City of Waitsburg

2020 Final Budget

“ONE OF A KIND”
CITY OF WAITSBURG’S
VISION FOR THE
FUTURE

A Vital All-American
Small Town

We want Waitsburg to continue to be a friendly small town where you know and care about your neighbors. Hometown values and quality schools should always contribute to the feeling that Waitsburg is a great place to raise a family. As our future unfolds, Waitsburg should continue to be a safe community. We seek controlled, slow growth that will enhance the vitality of our community, but not threaten those aspects of the community we treasure. We seek new jobs and income sources for our residents that will fit our clean, non-polluted community. We are proud of our unique charter system of government and are determined to maintain it in the future.
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[Logo of Waitsburg]

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Mayor’s Transmittal—2020 City Budget Proposal

Though not as busy of a year as 2018, 2019 saw several important projects get completed that were many years in the making. The City was able to upgrade and replace its aging dewatering press at the Waste Water Treatment Plant with a new belt style press; greatly improving efficiency and usability. We also continued to maintain its street system via chip and crack sealing over a variety of City Streets.

With a lot of involvement from the Waitsburg Planning Commission, local citizens and service groups, the City completed its periodic update to its Comprehensive Plan that will help guide the City for the next 20 years. City Staff was able to secure a variety of grants to help improve conditions around the City; specifically the installation of new LED Streetlights throughout the entire City as well the installation of Solar Speed warning signs at the entrances to the City as a means to help slow down traffic along highway 12 and 124. A new road base was installed in the eastern portion of the City to straighten out and extend Taggart Road; greatly improving the safety of vehicular traffic in that area of the City. As a related matter, planning efforts have continued over the year towards the installation of secondary looping line that will wrap around the new road and back along highway 12; vastly improving the water pressure and quantity available to users in that area.

For 2020, the City will continue to improve its infrastructure. The City has plans to reconstruct Millrace Road from Main Street to the Eastern City Limits, pave the new road segment off of Taggart Road, install over a thousand feet of new sidewalk around the City, complete the installation of the Garden to Taggart Road waterline project and install a new backup power generator at the City Well Field.

Even after all the extra infrastructure work is planned, the City will strive to keep our pool and library open, provide law enforcement, and ensure the availability of clean water and sewer disposal. The City of Waitsburg is going to continue to provide the services that are important to our citizens but may have to look at cuts to services in the future as expenses continue to creep past the City available revenue sources.

As with every year, the 2020 budget is designed to achieve a fundamental goal: to provide the level of service the community expects while operating in a fiscally responsible manner, and balancing revenues generated against controlled expenditures. But unlike past years, the City will have limited budgetary capacity to address unanticipated repairs to the water and sewer systems.

Thank you.

Marty Dunn
Mayor, City of Waitsburg
December 18, 2019
## City and other Local Officials

### Mayor
Marty Dunn

### Council Members
- KC Kuykendall
- Kevin House
- Terry Jacoy
- Kate Hockersmith
- Jim Romine

### Management Team
- City Administrator/Clerk/Treasurer: Randy Hinchliffe
- Public Works Director: Jim Lynch
- Walla Walla County Sheriff: Mark Crider

### City Support Staff
- Deputy City Clerk: Kelly Steinhoff
- Maintenance Crew:
  - Lisa Norris
  - Devin Griffin
  - Zach Stenson

### Municipal Court Services
Walla Walla County District Court

### City Attorney
Jared Hawkins

### Librarian
Rosie Warehime

### City Health Official
Walla Walla County Health Department

### Building Official
Columbia County Planning Department

### Legislative District: 16
- Senator: Maureen Walsh
- Representatives: Skyler Rude & Bill Jenkin

### Congressional District: 5
- U.S. Senators: Patty Murray & Maria Cantwell
- Representative: Cathy McMorris Rogers

### Walla Walla County Commissioner
- District 2
  - Todd Kimball
**BUDGET MESSAGE**

Budgeting is the Art of Accomplishing the Goals and Priorities of the City Using the Limited Revenue Available to the City.

Budgeting is an essential element of the financial planning, control and evaluation processes of government. The process involves establishing goals and priorities, and determining the types and levels of services to be provided. Then a forecast of the revenues that will be available to the City in the future is made. That anticipated revenue must be allocated among various departments, programs, or functions in the most effective way to accomplish the goals and provide the services that were identified during the planning process. In recent years, it has been quite common that the revenues available are not adequate to accomplish all of the City’s goals and projects.

Currently the City of Waitsburg provides the following services and facilities:

- Law Enforcement
- Municipal Water System
- Solid Waste Collection
- Library
- Fairgrounds
- Swimming Pool
- Flood Mitigation
- Planning and Zoning
- Emergency Preparedness
- Stormwater Drainage Systems
- Cardboard Recycling
- Municipal Sewer System
- Street and Road Maintenance
- Parks
- Cemeteries and Cemetery Services
- Animal Control
- Economic/Community Development
- Building Inspection
- Historic Preservation
- Pedestrian Mobility Enhancements

Other projects and tasks that would benefit the City and should be continued to be considered or initiated during the 2020 fiscal year (not listed by priority):

- Continue small-diameter water/sewer main upgrade/replacement program
  - Includes replacement of low-flow fire hydrants for added fire protection
- Pursue use of the ground along Touchet River for citizen recreational use
- Implement a water reservoir dechlorination project
- Investigate potential water and sewer system upgrades
- Infrastructure improvements along City’s levee system
- Citywide sidewalk improvements
- Widen E. 7th Street from Main Street to Coppei Ave
The City’s Budget and Accounting Systems are Organized on a Fund Basis

As required by state law, the City of Waitsburg’s accounting and budgeting systems are organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities.

