STUDY SESSION
City Hall – 1104 Maple Street
April 28, 2025 6:00 PM

The city is conducting this public meeting using a hybrid model. The public is welcome to attend tonight's meeting in-person at City Hall (Council Chambers), or virtually by using the meeting access link below.

https://sumnerwa-gov.zoom.us/j/81492839576

Phone one-tap:+12532050468,,81492839576#; +12532158782,,81492839576#
Join via audio: +1 253 205 0468; +1 253 215 8782

Webinar ID: 814 9283 9576
International numbers available: https://sumnerwa-gov.zoom.us/u/kcaXoFCwxp

CALL TO ORDER

Roll Call: Bitetto, Bowman, Clerget, Cole, Elfers, Kenna and Reinke

REGULAR BUSINESS

1. 2025 Water/Sewer Revenue Bond Update
2. 2024 Financial Review

CITY ADMINISTRATOR REPORT

AGENDA SETTING

1. Council Meeting Agenda Calendar
2. Council Committee Meeting Agenda Calendar

EXECUTIVE SESSION

To discuss with legal counsel pending or threatened litigation per RCW 42.30.110(1)(i).

ADJOURNMENT

This meeting is accessible to persons with disabilities. For individuals who may require special accommodations, please contact the City Clerk at (253) 299-5590, 24 hours in advance.

CITY OF SUMNER WASHINGTON

STUDY SESSION
DATE: April 28, 2025
AGENDA BILL: 25-269

SUBJECT: 2025 Water/Sewer Revenue Bond Update **CATEGORY:** Information Only

BUDGET IMPACT:

Expenditure Required: None Within Budget Allocation: N/A

ATTACHMENTS:

1. 2025 Water/Sewer Revenue Bond Update

STAFF CONTACT: Kassandra Raymond, Chief Financial Officer

SUMMARY BACKGROUND:

On February 18, 2025, City Council approved Ordinance No. 2918 delegating authority for City staff representatives to finalize terms (within a specified set of parameters) and issue bonds for the utility portion of the Public Works Operations Facility. On April 10, 2025, staff, working with the underwriter, successfully priced and executed the bond sale on the bond market. Staff will provide a report on the bond issue, including an overview of the rating process and results, market conditions, and results compared to the parameters set forth under Ordinance No. 2918.

COUNCIL COMMITTEE/STUDY SESSION: **Finance & Personnel Committee**
MEETING/STUDY SESSION DATE: 4/17/2025
COMMITTEE RECOMMENDATION: Informational only; no Council action required.

STAFF RECOMMENDATIONS/MOTION:

Informational only.

2025 Water Sewer Revenue Bonds
Public Works Operations Facility
Ordinance No. 2918 Delegation Authority - UPDATE

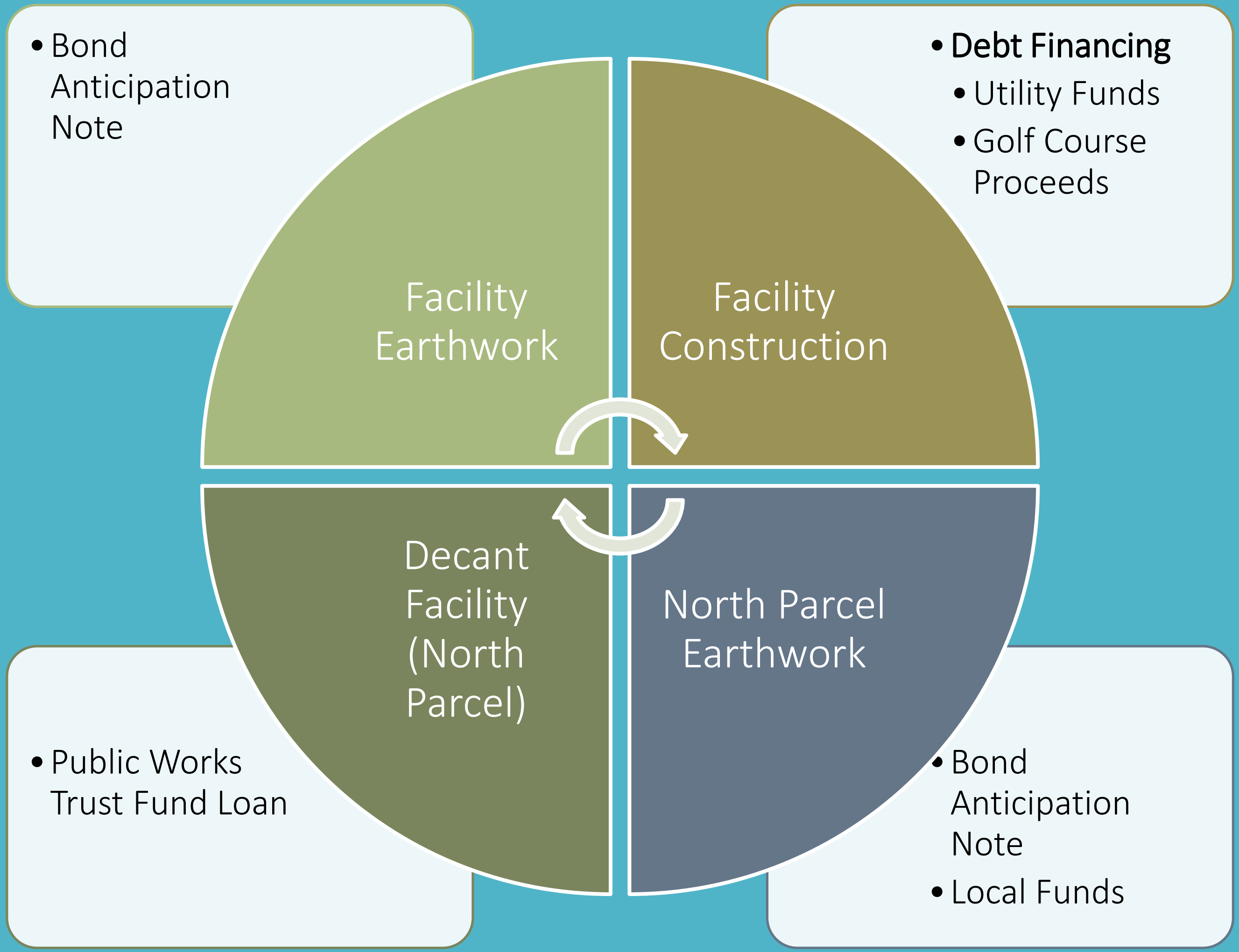
City Council

April 28, 2025

CITY OF SUMNER WASHINGTON

Funding Matrix

Utilities 51%
Governmental 49%



Ordinance 2918

February 18, 2025

Provides for the issuance and sale of Water/Sewer Revenue Bonds in the aggregate principal amount not to exceed $29,000,000 to provide funds to construct and equip a portion of Phase 3 of the new Public Works Operations Facility and pay off the utility portion of the 2023 Bond Anticipation Note…and delegating authority to approve the final terms of said bonds.

Issuance Team

Authorized Representatives

- Mayor, Kathy Hayden
- City Administrator, Jason Wilson
- Deputy City Administrator, Jeff Steffens
- Chief Financial Officer, Kassandra Raymond

City Ratings Team

- Authorized Representatives, +
- Public Works Director, Michael Kosa
- City Attorney, Andrea Marquez

Underwriter

- DA Davidson

Bond Counsel

- K&L Gates

S&P Ratings Analysts

- Adriana Artola
- Chloe Weil

Bond Rating

2025 Water/Sewer Revenue Bond AA

- Rating provided by Standard & Poors (S&P Global Ratings)
- Investment grade rating
- No bond insurance required

- City did not have a currently rated debt issue
- Last rating was for 2008 LTGO – S&P AA+
  - *Increased from original AA in 2017*

Ordinance 2918

Term	Ordinance 2918	Issued
Maximum aggregate par	$29,000,000	$26,595,000
Final Maturity Date	No later than 30 years from issuance date	12/01/2049
Maximum interest rate	6.00%	5.00%
Maximum true interest cost	6.00%	4.52%
Delegation Expiration	02/01/2026	04/24/2025
Closing Date	TBD	04/24/2025

Next Steps

- Public Works Operations Facility under construction Spring 2025 through Fall 2026
- Regular reporting to Municipal Securities Rulemaking Board (MSRB) through EMMA (Electronic Municipal Market Access) website
- Debt Service schedules updated in Utility Rate Model

Questions?

