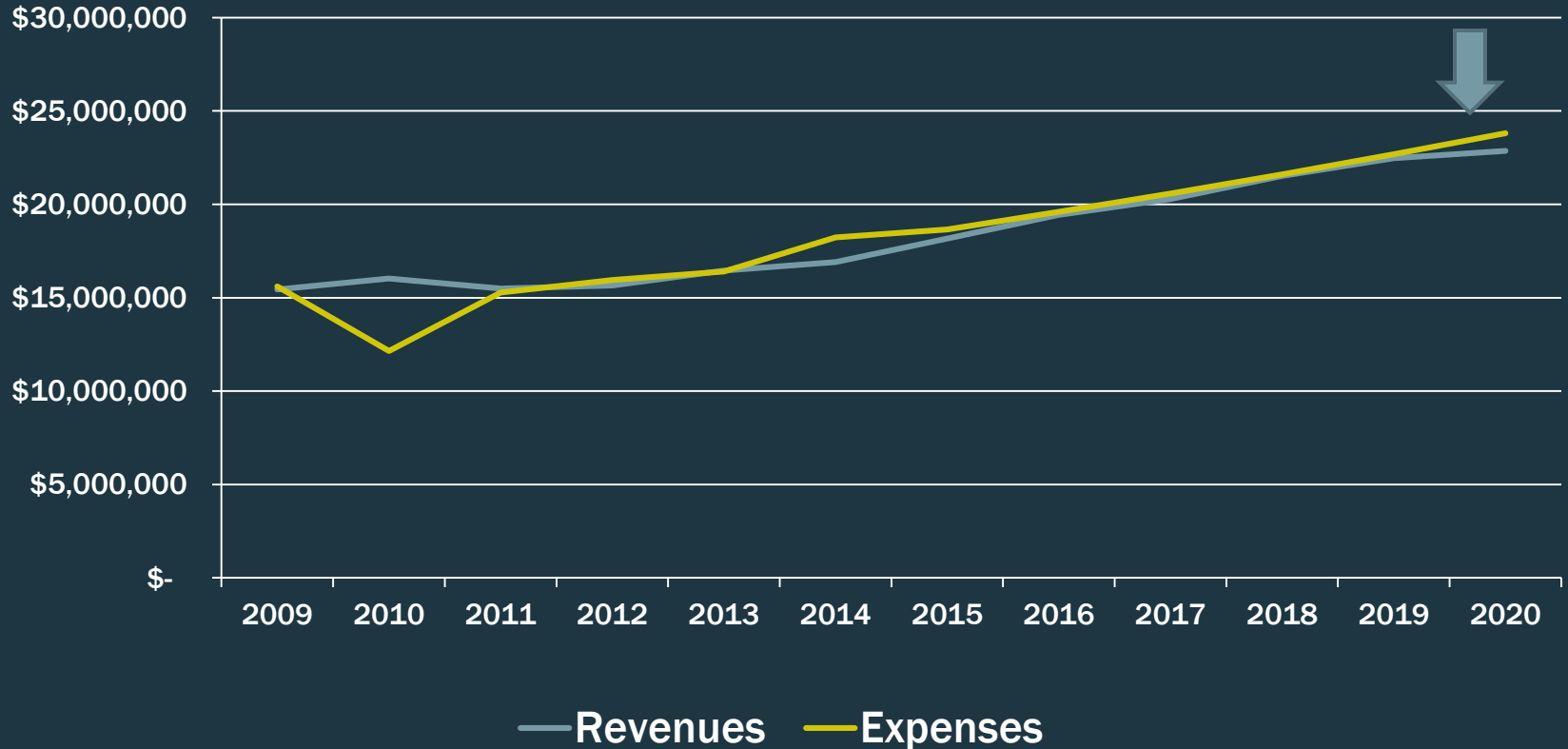




2016
Readoption

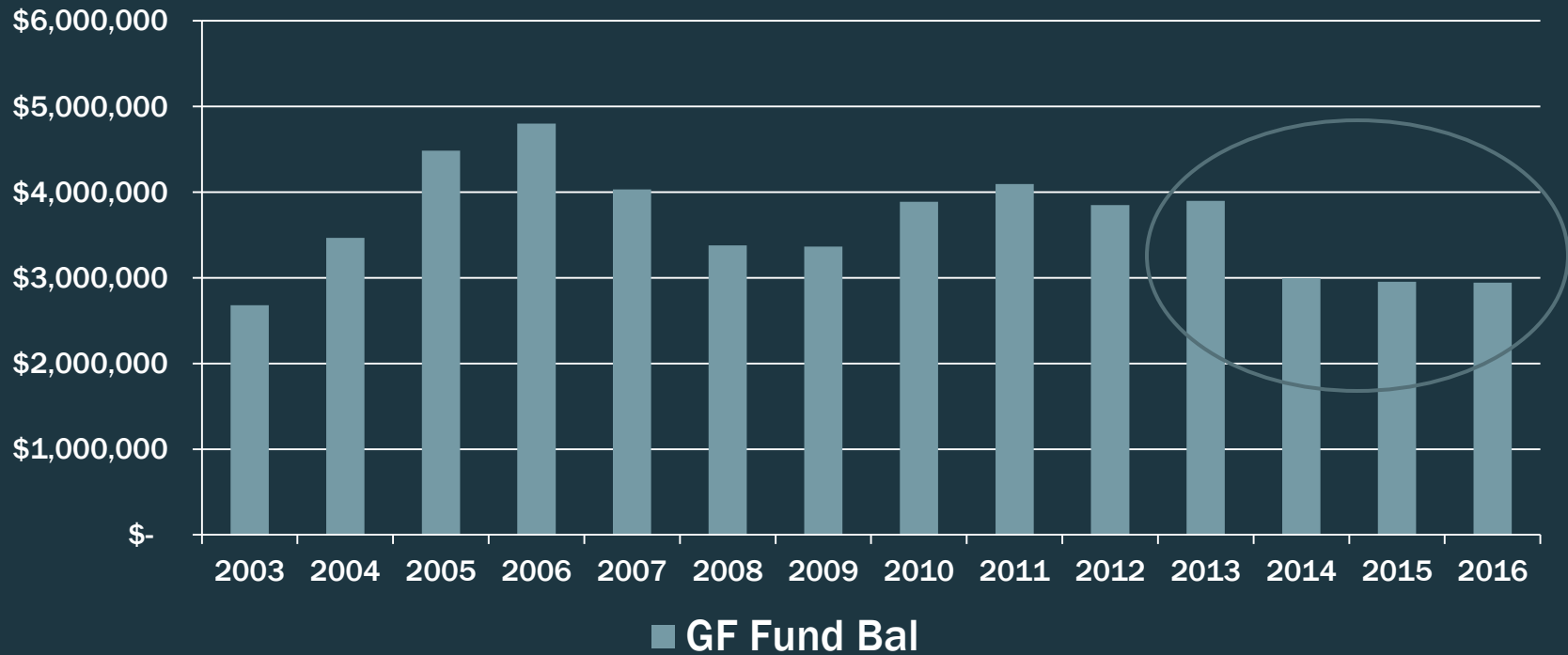
BUDGET OVERVIEW

CHALLENGES FOR THE GENERAL FUND

