

## Council Agenda Report

**Date:** May 15, 2017  
**Prepared by:** Ginger Heatwole  
**Submitted by:** Sandra Tripp-Jones  
**SUBJECT:** FY 2018 Proposed Operating and Capital Budget

**Recommendation:** That Council:

- A. Continue the public hearing taking public comment;
- B. Close the public hearing; and
- C. Provide direction to staff for amendments to the FY Proposed Operating and Capital Budget.

**Discussion:**

Overview of Budget

The budget is balanced, with no use of reserves for the operating budget, only current revenues.

**Summary of Sources and Uses of All Funds (in \$ thousands)**

	FY 2017 Budgeted (at 7/1/2016)			FY 2017 Projected			FY 2018 Proposed		
	Gen. Gov't. Gen. Fund	Enterprise Funds	TOTAL	Gen. Gov't. Gen. Fund	Enterprise Funds	TOTAL	Gen. Gov't. Gen. Fund	Enterprise Funds	TOTAL
<b>Revenues</b>	\$11,883	\$ 7,701	\$19,535	\$12,880	\$7,762	\$20,642	\$12,690	\$7,968	\$20,658
<b>Expenses</b>	\$11,883	\$ 7,701	\$19,535	\$12,669	\$8,070	\$20,740	\$12,690	\$7,968	\$20,658

Revenues:

The tax rates for the FY18 budget are Real Property Tax Rate of \$.8179 and Personalty Property Tax Rate of \$1.69 per \$100 of assessed value.:

Fees for Marina use, water use, sewer fees, and other land use and public works charges remain the same. The solid waste fees are increased by \$3.00 dollars/month. The Marina use fees were expanded to include late fees at mid -year of FY 2017. There are no other fee increases proposed as part of this budget.

Expenses:

All services will be maintained with no growth in positions. The budget proposes one new program: Human Services Grants program in the amount of \$25,000.

Overall expenses have increased due to several factors (see Sources and Uses). Factors include:

- Increase in employee compensation
- New debt for Sailwinds Wharf repair project
- Funding for the Pine Street summer event
- Increase in attorney costs
- Increase in tipping fees
- Increase in health insurance with a small offset due to a cost reductions from changes in how coverage is provided to retirees.

Council Goals:

Incorporated into the budget, are the seven (7) goals and twenty-three (23) implementation plans Council approved for FY 2018. The goals are:

- A) Strengthen financial health of the City
- B) Safe and Livable Housing for All Members of the Community
- C) Economic Development
- D) Increased Public Safety
- E) Child and Youth Development
- F) Support City Employees
- G) Reduce Trash Sent to Landfills

The FY Proposed Operating and Capital Budget identifies \$81,000 to fund certain implementation plans, using \$31,000 in carry-over funds from FY 17 plus \$50,000 in FY 2018 funds.

Privatization of Sanitation Services:

The City has solicited and received 4 bids for the privatization of sanitation services. On the May 12<sup>th</sup> work session, staff have presented options for the privatization of sanitation services. If Council proceeds with a privatization contract, budget amendments will be needed. In order to not rush the decision-making on the privatization, staff not expect to present budget amendments corresponding to privatization of sanitation services until after the budget is adopted in June, 2017.

Directions to Staff:

Staff is hoping that all Council's budget directions can be made during the May 15<sup>th</sup> meeting so that the final budget documents can be prepared for the meeting of May 22, 2017. If Council has questions concerning the proposed budget, it will be helpful to receive them before May 15<sup>th</sup>. Similarly, any desired changes to the proposed budget can be given to staff to prepare responses and to determine how to modify the budget to incorporate them before May 15<sup>th</sup>. If you have any questions or concerns, please contact staff. They will be happy to assist you.

**Approved:**