

## **AGENDA**

**DES MOINES CITY COUNCIL  
BUDGET RETREAT  
City Council Chambers  
21630 11<sup>th</sup> Avenue S, Des Moines, Washington**

**August 13, 2016 – 9:00 a.m. – 3:00 p.m.**

- |            |   |
|------------|---|
| 9:00 a.m.  | Call to Order<br>Mayor Matt Pina  |
| 9:01 a.m.  | Opening Comments<br>Assistant City Manager Michael Matthias                         |
| 9:15 a.m.  | Presentation of 2016-2021 Financial Plan Forecast<br>Finance Director Dunyele Mason |
| 10:30 a.m. | Break   |
| 10:45 a.m. | Continued discussion of 2016-2021 Financial Plan Forecast                           |
| Noon       | Lunch   |
| 12:30 p.m. | Continued discussion of 2016-2021 Financial Plan Forecast                           |
| 2:45 pm.   | Process going forward and next steps  |
| 3:00 p.m.  | Adjourn   |

Times noted are estimates and are subject to change depending on the progress made on each item.

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# A G E N D A I T E M

## BUSINESS OF THE CITY COUNCIL City of Des Moines, WA

SUBJECT: 2017 Budget Retreat

ATTACHMENTS:

1. City of Des Moines – Right Sized and Sustainable.

FOR AGENDA OF: August 13, 2016

DEPT. OF ORIGIN: Finance

DATE SUBMITTED: August 2, 2016

CLEARANCES:

- Legal \_\_\_\_\_
- Finance *DM*
- Marina \_\_\_\_\_
- Parks, Recreation & Senior Services \_\_\_\_\_
- Planning, Building & Public Works \_\_\_\_\_
- Police \_\_\_\_\_
- Courts \_\_\_\_\_

APPROVED BY CITY MANAGER  
FOR SUBMITTAL: *[Signature]*

### Purpose and Recommendation

The purpose of this report is to provide to the City Council a copy of the power point presentation for the August 13, 2016 Budget Retreat.

### Suggested Motion

**None. Council direction is requested.**

### Background

The City of Des Moines has faced challenging budget deficits, particularly in the General and Street Funds, for many years, stretching back to the passage of I-695 in 1999. The City has used a variety of strategies to balance the budget over the years, including positions cuts, use of one-time revenues, instituting new revenues, furloughs, employees voluntarily reducing their Cost of Living Adjustments, changes to benefit programs, reorganizations, etc. Such long term financial stresses and choices took its toll on the city's finances resulting in depleted fund balance and capital reserves, as well as a SAO audit finding which warned the city of its dire financial condition and the need to create a financial plan to reverse the trend.

In 2015, the city established such a plan by creating a five year forecast to guide its budgeting process for 2016. The 2016 Budget process included many difficult choices in controlling costs and generating new revenues. Because of these bold decisions made in 2015 and 2016, however, the budget situation for 2017 is significantly improved.

**Discussion**

Please see attached power point presentation which will be discussed during the Budget Retreat.

**Alternatives**

One purpose of the Budget Retreat is, after reviewing the updated five year financial forecast, to provide staff policy level direction in preparation of the 2017 Budget. Council can provide instructions for staff to prepare the 2017 Annual Budget as outlined in the first year of the 2016-2021 Financial Forecast with, or without, suggested policy changes.

**Financial Impact**

Please see attached power point presentation which will be discussed during the Budget Retreat.

**Recommendation or Conclusion**

None at this time.

# City of Des Moines – “Right Sized” and Sustainable

August 13, 2016

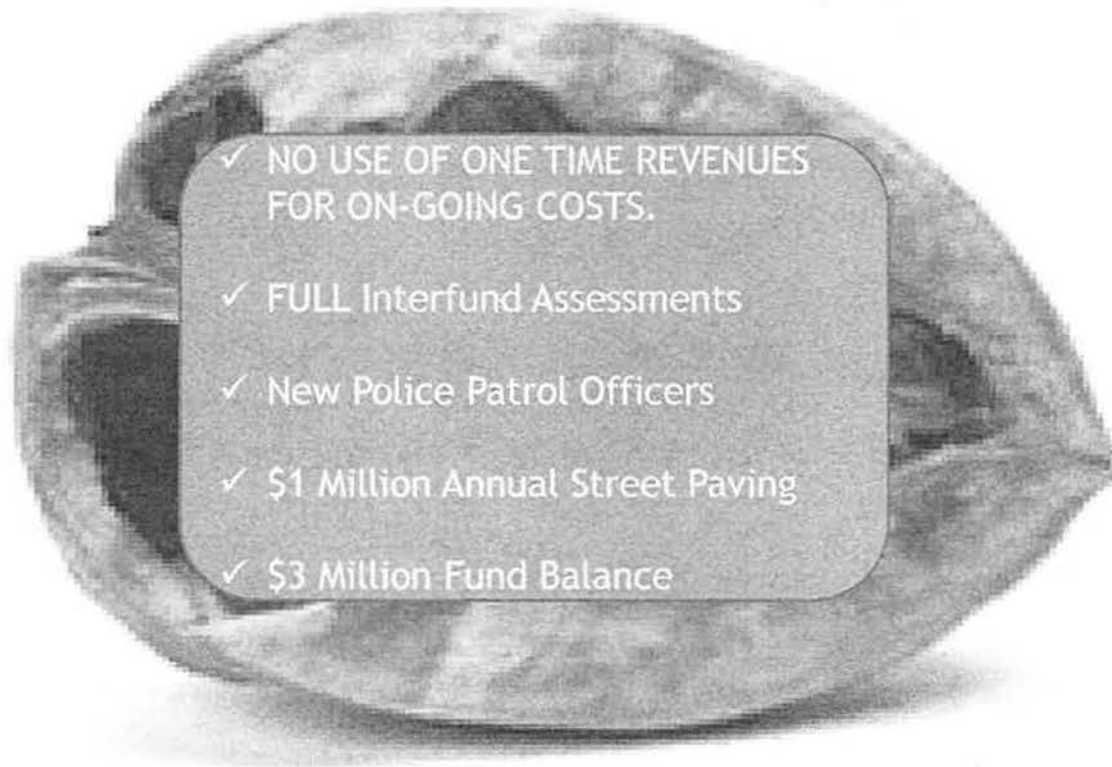
*A city which “meets the needs of the current generation without compromising the ability of future generations to meet their own needs...”*

