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Council President Boyce
Members of the City Council
Kent Residents

I am proud to present to you my proposed 2023-2024 biennial budget. This proposed budget was prepared in collaboration with community members, the City Council, and City Departments. As a result of that collaboration, I firmly believe this budget is a road map that reflects the values of our organization and its commitment to our community. It is why I am grateful that as City leaders, we have shared values centered around benefiting our residents, businesses, and visitors. I thank the City Council for its teamwork and commitment to improvement so we can continue to make Kent a place we are all proud to call home.

As an organization, we have faced many budget challenges, from the fiscal cliff in the 2019-2020 budget to the uncertainties surrounding the impacts of the COVID-19 crisis with the 2021-2022 budget. Through collaborative efforts, we were able to successfully navigate those challenges. However, those challenges delayed the City's ability to address the ongoing structural imbalance faced each year as historically on average, expenses increase annually by roughly 2.2% while City revenue increases are capped, by law, at roughly 1.1%. As you know, this imbalance isn't unique to Kent and is something most local governments grapple with during their budget process.

To exacerbate the ongoing structural imbalance, we are now facing record inflation. The Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the Seattle-Tacoma-Bellevue area as of June 2022 is 9.5%. We haven't seen numbers this high in 40 years. This will have a significant impact on the expenditure side of the budget as labor contracts are tied, at least in part, to CPI-W. In addition to salaries and benefits, we are also seeing the cost of doing business and the cost of projects rise greatly.

Earlier this year, knowing inflation was going to have a significant impact on the 2023-2024 biennial budget, Council and staff agreed to maintain a status quo budget for this biennium. You will see this budget does exactly that as well as provides several options for restoration and stabilization. It was agreed that any budget request would be accompanied by a revenue stream or expenditure reduction to support it. We collectively agreed to no new initiatives. In addition, with inflation so high, we knew we needed to explore ways to mitigate the structural imbalance. This proposed budget shifts the City's reliance on property tax, which is currently supporting ongoing operating expenditures, to instead support the City's capital program. With property tax limited to growth of 1% plus new construction, it has been a major contributor to the structural imbalance in the General Fund. This is especially true considering property tax tends to make up 25% of the General Fund's total revenue. As we shift property tax to support the capital program, we will begin utilizing all sales, utility, and B&O taxes to support the General Fund. These revenue streams most often reflect what is going on within the economy and should align more closely to inflation. Although it will not solve the entire structural imbalance, it will lessen its impact. This shift also

allows us to continue to honor our long-standing commitment to the business community by providing dedicated funding for investment in our transportation system.

Within the \$850.15 million total 2023-2024 biennial budget, \$234.52 million is allocated to the General Fund. The General Fund budget is balanced in 2023 and we intend to use some of the City's reserves in the General Fund to balance the 2024 budget. Our reserves are above the required minimums and this is the kind of use they were intended for (similar to how we used them to weather COVID-19 uncertainties). In addition, the remaining unallocated balance of ARPA funding is allocated in this budget which allowed us to offer a future-ready capital program.

We have continued our commitment to equity in City projects, programs, and service delivery. The Race and Equity Division was created during the current biennium. That division has been working closely with community stakeholders and staff to develop the race and equity strategic plan. We are nearing adoption and are preparing for implementation of actionable steps. This budget includes \$800,000 of ARPA funding to implement this plan. In addition, as part of the City's language access plan, \$150,000 has been allocated for the translation of vital City documents into the community's top languages.

The criminal justice system seeks to reduce crime by holding people accountable. While fines or jail can be effective and sometimes necessary deterrents, they are only one type of tool to address criminal behavior. We need to continue to support a variety of tools and ways to address root causes such as drug and alcohol addiction or mental health challenges. The Kent Municipal Court currently operates a Community Court which holds participants accountable while offering resources such as access to drug, alcohol, and mental health services. This budget makes \$100,000 available to the Community Court to help provide appropriate community resources to address a participant's underlying needs that that may have led to criminal activity.

