



City of  
*Yakima*  
Washington

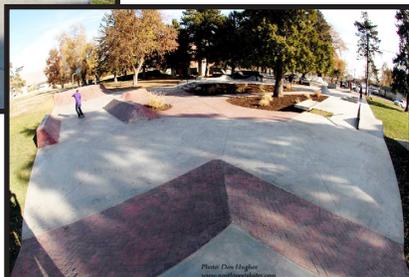
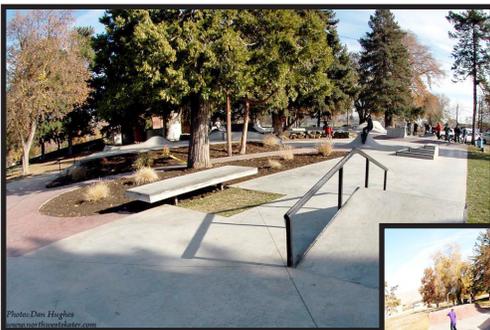
# 2010

# Budget Forecast



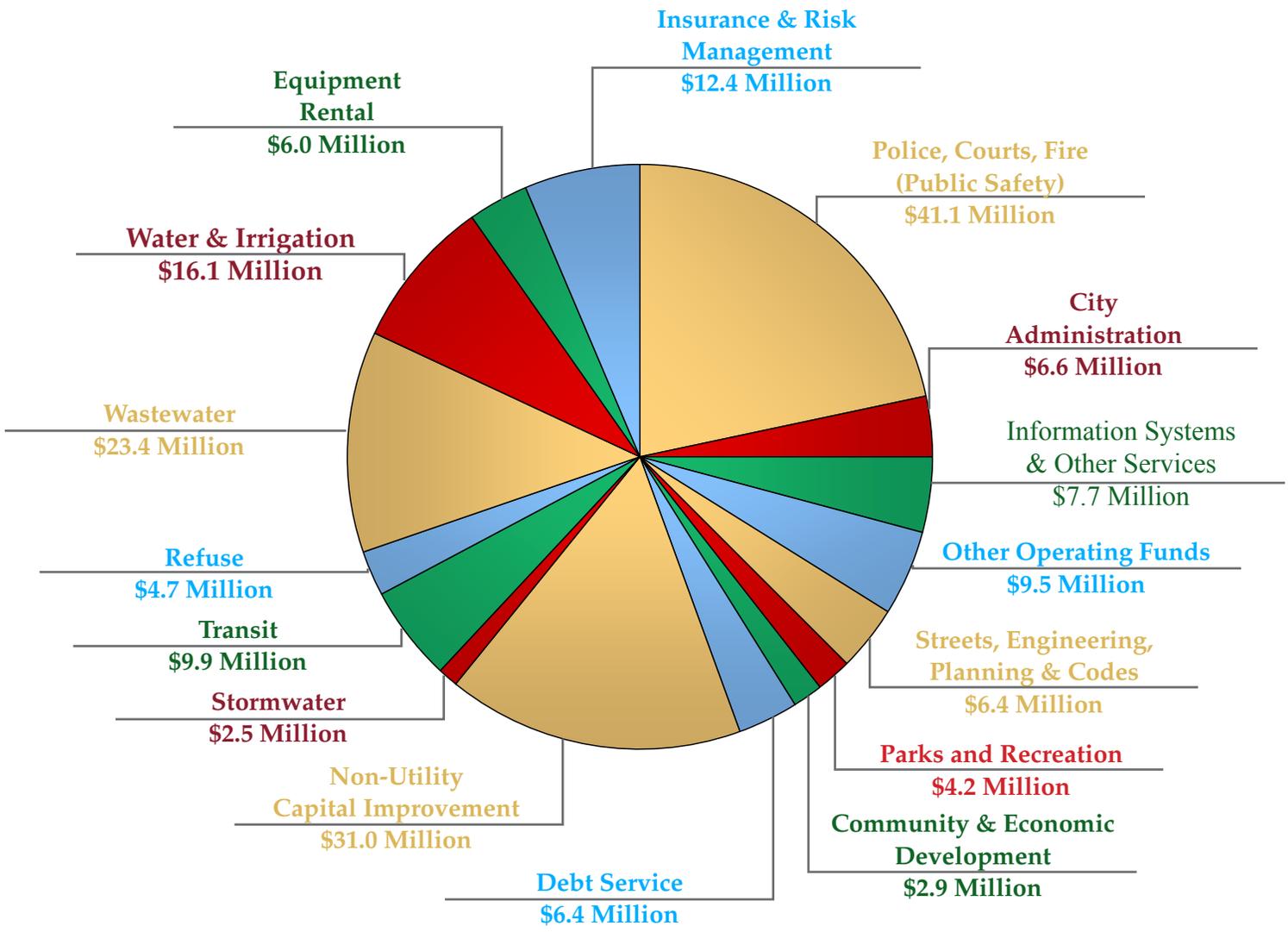
*Kiwanis*

*Skate Park - November 3, 2008*



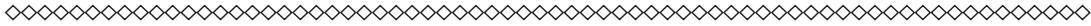


**2010 BUDGET FORECAST**



**\$190.8 MILLION**





**VISION STATEMENT**

To create a culturally diverse, economically vibrant,  
safe, and strong Yakima community



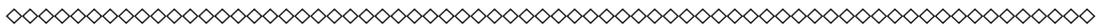
**MISSION STATEMENT**

- To provide outstanding services that meet the community's needs
- To govern responsibly by effectively managing and protecting public resources
  - To build trust in government through openness,  
diverse leadership, and communication
  - To strategically focus on enhancing Yakima's quality of life



**STRATEGIC DIRECTION PRIORITIES**

- Maintain and Improve Public Health and Safety
- Efficiently Manage Public Resources and Ensure Fiscal Stability
- Promote Economic Development and Diversification
- Preserve and Enhance Yakima's Quality of Life
- Provide Responsive Customer Service and Effective Communications
- Build and Utilize Strategic Partnerships



**ADOPTED MARCH 2009**



CITY OF *Yakima*  
**2010 BUDGET FORECAST**

**TABLE OF CONTENTS**

**SECTIONS**

---

**I. INTRODUCTION**

Transmittal Memo

Executive Summary

Budget Highlights

Priorities of Government Model (Map)

**II. GENERAL GOVERNMENT**

Year in Review

Revenue Trends

Expenditure Trends

**III. GENERAL GOVERNMENT – DEPARTMENTAL INFORMATION**

**IV. WHAT YOU PAY AND WHAT YOU GET**

**V. OTHER FUNDS**

**VI. CAPITAL IMPROVEMENT FUND**

**EXHIBITS**

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**I. THREE-YEAR BUDGET COMPARISON**

**II. POLICY ISSUE SUMMARY**

**III. SUPPLEMENTAL INFORMATION**

*Cover photographs courtesy of: Dan Hughes*



## ***INTRODUCTION: TRANSMITTAL MEMO***

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

### ***M E M O R A N D U M***

October 6, 2009

**To:** The Honorable Mayor and  
Members of the City Council

**FROM:** Dick Zais, City Manager  
Rita M. DeBord, Finance Director  
Cindy Epperson, Deputy Director of Accounting and Budget

**SUBJECT: 2010 BUDGET FORECAST**

In accordance with the provisions of the City Charter, we are presenting the 2010 Budget Forecast for the City of Yakima.

The City's 2010 Budget is balanced within existing resources, but is severely stressed economically. The City experienced significantly fewer General Government revenues in 2009 as compared to the prior year and only a small increase is projected for 2010 above the 2008 / 2009 levels; this has required reductions in spending in both 2009 and 2010 budgets, resulting in municipal services provided at minimum levels, or in some cases, below. The 2010 Budget Forecast is based on City Council's new Priorities of Government budget model and continues to reflect strong fiscal discipline and reduced spending throughout all City departments, as necessitated by the distressed economy and our local conservative tax climate. Yakima has been managing through tough economic times for many years, and will continue to do so responsibly and proactively to meet our community's highest priority municipal service needs, while living within our means.

Due to the magnitude of the budget reductions proposed for the 2010 budget – and the related impact on services provided to our citizens - staff is submitting the annual Budget Forecast earlier than in prior years in order to allow Council and the public more time for review and deliberation prior to Council's final budget approval in December. However,

because of the earlier distribution, staff has not had sufficient time to prepare all of the materials normally included in the Budget Forecast. The primary focus of the materials included in the 2010 Budget Forecast at this time relate to General Government (tax supported) activities, only. (The General Government Budget consists of the General Fund, the Streets and Traffic Operating Fund and the Parks/Recreation Fund; and is the focus of the materials included in the initial distribution of the 2010 Budget Forecast.) The balance of the Budget Forecast will include 2010 budget information pertinent to all other operating and capital funds of the City. This information will be submitted at a later date; distribution is targeted for late October 2009.

(Note: the annual Budget Forecast document provides a forecast of the current year's anticipated budget to actual results, and an overview of the proposed budget for the subsequent year. A more detailed look at the subsequent year's proposed budget is provided in the Preliminary Budget document, which is scheduled for distribution in early November 2009.)

## **INTRODUCTION: EXECUTIVE SUMMARY**

The Executive Summary provides a high-level overview of the 2009 year-end forecast and the proposed 2010 budget, along with significant issues that have effected the City's fiscal position in the past year and/or anticipated to have a material impact in 2010. More details regarding these issues can be found in the "Budget Highlights" pages at the end of this Section and/or in Section II – General Government Budget

### **2009 YEAR-END FORECAST**

Current revenue projections indicate that 2009 year-end General Government revenues will be approximately equivalent to the level of 2008 Actual revenues (or \$57.4 million); with only a modest increase of 1.3% projected in 2010 (to \$58.1 million). Essentially there has been no increase in 2009 General Government revenues over the prior year; this necessitated City management to devote significant time and effort during the year focused on reducing 2009 expenditures well below the City Council's original authorized budget levels.

Current expenditure projections indicate that 2009 year-end General Government expenditures will be (\$1.9) million less than budgeted (refer to Section II for more information on the budget reductions). Management's unwavering focus on reducing the City's 2009 expenditures resulted in projections that 2009 year-end expenditures will be less than budgeted in all General Government operating funds and in total for all funds, City-wide. This was a very difficult task, with serious consequences to some municipal services; however, it was of critical importance that these reductions be made in order to maintain the City's fiscal stability going into the coming year, which is not expected to offer much economic relief – as is reflected in the following chart.

### **2009 VS. 2010 EXPENDITURE BUDGET COMPARISON <sup>(1)</sup> (TRADITIONAL BUDGET MODEL)**

<b>FUND</b>	<b>2009 YEAR-END ESTIMATE</b>	<b>2009 AMENDED BUDGET</b>	<b>2010 BUDGET</b>	<b>'09 vs. '10 AMENDED BUDGET % CHANGE</b>
General	\$50,348,617	\$51,744,327	\$50,007,298	(3.4%)
Parks	4,249,796	4,377,543	4,232,014	(3.3%)
Street & Traffic	5,686,692	6,074,833	5,379,043	(11.5%)
<b>TOTAL GENERAL GOVERNMENT <sup>(1)</sup></b>	<b>\$60,285,105</b>	<b>\$62,196,703</b>	<b>\$59,618,355</b>	<b>(4.1%)</b>
Community Development <sup>(2)</sup>	4,261,559	4,525,424	2,529,187	(44.1%)
Utilities / Other Operating	56,153,966	59,021,753	59,678,386	1.1%
Capital Improvement	30,820,206	62,254,349	45,527,472	(26.9%)
Contingency/Operating Reserves	3,358,284	3,811,525	3,056,264	(19.8%)
Employee Benefit Reserves	13,300,838	13,596,013	13,971,783	2.8%
General Obligation Bonds	2,991,919	2,991,919	3,290,202	10.0%
LID Debt Service	207,000	207,000	207,000	0.0%
Water / Sewer Revenue Bonds	2,860,417	2,860,417	2,863,042	0.1%
Trust and Agency Funds	12,000	25,000	15,000	(40.0%)
<b>TOTAL CITYWIDE BUDGET <sup>(3)</sup></b>	<b>\$174,251,294</b>	<b>\$211,490,103</b>	<b>\$190,756,691</b>	<b>(9.8%)</b>

- (1) General Government - The 2010 General Government expenditure budget is approximately (\$2.6 million) or (4.1%) below the 2009 amended budget; and \$670 thousand or (1.1%) below the 2009 year-end forecast.
- (2) The 2010 Community Development budget includes an estimate only of the 2010 grant awards. The 2009 amended budget includes the 2009 grant awards and awards carried forward from previous years.
- (3) Citywide Expenditures - The Citywide Expenditure budget is approximately (\$20.7 million) or (9.8%) below the 2009 amended budget

## 2010 PROPOSED BUDGET AND REVENUE PROJECTIONS

### CITY-WIDE BUDGET

- 2009 Year-end Expenditure estimate of \$174.3 million is approximately (21.3%) less than the amended budget of \$211.5 million. This savings is primarily due to management's strict spending controls and the deferral of some capital projects that will not be completed by year-end.
- 2010 Proposed Expenditure budget is approximately \$190.8 million; (9.8%) less than the 2009 amended budget of \$211.5 million.
- 2010 Projected Revenue is approximately \$178.0 million or 6.7% greater than the 2009 year-end estimate of \$166.8 million. The primary revenue increase is from Federal and State grants, thus is restricted in its use.

The proposed 2010 total City-wide expenditure budget of \$190.8 million is balanced within existing resources and reflects a decrease of (9.8%) from 2009, despite numerous actual and projected increases in the costs of providing existing services. This was only accomplished as a result of significant mid-year reductions in 2009 expenditures and additional significant budget and service reductions are included in the proposed 2010 budget.

### GENERAL GOVERNMENT BUDGET

- 2009 Year-end Expenditure estimate is approximately \$60.3 million, or (\$1.9 million), below the amended budget of \$62.2 million.
- 2010 Proposed Expenditure budget is approximately \$59.6 million; (4.1%) less than the 2009 amended budget of \$62.2 million.
- 2010 Projected Revenue budget is approximately \$58.1 million or 1.3% more than the 2009 year-end revenue estimate of \$57.4 million.

The proposed 2010 General Government (taxpayer supported) budget consists of three separate Funds: the General Fund, the Parks Fund and the Streets and Traffic Fund. Over 68% of these tax-supported budgets are devoted to public safety services in the 2010 budget; this includes Police, Fire, Courts and support to these departments from the Information Systems, Finance, Legal, and Human Resources divisions.

Significant budget and service reductions have been proposed throughout the 2010 General Government Budget. Staff has worked diligently for several years to be more efficient and to do more with the same or fewer resources. Historically, the City has absorbed cost increases, re-allocated resources, reduced costs and focused on efficiency improvements for so long that it is now operating extremely lean; which causes major budget reductions to result in major reductions in related services. The proposed 2010 General Government expenditure budget reflects a decrease of approximately (4.1%) from the prior year, (refer

to Section II for more information regarding the proposed budget / service reductions). This reduction in budget and related services is due to the combination of a continued reduction in projected revenues and projected increases in the costs of providing existing services. Therefore, even at this reduced expenditure level, it is questionable as to whether the City can continue to sustain the 2010 proposed service levels in the future without significant growth in revenues.

#### **NEW BUDGET MODEL**

The City Council is vested in the effort to provide the highest priority services to our citizens. As part of this effort, the City Council adopted a new budget model / methodology for the development of the 2010 budget, referred to as the Priorities of Government Model. Following this model prompted Council to formally establish Budget Priorities and provide staff direction for allocating available resources to each Priority; Council adopted six Budget Priorities for the City's General Government expenditures, as listed below in priority order:

#### Budget Priorities:

1. Maintain and Improve Public Health and Safety
2. Efficiently Manage Public Resources and Ensure Fiscal Stability
3. Promote Economic Development and Diversification
4. Preserve and Enhance Yakima's Quality of Life
5. Provide Responsive Customer Service and Effective Communications
6. Build and Utilize Strategic Partnerships

The Council's newly adopted Budget Priorities are in addition to the Strategic Priorities which they adopted in 2008. The Strategic Priorities (*listed at the front of this Budget Forecast*) and Council's newly adopted Budget Priorities, together, form the foundation for the development of the City's 2010 Budget as proposed and submitted herein by Staff.

At a budget review session in July 2009, Council provided direction to staff regarding how to allocate the projected 2010 revenues (as estimated by staff at that time) among the six new Budget Priorities. Consistent with the Priorities of Government Model, Council directed staff to allocate the projected revenues to each Budget Priority in the same relative percentage that each held of the total 2009 adopted General Government budget. Additionally, Council authorized staff to utilize a portion of the projected 2010 year-end cash reserves - in an amount equivalent to the amount that exceeds 7% of the 2010 General government Budget; which was projected to be approximately \$1.5 million at that time - for Public Health and Safety's 2010 budget in addition to the allocation noted above. The use of reserves to help fund critical services within the Public Safety Budget Priority prevented the need for crippling budget reductions in public safety that would otherwise have been required in order to balance this budget at the greatly reduced funding level.

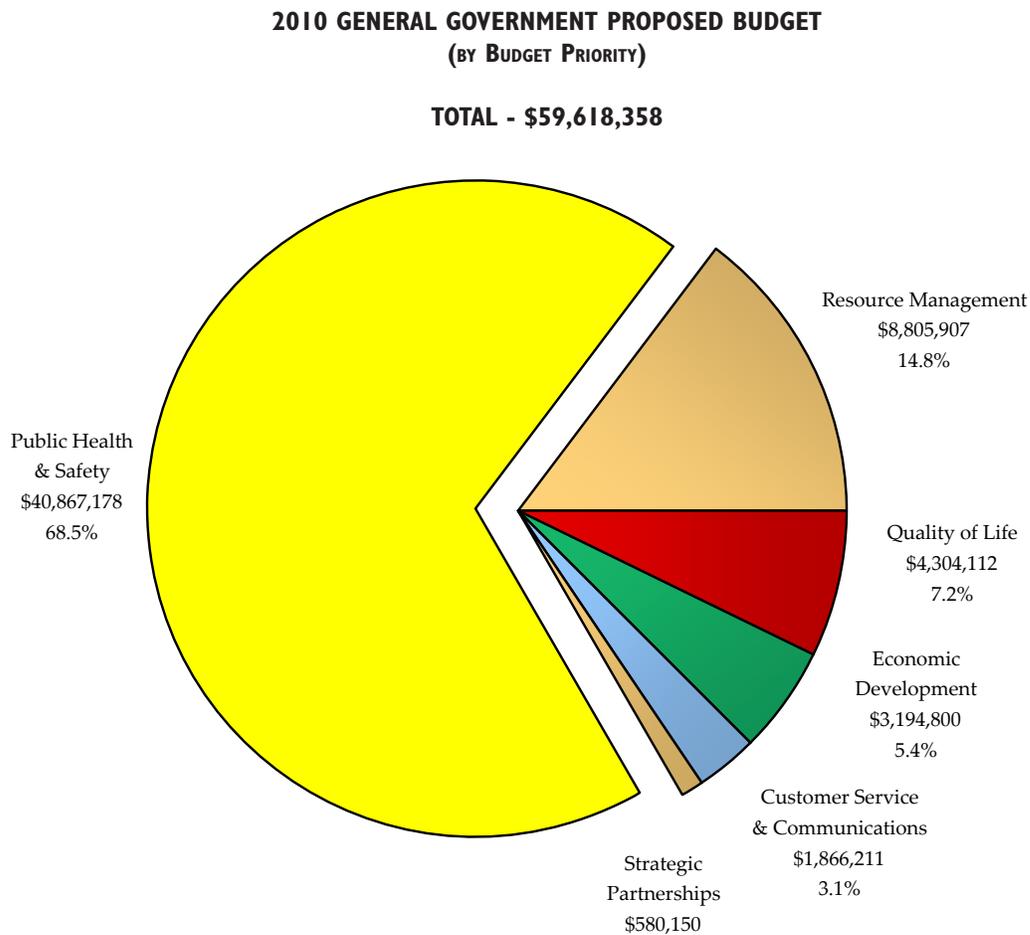
The City Manager and Department Heads utilize both the Council's Strategic Priorities and the Budget Priorities as guiding principles upon which programs and services are developed, assessed, budgeted and, when necessary, reduced or eliminated. The City's budget is a critical tool utilized by Council and staff to continually move the City closer

to the Council’s ultimate vision for the City: to create a culturally diverse, economically vibrant, safe and strong Yakima community.

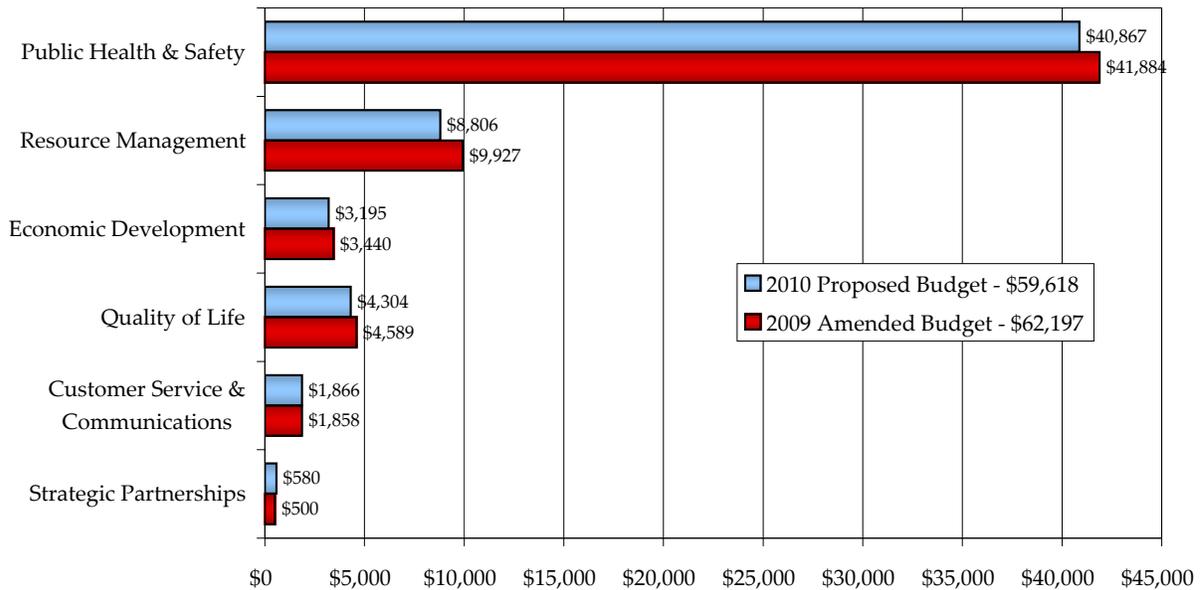
**PRESENTATION OF PROPOSED 2010 BUDGET**

Throughout this document, the 2010 budget is presented in the new, Budget Priorities format and the traditional Fund and Department formats. There are several reasons for displaying the budget in these various formats, including: the new Budget Priorities format helps the reader identify what services the City is providing and at what total costs; the traditional formats are helpful for purposes of budget comparisons with prior years; ease of use for many readers who are familiar with the traditional formats; Department Directors and Managers need budget information in the traditional format for their individual areas of responsibility; and the budget by Fund format meets the City’s legal budget requirements. Additionally, staff has not had sufficient time to update all data into the new Budget Priorities format, and some information may not be easily transferable.

The pie chart below depicts the proposed 2010 budget and related budget allocations to Council’s six Budget Priorities.



**2009 VS. 2010 GENERAL GOVERNMENT EXPENDITURE COMPARISON  
BY BUDGET PRIORITY**  
(Numbers in Thousands)



The above bar chart graphically reflects the 2010 proposed budget compared to the 2009 amended budget (the current authorized expenditure level), for each of the Budget Priority categories. Due to the projected reduction in General Fund revenues in 2010 from that of the prior year, four out of the six budget priorities were allocated fewer (absolute) dollars in the proposed 2010 budget than they received in their 2009 budgets. The two Budget Priority categories that received a minimal increase in their 2010 budget were (1) Customer Service and Communications - due mostly to increased costs associated with the acceptance of payments through electronic formats (this increase will be offset by additional revenues from the utilities) and (2) Strategic Partnerships - due to increased costs associated the City/County consolidation of Purchasing (cost increase should be mostly offset by additional revenues from the County).

It should be noted that the actual reductions experienced by the various operating budgets is much larger than what is reflected in the above chart due to many significant increases in the cost of providing existing (2009) service levels. That is, the cost in 2010 of providing existing services is greater in many areas than their 2009 budget amount - thus, reductions had to be made to get down to the 2009 budget level in addition to the reductions required to go further to meet the lower 2010 budget level.

**2010 BUDGET ALLOCATION**

The chart on the following page provides a comparison of the 2009 Adopted Budget (in both dollars and relative percentage each Budget Priority received of the total budget) to the 2010 Budget based on two different allocation methods:

1. Allocation of available revenues based on a “pure” Priorities of Government Model” (Refer to columns 3 & 4.), which utilizes the prior year’s relative percentage

of the total budget for each Budget Priority and applies that same percentage to the projected revenues in the upcoming year to determine the budget level for each Budget Priority. Council's previously authorized use of reserves for Public Safety's 2010 budget is also reflected in this chart.

- An updated recommendation from management for the allocation of 2010 available revenues among the six Budget Priorities (*Refer to columns 5 & 6*). Management's 10-06-09 recommendation is updated from that adopted by Council at their July 2009 meeting due to changes in 2010 revenue and expenditure projections since that time. Management's updated recommendation allocates an additional \$300,000 to the Public Safety budget priority; and Customer Service & Communications and the Strategic Partnership budget priorities received additional allocations to cover cost increases resulting from previously authorized operational changes (electronic payment options and City/County Purchasing consolidation. Consequently, the Resource Management and Economic Development Budget priorities received a bigger reduction.

The following chart identifies how the 2010 General Government funds are allocated within the budget priorities model.

**2010 GENERAL GOVERNMENT  
BUDGET ALLOCATION COMPARISONS  
PRIORITIES MODEL & UPDATED MANAGEMENT RECOMMENDATIONS**

	PRIORITY MODEL ALLOCATION (UTILIZING RESERVES)				UPDATED MANAGEMENT RECOMMENDATIONS 10/6/09		(7) VARIANCE FROM MODEL (5-3)	(8) %
	(1) 2009 ADOPTED BUDGET	(2) % OF TOTAL	(3) 2010 RESOURCES & EXPENDITURES	(4) % OF TOTAL	(5) 2010 RESOURCES & EXPENDITURES	(6) % OF TOTAL		
<b>RESOURCES</b>								
Projected Revenues	\$58,657,610		\$58,138,533		\$58,138,533			
Plus Reserve Allocation	2,121,348		1,479,825		1,479,825			
Net Resources to be Allocated	\$60,778,958		\$59,618,358		\$59,618,358			
<b>BUDGET PRIORITIES</b>								
Public Health & Safety	\$40,862,436		\$39,087,246		\$39,387,353			
Reserve Allocation	0		1,479,825		1,479,825			
Total Public Health & Safety	40,862,436	67.2%	40,567,071	68.0%	40,867,178	68.5%	300,107	0.5%
Resource Management	9,573,124	15.8%	9,157,238	15.4%	8,805,907	14.8%	(351,331)	(0.6%)
Economic Development	3,432,141	5.6%	3,283,038	5.5%	3,194,800	5.4%	(88,238)	(0.1%)
Quality of Life	4,562,973	7.5%	4,364,743	7.3%	4,304,112	7.2%	(60,631)	(0.1%)
Customer Svc & Comm	1,848,183	3.0%	1,767,892	3.0%	1,866,211	3.1%	98,319	0.2%
Strategic Partnerships	500,101	0.8%	478,375	0.8%	580,150	1.0%	101,775	0.2%
Total	\$60,778,958	100.0%	\$59,618,358	100.0%	\$59,618,358	100.0%		

The chart above reflects many key elements of the proposed 2010 budget, as noted below:

### **2009 ADOPTED BUDGET (COLUMNS 1 & 2)**

Under the Priorities of Government model, the expenditure budget allocated to each of the Budget Priorities is established in two basic steps; first, determine the percentage of the previous year's revenues that were allocated to each budget Priority in the previous year; and then apply that same percentage to the projected revenues of the upcoming year.

In 2009, the Public Health and Safety Priority area received \$40.9M or 67.2% of the total General Government budget, as depicted in the chart above. Applying this same percentage to the 2010 projected revenues would provide a budget of approximately \$39.1 million (\$58.1 million x 67.2%) or a reduction of \$1.8M from 2009 levels. A reduction of this magnitude would require service reductions that would be so severe as to jeopardize the safety of our citizens and make vulnerable the required "due process" of our legal/court systems. Therefore, adjustments to this allocation method were authorized by Council. See below for further details.

### **2010 PRIORITY MODEL ALLOCATION (COLUMNS 3 AND 4)**

Council authorized staff to utilize a portion of the projected 2010 year-end cash reserves (an amount equivalent to the amount that exceeds 7% of the 2010 General government Budget; which was approximately \$1.5 million at that time) for Public Health and Safety's 2010 budget. This effectively changed the relative percentage (and, therefore, also the total absolute dollars) that each of the six Budget Priorities hold in relation to the total General Government budget. This is reflected in the comparison of the percentages shown for each Budget Priority in Column (2) vs. Column (4) in the above chart; (i.e.: Public Health and Safety held 67.2% of the 2009 General Government budget, vs. the 68.0% in 2010 that the priorities model would suggest. Even with Council's authorized use of cash reserves for the Public Health and Safety Budget Priority, this area would still receive (\$295,365) fewer actual dollars (columns 1 - column 3) in 2010 than it received in 2009 under the Budget Priority Model, due to the projected reduction in revenues between these two years; thus, management proposed, and Council authorized, further adjustments to the revenue allocations (see below).

### **2010 UPDATED MANAGEMENT RECOMMENDATION (COLUMNS 5 AND 6 IN PREVIOUS CHART)**

In addition to the use of cash reserves, management recommended, and Council authorized at their July 2009 meeting, that a larger percentage of the total General Government budget be allocated to Public Safety in 2010 in an effort to further minimize the severity of necessary budget reductions within this Budget Priority area.

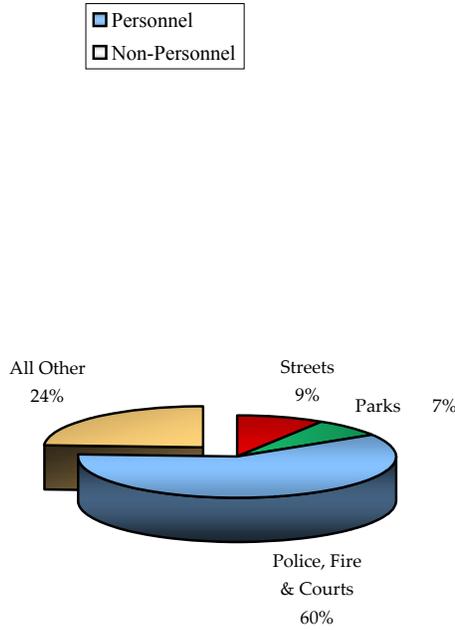
As a result of this change in the budget allocation, and due to updated revenue and expenditure projections, the amount of the budget reduction required in the Public Safety area was reduced by (\$300,107) or (0.5%) from what would otherwise have been necessary (refer to Col. 7 and 8 of Chart). Thus the Public Safety budget priority 2010 budget will be approximately the same as the 2009 Budget. This caused a change in all other Budget Priority areas as well; the Resource Management Priority was hardest hit by this change, as the budget allocation for this Priority was reduced an additional (\$351,331) or (0.6%) over what it would have been allocated under the "pure" Priorities Model.

Note: Management’s updated recommended budget allocation and related percentages (Col 5 and 6), are slightly different than that presented to Council at their July 2009 meeting due to updates in the related 2010 revenue and expenditure projections since that time. (Refer to the end of this section for a comparison of these mid-year projections.)

However, as severe as some of the proposed budget / service reductions may appear, they are very necessary in order for the City to operate within its available resources and maintain minimum reserve balances. (Refer to “Budget Highlights” later in this section for more information regarding proposed 2010 budget reductions.)

**2010 GENERAL GOVERNMENT BUDGET  
BY DEPARTMENT**

Organizational Unit	2010 Forecast Budget	Dollars in Millions												% of Total Budget
		0	2	4	6	8	10	12	14	16	18	20	22	
Police	\$23,108,949													38.8%
Fire	8,979,699													15.1%
Streets & Traffic Op.	5,379,043													9.0%
Parks	4,232,013													7.1%
Information Systems	2,306,255													3.9%
Transfers	2,252,275													3.8%
Financial Services	1,502,860													2.5%
Code Administration	1,462,372													2.5%
Police Pension	1,373,040													2.3%
Municipal Court	1,262,770													2.1%
Utility Services	1,253,118													2.1%
Legal	1,142,950													1.9%
Engineering	1,003,528													1.7%
Planning	774,229													1.3%
City Manager	518,563													0.9%
Indigent Defense	480,000													0.8%
Human Resources	467,978													0.8%
Records	440,128													0.7%
Purchasing	432,432													0.7%
City Hall Maintenance	406,690													0.7%
Intergovernmental	331,397													0.6%
City Council	212,265													0.4%
Sundome	150,000													0.3%
State Examiner	103,000													0.2%
Hearings Examiner	41,000													0.1%
District Court	1,800													0.0%
<b>Total</b>	<b>\$59,618,354</b>													<b>100.0%</b>
Fire Pen & Benefits	\$1,624,792													2.7%



The 2010 Proposed Budget broken-down by Department, as reflected in the bar chart above, 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. The Police Department consumes nearly 40% of the \$59.6 million General Government budget, while the Fire Department consumes another 15%; no other single Department utilizes more than 10% of the total General Government budget. The Streets/Traffic Department budget (9.0%) and the Parks and Recreation Department budget (7.1%) 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 be the Council's Budget Priorities Allocation for the coming year.

*Refer to Exhibit I for 2010 revenue and expenditure budget information by fund.*

### **PROJECTED ENDING CASH BALANCE (RESERVE)**

General Government resources consist of annual revenues and cash reserves. 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; fund unbudgeted policy issues authorized by Council; provide grant matching funds; and/or cover revenue shortfalls, accommodate unforeseen expenditures and other contingencies.

#### **2010 GENERAL GOVERNMENT PROJECTED REVENUES, EXPENDITURES AND CASH BALANCES**

	<b>2010 PROJECTED REVENUE</b>	<b>2010 PROPOSED EXPENDITURES</b>	<b>2010 EXPENDITURE AS % OF REVENUE</b>	<b>2010 ESTIMATED BEGINNING BALANCE</b>	<b>2010 ESTIMATED ENDING BALANCE</b>	<b>2010 ENDING BAL AS A % OF EXP.</b>
General	\$48,655,738	\$50,007,298	(\$1,351,560) 2.8%	\$4,207,894	\$2,856,334	5.7%
Parks & Recreation	4,248,985	4,232,014	16,971 (0.4%)	279,477	296,448	7.0%
Street/Traffic Operations	5,233,810	5,379,043	(145,233) 2.8%	1,260,353	1,115,120	20.7%
<b>TOTAL GENERAL GOVERNMENT</b>	<b>\$58,138,533</b>	<b>\$59,618,355</b>	<b>(\$1,479,822) 2.5%</b>	<b>\$5,747,724</b>	<b>\$4,267,902</b>	<b>7.2%</b>

In the past, the City endeavored to maintain operating reserves for general government activities through the strict adherence to two basic guidelines: (1) maintain a budgeted year-end general government cash balance of no less than an amount equal to approximately one month's operating expenditures (i.e.: approximately 7% to 8% of annual general government expenditures), and (2) during budget development, provide for the utilization of no more than a 5% contingency reliance on reserves to balance the budget. During 2009, City Council directed staff to review various fiscal policies and guidelines including the use of general government reserves and minimum reserve balances. Staff

has not yet completed and forwarded their final recommendations to Council; however, a proposal to utilize no more than 3% “reliance” on reserves to effectively balance as it’s being developed, and to move the general government reserve balance guideline to a range of approximately 7% - 12% of general government annual expenditures has been discussed and incorporated into the development of the 2010 budget.

Cash reserves are an integral and critical component of responsible fiscal management and business planning. Standard and Poors, a national rating agency, included two references to the City’s general fund reserves in explaining the City’s credit strengths that influenced their recent (August 2009) re-confirmation of the City’s “A+” credit rating. Standard and Poors 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”.