*Brundtland Report - 1987*

# What is Financially “Right Sized” & Sustainable? Services AND Capital; Now AND Future

- ▶ SERVICES - City able to deliver essential basic services to citizens
  - ▶ Public Safety Services (i.e. Police, Legal, Court and Jail)
  - ▶ Planning & Building Safety Services
  - ▶ Recreational & Social Services
  - ▶ Transportation Services (Roads, Bridges, Street Lighting, Traffic Signals, etc.)
  
- ▶ CAPITAL - City able to meet its fiduciary responsibility to the public by managing the maintenance and condition of public assets (i.e. roads, buildings, parks, facilities and equipment).
  
- ▶ SUSTAINABLE - Long term, as well as immediate, impacts are considered
  - ▶ On-Going Revenues > On-Going Expenditures
  - ▶ One-Time Revenues used for One-Time Expenditures

# “What” In a Nut Shell...



- ✓ NO USE OF ONE TIME REVENUES FOR ON-GOING COSTS.
- ✓ FULL Interfund Assessments
- ✓ New Police Patrol Officers
- ✓ \$1 Million Annual Street Paving
- ✓ \$3 Million Fund Balance

# “How” In a Nut Shell...



- ✓ \$600,000 Red Light Running
- ✓ \$100,000 Paid Parking
- ✓ \$500,000 Water/Sewer Franchise

# INTRODUCTION

- ▶ PART 1 - Where we were
- ▶ PART 2 - What we did
- ▶ PART 3 - Where we are headed

PART 1  
WHERE WE WERE



## WHERE WE WERE - Not Providing All Basic Services

- ▶ No funding for Street Re-Paving or Preservation.
  - ▶ \$48 million Street Infrastructure investment to preserve.
- ▶ Inadequate funding for Building/Facility Preservation.
  - ▶ \$11 million Building investment to preserve.
- ▶ Inadequate Police Patrol staffing levels.
- ▶ No Domestic Violence Advocate services.

# WHERE WE WERE - Not Sustainable

## ▶ GENERAL FUND:

- ▶ Ending Fund Balance gone mid 2017.
- ▶ 2015 No cash to pay employees or vendors for four months

## ▶ EQUIPMENT & TECHNOLOGY RESERVE:

- ▶ Already gone. General fund paying cash/borrowing rest from other funds

## ▶ FACILITY REPAIR RESERVES:

- ▶ Ending Fund Balance gone by 2017.

## ▶ SELF INSURANCE RESERVES:

- ▶ Already gone. Borrowing \$600K each January from other funds.

## ▶ STATE AUDITORS' FINDING:

- ▶ City's financial condition is not sustainable.

LAST YEAR - IF NO CHANGES MADE  
 (One Year to Turn it Around)

**2015-2020 GENERAL FUND FINANCIAL FORECAST**

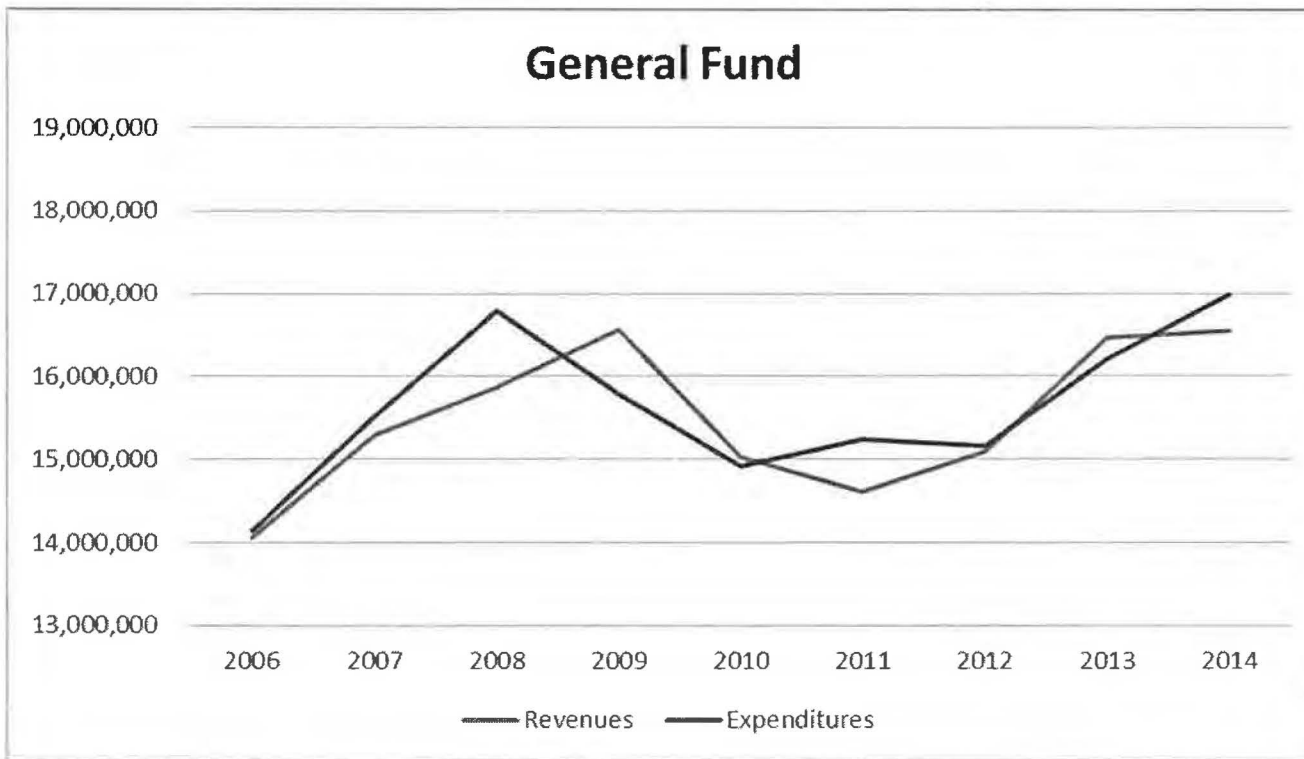
	REVISED	BUDGET	FORECAST			
	2015	2016	2017	2018	2019	2020
Revenues	18,430,080	19,043,881	18,171,000	18,061,000	18,219,000	18,303,000
Expenses	(17,583,199)	(19,082,921)	(19,812,000)	(19,815,000)	(19,867,000)	(20,112,000)
<b>Net "Profit/Loss"</b>	<b>846,881</b>	<b>(39,040)</b>	<b>(1,641,000)</b>	<b>(1,754,000)</b>	<b>(1,648,000)</b>	<b>(1,809,000)</b>
<b>Add'l Reserve Reqt</b>		(125,615)	(35,100)	(15,036)	(17,040)	(24,850)
<b>Total Annual Problem</b>	<b>846,881</b>	<b>(164,655)</b>	<b>(1,676,100)</b>	<b>(1,769,036)</b>	<b>(1,665,040)</b>	<b>(1,833,850)</b>
<b>Ending Reserve (If no action taken)</b>	<b>1,524,441</b>	<b>1,485,401</b>	<b>(155,599)</b>	<b>(1,909,599)</b>	<b>(3,557,599)</b>	<b>(5,366,599)</b>

