

2024 Mid-Biennium Budget Adjustment

Mayor's Budget Message

I am pleased to present to the City Council the proposed 2024 mid-biennium budget adjustment. The City Council adopted the original 2023-2024 biennial budget in November 2022. That budget process represented continued collaboration between, the City Council, our City Departments and community members. I firmly believe a budget is a road map that reflects the values of any organization. That is why I am grateful that we as City leaders we were able to come together with shared values that centered around benefiting our residents and those who call Kent home.

While constructing the 2023-2024 biennial budget, the impacts of inflation played a major role in the decisions that went into that budget. With the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the Seattle-Tacoma-Bellevue area increasing to 9.5% as of June 2022, we recognized a growth in expenditures would be imminent. The resulting increase would exacerbate the structural imbalance the City had already been facing as labor contracts are tied, at least in part, to CPI-W. Outside of salaries and benefits, operation and projects costs were on the rise as well.

Knowing inflation was going to have a significant impact on the 2023-2024 biennial budget, departments were asked to maintain a status quo budget for this biennium as was agreed upon by City Council earlier that year. Any budget requests had to come with a revenue stream or expenditure reduction to support it. This proposed mid-biennium budget adjustment carries the theme of maintaining status quo as we move forward into the second year of this budget.

A mid-biennium budget adjustment provides the opportunity to account for unforeseen changes in fiscal events which have occurred since the adoption of the biennial budget. It is typically not the time to bring forward new initiatives nor to significantly change the level of service across all departments. It does provide an opportunity to review our initial forecasts. We have completed that review and budgets were refined to reflect current trends.

This mid-biennial budget adjustment includes:

- Updated revenue forecasts
- Adjustments to salaries and benefits to align with CPI-W and other known factors
- Some additional operating expenditures including 7.25 full-time equivalent employees and 3 term-limited positions
- Increased insurance costs and contributions
- Modifications to cost allocations, and
- Some investment in capital

Of the total \$443.85 million budget, \$121.89 million is allocated to the General Fund. The General Fund will see a \$2.5 million or 2.1% increase in expenditures from the adopted budget. The adopted budget had originally planned to use nearly \$3.1 million of the General Fund's fund balance. With revenue increases of \$4.6 million to align with current trends, the General Fund will only need to use \$1 million of fund balance instead of the \$3.1 million initially planned.

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Police

Kent Police Department is on the forefront of transparency and accountability in law enforcement. With funding from revenues generated by the newly installed red-light cameras, in-car cameras will be installed in patrol vehicles resulting in additional transparency. These cameras will enhance officer and public safety as well as provide greater investigative abilities for filing cases. The in-car cameras will however increase the workload of both our Legal Department and City Clerk's Office. This budget adjustment includes the addition of a new Prosecutor and Public Disclosure Analyst which will start mid-year. These positions will be funded by red-light camera revenue.

Changes in policing have put increasing demands on the resources of our Police Department. With historically high crime and staffing demands, we have arrived at a pivotal point to ensure the effectiveness of Police Command Staff to lead the department. This budget adjustment restores the vacant Deputy Chief position which will provide the much-needed balance of workload at the executive level of the Police Department ensuring adequate resources are dedicated to the oversight, management, planning and implementation of police operations.

Included in this budget is \$100,000 for investigative technology which will assist the detective and traffic units. This technology allows for real-time viewing of footage from our drones resulting in greater situational awareness for major incidents, faster review times by detectives, and automatic transmission of video footage for storage and use. This budget adjustment also includes the purchase of a fully functional crime scene van set up with computers, equipment, refrigeration, power generation, etc. which will increase the efficiency of our Detectives working on major crime scenes. The crime scene van will be paid for using the funding provided by the legislature in 2021. Also, included in this budget is use of red-light camera revenue to upgrade cell phones for all officers. With all the technology needed for policing, it is imperative to have the adequate equipment to handle the advancing technology.

Municipal Court

The criminal justice system traditionally seeks to reduce crime first by rehabilitation and then by punishment. While fines or jail can be effective and sometimes necessary deterrents, they do not address the problems that many people struggle with that might have led them to commit crimes. Such problems can include substance use disorder or mental health challenges. While not everyone with these challenges commits crime, Community Court can connect offenders with resources. Community Court holds participants accountable while offering resources and support to establish stability. The Kent Municipal Court is currently holding Community Court. It was initially funded with a state grant and ARPA funds. The Opioid Settlement funds are now available to help support this program. A key

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factor to ensure the success of the program is proper staffing. This budget adjustment will increase a Resource Coordinator position from part-time to full-time. This position will help to connect people to resources. Funding for this position will be offset by a reduction to the Court's temporary employee budget.

Parks, Recreation and Community Services

Security and safety of our facilities have been in the forefront of our minds as we have seen continued growth in theft and vandalism. A project for Access Control upgrades is currently underway, focusing on adding new systems to Kent Commons, Senior Center, Driving Range, and Golf Course. These locations currently lack an access control system. This budget expands the project by \$200,000 to upgrade security at other City facilities including Centennial Center, City Shops, Municipal Court, and Corrections to name a few. Not only has the project expanded locations but the scope of the project will expand to become a complete security upgrade overhaul, incorporating cameras and alarms where indicated.

