



Mayor William Finn
Office: (360) 225-8281
230 Davidson Ave
P.O Box 9
Woodland, WA 98674

Date: October 3, 2022

To: Woodland City Council

From: Mayor Will Finn

Re: 2023 Preliminary Budget

Introduction

It is my pleasure to present the balanced 2023 Preliminary Budget for the City of Woodland. This budget has been developed in keeping with City Council's strategic plans for the City of Woodland.

While the current fiscal year was a year of transition for the general fund due to operating on a reduction in property taxes because of the annexation of the City into the Clark-Cowlitz Fire and Rescue District, fiscal year 2023 will be more predictable. With that said, City Council and staff will need to continue to monitor sales tax revenue as the City is now more dependent on these funds for operation.

Transition is also taking place with utility billing. The changes include transitioning to monthly billing, processing utility bills with a private company and implementing the rate study that was conducted in 2020. This transition is difficult for customers and staff alike. The City is using customer input to improve the process and is optimistic that 2023 will be more settled.

The City is contractually committed to 3.5% cost of living increases (COLA) for the Teamster and Woodland Police Association employees. The 2023 budget also includes a 3.5% COLA for exempt employees.

Included in the budget are projected revenues and expenditures for the 2023 fiscal year. The total expenditure appropriations for all funds is \$36,545,200. Revenues and expenditures have been estimated with a conservative philosophy. Revenue forecasts are based on current state and local economic trends and, when appropriate, historical receipts.

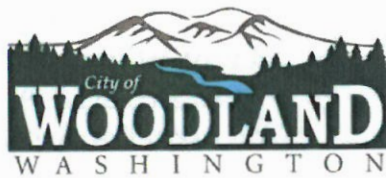
Expenditures have been appropriated to ensure the Police Department is fully funded. Police department expenditures increased in 2021 due to the addition three new police officer positions funded by a voter enacted levy lid lift. These new positions carry on into 2023. The Police Department budget comprises 34% of General Fund expenditures.

Clerk-Treasurer
230 Davidson Ave
Office: (360) 225-8281
Fax: (360) 225-7336

Community Development
230 Davidson Ave
Office: (360) 225-7299
Fax: (360) 225-7336

Police Department
200 East Scott Ave
Office: (360) 225-6965
Fax: (360) 225-1201

Public Works
236 Davidson Ave Suite B
Office: (360) 225-7999



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Major Funds Overview

General Fund (001)

The 2023 beginning fund balance for the General Fund is estimated to be \$2,855,301. New revenues total resources of \$9,359,623 are available. Total anticipated expenditures and ending fund balance are also \$9,359,623. Expenditures and revenues have increased due largely to American Rescue Plan funds.

Park Fund (101)

The Park Fund continues into 2023 with tight expenditure appropriations. The beginning fund balance in the Park Fund estimated at \$74,919. Revenues generated from the community center and park rentals are increasing following the COVID-19 lockdowns and are predicted to return to pre-pandemic levels for 2023. The General Fund will transfer \$165,460 into the Park Fund as property and sales tax funds are receipted into the General Fund and then distributed to other funds.

Street Fund (104)

Major revenues for the Street Fund come from property tax, sales tax and gas tax. These resources have not been sufficient to keep up with the road maintenance needs in the City. In 2016 City Council formed a Transportation Benefit District and referred a ballot measure to voters to provide additional funds for street maintenance. The state legislature passed law that allows municipalities to impose a .001% sales tax, which the council implemented in 2022. The revenue collection will begin in January, and it is estimated that an additional \$150,000 will be available in 2023. The level of expenditure appropriations fluctuates based on the size and types of maintenance projects that are completed by the Public Works Department. Fiscal year 2023 expenditures are estimated at \$1,731,151. The city will continue to maintain streets to the best of its ability with the level of funding available.

General Reserve Fund (301)

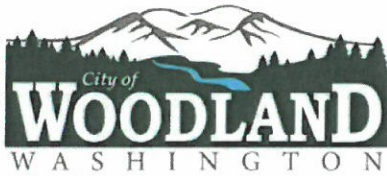
The General Reserve Fund ending fund balance is estimated at \$1,591,024 for 2023. This fund provides resources for, debt service for emergency services bonds and general government services. The major source of funding is real estate excise tax. Historically, gambling tax revenue was a major source of funds. At its peak, gamble tax provided up to \$275,000 in revenue annually. This revenue source is now

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nonexistent due to the closing of the Lucky 21 Casino. A transfer to the General Fund (001) in the amount of \$200,000 was required to balance.

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Water Fund (401)

The Water Fund is an enterprise fund, meaning it must generate enough revenue through rates it charges users to be self-sufficient. The budget includes rate increases as outlined in the rate study completed by FCS. As of 2022 utility funds including the Water Fund are now providing monthly bills to customers. Processing of utility bills has also been contracted to a private company. Increasing water rates are being driven by large capital expenses necessary to ensure the system is operational and providing safe drinking water. An example of such a capital project is the replacement of the water reservoir which is estimated between 4 and 5 million dollars.

Sewer Fund (402)

The Sewer Fund is also an enterprise fund as described in the water section. The Sewer Fund rates proposed by the FCS rate study are also included in this fund. For fiscal year 2023 expenses are estimated at \$6,397,816. Ending fund balance is estimated to be \$2,889,485.

Summary

The budget was developed through many hours of analysis and discussion with executive staff and my office. The result of which is a budget that is balanced and incorporates changes in staffing levels and implementation of capital project plans that are needed to maintain infrastructure and attract industrial development.

The City will continue to work with the Port of Woodland, Woodland School District, and other partners to master plan for growth towards the Woodland Bottoms (west of city limits). Through this planning effort, critical infrastructure will be evaluated, to include water, sewer, stormwater, and transportation. Other needs and challenges to be addressed during planning are residential growth, industrial growth, and protection of natural resources.

My executive team and my office will continue evaluating new sources of revenue to help sustain current and future capital projects. Some of those new sources include Tourism Promotion Area, Public Facilities District and Metropolitan Recreation Districts.

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The City will need to continue discussing and finding new ways to provide important services to the community. City Council has been proactive in searching for sustainable funding for City services. Woodland has been very successful in obtaining grants for public works projects but is now running low on funds that provide required matches to the grants. Major public works projects are still on the horizon including the exit 21 redesign. The City has applied for grants to help complete the exit 21 improvements. Cowlitz County has also contributed \$2.6 million towards the project, with final design and engineering beginning in January of 2023.

I hope City Council will favorably consider the 2023 preliminary budget. With the ever-changing economic trends, we must continue to manage the taxpayer's dollars with the utmost care and concern. With this in mind, I have limited expenditures where necessary. I consider this budget practical and believe it continues to move the city forward in providing quality service to the citizens of Woodland.

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