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

	(1)	(2)	(3)	(4)	(5)
	<b>2008 ACTUAL</b>	<b>2009 AMENDED BUDGET</b>	<b>2009 CURRENT YEAR-END ESTIMATE <sup>(1)</sup></b>	<b>2010 UPDATED MGMT PROPOSAL</b>	<b>VARIANCE (4-2)</b>
Beg. Reserve Balance	\$8,186,216	\$8,622,738	\$8,622,738	\$5,747,724	
Revenue	57,435,372	58,714,088	57,410,091	58,138,533	
<b>Total Resources</b>	65,621,588	67,336,826	66,032,829	63,886,257	(3,450,569)
<b>Expenditure Budget</b>	56,998,850	62,196,703	60,285,105	59,618,358	(2,578,345)
<b>End. Reserve Balance</b>	<u>8,622,738</u>	<u>5,140,123</u>	<u>5,747,724</u>	<u>4,267,899</u>	
% of Annual Expenditures	n/a	8.3%	9.5%	7.2%	
<b>Inc / (Dec) in Reserves f/ Prior Year <sup>(1)</sup></b>	\$436,522	(\$3,482,615)	(\$2,875,014)	(\$1,479,825)	
% of Expenditure Budget	n/a	(5.6%)	(4.8%)	(2.5%)	

The chart above reflects several key aspects of the City’s fiscal condition:

- Revenues: The 2009 year-end revenue estimate is less than 2008 actuals; this revenue reduction strained City resources past the point of the City’s ability to maintain existing services during the year – many budget and service reductions were implemented mid-year to help reduce costs and minimize the negative impact on reserves, and further reductions are proposed in the 2010 budget.

2010 projected revenues reflect a growth rate above the 2009 year-end estimate of only 1.3%; and this estimate is less than the 2009 amended budget.

- Expenditures: The 2009 year-end expenditures are projected to be \$1.9 million less than the amended budget.

The 2010 proposed expenditure budget is nearly \$700,000 less than the 2009 year-end forecast and approximately \$2.6 million less than the 2009 authorized expenditure level; and these reductions include the utilization of approximately \$1.48 million in reserves.

- Reserves: A comparison of the 2008 beginning and ending reserve balances reflects a slight growth in reserves during that year, (approximately \$8.2M to \$8.6M); however, 2009 year-end projections indicate a utilization of reserves of approximately \$2.9M during this year and a utilization of approximately \$1.48M is budgeted for 2010; resulting in a 50% reduction in the City's General Government reserves over a 3 year period. While a major purpose for holding reserve is to provide funding for critical City services during times of temporary economic strife such as what the City - as well as the nation - is experiencing, the City's reserve balance at the end of 2010 is projected to be at the recommended minimum balance and should not be depleted further.

The 2010 budgeted year-end reserve level is just over 7% of the total 2010 general government budget, and the \$1.48M budgeted use of reserves in 2010 is approximately 2.5% of the total general government budget. Both of these percentages are within the reserve guidelines, as noted on the previous page.

#### **SUMMARY**

Due to the significant negative impact of the national recession on the local economy, and the related reduction in the City's 2009 General Government revenues, the City utilized reserves and instituted significant budget reductions during 2009 in order to manage the budget within available resources; however, the current level of services is simply not sustainable into the future should revenues continue to fall (or increase at rates significantly less than the costs of providing the related services).

The following chart is presented for informational purposes only – to compare and explain the differences between management’s original budget allocation recommendation (7/17/09) vs. the current (10/06/09) recommendation.

**2010 GENERAL GOVERNMENT BUDGET  
PRIORITIES MODEL  
MID-YEAR PROJECTIONS AND UPDATES**

	----- 2010 PROJECTIONS AS OF 7/17/09 -----				-- 2010 PROJECTIONS AS OF 10/6/09 --		
	(1) ORIGINAL 2010 EXP PROJECTIONS	(2) ORIGINAL MGMT PROPOSAL	(3) % OF TOTAL	(4) TARGETED ADJUSTMENT (2-1)	(5) UPDATED MGMT PROPOSAL	(6) % OF TOTAL	(7) REVISED TARGETED ADJ (5-1)
<b>RESOURCES</b>							
Projected Revenues <sup>(1)</sup>	\$57,437,069	\$57,437,069			\$58,138,533		\$701,464
Plus Reserve Allocation	1,500,000	1,500,000			1,479,825		(\$20,175)
Net Resources to be Allocated	\$58,937,069	\$58,937,069			\$59,618,358		\$681,289
<b>BUDGET PRIORITIES</b>							
Public Health & Safety		\$38,615,643			\$39,387,353		
Reserve Allocation		1,500,000			1,479,825		
Total Public Health & Safety	42,226,257	40,115,643	68.1%	(2,110,614)	40,867,178	68.5%	(\$1,359,079)
Resource Management	9,211,621	9,046,752	15.3%	(164,869)	8,805,907	14.8%	(\$405,714)
Economic Development	3,375,331	3,243,427	5.5%	(131,904)	3,194,800	5.4%	(\$180,531)
Quality of Life	4,184,821	4,312,081	7.3%	127,260	4,304,112	7.2%	\$119,291
Customer Svc & Comm	1,846,507	1,746,562	3.0%	(99,945)	1,866,211	3.1%	\$19,704
Strategic Partnerships	494,871	472,603	0.8%	(22,268)	580,150	1.0%	\$85,279
Total	\$61,339,408	\$58,937,069	100.0%	(\$2,402,339)	\$59,618,358	100.0%	(\$1,721,050)

(1) Revenue projections increased \$701,464 from July projections due to an increase in sales tax, move of BYRNE Police grants from 2009 into 2010, contributions from Yakima County for the Purchasing consolidation, growth in electric utility taxes, increased liquor profits, and a domestic violence/public safety grant.

Explanation of above chart:

**ORIGINAL 2010 EXPENDITURE PROJECTIONS (COLUMN 1)**

Resources: This column reflects the resources (\$58,937,069 - revenues and reserves) projected to be available, and authorized by Council, for utilization in the 2010 budget as of July 17, 2009.

Expenditures: the expenditures noted in this column are a reflection of management’s best estimate of how much it would cost in 2010 (\$61,339,408) to provide the same services to our citizens as were provided in 2009. You’ll note that these costs are approximately \$2.4 million more than the available resources – thus, requiring 2010 budget reductions of this magnitude. (see below)

**ORIGINAL (7/17/09) 2010 MANAGEMENT ALLOCATION RECOMMENDATION (COLUMN 2 & 4):**

In July, \$2.4 million was the projected reduction necessary to balance the 2010 budget. At that time, management recommended, and Council approved, shifting a greater percentage of the total available resources to the Public Safety Budget priority in 2010 than this area received in 2009.

- Column 2 reflects management's 7/17/09 proposed allocation to each of the six Budget Priorities; and
- Column 4 reflects the dollar impact – reduction – that each area would experience under the management's recommended allocation.

**UPDATED (10/06-09) 2010 MANAGEMENT ALLOCATION RECOMMENDATION (COLUMN 5 & 7):**

Updated revenue projections indicate a slight increase in 2010 revenues over that anticipated in July 2009, of approximately \$680,000. The updated management recommendation allocates these additional revenues to the Public Safety Budget Priority in an effort to further minimize the severity of necessary budget reductions within this Budget Priority area.

Other re-allocations that have been recommended include:

- Elimination of the budget reductions for the Customer Service & Communication and the Strategic Partnerships Budget Priorities. This was necessary as the costs of the Customer Service area are fully covered by the utility enterprise funds (not the general fund) and the Strategic Partnership Budget Priority is comprised only of the purchasing division (City & County consolidated costs); this area could not absorb the cost reductions previously proposed. Additionally, the cost increase recommended in this area is due to - and should be primarily covered by - the County contribution to the consolidation endeavor.

Note: these adjustments caused the Resource Management and the Economic Development Budget Priorities to receive a bigger reduction than previously recommended.

- Column 5 reflects management's current recommendation for the allocation of available resources among the six Budget Priority areas;
- Column 7 reflects the current proposed budget reduction target for each Budget Priority; for a total reduction of \$1.7 million, (as compared to the \$2.4 million reduction projected in July).

The following pages provide more information regarding the 2010 budget and significant challenges the City will face in our struggle to maintain a strong and stable fiscal condition and provide critical and essential services to our citizens.

## **INTRODUCTION: BUDGET HIGHLIGHTS**

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For more than a year now, staff has been closely monitoring the financial crisis and economic recession that has gripped our entire nation, our State and our local economy; over the past year, staff has prepared, and continually updated, 2009 and 2010 revenue projections for the City based on the ever worsening economic condition of our region.

The stability of the City's fiscal condition – and that of most every city and state in our nation - has steadily worsened over the past 18 months. Out of necessity, the City historically has closely monitored and restrained costs. Unlike our current situation, in past years, it has been the local agricultural industry that was the sole significant economic driver for the City. Since the forces of nature are largely unpredictable and can have significant negative impacts on agriculture, the only prudent approach to fiscal management for the City of Yakima has always been one of caution and restraint, so that the City was able to “ride out the storms” without huge fluctuations in services to our citizens. However, these are very different times, involving a national crisis in our financial markets that has thrown both the national and local economies into an economic recession that is much deeper – and likely much longer lasting –than anything we've experienced in decades.

The Association of Washington Cities (AWC) recently released the results of their “State of the Cities” survey regarding fiscal conditions of Washington State cities. This survey gathers information regarding the actions taken by cities across our State in regard to reductions in budgets, services and staffing in an effort to offset the impacts of the economic recession. The survey results indicate that cities are cutting essential general government services and capital investments in infrastructure; many are reducing spending on public safety. Although employees provide the services provided by local government, more than half of the cities stated they have, or plan to, implement a hiring freeze in 2009; and 25% of the cities laid-off employees in the first half of 2009. Good fiscal management means putting money in reserves during good times and using it in hard times – according to the AWC survey, 55% of the cities are using reserve to weather this recession.

The City of Yakima is experiencing the same serious downward pressures on our revenues – and increases in costs of providing existing services – as is most, if not every, city in the state. And we have already implemented many of the same cost reductions measures as other cities in our efforts to balance the 2009 and the proposed 2010 General Government budgets.

In addition to both a local economy that has been very susceptible to the ups and downs of one industry, and the severe impacts experienced as a result of the national economic recession, the City has experienced another severe blow to the stability of its critical revenues. Over the past ten years, the voters of this state have approved several initiatives that, together, have had a significant negative impact on critical City revenues. There is another initiative on the ballot this November (I-1033), which, if it receives voter approval, threatens the City's ability to maintain the existing, and now reduced, level of services currently provided to our citizens.

City Management respectfully believes that the current level of services extended to our citizens and provided for in the budget is not sustainable in the foreseeable future should either the depth of the local recession continue and/or the voters pass I-1033 this November. (See more information regarding I-1033 and potential impacts, below.)

#### **INITIATIVE 1033 SUMMARY**

If approved by Washington voters, I-1033 would limit the growth of state, county and city “general fund” revenues received from taxes, fees, and other charges not expressly approved by the voters.

General Fund revenue for any given year would be limited to the amount of total General Fund revenues received by the City in the previous year, plus a percentage increase reflecting inflation and population growth. The rate of inflation (as measured by the Implicit Price Deflator or IPD, not the Consumer Price Index) and population growth would be distributed by the Washington State Office of Financial Management. Any revenues received above the inflation and population growth allowances would have to be deposited into a “lower property taxes account” and used to reduce property taxes in the subsequent year.

The Washington State Office of Financial Management (OFM) impact statement regarding I-1033 estimated the fiscal impact for cities for the six year period of 2010 through 2015 as a reduction in general fund revenues of an aggregate \$2.1 billion, state-wide. AWC recently distributed their assessment that under I-1033 cities can expect to receive 13.5% less revenues than what would otherwise be collected.

This Initiative would present many significant burdens to the City and our citizens should it become effective, including the following – which represent only a preliminary look at the effects of the proposed Initiative:

- **Calculation of the Allowable Revenue Level:** The inflation rate and the growth rate will not be known until the end of March and the end of June, respectively, of the year following the year to which the rate applies, as specifically prescribed in I-1033. Thus, the timing of the availability of the inflation and growth rates for purposes of calculating the allowable General Fund revenues for a given year is very problematic. It will be at least six months after the end of a given year before the City will know how much of that year’s General Fund revenues its allowed to keep and how much, if any, may need to be used to reduce the next property tax levy. This delay will place many impediments to management’s ability to operate the City in an efficient and cost effective manner.

Additionally, if the City was required to reduce its property tax levy – it would be the levy two years after the year in which the related revenue was collected that would receive the reduction (ex.: too much revenue received in 2010 would not be known until mid-year 2011, thus, the property tax levy for 2012 would be reduced.) This would be an on-going cycle and a major record keeping effort – ever complicated by the restrictions / calculations that would still be in place from I-795.

- Voter-approved Taxes: I-1033 would exclude voter-approved revenue from the Initiative's reach, but is drafted only to exclude revenue approved by voters after the date of the initiative. It does not exclude revenues previously approved by the voters, or revenues scheduled to be considered by the voters in 2009. In other words, an increase in a previously voter-approved sales tax (such as the 0.3% criminal justice sales tax previously approved by voters within Yakima County – resulting in additional sales tax revenues from this voter-approved tax being utilized to reduce future property tax levies rather than its intended purpose of adding additional police officers or providing other criminal justice services) or other tax revenues deposited to the general fund could trigger a decrease in property taxes, as could an increase in general fund revenue from regulatory fees, even if such fees are legally restricted for limited purposes only.
- Business Cycles: As business cycles “ebb-n-flow”, the City's General Fund revenues will “ebb” with the down-turn in the business cycle; however, it will not be allowed to “flow” in the up-turn of the economy. That is, the effect of the revenue limitation is exacerbated during a recession as the initiative does not provide for recovery after an economic downturn. This will place extreme pressure on emergency reserves which are accumulated during the good times specifically for the purpose of utilizing these resources to help get through the bad times, however, under I-1033, it would be nearly impossible to rebuild the reserves after an economic recession.
- Technology and Other Efficiency / Modernization Tools: the passage of I-1033 would dramatically reduce the City's ability to modernize our operations or increase efficiencies through technology or other “capital intensive” solutions due to the fact that these investments generally require a major up front cost. Since the only growth in general fund revenues is limited to inflation and population growth – which rarely even cover the increased costs of providing existing services – there will be minimal or no revenues available for major investments of any kind. Borrowing money would be the most likely method of funding these types of projects in the future; however this increases the cost of the project. Additionally, the benefits of such investments are generally twofold; a benefit of reduced costs in the future and improved customer service – neither of these will help fund the project up front.

Additionally, restricting the City's ability to receive any level of revenues above an arbitrary calculated amount that is based on the current “status quo” could virtually eliminate the City's ability to respond to changing business needs or to take advantage of one-time business opportunities that may present themselves from time to time, as the City will have no capability of ever receiving additional funds that could be set aside for future use / opportunities of any kind.

- Economic Development: under the conditions proposed within I-1033, there could be little to no incentive for cities to promote or encourage most type of business development within a city, or to annex business into a city in the future. In fact, many cities may need to discourage businesses from coming and investing in their city because the additional revenue needed to provide services to them may not be available or on-going.

Under the restrictions within I-1033, unless a new or expanding business brings a significant number of new residents to a city, it will only place additional burdens on the services of the city (police, fire, streets, snow removal, code enforcement, etc.) and offer no additional revenues to help fund the costs of these services. Additionally, significant economic development that does not bring significant population growth with it could degrade the current level of services provided to existing citizens; thus, economic development could reduce the quality of life a city can offer to its citizens rather than improving it. This, of course, is a result of the city being put into the position of needing to meet the service demands of the incoming / expanding business, but receiving no increase in revenues to pay for them.

## **2010 GENERAL GOVERNMENT BUDGET - OVERVIEW**

The current year-end revenue projections for the City are significantly below the budgeted and authorized expenditure levels for 2009; therefore, management throughout the year has taken aggressive steps to reduce 2009 expenditures well below the previously authorized levels in an effort to minimize our reliance on reserves.

Budget Priorities: During 2009, the City Council reviewed and re-affirmed the City's Vision, Mission, and Strategic Priorities (as listed in the information before the first tab in this Budget Forecast). Additionally, the Council Budget Committee recommended, and the full City Council approved, the establishment of six Budget Priorities, as noted below – in priority order:

- Maintain and Improve Public Health and Safety
- Efficiently Manage Public Resources and Ensure Fiscal Stability
- Promote Economic Development and Diversification
- Preserve and Enhance Yakima's Quality of Life
- Provide Responsive Customer Service and Effective Communications
- Build and Utilize Strategic Partnerships

City management placed significant emphasis on these priorities in their operating decisions and in the administration and development of the 2009 and 2010 budgets. Additionally, cost containment and efficiency improvements continue to be a focus and an emphasis in every expenditure decision.

## **TAXES**

Management has included no new or increased taxes in the proposed 2010 budget.

- Sales Tax: The General Government budget includes revenue projections that reflect an estimated increase of approximately 1.5% growth in sales tax revenues in 2010 over 2009; however this is 8% below 2008 actual revenues.
- Property Tax: The 2010 budget is based on maintaining the property tax base at the 2009 level, plus a 1% increase for new construction. It is significant to note that in order to carry the 2009 property tax base forward into 2010 requires an expression of "substantial need" and requires approval by a super-majority of the City Council.

That is, a super-majority vote of Council is required in order to maintain the same property tax levy in 2010 as Council authorized for the 2009 budget. Under the restrictions of Initiative 747, the City would need to reduce its base property tax levy for 2010 to a level below that of 2009. This is due to the effect of a negative implicit Price Deflator (IPD), a measure of inflation included in I-747. (Refer to Section II for more information on property tax as proposed in the enclosed 2010 budget and on Initiative 795- the governing law.)

#### **BUDGET REDUCTIONS / PERSONNEL CHANGES**

Due to the serious drop in revenues received in 2009 and projected for 2010, significant reductions and/or elimination in both budget and services were necessary in order to balance the 2009 and 2010 budgets within available resources and maintain a minimum reserve level.

- The 2010 General Government budget is \$59.6 Million or (\$2.6 million) less than the 2009 amended budget. These reductions included more than \$1.5 million in salary and benefit reductions; and more than 23 fewer net FTE positions.
- The City is proposing to the labor unions, and has budgeted a freeze on salary and wages (0% increase), for 2010; for all employees except those represented by the Yakima Police Patrolman's Association (YPPA); their contract had been negotiated prior to the request for the wage freeze. The City is in various stages of negotiation with all other bargaining units.

Note: this represents the third salary and wage freeze over the past ten years (2001, 2007 and 2010).

#### **POLICY ISSUES**

Although there are many important and vital needs throughout the various departments of the City, there are few new Policy Issues included in the proposed 2010 budget as there simply is no funding available to support additional programs, services or the related budget expenditures.

2010 Policy Issues include Outside Agency requests. The City continues to receive both significant fiscal and quality of life benefits from our outside agencies. However, due to the severe reductions in revenue projections, all discretionary funding to Outside Agencies has been reduced 50% in the proposed 2010 budget – as recommended by the Council Budget Committee at their September 2009 meeting.

# CHANGES IN FUNDING AUTHORIZATION

## 2010 PROPOSED ADJUSTMENTS IN PERSONNEL

FUND	DEPT	SYC	PRIORITY	DESCRIPTION	TYPE OF CHANGE	TYPE OF POSITION	No OF POSITIONS	BASE SALARY & BENEFITS	REMARKS
<b>015-FINANCE</b>									
	624		RM	Accountant	Del	V	Perm (1.00)	(\$76,400)	
	624		RM	Financial Services Tech	Add		Perm 0.50	38,400	
<b>017-LEGAL</b>									
	622		RM	Senior Asst City Atty	Del	V	Perm (1.00)	(111,100)	2009 mid-year reduction
	622		RM	Assistant City Atty II	Trsfr		Perm (0.60)	(63,700)	Transfer to 515 2009 mid-year reduction
	131		PHS	Assistant City Atty I	Del	V	Perm (1.00)	(91,600)	
<b>018-MUNICIPAL CRT</b>									
	129		PHS	Muni Court Cashier	Del	F	Perm (1.00)	(48,300)	
<b>019-PURCHASING</b>									
	632		SP	Buyer	Add		Perm 1.00	57,300	Cons. w/County
	632		SP	Purchasing Assistant	Add		Perm 1.00	51,300	Cons. w/County
<b>021-PLANNING</b>									
	310		ED	Assistant Planner	Trsfr		Perm (1.00)	(64,100)	Transfer to 124
	528		ED	CED Deputy Director	Del	V	Perm (1.00)	(53,100)	Ret 3/31 Ann.-\$128,700
<b>022-CODES ADMINISTRATION</b>									
	149		PHS	Fire Code Inspector	Del	V	Perm (1.00)	(79,000)	2009 mid-year reduction
	149		PHS	Permit Technician	Del	V	Perm (1.00)	(51,400)	
	149		PHS	Code Compliance Officer	Trsfr	V	Perm (1.00)	(66,600)	Transfer to 124
	223		PHS	Animal Control	Del	F	Perm (1.00)	(67,100)	
<b>031-POLICE</b>									
	114		PHS	Police Services Specialist I	Del	V	Perm (1.00)	(45,000)	2009 mid-year reduction
	114		PHS	Police Services Supervisor	Del	F	Perm (1.00)	(76,700)	
	114		PHS	Police Services Supervisor	Del	V	Perm (1.00)	(68,500)	Ret 2/28 Ann.-\$82,200
	114		PHS	Police Services Specialist I	Del	F	Perm (1.00)	(49,300)	
	114		PHS	Police Services Specialist I	Del	V	Perm (1.00)	(46,400)	
	113		PHS	Police Officer	Trsfr	V	Perm (1.00)	(78,000)	Transfer to 152
<b>032-FIRE</b>									
	129		PHS	Secretary II	Del	F	Perm (1.00)	(67,200)	
<b>041-ENGINEERING</b>									
	528		RM	Eng Office Assistant	Del	V	Perm (1.00)	(46,100)	2009 mid-year reduction
	528		RM	Project Engineer	Del	V	Perm (1.00)	(58,700)	Ret 4/30 Ann.-\$87,600
<b>052-INFORMATION SYSTEMS</b>									
	631		RM	Supervising Senior Analyst			Perm 0.30	29,100	Position upgrade
<b>TOTAL GENERAL FUND</b>							(16.80)	(1,132,200)	
<b>131-PARKS &amp; REC</b>									
	426		QOL	Parks Maint Worker	Del	V	Perm (0.75)	(40,500)	
	421		QOL	Parks Maint Tech	Del	V	Perm (1.00)	(64,600)	2009 mid-year reduction
	423		QOL	Golf Course Attendant	Del	V	Perm (0.75)	(41,700)	
<b>TOTAL PARKS &amp; RECREATION</b>							(2.50)	(146,800)	
<b>141-STREET &amp; TRAFFIC</b>									
	526		PS	Supervising Traffic Engineer	Del	V	Perm (1.00)	(114,400)	2009 mid-year reduction
	525		PS	Traffic Sign Supervisor	Del	V	Perm (1.00)	(90,400)	2009 mid-year reduction
	526		PS	Traffic Aide	Del	V	Perm (1.00)	(51,000)	
	521		ED	Street Maint Specialist	Del	V	Perm (1.00)	(57,800)	
<b>TOTAL STREET &amp; TRAFFIC</b>							(4.00)	(313,600)	
<b>TOTAL GENERAL GOVERNMENT - FTE REDUCTION</b>							<b>(23.30)</b>	<b>(\$1,592,600)</b>	

**2010 PROPOSED ADJUSTMENTS IN PERSONNEL (Continued)**

FUND	DEPT	SYC	PRIORITY	DESCRIPTION	TYPE OF CHANGE	TYPE OF POSITION	NO OF POSITIONS	BASE SALARY & BENEFITS	REMARKS
<b>123-ECONOMIC DEVELOPMENT</b>									
				CED Deputy Director	Del	Perm		(20,600)	
<b>124-COMMUNITY DEVELOPMENT</b>									
				CED Deputy Director	Del	Perm		(25,800)	
				Neighborhood Dev Asst	Del	V Perm	(1.00)	(50,700)	
				Code Compliance Officer		Perm	1.00	58,500	Funded by 124
				Assistant Planner		Perm	1.00	64,400	Funded by 124
<b>152-POLICE GRANTS</b>									
	113	PS		Police Officer		Perm	7.00	558,000	Funded by grant 1 transfer, 6 new positions
<b>560-PUBLIC WORKS ADMINISTRATION</b>									
				Dept Asst II	Del	V Perm	(1.00)	(47,500)	2009 mid-year reduction
<b>TOTAL OTHER FUNDS</b>							7.00	\$536,300	
<b>CITY-WIDE (EXCLUDING TEMPORARIES)</b>							(16.30)	(\$1,056,300)	
<b>SUMMARY REDUCTIONS</b>									
				Management/Supervisory			(4.70)	(\$374,000)	
				Management Support - exempt employees			(3.00)	(279,100)	
				Professional Technical Staff			3.00	268,900	
				Other - temps/clerical support/laborer			(11.60)	(672,100)	
<b>TOTAL</b>							(16.30)	(\$1,056,300)	
<b>TEMPORARY POSITIONS</b>									
	012			City Mgr	Del	Temp		(3,200)	
	014			City Clerk	Del	Temp		(3,800)	
	016			Hum. Res.	Del	Temp		(2,700)	
	019			Purchasing		Temp		(19,300)	net change
	031			Police	Del	Temp		(81,300)	
	041			Eng		Temp		(27,900)	
	051			CH Maint	Del	Temp		(18,500)	net change
	052			Info. Sys.	Del	Temp		(31,500)	
	124			Housing	Add	Temp		5,200	
	131			Pks & Rec		Temp		24,000	
	141			St & Traffic	Del	Temp		(16,600)	net change
	462			Transit	Add	Temp		13,000	
	475			Irrigation	Del	Temp		(3,800)	
<b>TOTAL TEMPORARY FUNDING REDUCTIONS</b>								(166,400)	
<b>GRAND TOTAL CITY-WIDE</b>								<b>(1,222,700)</b>	

**DELETED POSITIONS - 26.1**

V = Total vacancies: Vacant General Government positions deleted - 17.5: Transferred positions - 3.6  
 F = Filled: General Government layoffs - 5

**PRIORITY**

RM - Resource Management                      PHS - Public Health & Safety                      SP - Strategic Partnerships  
 ED - Economic Development                      QOL - Quality of Life

**2010 GENERAL GOVERNMENT BUDGET  
PROPOSED ADJUSTMENTS - BY TYPE**  
(from 2009 Amended Budget)

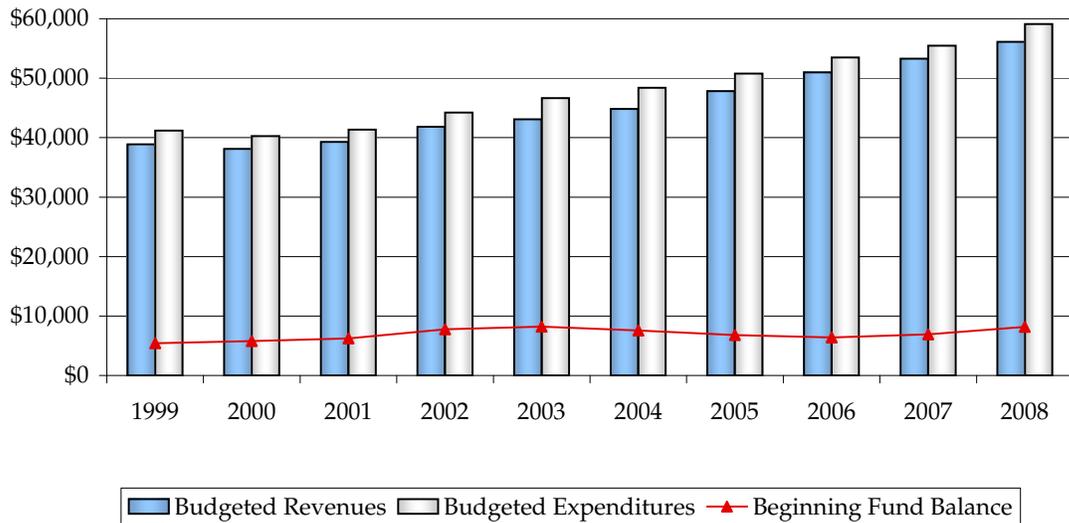
<b>EXPENDITURE TYPE</b>	<b>AS INCORPORATED IN 2010</b>	
	<b>AMOUNT</b>	<b>% OF TOTAL</b>
Salaries/Wages and Benefits	(1,151,438)	44.7%
Overtime	(323,300)	12.5%
Medical / Dental	184,392	(7.2%)
Supplies / Small Tools	(65,231)	2.5%
Other Supplies	13,500	(0.5%)
Fuel	(208,706)	8.1%
Professional Services	(686,187)	26.6%
Other Services	(48,015)	1.9%
Travel/Training	(23,231)	0.9%
Intergovernmental Services	27,895	(1.1%)
Capital Outlay	(246,509)	9.6%
Debt Service	(53,417)	2.1%
Interfund Payments	1,901	(0.1%)
<b>TOTAL</b>	<b>(2,578,346)</b>	<b>100.0%</b>

**2010 GENERAL GOVERNMENT PROPOSED ADJUSTMENTS - BY DEPARTMENT**

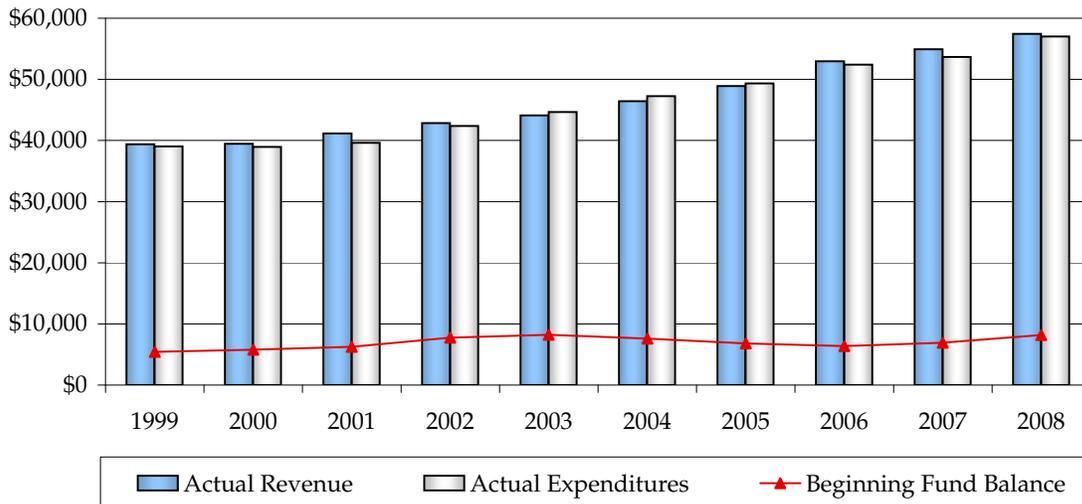
<b>EXPENDITURE TYPE</b>	<b>AS INCORPORATED IN 2010</b>	
	<b>AMOUNT</b>	<b>% OF TOTAL</b>
City Administration	(218,062)	8.5%
Finance	(564,519)	21.9%
Municipal Court	(83,533)	3.2%
Police	(304,617)	11.8%
Fire	70,385	(2.7%)
CED	(679,487)	26.4%
Street & Traffic	(695,791)	27.0%
Parks	(145,529)	5.6%
Other Departments	42,807	(1.7%)
<b>TOTAL <sup>(1)</sup></b>	<b>(2,578,346)</b>	<b>100.0%</b>

(1) The total itemized net budget reduction of \$2,578,346 is approximately 4.1% of the amended 2009 General Government Budget of \$62.2 million

**GENERAL GOVERNMENT  
REVENUE, EXPENDITURES AND RESERVES - AS BUDGETED**  
(in thousands)



**GENERAL GOVERNMENT  
REVENUE, EXPENDITURES AND RESERVES - ACTUAL RESULTS**  
(in thousands)



City Management’s close supervision, discipline and control over spending do not end when the annual budgets are prepared. As is evident from the two charts above, management’s tight spending controls and conservative approach to fiscal expenditures during the year has provided our citizens with maximum service levels over the years - while maintaining, and even increasing, General Government reserves from year to year. (i.e.: the above charts depict a general pattern of strong budget management during the year as actual results show that total spending is less than total revenues - 7 out of the past 10 years; even though the balanced budget at the beginning of the year reflects “deficit” spending.)

## GENERAL SUMMARY

In the 2010 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 decreased and shifted personnel resources in the 2010 budget.

- General Government: Net reduction of 23.3 FTE's and \$1.6 million dollars
- Total City-Wide: Net reduction of over \$1.2 million permanent and temporary salaries combined.

Additionally, cost containment / reduction has been a high priority for the City of Yakima for years; and has resulted in the favorable cost comparisons reflected below:

- Staff Reductions: The per/capita number of General Government employees has decreased over the past decade, from 7.2 FTE's in 1998 down to 5.9 FTE's in 2008 - per every 1,000 population.
- Payroll Costs: The City of Yakima had the fourth (4th) lowest average per/capita payroll costs out of the twelve comparison cities.\*
- Total Expenditures – The City of Yakima had the third (3rd) lowest average per/capita total expenditures out of the twelve comparison cities.\*

\* The data utilized in the above comparisons was compiled from the State Auditor's Local Government Comparative Statistics for 2008 – the most recent data available, and includes comparisons of all Washington State cities with populations between 45,000 and 120,000. (*Refer to Section II for more information on the above comparisons*)

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 strong fiscal position - and a positive and stable credit rating - during some very difficult times. However, the current national recession combined with the potential impacts of I-1033 - should it be approved by voters in November - could reduce City resources past the point of its ability to provide existing services to our citizens. The current service levels are simply not sustainable in the future should revenues continue to fall.



## **GENERAL GOVERNMENT: YEAR IN REVIEW**

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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 and district courts, financial services, purchasing, information systems, etc.

- 2009 Year-end revenue estimate is \$47,757,780 – \$307,095 or 0.6% over actual levels for 2008.
- 2009 year-end expenditure estimate is \$50,348,617 – \$1,395,710 or 2.7% under the authorized, amended budget of \$51,744,327, due to cost containment measures instituted in April. Most related to salary savings from position vacancies, the reduction in fuel prices, and the cancellation of outside contracts.

### **PARKS AND RECREATION FUND**

Services provided include Parks programs and maintenance.

- 2009 year-end revenue estimate is \$4,077,917 – (\$98,492) or (2.4%) below the actual levels for 2008. There were several fluctuations in revenue sources including the reduction of \$176,500 in property tax, and an increase in program and inter-governmental revenues of \$83,859. Note: In order to balance revenues to expenditures in each of the General Government funds, property tax was reallocated as appropriate.
- 2009 year-end expenditure estimate is \$4,249,796 – (\$127,747) or (3.0%) under the 2009 amended budget. The cost containment areas were mainly in salaries and contracted services.

### **STREET FUND**

Street and Traffic operations and maintenance.

- 2009 year-end revenue estimate is \$5,574,394 – (\$233,884) or (4.0%) less than actual levels for 2008. This decrease is primarily due to gas tax and a one time Federal grant for snow removal.
- 2009 year-end expenditure estimate is \$5,686,692 – (\$388,141) or (6.4%) under the 2009 amended budget. The cost containment savings result primarily from salary and benefit savings due to unfilled positions.

**2009 GENERAL GOVERNMENT  
ESTIMATED REVENUES AND EXPENDITURES**

	<b>GENERAL FUND</b>	<b>PARKS AND RECREATION FUND</b>	<b>STREET FUND</b>	<b>TOTAL</b>
<b>ACTUAL BEGINNING BALANCE</b>	\$6,798,731	\$451,356	\$1,372,651	\$8,622,738
Estimated Actual Revenue	47,757,780	4,077,917	5,574,394	57,410,091
<b>TOTAL ESTIMATED RESOURCES</b>	\$54,556,511	\$4,529,273	\$6,947,045	\$66,032,829
Less: Estimated Expenditures	50,348,617	4,249,796	5,686,692	60,285,105
<b>ESTIMATED ACTUAL ENDING BALANCE 2009</b>	\$4,207,894	\$279,477	\$1,260,353	\$5,747,724

As described in the mid-year budget reduction transmittal, Yakima started seeing the effects of the national economic recession in the last quarter of 2008. The 2009 General Government revenue budget was \$58,714,088, so the year-end estimate of \$57,410,591 is about \$1.3 million or 2.2% less than budgeted. The 2008 actual revenue for these 3 funds was \$57,435,372, so the 2009 estimate is virtually flat from the prior year actual. The annual rate of inflation as measured by the CPI-U (All Urban Consumers) is -1.7% in August for all cities, and the Seattle index is -1.2%. So the fact that the City is anticipating less than (0.5%) reduction in revenue from 2008 indicates that the recession has not hit our area as deeply as in other areas of the nation or state.

