

## AGENDA

**DES MOINES CITY COUNCIL  
STUDY SESSION  
City Council Chambers  
21630 11th Avenue S, Des Moines, Washington  
Thursday, September 5, 2024 - 6:00 PM**

City Council meeting can be viewed live on the City's website, Comcast Channel 21/321 or on the City's [YouTube](#) channel.

### CALL TO ORDER

### PLEDGE OF ALLEGIANCE

### ROLL CALL

### CORRESPONDENCE

[Correspondence](#)

### COMMENTS FROM THE PUBLIC

*Comments from the public must be limited to the items of business on the Study Session Agenda. Please sign in prior to the meeting and limit your comments to three (3) minutes.*

### DISCUSSION ITEMS

- Item 1. SWEARING IN OF POLICE CHIEF TED BOE
- Item 2. BUDGET PRESENTATION/BUDGET STRATEGIES  
[2025 – 2026 Budget Presentation](#)  
[Budget Presentation](#)
- Item 3. CITY MANAGER SELECTION DISCUSSION  
[City Manager Recruitment](#)

### EXECUTIVE SESSION

### NEXT MEETING DATE

September 12, 2024 City Council Regular Meeting

### ADJOURNMENT

[Public Comment 09.05.2024](#)

**From:** [Patricia Goodwin](#)  
**To:** [CityCouncil](#)  
**Cc:** [Traci Buxton](#)  
**Subject:** Candidate Michael Eklund Grayum  
**Date:** Wednesday, August 28, 2024 8:27:23 PM

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Dear Mayor Buxton and Council Members,

I am so thankful that the citizens of Des Moines (such as myself) were given the opportunity to hear the city manager candidates speak last night, to see their candidate sheets, to be offered space to provide feedback and a chance to cast our “vote” for our pick. This level of transparency was refreshing and welcome!

A few articles (in news outlets in cities in and near Yelm) are reporting that Des Moines city manager candidate Michael Eklund-Grayum has allegations of sexually inappropriate behavior during his time serving the city of Yelm. Many of us are wondering if this was considered when Michael’s viability as a candidate was evaluated. Below is at least one article that is floating around Des Moines Community groups (the rest can be located by simply Googling the non-hyphenated version of his name, Michael

Grayum): <https://www.chronline.com/stories/investigation-shows-city-administrator-likely-engaged-in-unwelcome-touching-sexual-comments,281319>

Rather than speculate on social media platforms with fellow concerned but unknowing citizens, I thought I would just reach out to you all directly. I’d really appreciate hearing more about how the council arrived at his selection as a finalist with the public knowledge that these allegations exist, and if this information was not part of his background checking and vetting, what might the council now do with this knowledge?

Thank you very much for your time!  
Sincerely,  
Tricia Goodwin

Good evening, Mayor, Deputy Mayor, Council and community members,

Victoria Andrews, resident of Des Moines

The budget presentation attachment stated, "There are no budget strategies or budget cuts reflected in this draft.... (and) Expenditures in the General Fund are projected to exceed revenue by about \$4.6 million in 2025."

A number of staff suggestions have been listed to close the gap, with a clear caveat that additional measures will need to be undertaken. I know many residents enjoy and would prefer getting a full-color hard copy of the City Currents. But it's a quarterly, and changes occur after publication. Meanwhile, the city manager's report is weekly, therefore timely, and provides active links to more information. I do hope eliminating Currents is one of the suggestions you will approve. Online links to sign up for classes, etc., is preferred over Facebook QR codes. As you know, not everyone chooses to use social media, myself included. Interestingly, today I received an email from Parks & Recreation with links to sign up for classes, but the one I was interested in didn't show up when I tried to find it. So the site needs more work. For those without computer access (I've met a few), copies of the weekly report can be placed in public places and residents could be offered the option of a small subscription fee to get them mailed to their homes.

I am concerned about an item not on the list that the council and many in the community hold dear. I suspect I know why. Staff report to the city manager and he reports to you. So, I believe it's time to add that item to the list of potential cuts and discuss them all with full transparency.

Many people would love a passenger ferry, but does Des Moines *need* it right now more than fiscal stability? Staff was able to secure federal funding of \$160,000 to conduct an environmental analysis and community engagement to assess the feasibility of a planned electric ferry. Please consider a hold on Mr. Phillips' monthly consulting fee until those findings have been concluded. That would save an additional \$66,000 and help steer the ship – pardon the pun – forward when our finances are in better shape. A 3-5-year plan is absolutely essential right now. Can our legislators move the dial to eliminate the property tax cap next session?

I want to believe that you all take your fiduciary role seriously, but clearly you are still putting wants before needs and while I understand how much you appreciate Mr. Phillips' contributions, please don't put your longstanding relationship with him over your responsibility to us.

**From:** [Susan White](#)  
**To:** [CityCouncil](#)  
**Subject:** Comment regarding budget discussion on Thursday, September 5, 2024  
**Date:** Thursday, September 5, 2024 4:18:55 PM

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Dear Mayor and Councilmembers,

I am unable to attend this meeting but would like to submit my statement for your record.

First it's very discerning that you are still insistent on putting an already failed tax levy increase back on the ballot in November. The voters have already said NO. This is such an unfair burden on our working families and asking way too much when you seem unwilling to stop spending our tax dollars on projects that you cannot afford.

It was just brought to my attention that in July alone you spent \$3000 on a grant consulting for the passenger ferry which is simply NOT affordable for the City to have ever considered bank rolling in the first place. You spent \$5500 on the ferry consultant and why on earth the former City Manager was paid \$500 in coaching fees is a question we'd like answers to.

There has been such a lack of transparency over so long wondering how we went from riches to rags. The public deserves better. How we were able to take out a \$24M loan under a budget that was in trouble last year. Why are we even considering non revenue producing projects like the Marina Steps?? Why aren't you looking at other possibilities to bring revenue into the city without trying to increase our property taxes with a Levy Lid Lift we have already said no to and still won't solve your long term problems even it were to pass which it won't.

Respectfully,

Susan White

PLEASE CONSIDER ALTERNATIVE BUDGET CUTBACKS BEFORE ELIMINATING THE GRANT FUNDING FOR HUMAN SERVICES.

Currently, Human Services fund 23 not-for-profit agencies, using a competitive application process. In addition, the applicant agency must substantiate they can service our community with one of the following BASIC needs:

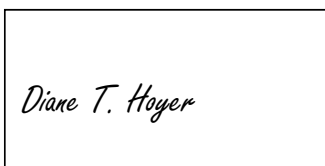
- Secure, affordable housing and food adequate to their needs.
- Be safe from violence within their families, neighborhoods, and communities.
- Be healthy, both physically and mentally.
- Have the education and job skills that lead to employment in living wage jobs.
- Have early childhood education and youth success.

Eliminating funding for our partnering agencies would reduce or eliminate basic services to our residents. According to the Des Moines website, 11.8% of our residents live in poverty. (Poverty being defined as a family or household of 4 making under \$29,950.) The population of Des Moines is approximately 32,000. If we do the math, 3,712 residents are currently living in poverty.

This grant money has been set aside to help the most vulnerable in our community. With the cost of living increasing, rising inflation and everyday expenses, eliminating this grant would have a disproportionate impact on these families and households with long-term effects.

Respectively submitted,

Diane T. Hoyer

A rectangular box containing a handwritten signature in cursive script that reads "Diane T. Hoyer".

