

2021-22 City Manager's Recommended Budget

CITY OF
Vancouver
WASHINGTON

Vancouver City Council Workshop
October 5, 2020
Natasha Ramras, CFO

Presentation Overview

- 2021-2022 Budget Process overview
- Overview of revisions to the Financial Policies
- 2021-2022 Recommended Budget overview:
 - 2021-2022 Operating Budget framework
 - Updated forecast
 - Operating Budget: review major initiatives
 - Proposed FTE changes
 - Recommended Capital budget
- How to review the document and next steps

2021-22 Budget Process Overview

July	Council Retreat: <ul style="list-style-type: none">• Forecast and assumptions review• Budget Policy direction confirmation
June-September	Internal Budget Process
October 1	City Manager's Recommended Budget published
October 5	Workshop for City Council
Oct.-Nov.	Additional Workshops for Council on Operating and Capital Recommendations: Gathering of Council feedback on all aspects of the budget and financial policies
November 2	Final Workshop on Budget before First Reading and Public Hearing

Upcoming Actions

- November 9 First Reading of the 2021-2022 Budget and Supporting Ordinances
- November 16 Public Hearing on the 2021-2022 Budget Ordinances:
- Budget Ordinance
 - Property Tax Ordinances
 - Utility Rate Increase Ordinances
 - Fee Increase Ordinances
 - PIF rate increase
 - Real Estate Excise Tax Ordinance
 - Resolution on Financial Policies

Inputs to Budget Development

Community Vision

Council Priorities

Strategic
Plan

Initiatives
in Progress

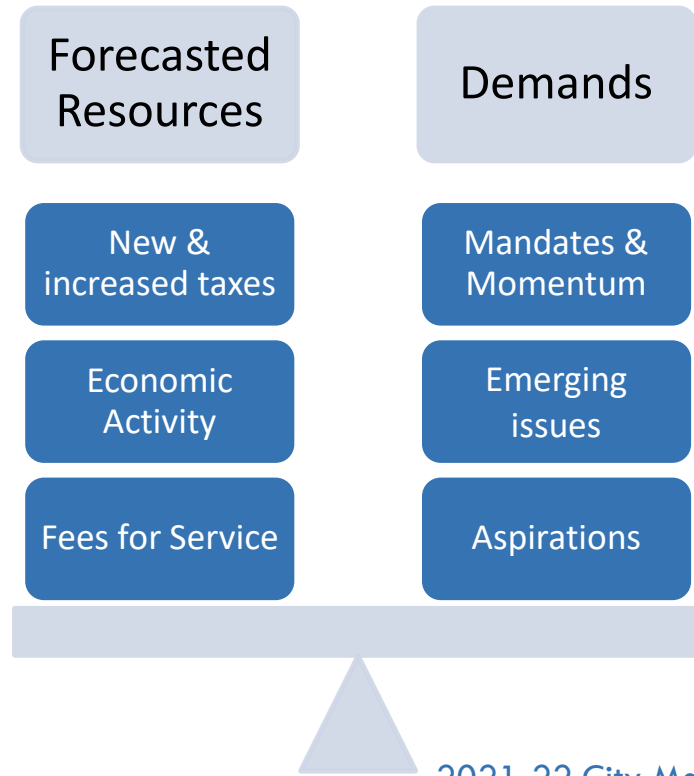
Community
Survey

Stronger
Vancouver

Online Budget
Engagement

Capital Planning
Program

Inputs to Budget Development

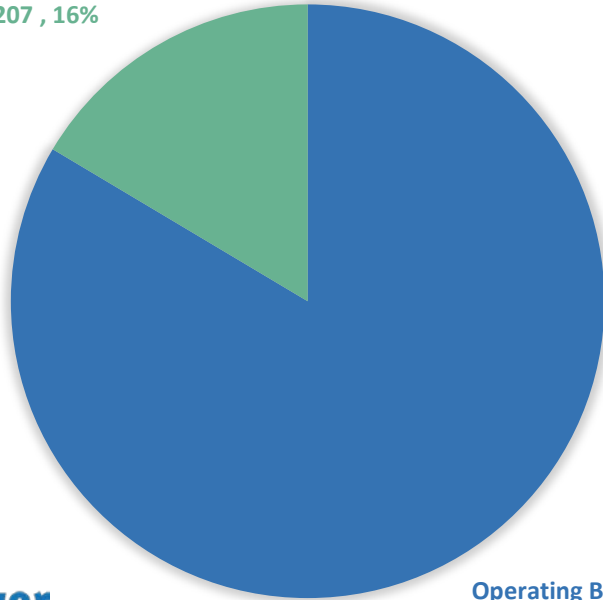


Overview of Changes to the Financial Policies

- Progress towards climate action, social justice and safety measured annually and included throughout the document as one of the highest priorities of the City and a consideration for budget allocation decisions
- Land Use and Development Review cost recovery increased from 60% to 75%, recreation fee update upcoming
- Parks cost recovery policy target under review in first half of biennium; COVID complications
- Climate, equity and community safety prioritization in the asset management strategy
- Proceeds from the sale of capital assets in the city downtown area to be reinvested in projects facilitating further economic development downtown

