



City of La Center, WA
214 East 4th Street
La Center, WA 98629

TO THE CITY OF LA CENTER CITY COUNCIL AND CITIZENS

I am pleased to present the City of La Center 2019 Preliminary Budget for your review and consideration. Thanks to extensive work by the City of La Center Budget Advisory Committee the 2019 Preliminary Budget continues existing City services and service levels and makes targeted investments in expanding the City's infrastructure. Since 2016 the City's General Fund tax revenue has declined by approximately \$1.6 million, or 41 percent. While the 2019 General Fund budget utilizes reserves, the projected 2019 deficit has been reduced from 2018 with reserve balances remaining strong and exceed our conservative reserve policy targets. The City marked several significant accomplishments in 2018 and the 2019 Preliminary Budget implements a number of additional positive changes.

In 2018 the City of La Center marked progress in a number of important areas including:

- **Junction Sewer Line.** The land inside the City limits at the La Center junction with I-5 now has full City services thanks to a major sewer line initially funded by the Cowlitz Indian Tribe.
- **New La Center Middle School.** The City is working in partnership with the school district on the land use and building permits for the new (voter approved) middle school which will be the largest development project in the City in recent history.
- **New Roundabout at 4th Street and La Center Road.** Construction of this multi-year project will be completed ahead of schedule and will smooth traffic flow through one of the City's main intersections and accommodate anticipated growth in the City and in north Clark County.
- **New Residential Development.** The City is on pace to issue over 50 building permits for new single-family homes in 2018 which is more than in 2016 and 2017 combined. Also, in 2018 additional lots are being made available and being reserved by quality local builders.
- **Revised Card Room Tax Structure.** In 2018 the City worked with the card room owners to implement a sliding scale tax structure that recognizes a changed economic environment for this industry that provides over 50 percent of the City's tax revenue.
- **Police Officer Awards.** Three of La Center's Police Officers received the American Police Hall of Fame "Life Saving Award" in 2018. The awards were given to the officers in recognition of their unselfish actions during an emergency situation which resulted in the saving of a human life.
- **Tentative Purchase of the TDS Office Building.** On November 14 the City Council ratified a purchase and sale agreement for the purchase of the approximate 10,000 square foot TDS office building located at 210 East 4th Street. If the sale is closed the building will become the new City Hall.

La Center enters 2019 poised to grow in a responsible and in a fiscally conservative manner that preserves the community's values and continues quality City services. The 2019 Preliminary Budget advances a number of initiatives including:

- **Streamlining City Staffing.** The City implemented several actions to streamline staffing in late 2018 that will be fully implemented in 2019. These actions include:
 - The position of Public Works Manager will oversee Public Works and the Wastewater Treatment Plant operation eliminating one full position without impacting services.
 - The City is working with organized labor to standardize administrative support job descriptions which will allow more flexibility for staff to back up each other and support multiple areas. The result will be more cost-effective support for Police, City Clerk functions, the Mayor, Public Works and Planning.
 - The wastewater treatment plant staffing will continue to have three staff with the required certifications to operate the plant independently allowing the plant, which never shuts down, all with the ability to work more independently with higher certifications.
- **No Increase in Monthly Sewer Rates.** The monthly rate for City sewer services will remain flat for the fifth year in a row. As a small sewer provider La Center does not enjoy the economies of scale enjoyed by larger agencies. Despite its small size the City's operations continue to become more efficient and increases in monthly user rates are not needed at this time.
- **Strengthening Community Development.** A recruitment is underway for an Economic/Community Development Manager. This position will take the lead on the City's efforts to partner with the private sector on development at the I-5 Junction and near Timmen Road and will support the increased workload in the City's Planning department.
- **Targeted Infrastructure Investment.** Funding for several critical infrastructure projects is identified in the 2019 Preliminary Budget. Several of these projects are dependent on the City receiving matching state grants but we are hopeful that some or possibly all will move forward in 2019. The proposed projects include:
 - Holley Park Community Center, playground and tennis court improvements (not grant dependent) and field drainage improvements (grant dependent).
 - Heritage Park/Trail and Breeze Creek Trail land acquisition and development.
 - Stonecreek Drive pavement reconstruction.
- **Community Marquee Signage.** The City will explore signage to replace the reader-board sign that had been at the north end of the La Center Road bridge and will also explore placing signage at the I-5 Junction.
- **Transitioning to a New City Hall.** If the City closes on its purchase of the TDS building in 2018 City staff that currently occupy three separate buildings will be consolidated into one building. Having all City services in one building will make our services more customer-friendly and efficient.
- **Enhancing Storm Water Facility Maintenance.** A study exploring the creation of a new City storm water utility began in 2018 and will be reviewed by the City Council in early 2019. The purpose of the study is to assess the workload, costs and funding associated with the growing

number of public and private storm water facilities in the City and how the City meets the requirements of clean water regulations.

- **Economic Development.** More detailed plans for commercial and mixed use development will be pursued at the I-5 Junction and at the Timmen Road/La Center Road intersection.

As Mayor of La Center I highly value the unique elements that make La Center a great community. We offer a safe, attractive and affordable place to live and to grow your business. I also value being fiscally conservative and a responsible manager of the public's resources. To that end I want to thank the City's Budget Advisory Committee for their counsel and work over this past year in helping to develop the 2019 budget proposal.

I look forward to getting your feedback on the 2019 Preliminary Budget. More information is available on the City's web site or by contacting me directly at gthornton@ci.lacenter.wa.us.

Respectfully submitted,

Greg Thornton

Mayor, City of La Center

City of La Center, WA
2019 Preliminary Budget
2019 General Fund and Staffing Summary

Updated 11/12/18

General Fund Revenue by Major Source	2015	2016	2017	2018 Budget	2018 Estimate	2019 Budget
Property Taxes	\$ 403,156	\$ 412,033	\$ 430,102	\$ 440,000	\$ 440,000	\$ 465,800
Utility Excise Taxes	\$ -	\$ -	\$ 4,499	\$ 290,000	\$ 170,000	\$ 210,000
Retail Sales Tax	\$ 221,569	\$ 432,012	\$ 477,687	\$ 280,070	\$ 305,000	\$ 390,000
Criminal Justice Sales Tax	\$ 41,517	\$ 53,471	\$ 48,335	\$ 46,000	\$ 51,000	\$ 52,500
Gambling - Pull Tabs	\$ 31,298	\$ 35,297	\$ 19,711	\$ 15,000	\$ 8,000	\$ 10,000
Gambling - Card Rooms	\$ 2,684,434	\$ 3,136,044	\$ 2,374,800	\$ 1,572,000	\$ 1,300,000	\$ 1,300,000
Total Taxes	\$ 3,381,974	\$ 4,068,857	\$ 3,355,133	\$ 2,643,070	\$ 2,274,000	\$ 2,428,300
Licenses & Permits	\$ 53,635	\$ 79,062	\$ 79,521	\$ 143,880	\$ 148,000	\$ 225,000
Intergovernmental	\$ 192,604	\$ 206,144	\$ 218,079	\$ 133,294	\$ 139,000	\$ 168,400
Charges for Goods & Services	\$ 92,824	\$ 86,674	\$ 138,988	\$ 118,675	\$ 200,000	\$ 177,000
Fines & Forfeitures	\$ 25,060	\$ 23,508	\$ 26,117	\$ 28,000	\$ 23,000	\$ 25,200
Miscellaneous/Transfers	\$ 140,887	\$ 54,089	\$ 71,973	\$ 225,086	\$ 350,000	\$ 300,000
Total General Fund Revenue	\$ 3,886,984	\$ 4,518,335	\$ 3,889,811	\$ 3,292,005	\$ 3,134,000	\$ 3,323,900
Annual Percent Change		16.2%	-13.9%	-15.4%	-19.4%	6.1%

General Fund Expenses by Department	2015	2016	2017	2018 Budget	2018 Estimate	2019 Budget
Finance	\$ 588,543	\$ 616,335	\$ 647,419	\$ 573,722	\$ 624,682	\$ 542,473
Legislative	\$ 99,164	\$ 76,422	\$ 97,653	\$ 76,326	\$ 81,562	\$ 129,751
Police	\$ 1,582,004	\$ 1,616,223	\$ 1,471,854	\$ 1,678,267	\$ 1,527,739	\$ 1,593,472
Planning	\$ 235,377	\$ 243,001	\$ 300,969	\$ 298,435	\$ 362,323	\$ 567,049
Public Works - Operations/Streets	\$ 582,897	\$ 629,645	\$ 649,591	\$ 638,762	\$ 656,443	\$ 475,358
Public Works - Parks	\$ 440,325	\$ 451,647	\$ 406,133	\$ 409,221	\$ 439,031	\$ 444,242
Transfers/Other	\$ 104,040	\$ 104,040	\$ -	\$ -	\$ -	\$ -
Total General Fund Expense	\$ 3,632,350	\$ 3,737,314	\$ 3,573,619	\$ 3,674,733	\$ 3,691,780	\$ 3,752,345
Annual Percent Change	-3.8%	2.9%	-4.4%	2.8%	3.3%	1.6%
General Fund Net Revenue	\$ 254,634	\$ 781,021	\$ 316,192	\$ (382,728)	\$ (557,780)	\$ (428,445)

General Fund Expenses by Type	2015	2016	2017	2018 Budget	2018 Estimate	2019 Budget
Salary	\$ 1,883,761	\$ 1,874,053	\$ 1,735,830	\$ 1,815,223	\$ 1,778,937	\$ 1,808,121
Benefits	\$ 742,777	\$ 766,431	\$ 673,603	\$ 770,204	\$ 727,405	\$ 739,338
Supplies	\$ 147,887	\$ 130,158	\$ 128,555	\$ 131,250	\$ 147,825	\$ 150,250
Services	\$ 576,295	\$ 647,683	\$ 885,962	\$ 725,406	\$ 791,255	\$ 804,236
Intergovernmental	\$ 171,919	\$ 150,319	\$ 136,065	\$ 217,750	\$ 183,883	\$ 186,900
Capital	\$ 5,671	\$ 64,629	\$ 13,605	\$ 14,900	\$ 62,475	\$ 63,500
Total General Fund Expense	\$ 3,528,310	\$ 3,633,274	\$ 3,573,619	\$ 3,674,733	\$ 3,691,780	\$ 3,752,345
Annual Percent Change	-3.8%	2.9%	-4.4%	2.8%	3.3%	1.6%
General Fund Net Revenue	\$ 358,674	\$ 885,061	\$ 316,192	\$ (382,728)	\$ (557,780)	\$ (428,445)

Full Time Equivalent Staff by Department	2015	2016	2017	2018	2019	2019-2018 Change
Finance	3.75	3.75	3.35	3.10	2.35	(0.75)
Legislative	6.00	6.00	6.00	6.00	6.38	0.38
Police	10.00	10.25	10.25	10.25	9.75	(0.50)
Planning	1.50	2.50	2.25	2.25	3.45	1.20
Public Works	4.50	3.50	3.90	2.90	2.13	(0.78)
Parks	3.25	3.25	2.75	2.75	2.88	0.13
Sewer*	4.25	4.25	5.00	5.00	4.32	(0.68)
Total Full Time Equivalent Staff	33.25	33.50	33.50	32.25	31.25	(1.00)
Total Excluding Elected	27.50	27.50	27.50	26.25	25.25	(1.00)
City of La Center Population	3,140.00	3,140.00	3,195.00	3,320.00	3,430.00	110.00
FTE/1,000 Population	8.76	8.76	8.61	7.91	7.36	(0.55)

* 1.65 FTE allocated from Finance for support services

**City of La Center, WA
2019 Preliminary Budget
General Fund Revenue Detail**

Updated 11/12/18

Account Code	Description	2015	2016	2017	2018 Budget	2019 Budget
001-00-311-10-000	Real/Prop. Taxes	403,156	412,033	430,102	440,000	465,800
001-00-313-11-000	Retail Sales & Use Taxes	221,569	432,012	477,687	280,070	390,000
001-00-313-71-000	Local Criminal Justice	41,517	53,471	48,335	46,000	52,500
001-00-316-40-001	City Excise Tax on Electricity			-	134,284	95,000
001-00-316-40-002	City Excise Tax on Natural Gas			-	36,501	24,000
001-00-316-40-003	City Excise Tax on Telephone			4,499	64,079	30,000
001-00-316-40-004	City Excise Tax on Water			-	21,563	24,000
001-00-316-40-005	City Excise Tax on Garbage			-	12,598	-
001-00-316-40-006	City Excise Tax on Cable TV			-	20,975	37,000
001-00-316-81-000	Gambling - Pull Tabs	31,298	35,297	19,711	15,000	10,000
001-00-316-84-000	Gambling - Card Rooms	2,684,434	3,136,044	2,374,800	1,572,000	1,300,000
001-00-318-00-000	Other Taxes	-	-	-	-	-
	Taxes - General Fund	3,381,974	4,068,857	3,355,133	2,643,070	2,428,300
001-00-321-60-000	Business Licenses & Permits	8,300	8,550	10,750	9,000	9,500
001-00-321-70-000	Amusement Licenses	116	150	182	175	200
001-00-322-10-001	Building Permits	32,736	54,202	49,512	92,001	187,800
001-00-322-10-002	Plumbing Permits	3,230	4,240	4,220	4,000	9,000
001-00-322-10-005	Mechanical Permits	5,120	5,910	7,125	8,000	12,000
001-00-322-10-006	Erosion Control Permit	350	650	650	7,626	1,000
001-00-322-10-007	Excavations	-	291	1,192	7,626	1,000
001-00-322-10-008	Right-of-way Permit	1,440	2,240	1,880	7,626	1,800
001-00-322-10-011	Sign Permits	175	125	200	200	200
001-00-322-30-000	Animal Licenses	2,168	2,704	3,810	7,626	2,500
001-10-322-90-000 n/a	Burn Permit Fees	-	-	-	-	-
	Licenses & Permits - General Fund	53,635	79,062	79,521	143,880	225,000
001-00-333-97-001	PD Grants - Federal	-	2,412	-	-	-
001-00-334-03-500	PD Grant Traffic Safety Commis			1,139	-	-
001-00-334-01-700	PD Grants - State CJTC	738	393	5,419	800	740
001-00-334-03-600	TIB - Grants			28,628	-	-
001-00-334-04-200	CTED Grant - GMA	9,000	-	-	-	-
001-00-335-00-910	Pud Privilege Tax	12,162	11,968	11,643	12,000	12,000
001-00-336-00-710	Multimodal Transportation		3,173	3,309	4,505	4,582
001-00-336-00-870	Street Fuel Taxes (restricted)	64,270	66,956	68,167	69,396	72,807
001-00-336-00-980	City Assistance	66,957	75,452	53,322	-	29,400
001-00-336-06-210	CJ-Population	1,000	1,000	1,000	1,000	1,096
001-00-336-06-260	CJ-Special Programs	2,986	3,115	3,230	3,387	3,619
001-00-336-06-510	DUI Cities	462	484	477	-	-
001-00-336-06-940	Liquor Excise Tax	8,304	14,472	15,172	15,719	17,065
001-00-336-06-950	Liquor Profit BD.	26,725	26,719	26,574	26,487	27,091
	Intergov - General Fund	192,604	206,144	218,079	133,294	168,400
001-00-341-35-000	Notary Fees	165	205	165	150	150
001-00-341-41-000	General Credit Card Fees					750
001-00-341-81-000	Copies	258	75	77	75	75
001-00-341-96-000	Fingerprinting Fees	390	820	590	550	600
001-00-345-70-000	Reimbursement For Services	42,286	33,169	35,283	40,000	45,000
001-00-345-81-002	Rezone Fee	-	4,760	-	3,000	-
001-00-345-81-003	Site Development Fees	21,930	85	-	-	-
001-00-345-81-004	Peer Review	1,880	2,590	59,815	10,000	50,000
001-00-345-81-012	Building Code Council	158	185	180	200	350
001-00-345-81-014	Deposits	-	2,000	-	-	-
001-00-345-83-003	Annexation Fee	250	3,705	7,805	4,000	2,000
001-00-345-83-007	Woodland Inspections	-	-	1,022	-	-
001-00-345-83-011	Plan Check Fees	21,992	33,186	31,347	60,000	74,000
001-00-345-83-018	Pre Application Fees	2,665	3,365	2,000	-	3,000
001-00-345-86-001	SEPA Fee	850	1,955	510	500	500
001-00-345-89-001	Planning-Development Services	-	575	195	200	575
	Charges for Services - General Fund	92,824	86,674	138,988	118,675	177,000

City of La Center, WA
 2019 Preliminary Budget
 General Fund Revenue Detail

Updated 11/12/18

Account Code	Description	2015	2016	2017	2018 Budget	2019 Budget
001-00-352-90-000	Other - Civil Crim/Non Crim	-	-	-	-	-
001-00-353-10-000	Traffic Infraction	13,508	14,013	17,064	15,000	14,000
001-00-355-20-000	DWI - Breath Test	1,765	1,020	1,688	3,000	1,600
001-00-355-80-000	Criminal Traffic	3,249	3,587	3,789	4,500	3,700
001-00-356-90-000	Crim. -Non-Traffic	3,375	2,779	1,743	3,000	1,700
001-00-357-39-000	Court Costs	3,164	2,110	1,834	2,500	4,200
	Fines & Forfeits - General Fund	25,060	23,508	26,117	28,000	25,200
001-00-361-11-004	Investment Interest	99,617	28,016	40,002	34,733	35,000
001-00-361-30-004	Gain/(Loss) on Investments	(2,816)	(6,592)	-	(9,647)	
001-00-361-40-000	Sales Interest	110	256	428		
001-00-362-40-000	Comm.Center Rent	3,891	4,850	1,975		
001-00-362-40-001	Comm.Center-Cleaning Deposit	1,050	1,350	700		
001-00-369-91-000	Miscellaneous	39,035	26,209	28,868		
	Misc - General Fund	140,887	54,089	71,973	25,086	35,000
001-00-397-00-000	Sewer Loan repayment					
001-00-381-20-000	Sewer Loan repayment	-	-	-	200,000	265,000
	Transfers In - General Fund	-	-	-	200,000	265,000
	Total Revenues & Transfers- General Fund	3,886,984	4,518,335	3,889,811	3,292,005	3,323,900

