

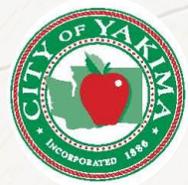
2015

Preliminary Budget Summary

CITY OF

Yakima,

Washington



**Martin Luther King Jr. underpass opening
July 23, 2014**

2015 PRELIMINARY BUDGET SUMMARY

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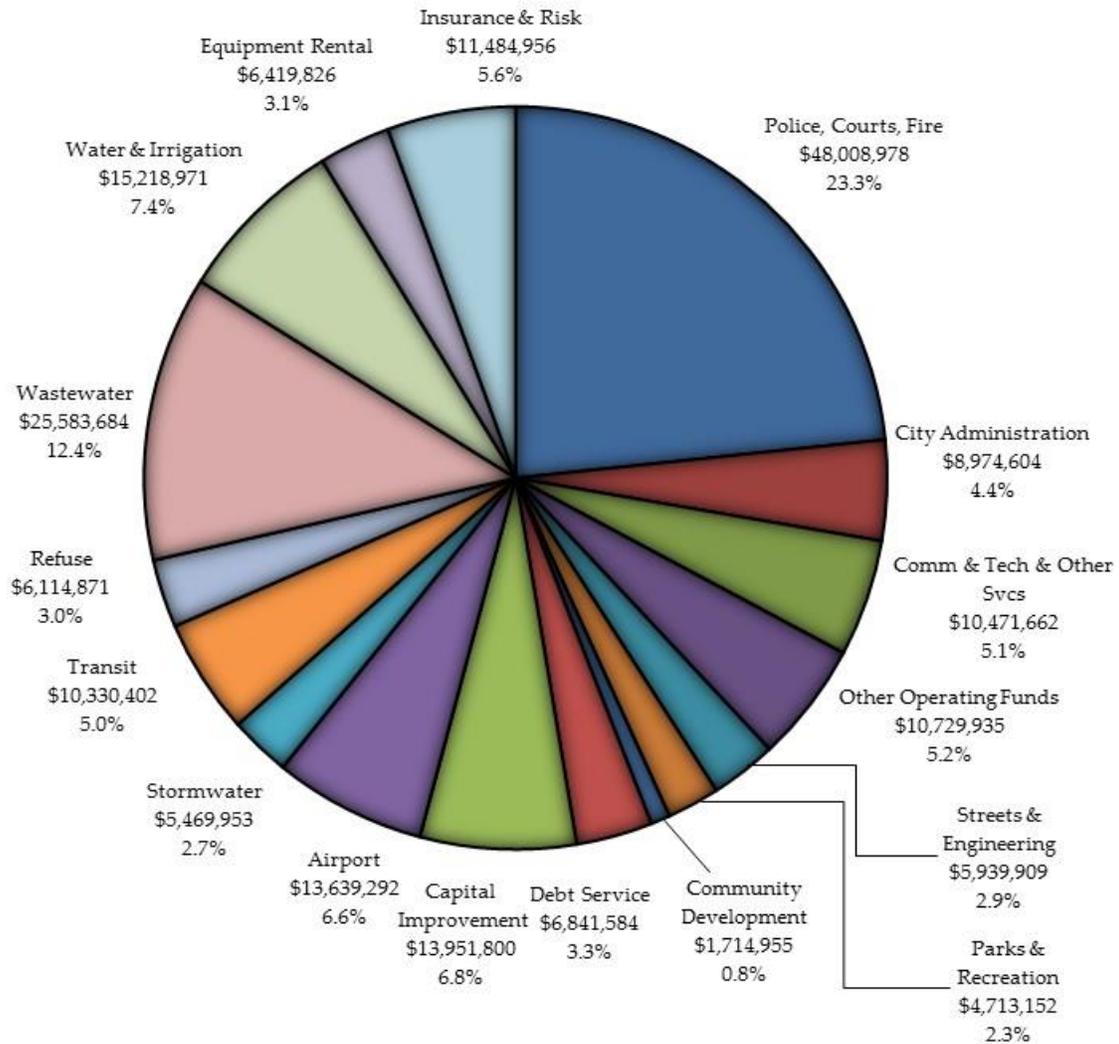
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2015 PRELIMINARY BUDGET SUMMARY



(\$70.5 Million General Government)

\$205.6 MILLION



CITY OF *Yakima*

STRATEGIC PRIORITIES

Economic Development

Public Safety

Improve the Built Environment

Public Trust and Accountability

Partnership Development

Adopted 2012



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MEMORANDUM

TO: Honorable Mayor and Members of the Yakima City Council

FROM: Tony O'Rourke, City Manager

DATE: November 14, 2014

SUBJECT: City Manager's 2015 Proposed Preliminary Budget Summary

I am pleased to submit for City Council review and consideration the 2015 Preliminary Budget. This budget is balanced, prudent, \$2.3 million less than 2014 projected year-end expenditures, and responsive to the City Council's and community's strategic priorities and needs. The 2015 budget is committed to ensuring a safe community with a thriving economy that spurs job growth and makes important investments in community infrastructure and appearance.

Producing a balanced budget has been challenging due to the sluggish recovery from the Great Recession. Although the recession officially ended in June 2009, its effects on the local economy, working-class families, and City finances persist. That said, the City has to confront ongoing and increasing demands for services, aging infrastructure, deferred capital improvements, and rising healthcare and pension costs.

Given these economic challenges, the FY 2015 budget is not proposing any new taxes or fee increases to further burden businesses and residents. The combined general operating and debt service tax levy will actually decrease by \$0.0163 per thousand or 0.5% over the 2014 combined tax levy. We also recommend delaying proposed stormwater, wastewater, water and refuse rate increases until 2016. The utility system capital improvements necessitating the stormwater, wastewater, water and refuse rate increases can be financed by excess operating and capital reserves in 2015. The need for a refuse fee increase to offset a projected \$350,000 operating shortfall will be offset by eliminating the leaf bag program, cart replacement postponement, and the use of refuse fund operation reserves. All these deferred rate increases will be reflected and adjusted for in the final 2015 budget adoption scheduled for December 9, 2014.

This budget is driven by the results of the last three annual citizen surveys that expressed a strong need to address the City’s public safety challenges, economic development needs, deferred infrastructure backlog, and community appearance. These expressed community priorities align perfectly with the City Council’s Strategic Plan priorities and underscore the necessity to stay the course and continue to deliver on the public’s and City Council’s core priorities.

The proposed budget does not reflect a proposed \$1.2 million contract between the City and Union Gap for fire prevention and suppression services since this proposed agreement is not scheduled for City Council review and consideration until November 18, 2014. If the City Council adopts the agreement, we will reflect these revenues and expenses in the final 2015 budget scheduled for a public hearing and final adoption on December 9, 2014. The budget does reflect the funds to comply with the public’s strong approval, on November 4, 2014, to dedicate \$750,000 annually for parks and recreation capital infrastructure or rehabilitation. On November 10, 2014, the City Council designated the \$750,000 be utilized for debt service payments on a new aquatic facility in partnership with the YMCA and a new soccer complex in partnership with a private soccer foundation. In addition, the budget also includes the financial resources to initiate the City Council commitment to the construction of a downtown plaza. Initial funding could support plaza engineering and construction in 2015 by securing the final \$5 million in private pledges to build this \$14 million public-private venture.

CITY BUDGET

The proposed FY 2015 City budget, including all funds, is balanced. The FY 2015 expenditure budget is \$205,608,534 and represents a \$2.3 million (1.1%) decrease over projected FY 2014 year-end expenditures. The 2015 expenditure budget of \$205.6 million is supported by revenue of \$197.5 million and surplus reserves of \$8.1 million. At the end of 2015, citywide budget reserves are projected to be at \$49.2 million (24%) of the 2015 budget expenditures compared to 21% reserves in FY 2014. The following charts highlight expenditures and changes in the 2014 projected year-end budget and proposed 2015 budget.

2014 VS. 2015 REVENUE BUDGET COMPARISON

Fund	2014 Year-End Estimate	2015 Projected Revenue	14 vs. 15 Budget % Change
General	\$58,211,636	\$61,061,259	4.9%
Parks and Recreation	4,519,614	4,709,455	4.2%
Street & Traffic Operations	4,639,310	4,718,610	1.7%
General Government Subtotal	67,370,560	70,489,324	4.6%
Utilities/Other Operating	69,452,999	70,705,373	1.8%
Capital Improvement	45,047,419	32,705,773	(27.4%)
Risk Management Reserves	3,367,000	3,684,000	9.4%
Employee Benefit Reserves	12,071,536	12,509,688	3.6%
G.O. Bond Debt Service	3,187,741	4,700,411	47.5%
Utility Revenue Bond Debt Service	2,146,286	2,134,280	(0.6%)
Trust and Agency Funds	625,171	620,277	(0.8%)
Total	\$203,268,712	\$197,549,126	(2.8%)

**2014 VS. 2015
EXPENDITURE BUDGET COMPARISON**

Fund	2014 Year-End Estimate	2015 Proposed Expenditures	14 vs. 15 Budget % Change
General Fund	\$58,966,443	\$60,738,516	3.0%
Parks	4,545,867	4,713,152	3.7%
Streets & Traffic	4,814,188	5,049,379	4.9%
General Government Total	68,326,497	70,501,047	3.2%
Utilities/Other Operating	68,154,653	72,043,937	5.7%
Capital Improvement	48,562,205	39,023,263	(19.6%)
Risk Management Reserves	3,643,852	3,715,688	2.0%
Employee Benefit Reserves	13,127,720	12,865,238	(2.0%)
G.O. Bond Debt Service	3,346,079	4,709,429	40.7%
Utility Revenue Bond Debt Service	2,144,786	2,132,155	(0.6%)
Trust and Agency Funds	622,671	617,777	(0.8%)
Total - Citywide Budget	<u>\$207,928,463</u>	<u>\$205,608,534</u>	(1.1%)

GENERAL GOVERNMENT FUND

The Preliminary 2015 General Government fund expenditure budget, which represents most core City services, is balanced at \$70,501,047 and represents a \$2.1 million (3.2%) increase over the 2014 year-end projected expenditure budget. The revenue budget is a \$70,489,324 (4.6%) increase over the projected 2014 year-end revenues. The 2015 year-end General Government operating reserves are projected to be \$9,916,093 or 14.1% of 2015 expenditures.

The General Government operating reserves are less than the City's financial management goal of 16.7% due to the use of \$1.1 million in operating reserves to purchase the four Tiger Mart sites in 2014. Once all four sites are sold, the operating reserve will be reimbursed and increased to 15.6%.

The 2015 General Government incremental revenue growth of \$2.1 million is based on the following:

- Proposed 1% inflation adjustment in property tax levy plus an estimate of 1.5% new construction. The combined general operating and debt service property tax levy will decrease by 0.5% over 2014 combined tax levy. \$407,000
- 4.25% growth in sales tax (6% annual growth the past three years). \$650,000
- Franchise and utility tax growth of 5.3%. \$873,000
- Charge for services growth of 2.9%. \$195,000
- Proposed sale of two Tiger Mart sites. \$400,000

BALANCING STRATEGY

We have balanced the 2015 General Government Fund budget using the following strategies:

- Instituting a 2% vacancy rate – Savings: \$1,025,000.
Personnel costs are budgeted at 98% to account for a minimum 2% position turnover/vacancy
- Health plan cost containment strategies – Savings: \$1,000,000
Based on the prior 18-month rolling average of the City’s health care costs, our third party administrator set next year’s self-insurance projected “premiums” with a 10% increase for employees and a 48% increase for dependents resulting in a projected \$2,000,000 increase to the Plan, of which employees would absorb 20% or \$400,000 and the City would absorb \$1.6 million. As a result, I directed our third party administrator to develop cost containment recommendations for our self-insured plan. We are going forward with implementing several of the recommendations that will save the plan an estimated \$1.6 million, with about \$1.0 million in General Government funds.

KEY COST DRIVERS

The principal cost increases in the proposed 2015 budget are due to:

- | | |
|--|-----------|
| ➤ Personnel cost of living wage increases (average 1.3%) | \$600,000 |
| ➤ Indigent defense unfunded mandate | \$550,000 |
| ➤ 10 new full time equivalent staff | \$830,000 |
| ○ Police Officers (2.0) | |
| ○ Police Recruiter (0.5) | |
| ○ Police Public Information Officer (1.0) | |
| ○ Police Applications Specialist (1.0) | |
| ○ Training Program Coordinator (1.0) | |
| ○ Emergency Management Specialist (0.5) | |
| ○ Crime & Intelligence Analyst (1.0) | |
| ○ Economic Development Dept. Assistant (1.0) | |
| ○ Public Disclosure Request Assistant (0.5) | |
| ○ Prosecuting Attorney (1.0) | |
| ○ Legal Assistant (0.5) | |
| ➤ Proposed PERS 2 mandated pension rate contribution increase
from 9.2% to 11.2% as of July 1, 2015 | \$260,000 |
| ➤ Dispatch center relocation | \$300,000 |

PUBLIC SAFETY INVESTMENTS

The core obligation of government is to provide a safe and secure environment for its residents, businesses, and visitors. Despite a 60% reduction in crime per capita since 1988 (and a 20% reduction in 2013), concern over random acts of gang violence, property crime, and auto theft continue to generate significant community angst about public safety in Yakima. Respondents to the 2014 Yakima Citizen Survey identified public safety and economic development as the top priorities for Yakima in the coming year. Based on the latest survey results, only 29% of residents rated their overall feeling of safety as good or excellent versus 23% in 2013. Additionally, 25% indicated a household member had been a victim of a crime in the past 12 months versus 29% in 2013.

To ensure a safe and secure environment, the City will continue placing a premium on crime prevention and suppression, fire and life safety, gang free initiatives, and an enhanced level of public safety services for Yakima.

Add Two Police Officers to Federal Task Forces\$175,000

The Yakima Police Department is working to optimize its resources and increase its effectiveness by expanding its presence on federal task forces. These task forces allow the department to leverage the resources of the federal agencies and allows for federal prosecution of violent offenders, particularly related to gangs, drugs, and guns. In order to maximize the benefit of the partnerships, the Police Department is proposing the addition of two (2) police officer positions to be department liaisons to the Alcohol, Tobacco, and Firearms (ATF) and Homeland Security federal task forces.

Upgrade Four Police Officer Positions to Corporal.....\$25,000

The Yakima Police Department has implemented a career development and succession plan over the past year. The creation of a corporal position adds a level of leadership between the police officer and police sergeant ranks. This would reorganize the patrol division, potentially reducing overtime by having a corporal assigned to each patrol squad. The corporal would be available to assume supervisory duties in the absence of the sergeant, rather than hiring another sergeant on overtime to cover the shift. Most importantly, these new promotional opportunities will provide a recognition and incentive to our best police officers to stay on the front line of the City’s crime suppression operation.

Add Part Time Human Resources Assistant for Police Recruitment.....\$45,000

The Yakima Police Department and Yakima Fire Department require the dedicated assistance of a part-time human resources assistant to oversee the advertising, recruiting, facilitating and monitoring of the hiring processes of both commissioned and non-commissioned personnel. This includes police officers, corrections officers, support personnel, firefighters, and communications personnel. These positions require regular testing and eligibility lists and need immediate attention in order for the best candidates to be considered. This initiative would improve public safety staffing by expediting vacancy replacements.

Add One Police Public Information Officer.....\$64,000

The Yakima Police Department proposes a reorganization that removes the Public Information Officer (PIO) duties from a command level officer and instead assigns those duties to a dedicated civilian position. A dedicated PIO will allow the department to be more proactive in garnering the public’s assistance and support through positive and effective information dissemination.

Yakima County Firing Range Partnership\$150,000

The Yakima Police Department (YPD) proposes to work cooperatively with Yakima County to share a firing range facility. Yakima County has recently opened a new, state of the art firing range facility in the East Valley area. Currently, YPD contracts with a private provider and the U.S. Army for range space, which can make it challenging to find openings in their range schedules to accommodate YPD personnel. This partnership would provide a state-of-the-art firing range for YPD and ensure the highest quality firearms training at a significant savings over building a separate range.

Replace Jail Control Panel.....\$165,000

The jail control panel controls all doors, speakers, and access points in the City jail. The current panel is almost 20 years old. The manufacturer is no longer in business and replacement parts are not available. The current system frequently breaks down and must be repaired by City staff. A new panel would interface with the jail video system and would modernize the jail operation and ensure a safe environment for both corrections officers and inmates.

Live Scan Fingerprinting System.....\$7,000

Washington State Patrol has advised all agencies responsible for processing concealed pistol license (CPLs) that consideration is being given to making it mandatory for fingerprints to be submitted electronically rather than on ink cards. The Police Services Division processes 2,000+ fingerprint cards on an annual basis. Currently, the department does not have the equipment needed to provide electronic fingerprinting services. The Live Scan system requires an initial 10% or \$7,000 match (\$70,000 system) for the purchase of the equipment, staff training, etc. as well as ongoing maintenance and service fees.

Radio Replacement Program.....\$15,000

There has not been a scheduled radio replacement system in place for portable radios. The department proposes to implement a 10-year radio replacement cycle to replace the oldest and most obsolete radio units. Ten percent of the total department-issued radios would be replaced each year. The exact number of radios needed may vary from year to year due to changes in staffing levels.

Complete SWAT Communications Center Upgrade.....\$31,000

Several members of the SWAT team have suffered hearing loss due to inadequate hearing/head protection. In 2014, the department upgraded the SWAT radios utilizing an emergency management grant. This proposal would finish the integration of the communication, hearing, and head protection systems.

Communications Center Relocation..... \$970,000 / \$243,000

The Public Safety Communications Division’s mission is to provide 9-1-1 call answering for the citizens of Yakima County and provide public safety dispatching for the City of Yakima and 14 other public safety agencies. The City Council recognized the need for a new public safety communications center and the need for additional space to accommodate the Yakima Police Department and, therefore, entered into an agreement with Yakima County to move the communications center from the Law & Justice Center to the County Resources Center.

The cost of the center will be shared equally by Yakima County and the City of Yakima. Within this budget are specific City, County, and shared capital and non-capital costs which also will be shared equally between the City and County. The anticipated annual bond repayment for the City of Yakima is budgeted to be \$211,000. The annual cost for maintenance and lease of the building will be \$64,000, for a total net cost of \$275,000 annually. In addition to relocating the 9-1-1 systems, the City must relocate the public safety communications equipment, which is estimated to cost \$975,000 and be funded through an intergovernmental loan.

Fire Ladder Truck.....\$1,150,000

The older of the City’s two ladder trucks, a 102’ LTI aerial platform, is a 1995 model year. With its elevated water stream, this apparatus has been crucial in controlling the spread of countless fires in the city and county with mutual aid calls. At 20 years of age, the lifespan of this apparatus is coming to a close. Although it has served the community well, the 1995 ladder truck has reached the end of its useful life.

Taking into account specification writing and construction time on such a significant venture, it will take approximately 24 months from the beginning of this project until delivery and in-service time. This would be a replacement, and does not constitute a net increase of apparatus.

Fire Engine.....\$450,000

Consistent with a Council-approved apparatus replacement strategy, this new fire engine would be placed in front-line service to replace a 2003 model that would go into reserve service and remove a 1991 engine that has been on reserve status. Taking into account specification writing and construction time, it will take approximately 18 months from the beginning of this project until delivery and in-service time.

Rehab/Breathing Air Resource Unit.....\$75,000

The most recent update of the Washington Administrative Code (WAC) includes significant changes and requirements in emergency scene firefighter rehabilitation. With the current rehab and air units each being deployed and operated by a small cadre of our reserves, and because of the lack of personnel to deploy both units, incident commanders are forced to choose between the most time sensitive need. The desired combined unit would serve to consolidate two older, smaller, single-purpose vehicles into one more capable and efficient vehicle.

Indigent Defense Services.....\$550,000

The Washington Supreme Court has imposed a new caseload limit for attorneys providing public defense services for misdemeanor cases. The new caseload limit is 300 cases per year if based on a new case weighting system and 400 cases per year if no case weighting system is used. Due to the City’s heavy DUI and domestic violence caseloads, case weighting is not a preferred option. Accordingly, the criminal caseload of a public defender cannot exceed 400.

To reduce the cost impacts of the Supreme Court decision on indigent defense, the City has employed a Pre-Filing Diversion Program and a Prosecution Charging Unit. These two initiatives have reduced our misdemeanor caseload by one-third since 2013. Despite that, the full implementation of the Washington Supreme Court indigent defense requirement will necessitate four new defense counsel at a cost of \$400,000.

To meet the demands of the additional four defense attorneys, prosecution staffing levels will need to be increased by one attorney and an assistant at a cost of \$150,000. The total cost of indigent defense services will be \$1,000,000 in 2015.

Emergency Preparedness.....\$52,000

The Council voted on August 5, 2014 for the self-determination of the City’s Emergency Preparedness. This became a new area of responsibility and budget for the City of Yakima. The

evolution of Emergency Management in Yakima will require a staff addition (50% Employee) and external professional services to certify and develop the skill sets of incident response.

ECONOMIC DEVELOPMENT INVESTMENTS

In 2014, Yakima residents identified economic development as one of the two top priorities for the Yakima community in 2015. Only 26% of the survey respondents believe the current economic health of the community is positive, only 21% believe the downtown was vibrant and only 33% rated shopping opportunities as positive. Given the community’s desire for more jobs, retail opportunities, enhanced air service, a vibrant downtown, and economic diversification, the 2015 budget includes the following initiatives to foster a more robust and vital economy.

Cascade Mill Site.....\$3,500,000

The City of Yakima has a number of initiatives related to the Cascade Mill Redevelopment Project in 2015. The FY 2015 budget investment of \$3,500,000 for the Cascade Mill Site will be crucial to converting the former lumber mill and municipal landfill into an economic asset and job creator. The mill site improvements will be funded by a Local Infrastructure Financing Tool (LIFT) funding reimbursement from the State of Washington of \$1 million annually and a Yakima County SIED loan/grant is available in the amount of \$900,000 if needed. The proposed Cascade Mill Site initiative in 2015 includes:

- In 2015, the City will be working closely with the Department of Ecology (DOE) to prepare the permitting documents for cleanup of the former municipal landfill and the removal of wood waste.
- In 2015, a funding strategy will be developed in cooperation with DOE for use of Brownfield and Model Toxic Control Act (MOTCA) grant funds for the cleanup and remediation of the landfill and the plywood plant sites.
- A \$2.6 million roundabout is planned at the intersection of Fair Avenue, Lincoln Avenue, and MLK, Jr. Blvd.
- The federally required Interstate 82 interchange modification process will be largely completed in 2015. The Washington State Department of Transportation is the lead agency for the interchange project and will be supported by the City and Yakima County.
- The City and County have a contract with Lochner & Associates to prepare the engineering and environmental review of the interchange project, the east-west corridor and the Cascade Mill Parkway. Other development site issues have also been addressed under this professional services contract.

Enhance/Expand Downtown Events\$102,000

In 2013, the City of Yakima created new special events to activate the downtown district. The events included Downtown Summer Nights, Lunchtime Live, and Light Up the Plaza. In 2014, the City introduced the Blues and Local Brews Festival, which took place in the Historic North Front Street District and Viva La Musica concert series in Miller Park. In 2015, we intend to expand the Viva La Musica concert series to 12 weeks, expand the Blues and Local Brews Festival to include national entertainers and introduce three new events. In May, we will roll out a new Country American music event, in June we will do a children’s activity event, and in September we will introduce a harvest food event. Many of these events include revenue sources (ticketing, beer / wine sales, sponsorships) to offset the \$102,000 cost of the new events.

Hire an Economic Development Department Assistant.....\$66,000

In 2015, the City of Yakima will add a second full time employee to the Economic Development Department. The Economic Development Assistant will research local economic data, perform all administrative functions of the economic development department, issue all special event permits city wide, and lead implementation and partnership efforts for City sponsored special events’ program including Downtown Summer Nights, Lunchtime Live, Yakima Blues and Local Brews, Country Americana Festival, Windows Alive as well as develop new events and activities. This new position will free time for the Economic Development Manager to focus attention on retail recruitment efforts, air service expansion, local business outreach, and other higher impact economic development endeavors.

SunDome Investment\$100,000

The SunDome is a Yakima County, tourism-related facility. The County plans to invest up to \$400,000 for capital facilities, marketing, and upgrades. The City proposes using \$75,000 of the lodging tax and \$25,000 in the general fund to generate more SunDome events and tourism dollars for the Yakima economy.

Airport Marketing.....\$125,000

In September of 2014, the City of Yakima was awarded a two year, \$290,000 Small Community Air Service Development Grant from the Federal Department of Transportation. This grant will be matched by \$290,000 of local funds to assist in the expansion of our local air service opportunities. In 2015, we will engage in further negotiations with Alaska Airlines to add a fourth flight to their SeaTac hub and use our local funds to market the additional service. At Alaska’s request, we will also begin discussions on adding a daily flight to Portland. The grant and City matching contribution are budgeted as follows:

	<u>2015</u>	<u>2016</u>	<u>Total</u>
General Fund	\$250,000	\$330,000	\$580,000
Federal Grant	\$125,000	\$165,000	\$290,000
Net	\$125,000	\$165,000	\$290,000

Relocate Visitor Information Center\$130,000

The Yakima Valley Visitor Information Center is located on Fair Avenue next to the Gateway Center. While its location is easily visible to travelers on I-82, it is not easy to find once travelers get onto Yakima Avenue. In 2013, the Visitor Information Center served nearly 14,000 walk-in visitors. The building is owned by the City of Yakima. Staff proposes moving the Visitor Information Center to a City-owned parcel of land on the corner of 9th Street and Yakima Avenue to make it very accessible to travelers and to make it an easier launching pad to many of the City of Yakima’s restaurants, hotels, and other unique attractions. In this new location, we anticipate a higher usage of the center’s offerings as well as a making it better able to serve as an effective advocate for Yakima-based attractions.

Wine, Craft Beer, and Cider Marketing/Branding.....\$50,000

Numerous Northwest cities have strengthened their local economies by focusing on the promotion and branding of their local beverage industries. Bend, Oregon’s “Beer Trail”, Woodinville, Washington’s “Wine Country”, and Walla Walla, Washington’s wine industry are huge draws for travelers and have gained recognition for their communities through numerous articles in

magazines and newspapers. In Yakima, we have seven locally-owned wineries, two local distilleries, two locally owned breweries with four more in the works, and a nationally-regarded cider production facility that opened within City limits in late 2014. The critical mass and quality of our product is significant enough to draw travelers, but we lack a cohesive marketing message, special event promotional package, and publicity plan to communicate our community offerings to a larger audience. This project will work directly with Yakima’s private sector beverage industry to create a cohesive strategic marketing and branding initiative.

Update Expansion Feasibility Study\$16,000

Built in 1976, the Yakima Convention Center is an important asset for downtown, the City of Yakima, and Yakima County. Each year the Center attracts and serves around 120,000 people, resulting in \$8 million in direct economic impact. The Center has grown through two expansions (1996 and 2001) plus the addition of a plaza. The 1996 expansion was funded by Hotel/Motel Tax, and will be paid in full in 2019. The 2001 addition was funded by the Public Facilities District (PFD) state sales tax credit and will be paid in full in 2026.

In 2007, GVA Kidder Mathews of Bellevue was commissioned to conduct a feasibility study for an expansion of the Center, utilizing data from 2007 or earlier. While their report did support a smaller facility expansion, due to the uncertainty of the economy it was decided not to pursue an expansion in the near term. As the recession has subsided and the market conditions have changed, the PFD Board has decided it is time to reassess the potential. GVA Kidder Mathews has informed us that to update the existing plan would cost \$16,000 (the original work cost \$26,000). Briefly, the scope of work would:

- Determine and evaluate the Yakima Convention Center Market in comparison to competitors.
- Estimate the market share obtainable by an expanded facility.
- Review facility space requirements to ensure they match potential markets.
- Identify tradeoff of space versus if facility is not built to match market potential.
- Determine potential growth of hotel/motel tax for the next five years.
- Project operating revenue for the next five years.

The results of the study will help staff, the PFD, and the City determine if an expansion is feasible and if so, what options could be pursued.

BUILT ENVIRONMENT

The City’s infrastructure and overall appearance are critical components of the community’s image, quality, and vitality. The restoration of the City’s built environment is a critical component to its future success. In 2014, citizen survey respondents rated the overall built environment of Yakima as 39% good or excellent. To that end, the following 2015 budget initiatives are proposed.

Airport Taxiway/Airfield Lighting Improvements.....\$12,500,000

The Yakima Air Terminal is an integral part of the City’s transportation system and economic development infrastructure. Through close cooperation with the Federal Aviation Administration, the Airport recently received two grants totaling \$10 million, which were matched by \$1.1 million in airport passenger fees to rehabilitate the airport’s primary taxiway and associated taxiway connectors. In addition to the two grants, the airport will utilize its passenger facility charges to fund the remaining

balance of the project. This project will replace aging asphalt, taxiway lights, taxiway signs, and airfield markings to ensure the airport will continually meet Federal Aviation regulations while meeting future aviation demands. These projects are being carried forward from 2014.

North 1st Street Improvements\$1,300,000

The engineering design of the revitalization of North 1st Street from Martin Luther King, Jr. Boulevard (MLK) to 'N' Street will be completed in 2015 and the relocation of the overhead utilities will begin in 2015. The revitalization will consist of installing and upgrading the streets, sidewalks, medians, and landscaping of this section of North 1st Street to improve safety and attract development. The overhead utilities will be relocated to adjacent streets and alleys. In addition, to accomplish a complete "street" upgrade, \$3.2 million in water and stormwater projects are scheduled for North 1st Street in 2015.

21st Avenue Road Improvements\$175,000

The Yakima Air Terminal is an integral part of the City's transportation system and economic development infrastructure. The airport continues to see growth in a variety of areas to include passengers utilizing airline service, cargo operations, and the need for additional hangar development. As outlined in the Draft Airport Master Plan, it is recommended the South Air Park area located at 21st Avenue and Ahtanum Road continue to be focal points for further corporate and general aviation expansion. In order to facilitate additional hangars, the airport administration in conjunction with airport stakeholders, has met to discuss infrastructure improvements to meet the airport's aviation demands.

Randall Park Improvements\$900,000

Randall Park is over 40 years old and is in need of renovation. In 2010, the two wooden bridges that led to the nature area of the park were removed due to poor condition. In September of 2013, a \$50,000 anonymous donation was made for improvements to Randall Park. A citizens committee was formed and renovation needs were identified. In December of 2013, another anonymous donation was made for \$100,000. This donation came with a challenge to the community to match the funds. Donations continue to be received for the project. In August 2014, a proposal was submitted to the Recreation and Conservation Office (RCO) for the State of Washington for a grant of \$500,000 for the park. The proposal ranked 8th among 70 applications and it is very probable the project will receive the \$500,000. Some of the components of the renovation are: new parking lots, new restroom (with the possibility of an additional restroom on the 48th Avenue side of the park), new asphalt walkways, new entrance signs, new duck pond observation deck, new playground and new picnic shelter.

Lincoln Underpass Sidewalk & Artwork\$600,000

Construct an elevated sidewalk on Lincoln Ave to improve pedestrian safety. The elevated sidewalk was not included in the original Lincoln Underpass contract because staff originally planned to use Lincoln as a 2-way detour route during the construction of the Martin Luther King Jr. underpass and needed all available width to accomplish the detour. (\$250,000)
Construct the "Bins of Light" public art project on the Lincoln grade separation. The "Bins of Light" is envisioned to celebrate Yakima's fruit industry heritage with images of fruit labels and fruit bins lit by both natural and artificial light sources. (\$350,000)

City Hall Improvements\$440,000

Yakima City Hall was built in 1949 and has had few upgrades made to the building over the past six decades. In 2014, improvements were made to the first floor of City Hall. It is proposed that in 2015 several customer-focused interior improvements be made to the second floor of City Hall in order to update both the appearance and functionality, including consideration of ADA access for all the public areas. Along with the upgrades to the second floor, it is necessary to replace both elevators which are 65 years old.

Irrigation Improvements\$1,250,000

Complete the West Yakima irrigation system refurbishment project which will replace leaking wood staved, steel, and PVC piping. The first phase of the project is being completed in 2014. This is the first refurbishment of the system since it was built more than 80 years ago. (\$750,000)

The City currently diverts water from the Naches River in two places: one to put water in the Fruitvale Canal and the other into the general irrigation system. This project consolidates the diversions into one location at the Nelson Dam. The consolidation decreases maintenance and operation costs and reduces water loss due to piping the water rather than using open canals. (\$500,000)

Water System Improvements.....\$2,500,000

There are old existing 8" and 6" waterlines under the sidewalks on North 1st Street. As part of the North 1st Street project, these lines will be replaced with one 12" waterline roughly in the center of the road, per City design standards. (\$1,400,000)

As a normal part of the river evolution process, the Naches River has moved away from the City's water intake structure. This project builds check structure and diversions to redirect the river back to the intake structure and stabilize the river's path. It also provides improved fish habitat. (\$1,000,000)

Wastewater Improvements.....\$4,690,000

These improvements include a number of smaller capital projects in support of the collections system and treatment plant. The major project is the Beech Street Lift Station/Trunk Line and Speedway Line which will add a lift station and force mains to augment existing infrastructure and serve the future Mill Site improvements. A future phase of this project eliminates the existing Race Street Lift Station and the Tamarack Lift Station, consolidating all flows into the new Beech Street Lift Station which will save operations and maintenance costs. (\$1,800,000)

Stormwater Improvements.....\$2,025,000

All Stormwater improvements are related to other City projects and includes:

Piping and associated improvements in support of the North 1st Street Improvement project. (\$1,790,000)

Randall Park improvements will be made in order to increase retention capacity. This work is important since any improvements in retention that can be made in the upper area of the drainage basin will decrease the size of piping required in the lower part of the basin. (\$50,000)

Stormwater improvements will also be made during the construction of the Fair Avenue round-about to access the Cascade Mill site. (\$160,000)

Top Ten Capital Improvements\$27,387,600

<u>Description</u>	2015	
	Proposed Expenditures	Funding Source
Airport Taxiway Improvements	\$12,500,000	Grant/Match
Yakima Rev Development Area (LIFT)	3,500,000	State/Match/County SIED Program
Fire Apparatus - Ladder Truck, Engine and Vehicles	1,854,000	State LOCAL Capital Lease
Wastewater Speedway/Race St Piping	1,800,000	Capital Rates/Reserves
Stormwater - N. 1st Street Improvements	1,790,000	Capital Rates/Reserves
Water - Domestic Main N. 1st Street	1,400,000	Capital Rates/Reserves
N. 1st Street Revitalization	1,300,000	Balance from Underpass Project
Replace Three Busses	1,300,000	Transit Sales Tax
Water Treatment Plant - Modifications to River	1,000,000	Capital Rates/Reserves
Arterial Streets - 64th and Tieton Signal	943,600	State Grants/Gas Tax
	<u>\$27,387,600</u>	

PARTNERSHIP INVESTMENTS

The City of Yakima is committed to building cooperative and reciprocal partnerships with local, regional, state, federal, non-profit, and private entities to enhance the vitality and quality of life for its residents, businesses, and guests. To that end, the City proposes the following partnership investments in 2015.

Capitol Theatre Management Fee Increase\$50,000

The Capitol Theatre 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 work under the covenants of a management agreement that has been in place since the 1975 reopening of the facility. Under the terms of the agreement, the Capitol Theatre Committee is responsible for:

- The enhancement of the economic and cultural climate of the City and its environs
- The promotion, operation, and/or use of such facility for assembly purposes
- All costs of administration and daily operational expenses including general maintenance

The City is responsible for the major upkeep, maintenance, and repair of the Theatre premises and fixtures. The City proposes to increase the Capitol Theatre Management Fee by \$50,000 (from \$232,000 to \$282,000) in order to enhance the Capitol Theatre’s ability to expand and diversify its programming and improve its marketing outreach.

Convention Center Management Fee Increase.....\$13,000

Yakima Valley Tourism manages and operates the Yakima Convention Center. Over the years, operation and management costs have continued to increase. Staff is requesting that the management and operation fee be increased by \$13,000 in 2015 to assist in marketing efforts of

Yakima in order to stimulate economic growth through convention business and tourism. This will increase the annual management fee from \$708,200 to \$721,200 in 2015.

Southeast Community Center.....\$100,000

The Southeast Community Center is another City-owned facility in need of upgrades. While the City pays a fee for management and operations of the facility, it has contributed minimally toward facility improvements. The existing restrooms are 40 years old, in disrepair, and are beginning to fail. Staff proposed that the City provide the supplies and materials needed for the remodel along with major plumbing and electrical contractor costs.

Sports Commission Fee Increase.....\$8,000

The Yakima Sports Commission is responsible for bringing new and existing sporting events to the City of Yakima. These events contribute millions of dollars to Yakima’s economy. Staff proposes increasing the Sports Commission fee from \$59,000 to \$65,000 in 2015.

PUBLIC TRUST AND ACCOUNTABILITY INVESTMENT

In response to the public’s dissatisfaction with the City’s infrastructure, and desire to improve public engagement, customer service, and fiscal accountability, the 2015 budget includes the investments below.

Customer Service Training.....\$100,000

Based on the information gathered from citizen and employee surveys, in 2015 the City will continue its Excellence in Customer Service Academy in which employees train peers on customer service and various other skills that can be used in working with the public.

Citizen Survey\$35,000

The annual citizen survey provides valuable information to the City Council and staff as to what the citizens think about the community and suggestions on how funds should be spent. The results help the Council establish and set priorities of City programs and services to respond to the citizens’ requests. The first survey was conducted in 2012 and it was clear the City had not been listening to its citizens. Based on the 2014 results, the City is making improvements in several areas, specifically the overall direction the City is heading. Staff suggests conducting the annual citizen survey in 2015 to see if the City continues making progress in meeting the needs of the citizens.

Employee Survey.....\$17,500

The City of Yakima has made a commitment to seek input from employees on the health and climate of the organization and then use that information to develop strategies for organizational improvements. This assessment is one tool to help City leadership leverage strengths and address opportunities to continue its work to create a higher performing organization. Staff suggests that the employee survey be conducted in 2015 to see what improvements have been made and what changes still need to be made.

Purchasing Software.....\$25,000

Purchasing procurement system to automate current manual processes. The County will fund 47% of this purchase since it shares the purchasing function with the City.

CONCLUSION

The 2015 proposed budget addresses the City's essential priorities and capital needs and will allow the City to achieve critical community and strategic plan goals. It also puts in place a plan that supports the City's efforts to ensure continued financial stability and sustainability in future years. In presenting the budget to the City Council, I would like to acknowledge and express appreciation to the City leadership team and staff for its willingness to submit realistic budget requests and develop initiatives to meet the Council's and community's priorities. I would also like to recognize the Finance Department for its assistance in preparing this budget and its comprehensive presentation.

Most importantly, I would like to recognize the City Council for its leadership in adopting the Strategic Plan, Five Year Financial Plan, and conducting annual citizen surveys, which have served as the foundation for the proposed 2015 budget. The Council should also be recognized for its commitment to move the City toward a brighter and more sustainable future.

