

City of Kalama

GARBAGE RATE INCREASE

PUBLIC HEARING – October 18, 2018



Rate Increase - Why

- **Waste Control received approval for the rate increase from the Utilities and Transportation Commission for a 9.87% increase effective 10/1/2018.**
- **Waste Control cited the recent 2.5% disposal fee increase effective in March 2018, fuel, labor and equipment costs as the need for increase to the rates.**
- **The last general rate increase was in November 2015 – For Kalama January 2016.**
- **The City operates under a contract with Waste Control Inc which requires the City to implement new rates when Waste Control implements new rates.**

Contract Section 9

9. SUBSEQUENT ADJUSTMENT.

In the event the Contractor is granted a rate increase by the Washington Utilities and Transportation Commission during the term of this agreement, the Contractor shall immediately notify the City of such increase and the City may approve such increase within thirty (30) days of notification by the Contractor, said increase to become effective thirty (30) days after approval by the City. In the event the increase is not granted by the City then either party to this agreement shall have the right to terminate this agreement as otherwise provided herein.

How Will This Affect The Customers

<u>Container Size</u>	<u>Current Rate w/taxes</u>	<u>New Rate w/taxes</u>	<u>Increase</u>
• 32 gallon cart	\$17.90	\$19.67	\$1.77(21.24)
• 60 gallon cart	\$22.13	\$24.31	\$2.18 (26.16)
• 90 gallon cart	\$26.37	\$28.97	\$2.60 (31.20)



The City will adopt the new fees by Resolution No. 673 with an effective date of December 1, 2018.

Customers will see the increase on the bills issued on December 31, 2018.

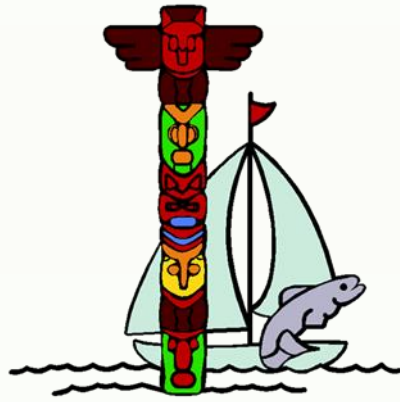


A full copy of Resolution No. 673 is available at City Hall or on the website.

www.cityofkalama.com

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City of Kalama

2019 BUDGET – REVENUE HEARING

OCTOBER 18, 2018

Revenue Sources of the City

- **Taxes - Property, Sales, Utility, Liquor, Leasehold, Real Estate Excise, Gambling, Fuel, Hotel/Motel**
 - The property, utility and sales taxes are the largest revenue streams the City has for general operations
 - Many of the other tax resources have certain restrictions set by federal, state or local laws
- **Fees – Service fees, Permits, Licenses, Applications, Water/Sewer/Garbage Rates**
 - Fees are set in order to cover the cost of performing or providing the services to the public
 - Utility rates are strictly available for only funding the utility services, including infrastructure maintenance and improvements

Other Sources – Grants, Debt Proceeds, Donations, Court fines, Interest on Investments

Tax Revenues – Property Taxes



Tax Revenues – Property Taxes Continued

- **Property Taxes** - Annually the City sets a “levy” of so much per \$1000 of assessed valuation, set by the County, on property located within the City limits. The City is limited to an annual 1% increase.
- The City will implement the legal limit of the 1% increase for 2019. Based on an increase in the assessed property value for Kalama including \$8.75 million dollars in new construction the City is projecting a \$1.610069 rate per \$1000 for a total of approximately \$480,000 in 2019.
- This is \$402.52 on a \$250,000 home. This is a reduction of \$32.66 from the 2018 assessment
- In 2018 the rate was 1.740714 on a home valued at \$250,000 is \$435.18 per year (-\$49.21)
- In 2017 the rate was \$1.937557 which on a home valued at \$250,000 is \$484.39 per year. (-\$6.95)
- The actual increase in tax revenue from the 1% is \$4,639.47 in 2019. (**\$1.69 PER RESIDENT ANNUALLY**)
- As the City grows, increasing the assessed valuation of the City, the tax rate will continue to be less as it is spread over the larger population base
- While this is good for the taxpayers, the 1% limitation on the increase to property taxes makes it difficult for the City to keep up with the cost of inflation to cover increases in employee wages, health care, insurance and other operating costs which occur annually.
- The increase to the population also increases the requests for services, which creates a need for added staff to continue to meet the expected levels of service.

