

AGENDA

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

August 2, 2018 – 5:00 p.m.-9:00 p.m.

Solvent ~ Strong ~ Sustainable

CALL TO ORDER

REVIEW PLAN FOR TODAY

- Succession Planning
- Committees And Commissions
- Neighborhood Engagement Program

2019 PROPOSED PRELIMINARY BUDGET

- Operations, Infrastructure, Capital Investments, Organizational Dynamics

PROPOSED 2019 BUDGET AND SUSTAINABILITY

NEXT MEETING DATE

August 23, 2018 City Council Regular Meeting

ADJOURNMENT

CITY COUNCIL BUDGET RETREAT

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August 2, 2018

City Council Budget Retreat

- Opening comments:
 - Mayor
 - City Manager
- Budget Preparation Process:
 - ✓ 6-Year Capital Improvement plan – Adopted July 26, 2018
 - **Budget Retreat – Opening Discussion of Budget - Tonight**
 - Continued budget discussions in September
 - City Manager files Preliminary Budget & Budget Message - Oct 11, 2018

City Council Budget Retreat

- A brief summary of the Retreat format for today
 - Financial status of the City based on Standard & Poors bond rating review
 - Discussion of Succession Planning
 - Discussion of City Committees and Commissions
 - Proposed Neighborhood Enhancement Program
- Budget Dynamics
 - Operations, Infrastructure, Capital Investments, and Organizational Dynamics
- Proposed 2019 Budget and Sustainability

Solvent, Strong and Sustainable

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This is the message from Standard & Poor's:

- *Confirms all our mutual efforts to right the ship and achieve financial health*
- *Sends this message from a major rating agency to Wall Street, potential investors and developers*
- *Regional, statewide, national and international businesses and developers now know that Des Moines is managing our finances in an exceptional manner*
- *Des Moines is committed to implementing actions to safeguard the public trust, responsibly utilize public resources and stretch taxpayer dollars*
- *A better bond rating reduces the cost of borrowing money and stretches out the value that our City taxpayers receive*

Solvent, Strong and Sustainable

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This is the message from Standard & Poor's, continued:

- *Very strong economy, with access to a broad and diverse metropolitan statistical area (MSA);*
- *Strong management, with "good" financial policies and practices under our Financial Management Assessment methodology;*
- *Strong budgetary performance, with operating surpluses in the general fund and at the total governmental fund level in fiscal 2017;*
- *Very strong budgetary flexibility, with an available fund balance in fiscal 2017 of 36% of operating expenditures;*
- *Very strong liquidity, with total government available cash at 94.3% of total governmental fund expenditures;*
- *Very strong debt and contingent liability position, with debt service carrying charges at 1.3% of expenditures and net direct debt that is 13.7% of total governmental fund revenue, as well as rapid amortization, with 75.4% of debt scheduled to be retired in 10 years;*

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This is the message from Standard & Poor's, continued:

- ▶ *City's financial management policies and practices is bolstered by the city's leadership transition since 2014, which includes a new mayor, dedicated City Council, new city manager, and new finance director;*
- ▶ *Well-developed and realized budgetary assumptions, which are based on external forecasting of sales tax revenue, budgeting based solely on recurring tax revenue, and historical trend analysis;*
- ▶ *Monthly reporting of budget-to-actuals to council, with budgetary amendments as needed;*
- ▶ *A five-year general fund financial forecast that is updated annually and shows projected reserve levels;*
- ▶ *A six-year rolling capital improvement plan that identified funding sources for all projects;*

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This is the message from Standard & Poor's, continued:

- ▶ *Des Moines' budgetary performance is strong in our opinion;*
- ▶ *Des Moines' budgetary flexibility is very strong, in our view, with an available fund balance in fiscal 2017 of 36% of operating expenditures, or \$8.3 million.*

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Rating Comparison

	Moody's	Standard & Poor's	Fitch
Best Quality	Aaa	AAA	AAA
High Quality	Aa1	★ AA+	AA+
	Aa2	AA	AA
	Aa3	AA-	AA-
Upper Medium Grade	★ A1	A+	A+
	A2	A	A
	A3	A-	A-
Medium Grade	Baa1	BBB+	BBB+
	Baa2	BBB	BBB
	Baa3	BBB-	BBB-

Source: King County City Managers & Administrators Meeting – May 1, 2013



Succession Planning

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- ▶ Last Year (2017 City Council Budget Retreat) it took approximately 25 PowerPoint slides to present to City Council the challenges we faced, as a City, regarding succession planning
- ▶ Today it will take significantly less

Succession Planning Challenges We Faced Last Year

- ▶ Harbormaster is retiring
- ▶ Human Resources Manager retired
- ▶ Parks, Recreation and Senior Services Director retired
- ▶ Finance Director left the City
- ▶ Senior Services Manager retired
- ▶ Significant attrition in Police Department

Succession Planning Solutions

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- ▶ Promoted Scott Wilkins to be Acting Harbormaster
- ▶ Hired Adrienne Johnson to be Human Resources Director (a position upgrade)
- ▶ Hired Beth Anne Wroe as our Finance Director
 - ▶ During this transition brought on Steve Marcotte as our Strategic Financial Advisor who has been instrumental in moving our bond issuance, bond refinance and bond rating process forward
 - ▶ Beth Anne, who has been here about two months, has been amazing getting up to speed on City finances and coordinating preparation of this year's budget

Succession Planning Solutions

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- Appointed Susan Cezar as Interim Parks Director
- Contracted with Wesley to provide the Senior Services Manager
- Addressed and resolved most aspects of the Police Department attrition

Organizational Changes

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- ▶ Promoted Bonnie Wilkins to Communication Director/City Clerk
- ▶ Promoted Susan Cezar to Chief Strategic Officer with responsibilities for both Parks Department and Community Development
- ▶ Created a new Emergency Management Director (with resources from the retirement of the Assistant Police Chief)
- ▶ Hired a new Police Chief
- ▶ Established City Manager's Executive Team (who are awesome)

Executive Team

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- ▶ Chief Operations Officer – Dan Brewer
- ▶ Chief Strategic Officer – Susan Cezar
- ▶ Chief of Police – Ken Thomas
- ▶ City Attorney – Tim George
- ▶ Finance Director – Beth Anne Wroe
- ▶ Communications Director/City Clerk - Bonnie Wilkins

Review of Ongoing Succession Challenges

- ▶ Police Department
- ▶ Community Development
- ▶ Parks, Recreation, and Senior Services
- ▶ Marina

