



**MONROE CITY COUNCIL**  
Regular Study Session & Business Meeting  
Tuesday, October 20, 2020, 7:00 P.M.  
Zoom Online Meeting Platform

**Mayor**  
Geoffrey Thomas

**Councilmembers**  
Ed Davis, Mayor Pro Tem;  
Patsy Cudaback; Kevin Hanford;  
Jason Gamble, Jeff Rasmussen;  
Kirk Scarboro, & Heather Rousey

**AGENDA**

**CALL TO ORDER**

1. Virtual Participation Information

The City Council meeting will be held virtually via Zoom Meeting. Due to the COVID-19 pandemic, and Proclamation 20-28.11 issued by Governor Jay Inslee, in-person attendance is not permitted at this time.

Join Zoom Meeting:

- Click link: <https://us02web.zoom.us/j/89536855135>
- Dial in: (253) 215-8782
- Meeting ID: 895 3685 5135

**ROLL CALL**

**PLEDGE OF ALLEGIANCE** (Councilmember Gamble)

**FINAL ACTION**

1. [AB20-170: Waive Council Rules of Procedure – Business Meeting Format \(B. Hasart\)](#)

**PUBLIC HEARING**

1. [AB20-171: 2021 Recommended Budget \(B. Hasart\)](#)

**PUBLIC COMMENTS**

*(This time is set aside for members of the public to speak to the City Council on any issue related to the City of Monroe; except any quasi-judicial matter subject to a public hearing. Three minutes will be allowed per speaker.)*

1. Virtual Participation Information

If you are attending the meeting virtually (using the link or number provided above) please indicate that you would like to speak by clicking “raise hand” and the Mayor will call on attendees to speak at the appropriate time. If you are joining by phone, dial \*9 to “raise hand.”

**STAFF/DEPARTMENT REPORTS**

**COUNCILMEMBER REPORTS**

**MAYOR/ADMINISTRATIVE REPORTS**

1. City Administrator Update (D. Knight)
  - [Extended Agenda](#)
2. Mayor’s Update
  - [Monroe This Week \(October 16, 2020, Volume 6, Edition 40\)](#)

**DISCUSSION ITEMS**

1. [AB20-172: 2021 Recommended Budget \(B. Hasart\)](#)
2. [AB20-173: Review 2020-2023 Court Services Cost Projection \(D. Knight, T. Christian, and R. Huebner\)](#)

ACCOMMODATIONS FOR PEOPLE WITH DISABILITIES WILL BE PROVIDED UPON REQUEST.

For assistance, please contact the City Clerk’s Office at 425-967-1272 in advance of the meeting.

**THE CITY COUNCIL MAY ADD AND TAKE ACTION ON OTHER ITEMS NOT LISTED ON THIS AGENDA**



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**Mayor**  
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**EXECUTIVE SESSION**

1. If needed.

**ADJOURNMENT** (*majority vote to extend past 10:00 p.m.*)

**CLOSED SESSION**

1. Collective Bargaining Discussion pursuant to RCW 42.30.140(4)(a)

ACCOMMODATIONS FOR PEOPLE WITH DISABILITIES WILL BE PROVIDED UPON REQUEST.  
For assistance, please contact the City Clerk's Office at 425-967-1272 in advance of the meeting.  
**THE CITY COUNCIL MAY ADD AND TAKE ACTION ON OTHER ITEMS NOT LISTED ON THIS AGENDA**



# MONROE CITY COUNCIL

## Agenda Bill No. 20-170

<b>SUBJECT:</b>	<b>Waive Council Rules of Procedure – Business Meeting &amp; Study Session Format</b>
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<b>DATE:</b>	<b>DEPT:</b>	<b>CONTACT:</b>	<b>PRESENTER:</b>	<b>ITEM:</b>
10/20/2020	City Clerk	Becky Hasart	Becky Hasart	Final Action #1

- Discussion:** 10/20/2020  
**Attachments:** 1. Monroe Municipal Code 2.04, Council Meetings  
 2. Council Rules of Procedure Section 3.1 & Section 17

**REQUESTED ACTION:** Move to waive Council Rules of Procedure to allow final action to be taken at a study session; and to hold a Business Meeting and Study Session on Tuesday, October 20, 2020.

### POLICY CONSIDERATIONS

*MMC 2.04.010, Council Meetings – Regular Meeting Date Established, states that “the city council shall hold its regular meetings on the first through fourth Tuesdays of each month” and “may limit the scope of its regular meetings, such as designating some of them “study session,” in its by-laws or other rules of procedure.”*

*The City Council Rules of Procedure Section 3.1.3, states “the first and third Tuesdays of each month shall be deemed to be a “Study Session.” Study Sessions will be informal meetings for the purpose of reviewing forthcoming programs or projects, or receiving similar information. No final decisions/actions can be made during a study session. Final action on study session items will be scheduled for a forthcoming regular or special Council meeting;” and Section 17. 1 states “Any provision of these rules not governed by state law or ordinance may be temporarily waived suspended by a majority vote of the Council...”*

### DESCRIPTION/BACKGROUND

RCW 35A.33 govern budgets for optional municipal code cities. These statutes require the city to hold public hearings on the preliminary budget prior to the hearing on the final budget.

Prior to the final hearing on the budget, the legislative body or a committee thereof shall schedule hearings on the budget or parts thereof, and may require the presence of department heads to give information regarding estimates and programs.

For this evening, staff recommendation is to hold the public hearing to take testimony on the 2021 Recommended Budget. No further action is required tonight. Actual discussion regarding any policy issues related to the proposed budget and/or related to any public comments received would be discussed at the Budget Workshop scheduled for later this evening and at the final budget hearing on October 27, 2020.

Both the property tax ordinance and the 2021 Budget Ordinance will be presented on October 27, 2020 for first reading.

### FISCAL IMPACTS

N/A.



# MONROE CITY COUNCIL

## *Agenda Bill No. 20-170*

### **TIME CONSTRAINTS**

Preliminary hearings on the proposed budget must be held prior to the final public hearing (RCW 35A.33.055). The final public hearing for the budget may be continued from day-to-day but should not go beyond the twenty-fifth day prior to next fiscal year, which is December 7, 2020 (RCW 35A.33.070). Tonight is the second preliminary hearing and the final public hearing for the budget is scheduled for October 27, 2020 but may be continued if needed.

Because the City is on a calendar fiscal year, the City must adopt a budget prior to the end of 2020.

### **ALTERNATIVES**

Do not waive Council Rules; keep the meeting as a Study Session only for discussion items; and defer all action items to the Tuesday, October 27, 2020, City Council Regular Business Meeting.

## Chapter 2.04 COUNCIL MEETINGS

### Sections:

[2.04.010](#) Regular meeting date established.

[2.04.020](#) Place of meeting.

[2.04.030](#) Change in meeting.

### **2.04.010 Regular meeting date established.**

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The city council shall hold its regular meetings on the first through fourth Tuesdays of each month at the hour of seven p.m. The city council may limit the scope of its regular meetings, such as designating some of them “study sessions,” in its by-laws or other rules of procedure. (Ord. 007/2006 § 1; Ord. 010/2004)

### **2.04.020 Place of meeting.**

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The place of meeting of the city council shall be in the City Hall. (Ord. 15, 1903; Ord. 1, 1903)

### **2.04.030 Change in meeting.**

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Whenever a regularly stated meeting of the council falls on a holiday or a holiday eve, the council may, by motion, change that particular date to another suitable date, which changed date shall then become a regular stated meeting date of the council. (Ord. 598, 1974; Ord. 362, 1958)

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### **The Monroe Municipal Code is current through Ordinance 033/2018, passed December 11, 2018.**

Disclaimer: The City Clerk's Office has the official version of the Monroe Municipal Code. Users should contact the City Clerk's Office for ordinances passed subsequent to the ordinance cited above.

## EXCERPTS FROM CITY COUNCIL RULES OF PROCEDURE

### SECTION 3. COUNCIL MEETINGS

The Monroe City Council may hold one of two types<sup>1</sup> of official meetings when a quorum of its members is present. "Quorum" is defined as at least four members of the City Council. Council shall choose their seating arrangements on the dais at the first meeting of every even year; selection order to be determined by seniority of each council member and the number of years served on City Council.

- 3.1 **REGULAR MEETINGS:** Regular meetings of the Monroe City Council will be held the first four Tuesdays of each month at the Council Chambers in City Hall.<sup>2</sup> However, Council reserves the right as deemed necessary to cancel, adjourn, or continue any regular meeting in accordance with state law.
- 3.1.1 Regular meetings will begin at 7:00 PM, and will be scheduled to end at 10:00 PM; provided that meetings may be extended by majority vote of the Council.
- 3.1.2 The second and fourth Tuesdays of each month shall be deemed to be a "Business Meeting." Business Meetings will be formal meetings for the purpose of all actions items; to include, and not be limited to, all public hearings, resolutions, ordinances, and minute orders for the approval of such items as appointment confirmations, contracts, interlocal agreements, grants, etc.
- 3.1.3 The first and third Tuesdays of each month shall be deemed to be a "Study Session." Study Sessions will be informal meetings for the purpose of reviewing forthcoming programs or projects, or receiving similar information. No final decisions/actions can be made during a study session. Final action on study session items will be scheduled for a forthcoming regular or special Council meeting.
- 3.1.4 Separate from public hearings and the designated Public Comments portion of each Regular Meeting, participation in City Council discussions is limited to Council members and those invited to speak by the Council.

### SECTION 17. SUSPENSION AND AMENDMENT OF RULES

- 17.1 Any provision of these rules not governed by state law or ordinance may be temporarily waived suspended by a majority vote of the Council, except as otherwise specified in these rules or required by law. Any formal action of the City Council in violation or disregard of these rules shall be deemed as an implied waiver thereof.
- 17.2 These rules may be amended or new rules adopted, by a majority vote of the Council.

<sup>1</sup> RCW provides for only two types of meetings, "regular" and "special."

<sup>2</sup> MMC 2.04.010: Provides for day and time of meetings. Also provides for study sessions.



# MONROE CITY COUNCIL

## Agenda Bill No. 20-171

<b>SUBJECT:</b>	<b>PUBLIC HEARING: 2021 Recommended Budget</b>			
<b>DATE:</b>	<b>DEPT:</b>	<b>CONTACT:</b>	<b>PRESENTER:</b>	<b>ITEM:</b>
10/20/2020	Finance	Becky Hasart	Becky Hasart	Public Hearing #1

**Discussion:** 10/13/2020, 10/20/2020  
**Public Hearings:** 10/13/2020, 10/20/2020, Final Hearing 10/27/2020  
**First Readings:** 10/27/2020 (ordinance setting property tax levy)  
 10/27/2020 (ordinance adopting 2021 Budget)  
 10/27/2020 (ordinance adopting 6 Year CIP)  
**Attachments:** 1. 2021 Mayor’s Message from Budget Book  
 2. 2021 Overview Pages from Budget Book  
 3. 2021 General Fund Overview Pages from Budget Book

<b>REQUESTED ACTION:</b>
A. (after public testimony, if any) Move to close the public testimony portion of the public hearing.
B. (after Council discussion, if any) Move to close the public hearing.

### POLICY CONSIDERATIONS

RCW 35A.33 govern budgets for optional municipal code cities. These statutes require the city to hold public hearings on the preliminary budget **prior to** the hearing on the final budget.

Prior to the final hearing on the budget, the legislative body or a committee thereof shall schedule hearings on the budget or parts thereof, and may require the presence of department heads to give information regarding estimates and programs.

For this evening, staff recommendation is to hold the public hearing to take testimony on the 2021 Recommended Budget. No further action is required tonight. Actual discussion regarding any policy issues related to the proposed budget and/or related to any public comments received would be discussed at the Budget Workshop scheduled for later this evening and at the final budget hearing on October 27, 2020.

Both the property tax ordinance and the 2021 Budget Ordinance will be presented on October 27, 2020 for first reading.

### DESCRIPTION/BACKGROUND

The first budget public hearing was held on October 13, 2020 to take testimony regarding the projected revenues for 2021. There were no comments received that evening.

To recap revenue projection assumptions presented on October 13, 2020:

- It is recommended that the City does **NOT** impose the 1% property tax increase as allowed by law. Any increase in property tax revenues is from new construction only
- The new construction assessment is currently estimated at \$56,663,100 per the county
- For property taxes, the IPD is 0.6015%
- Estimated property tax banked capacity is approximately \$282,000
- The June over June CPI is 0.9%



# MONROE CITY COUNCIL

## *Agenda Bill No. 20-171*

- It is anticipated the City will have 100 new housing starts in 2021 – down from 110 in 2020
- It is anticipated there will be an additional 62 sewer connections outside City limits but connected to the City sewer system
- Utility rate increases will be the same as 2020, which were adopted by Resolution 022/2019 which adopted the six year utility rate model for years 2020 – 2025
  - Water rate increase is set at 3%
  - Sewer rate increase is zero (there is no increase to sewer rates)
  - Stormwater rate increase is set at 12.5%
- The City's population increased 2.85% from 2020 to 2021 (19,250 to 19,800)
- Gas taxes are anticipated to decrease by 5%

Total projected revenues for all funds are \$95,749,340, inclusive of beginning fund balance. Without beginning fund balance of \$42,289,498 and transfers of \$5,042,978, total new projected revenues are \$48,416,864.

Total projected expenditures for all funds are \$95,749,340, inclusive of ending fund balance. Without ending fund balance of \$28,431,375, capital costs of \$24,435,709, and debt service of \$2,988,017, total new projected expenditures are \$39,894,239.

Total projected revenue for the General Fund is \$18,502,948, inclusive of beginning fund balance. Without beginning fund balance of \$3,886,207, total new revenues are \$14,616,741.

Total projected expenditure for the General Fund is \$18,502,948, inclusive of ending fund balance. Without ending fund balance of \$2,653,727, total new expenditures are \$15,849,221. New expenditures exceed new revenue by \$1,232,480. This amount is funded by carry over budget savings from the prior fiscal year.

### **FISCAL IMPACTS**

The 2021 Recommended Budget is a balanced budget. Total City Budget, both Revenues and Expenditures, is \$95,749,340. General Fund is \$18,502,948.

There is no proposed increase to the property tax levy over 2020. Increases in property tax receipts are solely from new construction, estimated at \$56,663,100. New estimated banked capacity is \$282,000.

### **TIME CONSTRAINTS**

Preliminary hearings on the proposed budget must be held prior to the final public hearing (RCW 35A.33.055). The final public hearing for the budget may be continued from day-to-day but should not go beyond the twenty-fifth day prior to next fiscal year, which is December 7, 2020 (RCW 35A.33.070). Tonight is the second preliminary hearing and the final public hearing for the budget is scheduled for October 27, 2020 but may be continued if needed.

Because the City is on a calendar fiscal year, the City must adopt a budget prior to the end of 2020.

### **ALTERNATIVES**

Provide direction to the Mayor and Staff to schedule additional public hearings on the 2021 Recommended Budget.

October 13, 2020



Honorable City Councilmembers and Residents of Monroe:

Today, I am pleased to submit for your consideration my 2021 Recommended Budget for the City of Monroe. The 2021 Recommended Budget is built to deliver city services through a period of uncertainty while investing in programs that reduce redundancy, improve efficiency, and increase responsiveness. The 2021 Recommended Budget takes into consideration policy and budgetary discussions that my administration and I have had with City Council, residents, and employers throughout this year.

2020 has been a year filled with challenges. The COVID-19 pandemic changed the way people in communities across the globe interact with one another. And in a very short period of time, we have changed the way we work, recreate, travel, shop, dine out, celebrate milestones, commemorate events, and grieve the loss of friends and family. Sadly the list goes on. Put frankly, the pandemic has changed the way we live.

I am grateful for the work done at the federal and state levels of government that supported local communities like Monroe in these efforts. In 2020, the city received \$866,250 in Federal CARES Act funding through Washington State. Together, the City Council and my administration distributed CARES Act funding to help sustain city businesses, pay utility bills, rents and mortgages, and support not-for-profit organizations during the pandemic. Coming out of 2020, our community will be even stronger and more resilient. As we look to 2021, Monroe will continue to adjust to changing conditions and support both our residents and employers through economic recovery.

While responding to the COVID-19 pandemic, people across the country have called for reforms in law enforcement. People are demanding comprehensive reform in legal, political, social, and economic systems to realize the Pledge of Allegiance's final five words of "liberty and justice for all." Watching confrontations between protestors and law enforcement in the media, I am reminded that to realize "liberty and justice for all" means that people in leadership need to step out from behind police barricades, genuinely listen to residents, and take real actions for reform - this is the right and moral action to take. I am thankful that people in our community are engaging in conversations with one another and with me. I am thankful for a city staff, including our police department, who support these conversations and share in a mission to listen and learn and to identify and implement changes within our city. To realize "liberty and justice for all" will take each of us working together to implement reform, and then sustain it – we are all committed to this and I will continue this work in 2021.

I am optimistic that on the other side of this pandemic, our city government and community will be stronger and more resilient than we were before the pandemic. Like businesses throughout our community, we adjusted how we do business because of COVID-19. In 2020, I worked with my administration and City Councilmembers to adjust our business practices so that the city still delivered needed services to the community while reducing the likelihood that people would be exposed to COVID-19. By doing this, we learned to deliver some services more efficiently and more effectively than before COVID-19. We plan to build on these practices as we enter 2021.

I am thankful for the work done by the City Council, city employees, and board and commission members as we navigate through these uncertain times. Developing the 2021 Recommended Budget begins with considering the state of the 2020 Budget. The 2020 Budget was built on a set of conservative estimates

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2021 MAYOR'S BUDGET MESSAGE

in preparation for an economic downturn. And while it was built with this framework in mind, no one could have predicted the challenges presented by COVID-19 when the 2020 Budget was adopted. The city has weathered this time of uncertainty both because my administration and City Council prepared for a potential economic downturn in 2020, and also because when conditions became clear that our nation was entering a very unique time of uncertainty, I worked with my administration and City Council to reduce costs in 2020. I am thankful for these decisions made early on in 2020 that resulted in about \$950,000 in savings.

I am hopeful. We don't know what next year brings. We will be watching the bottom line and making necessary changes as needed and, as we have done before and did in 2020, we will engage both our community and our City Council as we move forward. We know as we prepare for 2021, although there is uncertainty, this is also a time for discovery. The following pages summarize key changes and investments in the 2021 Recommended Budget to meet the challenges ahead.

Sincerely,

*Geoffrey Thomas*

Mayor Geoffrey Thomas

# 2021 Budget Highlights

## Revenues and Expenditures

Each year the Mayor and City Council evaluate revenues and expenditures before considering changes to the city's strategic priorities. Under normal circumstances, the city is diligent to ensure that estimated ongoing expenditure levels are matched with ongoing revenues. However, due to the sudden onset of the pandemic and the uncertainty of revenue projections, the 2021 Recommended Budget uses both on-going revenues such as property taxes, and one-time carryover reserves to balance the budget.

The 2021 Recommended Budget does not include a property tax increase. Any increases in property taxes over 2020 are strictly from new construction. Overall, 2021 General Fund revenues are anticipated to be approximately \$14.6 million. This is a decrease of approximately \$530,000 compared to 2020 budgeted. The difference is primarily one-time CARES Act funding provided to the city in 2020.

This year, it is more important than ever to ensure one-time revenues are matched to support one-time expenditures. For example, construction sales tax is considered a "one-time" revenue and is used to support one-time expenditures such as updating the city's long-term vision, fully funding our Contingency Reserve, and diversity training. Although the housing market in Monroe continues to perform well, the 2021 Recommended Budget anticipates single-family residential building permits will decline slightly from 110 in 2020 to 100 in 2021. This is just one of several anticipated revenue changes in the 2021 Recommended Budget.

City General Fund expenditures for 2021 are approximately \$15.8 million, which is a decrease of \$704,000 from the 2020 Budget. General Fund expenditures exceed revenues by \$1,200,000. The 2021 Recommended Budget uses one-time carry over reserve funds to balance the budget in order to maintain existing programs and levels of service, including filling two vacant police patrol officer positions.

In addition, the 2021 Recommended Budget fully funds the 17% General Fund reserve target and all other city contingency and reserve funds. The 2021 Budget also creates a new Building Capital Improvement Fund, Fund 330, to reserve appropriate restricted revenues in anticipation of future City building development and/or City building major capital maintenance.

## Staffing

Despite the uncertainty, the 2021 Recommended Budget maintains existing staffing levels and city services. The 2021 budget does include filling two vacant patrol officer positions in the police department. Recommended investments to fill identified staffing needs such as hiring a probation officer, information technology manager, and accountant have been put on hold and are not included in the 2021 Recommended Budget.

## Partnerships

Previous support for special events, promotion of the city's downtown, and marketing have also been postponed due to the downturn in hotel and motel stays which support these efforts through the Lodging Tax. City partners such as the YMCA have withdrawn requests in 2021 for support due to changes in service and access to facilities during the pandemic. Support of the Senior Center bus, Monroe-Duwall

shuttle, and Chamber of Commerce tourism promotion activities, and support for downtown businesses will continue.

### **Strategic Programs**

The 2021 Recommended Budget continues to support the city's strategic priorities – public safety, economic development, growth and development, utilities and transportation, community and culture, and good government. These strategic priorities were developed both in partnership with and with the approval of our City Council. Times of uncertainty create opportunities to grow, discover, and reinvent how our city family does business and delivers services.

The 2021 Budget supports opportunities to grow and strengthen partnerships; advocates and helps those in need; invests in parks, streets and clean water; improves law and justice outcomes; builds a diverse, equitable, and inclusive workforce; and uses technology to create a more resilient organization.

Following are some of the proposed programs included in 2021 Recommended Budget:

#### **Grow and strengthen partnerships with our diverse communities through honest and open engagement.**

The 2021 Recommended Budget includes \$50,000 to engage a diverse groups of residents from across the city in a collaborative effort to complete a city-wide visioning process. Vision 2050 will help the city articulate core community values and update the city's vision statement in order to set goals for the required 20-year Comprehensive Plan Update in 2024. Mayor, Council, court officials, and city staff will continue outreach efforts to diverse communities within Monroe including social media posts in English and Spanish.

#### **Advocate for those in need and the tools to help residents and business owners navigate uncertain times**

The 2021 Recommended Budget continues to invest in coordinating government, non-profit, and private sector partners to serve residents impacted by the pandemic. The 2021 budget creates the first Human Services budget. The budget includes the police department embedded social worker, indigent defense social worker, and contracted human services project manager. This work is informed by the Homelessness Policy Advisory Committee (HPAC) recommendations adopted by the City Council in February 2020. The city worked with non-profit partners to create a Technical Advisory Committee to coordinate services and implement the HPAC recommendation. This work continues with the Community Human Services Advisory Board (CHSAB). The CHSAB recommended putting \$90,000 in the 2021 human services budget to work with local non-profits, stakeholders and those seeking services to determine community needs and identify service gaps. There is funding set aside to implement the assessment recommendations. Separately, the community development budget includes funding to finalize and adopt the city's first Housing Action Plan.

#### **Invest in our community's streets, parks, trails and other infrastructure to maintain the quality of life that makes Monroe a special place to live, recreate, visit, and work**

The 2021 Budget includes \$4,200,000 from the City, State, County, and sports leagues to complete the Lake Tye All-Weather fields. The All-Weather Fields will allow year-around, out-door play for baseball,

soccer, and lacrosse teams. The budget continues progress on annually replacing aging play structures in city parks. The city will begin master planning its first new neighborhood park north of US 2. The 2021-2026 Strategic Plan includes completing the update to the Park Recreation and Open Space (PROS Plan) and begins working on the CADMAN property transfer to the city. The CADMAN property offers the opportunity to master plan the city's 100 acres of river-front property and 1.5 miles of frontage on the Skykomish River. The city collects approximately \$1,275,000 in sales tax revenue through the Transportation Benefit District to replace ADA ramps, repair, and repave city streets. There is \$12,505,901 set aside in 2021 for water, sewer and stormwater infrastructure replacement and repair, which includes funding to resolve long-term flooding on Blueberry Lane.

### **Improve our justice system to both advance community security while improving outcomes**

The City of Monroe was one of the first cities to partner with Snohomish County to embed a social worker with police. In 2020, the city received a state grant to provide the indigent defense attorney with a part-time social worker to connect those in need and seeking services with professional help. The city completed the Court Assessment in 2020. The Assessment identified opportunities to improve court services. The 2021 Recommend Budget begins to implement the Assessment recommendations. The Budget adds on-line and over-the-phone payments for the Monroe Municipal Court through the city's website. The 2021 Recommended Budget funds a police department workload analysis and implements recommendations in the 2019 Police Department Assessment and 2020 LEMAP study.

### **Build a diverse, equitable, and inclusive workforce**

The 2021-2026 Strategic Priorities include goals to promote diversity, equity and inclusion, and recruit and retain a skilled and diverse workforce. The focus is to honor diversity and different perspectives in our City while encouraging a culture that is safe, welcoming, and respectful of all residents. In response to these principles, the City of Monroe has begun efforts to build a diverse, equitable, and inclusive workforce. Funding is available In 2021 Recommended Budget to evaluate staff training needs, city policies, and to align city policies, procedures, and practices with city values.

### **Create a resilient organization by investing in technology to increase efficiency, support collaboration, and serve customers 24/7**

The COVID-19 pandemic accelerated the need to invest in technology to increase efficiency and serve customers when face-to-face interactions are impossible. In 2020, the city completed the Information Technology Needs Assessment. One-time CARES Act funding in 2020 made it possible to connect to dark fiber for faster internet speeds, replace the city's aging phone system, up-grade laptops, move Council meetings on-line, migrate to Office365 and Sharepoint, and migrate Springbrook, the city's financial software package, to the Cloud. The 2021 Budget will continue these investment with staff training to fully-utilize new technology, and evaluate needs/features for a new financial software package.

In conclusion, the 2021 Recommended Budget fully funds all reserve targets, including the Contingency Fund, per the City's policies, maintains existing staffing levels by fully funding the two vacant policy officer positions, does not add any new staffing positions as we continue to evaluate the impacts from COVID-19, maintains existing programs, expands strategic programs such as efforts to improve our justice system within existing resources, and continues the capital investments identified in the city's long term capital plans.

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# Budget Overview

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## INTRODUCTION

A budget is a legal document that forecasts the financial resources of the City and authorizes the spending of those resources for a fiscal period. For the City of Monroe, the fiscal period is one calendar year, January through December. The budget process should result in a plan of operations for allocating and monitoring the use of our limited resources among our various competing demands. The City of Monroe's 2021 Budget is the proposed plan for fiscal year 2021.

The City accounts for and organizes its operations on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The City of Monroe accounts for its operations in 23 separate funds, each requiring an adopted budget.

### Current Expense Funds (Three Funds)

The primary operational fund (the current expense fund) of the City is the General Fund 001. This fund houses the revenues and expenditures which are not accounted for in other funds and supports services for the greater good that are more general in nature. As the primary fund of the City, further information specific to the General Fund can be found beginning on page 24 of this document.