The City will continue to be on the forefront of transparency and accountability in law enforcement. New laws on police reform have changed how the Department recruits police officers, interacts with the community, and provides service. The Police Department has expanded its recruiting efforts to attract qualified and diverse recruits. This budget increases funding by \$133,940 to enhance recruitment advertising, provide tools and program supplies, cover event registration and travel costs, and other pre-employment expenses. The police reform laws also mandate Police Officers to provide medical aid as soon as possible during a contact, and officers need the medical aid supplies readily available to provide this aid. The budget includes \$10,000 for first aid supplies including tourniquets, chest seals, Narcan, and AED supplies.

State-level police reform bills have made apprehending criminal suspects significantly more challenging. In response to regionally increasing crime rates, this budget includes funding for technology called FLOCK. FLOCK is a software and hardware solution for automated license plate detection through a camera system and a web-based platform. These cameras, which are used in other cities in the region, will be placed at locations around the City, particularly on major roadways and City entry points. These cameras can be moved around the City depending on investigative need. The FLOCK cameras will allow for officers to receive a text message when a wanted or stolen vehicle has been identified by the camera. It will provide police with a better opportunity to locate suspect vehicles and solve crime.

Ever-advancing technology has resulted in more complexity in investigating crime. These more complex investigations have officers using additional technology including multiple software applications to gather the information needed to file cases. The budget includes \$132,000 to ensure officers have the

technology to perform thorough investigations. In addition, the Police Department will continue with its Car Per Officer program and purchase six new vehicles each year this biennium. This program greatly improves efficiency and is a significant cost savings for the City.

While not unique to Kent, the Kent Correctional Facility is experiencing an increased need for space. This is caused by inmates who, due to a medical condition, serious behavioral health issues or propensity for violence, must be housed separately from other inmates. This raises the potential that the jail may reach capacity sooner than under historical conditions. This budget includes funding of \$100,000 per year which will allow for up to 33 inmates to be sent to the Yakima County Correctional Facility when the Kent Corrections Facility reaches capacity.

In the spring of 2020, due to anticipated revenue losses as the result of COVID-19, the City made budget reductions that included the elimination of positions and the elimination of funding for positions. During the 2022 mid-biennium budget adjustment, the funding for five officer positions was restored. This budget will restore the previously eliminated Evidence Supervisor position. It will also restore funding for the remaining two positions: a Corrections Officer and Records Specialist. In addition, this budget will convert a part-time Court Security Officer to full-time and will allow for the creation of a term-limited Corrections Commander position which will allow for a transition and succession period as the current Commander plans for retirement in 2023.

In 2019, the City implemented the red-light camera program. This program has resulted in the ability to fund the Police Department's body worn camera program. This budget includes funding to expand the red-light camera program at six new locations including:

- 108th Ave SE & SE 208th St - All directions
- 116th Ave SE & SE 240th St - All directions
- Washington Ave N & W Meeker St - All directions
- 116th Ave SE & Kent Kangley Rd - All directions
- 68th Ave S & S 228th St - All directions
- 68th Ave S & S 212th St - All direction

It is anticipated that once all the new cameras are operational, the City will recognize approximately \$1.8 million per year in additional revenue. Revenues for 2023 are expected to be significantly lower as the cameras will not be operational until the second half of the year. The costs associated with the maintenance of the program are included in this budget along with the addition of a Judicial Specialist position at the Court which will be necessary to process the violations filed as of a result of the new cameras. The Judicial Specialist position is funded beginning in the second half of 2023. It is anticipated that the mid-biennium budget adjustment will address other needs to support the program.

Continuing the topic of safety, the budget includes funding to replace 24 existing AED units in City Hall, the Centennial Center, Police Department, Commons, Senior Center, Annex and Russell Road Shops, and add an additional six units to the downtown shops building. Funding for the AEDs will include a service contract ensuring these units continue to function properly and have updated replacement pads and batteries.