**City of La Center, WA
2019 Preliminary Budget
2019 Operating Fund Budget Detail**

Updated 11/12/18

	2015	2016	2017	2018 Budget	2019 Budget	2019 v. 2018	
						\$	%
Finance							
Salary	291,211	296,658	254,936	251,286	202,242	(49,044)	-20%
Benefits	105,916	110,457	92,144	90,615	80,031	(10,584)	-12%
Supplies	6,411	5,437	6,667	5,000	5,000	-	0%
Services	172,965	176,479	269,755	214,071	239,150	25,079	12%
Intergovernmental	10,947	8,980	14,182	11,750	14,550	2,800	24%
Capital	1,093	18,323	9,735	1,000	1,500	500	50%
Total Finance	588,543	616,335	647,419	573,722	542,473	(31,249)	-5%
Legislative							
Salary	26,580	24,440	24,450	24,700	54,252	29,552	120%
Benefits	2,087	1,946	1,948	2,055	13,478	11,423	556%
Supplies	-	-	-	-	-	-	NA
Services	70,497	50,037	71,255	49,571	62,021	12,450	25%
Intergovernmental	-	-	-	-	-	-	NA
Capital	-	-	-	-	-	-	NA
Total Legislative	99,164	76,422	97,653	76,326	129,751	53,425	70%
Police							
Salary	906,297	925,082	887,857	922,523	908,292	(14,231)	-2%
Benefits	358,930	370,321	327,908	385,005	358,204	(26,801)	-7%
Supplies	48,074	32,309	39,300	25,700	28,100	2,400	9%
Services	113,382	106,067	117,326	140,139	134,026	(6,113)	-4%
Intergovernmental	150,743	136,138	95,799	191,000	157,350	(33,650)	-18%
Capital	4,578	46,306	3,664	13,900	7,500	(6,400)	-46%
Total Police	1,582,004	1,616,223	1,471,854	1,678,267	1,593,472	(84,795)	-5%
Planning							
Salary	99,668	75,323	72,801	168,464	306,236	137,772	82%
Benefits	28,874	28,043	28,810	67,947	130,023	62,076	91%
Supplies	812	21	151	250	250	-	0%
Services	106,023	139,614	199,206	61,774	129,040	67,266	109%
Intergovernmental	-	-	-	-	-	-	NA
Capital	-	-	-	-	1,500	1,500	NA
Total Planning	235,377	243,001	300,969	298,435	567,049	268,614	90%
Public Works - Operations/Street							
Salary	303,827	303,769	275,459	274,358	113,680	(160,678)	-59%
Benefits	139,931	145,287	128,942	129,342	52,307	(77,035)	-60%
Supplies	64,394	61,331	56,324	68,000	82,400	14,400	21%
Services	64,516	114,057	162,578	152,062	158,971	6,909	5%
Intergovernmental	10,229	5,201	26,083	15,000	15,000	-	0%
Capital	-	-	206	-	53,000	53,000	NA
Total Public Works - Street	582,897	629,645	649,591	638,762	475,358	(163,404)	-26%
Public Works - Parks							
Salary	256,178	248,780	220,326	173,892	223,419	49,527	28%
Benefits	107,039	110,379	93,852	95,240	105,295	10,055	11%
Supplies	28,196	31,059	26,112	32,300	34,500	2,200	7%
Services	48,912	61,430	65,842	107,789	81,028	(26,761)	-25%
Intergovernmental	-	-	-	-	-	-	NA
Capital	-	-	-	-	-	-	NA
Total Public Works - Parks	440,325	451,647	406,133	409,221	444,242	35,021	9%
Total General Fund							
Salary	1,883,761	1,874,053	1,735,830	1,815,223	1,808,121	(7,102)	0%
Benefits	742,777	766,431	673,603	770,204	739,338	(30,866)	-4%
Supplies	147,887	130,158	128,555	131,250	150,250	19,000	14%
Services	576,295	647,683	885,962	725,406	804,236	78,830	11%
Intergovernmental	171,919	150,319	136,065	217,750	186,900	(30,850)	-14%
Capital	5,671	64,629	13,605	14,900	63,500	48,600	326%
Total General Fund	3,528,310	3,633,274	3,573,619	3,674,733	3,752,345	77,612	2%
Percent Change	-6.5%	3.0%	-1.6%	2.8%	2.1%		

City of La Center, WA
 2019 Preliminary Budget
 2019 Operating Fund Budget Detail

Updated 11/12/18

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018 Budget</u>	<u>2019 Budget</u>	<u>2019 v. 2018</u>	
						<u>\$</u>	<u>%</u>
Sewer Fund Operations							
Salary	302,863	281,956	316,654	391,197	352,385	(38,812)	-10%
Benefits	112,768	102,023	135,015	163,094	151,528	(11,566)	-7%
Supplies	60,744	75,375	63,561	107,350	90,500	(16,850)	-16%
Services	340,890	183,903	191,564	176,590	170,811	(5,779)	-3%
Intergovernmental	23,528	26,294	30,807	26,000	29,500	3,500	13%
Capital	-	-	947	-	-	-	NA
Transfers: Debt Service & Capital	220,000	229,000	230,000	430,000	365,000	(65,000)	-15%
Total Sewer Fund Operations	1,060,793	898,551	968,548	1,294,231	1,159,724	(134,507)	-10%
Stormwater Fund							
Salary				50,000	75,000		
Benefits					25,000		
Supplies							
Services							
Intergovernmental							
Capital							
Transfers							
Total Stormwater Fund	-	-	-	50,000	100,000		

City of La Center, WA
 2019 Preliminary Budget
 2019 Preliminary Budget Estimate - Other Funds

Updated 11/12/18

Fund/Department	Description	Revenue	Expense	Comment
Capital Projects Fund				
Community Development	City Facility Study		\$ 50,000	Carryforward from 2019
Community Development	Timmen Road Subarea Plan		\$ 50,000	Carryforward from 2019
Community Development	Economic Development Plan		\$ 50,000	Carryforward from 2019
Community Development	Marquee Sign Replacement		\$ 45,000	At north end of bridge
Community Development	Junction Community/Downtown Sign		\$ 150,000	Placeholder: Design, permit & construct
Public Works/Parks	Holley Park Playground Equipment Sunshade		\$ 5,000	
Public Works/Parks	Holley Park Community Center Ductless HVAC		\$ 15,000	
Public Works/Parks	Holley Park Tennis Court Resurface		\$ 10,000	
Public Works/Parks	Heritage Trail Land Acquisition	\$ 139,000	\$ 154,000	Conservation Futures Grant
Public Works/Parks	Heritage Trail Development/Construction		\$ 124,000	
Public Works/Parks	Holley Park Field Drainage Improvements	\$ 75,000	\$ 150,000	RCO Grant; 50% match required
Public Works/Parks	Breeze Creek Trail Extension to Sternwheeler Park	\$ 310,314	\$ 632,639	RCO Grant; 50% match required
Public Works/Streets	Stonecreek Reconstruction Design		\$ 40,000	
Public Works/Streets	Stonecreek Reconstruction		\$ 440,000	Most likely in 2020
Public Works/Streets	La Center Road Street Light Study		\$ 15,000	
Public Works/Streets	4th Street Widen Grant Assistance		\$ 20,000	
Total Capital Projects Fund:		\$ 524,314	\$ 1,950,639	
Equipment Replacement Fund				
Public Works/Parks	72" Lazer Z Diesel 37HP Yanmar Mower (replacement)	\$ 2,000	\$ 25,000	Planned in 2017 at \$15,000
Sewer Fund				
Sewer Capital Fund	Major Maintenance Projects to be Determined		\$ 25,000	

**City of La Center, WA
2019 Preliminary Budget
2019 Other Fund Summary**

Updated 11/12/18

	2018			2019-2018		
	2016	2017	Estimate	2019	Budget	Change
Sewer Funds						
Operations						
Revenues	\$ 1,176,349	\$ 1,172,911	\$ 1,189,093	\$ 1,284,000	\$ 94,907	
Expenditures	\$ 669,551	\$ 738,548	\$ 866,401	\$ 794,724	\$ (71,677)	
Transfers	\$ 229,000	\$ 230,000	\$ 430,000	\$ 365,000	\$ (65,000)	
Net Revenue	\$ 277,798	\$ 204,363	\$ (107,308)	\$ 126,821	\$ 234,129	
Estimated Ending Reserve Balance	\$ 655,099	\$ 859,462	\$ 752,154	\$ 878,975	\$ 126,821	
Capital / Equipment						
Revenues	\$ 100,956	\$ 101,035	\$ 99,138	\$ 108,000	\$ 8,862	
Expenditures	\$ 380,380	\$ 18,206	\$ 25,000	\$ 25,000	\$ -	
Net Revenue	\$ (279,424)	\$ 82,829	\$ 74,138	\$ 83,000	\$ 8,862	
Estimated Ending Reserve Balance	\$ 278,677	\$ 361,506	\$ 435,644	\$ 518,644	\$ 83,000	
Debt Service						
Revenues	\$ 290,605	\$ 365,291	\$ 456,353	\$ 327,000	\$ (129,353)	
Expenditures	\$ 5,000,000	\$ 263,504	\$ 261,061	\$ 258,587	\$ (2,474)	
Net Revenue	\$ (4,709,395)	\$ 101,787	\$ 195,292	\$ 68,413	\$ (126,879)	
Estimated Ending Reserve Balance	\$ 556,864	\$ 658,651	\$ 853,943	\$ 922,356	\$ 68,413	
Total Sewer Utility Reserves	\$ 1,490,640	\$ 1,879,620	\$ 2,041,742	\$ 2,319,976	\$ 278,234	
Junction Sewer Line Revenue Bond						
Revenues				\$ 192,000		
Expenditures				\$ 192,000		
Net Revenue				\$ -		

	2018			2019-2018		
	2016	2017	Estimate	2019	Budget	Change
Other Funds						
Reserve Fund						
Revenues	\$ 66,354	\$ 89,609	\$ 68,400	\$ 90,000	\$ 21,600	
Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	
Net Revenue	\$ 66,354	\$ 89,609	\$ 68,400	\$ 90,000	\$ 21,600	
Estimated Ending Reserve Balance	\$ 4,606,364	\$ 4,695,973	\$ 4,764,373	\$ 4,854,373	\$ 90,000	
Impact Fee Fund						
Revenues	\$ 114,320	\$ 379,191	\$ 255,000	\$ 255,500	\$ 500	
Expenditures	\$ -	\$ 73,488	\$ 300,000	\$ -	\$ -	
Net Revenue	\$ 114,320	\$ 305,703	\$ (45,000)	\$ 255,500	\$ 500	
Estimated Ending Reserve Balance	\$ 382,552	\$ 688,255	\$ 643,255	\$ 898,755	\$ 255,500	

	2018			2019-2018		
	2016	2017	Estimate	2019	Budget	Change
Other Funds						
Capital Projects Fund						
Revenues	\$ 322,170	\$ 371,097	\$ 2,161,903	\$ 774,314	\$ (1,387,589)	
Expenditures	\$ 325,415	\$ 245,139	\$ 1,624,308	\$ 1,950,639	\$ 326,331	
Net Revenue	\$ (3,245)	\$ 125,958	\$ 537,595	\$ (1,176,325)	\$ (1,713,920)	
Estimated Ending Reserve Balance	\$ 4,756,341	\$ 4,882,299	\$ 5,293,936	\$ 4,117,611	\$ (1,176,325)	
Vehicle/Equipment Fund						
Revenues	\$ 110,340	\$ 6,803	\$ 35,000	\$ 4,959	\$ (30,041)	
Expenditures	\$ 51,388	\$ -	\$ 160,000	\$ 25,000	\$ (135,000)	
Net Revenue	\$ 58,952	\$ 6,803	\$ (125,000)	\$ (20,041)	\$ 104,959	
Estimated Ending Reserve Balance	\$ 349,712	\$ 356,515	\$ 231,515	\$ 211,474	\$ (20,041)	
Storm Water Utility Fund						
Revenues			\$ -	\$ 100,000	\$ 100,000	
Expenditures			\$ -	\$ 100,000	\$ 100,000	
Net Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	
Estimated Ending Reserve Balance	\$ -	\$ -	\$ -	\$ -	\$ -	

City of La Center, WA
 2019 Preliminary Budget
 2019 Budget Summary - All Funds

Updated 11/12/18

	General	Reserve	Impact Fees	Capital Projects	Vehicle/ Equipment	Stormwater Fund (New)*	Junction Sewer Revenue Bond	Sewer Operations	Sewer Capital	Sewer Debt Service	Total All City Funds	Total Sewer Funds
Beginning Balance (Estimate)	\$ 1,711,774	\$ 4,764,373	\$ 643,255	\$ 5,293,936	\$ 231,515	\$ -	\$ 405,340	\$ 752,154	\$ 435,644	\$ 853,943	\$ 15,091,935	\$ 2,041,742
Revenues												
Taxes												
Property Taxes	465,800	-	-	-	-	-	-	-	-	-	465,800	-
Utility Excise Taxes	210,000	-	-	-	-	-	-	-	-	-	210,000	-
Real Estate Excise Tax (REET)	-	-	-	150,000	-	-	-	-	-	-	150,000	-
Retail Sales Tax	390,000	-	-	-	-	-	-	-	-	-	390,000	-
Criminal Justice Sales Tax	52,500	-	-	-	-	-	-	-	-	-	52,500	-
Gambling - Pull Tabs	10,000	-	-	-	-	-	-	-	-	-	10,000	-
Gambling - Card Rooms	1,300,000	-	-	-	-	-	-	-	-	-	1,300,000	-
Total Taxes	2,428,300	-	-	150,000	-	-	-	-	-	-	2,578,300	-
Licenses & Permits	225,000	-	-	-	-	-	-	-	-	-	225,000	-
Intergovernmental	168,400	-	-	524,314	-	-	-	-	-	-	692,714	-
Charges for Goods & Services	177,000	-	250,000	-	2,000	100,000	-	1,200,000	-	312,000	2,041,000	1,512,000
Fines & Forfeitures	25,200	-	-	-	-	-	-	70,000	-	-	95,200	70,000
Miscellaneous	35,000	90,000	5,500	100,000	4,000	-	192,000	14,000	8,000	15,000	463,500	37,000
Total Operating Revenue	3,058,900	90,000	255,500	774,314	6,000	100,000	192,000	1,284,000	8,000	327,000	6,095,714	1,619,000
Transfers In	265,000	-	-	-	-	-	-	-	100,000	-	365,000	100,000
Non-Revenues (School IF)	-	-	180,000	-	-	-	-	-	-	-	180,000	-
Total Revenues & Sources of Funds	3,323,900	90,000	435,500	774,314	6,000	100,000	192,000	1,284,000	108,000	327,000	6,640,714	1,719,000
Expenditures												
Salary	1,808,121	-	-	-	-	55,000	-	352,385	-	-	2,215,506	352,385
Benefits	739,338	-	-	-	-	20,000	-	151,528	-	-	910,866	151,528
Supplies	150,250	-	-	-	-	25,000	-	90,500	-	-	265,750	90,500
Services	804,236	-	-	-	-	-	-	170,811	-	-	975,047	170,811
Intergovernmental	186,900	-	-	-	-	-	-	29,500	-	-	216,400	29,500
Capital Under \$5,000	10,500	-	-	-	-	-	-	-	-	-	10,500	-
Total Operating Expense	3,699,345	-	-	-	-	100,000	-	794,724	-	-	4,594,069	794,724
Capital (>\$5K)	53,000	-	-	1,950,639	25,000	-	-	-	25,000	-	2,053,639	25,000
Debt Service	-	-	-	-	-	-	192,000	-	-	258,587	450,587	258,587
Total Operating, Capital & Debt Service	3,752,345	-	-	1,950,639	25,000	100,000	192,000	794,724	25,000	258,587	7,098,295	1,078,311
Transfers Out	-	-	-	-	-	-	-	365,000	-	-	365,000	365,000
Non-expenditures	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenses & Uses of Funds	3,752,345	-	-	1,950,639	25,000	100,000	192,000	1,159,724	25,000	258,587	7,463,295	1,443,311
Ending Balance (Estimate)	\$ 1,283,329	\$ 4,854,373	\$ 1,078,755	\$ 4,117,611	\$ 212,515	\$ -	\$ 405,340	\$ 876,430	\$ 518,644	\$ 922,356	\$ 14,269,354	\$ 2,317,431
Change in Fund Balance - 2019	\$ (428,445)	\$ 90,000	\$ 435,500	\$ (1,176,325)	\$ (19,000)	\$ -	\$ -	\$ 124,276	\$ 83,000	\$ 68,413	\$ (822,581)	\$ 275,689

