



2015–2016 Preliminary Proposed Budget

September 23, 2014

2015 – 2016 Proposed Budget

Tonight's topics:

- ▶ City manager introduction
- ▶ Finance Director discussion

2015 – 2016 Proposed Budget

2015–2016 Budget Approach

- ▶ Structured to meet GFOA Award criteria
- ▶ Highlights new City initiatives
 - HPO
 - Priority Based Budgeting
 - Performance Measures
 - Volunteers and Community Engagement

2015 – 2016 Proposed Budget

Current City financial considerations

- ▶ Financial position has stabilized
- ▶ General Fund balance has increased each of the past four years
- ▶ Current budget shows a 2015 General Fund starting fund balance of \$10.6 million

2015 – 2016 Proposed Budget

Current City financial considerations

- ▶ Staff continues to manage day-to-day expenditures carefully.
- ▶ Focus on providing timely and accurate reporting
- ▶ All policy reserves are fully funded

2015 – 2016 Proposed Budget

Current City financial considerations

- ▶ Fiscal restraint resulted in credit rating upgrade in 2014
- ▶ Current level of capital spending, over \$6 million in 2015 (\$1.2 of which is General Fund contribution) exceeds ongoing ability to support through current revenue portfolio

2015 – 2016 Proposed Budget

Budget guiding principles

- ▶ Recurring expenditures supported by recurring revenues
- ▶ Continues to fully fund all policy reserves
- ▶ Revenue forecasts are based on recent actual performance

2015 – 2016 Proposed Budget

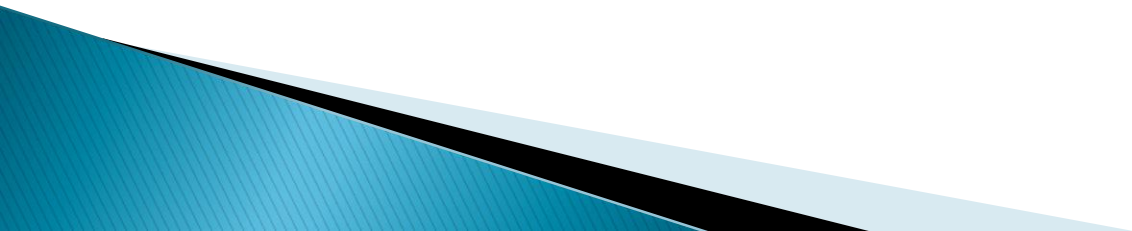
City finances must respond to:

- ▶ Relatively flat revenue streams in near-term
- ▶ Significant annual escalation in current costs due to external factors

2015 – 2016 Proposed Budget

Structural challenges lead to difficult budget choices:

- ▶ Costs for current City structure rise each year
- ▶ Regulatory obligations must be addressed
- ▶ New initiatives must be weighed against other needs



Operating Budget Discussion

2015 – 2016 Proposed Budget

Preliminary Proposed Budgets:

- ▶ Include technical changes, such as COLA, changes to pension and retirement costs, changes to insurance to maintain current programs and services
- ▶ Include limited service level increases to support key initiatives.

2015 – 2016 Proposed Budget

Preliminary Proposed Budgets:

- ▶ Matches capital budget with costs and funding sources as shown in the CIP and presented this summer.
 - 2015 – over \$6 million, including grants and WSF funds, or over 40% of 2015 General Fund revenues; \$1.2 million from General Fund, or 8% of General Fund revenues

2015 – 2016 Proposed Budget

Selected increases to support high priority initiatives:

- ▶ Comprehensive Plan Update
- ▶ Asset Maintenance and Stewardship
- ▶ Customer Service and Process Improvement

Budget Initiatives

Comprehensive Plan update:

- ▶ Comprehensive Plan Update
 - ▶ Consultant services: \$100,000 in each year to provide subject matter expertise, coordination and outreach
 - ▶ Contracted water study: \$50,000 in 2015 to provide updated information on the island's water resources