This is an important concept. It means that the City’s budget is different from a household budget or even the budgets of most businesses. To put the fund concept in perspective, a fund to a local government is what a subsidiary corporation is to a business conglomerate. Like the subsidiary, the fund is independent. Each fund has its own purpose and is accounted for as a separate entity. Each fund must balance on its own. A shortfall in one fund cannot be offset by an excess in another fund.

State law requires that funds are budgeted on a cash basis.

The Budget Provides a Control Mechanism Throughout the Year

Financial control and evaluation procedures typically focus on ensuring that fixed expenditure limitations (appropriations) are not exceeded, and on comparing estimated and actual revenues and expenditures.

The budget authorizes and provides control of financial operations during the fiscal year. Upon adoption, the expenditure estimates, as modified by the Council, are enacted into law through the passage of an appropriations ordinance.

The appropriations constitute maximum expenditure authorizations during the fiscal year and cannot legally be exceeded until subsequently amended by the Council. Expenditures are monitored through the accounting system to ensure budgetary compliance.

Budgeting is Planning

While typically thought of as a financial activity done to satisfy state law, budgeting is the process of planning. Fiscal planning involves all elements of government and should be considered one of the most important functions for City officials.

The processes of budgeting will not only allocate fiscal resources to meet needs and provide services, but will also set a direction for the future. The elements of good planning include identifying community needs, City resources, the capability to meet community needs, and a plan to match such resources to the needs.

The two primary and most important functions of a City Council are (1) to set goals and policies for the City and (2) to adopt an annual budget for the City. Throughout the year, the City Council considers a variety of proposals and suggested goals and policies. What is important to remember is that there is a direct relation of the adopted goals and policies to the budget.

The primary functions of the City Council – budgeting and setting policy – are closely related.
The priorities and polices set by the Council direct where the City’s money will go. The policies adopted by a City Council are empty unless they are funded through the budget, and the most important policies should receive the first funding. Likewise, the budget is not just numbers to be shifted and juggled. The real consequence of the budget is a street that is paved or remains full of potholes; a public concern, such as emergency preparedness, that is addressed or not; and public services that are antiquated or that are safe and efficient.

**The Budget is Presented to Reveal the Planning that Underlies Budget Development**

Traditionally, budgets have been presented as rows of numbers aligned in several columns across numerous pages. Many communities now believe that this traditional presentation is unrepresentative, and even misleading. Pages and pages of numbers tend to draw attention to the numbers themselves and away from the larger policies and goals of a community.

The two primary functions of a City Council are to (1) set goals and policies for the City and (2) adopt an annual budget for the City. The budget document should show the link between those functions – a street repaired, a leaking water main fixed, emergency preparedness, parks and cemeteries maintained, law enforcement service provided, and a host of other services and facilities. The budget should show the goals and priorities of the Council. The most important policies should receive the first funding, and the budget document should show that.

In short, the budget document is the link to the other primary function of the City Council, which is establishing goals and policies for the City; the budget is not presented only as pages full of numbers, but as projects to be accomplished or to be shelved for the future.

**What the Budget has Done: 2019 Accomplishments**

- Maintained basic services for citizens – fire protection, water system, sewer system, park, cemetery, library, planning, building inspection, etc.
- Worked with Walla Walla County Sheriff’s Office for continued police coverage
- Provided for continuing education and certification of City staff and crew
- Funded the City Pool
- Provided flowers and hanging baskets along Main Street for beautification purposes
- Helped with planning for the Waitsburg Celebration Days community event
- Continued work on a Flood Mitigation Study with the Army Corp of Engineers
- Aided in the development of the Touchet Valley Trail between Waitsburg and Dayton
- Purchased a Vactor Truck to replace the City’s gaining jet rodder for sewerline clearing
- Completed a periodic update to the City Comprehensive Plan
- Installed new LED Streetlights throughout the City
- Installed solar speed warning signs at the entrances to the City
- Chip and crack sealed several streets throughout the City
- Installed the road base material to a new road segment of Taggart Road
What the Budget Can Do: 2020 Goals

- Maintain basic services for citizens – law enforcement, water system, sewer system, park, cemetery, library, planning, building inspection, etc.
- Continue to install new sidewalks throughout the City to help improve Walkability
- Fund City debt obligations
- Provide for continuing education of City staff and crew
- Fund City Pool; including a third recoating of the pool surface
- New recreational uses in Preston Park
- Plan and install a waterline from Garden Street to Taggart Road
- Pave the new section of road off of Taggart Road
- Continue to work with the Army Corp of Engineers a Flood Mitigation Study
- Complete the reconstruction of Millrace Road from Main Street to Eastern City Limits
- Cover the cost of the City’s upcoming Financial Audit by the State Auditor’s Office
City Funds:

**CURRENT EXPENSE** – This is Fund No. 001 in the Budget.

**What is paid from this Fund:** The Current Expense Fund is the most active fund. It is the general purpose fund. This fund provides money for several different functions within the City, including Mayor/Council; Administration; Police; Parks; Fairgrounds; Pool; Library and Cemeteries.