The use of our Parks has been increasing and changing rapidly over the last several years for a variety of factors. This requires our delivery of services to evolve. With this budget adjustment, Kent Parks will explore a one-time pilot program in which it will contract a security firm to provide support to manage high use park locations such as Lake Meridian, Van Doren's, Hogan and West Fenwick parks and to support events during the peak season. Through enhanced management of these locations, we will proactively provide safer, accessible gathering spaces for the public.

In 2019, the City was awarded \$1.4 million from the King County Veterans, Seniors, and Human Services Levy (VSHSL) for 2019 through 2023. Funding from the levy enabled the Senior Activity Center to add one Program Coordinator and one Program Assistant. The renewal of the levy was approved in August 2023. The Parks Department will reapply for funding from the renewed levy. This budget adjustment includes gap funding for the two positions initially funded through the levy to maintain our current levels of service at the Senior Activity Center until VSHSL funding is awarded to the City.

The City of Kent is required by law to implement a Stormwater Management Program which includes ongoing operations and maintenance intended to reduce pollutant runoff from municipal operations. This not only is a requirement of our Public Works Department but is also a requirement of Parks and Facilities. This budget adjustment includes funding to support this program for City parks and facilities.

Public Works

There has been continued growth in the number of traffic signals deployed throughout the City. The City's street signals also continue to be impacted by wire theft and vandalism. The growing infrastructure and theft have resulted in a strain on maintenance and repair resources. Therefore, this budget includes the addition of one Traffic Signal Technician to address the ongoing need.

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City Standards require capital projects and private development projects to install landscaping within the right of ways as an enhancement to streetscapes. These areas include planter strips and planted medians or islands. Traditional vegetation maintenance, which includes line trimming and mowing, cannot be performed within these areas. A more focused hands-on attention is required to maintain these sites. Several locations are currently in the 'warranty phase' of the project in which the contractor handles the maintenance. These periods are about to expire, and the work will be turned over to Public Works staff to perform. This budget reallocates a portion of the Street Tree budget and a reduction in the contractor budget to add two new Maintenance Workers to perform the specialized ongoing landscaping needs.

We know succession planning is invaluable and something we are working on city wide. This holds true with the Water Quality and Source and Supply work group. The on-going training, state certification requirements and the level of expertise required to operate Kent's water system to provide potable water to the citizens of Kent is critical. In preparation for anticipated retirements, this budget includes the addition of one term-limited Maintenance Worker who will be trained in operating Kent's drinking water treatment system. The same holds true at the management level. Allowing for overlap with the current incumbent prior to retirement will help with the transition of knowledge needed to successfully operate Kent's complex infrastructure system. Therefore, this budget adjustment includes the addition of a term-limited Utility Site and Process Control Manager. These positions will be funded from the Water Utility.

Over the last couple of years, the City has been analyzing the funding and allocation model for the Fleet Fund. The next step in this process is to implement a Fleet Key Box system that will gather data needed to better analyze the utilization of vehicles and construction equipment. This system will automate motor pool vehicle reservations, automate billing and reporting, and provide data to help right size our fleet. One key box system will be located at the shops and one will be located at the Centennial Center.

Economic and Community Development

During the 2023 state legislative session, over 20 bills were passed that focused on planning, housing supply and affordability, and other land use issues. These bills have significantly impacted the scope of the required Comprehensive Plan update which must be adopted by the end of 2024 to be ready for the PSRC recertification process which will occur early in 2025. This budget adjustment includes a one-year term-limited temporary Planner to assist the two-person Long Range Planning team to update the Comprehensive Plan, implement the new housing legislation, and review the Downtown Subarea Plan necessary to maintain the PSRC certification. This position will be funded through grant revenues.

Human Resources

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. One of those positions was the Administrative

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Assistant in the Human Resources Department. This budget adjustment will restore that position. In addition, it will convert a term-limited Benefits Analyst to a permanent position. By allocating a portion of the Benefits Team to the Health and Wellness Fund, the costs of these positions will not have an impact on the General Fund.

Information Technology

During the 2023-2024 mid-biennium budget, funding was allocated to replace desktop computers and Police mobile data computers (MDCs). This mid-biennial budget allocates an additional \$95,000 toward those efforts. Maintenance contracts and digital subscriptions were adjusted to reflect current costs.

An additional \$351,000 will be allocated for various technology projects to include a:

- *Redesign of our intranet* and migration of the City's legacy Cityspace site to Sharepoint Online.
- *Web application firewall implementation* reducing the attack surface in our externally facing infrastructure that directly support citizens and businesses.
- *eConnect replacement* providing a best-in-class service software designed to deliver high quality communication to City of Kent residents.

CONCLUSION

Although this is a mid-biennium budget adjustment, we continued to be mindful of the things ahead, particularly its impacts on the 2025-2026 biennial budget process. We know we have work to do with the upcoming biennial budget as we continue to navigate the structural imbalance, inflation and labor costs. This adjustment is a reflection of balancing departments service delivery needs while considering the impacts to future budgets.

Tonight, I respectfully transmit this mid-biennium budget adjustment to the City Council for consideration. This document is a representation of the collaborative efforts of City leadership, City Council, City staff and the Kent community and holds true to our agreed upon commitment to a status quo budget. Thank you.

I would like to extend my gratitude to City leadership and the Finance Department for their hard work throughout this process.