Budget Initiatives

Asset maintenance and stewardship

- ▶ Increase to Asset Maintenance program – \$60,000 to \$80,000 annually for major maintenance and repairs to City facilities
- ▶ New position: Maintenance Technician II in Streets and Facilities work unit. \$106,000

Budget Initiatives

Asset maintenance and stewardship

- ▶ CIP includes City investment of \$1.2 million in 2015 and \$1.8 million in 2016, with additional funding from grants and WSF funds
- ▶ Plans for Equipment Replacement reserve

Budget Initiatives

Customer service and process improvement

- ▶ Utility customer support – increase dedicated billing staff position from 0.5 FTE to 1.0 FTE.
 - ▶ Additional hours of direct customer service
 - ▶ Participate in regional intra-agency utility groups
 - ▶ Promote conservation

Budget Initiatives

Customer service and process improvement

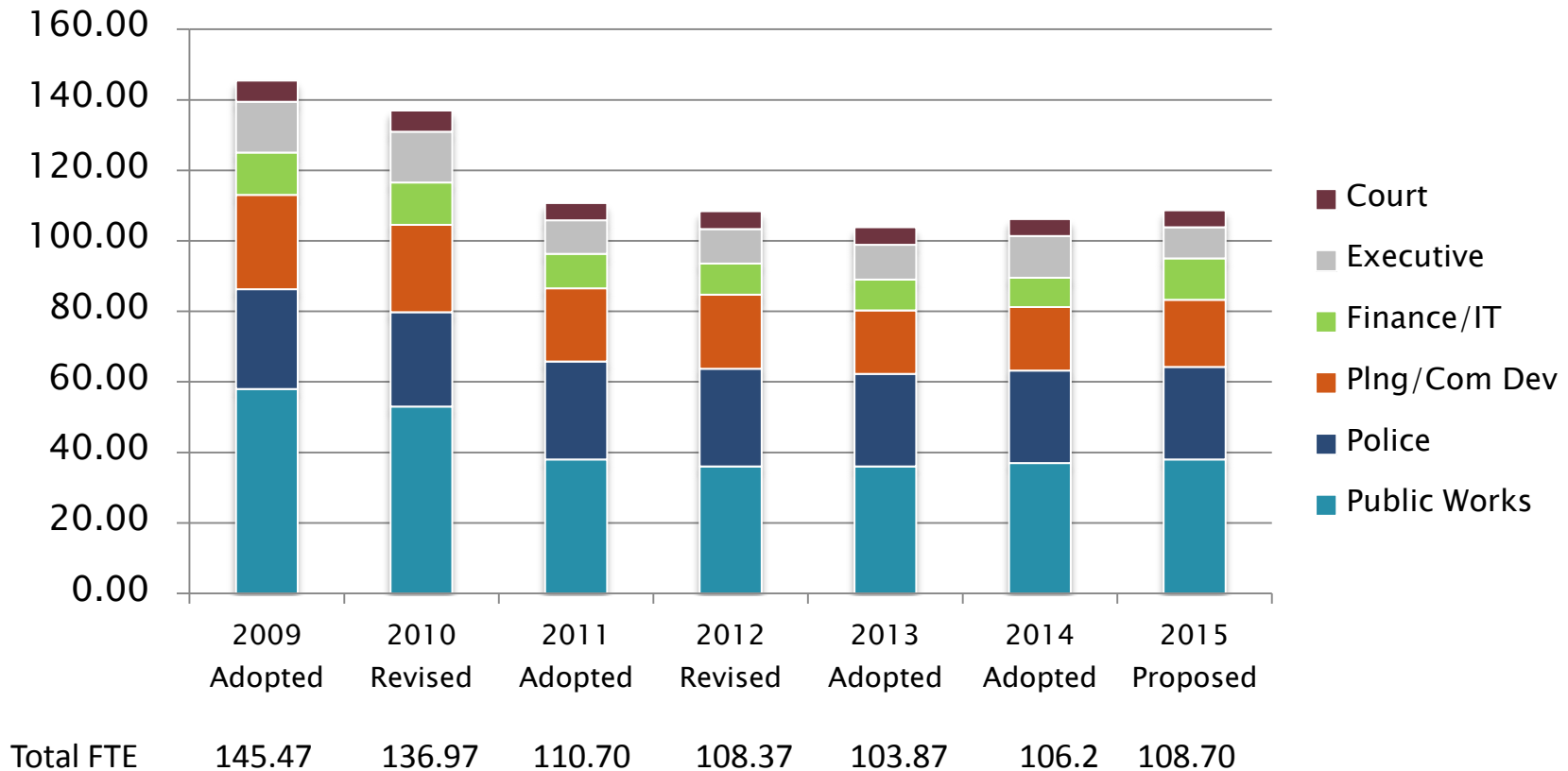
- ▶ Development Engineering
 - ▶ New position: 1.0 FTE Development Engineer \$135,000
 - ▶ New position will make department's permit review process more efficient and support progress towards performance measures

