



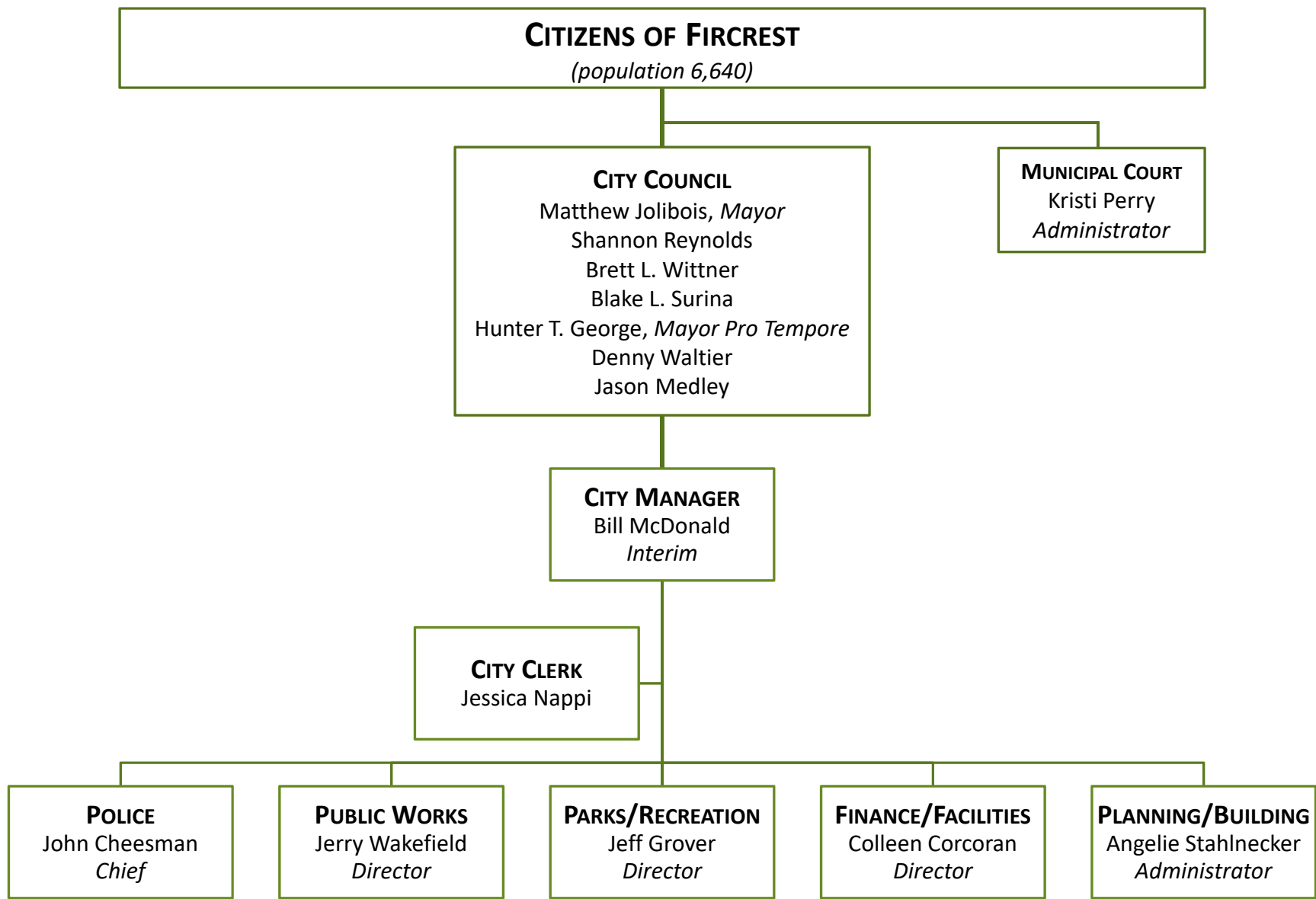
PRELIMINARY 2018 BUDGET

3RD BUDGET MEETING

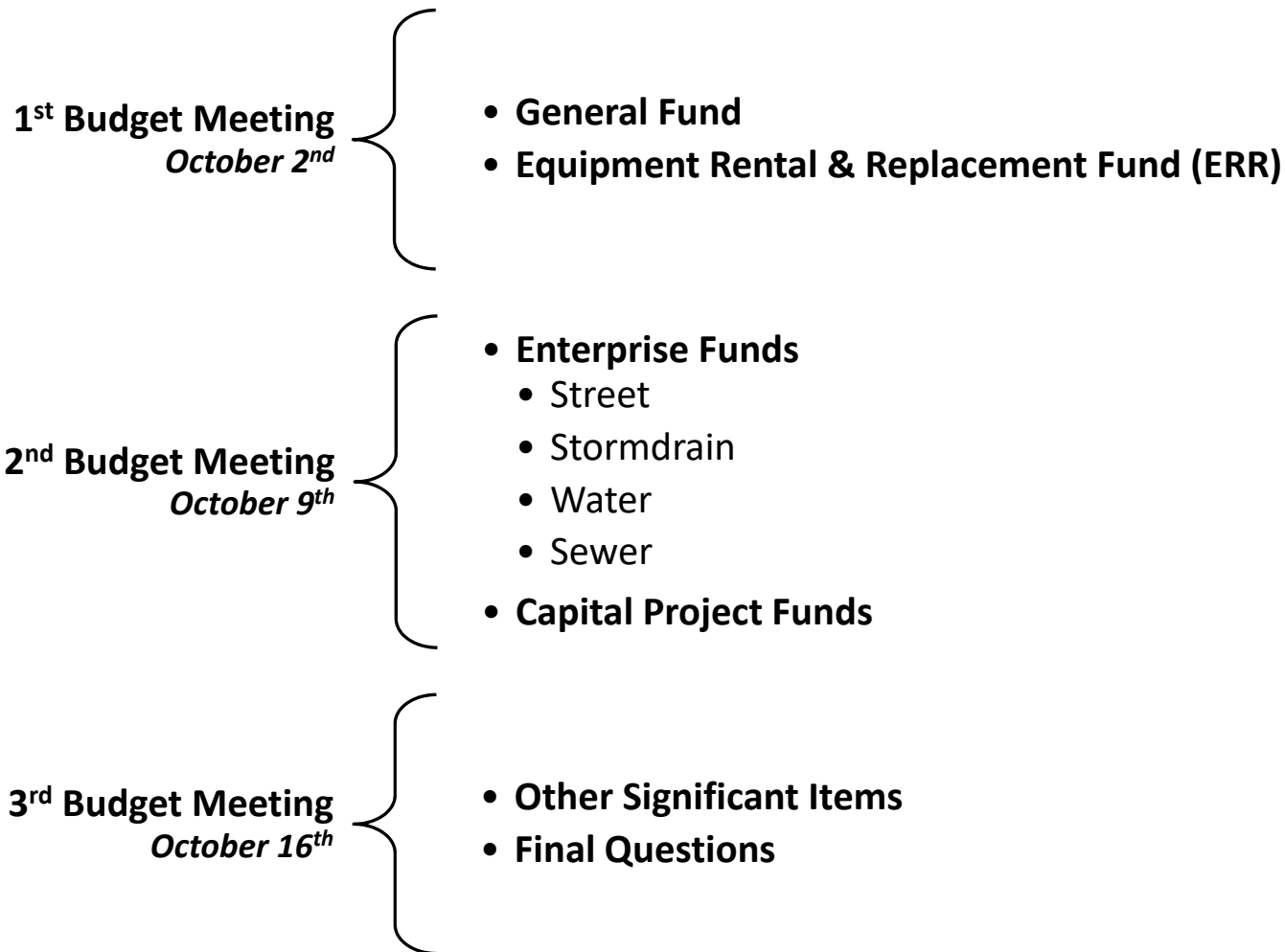
Monday, October 16, 2017

SIGNIFICANT ITEMS TO ADDRESS

QUESTIONS



BUDGET REVIEW SCHEDULE



GENERAL CONCERNS

General Fund

- Property Tax 1% limitation is a death spiral, backfill or levy lift
- One time Reserve Fund Balance “Light” is being used for operations of Street Light Maintenance
- One time Reserve Fund “44th/Alameda” is being used for small capital
- Sales Tax revenues are cyclical – ok when the economy is good, problematic when the economy is in a down cycle
- Utility Tax revenues are one source of stable revenue
- Street Fund is a drain on General Fund

GENERAL CONCERNS

Street Fund

- Transportation Improvement District would take pressure off General Fund
- Capital Projects are very moderate
- Dependence on grants

REET Fund

- REET 1 is currently going to Street Fund capital projects
- REET 2 can be used for projects listed in the Comprehensive Plan per RCW
- Problem: The Community Center & Pool will require revenue source unless it is a G.O. Bond

GENERAL CONCERNS

Enterprise Funds

- Rate Study demonstrated yearly capital revenues are deficient
- Ordinances were passed in order to cover operating costs and build reserves for capital costs
- What happens if there are major system failures?
- Policy Questions:
 - Debt
 - Cash
 - Combination of debt and cash
- Asset Management Plan is a best practice. It would require generating more utility revenue.

GENERAL FUND: LEGISLATIVE

Small Tools & Equipment: Council Handheld Devices (pg 10)

Background

- At the request of City Council to go paperless, staff proposes handheld devices to eliminate hard copy distribution of Council packets and increase electronic communications.