2021-22 City Manager's Recommended Operating and Capital Budget \$1.3 billion Total

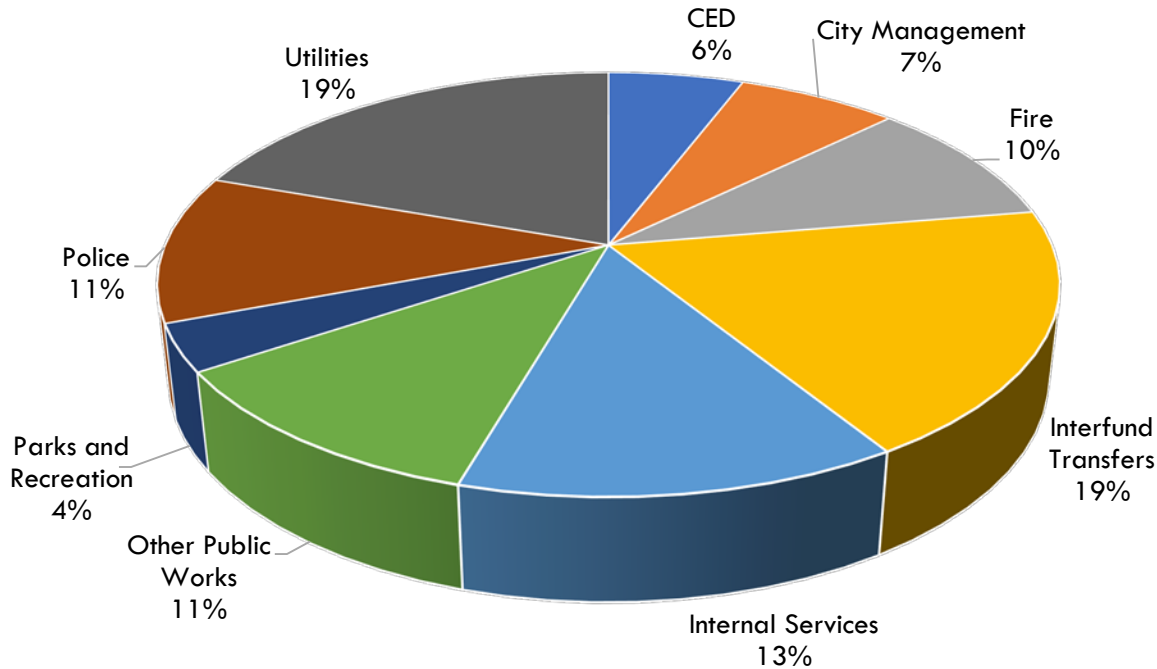
Capital and Capital
Funding Budget,
\$207 , 16%



Operating Budget,
\$1,051 , 84%

3.2% total decrease
over current 2019-
2020 budget

2021-22 City Manager's Recommended Operating Budget by Function \$1.1 billion Total



4.0% total increase
in the operating
budget over current
2019-20 budget

1,190.8 FTEs by the
end of 2022, a 0.4%
decrease over 2020
authorized

2021-2022 City Manager's Recommended Budget: \$1.3 billion

**Operating Budget:
\$1.1 billion**

**Capital
Budget:
\$0.2 billion**

**General, Street, and
Fire Funds:
\$479 million**

**All Other
Operating Funds:
\$572 million**

**Projects:
\$177
million**

**Funding
Transfers:
\$30
million**

2021-22 Budget Assumptions

REVENUES:

- Original conservative forecast anticipated a \$27 million revenue shortfall;
- Revenues stronger in 2020 than anticipated; uncertainty remains;
- Updated forecast adds back \$14 million in tax revenues for 2021-2022, used for one-time and capital project support.



Updated Forecast: Assumptions

June Forecast

- 6% property taxes not paid in 2020, 2021, received in 2022,2023,2024,2025
- 1% growth in levied revenue
- NC=0.5% of AV in 2021-2022

September Forecast

- 2.6% of property taxes not received in 2020, 5.2% of property taxes not received in 2021, received in future years
- 0.6 % growth in levied revenue (actual IPD =1.396%)
- NC=1% of AV in 2021-2022

Impact over 2021-2022 Biennium – increase of \$0.7 mil over June forecast

Updated Forecast Assumptions

June Forecast

Deeper slowdown in spending in 2020, followed by fairly aggressive comeback in 2021-2022 with recovery by 2023

27% reduction in 2020, 9.8% and 14.5% increase in each, 2021 and 2022, respectively

September Forecast

Shallower reduction in 2020, followed by longer and slower recovery through 2025

6% reduction in 2020, followed by 2% increase in 2021 and 4% increase in 2022

Impact on 2021-22: \$11 mil over the June Forecast, very high level of uncertainty remains

Updated Forecast Assumptions

June Forecast

Rec Centers Open to full capacity in March 2021

Land use fees to see a 25% reduction in 2021, back to full annual revenue in 2023

