

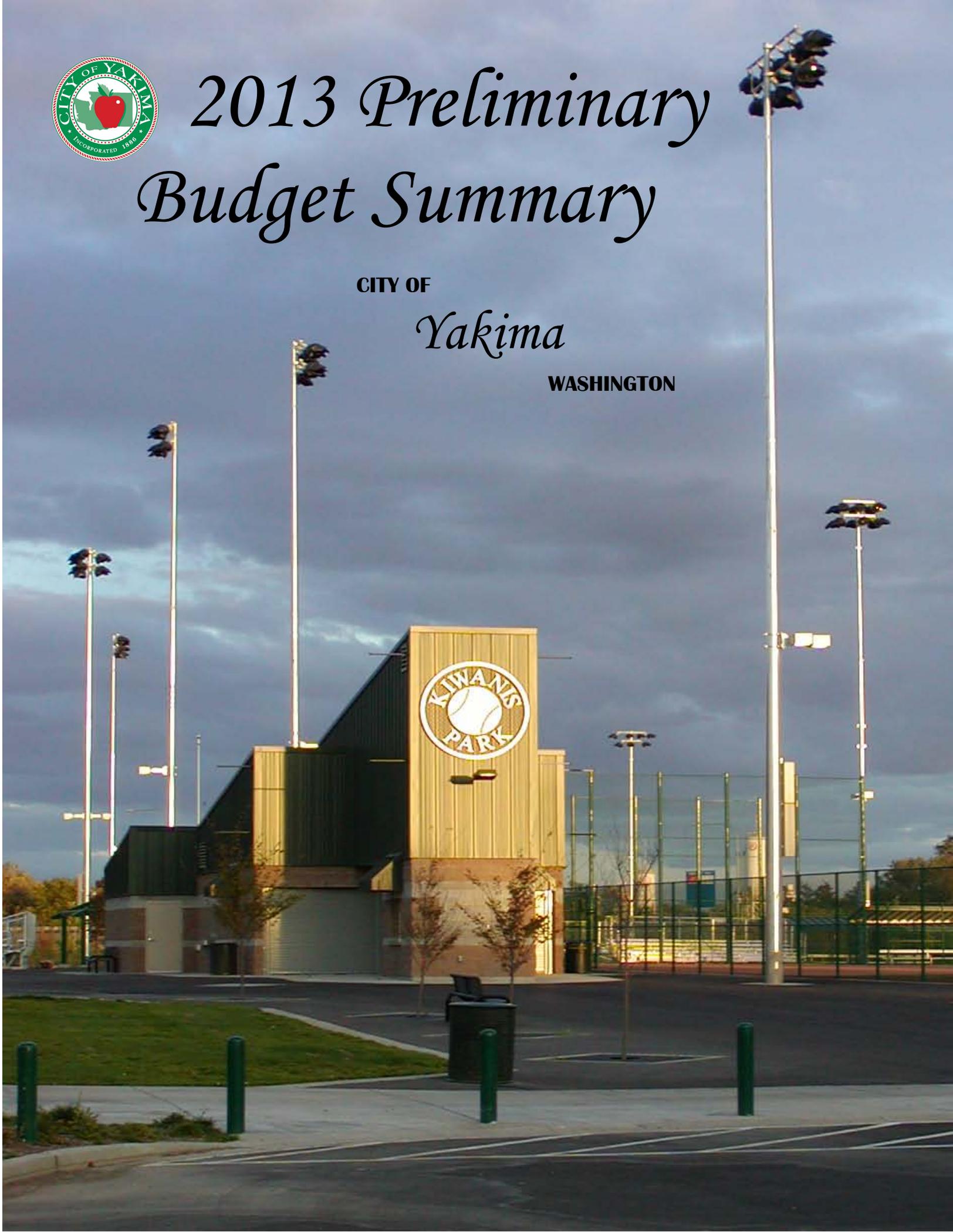


2013 Preliminary Budget Summary

CITY OF

Yakima

WASHINGTON



2013 PRELIMINARY BUDGET SUMMARY

TABLE OF CONTENTS

SECTIONS

PRELIMINARY BUDGET

I. INTRODUCTION

Transmittal

Budget Summary

II. GENERAL GOVERNMENT FUNDS

Year in Review

Revenue Trends

Expenditure Trends

III. OTHER FUNDS

BUDGET INITIATIVES

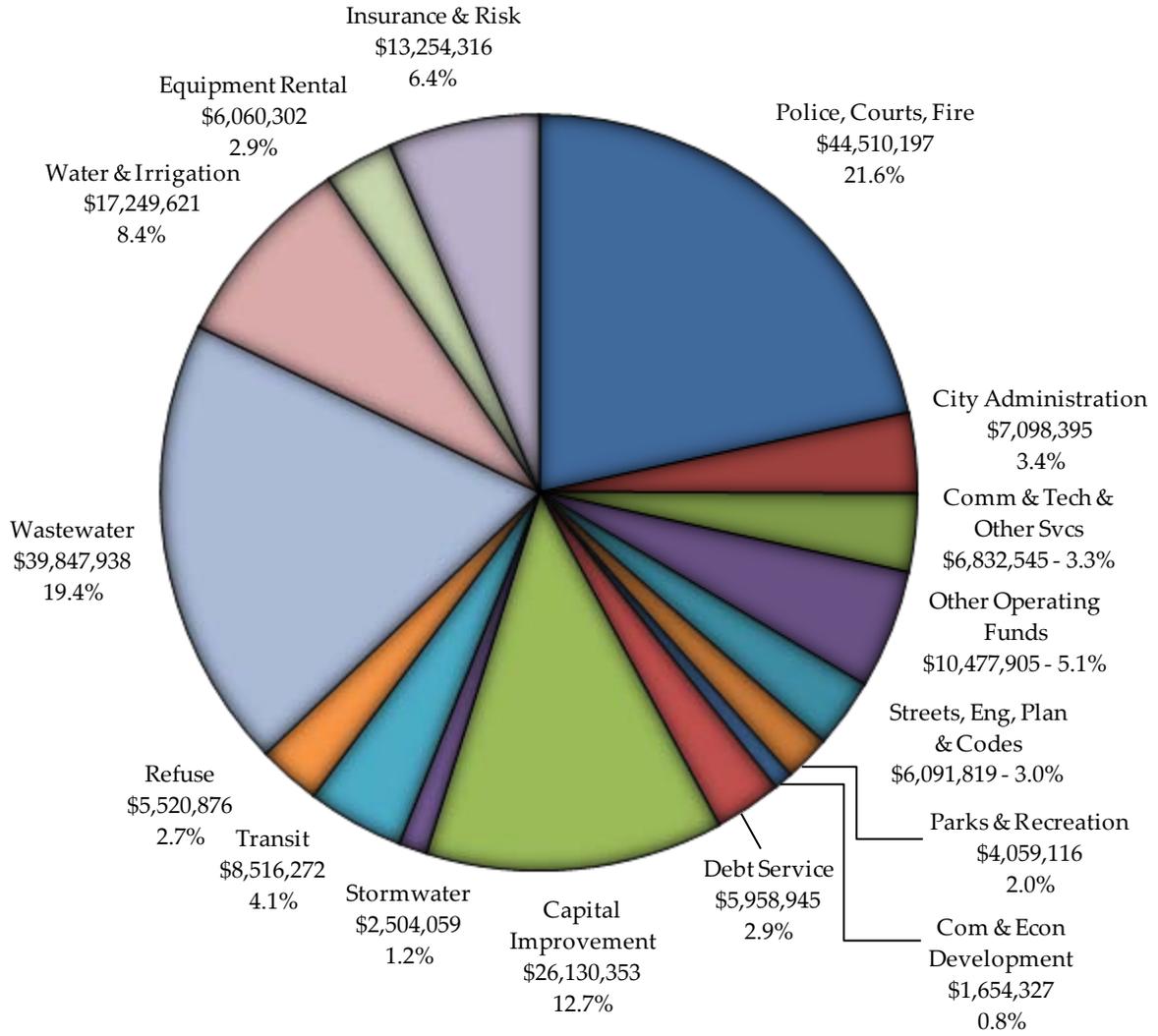
IV. GENERAL GOVERNMENT BUDGET STRATEGY

V. STRATEGIC INITIATIVES

EXHIBITS

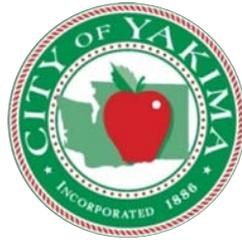
- *Three-Year Budget Comparison*
- *What You Pay and What You Get*
- *Supplemental Information*

2013 PRELIMINARY BUDGET SUMMARY



(\$61.9 Million General Government)

\$205.8 MILLION



CITY OF
Yakima

STRATEGIC PRIORITIES

Economic Development

Public Safety

Improve the Built Environment

Public Trust and Accountability

Partnership Development

Adopted 2012

INTRODUCTION: TRANSMITTAL



*OFFICE OF THE CITY MANAGER
129 North Second Street
City Hall, Yakima, Washington 98901
Phone (509) 575-6040*

MEMO

TO: Honorable Mayor and Members of the Yakima City Council

FROM: Tony O'Rourke, City Manager

DATE: November 1, 2012

SUBJECT: City Manager's 2013 Preliminary Budget Summary

I am pleased to submit for City Council review the 2013 Preliminary Budget. This budget is balanced, prudent, and responsive to the City Council's and community's strategic priorities and needs.

Providing a balanced budget has proven to be a challenging task given the multitude of issues the City faces compounded by the most prolonged economic downturn since the Great Depression.

The current recession continues to present a strong headwind, and the lethargic economic recovery only exacerbates the City's financial pressures. According to most economists, the economy's key bellwether, the Gross Domestic Product (GDP), is forecast to grow only 1% to 1.5% annually, which is too slow for a full economic recovery.

Yakima's economy continues to lag behind the state and national economies. Our community is struggling with a 10% unemployment rate, while the state and national unemployment rates are 8.5% and 7.8%, respectively. In addition, Yakima suffers from a 21% poverty rate compared to a national poverty rate of 15% and state rate of 11.5%. Finally, public confidence in the local economy is weak, given 85% of the citizen survey respondents rated employment opportunities in Yakima as fair or poor.

While our current fiscal challenges have been compounded by the broader economic downturn, the underlying problem the City faces is its projected expenses exceed its projected revenues if we continue to "stay the course," as identified in the Five-Year Financial Plan.

If we maintain the status quo, based on existing service levels and revenue streams, we will generate annual deficits ranging from \$1.5 million to \$4.0 million between 2013 and 2016.

Based on the Five-Year Financial Plan, we are confronted with some difficult budget decisions now and in the near future. Simply stated, the City of Yakima must correct this projected financial misalignment and adapt to the “new normal” of living within our means.

To that end, we must focus on permanent, long-term structural budget solutions to ensure current and future balanced budgets and financial sustainability. The City has taken proactive steps to reduce overall costs, including the elimination of a total of 41 positions between 2008 and 2012, salary freezes, and furloughs. Unfortunately, more needs to be done. It is with this background and understanding we present the Preliminary 2013 Budget.

BUDGET STRATEGY

The development of the Preliminary 2013 Budget is based on the following core principles and priorities:

- Advance the City Council’s five (5) Strategic Plan Priorities
 - Economic Development
 - Public Safety
 - Built Environment
 - Public Trust and Accountability
 - Partnerships
- No tax increases.
- Live within our means.
- Preserve core services.
- Invest in preserving the City’s core capital assets to extend their useful life.
- Maintain 60 days or 16.6% General Government Fund operating reserves.
- Optimize the delivery of services.
- Constrain personnel salary and benefit costs.
- Make budget decisions that eliminate future projected deficits and ensure a balanced budget in future years.

PRELIMINARY 2013 BUDGET

The proposed Preliminary 2013 City Budget, including all funds, is balanced. The Fiscal Year 2013 expenditure budget is \$205.8 million and represents a \$28.4 million or 16.0% increase over the projected 2012 year-end expenditures. The \$28.4 million increase in the proposed 2013 budget is driven by a \$27 million increase in capital projects, including the Martin Luther King, Jr. underpass (\$12.1 million), road improvements (\$5 million), sewer industrial line and meter improvements (\$3.7 million), and water and wastewater system improvements of over \$11 million. Most of these capital improvements are funded by grants and utility enterprise revenues and reserves.

The expenditure budget of \$205.8 million is supported by revenue of \$200.2 million, and \$5.6 million of non-General Government reserves (i.e. enterprise and capital). At the end of 2013, citywide reserve levels are projected to be \$49.8 million.

The Preliminary 2013 General Government fund expenditure budget, which represents most core City services, is balanced at \$61.9 million and represents a \$1.4 million or 2.4% increase over the 2012 year-end projected expenditure budget. The revenue budget is \$61.9 million and represents a \$1.4 million or 2.4% increase over the projected 2012 year-end revenues. General Government operating reserves will not be used to balance the budget.

The major elements of the \$1.4 million increase in the 2013 General Government Fund expenses are:

- Yakima Police Patrolman’s Association (YPPA) labor contract settlement \$614,000
- International Association of Firefighter’s (IAFF) labor contract settlement \$385,000
- Medical Plan rate increases \$600,000

The General Government budget revenues are based on the following:

- Proposed 1% increase in property taxes plus an estimate of 0.75% new construction.
- Modest growth of 1.5% in sales tax.
- Utility tax increase of 3.6% averaged over all utilities. Components include:
 - Full year of the 6% rate increase authorized in the 2012 budget for public safety – because of timing of implementation, 2012 revenues include about 11 months.
 - General utility rate changes.

BALANCING STRATEGY

We have balanced the 2013 General Government Fund budget using the following strategies:

- Instituting a 2% vacancy rate. Personnel costs are budgeted at 98% to account for a minimum 2% position turnover/vacancy – Savings: **\$730,000**.
- Projected wage and benefit concessions from represented and unrepresented employees, subject to collective bargaining and negotiations – Savings: **\$304,000 (general government)**. Note: The 2013 preliminary budget was built assuming a negotiated reduction of benefits of \$304,000. Negotiations are currently in progress, however at this point in time, it does not appear that there are any concessions forthcoming in time to be implemented in 2013. Therefore, for the final budget, there will be five (5) additional personnel attrition/reductions to make up the required \$304,000.
- Attrition/vacancy of three (3) positions – Savings: **\$163,000**
 - Administrative Assistant – Community Development
 - Department Assistant II in Public Works
 - Delay refill of Information Technology position
- Airport fire service will be modified by transferring three (3) firefighters staffing the Airport Rescue Fire Fighting (ARFF) apparatus at the Yakima Airport to three vacant fire station positions, thereby filling three existing vacancies. The ARFF will be covered on an overtime or part-time basis to meet FAA standards, instead of with full time staffing – Savings: **\$220,000**.

KEY POLICY ON STRATEGIC PLAN DECISIONS

Despite the economic hurdles we face, the City must continue to invest in its core strategic priorities. To that end, the following new initiatives are proposed for funding to address and advance the City Council’s five strategic priorities.

PUBLIC SAFETY STRATEGY

- a. Expand Police Gang Unit – Given the public’s significant public safety and security concerns as represented in the 2012 Yakima Citizen Survey results, we propose creating a second gang unit of five (5) police officers. Instead of incurring the cost of five new officers, we propose transferring two officers from the Community Relations Unit and back filling those positions with civilian community service officers at a cost of \$118,000. In addition, we will transfer an existing patrol officer to the new Gang Unit as well as hire two new police officers, with annualized costs of \$200,000. The 2013 budget includes \$118,000 representing a phased hiring process. The total cost for expanding the Gang Unit is \$328,000. This is less expensive than hiring five new police officers and allows us to operationalize the second gang unit once the two civilian community service officers are hired.
- b. Indigent Defense – As the City Council is aware, the Washington Supreme Court has imposed a new caseload limit for attorney’s providing public defense for misdemeanor cases. The new caseload limit is 300 cases per year if based on a new case weighting system and 400 cases per year if no case weighting system is used. By comparison, our current City Prosecutors are averaging a 1,500 annual caseload. The full cost impact of the Supreme Court decision will take effect in mid-2013.

The City currently contracts for five (5) fulltime public defenders at an annual cost of \$475,000 to meet indigent defense needs. To comply with the Supreme Court’s new standards, the City will need to secure 7.5 additional fulltime defense attorneys at an incremental annual cost of approximately \$700,000. Combined, this would represent an indigent defense annual cost of \$1,175,000.

If a jurisdiction chooses to utilize a weighting system, some cases will be weighted at values less than or more than an average case. More complex misdemeanor cases, such as domestic violence or DUI, are weighted higher due to their complexity. These types of cases constitute a large portion of the City of Yakima’s filings.

Many jurisdictions have chosen to pursue the case weighted system. Due to the City’s heavy DUI and domestic violence caseload, case weighting is not our best option. Accordingly, the annual caseload for a public defender cannot exceed 400.

To reduce the cost impacts of the Supreme Court decisions on indigent defense, the City intends to employ a Pre-Filing Diversion program and a Prosecution Charging Unit. These two initiatives will reduce the current misdemeanor caseload of 5,100 annually by almost 40%, to 3,200. By employing these two initiatives, the City’s Prosecuting staff will need to be increased by one (1) attorney at a cost of \$115,000. However, the number of full-time defense attorneys can be reduced from 7.5 to 3.5. The cost of these additional indigent defense services will be \$347,500 in 2013. The total annual cost of meeting the Supreme Court indigent defense mandate is \$462,500.

- c. Commercial Fire Code Inspectors – This budget includes two (2) Fire Code Inspectors to reinstate the City’s inspection of our 4,000 commercial buildings with the objective to reduce fire code violations and fires in the community. This initiative will cost \$165,000 but will be largely offset by inspection fee revenue.
- d. Fire Apparatus Purchase – To ensure the timely replacement of Fire department equipment, we propose lease purchase of a fire engine at a cost of \$40,000 annually for the next ten years.
- e. Additional Police Officer – To ensure greater coordination and cooperation with Yakima County, State, and U.S. Marshall law enforcement agencies, one new police position will be needed to serve on the Violent Offenders Task Force. The 2013 cost for the position is \$20,000, and the annualized cost in the future is \$97,500.

ECONOMIC DEVELOPMENT STRATEGY

- a. Economic Development Manager – In the interest of increasing the City’s role in aggressively pursuing economic development opportunities to create a stronger job market and tax base, the City Council in September 2012 agreed to fund an Economic Development Manager position. The annual cost of this new position is \$122,500. The primary focus of this new position, led by recently hired Sean Hawkins, will be to foster growth and enhancement of the downtown, the Cascade Mill Site, and the Yakima Airport.
- b. Special Events – A major impediment to downtown prosperity is the public’s perception of crime and parking access in downtown. The Police Department will institute bike and foot patrols in downtown to enhance public safety. Additionally, the City Council has agreed to expand free parking from two hours to four hours during the day. In addition to these measures, we must attract residents and guests downtown through more special events and activities. The downtown needs more energy and animation to create a more vibrant and robust destination for residents and guests. We propose budgeting \$100,000 to host more City sponsored events and elevate the quantity and quality of events in downtown during 2013.
- c. Airport Commercial Service – In the interest of expanding the City’s current airport commercial service, this budget includes half the funds (\$30,000) to retain a commercial air service consultant. The balance of the funds is proposed to be supplied by Yakima County.

BUILT ENVIRONMENT STRATEGY

- a. Infrastructure Investment – The City currently has a significant backlog of capital needs. The City’s 802 lane miles have an average Pavement Condition Index (PCI) score of 54. Based on a 100-point scale, the City’s PCI is far below average. The City must focus on an asset management and preservation program for existing City streets to extend their useful life and reduce future replacement costs. Unfortunately, the City does not have adequate capital reserves for the renovation and replacement of its \$600 million road system. To address this problem, I would propose initiating a \$5 million bond program in 2013 to improve our roads and begin the process of reducing our road rehabilitation backlog and improving our Pavement Condition Index. The 2013 road improvement initiative should

focus on arterial and collector streets throughout the City. Rehabilitation techniques should focus on grind and overlay, with additional full depth reconstruction, chip seal and core seal. These road improvements will extend the useful life span of 28 miles of our roads by an average of 7 to 30 years.

The annual debt service on a \$5 million bond is approximately \$350,000. To continue to fund the City's road improvement backlog, I would recommend the City Council place the car tab fee measure on a 2013 election ballot for public consideration. The 2012 Yakima Citizen Survey indicated a 50% level of support for a car tab fee. The car tab revenue should be dedicated exclusively to capital improvements. A \$20 car tab would generate \$1 million annually, while a \$40 car tab would generate \$2 million annually. If successful, the Council could either use the dedicated funds on a "pay-as-you-go" capital improvement program or leverage the annual funds to issue a \$12 million to \$25 million bond to frontload improvements. The Council may also want to consider sunseting the car tab fee after 5 or 10 years and require future public reauthorization of the car tab fee.

- b. Graffiti Abatement – The Citizen Survey underscored the public's dissatisfaction with the overall appearance of Yakima, given 71% rated it fair or poor. To improve that rating, the City proposes to initiate neighborhood-based cleanups as well as implement aggressive eradication of graffiti. To assist in our graffiti abatement efforts, there will be a Volunteer Coordinator at a cost of \$15,000. The Volunteer Coordinator will organize and assist community volunteers in cleaning up graffiti sites soon after they are reported in order to diminish the visual blight graffiti creates.

FUND BALANCE OPERATING RESERVE

The General Government Operating Reserve is at \$9,941,466 or 16.1% of annual expenditures which is close to our desired 16.6% or 60 days of working capital standard. This level of operating reserves is sufficient to meet unforeseen, one-time expenditures of an emergency nature, such as a natural disaster, catastrophic occurrence, or excessive liability judgment.

LONG RANGE FINANCIAL PLAN

Although the 2013 Budget adopts the City's financial plan for one year, it is important that the City Council make the Annual Budget decisions in the context of the City's long-range financial plan. The City Council reviewed the City's Five-Year Financial Plan in September 2012 and is cognizant of the economic challenges of recent and projected revenue stagnation and the continued escalation of costs. Of particular concern is our health plan, which this year alone will increase by \$1 million or 13.7%. As you know, the Five-Year Financial Plan projects deficits of \$2.5 to \$4.0 million between 2014 and 2016. Given this, the annual budget must be framed and acted upon based on these long-range trends. We must continue to constrain our operating costs to live within our nominal revenue growth.

Upon the adoption of the budget by City Council, we will update the projections of the Five Year Financial Plan for the next four years and review those with the City Council in January 2013.

CONCLUSION

This budget addresses the City's highest strategic priorities and capital needs for 2013 and will allow us to achieve our key goals. It also puts in place a financing plan that supports our efforts for continued financial stability and sustainability in future years.

In presenting the budget to the City Council, I would like to acknowledge and express appreciation to the City Leadership Team and staff for their willingness to submit realistic budget requests and develop alternatives to meet the Council's priorities. I would also like to recognize the Finance Department for its assistance in preparing this budget and its more streamlined but comprehensive presentation. Finally, I would like to thank the City Council for its leadership in adopting the Strategic Plan and Five-Year Financial Plan which have served as the foundation for this proposed 2013 budget and its commitment to move the City forward toward a brighter and a more sustainable future.

Sincerely,

Tony O'Rourke
City Manager

INTRODUCTION: BUDGET SUMMARY

This Budget Summary Section provides a high-level overview of the 2012 year-end forecast and the preliminary 2013 budget, along with significant issues that have affected the City's fiscal position in the past year and/or anticipated to have a material impact in 2013.

2012 YEAR END ESTIMATE VS. 2013 BUDGET OVERVIEW

The charts below show in summary format how the 2012 year-end budget estimate compares to the 2013 budget.

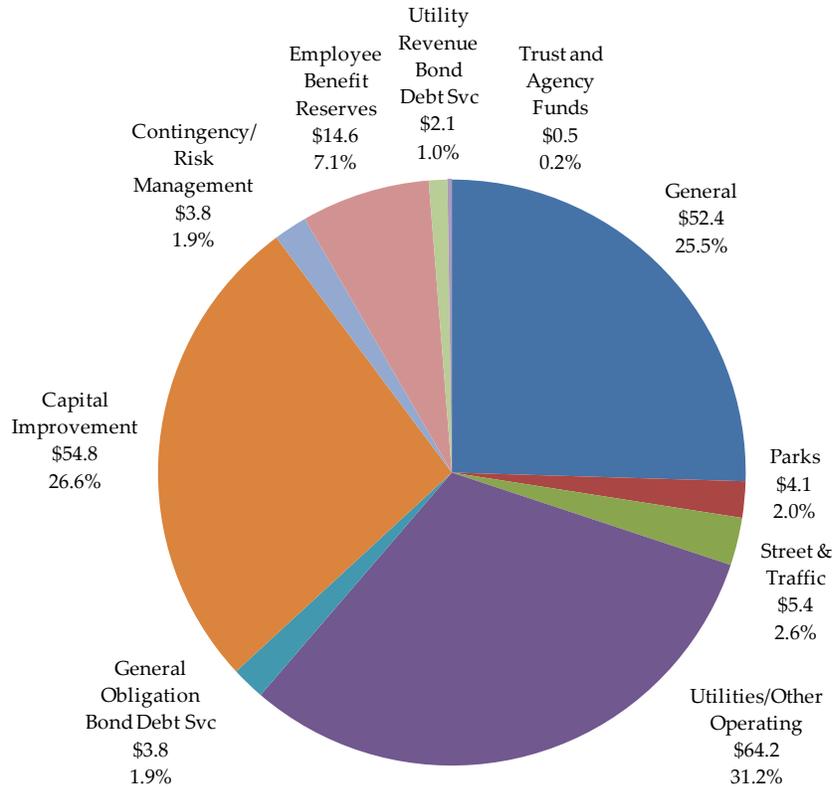
2012 VS. 2013 EXPENDITURE BUDGET COMPARISON

Fund	2012 Year-End Estimate	2013 Budget	12 vs. 13 Budget % Change
General	\$51,327,216	\$52,435,159	2.2%
Parks	3,970,318	4,059,116	2.2%
Streets & Traffic	5,194,342	5,421,180	4.4%
General Government Total ⁽¹⁾	\$60,491,876	\$61,915,455	2.4%
Utilities/Other Operating	65,546,479	64,178,115	(2.1%)
Capital Improvement	27,017,241	54,834,157	103.0%
Contingency/Risk Management	3,036,404	3,761,305	23.9%
Employee Benefit Reserves	14,094,451	14,601,809	3.6%
General Obligation Bond Debt Svc	3,520,336	3,831,384	8.8%
Utility Revenue Bond Debt Service	3,181,214	2,127,561	(33.1%)
Trust and Agency Funds	503,225	517,200	2.8%
Total - Citywide Budget ⁽²⁾	<u>\$177,391,226</u>	<u>\$205,766,986</u>	16.0%

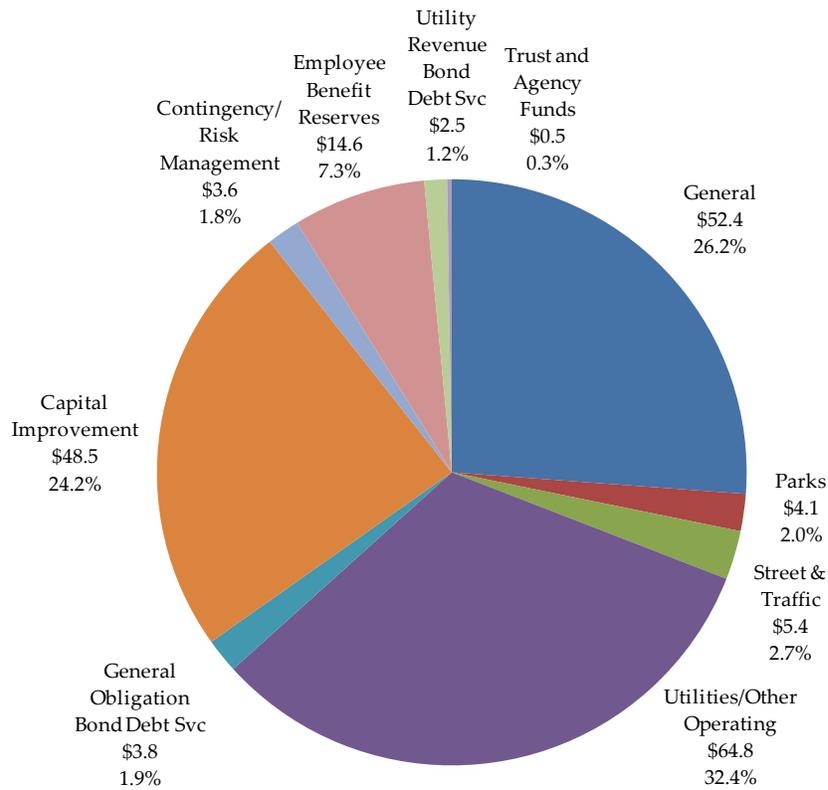
(1) The 2013 General Government expenditure budget is approximately \$1.4 million or 2.4% above the 2012 year-end estimate budget.

(2) The City wide expenditure budget is approximately \$28.4 million or 16.0% above the 2012 year-end estimated budget.

**2013 EXPENDITURE BUDGET BY FUND
(\$205.8 MILLION)**



**2013 REVENUE BUDGET BY FUND
(\$200.2 MILLION)**



The proposed 2013 total city-wide expenditure budget of \$205.8 million is balanced within existing resources and reflects an increase of \$28.4 million from the 2012 year-end estimate of \$177.4 million.

The 2013 General Government budget of \$61.9 million is approximately \$1.4 million more than the 2012 year-end estimate of \$60.5 million. The General Government budget consists of three separate Funds: the General Fund, the Parks Fund and the Streets and Traffic Fund. Over 70% of these tax supported budgets are devoted to public safety services in the 2013 budget; this includes Police, Fire, Courts and support to these departments from the Technology Services, Finance, Legal, and Human Resources divisions, along with code enforcement, animal control, street lighting, traffic control, and snow and ice removal activities.

5-YEAR FINANCIAL PLAN

This summer, the City Council was presented with a preliminary 5-year financial forecast that was based on existing revenue streams and city services. Those projections were based on an assumption of continuing business as usual – with our current structure, services, operating practices, etc. That report provided a look at the financial consequences of maintaining the status quo, which were annual deficits ranging from \$1.5 to \$4.0 million between FY 2013 and FY 2016.

On August 21st, the official 5-year financial plan was adopted by the City Council. This was the next step in looking at long-term strategies to balance the General Government (i.e. tax-supported funds, which include General; Streets and Traffic Engineering; and Parks and Recreation) budgets.

The Five-Year Financial Plan was designed to focus on the City's General Government given these are core to the City's ability to provide essential services and capital improvements. As time goes on, this plan is to be monitored, as economic/business conditions will likely be different from preliminary estimates. Any significant changes in assumptions will require future modifications to the plan.

The 5-Year Financial Plan was meant to assist the City Council in meeting the following key goals:

- Ensuring a financially sustainable future.
- Preservation of the City's core services.
- Commitment to funding infrastructure; facilities and rolling stock.
- Addressing Strategic Plan priorities.

Revenue Forecast

The revenue forecast represents an analysis of the economic factors driving the City's revenue base and specific revenue sources available to the City. The City's core General Government revenues are increasingly affected by the economy. The financial plan revenue projections reflect various assumptions about the future economic environment based on national, state and local economic forecasts.

Over the next five years, the average annual increase in General Government revenue is projected to be 1.3%.

Expenditure Growth

The primary costs of the General Government expenditures are for salaries and wages, and personnel benefits, which combined comprises the majority of the General Government expenditure budget.

Over the next five years, the average annual increase in General Government expenditure will be 2.8%.

Bottom Line

The following chart summarizes the budget gap identified in the 5-year Financial Plan.

<u>General Fund (Millions)</u>	2012	2013	2014	2015	2016
	<u>Forecast</u>	<u>Forecast</u>	<u>Forecast</u>	<u>Forecast</u>	<u>Forecast</u>
Revenues	\$59.8	\$60.6	\$61.2	\$62.0	\$62.9
Expenditures	\$59.8	\$62.1	\$63.8	\$65.3	\$66.8
Net	\$0.0	(\$1.5)	(\$2.5)	(\$3.3)	(\$4.0)

Budget Alternatives

Based on the results of the preliminary Five-Year Financial Forecast, the City must develop a longer-term strategy for dealing with both the current and future budget reality. The following were the proposals to City Council to help bring the next several budgets into balance.

- Reorganization Plan – Certain areas in the organization were being underserved and needed additional resources allocated to them to better accomplish the City’s strategic priorities.
- Wage and Benefit Concessions – As bargaining units negotiate wages and benefits, the City will be asking for zero cost-of-living wage growth and benefit concessions. This plan assumes termination of the City’s deferred compensation benefits program, with a current cost of \$1.5 million annually, subject to collective bargaining negotiation.
- Airport Fire Service – The City has fully staffed the Aircraft Rescue Fire Fighting (ARFF) apparatus at the Yakima Air Terminal without any reimbursement from airport operations. The Fire Department is proposing to staff mandated coverage on overtime, instead of full time staffing.
- 2% Vacancy Rate – By instituting a 2% personnel vacancy rate in General Government, the City can avoid budgeting about \$800,000 in 2013, and up to \$1 million in 2016.
- Health Care Costs – The City is working with the self-insured broker, the Health Benefit board and collective bargaining units to look at benefit design and health care delivery options to lower the steep increase projected in health care costs. Reductions starting in 2013 have been identified, which will be maintained in the Health Benefit fund, as that reserve balance is below required levels.
- Managed Competition – Departments have been tasked with identifying operations that can be subject to managed competition. This will be pursued on a regular basis.

- Attrition/Service Reductions – Vacant positions will be critically examined to determine if and when they should be replaced.
- Capital Improvements – Council has been studying the need for a stable funding source for major street maintenance and improvements. Two viable revenue options have been discussed in the past few months at various study sessions and public meetings.
 - Metropolitan Parks District (MPD) – Should the MPD go forward as a funding option for Parks and Recreation, the City would also have an opportunity to use resources currently allocated for that function to street improvements.
 - Car Tab Fee – The Transportation Benefit District can establish an annual car tab fee of \$20 per vehicle.

Conclusion

Although the City of Yakima is slowly coming out of the worst economic recession in recent history, the Five Year Financial Plan represents a prudent and balanced strategy for meeting its fiscal challenges. The strategy reflected in the Five Year Financial Plan allows the City to eliminate projected budget gaps, and make critical investments in its street infrastructure. Moreover, the strategy will allow the City to continue to provide essential, outstanding cost effective service and capital improvements to our residents and businesses.