Tax Revenues - Continues

- **Sales Tax** – The current sales tax rate inside Kalama is 7.9% which includes State sales tax of 6.5% and local tax of 1.4%. A sale of \$1000 provides \$14 to the County & City. The state collects the taxes and distributes them to the counties and cities and takes an administration fee. Of that \$14 in local taxes the City receives \$11.90. Sales taxes are volatile in that the economy and construction activities create increases and decreases in this revenue stream. The City has had many construction projects in the last two years that have provided an increase in sales taxes. These are considered one time revenues as once completed, the City will no longer receive revenues. For 2019 the projection is \$500,000
- **County Criminal Justice Funding** – This was adopted by the County several years ago - \$45,000 projected for 2019
- **City Criminal Justice Funding** - This is the .01 approved by Kalama voters in 2016 and is a part of the bond payment funding for the Police Facility. Projected for 2018 is \$55,000

Tax Revenues - Continued

- **Utility taxes** are charged on the City's utility bills and also on electrical, gas, and telephone services within the City limits. The current rate on electric, gas, telephone and cable services is 6%.
- Utility taxes on water, sewer, and garbage are 11%. Average utility tax cost on a City Utility bill at a 1000 cubic feet is \$249.49 per year.
- The 11% Utility Tax is split 55/45 with 45% set aside for city facility costs – which includes the bond payments for the Police Facility. \$176,980
- City water/sewer taxes (55%) are projected at \$193,325 with other utilities projected at \$245,500, for a total of \$438,825.
- The City Garbage tax (55%) is allocated to street improvements and is projected at \$23,595
- **Liquor taxes** are revenues the City receives from the State based on population (2750) which equals about \$40,000 for 2019.
- **Leasehold Excise taxes** are paid on public property that is leased out by a tax exempt public entity such as the Port of Kalama. The City receives a 4% tax on lease amount only on properties that are located within the City limits. 2019 projections is \$45,000
- **Gambling Taxes** – This is a 5% tax on the gross from gambling revenues which is generated mainly from pull-tab revenue in local businesses. 2019 projection is \$16,000.

Tax Revenues – Restricted

- **Real Estate Excise Tax** – This is a tax collected on sales of real estate within the City limits and fluctuates based on the economy and sales of homes. The rate of .25% is projected to generate \$55,000 in 2019 as the City has seen most available lots developed in the last few years. **This revenue is limited under state laws to be spent only on Capital Improvement Projects.** The funding has been used to help renovate the Library, the design for the police facility, and debt payments on the City Hall Building.
- **Fuel Taxes** – These are provided by the state based on our population. This revenue is available **for Highway-Street-Transportation purposes only.** The 2019 projection is \$64,103
- **Hotel/Motel Taxes** – This is a 2% tax on the fees charged by hotels/motel taxes and remitted to the state. State laws limit the revenue **to be spent only on tourism activities which can include marketing and events.** The funding has been used to support the annual car show, the antique district and City events such as the street dances or the music festival in years past. Projection for 2019 is \$25,000.



Other Revenues



Transportation Benefit District

This \$40 fee collected on the vehicle tab license for all vehicles registered in the City is collected by the State. **The fee is used 100% on local street improvements** such as the recent repaving of Summit/Woodale Drives, North 4th Street, South 3rd Place, and the Meeker Drive resurfacing. Projected for 2019 is \$100,000.

Recording Fees – Affordable Housing Funds

This is a fee set on the recording costs charged at the County and the City is allocated a certain percentage but guaranteed at a minimum of \$3000 annually. **The funds can only be used to support affordable housing** and have been provided to the Kalama Housing Authority in the past.

Criminal Justice Funds



Currently cities get two allocations of criminal justice revenue that are distributed under the terms of RCW 82.14.320 and RCW 82.14.330. The money comes from the state general fund, distributed based on population.