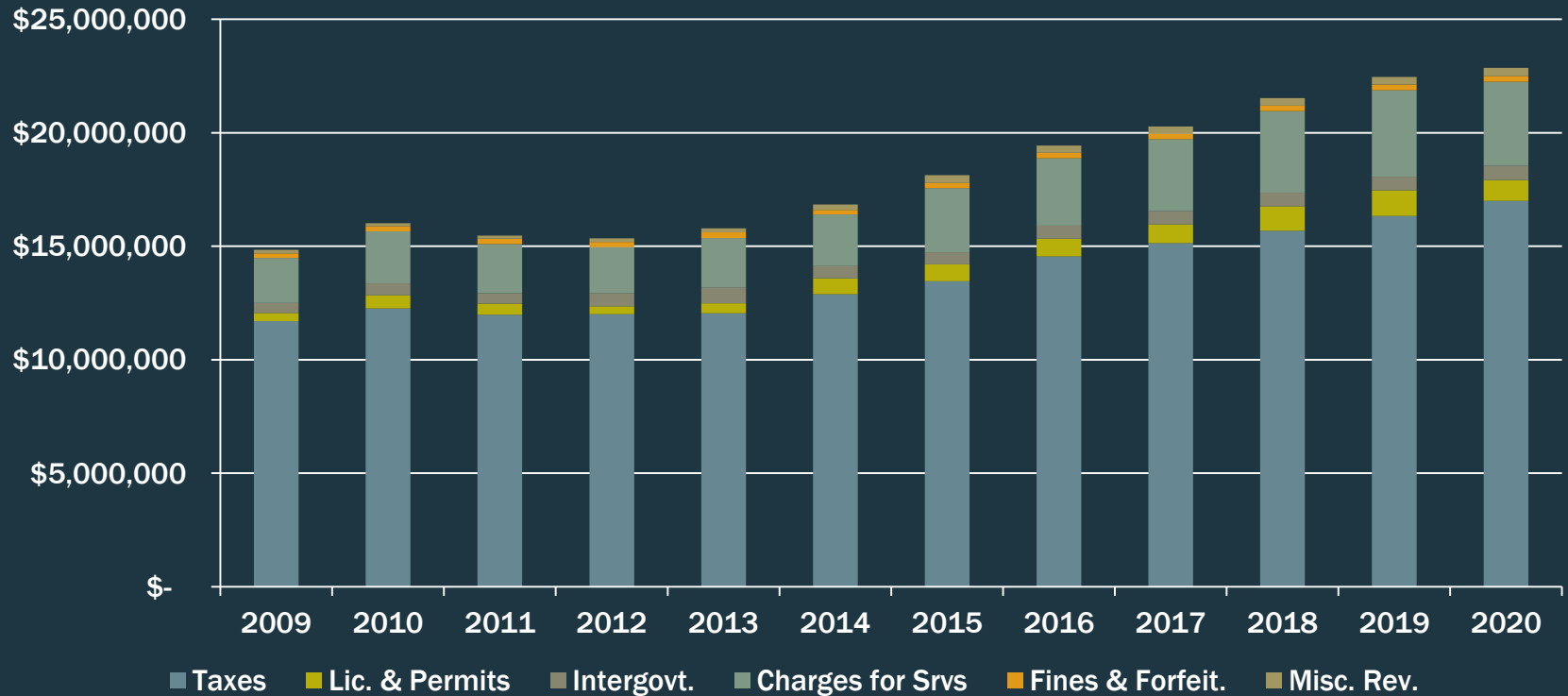


CHALLENGES IN GF STRUCTURE

GF Fund Bal



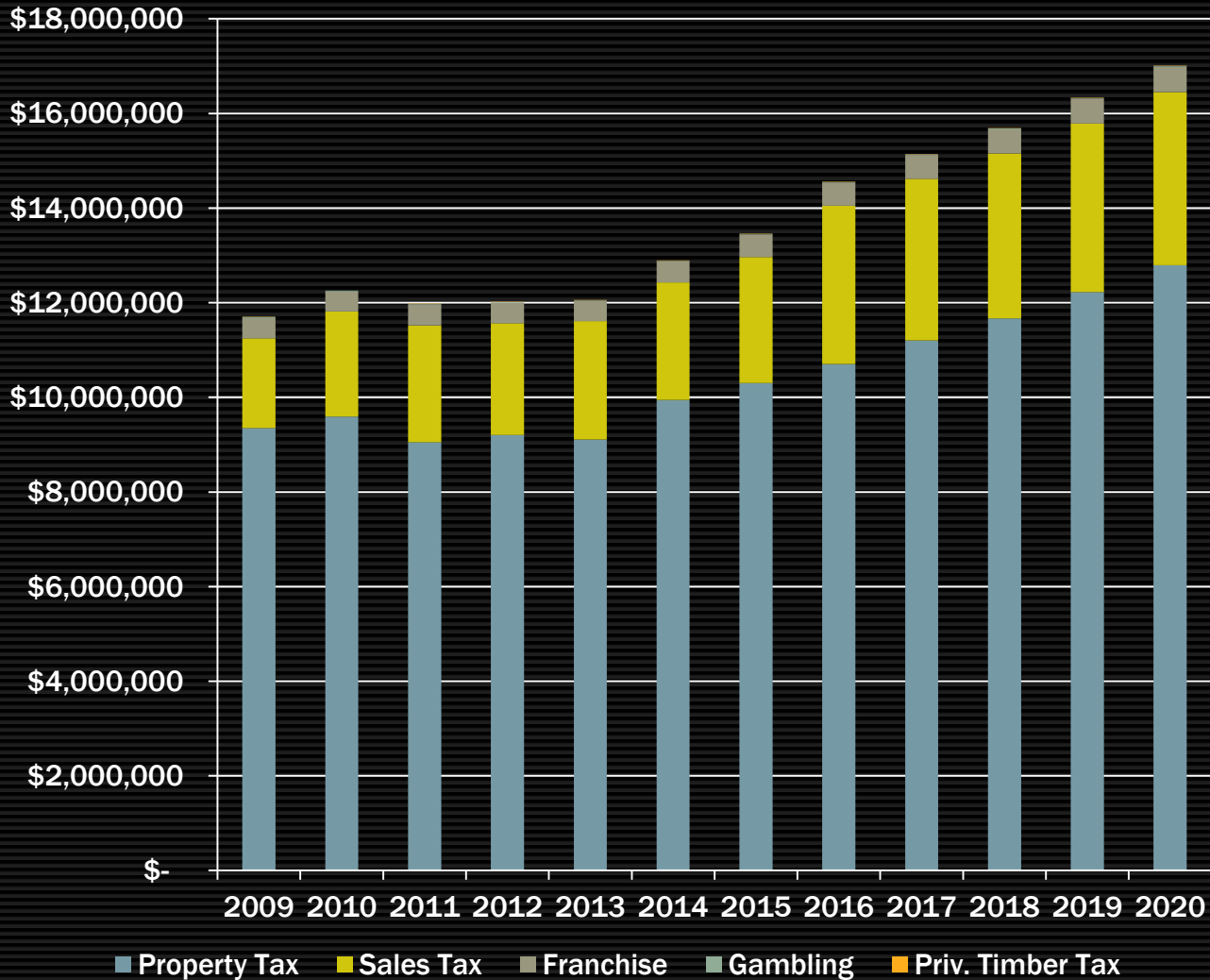
SOURCES OF FUNDING



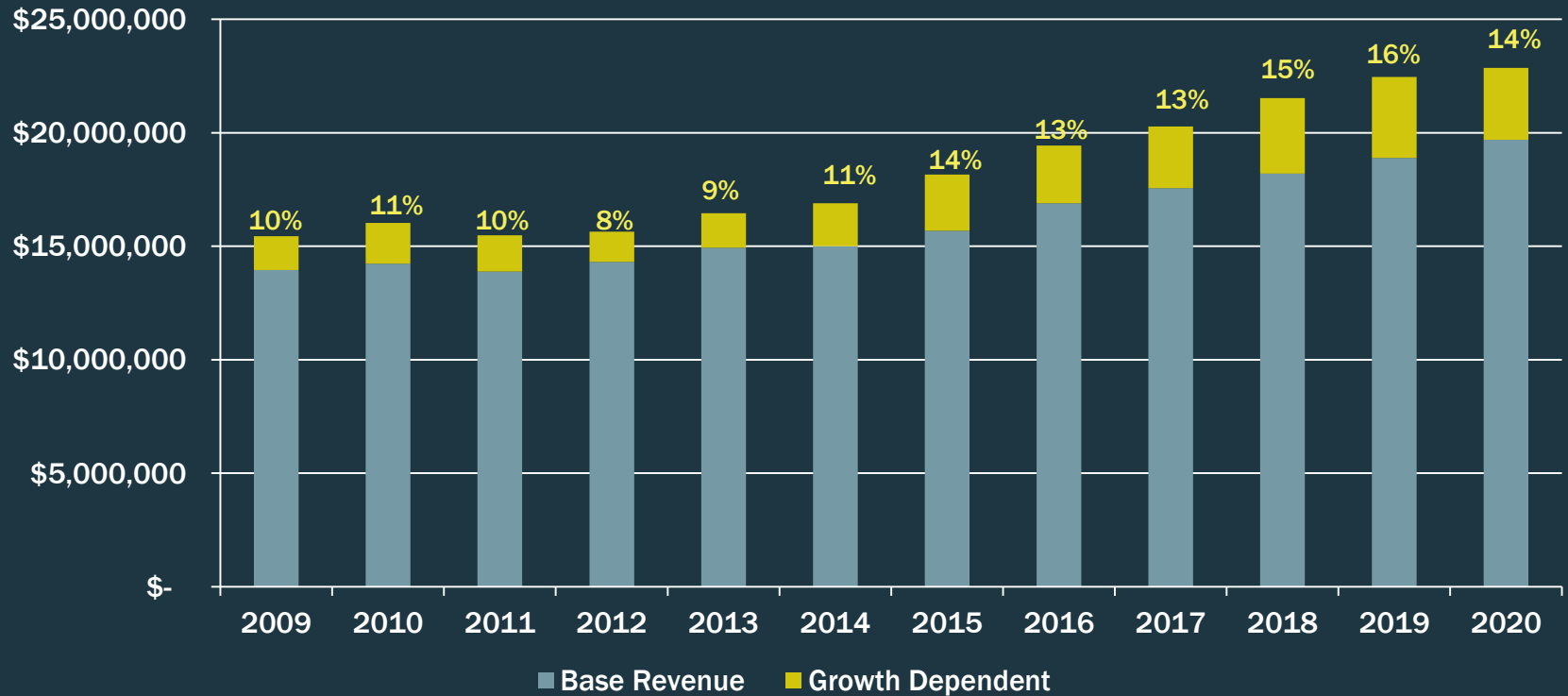