Tony O'Rourke
City Manager

INTRODUCTION: BUDGET SUMMARY

This Budget Summary Section provides a high-level overview of the 2014 year-end forecast and the preliminary 2015 budget, along with significant issues that have affected the City's fiscal position in the past year and/or are anticipated to have a material impact in 2015.

2014 YEAR END ESTIMATE VS. 2015 BUDGET OVERVIEW

The chart below shows the 2015 budget, including beginning and ending fund balances in summary format.

2014 BUDGET SUMMARY

	Estimated 2015 Beg. Fund Balance	2015 Projected Revenue	2015 Proposed Expenditure	Use of Reserves	Estimated 2015 Ending Balance
General Fund	\$8,374,076	\$61,061,259	\$60,738,516	\$322,743	\$8,696,819
Parks and Recreation	556,239	4,709,455	4,713,152	(3,697)	\$552,542
Street & Traffic Operations	997,502	4,718,610	5,049,379	(330,769)	\$666,733
General Government Subtotal	9,927,817	70,489,324	70,501,047	(11,723)	9,916,094
Utilities/Other Operating	18,710,967	70,705,373	72,043,937	(1,338,564)	\$17,372,403
Capital Improvement	19,974,697	32,705,773	39,023,263	(6,317,490)	\$13,657,207
Risk Management Reserves	742,707	3,684,000	3,715,688	(31,688)	\$711,019
Employee Benefit Reserves	4,829,352	12,509,688	12,865,238	(355,550)	\$4,473,802
G.O. Bond Debt Service	340,814	4,700,411	4,709,429	(9,018)	\$331,796
Utility Revenue Bond Debt Service	1,762,214	2,134,280	2,132,155	2,125	\$1,764,339
Trust and Agency Funds	958,666	620,277	617,777	2,500	\$961,166
Total	\$57,247,234	\$197,549,126	\$205,608,534	(\$8,059,408)	\$49,187,826

The estimated resources for all funds, including beginning balances, are \$254.8 million. This represents a decrease of \$10.4 million or 3.9% less than the 2014 Year-End Estimate of \$265.2 million.

The expenditure budget for FY 2015 for all funds is \$205.6 million. This represents a decrease of \$2.3 million or 1.1% less than the 2014 Year-End Estimate.

Some features of the Fiscal Year 2015 budget that should be noted are:

Revenues

- The general operating property tax levy for FY 2015 is estimated to be \$3.122 per \$1,000 of assessed value, an increase of \$0.0034 or 0.1% over the current rate.
- The debt related to the voter-approved levy was paid in full in 2014, so the levy the 2014 levy of \$0.0197 is totally eliminated.
- The combined general operating and debt service levy rate is \$3.122 per \$1,000 of assessed value, a **decrease of \$0.016 or 0.5%**.

- Refuse is proposing a rate increase that will average about 7% in total, ranging from \$0.98 to \$2.00 per account per month. This will be the first rate increase to support the basic operations of this utility since 2008.
- Water, Wastewater, Stormwater and Irrigation utilities are not proposing rate adjustments in 2015. Recent rate studies indicate increases are needed for all but Irrigation, but management is proposing to postpone any rate adjustments until 2016.

Personnel

- 754.42 total proposed full-time (FTE) positions in all funds for Fiscal Year 2015.
- A net increase of 6.0 FTE's from 2014.
- Refer to the *General Staffing* section for more information.

Capital Improvements

- The City will invest \$40.5 million in FY 2015 to address its capital needs. This includes all capital funds and the equipment replacement portion of the Equipment Rental fund.

FINANCIAL CONDITION

Despite several years of downward pressure on revenues mainly due to tax relief legislation and the economic recession, Yakima is emerging from the recession and is continuing to maintain fiscal stability.

Bond Ratings

The City is proud of affirming an "AA-" rating from Standard and Poor's on its water and wastewater utilities. Also, in 2014 Standard and Poor's upgraded the City's rating on its general obligation bonds from "A+" to "AA-" in 2014. Careful preparation by the staff, combined with good audits, high level of fiscal responsibility and comprehensive written financial policies resulted in this upgrade. A better rating means the City's general obligation bonds are considered to be of high investment quality, which translates into lower interest rates and corresponding lower interest payments.

Revenues

Ad valorem taxes - To ensure its long-term financial success, the City is proposing to set its operating property tax levy at rate of \$3.1222 per \$1,000 of assessed value in Fiscal Year 2015. The State law allows the City to impose 1% above the prior year levy, plus levies for new construction and annexations. The City estimates to collect \$407,000 or 2.5% more in the FY 2015 levy than it did in FY 2014, as new construction is estimated to generate 1.5% added to the 1% inflationary increase.

The City's sales, franchise, and other demand-driven revenues fluctuate with the economy. As the City has learned over the past few years, a slumping economy leads to lower retail sales, which in turn, translates to lower sales tax revenue. Less traveling leads to lower fuel tax revenue. Declining economic growth leads to less construction, less renovation, fewer home improvements, and thus declining revenue. Positive economic growth, on the other hand, promises to reverse this trend. Most economists are expecting the economy to grow at a modest rate during the coming year. However, rather than growth returning to normal levels quickly, the economy will move slowly but steadily upward. The City has, therefore, adopted a moderate growth philosophy for FY 2015 revenue estimates.

MAJOR POLICY CONSIDERATIONS

The recent recession continues to present a strong headwind, and the lethargic economic recovery only exacerbates the City's financial pressures. According to most economists, the economy's key bellwether, the Gross Domestic Product (GDP), is forecast to grow only 2.0% to 3.0% annually.

5-Year Plan Financial Plan

In the summer of 2012, the City Council was presented with a preliminary 5-year financial forecast that was based on existing revenue streams and city services. Those projections were based on an assumption of continuing business as usual – with our current structure, services, operating practices, etc. That report provided a look at the financial consequences of maintaining the status quo, which were annual deficits ranging from \$1.5 to \$4.0 million between FY 2014 and FY 2017.

On August 21st, 2012, the official 5-year financial plan was adopted by the City Council. This was the next step in addressing long-term strategies to balance the General Government (i.e. tax-supported funds, which include General; Streets and Traffic Engineering; and Parks and Recreation) budgets. Budget balancing strategies in this first report included:

- Wage and Benefit concessions
- Airport Fire Service reassignments
- 2% Vacancy rate
- Health Care cost adjustments
- Managed Competition
- Attrition/Service reductions

The Five-Year Financial Plan was designed to focus on the City's General Government given these operations are core to the City's ability to provide essential services and capital improvements. As time goes on, this plan is being monitored, as economic/business conditions will likely be different from preliminary estimates. The plan was updated and presented to Council on January 21, 2014. Any significant changes in assumptions will require future modifications to the plan.

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

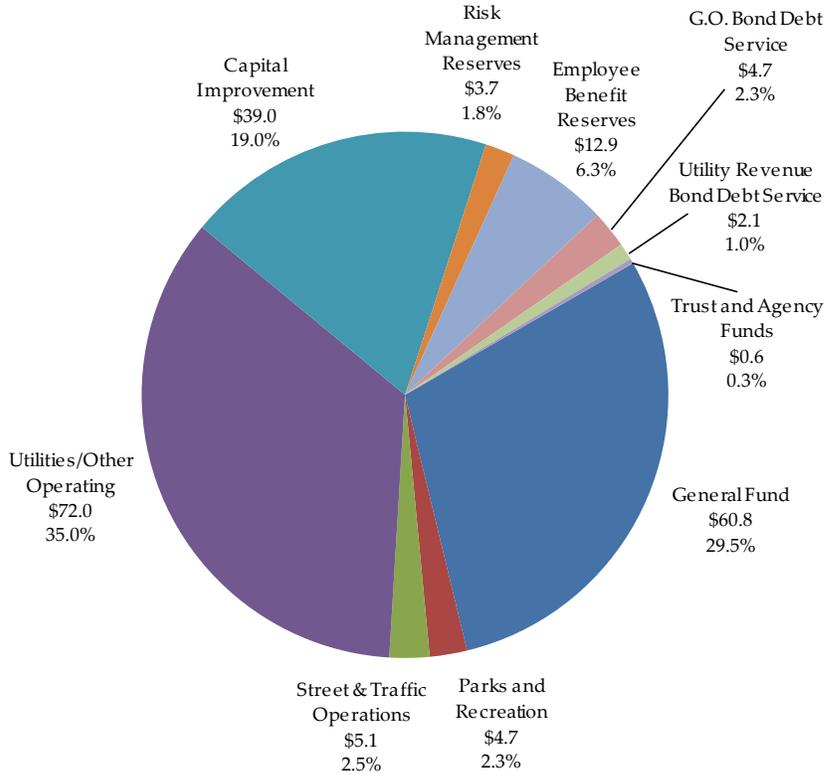
- Ensuring a financially sustainable future.
- Preservation of the City's core services.
- Commitment to funding infrastructure; facilities and rolling stock.
- Addressing Strategic Plan priorities.

Based on the results of the preliminary Five-Year Financial Forecast, the City developed a longer-term strategy for dealing with both the current and future budget reality, which included maintaining a 2% vacancy rate that was to be carried forward into future years.

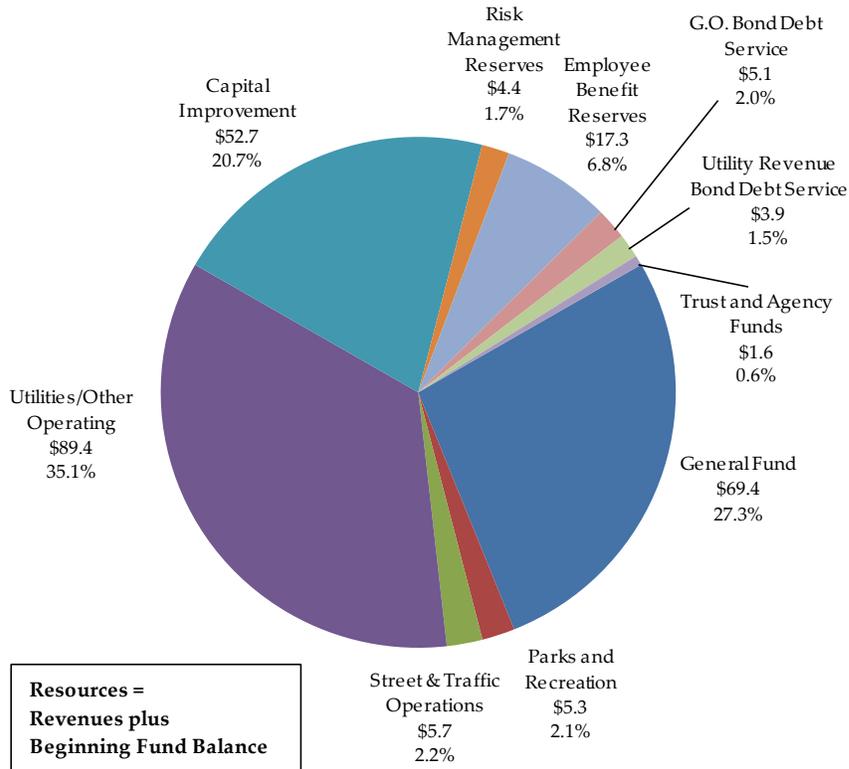
Although the City of Yakima is slowly coming out of the worst economic recession in recent history, the Five Year Financial Plan represents a prudent and balanced strategy for meeting its fiscal challenges. The strategy reflected in the Five Year Financial Plan allows the City to eliminate projected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

Despite economic hurdles, the City must continue to invest in its core strategic priorities. To that end, several initiatives have been proposed in 2014 and 2015 to address and advance the City Council's five strategic priorities as set forth in the updated 5-Year Plan.

**2015 EXPENDITURE BUDGET BY FUND
(\$205.6 MILLION)**



**2015 RESOURCES BUDGET BY FUND
(\$254.8 MILLION)**



The proposed 2015 total city-wide expenditure budget of \$205.6 million is balanced within existing resources and reflects an decrease of \$2.3 million from the 2014 year-end estimate of \$207.9 million.

The 2015 General Government budget of \$70.5 million is approximately \$2.2 million more than the 2014 year-end estimate of \$68.3 million. The General Government budget consists of three separate Funds: the General Fund, the Parks Fund and the Streets and Traffic Fund. Over 67% of these tax supported budgets are devoted to public safety services in the 2015 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.

MID-YEAR CHANGES

As the 2015 budget was developed, changes that needed to happen before the 2015 budget year were found and expeditiously put into place during 2014. The following are the elements that were implemented/authorized in 2014, and incorporated into the 2015 budget.

MID-YEAR CHANGES

Description	Inc/Dec	Emp's	Notes
General Fund			
Add Training Program Coordinator	\$78,700	1.00	Human Resources
Add City Attorney II	123,500	1.00	Indigent Defense
Add Legal Assistant II	32,000	0.50	Indigent Defense
Police			
Reorganization			Oper Efficiency/Accountability
Delete 2.00 Police Services Supervisor	(179,700)	(2.00)	
Add 1.00 Police Services Manager	96,800	1.00	
Add Police Application Specialist	84,800	1.00	
Delete 1.00 YPD Fleet Specialist	(60,800)	(1.00)	
Reinstate Crime & Intelligence Analyst	80,700	1.00	
Sub-Total Reorganization	21,800	0.00	
Total General Fund	256,000	2.50	
Add Human Resources Specialist	70,000	1.00	Employee Benefit Reserves
Total City-Wide	\$326,000	3.50	

2015 BUDGET ADJUSTMENTS

General Government Program Changes

The following chart is a summary of General Government cost reductions in the 2015 budget. These savings are being repurposed for the capital improvement program.

GENERAL GOVERNMENT COST REDUCTIONS

<u>Description</u>	<u>Inc/(Dec)</u>	<u>Emp's</u>	<u>F/V</u>	<u>Notes</u>
City Manager				
Delete Strategic Project Manager	(\$140,000)	(1.00)	V	Personnel
Delete Computer Client Svcs Tech	(60,000)	(1.00)	V	Personnel
Modify Advertising	(10,000)	-	-	Non-Personnel
GFI Reduce Outside Consultant	(65,000)	-	-	Non-Personnel
Municipal Court				
Delete Municipal Court Cashier	(52,200)	(1.00)	V	Personnel
Temporary Position	27,000	-	-	Personnel
Community Development				
Delete Code Inspection Office Super	(88,000)	(1.00)	V	Personnel
Add Department Assistant II	44,000	1.00	-	Personnel
Jail				
Medical Services Contract RFP	(40,000)	-	-	Non-Personnel
Engineering				
Delete Traffic Techs	(73,200)	(1.00)	F	Personnel
Delete Traffic Techs	(73,200)	(1.00)	V	Personnel
Delete Supervising Traffic Engineer	(94,000)	(1.00)	V	Personnel
Delete City Engineer	(110,700)	(1.00)	V	Personnel
Traffic Pavement Cond Analysis	80,000	-	-	Non-Personnel
Public Works				
Delete Street Maintenance Specialist	(63,400)	(1.00)	V	Personnel
Recalculate PW Admin Allocation	(55,700)	-	-	Non-Personnel
Total General Government	<u>(\$774,400)</u>	<u>(8.00)</u>		

F - Filled V - Vacant

The next chart is a summary of General Government Strategic Initiatives budgeted for 2015, along with the strategic priorities being addressed by each initiative.

GENERAL GOVERNMENT STRATEGIC INITIATIVES

Description	Inc/(Dec)	Emp's	Notes	Priority
City Administration				
Emergency Preparedness				
Add Emergency Management Specialist	\$52,100	0.50	Support for new City program	PS
Professional Services	35,000	-	Transitional Training	PS
Add Economic Development Dept Asst	65,900	1.00	Support for Downtown Events	ED
Wine, Craft Beer & Cider Marketing/Branding	50,000	-	Contract for brand development	ED
Enhance/Expand Downtown Special Events	102,000	-	All paid by concession revenue	ED
Airport Marketing	250,000	-	1/2 paid by Grant reimbursement	ED
Add Dept. Assistant III in City Clerk's Office	32,000	0.50	Support Public Records requests	PT
Indigent Defense Contract	400,000	-	To meet State Mandate (2013) Implementation date postponed, increases required in 2015	PS
Human Resources				
Add Human Resources Assistant	44,500	0.50	Public Safety Recruiting Support	PS
Finance				
Procurement Software & Services	25,000	-	About 1/2 paid by County (\$11.5K rev)	PT
Community Development				
Contract for Comprehensive Plan Updates	90,000	-	1/2 Planning; 1/2 Streets	ED
Transition Code Compliance Program	55,000	-	From ONDS to Code Compliance	BE
Police				
Add Police Officers	173,400	2.00	Federal Agency Liaisons	PS
Add Public Information Officer	63,600	1.00	Improve PD/Citizen Communications	PS
Reclassify 4 Police Officers to Corporal	25,000	-	Police Leadership Development	PS
Reclassify 4 Police Svc Spec I to Lead Svc Spec	28,000	-	Organizational Improvement	PS
Yakima County Range Agreement	150,000	-		PS
Fire				
Union Gap Fire		-	To be added to the Final Budget	PA
Public Works				
Snow Blower for the Streets Department	175,000	-	Administer new Snow Removal Policy	PS
Total General Government	<u>\$1,816,500</u>	<u>5.50</u>		

Strategic Priority Legend

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

Other Fund Changes

The following is a summary of strategic initiatives in the other operating and utility funds.

OTHER FUND STRATEGIC INITIATIVES

Description	Inc/(Dec)	Emp's	Notes	Priority
City Administration				
Move Visitors Information Center	\$130,000	-	Conv Ctr Capital Fund Balance	ED
Update Conv Ctr Expansion Plan	16,000	-	Hotel/Motel Tax	ED
Convention Center Management Fee	13,000	-	Hotel/Motel Tax	ED
Increase Sports Commission Allocation	2,000	-	Hotel/Motel Tax	ED
Increase CTC Management Fee	50,000	-	1/2 HMT; 1/2 PFD	ED
Support SunDome Operations	100,000	-	Hotel/Motel Tax	ED

Description	Inc/(Dec)	Emp's	Notes	Priority
Community Development				
Cascade Millsite Development	3,500,000	-	LIFT Funds	ED
Delete ONDS DA II	(52,300)	(1.00)	CDGB	PT
Reduce Code Compliance Program	(55,000)	-	Move 1/3 to GF	PT
City Hall Improvements	440,000	-	REET 1	BE
Police				
Repalce Jail Control Panel	165,000	-	L&J Capital	PS
Live Scan Fingerprinting System	70,000	-	L&J Capital	PS
Radio Replacement Program	15,000	-	L&J Capital	PS
Complete SWAT Comm Sys Upgrade	31,000	-	L&J Capital	PS
Communications Center Relocation	1,213,000	-	Public Safety Comm Fund	PS
Fire				
Fire Ladder Truck and Engine	1,600,000	-	Funded by LOCAL Lease Prog.	PS
Replace 2 Staff Vehicles	90,000	-	Funded by LOCAL Lease Prog.	PS
Other Fire-fighting Equipment	75,000	-	Funded by LOCAL Lease Prog.	PS
Fire Rescue Boat/Truck from Broadway FD	40,000	-	Fire Capital	PS
Airport				
2 Maintenance Trucks	55,000	-	Airport Operating Fund	ED
21st Ave Road Improvements	175,000	-	Arterial Street Fund	BE
Utilities & Engineering				
N 1st Street Reviatlization	1,300,000	-		
Complete Railroad Underpass Project	600,000	-		
Wastewater Capital Program	4,690,000	-	Piping and Digester Improvement	BE
Water Capital Program	2,500,000	-	No 1st St Main; plant intake	BE
Irrigation Capital Program	1,250,000	-	W Yakima System Imp	BE
Stormwater Capital Program	2,025,000	-	North 1st Street	BE
Public Works				
Add Transit Operations Specialist	76,200	1.00	Transit Operating	ED
Purchase 3 Heavy Duty Replacement Buses	1,290,000	-	Transit Capital	BE
Add Refuse Collector/Driver	65,900	1.00	Refuse Operating	BE
Refuse Rate Proposal	(386,000)	-	Rate Revenue	BE
Fleet Vehicle Additions & Replacements	1,490,000	-	Equipment Rental	PT
Add 2 Mechanic I Positions	137,400	2.00	Equipment Rental	PT
SE Community Center Restroom Restoration	100,000	-	Parks Capital	BE
Randall Park Improvement	900,000	-	Parks Capital-Donations/Grants	BE
Total City - Other Funds	<u>\$23,711,200</u>	<u>3.00</u>		

GENERAL STAFFING - ADJUSTMENTS SUMMARY & COMPARISONS

The following chart summarizes the general government (i.e. tax-supported) and non-general government position additions, deletions and transfers implemented mid-year 2014 as well as those included in the 2015 budget. Each of the Non-General Government proposals has an identified revenue source or other expenditure reduction to support the additional cost.

2015 BUDGETED POSITION ADJUSTMENTS

Fund/Department	Description	Chg	#	F/V	GG	Other	Remarks
					Base & Benefits	Base & Benefits	
Mid-Year Changes							
Human Resources	Training Program Coord	Add	1.00	-	\$78,700	-	Emphasis on Emp Training
	Human Res Spec	Add	1.00	-	-	\$70,000	Employee Benefit Reserves
Legal	City Attorney II	Add	1.00	-	123,500	-	Indigent Defense mandate
	Legal Assistant II	Add	0.50	-	32,000	-	Indigent Defense mandate
Police	Reorganization						
	Police Services Spvsvr	Del	(2.00)	V	(179,700)	-	
	Police Services Mgr	Add	1.00	-	96,800	-	
	YPD Fleet Specialist	Del	(1.00)	V	(60,800)	-	
	Crime & Intel Analyst	Add	1.00	-	80,700	-	Reinstate
	Police Applications Spec	Add	1.00	-	84,800	-	Manage Tech/Upgrade f/PD
	Police Reorganization Total		0.00		21,800	-	
Total Mid-Year Changes			3.50		256,000	70,000	
2015 Budget Changes							
Cost Reductions							
City Manager	Strategic Project Mgr	Del	(1.00)	V	(140,000)	-	
	Comp Client Svcs Tech	Del	(1.00)	V	(60,000)	-	
Municipal Court	Muni Court Cashier	Del	(1.00)	V	(52,044)	-	
Community Dev	Code Insp Office Super	Del	(1.00)	V	(88,000)	-	
	DA II	Add	1.00	-	44,000	-	
Engineering	Traffic Techs	Del	(2.00)	F/V	(146,400)	-	Changing Pavement Condition Indexing program
	Supervising Traffic Eng	Del	(1.00)	V	(94,000)	-	
	City Engineer	Del	(1.00)	V	(110,700)	-	
Streets	Street Maintenance Spec	Del	(1.00)	V	(63,400)	-	
Total Cost Reductions			(8.00)		(710,544)	70,000	
Strategic Initiatives							
City Manager	Emergency Mgmt Spec	Add	0.50	-	52,100	-	Emergency Prep Program
	Econ Dev Dept Asst	Add	1.00	-	65,900	-	Administer Events
	DA II - Clerks	Add	0.50	-	44,500	-	Public Disclosure requests
Human Resources	Human Resources Asst	Add	0.50	-	44,500	-	Police Recruiting
Police	Police Officers	Add	2.00	-	173,400	-	Federal Agency Liaison
	Public Info Officer	Add	1.00	-	63,600	-	Communications
Community Dev	Delete 1.00 ONDS DAIII	Del	(1.00)	F	-	(52,300)	Block Grant reduction
Public Works	Transit System Specialist	Add	1.00	-	-	76,200	Technology Liaison to IT
	Solid Waste Coll/Driver	Add	1.00	-	-	65,900	Inc accounts f/annexations
	Mechanic I	Add	2.00	-	-	137,400	Timely equipment repair
Total Strategic Initiatives			8.50		444,000	227,200	
Total Budget Changes			0.50		(\$266,544)	\$297,200	
Total General Government Positions			2.00		(\$10,544)	\$367,200	Total 2015 Changes
Total Other Fund Positions			4.00				
Total Positions			4.00				

Filled V - Vacant

- A net of 2.5 FTE's were added to General Government mid-year, and a net 2.5 positions are being subtracted in the 2015 Budget for no net change of FTE's from the 2014 Adopted Budget.
- A net of 1.0 FTE's were added to other government funds mid-year, and 3.0 in the 2015 Budget for a total increase of 4.0 FTE's.

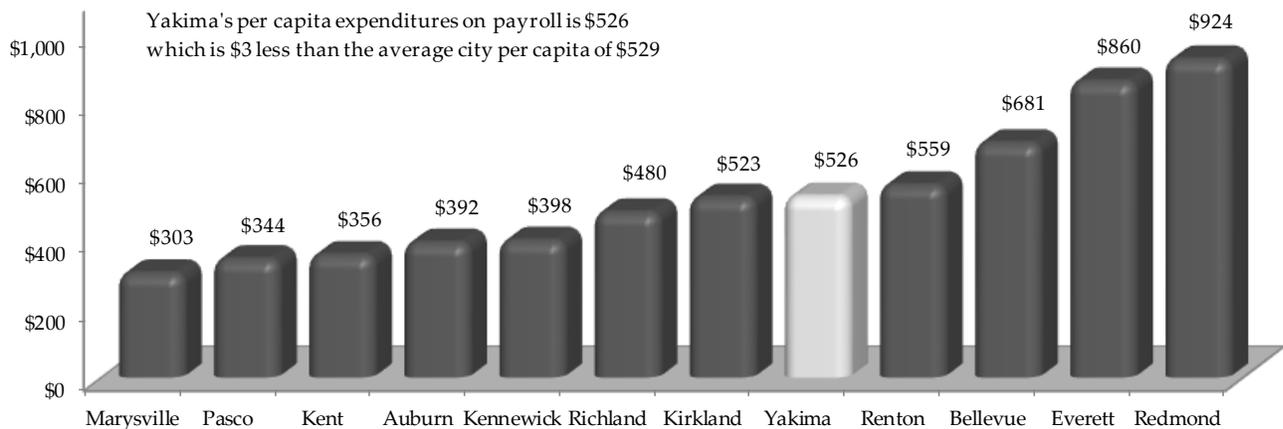
In the 2015 budget, management continues to accommodate Federal and State unfunded mandates and provides critical public safety and other essential services. In an effort to minimize costs and increase efficiencies, management has increased, decreased, and reorganized personnel resources in the 2015 budget.

- The per capita number of General Government employees has decreased over the past decade (per every 1,000 population), from 5.8 FTE's in 2005 down to 5.2 FTE's in 2015.

Comparison with other Cities – Payroll

The data utilized in the following comparison was compiled from the State Auditor's Local Government Comparative Statistics for 2013, and includes comparisons of comparable Washington State cities with populations between 50,000 and 135,000.

PAYROLL COSTS

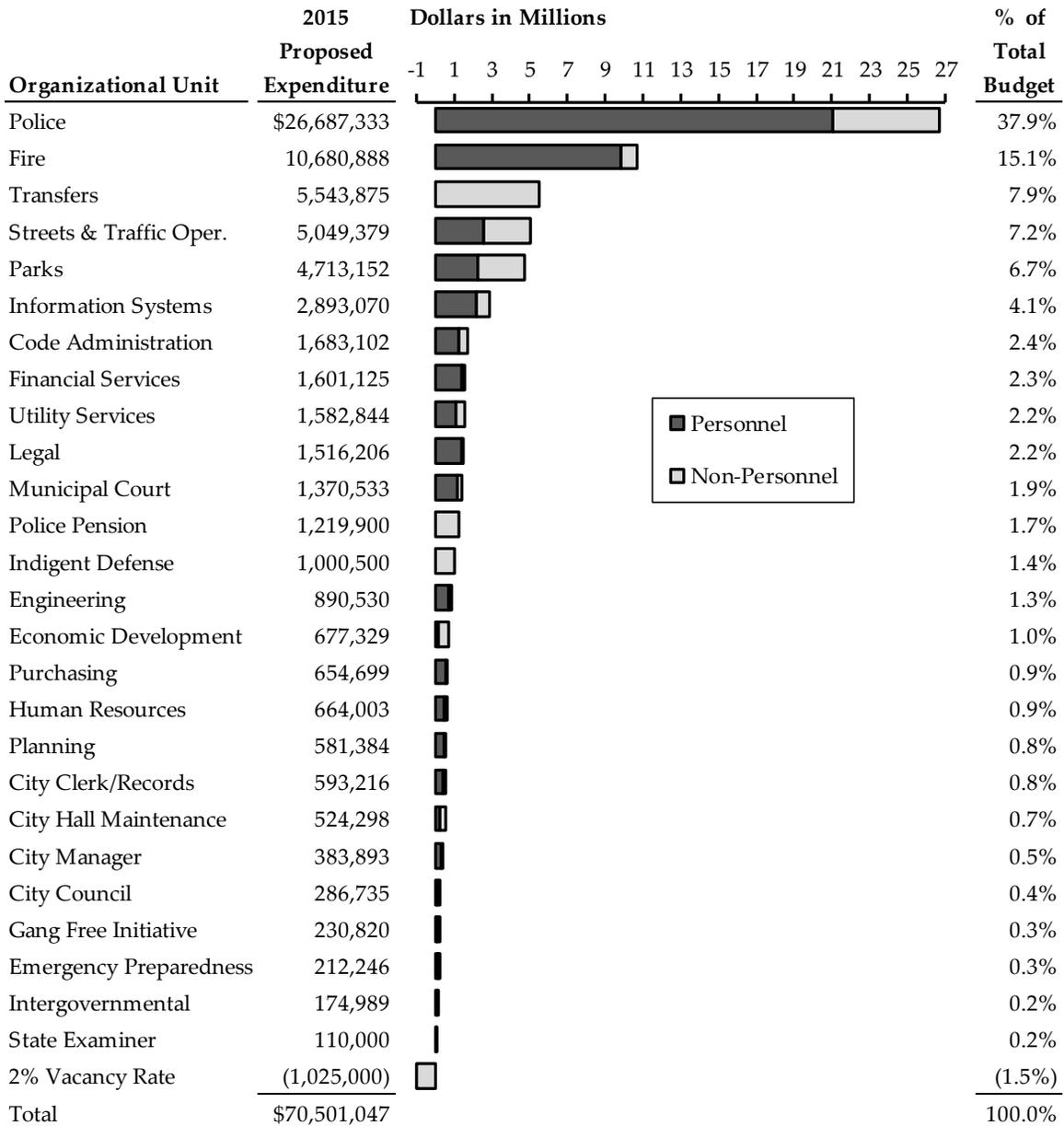


It should be noted that the City of Yakima has operations that utilize staff that other cities may not have. For example irrigation, transit, public safety communications, commercial airport, and refuse operations are combined in regional special purpose districts or contracted out for many of these comparable cities.

PRELIMINARY BUDGET

The 2015 Preliminary Budget broken down by Department, as reflected in the following chart, provides a clear picture of the resource requirements of each functional area within the City and how each area compares both to each other and to the total General Government budget of the City – in dollars and staffing levels.

2015 GENERAL GOVERNMENT PRELIMINARY BUDGET
(By Department)

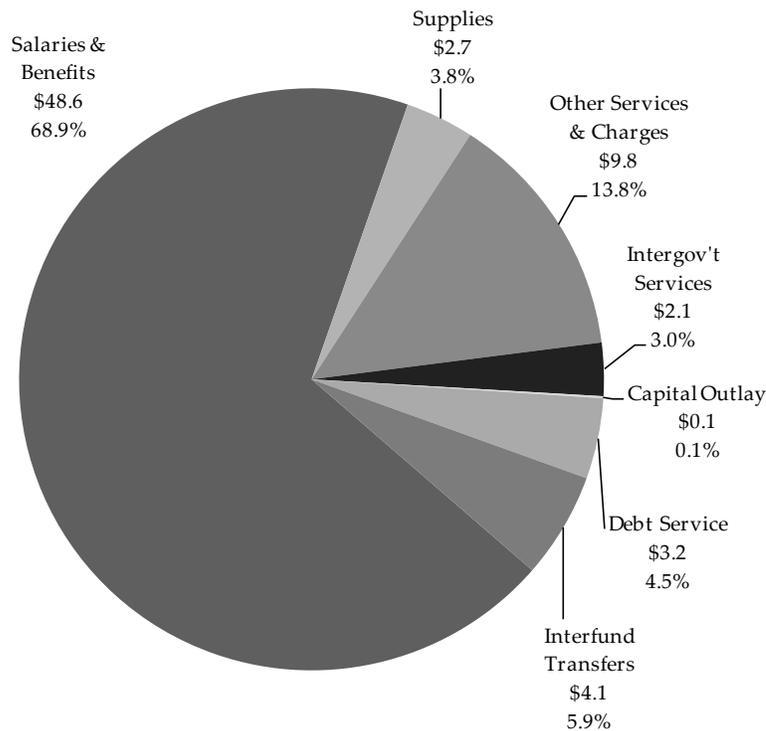


The Police Department consumes 37.9% of the \$70.5 million General Government budget, while the Fire Department consumes another 15.1%. No other single Department utilizes more than 7.9% of the total General Government budget.

The Streets & Traffic Department budget (7.9%) and the Parks and Recreation Department budget (7.2%) come in a distant 3rd and 4th place for the utilization of available resources. This has been the relative utilization of General Government resources for many years, and continues to reflect the Council's strategic priorities for the coming year.

The preceding chart summarized General Government by functional area, while the following chart summarizes general government operation by classification of expenditure.

GENERAL GOVERNMENT EXPENDITURES BY CLASSIFICATION



Projected Ending Cash Balance (Reserve)

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

2015 GENERAL GOVERNMENT PROJECTED REVENUES, EXPENDITURES AND CASH BALANCES

	2015 Projected Revenue	2015 Proposed Expenditures	Diff	2015 Exp as % of Rev	2015 Estimated Beginning Balance	2015 Estimated Ending Balance	2015 End Bal as % of Exp
General Fund	\$61,061,259	\$60,738,516	\$322,743	(0.5%)	\$8,374,076	\$8,696,818	14.3%
Parks & Recreation	4,709,455	4,713,152	(3,697)	0.1%	556,239	\$552,542	11.7%
Street & Traffic Fund	4,718,610	5,049,379	(330,769)	7.0%	997,502	\$666,733	13.2%
Total General Government	\$70,489,324	\$70,501,047	(\$11,723)	0.0%	\$9,927,817	\$9,916,093	14.1%

The 2015 General Government preliminary budget is balanced with virtually no use of reserves and the ending reserve balance is projected to be \$9.9 million or 14.1% of the budgeted expenditures, which is slightly below the recommended “best practice” of 16.7%, primarily because of the use of \$1.1 million of reserves in 2014 to purchase 4 properties that were former gas stations with environmental clean-up issues. When these properties are sold, the reserve level should increase to 15.6%.

Cash reserves are an integral and critical component of responsible fiscal management and business planning. Standard and Poor’s, a national rating agency, included two references to the City’s general fund reserves in explaining the City’s credit strengths that influenced their most recent (May, 2014) upgrade of the City’s credit rating to “AA-”. Standard and Poor’s stated in their report that the City has a “Very strong budgetary flexibility, with fiscal 2013 unaudited reserves equal to 18% of expenditures”, “Very strong liquidity supports Yakima’s finances, with total government available cash equal to 21% government fund expenditures and 4X debt service.”

The following chart reflects a history of the City’s General Government fiscal condition.

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

	(1)	(2)	(3)	(4)	(5)
	2013	2014	2014	2015	Variance
	Actual	Amended Budget	Year-End Estimate	Proposed Expenditure	(4-2)
Beg. Reserve Balance	\$10,908,094	\$10,883,754	\$10,883,754	\$9,916,093	
Revenue	63,522,204	67,378,138	67,370,560	70,489,324	
Total Resources	\$74,430,298	\$78,261,892	\$78,254,314	\$80,405,417	\$2,143,525
Expenditure Budget	63,539,479	68,912,527	68,326,497	70,501,047	1,588,520
End. Reserve Balance	\$10,890,819	\$9,349,365	\$9,927,817	\$9,904,370	
% of Annual Expenditures	17.1%	13.6%	14.5%	14.0%	
Inc/(Dec) in Reserves f/ Prior Year	(\$17,275)	(\$1,534,389)	(\$955,937)	(\$11,723)	
% of Expenditure Budget	(0.0%)	(2.2%)	(1.4%)	(0.0%)	

Revenues

- 2015 projected revenues reflect an increase from the 2014 year-end estimate of 4.6%.

Expenditures

- The 2014 year-end expenditures are projected to be \$0.6 million less than the Amended budget.
- The 2015 proposed expenditure budget is \$2.2 million more than the 2014 year-end estimate and \$1.6 million more than the 2014 authorized expenditure level.

Reserves

- A comparison of the 2013 beginning and ending reserve balances reflects a break-even position. This good result was primarily due to the increasing growth in the economy and related increase in sales and utility taxes.
- 2014 year-end projections indicate a use of reserves during 2014 of about \$956,000, which is due primarily due to the one-time purchase of environmentally hazardous property costing \$1.1 million, with the intent to partner with the Department of Ecology to clean the property and then resell. 2014 is also virtually balanced without this one-time expenditure.
- The 2015 budgeted year-end reserve level is approx. 14.0%; this is slightly below the reserve guidelines, as noted previously, and expenditures virtually equal revenues.

2015 GENERAL GOVERNMENT BUDGET – HISTORY AND HIGHLIGHTS

For five 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, 2014 and 2015 revenue projections for the City based on the economic condition of our region. General Government revenues had been flat for about 4 years when the recession started (hovering between \$57.4 and \$57.6 million from 2008 through 2011), but started to turn around in 2012. Much of the revenue increase from 2011 to 2012 actual is the result of City Council's increase of the Water, Wastewater, Refuse and Stormwater utility tax by 6% - this accounts for about \$2 million or half of the \$4.0 million increase. This new revenue was earmarked specifically for Public Safety, and is supporting 12 Police Officers, a Firefighter, and other public safety support. When the new revenue source is removed, 2012 did experience revenue growth of about \$2.0 million or 3.2%.

Starting in June, 2012, sales tax started to consistently grow each month. By the end of 2012, the year-over-year growth was \$904,000 or 7.2% from 2011. This was spurred by a good crop year and construction led by the Yakima School district's spending on the high schools. Note: The 2012 total of \$13.5 million was still below the 2008 actuals.

2013 continued the growth trend, with another year experiencing \$901,000 or 6.7% growth from 2012. Fortunately, 2014 is continuing a growth trend and through the 10 months ended October 31, the year-to-date sales tax is 5.2% ahead of 2013. We are estimating 2014 to be about \$15.3 million, which is now well ahead of 2008 levels.

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 2015 Preliminary Budget.

- Sales Tax – The General Government budget includes revenue projections that reflect a 4.25% or \$650,000 increase in sales tax revenues from 2014 to 2015. Through the 10 months ended October 31, the year to date sales tax is 5.2% over the prior year.
- Property Tax – The 2015 budget is based on a 1.0% increase in the property tax levy or about \$172,000, as currently allowed by state law, plus a 1.5% increase or \$235,000 for new construction for a total increase of \$407,000.

