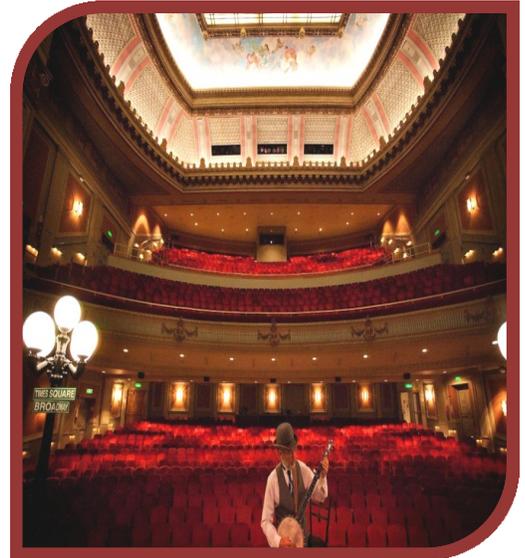




2012 Preliminary Budget Executive Summary



**2012 PRELIMINARY BUDGET
EXECUTIVE SUMMARY**

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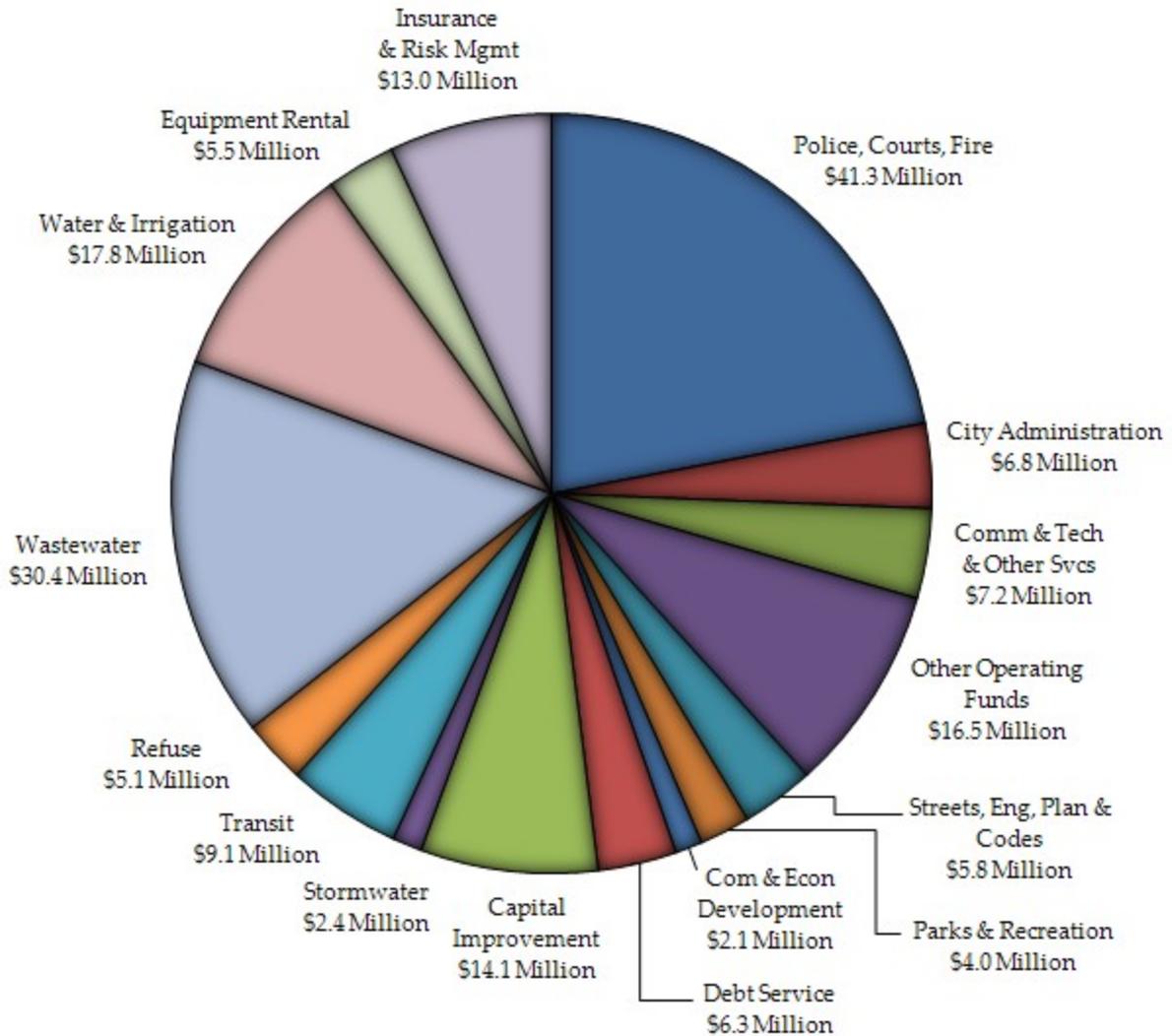
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CITY OF *Yakima*

**2012 PRELIMINARY BUDGET
EXECUTIVE SUMMARY**



(\$57.9 Million General Government)

\$187.4 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

INTRODUCTION: TRANSMITTAL



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

MEMO

TO: Honorable Mayor and Members of the Yakima City Council

FROM: Don Cooper, City Manager

DATE: November 1, 2011

SUBJECT: City Manager's 2012 Preliminary Budget – Executive Summary

Pursuant to the provisions in the City Charter, I am presenting to you the 2012 Preliminary Budget for the City of Yakima.

- The total Preliminary City Budget for 2012 is \$187.4 million, is balanced within existing resources, and is 10.2% less than the 2011 amended budget.
- The Preliminary General Government Budget for 2012 is \$57.9 million, and is also balanced within existing resources in accordance with Council's direction. The General Government Budget for next year is 1.2% less than the 2011 amended budget.

The City of Yakima, like most local government entities throughout Washington State and across the nation, has been affected by the persistent national economic recession which has severely curtailed the City's traditional sources of income, resulting in chronic funding shortfalls.

Additionally, the City has little control over our largest cost center (labor), except to reduce the overall number of employees. These issues and ballot initiatives that restrict / reduce financial support to the City have contributed to the consistent depletion of basic resources to pay for core municipal services such as police, fire, streets, parks, planning and others.

The hard reality is that the City needs to address the issue of Service Sustainability in 2012. We are looking at unsustainable service levels next year and beyond, despite the fact that the City has consistently taken significant steps to reduce costs, including; the elimination of 41 positions from the General Government budget from 2008 – 2011 and an additional 12 positions are eliminated in the Preliminary 2012 budget; most city employee's salaries have been frozen several times in recent years; many employees took pay reductions in 2010, through furloughs; and Firefighters accepted a one-time salary reduction of 3% in 2011.

We are looking at difficult budgets in coming years with little chance of maintaining the status quo and with little or no capital improvements or equipment upgrades / replacements. In 2012, the Council should dialogue with the community and determine what the community is willing to pay for and wants, and what services should be consolidated, privatized or discontinued.

Council Action Needed: The 2011 projected year-end results and the Preliminary 2012 Budget is outlined for you on the following pages of this document. Before staff can take the necessary steps to finalize the 2012 budget, we need Council Direction regarding the various options available for balancing the 2012 Budget (refer to Section IV) and regarding miscellaneous Policy Issues (refer to Section V). All Policy Issues are included in Sections IV and V of this document – behind the “Policy Issues” tab.

City Management is prepared to assist the Council in every way we can to help you reach final decisions on the City budget for 2012 and the services we will deliver to the public next year.

Respectfully submitted,

Don Cooper,
City Manager

INTRODUCTION: BUDGET SUMMARY

This Budget Summary Section provides a high-level overview of the 2011 year-end forecast and the preliminary 2012 budget, along with significant issues that have affected the City's fiscal position in the past year and/or anticipated to have a material impact in 2012. More details regarding these issues can be found in the "General Government Funds" and the "Other Funds" Sections herein, (Sections II and III respectively).

2011 YEAR END FORECAST

2011 General Government year-end revenues are projected to be \$57.3 million, or slightly less than 2010 Actual revenues (or \$57.5 million); with an increase of 0.9% projected in 2012 (to \$57.8 million).

The 2011 General Government revenue budget was anticipated to be \$57.1 million– a decrease of 0.7% from the prior year; however, several major revenues slightly exceeded estimates, so that the year-end estimate is slightly more than the original budget.

Current expenditure projections indicate that 2011 year-end General Government expenditures will be (\$0.9) million less than budgeted. Most of the savings are the result of position vacancies throughout 2011, including both the Police and Fire Chief for the entire year, (refer to Section II – General Government Funds - for more information on the budget under-run).

The net use of reserves in 2011 is estimated to be about \$343,000; which results in a beginning balance going into 2012 of approximately \$5.6 million or 9.7% of expected expenditures.

2011 AND 2012 - REVENUE AND EXPENDITURES OVERVIEW

General Government Budget

- 2011 year-end expenditure estimate is \$57.7 million, or (\$0.9 million) below the amended budget of \$58.6 million.
- 2012 expenditure budget is \$57.9 million; \$0.7 million, or 1.2% below the 2011 amended budget of \$58.6 million.
- 2012 projected revenue is a \$57.8 million or .9% more than the estimated 2011 year-end revenue of \$57.3 million.

City Wide Budget

- 2011 year-end estimate of \$188.8 million is approx. (9.5%) less than the amended budget of \$208.6 million. This savings is primarily due to citywide position vacancies in the operating funds and the deferral of some capital projects that will not be completed by year-end.
- 2012 preliminary expenditure budget is \$187.4 million, is \$21.1 million or (10.2%) less than the 2011 amended budget of \$208.6 million. This is primarily due to lack of funding for new projects.
- 2012 projected revenue is approximately \$177.8 million or 3.8% less than the 2011 year-end estimate of \$184.8 million. The primary revenue decrease is from Federal/ State grants.

2011 VS. 2012
EXPENDITURE BUDGET COMPARISON
(Traditional Budget Model)

<u>Fund</u>	<u>2011 Year-End Estimate</u>	<u>2011 Amended Budget</u>	<u>2012 Budget</u>	<u>Amended Budget % Change</u>
General	\$48,421,164	\$49,328,886	\$48,761,470	(1.2%)
Parks	4,042,476	4,042,938	4,050,111	0.2%
Street & Traffic	5,212,161	5,218,691	5,055,371	(3.1%)
General Government Total	<u>\$57,675,801</u>	<u>\$58,590,515</u>	<u>\$57,866,952</u>	(1.2%)
Community Development ⁽¹⁾	\$4,063,080	\$4,144,772	\$1,839,530	(55.6%)
Utilities/Other Operating	60,628,276	61,703,537	59,921,175	(2.9%)
Capital Improvement	42,972,782	53,235,457	36,524,106	(31.4%)
Contingency/Operating Reserves	3,056,386	9,902,608	10,185,982	2.9%
Employee Benefit Reserves	13,918,791	14,381,113	14,333,596	(0.3%)
General Obligation Bonds	3,236,077	3,350,077	3,349,336	(0.0%)
LID Debt Service	285,000	285,000	285,000	0.0%
Water/Sewer Revenue Bonds	2,862,054	2,862,054	2,636,124	(7.9%)
Trust and Agency Funds	148,099	169,129	503,225	197.5%
Total - Citywide Budget	<u>\$188,846,346</u>	<u>\$208,624,262</u>	<u>\$187,445,026</u>	(10.2%)

- (1) The 2012 CED budget includes an estimate of the 2012 grant awards only. The 2011 amended budget includes the 2011 grant awards and awards carried forward from the previous years.

The proposed 2012 total city-wide expenditure budget of \$187.4 million is balanced within existing resources and reflects a decrease of (10.2%) from 2011, despite numerous actual and projected increases in the costs of providing existing services. This was accomplished as a result of significant budget and service reductions that are included in the Preliminary 2012 budget.

The 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 2012 budget; this includes Police, Fire, Courts and support to these departments from the Technology Services, Finance, Legal, and Human Resources divisions, along with code enforcement, animal control, street lighting, traffic control, and snow and ice removal activities.

Priorities of Government (POG) Budget Model

The City Council adopted a budget model / methodology for budget development referred to as the Priorities of Government Model; and as part of this model, 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 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.

For development of the 2011 budget, Council directed staff to allocate the projected 2011 revenues among the six Budget Priorities in the same relative percentage that each held of the total 2010 adopted General Government budget. Additionally, Council authorized staff to utilize a small amount of the projected 2011 year-end cash reserves (about \$245,000) for Public Health and Safety’s 2011 budget. The use of reserves to help fund critical services within the Public Safety Budget Priority in effect increased this priority’s percentage allocation of resources going into 2012.

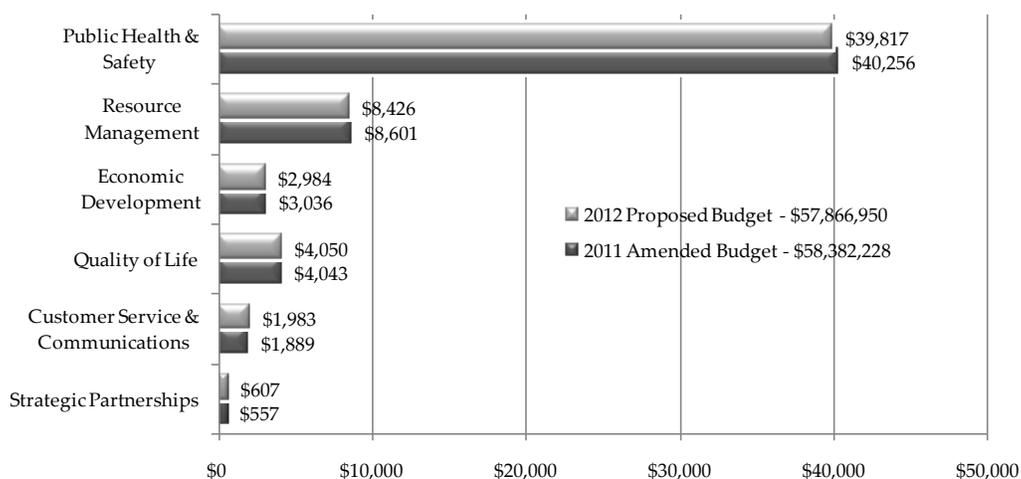
In June, the Council provided staff with direction in regards to the development of the 2012 budget. Council directed staff to prepare the 2012 General Government budget utilizing the POG budget model, without the use of fund reserves, and directed that each of the six Budget Priorities, listed above, be allocated the same relative proportion of the projected 2012 revenues as each received last year; modified slightly to take into consideration the Council’s budget adjustment authorized during 2011.

2012 Budget Allocation

The following bar chart graphically reflects the 2012 proposed budget compared to the 2011 amended budget (the current authorized expenditure level), for each of the Budget Priority categories. Three out of the six budget priorities were allocated fewer (absolute) dollars in the proposed 2012 budget than they received in their 2011 budgets, to maintain the relative allocation of revenue in accordance to the POG model.

- Quality of Life increased slightly because of its small allocation of the revenue increase.
- Customer Service and Communications increased due both to maintenance fees for the new Utility Management System (this increase will be offset by additional revenues from the utilities) and election costs related to council elections that are held bi-annually.
- Strategic Partnerships increased costs associated with the City / County consolidation of Purchasing (cost increase should be mostly offset by additional revenues from the County).

**2011 VS. 2012 GENERAL GOVERNMENT EXPENDITURE COMPARISON
BY BUDGET PRIORITY (Numbers in Thousands)**



It should be noted that the actual budget and service reductions experienced by the various operating divisions is much larger than what the previous chart would indicate due to significant increases in the cost of providing existing (2011) service levels. That is, the cost in 2012 of providing the same services provided in 2011 has increased in many areas – thus, reductions had to be made to maintain the 2011 budget level, in addition to the reductions required to go further to meet the lower 2012 budget level.

The following chart provides a comparison of the 2011 Adopted Budget (in both dollars and relative percentage each Budget Priority received of the total budget) to the 2012 Preliminary Budget. This demonstrates that the 2012 Preliminary budget as presented is ratably allocated in the same percentage as the 2011 budget.

Budget reductions totaling \$1.4M were necessary to comply with Council’s direction to prepare a budget with no reliance on reserves; these budgeted reductions are included in the Preliminary Budget as presented in this document and are presented as a Policy Issue for Council’s consideration.

The Preliminary Budget, based on Council’s direction as identified above, was prepared and presented to Council during a Budget Workshop on October 11, 2011. Council stated concerns with the budget reduction offered in the Police Department that would eliminate six (6) vacant police officer positions. As a result, Council directed staff to provide them with alternate (or Supplemental) budget reductions sufficient to cover the costs necessary to retain the six police positions (approx. \$530,000). The total, by Budget Priority, of these Supplemental budget reduction options is included in the chart below.

Note: A complete list of both the budgeted POG reductions and the additional (unbudgeted) Supplemental reductions - and a narrative explanation of each - is included in Section IV, “Balanced Budget Options” behind the “Policy Issues” tab, herein.

**GENERAL GOVERNMENT BUDGET
3 YEAR COMPARISON
(POG Model Format)**

	2010 Actual	2011 Adopted	2011 Amended	2012 Proposed	2012 Proposed	2012 Budgeted Reductions	2012 Supp. Reductions
Revenue ⁽¹⁾		\$57,086,960			\$57,841,185		
Reliance on Reserves		244,726			25,765		
Total Resources		\$57,331,686			\$57,866,950		
Priority of Government							
Public Health & Safety	69.3%	\$39,431,820	69.0%	68.8%	\$39,817,433	\$1,188,100	\$107,600
Resource Management	14.4%	8,251,924	14.7%	14.6%	8,425,527	26,100	428,000
Economic Development	7.1%	4,033,438	6.9%	7.0%	4,050,111	80,100	162,000
Quality of Life	5.2%	2,959,582	5.2%	5.2%	2,983,803	50,100	50,000
Customer Service & Comm.	3.0%	1,889,248	3.2%	3.4%	1,983,292	67,300	0
Strategic Partnerships	1.0%	557,389	1.0%	1.0%	606,784	0	0
Total	100.0%	\$57,123,401	100.0%	100.0%	\$57,866,950	\$1,411,700	\$747,600
Estimated Increase/(Decrease) in Cash		(\$244,726)			(\$25,765)		
Estimated Beginning Cash Balance		5,954,903			5,612,257		
Estimated Ending Cash Balance		\$5,710,177			\$5,586,492		
Percent of 2012 Annual Expenditure Budget in Reserve					9.65%		

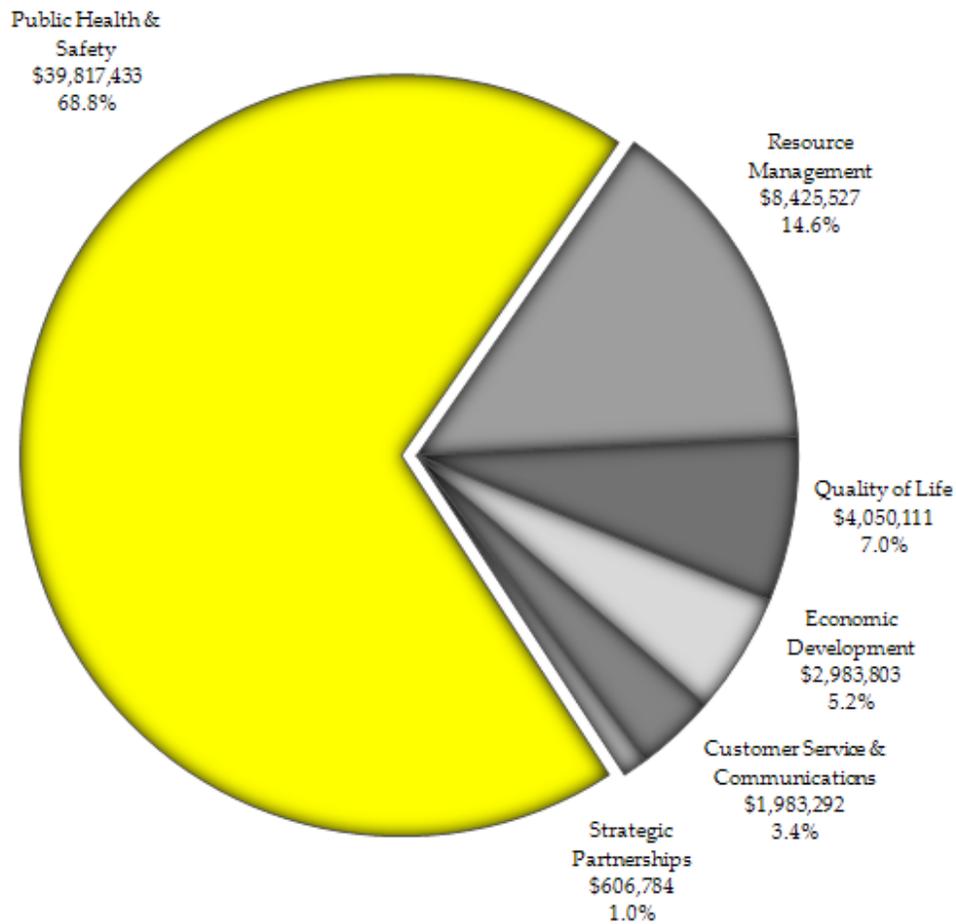
(1) 2011 Year End Estimated Revenue is \$57,333,155, a slight positive variance compared to the Adopted Budget.

**BUDGET REDUCTION SUMMARY
BY DEPARTMENT**

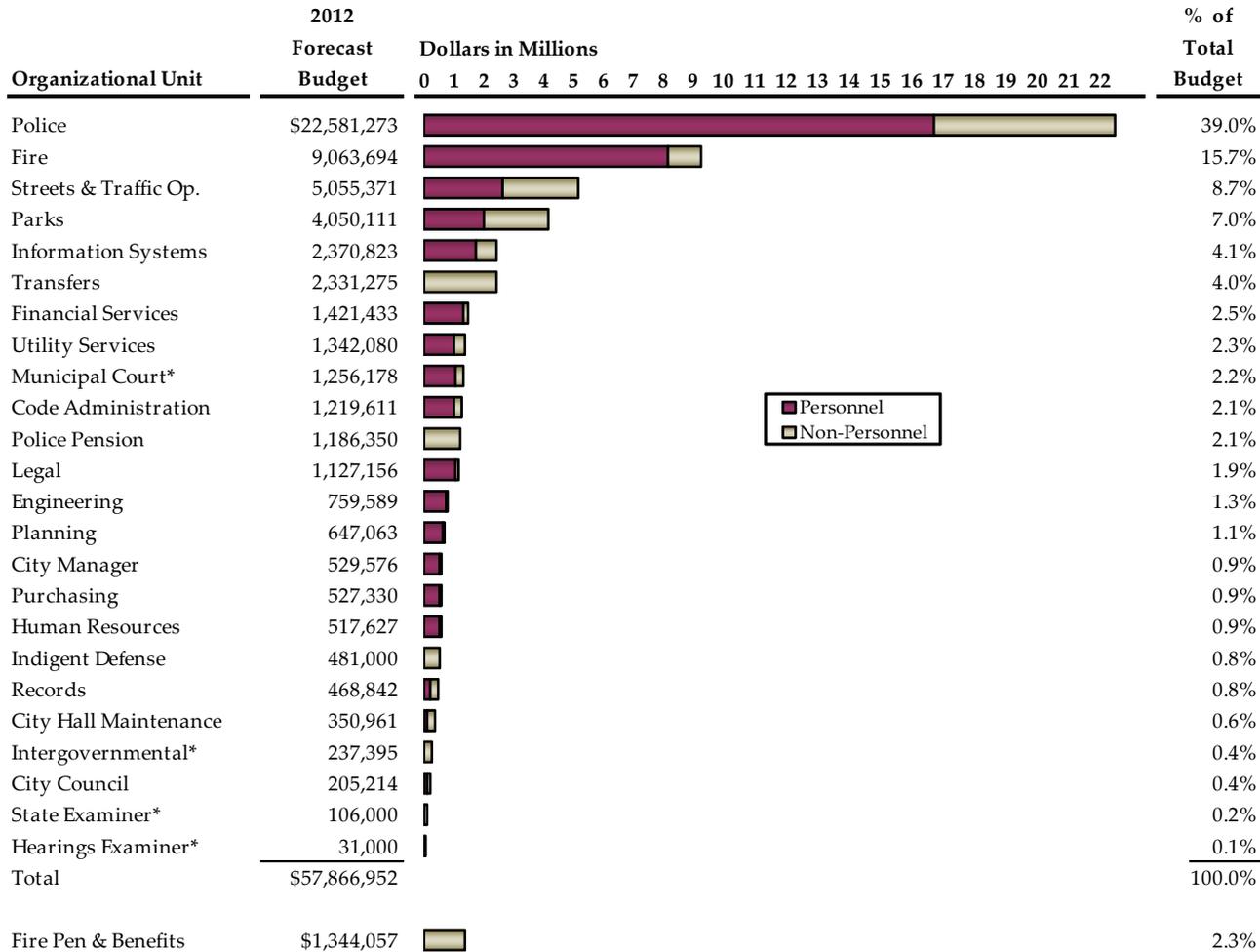
Department	POG Reductions	Supplemental Reductions⁽¹⁾
Police	\$612,700	\$0
Fire	240,000	0
Municipal Court	10,000	0
Finance	50,000	62,000
City Management / Legal	72,600	331,600
Community & Economic Development	202,100	204,000
Public Works - Street & Traffic	174,200	100,000
Public Works - Parks & Recreation	50,100	50,000
Total	\$1,411,700	\$747,600
Grand Total		\$2,159,300

The following pie chart depicts the Preliminary 2012 budget and related budget allocations to the Council's six Budget Priorities.

**2012 GENERAL GOVERNMENT
PRELIMINARY BUDGET – TOTAL \$57,866,952
(By Budget Priority)**



**2012 GENERAL GOVERNMENT PRELIMINARY BUDGET
BY DEPARTMENT**



The 2012 Preliminary Budget broken down by Department, as reflected in the 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 39.0% of the \$57.9 million General Government budget;
- Fire Department consumes another 15.7%;
- No other single Department utilizes more than 9% of the total General Government budget.

The Streets & Traffic Department budget (8.7%) and the Parks and Recreation Department budget (7.0%) come in a distant 3rd and 4th place for the utilization of available resources. This has been the relative utilization of General Government resources for many years, and continues to reflect the Council’s resource allocation for the coming year.

Refer to Exhibit I for 2012 revenue and expenditure budget information by fund.

PROJECTED ENDING CASH BALANCE (RESERVE)

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

2012 GENERAL GOVERNMENT PROJECTED REVENUES, EXPENDITURES AND CASH BALANCES

	2012 Projected Revenue	2012 Proposed Expenditures	Difference	2012 Exp as % of Rev	2012 Estimated Beginning Balance	2012 Estimated Ending Balance	2012 End Bal as % of Exp
General Fund	\$48,736,110	\$48,761,470	(\$25,360)	0.1%	\$4,226,072	\$4,200,712	8.6%
Parks & Recreation	4,049,765	4,050,111	(346)	0.0%	341,093	340,747	8.4%
Street & Traffic Fund	5,055,310	5,055,371	(61)	0.0%	1,045,092	1,045,031	20.7%
Total General Government	<u>\$57,841,185</u>	<u>\$57,866,952</u>	<u>(\$25,767)</u>	0.0%	<u>\$5,612,257</u>	<u>\$5,586,490</u>	9.7%

In August of 2010, the City Council approved fiscal policies 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 between 7% and 11% (i.e.: of no less than 7%), which is an amount equal to approximately one month's operating expenditures, and (2) during budget development, the allocation of general fund unrestricted cash reserves to balance the annual budget should be no more than 3.5% of the annual General Government budgeted expenditures. The 2012 General Government preliminary budget is balanced with minimal use of reserves and the ending reserve balance is projected to be 9.7%.

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

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

	(1)	(2)	(3)	(4)	(5)
			2011		
	2010	2011	Current	2012	Variance
	Actual	Amended	Year-End	Preliminary	(4-2)
		Budget	Estimate	Budget	
Beg. Reserve Balance	\$6,413,707	\$4,916,845	\$5,954,903	\$5,612,257	
Revenue	57,461,600	57,131,960	57,333,155	57,841,185	
Total Resources	<u>63,875,307</u>	<u>62,048,805</u>	<u>63,288,058</u>	<u>63,453,442</u>	1,404,637
Expenditure Budget	\$57,930,336	\$58,382,228	\$57,675,801	\$57,866,950	(515,278)
End. Reserve Balance	<u>5,944,971</u>	<u>3,666,577</u>	<u>5,612,257</u>	<u>5,586,492</u>	
% of Annual Expenditures	10.3%	6.3%	9.7%	9.7%	
Incr. / (Decr.) in Reserves f/ Prior Year	(\$468,736)	(\$1,250,268)	(\$342,646)	(\$25,765)	
% of Expenditure Budget	-0.8%	-2.1%	-0.6%	0.0%	

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

Revenues:

- The 2011 year-end revenue estimate is less than 2010 actuals; although it is more than the 2011 Amended budget.
- 2012 projected revenues reflect an increase from the 2011 year-end estimate of 0.9%, and 1.2% above the 2011 Amended budget.

Expenditures:

- The 2011 year-end expenditures are projected to be \$0.7 million less than the Amended budget.
- The 2012 proposed expenditure budget is \$0.2 million more than the 2011 year-end estimate and \$0.5 million less than the 2011 authorized expenditure level. With these reductions 2012 budget is balanced with a very minimal use of existing reserves.

Reserves:

- A comparison of the 2010 beginning and ending reserve balances reflects a use of reserves of \$0.5 million during that year (from approximately \$6.4 to \$5.9 million).
- 2011 year-end projections indicate a utilization of reserves of approximately \$0.3 million during this year, thus using \$0.8 million or 12% of the beginning reserves in this 2-year period.
- The 2012 budgeted year-end reserve level is approx. 9.7%; this is within the reserve guidelines, as noted previously, and the use of reserves to balance the budget is negligible.

2011 Budget Summary

Even though the City's 2011 General Government revenues are coming in slightly higher than originally estimated, escalations in jail and fuel costs exceeded the salary savings experienced from position vacancies, so that the City is projected to utilize reserves by year end. 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).