Budget Initiatives

Customer service and process improvement

- ▶ Training – Planning and Community Development \$13,000
- ▶ Motorcycle – Police Department \$30,000, including \$10,000 grant funding

Approved City Positions



Staffing decreased to low point in 2013; current recurring revenues support small growth in staffing. 2.5 new FTE proposed for 2015

Recurring Revenues and Costs

2015 Proposed Budget keeps recurring costs below recurring revenues for all funds

	Tax-Supported Funds	Water Fund	Sewer Fund	SSWM Fund
Recurring Revenues	20,190,300	1,258,200	4,029,000	2,030,000
Operating Expenditures	16,983,376	1,096,669	2,193,601	1,831,914
Capital Equipment	332,000	10,000	10,000	29,000
Debt Service	2,862,858	0	1,383,738	53,448
Recurring Expenditures	20,178,234	1,106,669	3,587,339	1,914,362

Tax-Supported Fund Reserves

2015 Proposed Budget Reserves

	Year-End Target	Year-End 2015, per Proposed Budget	Comment
Emergency Reserve	1,000,000	1,000,000	
Contingency Reserve	800,000	800,000	
General Fund Stability Reserve Minimum	3,000,000	3,000,000	
Total policy reserves		4,800,000	

Newly Proposed Fund Commitments

	Year-End 2015	Comment
2016 commitment to capital projects	1,794,000	Per July 14 version of CIP
WSF funds	960,000	Planned for spending in 2016
Other tracked funds	454,311	Housing, Public Art, PEG, Police dedicated funds
Public Safety Reserve	500,000	Suggested set-aside for public safety facility related costs not currently budgeted
Additional reserve for volatile revenues	498,000	Calculated as 15% of volatile revenue sources (construction sales tax, REET, B&DS revenues)
Equipment replacement reserve	150,000	Suggested one-time start up funding for general government replacement equipment fund
Total	\$4,356,311	

Tax-Supported Fund Commitments

	Year-End 2015	Comment
Total General Fund/Streets/REET	9,173,074	
Policy reserves	4,800,000	Established by resolution
Newly-proposed commitments	4,356,311	From previous slide
Total of all established and proposed reserves	9,156,311	

Fall Budget Process

2015–2016 Proposed Budget

Materials provided tonight:

- ▶ Budget books
- ▶ Memo with all budget requests made by departments
- ▶ Website will go live tomorrow

2015–2016 Proposed Budget

Planned budget sessions:

- ▶ October 7: First reading of budget-related ordinances. Discussion of operating and capital budgets.
- ▶ October 14: Additional budget discussions.
- ▶ October 21: Additional budget discussions.
- ▶ October 28: Public hearings on budget-related ordinances

2015–2016 Proposed Budget

Council budget queries:

- ▶ Questions submitted to Finance Director
- ▶ For questions that require significant staff effort to research, staff may request support of three or more council members
- ▶ Staff responses will be provided to all council members, and will be posted to the website

2015–2016 Proposed Budget

Next Steps:

- ▶ Council discussion of, and adjustments to, the Preliminary Proposed Budget
- ▶ Adopt Property Tax Levy, utility rate ordinances, and CIP. Target – October 28
- ▶ Adopt 2015 and 2016 budgets. Target – November 25