SOURCES OF TAXES

Property Taxes are 75% of General Fund taxes collected.

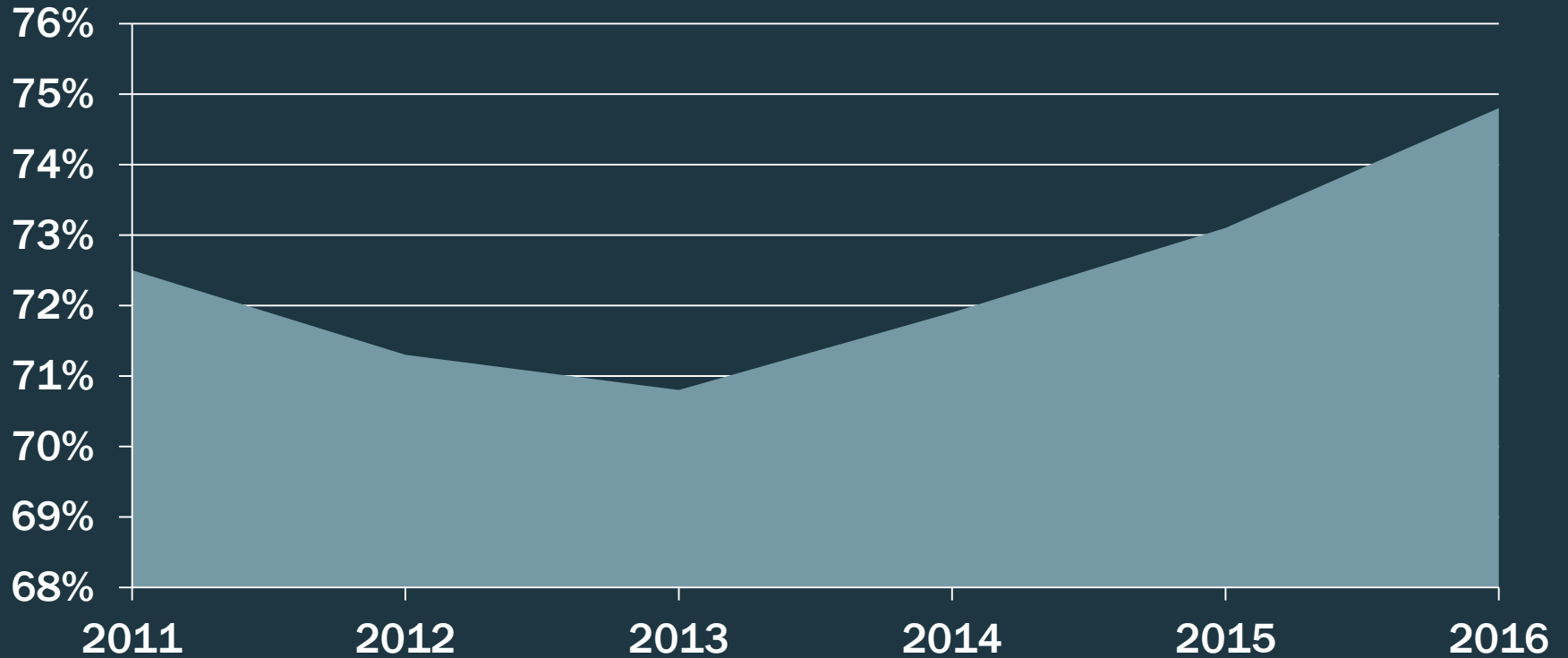
This revenue source may only increase by 1% per year.