The City's Permit Center continues to realize demands for service beyond their ability due to current staffing levels. Offset by the revenues generated by the Permit Center, this budget includes extending a current term-limited Office Tech position through 2024, adding a new Plans Examiner position, converting

two term-limited Plans Examiner positions to permanent positions, and adding a data analyst position. The data analyst position will focus on providing performance measurement and business intelligence, keeping current on data sets, and growth tracking and analysis of economic measures in real time. This position will help us further realize our goal of being a data driven decision making organization. In addition, this budget includes funding for the Economic and Community Development Department to create a talent development initiative generating short-term or limited-hour positions for students in urban planning, urban design and architecture, or related academic programs. Establishing relationships with individual students and academic programs will foster good will and yield promising applicants for future positions. This type of outreach has never been more important than it is in this highly competitive job market.

Significant investment has been made in cleaning up Mill Creek Canyon. Mill Creek Canyon is one of Kent's most important natural areas for habitat, flood protection, water quality and recreation. In addition, the New Van Doren's Landing project, slated to be completed later this fall, when combined with the adjacent Green River Natural Resource Area, has the potential to become a premier urban natural/recreation area in the Puget Sound. This budget adds two Maintenance Worker 2 positions – one for Mill Creek Canyon and one for Van Doren's Landing. As work will be performed to maintain drainage areas, one of the positions will be funded through the drainage fund. The positions will be used to maintain the City's investment in these areas and maintain active uses of these areas to prevent unwanted and detrimental uses. It also adds a Volunteer Coordinator which will bring back Green Kent Stewards to the City's high priority natural areas, along with the Adopt-a-Park program and Plant the Planet Tree Education program to teach kids the importance of trees and get them outside into nature. It will allow us to create a small working group within Park Operations to manage natural areas and allows the City to leverage \$150,000 worth of volunteer labor each year with the ability to partner with organizations such as Kent and Federal Way Public Schools, Green River College, Green River Coalition, Environmental Science Center and other environmentally focused nonprofits.

Park Operations manages and stewards the urban forest on park properties which includes monitoring the overall health and status of trees. Tree health is assessed utilizing best practices established by the International Society of Arboriculture and is accomplished by certified arborists both on staff and via contract services. As part of the information gathered while developing the Park Urban Forestry Plan development, a tree inventory was initiated, and 441 hazard trees were identified in the current tree inventory. These trees are prioritized for removal based on current tree assessments. The budget includes \$250,000 to begin the work of removing the hazardous trees. Without this funding it will take us years to address the backlog of hazardous trees.

The current labor market is proving challenging for municipalities. The Parks Department has encountered challenges recruiting applicants to fill temporary positions in recreation, athletics, camps, senior programs, adaptive recreation, and other important areas. This budget adds additional funding to increase temporary position wages to be more competitive in recruiting for these positions.

The Riverbend Golf Complex suffered revenue loss early during the pandemic. As part of the American Rescue Plan Act (ARPA), the Treasury has provided the City with a tool to calculate the revenue loss of an entity. When the calculation is applied to the Golf Course, it shows its revenue fell short by nearly \$700,000. This budget includes a restoration of those lost funds to the Golf Course. The funds will be used to address additional capital needs at Riverbend allowing it to continue to maintain reserves needed for changes in the economy.

The City's Transportation Engineering staff provides support for the Kent Bicycle Advisory Board. The Advisory Board is charged with promoting bicycling in Kent, improving bicycle safety, and developing demonstration projects to encourage bicycle commuting in the City. The Kent Bicycle Advisory Board does not have a funding source. Although the City cannot directly give the Board funding, it can identify Transportation funds for use to support the efforts of the Board. The budget includes \$7,000 to fund equipment to support events including a folding canopy, tables, chairs, and safety vests, equipment and materials for the Bike Rodeo held for elementary students including cones, signs for the course, chalk to mark out the course, and caution tape, swag for giveaways at events, and funding for marketing, advertising, and printing costs to promote events and Kent bicycle trails.

