

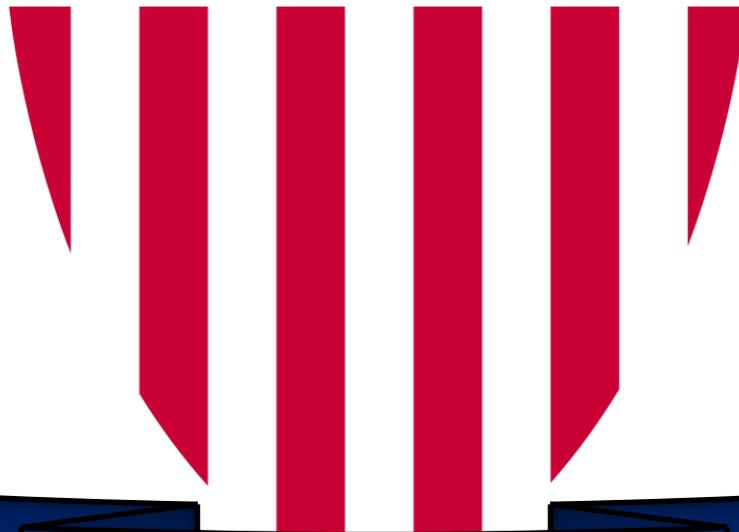
2016 Preliminary

Budget Summary

CITY OF *Yakima, Washington*



All-America City



1994 & 2015

1994 & 2015

2016 PRELIMINARY BUDGET SUMMARY

TABLE OF CONTENTS

SECTIONS

INTRODUCTION

- **Transmittal**
- **Budget Summary**

GENERAL GOVERNMENT FUNDS

- **Year in Review**
- **Revenue Trends**
- **Expenditure Trends**

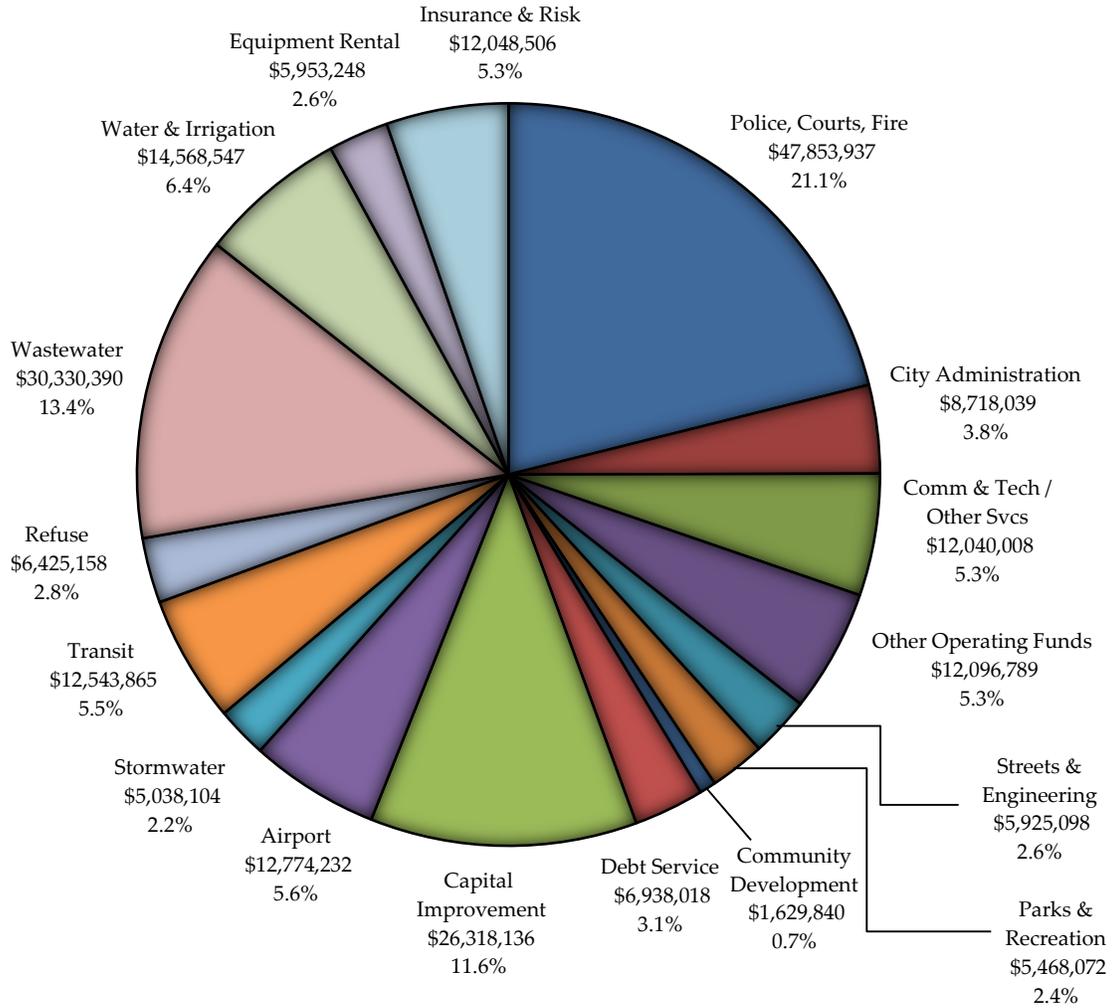
OTHER FUNDS

STRATEGIC INITIATIVES

EXHIBITS

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

2016 PRELIMINARY BUDGET SUMMARY



(\$73.3 Million General Government)

\$226.7 MILLION



CITY OF *Yakima*

STRATEGIC PRIORITIES

Economic Development

Public Safety

Improve the Built Environment

Public Trust and Accountability

Partnership Development

Adopted 2012

Section I
Introduction

Transmittal
Budget Summary



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

MEMORANDUM

TO: Honorable Mayor and Members of the Yakima City Council

FROM: Tony O'Rourke, City Manager

DATE: November 3, 2015

SUBJECT: City Manager's 2016 Proposed Preliminary Budget Summary

I am pleased to submit for City Council review and consideration the 2016 Preliminary Budget of \$226.7 million, which is \$34.5 million more than the 2015 projected year end expenditure budget due to \$31 million in additional capital investments over the 2015 projected year end capital expenditures.

The Preliminary 2016 Budget is balanced, prudent, and responsive to the 2015 Citizen Survey that expressed a strong need to address the City's public safety challenges, economic development needs, deferred infrastructure backlog, and neighborhood vitality. These expressed community priorities align with the City Council's strategic priorities and underscore the necessity to continue to stay focused and deliver on behalf of the community's and City Council's core priorities.

Despite a tempered economic recovery from the recession, the City's fiscal health is strong and the long-term financial forecast is sufficient to continue to make significant capital improvement investments. This preliminary budget commits \$55.7 million to 30 new lane miles of resurfaced streets, North 1st Street revitalization, park upgrades, fire apparatus, airport runway and lighting improvements, utility system investments, transit bus purchases, the initial plaza construction, and Cascade Mill Site infrastructure.

Despite this significant increase in capital infrastructure expenditures, the budget does not propose any new tax increases. In fact, the combined general operating and debt service tax levy will actually decrease by 0.0129 per thousand of taxable assessed value, or 0.4% over the 2015 combined tax levy. We also recommend delaying proposed stormwater, wastewater and water rate increases

until 2017. The utility system capital improvements necessitating the stormwater, wastewater, and water rate increase can be financed by excess operating and capital reserves in 2016.

There is, however, a need to increase refuse rates after eight years to offset projected operating shortfalls of \$350,000 due to personnel cost growth, equipment maintenance cost, and inadequate operating reserves. For 69% of refuse customers that use 96-gallon containers, the proposed increase is \$1.30 per month while the balance of customers that use 32-gallon containers will pay an additional \$6.02 per month. This increase is larger because it eliminates the cost subsidy that 32-gallon customers have enjoyed at the expense of other refuse customers.