STUDY SESSION
DATE: April 28, 2025
AGENDA BILL: 25-270

SUBJECT: 2024 Financial Review

CATEGORY: Presentation

BUDGET IMPACT:
Expenditure Required: None
Within Budget Allocation: N/A

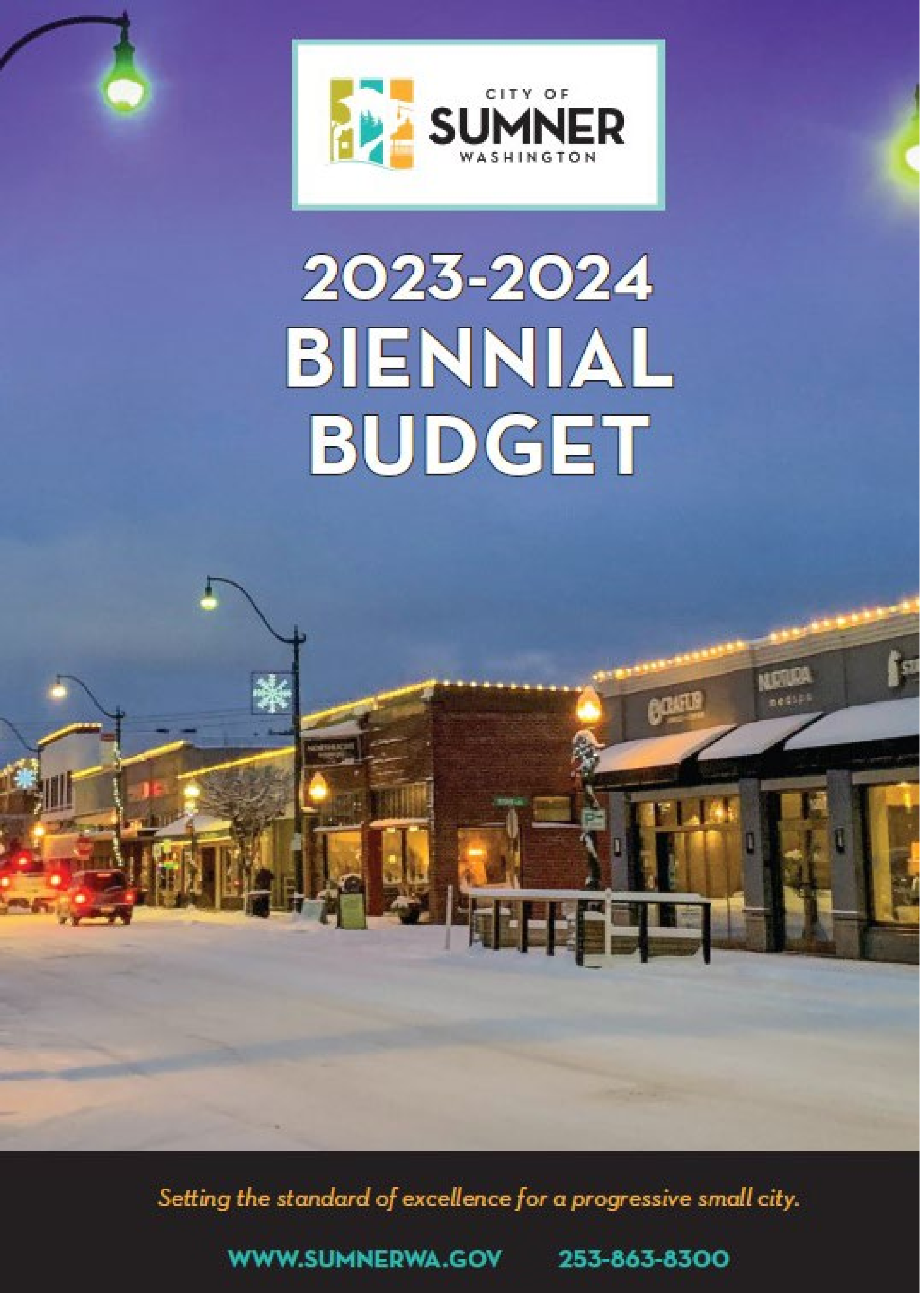
ATTACHMENTS:
1. 2024 Budget Review

STAFF CONTACT: Kassandra Raymond, Chief Financial Officer

SUMMARY BACKGROUND:
The 2023/2024 Biennial Budget was adopted December 5, 2022. Finance staff will provide a financial review of 2024 activity, focusing on the General Fund.

COUNCIL COMMITTEE/STUDY SESSION:
MEETING/STUDY SESSION DATE:
COMMITTEE RECOMMENDATION:

STAFF RECOMMENDATIONS/MOTION:
Informational only; no action required.



2024 FINANCIAL REVIEW

City Council

Study Session

April 28, 2025

FINANCIAL ACCOUNTABILITY

Departments	Finance & Personnel Committee	State Auditor	Budget
Ongoing review by department/budget manager Regular Finance reviews	Monthly sales tax reporting Detailed amendment review	Annual Audit Financial, Federal (Single), and Accountability Audits	Biennial Budget Quarterly Budget Amendments Mid-Biennial Budget Amendment Final Budget Amendment (End of Biennium)

FUND BALANCE

The excess of operating revenues over operating expenses

- A negative fund balance is a deficit
- Council requires 8% of General Fund operating expenditures to be held as reserve
- 8% Reserves + Unreserved Fund Balance = Fund Balance
- Decreases in fund balance are often anticipated as accrued balances are drawn down for planned projects.

FUND SUMMARY

General Funds

General Fund (001)

Development revenues increased from 2023

Sales tax flattened from 2023

Department expenditures within budgeted amounts.

General Fund Reserves (002)

No 2024 activity

Building Reserve Fund (003)

Annual transfer in from General Fund

Capital Reserve Fund (004)

New Fund

Proceeds from Sumner Meadows Golf Course sale

FUND SUMMARY

Special Revenue Funds

Complete Streets Fund (103)

New WA State Transportation Improvement Board grant for state fiscal year 2025.

Drug Enforcement Fund (105)

Minimal 2024 activity

Fund typically has low activity

Tourism Tax Fund (106)

Collections above forecasts

Lower than forecasted expenses due to timing

ARPA Fund (115)

Return of unspent monies for 2024 re-allocation and expenditure in 2025.

FUND SUMMARY

Debt Service Funds

Debt Service Fund (200)

Decrease for scheduled debt service

Local Improvement District 78 (136th & Valentine) is the only active non-utility LID

LID Guarantee (221)

No programmed or actual activity

Fund is statutorily required

FUND SUMMARY

Capital Funds

Sidewalk Capital Fund (302)

Projects include:

- ADA Compliance
- Volunteer Sidewalk Program
- Elm St Sidewalks

Funding includes grants and General Fund support

REET Fund (305)

Collected 78% of forecast

Activity dependent on real estate activity

Park Capital Fund (310)

Projects include:

- Heritage Park
- Fryar Ave Trail
- 902 Kincaid
- Rainier View Park

Funding included grants and local funds (e.g. REET)

Street Capital Fund (320)

Projects include:

- Town Center/Woonerf
- Stewart Road Bridge
- SR410/166th
- Wood & Main
- Gateway Project
- Academy Bike Lanes

Funding includes state and federal grants, impact fees, and other contributions.