It should be noted that typically the year-end revenue estimates made at the time of the preliminary budget are greater than the current year budget, which is a component in ending the year with a balanced budget. The revenue decrease in 2009 is the trigger that led to the development of the budget cuts proposed for 2010.

**GENERAL GOVERNMENT COMPARISON  
2009 BUDGET VS. YEAR-END ESTIMATE**

<b>FUND/DEPARTMENT</b>	<b>2009 AMENDED BUDGET</b>	<b>2009 YEAR-END ESTIMATE</b>	<b>VARIANCE</b>	<b>YEAR-END EST. AS PERCENT OF BUDGET</b>
Police	\$23,378,366	\$22,866,079	\$512,287	97.8%
Fire	8,909,315	8,892,905	16,410	99.8%
Information Systems	2,823,003	2,743,951	79,052	97.2%
Transfers	2,232,275	2,230,275	2,000	99.9%
Code Administration	1,783,856	1,607,492	176,364	90.1%
Police Pension	1,403,957	1,352,146	51,811	96.3%
Legal	1,459,796	1,208,525	251,271	82.8%
Financial Services	1,540,878	1,521,295	19,583	98.7%
Municipal Court	1,321,304	1,314,396	6,908	99.5%
Engineering	1,199,716	1,050,385	149,331	87.6%
Utility Services	1,225,469	1,182,138	43,331	96.5%
Environmental Planning	901,557	823,598	77,959	91.4%
Records	449,013	386,917	62,096	86.2%
City Manager	521,307	511,296	10,011	98.1%
Human Resources	494,040	471,345	22,695	95.4%
City Hall Maintenance	426,178	404,368	21,810	94.9%

<b>FUND/DEPARTMENT</b>	<b>2009 AMENDED BUDGET</b>	<b>2009 YEAR-END ESTIMATE</b>	<b>VARIANCE</b>	<b>YEAR-END EST. AS PERCENT OF BUDGET</b>
Indigent Defense	425,000	425,000	0	100.0%
Purchasing	329,881	340,899	(11,018)	103.3%
Intergovernmental	370,076	472,076	(102,000)	127.6%
City Council	213,540	212,731	809	99.6%
Sun Dome	150,000	150,000	0	100.0%
State Examiner	103,000	98,000	5,000	95.1%
Hearing Examiner	56,000	56,000	0	100.0%
Probation Center	25,000	25,000	0	100.0%
District Court	1,800	1,800	0	100.0%
<b>TOTAL GENERAL FUND</b>	<b>\$51,744,327</b>	<b>\$50,348,617</b>	<b>\$1,395,710</b>	<b>97.3%</b>
Parks & Recreation	4,377,543	4,249,796	127,747	97.1%
Street & Traffic Operations	6,074,833	5,686,692	388,141	93.6%
<b>TOTAL GENERAL GOVERNMENT</b>	<b>\$62,196,703</b>	<b>\$60,285,105</b>	<b>\$1,911,598</b>	<b>96.9%</b>

The preceding table provides a breakdown of the year-end estimate of General Government budgets for 2009. The largest positive variance (expenditure savings) is in the Police Department and relates to salary savings from vacancies and the reduction in fuel costs in that budget. In Code Administration, Legal, and Engineering, the large variances are the result of holding / eliminating vacant positions.

Currently, Purchasing and Intergovernmental budgets show being overspent for 2009. However, both areas have appropriations coming forward to Council soon, along with the applicable contracts. Purchasing will be to add the effects of consolidating their functions with Yakima County as of November 1, 2009, and will be funded by the County. Intergovernmental includes the pilot program proposed by Comprehensive Mental Health to divert mentally ill misdemeanants from jail to their facility, subsequently reducing jail expenses.

#### GENERAL FUND THREE YEAR COMPARISON

	<b>2007 ACTUAL</b>	<b>2008 ACTUAL</b>	<b>2009 YEAR-END ESTIMATE</b>
<b>BEGINNING BALANCE</b>	\$5,439,858	\$6,250,708	\$6,798,731
Revenues	45,054,646	47,450,685	47,757,780
<b>TOTAL RESOURCES</b>	<b>\$50,494,504</b>	<b>\$53,701,393</b>	<b>\$54,556,511</b>
Expenditures	44,243,796	46,902,662	50,348,617
<b>ENDING BALANCE</b>	<b>\$6,250,708</b>	<b>\$6,798,731</b>	<b>\$4,207,894</b>

## **GENERAL GOVERNMENT: REVENUE TRENDS**

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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 2010, total General Government revenues are budgeted to be \$58,138,533, \$727,942 or 1.3% more than the 2009 year-end estimate of \$57,410,591. Total beginning cash reserves are estimated to be \$5,747,724, \$2,875,014 or 33.3% less than the 2009 estimate of \$8,622,738. The decline in cash reserves is occurring in the General Fund and Street Fund. The General Fund is impacted by substantial increases in public safety costs and increases in mandated and operating costs. The effects of recent annexations and expected decreases in gas tax revenues are stretching the Streets Fund resources to deliver services. Even though projected sales tax for 2010 is 1.5% more than the 2009 estimate, it is still 8.0% below the 2008 levels.

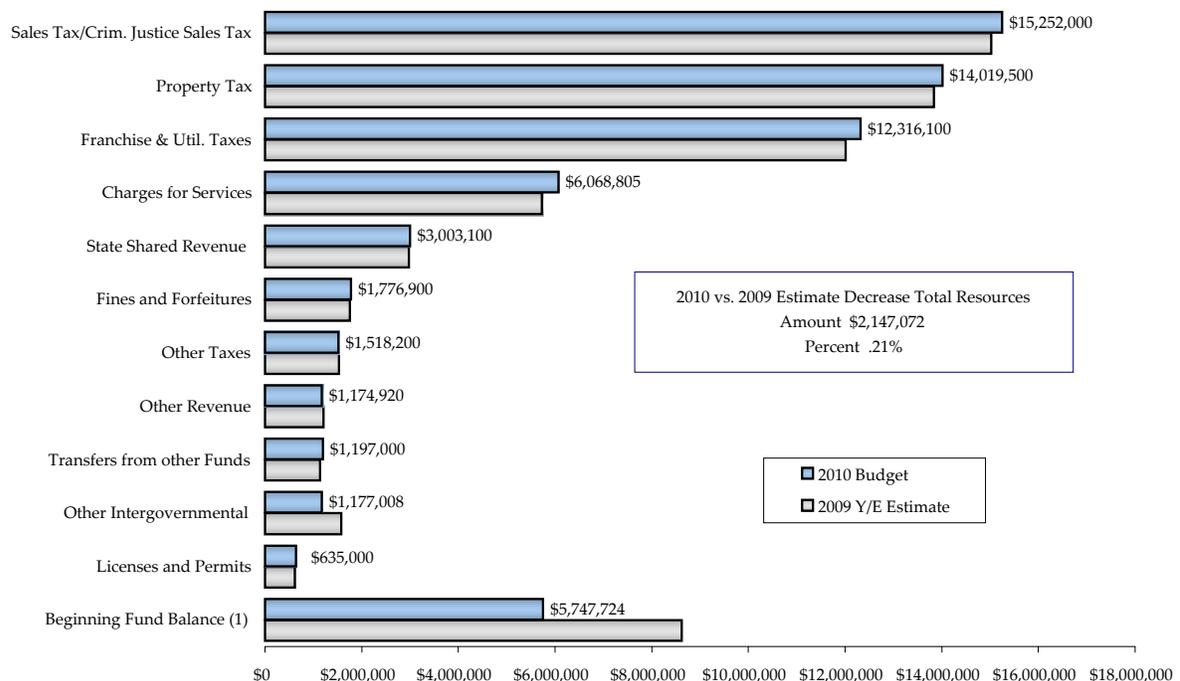
- Charges for services are up by \$337,035 or 5.9% primarily because the new Stormwater utility is proposing to begin support of street sweeping, adding \$200,000 to this category in 2010.
- The increase in Franchise and Utility taxes (2010 over 2009) of \$308,100 or 2.6% is largely due to rate adjustments in most of the major utilities.
- Fines and forfeitures showed an increase in 2009 over 2008 as an increase in the number of Police Officers on the street produces more infractions and misdemeanor penalties being assessed. These higher levels are anticipated to continue into 2010.
- Other revenues are 2.9% below 2009. This is mainly due to the current low rate of return on investment interest, coupled with a lower available balance to invest.
- Other Intergovernmental Revenue spiked in 2009 because of the award of several operating grants for Police. The City continues to actively pursue grants as they become available. The City was successful in obtaining a federal grant to hire seven additional police officers. Because this new grant is tied to the Federal Stimulus package, a new fund was started to account for Police grants.

**GENERAL GOVERNMENT RESOURCES  
THREE YEAR COMPARISON**

SOURCE	2008	2009	PERCENT CHANGE	2010	% OF 2010 TOTAL	--- 2010 vs. 2009 ---	
	ACTUAL	ESTIMATE		BUDGET FORECAST		INCREASE (DECREASE)	PERCENT CHANGE
General Sales Tax	\$13,719,058	\$12,425,000	(9.4%)	\$12,610,000	21.7%	\$185,000	1.5%
Criminal Justice Sales Tax <sup>(1)</sup>	2,605,242	2,601,000	(0.2%)	2,642,000	4.5%	\$41,000	1.6%
Property Tax	13,457,989	13,840,000	2.8%	14,019,500	24.1%	179,500	1.3%
Franchise & Utility Taxes	11,099,995	12,008,000	8.2%	12,316,100	21.2%	308,100	2.6%
Charges for Services	5,729,397	5,731,770	0.1%	6,068,805	10.4%	337,035	5.9%
State Shared Revenue	3,021,705	2,979,956	(1.4%)	3,003,100	5.2%	23,144	0.8%
Fines and Forfeitures	1,582,815	1,751,700	10.7%	1,776,900	3.1%	25,200	1.4%
Other Taxes	1,499,292	1,530,950	2.1%	1,518,200	2.6%	(12,750)	(0.8%)
Other Revenue	1,446,639	1,210,399	(16.3%)	1,174,920	2.0%	(35,479)	(2.9%)
Transfers from other Funds	1,086,359	1,139,000	4.8%	1,197,000	2.1%	58,000	5.1%
Other Intergovernmental	1,193,758	1,572,416	31.7%	1,177,008	2.0%	(395,408)	(25.2%)
Licenses and Permits	993,122	620,400	(37.5%)	635,000	1.1%	14,600	2.4%
<b>TOTAL REVENUE</b>	<b>\$57,435,371</b>	<b>\$57,410,591</b>	<b>(0.1%)</b>	<b>\$58,138,533</b>	<b>100.0%</b>	<b>\$727,942</b>	<b>1.3%</b>
Beginning Fund Balance	8,186,216	8,622,738	5.3%	5,747,724		(2,875,014)	(33.3%)
<b>TOTAL RESOURCES</b>	<b>\$65,621,587</b>	<b>\$66,033,329</b>	<b>0.6%</b>	<b>\$63,886,257</b>		<b>(\$2,147,072)</b>	<b>(3.3%)</b>

(1) Some Criminal Justice sales tax is allocated to the Law and Justice capital fund and Public Safety Communications fund (non-general Governmental funds). The allocation to both of these funds were reduced in 2009 to help support General Government operations.

**GENERAL GOVERNMENT RESOURCES  
2009 YEAR-END ESTIMATE AND 2010 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). In the new Priorities of Government model, these “dedicated” revenues were identified with appropriate service units to assist in determining any net effect of budget reductions. The following chart summarized dedicated revenue by priority.

**DEDICATED REVENUES**

	<b>2010</b>
Public Health & Safety	\$6,419,086
Resource Management	744,000
Economic Development	1,380,110
Quality of Life	1,270,715
Customer Service & Communications	1,421,000
Strategic Partnerships	325,000
<b>DEDICATED REVENUE</b>	<b>\$11,559,911</b>
Revenue Projection	58,138,533
<b>UNDEDICATED REVENUE</b>	<b>\$46,578,622</b>

This demonstrates that about 20% of General Government revenue is either dedicated to or generated by certain operations.

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

- 2010 revenue projection is \$12,610,000 – \$185,000 or approximately 1.5% more than the 2009 year-end estimate of \$12,425,000.

Up until 2009, the City was experiencing modest growth over the rate of inflation in this revenue source. The adopted budget for sales tax was \$13,927,830 for 2009, which was a modest 1.5% growth rate over 2008. (Through September, 2008, sales tax was still up year-over-year by over 4%). The economic downturn hit this major revenue source in October of 2008, and as of September 2009, it was down about (9%) from 2008 year-to-date actuals. The 2009 year-end estimate of \$12,425,000 is about \$1.3 million (9.4%) less than 2008 actual, and is slightly less than actual collections for 2006.

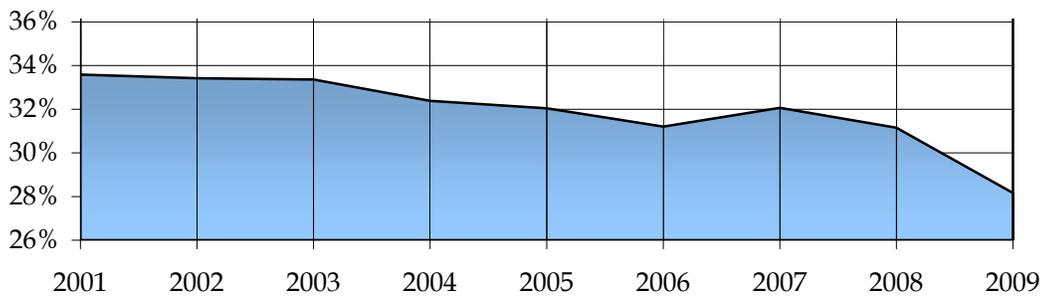
The country is now entering its 22nd month of a recession that began in December, 2007. Although there are no predictions of a quick recovery, many economists agree that there are some leading signs that indicate the downward trends in the economy are slowing, so there is a chance of stabilization in the near future. The City is cautiously predicting a slight increase in sales tax of \$185,000 or 1.5% in 2010, which will bring this critical revenue source to \$12,610,000, virtually matching the 2006 actual level.

Streamlined Sales Tax legislation which changed the taxable sales event from origin to destination took effect in July, 2008. Although this drastically affected sales tax receipts in many cities across the state, Yakima experienced just a slight increase in net sales from this legislative change.

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 Section IV for more information.)

The following chart identifies Yakima’s sales tax revenues as they relate to the total General Fund operating revenues (excluding inter-fund 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 2009 estimate reflects an expected deceleration in the sales tax growth rate, due to economic conditions.

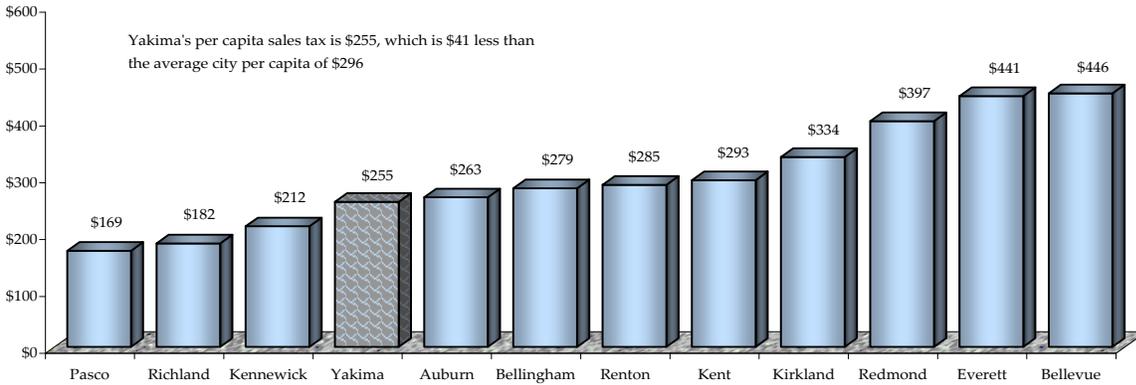
**PERCENT OF SALES TAX  
COMPARED TO OPERATING REVENUE  
GENERAL FUND**



**COMPARISON OF PER CAPITA SALES TAX WITH OTHER WASHINGTON STATE CITIES**

The City’s sales tax per capita is compared with 11 other similar sized cities throughout the State (see the following chart). The data shown was compiled from the State Auditor’s Office statistics, and is the most recent data available. Although sales tax revenue is the City’s largest single source of General Government revenue, the City’s collections are the fourth lowest out of the 12 comparable cities. The City of Yakima’s per capita sales tax is \$255, lower than 8 of the cities compared.

**2008 PER CAPITA SALES & USE TAXES <sup>(1)</sup>**  
**COMPARABLE CITIES BETWEEN 45,000 AND 120,000 IN POPULATION**  
 (rounded to the closest dollar)



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

**CRIMINAL JUSTICE SALES TAX**

**0.1% Sales Tax** – A special 0.1% Criminal Justice Sales Tax was 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. For 2010 the General Fund is proposed to receive the full amount of the City's share of these sales tax revenues; these revenues are restricted to providing criminal justice related services and are allocated based on operating vs. capital needs.

This tax is expected to generate \$960,000 for the City in 2010 and is allocated in the City's budget forecast as noted in the following chart.

**0.1% CRIMINAL JUSTICE SALES TAX**

<u>FUND</u>	<u>2008 ACTUAL</u>	<u>2009 YEAR-END ESTIMATE</u>	<u>2010 BUDGET FORECAST</u>
General Fund	\$929,067	\$927,000	\$960,000
Law and Justice Capital	73,500	33,000	0
<b>TOTAL</b>	<b>\$1,002,567</b>	<b>\$960,000</b>	<b>\$960,000</b>

Since population is a component of the tax distribution, annexations have a positive influence on this revenue. This tax revenue is affected by the same regional economic factors that affect the General Sales Tax revenue, as outlined above.

**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 \$1,850,300 in 2010, and is allocated in accordance with the following chart.

**0.3% CRIMINAL JUSTICE SALES TAX**

<b>FUND</b>	<b>2008 ACTUAL</b>	<b>2009</b>	<b>2010</b>
		<b>YEAR-END ESTIMATE</b>	<b>BUDGET FORECAST</b>
General Fund (for Criminal Justice Expenditures)	\$1,676,175	\$1,674,000	\$1,682,000
Public Safety Communications	152,250	143,300	143,300
Law and Justice Capital	73,500	33,000	25,000
<b>TOTAL</b>	<b>\$1,901,925</b>	<b>\$1,850,300</b>	<b>\$1,850,300</b>

Exhibit III contains a summary of how these funds have been spent since inception of the tax revenue in June, 2005.

**PROPERTY TAX**

Property tax provides approximately 24.1% of all General Government revenue in the 2010 budget. The 2010 projection includes no increase in the base property tax levy, plus a conservative 1% growth factor for new construction. There were no major annexations that occurred in 2009.

The 2010 request complies with the levy limit restrictions contained in Initiative 747 and reaffirmed by the state legislators in 2007; limiting property tax levy increases to the maximum of 1% or the rate of inflation, whichever is less. (Note: the initiative defines the rate of inflation as measured by the Implicit Price Deflator for consumer goods). Under the initiative, the City could increase the levy by more than 1% if approved by the majority of voters.

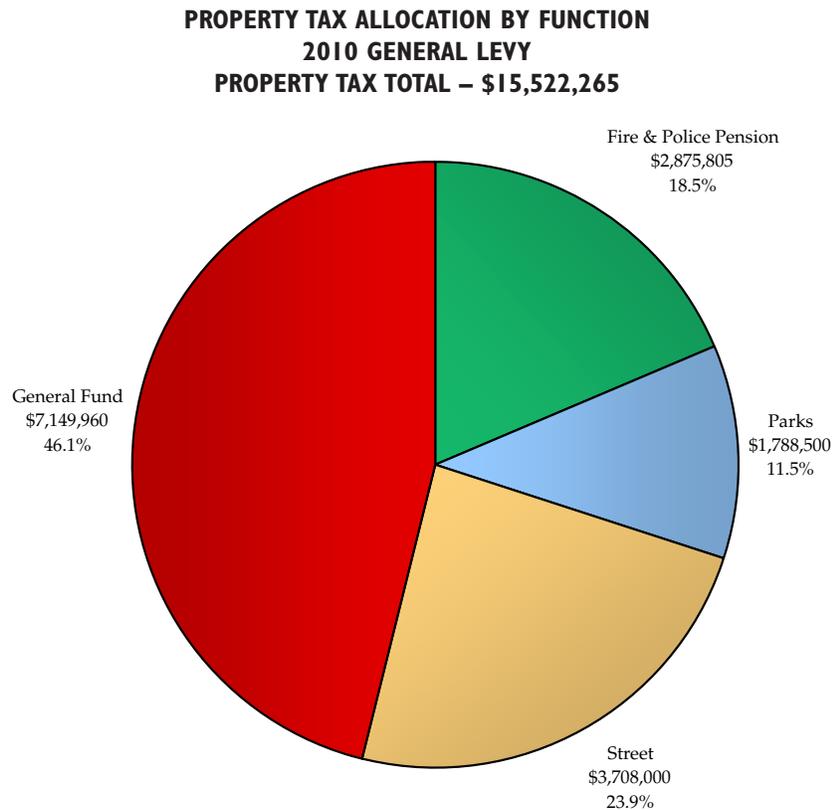
Even though the 2010 budget as currently proposed is built assuming no increase in the base property tax levy, the current rate of inflation used to calculate the “limit” is a negative (0.848%). In past years, the effective limit has been the 1% maximum, as the inflation rate has been substantially more than 1%. A provision in the law is that Council can approve a levy limit greater than inflation, up to the 1% maximum, if they declare a “substantial need” with a super-majority vote. In this peculiar case, with the inflation rate being negative, the Council will need to declare “substantial need” just to maintain last year’s levy with no change. If a super-majority for “no change” is not achieved, the levy would be reduced.

Although property tax growth has been effectively curtailed by I-747, there is a new initiative on the November ballot (I-1033) that would extend the limit to offset any gains in most other general government revenues to the rate of inflation and population growth. This could severely restrict general government resources and related services into the future.

As a point of clarification, the property tax levy restriction limits the change in the dollars levied (1% would generate about \$155,000 for 2010) - 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.

The following graph depicts the 2010 budgeted allocation of the City’s property tax revenues.



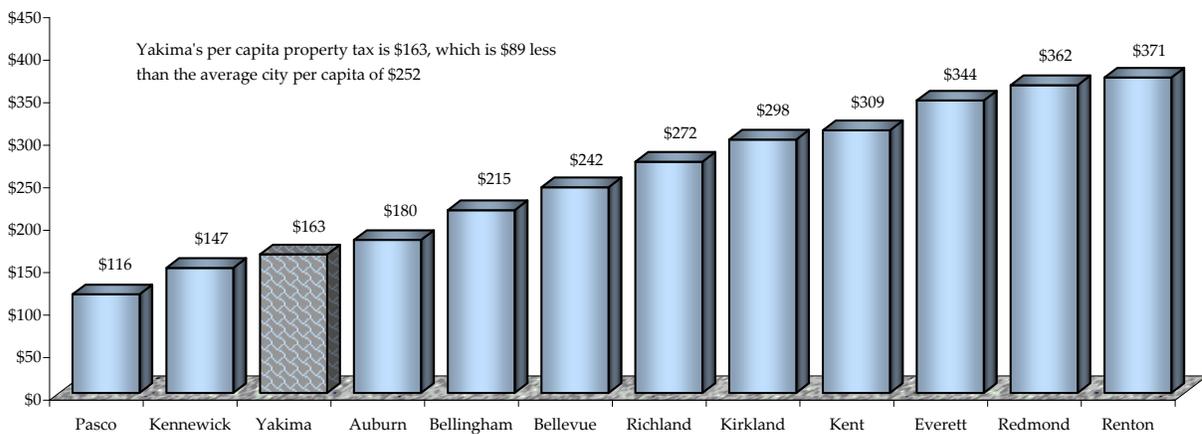
**2010 PROPOSED  
GENERAL PROPERTY TAX LEVY**

	<b>2008 ACTUAL</b>	<b>2009 AMENDED BUDGET</b>	<b>2009 ESTIMATED</b>	<b>2010 BUDGET FORECAST</b>	<b>2009 Est. vs. 2010 BUDGET</b>
General	\$7,437,787	\$7,726,000	\$8,007,000	\$8,523,000	6.4%
Parks & Recreation	1,800,000	1,800,000	1,623,500	1,788,500	10.2%
Street & Traffic	4,220,202	4,314,000	4,209,000	3,708,000	(11.9%)
<b>SUB-TOTAL GENERAL GOVERNMENT</b>	<b>13,457,989</b>	<b>13,840,000</b>	<b>13,839,500</b>	<b>14,019,500</b>	<b>1.3%</b>
Fire Pension	1,551,730	1,532,765	1,532,765	1,502,765	(2.0%)
<b>TOTAL</b>	<b>\$15,009,719</b>	<b>\$15,372,765</b>	<b>\$15,372,265</b>	<b>\$15,522,265</b>	<b>1.0%</b>

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

The City has compiled data from the State Auditor’s Office that identifies per capita property tax for comparable cities throughout the State. The following chart compares the City’s per capita property tax income for 2008. It shows the City of Yakima’s property tax per capita is \$163, which is \$89 less than the average of all the comparable cities. Yakima ranks third lowest in tax per capita of the 12 comparable cities.

**2008 PER CAPITA PROPERTY TAXES <sup>(1)</sup>**  
**COMPARABLE CITIES BETWEEN 45,000 AND 120,000 IN POPULATION**  
 (rounded to the closest dollar)



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

**FRANCHISE AND UTILITY TAXES**

Franchise and utility taxes are collectively the third largest category of General Government revenues. They comprise 21.2% of 2010 projected General Government revenues and 25.3% of projected 2010 General Fund Revenues.

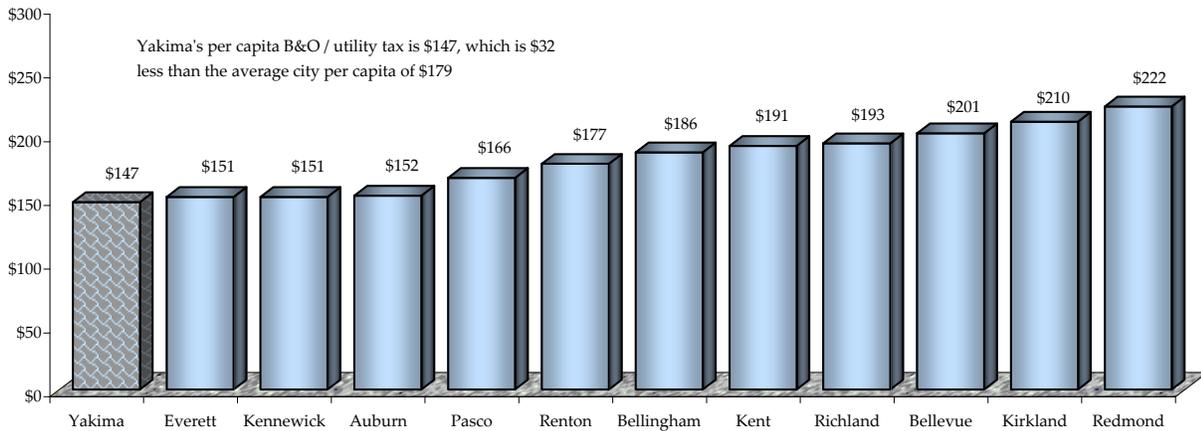
- 2010 projection is \$12,316,100 – \$308,100 or 2.6% above the 2009 year-end estimate of \$12,008,000.

These revenues are largely a function of weather conditions and utility rates in the Valley. In 2009, gas utility taxes grew at 28.0% and electric utility taxes grew 8.0% over 2008 actual due to rate increases, full year results of prior year annexation and greater weather extremes. Increases in both of these sources have been conservatively budgeted in 2010. Franchise and utility taxes combined are the only major revenue source keeping pace with the rate of inflation, primarily because of the growth in customers resulting from recent annexations and rate increases implemented by utility providers. (See constant dollar chart later in this section)

### BUSINESS AND OCCUPATION TAX AND BUSINESS LICENSE FEES

The following chart represents Business License Fees, Business and Occupation (B & O) tax, and Utility taxes on private and public utilities. (Note: Yakima does not impose a general-purpose business and occupation tax, which is generally charged on the gross volume of sales.) Yakima's \$147 per capita B & O/Utility Tax ranks the lowest of the twelve cities in this comparison. This is \$32 below the \$179 average per capita revenue.

**2008 PER CAPITA B & O / UTILITY TAXES <sup>(1)</sup>**  
**COMPARABLE CITIES BETWEEN 45,000 AND 120,000 IN POPULATION**  
(rounded to the closest dollar)



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

### 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 (about half), are fees paid by other City funds for General Fund services (legal, administration, purchasing, etc.); more than half of the 2010 increase is due to the start up of the new stormwater utility funded street sweeping program, proposed to be \$200,000 in 2010.

- 2010 projection is \$6,068,805. This is a 5.9% or \$337,035 increase from the 2009 estimate.

### STATE-SHARED REVENUE

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

- 2010 projection for all revenues within this category is \$3,003,100; an increase of \$23,144 from the 2009 year-end estimate of \$2,979,956. This revenue has been flat from 2008 through 2010. Although the State has had its own revenue shortfalls, the legislature recognized the importance of services provided by local government and did not cut these distributions. The year-end estimate reflects a full year receipt for Criminal Justice High Crime. The pool of high crime cities is reset in July, and even

though the City cannot guarantee it will be in that pool of cities, the 2010 budget assumes the continuation of this revenue at 2009 levels.

- Liquor excise and liquor profits taxes are budgeted at \$1,100,000 for 2010 – \$120,000 above the 2009 year-end estimate of \$980,000.
- Gas Tax in the Street Fund is budgeted at \$1,200,000, the same as the 2009 year-end estimate (but still less than 2008 actual levels.) This tax is calculated by the State using population figures as published by the Office of Financial Management (OFM). Since its base is a per gallon tax, the super-inflation in gas prices coupled with the economic downturn reduced this tax that is dedicated to street maintenance.

### **FINES AND FORFEITURES**

These revenues come primarily from criminal fines and non-criminal penalties assessed in the City of Yakima's Municipal Court, and parking violations. This revenue category is conservatively budgeted at \$1,776,900 for 2010.

### **OTHER TAXES**

This category includes Business Licenses, Gambling Taxes and County Road Tax from annexation. The 2010 projection is \$1,518,200, down 0.8% or \$12,750 virtually the same as the 2009 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 2010, \$2,371,920 is expected to be generated in this category, a slight increase from the 2009 year end estimate of \$2,349,399.

The largest revenue sources in this category include:

- Interest income – 2010 projection is \$810,000.
- Operating transfer from other funds – 2010 projection is \$1,197,000 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 2010 budget of \$1,177,008 is down \$395,408 or 25.2% from the 2009 estimate (but back to 2008 levels) because of a spike in Federal grant programs completed in 2009. The new Federal stimulus grant for additional Police officers will be accounted for in a new fund because of the stringent reporting requirements.

## LICENSES AND PERMITS

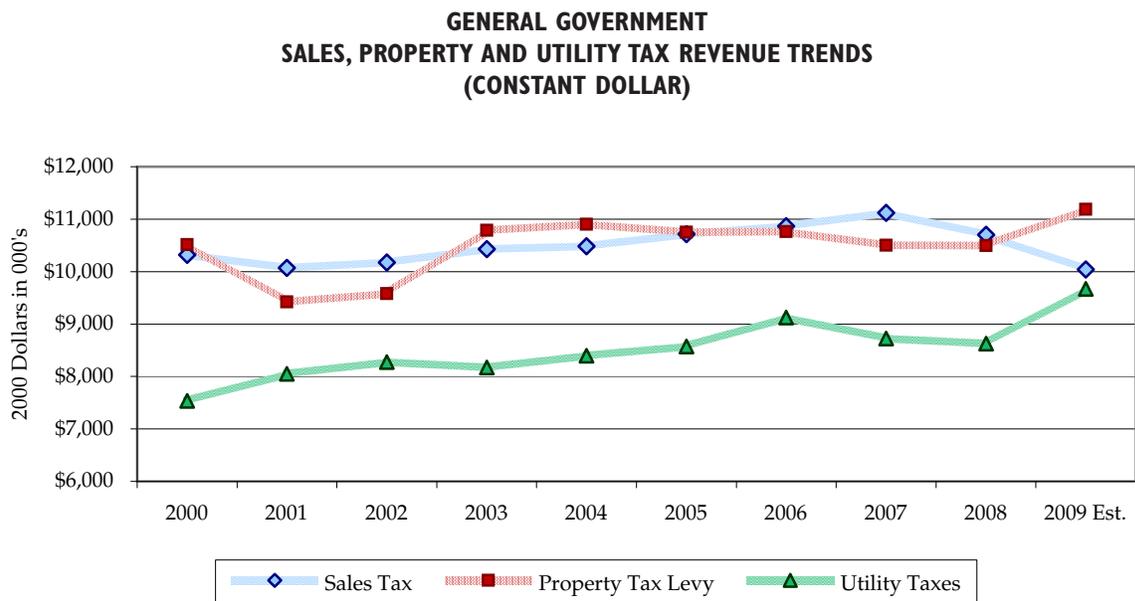
The 2010 budget is \$635,000, 2.4% or \$14,600 more than the 2009 year-end estimate of \$620,400. The increase is minimal due to challenges currently being faced in the building industry in general as a result of contraction in the new home market and turmoil in the credit markets.

## REVENUE TRENDS – OVERVIEW

- Based on 2010 budgeted revenues and expenditures, the General Government funds will again be relying on reserves to maintain a balanced budget.

The minimal increase in General Government revenues is reflective of an economy confronted with high unemployment and low median income, with limited growth in elastic revenues and existing tax limitations.

The following chart depicts trends over the past nine years (in 2000 Constant Dollars) in sales, property and utility tax revenues; the City's three largest General Government revenue sources. Sales tax exhibited consistent losses from 1999 through 2002. The City boundaries were expanded by a major annexation in 2002, which resulted in some rebound of this revenue source. In 2005, 2006 and 2007 Sales tax performed better due to the transitory effects of new construction spurred by low interest rates, however, sales tax fell in 2008 and 2009 as a result of the recession. With the passage of Initiative 747, property tax levy growth has been constrained to 1%, which is generally below inflation, although the chart does show an increase in 2003 as a result of the annexation, which brings its constant dollar value back to 2000 levels. The constant dollar trend for utility taxes is the only General Government revenue source keeping pace with inflation. This means two of the three major General Government resources are not keeping pace with inflation, even after realizing the growth in tax base from major annexation areas.



## **GENERAL GOVERNMENT RESOURCE COMPARISON**

### **GENERAL FUND**

- 2010 projected beginning balance is \$4,207,894 – down \$2,590,837 from the 2009 beginning balance of \$6,798,731.
- 2010 projected revenue is \$48,655,738 – \$897,958 or 1.9% over the 2009 year-end estimate. This increase is due mostly to sales and utility tax growth. Other smaller revenue sources showed modest growth as well.

### **PARKS AND RECREATION FUND**

- 2010 projected beginning balance is \$279,477 – \$171,879 or 38.1% under the 2009 beginning balance of \$451,356. For 2010, Parks did not rely on reserves to balance its budget, to comply with the new “Priorities of Government” model that allocates use of reserves to Public Safety.
- 2010 projected revenue is \$4,248,985 – \$171,068 or 4.2% over the 2009 year-end estimate. This is mainly due to the change in property tax allocation and an increase in the city utility tax because of scheduled rate adjustments in City utilities.

### **STREET FUND**

- 2010 projected beginning balance is \$1,260,353 – \$112,298 or 8.2% under the 2009 year-end estimate, due mostly to reductions in gas tax revenue below budgeted amounts.
- 2010 projected revenue is \$5,233,810 – \$340,584 or 6.1% under the 2009 year-end estimate. The property tax revenue allocation is reduced 11.9% to meet the resource allocation targets of the “Priorities of Government” model.