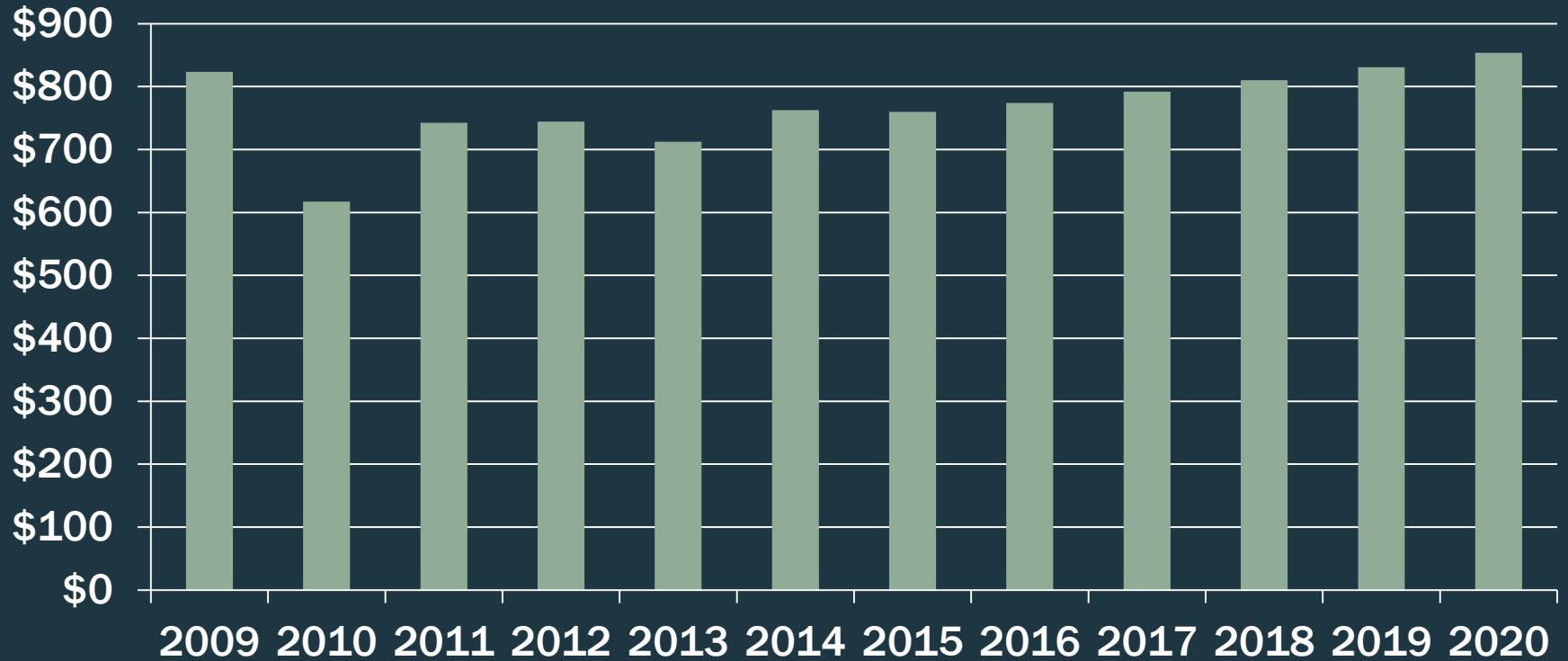
SUSTAINABLE VS. DEVELOPMENT



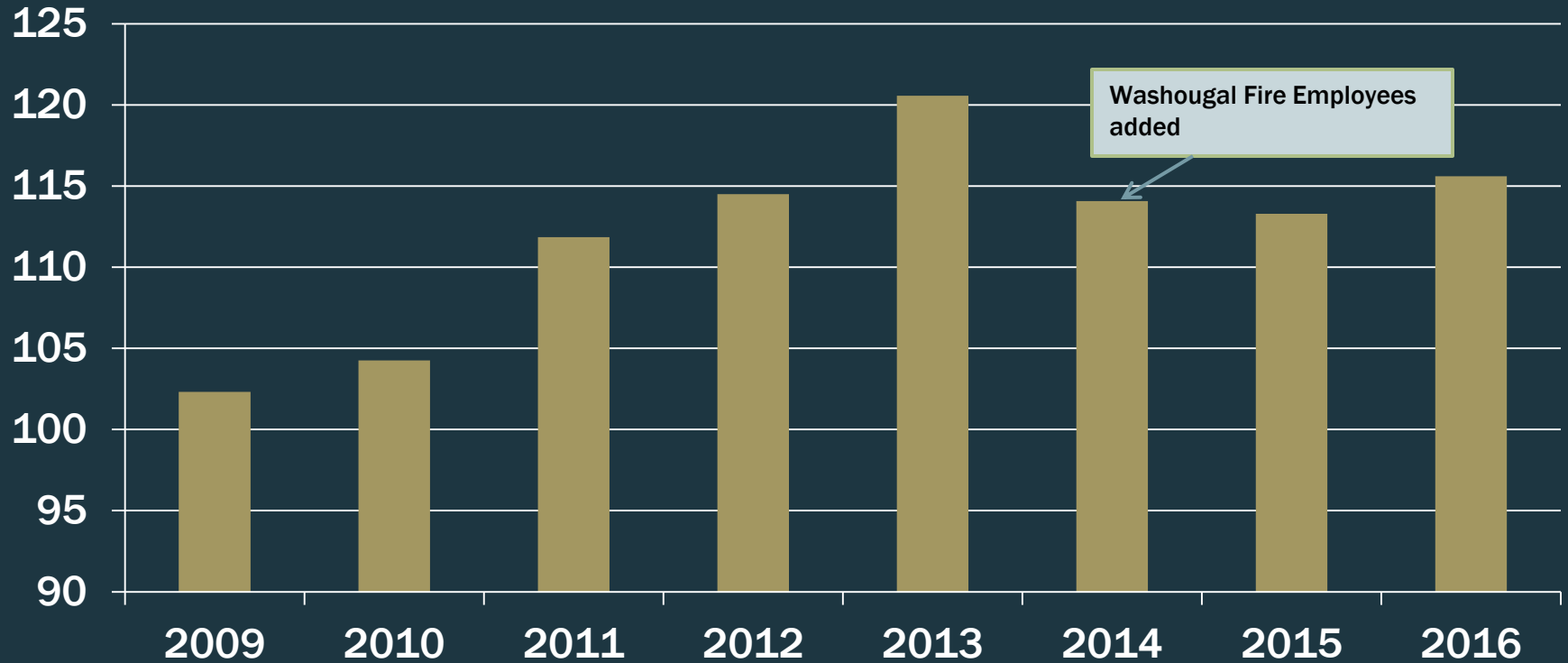
RATIO OF LABOR TO OPERATING COSTS



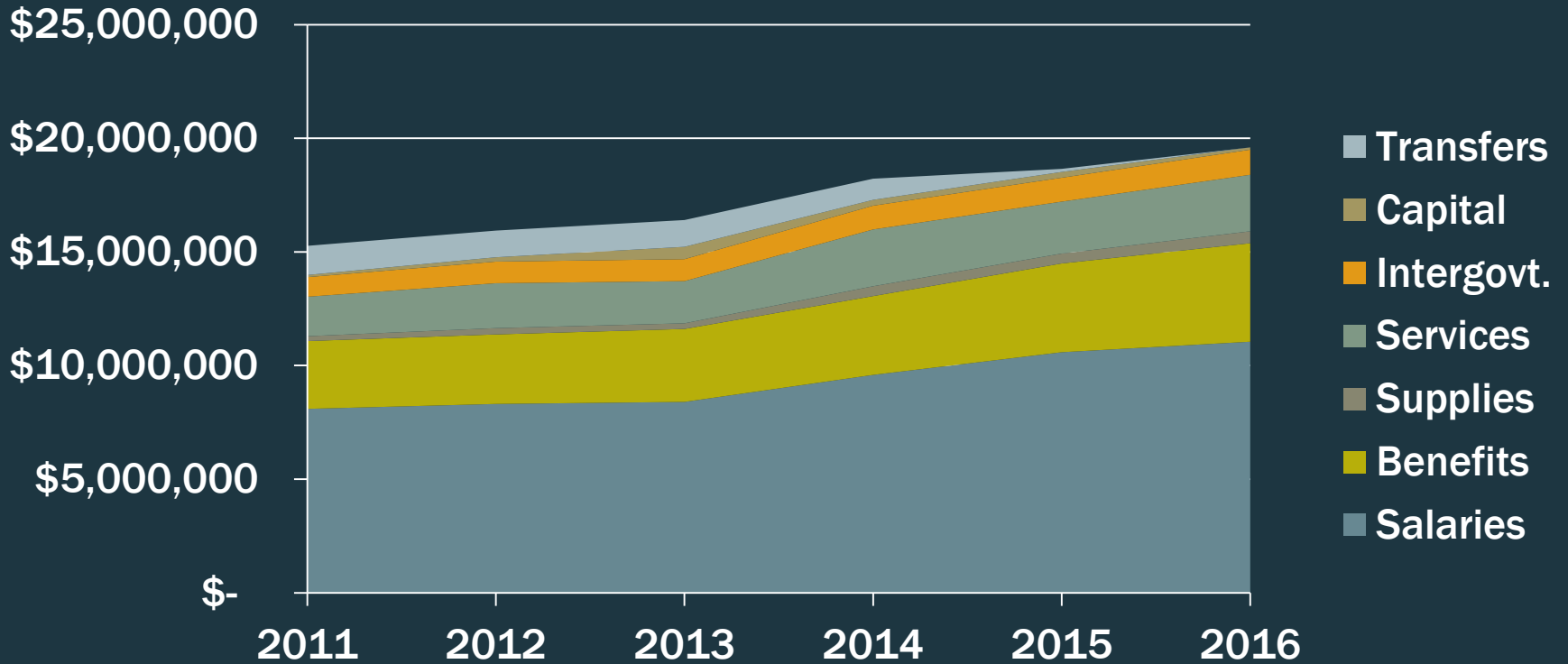
SERVICE COST PER CAPITA



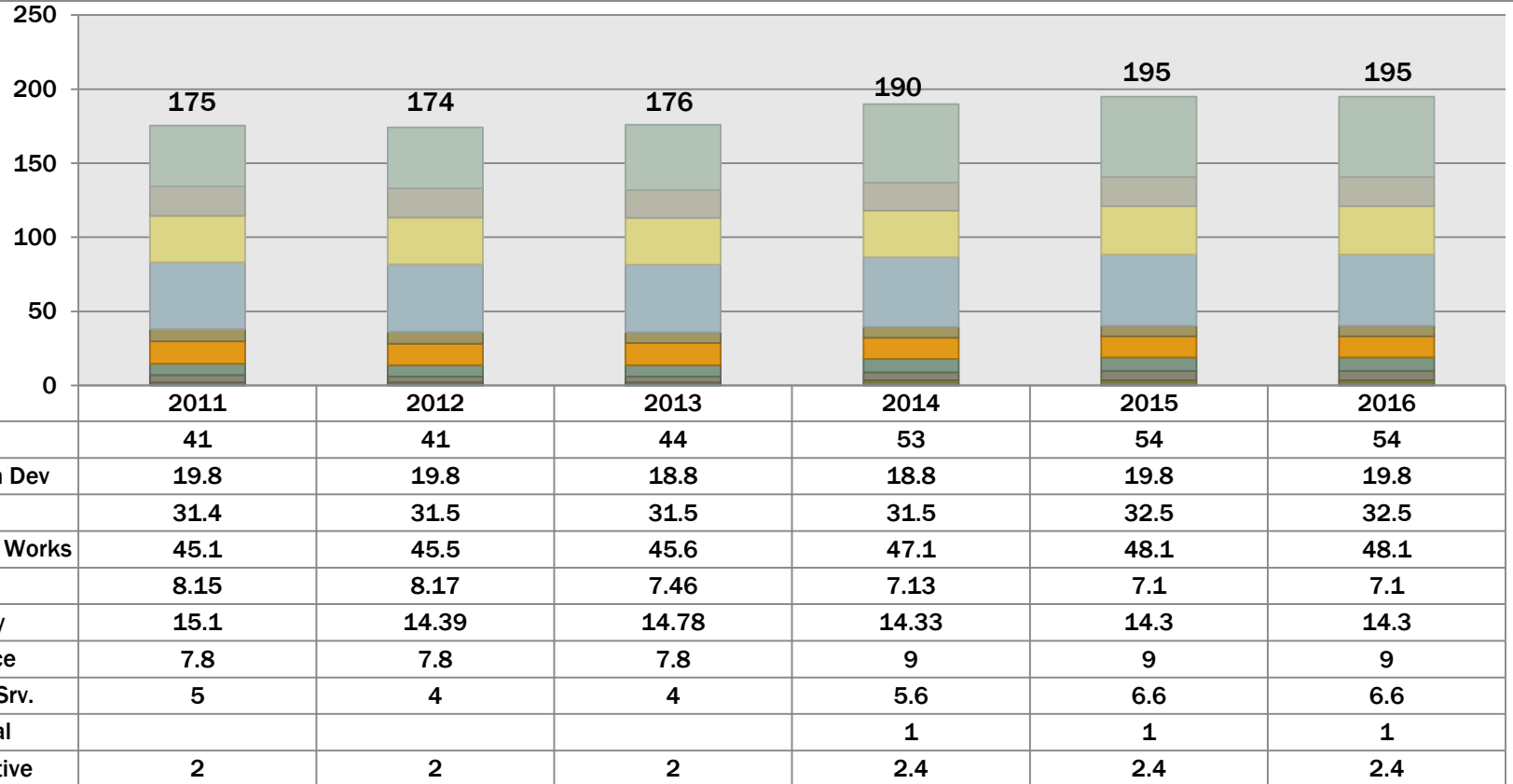
NUMBER OF CITIZENS PER FTE



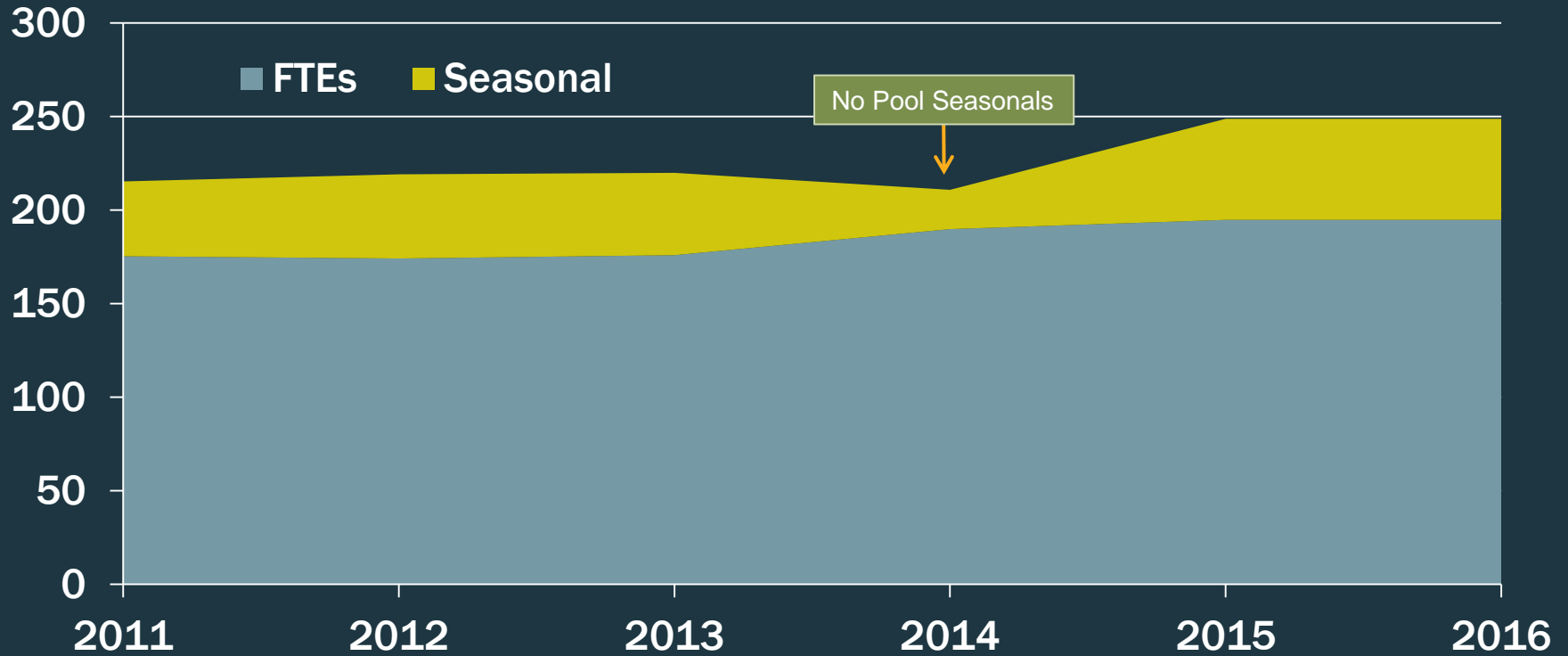
GROWTH IN EXPENDITURES



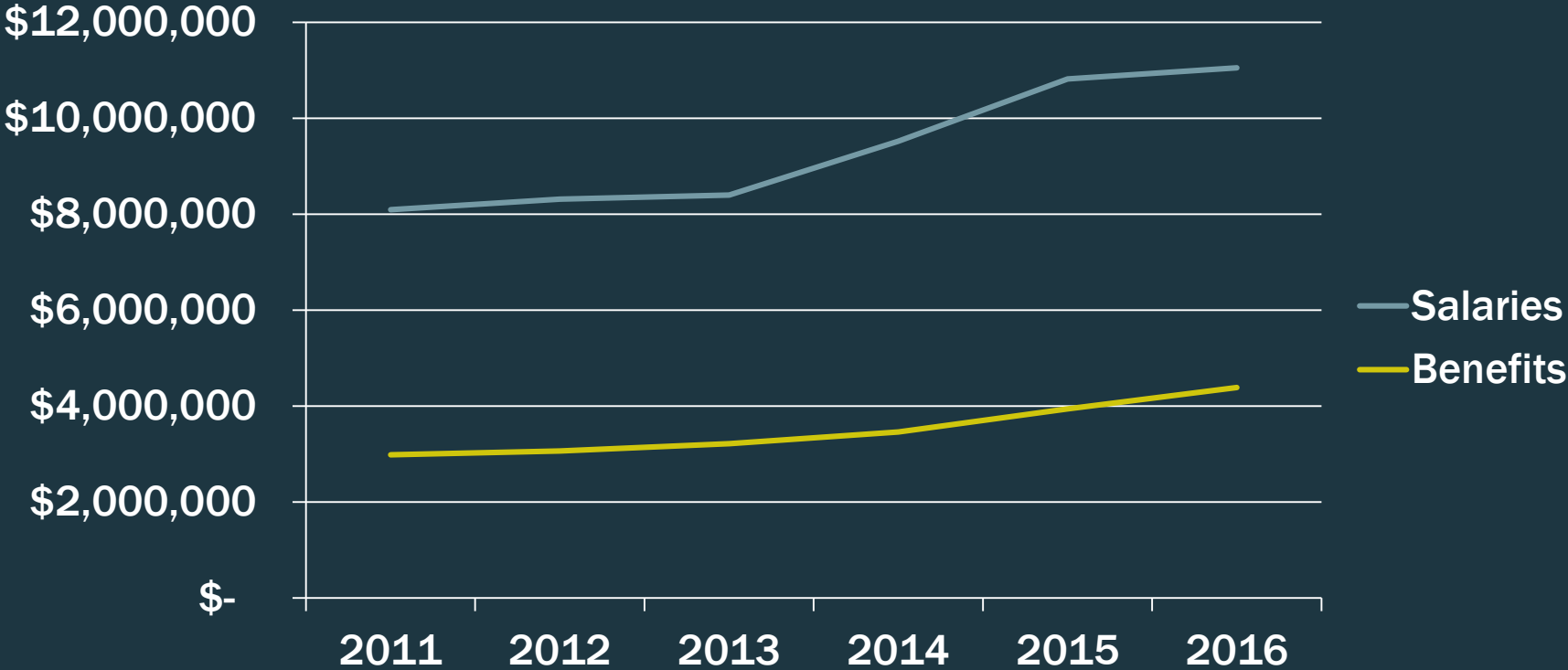
NUMBER OF FTE



FTE AND SEASONAL WORKERS



PAYROLL INCREASES



COST OF LIVING INCREASES

COLA by Employee Group

Group	2011	2012	2013	2014	2015	2016		Total
Non-Rep	0.00%	1.00%	0.00%	3.00%	2.50%	2.50%	projected	9.00%
AFCSME	0.00%	1.00%	0.50%	3.00%	2.50%	2.50%		9.50%
OPEIU	0.00%	1.00%	0.50%	3.00%	2.60%	2.00%		9.10%
CPOA	0.00%	1.00%	0.00%	2.70%	4.00%	1.80%		9.50%
IAFF*	0.00%	1.00%	0.00%	3.50%	3.00%	3.00%		10.50%
CPEA	0.00%	1.00%	0.50%	3.00%	2.50%	2.50%		9.50%

IAFF * In 2014, there was an adjustment to reflect the decompressing of the pay schedule created by merger ILA as well as an adjustment to reinstitute a 20% differential distributed evenly across the six steps. Additionally, all employees in the bargaining unit received a 1.25% increase in base pay. This overall equated to a wage increase between 3% and 4% depending on step - 3.5% is used as an average.