FUND SUMMARY

Capital Funds

Facilities Capital Fund (325)

Project expenditures include

- PW Operations Facility
- Cemetery Building
- Kincaid Abatement/Demo

FUNDS SUMMARY

Utility Funds

Water Fund (401)

Water revenues consistent with forecasts

Capital projects included work on earthquake control valves, tank painting, 24th St Utility relocation, and the Town Center Alder & Kincaid Improvements.

Sewer Fund (402)

Sewer revenues consistent with rate model forecasts

Projects include both collection and treatment plant

Lift station improvements, 24th St utility relocation, WWTF improvements

Utility Bond Reserve Fund (403)

Fund reserved for future use

Stormwater Fund (408)

Stormwater revenues were consistent with forecasts.

The White River restoration and Decant Facility were the primary projects in 2024

FUND SUMMARY

Other Enterprise Funds

Cemetery Fund (410/415)

Although still subsidized by the General Fund, the Cemetery funds met or exceeded the operating revenue forecasts

Metro Animal Services Fund (440)

Staffing shortages result in less open hours

The fund continues to operate with a razor thin margin

FUND SUMMARY

Internal Service Funds

Unemployment Insurance Fund (501)

City is self-insured for unemployment

Claims are processed upon receipt

Claims exceeded cash balance in fund; required transfer from several funds

Fleet Operations Fund (550)

This internal service fund is supported by user funds, based on a rate model for fleet costs

Increased labor, supply, and fuel costs continue to impact the fund.

Information Services Fund (551)

Internal service fund supported by user funds, based on equipment and FTE count

2024 included purchases that had been delayed in 2023.

Fleet Replacement Fund (555)

Ordered 5 vehicles in 2024; received 3. Also received 1 vehicle from 2022 order.

Several purchases delayed by long lead times from 2023 to 2024.

FUND SUMMARY

Fiduciary Funds

Cemetery Endowment Fund (601)

Per Sumner Municipal Code, 10% of all lot sales are dedicated to perpetual care.

Principal cannot be used; interest can be transferred to Cemetery operations

Developer Impact Fee Fund (605)

Impact fees support parks, fire mitigation, and streets.

Revenues aren't forecast in this fund due to uncertainty, and are appropriated as needed to support specific projects

Firefighter's Pension Fund (551)

Funded through state shared revenue and General Fund subsidy.

Employee Trust Fund (615)

Accounts for employee contributions for dependent care assistance program.

Funds are custodial and not available for general use.

GENERAL FUND

2023 Summary

GENERAL FUND AT A GLANCE

Measure	2024
Revenues vs. Expenditures	Within Projections
Sales Tax Revenue	Below Projections
Property Tax Revenue	Within Projections
Development/Building Revenues	Above Projections
Energy & Communications Tax Revenue	Above Projections
Charges for Goods & Services	Within Projections
Other revenues	Within Projections
Expenditures	Within revised budget