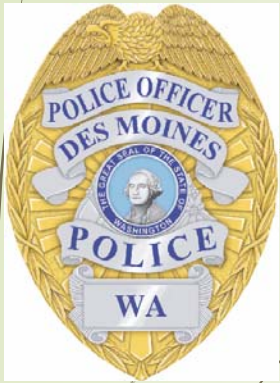
Des Moines Police Department



Enhanced Service Delivery

Attrition Issue: Next 0-5 Years

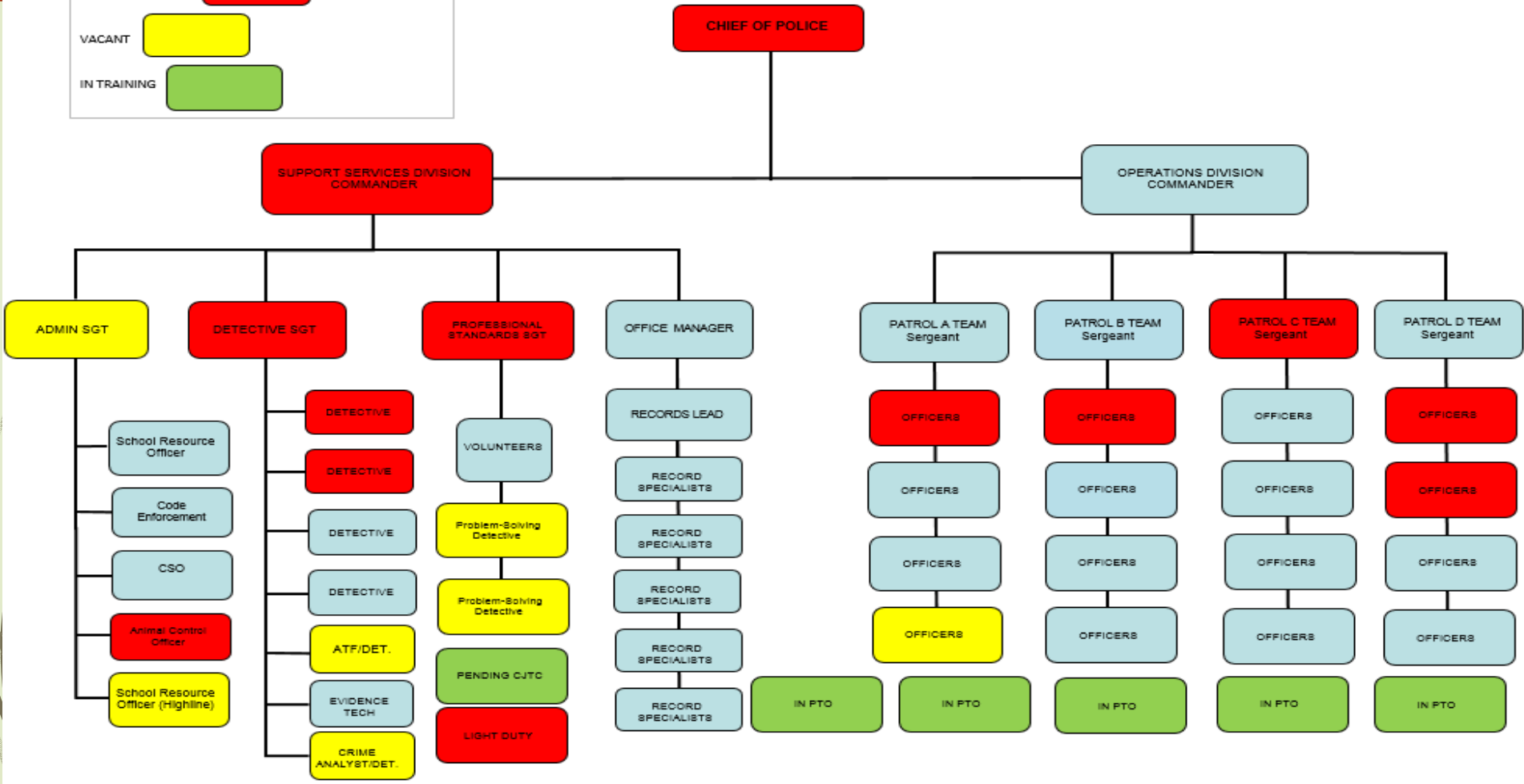
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- ▶ Police Department is fully staffed
- ▶ Hire Ahead Program – very effective
 - ▶ Funded from one-time revenues
- ▶ 13 or 35% of our Commission Staff eligible to retire
 - ▶ Plans are in place to address this attrition
- ▶ Incentive Program: Lateral/First-time/Referral

Police Department Organizational Chart

ELIGIBLE TO RETIRE 0-5 YEARS █
 VACANT █
 IN TRAINING █

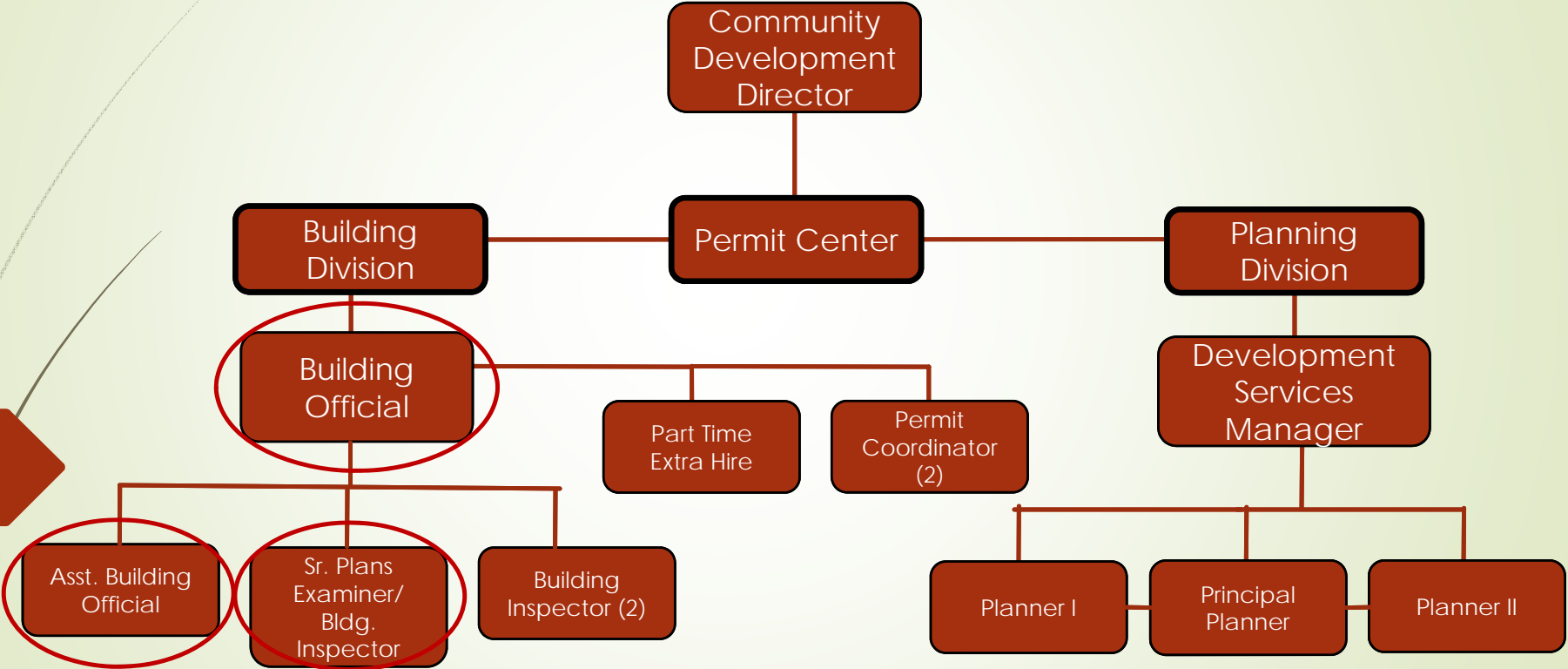


Community Development Succession Planning

Challenges:

- High permit volumes, complex projects
- Building Division – 3 upcoming retirements
 - Building Official
 - Assistant Building Official
 - Senior Plans Examiner/Building Inspector
- Planning Division
 - Leadership development

Community Development Department



Parks, Recreation and Senior Services Succession/Sustainability Plan

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- ▶ Transition
- ▶ PRSS is interdependent on other Departments
- ▶ Assessing efficiencies as we move forward

Parks, Recreation and Senior Services

Park Maintenance:

- ▶ Parks maintenance managed through Public Works

Park Capital Improvements:

- ▶ All Capital Improvements are managed through Public Works Engineering

Senior Services:

- ▶ Management contract with Wesley
- ▶ Increased services and resources

Recreation:

- ▶ Increased responsibilities for Recreation Manager
- ▶ Created an Assistant Recreation Manager position

Events and Facility Rentals:

- ▶ Merged operation with Marina for Increased effectiveness and efficiency

Community Outreach:

- ▶ Committees and Commissions
- ▶ Special Events

Marina

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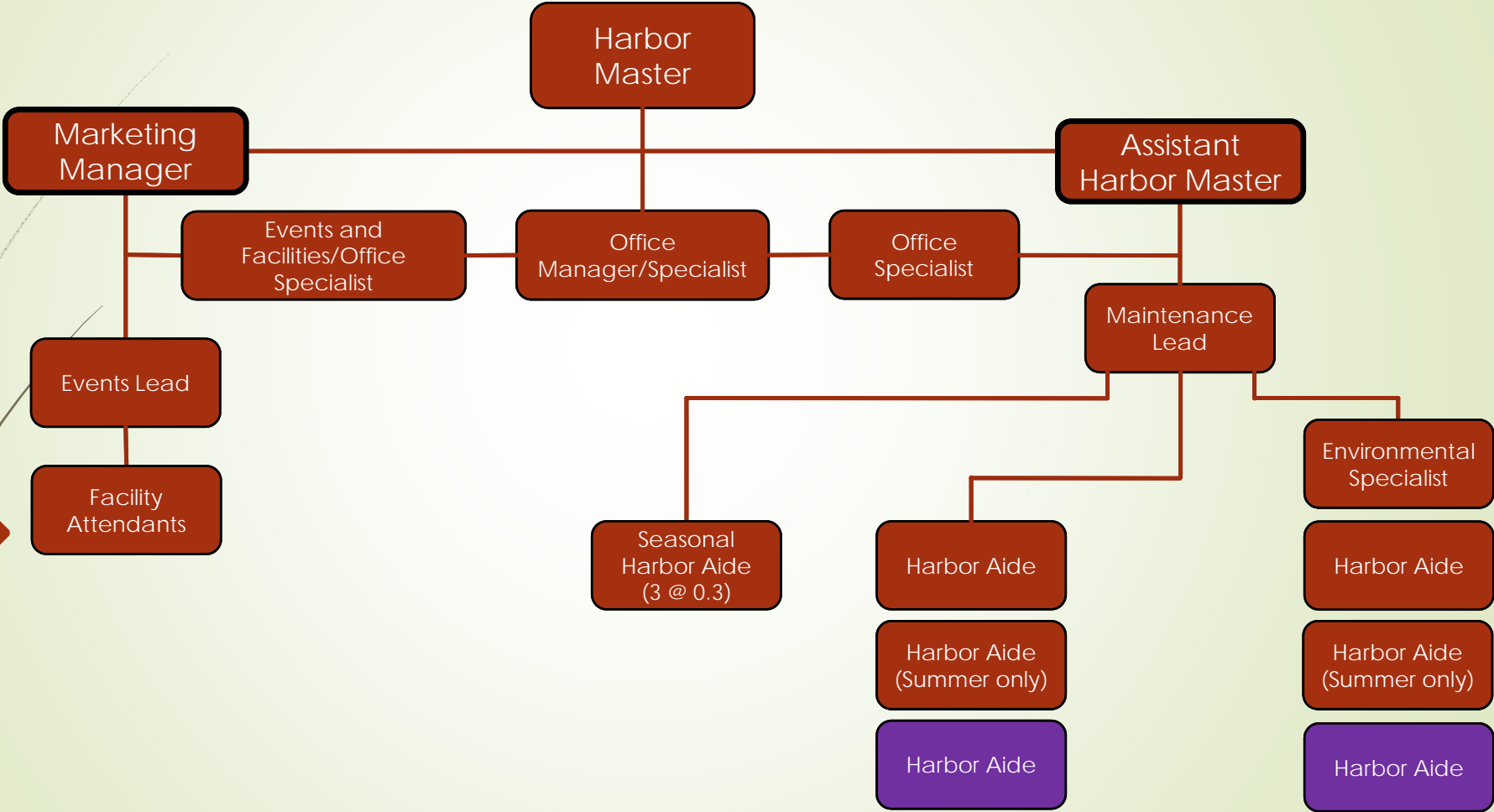
- On-going Consultant work on the Land Side of the Marina
 - Investments in the public space
- Work with Ken Rogers, Todd Powell, and others on vision for the Marina
- Plan to work with a World Class Marina Consultant
 - Best way to make strategic capital investments in the Marina
 - Improve revenue streams and facilities
- Marina Tenants meeting in August
 - Focus on the Water Side of the Marina
 - Complimentary and integrated approach
- Enterprise Fund

Marina Succession

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- ▶ Harbormaster retirement in 2018
- ▶ Facilities & Events Division is co-located with Marina staff.
- ▶ Close cooperation between staffs is needed for the success of the facility rentals and events in the Marina and Beach Park
- ▶ These units are being combined in one reporting structure
 - ▶ Benefits to Marina and Parks
- ▶ Initiate an aggressive marketing program for the Marina

Marina





City Council

Committees and Commissions

- ▶ Extensive outreach and work within the Community and the Region
- ▶ Representation and Impact on Policy (local and regional)
- ▶ Partnerships

City Council

Committees and Commissions

Regional Committees

- SCORE Jail – Policy, Finance, Operations Committees
- LEOFF Plan 1 Disability Board (Law Enforcement Officers and Fire Fighters)
- SR 509 Executive Committee
- South County Transportation Board (SCATBd)
- Puget Sound Regional Council
- Soundside Alliance
- Sound Cities Association (SCA)
- Public Issues Committee (PIC)
- Highline Forum
- StART – SeaTac Airport Sponsored Community Engagement Committee
- Water Resource Inventory Resource Area 9