Human Services Advisory Committee member

Sept. 4, 2024

**AGENDA ITEM**

BUSINESS OF THE CITY COUNCIL  
City of Des Moines, WA

SUBJECT: 2025 – 2026 Budget Presentation

FOR AGENDA OF: September 5, 2024

ATTACHMENTS:

- 1. 2025 – 2026 Budget Memo
- 2. Five Year Financial Forecast

DEPT. OF ORIGIN: Finance

DATE SUBMITTED: August 30, 2024

CLEARANCES:

- [ ] City Clerk \_\_\_\_\_
- [ ] Community Development \_\_\_\_\_
- [ ] Courts \_\_\_\_\_
- [ ] Emergency Management \_\_\_\_\_
- [X] Finance *[Signature]*
- [ ] Human Resources \_\_\_\_\_
- [ ] Legal \_\_\_\_\_
- [ ] Marina \_\_\_\_\_
- [ ] Police \_\_\_\_\_
- [ ] Parks, Recreation & Senior Services \_\_\_\_\_
- [ ] Public Works \_\_\_\_\_

APPROVED BY CITY MANAGER  
FOR SUBMITTAL: *[Signature]*

**Purpose**

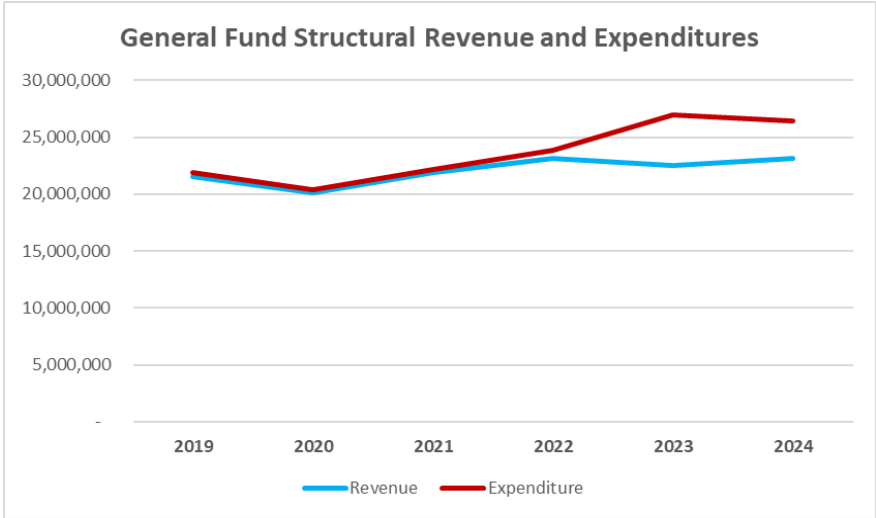
The purpose of this item is to continue discussions regarding the 2025 – 2026 Biennial Budget and consider budget balancing strategies. See attached Budget Memo and Five-Year Financial Forecast.

**2025-2026 BUDGET DRAFT PRESENTATION**

**Background**

On September 14, 2023, the City Council was presented with a five-year financial forecast which projected the solvency of the General Fund’s Fund Balance was vulnerable to decline due to the post-COVID economic impacts of inflation and rising labor costs. Revenues were growing but could not keep pace with rapidly increasing costs. Balancing the 2024 budget required the use of about \$1.3M of American Rescue Plan Act (ARPA) funds to aid in plugging the budget gap. Some expenditures, such as funding the costs of fleet replacement had also been significantly reduced in the budget.

The chart below displays the increase of structural expenditures against the increase of structural revenue.



To help address the General Fund’s financial situation, a Finance Committee was formed in 2024. Among a number of options considered, the Committee recommended to Council placing a property tax levy lid lift on the ballot in hopes of maintaining and increasing public safety service levels. Voters rejected the ballot measure in the August 6, 2024 primary election. It will be on the ballot again on November 5, 2024. If successful in November, the increase in property tax revenue could be between \$2.5 million and \$3 million. The following budget scenarios are presuming that the ballot measure will fail again in November.

## 2025-2026 BUDGET DRAFT PRESENTATION

### The Forecast

The five-year financial forecast included in this report is based on the initial collection of budget data from departments. **There are no budget strategies or budget cuts reflected in this draft.**

The financial forecast assumes the following:

- A 3.8% Cost of Living Adjustment (3% for Police Support Guild members)
- A 10% increase in medical premium costs
- Full funding for
  - vehicle replacement (\$1,183,813)
  - computer replacement (\$304,698)
  - vehicle maintenance (\$326,225)
- WCIA Insurance premium of \$1,074,153
- SCORE costs of \$794,310
- Valley Communication Center costs of \$907,256
- Public safety positions funded by the American Rescue Plan Act have been removed (Eliminates 2 Police Officer positions, Crime Analyst and Mental Health/Social Worker position)
- A 2% growth in Sales Tax
- A 1% increase to Property Tax revenue

### The 2025 Budget Deficit

Expenditures in the General Fund are projected to exceed revenue by about **\$4.6 million** in 2025.

Cities are required to adopt a balanced budget (RCW 35.33.075, 35A.33.075, 35.34.120, and 35A.34.120):

*Appropriations shall be limited to the total estimated revenues contained therein including the amount to be raised by ad valorem taxes and the unencumbered fund balances estimated to be available at the close of the current fiscal year.*

## 2025-2026 BUDGET DRAFT PRESENTATION

### **2025 Budget Strategies**

The following budget strategies can be implemented to reduce the budget deficit by increasing revenue and decreasing costs:

| Increase Annual Revenue                           |                  |
|---|------------------|
| Revise Rental Facility Fee Schedule               | \$ 15,000        |
| Increase Fees:                                    |                  |
| Animal Licenses                                   | 2,000            |
| False Alarm Fees                                  | 5,000            |
| Public Record Requests                            | 20,000           |
| Business Licenses                                 | 112,000          |
| Utility tax on non-franchise prohibited utilities | 88,500           |
| Concealed Pistol License                          | 1,000            |
|   | <b>\$243,500</b> |

| Decrease Costs                                    |                 |
|---|-----------------|
| Reduce training and travel budgets                | \$ 60,000       |
| Terminate Wesley Senior Services contract         | 150,000         |
| reorganize PRSS                                   |                 |
| End Burien Cares contract                         | 100,000         |
| Eliminate Human Services Spending                 | 250,000         |
| Close Redondo Police Substation                   | 36,400          |
| Eliminate Advisory Committees                     | 30,000          |
| Suspend Downtown Beautification                   | 40,000          |
| Freeze General Fund Vacancies                     | 230,000         |
| Retain One-time Sales and B+O tax in General Fund | 275,000         |
| Retain funds for:                                 |                 |
| vehicle replacement                               | up to 1,183,813 |
| computer replacement                              | up to 304,698   |
| vehicle maintenance                               | up to 326,225   |
| Reduce 2025 COLA                                  | up to 840,000   |

The remaining budget deficit for 2025, after implementation of these budget strategies, is estimated to be between \$600,000 and \$1,000,000. Additional measures will need to be undertaken to close this gap. Some options include canceling City funded events (summer festivals/concerts), eliminating City Currents/Channel 21, staff layoffs/furloughs, further increasing participation fees in City programs or eliminating programs.

It should be noted that funds for vehicle replacement, computer replacement, etc. are not likely to be 100% retained as capital needs are expected.

## 2025-2026 BUDGET DRAFT PRESENTATION

Likewise, Cost of Living Adjustments are subject to negotiations with bargaining units. The Police Support Guild will be receiving a 3% COLA in 2025. As the budget process moves forward, baseline COLA levels will be determined for represented and non-represented staff positions.