In addition to the General Fund 001, the City budgets two additional general type funds: Fund 002 Contingency and Fund 008 - Donations. The Contingency Fund 002 is required by the City's reserve policy and is allowed by RCW 35A.33.145. This fund may be used for emergencies and for one time unanticipated expenditures with appropriate action of the Council. Per policy, the City targets up to 8% of its General Fund operating expenditures to be housed in this fund up to the limit of \$0.375 per \$1,000 City assessed value imposed by RCW. For 2021, the anticipated ending balance in the Contingency Fund of \$1,170,038 represents full funding based on the 2021 preliminary City assessed valuation from the county.

The Donation Fund 008 accounts for donations made by private parties and businesses to support specific activities of the City. Historically, donations have been received that support the City's Community Egg Hunt, flower basket program, police K-9 operations, and Movies Under the Moon. If you are interested in making a donation to the City, feel free to contact City Hall at 360-794-7400 and contact your tax advisor as your donation may be tax deductible.

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# Budget Overview

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## Special Revenue Funds (Four Funds)

The City of Monroe budgets four special revenue funds: Fund 105 Street Operations & Maintenance; Fund 109 Lodging Tax; Fund 114 Narcotics Enforcement; and Fund 117 Real Estate Excise Taxes (REET). By definition, special revenue funds are used to account for and record the proceeds of specific revenue sources that are restricted or committed to expenditures for specific purposes other than debt service or capital projects. In the Street Fund 105, the state shared gas taxes the City receives are restricted to street maintenance and operations. The Lodging Tax Fund 109 taxes can only be used for tourism related operations and marketing, the Narcotics Enforcement Fund 114 proceeds may only be used for drug enforcement operations, and REET Fund 117 taxes are restricted by RCW for use on specific types of capital projects. Additional information for each of these funds may be found in the Special Revenue Fund section of the budget document.

## Debt Service Fund (One Fund)

The City of Monroe maintains one debt service fund to account for the long term debt associated with the taxable operations of the City. Debt associated with the operations and revenues of our utilities are accounted for in an appropriate utility fund. The City's Debt Service Fund 203 is used to account for annual debt associated with the general fund portion of the Public Works campus project. Revenues associated with this debt service expenditure are derived by transfers from the REET Fund 117.

## General Government Capital Funds (Five Funds)

The City of Monroe budgets five general government capital funds: Fund 307 General CIP Fund; Fund 317 Parks CIP Fund; Fund 318 Street CIP Fund; Fund 319 No. Kelsey Capital Fund; and Fund 330 Building CIP Fund (beginning in 2021). As with debt service, capital improvement projects (CIP) associated with our utilities are accounted for in an appropriate utility fund. Additional information for each of these funds may be found in the Capital Funds section of this budget document.

## Utility (Enterprise) Funds (Seven Funds)

The City of Monroe budgets seven utility funds: Fund 411 Water Operations & Maintenance (O&M); Fund 412 Water CIP; Fund 421 Sewer O&M; Fund 422 Sewer CIP; Fund 431 Stormwater O&M; Fund 432 Stormwater CIP; and Fund 450 Revenue Bond Reserves. Utility funds are used to account for the City's activities for which a fee is charged to external users for goods or services. Debt and capital projects paid by the rate proceeds charged to external users are also accounted for using utility funds. While it is not required to have separate capital and debt reserve funds for the utilities (these activities could be included in the appropriate utility O&M fund), it is the City's desire to make these activities as transparent as possible by housing them in a separate utility fund. Additional information for each of these funds may be found in the Utility/Enterprise Funds section of this budget document.

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# Budget Overview

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## Internal Service Funds (Three Funds)

The City of Monroe budgets three internal service funds: Fund 510 Information Technology; Fund 520 Fleet and Equipment; and Fund 530 Facilities. Internal service funds are used to account for goods and services provided to other funds and departments of the City on a cost reimbursement basis. Because our information technology, fleet and equipment, and facility programs affect all departments of the City, it is best practice to account for these activities in their own funds. Additional information for each of these funds may be found in the Internal Service Funds section of the budget document.

### OVERVIEW

The total proposed 2021 Budget across all funds is \$95,749,340. Exclusive of beginning fund balance, the largest revenue stream is charges for services at \$25,118,805 or 26.2% with taxes being the third largest revenue stream at \$13,402,232 or 14.0% of the overall budget. All revenues, exclusive of beginning fund balances and transfers in, total \$48,416,864. In contrast, total expenditures across all funds, exclusive of ending fund balances, reserves, capital and debt service, are \$39,894,239. The difference between these two figures, \$8,522,625, supports our debt service and capital programs along with transfers in and beginning fund balances. Total anticipated ending fund balances, inclusive of reserves, is \$28,431,735.

Total revenues are forecast to remain flat due to the effects of the COVID-19 pandemic. No significant change in overall charges for services in 2021 is expected (2021 anticipated is projected to increase only 0.04% over 2020 budget), although we continue to see steady development and increased utility accounts. 2021 anticipated taxes include property taxes on new construction estimated at \$56,663,100 per Snohomish County's preliminary figures published on September 17, 2020.

As noted earlier, total expenditures for the City, exclusive of capital, debt service, transfers out, and ending fund balance, is \$39,894,239. The largest portion of expenditures is personnel. As the City is a service-oriented agency, it is expected that personnel would be the largest expenditure category without consideration of capital, debt service, transfers out, or ending fund balance. For 2021, it is anticipated that personnel costs (salaries and benefits) will be \$17,638,554 over all funds of the City. This represents 44.2% of the \$39,894,239 expenditure total but represents 18.4% of the overall \$95,749,340 budget.

Exclusive of ending fund balance, capital is the next largest expenditure category at \$24,435,709. This represents 25.5% of the overall \$95,749,340 and is an increase of \$939,616 from 2020. Capital fluctuates year over year as projects are budgeted as financial and other resources allow.

The following pages summarize the various categories anticipated for both revenues and expenditures for all City funds for 2021.

## 2021 REVENUE SOURCES - ALL FUNDS

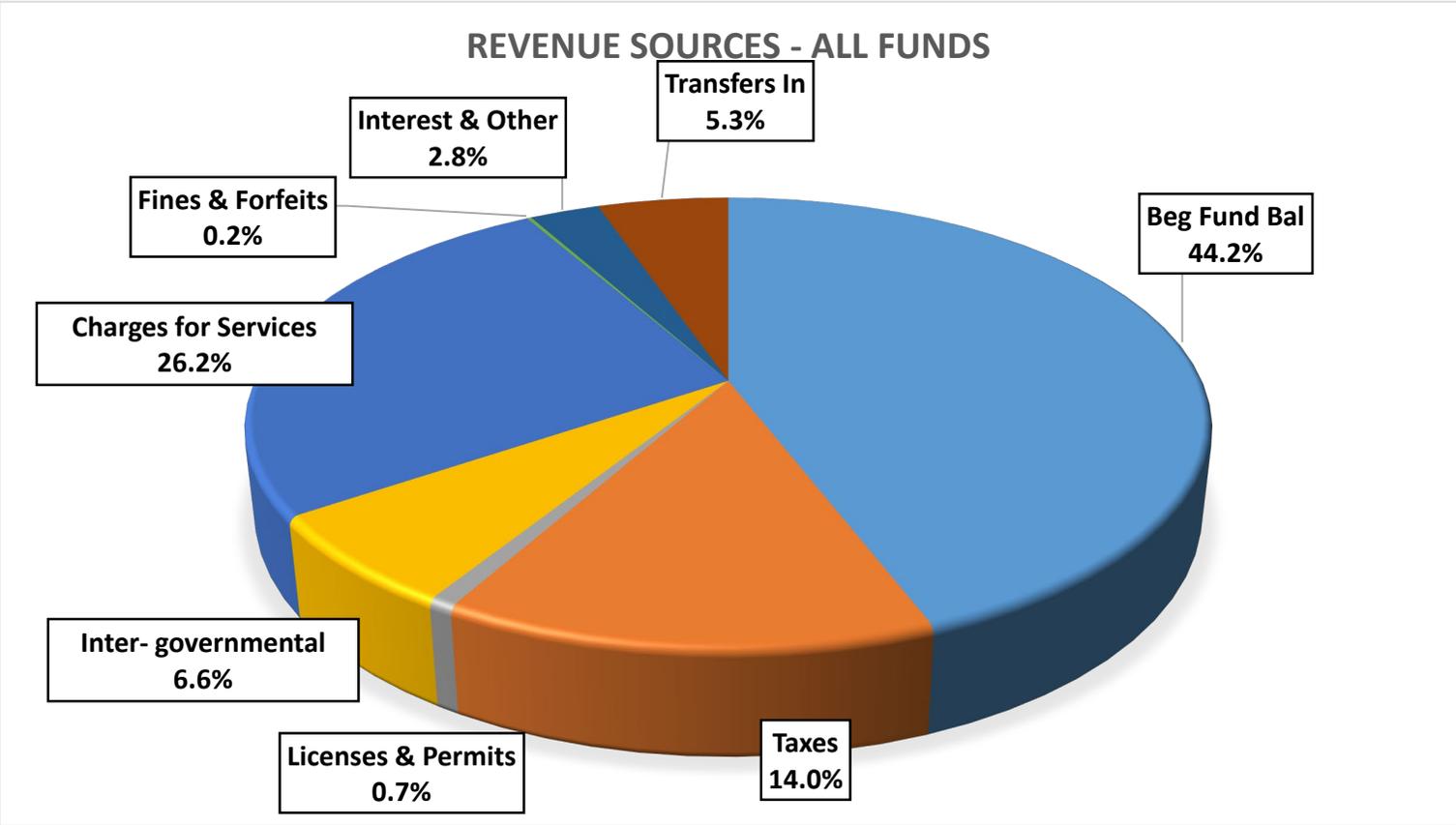
Fund	Beg. Fund Balance	Taxes	Licenses & Permits	Inter-governmental	Charges for Services	Fines & Forfeits	Interest & Other	Transfers In	Totals
<b><u>General Funds</u></b>									
General Govt Fund (001)									
Non-departmental	3,886,207	11,190,532	192,000	110,000	50		30,764		15,409,553
Executive					309,041				309,041
Finance					255,299		100		255,399
Human Resources					69,122		100		69,222
Police		831,700	5,700	361,208	60,600		3,000		1,262,208
Legislative (Council)					82,627				82,627
Legal					223,504				223,504
City Clerk					101,939		50		101,989
Municipal Court						166,643	65		166,708
Parks					12,420		1,500		13,920
Jail & Dispatch									-
Human Services		40,000		12,000					52,000
City-wide									-
Community Development			290,000		266,347		350		556,697
Emergency Mngt							80		80
Cares Act									-
<b>Total General Fund</b>	3,886,207	12,062,232	487,700	483,208	1,380,949	166,643	36,009	-	18,502,948
<b><u>Other General Type Funds</u></b>									
Contingency Fund (002)	1,082,314						1,724	86,000	1,170,038
Donation Fund (008)	12,403						5,250		17,653
<b>Total All Gen. Type Funds</b>	4,980,924	12,062,232	487,700	483,208	1,380,949	166,643	42,983	86,000	19,690,639
<b><u>Special Revenue Funds</u></b>									
Street Fund (105)	465,372	400,000	220,000	421,532	55,000		1,800		1,563,704
Lodging Tax Fund (109)	29,580	40,000					150		69,730
Narcotics Fund (114)	51,702						26		51,728
REET Fund (117)	1,106,896	900,000					10,000		2,016,896
<b>Total All Spec. Rev. Funds</b>	1,653,550	1,340,000	220,000	421,532	55,000	-	11,976	-	3,702,058
<b><u>Debt Service Fund</u></b>									
Debt Service Fund (203)	3,458						15	137,836	141,309

## 2021 REVENUE SOURCES - ALL FUNDS

Fund	Beg. Fund Balance	Taxes	Licenses & Permits	Inter-governmental	Charges for Services	Fines & Forfeits	Interest & Other	Transfers In	Totals
<b><u>Capital Funds</u></b>									
General CIP Fund (307)	18,397			1,022,000					1,040,397
Parks CIP Fund (317)	5,009,874			1,305,000	247,900		35,600	33,271	6,631,645
Street CIP Fund (318)	1,254,538			1,965,223	1,684,583		10,100	395,900	5,310,344
No. Kelsey Dev Fund (319)	105,427						500		105,927
Building Fund (330)	-						800,500	567,000	1,367,500
<b>Total All Capital Funds</b>	<b>6,388,236</b>	<b>-</b>	<b>-</b>	<b>4,292,223</b>	<b>1,932,483</b>	<b>-</b>	<b>846,700</b>	<b>996,171</b>	<b>14,455,813</b>
<b><u>Enterprise Funds</u></b>									
Water O&M Fund (411)	976,924				6,907,800		6,700		7,891,424
Water CIP Fund (412)	4,887,240						415,100	1,101,563	6,403,903
Sewer O&M Fund (421)	1,309,998				8,387,472		32,500		9,729,970
Sewer CIP Fund (422)	9,676,212			1,139,625			1,292,922	2,285,531	14,394,290
Stormwater O&M Fund (431)	376,719				2,448,625		4,000		2,829,344
Stormwater CIP Fund (432)	3,676,635						1,500	307,446	3,985,581
Rev. Bond Reserve Fund (450)	2,818,211						5,500		2,823,711
<b>Total All Enterprise Funds</b>	<b>23,721,939</b>	<b>-</b>	<b>-</b>	<b>1,139,625</b>	<b>17,743,897</b>	<b>-</b>	<b>1,758,222</b>	<b>3,694,540</b>	<b>48,058,223</b>
<b><u>Internal Service Funds</u></b>									
Info. Technology Fund (510)	191,880				681,183		2,500	94,000	969,563
Fleet & Equipment Fund (520)	5,254,750				1,897,215		14,000		7,165,965
Facilities Fund (530)	94,761				1,428,078		8,500	34,431	1,565,770
<b>Total All Internal Svc Fund</b>	<b>5,541,391</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,006,476</b>	<b>-</b>	<b>25,000</b>	<b>128,431</b>	<b>9,701,298</b>
<b>TOTAL ALL FUNDS</b>	<b>42,289,498</b>	<b>13,402,232</b>	<b>707,700</b>	<b>6,336,588</b>	<b>25,118,805</b>	<b>166,643</b>	<b>2,684,896</b>	<b>5,042,978</b>	<b>95,749,340</b>

## 2021 REVENUE SOURCES - ALL FUNDS

	Beg Fund Bal	Taxes	Licenses & Permits	Inter-governmental	Charges for Services	Fines & Forfeits	Interest & Other	Transfers In	Totals
<b>TOTAL ALL FUNDS</b>	<b>\$ 42,289,498</b>	<b>\$ 13,402,232</b>	<b>\$ 707,700</b>	<b>\$ 6,336,588</b>	<b>\$ 25,118,805</b>	<b>\$ 166,643</b>	<b>\$ 2,684,896</b>	<b>\$ 5,042,978</b>	<b>\$ 95,749,340</b>
	44.2%	14.0%	0.7%	6.6%	26.2%	0.2%	2.8%	5.3%	



## 2021 EXPENDITURE SOURCES - ALL FUNDS

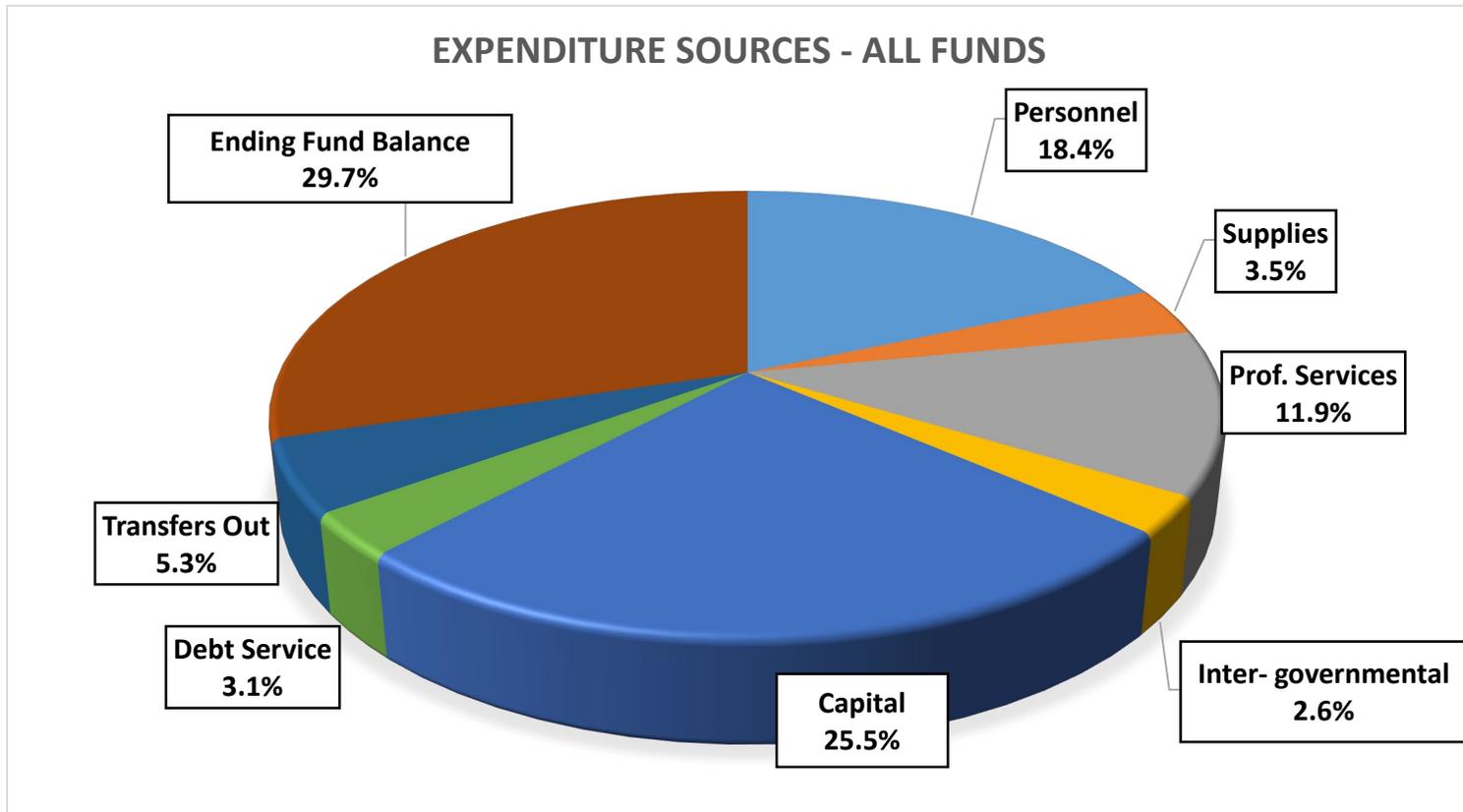
Fund	Personnel	Supplies	Prof. Services	Inter- governmental	Capital	Debt Service	Transfers Out	Ending Fund Balance	Totals
<b><u>General Funds</u></b>									
General Govt Fund (001)									
Non-departmental							180,000	2,653,727	2,833,727
Executive	429,555	20,500	183,506						633,561
Finance	512,439	2,000	133,075						647,514
Human Resources	250,470	1,000	40,924						292,394
Police	6,640,154	147,105	1,313,806	24,578					8,125,643
Legislative (Council)	72,822	1,200	88,100	24,000					186,122
Legal			738,000						738,000
City Clerk	157,035	500	30,102						187,637
Municipal Court	300,638	7,250	145,906						453,794
Parks	1,236,069	103,500	347,380	250					1,687,199
Jail & Dispatch				717,657					717,657
Human Services		5,000	152,000	74,711					231,711
City-wide			88,921	38,663					127,584
Community Development	1,362,241	10,900	242,525						1,615,666
Emergency Mngt	5,626	4,414	14,699						24,739
Cares Act									-
<b>Total General Fund</b>	<b>10,967,049</b>	<b>303,369</b>	<b>3,518,944</b>	<b>879,859</b>	-	-	<b>180,000</b>	<b>2,653,727</b>	<b>18,502,948</b>
<b><u>Other General Type Funds</u></b>									
Contingency Fund (002)								1,170,038	1,170,038
Donation Fund (008)		5,250	5,625					6,778	17,653
<b>Total All Gen. Type Funds</b>	<b>10,967,049</b>	<b>308,619</b>	<b>3,524,569</b>	<b>879,859</b>	-	-	<b>180,000</b>	<b>3,830,543</b>	<b>19,690,639</b>
<b><u>Special Revenue Funds</u></b>									
Street Fund (105)	551,312	132,675	378,648				1,771	499,298	1,563,704
Lodging Tax Fund (109)			35,000					34,730	69,730
Narcotics Fund (114)			21,000					30,728	51,728
REET Fund (117)							1,166,667	850,229	2,016,896
<b>Total All Spec. Rev. Funds</b>	<b>551,312</b>	<b>132,675</b>	<b>434,648</b>	-	-	-	<b>1,168,438</b>	<b>1,414,985</b>	<b>3,702,058</b>
<b><u>Debt Service Fund</u></b>									
Debt Service Fund (203)						137,836		3,473	141,309

## 2021 EXPENDITURE SOURCES - ALL FUNDS

Fund	Personnel	Supplies	Prof. Services	Inter- governmental	Capital	Debt Service	Transfers Out	Ending Fund Balance	Totals
<b><u>Capital Funds</u></b>									
General CIP Fund (307)					1,022,000	600		17,797	1,040,397
Parks CIP Fund (317)	237,729		122,938		5,894,500			376,478	6,631,645
Street CIP Fund (318)	240,665		35,081		4,493,830			540,768	5,310,344
No. Kelsey Dev Fund (319)			105,927					-	105,927
Building Fund (330)			500,000		25,000		-	842,500	1,367,500
<b>Total All Capital Funds</b>	478,394	-	763,946	-	11,435,330	600	-	1,777,543	14,455,813
<b><u>Enterprise Funds</u></b>									
Water O&M Fund (411)	1,305,292	1,838,331	1,153,678	1,012,800	-	752,275	1,101,563	727,485	7,891,424
Water CIP Fund (412)	393,351		171,115	41,510	5,084,409			713,518	6,403,903
Sewer O&M Fund (421)	1,358,572	391,656	2,603,372	363,000	55,000	1,881,113	2,285,531	791,726	9,729,970
Sewer CIP Fund (422)	236,347		165,111	87,415	4,405,273			9,500,144	14,394,290
Stormwater O&M Fund (431)	1,127,953	59,831	697,293	150,425	-	216,193	307,446	270,203	2,829,344
Stormwater CIP Fund (432)	281,725		50,285		3,016,219			637,352	3,985,581
Rev. Bond Reserve Fund (450)							-	2,823,711	2,823,711
<b>Total All Enterprise Funds</b>	4,703,240	2,289,818	4,840,854	1,655,150	12,560,901	2,849,581	3,694,540	15,464,139	48,058,223
<b><u>Internal Service Funds</u></b>									
Info. Technology Fund (510)	169,494	155,000	612,739					32,330	969,563
Fleet & Equipment Fund (520)	307,421	303,000	283,260		405,047			5,867,237	7,165,965
Facilities Fund (530)	461,644	137,500	891,070		34,431			41,125	1,565,770
<b>Total All Internal Svc Fund</b>	938,559	595,500	1,787,069	-	439,478	-	-	5,940,692	9,701,298
<b>TOTAL ALL FUNDS</b>	<b>17,638,554</b>	<b>3,326,612</b>	<b>11,351,086</b>	<b>2,535,009</b>	<b>24,435,709</b>	<b>2,988,017</b>	<b>5,042,978</b>	<b>28,431,375</b>	<b>95,749,340</b>

## 2021 EXPENDITURE SOURCES - ALL FUNDS

	Personnel	Supplies	Prof. Services	Inter-governmental	Capital	Debt Service	Transfers Out	Ending Fund Balance	Totals
<b>TOTAL ALL FUNDS</b>	<b>\$ 17,638,554</b>	<b>\$ 3,326,612</b>	<b>\$ 11,351,086</b>	<b>\$ 2,535,009</b>	<b>\$ 24,435,709</b>	<b>\$ 2,988,017</b>	<b>\$ 5,042,978</b>	<b>\$ 28,431,375</b>	<b>\$ 95,749,340</b>
	18.4%	3.5%	11.9%	2.6%	25.5%	3.1%	5.3%	29.7%	



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## General Fund Overview

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### INTRODUCTION

The General Fund is the principal governmental fund of the City. It accounts for the revenues and expenditures which are not accounted for in any other fund and supports services for the greater good that are more general in nature. These services traditionally do not have a dedicated revenue stream to fully support its program and include police, parks, community and economic development, municipal court, records and legal services, and administrative services.

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General Fund - Revenues						
	Actual <u>2017</u>	Actual <u>2018</u>	Actual <u>2019</u>	Budget <u>2020</u>	Projected <u>2020</u>	Proposed <u>2021</u>
Taxes	\$10,922,890	\$11,187,505	\$13,018,694	\$11,713,376	\$12,000,668	\$12,062,232
Licenses & Permits	806,563	943,596	792,171	554,700	559,625	487,700
Intergovernmental	616,418	584,359	566,945	1,142,052	1,096,768	483,208
Charges for Services	1,095,781	1,439,399	1,617,822	1,462,711	1,439,997	1,380,949
Fines & Forfeitures	283,176	238,974	240,706	134,516	135,416	166,643
Interest & Other Rev	77,170	104,561	144,619	98,592	100,156	36,009
Transfers In	446,953	122,351	-	40,209	40,209	-
Beginning Fund Balance	3,383,932	4,548,625	4,422,551	4,632,998	4,632,998	3,886,207
Total	\$17,632,883	\$19,169,371	\$20,803,508	\$19,779,154	\$20,005,837	\$18,502,948

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Total anticipated revenues for 2021 in the General Fund, without consideration of the beginning fund balance, is a decrease of \$529,415 from the 2020 Budget. Tax revenues are relatively stable (no property tax increase is proposed for 2021). The revenue decline is primarily attributable to removal of the one-time Cares Act funding of \$607,000 in 2020. The decrease in revenues from this change will be offset by decreased activity spending in 2021. Interest and other revenues are decreased from 2020 levels due to a lower interest rate earnings outlook which began in 2020 and anticipated to continue in 2021.

### REVENUES

The majority of the General Fund revenues are taxes. For the 2021 proposed budget, tax revenue represents 65.2% of the overall anticipated revenue into the General Fund. This includes property taxes, sales taxes, utility taxes, leasehold excise taxes, admissions taxes, and gambling taxes. Without consideration of the beginning fund balance, the second largest category of revenue is Charges for Services at 9.5% of the General Fund. These charges include plan review fees, appropriate policing reimbursement fees, field usage fees in our parks, and overhead recovery fees for our administrative services. The table above illustrates the various revenue categories anticipated in 2021 for the General Fund.