2013 BUDGET ADJUSTMENTS

General Government Budget Reductions

As the 2013 budget was developed, all revenue estimates were reviewed and updated for more recent trends, and known changes were incorporated in the expenditure budget. After all known changes were made, the General Government budget was still out of balance by about \$1.4 million. At that point the balancing strategies as outlined in the Five Year Financial Plan were implemented. The following is a summary of the original plan, compared to the elements that were incorporated into the 2013 budget.

GENERAL GOVERNMENT BUDGET REDUCTIONS

	2013 Forecast	Preliminary Budget
Original 5-Year Plan Budget Gap	(\$1,500,000)	(\$1,417,000)
Expenditure Options		
Wage & Benefit Concessions	300,000	304,000
Airport Fire Service (AARF)	200,000	220,000
2% Vacancy Rate	800,000	730,000
Attrition/service reduction	200,000	163,000
Net Budget	1,500,000	1,417,000

Detail of Reductions to Balance

Wage and Benefit Concessions - Deferred Compensation		
Non-represented and AFSCME		(304,000)
3 Vacant Firefighter Positions Eliminated		
Airport Rescue vehicle staffed by Overtime		(220,000)
Attrition/Service Reductions (Vacant)		
Administrative Assistant - Community Development		(75,000)
DA II Public Works (Reduces PW Admin Charges)		(48,000)
Information Technology Position (Keep Vacant 6 months)		(40,000)
Vacancy Rate-2% of Gen Gov salary and benefits, w/out Med or Dental		(730,000)
Total Budget Balancing		(\$1,417,000)

General Government Program Changes

In response to a citizen survey, City Council had a retreat to review the survey results and align its strategic priorities to better address the community's needs. The following chart is a summary of programmatic changes included in the 2012 budget, and the strategic priority being addressed by each initiative.

GENERAL GOVERNMENT STRATEGIC INITIATIVES

Description	Increase	Notes	Priority
City Manager			
Airport-Consulting Fee	\$30,000	Intergovernmental	PA
Olympia/Washington Lobbyist	50,000	City Council Budget	PA
	80,000		
Legal (Indigent Defense:)			
Increase Indigent Defense Contract	347,500	State Mandated	PS
Add One Prosecutor & Temporary Hours	115,000	State Mandated	PS
	462,500		
Municipal Court			
Reinstate Municipal Court Cashier	54,000	Improved Customer Service	PT
Community Development			
Dangerous Building Abatement	15,000		BE/PS
Graffiti Abatement - Volunteer Coordinator	15,000	Temporary Position	BE/PS
	30,000		
Economic Development Dept			
Economic Development Manager	\$122,500	Approved by Council	ED
Support costs (i.e. phone, training, etc.)	7,500		ED
Special Events-Downtown focus	100,000		ED
	230,000		
Police			
Gang Unit Enhancement	118,000	2 Civilians Start 4/1/13 2 Police Officers Start 10/1/13	PS/PT
Dispatch - Public Safety Communications	80,000	Additional Interfund Transfer (9-1-1 funding for dispatch reduced - see 9-1-1 Call Taker)	PS
	198,000		
Fire			
Purchase Fire Apparatus (\$375,000)	40,000	Annual Debt Service - 10 yrs	PS
2 Fire Code Inspectors/Supplies	165,000	Supported by New Fee	PS
	205,000		
Streets & Traffic Engineering			
Reinstate Vehicle Replacement to '11 Levels	100,000	From \$150,000 to \$250,000	BE
\$5.0m Councilmanic Bond Issue	300,000	Annual Debt Service (Est) - 10 yrs	BE/PT
	400,000		
Total General Gov. Program Changes	\$1,659,500		

Strategic Priority Legend

Economic Development	ED	Public Trust and Accountability	PT
Public Safety	PS	Partnerships	PA
Built Environment	BE		

Other Fund Changes

Most of the other funds are continuing their specific missions without major changes. The following is a summary of strategic initiatives in the other operating and utility funds.

OTHER FUND STRATEGIC INITIATIVES

<u>Description</u>	<u>Inc/(Dec)</u>	<u>Notes</u>	<u>Priority</u>
Utility Project Coordinator	\$67,000	WW, Water, Irrigation, Gen Fund	BE/PT
Director of Engineering & Utilities	140,000	WW, Water, Irrigation, Gen Fund	BE/PT
Housing Specialist	(50,000)	Attrition Reduction/Federal Grant Reduction	PT/ED
Reconfigure Franklin Park parking lot	150,000	REET 1	BE/ED
Community Relations Bldg Purchase f/Fire	316,250	Transfer from Fund 125 to Fire Capital Fund	PS
DA II - Transit	27,000	Add .50 FTE	PT/ED
Asset Management Software System	200,000	WW Fund Capital (+ \$100k in '14)	PT/ED
Water/Irrigation Admin	(53,000)	Attrition Reduction	PT
2 9-1-1 Call takers	125,000	Frees up Dispatch Function	PS
Water Service Specialist	(60,000)	Attrition Reduction	PT
	<u>\$862,250</u>		

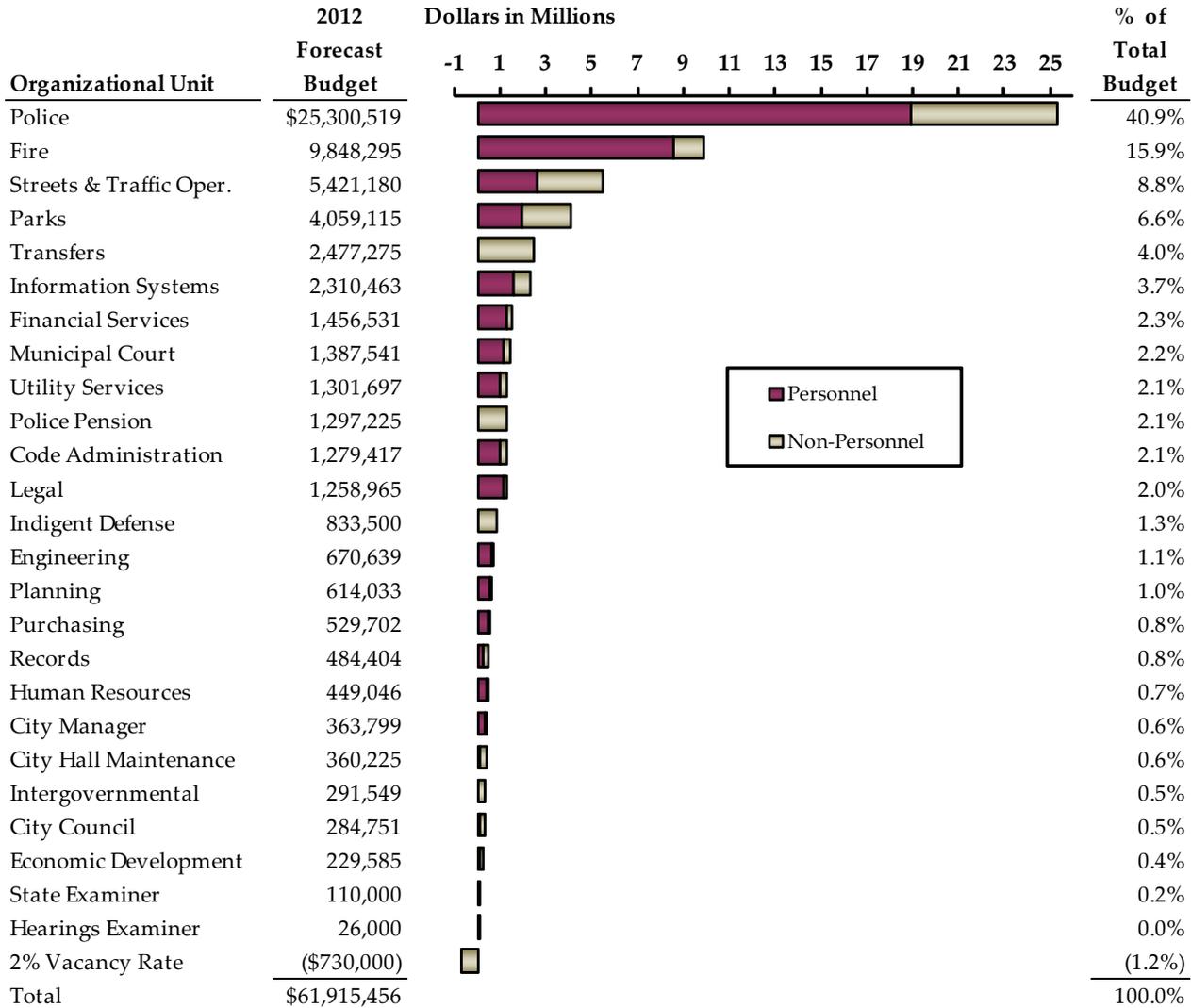
Strategic Priority Legend

Economic Development	ED	Public Trust and Accountability	PT
Public Safety	PS	Partnerships	PA
Built Environment	BE		

PRELIMINARY BUDGET

The 2013 Preliminary Budget broken down by Department, as reflected in the following chart, provides a clear picture of the resource requirements of each functional area within the City and how each area compares both to each other and to the total General Government budget of the City – in dollars and staffing levels.

2013 GENERAL GOVERNMENT PRELIMINARY BUDGET
(By Department)



The Police Department consumes 40.9% of the \$61.9 million General Government budget, while the Fire Department consumes another 15.9%. No other single Department utilizes more than 8.8% of the total General Government budget.

The Streets & Traffic Department budget (8.8%) and the Parks and Recreation Department budget (6.6%) come in a distant 3rd and 4th place for the utilization of available resources. This has been the relative utilization of General Government resources for many years, and continues to reflect the Council’s strategic priorities for the coming year.

Projected Ending Cash Balance (Reserve)

General Government resources consist of annual revenues and cash reserves (fund balances). Prudent fiscal management dictates that adequate reserves be maintained to help ensure the City is prepared to meet any number of unbudgeted and / or unforeseen circumstances that may arise, without requiring major disruptions to normal business operations. Reserves are typically utilized for many different business purposes, including: provide for emergencies; cover temporary cash flow needs; take advantage of one-time, unanticipated opportunities; provide grant matching funds; cover revenue shortfalls; and accommodate unforeseen expenditures and other contingencies.

2013 GENERAL GOVERNMENT PROJECTED REVENUES, EXPENDITURES AND CASH BALANCES

	2013 Projected Revenue	2013 Proposed Expenditures	Diff	2013 Exp as % of Rev	2013 Estimated Beginning Balance	2013 Estimated Ending Balance	2013 End Bal as % of Exp
General Fund	\$52,435,635	\$52,435,159	\$476	0.0%	\$8,483,190	\$8,483,666	16.2%
Parks & Recreation	4,058,765	4,059,115	(350)	0.0%	363,235	\$362,885	8.9%
Street & Traffic Fund	5,418,260	5,421,180	(2,920)	0.1%	1,097,836	\$1,094,916	20.2%
Total General Government	<u>\$61,912,660</u>	<u>\$61,915,454</u>	<u>(\$2,794)</u>	0.0%	<u>\$9,944,260</u>	<u>\$9,941,466</u>	16.1%

The 2013 General Government preliminary budget is balanced with minimal use of reserves and the ending reserve balance is projected to be 16.1%.

Fund Balance Change

The Governmental Accounting Standards Board (GASB) is the organization that sets accounting and financial reporting rules for governments. In recent years, the GASB has issued several proclamations that have had an effect on our financial statement presentation. Several years ago, GASB Statement 33 gave direction on reporting “derived tax revenues”, which addressed the timing of recognizing revenue of assessments on exchange transactions, such as sales tax or utility tax. In general, this new rule stated that revenue should be recognized when the underlying transaction takes place – i.e. when the sale is done.

Because there is a 2 month lag in sales tax collected by the City, and a 1 month lag in utility tax collection, the City added 2 months of sales tax and 1 month of utility tax in the year of implementation in the Comprehensive Annual Financial Report (CAFR). However, because there was no change in the underlying economic condition of the City, just the timing of revenue recognition, we conservatively maintained budgeted fund balances at the pre-GASB 33 levels. This resulted in the General Fund balance reported in the CAFR being about \$4 million more than the budgeted fund balance.

In the City Manager’s presentation on the preliminary Business Plan in August, 2012, he pointed out that the Government Finance Officers Association has a “best practice” of maintaining at least a 2-month reserve of the expected expenditures or revenues. This recommendation presumes that the additional revenue from the accounting change described above is included in the fund balance calculation. Therefore, we have added the additional accrued revenue into the budget system for

both 2012 year end estimate and 2013 budget, in the General Fund and all other funds that have “derived tax revenues”, such as gas tax and hotel/motel tax.

A more recent pronouncement, GASB 54, addressed the designation of the level of restriction on fund balances. It specifically directs that general contingency funds cannot be presented in the Financial Statements as a separate fund. Therefore, we are proposing that the Contingency Fund be discontinued as an active fund, and the fund balance of about \$240,000 be moved into General Fund. (The Contingency Fund balance was built by transfers from General Fund).

After these two changes, the General Fund projected fund balance at the end of 2013 is \$9.9 million or 16.1% of the budgeted expenditures, which is slightly below the recommended “best practice” of 16.6%.

Cash reserves are an integral and critical component of responsible fiscal management and business planning. Standard and Poor’s, a national rating agency, included two references to the City’s general fund reserves in explaining the City’s credit strengths that influenced their most recent (August 2009) reconfirmation of the City’s “A+” credit rating. Standard and Poor’s stated in their report that the City has a “track record of very strong general fund balances and good financial policies and practices, including a minimum general fund balance threshold and the use of a financial forecasting model”.

The following chart reflects several key aspects of the City’s General Government fiscal condition.

**GENERAL GOVERNMENT FUNDS
RESERVES USAGE AND BALANCE COMPARISONS**

	(1)	(2)	(3)	(4)	(5)
	2011	2012	2012	2013	
	Actual	Amended	Year-End	Preliminary	Variance
		Budget	Estimate	Budget	(4-2)
Beg. Reserve Balance	\$5,954,903	\$5,612,257	\$9,948,220	\$9,944,260	
Revenue	57,622,494	59,574,685	60,487,917	61,912,660	
Total Resources	<u>63,577,397</u>	<u>65,186,942</u>	<u>70,436,137</u>	<u>71,856,920</u>	6,669,978
Expenditure Budget	\$57,658,071	\$60,740,391	\$60,491,876	\$61,915,453	1,175,062
End. Reserve Balance	<u>5,919,327</u>	<u>4,446,551</u>	<u>9,944,260</u>	<u>9,941,467</u>	
% of Annual Expenditures	10.3%	7.3%	16.4%	16.1%	
Inc/(Dec) in Reserves f/ Prior Year	(\$35,577)	(1,165,706)	(\$3,960)	(\$2,793)	
% of Expenditure Budget	(0.1%)	(1.9%)	(0.0%)	(0.0%)	

Revenues

- 2013 projected revenues reflect an increase from the 2012 year-end estimate of 2.3%.

Expenditures

- The 2012 year-end expenditures are projected to be \$0.2 million less than the Amended budget.
- The 2013 proposed expenditure budget is \$1.4 million more than the 2012 year-end estimate and \$1.2 million more than the 2012 authorized expenditure level.

Reserves

- A comparison of the 2011 beginning and ending reserve balances reflects a minimal use of reserves during that year (from approximately \$6.0 to \$5.9 million).
- 2012 year-end projections indicate virtually no utilization of reserves during 2012.
- The 2013 budgeted year-end reserve level is approx. 16.1%; this is within the reserve guidelines, as noted previously, and expenditures virtually equal revenues.

2013 GENERAL GOVERNMENT BUDGET – HIGHLIGHTS

For four years now, staff has been closely monitoring the financial crisis and economic recession that has gripped our entire nation, our State and our local economy. Staff has prepared, and updated, 2012 and 2013 revenue projections for the City based on the economic condition of our region. General Government revenues had been flat for the previous 4 years (hovering between \$57.4 and \$57.6 million from 2008 through 2011), but are now starting to marginally increase. Most of the revenue increase from 2011 actual to the 2012 estimate is the result of City Council's increase of the Water, Wastewater, Refuse and Stormwater utility tax by 6%--this accounts for about \$2 million of the \$2.9 million increase. This new revenue was earmarked specifically for Public Safety, and is supporting 12 Police Officers, a Firefighter, and other public safety support. Unfortunately, costs of providing the same level of service had also increased over these 4 years, causing an erosion of service levels during that time frame.

- From 2008 through 2012, a total of 41 positions have been eliminated in order to balance the budget within available resources.
- The 2013 budget returns a net of 6.75 positions to the budget, to address citizen concerns and the City Council's strategic priorities.

Cost containment and efficiency improvements continue to be a strong focus and an emphasis in every expenditure decision.

Taxes

Management has included no new taxes in the proposed 2013 Preliminary Budget.

- Sales Tax – The General Government budget includes revenue projections that reflect a 1.5% increase in sales tax revenues from 2012 to 2013. Through the 9 months ended September 30, the year to date sales tax is 5% over the prior year.
- Property Tax – The 2013 budget is based on a 1% increase in the property tax levy or about \$164,000, as currently allowed by state law, plus a 0.75% increase or \$123,000 for new construction for a total increase of \$286,000.

Budget Reductions/Personnel Changes

Since revenues have been “flat”, with minimal growth expected in 2012 and 2013, and the cost of doing business continues to grow, significant budget/ service reductions and/or eliminations were necessary in order to balance the 2012 and 2013 budgets within available resources and maintain a minimum reserve level.

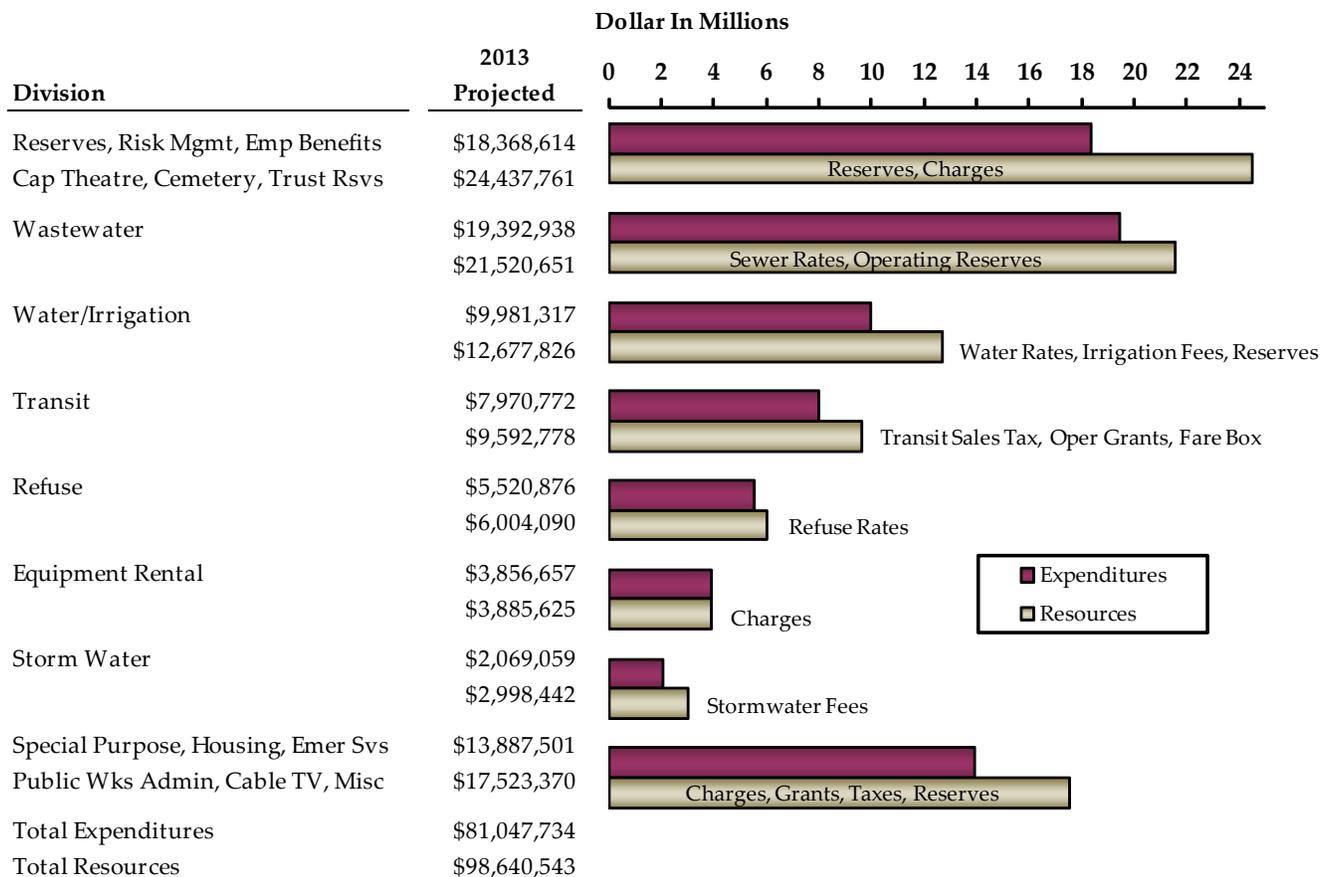
- The City has a budget freeze on salary and wages (0% increase) for all non-union employees for 2013 and is proposing the same to the labor unions except those that are settled going into next year. Management has also challenged employees to reduce costs in accordance with the Five Year Financial Plan, to reach sustainable levels of service. The City is in various stages of negotiations with all other bargaining units.

Note: this represents the fifth salary and wage freeze over the past seven years (2007, 2010, 2011, 2012 and 2013) for non union employees.

NON-GENERAL GOVERNMENT FUND SUMMARY

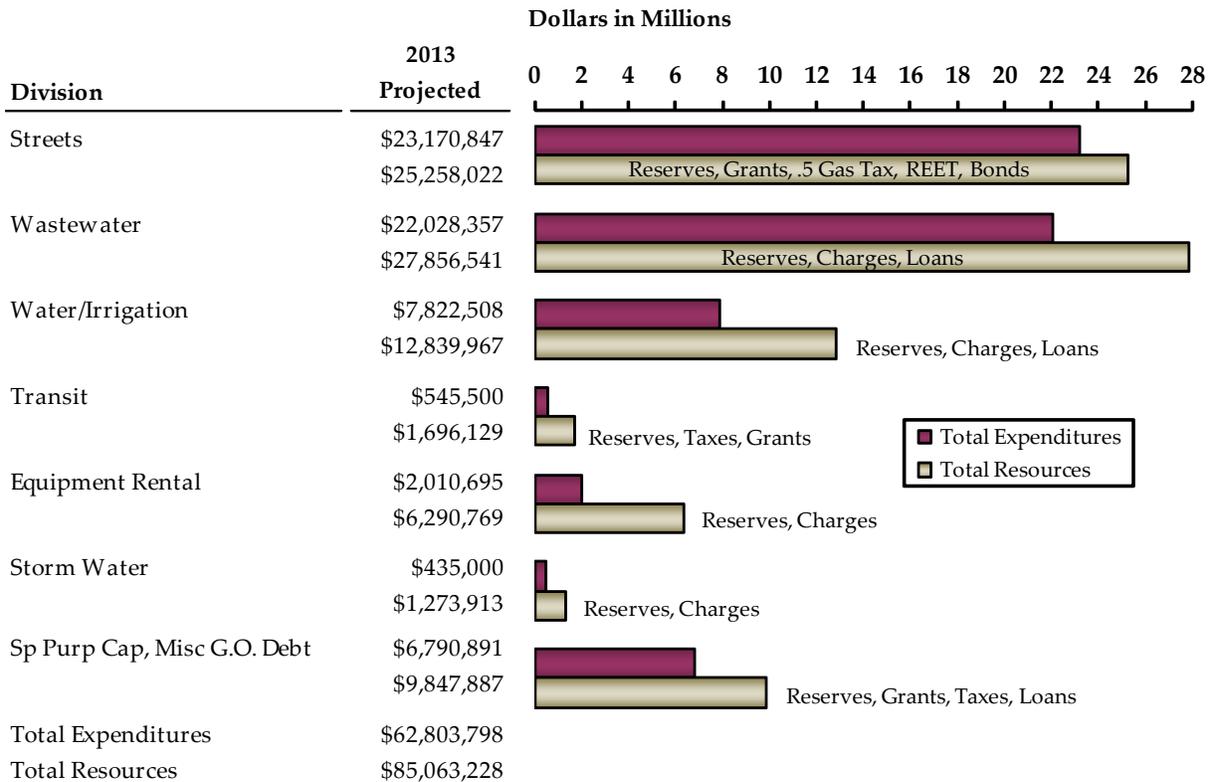
The following chart depicts a summary of resources and expenditures for major operating and Utility fund operations for 2013, including contingency, operating reserve funds and employee benefit funds. Although Equipment Rental is included on the table above, it is split into an operating component and capital component for charting operating vs. capital budgets.

2013 OPERATING AND RESERVE FUNDS



The following describes the relationship of resources and expenditures for major capital budgets of the City, including debt service and the capital portion of the Equipment Rental Fund.

2013 CAPITAL AND DEBT SERVICE FUNDS



CHANGES IN FUNDING AUTHORIZATION

Due to a mid-year reorganization approved by Council, 5.0 FTEs were added, and with the changes occurring in the Finance Department, the layoff of a filled position was cancelled. Refer to the following chart for more information regarding these staffing changes.

2012 MID-YEAR GENERAL GOVERNMENT BUDGET POSITION ADJUSTMENTS

Fund/Department	Description	Chg	#	Base & Benefits	Remarks
City Manager	Economic Development Manager	Add	1.00	\$122,500	Reorganization
Fire	Fire Code Inspector	Add	2.00	153,000	Restore Service
Engineering	Director of Utilities & Engineering	Add	1.00	146,000	Reorganization
Planning	Strategic Project Mgr	Net	0.00	0	Reorganization - Replaced Planning Manager
Finance	Financial Services Spec	Add	1.00	63,000	Reinstatement of position.
Total Mid-Year Adjustments			5.00	\$484,500	

The following charts summarize the general government (i.e. tax-supported) and non-general government position additions and deletions included in the 2013 budget.

2013 PRELIMINARY GENERAL GOVERNMENT BUDGET POSITION ADJUSTMENTS

<u>Fund/Department</u>	<u>Description</u>	<u>Chg</u>	<u>F/V</u>	<u>#</u>	<u>Base & Benefits</u>	<u>Remarks</u>
Legal	Prosecutor	Add		1.00	\$103,000	Indigent Defense rule changes.
Municipal Court	Cashier	Add		1.00	54,000	Reinstatement of position.
Planning	Admin Asst/CED Dir	Del	V	(1.00)	(84,000)	Attrition Reduction
Codes Admin	Utility Proj Coordinator	Add		1.00	67,000	25% General Government Funding
Police	Civilian Support	Add		2.00	77,000	Expand gang unit - 4/1/13
	Officers	Add		2.00	44,000	Expand gang unit - 10/1/13
Fire	Firefighters	Del	V	(3.00)	(220,000)	ARRF reductions at the Airport. Net addition of overtime.
Customer Service	Water Service Specialist	Del	V	(1.00)	(60,000)	Reorganization / Attrition Reduction
Total General Government				2.00	(\$19,000)	

Each of these proposals in the following chart has an identified revenue source or other expenditure reduction to support the additional cost.

2013 PRELIMINARY NON-GENERAL GOVERNMENT BUDGET POSITION ADJUSTMENTS

<u>Fund/Department</u>	<u>Description</u>	<u>Chg</u>	<u>F/V</u>	<u>#</u>	<u>Base & Benefits</u>	<u>Remarks</u>
ONDS	Housing Specialist	Del		(0.75)	(\$50,000)	Unfunded Position
Public Safety Communications	9-1-1 Call takers	Add		2.00	124,000	Relieve the workload of the Dispatchers.
Transit	DA II	Add	V	0.50	26,000	Expand Vanpool Service
Irrigation	Water/Irrigation Admin	Del	V	(1.00)	53,000	Attrition Reduction
Public Works	DA II	Del	V	(1.00)	46,000	Attrition Reduction
Total Other Operating Funds				(0.25)	\$199,000	

GENERAL STAFFING - ADJUSTMENTS SUMMARY & COMPARISONS

In the 2013 budget, management continues to accommodate Federal and State unfunded mandates and provides critical public safety and other essential services. In an effort to minimize costs and increase efficiencies, management has increased, decreased, and reorganized personnel resources in the 2013 budget.

- Net addition of 6.75 FTE's and approximately \$0.7 million dollars between the 2012 adopted and the 2013 proposed budgets.

- Since the recession started in late 2008, General Government is operating with a net total of 36 fewer FTE's in 2013 (from 478 in 2008 to 442 in 2013); a reduction of 8.1%.
- The per capita number of General Government employees has decreased over the past decade (per every 1,000 population), from 5.7 FTE's in 2002 down to 5.1 FTE's in 2012.

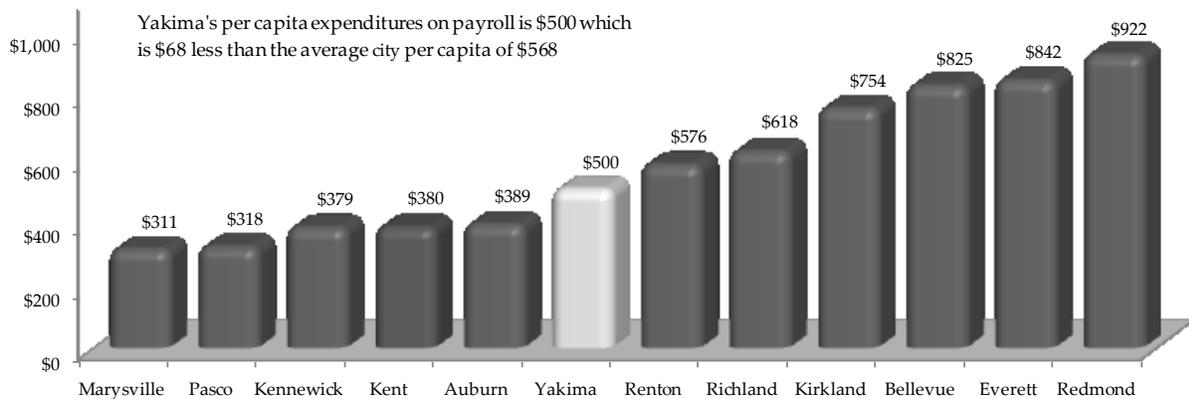
Comparison with other Cities

In order to balance the budget within available resources, the City has made numerous reductions in staffing and related programs over the past several years. These staff reductions have resulted in favorable cost comparisons with other cities, as reflected in the following charts.

The data utilized in the following comparisons was compiled from the State Auditor's Local Government Comparative Statistics for 2011, and includes comparisons of comparable Washington State cities with populations between 45,000 and 125,000.

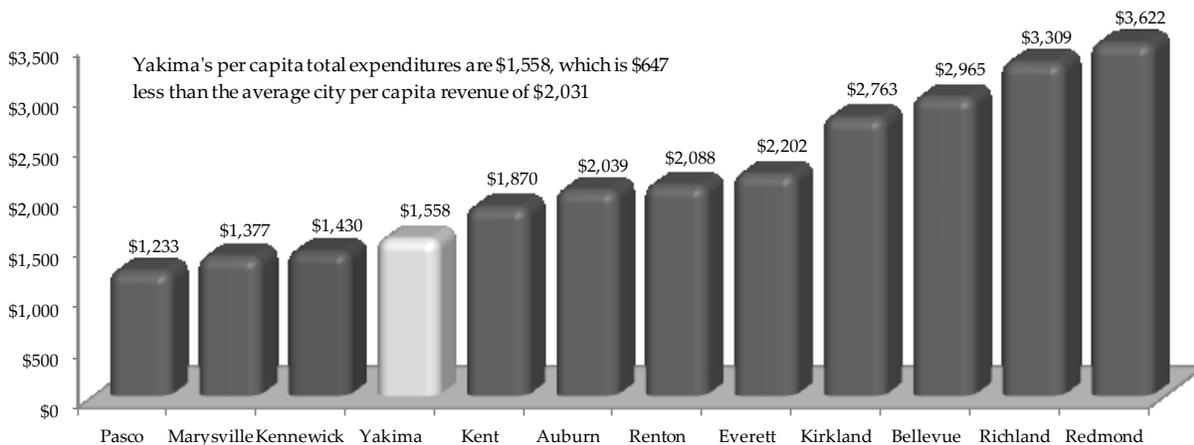
PAYROLL COSTS

The City of Yakima costs well below the average per capita payroll costs out of the twelve comparison cities.



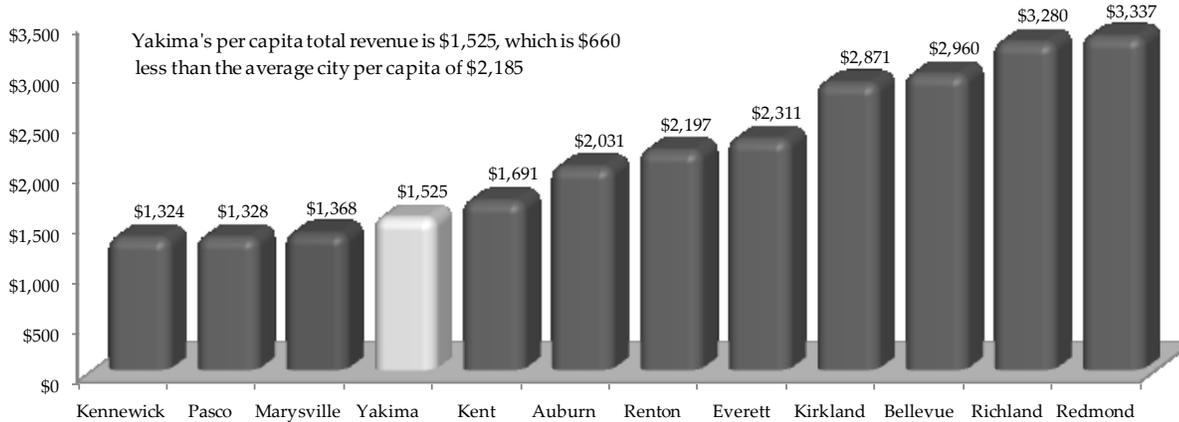
TOTAL EXPENDITURES

The City of Yakima had the fourth lowest average per capita total expenditures out of the twelve comparison cities.



TOTAL RESOURCES

The City of Yakima also had the fourth lowest average per capita total revenue out of the twelve comparison cities.



