

City of Waitsburg 2024



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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Mayor's Transmittal—2024 City Budget Proposal

The 2023 Budget year was planned to be a catch-up year for the City Staff as a way to slow down somewhat and complete several low priority tasks that were important, but time limits kept them from getting done in the past. With that said, the City still managed to accomplish quite a bit for a slow year, some of which are listed below:

- City completed the installation of a backup generator at the City Well Field.
- Partnered with PocketiNet to greatly expand internet access throughout the City.
- Preston Park play areas were greatly improved, adding gravel around the swings and putting up netting around the Pickleball Court
- Did fire hydrants updates including raising some and tagging each hydrant with specific coloring to indicate its flow rate and flushing a quarter of the system.
- Updated the alarm system at the Wastewater Treatment Plant to provide better oversight of the plant operations during off hours.
- Thanks to ongoing interest in the Library, the board of Trustees and Library staff have continued to building on prior year improvements, making the library more inviting and accessible.
- Had a prior year project selected for the small-scale project of the year with the Planning Management Institute and another selected for Governor Smart Community Award



2024 will include some infrastructure projects that are mainly tied to the street system and will include over a mile of chipseal work by Walla Walla County as well as the installation of sidewalks in areas where it does not currently exist.

We are hopeful that that we will complete the final parts of the Flood Feasibility Study with the Army Corp of Engineers in order to begin work on constructing some flood improvement facilities to help protect the City during high water events.

The City also has plans to update the Splash Pad in Preston Park next year improving drainage and adding a new water budget dump feature.

As with every year, the 2024 budget is designed to achieve a fundamental goal: to provide the level of service the community expects while operating in a fiscally responsible manner; balancing revenues generated against controlled expenditures.

Thank you.
Marty Dunn
Mayor, City of Waitsburg

City and other Local Officials

Mayor

Marty Dunn

Library Supervisor

Sarah Roberts

Council Members

Jillian Henze

Kevin House

Randy Charles

Jim Romine

Court Ruppenthal

Municipal Court Services

Walla Walla County

City Health Official

Walla Walla County Health
Department

Management Team

City Administrator/Clerk/Treasurer

Randy Hinchliffe

Public Works Director

Jim Lynch

Building Official

Columbia County

Planning Department

Legislative District: 16

Senator: Perry Dozier

Representatives: Skyler Rude & Mike
Klicker

Walla Walla County Sheriff

Mark Crider

Congressional District: 5

Senators: Patty Murray &

Maria Cantwell

Representative: Cathy McMorris
Rogers

City Support Staff

Administrative Assistant

Kelly Steinhoff

Maintenance Crew

Lisa Norris

Kyle Gradwohl

Tyler Stevenson

Jeremy Elsey

Walla Walla County Commissioner

District 2

Todd Kimball

City Attorney

Jared Hawkins

Port Of Walla Walla Commissioner

District 2

Michael Fredrikson

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 & Sewer System
- Street and Road Maintenance
- Library
- Fairgrounds
- Animal Control
- Flood Mitigation
- Building Inspection
- Emergency Preparedness
- Stormwater Drainage Systems
- Cardboard Recycling
- Pedestrian Mobility Enhancements
- Parks
- Cemeteries and Cemetery Services
- Economic/Community Development
- Planning and Zoning

Other projects and tasks that would benefit the City and should be continued to be considered or initiated during the 2024 fiscal year (not listed by priority):

- Continue small-diameter water/sewer main upgrade/replacement program
 - Includes replacement of low-flow or outdated fire hydrants
- Implement a water reservoir dechlorination project
- Investigate potential water and sewer system upgrades
- Infrastructure improvements along City's levee and dike systems
- Citywide sidewalk improvements
- Expand recreation opportunities in Preston Park
- Work with Waitsburg Park and Recreation District to investigate new uses for the City's pool facility as well as the installation of a dog park.

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 and City Finance Committee 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 policies 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 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: 2023 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
- Provided flowers and hanging baskets along Main Street for beautification purposes
- Continued work on a Flood Mitigation Study with the Army Corp of Engineers
- Improved the recreational facilities in Preston Park
- Repaired various water and sewer lines and other vital infrastructure
- Installed a backup generator at the City’s wellfield location
- Helped fund technology and facility improvements at the Wastewater Treatment Plant
- Purchased some new equipment for various Public Works activities.
- Finished the periodic update to the City’s Shoreline Masterplan
- Completed some street patching and road edge beautification work
- Replaced close to 750 linear feet of sidewalk around the City
- Cleaned out the Millrace Flood Control Relief Ditch