* Budget to be developed after Council approves creation of Stormwater Utility

City of La Center City Council Workshop

2019 Budget Process: Preliminary Budget
October 24, 2018



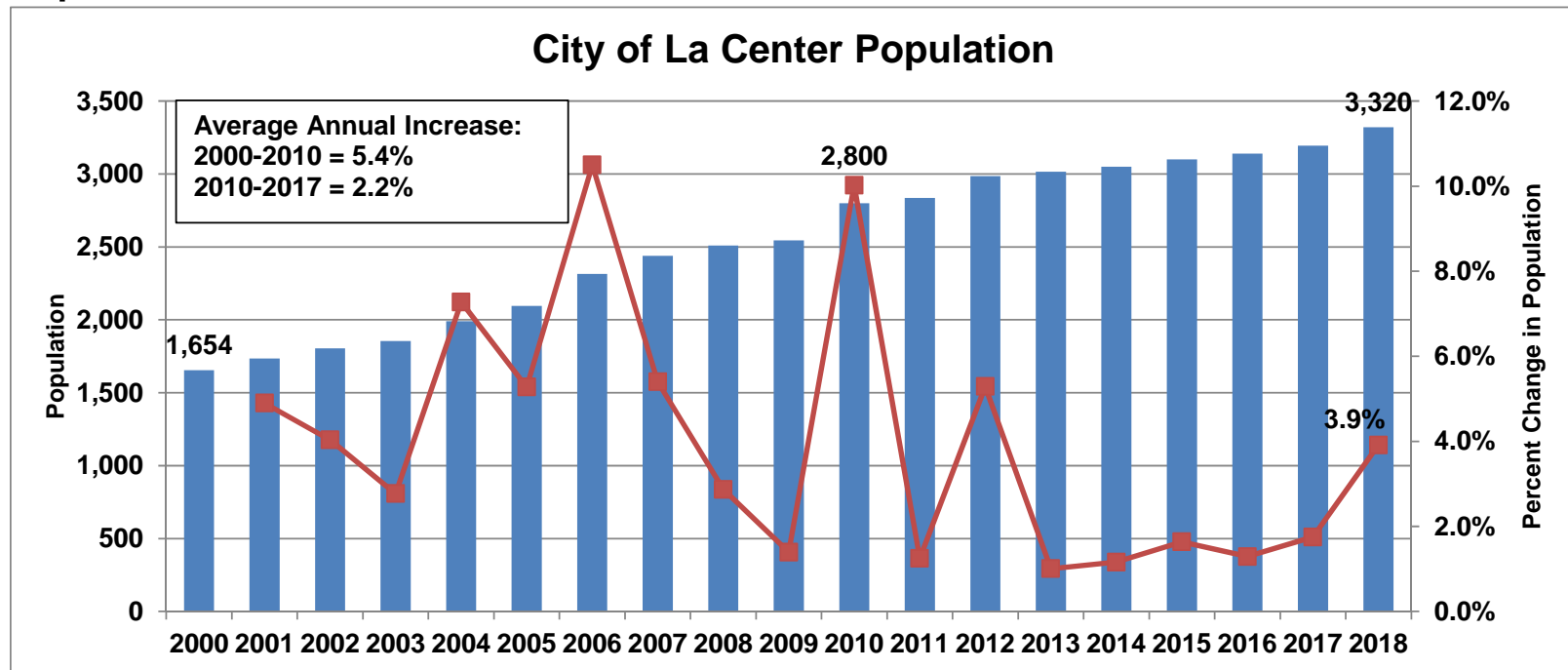


Agenda

- Economic Context
- Key 2019 Budget Assumptions
- 2019 Preliminary Budget
- Reserve Status Update
- General and Reserve Fund Forecast
- Discussion & Next Steps