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# General Fund Overview

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## Property Taxes

The City's property tax is levied based on the assessed value from the previous year, as determined by the Snohomish County Assessor. Annually, the City Council sets the property tax levy as part of the annual budget process. This levy is then legally required to be certified to the County by the end of November. The Council may increase its property tax revenues by either one percent or by the Implicit Price Deflator published in September each year, whichever is lower. If the Council does not increase the property tax by the amount allowed, the City then "banks" the amount for potential future use.

The City has traditionally foregone its statutorily allowed increase each year and "banked" the taxing authority, with the exception of fiscal years 2017 and 2019. For 2017, the City used \$484,312 of its banked capacity to help restore specific positions/services within the General Fund, such as a parks supervisor, part time permit tech/code enforcement, and a city accountant (still to be filled). The 2018 Approved Budget did not increase the property taxes over 2017 collections, leaving approximately \$671,000 in banked tax capacity. In fiscal year 2019, the City used \$450,000 of this remaining banked capacity, specifically to hire two positions for its Parks Department and to help fund some of the Economic Development Advisory Board's recommendations. For fiscal year 2021, the budget again recommends foregoing the statutorily allowed 1% property tax increase. Any growth in property taxes would be solely from new construction, estimated to be \$61,645 in new revenue.

The following chart details the historical rate per thousand assessed for City taxes since 2013:

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Historical City Assessed Valuation, General Property Tax Levied, and City Property Tax Rate

**\*\*2021 rates are preliminary estimates/may be affected by new construction**

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Year	Assessed Value	Revenue	per \$1,000
2021**	\$ 3,062,557,708	\$ 3,392,805	\$ 1.08
2020	\$ 2,885,062,587	\$ 3,275,000	\$ 1.14
2019	\$ 2,600,459,852	\$ 3,201,628	\$ 1.23
2018	\$ 2,255,923,097	\$ 2,674,640	\$ 1.19
2017	\$ 1,991,598,893	\$ 2,577,719	\$ 1.29
2016	\$ 1,773,873,208	\$ 2,047,724	\$ 1.15
2015	\$ 1,631,751,335	\$ 2,013,295	\$ 1.23
2014	\$ 1,464,883,201	\$ 1,991,453	\$ 1.36
2013	\$ 1,349,715,977	\$ 1,969,615	\$ 1.46

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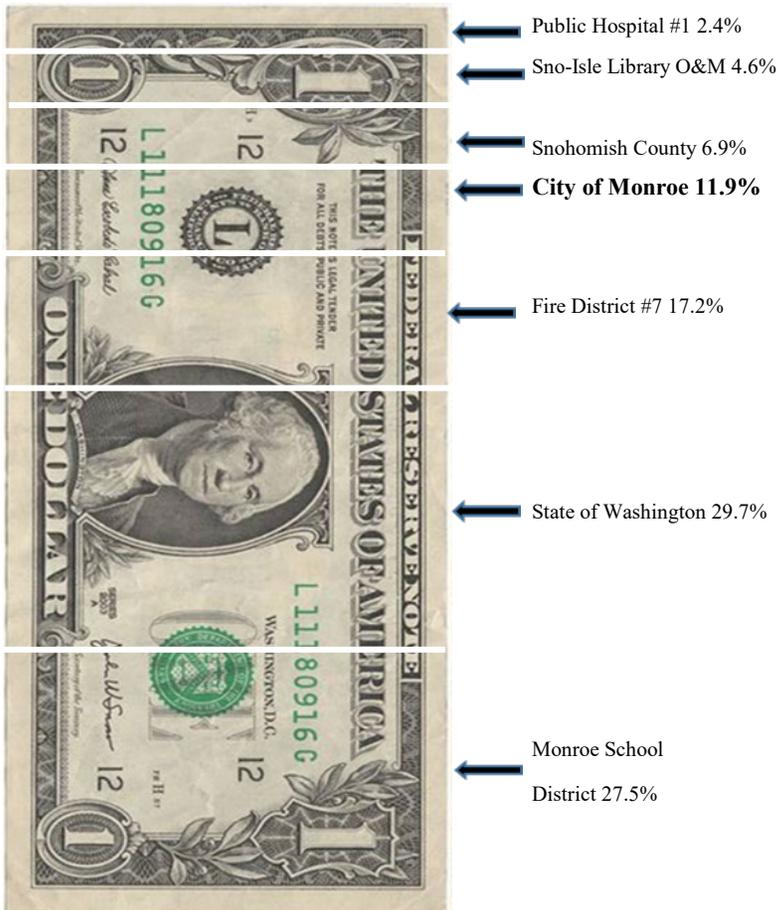
# General Fund Overview

## Property Taxes continued:

Snohomish County has indicated that estimated increases to assessed values for property in Monroe will be on average 6.17%. By not assessing the 1% increase to property taxes allowed by law, the City of Monroe's portion of the property tax bill should remain the same (slight difference due to rounding). The following table illustrates this:

Taxes calculated by taking assessed value/1,000 times tax rate

2020 Home Value	2021 Estimated Home Value 6.17% Increase	2020 City Tax Rate	2020 City Tax	2021 Estimated City Tax Rate	2021 Estimated City Tax	Difference Year over Year
\$ 250,000	\$ 265,425	\$ 1.15	\$287.50	\$ 1.08	\$287.43	\$ (0)
\$ 300,000	\$ 318,510	\$ 1.15	\$345.00	\$ 1.08	\$344.91	\$ (0)
\$ 400,000	\$ 424,680	\$ 1.15	\$460.00	\$ 1.08	\$459.89	\$ (0)
\$ 500,000	\$ 530,850	\$ 1.15	\$575.00	\$ 1.08	\$574.86	\$ (0)
\$ 600,000	\$ 637,020	\$ 1.15	\$690.00	\$ 1.08	\$689.83	\$ (0)



The property tax rates illustrated above are for the City of Monroe's portion only of the overall tax bill. For the majority of residents, the property tax bill also includes taxes to the state, Fire District #7, the library, schools, hospital, and county. The graphic to the left illustrates how much of each dollar paid in property taxes goes to each jurisdiction. For 2020, the City of Monroe's portion represented 11.9% of the total bill. The total property tax bill on a house with an assessed value of \$458,100 in 2020 is \$4,438 (total tax rate is \$9.69 for this property). The City receives \$529 of this \$4,438, with the remainder going to other agencies. See graphic on the following page for the distribution of the tax collected for this house.

# General Fund Overview

Property taxes continued:

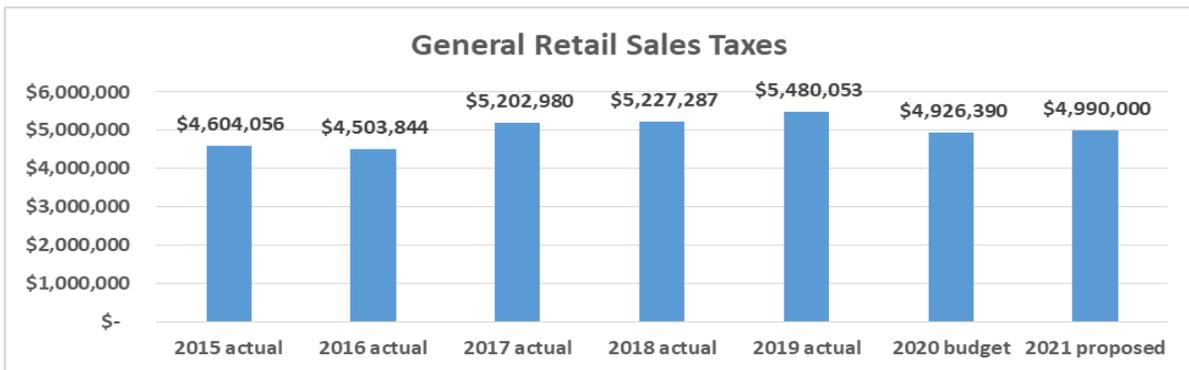


While all taxes represent 65.2% of the 2021 General Fund budget, property taxes alone represent just 18.3% of the anticipated General Fund revenues (\$3,392,805 of the \$18,502,948 anticipated revenue). The largest source of anticipated taxes to the 2021 General Fund is sales taxes.

## Sales Taxes

Sales taxes are the taxes paid on retail sales in the City of Monroe. Monroe's sales tax rate is 9.3%. Of this rate, 6.5% goes to the state, 1.5% to other agencies, and the remaining 1.3% stays here locally. For 2021, the anticipated Monroe portion of general sales taxes represent 27.0% of the overall General Fund budget (\$4,990,000 of the \$18,502,948 anticipated revenue). These taxes may be used for any general purpose program for the City, such as parks, community development, police, etc.

As illustrated in the chart below, general sales taxes have steadily improved until 2019, but decreased in 2020 and 2021 due to the impacts of the COVID pandemic. As the economy continues to recover, it is anticipated that future years will again see steady growth in this revenue source.



Along with the general sales taxes, the City also assesses an additional 0.1% sales tax (part of the 9.3%) for public safety purposes. This restricted tax, as approved by the voters, may only be used for public safety purposes. The anticipated receipts from this 0.1% sales tax is \$471,200 which is 2.55% of the overall anticipated General Fund budget. This \$471,200 represents 5.8% of the Police Department 2021 proposed expenditure budget.

Remaining 2021 anticipated sales taxes are the state shared taxes for Criminal Justice at 1.8% or \$330,000 of the overall anticipated General Fund revenues. This again is restricted resources for public safety and represents 4.1% of the Police Department's 2021 proposed expenditure budget.

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# General Fund Overview

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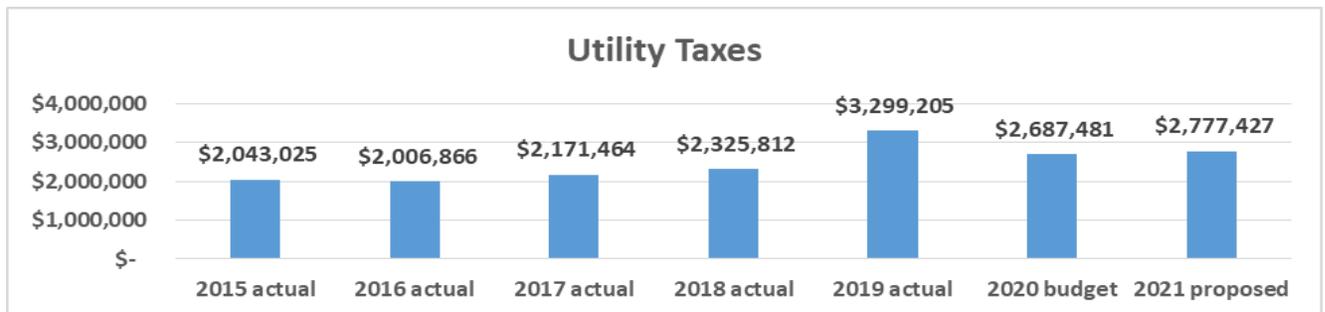
## Utility Taxes

Utility taxes are taxes levied on the gross operating revenues earned by both public and private utilities operating within the City of Monroe. A utility tax is not a pass through tax but a tax on the "business" itself. Through 2018, utilities paying a tax to the General Fund included electric, natural gas, phone, and water. It did not include sewer, stormwater, or garbage. (Garbage utilities pay a franchise fee to the City, which we receipt into Fund 105-Street O&M.)

Beginning in 2019, the City assessed a 10% utility tax on its sewer utility, similar to what is assessed on our water utility. In 2021, this tax is estimated to generate approximately \$970,000; the first \$400,000 of this tax will be receipted into Fund 105 Street O&M to support its operations. The remaining estimated \$570,000 will be revenue to the General Fund.

Utility taxes are our third largest revenue source to the General Fund, behind sales and property taxes but exclusive of beginning fund balance. 2021 anticipated utility taxes represent 15.0% of the General Fund anticipated revenues (\$2,777,427 of the \$18,502,948 total).

With the exception of 2016 actual receipts, the utility taxes have grown at a slow but steady pace, due mostly to our population growth. In 2016, taxes assessed against natural gas decreased over prior years but has begun to grow again. Overall, 2021 utility taxes are anticipated to increase over 2020 before consideration of the \$400,000 to be receipted in the Fund 105 Streets O&M. Actual estimated utility tax revenue to the General Fund will see a slight increase in 2021.



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# General Fund Overview

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## Other Taxes

The remaining 2021 taxes are derived from Admissions Taxes, Leasehold Excise Taxes, and Gambling Taxes. These taxes represent 0.33% or \$60,800 of the overall 2021 General Fund revenues.

The city has estimated these taxes very conservatively given the current restrictions on social events.

## Licenses & Permits

The City of Monroe assesses fees to license businesses and animals. In addition, Monroe realizes revenue from cable franchise fees and building permits. Building permits are the largest revenue stream within this category, \$290,000 of the \$487,700 total expected. These are the fees assessed against new housing starts. The City is estimating a conservative 100 new housing permits for 2021, which is a decrease from the 110 anticipated in 2020.

## Intergovernmental Revenues

Intergovernmental revenues consist of state shared revenues, grants, and reimbursements from other governmental agencies. State collected revenues that are shared with all cities are allocated on a per capita basis. Population figures, determined annually as of April 1 by the State demographer in the Office of Fiscal Management, are used as the basis for the per capita distributions. For 2021, Monroe's official population is 19,800. This is a 2.85% increase over the 2020 figure of 19,250. Intergovernmental revenues represent 2.6% of the total anticipated General Fund revenue (\$483,208 of the \$18,502,948). This is a 7.6% decrease from the 2020 Budget.

## Charges for Services

The City of Monroe offers a variety of services to its citizens and customers including parks and field usage, fingerprinting, plan reviews, etc. In addition, our police department works with the local school district to staff a School Resource Officer. Fees associated with these services comprise the Charges for Services category for the General Fund.

The 2021 anticipated Charges for Services revenues make up 7.46% of the General Fund anticipated revenues. The majority of the fees in this category are generated by planning services and plan review fees and overhead/fixed cost recovery fees.

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# General Fund Overview

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## Fines & Forfeitures

Fines and forfeitures represent traffic citations and other fines imposed through enforcement of local ordinances and state statutes. 2021's projected revenue is a increase from 2020 budget by \$31,227 or 23.2%. These revenues are hard to anticipate as they are dependent on specific enforcement actions.

## Interest and Other Revenues

Interest and other revenues represents the interest earned on the City's investments and other miscellaneous revenues such as leases, rental income, insurance recoveries, etc. The City determines each month its immediate cash needs and invests any excess cash into the State's Local Government Investment Pool (LGIP) to maximize its interest earnings. Money invested in the LGIP has no risk to the principal and is available within 24 hours. There are no transaction fees associated with these investments. For longer term monies (money associated with future capital projects), the City invests in federal bonds, as allowed by state law. These investments mature anywhere from one to five years from the date of purchase and allows the City to realize a higher rate of return than our short term LGIP investments. While the City does not budget for miscellaneous revenues each year, this category is anticipated to decrease by \$64,147 from 2020 budget, mostly due to sharply lower interest yields.

## Transfers In

Transfers In represent intermittent moneys that are moved into the General Fund from other funds for special projects. These transfers can fluctuate greatly year to year. There are no anticipated transfers into the General Fund in 2021.

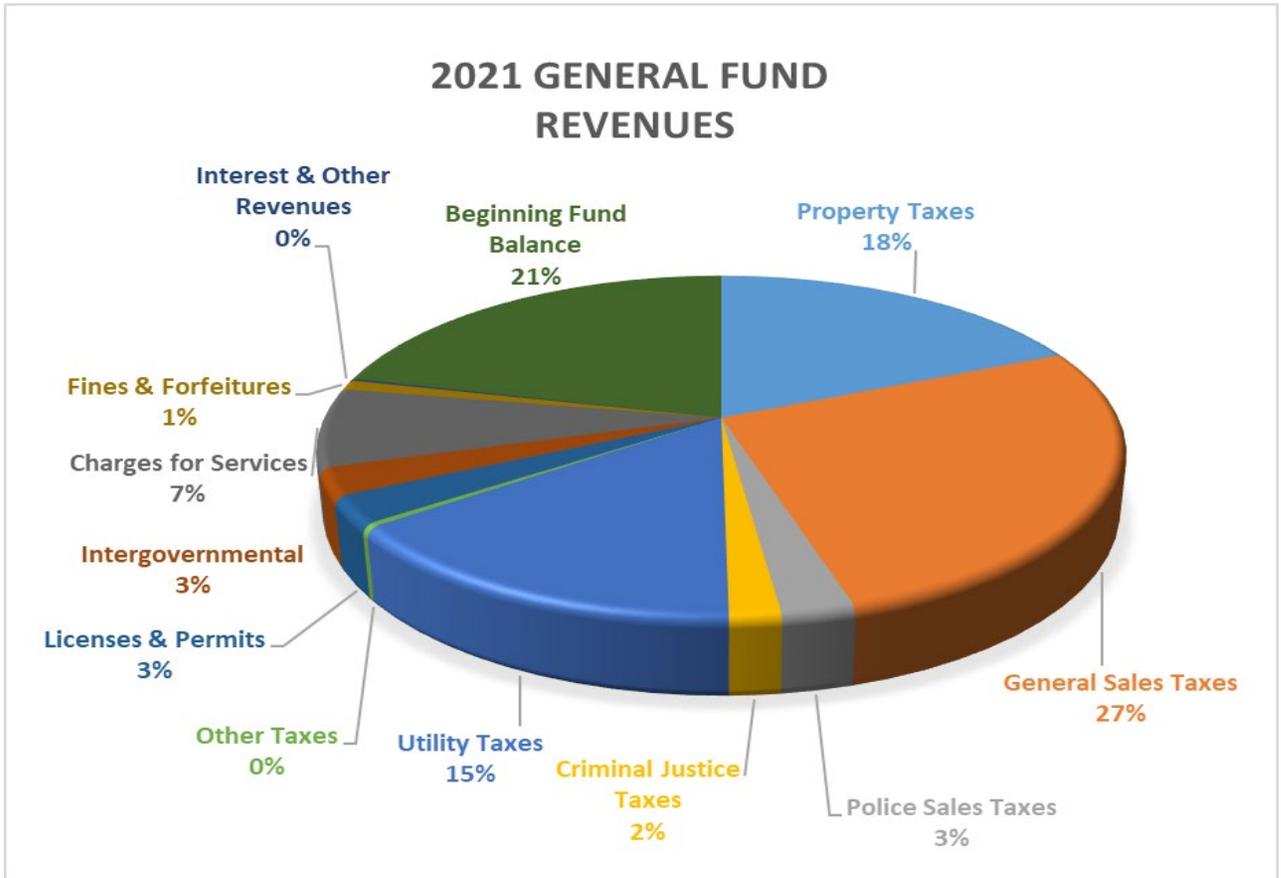
## Beginning Fund Balance

The beginning fund balance represents the cash remaining at the end of the prior fiscal year that is available for use by the City. The beginning fund balance grew steadily over the past few years as departments are cost conscious when spending on their programs and revenues can sometimes exceed the budget. The City's practice is to reserve 17% of anticipated expenditures from the beginning fund balance to insure we have a proper reserve for cash flow purposes and other unanticipated needs.

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# General Fund Overview

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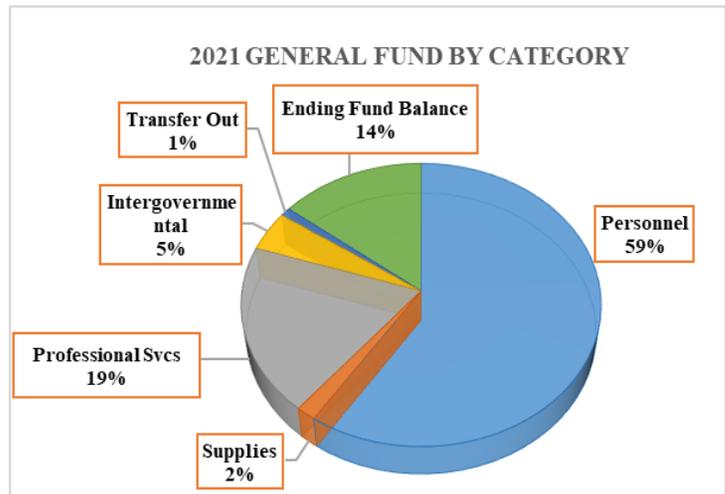
# General Fund Overview

## EXPENDITURES

Total 2021 proposed General Fund expenditures is \$18,502,948. This is in balance with total anticipated General Fund revenues. Without ending fund balance, General Fund expenditures total \$15,849,221. This is a 4.25% decrease from 2020 budget. The majority of this decrease is attributable to the 2020 CARES Act/COVID relief expenditures (offset by state grant revenue).

Personnel costs (salaries and benefits) are the largest category of costs to the General Fund at 59.3% of the budget inclusive of ending fund balance (\$10,967,049). Without consideration of ending fund balance, personnel costs represent 69.2% of the approved budget. Professional services, at 19.0% or \$3,518,944 is the second largest category of costs. Without consideration of ending fund balance, professional services is 22.2% of budget.

2021 Proposed General Fund		
Personnel	\$10,967,049	59.3%
Supplies	\$ 303,369	1.6%
Professional Svcs	\$ 3,518,944	19.0%
Intergovernmental	\$ 879,859	4.8%
Capital	\$ -	0.0%
Transfers Out	\$ 180,000	1.0%
Ending Fund Balance	\$ 2,653,727	14.3%
<b>Total</b>	<b>\$18,502,948</b>	<b>100%</b>



The following General Fund budget pages provide cost breakdowns for each department along with the department's 2020 accomplishments and 2021 budget goals.

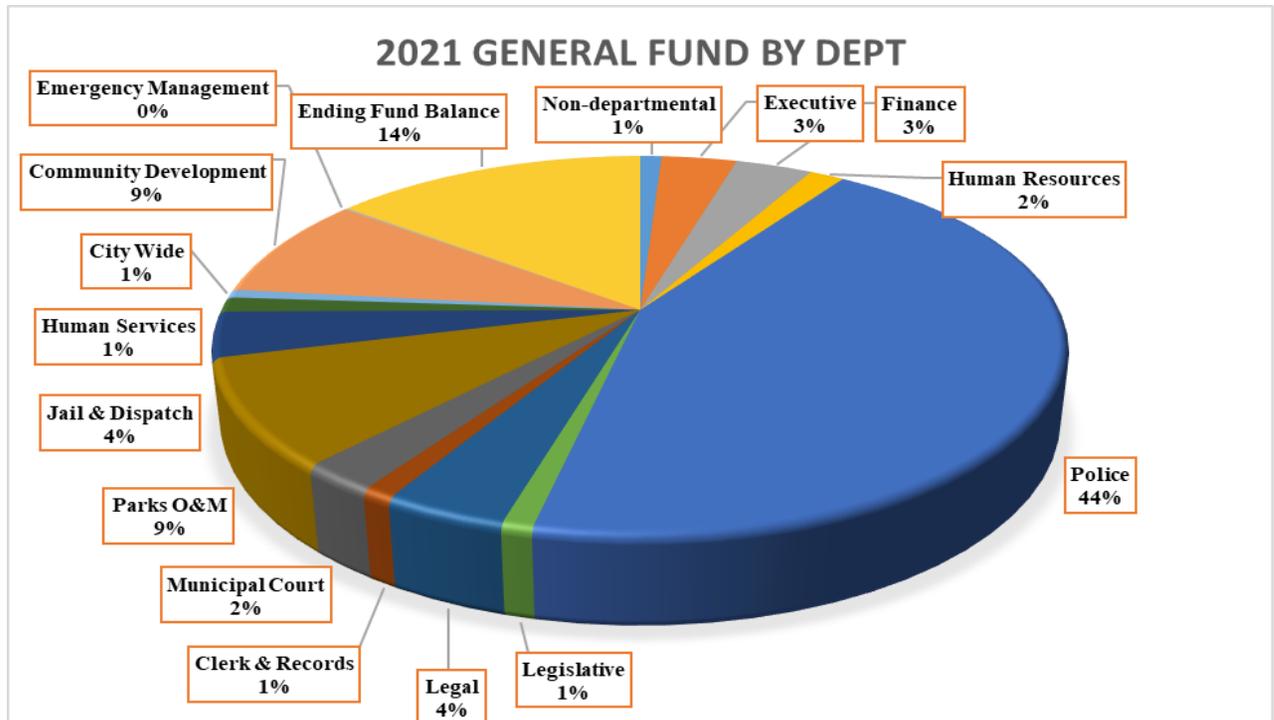
As you review individual costs center histories within the General Fund, you will notice that some expenditures have moved from one cost center to another. For example, legal costs associated with prosecution were formerly charged to Jail & Dispatch and legal costs associated with land use issues were formerly charged to Planning & Building. All legal costs can now be found within the Legal cost center. In addition, the budget has created two new cost centers within the General Fund: City Wide Costs to better reflect those costs that are paid by the General Fund but benefit the entire City; and Human Services to better track the costs associated with the City's efforts to address our homelessness challenge. All these costs are General Fund costs so these changes do not effect the General Fund's bottom line. These changes are intended to help better reflect the costs of the City's various programs.