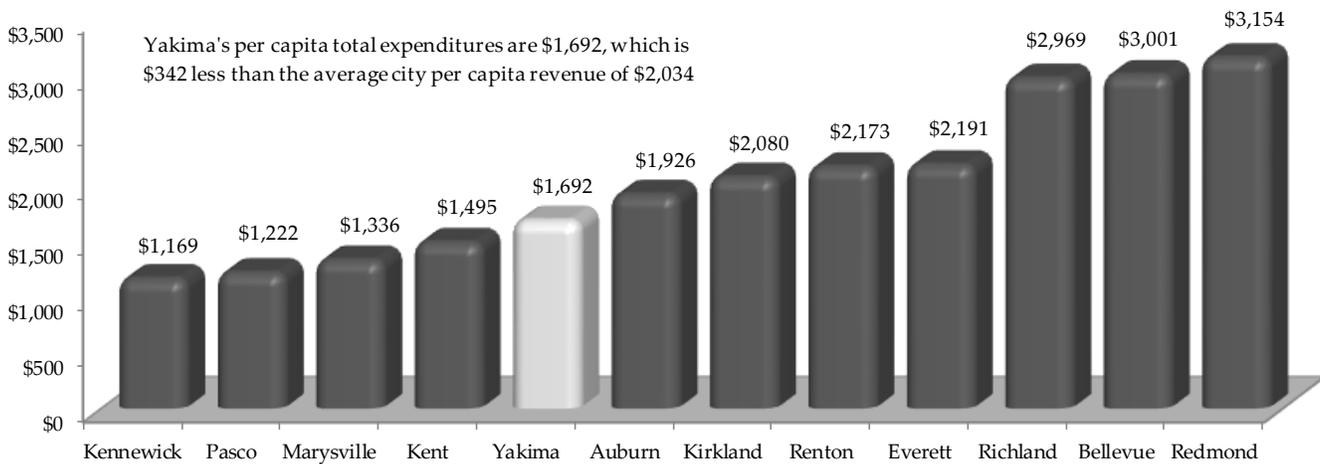
Budget Reductions/Personnel Changes

As revenues are on the road to recovery, Council is evaluating service levels and trying to better align service levels with citizen requests as measured by a citizen survey. Strategic initiatives to improve City Services have been included in the budget. Because the cost of doing business continues to grow, budget reductions were necessary in order to balance the 2014 and 2015 budgets within available resources and maintain a minimum reserve level.

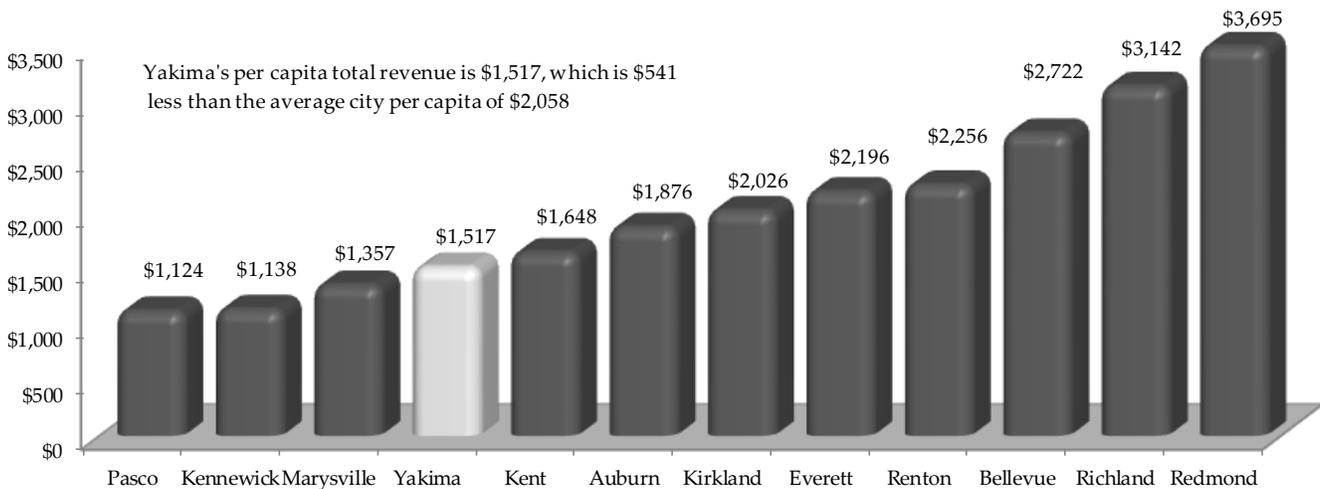
Comparison with other Cities – Expenditures and Resources

The data utilized in the following comparisons was compiled from the State Auditor’s Local Government Comparative Statistics for 2013, and includes comparisons of comparable Washington State cities with populations between 50,000 and 135,000.

TOTAL EXPENDITURES



TOTAL RESOURCES



These comparisons demonstrate that the City of Yakima has limited revenue/tax base compared with most cities of its size in the state, and yet provides similar or enhanced services to its citizens.

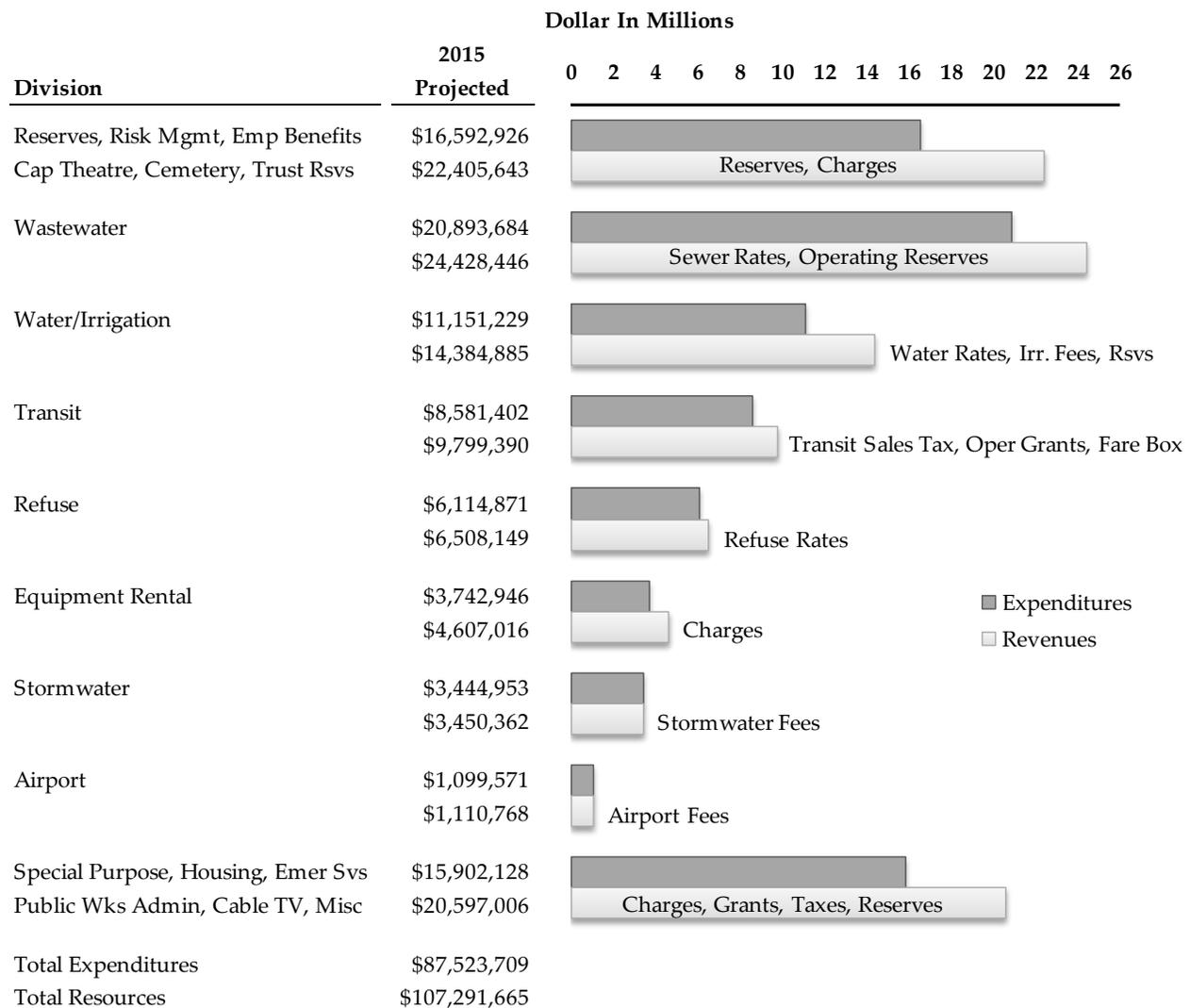
(For example, of the 12 cities included in the comparison, only Everett has a transit system; there are no other city-owned irrigation systems; and a few of the cities are members of a Regional Fire Authority, so have no fire expenditures).

As reflected on the previous pages of this section, management has closely monitored and maintained a strong fiscal discipline over spending throughout all City departments for years. This has preserved the City’s reserve position – and an improved credit rating – during some very difficult times. The Five Year Financial Plan contains strategies to continue to balance the budget going forward.

NON-GENERAL GOVERNMENT FUND SUMMARY

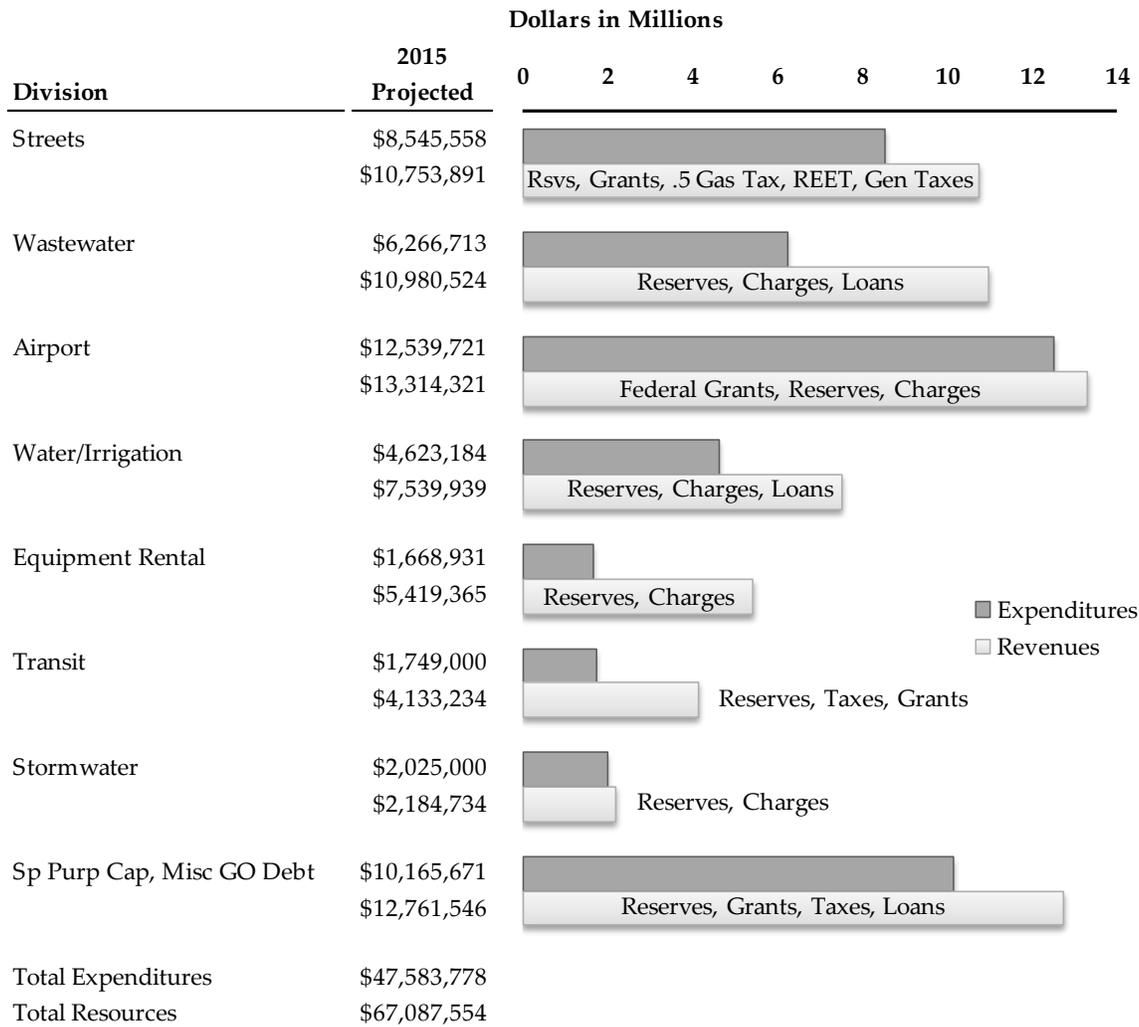
The following chart depicts a summary of resources and expenditures for major operating and Utility fund operations for 2015, including contingency, operating reserve funds and employee benefit funds. Although Equipment Rental is included on the table below, it is split into an operating component and capital component for charting operating vs. capital budgets.

2015 OPERATING AND RESERVE FUNDS



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

2015 CAPITAL AND DEBT SERVICE FUNDS



GENERAL GOVERNMENT FUNDS: YEAR IN REVIEW

2014 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	\$9,128,882	\$582,492	\$1,172,379	\$10,883,753
Estimated Revenue	58,211,636	4,519,614	4,639,310	67,370,560
Total Estimated Resources	67,340,518	5,102,106	5,811,689	78,254,313
Less: Estimated Expenditures	58,966,443	4,545,867	4,814,188	68,326,497
Estimated Ending Balance	<u>\$8,374,075</u>	<u>\$556,239</u>	<u>\$997,501</u>	<u>\$9,927,816</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, city administration, financial services, purchasing, and information technology.

- 2014 year-end revenue estimate is \$58,211,636 – \$4,204,905 or 7.2% above the 2013 actual, and \$6,133,956 or 11.8% greater than 2012 actual.
- 2014 year-end expenditure estimate is \$58,966,443 – \$568,127 or 1.0% under the authorized, amended budget of \$59,534,570 due primarily to salary savings from position vacancies.

Parks and Recreation Fund

Services include Parks programs and maintenance.

- 2014 year-end revenue estimate is \$4,519,614 – \$136,565 or 3.1% above the actual levels for 2013, with the primary increase being additional utility tax transfer as 3.5% of the tax on city-owned utilities is earmarked for Parks, and these utilities are experiencing growth.
- 2014 year-end expenditure estimate is \$4,545,867 – just \$10,680 or 0.2% under the 2014 amended budget.

Streets Fund

Services include Street and Traffic operations and maintenance.

- 2014 year-end revenue estimate is \$4,639,310 – \$493,114 or 9.6% less than actual levels for 2013, primarily due to an adjustment of the property tax allocation to “right-size” reserve levels.
- 2013 year-end expenditure estimate is \$4,814,188 – \$7,222 or 0.1% under the 2014 amended budget.

The effects of the national economic recession have turned around in 2013 with that upward trend continuing in 2014. General Government adopted revenue budget is \$66,135,418, so the year-end estimate of \$67,370,560 is about \$1,235,142 or 1.9% more than originally budgeted, with most of this

increase coming from the growth in sales tax, electric and natural gas utilities, and the Fire Department's success in obtaining a SAFER hiring grant for Firefighters. These increases were included in the appropriation ordinance that went to Council on October 7, 2014, so that the year-end estimate now estimates the amended revenue budget. The 2013 actual revenue for these 3 funds was \$63,513,322, so the 2014 estimate is \$3,857,238 or 6.1% above the prior year actual. This is due primarily to improved factors listed above, coupled with new revenues included in the 2014 General Fund budget, including the Cable TV utility tax being moved from debt service, revenues related to the move of the electronics technicians from the Public Safety Communications Fund into Information Technology Division in General Fund, and the reinstatement of the Liquor Excise Tax by the State Legislature. As a point of reference, the annual rate of inflation as measured by the CPI-U (All Urban Consumers) is 1.7% in August, 2014 for all cities, and the Seattle index is 1.8%.

**GENERAL GOVERNMENT EXPENDITURE COMPARISON
2014 BUDGET VS. YEAR-END ESTIMATE**

Fund/Department	2014 Amended Budget	2014 Year-End Estimate	Variance	Year-End Est. as Percent of Budget
Police	\$26,278,167	\$25,915,548	\$362,620	98.6%
Fire	10,387,649	10,312,002	75,648	99.3%
Transfers	4,942,275	4,442,275	500,000	89.9%
Technology Services	3,047,612	2,953,110	94,502	96.9%
Code Administration	2,639,371	2,649,654	(10,283)	100.4%
Financial Services	1,488,836	1,514,908	(26,072)	101.8%
Utility Services	1,465,199	1,421,634	43,565	97.0%
Municipal Court	1,344,118	1,333,646	10,473	99.2%
Police Pension	1,343,325	1,174,237	169,088	87.4%
Legal	1,359,323	1,370,353	(11,030)	100.8%
Engineering	1,109,632	845,776	263,856	76.2%
Indigent Defense	650,500	650,500	0	100.0%
Records	583,921	583,485	436	99.9%
Purchasing	549,369	559,132	(9,762)	101.8%
Human Resources	513,151	559,444	(46,293)	109.0%
Planning	497,481	476,414	21,067	95.8%
Economic Development	511,733	449,242	62,491	87.8%
City Hall Maintenance	422,885	399,221	23,664	94.4%
City Management	372,684	370,196	2,488	99.3%
Gang Free Initiative	333,105	330,972	2,133	99.4%
City Council	290,199	291,163	(964)	100.3%
Intergovernmental	244,031	244,031	0	100.0%
State Examiner	110,000	110,000	0	100.0%
Emergency Preparedness	0	9,500	(9,500)	n/a
Non-Recurring Expenses	(950,000)	0	(950,000)	0.0%
Total General Fund	59,534,570	58,966,443	568,127	99.0%
Parks & Recreation	4,556,548	4,545,867	10,680	99.8%
Street & Traffic Operations	4,821,409	4,814,188	7,222	99.9%
Total General Government	\$68,912,527	\$68,326,497	\$586,029	99.1%

The preceding table provides a breakdown of the year-end estimate of General Government budgets for 2014. The largest positive variance (expenditure savings) is in the category of Transfers to other funds, as we budgeted for a match contribution for the LIFT project, if necessary. The need for the transfer along with available funding will be determined at year-end. The next is in the Police Department and relates to salary savings from several vacancies. Most of the other positive variances are also related to position vacancies.

Following is a listing of departments projected to exceed budget:

- Human Resources and Legal– As previously discussed, Human Resources added a training position, and the Legal Department added a prosecuting attorney in mid-2014 to be prepared for the implementation of the new indigent defense case limits.
- Purchasing and Code Administration – Both have relatively tight budgets and no vacancies, which made it difficult to absorb the lump sum cash-outs of the labor settlements and/or the new vacation sell-back program.
- Financial Services – The implementation of a new comprehensive Financial Management, Work Order, Job Cost system in January required significant staff support in addition to the regular day to day work, resulting in significant overtime and temporary assistance. There is still much work to do to bring on additional operating divisions which have not previously been part of job costing or the work order system, and to develop meaningful reports to get required information out of the system.
- Emergency Preparedness – In August, 2014 Council authorized moving the program in-house. Even though the effective date of the transition in January 1, 2015, the manager is anticipating required training in 2014 that is being included in this new operating division.

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

GENERAL FUND THREE YEAR COMPARISON

	2012	2013	2014
	Actual	Actual	Year-End Estimate
Beginning Balance	\$8,440,130	\$9,128,882	\$8,374,076
Revenues	52,077,680	54,006,731	58,211,636
Total Resources	60,517,810	63,135,613	66,585,712
Expenditures	51,487,699	54,052,924	58,966,443
Ending Balance	<u>\$9,030,111</u>	<u>\$9,082,689</u>	<u>\$7,619,269</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 2015, total General Government revenues are budgeted to be \$70,489,324; \$3,118,764 or 4.6% more than the 2014 year-end estimate of \$67,370,560. Total beginning cash reserves are estimated to be \$9,916,093, \$11,724 or 0.1% less than the 2013 estimate of \$9,927,817. This fund balance is about 14.1% of the proposed 2015 budget.

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

- Sales Tax – for 2015 is projected to be approximately \$650,000 or 4.25 % above the 2014 estimate. Sales tax is currently running at 5.9% ahead of 2013 year-to-date through October. The 2015 estimate assumes a continuation of sales tax growth as the economic development initiatives continue.
- Criminal Justice Sales Tax—is also projected to increase \$150,350 or 4.9%, these county-wide sales taxes are experiencing an increase of almost 9% year over year in October. Note, this revenue is shared with the Law and Justice Capital Fund to support police capital.
- Property Tax – increased \$407,290 or 2.6%. This includes the levy limit increase of 1%, plus new construction (about 1.5%), and a slight redirection from the Firemen’s pension fund in response to continued savings. That fund is estimated to only need an increase of 1.8%.
- Utility and Franchise taxes – increase (2015 over 2014) of \$868,195 or 5.4% is largely due to proposed increases in external utilities, (i.e. electric, natural gas, cable TV, commercial refuse, and private water) along with an internal increase of 7% in the Refuse utility (this will be removed from the final budget). Our Water and Wastewater utilities are also anticipating growth, also related to the economic development activities.
- Charges for Services – are up by \$195,167 or 2.9% primarily tied to salary adjustments and additional staff in the administrative divisions that get charged back out to the other operating funds through the City Service charge.
- State Shared Revenue – is being decreased by \$12,220 or 0.4% mainly because the formula for distributing the Liquor Excise Tax was re-interpreted to be less to cities in mid-2014 .
- Other Revenue – is estimated to increase by \$506,289 or 84% mainly due to one-time revenue on the sale of two of the four Tiger Mart properties that don’t require much environmental clean-up, and anticipated concession revenue from the expanded downtown events (See the Downtown Special Event strategic initiative in Section IV) .
- Other Intergovernmental – reflects a full year of the new Fire SAFER Grant, and the receipt of the airport marketing grant, increasing by \$213,143 or 14.2%.

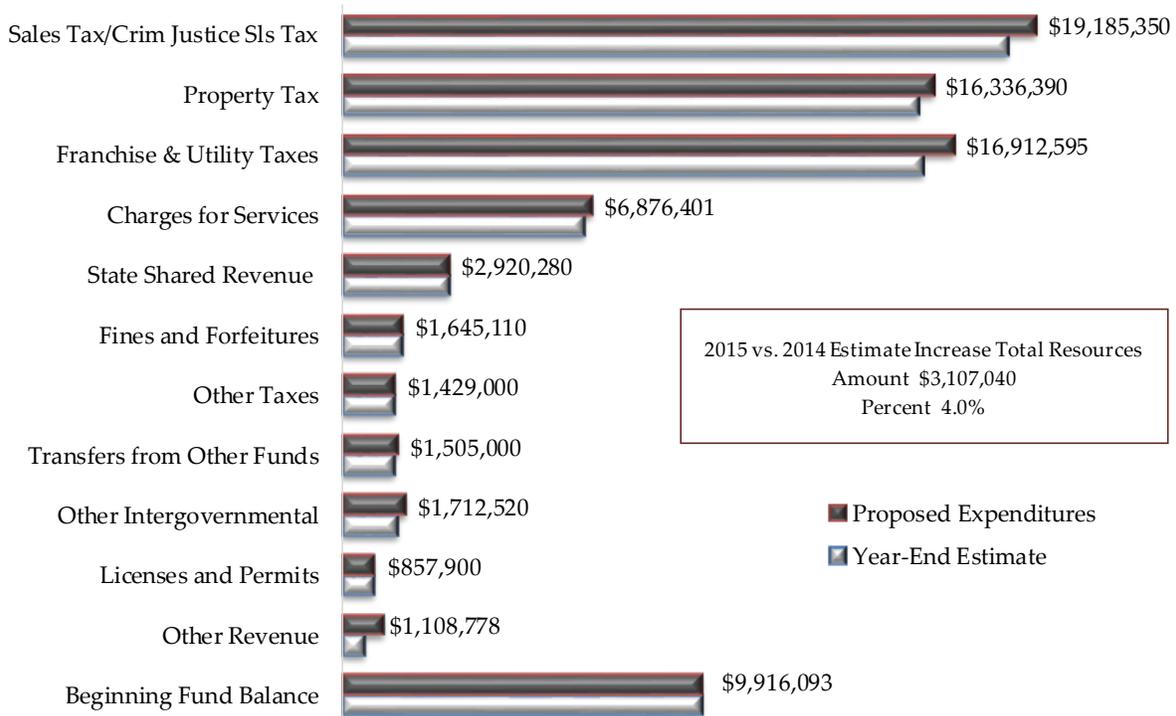
The balance of the revenue categories are expected to remain relatively flat.

**GENERAL GOVERNMENT RESOURCES
THREE YEAR COMPARISON**

Source	2014		Percent Change	2015	% of 2015 Total	— 2015 vs. 2014 —	
	2013 Actual	Year-End Estimate		Projected Revenue		Increase (Decrease)	Percent Change
General Sales Tax	\$14,462,963	\$15,330,000	6.0%	\$15,980,000	22.7%	\$650,000	4.2%
Crim. Justice Sales Tax ⁽¹⁾	2,922,211	3,055,000	4.5%	3,205,350	4.5%	150,350	4.9%
Property Tax	15,696,435	15,929,100	1.5%	16,336,390	23.2%	407,290	2.6%
Franchise & Utility Taxes	14,719,274	16,044,400	9.0%	16,912,595	24.0%	868,195	5.4%
Charges for Services	6,034,110	6,681,234	10.7%	6,876,401	9.8%	195,167	2.9%
State Shared Revenue	2,784,672	2,932,500	5.3%	2,920,280	4.1%	(12,220)	(0.4%)
Fines and Forfeitures	1,603,138	1,610,110	0.4%	1,645,110	2.3%	35,000	2.2%
Other Taxes	1,495,525	1,419,500	(5.1%)	1,429,000	2.0%	9,500	0.7%
Other Revenue	389,737	602,489	54.6%	1,108,778	1.6%	506,289	84.0%
Transfers from other Funds	1,327,759	1,428,000	7.5%	1,505,000	2.1%	77,000	5.4%
Other Intergovernmental	1,268,630	1,499,377	18.2%	1,712,520	2.4%	213,143	14.2%
Licenses and Permits	817,750	838,850	2.6%	857,900	1.2%	19,050	2.3%
Total Revenue	63,522,204	67,370,560	6.1%	70,489,324	100.0%	3,118,764	4.6%
Beginning Fund Balance	10,883,753	9,927,817	(8.8%)	9,916,093		(11,724)	(0.1%)
Total Resources	\$74,405,957	\$77,298,377	3.9%	\$80,405,417		\$3,107,040	4.0%

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

**GENERAL GOVERNMENT RESOURCES
2013 YEAR-END ESTIMATE AND 2014 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)

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

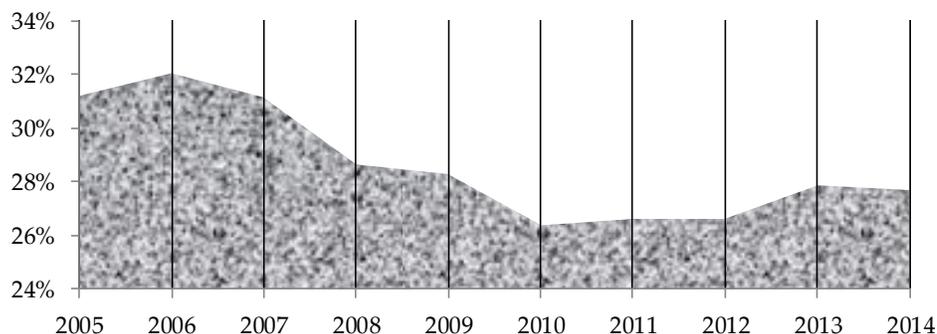
- 2015 revenue projection is \$15,980,000 – 4.25% above the 2014 year end estimate.

After 3 years of sales tax being about \$1.1 million or 8% below the 2008 high of \$13.7 million, sales tax picked up in 2012. The tax collected in 2012 was \$13.5 million, 7.2% greater than 2011. This trend continued - 2013 sales tax was 6.7% ahead of 2012, and 2014 is 5.2% greater than 2013 through October. 2015 assumes an increase of 4.25% over this higher activity, to \$15.98 million, assuming 4.25% growth in the base economy. The agricultural sector of our economy has experienced good years in 2013 and 2014, which jump-started the growth; and construction sales tax is on the upswing.

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

The following chart identifies Yakima’s sales tax revenues as they relate to the total General Fund operating revenues (excluding interfund transfer revenues). This revenue source is very sensitive to economic conditions. As the graph below shows, sales tax receipts have trended downward over the past 10 years as a percentage of total revenue in the General Fund, as other revenue sources such as utility tax have generally kept up with inflation, and the City has been successful in obtaining grants. The decrease in the 2009 through 2011 reflects the deceleration in the sales tax growth rate, due to economic conditions. Although sales tax turned upward in 2012, the relative percentage of sales tax to the total remained below pre-2008 levels because of the increase in the City utility tax rate.

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



Criminal Justice Sales Tax

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

This tax is expected to generate \$1,279,500 for the City in 2015 and is allocated in the City's budget forecast as noted in the following chart.

0.1% CRIMINAL JUSTICE SALES TAX

Fund	2013	2014	2015
	Actual	Year-End Estimate	Projected Revenue
General Fund	\$1,065,356	\$1,100,000	\$1,149,500
Law and Justice Capital	86,823	120,000	130,000
Total	<u>\$1,152,179</u>	<u>\$1,220,000</u>	<u>\$1,279,500</u>

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 \$2,340,850 in 2015, and is allocated in accordance with the following chart.

0.3% CRIMINAL JUSTICE SALES TAX

Fund	2013	2014	2015
	Actual	Year-End Estimate	Projected Revenue
General Fund (for Criminal Justice Expenditures)	\$1,856,855	\$1,955,000	\$2,055,850
Public Safety Communications	186,266	175,000	170,000
Law and Justice Capital	90,699	110,000	115,000
Total	<u>\$2,133,820</u>	<u>\$2,240,000</u>	<u>\$2,340,850</u>

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

PROPERTY TAX

- Property tax provides approximately 23.2% of all General Government revenue in the 2015 budget. The 2015 budget is based on a 1% increase in the property tax levy, as currently allowed by state law, or approximately \$172,000, plus an estimate of 1.5% or \$235,000 increase for new construction for a total increase of \$407,000 in General Government Funds for a total, with Fire pension, of \$17,543,890.

The 2015 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 \$172,000 for 2015) – it does not limit growth in assessed value. The 1% limit affects the total dollars levied, while assessed valuation is the mechanism used to allocate the levy ratably among the property owners.

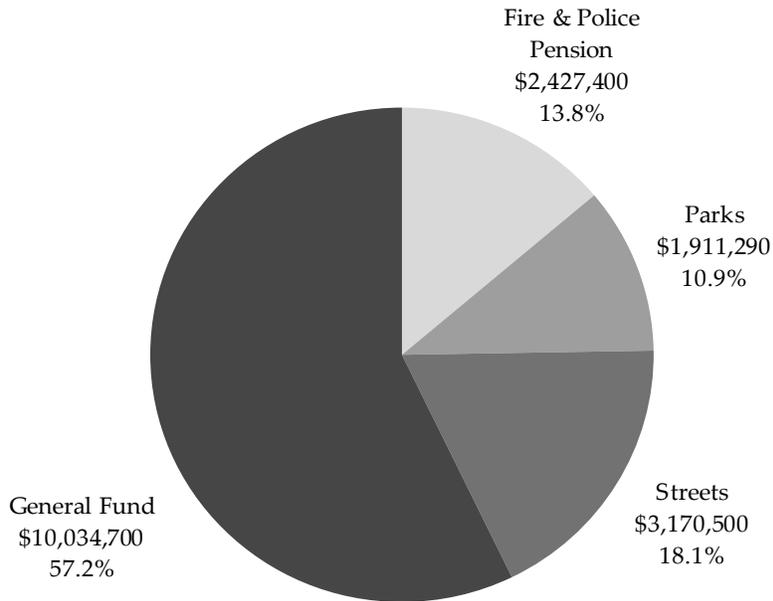
Since most consumer activity (i.e., wages, equipment, etc.) is more closely tied to the Consumer Price Index (CPI), and CPI is greater than 1% in almost all years, the future effect of 1% or less growth in Property Tax is restrictive to the City since Property Tax is one of General Government's primary revenue sources. This restriction was recognized in the Five-Year Financial Plan, and is a component in the projected deficits going forward. For sake of comparison, a 1% increase in just the Yakima Police Patrolman's Association and the International Association of Firefighters bargaining units combined amount to almost \$243,000 in 2015.

The following chart and graph depict the 2015 budgeted allocation of the City's property tax revenues.

2015 PROPOSED GENERAL PROPERTY TAX LEVY – BY FUND

	2013 Actual	2014 Amended Budget	2014 Year-End Estimated	2015 Projected Revenue	2014 Est. vs. 2015 Budget
General	\$10,195,969	\$11,178,000	\$10,978,000	\$11,254,600	2.5%
Parks & Recreation	1,920,107	1,689,000	1,865,490	1,911,290	2.5%
Street & Traffic	3,580,360	3,087,000	3,085,610	3,170,500	2.8%
Sub-Total General Government	15,696,435	15,954,000	15,929,100	16,336,390	2.6%
Fire Pension	1,196,702	1,186,000	1,186,000	1,207,500	1.8%
Total	\$16,893,138	\$17,140,000	\$17,115,100	\$17,543,890	2.5%

**2015 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.

UTILITY AND FRANCHISE TAXES

Utility and Franchise taxes are collectively the third largest category of General Government revenues. They comprise 24.0% of 2015 projected General Government revenues and 24.2% of projected 2015 General Fund Revenues.

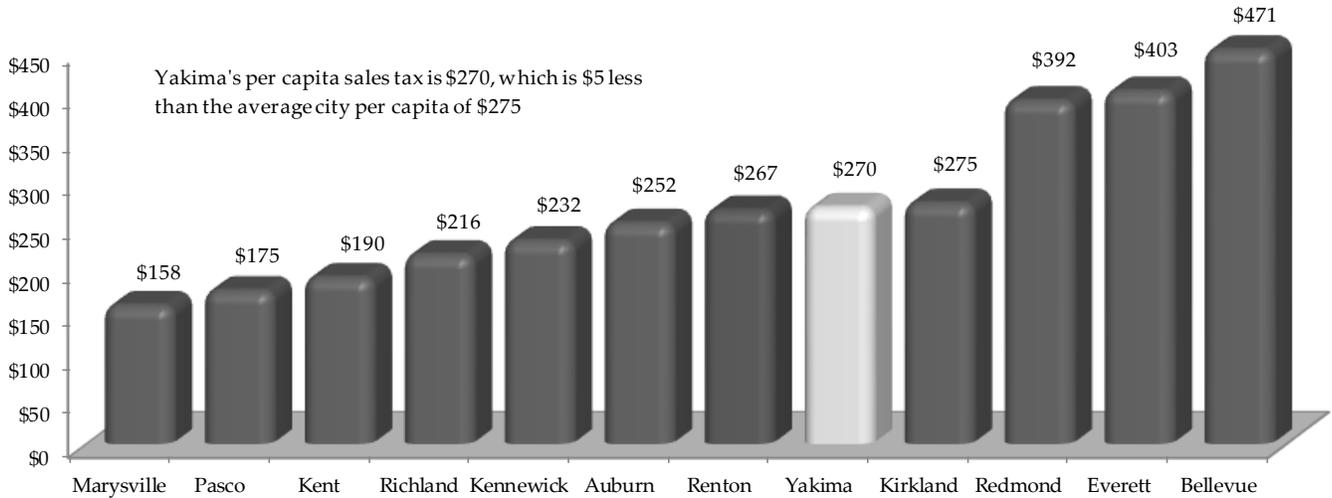
- 2015 projection is \$16,912,595 – \$868,195 or 5.4% above the 2014 year-end estimate of \$16,044,400.

These revenues are largely a function of weather conditions and utility rates in the Valley. Electric and Natural Gas utilities experienced rate increases in 2014, and have requested rate increases in 2015. Even without rate increases, the City Wastewater and Water utilities are expected to experience growth tied to the large crops and related processing. The Refuse rate increase of about 7% is included in the preliminary budget, but will be removed for the final budget. The Franchise and utility taxes combined are the only major revenue source keeping pace with the rate of inflation, primarily because of rate increases implemented by utility providers.

The graphs below depict how the City of Yakima compares to other cities of somewhat similar population relative to (a) sales tax, (b) property tax and (c) business & utility tax per capita.

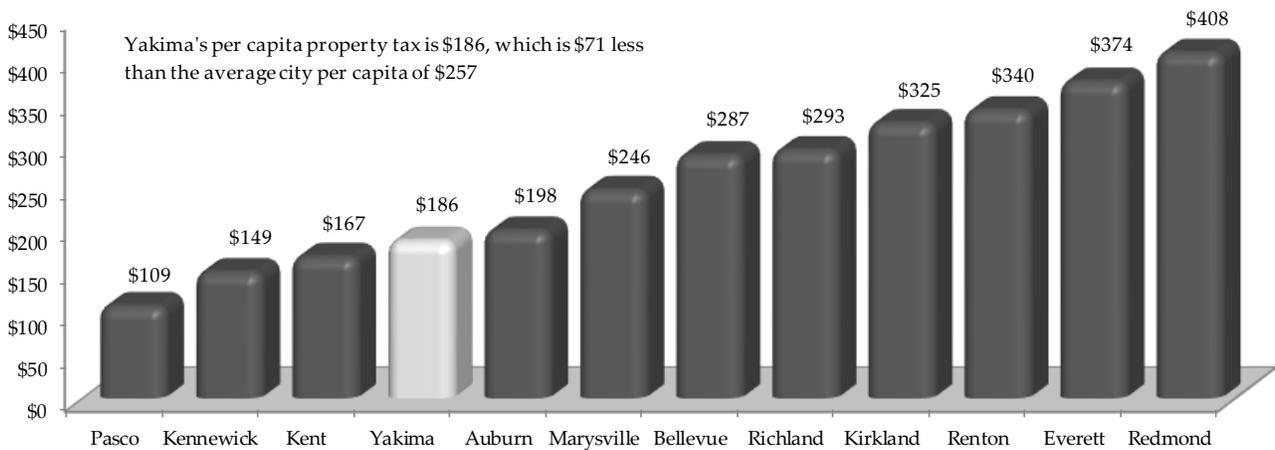
These comparisons show that for all 3 of the major tax sources, Yakima is below the state average. This data was compiled from the State Auditor’s Local Government Comparative Statistics for 2013, and includes comparisons of comparable Washington State cities with population between 50,000 and 135,000.