2012 GENERAL GOVERNMENT BUDGET – HIGHLIGHTS

For three years now, staff has been closely monitoring the financial crisis and economic recession that has gripped our entire nation, our State and our local economy. Staff has prepared, and updated, 2011 and 2012 revenue projections for the City based on the economic condition of our region. General Government revenues have been flat for the past 4 years (hovering between \$57.3 and \$57.5 million from 2008 through 2011). Unfortunately, costs of providing the same level of service has increased over these 4 years, causing an erosion of service levels.

- From 2008 through 2011, 41 positions have been eliminated in order to balance the budget within available resources.
- The 2012 budget eliminates 12 more positions, for a total of 53 positions which represents about 97,000 fewer hours of work being performed and services provided each year.

City management placed significant emphasis on Council's Budget Priorities in their operating decisions and in the administration and development of the 2011 and 2012 budgets. Additionally, cost containment and efficiency improvements continue to be a strong focus and an emphasis in every expenditure decision.

Taxes

Management has included no new taxes in the proposed 2012 Preliminary Budget.

- Sales Tax – The General Government budget includes revenue projections that reflect no change in sales tax revenues from 2011 to 2012. Unfortunately, the State Department of Revenue recently notified us that the July 2011 sales tax distribution was overstated by 3.8%. In response to this news, staff previously reported that both 2011 and 2012 estimates will likely be reduced by \$100,000 each. October sales tax was an improvement over the prior year so this estimate will be reassessed and any change will be reflected in the final budget numbers presented during the Budget Wrap-up/Adoption process.
- Property Tax – The 2012 budget is based on a 1% increase in the property tax levy, as currently allowed by state law, or approximately \$163,400, plus a 0.7% or \$110,600 increase for new construction for a total increase of \$274,000.

Budget Reductions / Personnel Changes

Since revenues are “flat”, and the cost of doing business continues to grow, significant budget / service reductions and / or eliminations were necessary in order to balance the 2011 and 2012 budgets within available resources and maintain a minimum reserve level.

- The 2012 General Government budget includes approx. \$1.3 million in salary and benefit reductions; and more than 12 fewer net FTE positions.
- The City has a budget freeze on salary and wages (0% increase) for all non-union employees for 2012 and is proposing the same to the labor unions except those represented by Teamsters for Police Management as their contract was settled prior to the request for the wage freeze. The City is in various stages of negotiations with all other bargaining units.

Note: this represents the fourth salary and wage freeze over the past six years (2007, 2010, 2011 and 2012); additionally all non-emergency / 24 hr general government employees received a wage reduction in 2010 due to mandatory furloughs and the Firefighters agreed to a 3% wage decrease in 2011.

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 preliminary 2012 budget as there simply is no funding available to support additional programs, services and the related budget expenditures.

2012 Policy Issues include:

- POG and Supplemental Budget Reductions (as discussed above).
- A Wastewater operating rate increase of 5.1% per year over the next 3 years to provide adequate operating resources and debt service for the capital improvement program (a 2011 policy issue being carried forward into 2012).
- An increase in Capitol Theatre management fees, to support/maintain the expanded facility.
- An increase in Convention Center management fees and promotional expenditures.
- Vehicle replacement, including 9 Police cars, 2 Refuse trucks, a Street Sweeper, and 8 other vehicles.
- Transit vehicle replacements (6) and additions to fleet (6) funded by grants and local sales tax.
- An addition of 1.5 positions in Refuse to serve additional accounts annexed 7 years ago.

The complete list of policy issues – and related information - is included in Section IV and V.

CHANGES IN FUNDING AUTHORIZATION

The 2011 budget was adopted with a reduction of 10 Full Time Equivalent (FTE) positions. Due to operational changes and limited staffing, 3.5 FTEs were added during 2011 by separate Council actions. The 2012 budget includes the full annualized costs of these positions to arrive at the baseline prior to the application of the required POG budget reductions (refer to chart on next page for more information regarding these staffing changes).

**2011 MID-YEAR GENERAL GOVERNMENT BUDGET
POSITION ADJUSTMENTS**

Fund/Department	P O G	Description	Chg	Pos	#	Base & Benefits	Remarks
016 - Human Resources	RM	Human Resources Spec.	Add	P	1.0	\$70,000	Transfer LEOFF 1 pension responsibilities f/City Clerks to Human Resources, new position funded by savings in LEOFF 1 medical program
018 - Municipal Court	PS	Municipal Ct Dept. Asst.	Add	PPT	0.5	\$34,500	Partially funded by elimination of temporary (\$22,700)
051 - City Hall Maintenance	RM/ PS	Building Maint. Spec.	Add	P	1.0	\$49,200	Funded by elimination of Police Building Supervisor. Split 50% City Hall Maintenance, 50% Police
052 - Comm. & Technology (50%)	RM	Comm. & Tech. Office Asst.	Add	P	1.0	\$64,300	Required Support for Shared Management of IT and PSC
151 - Public Safety Comm. (50%)							
Total Mid-Year Adjustments					3.5	\$218,000	

The following chart summarizes the General Government (i.e. tax-supported) position eliminations identified in the Balanced Budget Policy Issue in Section IV and as presented to Council in October, 2011; these positions are not included in the 2012 Preliminary Budget. There are also personnel changes in other operating funds included in the budget.

**2012 PRELIMINARY GENERAL GOVERNMENT BUDGET
POSITION ADJUSTMENTS
PERMANENT POSITIONS**

Fund/Department	P O G	Description	Chg	Pos	F or V	#	Base & Benefits	Remarks
019 - Purchasing	SP	Buyer	Add	P		1.0	\$64,400	To support additional County demands. Funded by County Cont. & reduction of temporaries
021 - Planning	Var.	CED Office Administrator	Delete	P	V	(1.0)	(\$71,900)	Budget Reduction
022 - Codes Administration	Var.	Permit Technician	Delete	P	V	(1.0)	(\$61,200)	Codes Admin Reorganization - Budget Reduction
031 - Police	PS	Police Officers	Delete	P	V	(6.0)	(\$530,000)	Budget Reduction
	PS	Crime & Int. Analyst Sup.	Delete	P	V	(1.0)	(\$115,800)	\$63,700 General Fund, \$52,100 in Police Grants Fund
032 - Fire	PS	Firefighter	Delete	P	V	(1.0)	(\$80,000)	Discontinued YV Tech program. Revenue reduced by \$71,000
131 - Parks & Recreation	QL	Parks Admin. Assistant	Delete	P	V	(1.0)	(\$76,500)	Budget Reduction - Share 40% of an Assistant Planner
141 - Streets & Traffic Eng	PS	Traffic Sign Specialist	Delete	P	V	(2.0)	(\$121,700)	Budget Reduction
Total General Government						(12.0)	(\$992,700)	

P – Permanent PPT – Permanent part-time F – Filled V – Vacant

**2012 PRELIMINARY NON-GENERAL GOVERNMENT BUDGET
POSITION ADJUSTMENTS**

Fund/Department	Description	Chg	Pos	F or V	#	Base & Benefits	Remarks
124 - Office of Neighborhood Development	Housing Rehab Assistant	Delete	P	V	(1.0)	(\$49,700)	Reorganization tied to reduction in Federal funding
	Department Assistant II	Add	P		1.0	\$41,500	
	Net				0.0	(\$8,200)	
151 - Public Safety Communications	911 Calltaker	Add	P		1.0	\$57,300	Approved by 911 board
471 - Refuse (See Policy Issues	Department Assistant II	Add	PPT		0.5	\$34,400	Volume from Additional Annexation
	Solid Waste Collector/Driver	Add	P		1.0	\$61,800	Budgeted 6 months in 2012-\$30,900
473 - Wastewater	Department Assistant II	Delete	PPT	V	(0.5)	(\$28,000)	
	Total Other Operating Funds				2.0	\$117,300	

P – Permanent PPT – Permanent part-time F – Filled V - Vacant

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

GENERAL STAFFING - ADJUSTMENTS SUMMARY & COMPARISONS

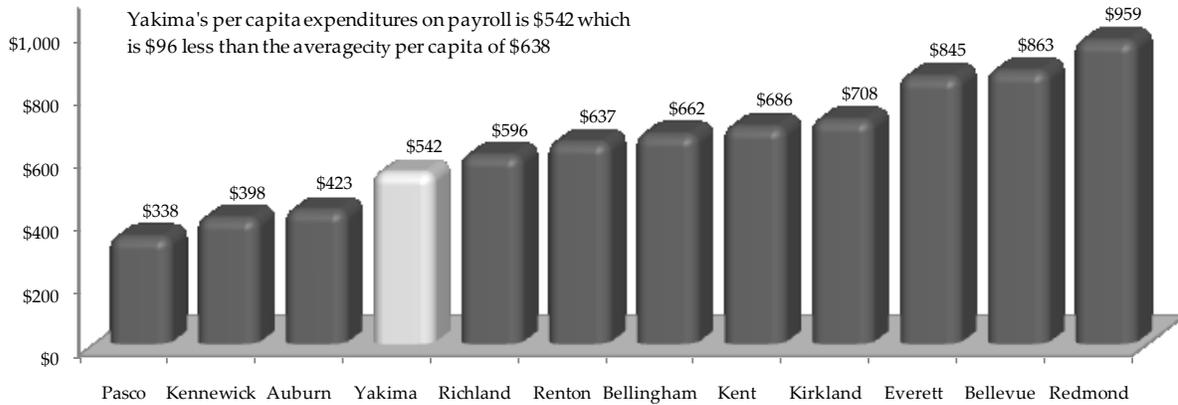
In the 2012 budget, management continues to accommodate Federal and State unfunded mandates and provides critical public safety and other essential services. In an effort to minimize costs and increase efficiencies, management has decreased and shifted personnel resources in the 2012 budget.

General Government:

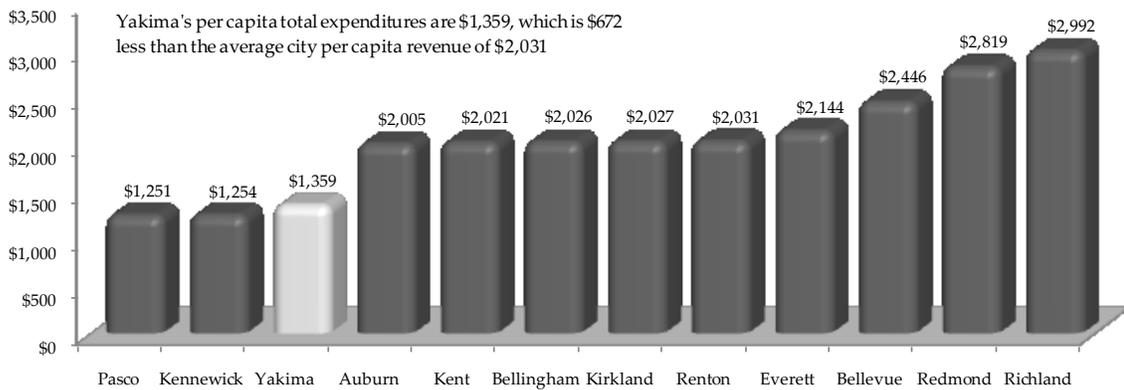
- Net reduction of 12 FTE’s and \$1.4 million dollars between the 2011 adopted and the 2012 proposed budgets.
- Since the recession started in late 2008, General Government is operating with 40 fewer FTE’s (from 503 in 2008 to 463 by the end of 2012); a reduction of 8%.
- The per capita number of General Government employees has decreased over the past decade, from 5.9 FTE’s in 2001 down to 5.4 FTE’s in 2010 – per every 1,000 population.
Note: this comparison is prior to the reductions identified in the 2011 and 2012 budgets.

Total City-Wide: Other operations added a net of 2 FTE’s, supported by new revenue.

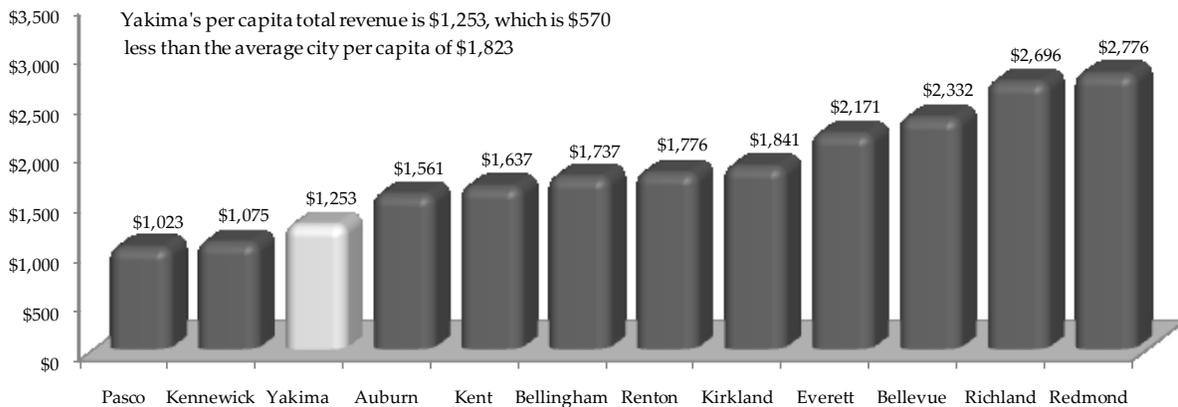
Comparison with other Cities: In order to balance the budget within available resources, the City has made numerous reductions in staffing and related programs over the past several years. These staff reductions have resulted in favorable cost comparisons with other cities, as reflected below. *(The data utilized in the following comparisons was compiled from the State Auditor’s Local Government Comparative Statistics for 2009, (2009 data used as 2010 census data was not yet available), and includes comparisons of all Washington State cities with populations between 45,000 and 125,000.)*



- 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.



- Total Resources: The City of Yakima also had the third (3rd) lowest average per capita total expenditures out of the twelve comparison cities.

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

As reflected on the previous pages of this section, management has closely monitored and maintained a strong fiscal discipline over spending throughout all City departments for years. This has preserved the City's reserve position – and a stable credit rating – during some very difficult times. However, the current national recession combined with the potential reduction of state-shared revenue in light of the projected shortfall in the state's budget – would reduce City resources past the point of its ability to maintain existing services to our citizens. The current service levels are simply not sustainable in the future should revenue growth continue at a rate below inflation.

GENERAL GOVERNMENT FUNDS: YEAR IN REVIEW

2011 GENERAL GOVERNMENT ESTIMATED REVENUES AND EXPENDITURES

	<u>General Fund</u>	<u>Parks & Rec Fund</u>	<u>Street Fund</u>	<u>Total</u>
Actual Beginning Balance	\$4,480,899	\$385,681	\$1,088,323	\$5,954,903
Estimated Revenue	48,166,337	3,997,888	5,168,930	57,333,155
Total Estimated Resources	52,647,236	4,383,569	6,257,253	63,288,058
Less: Estimated Expenditures	48,421,164	4,042,476	5,212,161	57,675,801
Estimated Ending Balance 2011	<u>\$4,226,072</u>	<u>\$341,093</u>	<u>\$1,045,092</u>	<u>\$5,612,257</u>

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

General Fund

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

- 2011 year-end revenue estimate is \$48,166,337 – which is slightly less than 2010 actual, and only 1.1% greater than 2009 actual.
- 2011 year-end expenditure estimate is \$48,421,164 – (\$907,722) or (1.9%) under the authorized, amended budget of \$49,328,886 due primarily to salary savings from position vacancies.

Parks and Recreation Fund

Services include Parks programs and maintenance.

- 2011 year-end revenue estimate is \$3,997,888 – (\$110,474) or (2.7%) below the actual levels for 2010, with the primary decrease being in the allocation of Property Tax, which is how the budget reductions were balanced among the three funds.
- 2011 year-end expenditure estimate is \$4,042,476 – \$462 or (0.1%) under the 2011 amended budget.

Streets Fund

Services include Street and Traffic operations and maintenance.

- 2011 year-end revenue estimate is \$5,168,930 – \$203,962 or 4.1% more than actual levels for 2010. This increase is primarily due to property tax reallocation to match expenditures, and the receipt of a traffic safety grant reductions made in the 2010 and 2011 budget.
- 2011 year-end expenditure estimate is \$5,212,161 – (\$6,530) or (0.1%) under the 2011 amended budget. The savings from position vacancies were offset by the increase in fuel costs and electricity rates.

The effects of the national economic recession worsened slightly through 2011, although not quite as much as originally estimated. The 2011 General Government revenue budget was \$57,131,960, so the year-end estimate of \$57,333,155 is about \$200,000 or 0.3% more than budgeted. However, the 2010 actual revenue for these 3 funds was \$57,461,601, so the 2011 estimate is slightly less than the prior year actual. The annual rate of inflation as measured by the CPI-U (All Urban Consumers) is 3.8% in August, 2011 for all cities, and the Seattle index is 2.9%. This comparison would suggest that the City is not bringing in enough revenue to cover its increased costs. The major factor keeping 2011 expenditures in line with revenues is several position vacancies, including 3 at the Department Head level.

**GENERAL GOVERNMENT COMPARISON
2011 BUDGET VS. YEAR-END ESTIMATE**

Fund/Department	2011 Amended Budget	2011 Year-End Estimate	Variance	Year-End Est. as Percent of Budget
Police	\$22,718,620	\$22,283,841	\$434,779	98.1%
Fire	8,929,340	8,794,947	134,393	98.5%
Technology Services	2,568,136	2,521,528	46,608	98.2%
Transfers	2,412,275	2,325,275	87,000	96.4%
Code Administration	1,330,361	1,270,641	59,720	95.5%
Police Pension	1,404,590	1,389,650	14,940	98.9%
Legal	1,139,157	1,107,397	31,760	97.2%
Financial Services	1,386,046	1,368,211	17,835	98.7%
Municipal Court	1,234,194	1,177,814	56,380	95.4%
Engineering	757,250	748,588	8,662	98.9%
Utility Services	1,305,084	1,295,207	9,877	99.2%
Environmental Planning	678,679	665,608	13,071	98.1%
Records	411,556	409,976	1,580	99.6%
City Manager	509,913	506,427	3,486	99.3%
Human Resources	447,436	474,066	(26,630)	106.0%
City Hall Maintenance	352,127	350,049	2,078	99.4%
Indigent Defense	480,000	480,000	0	100.0%
Purchasing	452,835	452,835	0	100.0%
Intergovernmental	257,439	257,439	0	100.0%
City Council	203,061	192,878	10,183	95.0%
Nonrecurring Expenses	208,287	208,287	0	100.0%
State Examiner	103,000	101,000	2,000	98.1%
Hearing Examiner	39,500	39,500	0	100.0%
Total General Fund	49,328,886	48,421,164	907,722	98.2%
Parks & Recreation	4,042,938	4,042,476	462	100.0%
Street & Traffic Operations	5,218,691	5,212,161	6,530	99.9%
Total General Government	\$58,590,515	\$57,675,801	\$914,714	98.4%

The preceding table provides a breakdown of the year-end estimate of General Government budgets for 2011. The largest positive variance (expenditure savings) is in the Police Department and relates to salary savings from several vacancies, including the Chief.

Currently, only the Human Resources budget is projected to be overspent for 2011. This overage stems primarily from the unexpected retirement of the long-term manager.

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

**GENERAL FUND
THREE YEAR COMPARISON**

	2009	2010	2011 Year-End
	Actual	Actual	Estimate
Beginning Balance	\$6,798,731	\$4,612,886	\$4,480,899
Revenues	47,615,448	48,388,271	48,166,337
Total Resources	54,414,179	53,001,157	52,647,236
Expenditures	49,801,293	48,520,258	48,421,164
Ending Balance	<u>\$4,612,886</u>	<u>\$4,480,899</u>	<u>\$4,226,072</u>

GENERAL GOVERNMENT FUNDS: REVENUE TRENDS

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

For 2012, total General Government revenues are budgeted to be \$57,841,185; \$508,030 or 0.9% more than the 2011 year-end estimate of \$57,333,155. Total beginning cash reserves are estimated to be \$5,612,257, \$342,646 or 5.8% less than the 2011 estimate of \$5,954,903. This fund balance is about 9.7% of the proposed 2012 budget, well within the minimum guideline.

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

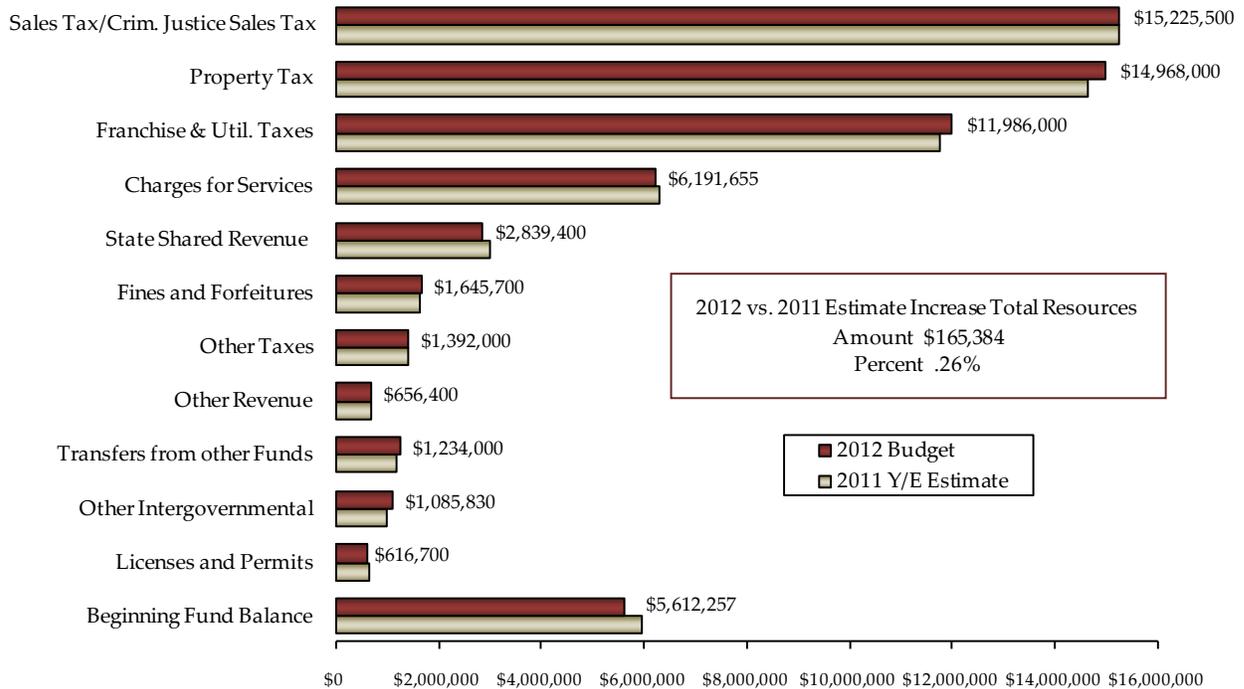
- Sales Tax - for 2012 is projected to be the same as the 2011 estimate and 2010 actual. It is still slightly below 2006 levels, and is 7.8% below the 2008 high of about \$13.7 million.
- Property Tax - increased \$361,000 or 2.5%. This includes the levy limit increase of 1%, plus new construction (about 0.7%), and a redirection from the Firemen's pension fund in response to the anticipated savings from transferring LEOFF 1 medical expense of pensioners over age 65 to Medicare and purchased Medicare supplemental insurance.
- Franchise and Utility taxes - increase (2012 over 2011) of \$244,000 or 2.1% is largely due to rate adjustments proposed in a few of the major utilities.
- Charges for Services - are down by (\$106,293) or (1.7%) primarily because of an estimated downturn in plan checking fees. The Yakima School District projects spiked 2011 by about \$100,000—this higher level is not expected to remain into 2012. Other charges are estimated to remain flat.
- State Shared Revenue - is being reduced by (\$136,259) or (4.6%) mainly because the current state budget includes an across-the board reduction of 3.8%, and a change in the Liquor Board Profit distribution, resulting in the state keeping a higher percentage.
- Other revenues - are (\$20,857) or (3.1%) below 2011. 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 - is up \$126,583 or 13% which is largely due to the increased contribution by the Yakima School District for school resource police officers, and the increased contribution by Yakima County to fund an additional position in the Purchasing division.

**GENERAL GOVERNMENT RESOURCES
THREE YEAR COMPARISON**

Source	2010 Actual	2011 Estimate	Percent Change	2012 Budget	% of	2012 vs. 2011	
					2012 Total	Increase (Decrease)	Percent Change
General Sales Tax	\$12,653,993	\$12,650,000	(0.0%)	\$12,650,000	21.9%	\$0	0.0%
Crim. Justice Sales Tax ⁽¹⁾	2,553,893	2,588,000	1.3%	2,575,500	4.5%	(12,500)	(0.5%)
Property Tax	14,231,526	14,607,000	2.6%	14,968,000	25.9%	361,000	2.5%
Franchise & Utility Taxes	12,035,789	11,742,000	(2.4%)	11,986,000	20.7%	244,000	2.1%
Charges for Services	6,076,139	6,297,948	3.7%	6,191,655	10.7%	(106,293)	(1.7%)
State Shared Revenue	2,934,636	2,975,659	1.4%	2,839,400	4.9%	(136,259)	(4.6%)
Fines and Forfeitures	1,658,467	1,636,344	(1.3%)	1,645,700	2.8%	9,356	0.6%
Other Taxes	1,394,441	1,395,500	0.1%	1,392,000	2.4%	(3,500)	(0.3%)
Other Revenue	652,103	677,257	3.9%	656,400	1.1%	(20,857)	(3.1%)
Transfers from other Funds	1,230,565	1,185,000	(3.7%)	1,234,000	2.1%	49,000	4.1%
Other Intergovernmental	1,271,580	959,247	(24.6%)	1,085,830	1.9%	126,583	13.2%
Licenses and Permits	768,469	619,200	(19.4%)	616,700	1.1%	(2,500)	(0.4%)
Total Revenue	\$57,461,601	\$57,333,155	(0.2%)	\$57,841,185	100.0%	\$508,030	0.9%
Beginning Fund Balance	6,413,707	5,954,903	(7.2%)	5,612,257		(342,646)	(5.8%)
Total Resources	\$63,875,308	\$63,288,058	(0.9%)	\$63,453,442		\$165,384	0.3%

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

**GENERAL GOVERNMENT RESOURCES
2011 YEAR-END ESTIMATE AND 2012 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 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 summarizes dedicated revenue by priority.

DEDICATED REVENUES

Priority	2012 Dedicated Revenue
Public Health & Safety	\$6,138,622
Resource Management	3,021,977
Economic Development	1,486,910
Quality of Life	1,258,165
Customer Service & Communications	1,519,852
Strategic Partnerships	386,707
Dedicated Revenue	\$13,812,233
Revenue Projection	57,841,185
Undedicated Revenue	\$44,028,952

This demonstrates that about 23.9% of General Government revenue is either dedicated to or generated by certain operations.

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

- 2012 revenue projection is \$12,650,000 – the same as 2011.

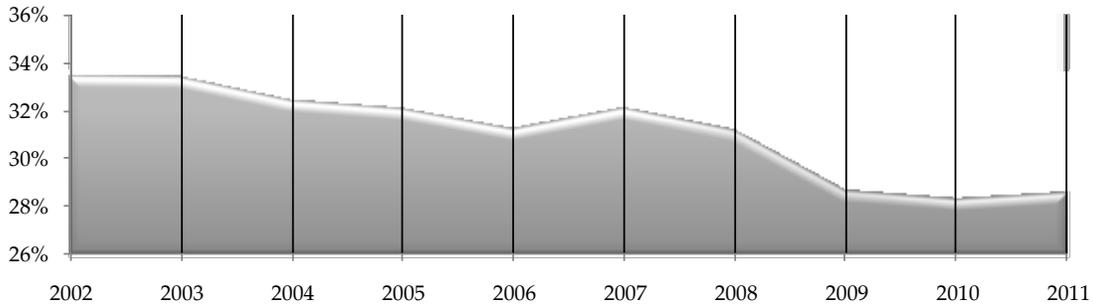
The City was recently notified by the State Department of Revenue that the July 2011 sales tax distribution was overstated by 3.8% or \$41,000 for this revenue source. With that reduction, we thought the year-end estimate should be reduced by about \$100,000. However, the October distribution showed improvement over the same month in the prior year, so the original estimate is being upheld.

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 interfund transfer revenues). This revenue source is very sensitive to economic conditions. As the graph below shows, sales tax receipts have trended downward over the past 10 years as a percentage of total revenue in the General Fund, as other revenue sources

such as utility tax have generally kept up with inflation, and the City has been successful in obtaining grants. The decrease in the 2010 actual and 2011 estimate reflects the deceleration in the sales tax growth rate, due to economic conditions.

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



Criminal Justice Sales Tax

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

This tax is expected to generate \$930,000 for the City in 2012 and is allocated in the City’s budget forecast as noted in the following chart.

0.1% CRIMINAL JUSTICE SALES TAX

Fund	2010 Actual	2011 Year-End Estimate	2012 Budget Forecast
General Fund	\$927,461	\$930,000	\$930,000
Law and Justice Capital	0	25,000	0
Total	\$927,461	\$955,000	\$930,000

0.3% Sales Tax – Another special sales tax of 0.3% dedicated to Criminal Justice expenditures was approved by the Yakima County voters in November, 2004, and took effect on April 1st of 2005. The tax is on sales inside the County only and the proceeds are divided between the County and Cities on a predefined formula under which the County receives 60% and all cities within the County share the remaining 40%. Anticipated revenue is depicted in the table below. (Note: Public Safety Communications and Law and Justice Capital Finds are not part of General Government.) This tax is expected to generate \$1,810,000 in 2012, and is allocated in accordance with the following chart.

0.3% CRIMINAL JUSTICE SALES TAX

Fund	2010	2011	2012
	Actual	Year-End Estimate	Budget Forecast
General Fund (for Criminal Justice Expenditures)	\$1,626,432	\$1,658,000	\$1,645,500
Public safety Communications	138,566	131,500	152,500
Law and Justice Capital	24,173	27,200	12,000
Total	\$1,789,171	\$1,816,700	\$1,810,000

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

PROPERTY TAX

- Property tax provides approximately 25.9% of all General Government revenue in the 2012 budget. The 2012 budget is based on a 1% increase in the property tax levy, as currently allowed by state law, or approximately \$160,000, plus a conservative 0.7% or \$114,000 increase for new construction for a total increase of \$274,000 for a total of \$16,283,000.