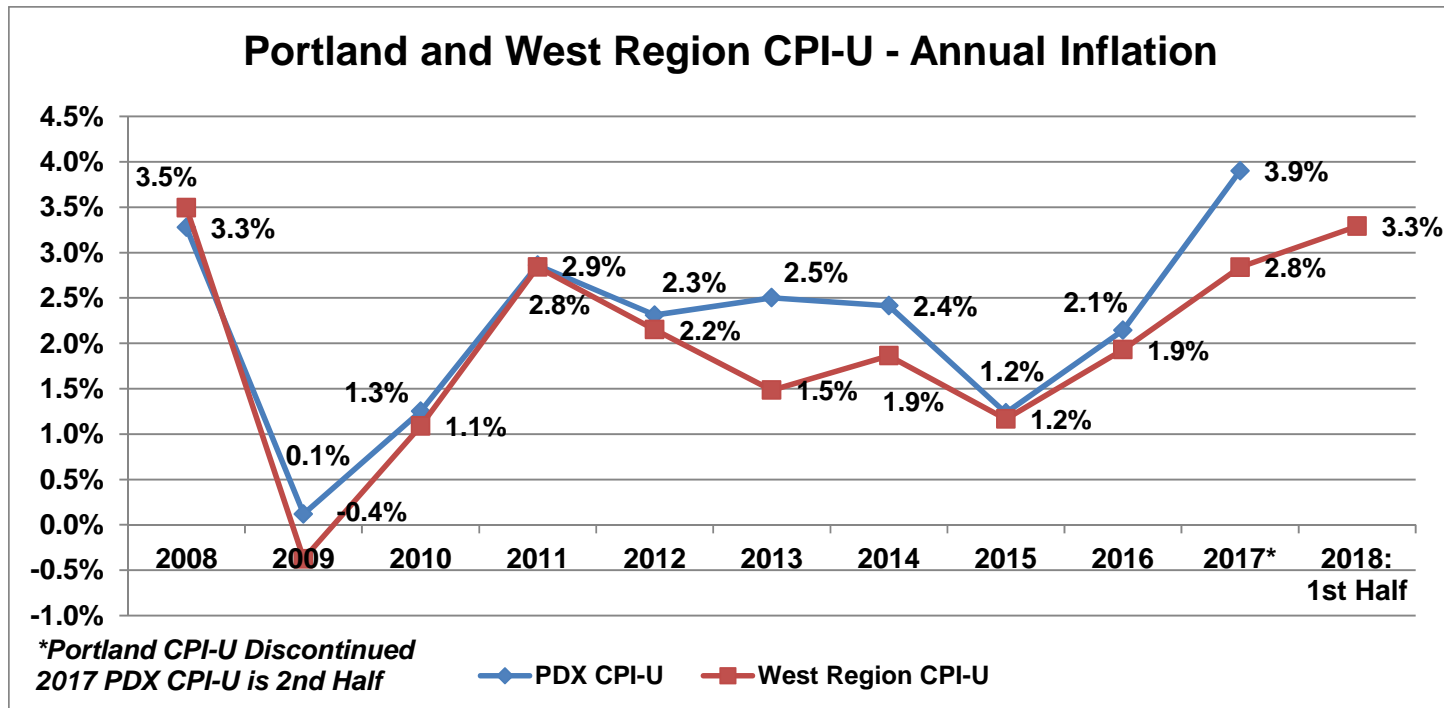
Economic Context

■ Population Trend



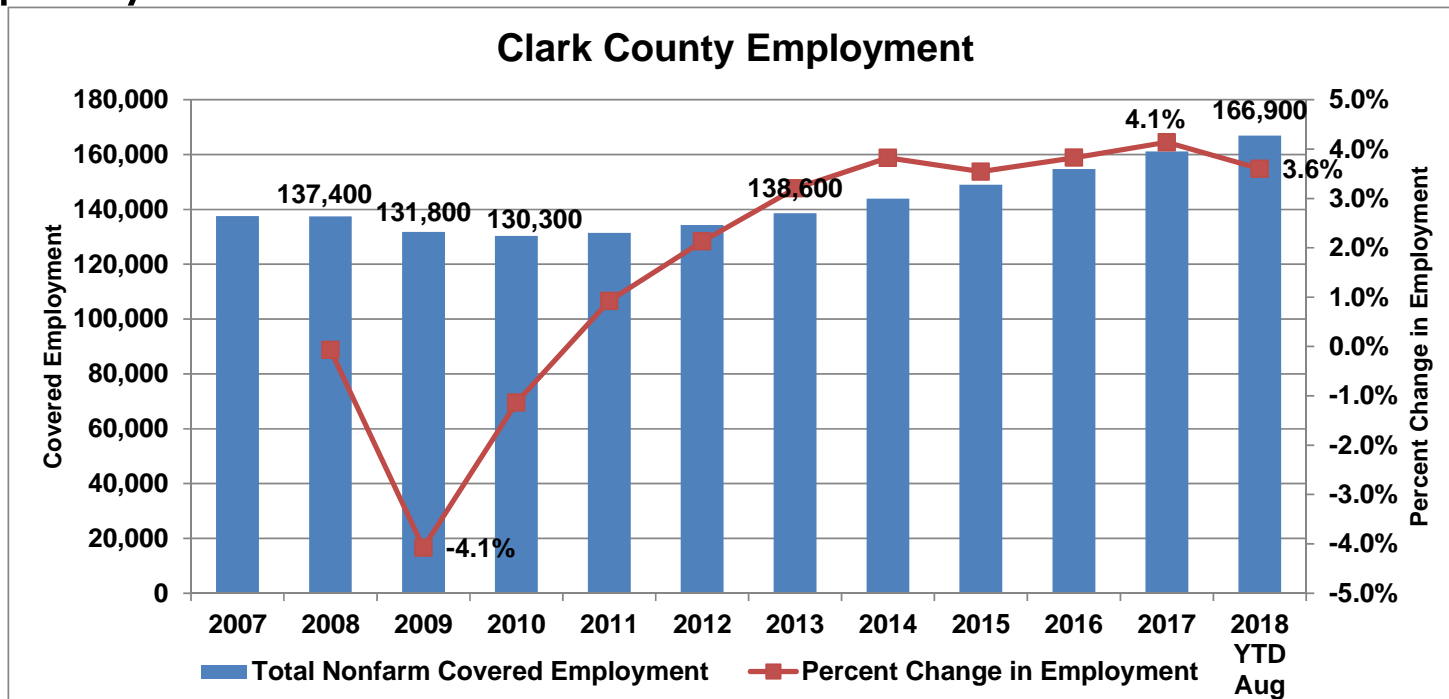
Economic Context

■ Inflation Trend



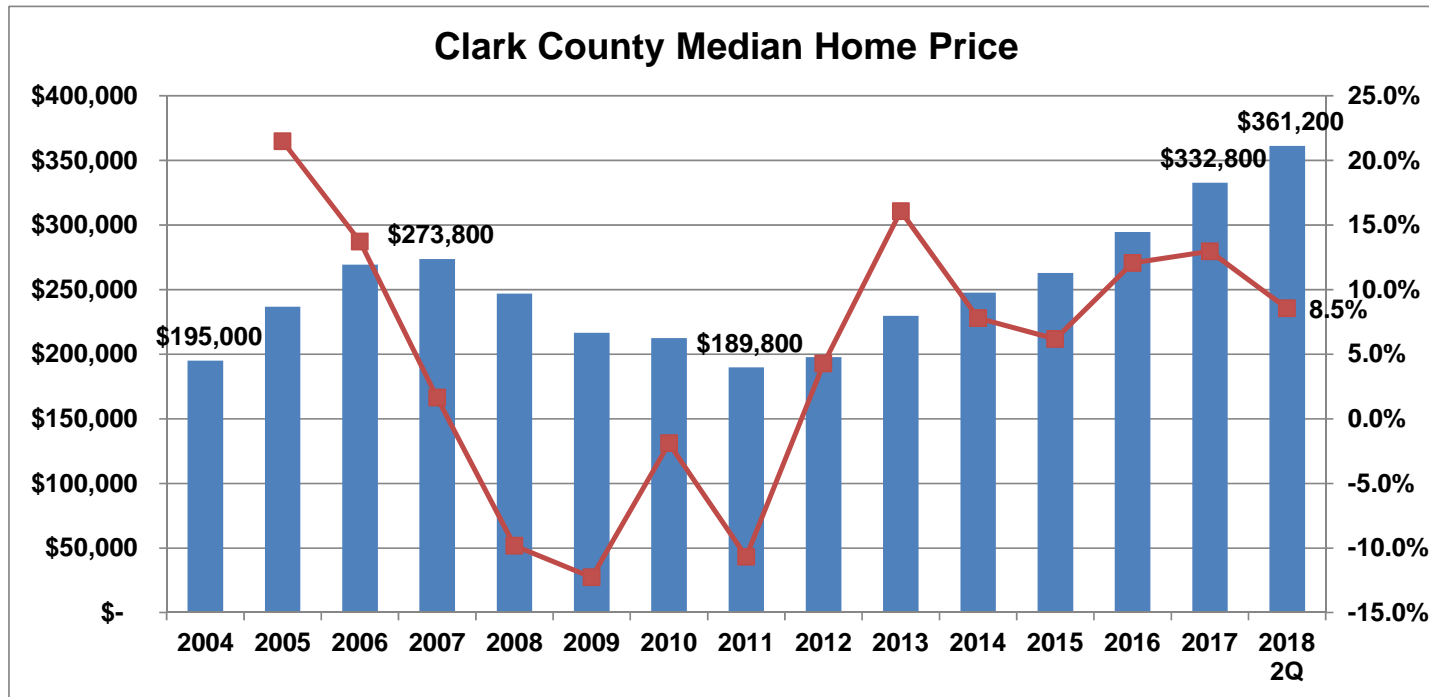
Economic Context

■ Employment Trend



Economic Context

■ Home Values

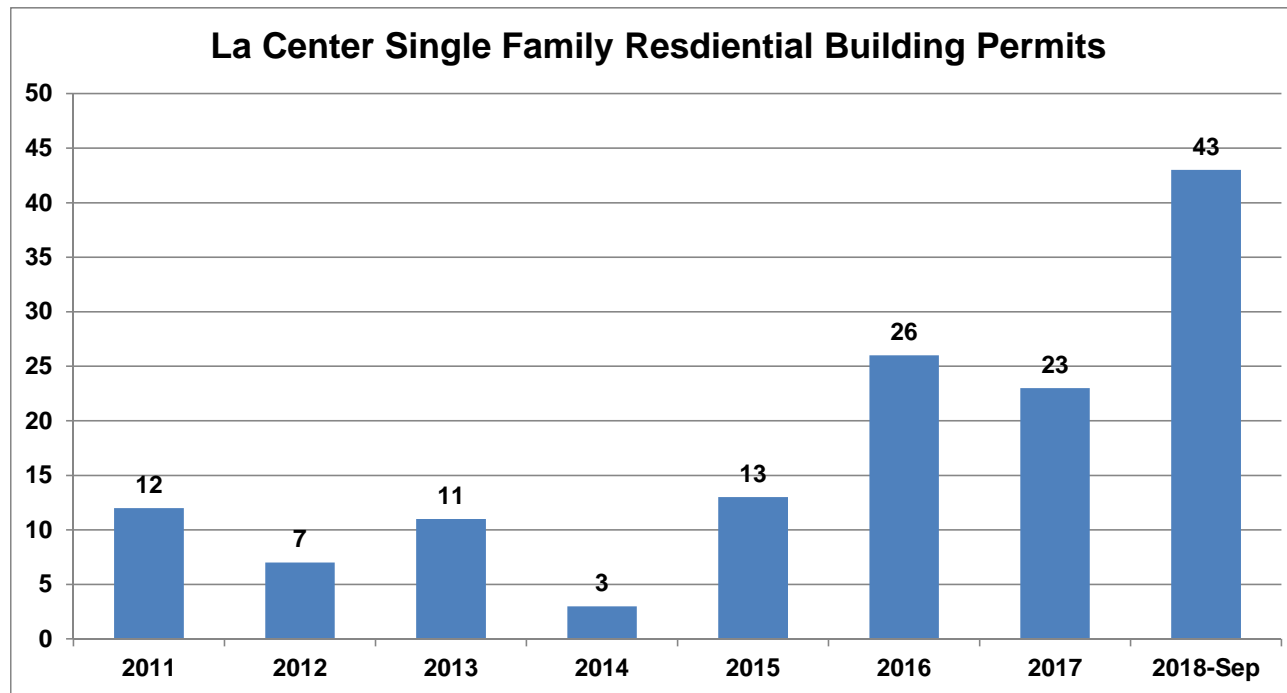


October 24, 2018

La Center City Council
2019 Preliminary Budget Presentation

Economic Context

■ Residential Building Permits

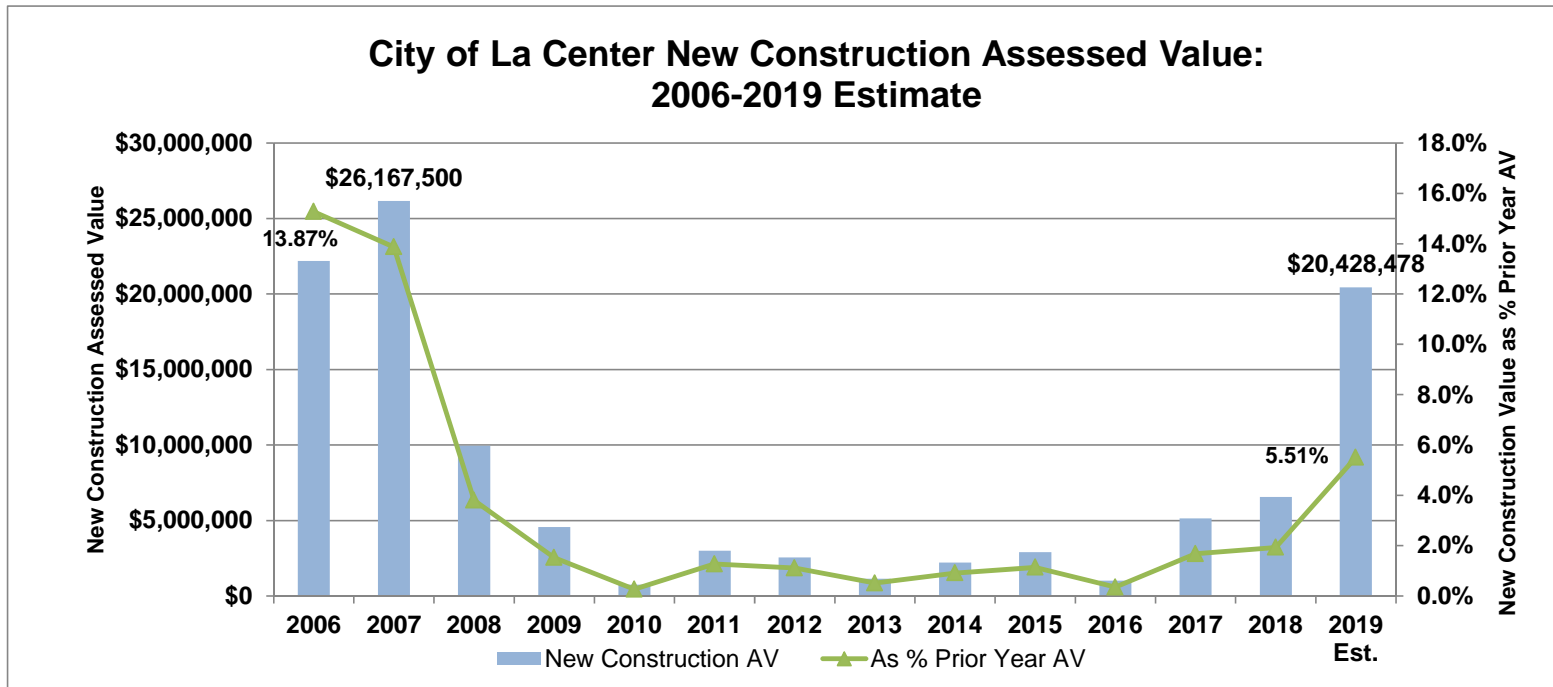


October 24, 2018

La Center City Council
2019 Preliminary Budget Presentation

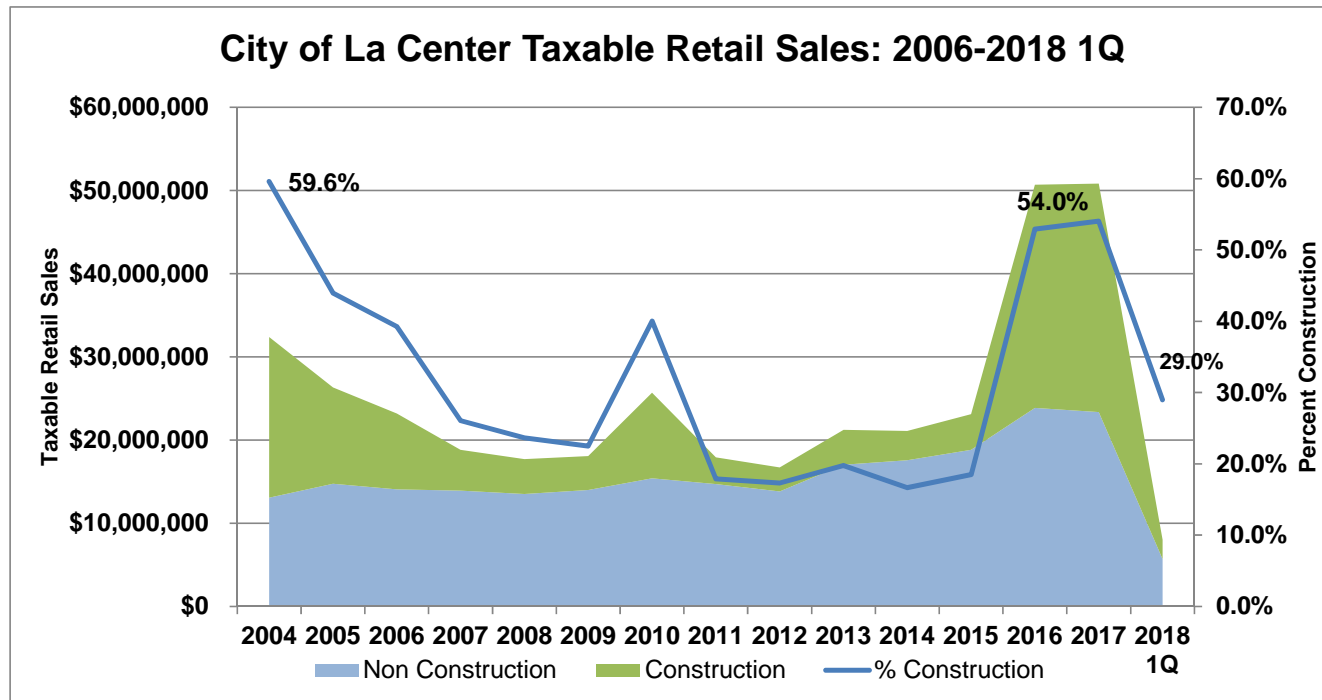
Economic Context

■ New Construction Assessed Value



Economic Context

■ Taxable Retail Sales



October 24, 2018

La Center City Council
2019 Preliminary Budget Presentation

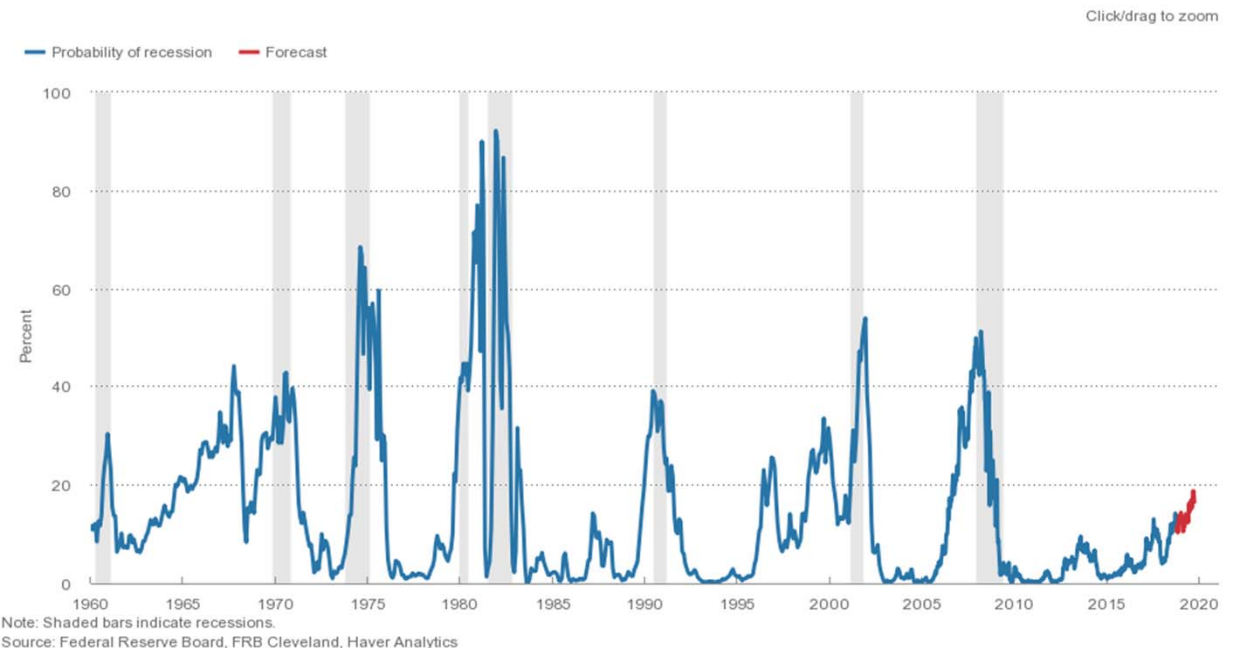
Economic Context

■ Federal Reserve Bank Recession Probability

Recession probability next September = 16.5%

- Down from prior two months
- Slower growth expected
- NY Fed 14.5%

Probability of Recession Calculated from the Yield Curve



October 24, 2018

La Center City Council
2019 Preliminary Budget Presentation

10



Economic Context

- Other Recent Economic Headlines
 - U.S. unemployment at lowest level since 1969
 - Hourly earnings up 2.8% in last 12 months
 - Tax cuts boost 2018 growth but 2019 to be slower
 - Local real estate market growing more slowly
 - Interest rates rising
 - Stock market volatility increasing
 - Trade disputes creating uncertainty



Key 2019 Budget Assumptions

General Fund Revenue

- Property Tax
 - Base levy increase of 1% over 2018
 - New construction increase 5.4% per Assessor's Office estimate
- Sales Tax
 - Base increase 2.5% over 2018 estimate; Assume
 - Add \$85,000 for middle school construction; \$127,000 in 2019
- Utility Taxes
 - Reduced 2018 estimate
 - 2019 estimate at \$200,000 – to be reviewed during year

Key 2019 Budget Assumptions

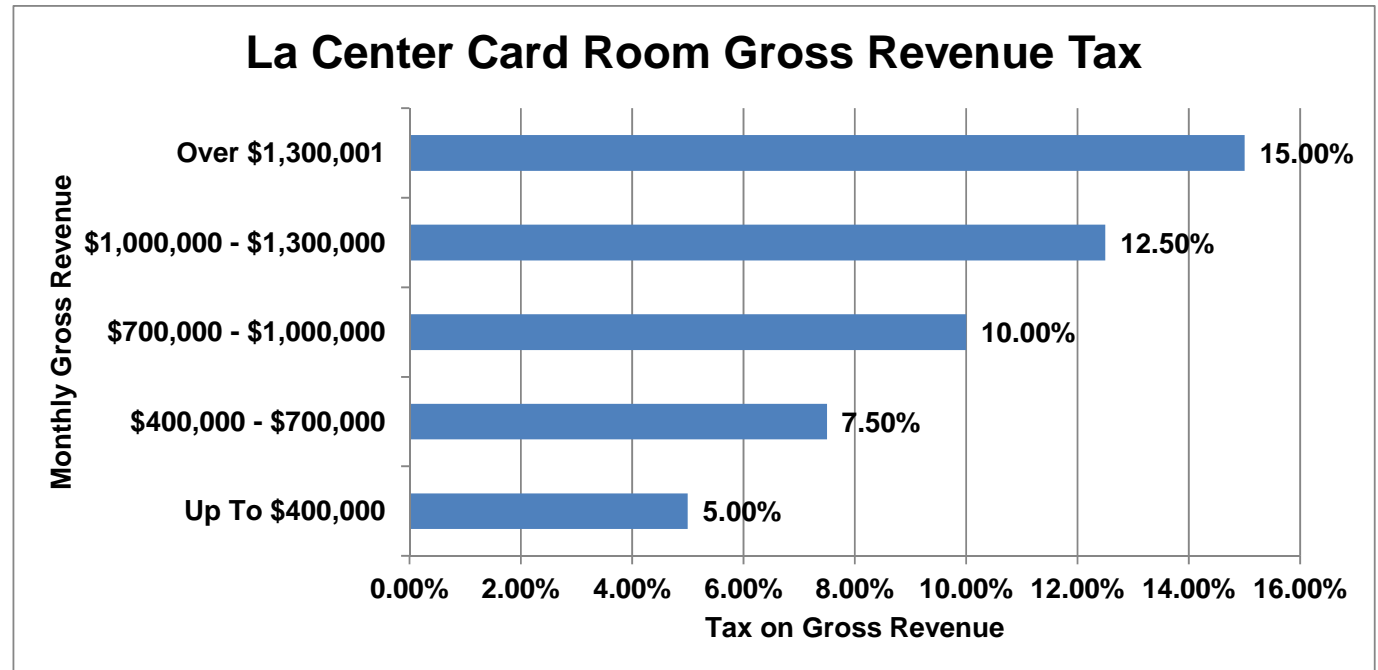
General Fund Revenue

- Gambling Tax – Card Rooms
 - 2018 Card Room tax structure to be extended
 - Revenue estimate flat at \$1,300,000 – same as 2018 estimate
 - 2018 likely closer to \$1,300,000; Includes 3 mo. reduction
- Development Review/Permit Fees/Charges for Service
 - Estimated using 40 new residential permits in 2018
 - Fee study pending; Possible fee increases in 2019 (not in estimate)
- State Shared Revenue
 - Per MRSC and Department of Revenue estimates

Key 2019 Budget Assumptions

Card Room Tax Structure

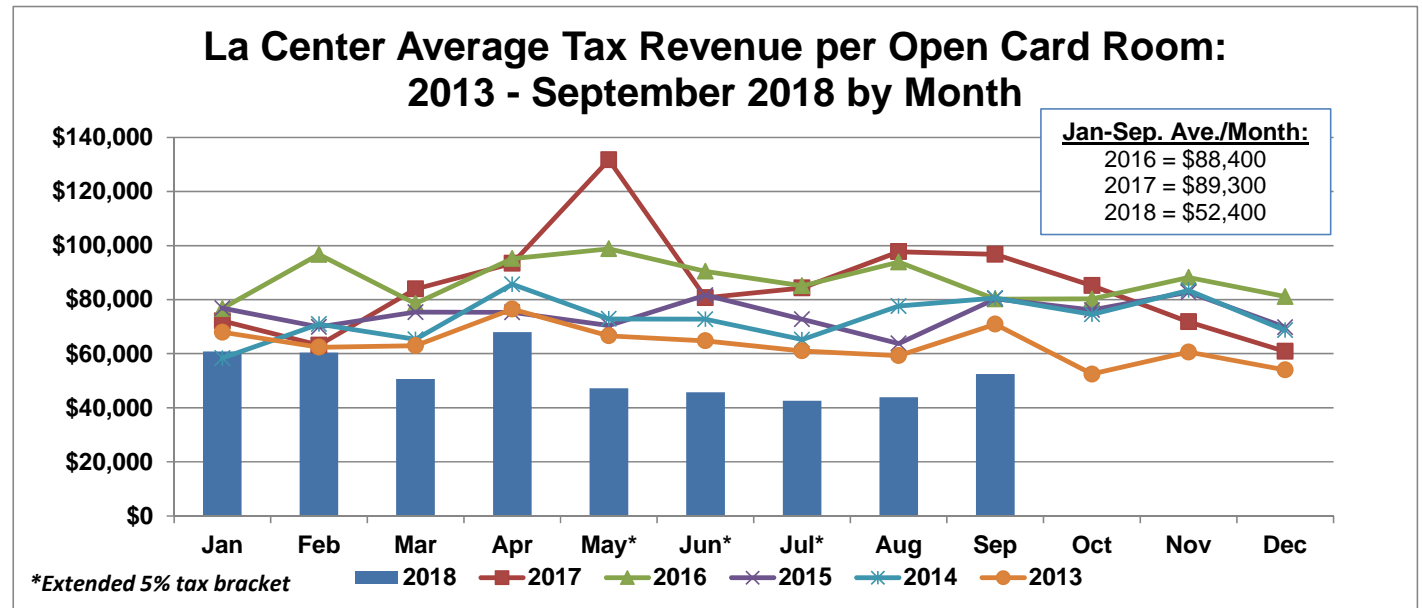
- Tax structure modified in January 2018
- 5% tax rate applied up to \$800,000 in June-August
- Prior to 2018 tax rate = 10%



Key 2019 Budget Assumptions

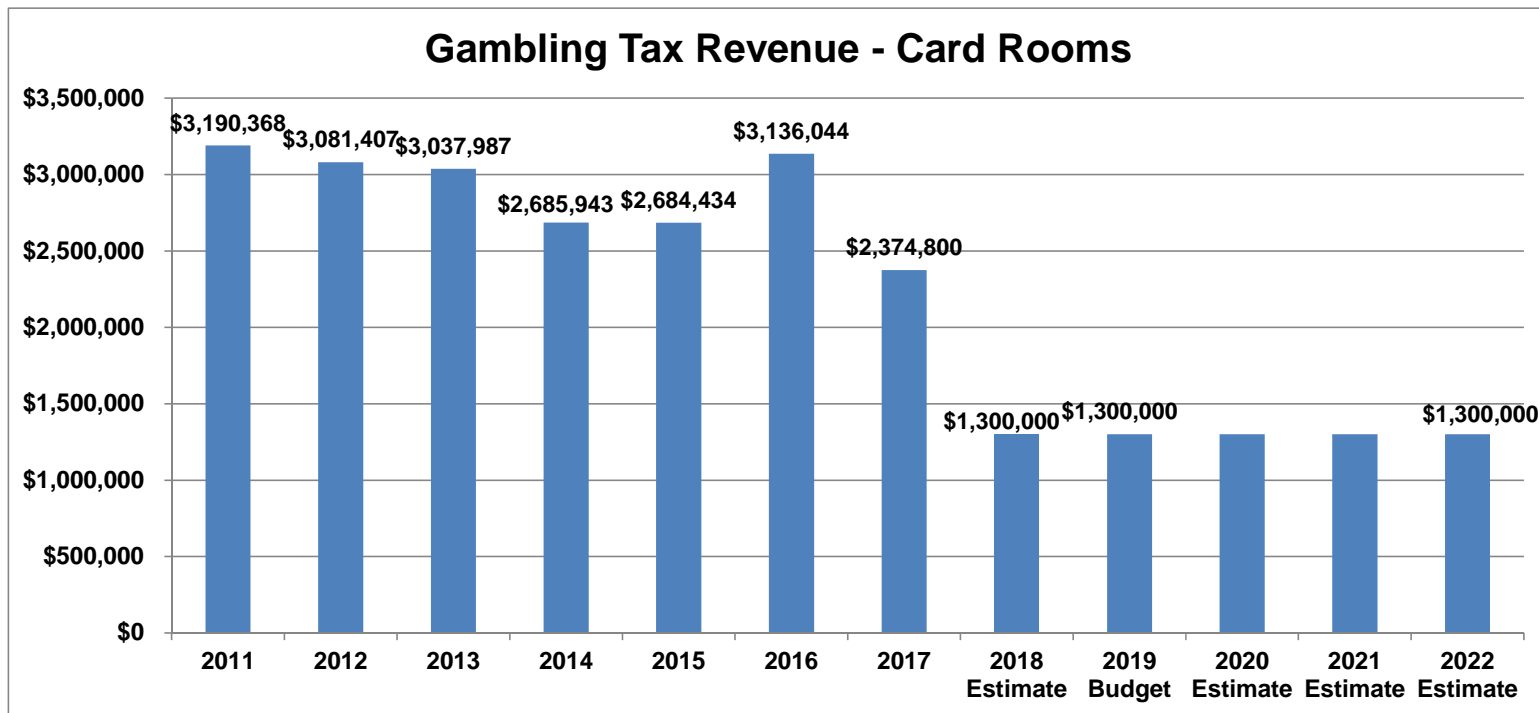
Average Card Room Tax per Open Card Room