### 2024 Fund Balance

#### **ARPA**

ARPA funds are required to be obligated by the end of 2024. ARPA funds that are not likely to be obligated are listed below along with other ARPA funds that are available to be redirected. The proposed uses for these funds can help support the General Fund.

| Available ARPA   |                   |
|--|-------------------|
| Tenant Restroom  | \$ 400,000        |
| ADA Compliance Program (replaced by Redondo Speed Enforcement revenue) | 88,936            |
| Traffic Calming (replaced by Redondo Speed Enforcement revenue)        | 80,273            |
| Nonprofit  | 25,404            |
| Marina Redevelopment Materials   | 20,000            |
|  | <u>\$ 614,613</u> |

| Proposed Repurposing of ARPA                |                   |
|---|-------------------|
| Field House Play Equipment Overruns         | \$ 5,000          |
| 2024 SCORE Costs                            | 265,656           |
| 2024 LT-Crime Analyst/Mental Health Support | 143,957           |
| Police Department Overtime                  | 200,000           |
|   | <u>\$ 614,613</u> |

|  | 2025-2031 GENERAL FUND           |                              |                    |                    |                     |                     |                     |                     |                     |  |
|--|----------------------------------|------------------------------|--------------------|--------------------|---------------------|---------------------|---------------------|---------------------|---------------------|--|
|  | REVISED ANNUAL<br>BUDGET<br>2024 | PROJECTED<br>ACTUALS<br>2024 | BUDGET             |                    | FORECAST            |                     |                     |                     |                     |  |
|  |                                  |                              | 2025               | 2026               | 2027                | 2028                | 2029                | 2030                | 2031                |  |
| <b>BEGINNING FUND BALANCE</b>                              | \$ 5,210,847                     | \$ 4,671,467                 | \$ 3,879,031       | \$ (710,890)       | \$ (5,044,813)      | \$ (9,353,840)      | \$ (13,380,941)     | \$ (17,386,238)     | \$ (21,393,155)     |  |
| <b>Operating Revenues</b>                                  |                                  |                              |                    |                    |                     |                     |                     |                     |                     |  |
| Taxes  | 18,623,676                       | 17,890,602                   | 19,026,759         | 19,288,776         | 19,735,814          | 20,214,805          | 20,831,414          | 21,481,822          | 22,168,323          |  |
| Licenses and Permits                                       | 315,000                          | 315,000                      | 325,500            | 341,500            | 346,250             | 356,250             | 356,250             | 361,250             | 361,250             |  |
| Intergovernmental  | 1,043,304                        | 1,037,472                    | 859,397            | 837,201            | 1,005,500           | 1,041,463           | 1,079,223           | 1,118,872           | 1,160,503           |  |
| Fees/Charges/Fines   | 2,390,594                        | 1,857,850                    | 1,826,350          | 1,861,990          | 1,825,300           | 1,825,300           | 1,775,300           | 1,775,300           | 1,775,300           |  |
| Other  | 2,131,561                        | 2,046,411                    | 2,284,558          | 2,356,623          | 2,363,197           | 2,415,992           | 2,474,342           | 2,528,259           | 2,557,755           |  |
|  | <u>24,504,135</u>                | <u>23,147,335</u>            | <u>24,322,564</u>  | <u>24,686,090</u>  | <u>25,276,061</u>   | <u>25,853,810</u>   | <u>26,516,529</u>   | <u>27,265,503</u>   | <u>28,023,131</u>   |  |
| <b>Operating Expenditures</b>                              |                                  |                              |                    |                    |                     |                     |                     |                     |                     |  |
| Policy and Support Services                                | 6,962,913                        | 6,709,697                    | 7,754,909          | 7,815,402          | 8,256,643           | 8,105,416           | 8,265,701           | 8,751,644           | 8,627,281           |  |
| Public Safety Services                                     | 14,929,580                       | 14,627,620                   | 16,184,314         | 16,073,304         | 16,296,418          | 16,651,265          | 17,020,181          | 17,189,142          | 17,559,964          |  |
| Community Services   | 5,068,843                        | 4,331,471                    | 4,626,530          | 4,649,267          | 4,605,627           | 4,697,830           | 4,809,544           | 4,905,233           | 5,022,565           |  |
| Other  | 277,600                          | 226,600                      | 346,732            | 482,041            | 426,400             | 426,400             | 426,400             | 426,400             | 426,400             |  |
|  | <u>27,238,936</u>                | <u>25,895,388</u>            | <u>28,912,485</u>  | <u>29,020,014</u>  | <u>29,585,088</u>   | <u>29,880,911</u>   | <u>30,521,826</u>   | <u>31,272,420</u>   | <u>31,636,210</u>   |  |
| <b>** Net Activity ("Operating revenues over (under) )</b> | <u>(2,734,801)</u>               | <u>(2,748,053)</u>           | <u>(4,589,921)</u> | <u>(4,333,924)</u> | <u>(4,309,027)</u>  | <u>(4,027,101)</u>  | <u>(4,005,297)</u>  | <u>(4,006,916)</u>  | <u>(3,613,079)</u>  |  |
| <b>ONE-TIME ACTIVITIES</b>                                 |                                  |                              |                    |                    |                     |                     |                     |                     |                     |  |
| <b>Revenues</b>  |                                  |                              |                    |                    |                     |                     |                     |                     |                     |  |
| Sound Transit  |                                  | 212,944                      | 154,868            | 19,359             | -                   | -                   | -                   | -                   | -                   |  |
| American Rescue Plan Funding                               | 1,850,617                        | 1,850,617                    |                    |                    | -                   | -                   | -                   | -                   | -                   |  |
| One-Time Sales & B&O Tax Revenues                          | 265,000                          | 105,000                      |                    |                    | -                   | -                   | -                   | -                   | -                   |  |
| <b>Total One-Time Revenues</b>                             | <u>2,115,617</u>                 | <u>2,168,561</u>             | <u>154,868</u>     | <u>19,359</u>      | -                   | -                   | -                   | -                   | -                   |  |
| <b>One-time Expenditures</b>                               |                                  |                              |                    |                    |                     |                     |                     |                     |                     |  |
| Transfer Out - One-Time Sales & B&O Tax                    | -                                | -                            |                    |                    | -                   | -                   | -                   | -                   | -                   |  |
| ARPA Expenditures  |                                  | -                            |                    |                    | -                   | -                   | -                   | -                   | -                   |  |
| Sound Transit related expenditures                         |                                  | (212,944)                    | (154,868)          | (19,359)           | -                   | -                   | -                   | -                   | -                   |  |
| <b>Total One-Time Expenditures</b>                         | <u>-</u>                         | <u>(212,944)</u>             | <u>(154,868)</u>   | <u>(19,359)</u>    | -                   | -                   | -                   | -                   | -                   |  |
| <b>Change in Fund Balance</b>                              | (619,184)                        | (792,436)                    | (4,589,921)        | (4,333,924)        | (4,309,027)         | (4,027,101)         | (4,005,297)         | (4,006,916)         | (3,613,079)         |  |
| <b>ENDING FUND BALANCE</b>                                 | \$ 4,591,663                     | \$ 3,879,031                 | \$ (710,890)       | \$ (5,044,813)     | \$ (9,353,840)      | \$ (13,380,941)     | \$ (17,386,238)     | \$ (21,393,155)     | \$ (25,006,234)     |  |
| <b>GFOA Target of 60 days (approx. 16.67%)</b>             | <u>4,540,731</u>                 | <u>4,316,761</u>             | <u>4,819,711</u>   | <u>4,837,636</u>   | <u>4,931,834</u>    | <u>4,981,148</u>    | <u>5,087,988</u>    | <u>5,213,112</u>    | <u>5,273,756</u>    |  |
| <b>Reserve (shortfall) surplus to GFOA Target</b>          | <u>50,933</u>                    | <u>(437,730)</u>             | <u>(5,530,601)</u> | <u>(9,882,450)</u> | <u>(14,285,674)</u> | <u>(18,362,089)</u> | <u>(22,474,227)</u> | <u>(26,606,267)</u> | <u>(30,279,990)</u> |  |
| <b>Ending Reserve - % Total Operating Expenditures</b>     | 16.86%                           | 14.98%                       | -2.46%             | -17.38%            | -31.62%             | -44.78%             | -56.96%             | -68.41%             | -79.04%             |  |