SALES & USE TAXES

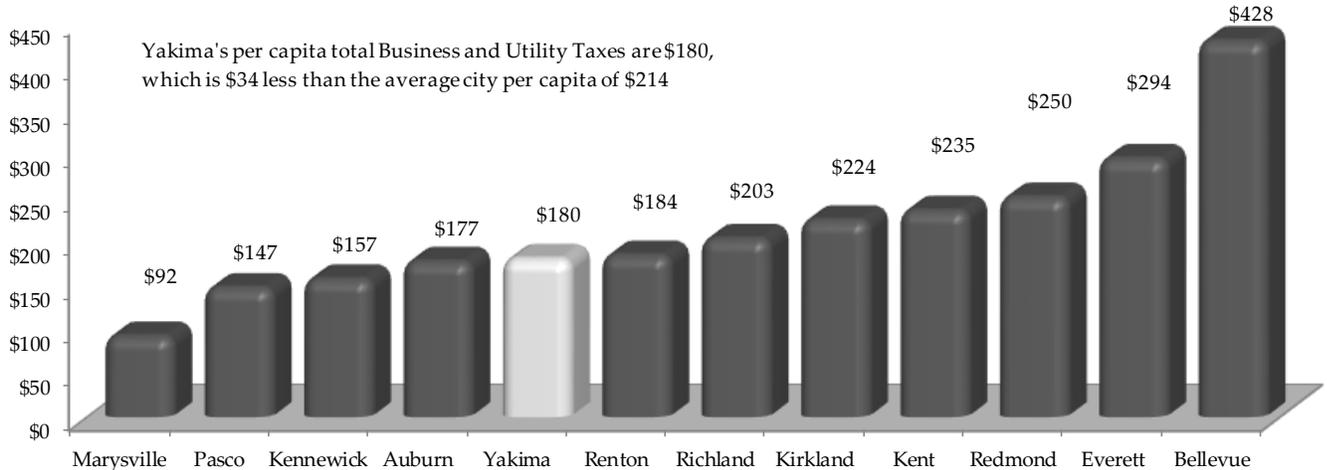


Note: Only Yakima and Everett have a sales tax levied for Transit purposes.

PROPERTY TAXES



BUSINESS & UTILITY TAXES



CHARGES FOR SERVICES

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

- 2015 projection is \$6,876,401. This is a 2.9% or \$195,167 increase from the 2014 estimate.

This increase is tied primarily to cost of living increases along with strategic initiatives that are increasing the base costs in the City Service charge, (such as Human Resource and City Clerk positions.) Other changes are related to usage estimates, and with modest growth assumptions.

STATE SHARED REVENUE

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

- 2015 projection for all revenues within this category is \$2,920,280; a decrease of \$12,220 from the 2014 year-end estimate of \$2,932,500. The State Legislature eliminated the Liquor Excise Tax for one fiscal year (2012-2013) in order to help balance the State's budget. This tax was reinstated starting the 4th quarter of 2013, although not at the level it was originally funded. With the State Legislature under pressure to adequately fund basic education, this category is not expected to grow.

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 \$1,645,110, an increase of \$35,000 for 2015. This is due primarily to the re-instatement of a Parking Enforcement Officer in mid-2014 – parking tickets are estimated to increase about \$35,000.

OTHER TAXES

This category includes about \$500,000 from Business Licenses and \$900,000 Gambling Taxes. The 2014 projection is \$1,429,000, up only 0.7% or \$9,500 – virtually the same as the 2014 year-end estimate.

OTHER REVENUES

The balance of revenues supporting the general government funds consists of other financing sources and miscellaneous revenues, including interest earnings. For 2015, \$1,108,778 is expected to be generated in this category, an increase of \$506,289 or 84.0% from the 2014 year end estimate of \$602,489, primarily because two Tiger Mart properties do not need extensive environmental clean-up, and are expected to be sold in 2015, coupled with additional concession revenues that are expected to accompany the new and expanded downtown events. Interest earnings on the investment portfolio are expected to remain flat through 2015.

TRANSFERS FROM OTHER FUNDS

This represents the transfer of 3.5% of City owned utility taxes from General Fund into the Parks and Recreation fund. The 2015 projection is \$1,505,000, and is derived from utility tax estimates.

OTHER INTERGOVERNMENTAL

This category includes revenue received from other Government units other than the per capita distributions from the State of Washington. The 2015 budget of \$1,712,520 is up \$213,143 or 14.2% from the 2014 estimate largely due the newly awarded SAFER grant to support Firefighter salaries, and a Department of Transportation Grant to support marketing of the Airport.

LICENSES AND PERMITS

The 2015 budget is \$857,900, 2.3% or \$19,050 more than the 2014 year-end estimate of \$838,850. Permit revenues are doing well in 2014, and this projection assumes a similar year of activity with an adjustment for CPI.

REVENUE TRENDS – OVERVIEW

Total General Government revenue grew by about \$2 million or 3.1% from 2012 to 2013. For 2014 the estimated revenue of \$67.4 million shows a growth of \$3.8 million or 6.1% -- mainly due to an upturn in sales and utility taxes, the statutory property tax increase, and new revenue in the General Fund (i.e. the Cable TV utility tax redirected from debt service; a move of the Electronics function; a change in the City Service Charge computation and 6 months of the new SAFER grant), Projected revenue for 2015 is \$70.5 million, a \$3.1 million or 4.6% increase – a continuation of growth in sales and utility taxes and the statutory property tax increase, along with an anticipated sale of property and new grants.

GENERAL GOVERNMENT RESOURCE COMPARISON - BY FUND

GENERAL GOVERNMENT
THREE YEAR RESOURCE COMPARISON ⁽¹⁾

	2013 Actual	2014 Year-End Estimated	2014 vs. 2013 % Change	2015 Projected Resources	2015 vs. 2014 % Change
General Fund	\$54,006,731	\$58,211,636	7.8%	\$61,061,259	4.9%
General Fund Beg Balance	9,128,882	8,374,076	(8.3%)	8,696,818	3.9%
Total General Fund	63,135,613	66,585,712	5.5%	69,758,077	4.8%
Parks & Recreation	4,383,049	4,519,614	3.1%	4,709,455	4.2%
Parks Beg Balance	582,492	556,239	(4.5%)	552,542	(0.7%)
Total Parks	4,965,541	5,075,853	2.2%	5,261,997	3.7%
Street & Traffic Fund Revenue	5,132,424	4,639,310	(9.6%)	4,718,610	1.7%
Street & Traffic Beg Balance	1,172,379	997,502	(14.9%)	666,733	(33.2%)
Total Street & Traffic	6,304,803	5,636,812	(10.6%)	5,385,343	(4.5%)
Total Revenue	63,522,204	67,370,560	6.1%	70,489,324	4.6%
Total Beg Balance	10,883,753	9,927,817	(8.8%)	9,916,093	(0.1%)
Total General Government	\$74,405,957	\$77,298,377	3.9%	\$80,405,417	4.0%

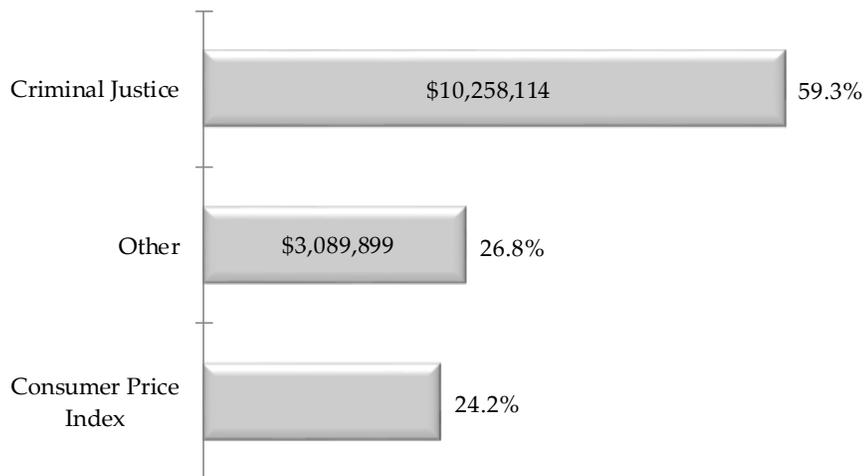
(1) Resources include both annual revenues and beginning fund cash balances.

GENERAL GOVERNMENT RESOURCES BY MAJOR CATEGORY

	2012 Actual	2013 Actual	2014 Amended Budget	2014 Year-End Estimate	2015 Proposed Expenditures	2015 % Change f/ 2014 Est.
	1	2	3	4	5	4-5
General Fund						
Utility Tax	\$14,372,866	\$14,662,629	\$15,948,500	\$15,986,900	\$16,853,945	5.4%
Retail Sales and Use Tax	13,494,843	14,462,963	15,200,000	15,330,000	15,980,000	4.2%
Property Tax	9,935,939	10,195,969	11,178,000	10,978,000	11,254,600	2.5%
Charges for Service	4,676,966	4,965,671	5,806,614	5,530,469	5,658,126	2.3%
Criminal Justice Sales Tax	2,497,008	2,922,211	2,970,000	3,055,000	3,205,350	4.9%
Intergovernmental Revenue	2,862,186	2,683,040	3,012,271	3,071,829	3,263,600	6.2%
Fines and Forfeitures	1,512,477	1,603,138	1,670,000	1,610,110	1,645,110	2.2%
Other Taxes	1,386,334	1,495,525	1,420,500	1,419,500	1,429,000	0.7%
Licenses and Permits	892,282	817,750	769,200	838,850	857,900	2.3%
Miscellaneous Revenue	350,633	141,191	357,478	333,478	854,978	156.4%
Franchise Fees	56,145	56,645	56,000	57,500	58,650	2.0%
Transfers From Other Funds	40,000	0	0	0	0	n/a
Total Revenue	52,077,679	54,006,731	58,388,563	58,211,636	61,061,259	4.9%
Beginning Fund Balance	8,440,130	9,128,882	8,374,076	8,374,076	8,696,818	3.9%
Total General Fund	\$60,517,809	\$63,135,613	\$66,762,639	\$66,585,712	\$69,758,077	4.8%
Parks & Recreation Fund						
Property Tax	\$1,683,000	\$1,920,107	\$1,689,000	\$1,865,490	\$1,911,290	2.5%
Transfers From Other Funds	1,433,150	1,327,759	1,463,000	1,428,000	1,505,000	5.4%
Charges for Services	783,038	855,008	1,026,315	934,655	1,002,165	7.2%
Misc. Revenue/Non-Revenue	222,686	211,741	230,800	228,521	226,800	(0.8%)
Intergovernmental	81,847	68,435	61,100	62,948	64,200	2.0%
Other Financing Sources	7,168	0	0	0	0	n/a
Total Revenue	4,210,889	4,383,049	4,470,215	4,519,614	4,709,455	4.2%
Beginning Fund Balance	296,800	582,492	556,239	556,239	552,542	(0.7%)
Total Parks & Recreation Fund	\$4,507,689	\$4,965,541	\$5,026,454	\$5,075,853	\$5,261,997	3.7%
Street and Traffic Operations Fund						
Property Tax	\$3,716,000	\$3,580,360	\$3,087,000	\$3,085,610	\$3,170,500	2.8%
Fuel Tax - Street	1,275,733	1,301,827	1,297,100	1,297,100	1,305,000	0.6%
Charges for Services	204,899	213,431	215,760	216,110	216,110	0.0%
Miscellaneous Revenue	30,934	29,578	29,000	32,965	19,500	(40.8%)
Other Financing Sources	24,738	6,991	2,000	7,025	7,000	(0.4%)
Other Intergovernmental	603	0	500	500	500	0.0%
County Road Tax/Annexations	463	235	0	0	0	n/a
Transfers From Other Funds	38,308	0	0	0	0	n/a
Total Revenue	5,291,678	5,132,424	4,631,360	4,639,310	4,718,610	1.7%
Beginning Fund Balance	1,211,290	1,172,379	997,502	997,502	666,733	(33.2%)
Total Street & Traffic Ops. Fund	\$6,502,968	\$6,304,803	\$5,628,862	\$5,636,812	\$5,385,343	(4.5%)
Total General Government	\$71,528,467	\$74,405,957	\$77,417,955	\$77,298,377	\$80,405,417	4.0%
Total Revenue	\$61,580,247	\$63,522,204	\$67,490,138	\$67,370,560	\$70,489,324	4.6%
Total Beginning Fund Balance	9,948,220	10,883,753	9,927,817	9,927,817	9,916,093	(0.1%)
Total Resources	\$71,528,467	\$74,405,957	\$77,417,955	\$77,298,377	\$80,405,417	4.0%

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 2006 to 2015

**PERCENTAGE INCREASE OF CRIMINAL JUSTICE COSTS
VS. OTHER GENERAL GOVERNMENT FUNCTIONS AND CPI
2005 BUDGET TO 2015 BUDGET**



Cumulatively, over the past ten years Criminal Justice budgets have increased 59.3%. By comparison, all other General Government expenses have increased by only 26.8%. During this same ten-year period the Seattle-Tacoma Consumer Price Index increased by 24.2%. Criminal justice cost increases are more than 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 are still below 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 2013, 2014 estimate and 2015 budget). With the increase in staffing levels, the indigent defense case rules going into effect, and costs associated with moving the Public Safety Communications Center, this category of expense increased by \$1,545,145 from 2014 to 2015.

**CRIMINAL JUSTICE EXPENDITURES
THREE YEAR COMPARISON**

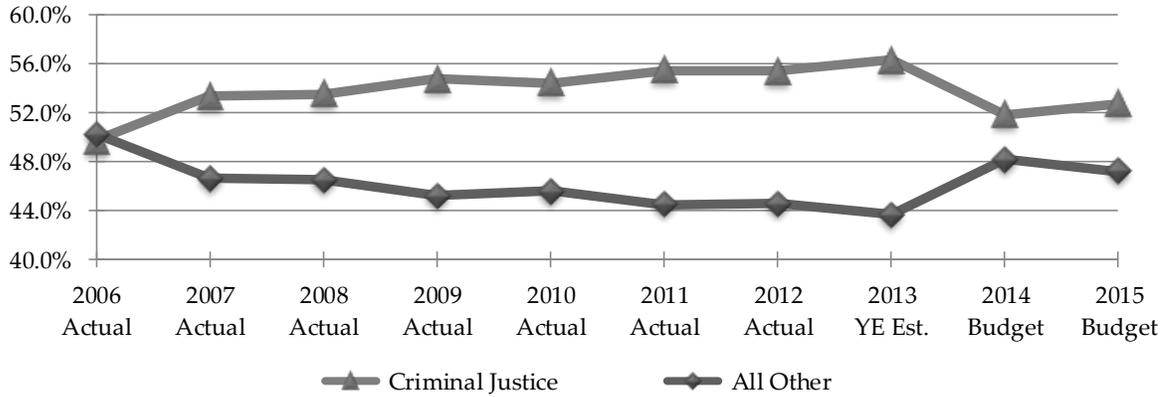
Description	2013	2014	2015	% Change
	Actual	Year-End Estimate	Proposed Expenditures	2015 from 2014
Police Operations & Administration	\$22,682,802	\$22,715,922	\$23,493,338	3.4%
Outside/Inside Jail Costs	3,867,073	3,510,933	3,540,255	0.8%
District Court/Municipal Court & Probation	1,330,831	1,333,646	1,370,533	2.8%
Prosecution Costs/Indigent Defense	1,554,425	1,763,722	2,241,579	27.1%
Other Related Expenses				
Police Pension	1,344,773	1,174,237	1,219,900	3.9%
Emergency Dispatch Transfer	410,000	305,000	465,000	52.5%
Transfer-Law & Justice Capital ⁽¹⁾	177,000	190,000	208,000	9.5%
Sub-total	<u>1,931,773</u>	<u>1,669,237</u>	<u>1,892,900</u>	13.4%
Grand Total	<u>\$31,366,904</u>	<u>\$30,993,460</u>	<u>\$32,538,605</u>	5.0%

(1) Utility Tax transfer from General Fund.

In the 2 years from 2013 to 2015, criminal justice expenditures are estimated to increase by \$1.17 million or 3.7%, keeping in line with the City Council’s strategic priority to improve Public Safety.

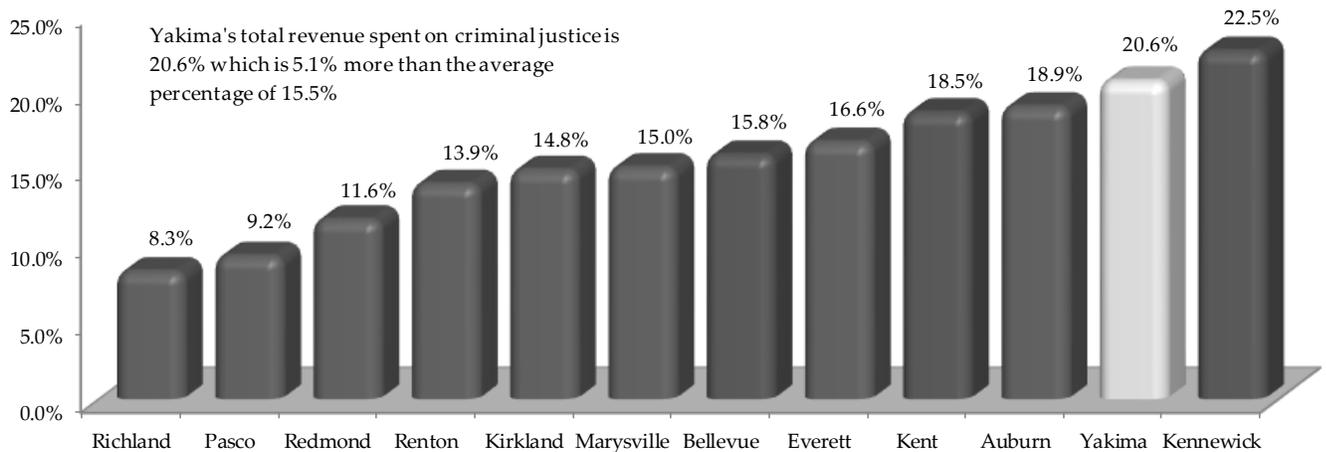
In reviewing the following chart and graph, it should be noted that it includes only General Fund expenditures on criminal justice. Another \$0.5 million is budgeted in the “Police Grants” special revenue fund, which includes a portion of Police and Legal staff working with the DEA on drug enforcement. The Law and Justice Capital Fund includes a budget of \$0.6 million. The Criminal Justice Expenditures as a Percentage of Total General Fund chart below demonstrates that over half of General Fund’s budget is dedicated to criminal justice. Note: The large jump in the percentage in 2007 was the result of Council’s adoption of the Safe Community Action Plan, which allocated a one-time gain in the property tax levy as a result of the library annexation of about \$650,000 to fund additional Police officers in a dedicated proactive anticrime unit. This ratio keeps spreading as Criminal Justice has received increased allocations of resources to address the gang issues facing the City. In 2012, Council approved an increase of 6.0% in the tax rate for city owned utilities (Wastewater, Water, Refuse and Stormwater) which added about \$2.2 million in 2013 growing to about \$2.4 million in 2014. This additional tax was earmarked to save 6 police officer positions from elimination and add 6 more officers, along with other public safety related programs. The 2013 budget included a phased proposal to expand the gang unit by 2 officers, and to add an officer to participate in the Violent Offenders Task Force. Also affecting the 2013 budget is the Washington Supreme Court decision setting new rules for indigent defense. This one mandate added \$0.2 million in 2013 and is expected to add almost \$0.5 million annually by the end of 2015 – the first year of full implementation. 2014 saw the addition of one Lieutenant partially funded by the Yakima School District’s School Resource Officer program, and the take-home car program. In 2015, additional staff includes 2 Police Officers to participate with Federal Task Forces, and a Police Public Information Officer. The pending move of the Public Safety Communications office was also added in 2015.

CRIMINAL JUSTICE EXPENDITURES AS A PERCENTAGE OF TOTAL GENERAL FUND



Even though Criminal Justice costs continued to rise, the chart shows a reduction of the spread between Criminal Justice Expenditures and other expenditures in 2014, because this was the first year implementation of the City Charter amendment to spend \$2 million annually on street improvements.

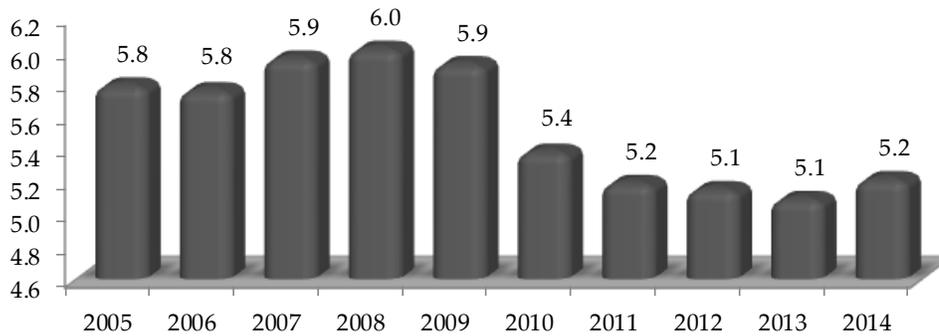
PERCENT OF PER CAPITA TOTAL REVENUE SPENT ON CRIMINAL JUSTICE IN 2013 Comparable Cities between 50,000 and 135,000 in Population



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

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

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



	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Number of Employees	471.1	476.7	497.3	502.8	501.6	489.6	475.1	473.2	471.2	484.8
Employees Per Capita	5.8	5.8	5.9	6.0	5.9	5.4	5.2	5.1	5.1	5.2
Square Miles	25.3	25.9	25.9	27.6	28.7	28.7	28.7	28.7	28.7	28.7
Population	81,470	82,867	83,646	83,731	84,850	91,067	91,630	91,930	92,620	93,080

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

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

- City population has increased 11,610 from 2005 to 2014, or 14.25%
- In 2007, 9 positions were added in the Police Department as part of the Safe Community Action Plan (SCAP), paid for by the increase in property tax realized when the City annexed to the Rural Library District, 4 positions were added because of Public Safety grants, and 7 were added for 2 annexation areas.
- In 2010, 7 Police Officers were added, funded by a COPS hiring grant, and 2 positions were added for the purchasing consolidation with Yakima County.
- In 2012, 6 Police Officers were added, funded by an increase in the City-owned utilities.

It should be noted that a net of 13.7 new FTE positions have been added since 2005, or 2.9% over the past 10 years; compared to the 14.25% 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 also highlights the large reductions necessitated by the economic downturn starting in 2009 and continuing into 2013. Since 2009, staffing levels have been reduced, which dropped the ratio to 5.1 employees per 1,000 population in 2012 and 2013 - the lowest rate in well over two decades.

GENERAL GOVERNMENT EXPENDITURE SUMMARY

The following chart illustrates that the total 2015 General Government budget is \$70,501,047, \$1,588,520 or 2.3% more than the 2014 amended budget of \$68,912,527.

2014 - 2015 GENERAL GOVERNMENT BUDGET

	2014 Amended Budget	2014 Year-End Estimate	2015 Proposed Expenditures	2015 vs. 2014	
				Dollars	Percent
General	\$59,534,570	\$58,966,443	\$60,738,516	\$1,203,946	2.0%
Parks & Recreation	4,556,548	4,545,867	4,713,152	156,604	3.4%
Street & Traffic Operations	4,821,409	4,814,188	5,049,379	227,969	4.7%
Total General Government	<u>\$68,912,527</u>	<u>\$68,326,497</u>	<u>\$70,501,047</u>	<u>\$1,588,520</u>	<u>2.3%</u>

OTHER FUNDS

2014 year-end estimates for the City's Other Operating and Enterprise Funds are summarized below:

BUDGET STATUS

	2014 Amended Budget	2014 Year-End Estimate	Variance	2014 Estimated Resources	2014 Estimated End Balance
Economic Development	\$456,622	\$456,622	(0)	\$511,488	\$54,866
Neighborhood Dev. (Housing)	3,120,096	3,109,287	10,809	3,794,453	685,166
Community Relations	601,850	589,455	12,395	1,136,833	547,378
Cemetery	278,900	269,920	8,980	319,210	49,290
Emergency Services	1,339,282	1,309,446	29,837	1,493,214	183,769
Public Safety Communications	3,219,521	2,943,359	276,162	3,697,596	754,237
Police Grants	469,024	435,624	33,400	742,642	307,018
Downtown Improvement District	244,358	232,750	11,608	238,020	5,270
Trolley (Yakima Interurban Lines)	166,850	116,501	50,349	142,605	26,104
Front Street Business Improvement	9,000	5,000	4,000	9,410	4,410
Tourist Promotion	1,483,667	1,483,667	0	2,027,822	544,155
Capitol Theatre	342,020	342,020	0	368,408	26,388
Public Facilities Dist Rev Conv Ctr	645,000	640,000	5,000	1,047,215	407,215
Tourist Promotion Area	687,000	650,000	37,000	723,324	73,324
Public Facilities Dist Rev Cap Theatre	531,000	563,430	(32,430)	699,122	135,692
Airport Operating	1,130,293	1,083,863	46,430	1,085,742	1,879
Stormwater Operating	2,325,519	2,315,822	9,698	3,615,183	1,299,361
Transit	8,240,033	7,989,823	250,209	9,269,988	1,280,165
Refuse	5,864,823	5,846,975	17,848	6,134,525	287,550
Wastewater	20,363,432	20,282,066	81,366	23,279,210	2,997,144
Water	9,022,649	8,909,509	113,140	11,775,470	2,865,961
Irrigation	2,063,884	1,828,565	235,319	2,705,288	876,723
Equipment Rental	5,671,800	5,330,898	340,902	9,744,421	4,413,523
Environmental	192,950	192,681	269	674,232	481,551
Public Works Admin.	1,243,866	1,227,371	16,495	1,630,198	402,827
	<u>\$69,713,439</u>	<u>\$68,154,653</u>	<u>\$1,558,786</u>	<u>\$86,865,619</u>	<u>\$18,710,966</u>

All Operating and Enterprise Funds are anticipated to end 2014 with positive fund balances. This analysis includes appropriations approved by Council through October. Due to an oversight in the Public Facilities District Capitol Theatre Fund, an increase intended for 2015 projected expenditures were included with the Preliminary Year End Estimate for 2014 and is therefore more than authorized in the Amended 2014 Budget. The 2014 transfer out will be reduced, and the 2015 transfer out will be increased in the same amount for the Final Budget bringing the 2014 Estimated Expenditures to \$531,000 and the 2014 Estimated Ending Balance to \$168,122, although there will ultimately not be a change to the 2015 Ending Balance.

2015 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 2015 BUDGET

Fund	2015	2015	2015
	Projected Resources	Projected Expense	Projected Balance
Economic Development	\$276,866	\$235,766	\$41,099
Neighborhood Development (Housing)	2,159,503	1,479,188	680,315
Community Relations	1,143,978	612,510	531,467
Cemetery	314,240	292,795	21,446
Emergency Services	1,473,795	1,312,692	161,102
Public Safety Communications	4,850,036	4,438,988	411,048
Police Grants	791,018	475,296	315,723
Downtown Improvement District	203,110	197,500	5,610
Trolley	79,728	57,046	22,682
Front Street Business Improvement Area	8,145	7,000	1,145
Tourist Promotion	2,237,405	1,628,854	608,551
Capitol Theatre	421,638	396,540	25,097
Public Facilities Dist Rev Conv Ctr	1,223,965	748,220	475,745
Tourist Promotion Area	760,324	687,000	73,324
Public Facilities Dist Capitol Theatre	754,392	608,220	146,172
Airport Operating	1,110,768	1,099,571	11,198
Stormwater Operating	3,450,361	3,444,953	5,409
Transit	9,799,391	8,581,402	1,217,988
Refuse	6,508,149	6,114,871	393,278
Wastewater	24,428,446	20,893,684	3,534,763
Water	11,741,961	9,359,410	2,382,552
Irrigation	2,642,923	1,791,819	851,104
Equipment Rental	10,026,381	5,411,876	4,614,505
Environmental	1,491,551	1,007,950	483,601
Public Works Administration	1,518,265	1,160,784	357,481
Total Other Operating and Enterprise Funds	\$89,416,339	\$72,043,937	\$17,372,405

As mentioned in the note following the 2014 Budget Status chart, the Public Facilities District Capitol Theatre Fund included some 2015 expenditures erroneously in the 2014 Estimate. The Final Budget as corrected will show 2015 Resources of \$786,866, Expenditures of \$640,650 and a Projected Fund Balance at the end of 2015 of \$146,172.

See Exhibit I for additional detail of Other Operating and Enterprise Funds, including a 3-year history of expenses, and a fund balance analysis, including the estimated beginning and ending fund balances, and projected revenue.

The *2015 Operating and Reserve Funds* chart at the end of Section I depicts a summary of resources and expenditures for major operating and Utility fund operations for 2015, including contingency, operating

reserve funds and employee benefit funds. Although Equipment Rental is included on the table, it is split into an operating component and capital component for charting operating vs. capital budgets.

OPERATING FUNDS

For more information on strategic initiatives that affect these funds see the *Strategic Initiatives* section.

The Economic Development Fund

This fund reflects resources of \$276,866 and expenditures of \$235,766 for 2015. These funds are planned to be used to spur economic development. Expenditures include an allocation of the Code Enforcement program that is eligible to be funded by the Community Development Block Grant (CDBG) (\$121,633); the continuation of Federal legislative funding efforts (\$72,000); and the City's partnership with New Vision (\$33,000).

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 \$1,479,188 and are subject to the public hearing process. After reductions in Budget allocations at the Federal level in both 2013 and 2014, the 2015 allocation may begin to stabilize. However, the recent drops have necessitated a Reduction of Force of one position (see the related Strategic Initiative). 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 2015 ending balance is projected to be \$680,315.

The Community Relations Fund

The Community Relations fund expects resources of \$1,143,978 for 2015. Expenditures are estimated to be \$612,510, leaving the balance estimated at \$531,467 for year-end, earmarked primarily for capital expenditure on production equipment/cable TV facilities.

Cemetery Fund

Resources within this fund for 2015 are projected at \$314,240. Expenditures are estimated to be \$292,795, and the estimated ending balance is projected at \$21,446. The Cemetery Fund depends on \$132,000 as an operational subsidy from the Parks and Recreation Fund, which remains unchanged from last year. Operational revenue continues to lag behind costs. Parks management continues to monitor this situation.

The Emergency Services Fund

Resources in this fund reflect revenues of \$1,473,795 and expenditures of \$1,312,692 related to the provision of Emergency Medical Services, and are supported by an allocation of the county-wide special EMS Property Tax Levy. The 2015 ending balance is projected to be \$161,102.

The Public Safety Communications Fund

This fund expects resources of \$4,850,036 and expenditures of \$4,438,988 for 2015, leaving a balance of \$411,048 at year-end. This fund accounts for 9-1-1 Call takers, supported by Yakima County 9-1-1 resources in the amount of \$1,815,764. A move of the Communications center to a new County location is included in the Strategic Initiatives for 2015, and accounts for an increase of about \$1.2

million over the 2014 budget. An interfund loan of \$720,000 to cover part of the City's portion of the cost is part of this coming year's budget. Ongoing lease payments and transfers for debt service will be paid to the County beginning in late 2015. General Fund expenditures include a transfer of \$930,000 for dispatch, including the new debt service and operating costs related to the move. These costs are included in the 2015 budget and the City's Five Year Financial Plan.

Police Grants

This fund accounts for the Federal / State forfeited narcotics and related prosecution expenditures. The COPS Hiring Recovery Program (CHRP) was formerly accounted for in this fund. The three year program grant was completed in 2013. The seven police officer positions funded by the grant are now part of the General Fund. Resources for the Police Grants fund are estimated to be \$791,018 and expenditures are budgeted at \$475,296, leaving an ending balance of \$315,723 for 2015.

Downtown Yakima Business Improvement District (DYBID) Fund

Resources in this fund are projected to be \$203,110, while expenditures are projected at \$197,500. The ending balance for 2015 is projected at \$5,610. Much of the 2015 budget is targeted toward maintaining the recent downtown revitalization efforts.

The Trolley Fund

This fund projects resources of \$79,728 and expenditures of \$57,046 for a minimal maintenance and improvement program in 2015. A General Fund contribution of \$100,000 was made in 2014 for building improvements that may continue into 2015. The 2015 year-end balance is projected at \$22,682.

The Front Street Business Improvement Area Fund

This fund projects resources of \$8,145 and expenditures of \$7,000 – leaving an ending balance of \$1,145 for 2015.

The Tourism Promotion/Yakima Convention Center Fund

This fund's budget anticipates resources of \$2,237,405 (this includes a transfer of \$145,000 from the Public Facility District) and expenditures of \$1,628,854, and thus is expected to end 2015 with a balance of \$608,551. The budget includes an increase the Center's management fee from \$708,200 to \$721,200, or \$13,000, and an increase in the Sports Commission fee from \$57,000 to \$65,000, or \$8,000. (See strategic initiative section). The Tourism Promotion section of this budget also contains the new allocation of Hotel/Motel Tax of \$100,000 to Central Washington State Fair Park to support SunDome operations. Note: the Lodging Tax Advisory Committee only approved an allocation of \$75,000—the final budget will reflect this change.

The Capitol Theatre Fund

This fund is expected to have resources of \$421,638 and expenditures of \$396,540, leaving an estimated ending balance of \$25,097. This includes a \$50,000 increase to the Capitol Theatre Committee management fee for 2015, from \$232,000 to \$282,000, primarily to provide adequate support through the transition of Executive Director. (See strategic initiative section).

The Public Facilities District – Convention Center Fund

This fund includes resources estimated to be \$1,223,965 for 2015. Expenditures are estimated to be \$748,220. Of this amount \$462,220 is for debt service on the Convention Center bonds issued in

2002 and \$145,000 is for supplemental support of Convention Center operations, while \$110,000 is for the Convention Center Capital Fund. This leaves a fund balance of \$475,745 at the end of 2015.

The Tourist Promotion Area

This fund accounts for a self-assessment imposed by the lodging industry to promote tourism. Resources are estimated to be \$760,324, with expenditures programmed at \$687,000, leaving a balance at the end of 2015 of \$73,324.

The Public Facilities District – Capitol Theatre

This fund includes resources estimated to be \$754,392 (\$786,822 final) for 2015. Expenditures are estimated to be \$608,220 (\$640,650 final). Of this amount \$464,410 is designated for debt service on the Capitol Expansion bonds issued in 2009 and \$112,000 for supplemental support for Capitol Theatre operations. It should be noted that beginning in 2013 the Federal Government reduced the amount it provided for the Build America Bond program, so the City's contribution to debt service increased by almost \$10,000. This leaves a fund balance of \$146,172 at the end of 2015.

Airport Operating Fund

This fund was created in 2013 to account for operations at the Yakima Air Terminal, after the joint venture with Yakima County was dissolved. Resources are estimated to be \$1,110,768, with expenditures programmed at \$1,099,571, leaving a balance at the end of 2015 of \$11,198. Marketing efforts partnered with regional airlines as well as grant applications have been implemented to increase air travel to and from Yakima. The purchase of two maintenance trucks and improvements to 21st Avenue on Airport property are planned for this year. (See the Strategic Initiatives in Section IV) It should be noted that the ending balance is significantly below acceptable minimum levels, however, there had been deferred maintenance of the terminal and operating equipment such that it is imperative that some investments be made.

Stormwater Operating Fund

Expenditures in this fund are estimated to be \$3,444,953 and resources are projected to be \$3,450,361 for 2015. The budget is developed with the annual current rate of \$43 per equivalent residential unit which is unchanged from 2014. An increase of 55% has been proposed to meet ongoing regulatory requirements, however, that increase is being postponed until 2016. An ending balance of \$5,409 is currently projected for 2015. The expenditure budget includes a \$200,000 transfer to the streets fund to support the street sweeping program, \$50,000 to the General Fund for code compliance support relating to stormwater drainage systems, and \$1,300,000 to the capital fund to support time-sensitive capital investments, such as North 1st Street. This fund balance is also well below minimum requirements, as the capital projects are not recommended to be postponed. This should be remedied when the rate increase is ultimately made in 2016.

Transit Fund

Expenditures in this fund are estimated to be \$8,581,402 and resources are projected to be \$9,799,391 for 2015. Total Transit sales taxes for the year are forecast to be \$5,577,000 estimating the same growth rate of 4.25% used for General Fund -- \$4,468,000 is allocated to operations and \$1,109,000 to capital. This fund also includes an operating grant of \$2,200,000. The operating budget includes a full year of the new Ellensburg Route contract. An ending balance of \$1,217,988 is currently projected for 2015.

Refuse Fund

Total resources in this fund for the year are \$6,508,149. Total expenditures are estimated to be \$6,114,871, and an ending balance is currently projected at \$393,278. Revenues include a rate structure change that was presented to City Council on October 28, 2014, estimated to add \$386,000. Should Council choose not to approve the rate adjustment, operational changes would be necessary, since the fund balance is not adequate to absorb the reduction in revenue. A recycling pilot program was completed in 2014 at a cost of \$85,425. The pilot program was successful, and may be expanded in coming years to help prolong the use of the existing landfill, however, it would also need adequate reserves to invest in the needed equipment (i.e. carts and trucks) to accomplish the program. See the Strategic Initiative in Section IV for a more complete discussion.

Wastewater Fund

Resources for this fund are expected to total \$24,428,446. Expenditures are budgeted at \$20,893,684 and the 2015 year-end balance is currently projected to be \$3,534,763. Transfers of about \$2.7 million to Wastewater Construction funds and \$2.6 million to provide for Wastewater Bond redemption and repayments of Public Works Trust Fund Loans are proposed in this budget. The proposed 2015 Sewer budget includes continued implementation of the Sewer Comprehensive Plan and the Wastewater Facilities Plan.

Water Fund

Resources of \$11,741,961 are projected for the year in this fund. Expenditures are estimated to be \$9,359,410 leaving \$2,382,552 at the end of 2015. These costs include \$750,000 transfer to the Capital Fund, and about \$1,125,000 to provide for Water Bond Debt Service, and repayments of Water Public Works Trust Fund Loans.

Irrigation Fund

Resources for 2015 are projected to be \$2,642,923 in this fund, and expenditures are estimated to be \$1,791,819, including a transfer of \$190,000 to the capital fund. The ending fund balance is projected to be \$851,104.

The Equipment Rental Fund

The budget for this fund in 2015 is \$5,411,876 of which \$3.7 million is the maintenance and operations budget, and \$1.7 million is the Equipment Replacement budget. Resources are expected to be \$10,026,381 while the ending fund balance for 2015 is expected to be \$4,614,505, most of which represents capital equipment replacement reserves. The operations budget includes 2 additional Mechanic I positions to keep up with the workload, and the capital portion of the fund has about \$1.5 million in new and replacement vehicles. See the related Strategic Initiatives in Section IV for the list of rolling stock purchases.

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 2015, \$1,491,551 in resources is expected to be available, with an expenditure budget of \$1,007,950, including \$860,000 for the cleanup of the former Tiger Oil properties, to be funded by a Department of Ecology grant of \$500,000 and the escrow account that came with the property of \$360,000 that can be used to match the grant. This budget typically includes a contingency of \$150,000 for environmental emergencies. A year-end balance of \$483,601 is projected.