EMPLOYER SHARE PENSION COSTS INCREASES

- PERS 1/2/3 increased **5.87%** over 5 years - 117 employees
- LEOFF 2 remained stable over 5 years 78 employees

MEDICAL PLAN INCREASES

	# Employees	2011	2012	2013	2014	2015	2016		Total
Regence	65%	11.00%	11.00%	6.00%	0.00%	5.00%	5.00%		38.00%
Kaiser	35%	17.40%	6.20%	5.09%	5.94%	6.30%	4.90%	projected	45.83%
					-1.2%	6.60%			

Note: 2014/2015 Kaiser rates reflect bargaining units settling contract with higher deductible plans.

COST OF AVERAGE POLICE EMPLOYEE

2009

■ Police Officer

- Salary = \$ 77,282
- Overtime=\$ 2,049
- LEOFF = \$ 4,016
- Benefits= \$ 23,064

Total \$106,411

2015

■ Police Officer

- Salary = \$86,759* 12.26%
- Overtime= \$ 2,804
- LEOFF = \$ 4,710 17.29%
- Benefits = \$30,148 30.71%

Total \$126,469 18.85%

Includes Prem. Pay 1%, Education Incentive 3%, Master Patrol Officer 6.5% and Specialty Pay 1.5%

COST OF AVERAGE ENGINEER

2009

■ Engineer

- Salary = \$ 57,297
- Overtime=\$ 0
- PERS III = \$ 3,893
- Benefits= \$ 18,786

Total \$79,976