# 2025/2026 Budget Presentation

City of Des Moines, Washington

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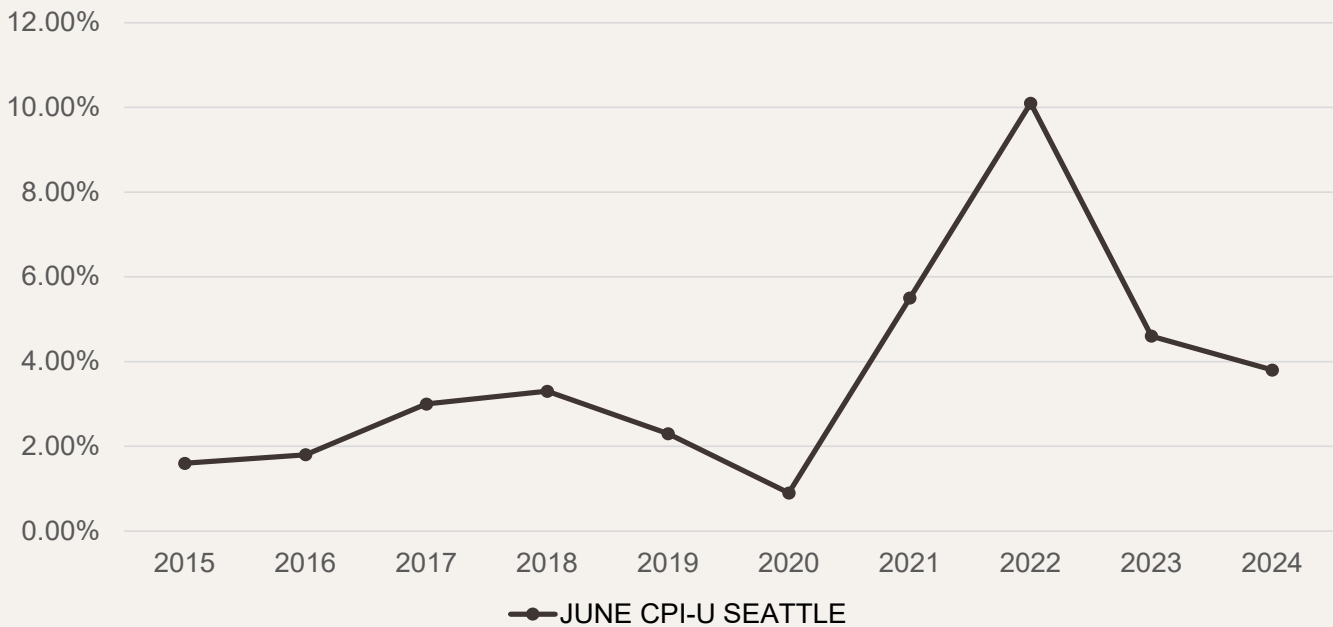
**01**  
Economic  
Environment

**02**  
Financial  
Forecast

**03**  
Budget  
Strategies

# 01 Economic Environment

## Inflation Rate



According to the Bureau of Labor Statistics' Inflation Calculator:

What cost \$1 in June of 2020 costs \$1.22 in June 2024

# Seattle

## City Council gets its 'audit' showing inflation, wages at center of Seattle's ballooning budget

Posted on [Thursday, May 2, 2024 - 9:00 am](#) by [jseattle](#)

A review of the city's spending plan by the **City Council** reveals **Seattle City Hall** is facing the same pressures as the rest of the nation when it comes to ballooning costs. A new study reveals nearly 80% of Seattle's \$1.7 billion budget increase is due to inflation and soaring wages. New programs accounted for only 19% of the jump with the remaining two percent of spending being powered by one-time revenue injections like federal aid during the pandemic.

The review comes as Seattle faces [a looming \\$230+ million budget hole](#).

# King County

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## Legislature passes bills that may help King County’s budget crisis

March 25, 2024 at 6:00 am | Updated March 25, 2024 at 6:00 am



By [David Gutman](#)  
*Seattle Times staff reporter*

Last fall, King County Executive Dow Constantine issued dire warnings about the county’s budget situation: Without help from the Legislature, it would be forced to shutter all or almost all of its 10 public health clinics.

The county’s general fund is fueled almost entirely by property taxes, and Olympia strictly limits how much counties can collect in those taxes. With inflation running hot the last several years, [Constantine said, the county’s expenses](#) were outpacing the money it was able to bring in.

## Edmonds

### Edmonds mayor makes first pitch of plan to fill \$20.5M budget deficit

The city used \$12.5 million in one-time funds and \$8 million from reserves to balance its 2024 budget — with a deficit looming.

“Inflation spiked city costs by 21.7% over the past three years, but state law only allows cities to increase taxes by a maximum of 1% annually.”

- **HeraldNet**

“That’s pretty much a recipe for a slow death if your costs are going up by that kind of pace and you can’t increase your revenue by anywhere near that”

- **Edmonds Mayor Mike Rosen**

# Ballot Measures

## PASSED

**City of Covington** – Sales and Use Tax for Transportation - .2% increase

**City of Snoqualmie** – Sales and Use Tax for Public Safety - .1% increase

**City of Maple Valley** – Public Safety Property Tax Levy Lid Lift - \$.45 increase (November 2023)

**City of Buckley** – EMS Services Property Tax Levy Lid Lift - \$.20 increase

**City of Gig Harbor** – Public Safety Sales Tax - .1% increase

## FAILED

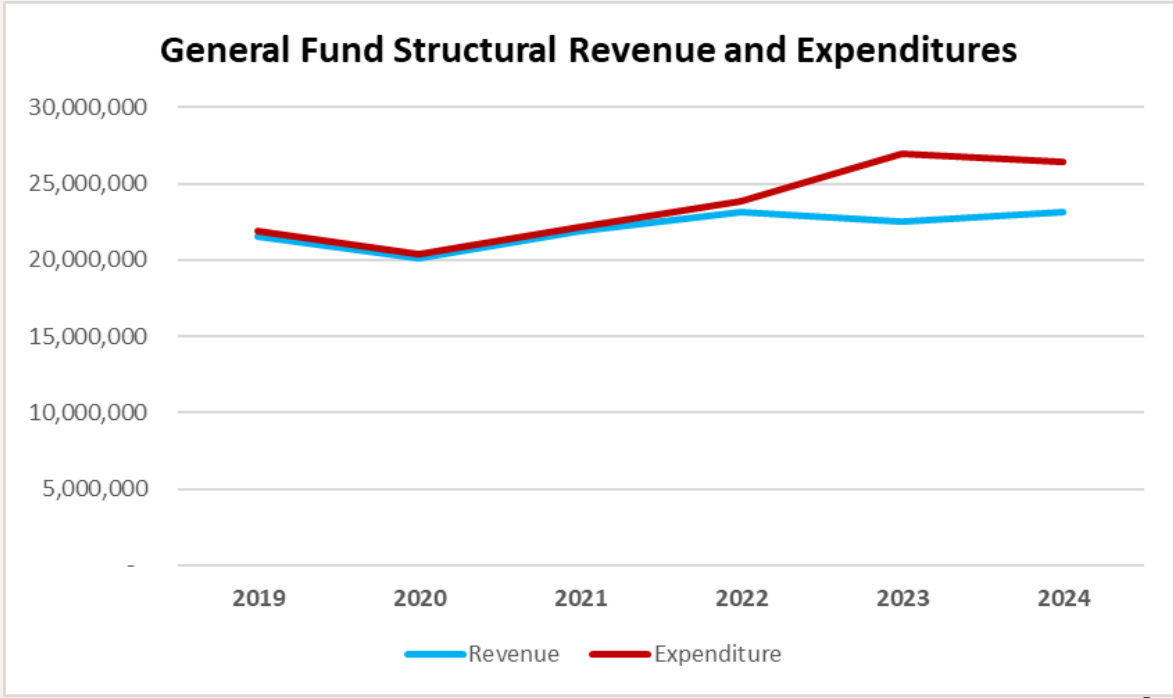
**City of Des Moines** – Public Safety Property Tax Levey Lid Lift - \$.50 increase