CITY BUDGET

The proposed FY 2016 budget, including all funds, is balanced. The FY 2016 expenditure budget is \$226.7 million and represents a \$34.6 million, or 18.0%, increase over projected FY 2015 year-end expenditures. The 2016 expenditure budget is supported by revenue of \$214.6 million and surplus reserves of \$12.0 million. At the end of 2016, citywide budget reserves are projected to be at \$55.3 million, 24.4% of the 2016 budget expenditures, compared to \$67.4 million in reserves in FY 2015. The following charts highlight expenditures and changes in the 2015 projected year-end budget and proposed 2016 budget.

2015 VS. 2016 EXPENDITURE BUDGET COMPARISON

	2015 Year-End Estimate	2016 Proposed Expenditures	15 vs. 16 Budget % Change
General Fund	\$ 60,964,079	\$ 62,764,662	3.0%
Parks	5,420,027	5,468,072	0.9%
Streets & Traffic	4,973,765	5,090,088	2.3%
General Government Total	71,357,871	73,322,822	2.8%
Utilities/Other Operating	71,973,410	71,821,018	(0.2%)
Capital Improvement	24,725,115	55,721,025	125.4%
Risk Management Reserves	4,023,643	4,851,192	20.6%
Employee Benefit Reserves	12,730,528	13,398,134	5.2%
Trust and Agency Funds	617,777	617,777	0.0%
G.O. Bond Debt Service	4,539,429	4,808,964	5.9%
Utility Revenue Bond Debt Service	2,132,155	2,129,054	(0.1%)
Total - Citywide Budget	<u>\$ 192,099,928</u>	<u>\$ 226,669,986</u>	18.0%

**2015 VS. 2016
REVENUE BUDGET COMPARISON**

	2015 Year-End Estimate	2016 Projected Revenue	15 vs. 16 Budget % Change
General	\$ 60,640,617	\$ 62,783,305	3.5%
Parks and Recreation	5,367,582	5,510,965	2.7%
Street & Traffic Operations	<u>4,862,400</u>	<u>5,059,850</u>	4.1%
General Government Subtotal	70,870,599	73,354,120	3.5%
Utilities/Other Operating	72,164,285	70,622,870	(2.1%)
Capital Improvement	26,331,913	45,077,011	71.2%
Risk Management Reserves	4,300,000	4,894,000	13.8%
Employee Benefit Reserves	12,590,268	13,120,340	4.2%
Trust and Agency Funds	654,333	626,777	(4.2%)
G.O. Bond Debt Service	4,541,835	4,815,142	6.0%
Utility Revenue Bond Debt Service	<u>2,134,280</u>	<u>2,131,180</u>	(0.1%)
Total	<u>\$193,587,513</u>	<u>\$214,641,440</u>	10.9%

GENERAL GOVERNMENT FUND

The Preliminary 2016 General Government fund expenditure budget, which represents most core City services, is balanced at \$73,322,822 and represents a \$2.0, million or 2.8%, increase over the 2015 year-end projected expenditure budget. The revenue budget is \$73,354,120, a \$2.5, million or 3.5%, increase over the projected 2015 year-end revenues. The 2016 year-end General Government operating reserves are projected to be \$8,925,128, or 12.2%, of 2016 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 \$1.0 million.

The 2016 General Government incremental revenue growth of \$2.5 million is based on the following:

- Proposed 1% inflation adjustment in property tax levy plus an estimate of 1.5% new construction \$410,000
 The combined general operating and debt service property tax levy will decrease by 0.4% over 2015 combined tax levy. Because this year’s implicit price deflator is only .25%, a supermajority (5-2) Vote and a declaration of “substantial need” is required by the City Council to pass a 1.0% increase.
- 4.0% growth in sales tax (5% annual growth the past four years). \$640,000
- Franchise and utility tax growth of 2.9% (4.0% annual growth the past four years). \$456,000
- Proposed sale of two Tiger Mart sites. \$400,000

Balancing Strategy

We have balanced the 2016 General Government Fund budget using the following strategies:

- Instituting a 2% vacancy rate. Savings: \$1,085,000
Personnel costs are budgeted at 98% to account for a minimum 2% position turnover/vacancy
- Reduction in overtime cost Savings: \$480,000
The addition of 3 new Firefighter is the major savings area.
- Reduction in fuel costs Savings: \$145,000

Key Cost Drivers

The principal cost increases in the General Government proposed 2016 budget are due to

- Personnel cost of living wage increases (average 2.5%) \$950,000
- Pension rate increase – from 9% to 11% \$200,000
- 4 new full time equivalent staff \$300,000
 - Firefighters (3.0)
 - Neighborhood Partnership Program Assistant (1.0)
- Medical plan rate increase – 4.4% \$410,000

PUBLIC SAFETY INVESTMENTS

The core obligation of government is to provide a safe and secure environment for its residents, businesses, and visitors. Despite a 70% reduction in crime per capita since 1988, and a 22% reduction in 2014, 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 2015 Yakima Citizen Survey identified public safety as the top priority for Yakima in the coming year.

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 3.0 Firefighters\$264,000

This proposal is to hire 3 firefighters as part of the contractual agreement with Local 469, which will place one additional firefighter on each shift. This expenditure will be offset by a reduction in overtime.

Increase the Dangerous Buildings Fund\$30,000

Council authorized an additional \$100,000 be spent over time to address the Dangerous Building initiative to demolish and work with property owners to address the problems that the City is facing with vacant and boarded up structures due to fires and criminal activity. This will increase the budget from a current budget of \$30,000 to a 2016 budget of \$60,000.

Digital Cameras and Cell Phones \$15,000/\$35,000

Currently, only sergeants and a limited number of patrol officers are assigned cameras. The department proposes purchasing ninety (90) digital cameras costing about \$165 each to assign to all patrol units – which is currently budgeted. Another option under advisement, with the additional cost of \$20,000, is to issue cell phones to the remaining (49) officers that currently do not have one.

- Police Motorcycle Replacement\$65,000**
The department proposes purchasing two (2) Harley-Davidson police motorcycles in 2016, and to continue the purchase of two (2) motorcycles each year in order to replace the aging motorcycle fleet.
- Police Taser Equipment Replacement\$20,000**
Tasers are carried by most officers, but there has been no equipment upgrade or replacement for several years. As many of the department’s taser units are beyond their serviceable life, the department proposes purchasing fifteen (15) new tasers and Electronic Control Management (ECM) units.
- Increase Fire Training Budget for Technical Rescue\$10,000**
The budgeted Rescue 1 Class will provide a structured, credentialed technical rescue training curriculum for 15 department members who currently serve on the Technical Rescue Team.
- Fire Station 95 Annex Outbuilding Project.....\$257,000**
This project includes construct of a pole-type storage garage at Station 95 to house fire apparatus, technical rescue vehicles, a rescue boat and other response units. Currently these pieces of equipment are stored outside and are exposed to the elements.
- Fire Station 95 Sleeping Quarters\$15,000**
These funds will remodel the dormitory-type sleeping quarters at Station 95 with individual sleeping quarters. Station 95 is the last remaining City fire station still utilizing the dormitory concept.
- Purchase of a Fire Water Tender\$125,000**
These funds will be used to purchase of a water tender (a large truck used to transport firefighting water to areas not served by fire hydrants). The Yakima Fire Department will be the sole owner/operator of the tender. Costs will be shared between the City of Yakima and Broadway Fire District.

ECONOMIC DEVELOPMENT INVESTMENTS

In 2015, Yakima residents identified economic development as one of the two top priorities for the Yakima community in 2016. Only 25% of the survey respondents believe the current economic health of the community is positive, only 20% 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 2016 budget includes the following initiatives to foster a more robust and vital economy.

- Cascade Mill Site.....\$1,500,000**
In 2016, City efforts related to the redevelopment of the Cascade Mill will focus on the preparation of engineering design plans for the interchange ramps, bridges and walls. Additionally, the landfill cleanup plan should be developed in early 2016 for approval by the Department of Ecology. The City will seek funding by DOE for landfill cleanup. Right of way for the streets within the Mill District will be acquired.

Downtown Plaza\$2,800,000

The Yakima Central Plaza design and construction documents will be complete and ready to put out to competitive bid in the spring of 2016, upon council approval. The project includes a market hall, concert stage, a shaded grove, interactive water features and parking.

Downtown Special Events.....\$110,000

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 rolled out a new Country American music event, a children’s activity event, and introduced a harvest food event. Many of these events include revenue sources (ticketing, beer / wine sales, sponsorships) to offset the costs of these events.

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

For 2016, funds will be used to continue to market the additional service. At Alaska’s request, we will also begin discussions on adding a fifth daily flight to Portland. The total cost of \$250,000 is offset by \$125,000 in grant revenue.

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 to generate more SunDome events and tourism dollars for the Yakima economy. Note: the Preliminary Budget includes \$100,000 of Hotel/Motel Tax allocated for this purpose. The Lodging Tax Advisory Committee recently approved \$75,000, and the final budget will be adjusted.

Capitol Theatre Operations.....\$370,000

The Capitol Theatre is owned by the City of Yakima and managed by the Capitol Theatre Committee (CTC), a separate non-profit corporation administered by a professional staff under the stewardship of a community-based 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. The City is responsible for the major upkeep, maintenance, and repair of the Theatre premises and fixtures, while the CTC is responsible for enhancing the economic and cultural climate of the City; using the Theatre for assembly purposes; and costs of administration and daily operations, including general maintenance. The CTC has a new executive director, who is expanding events at the Theatre. The management fee was increased by \$50,000 in 2015 to enhance the Theatre’s ability to expand and diversify its programming and improve its marketing outreach. Since they are in the process of accomplishing this objective, which will bring about greater “wear and tear” on the facility, the management fee will remain at the higher level in 2016.

Capitol Theatre Improvements.....\$70,000

The Theatre is in need of safety improvements, and the 2016 budget continues this emphasis.

Downtown Association of Yakima (DAY) Group\$133,000

The City of Yakima will support the Downtown Association of Yakima (DAY) through the State of Washington's Main Street Tax Credit Program. The City's \$133,333 contribution of the DAY group will result in a \$100,000 tax credit towards the City's 2017 Utility Tax obligation to the State of Washington. DAY's proposed work plan for 2016 includes an alley lighting project, a facade grant program, landscaping upgrades throughout the CBD, continuing the Second Saturday promotion program, providing assistance to the Yakima Farmers Market and other promotional efforts.

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 2015, citizen survey respondents rated the overall built environment of Yakima as 34% good or excellent. To that end, the following 2016 budget initiatives are proposed.

Road Resurfacing\$5,000,000

This proposal is to continue the road rehabilitation work done in 2013 and 2014 by rehabilitating approximately 30 lane miles of City Streets during 2016 with an estimated cost of \$5.0 million, to be funded by councilmanic general obligation bonds.

Airport Improvements\$11,645,000

These improvements include the continuation of the Alpha taxiway upgrades from 2015, the replacement of the vehicle security gates, additional snow removal equipment and the Taxiway Bravo rehabilitation design - all 90% grant funded.

North 1st Street Improvements\$9,237,000

The revitalization will consist of installing and upgrading the streets, sidewalks, medians, and landscaping 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, \$1.7 million in stormwater projects are scheduled in 2016.

2017 Comprehensive Plan Consultant\$45,000

To remain in compliance with the State's Growth Management Act, the Comprehensive Plan must be completed and adopted by June of 2017. The Transportation Plan will be a joint project with the Engineering Division and the Streets Division.

2017 Comprehensive Transportation Element Consultant\$45,000

To remain in compliance with the State's Growth Management Act, the Transportation Plan must be completed and adopted by June of 2017. The Transportation Plan will be a joint project with the Engineering Division and the Streets Division.

Transit Capital Investments\$4,175,000

Major projects include the purchase of 7 replacement buses, 7 Vanpool vans and 7 Dial-a-Ride vans.

Parks Capital Improvements.....\$987,000

Major areas for improvement in 2016 include the Lions Pool filter and sanitation system, the Gardner Park restroom and the Randall Park restroom #2 (for a complete list, refer to the Strategic Initiatives).

Irrigation Improvements\$1,025,000

The major project for 2016 is the West Yakima system improvements.

Water System Improvement.....\$2,050,000

Major projects include the Naches River Water Treatment Plant intake, N 1st Street, and water main replacements (for a complete list, refer to the Strategic Initiatives).

Wastewater Improvements.....\$7,790,000

The major projects include the Beech Street interceptor, the Riparian Outfall, and Plant designs (for a complete list, refer to the Strategic Initiatives).

Stormwater Improvements.....\$2,400,000

Projects include North 1st Street, Randall Park and the Mill Site.

Top Twelve Capital Improvements.....\$39,669,000

	2016	
	Proposed	
	Expenditures	Funding Source
Airport - Taxiway Improvements	\$ 10,120,000	Grant/Match
Streets - N. 1st Street Revitalization, Phase II	6,855,000	\$6M Bonds/Grants
Streets - Road Improvements	5,000,000	Bonds
Wastewater - Beech Street Interceptor, Phase III	4,000,000	Capital Rates/Reserves
Transit - Replace 7 Buses	3,094,000	Capital Reserves/WSDOT Grant
Central Business District / Downtonw Plaza	2,800,000	\$2M Bonds/\$600k Donation/\$200k REET
Stormwater - N. 1st Street Revitalization, Phase II	1,790,000	Capital Rates/Reserves
Fire Apparatus	1,510,000	State LOCAL/Capital Lease
Cascade Mill Redevelopment (LIFT)	1,500,000	State/Match/County SIED Program
Wastewater - Riparian Outfall, Phase III	1,000,000	Capital Rates/Reserves
Water - Water Main Replacement (N 1st St Project)	1,000,000	Capital Rates/Reserves
Irrigation - Irrigation System Improvement	1,000,000	Capital Rates/Reserves
	<u>\$ 39,669,000</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 2016.

Continue Fire suppression and prevention contract with Union Gap\$1,200,000

The Fire Department contracted with the City of Union Gap to provide fire service in 2015. This contract is continuing through 2016.

Convention Center Management Fee Increase.....\$19,800

The Convention Center continues to operate at a staffing level lower than our competition both statewide and nationally. Price Waterhouse Cooper (PwC) is a nationally recognized company specializing in research for Convention Centers and Tourism related entities. In 2014, PwC reported that for a facility that has less than 100,000 square feet, the facilities employed an average of 53 FTE employees. This compares to 14 FTE in Yakima. 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.

Washington Fruit Community Center Improvements.....\$100,000

This is the 3rd year of a 5 year agreement, whereby Washington Fruit committed to match capital improvements at the Miller Park facility which houses YPAL at \$50,000/year for 5 years (2014-2018).

Humane Society Increase\$3,700

The City contracts with the Yakima Humane Society to provide 3 animal control officers and to support the shelter for animals arriving there from within the City limits. The Humane Society is requesting an increase in their contract to maintain an adequate level of service for City of Yakima residents and their animals.

Visitors Information Center.....\$6,500

The Yakima Valley Visitor Information Center was originally budgeted in 2015 to be moved to Yakima Avenue. There was a lack of bidders for the project due to a heavy construction schedule of local and regional contractors. This project has now been rescheduled for early 2016. More visitors to the Visitor Center will also mean greater operating expenses. This request for \$6,500 will assist in covering increased supplies, hours of operation and labor to serve the new visitors.

Sports Commission Fee Increase\$7,500

The Yakima Valley Sports Commission (a division of Yakima Valley Tourism) 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 plays an integral part of the Sport’s Commission sales efforts and operations.

Tourism Promotion Increase.....\$9,000

This is the promotion agreement with Yakima Valley Tourism that supports the Bureau’s efforts in promoting convention and tourism activities for the City of Yakima. Due to increased competition from around the state, maximizing these efforts is critical to bringing and keeping groups, sports and leisure travel to Yakima.

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 2016 budget includes the investments below.

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

Based on the information gathered from citizen and employee surveys, in 2016 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. Staff recommends conducting the annual citizen survey in 2016 to see if the City continues making progress in meeting the needs of the citizens.

Employee Survey.....\$13,500

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 2016 to see what improvements have been made and what changes still need to be made.

Neighborhood Engagement and Partnerships\$237,000

Recognizing Yakima is a city of neighborhoods, the City Council’s new Neighborhood Engagement and Partnerships strategic priority focuses on building a better Yakima, one neighborhood at a time. This initiative will focus on building neighborhood leadership capacity, safety, vitality, and appearance, and addressing the unique assets of neighborhoods by offering grants to address the specific neighborhood needs. The first phase of this initiative is to hire a Neighborhood Engagement Manager and Program Assistant as well as award \$100,000 in grant opportunities.

CONCLUSION

The 2016 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 2016 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 2015 year-end forecast and the preliminary 2016 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 2016.

2015 YEAR END ESTIMATE VS. 2016 BUDGET OVERVIEW

The chart below shows the 2016 budget, including beginning and ending fund balances in summary format.

2016 BUDGET SUMMARY

	Estimated 2016 Beg. Fund Balance	2016 Projected Revenue	2016 Proposed Expenditures	Use of Reserves	Estimated 2016 Ending Balance
General Fund	\$ 7,550,295	\$ 62,783,305	\$ 62,764,662	\$ 18,643	\$ 7,568,938
Parks and Recreation	478,162	5,510,965	5,468,072	42,893	521,055
Street & Traffic Operations	896,671	5,059,850	5,090,088	(30,238)	866,433
General Government Subtotal	8,925,128	73,354,120	73,322,822	31,298	8,956,425
Utilities/Other Operating	22,099,407	70,622,870	71,821,018	(1,198,148)	20,901,260
Capital Improvement	27,563,285	45,077,011	55,721,025	(10,644,014)	16,919,272
Risk Management Reserves	1,341,824	4,894,000	4,851,192	42,808	1,384,632
Employee Benefit Reserves	4,411,105	13,120,340	13,398,134	(277,794)	4,133,311
Trust and Agency Funds	748,711	626,777	617,777	9,000	757,711
G.O. Bond Debt Service	266,178	4,815,142	4,808,964	6,178	272,356
Utility Revenue Bond Debt Service	2,019,340	2,131,180	2,129,054	2,126	2,021,466
Total	\$ 67,374,978	\$ 214,641,440	\$ 226,669,986	\$ (12,028,546)	\$ 55,346,432

The estimated resources for all funds, including beginning balances, are \$282.0 million. This represents an increase of \$22.5 million or 8.7% more than the 2015 year-end estimate of \$259.5 million.

The expenditure budget for FY 2016 for all funds is \$226.7 million. This represents an increase of \$34.6 million or 2.8% more than the 2015 Year-End Estimate, coming primarily from carryover and new capital projects.

Some features of the Fiscal Year 2016 budget that should be noted are:

Revenues

- The general operating property tax levy for FY 2016 is estimated to be \$3.111 per \$1,000 of assessed value, a decrease of \$0.0129 or 0.4% below the current rate.
- Refuse is proposing a rate increase that will average about 13.2% 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 2016. Recent rate studies indicate increases are needed for all but Irrigation, but management

is proposing to postpone any rate adjustments until 2017. These utilities will be reviewing rates again as they prepare for the Capital Facilities Plan component of the Comprehensive Plan which will be completed in 2017.

Personnel

- 767.52 total proposed full-time (FTE) positions in all funds for Fiscal Year 2016.
- A net increase of 6.85 FTE's from 2015.
- Refer to the *General Staffing* section for more information.

Capital Improvements

- The City will invest \$57.3 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-". 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 \$3.1110 per \$1,000 of assessed value in Fiscal Year 2016. The State law allows the City to impose the lesser of the rate of inflation (as measured by the Implicit Price Deflator (IPD)) or 1% above the prior year levy, plus levies for new construction and annexations. The City estimates to collect \$440,000 or 2.5% more in the FY 2016 levy than it did in FY 2015, as new construction is estimated to generate 1.5% added to the 1% inflationary increase. It should be noted that the IPD is only 0.25%. However, Council can authorize up to a 1% increase with a super-majority of the Council declaring "substantial need". The 2016 preliminary General Government budget is balanced assuming the 1% is approved. Should Council choose to only levy a property tax with an increase of 0.25%, there will either need to be reductions in the final budget of about \$130,000 to re-balance, or acknowledge the potential use of fund balance.

The City's sales, utility, 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 2016 revenue estimates, adding about \$2.5 million or 3.5% growth rate in General Government funds.

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 2.3% to 3.5% 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:

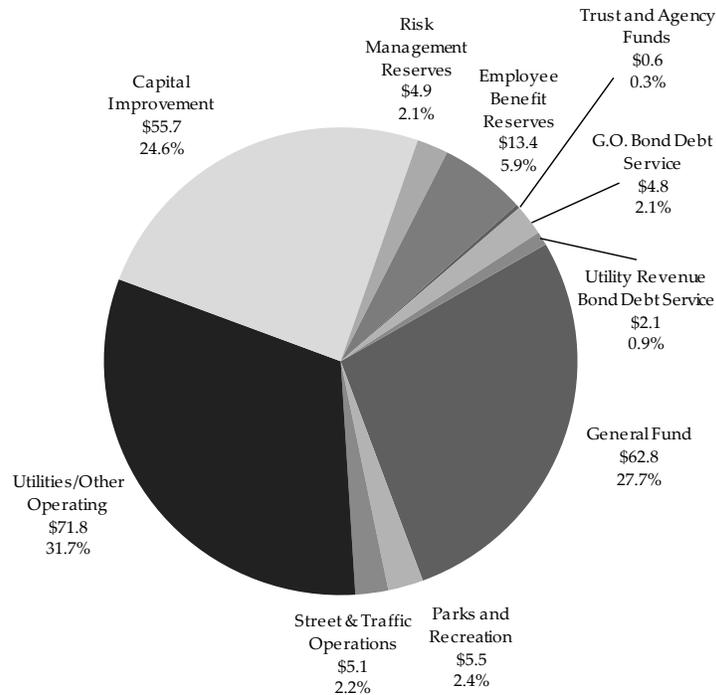
- Ensuring a financially sustainable future.
- Preservation of the City's core services.
- Commitment to funding infrastructure; facilities and rolling stock.
- Addressing Strategic Plan priorities.

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.

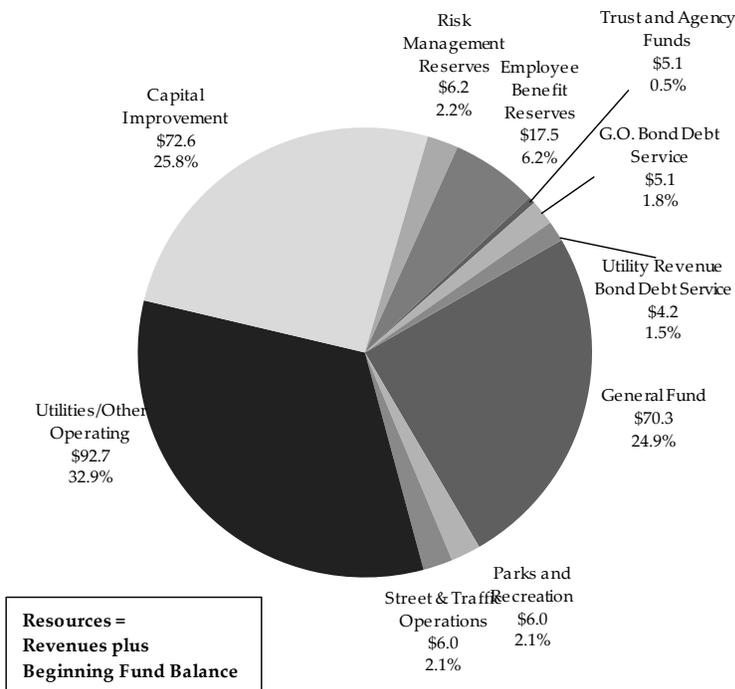
Although the City of Yakima is slowly coming out of the worst economic recession in recent history, the Five Year Financial Plan represents a prudent and balanced strategy for meeting its fiscal challenges. The strategy reflected in the Five Year Financial Plan allows the City to eliminate projected 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 recent years to address and advance the City Council's five strategic priorities as set forth in the updated 5-Year Plan.