*Total General Government Revenues for 2009 are estimated to be about .04% less than 2008 actual revenues.*

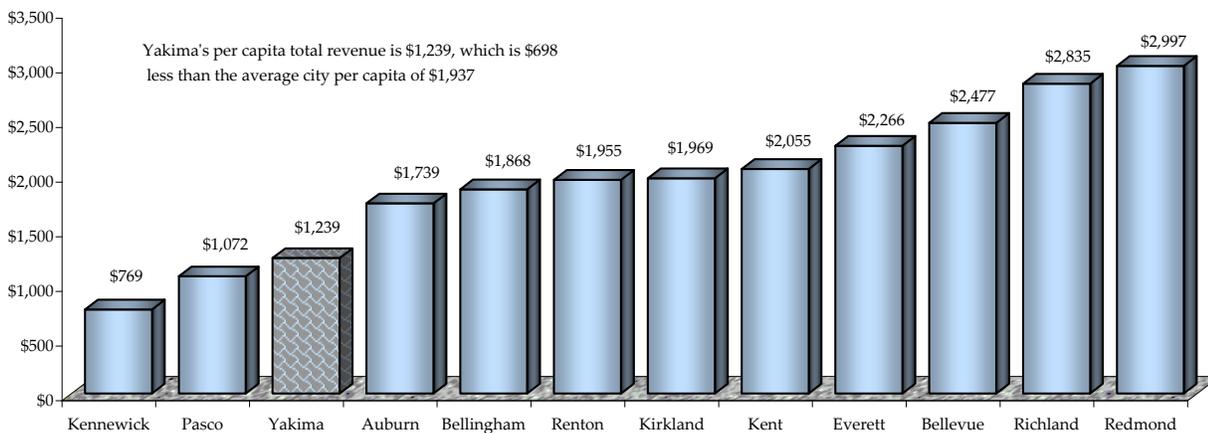
*Total General Government Revenues for 2010 are projected to increase by only 1.3% over 2009 estimates.*

**GENERAL GOVERNMENT  
THREE YEAR RESOURCE COMPARISON**

	<b>2008 ACTUAL RESOURCES</b>	<b>2009 YEAR-END ESTIMATED RESOURCES</b>	<b>2009 VS. 2008 % CHANGE</b>	<b>2010 BUDGET FORECAST RESOURCES</b>	<b>2010 VS. 2009 % CHANGE</b>
General Fund Revenue	\$47,450,685	\$47,757,780	0.6%	\$48,655,738	1.9%
General Fund Beg Balance	6,250,708	6,798,731	8.8%	4,207,894	(38.1%)
Total General Fund Revenue	53,701,393	54,556,511	1.6%	52,863,632	(3.1%)
Parks & Recreation	4,176,409	4,077,917	(2.4%)	4,248,985	4.2%
Parks Beg Balance	549,439	451,356	(17.9%)	279,477	(38.1%)
Total Parks	4,725,848	4,529,273	(4.2%)	4,528,462	0.0%
Street & Traffic Fund Revenue	5,808,278	5,574,394	(4.0%)	5,233,810	(6.1%)
Street & Traffic Beg Balance	1,386,068	1,372,651	(1.0%)	1,260,353	(8.2%)
Total Street & Traffic	7,194,346	6,947,045	(3.4%)	6,494,163	(6.5%)
Total Revenue	57,435,372	57,410,091	0.0%	58,138,533	1.3%
Total Beginning Balance	8,186,215	8,622,738	5.3%	5,747,724	(33.3%)
Total General Government	<u>\$65,621,587</u>	<u>\$66,032,829</u>	0.6%	<u>\$63,886,257</u>	(3.3%)

The largest revenue source for the General Government Funds is sales tax. Yakima is in the lower half of per capita sales tax compared with similar cities in the State. However, Yakima is also in the lower 1/3 of rankings in all other revenue comparisons per capita and is the third lowest out of the twelve cities compared in combined per capita revenue. Yakima's \$1,239 per capita taxes is \$698 below the average of \$1,937 based on 2008 actual data, as demonstrated in the chart below. The most important conclusion from this analysis is that the City of Yakima has a very limited revenue/tax base compared with most cities of its size in the state, and yet provides similar or enhanced services and programs to its citizens.

**2008 PER CAPITA TOTAL REVENUES <sup>(1)</sup>**  
**COMPARABLE CITIES BETWEEN 45,000 AND 120,000 IN POPULATION**  
 (rounded to the closest dollar)



(1) Data compiled from the State Auditor's Local Government Comparative Statistics. Includes state and federal grants, taxes and charges for services, and excludes debt proceeds.

**GENERAL GOVERNMENT RESOURCES BY MAJOR CATEGORY**

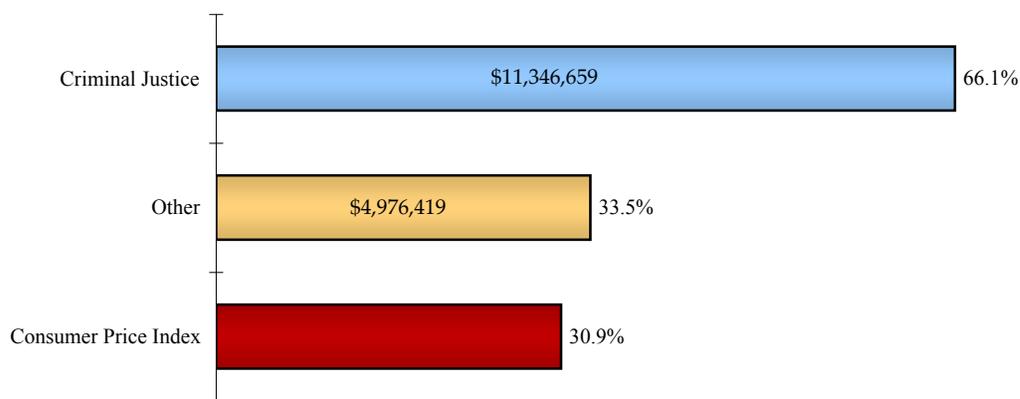
	<b>2007 ACTUAL 1</b>	<b>2008 ACTUAL 2</b>	<b>2009 AMENDED BUDGET 3</b>	<b>2009 YEAR-END ESTIMATE 4</b>	<b>2010 FORECAST BUDGET 5</b>	<b>2010 % CHANGE F/ 2009 Est. 4-5</b>
<b>GENERAL FUND</b>						
Property Tax	\$6,820,513	\$7,437,787	\$7,726,000	\$8,007,000	\$8,523,000	6.4%
Sales Tax	13,423,269	13,719,058	13,927,830	12,425,000	12,610,000	1.5%
Criminal Justice Sales Tax	2,378,160	2,605,242	2,703,600	2,601,000	2,642,000	1.6%
Franchise Tax	42,079	40,245	47,586	42,000	42,000	0.0%
Utility Tax	10,492,461	11,059,750	11,615,130	11,966,000	12,274,100	2.6%
Other Taxes	1,505,176	1,490,032	1,482,200	1,518,200	1,518,200	0.0%
Licenses and Permits	982,084	993,122	814,000	620,400	635,000	2.4%
Intergovernmental Revenue	2,500,346	2,664,042	2,908,767	3,149,672	2,832,408	(10.1%)
Charges for Services	4,422,803	4,808,037	4,880,680	4,754,303	4,906,680	3.2%
Fines and Forfeitures	1,420,275	1,582,815	1,632,900	1,751,700	1,776,900	1.4%
Miscellaneous Revenue	974,240	1,010,088	925,200	881,505	854,450	(3.1%)
Other Financing Sources	14,947	467	1,000	1,000	1,000	0.0%
Transfers From Other Funds	40,000	40,000	40,000	40,000	40,000	0.0%
<b>TOTAL REVENUE</b>	<b>\$45,016,353</b>	<b>\$47,450,685</b>	<b>\$48,704,893</b>	<b>\$47,757,780</b>	<b>\$48,655,738</b>	<b>1.9%</b>
Beginning Fund Balance	5,439,857	6,250,708	6,798,731	6,798,731	4,207,894	(38.1%)
<b>TOTAL GENERAL FUND</b>	<b>\$50,456,210</b>	<b>\$53,701,393</b>	<b>\$55,503,624</b>	<b>\$54,556,511</b>	<b>\$52,863,632</b>	<b>(3.1%)</b>
<b>PARKS &amp; RECREATION FUND</b>						
Property Tax	\$1,938,000	\$1,800,000	\$1,800,000	\$1,623,500	\$1,788,500	10.2%
Intergovernmental Revenue	167,291	153,252	180,200	172,700	147,700	(14.5%)
Charges for Services	860,125	886,086	934,265	950,497	946,365	(0.4%)
Miscellaneous Revenues	185,775	251,578	200,920	202,220	194,420	(3.9%)
Other Financing Sources	62,248	39,134	55,000	55,000	55,000	0.0%
Transfers From Other Funds	1,015,626	1,046,359	1,074,000	1,074,000	1,117,000	4.0%
<b>TOTAL REVENUE</b>	<b>\$4,229,065</b>	<b>\$4,176,409</b>	<b>\$4,244,385</b>	<b>\$4,077,917</b>	<b>\$4,248,985</b>	<b>4.2%</b>
Beginning Fund Balance	431,031	549,439	451,356	451,356	\$279,477	(38.1%)
<b>TOTAL PARKS &amp; RECREATION FUND</b>	<b>\$4,660,096</b>	<b>\$4,725,848</b>	<b>\$4,695,741</b>	<b>\$4,529,273</b>	<b>4,528,462</b>	<b>(0.0%)</b>
<b>STREET AND TRAFFIC OPERATIONS FUND</b>						
Property Tax	\$3,920,202	\$4,220,202	\$4,314,000	\$4,209,000	\$3,708,000	(11.9%)
County Road Tax	161,316	9,260	0	12,750	0	(100.0%)
Fuel Tax Street	1,374,901	1,306,335	1,350,000	1,200,000	1,200,000	0.0%
Other Intergovernmental	14,396	91,834	0	30,000	0	(100.0%)
Charges for Services	77,227	35,274	15,760	26,970	215,760	700.0%
Miscellaneous Revenue	57,244	62,317	60,050	20,064	20,050	(0.1%)
Other Financing Sources	68,412	83,055	0	50,610	50,000	(1.2%)
Transfers From Other Funds	0	0	25,000	25,000	40,000	60.0%
<b>TOTAL REVENUE</b>	<b>\$5,673,698</b>	<b>\$5,808,277</b>	<b>\$5,764,810</b>	<b>\$5,574,394</b>	<b>\$5,233,810</b>	<b>(6.1%)</b>
Beginning Fund Balance	1,064,220	1,386,069	1,372,651	1,372,651	1,260,353	(8.2%)
<b>TOTAL STREET &amp; TRAFFIC OPERATIONS FUND</b>	<b>\$6,737,918</b>	<b>\$7,194,346</b>	<b>\$7,137,461</b>	<b>\$6,947,045</b>	<b>\$6,494,163</b>	<b>(6.5%)</b>
<b>TOTAL GENERAL GOVERNMENT</b>	<b>\$61,854,224</b>	<b>\$65,621,587</b>	<b>\$67,336,826</b>	<b>\$66,032,829</b>	<b>\$63,886,257</b>	<b>(3.3%)</b>
<b>TOTAL REVENUE</b>	<b>\$54,919,116</b>	<b>\$57,435,371</b>	<b>\$58,714,088</b>	<b>\$57,410,091</b>	<b>\$58,138,533</b>	<b>1.3%</b>
Total Beginning Fund Balance	6,935,108	8,186,216	8,622,738	8,622,738	5,747,724	(33.3%)
<b>TOTAL RESOURCES</b>	<b>61,854,224</b>	<b>65,621,587</b>	<b>67,336,826</b>	<b>66,032,829</b>	<b>63,886,257</b>	<b>(3.3%)</b>

## **GENERAL GOVERNMENT: EXPENDITURE TRENDS**

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 2000 to 2010.

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 to remain within available resources. See Exhibit III for more information.

**PERCENTAGE INCREASE OF CRIMINAL JUSTICE COSTS  
VS. OTHER GENERAL GOVERNMENT FUNCTIONS AND CPI  
2000 BUDGET TO 2010 BUDGET**



Criminal Justice includes Police Operations; Pensions; Public Safety Communications; Jail Costs/Security; District and Municipal Court; Prosecution and Indigent Defense; and 40% of Information Systems.

Cumulatively, over the past ten years Criminal Justice budgets have increased 66%. By comparison, all other General Government expenses have increased by only 33.5%. During this same ten-year period the Seattle-Tacoma Consumer Price Index increased by 30.9%. Criminal justice cost increases are nearly 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 loss of MVET in 2000 and caps on Property Tax Levies, 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 2008, 2009 estimate and 2010 budget). The .3% Criminal Justice Sales Tax has helped in addressing some of the issues, but Cities only get 40% of the collected tax, Yakima County gets the other 60%.

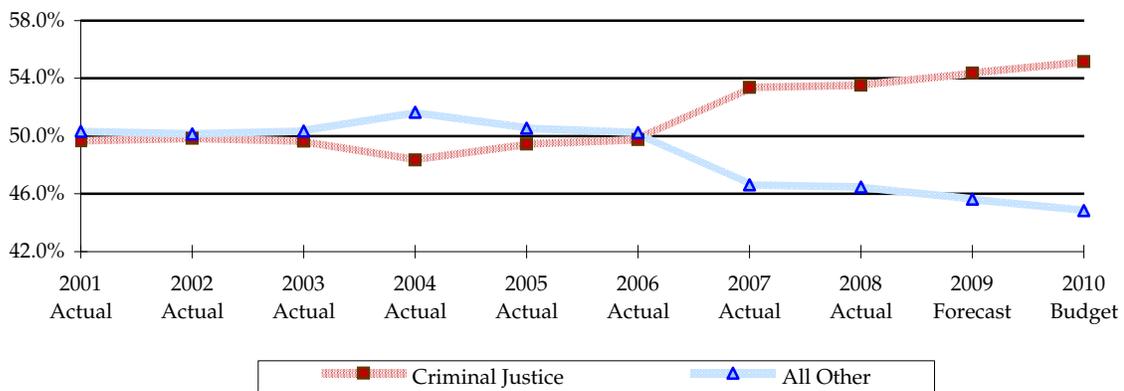
In reviewing the following chart and graph, it should be noted that it includes only General Fund expenditures on criminal justice. Another \$1,071,000 is budgeted in the Law and Justice Capital Fund, (not a General Government fund). Also good to review is the Criminal Justice Expenditures as a Percentage 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 pro-active anti-crime unit. This ratio keeps spreading as the Police Department has been successful in obtaining grants in recent years.

**SCHEDULE OF CRIMINAL JUSTICE EXPENDITURES  
FOR THE YEARS ENDED DECEMBER 31, 2008 THRU 2010 FORECAST**

DESCRIPTION	2008	2009	2010	% CHANGE
	ACTUAL	ESTIMATE	FORECAST	2010 FROM 2009
Police Operations & Administration	\$17,616,848	\$18,662,347	\$18,930,338	1.4%
Outside/Inside Jail Costs	3,286,127	4,203,732	4,178,611	(0.6%)
District Court/Municipal Court & Probation	1,229,520	1,341,196	1,264,570	(5.7%)
Prosecution Costs/Indigent Defense	1,107,061	1,221,039	1,249,331	2.3%
Other Related Expenses				
Police Pension	1,279,173	1,352,146	1,373,040	1.5%
Emergency Dispatch Transfer	440,000	440,000	425,000	(3.4%)
Transfer-Law & Justice Center <sup>(1)</sup>	149,480	153,500	161,000	4.9%
Other Related Expenses Total	1,868,653	1,945,646	1,959,040	0.7%
<b>GRAND TOTAL</b>	<b>\$25,108,209</b>	<b>\$27,373,960</b>	<b>\$27,581,890</b>	<b>0.8%</b>

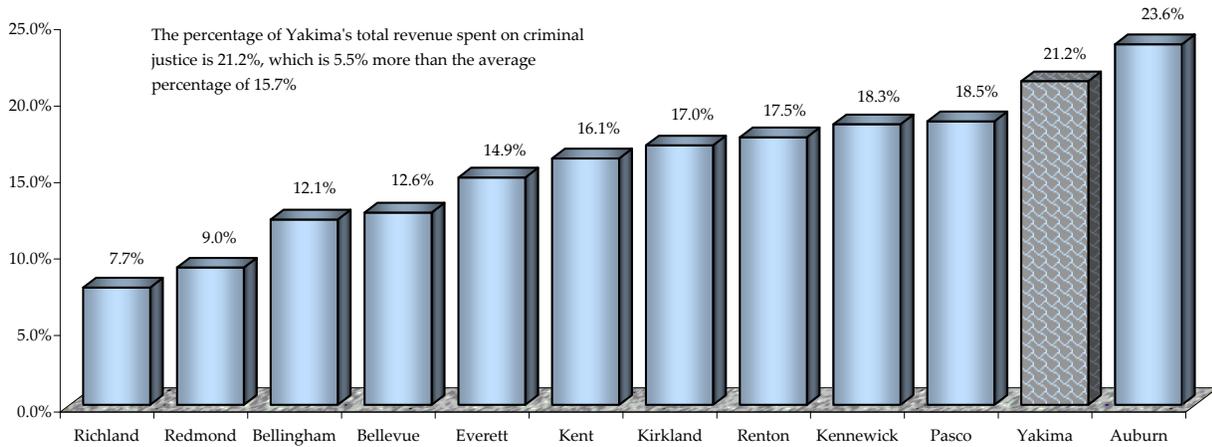
(1) Utility Tax transfer from General Fund.

**CRIMINAL JUSTICE EXPENDITURES AS A PERCENTAGE OF TOTAL GENERAL FUND**



The following chart compares per capita criminal justice expenditures with comparable cities based on 2008 data. Yakima has the second highest per capita percentage of revenue spent on Criminal Justice among the 12 comparable cities; Yakima has been first for the last five out of nine years.

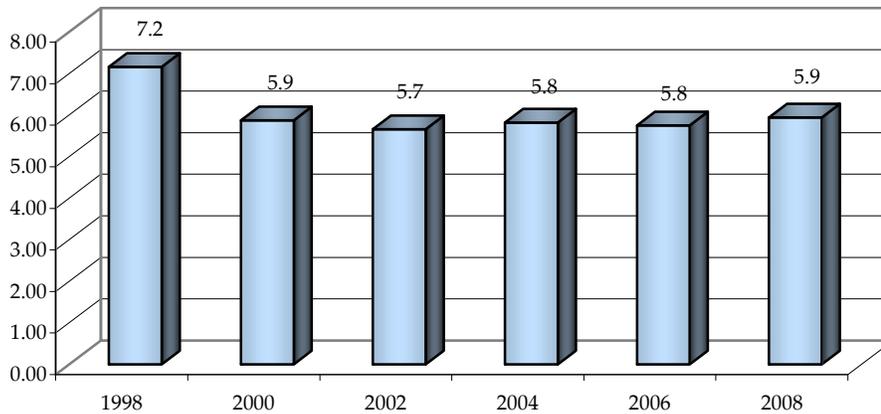
**PERCENT OF PER CAPITA TOTAL REVENUE SPENT ON CRIMINAL JUSTICE IN 2008 <sup>(1)</sup>**  
**COMPARABLE CITIES BETWEEN 45,000 AND 120,000 IN POPULATION**  
 (rounded to the closest dollar)



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

The following chart depicts City-wide staffing levels per 1,000 population.

**GENERAL GOVERNMENT BUDGETED POSITIONS COMPARISONS <sup>(1)</sup>**  
**FOR THE LAST TEN YEARS**



	1998	2000	2002	2004	2006	2008
Number of General Gov’t. Employees	460.4	429.1	447.4	462.3	476.7	497.3
Employees Per Capita	7.2	5.9	5.7	5.8	5.8	5.9
Square Miles	19.3	19.3	24.1	24.2	25.9	27.6
Population	64,290	73,040	79,120	79,480	82,867	83,731

(1) Does not include temporary employees (number of employees are stated in Full-Time Equivalents).

There are 5 major events that have had significant effect on City Staffing levels:

1. City population has increased 19,441 from 1998 to 2008, or 30%.
2. In 2000 33.21 positions were deleted as a cost containment measure associated with the City's loss of MVET Revenue.
3. 2002 through 2004 36.35 FTE's were added in Police, Fire and Streets to support services to a large newly annexed area.
4. 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.
5. 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, and 4 positions were added because of Public Safety grants.

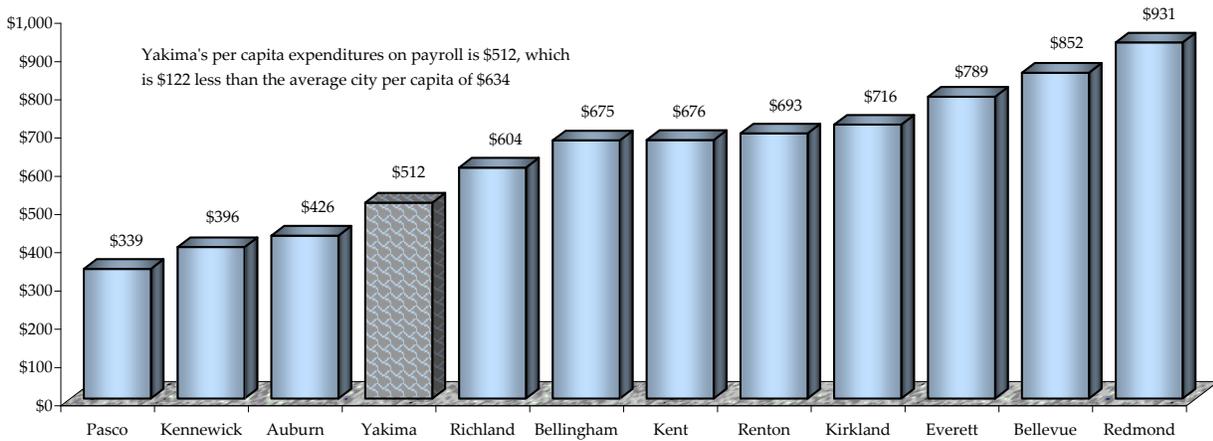
It should be noted that only a net of 47 new FTE positions have been added since 1998, only 10.5% over the past 10 years. Most of these additions were either in response to criminal justice issues, annexations, or both. This is reflective of the next chart on per capita expenditures on payroll, where Yakima is fourth from the bottom of the comparable cities.

**The 2010 budget has a net reduction of over 23 positions proposed in response to the current economic recession. This will reduce the ratio to less than 5.6 employees per 1,000 population, the lowest rate in over a decade.**

#### **SALARY AND BENEFIT COSTS**

The following graph is based on information gathered by the State Auditor's Office. It identifies the per capita salary costs. This analysis indicates that the City of Yakima spends, on the average, \$122 less per capita on salaries than other comparable cities. Yakima employs fewer people per capita than 8 other cities. To maintain levels of service during periods of peak workload demands, the City uses contract and temporary labor when possible.

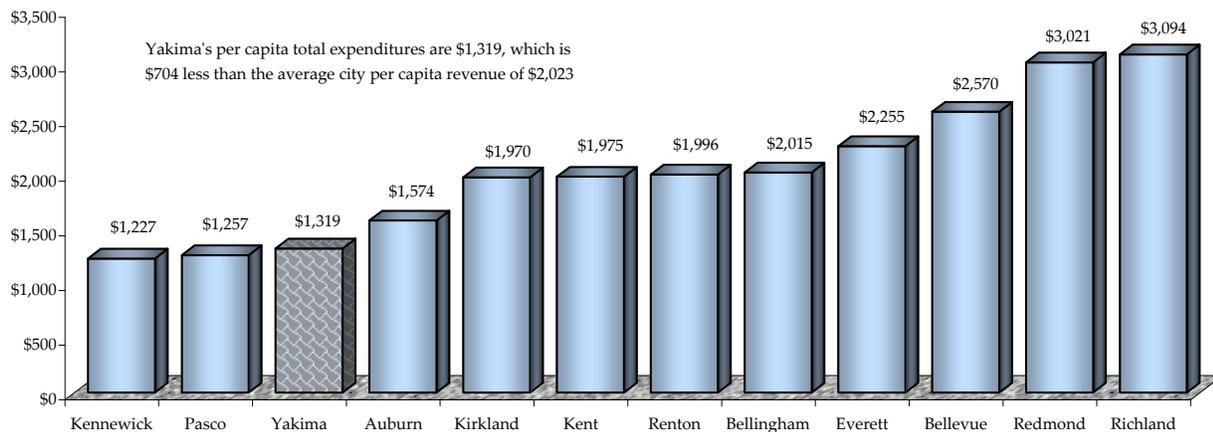
**2008 PER CAPITA EXPENDITURES ON PAYROLL <sup>(1)</sup>**  
**COMPARABLE CITIES BETWEEN 45,000 AND 120,000 IN POPULATION**  
 (rounded to the closest dollar)



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

Finally, total City expenditures per capita are the third lowest of the 12 cities compared, \$704 below the average. Yakima does offer full services (i.e. Police, Fire, Water, Wastewater, Irrigation, Refuse, and Transit) to its citizens. Even though we provide services that some other cities do not provide, we are still the third to last in cost per citizen, proving Yakima does "more with less" in delivering important services to our constituency.

**2008 PER CAPITA TOTAL CITY EXPENDITURES <sup>(1)</sup>**  
**COMPARABLE CITIES BETWEEN 45,000 AND 120,000 IN POPULATION**  
 (rounded to the closest dollar)



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

## GENERAL GOVERNMENT EXPENDITURE SUMMARY

The following chart illustrates that the total 2010 General Government budget is \$59,618,355, \$2,578,348 or 4.2% less than the 2009 amended budget of \$62,196,703.

### 2009 - 2010 GENERAL GOVERNMENT BUDGET

	<b>2009 AMENDED BUDGET</b>	<b>2009 Est. YEAR-END EXPENDITURES</b>	<b>2010 BUDGET FORECAST</b>	<b>-- CHANGE 2010 vs. 2009 -- -- PRELIMINARY vs. AMENDED --</b>	
				<b>DOLLARS</b>	<b>PERCENT</b>
General	\$51,744,327	\$50,348,617	\$50,007,298	(\$1,737,029)	(3.4%)
Parks & Recreation	4,377,543	4,249,796	4,232,014	(145,529)	(3.3%)
Street & Traffic Operations	6,074,833	5,686,692	5,379,043	(695,790)	(11.5%)
<b>TOTAL GENERAL GOVERNMENT</b>	<u>\$62,196,703</u>	<u>\$60,285,105</u>	<u>\$59,618,355</u>	<u>(\$2,578,348)</u>	<u>(4.2%)</u>

Section III that follows summarizes the budget reductions being proposed to bring the 2010 General Government Budget within available resources.



**DEPARTMENT INFORMATION**

**2010 GENERAL GOVERNMENT BUDGET  
PROPOSED DEPARTMENTAL ADJUSTMENTS**

<b>ELIGIBLE FOR REDUCTION</b>	<b>2009 AMENDED BUDGET</b>	<b>PERSONNEL REDUCTION</b>	<b>NON- PERSONNEL REDUCTION</b>	<b>TOTAL REDUCTIONS</b>	<b>% OF 2009 AMENDED BUDGET</b>
Police	\$23,378,366	\$226,000	\$217,500	\$443,500	1.9%
Fire	8,909,315	78,200	21,000	99,200	1.1%
Streets & Traffic Operations	6,074,833	367,700	337,900	705,600	11.6%
Parks	4,377,543	149,400	133,000	282,400	6.5%
Finance	4,733,957	65,200	550,666	615,866	13.0%
Community & Economic Development	4,367,307	556,700	64,900	621,600	14.2%
City Management	3,467,577	277,700	51,150	328,850	9.5%
Municipal Court	1,321,304	48,300	10,000	58,300	4.4%
Sub Total - Eligible Reductions	\$56,630,202	\$1,769,200	\$1,386,116	\$3,155,316*	5.6%
<b>EXEMPT FROM REDUCTION</b>					
Non-Discretionary / Mandated <sup>(1)</sup>					
State Examiner	\$103,000				
Indigent Defense	425,000				
Police Pension	1,403,957				
Probation	25,000				
Utility Services	1,225,468				
Sundome Debt Service	150,000				
District Court	1,800				
Transfers <sup>(2)</sup>	2,232,275				
Sub Total <sup>(3)</sup>	5,566,500				
<b>GRAND TOTAL</b>	<u><u>\$62,196,702</u></u>				

- (1) This category of Non-discretionary (mandated) represents functions that are required by law or by contract. Utility Services are included as an exemption because they are funded 100% by the utilities. Because of their nature, they are exempted from the reduction requirements.
- (2) Includes "double budgeted" items transferred from General fund to Other funds. The largest amount is the transfer of utility taxes to Parks & Recreation and Criminal Justice. The next largest is the transfer of a portion of telephone utility tax to Public Safety Communications to support Dispatch. The transfer to the contingency fund is included here as well as debt service on the ladder truck (issued in 2008).
- (3) The total of this category included in the 2010 budget is \$5,613,233, which is just \$46,733 or 0.8% greater than the 2009 amended budget.

**\* SUMMARY**

The 2010 proposed budget is just \$2.58 million less than the 2009 amended budget, while the identified budget reductions added to \$3.15 million. This is because almost \$600,000 represented growth in such budget areas as medical insurance, the Purchasing consolidation, and the cost of expanding the credit card / online payment program.

**DEPARTMENTAL INFORMATION - POLICE**

**POLICE**

ITEM #	DIVISION / SERVICE UNIT	PERSONNEL CHANGES		CAPITAL OUTLAY / MAINT / OP COSTS		NOTES
		DESCRIPTION	\$ COST REDUCTION	DESCRIPTION	\$ COST REDUCTION	
1	Records SU 114	Delete Police Svcs Specialist 1 (1 FTE) Vacant	\$45,000			Mid-year 2009 reduction
2	Records SU 114	Delete Police Svcs Specialist 1 (1 FTE) Vacant	\$46,400			
3	Records SU 114	Delete Police Svcs Specialist 1 (1 FTE) Filled	\$49,300			
4	Records SU 114	Delete Police Svcs Supervisor (upon retirement 2/28/10 1 FTE to be vacant (annual \$82,200)	\$68,500			
5	Records SU 114	Delete Police Svcs Supervisor (1 FTE) Filled	\$76,700			
6	Records SU 114	Delete all Temps in the Records Division	\$81,300			
7	Patrol SU 113	Transfer Police Officer to be funded by new Federal Grant 1 FTE Vacant	\$78,000			
8				Fuel Savings	\$90,000	Mid-year 2009 reduction
9	Spec. Ops SU 117	Eliminate Grant Related Overtime	\$140,800	Eliminate Grant Related Exp.:		
				Supplies	\$16,000	
				Professional Svcs	\$36,500	
				Travel/Training	\$5,000	
10	Admin. SU 119			Reduce Ammunition	\$10,000	Reduce frequency of target practice
11				Reduce Professional Svcs	\$35,000	Reduce Rangemaster; labor negotiation support

**POLICE (CONTINUED...)**

ITEM #	DIVISION / SERVICE UNIT	PERSONNEL CHANGES		CAPITAL OUTLAY / MAINT / OP COSTS		NOTES
		DESCRIPTION	\$ COST REDUCTION	DESCRIPTION	\$ COST REDUCTION	
12				Miscellaneous (registrations)	\$20,000	
13				Travel/Training 7.5% reduction	\$5,000	In accordance with City Managers directive
<b>TOTAL</b>			\$586,000		\$217,500	

<b>TOTAL POLICE REDUCTIONS</b>	(\$803,500)
<b>YPPA LABOR SETTLEMENT</b>	360,000
<b>NET CHANGE</b>	(\$443,500)

**MEMORANDUM**

September 30, 2009

To: Dick Zais, City Manager

From: Sam Granato, Chief of Police  
Kelly M. Rosenow, Deputy Chief of Police

Subject: 2010 Budget Alternatives

In 2010 the police department will experience a reduction in the number of non-sworn law enforcement positions and reductions in overtime, inmate housing costs, professional services, and general operating supplies/equipment.

The department will continue to emphasize community safety with the reduction of crime continuing to be a priority.

In our budget discussions with you, it was emphasized reductions should not affect the delivery of emergency services, and as such, sworn law enforcement personnel will not be reduced.

The effect of reductions in the police department will be in the area of non-emergency services, mostly in the area of the Services Division, especially in the Telephone Reporting Unit (TRU). As noted in this report, the department has already put into effect reductions in the hours of operation of TRU. This reduction in hours was necessary to ensure Services Division personnel had the ability to process case reports and complete data entry.

During 2010 it is expected the department will implement the Spillman Records Management System. While this is a priority, it is important to remember an implementation of a new Records Management System is very time consuming. It is anticipated the implementation will be conducted in phases, with priority being given to the CAD, Records Management, and Mobile Reporting. Mobile Reporting will allow for the officers to complete reports in the field, instead of completing reports in the station. It is anticipated this project which will require coordination of a Captain working in conjunction with the Services Division supervisors.

Once fully implemented the department should see a reduction in the amount of staffing hours it takes to enter and maintain the department's reports.

## **SUMMARY OF REDUCTIONS**

### **INMATE HOUSING - REDUCE JAIL DAYS TO OFFSET COUNTY RATE INCREASE**

In an effort to reduce inmate housing costs the department will endeavor to manage and monitor the housing costs in the various facilities. We will work to reduce inmate housing costs in various manners and with the development and implementation of new programs and ideas.

The reduction in housing of inmates cannot be accomplished by the police department alone. The Assistant City Manager, Municipal Court Judge, Municipal Prosecutor and the police department have studied various ways to reduce inmate housing. Mr. Zabell has renegotiated the Public Defenders Agreement, which allows the Public Defenders to appear at arraignments.

It is anticipated this should reduce inmate housing needs at YCDOC approximately \$150,000 to \$175,000 in 2010. We expect this will allow us to control and hold the cost of incarceration of inmates at the 2009 funding level. This is going to require the police department, court, and prosecutor's office to work cooperatively to continue the development of alternative inmate housing programs.

There are a number of alternative inmate housing programs the City of Yakima should continue research into their effectiveness. These include the following:

- Limited booking of misdemeanor inmates based on offense.

The practice of booking offenders who commit the crime of shoplifting under \$50.00 has been discussed. The alternative option is to cite and release the offender. The problem with this option is the message it sends to those who continue to commit this crime to support their habits. It also sends a negative message to the business community that the police are not going to help them.

Unfortunately, shoplifting is one of those crimes which falls low on the priority scale when it becomes necessary to reduce jail costs.

- Utilization of the CIT program offered by Comprehensive Mental Health.

This program allows for the officer to book a mentally disturbed person in an alternative housing facility in lieu of booking them at the Yakima County Department of Corrections. This will be a cost savings to the city not only in the housing costs, but also in medical costs. This program is being piloted in 2009 to determine effectiveness.

- Decriminalize certain offenses.

The decriminalization of certain misdemeanor offenses will contribute to controlling our jail population.

➤ Electronic Home Monitoring (EHM)

While the city participates in an EHM program, it is our intention to increase the number of clients enrolled in this program. Yakima County Department of Corrections is currently in the process of finalizing a purchase of new EHM equipment. This new equipment will allow for tracking of clients via radio frequency, landlines, and GPS. The new EHM equipment includes an alcohol testing function.

One option discussed is for the city to pay the cost of the client to be on the EHM program in lieu of incarceration. We expect the EHM costs to range from \$12.00 to \$20.00 a day as compared to the incarceration of misdemeanor inmates in Yakima County Department of Correction at \$79.25/day.

➤ Driving While License Suspended 3 (DWLS 3).

DWLS 3 is one of the most common criminal traffic offenses for a police officer to arrest a person for. The city's prosecutor's office has entered into a deferred prosecution program with Yakima County Department of Probation in an effort to reduce the number of repeat DWLS 3 offender's.

➤ Booking of offenders on Misdemeanor and Felony charges.

This is an ongoing reminder to the officers not to book an individual at Yakima County Department of Corrections on both misdemeanor and felony charges. The city is charged 100% of the inmate's housing costs if a misdemeanor charge is included with the felony charge.

➤ Union Gap Jail Contract

The City of Union Gap jail contract should not be renewed for 2010, or we need to recover our costs by charging the City of Union Gap the YCDOC rate. If not, the City of Yakima is losing money. In 2009, the Yakima Police Department houses misdemeanor inmates for the City of Union Gap at \$55.00/day, as opposed to the YCDOC rate of \$71.25. For every bed we rent to Union Gap, especially in the long term, we do not have a bed for the booking of a misdemeanor inmate arrested by a Yakima Police Officer. The average daily population for City of Yakima misdemeanor and gross misdemeanor inmates being housed at YCDOC is 32 YTD.

**COPS HIRING GRANT: \$78,000**

The City of Yakima has received funding for seven (7) positions under the COPS Hiring Program. COPS guidelines allows for funding of positions which are scheduled to be eliminated. One (1) COPS funding position will be used to fund a position which was not to be filled in 2010.

**NON SWORN PERSONNEL REDUCTIONS: \$367,200**

The current proposal for the Yakima Police Department budget reductions is to eliminate two Police Services Supervisor positions, two Police Services Specialist I positions and all temporary positions, in addition to the one Police Services Specialist I deleted in the mid-year reductions.

