



CITY OF FERNDALE

2095 Main Street | P.O. Box 936,
Ferndale, WA 98248

Honorable City Councilmembers and members of our Ferndale Community, it is my pleasure to present to you The City of Ferndale's preliminary 2024 Budget for your review. I am especially proud of this budget because it is the result of both City Administration's careful navigation of the Covid pandemic, but also thoughtful, responsible, and strategic planning to prepare our community for many years to come.

City budgets are both a reflection of a community's current economic situation as well as a community's priorities. For Ferndale, the contrasts of the last few years are extraordinary. The last few years' budgets have reflected the impacts of the Covid pandemic, concerns about inflation, and rising wages and salaries as individuals adjust their work and income expectations. At the same time, the City's budgets have allowed the City to complete \$20 million in road projects and over \$30 million in additional public works projects, all during the Covid pandemic and in the midst of significant inflation. Over the last four years, Ferndale's City Administration budgeted cautiously, taking care to put the City in a position to respond to uncertain economic challenges should they arise while also preparing the City to emerge from the pandemic stronger than ever. These preparations were successful. The City is in a good financial position, and the 2024 budget reflects a City that is responsible and a City that gets things done.

The strategic budget decisions of the past few years have put the City in a very good position. Cost-saving measures of past budgets – and this current budget as well, along with the aggressive pursuit of grant funds for roads, parks, infrastructure projects, and other initiatives has resulted in fund balances (savings accounts) that are healthy enough to give our City the opportunity to begin some projects that the Ferndale community has anticipated for years. The 2024 budget is based on the budget assumptions document reviewed by the City Council, financial analysis provided by Finance Director Zeal Bains, recommendations from all City Departments, and strategic visioning and budget priority discussions with City Council.

On the revenue side of the City's budget, we have fared well as we emerge from Covid. To be honest, no one could have predicted Covid or what the financial impacts of the pandemic were going to be. We are thankful that the City of Ferndale was able to utilize the resources we had available for greater good of our community, rather than just "keeping the lights on." At the same time, during the pandemic we were seeing changing consumer behavior: purchasing goods and services locally, mail order purchases, and increased use of our local garbage collectors, all of which increased our revenues beyond what might have been projected even five years ago. We made decisions early during the pandemic to keep working. These were similar to decisions made by the City of Ferndale during the "Great Recession" to "step on the gas," rather than "hit the brakes." And both times it has paid off for our community. Large infrastructure projects like the new Ferndale High School, the Wastewater Treatment Plant, and the Thornton Overpass as well as a housing construction boom that continued during the pandemic added to our strong revenues - further demonstrating Ferndale's determination to persevere through adversity. Finally, the Administration recognized the strong investment economy coming out of Covid, and invested savings in the Local Government Investment Pool (LGIP) in early 2023. This investment has now earned over \$1.5 million more than we budgeted for in 2023, and we have budgeted modest increases for 2024. But, just like Covid-era revenue increases and savings from austerity measures, these are one-time



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revenues that should only be spent on one-time capital expenditures. The City cannot rely on these revenues to continue at this level.

All of this to say, the City is in a great financial position as we head into 2024. Because of the City's great financial position, the 2024 City of Ferndale Budget, for the second year in a row, will not ask Council to take the 1% property tax increase allowed by statute. Additionally, the budget will include a modest decrease in the utility tax charged on the City's water utilities. It is rare for a local government to reduce taxes, and I am confident that our City Council will support these reasonable yet responsible reductions.

This preliminary budget includes the funding necessary to maintain the City services that our community expects. The 2024 budget also includes funding for two additional police officers as well as a Ferndale School District Resource Officer (DRO), formerly known as a School Resource Officer (SRO). In the current environment, recruiting police officers has been extraordinarily difficult for all agencies, Ferndale included. This budget provides the funding necessary to take advantage of lateral transfer officers who are current police officers who come to Ferndale by choice, while also providing the funding to hire police recruits. Unfortunately, it can take nine to twelve months for a new recruit to receive an academy date, go through academy, and do field training – so the budget's investment in a new recruit now is key, because they will not be on the road until late in 2024 or early 2025.

This budget also includes the addition of an additional utility worker which will allow Public Works to deploy two distinct work crews when necessary. This budget would add \$2 million to the Capital Facilities fund to support the Civic Campus project and supplement funding support from the Washington State Legislature, the Federal Government, and other sources. Also included is funding for the upgrade of the City's Water Treatment Plant. Finally, among a number of additional Public Works Projects, this budget includes the funding necessary to begin the long-awaited Ferndale Terrace reconstruction project by the end of 2024. This is in addition to funding for some smaller but impactful projects such as the Metalworks Skatepark, funds for the construction of a new Pioneer Village Stage which is in design, and funds to help re-construct the BMX/pump track.

Not included in the 2024 budget at this time are any new distributions of American Rescue Plan Act (ARPA) funds which must be allocated by the end of this year. Further discussion with the City Council will be required to decide how the City's remaining \$900,000 should be spent.

Budgeting can be as simple as making sure that all the numbers on a spreadsheet add up and are balanced. The 2024 budget balances, but it does so much more. Budgets like this one describe what is possible when a City plans for its future and then executes on those plans.

I respectfully submit this budget for consideration by the Ferndale City Council and request their approval of the budget following the City's budget review process.

Thank you,

Mayor Greg Hansen