**2016 EXPENDITURE BUDGET BY FUND
(\$226.7 MILLION)**



**2016 RESOURCES BUDGET BY FUND
(\$282.0 MILLION)**



The proposed 2015 total city-wide expenditure budget of \$226.7 million is balanced within existing resources and reflects an increase of \$34.6 million from the 2015 year-end estimate of \$192.1 million.

The 2016 General Government budget of \$73.3 million is approximately \$2.0 million more than the 2015 year-end estimate of \$71.4 million. The General Government budget consists of three separate Funds: the General Fund, the Parks Fund and the Streets and Traffic Fund. Just under 67.0% of these tax supported budgets are devoted to public safety services in the 2016 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 2016 budget was developed, changes that needed to happen before the 2016 budget year were found and expeditiously put into place during 2015. The following are the elements that were implemented/authorized in 2015, and incorporated into the 2016 budget.

MID-YEAR CHANGES

<u>Description</u>	<u>Inc/(Dec)</u>	<u>Emp's</u>	<u>Notes</u>
General Fund			
Emergency Management Specialist	\$ 45,000	0.50	Inc to FTE when Mgr Resigned
Computer Operations Technician	54,800	1.00	Restructure
Other Funds			
Transit Vehicle Cleaner	<u>(9,481)</u>	<u>(0.15)</u>	Two 57.7% PT to 1 FTE
Total City-Wide	<u>\$ 90,319</u>	<u>1.35</u>	

2015 BUDGET ADJUSTMENTS

General Government Program Changes

The following chart is a summary of General Government Strategic Initiatives budgeted for 2016, along with the strategic priorities being addressed by each initiative.

GENERAL GOVERNMENT STRATEGIC INITIATIVES

<u>Description</u>	<u>Inc/(Dec)</u>	<u>Emp's</u>	<u>Notes</u>	<u>Priority</u>
City Administration				
Economic Dev Community Support	\$ 443,000	-	Airport Marketing Grant - \$125k	ED
Neighborhood Partnerships Program	237,000	1.00	Add 1.0 Program Assistant Mid-Year	PA
Virtual Server Cluster	70,000	-	Split - General Fund / Capital (\$55k)	BE
Community Development				
Increase for Dangerous Buildings Fund	30,000	-	Inc in revenue will offset expenditure	PS
Add One Part-time Temp – Permit Center	11,000	-	Retirement transition	BE
Transfer Animal Control from Codes to Police	-	-		PS
Humane Society Contract Increase	3,700	-		PA

<u>Description</u>	<u>Inc/(Dec)</u>	<u>Emp's</u>	<u>Notes</u>	<u>Priority</u>
Police				
Digital Cameras for Patrol Division	15,000	-		PS
Taser Replacement	20,000	-		PS
Fire				
Increase Technical Rescue Training Budget	10,000	-		PS
Add 3 Firefighters	264,000	3.00	Offset by reduction in overtime	PS
Total General Government	<u>\$1,103,700</u>	<u>4.00</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

<u>Description</u>	<u>Inc/(Dec)</u>	<u>Emp's</u>	<u>Notes</u>	<u>Priority</u>
City Administration				
Visitor Center Operating Increase	\$ 6,500	-	Hotel/Motel tax	PA
Convention Ctr Expansion Development Plan	25,000	-	Convention Center Capital	ED
5.0% Increase in Tourism Promo Prof Services	9,000	-	Hotel/Motel tax	PA
9.7% Increase for Sports Commission	7,500	-	Hotel/Motel tax	PA
Conv Center Management Fee Increase	19,800	-	Hotel/Motel tax	PA
Public Works Telephone System Upgrade	67,000	-	Public Works Administration	BE
Police Legacy CAD & Records System	150,000	-	Law & Justice Capital	PS
Community Development				
Cascade Mill Redevelopment Project	1,500,000	-	LIFT program	ED
City Hall Facility Projects	600,000	-	Replace elevators/cont upgrade	BE
Police Capital				
Replacement Program for Police Motorcycles	65,000	-	Law & Justice Capital	PS
Fire Capital				
Fire Apparatus (2015 carry forward)	1,510,000	-	Fire Capital - LOCAL	PS
Station 95 Annex Project	257,000	-	Fire Capital	PS
Station 95 Sleeping Quarters	75,000	-	Fire Capital	PS
Purchase Water Tender	125	-	Fire Capital /Broadway (\$75,000)	PS
Airport Capital				
Alpha Taxiway Rehab (2015 carry forward)	10,120,000	-	FAA Grant/PFC	BE
Vehicle Security Gates	700,000	-	FAA Grant/PFC	BE
Snow Removal Equipment	600,000	-	FAA Grant/PFC	PS
Bravo Taxiway Lighting Improvement	225,000	-	FAA Grant/PFC	BE

<u>Description</u>	<u>Inc/(Dec)</u>	<u>Emp's</u>	<u>Notes</u>	<u>Priority</u>
Utilities & Engineering				
Virtual Server Cluster	55,000		- Split - General Fund / Capital	BE
Arterial Street Capital	8,244,050		- Inc \$6m bond for N 1st St	BE
Road Improvements	5,000,000		- Bond	BE
Yakima Center Plaza	2,800,000		- Bond/Donation/REET2	PA
Wastewater Capital	7,790,000		- Capital Rates & Reserves	BE
Water Capital	2,050,000		- Capital Rates & Reserves	BE
Irrigation Capital	1,025,000		- Capital Rates & Reserves	BE
Stormwater Capital	2,400,000		- Capital Rates & Reserves	BE
Public Works				
Security Upgrade	40,000		- Public Works Administration	PT
Purchase Seven Replacement Buses	3,094,000		- Transit Capital/Grant	BE
Purchase Seven Replacement Vans	294,000		- Transit Capital/Grant	BE
Purchase Seven Paratransit Vehicles	594,000		- Transit Capital	BE
Passenger Shelters	80,000		- Transit Capital	BE
Passenger Counters for Fixed Route	70,000		- Transit Operating	BE
Passenger Counters for Dial-a-Ride	50,000		- Transit Operating	BE
Add One Transit Maintenance Crew Leader	54,000	1.00	Transit Operating	PT
Add One Transit Field Supervisor	85,000	1.00	Transit Operating	PT
Refuse Electronic Routing System	25,000		- Refuse	PT
Refuse Rate Increase	(767,000)		- Refuse	PT
Fleet Vehicle Additions/Replacements	1,395,000		- Equipment Rental	PT
Mechanic Training	7,000		- Equipment Rental	PT
Shop Upgrades	45,000		- Equipment Rental	BE
Parks Capital	987,000		- Parks Capital Charter Amend	BE
Total City - Other Funds	<u>\$51,353,975</u>	<u>2.00</u>		

Strategic Priority Legend

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

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 2015 as well as those included in the 2016 budget. Each of the Non-General Government proposals has an identified revenue source or other expenditure reduction to support the additional cost.