What the Budget Can Do: 2024 Goals

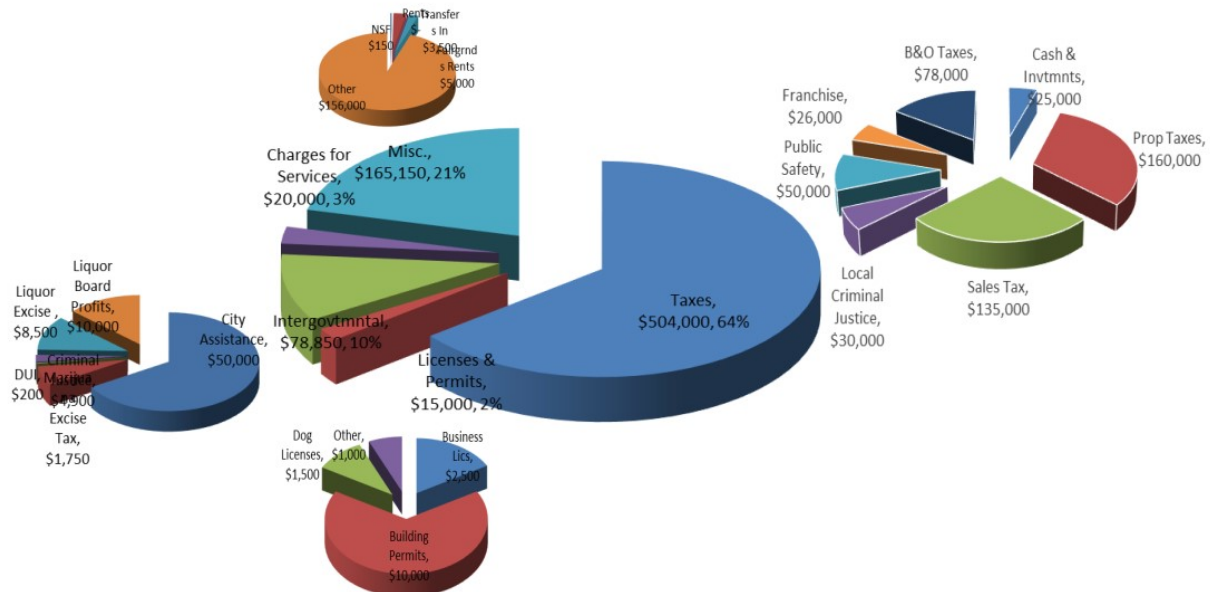
- Maintain basic services for citizens – law enforcement, water system, sewer system, park, cemetery, library, planning, building inspection, etc.
- Fund City debt obligations
- Provide for continuing education of City staff and crew
- Complete the work with the Army Corp of Engineers on a Flood Mitigation Study
- Repair sewer lines that were unable to be lined in 2022
- Finalize GIS mapping system of the water, sewer and storm systems
- Provide additional improvements to the Preston Park
- Fund additional improvements to Weller Public Library
- Replace some of the outdated fire hydrants
- Partner with Park and Recreation District on the installation of a dog park
- Purchase some new replacement equipment for the Public Works Department
- Install several hundred feet on new sidewalk where it does not currently exist
- Partner with Walla Walla County Public Works to chipseal over one mile of City Streets.
- Install a water mainline stub under highway 124 for future upgrades to West St.
- Revamp Waits Mill Park
- Complete an update to the City’s outdated Small Water System Plan

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; 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)



Notes & Comments

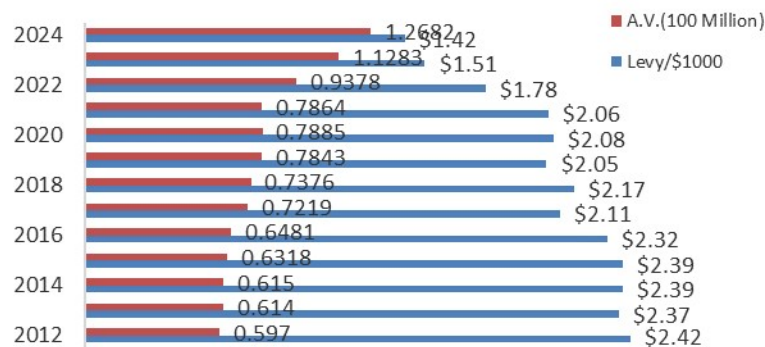
Beginning Net Cash & Investments – Each fund throughout the budget has an ending cash balance to be carried over to the next fiscal year. Beginning Net Cash and Investments is the anticipated amount that is expected to carry over from the current year. This balance should never be zero. At a minimum, 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. Due to the ongoing sale of old City Hall, the City doesn't expect to have as much of a contingency amount in its general fund to cover any unanticipated expenses should they arise as it did in prior years.

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:

2024 Tax Levy (**\$180,000**)/Total Assessed Value of the City's Taxing District (**\$126,824,532**) = Tax Levy per thousand dollars assessed valuation (**\$1.42/\$1,000 a.v.**).

The City is permitted by law to levy up to \$3.135 per \$1,000 of assessed valuation for general government services. For several years, the City's net effective tax rate has declined 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 2024 tax year, the total assessed value has increased significantly over the prior year and will result in an anticipated decrease to the City's property tax rate for 2024, which is estimated at around \$1.42 (\$.09/1000 reduction from 2023) in property tax for every thousand dollars of assessed valuation.