**City of Everett** – Public Safety Property Tax Levy Lid Lift - \$.67 increase

**City of Gig Harbor** – Public Safety Property Tax Levy Lid Lift - \$.40 increase (April 2024)

# City of Des Moines

### General Fund Structural Revenue and Expenditures



2024 Budget Retreat – September 14, 2023



Finance Committee



Levy Lid Lift Ballot Measure  
Recommendation

# 02

## Financial Forecast

# Forecast Assumptions

- A 3.8% Cost of Living Adjustment (3% for Police Support Guild members)
- A 10% increase in medical premium costs
- Full funding for
  - o vehicle replacement (\$1,183,813)
  - o computer replacement (\$304,698)
  - o vehicle maintenance (\$326,225)
- Transfer Out of One-time Sales Tax and B+O Tax
- Public safety positions funded by the American Rescue Plan Act have been removed (Eliminates 2 Police Officer positions, Crime Analyst and Mental Health/Social Worker position)
- A 2% growth in Sales Tax
- A 1% increase to Property Tax revenue

## 2025 General Fund Forecast

Revenue = \$24,477,432

Expenditures = \$29,067,353

Budget Deficit = **\$4,589,921**

## 2026 General Fund Forecast

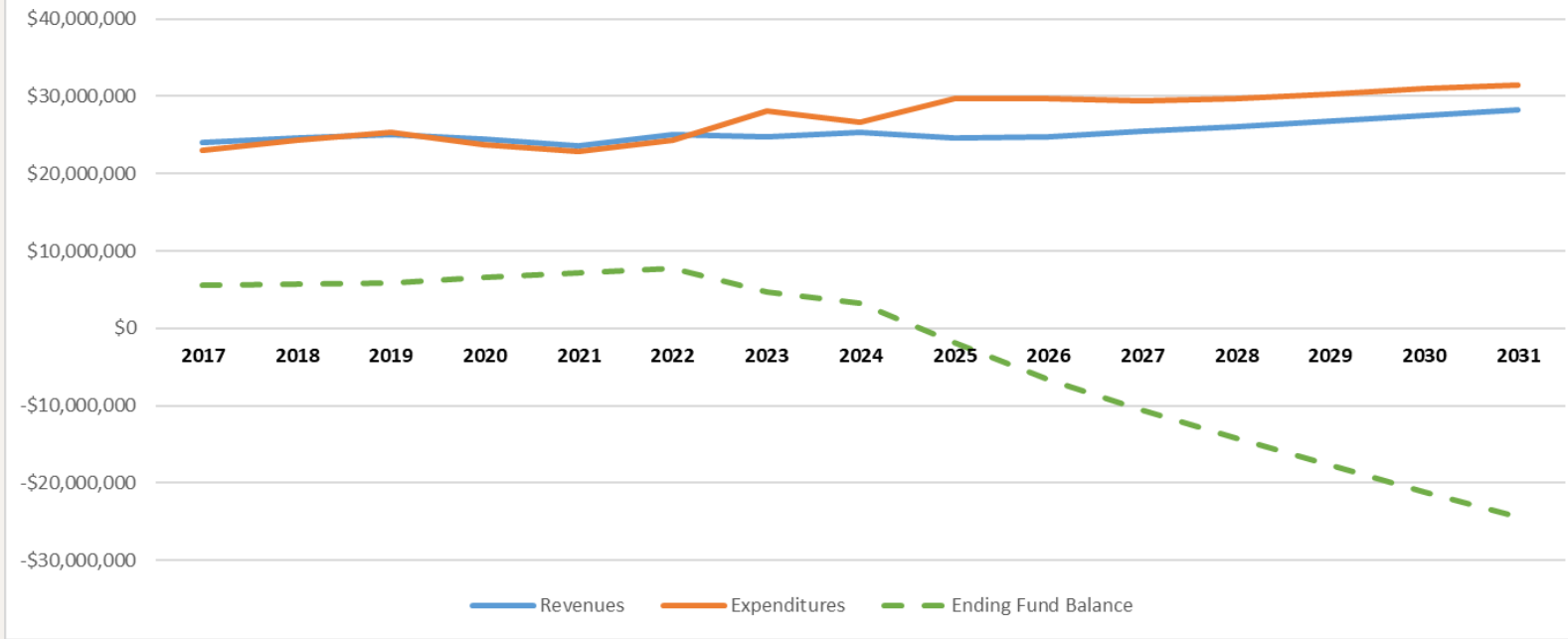
Revenue = \$24,705,449

Expenditures = \$29,039,373

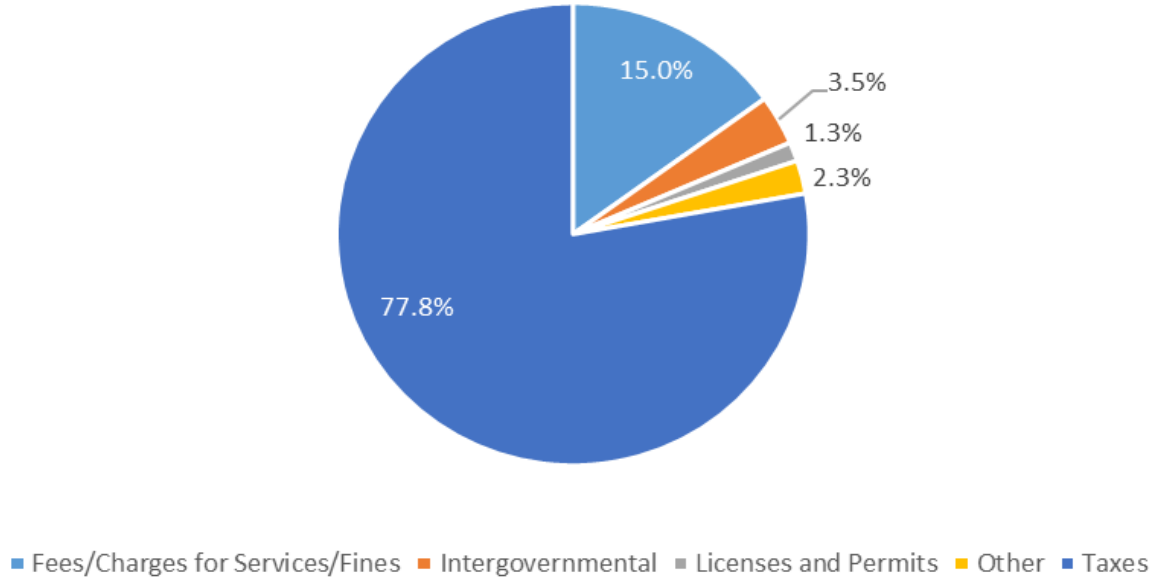
Budget Deficit = **\$4,333,924**

|   | 2025-2031 GENERAL FUND     |                        |                     |                       |                       |                        |                        |                        |                        |  |
|---|----------------------------|------------------------|---------------------|-----------------------|-----------------------|------------------------|------------------------|------------------------|------------------------|--|
|   | REVISED ANNUAL BUDGET 2024 | PROJECTED ACTUALS 2024 | BUDGET              |                       | FORECAST              |                        |                        |                        |                        |  |
|   |                            |                        | 2025                | 2026                  | 2027                  | 2028                   | 2029                   | 2030                   | 2031                   |  |
| <b>BEGINNING FUND BALANCE</b>                             | \$ 5,210,847               | \$ 4,671,467           | \$ 3,879,031        | \$ (710,890)          | \$ (5,044,813)        | \$ (9,353,840)         | \$ (13,380,941)        | \$ (17,386,238)        | \$ (21,393,155)        |  |
| <b>Operating Revenues</b>                                 |                            |                        |                     |                       |                       |                        |                        |                        |                        |  |
| Taxes   | 18,623,676                 | 17,890,602             | 19,026,759          | 19,288,776            | 19,735,814            | 20,214,805             | 20,831,414             | 21,481,822             | 22,168,323             |  |
| Licenses and Permits                                      | 315,000                    | 315,000                | 325,500             | 341,500               | 346,250               | 356,250                | 356,250                | 361,250                | 361,250                |  |
| Intergovernmental   | 1,043,304                  | 1,037,472              | 859,397             | 837,201               | 1,005,500             | 1,041,463              | 1,079,223              | 1,118,872              | 1,160,503              |  |
| Fees/Charges/Fines  | 2,390,594                  | 1,857,850              | 1,826,350           | 1,861,990             | 1,825,300             | 1,825,300              | 1,775,300              | 1,775,300              | 1,775,300              |  |
| Other   | 2,131,561                  | 2,046,411              | 2,284,558           | 2,356,623             | 2,363,197             | 2,415,992              | 2,474,342              | 2,528,259              | 2,557,755              |  |
|   | <u>24,504,135</u>          | <u>23,147,335</u>      | <u>24,322,564</u>   | <u>24,686,090</u>     | <u>25,276,061</u>     | <u>25,853,810</u>      | <u>26,516,529</u>      | <u>27,265,503</u>      | <u>28,023,131</u>      |  |
| <b>Operating Expenditures</b>                             |                            |                        |                     |                       |                       |                        |                        |                        |                        |  |
| Policy and Support Services                               | 6,962,913                  | 6,709,697              | 7,754,909           | 7,815,402             | 8,256,643             | 8,105,416              | 8,265,701              | 8,751,644              | 8,627,281              |  |
| Public Safety Services                                    | 14,929,580                 | 14,627,620             | 16,184,314          | 16,073,304            | 16,296,418            | 16,651,265             | 17,020,181             | 17,189,142             | 17,559,964             |  |
| Community Services  | 5,068,843                  | 4,331,471              | 4,626,530           | 4,649,267             | 4,605,627             | 4,697,830              | 4,809,544              | 4,905,233              | 5,022,565              |  |
