

2009-2010 OPERATING BUDGET KICK-OFF

Mercer Island City Council Mini-Planning Session, 6/21/08

2009-2010 Budget Process Changes (20 min):

- Hold an operating budget kick-off meeting with the Council at Mini-Planning Session in June.
- Organize operating budget around departments.
- Individual “service packages” will be prepared for new requests for temporary or ongoing positions, contracted services, or equipment costing at least \$10K.
- Identify two funding options for proposed “ongoing” service packages:
 1. Expenditure savings and/or service/program trade-offs; and
 2. New revenue source(s)
- Prepare a summary analysis of the General Fund’s budget, separately identifying “basic budget” changes and “service package” requests (see attached example used for 2007-2008 Budget).
- Prepare a 1-2 page summary analysis of each department’s proposed operating budget (per fund), separately identifying “basic budget” changes and “service package” requests (see attached example).
- Distribute Budget Message at least one week in advance of Oct 6th Council meeting (at which the City Manager & Finance Director will make a summary presentation of the proposed budget).
- Shorten staff budget presentations to provide adequate time for Council questions/deliberation.
- Maintain a “visible running list” of follow-up items and changes made by the Council during budget review meetings.
- Reduce the number of budget review meetings.

2009-2010 Budget Calendar (10 min):

- See attached calendar.

2008-2012 General Fund Forecast (45 min):

- To be distributed at meeting:
 - Key Revenue & Expenditure Assumptions
 - More Likely Scenario
 - More Optimistic Scenario
 - More Pessimistic Scenario
 - Forecast Scenario Summary

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2009-2010 Budget Issues (75 min):

- CIP-related:
 - General Fund subsidy (\$175K) of CIP projects eliminated (Council agreed to this at CIP kick-off meeting)
 - ROW tree maintenance costs (\$110K) moved from General Fund to CIP (Council agreed to this at CIP kick-off meeting)
- Public safety-related:
 - NORCOM operating costs (Council has pre-funded \$723K)
 - Jail contract with Yakima County
 - Funding for Fire Rescue Truck (fire apparatus sinking fund model)
- Parks-related:
 - Parks ballot measure (will be addressed as a separate agenda item at Mini-Planning session)
 - Parks & recreation fees (fee study is currently being conducted)
 - CCMV operating budget subsidy (currently \$200K/yr)
 - Consolidating I-90 Landscape Maintenance Fund with Beautification Fund (\$62K subsidy budgeted in 2008 for I-90 landscape services)
 - Mary Wayte Pool funding
- Sustainability program (to be teed up as a series of “service packages,” where new costs are involved)
- Staffing needs/changes:
 - New FTE requests will be teed up as “service packages” with 2 funding options (as noted above)
 - Significant program changes, with little or no budget impact, will be teed up as “service packages”

General Fund Final Budget Analysis

2006 Budget vs. 2007 Budget vs. 2008 Budget

	<u>Amount</u>	<u>% Incr</u>	<u>Note</u>
2006 Revised Base Budget*	18,739,089		
2007 Overall Inflation	1,037,490	5.54%	Driven by 5.25% average salary increase and 11.30% average benefit increase
Retiree Medical Costs & Staff Reclassifications	178,629	0.95%	Under-budgeted LEOFF I retiree medical costs in 2005-2006 biennium and staff reclassifications due to dept re-orgs
IT & Fleet Cost Adjustments	104,014	0.56%	Microsoft Office license renewal, 24/7 on-call service, repl charges on patrol MDT's, fleet admin support, and fuel costs
Voluntary Intergovernmental Contributions	10,000	0.05%	Mountains to Sound Greenway support (07 & 08)
One-Time Operating Costs	55,000	0.29%	Facilities life cycle study (split over 2 years), GASB 34 infrastructure valuation study, and parks fee study
New Services: DSG Staffing Initiative	226,490	1.21%	Plans Examiner (2 yr) + reclassify 2 existing FTE's + on-call services + annualization of contracted staff hired in 2006
New Services: Other Staffing Needs	70,000	0.37%	IT contracted services support (2 yr)
New Services: Council Driven	167,843	0.90%	Communications Coordinator (1.0 FTE) + Police Support Officer (1.0 FTE)
2007 Final Budget	<u>20,588,555</u>	<u>9.87%</u>	
2008 Overall Inflation	900,452	4.37%	Driven by 5.05% average salary increase & 8.85% average benefit increase
2008 Final Budget	<u><u>21,489,007</u></u>	<u><u>4.37%</u></u>	

* Calculation of 2006 Revised Base Budget:

2006 Base Budget	18,270,089
Plus 2005 Carryovers (2006 budget adj)	179,000
Plus 2005 Surplus Uses (2006 budget adj)**	326,150
Plus DSG Contract Staffing (2006 budget adj)	<u>290,000</u>
2006 Total Authorized Budget	19,065,239
Less 2005 Surplus Uses (2006 budget adj)**	<u>(326,150)</u>
2006 Revised Base Budget	<u><u>18,739,089</u></u>

** 2005 Surplus Uses:

Temporary Communications Coordinator	34,650
2007 Property Tax Reduction	69,000
Open Space Vegetation Mgt	55,000
Leash Law Enforcement	10,000
LEOFF I LTC Reserve Funding	150,000
Off Leash Area Signage	<u>7,500</u>
Total 2005 Surplus Uses	<u><u>326,150</u></u>