# General Fund Overview

## EXPENDITURES cont.

### General Fund

	Actual <u>2017</u>	Actual <u>2018</u>	Actual <u>2019</u>	Budget <u>2020</u>	Projected <u>2020</u>	Proposed <u>2021</u>
Non-departmental	\$ 259,292	\$ 1,123,739	\$ 1,923,848	\$ 545,450	\$ 545,450	\$ 180,000
Executive (formerly Admin)	526,421	571,743	664,714	661,761	627,726	633,561
Finance	568,025	524,931	546,121	630,721	606,682	647,514
Human Resources	152,414	194,917	204,808	264,745	252,179	292,394
Police	7,004,650	7,276,020	7,416,730	7,737,537	7,640,537	8,125,643
Legislative	187,380	158,209	149,918	232,236	208,582	186,122
Legal	528,602	614,057	798,911	738,000	675,000	738,000
Clerk & Records	134,672	149,284	184,955	178,405	186,335	187,637
Municipal Court	343,494	367,499	399,528	483,900	471,069	453,794
Parks O&M	1,319,057	1,368,704	1,588,130	1,656,534	1,656,312	1,687,199
Jail & Dispatch	734,096	777,360	718,653	698,184	665,000	717,657
Human Services				248,560	243,560	231,711
City Wide	123,023	128,528	100,364	127,009	123,556	127,584
Community Development	1,185,932	1,449,576	1,457,273	1,722,732	1,594,221	1,615,666
Emergency Management	15,945	17,505	20,127	20,384	16,308	24,739
CARES Act				607,116	607,116	-
Ending Fund Balance	4,549,880	4,447,297	4,629,428	3,225,880	3,886,206	2,653,727
<b>Total</b>	<b>\$17,632,883</b>	<b>\$19,169,371</b>	<b>\$20,803,508</b>	<b>\$19,779,154</b>	<b>\$20,005,837</b>	<b>\$18,502,948</b>





# MONROE CITY COUNCIL EXTENDED AGENDA

Current as of 10/16/2020  
TENTATIVE LISTING, SUBJECT TO CHANGE

**Mayor**  
Geoffrey Thomas

**Councilmembers**  
Ed Davis Mayor Pro Tem;  
Patsy Cudaback; Kevin Hanford;  
Jason Gamble; Jeff Rasmussen;  
Kirk Scarboro, & Heather Rousey

## TUESDAY 10/20/2020

- 5:30 pm **City Council Finance/HR Committee Meeting**
- Municipal Court Financial Update
- 7 p.m. **City Council Regular Study Session & Business Meeting**
- 2<sup>nd</sup> Public Hearing: 2021 Budget
  - Discussion: 2021 Proposed Budget presentation; Court Assessment Closed Session – Labor Negotiations
  - Absent: KH

## TUESDAY 10/27/2020

- 6 p.m. **City Council P3 Committee Meeting**
- International Building Code Adoption; Code Enforcement Amendments; Affordable Housing Code; Annual Comp Plan Amendments; 197<sup>th</sup> Ave Street Dedication
- 7 p.m. **City Council Regular Business Meeting**
- Final Public Hearing – 2021 Budget
  - PH: Emergency Amendment
  - Consent: Development Fees Update; Woodlands Annexation Resolution; Monroe Estates Annexation Resolution; DOC Reservoir Contract with CBI; WA Traffic Safety Commission ILA
  - NB: 2021 Property Tax Ordinance First Reading; 2021 Budget Ordinance First Reading; 6 year Capital Ordinance First Reading; annual comp plan amendment including schools rezone (potential); Emergency Ordinance – Food Bank zoning (first and final reading); BNSF agreement; code clean up (S. Criswell) Executive Session: Litigation update; property acquisition
  - Reports: CD, ED, Finance, HR/IT
  - Absent: KH, JG

## TUESDAY 11/3/2020

- 6 p.m. **City Council Public Safety Committee Meeting**
- CANCELLED
- 7 p.m. **City Council Regular Study Session**
- CANCELLED

## TUESDAY 11/10/2020

- 6 p.m. **Legislative Affairs Committee Meeting**
- TBD
- 7 p.m. **City Council Regular Business Meeting**
- Proclamation: Police & Fire Appreciation week
  - Presentation: 2019 State Auditor Exit
  - NB: NB: 2021 Property Tax Ordinance adoption; 2021 Budget Ordinance adoption; 6 year Capital Ordinance adoption; Year End Fees Resolution Update; International Building Code Adoption; Code Enforcement Amendments; Legislative Priorities
  - Reports: P&R, PD, PW

## TUESDAY 11/17/2020

- 6 p.m. **City Council Finance/HR Committee Meeting**
- BGC funding options (potential); Old Business Close Out
- 7 p.m. **City Council Regular Study Session**
- BGC funding options (potential)

## TUESDAY 11/24/2020

- 6 p.m. **City Council P3 Committee Meeting**
- CANCELLED
- 7 p.m. **City Council Regular Business Meeting**
- CANCELLED

## TUESDAY 12/1/2020

- 6 p.m. **City Council Public Safety Committee Meeting**
- PSC Goals & Agenda; Code Enforcement, Chronic Nuisance Properties; Public Defense/Grant Update; Contract Renewals
- 7 p.m. **City Council Regular Study Session**
- Discussion: TBD

## TUESDAY 12/8/2020

- 6 p.m. **Legislative Affairs Committee Meeting**
- TBD



# MONROE CITY COUNCIL EXTENDED AGENDA

Current as of 10/16/2020  
TENTATIVE LISTING, SUBJECT TO CHANGE

**Mayor**  
Geoffrey Thomas

**Councilmembers**  
Ed Davis Mayor Pro Tem;  
Patsy Cudaback; Kevin Hanford;  
Jason Gamble; Jeff Rasmussen;  
Kirk Scarboro, & Heather Rousey

## TUESDAY 12/8/2020 (continued)

### 7 p.m. City Council Regular Business Meeting

- Consent: 2021 Environmental On-Call Consultant; Lake Tye Park Project
- OB: International Building Code Adoption; Code Enforcement Amendments
- Reports: CD, ED, Finance, HR/IT

## TUESDAY 12/15/2020

### 5:30 p.m. City Council Finance/HR Committee Meeting

- CANCELLED

### 7 p.m. City Council Regular Study Session

- CANCELLED

## TUESDAY 12/22/2020

### 6 p.m. City Council P3 Committee Meeting

- CANCELLED

### 7 p.m. City Council Regular Business Meeting

- CANCELLED

## TUESDAY 12/29/2020

### 7 p.m. City Council Retreat/Workshop

- CANCELLED

## CITY COUNCIL MEETING LOCATION

(unless otherwise noted):

City Hall, Council Chambers: 806 W Main Street,  
Monroe

## COUNCIL COMMITTEE MEETING LOCATION

(unless otherwise noted):

City Hall, Permit Assistance Center: 806 W. Main Street,  
Monroe

## UPCOMING ITEMS:

- N. Kelsey Planning & Design Guidelines; NW/NE Annexation Areas
- Building Code Updates
- Financial Reserves Policy
- Retirement Recognition
- Wireless Regulations
- Republic Contract Extension (committee first?)
- Criminal Justice System Priorities
- Solid Waste Contract Renewal
- TAC Recommendations



# MONROE THIS WEEK

October 16, 2020 • Vol 6/Edition 40



*This week's edition provides details on my 2021 Recommended Budget, upcoming public hearings on the 2021 Budget, a second round of the Community Relief Grant, a name change for our local Fire District, tomorrow's Downtown Sidewalk Sale event, a reminder of the City's #WeAreMonroeWA communications campaign, and a wonderful donation received by the Sky Valley Food Bank.*



*Please contact me with any and all feedback regarding the articles below. I can be reached at [GThomas@MonroeWA.gov](mailto:GThomas@MonroeWA.gov).*

*Yours in Service,*

A handwritten signature in blue ink, appearing to read 'G. Thomas'.

*Mayor Geoffrey Thomas*

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## **2021 RECOMMENDED BUDGET PUBLISHED**

At the October 13, 2020 **Regular Business Meeting** of the Monroe City Council, I presented my **2021 Recommended Budget** for the City of Monroe. The 2021 Recommended Budget is built to deliver city services through a period of uncertainty, while investing in programs that reduce redundancy, improve efficiency, and increase responsiveness. Developing the 2021 Recommended Budget began with considering the state of the 2020 Budget, which was built on a set of conservative estimates in preparation for an economic downturn. While it was built with this framework in mind, no one could have predicted the challenges presented by



COVID-19 when the 2020 Budget was adopted. The city has weathered this time of uncertainty both because my administration and City Council prepared for a potential economic downturn in 2020, and also because when conditions became clear that our nation was entering a very unique time of uncertainty, I worked with my administration and City Council to reduce costs in 2020.

2020 has been a difficult year. I'm thankful for our awesome community, for the support and leadership we have from our Councilmembers, and for the talented and caring City staff who help navigate these interesting times. While a difficult year, Monroe has grown stronger together. As we work through the challenges at hand, we're looking to the future with the 2021 Budget. Please take a moment to peruse the [2021 Recommended Budget](#) and my [2021 Budget Message](#). Council and I welcome your thoughts.

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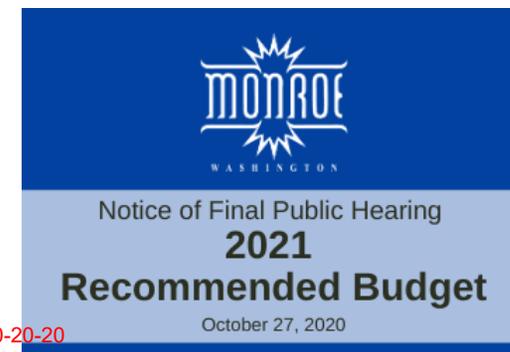
## SECOND AND FINAL BUDGET HEARINGS SCHEDULED

As I shared in last week's edition of [Monroe This Week](#), the City has issued [notice](#) that a public hearing regarding the 2021 City of Monroe Budget will be held on Tuesday, October 20 at 7:00 p.m. This will be the second public hearing on the 2021 Budget. The [2021 Mayor's Recommended Budget](#) is available for public review on the [City's website](#), and at Monroe City Hall: 806 W.

Main Street, Monroe, WA, 98272. Residents who prefer to review a hard copy of the budget document will need to make an appointment in advance by calling the City's Customer Service Center at (360) 794-7400.

Yesterday, October 15, 2020, the City issued [notice](#) that the third and final public hearing regarding the 2021 City of Monroe Budget has been scheduled. This hearing will be held on Tuesday, October 27, 2020 at 7:00 p.m.

A public comment period will be available during both public hearings, and anyone may provide public testimony during that



period. Written comments can also be submitted by emailing Becky Hasart, Finance Director/City Clerk, at [BHasart@MonroeWA.gov](mailto:BHasart@MonroeWA.gov), and must be received prior to the public hearing. Ms. Hasart may also be contacted via email or by phone at (360) 863-4518 for additional information.

The public hearing will be held via the Zoom remote meeting platform:

Zoom link: <https://us02web.zoom.us/j/89536855135>

Call in: (253) 215-8782

Meeting ID: 895 3685 5135

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## CITY ANNOUNCES SECOND ROUND OF COMMUNITY RELIEF GRANT

On Wednesday, October 14, the City of Monroe announced a second round of the Community Relief Grant. This second round will make available \$50,000 for Monroe non-profit organizations that serve our community's most vulnerable residents. Grants are anticipated to be awarded between \$5,000 and \$10,000.



As we continue to work through the COVID-19 pandemic, our highest priority remains getting our entire community up and running as quickly as possible and as safely as possible. Providing continued assistance for local non-profit agencies to provide basic services and meet the increased needs of Monroe's most vulnerable residents will help get us there.

Guidelines, eligibility information and the application for the Community Relief Grant can be found [here](#). Applications are due by 4:30 p.m. on Wednesday, October 28. As detailed in the application packet, applications may be submitted via email, or mailed to City Hall.

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## LOCAL FIRE DISTRICT ANNOUNCES NAME CHANGE

On October 10, 2020, Snohomish County Fire District 7 officially became Snohomish Regional Fire and Rescue.

In October 2016, Monroe Fire District 3 merged into Snohomish County Fire District 7. During the 2019 August Primary Election, voters in Lake Stevens approved a merger with Snohomish County Fire District 7 by almost 80 percent. The two fire districts officially merged January 1, 2020.



From the beginning of merger discussions, the idea of renaming the fire district to represent the communities served by the newly merged districts has been at the forefront of many meetings. Bonding to the Snohomish County area and highlighting regional partnerships has been a long-standing value of both districts.

The merger between the fire districts has already improved service to the communities. Most notably in firefighter training, efficiencies in administrative services, and importantly, an increase in the fire district's ability to respond to large-scale emergencies like COVID-19.

While the district's name may have changed, its dedication to providing the highest level of service to our communities has not. Snohomish Regional Fire and Rescue is proud to continue to serve the Monroe community.

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## DOWNTON SIDEWALK SALE TOMORROW

Tomorrow, October 17, business retailers across the downtown core will move their inventory out into the fresh air for a [downtown-wide sidewalk sale](#) from 10:00 a.m. to 4:00 p.m. This event is intended to allow shoppers the opportunity to safely and responsibly shop and support some of their favorite local businesses, while enjoying a variety of discounted merchandise and other promotions.



Visitors will have the opportunity to stroll through downtown while patronizing local shops and boutiques. Tables with sale items will be placed in front of businesses, along with goodies and other great deals. Food vendors will be on

site, and the Chamber of Commerce will be distributing free tote bags.

Shoppers are asked to please wear facial coverings and remain six feet apart.

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## CITY SEEKS STORIES OF ACTS OF KINDNESS

As I shared in a July edition of [Monroe This Week](#), the City has launched a communication campaign entitled [#WeAreMonroeWA](#). The goal of [#WeAreMonroeWA](#) is to elevate commonalities and shared values among Monroe residents, spark connections, and ultimately cultivate empathy that is grounded in shared humanity rather than circumstances. Similar to [Humans of New York](#), [#WeAreMonroeWA](#) features stories about the people who make Monroe the amazing community it is. Because we are all Monroe.



[#WeAreMonroeWA](#)

The initial focus of the [#WeAreMonroeWA](#) campaign is to spotlight acts of kindness and fun, highlighting the best of Monroe in these unprecedented times. Have a story to share? Email [WeAreMonroeWA@MonroeWA.gov](mailto:WeAreMonroeWA@MonroeWA.gov), or text (360) 722-1684. Please include a photo with your story submission, and if it is about a specific person, their contact information so the City can get their permission to share the story. For uplifting stories about our community, please follow the [WeAreMonroeWA Facebook page](#).

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## FRED MEYER SUPPORTS SKY VALLEY FOOD BANK

Earlier this week, the [Sky Valley Food Bank](#) took possession of their brand new 2020 Isuzu box truck. The first place the Food Bank team took their new vehicle was the Monroe Fred Meyer store. Why? Because Fred Meyer purchased the vehicle and donated it to the Food Bank. The City of Monroe extends sincere appreciation to Fred Meyer for its support of an important community service organization!



# UPCOMING CITY COUNCIL MEETING SCHEDULE

The City Council will meet in a Study Session and Business Meeting on Tuesday, October 20, 2020. The meeting will be held via the Zoom remote meeting platform and participation information will be posted with the October 20 agenda, which can be accessed by clicking the button below.

[Council Agendas/Minutes](#)

## CITY COUNCIL MEMBERS



Councilmember  
Patsy Cudaback



Councilmember  
Kevin Hanford



Councilmember  
Ed Davis



Councilmember  
Jason Gamble



Councilmember  
Jeff Rasmussen



Councilmember  
Kirk Scarboro



Councilmember  
Heather Rousey

Have a question for your Councilmembers?  
Contact them at [councilmembers@monroewa.gov](mailto:councilmembers@monroewa.gov)





# MONROE CITY COUNCIL

## Agenda Bill No. 20-172

<b>SUBJECT:</b>	<b>Discussion: 2021 Recommended Budget</b>
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<b>DATE:</b>	<b>DEPT:</b>	<b>CONTACT:</b>	<b>PRESENTER:</b>	<b>ITEM:</b>
10/20/2020	Finance	Becky Hasart	Becky Hasart	Discussion Item #1

**Discussion:** 10/13/2020, 10/20/2020  
**Public Hearings:** 10/13/2020, 10/20/2020, Final Hearing 10/27/2020  
**First Readings:** 10/27/2020 (ordinance setting property tax levy)  
10/27/2020 (ordinance adopting 2021 Budget)  
10/27/2020 (ordinance adopting 6 Year CIP)

- Attachments:**
1. 2021 Mayor’s Message from Budget Book
  2. 2021 Overview Pages from Budget Book
  3. 2021 General Fund Overview Pages from Budget Book
  4. 2021 Full Time Equivalent
  5. 2021 Capital Listing

**REQUESTED ACTION:** None – information and discussion only.

### POLICY CONSIDERATIONS

*RCW 35A.33 govern budgets for optional municipal code cities.*

*For this evening, staff will present the overview of the 2021 Mayor’s Recommended Budget after which Council should consider any policy related issues associated with the proposed budget and consider the recommended funding levels associated with the budget. The first public hearing was held on October 13, 2020, at which no comments were received.*

*Both the property tax ordinance and the 2021 Budget Ordinance will be presented on October 27, 2020 for first reading.*

### DESCRIPTION/BACKGROUND

The first budget public hearing was held on October 13, 2020 to take testimony regarding the projected revenues for 2021. There were no comments received that evening. The second public hearing was held earlier this evening.

To recap revenue projection assumptions presented on October 13, 2020:

- It is recommended that the City does **NOT** impose the 1% property tax increase as allowed by law. Any increase in property tax revenues is from new construction only
- The new construction assessment is currently estimated at \$56,663,100 per the county
- For property taxes, the IPD is 0.6015%
- Estimated property tax banked capacity is approximately \$282,000
- The June over June CPI is 0.9%
- It is anticipated the City will have 100 new housing starts in 2021 – down from 110 in 2020
- It is anticipated there will be an additional 62 sewer connections outside City limits but connected to the City sewer system



# MONROE CITY COUNCIL

## *Agenda Bill No. 20-172*

- Utility rate increases will be the same as 2020, which were adopted by Resolution 022/2019 which adopted the six year utility rate model for years 2020 – 2025
  - Water rate increase is set at 3%
  - Sewer rate increase is zero (there is no increase to sewer rates)
  - Stormwater rate increase is set at 12.5%
- The City's population increased 2.85% from 2020 to 2021 (19,250 to 19,800)
- Gas taxes are anticipated to decrease by 5%

Total projected revenues for all funds are \$95,749,340, inclusive of beginning fund balance. Without beginning fund balance of \$42,289,498 and transfers of \$5,042,978, total new projected revenues are \$48,416,864.

Total projected expenditures for all funds are \$95,749,340, inclusive of ending fund balance. Without ending fund balance of \$28,431,375, capital costs of \$24,435,709, and debt service of \$2,988,017, total new projected expenditures are \$39,894,239.

Total projected revenue for the General Fund is \$18,502,948, inclusive of beginning fund balance. Without beginning fund balance of \$3,886,207, total new revenues are \$14,616,741.

Total projected expenditure for the General Fund is \$18,502,948, inclusive of ending fund balance. Without ending fund balance of \$2,653,727, total new expenditures are \$15,849,221. New expenditures exceed new revenue by \$1,232,480. This amount is funded by carry over budget savings from the prior fiscal year.

### **FISCAL IMPACTS**

The 2021 Recommended Budget is a balanced budget. Total City Budget, both Revenues and Expenditures, is \$95,749,340. General Fund is \$18,502,948.

There is no proposed increase to the property tax levy over 2020. Increases in property tax receipts are solely from new construction, estimated at \$56,663,100. New estimated banked capacity is \$282,000.

### **TIME CONSTRAINTS**

Preliminary hearings on the proposed budget must be held prior to the final public hearing (RCW 35A.33.055). The final public hearing for the budget may be continued from day-to-day but should not go beyond the twenty-fifth day prior to next fiscal year, which is December 7, 2020 (RCW 35A.33.070). Tonight is the second preliminary hearing and the final public hearing for the budget is scheduled for October 27, 2020 but may be continued if needed.

Because the City is on a calendar fiscal year, the City must adopt a budget prior to the end of 2020.

### **ALTERNATIVES**

Provide direction to the Mayor and Staff to schedule additional public hearings on the 2021 Recommended Budget.

October 13, 2020



Honorable City Councilmembers and Residents of Monroe:

Today, I am pleased to submit for your consideration my 2021 Recommended Budget for the City of Monroe. The 2021 Recommended Budget is built to deliver city services through a period of uncertainty while investing in programs that reduce redundancy, improve efficiency, and increase responsiveness. The 2021 Recommended Budget takes into consideration policy and budgetary discussions that my administration and I have had with City Council, residents, and employers throughout this year.

2020 has been a year filled with challenges. The COVID-19 pandemic changed the way people in communities across the globe interact with one another. And in a very short period of time, we have changed the way we work, recreate, travel, shop, dine out, celebrate milestones, commemorate events, and grieve the loss of friends and family. Sadly the list goes on. Put frankly, the pandemic has changed the way we live.

I am grateful for the work done at the federal and state levels of government that supported local communities like Monroe in these efforts. In 2020, the city received \$866,250 in Federal CARES Act funding through Washington State. Together, the City Council and my administration distributed CARES Act funding to help sustain city businesses, pay utility bills, rents and mortgages, and support not-for-profit organizations during the pandemic. Coming out of 2020, our community will be even stronger and more resilient. As we look to 2021, Monroe will continue to adjust to changing conditions and support both our residents and employers through economic recovery.

While responding to the COVID-19 pandemic, people across the country have called for reforms in law enforcement. People are demanding comprehensive reform in legal, political, social, and economic systems to realize the Pledge of Allegiance's final five words of "liberty and justice for all." Watching confrontations between protestors and law enforcement in the media, I am reminded that to realize "liberty and justice for all" means that people in leadership need to step out from behind police barricades, genuinely listen to residents, and take real actions for reform - this is the right and moral action to take. I am thankful that people in our community are engaging in conversations with one another and with me. I am thankful for a city staff, including our police department, who support these conversations and share in a mission to listen and learn and to identify and implement changes within our city. To realize "liberty and justice for all" will take each of us working together to implement reform, and then sustain it – we are all committed to this and I will continue this work in 2021.

I am optimistic that on the other side of this pandemic, our city government and community will be stronger and more resilient than we were before the pandemic. Like businesses throughout our community, we adjusted how we do business because of COVID-19. In 2020, I worked with my administration and City Councilmembers to adjust our business practices so that the city still delivered needed services to the community while reducing the likelihood that people would be exposed to COVID-19. By doing this, we learned to deliver some services more efficiently and more effectively than before COVID-19. We plan to build on these practices as we enter 2021.

I am thankful for the work done by the City Council, city employees, and board and commission members as we navigate through these uncertain times. Developing the 2021 Recommended Budget begins with considering the state of the 2020 Budget. The 2020 Budget was built on a set of conservative estimates

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2021 MAYOR'S BUDGET MESSAGE

in preparation for an economic downturn. And while it was built with this framework in mind, no one could have predicted the challenges presented by COVID-19 when the 2020 Budget was adopted. The city has weathered this time of uncertainty both because my administration and City Council prepared for a potential economic downturn in 2020, and also because when conditions became clear that our nation was entering a very unique time of uncertainty, I worked with my administration and City Council to reduce costs in 2020. I am thankful for these decisions made early on in 2020 that resulted in about \$950,000 in savings.

I am hopeful. We don't know what next year brings. We will be watching the bottom line and making necessary changes as needed and, as we have done before and did in 2020, we will engage both our community and our City Council as we move forward. We know as we prepare for 2021, although there is uncertainty, this is also a time for discovery. The following pages summarize key changes and investments in the 2021 Recommended Budget to meet the challenges ahead.

Sincerely,

*Geoffrey Thomas*

Mayor Geoffrey Thomas

## 2021 Budget Highlights

### Revenues and Expenditures

Each year the Mayor and City Council evaluate revenues and expenditures before considering changes to the city's strategic priorities. Under normal circumstances, the city is diligent to ensure that estimated ongoing expenditure levels are matched with ongoing revenues. However, due to the sudden onset of the pandemic and the uncertainty of revenue projections, the 2021 Recommended Budget uses both on-going revenues such as property taxes, and one-time carryover reserves to balance the budget.

The 2021 Recommended Budget does not include a property tax increase. Any increases in property taxes over 2020 are strictly from new construction. Overall, 2021 General Fund revenues are anticipated to be approximately \$14.6 million. This is a decrease of approximately \$530,000 compared to 2020 budgeted. The difference is primarily one-time CARES Act funding provided to the city in 2020.

This year, it is more important than ever to ensure one-time revenues are matched to support one-time expenditures. For example, construction sales tax is considered a "one-time" revenue and is used to support one-time expenditures such as updating the city's long-term vision, fully funding our Contingency Reserve, and diversity training. Although the housing market in Monroe continues to perform well, the 2021 Recommended Budget anticipates single-family residential building permits will decline slightly from 110 in 2020 to 100 in 2021. This is just one of several anticipated revenue changes in the 2021 Recommended Budget.

City General Fund expenditures for 2021 are approximately \$15.8 million, which is a decrease of \$704,000 from the 2020 Budget. General Fund expenditures exceed revenues by \$1,200,000. The 2021 Recommended Budget uses one-time carry over reserve funds to balance the budget in order to maintain existing programs and levels of service, including filling two vacant police patrol officer positions.

In addition, the 2021 Recommended Budget fully funds the 17% General Fund reserve target and all other city contingency and reserve funds. The 2021 Budget also creates a new Building Capital Improvement Fund, Fund 330, to reserve appropriate restricted revenues in anticipation of future City building development and/or City building major capital maintenance.

### Staffing

Despite the uncertainty, the 2021 Recommended Budget maintains existing staffing levels and city services. The 2021 budget does include filling two vacant patrol officer positions in the police department. Recommended investments to fill identified staffing needs such as hiring a probation officer, information technology manager, and accountant have been put on hold and are not included in the 2021 Recommended Budget.

### Partnerships

Previous support for special events, promotion of the city's downtown, and marketing have also been postponed due to the downturn in hotel and motel stays which support these efforts through the Lodging Tax. City partners such as the YMCA have withdrawn requests in 2021 for support due to changes in service and access to facilities during the pandemic. Support of the Senior Center bus, Monroe-Duwall

shuttle, and Chamber of Commerce tourism promotion activities, and support for downtown businesses will continue.

### **Strategic Programs**

The 2021 Recommended Budget continues to support the city's strategic priorities – public safety, economic development, growth and development, utilities and transportation, community and culture, and good government. These strategic priorities were developed both in partnership with and with the approval of our City Council. Times of uncertainty create opportunities to grow, discover, and reinvent how our city family does business and delivers services.

The 2021 Budget supports opportunities to grow and strengthen partnerships; advocates and helps those in need; invests in parks, streets and clean water; improves law and justice outcomes; builds a diverse, equitable, and inclusive workforce; and uses technology to create a more resilient organization.

Following are some of the proposed programs included in 2021 Recommended Budget:

#### **Grow and strengthen partnerships with our diverse communities through honest and open engagement.**

The 2021 Recommended Budget includes \$50,000 to engage a diverse groups of residents from across the city in a collaborative effort to complete a city-wide visioning process. Vision 2050 will help the city articulate core community values and update the city's vision statement in order to set goals for the required 20-year Comprehensive Plan Update in 2024. Mayor, Council, court officials, and city staff will continue outreach efforts to diverse communities within Monroe including social media posts in English and Spanish.

#### **Advocate for those in need and the tools to help residents and business owners navigate uncertain times**

The 2021 Recommended Budget continues to invest in coordinating government, non-profit, and private sector partners to serve residents impacted by the pandemic. The 2021 budget creates the first Human Services budget. The budget includes the police department embedded social worker, indigent defense social worker, and contracted human services project manager. This work is informed by the Homelessness Policy Advisory Committee (HPAC) recommendations adopted by the City Council in February 2020. The city worked with non-profit partners to create a Technical Advisory Committee to coordinate services and implement the HPAC recommendation. This work continues with the Community Human Services Advisory Board (CHSAB). The CHSAB recommended putting \$90,000 in the 2021 human services budget to work with local non-profits, stakeholders and those seeking services to determine community needs and identify service gaps. There is funding set aside to implement the assessment recommendations. Separately, the community development budget includes funding to finalize and adopt the city's first Housing Action Plan.