Tax Levy Decline vs. Assessed Valuation Increase



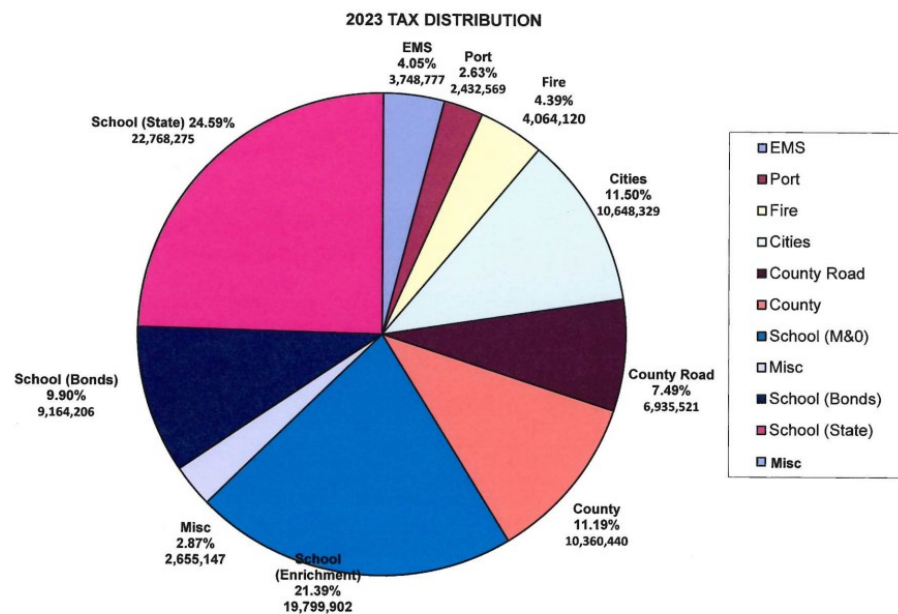
The Walla Walla County Treasurer acts as the City's agent to collect property taxes levied in the County for all taxing authorities. Taxes are due in two equal installments on April 30 and October 31. Collections are remitted to the City the month following collections by the County Treasurer to the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

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.



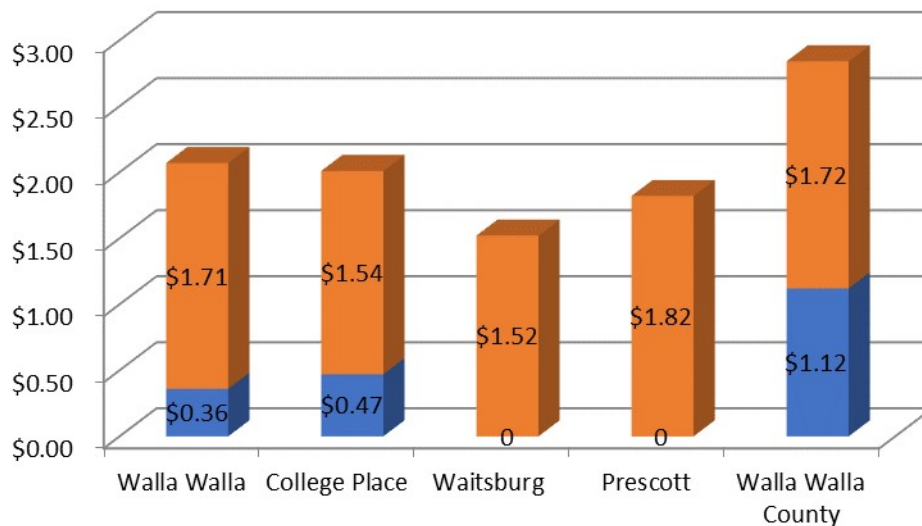
There is no tax levy increase for 2024 with 84% of levy funds staying in the General Fund and 16% going to the City Street and Road Fund to help pay for the City’s share of planned expenses for 2024. Total tax expected to be collected includes new construction assessments and changes in state assessed values along with any refund levy amounts. Though arrears vary each year, recent years have seen a decrease in the actual total amount of uncollected property tax amounts, indicating that the back log of arrears is declining. On average, arrears amount to somewhere between 2% and 4% of overall tax collection in any given year.

As the chart shows, property taxes are shared by multiple agencies with the bulk of all property taxes going toward support of local school districts; leaving Cities to collect roughly 11 percent of the total assessed property taxes.



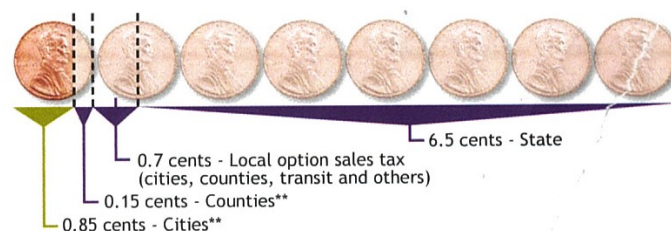
Since 2001, annual property tax increases have been capped at 1%, which prevents it from keeping pace with inflation and population growth. The 1% limit on annual increases has significantly strained many city budgets. Cities have the option of levy lid lifts and excess levies. However, both require 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.