# Last Year - General Fund Cash Balances

Ending Cash by Month End:	2015 <u>Actual</u>	2014 <u>Actual</u>
January	(24,890)	348,835
February	(229,322)	238,790
March	(444,553)	143,780
April	599,121	371,244
May	1,363,381	1,180,497
June	1,054,303	858,513
July	516,290	841,042
August	381,651	401,113
September	37,558 *	221,578
October	205,519	1,082,047
November	1,108,777	980,159
December	925,071	1,095,263

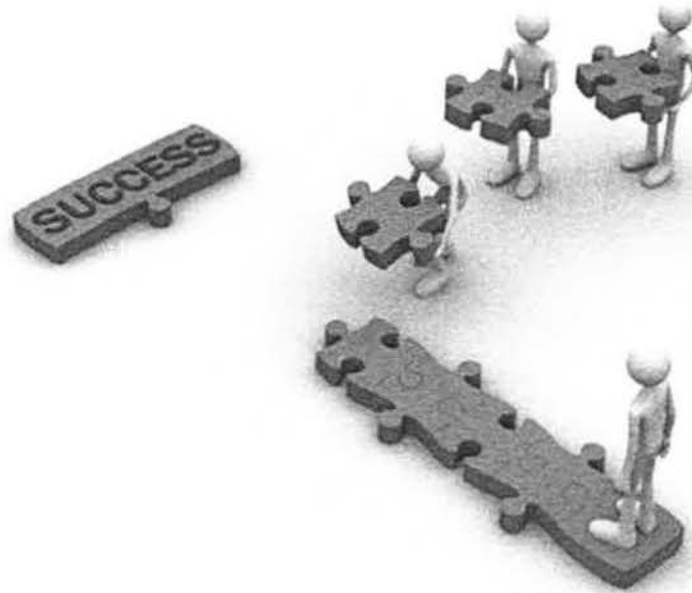
\* 13 days had "negative" cash balances and required use of interfund cash transfers.

# General Fund Revenues & Expenditure Trend



## PART 2

### WHAT WE DID



## WHAT WE DID - CHANGED DIRECTION

- ▶ Moved from 1 Year Financial Plan to 5 Year Financial Plan
- ▶ Committed to creating a SUSTAINABLE Five Year Plan
- ▶ Implemented Fiscal Discipline:
  - ▶ Budget choices made based on long term impacts
  - ▶ One Time Revenues used ONLY for One Time Expenditures
  - ▶ Replenish capital reserves to levels required based on asset lives.
  - ▶ Replenish operating reserves to levels required based on cash flow needs.
  - ▶ Replenish and maintain General Fund ending fund balance at existing council policy levels.

## WHAT WE DID:

### ▶ Reduced Costs

- ▼ Reduced Positions
  - ▼ 1.0 Code Enforcement
  - ▼ .5 FTE Court Clerk
  - ▼ .25 FTE/Downgrade to Sr. Recreational Specialist
- ▼ Reduced Service Levels
  - ▼ Parks Maintenance (Landscape: \$8,150; Irrigation \$10,000)
  - ▼ Janitorial Maintenance (\$9,600)
  - ▼ Employee furloughs (\$285,000)

### ▶ Created new programs resulting in future revenues

- ▼ Added Paid Parking Program (2017)
- ▼ Added Red Light Running Program (4<sup>th</sup> Qtr 2016)
- ▼ Added Water/Sewer franchise payments (4<sup>th</sup> Qtr 2016)
- ▼ Raised existing utility taxes (2016)
- ▼ Increased various fees (2016)

# IMPACT ON 2016 GENERAL FUND REVENUES

2016 Revised Revenue Estimate (Increases): \$758,000

▶ One-Time Tax	\$ 13,100
▶ One-Time Development	\$447,600
▶ One-Time Donation	\$150,000
▶ Automated Traffic Program	\$ 84,000
▶ All other combined	\$ 63,300

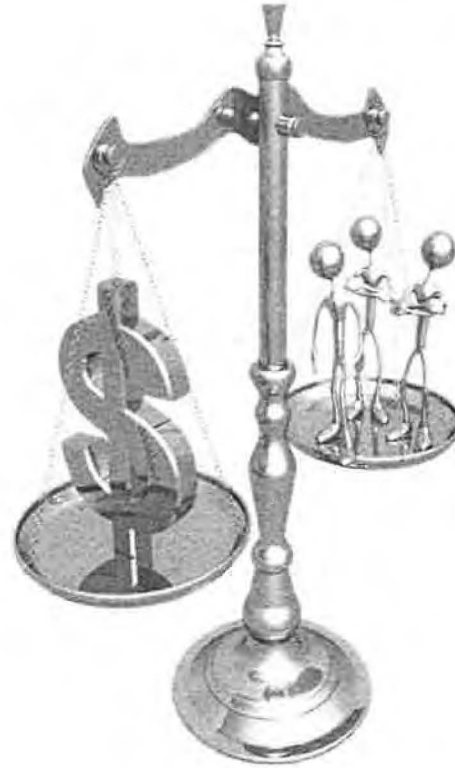
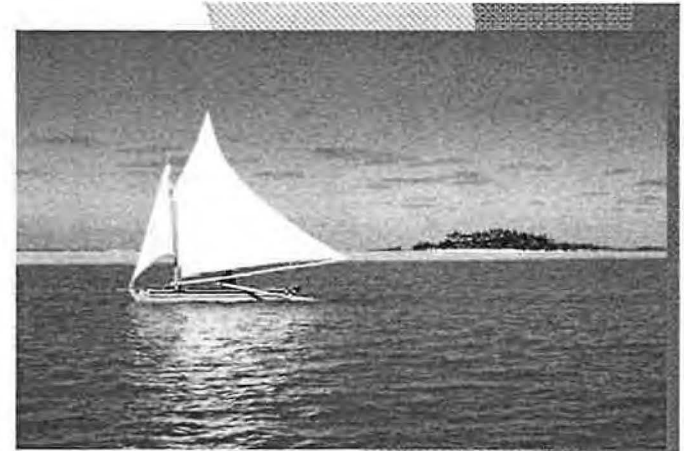
# IMPACT ON 2016 GENERAL FUND EXPENDITURES

2016 Revised Expenditure Estimate (Increase): \$412,000

- ▶ Transfer One-Time Tax to Capital Fund \$351,000
- ▶ All other combined \$ 61,000

*Originally budgeted to consume one-time tax money. No longer necessary.*





## PART 3

### WHERE WE ARE HEADED

# WHERE WE ARE HEADED - COMMON UNDERSTANDING



## WHERE WE ARE HEADED - 2016-2022 FINANCIAL PLAN (General Fund)

COUNCIL PRIORITIES ADDRESSED: “Right Sized & Sustainable”

- ▶ No One-Time Revenues used for On-Going Costs
- ▶ Increase Public Safety
- ▶ Provide Street Re-paving/Preservation
- ▶ Improve Public Communication
- ▶ Assist vulnerable citizens
- ▶ Maintain sustainable increases in personnel costs
- ▶ Maintain sustainable financial condition & fund balances
  - ▶ Match services rendered to allowable revenue sources

# 2016-2022 FINANCIAL PLAN PROCESS

- Finance department prepares 2017 baseline budget
  - ▶ Updated calculations and analysis for all personnel costs changes, interfund charges and reserves requirements for all funds.
- ▶ Operating Directors review baseline and meet with Asst. City Manager and Finance Director to discuss Operating Departments' requests for additional increases.
- ▶ Asst. City Manager authorizes changes (or not) to baseline budget.
- ▶ Finance prepares updated 2016 Revised Budget, 2017 City Manager Budget and 2017-2022 Financial Plan.
- ▶ Council reviews 2017-2022 Financial Plan during Budget Retreat and provides feedback.

## 2016-2022 FINANCIAL PLAN PROCESS (Continued)

- ▶ Council made several key decisions last year to create a Five Year Plan.
- ▶ This year is a matter of updating the plan for new conditions.
- ▶ Staff has met, considered Council's priorities and makes the following recommended plan to meet those priorities.

# What do my General Fund taxes pay for in 2017 ?

(All Red Light Running Revenue to Public Safety; All costs net of Depts' revenues)

▶ ALL GENERAL FUND TAXES	\$12,120,000
▶ Property Tax, Sales Tax, B&O/Utility Taxes	
▶ ALL PUBLIC SAFETY COSTS - DIRECT SERVICES (net)	
▶ Police, Legal, Public Defender, Court, Jail, Arson Investig.	(\$9,604,000)
▶ PUBLIC SAFETY COSTS - DIRECT SUPPORT (net)	
▶ 50%: Finance, Technology, Human Resources	(\$ 913,000)
▶ PUBLIC SAFETY COSTS - INDIRECT SUPPORT	
▶ 33%: City Council, City Mgr. Office, City Clerk	<u>(\$ 206,000)</u>
▶	
▶ Total TAX SUPPORTED PUBLIC SAFETY COSTS = 88%*	(\$10,723,000)

*\*Without new Red Light Running Revenue, would be 94% of all taxes.*

## What else does my General Fund taxes pay for in 2017 ?

Remaining 12%: Other City Services \$1,397,000

▶ Historical Society Building Rent	\$ 8,000
▶ Pollution Control	\$ 20,000
▶ Arts Commission	\$ 30,000
▶ Social Services (Food Bank, Crisis Shelter, etc.)	\$ 81,000
▶ Economic Development / Re-Development	\$154,000
▶ Senior/Social Services Admin	\$164,000
▶ Recreation Programs/Facilities	\$234,000
▶ Parks Maintenance	\$706,000

# 2017 - What else are General Fund services? PBPW & RECREATION

▶ TOTAL PBPW REVENUES		\$ 2,652,000
▶ Development Fees	\$ 1,262,000	
▶ Grants	\$ 72,000	
▶ Business License Fees	\$ 338,000	
▶ CIP/Pool Reimbursements & Misc.	\$ 269,000	
▶ Franchise Fees - Cable & Solid Waste	\$ 711,000	
▶ Building, Planning, Engineering, PW Admin Costs		\$ (2,652,000)
▶ RECREATION PROGRAMS & FEES =>become 100% cost recovery (including admin and facility O&M costs) over time.		

# 2017 - What else are General Fund services? Central Services - Facility Maintenance

<b>OTHER (NONTAX) REVENUES</b>		<b>\$396,000</b>
▶ Interest, miscellaneous	\$ 12,000	
▶ Franchise Fees - Cable & Solid Waste	\$ 284,000	
▶ Marina Paid Parking	\$ 100,000	
<b>TOTAL FACILITY MAINTENANCE SERVICES</b>		<b>(\$396,000)</b>

# How are the rest of the General Fund's City Admin Services paid for?

## OTHER CITY (NONTAX) REVENUES

**\$1,489,000**

- ▶ General Fund Admin & Tech Services I/F Charges \$ 985,000
- ▶ State shared revenues (Approx. = Admin for PRSS/PBPW) \$ 504,000

## TOTAL NONPUBLIC SAFETY ADMIN

**(\$1,489,000)**

- ▶ 50%: Finance, Technology, Human Resources (\$913,000)
- ▶ 67%: City Council, City Mgr. Office, City Clerk (\$412,000)
- ▶ Election Services (\$ 74,000)
- ▶ Community Communications & Org Memberships (\$ 90,000)

# 2016-2021 GENERAL FUND - STATUS QUO

## 2016-2021 GENERAL FUND STATUS QUO FINANCIAL FORECAST

	REVISED	BUDGET	FORECAST			
	2016	2017	2018	2019	2020	2021
Revenues	20,980,000	19,558,000	19,901,000	20,104,000	20,319,000	20,525,000
Expenses	(19,190,000)	(19,537,000)	(19,870,000)	(20,080,000)	(20,354,000)	(20,722,000)
<b>Net "Add/Loss"</b>	<b>1,790,000</b>	<b>21,000</b>	<b>31,000</b>	<b>24,000</b>	<b>(35,000)</b>	<b>(197,000)</b>
<b>Ending Reserve (If no action taken)</b>	<b>3,118,867</b>	<b>3,139,867</b>	<b>3,170,867</b>	<b>3,194,867</b>	<b>3,159,867</b>	<b>2,962,867</b>
<b>Combined Target Reserve</b>	<b>2,303,050</b>	<b>2,345,490</b>	<b>2,385,950</b>	<b>2,410,800</b>	<b>2,440,730</b>	<b>2,476,790</b>
<b>Reserve (shortfall) surplus</b>	<b>815,817</b>	<b>794,377</b>	<b>784,917</b>	<b>784,067</b>	<b>719,137</b>	<b>486,077</b>

# 2016-2021 FORECAST - STREET FUNDS

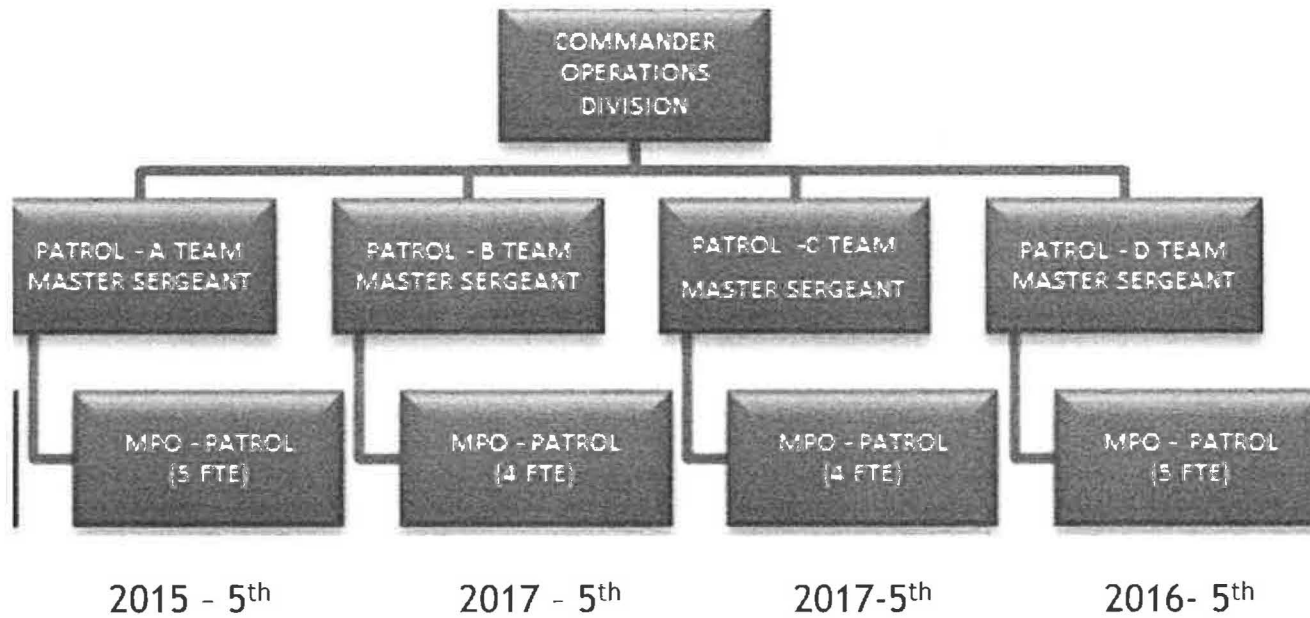
## 2016-2021 STREET O&M FUND STATUS QUO FINANCIAL FORECAST

	REVISED	BUDGET	FORECAST			
	2016	2017	2018	2019	2020	2021
Revenues	1,503,000	1,636,000	1,673,000	1,639,000	1,696,000	1,662,000
Expenses	(1,429,000)	(1,632,000)	(1,597,000)	(1,502,000)	(1,566,000)	(1,574,000)
Net "Add/Loss"	74,000	4,000	76,000	137,000	130,000	88,000
Ending Reserve	347,159	351,159	427,159	564,159	694,159	782,159

## 2016-2021 STREET PAVING FUND FINANCIAL FORECAST

	REVISED	BUDGET	FORECAST			
	2016	2017	2018	2019	2020	2021
Revenues	280,000	941,900	946,900	946,900	951,900	951,900
Expenses	(70,000)	-	(1,100,000)	(1,000,000)	(1,000,000)	(1,000,000)
Net "Add/Loss"	210,000	941,900	(153,100)	(53,100)	(48,100)	(48,100)
Ending Reserve	210,000	1,151,900	998,800	945,700	897,600	849,500

# DEPARTMENT DETAIL - POLICE 2016 Org Chart



Reaches Goal of 1- Sergeant and 5 Patrol per shift.

# 2017 -2021 RECOMMENDED CHANGES

<b>2016-2021 GENERAL FUND</b>						
	REVISED	BUDGET	FORECAST			
	2016	2017	2018	2019	2020	2021
Revenues	20,980,000	19,558,000	19,901,000	20,104,000	20,319,000	20,525,000
Expenses	(19,190,000)	(19,537,000)	(19,870,000)	(20,080,000)	(20,354,000)	(20,722,000)
<b>Net "Profit/Loss"</b>	<b>1,790,000</b>	<b>21,000</b>	<b>31,000</b>	<b>24,000</b>	<b>(35,000)</b>	<b>(197,000)</b>
<b><u>ON-GOING CHANGES TO STATUS QUO</u></b>						
<b>2 NEW POLICE POSITIONS</b>	Additional Citation Revenue	100,000	100,000	100,000	100,000	100,000
	2 FTE Police Patrol	(240,000)	(244,800)	(249,696)	(254,690)	(259,784)
<b>SWAP IN OTHER POSITIONS</b>	- .5 FTE CM Exec Asst Costs Savings	45,037	45,487	45,942	46,402	46,866
	- .5 FTE Secretary Costs Savings	45,037	45,487	45,942	46,402	46,866
	Probation Officer .6 FTE to .7 FTE	(8,609)	(8,695)	(8,782)	(8,870)	(8,959)
	Domestic Violence Advocate 0.4 FTE	(20,000)	(20,200)	(20,402)	(20,606)	(20,812)
<b>DECREASE IN POSITIONS</b>	Engineering, Planning & Building (Development)			281,709	287,344	293,091
<b>Total Annual Impact</b>		<b>(78,535)</b>	<b>(82,721)</b>	<b>194,713</b>	<b>195,982</b>	<b>197,268</b>
<b>REMAINING SUSTAINABLE</b>		<b>(57,535)</b>	<b>(51,721)</b>	<b>218,713</b>	<b>160,982</b>	<b>268</b>

## 2016-2021 GENERAL FUND

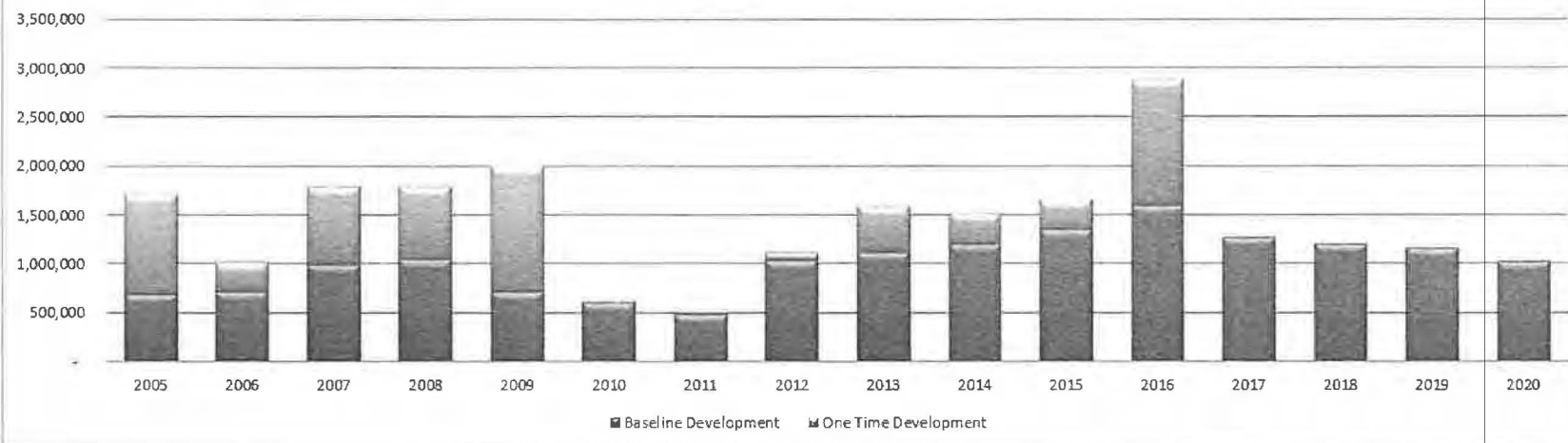
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Expenses	(19,190,000)	(19,537,000)	(19,870,000)	(20,080,000)	(20,354,000)	(20,722,000)
<b>Net "Profit/Loss"</b>	1,790,000	21,000	31,000	24,000	(35,000)	(197,000)
<b>Total Annual Impact</b>		(78,535)	(82,721)	194,713	195,982	197,268
<b>REMAINING SUSTAINABLE</b>		(57,535)	(51,721)	218,713	160,982	268
<b><u>ONE-TIME SPENDING (Use of Fund Balance)</u></b>						
Remaining 2016 Furloughs	(106,000)					
2 FTE Police Equipment		(12,000)				
O-Court Software Upgrade		(25,000)				
PD Doc Mgmt Software		(6,345)				
Facilities - Genie Lift Platform		(9,456)				
+ PIO Contract Services		(42,000)	(43,000)	(44,000)		
Legislative Affairs Contract		(27,000)	(27,000)			
<b>Total One Time</b>	(106,000)	(121,801)	(70,000)	(44,000)	-	-
<b>ENDING RESERVE</b>	<b>3,012,867</b>	<b>2,833,531</b>	<b>2,711,810</b>	<b>2,886,523</b>	<b>3,047,505</b>	<b>3,047,773</b>
<b><u>Other Fund's One Time Requests</u></b>						
Streets- ADA Transition Plan		(62,000)				
Streets- Street Standards Update		(25,000)				
Marina - N Dock/Guest Conduit Replace		(21,000)				
Marina - Fuel System Containment Hoses		(20,000)				

# DEPARTMENT DETAIL - PBPW

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	Revised 2016	2017	2018	2019	2020	2021
One Time Development	1,007,181	310,095	796,232	745,366	1,276,738	-	-	85,536	475,000	315,568	308,268	1,251,758	-	-	-	-	-
Baseline Development	692,235	713,634	992,086	1,041,117	721,030	601,435	480,939	1,030,265	1,108,698	1,203,704	1,342,352	1,599,501	1,262,000	1,198,000	1,152,000	1,021,000	1,000,000
CIP/Licenses/Grant Revenue	241,541	244,550	202,024	344,307	409,038	408,494	356,027	300,344	326,390	447,696	415,807	565,770	678,870	701,531	658,819	732,237	777,586
Total Development Revenue:	1,940,957	1,268,279	1,990,342	2,130,790	2,406,806	1,009,929	836,966	1,414,145	1,910,088	1,966,768	2,066,427	3,447,029	1,940,870	1,899,531	1,810,819	1,753,237	1,777,586
Total Development Costs	1,776,177	1,928,921	2,273,337	2,475,995	2,262,615	2,287,541	2,238,458	2,112,383	2,011,756	2,120,618	2,401,780	2,471,071	2,651,717	2,746,596	2,765,586	2,779,283	2,823,555
Net Gen'l Fund Effect	164,780	(660,642)	(282,995)	(345,205)	144,191	(1,277,612)	(1,401,492)	(698,238)	(101,668)	(153,850)	(335,353)	975,958	(710,847)	(847,065)	(954,767)	(1,026,046)	(1,045,969)
Tax Subsidy % of costs	9%	-34%	-12%	-14%	6%	-56%	-63%	-33%	-5%	-7%	-14%	-	-27%	-31%	-35%	-37%	-37%
# of FTE's	21.35	22.65	24.25	23.05	17.88	18.90	17.00	16.90	14.30	13.80	16.70	16.70	16.70	16.70	16.70	16.70	16.70

\$1.2 M One Time gone by end of 2017

### MAJOR DEVELOPMENT REVENUES



## Development Revenue

- ▶ No one time development money in the budget.
- ▶ Baseline fluctuates \$200K-\$400K between years.
- ▶ Slow time (2010-2012) consumed \$3 million dollars (which is more than the current minimum reserve requirement).
- ▶ Consistent funding/retention of staff expertise.

# DEPARTMENT DETAIL - RECREATION & RENTALS

	<u>2015</u>	<u>2016</u>	<u>2016 Revised</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Recreation Rate Increases		10%		6%	8%	6%	4%	4%
Recreation Revenues	885,826	899,680	1,018,525	1,071,489	1,151,808	1,220,917	1,269,754	1,320,543
Rec Admin	(352,800)	(291,443)	(283,319)	(307,870)	(307,609)	(311,804)	(313,973)	(318,529)
Rec Program	(750,910)	(756,631)	(816,526)	(879,158)	(894,606)	(911,563)	(905,092)	(920,657)
I/F Comp Main	(12,974)	(24,430)	(18,030)	(18,030)	(28,030)	(28,030)	(28,030)	(28,030)
Recreation Expenditures	(1,103,710)	(1,048,074)	(1,117,875)	(1,205,058)	(1,230,245)	(1,251,397)	(1,247,095)	(1,267,216)
<b>Net Recreation</b>	<b>(217,884)</b>	<b>(148,394)</b>	<b>(99,350)</b>	<b>(133,569)</b>	<b>(78,437)</b>	<b>(30,480)</b>	<b>22,659</b>	<b>53,327</b>
							<i>Recovery towards Recr facility O&amp;M costs</i>	
Facility Rev	231,983	295,635	306,299	346,683	357,083	367,795	378,827	390,192
Facility Exp	(378,987)	(399,266)	(393,965)	(411,667)	(388,474)	(395,953)	(397,389)	(405,446)
I/F Facility Repair				(35,945)	(35,945)	(35,945)	(35,945)	(35,945)
<b>Net Recr Facility</b>	<b>(147,004)</b>	<b>(103,631)</b>	<b>(87,666)</b>	<b>(100,929)</b>	<b>(67,336)</b>	<b>(64,103)</b>	<b>(54,507)</b>	<b>(51,199)</b>
<b>Net Recreation &amp; Facilities</b>	<b>(364,888)</b>	<b>(252,025)</b>	<b>(187,016)</b>	<b>(234,498)</b>	<b>(145,773)</b>	<b>(94,583)</b>	<b>(31,848)</b>	<b>2,128</b>

# 2016-2022 FINANCIAL PLAN

## Assumptions

- ▶ **No one time revenue included Budget or 2016-2021 Financial Plan.**
  - One Time Money actually received from Development would go to General Fund Ending Fund Balance.
  - One Time Money actually received for Sales/B&O taxes would be transferred to capital construction fund to be designated for use through the 6 Year CIP Budget process.
- ▶ Multi-year revenue increases from last year's plan continue in 2016-2021 Plan.
- ▶ Revenues have conservative growth. No huge premature assumption of bump for business park and other development projects. The impact will be spread out; timing and magnitude uncertain. Each year we update the plan we'll know more and plan accordingly.
- ▶ Average COLA of approximately 1% each year.

# 2016-2021 FINANCIAL PLAN- Risks

## RISKS

- ▶ Red Light Running revenues less than expected.
- ▶ Labor negotiations settle higher than 1%.
- ▶ Development revenues peak and then drop or come in more slowly than expected.

## CONSTRAINTS

- ▶ Taxes rates cannot be raised further without public vote and approval.



# SUMMARY - 2016-2021 FINANCIAL PLAN

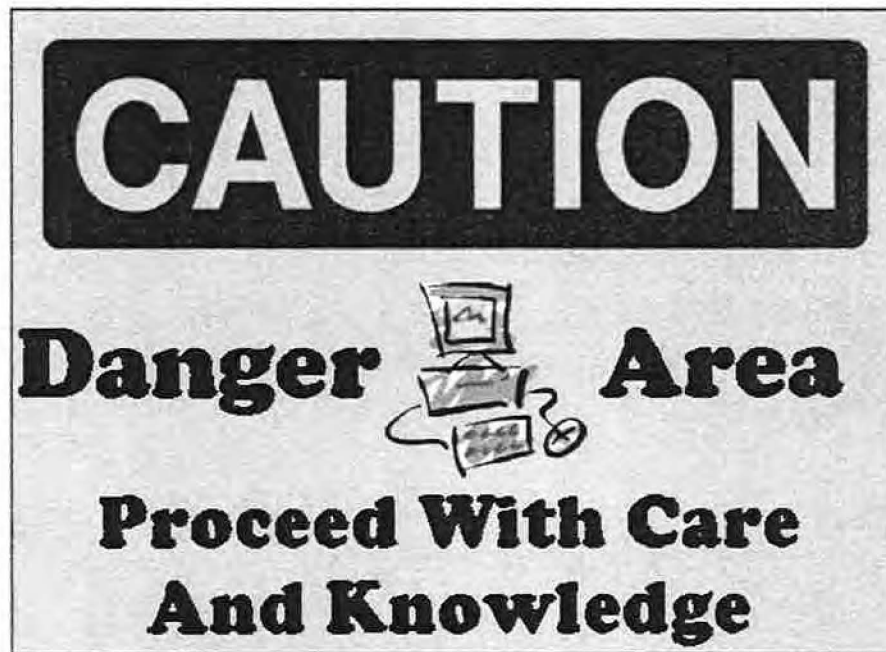
## COUNCIL PRIORITIES ADDRESSED

- ▶ Increased Public Safety -> All Patrol Shifts = 1 Sergeant + 5 Officers
- ▶ Improved Public Communication -> PIO Services to develop and implement
- ▶ Assist vulnerable citizens -> Domestic Violence Advocate/Probation Officer
- ▶ Eliminate the “Police vs. Recreation” budget trade-offs -> Recreation Programs become self sustainable within 5 years.
- ▶ Maintain sustainable increases in personnel costs -> Assumes 1% average
- ▶ Get to and Maintain Sustainable Financial Conditions & Fund Balances -> Maintain ending fund balance of approximately \$3 million. Cancel Furloughs.
- ▶ Carryout public duty to maintain road pavement -> Dedicate permanent funding source.
- ▶ NO ONE TIME REVENUES USED FOR ON-GOING EXPENDITURES.

## SUMMARY & CONCLUSION

- ▶ Council made tough choices in 2016 to change direction towards financial sustainability.
- ▶ Council decisions to add the 2016 Patrol and 2 more Patrol in 2017 will likely limit future options for the next several years.
- ▶ Next year we'll update the plan with any new on-going revenues sources, but may still be too soon to see full, sustainable business park revenues.
- ▶ Contracts for Teamsters and agreements with General, Exempt & Director groups expire in 2016.
- ▶ Based on today's feedback, staff will roll the 2017 portion of the 2016-2022 Financial Plan into the City Manager proposed 2017 Budget. This budget will be available to the public October 13, 2016.
- ▶ Public Hearing on the 2017 Budget starts October 20, 2016.
- ▶ Public Hearing on 2018 Property Tax is on November 10, 2016. Final Public Hearing and adoption of the 2017 Budget scheduled for November 10, 2016 as well.

Six Year Plan: Carefully Balance, Monitor,  
Update, Balance, Monitor, Update ...



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