#### **Invest in our community's streets, parks, trails and other infrastructure to maintain the quality of life that makes Monroe a special place to live, recreate, visit, and work**

The 2021 Budget includes \$4,200,000 from the City, State, County, and sports leagues to complete the Lake Tye All-Weather fields. The All-Weather Fields will allow year-around, out-door play for baseball,

soccer, and lacrosse teams. The budget continues progress on annually replacing aging play structures in city parks. The city will begin master planning its first new neighborhood park north of US 2. The 2021-2026 Strategic Plan includes completing the update to the Park Recreation and Open Space (PROS Plan) and begins working on the CADMAN property transfer to the city. The CADMAN property offers the opportunity to master plan the city's 100 acres of river-front property and 1.5 miles of frontage on the Skykomish River. The city collects approximately \$1,275,000 in sales tax revenue through the Transportation Benefit District to replace ADA ramps, repair, and repave city streets. There is \$12,505,901 set aside in 2021 for water, sewer and stormwater infrastructure replacement and repair, which includes funding to resolve long-term flooding on Blueberry Lane.

### **Improve our justice system to both advance community security while improving outcomes**

The City of Monroe was one of the first cities to partner with Snohomish County to embed a social worker with police. In 2020, the city received a state grant to provide the indigent defense attorney with a part-time social worker to connect those in need and seeking services with professional help. The city completed the Court Assessment in 2020. The Assessment identified opportunities to improve court services. The 2021 Recommend Budget begins to implement the Assessment recommendations. The Budget adds on-line and over-the-phone payments for the Monroe Municipal Court through the city's website. The 2021 Recommended Budget funds a police department workload analysis and implements recommendations in the 2019 Police Department Assessment and 2020 LEMAP study.

### **Build a diverse, equitable, and inclusive workforce**

The 2021-2026 Strategic Priorities include goals to promote diversity, equity and inclusion, and recruit and retain a skilled and diverse workforce. The focus is to honor diversity and different perspectives in our City while encouraging a culture that is safe, welcoming, and respectful of all residents. In response to these principles, the City of Monroe has begun efforts to build a diverse, equitable, and inclusive workforce. Funding is available In 2021 Recommended Budget to evaluate staff training needs, city policies, and to align city policies, procedures, and practices with city values.

### **Create a resilient organization by investing in technology to increase efficiency, support collaboration, and serve customers 24/7**

The COVID-19 pandemic accelerated the need to invest in technology to increase efficiency and serve customers when face-to-face interactions are impossible. In 2020, the city completed the Information Technology Needs Assessment. One-time CARES Act funding in 2020 made it possible to connect to dark fiber for faster internet speeds, replace the city's aging phone system, up-grade laptops, move Council meetings on-line, migrate to Office365 and Sharepoint, and migrate Springbrook, the city's financial software package, to the Cloud. The 2021 Budget will continue these investment with staff training to fully-utilize new technology, and evaluate needs/features for a new financial software package.

In conclusion, the 2021 Recommended Budget fully funds all reserve targets, including the Contingency Fund, per the City's policies, maintains existing staffing levels by fully funding the two vacant policy officer positions, does not add any new staffing positions as we continue to evaluate the impacts from COVID-19, maintains existing programs, expands strategic programs such as efforts to improve our justice system within existing resources, and continues the capital investments identified in the city's long term capital plans.

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# Budget Overview

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## INTRODUCTION

A budget is a legal document that forecasts the financial resources of the City and authorizes the spending of those resources for a fiscal period. For the City of Monroe, the fiscal period is one calendar year, January through December. The budget process should result in a plan of operations for allocating and monitoring the use of our limited resources among our various competing demands. The City of Monroe's 2021 Budget is the proposed plan for fiscal year 2021.

The City accounts for and organizes its operations on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The City of Monroe accounts for its operations in 23 separate funds, each requiring an adopted budget.

### Current Expense Funds (Three Funds)

The primary operational fund (the current expense fund) of the City is the General Fund 001. This fund houses the revenues and expenditures which are not accounted for in other funds and supports services for the greater good that are more general in nature. As the primary fund of the City, further information specific to the General Fund can be found beginning on page 24 of this document.

In addition to the General Fund 001, the City budgets two additional general type funds: Fund 002 Contingency and Fund 008 - Donations. The Contingency Fund 002 is required by the City's reserve policy and is allowed by RCW 35A.33.145. This fund may be used for emergencies and for one time unanticipated expenditures with appropriate action of the Council. Per policy, the City targets up to 8% of its General Fund operating expenditures to be housed in this fund up to the limit of \$0.375 per \$1,000 City assessed value imposed by RCW. For 2021, the anticipated ending balance in the Contingency Fund of \$1,170,038 represents full funding based on the 2021 preliminary City assessed valuation from the county.

The Donation Fund 008 accounts for donations made by private parties and businesses to support specific activities of the City. Historically, donations have been received that support the City's Community Egg Hunt, flower basket program, police K-9 operations, and Movies Under the Moon. If you are interested in making a donation to the City, feel free to contact City Hall at 360-794-7400 and contact your tax advisor as your donation may be tax deductible.

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# Budget Overview

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## Special Revenue Funds (Four Funds)

The City of Monroe budgets four special revenue funds: Fund 105 Street Operations & Maintenance; Fund 109 Lodging Tax; Fund 114 Narcotics Enforcement; and Fund 117 Real Estate Excise Taxes (REET). By definition, special revenue funds are used to account for and record the proceeds of specific revenue sources that are restricted or committed to expenditures for specific purposes other than debt service or capital projects. In the Street Fund 105, the state shared gas taxes the City receives are restricted to street maintenance and operations. The Lodging Tax Fund 109 taxes can only be used for tourism related operations and marketing, the Narcotics Enforcement Fund 114 proceeds may only be used for drug enforcement operations, and REET Fund 117 taxes are restricted by RCW for use on specific types of capital projects. Additional information for each of these funds may be found in the Special Revenue Fund section of the budget document.

## Debt Service Fund (One Fund)

The City of Monroe maintains one debt service fund to account for the long term debt associated with the taxable operations of the City. Debt associated with the operations and revenues of our utilities are accounted for in an appropriate utility fund. The City's Debt Service Fund 203 is used to account for annual debt associated with the general fund portion of the Public Works campus project. Revenues associated with this debt service expenditure are derived by transfers from the REET Fund 117.

## General Government Capital Funds (Five Funds)

The City of Monroe budgets five general government capital funds: Fund 307 General CIP Fund; Fund 317 Parks CIP Fund; Fund 318 Street CIP Fund; Fund 319 No. Kelsey Capital Fund; and Fund 330 Building CIP Fund (beginning in 2021). As with debt service, capital improvement projects (CIP) associated with our utilities are accounted for in an appropriate utility fund. Additional information for each of these funds may be found in the Capital Funds section of this budget document.

## Utility (Enterprise) Funds (Seven Funds)

The City of Monroe budgets seven utility funds: Fund 411 Water Operations & Maintenance (O&M); Fund 412 Water CIP; Fund 421 Sewer O&M; Fund 422 Sewer CIP; Fund 431 Stormwater O&M; Fund 432 Stormwater CIP; and Fund 450 Revenue Bond Reserves. Utility funds are used to account for the City's activities for which a fee is charged to external users for goods or services. Debt and capital projects paid by the rate proceeds charged to external users are also accounted for using utility funds. While it is not required to have separate capital and debt reserve funds for the utilities (these activities could be included in the appropriate utility O&M fund), it is the City's desire to make these activities as transparent as possible by housing them in a separate utility fund. Additional information for each of these funds may be found in the Utility/Enterprise Funds section of this budget document.

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# Budget Overview

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## Internal Service Funds (Three Funds)

The City of Monroe budgets three internal service funds: Fund 510 Information Technology; Fund 520 Fleet and Equipment; and Fund 530 Facilities. Internal service funds are used to account for goods and services provided to other funds and departments of the City on a cost reimbursement basis. Because our information technology, fleet and equipment, and facility programs affect all departments of the City, it is best practice to account for these activities in their own funds. Additional information for each of these funds may be found in the Internal Service Funds section of the budget document.

### OVERVIEW

The total proposed 2021 Budget across all funds is \$95,749,340. Exclusive of beginning fund balance, the largest revenue stream is charges for services at \$25,118,805 or 26.2% with taxes being the third largest revenue stream at \$13,402,232 or 14.0% of the overall budget. All revenues, exclusive of beginning fund balances and transfers in, total \$48,416,864. In contrast, total expenditures across all funds, exclusive of ending fund balances, reserves, capital and debt service, are \$39,894,239. The difference between these two figures, \$8,522,625, supports our debt service and capital programs along with transfers in and beginning fund balances. Total anticipated ending fund balances, inclusive of reserves, is \$28,431,735.

Total revenues are forecast to remain flat due to the effects of the COVID-19 pandemic. No significant change in overall charges for services in 2021 is expected (2021 anticipated is projected to increase only 0.04% over 2020 budget), although we continue to see steady development and increased utility accounts. 2021 anticipated taxes include property taxes on new construction estimated at \$56,663,100 per Snohomish County's preliminary figures published on September 17, 2020.

As noted earlier, total expenditures for the City, exclusive of capital, debt service, transfers out, and ending fund balance, is \$39,894,239. The largest portion of expenditures is personnel. As the City is a service-oriented agency, it is expected that personnel would be the largest expenditure category without consideration of capital, debt service, transfers out, or ending fund balance. For 2021, it is anticipated that personnel costs (salaries and benefits) will be \$17,638,554 over all funds of the City. This represents 44.2% of the \$39,894,239 expenditure total but represents 18.4% of the overall \$95,749,340 budget.

Exclusive of ending fund balance, capital is the next largest expenditure category at \$24,435,709. This represents 25.5% of the overall \$95,749,340 and is an increase of \$939,616 from 2020. Capital fluctuates year over year as projects are budgeted as financial and other resources allow.

The following pages summarize the various categories anticipated for both revenues and expenditures for all City funds for 2021.

## 2021 REVENUE SOURCES - ALL FUNDS

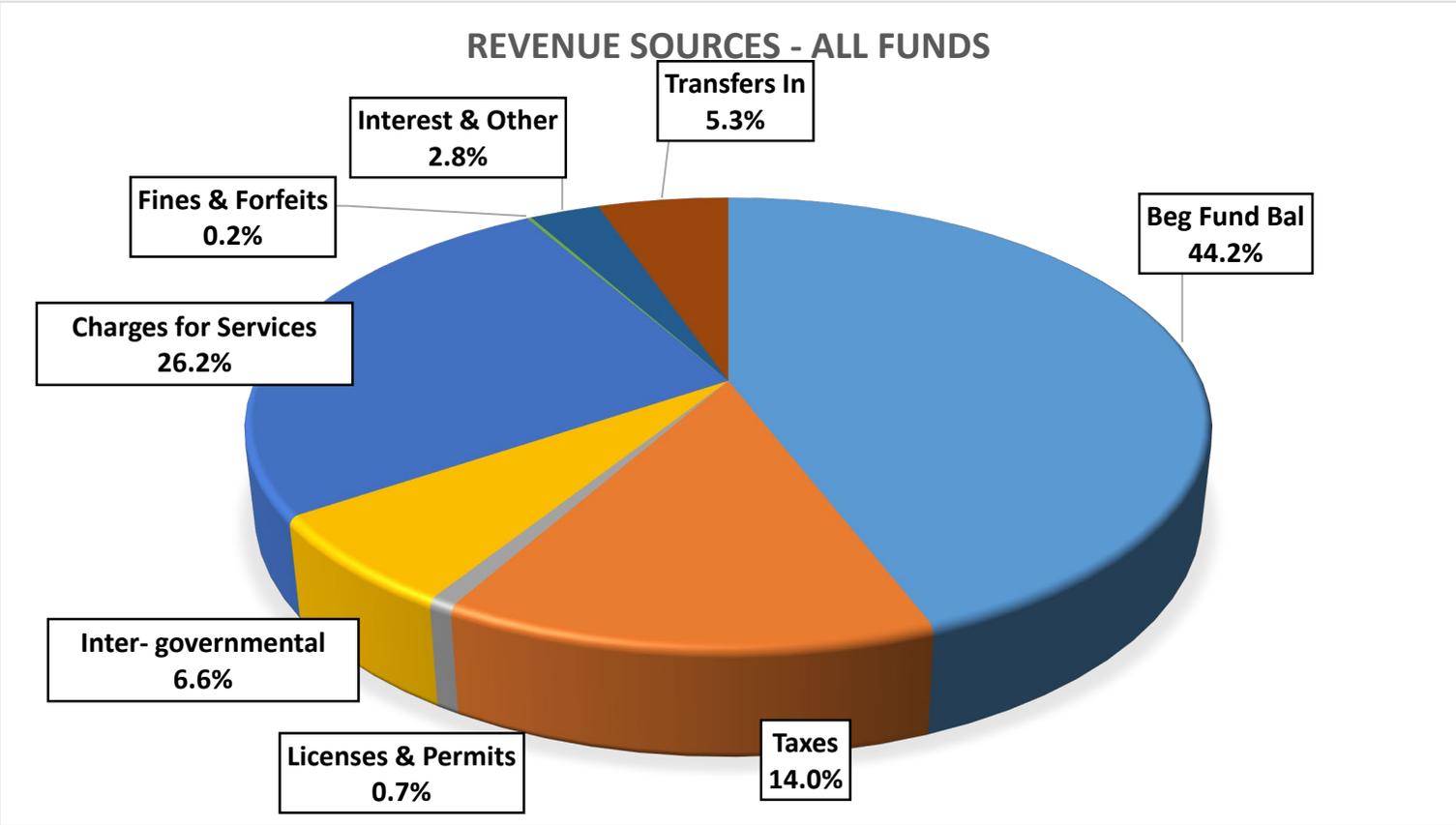
Fund	Beg. Fund Balance	Taxes	Licenses & Permits	Inter-governmental	Charges for Services	Fines & Forfeits	Interest & Other	Transfers In	Totals
<b><u>General Funds</u></b>									
General Govt Fund (001)									
Non-departmental	3,886,207	11,190,532	192,000	110,000	50		30,764		15,409,553
Executive					309,041				309,041
Finance					255,299		100		255,399
Human Resources					69,122		100		69,222
Police		831,700	5,700	361,208	60,600		3,000		1,262,208
Legislative (Council)					82,627				82,627
Legal					223,504				223,504
City Clerk					101,939		50		101,989
Municipal Court						166,643	65		166,708
Parks					12,420		1,500		13,920
Jail & Dispatch									-
Human Services		40,000		12,000					52,000
City-wide									-
Community Development			290,000		266,347		350		556,697
Emergency Mngt							80		80
Cares Act									-
<b>Total General Fund</b>	3,886,207	12,062,232	487,700	483,208	1,380,949	166,643	36,009	-	18,502,948
<b><u>Other General Type Funds</u></b>									
Contingency Fund (002)	1,082,314						1,724	86,000	1,170,038
Donation Fund (008)	12,403						5,250		17,653
<b>Total All Gen. Type Funds</b>	4,980,924	12,062,232	487,700	483,208	1,380,949	166,643	42,983	86,000	19,690,639
<b><u>Special Revenue Funds</u></b>									
Street Fund (105)	465,372	400,000	220,000	421,532	55,000		1,800		1,563,704
Lodging Tax Fund (109)	29,580	40,000					150		69,730
Narcotics Fund (114)	51,702						26		51,728
REET Fund (117)	1,106,896	900,000					10,000		2,016,896
<b>Total All Spec. Rev. Funds</b>	1,653,550	1,340,000	220,000	421,532	55,000	-	11,976	-	3,702,058
<b><u>Debt Service Fund</u></b>									
Debt Service Fund (203)	3,458						15	137,836	141,309

## 2021 REVENUE SOURCES - ALL FUNDS

Fund	Beg. Fund Balance	Taxes	Licenses & Permits	Inter-governmental	Charges for Services	Fines & Forfeits	Interest & Other	Transfers In	Totals
<b><u>Capital Funds</u></b>									
General CIP Fund (307)	18,397			1,022,000					1,040,397
Parks CIP Fund (317)	5,009,874			1,305,000	247,900		35,600	33,271	6,631,645
Street CIP Fund (318)	1,254,538			1,965,223	1,684,583		10,100	395,900	5,310,344
No. Kelsey Dev Fund (319)	105,427						500		105,927
Building Fund (330)	-						800,500	567,000	1,367,500
<b>Total All Capital Funds</b>	6,388,236	-	-	4,292,223	1,932,483	-	846,700	996,171	14,455,813
<b><u>Enterprise Funds</u></b>									
Water O&M Fund (411)	976,924				6,907,800		6,700		7,891,424
Water CIP Fund (412)	4,887,240						415,100	1,101,563	6,403,903
Sewer O&M Fund (421)	1,309,998				8,387,472		32,500		9,729,970
Sewer CIP Fund (422)	9,676,212			1,139,625			1,292,922	2,285,531	14,394,290
Stormwater O&M Fund (431)	376,719				2,448,625		4,000		2,829,344
Stormwater CIP Fund (432)	3,676,635						1,500	307,446	3,985,581
Rev. Bond Reserve Fund (450)	2,818,211						5,500		2,823,711
<b>Total All Enterprise Funds</b>	23,721,939	-	-	1,139,625	17,743,897	-	1,758,222	3,694,540	48,058,223
<b><u>Internal Service Funds</u></b>									
Info. Technology Fund (510)	191,880				681,183		2,500	94,000	969,563
Fleet & Equipment Fund (520)	5,254,750				1,897,215		14,000		7,165,965
Facilities Fund (530)	94,761				1,428,078		8,500	34,431	1,565,770
<b>Total All Internal Svc Fund</b>	5,541,391	-	-	-	4,006,476	-	25,000	128,431	9,701,298
<b>TOTAL ALL FUNDS</b>	<b>42,289,498</b>	<b>13,402,232</b>	<b>707,700</b>	<b>6,336,588</b>	<b>25,118,805</b>	<b>166,643</b>	<b>2,684,896</b>	<b>5,042,978</b>	<b>95,749,340</b>

## 2021 REVENUE SOURCES - ALL FUNDS

	Beg Fund Bal	Taxes	Licenses & Permits	Inter-governmental	Charges for Services	Fines & Forfeits	Interest & Other	Transfers In	Totals
<b>TOTAL ALL FUNDS</b>	<b>\$ 42,289,498</b>	<b>\$ 13,402,232</b>	<b>\$ 707,700</b>	<b>\$ 6,336,588</b>	<b>\$ 25,118,805</b>	<b>\$ 166,643</b>	<b>\$ 2,684,896</b>	<b>\$ 5,042,978</b>	<b>\$ 95,749,340</b>
	44.2%	14.0%	0.7%	6.6%	26.2%	0.2%	2.8%	5.3%	



## 2021 EXPENDITURE SOURCES - ALL FUNDS

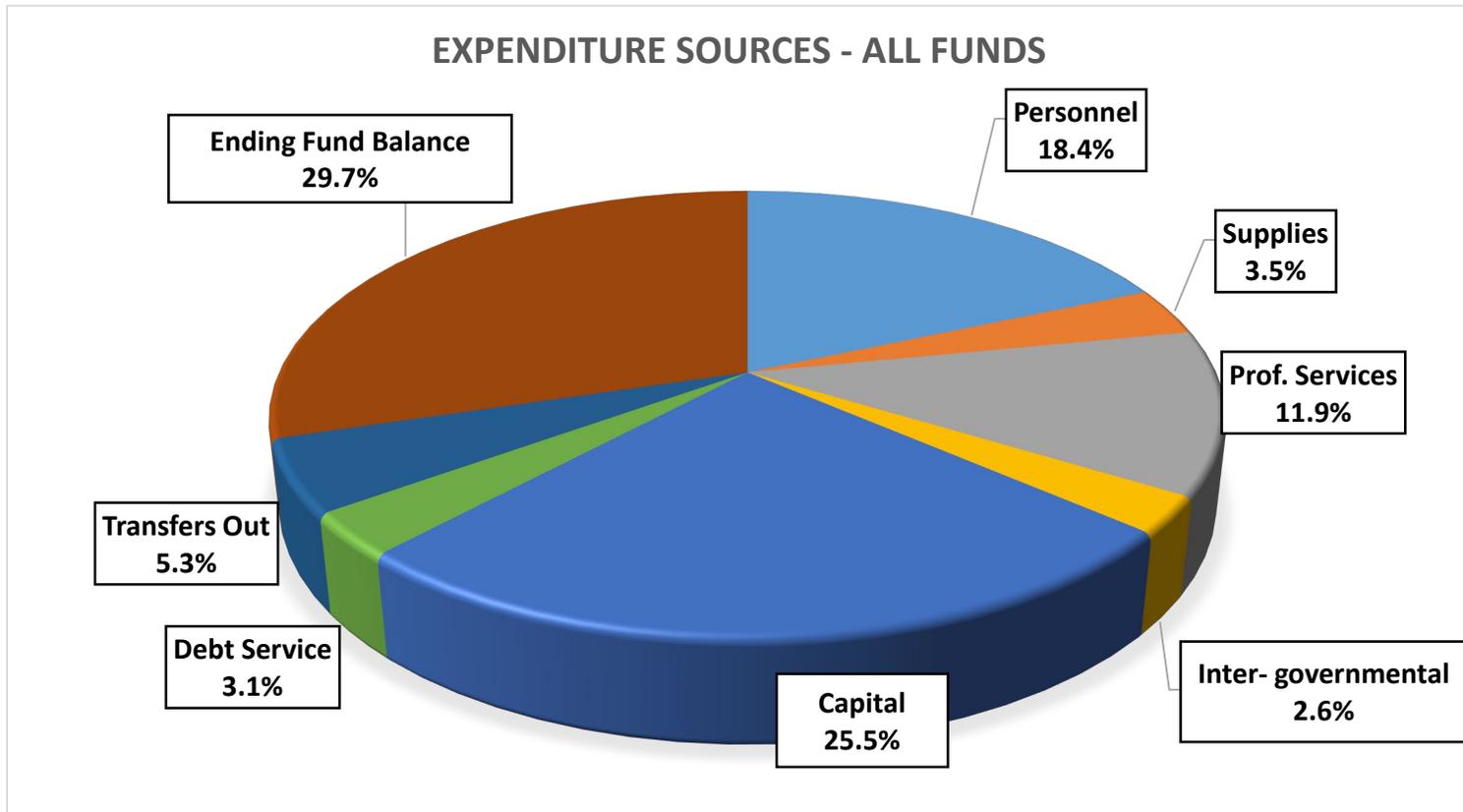
Fund	Personnel	Supplies	Prof. Services	Inter- governmental	Capital	Debt Service	Transfers Out	Ending Fund Balance	Totals
<b><u>General Funds</u></b>									
General Govt Fund (001)									
Non-departmental							180,000	2,653,727	2,833,727
Executive	429,555	20,500	183,506						633,561
Finance	512,439	2,000	133,075						647,514
Human Resources	250,470	1,000	40,924						292,394
Police	6,640,154	147,105	1,313,806	24,578					8,125,643
Legislative (Council)	72,822	1,200	88,100	24,000					186,122
Legal			738,000						738,000
City Clerk	157,035	500	30,102						187,637
Municipal Court	300,638	7,250	145,906						453,794
Parks	1,236,069	103,500	347,380	250					1,687,199
Jail & Dispatch				717,657					717,657
Human Services		5,000	152,000	74,711					231,711
City-wide			88,921	38,663					127,584
Community Development	1,362,241	10,900	242,525						1,615,666
Emergency Mngt	5,626	4,414	14,699						24,739
Cares Act									-
<b>Total General Fund</b>	<b>10,967,049</b>	<b>303,369</b>	<b>3,518,944</b>	<b>879,859</b>	-	-	<b>180,000</b>	<b>2,653,727</b>	<b>18,502,948</b>
<b><u>Other General Type Funds</u></b>									
Contingency Fund (002)								1,170,038	1,170,038
Donation Fund (008)		5,250	5,625					6,778	17,653
<b>Total All Gen. Type Funds</b>	<b>10,967,049</b>	<b>308,619</b>	<b>3,524,569</b>	<b>879,859</b>	-	-	<b>180,000</b>	<b>3,830,543</b>	<b>19,690,639</b>
<b><u>Special Revenue Funds</u></b>									
Street Fund (105)	551,312	132,675	378,648				1,771	499,298	1,563,704
Lodging Tax Fund (109)			35,000					34,730	69,730
Narcotics Fund (114)			21,000					30,728	51,728
REET Fund (117)							1,166,667	850,229	2,016,896
<b>Total All Spec. Rev. Funds</b>	<b>551,312</b>	<b>132,675</b>	<b>434,648</b>	-	-	-	<b>1,168,438</b>	<b>1,414,985</b>	<b>3,702,058</b>
<b><u>Debt Service Fund</u></b>									
Debt Service Fund (203)						137,836		3,473	141,309

## 2021 EXPENDITURE SOURCES - ALL FUNDS

Fund	Personnel	Supplies	Prof. Services	Inter- governmental	Capital	Debt Service	Transfers Out	Ending Fund Balance	Totals
<b><u>Capital Funds</u></b>									
General CIP Fund (307)					1,022,000	600		17,797	1,040,397
Parks CIP Fund (317)	237,729		122,938		5,894,500			376,478	6,631,645
Street CIP Fund (318)	240,665		35,081		4,493,830			540,768	5,310,344
No. Kelsey Dev Fund (319)			105,927					-	105,927
Building Fund (330)			500,000		25,000		-	842,500	1,367,500
<b>Total All Capital Funds</b>	478,394	-	763,946	-	11,435,330	600	-	1,777,543	14,455,813
<b><u>Enterprise Funds</u></b>									
Water O&M Fund (411)	1,305,292	1,838,331	1,153,678	1,012,800	-	752,275	1,101,563	727,485	7,891,424
Water CIP Fund (412)	393,351		171,115	41,510	5,084,409			713,518	6,403,903
Sewer O&M Fund (421)	1,358,572	391,656	2,603,372	363,000	55,000	1,881,113	2,285,531	791,726	9,729,970
Sewer CIP Fund (422)	236,347		165,111	87,415	4,405,273			9,500,144	14,394,290
Stormwater O&M Fund (431)	1,127,953	59,831	697,293	150,425	-	216,193	307,446	270,203	2,829,344
Stormwater CIP Fund (432)	281,725		50,285		3,016,219			637,352	3,985,581
Rev. Bond Reserve Fund (450)							-	2,823,711	2,823,711
<b>Total All Enterprise Funds</b>	4,703,240	2,289,818	4,840,854	1,655,150	12,560,901	2,849,581	3,694,540	15,464,139	48,058,223
<b><u>Internal Service Funds</u></b>									
Info. Technology Fund (510)	169,494	155,000	612,739					32,330	969,563
Fleet & Equipment Fund (520)	307,421	303,000	283,260		405,047			5,867,237	7,165,965
Facilities Fund (530)	461,644	137,500	891,070		34,431			41,125	1,565,770
<b>Total All Internal Svc Fund</b>	938,559	595,500	1,787,069	-	439,478	-	-	5,940,692	9,701,298
<b>TOTAL ALL FUNDS</b>	<b>17,638,554</b>	<b>3,326,612</b>	<b>11,351,086</b>	<b>2,535,009</b>	<b>24,435,709</b>	<b>2,988,017</b>	<b>5,042,978</b>	<b>28,431,375</b>	<b>95,749,340</b>

## 2021 EXPENDITURE SOURCES - ALL FUNDS

	Personnel	Supplies	Prof. Services	Inter-governmental	Capital	Debt Service	Transfers Out	Ending Fund Balance	Totals
<b>TOTAL ALL FUNDS</b>	<b>\$ 17,638,554</b>	<b>\$ 3,326,612</b>	<b>\$ 11,351,086</b>	<b>\$ 2,535,009</b>	<b>\$ 24,435,709</b>	<b>\$ 2,988,017</b>	<b>\$ 5,042,978</b>	<b>\$ 28,431,375</b>	<b>\$ 95,749,340</b>
	18.4%	3.5%	11.9%	2.6%	25.5%	3.1%	5.3%	29.7%	



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## General Fund Overview

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### INTRODUCTION

The General Fund is the principal governmental fund of the City. It accounts for the revenues and expenditures which are not accounted for in any other fund and supports services for the greater good that are more general in nature. These services traditionally do not have a dedicated revenue stream to fully support its program and include police, parks, community and economic development, municipal court, records and legal services, and administrative services.