Public Works Administration Fund

Expenditures for 2015 are expected to be \$1,160,784 for this fund. Resources for 2015 are expected to be \$1,518,265 generated from operating funds located in the Public Works complex, resulting in a year-end balance of \$357,481.

RESERVE FUNDS – EMPLOYEE BENEFIT RESERVES

The Unemployment Compensation Reserve Fund

This self-insured fund is estimated to end 2015 with a balance of \$270,238. Resources are projected to be \$593,415 and expenditures for claims and other related expenses are estimated at \$323,177, which includes a contingency, as the 2014 year end estimate is only \$192,308. Rates are unchanged for 2015.

Employees Health Benefit Reserve Fund

Expenditures in this fund for 2014 are projected to be \$9,745,849, while resources are \$12,307,222, leaving an ending balance projected to be \$2,561,373, which just slightly exceeds the State's minimum reserve and contingency requirements. The City is self-insured for its medical/dental program which means that we pay the direct costs of the plan. The original rate calculation based on an 18 month rolling average of claims history ending in June 2014 resulted in a proposed premium increase of 10% for employee only and 48% for dependent units. This premium structure would have added about \$2 million to the total premium (about \$1.6 million City and \$0.4 million employees). The insurance broker was tasked with bringing plan changes that could substantially reduce plan costs and the proposed premium. The primary recommendation is to enact a Reference Based Reimbursement program that limits hospital charges to the higher of Medicare plus or cost plus. The broker looked at our prior year claims, and if they would have been paid this new way, the plan would have saved \$1.4 million. They also recommended that we contract for a health advocacy service that will help steer patients to the most cost effective facility for treatment. These new programs combined with savings produced by having our own medical clinic all combined to produce this estimated reduction in expenditures and the resulting reduction in base rates to add only 4% in 2015. 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 \$612,840, the result of resources totaling \$1,853,971 and expenditures of \$1,241,131. Ongoing efforts in claim management and safety training are in place to slowdown the number of claims/costs. Rates are unchanged for 2015.

Wellness/Employee Assistance Program (EAP) Fund

Projected total resources for 2015 are \$353,629 in this fund, and expenditures are \$174,800 with a projected year-end balance of \$178,829. This fund includes maintenance of the exercise facilities, wellness initiatives, and the Employee Assistance Program; and is funded by unused medical premiums for vacant positions.

The Firemen's Relief and Pension Fund

This fund is projecting resources of \$2,230,803 and expenditures of \$1,380,282, leaving an estimated 2014 year-end balance of \$850,521. The Fire Pension property tax allocation for 2015 of \$1,207,500 is slightly above the 2014 estimate of \$1,186,000. 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 2015, based on personnel costs, claims experience and other insurance/professional services costs, on-going expenditures are estimated to be \$3,643,761. Departmental contributions to the Risk Management Fund total \$3,490,000, an increase of 10% for most operating divisions. The increase helps pay for liability and other insurance coverage and increased claims costs, and to meet reserve requirements. These charges, along with interest earnings of \$100,000 and estimated recoveries combine for projected 2015 revenues of \$3,684,000 for normal operations.

In addition to on-going operations, the 2015 revenues and expenditures include \$84,000 for anticipated possible mitigation of contamination from the former City landfill at the Cascade Mill 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 2015 are expected to be \$4,318,139 and \$3,643,761 respectively. The year-end 2015 reserve balance is estimated to be \$674,378. These reserve levels are considered marginal in comparison to the existing liability for incurred claims. The expenditures include an estimate of the City's attorney fees relating to the Voting Rights Act case, but not any settlement costs (i.e. reimbursed legal fees). Depending on the amount and timing of the award, a funding plan will be developed. The reserve balance in this fund will continue to be monitored for adequacy.

Capitol Theatre Reserve

The Capitol Theatre Reserve projects no revenues for 2015. The annual transfer of \$71,927 to the Capitol Theatre was changed from the Operating Fund to the Construction fund for both the balance of 2013 and 2014, going into 2015 so much needed safety/ADA improvements could be made. The projected 2015 ending balance is \$36,641 which will be totally depleted after 1 more year. The City is pursuing funding alternatives for capital improvements with the Capitol Theatre Committee.

General Fund Cash Flow Reserve

General Fund cash flow reserves for 2015 are estimated at \$8,696,818. This source is a contingency for Council policy changes, results of negotiations for unsettled bargaining units, other unknown expenses and potential revenue shortfalls.

In summation, the City's 2015 General Reserve position is estimated to be as shown in the following chart.

2015 GENERAL RESERVE POSITION

<u>Fund</u>	2013	2014	2015
	<u>Actual Balance</u>	<u>Estimated End Balance</u>	<u>Estimated End Balance</u>
General Fund Cash Flow	\$9,128,882	\$8,374,076	\$8,696,818
Capitol Theatre Reserve	180,495	108,568	36,641
Risk Management Reserve	839,065	634,139	674,378
Total	<u>\$10,148,442</u>	<u>\$9,116,783</u>	<u>\$9,407,837</u>

The slow economic recovery has continued to 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 2014, a number of capital improvements were programmed for an amended capital budget of \$69.0 million. However, capital improvement expenditures for 2014 were estimated to be \$48.6 million, a spending level approximately \$20.4 million below budgeted levels. These projects are rebudgeted in 2015 along with additional capital improvements. The Airport Taxiway reconstruction project makes up about half of the amount to be rebudgeted. Other projects include the Yakima Sawmill Redevelopment Area, and Speedway/Race Street Wastewater piping. (See *Exhibit I* for a summary of the status of the capital funds.)

The *2015 Capital and Debt Service Funds* chart at the end of Section I depicts a summary of 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.

For 2015, Capital Fund expenditures of \$39,023,263 are estimated as follows, inclusive of carryover projects from 2014.

Street/Other Capital Improvement Projects Funded by REET

Total projects of \$5,927,005 million (including carryover projects and Debt Service).

- Lincoln Corridor Study (Federal Grant, carryover from 2014) – \$315,000
- Railroad Grade Separation (Artwork and Sidewalk improvements) – \$645,000
- North 1st St. Revitalization Phase I (Federal Grant, carryover from 2014) – \$20,000
- North 1st St. Revitalization Phase II (cash balance from Underpass projects) – \$1,300,000
- 64th and Tieton Signal (funded by gas tax and developer capital contribution) – \$943,600
- Extend 21st Avenue to provide vehicle access to the south airfield -- \$175,000
- Design for Nob Hill and Fair Avenue Intersection -- \$24,900
- Other Debt Service/Transfers – \$1,223,205

- Other miscellaneous projects – \$1,280,300. These projects include:
 - Project Contingency (for project over runs or emergency repairs) – \$305,000
 - City Hall Improvements – \$440,000
 - Traffic Calming Project - \$20,000
 - Bridge Inspections – \$5,000
 - Other Street Maintenance Services – \$350,000

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 2015 projects – \$1,250,000 and Debt Service - \$317,742, for a total of \$1,567,742.

- Fruitvale Canal Diversion System (carryover) – \$500,000
- West Yakima Avenue (18th to 28th, carryover) – \$725,000
- Main and Pump Refurbish (carryover) – \$25,000

Domestic Water Improvement Fund

Total 2015 projects – \$2,500,000.

- Modifications to River at WTP Intake (carryover) – \$1,000,000
- Water Main Replacement (N. 1st St) – \$1,400,000
- Other water capital projects – \$100,000 (Note: This should be \$270,000—the final budget will be adjusted)

Fire Capital Fund

Total 2015 projects – \$2,254,159.

- 2 Fire Apparatus and other vehicles – \$1,854,000
- Miscellaneous equipment, supplies and major maintenance – \$330,200
- Debt service (LOCAL, State bond participation program) – \$69,959

Wastewater Capital Expenditures

Facility projects and other sewer improvements, including sewer line extension rehabilitation and other costs, total \$4,690,000.

- Speedway/Race Street Piping Improvements – \$1,800,000
- Toscana Development Castlevale/Fechter (carry over) – \$350,000
- Digester Improvement Plan – \$550,000
- Collection System Pipeline Improvements – \$500,000
- Plant Security Upgrades – \$150,000
- Congdon Sewer Main (carry over) – \$100,000
- Wastewater System Evaluation – \$100,000
- Other Wastewater miscellaneous capital/major maintenance needs – \$1,140,000

Stormwater Capital Fund

Total 2015 budget – \$2,025,000.

- N. 1st Street Revitalization Project – \$1,790,000
- Randall Park reconstruction -- \$50,000
- Cascade Mill site – \$160,000
- Contingency -- \$25,000

Airport Capital Fund

Total 2015 budget – \$12,539,721.

- Taxiway Construction (Federal grant/interfund loan) – \$12,539,721

Transit Capital

The 2015 budget of \$1,749,000 is for miscellaneous capital needs and vehicle replacement.

- 3 Heavy Duty Buses – \$1,300,000
- Replace Dial-a-ride vehicles – \$392,000
- Other capital needs – \$57,000

Parks Improvements Projects

The 2015 budget of \$1,000,000 includes \$900,000 for renovation of Randall Park, funded by a combination of a state grant, community donations, and REET 1. The balance is for miscellaneous capital needs and improvements to the Southeast Community Center restrooms.

Yakima Revenue Development Area

Total 2015 budget is \$3,500,000, funded by a combination of the State sales tax credit (\$1,000,000); a County SIED grant (\$900,000) and the beginning reserve balance:

- Purchase of landfill property (carry-forward) -- \$900,000
- Construct Fair Avenue Roundabout – \$2,600,000

Other Capital Projects/Transfers

- Law and Justice Capital fund – \$639,636 for the Police Station / Legal Center related equipment and projects including:
 - Vehicle Replacement -- \$100,000
 - Replace Jail Control Panel – \$165,000
 - Washington Fruit Community Center Facility improvements – \$100,000
 - Live scan Fingerprinting System -- \$70,000 (90% Grant revenue)
 - Radio Replacement Program -- \$15,000
 - Complete SWAT Communication System upgrade -- \$31,000
 - Other miscellaneous projects and equipment – \$158,636
- Convention Center Capital Improvements – \$490,000 is programmed for ongoing capital needs of the Center for 2015.
- CBD Capital Improvement - \$91,000 for maintenance contract and other services.

LID Construction

There are no local improvement district projects budgeted in 2015.

Capital Improvement Fund Summary

Overall, Capital Fund expenditures in the 2015 Budget Summary of \$39.0 million are \$30.0 million below the 2014 Amended budget of \$69.0 million. The major projects completed in 2014 was \$17 million of street improvements and \$6.5 million for the Martin Luther King Jr railroad underpass which represent \$23.5 million that won't be carried forward into the 2015 budget. The utilities are budgeting less in their capital funds, since the Water, Wastewater, and Stormwater rate proposals are postponed to 2016. These factors combine to produce the drop in the 2015 capital budget. Generally speaking, ongoing resources for capital needs are not keeping up with the demand, so that capital improvements will likely remain in the forefront of future budget discussions.

It should be noted that with the passage of Proposition 1 on November 4, 2014, the final budget will be changed to move \$750,000 of property tax into the Parks and Recreation operating fund which will then be transferred to the capital fund. The capital fund will also be increased by the same amount, so that design work can begin on parks projects that will ultimately be approved by Council.

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 2015. Citywide, grants add to over \$31.1 million, which is about 15.7% of total revenues.

This grant summary is included in the Capital Improvement section because Capital grants make up over half of the total grants awarded. Grants make up about 44.0% of revenue in the Capital Improvement funds.

2015 GRANTS (Federal, State & Interlocal Subsidies)

<u>Department</u>	<u>Description</u>	<u>Amount of Grant</u>
Federal/State Capital Grants		
Law & Justice Capital	JAG Grant	\$41,636
Parks and Recreation	Department of Fisheries	500,000
Arterial Streets	Fair Ave/Nob Hill Intersection Rebuild	21,538
Arterial Streets	64th Ave. - Nob Hill to Tieton	784,000
Arterial Streets	N. 1st Street Revitalization Phase 1	17,300
Arterial Streets	Lincoln Corridor Safety 32nd to 5th	315,000
Trolley	Trolley Enhancement Project	52,349
Environmental Fund	Department of Ecology	500,000
Transit Capital	Federal Pass Thru Vehicles	411,267
Airport Capital	FAA Alpha Taxiway Construction	12,145,000
Total Federal/State Capital Grants		\$14,788,090

Department	Description	Amount of Grant
Federal/State Operating Grants - General Government		
Police	Traffic Safety Commission	\$52,000
Fire	SAFER Grant	259,436
Indigent Defense	OPD Public Defense Grant	91,500
Airport	Small Air Service Marketing	125,000
Parks and Recreation	ALTC Reimbursement SCSA State Res	18,000
Parks and Recreation	Senior Center - Foot care	25,300
Parks and Recreation	State Day Care CFDA 93.044	11,000
Parks and Recreation	State Transportation CFDA 93.043	500
Parks and Recreation	State Transportation CFDA 93.043	7,000
Municipal Court	Judicial Salary Contribution	46,000
General Fund	In-lieu Property Taxes	6,330
Total Federal/State Operating Grants - General Government		\$642,066
Federal/State Operating Grants - Other Funds		
Community Development	Community Development Block Grant	\$841,886
Community Development	HUD HOME Program	406,607
Transit	UMTA - Current Year per Grant	2,200,000
Transit	Commute Trip Pass Thru WSDOT	6,000
Transit	WA State Transit Operating Grant	117,977
Transit	WA State Transit Operating Grant	313,507
Transit	WSDOT Rural Mobility Grant	43,082
Emergency Services	Department of Health - Pre-hospital Grant	1,726
Total Federal/State Operating Grants - Other Funds		\$3,930,785
Federal Entitlements		
PFD Capitol Theatre	Capitol Theatre - Build America Bond Subsidy	\$99,422
Police	Federal Forfeited Property	100,000
Total Federal Entitlements		\$199,422
State Shared Revenue		
Police	Criminal Justice - High Crime	\$344,000
Police	Criminal Justice - Violent	123,220
Police	Criminal Justice - Special programs	66,660
Police	MVET DUI Payment	17,000
General Fund	Liquor Excise Tax	178,000
General Fund	Liquor Board Profits	820,000
Economic Development	City Assistance	100,000
Parks and Recreation	Criminal Justice - Special Programs	20,400
Streets	Gas Tax	1,305,000
Arterial Streets	Arterial Street Gas Tax	606,400
Firemen Relief & Pension	Fire Insurance Premium Tax	72,838
Total State Shared Revenue		\$3,653,518

Department	Description	Amount of Grant
Intergovernmental Contract / Services		
Police	Police - Fairgrounds	\$10,000
Police	Resource Officers	678,311
Police	YPD OT Reimbursement by County	5,000
Police	Violent Crimes Task Force	15,000
Fire	Fire - EMS Levy	34,500
Fire	Personnel Services - Training	7,000
Fire	Fire Investigator Services	500
Fire	Fire Training Programs	2,000
Fire	Fire Training Services	8,000
Parks and Recreation	School District	7,500
Traffic Engineering	Engineering Services	500
Purchasing	Purchasing Services	266,193
Emergency Services	EMS Levy	1,288,000
Public Safety Communications	Fire District #10	24,000
Public Safety Communications	911 Service Contracts	1,815,764
Public Safety Communications	Fire Dispatch Services	238,560
Public Safety Communications	Police Dispatching Service	94,225
Public Safety Communications	Information Technical Services	100,000
Public Safety Communications	Union Gap Electronics	10,400
Public Facilities District	Public Facilities District Revenue	816,000
PFD - Capitol Theatre	Public Facilities District Capitol Theatre	618,200
YAKCORPS	Intergovt IS Services	24,050
YAKCORPS	YAKCORPS Assessment	605,777
Transit	Selah Transit Bus	225,000
Transit	Selah Transit Dial-a-Ride	60,000
Yakima County	SIED Interlocal Grant	905,000
Total Intergovernmental Contract / Services		\$7,859,480
Total 2015 Grants and Other Subsidies		<u>\$31,073,361</u>

STRATEGIC INITIATIVES

CITY ADMINISTRATION

City Clerk

Strategic Initiative Request / Justification	Proposed Funding Source	Personnel Salary / Benefits	Non-Personnel	S/P
Add half time Dept. Assistant III in the City Clerk's office to assist with Public Disclosure Request and Records Management processing	General Fund	\$32,000		PT

Economic Development

Strategic Initiative Request / Justification	Proposed Funding Source	Personnel Salary / Benefits	Non-Personnel	S/P
Add One Economic Development Department Assistant Position	General Fund	\$65,900		ED
Wine, Craft Beer and Cider Marketing/Branding	General Fund		\$50,000	ED
Enhance/Expand Downtown Special Events: Expand Viva La Musica Concert Series and Blues and Local Brews Festival; add 3 new events	General Fund Event Revenue Net		\$102,000 <u>\$102,000</u> -0-	ED
Airport Marketing - funded by a two year Federal DOT Grant with 50% match requirement - Total project \$580,000 over 2 years, with \$290,000 reimbursed by the grant	General Fund Federal Grant Net		2015 \$250,000 <u>\$125,000</u> \$125,000	ED

Emergency Preparedness

Strategic Initiative Request / Justification	Proposed Funding Source	Personnel Salary / Benefits	Non-Personnel	S/P
Emergency Preparedness: Add one half time Emergency Prep Specialist Professional Services, Supplies, Training Savings from cancelling County contract Note: Net increase for the program is only the staffing costs	General Fund	\$52,100	\$69,000 (\$69,000)	PT

Visitor Information Center

Strategic Initiative Request / Justification	Proposed Funding Source	Personnel Salary / Benefits	Non-Personnel	S/P
Visitor Information Center Relocation to Downtown.	Convention Center Capital Fund		\$130,000	BE

Strategic Priority Legend

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

Convention Center

Strategic Initiative Request / Justification	Proposed Funding Source	Personnel Salary / Benefits	Non-Personnel	S/P
Update Expansion Feasibility Study	PFD Fund		\$16,000	ED
Increase Conventions Center Management Fee from \$708,200 to \$721,200 / 1.8%	Convention Center Operating Fund		\$13,000	PA
Increase Sports Commission Allocation from \$57,000 to \$59,000 / 3.5% Note: Since the Preliminary Budget was "frozen", the Sports Commission modified their request to \$8,000. The final budget will be amended for this change.	Hotel/Motel Tax Conv Ctr Op Fund		Prelim. - \$2,000 Final - \$8,000	PA

Capitol Theatre

Strategic Initiative Request / Justification	Proposed Funding Source	Personnel Salary / Benefits	Non-Personnel	S/P
Increase the Capitol Theatre Committee management fee from \$232,000 to \$282,000	Hotel/Motel Tax Cap Thtr Op Fund PFD Tax Credit		\$50,000	PA

SunDome

Strategic Initiative Request / Justification	Proposed Funding Source	Personnel Salary / Benefits	Non-Personnel	S/P
Support SunDome Operations (Note: Lodging Tax Advisory Committee recommended \$75,000 – Final budget will need to be changed)	Hotel/Motel Tax		\$100,000	ED

HUMAN RESOURCES

Strategic Initiative Request / Justification	Proposed Funding Source	Personnel Salary / Benefits	Non-Personnel	S/P
Add 0.50 Human Resources Assistant to support Public Safety recruiting	General Fund	\$44,500		BE

LEGAL

Strategic Initiative Request / Justification	Proposed Funding Source	Personnel Salary / Benefits	Non-Personnel	S/P
Increase Indigent Defense Contract From \$600,000 to \$1,000,000 Mid 2014 – Add 2 positions	General Fund	\$155,50	\$400,000	PS

Strategic Priority Legend

Economic Development
Public Safety

ED
PS
Built Environment

Public Trust and Accountability
Partnerships
BE

PT
PA

MUNICIPAL COURT

Strategic Initiative Request / Justification	Proposed Funding Source	Personnel Salary / Benefits	Non-Personnel	S/P
No 2015 Strategic Initiatives				

FINANCE

Purchasing

Strategic Initiative Request / Justification	Proposed Funding Source	Personnel Salary / Benefits	Non-Personnel	S/P
Purchase and implement a Procurement Software System. \$25,000, reimbursed in accordance to the joint purchasing agreement – 46% in 2015. - There will be ongoing maintenance costs, which are typically a % of purchase price.	General Fund <i>Revenue: County Purchasing Contract</i>		Exp. \$25,000 County <u>11,500</u> Net Exp \$13,500	PT

COMMUNITY DEVELOPMENT

Strategic Initiative Request / Justification	Proposed Funding Source	Personnel Salary / Benefits	Non-Personnel	S/P
Cascade Millsite Development Property purchase \$900,000 Fair Avenue Roundabout \$2,600,000	LIFT Fund		2015 - \$3,500,000	ED

ONDS

Strategic Initiative Request / Justification	Proposed Funding Source	Personnel Salary / Benefits	Non-Personnel	S/P
Delete ONDS Department Assistant II	ONDS Fund – reduction in CDBG	\$52,300		PT

Planning

Strategic Initiative Request / Justification	Proposed Funding Source	Personnel Salary / Benefits	Non-Personnel	S/P
Comprehensive Plan Updates (GF \$45,000, Streets \$45,000 in 2015)	General Fund-50% Streets & Traffic Engineering-50%		2015 - \$90,000 2016 - \$120,000	ED

Strategic Priority Legend

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

Code Administration

Strategic Initiative Request / Justification	Proposed Funding Source	Personnel Salary / Benefits	Non-Personnel	S/P
Code Compliance Funding Change from ONDS back to General Fund (1 st year of a 3 year phase in) in response to lower CDBG funding	General Fund ONDS		\$55,000 <u>55,000</u> \$0	BE

City Hall Maintenance

Strategic Initiative Request / Justification	Proposed Funding Source	Personnel Salary / Benefits	Non-Personnel	S/P
City Hall Improvements: Upgrade both elevators \$345,000 Second floor lobby, public service area, and lighting Upgrades \$95,000	REET I		\$440,000	BE

POLICE

Strategic Initiative Request / Justification	Proposed Funding Source	Personnel Salary / Benefits	Non-Personnel	S/P
Add Two Police Officers for Federal Task Forces	General Fund	\$173,500		PS
Continue the Succession Planning / Leadership Development program -- Reclassify 4 Police Officer Positions to Corporal	General Fund	\$25,000		PS
Add One Police Public Information Officer	General Fund	\$63,600		PS
Reclassify 4 Police Services Specialist to Lead Services Specialists	General Fund	\$28,000		PS
Yakima County Range Agreement	General Fund		\$150,000	PS
Replace Jail Control Panel	Capital Fund		\$165,000	PS
Live Scan Fingerprinting System	NCHIP Grant – 90% Capital Fund – 10%		\$63,000 \$7,000	PS
Radio Replacement Program	Law & Justice Capital Fund		\$15,000	PS
Complete SWAT Communication System Upgrade	Law & Justice Capital Fund		\$31,000	PS

Strategic Priority Legend

Economic Development

ED

Public Trust and Accountability

PT

Public Safety

PS

Partnerships

PA

Built Environment

BE

Public Safety Communications

Strategic Initiative Request / Justification	Proposed Funding Source	Personnel Salary / Benefits	Non-Personnel	S/P
Communications Center Relocation: Initial cost for furnishings \$970,000 Funded by: Interfund Loan <u>720,000</u> Fund Balance \$250,000 Additional on-going costs: Debt Service to the County (est) \$211,000 Annual Lease: \$64,000 (2015 6 mos) \$32,000 IF Loan Repayment: -0- in 2015 \$75,000	Public Safety Communications Fund #151 General Fund Transfer \$300,000-2015 \$350,000-2016 +		2015 Fund #151: Initial cost \$970,000 Bond \$211,000 Lease <u>32,000</u> \$1,213,000	PS

FIRE

Strategic Initiative Request / Justification	Proposed Funding Source	Personnel Salary / Benefits	Non-Personnel	S/P
Fire Engine 10 year debt service - \$48,000/year, starting in 2016	Fire Capital Fund-State LOCAL lease program		\$450,000	PS
Ladder Truck 10 year debt service - \$123,000/year, starting in 2016	Fire Capital Fund-State LOCAL lease program		\$1,150,000	PS
Purchase Two Staff Vehicle Replacements 6 year debt service - \$16,800/year, starting in 2016	Fire Capital Fund-State LOCAL lease program		\$90,000	PS
Rehab/Breathing Air Resources Unit 6 year debt service - \$14,000/year, starting in 2016	Fire Capital Fund-State LOCAL lease program		\$75,000	PS
Buy out the Broadway Fired District's ownership in Fire Rescue Boat/Tech Rescue Unit	Fire Capital Fund		\$40,000	PS
Union Gap Fire – To be added to the Final Budget	TBD		TBD	PS

Strategic Priority Legend

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

YAKIMA AIRPORT

Strategic Initiative Request / Justification	Proposed Funding Source	Personnel Salary / Benefits	Non-Personnel	S/P
Maintenance Vehicle Replacement – 2 Trucks	Airport Operating		\$55,000	ED
21 st Avenue Extension	Arterial Street Fund		\$175,000	BE

UTILITIES & ENGINEERING

Engineering

Strategic Initiative Request / Justification	Proposed Funding Source	Personnel Salary / Benefits	Non-Personnel	S/P
North 1 st Street Revitalization	Cumulative Reserve for Capital Improvement Fund		\$1,300,000	BE
Yakima Railroad Grade Separation Project	Cumulative Reserve for Capital Improvement Fund		\$600,000	BE

Wastewater

Strategic Initiative Request / Justification	Proposed Funding Source	Personnel Salary / Benefits	Non-Personnel	S/P
Wastewater Capital Program Speedway/Race Street Improvements Toscana Development Castlevale/Fechter Digester Project Collection System Upgrades Plant Security Upgrades Congdon Sewer Main Wastewater System Evaluation Other Wastewater Capital Projects	Wastewater Capital		\$1,800,000 350,000 550,000 500,000 150,000 100,000 100,000 <u>1,140,000</u>	BE
Total			\$4,690,000	

Water

Strategic Initiative Request / Justification	Proposed Funding Source	Personnel Salary / Benefits	Non-Personnel	S/P
Water Capital Program Modifications to River at WTP Plant Intake Water Main Replacement Other Water Capital Projects (to be increased to \$270,000 in the Final Budget)	Water Capital		\$1,000,000 1,400,000 <u>100,000</u>	BE
Total			\$2,500,000	

Strategic Priority Legend

Economic Development
Public Safety

ED
PS
Built Environment

Public Trust and Accountability
Partnerships

PT
PA
BE

Irrigation

Strategic Initiative Request / Justification	Proposed Funding Source	Personnel Salary / Benefits	Non-Personnel	S/P
Irrigation Capital Program Fruitvale Canal Diversion System W Yakima Avenue Main and Pump Refurbish Total	Irrigation Capital		\$500,000 725,000 <u>25,000</u> \$1,250,000	BE

Stormwater

Strategic Initiative Request / Justification	Proposed Funding Source	Personnel Salary / Benefits	Non-Personnel	S/P
Water Capital Program N. 1 st Street Revitalization Project Randall Park reconstruction Cascade Mill site Contingency Total	Stormwater Capital		\$1,790,000 50,000 160,000 <u>25,000</u> \$2,025,000	BE

PUBLIC WORKS

Streets

Strategic Initiative Request / Justification	Proposed Funding Source	Personnel Salary / Benefits	Non-Personnel	S/P
Add one Snow Blower to the Street Maintenance Fleet to comply with new snow removal procedure	Equipment Replacement Fund		\$175,000	PS

Transit

Strategic Initiative Request / Justification	Proposed Funding Source	Personnel Salary / Benefits	Non-Personnel	S/P
Transit Operations Specialist	Transit Operating Fund	\$76,200		ED
Purchase 3 Heavy Duty Replacement Buses	Transit Capital Fund		\$1,290,000	BE

Strategic Priority Legend

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

Refuse

Strategic Initiative Request / Justification	Proposed Funding Source	Personnel Salary / Benefits	Non-Personnel	S/P
Add One Solid Waste Collector/Driver	Refuse Operating Fund	\$69,500		BE
Refuse Rate Proposal - Preliminary Budget Budget reductions if Rates not approved: Delay purchase of recycling carts \$85,000 Eliminate Fall Leaf Clean-up 80,000 Eliminate 1 Code Compliance position 77,000 Reduce Related State and Local taxes <u>74,900</u> Total reductions \$316,900	Refuse Operating Fund		Revenue \$386,000	BE

Equipment Rental

Strategic Initiative Request / Justification	Proposed Funding Source	Personnel Salary / Benefits	Non-Personnel	S/P
Fleet Vehicle Additions and Replacements Parks & Recreation Toro Groundmaster 590 \$90,000 Streets Snow Blower (addition) 175,000 Replacement Dump Truck Body 95,000 Bucket Truck - Signals 175,000 Water & Irrigation Backhoe 150,000 One Ton Truck 45,000 Refuse Automated Sideloaders 315,000 Automated Sideloaders 315,000 Wastewater Side Dumping Trailer 65,000 Side Dumping Trailer 65,000 Total \$1,490,000	Equipment Rental Replacement Fund		\$1,490,000	PT
Add Two Mechanic I positions: Funded by M&O charges to all operating funds using Equip. Rental for fleet maintenance.	Equipment Rental Operating Fund	\$137,400		PT

Parks & Recreation

Strategic Initiative Request / Justification	Proposed Funding Source	Personnel Salary / Benefits	Non-Personnel	S/P
SE Community Center Restroom Restoration	Parks Capital Fund		\$100,000	BE
Randall Park Improvement	RCO Grant		\$900,000	BE

Strategic Priority Legend

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

ADD ½ TIME DEPARTMENT ASSISTANT III
BUDGETED

PROPOSAL

Add one permanent part time (50%) Department Assistant III position in the City Clerk's office. This position is to assist with Public Records and Records Management issues. Our public records requests have skyrocketed over the years as noted below:

- 2011 -- 321
- 2012 – 486 a 52% increase
- 2013 – 564 a 16% increase
- 2014 -- 787 YTD a 62% increase over Nov 12, 2013 (485)
- 2014 -- 900 Projected YE a 60% increase over 2013 and 280% over 2011

This position will help us respond to the ever increasing requests, as well as assist the Deputy City Clerk handle records retention citywide, thus decreasing the amount of documents needed to respond to requests.

IMPACTS

1. **Fiscal Impact** – \$32,000.
2. **Proposed Funding Source** – General Fund.
3. **Public Impact** – More savings will be realized through the ability to handle more records requests in a timely manner, as well as retain records per the state guidelines, thus decreasing the amount of documents needed to respond to requests.
4. **Personnel Impact** – Add one permanent part time (50%) Department Assistant III position.
5. **Required Changes in City Regulations or Policies** – None.
6. **Legal Constraints, if applicable** – None.
7. **Viable Alternatives** – None.

ADD ONE ECONOMIC DEVELOPMENT DEPARTMENT ASSISTANT
BUDGETED

PROPOSAL

In 2015, the City of Yakima will add a second full time employee to the Economic Development Department. The Economic Development Assistant will research local data as it relates to Economic Development in key economic driver focus areas. The position will perform all administrative functions of the economic development department, issue all special event permits city wide and lead implementation and partnership efforts for City Sponsored Special Events programs including Downtown Summer Nights, Lunchtime Live, Yakima Blues and Local Brews, County Americana Festival, Windows Alive and development of new events and activities. This new position will free time for the Economic Development Manager to focus attention retail recruitment efforts, air service expansion, local business outreach and other higher impact economic development endeavors.

IMPACTS

1. **Fiscal Impact** – \$65,900 in the 2015 budget. The job description has not yet been finalized and placed in the Pay Ordinance. If this process results in a higher pay scale, the hiring date would be modified.
2. **Proposed Funding Source** – General Fund.
3. **Public Impact** – Additional events and more focus on long-term economic development.
4. **Personnel Impact** – One full time employee.
5. **Required Changes in City Regulations or Policies** – None.
6. **Legal Constraints, if applicable** – New job description through the Civil Service process and placed in the Pay Ordinance.
7. **Viable Alternatives** – None.

WINE, CRAFT BEER & CIDER MARKETING / BRANDING
BUDGETED

PROPOSAL

Numerous Northwest cities have strengthened their local economies by focusing on the promotion and branding of their local beverage industries. Bend Oregon's "Beer Trail", Woodinville, Washington's "Wine Country" and Walla Walla Washington's wine industry are huge draws for travelers and have gained recognition for their communities through numerous articles in magazines and newspapers. In Yakima, we have seven locally owned wineries, two local distilleries, two locally owned breweries with four more in the works and a nationally regarded cider production facility opening in City limits in late 2014. The critical mass and quality of our product is significant enough to draw travelers but we lack a cohesive marketing message, special event promotional package and publicity plan to communicate our community offerings to a larger public. This project will work directly with Yakima's private sector beverage industry to create a cohesive marketing effort.

IMPACTS

1. **Fiscal Impact** – \$50,000.
2. **Proposed Funding Source** – General Fund.
3. **Public Impact** – The tourism and local beverage industries--Economic development for both.
4. **Personnel Impact** – Managing the process.
5. **Required Changes in City Regulations or Policies** – None.
6. **Legal Constraints, if applicable** – Possible contract.
7. **Viable Alternatives** – None.

ENHANCE / EXPAND DOWNTOWN SPECIAL EVENTS
BUDGETED

PROPOSAL

In 2013, the City of Yakima created new special events to activate the downtown district. The events included Downtown Summer Nights, Lunchtime Live and Light Up the Plaza. In 2014, the City introduced the Blues and Local Brews Festival and Viva La Musica Concert Series in Miller Park. In 2015, we intend to expand the Viva La Musica Concert Series to 12 weeks, expand the Blues and Local Brews Festival to include national entertainers and introduce three new events. In May, we will roll out a new Country American music event, in June we will do a children's activity event and in September we will introduce a harvest food event. Many of these events include revenue sources (ticketing, beer / wine sales, and sponsorships) which cover a majority of the costs.

IMPACTS

1. **Fiscal Impact** – \$102,000 Supported 100% by new event concession revenue.
2. **Proposed Funding Source** – General Fund.
3. **Public Impact** – The public has responded well to new events and activities in the downtown, and would enthusiastically like to see continued growth in the offerings.
4. **Personnel Impact** – Administration of the new events (the new Economic Development Department Assistant position is critical to the continuing expansion of events).
5. **Required Changes in City Regulations or Policies** – None.
6. **Legal Constraints, if applicable** – None.
7. **Viable Alternatives** – None.

AIRPORT MARKETING
BUDGETED

PROPOSAL

In September of 2014, the City of Yakima was awarded a \$290,000 Small Community Air Service Development Grant from the Federal Department of Transportation. This two year grant will be matched by \$290,000 of local funds to assist in the expansion of our local air service opportunities. In 2015, we will engage in further conversations with Alaska Airlines to add a fourth flight to their SeaTac hub and use our local funds to market the additional service. At Alaska's request, we will also begin discussions on adding a fifth daily flight to Portland.

IMPACTS

1. **Fiscal Impact –**

	<u>2015</u>	<u>2016</u>	<u>Total</u>
General Fund	\$250,000	\$330,000	\$580,000
Federal Grant	<u>125,000</u>	<u>165,000</u>	<u>290,000</u>
Net	\$125,000	\$165,000	\$290,000

2. **Proposed Funding Source** – General Fund – 50% reimbursed by Federal Department of Transportation Grant.
3. **Public Impact** – Will work to provide more flight connections in and out of Yakima.
4. **Personnel Impact** – Managing professional service contracts/grant administration.
5. **Required Changes in City Regulations or Policies** – None.
6. **Legal Constraints, if applicable** – Accept Grant and complete contract.
7. **Viable Alternatives** – None.

EMERGENCY PREPAREDNESS
BUDGETED

PROPOSAL

The Council voted on August 5, 2014 for the self-determination of the City's Emergency Preparedness. This became a new area of responsibility and budget for the City of Yakima. The evolution of Emergency Management in Yakima will require a staff addition (50% Employee) and external professional services to certify and develop the skill sets of incident response and support personnel achieve success.

The Yakima Emergency Preparedness undertaking will require the addition of professional staff in order to achieve the demands of the Emergency Management task. The job description has been created by the Human Resources Department and approved by the Civil Service Commission. The position is necessary to support the Emergency Preparedness Director in development of programs, facilitate instruction, and lead community outreach. Initially the position will be a part time (50% Employee) with no anticipated change during this budget year. The salary will be commensurate with the "Emergency Preparedness Specialist" job description.

Yakima Emergency Preparedness will need to utilize professionals and practitioners in the field of Emergency Management to in order to facilitate the transition responsibilities and develop staff capabilities. A Budget line capacity for consulting and professional services should be established for 2015. The initial projection for such services is \$35,000 based on anticipated needs and existing timelines for that budget year. Additionally, a budget for small tools and staff training has been developed, totaling \$34,000. When the contract for Yakima County Emergency Management is subtracted, the net increase for this program is only the staffing cost.

IMPACTS

1. Fiscal Impact –

One 0.5 Position	\$52,100
Professional Services	35,000
Small Tools, Travel & Training	34,000
Less: Contract with Yakima County EP	<u>(69,000)</u>
Net program increase	\$52,100

- 2. Proposed Funding Source** – General Fund.
- 3. Public Impact** – None.
- 4. Personnel Impact** – Additional 0.5 FTE.
- 5. Required Changes in City Regulations or Policies** – None.
- 6. Legal Constraints, if applicable** – Contract development/approval.
- 7. Viable Alternatives** – None.

VISITOR INFORMATION CENTER RELOCATION TO DOWNTOWN
BUDGETED

PROPOSAL

The Yakima Valley Visitor Information Center is located on Fair Avenue next to the Gateway Center. While its location is easily visible to travelers on I-82, it's not easy to find once travelers get off on Yakima Avenue. In 2013, the Visitor Information Center served nearly 14,000 walk in visitors and the building is owned by the City of Yakima. We propose moving the Visitor Information Center to a City owned parcel of land on the corner of 9th Street and Yakima Avenue to make it very accessible to travelers and to make it an easier launching pad to many of the City of Yakima's restaurants, hotels and other unique attractions. In this new location, we anticipate a higher usage of the center's offerings as well as a larger advocate for Yakima based attractions.

IMPACTS

1. **Fiscal Impact** – \$130,000.
2. **Proposed Funding Source** – Convention Center Capital Fund (370).
3. **Public Impact** – Makes the Center more visible and therefore accessible to the visiting public.
4. **Personnel Impact** – The new location is closer to Yakima Valley Visitors and Convention Bureau, making maintenance and stocking more convenient.
5. **Required Changes in City Regulations or Policies** – None.
6. **Legal Constraints, if applicable** – None.
7. **Viable Alternatives** – None.

UPDATE EXPANSION FEASIBILITY STUDY
BUDGETED

PROPOSAL

Built in 1976, the Yakima Convention Center is an important asset for downtown, the City of Yakima and Yakima County. Each year the Center attracts and serves around 120,000 people resulting in \$8.0 million in direct economic impact. The center has gone through two expansions (1996 and 2001) plus the plaza. The 1996 expansion was funded by Hotel/Motel Tax, and will be paid in full in 2019. The 2001 addition was funded by the Public Facilities District (PFD) state sales tax credit and will be paid in full in 2026.

