



2021-2022

Mayor's Budget Development Guidance

Honorable Deputy Mayor, City Council, and People of the City of DuPont

I am pleased to present to you the City's 2021/2022 Proposed Biennial Budget, a financial roadmap for the City of DuPont totaling \$21,054,354 in 2021 and \$17,645,578 in 2022. This policy document represents our continued commitment to prudent fiscal management, effective service delivery, and provides our citizens with the highest quality of life. It is a balanced budget and provides the highest level of service to the DuPont community within existing financial resources. Each biennium, the City's budget process represents a series of opportunities, challenges, and difficult decisions needed to fund the top-notch municipal services our community has come to expect. This budget emphasizes health, safety, and welfare obligations based on legal mandates; ensures financial stability and integrity; and focuses on the implementation of City Council goals - to achieve the community's vision - which includes economic development, increased infrastructure investment, and public safety. It is the means for effective allocation of City resources to a variety of programs necessary to move our community toward these goals. With this proposed budget, our organization remains focused on key strategic goals, while meeting the challenge of limited funding, to still accomplish the innovative service delivery that our citizens have come to expect.

Since the early outbreak of the coronavirus (COVID-19) in March of this year, and the measures instituted in Washington State to address this deadly outbreak, the City of DuPont has seen ongoing impacts to its daily operations, its employees, and its local economy.

The City has and plans to expend funds to keep employees safe, to address expanded leave, and to assist a beleaguered business community. DuPont also took early actions to forgive late fees related to utility and stormwater billing.

These actions, combined with the economic upheaval of the "Stay Home, Stay Healthy" orders, have caused a reduction in the growth of the City's General Fund revenues. We are not sure how the COVID-19 pandemic will affect our future revenues or the economy, but the City is well positioned to continue the level of service expected by our residents.

While the City's General Fund is balanced for the 2021-2022 biennium, we know that the General Fund operating revenues are not growing or are growing at a very anemic rate as compared to the General Fund operating expenditures. However, the City has made some excellent decisions to manage within our means. The results of this are evident as we continue to provide top-notch municipal services to our residents and businesses through a cost-effective and strategic approach.

One of the many attributes that differentiates DuPont from other communities, and has been key to our success, is the ability to make strategic decisions and plans that put DuPont in a position of strength to overcome challenges and orient ourselves to take advantage of future opportunities. This, in turn, has allowed the City to focus on opportunities that support and implement the City's Vision Statement and **City Council goals**. For example, the City Council has adopted a set of comprehensive financial policies

that provide a vital framework for governance and decision-making, especially for issues that impact the City's budget. The financial policies are reviewed and updated accordingly. These financial policies are the foundation for the City's recovery to a more sustainable financial future. They provide broad policy guidance related to the operating budget; fund balance and reserves; revenue and expenditure assumptions; debt management; capital investments; cash management and investments; financial reporting; and the development of a six-year financial forecast. The City also prepares and updates its six-year financial forecast to help provide more consistent delivery of services over time. The City continued to develop the financial forecast in 2021 and 2022 to include facts, assumptions, and details regarding current and projected economic conditions. This information ensures an accurate forecast of the City's financial future and strategizes how to address changes, which may in turn impact service delivery. This forecast also serves as a tool to examine financial trends and identify opportunities, particularly as new services or programs are evaluated.

Highlights of the Budget:

In this budget, I am recommending a growth in staff with the addition of two (2) police officers, thanks to a Department of Justice Grant program which was approved by the City Council in August of this year; the addition of a .3 FTE to the City Clerk's budget in order to help with Public Disclosure Requests; and a .7 FTE to the Human Resources' budget in order to reduce the City's risk and liability premiums. This is offset by reducing 2.0 FTEs (one customer service coordinator and one inspector position). Staff is also constantly reviewing our various agency contracts to see if it makes sense to continue using these contracts versus hiring staff.

In the Capital Improvements for the 2021-2022 Biennial Budget, I am recommending the construction of the Public Works Building and the Automatic Meter Reading System using the Revenue Bonds, DuPont-Steilacoom Road Expansion, completion of the Sequelitchew Creek Trail restoration, and continuation of the Center Drive improvements.

The City will need to look to the future with declining Gas Tax Funds, vehicle tabs and development. The challenges we face include how to fund our aging infrastructure.

Revenues should slightly increase in our commercial area with the occupation of the new buildings near Center Drive and DuPont-Steilacoom Road as well as the possibility of leasing the former Pier 1 facility. The new memory care facility associated with Patriots Landing is expected to begin construction in 2021 which will also increase revenue.

I want to thank our Leadership Team, City Administrator, and especially our Finance Director, Carma Oaksmith, who spent many long hours to put this budget together. This presentation and a brief PowerPoint with budget highlights will be posted on our City website. As always, you can email or call for questions and comments. I appreciate everyone's attention to this important process.

Sincerely,



Ronald J. Frederick
Mayor, City of DuPont