Based on 2023 property tax rates, comparing 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; indicating that Waitsburg Citizens potentially have a higher quality of life due to a lower cost of living in the City of Waitsburg.



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 \$205,000 for 2024 and is distributed to the City on a monthly basis. Sales tax payments per capita account for roughly \$157 per person per year in local tax dollars.

For every retail dollar spent, cities receive less than one cent of the sales tax (excluding local options)*.

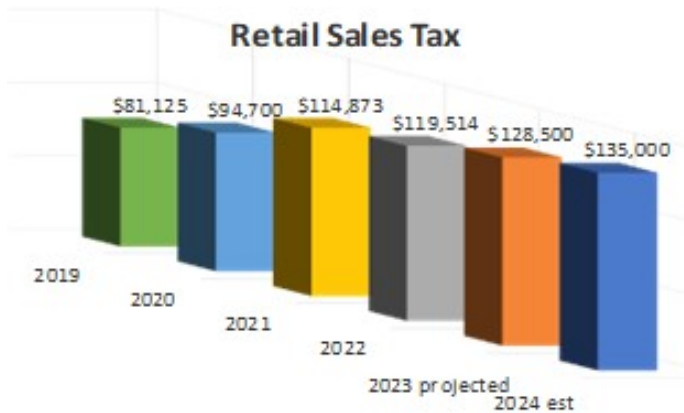


* Based on city sales tax average of 8.27%.

** For sales sourced to unincorporated areas, counties receive the full 1 cent.

Source: Department of Revenue, Tax Statistics

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 2021 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 of 11% on average in retail sales tax income over the last several 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 will continue to impose a utility tax on its own utility for the purpose of providing funding for flood control improvements in and around the City with annual collections estimated at about \$72,000.

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, 2021, the state switched 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. In prior years with historically low interest rates and very active real estate markets, the City’s portion averaged close to \$50,000 per year with a high of almost \$68,000 in 2021. 2023 going into 2024, as interest rates remain high compared to prior years along with home sales price reaching all-time highs in Walla Walla County along with housing affordability continuing to slide, the City’s projected share is estimated to be down almost half as much from prior years.

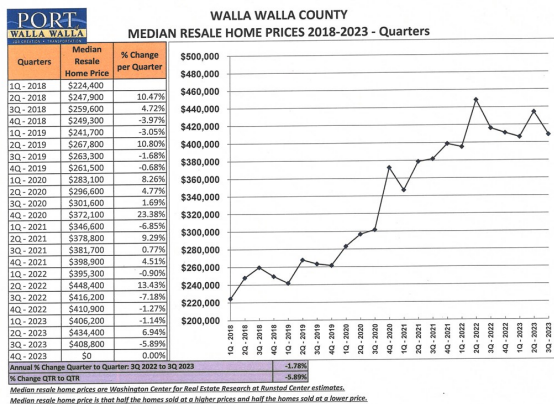


Chart 11

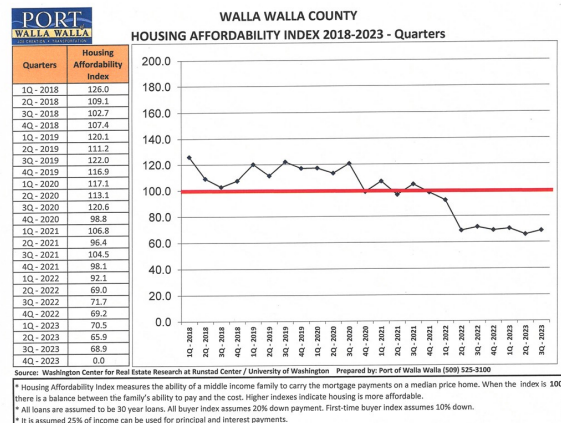


Chart 12

Criminal Justice funding is 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.

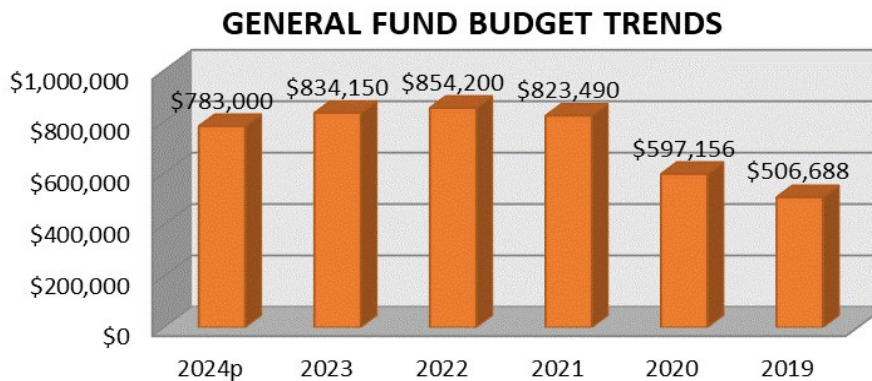
Liquor Excise Taxes are a tax distributed per capita from a tax on liquor sales. By statute, 2% of the allocation is redistributed, as prescribed by law, to the County to be used on alcoholism treatment programs. The 2017-2021 state budget; percentage distribution are estimated to be

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 the fairgrounds facility and other property rents, investment interest, gifts and pledges, and other licenses and permits such as variances, fence permits, etc.