CITY OF SUMNER WASHINGTON

REVENUES VS EXPENDITURES

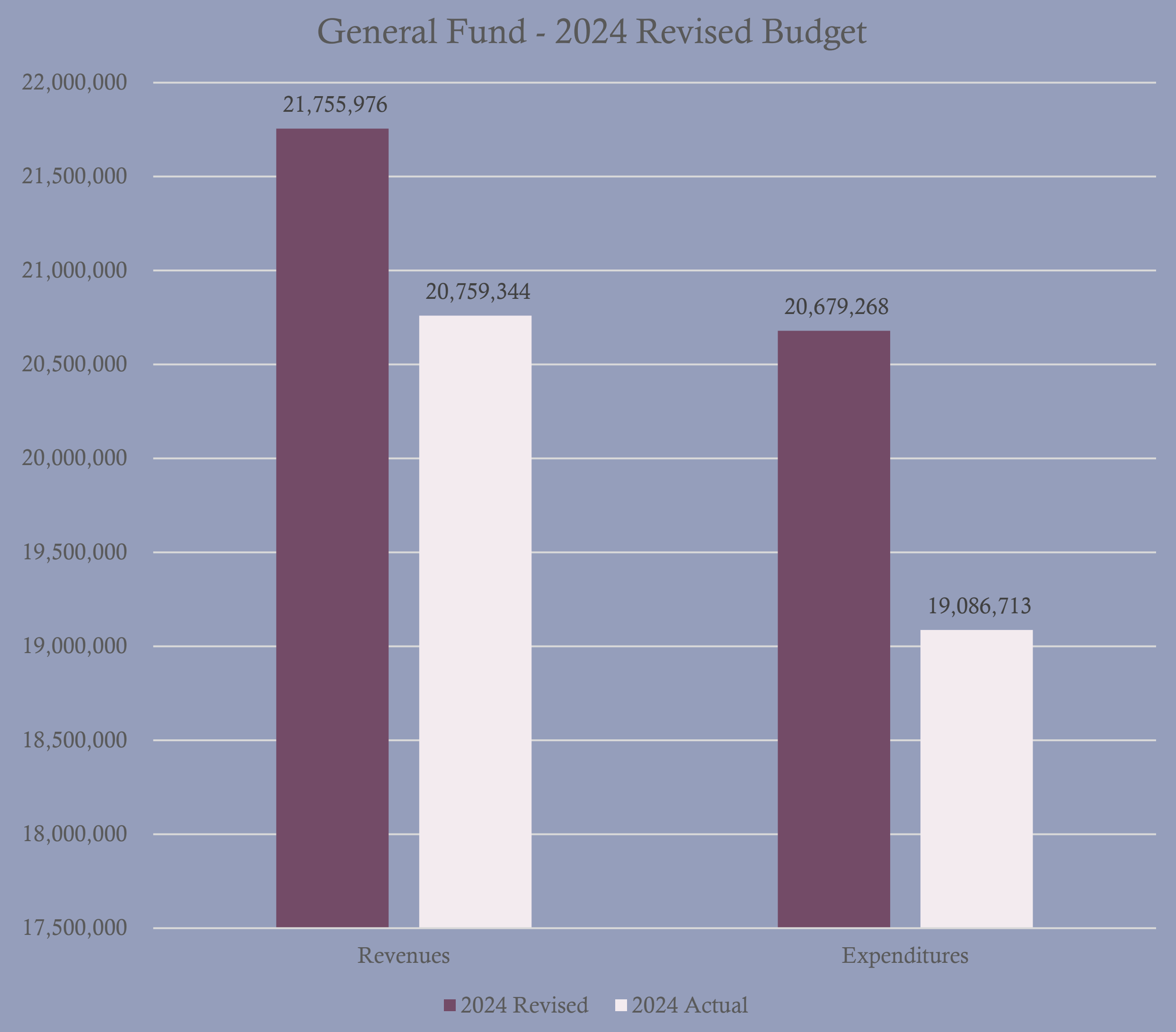
2024 =

2nd Year of 2023/2024 Budget

City received 95% of revised revenues

City expended 92% of revised expenditures

- *Expenditure savings in labor, one-time expenses, and deferred projects*

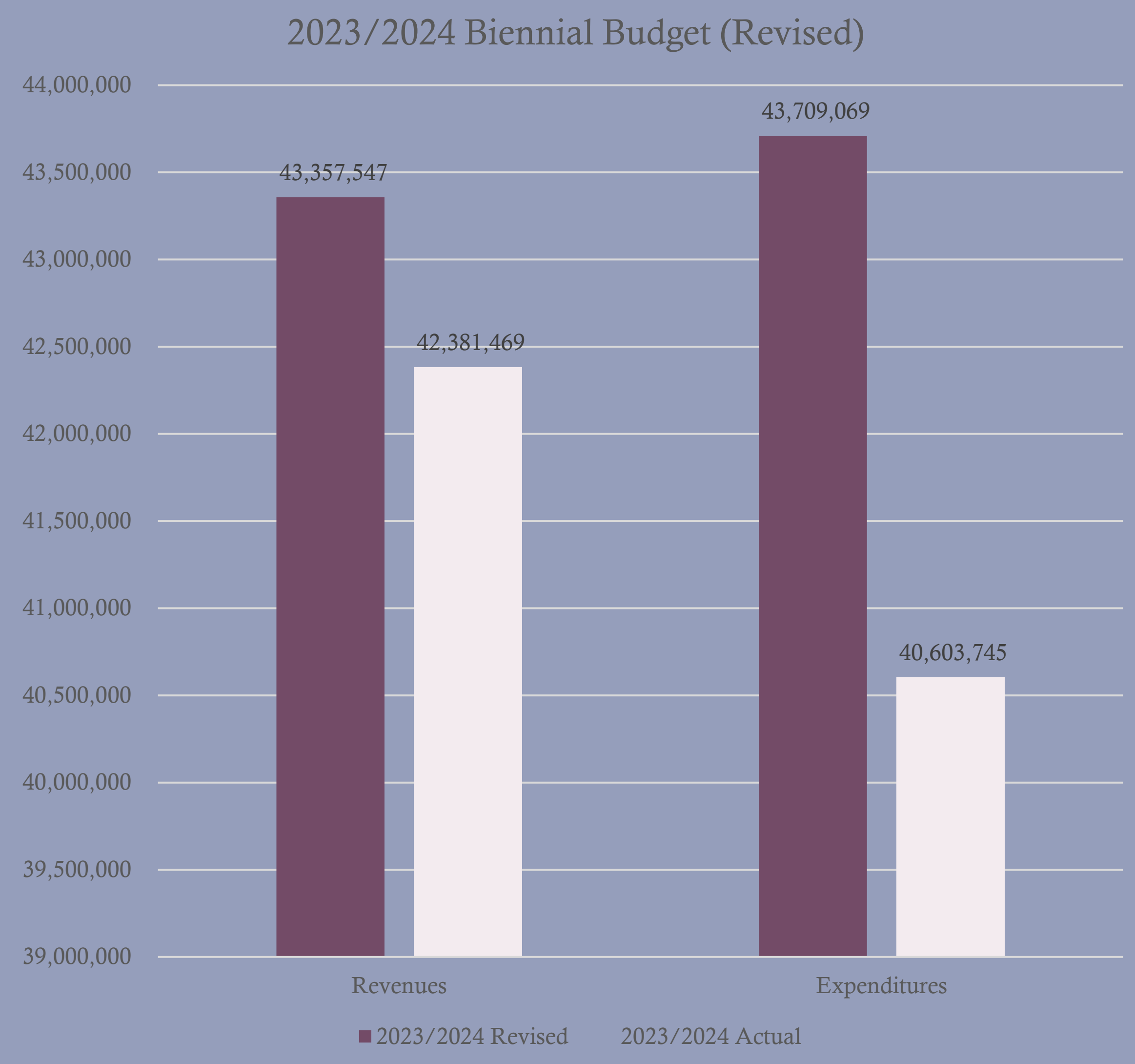


REVENUES VS EXPENDITURES

2023/2024 Budget - Revised

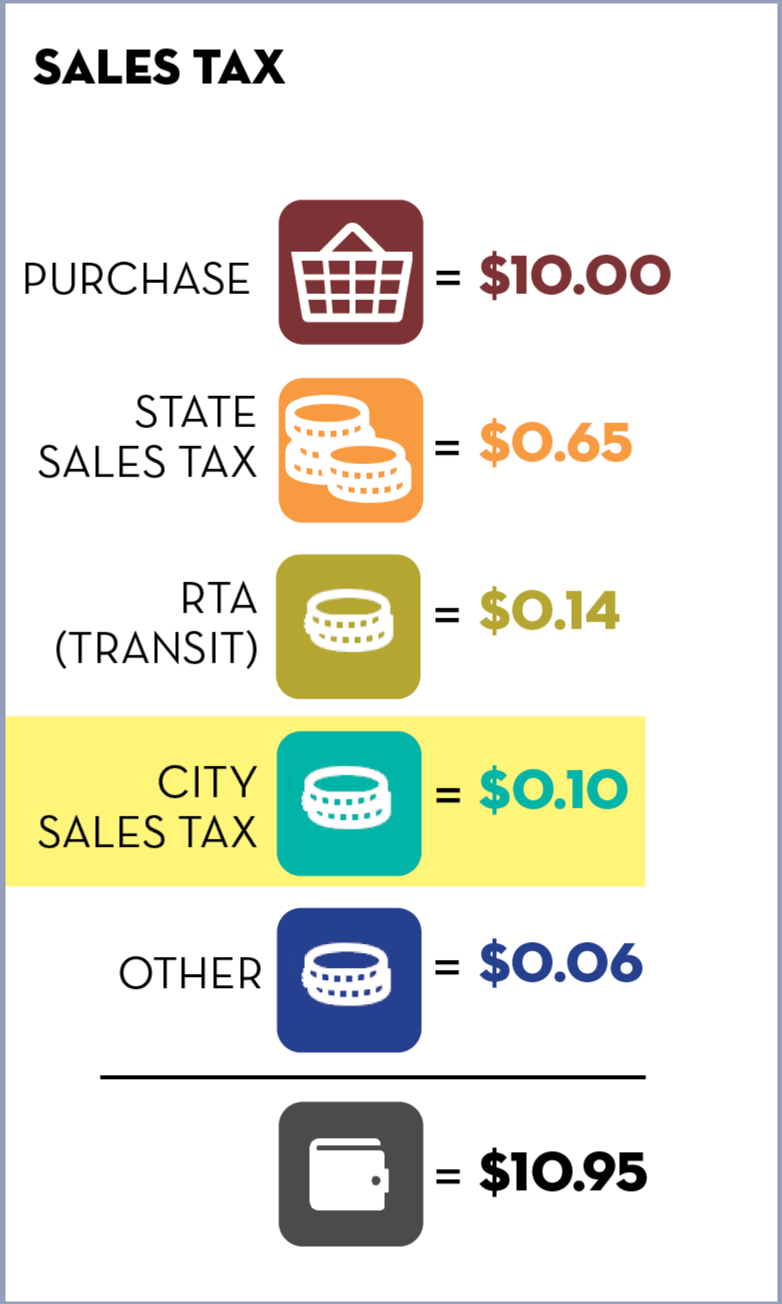
City received 98% of revised revenues

City expended 93% of revised expenditures



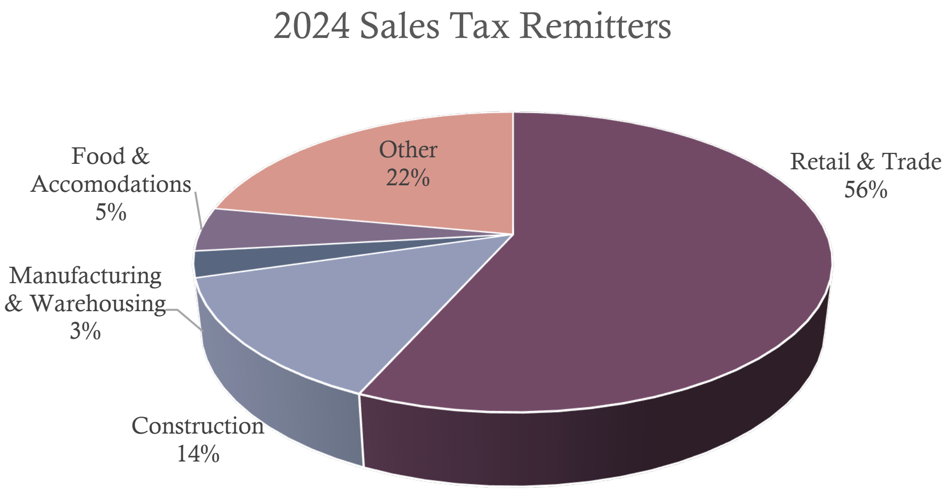
SALES TAX

- 41% of General Fund revenue
- Largest, but most unpredictable, General Fund revenue
- Destination-based (supply chain can be a challenge to support)
- Subject to inflation and economic pressure
- 2024 showed signs of flattening from previous years