2015

■ Engineer

- Salary = \$76,220 33.0%
- Overtime= \$ 0
- PERS III = \$ 7,756 99.2%
- Benefits = \$23,151 23.2%

Total \$107,127 33.9%

PRESSURES IN BOTH DIRECTIONS

REVENUES

- Property Tax Limitations
- Lack of Commercial Activity
- Shared Revenue Declining
- Fees are subsidized

EXPENDITURES

- Employee needs
- COLAs and Healthcare costs continue to increase
- Pension Costs growing
- Debt service gaps
- ER&R rates not at costs

SIMPLE MATH

- Revenues on average are increasing 2.9% annually
- Expenditures on average are increasing 5% annually

Fund Balance has declined on average 6% annually

STRATEGIES IMPLEMENTED

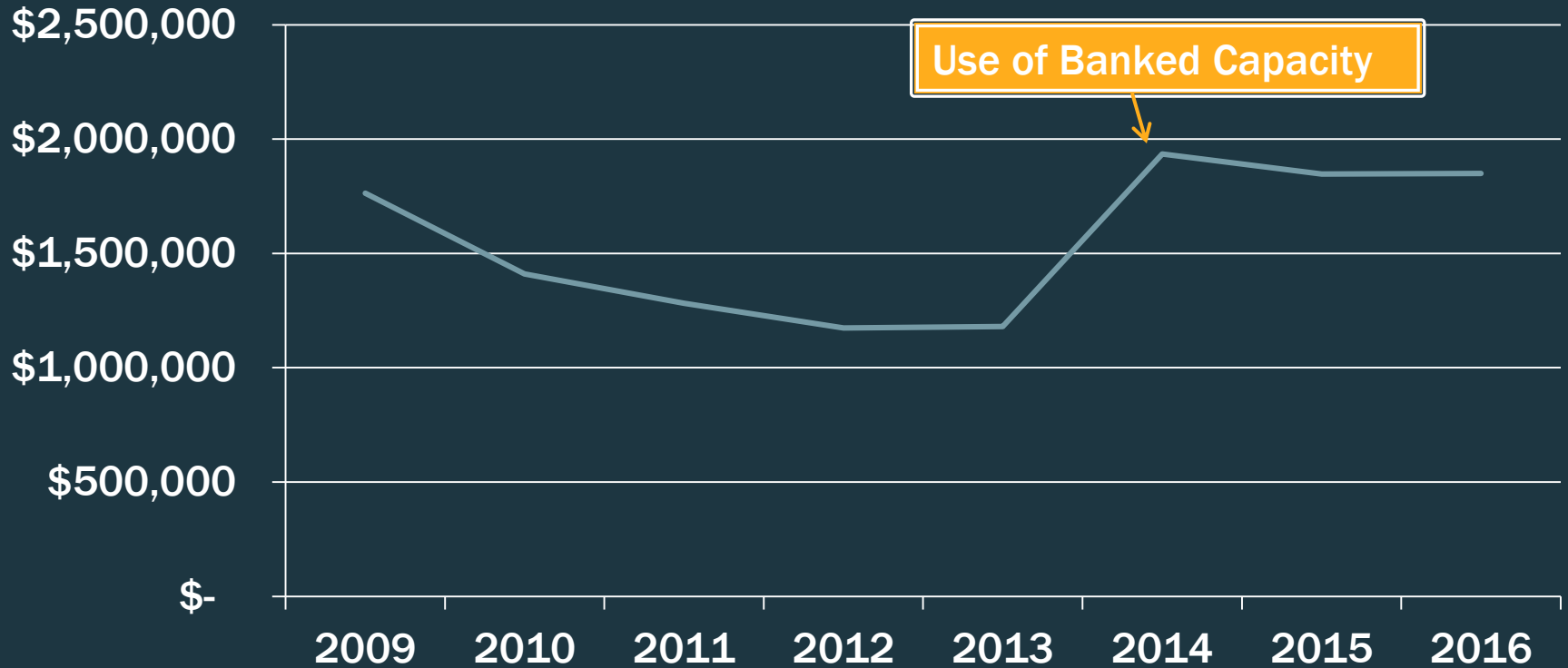
- Use of seasonal help – Parks and Public Works
- Cost sharing with partners – Fire and EMS, Municipal Court
- Restructuring – Administrative Services, Finance, Community Development, Engineering
- Use of Technology – Police, Building, Finance, Parks and Recreation, City-wide
- Budget changes including biennial budget, limiting supplemental budget adjustments, baseline budget with decision packages
- Revisiting financial policies and updating to Best Practices