Partly due to investments in Flood Control and year after year increases in sales tax returns, the general fund budget has rebounded and stabilized from 2019 when the City outsourced its garbage collection billing to Basin Disposal and then in 2020 from pandemic revenue restrictions heavily impacted the City’s general services.



Summary of Programs be financed by the General Fund in 2024:

<u>Programs</u>	
Contingency Reserve	\$ 30,000
General Governmental Services (Legislative/Executive)	\$309,972
Security (Law Enforcement/Animal Control)	\$ 90,600
Fairgrounds Facility	\$ 74,950
Park Facilities	\$ 85,497
Weller Public Library	\$ 62,860
City and Odd Fellows Cemeteries	<u>\$ 129,120</u>
Total Program Expenditures	\$783,000
Total Estimated Revenues	\$783,000
Total Estimated Expenditures	\$783,000
Balanced	

Notes & Comments

For 2024, the City plans to continue with its Flood Control Study work to improve its Dikes and Levees systems. tree trimming in the Parks and Cemeteries, expand recreational opportunities in Preston Park, work with Park and Rec on the installation of a dog park and updating the windows in City Hall.

The Library Board of Trustees plans to continue with improvements to Weller Public Library in the form of interior and exterior painting.



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)

Beginning Net Cash & Investments	\$ 8,500
Miscellaneous Revenues	
Interfund Loan Repayment	\$100,000
Perpetual Care Contributions	\$ 500
<u>Total Revenues</u>	\$109,000

Comments & Notes

Transfers out to the General Fund are based 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. With the surplus and eventual sale of the former City Hall, the City Treasurer will use the proceeds to payoff a short term interfund loan done at the end of 2023.

In 2024, the City plans to use money in this fund to help pay for a replacement mower for the City’s two cemeteries.

Proposed programs to be financed by the Cemetery Maintenance and Improvement Fund in 2024:

Reserved Fund Balance	\$107,000
Transfer out to General Fund	\$ 2,000
Total Expenditures	\$109,000
<hr/>	
Total Estimated Revenues	\$109,000
Total Estimated Expenditures	\$109,000
Balanced	
<hr/> <hr/>	

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)

Beginning Net Cash & Investments	\$277
Miscellaneous Revenues	
Perpetual Care Contributions	\$ 0
<u>Total Revenues</u>	\$277

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 2024:

Reserved Fund Balance	\$277
Total Expenditures	\$277

Total Estimated Revenues	\$277
Total Estimated Expenditures	\$277

Balanced

CITY STREET AND ROAD – This is Fund No. 102 in the Budget.

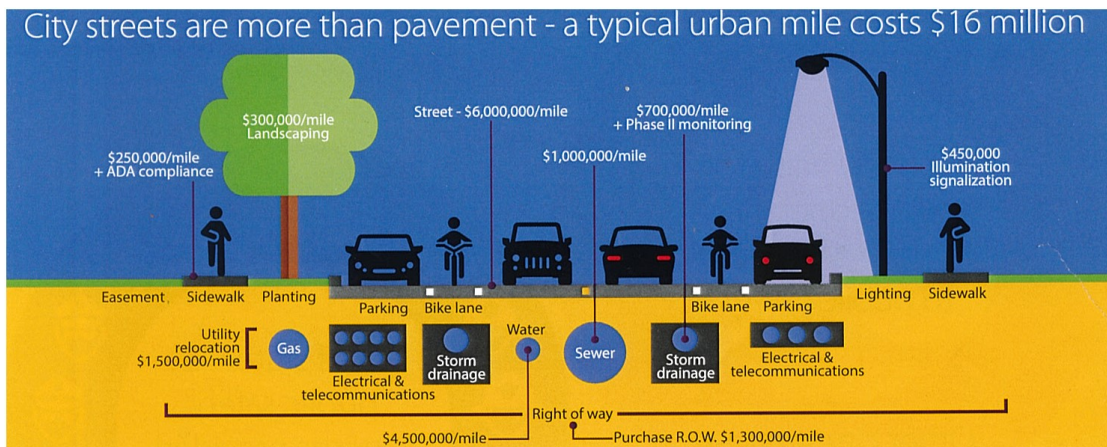
What is paid from this Fund: The City Street and Road Fund is used for maintenance and repairs of all City streets and arterials located within the City Limits. It also pays for street lighting costs; which has decreased in recent years due to the installation of LED Streetlight throughout the City.

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

Beginning Cash	\$ 12,716
Taxes	\$116,000
Intergovernmental Revenue	\$250,500
Total Revenues	\$379,216

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 14% of local transportation funding coming 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. Twelve Percent (16%) of the City Property Tax Levy is anticipated to be

deposited into this fund to help pay for Street related expenses in 2024. 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. This taxing option is limited to 10 years, with the ability to place the same sales tax option back before the voters for additional 10-year period. In 2022, the City filed a resolution with Walla Walla County for the reauthorization of the sales tax for another 10 years; which was approved by the local residents and includes an additional 1/10th of one percent sales tax for transportation improvement purposes; effectively doubling the amount it gets from this source. For 2024 this tax increase is expected to provide roughly \$30,000 per year for street maintenance activities and is mainly used to help support the City sidewalk repair and replacement program.



The City also receives other state funding in the form of multi-modal funds that are used to help develop alternative routes for non-vehicular forms of traffic as well as state/federal grants on a regular basis.

In 2023, the City was awarded a Surface Transportation Bock Grant in the amount of \$227,000 to be used towards the installation of new sidewalk along Harmon, E 2nd, E Camp and Garden Streets where it does not currently exist.

Summary of Programs and Continuing Governmental Obligations to be financed by the City Street & Road Fund in 2024:

<u>Programs</u>	
Street Lighting	\$ 15,000
Debt Service	\$ 9,151
Street Maintenance & Operations	\$355,065
	\$379,216
Total Estimated Revenues	\$379,216
Total Estimated Expenditures	\$379,216
Balanced	

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 or more of the above maintenance types on at least a mile or so when Walla Walla County Public Works Road Department is close to Waitsburg. In 2024, the City will complete roughly 1.24 miles of various road improvements related to improved vehicular movement and surface restorations.



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)

Cash	\$ 250
Motel/Hotel Transient Taxes	\$3,000
<u>Total Revenues</u>	<u>\$3,250</u>

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 have increased steadily over the years as evidenced by the increase in Hotel/Motel Taxes received by the City of Waitsburg.



Program to be financed by the Promotion Fund in 2024:

Programs

Tourism Promotion	\$1,750
Transfer to General Fund	\$1,500
Total Expenditures	\$3,250
<hr/>	
Total Estimated Revenues	\$3,250
Total Estimated Expenditures	\$3,250
Balanced	
<hr/> <hr/>	

Comments & Notes

The City Treasurer Transfer up to \$1,500 out the Promotion fund at the end of each year to the general fund to help cover the maintenance costs associated with the City’s Tourism Facilities, mainly the City Fairgrounds.

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)

Taxes

Real Estate Excise Taxes (REET I & II)	\$ 30,000
Total Revenues	\$ 30,000

Comments & Notes

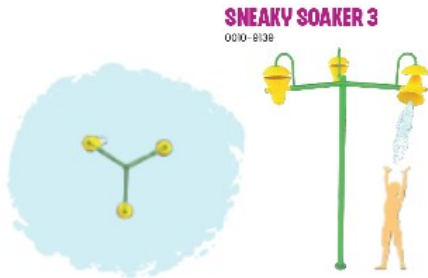
Real Estate Excise Tax is the local portion (¼ of 1%) of a tax that is collected upon the sale of real and personal property (land and/or structures) within Waitsburg. In 2012 and effective for 2013, the Waitsburg City Council approved an additional ¼ of 1% Real Estate Excise Tax (REET II) to be collected 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.

For 2023, the City plans to use these funds to help with the installation of additional Preston Park improvement with any remaining funds being allocated to any of a number of projects listed in the City’s Capital Facilities Plan or Transportation Improvement Plan.

Programs to be financed by the Municipal Capital Improvement Fund in 2024:

PLAY OPPORTUNITIES:

Keep waterplayers on their toes with the Sneaky Soaker 3. Its bell-shaped tipping buckets spill and dump water at random intervals to create bursts of excitement on the play pad.



<u>Programs</u>	
Capital Outlay for Facilities	\$ 30,000
Total Expenditures	\$ 30,000
<hr/>	
Total Estimated Revenues	\$ 30,000
Total Estimated Expenditures	\$ 30,000
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.

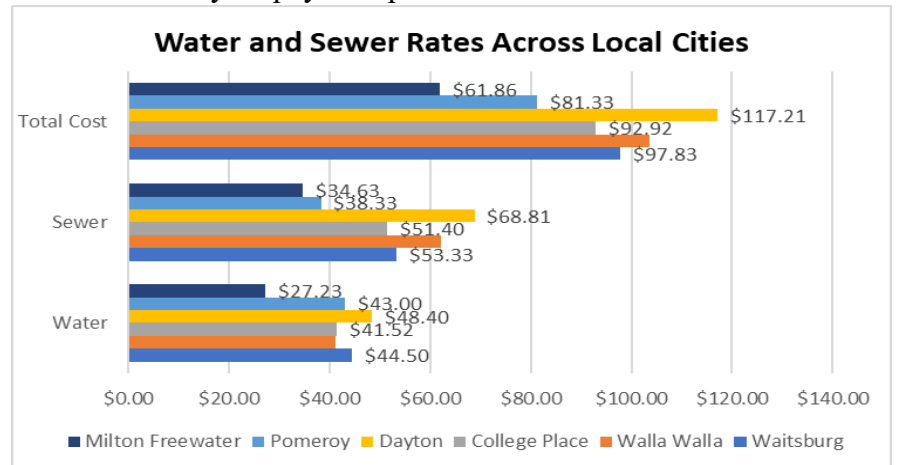
Revenue Sources for this Fund (Reference Comments & Notes):

Beginning Cash	\$ 60,000
Charges for Services	\$805,100
Misc. Revenue	<u>\$ 16,000</u>
Total Revenues	\$881,100

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.

The following chart compares the Water and Sewer Rates of other Cities in close proximity to the City of Waitsburg. As the chart indicates, Waitsburg is in the middle in regard to overall cost of Water and Sewer services with Milton Freewater being the lowest and Dayton being the highest.



Summary of Programs and Continuing Governmental Obligations to be Financed by the Water and Sewer Fund in 2024:

<u>Programs</u>	
Contingency Reserves	\$ 48,285
Water System Expenses	\$463,684
Sewer System Expenses	\$369,130
Total Water/Sewer Expenditures	\$881,100
<hr/>	
Total Estimated Revenues	\$881,100
Total Estimated Expenditures	\$881,100
Balanced	

Comments & Notes

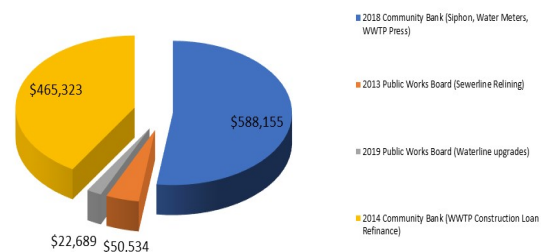
Due to near disastrous fire in the City’s downtown corridor in 2019 that put a huge strain on the City’s water supply system and nearly depleted its water reservoir; City Public Works had to turn on additional water supplies from the City’s wells to keep water pressure constant throughout the distribution system. Due to the potential issues related to loss of power, the City was able to secure grant funding for an emergency power generator that was installed in early 2023 at the City’s well field location after years of delays caused by pandemic supply chain issues as well as cost escalations.



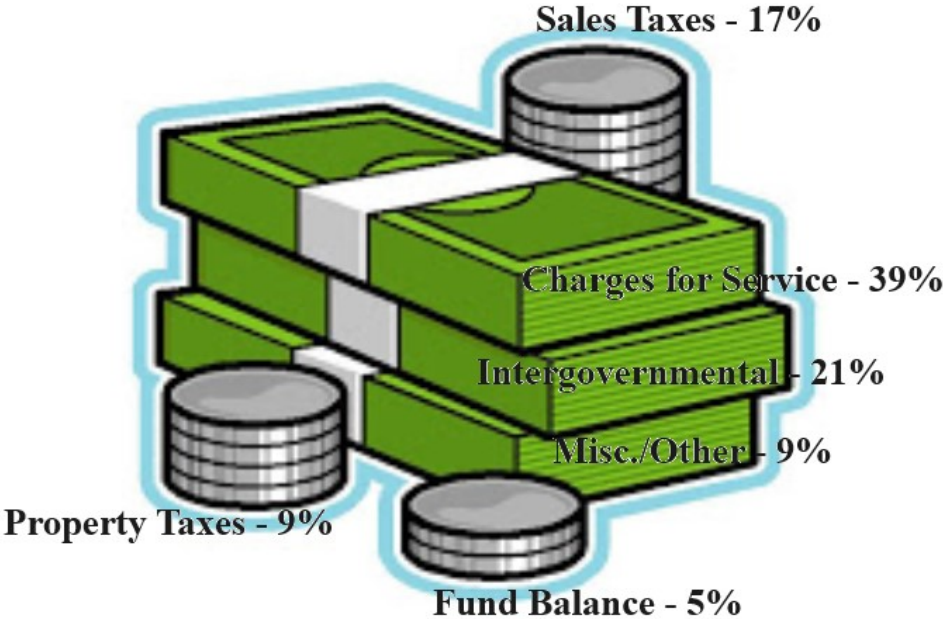
Through the passage of the American Rescue Plan by the Federal Government, local governments were allocated a per capita share of funding through the State of Washington to be used for infrastructure improvements; which the City used towards water and sewer infrastructure deficiencies. In 2023, the City was able to repair a leaking sewerline that was identified in 2022 but unable to be relined during the initial work.

With the maturity of the Public Works Assistant Account note associated with the design and engineering of the Taggart to DeWitt Road Waterline, the City will have roughly \$1.1 million in outstanding debt from various water and sewer system related infrastructure improvements. Water and Sewer related debt service encompasses about 19% of the water and sewer annual budget costing roughly \$168,692 in principal and interest payments in 2024.

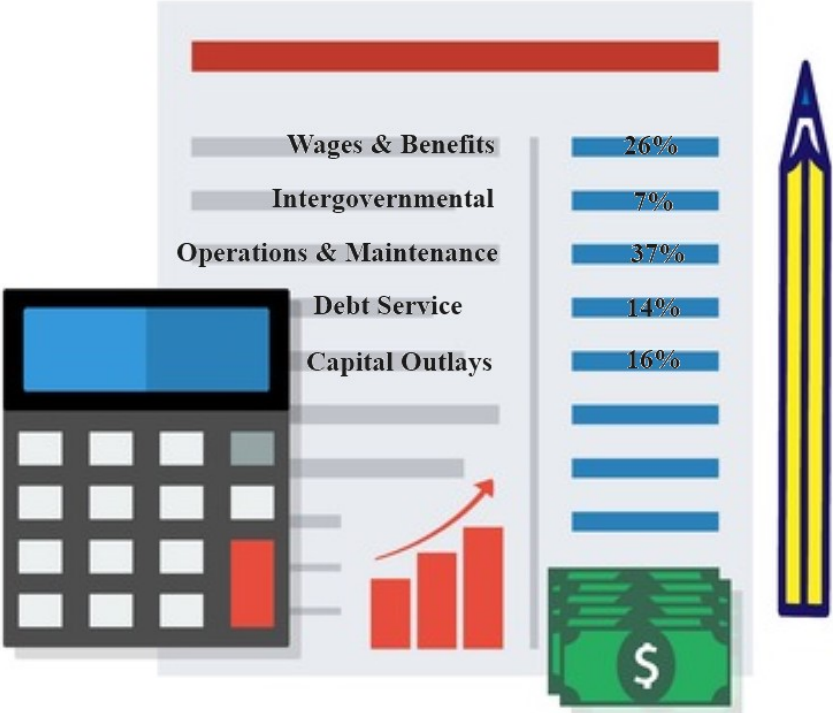
City Debt Service Loan Balances



Where Does the City's Money Come From?



How is the City's Money Spent?



ORDINANCE NO. 2023-1085

**AN ORDINANCE ADOPTING THE 2024 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, 2024, and ending December 31, 2024, notice of the public hearings was published in the Waitsburg Times as prescribed by law, and a notice was posted that the Council of the City of Waitsburg would meet on the 20st day of December, 2023, at the hour of 7:00 p.m. or soon thereafter, for the purpose of considering the proposed budget for fiscal year 2024 and giving citizens within the limits of said City an opportunity to be heard upon said budget; and

WHEREAS, the City Council held two public hearings on the proposed budget; and

WHEREAS, the City Council did meet at the time and place as announced, and all council members in attendance were able to see and hear and then consider the matter of the proposed 2024 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 2024.

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 2024 is hereby adopted at the fund level in its final form and content as set forth in the document entitled City of Waitsburg, 2023 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 2024 are set forth in summary form below, and are hereby appropriated for expenditure at the fund level during the year 2024 as set forth below:

Fund	Amount
Current Expense Fund (001)	\$ 783,000
Cemetery M&I Fund (002)	\$ 109,000
Library M&I Fund (003)	\$ 277
City Street & Road (102)	\$ 379,216
Promotion (106)	\$ 3,250
Municipal Capital Improvement (107)	\$ 30,000
Water & Sewer Department (401)	\$ 881,100
Total All Funds	\$2,185,843

Section 3. The Mayor is hereby authorized to implement the programs and spending as provided in the 2024 Budget.

Section 4. 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 5. This Ordinance shall become effective January 1, 2024, upon its passage by the Council and upon publication according to law.

Section 6. The Budget for 2024 includes wages and benefits for all City Staff and Public Works Employees and is included in the amounts specified in the following salary schedule:

2024 Annual Salary Schedule

Employee Position Classification Yearly Salary Schedule

<u>Classification</u>	<u>Maximum</u>
Mayor	\$ 1,200
Council Members	\$ 120

<u>Classification</u>	<u>Maximum</u>
Public Works Director	\$65,000
City Administrator/Clerk/Treasurer	\$80,000
Deputy City Clerk	\$35,000
Public Works Specialist I	\$47,000
Public Works Specialist II	\$41,000
Library Supervisor	\$22,880
Library Assistants	\$ 5,000

2024 Salary & Benefits Schedule by Fund

Current Expense	\$265,657
City Streets	\$ 56,233
Water	\$117,709
Sewer	\$128,874

**2024 Salary Schedule
Division of Payroll & Benefits**

Public Works Director:	Water/Sewer – 55%	Streets – 19%	CE – 26%
Public Works Specialist I:	Water/Sewer – 71%	Streets – 10%	CE – 19%
Public Works Specialist II:	Water/Sewer - 7%	Streets – 7%	CE – 86%
Public Works Specialist II:	Water/Sewer – 16%	Streets – 10%	CE – 74%
Public Works Specialist II:	Water/Sewer – 21%	Streets – 10%	CE – 69%
City Administrator/Clerk/Treasurer:	Water/Sewer – 54%	Streets – 14%	CE – 32%
Deputy Clerk:	Water/Sewer – 83%		CE – 17%
Librarian:			CE – 100%

Librarian Assistants
Mayor/Council:

CE – 100%
CE – 100%

Passed by the Council of the City of Waitsburg on this 20st day of December, 2023.

Marty Dunn
Mayor

Attest:

Randy Hinchliffe
City Clerk

Approved as to form:

Jared Hawkins
City Attorney