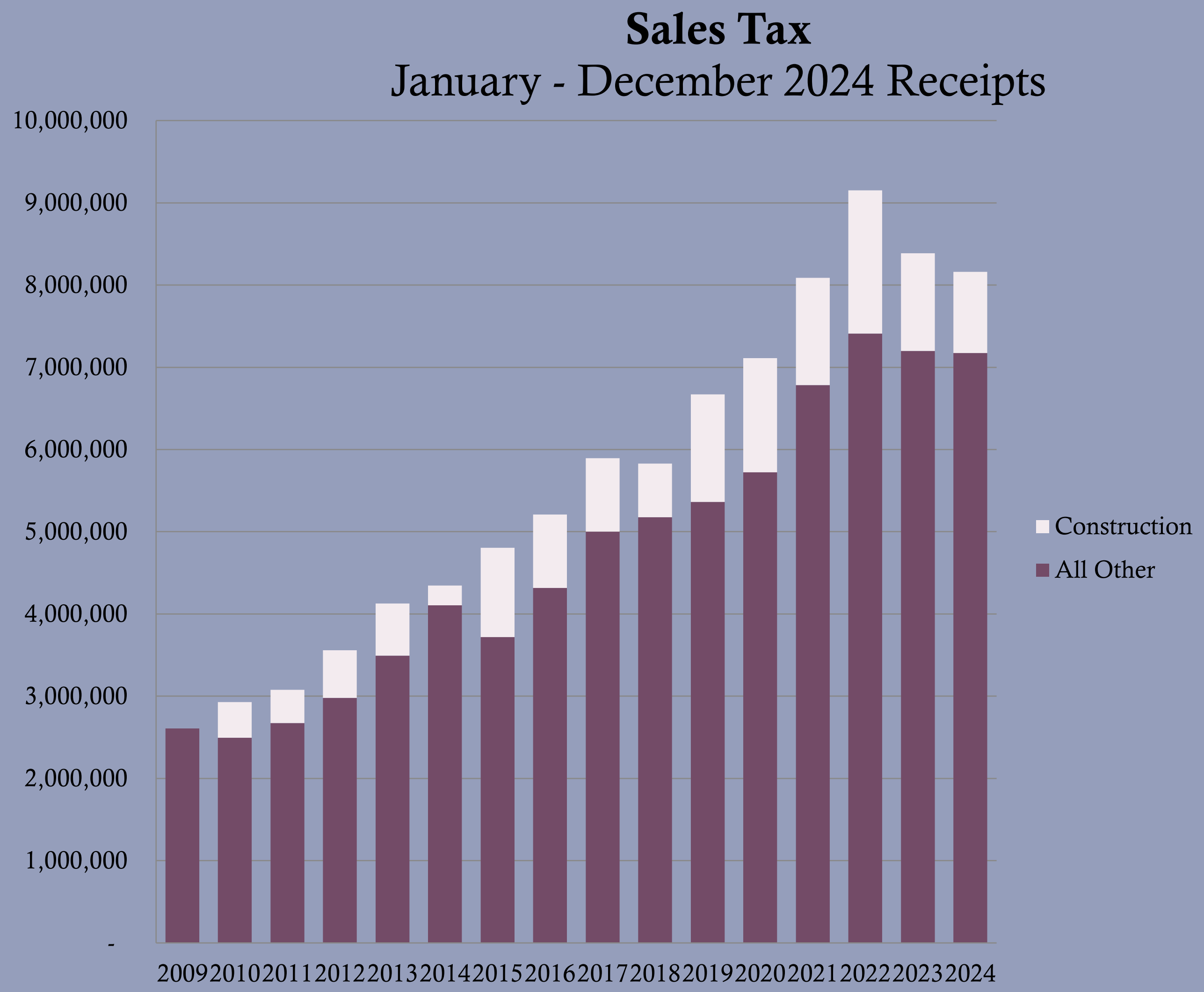


SALES TAX

“Local Retail Sales & Use Tax”



	2024 Budget	2024 Actual	Variance$
Non-Construction	7,341,900	7,174,113	(167,787)
Construction	1,237,200	986,159	(251,041)
	8,579,100	8,160,272	(418,828)

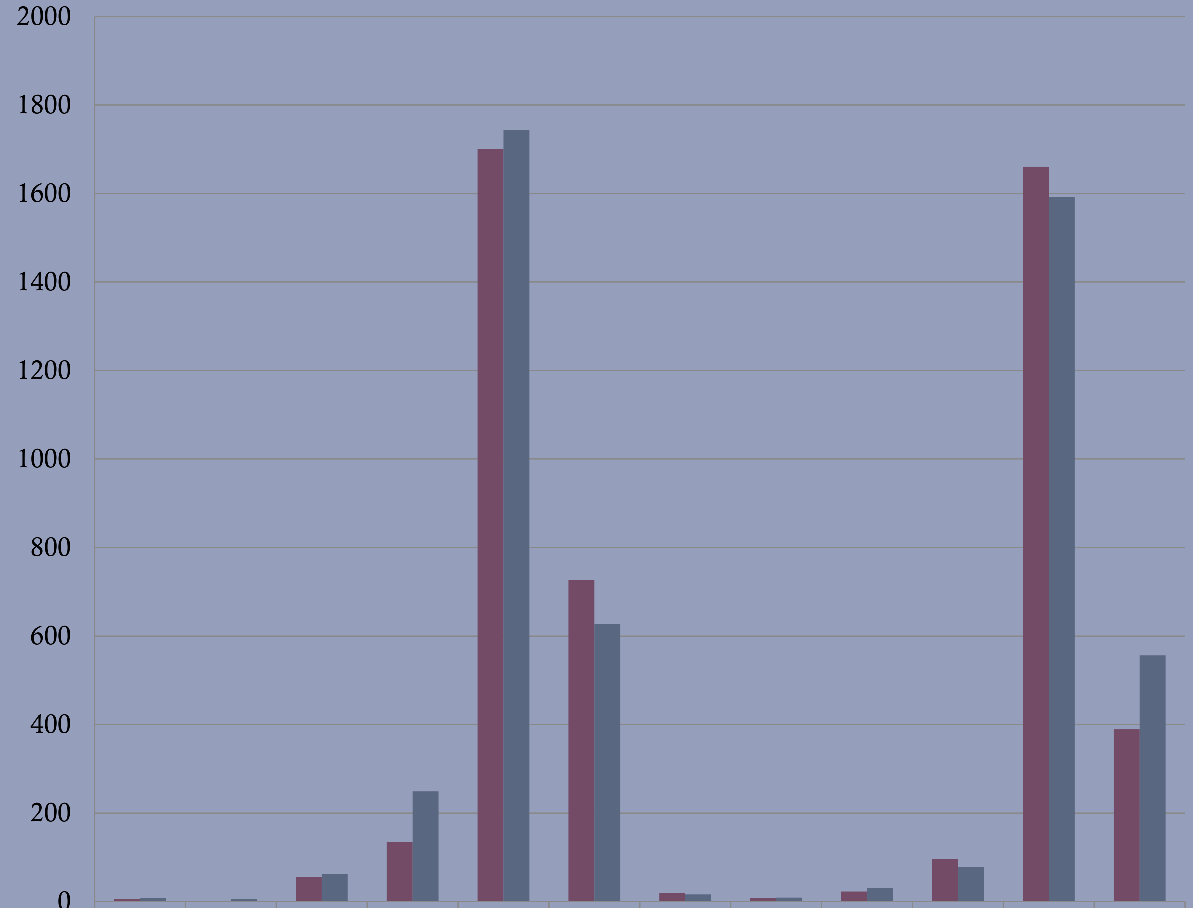


PROPERTY TAX

Adopted November 2023 for 2024

Tax Year	2024
Assessed Valuation	$5,380,225,788
Rate per $1,000	$0.9213
General Fund	$4,276,655
Streets (Ops & Capital)	$330,000
City Council Strategic Reserve	$350,000
Total Levied	$4,956,655
Total Collected	$4,975,570

