



# CITY OF PULLMAN

*HIGH Tech, HIGHER Education, HIGHEST Quality of Life*

325 S.E. Paradise Street Pullman, WA 99163

(509) 338-3208 Fax (509) 334-2751

admin@pullman-wa.gov

## MEMORANDUM

**TO:** City Councilmembers and Pullman Residents  
**FROM:** Glenn A. Johnson, Mayor  
**RE:** Mayor's 2018 Budget Message  
**DATE:** October 31, 2017

---

It is a pleasure to present the 2018 budget to you that reflects some changes from years past. When we worked through the individual department budgets before, the department heads would present their budgets to what we called the executive finance committee—the finance director, city supervisor and the mayor. With a new city supervisor on board we tried something different. When we hired Adam Lincoln, I told him to challenge what we have done in the past because we are open to new ideas and new ways of conducting the people's business. And through this, we instituted a new way of presenting individual department budgets. Department heads presented their individual budgets to all other department heads. This added to more transparency and gave each department head a better understanding of the needs and challenges within other departments.

Our first draft of the 2018 budget, which you will not see on these pages, contained everyone's wish list and that in itself was quite telling. Our department heads talked about their needs and each one had some valid justifications for those needs and wants. Unfortunately, once we looked at the revenue projections for 2018 there was a gap of about four million dollars between the wish list and the hard reality of our revenue picture.

We have also had a number of meetings since that original presentation to trim individual budgets that impact the general fund. We are at the point when we can present to you what we believe is a realistic budget for 2018. The general fund revenue estimate for 2018 is \$20,955,213 and the expenditures for 2018 are \$23,386,625. While expenditures continue to exceed the revenue forecast, the budget as presented is balanced. At the end of 2018, we estimate that the strategic reserves will remain strong and will be slightly above 13% of operating expenditures. The overall revenue estimate for 2018 is \$85,935,776 and the overall expenditures for 2018 are \$96,935,506 (not including \$5,885,000 in depreciation).

We have long held to a financial culture in Pullman that emphasizes a conservative approach to revenue forecasting and an expectation by department leaders to save resources whenever possible. The result is that the city generally has a healthier-than-expected cash and reserve amount when budgeting. The city is able to use the overage to help pay for new items and continue to offer services at the levels the public has come to expect. While this method of budgeting has been effective in stronger economic times, the city needs to evaluate how we will operate during an economic downturn and evaluate what potential cuts and adjustments would be necessary to ensure a future balanced budget.

Moving forward, the city will work on making the future financial picture clearer by transitioning to a biennial budget, developing a multi-year revenue forecast, establishing written financial policies, and increasing transparency by adding more of the city's financial information online in an easy-to-access format. This suggestion has been made before, but we are now in a position to start the process.

In an effort to accommodate the many needs of our residents, businesses, and partners, we have strived to budget for the priorities of the community. On an annual basis, the Mayor and city Council adopt priorities for the upcoming year. In 2018, the goal-setting process will be moved closer to summer so that the priorities will be adopted closer to the budget process. Additionally, as the city moves to a biennial budget, it will be imperative that the adoption of goals also look beyond a single calendar year and look at a longer and increasingly strategic timeline.

The budget that is before you helps to move the city forward in areas that have been in need. Given that our reserves are estimated to remain above 13%, even including new and more costly expenditures, I remain confident that the city is in a strong financial position and that we are continuing to live within our means. This budget includes a \$300,000 final payment for our local match for the Airport realignment project; one additional police officer; GIS program start-up that has been in the council goals for some time; a contract with a retail/economic development company to help recruit new businesses to Pullman and thus help improve our retail sales tax position; cost-of-living adjustments for our non-represented personnel; a city website upgrade that will also include the addition of the 311 system for residents to report issues to the city; planning software to allow for online plan review; additional help for the finance team to take on new tasks that are in this budget; increased administrative support to digitize records and help with public records, especially impacting Public Works and Planning Departments; and continue a program started during the last quarter of 2017 of looking for modern best practices and organizational structures for Finance, Public Works and the Parks Departments.

This budget does not include the previous cost estimate for an economic development employee. I have worked with Retail Strategies to get us the same benefits through contract services and we will determine how effective the relationship is after the initial 3-year term. The initial cost is \$30,000 rather than the ongoing cost of \$122,000 for a permanent hire. The entire three-year contract is below \$150,000. The budget also does not include the cost increases for the City Attorney position, nor does it include additional costs of financial advisory services beyond what is currently provided by our bond counsel.

In the upcoming weeks, following the adoption of the 2018 budget, department leaders will start to create work plans that tie the priorities of the City Council and the budget to deliverable work items and a timeline that establishes performance expectations. The work plans will help accomplish two things in particular: it will add another layer of transparency and create a reasonable expectation for when projects should be completed; and it will provide all of us with a timeframe and should there be a need to make a mid-course adjustment to take on a new task, departments will be able to show what that adjustment will do to the other projects that are already part of the plan.

Beyond budget items, there are changes to operations that are already occurring and will expand in the years ahead. The city will be continuing to build a culture focused on continuous improvement and innovation. To date the Public Works and Planning Departments have started examining their permit processes to identify waste and to improve efficiencies. This has been an effort that is being led by the employees who handle the process themselves. The Library has also stepped up and is starting their own continuous improvement project in 2018 and M&O has started out in this project by adopting visual aids to show who is working on individual projects at any given time, improving communications and workflows. In our meetings with city employees, we have heard other departments suggest some established processes that could use some improvements and with an excitement of possibly making some needed change to the system. We have tremendous employees in the city and it is great when they see some of their suggestions being adopted or at least being carefully examined for implementation.

The goal in 2018 is to further spread the values of continuous improvement and to bring in the State Auditor's Office to work on expanding this program citywide. The end result will assist our teams more time, eliminate waste, become increasingly transparent, and help us ask 'why' we're doing things the same way as we always have. Along with employees and department heads, the city is in need of looking further than we have in the past. We have several community groups that are in that process right now, including the Town-Gown Collaborative, the planning department's Comprehensive Plan revision and the 2040 visioning process. All of these community-focused groups can help us as we plan our city's future and create a long-range strategic plan. By creating such a plan, it will help all of us to see the direction that we desire and to ensure that we have the work plans in place to carry out the vision and mission of the city's leadership.

This year we began to expand the conversation that too rarely takes place among residents, businesses, and the city. The new direction that we have been following is one where we tell our own story, and make every attempt possible to provide timely information to the public in a manner that is easily accessible and easily understood. We want to continue to have a dialogue with our community and we will continue our efforts to expand upon the conversations we have been having with the public. You will continue to see social media be a cornerstone of our communication method. We want to commend our police department and recreation departments for being in the forefront of working with social media. You will also see our investments into new technology in the form of our website, expanded acceptance of credit cards, and use of web applications to help our community provide us with feedback and guide the future direction we as a city take. Our goal is to provide you with the best government services that we can at the most reasonable cost that we can.

Thank you to everyone who has been involved in preparing this budget and for accepting some new ways of coming up with this budget. We appreciate the City Council's suggestions and for their careful considerations of this 2018 budget. However, as I have mentioned in the past years, this budget would not be possible without a supportive community who has helped us to determine what path we need to take to move Pullman forward. It has been with your help that we are together investing in Pullman's bright future.