This budget will convert a current term-limited Right-of-Way Engineer Technician position to a permanent position. The current incumbent is responsible for essential work connected to the acquisition of property rights for capital projects. This responsibility includes the review and analysis of real estate documents and title reports to confirm existing property rights prior to acquisition to avoid interference with other superior rights, and to ensure the City acquires property that allows projects to be constructed. The current TLT position aids Public Works Operations and Parks to determine City maintenance responsibilities, Economic Development for title review of properties under new development, title companies that require information for the sale or acquisition of property located in the City, and residents who have questions about municipal property issues. This change does not require additional funding. It simply recognizes this work is ongoing.

This budget also includes the extension of five limited term positions within Public Works: Environmental Engineer Tech, GIS Analyst, Construction Inspector, Civil Engineering Designer and Stormwater Inspector Engineer Tech. There are no increases to operating budgets as the costs of these positions are paid for out of projects.

Over the last biennium, the City has seen revenues such as sales tax and real estate excise tax (REET) come in significantly higher than anticipated. As such, the City has experienced growth in both the fund balance of the General Fund and Capital Resource Fund. This provides the City with capacity to make one-time investments in Capital projects for the 2023-2024 biennium including:

- **Kent East Hill Operations Center (KEHOC).** The City has grown out of its downtown operations location. For over 20 years, the City has been planning for an operations center on the East Hill. Park Operations staff have worked on the site for about 20 years, and now work in modular trailers that are in disrepair and in need of replacement. Public Works uses this site for material storage and has staff that stage work without any building space. The Police Department needs a permanent storage solution for their impound yard and evidence storage. The current Police Department impound yard is not owned by the City, and the existing evidence storage at City Hall and other locations is maxed out. KEHOC provides a potential solution to address this issue.

This \$24.5 million project is the first step to solving a decades-old need for additional shop space. The new site will be a permanent investment that enhances the operations of up to three key public facing departments. This project will include a warehouse building for use by the Public Works, Parks and Police Departments. In addition to warehouse space, there will be an area dedicated to offices, locker rooms, a breakroom/lunchroom, restrooms, and the possibility of a Police Department substation.

- **Facilities Reinvestment Funding.** In 2021, a facilities condition assessment was conducted which identified deficiencies in City facilities and highlighted the need for lifecycle work and facility modernization. This budget includes \$10 million to begin addressing the facilities needs for the aging City Hall Campus.
- **Senior Center Solar Panels.** In May 2022, Facilities successfully applied for and received a grant totaling \$170,000 to install solar panels on the roof of Senior Center. The grant requires a 50% grant match. This budget includes \$120,00 for the grant match and other project-related expenditures.
- **Technology.** During this biennium, the City will continue to invest in the City's technology by funding hardware and software lifecycles with \$1.6 million each year in addition to \$2.8 million in additional capital projects.

Tonight, I respectfully transmit the 2023-2024 budget to the City Council for consideration. There is a tremendous amount of demand for City services. Our job as City leaders is to remain fiscally responsible, anticipate future challenges, and move this City forward. I believe this proposed budget accomplishes all these obligations.

This document is a representation of the collaborative efforts of City leadership, City Council, City staff and the Kent community. I would like to extend my gratitude to Chief Administrative Officer Pat Fitzpatrick, department directors and their staff for the dedication and hard work that was put into this budget process. Thank you to the Finance Department, particularly Finance Director Paula Painter, Financial Planning Manager Michelle Ferguson, and her team, Kathleen McConnell, and Shane Sorenson, who masterfully navigated this budget process.

Thank you all for your hard work, collaboration, and your willingness to continue to move Kent forward. Our residents, businesses and visitors are counting on it and deserve nothing less.

Respectfully Yours,

A handwritten signature in black ink that reads "Dana Ralph". The signature is fluid and cursive, with the first name "Dana" and the last name "Ralph" clearly legible.

Dana Ralph, Mayor

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