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General Fund - Revenues						
	Actual <u>2017</u>	Actual <u>2018</u>	Actual <u>2019</u>	Budget <u>2020</u>	Projected <u>2020</u>	Proposed <u>2021</u>
Taxes	\$10,922,890	\$11,187,505	\$13,018,694	\$11,713,376	\$12,000,668	\$12,062,232
Licenses & Permits	806,563	943,596	792,171	554,700	559,625	487,700
Intergovernmental	616,418	584,359	566,945	1,142,052	1,096,768	483,208
Charges for Services	1,095,781	1,439,399	1,617,822	1,462,711	1,439,997	1,380,949
Fines & Forfeitures	283,176	238,974	240,706	134,516	135,416	166,643
Interest & Other Rev	77,170	104,561	144,619	98,592	100,156	36,009
Transfers In	446,953	122,351	-	40,209	40,209	-
Beginning Fund Balance	3,383,932	4,548,625	4,422,551	4,632,998	4,632,998	3,886,207
Total	\$17,632,883	\$19,169,371	\$20,803,508	\$19,779,154	\$20,005,837	\$18,502,948

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Total anticipated revenues for 2021 in the General Fund, without consideration of the beginning fund balance, is a decrease of \$529,415 from the 2020 Budget. Tax revenues are relatively stable (no property tax increase is proposed for 2021). The revenue decline is primarily attributable to removal of the one-time Cares Act funding of \$607,000 in 2020. The decrease in revenues from this change will be offset by decreased activity spending in 2021. Interest and other revenues are decreased from 2020 levels due to a lower interest rate earnings outlook which began in 2020 and anticipated to continue in 2021.

### REVENUES

The majority of the General Fund revenues are taxes. For the 2021 proposed budget, tax revenue represents 65.2% of the overall anticipated revenue into the General Fund. This includes property taxes, sales taxes, utility taxes, leasehold excise taxes, admissions taxes, and gambling taxes. Without consideration of the beginning fund balance, the second largest category of revenue is Charges for Services at 9.5% of the General Fund. These charges include plan review fees, appropriate policing reimbursement fees, field usage fees in our parks, and overhead recovery fees for our administrative services. The table above illustrates the various revenue categories anticipated in 2021 for the General Fund.

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# General Fund Overview

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## Property Taxes

The City's property tax is levied based on the assessed value from the previous year, as determined by the Snohomish County Assessor. Annually, the City Council sets the property tax levy as part of the annual budget process. This levy is then legally required to be certified to the County by the end of November. The Council may increase its property tax revenues by either one percent or by the Implicit Price Deflator published in September each year, whichever is lower. If the Council does not increase the property tax by the amount allowed, the City then "banks" the amount for potential future use.

The City has traditionally foregone its statutorily allowed increase each year and "banked" the taxing authority, with the exception of fiscal years 2017 and 2019. For 2017, the City used \$484,312 of its banked capacity to help restore specific positions/services within the General Fund, such as a parks supervisor, part time permit tech/code enforcement, and a city accountant (still to be filled). The 2018 Approved Budget did not increase the property taxes over 2017 collections, leaving approximately \$671,000 in banked tax capacity. In fiscal year 2019, the City used \$450,000 of this remaining banked capacity, specifically to hire two positions for its Parks Department and to help fund some of the Economic Development Advisory Board's recommendations. For fiscal year 2021, the budget again recommends foregoing the statutorily allowed 1% property tax increase. Any growth in property taxes would be solely from new construction, estimated to be \$61,645 in new revenue.

The following chart details the historical rate per thousand assessed for City taxes since 2013:

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Historical City Assessed Valuation, General Property Tax Levied, and City Property Tax Rate

**\*\*2021 rates are preliminary estimates/may be affected by new construction**

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Year	Assessed Value	Revenue	per \$1,000
2021**	\$ 3,062,557,708	\$ 3,392,805	\$ 1.08
2020	\$ 2,885,062,587	\$ 3,275,000	\$ 1.14
2019	\$ 2,600,459,852	\$ 3,201,628	\$ 1.23
2018	\$ 2,255,923,097	\$ 2,674,640	\$ 1.19
2017	\$ 1,991,598,893	\$ 2,577,719	\$ 1.29
2016	\$ 1,773,873,208	\$ 2,047,724	\$ 1.15
2015	\$ 1,631,751,335	\$ 2,013,295	\$ 1.23
2014	\$ 1,464,883,201	\$ 1,991,453	\$ 1.36
2013	\$ 1,349,715,977	\$ 1,969,615	\$ 1.46

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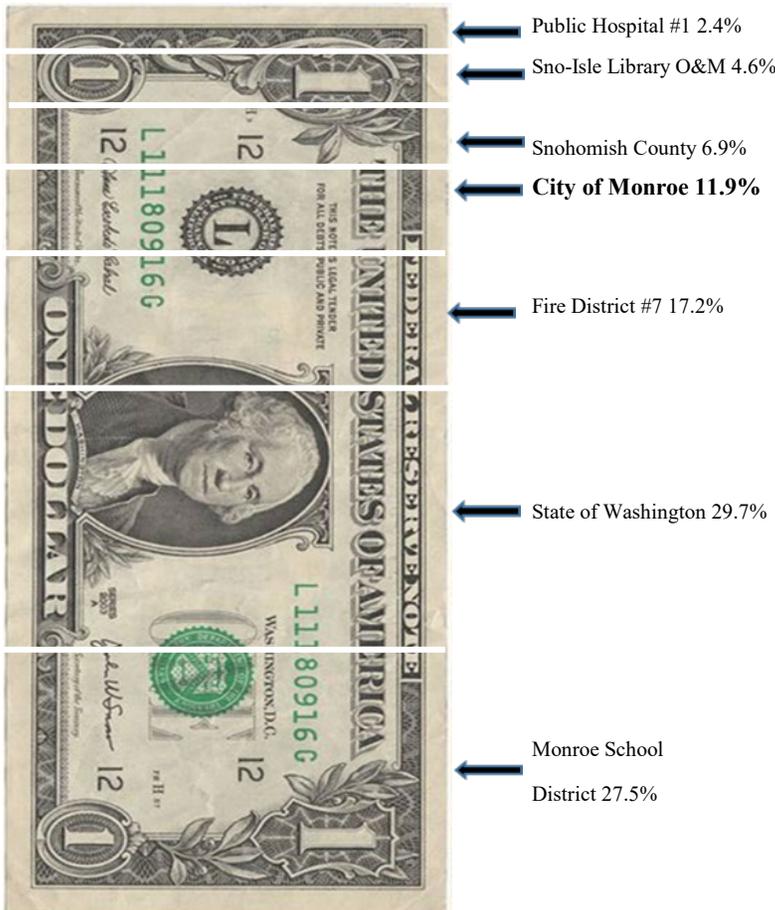
# General Fund Overview

## Property Taxes continued:

Snohomish County has indicated that estimated increases to assessed values for property in Monroe will be on average 6.17%. By not assessing the 1% increase to property taxes allowed by law, the City of Monroe's portion of the property tax bill should remain the same (slight difference due to rounding). The following table illustrates this:

Taxes calculated by taking assessed value/1,000 times tax rate

2020 Home Value	2021 Estimated Home Value 6.17% Increase	2020 City Tax Rate	2020 City Tax	2021 Estimated City Tax Rate	2021 Estimated City Tax	Difference Year over Year
\$ 250,000	\$ 265,425	\$ 1.15	\$287.50	\$ 1.08	\$287.43	\$ (0)
\$ 300,000	\$ 318,510	\$ 1.15	\$345.00	\$ 1.08	\$344.91	\$ (0)
\$ 400,000	\$ 424,680	\$ 1.15	\$460.00	\$ 1.08	\$459.89	\$ (0)
\$ 500,000	\$ 530,850	\$ 1.15	\$575.00	\$ 1.08	\$574.86	\$ (0)
\$ 600,000	\$ 637,020	\$ 1.15	\$690.00	\$ 1.08	\$689.83	\$ (0)



The property tax rates illustrated above are for the City of Monroe's portion only of the overall tax bill. For the majority of residents, the property tax bill also includes taxes to the state, Fire District #7, the library, schools, hospital, and county. The graphic to the left illustrates how much of each dollar paid in property taxes goes to each jurisdiction. For 2020, the City of Monroe's portion represented 11.9% of the total bill. The total property tax bill on a house with an assessed value of \$458,100 in 2020 is \$4,438 (total tax rate is \$9.69 for this property). The City receives \$529 of this \$4,438, with the remainder going to other agencies. See graphic on the following page for the distribution of the tax collected for this house.

# General Fund Overview

Property taxes continued:

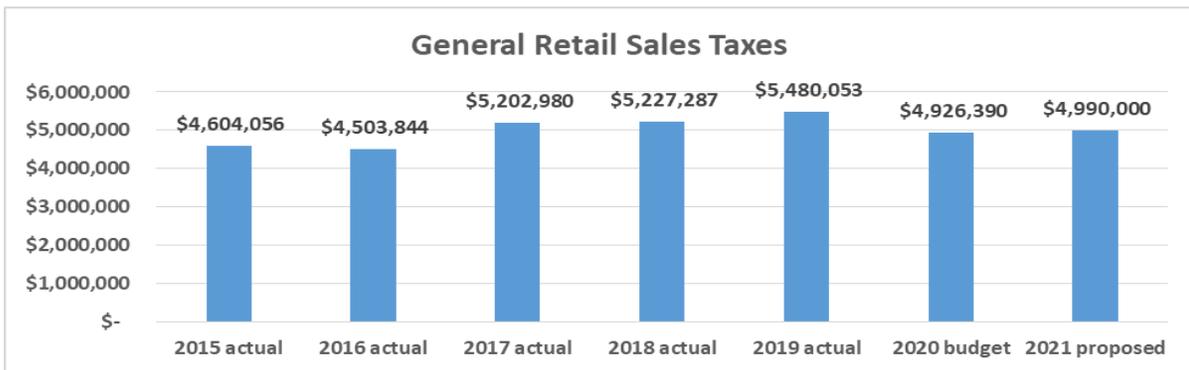


While all taxes represent 65.2% of the 2021 General Fund budget, property taxes alone represent just 18.3% of the anticipated General Fund revenues (\$3,392,805 of the \$18,502,948 anticipated revenue). The largest source of anticipated taxes to the 2021 General Fund is sales taxes.

## Sales Taxes

Sales taxes are the taxes paid on retail sales in the City of Monroe. Monroe's sales tax rate is 9.3%. Of this rate, 6.5% goes to the state, 1.5% to other agencies, and the remaining 1.3% stays here locally. For 2021, the anticipated Monroe portion of general sales taxes represent 27.0% of the overall General Fund budget (\$4,990,000 of the \$18,502,948 anticipated revenue). These taxes may be used for any general purpose program for the City, such as parks, community development, police, etc.

As illustrated in the chart below, general sales taxes have steadily improved until 2019, but decreased in 2020 and 2021 due to the impacts of the COVID pandemic. As the economy continues to recover, it is anticipated that future years will again see steady growth in this revenue source.



Along with the general sales taxes, the City also assesses an additional 0.1% sales tax (part of the 9.3%) for public safety purposes. This restricted tax, as approved by the voters, may only be used for public safety purposes. The anticipated receipts from this 0.1% sales tax is \$471,200 which is 2.55% of the overall anticipated General Fund budget. This \$471,200 represents 5.8% of the Police Department 2021 proposed expenditure budget.

Remaining 2021 anticipated sales taxes are the state shared taxes for Criminal Justice at 1.8% or \$330,000 of the overall anticipated General Fund revenues. This again is restricted resources for public safety and represents 4.1% of the Police Department's 2021 proposed expenditure budget.

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# General Fund Overview

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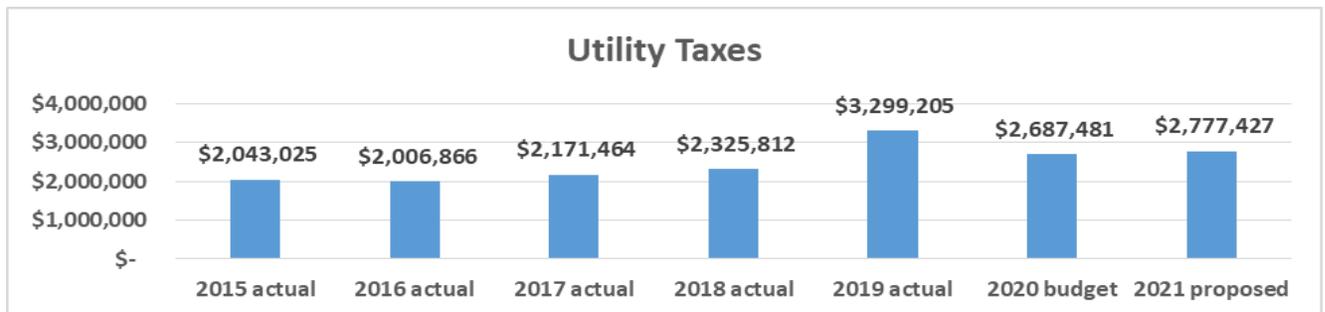
## Utility Taxes

Utility taxes are taxes levied on the gross operating revenues earned by both public and private utilities operating within the City of Monroe. A utility tax is not a pass through tax but a tax on the "business" itself. Through 2018, utilities paying a tax to the General Fund included electric, natural gas, phone, and water. It did not include sewer, stormwater, or garbage. (Garbage utilities pay a franchise fee to the City, which we receipt into Fund 105-Street O&M.)

Beginning in 2019, the City assessed a 10% utility tax on its sewer utility, similar to what is assessed on our water utility. In 2021, this tax is estimated to generate approximately \$970,000; the first \$400,000 of this tax will be receipted into Fund 105 Street O&M to support its operations. The remaining estimated \$570,000 will be revenue to the General Fund.

Utility taxes are our third largest revenue source to the General Fund, behind sales and property taxes but exclusive of beginning fund balance. 2021 anticipated utility taxes represent 15.0% of the General Fund anticipated revenues (\$2,777,427 of the \$18,502,948 total).

With the exception of 2016 actual receipts, the utility taxes have grown at a slow but steady pace, due mostly to our population growth. In 2016, taxes assessed against natural gas decreased over prior years but has begun to grow again. Overall, 2021 utility taxes are anticipated to increase over 2020 before consideration of the \$400,000 to be receipted in the Fund 105 Streets O&M. Actual estimated utility tax revenue to the General Fund will see a slight increase in 2021.



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# General Fund Overview

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## Other Taxes

The remaining 2021 taxes are derived from Admissions Taxes, Leasehold Excise Taxes, and Gambling Taxes. These taxes represent 0.33% or \$60,800 of the overall 2021 General Fund revenues.

The city has estimated these taxes very conservatively given the current restrictions on social events.

## Licenses & Permits

The City of Monroe assesses fees to license businesses and animals. In addition, Monroe realizes revenue from cable franchise fees and building permits. Building permits are the largest revenue stream within this category, \$290,000 of the \$487,700 total expected. These are the fees assessed against new housing starts. The City is estimating a conservative 100 new housing permits for 2021, which is a decrease from the 110 anticipated in 2020.

## Intergovernmental Revenues

Intergovernmental revenues consist of state shared revenues, grants, and reimbursements from other governmental agencies. State collected revenues that are shared with all cities are allocated on a per capita basis. Population figures, determined annually as of April 1 by the State demographer in the Office of Fiscal Management, are used as the basis for the per capita distributions. For 2021, Monroe's official population is 19,800. This is a 2.85% increase over the 2020 figure of 19,250. Intergovernmental revenues represent 2.6% of the total anticipated General Fund revenue (\$483,208 of the \$18,502,948). This is a 7.6% decrease from the 2020 Budget.

## Charges for Services

The City of Monroe offers a variety of services to its citizens and customers including parks and field usage, fingerprinting, plan reviews, etc. In addition, our police department works with the local school district to staff a School Resource Officer. Fees associated with these services comprise the Charges for Services category for the General Fund.

The 2021 anticipated Charges for Services revenues make up 7.46% of the General Fund anticipated revenues. The majority of the fees in this category are generated by planning services and plan review fees and overhead/fixed cost recovery fees.

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# General Fund Overview

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## Fines & Forfeitures

Fines and forfeitures represent traffic citations and other fines imposed through enforcement of local ordinances and state statutes. 2021's projected revenue is a increase from 2020 budget by \$31,227 or 23.2%. These revenues are hard to anticipate as they are dependent on specific enforcement actions.

## Interest and Other Revenues

Interest and other revenues represents the interest earned on the City's investments and other miscellaneous revenues such as leases, rental income, insurance recoveries, etc. The City determines each month its immediate cash needs and invests any excess cash into the State's Local Government Investment Pool (LGIP) to maximize its interest earnings. Money invested in the LGIP has no risk to the principal and is available within 24 hours. There are no transaction fees associated with these investments. For longer term monies (money associated with future capital projects), the City invests in federal bonds, as allowed by state law. These investments mature anywhere from one to five years from the date of purchase and allows the City to realize a higher rate of return than our short term LGIP investments. While the City does not budget for miscellaneous revenues each year, this category is anticipated to decrease by \$64,147 from 2020 budget, mostly due to sharply lower interest yields.

## Transfers In

Transfers In represent intermittent moneys that are moved into the General Fund from other funds for special projects. These transfers can fluctuate greatly year to year. There are no anticipated transfers into the General Fund in 2021.

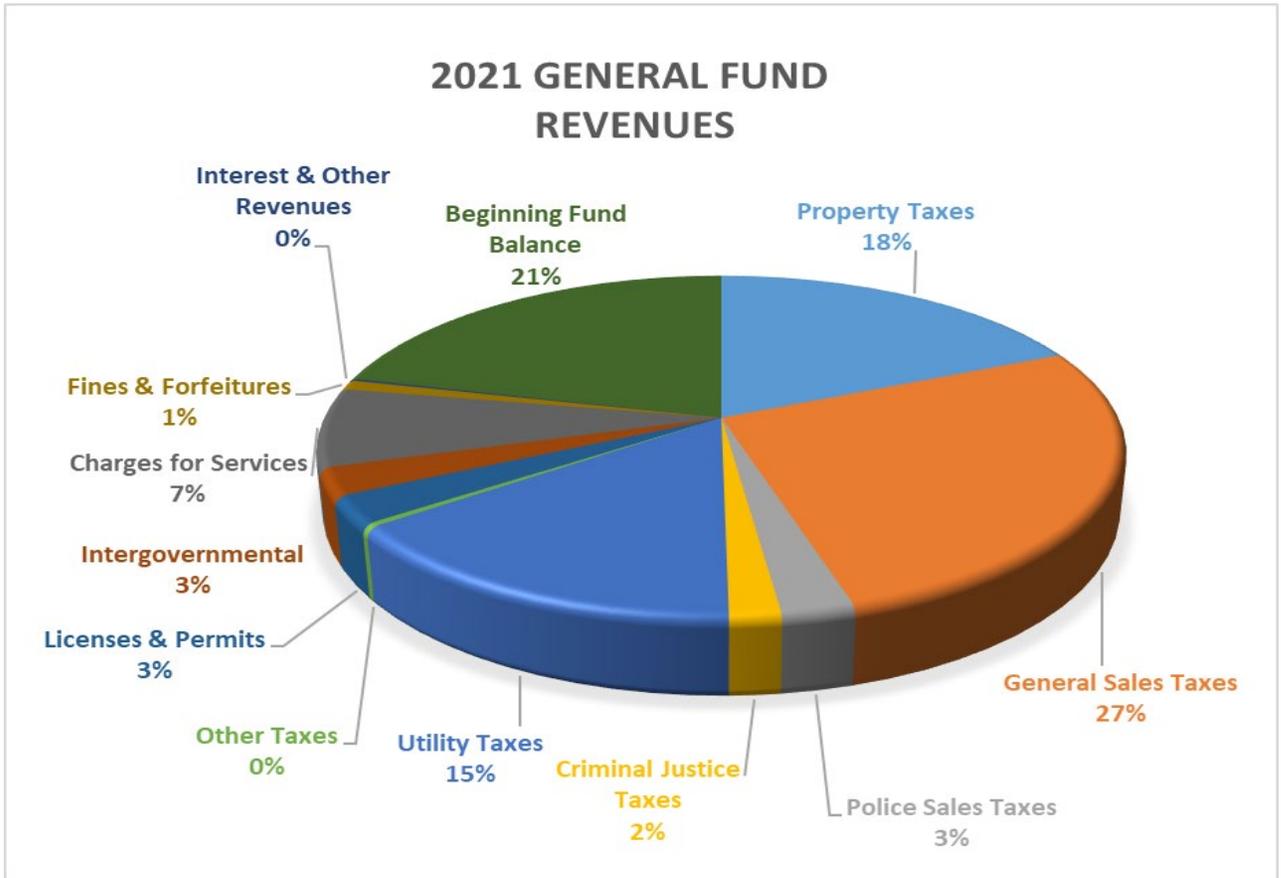
## Beginning Fund Balance

The beginning fund balance represents the cash remaining at the end of the prior fiscal year that is available for use by the City. The beginning fund balance grew steadily over the past few years as departments are cost conscious when spending on their programs and revenues can sometimes exceed the budget. The City's practice is to reserve 17% of anticipated expenditures from the beginning fund balance to insure we have a proper reserve for cash flow purposes and other unanticipated needs.

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# General Fund Overview

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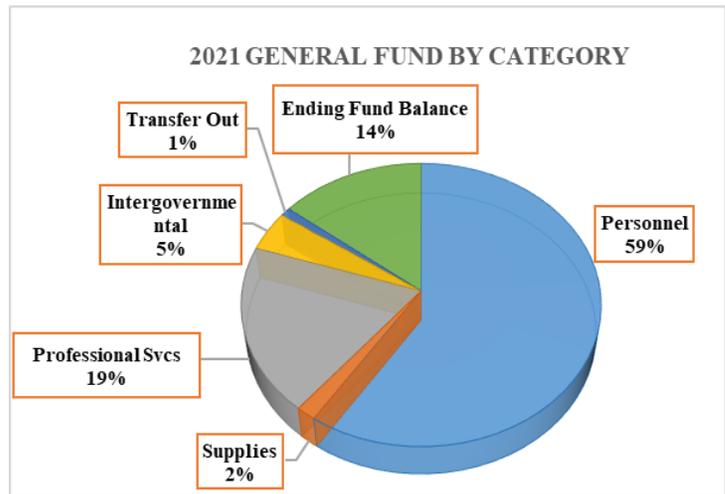
# General Fund Overview

## EXPENDITURES

Total 2021 proposed General Fund expenditures is \$18,502,948. This is in balance with total anticipated General Fund revenues. Without ending fund balance, General Fund expenditures total \$15,849,221. This is a 4.25% decrease from 2020 budget. The majority of this decrease is attributable to the 2020 CARES Act/COVID relief expenditures (offset by state grant revenue).

Personnel costs (salaries and benefits) are the largest category of costs to the General Fund at 59.3% of the budget inclusive of ending fund balance (\$10,967,049). Without consideration of ending fund balance, personnel costs represent 69.2% of the approved budget. Professional services, at 19.0% or \$3,518,944 is the second largest category of costs. Without consideration of ending fund balance, professional services is 22.2% of budget.

2021 Proposed General Fund		
Personnel	\$10,967,049	59.3%
Supplies	\$ 303,369	1.6%
Professional Svcs	\$ 3,518,944	19.0%
Intergovernmental	\$ 879,859	4.8%
Capital	\$ -	0.0%
Transfers Out	\$ 180,000	1.0%
Ending Fund Balance	\$ 2,653,727	14.3%
<b>Total</b>	<b>\$18,502,948</b>	<b>100%</b>



The following General Fund budget pages provide cost breakdowns for each department along with the department's 2020 accomplishments and 2021 budget goals.