2016 BUDGETED POSITION ADJUSTMENTS

Fund/Department	Description	Chg	#	GG Base & Benefits	Other Base & Benefits	Remarks
Mid-Year 2015 Changes						
Fire	Emergency Mgmt Spec	Add	0.50	\$ 45,000	\$ -	- Upgraded to 1.0 FTE
Information Tech	Comp Ops Tech	Add	1.00	54,800		- Restructure
Transit	Vehicle Cleaner	Del	<u>(0.15)</u>	-	(9,481)	Two 57.7% PT to 1 FTE
Total Mid-Year Changes			1.35	99,800	(9,481)	
Strategic Initiatives						
Neighborhood Ptnr	Program Assistant	Add	1.00	37,000		- Mid Year 2016
Fire	Firefighters	Add	3.00	264,000		- Offset by Overtime Reduction
Transit	Maintenance Crew Lead	Add	1.00	-	54,000	
Transit	Field Supervisor	Add	<u>1.00</u>	-	<u>85,000</u>	
Total Strategic Initiatives			<u>6.00</u>	<u>301,000</u>	<u>139,000</u>	
Total Budget Changes			<u>7.35</u>	<u>400,800</u>	<u>129,519</u>	Total 2016 Changes
Total General Government Positions			5.50			
Total Other Fund Positions			<u>1.85</u>			
Total Positions			<u>7.35</u>			

- A net 1.5 FTE's were added to General Government mid-year, and a net 4.0 positions are being added in the 2016 Budget for a net change of 5.5 FTE's from the 2015 Adopted Budget.
- A net of .15 FTE's were deleted from other government funds mid-year, and 2.0 added in the 2016 Budget for a total increase of 1.85 FTE's.

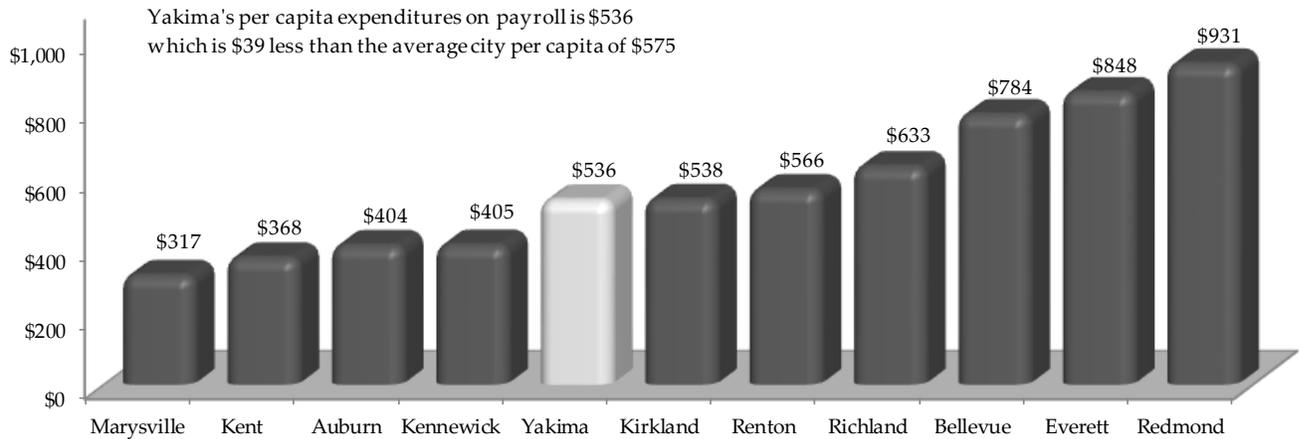
In the 2016 budget, management continues to accommodate Federal and State unfunded mandates and provides critical public safety and other essential services. In an effort to minimize costs and increase efficiencies, management has increased, decreased, and reorganized personnel resources in the 2016 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 5.4 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 2014, and includes comparisons of comparable Washington State cities with populations between 50,000 and 135,000.

PAYROLL COSTS



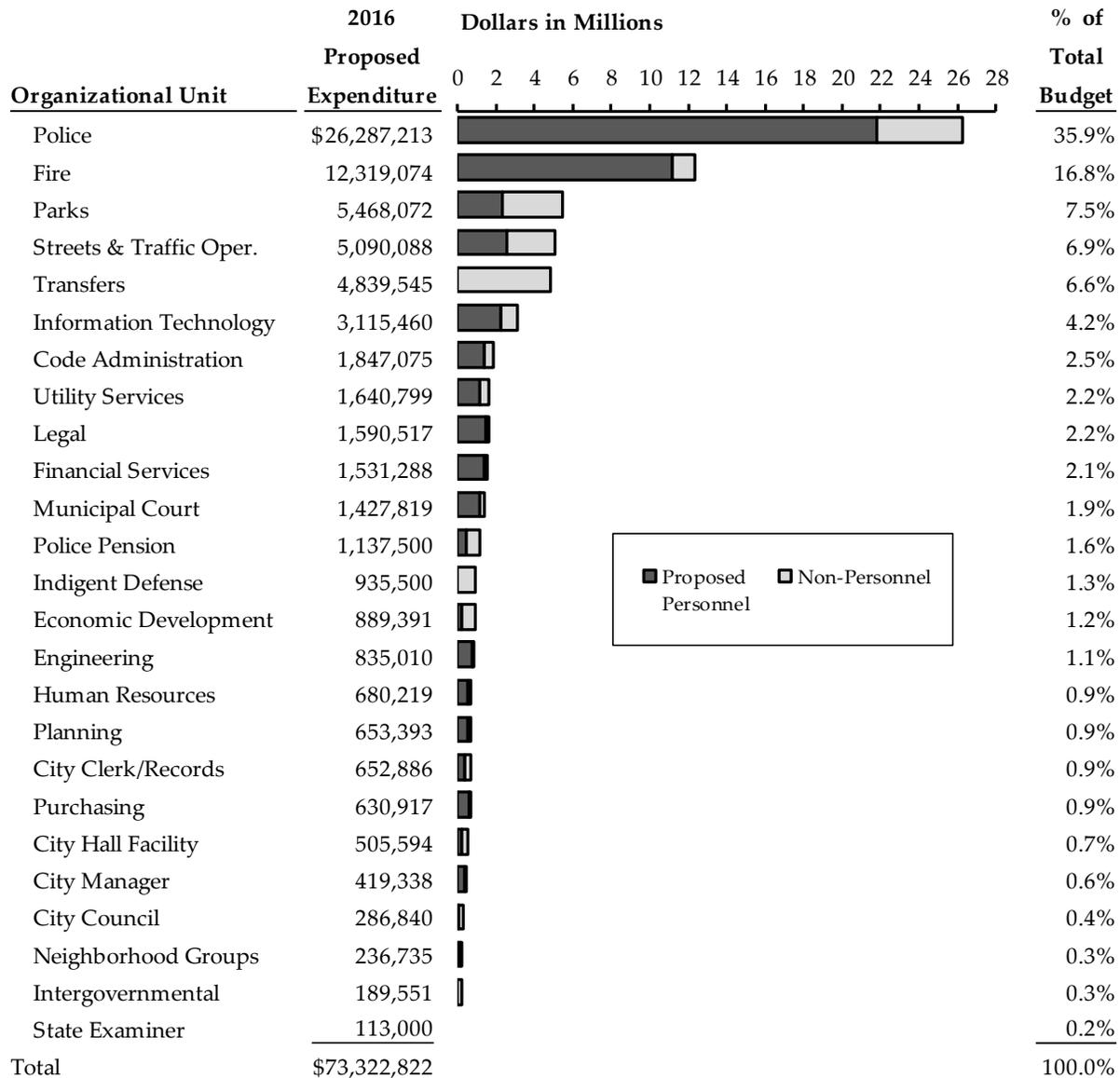
It should be noted that the City of Yakima has operations that utilize staff that other cities may not have. For example irrigation, transit, public safety communications, commercial airport, and refuse operations are combined in regional special purpose districts or contracted out for many of these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

PRELIMINARY BUDGET

The 2016 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.