The Population based allocation is guaranteed to be no less than \$1000 per year. The “special programs” is projected at \$2998. Both are placed in Fund 104 for police use.

City Fees – Adopted by Resolution

- ❖ Annual Fees for Businesses and Dog licenses - \$100 Business license - \$30/15 Dog License
 - ❖ New Business License Code – redefined for hire drivers – if Sub Contractor needs a business license - \$100
- ❖ Fees for special events, sidewalk dining, work in city right-of-way, concealed weapons, outside resident Library cards
- ❖ Building permit fees, including plan reviews, planning application fees, reimbursement for consultant fees (building fees were increased in 2018) – Planning Application Fee increases - 2019
- ❖ Fees for parts and labor provided by the City, Hydrant water usage (increase in labor rates - \$65)
- ❖ Community Building rental fees
- ❖ Fees for Parks & Recreation classes – based on the cost for presenting the class as developed
- ❖ Internal Administrative fees for services provided to City utilities – based on staff costs to provide service
- ❖ Miscellaneous Fees for copies, printing, faxes, fingerprinting, notary services to non-residents, NSF's

Planning Application Fee Increase

SECTION 7 Planning Department - Application Fees

- a. In addition to the application fees listed below for items b, d, f, h, i, j, k, l, m, o, p, r, s, t, u, v and w, actual reimbursable costs of processing including but not limited to copies, postage, publishing, planner fees, engineering or professional consultant, legal or other outside professional services and hearing examiner fees associated with the application will be billed.
- | | | |
|---|----------------------|---------------------------------|
| b. Annexations | \$ 500.00 | \$ 750 |
| c. Boundary Line Adjustments | \$ 250.00 | \$ 300 |
| d. Conditional Use Permits | \$ 250.00 | \$ 500 |
| e. Critical Area Determination | \$ 50.00 | \$ 100 |
| f. Critical Area Permit | \$ 200.00 | \$ 500 |
| g. CAPO – Reasonable Use Exception | \$ 150.00 | \$1,000 |
| h. Manufactured Home Park | \$1500.00 | \$2,000 |
| i. Master Plan Application | \$2500.00 | \$5,000 |
| j. Planned Unit Development | \$1500.00 | \$2,000 plus \$125- 150 per lot |
| k. SEPA | \$ 500.00 | \$ 750 |
| l. Shoreline | \$1500.00 | \$3000 |
| m. Short Subdivision (Short Plat) | \$ 500.00 | \$750 plus \$125 150 per lot |
| n. Similar Use Determination | \$ 150.00 | \$ 150.00 |
| o. Small Lot Subdivision Development | \$ 50.00 | per lot |
| p. Subdivision - Preliminary Plat | \$1500.00 | \$3000 plus \$125 150 per lot |
| q. Subdivision - Inspection fees | \$ | Actual Costs |
| r. Subdivision - Final Plat | \$ 500.00 | \$1000 plus recording fees |
| s. Subdivision – Plat Extension Requests | \$ 250.00 | \$1000 |
| t. Street Vacation | \$ 300.00 | \$ 500 |
| u. Variances | \$ 300.00 | \$ 500 |
| v. Zoning Amendments | \$ 500.00 | \$1000 |
| w. Separate Utility Extension Application | \$ 100.00 | \$ 200 |
| x. Appeals | \$ 250.00 | \$ 500 |



Utility Fees

- 2019 Rates – Set by Ordinance Nos. 1368 & 1369 passed 12/2/2015 – Five year incremental increase
- Water – 2% - \$10.50/2.10 ccf – 24% to Reserves (.20 on base rate only)
- Sewer –8.5% \$54.85/8.55ccf – 32% to Reserves (4.30/.70)
- Garbage Rate – 17.16-25.28 based on cart size
- Late Fees –\$20 – Residential, Commercial-\$50, Disconnection fees \$50



❖ Increase to the Average 2 person household – 600 cubic feet

- ❖ Water/Sewer/Garbage w/Taxes: **2018 Bill: \$151.71** **2019 Bill \$163.13** **Increase \$11.42/\$137.04**
- ❖ Water only outside City w/Taxes: **2018 Bill: \$ 47.02** **2019 Bill \$ 47.44** **Increase \$.42/5.04**
- ❖ Garbage Only – 32 gal cart: **2018 Bill: \$17.90** **2019 Bill \$19.67** **Increase \$ 1.77/21.24**

