

# 2016 Preliminary Budget

October 12, 2015

# Overview

- ▶ Funds balanced
- ▶ Council Goals set in April are met in 2016 proposed budget
- ▶ Items addressed with 2016 Budget
  - ▶ Cost Allocation plan
  - ▶ Use of BIAS to develop budget
  - ▶ Streamlining Workflow
  - ▶ Direct costing
- ▶ Challenges
  - ▶ EMS Fund
    - ▶ FCS Study
    - ▶ District 21 Negotiations

# Budget Updates

- ▶ Increased lodging tax revenues and expenditures by \$13,000 based on YTD collections
- ▶ Included revenues from marijuana sales based on first quarter distribution
- ▶ Streets Fund to record TBD project expenditures
- ▶ Equipment replacement fund updated for the surplus and purchase of 2 police vehicles
- ▶ COPS Grant will be accepted to reimburse costs for one employee at \$79,500 in 2016
- ▶ Updated park improvement fund for grants and related expenditures for the following projects;
  - ▶ Haller Park - \$258,473 funded by REET 1, park mitigation fees and a CDBG grant
  - ▶ Stilly Valley Youth Project - \$1.2 million funded by County and State grants and a CDBG grant

# Council Financial Goals

Council Financial Goals	Met / In Progress
Mandatory Reserve	In progress - 16% to goal
One Month Operating Cash	In progress - 85% to goal
Capital Facilities Building Fund	Met
Equipment Replacement	Met

# 2016 Proposed Budget

# Revenue Assumptions

- ▶ No increase in general property tax rate for 2016
- ▶ No increase in utility tax rates for 2016
- ▶ No increase in utility rates for 2016
- ▶ 3% increase in sales tax collections based upon historical collection trends & projections
- ▶ State shared revenues based upon population estimate (18,490) and estimates provided by Municipal Research Services Center (MRSC)
- ▶ State shared revenues from marijuana sales are projected based on first quarter distribution
- ▶ Building permits and business license collections based upon historical collection trends, industry trends & anticipated increase in activity
- ▶ Real estate excise tax collections based on historical and industry trend information from Washington State Department of Revenue
- ▶ Lodging tax estimates based on YTD collections and consideration of increased revenue from Best Western

# Overview - General Fund

	2015 Adopted Budget	2016 Proposed Budget	% Change
Beginning Fund Balance	\$502,652	\$925,000	84%
Revenues	\$14,426,538	\$14,643,157	1%
Expenditures	(\$14,017,816)	(\$14,543,692)	3%
Ending Fund Balance	\$911,374	\$1,024,465	12%
Non-discretionary Expenditure Increases*	\$0	\$473,300	90% of expenditure increases
Discretionary Expenditure Increases†	\$0	\$52,600	10% of expenditure increases

\*Non-Discretionary Expenditure increases include: SNOPAC Dispatch Cost, Public Defender Cost, Jail Cost, Retirement System Cost, Health Insurance Cost, Labor Cost, New Debt

†Discretionary Expenditure increases include: Retail Marketing Program, Training

# Expenditure Assumptions

- ▶ Method - hold the line on discretionary spending
- ▶ Assumptions
  - ▶ New program added: Retail Marketing program
  - ▶ Liability/Property/Auto/Crime insurance 8%/\$25,991 decrease
  - ▶ Direct costing fuel, vehicle maintenance, insurance
  - ▶ Continued contributions for equipment replacement
  - ▶ New debt (bond payments)
    - ▶ Police Vehicles/Equipment - \$93,690
    - ▶ Fire Apparatus - \$173,000
  - ▶ Anticipated resolution of labor contracts
  - ▶ Additional expenses in legal services \$15,000
  - ▶ Health Care, Retirement & L&I rate increases
    - ▶ Group Health 10%, Regence 5%/\$25,263, LEOFF Trust 2%
    - ▶ Dental 0%
    - ▶ PERS 2/3 (DRS) 2% increase /\$67,613
    - ▶ LEOFF 2 (DRS) 0% increase
    - ▶ L&I 3-14% increase

# General Fund - Department Goals

- ▶ Continued work with Strategies 360 to advance SR531, MIC and project funding
- ▶ Implement retail marketing program
- ▶ Staff development
- ▶ Enhance services to departments (finance, central purchasing)
- ▶ Continue managing investment in technology
- ▶ Continued commitment to reduce crime rate through policing programs
- ▶ Implement recommendations from Fire/EMS sustainability study

# Capital Projects

# Transportation Improvement Fund

Project	Cost
173rd Ave - Phase 3*	
Trans Improvement Fund	\$ 170,759
Airport Capital Improvement	\$ 200,000
TIB Grant	\$ 1,314,511
<b>TOTAL</b>	<b>\$ 1,685,270</b>
Arlington Valley Road*	
Trans Improvement Fund	\$ 300,000
Oso Transportation Grant	\$ 300,000
TIB Grant	\$ 2,360,000
<b>TOTAL</b>	<b>\$ 2,960,000</b>

\*Projects that support the Council Goal of Retail Economic Development. Both projects are grant dependent (award announcement in late November).

# Park Improvement Fund

Project	Cost
Haller Park	\$258,473 - \$50,000 City funds (Mitigation fees & REET 1) - \$50,000 County funds - \$158,473 CDBG* grant
Stilly Valley Youth Project @ Quake/Evans Fields and Arlington Boys & Girls Club	\$1,200,000 - \$400,000 County funds ( \$200,000 awarded 2015, \$200,000 request 2016) - \$400,000 request for State supplemental budget funds / Capital budget funds (2016) - \$400,000 request for CDBG* grant (2016)

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\*Community Development Block Grant

# Utilities Capital Improvement Projects

Division	Project	Cost
Water	Highland Drive Water Replacement	\$ 593,072
Water-Sewer	Arlington Valley Rd Water/Sewer*	\$ 610,646
Water	5th Ave Water Replacement	\$ 570,343
Sewer	Lift Station #2 Planning*	\$ 100,000
Water	New water Source Development (Airport Well)*	\$ 500,000
Storm	BNSF Culvert on Prairie Creek*	\$ 1,450,000
Water	Annual Hydrant & Meter	\$ 110,000
Storm	Infrastructure Repair & Upgrade	\$ 90,000
Sewer	Gleneagle Sanitary Sewer Investigation*	\$ 40,000

\*Projects that support the Council Goal of Retail Economic Development

# Airport Capital Improvements

Project	Cost
Airport Layout Plan Update (Phase I)*	\$300,000
Taxiway "Charlie" Lighting Design	\$180,000
Runway 11/29 Slurry Seal Design/ Const. Mgmt.	\$80,000
Runway 11/29 Slurry Seal Const.	\$200,000
Miscellaneous Projects*	\$830,000
Total All Projects (17) (Includes funding from CIP/Operating/Reserve)	\$1.59M Total all Projects (FAA funding \$432,000) (WSDOT \$ TBD)

\*Projects that support the Council Goal of Retail Economic Development

# Next Steps

# 2016 Budget Adoption Schedule

Task	Date
Public Hearing - Preliminary Budget Public Hearing - Property Tax Levy	October 19
Adoption of 2016 Budget Adoption of Property Tax Levy	November 2
Council Workshop - 2015 Budget Amendments	December 14
Public Hearing & Adoption of 2015 Budget Amendments	December 21