The above chart shows the percentage and revenue types for the City’s General Fund.

**Summary of Revenue Sources for this Fund:** (Reference Notes & Comments)

**Taxes**
- Cash & Investments
- Real & Personal Property Taxes
- Retail Sales & Use Tax
- Criminal Justice – 1/10 of 1%
- Franchise Fees
- Business & Occupation Tax
- Public Safety Tax

<table>
<thead>
<tr>
<th>Revenue Type</th>
<th>Amount</th>
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<td>Total Taxes</td>
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</tbody>
</table>

**Licenses & Permits**
- Business Licenses
- Building Permits
Dog Licenses
Misc. Licenses/Permits

Total Licenses & Permits $13,500

Intergovernmental Revenue
Criminal Justice Funding
City Assistance
DUI – Cities
Marijuana Excise Taxes
Liquor Board Profits
Liquor Excise Taxes
Friends of the Pool Endowment

Total Intergovernmental Rev $74,050

Charges for Services
Cardboard Collection
Cemetery Fees
Swimming Pool

Total Charges $15,000

Misc. Revenue
Fines and Forfeitures
Investment Interest
Rents
Gifts and Pledges
Misc. Revenue
Transfers in from other funds

Total Misc. Revenue $16,225

Grand Total Revenues $415,775

Notes & Comments

Beginning Net Cash & Investments – Each fund throughout the budget has an ending cash balance to be carried over to the next fiscal year. Beginning Net Cash and Investments is the anticipated amount that is expected to carry over from the current year. This balance should never be zero. At a minimum, sound fiscal management requires that there be at least an unreserved cash balance at the end of each year. The City established a policy of trying to keep no less than 10% in reserves to meet unanticipated expenses. This provides a cushion for the uncertainties of the budget process and for emergencies. Also, there are often unexpended funds that had been designed for a specific purpose but, for whatever reason, were not spent. Thus, the total carryover from one year to the next is a combination of unreserved cash plus the unexpended portion of various individual plans and projects. For 2020, the City does not expect to have any contingency funds in its general fund to cover any anticipated expenses should they arise.

Real & Personal Property Taxes are a tax based on the assessed value of all property subject to taxation. Each year the Council sets a tax levy amount, which is determined by taking the City required tax levy and dividing that number by the assessed valuation of all real and personal
property within the City’s Taxing District; resulting in the corresponding tax levy per thousand dollars of assessed valuation as indicated by the following example:

2020 Tax Levy ($162,000)/Total Assessed Value of the City’s Taxing District ($78,638,342) = Tax Levy per thousand dollars assessed valuation ($2.06/$1,000 a.v.)

The tax levy increase for 2020 is an increase of 1% over the prior year plus an additional 2% of the City’s banked capacity with 42% of levy staying in the General Fund and 58% going to the City Street and Road Fund to help pay for the City’s share of project work planned for 2020. Total tax expected to be collected includes new construction assessments and changes in state assessed values. Though arrears are growing over time, recent years have seen an increase in actual total amount of collected property tax amounts with roughly more than 100% being collected for 2019 indicating that the backlog of arrears is slowly being eliminated.

The Walla Walla County Treasurer acts as the City’s agent to collect property taxes levied in the County for all taxing authorities. Taxes are due in two equal installments on April 30 and October 31. Collections are remitted to the City the month following collections by the County Treasurer to the appropriate taxing district by the County Treasurer.

Cities rely on revenue collected from property taxes, sales tax, and business utility taxes for the majority of their operating revenue. Property tax is the largest revenue source for cities in Washington State, comprising nearly 25% of all city revenue. This revenue supports critical city services, including transportation infrastructure and public safety. Compared to sales tax, which fluctuates with the economy, property tax is much more stable but typically is received in two large payments in May and November of each year.

Since 2001, annual property tax increases have been capped at 1%, which prevents it from
keeping pace with inflation and population growth. The 1% limit on annual increases has significantly strained many city budgets. Cities have the option of levy lid lifts and excess levies. However, both require voter approval, and neither permanently change the annual percentage increase allowed. In the first five years, cities lost an estimated $500 million in property tax revenue, and those impacts are ongoing. The result is an erosion of critical city services, including investment in core infrastructure and public safety.

![2019 Property Tax Distribution](image)

As the chart above implies, property taxes are shared by multiple agencies. For every dollar associated with property taxes, Cities receive only 13 cents of that dollar.

![Cities receive only 13 cents of each property tax dollar.](image)

The City is permitted by law to levy up to $3.375 per $1,000 of assessed valuation for general government services. For several years, the City’s net effective tax rate has decreased because...
the higher assessed valuation from growth and property appreciation has spread the tax over a broader base, resulting in a lower rate. For the 2019 tax year, the total assessed value has increased slightly over the prior year, but will result in an anticipated decrease to the City’s property tax rate for 2020, which is estimated at around $2.06 in property tax for every thousand dollars of assessed valuation.

In comparison to the surrounding Cities and Walla Walla County, the City of Waitsburg’s low property tax levy provides the highest property value at the lowest property cost compared to its neighbors as well as the lowest per capita cost at $119/person.