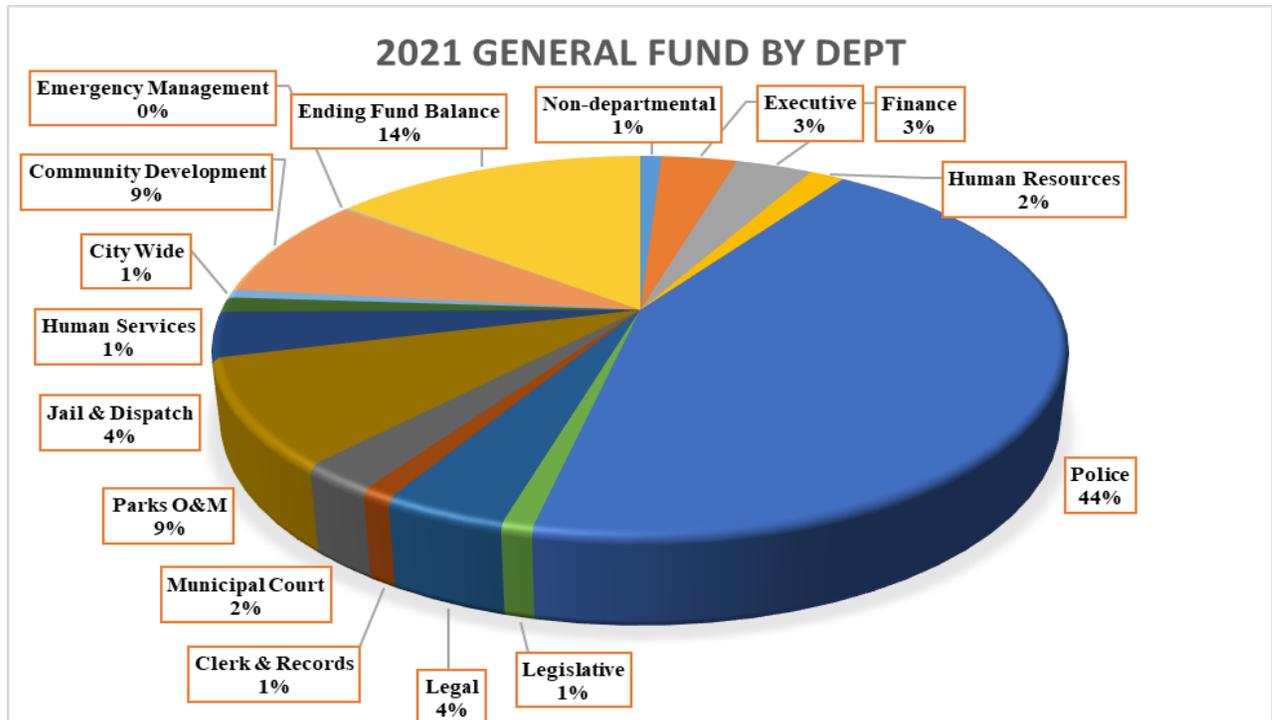
As you review individual costs center histories within the General Fund, you will notice that some expenditures have moved from one cost center to another. For example, legal costs associated with prosecution were formerly charged to Jail & Dispatch and legal costs associated with land use issues were formerly charged to Planning & Building. All legal costs can now be found within the Legal cost center. In addition, the budget has created two new cost centers within the General Fund: City Wide Costs to better reflect those costs that are paid by the General Fund but benefit the entire City; and Human Services to better track the costs associated with the City's efforts to address our homelessness challenge. All these costs are General Fund costs so these changes do not effect the General Fund's bottom line. These changes are intended to help better reflect the costs of the City's various programs.

# General Fund Overview

## EXPENDITURES cont.

### General Fund

	Actual <u>2017</u>	Actual <u>2018</u>	Actual <u>2019</u>	Budget <u>2020</u>	Projected <u>2020</u>	Proposed <u>2021</u>
Non-departmental	\$ 259,292	\$ 1,123,739	\$ 1,923,848	\$ 545,450	\$ 545,450	\$ 180,000
Executive (formerly Admin)	526,421	571,743	664,714	661,761	627,726	633,561
Finance	568,025	524,931	546,121	630,721	606,682	647,514
Human Resources	152,414	194,917	204,808	264,745	252,179	292,394
Police	7,004,650	7,276,020	7,416,730	7,737,537	7,640,537	8,125,643
Legislative	187,380	158,209	149,918	232,236	208,582	186,122
Legal	528,602	614,057	798,911	738,000	675,000	738,000
Clerk & Records	134,672	149,284	184,955	178,405	186,335	187,637
Municipal Court	343,494	367,499	399,528	483,900	471,069	453,794
Parks O&M	1,319,057	1,368,704	1,588,130	1,656,534	1,656,312	1,687,199
Jail & Dispatch	734,096	777,360	718,653	698,184	665,000	717,657
Human Services				248,560	243,560	231,711
City Wide	123,023	128,528	100,364	127,009	123,556	127,584
Community Development	1,185,932	1,449,576	1,457,273	1,722,732	1,594,221	1,615,666
Emergency Management	15,945	17,505	20,127	20,384	16,308	24,739
CARES Act				607,116	607,116	-
Ending Fund Balance	4,549,880	4,447,297	4,629,428	3,225,880	3,886,206	2,653,727
Total	\$17,632,883	\$19,169,371	\$20,803,508	\$19,779,154	\$20,005,837	\$18,502,948



## 2021 Full Time Equivalents (FTEs)

Fund/Dept	Page #	2017 Actual	2018 Actual	2019 Actual	2020 Approved	2021 Proposed
<b>General Fund</b>						
Executive	36	2.00	2.00	2.00	2.00	2.00
Finance	38	5.35	3.29	3.29	3.64	3.64
Human Resources	40	0.80	0.80	0.80	1.30	1.30
Police	42	43.00	44.00	44.00	44.00	44.00
City Clerk	48	1.00	1.00	1.00	1.15	1.15
Municipal Court	50	2.20	2.20	2.20	2.20	2.20
Parks O&M	52	6.90	7.97	9.47	9.47	9.47
Community Dev.	60	7.96	8.80	8.80	9.80	9.80
Emergency Mngt	62	0.03	0.03	0.03	0.03	0.03
<b>General Fund Total</b>		<b>69.24</b>	<b>70.09</b>	<b>71.59</b>	<b>73.59</b>	<b>73.59</b>
Street O&M	75	2.69	2.69	2.69	4.86	4.86
Parks CIP	89	1.15	1.15	1.53	1.53	1.53
Street CIP	91	2.34	2.34	2.34	1.69	1.69
Water O&M	100	7.40	7.40	7.39	9.54	9.54
Water CIP	102	2.39	2.39	2.39	2.89	2.89
Sewer O&M	104	12.83	12.83	11.81	11.10	11.10
Sewer CIP	106	2.39	2.39	2.39	1.64	1.64
Stormwater O&M	108	6.50	7.50	7.52	8.34	8.34
Stormwater CIP	110	2.34	2.34	2.34	1.89	1.89
Information Technology	115	1.20	1.20	1.20	1.20	1.20
Fleet & Equipment	117	2.10	2.10	2.10	2.55	2.55
Facilities	119	2.93	2.93	2.93	2.40	2.40
<b>Totals</b>		<b>115.50</b>	<b>117.35</b>	<b>118.22</b>	<b>123.21</b>	<b>123.21</b>

## 2021 Capital

Item	Fund/Cost Center	Amount	Page #
• Community Messaging/Information Office	Building CIP	\$ 25,000	95
• Boys & Girls Club bldg improvements	General CIP	\$ 1,022,000	87
• North Hill park land acquisition	Parks CIP	\$ 1,360,000	89
• Lake Tye All-weather Fields	Parks CIP	\$ 4,200,000	89
• Wayfinding/Gateway signage	Parks CIP	\$ 84,500	89
• Snohomish River Interpretive Signs	Parks CIP	\$ 25,000	89
• Park Play Facilities	Parks CIP	\$ 225,000	89
• Chain Lake Road Phase IIA multi-purpose	Street CIP	\$ 2,286,100	91
• 179th/147th Signal	Street CIP	\$ 33,761	91
• TIB/TBD supported road preservation/ overlay projects	Street CIP	\$ 1,303,486	91
• 179th Sidewalk Improvements	Street CIP	\$ 180,900	91
• Wayfinding - South Gateway SR203	Street CIP	\$ 78,400	91
• Wayfinding - Western Gateway Sign	Street CIP	\$ 136,600	91
• ADA Transition Plan	Street CIP	\$ 100,000	91
• North Madison improvements	Street CIP	\$ 207,343	91
• Train Reduced Noise Area	Street CIP	\$ 117,240	91
• US Hwy 2 Non-motorized Shared Path	Street CIP	\$ 50,000	91
• Spring Hill Pump Station	Water CIP	\$ 1,029,324	102
• Lord Hill Pump Station	Water CIP	\$ 1,148,093	102
• North Hill Improvements 116th - 227th	Water CIP	\$ 223,349	102
• AC Pipe Replacements	Water CIP	\$ 24,310	102
• DOC Storage	Water CIP	\$ 1,922,397	102
• North Madison Utility improvements	Water CIP	\$ 430,286	102
• Woods Creek Rd - US2 to Tjerne	Water CIP	\$ 700,001	102
• less Water CIP Salaries & Benefits	Water CIP	\$ (393,351)	102
Subtotal 2021 Capital page 123		<u>\$ 16,519,739</u>	

### Acronyms

- CIP - Capital Improvement Projects
- GF - General Fund
- LCR - L-inductance, C-capacitance, R-resistance
- O&M - Operations and Maintenance
- ADA - American with Disabilities Act
- TBD - Monroe Transportation Benefit District
- TIB - Washington Transportation Improvement Board
- NPDES - National Pollutant Discharge Elimination System
- SMAP - Stormwater Management Action Plan

# 2021 Capital

Item	Fund/Cost Center	Amount	Page #
• Computer upgrades	Sewer O&M	\$ 55,000	104
• Opns & Dewatering Bldg Roof Replacement	Sewer CIP	\$ 303,877	106
• Waste Water Treatment Plant Phase 3 capital replacements	Sewer CIP	\$ 1,679,999	106
• Pipe Replacement Annual Program	Sewer CIP	\$ 93,500	106
• North Madison Improvements	Sewer CIP	\$ 2,039,246	106
• South Taft Lane 6'/8' concrete main replace	Sewer CIP	\$ 524,999	106
• less Sewer CIP Salaries & Benefits	Sewer CIP	\$ (236,347)	16
• Blueberry/Kelsey Infiltration	Stormwater CIP	\$ 856,931	110
• Blueberry Lane Infiltration	Stormwater CIP	\$ 2,431,013	110
• NPDES SMAP Site Restoration Project	Stormwater CIP	\$ 10,000	110
• less Storm CIP Salaries & Benefits		\$ (281,726)	110
• Police Dept vehicles replacement	Fleet & Equipment	\$ 156,447	117
• General Govt vehicles & equipment replacement	Fleet & Equipment	\$ 41,590	117
• Public Works vehicles & equipment replacement	Fleet & Equipment	\$ 207,010	117
• Municipal Campus Bldg F roll-up doors	Facilities	\$ 34,431	119
	Subtotal 2021 Capital page 124	\$ 7,915,970	
	Subtotal 2021 Capital page 123	<u>\$ 16,519,739</u>	
	Total 2021 Capital	<u><u>\$ 24,435,709</u></u>	

## Acronyms

- CIP - Capital Improvement Projects
- GF - General Fund
- LCR - L-inductance, C-capacitance, R-resistance
- O&M - Operations and Maintenance
- WWTP - Waste Water Treatment Plant
- TBD - Monroe Transportation Benefit District
- TIB - Washington Transportation Improvement Board
- NPDES - National Pollutant Discharge Elimination System
- SMAP - Stormwater Management Action Plan



# MONROE CITY COUNCIL

## Agenda Bill No. 20-173

<b>SUBJECT:</b>	<b>Review 2020-2023 Court Services Cost Projection</b>
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DATE:	DEPT:	CONTACT:	PRESENTER:	ITEM:
10/20/2020	Executive	Deborah Knight	Rich Huebner Tyler Christian Deborah Knight	Discussion Item #2

**Discussion:** 09/15/2020; 08/18/2020; 07/21/2020; 01/21/2020; 12/03/2019; 09/15/2020 (Finance/Human Resources); 10/01/2019 (Public Safety)

- Attachments:**
1. Court Projection Summary PowerPoint
  2. Court Assessment Report Findings
  3. Police Department Memo – Court Assessment 10.16.20

**REQUESTED ACTION:** Review the 2020-2023 Court Services Projection. Discuss the projected expenses for maintaining operation of the Municipal Court and for contracting with Snohomish County District Court. Provide direction to Mayor Thomas and city staff on preferred alternatives.

### POLICY CONSIDERATION

*The Court Assessment was first presented to the City Council on July 21, 2020. The city council directed Mayor Thomas and staff to bring the issue back to the city council for further discussion. At its September 15, 2020 Regular Business Meeting, the City Council again discussed the Court Assessment, and directed Mayor Thomas and staff to prepare a cost projection of retaining a Municipal Court compared to contracting with Snohomish County District Court.*

*The policy question for the city council is whether the city should continue to retain local control over court operations, and make investments as recommended in the Court Assessment presented on July 21, 2020.*

*This is an opportunity for the city council to review the 2020-2023 Court Services Projection and ask questions about the findings and assumptions. The city council may want to use the projection to inform priority investments in the 2021 budget and to update the six-year strategic plan for 2021-2026.*

### DESCRIPTION/BACKGROUND

#### Procedural History

The initial court assessment report, detailed below, was presented to the City Council at its July 21 Study Session meeting; at that meeting, Council identified the need to discuss and identify its criminal justice priorities. On September 15, 2020, the Council’s Finance & Human Resources Committee, and the full Council in a Study Session and Business Meeting, reviewed the Final Court Assessment Report; at that meeting, Council requested a cost comparison, incorporating revenues and expenses, between retaining the Municipal Court and contracting with District Court. The requested Court Services Cost Projection is presented in this Agenda Bill.

#### Background

The City of Monroe formed a municipal court in 2014 under Chapter 3.50 RCW. The original intent of forming the Monroe Municipal Court was to handle a high volume of “red-light” tickets; process arraignments in a timely manner; control costs; and guide the city’s judicial philosophy.



# MONROE CITY COUNCIL

## *Agenda Bill No. 20-173*

The Monroe Municipal Court is a court of limited jurisdiction. The Municipal Court judge is authorized by Washington State statute to preside over misdemeanors, gross misdemeanors, traffic infractions and other City of Monroe Code violations. The Court is in session on Tuesday, Wednesdays, and Fridays. The judge is appointed by the mayor and confirmed by the city council.

The court has been in operation for five years under Judge Mara Rozzano. Pam Haley has served as the Court Administrator along with a full time court clerk and two part-time security officers. Judge Rozzano resigned in December 2019. The city council confirmed Jessica Ness to fill Judge Rozzano's unexpired term which runs through the end of 2021.

The change in court leadership and interest from Lake Stevens and Sultan in contracting with the City of Monroe for court services provided an opportunity to evaluate program strategies to improve existing court outcomes and alternative service provision models available to the parties for adult infraction and misdemeanor court and probation services.

In October of 2019, the City of Monroe issued a Request for Proposal (RFP) for a court assessment. The city received three proposals. The city council awarded a contract to The Other Company (Anne Pflug) and Karen Reed Consulting LLC.

The scope of work included:

- Assessing the Monroe Municipal Court including current and projected case-loads, staffing needs; work methods, programs; current facilities, future requirements; and a menu of potential program changes that can improve productivity and/or desired outcomes.
- Assessing the court needs of the cities of Lake Stevens and Sultan including court and customer service requirements; current and projected court cases; implications of court service changes; and implications for capacity of the Monroe court facilities and technologies.
- Financial, direct and indirect service and criminal justice outcomes, and impact comparisons of court service alternatives including expanding the Monroe Municipal Court (MMC) to provide services to Lake Stevens and Sultan; Court and probation service proposal from Evergreen District court (if provided); modifying the MMC to provide diversion court and/or probation services; continuing current levels of services, discussion of recommendations and next steps.

Development of the report included three phases – 1) Information and data collection from the three courts providing services – Monroe, Marysville, and Evergreen District Court; 2) Analysis and development of draft recommendations; and final report and presentations. The consultants conducted interviews and site visits; projected case-loads; and evaluated court facilities.

Nine court options were analyzed and three caseload scenarios. Six facilities options that met specific criteria were examined for Monroe.

After reviewing the report findings, the cities of Lake Stevens and Sultan have determined not to pursue a joint court with the City of Monroe. Since the proposed joint court is no longer an alternative this agenda bill is focused on the report findings and recommendations specific to the Monroe Municipal Court.

### Projection Findings

In order to respond to the city council's request for a projection of Court Services costs, Management Analysts Rich Huebner and Tyler Christian reviewed the 2017-2019 Court Cost



# MONROE CITY COUNCIL

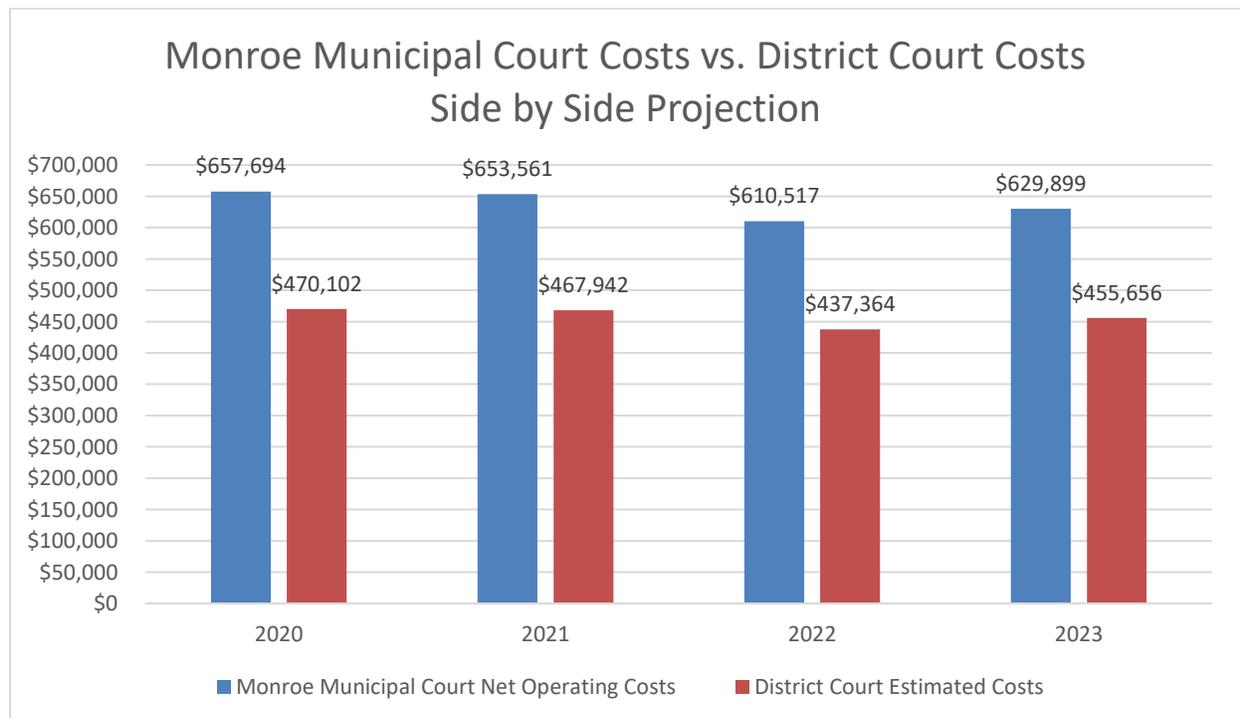
## Agenda Bill No. 20-173

comparisons. For items that reflected a consistent increase or decrease over these three years, Mr. Huebner and Mr. Christian determined an appropriate percentage to apply, and projected continuing increases or decreases. For items that reflected a scattered curve, with a decrease or increase between one set of years and an opposite action in the other set of years, Mr. Huebner and Mr. Christian utilized the year-over-year growth factor of 1.26% provided by Finance Director Becky Hasart.

During discussion at the September 15 meeting, city council requested the projection include the revenue that the City would retain under a contract with District Court. Ms. Hasart provided the 2020 year-end projection and 2021 projected revenue figures, and suggested using 2018 actual revenue as a base line for 2022; the 1.26% growth factor was then applied to project to 2023. Court Administrator Pam Haley provided Mr. Huebner and Mr. Christian with the breakdown of total local revenue for the years 2017 through 2019, and identified the revenues that District Court would retain to itself under contract. Utilizing this data, Mr. Huebner and Mr. Christian calculated that the City would retain approximately 75% of local revenue under a contract with District Court.

For the purpose of this projection, Mr. Huebner and Mr. Christian assumed that in the year 2021, the City would implement the probation program recommended in the report. 2021 projected salary and benefits for the probation officer position were provided by Ms. Hasart, and projected forward by Mr. Huebner and Mr. Christian using the same 2% growth factor applied to current staff salaries and benefits. To assist with projecting probation program revenue, Ms. Haley contacted the Marysville and Lynnwood municipal courts to determine their current probation case load and revenue collection; a per-year total of 125 cases was determined to be an appropriate projection, with a current-year average of \$300 per case. Beginning in 2021, the projection for this new program applies the 1.26% growth factor to the annual revenue, while maintaining the yearly total of 125 cases.

The result of this analysis determined that the City will expend between approximately \$174,000 and \$188,000 annually to continue to operate its municipal court.





# MONROE CITY COUNCIL

## Agenda Bill No. 20-173

Monroe Municipal Court Operating Costs				
Expense	2020	2021	2022	2023
Municipal Court Salaries	(\$202,000)	(\$210,447)	(\$214,656)	(\$218,949)
Municipal Court Benefits	(\$86,757)	(\$90,191)	(\$94,701)	(\$99,436)
Municipal Judge Salary	(\$72,950)	(\$82,404)	(\$86,854)	(\$91,544)
Pro Tem Judge Salary	(\$3,000)	(\$4,000)	(\$4,000)	(\$4,000)
Other Operational Costs	(\$46,362)	(\$77,552)	(\$80,000)	(\$80,000)
Probation Officer Salary		(\$44,500)	(\$90,780)	(\$92,596)
Probation Officer Benefits		(\$22,450)	(\$47,145)	(\$49,502)
<b>Total Operational Cost</b>	<b>(\$411,069)</b>	<b>(\$464,594)</b>	<b>(\$480,210)</b>	<b>(\$493,929)</b>
Projected Jail Expense	(\$381,300)	(\$394,150)	(\$406,721)	(\$419,570)
Probation Program Revenue		\$38,475	\$39,475	\$40,502
<b>Local Revenue</b>	<b>\$134,675</b>	<b>\$166,708</b>	<b>\$236,938</b>	<b>\$243,098</b>
<b>Adjusted Operational Cost</b>	<b>(\$657,694)</b>	<b>(\$653,561)</b>	<b>(\$610,517)</b>	<b>(\$629,899)</b>

District Court Contracted Costs				
Expense	2020	2021	2022	2023
Total Incurred Infractions Fees	(\$104,498)	(\$107,528)	(\$110,647)	(\$113,855)
Total Incurred Criminal Fees	(\$85,310)	(\$91,295)	(\$97,700)	(\$104,555)
Total Incurred Filing Fees	(\$189,807)	(\$198,823)	(\$208,347)	(\$218,410)
Projected Jail Expense	(\$381,300)	(\$394,150)	(\$406,721)	(\$419,570)
Local Revenue	\$101,006	\$125,031	\$177,704	\$182,324
<b>Total Projected Cost</b>	<b>(\$470,102)</b>	<b>(\$467,942)</b>	<b>(\$437,364)</b>	<b>(\$455,656)</b>

### TIME CONSTRAINTS

The purpose of presenting the 2020-2023 Court Services Cost Projection is to provide the city council with information on court operations and facility needs for consideration in future budget deliberations.

### ALTERNATIVES

1. Discuss the projection findings and assumptions
2. Request additional information
3. Direct the Mayor and city staff to address areas of concern before accepting the 2020-2023 Court Services Projection

# 2020 – 2023 COURT SERVICES COST PROJECTION

OCTOBER 20<sup>TH</sup> 2020

MONROE CITY COUNCIL

# HISTORICAL DATA

- All data was collected from city, and municipal and district court sources
- Projections were based upon full year data from 2017 – 2019, and the 2021 Mayor's Recommended Budget
- For expenses that reflected a consistent increase or decrease a percentage was calculated and applied
- For items that reflect a scattered curve, the annual growth factor of 1.26% was applied
- Revenue projections were based upon a calculated linear decrease reflected in the 2017 – 2019 Remittance Summary Reports

# ANALYSIS BREAKDOWN DATA

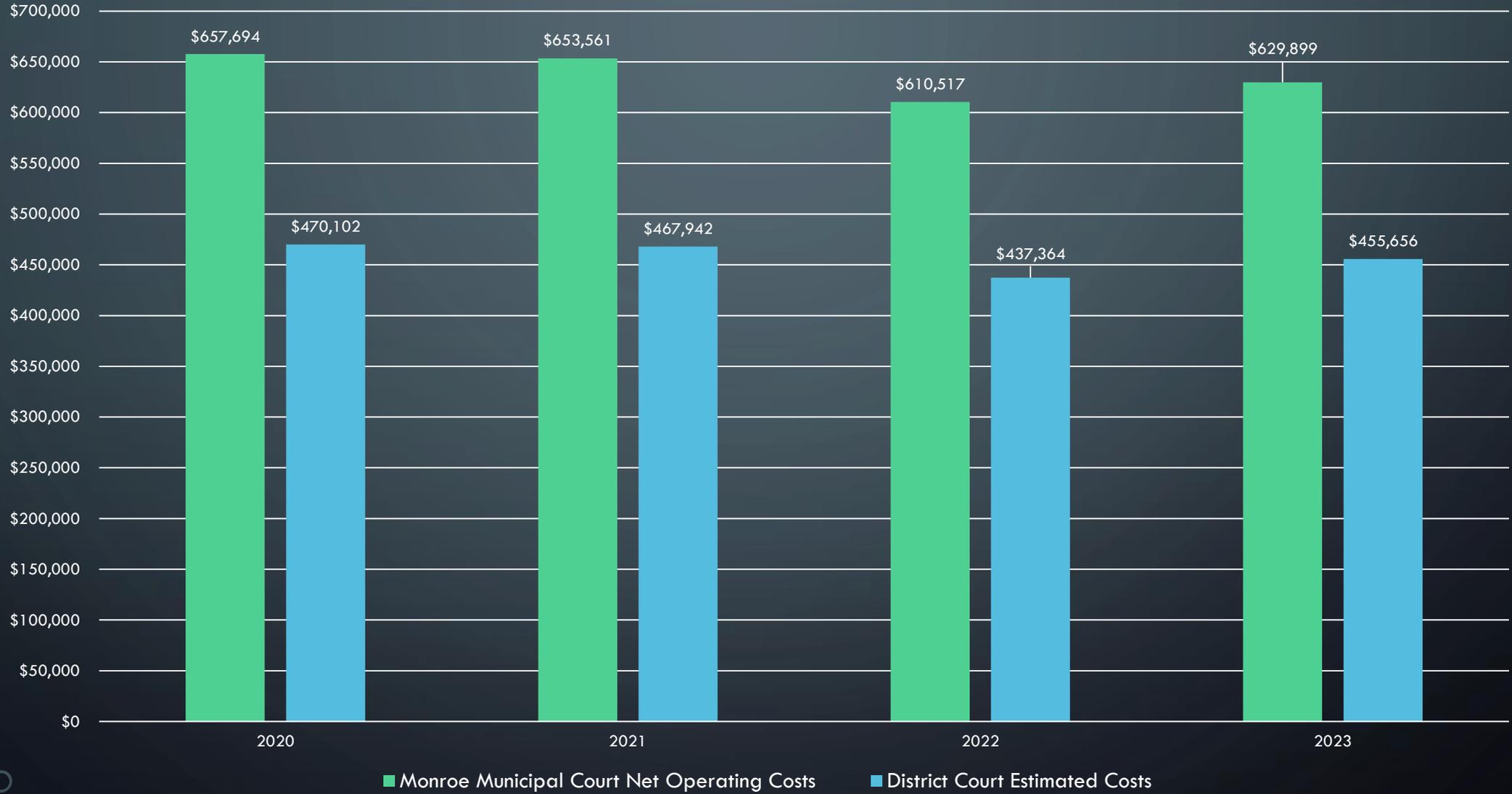
## MONROE MUNICIPAL COURT

- Municipal Court Salaries
- Municipal Court Benefits
- Municipal Judge Salary
- Pro Tem Judge Salary
- Other Operational Costs
- Total Operational Cost
- Projected Jail Expense
- Probation Program Revenue
- Local Revenue
- Adjusted Operational Cost

## DISTRICT COURT

- Total Incurred Infractions Fees
- Total Incurred Criminal Fees
- Total Incurred Filing Fees
- Projected Jail Expense
- Local Revenue
- Total Projected Cost

# Monroe Municipal Court Costs vs. District Court Costs Side by Side Projection





## Agenda Bill No. 20-173

### Attachment No. 2

<b>SUBJECT:</b>	<b>2020-2023 Court Services Cost Projection</b>
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#### DESCRIPTION/BACKGROUND

##### Assessment Report Findings

- Criminal Activity. Monroe's top crimes include – property crimes, theft, drugs and graffiti/tagging, compared to Lake Stevens and Sultan which list traffic as the number one and number two crimes. 68% of crimes in Monroe are committed by people who live outside the city. 46% of infraction holders do not respond to tickets. Monroe's failure to respond rate for parking tickets is 26%.
- Court Case Levels. Monroe has a relatively stable number of misdemeanor filings and a variable level of infractions over the past 20 years. The number of misdemeanor filings per 1,000 residents have declined consistent with statewide trends.
- Staffing. The Monroe court is understaffed. With only two full-time employees, there is a lack of redundancy if one person is on vacation or sick. Monroe's staff workload (case volume) is twice or more, than comparable municipal courts in Western Washington. The court administrator (Pam Haley) spends 40% of her time on probation-related work.
- Customer Service. Court staff are excellent and highly responsive, accessible, and flexible. Judge Ness (and previously, Judge Rozzano) are always available for warrants. This is a higher level of service than provided by the District Courts and important for effective police work.
- Costs. Of the three cities (Monroe, Lakes Stevens and Sultan), Monroe has the lowest jail cost per misdemeanor and the highest public defense cost per case. The cost to process a misdemeanor for each court (Monroe, Marysville, and Evergreen District Court) are relatively similar – Monroe (\$1,385); Marysville (\$1,308); and Evergreen (\$1,198).
- District Court. The Evergreen District Court has the lowest cost per case. Snohomish County appears to be subsidizing the court with criminal justice sales taxes and state revenues. County court staff are paid less than Monroe court staff.
- Facilities. Current Monroe court facilities (shared council chambers and office space) are not adequate to meet court program, staffing and records needs. There are multiple demands for the use of the council chambers where court operations are conducted. Court security is limited. Security scan and video equipment must be set up and taken down each time. Court customers share lobby space with other city hall customers. The court office space is at capacity for staff and records.
- Technology. The court website offers limited information and self-help services. There are no automated on-line or phone services for customer payments. The court does use video appearance with jail.
- Probations Officer. Monroe has enough misdemeanor offenders (134 in early 2019) to warrant a formal probation program with professional staff – currently probation services are handled by the court administrator, Pam Haley, and Judge Ness. This is a top priority for the city's prosecutors. Police report that probation staffing would help address homeless population challenges. Probation officers frequently coordinate with social workers. When used correctly, probation is a tool to increase accountability and motivate offenders to change behavior.
- Public Defense Costs. When comparing per case costs, Monroe spends more money on public defense costs compared to Lake Stevens and Sultan; but less money on jail and prosecutor costs.