In 2007 GVA Kidder Mathews of Bellevue was commissioned to conduct a feasibility study for an expansion of the Center, utilizing data from 2007 or earlier. While their report did support a smaller facility expansion, due to the uncertainty of the economy it was decided not to pursue an expansion for the near term. As the recession has subsided and the market conditions have changed, the PFD Board has decided it is time to reassess the potential. GVA Kidder Mathews has informed us that to update the existing plan would cost \$16,000 (the original work cost \$26,000). Briefly the scope of work would:

- Determine and evaluate the Yakima Convention Center Market in comparison to competitors
- Estimate the market share obtainable by an expanded facility
- Review facility space requirements to ensure they match potential markets
- Identify tradeoff of space versus revenue if facility is not built to match market potential
- Determine potential growth of hotel/motel tax for the next five years
- Project operating revenue for the next five years

The results of the study will help staff, the PFD and City determine if an expansion is feasible and if so, what options could be pursued.

IMPACTS

1. **Fiscal Impact** – One time allocation of \$16,000 to update a 2008 study.
2. **Proposed Funding Source** – #172 – PFD Convention Center.
3. **Public Impact** – None.
4. **Personnel Impact** – None.
5. **Required Changes in City Regulations or Policies** – None.
6. **Legal Constraints, if applicable** – None.
7. **Viable Alternatives** – None.

INCREASE CONVENTION CENTER MANAGEMENT FEE
BUDGETED

PROPOSAL

The Yakima Valley Visitors & Convention Bureau manages and operates the Yakima Convention Center. The management fee includes two components—the direct payroll costs for center operation and a management fee to the Bureau. This proposal requests a \$13,000 or 1.8% increase to the total Management Fee from \$708,200 to \$721,200. This includes wages for the Convention Center staff increasing from \$528,300 to \$538,300 or 1.9%. The management fee to the Bureau increases from \$175,000 to \$178,000 or 1.7%. These increases will assist in covering the costs of wages (including extra hours and staff for peak times), rising insurance costs, L&I and taxes.

The Convention Center operates at a staffing level lower than our competition statewide and nationally as well, according to PriceWaterhouse Coopers.

In addition to operating with less staff, the Center does it with exceptional professionalism and service. It is because of this service that groups return to Yakima and the Convention Center, adding to the economic impact for the city.

This chart compares the Center staffing with similar sized facilities in Washington:

	<u>FTE</u>	<u>PT</u>	<u>SQ. FT.</u>
Yakima	8	8	41,000
Tri-Cities	17	45	47,474
Meydenbauer	24	31	55,720
National	29	45	Under 100,000 sq. ft.

IMPACTS

1. **Fiscal Impact** – \$13,000 Increase – from \$708,200 in 2014 to \$721,200 in 2015.
2. **Proposed Funding Source** – Convention Center Operating fund #170—Hotel/Motel tax and Convention Center operations.
3. **Public Impact** – Continue to provide exceptional service.
4. **Personnel Impact** – Allow adequate staffing resources to maintain the Convention Center facility and continue to provide a high level of service/support to clients and patrons.
5. **Required Changes in City Regulations or Policies** – None.
6. **Legal Constraints, if applicable** – None.
7. **Viable Alternatives** – None.

INCREASE SPORTS COMMISSION ALLOCATION
BUDGETED

PROPOSAL

Yakima hosts most of the national, regional and state amateur or professional athletic competitions in Yakima County. As a result, sporting events play a vital role for the city's economy. In 2013 there were 447 sporting events held in the region, resulting in nearly \$35 million in direct visitor spending.

The Yakima Valley Sports Commission (a division of Yakima Valley Visitors & Convention Bureau) is charged with building this important tourism sector. In addition to attracting and servicing sporting tournaments to Yakima, all of their signature events occur in the City of Yakima (Pirate Plunder Adventure Race, Hot Shots 3 on 3 Tourney, SunDome Volleyball Festival and the Sports Award Luncheon).

The City's allocation to the commission has not increased in more than seven years. Our initial request is a modest \$2,000 or 3.5% increase for 2015 for a total of \$59,000 to assist the Sports Commission in their efforts to attract sporting events to the community. In 2014 the City provided \$57,000 to the commission for sales efforts and operations.

At the October 28, 2014 study session, Council asked if the Sports Commission required additional support. The request was modified to \$8,000—the final budget will be amended.

IMPACTS

1. **Fiscal Impact** – \$8,000.
2. **Proposed Funding Source** – Convention Center Operating Fund #170 -- Hotel/Motel Tax.
3. **Public Impact** – Maintain economic catalyst provided by athletic competitions.
4. **Personnel Impact** – None.
5. **Required Changes in City Regulations or Policies** – None.
6. **Legal Constraints, if applicable** – None.
7. **Viable Alternatives** – None.

INCREASE CAPITOL THEATRE COMMITTEE MANAGEMENT FEE
BUDGETED

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 work under the covenants of a management agreement that has been in place since the 1975 opening of the facility. Under the terms of the agreement:

CTC is responsible for:

- The enhancement of the economic and cultural climate of the City and its environs.
- The promotion, operation and/or use of such facility for assembly purposes.
- All costs of administration and daily operational expenses including general maintenance and janitorial.

The City is responsible for:

- The major upkeep, maintenance, and repair of the Theatre premises and fixtures.
»... As shall be necessary by mutual agreement of City & CTC.

The CTC has taken these covenants and expanded them into three core values that guide the organization:

- Maintain the facility on behalf of its owner, the City of Yakima.
- Facilitate access to the facility for both clients and consumers.
- Present performing arts events that would not otherwise be available to our community.

This partnership has built and sustained a foundation of quality-of-life and economic vitality, drawing nearly 100,000 visitations annually to the downtown core for over three decades. During this time, the CTC has been able to grow the organization to meet the ever evolving demands of the business that is the performing arts. It has done so through a community based investment formula that has fostered growth within the realistic boundaries of available resources. We have been careful not to overly rely on any one revenue stream. At the same time, each resource is critical to the financial solvency of the organizations. For example, the CTC generates 15% of its revenue through community contributions and support, and 70% through ticket sales, rental fees and other earned sources. The remaining 15% is received as a City management fee.

Ticket sales and contributions are not keeping pace with the disproportionate increase in the costs association with community access and production. With a breakeven budget of approximately \$1.5 million, any small change in the makeup of our support matrix dramatically affects the CTC's financial stability.

The CTC is also currently in a period of transition as the current executive director is retiring, and they are in a process of selecting a replacement. This process is adding extra expense that current operations are not able to support.

IMPACTS

1. **Fiscal Impact** – \$50,000 increase in the management fee (from \$232,000 to \$282,000). This is the first adjustment in the management fee in three years.
2. **Proposed Funding Source** – Capitol Theatre Operating Fund #171 -- \$25,000 from Public Facility District Revenues, \$25,000 from Hotel/Motel tax.
3. **Public Impact** – Continue to provide quality entertainment to the community.
4. **Personnel Impact** – None.
5. **Required Changes in City Regulations or Policies** – None.
6. **Legal Constraints, if applicable** – None.
7. **Viable Alternatives** – The CTC cannot afford to encumber losses. Balancing the budget is critical. The CTC has already reduced overhead by \$225,000 (16%) annually, including shedding 44% of its salaried staff.

SUPPORT SUNDOME OPERATIONS
BUDGETED

PROPOSAL

The Central Washington Fair Association (CWFA) approached the City with a request for operating support for the SunDome in the amount of \$100,000. Yakima County owns the facility, and CWFA operates it. The Board presented their request detailing their financial difficulties over the past several years, and noting that most other facilities like the SunDome receive a subsidy from lodging taxes in their respective communities. Yakima County to date has offered capital assistance, but not operating assistance.

Since the SunDome meets the definition of being a tourism-related facility owned or operated by a nonprofit organization, it is eligible to be a recipient of lodging taxes (i.e. hotel/motel taxes). RCW 67.28.1816 sets forth the process for eligible organizations to present their request to the Lodging Tax Advisory Committee (LTAC). The LTAC was appointed by Council and heard the Fair Board's presentation. The unanimous decision by the LTAC was to allocate \$75,000 of Lodging Tax for SunDome operations.

IMPACTS

1. **Fiscal Impact** – \$100,000 is in the preliminary budget. The State Law says that the Council has to honor the amount of lodging taxes approved by the LTAC of \$75,000. If Council wants to distribute the remaining \$25,000, it would need to come from General Fund.
2. **Proposed Funding Source** – \$75,000 Lodging Taxes – included in the Tourism Promotion Fund #170. General Fund for any amount over \$75,000.
3. **Public Impact** – Sustainability of the Central Washington State Fair Association.
4. **Personnel Impact** – None.
5. **Required Changes in City Regulations or Policies** – None.
6. **Legal Constraints, if applicable** – Will need to contract with CWFA to detail applicable uses of the funding.
7. **Viable Alternatives** – Only award the \$75,000 authorized by the LTAC.

ADD ½ TIME HUMAN RESOURCES ASSISTANT
BUDGETED

PROPOSAL

Public Safety requires the dedicated assistance of Human Resources to oversee the advertising, recruiting, facilitating and monitoring of the hiring processes of both commissioned and non-commissioned personnel. This would include police officers, corrections officers, support personnel, and communications personnel. These positions require regular testing and eligibility lists need immediate attention in order for the best candidate to be considered. In addition this position will assist with other internal technical projects. The proposal is to add a permanent part-time (50%) Human Resources Assistant.

IMPACTS

1. **Fiscal Impact** – \$44,500.
2. **Proposed Funding Source** – General Fund.
3. **Public Impact** – This initiative would improve public safety by assisting the Departments to maintain the full complement of authorized personnel. There would be fewer vacancies and more officers on the street. It would increase public trust and accountability by ensuring that the most highly qualified and sought-after applicants are hired.
4. **Personnel Impact** – Addition of one half-time position.
5. **Required Changes in City Regulations or Policies** – None.
6. **Legal Constraints, if applicable** - None.
7. **Viable Alternatives** – Continue with the current staffing levels and processes. This will result in continued police officer vacancies and long turn-around times for hiring.

INCREASE INDIGENT DEFENSE CONTRACT
BUDGETED

HISTORY

On June 15, 2012, Washington Supreme Court issued a new Rule CrRLJ 3.1 which sets new standards for the defense of indigent persons (public defenders). The Rule was to go into effect on September 1, 2013, but was delayed until January 1, 2015. The new caseload limit standard for attorneys providing indigent defense services in misdemeanor cases on a full time basis is 300 cases per year, if the contracting agency employs a case weighting system, and 400 cases per year, if no case weighting system is used. All Court Rules, including the new revised indigent defense standards, are enforced by the Court and apply to all licensed attorneys who appear in court. This rule will apply to indigent defense providers appearing in the City of Yakima Municipal Court.

The 2013 Preliminary Budget Summary included a proposal to add staff to manage a Pre-filing Diversion Program and a Charging Unit, along with additional court calendars. It was estimated that between these two programs we could reduce the filings; from 5,150 to 3,400. If such an overall reduction were accomplished, the potential effect would be a reduction in the number of additional indigent defense attorneys required to handle new cases from 7.5 to 4. The Charging Unit and the Pre-Filing Diversion Program were implemented in June of 2013. The caseload numbers in 2013 and 2014 indicated the Charging Unit/Pre-Filing Diversion Program would meet the goals anticipated. Caseload numbers are expected to be between 3,000 and 3,200 in 2014, which is better than the stated goals.

The Prosecution Division has added an attorney in anticipation of the work demands of the indigent defense attorneys. The original proposal was for an entry level position, but an experienced attorney who left for the military, finished his tour of duty and decided to return to the City Legal Department, so this position was added in mid-2014. A part-time legal assistant was also added in mid-2014 to assist the new prosecuting attorneys.

Because this program is working, the contract for Indigent Defense was modified to add one indigent defense attorney in 2014, and another three beginning in December of 2015, so their office will be ready when the Court Rule goes into effect on January 1, 2015. The contract is going from \$600,000 in 2014 to \$1,000,000 in 2015.

IMPACTS

1. **Fiscal Impact** – \$555,500

City Attorney II position (added in 2014)	\$123,500
0.5 Legal Assistant II (added in 2014)	<u>32,000</u>
Subtotal - Legal Prosecution Division	155,500
Indigent Defense Contract Increase	<u>400,000</u>
Total 2013 Increase	\$555,500

2. **Proposed Funding Source** – General Fund.
3. **Public Impact** – Indigent Defense in accordance with case law standards.
4. **Personnel Impact** – Maintain the Prosecution Charging Unit and Pre-filing Diversion Programs. YPD Officers will continue to receive training on new charging procedures.
5. **Required Changes in City Regulations or Policies** – Indigent Defense Contract.
6. **Legal Constraints, if applicable** – New rule.
7. **Viable Alternatives** – None.

PROCUREMENT SOFTWARE & SERVICES
BUDGETED

PROPOSAL

The 2013 Employee Survey identified areas related to excessive workload and the need for a software system to partly alleviate it and work more efficiently. Though an automated e-procurement system was strongly recommended in the 2008 Joint Administrative Purchasing Assessment that led to the County closing its Purchasing Department and contracting for Purchasing services with City, it was agreed to hold off until the implementation of Cayenta to determine if there was already a solution available, which there is not. While a true e-procurement system is desired, the cost of \$250,000 is not recommended at this time. Preliminary research with several web-based software vendors has revealed a not-to-exceed budget of \$25,000 which will enable further research and implementation of web-based software in 2015. The software will automate current manual processes such as: Contract Management, Vendor Self Service (Vendor registers and maintains their own data, keeping current the list of commodities they carry, uploading W-9's, etc.), bid solicitation, award, expiration notices, and reports. Implementation of this new software will allow purchasing to continue with the current FTE's without the need to ask for additional staff.

IMPACTS

1. **Fiscal Impact** – \$25,000 per year (The cost split for the County's purchasing contract is 46% based on 2013/14 time logged by the staff, therefore, the service revenue from the County will include \$11,500 from the County. This leaves a net expense of \$13,500 for the City).
2. **Proposed Funding Source** – General Fund. Yakima County will be paying 46% of Purchasing's budget for 2015.
3. **Public Impact** – Better service to support all City/County Departments. Improved supplier relations.
4. **Personnel Impact** – Improved efficiency.
5. **Required Changes in City Regulations or Policies** – None.
6. **Legal Constraints, if applicable** – None.
7. **Viable Alternatives** – Continue manual contract management, solicitation, award, expiration notices, and vendor database management. The Division is having a difficult time with their workload, so automating currently manual processes is avoiding/postponing a request to add a Buyer position.

CASCADE MILLSITE DEVELOPMENT
BUDGETED

PROPOSAL

Project level construction will begin in 2015 to support the Cascade Mill Development Project. The Fair Avenue Roundabout will be constructed using city authority for Local Infrastructure Improvement Tool (LIFT) funds, estimated at \$2.6 Million. This improvement provides mobility and safety improvements to the existing road network and constructs the roadway into the mill site that will allow cleanup of the landfill. Construction of this roadway will meet the LIFT requirement to start project construction on or before June 2017. The Cascade Mill Site Development fund also includes \$900,000 for purchase of landfill property.

IMPACTS

1. **Fiscal Impact** – LIFT funds of \$3.5 Million will be expended in 2015 to start project construction.
2. **Proposed Funding Source** – Local Infrastructure Finance Tool (LIFT Fund) –

State Sales Tax Credit -	\$1,000,000
Yakima County SIED Grant -	900,000
Fund Balance -	1,600,000
3. **Public Impact** – Construction of the Fair Avenue Roundabout will be a major street construction project. Traffic control plans and detour routes will be available well in advance of project. Inconveniences will be minimized. Streets will be kept open as much as possible.
4. **Personnel Impact** – The engineering and project construction responsibilities are contracted with Lochner Associates.
5. **Required Changes in City Regulations or Policies** – None.
6. **Legal Constraints, if applicable** – Project/bid management.
7. **Viable Alternatives** – Funding of the Fair Avenue Roundabout did not qualify for grant funding by the Transportation Improvement Board. Additional segments of the Cascade Mill Parkway will likely meet TIB funding programs once we build this improvement.

DELETE ONDS DEPARTMENT ASSISTANT III
BUDGETED

PROPOSAL

Staff decrease of a Department Assistant III due to budget reductions in HUD funding and a limited Administrative budget. This will result in the layoff of the DA III (receptionist position) at Office of Neighborhood Development Services.

IMPACTS

1. **Fiscal Impact** – Cost reductions for 2015 budget of \$52,300.
2. **Proposed Funding Source** – CDGB.
3. **Public Impact** – Slight impact to public assistance at the receptionist counter. The front office counter will be monitored and citizen walk-ins will be addressed by other staff as needed.
4. **Personnel Impact** – Reduction of one FTE. The position will be eliminated at this time, with the hope that when Federal funding from HUD increases enough to support the position again at some point in the future, it can be reinstated.
5. **Required Changes in City Regulations or Policies** – None.
6. **Legal Constraints, if applicable** – Reduction in Force (RIF) Civil Service rules.
7. **Viable Alternatives** – No viable alternatives within the foreseeable future, unless Federal HUD entitlements are increased or the present "Administrative cap" is raised or lifted by HUD.

COMPREHENSIVE PLAN UPDATES
BUDGETED

PROPOSAL

In 2015, the Planning Division requests funding to support 2 professional service contracts for the Comprehensive Plan Update project. To remain in compliance with the State’s Growth Management Act, the Comprehensive Plan and Transportation Plan must be completed and adopted by June of 2017. We anticipate a total of \$90,000 will be required in 2015 and an additional \$120,000 in 2016 to support both the Transportation Plan and the Comprehensive Plan contracts, with the costs being split between Planning and Streets & Traffic Engineering Divisions.

It is anticipated that these services will be provided by two different consultants. Support for these projects is anticipated to begin mid-year 2015 and continue through the end of 2016. This schedule relies on City staff and the Planning Commission to provide the basic outline, inventory and community engagement work for the project. Professional services are required for technical analysis and development of alternatives, recommendations and policy development.

The Transportation Plan will be a joint project with our Engineering Division and the Streets Division. Other chapters, such as the Capital Facility Element, Parks, Utilities, Housing, and Natural Environment will be developed by city staff. The addition of two specific professional service contracts for this project should assist in providing a timely completion and submittal to the State for review.

IMPACTS

1. **Fiscal Impact –**

		<u>2015</u>	<u>2016</u>
General Fund	Comprehensive Plan Update	\$45,000	\$60,000
Streets Fund	Transportation Plan Update	<u>45,000</u>	<u>60,000</u>
		\$90,000	\$120,000

2. **Proposed Funding Source –** General Fund and Streets Operating Fund.
3. **Public Impact –**Public participation is a critical and required component for the Comprehensive Plan update.
4. **Personnel Impact –**The City recently hired a Senior Planner to be project manager of the required plan updates, as well as develop the core components of the documents.
5. **Required Changes in City Regulations or Policies –** None.
6. **Legal Constraints, if applicable –** State and Federal grant funding depend upon the City maintaining compliance with the Growth Management Act.
7. **Viable Alternatives –** Add a position to the Planning Division.

TRANSFER CODE COMPLIANCE BUDGET BACK TO GENERAL FUND
BUDGETED

PROPOSAL

During the Great Recession, tax revenue dropped, and many difficult decisions were made concerning staffing levels. In order to keep the Code Compliance program budget intact, the City reviewed funding options, and found that Code Compliance is an eligible expense for Community Development Block Grant (CDBG) budget. Of the three positions, 2.5 were then funded by a CDBG program in the ONDS budget.

Now the table has turned -- General Fund tax revenues are experiencing growth, while the CDBG program has been shrinking due to budget pressures at the Federal level. This proposal is to phase the Code Compliance program back into General Fund over the next three years (2015-2017). The total program reimbursement by CDBG is \$178,000 in 2014, proposed to be reduced by \$55,000 in 2015, another \$60,000 in 2016, and a final \$63,000 in 2017.

IMPACTS

1. **Fiscal Impact –**

<u>Year</u>	<u>Amount</u>	<u>Cumulative</u>
2015	\$55,000	\$55,000
2016	60,000	115,000
2017	63,000	178,000

2. **Proposed Funding Source –** General Fund-Codes Administration.
3. **Public Impact –** May free up limited CDBG funds for other community improvement programs, if the funding levels stabilize.
4. **Personnel Impact –** No change-the Code Compliance Officers remained under Code Administration supervision—this was simply a funding change.
5. **Required Changes in City Regulations or Policies –** None.
6. **Legal Constraints, if applicable –** CDBG programs have a public review process.
7. **Viable Alternatives –** None.

CITY HALL IMPROVEMENTS
BUDGETED

PROPOSAL

Yakima City Hall was built in 1949 and has had few upgrades made to the building over the past six decades. In 2014 improvements were made to the first floor of City Hall. It is proposed that in 2015 several customer-focused interior improvements be made to the second floor of City Hall in order to update both the appearance and functionality, including consideration of ADA access for all the public areas.

Along with the upgrades to the second floor, it is necessary to replace both elevators. The mechanical components are original to the building, and have been breaking rather frequently. Delays have also been experienced in obtaining replacement parts, as they are not readily obtainable because of the age of the elevator.

IMPACTS

- Fiscal Impact** –

Replacing 2 elevators	\$345,000
ADA & Other Updates/2 nd Floor	<u>95,000</u>
Total Budget	\$440,000
- Proposed Funding Source** – Real Estate Excise Tax (REET) 1 Fund (342).
- Public Impact** – Appropriate ADA access to the second floor and to service counters. A sense of pride in a better functioning City Hall. May be some inconvenience during construction.
- Personnel Impact** – Managing contracts and staging the work.
- Required Changes in City Regulations or Policies** – None.
- Legal Constraints, if applicable** – Follow proper purchasing procedures.
- Viable Alternatives** – Increase or reduce project scope.

ADD TWO POLICE OFFICERS FOR FEDERAL TASK FORCES
BUDGETED

PROPOSAL

The Yakima Police Department is working to stretch our resources and increase effectiveness by entering into task force agreements with various federal agencies. These task forces allow the Department to leverage the resources of the Federal agencies, and allows for Federal prosecution of violent offenders. In order to maximize the benefit of the partnership, the Police Department is proposing the addition of two (2) Police Officer positions to be the Department's liaison to the Alcohol, Tobacco and Firearms (ATF) and Homeland Security federal task forces.

IMPACTS

1. **Fiscal Impact** – \$173,500.
2. **Proposed Funding Source** – General fund.
3. **Public Impact** – This initiative would improve public safety by prosecuting offenders through Federal court, which results in longer prison sentences for offenders.
4. **Personnel Impact** – This initiative would increase the number of police officers by two (2) positions.
5. **Required Changes in City Regulations or Policies** – None.
6. **Legal Constraints, if applicable** - None.
7. **Viable Alternatives** – Continue investigations, arrests and prosecution on the local level.

RECLASSIFY 4 POLICE OFFICER POSITIONS TO CORPORAL
BUDGETED

PROPOSAL

The Yakima Police Department has implemented a career development and succession plan over the past year. The creation of a corporal position adds a level of leadership between the Police Officer and Police Sergeant ranks. This would reorganize the patrol division, potentially reducing overtime by having a corporal assigned to each patrol squad. The corporal would be available to assume supervisory duties in the absence of the sergeant, rather than hiring another sergeant on overtime to cover the shift.

IMPACTS

1. **Fiscal Impact** – \$25,000.
2. **Proposed Funding Source** – General fund.
3. **Public Impact** – This initiative would improve public trust and accountability by continuing to enhance the career development and professionalism of our officers and the department. It also increases effectiveness of the department by having more first line supervisors available in critical situations.
4. **Personnel Impact** – This initiative would not increase the total number of commissioned officers.
5. **Required Changes in City Regulations or Policies** – None.
6. **Legal Constraints, if applicable** – None.
7. **Viable Alternatives** – Continue with the current patrol division structure.

ADD ONE POLICE PUBLIC INFORMATION OFFICER
BUDGETED

PROPOSAL

The Yakima Police Department proposes a reorganization that removes the Public Information Officer (PIO) duties from a command level officer and instead assigns them to a new dedicated civilian position. A dedicated PIO will allow the department to be more proactive in garnering the public's assistance and support through positive and effective information dissemination.

IMPACTS

1. **Fiscal Impact** – \$63,600.
2. **Proposed Funding Source** – General Fund.
3. **Public Impact** – This initiative would improve public trust and accountability by providing positive, relevant and timely information to the public.
4. **Personnel Impact** – This initiative would increase the noncommissioned staff by one (1).
5. **Required Changes in City Regulations or Policies** – Development of the job description through the Civil Service process and placement into the Master Pay Ordinance.
6. **Legal Constraints, if applicable** – None.
7. **Viable Alternatives** – None.

RECLASSIFY 4 SERVICES SPECIALISTS TO LEAD SERVICE SPECIALISTS
BUDGETED

PROPOSAL

The Yakima Police Department is proposing the reclassification of four Police Services Specialist positions designating them as Lead positions. Implementing this change will provide structure within the division that better aligns with the recent reorganization of the Police Services Division. It will increase operational efficiency and accountability. The lead positions will work with the Manager to develop and implement procedures that encourage consistency and ensure the smooth operation of all units within the Division.

IMPACTS

1. **Fiscal Impact** – \$28,000.
2. **Proposed Funding Source** – General Fund.
3. **Public Impact** – Increase in customer service and accountability.
4. **Personnel Impact** – Provide defined structure within the Division that will streamline operations, increase efficiency and establish accountability. It will provide an avenue to prepare for succession planning by developing leadership abilities and the opportunity to use them.
5. **Required Changes in City Regulations or Policies** – Development of the job description through the Civil Service process and placement into the Master Pay Ordinance.
6. **Legal Constraints, if applicable** – None.
7. **Viable Alternatives** – None.

YAKIMA COUNTY RANGE AGREEMENT
BUDGETED

PROPOSAL

The Yakima Police Department proposes to work cooperatively with the Yakima County Sheriff's Office to share range space. YCSO has recently opened a new state of the art range facility in the East Valley area. Currently the Police Department contracts with a private provider and the U.S. Army for range space and it can be challenging to find available opening in their range schedules to accommodate our personnel.

IMPACTS

1. **Fiscal Impact** – \$150,000.
2. **Proposed Funding Source** – General Fund.
3. **Public Impact** – This initiative would improve public safety as well as public trust and accountability by providing the highest quality firearms training to officers.
4. **Personnel Impact** – None.
5. **Required Changes in City Regulations or Policies** – None.
6. **Legal Constraints, if applicable** – None.
7. **Viable Alternatives** – Continue with current contract with Yakima Range Conservancy and U.S. Army.

REPLACE JAIL CONTROL PANEL
BUDGETED

PROPOSAL

The jail control panel controls all doors, speakers, and access points in the jail. The current panel is almost 20 years old. The manufacturer is no longer in business and replacement parts are not available. The current system frequently breaks down and must be repaired by the City Electronics Technicians. A new panel would interface with the jail video system and would modernize the jail operation.

IMPACTS

1. **Fiscal Impact** – \$165,000.
2. **Proposed Funding Source** – Law and Justice Capital fund.
3. **Public Impact** – This initiative would improve public safety by modernizing the jail operation, providing additional security for citizens visiting the jail, inmates, and staff.
4. **Personnel Impact** – None.
5. **Required Changes** in City Regulations or Policies – None.
6. **Legal Constraints, if applicable** – None.
7. **Viable Alternatives** – Continue with the current control panel and repair as long as possible.

LIVE SCAN FINGERPRINTING SYSTEM
BUDGETED

PROPOSAL

Washington State Patrol has advised all agencies responsible for processing concealed pistol permits (CPL's) that consideration is being given to making it mandatory for fingerprints to be submitted electronically rather than on ink cards. The Services Division processes 2000+ fingerprint cards on an annual basis for various reasons. Currently, the department does not have the equipment needed to provide electronic fingerprinting services. Live Scan systems require an initial investment for the purchase of the equipment, staff training, etc. as well as on-going maintenance and service fees.

In spring of 2015, we will have the opportunity to apply for grant funding through the National Criminal History Improvement Program (NCHIP). The grant was established with the goal of improving the Nation's safety and security by enhancing the quality, completeness, and accessibility of criminal history record information by insuring the nationwide implementation of criminal justice and noncriminal justice background check systems. NCHIP is a competitive grant program that if awarded requires the entity to provide a 10% match in cash or in-kind services. It is our intent to apply for grant funding to implement this program.

IMPACTS

1. **Fiscal Impact** – The estimated total project cost is \$50,000 - \$70,000. If awarded grant funding with a 10% match requirement, the approximate cost to the City will be \$5,000 - \$7,000. These numbers are rough estimates. Actual quotes on equipment, maintenance agreements and training costs are currently being solicited.
2. **Proposed Funding Source** – Law and Justice Capital Fund -- 90% of the funding would be covered by the NCHIP grant if we are successful in obtaining an award.
3. **Public Impact** – Increase in customer service. Reduce wait/turnaround times.
4. **Personnel Impact** – Increase in efficiency. Streamline workflow and reduced postage expense of mailing hardcopy fingerprint cards.
5. **Required Changes in City Regulations or Policies** – None.
6. **Legal Constraints, if applicable** - None.
7. **Viable Alternatives** – None.

RADIO REPLACEMENT PROGRAM
BUDGETED

PROPOSAL

There is no current plan in place to replace police portable radios on a set cycle. The department wishes to implement a 10 year radio replacement cycle. Ten percent of the total radio needs of the department would be replaced each year. The exact number of radios needed may vary from year to year due to changes in staffing levels.

IMPACTS

1. **Fiscal Impact** – Varies, average about \$15,000 yearly.
2. **Proposed Funding Source** – Law and Justice Capital fund #333.
3. **Public Impact** – This initiative would improve public safety by providing the officers with adequate and reliable equipment. It would increase officer safety as well.
4. **Personnel Impact** – None.
5. **Required Changes in City Regulations or Policies** – None.
6. **Legal Constraints, if applicable** - None.
7. **Viable Alternatives** – Continue replacing only the oldest and obsolete radio units.

COMPLETE SWAT COMMUNICATIONS SYSTEM UPGRADE
BUDGETED

PROPOSAL

Several members of the SWAT team have suffered hearing loss due to inadequate hearing/head protection. In 2014 the Department upgraded the SWAT radios utilizing an Emergency Management grant. This proposal would finish the integration of the communication, hearing and head protection systems.

IMPACTS

1. **Fiscal Impact** – \$31,000.
2. **Proposed Funding Source** – Law and Justice Capital fund #333.
3. **Public Impact** – This initiative would improve public safety by ensuring the Emergency Response Team is able to clearly communicate and operate safely.
4. **Personnel Impact** – None.
5. **Required Changes in City Regulations or Policies** – None.
6. **Legal Constraints, if applicable** - None.
7. **Viable Alternatives** – Continue with current equipment.

COMMUNICATIONS CENTER RELOCATION
BUDGETED

PROPOSAL

The Public Safety Communications Division’s mission is to provide 9-1-1 call answering for the citizens of Yakima County and provide Public Safety Dispatching for the City of Yakima and 14 other public safety agencies. The City Council recognized the need for a new public safety communications center and the need for additional space to accommodate the Yakima Police Department and therefore entered into an agreement through Resolution R-2014-086 with Yakima County to move the communications center from the Richard A. Zais Jr, Center for Law and Justice to the county Resource Center. The Interlocal Agreement R-2014-086 outlines the terms and conditions for the bond repayment and annual maintenance for the new communication facility.

The cost of the center will be shared equally between Yakima County and the City of Yakima. The following costs are the projected budgetary amounts needed to make the facility fully functional. Within this budget there are specific city, county E911, and shared capital and non-capital costs which also shared equally between the city and county. The anticipated annual bond repayment for the city of Yakima is budgeted to be \$211,000 and the annual maintenance and lease of the building is expected to be \$64,000.00. (Since the building won’t be in service until after construction, the 2015 budget includes \$32,000 representing 6 months of lease payments). Note: the County hasn’t yet issued the bonds, so this is still an estimate. In addition to relocating the E911 systems the city must relocate the public safety communication equipment, which is estimated to be \$970,917 with \$250,000 coming out of the fund balance (which has been built over the past few years in anticipation of this need); and the balance of \$720,000 being funded by an interfund loan.

IMPACTS

1. **Fiscal Impact –**

	<u>General Fund Transfer</u>
Estimated Debt Service	\$211,000
6 months Lease Payments	32,000
Interfund Loan Payment	<u>57,000</u>
Total General Fund Transfer	\$300,000

	<u>Public Safety/Communications Fund</u>
Estimated Debt Service	\$211,000
6 months Lease Payments	32,000
Interfund Loan Payment	57,000
Equipment Purchase	<u>970,917</u>
Total General Fund Transfer	\$1,270,917

2. **Proposed Funding Source** –Public Safety Communications Fund # 151; General fund Transfer increased by \$300,000. The Five-Year Financial Plan anticipated this annual contribution growing to \$350,000 in 2016, which will be used for the full annual lease, with the balance being used for the interfund loan repayment.

3. **Public Impact** – More modern 9-1-1 and Dispatch call center.
4. **Personnel Impact** – Managing the County contract and the move.
5. **Required Changes in City Regulations or Policies** – None.
6. **Legal Constraints, if applicable** – Formalize the Interfund Loan.
7. **Viable Alternatives** – None.

FIRE ENGINE
BUDGETED

PROPOSAL

Consistent with a council-approved apparatus replacement strategy beginning in 2009, this new fire apparatus would be placed in front-line service - triggering an ongoing cycle consisting of:

- 12 years of front-line service
- 5 years of reserve service (backup)
- Surplus from the fleet.

During this attrition cycle, upon placing the new engine into service, a 2003 model would move from front-line service into reserve service, and a 1991 model that has far outlived its useful lifespan would be scheduled for surplus. Accordingly, this does not represent a net gain of fire apparatus to the fleet.

Taking into account specification writing and construction time, it will take up to 18 months from the beginning of this project until delivery and in-service time. Accordingly, with the possible exception of the City taking advantage of a chassis pre-payment discount in mid to late 2015, most or all of the funds would not be necessary until early 2016.

IMPACTS

1. **Fiscal Impact** – Apparatus is expected to cost \$450,000: \$48,000 annual debt service over a 10-year term starting in 2016.
2. **Proposed Funding Source** – Fire Capital Fund #332. Since capital replacement funds are not available for an outright purchase, the City can again use the Washington State Local Option Capital Asset Lending (LOCAL) lease/purchase program to take advantage of lower interest rates. General Fund would make the debt service payments.
3. **Public Impact** –Enhances reliability of front-line apparatus.
4. **Personnel Impact** –Newer apparatus have enhanced safety features.
5. **Required Changes in City Regulations or Policies** – None.
6. **Legal Constraints, if applicable** – Ordinance to enter into a debt transaction.
7. **Viable Alternatives** – None.

LADDER TRUCK
BUDGETED

PROPOSAL

The older of the City's two ladder trucks – a 102' LTI aerial platform, is a 1995 model year. With its elevated water stream, this apparatus has been crucial in controlling the spread of countless fires in the City, throughout the upper valley and beyond. At 20 years of age, the lifespan of this apparatus is coming to a close. Although it has served the community well, the dependability/reliability is diminishing, and the personnel safety features are lagging by a few generations.

This would be a replacement, and does not constitute a net increase of apparatus.

Though this 1995 apparatus has outlived its usefulness to the City of Yakima, it retains some resale value for a smaller fire department with less demands and call volume.

Taking into account specification writing and construction time on such a significant venture, it will take up to 18 months from the beginning of this project until delivery and in-service time.

IMPACTS

1. **Fiscal Impact** – Truck is expected to cost \$1,150,000: estimated \$123,000 annual debt service over a 10-year term, starting in 2016.
2. **Proposed Funding Source** – Fire Capital Fund #332. Since capital replacement funds are not available for an outright purchase, the City can again use the Washington State Local Option Capital Asset Lending (LOCAL) lease/purchase program to take advantage of lower interest rates. General Fund would make the debt service payments.
3. **Public Impact** –Enhances reliability of front-line apparatus.
4. **Personnel Impact** –Newer apparatus have enhanced safety features.
5. **Required Changes in City Regulations or Policies** – None.
6. **Legal Constraints, if applicable** – Ordinance to enter into a debt transaction.
7. **Viable Alternatives** – None.

PURCHASE TWO STAFF VEHICLE REPLACEMENTS
BUDGETED

PROPOSAL

This proposal is for the purchase of two Ford F250 pickup trucks to be utilized by the training division. These pickups will replace (no net gain) two high-use vehicles that were re-purposed to the training division – following their initial assignments.

These modest pickups will be used for hauling training props, fire hose, breathing apparatus and other equipment. They will be equipped with emergency lights/sirens and radios, and used during the 8-5 workweek as emergency response units to augment the incident command structure. These vehicles will be capable of pulling one of several trailers used by YFD, as well as mounting plows for snow removal – when necessary.

If successful, one of the current training vehicles – a mid-1990's Ford F150 pickup – is planned to be re-purposed to City Hall's Building Superintendent.

IMPACTS

1. **Fiscal Impact** – Vehicles are expected to cost \$90,000 including safety equipment: estimated \$16,800 annual debt service over a 6-year term, starting in 2016.
2. **Proposed Funding Source** – Fire Capital Fund #332. Since capital replacement funds are not available for an outright purchase, the City can again use the Washington State Local Option Capital Asset Lending (LOCAL) lease/purchase program to take advantage of lower interest rates. General Fund would make the debt service payments.
3. **Public Impact** –Enhances reliability of required equipment.
4. **Personnel Impact** –Newer vehicles with fewer maintenance issues.
5. **Required Changes in City Regulations or Policies** – None.
6. **Legal Constraints, if applicable** – Ordinance to enter into a debt transaction.
7. **Viable Alternatives** – None.

REHAB / BREATHING AIR RESOURCE UNIT
BUDGETED

PROPOSAL

The most recent update of the Washington Administrative Code (WAC) includes significant changes and requirements in emergency scene firefighter rehabilitation. With the current rehab and air units each being deployed and operated by a small cadre of our Reserves, and because of the lack of personnel to deploy both units, incident commanders are forced choose between the most time-sensitive need. The desired combined unit would serve to consolidate two older, smaller, single-purpose vehicles into one more capable and efficient vehicle.

IMPACTS

1. **Fiscal Impact** – \$75,000: estimated \$14,000 annual debt service over a 6-year term, starting in 2016.
2. **Proposed Funding Source** – Fire Capital Fund #332. Since capital replacement funds are not available for an outright purchase, the City can again use the Washington State Local Option Capital Asset Lending (LOCAL) lease/purchase program to take advantage of lower interest rates. General Fund would make the debt service payments.
3. **Public Impact** –Enhances reliability of required equipment.
4. **Personnel Impact** –Newer equipment with fewer maintenance issues.
5. **Required Changes in City Regulations or Policies** – None.
6. **Legal Constraints, if applicable** – Ordinance to enter into a debt transaction.
7. **Viable Alternatives** – None.