These comparisons demonstrate that the City of Yakima has limited revenue/tax base compared with most cities of its size in the state, and yet provides similar or enhanced services to its citizens. (For example, of the 12 cities included in the comparison, only Everett has a transit system; there are no other city-owned irrigation systems; and a few of the cities are members of a Regional Fire Authority, so have no fire expenditures).

As reflected on the previous pages of this section, management has closely monitored and maintained a strong fiscal discipline over spending throughout all City departments for years. This has preserved the City's reserve position – and a stable credit rating – during some very difficult times. The Five Year Financial Plan contains strategies to continue to balance the budget going forward, even though projected revenue growth will continue at a rate below inflation.

GENERAL GOVERNMENT FUNDS: YEAR IN REVIEW

2012 GENERAL GOVERNMENT ESTIMATED REVENUES AND EXPENDITURES

	<u>General Fund</u>	<u>Parks & Rec Fund</u>	<u>Street Fund</u>	<u>Total</u>
Actual Beginning Balance	\$8,440,130	\$296,800	\$1,211,290	9,948,220
Estimated Revenue	51,370,276	4,036,753	5,080,888	60,487,917
Total Estimated Resources	59,810,406	4,333,553	6,292,178	70,436,137
Less: Estimated Expenditures	51,327,216	3,970,318	5,194,342	60,491,876
Estimated Ending Balance 2012	\$8,483,190	\$363,235	\$1,097,836	\$9,944,261

General Government is the term used to describe basic tax supported activities, which are included in three funds:

General Fund

Services provided include police, fire, code enforcement, planning, legal, municipal court, city administration, financial services, purchasing, and information technology.

- 2012 year-end revenue estimate is \$51,370,276 – \$2,985,662 or 6.2% above the 2011 actual, and \$2,982,005 or 6.2% greater than 2010 actual.
- 2012 year-end expenditure estimate is \$51,327,216 – \$213,321 or 0.4% under the authorized, amended budget of \$51,540,537 due primarily to salary savings from position vacancies.

Parks and Recreation Fund

Services include Parks programs and maintenance.

- 2012 year-end revenue estimate is \$4,036,753 – (\$69,357) or (1.7%) below the actual levels for 2011, with the primary decrease due to reduced activity in the Senior Center tour program.
- 2012 year-end expenditure estimate is \$3,970,318 – (\$30,379) or (0.8%) under the 2012 amended budget.

Streets Fund

Services include Street and Traffic operations and maintenance.

- 2012 year-end revenue estimate is \$5,080,888 – (\$50,882) or (1.0%) less than actual levels for 2011. This decrease is primarily due to property tax reallocation to match expenditure reductions, and the receipt of a one-time traffic safety grant in 2011.
- 2012 year-end expenditure estimate is \$5,194,342 – (\$4,815) or (0.1%) under the 2012 amended budget.

The effects of the national economic recession have turned around slightly through 2012, and the city is experiencing an increase in Sales Tax for the first time since the recession started in 2008. The 2012 General Government revenue budget was \$59,574,685, so the year-end estimate of \$60,487,917 is about \$913,232 or 1.5% more than budgeted, with most of this increase coming from sales tax.

The 2011 actual revenue for these 3 funds was \$57,622,494, so the 2012 estimate is \$2,865,423 or 5.0% above the prior year actual. This is due primarily to the increased utility tax authorized by Council to be effective in 2012 (estimated to generate about \$2.0 million in 2012), and the improved sales tax. The annual rate of inflation as measured by the CPI-U (All Urban Consumers) is 1.7% in August, 2012 for all cities, and the Seattle index is 2.7%.

**GENERAL GOVERNMENT COMPARISON
2012 BUDGET VS. YEAR-END ESTIMATE**

<u>Fund/Department</u>	<u>2012 Amended Budget</u>	<u>2012 Year-End Estimate</u>	<u>Variance</u>	<u>Year-End Est. as Percent of Budget</u>
Police	\$24,303,966	\$24,229,400	\$74,566	99.7%
Fire	9,380,495	9,321,562	58,933	99.4%
Technology Services	2,447,396	2,388,818	58,578	97.6%
Transfers	3,231,275	3,212,275	19,000	99.4%
Code Administration	1,208,765	1,211,149	(2,384)	100.2%
Police Pension	1,186,350	1,263,744	(77,394)	106.5%
Legal	1,127,361	1,124,131	3,230	99.7%
Financial Services	1,423,068	1,429,750	(6,682)	100.5%
Municipal Court	1,256,587	1,228,681	27,906	97.8%
Engineering	702,274	681,897	20,377	97.1%
Utility Services	1,342,110	1,319,890	22,220	98.3%
Environmental Planning	622,101	593,153	28,948	95.3%
Records	513,172	529,455	(16,283)	103.2%
City Manager	367,925	367,336	589	99.8%
Human Resources	449,628	448,877	751	99.8%
City Hall Maintenance	357,016	357,104	(88)	100.0%
Indigent Defense	481,000	485,000	(4,000)	100.8%
Purchasing	527,535	527,195	340	99.9%
Intergovernmental	240,299	243,299	(3,000)	101.2%
City Council	235,214	232,500	2,714	98.8%
State Examiner	106,000	106,000	0	100.0%
Hearing Examiner	31,000	26,000	5,000	83.9%
Total General Fund	<u>51,540,537</u>	<u>51,327,216</u>	<u>213,321</u>	99.6%
Parks & Recreation	4,000,697	3,970,318	30,379	99.2%
Street & Traffic Operations	5,199,157	5,194,342	4,815	99.9%
Total General Government	<u><u>\$60,740,391</u></u>	<u><u>\$60,491,876</u></u>	<u><u>\$248,515</u></u>	99.6%

The preceding table provides a breakdown of the year-end estimate of General Government budgets for 2012. The largest positive variance (expenditure savings) is in the Police Department and relates to salary savings from several vacancies. Most of the other positive variances are also related to position vacancies.

Following is a listing of departments projected to exceed budget:

- Code Administration – the dangerous building abatement is exceeding budget. This is expected to be recouped by billing the property owners. Note: the 2013 budget is being increased by \$15,000 to more adequately fund this program.

- Police Pension – Medicare premium rates increased more than anticipated. Also, the Police settlement affects the pension calculations.
- Financial Services – 3 long-term employees left the City, resulting in a significant one-time cashout expense. Most of this additional cost is mitigated by leaving one of the positions vacant for the rest of the year.
- Records – A position was unbudgeted in 2012 to cover the cost of the cashout of the retiring City Clerk. Because this division only has 4 positions budgeted, a reduction of 25% of the staffing could not be absorbed, and the 4th position was filled in the fall.
- Indigent Defense – The budget is based on fixed contracts, and an estimate for appeal services. The variable costs are exceeding estimates.
- Intergovernmental – The estimate of the required payment of 2% of the liquor tax revenues to a substance abuse program was lowered for 2012 in response to the projected reductions of this state shared revenue. As the revenue is exceeding estimates, so is this cost.

Because the legal level of control for budget authority is the fund level, and General Fund is estimated to be under spent in total, staff is not proposing budget amendments for these overages at this time.

**GENERAL FUND
THREE YEAR COMPARISON**

	2010	2011	2012
	Actual	Actual	Year-End Estimate
Beginning Balance	\$8,152,009	\$8,275,553	\$8,440,130
Revenues	48,388,271	48,384,614	51,370,276
Total Resources	56,540,280	56,660,167	59,810,406
Expenditures	48,520,257	48,255,814	51,327,216
Ending Balance	\$8,020,023	\$8,404,353	\$8,483,190

Note: The beginning balance for all of the years presented has been restated to include the change in accounting principle to add sales and utility taxes based on the time of the underlying transactions instead of the time the tax is received by the City.

GENERAL GOVERNMENT FUNDS: REVENUE TRENDS

The City receives revenue from many different sources; some revenue is available for any government purpose and some revenue is restricted in use to a specific fund(s) and/or a specific purpose. The sources of revenue that are available for use within the General Government Funds (for general purposes or for a restricted purpose within General Fund, Parks or Street Funds) are listed in the following charts, along with a three-year comparison of the amount of revenue received from each source.

For 2013, total General Government revenues are budgeted to be \$61,912,660; \$1,424,743 or 2.4% more than the 2012 year-end estimate of \$60,487,917. Total beginning cash reserves are estimated to be \$9,944,261, (\$3,959) or 0.0% less than the 2012 estimate of \$9,948,220. This fund balance is about 16.1% of the proposed 2013 budget.

Variances in revenues at this combined level are explained briefly below. A more detailed explanation follows the chart.

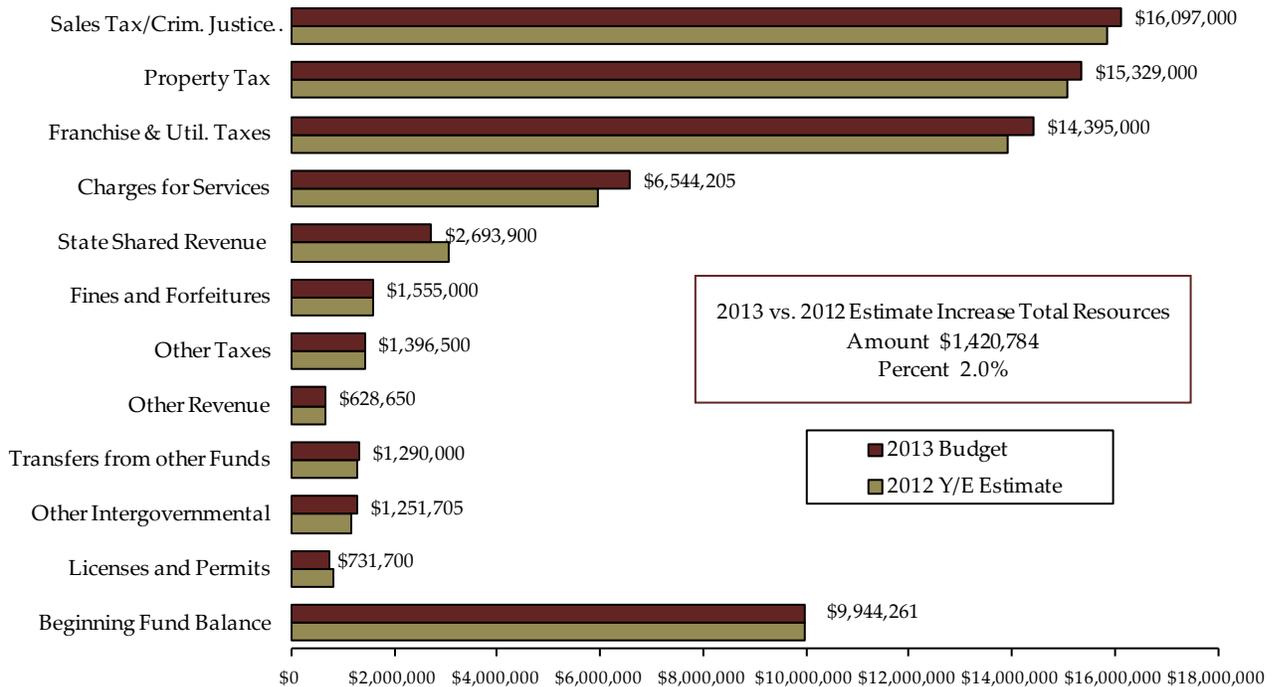
- Sales Tax – for 2013 is projected to be approximately \$200,000 or 1.5% above the 2012 estimate. Even though it is estimated to grow by 4.4% in 2012 and an additional 1.5% in 2013, it will still be slightly below 2007 levels, and 2.7% below the 2008 high of about \$13.7 million.
- Property Tax – increased \$286,000 or 1.9%. This includes the levy limit increase of 1%, plus new construction (about 0.75%), and a redirection from the Firemen’s pension fund in response to the continued savings from transferring LEOFF 1 medical expense of pensioners over age 65 to Medicare and purchased Medicare supplemental insurance.
- Franchise and Utility taxes – increase (2013 over 2012) of \$498,000 or 3.6% is largely due to the full year implementation of the additional 6% utility tax started early in 2012, coupled with rate adjustments proposed in a few of the major utilities.
- Charges for Services – are up by \$623,600 or 10.5% primarily because of proposals to implement a fire inspection fee (\$165,000); increase engineering fees for construction inspection (\$100,000); increase a few Parks and Recreation fees (\$43,500). Program usage is estimated to increase in a few areas, while other charges are estimated to remain flat.
- State Shared Revenue – is being reduced by (\$352,490) or (11.6%) mainly because the current state budget includes the complete elimination of Liquor Excise Tax for 3 quarters in 2013.
- Other Revenues – are (\$3,323) or (0.5%) below 2012. This is mainly due to the dropping rate of return on investment interest.
- Other Intergovernmental Revenue – is up \$99,264 or 8.6% which is largely due to the increased contribution by the Yakima School District for school resource police officers.

**GENERAL GOVERNMENT RESOURCES
THREE YEAR COMPARISON**

Source	2011	2012	Percent Change	2013	% of 2013	— 2013 vs. 2012 —	
	Actual	Estimate		Budget	Total	Increase (Decrease)	Percent Change
General Sales Tax	\$12,590,563	\$13,150,000	4.4%	\$13,350,000	21.6%	\$200,000	1.5%
Crim. Justice Sales Tax ⁽¹⁾	2,612,126	2,670,000	2.2%	2,747,000	4.4%	77,000	2.9%
Property Tax	14,845,465	15,043,000	1.3%	15,329,000	24.8%	286,000	1.9%
Franchise & Utility Taxes	11,544,231	13,897,000	20.4%	14,395,000	23.3%	498,000	3.6%
Charges for Services	6,465,872	5,920,605	(8.4%)	6,544,205	10.6%	623,600	10.5%
State Shared Revenue	2,945,617	3,046,390	3.4%	2,693,900	4.4%	(352,490)	(11.6%)
Fines and Forfeitures	1,569,946	1,555,000	(1.0%)	1,555,000	2.5%	0	0.0%
Other Taxes	1,388,470	1,395,500	0.5%	1,396,500	2.3%	1,000	0.1%
Other Revenue	614,179	631,973	2.9%	628,650	1.0%	(3,323)	(0.5%)
Transfers from other Funds	1,173,438	1,248,308	6.4%	1,290,000	2.1%	41,692	3.3%
Other Intergovernmental	1,030,315	1,152,441	11.9%	1,251,705	2.0%	99,264	8.6%
Licenses and Permits	842,272	777,700	(7.7%)	731,700	1.2%	(46,000)	(5.9%)
Total Revenue	\$57,622,494	\$60,487,917	5.0%	\$61,912,660	100.0%	\$1,424,743	2.4%
Beginning Fund Balance	9,710,900	9,948,220	2.4%	9,944,261		(3,959)	(0.0%)
Total Resources	\$67,333,394	\$70,436,137	4.6%	\$71,856,921		\$1,420,784	2.0%

(1) Some Criminal Justice sales tax is allocated to the Law and Justice capital fund (a non-general Governmental fund) for capital needs.

**GENERAL GOVERNMENT RESOURCES
2012 YEAR-END ESTIMATE AND 2013 BUDGET FORECAST**



In some instances, certain revenues are dedicated for specific purposes (i.e. grant proceeds). Additionally, certain revenues are generated by operations, so that if the operations are reduced or eliminated, the revenue would also be reduced or eliminated (i.e. Parks recreation program). The following chart summarizes net revenue by Department.

**NET REVENUE
(Includes Dedicated Revenues)**

<u>Department</u>	<u>Expenditures</u>	<u>Net Revenue</u>
City Management	\$4,955,547	\$1,860,075
Legal	1,258,965	329,013
Municipal Court	1,387,541	303,970
Finance	6,733,979	2,322,172
Community & Economic Development	2,279,674	1,343,979
Engineering	670,639	721,200
Police	25,300,519	4,499,608
Fire	9,848,295	176,400
Parks & Recreation	4,059,115	1,292,165
Streets	5,421,180	1,519,260
	<u>\$61,915,453</u>	<u>\$14,367,842</u>

This demonstrates that about 23.2% of General Government revenue is either dedicated to or generated by certain operations.

GENERAL SALES TAX (SINGLE LARGEST REVENUE SOURCE FOR GENERAL FUND)

- 2013 revenue projection is \$13,350,000 – 1.5% above the 2012 year end estimate.

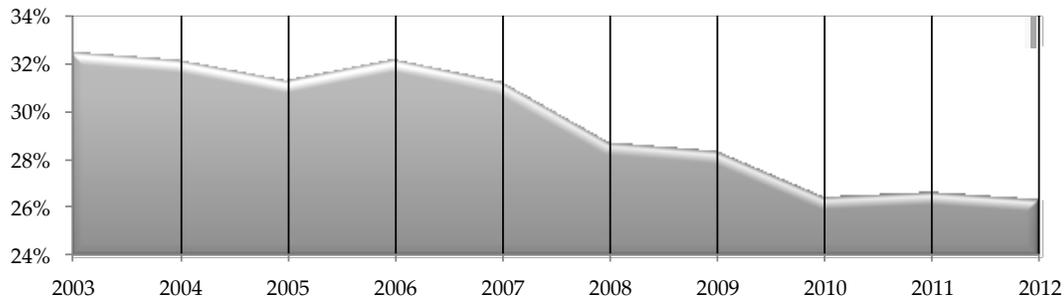
After 3 years of sales tax being about \$1.1 million or 8% below the 2008 high of \$13.7 million, sales tax has picked up in 2012. Through September, 2012 sales tax is about 5% ahead of 2011 year to date, so that the year-end estimate is \$13.1 million. 2013 assumes an increase of 1.5% over this higher activity, to \$13.3 million (still below 2008 levels.) The agricultural sector of our economy is experiencing a relatively good year, and construction sales tax is on the upswing, with the Yakima School District projects slated to continue through 2013.

Of the 8.2% sales and use tax collected within the City, the City of Yakima receives only 0.85% (or about 10.4% of the total) in general Sales Tax revenue. The General Government Funds receive the full amount of the City’s share of general sales tax revenues. (Note: the City also receives 0.3% sales tax revenues which are restricted for transit purposes and a portion of the 0.4% sales tax revenues which are restricted for criminal justice purposes. The State receives 6.5% and Yakima County receives .15% of the remainder – refer to Exhibit II for more information.)

The following chart identifies Yakima’s sales tax revenues as they relate to the total General Fund operating revenues (excluding interfund transfer revenues). This revenue source is very sensitive to economic conditions. As the graph below shows, sales tax receipts have trended downward over the past 10 years as a percentage of total revenue in the General Fund, as other revenue sources

such as utility tax have generally kept up with inflation, and the City has been successful in obtaining grants. The decrease in the 2010 through the 2012 estimate reflects the deceleration in the sales tax growth rate, due to economic conditions.

**PERCENT OF SALES TAX
COMPARED TO OPERATING REVENUE
GENERAL FUND**



Criminal Justice Sales Tax

0.1% Sales Tax – A special 0.1% Criminal Justice Sales Tax was originally approved by the voters of Yakima County in the November, 1992, General Election and became effective January 1, 1993. The State allocates this 0.1% criminal justice sales tax revenue between the City and the County, based on a predefined formula. This revenue is restricted to providing criminal justice related services and is allocated based on operating vs. capital needs. This tax revenue is affected by the same regional economic factors that affect the General Sales Tax revenue.

This tax is expected to generate \$1,065,000 for the City in 2013 and is allocated in the City’s budget forecast as noted in the following chart.

0.1% CRIMINAL JUSTICE SALES TAX

Fund	2011	2012	2013
	Actual	Year-End Estimate	Budget Forecast
General Fund	\$939,530	\$960,000	\$1,000,000
Law and Justice Capital	41,889	85,000	65,000
Total	\$981,419	\$1,045,000	\$1,065,000

0.3% Sales Tax – Another special sales tax of 0.3% dedicated to Criminal Justice expenditures was approved by the Yakima County voters in November, 2004, and took effect on April 1st of 2005. The tax is on sales inside the County only and the proceeds are divided between the County and Cities on a predefined formula under which the County receives 60% and all cities within the County share the remaining 40%. Anticipated revenue is depicted in the table below. (Note: Public Safety Communications and Law and Justice Capital Finds are not part of General Government.) This tax is expected to generate \$1,950,500 in 2013, and is allocated in accordance with the following chart.

0.3% CRIMINAL JUSTICE SALES TAX

Fund	2011 Actual	2012 Year-End Estimate	2013 Budget Forecast
General Fund (for Criminal Justice Expenditures)	\$1,672,596	\$1,710,000	\$1,747,000
Public safety Communications	131,500	156,000	177,500
Law and Justice Capital	27,200	47,500	26,000
Total	\$1,831,296	\$1,913,500	\$1,950,500

Exhibit III contains a summary of how these funds have been spent over the past 5 years.

PROPERTY TAX

- Property tax provides approximately 24.8% of all General Government revenue in the 2013 budget. The 2013 budget is based on a 1% increase in the property tax levy, as currently allowed by state law, or approximately \$164,000, plus a conservative 0.75% or \$122,000 increase for new construction for a total increase of \$286,000 for a total, with Fire pension, of \$16,644,000.

The 2013 request complies with the levy limit restrictions which cap property tax levy increases to the maximum of 1% or the rate of inflation, whichever is less. (Note: state law defines the rate of inflation as measured by the Implicit Price Deflator for consumer goods). State law also allows the City to increase the levy by more than 1% if approved by the majority of voters.

As a point of clarification, the property tax levy restriction limits the change in the dollars levied (1% would generate about \$164,000 for 2013) – it does not limit growth in assessed value. The 1% limit affects the total dollars levied, while assessed valuation is the mechanism used to allocate the levy ratably among the property owners.

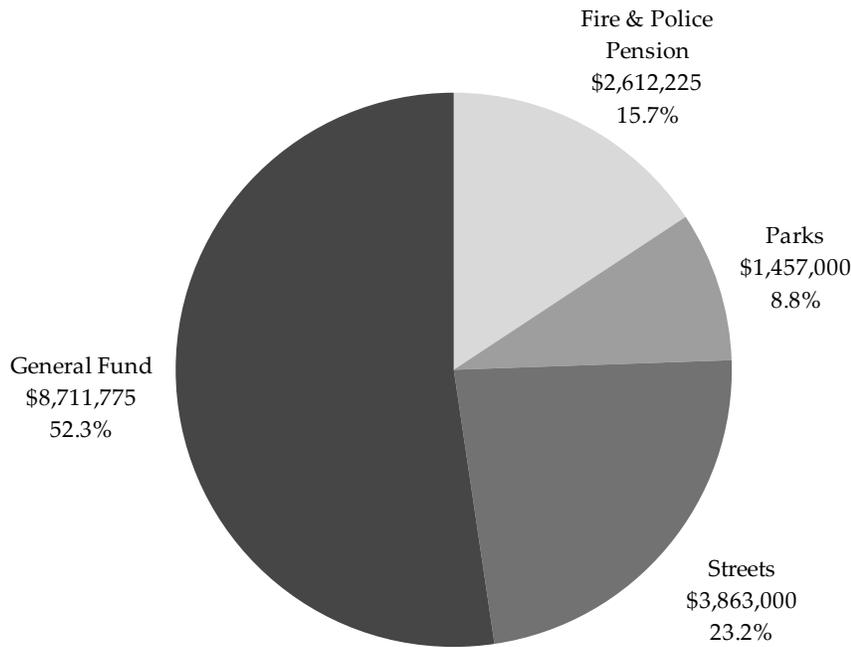
Since most consumer activity (i.e., wages, equipment, etc.) is more closely tied to the Consumer Price Index (CPI), and CPI is greater than 1% in almost all years, the future effect of 1% or less growth in Property Tax is restrictive to the City since Property Tax is one of General Government's primary revenue sources. This restriction was recognized in the Five-Year Financial Plan, and is a component in the projected deficits going forward. For sake of comparison, the Yakima Police Patrolman's Association and the International Association of Firefighters negotiated settlements together amount to almost \$1 million in 2013, which is 3.5 times more than the estimated increase in property taxes.

The following chart and graph depict the 2013 budgeted allocation of the City's property tax revenues.

**2013 PROPOSED
GENERAL PROPERTY TAX LEVY – BY FUND**

	2011 Actual	2012 Amended Budget	2012 Estimated	2013 Budget	2012 Est. vs. 2013 Budget
General	\$9,595,175	\$9,934,000	\$9,934,000	\$10,009,000	0.8%
Parks & Recreation	1,725,983	1,578,000	1,608,000	1,457,000	(9.4%)
Street & Traffic	3,524,307	3,456,000	3,501,000	3,863,000	10.3%
Sub-Total General Government	14,845,465	14,968,000	15,043,000	15,329,000	1.9%
Fire Pension	1,406,844	1,315,000	1,315,000	1,315,000	0.0%
Total	\$16,252,309	\$16,283,000	\$16,358,000	\$16,644,000	1.7%

**2013 PROPOSED
GENERAL PROPERTY TAX LEVY – BY FUNCTION**



Note: Property tax is allocated among the General Government funds based on each funds need to balance to available resources.

FRANCHISE AND UTILITY TAXES

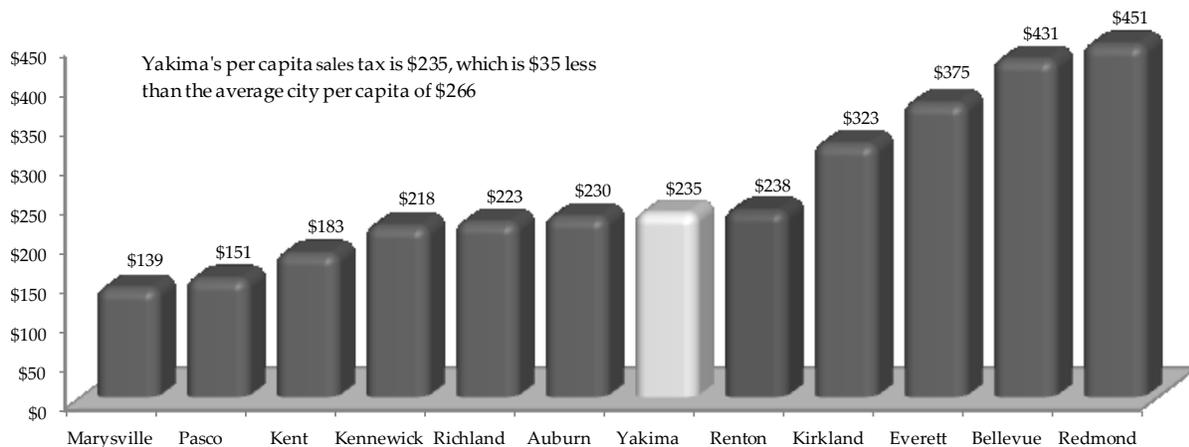
Franchise and utility taxes are collectively the third largest category of General Government revenues. They comprise 23.3% of 2013 projected General Government revenues and 23.6% of projected 2013 General Fund Revenues.

- 2013 projection is \$14,395,000 – \$498,000 or 3.6% above the 2012 year-end estimate of \$13,897,000.

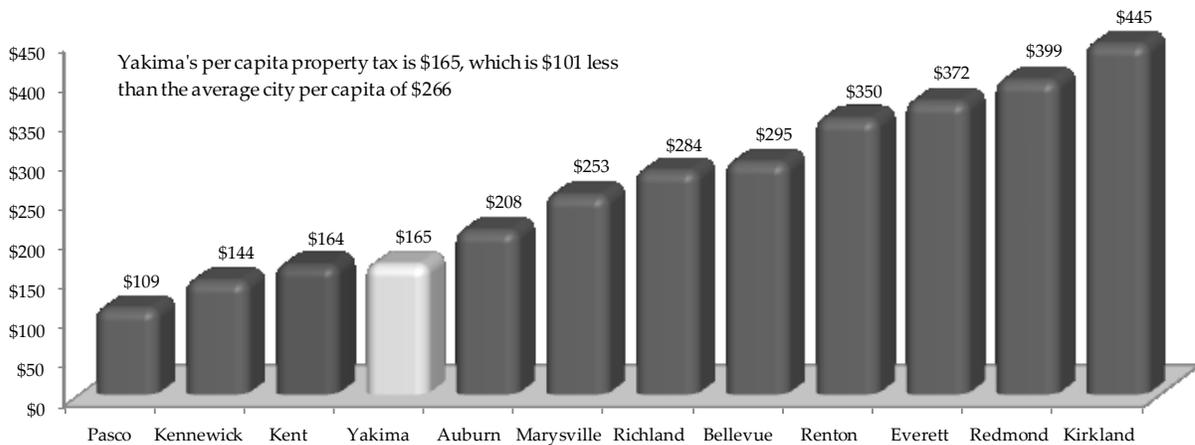
These revenues are largely a function of weather conditions and utility rates in the Valley. In 2011, the lingering recession and conservation education combined to reduce usage, so that this category was estimated to be relatively flat for 2012, before Council approved a 6% increase in the Wastewater, Water, Refuse and Stormwater utility tax. This was estimated to generate about \$2 million in 2012. Since the effective date of the increase was later in January and the billings are after the fact, only about 11 months of this tax was collected in 2012. The 2013 budget includes the full year, coupled with anticipated rate increases. Franchise and utility taxes combined are the only major revenue source keeping pace with the rate of inflation, primarily because of rate increases implemented by utility providers.

The graphs below depict how the City of Yakima compares to other cities of somewhat similar population relative to (a) sales tax, (b) property tax and (c) utility tax per capita. These comparisons show that for all 3 of the major tax sources, Yakima is below the state average. This data was compiled from the State Auditor’s Local Government Comparative Statistics, and includes comparisons of comparable Washington State cities with population between 45,000 and 125,000.

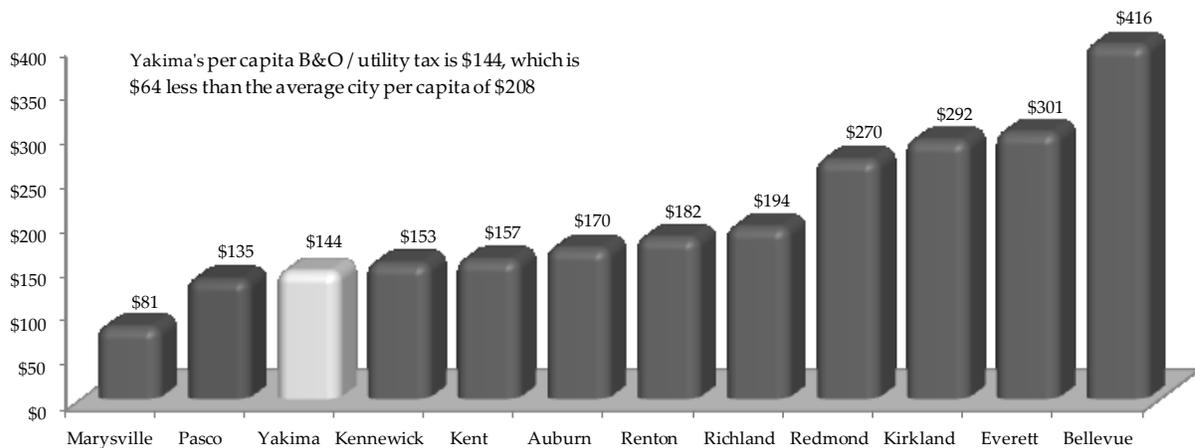
SALES & USE TAXES



PROPERTY TAXES



B & O / UTILITY TAXES



CHARGES FOR SERVICES

This revenue category consists of revenues from various parks and senior citizen programs, plan checking fees and street and traffic engineering fees, etc. However, the largest component (more than half), are fees paid by other City funds for General Fund services (legal, administration, purchasing, utility billing, etc).

- 2013 projection is \$6,544,205. This is a 10.5% or \$623,600 increase from the 2012 estimate.

The lingering recession caused the City to critically look at all services being provided, and in a couple instances services were discontinued if they could be provided by the private sector. Fire inspections and construction inspections were areas that were eliminated or greatly reduced in the 2012 budget. Some of the affected public have asked for these services to be reinstated, and have expressed a willingness to pay for these services. Therefore, this budget includes the implementation of a fire inspection program and related fees of about \$165,000, and a fee increase to cover construction inspections 100%, which could generate an additional \$100,000 depending on volume.

On a similar note, Parks and Recreation reviews its fees about every 3 years, and tries to strike a balance between maintaining comparability with similar facilities in the community, and affordability for program participants. There are adjustments to the Parks and Recreation fee schedule, which are estimated to generate an additional \$43,500 in 2013.

Other increases are related to usage (such as the Senior Trip program).

STATE SHARED REVENUE

State shared revenues are the fifth largest category of revenues received for General Government Operations.

- 2013 projection for all revenues within this category is \$2,693,900; a decrease of (\$352,490) from the 2012 year-end estimate of \$3,046,390. The State Legislature eliminated the Liquor Excise Tax for one year in order to help balance the State's budget. The effective date of the eliminated distributions are quarterly starting in October 2012 going through July 2013, so that we received 3 quarters of the distribution in 2012, but will only receive one quarter in 2013. Other revenues in this category are relatively flat.

FINES AND FORFEITURES

These revenues come primarily from criminal fines and noncriminal penalties assessed in the City of Yakima's Municipal Court, and parking violations. This revenue category is budgeted to remain flat at \$1,555,000 for 2013.

OTHER TAXES

This category includes Business Licenses, Gambling Taxes and County Road Tax from annexation. The 2013 projection is \$1,396,500, up 0.1% or \$1,000 – virtually the same as the 2012 year-end estimate.

OTHER REVENUES

The balance of revenues supporting the general government funds consists of transfers from other funds (other financing sources) and miscellaneous revenues. For 2013, \$628,650 is expected to be generated in this category, a decrease of (\$3,323) or (0.5%) from the 2012 year end estimate of \$631,973, since current market conditions have reduced interest earnings.

The largest revenue sources in this category include:

- Interest income – 2013 projection is \$260,000.
- Operating transfer from other funds – 2013 projection is \$1,250,000 and consists primarily of the transfer of 3.5% of City owned utility taxes to the Parks and Recreation fund.

OTHER INTERGOVERNMENTAL

This category includes revenue received from other Government units other than the per capita distributions from the State of Washington. The 2013 budget of \$1,251,705 is up \$99,264 or 8.6% from the 2012 estimate largely due to the increased contribution by the Yakima School District for school resource police officers.

LICENSES AND PERMITS

The 2013 budget is \$731,700, (5.9%) or (\$46,000) less than the 2012 year-end estimate of \$777,700. The decrease is in response to challenges currently being faced in the building industry in general as a result of contraction in the new home market and turmoil in the credit markets.