OTHER PRESSURES

PROGRAMS SUBSIDIZED

- **Streets**
 - Preservation
 - Maintenance
- **Parks and Recreation**
 - Swimming Pool and Programming
 - Recreation Programming
- **Cemetery**
 - Maintenance
 - Record Keeping
- **Debt**
 - Debt Service for Street Projects, Fire, and Parks

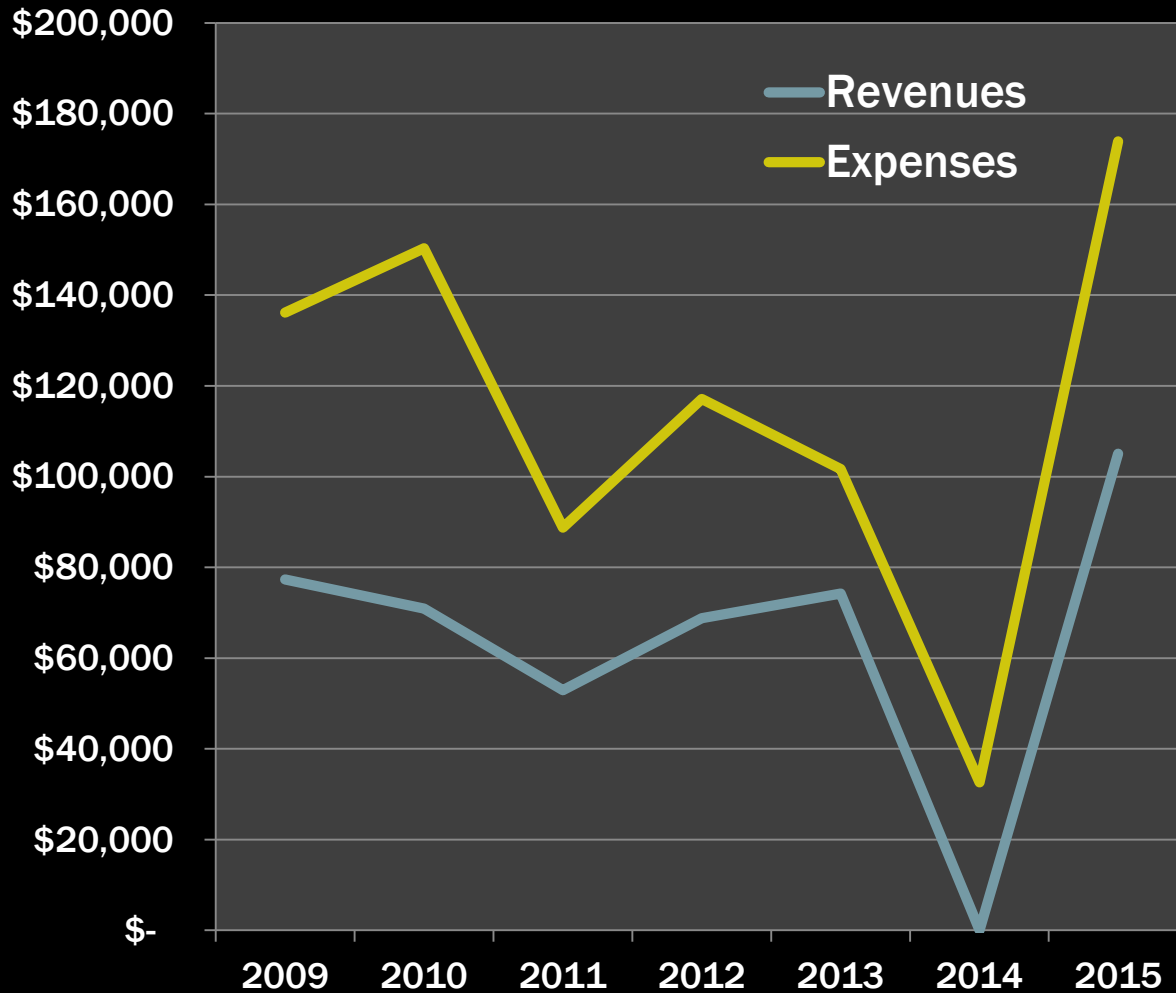
STREETS GENERAL FUND SUPPORT



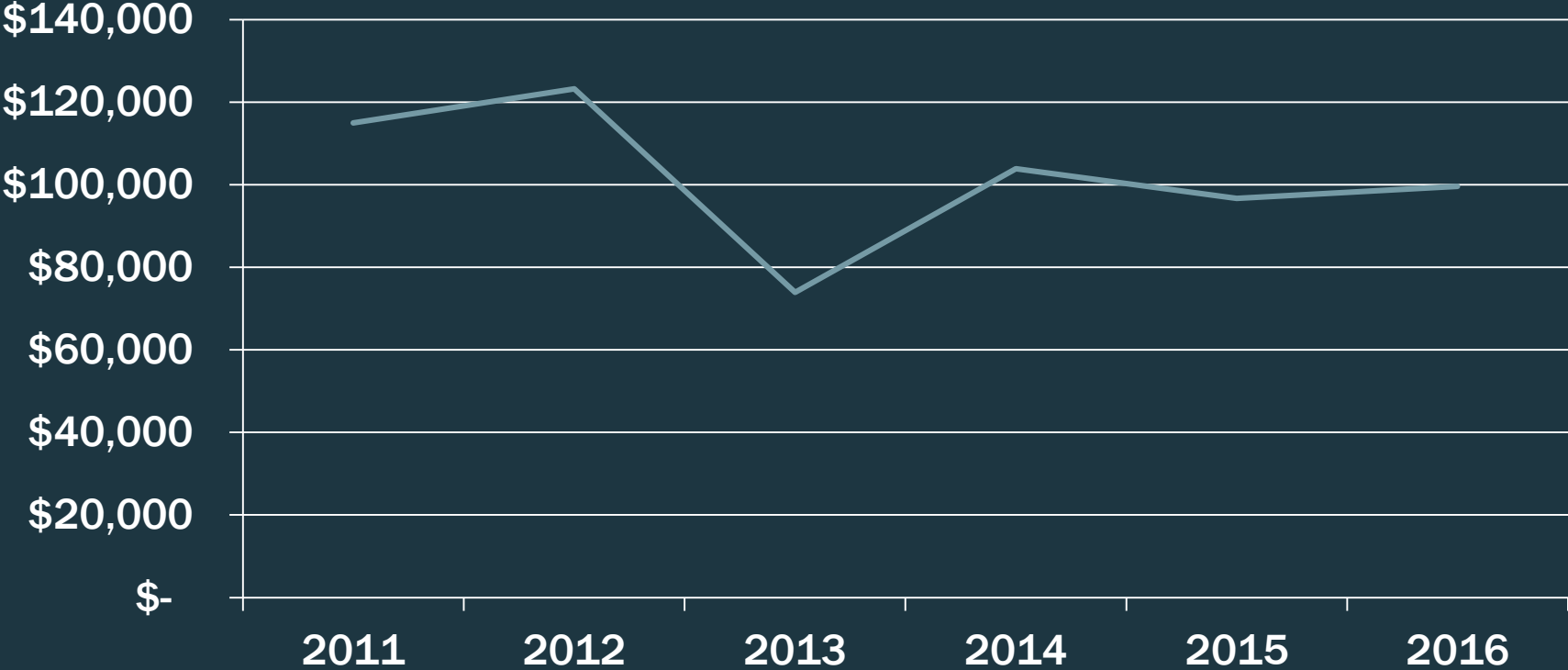
SWIMMING POOL SUPPORT

2009	\$58,802
2010	\$79,464
2011	\$35,809
2012	\$48,297
2013	\$27,404
2014	\$32,578
2015	\$68,819*