❖ Increase to the Average 4 person household – 1000 cubic feet

- ❖ Water/Sewer/Garbage w/Tax : **2018 Bill: \$200.12** **2019 Bill \$215.06** **Increase \$14.94/179.28**
- ❖ Water only outside City w/Taxes: **2018 Bill: \$ 64.27** **2019 Bill \$64.69** **Increase \$.42/5.04**
- ❖ Garbage Only – 60 gal cart: **2018 Bill: \$ 22.13** **2019 Bill \$24.31** **Increase: \$2.18/26.16**

Other Revenues

- ❖ **Court Fines & Penalties** – These are parking, criminal, and misdemeanor fines collected by District Court and remitted to the City. A portion of these fines are collected on behalf of the State, so it is then remitted by the City to the State Treasurer. The remaining amount helps the City cover the cost of the court, jail, prosecutor, and indigent defense services it provides for. \$72,000 projected for 2019
- ❖ **Donations** – Donations are usually not included in the Budget as most are unanticipated while greatly appreciated. FOLK and AMALAK make annual donations to the Library and the Community Building which are included in the annual budget. Shop with a Cop has been a popular event for the community and has received generous donations as well. \$9000 projected for 2019
- ❖ **Interest on Investments** – The City has invested funds in bonds in order to insure the City receives benefit on money held in reserve. There is also interest on the Checking, Saving and State Investment Pool accounts for the City. To date in 2018, the City received over \$41,000 in all funds.
- ❖ **Beginning Fund Balances** – Each fund will carry over a reserve from 2018 to 2019 which provides cash flow in all funds, but the City tries to keep this as reserve or use for one time expenditures. These balances have not yet been projected in all funds.



Other Revenues - Grants

- ❖ **Grants** – The City applies for grants for many different purposes and projects
- ❖ **Police** – There are small Traffic Safety, WASPC, federal and state grants included in the 2019 budget to cover some costs within the Police department. Estimated at \$5700 in 2019
- ❖ **Street Projects** – The City applies for TIB and Federal STP funds for making major street improvements each year. The budget includes remaining funds for the Meeker Drive Stabilization Project. Grants applied for and not yet approved include funding for Elm Street and West Frontage Road paving. Applied for \$538,000
- ❖ **State Rural Heritage Grant** – The Library has received a grant from the State to be used for preserving oral history recordings about Kalama which will include the purchase of recording equipment and reimbursement of wages for staff time to implement the project. \$6900



Other Revenues - Loans

- ❖ **Loans** - The most recent loan the City received was when they purchased the Heritage Bank building secured by a revenue bond.
- ❖ **Bond** - The City issued bonds in 2018 for the Police Facility construction
- ❖ **Interfund Loans** – The City has the ability to make a loan to itself and has done so in the last few years to purchase police vehicles, or small projects it needed to complete. These are usually unanticipated and require a budget amendment.
- ❖ The City is not anticipating any new debt instruments in 2019 at this time.

Overview Of Revenue Projected Increases

- Property Tax Increase – 1% Legal Limit - \$4639.47 annually(\$1.69 resident) – Levy of \$1.610069
- Planning Application Fees –from 20% to 50% - based on complexity of applications – Staff time to process and complete. Many also include the reimbursement of the actual cost of outside consulting fees
- Small changes to certain Business License Fees due to code changes
- Garbage Rates – December 2018 – 10%
- Water – 2% Sewer 8.5% - Year 4 of a 5 year rate increase adopted 2015
- Labor Rate – Work performed by the City Crew for private parties - \$5 per hr