| Other   | 277,600                    | 226,600                | 346,732             | 482,041               | 426,400               | 426,400                | 426,400                | 426,400                | 426,400                |  |
|   | <u>27,238,936</u>          | <u>25,895,388</u>      | <u>28,912,485</u>   | <u>29,020,014</u>     | <u>29,585,088</u>     | <u>29,880,911</u>      | <u>30,521,826</u>      | <u>31,272,420</u>      | <u>31,636,210</u>      |  |
| <b>** Net Activity (*Operating revenues over (under))</b> | <u>(2,734,801)</u>         | <u>(2,748,053)</u>     | <u>(4,589,921)</u>  | <u>(4,333,924)</u>    | <u>(4,309,027)</u>    | <u>(4,027,101)</u>     | <u>(4,005,297)</u>     | <u>(4,006,916)</u>     | <u>(3,613,079)</u>     |  |
| <b>ONE-TIME ACTIVITIES</b>                                |                            |                        |                     |                       |                       |                        |                        |                        |                        |  |
| <b>Revenues</b>   |                            |                        |                     |                       |                       |                        |                        |                        |                        |  |
| Sound Transit   |                            | 212,944                | 154,868             | 19,359                | -                     | -                      | -                      | -                      | -                      |  |
| American Rescue Plan Funding                              | 1,850,617                  | 1,850,617              |                     |                       |                       |                        |                        |                        |                        |  |
| One-Time Sales & B&O Tax Revenues                         | 265,000                    | 105,000                |                     |                       |                       |                        |                        |                        |                        |  |
| <b>Total One-Time Revenues</b>                            | <u>2,115,617</u>           | <u>2,168,561</u>       | <u>154,868</u>      | <u>19,359</u>         | <u>-</u>              | <u>-</u>               | <u>-</u>               | <u>-</u>               | <u>-</u>               |  |
| <b>One-time Expenditures</b>                              |                            |                        |                     |                       |                       |                        |                        |                        |                        |  |
| Transfer Out - One-Time Sales & B&O Tax                   | -                          | -                      |                     |                       |                       |                        |                        |                        |                        |  |
| ARPA Expenditures   |                            |                        |                     |                       |                       |                        |                        |                        |                        |  |
| Sound Transit related expenditures                        |                            | (212,944)              | (154,868)           | (19,359)              |                       |                        |                        |                        |                        |  |
| <b>Total One-Time Expenditures</b>                        | <u>-</u>                   | <u>(212,944)</u>       | <u>(154,868)</u>    | <u>(19,359)</u>       | <u>-</u>              | <u>-</u>               | <u>-</u>               | <u>-</u>               | <u>-</u>               |  |
| <b>Change in Fund Balance</b>                             | <b>(619,184)</b>           | <b>(792,436)</b>       | <b>(4,589,921)</b>  | <b>(4,333,924)</b>    | <b>(4,309,027)</b>    | <b>(4,027,101)</b>     | <b>(4,005,297)</b>     | <b>(4,006,916)</b>     | <b>(3,613,079)</b>     |  |
| <b>ENDING FUND BALANCE</b>                                | <b>\$ 4,591,663</b>        | <b>\$ 3,879,031</b>    | <b>\$ (710,890)</b> | <b>\$ (5,044,813)</b> | <b>\$ (9,353,840)</b> | <b>\$ (13,380,941)</b> | <b>\$ (17,386,238)</b> | <b>\$ (21,393,155)</b> | <b>\$ (25,006,234)</b> |  |
| GFOA Target of 60 days (approx. 16.67%)                   | <u>4,540,731</u>           | <u>4,316,761</u>       | <u>4,819,711</u>    | <u>4,837,636</u>      | <u>4,931,834</u>      | <u>4,981,148</u>       | <u>5,087,988</u>       | <u>5,213,112</u>       | <u>5,273,756</u>       |  |
| Reserve (shortfall) surplus to GFOA Target                | <u>50,933</u>              | <u>(437,730)</u>       | <u>(5,530,601)</u>  | <u>(9,882,450)</u>    | <u>(14,285,674)</u>   | <u>(18,362,089)</u>    | <u>(22,474,227)</u>    | <u>(26,606,267)</u>    | <u>(30,279,990)</u>    |  |
| Ending Reserve - % Total Operating Expenditures           | 16.86%                     | 14.98%                 | -2.46%              | -17.38%               | -31.62%               | -44.78%                | -56.96%                | -68.41%                | -79.04%                |  |