Retail Sales & Use Tax is monies collected by the Department of Revenue from local retailers for sales & use taxes. As the following chart indicates, for every retail dollar spent, cities receive less than one cent (.85) of the sales tax. Counties receive even less (.15) with the majority of all
sales taxes going to the State Washington. Projected revenue from sales tax is estimated at $144,000 for 2020 and is distributed to the City on a monthly basis. Sales tax payments per capita account for roughly $110 per person per year in local tax dollars.

Cities and counties have been receiving increased sales tax revenues since January 2018 due to the Marketplace Fairness Act passed by the state legislature in 2017 and further updated in the most recent 2019 legislative session. The Marketplace Fairness Act extended sales taxes to many Internet and remote sales that were not taxed previously. This legislation was further supported by the 2018 U.S. Supreme Court ruling in the case of South Dakota v. Wayfair, Inc., et al, which overturned the long-standing Quill v. North Dakota case and allows state and local governments to require out-of-state retailers to collect and remit sales tax on Internet sales where the seller has no physical presence in the state. For a City like Waitsburg, this has resulted in an increase in retail sales tax income the last two years.

Business & Occupation Taxes are a utility charge on all telephone and electric businesses conducted within the City. The amount is 6% of gross income generated by the business within the City limits. This is a tax on the business, not the customer; however, the Washington Utilities and Transportation Commission does allow businesses to take into consideration taxes paid in establishing rates; meaning that whatever tax the city imposes on the business will most likely be passed onto the consumer.

Similar to B&O Taxes, the City has no plans for 2020 to impose a utility tax on gross sales of its own utility. Past years amounts have fluctuated between $10,000 and $15,000 per year. These monies are transferred out monthly from the Water and Sewer Fund by the City Treasurer into the General Fund.

The State of Washington levies a real estate excise tax (REET) (1.28%) upon most sales of real property. The tax is calculated based on the full selling price, including the amount of any liens, mortgages, and other debts given to secure the purchase. The tax is due at the time of sale and is collected by the county when the documents of sale are presented for recording (WAC 458-61A-301). While most of this revenue goes to the state general fund, a portion is deposited into certain accounts that are distributed to local governments, including the public works assistance account (RCW 43.155.050) for loans and grants to local governments for public works projects and the city-county assistance account (RCW 43.08.290) for distribution to qualifying cities and counties.

In addition to the state real estate excise tax, cities and counties may impose local real estate
excise taxes. The two main REET options for cities and counties are:

- **REET 1, or the “first quarter percent”** – a 0.25% REET which may be imposed by any city, town, or county primarily for capital projects and limited maintenance;
- **REET 2, or the “second quarter percent”** – an additional 0.25% REET which may be imposed by any city, town, or county fully planning under the Growth Management Act, to be used primarily for capital projects and limited maintenance;

Beginning January 1, 2020, the state will switch to a graduated tax scale based on the selling price of the property (RCW 82.45.060):

- 1.1% on the portion of the selling price that is $500,000 and less;
- 1.28% on the portion of the selling price that is greater than $500,000 and less than or equal to $1.5 million;
- 2.75% on the portion of the selling price that is greater than $1.5 million and less than or equal to $3 million; and
- 3.0% on the portion of the selling price that is greater than $3 million.

These selling price thresholds will be reviewed and adjusted every fourth year beginning July 1, 2022 based on the growth of the Consumer Price Index (CPI) for shelter or 5%, whichever is less, and rounded to the nearest $1,000. If the CPI growth is negative, the thresholds will remain unchanged.

The Department of Revenue, through Engrossed Substitute Senate Bill 6050, changed the distribution of proceeds from the State Real Estate Excise Tax so that some of it goes to City-County Assistance and is distributed quarterly to all state and county governments. Due to upturns in the economy, especially real estate markets, the City’s portion is expected to be higher than prior-year amounts, which have tended to be closer to $40,000. Waitsburg’s share for 2020 is expected to be around $45,000.

Criminal Justice funding is grant funding used to assist local governments with funding to meet rising criminal justice needs. The grant funding is provided by the State’s General Fund. The grant amount is established by state department of commerce and is distributed quarterly.

Public Safety Tax is money collected by the Department of Revenue from 3/10th of one percent increase in local sales tax and is included in the above amount.

The City also imposes an additional 1/10th of one percent in local sales taxes for local criminal justice purposes and is included in the amount above.

Liquor Excise Taxes are a tax distributed per capita from a tax on liquor sales. By statute, 2% of the allocation is redistributed, as prescribed by law, to the County to be used on alcoholism treatment programs. The 2017-2021 state budget; percentage distribution are estimated to be around 35% of revenues collected under RCW 82.08.150(1) and (2) will continue to be deposited in the liquor excise tax fund to be distributed to counties, cities and towns.

Liquor Board Profits are monies residing in the State Liquor Revolving Fund with 80% of the total distribution going to cities on the basis of population. Two percent (2%) of the City’s allocation, by statute, is redistributed to the County to be used for alcoholism treatment programs. Due to privatization, an additional $10 million per year is expected to be distributed to
border areas, counties, cities and towns for the purpose of enhancing public safety programs.

Other general fund revenues include a variety of sources related to pool fees, the fairgrounds facility and other property rents, investment interest, gifts and pledges, and other licenses and permits such as variances, fence permits, etc.

Investment Interest is a rate of return that the City receives on investments. The City Treasurer advises that interest rates are still at historically low levels, and interest revenue projections for all funds are based on a ½ to 1% return rate. With the current market conditions, the returns for 2020 are expected to be similar in profit as 2019. The City of Waitsburg mainly invests in money market funds, totaling less than $300,000 of its total cash and investments.