Interest to continue at lower levels

September Forecast

Rec Centers will not likely operate at full capacity in the biennium

Base Land use fees to see no reduction in 2021-2023

Minimal interest earnings

Impact on 2021-22: Reduction of \$3.5 mil over the June Forecast

2021-22 Budget Assumptions

REVENUES:

- 0.6% property tax increase in each year of the biennium
- Rate adjustment in utility rates in each year of the biennium
- Other revenues are anticipated to remain consistent with historical trends and the forecasted economic environment



2021-22 Budget Framework

EXPENDITURES:



- \$4 million annual reduction in General fund and supported funds, but FTEs “frozen” rather than eliminated
- Inflation will remain paced at 2% or below
- COLAs remain modest and consistent with inflation
- Minimal FTEs added, select limited positions extended
- Zero-based one-time professional services, overtime, and interfund transfers
- No new debt, except LED replacement and Fourth Plain Commons Project support

2021-22 City Manager's Recommended Budget



- Freezes 20 FTEs, no impact on the uniformed positions
- Adds/extends 15 FTEs
- Balanced, uses \$18.5 m in existing cash for capital projects and one-time initiatives in the General, Street, Fire Funds and \$60 m city-wide
- Operating, Capital, and General Fund reserves maintained at levels provided for in the City's financial policies

2021-22 City Manager's Recommended Budget

The Recommended Budget continues to:

- Assure our foundation
- Implement key strategic initiatives
- Advance key strategic projects
- Plan for a stronger Vancouver



2021-22 City Manager's Recommended Budget

Assure Our Foundation

- Funded reserves to City of Vancouver's Financial Policies
- Increase staffing in key areas: diversity and inclusion, economic development, planning, human resources, parks, capital management and finance.
- Maintain 9 existing positions vacant throughout the city, while maintaining a full uniformed position complement.



2021-22 City Manager's Recommended Budget

Implement Key Strategic Initiatives: Current and New

- Includes several high priority initiatives advancing social justice, climate and safety priorities:
 - Continue funding Homeless Assistance Response Team (HART) and capacity to support the next iteration of the Grand Boulevard site
 - Recommend implementing Affordable Housing Sales Tax of 1/10 of 1 percent to support new construction and supportive services



2021-22 City Manager's Recommended Budget

Implement Key Strategic Initiatives: Current and New (cont-d)

- Update City's Strategic Plan
- Continue the following planning efforts:
 - Transportation System Planning
 - Implementation of the Heights District subarea plan and develop Waterfront Gateway Redevelopment plan
- Begin Comprehensive Plan Update, Parks
Comprehensive Plan Update



2021-22 City Manager's Recommended Budget

Advance Key Strategic Projects

- \$180 million in critical infrastructure investment:
 - Complete Fire Station 11
 - Bring on-line Police Headquarters Facility on 521 Chkalov
 - Fourth Plain Commons investment
 - Complete key safety, multi-modal and capacity projects in the City's transportation system: Fourth Plain corridor, SE 1st Street and the West Side Mobility project



2021-22 City Manager's Recommended Budget

Plan for Stronger Vancouver

- Elements of A Stronger Vancouver, consistent with Council Direction, are included in the City Manager's Recommended Budget:
 - New park improvements and upgrades supported in part by increased parks impact fees
 - Continued design work on the replacement of the Operations Center
 - Re-dedication of real excise tax to funding infrastructure supporting economic development



2021-22 City Manager's Recommended Budget

STAFFING SUMMARY: General, Street and Fire Funds

New Positions: 3.5

- 1 Diversity and Inclusion Director
- 1 Deputy City Manager
- 1 Parks Developer
- 0.5 LT Support Spec. in Fire Marshal's

Extended/ Converted Existing LT FTEs: 5

- 2 CED Planners – Limited Term extended
- 2 CED Planners Converted to Regular
- 1 Parks Communications to Regular

Frozen FTEs: 13.25

- 0.5 FTE CED Support Spec.
- 1 Attorney in Legal
- 4.75 FTEs in Recreation
- 5 FTEs in Police (PST)
- 2 Deputy Fire Marshall
- 1 Deputy Fire Chief