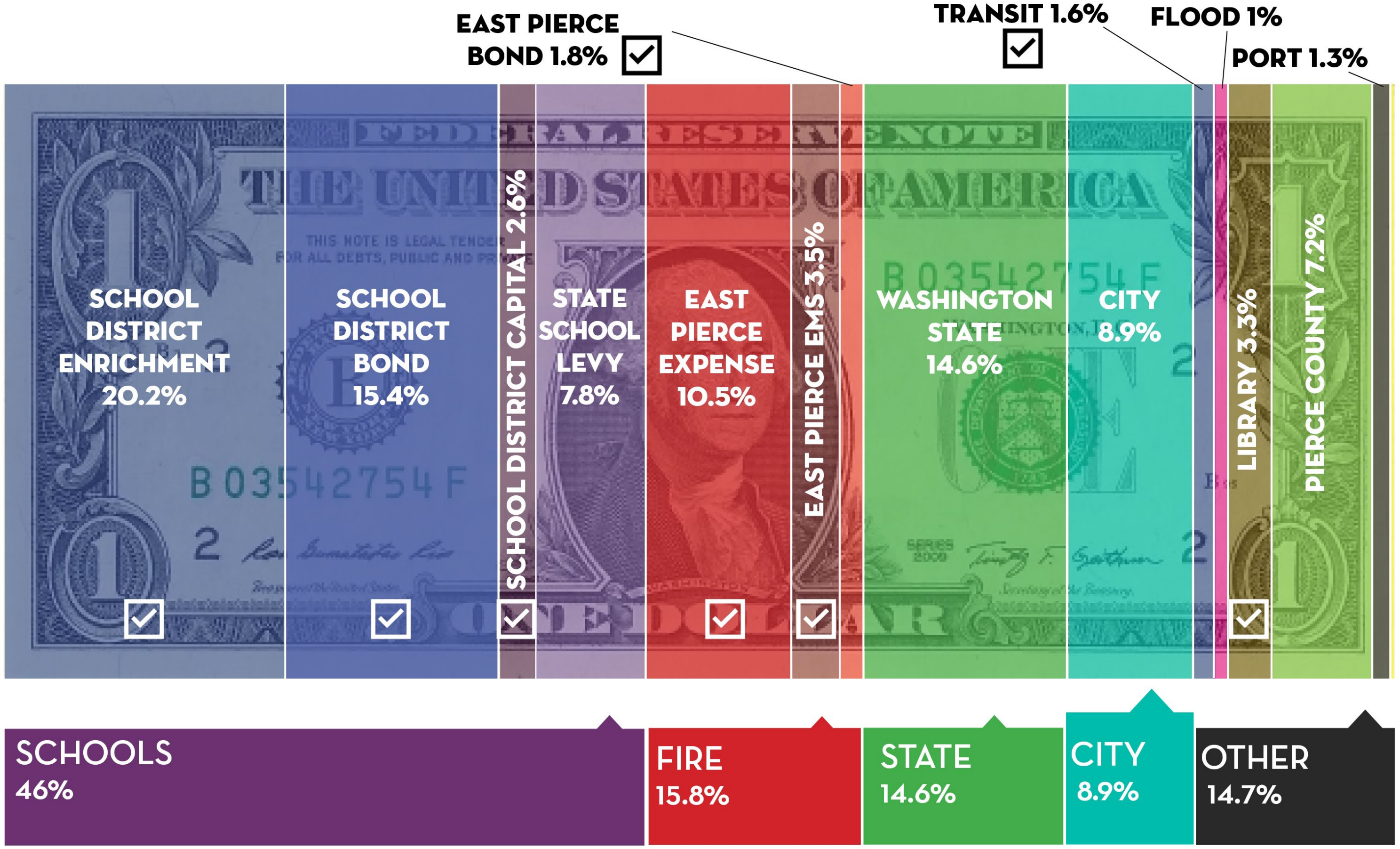
Property Tax Revenues: 2023 to 2024



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
2023 RV	6	1	56	134	1701	727	19	8	23	96	1661	389
2024 RV	7	6	62	249	1743	627	16	8	31	78	1593	556

Numbers in thousands

SUMNER PROPERTY TAX - WHERE IT GOES



- 22% of General Fund revenue
- Most stable General Fund revenue
- Adopted in November for the next year

BUILDING PERMIT REVENUES

2024 Budget

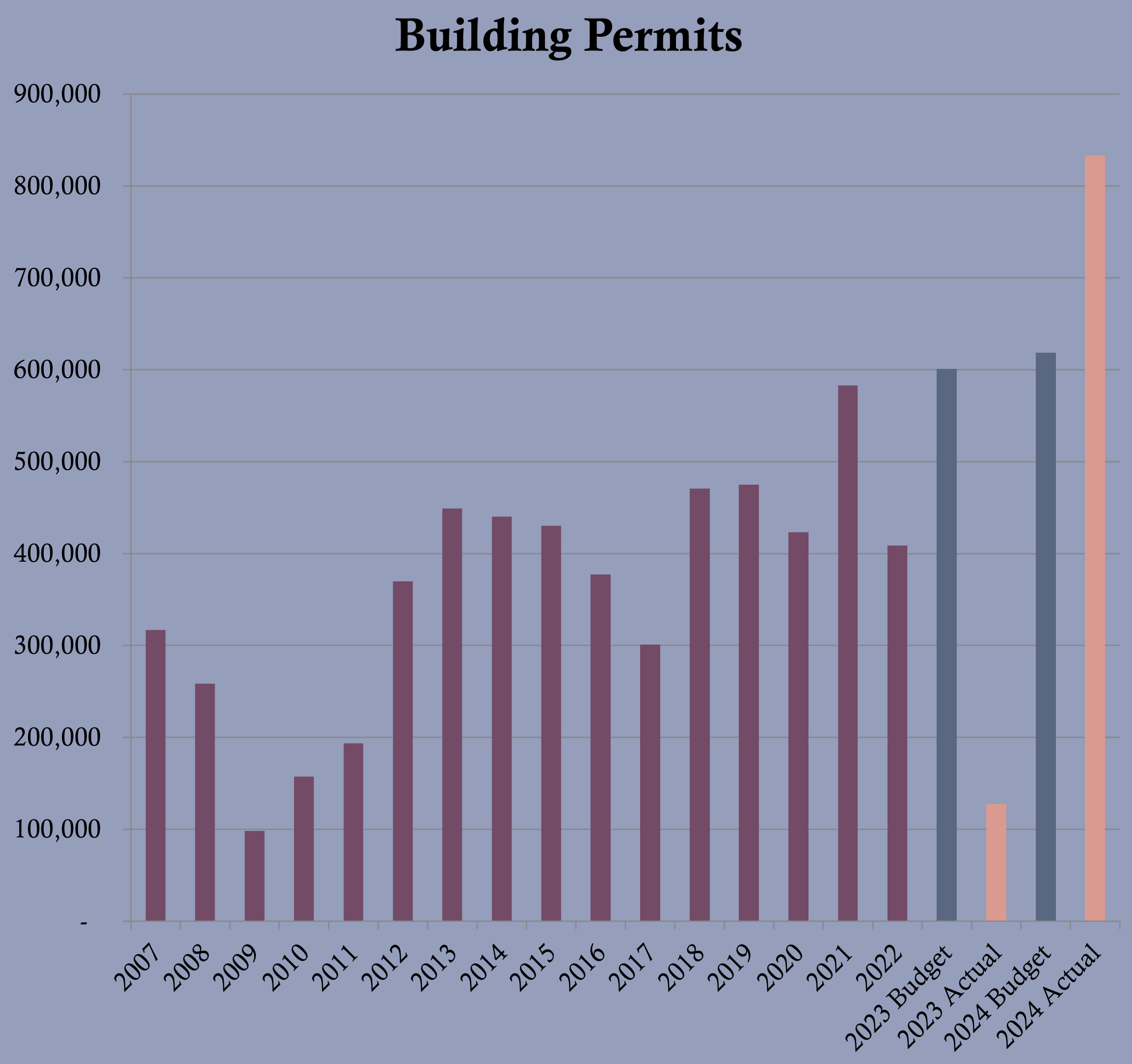
In 2024, City received 135% of adopted revenues

