

Question #1

2017-18 Budget Presentation to Kent City Council
By Mayor Suzette Cooke
September 27, 2016

Council President Boyce, Councilmembers, department directors, residents

I am pleased to present to you my 2017-18 budget for council consideration.

The biennial budget represents our local government's commitment to implementing our strategic plan, a plan that envisions Kent as "a safe, connected and beautiful city, culturally vibrant with diverse urban centers."

Our goal is to be an innovative government that is financially solid, an inclusive community with multi-forms of connectivity and open communication, a place that supports thriving neighborhoods and urban centers.

We are here to serve our residents. And for the first time in ten years, we have a measurement tool provided through the resident survey conducted this year. You will see its findings reflected throughout my budget.

This budget incorporates the recommendations from our Financial Sustainability Task Force (FSTF). The task force, made up of 16 diverse Kent area residents, evaluated and prioritized city revenues and services. This budget funds all five priority areas the task force recommended:

- increased police staffing
- street maintenance
- enhanced economic development
- maintenance of utility infrastructure, and
- upgrades to information technology systems

Before I get into the budget details, I wish to recognize the outstanding work done by our Finance staff, specifically, Aaron BeMiller, our Finance Department Director, and Barbara Lopez,

Deputy Finance Director. They have worked diligently to make the 2017-18 budget transparent and understandable to you and the public.

Derek Matheson, our Chief Administrative Officer, who is constantly looking for ways to better integrate and deliver our services through continuous improvement, LEAN processes and measurable results.

And our department directors - they have shown leadership and great cooperation in prioritizing their requests as we deal with the fiscal realities of today and into the future.

With the local economy slowly rebounding, the city is just now experiencing relief from the Great Recession. We have:

- built up our General Fund balance to over 16%
- our contingency reserve remains at \$1.5 million
- the Strategic Opportunity Fund has \$425,000, and
- we have reduced our debt service

The 2017-18 budget assumes a gradual but modest improvement in the economy with moderate inflation.

The budget process included an eye toward the coming budget challenges beginning in 2020. The known expiration of the Panther Lake Annexation Sales Tax credit in 2020, coupled with the potential loss of state shared revenues, could result in a loss of over \$11 million to the General Fund. However, the 2017-18 proposed budget assumes a continuation of state shared funding at current levels...but with an eye to the future.

In planning for what we refer to as “the fiscal cliff,” you will find that any expenditures for new initiatives or program expansions are backed by sustainable revenues. This budget takes bold steps to begin to address and help mitigate the known and potential impacts of 2020 and beyond.

According to our citywide survey results, a majority of Kent residents clearly believe Kent's parks and recreation facilities contribute to their overall quality of life. In recognition of residents' priorities, my budget invests toward partnering with the YMCA for a new facility at Morrill Meadows Park, and continues work on building the Kent Valley Loop Trail.

But we must also find a way to take care of what we have. The budget includes an additional \$2 million in 2017 and again in 2018 for long overdue Parks capital and major maintenance projects, such as renovations at Lake Fenwick Park, West Fenwick Park and Kent Memorial Park.

The funding comes from the City's banked property tax capacity, and is intended for Parks to make progress on the \$60 million maintenance backlog of our Parks system. Additionally, this will allow time for the Parks and Recreation Commission and Parks, Recreation and Community Services Department to build public and private partnerships for a long-term sustainable funding source for capital needs.

The use of banked property tax for one-time capital purposes allows the City in 2020 to shift these property revenues from Parks capital to supporting general operations when the annexation sales tax credit expires, a usage recommended by the FSTF.

Council, you and I have had our differences over the restrictive use and rates for the Business & Occupation Tax. You can relax. Council President Boyce warned me that touching the B&O tax was a non-starter. But I am requesting you make a minor technical change that will simplify the computation process tremendously for both taxpayers and staff. Please modify the \$250,000 exemption to a \$250,000 threshold. You can apply a credit to maintain tax neutrality.

Beginning in 2017, all B&O tax revenue, except the amount needed to cover administrative costs, will be dedicated to street projects.

Among the \$6.7 million worth of projects each year are re-paving the north end of E. Valley Hwy, E. James St. from Central Ave. to Jason, S. 212th /208th from SR 167 to 100th Ave SE, and...wait for it...wait for it...shhh...quiet zone improvements.

A few of the neighborhoods that will benefit from street re-paving paid from the solid waste utility tax are Misty Meadows, Star Lake Highlands and Cambridge areas, Seven Oaks, and Meridian Glen.

As inspired by the FSTF, my budget relies on your implementation of a Transportation Benefit District (TBD) that is estimated to generate over \$1.6 million. This new revenue will fill a projected \$1,036,190 gap in the 2018 Street Operating fund with the remaining \$623,810 invested in lengthening the new sidewalk along 132nd Ave SE. This strategy reduces the General Fund subsidy of the Street Fund, makes the Street Fund whole, and allows the City to be proactive in our response to the fiscal cliff. Use of TBD funds also helps us meet our Complete Streets ordinance as we move toward providing safer walkability around our urban centers.

Another recommendation from the FSTF was for Kent to position itself stronger through economic development efforts to attract new businesses. In support of this the budget includes funding for advancing the "Meet Me on Meeker" initiative, Naden property access improvements, and permit process IT upgrades. (We must replace KIVA!)

Kent, as a safe community, requires both prevention and intervention measures. Continuing our commitment to the public's safety, I have funded an additional two police officers, a records specialist and a corrections sergeant in 2017, and another three officers in 2018.

In order to mitigate our prosecutors' workloads – they each handle 650 to 800 cases per year, my budget recommends hiring another attorney to assist with criminal and civil cases and public records requests.

On the side of prevention, I am recommending we establish a youth program that focuses on young teens who face the greatest challenges in reaching their potential. The budget funds a program coordinator as part of the Youth Initiative I announced last spring.

Safety in our residential and commercial areas includes adding a code compliance officer, funded by apartment complexes, to inspect our rental properties to ensure a minimum level of quality is being met. Families deserve to live in residences free from black mold, roaches and rats.

Likewise, our community continues to collaborate with many agencies to help our homeless population find assistance and permanent housing. Our city spends one-half million dollars annually on services to help the homeless.

I will conclude my budget remarks with a final – and critical request. In your council retreats and workshops you frequently have sought ways to improve and diversify our communications with the public. It is time we stepped up to addressing yours and the public's need for timely, relevant information. We have become too big for one person to cover all messaging and public affairs.

My budget proposes we establish a Communications Department with a Director that integrates community and public affairs, multi-media, the neighborhood program, and a new Cultural Communications Coordinator that will assist outreach efforts and staff our Cultural Communities Board. The new department will help us "get with the times" in connecting with our diverse and digitally-savvy population.

I submit the 2017-18 budget for your consideration and look forward to working with you throughout your budget deliberations.