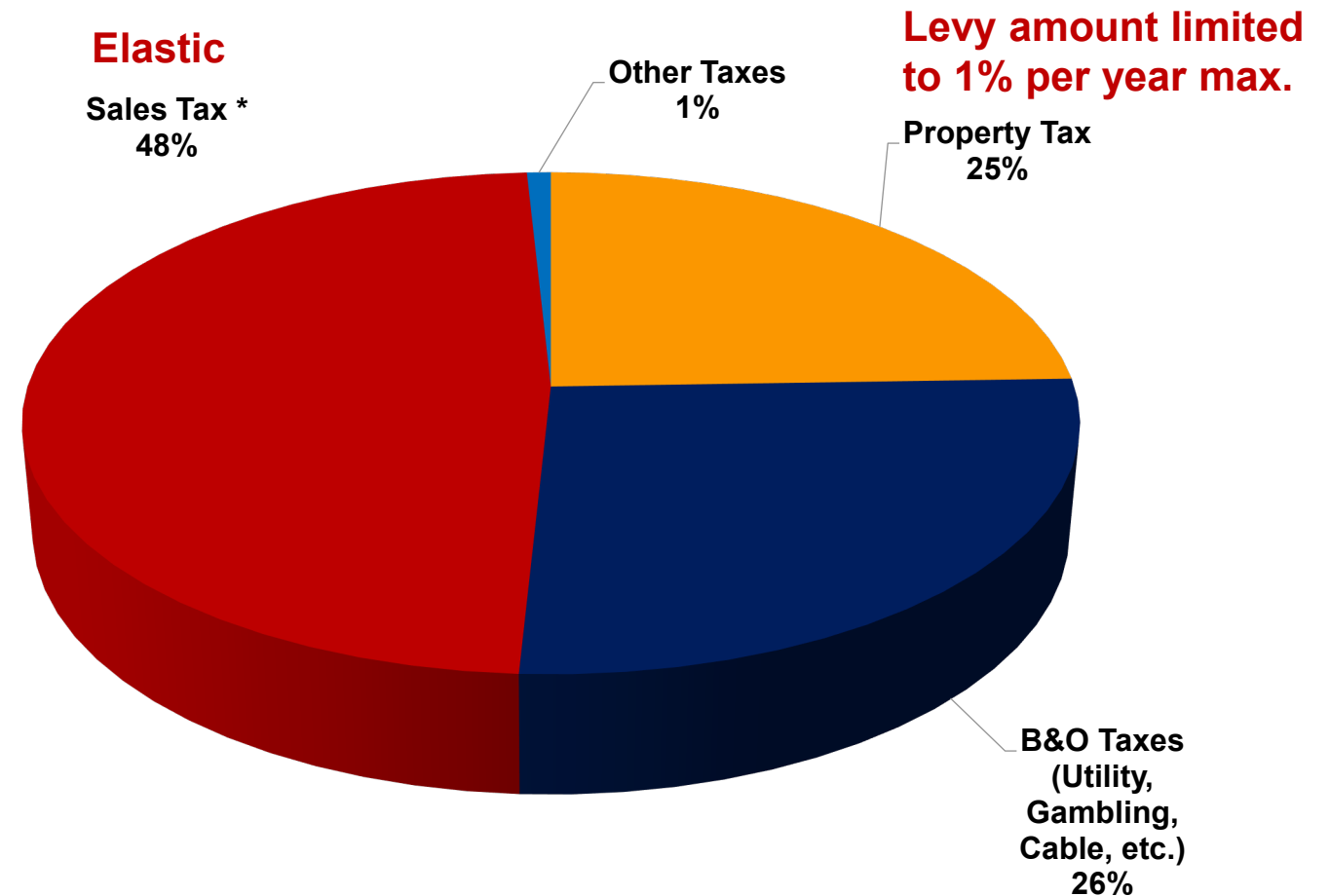


2024/2025 General Fund Revenue by Source



General Fund Tax Revenue

Revenue Source	2025 Estimates
Property Tax	\$ 3,652,565
B&O Taxes	\$ 3,929,577
Sales Tax *	\$ 7,209,168
Other Taxes	<u>\$ 125,000</u>
Total	\$ 14,916,310



Business & Occupation (B&O) - Utility, Gambling, Cable, etc.

Other – Admission, Excise, Leasehold

*Sales Tax – includes 011 local criminal justice, but not 130 3/10 and 172 affordable housing

Sales & Use Tax



6.5 cents—State

1 cent—Local Option (City .85; County .15)

0.3 cents—Public Safety (City/County)

0.2 cents—Transit (City); TBD

0.1 cents—Affordable Housing (City)

0.2 cents—Criminal justice;
juvenile detention (County)

0.1 cents—Chemical dependency /
behavioral health (County)

City Rate – 8.4%

- Elastic nature
- Destination basis
- Construction
- New 0.2% Countywide 911 Communications Tax begins 1/1/2025

Property Tax



How are property taxes calculated?

Ellensburg Regular Levy Rate (2024) = \$1.314970 per \$1,000. A homeowner with a home assessed at \$350,000 would have paid \$460.24 in 2024 for City portion.

This represents a decrease from 2023 when Ellensburg Library Levy was paid off.

1977 Levy Rate = \$3.67 per \$1,000; Total Levy Rate \$16.79 with all taxing districts.

Let's try an example...



How are property taxes calculated?

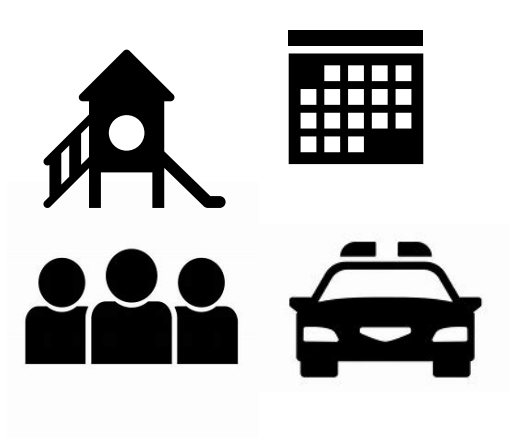
- **Levy Amount** – amount needed to fund the budget
- **Assessed Value** – County assessor certifies value of property in taxing district
- **Levy Rate** – calculated rate per \$1,000 assessed

Property Tax Formula

Under the budget-based system, a taxing district establishes its desired levy amount first (subject to several restrictions), and then the assessed valuation is used to calculate the subsequent levy rate that property owners must pay. This formula is expressed as:

$$\text{Levy Amount} \div \text{Assessed Value (000s)} = \text{Levy Rate (per \$1,000 AV)}$$





Year 1 Levy:
\$1,000,000



Total Assessed Value (AV):
\$1,000,000,000

\$1,000,000 (Levy Amount)

\$1,000,000 (per \$1,000 AV)

= 1.00 per \$1,000 AV (Rate)



Year 1:

Levy Rate= 1.00 per \$1,000 AV x
Assessed value of Home/1000 =
Property Tax Due

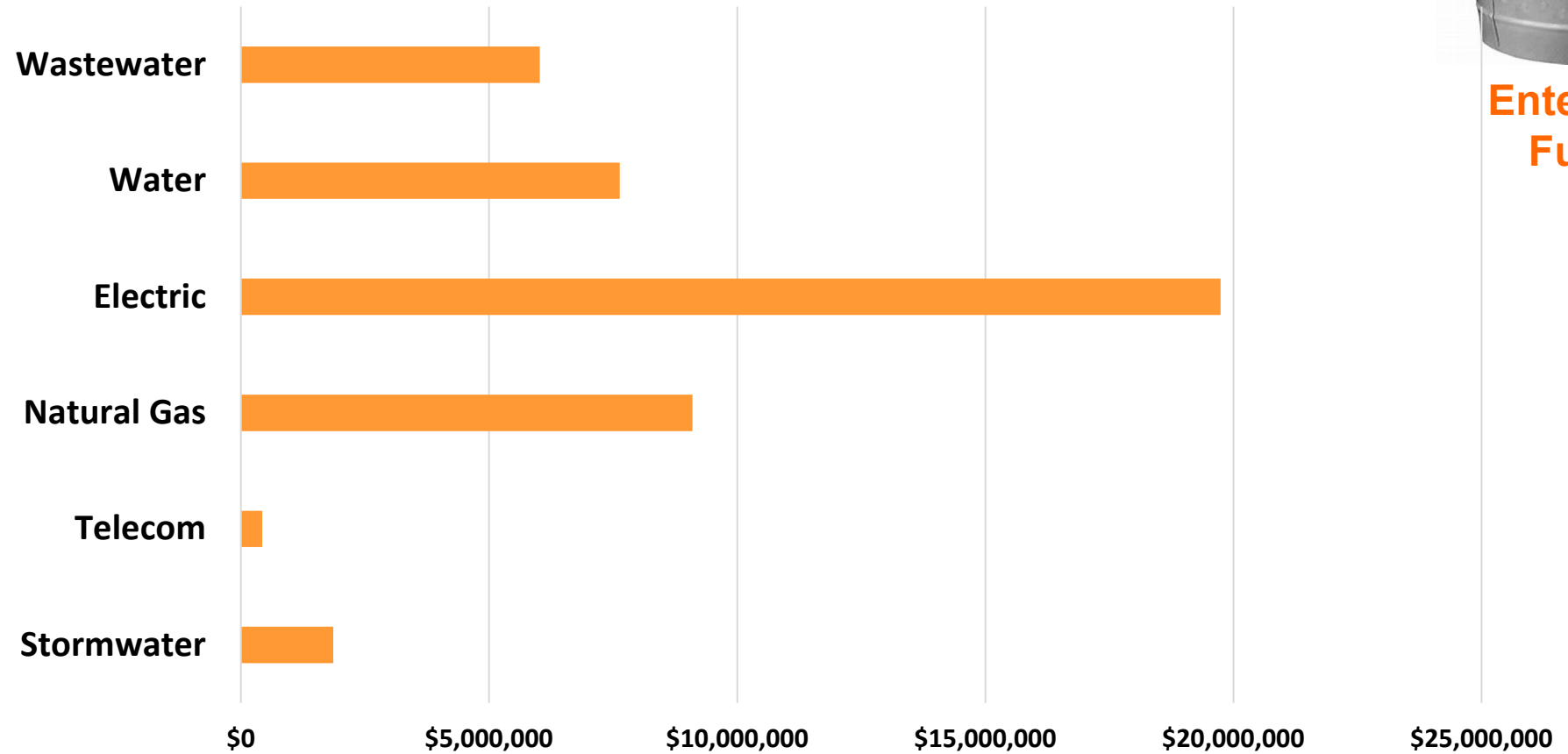
$$\$1.00 \times \$400,000/1,000 \text{ AV} = \$400$$

Why do my utility rates keep going up?



- Costs of operating the utilities go up 3-3.5% per year:
 - Inflation
 - Fuel & energy
 - Employees
- New customers (development) pays their share of system expansion
- Existing customers pay for operations, new requirements (\$2.81M for disinfection system), maintenance, replacement
- Utilities typically have only one major revenue source for operations: rates
- The combination of operation costs, new requirements, and major repair cause increase costs of 2.5-5% per year, depending on the utility
- Policy choice that rates are based on cost-of-service principles

Utilities



**Enterprise
Funds**



Buildings & Maintenance Challenges

Construction

- Fieldhouse - \$25 million
- City Hall Remodel - \$1.5 million
- Shop (Operations Center) - \$50 million
- Wastewater Treatment Plant \$30 million
- New well - \$6.5 million
- Trails and Parks - Unlimited
- Skate Park – Splash Pad - \$500K each
- Pool and Community Center - \$30 million
- Dolarway Substation - \$4 million
- Capital Improvement Plans
- Debt Service
 - 2017 Public Safety Building– payment of \$573,326 (2037)
 - 2010 Maintenance Bond – payment \$188,003 (2030)
- **Bond or levy = new debt payment**
- **Other New Revenue**

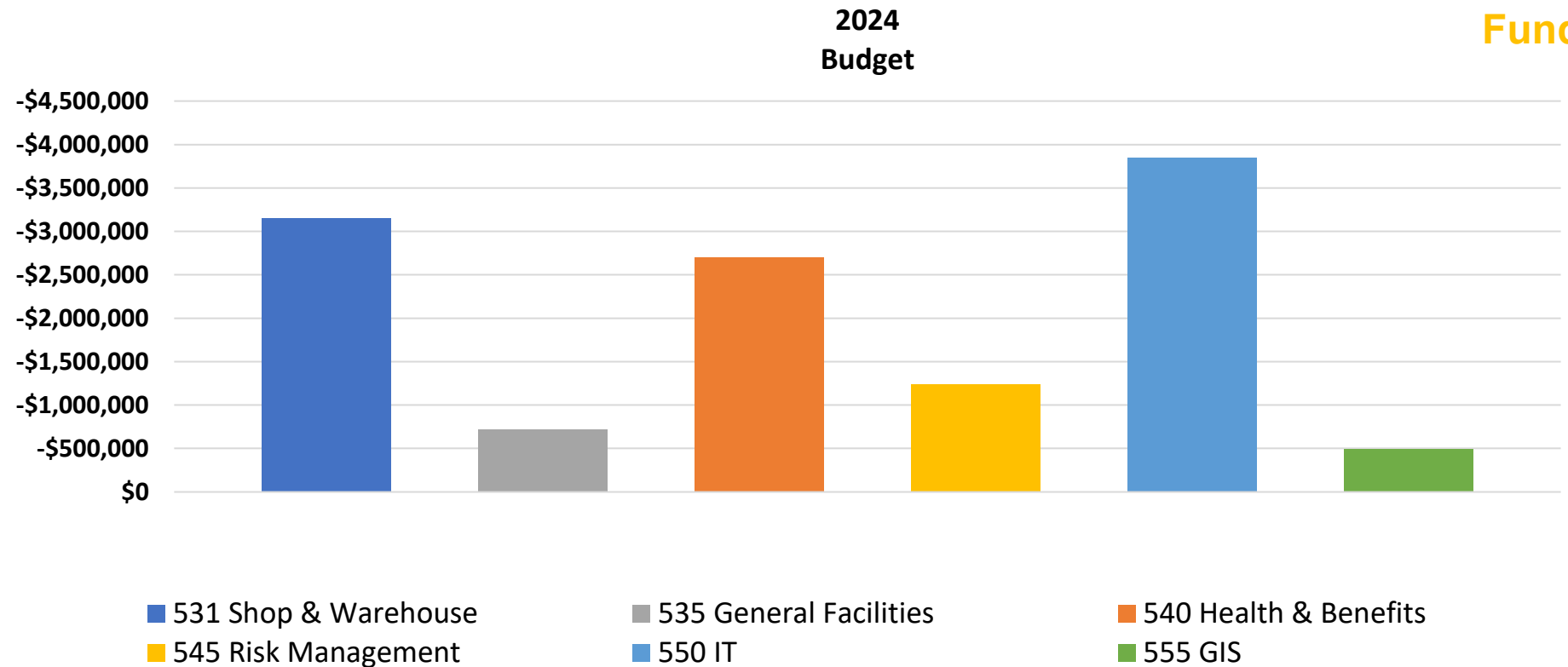
Maintenance

- HVAC & Windows - Library & Hal Holmes
- HVAC City Hall
- Kittitas Valley Memorial Pool
- City Shop
- Parks Equipment Upgrades
- ADA Transition Plan
- Sidewalks
- Technology
- Water Mains
- ***Ongoing Operations & Maintenance (O&M) Costs***
- Shop Fund & General Facilities Fund

Internal Service Funds - Revenues



Internal Service
Funds

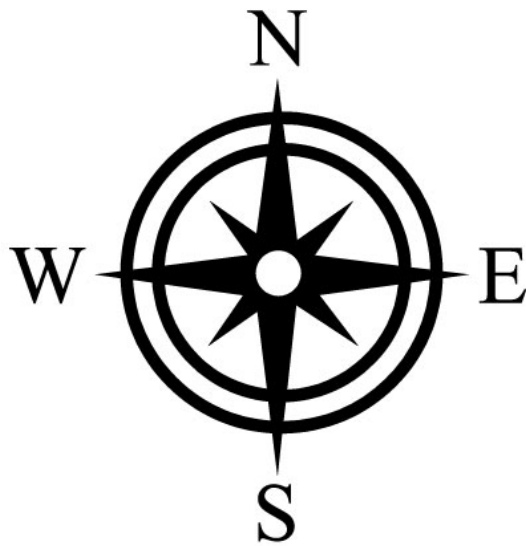


How is the budget developed/adopted?



Priorities
Schedule
Financial Toolbox

City Council's Strategic Vision 2024-2029

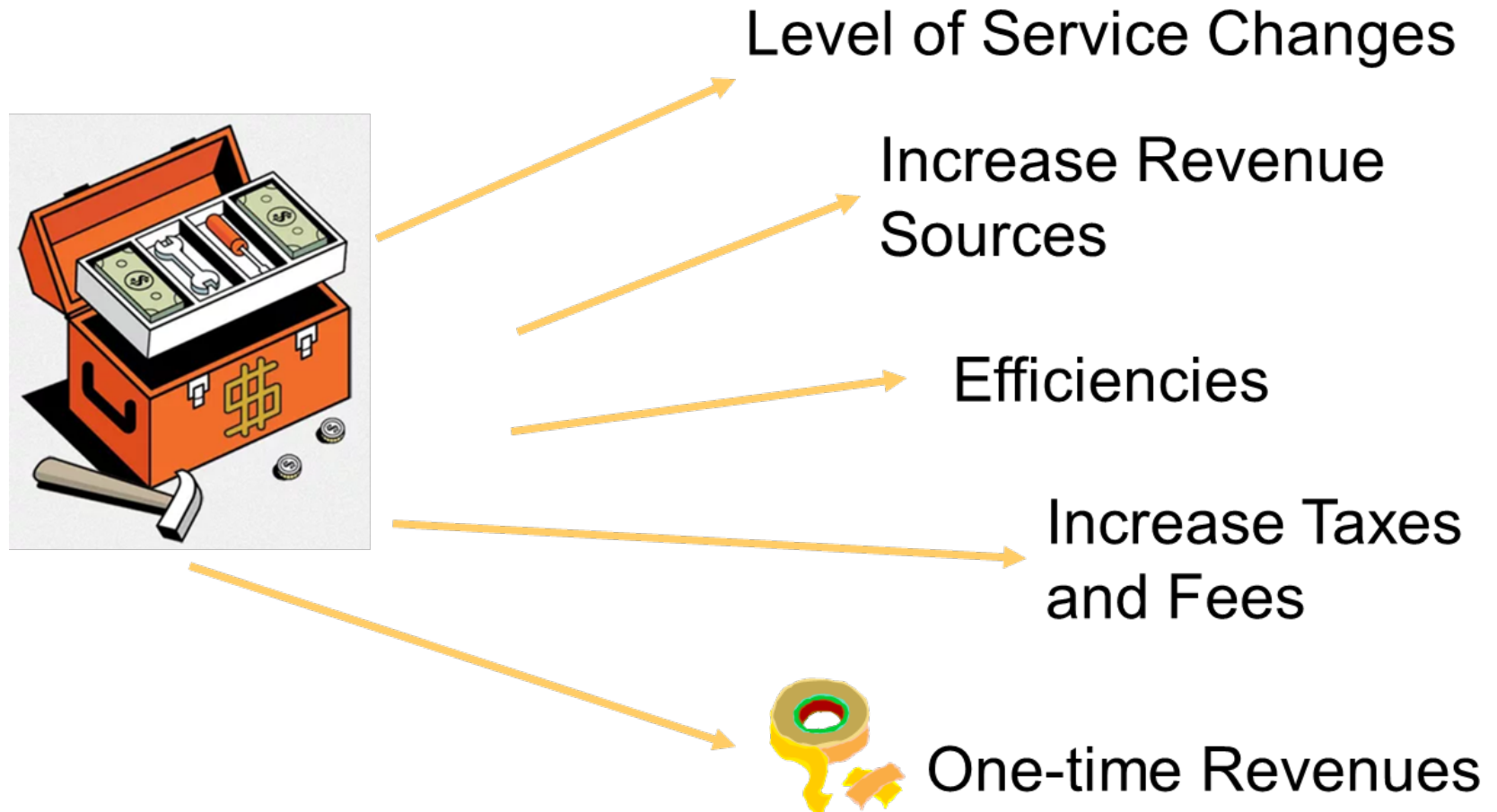


- Sustainable Economic Development
- Infrastructure and Energy
- Safety, Civic Engagement, and Cultural Inclusion
- Affordable Housing and Living
- Dedicated Parks and Recreation Resources

www.ellensburgwa.gov/strategicvision



How do we balance the budget?



Thank you!

Resources

Revenue Guide for Washington Cities and Towns



- **November 4** – *City Manager's Budget Presentation, Budget Hearing, and Property Tax Revenue Hearing*
- **November 18** – *2025-2026 Budget Ordinance Public Hearing*
- **December 2** – *Adoption of 2025-2026 Biennial City Budget*