- 2023/2024 Actuals ↓ $258,766

General Fund portion only

Includes:

- *Building Permits*
- *Plumbing Permits*
- *Mechanical Permits*



DEVELOPMENT REVIEW REVENUES

2024 Budget

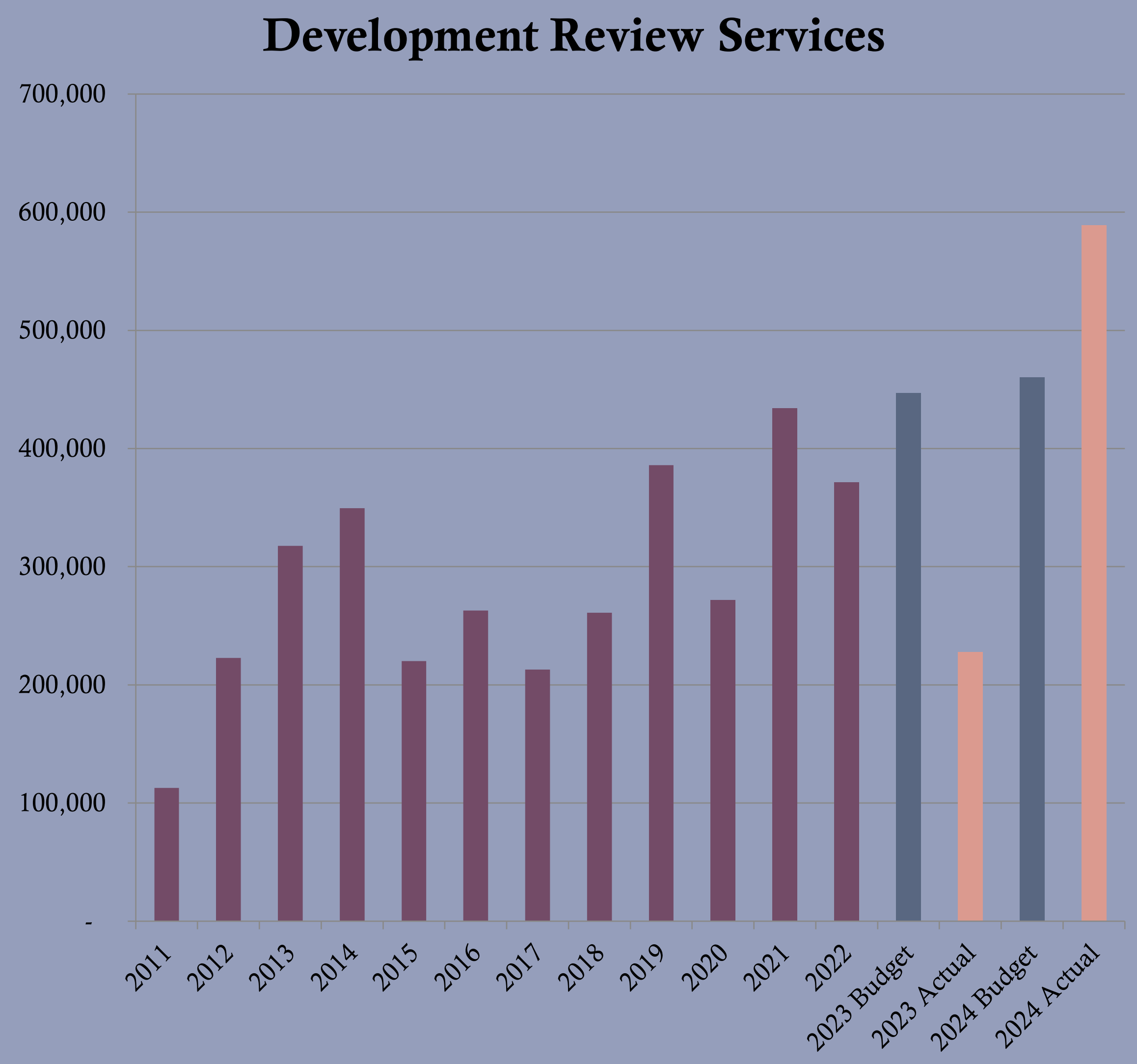
In 2024, City received 125% of adopted revenues

- 2023/2024 Actuals ↓ $90,321

General Fund portion only

Includes:

- *Zoning & Subdivision Fees*
- *Plan Check Fees*
- *Land Use Review Fees*



GENERAL FUND EXPENDITURES (2024)

Based on Revised Budget (Adopted + Amendments)

- 2024 is the second/final year of the biennial budget
- Department Directors have latitude to use biennial appropriation at any point in the biennium

2024 Summary

- All General Fund programs were in line with forecasts
- *Finance: 101% of budget due to additional software support*
- *Development Services: 102% of budget due to increased plan review/inspection services.*
- *Non-Departmental: 104% of budget due to fire permits (offset by revenues)*