Original Budget Proposal

- \$4,000: includes 7 multipurpose notebooks with case, Microsoft licensing, etc. to eliminate hard copy distribution of Council packets.

Alternate 1

- \$1,500: includes 7 tablets with case and standard software and applications.

Alternate 2

- \$0: Maintain status quo.

GENERAL FUND: PERSONNEL

Proposed 0.5 FTE Community Events Coordinator

- + \$19,645 (includes 3% COLA and benefits)
- Purpose: To bring new and community focused events to Fircrest Park and Community Center

Proposed Police Sergeant Promotion

- Promote officer to Sergeant: + \$2,250 (includes 3% COLA and benefits)
 - Not included in Preliminary 2018 Budget
- Purpose:
 - To increase supervisory coverage
 - Promotional opportunity in small department
 - Helps with employee retention

GENERAL FUND: PARKS & RECREATION

Proposed 2018 Fee Adjustments

- Assumes 2017 participation rates

Parks & Recreation Fees	2017		Proposed 2018		Impact to 2018 Revenues
	Resident	Non-Resident	Resident	Non-Resident	
Men's Slow Pitch					
Per Team	\$450		\$500		+ \$400
Per Non-Resident		\$8		\$10	
Co-Ed Slow Pitch					
Per Team	\$450		\$500		+ \$0
Per Non-Resident		\$8		\$10	<i>(no league in 2017)</i>
Fircrest Park Pavilion Rental	\$57	\$115	\$75	\$130	+ \$500
Family Membership Pool					
Single Family member		\$100		\$110	+ \$80
Non-Resident: All additional members		\$65		\$70	+ \$70
Swimming Instruction					
One-Week		\$25		\$30	+ \$445
Two-Week		\$50		\$55	+ \$1,685
Holiday Bazaar		\$45		\$50	+ \$170
Spring Craft Fair		\$25		\$30	+ \$130
Fun Days Craft Vendor		\$35		\$30	(\$65)
Fun Days Commercial Vendor		\$60		\$80	+ \$460

GENERAL FUND: POLICE VEHICLES

Background

- Per the Fircrest Police Officer Guild contract Take Home Cars policy (section 14.4):
“Effective as soon in 2017 as the City can obtain the necessary cars, City would agree to take home cars for those officers living within 10 miles of station...”
- As part of the salary negotiations of the Guild Contract, the officers forfeited the 2016 2% COLA increase and the 2017 COLA for officers was decreased by 0.33% in order to offset the cost of take home cars.
- With the two 2018 vehicles, the City will comply with the Guild Take Home policy.

Proposal	Vehicle (10 vehicles total)	Mileage	Assigned To	Assigned
	2009 Crown Victoria (#49844)	75,066	Sgt. Villamor	Yes
<i>Replace with 2018 vehicle (2009 vehicle becomes a spare)</i>	2009 Crown Victoria (#49845)	83,011	Officer Gollinger	Yes
	2010 Chevy Impala (#AEU001)	39,855	Chief Cheesman	Yes
	2011 Crown Victoria (#52951)	56,923	Detective Deal	Yes
	2011 Crown Victoria (#52952)	55,488	Officer Joyce	Yes *
	2016 Ford Explorer (#60452)	18,194	Officer C. Roberts	Yes *
	2016 Ford Explorer (#60942)	8,943	Officer Miller	Yes
	2016 Ford Explorer (#60943)	12,571	Officer Celis	Yes
<i>Purchase new vehicle</i>	<i>2018 Ford Interceptor</i>		Officer J. Roberts	Yes

** Assigned, but not a take home vehicle.*

GENERAL FUND: POLICE VEHICLES

Issues

- Current ERR Vehicle Replacement Schedule is 7 years – Go to a 10-year schedule?
- With the purchase of the 2018 vehicles, the City will be in compliance with the Take Home policy.
- In order to have sufficient take home cars and a spare, the City will continue to use the 2009 and 2011 vehicles.
- In 2019, the City should purchase two more vehicles to take the 2009s out of service (currently no funds accumulated for purchase in ERR).

GENERAL FUND: OTHER

Additional Goals

- Evaluate Succession Planning goals and strategies
- Research for potential implementation an E-Mail Push Notification/List Serv
- Evaluate Fire contract to ensure it is competitive
- Evaluate Copy Machine contract as part of the renewal process
- Initiate partnership regarding server collaboration

Other

- Franchise Fee Cable TV: The 2017 adjusted receivable is estimated to be \$133,000. The 2018 preliminary budget estimate of \$130,000 is a conservative figure.
- Anticipated Condo Project: To date, project continues to move forward and is anticipated to be substantially completed in 2018.
- Stormdrain Utility Tax Scheduled Increase as Adopted by Ordinance:
 - Single Family customers are estimated to see an increase of \$0.22 per month in 2018 due to the Stormdrain Utility excise tax 3% increase.

SCHEDULED UTILITY RATE INCREASES

Background

- As adopted by the 2016 ordinances, the utility rates for Stormdrain, Water, and Sewer are scheduled to increase in 2018 to address operating costs, aging infrastructure, and meeting the project schedule outlined in the City Council approved Six-Year Capital Improvement Program.
- 2018 utility tax revenues will cover 100% operations, 100% debt service, and partially cover capital costs.

	2017	2018	Impact to 2018 Revenues
Stormdrain	\$430,000	\$450,000	+ \$19,000
Water	\$945,500	\$960,000	+ \$14,500
Sewer	\$2,446,000	\$2,600,000	+ 154,000

Note: Rebuilding 1 sewer pump station and 1 reroute of a sewer main project, reduces Sewer Fund Balance by one-third. The City has 9 sewer pump stations.

CAPITAL BUILDING IMPROVEMENT

Bay Insulation

Background

- At the request of City Council to address the deteriorating condition of the insulation in the Public Works bay facility and prevent condensation and moisture, staff proposes to replace the insulation as the recommended plan of action after research and consultation with steel building manufacturers.

Original Budget Proposal

- \$35,000: To replace the insulation. This cost will be equally split into four funds (\$8,750 in Street, Stormdrain, Water, and Sewer).

Alternate

- \$0: Maintain status quo.
- Consequence: Existing insulation will continue to fail, which will lead to increased condensation and moisture, thereby affecting the quality of the interior and equipment.

STREET CAPITAL FUND

West Entrance Traffic Island Relocation (pg 69)

Background

- At the City Council request to improve the left-turn vehicle stacking ability at the Mildred & Regents intersection, staff proposes to relocate the west entrance traffic island.

Original Budget Proposal

- \$10,000: Relocate west entrance traffic island relocation to improve left-turn stacking. (Reduces REET Fund Balance)

Alternate

- \$0: Maintain status quo.
- Consequence: Levels of service at the intersection will continue to be compromised.
- Investigate potential other funding resources to fund project in the future.

STREET FUND

Beautification (pg 73)

Background

- Per a City Council goal to improve the Regents Blvd corridor from Orchard to Alameda, including the entry islands and center island, staff proposes to continue the beautification efforts in 2018 to finish the big island and install planter strips along the corridor.

Original Budget Proposal

- \$25,000: Beautification for contracted landscaping services for maintaining the traffic islands. (Reduces Street Fund Balance)

Alternate

- \$0: Maintain status quo.
- Consequence: No additional beautification improvements and unfinished big island will remain.

STREET FUND: LED CONVERSION PROGRAM

Background

- As part of the Street Light Maintenance program, the LED 5-year Conversion Program is an in-house effort and is in its 4th year. Associated costs (e.g. salaries & wages) will not decrease until 2020.
- Street Light Electricity costs will be recalculated at the end of the 5-year conversion program. In addition, rebates are issued at the completion of each phased work per the Bright Light Agreement.

Proposed Change to Preliminary 2018 Budget

- Staff proposes to change the transfer from \$60,000 to \$117,955 to accurately cover the costs of Street Light Maintenance.
 - \$84,955 (pg 70) + \$33,000 (pg 71) = \$117,955
- Net Effects:
 - Increases revenue into Street Fund
 - Expenditures remain the same
 - Street Operating Ending Fund Balance is reduced from -\$98,387 to -\$40,432:
 - Includes Capital costs and associated salary costs.

OTHER

- Changes to the Final 2018 Budget, includes, but is not limited to:
 - Special election park bond (- \$8,000)
 - AWC medical rates received lower than preliminary budget
 - Uncompleted projects will be rolled over
 - Beginning fund balances will be updated
 - Personnel manual update will be done in-house at no cost (-\$5,000)
 - City County Assistance projection received will decrease revenues (- \$13,000)
- Final change report will be provided to Council and public before Nov. 14th adoption

BUDGET SCHEDULE

- October 2nd {
 - **1st Budget Work Session:**
 - General Fund
 - Equipment Rental & Replacement Fund (ERR)
- October 9th {
 - **2nd Budget Work Session:**
 - Enterprise Funds
 - Capital Project Funds
- October 10th {
 - **Public Hearings:**
 - Revenue Sources
 - 2018 Budget (1st reading)
 - **Salary Ordinance**
- October 16th {
 - **3rd Budget Work Session:**
 - Other Significant Items
 - Final Questions
- October 23rd {
 - **Budget Work Session***
- October 24th {
 - **Public Hearing:**
 - 2018 Budget (2nd reading)
- November 14th {
 - **Adopt 2018 Budget**

**Reserved if needed.*



PRELIMINARY 2018 BUDGET QUESTIONS