**GENERAL FUND BUDGET TRENDS 2020-2015**

Over time the general fund budget has steadily declined due to loss of property tax increase capacity along with the allocation of funds to other City priorities. In 2019 the City outsourced
its garbage collection billing to Basin Disposal; leading to reduction in the budget of about $165,000 from 2019 to 2020.

**Summary of Programs be financed by the General Fund in 2020:**

<table>
<thead>
<tr>
<th>Programs</th>
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<tbody>
<tr>
<td>Contingency Reserve</td>
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</tr>
<tr>
<td>General Governmental Services (Legislative/Executive)</td>
<td>$147,906</td>
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<tr>
<td>Security (Law Enforcement/Animal Control)</td>
<td>$80,600</td>
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<tr>
<td>Fairgrounds Facility</td>
<td>$46,098</td>
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<tr>
<td>Park Facilities</td>
<td>$39,869</td>
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<tr>
<td>Swimming Pool Facility</td>
<td>$22,977</td>
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<tr>
<td>Weller Public Library</td>
<td>$16,353</td>
</tr>
<tr>
<td>City and Odd Fellows Cemeteries</td>
<td>$61,971</td>
</tr>
<tr>
<td><strong>Total Program Expenditures</strong></td>
<td><strong>$415,775</strong></td>
</tr>
<tr>
<td><strong>Total Estimated Revenues</strong></td>
<td><strong>$415,775</strong></td>
</tr>
<tr>
<td><strong>Total Estimated Expenditures</strong></td>
<td><strong>$415,775</strong></td>
</tr>
<tr>
<td><strong>Balanced</strong></td>
<td><strong>$415,775</strong></td>
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</table>
CEMETERY MAINTENANCE AND IMPROVEMENT – This is Fund No. 002 in the budget.

What is paid from this Fund: The Cemetery Maintenance and Improvements Fund was created to help provide funding for maintenance and improvement of the City cemeteries.

Revenue Sources for this Fund: (Reference Comments & Notes)

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
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<tbody>
<tr>
<td>Beginning Net Cash &amp; Investments</td>
<td>$103,000</td>
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<tr>
<td>Miscellaneous Revenues Perpetual Care Payments</td>
<td>$500</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td><strong>$103,500</strong></td>
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</tbody>
</table>

Comments & Notes

Transfers out to the General Fund are based on the amount of perpetual care payments received by the City with $2,000 being transferred to the General Fund to help offset general maintenance and operational costs associated with maintaining two cemeteries. The City has a pending grant application for a new cemetery mower with the Washington Trust for Historic Preservation. The application is for $50,000 with the City contributing $8,000 out of this fund in 2020 for its share of the mower cost.

Proposed programs to be financed by the Cemetery Maintenance and Improvement Fund in 2020:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
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<tbody>
<tr>
<td>Reserved Fund Balance</td>
<td>$ 93,500</td>
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<tr>
<td>Capital Outlay – Cemetery Mower Cost Share</td>
<td>$ 8,000</td>
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<tr>
<td>Transfer out to General Fund</td>
<td>$ 2,000</td>
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<tr>
<td><strong>Total Expenditures</strong></td>
<td><strong>$103,500</strong></td>
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<tr>
<td>Total Estimated Revenues</td>
<td><strong>$103,500</strong></td>
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<tr>
<td>Total Estimated Expenditures</td>
<td><strong>$103,500</strong></td>
</tr>
<tr>
<td><strong>Balanced</strong></td>
<td></td>
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</table>
LIBRARY MAINTENANCE AND IMPROVEMENT – This is Fund No. 003 in the budget.

What is paid from this Fund: The Library Maintenance and Improvements Fund was created to help provide funding for the purpose of providing maintenance and improvement of the Weller Public Library, including the purchase of new equipment, books and other items as they may be needed from time to time by said library.

Revenue Sources for this Fund: (Reference Comments & Notes)

<table>
<thead>
<tr>
<th>Description</th>
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<tbody>
<tr>
<td>Beginning Net Cash &amp; Investments</td>
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<td>Miscellaneous Revenues:</td>
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<td>Total Revenues</td>
<td>$2,800</td>
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Comments & Notes

Funds are under the direction of the Library Board of Trustees who maintain responsibility for approval any use of Library M&I Funds.

Proposed programs to be financed by the Library Maintenance & Improvement Fund in 2020:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reserved Fund Balance</td>
<td>$2,800</td>
</tr>
<tr>
<td>Total Expenditures</td>
<td>$2,800</td>
</tr>
</tbody>
</table>

|                                |         |
| Total Estimated Revenues        | $2,800  |
| Total Estimated Expenditures     | $2,800  |
| Balanced                         |         |
**CITY STREET AND ROAD** – This is Fund No. 102 in the Budget.

**What is paid from this Fund:** The City Street and Road Fund is used for maintenance and repairs of all City streets and arterials located within the City Limits. It also pays for street lighting costs; which is expected to be much lower than prior years due to the installation of LED Streetlight throughout the City in 2019.