The 2012 request complies with the levy limit restrictions which cap property tax levy increases to the maximum of 1% or the rate of inflation, whichever is less. (Note: state law defines the rate of inflation as measured by the Implicit Price Deflator for consumer goods). State law also allows the City to increase the levy by more than 1% if approved by the majority of voters.

As a point of clarification, the property tax levy restriction limits the change in the dollars levied (1% would generate about \$160,000 for 2012) – 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.

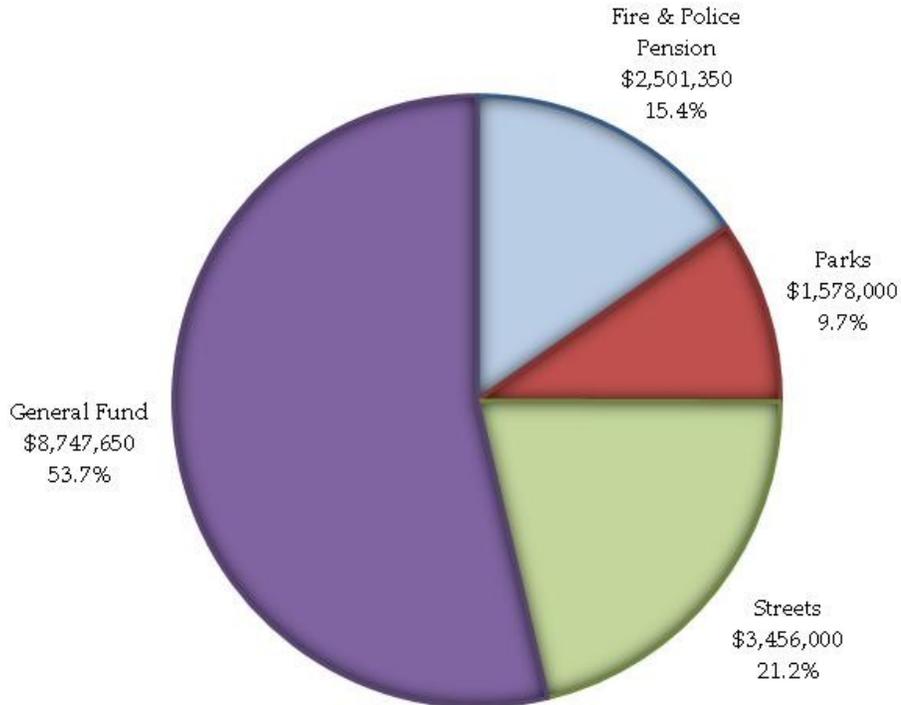
Since most consumer activity (i.e., wages, equipment, etc.) is more closely tied to the Consumer Price Index (CPI), and CPI is greater than 1% in almost all years, the future effect of 1% or less growth in Property Tax is restrictive to the City since Property Tax is one of General Government’s primary revenue sources.

The following chart and graph depict the 2012 budgeted allocation of the City’s property tax revenues.

**2012 PROPOSED
GENERAL PROPERTY TAX LEVY – BY FUND**

	2010 <u>Actual</u>	2011 <u>Amended Budget</u>	2011 <u>Estimated</u>	2012 <u>Budget</u>	2011 Est. <u>vs. 2012 Budget</u>
General	\$9,190,326	\$9,398,000	\$9,548,000	\$9,934,000	4.0%
Parks & Recreation	1,665,500	1,546,000	1,546,000	1,578,000	2.1%
Street & Traffic	3,375,700	3,508,000	3,513,000	3,456,000	(1.6%)
Sub-Total General Government	<u>14,231,526</u>	<u>14,452,000</u>	<u>14,607,000</u>	<u>14,968,000</u>	<u>2.5%</u>
Fire Pension	1,502,765	1,502,765	1,402,000	1,315,000	(6.2%)
Total	<u>\$15,734,291</u>	<u>\$15,954,765</u>	<u>\$16,009,000</u>	<u>\$16,283,000</u>	<u>1.7%</u>

**2012 PROPOSED
GENERAL PROPERTY TAX LEVY – BY FUNCTION**



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

FRANCHISE AND UTILITY TAXES

Franchise and utility taxes are collectively the third largest category of General Government revenues. They comprise 20.7% of 2012 projected General Government revenues and 22.6% of projected 2012 General Fund Revenues.

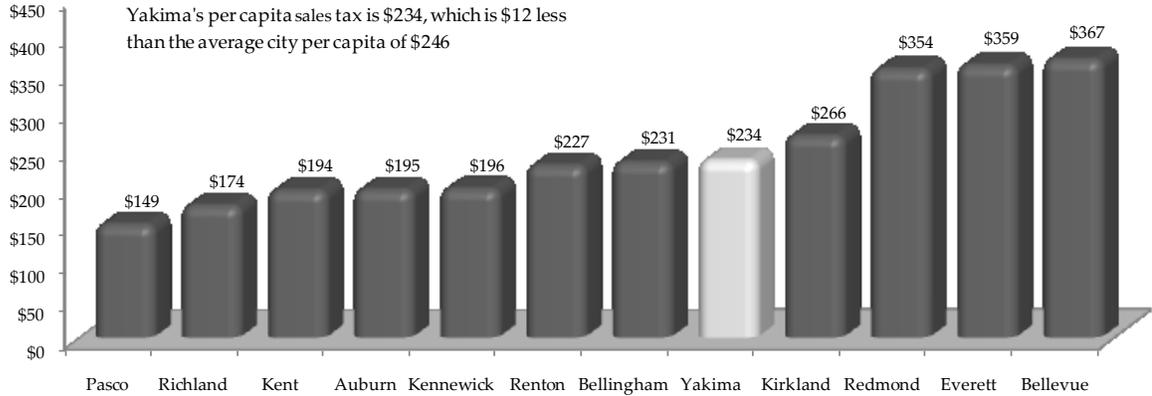
- 2012 projection is \$11,986,000 – \$244,000 or 2.1% above the 2011 year-end estimate of \$11,742,000.

These revenues are largely a function of weather conditions and utility rates in the Valley. In 2011, it appears that the lingering recession and conservation education combined to reduce usage, so that this category is now estimated to come in below 2010 actual collections. In response, increases in this revenue category have been conservatively budgeted in 2012. Franchise and utility taxes combined are the only major revenue source keeping pace with the rate of inflation, primarily because of rate increases implemented by utility providers.

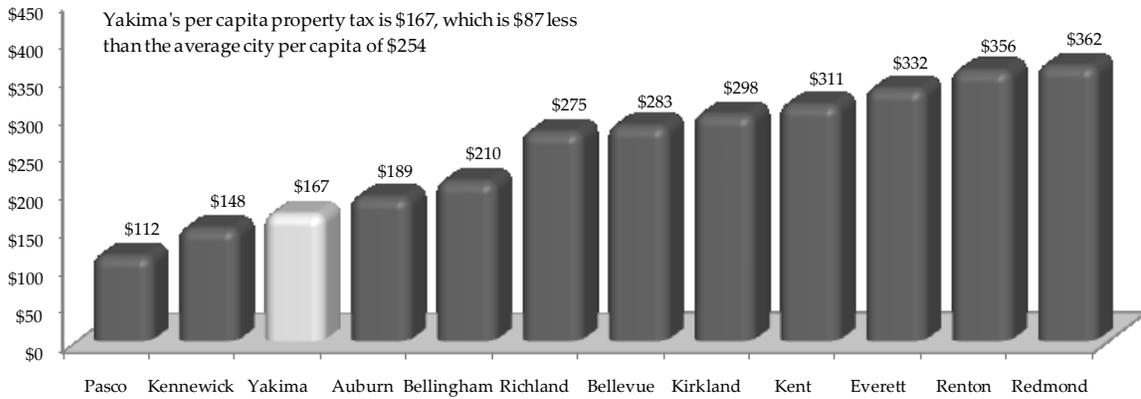
The graphs on the following page depict how the City of Yakima compares to other cities of somewhat similar population relative to (a) sales tax, (b) property tax and (c) utility tax per capita. These comparisons show that for all 3 of the major tax sources, Yakima is well below the state average.

Comparable Cities between 45,000 and 125,000 in Population
(Rounded to the closest dollar)

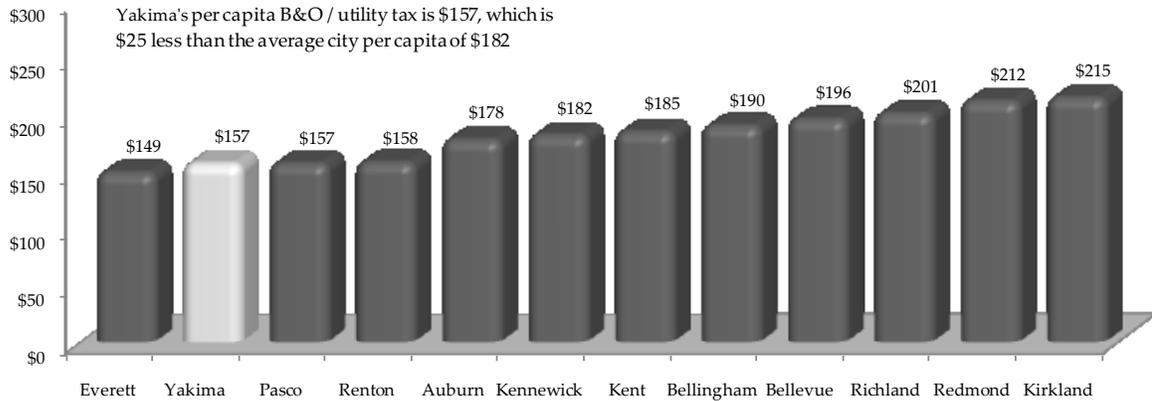
2009 PER CAPITA SALES & USE TAXES ⁽¹⁾



2009 PER CAPITA PROPERTY TAXES ⁽¹⁾



2009 PER CAPITA B & O / UTILITY TAXES ⁽¹⁾



(1) Data compiled from the State Auditor's Local Government Comparative Statistics. 2009 data used as 2010 census data was not yet available

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, utility billing, etc).

- 2012 projection is \$6,191,655. This is a 1.7% or \$106,293 increase from the 2011 estimate.

STATE SHARED REVENUE

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

- 2012 projection for all revenues within this category is \$2,839,400; a decrease of (\$136,259) from the 2011 year-end estimate of \$2,975,659. The state has already imposed a 3.8% reduction on this revenue source for 2012. Recent revenue forecasts indicate another shortfall below prior estimates, and the Governor is requesting a special session for budget review. This is an area that may be at risk as the year unfolds.

FINES AND FORFEITURES

These revenues come primarily from criminal fines and noncriminal penalties assessed in the City of Yakima's Municipal Court, and parking violations. This revenue category is budgeted to remain flat at \$1,645,700 for 2012.

OTHER TAXES

This category includes Business Licenses, Gambling Taxes and County Road Tax from annexation. The 2012 projection is \$1,392,000, down (0.3 %) or (\$3,500) – virtually the same as the 2011 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 2012, \$656,400 is expected to be generated in this category, a decrease of (\$20,857) or (3.1%) from the 2011 year end estimate of \$677,257, since current market conditions have greatly reduced interest earnings.

The largest revenue sources in this category include:

- Interest income – 2012 projection is \$313,000.
- Operating transfer from other funds – 2012 projection is \$1,234,000 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 2012 budget of \$1,085,830 is up \$126,583 or 13.2% from the 2011 estimate largely due to the increased contribution by the

Yakima School District for school resource police officers, and the increased contribution by Yakima County to fund an additional position in the Purchasing division.

LICENSES AND PERMITS

The 2012 budget is \$616,700, (0.4%) or (\$2,500) less than the 2011 year-end estimate of \$619,200. The decrease is in response to challenges currently being faced in the building industry in general as a result of contraction in the new home market and turmoil in the credit markets.

REVENUE TRENDS – OVERVIEW

Total General Government revenue has remained flat for the past 4 years-2008 actual revenue was \$57.4 million, virtually the same as 2010 and 2011. This trend in 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 slight increase anticipated in 2012 is the result of the Property Tax calculation and reallocation, coupled with growth in Utility Taxes.

GENERAL GOVERNMENT RESOURCE COMPARISON - BY FUND

GENERAL GOVERNMENT THREE YEAR RESOURCE COMPARISON ⁽¹⁾					
	2010	2011	2011	2012	2012
	Actual	Year-End Estimated	vs. 2010	Budgeted	vs. 2011
	Resources	Resources	% Change	Resources	% Change
General Fund	\$48,388,271	\$48,166,337	(0.5%)	\$48,736,110	1.2%
General Fund Beg Balance	4,612,886	4,480,899	(2.9%)	4,226,072	(5.7%)
Total General Fund	<u>53,001,157</u>	<u>52,647,236</u>	<u>(0.7%)</u>	<u>52,962,182</u>	<u>0.6%</u>
Parks & Recreation	4,108,362	3,997,888	(2.7%)	4,049,765	1.3%
Parks Beg Balance	339,555	385,681	13.6%	341,093	(11.6%)
Total Parks	<u>4,447,917</u>	<u>4,383,569</u>	<u>(1.4%)</u>	<u>4,390,858</u>	<u>0.2%</u>
Street & Traffic Fund Revenue	4,964,968	5,168,930	4.1%	5,055,310	(2.2%)
Street & Traffic Beg Balance	1,461,266	1,088,323	(25.5%)	1,045,092	(4.0%)
Total Street & Traffic	<u>6,426,234</u>	<u>6,257,253</u>	<u>(2.6%)</u>	<u>6,100,402</u>	<u>(2.5%)</u>
Total Revenue	57,461,601	57,333,155	(0.2%)	57,841,185	0.9%
Total Beg Bal	6,413,707	5,954,903	(7.2%)	5,612,257	(5.8%)
Total General Government	<u>\$63,875,308</u>	<u>\$63,288,058</u>	<u>(0.9%)</u>	<u>\$63,453,442</u>	<u>0.3%</u>

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

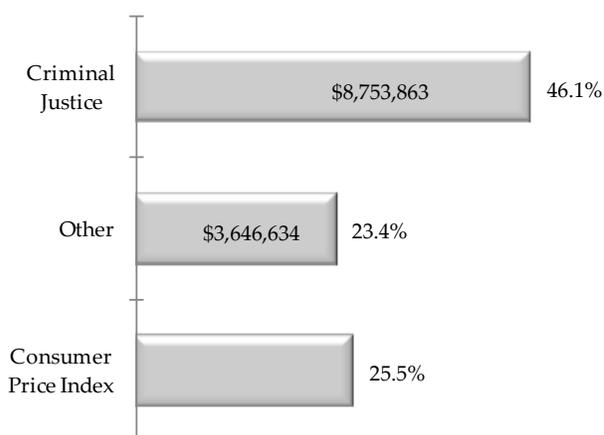
GENERAL GOVERNMENT RESOURCES BY MAJOR CATEGORY

	2009 Actual 1	2010 Actual 2	2011 Amended Budget 3	2011 Year-End Estimate 4	2012 Forecast Budget 5	2012 % Change f/ 2011 Est. 4-5
<u>General Fund</u>						
Property Tax	\$8,057,000	\$9,190,326	\$9,398,000	\$9,548,000	\$9,934,000	4.0%
Sales Tax	12,623,990	12,653,993	12,333,000	12,650,000	12,650,000	0.0%
Criminal Justice Sales Tax	2,521,881	2,553,893	2,507,000	2,588,000	2,575,500	(0.5%)
Franchise Tax	52,945	44,520	42,000	42,000	42,000	0.0%
Utility Tax	12,040,938	11,991,269	11,934,500	11,700,000	11,944,000	2.1%
Other Taxes	1,484,163	1,367,030	1,390,000	1,395,000	1,392,000	(0.2%)
Licenses and Permits	711,835	768,469	765,800	619,200	616,700	(0.4%)
Intergovernmental Revenue	3,073,099	2,813,157	2,441,530	2,483,158	2,532,730	2.0%
Charges for Services	4,719,438	4,917,225	5,096,985	5,129,685	5,029,930	(1.9%)
Fines and Forfeitures	1,631,592	1,658,467	1,721,400	1,636,344	1,645,700	0.6%
Miscellaneous Revenue	657,445	338,922	339,450	334,950	333,550	(0.4%)
Other Financing Sources	1,120	0	1,000	0	0	n/a
Capital Lease Financing	0	51,000	0	0	0	n/a
Transfers From Other Funds	40,000	40,000	40,000	40,000	40,000	0.0%
Total Revenue	\$47,615,446	\$48,388,271	\$48,010,665	\$48,166,337	\$48,736,110	1.2%
Beginning Fund Balance	6,798,731	4,612,886	4,480,899	4,480,899	4,226,072	(5.7%)
Total General Fund	\$54,414,177	\$53,001,157	\$52,491,564	\$52,647,236	\$52,962,182	0.6%
<u>Parks & Recreation Fund</u>						
Property Tax	\$1,623,500	\$1,665,500	\$1,546,000	\$1,546,000	\$1,578,000	2.1%
Intergovernmental Revenue	178,965	139,555	107,700	106,248	92,000	(13.4%)
Charges for Services	898,505	930,907	963,365	952,253	945,965	(0.7%)
Miscellaneous Revenues	218,863	221,835	183,420	233,387	224,800	(3.7%)
Other Financing Sources	43,098	0	55,000	55,000	55,000	0.0%
Transfers From Other Funds	1,133,701	1,150,565	1,179,000	1,105,000	1,154,000	4.4%
Total Revenue	\$4,096,632	\$4,108,362	\$4,034,485	\$3,997,888	\$4,049,765	1.3%
Beginning Fund Balance	451,356	339,555	385,681	385,681	341,093	(11.6%)
Total Parks & Recreation Fund	\$4,547,988	\$4,447,917	\$4,420,166	\$4,383,569	\$4,390,858	0.2%
<u>Street and Traffic Operations Fund</u>						
Property Tax	\$4,209,000	\$3,375,700	\$3,508,000	\$3,513,000	\$3,456,000	(1.6%)
County Road Tax	8,463	27,411	5,000	500	0	(100.0%)
Fuel Tax Street	1,249,776	1,253,504	1,250,000	1,300,000	1,300,000	0.0%
Other Intergovernmental	33,535	0	45,000	45,500	500	(98.9%)
Charges for Services	30,453	228,007	215,760	216,010	215,760	(0.1%)
Miscellaneous Revenue	20,079	27,779	3,050	33,800	23,050	(31.8%)
Other Financing Sources	2,332	12,567	20,000	20,120	20,000	(0.6%)
Transfers From Other Funds	25,000	40,000	40,000	40,000	40,000	0.0%
Total Revenue	\$5,578,638	\$4,964,968	\$5,086,810	\$5,168,930	\$5,055,310	(2.2%)
Beginning Fund Balance	1,372,651	1,461,266	1,088,323	1,088,323	1,045,092	(4.0%)
Total Street and Traffic Operations Fund	\$6,951,289	\$6,426,234	\$6,175,133	\$6,257,253	\$6,100,402	(2.5%)
Total General Government	\$65,913,454	\$63,875,308	\$63,086,863	\$63,288,058	\$63,453,442	0.3%
Total Revenue	\$57,290,716	\$57,461,601	\$57,131,960	\$57,333,155	\$57,841,185	0.9%
Total Beginning Fund Balance	8,622,738	6,413,707	5,954,903	5,954,903	5,612,257	(5.8%)
Total Resources	\$65,913,454	\$63,875,308	\$63,086,863	\$63,288,058	\$63,453,442	0.3%

GENERAL GOVERNMENT FUNDS: EXPENDITURE TRENDS

Criminal justice costs continue to consume an ever increasing share of total General Fund resources. In order to pay these costs other General Fund programs are necessarily limited/reduced to remain within available resources. See Exhibit III for more information. The following charts depict the major effect on the General Fund of the increase in criminal justice costs compared to all other cost increases from 2003 to 2012.

**PERCENTAGE INCREASE OF CRIMINAL JUSTICE COSTS
VS. OTHER GENERAL GOVERNMENT FUNCTIONS AND CPI
2002 BUDGET TO 2012 BUDGET**



Cumulatively, over the past ten years Criminal Justice budgets have increased 46.1%. By comparison, all other General Government expenses have increased by only 23.4%. During this same ten-year period the Seattle-Tacoma Consumer Price Index increased by 25.5%. Criminal justice cost increases are not quite double what increases are for other cost categories. When the increase in population and boundaries are considered over this same time frame, the fact that other services approximate the rate of inflation demonstrates a real reduction in service/costs per capita.

CRIMINAL JUSTICE FUNDING

With the flattening of revenues, funding available for criminal justice needs is insufficient to offset increases in Criminal Justice costs. (The following chart depicts the growth in Law and Justice operations costs for 2010, 2011 estimate and 2012 budget). Even with the cost savings associated with transferring mandated medical costs for LEOFF 1 retirees over the age of 65 to Medicare and related supplemental insurance, this category of expense still increased by \$163,000.

In reviewing the following chart and graph, it should be noted that it includes only General Fund expenditures on criminal justice. Another \$1.1 million is budgeted in the "Police Grants" special revenue fund, which includes the 7 officers funded by a federal COPS hiring grant. The Law and Justice Capital Fund includes a budget of \$0.7 million. Also good to review is the Criminal Justice

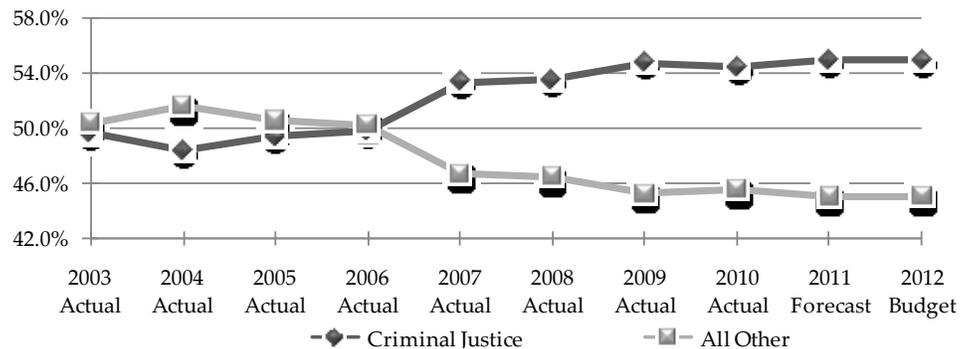
Expenditures as a Percentage of Total General Fund chart below, which demonstrates that over half of General Fund’s budget is dedicated to criminal justice. Note: The large jump in the percentage in 2007 was the result of Council’s adoption of the Safe Community Action Plan, which allocated a one-time gain in the property tax levy as a result of the library annexation of about \$650,000 to fund additional Police officers in a dedicated proactive anticrime unit. This ratio keeps spreading as Criminal Justice has received increased allocations of resources to address the gang issues facing the City.

**CRIMINAL JUSTICE EXPENDITURES
THREE YEAR COMPARISON**

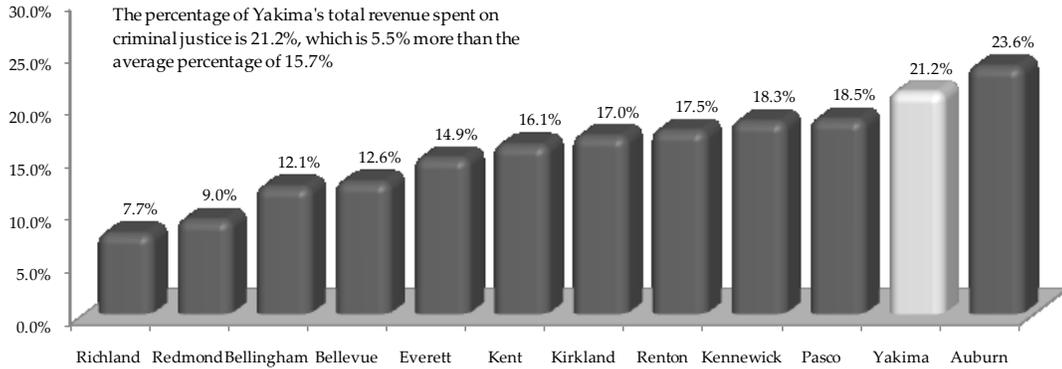
Description	2010	2011	2012	% Change
	Actual	Estimate	Forecast	2012 from 2011
Police Operations & Administration	\$18,887,331	\$18,513,093	\$18,745,766	1.3%
Outside/Inside Jail Costs	3,158,446	3,770,748	3,835,508	1.7%
District Court/Municipal Court & Probation	1,206,063	1,177,814	1,256,178	6.7%
Prosecution Costs/Indigent Defense	1,203,834	1,231,145	1,239,680	0.7%
Other Related Expenses				
Police Pension	1,368,431	1,389,650	1,186,350	(14.6%)
Emergency Dispatch Transfer	425,000	395,000	370,000	(6.3%)
Transfer-Law & Justice Center ⁽¹⁾	164,366	158,000	165,000	4.4%
Sub-total	1,957,797	1,942,650	1,721,350	(11.4%)
Grand Total	\$26,413,471	\$26,635,450	\$26,798,482	0.6%

(1) Utility Tax transfer from General Fund.

CRIMINAL JUSTICE EXPENDITURES AS A PERCENTAGE OF TOTAL GENERAL FUND



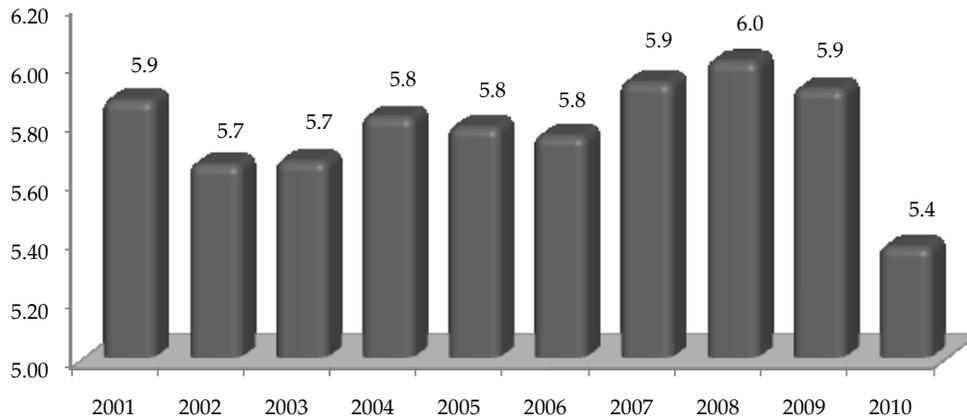
PERCENT OF PER CAPITA TOTAL REVENUE SPENT ON CRIMINAL JUSTICE IN 2009 ⁽¹⁾
Comparable Cities between 45,000 and 125,000 in Population
(Rounded to the closest dollar)



(1) Data compiled from the State Auditor's Local Government Comparative Statistics. 2009 data used as 2010 census data was not yet available

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

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



	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Number of Employees	429.0	447.4	448.9	462.3	471.1	476.7	496.3	502.8	501.6	489.6
Employees Per Capita	5.9	5.7	5.7	5.8	5.8	5.8	5.9	6.0	5.9	5.4
Square Miles	24.1	24.1	24.2	24.2	25.3	25.9	25.9	27.6	28.7	28.7
Population	73,040	79,120	79,220	79,480	81,470	82,867	83,646	83,731	84,850	91,067

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

There are 5 major events that have had significant effect on General Government staffing levels:

- City population has increased 18,027 from 2001 to 2010, or 24.7%
- 2002 through 2004, 36.35 FTE's were added in Police, Fire and Streets to support services to a large newly annexed area.
- In 2005, 12.75 FTE's in Police, Courts and legal were added as a result of voter approval of a 0.3% increase in the sales tax rate for Criminal Justice.
- In 2007 9 positions were added in the Police Department as part of the Safe Community Action Plan (SCAP), paid for by the increase in property tax realized when the City annexed to the Rural Library District, and 4 positions were added because of Public Safety grants.

It should be noted that a net of 60.6 new FTE positions have been added since 2001, or 14.1% over the past 10 years; compared to an approximately 25% increase in population during the same time period. Most of these additions were either in response to criminal justice issues, annexations, or both.

This comparison is also prior to the large reductions necessitated by the economic downturn continuing into 2011 and 2012. In these two budget years, staffing levels have been reduced by another 26.5 positions. This will reduce the ratio to just slightly above 5.0 employees per 1,000 population—the lowest rate in well over a decade.

GENERAL GOVERNMENT EXPENDITURE SUMMARY

The following chart illustrates that the total 2012 General Government budget is \$57,866,952, (\$723,563) or (1.3%) less than the 2011 amended budget of \$58,590,515.

2011 - 2012 GENERAL GOVERNMENT BUDGET

	2011	2011 Est.	2012	Change 2012 vs. 2011	
	Amended Budget	Year-End Expenditures	Projected Budget	Preliminary vs. Amended Dollars	Percent
General	\$49,328,886	\$48,421,164	\$48,761,470	(\$567,416)	(1.15%)
Parks & Recreation	4,042,938	4,042,476	4,050,111	7,173	0.18%
Street & Traffic Operations	5,218,691	5,212,161	5,055,371	(163,320)	(3.13%)
Total General Government	\$58,590,515	\$57,675,801	\$57,866,952	(\$723,563)	(1.23%)

Section IV that follows summarizes the budget reductions being proposed to bring the 2012 General Government Budget within available resources.

OTHER FUNDS

2011 year-end estimates for the City's Other Operating and Enterprise Funds are summarized below:

2011 BUDGET STATUS

	2011 Amended Budget	2011 Est. Actual Expenditures	Variance	2011 Estimated Resources	2011 Est. Ending Balance
Economic Development	\$669,372	\$321,428	\$347,944	\$547,418	\$225,990
Neighborhood Development (Housing)	4,144,772	4,063,080	81,692	4,954,418	891,338
Community Relations	656,954	655,467	1,487	1,397,109	741,642
Community Services	108,215	82,320	25,895	82,320	0
Growth Management	26,601	26,601	0	26,601	0
Cemetery	262,463	261,456	1,007	319,316	57,860
Emergency Services	1,121,904	1,121,696	208	1,186,249	64,553
Public Safety Communications	3,341,497	3,302,790	38,707	3,599,343	296,553
Police Grants	1,341,682	1,275,792	65,890	1,782,940	507,148
Downtown Improvement District	236,451	236,451	0	263,163	26,712
Trolley (Yakima Interurban Lines)	135,277	99,940	35,337	116,117	16,177
Front Street Business Improvement	5,000	5,000	0	11,153	6,153
Tourist Promotion	1,400,148	1,400,149	(1)	1,563,064	162,915
Capitol Theatre	285,527	285,527	0	385,054	99,527
PFD Revenue - Convention Center	605,000	605,000	0	810,668	205,668
Tourist Promotion Area	378,205	378,205	0	378,619	414
PFD Revenue - Capitol Theatre	468,000	468,000	0	521,357	53,357
Recovery Program Grants	426,989	419,426	7,563	419,426	0
Storm Water Operating	2,225,207	2,223,899	1,308	2,901,952	678,053
Transit	7,472,066	7,408,235	63,831	8,415,945	1,007,710
Refuse	4,980,373	4,834,165	146,208	5,241,588	407,423
Wastewater	18,830,904	18,653,200	177,704	20,016,093	1,362,893
Water	7,895,628	7,857,912	37,716	9,478,901	1,620,989
Irrigation	1,541,669	1,541,359	310	1,881,765	340,406
Equipment Rental	5,633,318	5,566,068	67,250	9,831,748	4,265,680
Environmental	485,934	469,950	15,984	755,021	285,071
Public Works Administration	1,169,153	1,128,240	40,913	1,534,134	405,894
	<u>\$65,848,309</u>	<u>\$64,691,356</u>	<u>\$1,156,953</u>	<u>\$78,421,482</u>	<u>\$13,730,126</u>

All Operating and Enterprise Funds are anticipated to end 2011 with positive fund balances. This analysis includes appropriations approved by Council through October. All operating funds are anticipating actual expenditures within authorized levels.

2012 projections for Other Operating and Enterprise Funds expenditures and resources are reflected in the following chart. (Resources include the beginning fund balance plus current year revenue, to arrive at a total available to spend.)

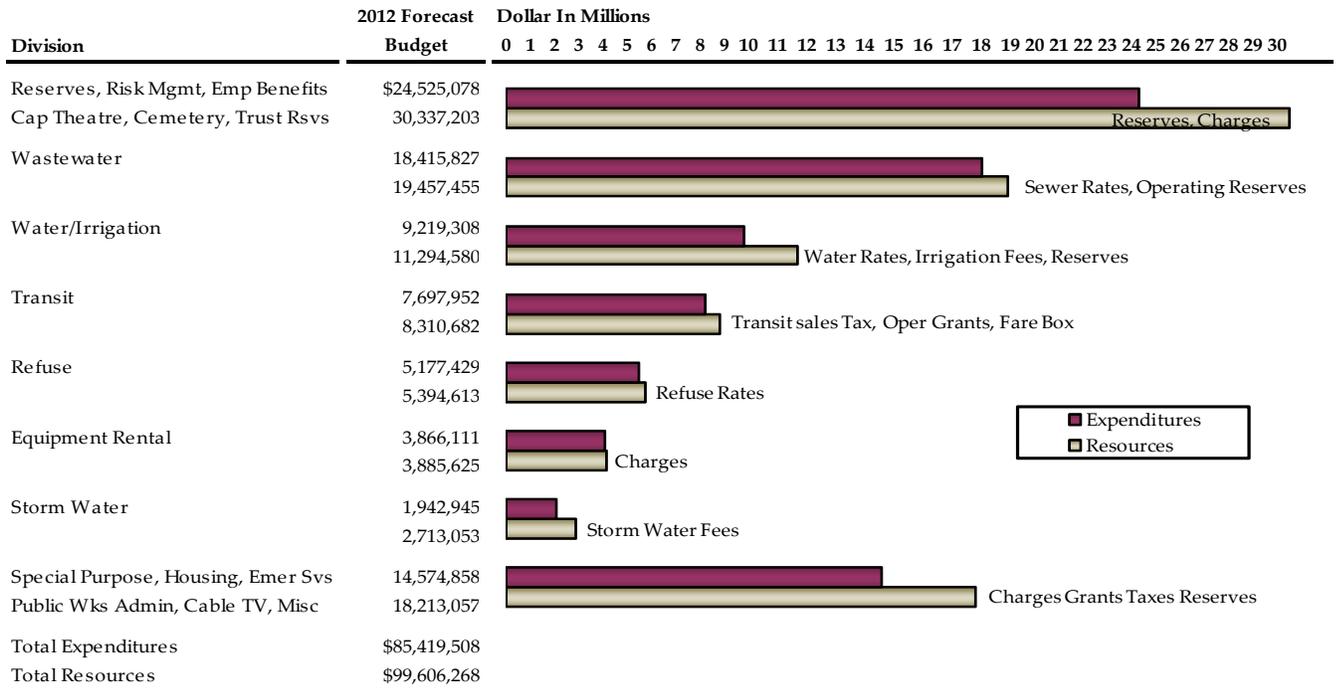
PROPOSED 2012 BUDGET

Fund	2012 Projected Resources	2012 Projected Expense	2012 Projected Balance
Economic Development	\$452,990	\$305,517	\$147,473
Neighborhood Development (Housing)	2,692,239	1,839,530	852,709
Community Relations	1,236,592	613,116	623,476
Cemetery	301,410	265,699	35,711
Emergency Services	1,260,579	1,199,489	61,090
Public Safety Communications	3,698,896	3,551,694	147,202
Police Grants	1,669,018	1,101,962	567,056
Downtown Improvement District	278,052	235,962	42,090
Trolley	17,753	11,368	6,385
Front Street Business Improvement Area	9,688	5,000	4,688
Tourist Promotion	1,606,365	1,447,373	158,992
Capitol Theatre	423,704	346,200	77,504
PFD Revenue - Convention Center	851,418	673,000	178,418
Tourist Promotion Area	586,414	586,000	414
PFD Revenue - Capitol Theatre	553,857	517,000	36,857
Storm Water Operating	2,713,053	1,942,945	770,108
Transit	8,310,682	7,697,952	612,730
Refuse	5,394,613	5,117,429	277,184
Wastewater	19,457,455	18,415,827	1,041,628
Water	9,335,474	7,774,375	1,561,099
Irrigation	1,959,106	1,444,933	514,173
Equipment Rental	9,698,013	5,290,111	4,407,902
Environmental	435,071	192,950	242,121
Public Works Administration	1,591,225	1,185,273	405,952
Total Other Operating and Enterprise Funds	\$74,533,667	\$61,760,705	\$12,772,962

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 2012, 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.

2012 RESTRICTED OPERATING AND RESERVE FUNDS



OPERATING FUNDS

For more information on policy issues that affect these funds see the Section V, "Other Policy Issues"

The Economic Development Fund

This fund reflects resources of \$452,990 and expenditures of \$305,517 for 2012. These funds are planned to be used to spur economic development. Expenditures include an allocation of Community and Economic Development positions and the continuation of Federal legislative funding efforts.

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

This fund contains programs funded by Housing and Urban Development (HUD), including the Community Development Block Grant (CDBG) and Home ownership (HOME) grants. Expenditures are budgeted at \$1,839,530 and are subject to the public hearing process. With the uncertainty in Budget allocations at the Federal level, the 2012 budget anticipates a 10% reduction from 2011 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 2012 ending balance is projected to be \$852,709.

The Community Relations Fund

The Community Relations fund expects resources of \$1,236,592 for 2012. Expenditures are estimated to be \$613,116, leaving the balance estimated at \$623,476 for year-end, earmarked primarily for capital expenditure on production equipment / cable TV facilities.

Cemetery Fund

Resources within this fund for 2012 are projected at \$301,410. Expenditures are estimated to be \$265,699, and the estimated ending balance is projected at \$35,711. 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 \$1,260,579 and expenditures of \$1,199,489 related to the provision of Emergency Medical Services, and are supported by an allocation of the county-wide special EMS Property Tax Levy. The current tax levy will expire in 2013; it is now on the ballot to be renewed for another 10 years. The 2012 ending balance is projected to be \$61,090.

The Public Safety Communications Fund

This fund expects resources of \$3,698,896 and expenditures of \$3,551,694 for 2012, leaving a balance of \$147,202 at year-end. This fund accounts for 9-1-1 Calltakers, supported by Yakima County 9-1-1 resources in the amount of \$1,902,000. General Fund expenditures include a transfer of \$740,000 for dispatch.

Police Grants

This fund accounts for the Federal / State forfeited narcotics and the COPS Hiring Recovery Program (CHRP), both of which have stringent reporting requirements. CHRP is a three year program grant with a total grant of \$1.5 million and is being used to fund seven new police officers. Resources for 2012 are estimated to be \$1,669,018 and expenditures are budgeted at \$1,101,962, leaving an ending balance of \$567,056.

Downtown Yakima Business Improvement District (DYBID) Fund

Resources in this fund are projected to be \$278,052, coming primarily from the new Business Improvement District established mid-2008, while expenditures are projected at \$235,962. Revenue includes parking fees from downtown lots. The ending balance for 2012 is projected at \$42,090. Much of the 2012 budget is targeted toward maintaining the recent downtown revitalization efforts.

Note: The current District expired this fall. The 2012 Preliminary Budget was developed assuming that the effort to re-establish a district was successful. To date this has not occurred. The 2012 budget will remain as there is still interest in establishing a district. If it is ultimately unsuccessful, then expenses would not exceed the availability of funding.

The Trolley Fund

This fund projects resources of \$17,753 and expenditures of \$11,368 for 2012. The year-end balance is projected at \$6,385.

The Front Street Business Improvement Area Fund

This fund projects resources of \$9,688 and expenditures of \$5,000 – leaving an ending balance of \$4,688 for 2012.

The Tourism Promotion / Yakima Convention Center Fund

This fund's budget anticipates resources of \$1,606,365 (this includes a transfer of \$139,000 from the Public Facility District) and expenditures of \$1,447,373, and thus is expected to end 2012 with a balance of \$158,992. The budget includes policy issues to increase the Center's management fee and marketing effort (See budgeted policy issues).

The Capitol Theatre Fund

This fund is expected to have resources of \$423,704 and expenditures of \$346,200, leaving an estimated ending balance of \$77,504. The expenditure budget includes a policy issue to increase the Capitol Theatre Committee's management fee (See budgeted policy issues).

The Public Facilities District – Convention Center Fund

This fund includes resources estimated to be \$851,418 for 2012. Expenditures are estimated to be \$673,000. Of this amount \$460,000 for debt service on the Convention Center bonds issued in 2002 and \$139,000 is for supplemental support of Convention Center operations, while \$60,000 is for Convention Center Capital Fund. This leaves a fund balance of \$178,418 at the end of 2012.

The Tourist Promotion Area

This fund accounts for a self-assessment imposed by the lodging industry to promote tourism. Resources are estimated to be \$586,414, with expenditures programmed at \$586,000, leaving a balance at the end of 2012 of \$414.

The Public Facilities District – Capitol Theatre

This fund includes resources estimated to be \$553,857 for 2012. Expenditures are estimated to be \$517,000. Of this amount \$450,000 is designated for debt service on the Capitol Expansion bond issued in 2011 and \$55,000 for supplemental support for Capitol Theatre operations. This leaves a fund balance of \$36,857 at the end of 2012.

Stormwater Operating Fund

Expenditures in this fund are estimated to be \$1,942,945 and resources are projected to be \$2,713,053 for 2012 (the budget is developed with the annual current rate of \$43 per equivalent residential unit). An ending balance of \$770,108 is currently projected for 2012. 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 \$7,697,952 and resources are projected to be \$8,310,682 for 2012. Total Transit sales taxes for 2012 are forecast to be \$4,600,000 with the \$4.4 million allocated to operations and \$0.2 million to capital. This fund also includes an operating grant of \$1,765,000. An ending balance of \$612,730 is currently projected for 2012.

The Refuse Fund

The expenditure budget in this fund for 2012 is \$5,117,429. Total resources are estimated to be \$5,394,613, and an ending balance is currently projected at \$277,184. The 2012 budget includes upgrade of Department Assistant II to fulltime position and an addition of one Solid Waste Collector/Driver (see budgeted policy issue).

Wastewater Fund

Resources for this fund in 2012 are expected to total \$19,457,455. Expenditures are budgeted at \$18,415,827 and the 2012 year-end balance is currently projected to be \$1,041,628. Transfers of about \$3.1 million to Wastewater Construction funds and \$2.6 million to provide for Wastewater Bond redemption and repayments of Public Works Trust Fund Loans are currently programmed in this budget. The proposed 2012 Sewer budget includes continued implementation of the Sewer Comprehensive Plan and the Wastewater Facilities Plan. Revenues are estimated using the proposed rates for 2012 - 2014 (see budgeted policy issue).

Water Fund

Resources of \$9,335,474 are projected for 2012 in this fund. Expenditures are estimated to be \$7,774,375 leaving \$1,561,099 at the end of 2012. These costs include \$600,000 transfer to the Capital Fund, and about \$634,445 to provide for Water Bond Debt Service, repayments of Water Public Works Trust Fund Loans. The 2012 projected resources include the rate adjustment of 5.5% that was approved by Council in 2008.

Irrigation Fund

Resources for 2012 are projected to be \$1,959,106 in this fund, and expenditures are estimated to be \$1,444,933. The 2012 ending fund balance is projected to be \$514,173. The 2012 projected resources include the rate adjustment of 5.5% rate increase (2011 approved policy issue – 5.5% annual rate increase from 2011 to 2014)

The Equipment Rental Fund

The budget for this fund in 2012 is \$5,290,111 of which \$3.7 million is the maintenance and operations budget, and \$1.6 million is the Equipment Replacement budget. Resources are expected to be \$9,698,013 while the ending fund balance for 2012 is expected to be \$4,407,902, 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 2012, \$435,071 in resources is expected to be available and \$192,950 is budgeted primarily as a contingency. A year-end balance of \$242,121 is projected.

Public Works Administration Fund

Expenditures for 2012 are expected to be \$1,185,273 for this fund. Resources for 2012 are expected to be \$1,591,225 generated from operating funds located in the Public Works complex, resulting in a year-end balance of \$405,952.

RESERVE FUNDS – EMPLOYEE BENEFIT RESERVES

The Unemployment Compensation Reserve Fund

This self insured fund is estimated to end 2012 with a balance of \$180,174. Resources are projected to be \$497,387 and expenditures for claims and other related expenses are estimated at \$317,213, a 53.9% increase over the 2011 year end estimate of \$206,077. Rates are unchanged for 2012.

Employees Health Benefit Reserve Fund

Expenditures in this fund for 2012 are projected to be \$11,217,959, while resources are \$13,234,190, leaving an ending balance projected to be \$2,016,231. The 2012 budget includes a rate adjustment of 15.8% for medical and 8.8% for dental. 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 \$876,477, the result of resources totaling \$2,238,844 and expenditures of \$1,362,367. Ongoing efforts in claim management and safety training are in place to slowdown the number of claims / costs. Rates are unchanged for 2012.

Wellness / Employee Assistance Program (EAP) Fund

Projected total resources for 2012 are \$203,483 in this fund, and expenditures are \$92,000 with a projected year-end balance of \$111,483.

The Firemen's Relief and Pension Fund

This fund is projecting resources of \$2,199,858 and expenditures of \$1,344,057, leaving an estimated 2012 year-end balance of \$855,801.

The Fire Pension property tax allocation for 2012 of \$1,315,000 is \$87,000 lower than the 2011 year-end estimate of \$1,402,000 since the City switched to Medicare instead of fully insuring the pensioners. 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 2012, based on personnel costs, claims experience and other insurance / professional services costs, on-going expenditures are estimated to be \$2,914,055. Risk Management Fund departmental contributions totaling \$2,786,000 are programmed from City departments, an increase of 10.0% for most operating divisions. The increase helps pay for liability and other insurance coverage and increased claims costs, and to meet reserve requirements. These charges, along with interest earnings of \$170,000 combine for projected 2012 revenues of \$2,961,000 for normal operations.

In addition to on-going operations, the 2012 revenues and expenditures include \$7.0 million for anticipated possible mitigation of contamination from the former City landfill at the sawmill site. At this time, mitigation expenses are anticipated to be reimbursed by corresponding insurance recovery revenue.

Therefore, total resources and expenditures of the Risk Management Reserve Fund for 2012 are expected to be \$10,825,254 and \$9,914,055 respectively. The year-end 2012 reserve balance is estimated to be \$911,199. 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 2012 with a balance of \$7,750. For 2012, \$50,000 is programmed to be transferred from the General Fund to this fund. \$200,000 is appropriated for contingency purposes during 2012.

Capitol Theatre Reserve

The Capitol Theatre Reserve projects revenues for 2012 of \$500. The annual transfer to the Capitol Theatre Operating Fund Reserve of \$71,927 is continuing, although interest earnings are at minimum levels because of market conditions and the reduction of the principal balance. The projected 2012 ending balance is \$238,911, and will be totally depleted after about 3 years if this program continues at this level.

General Fund Cash Flow Reserve

General Fund cash flow reserves for 2012 are estimated at \$4,200,712. 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 2012 General Reserve position is estimated to be as shown in the following chart.

2012 GENERAL RESERVE POSITION

Fund	2010	2011	2012
	Actual	Estimated	Projected
Contingency Fund	\$235,364	\$157,750	\$7,750
General Fund Cash Flow	4,480,899	4,226,072	4,200,712
Capitol Theatre Reserve	381,765	310,338	238,911
Risk Management Reserve	901,099	864,254	911,199
Total	<u>\$5,999,127</u>	<u>\$5,558,414</u>	<u>\$5,358,572</u>

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

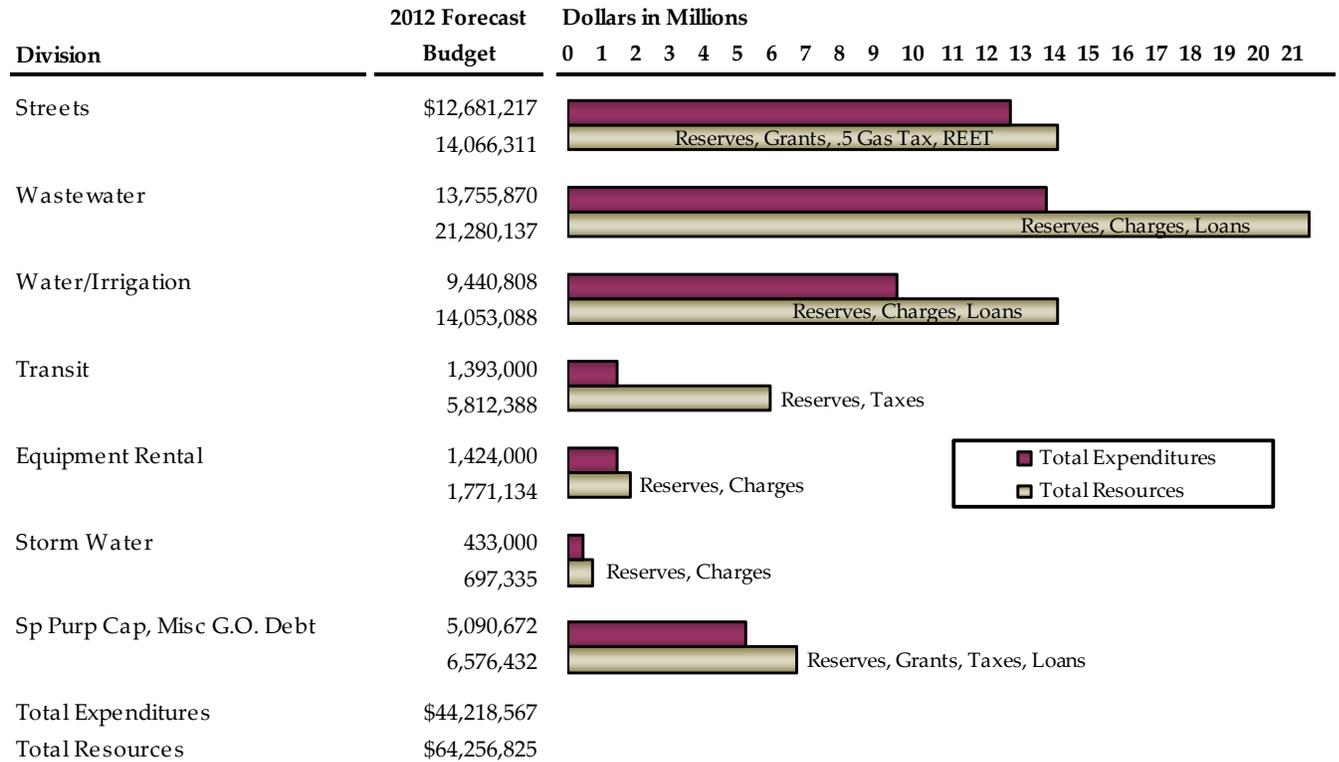
Exhibit I contains additional detail of funds categorized as Contingency/Operating and Employee Benefit Reserves.

CAPITAL IMPROVEMENT FUNDS

For 2011, a number of capital improvements were programmed for an amended capital budget of \$53.2 million. However, capital improvement expenditures for 2011 were estimated to be \$43.0 million, a spending level approximately \$10.2 million below budgeted levels. These projects are rebudgeted in 2012 along with additional capital improvements. Examples of the projects being rebudgeted include the Railroad Grade Separation; 64th Avenue Nob Hill to Tieton reconstruction; Automated Meter Reading; Congdon wastewater main; New Secondary Clarifier & Flow Distribution, Biogas Enhancements; Biosolids Improvement; and Irrigation system refurbishment. (See Exhibit I for a summary of the status of the capital funds.)

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

2012 RESTRICTED CAPITAL AND DEBT SERVICE FUNDS



For 2012, Capital Fund expenditures of \$36,524,106 are estimated as follows, inclusive of carryover projects from 2011.

Street / Other Infrastructure Improvement Projects

Total projects of \$12.0 million (including carryover projects and Debt Service).

- 64th Avenue , Nob Hill to Tieton Street Improvement (carryover, Federal grant) – \$950,000
- Railroad grade separation – \$8,917,000 (State and Federal grants; Public Works Trust Fund loan)
- Debt Service – \$1,272,857
- Other miscellaneous projects – \$860,143. These projects include:
- Project contingency (for project over runs or emergency repairs) - \$105,000
- W. O. Douglas Bridge Restoration - \$100,000
- Power House W.O.D. Trail - \$200,000

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

Irrigation Improvement Fund

Total 2012 projects – \$3,475,000 including Debt Service - \$640,554.

- Fruitvale Canal Diversion System – \$1,800,000
- General irrigation system refurbishment Phase IV – \$1,200,000
- Other irrigation system improvements – \$475,000

Domestic Water Improvement Fund

Total 2012 projects – \$4,450,000.

- Design Water Treatment Lagoons – \$2,000,000 (funded by Public Works Trust Fund Loan)
- 2012 Water main replacement – \$150,000
- Automated Meter Reading System (carry over plus additional project cost / shared with Wastewater, partly funded by Public Works Trust Loan) – \$2,000,000
- Other water capital projects – \$300,000

Fire Capital Fund

Total 2012 projects – \$196,459, including lease payments - \$69,959).

- Miscellaneous equipment and supplies – \$126,500

Wastewater Capital Expenditures

Facility projects and other sewer improvements, including sewer line extension rehabilitation and other costs, total \$11,995,000.

- Congdon sewer main (carry over) – \$750,000
- Wastewater System Evaluation - \$300,000
- Automated Meter Reading System (shared with Water) – \$1,000,000
- Speedway / Race Street Interceptor (additional project cost) – \$700,000
- Toscana Development Castlevale/Fechter - \$300,000
- National Pollutant Discharge Elimination System (NPDES) and Total Maximum Daily Load (TMDL) Issues – \$1,000,000
- Industrial Waste Anaerobic (carry over) - \$2,000,000
- Biogas Enhancements (carry over) - \$3,000,000
- Biosolids Improvements (carry over) - \$1,500,000
- Biosolids Screen Project - \$425,000
- Other Wastewater miscellaneous capital needs (including a \$600,000 contingency) – \$1,020,000

Stormwater Capital Fund

Total 2012 budget – \$433,000:

- Contingency for Capital Facilities projects– \$208,000
- Fair Avenue / Nob Hill drainage improvement (carry over)– \$130,000
- J Street Low Impact Development (LID) – \$15,000 (state grant – joint project with Yakima County)
- Underground Injection Control (UIC) Retrofit project (carry over) - \$80,000 (state grant)

Transit Capital

The 2012 budget of \$1,393,000 is for miscellaneous capital needs and vehicle replacement.

- Westside Transit Center (land) – \$400,000
- Replace Dial-a-ride vehicles – \$318,000
- Vanpool Vans/Trucks/Bus - \$480,000
- Other capital needs – \$195,000

Parks Improvements Projects

The 2012 budget of \$80,000 is for miscellaneous capital needs.

Yakima Revenue Development Area

The 2012 budget of \$850,000 is for the Yakima Sawmill Redevelopment Area project.

Other Capital Projects / Transfers

- City Hall rehabilitation / refurbishment / contingency – \$50,000 for continued refurbishment projects. (REET 1)
- Law and Justice Capital fund – \$732,134 for the Police Station / Legal Center related equipment and projects including:
 - Vehicle replacement – \$270,000
 - Technology and Equipment to enhance crime reduction – \$196,586 (Federal grant)
 - Safety and communication equipment for mobile units – \$47,000
 - Other miscellaneous projects and equipment – \$218,548
- Convention Center Capital Improvements – \$150,000 is programmed for ongoing capital needs of the Center for 2012.
- CBD Capital Improvement - \$132,264 for maintenance contract and other services.

LID Construction

There are no local improvement district projects budgeted in 2012.

Capital Improvement Fund Summary

Overall, Capital Fund expenditures in the 2012 Budget Forecast of \$36.5 million are \$16.7 million or 31.4% less than the 2011 Amended budget of \$53.2 million. Many areas are in the midst of capital programs such as the utilities and streets (including the railroad grade separation, which is under construction in 2011). In some instances, the “next” phase as included in the 2012 budget is more than 2011, such as automated meter reading and grant funded transit bus purchases. In other instances, the ongoing budgets are less than 2011, such as the Douglas Trail (6th Ave & Naches), 16th & Washington Avenue construction and the new well project.

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

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 2012. 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.

2012 GRANTS
(Federal, State & Interlocal Subsidies)

Department	Description	Amount of Grant
Federal/State Capital Grants		
Police Grants	ARRA, BYRNE, JAG Disparate Grant	\$43,227
Police Grants	JAG Grant	63,200
Law & Justice Capital	JAG Grant	53,548
Law & Justice Capital	IPSS COPS Grant	195,546
Arterial Streets	Fair Ave/Nob Hill Intersection Rebuild	43,175
Arterial Streets	Powerhouse WOD Trail	200,000
Arterial Streets	WO Douglas Bridge Restorations	100,000
Arterial Streets	64th Ave. - Nob Hill to Tieton	770,000
Cum Res for Capital Improvement	TIB Railroad Grade Separation	3,000,000
Cum Res for Capital Improvement	Federal Highway Admin RR Grade	1,067,166
Cum Res for Capital Improvement	Railroad Grade Separation	2,000,000
Transit Capital	Pass Shelters	120,000
Transit Capital	Dial-A-Ride Vehicles	240,000
Transit Capital	Vanpool Vans	300,000
Stormwater Capital	Ecology Municipal Stormwater Capacity	94,794
Total Federal/State Capital Grants		\$8,290,656
Federal/State Operating Grants - General Government		
Police	St Criminal Alien Assistance Program Grant	\$20,000
Police	Traffic Safety Commission	40,000
Police	State Patrol Fire Training	3,000
Police	OPD Public Defense Grant	150,000
Police	ARRA - COPS grant	588,777
Planning	Shoreline Master Program	20,000
Parks and Recreation	Senior Center - Foot care	30,200
Parks and Recreation	State Day Care CFDA 93.044	10,000
Parks and Recreation	State Transportation CFDA 93.043	500
Parks and Recreation	ALTC Reimbursement SCSA State Res	30,900
Municipal Court	Judicial Salary Contribution	45,000
General Fund	Property Taxes	6,760
Total Federal/State Operating Grants - General Government		\$945,137
Federal/State Operating Grants - Other Funds		
Community Development	Community Development Block Grant	\$965,854
Community Development	HUD HOME Program	537,347
Transit	UMTA - Current Year per Grant	1,765,000
Transit	CMAQ DOT Sunday Service	42,385
Transit	Commute Trip Pass Thru WSDOT	10,000
Transit	JARC Pass-thru WSDOT	29,087
Emergency Services	Department of Health - Pre-hospital Grant	1,726
Refuse	Tire Clean-up	6,690
Total Federal/State Operating Grants - Other Funds		\$3,358,089

2012 GRANTS
(Federal, State & Interlocal Subsidies)

Department	Description	Amount of Grant
Federal Entitlements		
PFD Capitol Theatre	Capitol Theatre - Build America Bond Subsidy	\$108,896
State Shared Revenue		
Police	Criminal Justice - High Crime	\$290,000
Police	Criminal Justice - Violent	85,000
Police	Criminal Justice - Special programs	50,000
Police	MVET DUI Payment	15,500
General Fund	Liquor Excise Tax	463,000
General Fund	Liquor Board Profits	570,000
Economic Development	City Assistance	52,000
Parks and Recreation	Criminal Justice - Special Programs	20,400
Streets	Gas Tax	1,300,000
Arterial Streets	Arterial Street Gas Tax	606,000
Firemen Relief & Pension	Fire Insurance Premium Tax	72,000
Total State Shared Revenue		<u>\$3,523,900</u>
Intergovernmental Contract / Services		
Police	Police - Fairgrounds	\$10,000
Police	Resource Officers	419,898
Police	Yakima Housing Auth Law Enforcement Svcs	20,000
Police	Union Gap Jail Contract	20,000
Fire	Fire - EMS District #10	34,500
Fire	Fire Investigator Services	1,000
Fire	Fire Training Services	5,000
Traffic Engineering	Engineering Services	500
Purchasing	Purchasing Services	298,572
Emergency Services	EMS Levy	1,194,000
Public Safety Communications	Fire District #10	24,000
Public Safety Communications	911 Service Contracts	1,902,000
Public Safety Communications	Fire Dispatch Services	208,054
Public Safety Communications	Information Technical Services	43,800
Public Safety Communications	Police Dispatching Service	127,737
Public Safety Communications	ET Maintenance - Contract	7,526
Public Facilities District	Public Facilities District Revenue	645,000
PFD - Capitol Theatre	Public Facilities District Capitol Theatre	500,000
YAKCORPS	IPPS Assessment	526,756
Transit	Selah Transit Bus	200,000
Transit	Selah Transit Dial-a-Ride	60,000
Total Intergovernmental Contract / Services		<u>\$6,248,343</u>
Total 2012 Grants and Other Subsidies		<u><u>\$22,475,021</u></u>



OFFICE OF THE CITY MANAGER
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MEMO

TO: Honorable Mayor and Members of the Yakima City Council

FROM: Don Cooper, City Manager

DATE: October 24, 2011

SUBJECT: Proposed 2012 Budget reductions

At the October 11, 2011 Council budget workshop, Council directed staff to research available options to fund six additional police officers in the 2012 budget. The annual cost for those six positions will be \$530,000/*per* annum (adjusted pursuant to union contracts). As indicated, the additional expense for those officers will have to be funded through reductions in service, layoffs or elimination of vacant positions in other departments, or the addition of new revenues.

The following reductions could potentially be used to fund the six positions in the Police Department or a portion of them; however, they will have significant impacts on the services provided by the divisions impacted.

1. Legal: Reduce one and one-half administrative positions through layoffs (**savings \$80,000**).
2. Finance: Reduce one position through layoff (**savings \$62,000**).
3. Human Resources: Do not replace one position upon retirement (**savings \$58,000**).
4. Community & Economic Development: Eliminate the fire inspector position through layoff (**savings \$67,000**).
Eliminate construction inspector position (layoff) requiring private contractors to purchase inspections from private contractors (**savings \$74,000**).
Eliminate Community Development Specialist upon retirement (**savings \$28,000**).
Demote Supervising Planner to Senior Planner (**savings \$33,000**).
5. Streets and Traffic: Reduce vehicle replacement contribution (**savings \$100,000**).
6. Parks: Reduce parks department budget by 1 % (**savings \$50,000**).

7. City Manager's Office: Reduce staff by half through layoffs. Management focus will be on maintenance or a status quo organization, thereby requiring less management oversight. This will require reorganization to insure proper span of control. The Council will have to understand that the organization's focus will be maintenance and to maintain existing service levels (**savings \$200,000**).

If all of the proposed cuts were implemented the total savings would be \$757,000. That would be sufficient to fill the six vacant positions in the police department and the fire fighter position that was slated to be eliminated. However, it would come at the cost of reduced services in those departments listed some of which will not be able to absorb further cuts without compromising their mission. These proposed reductions provide a means to fund those positions in the 2012 budget year; however, they do not provide a long-term solution.

Potential Revenue increases:

1. Require the planning department to charge the actual cost of providing services. This will require a 300% increase in most fees charged for services.

Additional revenue: \$165,000.

2. Apply the "in-lieu utility tax" fee to the storm-water fund equal to that charged to other enterprise funds (between 9%-14%).

Additional revenue: \$180,000-240,000.

3. Use of reserves: As of October 11, 2011, reserve levels were at 9.6% with the minimum level set at 7%.

I do not recommend utilizing reserves to address this issue due to the unknowns at this time (outcome of labor negotiations and possible loss of revenues at the state and federal levels). In addition, this would be using one-time revenues for ongoing expenses; it would simply postpone the problem for one year while not improving sustainability.

Conclusion: Sustainability is the issue the City Council needs to address in 2012 at the latest. Doing things the same old way will no longer work. Revenues are not climbing as fast as expenditures and you have little control over your largest cost center (labor) except to reduce the overall number of employees. This would require you to reduce levels of service to unacceptable levels especially in public safety (which according to the POG model absorbs 70% of reductions).

We are looking at difficult budgets in the coming years just to maintain the status quo for services with little or no capital improvements or equipment upgrades and/or replacement. A radical change in the services provided, especially by the General Fund, is needed if the economy does not improve substantially. In 2012, the Council should have that dialogue with the community and determine what the community is willing to pay for and wants, what services should be consolidated, privatized, or discontinued. The "do it as we have always done It approach will not be viable for 2013 and beyond especially if we are forced through interest-arbitration to pay higher personnel costs.

The restructuring of the General Fund and the services it provides will be necessary in order to avoid a continuous reduction in services due to a declining or stagnant economy and the potential impacts of collective bargaining agreements. This decline of services will lead to additional legal liability as well as morale problems with the staff and increased dissatisfaction by the community with the services being provided, especially if they are of low quality as a result of cutbacks. There needs to be a community-wide discussion concerning the core services to be provided and at what levels prior to going into the 2013 budgeting process to insure sustainability on a long-term basis. This will be the most important, as well as difficult, issue that should be addressed by the Council in the next budget year.

PRIORITY OF GOVERNMENT - BUDGET OPTIONS

2012 BUDGET OPTIONS – SUMMARY

A. Budget/Service Reduction Options

Priority of Government	POG Reductions			– Supplementary Reductions –			Totals
	Personnel	Non-Pers	Total	Personnel	Non-Pers	Total	
Public Health & Safety							
Police	\$593,700	\$19,000	\$612,700	\$0	\$0	\$0	\$612,700
Fire	240,000	0	240,000	0	0	0	240,000
Municipal Court	10,000	0	10,000	0	0	0	10,000
Finance	0	50,000	50,000	0	0	0	50,000
City Manager / Legal	0	0	0	40,000	0	40,000	40,000
Community & Economic Dev	129,800	1,400	131,200	67,600	0	67,600	198,800
Street & Traffic Operations	121,700	22,500	144,200	0	0	0	144,200
	<u>1,095,200</u>	<u>92,900</u>	<u>1,188,100</u>	<u>107,600</u>	<u>0</u>	<u>107,600</u>	<u>1,295,700</u>
Resource Management							
Finance	0	0	0	62,000	0	62,000	62,000
City Manager / Legal	0	5,300	5,300	291,600	0	291,600	296,900
Community & Economic Dev	20,800	0	20,800	74,400	0	74,400	95,200
Street & Traffic Operations	0	0	0	0	0	0	0
	<u>20,800</u>	<u>5,300</u>	<u>26,100</u>	<u>428,000</u>	<u>0</u>	<u>428,000</u>	<u>454,100</u>
Economic Development							
Community & Economic Dev	50,100	0	50,100	62,000	0	62,000	112,100
Street & Traffic Operations	0	30,000	30,000	0	100,000	100,000	130,000
	<u>50,100</u>	<u>30,000</u>	<u>80,100</u>	<u>62,000</u>	<u>100,000</u>	<u>162,000</u>	<u>242,100</u>
Quality of Life							
Parks	50,100	0	50,100	35,500	14,500	50,000	100,100
Customer Service/Communications							
City Manager / Legal	67,300	0	67,300	0	0	0	67,300
Strategic Partnerships							
	0	0	0	0	0	0	0
Grand Total	<u>\$1,283,500</u>	<u>\$128,200</u>	<u>\$1,411,700</u>	<u>\$633,100</u>	<u>\$114,500</u>	<u>\$747,600</u>	<u>\$2,159,300</u>

B. Use of Reserves (Fund Balance) Option

Fund Balance (based on POG model)	\$5,586,000 (9.65%)
Less reduction in sales tax estimate	<u>100,000</u>
Difference	5,486,000
Minimum Reserve Balance (per Council direction)	<u>4,051,000 (7.00%)</u>
Available for Council	\$1,435,000

C. Tax Revenue Increases

Utility Tax Increase (each 1%)	\$336,000
14% Stormwater In-Lieu Tax (each 1% approx. \$20,000)	\$280,000
Fee Increase – Planning	Varies ⁽¹⁾
Fire Code Inspections (if kept in house)	\$66,154 ⁽²⁾

(1) See Supplemental Information (narratives) at the end of this section.

(2) Based on 3,007 inspections in 2010 at \$22 per inspection.

The POG budget reductions shown in option A, and in more detail on the next 2 pages, reflect the 2012 Budget as presented to Council at the 10/11/11 Budget workshop; and is based on Council’s direction to prepare a budget based on the allocation of the projected 2012 revenues as currently established in the POG model and without utilizing General Government reserves (fund balance).

The supplemental options were requested by Council as a possible budget/service reduction alternative to the elimination of the 6 vacant police officer positions.

CITY OF *Yakima*
2012 BUDGET REDUCTION OPTIONS

2012 BUDGET OPTIONS – POG REDUCTIONS

Priority of Government	POG Reductions			Total
	Personnel	FTE's	Non-Pers	
Public Health & Safety				
Police				
6 (vacant) Patrol Officers	\$530,000	6.00	\$0	\$530,000
Close Airport Substation	0		19,000	19,000
1 (vacant) Crime/Int Analyst	63,700	1.00	0	63,700
Fire				
Transfer 1 Position - EMS Fund	80,000		0	80,000
1 (vacant) Firefighter - YVTech Program Elimination	80,000	1.00	0	80,000
Overtime Adjustment	80,000		0	80,000
Municipal Court				
Eliminate Overtime for Courtroom Security	10,000		0	10,000
Finance & Technology				
Reduce 099 Transfer (for Dispatch)	0		50,000	50,000
Community & Economic Development - Code Admin.				
Transfer .70 Code Inspector to Stormwater	50,000		0	50,000
Eliminate Contribution to Vehicle Replacement	0		1,400	1,400
1 (vacant) CED Office Administrator (split allocation)	18,600	1.00	0	18,600
1 (vacant) Permit Technician	61,200	1.00	0	61,200
Street & Traffic Operations				
Reduce Operating Supplies/Signals	0		5,000	5,000
Reduce Contract Labor/Signals	0		2,500	2,500
2 (vacant) Sign Specialists	121,700	2.00	0	121,700
Reduce Professional Services - Traffic Studies	0		15,000	15,000
	1,095,200	12.00	92,900	1,188,100
Resource Management				
City Management - Human Resources				
Reduce Misc. Operating Costs - Human Resources	0		5,300	5,300
Community & Economic Development				
Engineering allocation CED Office Admin. (see Pub. Saf.)	12,200		0	12,200
City Hall allocation CED Office Admin. (see Pub. Saf.)	8,600		0	8,600
	20,800	0.00	5,300	26,100
Economic Development				
Community & Economic Development - Planning				
Transfer .40 Asst. Planner - Parks	26,400		0	26,400
Planning allocation CED Office Admin. (see Pub. Saf.)	23,700		0	23,700
Street & Traffic Operations				
Reduce Operating Supplies (Street Maintenance)	0		29,000	29,000
Reduce Prof. Services (Large Trees)	0		500	500
Reduce Small Tools	0		500	500
	50,100	0.00	30,000	80,100
Quality of Life				
Parks				
1 (vacant) Admin Assoc/Move Planning Assoc. (net)	50,100	1.00	0	50,100
Customer Service/Communications				
City Management - City Clerk				
Reduce Public Records Clerk - 10 Months	67,300	0.00	0	67,300
Grand Total	\$1,283,500	13.00	\$128,200	\$1,411,700

CITY OF *Yakima*
2012 BUDGET REDUCTION OPTIONS

2012 BUDGET OPTIONS – SUPPLEMENTAL REDUCTIONS

Priority of Government	— Supplementary Reductions —			Total
	Personnel	FTE's	Non-Pers	
Public Health & Safety				
Community & Economic Development				
1 (filled) Fire Code Inspector	\$67,600	1.00 F	\$0	\$67,600
City Manager / Legal				
1 (filled) Legal Assistant (split allocation)	31,500	1.00 F	0	31,500
Temp. Legal Assistant (split allocation)	8,500		0	8,500
	107,600	2.00	0	107,600
Resource Management				
Finance				
1 (filled) Financial Services Specialist	62,000	1.00 F	0	62,000
City Management				
Asst. City Mgr/Reinstate CED Director (vacant)	118,500	1.00 V	0	118,500
1 (filled) Executive Assistant - City Manager	84,300	1.00 F	0	84,300
1 (vacant) Specialist - Human Resources	58,200	1.00 V	0	58,200
Legal Assistant (split allocation)	31,500		0	31,500
Temp. Legal Assistant (split allocation)	8,500		0	8,500
Community & Economic Development				
1 (filled) Construction Inspector	74,400	1.00 F	0	74,400
	437,400	5.00	0	437,400
Economic Development				
Community & Economic Development - Planning				
1 (vacant) Comm. Development Specialist	28,400	1.00 V	0	28,400
Modify Sup. Planner - Sr. Planner	33,600		0	33,600
Street & Traffic Operations				
Reduce Vehicle Replacement	0		100,000	100,000
	62,000	1.00	100,000	162,000
Quality of Life				
Parks				
Reduce Tree Maintenance	0		7,500	7,500
Reduce Small Tools Replacement	0		1,000	1,000
Reduce Maintenance Temporaries	8,000		0	8,000
Reduce Fertilization	0		3,000	3,000
Reduce Overtime for Maintenance	2,000		0	2,000
Reduce Afterschool Program	6,000		1,000	7,000
Reduce Parks Movies	500		1,000	1,500
Reduce Summer Playground Program	5,000		1,000	6,000
Reduce Overtime for FPGC	2,000		0	2,000
Reduce Franklin Pool Temporaries	5,500		0	5,500
Reduce Ball Field Maintenance	6,500		0	6,500
	35,500	0.00	14,500	50,000
Grand Total	\$642,500	8.00	\$114,500	\$757,000

POLICE

Date: October 19, 2011

To: Honorable Mayor and Members of Yakima City Council
Don Cooper, City Manager

From: Captain Greg Copeland

RE: 2012 Priorities of Government Reductions for Police

Among the possibilities for the 2012 budget is that the Yakima PD will not be allowed to hire individuals to fill our current six (6) officer vacancies. The consequence of this is that our Pro-Act Team will be disbanded and its members re-assigned to Patrol duties, so that we can maintain adequate staffing in our Patrol Division. This would also drop us to below 1.5 officers per thousand, the lowest level since we began keeping track of this ratio in the early 1980's.

The loss of the Crime Analyst position will reduce our ability to analyze crime and plan for the most efficient mobilization of our resources.

FIRE

Date: October 19, 2011

To: Honorable Mayor and Members of Yakima City Council
Don Cooper, City Manager

From: David Willson, Fire Chief

RE: 2012 Priorities of Government Reductions for Fire

2012 Fire Department Budget Reduction of \$240,000

- \$80,000 reduction of one vacant F.F. position
- \$50,000 reduction by moving one F.F. from the 032 budget to the 150 EMS budget for ½ year. (The EMS budget will show a revenue increase in 2012 to allow this)
- Reduce operational overtime by \$110,000

The reduction of overtime means that we will no longer use overtime to fill manning shortfalls during shifts. Overtime will only be used for call back on large fires. The consequences will be a reduction of apparatus in service on certain days when we have multiple people on sick leave and vacation. **This will mean that on approximately 70 days of the year the city will have no fire service coverage during multi company incidents.** We have a multi company incident every 68 hours on average. During these days of short manning, we will not send fighters in ambulances to assist private ambulances with advanced life calls.

The reduction of one FTE firefighter will have the consequence of reducing the number of employees per 1000 population. Washington Survey and Rating gave Yakima 168 deficiency points for only having 87 employees in 1995 when the population was 51,000. We will now have 86 employees for a population of 95,000 (includes coverage of Fruitvale). In 1995 we were 125 points away from going to a class 5 city from the current class 4. A class change of one point means an average increase in fire insurance of 10% for businesses.

There may be options to increase manpower on certain days by only having a Crash Fire person at the airport during landing and takeoff times and placing that person on a pumper at night. The firefighter on the crash truck at the airport costs just over \$280,000 per year. This includes wages, mandatory FFA training and a stipend.

MUNICIPAL COURT

Date: October 17, 2011

To: Honorable Mayor and Members of Yakima City Council
Don Cooper, City Manager

From: Linda Hagert, Court Services Manager
Susan Woodard, Presiding Judge

RE: 2012 Priorities of Government Reductions for Municipal Court

This memorandum provides an explanation of the Municipal Court's participation in the priorities of government budget reduction in the amount of \$10,000.00 for 2012.

The Municipal Court is eliminating overtime for correction officers who have in the past served as security and bailiffs during the daily out of custody calendar. In the 2010 and 2011 budget that overtime was cut in half.

Though the court is acutely aware of the requirement for this budget reduction, we have benefited tremendously by having security in our courtrooms during those arraignment dockets. Those officers have diverted many potentially violent situations in the court room as well as served as bailiffs for the court and its staff.

Municipal Court has participated in cost reduction measures in the past. The remainder of the court's budget is staff, expenses and costs directly related to state mandates.

The court, since its creation in 1997, has been understaffed by more than half of what the court clerk to judge ratio should be for courts that are similarly situated. We cannot in good conscience, propose any staff reductions in an effort to provide access to justice.

Within the last 5 years, the Deputy Court Services Manager was eliminated from the court's budget. In 2009 a full time cashier position was eliminated which necessitated closing the public window and open to the public for only four hours per day.

The court currently has one vacant position that we are attempting to fill and will have another vacancy at the end of November 2011. We are actively recruiting to fill those positions.

FINANCE & TECHNOLOGY

Date: October 17, 2011

To: Honorable Mayor and Members of Yakima City Council
Don Cooper, City Manager

From: Rita DeBord, Director Finance and Technology Services

RE: 2012 Priorities of Government Reductions for Finance

Budget / Service Reduction Option: Eliminate 1 Financial Services Specialist Position (filled).

Consequences: Increases risk of errors, jeopardizes work processes already made fragile by prior reductions, (this would be 2nd Specialist position eliminated in the past two years, which would equate to a 40% reduction in staffing of this position) and effectively eliminates opportunities for efficiency, processes or systems improvements due to lack of staff availability. (I believe the Finance Division is currently at minimal staffing levels.)

Services affected include (list based on preliminary assessment; all impacts not completely vetted):

- a. Invoices (receivables) - take longer to produce and distribute > slowed cash inflow and/or loss of revenue;
- b. Payments received - longer to receipt in, record and deposit > slowed deposits; increased reconciliation, bank balancing and internal control issues;
- c. Accounts Payable – slowed > may miss some discounts; greater probability of inaccuracies in payments, late fees or interest and/or contract non-compliance;
- d. Needed computer and process improvements – significantly delayed > perpetuating some inefficiencies and deferring business improvements for our citizens, staff, etc.;
- e. All critical work can't be covered by remaining 3 FTEs – need to re-direct work to higher skilled / paid employees > not cost effective; reduces staff availability for higher level work and exposes their work to delays and higher risks of errors;
- f. With only 3 FTEs in this position, cross-training and back-up support, which is severely lacking at this time, would become nearly impossible / non-existent.

Background: The Financial Services Specialists perform the following duties:

1. Accounts Payable – citywide (2 FTEs): Receive vendor invoices, bills from divisions, employee reimbursement requests, etc. and audits each for proper documentation; (e.g.: confirm POs, compliance with city policies and vendor contracts, signatures, travel authorizations, etc); Prepare batch payments / run billing processes; mail payments; address internal and external customer issues, questions, phone calls; respond to Public Disclosure Requests and maintain vendor / project files.

2. Accounts Receivable – citywide (1 FTE): Invoices all central receivables (e.g.: LID receivables, bus passes, hydrant meter billings; special utility billings; federal pass through loans – SIED / Section 108, etc.); Receipt gambling and other miscellaneous taxes / revenues; Track payments of invoices and follow up on delinquencies as needed; Prepare monthly, quarterly and annual reports.
3. Cash Receipting - citywide (1 FTE): Receive, count, record and deposit monies collected throughout the city (parks, cemetery, golf course, senior center, utilities, police dept., etc.); Research and respond to title company requests for payoff amounts of outstanding bills owed to the City on properties being sold; assist cashiers citywide.

CITY MANAGEMENT/LEGAL

Date: October 17, 2011

To: Honorable Mayor and Members of Yakima City Council
Don Cooper, City Manager

From: Michael Morales, Assistant City Manager

RE: 2012 Priorities of Government Reductions for Legal

City Clerks

1. Reduce Public Records Clerk by 10 months
 - After retirement of City Clerk
 - Reroute general information phone line to a phone tree
 - Reduce the number of hours the lobby window is open

Supplementary Budget Reductions – impacts of reduced staffing levels

City Manager

1. Eliminate Assistant City Manager – Reinstate CED Director
2. Eliminate Executive Assistant – Reinstate CED Office Administrator
 - Reduced assistance, service and coordination for Council activities

Legal

3. Eliminate Legal Assistant 1 position (filled)
 - The Legal Assistant I position is currently staffed and serves as the office receptionist. The Legal Assistant I greets numerous victims, members of the public and attorneys daily, answers the telephone, manages mail delivery and pickup, orders supplies for the office, manages the upkeep of equipment, copies documents for cases, and maintains active and closed legal files including those stored off site. The other legal assistants have a heavy workload, and the loss of this position will reduce their ability to assist attorneys and to work on both civil and prosecution cases.
4. Eliminate Temporary Salaries
 - Elimination of temporary salaries will terminate a half-time legal assistant the Department has utilized for several years, as well as remove the funding source that has allowed the Department to hire one or two legal interns each summer. Each of these positions have provided significant assistance to the Legal Department and have assisted in helping the Department maintain the necessary work flow under the previously reduced staffing levels. Eliminating temporary salaries will have the immediate impact of shifting the duty of trial evidence collection to the prosecutors, attorneys already struggling with a heavy caseload.

Human Resources

5. Eliminate Human Resources Specialist
 - After March 31 retirement
 - By April 2012, five (5) of the remaining eight (8) positions will be new to the City and/or performing new, highly technical and regulated job functions. This will result in a potential reorganization of the division and assessment of what HR functions are being performed now, which functions are truly mandated, which will take longer to get accomplished and which ones will no longer be done at all.

COMMUNITY & ECONOMIC DEVELOPMENT

Date: October 17, 2011

To: Honorable Mayor and Members of Yakima City Council
Don Cooper, City Manager

From: Joan Davenport, Planning Manager

RE: 2012 Priorities of Government Reductions for Community & Economic Development

Code Administration

1. Eliminate Permit Technician (vacant)
 - Due to reorganization – filled by temp in 2011.

Impact: The Permit Center operates with three permit technicians, plus the center supervisor. This situation has existed for most of 2011, and the impact to customers is longer wait times at the counter for those without an appointment. The situation has been offset by making a planner available at the counter, but that will end due to the reduction in the number of planners in 2011 and 2012.

Comprehensive Planning

2. Transfer 40% of Assistant Planner to Parks & Recreation
 - Parks & Recreation Administrative Associate eliminated – share Assistant Planner - continuation of 2011 arrangement

Supplementary Budget Reductions – impacts of reduced staffing levels

Code Administration

6. Eliminate Fire Code Inspector Position (filled)
 - Impact: Eliminates annual fire inspection program. This service is not required by state or federal law, but its elimination could potentially affect fire bureau ratings and lead to unsafe conditions in commercial operations. The fire code for construction will be enforced by the fire marshal and building plans examiners. The municipal code will need to be revised to reflect the elimination of this service. Option to continue service – The service is provided free of charge to the business community. A \$20 fee would cover the full cost of service.

Engineering

7. Eliminate Construction Inspector Position (filled)
 - Impact: Engineering would have one Construction Inspector for all projects, so private development would be required to hire private contractors (civil engineer) to provide inspection and certification services. The city will accept design plans and inspection records that have been certified to meet city standards by the private contractor.

Comprehensive Planning

8. Eliminate combined Community Development Specialist / Associate Planner position (filled)
 - After June 30 retirement
9. Modify Supervising Planner to Senior Planner
 - The Planning Manager will assume all administrative and supervisory duties for the Division.
 - A total of 3.3 planners have been eliminated from the Planning Division between 2009 and 2012. The reduction of 3.3 planners (a 47% reduction in 4 years) has had multiple impacts. Legal requirements for timely processing of applications has been a concern in some cases. Assistance to the public and other divisions has been limited, and long range planning tasks outlined in the Comprehensive Plan have been tabled.
 - At the same time, in an effort to reduce the contract costs with the Hearing Examiner, we have streamlined review processes to eliminate public hearings when possible and shifted some hearing responsibilities to the Planning Commission. This has increased the staff processing time as they now provide the support the Hearing Examiner once did for certain applications.

STREETS & TRAFFIC

Date: October 13, 2011

To: Honorable Mayor and Members of Yakima City Council
Don Cooper, City Manager

From: Joe Rosenlund, Streets and Operations Manager

RE: 2012 Priorities of Government Reductions for Streets

These reductions translate into 33,000 square feet or about 1/2 lane-mile of roadway that will not be repaired in 2012. The signal shop will not be able to upgrade traffic signal lights to LED next year resulting in higher energy and labor costs in the future. Graffiti on traffic signs will not be dealt with unless the sign's message is totally obscured. Crosswalks and lane markings will only be maintained on arterials and school zones; at a reduced level. It will take one to three months to process work orders through the signs and line shop. At best, only two minor engineering or traffic studies could be completed in 2012. The reduction in the vehicle replacement fund will not have a major impact to operations until 2014 when some large pieces of equipment are due for replacement.

The cost to repair City of Yakima roadways rated as failed, Pavement Condition Index less than 15, is \$12,575,000. Approximately \$3,908,000 is for three arterial and collector street sections with the remainder going towards twenty-six residential street sections. This represents one percent of the city's street network by area. Because these sections are failed, a simple grind and overlay project is not an appropriate remedy. If any money is spent on these road sections, it should be for reconstruction.

At the current funding level, about three percent of the city's streets will be in the failed category by the end of next year and expected to grow to 17% by 2022. To spend the bulk of our street repair dollars on failed streets is not a good maintenance strategy. It is more cost effective to provide maintenance on roads that only require a grind and overlay to bring back to excellent condition than to repair the roads only after they have failed. A grind and overlay project costs \$3.42 per square foot versus \$9.92 to \$12.47 per square foot for reconstruction. As more streets are brought to excellent or very good condition where maintenance costs are only \$0.15 to \$0.25 per square foot, more money becomes available to fix those failed street sections.

PARKS & RECREATION

Date: October 20, 2011

To: Honorable Mayor and Members of Yakima City Council
Don Cooper, City Manager

From: Ken Wilkinson, Parks & Recreation Manager

RE: 2012 Priorities of Government Reductions for Parks

Administration

1. Eliminate 1 position – reallocate Planning Net Reduction - The sharing of the Parks Administrative Associate FTE with Planning would simply continue the current reduced capacity of the position

Supplementary Budget Reductions

Park Maintenance

1. Reduce Park Tree Maintenance – Regular trimming and removal of trees will be reduced
2. Small Tools – The small tools will not be replaced as often
3. Reduce Park Maintenance Temporary Workers – The number of park maintenance temporaries will be reduced and the number of staff available to clean rest rooms, paint over graffiti, repair vandalism and clean rest rooms will be reduced
4. Fertilizer – Reduce the amount of fertilizer applied to the parks
5. Overtime – Park Maintenance – Park Maintenance will not be able to work overtime for the limited number of times when they are needed to repair irrigation line breaks, respond to call outs, snow removal, etc.

Community Recreation

1. Salaries – After School Program and Supplies – Reduce staffing levels and decrease the number of children in the program or increase student to staff ratio
2. Salaries – Community Recreation and Movie Fees - Decrease the total number of movies show for free in the parks
3. Salaries – Summer Playground Program and Supplies – Reduce staffing levels and decrease the number of children in the program or increase student to staff ratio

Golf Course

1. Overtime – Fisher Park Golf Course – Reduce the amount of overtime available to golf course staff to complete work on the weekends and during golf tournaments

Aquatics – 424

1. Reduce Franklin Pool Temporaries – Targeted reduction in operating hours at Franklin Pool

Sports – 426

1. Salaries – Ball Field Maintenance – Quality of ball field maintenance will be reduced

REVENUE INCREASES – STORMWATER

Due to the delay in the issuance of the stormwater permit by Ecology and without knowing the permits compliance activity requirements, the City is proposing to maintain the current annual rate of forty-three dollars (\$43) per equivalent residential unit (ERU) to fund the Storm Drainage and Surface Water Management Utility as established in 2011, to be extended for 2012. As such, the projected revenues from the stormwater assessment fees in 2012 are expected to total \$2,020,000.

- A 9% in-lieu tax on the fees would generate \$181,800.
- A 14% in-lieu tax on the fees would generate \$282,800.

If it is the desire to increase the rates to recover the cost of the in-lieu tax, they would need to be increased accordingly:

- 9% in-lieu tax - \$43/ERU to \$46.87/ERU
- 14% in-lieu tax - \$43/ERU to \$49.00/ERU

If the Stormwater Program absorbs the increased cost without a rate increase, it will need to be taken out of its reserves, leaving the program vulnerable to cover compliance issues with its upcoming permit or unexpected significant capital repairs/replacements of infrastructure and/or equipment. It will also negatively impact the City's ability to qualify for stormwater grants. State grants are very competitive and require a 25% match.

REVENUE INCREASES – PLANNING FEES

A fee schedule that supports the actual cost of processing applications would need to cover staff time, legal ads, printing, postage and hearing examiner fees. In 2010, actual fee collection was \$55,000. Staff costs alone for 3.67 planners and the Technician exceed \$220,000. A sampling of fee increases is illustrated below to show the necessary fee to recover actual costs. This is not a comprehensive list of fees or adjustments. No public review of these changes has occurred.

	Current Fee	Printing & Postage	Legal Ad	Hearing Examiner	Planner Time	Tech Time	Actual Costs	Change in Fee
CL2	\$365	\$99	\$0	\$0	\$284	\$105	\$853	\$488
CL3	\$700	\$99	\$314	\$1,685	\$465	\$124	\$3,387	\$2,687
SEPA	\$265	\$99	\$314	\$0	\$342	\$124	\$1,144	\$879
PSP	\$340	\$99	\$0	\$0	\$436	\$124	\$999	\$659
PLP	\$380 + \$20/lot	\$99	\$314	PC	\$825	\$148	\$1,386	\$986
RZ	\$560 <3 Acres	\$99	\$314	PC	\$608	\$63	\$1,084	\$524
PSE	\$0	\$0	\$0	\$0	\$250	\$17	\$267	\$267

POLICY ISSUES (OTHER THAN PRIORITIES OF GOVERNMENT)

CITY MANAGEMENT

Purchasing

Policy Issue Request / Justification	Proposed Funding Source	Personnel Salary / Benefits	Non-Personnel	Comments/ Council Action
Add one Buyer I Position (Delete part-time Temporary)	Yakima County via allocation	<i>Elim. Temp</i> \$19,000 Add Buyer <u>\$63,500</u> Increase \$44,500		Budgeted
2011 City Allocation (50%) \$226,755				
2011 County Allocation (50%) <u>\$226,755</u>				
				\$453,510
With New Position:				
2012 City Allocation (43%) \$225,239				
2012 County Allocation (57%) <u>\$298,572</u>				
				\$523,811
Net City Allocation 2011-2012 (\$1,516)				Revenue Budgeted

Stormwater

Policy Issue Request / Justification	Proposed Funding Source	Personnel Salary / Benefits	Non-Personnel	Comments/ Council Action
2012 Stormwater Reserve Fund Create Reserve Funds for Stormwater				Unbudgeted

Wastewater

Policy Issue Request / Justification	Proposed Funding Source	Personnel Salary / Benefits	Non-Personnel	Comments/ Council Action
Wastewater Connection Charge Revision	Wastewater Fund			Budgeted
Wastewater Rates for 2012 – 2014 Rate Increase of 5.1% annually for the next 3 years	Customers of the Wastewater Utility		<i>Revenue:</i> 2012 \$737,750 2013 \$739,750 2014 \$741,750	Budgeted

MUNICIPAL COURT

Policy Issue Request / Justification	Proposed Funding Source	Personnel Salary / Benefits	Non-Personnel	Comments/ Council Action
No Policy Issues Submitted				

FINANCE

Policy Issue Request / Justification	Proposed Funding Source	Personnel Salary / Benefits	Non-Personnel	Comments/ Council Action
No Policy Issues Submitted				

COMMUNITY AND ECONOMIC DEVELOPMENT

Capitol Theatre

Policy Issue Request / Justification	Proposed Funding Source	Personnel Salary / Benefits	Non-Personnel	Comments/ Council Action
Increase in Capitol Theatre Management Fee From \$174,000 to \$232,000	PFD Revenues & Fund Balance		PFD Revenues \$49,000 Fund Bal. <u>9,000</u> Total \$58,000	Budgeted

Convention Center

Policy Issue Request / Justification	Proposed Funding Source	Personnel Salary / Benefits	Non-Personnel	Comments/ Council Action
Increase in Convention Center Management Fee From \$664,350 to \$679,000	PFD Revenues		\$14,650	Budgeted
Increase in Convention Center Professional Services From \$165,000 to \$175,000	Convention Center Operating Revenue		\$10,000	Budgeted

Outside Agency

Policy Issue Request / Justification	Proposed Funding Source	Personnel Salary / Benefits	Non-Personnel	Comments/ Council Action
Continue Support for the Committee for Downtown Yakima (CDY)	CBD Capital Improvement Fund (321)		2011 Budget \$50,000 2012 Budget \$50,000	Budgeted

POLICE

Policy Issue Request / Justification	Proposed Funding Source	Personnel Salary / Benefits	Non-Personnel	Comments/ Council Action
9 Replacement Police Vehicles	Law & Justice Capital Fund		\$270,000	

FIRE

Policy Issue Request / Justification	Proposed Funding Source	Personnel Salary / Benefits	Non-Personnel	Comments/ Council Action
No Policy Issues Submitted				

PUBLIC WORKS

Refuse

Policy Issue Request / Justification	Proposed Funding Source	Personnel Salary / Benefits	Non-Personnel	Comments/ Council Action
Add One Solid Waste Collector/Driver funded by new customers from prior annexations	Refuse Division Operating Fund	2012 (1/2 Year) \$29,500 2013 \$59,000		Budgeted
Increase Department Assistant II to full-time	Refuse Division Operating Fund	\$17,750		

Transit

Policy Issue Request / Justification	Proposed Funding Source	Personnel Salary / Benefits	Non-Personnel	Comments/ Council Action
Purchase 3 used 30 ft. Buses for new Ellensburg-Yakima route	Local Sales Tax		\$100,000	Budgeted
Purchase 9 Vanpool Vans	75% Grant Funds 25% Local Sales Tax		\$225,000 <u>\$75,000</u> \$300,000	Budgeted
Transit Center Canopy	Local Sales Tax		\$150,000	Budgeted

Equipment Rental

Policy Issue Request / Justification	Proposed Funding Source	Personnel Salary / Benefits	Non-Personnel	Comments/ Council Action
Equipment Rental Additions (Streets)	Equipment Rental Replacement Fund		\$1,153,500	Budgeted
Crack Sealer				
Line Laser				
Replacements				
Streets				
2 ¾ Ton PU/Snowplow				
Street Sweeper				
38' Bucket Truck (used)				
Water				
½ Ton PU				
Refuse				
2 Automated Refuse Truck				
Wastewater				
Ford Escape Hybrid				
¾ Ton Chassis/Body				
Cargo Van				
Total				

ADD ONE BUYER I POSITION
BUDGETED

PROPOSAL

Add one Buyer I position and delete 65% temporary Department Assistant II. City/County Purchasing functions have been merged since November, 2009. With a consistent project list backlog of around 105 projects, Purchasing has been mostly reactive instead of proactive in handling workload. County Commissioners have approved a new allocation of the Purchasing budget from 50/50% to 57% County, 43% City, which includes the increased salary costs to make this staff transition. There will be a net decrease to the City in the 2012 budget of (\$1,516).

IMPACTS

1. **Fiscal Impact** – Labor and Salary impact - Buyer I only:

Eliminate DAII	(\$19,000)
Add Buyer I	<u>63,500</u>
Difference	\$44,500

Total 2011 Purchasing Budget

50% City Allocation	\$226,755
50% County Allocation	\$226,755

Total 2012 Purchasing Budget with New Position Added

57% County Allocation	\$298,572
43% City Allocation	\$225,239

City Allocation

2011 v. 2012	(\$1,516)
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2. **Proposed Funding Source** – 57% Yakima County via allocation, 43% City General Fund.
3. **Public Impact** – More savings will be realized through the ability to identify and perform more joint bid processes and volume buying.
4. **Personnel Impact** – Add .35 FTE by eliminating 65% Temporary Department Assistant II and add one full time permanent Buyer I.
5. **Required Changes in City Regulations or Policies** – None.
6. **Legal Constraints, if applicable** – None.
7. **Viable Alternatives** – None.

CONCLUSION AND/OR STAFF RECOMMENDATION

Staff recommends approval of this policy issue.

STORMWATER RESERVE FUND
UNBUDGETED

PROPOSAL

It became apparent to staff through our work with FCS Group during the wastewater rate study, that the stormwater utility lacks reserves and cash balances that are typically considered necessary and prudent for utility management practices. Industry practices for operating reserves for O & M expenses range from 30 days to 90 days. Common industry practice for capital contingency reserves is 1% to 2% of system fixed assets. This would equate to a \$1.9 to \$2.2 million reserve. In addition, consideration may be merited for restricted debt reserves to qualify for future grants or purchase construction bonds. There has not been any policy set to address reserves for the stormwater utility. Staff is not recommending a set funding level at this time. However, as rates are reviewed for 2013 under the new NPDES Permit requirements, consideration in establishing a reserve for the next five years may be appropriate.

IMPACTS

1. **Fiscal Impact** – None at this time.

Current reserve levels

Operating Fund	\$770,000
Capital Fund	<u>\$264,000</u>
Total (End of 2012)	\$1,034,000

2. **Proposed Funding Source** – Not applicable.
3. **Public Impact** – Provides for equitable and stable Stormwater rates.
4. **Personnel Impact** – None.
5. **Required Changes in City Regulations or Policies** – Council direction to establish reserves for the stormwater utility is required.
6. **Legal Constraints, if applicable** – None.
7. **Viable Alternatives** – Not establishing a reserve policy for the Stormwater Utility may lead to inequitable and unstable future stormwater rates.

CONCLUSION AND/OR STAFF RECOMMENDATION

This item is a Council policy decision. Staff respectfully requests Council direction as to whether it desires for a reserve policy for the Stormwater Utility to be established. Options for such a reserve are to be brought back to Council for review and approval.

WASTEWATER CONNECTION CHARGE REVISION
BUDGETED

PROPOSAL

The City is authorized by Title 35 RCW to acquire, construct, own, operate, and provide financing for waterworks and systems of sewerage, and to establish rates, fees, and charges. As such, the City calculates and collects wastewater connection charges (WCCs) for new construction projects which are allocated to the new customers in accordance with §7.58 of the Yakima Municipal Code.

WCCs are required to properly finance the operation, growth and replacement of both the infrastructure of the collection system and the wastewater treatment plant. Council has had a long standing policy that existing ratepayers pay for capital improvements driven by regulations, renewal, and safety while minimizing its subsidy for growth.

A clear, concise methodology for calculating the City's WCCs is needed for the Wastewater Division. The WCC process should be easily administered, transparent and predictable by prospective users. The current methodology is overly complex, burdensome, and extremely difficult for prospective investors to understand or rely upon and are frequently questioned by the contractors and/or developers. This is exactly the reasoning why the City had FCS Group review its WCC process.

FCS Group clearly determined early in the study that the City's current process is far too complex as compared to other municipalities. The City's wastewater system serves as an engine to our local economy. Unfortunately these difficulties can serve to limit the interest of developers to our community.

It is therefore the goal and desire of the Wastewater Division to simplify the entire WCC process; allowing multiple benefits for the City and prospective investors. Simplifying the process will not compromise the financial needs of the sanitary collection system or the wastewater treatment plant. Many other municipalities utilizing a simpler process have found much success.

The proposed methodology for calculating WCCs will be based on water meter size or treatment demand. The use of zones will be simplified to "Inside City" and "Outside City."

IMPACTS

1. **Fiscal Impact** – May actually encourage more development leading to an increase in revenue from wastewater connection charges.
2. **Proposed Funding Source** – Wastewater Fund 473.
3. **Public Impact** – More predictable, consistent method for calculating wastewater connection charges, providing transparency for the process.

4. **Personnel Impact** – Time savings for individuals calculating the wastewater connection charges.
5. **Required Changes in City Regulations or Policies** – Ordinance revision required to be approved by City Council to incorporate change in calculation process.
6. **Legal Constraints, if applicable** – None.
7. **Viable Alternatives** – Continue to implement the current complex methodology for wastewater connection charge calculations which may discourage potential developers.

CONCLUSION AND/OR STAFF RECOMMENDATION

Staff respectfully recommends Council approval for a change in its current wastewater connection charge calculation process, to that of one which is clear, concise and can be easily administered, while being transparent and predictable by prospective users.

WASTEWATER RATES FOR 2012 – 2014

BUDGETED

PROPOSAL

In order to provide an unbiased comprehensive analysis of the Wastewater Division's financial needs, the City contracted with FCS Group to conduct a rate study over a ten-year period (2012-2021). Such services provide the City with an honest in-depth look as to what proper funding levels are really required to ensure the citizens of Yakima of wastewater services now, and in the future; while remaining compliant with all of the federal and state rules and regulations.

To assist in meeting regulatory requirements, the 2011 budget approved by City Council included \$12 million in funding through the acquisition of a combination of bonds and/or loans. An existing major bond will expire in 2011, unlocking debit service capacity for about half the \$12 million in revenue bond or loans. When the existing bond is paid off, a new bond will be immediately secured with the first payments due in 2012. In total, the Wastewater Division is looking to increase its debit service by approximately \$400,000 per year without the need for a rate increase. However, to maintain pace with all the other regulatory compliance issues identified over the next ten-years, rates ultimately need to be increased.

The rate study conducted by FCS Group, ten-year review of the Wastewater Division's regulatory requirements for both the wastewater treatment plant and the sanitary sewer collection system, indicates funding needs of approximately \$71 million. FCS Group also identified the need to eliminate the 25% subsidy of the Pretreatment Program currently being provided from wastewater user rates. This will require a change of philosophy as this has been a long standing policy implemented by City Council. Based on regulatory requirements, replacement costs, and current funding levels, FCS Group is proposing an annual rate increase of 5.1% over the next three-years to provide the Wastewater Division with proper funding levels.

IMPACTS

1. **Fiscal Impact** – Annual rate increase of 5.1% for the next three years to begin properly funding the Wastewater Division of \$71,000,000 in capital improvements required to maintain compliance with current regulations.
2. **Proposed Funding Source** – Annual increase of 5.1% for the next three years into Fund 473.
3. **Public Impact** – The average bi-monthly residential wastewater bill will increase by \$3.62, \$3.81, and \$4.00 respectively for years 2012, 2013, and 2014.
4. **Personnel Impact** – None.
5. **Required Changes in City Regulations or Policies** – Ordinance establishing an annual rate increase of 5.1% for the next three years will need to be approved by City Council.

6. **Legal Constraints, if applicable** – Funding levels required to meet regulatory obligations of the City’s NPDES Permit with the Department of Ecology.
7. **Viable Alternatives** – Approving an annual rate increase less than the recommended 5.1% for each of the next three years will immediately jeopardize the City’s ability to meet its regulatory obligations with its NPDES permit and its ability to continue providing its current level of wastewater service to the community. It will also have a negative impact on economic and development benefits to the City of Yakima and will significantly increase future rates.

CONCLUSION AND/OR STAFF RECOMMENDATION

Staff respectfully recommends Council approval of an annual 5.1% rate increase for the next three years to properly fund the needs and requirements of the Wastewater Division.

INCREASE IN CAPITOL THEATRE MANAGEMENT FEE

BUDGETED / UNBUDGETED

PROPOSAL

The Capitol Theatre facility is owned by the City of Yakima. For the past 34 years, the facility has been managed by the Capitol Theatre Committee (CTC), a separate non-profit corporation administered by a professional staff under the stewardship of a community-based volunteer board of directors. The City and CTC have a management agreement that is renewed every five years. There are two core covenants of the agreement:

The CTC is responsible for “the enhancement of the economic and cultural climate of the City and its environs.” To this end, the CTC has established programs and services including the Best of Broadway, EDGE and Capitol Kids series, setting a community standard for culture and quality-of-life that is unsurpassed in all but the major metropolitan areas of the State. CTC sponsored activities cost an average of \$1.5 million each year and are funded through a combination of ticket sales and fund raising. Total attendance to these events exceeds 25,000 annually. In addition, the CTC has independently secured over \$11 million in capital infrastructure to further enhance the economic and cultural climate of the City and its environs. \$10 million of that has been contributed directly to the City in the form land, buildings, equipment and cash.

The CTC is also responsible for “the promotion, operation and/or use of such facility for assembly purposes.” Currently, it costs \$433,000 a year to keep the Capitol Theatre doors open. This does not include the CEO’s salary or any costs associated the CTC, including programming, fund raising, marketing or outreach. It is the bare bones amount needed to ensure that community events like the Kiwanis Songfest and Melody Lane’s annual dance recital can perform, to give the Yakima Symphony Orchestra and Town Hall a place to call home. It also includes concerts and world class entertainment like Bryan Adams, Bill Cosby and Riverdance: shows brought to Yakima by outside promoters. Total attendance to these events exceeds 75,000 annually.

The CTC is seeking a management fee that better represents the costs of managing the facility in accordance with the operating agreement:

Costs:

\$128,000	Stage and Janitorial (<i>full-time Technical Director, hourly janitorial & supplies</i>)
73,000	Box Office (<i>part-time hourly</i>)
<u>232,000</u>	G&A (<i>half-time GM, full-time bookkeeper; Phone, Computer, Utilities, Ins. & Supplies</i>)
\$433,000	Capitol Theatre Facility Operating Costs

Revenues:

\$174,000	City paid management fee (<i>reduced by \$30,000 in 2010</i>)
<u>\$109,000</u>	Net profit from facility rentals
\$283,000	Total Operating Revenues

Short-Fall: (\$150,000)

Programming drives the success of fund raising and in the past, the CTC has managed to raise the shortfall through community solicitations, our Annual Fund Drive. However, this is no longer possible. Increased programming costs, compounded by weak ticket sales due to the sluggish economy, have taken away the excess previously generated to support City facility operations. Operating losses for the past three years have exceeded \$450,000. The foundation of this proposal is to maintain a level of stewardship and service that helps define the City of Yakima as a vibrant community investing in itself, so others will follow.

Support Comparison – 2010 IRS 990’s

Functional Expenses			
	<i>Revenues</i>	<i>Expenses</i>	<i>Profit/Loss</i>
Olympia	2,189,259	2,242,409	(53,150)
Tacoma	3,651,375	3,697,616	(46,241)
Bellingham	2,069,868	1,940,544	129,142
Yakima	1,760,196	1,750,330	9,866

Balance Sheet			
	<i>Assets</i>	<i>Liabilities</i>	<i>Net</i>
Olympia	845,155	407,311	437,844
Tacoma	1,207,668	1,702,538	(494,870)
Bellingham	3,414,705	483,751	2,930,954
Yakima	1,721,740	153,098	1,568,642

Management Fees		
Olympia	343,278	15.3%
Tacoma	500,000	13.5%
Bellingham	398,280	20.5%
Yakima	209,000	11.9%

Olympia – Washington Center for the Performing Arts
 Tacoma – Broadway Center for the Performing Arts
 Bellingham – Mount Baker Theatre
 Yakima – Capitol Theatre

IMPACTS

- 1. Fiscal Impact** – The CTC cannot afford to encumber further losses. Balancing the budget is critical. The CTC has already reduced overhead by \$225,000 (16%) annually, including shedding 44% of its salaried staff. The first presentation of the current season was the Broadway musical *Shrek*. Buying patterns reversed from the norm and skewed to less expensive seats, reducing anticipated revenues significantly. We believe this, compounded by current economic uncertainties, to be a precursor to lower- than-expected ticket sales for the rest of the season. To compensate, the remaining CTC administrative staff has been reduced to a four-day work week, further reducing CTC’s ability to achieve its core competencies.

2. Proposed Funding Source –

Budgeted – increased allocation of PFD Revenues	\$49,000
Allocation of fund balance	<u>9,000</u>
Total	\$58,000

Unbudgeted - Potential sources of additional revenue that could make up the remaining shortfall of \$92,000:

- Cable TV Franchise Tax increase
- Admissions Tax
- City could absorb overhead (utilities, insurance, etc.)
- City could buy CTC owned equipment

3. Public Impact – As stated above

4. Personnel Impact – None.

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

6. Legal Constraints, if applicable – None.

7. Viable Alternatives – The CTC is fundamentally a community service organization (as represented by the programs and services we offer.) Supporting this is a subdivision contracted with the City: facility management. In the past, the CTC has been able to subsidize the facility, but the current economic climate has forced the CTC to focus on its core competency of community service. They both go hand-in-hand, and to preserve the Capitol Theatre facility, the CTC and their partnered service to community, the City must support its facility at a level that sustains access for all. Otherwise, it will become necessary to rethink the CTC’s facility management responsibility. This is not to say this is a “viable” option, it is not. But, considering the alternatives, it may be the only one that is available.

CONCLUSION AND/OR STAFF RECOMMENDATION

For 2012, transfer \$58,000 supported by current reserves and projected PFD revenue collections. This has been presented to and approved by the Board of the PFD on September 29, 2011. Future years will require a concerted strategic effort to insure the Capitol Theatre remains a viable entity.

CITY OF *Yakima*
COMMUNITY & ECONOMIC DEVELOPMENT / CONVENTION CENTER
2012 POLICY ISSUES

INCREASE IN CONVENTION CENTER MANAGEMENT FEE
BUDGETED

PROPOSAL

This proposal requests a \$14,650 (2%) increase to the management fee, from \$664,350 to \$679,000. This line item includes wages for the Convention Center staff and the management fee to the Visitors and Convention Bureau. This request for an increase is only for Convention Center staff. The Center has the new plaza of 7,000 sq. feet to set up, tear down, and maintain. In addition, the Center is currently running 13% above last year in event days held and 12% above in attendees. The additional space, increased bookings and attendees are impacting the labor. This increase will assist in covering the increased costs of medical insurance, L&I expenses and cost of living increases and staffing.

IMPACTS

1. **Fiscal Impact** – \$14,650. Fund 170 – Convention Center operations.
2. **Proposed Funding Source** – Convention Center Operating revenues and additional funding by the Public Facilities District (PFD).
3. **Public Impact** – Continue to provide excellent service.
4. **Personnel Impact** – Allow adequate staffing to maintain the Convention Center facility and provide a high level of service to clients and patrons.
5. **Required Changes in City Regulations or Policies** – None.
6. **Legal Constraints, if applicable** – None.
7. **Viable Alternatives** – None.

CONCLUSION AND/OR STAFF RECOMMENDATION

Staff and the Public Facility District Board of Directors recommend approval of this policy issue.

INCREASE IN CONVENTION CENTER PROFESSIONAL SERVICES
BUDGETED

PROPOSAL

This proposal requests a \$10,000 increase – from \$165,000 to \$175,000 - to the professional service category, paid to the Yakima Valley Visitors and Convention Bureau, which will partially restore funding removed in 2011, yet will leave the budget at 3% below 2010 actual levels. This is needed to maintain effective service levels for groups and meetings, and marketing efforts that support economic development and vitality.

IMPACTS

1. **Fiscal Impact** – \$10,000. Fund 170 – Tourist Promotion.
2. **Proposed Funding Source** – Convention Center Operating revenues.
3. **Public Impact** – Assist in maintaining the tourism sector of the local economy.
4. **Personnel Impact** – None.
5. **Required Changes in City Regulations or Policies** – None.
6. **Legal Constraints, if applicable** – None.
7. **Viable Alternatives** – None.

CONCLUSION AND/OR STAFF RECOMMENDATION

Staff and the Public Facility District Board of Directors recommend approval of this policy issue.

COMMITTEE FOR DOWNTOWN YAKIMA (CDY)
BUDGETED

PROPOSAL

The Committee for Downtown Yakima (CDY) has requested that the City continue to support their Clean and Safe programs at the \$50,000 level for 2012. The City does not make other contributions through the PBIA assessment, but if it did at this level the City would be one of the larger single contributors.

Originally, \$50,000 came out of the Parks Fund, but that expense became prohibitive as budget curtailments were implemented. In reviewing options for funding, funding it out of the Central Business District (CBD) Capital Improvement fund was identified, as the revenue consists of monthly parking permits in the downtown lots. That is where the funding has come from for the last three years.

Even though this was a viable revenue source in prior years, and could continue into the 2012 budget cycle, this funding source may not be sustainable into the future because of competing needs in the downtown, including continuation of improvements (Phase 4) and parking program changes.

IMPACTS

1. **Fiscal Impact** – \$50,000.
2. **Proposed Funding Source** – CBD Capital Improvement Fund – #321.
3. **Public Impact** – An attractive, safe, and inviting downtown is a source of community pride and future economic development. Maintaining the newer amenities is less costly than replacing unmaintained, broken features in the future.
4. **Personnel Impact** – The City has a Safe and Clean contract for services with CDY which has been consolidated into a single agreement specifying the services in receipt for the lump sum contribution.
5. **Required Changes in City Regulations or Policies** – None.
6. **Legal Constraints, if applicable** – None.
7. **Viable Alternatives** – Pursue additional private funding for the level of downtown maintenance required by the new amenities and desired downtown customer experience.

CONCLUSION AND/OR STAFF RECOMMENDATION

This is a Council policy decision.

REPLACEMENT POLICE VEHICLES

PROPOSAL

Police vehicles are a key component to providing police services. In order to maintain adequate levels of safe and reliable police vehicles the Department needs to replace twelve vehicles a year, however there has only been funding for nine identified. In the last two years we have replaced fifteen vehicles (three of which were not funded by the City Capital Fund) instead of the twenty four that were needed. This means that we are now operating vehicles in excess of their expected service life, some of which are becoming unsafe, unreliable, and expensive to maintain. Front line patrol vehicles used to be on a three year replacement schedule and are now on a four year replacement schedule. If adequate replacement vehicles are not purchased this year we will have to move to a five year replacement schedule.

IMPACTS

1. **Fiscal Impact** – \$270,000 (\$360,000 actually needed)
2. **Proposed Funding Source** – Law & Justice Capital Fund
3. **Public Impact** – Officers can reliably respond to calls for service.
4. **Personnel Impact** – Officers will operate safe and adequate vehicles.
5. **Required Changes in City Regulations or Policies** – None.
6. **Legal Constraints, if applicable** – None.
7. **Viable Alternatives** – None, replacement can no longer be deferred.

CONCLUSION AND/OR STAFF RECOMMENDATION

Police vehicles are mechanical objects which have predictable service lives. Replacement cannot be continually deferred if we are to operate safe and reliable vehicles. Police officers cannot do their jobs with unreliable vehicles that spend excessive amounts of time undergoing repair. Additionally, older vehicles are much more expensive to maintain and tend to have major, very expensive failures. Staff recommends replacement of as many vehicles as possible up to the twelve needed.

Attached is a chart showing current police patrol units. Vehicles with the darkest highlighting are overdue for replacement. Those with the lighter highlighting should be replaced in 2012. Since actual vehicle replacement will not occur until mid-2012 changes may be made on which vehicles are replaced based on changes in fleet status.

PD #	City #	Year	Make	Model	Color	Mileage	Assignment	Notes
Patrol								
1101	1679	2011	Ford	CV	B & W	11000	Patrol	
1102	1682	2011	Ford	CV	B & W	10000	Patrol	Sergeant
1103	1683	2011	Ford	CV	B & W	8000	Patrol	Sergeant
1104	1681	2011	Ford	CV	B & W	9000	Patrol	
1105	1686	2011	Ford	CV	B & W	8000	Patrol	
1106	1680	2011	Ford	CV	B & W	12000	Patrol	
1107	1678	2011	Ford	CV	B & W	10000	Patrol	
1108	1685	2011	Ford	CV	B & W	6000	Patrol	
1109	1684	2011	Ford	CV	B & W	3000	Patrol	Transit
1001	1671	2010	Ford	CV	B & W	37000	Patrol	
1002	1670	2010	Ford	CV	B & W	30000	Patrol	
1003	1668	2010	Ford	CV	B & W	27000	Patrol	
1004	1669	2010	Ford	CV	B & W	25000	Patrol	
1005	1672	2010	Ford	CV	B & W	6000	Patrol	Housing
904	1658	2009	Ford	CV	B & W	58000	Patrol	
905	1656	2009	Ford	CV	B & W	57000	Patrol	
906	1657	2009	Ford	CV	B & W	52000	Patrol	
907	1657	2009	Ford	CV	B & W	59000	Patrol	
908	1662	2009	Ford	CV	B & W	59000	Patrol	
910	1661	2009	Ford	CV	B & W	49000	Patrol	
804	1626	2008	Ford	CV	B & W	65000	Patrol	Tactical
806	1627	2008	Ford	CV	B & W	62000	Patrol	
807	1629	2008	Ford	CV	B & W	70000	Patrol	
808	1630	2008	Ford	CV	B & W	84000	Patrol	
809	1631	2008	Ford	CV	B & W	44000	Patrol	
811	1635	2008	Ford	CV	B & W	80000	Patrol	
812	1633	2008	Ford	CV	B & W	70000	Patrol	Tactical
814	1634	2008	Ford	CV	B & W	56000	Patrol	
703	1612	2007	Ford	CV	B & W	77000	Patrol	
704	1611	2007	Ford	CV	B & W	78000	Patrol	
507	2992	2005	Chevy	Tahoe	B & W	66000	Patrol	4 X 4
SRO								
404	1466	2004	Ford	CV	Blk	53000	SRO	Hipner
605	1493	2006	Ford	CV	B & W	92000	SRO	Sanchez
412	1468	2004	Chevy	Impala	B & W	51000	SRO	Diaz
403	1465	2004	Ford	CV	Blk	57000	SRO	Strother
410	1467	2004	Ford	CV	Blk	56000	SRO	Pepper
607	1496	2006	Ford	CV	B & W	75000	SRO	Graves
K-9								
411	2287	2004	Chevy	Tahoe	B & W	89000	K-9	Yates
608	1499	2006	Ford	CV	B & W	65000	K-9	Adams
610	1494	2006	Ford	CV	B & W	51000	K-9	Lee
707	1617	2007	Ford	CV	B & W	72000	K-9	Andrews
701	1610	2007	Ford	CV	B & W	58000	K-9	Rogers

ADD ONE SOLID WASTE COLLECTOR/DRIVER
BUDGETED

PROPOSAL

The Refuse Division has the authority under RCW 35.13.280 to provide garbage and yard waste collection to residential properties annexed into the City of Yakima seven years after the annexation date. This seven-year period was established to reduce damages to the private hauler providing refuse service in territories annexed into the city. Yakima Waste Systems, Inc. has an exclusive franchise to provide residential garbage and yard waste for the seven years to the areas annexed into the City of Yakima.

This proposal is to add one new Solid Waste Collector/Driver Position to accommodate the new residential services anticipated over the next five years due to annexations which have already occurred. Beginning in July 2012, the first of three large residential areas is scheduled to begin service under the operating authority of the Refuse Division. The other two areas are scheduled for February 2013 and April 2014. It is estimated that the three areas will increase the current service area by approximately 2,000 garbage accounts, 500 yard waste accounts and 20 bin accounts. No additional equipment is required to provide service to these areas. Additional garbage and yard waste carts will be needed, however funds regularly included in the budget for cart purchases will meet those requirements.

The Englewood Annexation, scheduled to begin City refuse service in July 2012 contains approximately 875 residential customers in an area covering over 600 acres. Providing services to this sprawling area would be very difficult with the current staffing level. Additional services would have to be added to existing routes and most routes would have to be redesigned with many changes to collection days. Travel time would increase with multiple trips to the landfill, placing extra stress on equipment and possibly placing staff at a greater risk of accident or injury during inclement weather.

In 2000 a study session was held to consider options for providing refuse service to recently annexed areas at that time. Council determined that until such time as the City had annexed enough area to generate the revenue needed to cover the expenses of adding new equipment and personnel, the new service area should be contracted out. The need to contract out service areas was not necessary due to the implementation of automated refuse collection in 2001. The change to automated collection and redesigning collection routes caused a decline in the demand for new staff and equipment. Table 1 demonstrates a 19% decrease in staffing levels from 2001 through 2011 by moving to one-man Refuse collection vehicles. During this period of staff reduction, delivered service for residential garbage carts, yard waste carts and metal bins grew substantially. Table 2 shows a 33% increase in service levels for the same time period.

TABLE 1
Total Refuse Division positions from 2001 to 2011.

	2001-3	2004	2005	2006	2007	2008	2009	2010	2011	2001-2010 Change
Collector/Driver	9.5	9.5	9.5	9.5	9.5	9.5	9.5	11.0	11.0	1.5
Maintenance Worker	8.0	7.0	7.0	7.0	6.5	6.0	6.0	3.5	3.5	-4.5
Temporary Helper	1.6	2.13	1.036	.636	0	0	0	0	0	-1.6
Code Compliance Officer	0	0	0	0	0	0	0	1.0	1.0	1.0
TOTAL	19.1	18.63	17.536	17.136	16	15.5	15.5	15.5	15.5	-3.6

TABLE 2
Total Refuse Division services from 2001 to 2011.

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2001-2010 Change
Residential Can/cart Accts	16,960	17,100	17,270	18,037	18,100	18,750	19,090	20,200	22,000	22,100	22,562	5,602
Yard Waste Accts	3,600	3,700	3,900	4,040	4,100	4,100	4,200	4,310	4,725	5,050	5,430	1,830
Bin Service	395	385	385	423	430	430	435	435	435	435	440	45

IMPACTS

1. **Fiscal Impact** – Salary and benefits for the Solid Waste Collector/Driver for 2012 are estimated at approximately \$29,500 for the partial year, and \$59,000 for 2013 and subsequent years, however, these costs will be offset by revenue received from the annexed area. The 2012 estimated revenue for garbage, yard waste and bin service for the Englewood Annexation is approximately \$71,000.
2. **Proposed Funding Source** – Refuse Division Operating Fund/rates from new customers.
3. **Public Impact** – City of Yakima Refuse Division would provide garbage, yard waste and bin service to residential account within annexed areas.
4. **Personnel Impact** – One additional Solid Waste Collector/Driver position would be added to the Refuse Division.
5. **Required Changes in City Regulations or Policies** – None.
6. **Legal Constraints, if applicable** – None.
7. **Viable Alternatives** – None.

CONCLUSION AND/OR STAFF RECOMMENDATION

This is a Council policy decision.

INCREASE DEPARTMENT ASSISTANT II TO FULL-TIME
BUDGETED

PROPOSAL

This proposal is to increase the 50% Part-time Department Assistant II position to a full-time (100%) Department Assistant II position. The Refuse Division currently has one 100% Department Assistant II position and one 50% part-time Department Assistant II position budgeted to provide all clerical duties for the division. The implementation of the new Utility Billing System in 2010 has created significant changes in the process used to complete service orders relating to customer accounts. These changes have considerably increased the workload of the Department Assistants. They are responsible for entering data into the Utility Billing system from service orders relating to cart and bin deliveries, removals, exchanges; cart repairs; service call-backs and special hauls. Data noted by the drivers in the Refuse route books for overfilled carts, services that are not out on time for collection and other related information regarding accounts are also added to the Utility Billing system. Accuracy and timeliness of this data are essential for proper billing of the accounts. A growing number of code enforcement matters reported to and handled by the Refuse Division are documented and completed by the Department Assistants. The Department Assistant II positions work with organizations in coordinating recycling for special events, distribute leaf bags for the Fall Leaf Collection Program and maintain communication with customers and field personnel by phone and two-way radios.

IMPACTS

- | | | |
|---------------------------|--|-----------------|
| 1. Fiscal Impact – | 100% Department Assistant II salary and benefits | \$43,200 |
| | 50% Department Assistant II salary and benefits | <u>(25,450)</u> |
| | Net Increase | \$17,750 |
2. **Proposed Funding Source** – Refuse Division Operating Fund. Additional revenue from new annexation customers will also support this staffing increase.
 3. **Public Impact** – Current data collected from the service orders will be quickly entered into the Utility Billing system, increasing the accuracy of the billing. Better communication will be available between office staff and the public regarding service requests, questions and concerns.
 4. **Personnel Impact** – Increase the 50% Department Assistant II position to 100%.
 5. **Required Changes in City Regulations or Policies** – None.
 6. **Legal Constraints, if applicable** – None.
 7. **Viable Alternatives** – None.

CONCLUSION AND/OR STAFF RECOMMENDATION

Staff respectfully requests Council consideration and approval of this policy issue to increase the 50% Department Assistant to 100%.

PURCHASE THREE USED 30 FOOT BUSES
BUDGETED

PROPOSAL

This Transit Capital purchase request provides the funding required for the purchase of 3 half life 30-foot heavy-duty replacement buses. The purchase price of these buses is \$100,000. The new purchase price of this type of bus is around \$350,000 each for a total of \$1,050,000.

IMPACTS

1. **Fiscal Impact** – \$100,000 (all local funds)
2. **Proposed Funding Source** – Local sales tax/Transit Capital fund.
3. **Public Impact** – Preserve the ability to adequately carry current and projected passengers on busiest routes.
4. **Personnel Impact** – None.
5. **Required Changes in City Regulations or Policies** – None.
6. **Legal Constraints, if applicable** – None.
7. **Viable Alternatives** – Keep maintaining the older more costly coaches that are past their useful age.

CONCLUSION AND/OR STAFF RECOMMENDATION

Staff recommends expanding the bus fleet by 3 half life 30-foot coaches to accommodate the new start up service between Yakima and Ellensburg.

PURCHASE NINE VANPOOL VANS
BUDGETED

PROPOSAL

This Transit Capital purchase request provides the funding required for the purchase of 6 replacement vanpool vans and 3 additional vanpool vans. The purchase price of these vehicles is \$300,000.

IMPACTS

1. **Fiscal Impact** – \$75,000 (In-kind matching funds)

6 Replacement vans	\$200,000
3 Additions to fleet	<u>100,000</u>
Total	\$300,000

2. **Proposed Funding Source** – 75% grant funds and 25% local sales tax.
3. **Public Impact** – Preserve and expand the ability to adequately accommodate the current and projected Vanpool passenger load.
4. **Personnel Impact** – None.
5. **Required Changes in City Regulations or Policies** – None.
6. **Legal Constraints, if applicable** – None.
7. **Viable Alternatives** – Continue to use the current equipment that is available to Yakima Transit. Although, the current fleet is very old and very expensive to maintain.

CONCLUSION AND/OR STAFF RECOMMENDATION

Staff recommends replacing up to 5 oldest vanpool vans with 5 new vanpool vans to accommodate the current and projected vanpool passenger load.

TRANSIT CENTER CANOPY
BUDGETED

PROPOSAL

A canopy will be installed at the Downtown Transit Center for the protection of the transit patron from the elements. Transit would be allocating \$150,000 for the primary phase of the two step project. The cost of the second phase is expected to be at or below the cost of the primary phase.

IMPACTS

1. **Fiscal Impact** – \$150,000 (all local funds)
2. **Proposed Funding Source** – Local sales tax.
3. **Public Impact** – Improves the safety and comfort of the transit patrons.
4. **Personnel Impact** – None.
5. **Required Changes in City Regulations or Policies** – None.
6. **Legal Constraints, if applicable** – None.
7. **Viable Alternatives** – By not installing the canopy, the passenger would have to endure the elements as they have done in the past.

CONCLUSION AND/OR STAFF RECOMMENDATION

Staff recommends installing the canopy at the Transit Center to improve the safety and comfort of the transit patrons.

CITY OF *Yakima*
PUBLIC WORKS / EQUIPMENT RENTAL
 2012 POLICY ISSUES

FLEET VEHICLE ADDITIONS & REPLACEMENTS
 BUDGETED

PROPOSAL

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

Division	Description	Replacing	2012 Budget	Fund Total
Streets & Traffic	¾ Ton Pickup with Snowplow	ER 2209	45,000	
	¾ Ton Pickup with Snowplow	ER 2229	45,000	
	Elgin Street Sweeper	ER 3224	185,000	
	Cimline Magma 2300D Crack Sealer	ER 4192*	60,000	
	Used 38' Bucket Truck	ER 2157	45,000	
	Graco Direct Drive Line Striper Laser	Addition	8,500	388,500
Water & Irrigation	½ Ton Pickup	ER 2170	30,000	30,000
Refuse	Automated Sideloadng Refuse Truck	ER 3181	315,000	
	Automated Sideloadng Refuse Truck	ER 3145	315,000	630,000
Wastewater	Ford Escape Hybrid AWD	ER 2183X	35,000	
	¾ Ton Cab & Chassis w/Service Body	ER 2233	45,000	
	Ford Transit Connect Cargo Van	ER 3141	25,000	105,000
Total				\$1,153,500

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

Division	Equip. Number	Description	Model Year	Years in Service	Mileage / Hours	Condition	Suitability for Service	Lifetime Maint. Costs	Original Cost	Current Repl. Cost Estimate
Streets & Traffic	ER 2209	Dodge ¾ Ton 4x4 Pickup with Snowplow	1999	13	86,219	Poor	Unreliable	\$31,675	\$26,170	\$45,000
	ER 2229	Dodge ¾ Ton 4x4 Pickup with Snowplow	2001	11	72,914	Poor	Unreliable	\$28,739	\$24,496	\$45,000
	ER 3224	Elgin Crosswind Street Sweeper	2006	6	31,919	Poor	Worn out	\$99,752	\$143,591	\$185,000
	ER 4192*	(Used) Cimline Magma Melter 230 DH (2006)	2002	6	2,221 Hrs	Fair	High Maintenance	\$52,348	\$21,500	\$60,000
	ER 2157	Chevrolet ¾ Ton 4X2 Pickup**	1994	18	69,330	Fair	Unsuitable	\$15,159	n/a	\$45,000
	ER 5219*	Graco Direct Drive Line Striper Laser	2000	12	n/a	Poor	Badly worn	\$980	\$4,865	\$8,500

Division	Equip. Number	Description	Model Year	Years in Service	Mileage / Hours	Condition	Suitability for Service	Lifetime Maint. Costs	Original Cost	Current Repl. Cost Estimate
Water & Irrigation	ER 2170	1/2 Ton 4X2 Pickup	1996	16	41,235	Fair	Unsuitable	\$11,821	\$16,227	\$30,000

Division	Equip. Number	Description	Model Year	Years in Service	Mileage / Hours	Condition	Suitability for Service	Lifetime Maint. Costs	Original Cost	Current Repl. Cost Estimate
Refuse	ER 3168	Automated Side loading Refuse Truck	2004	9	85,495	Fair	Needs rebuilding	\$176,816	\$183,525	\$315,000
	ER 3187	Automated Side loading Refuse Truck	2005	8	70,982	Fair	Needs rebuilding	\$175,824	\$188,361	\$315,000

Division	Equip. Number	Description	Model Year	Years in Service	Mileage / Hours	Condition	Suitability for Service	Lifetime Maint. Costs	Original Cost	Current Repl. Cost Estimate
Wastewater	ER 2183X	Chevrolet Astrovan AWD	1997	15	60,901	Fair	Not for primary use	\$11,846	\$22,559	\$35,000
	ER 2233	Dodge 3/4 Ton 4x4 Pickup with Snowplow	2001	12	101,084	Poor	Unreliable	\$26,086	\$23,177	\$45,000
	ER 3141	Chevrolet Cargo Van	2001	11	113,175	Poor	Unreliable	\$18,511	\$23,348	\$25,000

IMPACTS

1. **Fiscal Impact** – \$1,153,500 from the accumulated reserve dedicated for this purpose.
2. **Proposed Funding Source** – The Equipment Replacement Fund for replacements and limited REET2 contributions for the addition.
3. **Public Impact** – Delaying purchase would ultimately reduce ability to provide respective services to the community and shift operating costs to Fleet Maintenance.
4. **Personnel Impact** – None.
5. **Required Changes in City Regulations or Policies** – None.
6. **Legal Constraints, if applicable** – None.
7. **Viable Alternatives** – Delaying these purchases is an option, though excessive maintenance costs would shift expense to Fleet Maintenance budget.

CONCLUSION AND/OR STAFF RECOMMENDATION

Approve purchase of the Capital Equipment roster above.

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

	<u>2010 Actual Expenditures</u>	<u>2011 Amended Budget</u>	<u>2011 Year-End Estimate</u>	<u>2012 Preliminary Budget</u>	<u>2012 vs 2011 Amended</u>	<u>2012 Beginning Fund Balance</u>	<u>2012 Projected Revenue</u>	<u>2012 Est. Ending Fund Balance</u>
General Government								
City Council	\$197,013	\$203,061	\$192,878	\$205,214	1.1%			
City Manager	502,075	509,913	506,427	529,576	3.9%			
State Examiner	92,528	103,000	101,000	106,000	2.9%			
Records	422,071	411,556	409,976	468,842	13.9%			
Financial Services	1,350,881	1,386,046	1,368,211	1,421,433	2.6%			
Human Resources	431,156	447,436	474,066	517,627	15.7%			
Legal	1,057,092	1,139,157	1,107,397	1,127,156	(1.1%)			
Municipal Court	1,206,063	1,234,194	1,177,814	1,256,178	1.8%			
Purchasing	415,042	452,835	452,835	527,330	16.5%			
Hearing Examiner	62,537	39,500	39,500	31,000	(21.5%)			
Environmental Planning	699,196	678,679	665,608	647,063	(4.7%)			
Code Administration	1,449,452	1,330,361	1,270,641	1,219,611	(8.3%)			
Indigent Defense	467,697	480,000	480,000	481,000	0.2%			
Police	22,045,777	22,718,620	22,283,841	22,581,273	(0.6%)			
Fire	9,255,216	8,929,340	8,794,947	9,063,694	1.5%			
Police Pension	1,368,431	1,404,590	1,389,650	1,186,350	(15.5%)			
Engineering	954,014	757,250	748,588	759,589	0.3%			
City Hall Maintenance	380,399	352,127	350,049	350,961	(0.3%)			
Information Systems	2,268,763	2,568,136	2,521,528	2,370,823	(7.7%)			
Utility Services	1,119,629	1,305,084	1,295,207	1,342,080	2.8%			
Intergovernmental	372,948	257,439	257,439	237,395	(7.8%)			
Nonrecurring Expenses	0	208,287	208,287	0	(100.0%)			
Transfers	2,412,206	2,412,275	2,325,275	2,331,275	(3.4%)			
Total General Fund	<u>\$48,530,186</u>	<u>\$49,328,886</u>	<u>\$48,421,164</u>	<u>\$48,761,470</u>	(1.2%)	4,226,072	48,736,110	4,200,712
Parks & Recreation	4,062,236	4,042,938	4,042,476	4,050,111	0.2%	341,093	4,049,765	340,747
Street & Traffic Operations	5,337,910	5,218,691	5,212,161	5,055,371	(3.1%)	1,045,092	5,055,310	1,045,031
Total General Government Funds	<u>\$57,930,332</u>	<u>\$58,590,515</u>	<u>\$57,675,801</u>	<u>\$57,866,952</u>	(1.2%)	5,612,257	57,841,185	5,586,490

	2010 Actual Expenditures	2011 Amended Budget	2011 Year-End Estimate	2012 Preliminary Budget	2012 vs 2011 Amended	2012 Beginning Fund Balance	2012 Projected Revenue	2012 Est. Ending Fund Balance
Other Operating/Enterprise								
Economic Development	\$223,983	\$669,372	\$321,428	\$305,517	(54.4%)	\$225,990	\$227,000	\$147,473
Community Development	4,104,770	4,144,772	4,063,080	1,839,530	(55.6%)	891,338	1,800,901	852,709
Community Relations	513,131	656,954	655,467	613,116	(6.7%)	741,642	494,950	623,476
Community Services	64,387	108,215	82,320	0	(100.0%)	0	0	0
Growth Management	23,144	26,601	26,601	0	(100.0%)	0	0	0
Cemetery	245,460	262,463	261,456	265,699	1.2%	57,860	243,550	35,711
Emergency Services	1,093,525	1,121,904	1,121,696	1,199,489	6.9%	64,553	1,196,026	61,090
Public Safety Communications	3,068,448	3,341,497	3,302,790	3,551,694	6.3%	296,553	3,402,343	147,202
Police Grants	914,321	1,341,682	1,275,792	1,101,962	(17.9%)	507,148	1,161,870	567,056
Downtown Improvement District	204,638	236,451	236,451	235,962	(0.2%)	26,712	251,340	42,090
Trolley (Yakima Interurban Lines)	150,422	135,277	99,940	11,368	(91.6%)	16,177	1,576	6,385
Front St Business Impr Area	3,248	5,000	5,000	5,000	0.0%	6,153	3,535	4,688
Tourist Promotion	1,442,044	1,400,148	1,400,149	1,447,373	3.4%	162,915	1,443,450	158,992
Capitol Theatre	284,749	285,527	285,527	346,200	21.2%	99,527	324,177	77,504
PFD Revenue-Convention Center	641,133	605,000	605,000	673,000	11.2%	205,668	645,750	178,418
Tourist Promotion Area	388,980	378,205	378,205	586,000	54.9%	414	586,000	414
PFD Revenue-Capitol Theatre	493,964	468,000	468,000	517,000	10.5%	53,357	500,500	36,857
Recovery Program Grants	387,011	426,989	419,426	0	(100.0%)	0	0	0
Storm Water Operating	1,801,236	2,225,207	2,223,899	1,942,945	(12.7%)	678,053	2,035,000	770,108
Transit	7,209,479	7,472,066	7,408,235	7,697,952	3.0%	1,007,710	7,302,972	612,730
Refuse	4,802,640	4,980,373	4,834,165	5,117,429	2.8%	407,423	4,987,190	277,184
Sewer Operating	17,574,185	18,830,904	18,653,200	18,415,827	(2.2%)	1,362,893	18,094,562	1,041,628
Water Operating	7,648,497	7,895,628	7,857,912	7,774,375	(1.5%)	1,620,989	7,714,485	1,561,099
Irrigation Operating	1,862,091	1,541,669	1,541,359	1,444,933	(6.3%)	340,406	1,618,700	514,173
Equipment Rental	4,915,678	5,633,318	5,566,068	5,290,111	(6.1%)	4,265,680	5,432,333	4,407,902
Environmental Fund	388,824	485,934	469,950	192,950	(60.3%)	285,071	150,000	242,121
Public Works Administration	1,046,827	1,169,153	1,128,240	1,185,273	1.4%	405,894	1,185,331	405,952
Total Other Operating/Enterprise	\$61,496,815	\$65,848,309	\$64,691,356	\$61,760,705	(6.2%)	\$13,730,126	\$60,803,541	\$12,772,962

Capital Improvement								
Arterial Street	\$3,383,341	\$4,811,547	\$3,222,153	\$1,854,478	(61.5%)	\$227,413	\$2,027,351	\$400,286
C.B.D. Capital Improvement	1,048,433	132,264	112,255	132,277	0.0%	412,939	39,200	319,862
Capitol Theatre Construction	4,439,534	65,045	65,000	0	(100.0%)	59,227	0	59,227
Yakima Revenue Devt Area	0	800,000	800,000	850,000	6.3%	0	850,000	0
Parks & Recreation Capital	673,520	1,492,770	1,464,000	80,000	(94.6%)	99,295	0	19,295
Fire Capital	1,355,703	841,500	839,459	196,459	(76.7%)	221,892	126,072	151,505
Law & Justice Capital	895,634	1,154,231	1,152,804	732,134	(36.6%)	238,207	506,344	12,417
Public Works Trust Construction	910,805	744,411	675,827	718,382	(3.5%)	647,991	548,906	478,515
REET 2 Capital Construction	751,048	1,236,822	941,822	506,822	(59.0%)	280,126	452,000	225,304
Storm Water Capital	153,485	1,024,794	1,023,849	433,000	(57.7%)	452,541	244,794	264,335
Transit Capital Reserve	2,281,234	971,556	720,000	1,393,000	43.4%	861,134	910,000	378,134
Convention Center Capital Impr	574,541	525,143	525,143	150,000	(71.4%)	281,880	180,500	312,380
Cum. Reserve for Capital Impr	7,405,455	14,872,978	14,210,547	8,917,000	(40.0%)	3,112,037	6,067,166	262,203
Wastewater Facilities Capital Rsv	799	50,000	50,000	50,000	0.0%	728,516	150,500	829,016
Sewer Construction	467,928	4,768,500	4,009,610	3,800,000	(20.3%)	2,389,311	2,850,000	1,439,311
Domestic Water Improvement	351,248	3,902,000	1,807,000	4,450,000	14.0%	3,474,486	4,600,000	3,624,486
Wastewater Facilities	2,423,131	13,800,879	9,383,879	8,145,000	(41.0%)	5,217,095	6,121,000	3,193,095
Irrigation System Improvement	2,470,183	2,041,017	1,969,434	4,115,554	101.6%	2,083,314	2,708,500	676,260
Total Capital Improvement	\$29,586,022	\$53,235,457	\$42,972,782	\$36,524,106	(31.4%)	\$20,787,404	\$28,382,333	\$12,645,631
Contingency/Operating Reserves								
Contingency Fund	\$46,356	\$200,000	\$127,614	\$200,000	0.0%	\$157,750	\$50,000	\$7,750
FRS/Capitol Theatre Reserve	71,927	71,927	71,927	71,927	0.0%	310,338	500	238,911
Risk Management	3,014,749	9,630,681	2,856,845	9,914,055	2.9%	864,254	9,961,000	911,199
Total Contingency/Operating Rsvs	\$3,133,032	\$9,902,608	\$3,056,386	\$10,185,982	2.9%	\$1,332,342	\$10,011,500	\$1,157,860
Employee Benefit Reserves								
Unemployment Compensation	\$188,121	\$312,477	\$206,077	\$317,213	1.5%	\$324,387	\$173,000	\$180,174
Employees Health Benefit	10,364,643	11,026,761	10,939,980	11,217,959	1.7%	1,991,005	11,243,185	2,016,231
Workers' Compensation	1,222,828	1,352,030	1,271,189	1,362,367	0.8%	1,124,244	1,114,600	876,477
Wellness/EAP Fund	63,896	79,885	63,885	92,000	15.2%	143,483	60,000	111,483
Firemen's Relief & Pension	1,547,509	1,609,960	1,437,660	1,344,057	(16.5%)	812,358	1,387,500	855,801
Total Employee Benefit Reserves	\$13,386,997	\$14,381,113	\$13,918,791	\$14,333,596	(0.3%)	\$4,395,477	\$13,978,285	\$4,040,166

	2010 Actual Expenditures	2011 Amended Budget	2011 Year-End Estimate	2012 Preliminary Budget	2012 vs 2011 Amended	2012 Beginning Fund Balance	2012 Projected Revenue	2012 Est. Ending Fund Balance
Trust and Agency Funds								
Cemetery Trust	\$10,050	\$5,500	\$5,500	\$5,500	0.0%	\$603,099	\$16,500	\$614,099
YakCorps Agency Fund	0	163,629	142,599	497,725	0.0%	21,030	526,756	50,061
Total Trust and Agency Funds	<u>\$10,050</u>	<u>\$169,129</u>	<u>\$148,099</u>	<u>\$503,225</u>	197.5%	<u>\$624,129</u>	<u>\$543,256</u>	<u>\$664,160</u>
Debt Service								
L.I.D. Guaranty	\$0	\$0	\$0	\$0	n/a	\$80,087	\$50	\$80,137
PFD Debt Service	1,014,286	1,014,136	1,014,136	1,018,253	0.4%	170,564	1,019,594	171,905
General Obligation Bonds	2,225,916	2,335,941	2,221,941	2,331,083	(0.2%)	370,920	2,334,739	374,576
L.I.D. Debt Service	361,912	285,000	285,000	285,000	0.0%	14,243	274,000	3,243
Water-Irrigation/Sewer Bonds	2,863,041	2,862,054	2,862,054	2,636,124	(7.9%)	2,372,254	2,638,249	2,374,379
Total Debt Service	<u>\$6,465,155</u>	<u>\$6,497,131</u>	<u>\$6,383,131</u>	<u>\$6,270,460</u>	(3.5%)	<u>\$3,008,068</u>	<u>\$6,266,632</u>	<u>\$3,004,240</u>
Total City Budget	<u><u>\$172,008,403</u></u>	<u><u>\$208,624,262</u></u>	<u><u>\$188,846,346</u></u>	<u><u>\$187,445,026</u></u>	(10.2%)	<u><u>\$49,489,803</u></u>	<u><u>\$177,826,732</u></u>	<u><u>\$39,871,509</u></u>

WHAT YOU PAY AND WHAT YOU GET

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

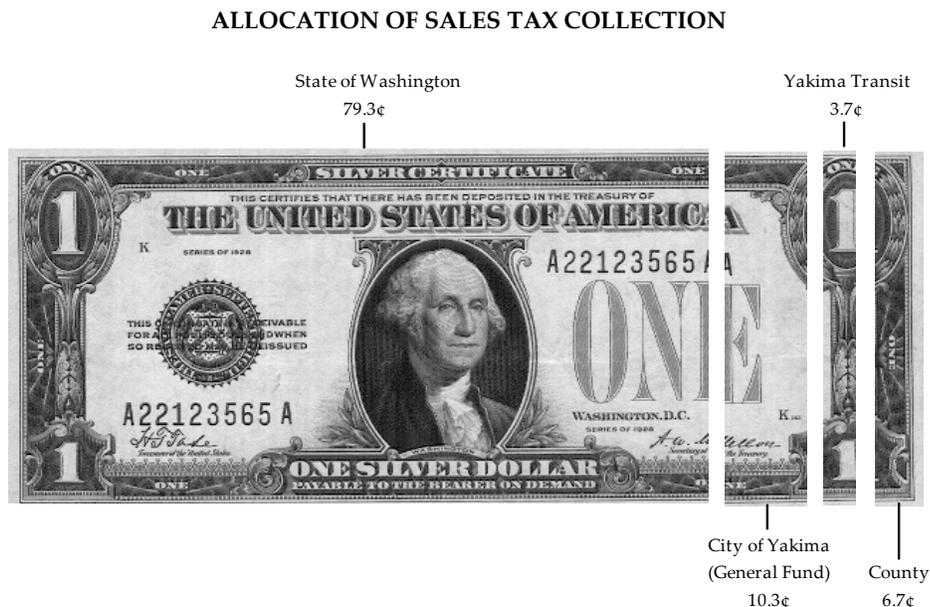
MAJOR TAXES PAID

Sales and Use Tax

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

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

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



SALES TAX RATES WITHIN YAKIMA CITY LIMITS

(In descending order by total allocation)

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

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

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

Property Taxes

The total property taxes paid by property owners within the City of Yakima include taxes levied by several governmental entities: the State, School Districts, special county-wide voted levies and the City's general and special voter approved levies. The percentage of the total property taxes levied by, and allocated to, each individual governmental entity will change slightly from year to year. The City's portion is generally under 30% of the total amount collected. (Refer to the graph and chart below for how the 2011 property taxes were allocated between these governmental entities.)

2011 PROPERTY TAX DISTRIBUTION



City of Yakima Property Tax – In 2011, a typical City resident pays approximately \$11.87 per thousand of assessed value on property taxes. Only \$2.99, or about 25.0%, goes to the City, with the balance divided between the County, schools, and other special districts.

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

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

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

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

**PROPERTY TAX CODE AREA #333 (YAKIMA SCHOOLS) – CONSOLIDATED LEVY AND RATES
2010 ASSESSED VALUATION – 2011 TAX YEAR**

Property Tax Levy	2010 Rate	Amount 2011 Levy	Percent of Levy
City Levy			
General Fund	\$1.7646	\$9,880,342	
Parks & Recreation	\$0.2761	\$1,546,000	
Street & Traffic Operations	\$0.6274	\$3,513,000	
Firemen's Relief & Pension	\$0.2504	\$1,402,000	
Total Operating Levy	\$2.9185	\$16,341,342	24.6%
Total Bond Levy	\$0.0530	\$293,000	0.4%
Total City Levy	\$2.9715	\$16,634,342	25.0%
Other Levies			
Yakima School District #7			
Operation & Maintenance	\$2.8906	\$15,961,685	37.2%
Bond Redemption	\$1.5335	\$8,467,877	
State Schools	\$2.2087	\$12,367,125	18.6%
Library	\$0.4529	\$2,535,913	3.8%
Yakima County	\$1.4713	\$8,238,218	13.5%
Yakima County Flood Control	\$0.0855	\$478,738	
Juvenile Justice Bond	\$0.0489	\$270,022	
EMS Levy	\$0.2148	\$1,202,725	1.8%
Total Other Levies	\$8.9062	\$49,522,303	75.0%
Total Levy Code #333	\$11.8777	\$66,156,645	100.0%

City Taxes and Utility Charges

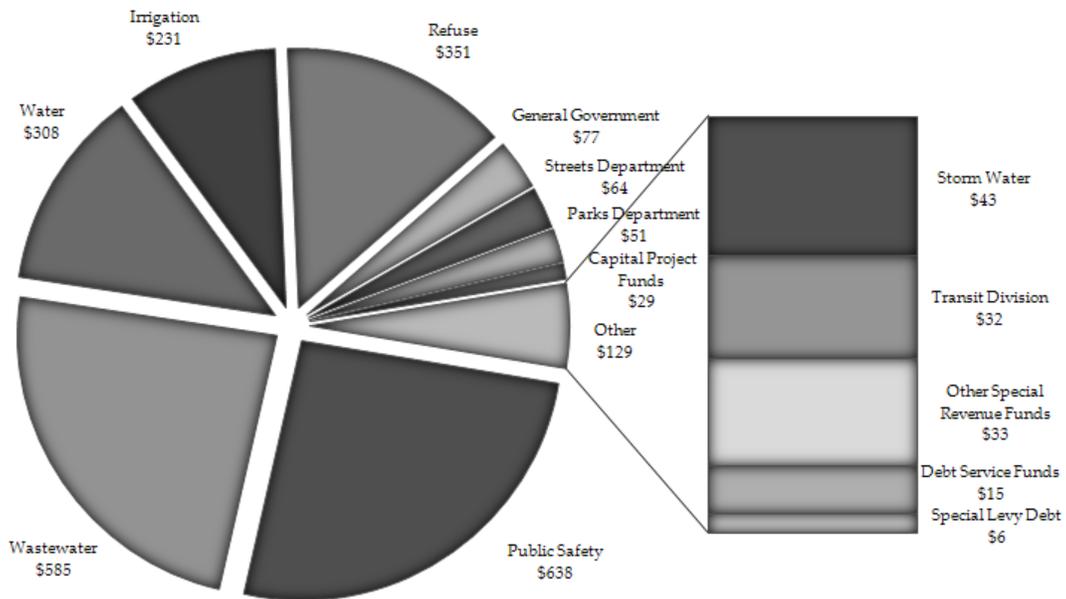
The taxes and utility charges shown in the following charts are only those directly levied by the City. In the cases of sales and property taxes, the 2 major taxes paid directly by Washington residents, only a small portion of the total tax belongs to the City.

To illustrate what a typical household might pay, the following assumptions were made. Property tax based on \$120,000 home; Sales tax based on \$42,000 annual income and \$10,500 taxable purchases; Utilities based on 96 gallon can for Refuse, 1,300 cubic foot monthly consumption for Water / Sewer; Irrigation for 7,000 square foot lot; Stormwater based on impervious surface; Gas / electricity \$3,000, telephone \$960, cable television \$600. Based on these assumptions, a typical household in Yakima paid approximately \$205 a month, or \$2,458 a year, as depicted in the following charts.

ANNUAL TAXES AND UTILITY CHARGES LEVIED BY THE CITY OF YAKIMA ON THE TYPICAL HOUSEHOLD FOR 2011

Revenue	Rate Per 1,000	Cost Per Household
Property Taxes - General	\$2.9185/1,000	\$350
Special Levy Property Taxes	\$0.0531/1,000	6
Sales Tax - General		121
Transit Sales Tax		32
Tax on City-owned Utilities - General		157
Tax on Private Utilities - General		274
Utility Charges (Water/Wastewater/Refuse) - Exc. Utility Tax		1,244
Stormwater		43
Irrigation Assessment		231
		\$2,458

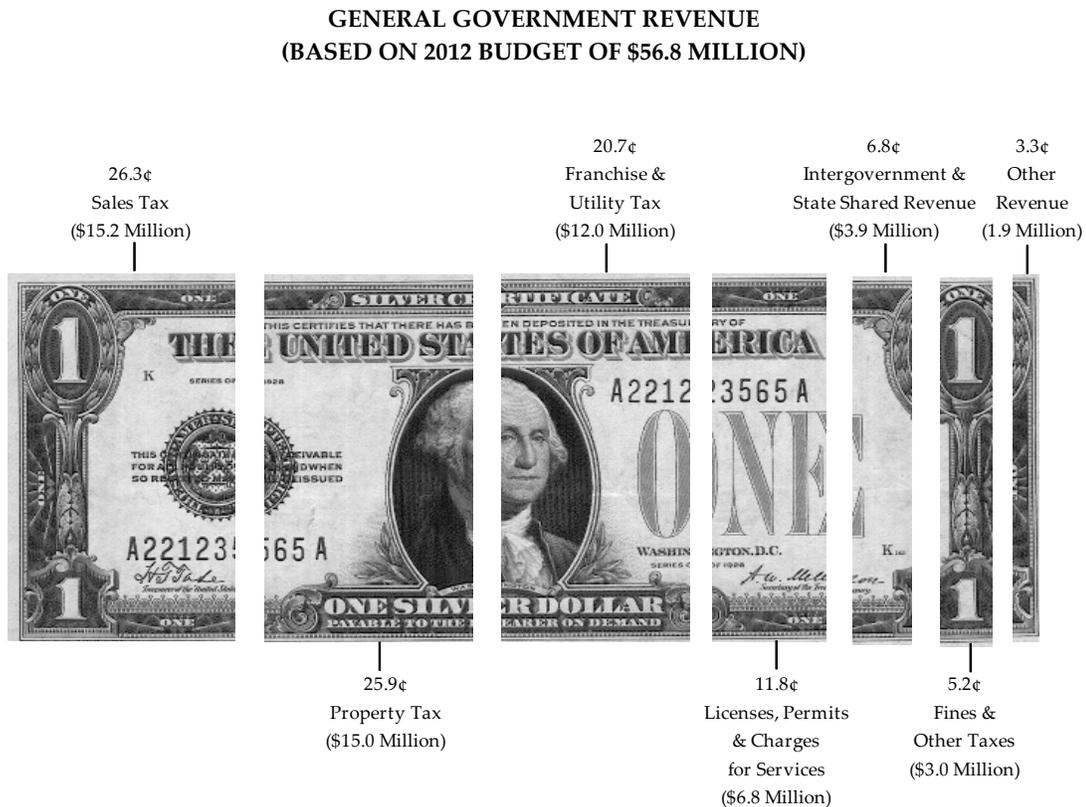
CITY TAXES AND UTILITY CHARGES COST TO TYPICAL HOUSEHOLD – \$2,458 ANNUALLY



GENERAL GOVERNMENT REVENUE

The total 2012 proposed General Government Revenue Budget is approximately \$57.8 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 72% of the total general fund revenues.



Note: The term “General Government” refers to basic tax supported functions. The major functions included in this category are: Police, Fire, Streets and Traffic Operations, Parks and Recreation and Municipal Court services. These functions use about 72.6% of General Government revenues. Other administrative services include Information Systems (i.e. computer support), Legal, Finance, Purchasing and Human Resources – services necessary for any organization to function.

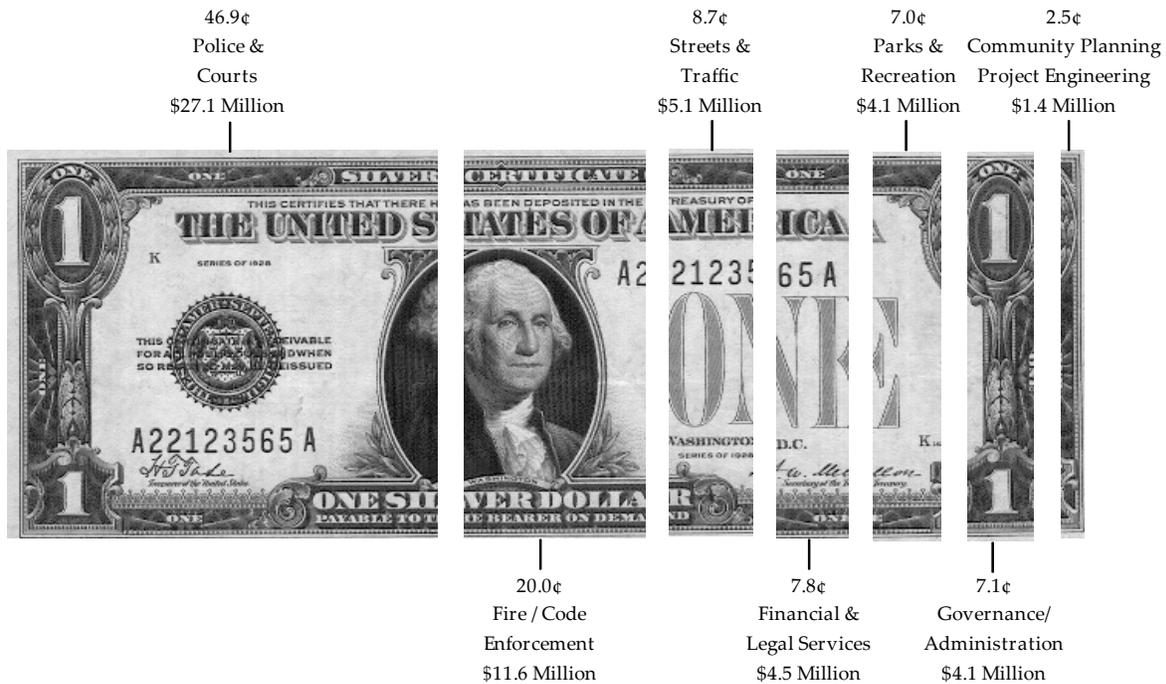
GENERAL GOVERNMENT EXPENDITURES

The following chart depicts the breakdown of the proposed 2012 general government expenditure budget. This breakdown identifies that the City spends over 66% (or approximately \$38.7 million) of its available resources on providing public safety services (Police, Municipal Court, Fire, Code Enforcement and Dispatch services). Additionally, the City allocates over 8.7% of its resources to maintaining and operating the Streets and Traffic Systems and another 7.0% to provide Parks and Recreation programs and services. Providing the existing services in these four basic categories takes 82.6% of all the City’s available general government resources.

Providing the services in these four critical areas is labor intensive; approximately 71.9% of these costs are personnel related. Therefore, any significant budget reductions in these areas will require a reduction in personnel and the related services these individuals perform. Conversely, any significant reductions in the overall general government budget that do not include these four largest areas of the budget will severely limit the services the remaining departments will be able to provide (i.e.: Financial (including Information Technology), Legal, Community Planning and Project Engineering and Administration).

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

**GENERAL GOVERNMENT EXPENDITURES
(BASED ON 2012 BUDGET OF \$56.7 MILLION)**



Allocation of Expenditures

Following is a detailed analysis of the City of Yakima’s local tax structure. This analysis shows the various sources of City revenue and identifies what type of services these revenues will fund in 2012. 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, \$638 per household per year, or 70.8% of the total general taxes paid. Other General Government services cost \$77 per household annually, or 8.5%. Streets and Parks together cost \$115 per household annually, or 12.7% of general taxes paid.

The utilities combine to cost approximately \$1,244 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 2012 PROPOSED BUDGET – BUDGET NUMBERS IN THOUSANDS)**

Tax Supported Functions	2012 Proposed Budget	Non-Tax Funding Sources	Local Taxes	Allocation of Taxes Collected	2012 Household Typical Cost⁽¹⁾	Permanent Budgeted Positions
Local Direct General Purpose Tax Supported Functions						
Public Safety (Police Fire & Pensions)	\$41,285	\$6,755	\$34,530	70.8%	\$638	311.00
General Government	14,679	10,523	4,156	8.5%	77	133.75
Streets Department	5,055	1,599	3,456	7.1%	64	35.00
Parks Department	4,050	1,318	2,732	5.6%	51	20.30
Other Special Revenue Funds	3,522	1,714	1,808	3.7%	33	14.75
Debt Service Funds	3,056	2,228	828	1.7%	15	0.00
Capital Project Funds	7,219	5,942	1,277	2.6%	24	0.00
Local Direct Special Purpose Tax Supported Functions						
Special Levy Debt	579	286	293		6	0.00
Transit Division	9,091	4,491	4,600		32	52.00
Non-Local Tax Supported Functions						
Street Construction	10,771	10,771	0		-	0.00
Refuse-18,767 Residential accounts	5,117	5,117	0		351	20.50
Wastewater-22,591 Residential accounts	32,172	32,172	0		585	61.81
Water-17,349 Residential accounts	12,459	12,459	0		308	31.00
Equipment Rental	5,290	5,290	0		-	12.00
Public Works Administration	1,185	1,185	0		-	9.00
Self-insurance Reserve	11,787	11,787	0		-	0.00
Employee Benefit Reserve	11,310	11,310	0		-	0.00
Irrigation-10,541 Residential accounts	6,201	6,201	0		231	8.00
PBIA	241	241	0		-	0.00
Storm Water	2,376	2,376	0		43	7.19
Totals	\$187,445	\$133,765	\$53,680	100.0%	\$2,458	716.30

Based on 2012 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 \$3,000, telephone \$960, and cable TV \$600.

TAX BURDEN – FEDERAL VS. LOCAL

The Tax Foundation of Washington D.C. publishes a *Special Report* each April, called “America Celebrates Tax Freedom Day”. This is when Americans will have earned enough money to pay off their total tax bill for the year. Taxes at all levels of government are included, whether levied by the federal government or state and local governments. Tax Freedom Day in 2011 fell on April 11th, two days earlier than it did in 2010, and nearly two weeks earlier than in 2007. On average in 2011, Americans will work 64 days to afford their federal taxes and 37 more days to afford state and local taxes.

According to the Foundation’s report, “The shift toward a lower tax burden since 2007 has been driven by three factors:

- 1) The great recession has reduced tax collections even faster than it has reduced income;
- 2) President Obama and the Congress, after a long debate, extended the Bush-era tax cuts for two additional years; and
- 3) As part of the extension agreement, the Making Work Pay tax credit was replaced with the 2 percent reduction in the payroll tax.

The report indicates that Washington State is ranked 5th highest in the nation for per capita taxes paid in 2011. This demonstrates that Puget Sound, with a higher cost of living and commensurately higher salaries, generated high federal income tax payments. (Some of the wealthiest people in the world live in Washington State.) However, estimated at 9.3% of income, Washington’s state and local tax burden percentage ranks 29th highest nationally, below the national average of 9.8%. It also demonstrates how small the state and local tax burden is in comparison to the total taxes paid – at roughly one third of the total tax burden (currently at 26.8%).

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

EXHIBIT III – SUPPLEMENTAL INFORMATION

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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

CRIMINAL JUSTICE

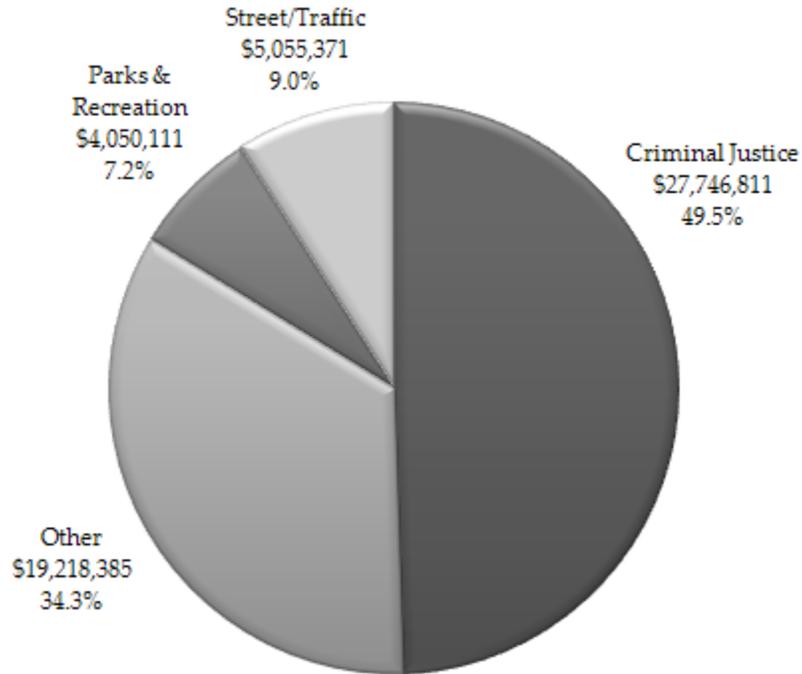
This analysis compares Criminal Justice expenditures to other General Government costs. Criminal Justice costs include: Police Department (including jail costs); Police Pension; Court and Probation costs; Prosecution and Indigent Defense (included in the Legal Department budget) and forty percent of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

General Government Budgets ⁽¹⁾ 2003 Through 2012

	2003 Amended Budget	2004 Amended Budget	2005 Amended Budget	2006 Amended Budget	2007 Amended Budget
General Fund					
Criminal Justice	\$19,702,698	\$20,061,761	\$20,794,116	\$22,857,422	\$25,014,331
Other	16,913,032	17,476,192	17,862,426	19,557,208	18,856,452
Parks & Recreation	3,620,410	3,832,816	3,905,396	4,074,592	4,199,143
Street/Traffic	5,192,894	4,883,030	5,273,574	5,522,653	5,907,882
Total	\$45,429,034	\$46,253,799	\$47,835,512	\$52,011,875	\$53,977,807
	June 2002	June 2003	June 2004	June 2005	June 2006
Consumer Price Index	184.1	185.7	190.4	194.8	203.8

(1) Excludes double budgeted transfers between general government funds

COSTS VS. OTHER GENERAL GOVERNMENT FUNCTIONS



2008 Amended Budget	2009 Amended Budget	2010 Amended Budget	2011 Amended Budget	2012 Preliminary Budget	2012 VS 2011	10 Year Increase	10 Year Increase
\$26,935,856	\$28,471,541	\$27,554,732	\$28,192,940	\$27,746,811	(1.6%)	46.1%	\$8,753,863
19,782,839	20,240,301	19,912,799	19,279,670	19,218,385	(0.3%)	23.4%	3,646,634
4,420,906	4,249,796	4,133,782	4,042,938	4,050,111	0.2%	15.6%	545,688
6,213,833	5,686,692	5,308,117	5,218,691	5,055,371	(3.1%)	4.7%	228,829
\$57,353,434	\$58,648,330	\$56,909,430	\$56,734,239	\$56,070,678	(1.2%)	30.7%	\$13,175,014
June 2007	June 2008	June 2009	June 2010	June 2011		10 Year Increase	
210.6	223.6	219.9	221.7	227.5		25.5%	

CRIMINAL JUSTICE SALES TAX – .3% EXPENDITURES AND REVENUES

	2008	2009	2010	2011	2012
	Actual	Actual	Actual	Year-End Estimate	Proposed Budget
General Fund					
Police Department					
Salaries & Benefits (includes overtime)	\$601,047	\$605,694	\$659,059	\$669,895	\$685,470
Miscellaneous (uniform/fuel/travel)	216,920	133,122	31,592	60,000	70,000
Liability Insurance	6,641	6,973	7,322	7,542	8,296
Professional Services/R&M Contractors	14,969	5,363	0	5,000	5,000
Yakima County Jail Cost	395,818	411,108	436,612	450,000	350,000
Total Police Department	1,235,395	1,162,260	1,134,585	1,192,437	1,118,766

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)	116,485	168,520	165,745	161,650	185,090
Professional Services	49,518	39,398	33,633	35,000	45,000
Miscellaneous (office supplies/travel/dues)	6,740	12,352	5,513	0	5,000
Total Municipal Court	172,743	220,270	204,891	196,650	235,090

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

Legal Dept					
Salaries & Benefits (includes overtime)	127,097	157,253	153,382	160,101	174,039
Professional Services	12,443	5,393	4,576	5,000	5,000
Miscellaneous (office supplies/travel/dues)	2,635	2,770	2,296	3,386	3,350
Total Legal Department	142,175	165,415	160,254	168,487	182,389

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)	37,895	30,494	28,061	27,566	16,689
Small Tools & Equipment	56,182	0	0	0	0
Miscellaneous	10,493	6,705	22,411	10,000	0
Professional Services/R & M Contractors	903	0	0	0	91,526
Data Processing Equipment	15,704	0	0	0	0
Total Information System	121,177	37,199	50,472	37,566	108,215

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

	2008	2009	2010	2011	2012
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Year-End</u> <u>Estimate</u>	<u>Proposed</u> <u>Budget</u>
Animal Control/Codes					
Salaries & Benefits (includes overtime)	\$57,211	\$74,789	\$67,264	\$60,604	\$69,039
Misc (uniforms/supplies/fuel/cell phone)	3,671	3,793	1,446	5,858	9,596
Total Animal Control/Codes	60,882	78,582	68,710	66,462	78,635

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

Human Resources					
Professional Services (employee recruitment)	7,100	6,750	6,000	7,500	7,500

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

General Fund Total Expenditures	<u><u>\$1,739,472</u></u>	<u><u>\$1,670,476</u></u>	<u><u>\$1,624,912</u></u>	<u><u>\$1,669,102</u></u>	<u><u>\$1,730,595</u></u>
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Other Funds					
Public Safety Communication					
Salaries & Benefits (includes overtime)	\$129,522	\$132,450	\$142,863	\$131,488	\$152,747
Small Tools & Equipment	3,580	6,761	0	0	0
Total Public Safety Communication	133,102	139,211	142,863	131,488	152,747

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

Law & Justice					
Small Tools & Equipment	6,611	12,870	15,268	3,000	0
Operating Equipment	7,931	7,853	5,365	12,000	12,000
Total Law & Justice	14,542	20,723	20,633	15,000	12,000

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

Total Expenditures	<u><u>\$1,887,116</u></u>	<u><u>\$1,830,410</u></u>	<u><u>\$1,788,408</u></u>	<u><u>\$1,815,590</u></u>	<u><u>\$1,895,342</u></u>
Revenue	\$1,901,925	\$1,795,873	\$1,789,171	\$1,816,700	\$1,809,500
Revenue over (Under) Expenditures	\$14,809	(\$34,537)	\$763	\$1,110	(\$85,842)
Cumulative Balance	\$325,298	\$290,761	\$291,524	\$292,634	\$206,792

SALARY AND BENEFIT COSTS

COSTS TO TOTAL BUDGET

The following chart represents the relationship of the City's salary and benefit costs to total budget for General Government and other funds of the City. The City's General Fund ranks the highest with salary and benefit costs, representing 71.2% of total fund expenditures. However, employee compensation and benefit costs for an individual department within the General Fund as a percentage of its total costs range from 31.7% to 93.9%. In several departments (including Police, Legal and Information Systems) if contracted services were excluded, the percentage of salary and compensation costs as a percentage of the division total costs would be considerably higher than what is depicted on the following chart.

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

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

- The City of Yakima spends, on the average, \$96 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

General Government	2012 Budget	2012 Salaries & Benefits	Labor Percentage
Police	\$22,581,273	\$16,647,591	73.7%
Fire	9,063,694	7,987,392	88.1%
Technology Services	2,370,823	1,687,086	71.2%
Financial Services	1,421,433	1,267,343	89.2%
Utility Customer Services	1,342,080	978,758	72.9%
Municipal Court	1,256,178	1,007,592	80.2%
Code Administration	1,219,611	961,241	78.8%
Legal	1,127,156	993,432	88.1%
Engineering	759,589	693,348	91.3%
Environmental Planning	647,063	601,676	93.0%
City Manager	529,576	497,476	93.9%
Purchasing	527,330	487,135	92.4%
Human Resources	517,627	478,317	92.4%
Records	468,842	197,653	42.2%
City Hall Maintenance	350,961	111,419	31.7%
City Council	205,214	102,814	50.1%
Other General Fund Expenditures	4,373,020	0	0.0%
Total General Fund	\$48,761,470	\$34,700,273	71.2%
Parks & Recreation	4,050,111	1,954,328	48.3%
Street & Traffic Operations	5,055,371	2,537,711	50.2%
Total General Government	\$57,866,952	\$39,192,312	67.7%
Economic Development	305,517	188,837	61.8%
Community Development	1,839,530	570,086	31.0%
Community Relations	613,116	404,061	65.9%
Cemetery	265,699	167,051	62.9%
Emergency Services	1,199,489	904,446	75.4%
Public Safety Communications	3,551,694	2,745,566	77.3%
Police Grants	1,101,962	768,035	69.7%
Stormwater	1,942,945	795,800	41.0%
Transit	7,697,952	3,568,039	46.4%
Refuse	5,117,429	1,375,773	26.9%
Wastewater Operating	18,415,827	5,144,395	27.9%
Water Operating	7,774,375	2,399,900	30.9%
Irrigation Operating	1,444,933	638,822	44.2%
Unemployment Comp Reserve	317,213	28,367	8.9%
Employment Health Benefit Reserve	11,217,959	124,807	1.1%
Workers Compensation Reserve	1,362,367	109,032	8.0%
Risk Management Reserve	9,914,055	605,849	6.1%
Equipment Rental	5,290,111	881,307	16.7%
Public Works Administration	1,185,273	620,518	52.4%
Other Funds (Capital/Debt Serv. etc)	49,020,628	0	0.0%
Total City-wide Budget	\$187,445,026	\$61,233,003	32.7%

RESOURCE AND EXPENDITURE BREAKDOWN

GRAPHIC PORTRAYAL OF CITY RESOURCE CONSUMPTION

The purpose of this section is to graphically present total City resources by category, and distribute them by function and type of expenditure for the 2012 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 2012 this includes primarily a revenue bond for Wastewater facility improvements and Public Works Trust Fund loans for utility capital needs.

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 7-11% of annual operating budgets.

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

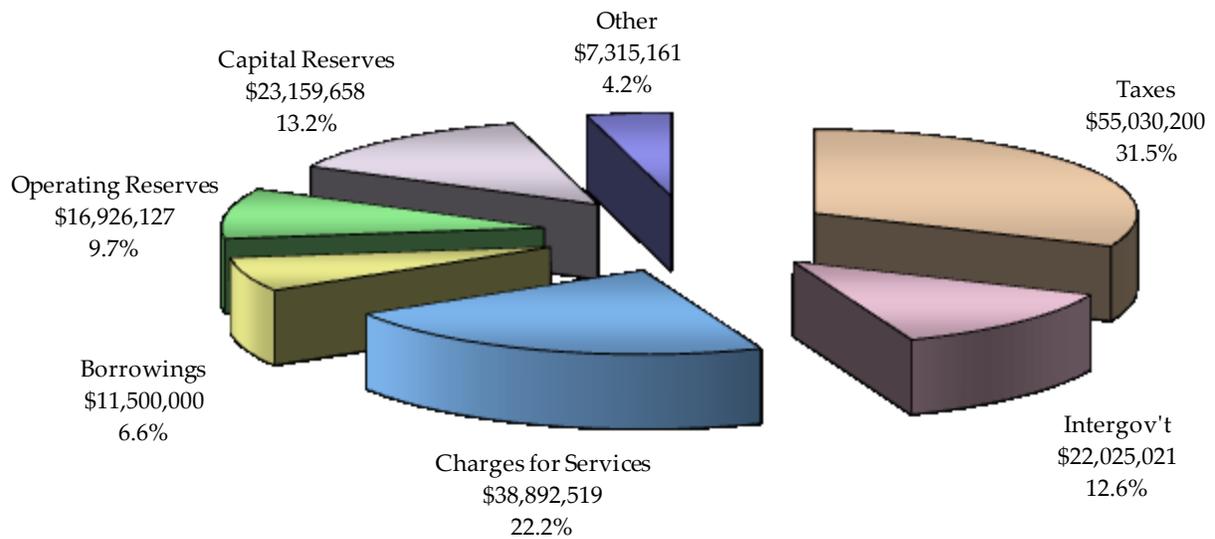
Taxes – Tax assessments are levied for the support of the governmental entity. Sales tax is the largest item in this category. It is followed by property tax, utility and franchise taxes, and various other business taxes.

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

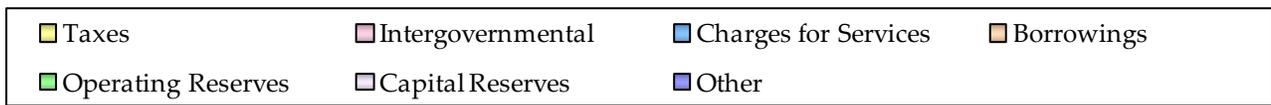
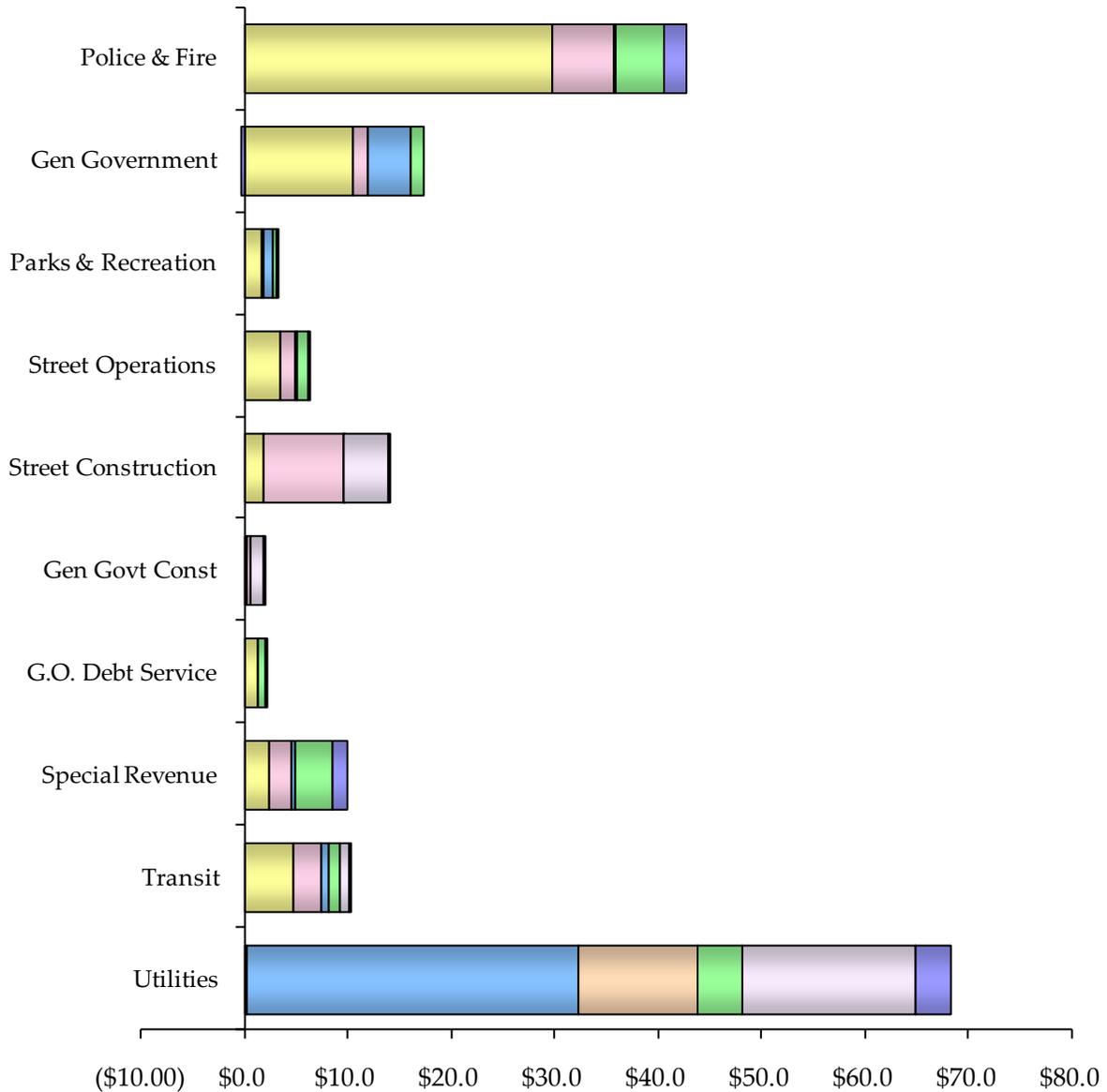
Lastly, included is a graphic by major object (or type) of expenditure, net of double budgeted expenditures.

**TOTAL RESOURCES
BY CATEGORY
2012 BUDGET**

TOTAL RESOURCES = \$174,848,686
(Excludes Internal Service Funds and other double budgeted resources of \$52,467,849)



**TOTAL RESOURCES
BY CATEGORY AND SOURCE
2012 BUDGET**



**TOTAL EXPENDITURES
BY TYPE
2012 BUDGET**

TOTAL EXPENDITURES = \$147,544,903
(Excludes double budgeted expenditures of \$39,900,122)