FIRE RESCUE BOAT / TECH RESCUE UNIT
BUDGETED

PROPOSAL

This slightly untraditional capital request is focused upon the City of Yakima (City) purchasing Yakima County Fire District 11's (Broadway) interest in, and becoming the sole owner of:

- 1 Wooldridge Rescue Boat
- 1 Technical Rescue truck (refurbished beverage truck)

Although the City is co-owner with District 11 of the Wooldridge Rescue Boat, District 11 has sole ownership of the Technical Rescue truck – yet that vehicle is housed, maintained and operated by the City (YFD). Over the years, the co-ownership of the boat and YFD's stewardship of the truck have proven problematic in a few different areas:

- There continues to be disagreement over which entity is responsible for operational costs and repairs.
- Deployment – geographical deployment areas are frequently a topic of disagreement, and policy designed to help contain out-of-the-area and unfunded overtime costs cannot be definitively identified.
- As the keeper of both units, the City ends up providing a heavy subsidy to the greater Yakima County area.

Sole ownership of this equipment would provide the necessary controls over deployment of this equipment, and potentially provide the means for cost recovery for out-of-jurisdiction response and mitigation.

IMPACTS

1. **Fiscal Impact** – \$40,000.
2. **Proposed Funding Source** – Fire Capital Fund #332.
3. **Public Impact** –Enhances deployment of critical safety equipment.
4. **Personnel Impact** –City staff can make decisions on equipment deployment.
5. **Required Changes in City Regulations or Policies** – None.
6. **Legal Constraints, if applicable** – Proper title transfer.
7. **Viable Alternatives** – None.

MAINTENANCE VEHICLE REPLACEMENT - 2 TRUCKS
BUDGETED

PROPOSAL

Yakima Air Terminal staff provides the aviation industry a variety of services to include airport management/administration, airfield/terminal maintenance, snow removal operations, hazardous wildlife management, airport security, and heavy equipment repairs. In order to provide these critical services, the airport is required to maintain an appropriate fleet of equipment to ensure the airport remains operational within Federal Aviation Administration standards. As equipment within the airport's fleet continues to age it is recommended that the two 1989 airport maintenance vehicles which have outlived its useful life be replaced.

IMPACTS

1. **Fiscal Impact** – \$55,000.
2. **Proposed Funding Source** – Yakima Air Terminal Operating Fund.
3. **Public Impact** – Equipment will allow airport staff to continue to complete required daily airfield/maintenance functions to ensure the airport remains in compliance with Federal Aviation Administration standards.
4. **Personnel Impact** – Reliable equipment.
5. **Required Changes in City Regulations or Policies** – None.
6. **Legal Constraints, if applicable** – Airport will follow applicable purchase requirements as outlined by the Purchasing Department.
7. **Viable Alternatives** – None.

21ST AVE ROAD EXTENSION
BUDGETED

PROPOSAL

The Yakima Air Terminal is an integral part of the City's transportation system and economic development infrastructure. The airport continues to see growth in a variety of areas to include passengers utilizing airline service, cargo operations and the need for additional hangar development. As outlined in the Draft Airport Master Plan, it is recommended the South Air Park area located at 21st Avenue and Ahtanum Road continue to be a focal point for further Corporate and General Aviation expansion. In order to facilitate additional hangars, the airport administration in conjunction with airport stakeholders has met to discuss infrastructure improvements to meet the airport's aviation demands.

One key improvement is to extend 21st Avenue to provide direct vehicle access to the airfield. This 300 foot extension of 21st Avenue will provide public access to facilitate future development of Corporate, General Aviation hangars, and aviation related businesses. This project is slated to begin in Spring/Summer of 2015 and is expected to be completed by Fall 2015.

IMPACTS

1. **Fiscal Impact** – \$175,000.
2. **Proposed Funding Source** – Arterial Street Fund.
3. **Public Impact** – The 21st Avenue extension will allow direct public access to the south end of the Yakima Air Terminal which will allow further development as well as a consistent access point for all vehicle traffic.
4. **Personnel Impact** – None.
5. **Required Changes in City Regulations or Policies** – None.
6. **Legal Constraints, if applicable** – Airport administration will work with City Engineering Department to ensure road is designed and developed to standards.
7. **Viable Alternatives** – None.

***YAKIMA RAILROAD GRADE SEPARATIONS PROJECT AESTHETICS AND LINCOLN
AVENUE ELEVATED SIDEWALK***
BUDGETED

PROPOSAL

Construction of the Yakima Railroad Grade Separations project aesthetics, the “Bins of Light” will be installed in 2015. The location of the “Bins of Light” will be on Lincoln Avenue just east of Front Street. The estimated cost of this work is \$350,000. An elevated sidewalk will also be installed on the south side of Lincoln between 1st Street and 1st Avenue. The estimated cost of this work is \$250,000. These are the final components of the railroad underpass project.

IMPACTS

1. **Fiscal Impact** \$600,000 of remaining local funds will be used to install the “Bins of Light” and construct an elevated sidewalk on Lincoln Avenue.
2. **Proposed Funding Source** – Cumulative Reserve for Capital Improvement Fund #392. Local Funds (BNSF’s contribution to the total project).
3. **Public Impact** – Installation of the “Bins of Light” will result in lane closures and possibly a full road closure during placement. Construction of the elevated sidewalk will require that the inside lane be closed during construction. Inconveniences will be minimized as much as possible.
4. **Personnel Impact** – The engineering and project construction responsibilities will be performed by the Engineering Division.
5. **Required Changes in City Regulations or Policies** – None.
6. **Legal Constraints, if applicable** – None.
7. **Viable Alternatives** – None.

NORTH 1ST STREET REVITALIZATION
BUDGETED

PROPOSAL

The design of the revitalization of North 1st Street from Martin Luther King, Jr. Boulevard (MLK) to 'N' Street will be completed in 2015 and the relocation of the overhead utilities will begin in 2015. The revitalization will consist of installing and upgrading streetscape elements of this section of North 1st Street to improve safety and attract development. The overhead utilities will either be placed underground or moved back to another off-street.

IMPACTS

1. **Fiscal Impact** – \$1,300,000 will be expended in 2015 to design this section of North 1st Street and to begin relocation of overhead utilities.
2. **Proposed Funding Source** – Cumulative Reserve for Capital Improvement Fund #392. Balance of local funds from the railroad underpass projects, including the legal settlement from the Lincoln Ave cost overrun.
3. **Public Impact** – Impacts to the public should be minimal during design and overhead utility relocation. Public meetings will be held to receive input from the public. Once road construction begins, it is anticipated that traffic will be limited to one lane in each direction.
4. **Personnel Impact** – The engineering design work will be done by a consultant with the Engineering Division providing project management.
5. **Required Changes in City Regulations or Policies** – None.
6. **Legal Constraints, if applicable** – Contract for project design.
7. **Viable Alternatives** – None.

PUBLIC WORKS / WASTEWATER
2015 STRATEGIC INITIATIVE

WASTEWATER CAPITAL PROGRAM
BUDGETED

PROPOSAL

Major capital projects planned for the 2015 budget cycle are:

Wastewater Capital Programs	
Speedway/Race Street Improvements	\$1,800,000
Toscana Development Castlevale/Fechter	350,000
Digester Project	550,000
Collection System Upgrades	500,000
Plant Security Upgrades	150,000
Congdon Sewer Main	100,000
Wastewater System Evaluation	100,000
Other Wastewater Capital Projects	<u>1,140,000</u>
Total	\$4,690,000

IMPACTS

1. **Fiscal Impact** – \$4,690,000.
2. **Proposed Funding Source** – Wastewater Capital Funds.
3. **Public Impact** – Improved Wastewater infrastructure.
4. **Personnel Impact** – Project Management.
5. **Required Changes in City Regulations or Policies** – None.
6. **Legal Constraints, if applicable** – Construction contract process.
7. **Viable Alternatives** – None.

PUBLIC WORKS / WATER
2015 STRATEGIC INITIATIVE

WATER CAPITAL PROGRAM
BUDGETED

PROPOSAL

Major capital projects planned for the 2015 budget cycle are:

Water Capital Programs	
Modifications to River at WTP Intake	\$1,000,000
Water Main Replacement – N 1 st Street	1,400,000
Other Wastewater Capital Projects	<u>100,000</u>
Total	\$2,500,000

IMPACTS

1. **Fiscal Impact** – \$2,500,000. Note: The miscellaneous category should have been \$270,000, bringing the total capital project budget to \$2,670,000.
2. **Proposed Funding Source** – Water Capital.
3. **Public Impact** – Improved water infrastructure.
4. **Personnel Impact** – Project Management.
5. **Required Changes in City Regulations or Policies** – None.
6. **Legal Constraints, if applicable** – Construction Contracts.
7. **Viable Alternatives** – None.

PUBLIC WORKS / IRRIGATION
2015 STRATEGIC INITIATIVE

IRRIGATION CAPITAL PROGRAM
BUDGETED

PROPOSAL

Major capital projects planned for the 2015 budget cycle are:

Irrigation Capital Programs	
Fruitvale Canal Diversion System	\$500,000
West Yakima Avenue (18 th – 28 th)	725,000
Main and Pump Refurbish	<u>25,000</u>
Total	\$1,250,000

IMPACTS

1. **Fiscal Impact** – \$1,250,000.
2. **Proposed Funding Source** – Irrigation Capital.
3. **Public Impact** – Improved Irrigation infrastructure.
4. **Personnel Impact** – Project Management.
5. **Required Changes in City Regulations or Policies** – None.
6. **Legal Constraints, if applicable** – Construction Contracts.
7. **Viable Alternatives** – None.

PUBLIC WORKS / STORMWATER
2015 STRATEGIC INITIATIVE

STORMWATER CAPITAL PROGRAM
BUDGETED

PROPOSAL

Major capital projects planned for the 2015 budget cycle are:

Stormwater Capital Programs	
N. 1 st Street Revitalization Project	\$1,790,000
Randall Park reconstruction	50,000
Cascade Mill site	160,000
Contingency	<u>25,000</u>
Total	\$2,025,000

IMPACTS

1. **Fiscal Impact** – \$2,025,000.
2. **Proposed Funding Source** – Stormwater Capital.
3. **Public Impact** – Improved Stormwater infrastructure.
4. **Personnel Impact** – Project Management.
5. **Required Changes in City Regulations or Policies** – None.
6. **Legal Constraints, if applicable** – Construction Contracts.

Viable Alternatives – None.

SNOW BLOWER
BUDGETED

PROPOSAL

The updated Snow and Ice Control plan requires clearing of streets in the Central Business District (CBD) within 24 hours following a snow event of three or more inches. The previous policy called for the CBD to be cleared of snow on the first available night after clearing other arterial streets. If snowfall was continuous or came in multiple waves within a 24-hour period, it would take two or more nights to clear snow from the CBD. This was in part, due to the equipment used for snow removal.

The Streets Division currently uses a 1967 Pettibone Speed Belt Loader to pick up the snow and load it into dump trucks after snow has been plowed to the center of the road. This piece of equipment is slow and difficult to maneuver. It has been reliable but because of its age, parts are difficult to find and can take weeks to obtain. It also requires the dump trucks to make difficult maneuvers to be positioned to receive the snow; requiring it to be done usually at night when there was minimal traffic for safety.

Purchasing a Larue D55 Snow Blower which attaches to a front-end loader, gives the City the capability of removing snow from the CBD in an estimated four to six hours compared to ten to twelve hours with the existing equipment. This snow blower will enable City staff to remove snow safely during the daylight hours and can be utilized on other major roads as well. Snow piles in City owned parking lots could also be removed to eliminate loss of parking spaces following snowstorms.

IMPACTS

1. **Fiscal Impact** – \$175,000.
2. **Proposed Funding Source** – Since this is an addition to the Streets fleet, the Streets Fund is required to fund the purchase that will be made by Equipment Rental.
3. **Public Impact** – The snow blower is needed to meet the goals and expectations specified in the Snow & Ice Control Plan of clearing of streets in the Central Business District within 24 hours following a snow event of three inches or more.
4. **Personnel Impact** – None.
5. **Required Changes in City Regulations or Policies** – None.
6. **Legal Constraints, if applicable** – Follow proper purchasing procedures.
7. **Viable Alternatives** – Continue to use the Pettibone Speed Belt Loader to remove snow; requiring road closures for snow removal operations up to 12 or more hours to clear the CBD. Failure to remove snow piles from parking lots and from other arterial roadways.

TRANSIT OPERATIONS SPECIALIST
BUDGETED

PROPOSAL

Over the past several years, Transit agencies across the nation have implemented various computer programs and technologies to best serve their customers. Complex automated ADA systems, run-cutting software, GPS data collection activities and electronic on-board passenger information systems are just a few of the computer/electronic technologies that exist and are being utilized by Transit agencies such as Yakima Transit.

Currently, Yakima Transit does not have a specific position dedicated to implement and maintain these complex systems. The City of Yakima IT Department have been a great help to us and will continue to be in the future. However, the continual operation and maintenance required to keep these systems running efficiently requires full time attention.

As it is today, IT personnel have devoted countless hours in an effort to assist our technological needs as have our Transit supervisors. Unfortunately the skills and knowledge required to fully implement and maintain our current technologies impacts and subtracts from our supervisors primary roles and responsibilities. In the end, the Transit supervisors are not qualified to implement and maintain the various programs and technologies. Therefore, it is proposed that a new full-time position be created for Yakima Transit to specifically address its current technological needs and requirements to better serve the Transit Division and its customers.

IMPACTS

1. **Fiscal Impact** – \$76,200.
2. **Proposed Funding Source** – Transit Operating Fund # 462.
3. **Public Impact** – None.
4. **Personnel Impact** – This position would work as a liaison with the IT Department to address technological needs allowing Transit supervisors to focus their full attention upon their duties as supervisors.
5. **Required Changes in City Regulations or Policies** – None.
6. **Legal Constraints, if applicable** – New position to be approved through the Civil Service process and placed in the Master Pay Ordinance.
7. **Viable Alternatives** – None.

PURCHASE 3 HEAVY DUTY REPLACEMENT BUSES
BUDGETED

PROPOSAL

Purchase three (3) heavy-duty low-floor buses, estimated to cost \$430,000 each.

Yakima Transit is in the process of updating their fixed-route bus fleet of 26 buses. Yakima Transit operates 19 buses at maximum capacity. Five of the 26 buses are 15 years or older (1995-1999). Typically, buses are considered for replacement once the vehicle reaches 12 years of age (FTA estimated useful life). Equipment rental has done a great job helping us extend the life of these vehicles; however, sometimes the cost of maintaining the vehicle outweighs the benefit of keeping it, especially when reliability becomes a factor or the vehicle is consistently in the shop for non-routine maintenance. Yakima Transit intends to replace all five buses over the next two years (three in 2015 and two in 2016) as part of their fleet and facility maintenance program. Equipment Rental will identify which of the five (Buses 7154, 7156, 7157, 7158, & 7159) should be replaced first based on maintenance issues, wear, and other factors.

Replacement vehicles are necessary to maintain an adequate operational fleet. As new buses are purchased, older buses are moved into the spare fleet, where they will be used when the newer buses are undergoing preventative maintenance or being serviced for other issues. By the time these five buses are replaced, three more buses will have reached 12 years of age and will be considered in the future for replacement.

IMPACTS

1. **Fiscal Impact** – \$1,290,000.
2. **Proposed Funding Source** – Transit Capital Fund/Accumulated reserves of Local Sales Tax.
3. **Public Impact** – Allows Yakima Transit to maintain an adequate amount of operational vehicles in stock.
4. **Personnel Impact** – None.
5. **Required Changes in City Regulations or Policies** – None.
6. **Legal Constraints, if applicable** – FTA has stringent rules regarding the number and condition of the transit fleet.
7. **Viable Alternatives** – Procure used buses that are less expensive, yet costly to maintain and do not provide the same level of reliability.

ADD ONE SOLID WASTE COLLECTOR / DRIVER

Erroneously excluded from Preliminary Budget-Will be added to Final Budget

PROPOSAL

City of Yakima Refuse Division makes every effort to excel in quality solid waste management for the 93,000 citizens of Yakima by providing weekly curbside residential garbage and yard waste service to approximately 25,000 residential customers. The recent annexations and growth within the City limits requires the Refuse Division to realign its current routes; requiring an additional Solid Waste Collector/Driver to accommodate this growth.

In the last two years, three large residential annexations increased the current service area by approximately 2,000 acres and 2,000 garbage accounts, 500 yard waste accounts and 20 bin accounts. Providing services to this sprawling area has been very difficult with the current staffing level. This places additional stress on equipment due to the increase in service delivery requests. Refuse has been utilizing its Maintenance Workers to cover and assist with routes and act as fill in drivers to cover sick days and vacations. However, coverage remains an issue and the utilization of the Maintenance Workers as drivers reduces the ability of the Division to address service orders in a timely fashion which has a direct impact on customer service delivery and satisfaction.

A Cost of Service/Rate Study was presented to City Council on October 28, 2014 to propose a rate structure that will support current and proposed services within the Refuse Division. This will include the additional Collector/Driver; allowing the Refuse Division to begin addressing existing routing issues, realign current routes that are approaching daily haul limits, and address coverage issues. The rate increase is in the Preliminary Budget, however, even if the rate increase is not approved by Council, this position is still necessary to address the issues noted above.

IMPACTS

1. **Fiscal Impact** –\$65,900.
2. **Proposed Funding Source** –Refuse Operating Fund #471.
3. **Public Impact** – Improve customer service by properly staffing the Refuse Division.
4. **Personnel Impact** – Additional 1.0 FTE Solid Waste Collector/Driver position.
5. **Required Changes in City Regulations or Policies** – None.
6. **Legal Constraints, if applicable** – None.
7. **Viable Alternatives** – Continue to operate with insufficient amount of staff; existing coverage issues will continue, further limiting the Refuse Division's abilities to provide consistent high-quality customer service.

REFUSE RATE PROPOSAL OR BUDGET REDUCTIONS
RATE PROPOSAL IS BUDGETED

PROPOSAL

At the Study Session on October 28, 2014, the Refuse Division presented the results of a recent rate study and the recent recycling pilot program. The 2015 Preliminary Budget included rates proposed in the rate study, which are estimated to add \$386,000 of revenue to the Refuse Fund. These rates will maintain the Refuse programs. Should the rate increase be postponed, then the following reductions will be made in the 2015 final budget to stay within available resources:

<u>Budget Cuts</u>	<u>Impacts</u>	<u>Costs</u>
Operating Supplies	Delay purchasing garbage/yard waste/recycling carts. May jeopardize matching grant opportunities	\$85,000
Fall Leaf Clean Up Program	Increase in disposal of organic material buried at the landfill. Impaired water flow due to clogged street drains. Impact on Street and Stormwater Departments to address clean up and removal of leaves. Impaired road safety for motorists, cyclist and pedestrians.	80,000
Code Enforcement	Elimination of 1 FTE (Filled). Eliminate the ability of the Division to respond to illegal dump calls and clean up. YTD 78 illegal dumps have been cleaned; 72 ordinance violations have been issued. Will reduce interdepartmental assistance to YPD, Codes, Streets and ONDS. Disposal cost will be passed onto other City Departments. Will impact cleanliness of city and increase blight and create safety hazards.	77,000
State and Local Taxes	The utility taxes will be reduced in conjunction with the reduction in revenue: City tax (\$57,900); State tax (\$17,000)	74,900
Proposed Cuts	Operating supplies and cuts in service	316,900

IMPACTS

1. **Fiscal Impact** – Subtract \$386,000 of Revenue, and \$316,900 of Expenditures from the Preliminary Budget. After these changes the fund is using about \$29,000 of reserves bringing the ending fund balance to about \$364,000 or 6.2% of the reduced expenditure budget.
2. **Proposed Funding Source** – Existing Refuse Rate Structure.
3. **Public Impact** – Adequately funding the total Refuse programs.
4. **Personnel Impact** – Reduction in Force (RIF) Civil Service rules.
5. **Required Changes in City Regulations or Policies** – None.
6. **Legal Constraints, if applicable** – None.
7. **Viable Alternatives** – Proposed Rate adjustments

PUBLIC WORK / EQUIPMENT RENTAL
2015 STRATEGIC INITIATIVE

FLEET VEHICLE ADDITIONS & REPLACEMENTS
BUDGETED

PROPOSAL

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

Division	Description	Replacing	2015 Budget	Fund Total
Parks & Recreation	Toro Groundmaster 590	ER 5238	\$90,000	\$90,000
Streets & Traffic	Snow blower	Addition	175,000	
	Replace Dump Truck Body	ER 3080	95,000	
	Bucket Truck - Signals	ER3149	175,000	445,000
Water	Backhoe	ER6074	150,000	
	One Ton Truck	ER2275	45,000	195,000
Refuse	Automated Sideloaded Refuse Truck	ER 3261	315,000	
	Automated Sideloaded Refuse Truck	ER 3262	315,000	630,000
Wastewater	Side Dumping Trailer	ER 4156	65,000	
	Side Dumping Trailer	ER 4157	65,000	130,000
Total				\$1,490,000

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

Division	Description	E/R Number	Model Year	Condition/Application
Parks	Toro Grounds-master 580	5238	2005	Poor / Maintenance Issues
Streets	Replace Int'l Dump Truck Body	3080	1991	Poor
	Int'l Bucket Truck – Signals	3149	2002	Fair / Exceeds useful life
Water	Caterpillar Backhoe	6074	2001	Fair / Exceeds useful life
	Ford F250 3/4 Ton Truck	2275	2003	Fair
Refuse	Automated Sideloaded Refuse Truck	3261	2009	Fair / Maintenance Issues
	Automated Sideloaded Refuse Truck	3262	2009	Fair / Maintenance Issues
Wastewater	Smithco Side Dumping Trailer	4156	2000	Fair
	Smithco Side Dumping Trailer	4157	2000	Fair

IMPACTS

1. **Fiscal Impact** – \$1,490,000 from the accumulated reserve dedicated for this purpose.
2. **Proposed Funding Source** – The Equipment Replacement Fund for replacements.
3. **Public Impact** – Delaying purchase would ultimately reduce ability to provide respective services to the community and shift operating costs to Fleet Maintenance.
4. **Personnel Impact** – None.
5. **Required Changes in City Regulations or Policies** – None.
6. **Legal Constraints, if applicable** – None.
7. **Viable Alternatives** – Delaying these purchases is an option, though excessive maintenance costs would shift expense to Fleet Maintenance budget.

ADD TWO MECHANIC I POSITIONS
BUDGETED

PROPOSAL

The Equipment Rental Division provides fleet services to most of the operating divisions of the City excluding Police and Fire. The fleet consists of approximately 700 vehicles with various pieces of construction equipment and mowers. Since 2000, the fleet size has increased nearly 25% while the Equipment Rental staffing level has remained essentially unchanged over the same period of time. Today's equipment is much more sophisticated than earlier models and requires a higher level of maintenance.

Earlier this year, Hennessey Fleet Consulting was contracted to assess the current fleet maintenance program for efficiency; focusing especially in regard to staffing level and scheduling. When compared to 200 municipal fleets nationwide, the findings suggest that our current staffing is three Mechanics short of the optimum staffing level for this size of fleet. A staff shortage such as this makes it virtually impossible to maintain the fleet at the prescribed level of readiness. We recommend at this time to bring on two additional Mechanic I positions.

IMPACTS

1. **Fiscal Impact** – Salary/Benefits: \$137,400.
2. **Proposed Funding Source** –Operating Funds participating in the Equipment Rental pool.
3. **Public Impact** – Improve customer service by properly staffing the Equipment Rental Division.
4. **Personnel Impact** – Additional 2.0 FTE Mechanic I positions.
5. **Required Changes in City Regulations or Policies** – None.
6. **Legal Constraints, if applicable** – None.
7. **Viable Alternatives** – Continue to operate with an insufficient staffing level to try and meet the increasing demands of the City's fleet service; directly jeopardizing the efficiency and timeliness of repairs, cost-effectiveness, and overall customer service.

SE COMMUNITY CENTER RESTROOM RESTORATION
BUDGETED

PROPOSAL

The Southeast Community Center is another City-owned facility in need of upgrades. While the City pays a fee for management and operations of the facility, it has contributed minimally toward facility improvements. The existing restrooms are 40 years old, in disrepair, and are beginning to fail. In the 2014 budget the City budgeted to provide the supplies and materials needed for the remodel along with major plumbing and electrical contractor costs, while the Opportunities Industrialization Center (OIC), the facility's contracted operator, had agreed to contribute the construction labor portion of the updated services. The total renovation is estimated to cost over \$100,000 if contracted out. OIC was not able to proceed with the project in 2014, so this is being carried forward into 2015. Unfortunately, OIC is not able to allocate resources to this project, so the full cost is being committed by the City.

IMPACTS

1. **Fiscal Impact** – \$100,000.
2. **Proposed Funding Source** – split between Parks & Recreation Operating and Capital Funds.
3. **Public Impact** – Improved Community Center.
4. **Personnel Impact** – Coordinate with OIC to accomplish the needed improvements, as they manage the facility.
5. **Required Changes in City Regulations or Policies** – None.
6. **Legal Constraints, if applicable** – None.
7. **Viable Alternatives** – None.

RANDALL PARK IMPROVEMENT
BUDGETED

PROPOSAL

Randall Park is over 40 years old and is in need of renovation. In 2010 the two wooden bridges that led to the nature area of the park were removed due to poor condition. A committee was formed to raise funds for the new bridges. Due to lack of donations, the project was shelved. In September of 2013 a \$50,000 anonymous donation was made for improvements to Randall Park. A citizens committee was reformed and renovation needs were identified. In December of 2013 another anonymous donation was made for \$100,000. This donation came with a challenge to the community to match the funds. Donations continue to be received for the project. In August 2014 a proposal was submitted to the Recreation and Conservation Office [RCO] for the State of Washington for a grant of \$500,000 for the park. The proposal ranked 8th among 70 applications and it is very probable the project will receive the \$500,000. Plans continue for the renovation of Randall Park. Some of the components of the renovation are as follows: New parking lots, new rest room with the possibility of an additional rest room on the 48th side of the park, new asphalt walkways, new entrance signs, new duck pond observation deck, new playground and new picnic shelter.

IMPACTS

1. **Fiscal Impact** – \$900,000.
2. **Proposed Funding Source** – Total Project included in the Parks and Recreation Capital Budget #331. Revenues include: Donations from individuals and organizations (\$200,000), RCO Grant (\$500,000), Mid-Columbia Fisheries Enhancement Group grant, In-kind donations, Stormwater Funds (\$50,000), Parks Capital transfer (\$50,000) and REET 1 (\$100,000).
3. **Public Impact** – The public will be able to better utilized Yakima’s favorite park facilities.
4. **Personnel Impact** – City of Yakima personnel will complete some of the labor for the park improvements. E.g. The Streets Division will pave the parking lots and walkways. Park Maintenance staff will repair and replace irrigation as needed.
5. **Required Changes in City Regulations or Policies** – None.
6. **Legal Constraints, if applicable** – Grant contracts, proper purchasing procedures/coordination with community service clubs.
7. **Viable Alternatives** – Delay renovations.

THREE-YEAR BUDGET COMPARISON - 2015 BUDGET BY CITY FUNCTIONAL GROUPING

	2013 Actual Expenditures	2014 Amended Budget	2014 Year-End Estimate	2015 Proposed Expenditures	2015 vs 2014 Estimate	2015 Projected Revenue	2015 Use of Reserves	2015 Beginning Fund Balance	2015 Est. Ending Fund Balance
General Government									
City Management	\$366,983	\$372,684	\$370,196	\$383,893	3.7%				
Indigent Defense	541,656	650,500	650,500	1,000,500	53.8%				
City Council	286,511	290,199	291,163	286,735	(1.5%)				
City Clerk/Records	437,577	583,921	583,485	593,216	1.7%				
Human Resources	442,846	513,151	559,444	664,003	18.7%				
Legal	1,247,205	1,359,323	1,370,353	1,516,206	10.6%				
Municipal Court	1,330,831	1,344,118	1,333,646	1,370,533	2.8%				
Planning	517,298	497,481	476,414	581,384	22.0%				
Code Administration	1,381,740	2,639,371	2,649,654	1,683,102	(36.5%)				
City Hall Maintenance	360,378	422,885	399,221	524,298	31.3%				
Economic Development	503,185	511,733	449,242	677,329	50.8%				
Police	25,830,291	26,278,167	25,915,548	26,687,333	3.0%				
Fire	9,709,330	10,387,649	10,312,002	10,680,888	3.6%				
Gang Free Initiative	-	333,105	330,972	230,820	(30.3%)				
Emergency Preparedness	-	-	9,500	212,246	n/a				
Information Systems	2,298,015	3,047,612	2,953,110	2,893,070	(2.0%)				
Intergovernmental	260,749	244,031	244,031	174,989	(28.3%)				
Transfers	3,019,305	4,942,275	4,442,275	5,543,875	24.8%				
Nonrecurring Expenses	-	(950,000)	-	(1,025,000)	n/a				
Financial Services	1,461,274	1,488,836	1,514,908	1,601,125	5.7%				
State Examiner	103,729	110,000	110,000	110,000	0.0%				
Police Pension	1,344,773	1,343,325	1,174,237	1,219,900	3.9%				
Utility Services	1,405,941	1,465,199	1,421,634	1,582,844	11.3%				
Purchasing	549,153	549,369	559,132	654,699	17.1%				
Engineering	654,156	1,109,632	845,776	890,530	5.3%				
Total General Fund	\$54,052,924	\$59,534,570	\$58,966,443	\$60,738,516	3.0%	61,061,259	322,742	8,374,076	8,696,818
Parks & Recreation	4,261,347	4,556,548	4,545,867	4,713,152	3.7%	4,709,455	(3,697)	556,239	552,542
Street & Traffic Operations	5,225,208	4,821,409	4,814,188	5,049,379	4.9%	4,718,610	(330,769)	997,502	666,733
Total General Government Funds	\$63,539,479	\$68,912,527	\$68,326,497	\$70,501,047	3.2%	70,489,324	(11,724)	9,927,817	9,916,093

	2013	2014	2014	2015	2015	2015	2015	2015	2015
	Actual	Amended	Year-End	Preliminary	vs 2014	Projected	Use of	Beginning	2015
	Expenditures	Budget	Estimate	Budget	Estimate	Revenue	Reserves	Fund Balance	Est. Ending
								Fund Balance	Fund Balance
Other Operating/Enterprise									
Economic Development	\$279,489	\$456,622	\$456,622	\$235,766	(48.4%)	\$222,000	(\$13,767)	\$54,866	\$41,099
Community Development	1,856,349	3,120,096	3,109,287	1,479,188	(52.4%)	1,474,337	(4,851)	685,166	680,315
Community Relations	912,037	601,850	589,455	612,510	3.9%	596,600	(15,911)	547,378	531,467
Cemetery	236,530	278,900	269,920	292,795	8.5%	264,950	(27,845)	49,291	21,446
Emergency Services	1,173,571	1,339,282	1,309,446	1,312,692	0.2%	1,290,026	(22,666)	183,768	161,102
Public Safety Communications	3,256,565	3,219,521	2,943,359	4,438,988	50.8%	4,095,799	(343,189)	754,237	411,048
Police Grants	837,871	469,024	435,624	475,296	9.1%	484,000	8,704	307,019	315,723
Downtown Improvement District	257,863	244,358	232,750	197,500	(15.1%)	197,840	340	5,270	5,610
Trolley (Yakima Interurban Lines)	15,921	166,850	116,501	57,046	(51.0%)	53,624	(3,422)	26,104	22,682
Front St Business Impr Area	6,368	9,000	5,000	7,000	40.0%	3,735	(3,265)	4,410	1,145
Tourist Promotion (Conv Ctr)	1,428,327	1,483,667	1,483,667	1,628,854	9.8%	1,693,250	64,396	544,155	608,551
Capitol Theatre	347,771	342,020	342,020	396,540	15.9%	395,250	(1,290)	26,387	25,097
PFD Revenue-Convention Center	682,472	645,000	640,000	748,220	16.9%	816,750	68,530	407,215	475,745
Tourist Promotion Area	643,696	687,000	650,000	687,000	5.7%	687,000	-	73,324	73,324
PFD Revenue-Capitol Theatre	516,772	531,000	563,430	608,220	7.9%	618,700	10,480	135,692	146,172
Airport Operating Fund	754,569	1,130,293	1,083,863	1,099,571	n/a	1,108,889	9,319	1,879	11,198
Stormwater Operating	2,063,834	2,325,519	2,315,822	3,444,953	48.8%	2,151,000	(1,293,953)	1,299,362	5,409
Transit	7,717,943	8,240,033	7,989,823	8,581,402	7.4%	8,519,226	(62,176)	1,280,164	1,217,988
Refuse	5,656,791	5,864,823	5,846,975	6,114,871	4.6%	6,220,599	105,728	287,550	393,278
Wastewater Operating	19,461,184	20,363,432	20,282,066	20,893,684	3.0%	21,431,302	537,619	2,997,144	3,534,763
Water Operating	8,539,064	9,022,649	8,909,509	9,359,410	5.0%	8,876,000	(483,410)	2,865,962	2,382,552
Irrigation Operating	1,498,594	2,063,884	1,828,565	1,791,819	(2.0%)	1,766,200	(25,619)	876,723	851,104
Equipment Rental	5,930,216	5,671,800	5,330,898	5,411,876	1.5%	5,612,858	200,982	4,413,523	4,614,505
Environmental Fund	48,077	192,950	192,681	1,007,950	423.1%	1,010,000	2,050	481,551	483,601
Public Works Administration	1,106,896	1,243,866	1,227,371	1,160,784	(5.4%)	1,115,438	(45,346)	402,827	357,481
Total Other Operating/Enterprise	\$65,228,773	\$69,713,439	\$68,154,653	\$72,043,937	5.7%	\$70,705,373	(\$1,338,562)	\$18,710,967	\$17,372,405

	2013 Actual Expenditures	2014 Amended Budget	2014 Year-End Estimate	2015 Preliminary Budget	2015 vs 2014 Estimate	2015 Projected Revenue	2015 Use of Reserves	2015 Beginning Fund Balance	2015 Est. Ending Fund Balance
Capital Improvement									
Arterial Street	\$6,307,833	\$5,106,566	\$3,799,078	\$1,881,134	(50.5%)	\$1,822,913	(\$58,221)	\$1,222,902	\$1,164,681
C.B.D. Capital Improvement	220,508	131,000	106,152	91,000	(14.3%)	26,220	(64,780)	123,332	58,552
Capitol Theatre Construction	-	140,000	140,000	50,000	n/a	71,927	21,927	4,473	26,400
Yakima Rev Development Area	749,007	2,473,235	835,000	3,500,000	319.2%	1,900,000	(1,600,000)	2,793,687	1,193,687
Parks & Recreation Capital	99,949	100,000	100,000	1,000,000	900.0%	950,000	(50,000)	239,590	189,590
Fire Capital	692,044	882,808	882,808	2,254,159	155.3%	1,963,500	(290,659)	375,181	84,522
Law & Justice Capital	4,944,007	884,796	913,159	639,636	(30.0%)	554,886	(84,750)	610,528	525,778
Public Works Trust Construction	824,324	732,773	719,010	1,028,084	43.0%	836,449	(191,635)	592,513	400,878
REET 2 Capital Construction	506,822	772,787	772,787	772,787	0.0%	752,000	(20,787)	514,273	493,486
Street Capital Fund	(75)	16,500,000	17,535,000	-	n/a	20,811	20,811	38,171	58,982
Convention Center Capital Impr	173,671	402,311	426,846	490,000	14.8%	210,500	(279,500)	465,050	185,550
Cum. Reserve for Capital Impr	8,928,559	4,948,000	6,518,836	2,245,000	(65.6%)	50,000	(2,195,000)	2,285,306	90,306
Airport Capital	299,599	11,162,885	1,306,399	12,539,721	859.9%	12,776,500	236,779	537,821	774,600
Stormwater Capital	160,812	790,000	790,000	2,025,000	156.3%	940,000	(1,085,000)	1,244,734	159,734
Transit Capital Reserve	62,755	1,989,000	1,996,000	1,749,000	(12.4%)	1,868,507	119,507	2,264,727	2,384,234
Wastewater Facilities Capital Rsv	10,711	400,000	400,000	600,000	50.0%	600,000	-	1,147,941	1,147,941
Wastewater Construction	3,290,740	4,793,813	1,887,000	3,280,000	73.8%	500,000	(2,780,000)	4,189,960	1,409,960
Water Capital	6,588,042	5,525,019	4,620,000	2,500,000	(45.9%)	750,000	(1,750,000)	3,496,315	1,746,315
Wastewater Capital	9,666,631	9,663,679	3,754,000	810,000	(78.4%)	4,681,500	3,871,500	(3,156,070)	715,430
Irrigation Capital	796,777	1,621,504	1,060,129	1,567,742	47.9%	1,430,060	(137,682)	984,263	846,581
Total Capital Improvement	\$44,322,717	\$69,020,176	\$48,562,205	\$39,023,263	(19.6%)	\$32,705,773	(\$6,317,490)	\$19,974,697	\$13,657,207
Contingency/Operating Reserves									
FRS/Capitol Theatre Reserve	\$71,927	\$71,927	\$71,927	\$71,927	0.0%	\$0	(\$71,927)	\$108,568	\$36,641
Risk Management	3,706,744	3,299,649	3,571,925	3,643,761	2.0%	3,684,000	40,239	634,139	674,378
Total Contingency/Operating Rsvs	\$3,778,671	\$3,371,576	\$3,643,852	\$3,715,688	2.0%	\$3,684,000	(\$31,688)	\$742,707	\$711,019

	2013 Actual Expenditures	2014 Amended Budget	2014 Year-End Estimate	2015 Preliminary Budget	2015 vs 2014 Estimate	2015 Projected Revenue	2015 Use of Reserves	2015 Beginning Fund Balance	2015 Est. Ending Fund Balance
Employee Benefit Reserves									
Unemployment Compensation	\$155,204	\$286,582	\$192,308	\$323,177	68.1%	\$197,000	(\$126,177)	\$396,415	\$270,238
Employees Health Benefit	9,945,429	9,867,703	10,206,343	9,745,849	(4.5%)	9,823,850	78,001	2,483,372	2,561,373
Workers' Compensation	1,131,336	1,258,630	1,302,286	1,241,131	(4.7%)	1,033,000	(208,131)	820,971	612,840
Wellness/EAP Fund	117,595	176,300	176,300	174,800	(0.9%)	175,000	200	178,629	178,829
Firemen's Relief & Pension	1,229,569	1,259,308	1,250,483	1,380,282	10.4%	1,280,838	(99,444)	949,965	850,521
Total Employee Benefit Reserves	\$12,579,133	\$12,848,524	\$13,127,720	\$12,865,238	(2.0%)	\$12,509,688	(\$355,551)	\$4,829,352	\$4,473,801
Trust and Agency Funds									
Cemetery Trust	\$6,300	\$12,000	\$12,000	\$12,000	0.0%	\$14,500	\$2,500	\$625,396	\$627,896
YakCorps Agency Fund	587,004	610,671	610,671	605,777	(0.8%)	605,777	-	333,270	333,270
Total Trust and Agency Funds	\$593,304	\$622,671	\$622,671	\$617,777	(0.8%)	\$620,277	\$2,500	\$958,666	\$961,166
Debt Service									
L.I.D. Guaranty	\$35,000	-	-	-	n/a	\$50	\$50	\$25,264	\$25,314
PFD Debt Service	1,017,000	1,015,650	1,015,650	1,026,050	1.0%	1,016,422	(9,628)	160,216	150,588
General Obligation Bonds	2,419,857	3,708,199	2,085,429	3,438,379	64.9%	3,438,939	560	77,196	77,756
L.I.D. Debt Service	196,032	245,000	245,000	245,000	0.0%	245,000	-	78,138	78,138
Water-Irrigation/Sewer Bonds	2,127,560	2,144,786	2,144,786	2,132,155	(0.6%)	2,134,280	2,125	1,762,214	1,764,339
Total Debt Service	\$5,795,449	\$7,113,635	\$5,490,865	\$6,841,584	24.6%	\$6,834,691	(\$6,893)	\$2,103,028	\$2,096,135
Total City Budget	\$195,837,526	\$231,602,548	\$207,928,463	\$205,608,534	(1.1%)	\$197,549,126	(\$8,059,408)	\$57,247,234	\$49,187,826

WHAT YOU PAY AND WHAT YOU GET

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

MAJOR TAXES PAID

Sales and Use Tax

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

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

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

ALLOCATION OF SALES TAX COLLECTION



SALES TAX RATES WITHIN YAKIMA CITY LIMITS

(In descending order by total allocation)

	Rate	Percent of Total	Example \$100 Sale
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

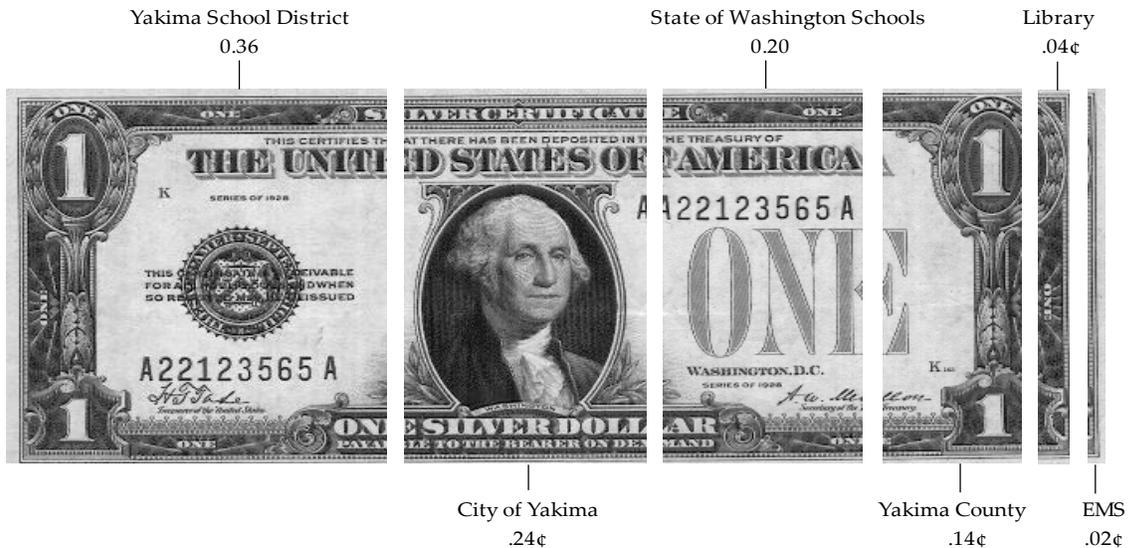
(1) The City charges 1%; however, the county receives .15% of the cities' sales tax collections.