REVENUE TRENDS – OVERVIEW

Total General Government revenue has remained flat from 2008 to 2011; the average annual revenue is \$57.5 million. For 2012 the estimated revenue of \$60.5 million shows a growth of 5% mainly due to the 6% increase in utility tax (approved by Council to fund twelve additional police officers), and an upturn in sales tax. Projected revenue for 2013 is \$61.9 million, a 2.4% increase – a modest increase resulting from the property tax calculation, a continuation of a rebound in sales tax, growth in utility taxes, and new fees to support specific services.

GENERAL GOVERNMENT RESOURCE COMPARISON - BY FUND

GENERAL GOVERNMENT THREE YEAR RESOURCE COMPARISON⁽¹⁾

	2011 Actual Resources	2012 Year-End Estimated Resources	2012 vs. 2011 % Change	2013 Budgeted Resources	2013 vs. 2012 % Change
General Fund	\$48,384,614	\$51,370,276	6.2%	\$52,435,635	2.1%
General Fund Beg Balance	8,275,553	8,440,130	2.0%	8,483,190	0.5%
Total General Fund	56,660,167	59,810,406	5.6%	60,918,825	1.9%
Parks & Recreation	4,106,110	4,036,753	(1.7%)	4,058,765	0.5%
Parks Beg Balance	385,681	296,800	(23.0%)	363,235	22.4%
Total Parks	4,491,791	4,333,553	(3.5%)	4,422,000	2.0%
Street & Traffic Fund Revenue	5,131,770	5,080,888	(1.0%)	5,418,260	6.6%
Street & Traffic Beg Balance	1,285,030	1,211,290	(5.7%)	1,097,836	(9.4%)
Total Street & Traffic	6,416,800	6,292,178	(1.9%)	6,516,096	3.6%
Total Revenue	57,622,494	60,487,917	5.0%	61,912,660	2.4%
Total Beg Bal	9,946,264	9,948,220	0.0%	9,944,261	(0.0%)
Total General Government	\$67,568,758	\$70,436,137	4.2%	\$71,856,921	2.0%

(1) Resources include both annual revenues and beginning fund cash balances.

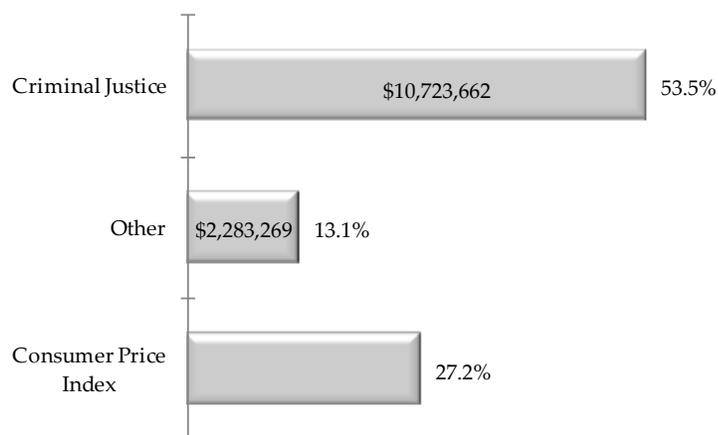
GENERAL GOVERNMENT RESOURCES BY MAJOR CATEGORY

	2010 Actual 1	2011 Actual 2	2012 Amended Budget 3	2012 Year-End Estimate 4	2013 Forecast Budget 5	2013 % Change f/ 2012 Est. 4-5
General Fund						
Property Tax	\$9,190,326	\$9,595,175	\$9,934,000	\$9,934,000	\$10,009,000	0.8%
Sales Tax	12,653,993	12,590,563	12,550,000	13,150,000	13,350,000	1.5%
Criminal Justice Sales Tax	2,553,893	2,612,126	2,575,500	2,670,000	2,747,000	2.9%
Franchise Tax	44,520	44,569	42,000	50,000	50,000	0.0%
Utility Tax	11,991,269	11,499,662	13,944,000	13,847,000	14,345,000	3.6%
Other Taxes	1,367,030	1,388,253	1,392,000	1,395,500	1,396,500	0.1%
Licenses and Permits	768,469	842,272	616,700	777,700	731,700	(5.9%)
Intergovernmental Revenue	2,813,157	2,553,306	2,316,230	2,821,246	2,560,105	(9.3%)
Charges for Services	4,917,225	5,343,249	5,079,930	4,837,680	5,360,480	10.8%
Fines and Forfeitures	1,658,467	1,569,946	1,645,700	1,555,000	1,555,000	0.0%
Miscellaneous Revenue	338,922	305,493	333,550	292,150	290,850	(0.4%)
Capital Lease Financing	51,000	0	0	0	0	n/a
Transfers From Other Funds	40,000	40,000	40,000	40,000	40,000	0.0%
Total Revenue	\$48,388,271	\$48,384,614	\$50,469,610	\$51,370,276	\$52,435,635	2.1%
Beginning Fund Balance	4,612,886	8,040,189	8,440,130	8,440,130	8,483,190	0.5%
Total General Fund	\$53,001,157	\$56,424,803	\$58,909,740	\$59,810,406	\$60,918,825	1.9%
Parks & Recreation Fund						
Property Tax	1,665,500	1,725,983	1,578,000	1,608,000	1,457,000	(9.4%)
Intergovernmental Revenue	139,555	85,374	92,000	101,085	92,000	(9.0%)
Charges for Services	930,907	907,145	945,965	866,865	967,965	11.7%
Miscellaneous Revenues	221,835	246,260	224,800	235,803	236,800	0.4%
Other Financing Sources	0	47,910	55,000	55,000	55,000	0.0%
Transfers From Other Funds	1,150,565	1,093,438	1,154,000	1,170,000	1,250,000	6.8%
Total Revenue	\$4,108,362	\$4,106,110	\$4,049,765	\$4,036,753	\$4,058,765	0.5%
Beginning Fund Balance	339,555	385,681	296,800	296,800	363,235	22.4%
Total Parks & Recreation Fund	\$4,447,917	\$4,491,791	\$4,346,565	\$4,333,553	\$4,422,000	2.0%
Street and Traffic Operations Fund						
Property Tax	3,375,700	3,524,307	3,456,000	3,501,000	3,863,000	10.3%
County Road Tax	27,411	217	0	0	0	n/a
Fuel Tax Street	1,253,504	1,289,527	1,300,000	1,276,000	1,293,000	1.3%
Other Intergovernmental	0	47,725	500	500	500	0.0%
Charges for Services	228,007	215,478	215,760	216,060	215,760	(0.1%)
Miscellaneous Revenue	27,779	13,661	23,050	7,020	4,000	(43.0%)
Other Financing Sources	12,567	855	20,000	42,000	42,000	0.0%
Transfers From Other Funds	40,000	40,000	40,000	38,308	0	(100.0%)
Total Revenue	\$4,964,968	\$5,131,770	\$5,055,310	\$5,080,888	\$5,418,260	6.6%
Beginning Fund Balance	1,461,266	1,285,030	1,211,290	1,211,290	1,097,836	(9.4%)
Total Street & Traffic Ops. Fund	\$6,426,234	\$6,416,800	\$6,266,600	\$6,292,178	\$6,516,096	3.6%
Total General Government	\$63,875,308	\$67,333,394	\$69,522,905	\$70,436,137	\$71,856,921	2.0%
Total Revenue	\$57,461,601	\$57,622,494	\$59,574,685	\$60,487,917	\$61,912,660	2.4%
Total Beginning Fund Balance	6,413,707	9,710,900	9,948,220	9,948,220	9,944,261	(0.0%)
Total Resources	\$63,875,308	\$67,333,394	\$69,522,905	\$70,436,137	\$71,856,921	2.0%

GENERAL GOVERNMENT FUNDS: EXPENDITURE TRENDS

Criminal justice costs continue to consume an ever increasing share of total General Fund resources. In order to pay these costs other General Fund programs are necessarily limited/reduced to remain within available resources. See Exhibit III for more information. The following charts depict the major effect on the General Fund of the increase in criminal justice costs compared to all other cost increases from 2003 to 2013.

PERCENTAGE INCREASE OF CRIMINAL JUSTICE COSTS VS. OTHER GENERAL GOVERNMENT FUNCTIONS AND CPI 2002 BUDGET TO 2013 BUDGET



Cumulatively, over the past ten years Criminal Justice budgets have increased 53.5%. By comparison, all other General Government expenses have increased by only 13.1%. During this same ten-year period the Seattle-Tacoma Consumer Price Index increased by 27.2%. Criminal justice cost increases are not quite double what increases are for other cost categories. When the increase in population and boundaries are considered over this same time frame, the fact that other services approximate the rate of inflation demonstrates a real reduction in service/costs per capita.

CRIMINAL JUSTICE FUNDING

With the flattening of revenues, funding available for criminal justice needs is insufficient to offset increases in Criminal Justice costs. (The following chart depicts the growth in Law and Justice operations costs for 2011, 2012 estimate and 2013 budget). Even with the cost savings associated with transferring mandated medical costs for LEOFF 1 retirees over the age of 65 to Medicare and related supplemental insurance, this category of expense still increased by \$1,789,101.

In reviewing the following chart and graph, it should be noted that it includes only General Fund expenditures on criminal justice. Another \$0.6 million is budgeted in the "Police Grants" special revenue fund, which includes the 7 officers funded by a federal COPS hiring grant. The Law and Justice Capital Fund includes a budget of \$0.5 million. Also good to review is the Criminal Justice Expenditures as a Percentage of Total General Fund chart below, which demonstrates that over half of General Fund's budget is dedicated to criminal justice. Note: The large jump in the percentage

in 2007 was the result of Council's adoption of the Safe Community Action Plan, which allocated a one-time gain in the property tax levy as a result of the library annexation of about \$650,000 to fund additional Police officers in a dedicated proactive anticrime unit. This ratio keeps spreading as Criminal Justice has received increased allocations of resources to address the gang issues facing the City. In 2012, Council approved an increase of 6.0% in the tax rate for city owned utilities (Wastewater, Water, Refuse and Stormwater) which added about \$2 million in 2012 and \$2.2 million in 2013. This additional tax was earmarked to save 6 police officer positions from elimination and add 6 more officers. The 2013 budget includes a phased proposal to expand the gang unit. Also affecting the 2013 budget is the Washington Supreme Court decision setting new rules for indigent defense. This one mandate is adding almost \$0.5 million annually.

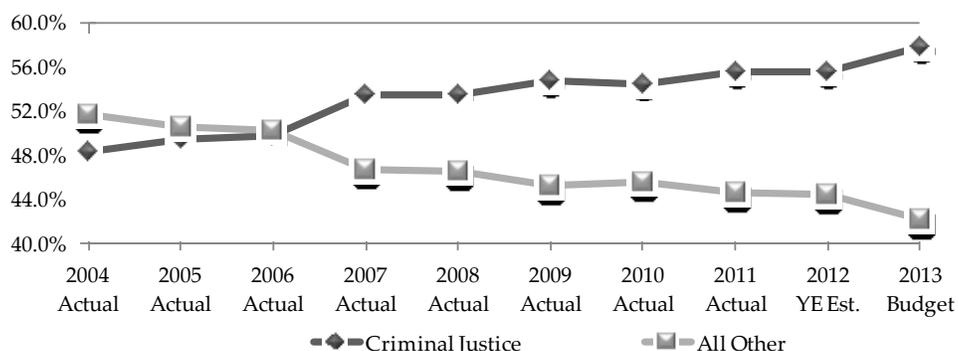
CRIMINAL JUSTICE EXPENDITURES THREE YEAR COMPARISON

Description	2011	2012	2013	% Change
	Actual	YE Estimate	Forecast	2013 from 2012
Police Operations & Administration	\$18,674,469	\$20,373,960	\$21,413,767	5.1%
Outside/Inside Jail Costs	3,737,698	3,855,440	3,886,752	0.8%
District Court/Municipal Court & Probation	1,151,934	1,228,681	1,387,541	12.9%
Prosecution Costs/Indigent Defense	1,176,798	1,243,662	1,722,303	38.5%
Other Related Expenses				
Police Pension	1,471,511	1,263,744	1,297,225	2.6%
Emergency Dispatch Transfer	395,000	370,000	410,000	10.8%
Transfer-Law & Justice Center ⁽¹⁾	156,205	170,000	177,000	4.1%
Sub-total	2,022,716	1,803,744	1,884,225	4.5%
Grand Total	<u>\$26,763,615</u>	<u>\$28,505,487</u>	<u>\$30,294,588</u>	6.3%

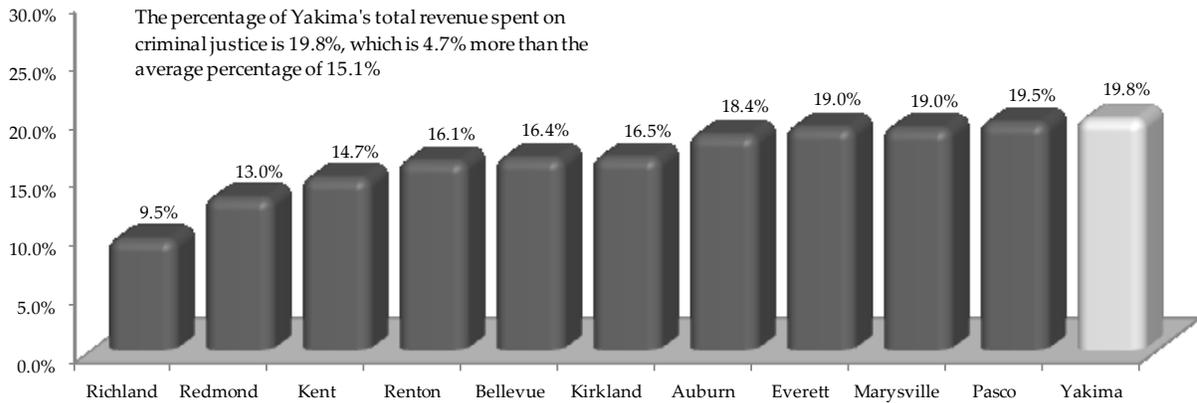
(1) Utility Tax transfer from General Fund.

In the 2 years from 2011 to 2013, criminal justice expenditures are estimated to increase by \$3.5 million or 13.2%, keeping in line with the City Council's strategic priority to improve Public safety.

CRIMINAL JUSTICE EXPENDITURES AS A PERCENTAGE OF TOTAL GENERAL FUND



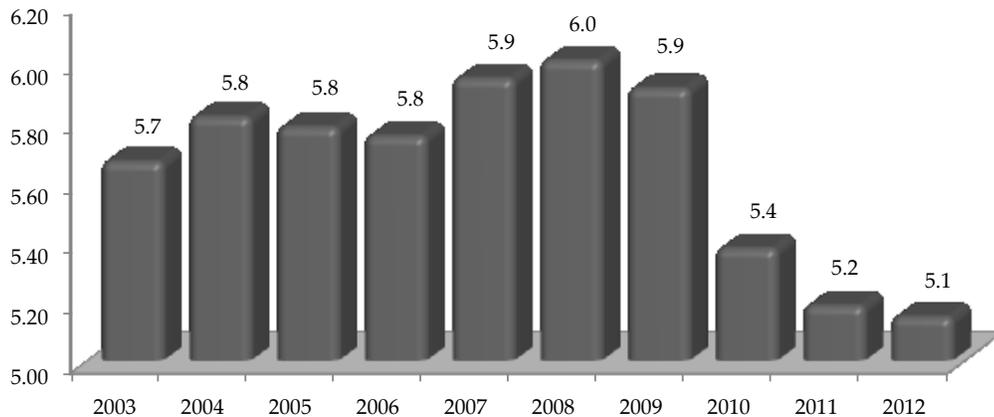
PERCENT OF PER CAPITA TOTAL REVENUE SPENT ON CRIMINAL JUSTICE IN 2011 ⁽¹⁾
Comparable Cities between 45,000 and 125,000 in Population



(1) Data compiled from the State Auditor's Local Government Comparative Statistics.

The following chart depicts General government staffing levels per 1,000 population.

GENERAL GOVERNMENT BUDGETED POSITIONS COMPARISONS ⁽¹⁾
FOR THE LAST TEN YEARS



	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Number of Employees	448.9	462.3	471.1	476.7	497.3	502.8	501.6	489.6	475.1	473.17
Employees Per Capita	5.7	5.8	5.8	5.8	5.9	6.0	5.9	5.4	5.2	5.1
Square Miles	24.2	24.2	25.3	25.9	25.9	27.6	28.7	28.7	28.7	28.7
Population	79,220	79,480	81,470	82,867	83,646	83,731	84,850	91,067	91,630	91,930

(1) Does not include temporary employees (numbers of employees are stated in full-time equivalents).

The following major events that have had significant effect on General Government staffing levels:

- City population has increased 12,710 from 2003 to 2012, or 16.0%
- 2003 through 2004, 12 FTE's were added in Police and Fire to support services to a newly annexed area.
- In 2005, 12.75 FTE's in Police, Courts and legal were added as a result of voter approval of a 0.3% increase in the sales tax rate for Criminal Justice.
- In 2007, 9 positions were added in the Police Department as part of the Safe Community Action Plan (SCAP), paid for by the increase in property tax realized when the City annexed to the Rural Library District, 4 positions were added because of Public Safety grants, and 7 were added for 2 annexation areas.
- In 2010, 7 Police Officers were added, funded by a COPS hiring grant, and 2 positions were added for the purchasing consolidation with Yakima County.
- In 2012, 6 Police Officers were added, funded by an increase in the City-owned utilities.

It should be noted that a net of 24.3 new FTE positions have been added since 2003, or 5.4% over the past 10 years; compared to the 15.8% increase in population during the same time period. Most of these additions were either in response to criminal justice issues, annexations, or both.

This comparison also highlights the large reductions necessitated by the economic downturn starting in 2009 and continuing into 2012. Since 2009, staffing levels have been reduced by another 28.4 net positions. This reduced the ratio to 5.1 employees per 1,000 population—the lowest rate in well over a two decades.

GENERAL GOVERNMENT EXPENDITURE SUMMARY

The following chart illustrates that the total 2013 General Government budget is \$61,915,455 , \$1,175,064 or 1.9% more than the 2012 amended budget of \$60,740,391 .

2012 - 2013 GENERAL GOVERNMENT BUDGET

	2012	2012	2013	2013 vs. 2012	
	Amended Budget	Est. Year-End Expenditures	Projected Budget	Preliminary Dollars	Amended Percent
General	\$51,540,537	\$51,327,216	\$52,435,159	\$894,622	1.7%
Parks & Recreation	4,000,697	3,970,318	4,059,116	58,419	1.5%
Street & Traffic Operations	5,199,157	5,194,342	5,421,180	222,023	4.3%
Total General Government	<u>\$60,740,391</u>	<u>\$60,491,876</u>	<u>\$61,915,455</u>	<u>\$1,175,064</u>	<u>1.9%</u>

Section IV that follows summarizes the budget reductions being proposed to bring the 2013 General Government Budget within available resources.

OTHER FUNDS

2012 year-end estimates for the City's Other Operating and Enterprise Funds are summarized below:

BUDGET STATUS

	2012 Amended Budget	2012 Est. Actual Expenditures	Variance	2012 Estimated Resources	2012 Est. Ending Balance
Economic Development	\$351,636	\$270,443	\$81,193	\$500,142	\$229,699
Neighborhood Development (Housing)	3,590,419	3,520,692	69,727	4,163,891	643,199
Community Relations	594,554	533,298	61,256	1,378,514	845,216
Cemetery	265,699	265,305	394	297,221	31,916
Emergency Services	1,222,030	1,184,898	37,132	1,278,038	93,140
Public Safety Communications	3,558,224	3,413,756	144,468	3,777,373	363,617
Police Grants	1,174,399	1,113,018	61,381	1,516,704	403,686
Downtown Improvement District	235,962	158,462	77,500	270,474	112,012
Trolley (Yakima Interurban Lines)	75,021	74,581	440	83,511	8,930
Front Street Business Improvement	6,298	6,298	0	10,457	4,159
Tourist Promotion	1,447,373	1,442,237	5,136	1,799,289	357,052
Capitol Theatre	346,200	346,197	3	451,867	105,670
PFD Revenue - Convention Center	719,000	719,000	0	894,849	175,849
Tourist Promotion Area	636,000	630,000	6,000	698,722	68,722
PFD Revenue - Capitol Theatre	517,000	517,000	0	556,613	39,613
Recovery Program Grants	73,905	73,905	0	73,905	0
Storm Water Operating	2,243,246	2,129,245	114,001	3,092,687	963,442
Transit	7,777,953	7,777,278	675	9,320,861	1,543,583
Refuse	5,410,763	5,351,335	59,428	5,881,925	530,590
Wastewater	19,437,140	19,292,863	144,277	20,159,598	866,735
Water	8,226,296	8,107,975	118,321	10,013,951	1,905,976
Irrigation	1,444,937	1,431,415	13,522	1,979,465	548,050
Equipment Rental	5,743,729	5,730,510	13,219	10,253,246	4,522,736
Environmental	277,339	277,339	0	581,611	304,272
Public Works Administration	1,185,478	1,179,429	6,049	1,592,820	413,391
	<u>\$66,560,601</u>	<u>\$65,546,479</u>	<u>\$1,014,122</u>	<u>\$80,627,734</u>	<u>\$15,081,255</u>

All Operating and Enterprise Funds are anticipated to end 2012 with positive fund balances. This analysis includes appropriations approved by Council through October. All operating funds are anticipating actual expenditures within authorized levels.

2013 projections for Other Operating and Enterprise Funds expenditures and resources are reflected in the following chart. (Resources include the beginning fund balance plus current year revenue, to arrive at a total available to spend.)

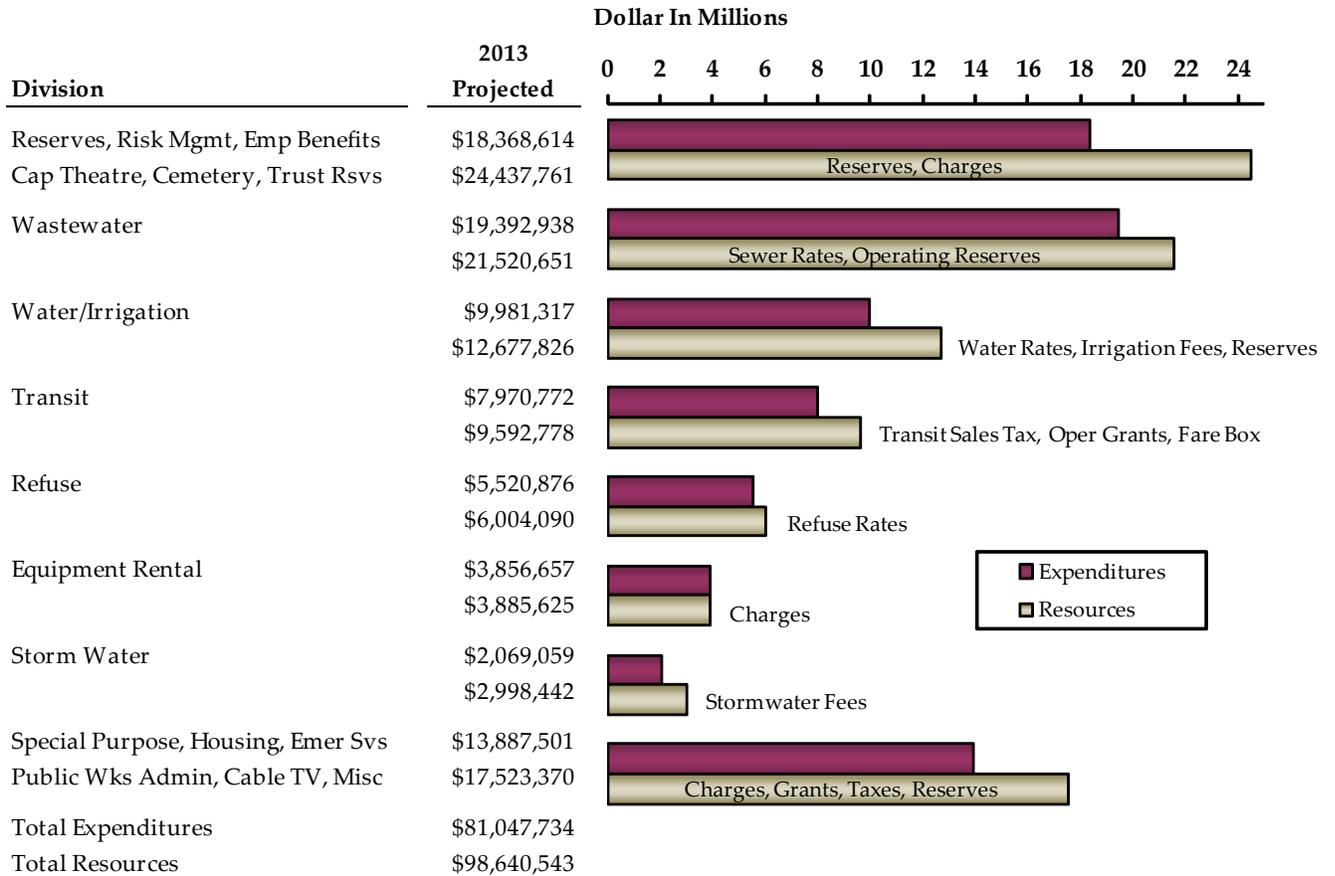
PROPOSED 2013 BUDGET

Fund	2013 Projected Resources	2013 Projected Expense	2013 Projected Balance
Economic Development	\$458,699	\$228,292	\$230,407
Neighborhood Development (Housing)	2,054,609	1,426,035	628,574
Community Relations	1,366,966	914,911	452,055
Cemetery	284,466	264,296	20,170
Emergency Services	1,288,166	1,189,923	98,243
Public Safety Communications	3,631,945	3,497,428	134,517
Police Grants	1,048,397	641,773	406,624
Downtown Improvement District	292,352	180,474	111,878
Trolley	10,548	3,938	6,610
Front Street Business Improvement Area	7,694	5,000	2,694
Tourist Promotion	1,836,302	1,471,299	365,003
Capitol Theatre	464,847	348,300	116,547
PFD Revenue - Convention Center	876,599	695,000	181,599
Tourist Promotion Area	735,722	667,000	68,722
PFD Revenue - Capitol Theatre	568,113	517,000	51,113
Stormwater Operating	2,998,442	2,069,059	929,383
Transit	9,592,778	7,970,772	1,622,006
Refuse	6,004,090	5,520,876	483,214
Wastewater	21,520,651	19,392,938	2,127,713
Water	10,446,676	8,488,311	1,958,365
Irrigation	2,231,150	1,493,006	738,144
Equipment Rental	10,176,394	5,867,352	4,309,042
Environmental	454,272	192,950	261,322
Public Works Administration	1,560,829	1,132,182	428,647
Total Other Operating and Enterprise Funds	\$79,910,707	\$64,178,115	\$15,732,592

See Exhibit I for additional detail of Other Operating and Enterprise Funds.

The following chart depicts a summary of resources and expenditures for major operating and Utility fund operations for 2013, including contingency, operating reserve funds and employee benefit funds. Although Equipment Rental is included on the table above, it is split into an operating component and capital component for charting operating vs. capital budgets.

2013 RESTRICTED OPERATING AND RESERVE FUNDS



OPERATING FUNDS

For more information on strategic initiatives that affect these funds see the Section V, “Strategic Initiatives”

The Economic Development Fund

This fund reflects resources of \$458,699 and expenditures of \$228,292 for 2013. These funds are planned to be used to spur economic development. Expenditures include an allocation of Community and Economic Development positions and the continuation of Federal legislative funding efforts.

The Community Development Fund (Office of Neighborhood Development Services - ONDS)

This fund contains programs funded by Housing and Urban Development (HUD), including the Community Development Block Grant (CDBG) and Home ownership (HOME) grants. Expenditures are budgeted at \$1,426,035 and are subject to the public hearing process. With the uncertainty in Budget allocations at the Federal level, the 2013 budget anticipates a 5% reduction from 2012 program grants on top of the 17% reduction experienced in the 2012 grant awards. Because of the programmatic nature of the Community Development budget, along with differences in reporting time frame for Federal programs, the City budget is annually adjusted to reflect the final outcome of prior year programs. To stay within the administrative cap of the reduced grants, a Housing Specialist position was deleted from the 2013 budget. The 2013 ending balance is projected to be \$628,574.

The Community Relations Fund

The Community Relations fund expects resources of \$1,366,966 for 2013. Expenditures are estimated to be \$914,911, leaving the balance estimated at \$452,055 for year-end, earmarked primarily for capital expenditure on production equipment / cable TV facilities. Included in the 2013 expenditure budget is \$316,250 to outright purchase their facility from the Fire Department, which will support the Fire Capital program (see strategic initiative section).

Cemetery Fund

Resources within this fund for 2013 are projected at \$284,466. Expenditures are estimated to be \$264,296, and the estimated ending balance is projected at \$20,170. The Cemetery Fund is depending on a \$90,000 operational subsidy from the Parks and Recreation Fund.

The Emergency Services Fund

Resources in this fund reflect revenues of \$1,288,166 and expenditures of \$1,189,923 related to the provision of Emergency Medical Services, and are supported by an allocation of the county-wide special EMS Property Tax Levy. The current tax levy will expire in 2013; however, it was approved by voters last fall to be renewed for another 10 years. The 2013 ending balance is projected to be \$98,243.

The Public Safety Communications Fund

This fund expects resources of \$3,631,945 and expenditures of \$3,497,428 for 2013, leaving a balance of \$134,517 at year-end. This fund accounts for 9-1-1 Call takers, supported by Yakima County 9-1-1 resources in the amount of \$1,651,501. General Fund expenditures include a transfer of \$820,000 for dispatch, which was increased by \$80,000 because of a strategic initiative to increase the number of call takers by 2, so that the dispatch operation could focus more on their primary duty instead of back filling the call taking function. (See the strategic initiative section for an expanded explanation).

Police Grants

This fund accounts for the Federal / State forfeited narcotics and the COPS Hiring Recovery Program (CHRP), both of which have stringent reporting requirements. CHRP is a three year program grant started in 2010 with a total grant of \$1.5 million and is being used to fund seven police officers. As grant funding is depleted, the officers will need to be absorbed back into General Fund. In 2013 about \$300,000 was moved into General Fund as about three officers reached the 3 year grant maximum. Resources for 2013 are estimated to be \$1,048,397 and expenditures are budgeted at \$641,773, leaving an ending balance of \$406,624.

Downtown Yakima Business Improvement District (DYBID) Fund

After a review of the Downtown clean and safe initiative and related parking issues in the downtown core, Council is recommending a restructuring of the DYBID, to cover a smaller boundary and eliminate long-term parking in the city-owned lots, and extend free parking from 2 hours to 4 hours in downtown. The legislative changes being recommended are on a parallel course with the budget review — the 2013 budget assumes these changes are implemented. Resources in this fund are projected to be \$292,352, consisting of beginning fund balance of \$112,000, and new Business Improvement District assessments of about \$180,000, while expenditures are projected at \$180,474. The ending balance for 2013 is projected at \$111,878. Much of the 2013 budget is targeted toward maintaining the recent downtown revitalization efforts.

The Trolley Fund

This fund projects resources of \$10,548 and expenditures of \$3,938 for a minimal maintenance program in 2013. The year-end balance is projected at \$6,610.

The Front Street Business Improvement Area Fund

This fund projects resources of \$7,694 and expenditures of \$5,000 – leaving an ending balance of \$2,694 for 2013.

The Tourism Promotion / Yakima Convention Center Fund

This fund's budget anticipates resources of \$1,836,302 (this includes a transfer of \$150,000 from the Public Facility District) and expenditures of \$1,471,299, and thus is expected to end 2013 with a balance of \$365,003. The budget includes an increase the Center's management fee (See strategic initiative section).

The Capitol Theatre Fund

This fund is expected to have resources of \$464,847 and expenditures of \$348,300, leaving an estimated ending balance of \$116,547.

The Public Facilities District – Convention Center Fund

This fund includes resources estimated to be \$876,599 for 2013. Expenditures are estimated to be \$695,000. Of this amount \$460,000 for debt service on the Convention Center bonds issued in 2002 and \$150,000 is for supplemental support of Convention Center operations, while \$70,000 is for Convention Center Capital Fund. This leaves a fund balance of \$181,599 at the end of 2013.

The Tourist Promotion Area

This fund accounts for a self-assessment imposed by the lodging industry to promote tourism. Resources are estimated to be \$735,722, with expenditures programmed at \$667,000, leaving a balance at the end of 2013 of \$68,722. This is one of the funds that has revenues subject to accrual at year end, so that the fund balance was increased by the accounting change.

The Public Facilities District – Capitol Theatre

This fund includes resources estimated to be \$568,113 for 2013. Expenditures are estimated to be \$517,000. Of this amount \$448,000 is designated for debt service on the Capitol Expansion bond issued in 2012 and \$57,000 for supplemental support for Capitol Theatre operations. This leaves a fund balance of \$51,113 at the end of 2013.

Stormwater Operating Fund

Expenditures in this fund are estimated to be \$2,069,059 and resources are projected to be \$2,998,442 for 2013 (the budget is developed with the annual current rate of \$43 per equivalent residential unit which is unchanged from 2012). An ending balance of \$929,383 is currently projected for 2013. The expenditure budget includes a \$241,615 final reimbursement to Wastewater Utility for its advanced funding of the Stormwater program, a \$200,000 transfer to the streets fund to support the street sweeping program, and \$50,000 to the General Fund for code compliance support relating to stormwater drainage systems.

Transit Fund

Expenditures in this fund are estimated to be \$7,970,772 and resources are projected to be \$9,592,778 for 2013. Total Transit sales taxes for 2013 are forecast to be \$4,700,000 with the \$4.4 million allocated to operations and \$0.3 million to capital. This fund also includes an operating grant of \$2,394,909. An ending balance of \$1,622,006 is currently projected for 2013.

The Refuse Fund

The expenditure budget in this fund for 2013 is \$5,520,876. Total resources are estimated to be \$6,004,090, and an ending balance is currently projected at \$483,214. No rate adjustments are proposed for 2013.

Wastewater Fund

Resources for this fund in 2013 are expected to total \$21,520,651. Expenditures are budgeted at \$19,392,938 and the 2013 year-end balance is currently projected to be \$2,127,713. Transfers of about \$1.9 million to Wastewater Construction funds and \$2.6 million to provide for Wastewater Bond redemption and repayments of Public Works Trust Fund Loans are currently programmed in this budget. The proposed 2013 Sewer budget includes continued implementation of the Sewer Comprehensive Plan and the Wastewater Facilities Plan. Revenues are estimated to increase by 5.1% in accordance with the second year of a three year rate structure approved by Council in 2012.