- Open Card Rooms
 - 2013 = 4
 - 2014-2016 = 3
 - May 2017 = 2
- 2019 Estimate: ~\$54,200 per card room per month



Key 2019 Budget Assumptions

Card Room Tax Estimate

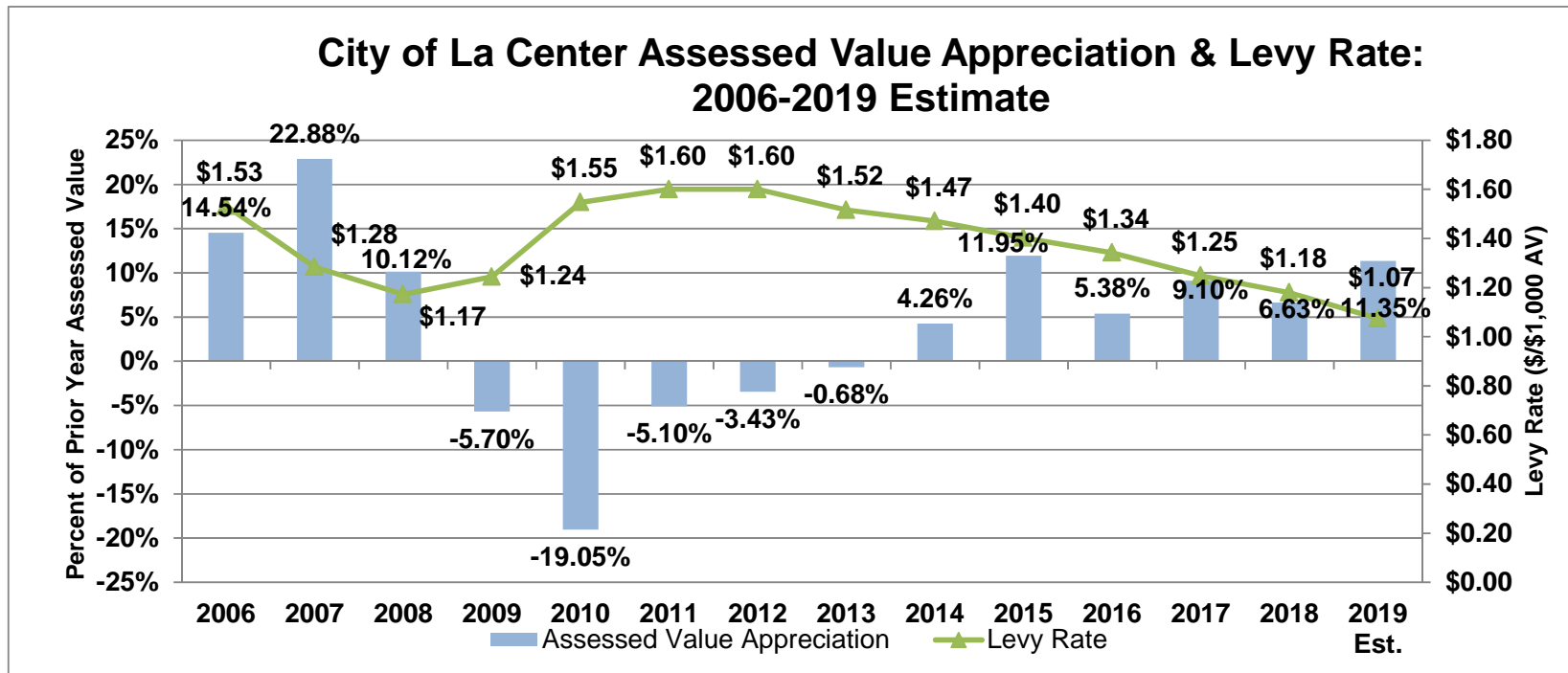


October 24, 2018

La Center City Council
2019 Preliminary Budget Presentation

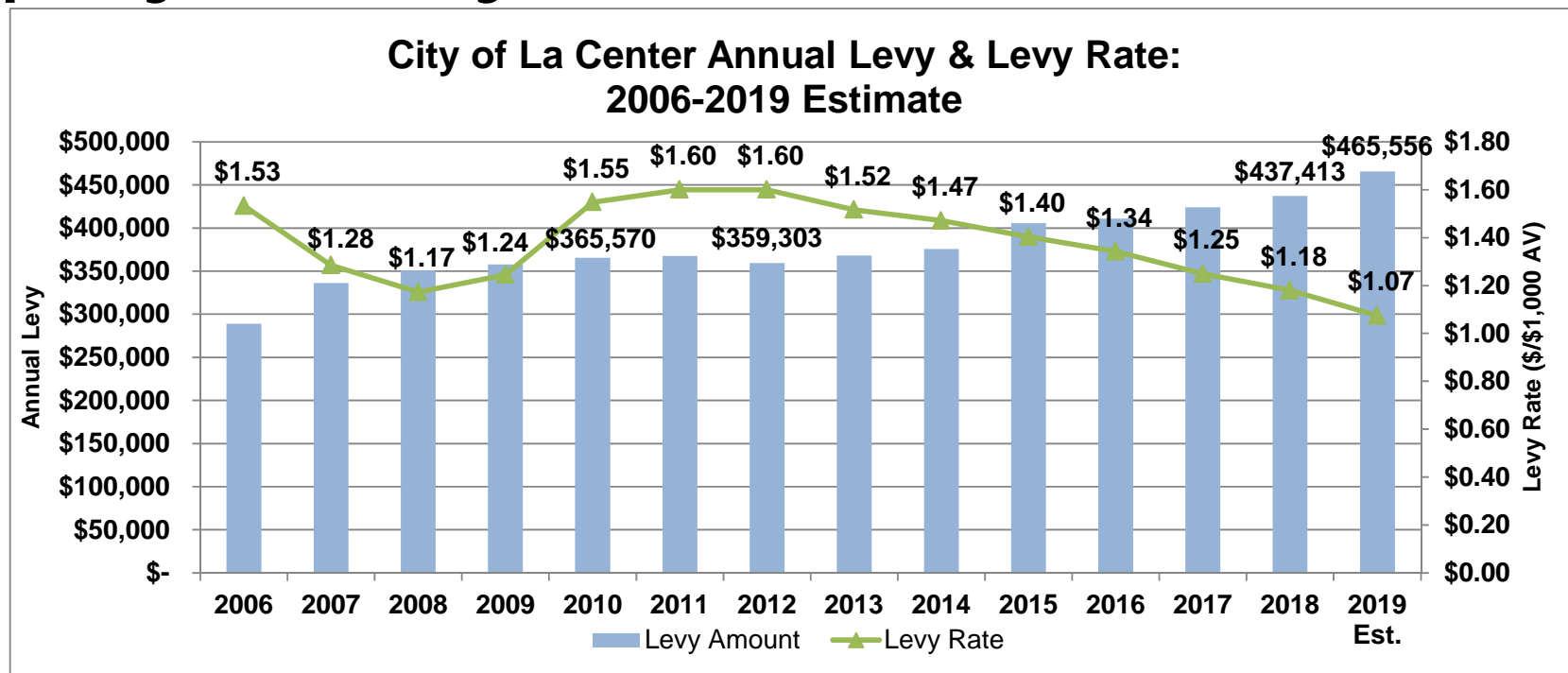
Key 2019 Budget Assumptions

Assessed Value Appreciation and Levy Rate



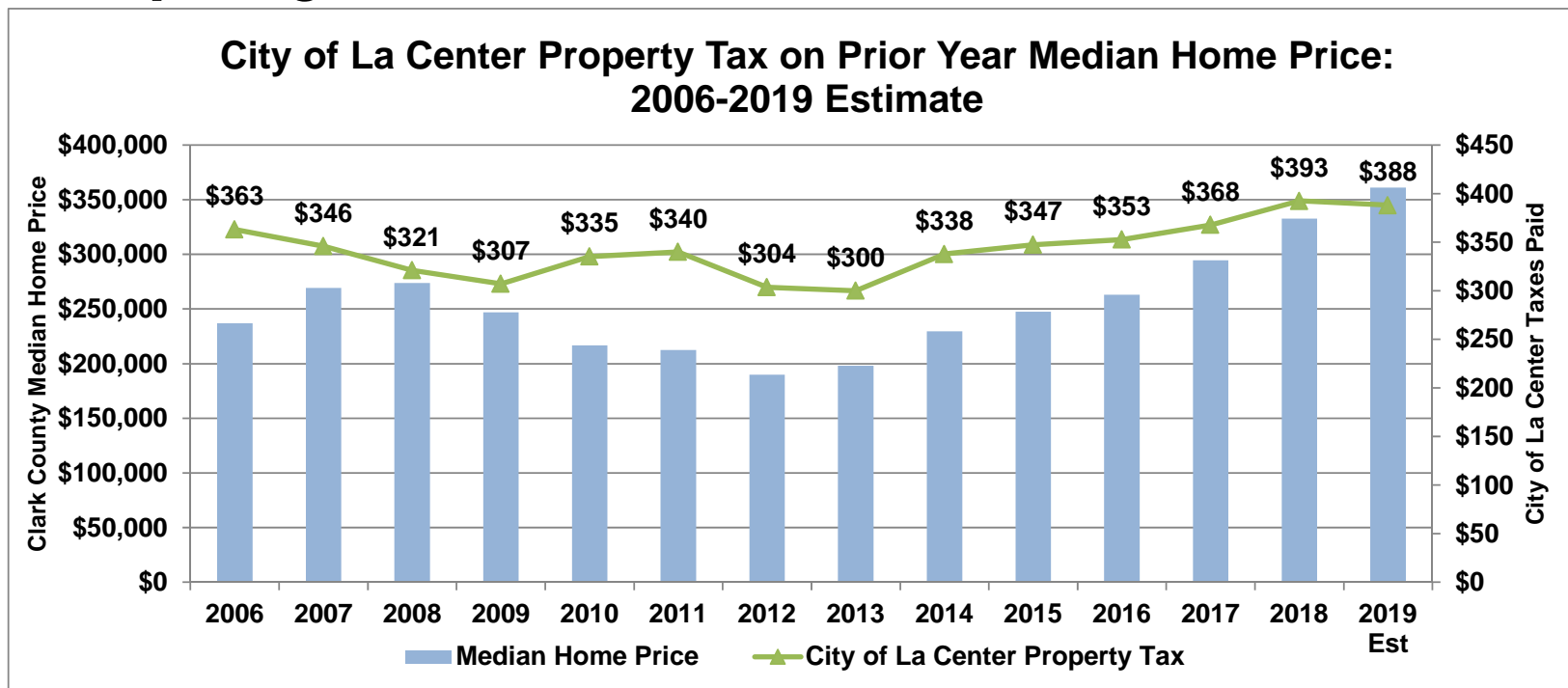
Key 2019 Budget Assumptions

Property Tax Levy



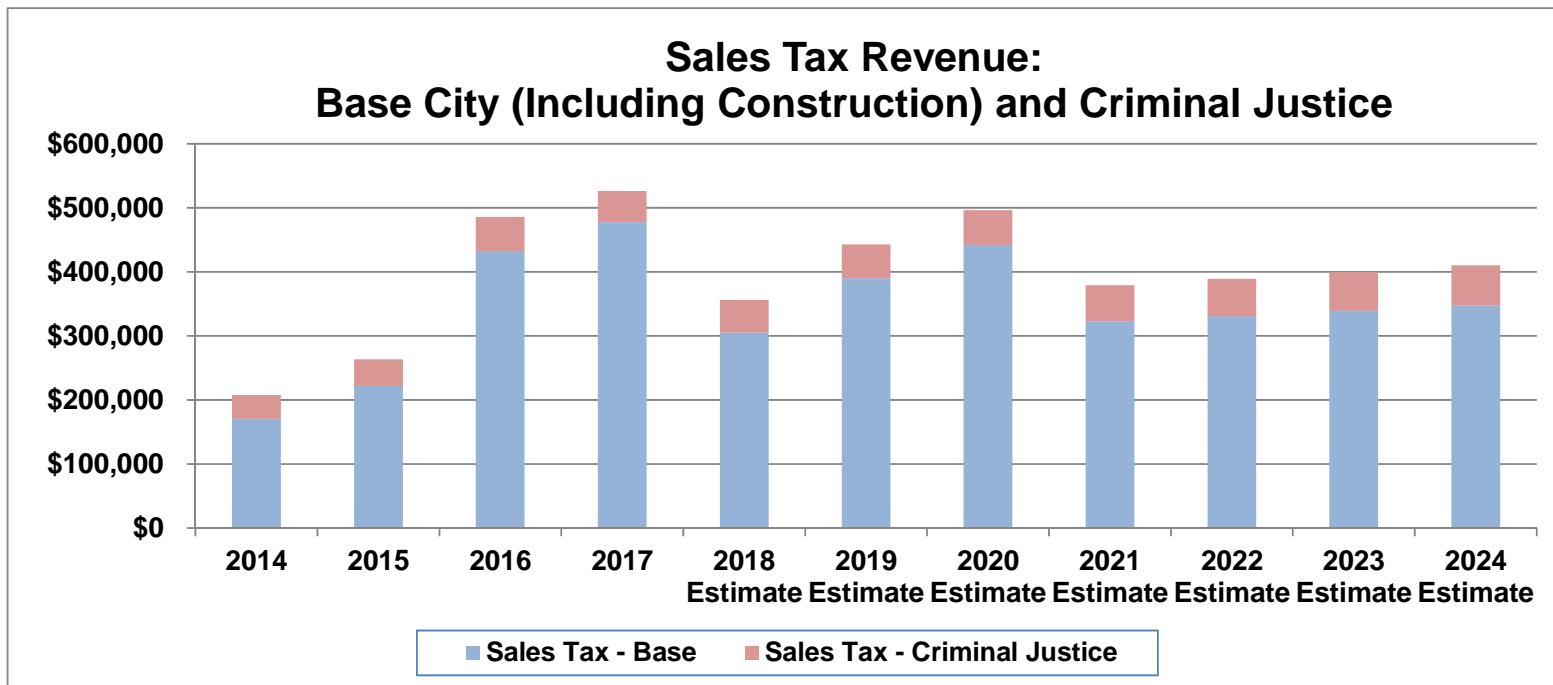
Key 2019 Budget Assumptions

City Property Tax on Median Home



Key 2019 Budget Assumptions

Sales Tax Estimate



Key 2019 Budget Assumptions

General Fund Revenue

Revenue	2015	2016	2017	2018 Budget	2018 Estimate	2019 Preliminary	2020 Estimate	2021 Estimate	2022 Estimate	2023 Estimate
Property Taxes	\$ 403,156	\$ 412,033	\$ 430,102	\$ 440,000	\$ 440,000	\$ 465,500	\$ 481,793	\$ 498,655	\$ 511,122	\$ 523,900
Utility Excise Taxes	\$ -	\$ -	\$ 4,499	\$ 290,000	\$ 170,000	\$ 185,000	\$ 189,625	\$ 194,366	\$ 199,225	\$ 204,205
Retail Sales Tax	\$ 221,569	\$ 432,012	\$ 477,687	\$ 280,070	\$ 305,000	\$ 390,000	\$ 441,750	\$ 322,619	\$ 330,684	\$ 338,951
Criminal Justice Sales Tax	\$ 41,517	\$ 53,471	\$ 48,335	\$ 46,000	\$ 51,000	\$ 52,500	\$ 54,338	\$ 56,239	\$ 58,208	\$ 60,245
Gambling - Pull Tabs	\$ 31,298	\$ 35,297	\$ 19,711	\$ 15,000	\$ 8,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000
Gambling - Card Rooms	\$ 2,684,434	\$ 3,136,044	\$ 2,374,800	\$ 1,572,000	\$ 1,300,000	\$ 1,300,000	\$ 1,300,000	\$ 1,300,000	\$ 1,300,000	\$ 1,300,000
Total Taxes	\$ 3,381,974	\$ 4,068,857	\$ 3,355,134	\$ 2,643,070	\$ 2,274,000	\$ 2,403,000	\$ 2,477,505	\$ 2,381,879	\$ 2,409,238	\$ 2,437,301
Licenses & Permits	\$ 53,635	\$ 79,062	\$ 79,521	\$ 143,881	\$ 148,000	\$ 185,000	\$ 188,700	\$ 192,474	\$ 196,323	\$ 200,250
Intergovernmental	\$ 192,604	\$ 206,144	\$ 218,079	\$ 133,294	\$ 139,000	\$ 168,400	\$ 171,768	\$ 175,203	\$ 178,707	\$ 182,282
Charges for Goods & Services	\$ 92,824	\$ 86,674	\$ 138,988	\$ 118,675	\$ 200,000	\$ 177,000	\$ 180,540	\$ 184,151	\$ 187,834	\$ 191,590
Fines & Forfeitures	\$ 25,060	\$ 23,508	\$ 26,117	\$ 28,000	\$ 23,000	\$ 25,200	\$ 25,704	\$ 26,218	\$ 26,742	\$ 27,277
Miscellaneous/Transfers	\$ 140,887	\$ 54,089	\$ 71,973	\$ 225,087	\$ 350,000	\$ 300,000	\$ 419,700	\$ 432,414	\$ 492,142	\$ 452,885
Total General Fund Revenue	\$ 3,886,984	\$ 4,518,334	\$ 3,889,812	\$ 3,292,007	\$ 3,134,000	\$ 3,258,600	\$ 3,463,917	\$ 3,392,339	\$ 3,490,986	\$ 3,491,585
Annual Percent Change	5.8%	16.2%	-13.9%	-15.4%	-19.4%	4.0%	6.3%	-2.1%	2.9%	0.0%