2016 GENERAL GOVERNMENT PRELIMINARY BUDGET

(By Department)

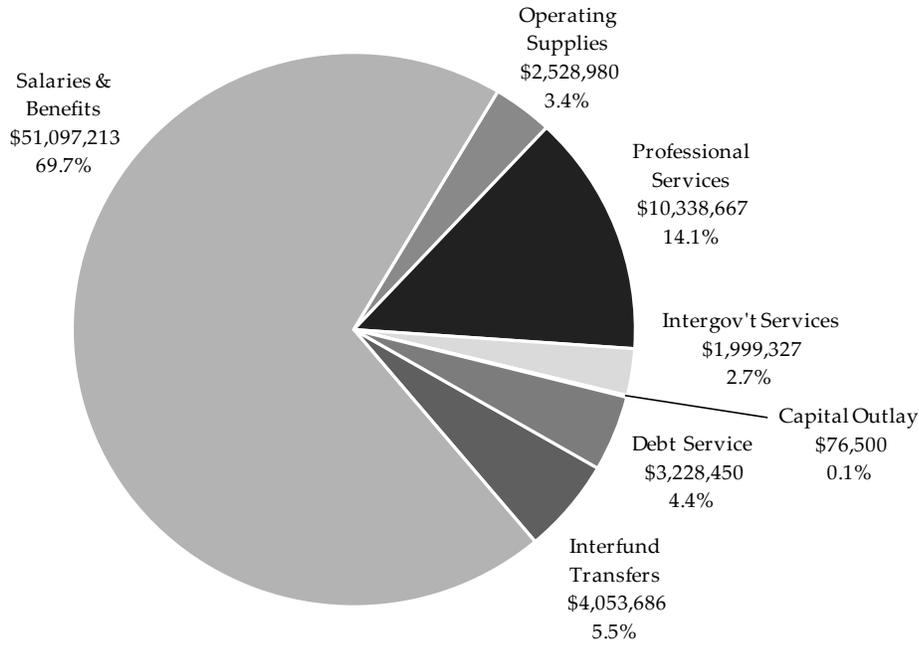


The Police Department consumes 35.9% of the \$73.3 million General Government budget, while the Fire Department consumes another 16.8%. No other single Department utilizes more than 7.5% of the total General Government budget.

The Streets & Traffic Department budget (6.9%) and the Parks and Recreation Department budget (7.5%) 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.

**2016 GENERAL GOVERNMENT
PROJECTED REVENUES, EXPENDITURES AND CASH BALANCES**

	2016 Projected Revenue	2016 Proposed Expenditures	Diff	2016 Exp as % of Rev	2016 Estimated Beginning Balance	2016 Estimated Ending Balance	2016 End Bal as % of Exp
General Fund	\$62,783,305	\$ 62,764,662	\$ 18,643	(0.0%)	\$7,550,295	\$7,568,938	12.1%
Parks & Recreation	5,510,965	5,468,072	42,893	-0.8%	478,162	521,055	9.5%
Street & Traffic Fund	<u>5,059,850</u>	<u>5,090,088</u>	<u>(30,238)</u>	0.6%	<u>896,671</u>	<u>866,433</u>	17.0%
Total General Government	<u>\$73,354,120</u>	<u>\$ 73,322,822</u>	<u>\$ 31,298</u>	0.0%	<u>\$8,925,128</u>	<u>\$ 8,956,425</u>	12.2%

The 2016 General Government preliminary budget is balanced with virtually no use of reserves and the ending reserve balance is projected to be \$9.0 million or 12.2% 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 13.0%. The other

factor at work in 2015 was an overall reduction in utility taxes—the year end estimate is about \$960,000 below budget. Yakima experienced a mild winter, which combined with reductions in raw natural gas rates to reduce natural gas taxes. Electricity taxes are negatively affected by the push to install solar energy panels, while telephone taxes continue to decline with the migration away from land lines and cell phone “talking minutes” to data which is not currently taxable. We instigated cost reductions mid-year when we observed this trend, but will likely not be able to make up this entire reduction—the year end estimates indicate a use of reserves of about \$490,000.

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)
	2014	2015	2015	2016	
	Actual	Amended Budget	Year-End Estimate	Proposed Expenditure	Variance (4-2)
Beginning Reserve Balance	\$10,885,034	\$ 9,412,400	\$ 9,412,400	\$ 8,925,128	
Revenue	<u>67,382,678</u>	<u>71,512,006</u>	<u>70,870,599</u>	<u>73,354,120</u>	
Total Resources	\$78,267,712	\$80,924,406	\$80,282,999	\$82,279,248	\$ 1,354,842
Expenditure Budget	<u>68,855,312</u>	<u>71,783,959</u>	<u>71,357,871</u>	<u>73,322,822</u>	1,538,863
End. Reserve Balance	\$ 9,412,400	\$ 9,140,447	\$ 8,925,128	\$ 8,956,425	
% of Annual Expenditures	13.7%	12.7%	12.5%	12.2%	
Inc/(Dec) in Reserves f/ Prior Year	\$ (1,472,634)	\$ (271,953)	\$ (487,272)	\$ 31,298	
% of Expenditure Budget	(2.1%)	(0.4%)	(0.7%)	0.0%	

Revenues

- 2016 projected revenues reflect an increase from the 2015 year-end estimate of 3.5%.

Expenditures

- The 2015 year-end expenditures are projected to be \$0.4 million less than the Amended budget.
- The 2016 proposed expenditure budget is \$2.0 million more than the 2015 year-end estimate and \$1.5 million more than the 2015 authorized expenditure level.

Reserves

- A comparison of the 2014 beginning and ending reserve balances reflects a use of reserves of \$1,472,634 which is due primarily 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. Also, higher claims in both the Medical and Risk Management funds necessitated additional payments from the operating funds-with General Government adding about \$300,000.
- 2015 year-end projections indicate a use of reserves during 2015 of about \$487,272, primarily because of the reduction in utility taxes described above. As a reminder, the 2015 budget included the addition of 9 positions in General Government (before adding in the 10 Fire positions funded by Union Gap), adding about \$700,000.
- The 2016 budgeted year-end reserve level is approximately 12.2%; this is slightly below the reserve guidelines, as noted previously. Expenditures virtually equal revenues.

2016 GENERAL GOVERNMENT BUDGET – HISTORY AND HIGHLIGHTS

As the budgets are built, staff closely monitors the financial condition of our nation, our State and our local economy. Staff has prepared, and updated, 2015 and 2016 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, as did 2014 with growth of \$925,000 or 6.4%. Fortunately, 2015 is continuing a growth trend, although not quite as robust as the 3 prior years-- through the 10 months ended October 31, the year-to-date sales tax is 4.3% ahead of 2014. We are estimating 2015 to be about \$16.0 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 2016 Preliminary Budget.

- Sales Tax – The General Government budget includes revenue projections that reflect a 4.0% or \$640,000 increase in sales tax revenues from 2015 to 2016. Through the 10 months ended October 31, the year to date sales tax is 4.3% over the prior year.
- Property Tax – The 2016 budget is based on a 1.0% increase in the property tax levy or about \$176,000, as currently allowed by state law, plus a 1.5% increase or \$264,000 for new construction

for a total increase of \$440,000. (About \$30,000 of this increase is being allocated to the Firemen’s Relief and Pension Fund, leaving General Government with a \$410,000 increase.)