Water Fund

Resources of \$10,446,676 are projected for 2013 in this fund. Expenditures are estimated to be \$8,488,311 leaving \$1,958,365 at the end of 2013. These costs include \$600,000 transfer to the Capital Fund, and about \$635,000 to provide for Water Bond Debt Service, and repayments of Water Public Works Trust Fund Loans. The preliminary budget includes a rate increase, although further analysis indicates that a rate adjustment is not required in 2013. The final budget will reset revenue back to the 2012 rates, which will reduce the ending fund balance to about \$1.5 million, over 17% of the 2013 budget, still exceeding the recommended 60 day reserve policy.

Irrigation Fund

Resources for 2013 are projected to be \$2,231,150 in this fund, and expenditures are estimated to be \$1,493,006. The 2013 ending fund balance is projected to be \$738,144. The 2013 projected resources include the rate adjustment of 5.5% rate increase (2011 approved policy issue – 5.5% annual rate increase from 2011 through 2014).

The Equipment Rental Fund

The budget for this fund in 2013 is \$5,867,352 of which \$3.7 million is the maintenance and operations budget, and \$2.1 million is the Equipment Replacement budget. Resources are expected to be \$10,176,394 while the ending fund balance for 2013 is expected to be \$4,309,042, most of which represents capital equipment replacement reserves.

The Environmental Fund

This fund was created to provide for cleanup of environmental hazards. Funding for the program is from a surcharge on vehicle fuel sales in the Equipment Rental Fund. For 2013, \$454,272 in resources is expected to be available and \$192,950 is budgeted primarily as a contingency. A year-end balance of \$261,322 is projected.

Public Works Administration Fund

Expenditures for 2013 are expected to be \$1,132,182 for this fund. Resources for 2013 are expected to be \$1,560,829 generated from operating funds located in the Public Works complex, resulting in a year-end balance of \$428,647. One Department Assistant II position was eliminated as a cost containment measure.

RESERVE FUNDS – EMPLOYEE BENEFIT RESERVES

The Unemployment Compensation Reserve Fund

This self insured fund is estimated to end 2013 with a balance of \$175,821. Resources are projected to be \$468,825 and expenditures for claims and other related expenses are estimated at \$293,005, a 37.6% increase over the 2012 year end estimate of \$212,964. Rates are unchanged for 2013.

Employees Health Benefit Reserve Fund

Expenditures in this fund for 2013 are projected to be \$11,625,339, while resources are \$14,202,630, leaving an ending balance projected to be \$2,577,292, which approximates the State's minimum reserve and contingency requirements. The 2013 budget includes a rate adjustment of an average of 17.6% for medical and 4.2% for dental, based on an 18 month rolling average of claims history ending in June 2012. The insurance board continues to monitor the plan and review potential cost containment measures, with a goal of reducing the magnitude of future annual premium increases. The next major proposal for reduced costs is to operate our own medical clinic. Incentivized wellness programs are also on the horizon.

The Workers Compensation Reserve Fund

This fund is estimating a year-end balance of \$791,265, the result of resources totaling \$2,033,537 and expenditures of \$1,242,272. Ongoing efforts in claim management and safety training are in place to slowdown the number of claims/costs. Rates are unchanged for 2013.

Wellness/Employee Assistance Program (EAP) Fund

Projected total resources for 2013 are \$159,316 in this fund, and expenditures are \$93,700 with a projected year-end balance of \$65,616.

The Firemen's Relief and Pension Fund

This fund is projecting resources of \$2,247,194 and expenditures of \$1,347,493, leaving an estimated 2013 year-end balance of \$899,701.

The Fire Pension property tax allocation for 2013 of \$1,315,000 is the same amount as the 2012 year-end estimate. The City is mandated to allocate property tax to fund pension and LEOFF I medical and long-term care requirements.

OPERATING RESERVES

Risk Management Reserve

For 2013, based on personnel costs, claims experience and other insurance/professional services costs, on-going expenditures are estimated to be \$3,189,378. Risk Management Fund departmental

contributions totaling \$2,981,000 are programmed from City departments, an increase of 7.0% for most operating divisions. The increase helps pay for liability and other insurance coverage and increased claims costs, and to meet reserve requirements. These charges, along with interest earnings of \$100,000 combine for projected 2013 revenues of \$3,081,000 for normal operations.

In addition to on-going operations, the 2013 revenues and expenditures include \$0.5 million for anticipated possible mitigation of contamination from the former City landfill at the sawmill site. At this time, mitigation expenses are anticipated to be reimbursed by corresponding insurance recovery revenue.

Therefore, total resources and expenditures of the Risk Management Reserve Fund for 2013 are expected to be \$4,451,414 and \$3,689,378 respectively. The year-end 2013 reserve balance is estimated to be \$762,037. These reserve levels are still considered marginal in comparison to the existing liability for incurred claims. The reserve balance in this fund will continue to be monitored for adequacy.

General Contingency Reserve

This fund was moved to the General Fund due to GASB 54 which requires the City to classify its fund balance based on spending constraints imposed on use of resources.

Capitol Theatre Reserve

The Capitol Theatre Reserve projects revenues for 2013 of \$500. The annual transfer to the Capitol Theatre Operating Fund Reserve of \$71,927 is continuing, although interest earnings are at minimum levels because of market conditions and the reduction of the principal balance. The projected 2013 ending balance is \$170,995, and will be totally depleted after about 2 years if this program continues at this level.

General Fund Cash Flow Reserve

General Fund cash flow reserves for 2013 are estimated at \$8,483,666. This source is a contingency for unbudgeted policy issues, results of negotiations for unsettled bargaining units, other unknown expenses and potential revenue shortfalls.

In summation, the City's 2013 General Reserve position is estimated to be as shown in the following chart.

2013 GENERAL RESERVE POSITION

Fund	2011 Actual	2012 Estimated	2013 Projected
General Fund Cash Flow	8,440,130	8,483,190	8,483,666
Capitol Theatre Reserve	313,849	242,422	170,995
Risk Management Reserve	848,892	865,415	762,037
Total	\$9,602,871	\$9,591,027	\$9,416,698

The economic downturn has put pressure on the general reserves of the City. Because these reserves are at minimum levels, they will be scrutinized for negative trends and adequacy as the City moves forward.

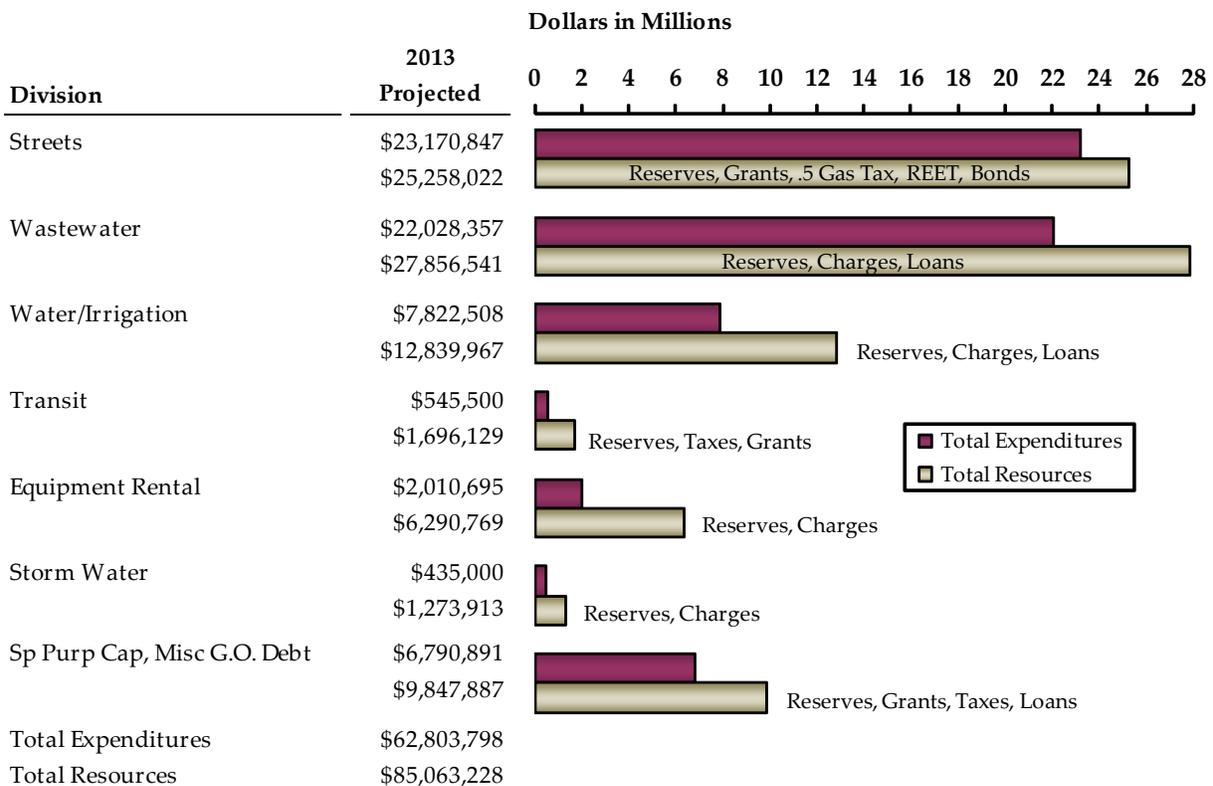
Exhibit I contains additional detail of funds categorized as Contingency/Operating and Employee Benefit Reserves.

CAPITAL IMPROVEMENT FUNDS

For 2012, a number of capital improvements were programmed for an amended capital budget of \$52.4 million. However, capital improvement expenditures for 2012 were estimated to be \$27.0 million, a spending level approximately \$25.4 million below budgeted levels. These projects are rebudgeted in 2013 along with additional capital improvements. Examples of the projects being rebudgeted include the Railroad Grade Separation; 64th Avenue Nob Hill to Tieton reconstruction; Automated Meter Reading; Congdon wastewater main; New Secondary Clarifier & Flow Distribution, Biogas Enhancements; Biosolids Improvement; and Irrigation system refurbishment. (See Exhibit I for a summary of the status of the capital funds.)

The following describes the relationship of resources and expenditures for major capital budgets of the City, including debt service and the capital portion of the Equipment Rental Fund.

2013 RESTRICTED CAPITAL AND DEBT SERVICE FUNDS



For 2013, Capital Fund expenditures of \$54,834,157 are estimated as follows, inclusive of carryover projects from 2012.

Street/Other Infrastructure Improvement Projects

Total projects of \$22,482,581 million (including carryover projects and Debt Service).

- 64th Avenue , Nob Hill to Tieton Street Improvement (carryover, Federal grant) – \$925,000

- River Road Improvement (State grant, contributions) – 6th Ave. to 16th Ave. - \$1,204,421.
- City Streets Project Improvement (General Obligation bond) - \$5,000,000.
- Railroad Grade Separation (State and Federal grants; Public Works Trust Fund loan) – \$12,194,500.
- Debt Service – \$1,293,760
- Other miscellaneous projects – \$1,864,900. These projects include:
 - Project Contingency (for project over runs or emergency repairs) - \$105,000
 - Citywide Safety Improvements (Federal Grant) - \$375,000
 - Lincoln Corridor Study (Federal Grant) - \$405,000
 - North 1st St. Revitalization Phase I (Federal Grant) - \$279,000
 - Franklin Park Parking Lot - \$145,000

Arterial Street Gas tax and the Real Estate Excise Taxes are the primary local revenue sources for street projects. These revenues are used to match state and federal grants when possible to maximize funding for projects.

Irrigation Improvement Fund

Total 2013 projects – \$125,000 and Debt Service - \$908,304, for a total of \$1,033,304.

- Fruitvale Canal Diversion System – \$75,000
- Pumping Systems Improvement – \$50,000

Domestic Water Improvement Fund

Total 2013 projects – \$6,235,000.

- Design Water Treatment Lagoons – \$3,000,000 (funded by Public Works Trust Fund Loan)
- 2013 Water Main Replacement – \$150,000
- Automated Meter Reading System (carry over plus additional project cost / shared with Wastewater, partly funded by Public Works Trust Loan) – \$3,000,000
- Other water capital projects – \$85,000

Fire Capital Fund

Total 2013 projects – \$194,896.

- Miscellaneous equipment and supplies – \$126,500
- Lease payments - \$68,396

Wastewater Capital Expenditures

Facility projects and other sewer improvements, including sewer line extension rehabilitation and other costs, total \$20,455,000.

- Congdon Sewer Main (carry over) – \$100,000
- Wastewater System Evaluation - \$100,000
- Automated Meter Reading System (shared with Water) – \$1,165,000
- Dry Storage Building - \$200,000
- Speedway/Race Street Interceptor (additional project cost) – \$1,700,000
- New Industrial Waste Line (Force main Boise site) - \$2,200,000

- Toscana Development Castlevale/Fechter (carry over) - \$300,000
- National Pollutant Discharge Elimination System (NPDES) and Total Maximum Daily Load (TMDL) Issues – \$1,300,0000
- Industrial Waste Anaerobic (carry over) - \$50,000
- Biogas Enhancements (carry over) - \$700,000
- Biosolids Improvements (carry over/additional project cost) - \$5,000,000
- Yakima Regional Wastewater Treatment Plant UASB & electrical improvement - \$6,510,000
- Other Wastewater miscellaneous capital needs (including a \$600,000 contingency) – \$1,130,000

Stormwater Capital Fund

Total 2013 budget – \$435,000.

- Contingency for Capital Facilities projects– \$125,000
- J Street Low Impact Development (LID) – \$15,000 (state grant – joint project with Yakima County)
- Underground Injection Control (UIC) Retrofit project (carry over) - \$115,000 (state grant)
- Buchanan Lake Filter - \$180,000

Transit Capital

The 2013 budget of \$545,500 is for miscellaneous capital needs and vehicle replacement.

- Replace Dial-a-ride vehicles – \$240,000
- Vanpool Vans/Trucks/Bus - \$247,500
- Other capital needs – \$58,000

Parks Improvements Projects

The 2013 budget of \$25,000 is for miscellaneous capital needs.

Yakima Revenue Development Area

The 2013 budget of \$2,509,240 is for the Yakima Sawmill Redevelopment Area project.

Other Capital Projects/Transfers

- Law and Justice Capital fund – \$532,636 for the Police Station / Legal Center related equipment and projects including:
 - Vehicle replacement – \$300,000
 - Technology and Equipment to enhance crime reduction – \$51,636 (Federal grant)
 - Safety and communication equipment for mobile units – \$35,000
 - Other miscellaneous projects and equipment – \$146,000
- Convention Center Capital Improvements – \$295,000 is programmed for ongoing capital needs of the Center for 2013.
- CBD Capital Improvement - \$91,000 for maintenance contract and other services.

LID Construction

There are no local improvement district projects budgeted in 2013.

Capital Improvement Fund Summary

Overall, Capital Fund expenditures in the 2013 Budget Forecast of \$54.8 million are \$2.4 million above the 2012 Amended budget of \$52.4 million. Many areas are in the midst of capital programs such as the utilities and streets (including the major upgrades to the wastewater facility, which is under construction in 2012). In some instances, the “next” phase as included in the 2013 budget is more than 2012, such as automated meter reading and the wastewater industrial waste line.

Ongoing pressures on revenues available for General Government Capital funds have pushed spending down in Parks, Fire and Law & Justice. The Fire Department has requested an ongoing source of funding for apparatus replacement. Ongoing resources for capital needs have been diminishing, and this topic will likely remain in the forefront of future budget discussions.

Because of the major capital projects in the wastewater utility, the startup of the 2nd railroad underpass on Martin Luther King Jr. Blvd.; and beginning of installation of the automated meter reading system, the 2013 budget is slightly more than the 2012 amended budget.

GRANTS

The City has been successful in obtaining grants for many different purposes. The following table identifies all of the grants/interlocal revenues budgeted to be received in 2013. Citywide, grants add to over \$28.6 million, which is about 15% of total revenues.

This grant summary is included in the Capital Improvement section because Capital grants make up over half of the total grants awarded. Grants make up about 26% of revenue in the Capital Improvement funds.

2013 GRANTS (Federal, State & Interlocal Subsidies)

Department	Description	Amount of Grant
Federal/State Capital Grants		
Law & Justice Capital	JAG Grant	\$41,636
Arterial Streets	River Rd Impr 6th Ave to 16th Ave	639,000
Arterial Streets	Fair Ave/Nob Hill Intersection Rebuild	34,525
Arterial Streets	N. 1st Street Revitalization Phase 1	250,000
Arterial Streets	Citywide Safety Improvements	375,000
Arterial Streets	Lincoln Corridor Safety 32nd to 5th	405,000
Arterial Streets	64th Ave. - Nob Hill to Tieton	725,000
Cum Res for Capital Improvement	TIB Railroad Grade Separation	3,000,000
Cum Res for Capital Improvement	Federal Highway Admin RR Grade	5,628,000
Cum Res for Capital Improvement	Freight Mobility-RR Grade Separation	2,000,000
Transit Capital	Dial-A-Ride Vehicles	192,000
Transit Capital	Vanpool Vans	96,250
Stormwater Capital	Department of Energy Grant	50,000
Stormwater Capital	J Street LID Demonstration Project	120,000
Total Federal/State Capital Grants		<u>\$13,556,411</u>

Department	Description	Amount of Grant
Federal/State Operating Grants - General Government		
Police	St Criminal Alien Assistance Program Grant	\$20,000
Police	Traffic Safety Commission	40,000
Police	OPD Public Defense Grant	145,000
Police	ARRA - COPS Grant	290,711
Parks and Recreation	Senior Center - Foot care	30,200
Parks and Recreation	State Day Care CFDA 93.044	10,000
Parks and Recreation	State Transportation CFDA 93.043	500
Parks and Recreation	ALTC Reimbursement SCSA State Res	30,900
Municipal Court	Judicial Salary Contribution	45,000
General Fund	Property Taxes	6,760
Total Federal/State Operating Grants - General Government		\$619,071
Federal/State Operating Grants - Other Funds		
Community Development	Community Development Block Grant	\$843,202
Community Development	HUD HOME Program	373,908
Transit	UMTA - Current Year per Grant	2,394,909
Transit	CMAQ DOT Sunday Service	166,786
Transit	Commute Trip Pass Thru WSDOT	10,000
Emergency Services	Department of Health - Pre-hospital Grant	1,726
Total Federal/State Operating Grants - Other Funds		\$3,790,531
Federal Entitlements		
PFD Capitol Theatre	Capitol Theatre - Build America Bond Subsidy	\$108,896
State Shared Revenue		
Police	Criminal Justice - High Crime	\$290,000
Police	Criminal Justice - Violent	95,000
Police	Criminal Justice - Special programs	56,000
Police	MVET DUI Payment	17,000
General Fund	Liquor Excise Tax	77,000
General Fund	Liquor Board Profits	800,000
Economic Development	City Assistance	54,000
Parks and Recreation	Criminal Justice - Special Programs	20,400
Streets	Gas Tax	1,293,000
Arterial Streets	Arterial Street Gas Tax	604,000
Firemen Relief & Pension	Fire Insurance Premium Tax	65,000
Total State Shared Revenue		\$3,371,400

Department	Description	Amount of Grant
Intergovernmental Contract / Services		
Police	Police - Fairgrounds	\$10,000
Police	Resource Officers	588,000
Police	Yakima Housing Auth Law Enforcement Svcs	58,840
Police	Selah Jail Contract	1,500
Police	Union Gap Jail Contract	5,000
Fire	Fire - EMS District #10	34,500
Fire	Fire Investigator Services	500
Fire	Fire Training Programs	2,400
Fire	Fire Training Services	8,000
Traffic Engineering	Engineering Services	500
Purchasing	Purchasing Services	270,105
Emergency Services	EMS Levy	1,193,000
Public Safety Communications	Fire District #10	24,000
Public Safety Communications	911 Service Contracts	1,651,501
Public Safety Communications	Fire Dispatch Services	216,376
Public Safety Communications	Information Technical Services	45,552
Public Safety Communications	Police Dispatching Service	132,846
Public Safety Communications	ET Maintenance - Contract	7,827
Public Facilities District	Public Facilities District Revenue	700,000
PFD - Capitol Theatre	Public Facilities District Capitol Theatre	528,000
YAKCORPS	IPPS Assessment	511,700
YAKCORPS	Intergovt IS Services	24,000
Transit	Selah Transit Bus	200,000
Transit	Selah Transit Dial-a-Ride	50,000
Yakima County	SIED Interlocal Grant	925,000
Total Intergovernmental Contract / Services		<u>\$7,189,147</u>
Total 2013 Grants and Other Subsidies		<u><u>\$28,635,456</u></u>

GENERAL GOVERNMENT BUDGET STRATEGY

As the 2013 budget was developed, all revenue estimates were reviewed and updated for more recent trends, and known changes were incorporated in the expenditure budget. After all known changes were made, and the strategic initiatives were included, the General Government budget was still out of balance by about \$1.4 million. At that point the balancing strategies as outlined in the Five Year Financial Plan were implemented. The following is a summary of the original plan, compared to the elements that were incorporated into the 2013 budget.

GENERAL GOVERNMENT BUDGET REDUCTIONS

	2013 Forecast	Preliminary Budget
Original 5-Year Plan Budget Gap	(\$1,500,000)	(\$1,417,000)
Expenditure Options		
Wage & Benefit Concessions	300,000	304,000
Airport Fire Service (AARF)	200,000	220,000
2% Vacancy Rate	800,000	730,000
Attrition/service reduction	200,000	163,000
Net Budget	1,500,000	1,417,000
Detail of Reductions to Balance		
Wage and Benefit Concessions - Deferred Compensation		
Non-represented and AFSCME		(304,000)
3 Vacant Firefighter Positions Eliminated		
Airport Rescue vehicle staffed by Overtime		(220,000)
Attrition/Service Reductions (Vacant)		
Administrative Assistant - Community Development		(75,000)
DA II Public Works (Reduces PW Admin Charges)		(48,000)
Information Technology Position (Keep Vacant 6 months)		(40,000)
Vacancy Rate-2% of Gen Gov salary and benefits, w/out Med or Dental		(730,000)
Total Budget Balancing		(\$1,417,000)

Wage and Benefit Concessions

As bargaining units negotiate wages and benefits, we will be asking for zero cost-of-living wage growth and benefit concessions — AFSCME has already discontinued longevity and deferred compensation for new hires, and legislation is being prepared to discontinue these same two benefits for unrepresented new hires. The plan assumes termination of the City's deferred compensation benefits program, with a current cost of \$1.5 million annually, subject to collective bargaining negotiation. The reduction is estimated to be \$300,000 for General Government operations in 2013 growing to \$1.5 million by 2016.

The 2013 preliminary budget was built assuming a negotiated reduction of benefits of \$304,000. Negotiations are currently in progress, however at this point in time, it does not appear that there

are any concessions forthcoming in time to be implemented in 2013. Therefore, for the final budget, there will be five (5) additional personnel attrition/reductions to make up the required \$304,000.

Airport Fire Service (AARF)

Decrease cost of providing Aircraft Rescue Fire Fighting (ARFF) to the Yakima Airport. The Fire Department provides a dedicated ARFF person at the airport for aircraft incidents 24 hours a day 365 days per year. This requires 3 full time positions to facilitate (one per shift). The FAA requires ARFF standby 15 minutes prior to take off and after landing of commercial aircraft of the size that use the Yakima Airport. (The Seaport airline is not of size to require ARFF standby).

The three personnel that staff the ARFF apparatus would be eliminated through attrition of firefighting personnel. The ARFF coverage would then be provided using overtime to hire off shift personnel but only during the times of landing and departure. This would require 4 hours of overtime per day for 365 days

Fiscal Impact:

Eliminate 3 Firefighter positions (and daily stipend)	(\$280,000)
Increase in Overtime	<u>\$60,000</u>
Net Budget Reduction	(\$220,000)

2% Vacancy Rate

Historical vacancy/turnover rate for the City is between 4 and 5%. To more accurately budget for salaries and benefits, the Plan stipulates that the budget reflect the estimated savings in personnel expenses attributable to vacancies, attrition, leave of absences and turnover. All authorized positions are generally not filled throughout the fiscal year, reflecting in savings from short-term vacancies, under-filled positions, and newly hired employees starting at lower salaries and benefits. By instituting a 2% personnel vacancy rate in General Government, the City can avoid budgeting about \$730,000 in 2013, up to \$1 million in 2016.

The plan originally identified \$800,000 savings in 2013. However, the City uses the budgeted medical "premiums" of vacant positions to fund its wellness programs and maintain minimum reserves in the self-insured medical program, if needed. The 2% vacancy rate was conservatively estimated assuming medical premiums are used in this manner.

Attrition/Service Reduction

The Community Development Office Assistant position in the Department of Community Development is eliminated from the 2013 budget as a budget reduction measure. Core and essential administrative duties of this position will be combined with the Planning Technician position in 2013 to consolidate the responsibilities of these two support positions. The modified position will provide administrative support to the Director of Community Development as well as the technical support to the Planning Division.

The Public Works front staff Department Assistant team experienced 3 turnovers in 2012 with the retirement of one, promotion of one to another Department, and one resignation to change careers. One of these positions mainly provides customer service for Tahoma Cemetery but can provide coverage in the event it is needed. The vacancies all came about in relatively the same timeframe.

One of the three front desk DA II positions was eliminated accommodating 2013 budget constraints. There is a budgeted temporary position along with the one full time position that remains. With those FTE's and the incorporation of Sports Site internet parks registration and reservation program, we will handle the work as efficiently as possible.

Information Technology Services had originally budgeted for three positions; Applications Support, Systems Administrator (both budgeted and unfilled in 2012 due to budget constraints) and a Telephone/network technician (new in 2013). Previously, to assist in maintaining 2012 budget level into 2013 we had deferred the Applications Support position to 2014. Now additionally, we have deferred the filling of one of these two remaining position for 6 months. These positions are part of our continuing effort to reorganize the division with classifications that have the skill sets for current and future technology demands. By deferring the filling of these positions we are slowing down that conversion which does limit progress on our strategic goals and slows the implementation of systems/programs that will make the City's technical operations more efficient and cost effective, but we will be able to maintain with the current staffing and not digress in the initiatives we have already started and/or completed.

STRATEGIC INITIATIVES

All Initiatives are Budgeted for 2013

CITY ADMINISTRATION

Policy Issue Request / Justification	Proposed Funding Source	Personnel Salary / Benefits	Non-Personnel	S/P
Community Relations Fund Purchase YCTV/Y-PAC Building from Fire	Comm. Rel. Fund <i>Fire Capital Fund</i>		\$316,250 <i>Revenue 316,250</i>	PS

LEGAL

Policy Issue Request / Justification	Proposed Funding Source	Personnel Salary / Benefits	Non-Personnel	S/P
Increase Indigent Defense Contract	General Fund	\$347,500		PS
Add One Prosecutor Positions and Increase Temporary Salaries		<u>115,000</u>	\$14,850	
Total 2013		\$462,500		

MUNICIPAL COURT

Policy Issue Request / Justification	Proposed Funding Source	Personnel Salary / Benefits	Non-Personnel	S/P
Reinstate Cashier Position	General Fund	\$54,000		PS

FINANCE

Policy Issue Request / Justification	Proposed Funding Source	Personnel Salary / Benefits	Non-Personnel	S/P
Implement Governmental Accounting Standards Board (GASB) rules into budget				PT
a) Adjust the fund balance to include the sales tax accrual for the underlying transaction dates	General Fund		\$3,837,819	
	Streets & Traffic		202,330	
	Arterial Street		94,603	
	Tourist Promotion		<u>129,617</u>	
b) Eliminate separate Contingency Fund	City-wide Total		\$4,264,369	

COMMUNITY AND ECONOMIC DEVELOPMENT

Code Administration

Policy Issue Request / Justification	Proposed Funding Source	Personnel Salary / Benefits	Non-Personnel	S/P
Add One Project Coordinator Position	Wastewater (50%) Water (20%) Irrigation (5%) GF Impact (25%)	\$67,000 33,500 13,400 <u>3,400</u> \$16,700		BE/ PT
Increase in Convention Center Management Fee	Convention Center Operating Fund - PFD Revenues		\$15,300	ED

POLICE

Policy Issue Request / Justification	Proposed Funding Source	Personnel Salary / Benefits	Non-Personnel	S/P
Expand Gang Unit-staggered implementation Add 2 Officers (10/1/13) Add 2 Civilians/Transfer 2 Officers (5/1/13) Upgrade Sergeant to Lieutenant (7/1/13)	General Fund	\$118,000 2013 \$328,000 Annualized		PS
Add One Additional Police Officer – to service on Violent Offender Task Force (VOTF) (to be funded in the Final Budget)	General Fund	\$20,000 2013 \$97,500 Annualized		PS
Replace 12 Police Vehicles	General Fund Law & Justice Cap.		\$60,000 <u>300,000</u> \$360,000	PS
Add Two 9-1-1 Call Taker Positions	9-1-1 Contract General Fund Transfer for Dispatch	\$45,000 <u>80,000</u> \$125,000		PS

FIRE

Policy Issue Request / Justification	Proposed Funding Source	Personnel Salary / Benefits	Non-Personnel	S/P
Lease/Purchase Fire Apparatus to be repaid over 10 years	State/Local Program – Fire Capital General Fund		\$375,000 Debt Svc - \$40,000	PS
Reinstate Fire Inspection Program Note: Additional review indicates the total program cost will be \$176,000. The final budget will be adjusted for both Revenue & Expend.	General Fund		Expend. \$165,000 Revenue: <u>165,000</u> \$0	PS

UTILITIES & ENGINEERING

Engineering

Policy Issue Request / Justification	Proposed Funding Source	Personnel Salary / Benefits	Non-Personnel	S/P
Engineering Plan Review & Inspection Fee Increase	General Fund		Revenue: \$100,000	

Water/Wastewater/Irrigation

Policy Issue Request / Justification	Proposed Funding Source	Personnel Salary / Benefits	Non-Personnel	S/P
Asset Management Software System	Wastewater Fund		\$200,000 2013 \$100,000 2014	BE

Wastewater

Policy Issue Request / Justification	Proposed Funding Source	Personnel Salary / Benefits	Non-Personnel	S/P
WWTP Security Upgrade	Wastewater Capital Fund		\$200,000 2013 \$100,000 2014	BE
Biosolids Screen Project (Not in 2013 budget – requesting an extension from Dept of Ecology)	Wastewater Capital Fund		\$2,125,000 2014	PS

PUBLIC WORKS

Parks & Recreation

Policy Issue Request / Justification	Proposed Funding Source	Personnel Salary / Benefits	Non-Personnel	S/P
Fee Increase	Parks & Recreation Fund		<i>Revenue: \$43,500</i>	

Transit

Policy Issue Request / Justification	Proposed Funding Source	Personnel Salary / Benefits	Non-Personnel	S/P
Purchase 8 Dial-A-Ride Replacement/Expansion Vehicles	State of WA Transit Cap. Fund		\$192,000 <u>48,000</u> \$240,000	
Dial-A-Ride Service Reduction	WSDOT Transit Oper. Fund		<i>Expenditure Savings:</i> \$15,000	

Equipment Rental

Policy Issue Request / Justification	Proposed Funding Source	Personnel Salary / Benefits	Non-Personnel	S/P
Fleet Vehicle Additions and Replacements	Equipment Rental Replacement Fund		\$1,560,000	
Streets				
10 Ton Steel Roller w/Trailer \$75,000				
Self Prop Asphalt Paver w/Trailer 175,000				
10 Yard Dump Truck 200,000				
Water				
2 Small/midsize PU Ext Cab (4x2) 50,000				
Refuse				
Side Loading Refuse Truck Refit 175,000				
Front Loading Refuse Truck 280,000				
Flatbed Truck w/TommyLift 65,000				
2 ¾ Ton (4x4) PU w/TommyLift 90,000				
Wastewater				
Combination Sewer Cleaner <u>450,000</u>				
Total \$1,560,000				

S/P - STRATEGIC PRIORITY LEGEND

Economic Development	ED
Public Trust and Accountability	PT
Public Safety	PS
Partnerships	PA
Built Environment	BE

CITY ADMINISTRATION / COMMUNITY RELATIONS

2013 STRATEGIC INITIATIVE

PURCHASE YCTV/Y-PAC BUILDING

BUDGETED

PROPOSAL

In 1998, the City's Community Relations Division offices, including production facilities for Yakima Community Television ("YCTV") and Yakima Public Affairs Channel ("Y-PAC") relocated from a decommissioned City fire station at 103 South 7th Avenue, which was an asset of the City Fire Capital Fund at the time, to its current location at 124 South 2nd Street. To facilitate the relocation, the City completed a transaction that resulted in the City assuming ownership of the property and building on 2nd Street (as an asset of the City Fire Capital Fund) and a private developer assuming ownership of the decommissioned fire station and associated property on 7th Avenue.

Since that time, the Community Relations Division has been making a monthly lease payment of approximately \$1,300 per month to the City Fire Capital Fund for use of the property and building on 2nd Street while also accruing sufficient reserves to ultimately purchase the property and building.

This policy issue proposes an interfund transfer from Community Relations Fund reserves to the City Fire Capital Fund in the amount of \$316,250, which represents the 2012 assessed value of the 2nd Street property and building, plus 10% to arrive at an estimated market value. The additional 10% of the assessed value has been included in the proposed interfund transfer amount based on advice provided by the Yakima County Auditor's office.

Upon completion of the transfer, the property and building on 2nd Street would become an asset of the Community Relations Fund and the Community Relations Division budget would no longer include lease payments to the City Fire Capital Fund. In turn, the City Fire Capital Fund would receive a much-needed infusion of resources.

IMPACTS

1. **Fiscal Impact** – One-time interfund transfer of \$316,250 from Community Relations Fund reserves to the City Fire Capital Fund.
2. **Proposed Funding Source** – Community Relations Fund reserves.
3. **Public Impact** – The City Fire Capital Fund would receive a much-needed infusion of resources which would be used to meet the emergency response needs of the community.
4. **Personnel Impact** – None.
5. **Required Changes in City Regulations or Policies** – None.
6. **Legal Constraints, if applicable** – None.
7. **Viable Alternatives** – The Community Relations Fund could continue to make lease payments to the City Fire Capital Fund.

LEGAL

2013 STRATEGIC INITIATIVE

ADD ONE PROSECUTOR POSITION & INCREASE TEMPORARY SALARIES

BUDGETED

PROPOSAL

This proposal is to add an experienced prosecutor position, an entry level prosecutor position and to increase the Prosecution Division temporary salary budget. The experienced prosecutor would manage a Pre-filing Diversion Program and a Charging Unit, the entry level prosecutor position to cover additional court calendars and to provide equity in caseload management, and the increase to the Prosecution Division temporary salaries budget line item by \$10,000 would fund a part time temporary legal assistant position to support the new Program and Unit.