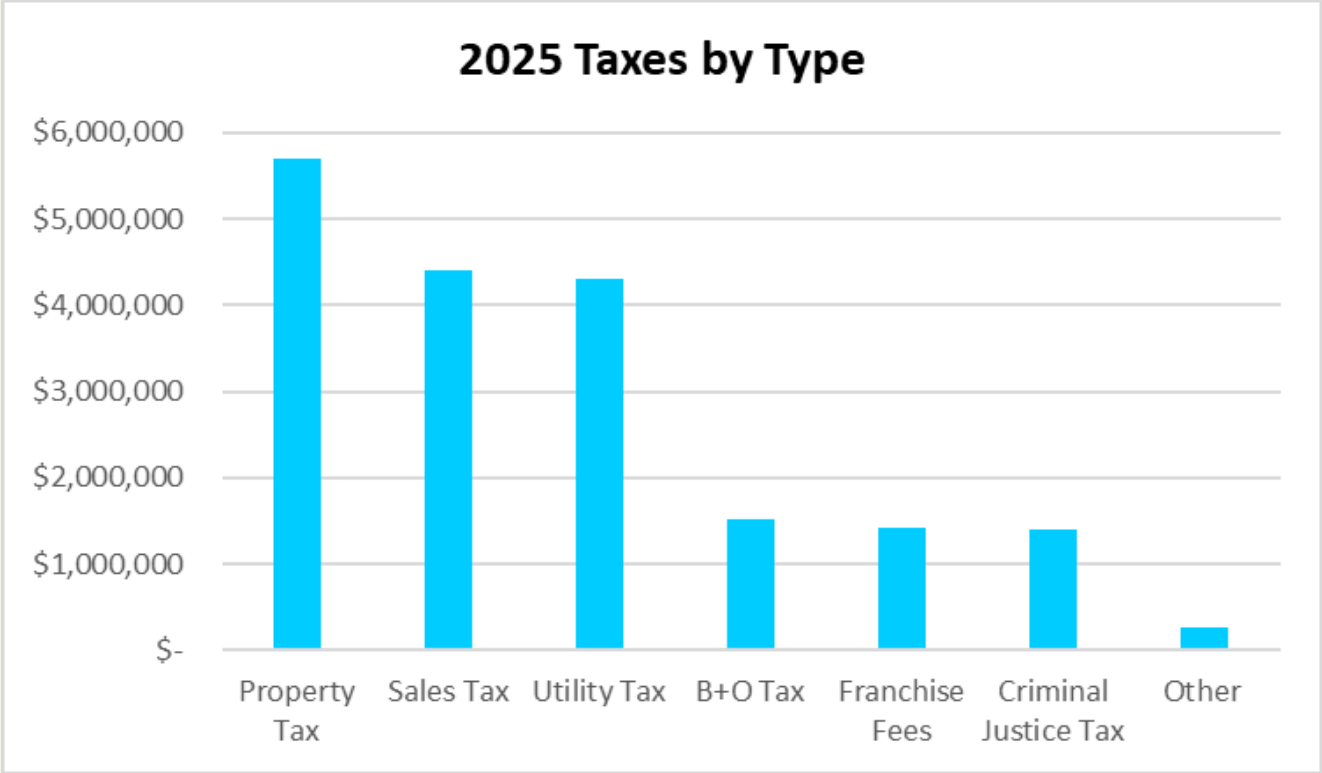
### General Fund Financial Forecast



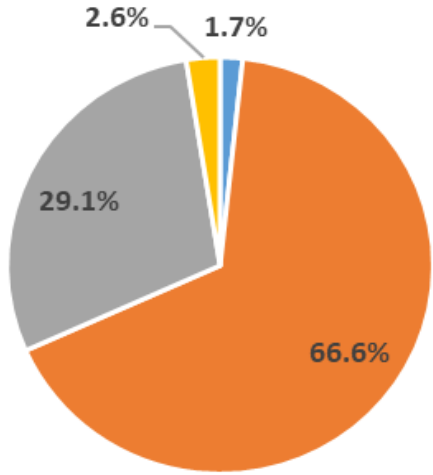
## 2025 General Fund Revenue by Type



### 2025 Taxes by Type

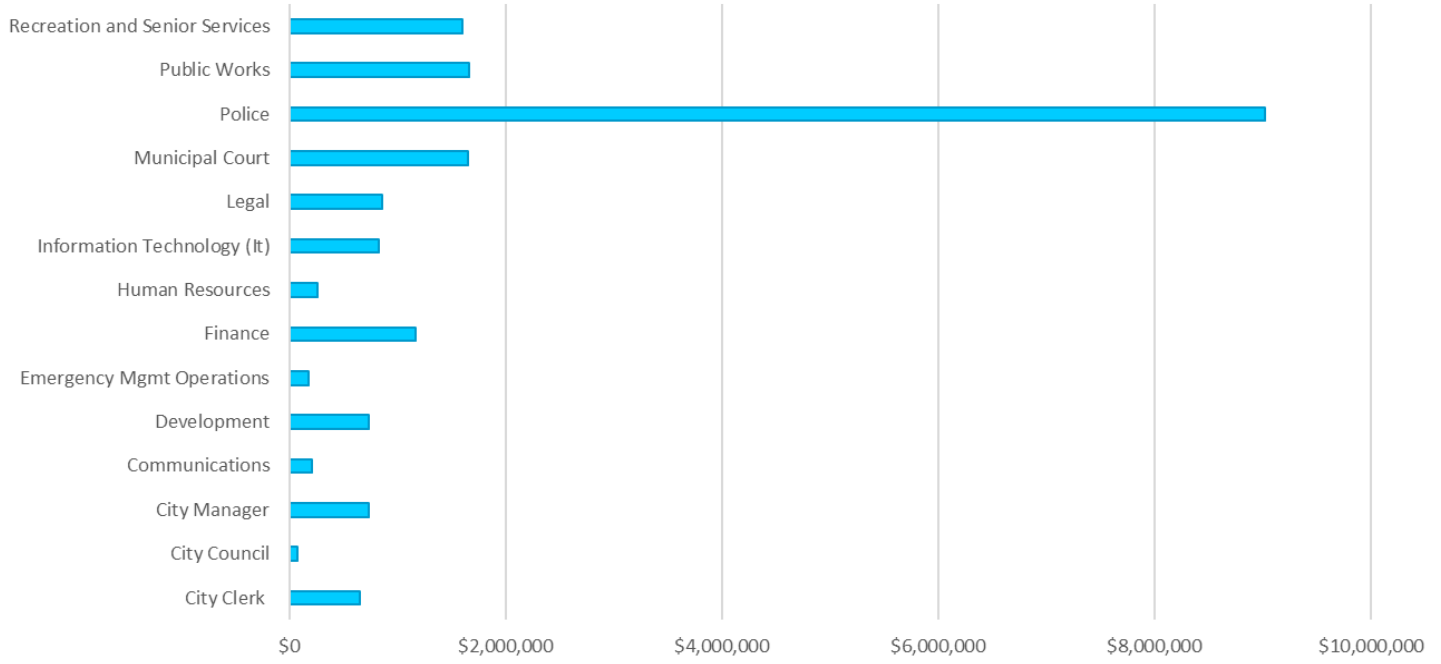


## 2025 General Fund Budget



■ Other ■ Salary and Benefits ■ Services ■ Supplies

### 2025 Salary and Benefits by Department



# 03

## Budget Strategies

A balanced budget refers to the budgeting concept that appropriations should not exceed resources available to cover these expenditures.

Cities and towns are required to pass a balanced budget (RCW 35.33.075, 35A.33.075, 35.34.120, and 35A.34.120).

# 2024 – ARPA

## Available ARPA

|  |            |
|--|------------|
| Tenant Restroom  | \$ 400,000 |
| ADA Compliance Program (replaced by Redondo Speed Enforcement revenue) | 88,936     |
| Traffic Calming (replaced by Redondo Speed Enforcement revenue)        | 80,273     |
| Nonprofit  | 25,404     |
| Marina Redevelopment Materials   | 20,000     |
|  | <hr/>      |
|  | \$ 614,613 |

## Proposed Repurposing of ARPA

|   |            |
|---|------------|
| Field House Play Equipment Overruns         | \$ 5,000   |
| 2024 SCORE Costs                            | 265,656    |
| 2024 LT-Crime Analyst/Mental Health Support | 143,957    |
| Police Department Overtime                  | 200,000    |
|   | <hr/>      |
|   | \$ 614,613 |

## 2025/2026 Revenue

- Business licenses - **\$112,000**
- Public records request fee increase - **\$20,000**
- Utility tax on non-franchise prohibited utilities - **\$88,500**

## 2025/2026 Expenditures

- Terminate Wesley Senior Services contract/Reorganize Recreation/Senior Services/Events and Facility Rentals - **\$150,000**
- Close Redondo substation - **\$36,400**
- Eliminate Human Services spending - **\$250,000**
- Eliminate advisory committees - **\$30,000**

## 2025/2026 Expenditures

- End Burien Cares contract- **\$100,000**
- End watering downtown flower baskets- **\$40,000**
- Freeze General Fund vacancies - **\$230,000**
- Retain One-Time Sales and B+O Tax - **\$275,000**
- Reduce Cost of Living Adjustment

## 2025/2026 Expenditures

- Eliminate City Currents - **\$60,000** annually plus **\$20,000** postage
- Eliminate Channel 21 - **\$50,000**
- Reduce training and travel budget - **\$60,000**

## 2025/2026 Expenditures

Retain Funds for:

- Vehicle replacement - savings of about **\$650,000**
- Computer replacement – up to \$304,698
- Vehicle maintenance – up to \$326,225
  
- Close SJU Park parking and bathroom - **\$40,000**

## 2025/2026 Expenditures

- Cancel city funded events
  - Waterland Weekend
  - July 4<sup>th</sup>
  - Summer Concerts and Park Events
- Increase participation fees in City programs or eliminate programs
- Staff layoffs/furloughs

CITY OF DES MOINES

# 2024 City Manager Selection



## CITY MANAGER PROCESS RECAP

- Secured an executive search firm to conduct the City Manager recruitment.
- Updated the City Manager Job Description.
- Adopted a new salary methodology and range for the 2024 City Manager Pay Schedule.
- Participated in “Listening Sessions” with the consultant.
- Provided input that later became the City Manager Recruitment Brochure.
  - **The job posting went live on May 30, 2024 and closed on June 30, 2024.**
  - (29) applicants applied.
- Selected (13) semi-finalist to respond to (20) written supplemental questions and (4) online self interview questions.
- (11) candidates provided the requested supplemental materials.
- (4) candidates were moved forward to the onsite interview phase.



# CITY MANAGER PROCESS RECAP

- (4) Finalists:
  - **Katherine Caffrey**
  - **Michael Eklund-Grayum**
  - **Daniel Eernisse**
  - **Shannon Kelly-Fong**
- (2)-day onsite interview process:
  - City Tour
  - (3) panel interviews –Sr. Leadership, Community and City Council
  - (3) Meet and Greets- Staff, Citizens Advisory Committee and Des Moines Community
- Additional Evaluation Elements:
  - Comment Cards
  - DiSC Assessments
  - References
  - Background Checks



# CITY COUNCIL CITY MANAGER SELECTION

- CITY COUNCIL DISCUSSION ON CANDIDATE SELECTION



# CITY COUNCIL STUDY SESSION



## Speaker Sign-Up Sheet

Comments from the public must be limited to the items of business on the study Session Agenda. Please sign in prior to the meeting and limit your comments to three (3) minutes.

September 05, 2024

| NAME (PLEASE PRINT) | ADDRESS                    | TOPIC                | PHONE/E-MAIL ADDRESS   |
|---------------------|----------------------------|----------------------|--|
| ✓ Lin Cashman       | Marina District            | Human Service Budget |  |
| ✓ Diane Tucker      | 28618 Redondo Beach DS     | Left Levy            | 206-910-8110   |
| ✓ Victoria Andrews  | DM                         | Budget               | VAndrews@mon.com   |
| ✓ Chuck Coleman     | DM                         | Budget               | colemantpovertybay@gmail.com   |
| ✓ Melanie Barlow    | 28120 Redondo Beach Dr. S. | Budget               | 206 941-5212<br>melaniasdesign<br>pug-roxie.comcast.net<br>importscare.com |
| ✓ Kay Jann          | Redondo Beach              | Safety               | 200 853 1826   |
| ✓ Theresa Linko     | Redondo                    | Park not ADA         | Redondo  |
|                     |                            |                      |  |
|                     |                            |                      |  |
|                     |                            |                      |  |
|                     |                            |                      |  |
|                     |                            |                      |  |
|                     |                            |                      |  |

9/3/24, 4:11 PM

*Diane*

*Good Evening -*

Please print My comments Diane - henrykerr41@gmail.com - Gmail

My name is Diane Tucker and I am a resident of DM. I am currently a United Airlines Flight Attendant elected as the Benefits Chairperson for our Union AFA-CWA representing 30,000 Members. In that capacity I oversee a \$275,000 budget yearly. I know about budgeting —as do most Voters in DM.

Having reviewed the DM projected deficits for the next 5 years, it is time for REALISTIC decisions to take place. It is vital —both the DM city staff and Council begin to prioritize the needs of the citizens of DM —versus advancing projects such as the 'Stairs to nowhere' and a ferry that few citizens in DM ever use.

We support our first responders and we will continue to do so...

Public safety, roads, parks and recreation —these are the issues we want addressed.

We also want the city and the Council to develop long term goals to promote business growth by offering short term tax incentives to small businesses.

BUT at the same time, cuts must be made to non-essential projects and staff positions. Additionally, "across the board cuts" must be made to each city department and they should remain in place until the deficit is under control.

Absence this type of strategy, consolidation or outsourcing of services will need to be seriously considered— possibly with or to our neighbors in Burien, SEA-TAC, and Normandy Park....

Frivolous projects such as the "stairs to nowhere" and passenger ferry, and hiring consultants for very project—those resources should be immediately reallocated to public safety.

There are approximately 12,500 households in DM —many are middle and lower income and city and Council have left us with no choice...Voters in DM must take action to defeat the 57% levy lift tax burden.

We are here to state emphatically —the Citizens Against the Lift Levy will continue our mission: we will make it clear to voters—"there is no plan, no strategy and wasteful spending continues".

*Lift*  
"AND supporting the 57% increase to our property taxes would only encourage those in leadership positions to continue their wasteful spending practices—we cannot and will not stand by and allow that to happen".

Thank you for your time.