There are currently four Police Services Supervisors, one of which is serving as an Acting Police Services Manager. The history of these positions is that they were created when the Police Services division operated 24 hours a day and had a record bureau that was on a separate floor in City Hall. It was decided that each shift needed to have direct supervision. In reviewing the current workload of the supervisory staff, it was determined that two of the supervisor positions were only supervising a limited staff of one to two employees. Although the supervisors themselves were performing necessary tasks, it was not an effective use of personnel. Other Police Services staff members were also assigned to perform the same duties. Additionally, the Services division no longer operates 24 hours a day, and the work units are currently located in the same area. Historically, the Police Services division has been fractionalized into separate work units, and it has been an ongoing goal to unify the police services division. Reducing the number of supervisors will assist in that unification, as there will be one unified management vision delivered to employees rather than four separate, and often personally motivated, messages from different supervisors.

**SERVICES DIVISION REDUCTION IMPACT**

A reduction in Services Division staffing will necessitate the following reductions in providing service to the public:

1. Effective September 19, 2009, Services Division's hours of operation were changed to Monday through Fridays, not including holidays, from 8:00 a.m. to 6:00 p.m.
2. The Services Division clerical work week was changed to five (5) eight (8) hour shifts instead of the current work schedule of four (4) ten (10) hour shifts with three days off. The majority of the staff will be assigned to work during the hours of 8:00 a.m. to 4:00 p.m. and 10 a.m. to 6:00 p.m., to provide services to the public. We will have some staff who will work prior to or after these hours. We will have a limited staff on duty for the weekends to ensure paperwork is processed. Those who work on weekends or after normal business hours will not be taking calls or walk in reports. Their sole function during non-public hours will be data entry of reports. The front door of the department will be locked.
3. We are in discussion with Mr. Wantland for the installation of an intercom or phone in the outer area of the police department for people to use after hours in case of an emergency. We are also discussing the option of citizens being able to leave a message and a Services Division staff person will call them back the next day to take a report.

4. The Services Division will be open for those wishing to obtain gun permits, case reports, or conduct other business not directly related to the filing of a case report only during certain hours of operation. Example, we may only issue gun permits Monday, Wednesday and Fridays, from 1:00 p.m. to 5:00 p.m., or by appointment. While we are exploring this option, we will continue to research any statutory limitations that would prohibit restricting hours of operation for gun permits.
5. The management of the Services Division will be assigned to a Captain. We do not have adequate Lieutenants or Sergeants to assign as the Records Manager.
6. It is possible the department may lose two civilian supervisors (if not 3) to retirement. We do not recommend filling of these positions unless a supervisory analysis is conducted prior to replacing the positions.
7. All of the temporary positions for 2010 in Services/Records will not be filled. Existing Services Division staff will need to assume these duties.

#### **OTHER REDUCTIONS**

Eliminate One Time Grant Related Expenditures	
Overtime	\$140,800
Supplies	16,000
Professional Services	36,500
Travel/Training	5,000
Fuel Savings	90,000
Ammunition	10,000
Reduce Range Master and Labor Negotiation Support	35,000
Miscellaneous (Registrations)	20,000
Travel/Training – 7.5% Reduction	<u>5,000</u>
<b>TOTAL</b>	<b>\$358,300</b>
Total Department Reductions	\$803,500
YPPA Settlement <sup>(1)</sup>	<u>360,000</u>
<b>NET DEPARTMENT REDUCTIONS</b>	<b>\$443,500</b>

(1) YPPA is currently the only labor bargaining unit with an increase in the 2010 budget. The settlement was approximately \$360,000, and other reductions needed to be made to offset this increase.

***DEPARTMENTAL INFORMATION - FIRE***

ITEM #	DIVISION / SERVICE UNIT	PERSONNEL CHANGES		CAPITAL OUTLAY / MAINT / OP COSTS		NOTES
		DESCRIPTION	\$ COST REDUCTION	DESCRIPTION	\$ COST REDUCTION	
1	Fire (129) Salaries & Benefits	Elimination of Secretary II Position (1 FTE Filled)	\$67,200			Reduction of public access to YFD Office hours will be reduced. Increased workload for Chief's Administrative Assistant
2	Fire (123) Investigation	Elimination of K9 Program (Overtime & Special Pay)	\$11,000			Reduced efficiency in Arson Investigations Division. Loss of ATF link/assistance. Loss of a positive PR program for the dept.
3	Fire (320) Fuel Savings			Reduction in fuel costs	\$21,000	Mid-year 2009 reduction
4	032-122	Yakima Fourth of July Committee			\$2,750	50% reduction
<b>TOTAL - \$101,950</b>			\$78,200		\$23,750	

## MEMORANDUM

September 21, 2009

To: Dick Zais, City Manager  
Cindy Epperson, Deputy Director-Accounting & Budget

From: Charlie Hines, Fire Chief

Subject: 2010 Budget Reduction Impact

The financial and corresponding operational challenges facing the YFD have been a compounding problem for a number of years. Unfortunately, the lack of funding has placed YFD into a position of reducing service levels in order to maintain fiscal accountability.

The following are the proposed cuts that will be imposed for the 2010 budget and the impact they will have. Each of these reductions will further erode the level of service provided to the citizens of Yakima and increase the workload on remaining personnel and apparatus.

### **NON-PERSONNEL OR FUEL /UTILITIES COSTS**

- Fuel cost reduction...\$21,000

### **OTHER REDUCTIONS/ELIMINATIONS**

- Secretary II position eliminated - \$67,200

The loss of this position will cause reduced productivity in our Training and Investigations Divisions as a result of having limited clerical support. It will cause a reduction in public access to Yakima Fire Department Administrative Offices. Office hours will be reduced and will increase the workload for the Deputy Chief's and the Chief's Administrative Assistant.

- Canine program eliminated - \$11,000

There will be a reduction in the efficiency in the Arson Investigations Division. YFD will lose their link with ATF as well as some of their assistance. This will also be a loss of positive PR for the department.

- Reduce Fourth of July Committee Contribution - \$2,750

The Council Budget Committee recommended a 50% reduction to all General Government Outside Agencies.

**DEPARTMENTAL INFORMATION - PUBLIC WORKS / STREETS**

**PUBLIC AREA LIGHTING**

ITEM #	DIVISION / SERVICE UNIT	PERSONNEL CHANGES		CAPITAL OUTLAY / MAINT / OP COSTS		NOTES
		DESCRIPTION	\$ COST REDUCTION	DESCRIPTION	\$ COST REDUCTION	
1	133-116			Energy Savings - Street Light Conversion to LED	\$23,000	Federal Energy Conservation Grant for switch over to energy efficient lighting. Annual energy savings estimate
2				Fuel Savings	\$4,200	Mid-year 2009 reduction
<b>TOTAL - \$27,200</b>					\$27,200	

**TRAFFIC CONTROL**

1	133-525	Eliminate Traffic Signal Aide 1 FTE vacant	\$51,000			Reduced ability to accomplish routine traffic signal maintenance
2	133-525	Eliminate Traffic Sign Supervisor 1 FTE vacant	\$90,400			Reduced ability to complete striping and pavement marking annual maintenance. Mid-year 2009 Reduction
3	133-525	Eliminate 2 Seasonal Temp. Workers	\$10,600			Reduced ability to complete striping and pavement marking annual maintenance.
4				Fuel Savings	\$4,200	Mid-year 2009 reduction
<b>TOTAL - \$156,200</b>			\$152,000		\$4,200	

**TRAFFIC ENGINEERING**

1	133-526			Professional Services	\$28,000	Will not be able to fully evaluate 40th Avenue corridor in its entirety.
2	133-526	Eliminate Supervising Traffic Engineer FTE Vacant	\$114,400			Mid-year 2009 Reduction Shift most duties to Street/Traffic Manager
3	133-526	Eliminate Seasonal Temporary Worker	\$3,000			
<b>TOTAL - \$145,400</b>			\$117,400		\$28,000	

**TRAFFIC ADMINISTRATION**

1	133-639	Reduce PW Administration Charge (Elimination of Vacant DA II)	\$11,500			
<b>TOTAL - \$11,500</b>			\$11,500			

**STREET MAINTENANCE**

ITEM #	DIVISION / SERVICE UNIT	PERSONNEL CHANGES		CAPITAL OUTLAY / MAINT / OP COSTS		NOTES
		DESCRIPTION	\$ COST REDUCTION	DESCRIPTION	\$ COST REDUCTION	
1	141-521	Eliminate Seasonal Temporary Worker	\$5,000			Street Maintenance
2	141-521	Eliminate street Maint. Specialist 1 FTE vacant	\$57,800			
3	141-521			Reduce Small Tools & Minor Equipment	\$2,000	Reduce replacement and repair of hand tools and small equipment
4	141-521			Professional Services	\$4,500	Reduce contractors for specialized work (\$12,000 to \$7,500)
5	141-521			Rentals - Outside	\$4,000	Reduce rental of specialized equipment (\$18,000 to \$14,000)
6	141-521			Fuel Savings	\$53,000	Mid-year 2009 Reduction
<b>TOTAL</b>			\$62,800		\$63,500	

**PEDESTRIAN & BIKEWAYS**

1	141-522			Eliminate County DOC Crew	\$85,000	Reduced sidewalk cleaning and weed abatement. Some activities to be absorbed by existing crews. Mid-year 2009 Reduction
2	141-522			Eliminate 50/50 Sidewalk Program	\$45,000	Shared cost of sidewalk repairs with adjacent property owners. Leaves only \$4000 for sidewalk repair.
<b>TOTAL</b>					\$130,000	

**SNOW & ICE CONTROL**

1	141-524			Reduce Ice Control Materials	\$13,000	Supplies from \$125,000 to \$112,000
2	141-524			Reduce Contracted Snow Removal	\$25,000	Professional Service from \$30,000 to \$5,000
<b>TOTAL</b>					\$38,000	

**STREET ADMINISTRATION**

1	141-529	Reduce PW Administration Charge (Elimination of Vacant DA II)	\$24,000			
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**STREET INTERFUND**

ITEM #	DIVISION / SERVICE UNIT	PERSONNEL CHANGES		CAPITAL OUTLAY / MAINT / OP COSTS		NOTES
		DESCRIPTION	\$ COST REDUCTION	DESCRIPTION	\$ COST REDUCTION	
1	141 - 645			Transfer Portion of Debt Service Payment To Arterial Street Fund	\$47,000	
<b>DEPARTMENT TOTAL - \$705,600</b>			\$367,700		\$337,900	

**REET 2 <sup>(1)</sup>**

1				Reduce street preservation program.	\$150,000	Supplies \$100,000 Equipment Rental \$50,000
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(1) REET 2 - This is not in the General Government budget but directly affects the ability of the Street Maintenance division to maintain roadways.

## MEMORANDUM

September 21, 2009

To: Dick Zais, City Manager  
Chris Waarvick, Public Works Director

From: Joe Rosenlund  
Streets & Traffic Operations Manager

Subject: Budget Reduction Impacts – Streets & Traffic Operations Division

### **STREETS PRESERVATION, REPAIR AND SNOW/ICE PROGRAM**

The primary impact to the Streets Division is in pavement maintenance and repair. In 2009 REET2 funding was reduced from \$400,000 to \$250,000. This forced us to eliminate chip sealing in residential areas; approximately 24.5 miles of roadway. In 2010 an additional 20.5 miles of residential roadways will not be chip sealed. Should further reductions in the Streets budget occur next year we will be forced to eliminate the arterial chip seal program as well; approximately 6.5 miles were chipped sealed in 2009.

Grind and patch treatments in advance of chip seal projects has been reduced by 50% as has stop-gap grind and patch repairs on arterials. We expect that trend to continue into 2010. If we are forced to eliminate chip sealing on arterial streets, grind and patch repairs and crack sealing will be our only “preventative” street maintenance programs. We will be maximizing those efforts in an attempt to maintain city streets in relatively good condition until funding becomes available for more comprehensive pavement maintenance treatments.

One position has been eliminated from Street Maintenance and one position has been held vacant and won't be filled until City Manager approval.

In May of 2009 the Department of Corrections clean-up crew was eliminated saving \$80,000 annually. The DOC crew performed numerous manual labor tasks such as sidewalk sweeping, weed removal, and litter cleanup. The loss of this resource forces us to pull skilled labor from other projects to accomplish these tasks when absolutely necessary. The DOC has modified their program to allow for hourly billing for their work. There may be opportunities next year to use these crews on case-by-case basis.

Sidewalk repair is limited to the 50/50 program. This sharing program has \$45,000 allocated in 2009, but has been eliminated in the 2010 budget. There still remains \$4,000 of supplies to support sidewalk repair.

The ability to deliver our Snow and Ice Control program has not been significantly affected as yet though \$38,000 was removed from the 2010 budget for supplies and contractors. We have enough material and funding to get through the end of the year unless weather

is more severe than normal in the early winter season. Further reduction in street Maintenance FTE's will affect the Snow and Ice program.

On the positive side, street sweeping and arterial street weed abatement has been increased this past year. The increased street sweeping is a direct result of the reduced chip seal program. Personnel and equipment that are normally involved in chip seal cleanup efforts have been available for routine cleaning of roadways. Starting in 2010 an additional \$200,000 is being provided for street sweeping by Stormwater to reduce pollutants. That money is partially offsetting revenue reductions so that there is no net loss or gain in the street sweeping program.

The Streets division has increased its level of spraying weeds on arterial roadways. The program has been very successful in that few complaints were received regarding weeds growing along or into those roadways.

### **TRAFFIC OPERATIONS**

Street lighting and traffic signal operations have been relatively stable over the past year and are expected to remain so through 2010. Conversion of the higher wattage street lights with LED streetlights, funded through the federal energy savings grant, will reduce electrical power and routine maintenance costs. Should additional savings be required, we have tentatively identified approximately 500 arterial street lights that could be turned off with minimal impact to traffic safety.

Traffic Operations has lost several positions due to budget challenges in the past year that has reduced the ability to maintain signs and pavement markings. The Traffic Sign Supervisor position was eliminated along with two seasonal temporary positions. A vacant Senior Traffic Sign Specialist position has been downgraded to Traffic Sign Specialist and a proposed Sign Specialist position was eliminated. The Traffic Operations Supervisor has taken on the duties of the eliminated Traffic Sign Supervisor position. The remaining sign specialist position will be filled soon. The end result is a lack of personnel available to complete the annual repainting of traffic stripes and pavement markings. The crews have been able to maintain the critical areas near schools and CBD but there are locations we may not complete before the end of the paint season.

### **TRAFFIC ENGINEERING**

Traffic Engineering has lost one position, the Supervising Traffic Engineer. Work performed by this position has been taken over by the Streets & Traffic Operations Supervisor with the exception of traffic concurrency reviews which is being done by the Planning Department.

Basic data collection, safety investigations, and signal operation and timing work have not been affected by any budgetary changes as yet. More comprehensive data collection and system upgrades are needed to keep signal operations in step with traffic growth and changes in traffic patterns. Traffic Engineering, with assistance of Street Maintenance, has begun a new management program to identify funding needs and more efficient maintenance strategies. The previous pavement management program only looked at classified roadways; the new program will also include local streets.

## **SUMMARY**

Streets and Traffic Operations have been impacted in two ways by 2009 and 2010 budget cuts. The Streets Division has lost funding for street maintenance materials and Traffic Operations has lost personnel to perform necessary tasks. Reduction in the materials budget items has limited our ability to maintain streets in a condition consistent with the recommendations in the 2005 Street Maintenance Gap analysis. Maintenance efforts will become more reactive than proactive; patching potholes and repairing failed sections instead of preventing them. Without an active pavement management program we cannot tell what the overall effect on the street network will be or the long term cost of the deferred maintenance. The information will be available for the next budget cycle. The summer workload of the Streets crews will become oriented toward those tasks that require little or no expenditures for materials. Snow and Ice Control will be maintained at its current level but could be problematic if a major weather event occurs before the end of the year or if there are more FTE reductions.

The Signs & Markings shop has not been able to maintain all of the existing pavement markings and striping due to lack of personnel. Focus has been kept on school zones and business districts but there is more work that can be done by the two paint crews within the seasonal window.

Maintenance of traffic signals and street lighting is in good condition. Street lighting will receive some upgrades through the federal energy efficiency grant but lighting on arterials and collectors may be reduced with further reductions in the budget.

Traffic Engineering has been relatively unaffected so far by the budget cuts but is falling behind in maintaining efficient traffic signal operations. Signal equipment and communication upgrades are needed along with additional personnel to collect data and monitor the system.

***DEPARTMENTAL INFORMATION - PUBLIC WORKS / PARKS***

ITEM #	DIVISION / SERVICE UNIT	PERSONNEL CHANGES		CAPITAL OUTLAY / MAINT / OP COSTS		PUBLIC IMPACT
		DESCRIPTION	\$ COST REDUCTION	DESCRIPTION	\$ COST REDUCTION	
1	Park Maintenance (421)	Eliminate Park Maintenance Technician (1 FTE) Vacant	\$67,200			Salary + Benefits Mid-year 2009 Reduction
2	Park Maintenance (421)			Eliminate DOC contract (Prof. Svcs)	\$80,000	Ended DOC Contract in May 2009. Mid-year 2009 Reduction
3	Park Maintenance (421)			Reduce Park tree program (maintenance)	\$7,500	Reduce Tree Maintenance Amount
4	Park Maintenance (421)			Eliminate WV Park cleaning contract (Prof. Svcs)	\$25,000	End Cleaning Contract in May - Maintenance to do cleaning Mid-year 2009 Reduction
5	Golf Course (423)	Eliminated Golf Starter Position (Part time .75 FTE) Vacant	\$41,700			Salary + Benefits
6	Golf Course (423)	Open Golf Course one month later				In conjunction with 5 existing temporaries will "cover" for the shorter season
7	Senior Center (425)	Reduce Retired Senior Volunteer Program			\$1,500	Outside Agency 50% reduction per CBC
8	Sports (426)	Eliminated Seasonal Park Maintenance Worker (1 FTE) Vacant	\$40,500			Reduce ball field maintenance
9	Grant Sponsorship (427)			Americorp Team reduction (Prof. Svcs)	\$15,000	Reduced size of AmeriCorps Team to 12
10	Admin. (429)	Reduce Seasons Music Festival			\$4,000	Outside Agency 50% reduction per CBC
<b>TOTAL - \$282,400</b>			<b>\$149,400</b>		<b>\$133,000</b>	

## MEMORANDUM

September 17, 2009

To: Cindy Epperson, Deputy Director – Accounting and Finance  
Chris Waarvick, Director of Public Works

From: Ken Wilkinson, Parks and Recreation Manager

Subject: Impact of Budget Reductions of Services Provided for Citizens

As per your request, please find listed below the predicted impacts on service delivery due to the budget reductions to the Parks and Recreation Division.

### Budget Reduction Impacts

1. Elimination of Park Maintenance Technician position – SU 421  
Maintenance repair work will not be completed as quickly, facilities may be unusable by citizens until repairs can be made outside contractors may need to be used for simple repair work due to the lack of staffing.
2. Elimination of Dept. of Corrections Crew – SU 421  
Trash in the parks will not be cleaned up as quickly. Graffiti will take longer to get cleaned up or painted over. Special projects, like sod planting around the Apple Valley Skate Park, will not get done or will take longer to accomplish or will need to be completed by outside contractors.
3. Reduction of park tree maintenance budget line – SU 421  
Fewer trees throughout the city and in the parks will be trimmed and fewer dangerous trees will be removed.
4. Elimination of West Valley Community Park cleaning contract – SU 421  
West Valley Community Park and rest room will need to be cleaned by Seasonal staff and will not be cleaned as often.
5. Elimination of Golf Starter position – SU 423  
Golf starter house will be staffed by inexperienced employees translating into poorer customer service for participants.
6. Opening Golf Course one month later in 2010 – SU 423  
Customers will not be able to enjoy golf during the month of March. Golf revenue and expenses should both be less.

7. Reduce Retired Senior Volunteer Program - SU 425  
The Council Budget Committee reduced all Outside Agency requests by 50% at their September 2009 meeting.
8. Elimination of Park Maintenance Worker – Ball Fields – SU 426  
Ball fields will not be maintained at the same level for baseball, softball and soccer.
9. Reduction of AmeriCorps Team size from 15 to 12 – SU 427  
Less direct contact hours will be available for the after school and evening programs for students at Hoover, Adams Elementary and SECC.
10. Reduce Seasons Music Festival - SU 425  
The Council Budget Committee reduced all Outside Agency requests by 50% at their September 2009 meeting.

**DEPARTMENTAL INFORMATION - FINANCE**

**FINANCE**

ITEM #	DIVISION / SERVICE UNIT	PERSONNEL CHANGES		CAPITAL OUTLAY / MAINT / OP COSTS		NOTES
		DESCRIPTION	\$ COST REDUCTION	DESCRIPTION	\$ COST REDUCTION	
1	015-624	Eliminate 1 Accountant position (1 FTE) Vacant  Add 1 permanent part-time Financial Services Technician  Re-allocate remaining Accountants  Net Savings	\$19,500  (\$42,000)  \$34,900  \$12,400			ONDS (\$19,500) Utility Services (\$58,700)   ONDS \$9,800 Utility Services \$25,100  ONDS (\$9,700) Utility Services (\$33,600)
2	015-624	Replace vacant Treasury Services Officer with a more junior employee	\$22,800			
3	015-624			Reduce Travel & Training	\$1,000	In accordance with City Managers directive
<b>TOTAL - \$36,200</b>			\$35,200		\$1,000	

**INTERGOVERNMENTAL AGENCIES**

ITEM #	DIVISION / SERVICE UNIT	PERSONNEL CHANGES		CAPITAL OUTLAY / MAINT / OP COSTS		NOTES
		DESCRIPTION	\$ COST REDUCTION	DESCRIPTION	\$ COST REDUCTION	
1	095-129	Yakima County Development Association			\$15,000	50% reduction
2	095-319	Greater Yakima Chamber of Commerce			\$2,950	50% reduction
3	095-322	Hispanic Chamber of Commerce			\$2,950	50% reduction
4	095-611	Yakima Sunfair Festival Association			\$500	50% reduction
5	095-611	Yakima Basin Storage Alliance			\$10,000	Eliminated
6	095-611	Allied Arts of Yakima Valley – ArtsVan			\$2,666	50% reduction
7	095-611	Citizens for Safe Yakima Valley Communities			\$10,000	50% reduction
8	095-611	Yakima Symphony Orchestra			\$5,000	50% reduction
<b>TOTAL - \$49,066</b>					\$49,066	

**INFORMATION SYSTEMS**

ITEM #	DIVISION / SERVICE UNIT	PERSONNEL CHANGES		CAPITAL OUTLAY / MAINT / OP COSTS		NOTES
		DESCRIPTION	\$ COST REDUCTION	DESCRIPTION	\$ COST REDUCTION	
1	052-103	Reduce Temporary Salaries assigned to mobile fleet technology installation and maintenance.	\$30,000			Will increase time necessary to place new patrol cars into the fleet. May delay maintenance on operational cars reducing the available patrol fleet. May require contracting with outside services resulting in higher costs. Mid-year 2009 reduction
2	052-631	Not budgeting retirement cash out for Information Systems Manager (\$58,000)	N/A			While not exactly a budget reduction, the amount budgeted for the annual salary will be used as the retirement cash out. As a result, the position will be left vacant for the majority of the year. This will put undo stress on the remainder of the staff and may result in delayed project schedules.
3	052-631			Technology Equipment / Software acquisition and replacement funding:  Non-Cap Comp Equip \$40,000 Prof. Svc – Sftwr Sys 197,300 Cap Lease/Pchs (2-yr) 49,100 Machinery/Equip. <u>199,200</u> <b>Total Tech Acqu.</b> \$485,600  (\$65,0000 mid-year 2009 reduction)		These budget line items fund acquisition and replacement of technology equipment for the entire City. At the current level of funding, we can replace client computers on a fifteen-year cycle. I suggest that at least some of the capital lease funding that expired in 2009 be placed in a capital replacement fund to enable us to better plan technology acquisitions.
4	052-653			Offset printing equipment replacement	\$15,000	The City's offset printing equipment is over twenty years old. It should be replaced over the next couple years to prevent service interruptions and expensive repairs. (in 2009 budget - deferred in both 2009 and 2010). Mid-year 2009 reduction
<b>TOTAL - \$530,600</b>			\$30,000		\$500,600	

<b>DEPARTMENT TOTAL - \$615,866</b>	\$65,200		\$550,666	
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**MEMORANDUM**  
September 30, 2009

To: Dick Zais, City Manager

From: Rita DeBord, Finance Director  
Cindy Epperson, Deputy Director Accounting and Budgets  
Rick Pettyjohn, Information Systems Manager

Subject: Finance Department's - 2010 General Government Budget Reductions

The Finance Department consists of three Divisions – Financial Services, Information Systems and Utility Customer Services; additionally, the Outside Agencies budgets are included under the Finance category.

The Finance Department's proposed 2010 budget is approximately \$5.1 million (\$1.5 million -Financial Services; \$2.3 million - Information Systems, and \$ 1.3 million - Utility Customer Services) or 8.5% of the total General Government Budget – exclusive of Outside Agencies.

The 2010 General Fund Budget reflects \$615,866 of budget reductions within the Finance Department: \$36,200 Finance Division; \$530,600 Information Systems Divisions; and \$49,066 in Outside Agency budgets. (This represents a 12.7% reduction from the FY 2009 Finance and Information Systems Division Budgets eligible for reduction.)

*Note: the expenditures of the Utility Customer Services Division are fully funded with dedicated revenues from the Water, Irrigation, Wastewater and Refuse Utilities; therefore, the Utility Customer Services Division is not included in the following discussion regarding the proposed General Government Budget Reductions.*

**FINANCIAL SERVICES DIVISION**

The Finance Division incurred the loss of three key employees during 2009: two Accountants (one in January and one in August) and one Treasury Services Officer (in August); one Accountant and one Treasury Services Officer position remain vacant at this time. These are key positions within the Finance Division - they provide the backbone of the services critical to the City's financial stability, operations, and internal controls. The loss of any FTE in these positions will considerably weaken division operations as we are at minimum staff levels in these key positions today.

However, after considerable review, analysis and discussion, Finance is proposing, and the proposed 2010 budget reflects, the following staffing changes: (a) elimination of the vacant Accountant position, (b) addition of a new, part-time (50%), lower level position (Financial Services Technician) to help cover critical work load and provide some technical assistance

to the remaining three accountants who will need to pick up much of the workload of the eliminated Accountant position, and (c) funding for the Treasury Services Officer position.

The net savings to the City in the 2010 budget to eliminate one Accountant position and add one 50% FTE Financial Service Technician position is approximately \$55,700. Note: the budget for the vacant Accountant position was split between Finance (20%), Utility Services (60%), and ONDS (20%). Because the remaining Accountants will now need to provide the support to these service areas, the proposed 2010 budget re-allocates portions of two of the remaining Accountants to ONDS (fund 124) and to Utility Services. While there is no net change in costs to the City of this re-allocation, there is a net savings to Finance of \$12,400.

The following table summarizes the above noted changes by Division:

<b>DESCRIPTION</b>	<b>FINANCE (015)</b>	<b>UTIL. Svc (054)</b>	<b>ONDS (124)</b>	<b>TOTAL</b>
Eliminate One Accountant Position	(\$19,500)	(\$58,700)	(\$19,500)	(\$97,700)
Re-allocate remaining Accountants	(34,900)	25,100	9,800	0
Add 50% Fin. Svcs. Tech. Position	42,000	0	0	42,000
<b>NET SAVINGS</b>	<u>(\$12,400)</u>	<u>(\$33,600)</u>	<u>(\$9,700)</u>	<u>(\$55,700)</u>

Because of the critical nature of the Treasury Services Officer position and the extremely heavy workload of this Division, management is recommending that this position be filled as soon as possible. However, there will be a significant budget savings in 2010, and for several years thereafter, due to the difference in salary and benefits previously paid to the long-term employee who left the City’s employment and that paid to a new – more junior - employee filling the position, (\$22,800 estimated savings in 2010). The total net savings from the position changes noted above is approx. \$35,200 in the Financial Services Budget.

Much of the work in the Financial Services Division is critical to the safeguarding of public funds, is required in order to receive payments for services provided, and/or is mandated by Federal or State statues and other regulations. That is, any reduction in staffing will cause a delay of work in this Division and could result in additional costs. A few examples: if bills are paid late, the City incurs late charges; if bank accounts are not properly managed, the City incurs overdraft charges (or worse); if invoices aren’t sent on a timely basis, the City’s cash flow is interrupted, and interest earnings are diminished; if check fraud on one of the City’s bank accounts isn’t caught and reported the next business day, the City would be required to absorb the loss; if grants are not properly administered and reported, the City could be required to return the funds – even if the funds have already been expended on the intended project/program. (Note: the City has been successful over the past few years in obtaining Federal grants, either directly from the Federal Government or indirectly from Washington State. Federal grant programs have an extremely high degree of administration required, and Finance is involved in reporting and billing most of the grants Citywide.)

The Financial Services Division continually strives to improve our services and reduce costs; this is evident in the staffing and organizational changes implemented over the past several years – all focused on doing more with the same or fewer resources. However,

there is a minimum staffing level at which further staff reductions may actually result in increased liability and/or costs; and we are at, or very near, that staffing level.

The City places a high reliance on the Finance Division to provide accurate, timely and professional financial services to all City Departments, Executive Management, City Council and to our citizens. And, there is no other department in the City that is likely more aware of the City's extremely difficult and challenging financial situation or the absolute necessity to reduce costs and maintain a strong fiscal position. Therefore, we have strived to strike a balance – although somewhat precarious – between these two conflicting goals in our 2010 proposed budget.

### **INFORMATION SYSTEMS DIVISION**

The Information Systems Division provides hardware and software support for every division, and automated function, of the City. The 19.5 employees in this division provide technical support services – Citywide – for all of the following:

- Maintain and Enhance existing software applications (includes: police, fire, 911/calls; dispatch; courts, legal, accounting/finance, human resources, civil service, city records, engineering, permits, codes, streets / traffic, parks, cemetery, utilities, transit, etc.);
- Design and Implement new software applications systems (for all of the above);
- Maintain and Enhance existing computer hardware (e.g.: computers, printers, copiers, mobile data terminals – police/fire vehicles, wireless PDA devices – Blackberries, etc., - data radios, microwaves, and fiber optics);
- Administer, Maintain and Enhance the City's technology infrastructure (e.g.: system network, databases, firewalls/System security, distributed processing, email spam control, and all other system security and controls for infrastructure.);
- Provide Printing services;
- Maintain and Enhance City's Geographical Information Services (GIS);
- Operate and Support other agencies – public safety systems for Selah and Union Gap; a fire records system utilized by Fire Districts throughout the county; and utility bill printing and distribution for the City of Toppenish

With the significant budget reductions in the 2010 (and previous years) budget, department heads are looking more and more to technology for tools to provide efficiencies that will help them maintain essential services while, at the same time, reducing costs/expenditures. Unfortunately, the Information Systems Division has experienced significant budget reductions every year for the past five to ten years – and the 2010 budget is no exception. There are three major areas of budget reductions or freezes that have significant effect on Information Systems operations. They are personnel, capital, and system replacements.

### *Personnel*

- The Salary budget for Temporary employees in the 103 Service Unit (funded from Criminal Justice Sales Tax revenues) has been reduced by nearly 50% for Information Systems. This budget pays for support of the Police Department's mobile fleet. Information Systems is responsible for the installation and support for a large variety of technology equipment in the patrol cars including mobile data computers, digital video recorders, global positioning systems, multiple data communications modems, and license plate readers. The patrol cars are used in an extremely hostile environment for electronic equipment and, thus, require a very high level of maintenance and attention to keep them operating properly. If we are unable to install and maintain this equipment properly, officers are less efficient and/or put at risk due to the lack of proper tools to do their job. (Additionally, if the City relies on outside service providers to perform this work, it results in much higher costs to the City – this has been evaluated at different times over the years.)
- The Information Systems Manager is planning to retire in 2010. In the past, when a long-term employee planned to retire, the division's budget for the year of the retirement included an estimate of the employee's "retirement cash-out" (funds accumulated over the term of service that are paid to the employee upon retirement). However, the 2010 budget does not include any amount to cover the manager's retirement cash-out; thus, the division will be required to absorb these costs. The division – which is already hurting from an extremely heavy workload on the existing staff – will need to leave this position vacant for many months in order to offset the costs of the manager's retirement cash-out; placing yet a greater burden upon existing staff and further slowing down necessary system maintenance, enhancement and/or implementation projects. This is especially critical since the City is planning to implement a new public safety system in 2010 and already has a number of projects in process that will not be completed prior to the manager's retirement; not to mention the list of projects that department's may be requesting in order to help them meet their 2010 expenditure reduction targets.

### *Capital*

The equipment budget in Service Unit 631 (Data Processing) has been dramatically reduced over the last few years; resulting in an extremely extended replacement cycle for technology equipment. Based on the 2010 budget, the City's replacement cycle for technology equipment, including client computers, servers, data communications equipment, and mobile technology, is over fifteen (15) years. Our current hardware won't last another fifteen years; and our current software will certainly not support the ever changing business needs, or citizen expectations, for the next fifteen years.

Additionally, this extremely long replacement cycle causes an increase in the number of trouble calls Information Systems personnel must respond to (with it's already minimal staff levels), extends computer "start-up times", which increases employee down-time, and compatibility problems with other agencies will increase due to software obsolescence on the City's computers, complicating and/or disrupting operations.

The City needs an established capital replacement budget and plan; without such, the IS

budget can vary dramatically from one year to the next as critical systems fail and/or are replaced due to unreliability caused by age or obsolescence.

### *System Replacement*

The City purchases new software systems through the 410 – Professional Service budget within the Information Systems budget. This budget has been reduced by over 70% in the 2010 budget from the 2009 amended budget. Information Systems developed and implemented a large number of systems in the late 1980's and early 1990's. Many of these systems are still in use. While these systems still work, they are very archaic, not well integrated, and, by today's standards, difficult to use. In addition, many new opportunities for efficiencies through automation have become practical due to new technologies over the years. Without significantly increased funding for new technology over the next several years, the City will miss opportunities to provide more efficient, and often less costly, services to the community, will operate less efficiently in internal operations and will not be able to respond to many citizen and employee requests in a timely manner – if at all.

### **INFORMATION SYSTEMS SUMMARY**

As noted above, the entire City – all existing computer hardware, software and peripherals for every department of the City – is supported by only 19.5 employees. The current number of employees supporting the City's technology needs is well below that of most cities of comparable size and is well below the recommended level of twenty years ago.

In 1991, Information Systems budget was \$1.2 million and had a staff of 13.5 FTE's. At that time, the City hired a consulting firm to develop an Information Systems Strategic Plan. This plan identified systems the City should implement and recommended resource levels. The recommended Information Systems budget for 1991 was \$3.0 million with a staffing level of 36 FTEs. As a comparison, in the 2010 budget – nearly twenty years later - Information Systems budget is \$2.3 million and has a current staffing level of 19.5 FTE's.

In spite of the tremendous growth in the capabilities and use of technology over the past 20 years, the City's investment of dollars and personnel in this area has fallen far below our ability to meet their needs. Despite the significant reliance on technology within the City and critical role technology plays in every aspect of City operations, Information Systems is one of the, if not the, most under funded area of the City.

### **OUTSIDE AGENCIES**

Due to the severe reductions in the 2010 revenue projections, all discretionary funding to Outside Agencies has been reduced 50% in the proposed 2010 budget – as recommended by the Council Budget Committee at their September 2009 meeting.

Therefore, the 2010 budget for the following Outside Agencies is half the amount each agency received in the 2009 budget: Yakima County Development Association (YCDA); Greater Yakima Chamber of Commerce; Hispanic Chamber of Commerce; Yakima Sunfair Festival Association; Allied Arts of Yakima (Arts Van), Citizens for Safe Yakima Valley Communities, and the Yakima Symphony Orchestra. (Note; funding for the Yakima Basin Storage Alliance was completely eliminated from the 2010 proposed budget.)