On June 15, 2012, the Washington Supreme Court adopted a revised CrRLJ 3.1 which sets new standards for the defense of indigent persons (public defenders). Most of the Rule goes into effect on September 1, 2012. However, the portion of the rule that will most significantly and financially affect the City of Yakima, the caseload limits, does not go into effect until September 1, 2013. The new caseload limit standard for attorneys providing indigent defense services in misdemeanor cases on a full time basis is 300 cases per year, if the contracting agency employs a case weighting system, and 400 cases per year, if no case weighting system is used. All Court Rules, including the new revised indigent defense standards, are enforced by the Court and apply to all licensed attorneys who appear in court. This rule will apply to indigent defense providers appearing in the City of Yakima Municipal Court.

If the City does nothing to prepare for the Rule, and assuming that the caseloads remain relatively constant (it is anticipated that the YPD officer positions approved by Council last year will increase the Prosecution Division caseload), the City of Yakima would require the services of 15.5 full time indigent defense providers (or a combination of full time indigent defense attorneys and part time indigent defense attorneys equivalent to 15.5). The City currently contracts for the services of 5 full time indigent defense attorneys at the cost of \$475,000. To comply with the rule, the City would need to secure the services of at least 10.5 additional full time defense attorneys.

The Prosecution Division proposes to reduce the number of indigent defense attorney case assignments using two strategies: 1) the implementation of a Pre-filing Diversion Program, and 2) the implementation of a Prosecution Charging Unit. It is estimated that between these two programs we could reduce the filings; from 5,150 to 3400. If such an overall reduction were accomplished, the potential effect would be a reduction in the number of additional indigent defense attorneys required to handle *new cases* from 7.5 to 3.5.

A charging unit would allow a more thorough review of cases prior to their filing. Poor cases that don't meet the charging criteria, cases that are not viable, low priority cases, and cases in which the defendant would be eligible for the pre-filing diversion program would be sifted out prior to being filed with the court. The County implemented a charging unit in 2010 and experienced a marked reduction in case numbers. Their case filings went from 6077 cases in 2009 to 3571 cases in 2010; a reduction of 2,500 cases.

This proposal is to add two prosecutor positions; an experienced prosecutor position to manage a Pre-filing Diversion Program and the Charging Unit and an entry level prosecutor position to cover the additional court calendars and equity in caseload management. Each prosecutor is currently handling a caseload of at least 1,700 (not including referrals, dog and car impound hearings and contested infractions). The entry level position could be a temporary position to allow evaluation of the need once the caseload has been reduced and would not be added until later in the year. It will take some time to close out the existing cases and reduce prosecutor caseload. As previously mentioned, prosecutors are carrying heavy caseloads. They will be struggling to meet the workload demands of indigent defense attorneys who will have less than a quarter of a prosecutor's caseload when the Rule changes become effective.

There will also be a need for legal assistant support for the Pre-filing Diversion Program and the Charging Unit. However, once the Legal Assistants have mastered the new case management program, I believe a temporary part time Legal Assistant could fill that role, initially, so that we can fully evaluate the need prior to hiring a permanent employee. The Prosecution Division temporary salaries line item would need to be increased by \$10,000 to fund the position for a full year.

IMPACTS

1. **Fiscal Impact** – Cost savings: The cost of securing the services 4.5 defense attorneys to handle new case filing. Yearly costs: Salary costs for an attorney are shown below.

Assistant Attorney II position	\$100,000
Bar Dues, Training, Computer, Misc.	5,000
Prosecution Division Temporary Salaries	<u>10,000</u>
Subtotal - Legal Prosecution Division	115,000
Indigent Defense Contract Increase	<u>347,500</u>
Total 2013 Increase	\$462,500

2. **Proposed Funding Source** – General Fund
3. **Public Impact** – Overall budget savings, better use of prosecution resources and long term control of indigent defense costs.
4. **Personnel Impact** – None.
5. **Required Changes in City Regulations or Policies** – Implement Prosecution Charging Unit and Pre-filing Diversion Programs. YPD Officers will need to receive training on new charging procedures.
6. **Legal Constraints, if applicable** – None.
7. **Viable Alternatives** – None.

MUNICIPAL COURT
2013 STRATEGIC INITIATIVE

REINSTATE CASHIER POSITION
BUDGETED

PROPOSAL

The Municipal Court seeks to reinstate the Cashier position that was a budget reduction casualty in 2009. Reinstatement of this position will enhance customer service at the payment window of the Municipal Court Clerk's office by expanding the hours of access by the public, while permitting the court clerks to allocate their paraprofessional skills in a more efficient manner.

A cashier position was established in the Municipal Court in 2008 dedicated to "front counter customer service duties" in a court setting. Examples of such clerical functions are accepting and receipting payments, recalling bench warrants, criminal and infraction citation data entry, and reporting information to the Washington State Department of Licensing impacting a defendant's privilege to drive.

With the deletion of this key position from the court's budget, lack of resources resulted the closure of the payment window for four hours per day to allow court clerks to process court filings and perform other constitutionally mandated time sensitive functions in the administration of criminal justice.

The hours for the customer service window have been 9:00 am to 11:00 am and 1:30 pm to 3:30 pm since 2009. These hours severely limit access to justice and cause an extreme inconvenience to the public, as evidenced by the snaking lines congesting the lobby of the Center for Law and Justice as well as interfering with counter traffic at the Police Department. The reduced hours also do not accommodate those who attempt to conduct court business during their lunch hours. Reinstatement of the cashier position will permit the customer service window to remain open continually during regular business hours, including the lunch hour.

Reinstatement of the Cashier position will enhance the delivery of court services to the public, and permit the court clerks to dedicate their time to core paraprofessional duties in and out of the courtroom, thereby reallocating human and monetary resources in a more efficient manner.

IMPACTS

1. **Fiscal Impact** – Approximately \$54,000 per year.
2. **Proposed Funding Source** – General Fund.
3. **Public Impact** – Reinstating this position will have a positive public impact as the public will have greater access to the Municipal Court during the regular business hours.
4. **Personnel Impact** – Permit reassigning court clerks more consistently to core paraprofessional duties in support of the administration of justice.

5. **Required Changes in City Regulations or Policies** – None.
6. **Legal Constraints, if applicable** – None.
7. **Viable Alternatives** – Municipal Court Judges recommend that the City Council reinstate the Municipal Court Cashier position.

IMPLEMENT GOVERNMENTAL ACCOUNTING STANDARDS BOARD RULES
BUDGETED

PROPOSAL

Change Budgeted Fund Balances to match Generally Accepted Accounting Principles (GAAP)

The Governmental Accounting Standards Board (GASB) is the organization that sets accounting and financial reporting rules for governments. In recent years, the GASB has issued several proclamations that have had an effect on our financial statement presentation. Several years ago, GASB Statement 33 gave direction on reporting “derived tax revenues”, which addressed the timing of recognizing revenue of assessments on exchange transactions, such as sales tax or utility tax. In general, this new rule stated that revenue should be recognized when the underlying transaction takes place – i.e. when the sale is done.

Because there is a 2 month lag in sales tax collected by the City, and a 1 month lag in utility tax collection, the City added 2 months of sales tax and 1 month of utility tax in the year of implementation in the Comprehensive Annual Financial Report (CAFR). However, because there was no change in the underlying economic condition of the City, we conservatively maintained budgeted fund balances at the pre-GASB 33 levels. This resulted in the General Fund balance reported in the CAFR being about \$4 million more than the budgeted fund balance. Prior to the change in revenue recognition, the target was to maintain at least 7.5% of the expenditure budget as a reserve balance in the General Fund.

In the City Manager’s presentation on the preliminary Business Plan, he pointed out that the Government Finance Officers Association has a “best practice” of maintaining at least a 2-month reserve, or 16.7% of the expected expenditures or revenues. This recommendation presumes that the additional revenue from the accounting change described above is included in the fund balance calculation. Therefore, we have added the additional accrued revenue into the budget system for both 2012 year end estimate and 2013 budget, in the General Fund and all other funds that have “derived tax revenues”, such as gas tax and hotel/motel tax. (see the chart below)

A more recent pronouncement, GASB 54, addressed the designation of the level of restriction on fund balances. It specifically directs that general contingency funds cannot be presented in the Financial Statements as a separate fund. Therefore, we are proposing that the Contingency Fund be discontinued as an active fund, and the fund balance of about \$240,000 be moved into General Fund. (The Contingency Fund balance was built by transfers from General Fund).

After these two changes, the General Fund projected fund balance at the end of 2013 is about 16.1% of the budgeted expenditures, which is slightly below the recommended “best practice”.

IMPACTS

1. **Fiscal Impact** – One time increase in fund balance.

2. **Proposed Funding Source –**

General Fund	\$3,837,819
Streets & Traffic	202,330
Arterial Street	94,603
Tourist Promotion	<u>129,617</u>
Citywide Total	\$4,264,369

3. **Public Impact – N/A**

4. **Personnel Impact – N/A**

5. **Required Changes in City Regulations or Policies –** Ultimately, Council would set a new minimum fund balance target for General Fund

6. **Legal Constraints, if applicable – N/A**

7. **Viable Alternatives – None**

COMMUNITY & ECONOMIC DEVELOPMENT / CODE ADMINISTRATION

2013 STRATEGIC INITIATIVE

ADD ONE PROJECT COORDINATOR POSITION

BUDGETED

PROPOSAL

Add one new full time Project Coordinator position. In 2011, the Plans Examiner I position was vacated and left unfilled due to budget constraints. Most of the primary duties of that position were assigned to others in the division with the intent that we could still maintain a timely response and coordinated permitting process. With the increased duties, the time between plan submittal and permit issuance has increased, and customer satisfaction has decreased.

The Project Coordinator position would reestablish a single contact person for the public regarding their project, streamline the communication between City Divisions and the applicant and decrease the current timeframe between plan submittal and permit issuance. All City Divisions involved in the Building Permit process have agreed that this position will greatly benefit both the public and the City.

IMPACTS

1. **Fiscal Impact** – Labor and Salary impact:

Add Project Coordinator Position	\$67,000
Funding from other Divisions:	
Wastewater (50%)	33,500
Water (20%)	13,400
Irrigation (5%)	<u>3,400</u>
Total impact on the General Fund (25%)	\$16,700

2. **Proposed Funding Source** – 25% Water/Irrigation, 50% Wastewater, and 25% General Fund.

3. **Public Impact** – Give the public a single contact person for their project, and streamline the communication between City Divisions and the applicant.

4. **Personnel Impact** – Reduce the current workload for the two Plans Examiner II's and streamline interdepartmental communications.

5. **Required Changes in City Regulations or Policies** – None.

6. **Legal Constraints, if applicable** – None.

7. **Viable Alternatives** – Leave the position vacant and continue to struggle with maintaining a viable balance between timely response to customers and time dedicated to plan review.

COMMUNITY & ECONOMIC DEVELOPMENT / CONVENTION CENTER

2013 STRATEGIC INITIATIVE

INCREASE IN MANAGEMENT FEE

BUDGETED

PROPOSAL

This proposal consists of a \$15,300 (2%) increase to the management fee. This line item includes wages for the Convention Center staff increasing it from \$513,000 to \$528,300. The management fee to the Visitors and Convention Bureau remains the same at \$166,000. These increases will assist in covering the costs of wages (including extra hours and staff for peak times), insurance, L&I and taxes.

The Convention Center operates at a staffing level much lower than the competition not only statewide but nationally as well, according to PriceWaterhouse Coopers, as shown in the following chart, which compares staffing to the size of the facility for several Convention Centers around the state:

	<u>FTE</u>	<u>PT</u>	<u>SO. FT.</u>
Yakima	8	8	41,000
Tri-Cities	21	54	47,474
Meydenbauer	29	38	55,720
Lynnwood	17	41	34,448
National	32	45	Under 100,000 sq. ft.

In addition to operating with less staff than other facilities, the Center does it with professionalism and service that can't be beat. It is because of this service that groups keep coming back to Yakima and the Convention Center, adding to the Economic Impact for the community. The Public Facility District Board of Directors recommends approval.

IMPACTS

1. **Fiscal Impact** – \$15,300. Increases total management fee from \$679,000 to \$694,300
2. **Proposed Funding Source** – Convention Center Operating Account, Fund #170; Hotel/Motel Tax and event revenue.
3. **Public Impact** – Continue to provide exceptional service.
4. **Personnel Impact** – Allow adequate staffing resources to maintain the Convention Center facility and provide a high level of service/support to clients and patrons.
5. **Required Changes in City Regulations or Policies** – None.
6. **Legal Constraints, if applicable** – None.
7. **Viable Alternatives** – None.

POLICE
2013 STRATEGIC INITIATIVE

EXPAND POLICE GANG UNIT
BUDGETED

PROPOSAL

The gang problem in Yakima is significant and pervasive. It is a hurdle to attracting new business and visitors. Currently the Police Department does not have enough officers and supervisors to allow seven day a week gang unit coverage. The Police Department proposes to expand the gang unit by four officers and one supervisor, we have provided two options for this expansion. This expansion will allow the gang unit to cover every day of the week. Seven day a week gang unit coverage allows the Department to keep constant pressure on illegal street gangs, this in turn reduces the gangs abilities to engage in criminal conduct and intimidation. It also allows for a much quicker response to gang activity with a resulting increase in apprehensions.

One way to expand the gang unit is to add (4) Police Officers and upgrade one Sergeant to Lieutenant. Because this would cost about \$500,000 annually, a second option was developed. The proposed option adds (3) Police Officers (effective 10/1/2013), (2) Civilians and upgrades one existing Sergeant to Lieutenant. This option eliminates a police officer and sergeant from the Community Services section and replaces them with civilian employees. The sergeant and officer position are then transferred to the Gang Unit. This results in less cost while achieving the desired additional officers assigned to the gang unit, but has the trade off of having no police officers in the Community Services Section.

IMPACTS

1. **Fiscal Impact** – \$118,000 in 2013; \$328,000 Annualized

	Start		
	Date	2013	Annual
Add 2 Community Service Civilian Positions	5/1/2013	\$74,000	\$118,000
Add 2 Police Officer Positions	10/1/2013	40,000	195,000
Upgrade Sergeant to Lieutenant	7/1/2013	<u>4,000</u>	<u>15,000</u>
		\$118,000	\$328,000

2. **Proposed Funding Source** – General Fund.
3. **Public Impact** – Increases Gang Unit by (4) Officers and (1) Sergeant and increases coverage to 365 days a year. Reduces gang crimes and the fear associated by gang crime and intimidation.
4. **Personnel Impact** – Adds (2) Police Officers effective 10/1/2013, Adds (2) Civilians to Community Services, and upgrades one Sergeant to Lieutenant.
5. **Required Changes in City Regulations or Policies** – None.
6. **Legal Constraints, if applicable** – None.
7. **Viable Alternatives** – None.

ADD ONE ADDITIONAL POLICE OFFICER (VOTF)

PROPOSAL

To add one additional Police Officer to serve on the multi-agency Violent Offender Task Force (VOTF). This task force is dedicated to the apprehension of violent offenders associated with and/or living within the city of Yakima.

The VOTF consists of members from the Yakima Police Department, Yakima County Sheriff's office, Yakima County Department of Corrections, Sunnyside Police Department, Washington State Department of Corrections, Yakima Nation Police Department, the Department of Alcohol, Tobacco and Firearms (ATF), Immigration and Customs Enforcement (ICE) and the US Marshals Service.

IMPACTS

1. **Fiscal Impact** – The proposed 2013 cost for this position is \$20,000 and the annualized cost will be \$97,500. 2013 costs are less due to the lengthy hiring process.
2. **Proposed Funding Source** – General Fund.
3. **Public Impact** – Coordinated criminal justice response.
4. **Personnel Impact** – Greater coordination and cooperation with other law enforcement agencies.
5. **Required Changes in City Regulations or Policies** –None.
6. **Legal Constraints, if applicable** –None.
7. **Viable Alternatives** –None.

POLICE / COMMUNICATIONS

2013 STRATEGIC INITIATIVE

COMMUNICATIONS CENTER PERSONNEL

BUDGETED

PROPOSAL

In 2010 the 911 call taking budget began funding 15% of the dispatcher’s costs to help augment the call taking functions by answering the overflow 911 calls. Since that time the workload of the dispatchers has increased to the point that this assistance is interfering with their primary duties of dispatching. To relieve this issue, and to shift a majority of the call taking back to the call takers this proposal reduces that contribution to 7% and allows for the hiring of two more call takers in the 911 budget. With this increase we will now be able to have a minimum of three call takers on duty nearly all the time which will allow the dispatchers to concentrate on their primary functions of handling the public safety radio traffic.

The total added to the fund is the cost of 2 additional call takers or \$125,000. However, because the proposal also reduces the amount eligible to be reimbursed by the 9-1-1 board by 8% of the dispatch salaries, the General Fund must increase the transfer to fund the dispatch operation by \$80,000, leaving \$45,000 to be funded by 9-1-1.

IMPACTS

8. Fiscal Impact –

2 additional 9-1-1 Calltaker positions	\$125,000
Reduction of dispatchers’ allocation for 9-1-1 from 15% to 7% (transfer of expense from 9-1-1 to City dispatch)	\$80,000

9. Proposed Funding Source –

Increase 9-1-1 contract from the County	\$45,000
Increase General Fund Transfer for Dispatch	\$80,000

10. Public Impact – Improved service to the public safety agencies which will assist in more efficiencies and a safer work environment for those responding officers and firefighter.

11. Personnel Impact – Adds improved service to the public safety agencies which will assist in more efficiencies and a safer work environment for those responding officers and firefighter.

12. Required Changes in City Regulations or Policies – None.

13. Legal Constraints, if applicable – None.

14. **Viable Alternatives** – The only other alternative is to continue with the same level of dispatcher augmentation of the call taking functions which would require the addition of at least two dispatchers at a higher cost.

PURCHASE FIRE APPARATUS
BUDGETED

PROPOSAL

A comprehensive plan for fire apparatus replacement has been developed and was presented to the Council Public Safety Committee in 2011. In 2011, 2 Fire apparatus were replaced in response to the plan and the condition of the rig, leaving 2 apparatus that have been in service for approximately 20 years. Fire command staff are proposing that 1 of these older vehicles be replaced. As capital reserves/replacement funding is not available for an outright purchase, the City can again use the Washington State Local Option Capital Asset Lending (LOCAL) lease/purchase program to take advantage of lower interest rates because of economies of scale the state program can generate.

IMPACTS

1. **Fiscal Impact** – Apparatus is estimated to cost about \$375,000: \$40,000 annual debt service over a 10-year term.
2. **Proposed Funding Source** – 10-year lease/purchase with annual payments funded from General Fund
3. **Public Impact** – Implementation and maintenance of a realistic, agency-specific fire apparatus replacement plan:
 - Enhances reliability/reduces out-of-service time
 - Takes advantage of enhancements in passenger/user safety features
 - Provides economy in the reduction of maintenance costs for aging fire apparatus
4. **Personnel Impact** – The new engine will provide safety and reliability to allow firefighters to provide all-risk emergency services to the citizens of Yakima. Preventative maintenance to all fire department apparatus will be enhanced by the new engine as an old maintenance-intensive engine is replaced.
5. **Required Changes in City Regulations or Policies** – None.
6. **Legal Constraints, if applicable** – Ordinance to enter into a debt transaction.
7. **Viable Alternatives** – None.

FIRE INSPECTION PROGRAM
BUDGETED

PROPOSAL

Objective

Provide a fee schedule and collection process that is minimal and equitable to business owners and minimal in manpower and cost to the City.

Primary Points of Consideration

- The Council has identified the need to re-institute an annual fire inspection program under the management of the Fire Department. This program will provide required annual fire safety inspections only and not code enforcement practices. The program will use two full time inspectors under the same Civil Service Class Code and Pay Code as the previous inspectors were under.
- The cost of running this program inclusive of all salaries, benefits, equipment, fuel, and training is \$176,000 per year. This amount is included in the proposed 2013 budget and does not include increases in fuel, wage, and benefit costs for years after that.
- Required testing of fire related systems such as automatic sprinklers, alarm systems, hood suppression systems, and extinguishers will remain the obligation of the business owner and performed by a certified testing firm.

Methods of fee collection

To minimize the cost of this program, a foremost consideration is to design it with as little human involvement as possible. We are only counting on using two inspectors and making all other record keeping and billing a non human process. With this in mind, the fee collection process must operate without paper, stamps, envelopes, money and check handling, or manual billing data entry.

A fee schedule was calculated and designed for each occupancy, using a two part formula. The plan was to have the fee amount auto populate at the codes department so the fee could be charged when the business license was purchased each year. After meeting with the codes department representatives, legal and financial staff, it was found that the data can not be uploaded into Paladin system without a software upgrade if there is one.

After much discussion, it was realized that the most expedient and efficient way to collect the fee was to increase the business license by an amount equal to what the cost would be to the business owner. A preliminary determination by the legal department shows that this “regulatory fee” to be an acceptable practice.

This question is going before Council in November.

IMPACTS

1. **Fiscal Impact** – \$165,000 in the Preliminary Budget. Note: subsequent to the preliminary budget being frozen, this program was determined to cost approximately \$176,000. Both the revenue and expenditures will be adjusted for the final budget.
2. **Proposed Funding Source** – General Fund, inspection fees for the serviced businesses.
3. **Public Impact** – More consistent fire protection.
4. **Personnel Impact** – Two additional Fire Code Inspector positions.
5. **Required Changes in City Regulations or Policies** – Establishment of a fee structure.
6. **Legal Constraints, if applicable** – None.
7. **Viable Alternatives** – None.

UTILITIES & ENGINEERING / ENGINEERING

2013 STRATEGIC INITIATIVE

ENGINEERING PLAN REVIEW & INSPECTION FEE INCREASE

BUDGETED/UNBUDGETED

PROPOSAL

For several years, the General Fund has been contributing a significant “cost share” to support the City’s Engineering Division review of the design documents for, and inspection of, the construction of private development of public infrastructure. The current fee schedule as set forth in YMC 8.72 and 12.20 does not fully cover costs. The “cost share” amounts to approximately \$110,000 annually. We respectfully submit this request to amend the current fees such that they more equitably cover the expense of this program.

The 2012 budget proposed the elimination of one Construction Inspector and the shift of the responsibility of inspection to private contractors (engineers). This proposal was accepted by Council. When this shift to privatization was put in place, it received considerable push-back from the development community. The development community expressed their preference for the City to maintain inspection duties and some offered to be willing to pay increased fees to support this reversal. After hearing this testimony, City Council reversed their earlier decision and directed Engineering to re-establish in-house inspection of these projects. This was done without any adjustment to fees.

Review of the revenues and expenses of these activities over the past two and one-half years indicates that fees would need to be more than doubled to cover the costs.

IMPACTS

1. **Fiscal Impact** – Revenue would increase by approximately \$100,000 annually, depending on volume.
2. **Proposed Funding Source** – A fee increase will reduce the current fiscal impact on the General Fund to support this program.
3. **Public Impact** – Increase in fees assessed for development.
4. **Personnel Impact** – None.
5. **Required Changes in City Regulations or Policies** – Amend YMC 8.72 and YMC 12.20 to reflect new fees.
6. **Legal Constraints, if applicable** – None.
7. **Viable Alternatives** – Alternatives include; no change, which would maintain the continued General Fund “cost share” of this program or a partial fee amendment that would reduce, but not eliminate, the cost share.

ASSET MANAGEMENT SOFTWARE SYSTEM

BUDGETED

PROPOSAL

As the infrastructure ages and the useful life of the installed equipment begin to fail, it becomes more imperative for the City to engage in “Asset Management.” The life expectancy of such equipment needs to be tracked and replacements scheduled prior to failures to avoid major catastrophes that could directly affect the community. Such a system provides the City an opportunity to track and increase asset life, prevent and predict equipment failures, and lower the total cost of maintenance; saving public money.

In order for the Water/Irrigation and Wastewater Divisions (Utilities) to effectively manage and track the value and life expectancies of these assets, an Asset Management software system that links Graphical Interface System (GIS) is necessary.

The software system would be implemented on the needs of the Utilities, but must also integrate into the City’s new Cayenta system for both the General Ledger and Work Order System.

IMPACTS

1. **Fiscal Impact** – \$200,000 in 2013; \$100,000 in 2014.
2. **Proposed Funding Source** – Operating Fund 473.
3. **Public Impact** – Wastewater/Water/Irrigation/Stormwater will be able to improve overall efficiency in tracking assets, save public dollars, and protect the environment.
4. **Personnel Impact** – None.
5. **Required Changes in City Regulations or Policies** – None.
6. **Legal Constraints, if applicable** – None.
7. **Viable Alternatives** – Not fully implement asset management to prevent equipment failures or track value of assets.

UTILITIES & ENGINEERING / WASTEWATER

2013 STRATEGIC INITIATIVE

WWTP SECURITY UPGRADE

BUDGETED

PROPOSAL

The City of Yakima's Wastewater Division is in need of upgrading its security to address break-ins at the wastewater treatment plant (WWTP). As the economy continues to be a hardship on many, the number of incidences of theft has significantly increased over the past year. To ensure the safety of our staff particularly after hours and on weekends, it is the desire of the Wastewater Division to implement further means of security at the WWTP.

To complicate matters, as part of the eventual Gap-to-Gap Levee Setback Project, the section of Greenway Trail that extends along the eastern edge of the City's property near the river, is being proposed in the design of the Wastewater Division's Riparian Restoration Project to be relocated closer to the WWTP; removing it from the floodway. This will likely increase further break-ins.

To enhance the aesthetics surrounding the WWTP for users of the proposed Greenway Trail while increasing security of the WWTP, additional security means must be incorporated along with the usual fencing and increased lighting. These may include the use of vegetation to deter individuals from attempting to crawl under/over the fences and close-circuit cameras. It will be imperative that a balance exist between sufficient security for the WWTP and beautification for Greenway Trail users.

IMPACTS

1. **Fiscal Impact** – \$200,000 in 2013; \$100,000 in 2014.
2. **Proposed Funding Source** – Wastewater Facility Capital Fund.
3. **Public Impact** – Enhanced aesthetics along the Greenway Trail near the WWTP.
4. **Personnel Impact** – Increased security for Wastewater staff.
5. **Required Changes in City Regulations or Policies** – None.
6. **Legal Constraints, if applicable** – None.
7. **Viable Alternatives** – Accept the current status of security at the WWTP.

UTILITIES & ENGINEERING / WASTEWATER

2013 STRATEGIC INITIATIVE

BIOSOLIDS SCREEN PROJECT

BUDGETED

PROPOSAL

The Department of Ecology initiated a new Biosolids requirement reducing the current biosolids screen size of 1/4-inch down to 3/8-inch. The reduction in screen size is to reduce the amount of contaminants (foreign objects) entering into the biosolids process. The regulation is to become effective at the City's wastewater treatment plant (WWTP) on January 1, 2014.

The City had a study performed by Brown and Caldwell to evaluate the type and placement of the new screens required that will work with the WWTP's current process set up. One of the requirements of this regulation is that the screens must be installed up stream of any grinders; adding significant costs to the overall project. Estimations place the project at \$2,125,000.

Due to the significant cost, the City has postponed this project until funding is available. Even though the City is on a compliance schedule for the installation of such screens, the City has been actively working with Ecology and will officially submit a request for an extension. If approved, the City would be in a better position to budget and construct the project in 2014 using revenue from existing rates.

The City is also pursuing other options that may satisfy this requirement at a potentially lower cost. Should funds become available, the project may be completed at an earlier date.

IMPACTS

1. **Fiscal Impact** – \$2,125,000 (as funds become available).
2. **Proposed Funding Source** – Wastewater Facility Capital Fund.
3. **Public Impact** – None.
4. **Personnel Impact** – None.
5. **Required Changes in City Regulations or Policies** – None.
6. **Legal Constraints, if applicable** – None.
7. **Viable Alternatives** – None.

PUBLIC WORKS / PARKS & RECREATION

2013 STRATEGIC INITIATIVE

FEE INCREASE

BUDGETED

PROPOSAL

Fees and charges for recreation programs, services and facility rentals were last increased in 2008. Costs to operate the City of Yakima Parks and Recreation Division continue to rise and as part of the efforts to continue to provide park and recreation services to our citizens the following increases are being proposed. Program costs, service fees and rental charges are based on similar fees and charges of other like organizations and are intentionally kept low to allow people to be able to afford to participate in the programs and enjoy the facilities and services.

The proposed fee increase was discussed at the July 11, 2012, August 8, 2012 and September 12, 2012 meetings and the Parks and Recreation Commission reluctantly approved the 2013 proposed fee increase.

IMPACTS

1. **Fiscal Impact** – Increase of approximately \$43,500 in revenue for the Parks and Recreation Fund.
2. **Proposed Funding Source** – Increased fees and charges for services, facility rentals and recreation programs.
3. **Public Impact** – Public will realize an increase in costs for park facility reservations, recreation programs and services – see additional information attached.
4. **Personnel Impact** – None.
5. **Required Changes in City Regulations or Policies** – Amend the Municipal Code to reflect the changes in the fee structure.
6. **Legal Constraints, if applicable** – None.
7. **Viable Alternatives** – Fees and charges for services, facility reservations and recreation programs can remain the same.

2013 PROPOSED FEE SCHEDULE
 Yakima Parks and Recreation Division
 Effective January 1, 2013

Program costs, service fees and rental charges are based on comparison with other like organizations and kept low to allow as many people as possible to be able to afford the programs, facilities and services offered.

Program Fee Formula

A formula has been established for determining the fees for services and programs. The formula is:

Staff wages & benefits [S] + total program hours [PH] + facility costs [FC] + special equipment, materials, transportation, etc. [SP] + administrative costs (15%) [AC] / minimum number of participants [P] = fee per participant

$$S + PH + FC + SP + AC / P = \text{Fee}$$

Staff wages may be calculated by the hour or by the unit, such as per game, per match, etc.

Contracted Services

Organizations may contract with the City of Yakima Parks and Recreation Division for services such as facility reservations and scheduling, maintenance, supplies, administration, etc. The contracted organization pays for these services.

Taxes

Sales or other taxes will be charged where appropriate. In some cases, taxes are included in the fee.

Program Discount for Residents

As a benefit to the City of Yakima residents who participate in Parks and Recreation Programs, a discount of approximately 20% is provided. Resident discounts may apply to special interest classes, golf lessons, swimming lesson, youth sports and other programs as determined.

Additional Adult Sports Fee for Nonresidents

For the following Adults Parks and Recreation Sports Programs, all non residents participating in sports leagues will be charged an additional registration fee of \$8.00. Additional fees apply to the following areas: Volleyball, basketball, softball, slow pitch softball and soccer.

Park Reservations

Citizens are welcome to use City park facilities on a drop in basis without charge. Individuals or organizations can make a specific date and time reservations for park facilities. [eg. Franklin Park picnic shelter] An application may be completed online after January 1, 2013 or at the Parks and Recreation Office located at 2301 Fruitvale Blvd, or by mail. A non-refundable application fee of \$8.00 must accompany each facility use application when submitted. A \$3.00 convenience fee will be charged for online reservations.

Picnic Shelter Rental Fees

Reservations are accepted up to 11 months in advance. Reservations are accepted for ½ days (9:00am – 2:00pm or 2:30pm – Dusk) or full days (9:00am – Dusk). Picnic Shelters are available year round.

Hours for Picnic Shelter Rentals: Monday - Sunday 9:00am – Dusk

<u>Picnic Shelter Fee Type</u>	<u>Resident</u>	<u>Non-Resident</u>
Half Day Rental (9:00am-2:00pm or 2:30pm-Dusk)	\$50/per half day	\$60/per half day
All Day Rental (9:00am-Dusk)	\$75/per all day	\$90/per all day

Cancellation/Refund Policy - Picnic shelter cancellations must be made at least 14 days in advance of the reservation date to be eligible for a refund. The amount refunded will be 50% of the reservation fee. Requests made less than 14 days before the rental date will result in the loss of the entire reservation fee. Requests must be made in writing, or in person by the contracted renter at the parks and recreation office.

Inflatables - Inflatables are allowed in our parks. If a group wishes to have an inflatable as part of their park reservation they are required to complete a liability waiver and have a certificate of insurance. An additional \$50 fee is also required.

Inclement Weather Policy - Sorry, no refunds will be made due to inclement weather.

Special Event Fee

Citizens or groups wishing to schedule a community or special event in one of the City of Yakima Parks will be required to pay a *Special Event Fee* to cover additional maintenance costs. In addition, groups may be required to pay for additional refuse service and chemical toilets on site. Fees will be based on anticipated attendance. Examples of community or special events could include, but are not limited to community meetings, political events, weddings, reunions, public concerts, and other similar events.

1 – 50 participants	No special event fee
51 – 100 participants	\$57.50
101 – 200 participants	86.00
201 – 300 participants	161.00
Over 300 participants	195.00

The Special Event Fee will be collected before reservations are confirmed. Applicants will be responsible for the condition of the park after the event. Clean up and damage fees will be charged to the applicants as determined by the Parks and Recreation Manager.

The Parks and Recreation Manager will have the discretion to limit usage in the Parks based on capacity, parking, neighborhood impact and availability.

Special Event Service Charge

Events requiring clean-up that exceeds routine litter and trash removal by two hours or more than the standard known to be normal for that location or where damage to irrigation, restroom or park equipment requires repair and service beyond normal maintenance will be charged a clean up fee. The Special Event Service Charge will begin the second hour and will be charged in increments of one hour rate at \$50 per man hour.

Concessionaire Permit Fee

Citizens or groups wishing to sell concessions in the Parks will be charged a yearly fee of \$215. The Parks and Recreation Manager will have the authority to authorize vending in certain parks according to the Parks and Recreation Division policy and procedures. The Parks and Recreation Manager will have the authority to waive the yearly fee in cases of contracted services or a one-time special event. A list of parks that are available for concessionaires will be provided to the applicant.

Refund Policy

If the Parks and Recreation Division needs to cancel an activity, staff will notify registered participants and provide a 100% refund. If a participant needs a program refund, a receipt must be presented to staff three (3) days prior to the activity registration deadline, unless otherwise stated. If the registration was paid by check or cash, a refund will be given minus a \$5 processing fee that will be processed by the City of Yakima Finance Division and a check will be mailed within 30 days. If the fee was paid by credit card, the refund will be credited to the original cardholder minus a \$5 processing fee. Fees of less than \$5 will not be refunded. There are no refunds on team sports.