City Council Committees and Commissions

Council Committees

- ▶ Environment Committee
- ▶ Economic Development Committee
- ▶ Municipal Facilities Committee
- ▶ Public safety/Emergency Management Committee
- ▶ Transportation Committee
- ▶ Ad-Hoc Franchise Committee

City Council Committees and Commissions

City Established Committees/Commissions

- ▶ Arts Commission
- ▶ Aviation Advisory Committee
- ▶ Citizens Advisory Committee
- ▶ Hotel/Motel Tax Advisory Committee (State Mandated)
- ▶ Human Service Advisory Committee
- ▶ Senior Services Advisory Committee

City Council

Committees and Commissions

Arts Commission

- ▶ Purpose and Duties (per City Code):
 - ▶ Represent the interest of the city in matters of the arts, to be a spokesgroup for the arts in the city and to keep the city council informed on all such related matters
 - ▶ Evaluate, prioritize, and make recommendations on funding for cultural arts needs
 - ▶ Review and recommend works of art for the city, especially works to be acquired through appropriations set aside from municipal construction projects
 - ▶ Inform, assist, sponsor or coordinate with arts organizations, artists, or others interested in the cultural advancement of the community
 - ▶ Encourage and aid programs for the cultural enrichment of the citizens of Des Moines and encourage more public visibility of the arts
 - ▶ Develop cooperation with schools, local, regional, state and national arts organizations
 - ▶ Obtain private, local, regional, state or federal funds to promote arts projects within the Des Moines community

City Council

Committees and Commissions

Arts Commission

- Approved Composition: Nine members, including Parks and Recreation Director. One City Councilmember acts as liaison
- Current Composition:
 - Eight appointed members
 - Interim Parks, Recreation and Senior Services Director
 - Council Liaison: Councilmember Bangs
- Meetings: Monthly
- Reports to Council: Report to City Council in August every year
- Recommend increasing funding in 2019

City Council

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Committees and Commissions

Aviation Advisory Committee

- ▶ Purpose and Duties (Council Approved)
 - ▶ Provide comments on the Environmental Impact Statement of the Sea-Tac Airport Sustainable Master Plan (SAMP)
 - ▶ Address frequency of operations (a function of Sea-Tac airport) and parallel impacts on regional transportation, health/noise, in addition to local, regional and national economic benefits
 - ▶ Address aircraft movements on the ground and in the air (a function of the FAA and NextGen)
 - ▶ Address the process to support development of a second regional airport
 - ▶ Participate in the Washington Aviation System Plan and follow-up
 - ▶ Delineation of responsibilities within the national air space vis a vis FAA, Sea-Tac airport, WASHDOT, Port of Seattle
 - ▶ Other issues as determined by the City Council and the Aviation Advisory Committee

City Council

Committees and Commissions

Aviation Advisory Committee

- ▶ Approved Composition: 7 members
- ▶ Current Composition:
 - ▶ Five appointed members
 - ▶ City Manager serves as Presiding Officer
 - ▶ City Attorney serves as Alternate Presiding Officer
- ▶ Meetings: Monthly
- ▶ Reports to Council: Monthly

City Council

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Committees and Commissions

Citizens Advisory Committee

- Upcoming Discussion of Neighborhood Enhancement Program.
- Purpose and Duties (per City Code):
 - Review and provide input to the City Council on matters and issues as delegated by the City Council
 - Support and promote citizen participation and neighborhood enhancement
 - Promote and facilitate open communication between the City, residents, businesses, and other neighborhood organizations such as homeowner associations, block watches, etc.
 - Review the City's budget and provide input to the City Council
 - Provide input to the City Council in advance of its annual planning/goal setting retreat
 - Bring matters and issues to the City Council that the Citizens Advisory Committee believes require City Council attention

City Council Committees and Commissions

Citizens Advisory Committee

- ▶ Approved Composition: 12 regular members and 12 alternates.
Plus 3 City Councilmembers at meetings
- ▶ Current Composition
 - ▶ Eight appointed members
- ▶ Meetings: At least 3 times per year
- ▶ Reports to Council: None required

City Council

Committees and Commissions

Hotel/Motel Tax Advisory Committee

- ▶ Purpose and Duties (per State Mandate and City Code):
 - ▶ Advise the City Council regarding:
 - ▶ Imposition of Lodging Tax
 - ▶ Increasing or decreasing tax
 - ▶ Expenditure of taxes received

City Council

Committees and Commissions

Hotel/Motel Tax Advisory Committee

- ▶ Approved Composition: 5 members, one of which is a City Councilmember
- ▶ Current Composition: 1
- ▶ Meetings: None required
- ▶ Reports to Council: None required

City Council

Committees and Commissions

Human Service Advisory Committee

- ▶ Purpose and Duties (per City Code):
 - ▶ Advise the City Council on the following issues:
 - ▶ Determination of priorities of human service needs within the City in accordance with the current human services plan
 - ▶ Evaluation and recommendation on funding human service requests submitted to the City
 - ▶ Evaluation and review of the performance of individual human service organizations and agencies

City Council

Committees and Commissions

Human Service Advisory Committee

► Activities

- 2017 City Council Authorized \$82,000 in Human Services funding
- 2018 City Council Authorized \$100,000 in Human Services funding
- 2019 - \$125,000 proposed
- Goal to fund 1% of general operating budget
 - 1997 Council Budget established goal of 1% (not in Code – not binding)
 - Newly created Management Analyst position (0.6 FTE) to assist with Human Services Activities

City Council

Committees and Commissions

Human Service Advisory Committee

- ▶ Approved Composition: Seven members, one of which is a City representative (Council or staff)
- ▶ Current Composition:
 - ▶ Four appointed members
 - ▶ Parks, Recreation and Senior Services Director
- ▶ Meetings: Minimum of once per quarter
- ▶ Reports to Council: Report to City Council in August every year

City Council

Committees and Commissions

Senior Services Advisory Committee

- ▶ Purpose and Duties (per City Code):
 - ▶ Advise the Council on policy and budgetary subjects related to senior services
 - ▶ Advise the Council on current and future facilities relating to the delivery of senior services
 - ▶ Review federal, state, and county laws and proposed laws and advise the Council on the impacts on the delivery of senior services
 - ▶ Perform other tasks as assigned by City Council

City Council

Committees and Commissions

Senior Services Advisory Committee

- ▶ Approved Composition: Seven members
 - ▶ 1 City Council member
 - ▶ 1 Parks and Recreation Director
- ▶ Current Composition:
 - ▶ Four appointed members
 - ▶ Interim Parks, Recreation and Senior Services Director
- ▶ Meetings: Meet six times per year
- ▶ Reports to Council: Presiding officer reports to City Council at least once per year to provide recommendations and advice
- ▶ Recommendations for capital expenditures and improvements in proposed 2019 budget