2021-22 City Manager's Recommended Budget

STAFFING SUMMARY: All Other Funds

3 New FTEs in utility funds (W/S/D)

2 Limited Term Capital Project Managers extended

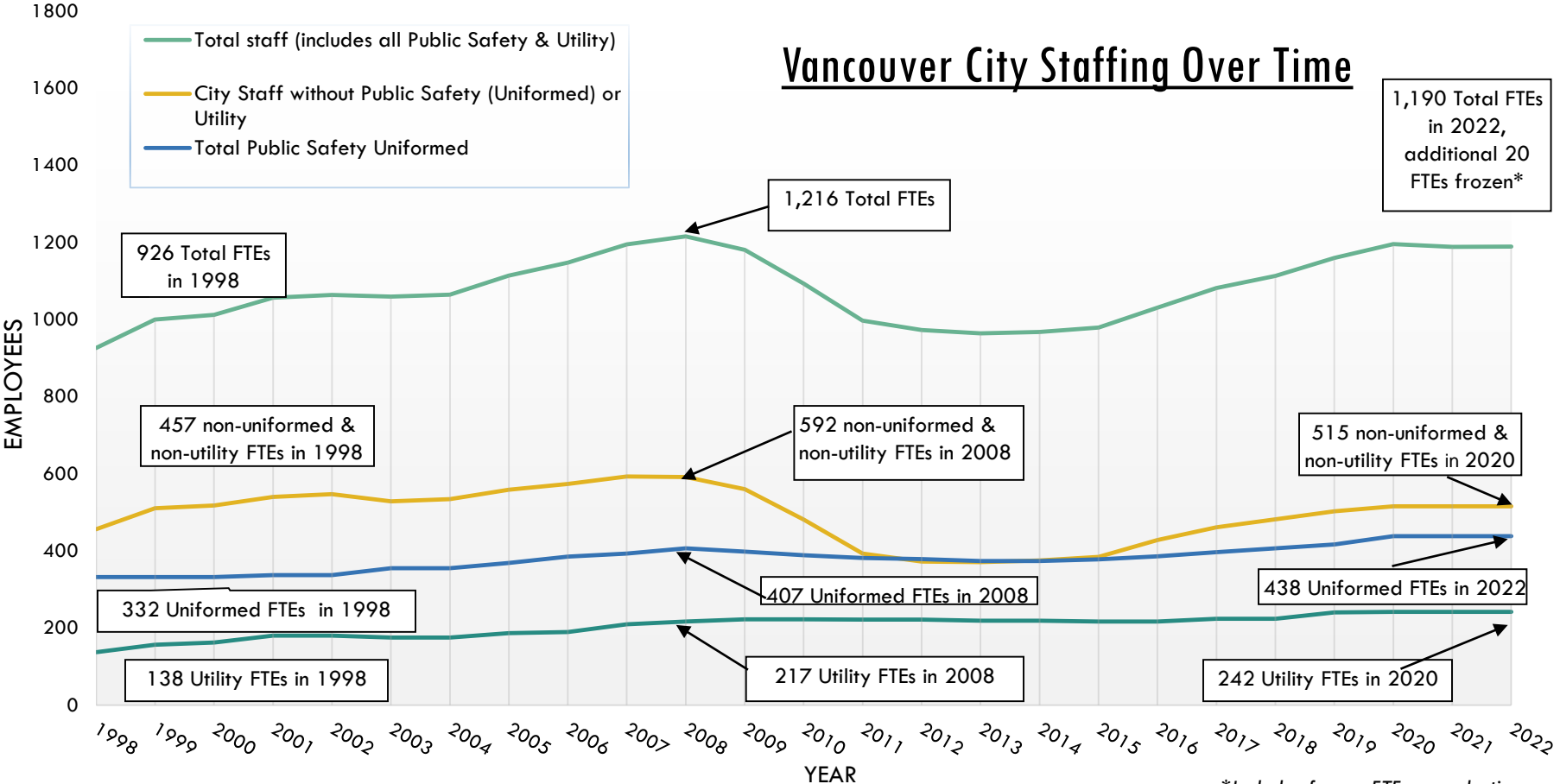
1 New FTE in Finance, revenue funded

1 FTE conversion from LT to Permanent in HR, 1 extended

6.75 FTEs frozen in Finance, IT, Equipment Services, Grounds

1 FTE General Services Manager

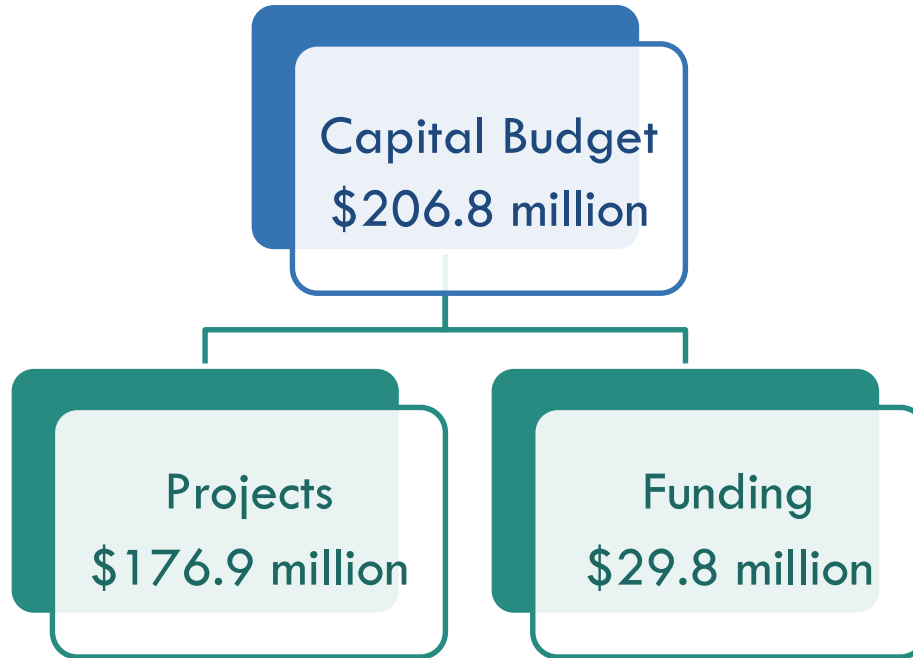
Vancouver City Staffing Over Time



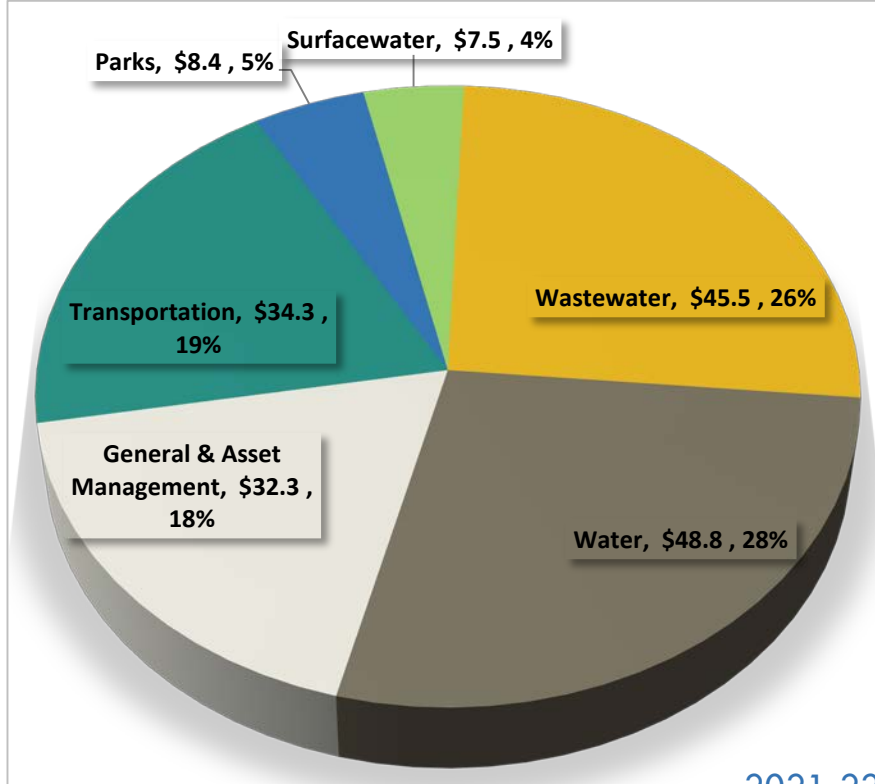
1,190 Total FTEs in 2022, additional 20 FTEs frozen*

*Includes frozen FTEs as reduction

2021-2022 City Manager's Recommended Budget



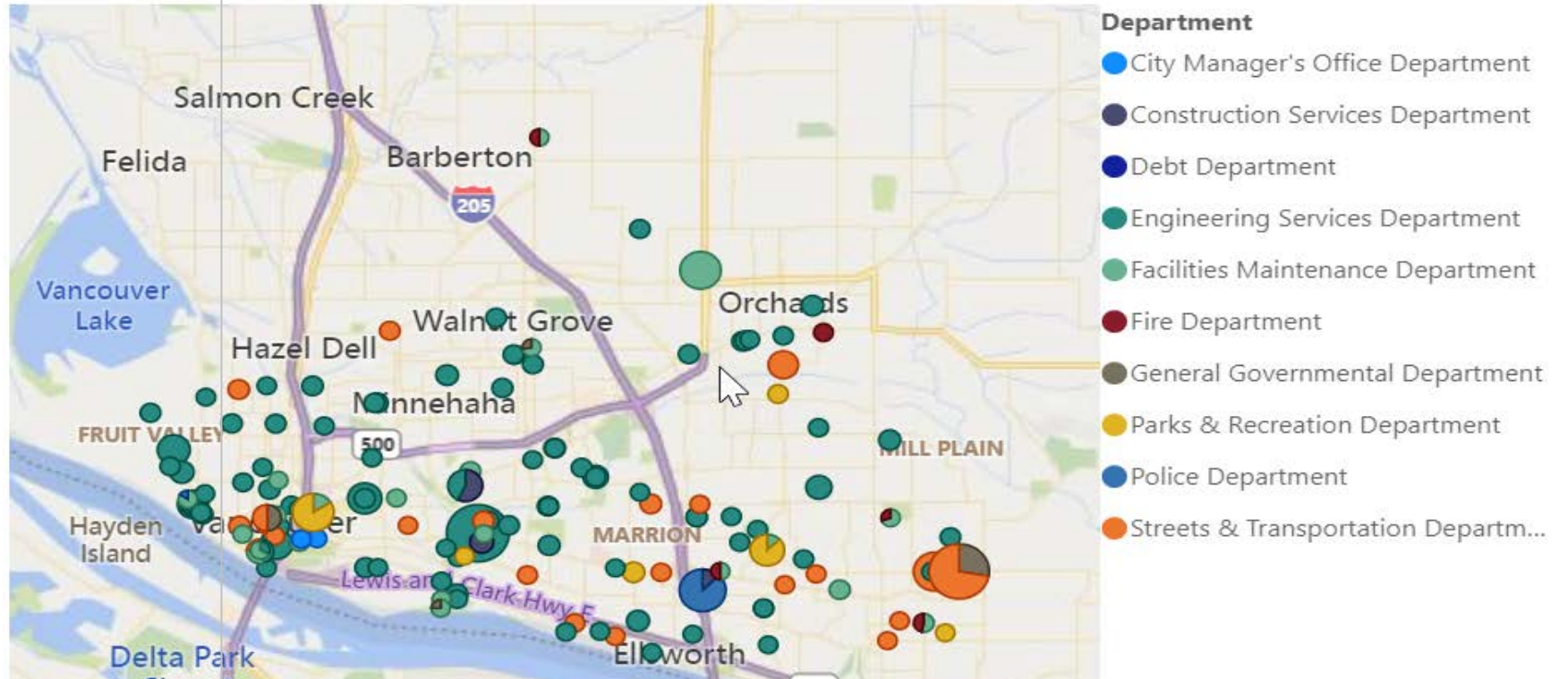
2021-2022 City Manager's Recommended Budget



**2021-2022
Capital Project
Budget: \$176.9
million**

2021-2022 City Manager's Recommended Budget - Capital

Capital Projects by Department



2021-2022 City Manager's Recommended Budget

General Capital: \$32.3 million

- Complete future Fire Station 11 – *partnership with Fire District 5*
- Continue to design the replacement Operations Center
- Complete Police Headquarters and Training building on Chkalov
- Tower Mall demolition
- Officer's Row roof replacements and sidewalk repairs
- Roof replacements at VPD East Precinct, Fire Station 4 and Slocum House
- Various upgrade/remodeling projects at City-owned locations

2021-2022 City Manager's Recommended Budget

Parks Capital: \$8.4 million

- Potential acquisition in Parks Districts 2 & 4
- Upgrades and renovations to parks including North Image, Oakbrook, Peter S. Ogden, Rose Village and Jaggy Road
- New PIF funds to fund development of Shaffer Park



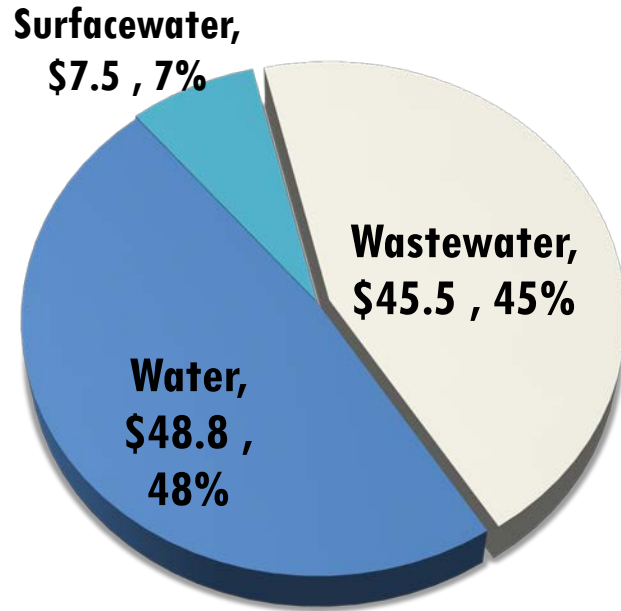
2021-2022 City Manager's Recommended Budget

Transportation & Streets Initiative Capital: \$34.3 million

- SE 1st St – 164th to 177th and SE 1st St – 164th to 177th – second phase of the urban arterial upgrade of an existing 2 land rural road to increase safety, mobility and livability, and meet future subarea needs
- 137th Ave Corridor - 49th to Fourth Plain – street improvements
- Westside Bike Mobility focusing on the first phase of the Columbia corridor to include traffic calming and bicycle and pedestrian improvements in coordination with pavement management



2021-2022 City Manager's Recommended Budget



Utilities Capital: \$101.9 million

- Replace Water Station 5 reservoir infrastructure components and rehab existing lining of aging steel tank
- Continue construction of two seismically sound reservoirs at Water Station 1
- Replacement of wastewater lagoon diffusers
- East interceptor rehab from Marine Park Water Reclamation Facility and upstream using trenchless technology
- Surface water projects to keep up with the NPDES regulations including water quality and inspection programs

Budget Ordinances

- 2021-22 Budget Ordinance and Financial Policies Resolution
- Property Tax Ordinances – recommended 0.6% increase for 2021
- Utility Rate Increase Ordinances based on a rate study
- Fire Marshal Office and Fire Hazmat Fee Increases
- Parks Impact Fees increase consistent with A Stronger Vancouver
- Affordable Housing Sales Tax of 1/10 of 1%
- Real Estate Excise Tax' portion re-dedication to projects supporting new jobs



Budget Review - Operating

City Manager's Proposed Budget 2021-22

The City Manager is responsible for finalizing and presenting the Recommended Budget to the City Council. The City Manager's Recommended Budget is the culmination of a process that includes budget development, analysis, and necessary revisions. After the City Manager's final review, the Budget Office prepares the City Manager's Recommended Operating and Capital Budgets, including the executive summary and detailed recommendations.

2021-22 Proposed Operating Budget

The City of Vancouver's expenditures is the outflow of funds to pay for salaries, benefits, supplies, services or any other obligation of the city. Interact with the dashboard by filtering on Fund, Department, and Category.

[Explore Operating](#)

2021-22 Proposed Capital Budget

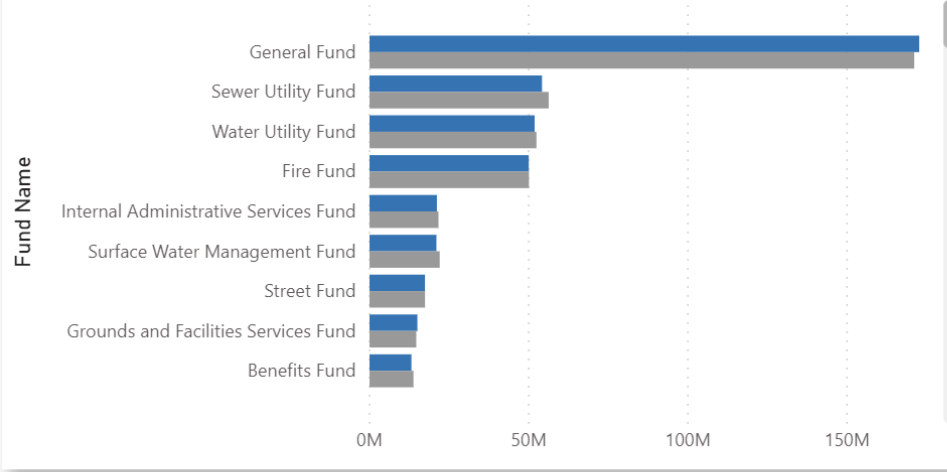
Capital Budgets consists of capital funds and capital projects in blended funds like 481 Airport Fund and 491 Parking Services Fund. Interact with the dashboard by filtering on Fund, Department, and Project.

[Explore Capital](#)

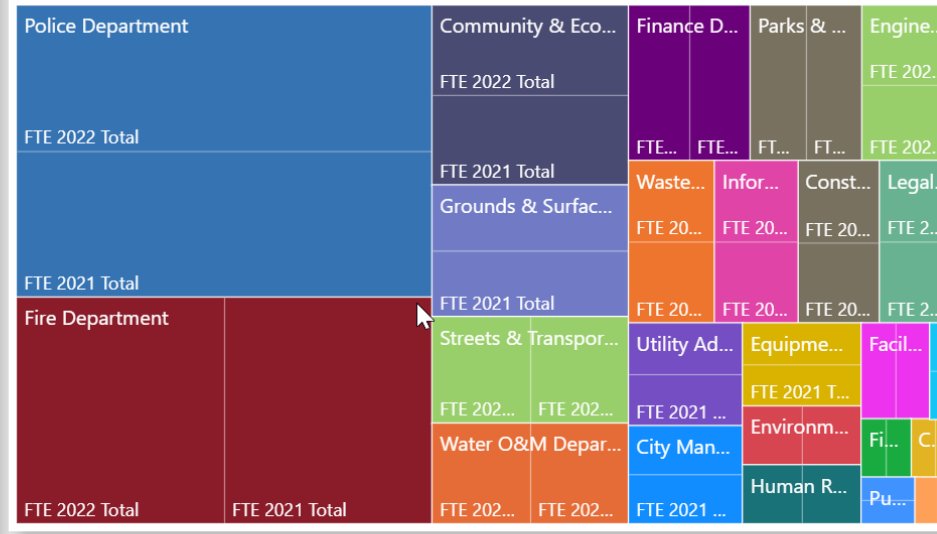
Budget Review - Operating

Total Expenditures by Fund

● Budget 2021 ● Budget 2022



FTE Count by Department



* By default, Recommended, 2021, and 2022 are shown. Use the list box above to change the view

Fund Section	Baseline Revenues	Decision Package Revenues	Total Revenues	Baseline Expenditures	Decision Package Expenditures	Total Expenditures	2021 FTE Baseline	2021 FTE Decision Package	2021 FTE Total	2022 FTE Baseline	2022 FTE Decision Package	2022 FTE Total
▲												

Budget Review - Operating

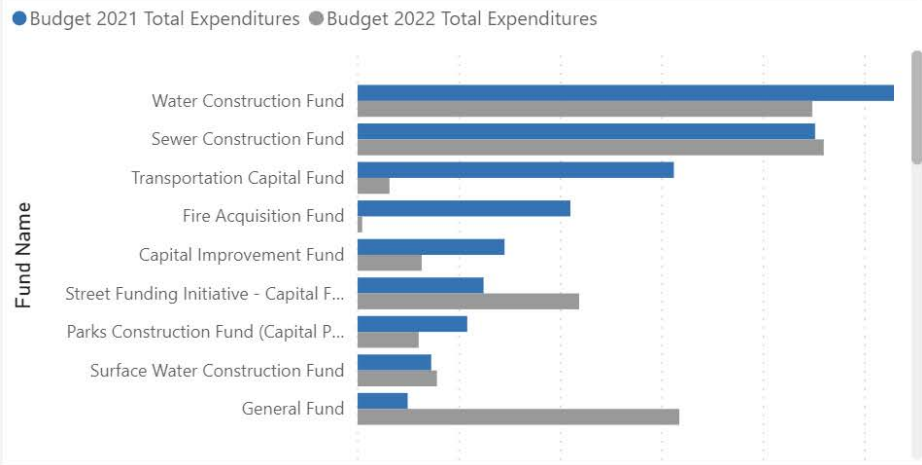
Decision Package	Description	Decision Package Revenues	Decision Package Expenditures	2021 FTE Decision Package Total	2022 FTE Decision Package Total
	related projects. This is to increase the total transfer to accommodate for the increased labor cost				
PL00655 - Laptops for Backgrounds Unit	The backgrounds unit needs to have laptops for the detectives to conduct their work remotely while performing background investigations.	0	7,952	0.00	0.00
PL00656 - Range Fees	The increase cost for the shooting range due to other options ending. The range option that Police used are closing due to the sale of the property. Police now has to contract out to SafeFire for their range needs.	0	30,000	0.00	0.00
PL00657 - Taser Replacement	Replacement of the Tasers that the patrol officers use. These were on a yearly schedule that are using.	0	102,700	0.00	0.00
PL00658 - Towing Services	Additional for towing of vehicles for evidence purposes.	0	15,000	0.00	0.00
PL00664 - Add New Police Canine to Replace Retired Dog	In 2021, Canine Ivar is scheduled to be retired due to his age. He will need to be replaced. So budget travel for 2 to get the dog (airfare for 2 people roundtrip, lodging 4 nights, per diem and kennel/flight for the dog back), buying the dog but no kennel/pad is needed because it's anticipated it will go to an existing Canine Officer (Corporal Starbuck).	0	17,000	0.00	0.00

Budget Review: Capital

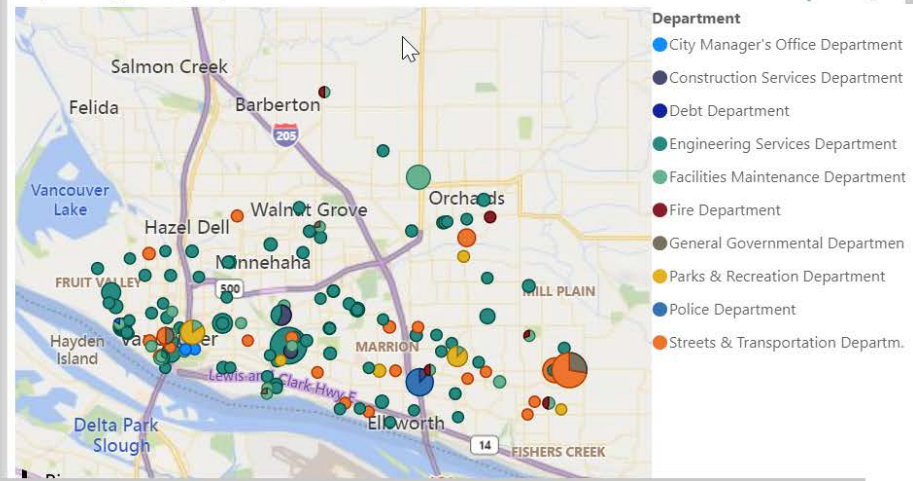
2021-22 Proposed Capital Budget

Year	Status	Funding Type	Fund	Department	Decision Package	Category
<input type="checkbox"/> 2021	<input checked="" type="checkbox"/> Recommended	<input type="checkbox"/> Capital	All	All	All	All
<input type="checkbox"/> 2022	<input type="checkbox"/> Not Recommended	<input type="checkbox"/> Capital Funding				

2021-22 Total Expenditures by Fund



Capital Projects by Department



2021-22 City Manager's Recommended Budget: Review

- Easier to review using PDF reports:
 - Position Changes
 - Financial Policies
 - Strategic Initiatives
 - Capital Funding
 - Budget Reductions



Next Steps/Timeline

- City Manager's Recommended Budget published October 1
- On-line budget review tool available October 5
- First Council Workshop on the City Manager's Recommended Budget October 5
- Continued Recommended Budget Council Review Oct.-Nov
- First Reading November 9
- Public Hearing November 16

Questions and Discussion

Contact Information:

Natasha Ramras, Chief Financial Officer

(360) 487-8484