## Agenda Bill No. 20-173

### Attachment No. 2

- Mental Health or Community Court. Monroe does not have enough eligible cases to justify a separate mental health or community court.
- Joint Court. Although a joint court serving Monroe, Lake Stevens and Sultan is financially feasible, it's clear the Monroe Municipal Court does not currently have adequate staff or facilities to serve Monroe court clients. The parties would need to agree to make significant investments to serve Lake Stevens and Sultan court clients.
- Court Sustainability. Monroe should determine the feasibility of funding sustainable court staffing, probation, and improving online/automated phone services.

#### Assessment Report Recommendations

- Court Services. Preserve the city's control of court services to ensure consistent application of the city's judicial philosophy, enforcement of quality of life issues, and customer service. Maintain and fully-fund the Monroe Municipal Court. Continue to implement programs to lower costs, increase efficiency, and improve customer service.
- Staffing. Improve Monroe's service levels to be comparable to service levels provided by Marysville and Evergreen District Court:
  - Add .25 FTE court specialist
  - Add a full-time probation officer
  - Continue funding embedded social workers in public defender office and police department
- Leverage Technology. Maximize the use of technology and digital methods for ticket processing and collection including self-help on line and phone access/processing to reduce staff and judicial time. Increase user friendliness of infraction information and web/phone processing to increase response rates, reduce in-person appearances and increase collections. Add online and automated phone payments on the court webpage to provide 24/7 self-service options for customers.  
Note:
  - Currently in selection process for online payment vendor
  - Working with IT Department to upgrade phone system
- Facilities. Secure or construct an adequate court facility.
- Mental Health or Community Court. Start an alternative court program within the existing court; or negotiate access to Mental Health Court through Snohomish County District Court or Marysville. A motivating atmosphere, low barrier access to services/treatment, and continued to community support after completion are essential for success.  
Note: The court continues to gather statistics. Early numbers were inconclusive.
- Diversion Center. Leverage Carnegie and Diversion Center resources through Pioneer Human Services and other mental health providers.  
Note: Currently using this service through the city's embedded social worker program.
- Case Work. Periodically convene social workers, probation staff, prosecutor, and service providers to develop problem-solving plans for repeat offenders.  
Note: Discussing this program with the city's prosecuting attorney, defense attorney and defense social worker.
- Medically Assisted Treatment Program. Offer medically assisted treatment program through probations officer, social worker, or third party provider to help offenders understand and change behaviors.  
Note: Will evaluate this option and Moral Reconciliation Therapy with the probations officer.
- Funding. Apply to Snohomish County Mental Health Chemical Dependency Sales Tax Advisory Board to secure funding from the regional tax supporting County Mental Health



# Agenda Bill No. 20-173

## Attachment No. 2

Court. Explore the feasibility of applying for chemical dependency/mental health sales tax monies and/or state funding programs to support programs for repeat offenders.

### FISCAL IMPACTS

Table 1 below shows the comparison court costs for the three cities – Monroe, Lake Stevens and Sultan. As shown in Table 1, Monroe is subsidizing approximately \$150,000 of court expenditures with General Fund revenues. Monroe has the highest per court case (\$1384). These costs are projected to increase over the next six years.

While court costs have increased, there has been an off-set reduction in the city's jail costs. Over the last five years, the city's criminal justice costs (court + jail) have declined from 9% of the city's General Fund to 6% of the budget since 2016 even while jail costs are rising.

Table 2 below shows costs estimates to operate the Monroe Municipal Court. The Assessment Report shows the current court facilities are not sustainable. Table 3 provides several facility cost estimates.

The policy question for the city council is whether to maintain current court services and control over the city's court services. If the council wants to continue to operate a municipal court, future General Fund budgets will need to include staffing and facility improvements which have long-term fiscal impacts. Mayor Thomas and city staff are seeking input from the city council on future investments in the city's municipal court.

Table 1\_Court Operations Comparison

Monroe Monroe Municipal Court		Lake Stevens Marysville Municipal Court Contract		Sultan Evergreen District Court Contract	
2019/20		2019/20		2019/20	
Court/Probation Revenue		Court/Probation Revenue		Court/Probation Revenue	
Fines and Fee Revenue	\$240,290	Fines and Fee Revenue	\$242,925	Fines and Fee Revenue	\$25,363
Probation Fee Revenue	\$17,076	Probation Fee Revenue Collected	\$6,720	Probation Fee Revenue Collected	\$2,304
		Probation Fee Revenue Retained by Marysville	-\$6,720	Probation Fee Revenue Retained by Evergreen	-\$2,304
<b>Total Revenue</b>	<b>\$257,366</b>	<b>Total Revenue</b>	<b>\$242,925</b>	<b>Total Revenue</b>	<b>\$25,363</b>
<b>Court Costs:</b>		<b>Court Costs:</b>		<b>Court Costs:</b>	
Personnel - Judicial Officers	\$75,246	Personnel - Judicial Officers	\$75,246	Personnel - Judicial Officers	\$75,246
Personnel - Court Operations	\$279,287	Marysville Court Contract	\$197,844	Evergreen District Court Contract	\$27,037
Personnel - Probation	\$0	Direct Non-contract Costs	\$23,152	Direct Non-contract Costs	\$0
Program Operating Costs	\$18,118	<b>Total Costs</b>	<b>\$220,996</b>	<b>Total Costs</b>	<b>\$27,037</b>
IT and Facilities Operating - Court	\$33,621				
<b>Total Costs</b>	<b>\$406,272</b>	<b>Net Revenue (Expense)</b>	<b>\$21,929</b>	<b>Net Revenue (Expense)</b>	<b>(\$1,674)</b>
<b>Court Net Revenue (Expense)</b>	<b>(\$148,906)</b>				
<b>Per Case Cost</b>	<b>\$138</b>	<b>Per Case Cost</b>	<b>\$81</b>	<b>Per Case Cost</b>	<b>\$64</b>
<b>Court and Associated Programs</b>		<b>Court and Associated Programs</b>		<b>Court and Associated Programs</b>	
Court/Probation Net Expense	\$148,906	Court/Probation Net (Revenue)	(\$21,929)	Court/Probation Net Expense	\$1,674
Prosecutor	\$180,000	Prosecutor	\$142,669	Prosecutor	\$68,804
Public Defense	\$213,400	Public Defense	\$127,627	Public Defense	\$25,440
Jail	\$372,936	Jail	\$427,687	Jail	\$92,227
<b>Total Net Cost</b>	<b>\$915,242</b>	<b>Total Net Cost</b>	<b>\$676,054</b>	<b>Total Net Cost</b>	<b>\$188,145</b>
<b>Per Misdemeanor Cost</b>	<b>\$1,384.63</b>	<b>Per Misdemeanor Cost</b>	<b>\$1,307.65</b>	<b>Per Misdemeanor Cost</b>	<b>\$1,198.38</b>



# Agenda Bill No. 20-173

## Attachment No. 2

Table 2 Monroe Municipal Court Operating Budget Projections

Monroe Stand Alone Municipal Court				
Forecast Assuming Building Block Staffing Scenario				
	Base Year	Low 2026	Moderate 2026	High 2026
<b>Court/Probation Revenue</b>				
Fines and Fee Revenue	\$240,290	\$240,752	\$240,752	\$274,126
Probation Fee Revenue	\$17,076	\$17,076	\$17,076	\$17,185
<b>Total Revenue</b>	<b>\$257,366</b>	<b>\$257,828</b>	<b>\$257,828</b>	<b>\$291,311</b>
<b>Court Costs</b>				
Personnel - Judicial Officers	\$75,246	\$75,246	\$75,246	\$75,246
Personnel - Court Operations	\$279,287	\$279,287	\$297,715	\$301,312
Personnel - Probation	\$0	\$0	\$75,600	\$75,600
Program Operating Costs	\$18,118	\$18,118	\$18,118	\$21,743
IT and Facilities Operating - Court	\$33,621	\$33,621	\$44,621	\$44,621
<b>Total Costs</b>	<b>\$406,272</b>	<b>\$406,272</b>	<b>\$511,300</b>	<b>\$518,522</b>
<b>Court Net Revenue (Expense)</b>	<b>(\$148,906)</b>	<b>(\$148,444)</b>	<b>(\$253,472)</b>	<b>(\$227,211)</b>
Average Per Case Cost	\$138	\$154	\$136	\$136
<b>Court and Associated Programs</b>				
	Base	Low 2026	Moderate 2026	High 2026
<b>Court/Probation Net Expense</b>				
Court/Probation Net Expense	\$148,906	\$148,444	\$253,472	\$227,211
Prosecutor	\$180,000	\$180,121	\$179,183	\$208,048
Public Defense	\$213,400	\$188,866	\$214,562	\$245,397
Jail	\$372,936	\$331,749	\$371,243	\$431,049
<b>Total Net Cost</b>	<b>\$915,242</b>	<b>\$829,180</b>	<b>\$1,018,460</b>	<b>\$1,111,705</b>
<b>Per Misdemeanor Cost</b>	<b>\$1,384.63</b>	<b>\$1,410.17</b>	<b>\$1,524.64</b>	<b>\$1,455.11</b>

- Monroe court costs are currently not offset by court collected revenue (\$148,000 net costs in 2019).
- Monroe court costs will continue to increase as the case load rises due to population increases.
- Of the three cities, Monroe has the lowest jail cost per misdemeanor and the highest public defense cost per case.
- Overall cost savings to Monroe combined court and jail expenses.
- Strategies that reduce workload or manage service demand can lead to reduced cost.
- District Courts are subsidized by criminal justice tax and state shared revenues. Current District Court contract costs less than Municipal Court. Projected net revenue over costs of \$57,000 in 2019.

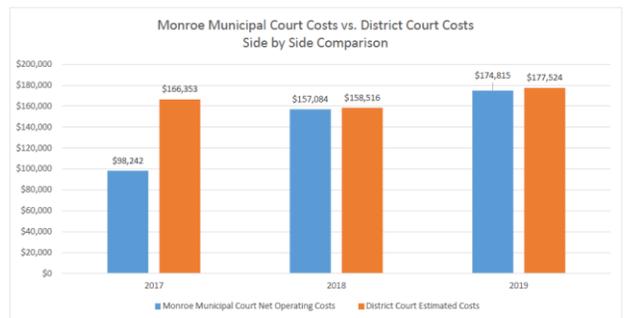
Cost to Contract with the District Court (with filing fees)

The District Courts charge city's a "filing fee" to process city cases in the District Court. When the cost of the filing fees are added, the cost to operate the municipal court compared to the cost of contracting with the District Court would have been slightly lower in 2017(\$98,242 vs. \$166,353) and comparable in 2018 and 2019 as show on Table 3 and Graph 1 below.

Table 3. Cost to Contract with District Court

Monroe Municipal Court Operating Costs 2019			
Expense	2019	2018	2017
Municipal Court Salaries	(\$197,006)	(\$185,320)	(\$171,141)
Municipal Court Benefits	(\$82,236)	(\$78,003)	(\$73,549)
Municipal Judge Salary	(\$63,888)	(\$63,360)	(\$56,500)
Pro Tem Judge Salary	(\$5,550)	(\$1,250)	(\$2,300)
Other Operational Costs	(\$50,848)	(\$39,566)	(\$40,004)
<b>Total Operational Cost</b>	<b>(\$399,528)</b>	<b>(\$367,499)</b>	<b>(\$343,494)</b>
Local Revenue	\$224,713	\$210,415	\$245,252
<b>Adjusted Operational Cost</b>	<b>(\$174,815)</b>	<b>(\$157,084)</b>	<b>(\$98,242)</b>
District Court Contracted Costs 2019			
Expense	2019	2018	2017
Total Incurred Infractions Fees	(\$97,807)	(\$84,642)	(\$112,355)
Total Incurred Criminal Fees	(\$79,717)	(\$73,874)	(\$53,998)
Total Incurred Filing Fees	(\$177,524)	(\$158,516)	(\$166,353)
	2017	2018	2019
Monroe Municipal Court Net Operating Costs	\$98,242	\$157,084	\$174,815
District Court Estimated Costs	\$166,353	\$158,516	\$177,524

Graph 1. Cost to Contract with District Court





## Agenda Bill No. 20-173

### Attachment No. 2

#### Facility Needs

- Monroe’s existing court facility has one courtroom that is combined with the council chambers. The courtroom has limited additional capacity because it is jointly used.
- Caseload projections show a need for additional staff offices, courtroom hours, records and private meeting space beyond the space that is currently available.
- The status quo facility at Monroe City Hall is not sustainable
- Increasing staff and service capacity is to the point where additional space is required.
- While not ideal, court can continue to be held in the Monroe City Council Chambers until caseloads outgrow the Chambers availability, so long as additional staff and records space is provided.

Table 4. Facility Options

✓ From *least* to *most* expensive, here are the Monroe facilities options (rough estimated total project cost):

Facility Options	Total Estimated Cost
Small or Large Portable on City Campus, non-developed location	\$0.75-\$1M plus site prep.
Large Portable on old public works site on City Campus	\$0.75 - \$1M plus demolition
Remodel/Expand Monroe City Hall/Police (Court portion only)	\$1.61M
Replacement Monroe City Hall/Police Combined Building (Court portion only)	\$2.1M
Purchase or Lease of an existing building in Monroe	Unknown

- Portables have important pros and cons – less expensive than permanent construction; lower quality construction; not a permanent solution.
- Acquisition of an existing building – if available, would provide new, dedicated court rooms, and long-term flexibility.

Build a new court facility on the city hall campus. The city completed a facility assessment in 2019. The assessment included options to build a new court and council facility between the existing police station and city hall. Mayor and staff recommend designing the new court and council chambers in 2021. City staff would develop a funding strategy which would include a legislative proviso from the State capital budget in 2021, grant funding, and councilmatic or voter approved bonds.



October 15, 2020

Re: Monroe Municipal Court Assessment

Administrator Deborah Knight,

Law and Justice is a fundamental requirement of a free society. To evaluate the importance of this function, it is necessary to recognize and understand that these services impact the quality of life for those who live, work and play here in the City of Monroe. Law and Justice is important whether it is providing prosecution on behalf of victims or to hold offenders accountable, while understanding that criminal behavior can sometimes be linked to drug addiction or alcohol abuse. Businesses need to know that their police department not only responds to their calls for service, but forwards charges in an effort to get restitution. Another important component is the Judicial Services Branch and Court Services.

In the last several years, the City of Monroe has focused on improving and supporting Law and Justice Services both financially and through internal review. This consideration has resulted in a strong foundation of services that include:

- Contracting with a new public defender in 2015 and a recent addition of a defense social worker position
- Contract with Zachor & Thomas for prosecution services
- Opening the City of Monroe Municipal Court
- Embedded Social Worker and Community Outreach Officer
- Creation of the Homeless Policy Advisory Committee (HPAC)

All of these strategic partners, in conjunction with the City, work cohesively to ensure that law and justice continues to strive for improved services. Law and Justice has financial impacts that can be partly managed by contracts (prosecutor, public defender) but other costs, such as jail fees, are dependent on many other mitigating factors.

In this memo, we hope to provide an outline regarding what led to the start of the Monroe Municipal Court, the financial implications, and the service levels realized.

### **Historical-Why a Municipal Court?**

For years the City of Monroe contracted with Snohomish County-Evergreen District Court Division. While the City had an excellent working relationship with the County, we began

to experience service gaps that impacted the City financially and were not in alignment with our service goals. Some of the gaps identified were:

- Evergreen District Court re-scheduled hearings from weekly to twice a month. This caused significant safety concerns for domestic violence cases, DUI offenders and offender accountability.
- Absence of indigent screening for court appointed defense attorneys increased caseloads for public defender for added cost to the City.
- Inability to utilize alternate options such as Community Court and alternative contracted jail services.
- Alternative sentencing options were not utilized such as Electronic Home Monitoring, community service.
- Evergreen District Court would not process the safety camera program infractions shifting all the work to the police department administrative staff to process the tickets, send notices, create a traffic court, and manage all payments.
- Snohomish County District Courts stopped answering the public telephone. Any inquiries to the Court had to be made in person or in writing causing increased telephone calls to the police department including callers that were contacted by other agencies such as the Washington State Patrol and the Snohomish County Sheriff's Office.
- Lack of feedback to officer and staff on cases, programs and legal issues.
- Lack of focus on impacts to the community we serve versus just being another agency.
- Inconsistent judicial philosophy with alternating judges/pro-tems. For example, we took a review of five random arrestees with multiple offenses in 2014. We have assigned a letter in the alphabet to each judge/pro-tem. Just five arrestees saw 10 different judge/pro-tems.

Arrestee	Judge/Pro-tem(s) handling their case
A1	Judge(s) A, C, G, H (two cases)
A2	Judges(s) E (two cases), D (two cases), F
A3	Judges(s) B, C (two cases), H (two cases)
A4	Judge(s) B, C, D, I, J
A5	Judge(s) C, B, H

**Financial Implications**

We, as public servants, work diligently to be stewards of the funds that are allocated towards Law and Justice. While it is difficult to put a price on the intangible benefits we see, we will outline some important considerations that having our own court affords. The City recently hired consultants to complete the Monroe Court Services Study (MCSS). This was an extensive study on all aspects including a breakdown of the cost for misdemeanor cases to include the prosecutor, public defender, jail and court net revenue.

The MCSS identified the costs for each misdemeanor noted below:

	Monroe	Lake Stevens	Difference
Cost for each misdemeanor <sup>-court net revenue, prosecutor, public defender, jail</sup>	\$1,384.63	\$1,307.65	\$76.98

It is important to note that no matter where the City contracts for court services, the prosecutor and public defender are “set” costs based on contract negotiations with the City. Although those contracts are part of the full equation, we want to breakdown the costs with static numbers that can be impacted by the court.

	Monroe	Lake Stevens	Difference
Cost for each misdemeanor <sup>-court net revenue, jail (static costs)</sup>	\$749.98	\$680.77	\$69.77

If we remove the “set” costs, we are left with the court net revenue and the jail costs. One factor to note is that the City of Lake Stevens’ jail costs were \$54,751 higher than Monroe demonstrating how the Municipal Court has been able to mitigate jail costs with alternative methods. This brings to light that the court is a critical component for jail management costs whether it is due to orders for treatment, video court, or daily review of misdemeanor bookings, setting bail or release.

To highlight advantages for having our own court, as the MCSS report noted were:

- Maintain local control over costs, judge selection, court procedures
- Improves service levels for customers over status quo; court becomes sustainable

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- Maintains focus on bringing together in-city resources/agencies to address homeless population or specific high-volume crimes
- Retains consistency in judicial oversight of cases/offenders
- Can implement small community/diversion court calendars unique to Monroe's needs

### **Municipal Court Benefits**

While a few of the below points were touched upon in the MCSS report, we felt it was important to provide additional information for your consideration. We would like to stress the importance and value of:

- **CRITICAL court orders for offender accountability; fingerprinting so criminal charges get sent to the WSP Criminal History Division. Without these orders and mandating of fingerprints submitted to WSP, arrestees with charges filed by investigation will not have these crimes listed on their criminal history. For example, when background investigations for teachers, coaches, care workers, school bus drivers, etc. are done, these crimes will only be listed with court ordered fingerprinting. Monroe is one of three agencies in all of Snohomish County doing the required mandatory fingerprinting. These other agencies have their own Municipal Court as well.**
- **CRITICAL Emergency hearings for Extreme Risk Protection Orders for temporary orders (allows the police to request an order to temporarily hold firearms from individuals in mental health crisis).**
- Search Warrant judge accessibility more difficult in a countywide system. Officers have greater availability to Municipal Court Judge to sign and approve search warrants in a timely manner.
- Close proximity to Court has led to greater relations with strategic partners for the Community Outreach Officer and Embedded Social Worker.
- Temporary Release Orders (TRO) from court allows for incarcerated individuals to be checked out of jail for direct transport to treatment providing needed resources while saving on jail costs.
- Enforcement of TRO's with chargeable violations if order is violated.
- Court Administrator available for questions and assistance on evenings and weekends (court orders, search warrants).
- Video court helps manage jail costs.

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- Support for Monroe Code Officers (city hall and police) with local Municipal Codes (also recommended by Lean Academy summary) that includes building, planning, code and nuisance violations.
- Close working partnerships to support new ordinances such as SODA and sit lie.
- Weekly disposition reports for evidence and records management.
- Ability to call the Court when towing abandoned vehicles to ensure we have the current status and allow for a streamlined and efficient towing process.

Although the Court is its own branch of government, it partners with the City to work together to:

- Manage jail costs through the addition of video court day and the judge reviewing daily booking report.
- Provide general feedback between Court, prosecutor, public defender, and police department.
- Address City of Monroe Municipal Code violations and create processes for enforcement.
- Support for officers to efficiently serve search warrants.

### **Monroe's Priorities**

As noted above, the City has been investing in Law and Justice and how the judicial branch can play a role on working towards priorities that impact this community.

A recent example of this is the work completed by the HPAC. In the committee's final report, it references Public Safety strategies that include:

- Implement law enforcement strategies and regulations that increase personal accountability and adhere to civil and personal rights
- Gather and analyze accurate data about crime in Monroe
- Initiate a residential and business crime prevention program
- Continue to budget for the Embedded Social Worker/Community Outreach
- Use technology to increase public safety and protect infrastructure.
- **Implement Community Court so treatment for addiction and mental health can be offered as an alternative to jail**

During the HPAC Open House held on November 14, 2019, community members were provided the opportunity to submit public comments regarding the strategies that were addressed by the Homelessness Policy Advisory Committee. Several people expressed a desire for the City of Monroe to look at other cities that have established **community courts and consider that as an alternative to jail.**

Recommendations for goals for a Community Court can be implemented by having a close partnership with our Judicial Branch. We are continually looking for ways to address the root problem and having our own court will allow the City to continue to work on implementing those ideas and goals.

### **Police Support of the Monroe Municipal Court**

In an officer's average day, part of what we do most is to be a resource to those in need. Whether it be talking to victims, helping families in crisis or being there to calm people who have experienced a trauma. During those times, we utilize all the tools to offer resources, provide direction and be that support. However, there are times that enforcement is necessary for the protection of people and property. While we may be viewed as just enforcers of the law, we use enforcement to help change behavior. We want to work together with all of our strategic partners, especially the Judicial Branch, that is tasked with the evaluation of those laws in order to better serve and protect our community. While we all have a different job to do, we have a common goal to help make positive change in future behavior. As we look to the future, the creation of a Community Court may be realized by continuing with our cohesive partnership with our own municipal court.

While we strive to be fiscally responsible, we feel that this is a small investment into maintaining all the services we have identified and to work towards future goals. It is an "insurance policy" to maintain the services we feel are important for our community. We have seen that during economic downturns, court services are cut in ways that are not beneficial to our community such as shutting down phone service, cutting arraignment hearings and declining to process the safety camera infractions for school zones and red light violations.

We feel that the City of Monroe should continue to invest in our community by having its own Municipal Court as this positively impacts the livability for the residents of Monroe. Therefore, we are asking that you join in our support for the Monroe Municipal Court. We look forward to continuing to work together to address the needs of our community both now and in the future.

Sincerely,  
Ryan Irving  
Deputy Chief

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