Key 2019 Budget Assumptions

Sewer Fund Revenue

- Increase of 23 ERU in 2018 and 58 in 2019 reflecting approved residential permits in 2017 and 2018
- No rate increase
- Intergovernmental services to Cowlitz Tribe and City of Kalama continue at roughly \$48,000 annually
- Late fees at 1.8% of billings
- Investment interest at 2.0%
- SDC revenue from 55 ERUs: 40 new homes plus 15 net from middle school project

Key 2019 Budget Assumptions

Staffing Levels

- Personnel changes:
 - Replace Public Works Director with Public Works/ Sewer Plant Manager
 - Move City Engineer to Planning
 - Reallocate Clerk positions to support Planning and Public Works
 - Clerk II position budgeted but not planned to be filled at this time

FTE	2016	2017	2018	2019	Change
Finance	3.75	3.35	3.10	2.35	(0.75)
Legislative	6.00	6.00	6.00	6.38	0.38
Police	10.25	10.25	10.25	9.75	(0.50)
Planning	2.50	2.25	2.25	3.45	1.20
Public Works	3.50	3.90	2.90	2.13	(0.78)
Parks	3.25	2.75	2.75	2.88	0.13
Sewer*	4.25	5.00	5.00	4.33	(0.67)
Total	33.50	33.50	32.25	31.26	(0.99)
Excluding Elected	27.50	27.50	26.25	24.88	(0.99)
Population	3,140	3,195	3,320	3,430	110
FTE/1,000 Population	8.76	8.61	7.91	7.25	(0.65)
* 1.65 FTE allocated from Finance for support services					



Key 2019 Budget Assumptions

General Fund Expenses

- Salaries and Wages
 - Step increases and estimated COLA in 2018
- Retirement
 - PERS increase from 12.70% to 12.83% on 9/1/2018
- Employee Medical Insurance Benefits
 - Increase of 5% in 2019
- AWC Insurance: Up only \$473 or 0.35%



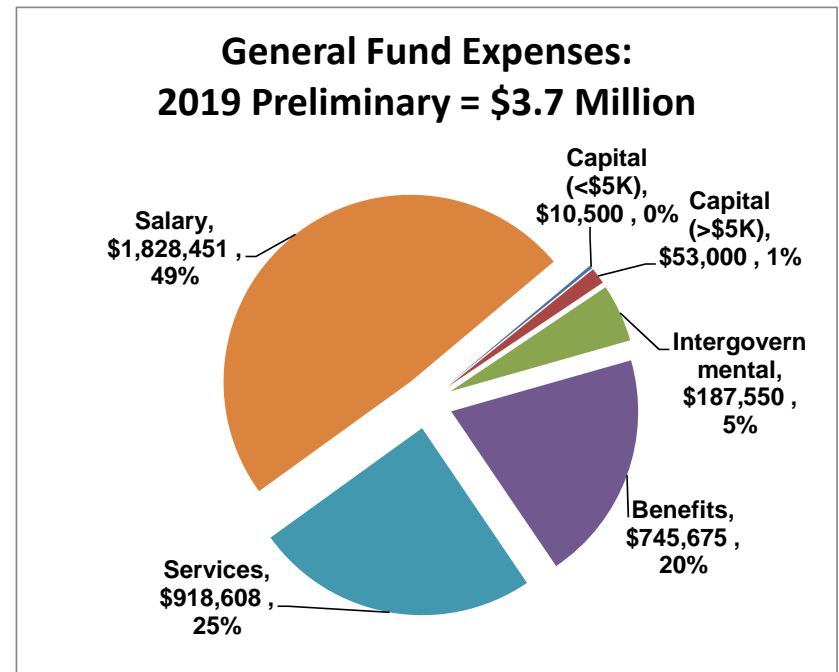
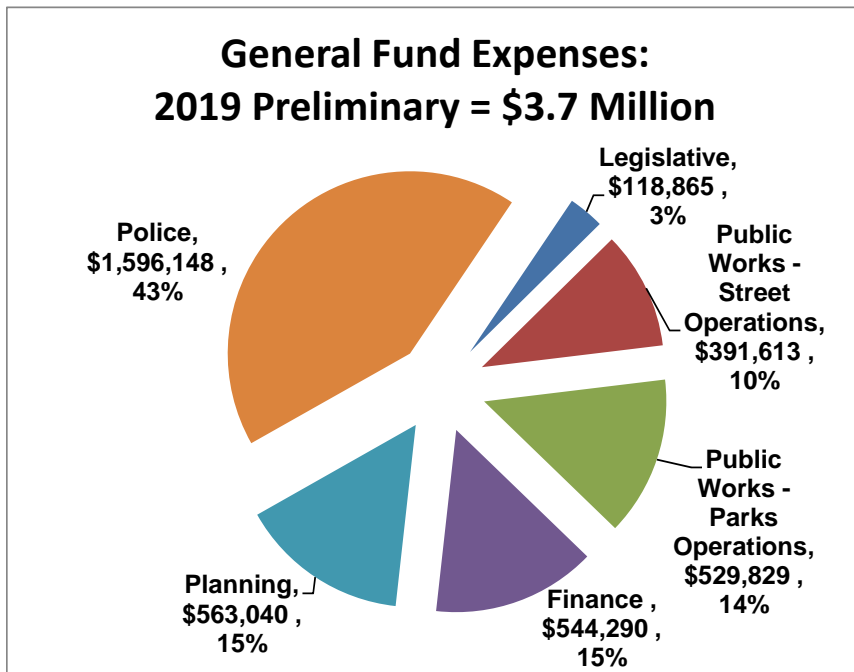
Key 2019 Budget Assumptions

General Fund Expenses

- Other Supplies and Services
 - Known amounts or no increase in 2019
 - Critical Areas code update in Planning
 - Continued support for Human Resources
 - Collective bargaining support
 - Exploration of Police evidence and records with Battle Ground
- New excavator for Public Works (\$53,000)
- \$100,000 allocated to a new Stormwater Utility Fund – pending study and Council adoption in early 2019

2019 Preliminary Budget

General Fund Expenses



2019 Preliminary Budget

General Fund Expenses & Net Revenue

Expenses by Department	2016	2017	2018 Budget	2018 Estimate	2019 Preliminary	2020 Estimate	2021 Estimate	2022 Estimate	2023 Estimate
Finance	\$ 616,335	\$ 647,419	\$ 573,722	\$ 624,682	\$ 544,290	\$ 555,000	\$ 575,000	\$ 595,000	\$ 616,000
Legislative	\$ 76,422	\$ 97,653	\$ 76,326	\$ 81,562	\$ 118,865	\$ 121,000	\$ 126,000	\$ 130,000	\$ 134,000
Police	\$ 1,616,223	\$ 1,471,854	\$ 1,678,267	\$ 1,527,739	\$ 1,596,148	\$ 1,629,000	\$ 1,686,000	\$ 1,745,000	\$ 1,806,000
Planning	\$ 243,001	\$ 300,969	\$ 298,434	\$ 362,323	\$ 563,040	\$ 574,000	\$ 595,000	\$ 615,000	\$ 637,000
Public Works - Admin	\$ 264,401	\$ 300,770	\$ 290,183	\$ 313,739	\$ -	\$ -	\$ -	\$ -	\$ -
Public Works - Operations	\$ 365,244	\$ 348,821	\$ 348,579	\$ 342,704	\$ 391,613	\$ 400,000	\$ 414,000	\$ 428,000	\$ 443,000
Public Works - Parks Admin	\$ 37,804	\$ 38,478	\$ 39,938	\$ 43,009	\$ -	\$ -	\$ -	\$ -	\$ -
Public Works - Parks Operations	\$ 413,843	\$ 367,655	\$ 369,283	\$ 396,022	\$ 529,829	\$ 541,000	\$ 560,000	\$ 579,000	\$ 599,000
Transfers/Other	\$ 104,040	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total General Fund Expense	\$ 3,737,313	\$ 3,573,619	\$ 3,674,732	\$ 3,691,780	\$ 3,743,786	\$ 3,820,000	\$ 3,956,000	\$ 4,092,000	\$ 4,235,000
Annual Percent Change	2.5%	-4.4%	2.8%	3.3%	1.4%	2.0%	3.6%	3.4%	3.5%
General Fund Net Revenue	\$ 781,021	\$ 316,193	\$ (382,725)	\$ (557,780)	\$ (485,186)	\$ (356,083)	\$ (563,661)	\$ (601,014)	\$ (743,415)

2019 Preliminary Budget

Sewer Funds

Sewer Funds	2016	2017	2018 Estimate	2019 Preliminary	Change	Comments
Operations						
Revenues	\$ 1,176,349	\$ 1,172,911	\$ 1,189,093	\$ 1,284,000	\$ 94,907	Legal cost reimbursement
Expenditures	\$ 669,551	\$ 738,548	\$ 866,401	\$ 792,179	\$ (74,222)	
Transfers	\$ 229,000	\$ 230,000	\$ 430,000	\$ 365,000	\$ (65,000)	General Fund debt=\$265K
Net Revenue	\$ 277,798	\$ 204,363	\$ (107,308)	\$ 126,821	\$ 234,129	
Estimated Reserve Balance	\$ 655,099	\$ 859,462	\$ 752,154	\$ 878,975	\$ 126,821	
Capital / Equipment						
Revenues	\$ 100,956	\$ 101,035	\$ 99,138	\$ 108,000	\$ 8,862	Transfer from Operations
Expenditures	\$ 380,380	\$ 18,206	\$ 25,000	\$ 25,000	\$ -	Potential use for LCMS
Net Revenue	\$ (279,424)	\$ 82,829	\$ 74,138	\$ 83,000	\$ 8,862	
Estimated Reserve Balance	\$ 278,677	\$ 361,506	\$ 435,644	\$ 518,644	\$ 83,000	
Debt Service						
Revenues	\$ 290,605	\$ 365,291	\$ 456,353	\$ 327,000	\$ (129,353)	No transfer from Operations
Expenditures	\$ 5,000,000	\$ 263,504	\$ 261,061	\$ 258,587	\$ (2,474)	Per debt schedule
Net Revenue	\$ (4,709,395)	\$ 101,787	\$ 195,292	\$ 68,413	\$ (126,879)	
Estimated Reserve Balance	\$ 556,864	\$ 658,651	\$ 853,943	\$ 922,356	\$ 68,413	
Total Sewer Utility Reserves	\$ 1,490,640	\$ 1,879,620	\$ 2,041,742	\$ 2,319,976	\$ 278,234	14% Increase



2019 Preliminary Budget

Other Funds

- Reserve Fund
 - Interest of \$90,000 – interest rates increasing; No expenses
- Capital Projects Fund
 - Impact fees \$250,000 and REET \$150,000
 - See project list next page
- Vehicle Replacement Fund
 - Interest revenue only; reserves fund \$25,000 mower replacement
- Stormwater Fund
 - New fund with estimated \$100,000 in revenue and expense

2019 Preliminary Budget

Capital Projects

Fund/Department	Description	Revenue	Expense	Comment
Capital Projects Fund				
Community Development	City Facility Study		\$ 50,000	Carryforward from 2019
Community Development	Timmen Road Subarea Plan		\$ 50,000	Carryforward from 2019
Community Development	Economic Development Plan		\$ 50,000	Carryforward from 2019
Community Development	Marquee Sign Replacement		\$ 45,000	At north end of bridge
Community Development	Junction Community/Downtown Sign		\$ 150,000	Placeholder; Design, permit & construct
Public Works/Parks	Holley Park Playground Equipment Sunshade		\$ 5,000	
Public Works/Parks	Holley Park Community Center Ductless HVAC		\$ 15,000	
Public Works/Parks	Holley Park Tennis Court Resurface		\$ 10,000	
Public Works/Parks	Heritage Trail Land Acquisition	\$ 139,000	\$ 154,000	Conservation Futures Grant
Public Works/Parks	Heritage Trail Development/Construction		\$ 124,000	
Public Works/Parks	Holley Park Field Drainage Improvements	\$ 75,000	\$ 150,000	RCO Grant; 50% match required
Public Works/Parks	Breeze Creek Trail Extension to Sternwheeler Park	\$ 310,314	\$ 632,639	RCO Grant; 50% match required
Public Works/Streets	Stonecreek Reconstruction Design		\$ 40,000	
Public Works/Streets	Stonecreek Reconstruction		\$ 440,000	Most likely in 2020
Public Works/Streets	La Center Road Street Light Study		\$ 15,000	
Public Works/Streets	4th Street Widen Grant Assistance		\$ 20,000	
Total Capital Projects Fund:		\$ 524,314	\$ 1,950,639	

2019 Preliminary Budget

Other Funds

Other Funds	2016	2017	2018 Estimate	2019 Preliminary	Change	Comments
Reserve Fund						
Revenues	\$ 66,354	\$ 89,609	\$ 68,400	\$ 90,000	\$ 21,600	Increasing interest rates
Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	
Net Revenue	\$ 66,354	\$ 89,609	\$ 68,400	\$ 90,000	\$ 21,600	
Estimated Reserve Balance	\$ 4,606,364	\$ 4,695,973	\$ 4,674,764	\$ 4,764,764	\$ 90,000	
Impact Fee Fund						
Revenues	\$ 84,115	\$ 156,041	\$ 255,000	\$ 255,500	\$ 500	
Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	
Net Revenue	\$ 84,115	\$ 156,041	\$ 255,000	\$ 255,500	\$ 500	
Estimated Reserve Balance	\$ 382,552	\$ 538,593	\$ 637,552	\$ 893,052	\$ 255,500	

2019 Preliminary Budget

Other Funds

Other Funds	2016	2017	2018 Estimate	2019 Preliminary	Change	Comments
Capital Projects Fund						
Revenues	\$ 322,170	\$ 371,097	\$ 2,161,903	\$ 774,314	\$ (1,387,589)	Roundabout in 2018
Expenditures	\$ 325,415	\$ 245,139	\$ 1,624,308	\$ 1,950,639	\$ 326,331	See list
Net Revenue	\$ (3,245)	\$ 125,958	\$ 537,595	\$ (1,176,325)	\$ (1,713,920)	
Estimated Reserve Balance	\$ 4,756,341	\$ 4,882,299	\$ 5,293,936	\$ 4,117,611	\$ (1,176,325)	
Vehicle/Equipment Fund						
Revenues	\$ 114,548	\$ 6,803	\$ 35,000	\$ 4,959	\$ (30,041)	
Expenditures	\$ 51,388	\$ -	\$ 160,000	\$ 25,000	\$ (135,000)	
Net Revenue	\$ 63,160	\$ 6,803	\$ (125,000)	\$ (20,041)	\$ 104,959	
Estimated Reserve Balance	\$ 349,712	\$ 356,515	\$ 224,712	\$ 204,671	\$ (20,041)	
Storm Water Utility Fund						
Revenues				\$ 100,000	\$ 100,000	
Expenditures				\$ 100,000	\$ 100,000	
Net Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	
Estimated Reserve Balance	\$ -	\$ -	\$ -	\$ -	\$ -	