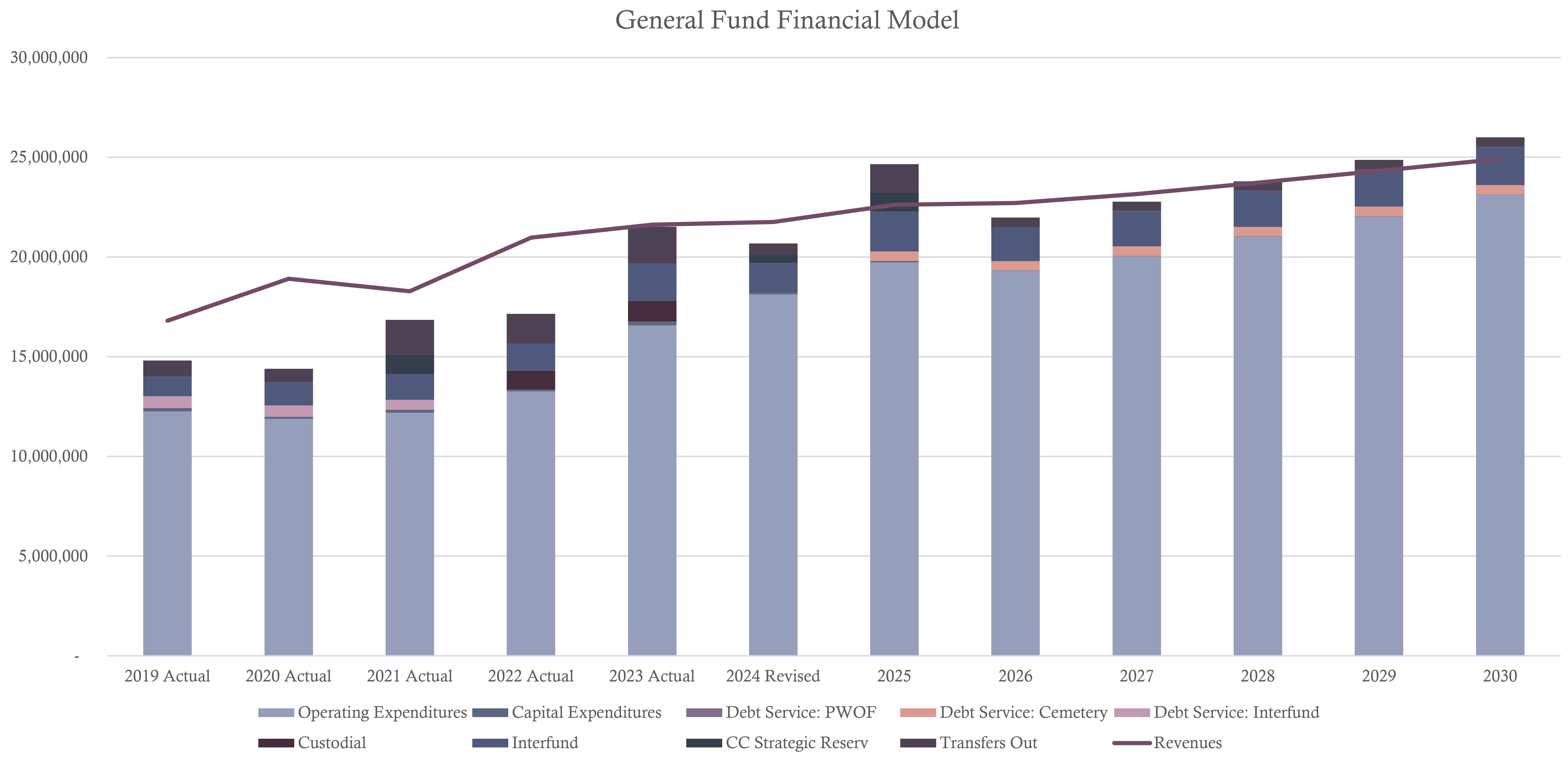
BUDGET CONSIDERATIONS

- Inflation
- Interest Rate Environment
- Development Activities
- Supply Chain Challenges
- Social Equity
- Competing priorities for limited resources

GENERAL FUND FINANCIAL MODEL

CITY OF SUMNER	Actual	Revised	Proposed		Forecast			
General Fund Forecast	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**
Beginning Fund Balance	$ 15,475,430	$ 15,581,251	$ 16,659,059	$ 14,623,579	$ 15,354,391	$ 15,739,003	$ 15,670,974	$ 15,114,476
Operating Revenue	21,622,853	21,755,976	22,622,574	22,709,079	23,157,301	23,728,491	24,315,944	24,920,138
Operating Expenditures	21,517,032	20,264,167	23,087,554	21,978,266	22,772,690	23,796,520	24,872,443	26,003,296
Operating Excess (Deficiency)	105,821	1,491,808	(464,980)	730,813	384,611	(68,028)	(556,499)	(1,083,158)
Allocate City Council Reserve	-	414,000	970,500	-	-	-	-	-
Use of Fund Balance - Lucy V Ryan Park	-	-	300,000	-	-	-	-	-
Use of Fund Balance - Unfunded Council Selections	-		300,000	-	-	-	-	-
Ending Fund Balance	15,581,251	16,659,059	14,623,579	15,354,391	15,739,003	15,670,974	15,114,476	14,031,318
Required Reserves (8% of Operating Expenses)	1,721,363	1,621,133	1,847,004	1,758,261	1,821,815	1,903,722	1,989,795	2,080,264
Property Tax Reserve - Council	1,104,381	1,040,381	419,881	769,881	1,119,881	1,469,881	1,819,881	2,169,881
Unreserved Fund Balance	$ 12,755,507	$ 13,997,544	$ 12,356,694	$ 12,826,249	$ 12,797,307	$ 12,297,372	$ 11,304,799	$ 9,781,173

GENERAL FUND FINANCIAL MODEL



QUESTIONS?

Thank you!

CA – CONSENT AGENDA **ES** – EXECUTIVE SESSION **NB** – NEW BUSINESS
UB – UNFINISHED BUSINESS **P** – PRESENTATION **PH** – PUBLIC HEARING **PR** - PROCLAMATION

2025 All Staff Meetings / Events
- August 5th (BBQ)
- September 23rd
- December 10th (Breakfast)

<u>MAY 5 (RCM)</u>
PR Police Week and Peace Officer Memorial *(Brad M.)*
PR Washington Association of Building Official *(Doug B.)*
PH 142nd Ave E Partial ROW Vacation

<u>MAY 12 (SS)</u>
- Court Update
- VMT/GHG Reduction Plan – Climate Resiliency

<u>MAY 19 (RCM)</u>
PR National Public Works Week
CA Consultant Contract Award Safe Built
CA Stormwater Comprehensive Plan Update
CA 166th Ave E Widening & Improvements - Consultant Agreement Supplement
CA Heritage Park Remediation - Consultant Services Amendment
CA PSE Conservation Grant Agreement Years 4-6

<u>MAY 27 (SS / Tuesday)</u>

<u>JUNE 2 (RCM)</u>
- Kenmore Field Trip

<u>JUNE 9 (SS)</u>
- Resolution No. XXXX – 2024 Vehicle Miles Travelled/Greenhouse Gas Emissions Reduction Plan

<u>JUNE 16 (RCM)</u>

<u>JUNE 23 (SS)</u>
- Legislative Wrap-Up

Pending

MISC.	MISC.	MISC.
Ordinance – Updating Short Plat Amendment Process (Legal)	Ordinance – Refuse Collection (Code Enforcement) (Doug)	
CA State Homeland Security Program Grant Acceptance for Small Unmanned Aerial System (PD)	Public Memorial Policy (Ryan W.)	Water Cross Connection Control Code Update (Doug)
Ordinance Insurance Requirements (MC)	Heritage Park Right of Way Vacation	MFG Home Park Overlay Zone (Ryan W.)
Sign Code Update (off premise) (Ryan W.)	School Impact Fee Update (Doug)	
	Cultural Arts Commission	

MAY 2025

All meeting are hybrid - for additional meeting information, please visit the agendas, minutes & videos page on our website.

Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
			1	2	3
			6:00PM **Planning Commission**		
5	6	7	8	9	10
6:00PM **Regular Council Meeting**	4:00PM **Public Works Committee**		4:00PM **Finance Committee** 4:30PM **Forestry/Parks Commission**		
12	13	14	15	15	17
6:00PM **Study Session**		~~6:00PM~~ - CANCELLED ~~**Design Commission**~~			
19	20	21	22	23	24
6:00PM **Regular Council Meeting**		~~4:00PM~~ - CANCELLED ~~**Public Safety**~~	6:00PM **Cultural Arts Commission**		
26	27	28	29	30	31
HOLIDAY **City Hall Closed**	6:00PM **Study Session**	4:00PM **CD Committee**			

Meeting dates and times may change. Please contact City Hall to confirm this information prior to any meeting you plan to attend. ***These meetings are accessible to persons with disabilities.*** *For individuals who require special accommodations, please contact City Hall at (253) 299-5500, 24 hours in advance.*

Name: Michelle Converse, CMC

Title: City Clerk

City of Sumner
1104 Maple Street
Sumner, Washington 98390
Ph: (253) 299-5500
www.sumnerwa.gov

STUDY SESSION
DATE: April 28, 2025
AGENDA BILL: 25-285

SUBJECT: To discuss with legal counsel pending or threatened litigation per RCW 42.30.110(1)(i).

CATEGORY: Information Only

BUDGET IMPACT:

Expenditure Required: None

Within Budget Allocation: N/A

ATTACHMENTS:
STAFF CONTACT:

SUMMARY BACKGROUND:

COUNCIL COMMITTEE/STUDY SESSION:
MEETING/STUDY SESSION DATE:
COMMITTEE RECOMMENDATION:

STAFF RECOMMENDATIONS/MOTION: