

Ten Year Financial Sustainability City Council Update #2

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Presented by

Robert Hartwig, Administrative Services Director



Background

- Project Began in 2012
- Aligns with Council Goal 1
- Process to Date
 - Services, Costs, Core & QOL Determined
 - Base Scenario Developed
 - Strategies Identified
 - 5 Subcommittee Meetings (Last Meeting Coming Up – 3/31)
 - One Prior Council Update (2/24)

Expected Outcomes

- Develop a Preferred Alternative Based on Identified Strategies
- Use this Alternative to Assist in the Annual Budget Process
- Close Potential Budget Gaps Before They Occur
- Keep the Budget Balanced Into the Future
- Maintain Reserves Based on City Policies

Subcommittee Work

- 1st Mtg – Introduction
- 2nd Mtg – Econ Development, Revenue Strategies
- 3rd Mtg – Expenditure Strategies
- 4th Mtg – Preferred Alternatives Discussed
- 5th Mtg – Preferred Alternatives Finalized
- 6th Mtg – Pending: Review Recommendation

Tonight's Focus

- Subcommittee Meetings #4 and #5

4th Subcommittee Meeting

- Discussed Core & QOL Services
- Began Discussing Preferred Alternatives
- Presented Effects of Various Alternatives
 - Each Alternative Separately
 - Various Alternative Combinations

4th Subcommittee Meeting (Continued)

- Appeared to Focus on 6 Options
- Econ Dev - 160 u/yr MFR + 7,500 sq ft/yr Retail
- Expenditures
 - Lower Rate of Expenditure Growth
 - Replace \$290,000 Transfer Out to Roads Capital Fund
- Revenues
 - Additional Cost Recoveries (Fee Increases)
 - Potential Renewal of Levy Lid Lift
 - Potential Implementation of Business & Occupation Tax

5th Subcommittee Meeting

- Preferred Alternatives Discussion
 - Overarching Principles
 - 10-Year Strategies
 - Priorities
 - Timing
 - Long-Term Strategies
 - Integration into Ongoing Planning
- Communications Discussion

Overarching Principles

- Deliver Efficient, Cost-Effective Services
- Maintain Existing Services
- Balance Revenue Sources
- Reduce via Citizens' Committee Recommendations (if necessary)

10-Year Strategies

- Econ Dev – Target 160 units/7,500 sq ft
- Expenditures
 - Lower Rate of Expenditure Growth
 - Replace \$290,000 Transfer Out to Roads Capital Fund
- Revenues
 - Target Higher Cost Recoveries (Fee Increases)
 - Target Increased Investment Earnings (New Strategy)
 - Potential Renewal of Levy Lid Lift
 - Potential Implementation of Business & Occupation Tax

Priorities

- Economic Development Target
- Reduced Expenditure Increases
- Investment Strategy
- Cost Recovery Target
- Replace Transfer to Roads Capital Fund – New Source
- Evaluate Need for B&O Tax
- Evaluate Need for Levy Lid Lift Renewal

Timing

- Econ Dev – Now (Earliest Impact – 2019)
- Reduced Expend Increases – 2015
- Investment Strategy – Now
- Cost Recovery – 2015 Study, 2016 Implement
- Replace Transfer – Possibly 2014 (County Election)
- B&O Tax – Monitor Progress of Model Annually
- Levy Lid Lift – Monitor Progress of Model Annually

Long-Term Strategies

- State Legislation
 - Correct Structural Gaps
 - Exempt Governments from Sales Tax
 - Allow Local Option Taxes (Marijuana, etc)
 - Decouple Services from Gov't Ops (Fire Hydrants, etc)
 - Simplify Tax Structure (B&O Tax, etc)
- Study Compensation Policy
- Explore Cost Saving Efficiencies

Integration Into Ongoing Planning

- Actual Performance in Relation to the Model Evaluated Each Year During the Budget Process

Communications

- Citizen comment, then Council discussion
- Introduction, public hearing, approval at later meeting
- Open house with public comment, Council discussion
- Currents article
- Detailed final report on website
- Articles in professional journals

Discussion/Questions

Please Let Us Know if You Have Any Questions