

2013 – Preliminary Budget Discussion

September 17, 2012 City Council Meeting
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Director



Purpose

- Provide Preliminary Estimates for 2013 and Forecast for 2014 – 2019
- Several staff estimates updated since the June 25th preliminary discussion
- Includes briefing on CIP projects
- City Manager's Proposed Budget will be presented on October 15th



2012 General Fund Projected Ending Fund Balance

Beginning Fund Balance	\$ 6.7M
Revenues	32.9M
Expenditures	-30.1M
Transfers In	1.0M
Transfers Out	<u>-3.4M</u>
Ending Fund Balance (Est.)	\$ 7.1M

Revenues:

- Favorable Variances:
 - Sales Tax, Development Revenues, Liquor Revenues
- Unfavorable Variances:
 - SCL Contract, Gambling Tax Revenues, Interest

Expenditures:

- Favorable Variances:
 - Position Vacancies, Police & Jail Contracts, Animal Control Services



2013 Operating Budget*

Projected Ending Fund Balance

Beginning Fund Balance	\$ 7.9M
Revenues	33.2M
Expenditures	-33.6M
Transfers In	1.9M
Transfers Out	<u>-2.6M</u>
Ending Fund Balance (Est.)	\$ 6.8M

* Operating Budget includes General Fund and Street Fund



2013 Revenue Forecast

- 2013 Forecast - \$33.2M
 - Assumptions:
 - 7.00% AV Decrease (Property Tax)
 - King County Assessor's Preliminary Levy
 - 4.33% Sales Tax Increase
 - Puget Sound Economic Forecaster
 - 23.41% Building Permit Increase
 - Puget Sound Economic Forecaster



2013 Revenue Forecast

General Fund Operating Revenues	% Variance From 2012 Budget	\$ Variance from 2012 Budget
Assessed Valuation (Property Tax)	-7.00%	\$(641,723)
Sales Tax Revenue	4.33%	\$273,382
Criminal Justice Sales Tax Revenue	5.24%	\$58,449
Utility Taxes, Franchise Fees and SCL Contract Payments Revenue	1.37%	\$111,291
Gambling Tax Revenue	-2.81%	\$(53,422)
Liquor Excise Tax Revenue	-12.20%	\$(72,684)
Building Permits Revenue	47.28 %	\$106,396
Plan Check Fees Revenue	66.02%	\$130,380

Net \$88,000 increase



2013 Expenditure Forecast

- 2013 Forecast - \$33.6M
 - \$600,000, or 1.8%, more than 2012 Current Budget
 - Assumptions (Increases):
 - Market Adjustment: 2.43% = \$270,032
 - Insurance Benefits: 7.34% = \$177,481
 - Police Contract: 2.45% = \$249,577
 - PERS Contribution Rate: (Up from 7.21% to 9.19% eff. 7/1/2013): \$89,922
 - Offset by net savings in other accounts: -\$187,812