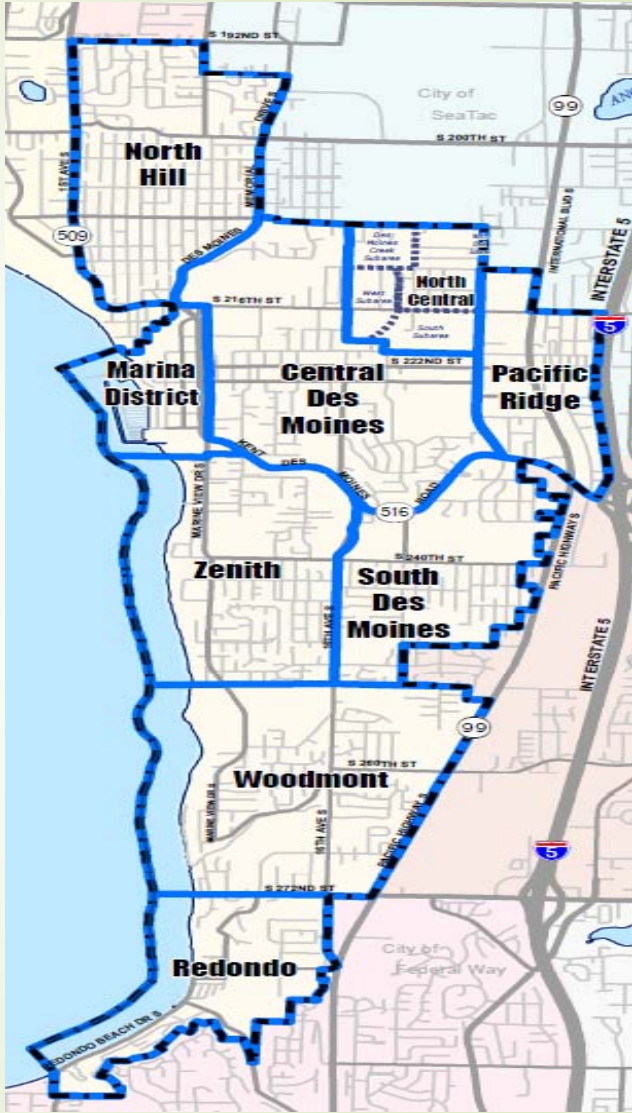
City Council Committees and Commissions

Recommendations:

- ▶ Retain all of these committees
- ▶ Review and assess committee membership and duties
- ▶ Align with City policy and priorities to constructively and collaboratively move the City forward
- ▶ Letter to all committee members emphasizing the importance of their work and City Council's gratitude for their involvement



Neighborhood Enhancement Program (Proposed)



How would it work?

- ▶ Modeled after a similar successful program in Bellevue
- ▶ In the selected Neighborhood Area, the City would work with the local Citizen Advisory member to solicit project ideas from residents of that specific neighborhood
- ▶ City will provide facilitation of neighborhood meeting to identify potential projects
- ▶ City staff would review project ideas using screening criteria and generate project ballots
- ▶ Residents review and comment on ballot projects (open house, website)
- ▶ Households in the Neighborhood Area receive ballots and vote for three projects of their choice
- ▶ City implements projects that receive the most votes, on a rotating basis – one neighborhood per year

Project Screening Criteria

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- ▶ **Affordability**
 - ▶ Project costs must not exceed authorized funding
- ▶ **Consistency**
 - ▶ Projects must be consistent with City plans and policies
- ▶ **Feasibility**
 - ▶ Projects must be practical and achievable for the City
- ▶ **Implementation**
 - ▶ Projects must be able to be designed and constructed within three years of selection
- ▶ **Maintainability**
 - ▶ Projects must not require on-going exceptional maintenance resources from the City
- ▶ **Public Benefit**
 - ▶ Projects must be located on public property, easements/right-of-way, or property designated for public use, and must benefit the neighborhood and general public

Anticipated Types of Projects

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- Neighborhood Sidewalk Segments
- Neighborhood-wide traffic improvement (including traffic calming elements)
- Park improvements /enhancements (picnic shelters, play structures)
- Community Garden
- Crosswalk improvements
- Neighborhood streetlighting



Program Costs/Resource Considerations

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- \$50,000 annual appropriation, with \$10,000 for facilitation
- Program reviewed annually for effectiveness
- May consider additional funding as resources become available
- Staffing needed (portion of FTE depends on program size)
- Program is structurally resourced as an on-going expenditure in the General Fund
- Most of 2019 would likely be utilized to develop program, potentially launch in fall of 2019 to first neighborhood



Operations, Infrastructure, Capital Investments, and Organizational Dynamics

- ▶ Changes to our organizational structure and financial management has positioned the City to allow us to implement Council directed initiatives, projects, and programs for the benefit of our community
- ▶ Setting the table
 - ▶ How we have transformed City Government
 - ▶ Senior staff retreat
 - ▶ Organizational changes
 - ▶ Financial discipline
 - ▶ Strategic Financial Framework
 - +
 - ▶ Strategic Organizational Strategies = ▶ Maximum Positive Government Impact

Infrastructure and Capital Investments

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Parks and Playground Projects

Project Name	Sched Year 2018	Plan Year 2019
The Van Gasken Park	-	1,404
SJU Play	454	20
Kiddie Park Play Equipment/City Park Improvements	23	200
Wooton Park	21	187
Mary Gay Park	50	50
Barnes Creek Trail	210	50
Westwood Play Equipment	13	89
Beach Park Bulkhead, Promenade, & Play Equip/Water Feature	70	100
Field House Play Field/Skate Park	-	187
(Amounts in Thousands)	841	2,287

Infrastructure and Capital Investments

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Facility Projects

Project Name	Sched Year 2018	Plan Year 2019
Building Access System	12	46
DMBP Sun Home Lodge Rehab	66	-
Police HVAC	-	277
Founders' Lodge Improvements	-	200
Financial System Replacement	-	252
(Amounts in Thousands)	78	775

Infrastructure and Capital Investments

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Roadway Projects

Project Name	Sched Year 2018	Plan Year 2019
South 216th - Segment 3	274	6,495
216th/11th Ave Intersection Pipe Replacement	29	280
24th Ave/S. 208th St Intersection Improvements	-	60
Downtown Alley Improvement	257	284
S 223rd Walkway Improvements	-	150
Arterial Street Pavement Preservation	1,218	926
DMMD & S 200th Street Signal Improvements	-	550
North Hill Elementary Walkway Improvements	-	120
24th Ave Sidewalk (223rd - Kent Des Moines Rd)	-	500
24th Ave Pipeline Replacement/Upgrade	25	64
16th Ave - Segment 5A	-	279
Arterial Traffic Calming	151	-
Sidewalk Program	20	20
Guardrail Program	-	25
(Amounts in Thousands)	1,974	14,383

Infrastructure and Capital Investments

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Surface Water Management Projects

Project Name	Sched Year 2018	Plan Year 2019
Barnes Crk/Kent-Des Moines Rd Culvert	318	20
Deepdene Plat Outfall Replacement	185	224
8th Ave (264th to 265th)	-	258
6th Ave/239th Pipe Replacement	-	257
14th Ave (268th to 272nd) Pipe Upgrade	-	94
N. Fork McSorley Ck Diversion	-	85
Soundview Dr./Redondo Beach Dr. Pipe Upgrade Project	-	45
Pond Safety Improvements	58	35
(Amounts in Thousands)	561	1,018

Infrastructure and Capital Investments

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Marina and Waterfront Zone Projects

Project Name	Sched Year 2018	Plan Year 2019
North Bulkhead	1,377	2,928
N Lot Restrooms, Plazas & Promenade	106	750
Dock Electrical Replacements	60	-
Fuel & Electrical Replacement	50	190
Redondo Paid Parking	-	50
Redondo Fishing Pier Replace Decking	-	10
Tenant Restroom Replacement	-	50
Marina Dynamic Messaging Signs	-	50
Redondo Floats	-	110
(Amounts in Thousands)	1,593	4,138

Economic Development

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➤ Significant Development Projects:

- Des Moines Creek Business Park
- Bartels & Outdoor Research
- Wesley Homes
- Des Moines Elementary
- Highline College Building 26
- Highline Place (Phase 1 & 2)
- Landmark on the Sound
- Water View Crossing/Devco
- Des Moines Theater

➤ Single Family:

- Blueberry lane
- Pinnacles
- Pacific Heights
- Crestwood Park

Operations, Infrastructure, and Capital Investments

- ▶ 45 City Projects Totaling over \$17 Million
- ▶ Neighborhood Enhancement Program (proposed)
- ▶ Extensive Economic Development
- ▶ Sound Transit
- ▶ SR 509

Operations, Infrastructure, and Capital Investments

- Normal Operations of the City, including but not limited to:
 - Court Operations
 - City Attorney's Office
 - Police/Code Enforcement
 - Land Use and Permitting
 - Public Works, Parks, and Facility Maintenance
 - Marina
 - Finance
 - General Administration
 - Policy support and preparation of the City Budget for City Council



2019 Department Requests - Staffing

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FTE REQUESTS (ON-GOING)

- 1.0 FTE - Public Records Clerk
- 0.6 FTE – Management Analyst
 - Employee currently serves as our Domestic Violence Advocate at 0.4 FTE – making position full-time
- 0.5 FTE – Staff Accountant
 - Current part time employee (0.5 FTE) retiring in May 2019.
 - Increasing the position by 0.5 FTE – making position full-time, to address business and B&O Tax with in-house.

2019 Department Requests - Staffing

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FTE REQUESTS (ONE-TIME)

- ▶ Public Safety – General Fund (001):
 - ▶ 4.0 FTE - Police Officers – Hire Ahead Program
(4.0 FTE Authorized, but 3.0 FTE Funded)
 - ▶ 1.0 FTE - 30 mo. Limited Term - Court Clerk (Mid 2017-through 2019)
(Will reevaluate as part of 2020 budget)
 - ▶ 1.0 FTE – Limited Term - Emergency Management Director
(Will reevaluate as part of 2020 budget)

- ▶ Planning, Building & Public Works – Development Fund (105):
 - ▶ 1.0 FTE - Community Development: Building Official
(Hire Ahead Program for Succession Planning & Institutional knowledge)
 - ▶ 1.0-2.0 FTE – Sound Transit Development Agreement

2019 Department Requests - Programs

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Program Enhancements/Increases (Subject to Council Approval)

- ▶ On-going:
 - ▶ Neighborhood Enhancement Program - \$60,000

- ▶ One-time:
 - ▶ Metro Shuttle – Midday & Saturday Service- \$132,580
 - ▶ Budget Proviso - \$22,000
 - ▶ Economic Development Resources - \$25,000
 - ▶ Park Impact Fee Study - \$50,000
 - ▶ Sustainable Airport Master Plan EIS (Cooperative effort with adjacent cities) - \$50,000
 - ▶ Utility Tax Audit - \$60,000
 - ▶ SCORE Contribution increase - \$267,701
 - ▶ Audio System at the Senior Center - \$35,000

2019 Department Requests - Programs

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Public Safety Program Expenditures:

- ▶ On-going:
 - ▶ K-9 Program - \$20,000
 - ▶ 2 Leased Vehicles for Street Crimes - \$15,000

- ▶ One-time:
 - ▶ Duty Weapons - \$30,000
 - ▶ Spillman Upgrade - \$30,000
 - ▶ Vehicle purchase - \$70,000
 - ▶ Fitness Facility Improvement- \$10,000
 - ▶ Software for Investigation - \$12,000
 - ▶ Cameras for Redondo - \$8,000

2019 Preliminary Budget Discussion

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- ▶ Diverse approaches to financial management
- ▶ Untangling the knots

- ▶ The following is a snap shot in time
 - ▶ Budget process is a collaborative process
 - ▶ Budget development will be on-going for the next few months



GENERAL FUND: ON-GOING ACTIVITIES

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2018-2023 GENERAL FUND							
	BUDGET	REVISED EST	BUDGET	FORECAST			
	2018	2018	2019	2020	2021	2022	2023
BEGINNING RESERVE	\$ 4,532,095	\$ 5,392,527	\$ 5,040,860	\$ 5,005,929	\$ 5,141,268	\$ 5,554,224	\$ 6,152,948
Operating Revenues	21,632,109	22,728,989	23,099,660	23,365,769	23,684,860	23,926,546	24,149,257
Operating Expenditures	(21,383,460)	(21,773,066)	(22,492,310)	(23,230,430)	(23,271,904)	(23,327,822)	(23,892,305)
Net Activity ("Operating revenues over (under) operating expenditures")	248,649	955,923	607,350	135,339	412,956	598,724	256,952
Total Net One Time Activities - CIP & Public Safety	(1,376,150)	(1,307,590)	-	-	-	-	-
Total Other One-Time Expenditures	-	-	(642,281)	-	-	-	-
ENDING RESERVE	\$ 3,404,594	\$ 5,040,860	\$ 5,005,929	\$ 5,141,268	\$ 5,554,224	\$ 6,152,948	\$ 6,409,900
<i>Required Reserve Calculation</i>							
5% Stabilization	1,081,605	1,136,449	1,154,983	1,168,288	1,184,243	1,196,327	1,207,463
7% Regular	1,496,842	1,524,115	1,574,462	1,626,130	1,629,033	1,632,948	1,672,461
Combined Required Reserve (12%)	2,578,447	2,660,564	2,729,445	2,794,418	2,813,276	2,829,275	2,879,924
GFOA Target of 60 days (approx. 16.67%)	3,563,910	3,628,844	3,748,718	3,871,738	3,878,651	3,887,970	3,982,051
Reserve (shortfall) surplus to GFOA Target	(159,316)	1,412,016	1,257,211	1,269,530	1,675,573	2,264,978	2,427,849
Ending Reserve - % Total Expenditures	14.33%	23.15%	22.26%	22.13%	23.34%	25.96%	26.61%
Fund 309 One-Time Sales Tax Fund Ending Reserve (available for General Fund purposes)	\$ 155,753	\$ 1,345,176	\$ 1,325,176	\$ 750,176	\$ 725,176	\$ 700,176	\$ 700,176

GENERAL FUND: ONE TIME ACTIVITIES

2018-2023 GENERAL FUND

	BUDGET	REVISED EST	BUDGET	FORECAST			
	2018	2018	2019	2020	2021	2022	2023
ONE-TIME ACTIVITIES - CIP & PUBLIC SAFETY							
Revenues							
Red Light Running (>\$1.5m)	1,000,000	1,000,000	800,000	600,000	400,000	200,000	-
One-Time Sales & B&O Tax Revenues		885,000	500,000	75,000	125,000	175,000	200,000
Total One-Time Revenues - CIP & Public Safety	1,000,000	1,885,000	1,300,000	675,000	525,000	375,000	200,000
Expenditures							
One Time Expenditures - CIP & Public Safety							
Transfer Out - One-Time Sales & B&O Tax to Fund 309		(885,000)	(500,000)	(75,000)	(125,000)	(175,000)	(200,000)
Transfer Out - Traffic Calming Signs	(151,500)	(151,500)	-	-	-	-	-
EMS Radios - Public Works	(25,000)	-	-	-	-	-	-
Police Radio Replacements	(55,000)	-	-	-	-	-	-
SWAT Gear/Equipment	(12,000)	-	-	-	-	-	-
Transfer Out - Abatement Fund "Seed Money"	(30,000)	(30,000)	-	-	-	-	-
Police Dept Security CIP (REET 1 to Bulkhead)	(138,000)	(138,000)	-	-	-	-	-
Court Security CIP (REET 1 to Bulkhead)	(176,000)	(176,000)	-	-	-	-	-
Police Dept HVAC CIP (Save One Time Sales Tax)	-	-	-	-	-	-	-
Transfer Out - N Bulkhead	(1,000,000)	(1,000,000)	-	-	-	-	-
Legislative Lobbyist	(10,000)	(10,000)	-	-	-	-	-
Metro Pilot Program Consultant	(15,000)	(15,000)	-	-	-	-	-
Communciation Consultant	(15,000)	(15,000)	-	-	-	-	-
Communication Software	(10,000)	-	-	-	-	-	-
Parks Deep Time Aereator	(27,000)	-	-	-	-	-	-
Transfer Out - Parking/Event Signs	(50,000)	(50,000)	-	-	-	-	-
Transfer Out - Economic Dev CIPs- Alley Improve	(393,650)	(393,650)	-	-	-	-	-
Temp Asst Police Chief - (converted to							
Emergency Mgmt Director)	(196,000)	(106,440)	(218,830)	-	-	-	-
Temp Court Clerk	(72,000)	(72,000)	(77,660)	-	-	-	-
Police Dept - Hire Ahead Program		(150,000)	(325,000)	(345,000)	-	-	-
Police Dept - Duty Weapons			(30,000)	-	-	-	-
Police Dept - Spillman Upgrade			(30,000)	-	-	-	-
Police Dept - Vehicle purchase			(70,000)	-	-	-	-
Police Dept - Fitness Facility Improvement			(10,000)	-	-	-	-
Police Dept - Software for Investigation			(12,000)	-	-	-	-
Police Dept - Cameras for Redondo			(8,000)	-	-	-	-
Public Safety Program			(18,510)	(255,000)	(400,000)	(200,000)	-
Total One-Time Expenditures - CIP & Public Safety	(2,376,150)	(3,192,590)	(1,300,000)	(675,000)	(525,000)	(375,000)	(200,000)
Total Net One Time Activities - CIP & Public Safety	(1,376,150)	(1,307,590)	-	-	-	-	-
Other One-Time Expenditures:							
Professional Svcs			(207,000)	-	-	-	-
Audio System at Sr. Center			(35,000)	-	-	-	-
Metro Shuttle Svcs Pilot Program			(132,580)	-	-	-	-
SCORE Contribution			(267,701)	-	-	-	-
Total Other One-Time Expenditures	-	-	(642,281)	-	-	-	-

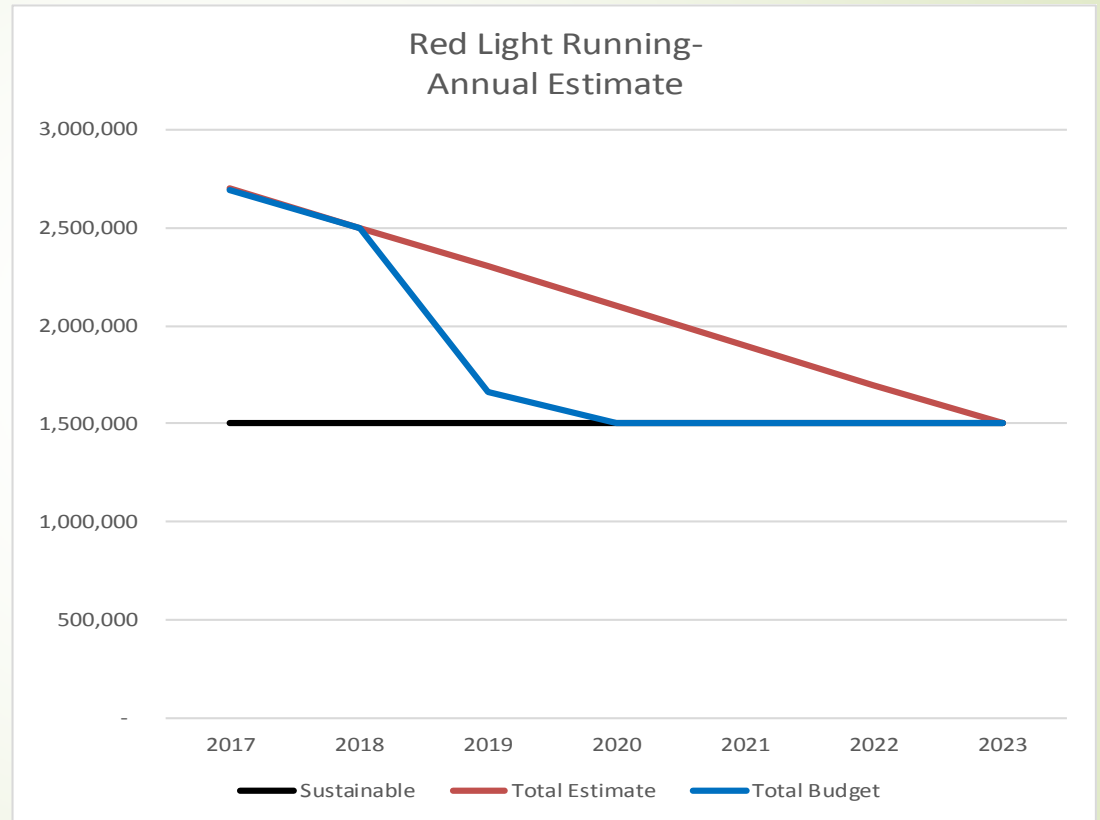
2018-2023 RED LIGHT RUNNING REVENUES

ANTICIPATED

	<u>Structural On-Going</u>	<u>One-Time</u>	<u>Total</u>
2017	1,500,000	1,200,000	2,700,000
2018	1,500,000	1,000,000	2,500,000
2019	1,500,000	800,000	2,300,000
2020	1,500,000	600,000	2,100,000
2021	1,500,000	400,000	1,900,000
2022	1,500,000	200,000	1,700,000
2023	1,500,000	-	1,500,000