2007 General Fund Final Budget Analysis

	Increase Over 2006 Base Budget (Revised)	Description	Details	Budget Policies
Most Discretionary	\$10,000 (.05%)	Voluntary Intergovernmental Contributions	Mountains to Sound Greenway support	None
	\$167,843 (.90%)	New Services: Council Driven	Communications Coordinator (1.0 FTE) and Police Support Officer (1.0 FTE)	Police Support Officer (D93-D94)
	\$70,000 (.37%)	New Services: Other Staffing Needs	IT contracted services support	None
	\$226,490 (1.21%)	New Services: DSG Staffing Initiative	Plans Examiner (2 yr contract); reclassify 2 existing FTE's; on-call services; and annualization of contracted staff hired in 06	None
	\$55,000 (.29%)	One-Time Operating Costs	Facilities life cycle study (split over 2 years); GASB 34 infrastructure valuation study; and parks fee study	None
	\$104,014 (.56%)	IT & Fleet Cost Adjustments	Microsoft licensing renewal; 24/7 on-call IT service; replacement charges on patrol MDT's; fleet admin support; and fuel costs	None
	\$178,629 (.95%)	Retiree Medical Costs & Staff Reclassifications	LEOFF I retiree medical costs were under-budgeted in 2005-2006 biennium; and staff reclassifications due to dept re-orgs	LEOFF I Retiree Costs (D9-D11)
\$1.85M (9.87%)	\$1,037,490 (5.54%)	Overall Inflation	Driven by 5.25% average salary increase (4.0% average COLA + 1.25% average step/pay for performance increase) and 11.30% average benefit increase	Long-Term Compensation Strategy (D13-D14)

2006 base budget (revised): \$18,739,089

2008 General Fund Final Budget Analysis

Increase Over 2007 Final Budget	Description	Details	Budget Policies
\$900,452 (4.37%)	Overall Inflation	Driven by 5.05% average salary increase (3.80% average COLA + 1.25% average step/pay for performance increase) and 8.85% average benefit increase	Long-Term Compensation Strategy (D13-D14)

2007 final budget: \$20,588,555

2009-2010 Department Budget Analysis: Finance

City of Mercer Island

2009 Analysis	Budget	% Change 2008-2009
2008 Approved Budget	900,000	
Plus 2009 General Inflationary Increases	49,500	5.5%
Plus (Less) 2009 Other Significant Changes:		
Enhanced Audit Services for CAFR	17,000	
Replacement Capital (Copy Machine)	4,500	
Printing Savings on Budget Documents	(1,000)	
Prior Year One-Time Costs & Carryovers	(10,000)	
Subtotal	10,500	1.2%
2009 Base Budget	960,000	6.7%
Plus 2009 Service Packages:		
Infrastructure Valuation Study (GASB 34)	15,000	
Citywide Administrative Overhead Charge Model	12,500	
Fixed Assets Tracking Software	8,000	
Subtotal	35,500	3.9%
2009 Preliminary Budget	995,500	10.6%
2010 Analysis	Budget	% Change 2009-2010
2009 Preliminary Budget	995,500	
Plus 2010 General Inflationary Increases	59,730	6.0%
Plus (Less) 2010 Other Significant Changes:		
Quarterly Investment Tracking/Reporting	2,500	
Prior Year One-Time Costs	(40,000)	
Subtotal	(37,500)	-3.8%
2010 Base Budget	1,017,730	2.2%
Plus 2010 Service Packages:		
EMS Cost of Service Study	12,000	
LEOFF I Pension & Long-Term Care Valuation	20,000	
Subtotal	32,000	3.2%
2010 Preliminary Budget	1,049,730	5.4%

2009-2010 Budget/CIP Calendar For Council

Present biennial citizen survey results to Council	Mar 3
2009-2014 CIP kick-off meeting with Council (study session)	Mar 3
Present 2007 Year-End Financial Status Report to Council (including General Fund "surplus")	Mar 17
Present preliminary 2007 year-end transfer needs and recommendation to Council	Jun 2
Present finalized 2007 year-end transfer recommendation to Council	Jun 16
Present 2007 Mercer Island Dashboard report to Council	Jun 16
2009-2010 operating budget kick-off meeting with Council (Council Mini-Planning Session)	Jun 21
2009-2014 CIP Council Preview meetings	Jul 7
Distribute 2009-2010 Budget Message to Council	Sep 26
Distribute 2009-2010 Budget document to Council	Oct 3
City Manager/Finance Director summary presentation of 2009-2010 Budget to Council	Oct 6 (regular mtg)
2009-2010 Budget/CIP review meetings with Council:	
▪ Operating budget (CC, CMO, CAO, CORe, FIN, MunCt, YFS, DSG)	Oct 20 (regular mtg)
▪ Operating budget (POL, FIRE, P&R, MAINT)	Nov 3 (regular mtg)
▪ Operating budget (follow-up items, revenues, and finalize changes)	Nov 17 (regular mtg)
▪ CIP (review and finalize changes from CIP Preview Meeting on Jul 7 th)	Nov 17 (regular mtg)
Adopt 2009 property tax levy	Nov 17 (regular mtg)
Adopt 2009 utility rates, 2009 fee changes (if any), and 2009-2010 budget ordinance	Dec 8 (2 nd Mon)