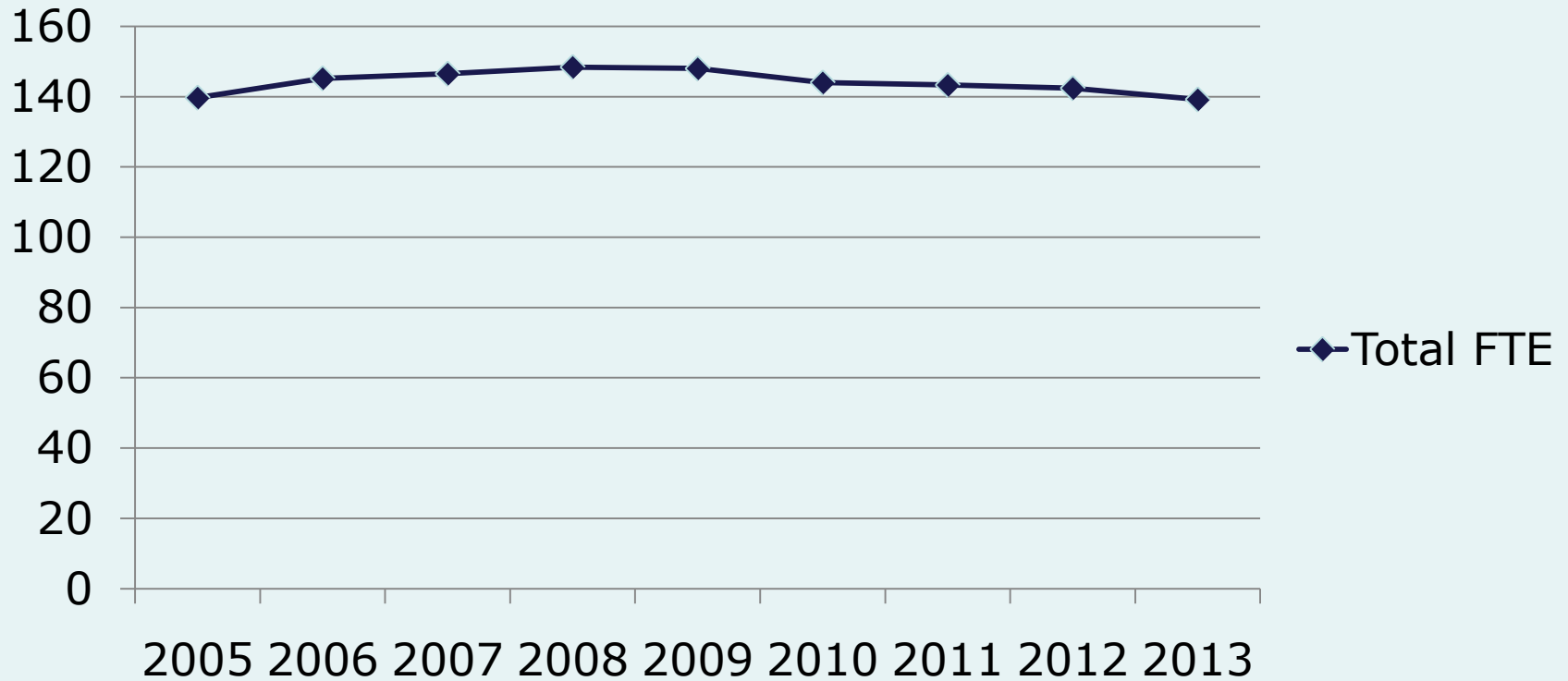


2013 Projected Surplus/Gap

- Holding additional \$187.8K Surplus as a contingency for:
 - Further drop in the City's AV
 - Unanticipated increase in police contract
 - Other unforeseen changes before October 15th



2005 – 2013 FTE Summary



2013 Supplemental Requests

Category	One-Time	On-Going	Available Revenue	Net Cost
One-Time Funding	\$348,880	\$0	\$0	\$348,880
One-Time Investment with On-Going Expenditure Impacts	1,325	2,475	0	3,800
Personnel Requests	0	29,326	-29,326	0
On-Going Programs	0	5,000	0	5,000
Totals	\$350,205	\$36,801	-\$29,326	\$357,680



Unfunded/Underfunded Needs

- Indigent Defense Standards
 - Future handling of caseload limits in 2014 and beyond
- Street Tree Management & Maintenance
 - Addressing funding needs and use of existing staff resources



Other 2013 Budget Considerations

- Community Grant Program
- Police Storefronts



2013 – 2018 CIP

- Proposed Projects:
 - General Capital Fund
 - City Hall Generator
 - \$0 / \$700,000
 - Saltwater Park Pedestrian Bridge Repairs
 - \$25,000 / \$300,000
 - Shoreline Pool Repair/Replacement Needs Analysis
 - \$50,000 / \$50,000
 - Maintenance Facility
 - \$2,500,000 / \$2,868,000



2013 – 2018 CIP

- Proposed Projects (Continued):
 - Roads Capital Fund
 - Hidden Lake Bridge
 - \$100,000 / \$150,000
 - Route Development Plan for the 145th Corridor
 - \$150,000 / \$250,000
 - NE 195th Separated Trail
 - \$60,000 / \$430,000



2013 – 2018 CIP

- Proposed Projects (Continued):
 - Surface Water Utility Fund
 - Goheen Revetment Repair
 - \$100,000 / \$400,000
 - Stormwater Pipe Replacement
 - \$300,000 / \$1,450,000
- CIP Issues:
 - Police Station
 - Sidewalks



2014 – 2019 Long-Term Projections

Fiscal Year	2014	2015	2016	2017	2018	2019
Surplus (Gap)	0	40,894	196,760	(947,763)	(1,685,521)	(2,370,465)
Property Tax Equalization Funds Used	252,346	226,654	706,000	0	0	0
Surplus (Gap) Without Property Tax Equalization Funds	(252,346)	(185,760)	(509,240)	(947,763)	(1,685,521)	(2,370,465)

- 2014-2016: Uses Property Tax Levy as Planned
- 2017-2019: Levy lid lift expires in 2016; levy limitation returns to a 1% cap



Long-Term Sustainability

- Develop optimistic, pessimistic, and moderate scenarios with alternatives to bridge budget gaps as part of 10-year Financial Sustainability Plan
 - Increase revenues
 - Fee changes or new fees
 - Reduce expenditures
 - Restructuring or reducing services
- Developing this plan will be a focus this fall and in 2013



Summary

- 2012 General Fund projected savings of \$469,000
- 2013 Budget:
 - Uses \$1,247,413 of fund balance for:
 - One-Time Supplemental Requests: \$357,680
 - Reserves and Insurance Contingency: \$897,208



Discussion / Comments

- Council Direction:
 - Supplemental Requests
 - Compensation / COLA
 - CIP