**Revenue Sources for this Fund:** *(Reference Notes & Comments)*

**Taxes**
- Beginning Cash and Investments
- Real & Personal Property Taxes
- Franchise Taxes
- Transportation Benefit District Sales Taxes

Total Taxes $436,000

**Intergovernmental Revenue**
- Motor Vehicle Fuel Taxes
- TIB Construction Grant
- DOT Surface Transportation Block Grant
- Multimodal Transportation Funding

Total Intergovernmental Rev $612,476

**Total Revenues** $1,048,476

**Notes and Comments**

Cities mainly rely on unrestricted local funding sources to fund their transportation needs, primarily property tax, sales and use tax, and business and occupation taxes (including utility taxes). Nearly 80% of city transportation funding comes from local sources, of which 86% are unrestricted and compete with other local governments needs with only 13% of local transportation funding comes from the state. The state gas tax is a significant source of state shared revenue with a relatively small amount provided to cities for local projects; out of the 49.4 cents per gallon tax, only 12 cents or 24% goes to cities and counties.
Real and Personal Property Taxes for this fund are established in the same manner as the Current Expense Fund. Thirty Eight Percent (58%) of the City Property Tax Levy is anticipated to be deposited into this fund to help pay for Street repair work planned for 2020.

The City collects a utility tax from the Pacific Power Corporation. See comments in prior section regarding utility B & O taxes.

Motor Vehicle Fuel Taxes are taxes on motor vehicle fuels from the prior month’s collection that are to be used for the construction, improvement, and repair of streets and roads. The monthly distribution is based on population ratio.

In 2012, the City Council established a Transportation Benefit District, and with a vote of the citizens, now imposes an additional 1/10th of one percent sales tax for transportation improvement purposes. This taxing option is limited to 10 years, with the ability to place the same sales tax option back before the voters for one additional 10-year period. This tax increase is expected to provide roughly $9,000 per year for street maintenance activities and is mainly used to help support the City sidewalk repair and replacement program.

The City also receives state funding in the form of multi-modal funds that are used to help development alternative routes for non-vehicular forms of traffic.

**STREET & ROAD REVENUE SOURCES**

Summary of Programs and Continuing Governmental Obligations to be financed by the City Street & Road Fund in 2020:

<table>
<thead>
<tr>
<th>Programs</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Street Lighting</td>
<td>$18,000</td>
</tr>
<tr>
<td>Street Maintenance &amp; Operations</td>
<td>$1,030,476</td>
</tr>
<tr>
<td><strong>Total Estimated Revenues</strong></td>
<td><strong>$1,048,476</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Programs</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Estimated Expenditures</td>
<td>$1,048,479</td>
</tr>
<tr>
<td><strong>Balanced</strong></td>
<td><strong>$1,048,479</strong></td>
</tr>
</tbody>
</table>
Notes and Comments
The City of Waitsburg actively maintains its City street system through a series of crack and chip sealing, hot and cold patches, road reconstruction, gravel conversions and overlays. With roughly 12 miles of roads throughout Waitsburg, the City, contingent on yearly funding, budgets to do one of the above maintenance types on at least a mile or so when Walla Walla County Public Works close to Waitsburg. For 2020, the City plans to take on various road improvements related to improved vehicular movement and surface restoration as continued installation and expansion of the City sidewalk system.

Millrace Grade Crossing Project: $575,000

Complete Streets Sidewalk Installation: $300,000
Taggart Road Extension Paving: $135,500
PROMOTION – This is Fund No. 106 in the budget.

What is paid from this Fund: The Promotion Fund was established to help promote tourism within the City.

Revenue Sources for this Fund: (Reference Comments & Notes)

Taxes
Beginning Cash $250  
Motel/Hotel Transient $500  
**Total Revenues $750**

Comments & Notes
The Motel/Hotel Transient Tax is collected by the Department of Revenue from a tax on occupancy rates at local hotels and motels. The entire tax collected is paid to the originating municipality to be used for the purposes of visitor and convention promotion and development. Since improvements were made to the Downtown Business Corridor and more bed and breakfast type facilities were developed, overnight stays in the City of Waitsburg had increased steadily over the years as evidenced by the increase in Hotel/Motel Taxes received by the City of Waitsburg. Recent years have seen a downturn in the amount of revenue received by the City due to more stays longer than 30 days along with less overnight stays or lower collection of hotel taxes by operators of hotels, motels and inns but have started to trend back upward.

Program to be financed by the Promotion Fund in 2020:

<table>
<thead>
<tr>
<th>Programs</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Tourism Promotion</td>
<td>$750</td>
</tr>
<tr>
<td><strong>Total Expenditures</strong></td>
<td><strong>$750</strong></td>
</tr>
<tr>
<td>Total Estimated Revenues</td>
<td>$750</td>
</tr>
<tr>
<td>Total Estimated Expenditures</td>
<td>$750</td>
</tr>
<tr>
<td><strong>Balanced</strong></td>
<td>$750</td>
</tr>
</tbody>
</table>
**MUNICIPAL CAPITAL IMPROVEMENT** – This is Fund No. 107 in the budget.

**What is paid from this Fund:** The Municipal Capital Improvement Fund finances, depending on availability of funds, local improvements to City facilities and land as needed.