2019 Projected Revenues

Estimated Revenue Summary

2019 Preliminary Budget Estimates - 2018 YTD Totals - October 11, 2018

Fund Number	Description	Actual 2016	Actual 2017	Budget 2018	Actual 2018	Budget 2019
001	General Operating Fund	\$1,887,973.81	\$2,184,167.97	\$2,253,594.00	\$1,733,943.85	\$2,122,625.00
101	Street Operating Fund	\$343,842.41	\$258,044.98	\$279,525.00	\$188,952.77	\$160,400.00
102	Street Improvement Reserve	\$1,135,955.70	\$147,663.49	\$175,100.00	\$137,748.42	\$562,595.00
103	Sidewalk Improvement Reserve	\$19,990.15	\$32,255.09	\$35,200.00	\$46,254.91	\$5,500.00
104	Criminal Justice Funding	\$20,878.98	\$46,906.66	\$67,600.00	\$64,214.00	\$64,820.00
105	Tourism - Hotel/Motel Taxes	\$17,111.85	\$13,347.99	\$24,275.00	\$18,171.68	\$25,300.00
106	Community Building Reserves	\$8,625.91	\$15,173.31	\$17,600.00	\$17,466.89	\$2,300.00
107	Wage & Benefit Reserve	\$60,722.74	\$71,260.01	\$81,500.00	\$75,114.34	\$17,800.00
108	Parks Improvement Reserve	\$21,934.09	\$33,049.55	\$35,800.00	\$37,394.95	\$5,900.00
109	Affordable Housing/Recording Fees	\$19,870.22	\$22,949.17	\$6,000.00	\$6,022.42	\$3,100.00
110	Library Operations	\$75,902.14	\$83,235.28	\$82,100.00	\$60,322.38	\$62,400.00
113	Community Building Operations	\$22,110.46	\$24,280.37	\$25,550.00	\$25,567.49	\$24,100.00
115	General Fund Designated Reserve	\$343,871.33	\$354,445.63	\$428,900.00	\$368,382.45	\$223,200.00
116	Capital Improvement - Real Estate Excise	\$623,977.34	\$639,259.52	\$112,000.00	\$107,987.16	\$56,100.00
117	Police Vehicle Reserve	\$17,360.89	\$6.13	\$0.00	\$3,155.34	\$3,250.00
135	General Fund Reserves	\$403,580.84	\$543,366.32	\$302,000.00	\$397,901.28	\$4,500.00
210	USDA Loan Payment Fund	\$48,041.54	\$49,742.94	\$49,920.00	\$49,962.04	\$46,550.00
215	GO Bond - Debt Service Fund	\$0.00	\$0.00	\$0.00	\$0.00	\$257,380.00
310	Transportation Benefit District Fund	\$129,451.06	\$94,652.43	\$92,750.00	\$85,306.64	\$100,100.00
315	General Fund Capital Facilities Improvement	\$0.00	\$0.00	\$3,163,000.00	\$3,202,808.20	\$300.00
320	City Hall - Library Project Fund	\$56,098.87	\$18,603.04	\$18,700.00	\$18,777.73	\$100.00
401	Water/Sewer Operating Fund	\$3,253,800.88	\$3,886,604.54	\$3,797,400.00	\$3,354,687.86	\$3,975,700.00
402	Solid Waste - Garbage Fund	\$366,703.71	\$399,145.23	\$414,950.00	\$342,278.43	\$447,550.00
408	Water Improvement Reserves	\$1,337,759.01	\$1,607,080.81	\$1,286,000.00	\$1,057,265.42	\$607,000.00
410	Public Works Equipment Reserve	\$101,550.45	\$205,872.78	\$257,700.00	\$246,554.85	\$117,000.00
412	Sewer Loan Reserve	\$232,029.38	\$252,496.30	\$252,800.00	\$255,225.11	\$3,000.00
413	I&I Improvement Reserve	\$167,024.55	\$373,154.39	\$376,000.00	\$377,896.76	\$5,000.00
415	Sewer Improvement Reserves	\$1,130,845.50	\$1,406,377.47	\$1,401,905.00	\$1,195,575.38	\$792,405.00
420	Water Improvement Projects	\$119,245.38	\$1,059,127.17	\$300,100.00	\$355,219.24	\$331,000.00
	Grand Total	\$11,966,259.19	\$13,822,268.57	\$15,337,969.00	\$13,830,157.99	\$10,026,975.00



Questions ?



CITY OF KALAMA
2019 BUDGET & CAPITAL FACILITIES PLAN
PUBLIC HEARINGS
NOVEMBER 1, 2018 & NOVEMBER 15, 2018