(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 2014 property taxes were allocated between these governmental entities.)

2014 PROPERTY TAX DISTRIBUTION



City of Yakima Property Tax – In 2014, a typical City resident pays approximately \$13.17 per thousand of assessed value on property taxes. Only \$3.14, or about 23.8%, 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
2013 ASSESSED VALUATION – 2014 TAX YEAR**

Property Tax Levy	2013 Rate	Amount 2014 Levy	Percent of Levy
City Levy			
General Fund	\$2.0060	\$11,063,831	
Parks & Recreation	0.3382	1,865,490	
Street & Traffic Operations	0.5595	3,085,610	
Firemen’s Relief & Pension	0.2150	1,186,000	
Total Operating Levy	3.1188	17,200,931	23.7%
Total Bond Levy	0.0197	107,230	0.1%
Total City Levy	\$3.1385	\$17,308,161	23.8%
Other Levies			
Yakima School District #7			
Operation & Maintenance	3.1316	17,028,874	36.7%
Bond Redemption	1.7009	9,249,077	
State Schools	2.6149	14,421,866	19.9%
Library	0.4812	2,653,946	3.7%
Yakima County			
Yakima County	1.7646	9,732,237	14.1%
Yakima County Flood Control	0.0913	503,544	
EMS Levy	0.2500	1,378,816	1.9%
Total Other Levies	10.0345	54,968,360	76.2%
Total Levy Code #333	\$13.1730	\$72,276,521	100.0%

City Taxes and Utility Charges

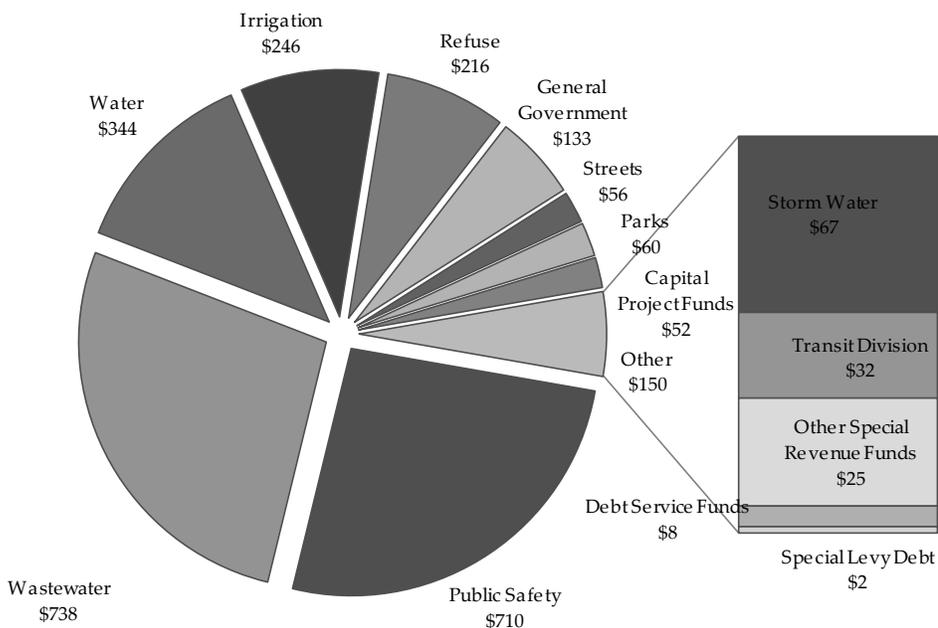
The taxes and utility charges shown in the following charts are only those directly levied by the City. In the cases of sales and property taxes, the 2 major taxes paid directly by Washington residents, only a small portion of the total tax belongs to the City.

To illustrate what a typical household might pay, the following assumptions were made. Property tax based on \$120,000 home; Sales tax based on \$42,000 annual income and \$10,500 taxable purchases; Utilities based on 96 gallon can for Refuse, 1,300 cubic foot monthly consumption for Water/Wastewater; Irrigation for 7,000 square foot lot; Stormwater based on impervious surface; Gas/electricity \$3,000, telephone \$1,200, cable television \$1,200. Based on these assumptions, a typical household in Yakima paid approximately \$227 a month, or \$2,725 a year, as depicted in the following charts.

ANNUAL TAXES AND UTILITY CHARGES LEVIED BY THE CITY OF YAKIMA ON THE TYPICAL HOUSEHOLD FOR 2014

Revenue	Rate Per 1,000	Cost Per Household
Property Taxes - General	\$3.1188/1,000	\$374
Special Levy Property Taxes	\$0.0197/1,000	2
Sales Tax - General		121
Transit Sales Tax		32
Tax on City - Owned Utilities - General		249
Tax on Private Utilities - General		335
Utility Charges (Water/Wastewater/Refuse) - Exc. Utility Tax		1,299
Stormwater		67
Irrigation Assessment		246
		\$2,725

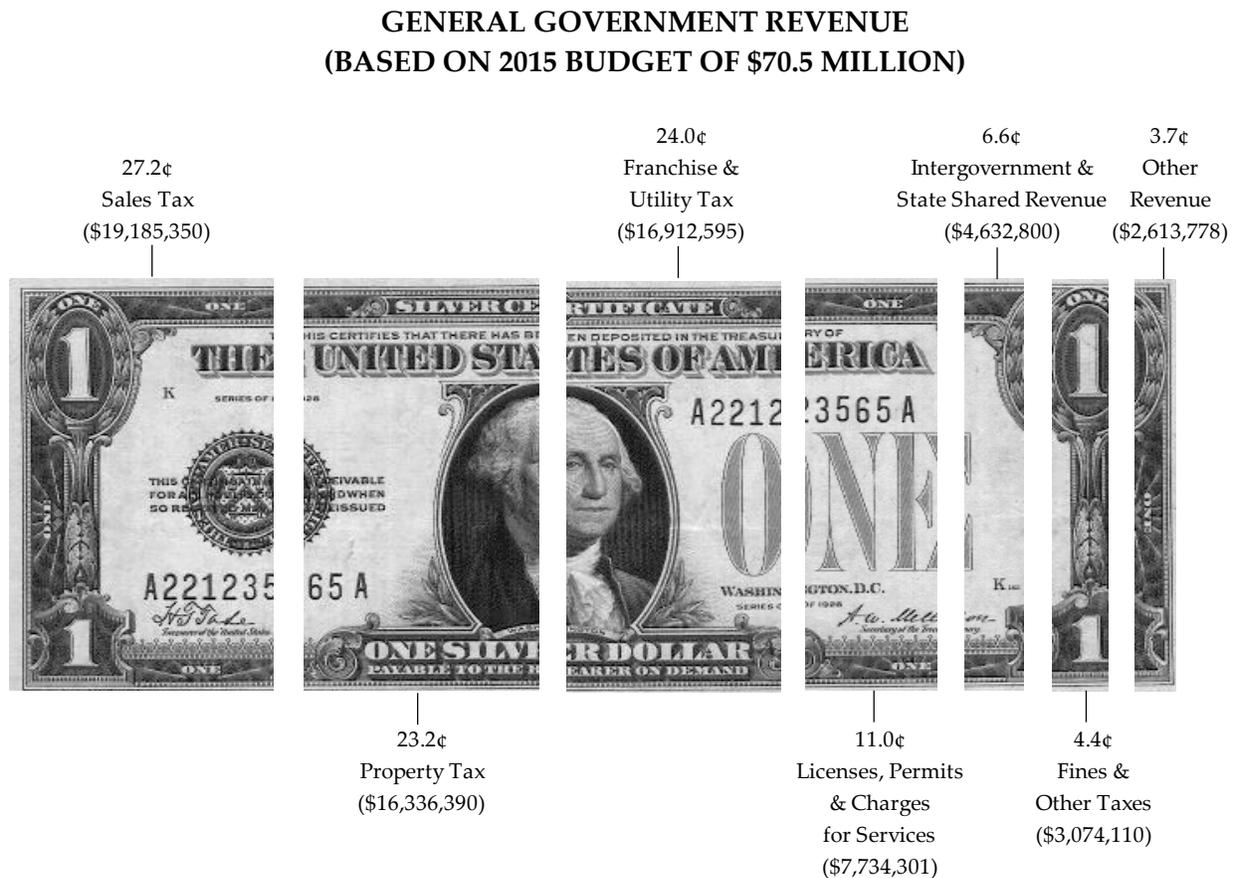
CITY TAXES AND UTILITY CHARGES COST TO TYPICAL HOUSEHOLD – \$2,725 ANNUALLY



GENERAL GOVERNMENT REVENUE

The total 2015 proposed General Government Revenue Budget is approximately \$70.5 million.

The following chart breaks this dollar amount down by the source of the revenue. Note that three revenue sources – sales tax, property tax and franchise and utility taxes – generate 74.4% 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 68.8% 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 2014 general government expenditure budget. This breakdown identifies that the City spends over \$45.9 million (or 68.1%) of its available resources on providing public safety services (Police & Courts, Fire & Code Enforcement).

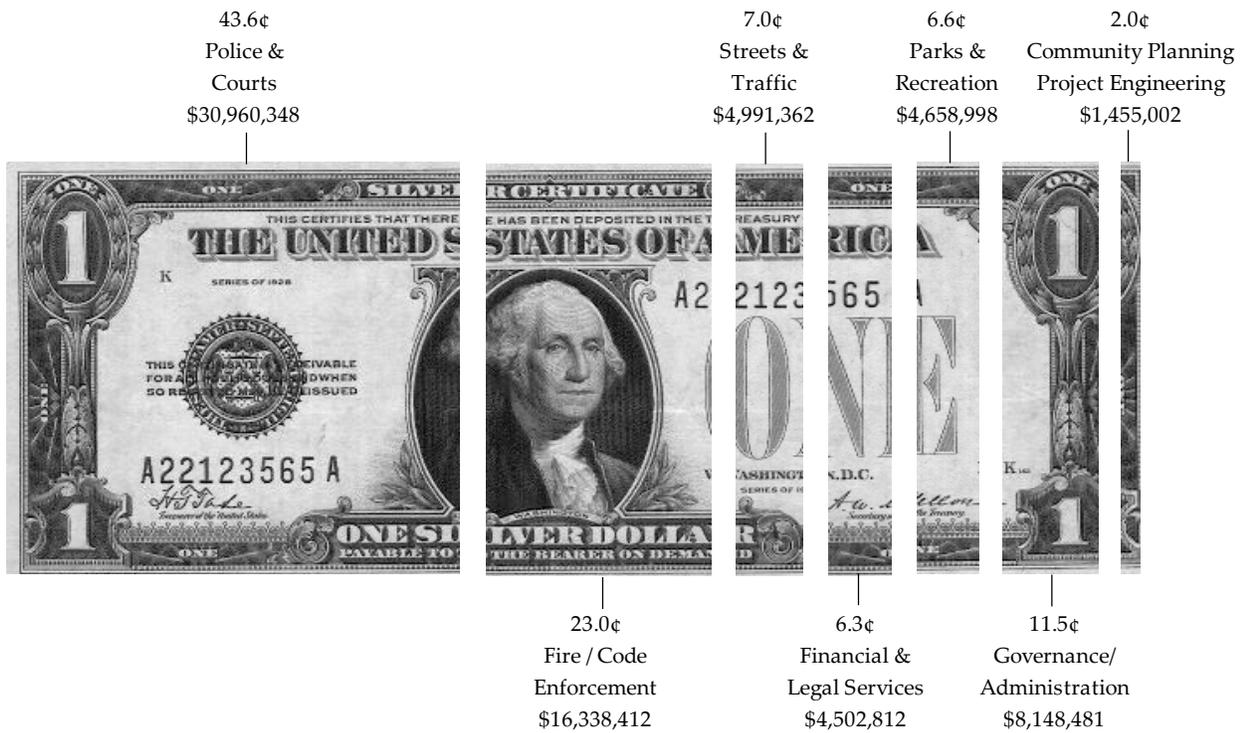
Additionally, the City allocates over 7.0% of its resources to maintaining and operating the Streets and Traffic Systems and another 6.5% to provide Parks and Recreation programs and services.

Providing the existing services in these four basic categories takes 81.5% of all the City’s available general government resources.

Providing the services in these four critical areas is labor intensive; approximately 70.2% of these costs are personnel related. Therefore, any significant budget reductions in these areas will require a reduction in personnel and the related services these individuals perform. Conversely, any significant reductions in the overall general government budget that do not include these four largest areas of the budget will severely limit the services the remaining departments will be able to provide (i.e.: Financial (including Information Technology), Legal, Community Planning and Project Engineering and Administration).

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

**GENERAL GOVERNMENT EXPENDITURES
(BUDGET OF \$71.9 MILLION – INCLUDES FIRE PENSION OF \$1.4 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 2015. 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, \$710 per household per year, or 65.8% of the total general taxes paid. Other General Government services cost \$151 per household annually, or 14.0%. Streets and Parks together cost \$116 per household annually, or 10.7% of general taxes paid.

The Refuse, Water and Wastewater utilities combine to cost approximately \$1,298 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 2015 PROPOSED BUDGET – BUDGET NUMBERS IN THOUSANDS)**

Tax Supported Functions	2015 Proposed Budget	Non-Tax Funding Sources	Local Taxes	Allocation of Taxes Collected	Household Typical Cost⁽¹⁾	2015 Permanent Budgeted Positions
Local Direct General Purpose Tax Supported Functions						
Public Safety (Police Fire & Pensions)	\$48,009	\$8,013	\$39,996	65.8%	\$710	336.6
General Government	20,349	11,844	8,505	14.0%	151	135.8
Streets Department	5,049	1,878	3,171	5.2%	56	31.0
Parks Department	4,713	1,352	3,361	5.5%	60	21.3
Other Special Revenue Funds	3,226	916	2,310	3.8%	41	14.0
Debt Service Funds	4,465	4,037	428	0.7%	8	0.0
Capital Project Funds	16,269	13,216	3,053	5.0%	54	0.0
Local Direct Special Purpose Tax Supported Functions						
Special Levy Debt	245	245	0	-	2	0.0
Transit Division	10,330	4,753	5,577	-	32	55.0
Non-Local Tax Supported Functions						
Street Construction	1,881	1,881	-	-	-	0.0
Refuse-18,767 Residential accounts	6,115	6,115	-	-	216	20.5
Wastewater-22,591 Residential accounts	27,160	27,160	-	-	738	59.4
Water-17,349 Residential accounts	12,097	12,097	-	-	344	32.0
Equipment Rental	5,412	5,412	-	-	-	14.0
Public Works Administration	1,161	1,161	-	-	-	9.0
Self-insurance Reserve	6,216	6,216	-	-	-	0.0
Employee Benefit Reserve	9,921	9,921	-	-	-	0.0
Irrigation-10,541 Residential accounts	3,677	3,677	-	-	246	7.0
PBIA	205	205	-	-	-	0.0
Storm Water	5,470	5,470	-	-	67	9.8
Airport	13,639	13,639	-	-	-	7.0
Totals	\$205,609	\$139,208	\$66,401	100.0%	\$2,725	752.4

(1) Based on 2015 cost for a typical four person household: Property tax based on \$120,000 home; sales tax based on \$42,000 annual income and \$10,500 taxable purchases; utilities based on 96 gallon can for refuse, 1,300 cubic foot monthly consumption for water/wastewater; irrigation for 7,000 square foot lot; gas / electricity \$3,000, telephone \$1,200, and cable TV \$1,200.

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 2014 fell on April 21st, three days later than it did in 2013, due mainly to the country’s continued slow economic recovery. On average in 2014, Americans will work 74 days to afford their federal taxes and 37 more days to afford state and local taxes.

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

Tax freedom day for Washington arrives on April 25th this year. The report indicates that Washington State was ranked 9th highest in the nation for overall per capita taxes paid in 2013. 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 9.4% of income, Washington’s state and local tax burden percentage ranks 24th lowest 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 less than one third of the total tax burden (currently at 30.5%).

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

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Costs to Total Budget
Operating Funds

RESOURCE AND EXPENDITURE BREAKDOWN

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

CRIMINAL JUSTICE

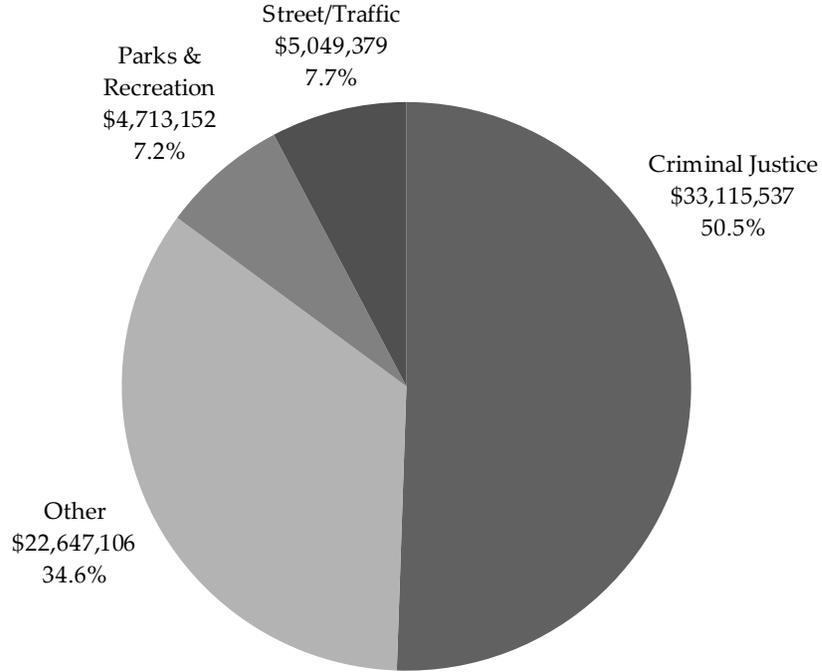
This analysis compares Criminal Justice expenditures to other General Government costs. Criminal Justice costs include: Police Department (including jail costs); Police Pension; Court and Probation costs; Prosecution and Indigent Defense (included in the Legal Department budget) and forty percent of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

GENERAL GOVERNMENT BUDGETS ⁽¹⁾ LAST TEN YEARS

	2006 Amended Budget	2007 Amended Budget	2008 Amended Budget	2009 Amended Budget	2010 Amended Budget
General Fund					
Criminal Justice	\$22,857,422	\$25,014,331	\$26,935,856	\$28,471,541	\$27,554,732
Other	19,557,208	18,856,452	19,782,839	20,240,301	19,912,799
Parks & Recreation	4,074,592	4,199,143	4,420,906	4,249,796	4,133,782
Street/Traffic	5,522,653	5,907,882	6,213,833	5,686,692	5,308,117
Total	\$52,011,875	\$53,977,807	\$57,353,434	\$58,648,330	\$56,909,430
	June 2005	June 2006	June 2007	June 2008	June 2009
Consumer Price Index	194.8	203.8	210.6	223.6	219.9

(1) Excludes double budgeted transfers between general government funds

COSTS VS. OTHER GENERAL GOVERNMENT FUNCTIONS



2011 Amended Budget	2012 Amended Budget	2013 Amended Budget	2014 Amended Budget	2015 Preliminary Budget	2015 VS 2014	10 Year Increase	10 Year Increase
\$28,192,940	\$29,522,541	\$31,849,983	\$32,296,340	\$33,115,537	2.6%	44.9%	\$10,258,114
19,279,670	19,343,517	19,727,486	22,779,975	22,647,106	(0.7%)	15.8%	\$3,089,899
4,042,938	4,048,697	4,132,425	4,556,548	4,713,152	3.8%	15.7%	\$638,560
5,218,691	5,199,157	5,490,823	4,821,409	5,049,379	4.2%	(8.6%)	(\$473,274)
\$56,734,239	\$58,113,912	\$61,200,717	\$64,454,272	\$65,525,174	1.7%	26.0%	\$13,513,299
June 2010	June 2011	June 2012	June 2013	June 2014		10 Year Increase	
221.7	227.5	236.2	239.0	242.0		24.2%	

CRIMINAL JUSTICE SALES TAX – .3% EXPENDITURES AND REVENUES

	2011	2012	2013	2014	2015
	Actual	Actual	Actual	Year-End Estimate	Proposed Budget
General Fund					
Police Department					
Salaries & Benefits (includes overtime)	\$671,542	\$704,378	\$778,240	\$716,539	\$725,656
Miscellaneous (uniform/fuel/travel)	14,639	13,345	50,727	120,000	120,000
Liability Insurance	7,542	8,296	8,877	9,498	10,448
Professional Services/R&M Contractors	0	75	0	0	5,000
Yakima County Jail Cost	350,000	479,692	449,976	422,000	422,000
Total Police Department	1,043,723	1,205,786	1,287,820	1,268,037	1,283,104

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

Municipal Court					
Salaries & Benefits (includes overtime)	145,841	142,074	157,997	208,857	225,957
Professional Services	30,722	38,922	26,007	45,000	45,000
Miscellaneous (office supplies/travel/dues)	0	1,259	5,174	5,000	5,000
Total Municipal Court	176,563	182,255	189,178	258,857	275,957

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)	154,948	166,771	178,791	187,465	182,280
Professional Services	0	70	180	5,000	5,000
Miscellaneous (office supplies/travel/dues)	3,086	1,878	2,794	3,750	3,750
Total Legal Department	158,034	168,720	181,765	196,215	191,030

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)	22,191	29,016	28,538	16,541	11,754
Miscellaneous	100	0	0	0	0
Professional Services/R & M Contractors	39,692	91,256	94,227	102,441	124,676
Total Information System	61,983	120,272	122,765	118,982	136,430

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

	2011	2012	2013	2014	2015
	Actual	Actual	Year-End Estimate	Proposed Budget	Proposed Budget
Animal Control/Codes					
Salaries & Benefits (includes overtime)	\$66,212	\$68,644	\$71,910	\$68,626	\$65,080
Misc (uniforms/supplies/fuel/cell phone)	6,841	8,892	9,808	11,983	10,727
Total Animal Control/Codes	73,053	77,536	81,718	80,609	75,807

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

Human Resources					
Professional Services (employee recruitment)	3,250	3,250	6,500	6,500	6,500

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>\$1,516,606</u>	<u>\$1,757,819</u>	<u>\$1,869,746</u>	<u>\$1,929,200</u>	<u>\$1,968,828</u>
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Other Funds

Public Safety Communication					
Salaries & Benefits (includes overtime)	\$159,287	\$139,930	\$180,477	\$174,364	\$168,073
Small Tools & Equipment	0				
Total Public Safety Communication	159,287	139,930	180,477	174,364	168,073

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	2,867				
Operating Equipment	1,618	44,179	0	110,000	115,000
Total Law & Justice	4,485	44,179	0	110,000	115,000

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

Total Expenditures	<u>\$1,680,378</u>	<u>\$1,941,927</u>	<u>\$2,050,223</u>	<u>\$2,213,564</u>	<u>\$2,251,901</u>
Revenue	\$1,831,296	\$1,935,069	\$1,856,855	\$1,955,000	\$2,055,850
Revenue over (Under) Expenditures	\$150,918	(\$6,858)	(\$193,368)	(\$258,564)	(\$196,051)
Cumulative Balance	\$655,602	\$648,744	\$455,376	\$196,812	\$761

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 in the top three with salary and benefit costs, representing 67.9% 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 28.1% to 92.1%. 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, \$3 less per capita on salaries than other comparable cities, even though we are a full service city providing Refuse, Irrigation and Transit while most other cities do not directly provide these functions.

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

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

<u>General Government</u>	2015 Proposed Expenditures	2015 Salaries & Benefits	Labor Percentage
Police	\$26,687,333	\$21,093,791	79.0%
Fire	10,680,888	9,840,371	92.1%
Information Systems	2,893,070	2,144,576	74.1%
Financial Services	1,601,125	1,434,806	89.6%
Legal	1,516,206	1,390,756	91.7%
Code Administration	1,683,102	1,290,200	76.7%
Municipal Court	1,370,533	1,141,151	83.3%
Utility Services	1,582,844	1,137,128	71.8%
Engineering	890,530	733,607	82.4%
Purchasing	654,699	595,564	91.0%
Human Resources	664,003	481,813	72.6%
Planning	581,384	469,584	80.8%
City Clerk/Records	593,216	395,489	66.7%
City Manager	383,893	346,794	90.3%
City Hall Maintenance	524,298	242,619	46.3%
Economic Development	677,329	190,029	28.1%
Emergency Preparedness	212,246	135,996	64.1%
City Council	286,735	102,799	35.9%
Gang Free Initiative	230,820	83,820	36.3%
Other General Fund Expenditures	7,024,264	0	0.0%
Total General Fund	\$60,738,516	\$43,250,892	71.2%
Parks & Recreation	4,713,152	2,091,232	44.4%
Street & Traffic Operations	5,049,379	2,546,171	50.4%
Total General Government	\$70,501,047	\$47,888,295	67.9%
Economic Development	235,766	121,633	51.6%
Community Development	1,479,188	499,438	33.8%
Community Relations	612,510	449,611	73.4%
Cemetery	292,795	195,032	66.6%
Emergency Services	1,312,692	1,074,112	81.8%
Public Safety Communications	4,438,988	2,751,628	62.0%
Police Grants	475,296	338,865	71.3%
Airport	1,099,571	657,603	59.8%
Stormwater	3,444,953	880,275	25.6%
Transit	8,581,402	4,074,486	47.5%
Refuse	6,114,871	1,534,004	25.1%
Wastewater Operating	20,893,684	5,315,969	25.4%
Water Operating	9,359,410	2,682,185	28.7%
Irrigation Operating	1,791,819	717,533	40.0%
Unemployment Comp Reserve	323,177	64,392	19.9%
Employment Health Benefit Reserve	9,745,849	344,567	3.5%
Workers Compensation Reserve	1,241,131	152,438	12.3%
Risk Management Reserve	3,643,761	659,779	18.1%
Equipment Rental	5,411,876	1,120,320	20.7%
Public Works Administration	1,160,784	622,004	53.6%
Other Funds (Capital/Debt Serv. etc)	53,447,963	0	0.0%
Total City-wide Budget	\$205,608,534	\$72,144,170	35.1%

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 2014 budget year. This “flow of resources” concept is designed to give the taxpayer a basic understanding of how tax dollars and other revenues are spent in the City. Interfund transactions have been eliminated (i.e., those items that flow out of one fund and into another; these are referred to as double budgeted items) in order to portray only external revenue sources available to the City.

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

Borrowings – Proceeds from long-term debt issued by the City. In 2015 this includes a Wastewater revenue bond, a lease/purchase through the State LOCAL program for Fire Equipment, interfund loans to fund match for the Airport Capital grant and equipping the new Public Safety Communications Center.

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

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

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

Operating Reserves – Accumulated fund balances in operating funds. Prudent reserves generally are a minimum 8-16% of annual operating budgets.

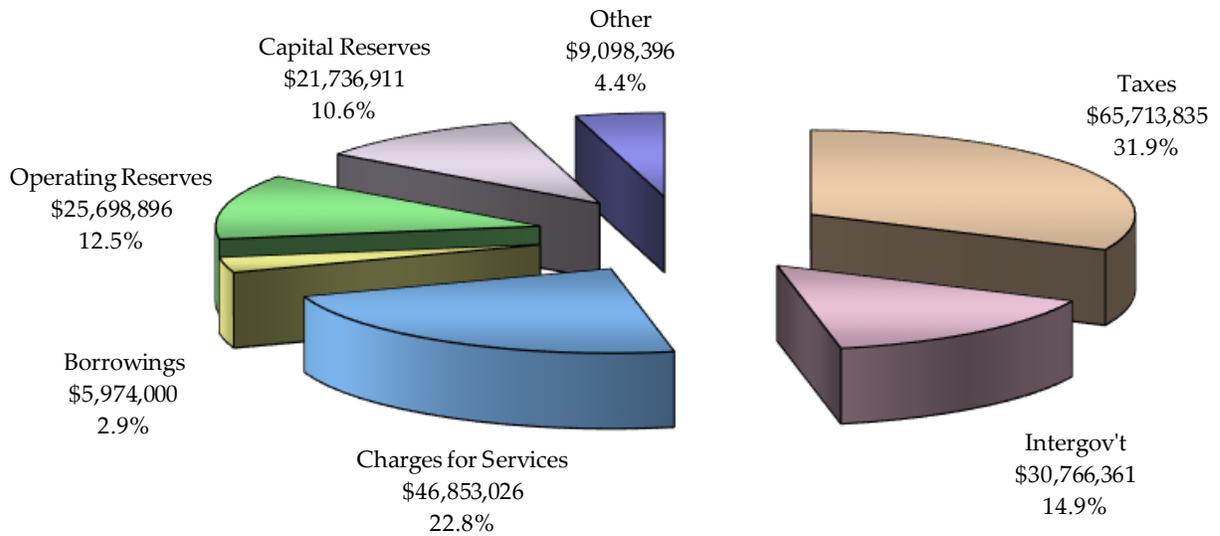
Other – All revenue sources which are not included in other categories. This includes primarily investment income, program income, fines and forfeitures, and licenses.

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.

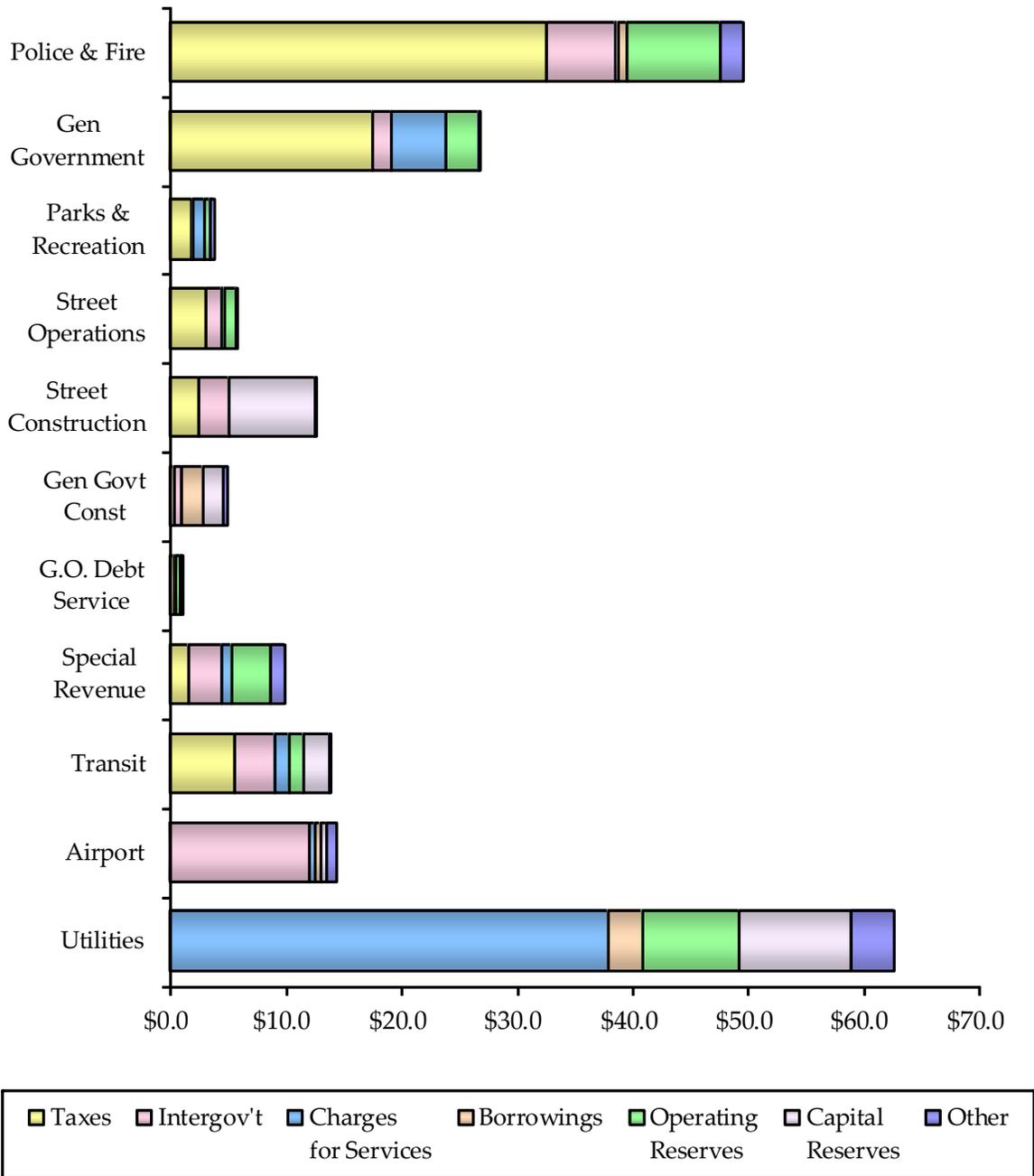
**TOTAL RESOURCES
BY CATEGORY
2015 BUDGET**



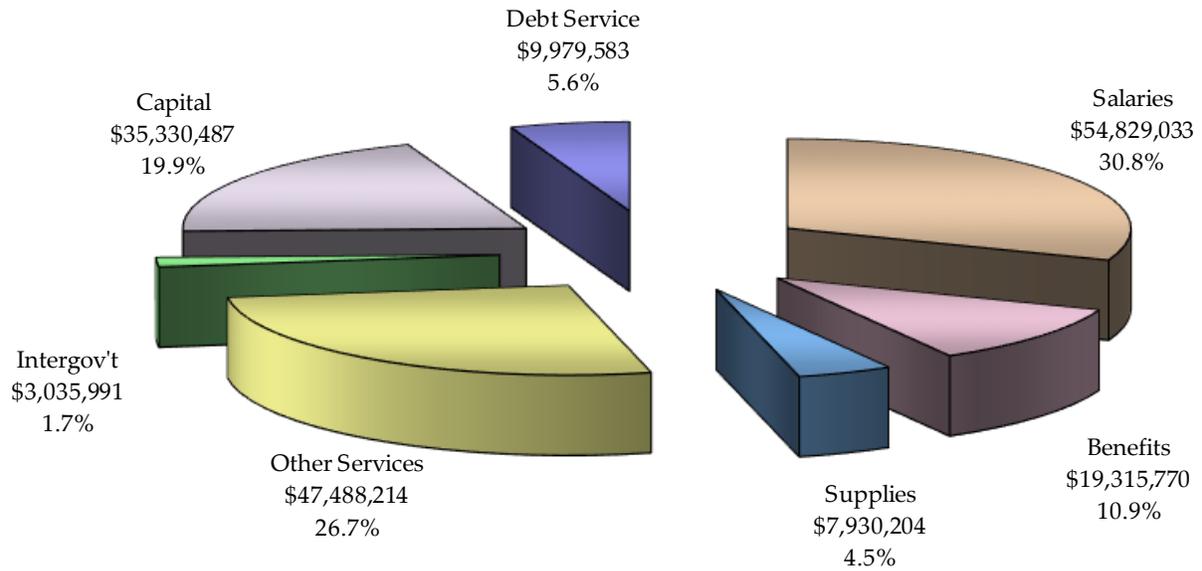
TOTAL RESOURCES = \$222,641,573

(Excludes Internal Service Funds and other double budgeted resources of \$48,954,935)

**TOTAL RESOURCES
BY CATEGORY AND SOURCE
2015 BUDGET**



**TOTAL EXPENDITURES
BY TYPE
2015 BUDGET**



TOTAL EXPENDITURES = \$179,702,865
(Excludes double budgeted expenditures of \$27,699,252)