Park Maintenance

Description	2010 Fee [includes tax]	Proposed 2013 Fee [incl tax]
Soccer Fields		
Contracted – rate per hour	Negotiated	Negotiated
League		
Adult League – minimum 2 hours/per hour	\$8.00	\$10.00
Youth League – minimum 2 hours/per hour	\$5.00	\$8.00
Tournaments – per day (50% nonrefundable deposit)		
Chesterley - per field/per day	\$56.00	\$75.00
Field Line Painting – per field (new fee)	-	\$65.00
Special Line Painting – per field (new fee)	-	\$85.00
Baseball/Softball Fields/Tournaments (50% nonrefundable dep)		
Gateway Sports Complex – all fields/one day	\$450.00	\$550.00
Gateway Sports Complex – second day	\$300.00	\$300.00
Gateway Sports Complex – per field/per hour (2 hr min/M-Th)		\$15.00
Kiwanis Park - new fields/one day (new fee)	-	\$500.00
Kiwanis Park – new fields/second day (new fee)	-	\$250.00
Kiwanis Park – new fields/per field/per hour (2 hr min/M-Th)		\$15.00
Gateway and Kiwanis – same date/same user	20% discount	20% discount
Elks Park (orange, black, blue, or red field) – per field/per day	\$23.00	\$30.00
Elks Park (larger green field) per day (new fee)	-	\$80.00
Gardner Park – per field/per day	\$56.00	\$80.00
Gardner Park – per field/per hour (2 hr min)	\$8.00	\$10.00
Special Services – Field Preparation		
Mowing – per hour	\$79.00	\$100.00
Field Prep – per hour	\$30.00	\$35.00
Sports Field Lights – per hour	\$23.00	\$30.00
Tennis Court Reservations – per court/per hour	\$8.00	\$10.00

Community Recreation

All programmed recreation activities, except summer playgrounds, youth drop in programs and additional programs determined by City Council will follow the “**Program Fee Formula**” as identified.

Description	2010 Fee [includes tax]	Proposed 2013 Fee [incl tax]
Special Services to Organizations	Contract	Contract
Beyond the Bell after School Program – per child/per day		\$3.00

Fisher Park Golf Course

Description	2010 Fee [includes tax]	Proposed 2013 Fee [incl tax]
Greens Fees		
Youth (age 4 to 8) – 9 holes	\$4.75	\$4.75
Juniors (age 9–18) & Seniors (62 and over) 9 holes	\$8.25	\$8.25
Juniors (age 9–18) & Seniors (62 and over) 2 nd 9 holes	\$4.50	\$4.50
Adult (over 18 and under 62) – 9 holes	\$9.25	\$9.25
Adults (over 18 and under 62) – 2 nd 9 holes	\$5.50	\$5.50
Family (2 adults, 2 juniors) – 9 holes	\$26.00	\$26.00
Family (2 adults, 1 Junior) – 9 holes	\$21.00	\$21.00
Family (1 adult, 2 Junior) – 9 holes	\$20.00	\$20.00
Passes		
20 round - Adult	\$148.00	\$148.00
20 Round - Junior & Senior	\$130.00	\$130.00
Adult - season pass	\$620.00	\$620.00
Junior & Senior - season pass	\$570.00	\$570.00
Couples/Adult – season pass	\$1010.00	\$1010.00
Couples/Seniors – season pass	\$915.00	\$915.00
Specials		
Ladies Day, Men’s Day, etc. – 9 holes	\$7.00	\$7.00
Moonlight Golf	\$11.50	\$25.00
Rentals		
Corporate Outings – ½ Day (4 hours or less)	\$800.00	\$800.00
Corporate Outings –full day (5 hours or more)	\$1200.00	\$1200.00
Club rental	\$5.75	\$5.75
Pull Cart rental	\$3.25	\$3.25
Lessons		
Adult	Formula	Formula
Youth	Formula	Formula
The First Tee of Yakima	No Charge	No Charge

Aquatics

Honored Citizen is defined as a person that is 62 years old or older or has a Yakima Transit Honored Citizen State of Washington Handicapped Parking Placard (wallet card) holder, SSI Disabled or active military with an ID. Ages 3 and under may swim for free when accompanied by a paying adult.

Description	2010 Fee [includes tax]	Proposed 2013 Fee [incl tax]
Swim Lessons		
Tiny Tots – Level 6	\$30/\$37	\$33/\$40
Semi-Private – 8 sessions	\$80/\$96	\$88/\$105
Community Water Safety	\$32/\$37	\$33/\$40
Competitive Stroke Class	\$32/\$37	\$33/\$40
Lifeguard Training	\$63/\$80	\$110/\$120
Water Safety Instructor - (not currently taught)	\$113/\$139	\$113/\$139
Water Exercise Classes		
Hydro-Fit, Aquacise, etc.		
10 Visit punch card	\$32/\$40	\$35/\$44
Drop in	\$5.50/\$6.00	\$6.00/\$6.50
Zumba – 30 day unlimited (new)	-	\$55/\$60
Zumba – 10 visit punch card (new)	-	\$45/\$60
Other Services & Classes		
Program Fee Formula	Formula	Formula
General Recreation Swimming		
Youth (age 4-17)	\$2.00	\$2.00
Adult (age 18-62)	\$3.75	\$3.75
Honored Citizen (over 62)	\$2.25	\$2.25
Family (up to 4 children & 2 adults)	\$10.00	\$13.00
Lap Swimming/Water Walking		
Adult	\$3.75	\$3.75
Honored Citizen	\$2.25	\$2.25
Passes		
Youth – 3 Month	\$46.00	\$52.00
Adult – 3 Month	\$89.00	\$98.00
Honored Citizen – 3 Month	\$53.00	\$59.00
Family – 3 Month	\$190.00	\$212.00
Youth Coupon book – 10 swims	\$16.00	\$21.00
Adult Coupon book – 10 swims	\$30.00	\$33.00
Honored Citizen Coupon book – 10 swims	\$18.50	\$21.00
Family Coupon book – 10 swims	n/a	n/a
Pool Rentals		
Lions Pool		
1 to 50 participants - per hour	\$92.00	\$100.00
Each additional 50 participants	\$28.75	\$30.00

Franklin Pool

1 to 50 participants – per hour	\$138.00	\$138.00
Each additional 50 participants	\$28.75	\$30.00
Party Area – up to 10 children & 2 adults	\$125.00	\$125.00
Additional children	\$8.00	\$8.00

Other Rentals

For Profit Agencies	25 % add	25 % add
---------------------	----------	----------

Harman Center

<u>Description</u>	<u>2010 Fee [includes tax]</u>	<u>Proposed 2013 Fee [incl tax]</u>
Harman Center Rentals		
Ballroom – up to 5 hours	\$1200.00	\$1400.00
Ballroom - additional hours	\$150.00	\$175.00
Ballroom - cleaning & damage deposit	\$500.00	\$500.00
Classroom – weekends/evenings, 2 hour min.	\$100.00	\$100.00
Classroom – normal hours	\$75.00	\$75.00
Weekly & Monthly User	Negotiated	Negotiated
Non Profit – 66% of regular fee + tax	\$600.00	\$1050.00
Trips and Tours	Formula	Formula
Classes - Miscellaneous	Formula	Formula
Reserved Activity Space – fee per quarter	\$12.00	\$12.00
Tournaments	Formula	Formula

Sports (Adult & Youth)

<u>Description</u>	<u>2010 Fee [includes tax]</u>	<u>Proposed 2013 Fee [incl tax]</u>
Program Fee Formula	Formula	Formula

PUBLIC WORK / TRANSIT

2013 STRATEGIC INITIATIVE

PURCHASE 8 DIAL-A-RIDE REPLACEMENT/EXPANSION VEHICLES

BUDGETED

PROPOSAL

Yakima Transit is in need of replacement/expansion Dial-A-Ride vehicles for the paratransit program. A large majority of the older vehicles are down for maintenance too often. Yakima Transit's current fleet consists of 4 sedans, 11 minivans, and 18 15-passenger cutaways (minibuses). Yakima Transit is proposing to replace all four sedans with eight minivans. Minivans are much more agile than the cutaways and should allow for a reduction in the use of the cutaways, which use more fuel. Yakima Transit intends to retain older cutaways in order to use some of them as parts vehicles to keep the other vehicles on the road and to allow for heavy use days on the Dial A Ride program. There are currently only 28 vehicles operable. All of those vehicles were in use at least one day this month. Paratransit services (Dial A Ride) is required in order for Yakima Transit to receive their annual apportionment grant from the Federal Transit Administration (FTA). The FTA requires that the service be adequate to meet the needs of the community within the service area.

IMPACTS

1. **Fiscal Impact** – \$240,000.
2. **Proposed Funding Source** – The funds for this purchase will come 80% from the State of Washington (\$192,000). The additional 20% will come from Yakima Transit's dedicated sales tax (\$48,000). There are no anticipated upgrades; however, any upgrades that are built in are typically covered as long as they are anticipated prior to applying for the grant funds.
3. **Public Impact** – Yakima Transit will be able to save money by running more fuel efficient vehicles, than the cutaways. Yakima Transit will also be able to cut down on maintenance costs and keep newer vehicles operational.
4. **Personnel Impact** – The only impact is that someone needs to order the vehicles and get them setup to go. No additional FTEs are required.
5. **Required Changes in City Regulations or Policies** – None.
6. **Legal Constraints, if applicable** – None.
7. **Viable Alternatives** – The alternative will be to not purchase the vehicles and spend more money on maintaining older vehicles. The problem with not expanding the fleet is that Yakima Transit may not be able to meet the FTA mandated requirements to adequately serve the community.

PUBLIC WORK / TRANSIT

2013 STRATEGIC INITIATIVE

DIAL-A-RIDE SERVICE REDUCTION

BUDGETED

PROPOSAL

Yakima Transit provides Dial A Ride (paratransit) services beyond what is required by the Federal Transit Administration. Dial A Ride is required by the FTA to operate when fixed-route service is available. The program is meant to provide complementary paratransit services for individuals who cannot use the fixed-route service. The program is comparatively much more expensive than fixed-route service on a cost per trip basis. Staff is recommending a City Policy that limits paratransit services to only the time that fixed-route services are available.

IMPACTS

1. **Fiscal Impact** – \$15,000 savings. Our paratransit contractor may see the majority of any savings, because they will be able to combine more trips when the trips aren't as scattered throughout the day.
2. **Proposed Funding Source** – This program is funded by WSDOT Paratransit Special Needs Formula Funds and Dedicated Local Transit Sales Tax.
3. **Public Impact** – Yakima Transit will be able to save money by providing fewer trips beyond the normal time that Yakima Transit's fixed-route service operates. Dial-A-Ride users will have more limited times to access the service.
4. **Personnel Impact** – No additional FTEs are required. Our contractor may be able to use fewer employees to provide the service, because they will be able to combine more trips.
5. **Required Changes in City Regulations or Policies** – This will change or at least create policy that the Dial-A-Ride program will only operate when fixed-route service operates.
6. **Legal Constraints, if applicable** – None.
7. **Viable Alternatives** – Continue service as currently scheduled, with few funding options available.

PUBLIC WORK / EQUIPMENT RENTAL

2013 STRATEGIC INITIATIVE

FLEET VEHICLE ADDITIONS & REPLACEMENTS

BUDGETED

PROPOSAL

Replace or increase the Equipment Rental fleet per the included listing below. Fire, Police and Transit rolling stock are managed separately by the respective departments. Vehicle replacement is determined by maintenance costs, usage, and technical service need.

Division	Description	Replacing	2012 Budget	Fund Total
Streets & Traffic	10 Ton Steel Roller w/Trailer	ER 6070	\$75,000	
	Self Propelled Asphalt Paver w/Trailer	ER 6055	175,000	
	10 Yard Dump Truck	ER 3084	200,000	\$450,000
Water & Irrigation	Small/midsize Pickup - Ext Cab (4X2)	ER 2152	25,000	
	Small/midsize Pickup - Ext Cab (4X2)	ER 2271	25,000	\$50,000
Refuse	Side Loading Refuse Truck Refit	ER 3226	175,000	
	Front Loading Refuse Truck	ER 3137	280,000	
	Flatbed Truck w/TommyLift	ER 3121	65,000	
	3/4 Ton (4X4) Pickup w/TommyLift	ER 2171	45,000	
	3/4 Ton (4X4) Pickup w/TommyLift	ER 1320	45,000	610,000
Wastewater	Combination Sewer Cleaner	ER 3165	450,000	450,000
Total				\$1,560,000

The chart below details the condition of the vehicles and equipment being replaced:

Division	Description	E/R Number	Model Year	Condition/Application
Streets & Traffic	Wacker Iron Wheel Vibrating Comp.	ER 6070	1999	13 years old – beyond expected life
	Gilcrest Propaver	ER 6055	1995	18 years old – beyond expected life
	International Dump Truck	ER 3084	1991	22 years old – beyond expected life
Water & Irrigation	GMC Compact Pickup	ER 2152	1994	20 years old – beyond expected life
	Chevrolet Compact Pickup	ER 2271	2003	10 years old – beyond expected life
Refuse	Wayne Curbtender Refuse Body	ER 3226	2006	Body used when installed in 2006, hydraulic system inadequate for required service duty
	Crane Carrier Frt Load Refuse Truck	ER 3137	2000	13 years old – 96,474 miles
	Chevrolet 1 Ton Truck w/TommyLift	ER 3121	1999	13 years old – 81,478 miles
	Ford ¾ Ton Pickup	ER 2171	1996	17 years old – 155,615
	Ford Taurus Sedan	ER 1320	1998	14 years old – pickup needed
Wastewater	Int'l Chassis w/Vactor Sewer Cleaner	ER 3165	2003	10 years old – beyond expected life
Total				

IMPACTS

1. **Fiscal Impact** – \$1,560,000 from the accumulated reserve dedicated for this purpose.
2. **Proposed Funding Source** – The Equipment Replacement Fund for replacements.
3. **Public Impact** – Delaying purchase would ultimately reduce ability to provide respective services to the community and shift operating costs to Fleet Maintenance.
4. **Personnel Impact** – None.
5. **Required Changes in City Regulations or Policies** – None.
6. **Legal Constraints, if applicable** – None.
7. **Viable Alternatives** – Delaying these purchases is an option, though excessive maintenance costs would shift expense to Fleet Maintenance budget.

THREE-YEAR BUDGET COMPARISON - 2012 BUDGET BY CITY FUNCTIONAL GROUPING

	2011 Actual Expenditures	2012 Amended Budget	2012 Year-End Estimate	2013 Preliminary Budget	2013 vs 2012 Estimate	2013 Projected Revenue	2013 Use of Fund Balance	2013 Beginning Fund Balance	2013 Est. Ending Fund Balance
General Government									
City Council	\$193,161	\$235,214	\$232,500	\$284,751	22.5%				
City Manager	484,875	367,925	367,336	363,799	(1.0%)				
State Examiner	114,212	106,000	106,000	110,000	3.8%				
Records	412,182	513,172	529,455	484,404	(8.5%)				
Financial Services	1,395,184	1,423,068	1,429,750	1,456,531	1.9%				
Human Resources	446,132	449,628	448,877	449,046	0.0%				
Legal	1,046,653	1,127,361	1,124,131	1,258,965	12.0%				
Municipal Court	1,151,934	1,256,587	1,228,681	1,387,541	12.9%				
Purchasing	447,447	527,535	527,195	529,702	0.5%				
Hearing Examiner	12,405	31,000	26,000	26,000	0.0%				
Environmental Planning	643,195	622,101	593,153	614,033	3.5%				
Code Administration	1,255,438	1,208,765	1,211,149	1,279,416	5.6%				
Indigent Defense	471,740	481,000	485,000	833,500	71.9%				
Economic Development	-	-	0	229,585	n/a				
Police	22,412,167	24,303,966	24,229,400	25,300,519	4.4%				
Fire	8,747,587	9,380,495	9,321,562	9,848,295	5.7%				
Police Pension	1,471,511	1,186,350	1,263,744	1,297,225	2.6%				
Engineering	730,127	702,274	681,897	670,639	(1.7%)				
City Hall Maintenance	346,080	357,016	357,104	360,224	0.9%				
Information Systems	2,488,928	2,447,396	2,388,818	2,310,463	(3.3%)				
Utility Services	1,218,380	1,342,110	1,319,890	1,301,697	(1.4%)				
Intergovernmental	256,848	240,299	243,299	291,549	19.8%				
Nonrecurring Expenses	193,841	-	0	(730,000)	n/a				
Transfers	2,311,919	3,231,275	3,212,275	2,477,275	(22.9%)				
Total General Fund	\$48,251,946	\$51,540,537	\$51,327,216	\$52,435,159	2.2%	52,435,635	476	8,483,190	8,483,666
Parks & Recreation	4,194,991	4,000,697	3,970,318	4,059,116	2.2%	4,058,765	(351)	363,235	362,884
Street & Traffic Operations	5,211,134	5,199,157	5,194,342	5,421,180	4.4%	5,418,260	(2,920)	1,097,836	1,094,916
Total General Government Funds	\$57,658,071	\$60,740,391	\$60,491,876	\$61,915,455	2.4%	61,912,660	(2,795)	9,944,261	9,941,466

	2012 Year-End Estimate	2012 Year-End Estimate	2012 Year-End Estimate	2013 Preliminary Budget	2013 vs 2012 Estimate	2013 Projected Revenue	2013 Use of Fund Balance	2013 Beginning Fund Balance	2013 Est. Ending Fund Balance
Other Operating/Enterprise									
Economic Development	\$323,706	\$351,636	\$270,443	\$228,292	(15.6%)	\$229,000	\$708	\$229,699	\$230,407
Community Development	2,795,552	3,590,419	3,520,692	1,426,035	(59.5%)	1,411,410	(14,625)	643,199	628,574
Community Relations	575,933	594,554	533,298	914,911	71.6%	521,750	(393,161)	845,216	452,055
Community Services	82,320	-	-	-	n/a	-	-	-	-
Growth Mgmt/Com Trip Red	23,116	-	-	-	n/a	-	-	-	-
Cemetery	259,983	265,699	265,305	264,296	(0.4%)	252,550	(11,746)	31,916	20,170
Emergency Services	1,121,899	1,222,030	1,184,898	1,189,923	0.4%	1,195,026	5,103	93,140	98,243
Public Safety Communications	3,005,894	3,558,224	3,413,756	3,497,428	2.5%	3,268,328	(229,100)	363,617	134,517
Police Grants	1,147,768	1,174,399	1,113,018	641,773	(42.3%)	644,711	2,938	403,686	406,624
Downtown Improvement District	231,655	235,962	158,462	180,474	13.9%	180,340	(134)	112,012	111,878
Trolley (Yakima Interurban Lines)	36,103	75,021	74,581	3,938	(94.7%)	1,618	(2,320)	8,930	6,610
Front St Business Impr Area	3,531	6,298	6,298	5,000	(20.6%)	3,535	(1,465)	4,159	2,694
Tourist Promotion	1,408,969	1,447,373	1,442,237	1,471,299	2.0%	1,479,250	7,951	357,052	365,003
Capitol Theatre	285,527	346,200	346,197	348,300	0.6%	359,177	10,877	105,670	116,547
PFD Revenue-Convention Center	604,381	719,000	719,000	695,000	(3.3%)	700,750	5,750	175,849	181,599
Tourist Promotion Area	413,459	636,000	630,000	667,000	5.9%	667,000	0	68,722	68,722
PFD Revenue-Capitol Theatre	469,486	517,000	517,000	517,000	0.0%	528,500	11,500	39,613	51,113
Recovery Program Grants	345,521	73,905	73,905	0	(100.0%)	0	0	0	0
Storm Water Operating	1,983,311	2,243,246	2,129,245	2,069,059	(2.8%)	2,035,000	(34,059)	963,442	929,383
Transit	7,389,946	7,777,953	7,777,278	7,970,772	2.5%	8,049,195	78,423	1,543,583	1,622,006
Refuse	4,900,989	5,410,763	5,351,335	5,520,876	3.2%	5,473,500	(47,376)	530,590	483,214
Sewer Operating	18,445,018	19,437,140	19,292,863	19,392,938	0.5%	20,653,916	1,260,978	866,735	2,127,713
Water Operating	7,596,797	8,226,296	8,107,975	8,488,311	4.7%	8,540,700	52,389	1,905,976	1,958,365
Irrigation Operating	1,492,488	1,444,937	1,431,415	1,493,006	4.3%	1,683,100	190,094	548,050	738,144
Equipment Rental	5,365,398	5,743,729	5,730,510	5,867,352	2.4%	5,653,658	(213,694)	4,522,736	4,309,042
Environmental Fund	342,950	277,339	277,339	192,950	(30.4%)	150,000	(42,950)	304,272	261,322
Public Works Administration	1,125,645	1,185,478	1,179,429	1,132,182	(4.0%)	1,147,438	15,256	413,391	428,647
Total Other Operating/Enterprise	\$61,777,345	\$66,560,601	\$65,546,479	\$64,178,115	(2.1%)	\$64,829,452	\$651,337	\$15,081,255	\$15,732,592

Capital Improvement									
Arterial Street	2,390,946	4,554,478	3,873,024	\$8,935,977	130.7%	8,870,322	(65,655)	325,671	260,016
C.B.D. Capital Improvement	106,630	132,277	64,545	91,000	41.0%	-	(91,000)	336,203	245,203
Capitol Theatre Construction	127,406	3,202	3,202	0	(100.0%)	-	-	618	618
Yakima Rev Development Area	196,375	2,011,006	1,158,466	2,509,240	116.6%	2,850,000	340,760	802,353	1,143,113
Parks & Recreation Capital	778,021	834,749	834,000	25,000	(97.0%)	-	(25,000)	73,274	48,274
Fire Capital	636,989	347,722	347,722	194,896	(44.0%)	425,750	230,854	222,033	452,887
Law & Justice Capital	820,348	1,056,115	1,039,347	532,636	(48.8%)	359,886	(172,750)	274,124	101,374
Public Works Trust Construction	655,035	718,382	627,276	845,282	34.8%	611,306	(233,976)	637,851	403,875
REET 2 Capital Construction	933,317	506,822	506,822	506,822	0.0%	527,000	20,178	378,153	398,331
Stormwater Capital	190,125	633,000	402,945	435,000	8.0%	320,000	(115,000)	953,913	838,913
Transit Capital Reserve	474,511	685,000	260,500	545,500	109.4%	618,250	72,750	1,077,879	1,150,629
Convention Center Capital Impr	377,215	216,934	216,934	295,000	36.0%	220,500	(74,500)	515,157	440,657
Cum. Reserve for Capital Impr	12,163,709	9,432,249	2,359,249	12,194,500	416.9%	10,728,000	(1,466,500)	2,473,320	1,006,820
Wastewater Facilities Capital Rsv	42,261	50,000	50,000	50,000	0.0%	150,500	100,500	839,047	939,547
Sewer Construction	1,011,268	6,418,253	2,678,000	6,365,000	137.7%	1,200,000	(5,165,000)	6,109,653	944,653
Domestic Water Improvement	1,706,676	4,865,000	1,231,375	6,235,000	406.3%	6,600,000	365,000	3,706,294	4,071,294
Wastewater Facilities	1,533,538	15,855,000	9,714,280	14,040,000	44.5%	13,781,500	(258,500)	2,692,477	2,433,977
Irrigation System Improvement	2,453,799	4,115,554	1,649,554	1,033,304	(37.4%)	1,208,500	175,196	129,561	304,757
Total Capital Improvement	\$26,598,169	\$52,435,743	\$27,017,241	\$54,834,157	103.0%	\$48,471,514	(\$6,362,643)	\$21,547,581	\$15,184,938
Contingency/Operating Reserves									
Contingency Fund	\$42,613	\$200,000	-	-	n/a	-	-	-	-
FRS/Capitol Theatre Reserve	71,927	71,927	\$71,927	\$71,927	0.0%	\$500	(\$71,427)	\$242,422	\$170,995
Risk Management	2,781,536	9,914,259	2,964,477	3,689,378	24.5%	3,586,000	(103,378)	865,415	762,037
Total Contingency/Operating Rsvs	\$2,896,076	\$10,186,186	\$3,036,404	\$3,761,305	23.9%	\$3,586,500	(\$174,805)	\$1,107,837	\$933,032
Employee Benefit Reserves									
Unemployment Compensation	\$207,224	\$318,064	\$212,964	\$293,005	37.6%	\$177,000	(\$116,005)	\$291,826	\$175,821
Employees Health Benefit	11,047,905	11,469,378	11,424,885	11,625,339	1.8%	11,995,000	369,661	2,207,631	2,577,292
Workers' Compensation	1,319,074	1,363,785	1,064,710	1,242,272	16.7%	1,018,000	(224,272)	1,015,537	791,265
Wellness/EAP Fund	54,722	92,000	83,330	93,700	12.4%	60,000	(33,700)	99,316	65,616
Firemen's Relief & Pension	1,461,967	1,344,057	1,308,562	1,347,493	3.0%	1,380,500	33,007	866,694	899,701
Total Employee Benefit Reserves	\$14,090,892	\$14,587,284	\$14,094,451	\$14,601,809	3.6%	\$14,630,500	\$28,691	\$4,481,004	\$4,509,695

	2012 Year-End Estimate	2012 Year-End Estimate	2012 Year-End Estimate	2013 Preliminary Budget	2013 vs 2012 Estimate	2013 Projected Revenue	2013 Use of Fund Balance	2013 Beginning Fund Balance	2013 Est. Ending Fund Balance
Trust and Agency Funds									
Cemetery Trust	\$9,811	\$5,500	\$5,500	\$5,500	0.0%	16,500	11,000	615,420	626,420
YakCorps Agency Fund	121,514	497,725	497,725	511,700	0.0%	511,700	-	71,144	71,144
Total Trust and Agency Funds	\$131,325	\$503,225	\$503,225	\$517,200	2.8%	\$528,200	\$11,000	\$686,564	\$697,564
Debt Service									
L.I.D. Guaranty	\$0	\$0	\$0	\$0	n/a	\$50	\$50	\$80,139	\$80,189
PFD Debt Service	1,014,136	1,018,253	1,018,253	1,017,000	(0.1%)	1,017,594	594	171,904	172,498
General Obligation Bonds	2,221,940	2,331,083	2,217,083	2,529,384	14.1%	2,520,739	(8,645)	373,612	364,967
L.I.D. Debt Service	155,933	285,000	285,000	285,000	0.0%	274,000	(11,000)	36,350	25,350
Water-Irrigation/Sewer Bonds	2,862,053	3,255,903	3,181,214	2,127,561	(33.1%)	2,449,686	322,125	1,829,290	2,151,415
Total Debt Service	\$6,254,062	\$6,890,239	\$6,701,550	\$5,958,945	(11.1%)	\$6,262,069	\$303,124	\$2,491,295	\$2,794,419
Total City Budget	\$169,405,940	\$211,903,669	\$177,391,226	\$205,766,986	16.0%	\$200,220,895	(\$5,546,091)	\$55,339,797	\$49,793,706

WHAT YOU PAY AND WHAT YOU GET

This section is presented to assist the reader in understanding the taxes they pay, what governmental entity receives those tax revenues and how the City spends their allocated portion. Enclosed, you'll find charts and graphs which identify how much of the taxpayers' dollar comes to the City and what percentage of the City's total revenues each type of tax/charge represents. Also included is (a) an outline of the City taxes and utility charges collected from a typical Yakima household; (b) a depiction of how those revenues are then distributed between the various City services/functions and (c) the amount a typical four person household pays for these services.

MAJOR TAXES PAID

Sales and Use Tax

There is an 8.2% sales tax charged on the sale of goods within the City. The vast majority of this revenue is allocated to the State, not the City. The State receives 6.50% while the City receives .85% for the general fund and an additional .30% that is restricted for transit services. .15% goes directly to the County, and .40% represents countywide taxes for Criminal Justice that is allocated between Cities and the County. (Refer to the following chart for a complete detailed listing of how this revenue is allocated.)

Following is an example of how the sales taxes paid by the consumer are allocated between the City and the State. Based on the assumption that a family with a taxable income of \$40,000 will spend \$10,000 on items on which sales tax will be applied, they will pay approximately \$820 in sales taxes annually. Of this amount, 14.0% or approximately \$115 goes to the City (\$85 or .85% for general fund and \$30 or 0.3% for transit services).

The following chart depicts how much of each dollar of sales tax revenue is allocated to the State, the City and the County.

ALLOCATION OF SALES TAX COLLECTION



SALES TAX RATES WITHIN YAKIMA CITY LIMITS

(In descending order by total allocation)

	<u>Rate</u>	<u>Percent of Total</u>	<u>Example \$100 Sale</u>
State of Washington	6.50%	79.27%	\$6.50
City of Yakima (General Fund) ⁽¹⁾	0.85%	10.37%	\$0.85
Yakima Transit	0.30%	3.66%	\$0.30
Yakima County (Current Expense Fund) ⁽¹⁾	0.15%	1.83%	\$0.15
Yakima County Criminal Justice ⁽²⁾	0.40%	4.88%	\$0.40
Total Sales Tax Rate in City Limits	8.20%	100.00%	\$8.20

(1) The City charges 1%; however, the county receives .15% of the cities' sales tax collections.

(2) This tax is allocated among the cities and the county to support Criminal Justice uses.

Property Taxes

The total property taxes paid by property owners within the City of Yakima include taxes levied by several governmental entities: the State, School Districts, special county-wide voted levies and the City's general and special voter approved levies. The percentage of the total property taxes levied by, and allocated to, each individual governmental entity will change slightly from year to year. The City's portion is generally under 30% of the total amount collected. (Refer to the graph and chart below for how the 2012 property taxes were allocated between these governmental entities.)

2012 PROPERTY TAX DISTRIBUTION



City of Yakima Property Tax – In 2012, a typical City resident pays approximately \$12.61 per thousand of assessed value on property taxes. Only \$3.11, or about 25.0%, goes to the City, with the balance divided between the County, schools, and other special districts.

Description Of How Property Taxes Are Levied – The following explanation is included to help the reader understand how property taxes are assessed to the individual property owners. To aid in this explanation, three commonly used terms must be understood. They are Property Tax Levy, Property Tax Rate and Assessed Value.

- **Property Tax Levy** – is the total amount of money that is authorized to be collected.
- **Property Tax Rate** – is the property tax amount that will be applied to every \$1,000 of assessed value; the rate is determined by simply dividing the levy amount by the total assessed value amount and dividing that number by 1,000.
- **Assessed Value** – is the total value, as determined by the County Assessor’s Office, of all property within the City.

All taxing jurisdictions annually set the levy (i.e. amount of tax) in accordance with the limitations set by state law. The County Assessor then takes the levied amount and divides it by total assessed value to arrive at the rate/\$1,000.

In other words, an increase in assessed value does not affect the total amount levied or collected by the governmental entity. Nor does it automatically affect the amount the property owner must pay. The dollar amount of the levy is restricted by law – the assessed value is simply the means to allocate the total dollars among the property owners. A change in one property owner’s assessed value will affect his/her property tax bill only if the change is significant enough to change that property owner’s percentage of the total assessed value of all property within the taxing districts. (Example: if the amount of property tax levied does not change from one year to the next, and every property owner’s assessed value goes up 3%, there will be no change in the property tax owed by any of the property owners. This is due to the fact that everyone’s assessed value increase by the same amount; therefore, every property owner’s percentage of the total tax levy remained the same.)

**PROPERTY TAX CODE AREA #333 (YAKIMA SCHOOLS) – CONSOLIDATED LEVY AND RATES
2011 ASSESSED VALUATION – 2012 TAX YEAR**

Property Tax Levy	2011 Rate	Amount 2012 Levy	Percent of Levy
City Levy			
General Fund	\$1.8351	\$10,009,000	
Parks & Recreation	\$0.2671	\$1,457,000	
Street & Traffic Operations	\$0.7083	\$3,863,000	
Firemen's Relief & Pension	\$0.2411	\$1,315,000	
Total Operating Levy	\$3.0516	\$16,644,000	24.2%
Total Bond Levy	\$0.0545	\$293,000	0.4%
Total City Levy	\$3.1061	\$16,937,000	24.6%
Other Levies			
Yakima School District #7			
Operation & Maintenance	\$3.0668	\$16,494,175	37.5%
Bond Redemption	\$1.6640	\$8,949,786	
State Schools	\$2.3983	\$13,080,851	19.0%
Library	\$0.4724	\$2,576,573	3.7%
Yakima County	\$1.5371	\$8,383,678	13.3%
Yakima County Flood Control	\$0.0895	\$488,698	
Juvenile Justice Bond	\$0.0472	\$253,864	
EMS Levy	\$0.2244	\$1,223,927	1.8%
Total Other Levies	\$9.4997	\$51,451,552	75.4%
Total Levy Code #333	\$12.6058	\$68,388,552	100.0%

City Taxes and Utility Charges

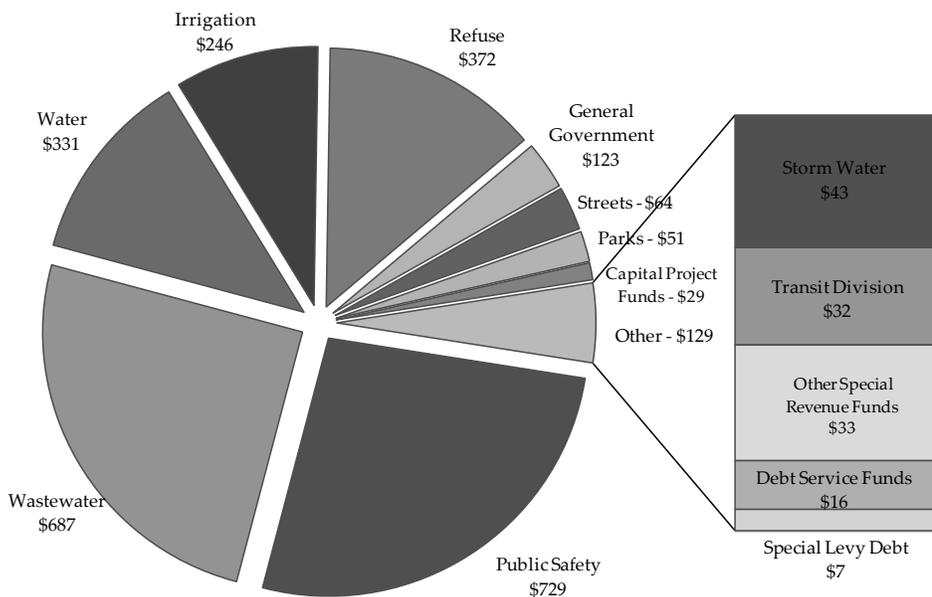
The taxes and utility charges shown in the following charts are only those directly levied by the City. In the cases of sales and property taxes, the 2 major taxes paid directly by Washington residents, only a small portion of the total tax belongs to the City.