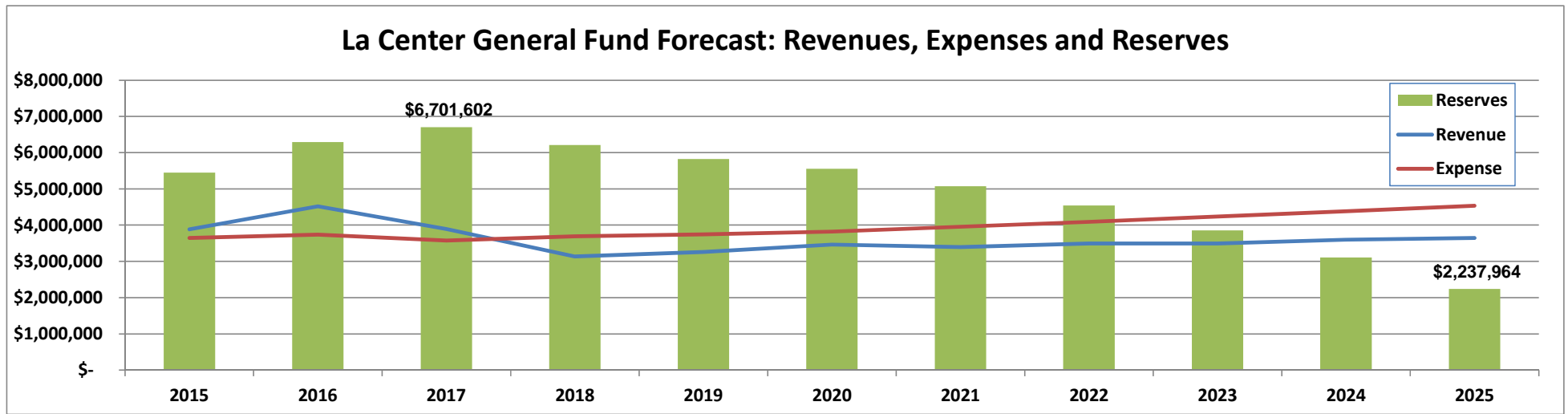
Reserve Status Update

Account/Fund Name	Purpose	Reserve Level Target	2019 Balance Estimate			Indicator
			Beginning	Ending	Change	
Unrestricted General Fund Operating Reserve	Pay monthly expenses and accommodate seasonal fluctuations in revenues	25% of annual General Fund expense budget	\$ 1,447,850	\$ 962,665	\$ (485,185)	26%
Revenue Stabilization Reserve	Offset unanticipated and significant fluctuations in on-going revenues or unanticipated events	100% of annual General Fund expense budget	\$ 4,674,764	\$ 4,764,764	\$ 90,000	127%
Sewer Utility Debt Service Reserve	Pay sewer utility debt outstanding assuming annual \$5/ERU/mo. Rate increase from 2014 through 2019	Amount required to pay 100% of outstanding debt through 2028	\$ 853,943	\$ 922,356	\$ 68,413	N/A; Need to revise
Sewer Utility Repair and Replacement Reserve	Pay projected sewer utility repair and replacement expenses through 2018 not funded through rates	Contributions of \$100,000 per year with surplus going toward future major maintenance	\$ 435,644	\$ 518,644	\$ 83,000	Meeting
Equipment Replacement Reserve	Fund on-going replacement of vehicles and major equipment	Estimate required to pay for planned vehicle replacements; No contributions since 2016	\$ 224,712	\$ 204,671	\$ (20,041)	Funded to ~2021
General Capital Reserve	Set aside funds to pay for the City's high priority capital projects	Amount remaining after funding other reserves	\$ 5,293,936	\$ 4,117,611	\$ (1,176,325)	Parks; Stonecreek Drive
Total:			\$ 12,930,849	\$ 11,490,711	\$ (1,440,138)	

October

*Excludes Impact Fee and Sewer Operations funds (~\$1.4 million beginning balance)

General & Reserve Fund Forecast



- Sales tax from middle school and increased sewer fund debt repayment supports smaller deficit in 2020 and 2021
- Reserve policy target of 125% met in 2021-2022
- Reserve as a percentage of General Fund expenses = 49% in 2025



Budget Advisory Committee Message

- Reluctantly support use of reserves to cover the projected 2019 deficit – current reserve levels are adequate to cover the 2019 deficit
- The City needs to identify specific investments that will support the City’s growth and expansion of the tax base over the medium to long term and commit capital funding for those investments with the highest “return”
- The City needs to resolve its General Fund deficit within the next three years and should assess new revenue sources, economic development incentives and potential service level reductions



Discussion and Next Steps

- Feedback on:
 - Overall proposed 2019 Preliminary Budget and use of reserves
 - Continuing card room tax structure into 2019
 - Proposed capital and planning projects
- Proposals for initiatives, one time expenses or investments?
- Next Steps
 - Budget Advisory Committee meeting October 25th
 - Minor updates to reflect confirmed assumptions
 - Public hearing on revenue and property tax November 14th
 - Budget ordinance and public hearing on November 28th

City of La Center City Council Meeting

2019 Budget Process
Public Hearing on Revenue Sources &
2019 Property Tax Levy
November 14, 2018





Background

- Public Hearing on revenue sources required by RCW 84.55.120 prior to passing 2019 property tax levy
 - Funding to support City “current expense” or General Fund budget
 - Focus on property taxes but other revenue sources to be reviewed
- Public Hearing on Ordinance to consider property tax levy increase
 - Required for City ordinance
 - Final budget adoption ordinance tentatively scheduled for the November 28th City Council agenda

General Fund Revenue

2019 Budget: General Fund Revenue Summary

General Fund Revenue by Major Source	2017 Actual	2018 Budget	2018 Estimate	2019 Preliminary Budget	2019 Budget v. 2018 Estimate	2019-2018 % Change	2019 % of Total
Property Taxes	\$ 430,102	\$ 440,000	\$ 440,000	\$ 465,800	\$ 25,800	5.9%	14.1%
Utility Excise Taxes	\$ 4,499	\$ 290,000	\$ 170,000	\$ 185,000	\$ 15,000	8.8%	5.6%
Retail Sales Tax	\$ 477,687	\$ 280,070	\$ 305,000	\$ 390,000	\$ 85,000	27.9%	11.8%
Criminal Justice Sales Tax	\$ 48,335	\$ 46,000	\$ 51,000	\$ 52,500	\$ 1,500	2.9%	1.6%
Gambling - Pull Tabs	\$ 19,711	\$ 15,000	\$ 8,000	\$ 10,000	\$ 2,000	25.0%	0.3%
Gambling - Card Rooms	\$2,374,800	\$1,572,000	\$1,300,000	\$1,300,000	\$ -	0.0%	39.4%
Total Taxes	\$3,355,134	\$2,643,070	\$2,274,000	\$2,403,300	\$ 129,300	5.7%	72.9%
Licenses & Permits	\$ 79,521	\$ 143,881	\$ 148,000	\$ 225,000	\$ 77,000	52.0%	6.8%
Intergovernmental	\$ 218,079	\$ 133,294	\$ 139,000	\$ 168,400	\$ 29,400	21.2%	5.1%
Charges for Goods & Services	\$ 138,988	\$ 118,675	\$ 200,000	\$ 177,000	\$ (23,000)	-11.5%	5.4%
Fines & Forfeitures	\$ 26,117	\$ 28,000	\$ 23,000	\$ 25,200	\$ 2,200	9.6%	0.8%
Miscellaneous/Transfers	\$ 71,973	\$ 225,087	\$ 350,000	\$ 300,000	\$ (50,000)	-14.3%	9.1%
Total General Fund Revenue	\$3,889,812	\$3,292,007	\$3,134,000	\$3,298,900	\$ 164,900	5.3%	100.0%

General Fund Revenue

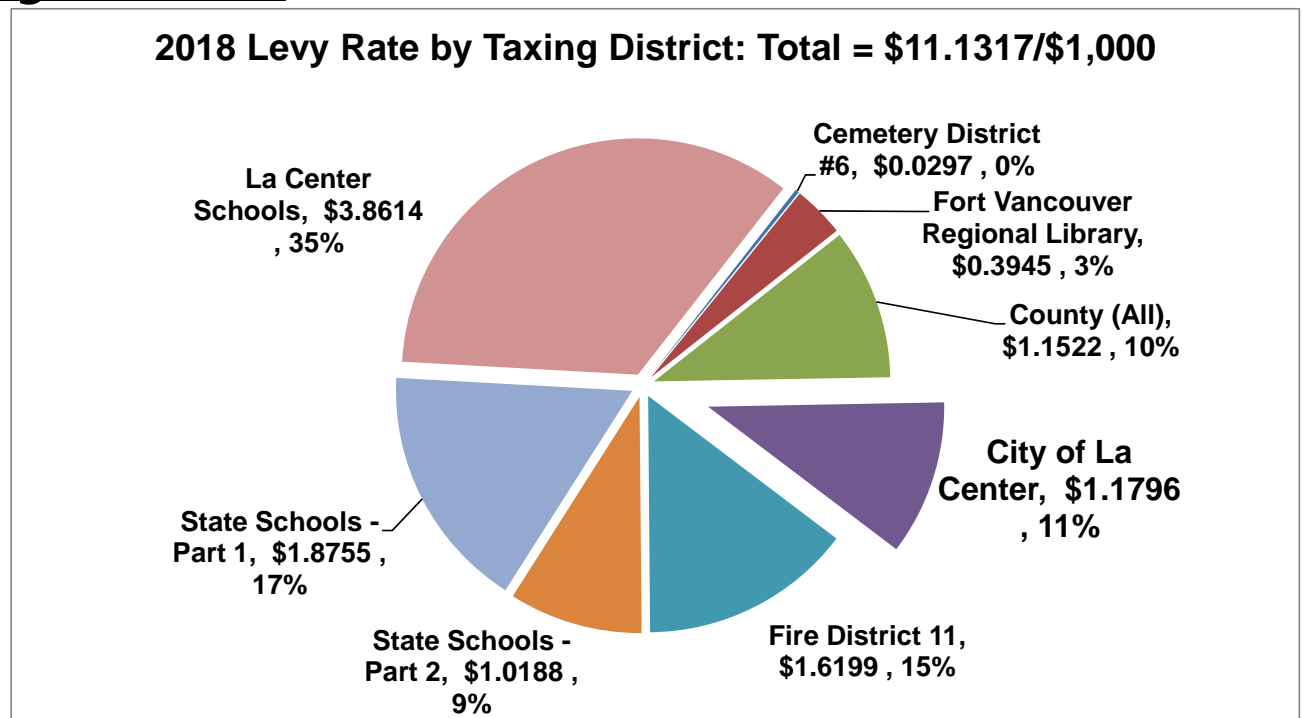
Property Tax Levy

- State law limits the increase in the property tax levy to 1% (or the increase in the Implicit Price Deflator for jurisdictions over 10,000 population) **plus** the increase allowed due to new construction, annexation and utility property value
- Levy rate equals the calculated levy divided by the total assessed value – as determined by the County Assessor
- State law limits the City's levy rate to \$3.60/\$1,000 AV less:
 - Fire District regular levy rate (\$1.50 max.)
 - Library District regular levy rate (\$0.50 max)

General Fund Revenue

Property Tax Levy: 2018

- County includes General Fund, Conservation Futures and other county levies
- All local school levies are voter approved



November 14, 2018

La Center City Council Meeting
Public Hearing on Revenue Sources & 2019 Property Tax Levy

General Fund Revenue

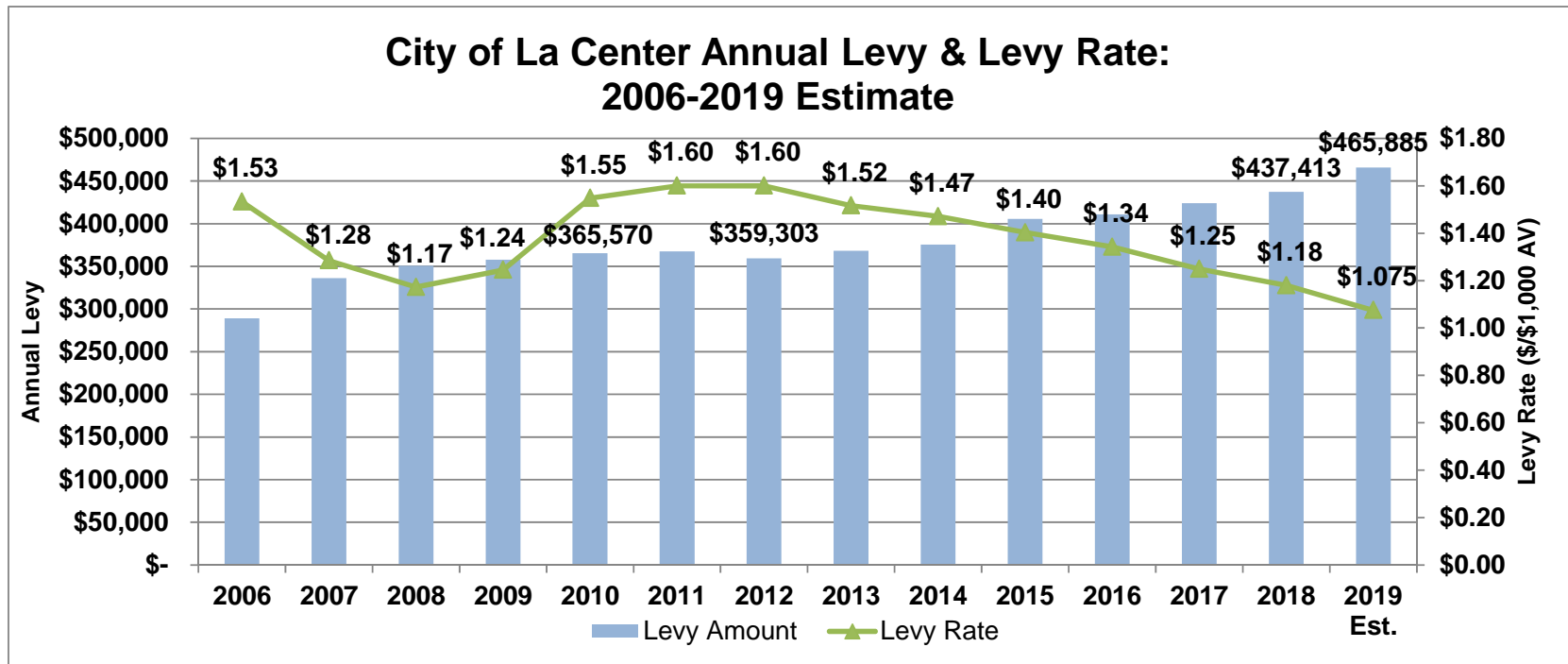
Property Tax Levy – Estimated 2019 Levy

- 2018 Assessed Value is estimated market value as of January 1, 2018
- The 2018 Assessed Value is used for taxes assessed and collected in 2019

	Amount for 2019 Levy	
Assessed Values		
2017 Assessed Value for 2018 Taxes	\$ 370,805,513	
2018 Value Appreciation	\$ 42,132,688	11.4% increase
2018 New Construction Assessed Value	\$ 20,428,478	5.5% increase
2018 State Assessed Utility Value Change	TBD	
2018 Assessed Value Estimate for 2019 Taxes	\$ 433,366,679	A
Regular Levy		
2018 Levy	\$ 437,413	
1% Increase	\$ 4,374	
New Construction Levy Increase	\$ 24,098	At 2018 rate
Increase for Utility Value	TBD	
Increase for Annexation	\$ -	
Total Estimated 2019 Levy (\$/\$1,000 AV)	\$ 465,885	B
Total Estimated 2019 Levy Rate	\$ 1.0750	B / A * 1000
2018 Levy Rate	\$ 1.1796	