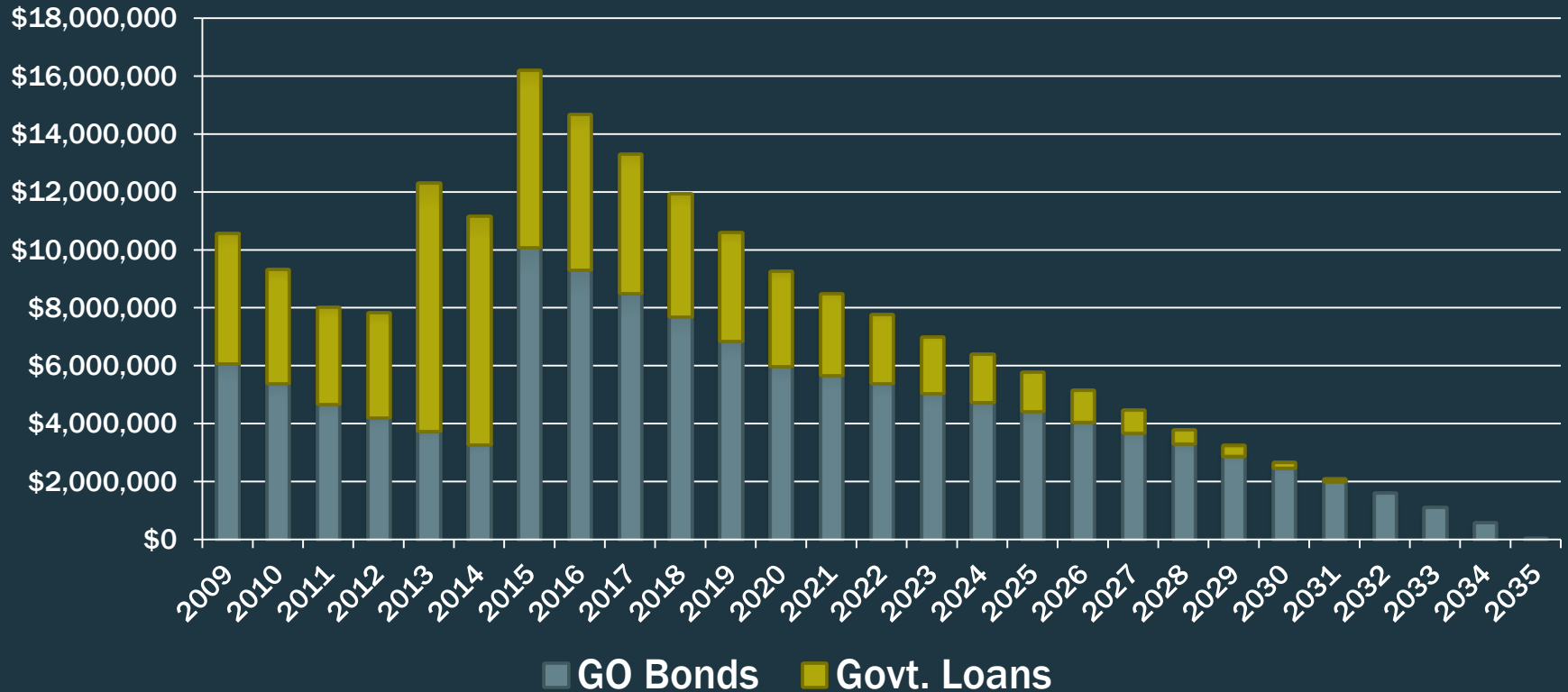
*Not all expenses
accounted for at this
time



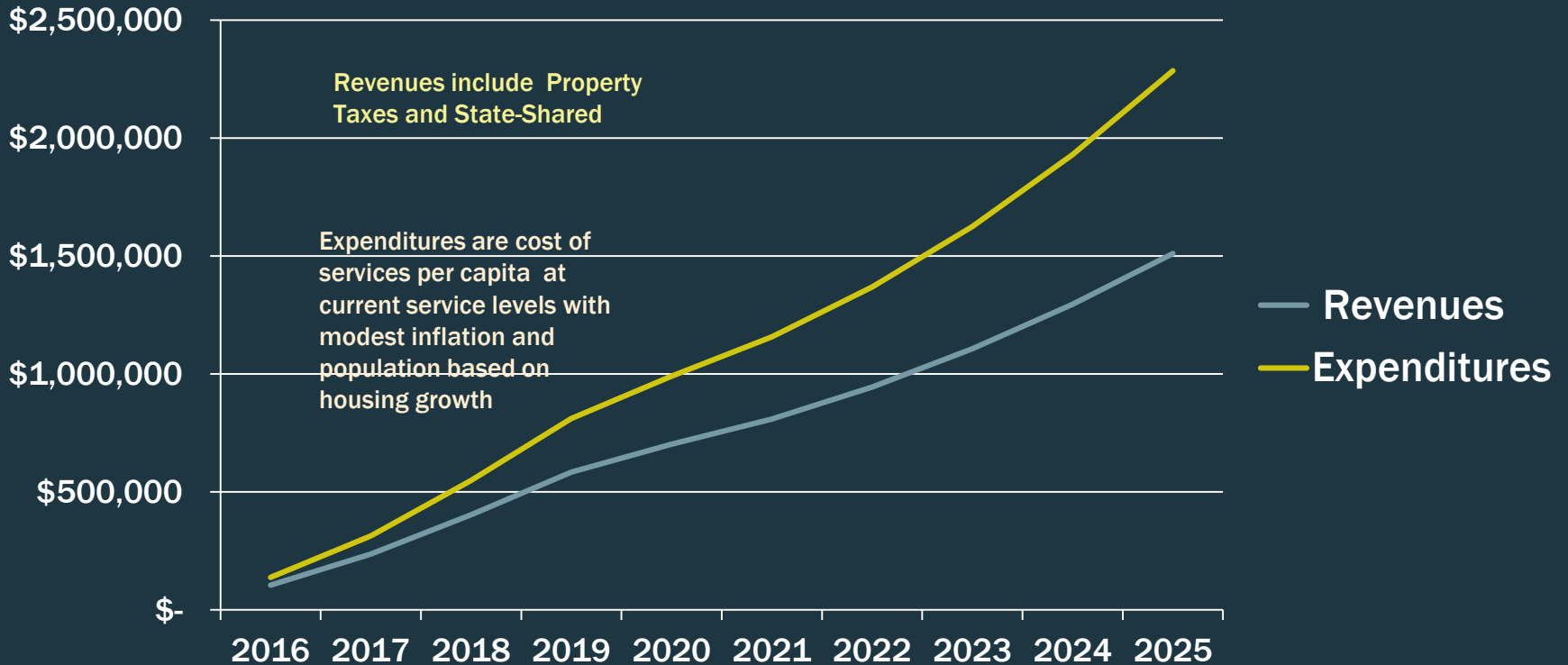
CEMETERY SUBSIDY



GROWING CITY - INVESTING IN INFRASTRUCTURE



NUGA REVENUES VS. EXPENDITURES



Budget Overview & Forecast – September

Capital - September

Revenue Budget –
September

- Property Taxes
- Fee Schedule
- Equipment Rental & Replacement

Recommended
Budget – October

Public Input –
Nov

- Public Hearings

Budget
Approval
Dec

- Property Tax Resolutions
- Fee Schedule

BUDGET PROCESS