**DEPARTMENTAL INFORMATION - COMMUNITY & ECONOMIC DEVELOPMENT**

**PLANNING**

ITEM #	DIVISION / SERVICE UNIT	PERSONNEL CHANGES		CAPITAL OUTLAY / MAINT / OP COSTS		NOTES
		DESCRIPTION	\$ COST REDUCTION	DESCRIPTION	\$ COST REDUCTION	
1	021- 310	Transfer Assistant Planner to ONDS fund 124 (1.0 FTE)	\$64,100			Shift from Planning work to support CED Director.
2	021-310			Printing, legal ads, Postage, Professional Svcs.	\$37,000	Result of a change in how notices are accomplished
3	021-319	Delete mid-year Deputy Director (vacant for .75 of 2010)	\$16,400			Upon retirement of CED Director \$21,900 annualized
4	021-310	Overtime	\$9,000			Mid-year 2009 reduction
5	021-319	Retirement/ Reallocate 50% Cash out of CED Director	\$7,500			A portion allocated to ONDS and Economic Development fund for prior service in these funds
<b>TOTAL - \$134,000</b>			\$97,000		\$37,000	

**CODES**

1	022-145			Transfer Dangerous Bldg Abatement to ONDS	\$10,000	Abatement within CDBG boundaries is eligible for grant reimbursement. Mid-year 2009 Reduction
2	022-149			Professional Svcs.	\$2,000	
3	022-149			Printing	\$2,500	
4	022-149			Fuel Savings	\$4,400	
4	022-149/626	Delete Permit Tech (1 FTE) Vacant	\$51,400			
5	022-149/626	Delete Fire Code Inspector (1 FTE) Vacant	\$79,000			Mid-year 2009 reduction
6	022-149/626	Transfer Code Compliance Officer (1 FTE) Vacant	\$66,600			Transfer to ONDS
7	022-149/223/626	Delete Mid-year Deputy Director (vacant for .75 of 2010)	\$16,400			\$21,900 annualized
8	022-223	Delete Animal Control Officer (1 FTE) Filled	\$67,100			

<b>TOTAL - \$299,400</b>	\$280,500	Total	\$18,900	
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**ENGINEERING**

ITEM #	DIVISION / SERVICE UNIT	PERSONNEL CHANGES		CAPITAL OUTLAY / MAINT / OP COSTS		NOTES
		DESCRIPTION	\$ COST REDUCTION	DESCRIPTION	\$ COST REDUCTION	
1	041-528	Delete Eng. Office Assistant (1 FTE) Vacant	\$46,100			Mid-year 2009 reduction
2	041-528	Project Engineer One Position to Retire 4/30/10	\$55,300			\$82,500 annualized
3	041-528	Delete mid-year Deputy Director (vacant for .75 of 2010)	\$21,900			\$29,200 annualized
4	041-528	Reduce Temp Personnel	\$25,000			
5	041-528	Reduce Overtime	\$14,000			
6	041-528			Fuel Savings	\$3,500	
<b>TOTAL - \$165,800</b>			\$162,300		\$3,500	

**CITY HALL**

1	051-633	Reduce Temp Personnel	\$16,900			
2	051-633			Reduce Office & Operating Supplies	\$4,000	
3	051-633			Reduce Small Tools	\$1,500	
<b>TOTAL - \$22,400</b>			\$16,900	Total	\$5,500	

<b>DEPARTMENT TOTAL - \$621,600</b>	\$556,700		\$64,900	
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**MEMORANDUM**

September 22, 2009

To: Dick Zais, City Manager  
From: Bill Cook, Director CED  
Subject: 2010 Budget – Impacts of CED Budget Reductions

The Department of Community and Economic Development has identified nearly \$622,000 of budget reductions for the FY 2010 General Fund Budget, including \$484,300 of staff reductions and cost shifts for permanent FTE’s. This represents a 12.6% reduction from the FY 2009 CED General Fund Budget. The following positions, by division, are proposed for reduction (elimination) from the CED general fund budget package:

<u>DIVISION</u>	<u>FTE's</u>	<u>POSITION</u>	<u>2010 GENERAL FUND COST</u>
Planning	1 FTE	Assistant Planner (transfer)	\$64,100
Codes	1 FTE	Permit Tech	51,400
	1 FTE	Fire Code Inspector	79,000
	1 FTE	Animal Control Officer	67,100
	1 FTE	Code Compliance Officer (transfer)	66,600
Engineering	1 FTE	Project Engineer (Ret. 4/30/10)	55,300
	1 FTE	Eng. Office Assistant	46,100
CED Admin.	<u>1 FTE</u>	Deputy Director (Ret. 3/31/10)	<u>54,700</u>
Total Reductions	8 FTE		\$484,300

The department rationale for staff cuts, reassignments and cost shifting are based on the primary objective of maintaining adequate levels of service at a lower cost to the general fund. Furthermore, some reassignments also have to do with eligibility requirements for the use of some federal funds, and we were mindful of matching up these opportunities with the needs of the department and the priorities of the city council.

**CODES**

Staff Reductions: Three FTE positions budgeted in FY 2009 (Permit Tech, Fire Code Inspector and Code Compliance Officer) were frozen when they became vacant. These have all been eliminated from the FY 2010 General Fund Budget. In addition, one FTE Animal Control Officer is also proposed for elimination from the general fund budget.

Cost Shift: Code Compliance is an eligible activity under CDBG. CED proposes to fill the vacant and frozen Code Compliance Officer position using CDBG funds in FY 2010, which will also create a promotional opportunity within the division. This action will also bring the code compliance staffing back up to our 2008 level (4 FTE).

Service Impact & Adjustments: In order to manage the reduction in Permit Technicians in the Permit Center, Codes and Planning have implemented a coordination effort that places planners in the permit center throughout the day. This change also serves to provide consistent and timely planning presence and professional advice at all times in the permit center.

Animal Control procedures and services will remain the same, although with one less ACO, response times may be impacted due to the larger geographic area that each ACO must cover, and the animal transport capacity of our vehicles.

Our one Fire Inspector will carry out inspections of existing commercial buildings, schools and offices, about 3,000 per year, with the help of our four Building Inspectors. However, as construction activity increases, the priority for the Building Inspectors will be to provide timely construction inspections for projects. This may extend the period it takes to inspect all 3,000 locations. For this reason, city management is working on a plan to shift this responsibility to the Fire Department at some point in the future.

#### **PLANNING & CED ADMINISTRATION**

Staff Reductions: One FTE Assistant Planner (\$64,100) and the Deputy Director (\$54,700) will be eliminated from the general fund budget. Both of these positions are filled. The Deputy Director will become vacant upon the retirement of the CED Director and subsequent promotion.

Cost Shift: The Assistant Planner will be reassigned to work for the Director of CED, and paid for with federal grant funds for one year.

Reduction in maintenance and operation costs: The reductions are related to the overall budget constraints brought about by decreasing revenue. Changes will be made to the mailing notice procedures including a post card notification system rather than mailing complete application information. We will be able to further reduce operating costs by limiting distribution of hard copy documents and relying more on posting items on the internet.

Service Impact & Adjustments: The Director of Community & Economic Development will retire from the city in April 2010. The City Manager intends to promote the Deputy Director to Director at that time, and eliminate the position. In addition to the second in command and division management responsibilities, the Deputy Director provides additional staff support to the City Manager and other departments, primarily in grant writing and intergovernmental affairs, securing appropriations and other benefits from state and federal government to accomplish the city council strategic priorities. While the external functions will be expected to continue with the promotion to Director, a number of federal initiatives have administrative responsibilities that require staff support for at least a year. These initiatives include:

- **Renewal Community Designation:** The city's top economic development incentive program, the program is likely to be extended for up to two years, and will require a good deal of close out activities to satisfy HUD and Department of Treasury requirements.
- **Neighborhood Stabilization Program (NSP):** The city received over \$500,000 of NSP funds that must be used over the next 18 months. NSP will require the city to identify, acquire and redevelop or sell abandoned and/or foreclosed residential properties.
- **CDBG-R:** This additional \$318,000 of CDBG funds came as a result of the federal stimulus package, and must also be spent in the next 18 months. These funds will also have a significant workload as it relates to reporting and monitoring requirements, which are more cumbersome than traditional CDBG.
- **Energy Efficiency Block Grant:** The city will receive over \$800,000 of EEBG as a result of the stimulus bill. Again, there is a short time frame for spending the money, and separate reporting and monitoring requirements.

As the position is funded by federal funds, planning workload will be redistributed among the remaining staff, in addition to the new responsibilities and time provided to assist with the Permit Center staff reduction.

## **ENGINEERING**

The reduction in Engineering does not have a cost shift alternative, and the workload for design of new projects will need to be redistributed among staff.

The reductions and cost shifts will leave CED in a position of being sized to the current workload, however, the CED workload includes a component that is a lead indicator of economic growth, and we need to be right sized to meet this need as it grows.

**DEPARTMENTAL INFORMATION - CITY MANAGER**

**HUMAN RESOURCES**

ITEM #	DIVISION / SERVICE UNIT	PERSONNEL CHANGES		CAPITAL OUTLAY / MAINT / OP COSTS		NOTES
		DESCRIPTION	\$ COST REDUCTION	DESCRIPTION	\$ COST REDUCTION	
1	016/Various	Reduce temporary personnel	\$3,300			Reduce coverage for leave time/special projects.
2		Reduce Overtime	\$1,500			
3				Reduce Prof. services	\$5,000	Reduce studies - reclass support
4				Reduce Supplies/ Small Tools	\$6,800	
5				Reduce Travel & Training	\$2,000	In accordance with City Managers directive
<b>TOTAL - \$18,600</b>			\$4,800		\$13,800	

**CLERKS & RECORDS**

1	014	Reduce temporary personnel	\$3,500			Reduce coverage for leave time/special projects.
2		Reduce Overtime	\$2,000			
3				Reduce Prof. services	\$4,000	2009 budget included a "catch-up" for Municipal Code codification
4				Reduce Travel & Training	\$1,100	In accordance with City Managers directive
<b>TOTAL - \$10,600</b>			\$5,500		\$5,100	

**CITY COUNCIL**

1	011			Reduce Travel & Training	\$1,000	In accordance with City Managers directive
<b>TOTAL - \$1,000</b>					\$1,000	

**CITY MANAGER**

1	012	Reduce Temporary Personnel	\$1,000			
2	012			Reduce Travel and Training & related registrations	\$1,250	In accordance with City Managers directive
<b>TOTAL - \$2,250</b>			\$1,000		\$1,250	

**LEGAL**

ITEM #	DIVISION / SERVICE UNIT	PERSONNEL CHANGES		CAPITAL OUTLAY / MAINT / OP COSTS		NOTES
		DESCRIPTION	\$ COST REDUCTION	DESCRIPTION	\$ COST REDUCTION	
1	Civil SU 622	Delete Senior Assistant City Attorney I Vacant (1.0 FTE)	\$111,100			Mid-year 2009 reduction
2	Civil SU 622			Professional Services reduction (Account 410)	\$30,000	Reduced budget for outside counsel assistance: \$30,000 \$7,500 Identified as a Mid-year 2009 Reduction
3	Prosecution SU 132	Delete Assistant City Attorney I Vacant (1.0 FTE)	\$91,600			Annual salary and benefits.
4	Civil SU 622	Transfer 60% Asst. City Attorney II to Risk Mgmt. Fund	\$63,700			Mid-year 2009 reduction
<b>TOTAL - \$296,400</b>			\$266,400		\$30,000	
<b>DEPARTMENT TOTAL - \$328,850</b>			\$277,700		\$51,150	

**MEMORANDUM**  
September 29, 2009

To: Honorable Mayor and Members of the Yakima City Council

From: Dave Zabell, Assistant City Manager

Subject: 2010 Budget Reductions

In the Human Resources Division, there are two budget items that are reduced. The first, reducing the funding for temporary employees would result in a cost savings of \$3,300. However, reducing funding for temporary employees reduces the ability to accomplish specialized projects in the clerical and record keeping operations of the department and reduces the ability to cover absences due to scheduled time off for staff.

The second budget item that is being reduced is the operations and maintenance budget item which would result in a cost savings of \$15,300. The operations and maintenance budget item includes professional services, overtime, supplies, small tools, and travel & training expenses. Reductions in these line items affect our ability to respond to special projects in a timely manner or shift priorities to an unforeseen project, attend training programs to improve or maintain skill levels or learn about new topics or regulations in the human resources field. Further, reductions in other service units will reduce our ability to replace outdated or inadequate equipment or supplies.

In the Clerks and Records Division, staff feels reductions in temporary salaries, overtime, transportation, and the miscellaneous line items could be reduced. The temporary salaries could be reduced \$3,500 but would reduce available options for temporary employee assistance with work overload. Overtime could be reduced by \$2,000. By reducing the funds available for overtime, on-going projects may be delayed due to less time working and flex time would need to be applied so as not to accrue over time for staff staying late to attend Council meetings, prepare Council packets, etc.

The transportation budget could be reduced \$500. The impact would be less out of town travel for training opportunities and more on-line training eliminating the personal interaction. The miscellaneous budget could be reduced \$600. The impact would be less on-site training registration fees. The professional services budget item for records could be reduced \$4,000 without impacting the current needs of the department. (Primarily because the 2009 includes almost 18 months in expenses to codify the Municipal Code. Once this function is "caught up", the new proposed budget should be adequate). Reductions in these five areas would result in a total budget savings of \$10,600.

The City Manager office also reduced temporary personnel by \$1,000, which will limit assistance for projects and coverage during times of extended leave.

In accordance with the City Managers directive, the travel budgets were reduced by 7.5% or \$1,000 in the City Council budget and \$750 in the City Managers budget. The City Manager also reduced the miscellaneous budget (which supports registration fees) by \$500, for a total reduction of \$3,250 in these two divisions.

The Legal department has prepared a separate memorandum on its budget reductions which follow.

**MEMORANDUM**  
September 22, 2009

To: Honorable Mayor and Members of the City Council  
Dick Zais, City Manager

From: Jeff Cutter, City Attorney

Subject: Legal Department - Impact of Budget Reductions for Mid-Year 2009 and Year 2010 Budgets

The Legal Department is responsible for a very high volume of significant legal work required by the City in both the civil law and criminal law areas. The Legal Department budgets for mid-year 2009 and 2010 reflect significant position budget reductions at the attorney level. These reductions will compromise the ability of the Legal Department to meet its standard of handling a high volume of complex and diverse legal work.

The mid-year 2009 budget adjustment and the proposed 2010 budget reduction reflect no budget funding for two key attorney positions: a Senior Assistant City Attorney I position in the Civil Division, and an Assistant City Attorney I position in the Prosecution Division. In addition, there is a reduction in resources available to enlist outside counsel assistance in the amount of \$30,000 in the Civil Division budget, which is a reduction of 50% in the 2010 budget as compared with the original 2009 budget amount. These reductions will have a significant impact on legal services in key areas provided by both the Civil Division and Prosecution Division. The impact of the lack of funding for two attorney positions and the decrease in budgeted outside counsel expense is discussed below for each budget reduction.

**SENIOR ASSISTANT CITY ATTORNEY POSITION IN THE CIVIL DIVISION**

Service Unit 622, Legal Counsel, Account 110 Salaries and Wages - The elimination of funding for this position in the 2009 amended budget and the proposed 2010 budget has a significant impact on the Legal Department and the City. This is the attorney position that formerly was held by the current City Attorney until February 2009. The position allowed the City to both save money and increase productivity by reducing outside legal counsel expenses and consolidating necessary land use work. In recent years, economic development processes and land use work, including land use hearings, have grown in time and complexity, necessitating ever greater involvement of legal counsel.

In addition, there has been a significant increase in the number and complexity of many civil matters, including but not limited to civil litigation, employment and personnel matters and related employment litigation, and public disclosure requests, requiring in some cases legal review and production of thousands of pages of City documents.

The reduction for budget purposes of this Senior Assistant City Attorney position essentially removes what was a high-demand position which assisted greatly in the overall goal of providing legal assistance to City Departments and reducing outside counsel expenses. This was not an unnecessary position within the City, but rather a crucial attorney position carrying a heavy caseload of civil matters.

### **REDUCED CIVIL DIVISION BUDGET FOR PROFESSIONAL SERVICES**

Service Unit 622, Legal Counsel, Account 410 Professional Services - The Legal Department Civil Division professional services account for 2009 originally contained a budgeted amount of \$60,000 for outside counsel expenses. This was a 7.7% decrease from the 2008 amended budget amount of \$65,000. The September 2009 budget adjustment has reduced the amount in this account for outside counsel expenses by a total of 50%, from \$60,000 to \$30,000. This significant budget reduction of 50% as compared to the original 2009 budget, for a total amount of \$30,000, also has been made in the proposed 2010 budget. The need for outside legal counsel cannot always be foreseen at budget time, and this can cause the account to fluctuate over time. Coupled with the reduction of a Senior Assistant City Attorney position in the Civil Division, this presents significant challenges for the Legal Department and the City, since legal needs of the City and the corresponding caseload in the Legal Department have increased, not decreased, over time.

### **PROSECUTOR POSITION IN THE PROSECUTION DIVISION**

Service Unit 131, Prosecution, Account 110 Salaries and Wages - The Legal Department has a Prosecutor position that is not funded and will remain vacant during the 2010 budget period. The prosecutor caseload was already very heavy. In 2008, the Prosecution Division handled 6,000 criminal cases and 2,800 probation violation matters. The Prosecutor in the vacant unfunded position handled a caseload of 1,734 cases a year and covered a portion of the court calendars. The caseload and the number of court calendars were not reduced when the position was unfunded and the remaining prosecutors are doing their best to absorb the additional caseload while appearing at more hearings. As a result of the lost position, the caseload per prosecutor has ballooned to 2,312 cases per year, and with less office time, prosecutors can spend about 15 minutes per case.

To put these numbers into context, the American Prosecutors Research Institute and Office of Justice Programs recommend that a prosecutor handle a caseload of 400–590 misdemeanor cases a year. The last time the Prosecution Division conducted a poll, the county and city standard across the State was anywhere from 800 to 1,200 cases per prosecutor per year. These same counties and cities also have experienced staffing reductions, but they were starting at a level of a more reasonable caseload per prosecutor. The demand for other prosecution services also remains unchanged. Prosecutors are still answering officer questions (on a daily basis), answering questions from the public, handling appeals, contested infractions, car and dog impound hearings, advising on public disclosure questions, and preparing and conducting officer trainings (four six-hour training sessions).

The Prosecution Division is thinking creatively during this challenging period and is poised to implement, upon Council approval, some measures designed to reduce the caseload. This task is made more challenging by the additions to our caseload; for example, the State increase in the felony property crime threshold from \$250 to \$750 will certainly result in an increase in misdemeanor property crimes. Similarly, the increased emphasis on prosecution of code violations is also adding time-intensive matters to the overall caseload.

**DEPARTMENTAL INFORMATION - MUNICIPAL COURT**

**MUNICIPAL COURT**

ITEM #	DIVISION / SERVICE UNIT	PERSONNEL CHANGES		CAPITAL OUTLAY / MAINT / OP COSTS		NOTES
		DESCRIPTION	\$ COST REDUCTION	DESCRIPTION	\$ COST REDUCTION	
1	018-129	Delete Municipal Court Clerk (1.0 filled)	\$48,300			
2	018-103			Professional Services (total reduced from \$163,000 to \$153,000)	\$10,000	
<b>TOTAL - \$58,300</b>			\$48,300		\$10,000	

**MEMORANDUM**  
September 17, 2009

To: Yakima City Council  
Dick Zais, Yakima City Manager

From: Kelley Olwell, Presiding Judge Yakima Municipal Court  
Susan Woodard, Judge Yakima Municipal Court  
Linda Hagert, Court Services Manager

Subject: Impact of the 2010 Budget Reduction of the position of Municipal Court Cashier

Due to the budget challenges facing the City of Yakima, the Municipal Court has been required to eliminate the Court Cashier position from its 2010 Budget and reduce the hours of operation to the public to 4 hours per day.

The Municipal Court Cashier position is the only position of its kind within the Court. This position was created in June, 2008, under filling, and subsequently eliminating, the Deputy Court Services Manager from the court's 2009 budget.

Examples of the duties performed by this position include collecting and receipting fine/penalty payments, recalling bench warrants, entering infraction and criminal citations and assembling court files, setting court dates for defendants, adjudicating cases when the defendant has failed to appear at scheduled traffic infraction hearing or failed to respond to a traffic infraction and reporting this information to the Department of Licensing, directing the public and parties to the correct courtroom, accepting and filing Requests for Access to Records from the public and various agencies with which the court conducts business, processing the court's daily mail including a variety of various legal correspondence and payment of fines/penalties. The cashier position is cross-trained in courtroom clerking for civil infraction cases.

The cashier is the first point of contact for the public. Due to the constant limitation in court staffing, the court has only been able to provide one open service window to the public on a daily basis. Often times there are lines that stretch across the lobby with people waiting for service at the court's window.

The court's current hours of operation are from 8:00 am until 5:00 pm, closing to the public at 4:00 pm to allow the cashier to receipt payments made by mail, balance the cash drawer and process and route other documents that are filed through the service window during the day.

The impact of losing the cashier position will be crippling to our constantly strained efforts to provide criminal justice services to the public. Losing the cashier position means that all of the above listed cashier responsibilities will have to be absorbed by the remaining, and already overburdened, Municipal Court Clerks whose responsibilities lie primarily inside the courtroom.

As a result of losing this cashier position, commencing January 4, 2010, the business hours for the Municipal Court will be from 8:00 am until 5:00 pm. However, the hours that the window will be open to the public for service will be 9:00 am until 11:00 am and 1:30 pm until 3:30 pm.

The Municipal Court remains committed to delivering the best possible criminal justice services with the resources provided.

## **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.

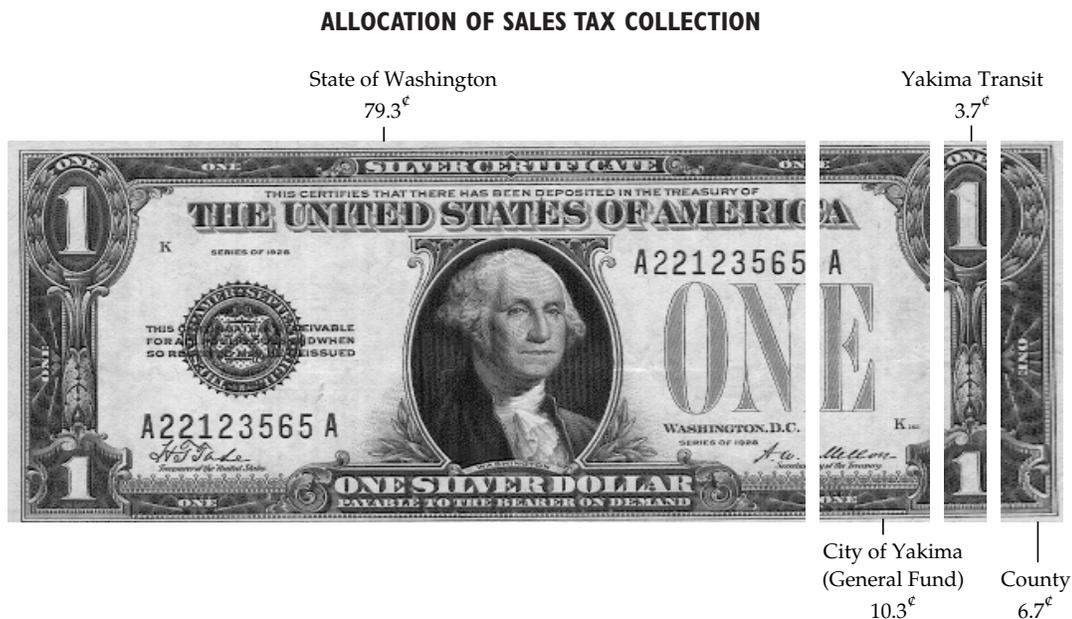
### **MAJOR TAXES PAID**

#### **SALES AND USE TAX**

There is a 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 6.5% while the City receives .85% for the general fund and an additional 0.3% that is restricted for transit services, and .15% goes to the County, and .40% represents county wide 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.



**SALES TAX RATES WITHIN YAKIMA CITY LIMITS**  
(in descending order by total allocation)

	RATE	% OF TOTAL	EXAMPLE (\$100 SALE)
State of Washington	6.50%	79.3%	\$6.50
City of Yakima (General Fund) <sup>(1)</sup>	0.85%	10.3%	\$0.85
Yakima Transit	0.30%	3.7%	\$0.30
Yakima County (Current Expense Fund) <sup>(1)</sup>	0.15%	1.8%	\$0.15
Yakima County Criminal Justice <sup>(2)</sup>	0.40%	4.9%	\$0.40
<b>TOTAL SALES TAX RATE IN CITY LIMITS</b>	<b>8.20%</b>	<b>100%</b>	<b>\$8.20</b>

- (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 2009 property taxes were allocated between these governmental entities.)

**2009 PROPERTY TAX DISTRIBUTION**



**CITY OF YAKIMA PROPERTY TAX** – In 2009, a typical City resident pays approximately \$11.75 per thousand of assessed value on property taxes. Only \$3.01, or about 25.7% 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.

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 #334 (YAKIMA SCHOOLS) - CONSOLIDATED LEVY AND RATES  
2008 ASSESSED VALUATION - 2009 TAX YEAR**

<b>PROPERTY TAX LEVY</b>	<b>2008 RATE</b>	<b>AMOUNT 2009 LEVY</b>	<b>PERCENT OF LEVY</b>
<b>CITY LEVY</b>			
General Fund	\$1.5168	\$8,143,717	
Parks & Recreation	0.3024	1,623,500	
Street & Traffic Operations	0.7840	4,209,000	
Firemen’s Relief & Pension	0.2855	1,532,765	
<b>Total Operating Levy</b>	<b>\$2.8886</b>	<b>\$15,508,982</b>	<b>25.2%</b>
Total Bond Levy	0.0505	\$268,000	0.4%
<b>TOTAL CITY LEVY</b>	<b>\$2.9391</b>	<b>\$15,776,982</b>	<b>25.6%</b>
<b>OTHER LEVIES</b>			
School District #7			38.0%
Operation & Maintenance	\$2.7934	\$14,808,637	
Bond Redemption	1.5719	8,333,106	
State Schools	1.9217	10,317,529	16.7%
Library	0.4483	2,406,904	3.9%
Yakima County	1.4549	7,811,298	13.9%
Yakima County Flood Control	0.0849	455,825	
Juvenile Justice Bond	0.0524	277,788	
EMS Levy	0.2124	1,140,367	1.9%
<b>TOTAL OTHER LEVIES</b>	<b>\$8.5399</b>	<b>\$45,551,454</b>	<b>74.4%</b>
<b>TOTAL LEVY CODE #334</b>	<b>\$11.4790</b>	<b>\$61,328,436</b>	<b>100.0%</b>

**CITY TAXES AND UTILITY CHARGES**

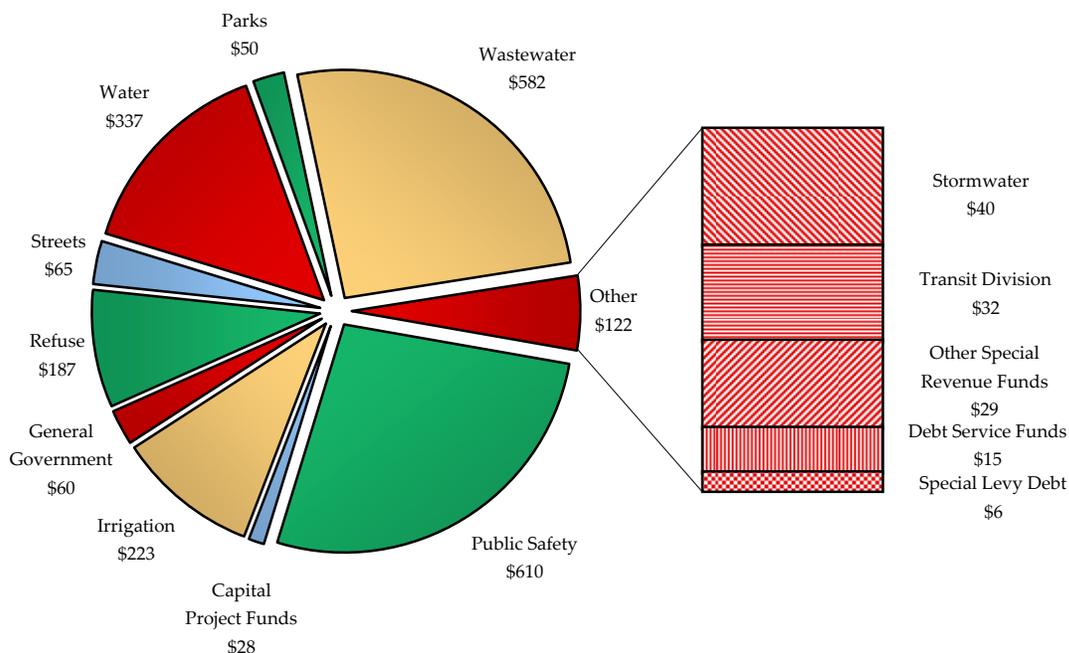
The taxes and utility charges shown in the following charts are only those directly levied by the City. In the cases of sales and property taxes, the 2 major taxes paid directly by Washington residents, only a small portion of the total tax belongs to the City.

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/Sewer; Irrigation for 7,000 square foot lot; Stormwater based on impervious surface; Gas/electricity \$2,500, telephone \$960, cable television \$600. Based on these assumptions, a typical household in Yakima paid approximately \$189 a month, or \$2,264 a year, as depicted in the following charts.

**ANNUAL TAXES AND UTILITY CHARGES LEVIED  
BY THE CITY OF YAKIMA ON THE TYPICAL HOUSEHOLD FOR 2009**

<u>REVENUE</u>	<u>RATE PER 1,000</u>	<u>COST PER HOUSEHOLD</u>
Property Taxes - General	\$2.889/1,000	\$347
Special Levy Property Taxes	\$0.050/1,000	6
Sales Taxes - General		121
Transit Sales Tax		32
Tax on City-owned Utilities - General		145
Tax on Private Utilities - General		244
Water, Wastewater and Refuse Utility Charges (excluding Utility Tax)		1,106
Stormwater		40
Irrigation Assessment		223
<b>TOTAL ANNUAL CITY TAXES, UTILITIES AND ASSESSMENT CHARGES</b>		<b>\$2,264</b>

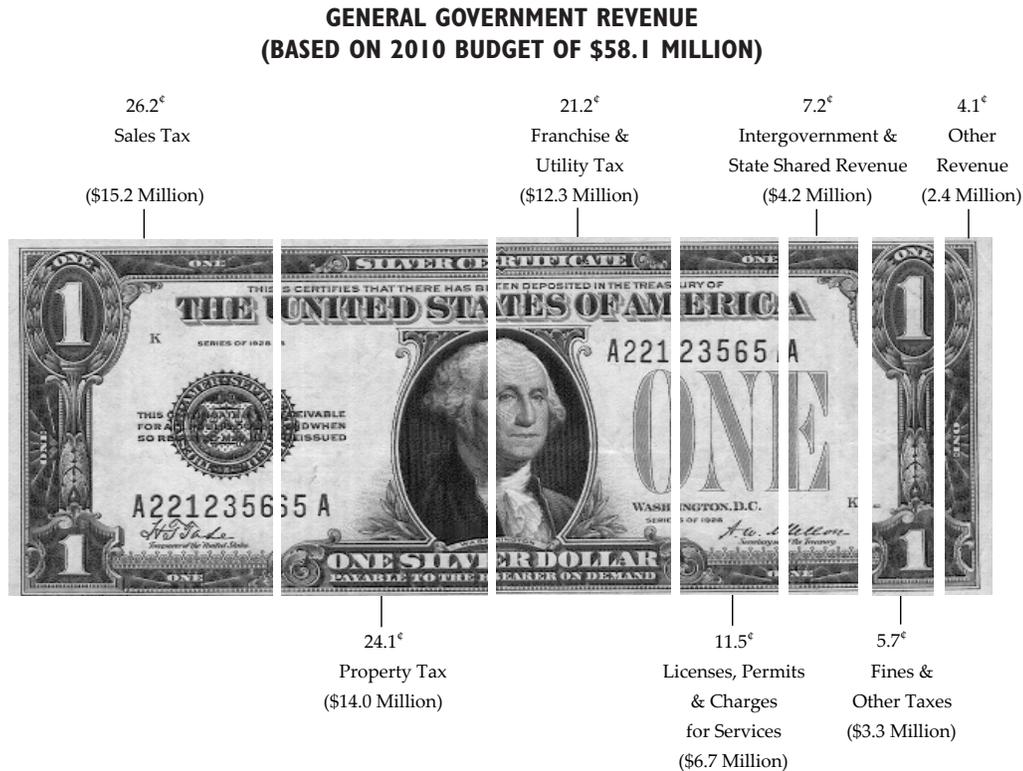
**CITY TAXES AND UTILITY CHARGES  
COST TO TYPICAL HOUSEHOLD – \$2,264 ANNUALLY**



## GENERAL GOVERNMENT REVENUE

The total 2010 proposed General Government Revenue Budget is approximately \$58.1 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 over 71% of the total general fund revenues.



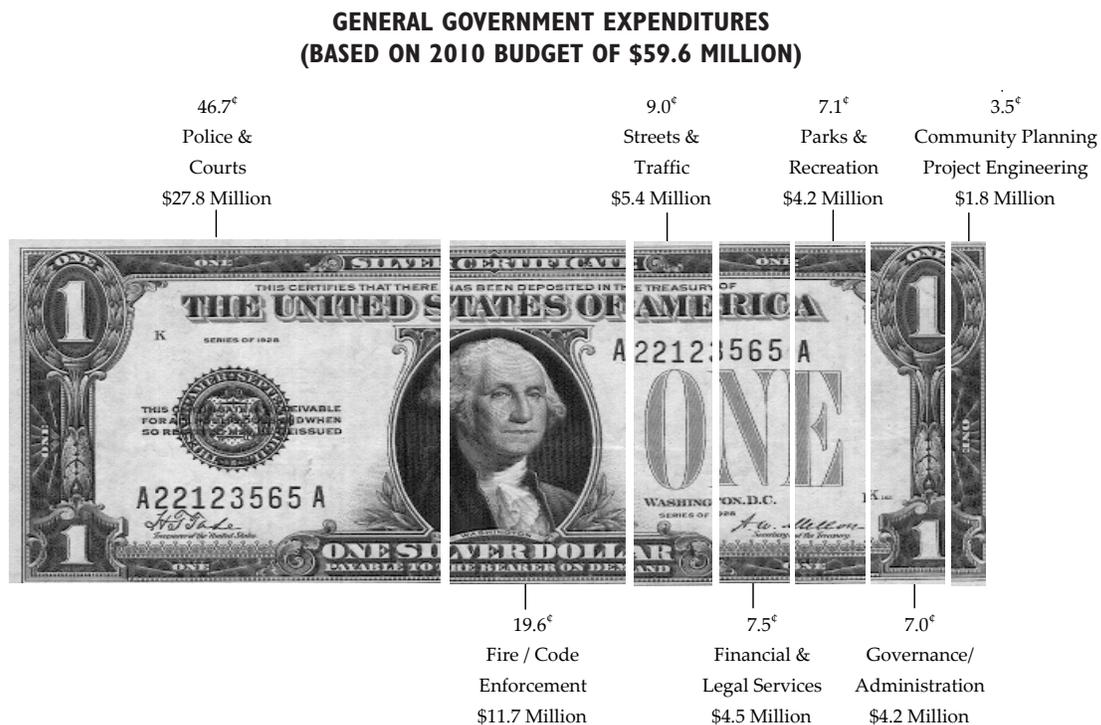
Note: The term “General Government” refers to basic tax-supported functions. The major functions included in this category are: Police, Fire, Streets and Traffic Operations, Parks and Recreation and Code Administration services. These functions use about 84.5% of General Government revenues. Other administrative services include Information Systems (i.e. computer support), Legal, Finance, and Human Resources – services necessary for any organization to function.

## GENERAL GOVERNMENT EXPENDITURES

The following chart depicts the breakdown of the proposed 2010 general government expenditure budget. This breakdown identifies that the City spends over 66% (or approximately \$39.5 million) of its available resources on providing public safety services (Police, Municipal Court, Fire, Code Enforcement and Dispatch services). Additionally, the City allocates over 9.0% of its resources to maintaining and operating the Streets and Traffic Systems and another 7.1% to provide Parks and Recreation programs and services. Providing the existing services in these four basic categories takes 82.1% of all the City’s available general government resources.

Providing the services in these four critical areas is labor intensive; approximately 76.2% 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.: Finance and Legal, Community Planning and Project Engineering; Administration and the Library).

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.



**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 2010. 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, \$610 per household per year, or 71.2% of the total general taxes paid. Other General Government services cost \$60 per household annually, or 7.0%. Streets and Parks together cost \$115 per household annually, or 13.5% of general taxes paid.