**Revenue Sources for this Fund:** *(Reference Comments & Notes)*

<table>
<thead>
<tr>
<th>Taxes</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Real Estate Excise Taxes (REET I &amp; II)</td>
<td>$ 32,000</td>
</tr>
</tbody>
</table>

**Total Revenues** $ 32,000

**Comments & Notes**

Real Estate Excise Tax is the local portion (¼ of 1%) of a tax that is collected upon the sale of real and personal property (land and/or structures) within Waitsburg. In 2012 and effective for 2013, the Waitsburg City Council approved an additional ¼ of 1% Real Estate Excise Tax (REET II) to be collected upon the sale of real and personal property within the City of Waitsburg. This tax is collected by the Walla Walla County Treasurer and distributed to the City monthly. See the section above for additional information on Real Estate Excise Taxes. Its main purpose is to help pay for facilities projects and items outlined in the City Capital Facilities Plan. Any remaining funds not used on capital improvement projects are transferred to the City’s general fund to help defray some of maintenance costs associated with maintaining the City parks.

**Programs to be financed by the Municipal Capital Improvement Fund in 2020:**

<table>
<thead>
<tr>
<th>Programs</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Outlay for Facilities</td>
<td>$ 32,000</td>
</tr>
</tbody>
</table>

**Total Expenditures** $ 32,000

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Estimated Revenues</td>
<td>$ 32,000</td>
</tr>
<tr>
<td>Total Estimated Expenditures</td>
<td>$ 32,000</td>
</tr>
</tbody>
</table>

**Balanced**
**WATER AND SEWER** – This is Fund No. 401 in the budget.

*What is paid from this Fund:* The Water and Sewer Fund maintains the City’s water and sewer systems.

*Revenue Sources for this Fund (Reference Comments & Notes):*

**Charges for Services**
- Beginning Cash and Investments
- Water Sales
- Water System Connections
- Water Reconnection Fees
- Sewer Services
- Sewer System Connections $673,100

**Intergovernmental Revenue**
- State of Washington Capital Budget Grant
- Washington State Emergency Management Grant
- Public Works Assistance Account Loan Proceeds $536,625

**Misc. Revenue**
- Investment Interest
- Miscellaneous
- Non-payment Penalties $16,000

**Total Revenues** $1,225,725
Summary of Programs and Continuing Governmental Obligations to be Financed by the Water and Sewer Fund in 2020:

<table>
<thead>
<tr>
<th>Programs</th>
<th>$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contingency Reserves</td>
<td>$ 0</td>
</tr>
<tr>
<td>Water System Expenses</td>
<td>$ 836,150</td>
</tr>
<tr>
<td>Sewer System Expenses</td>
<td>$ 389,576</td>
</tr>
<tr>
<td><strong>Total Water/Sewer Expenditures</strong></td>
<td><strong>$1,225,725</strong></td>
</tr>
</tbody>
</table>

| Total Estimated Revenues                      | $1,225,725 |
| Total Estimated Expenditures                  | $1,225,725 |
| **Balanced**                                  | **$1,225,725** |

Comments & Notes

The City’s water and sewer rates support all water and sewer related functions, including overhead costs, capital expenses and water- and sewer-related debt service. In 2017, the City Council approved a series of utility rate increases for the sole purpose of providing additional funding to do some substantial infrastructure improvements to the City’s water and sewer systems over the next few budget cycles. These improvements were funded through a $750,000 line of credit/loan from Community Bank with a 20 year payback period. In addition to the loan with Community Bank, the City was awarded a Public Works Assistance Account loan to cover design and engineering costs associated with the Garden Street to Taggart Road waterline project as well as a State Capital Budget Grant to cover the installation cost of the waterline.
Due to near disastrous fire in the City’s downtown corridor in 2019 that put a huge strain on the City’s water supply system and nearly depleted its water reservoir; City Public Works had to turn on additional water supplies from the City wells to keep water pressure constant throughout the distribution system. Due to the potential issues related to loss of emergency power, the City was able to secure grant funding for an emergency power generator that would be installed at the City’s well field location.

With the inclusion of these two debt service notes, the City now has roughly $1.68 million in debt accumulated for various water and sewer system related infrastructure improvements. This debt service encompasses about 17% of the water and sewer annual budget costing roughly $217,000 per year in principal and interest payments. 2020 includes a onetime payment to Community Bank related to an equipment purchase done by the City. The oldest remaining debt service notes held by the City is associated with the building on the new WWTP in the early 2000s and will be retired in 2021 and 2033. The following maps represent the City Water and Sewer Systems.
Where Does the City’s Money Come From?

REVENUES

- Charges for Service: 26%
- Intergovernmental: 42%
- Fund Balances: 12%
- Sales Taxes: 12%
- Property Taxes: 7%
- Misc./Other: 1%

How is the City’s Money Spent?

Expenditure Distribution

- Capital Outlays, $1,409,294, 50%
- Operation and Maintenance, $705,914, 25%
- Wages and Benefits, $436,747, 15%
- Debt Service, $241,526, 9%
- Intergovernmental, $35,545, 1%
ORDINANCE NO. 2019-1059

AN ORDINANCE ADOPTING THE 2020 BUDGET
OF THE CITY OF WAITSBURG

WHEREAS, the Mayor of the City of Waitsburg, Washington, completed and placed on file with the City Clerk a proposed budget and estimate of the amount of the moneys required to meet the public expenses, debt service, reserve funds and expenses of the government of the City of Waitsburg for the fiscal year beginning January 1, 2020, and ending December 31, 2020, and a notice was posted that the Council of the City of Waitsburg would meet on the 18th day of December, 2019, at the hour of 7:00 p.m. or soon thereafter, at the Waitsburg Fairgrounds Facility, Lions Club Memorial Building, 349 E. 10th Street, Waitsburg, WA, for the purpose of considering the proposed budget for fiscal year 2020 and giving citizens within the limits of said City an opportunity to be heard upon said budget; and

WHEREAS, the City Council did meet at said time and place and did then consider the matter of the proposed 2020 budget; and

WHEREAS, the said proposed budget does not exceed the lawful limit of taxation allowed by law to be levied on the property within the City of Waitsburg for the purposes set forth in said budget, and the estimated expenditures set forth in said budget being all necessary to carry on the government of said City for said year and being sufficient to meet the various needs of the City of Waitsburg during fiscal year 2020.