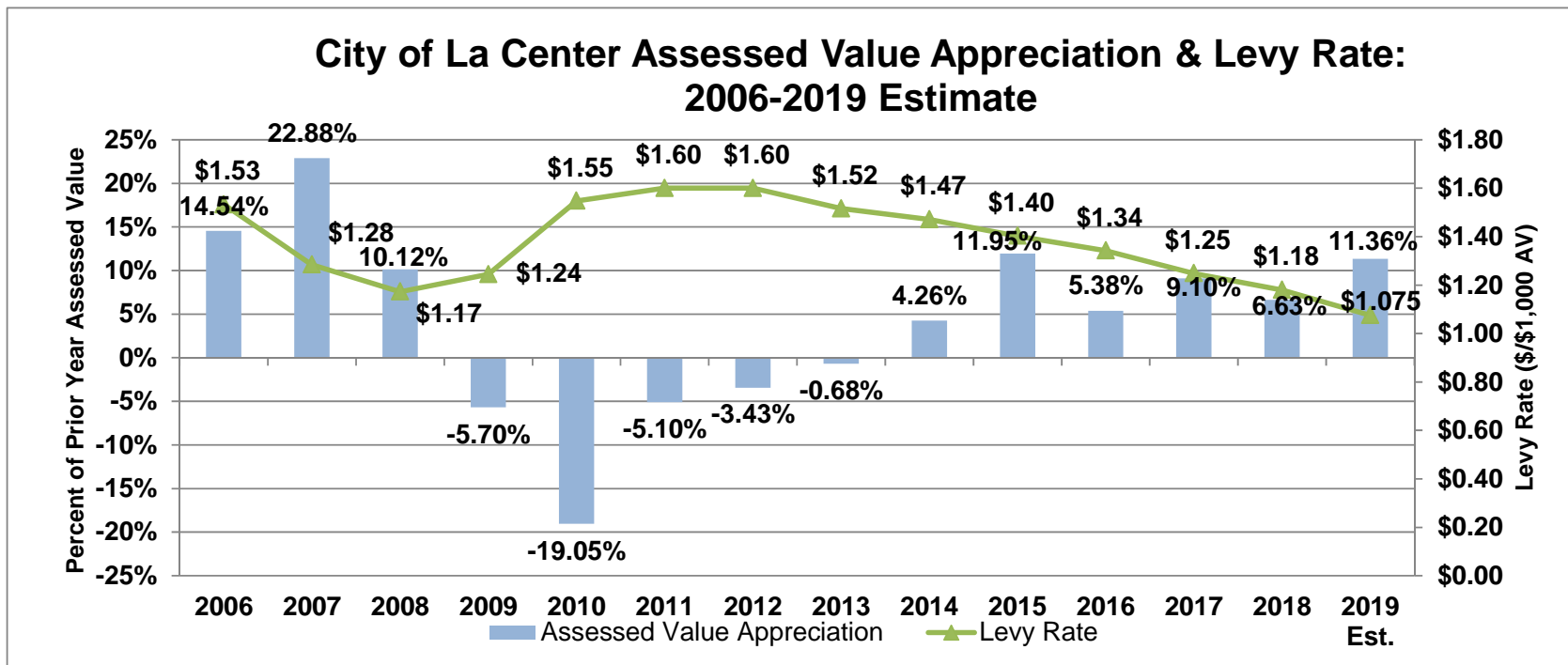
General Fund Revenue

Property Tax Levy and Levy Rate Trend



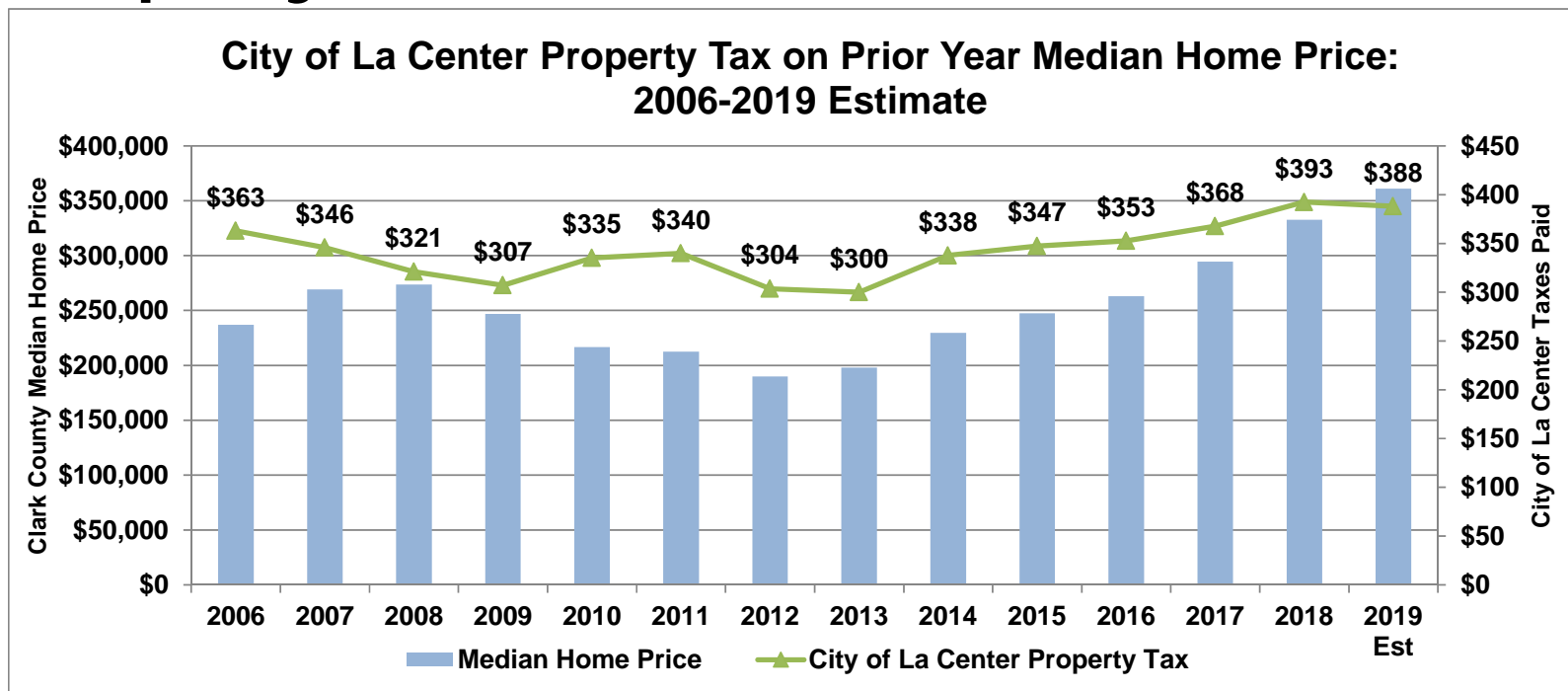
General Fund Revenue

Assessed Value Appreciation & Levy Rate Trend



General Fund Revenue

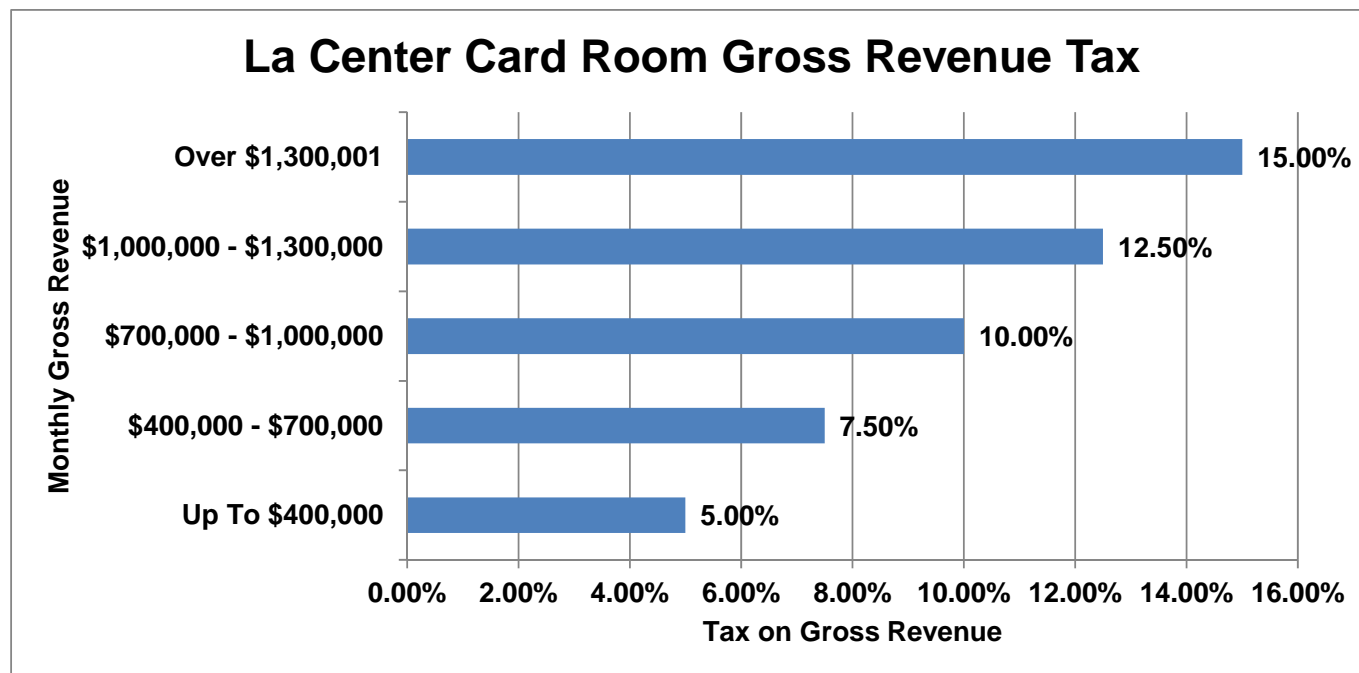
City Property Tax on Median Value Home



General Fund Revenue

Gambling Tax

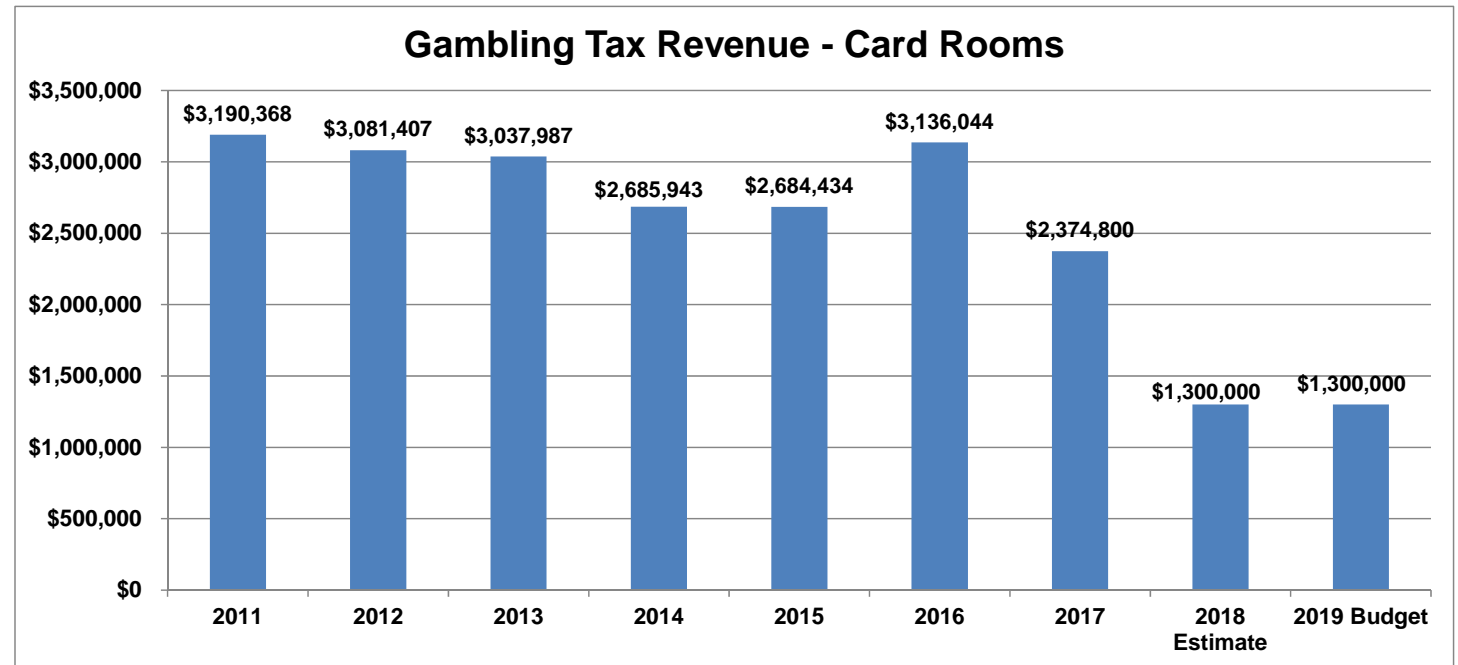
- Tax structure modified in January 2018
- Assume additional 1 year agreement for 2019 at same structure



General Fund Revenue

Gambling Tax

- 2019 Budget estimate = 2018 estimate
- Implied small gross revenue decrease since 2018 had lower tax rate for 3 months

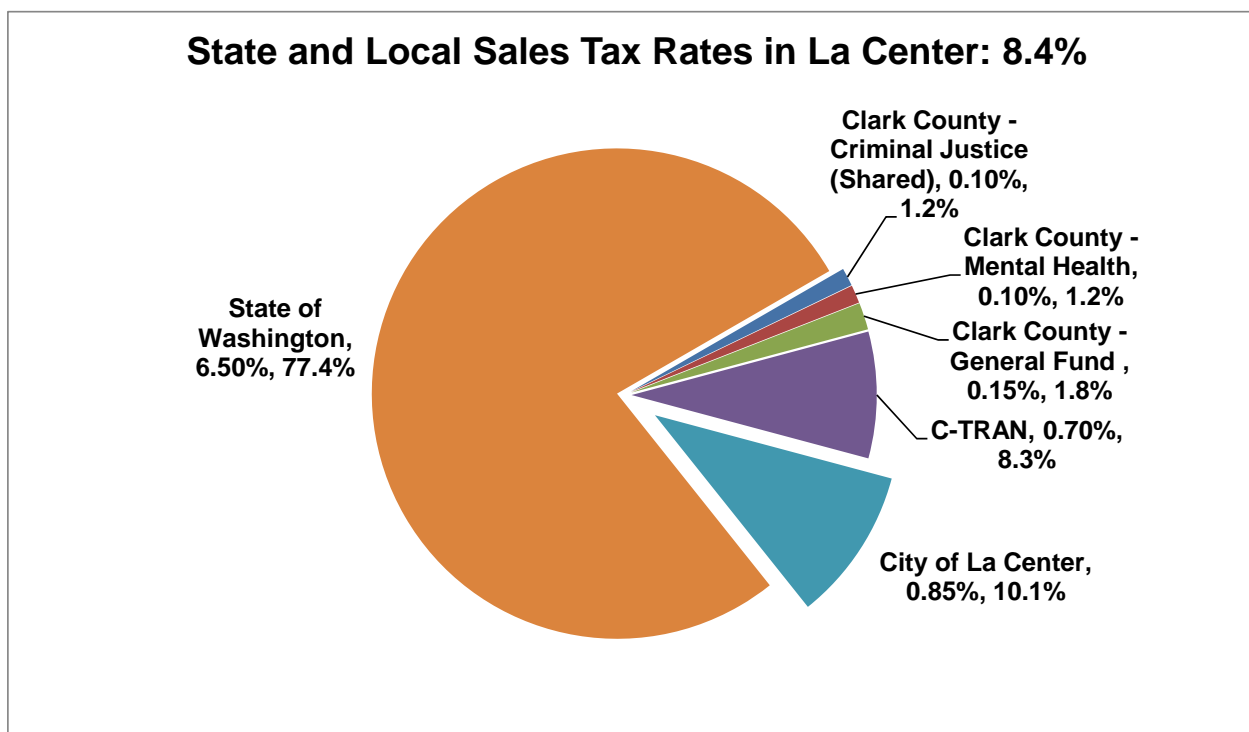


November 14, 2018

General Fund Revenue

Sales Tax

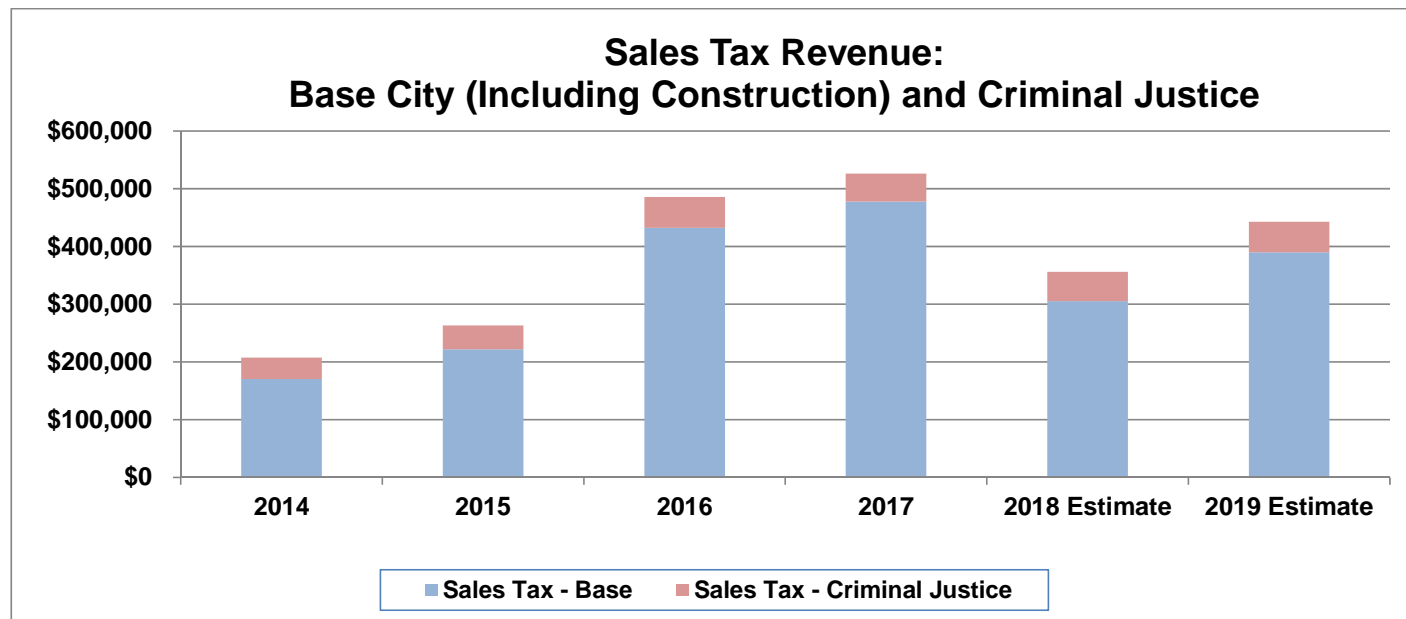
- The City's share of the sales tax is 0.85% of the 8.4% total tax rate or roughly 10% of the total tax paid



General Fund Revenue

Sales Tax

- The 2019 estimate reflects the 2018 estimate plus sales tax associated with the 2019 construction of the new middle school





General Fund Revenue

Other Revenue

- Licenses & Permits: Based on estimated 40 new single family residential building permits plus new middle school
- Intergovernmental: City again eligible for State assistance payment to low sales tax cities for \$29,400
- Utility Taxes, Charges for Goods & Services and Fines & Forfeits based on recent actual amounts
- Other/Transfers: Includes \$265,000 in debt repayment from the City's sewer utility



Other Revenue

Storm Water Utility

- The City will explore forming a storm water utility in 2019
 - Utility would address increasing infrastructure requiring maintenance and increasing maintenance costs to city
 - Study going on now; Council consideration in early 2019
- La Center is only city in Clark County that does not currently have a storm water utility
- Storm water utility rates for smaller cities are in the \$8-\$9 per month range for a single family home
- Businesses also pay the storm water utility fee – generally based on their impervious surface



Proposed Budget: Council Actions

Next Steps

- Hold Public Hearing on revenue sources (tonight)
- Consider ordinance increasing property tax by 1% for 2019 (tonight)
- Consider card room taxpayer agreement for 2019 (November 28)
- Proposed Budget available at City Clerk (November 14)
- Hold hearing on proposed budget (November 28)
- Consider ordinance adopting 2019 Budget (November 28)