The utilities combine to cost approximately \$1,106 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 2010 PROPOSED BUDGET - BUDGET NUMBERS IN THOUSANDS)

	<b>2010 PROPOSED BUDGET</b>	<b>NON-TAX FUNDING SOURCES</b>	<b>LOCAL TAXES</b>	<b>ALLOCATION OF TAXES COLLECTED</b>	<b>HOUSEHOLD TYPICAL COSTS <sup>(1)</sup></b>	<b>2010 PERM. BUDGETED POSITIONS</b>
<b>LOCAL DIRECT GENERAL PURPOSE TAX SUPPORTED FUNCTIONS</b>						
Public Safety (Police Fire & Pensions)	\$41,139	\$6,526	\$34,613	71.15%	\$610	321.50
General Government	15,296	11,889	3,407	7.00%	60	139.25
Streets Department	5,379	1,671	3,708	7.62%	65	39.00
Parks Department	4,232	1,369	2,863	5.88%	50	23.10
Other Special Revenue Funds	4,563	2,943	1,620	3.33%	29	13.75
Debt Service Funds	2,995	2,167	828	1.70%	15	0.00
Capital Project Funds	11,983	10,372	1,611	3.31%	28	0.00
<b>LOCAL DIRECT SPECIAL PURPOSE TAX SUPPORTED FUNCTIONS</b>						
Special Levy Debt	504	207	297		6	0.00
Transit Division	9,894	5,449	4,445		32	50.00
<b>NON-LOCAL TAX SUPPORTED FUNCTIONS</b>						
Street Construction	22,693	22,693	0		0	0.00
Refuse-18,767 Residential accounts	4,650	4,650	0		187	19.00
Wastewater-22,591 Residential accounts	25,681	25,681	0		582	60.00
Water-17,349 Residential accounts	11,056	11,056	0		337	31.00
Equipment Rental	5,198	5,198	0		0	12.00
Public Works Administration	1,192	1,192	0		0	9.00
Self-insurance Reserve	5,291	5,291	0		0	0.00
Employee Benefit Reserve	10,643	10,643	0		0	0.00
Irrigation-10,541 Residential accounts	5,681	5,681	0		223	8.00
PBIA	215	215	0		0	0.00
Storm Water	2,471	2,471	0		40	9.50
<b>TOTALS</b>	<u>\$190,756</u>	<u>\$137,364</u>	<u>\$53,392</u>		<u>\$2,264</u>	<u>735.10</u>

- (1) Based on 2010 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/sewer; irrigation for 7,000 square foot lot; gas/electricity \$2,500, 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 2009 fell on April 13th, eight days earlier than it did in 2008, and a full two weeks earlier than in 2007. Tax Freedom Day was on April 26th and April 23rd in 2006 and 2005, respectively. On average in 2009, Americans will work 65 days to afford their federal taxes and 38 more days to afford state and local taxes.

According to the Foundation’s report, “Not since 1967 has Tax Freedom Day come earlier than this year’s April 13 date. This shift has been driven by two factors: the recession has reduced tax collections even faster than it has reduced income; and the stimulus package, a.k.a. HR 1, the American Recovery and Reinvestment Act of 2009, includes large temporary tax cuts for 2009 and 2010.”

Since 1977, state and local tax burdens have risen and fallen from a high of 10.4% in 1994 down to 8.9% in 2008. The report indicates that Washington State is ranked 5th highest in the nation for federal per capita taxes paid in 2008. However, it is ranked 35th in the nation for state and local taxes per capita. 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.) It also demonstrates how small the state and local tax burden is in comparison to the total taxes paid – at less than one third of the total tax burden (currently at 28.2%).

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.

## **OTHER OPERATING AND ENTERPRISE FUNDS**

2009 year-end estimates for the City's Other Operating and Enterprise Funds are summarized below:

### **2009 BUDGET STATUS**

<b>FUND</b>	<b>2009 AMENDED BUDGET</b>	<b>2009 EST. ACTUAL EXPENDITURES</b>	<b>VARIANCE</b>	<b>2009 ESTIMATED RESOURCES</b>	<b>2009 EST. ENDING BALANCE</b>
Economic Development	\$146,173	\$98,970	\$47,203	\$286,955	\$187,985
Neighborhood Development (Housing)	4,525,424	4,261,559	263,865	4,865,960	604,401
Community Relations	577,802	543,824	33,978	1,343,775	799,951
Community Services	487,712	349,712	138,000	395,880	46,168
Growth Mgmt/Commute Trip Red Fund	49,745	49,745	0	49,838	93
Cemetery	260,420	256,912	3,508	309,469	52,557
Emergency Services	1,167,430	1,141,339	26,091	1,240,897	99,558
Public Safety Communications	3,028,165	2,900,907	127,258	3,161,344	260,437
Police Grants	0	0	0	224,000	224,000
Downtown Yakima Improvement District	204,592	202,399	2,193	211,666	9,267
Trolley (Yakima Interurban Lines)	248,207	221,621	26,586	225,552	3,931
Front Street Business Improvement	3,000	3,000	0	11,002	8,002
Tourist Promotion	1,474,205	1,303,209	170,996	1,488,903	185,694
Capitol Theatre	318,513	318,513	0	447,167	128,654
PFD Revenue - Convention Center	696,000	666,775	29,225	817,508	150,733
Tourist Promotion Area	405,088	374,834	30,254	375,248	414
PFD Revenue - Capitol Theatre	498,000	480,000	18,000	498,000	18,000
Stormwater Operating	1,801,039	1,799,628	1,411	2,145,651	346,023
Transit	7,460,107	6,903,596	556,511	7,515,751	612,155
Refuse	4,652,022	4,592,614	59,408	4,845,037	252,423
Wastewater	16,875,924	16,717,073	158,851	18,625,769	1,908,696
Water	7,303,953	7,257,874	46,079	8,999,158	1,741,284
Irrigation	2,784,200	2,756,837	27,363	2,928,485	171,648
Equipment Rental	5,998,773	5,182,028	816,745	9,293,796	4,111,768
Environmental	1,381,220	855,000	526,220	1,349,244	494,244
Public Works Administration	1,199,463	1,177,556	21,907	1,364,923	187,367
<b>TOTAL</b>	<b>\$63,547,177</b>	<b>\$60,415,525</b>	<b>\$3,131,652</b>	<b>\$73,020,978</b>	<b>\$12,605,453</b>

All Operating and Enterprise Funds are anticipated to end 2009 with positive fund balances. This analysis includes appropriations approved by Council through September. All operating funds are anticipating actual expenditures within authorized levels.

2010 projections for Other Operating and Enterprise Funds expenditures and resources are reflected below. (Resources include the beginning fund balance plus current year revenue, to arrive at a total available to spend.)

**PROPOSED 2010 BUDGET**

<b>FUND</b>	<b>2010 PROJECTED RESOURCES</b>	<b>2010 PROJECTED EXPENSE</b>	<b>2010 PROJECTED BALANCE</b>
Economic Development	\$230,985	\$99,306	\$131,679
Neighborhood Development (Housing)	2,977,847	2,529,187	448,660
Community Relations	1,281,151	561,448	719,703
Community Services	384,502	303,334	81,168
Growth Mgmt/Commute Trip Reduction Fund	93	0	93
Cemetery	299,307	256,155	43,152
Emergency Services	1,163,428	1,110,329	53,099
Public Safety Communications	3,196,747	2,994,394	202,353
Police Grants	814,000	683,019	130,981
Downtown Yakima Improvement District	219,437	209,989	9,448
Trolley	12,917	7,848	5,069
Front Street Business Improvement Area	11,537	5,000	6,537
Tourist Promotion	1,590,194	1,469,180	121,014
Capitol Theatre	439,081	319,749	119,332
PFD Revenue - Convention Center	831,733	689,000	142,733
Tourist Promotion Area	378,619	378,205	414
PFD Revenue - Capitol Theatre	521,000	502,000	19,000
Recovery Program Grants	814,000	814,000	0
Stormwater Operating	2,446,023	2,103,128	342,895
Transit	7,728,255	7,200,452	527,803
Refuse	4,939,573	4,649,892	289,681
Wastewater	19,167,910	17,570,394	1,597,516
Water	9,136,121	7,774,807	1,361,314
Irrigation	2,943,248	2,758,394	184,854
Equipment Rental	9,102,072	5,198,027	3,904,045
Environmental	1,057,244	828,450	228,794
Public Works Administration	1,372,698	1,191,886	180,812
<b>TOTAL OTHER OPERATING AND ENTERPRISE FUNDS</b>	<b>\$73,059,722</b>	<b>\$62,207,573</b>	<b>\$10,852,149</b>

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 2010, 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.

## 2010 RESTRICTED OPERATING AND RESERVE FUNDS

Division	2010 Forecast Budget	Dollars in Millions
Reserves, Risk Mgmt, Emp Benefits	\$17,043,047	
Cap Theatre, Cemetery, Trust Rsvs	23,343,581	
Wastewater	17,570,394	
	19,167,910	
Water/Irrigation	10,533,201	
	12,079,369	
Transit	7,200,452	
	7,728,255	
Refuse	4,649,892	
	4,939,573	
Equipment Rental	3,572,527	
	3,615,596	
Stormwater	2,103,128	
	2,446,023	
Special Purpose, Housing, Emer Svs	14,852,479	
Public Wks Admin, Cable TV, Misc	17,496,520	
Total Expenditures	\$77,525,120	
Total Resources	\$90,816,827	

### OPERATING FUNDS

For more information on policy issues that affect these funds see the Policy Issue Summary in Exhibit II.

#### THE ECONOMIC DEVELOPMENT FUND

This fund reflects resources of \$230,985 and expenditures of \$99,306 for 2010. These funds are planned to be used to spur economic development. Expenditures include an allocation of Community and Economic Development positions and 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 \$2,529,187 and are subject to the public hearing process. With a focus on stimulus funding in the Federal Budget, the 2010 budget anticipates a similar allocation as the 2009 program grants. 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. The 2010 ending balance is projected to be \$448,660.

**THE COMMUNITY RELATIONS FUND**

The Community Relations fund expects resources of \$1,281,151 for 2010. Expenditures are estimated to be \$561,448, leaving the balance estimated at \$719,703 for year-end, earmarked primarily for capital expenditure on production equipment/cable TV facilities.

**THE COMMUNITY SERVICES FUND**

This fund includes the 4th year of the Healthy Families Yakima program, which is a 5-year demonstration project through the Department of Social and Health Services. Total resources, which include grant revenue and match contributions, are estimated to be \$384,502, and expenditures are budgeted to be \$303,334, leaving an ending balance of \$81,168.

**THE GROWTH MANAGEMENT FUND**

This fund has special projects/grants related to growth management issues that have been accounted for in this fund. There is no activity planned for this fund. The projected ending balance is \$93.

**CEMETERY FUND**

Resources within this fund for 2010 are projected at \$299,307, expenditures are estimated to be \$256,155, and the estimated ending balance is projected at \$43,152. The Cemetery Fund is depending on a \$50,000 operational subsidy from the Parks and Recreation Fund.

**THE EMERGENCY SERVICES FUND**

Resources in this fund reflect revenues of \$1,163,428 and expenditures of \$1,110,329 related to the provision of Emergency Medical Services, and are supported by an allocation of the countywide special EMS Property Tax Levy, which was renewed by the voters in September 2002. The 2010 ending balance is projected to be \$53,099.

**THE PUBLIC SAFETY COMMUNICATIONS FUND**

This fund expects resources of \$3,196,747 and expenditures of \$2,994,394 for 2010, leaving a balance of \$202,353 at year-end. This fund accounts for 9-1-1 Calltakers, supported by Yakima County 9-1-1 resources in the amount of \$1,372,350. General Fund expenditures include a transfer of \$850,000 for dispatch.

**POLICE GRANTS**

This is a newly created fund. It 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 with a total grant of \$1.5 million and will be used to hire seven new police officers. Resources for 2010 are estimated to be \$814,000 and expenditures are budgeted at \$683,019, leaving an ending balance of \$130,981.

**DOWNTOWN YAKIMA BUSINESS IMPROVEMENT DISTRICT (DYBID) FUND**

Resources in this fund are projected to be \$219,437, coming primarily from the new Business Improvement District established mid-2008, while expenditures are projected at \$209,989. The ending balance for 2010 is projected at \$9,448. Much of the 2010 budget is targeted toward maintaining the recent downtown revitalization efforts.

**THE TROLLEY FUND**

This fund projects resources of \$12,917 and expenditures of \$7,848 for 2010. It should be noted that the final budget will be modified to include the continuation of a grant-supported improvement project at the Trolley barn. The year-end balance is projected at \$5,069.

**THE FRONT STREET BUSINESS IMPROVEMENT AREA FUND**

This fund projects resources of \$11,537 and expenditures of \$5,000 – leaving an ending balance of \$6,537 for 2010.

**THE TOURISM PROMOTION/YAKIMA CONVENTION CENTER FUND**

This fund's budget anticipates resources of \$1,590,194 (this includes a transfer of \$150,000 from the Public Facility District) and expenditures of \$1,469,180, and thus is expected to end 2010 with a balance of \$121,014.

**THE CAPITOL THEATRE FUND**

This fund is expected to have resources of \$439,081 and expenditures of \$319,749, leaving an estimated ending balance of \$119,332.

**THE PUBLIC FACILITIES DISTRICT - CONVENTION CENTER FUND**

This fund includes resources estimated to be \$831,733 for 2010. Expenditures are estimated to be \$689,000. 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 \$55,000 is for Convention Center Capital Fund. This leaves a fund balance of \$142,733 at the end of 2010.

**THE TOURIST PROMOTION AREA**

This fund accounts for a self-assessment imposed by the lodging industry to promote tourism. Resources are estimated to be \$378,619, with expenditures programmed at \$378,205, leaving a balance at the end of 2010 of \$414.

**THE PUBLIC FACILITIES DISTRICT - CAPITOL THEATRE**

This fund includes resources estimated to be \$521,000 for 2010. Expenditures are estimated to be \$502,000. Of this amount \$460,000 is designated for debt service on the Capitol Expansion bond issued in 2009 and \$30,000 for Capitol Theatre Construction Fund to be available for project contingency. This leaves a fund balance of \$19,000 at the end of 2010.

**RECOVERY PROGRAM GRANTS**

This is a new fund established to account for Federal Recovery Grants that have stringent reporting requirements and cross operational lines. These are 100% grants (i.e. no local match requirements), so that both the revenues and expenditures for 2010 are \$814,000, with no ending reserve balance. Staff is currently of the understanding that a portion of the grant can be advanced. If it is reimbursement only, options will need to be researched to provide cash flow.

**STORMWATER OPERATING FUND**

Expenditures in this fund are estimated to be \$2,103,128 and resources are projected to be \$2,446,023 for 2010. An ending balance of \$342,895 is currently projected for 2010. This is the third year of the new Stormwater Utility - the budget was developed assuming a rate of \$40 per Equivalent Residential Unit (ERU) annually (see Policy Issue). The expenditure budget includes reimbursement of the Wastewater Utility for its advanced funding of the Stormwater program, and a \$200,000 transfer to the streets fund to support the street sweeping program.

**TRANSIT FUND**

Expenditures in this fund are estimated to be \$7,200,452 and resources are projected to be \$7,728,255 for 2010. Total Transit sales taxes for 2009 are forecast to be \$4,400,000 which is about \$450,000 less than the 2008 actual. The 2010 budget includes a total of \$4,445,000 with \$4,295,000 allocated to operations and \$150,000 to capital. Fortunately, the savings in fuel prices and PERS rates made up for the sales tax reduction, so that route reductions are not yet needed to balance this budget. This fund also includes an operating grant of \$1,765,000. An ending balance of \$527,803 is currently projected for 2010.

**THE REFUSE FUND**

The expenditure budget in this fund for 2010 is \$4,649,892. Total resources are estimated to be \$4,939,573, and an ending balance is currently projected at \$289,681 (see unbudgeted policy issue for a potential rate increase to cover rising landfill costs).

**WASTEWATER FUND**

Resources for this fund in 2010 are expected to total \$19,167,910. Expenditures are budgeted at \$17,570,394 and the 2010 year-end balance is currently projected to be \$1,597,516. Transfers of about \$3.10 million to Wastewater Construction Funds, and \$3.11 million to provide for Wastewater Bond redemption and repayments of Public Works Trust Fund Loans are currently programmed in this budget. The proposed 2010 Sewer budget includes continued implementation of the Sewer Comprehensive Plan and the Wastewater Facilities Plan. The 2010 projected resources include the continuation of a prior year policy issue to implement a rate adjustment of 3.5%. See policy issues for position upgrade and new capital projects.

**WATER FUND**

Resources of \$9,136,121 are projected for 2010 in this fund. Expenditures are estimated to be \$7,774,807 leaving \$1,361,314 at the end of 2010. These costs include \$800,000 transfer to the Capital Fund, and about \$566,000 to provide for Water Bond Debt Service, repayments of Water Public Works Trust Fund Loans and \$100,000 to continue implementation of a new utility management / billing system. The 2010 projected resources include the rate adjustment of 5.5% that was approved by Council in 2008.

**IRRIGATION FUND**

Resources for 2010 are projected to be \$2,943,248 in this fund, and expenditures are estimated to be \$2,758,394, which includes a transfer of \$881,000 to the Irrigation Capital Fund, about \$356,000 to provide debt service for an Irrigation bond and Public Works

Trust Fund loan and \$60,000 for the new utility management / billing system. The 2010 ending fund balance is projected to be \$184,854.

#### **THE EQUIPMENT RENTAL FUND**

The budget for this fund in 2010 is \$5,198,027 of which \$3,438,770 is the maintenance and operations budget, and \$1,759,257 is the Equipment Replacement budget. Resources are expected to be \$9,102,072 while the ending fund balance for 2010 is expected to be \$3,904,045, 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 2010, \$1,057,244 in resources is expected to be available (this includes \$300,000 of Department of Ecology grants to complete the Richardson Airway Dirt Removal and Yakima Airport Tank Cleanup projects) and \$828,450 is expected to be spent. A year-end balance of \$228,794 is projected.

#### **PUBLIC WORKS ADMINISTRATION FUND**

Expenditures for 2010 are expected to be \$1,191,886 for this fund. Resources for 2010 are expected to be \$1,372,698 generated from operating funds located in the Public Works complex, resulting in a year-end balance of \$180,812. A vacant Department Assistant II position is deleted from this budget as part of the General Government budget reduction measures. The savings translated into a reduction in charges to the Streets and Parks funds.

### **RESERVE FUNDS – EMPLOYEE BENEFIT RESERVES**

#### **THE UNEMPLOYMENT COMPENSATION RESERVE FUND**

This self insured fund is estimated to end 2010 with a balance of \$264,980. Resources are projected to be \$501,841 and expenditures for claims and other related expenses are estimated at \$236,861. Due to an anticipated increase of unemployment claims from budget reduction measures, rates are adjusted from .00247% to .00309%.

#### **EMPLOYEES HEALTH BENEFIT RESERVE FUND**

Expenditures in this fund for 2009 are projected to be \$10,553,586, while resources are \$12,708,769, leaving an ending balance projected to be \$2,155,183. The 2010 budget includes a rate adjustment of about 7.5%. 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 WORKERS COMPENSATION RESERVE FUND**

This fund is estimating a year-end balance of \$1,107,895, the result of resources totaling \$2,574,590 and expenditures of \$1,466,695. Ongoing efforts in claim management and safety training are in place to slowdown the number of claims/costs.

**WELLNESS/EMPLOYEE ASSISTANCE PROGRAM (EAP) FUND**

Projected total resources for 2010 are \$204,475 in this fund, and expenditures are \$89,849 with a projected year-end balance of \$114,626.

**THE FIREMEN'S RELIEF AND PENSION FUND**

This fund is projecting resources of \$2,414,406 and expenditures of \$1,624,792, leaving an estimated 2010 year-end balance of \$789,614.

The Fire Pension property tax allocation for 2010 of \$1,502,765 is 2% less than the 2009 allocation of \$1,532,765 in order to keep more resources in the General Government funds, since this fund's reserves are almost 50% of the annual budget. 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 2010, Risk Management Fund departmental contributions totaling \$2,293,000 are programmed from City departments, an increase of 5.0% 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, combine for projected 2010 revenues of \$2,589,000.

Total resources to the Risk Management Reserve for 2010 are expected to be \$3,653,275. Based on personnel costs, claims experience and other insurance/ professional services costs, expenditures are estimated to be \$2,759,337, and the year-end 2010 reserve balance is estimated to be \$893,938. These reserve levels are still considered marginal in comparison to the existing liability for incurred claims; however, the combination of reductions in deductible levels and proactive legal overview of land use actions are expected to limit future liability. The reserve balance in this fund will continue to be monitored for adequacy.

**GENERAL CONTINGENCY RESERVE FUND**

The Contingency Reserve Fund is estimated to end 2010 with a balance of \$1,919. For 2010, \$50,000 is programmed to be transferred from the General Fund to this fund. \$225,000 is appropriated for contingency purposes during 2010.

**CAPITOL THEATRE RESERVE**

The Capitol Theatre Reserve projects resources for 2010 of \$461,441. Interest earnings on this balance partially support an annual transfer to the Capitol Theatre Operating Fund Reserve of \$71,927. The projected 2010 ending balance is \$389,514.

**GENERAL FUND CASH FLOW RESERVE**

General Fund cash flow reserves for 2010 are estimated at \$2,856,334. 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 2010 General Reserve position is estimated to be as shown in the following chart.

**2010 GENERAL RESERVE POSITION**

<b>FUND</b>	<b>2008 ACTUAL</b>	<b>2009 ESTIMATED</b>	<b>2010 PROJECTED</b>
Contingency Fund	\$351,919	\$176,919	\$1,919
General Fund Cash Flow	6,798,731	4,207,894	2,856,334
Capitol Theatre Reserve	521,118	458,441	389,514
Risk Management Reserve	1,146,767	1,063,775	893,938
<b>TOTAL</b>	<b>\$8,818,535</b>	<b>\$5,907,029</b>	<b>\$4,141,705</b>

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 we move forward.

Exhibit I contains additional detail of funds categorized as Operating Reserves.

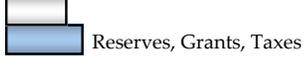


## **CAPITAL IMPROVEMENT FUNDS**

For 2009, a number of capital improvements were programmed for an amended capital budget of \$62.3 million. However, capital improvement expenditures for 2009 were estimated to be \$30.8 million, a spending level approximately \$31.5 million below budgeted levels. These projects are rebudgeted in 2010 along with additional capital improvements. Examples of the projects being rebudgeted include the Railroad Grade Separation; 16th Avenue & Washington Avenue reconstruction; Summitview & 66th Avenue Signalization; the Capitol Theatre expansion / refurbishment; Automated Meter Reading; 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.

### **2010 RESTRICTED CAPITAL AND DEBT SERVICE FUNDS**

<b>Division</b>	<b>2010 Forecast Budget</b>	<b>Dollars in Millions</b>
Streets	\$25,035,667 29,659,662	
Wastewater	8,111,970 12,795,856	
Water/Irrigation	6,203,272 8,850,036	
Transit	2,693,750 3,430,603	
Equipment Rental	1,625,000 5,486,476	
Storm Water	368,040 679,525	
Sp Purp Cap, Misc G.O. Debt	9,575,017 11,939,376	
Total Expenditures	\$53,612,716	
Total Resources	\$72,841,534	

For 2010, Capital Fund expenditures of \$45,527,472 are estimated as follows, inclusive of carry-over projects from 2009:

**STREET / OTHER INFRASTRUCTURE IMPROVEMENT PROJECTS**

Total projects of \$24 million (including carryover projects and Debt Service; excluding capital transfers of REET 1 (\$100,000) to support Fire and Parks capital improvement).

- Summitview and 66th Avenue signalization (carry-over) – \$615,000
- Nob Hill overpass repair (carry-over) – \$564,000 (Federal grant)
- Sixteenth Avenue and Washington Avenue reconstruction (carry-over) – \$1,201,000 (State grant, REET 2)
- Railroad grade separation – \$18,200,000 (State and Federal grants; Public Works Trust Fund loan)
- Debt Service – \$1,193,883
- Other miscellaneous projects including a \$155,000 contingency; \$456,007 utility services system (funded by wastewater, water, and irrigation operating funds); \$287,743 Consolidated Financial System (funded by various Operating Funds) – \$2,326,847

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 2010 projects – \$2,600,000.

- General irrigation system refurbishment Phase III (carry-over) – \$900,000
- Capitol Hill refurbishment (carry-over plus 2010 additional project cost) – \$1,200,000
- General irrigation system refurbishment Phase IV - \$300,000
- Other irrigation system improvements – \$200,000

**DOMESTIC WATER IMPROVEMENT FUND**

Total 2010 projects – \$2,997,200.

- New well project (carry-over) – \$1,157,200 (funded by Public Works Trust Fund loan)
- Design Water Treatment Plant Lagoons (carry-over) – \$100,000
- 2010 Water main replacement – \$150,000

- Automated Meter Reading System (carry-over plus 2010 additional project cost / shared with Wastewater) – \$1,500,000
- Other water capital projects – \$90,000

**FIRE CAPITAL FUND**

Total 2010 projects – \$555,500.

- Machinery and Equipment (staff vehicle, mobile data replacement) – \$58,500
- Fire Station 94 remodel (carry-over) – \$460,000 ( funded by REET 1)
- Other miscellaneous upgrades to equipment and fire stations – \$37,000

**WASTEWATER CAPITAL EXPENDITURES**

Facility projects and other sewer improvements, including sewer line extension rehabilitation and other costs, total \$5,905,000.

- Congdon sewer main (carry over) – \$750,000
- Wastewater Collection System Evaluation (topic of Policy Issue) - \$200,000
- Neighborhood sewer main (carry over) – \$300,000
- Automated Meter Reading System (shared with Water) – \$750,000
- Speedway/Race St Interceptor (additional project cost) – \$850,000
- Supervisory Control and Data Acquisition (SCADA) Tip Out & Power Distribution (additional project cost) See Policy Issue – \$735,000 (Revenue Bond)
- 2009 Wastewater Comprehensive Plan update (additional project cost) – \$150,000
- Building for Nutrient Removal Equipment (topic of Policy Issue) - \$300,000
- National Pollutant Discharge Elimination System (NPDES) and Total Maximum Daily Load (TMDL) Issues See Policy Issue - \$1,000,000
- Other Wastewater miscellaneous capital needs (including a \$670,000 contingency) - \$870,000

**STORMWATER CAPITAL FUND**

Total 2010 budget – \$368,040:

- Contingency for Capital Facilities projects (partial carry-over) – \$125,000
- Fair Avenue/Nob Hill drainage improvement – \$130,000
- J Street Low Impact Development (LID) - \$113,040 (state grant – joint project with Yakima County)

**TRANSIT CAPITAL**

The 2010 budget of \$2,693,750 is for miscellaneous capital needs and vehicle replacement.

- Continuation of repaving project at Public Works – \$320,000
- Bus Replacement plan ( 5 buses) – \$2,000,000 federal grant (topic of Policy Issue)
- Replace Dial-a-ride vehicles – \$228,750
- Other capital needs – \$145,000

**PARKS IMPROVEMENTS PROJECTS**

\$560,000 for various project/capital needs in 2010.

- Upper Kiwanis development (carry-over)– \$475,000 (state grant, line of credit, REET 1 and contributions)
- Other capital needs – \$85,000

**OTHER CAPITAL PROJECTS / TRANSFERS**

- City Hall rehabilitation/refurbishment/contingency – \$250,000 for continued refurbishment projects. (REET 1)
- Transfer of REET 1 to support Fire and Parks capital improvements – \$100,000
- Law and Justice Capital fund – \$1,071,000 for the Police Station/Legal Center related equipment and projects including:
  - Vehicle replacement – \$115,000
  - Technology and Equipment to enhance crime reduction – \$500,000 (Federal grant)
  - Safety and communication equipment for mobile units – \$175,000
  - Other miscellaneous projects and equipment – \$281,000
- Convention Center Capital Improvements – \$191,000 is programmed for ongoing capital needs of the Center for 2010.

## **LID CONSTRUCTION**

There are no local improvement district projects budgeted in 2010.

## **CBD CAPITAL IMPROVEMENT**

This fund includes \$1,135,252 for improvements in the Central Business District.

- Contract for maintenance (reduced from \$50,000 in 2009) – \$40,000
- Downtown Revitalization Phase IV - \$988,000 (state grant)
- Other projects / contingency – \$107,252

## **CAPITOL THEATRE CONSTRUCTION**

\$3,150,000 is budgeted for the completion of phase II of the Capitol Theatre expansion project, funded primarily by bond proceeds.

## **SUMMARY**

Overall, Capital Fund expenditures in the 2010 Budget Forecast are \$45,527,472, which is \$16,726,877 or 26.9% less than the 2009 amended levels of \$62,254,349. Many areas are in the midst of capital programs such as the utilities and streets (including the railroad grade separation, which is in the planning stages in 2009). In some instances, the “next” phase as included in the 2010 budget is more than 2009, such as automated meter reading and grant funded transit bus purchases. In other instances, the ongoing budgets are less than 2009, such as the Nob Hill overpass repairs, the Capitol Theatre expansion and Final SCADA.

Ongoing pressures on revenues available for General Government Capital funds has pushed spending down in Parks, Fire and Law & Justice. The Fire Department has prepared a policy issue to request 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.

All of these changes net to an overall decrease in the capital fund expenditures for this budget cycle.

## **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 2010. Citywide, grants add to over \$37 million, which is more than 20% of total revenues.

This grant summary is included in the Capital Improvement section because Capital grants make up almost 60% of the total grants awarded. Coincidentally, grants make up about 60% of revenue in the Capital Improvement funds.

## 2010 GRANTS

(Federal, State & Interlocal Subsidies)

DEPARTMENT	DESCRIPTION	AMOUNT OF GRANT
Federal / State Capital Grants		
Law & Justice Capital	BYRNE Disp Agencies Grant	\$500,000
Law & Justice Capital	JAG Grant	21,478
Arterial Streets	Fair Avenue/Nob Hill Intersection Rebuild	40,000
Arterial Streets	W.O. Douglas Trail 6th Ave & Naches Bridge	92,047
Arterial Streets	Nob Hill Bridge Repair	564,000
Cum Res for Capital Improvement	Railroad Grade Separation - Fed Highway Admin	13,256,000
Cum Res for Capital Improvement	Railroad Grade Separation - Trans Imp Board	3,000,000
Arterial Streets	Dept of Transportation RR Crossing Wa Ave	261,650
Arterial Streets	16th & Washington Reconstruction	996,000
Arterial Streets	W.O. Douglas Trail Enhancement	100,000
Transit Capital Reserve	WSDOT Grant	140,000
Cum Res for Capital Improvement	Utility System/Stormwater DOE Grant	53,040
CBD Capital Improvement	Downtown Revitalization Phase 4	988,000
Stormwater Capital Fund	Low Impact Development Demonstration	84,781
Transit Capital Reserve	ARRA Direct DOT Grant - Busses	2,001,005
Total Federal / State Capital Grants		<u>\$22,098,001</u>
Federal / State Operating Grants - General Government		
Police	Police BYRNE Earmark Grant	\$110,000
Police	State Criminal Alien Assist Program Grant	20,000
Police	Traffic Safety Commission	40,000
Fire	State Patrol Fire Training	3,000
Police	OPD Public Defense Grant	150,000
Parks and Recreation	ALTC Reimbursement SCSA State Res	30,900
Parks and Recreation	Senior Center - Footcare	30,200
Parks and Recreation	State Senior Citizen Day Care/ Transportation	10,000
Parks and Recreation	State Transportation	500
Parks and Recreation	Americorp Grant Thru Employment Security	40,000
General Fund	Property Taxes	6,330
Police	ARRA COPS Grant	530,000
Municipal Court	Judicial Salary Contribution	50,000
Total Federal / State Operating Grants - General Government		<u>\$1,020,930</u>
Federal / State Operating Grants - Other Funds		
Community Development	Community Development Block Grant	\$1,185,386
Community Development	HUD HOME Program	682,410
Transit	FTA Current Year Operating Grant	1,765,000
Transit	JARC Pass Thru DOT Grant	65,000
Community Services	Healthy Families - Yakima	303,334
Emergency Services	Dept of Health - Prehospital Grant	1,726
Stormwater Operating	Ecology Mapping Grant	100,000
Transit	ADA Grant - Department of Transportation	92,500
Refuse	Dept of Ecology Alternative to Burning Grant	25,000
Environmental	Richardson Airway Dirt Removal Grant	100,000
Environmental	Yakima Airport Tank Cleanup Grant	200,000
R&M Energy	ARRA Dept of Energy Recovery Program	814,000
Total Federal / State Operating Grants - Other Funds		<u>\$5,334,356</u>

<b>DEPARTMENT</b>	<b>DESCRIPTION</b>	<b>AMOUNT OF GRANT</b>
Federal Entitlements		
Police	Federal Forfeited Property	\$25,000
PFD Capital Theatre	Capitol Theatre - Build Amer Bond Subsidy	108,896
Total Federal Entitlements		<u>\$133,896</u>
State Shared Revenue		
Police	Criminal Justice - High Crime	\$490,000
Police	Criminal Justice - Violent	80,000
Police	Criminal Justice - Special Programs	46,000
Police	MVET DUI Payment	16,000
General Fund	Liquor Excise Tax	405,000
General Fund	Liquor Board Profits	695,000
Economic Development	City Assistance	35,000
Parks & Recreation	Criminal Justice - Special Programs	21,100
Streets	Gas Tax	1,200,000
Arterial Streets	Arterial Street Gas Tax	550,000
Firemen Relief & Pension	Fire Insurance Premium Tax	72,800
Total State Shared Revenue		<u>\$3,610,900</u>
Intergovernmental Contract / Services		
Police	Police - Fairgrounds	\$7,000
Police	Resource Officers	370,440
Police	Personnel Services - Training	25,000
Fire	Fire - EMS District #10	30,000
Fire	Fire Investigator Services	600
Fire	Fire Training Programs	9,000
Fire	Fire Training Services	74,038
Purchasing	Purchasing Services - County	205,000
Parks and Recreation	School District #7 - Swim Programs	15,000
Emergency Services	EMS Levy	1,061,394
Public Safety Communications	Fire District #10	21,000
Public Safety Communications	911 Services Contracts	1,372,350
Public Safety Communications	Fire Dispatch Services	190,568
Public Safety Communications	Information Technical Services	46,520
Public Safety Communications	Police Dispatching Service	121,168
Public Safety Communications	ET Maintenance - Contract	4,950
Police	Drug Enforcement Agency	25,000
Public Facilities District	Public Facilities District Revenue	680,000
PFD - Capitol Theatre	Public Facilities District Capitol Theatre	503,000
Fire Capital	Fire Protection Charge /State Fac	2,000
Cum Res For Capital Imp	Consolidated Financial System Software	125,000
Transit	Selah Transit Bus	125,000
Transit	Selah Transit Dial A Ride	45,000
Environmental	Richardson Airway Dirt Removal	20,000
Environmental	Yakima Airport Tank Cleanup	108,000
Total Intergovernmental Contract / Services		<u>\$5,187,028</u>
<b>TOTAL 2010 GRANTS</b>		<u><u>\$37,385,111</u></u>