NOW THEREFORE, the City Council of the City of Waitsburg does hereby ordain as follows:

Section 1. The budget for the City of Waitsburg, Washington, for fiscal year 2020 is hereby adopted at the fund level in its final form and content as set forth in the document entitled City of Waitsburg, 2020 Budget, which is on file in the Office of the City Clerk.

Section 2. Estimated resources, including fund balances or working capital for each separate fund of the City of Waitsburg, and aggregate totals (net of transactions between funds) for all such funds combined for the year 2020 are set forth in summary form below, and are hereby appropriated for expenditure at the fund level during the year 2020 as set forth below:

<table>
<thead>
<tr>
<th>Fund</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Expense Fund (001)</td>
<td>$415,775</td>
</tr>
<tr>
<td>Cemetery M&amp;I Fund (002)</td>
<td>$103,500</td>
</tr>
<tr>
<td>Library M&amp;I Fund (003)</td>
<td>$2,800</td>
</tr>
<tr>
<td>City Street &amp; Road (102)</td>
<td>$1,048,476</td>
</tr>
<tr>
<td>Promotion (106)</td>
<td>$750</td>
</tr>
<tr>
<td>Municipal Capital Improvement (107)</td>
<td>$32,000</td>
</tr>
<tr>
<td>Water &amp; Sewer Department (401)</td>
<td>$1,225,725</td>
</tr>
<tr>
<td>Total All Funds</td>
<td>$2,829,026</td>
</tr>
</tbody>
</table>
Section 3. Effective upon passage of this Ordinance, the following sections of the Waitsburg Municipal Code are hereby amended.

A. WMC. 9.01.110(D) is hereby amended and replaced in its entirety as follows:

“D. Deposit in current expense fund. For 2020, the City Treasurer shall pay into the City’s zero Dollars from the total water and sewer received pursuant to WMC 9.01.080/090.”

Section 4. The Mayor is hereby authorized to implement the programs and spending as provided in the 2020 Budget.

Section 5. The City Clerk is directed to transmit a certified copy of the budget hereby adopted to the Washington State Auditor’s Office and to the Municipal Research Services Center.

Section 6. This Ordinance shall become effective January 1, 2020, upon its passage by the Council and upon publication according to law.

Section 7. The Budget for 2020 includes wages and benefits for all City Staff and Public Works Employees and is included in the amounts specified in the following salary schedule

### 2020 Annual Salary Schedule

<table>
<thead>
<tr>
<th>Classification</th>
<th>Maximum</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mayor</td>
<td>$ 1,200</td>
</tr>
<tr>
<td>Council Members</td>
<td>$ 120</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Classification</th>
<th>Maximum</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public Works Director</td>
<td>$60,000</td>
</tr>
<tr>
<td>City Administrator/Clerk/Treasurer</td>
<td>$75,000</td>
</tr>
<tr>
<td>Deputy City Clerk</td>
<td>$35,000</td>
</tr>
<tr>
<td>Public Works Specialist II</td>
<td>$35,000</td>
</tr>
<tr>
<td>Seasonal Employees (Pool Lifeguards)</td>
<td>$10,000</td>
</tr>
<tr>
<td>Librarian</td>
<td>$10,080</td>
</tr>
</tbody>
</table>

### 2020 Salary & Benefits Schedule by Fund

<table>
<thead>
<tr>
<th>Fund</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Expense</td>
<td>$163,495</td>
</tr>
<tr>
<td>City Streets</td>
<td>$ 47,924</td>
</tr>
<tr>
<td>Water</td>
<td>$103,966</td>
</tr>
<tr>
<td>Sewer</td>
<td>$121,362</td>
</tr>
</tbody>
</table>
2020 Salary Schedule

Division of Payroll & Benefits

Public Works Director: Water/Sewer – 60% Streets – 15% CE – 25%
Public Works Specialist II: Water/Sewer – 50% Streets – 15% CE – 35%
Public Works Specialist II: Water/Sewer - 35% Streets – 15% CE – 50%
Public Works Specialist II: Water/Sewer – 35% Streets – 15% CE – 50%
City Administrator/Clerk/Treasurer: Water/Sewer – 60% Streets – 10% CE – 30%
Deputy Clerk: Water/Sewer – 70% CE – 30%
Librarian: CE – 100%
Swimming Pool CE – 100%
Mayor/Council: CE – 100%

Passed by the Council of the City of Waitsburg on this 18th day of December, 2019.

_____________________________________
Marty Dunn
Mayor

Attest:

_____________________________________
Randy Hinchliffe
City Clerk

Approved as to form:

_____________________________________
Jared Hawkins
City Attorney