To illustrate what a typical household might pay, the following assumptions were made. Property tax based on \$120,000 home; Sales tax based on \$42,000 annual income and \$10,500 taxable purchases; Utilities based on 96 gallon can for Refuse, 1,300 cubic foot monthly consumption for Water/Wastewater; Irrigation for 7,000 square foot lot; Stormwater based on impervious surface; Gas/electricity \$3,000, telephone \$960, cable television \$600. Based on these assumptions, a typical household in Yakima paid approximately \$228 a month, or \$2,739 a year, as depicted in the following charts.

ANNUAL TAXES AND UTILITY CHARGES LEVIED BY THE CITY OF YAKIMA ON THE TYPICAL HOUSEHOLD FOR 2012

<u>Revenue</u>	<u>Rate Per 1,000</u>	<u>Cost Per Household</u>
Property Taxes - General	\$2.9185/1,000	\$367
Special Levy Property Taxes	\$0.0530/1,000	7
Sales Tax - General		121
Transit Sales Tax		32
Tax on City-owned Utilities - General		259
Tax on Private Utilities - General		274
Utility Charges (Water/Wastewater/Refuse) - Exc. Utility Tax		1,390
Stormwater		43
Irrigation Assessment		246
		<u>\$2,739</u>

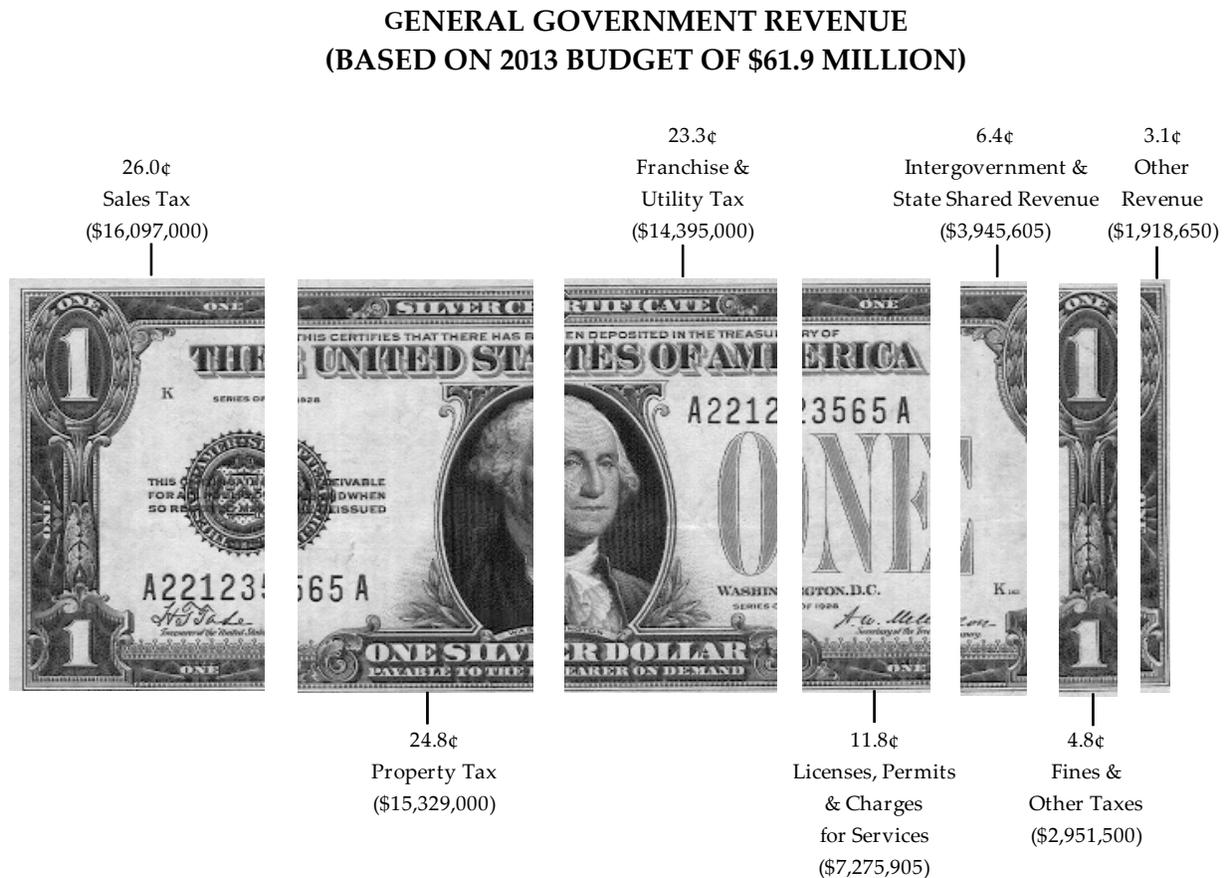
CITY TAXES AND UTILITY CHARGES COST TO TYPICAL HOUSEHOLD – \$2,739 ANNUALLY



GENERAL GOVERNMENT REVENUE

The total 2013 proposed General Government Revenue Budget is approximately \$61.9 million.

The following chart breaks this dollar amount down by the source of the revenue. You'll note that three revenue sources – sales tax, property tax and franchise and utility taxes – generate 74.0% of the total general fund revenues.



Note: The term “General Government” refers to basic tax supported functions. The major functions included in this category are: Police, Fire, Streets and Traffic Operations, Parks and Recreation and Municipal Court services. These functions use about 74.2% of General Government revenues. Other administrative services include Information Systems (i.e. computer support), Legal, Finance, Purchasing and Human Resources – services necessary for any organization to function.

GENERAL GOVERNMENT EXPENDITURES

The following chart depicts the breakdown of the proposed 2013 general government expenditure budget. This breakdown identifies that the City spends over \$44.6 million (or 69.4%) of its available resources on providing public safety services (Police, Municipal Court, Fire, Code Enforcement and Dispatch services). Additionally, the City allocates over 8.4% of its resources to maintaining and operating the Streets and Traffic Systems and another 6.3% to provide Parks and Recreation programs and services. Providing the existing services in these four basic categories takes 84.1% of all the City’s available general government resources.

Providing the services in these four critical areas is labor intensive; approximately 72.2% of these costs are personnel related. Therefore, any significant budget reductions in these areas will require a reduction in personnel and the related services these individuals perform. Conversely, any significant reductions in the overall general government budget that do not include these four largest areas of the budget will severely limit the services the remaining departments will be able to provide (i.e.: Financial (including Information Technology), Legal, Community Planning and Project Engineering and Administration).

Breaking down the City’s general government budget by these major service areas and identifying the percentage of each available dollar that the City allocates to each of these areas provides the reader with a visual picture of where the focus and priorities of the City have been placed. Additionally, this chart will assist the reader in understanding the difficult challenges facing the City should it become necessary to implement a significant reduction in the City’s proposed budget without affecting the public safety budget and services.

**GENERAL GOVERNMENT EXPENDITURES
(BUDGET OF \$63.5 MILLION – INCLUDES FIRE PENSION OF \$1.6 MILLION)**



Allocation of Expenditures

Following is a detailed analysis of the City of Yakima’s local tax structure. This analysis shows the various sources of City revenue and identifies what type of services these revenues will fund in 2013. Additionally, this analysis reflects the cost of each of these services to a typical household.

The non-tax funding sources identified include all sources except directly levied taxes (shown in the adjacent column) which are property, sales and utility taxes. The non-local tax amounts are made up of direct charges for services, state shared revenues, grants, interfund charges, beginning balances, and other miscellaneous sources.

Municipal public safety services consume the greatest share of local taxes, \$729 per household per year, or 71.4% of the total general taxes paid. Other General Government services cost \$82 per household annually, or 8.0%. Streets and Parks together cost \$115 per household annually, or 12.4% of general taxes paid.

The Refuse, Water and Wastewater utilities combine to cost approximately \$1,390 annually per household. (Many of the costs included in the budgets of the utilities fund State and Federal mandates that local citizens must pay.)

**ALLOCATION OF TAXES AND UTILITY CHARGES
(BASED ON 2013 PROPOSED BUDGET – BUDGET NUMBERS IN THOUSANDS)**

	2013 Proposed Budget	Non-Tax Funding Sources	Local Taxes	Allocation of Taxes Collected	Household Typical Cost ⁽¹⁾	2013 Permanent Budgeted Positions
Tax Supported Functions						
Local Direct General Purpose Tax Supported Functions						
Public Safety (Police Fire & Pensions)	\$44,510	6,778	\$37,732	71.4%	\$729	327.12
General Government	14,607	10,376	4,231	8.0%	82	126.75
Streets Department	5,421	1,558	3,863	7.3%	75	35.00
Parks Department	4,059	1,352	2,707	5.1%	52	20.30
Other Special Revenue Funds	3,345	1,358	1,987	3.8%	38	14.00
Debt Service Funds	3,253	2,425	828	1.6%	16	0.00
Capital Project Funds	8,775	7,257	1,518	2.9%	29	0.00
Local Direct Special Purpose Tax Supported Functions						
Special Levy Debt	580	287	293	-	7	0.00
Transit Division	8,516	3,816	4,700	-	32	52.50
Non-Local Tax Supported Functions						
Street Construction	21,130	21,130	-	-	-	-
Refuse-18,767 Residential accounts	5,521	5,521	-	-	372	20.50
Wastewater-22,591 Residential accounts	41,421	41,421	-	-	687	62.31
Water-17,349 Residential accounts	14,956	14,956	-	-	331	35.00
Equipment Rental	5,867	5,867	-	-	-	12.00
Public Works Administration	1,132	1,132	-	-	-	8.00
Self-insurance Reserve	5,418	5,418	-	-	-	-
Employee Benefit Reserve	11,719	11,719	-	-	-	-
Irrigation-10,541 Residential accounts	2,848	2,848	-	-	246	7.00
PBIA	185	185	-	-	-	-
Storm Water	2,504	2,504	-	-	43	6.69
Totals	<u>\$205,767</u>	<u>\$147,908</u>	<u>\$57,859</u>	<u>100.0%</u>	<u>\$2,739</u>	<u>727.17</u>

Based on 2013 cost for a typical four person household: Property tax based on \$120,000 home; sales tax based on \$42,000 annual income and \$10,500 taxable purchases; utilities based on 96 gallon can for refuse, 1,300 cubic foot monthly consumption for water/wastewater; irrigation for 7,000 square foot lot; gas / electricity \$3,000, telephone \$960, and cable TV \$600.

TAX BURDEN – FEDERAL VS. LOCAL

The Tax Foundation of Washington D.C. publishes a *Special Report* each April, called “America Celebrates Tax Freedom Day”. This is when Americans will have earned enough money to pay off their total tax bill for the year. Taxes at all levels of government are included, whether levied by the federal government or state and local governments. Tax Freedom Day in 2012 fell on April 17th, four days later than it did in 2011, due to higher federal income and corporate tax collections. On average in 2012, Americans will work 69 days to afford their federal taxes and 38 more days to afford state and local taxes.

As the economic recovery continues, the growth in individual incomes and corporate profits will increase tax revenues and push Tax Freedom Day ever later in the year. The total tax burden borne by residents of different states varies considerably, not only due to differing state tax policies, but also because of the progressivity of the federal tax system. This means higher-income states celebrate Tax Freedom Day later than lower-income states.

The report indicates that Washington State was ranked 4th highest in the nation for overall per capita taxes paid in 2011. This demonstrates that Puget Sound, with a higher cost of living and commensurately higher salaries, generated high federal income tax payments. (Some of the wealthiest people in the world live in Washington State.) However, estimated at 9.3% of income, Washington’s state and local tax burden percentage ranks 29th highest nationally, below the national average of 9.8%. It also demonstrates how small the state and local tax burden is in comparison to the total taxes paid – at roughly one third of the total tax burden (currently at 29.2%).

For the most part, local taxes cost the least and provide citizens with the services they need and care about the most – they have the most direct bearing on their quality of life. This is also the level where citizens are most empowered to affect government policy and monitor accountability. There are per capita comparisons presented in the Budget, which contrasts the City of Yakima with other similar cities in Washington State. Yakima is consistently below the average in per capita taxes.

EXHIBIT III – SUPPLEMENTAL INFORMATION

TABLE OF CONTENTS

CRIMINAL JUSTICE

Criminal Justice Costs
General Government Budgets
Criminal Justice Sales Tax

SALARY AND BENEFIT COSTS

Costs to Total Budget
Operating Funds

RESOURCE AND EXPENDITURE BREAKDOWN

Graphic Portrayal
Total Resources – by Category
Total Resources – by Category and Source
Total Expenditures

CRIMINAL JUSTICE

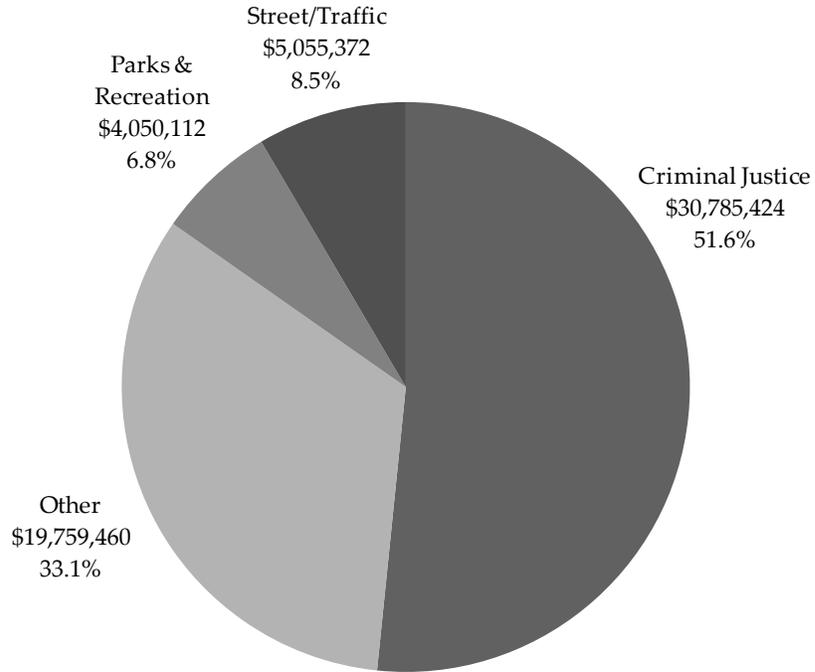
This analysis compares Criminal Justice expenditures to other General Government costs. Criminal Justice costs include: Police Department (including jail costs); Police Pension; Court and Probation costs; Prosecution and Indigent Defense (included in the Legal Department budget) and forty percent of Information Systems budget (the amount dedicated to Law and Justice support). This category also includes one-half of the transfer from the General Fund to the Public Safety Communications Fund for Dispatch and the transfer from the General Fund to Debt Service funds to repay debt borrowed for Criminal Justice purposes. This graph reflects the City's efforts to meet Council's Strategic Priorities. Public safety has been a high priority focus of City Council for the last two decades.

GENERAL GOVERNMENT BUDGETS ⁽¹⁾ LAST TEN YEARS

	2004 Amended Budget	2005 Amended Budget	2006 Amended Budget	2007 Amended Budget	2008 Amended Budget
General Fund					
Criminal Justice	\$20,061,761	\$20,794,116	\$22,857,422	\$25,014,331	\$26,935,856
Other	17,476,192	17,862,426	19,557,208	18,856,452	19,782,839
Parks & Recreation	3,832,816	3,905,396	4,074,592	4,199,143	4,420,906
Street/Traffic	4,883,030	5,273,574	5,522,653	5,907,882	6,213,833
Total	\$46,253,799	\$47,835,512	\$52,011,875	\$53,977,807	\$57,353,434
	June 2003	June 2004	June 2005	June 2006	June 2007
Consumer Price Index	185.7	190.4	194.8	203.8	210.6

(1) Excludes double budgeted transfers between general government funds

COSTS VS. OTHER GENERAL GOVERNMENT FUNCTIONS



2009 Amended Budget	2010 Amended Budget	2011 Amended Budget	2012 Amended Budget	2013 Preliminary Budget	2013 VS 2012	10 Year Increase	10 Year Increase
\$28,471,541	\$27,554,732	\$28,192,940	\$27,746,811	\$30,785,424	10.8%	53.5%	\$10,723,662
20,240,301	19,912,799	19,279,670	19,218,385	19,759,460	2.8%	13.1%	\$2,283,269
4,249,796	4,133,782	4,042,938	4,050,111	4,050,112	0.0%	5.7%	\$217,296
5,686,692	5,308,117	5,218,691	5,055,371	5,055,372	0.0%	3.5%	\$172,342
\$58,648,330	\$56,909,430	\$56,734,239	\$56,070,678	\$59,650,368	6.3%	29.0%	\$13,396,569
June 2008	June 2009	June 2010	June 2011	June 2012		10 Year Increase	
223.6	219.9	221.7	227.5	236.2		27.2%	

CRIMINAL JUSTICE SALES TAX – .3% EXPENDITURES AND REVENUES

	2009	2010	2011	2012	2013
	Actual	Actual	Actual	Year-End Estimate	Proposed Budget
General Fund					
Police Department					
Salaries & Benefits (includes overtime)	\$605,694	\$659,059	\$671,542	\$686,043	\$711,742
Miscellaneous (uniform/fuel/travel)	133,122	31,592	14,639	70,000	70,000
Liability Insurance	6,973	7,322	7,542	8,296	8,877
Professional Services/R&M Contractors	5,363	0	0	5,000	5,000
Yakima County Jail Cost	411,108	436,612	350,000	350,000	350,000
Total Police Department	1,162,260	1,134,585	1,043,723	1,119,339	1,145,619

The .3% Criminal Justice funds support six full time Patrol Officers including, all wages, overtime, uniforms, supplies, insurance and training expenses. Additionally, these funds are used for repairs, maintenance, communications and fuel used for additional patrols. A portion of the increased Jail costs are also paid out of this fund.

Municipal Court					
Salaries & Benefits (includes overtime)	168,520	165,745	145,841	168,184	208,970
Professional Services	39,398	33,633	30,722	45,000	45,000
Miscellaneous (office supplies/travel/dues)	12,352	5,513	0	5,000	5,000
Total Municipal Court	220,270	204,891	176,563	218,184	258,970

The Criminal Justice funds support two Municipal Court Clerk positions and a 3/4-time Court Commissioner including all wages, overtime, supplies and training. Additionally, this fund supports building security, interpreter services and witness and juror fees associated with processing the court's case load.

Legal Dept					
Salaries & Benefits (includes overtime)	157,253	153,382	154,948	174,017	179,103
Professional Services	5,393	4,576	0	5,000	5,000
Miscellaneous (office supplies/travel/dues)	2,770	2,296	3,086	3,350	3,350
Total Legal Department	165,415	160,254	158,034	182,367	187,453

The .3% Criminal Justice Sales Tax is being used to supplement criminal justice functions throughout Yakima County. This money fully funds one Legal Assistant II position, one Assistant City Attorney II position including mandatory continuing legal education expenses and dues and subscriptions for required Associations.

Information Systems					
Salaries & Benefits (includes overtime)	30,494	28,061	22,191	16,899	16,676
Miscellaneous	6,705	22,411	100	0	0
Professional Services/R & M Contractors	0	0	39,692	91,526	94,600
Total Information System	37,199	50,472	61,983	108,425	111,276

The portion of the .3% Criminal Justice Sales Tax allocated to Information Systems is used to enhance the effectiveness of the law enforcement and other Criminal Justice personnel through the expanded use of technology. Currently, the emphasis is on mobile technology for the patrol officers. A portion of these funds are budgeted for temporary salaries used to support the mobile computing and technology infrastructure that has been expanded and enhanced through Criminal Justice Tax over the last two years. YAKCORPS member fees have been added to this budget for 2012.

	2009	2010	2011	2012	2013
	Actual	Actual	Actual	Year-End Estimate	Proposed Budget
Animal Control/Codes					
Salaries & Benefits (includes overtime)	\$74,789	\$67,264	\$66,212	\$69,167	\$70,364
Misc (uniforms/supplies/fuel/cell phone)	3,793	1,446	6,841	9,596	9,700
Total Animal Control/Codes	78,582	68,710	73,053	78,763	80,064

The .3% Criminal Justice Funds support one full-time Animal Control Officer including all wages, overtime, supplies and communication necessary for this position. This Animal Control Officer position will be eliminated in 2011.

Human Resources					
Professional Services (employee recruitment)	6,750	6,000	6,125	7,500	7,500

The .3% Criminal Justice funds are used to provide for contract services, testing and other necessary recruitment costs for positions funded by the criminal justice sales tax.

General Fund Total Expenditures	\$1,670,476	\$1,624,912	\$1,519,481	\$1,714,578	\$1,790,882
--	--------------------	--------------------	--------------------	--------------------	--------------------

Other Funds					
Public Safety Communication					
Salaries & Benefits (includes overtime)	\$132,450	\$142,863	\$159,287	\$154,180	\$177,800
Small Tools & Equipment	6,761	0	0	0	0
Total Public Safety Communication	139,211	142,863	159,287	154,180	177,800

Criminal Justice funds allocated to this department are used for additional positions necessary to accommodate the increased workload generated by law enforcement activities. These funds provide for two full-time Dispatcher and temporary support for Police.

Law & Justice					
Small Tools & Equipment	12,870	15,268	2,867	0	0
Operating Equipment	7,853	5,365	1,618	48,117	26,000
Total Law & Justice	20,723	20,633	4,485	48,117	26,000

The .3% Criminal Justice funds support Capital expenses related to the new positions, technology and services created with this tax.

Total Expenditures	\$1,830,410	\$1,788,408	\$1,683,253	\$1,916,875	\$1,994,682
Revenue	\$1,795,873	\$1,789,171	\$1,831,296	\$1,913,500	\$1,950,500
Revenue over (Under) Expenditures	(\$34,537)	\$763	\$148,043	(\$3,375)	(\$44,182)
Cumulative Balance	\$469,384	\$470,147	\$617,427	\$466,772	\$422,590

SALARY AND BENEFIT COSTS

COSTS TO TOTAL BUDGET

The following chart represents the relationship of the City's salary and benefit costs to total budget for General Government and other funds of the City. The City's General Fund ranks the highest with salary and benefit costs, representing 71.7% of total fund expenditures. However, employee compensation and benefit costs for an individual department within the General Fund as a percentage of its total costs range from 31.0% to 93.5%. In several departments (including Police, Legal and Information Systems) if contracted services were excluded, the percentage of salary and compensation costs as a percentage of the division total costs would be considerably higher than what is depicted on the following chart.

Parks, Streets and other operations for the most part are more capital intensive, and the ratio of salary and benefits to total costs are representative of that type of operation.

Section I includes an analysis based on information gathered by the State Auditor's Office. The chart in this section identifies the per capita salary costs for Yakima and 11 other comparable cities, and indicates that:

- The City of Yakima spends, on the average, \$68 less per capita on salaries than other comparable cities.
- Yakima employs fewer people per capita than other cities.

To minimize the number of regular employees and to maintain service levels during periods of peak workload demands, the City uses contract and temporary labor when feasible.

OPERATING FUNDS
SALARIES & BENEFITS AS A PERCENTAGE OF TOTAL DEPARTMENT/FUND BUDGET

	2013	2013	
<u>General Government</u>	<u>Budget</u>	<u>Salaries & Benefits</u>	<u>Labor Percentage</u>
Police	\$25,300,519	\$18,875,703	74.6%
Fire	9,848,295	8,563,998	87.0%
Technology Services	2,310,463	1,573,298	68.1%
Financial Services	1,456,531	1,297,534	89.1%
Utility Customer Services	1,301,697	977,018	75.1%
Municipal Court	1,387,541	1,149,955	82.9%
Code Administration	1,279,416	1,008,705	78.8%
Legal	1,258,965	1,125,241	89.4%
Engineering	670,639	602,347	89.8%
Environmental Planning	614,033	572,962	93.3%
City Manager	363,799	325,649	89.5%
Purchasing	529,702	495,057	93.5%
Human Resources	449,046	410,286	91.4%
Records	484,404	266,354	55.0%
Economic Development	229,585	122,585	53.4%
City Hall Maintenance	360,224	111,550	31.0%
City Council	284,751	102,801	36.1%
Other General Fund Expenditures	4,305,549	0	0.0%
Total General Fund	\$52,435,159	\$37,581,043	71.7%
Parks & Recreation	4,059,116	1,951,317	48.1%
Street & Traffic Operations	5,421,180	2,575,065	47.5%
Total General Government	\$61,915,455	\$42,107,425	68.0%
Economic Development	228,292	174,557	76.5%
Community Development	1,426,035	505,156	35.4%
Community Relations	914,911	395,477	43.2%
Cemetery	264,296	170,342	64.5%
Emergency Services	1,189,923	883,283	74.2%
Public Safety Communications	3,497,428	2,955,260	84.5%
Police Grants	641,773	408,273	63.6%
Stormwater	2,069,059	751,612	36.3%
Transit	7,970,772	3,667,764	46.0%
Refuse	5,520,876	1,411,360	25.6%
Wastewater Operating	19,392,938	5,312,728	27.4%
Water Operating	8,488,311	2,426,994	28.6%
Irrigation Operating	1,493,006	670,482	44.9%
Unemployment Comp Reserve	293,005	29,370	10.0%
Employment Health Benefit Reserve	11,625,339	129,642	1.1%
Workers Compensation Reserve	1,242,272	89,330	7.2%
Risk Management Reserve	3,689,378	587,572	15.9%
Equipment Rental	5,867,352	878,861	15.0%
Public Works Administration	1,132,182	567,975	50.2%
Other Funds (Capital/Debt Serv. etc)	66,904,383	0	0.0%
Total City-wide Budget	\$205,766,986	\$64,123,463	31.2%

RESOURCE AND EXPENDITURE BREAKDOWN

GRAPHIC PORTRAYAL OF CITY RESOURCE CONSUMPTION

The purpose of this section is to graphically present total City resources by category, and distribute them by function and type of expenditure for the 2013 budget year. This “flow of resources” concept is designed to give the taxpayer a basic understanding of how tax dollars and other revenues are spent in the City. Interfund transactions have been eliminated (i.e., those items that flow out of one fund and into another; these are referred to as double budgeted items) in order to portray only external revenue sources available to the City.

The broad revenue categories are based upon the State of Washington’s mandated accounting structure. A definition of the terms is included below:

Borrowings – Proceeds from long-term debt issued by the City. In 2013 this includes primarily a revenue bond for Wastewater facility improvements, Public Works Trust Fund loans for utility capital needs and Councilmanic general Obligation bonds for street improvements.

Capital Reserves – Accumulated fund balances set aside for specific capital projects.

Charges for Services – Fees charged to outside users to cover the cost of providing services (e.g. utility rates, golf course and swimming pool fees, transit fare box revenues).

Intergovernmental Revenues – Revenues received from other governmental agencies (i.e. federal, state, and county). This category includes primarily grants and state-shared revenues (such as gas and liquor tax revenues).

Operating Reserves – Accumulated fund balances in operating funds. Prudent reserves generally are a minimum 7-11% of annual operating budgets.

Other – All revenue sources which are not included in other categories. This includes primarily investment income, program income, fines and forfeitures, and licenses.

Taxes – Tax assessments are levied for the support of the governmental entity. Sales tax is the largest item in this category. It is followed by property tax, utility and franchise taxes, and various other business taxes.

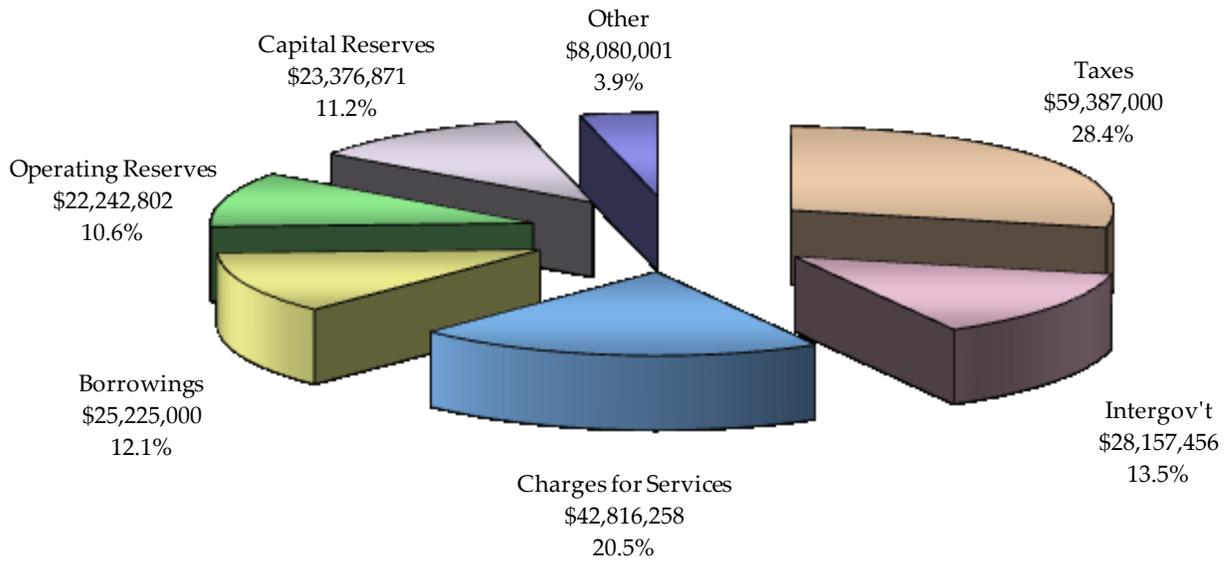
The first graph identifies the total revenue picture by category. The second revenue graph depicts the relationship of the various revenue sources to each function.

Lastly, included is a graphic by major object (or type) of expenditure, net of double budgeted expenditures.

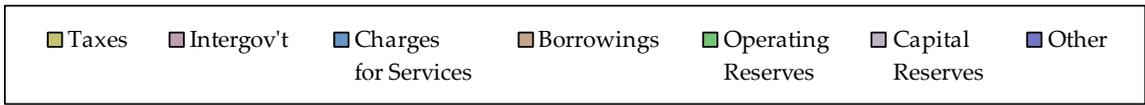
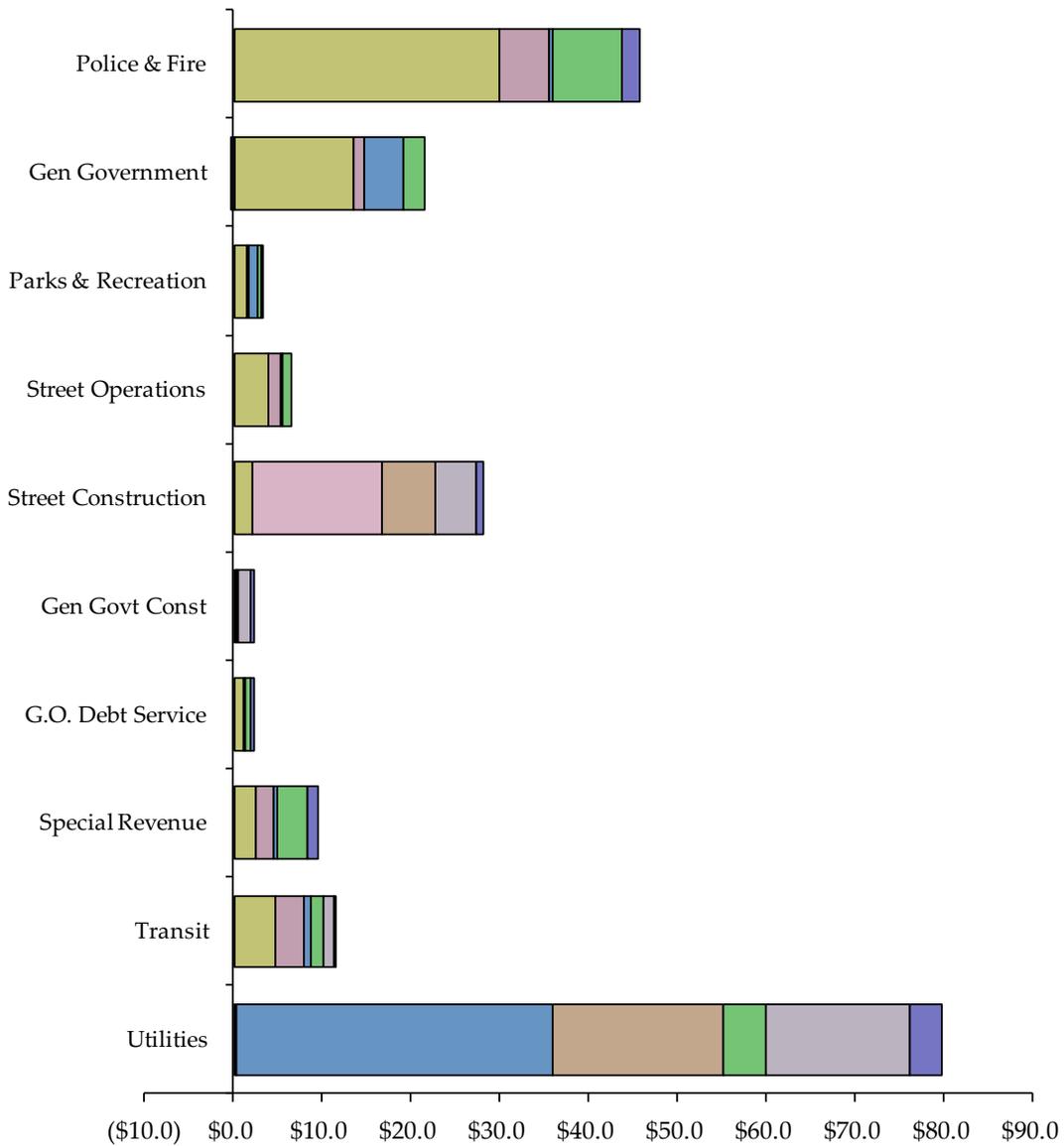
**TOTAL RESOURCES
BY CATEGORY
2013 BUDGET**

TOTAL RESOURCES = \$209,285,388

(Excludes Internal Service Funds and other double budgeted resources of \$46,275,304)



**TOTAL RESOURCES
BY CATEGORY AND SOURCE
2013 BUDGET**



**TOTAL EXPENDITURES
BY TYPE
2013 BUDGET**

TOTAL EXPENDITURES = \$164,117,987
(Excludes double budgeted expenditures of \$41,648,999)