**THREE YEAR BUDGET COMPARISON – 2010 BUDGET BY CITY FUNCTIONAL GROUPING**

	2008	2009		2009	2009	2010	2010	2010	2010	2010
	ACTUAL EXPENDITURES	AMENDED BUDGET	YEAR-END ESTIMATE	AMENDED BUDGET	PRELIMINARY BUDGET	VS 2009 AMENDED	BEGINNING FUND BALANCE	PROJECTED REVENUE	EST. ENDING FUND BALANCE	
<b>GENERAL GOVERNMENT</b>										
City Council	\$204,586	\$213,540	\$212,731	\$213,540	\$212,265	(0.6%)				
City Manager	483,312	521,307	511,296	521,307	518,563	(0.5%)				
State Examiner	96,297	103,000	98,000	103,000	103,000	0.0%				
Records	409,921	449,013	386,917	449,013	440,128	(2.0%)				
Financial Services	1,440,634	1,540,878	1,521,295	1,540,878	1,502,860	(2.5%)				
Human Resources	430,133	494,040	471,345	494,040	467,978	(5.3%)				
Legal	1,299,647	1,459,796	1,208,525	1,459,796	1,142,950	(21.7%)				
Municipal Court	1,202,128	1,321,304	1,314,396	1,321,304	1,262,770	(4.4%)				
Purchasing	258,089	329,881	340,899	329,881	432,432	31.1%				
Hearing Examiner	65,193	56,000	56,000	56,000	41,000	(26.8%)				
Environmental Planning	705,338	901,557	823,598	901,557	774,229	(14.1%)				
Code Administration	1,546,638	1,783,856	1,607,492	1,783,856	1,462,372	(18.0%)				
Indigent Defense	360,000	425,000	425,000	425,000	480,000	12.9%				
Police	20,902,975	23,378,366	22,866,079	23,378,366	23,108,949	(1.2%)				
Fire	8,436,383	8,909,315	8,892,905	8,909,315	8,979,699	0.8%				
Police Pension	1,279,173	1,403,957	1,352,146	1,403,957	1,373,040	(2.2%)				
Probation Center	24,176	25,000	25,000	25,000	0	(100.0%)				
Engineering	1,034,701	1,199,716	1,050,385	1,199,716	1,003,528	(16.4%)				
City Hall Maintenance	403,570	426,178	404,368	426,178	406,690	(4.6%)				
Information Systems	2,541,846	2,823,003	2,743,951	2,823,003	2,306,255	(18.3%)				
Utility Services	1,034,015	1,225,469	1,182,138	1,225,469	1,253,118	2.3%				
Intergovernmental	286,102	370,076	472,076	370,076	331,397	(10.5%)				
Sun Dome	150,000	150,000	150,000	150,000	150,000	0.0%				
District Court	3,216	1,800	1,800	1,800	1,800	0.0%				
Transfers	2,317,970	2,232,275	2,230,275	2,232,275	2,252,275	0.9%				
<b>TOTAL GENERAL FUND</b>	<b>\$46,916,043</b>	<b>\$51,744,327</b>	<b>\$50,348,617</b>	<b>\$51,744,327</b>	<b>\$50,007,298</b>	<b>(3.4%)</b>	<b>\$4,207,894</b>	<b>\$48,655,738</b>	<b>\$2,856,334</b>	
Parks & Recreation	4,274,493	4,377,543	4,249,796	4,377,543	4,232,014	(3.3%)	279,477	4,248,985	296,448	
Street & Traffic Operations	5,821,695	6,074,833	5,686,692	6,074,833	5,379,043	(11.5%)	1,260,353	5,233,810	1,115,120	
<b>TOTAL GENERAL GOVERNMENT FUNDS</b>	<b>\$57,012,231</b>	<b>\$62,196,703</b>	<b>\$60,285,105</b>	<b>\$62,196,703</b>	<b>\$59,618,355</b>	<b>(4.1%)</b>	<b>\$5,747,724</b>	<b>\$58,138,533</b>	<b>\$4,267,902</b>	

	2008	2009		2009	2010		2010		2010		2010
	ACTUAL EXPENDITURES	AMENDED BUDGET	YEAR-END ESTIMATE	PRELIMINARY BUDGET	VS 2009 AMENDED	BEGINNING FUND BALANCE	PROJECTED REVENUE	EST. ENDING FUND BALANCE			
<b>OTHER OPERATING/ENTERPRISE</b>											
Economic Development	\$167,126	\$146,173	\$98,970	\$99,306	(32.1%)	\$187,985	\$43,000	\$131,679			
Community Development	2,555,694	4,525,424	4,261,559	2,529,187	(44.1%)	604,401	2,373,446	448,660			
Community Relations	496,341	577,802	543,824	561,448	(2.8%)	799,951	481,200	719,703			
Community Services	377,598	487,712	349,712	303,334	(37.8%)	46,168	338,334	81,168			
Growth Mgmt/Commute Trip Red Fund	0	49,745	49,745	0	(100.0%)	93	0	93			
Cemetery	251,637	260,420	256,912	256,155	(1.6%)	52,557	246,750	43,152			
Emergency Services	1,084,313	1,167,430	1,141,339	1,110,329	(4.9%)	99,558	1,063,870	53,099			
Public Safety Communications	2,703,602	3,028,165	2,900,907	2,994,394	(1.1%)	260,437	2,936,310	202,353			
Police Grants	0	0	0	683,019	n/a	224,000	590,000	130,981			
Downtown Yakima Improvement District	111,893	204,592	202,399	209,989	2.6%	9,267	210,170	9,448			
Trolley (Yakima Interurban Lines)	231,261	248,207	221,621	78,488	(96.8%)	3,931	8,986	5,069			
Front Street Business Improvement Area	2,800	3,000	3,000	5,000	66.7%	8,002	3,535	6,537			
Tourist Promotion	1,394,116	1,474,205	1,303,209	1,469,180	(0.3%)	185,694	1,404,500	121,014			
Capitol Theatre	304,734	318,513	318,513	319,749	0.4%	128,654	310,427	119,332			
PFD Revenue-Convention Center	697,926	696,000	666,775	689,000	(1.0%)	150,733	681,000	142,733			
Tourist Promotion Area	378,205	405,088	374,834	378,205	(6.6%)	414	378,205	414			
PFD Revenue-Capitol Theatre	389,110	498,000	480,000	502,000	0.8%	18,000	503,000	19,000			
Recovery Program Grants	0	0	0	814,000	n/a	0	814,000	0			
Stormwater Operating	772,857	1,801,039	1,799,628	2,103,128	16.8%	346,023	2,100,000	342,895			
Transit	7,315,761	7,460,107	6,903,596	7,200,452	(3.5%)	612,155	7,116,100	527,803			
Refuse	4,458,657	4,652,022	4,592,614	4,649,892	(0.0%)	252,423	4,687,150	289,681			
Wastewater Operating	16,646,483	16,875,924	16,717,073	17,570,394	4.1%	1,908,696	17,259,214	1,597,516			
Water Operating	6,831,165	7,303,953	7,257,874	7,774,807	6.4%	1,741,284	7,394,837	1,361,314			
Irrigation Operating	2,631,451	2,784,200	2,756,837	2,758,394	(0.9%)	171,648	2,771,600	184,854			
Equipment Rental	5,486,749	5,998,773	5,182,028	5,198,027	(13.3%)	4,111,768	4,990,304	3,904,045			
Environmental Fund	199,788	1,381,220	855,000	828,450	(40.0%)	494,244	563,000	228,794			
Public Works Administration	1,150,816	1,199,463	1,177,556	1,191,886	(0.6%)	187,367	1,185,331	180,812			
<b>TOTAL OTHER OPERATING/ENTERPRISE</b>	<b>\$56,640,083</b>	<b>\$63,547,177</b>	<b>\$60,415,525</b>	<b>\$62,207,573</b>	<b>(2.1%)</b>	<b>\$12,605,453</b>	<b>\$60,454,269</b>	<b>\$10,852,149</b>			



	2008	2009	2009	2010	2010	2010	2010	2010	2010
	ACTUAL	AMENDED	YEAR-END	PRELIMINARY	VS 2009	BEGINNING	PROJECTED	EST. ENDING	
	EXPENDITURES	BUDGET	ESTIMATE	BUDGET	AMENDED	FUND BALANCE	REVENUE	FUND BALANCE	
<b>TRUST AND AGENCY FUNDS</b>									
Cemetery Trust	\$19,126	\$25,000	\$12,000	\$15,000	(40.0%)	\$574,865	\$23,000	\$582,865	
<b>DEBT SERVICE</b>									
L.I.D. Guaranty	\$0	\$0	\$0	\$0	n/a	\$80,020	\$300	\$80,320	
PFID Debt Service	459,075	734,550	734,550	1,014,286	38.1%	150,994	1,028,896	165,604	
General Obligation Bonds	2,126,885	2,257,369	2,257,369	2,275,916	0.8%	372,201	2,278,063	374,348	
L.I.D. Debt Service	84,618	207,000	207,000	207,000	0.0%	37,144	212,000	42,144	
Water-Irrigation/Sewer Bonds	3,710,550	2,860,417	2,860,417	2,863,042	0.1%	2,365,696	2,867,068	2,369,722	
<b>TOTAL DEBT SERVICE</b>	\$6,381,128	\$6,059,336	\$6,059,336	\$6,360,244	5.0%	\$3,006,055	\$6,386,327	\$3,032,138	
<b>TOTAL CITY BUDGET</b>	<b>\$155,514,867</b>	<b>\$211,490,103</b>	<b>\$174,251,294</b>	<b>\$190,756,691</b>	<b>(9.8%)</b>	<b>\$49,527,870</b>	<b>\$178,016,748</b>	<b>\$36,787,927</b>	

**POLICY ISSUE SUMMARY**

**2010 BUDGET PREPARATION  
POLICY ISSUE SUMMARY <sup>(1)</sup>**

**OUTSIDE AGENCIES -- As RECOMMENDED BY THE COUNCIL BUDGET COMMITTEE**

DEPARTMENT / DIVISION POLICY ISSUE REQUEST / JUSTIFICATION	PROPOSED FUNDING SOURCE	NON-PERSONNEL		COMMENTS
Yakima County Development Association (YCDA)	General Fund	2009 Budget Deleted	\$30,000 <u>15,000</u> \$15,000	Budgeted
Greater Yakima Chamber of Commerce	General Fund	2009 Budget Deleted	\$5,900 <u>2,950</u> \$2,950	Budgeted
Hispanic Chamber of Commerce (HCC)	General Fund	2009 Budget Deleted	\$5,900 <u>2,950</u> \$2,950	Budgeted
Yakima Fourth of July Committee	General Fund/Fire	2009 Budget Deleted	\$5,500 <u>2,750</u> \$2,750	Budgeted
Yakima Sunfair Festival Association	General Fund	2009 Budget Deleted	\$1,000 <u>500</u> \$500	Budgeted
Yakima Basin Storage Alliance (YBSA)	Water Reserves (60%) General Fund (40%)	2009 Budget Deleted	\$20,000 <u>20,000</u> \$0	Budgeted
Yakima-Morelia Sister City Association	Economic Development Fund (123)	2009 Budget Deleted	\$2,000 <u>667</u> \$1,333	Budgeted
Committee for Downtown Yakima (CDY)	CBD Capital Improvement Fund (321)	2009 Budget Deleted	\$50,000 <u>10,000</u> \$40,000	Budgeted
Allied Arts of Yakima Valley – ArtsVan	General Fund	2009 Budget Deleted	\$5,333 <u>2,666</u> \$2,667	Budgeted
Retired Senior Volunteer Program (RSVP)	General Fund	2009 Budget	\$3,000 <u>1,000</u> \$2,000	Budgeted
Seasons Music Festival	Parks & Recreation Fund	2009 Budget Deleted	\$8,000 <u>4,000</u> \$4,000	Budgeted
Citizens for Safe Yakima Valley Communities (CSC) Community Programs	General Fund	2009 Budget Deleted Total Request	\$20,000 <u>10,000</u> \$10,000	Budgeted
Yakima Symphony Orchestra	General Fund	2009 Budget Deleted	\$10,000 <u>5,000</u> \$5,000	Budgeted
			\$89,150	Budgeted Total

## ***OUTSIDE AGENCIES -- New Requests***

<b>DEPARTMENT / DIVISION POLICY ISSUE REQUEST / JUSTIFICATION</b>	<b>PROPOSED FUNDING SOURCE</b>	<b>NON-PERSONNEL</b>	<b>COMMENTS</b>
New Request: Fair Board		2010 Request     \$75,000	Unbudgeted

## ***INTERGOVERNMENTAL AGENCIES***

<b>DEPARTMENT / DIVISION POLICY ISSUE REQUEST / JUSTIFICATION</b>	<b>PROPOSED FUNDING SOURCE</b>	<b>NON-PERSONNEL</b>	<b>COMMENTS</b>
Yakima Regional Clean Air Agency (YRCAA) – Assessment	General Fund	2009 Assessment    \$22,394 Increase <u>11,326</u> 2010 Total             \$33,720	Budgeted
Yakima Valley Office of Emergency Management (OEM) – Assessment <sup>(1)</sup>	General Fund	2009 Assessment    \$59,937 Increase <u>2,563</u> 2010 Estimate        \$62,500	Budgeted
Yakima Valley Conference of Governments (YVCOG) – Assessment <sup>(1)</sup>	General Fund	2009 Assessment    \$41,125 Decrease <u>2,502</u> 2010 Total             \$38,623	Budgeted

## ***CITY MANAGEMENT***

### **STORMWATER**

<b>DEPARTMENT / DIVISION POLICY ISSUE REQUEST / JUSTIFICATION</b>	<b>PROPOSED FUNDING SOURCE</b>	<b>PERSONNEL SALARY / BENEFITS</b>	<b>NON-PERSONNEL</b>	<b>COMMENTS</b>
Stormwater Utility Rate Adjustment for 2010 and 2011	Stormwater Revenue	Unknown at this time	Revenue    \$205,000	Budgeted

### **STORMWATER / WASTEWATER**

<b>DEPARTMENT / DIVISION POLICY ISSUE REQUEST / JUSTIFICATION</b>	<b>PROPOSED FUNDING SOURCE</b>	<b>PERSONNEL SALARY / BENEFITS</b>	<b>NON-PERSONNEL</b>	<b>COMMENTS</b>
Upgrade a vacant position to Hydrologist	50% Wastewater / 50% Stormwater	Net Change    \$64,000		Budgeted

## WASTEWATER

DEPARTMENT / DIVISION POLICY ISSUE REQUEST / JUSTIFICATION	PROPOSED FUNDING SOURCE	PERSONNEL SALARY / BENEFITS	NON-PERSONNEL	COMMENTS
SCADA Tip Out & Power Distribution	Wastewater Capital		\$500,000	Budgeted
Nutrient Removal Project	Wastewater Capital		2010 \$600,000 Annually \$300K-\$500K	Budgeted
Mandated NPDES & TMDL Issues	Wastewater Capital		\$500,000	Budgeted
Wastewater Collection System Evaluation	Wastewater Revenue		\$200,000	Budgeted

## MUNICIPAL COURT

DEPARTMENT / DIVISION POLICY ISSUE REQUEST / JUSTIFICATION	PROPOSED FUNDING SOURCE	PERSONNEL SALARY / BENEFITS	NON-PERSONNEL	COMMENTS
None				

## FINANCE

DEPARTMENT / DIVISION POLICY ISSUE REQUEST / JUSTIFICATION	PROPOSED FUNDING SOURCE	PERSONNEL SALARY / BENEFITS	NON-PERSONNEL	COMMENTS
None				

## COMMUNITY AND ECONOMIC DEVELOPMENT

DEPARTMENT / DIVISION POLICY ISSUE REQUEST / JUSTIFICATION	PROPOSED FUNDING SOURCE	PERSONNEL SALARY / BENEFITS	NON-PERSONNEL	COMMENTS
Increase in Humane Society Contract	General Fund		2009 Budget \$68,600 Increase <u>5,386</u> 2010 Request \$73,986	Budgeted Unbudgeted

## POLICE

DEPARTMENT / DIVISION POLICY ISSUE REQUEST / JUSTIFICATION	PROPOSED FUNDING SOURCE	PERSONNEL SALARY / BENEFITS	NON-PERSONNEL	COMMENTS
None				

## ***FIRE***

### **OPERATIONS**

<b>DEPARTMENT / DIVISION POLICY ISSUE REQUEST / JUSTIFICATION</b>	<b>PROPOSED FUNDING SOURCE</b>	<b>PERSONNEL SALARY / BENEFITS</b>	<b>NON-PERSONNEL</b>	<b>COMMENTS</b>
Replacement of Fire Apparatus (Fire Engine / Pumper)	Fire Capital		\$500,000	Unbudgeted

## ***PUBLIC WORKS***

### **TRANSIT**

<b>DEPARTMENT / DIVISION POLICY ISSUE REQUEST / JUSTIFICATION</b>	<b>PROPOSED FUNDING SOURCE</b>	<b>PERSONNEL SALARY / BENEFITS</b>	<b>NON-PERSONNEL</b>	<b>COMMENTS</b>
Purchase 5 heavy duty low floor Transit buses	American Recovery and Reinvestment Act (ARRA)		\$2,000,000	Budgeted

### **REFUSE**

<b>DEPARTMENT / DIVISION POLICY ISSUE REQUEST / JUSTIFICATION</b>	<b>PROPOSED FUNDING SOURCE</b>	<b>PERSONNEL SALARY / BENEFITS</b>	<b>NON-PERSONNEL</b>	<b>COMMENTS</b>
Refuse Rate Increase - 3%	Refuse Operating Fund		<i>Revenue</i> \$119,000 <i>Landfill Charges</i> \$100,000	Actual \$ amounts unknown - contingent on landfill rate to be set by Yakima County Solid Waste

**EXHIBIT III - SUPPLEMENTAL INFORMATION**

**TABLE OF CONTENTS**

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**CRIMINAL JUSTICE**

Criminal Justice Costs  
General Government Budgets  
Criminal Justice Sales Tax

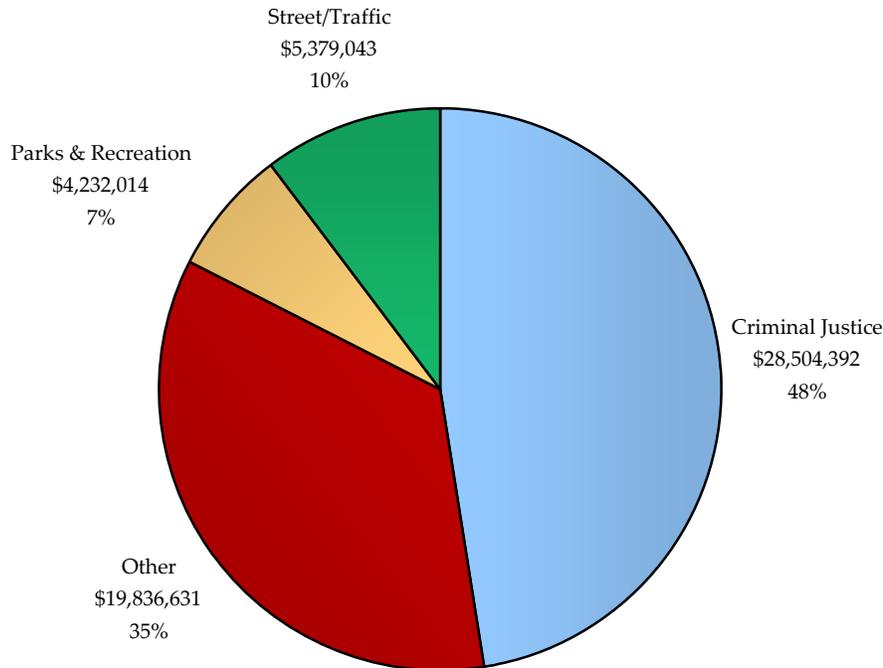
**SALARY AND BENEFIT COSTS**

Costs to Total Budget  
Operating Funds

**RESOURCE AND EXPENDITURE BREAKDOWN**

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

**COSTS VS. OTHER GENERAL GOVERNMENT FUNCTIONS  
2010 BUDGET**



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)**  
**1999 THROUGH 2010**

General Fund	2000		2001		2002		2003		2004		2005		2006		2007		2008		2009		2010		VS 2009	2010 PRELIMINARY BUDGET	10 YEAR INCREASE	
	AMENDED BUDGET	BUDGET																								
Criminal Justice	\$17,157,733	\$17,477,709	\$18,992,948	\$19,702,698	\$20,061,761	\$20,794,116	\$22,857,422	\$25,014,331	\$26,935,856	\$28,471,541	\$28,504,392	\$28,504,392	\$28,504,392	\$28,504,392	\$28,504,392	\$28,504,392	\$28,504,392	\$28,504,392	\$28,504,392	\$28,504,392	\$28,504,392	\$28,504,392	0.1%	\$28,504,392	66.1%	
Other	14,860,211	14,914,045	15,571,751	16,913,032	17,476,192	17,862,426	19,557,208	18,856,452	19,782,839	20,240,301	\$19,836,631	\$19,836,631	\$19,836,631	\$19,836,631	\$19,836,631	\$19,836,631	\$19,836,631	\$19,836,631	\$19,836,631	\$19,836,631	\$19,836,631	\$19,836,631	(2.0%)	\$19,836,631	33.5%	
Parks & Recreation	3,361,230	3,456,199	3,504,423	3,620,410	3,832,816	3,905,396	4,074,592	4,199,143	4,420,906	\$4,249,796	\$4,232,014	\$4,232,014	\$4,232,014	\$4,232,014	\$4,232,014	\$4,232,014	\$4,232,014	\$4,232,014	\$4,232,014	\$4,232,014	\$4,232,014	\$4,232,014	(0.4%)	\$4,232,014	25.9%	
Street/Traffic	4,047,156	4,218,454	4,826,542	5,192,894	4,883,030	5,273,574	5,522,653	5,907,885	6,213,833	\$5,686,692	\$5,379,043	\$5,379,043	\$5,379,043	\$5,379,043	\$5,379,043	\$5,379,043	\$5,379,043	\$5,379,043	\$5,379,043	\$5,379,043	\$5,379,043	\$5,379,043	(5.0%)	\$5,379,043	32.9%	
Total	\$39,426,330	\$40,066,407	\$42,895,664	\$45,429,034	\$46,253,799	\$47,835,512	\$52,011,875	\$53,977,807	\$57,353,434	\$58,648,330	\$57,952,079	\$57,952,079	\$57,952,079	\$57,952,079	\$57,952,079	\$57,952,079	\$57,952,079	\$57,952,079	\$57,952,079	\$57,952,079	\$57,952,079	\$57,952,079	(1.2%)	\$57,952,079	47.0%	
Consumer Price Index	168.0	174.5	181.3	184.1	185.7	190.4	194.8	203.8	210.6	223.6	219.9	219.9	219.9	219.9	219.9	219.9	219.9	219.9	219.9	219.9	219.9	219.9	219.9	30.9%	219.9	

(1) Excludes double budgeted transfers between general government funds.

**CRIMINAL JUSTICE SALES TAX - .3% EXPENDITURES AND REVENUES**

GENERAL FUND	2006	2007	2008	2009	2010
	ACTUAL	ACTUAL	ACTUAL	YEAR-END ESTIMATE	PROPOSED BUDGET
Police					
Salaries & Benefits (includes overtime)	\$455,878	\$551,699	\$601,047	\$630,880	\$704,468
Miscellaneous (uniform/fuel/travel)	111,659	146,601	216,920	84,060	119,060
Liability Insurance	5,750	6,325	6,641	6,973	7,322
Professional Services/R & M Contractors	90,574	6,322	14,969	5,000	5,000
Yakima County Jail Cost	415,852	423,000	395,818	463,500	432,000
<b>Total Police Department</b>	<b>\$1,079,713</b>	<b>\$1,133,947</b>	<b>\$1,235,395</b>	<b>\$1,190,413</b>	<b>\$1,267,850</b>

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)	\$64,150	\$49,669	\$116,485	\$176,101	\$173,692
Professional Services	70,431	72,054	49,518	48,000	48,000
Miscellaneous (office supplies/travel/dues)	0	248	6,740	18,000	18,000
Other Expenses (Crime Victims Comp)	6,872	0		0	0
<b>Total Municipal Court</b>	<b>\$141,453</b>	<b>\$121,971</b>	<b>\$172,743</b>	<b>\$242,101</b>	<b>\$239,692</b>

The Criminal Justice funds support two Municipal Court Clerk positions and a 1/2-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 - Prosecution					
Salaries & Benefits (includes overtime)	\$99,941	\$99,667	\$127,097	\$157,017	\$162,977
Professional Services	0	0	12,443	5,000	5,000
Miscellaneous (office supplies/travel/dues)	2,216	2,869	2,635	3,500	3,350
<b>Total Legal Department</b>	<b>\$102,157</b>	<b>\$102,535</b>	<b>\$142,175</b>	<b>\$165,517</b>	<b>\$171,327</b>

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)	\$28,711	\$27,849	\$37,895	\$29,937	\$34,356
Small Tools & Equipment	41,166	40,100	56,182	0	0
Miscellaneous	0	0	10,493	12,000	10,000
Professional Services/R & M Contractors	0	0	903	1,000	0
Data Processing Equipment	0	25,471	15,704	0	0
<b>Total Information System</b>	<b>\$69,877</b>	<b>\$93,420</b>	<b>\$121,177</b>	<b>\$42,937</b>	<b>\$44,356</b>

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.

<b>GENERAL FUND (CONT...)</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
	<b>ACTUAL</b>	<b>ACTUAL</b>	<b>ACTUAL</b>	<b>YEAR-END ESTIMATE</b>	<b>PROPOSED BUDGET</b>
Animal Control/Codes					
Salaries & Benefits (includes overtime)	\$59,393	\$62,988	\$57,211	\$70,762	\$71,540
Misc. (uniforms/supplies/fuel/cellular phone)	2,303	3,965	3,671	3,400	3,013
<b>Total Animal Control/Codes</b>	<b>\$61,696</b>	<b>\$66,953</b>	<b>\$60,882</b>	<b>\$74,162</b>	<b>\$74,553</b>

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

Human Resources					
Professional Services (employee recruitment)	\$10,936	\$11,340	\$7,100	\$7,500	\$7,500

.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.

<b>GENERAL FUND TOTAL EXPENDITURES</b>	<b>\$1,465,832</b>	<b>\$1,530,166</b>	<b>\$1,739,472</b>	<b>\$1,722,630</b>	<b>\$1,805,278</b>
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#### OTHER FUNDS

Public Safety Communication					
Salaries & Benefits (includes overtime)	\$3,008	\$56,869	\$129,522	\$119,985	\$127,539
General Operations Support	67,817	0	0	0	0
Misc. (uniforms/supplies/fuel/cellular phone)	4,978	0	0	0	0
Small Tools & Equipment	0	0	3,580	6,760	0
<b>Total Public Safety Communication</b>	<b>\$75,803</b>	<b>\$56,869</b>	<b>\$133,102</b>	<b>\$126,745</b>	<b>\$127,539</b>

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 Dispatchers and temporary support for Police electronic maintenance including all wages, overtime and supplies.

Law & Justice Capital					
Small Tools & Equipment	\$134,282	\$5,459	\$6,611	\$55,000	\$25,000
Operating Equipment	0	0	7,931	42,250	0
Vehicles	25,000	81,316	0	0	0
Capital Outlay	16,616	168,369	0	0	0
<b>Total Law &amp; Justice</b>	<b>\$175,898</b>	<b>\$255,143</b>	<b>\$14,542</b>	<b>\$97,250</b>	<b>\$25,000</b>

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

<b>TOTAL EXPENDITURES</b>	<b>\$1,717,533</b>	<b>\$1,842,178</b>	<b>\$1,887,116</b>	<b>\$1,946,625</b>	<b>\$1,957,817</b>
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Revenue	\$1,691,359	\$1,797,194	\$1,901,925	\$1,850,300	\$1,850,300
<b>REVENUE OVER (UNDER) EXPENDITURES</b>	<b>(\$26,174)</b>	<b>(\$44,985)</b>	<b>\$14,809</b>	<b>(\$96,325)</b>	<b>(\$107,517)</b>

<b>CUMULATIVE BALANCE</b>	<b>\$385,587</b>	<b>\$340,602</b>	<b>\$355,411</b>	<b>\$259,086</b>	<b>\$151,569</b>
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## **SALARY AND BENEFIT COSTS**

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### **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 75% 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 45.7% 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 II 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, \$148 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 AND BENEFITS AS A PERCENTAGE OF TOTAL DEPARTMENT / FUND BUDGET**

<b>GENERAL GOVERNMENT</b>	<b>2010 BUDGET</b>	<b>2010 SALARIES &amp; BENEFITS</b>	<b>LABOR PERCENTAGE</b>
Police	\$23,108,949	\$18,263,911	79.0%
Fire	8,979,699	8,392,337	93.5%
Information Systems	2,306,255	1,718,706	74.5%
Code Administration	1,462,372	1,235,074	84.5%
Financial Services	1,502,860	1,365,409	90.9%
Legal	1,142,950	986,494	86.3%
Engineering	1,003,528	939,545	93.6%
Municipal Court	1,262,770	1,014,911	80.4%
Utility Services	1,253,118	962,758	76.8%
Environmental Planning	774,229	698,018	90.2%
City Manager	518,563	482,444	93.0%
Human Resources	467,978	423,218	90.4%
Records	440,128	261,502	59.4%
Purchasing	432,432	389,942	90.2%
City Hall Maintenance	406,690	185,765	45.7%
City Council	212,265	102,842	48.4%
Other General Fund Expenditures	4,732,512	0	0.0%
<b>TOTAL GENERAL FUND</b>	<b>\$50,007,298</b>	<b>\$37,422,876</b>	<b>74.8%</b>
Parks & Recreation	4,232,014	2,163,828	51.1%
Street & Traffic Operations	5,379,043	2,791,706	51.9%
<b>TOTAL GENERAL GOVERNMENT</b>	<b>\$59,618,355</b>	<b>\$42,378,410</b>	<b>71.1%</b>
Economic Development	99,306	51,973	52.3%
Community Development	2,529,187	764,862	30.2%
Community Relations	561,448	390,803	69.6%
Cemetery	256,155	164,851	64.4%
Emergency Services	1,110,329	837,264	75.4%
Public Safety Communications	2,994,394	2,539,854	84.8%
Police Grants	683,019	632,959	92.7%
Stormwater	2,103,128	724,453	34.4%
Transit	7,200,452	3,534,284	49.1%
Refuse	4,649,892	1,332,286	28.7%
Sewer Operating	17,570,394	4,955,520	28.2%
Water Operating	7,774,807	2,408,687	31.0%
Irrigation Operating	2,758,394	664,973	24.1%
Unemployment Comp Reserve	236,861	29,032	12.3%
Employment Health Benefit Reserve	10,553,586	126,928	1.2%
Workers Compensation Reserve	1,466,695	108,353	7.4%
Risk Management Reserve	2,759,337	603,753	21.9%
Equipment Rental	5,198,027	862,226	16.6%
Public Works Administration	1,191,886	616,071	51.7%
Other Funds (Capital/Debt Serv. etc)	59,441,039	0	0.0%
<b>TOTAL CITY-WIDE BUDGET</b>	<b>\$190,756,691</b>	<b>\$63,727,542</b>	<b>33.4%</b>

## **RESOURCE AND EXPENDITURE BREAKDOWN**

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### **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 2010 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. We have eliminated interfund transactions (i.e., those items that flow out of one fund and into another; we refer to these 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 2010 this includes a Councilmanic Bond issue for Capitol Theatre and other General Government projects; Public Works Trust Fund loans for utility capital needs; and potential Local Improvement District (LID) debt issuance.

**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 8% 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.

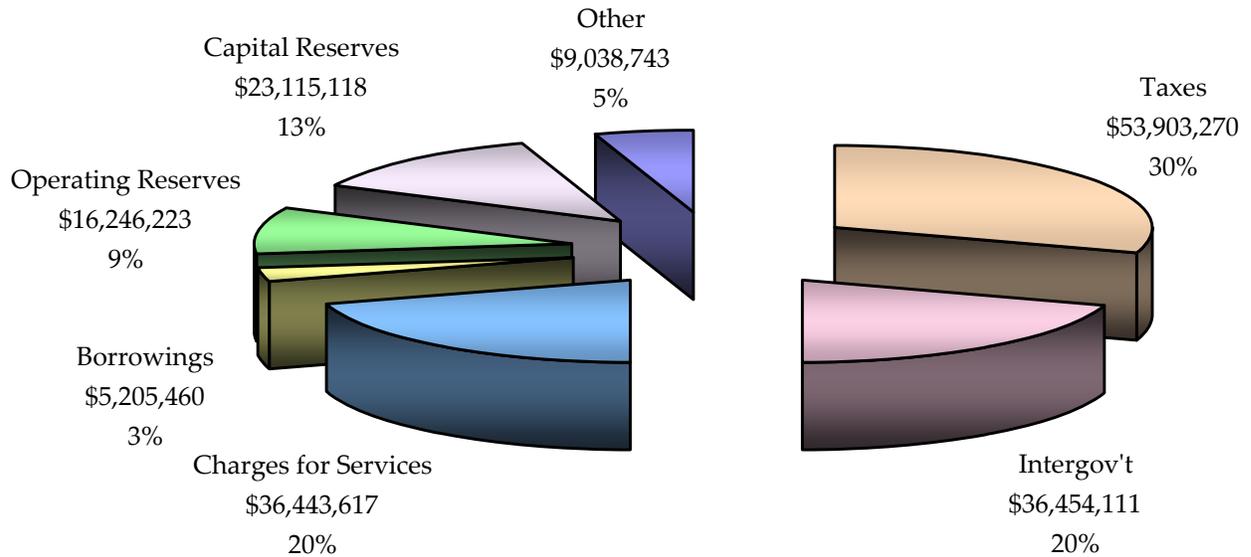
The first graph identifies the total revenue picture by category. The second revenue graph depicts the relationship of the various revenue sources to each function.

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

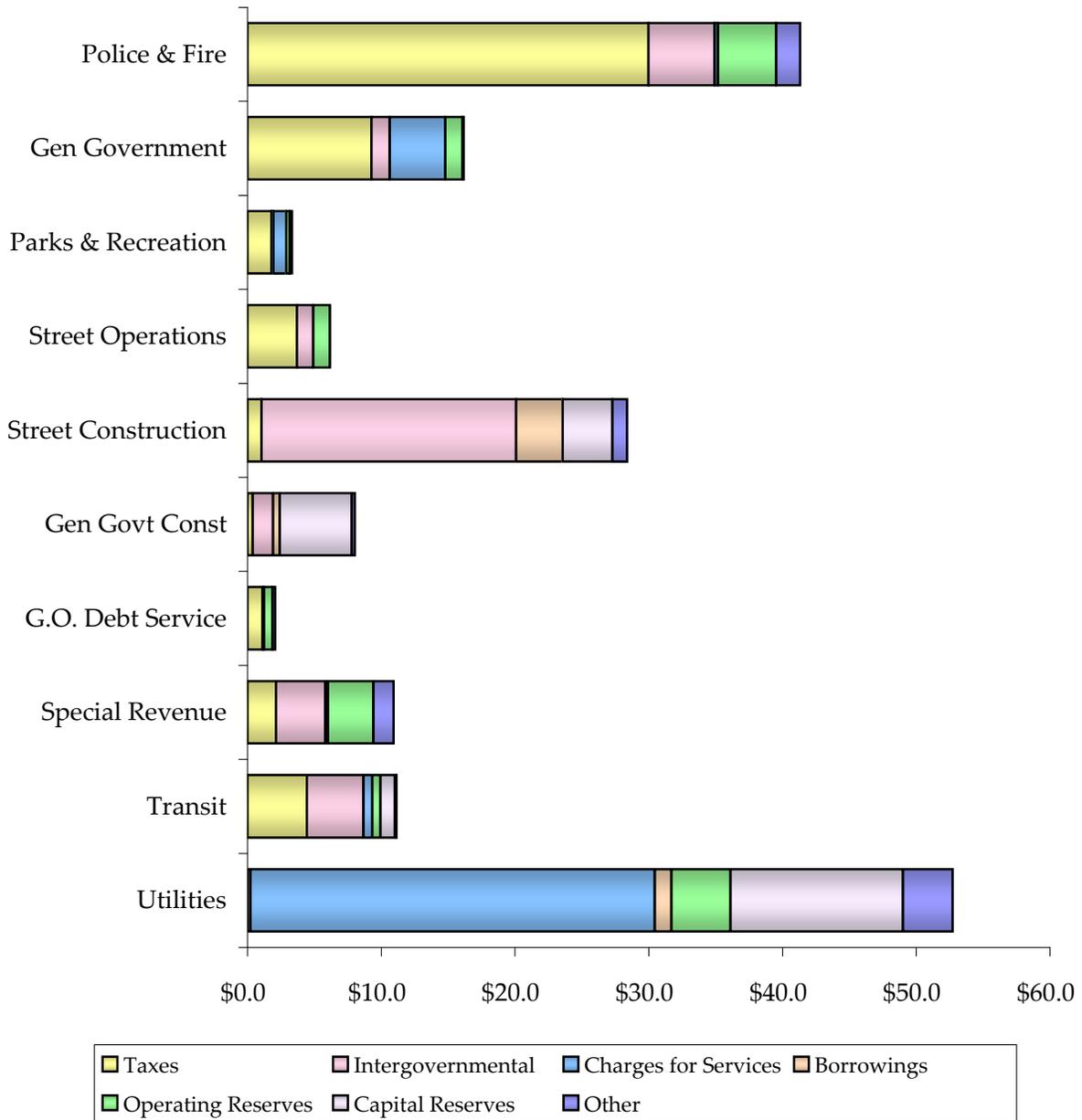
**TOTAL RESOURCES  
BY CATEGORY  
2010 BUDGET**

**TOTAL RESOURCES = \$180,406,542**

*(Excludes Internal Service Funds and other double budgeted resources of \$47,138,076)*



**TOTAL RESOURCES  
BY CATEGORY AND SOURCE  
2010 BUDGET**



(Dollars in Millions)

**TOTAL EXPENDITURES  
BY TYPE  
2010 BUDGET**

**TOTAL EXPENDITURES = \$150,387,492**  
(Excludes double budgeted expenditures of \$40,369,199)