ACTUAL/FORECAST

	<u>Structural On-Going</u>	<u>One-Time</u>	<u>Total</u>
2017 Act	1,500,000	1,224,839	2,724,839
2018 Est	1,500,000	800,000	2,300,000
2019	1,500,000	800,000	2,300,000
2020	1,500,000		1,500,000
2021	1,500,000		1,500,000
2022	1,500,000		1,500,000
2023	1,500,000		1,500,000



DEVELOPMENT FUND:

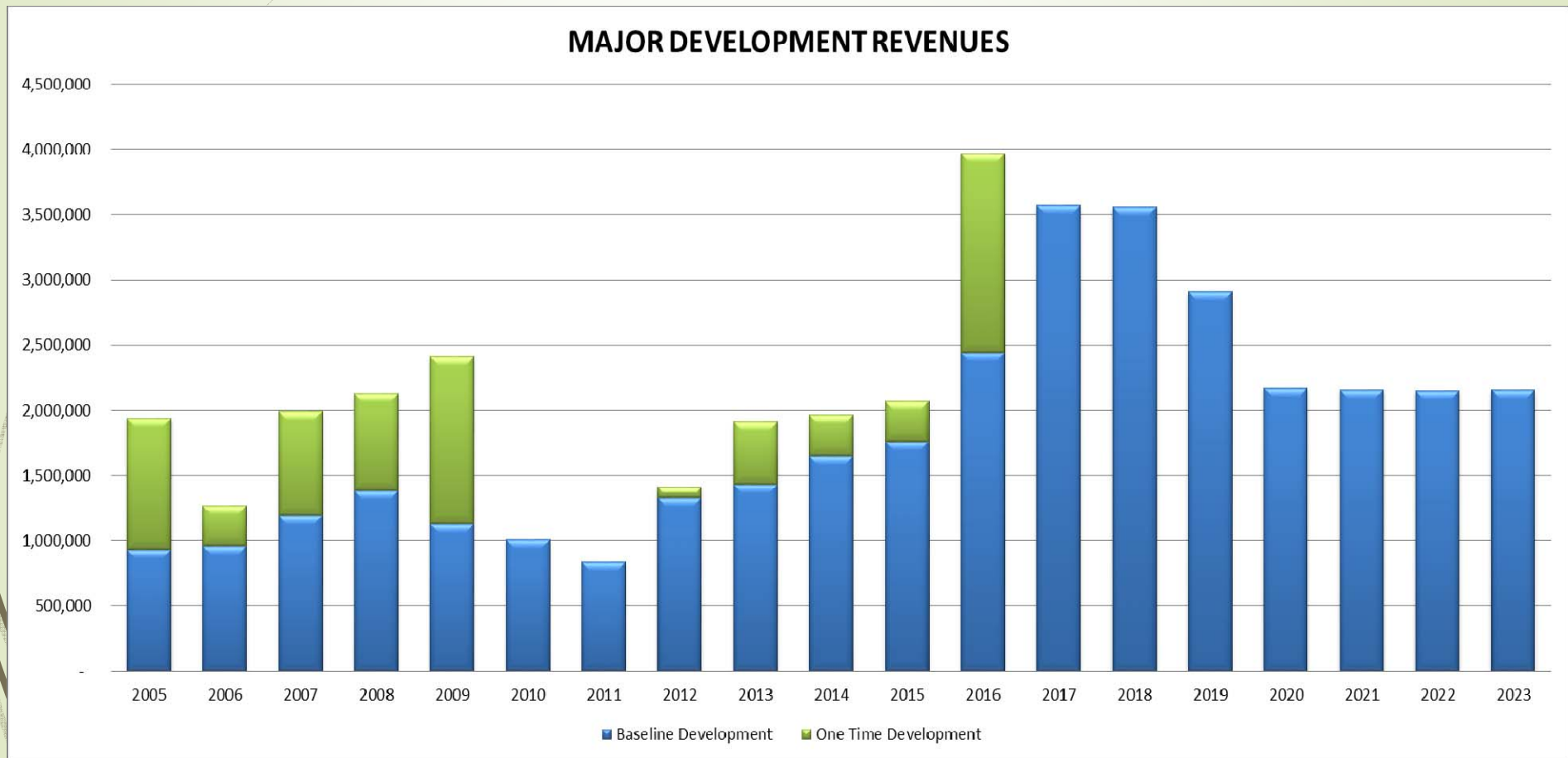
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NO "ONE-TIME" PROJECTS INCLUDED IN REVENUE FORECAST YEARS

2018-2023 DEVELOPMENT FUND FINANCIAL FORECAST

	BUDGET	REVISED EST	BUDGET	FORECAST			
	<u>2018</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
BEGIN RESERVE	\$1,868,569	\$2,869,893	\$3,870,115	\$ 3,791,559	\$ 2,904,861	\$ 2,110,029	\$ 1,289,999
Revenues	2,368,010	3,555,510	2,906,742	2,170,923	2,158,431	2,150,646	2,159,583
Expenditures	(2,546,467)	(2,555,288)	(2,985,298)	(3,057,621)	(2,953,263)	(2,970,676)	(3,045,052)
Net Activity ("Operating revenues over (under) operating expenditures")	(178,457)	1,000,222	(78,556)	(886,698)	(794,832)	(820,030)	(885,469)
ENDING RESERVE	\$1,690,112	\$3,870,115	\$3,791,559	\$ 2,904,861	\$ 2,110,029	\$ 1,289,999	\$ 404,530

DEVELOPMENT FUND – REVENUE TRENDS





Acknowledgements

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- City Council
- Staff

Next Steps: Budget Preparation Calendar

- ▶ City Manager files Preliminary Budget & Budget Message, Oct 11, 2018
- ▶ Public Hearing on Preliminary O&M and Capital Budgets, Oct 25, 2018
- ▶ Public Hearing on Preliminary Budget (continued if needed), Nov 1, 2018
- ▶ Public Hearing on Revenue Sources & Property Tax levy, Nov 8, 2018
- ▶ Public Hearing on Final O&M and Capital Budgets, Nov 8, 2018
- ▶ Public Hearing on Revised 2018 O&M and Capital Budgets, Nov 8, 2018

Conclusion

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- ▶ 3 years ago Council embarked on a journey to save the City
- ▶ We have taken many actions in this regard
- ▶ The current state of the City's finances and organization reflect the success of those efforts
- ▶ It would be hard to imagine, confirmed by the recent bond rating upgrade, a better outcome

Questions

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