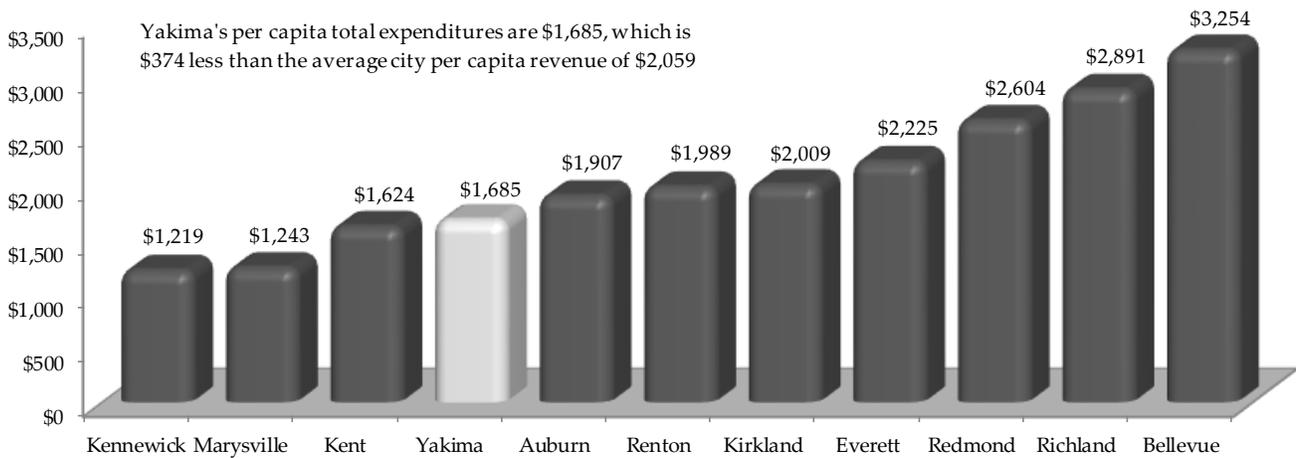
Budget Reductions/Personnel Changes

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 2015 and 2016 budgets within available resources and maintain a minimum reserve level.

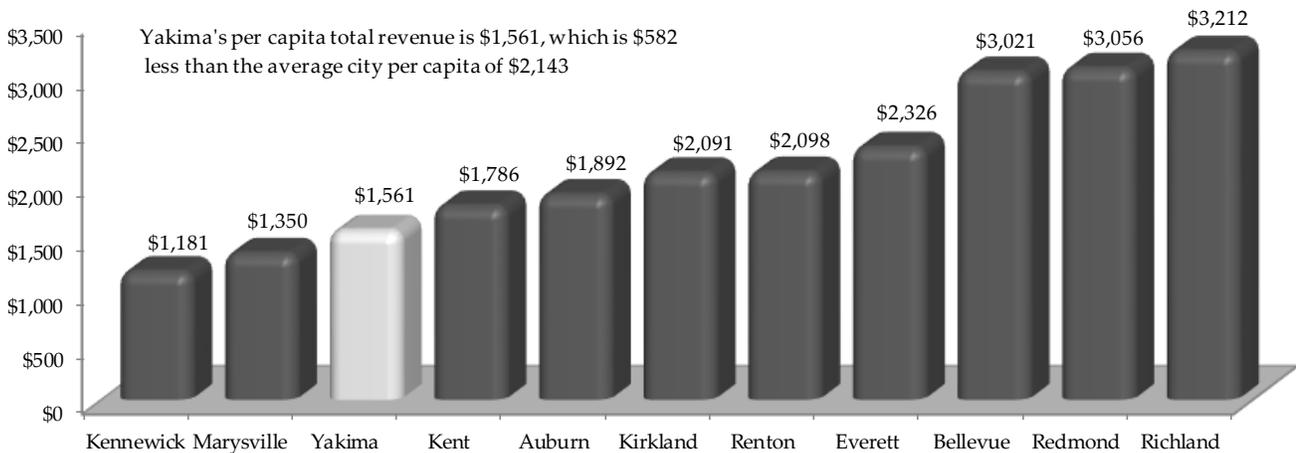
Comparison with other Cities – Expenditures and Resources

The data utilized in the following comparisons was compiled from the State Auditor’s Local Government Comparative Statistics for 2014, and includes comparisons of comparable Washington State cities with populations between 50,000 and 135,000.

TOTAL EXPENDITURES



TOTAL RESOURCES



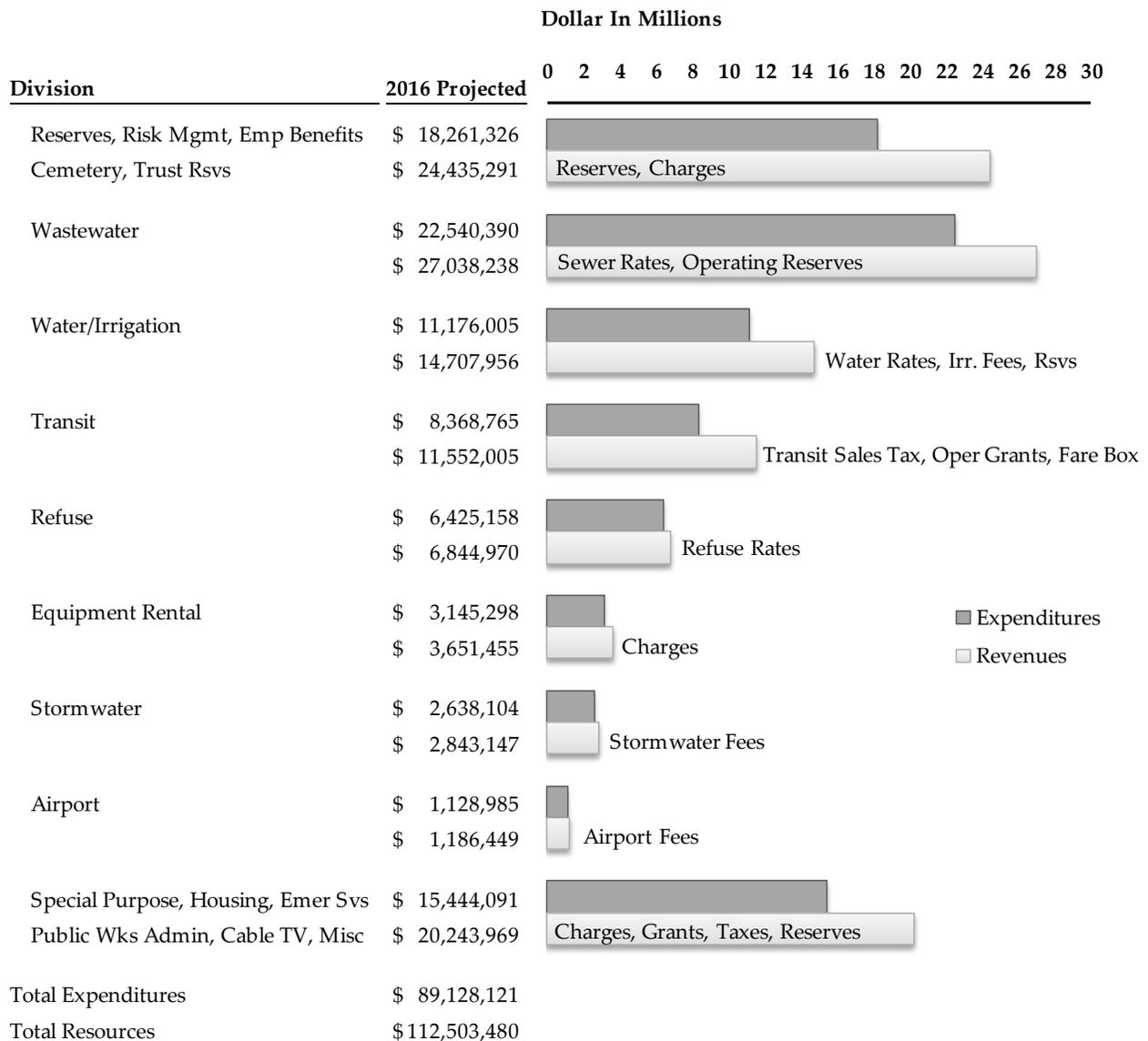
These comparisons demonstrate that the City of Yakima has limited revenue/tax base compared with most cities of its size in the state, and yet provides similar or enhanced services to its citizens. (For example, of the 11 cities included in the comparison, only Everett has a transit system; there are 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

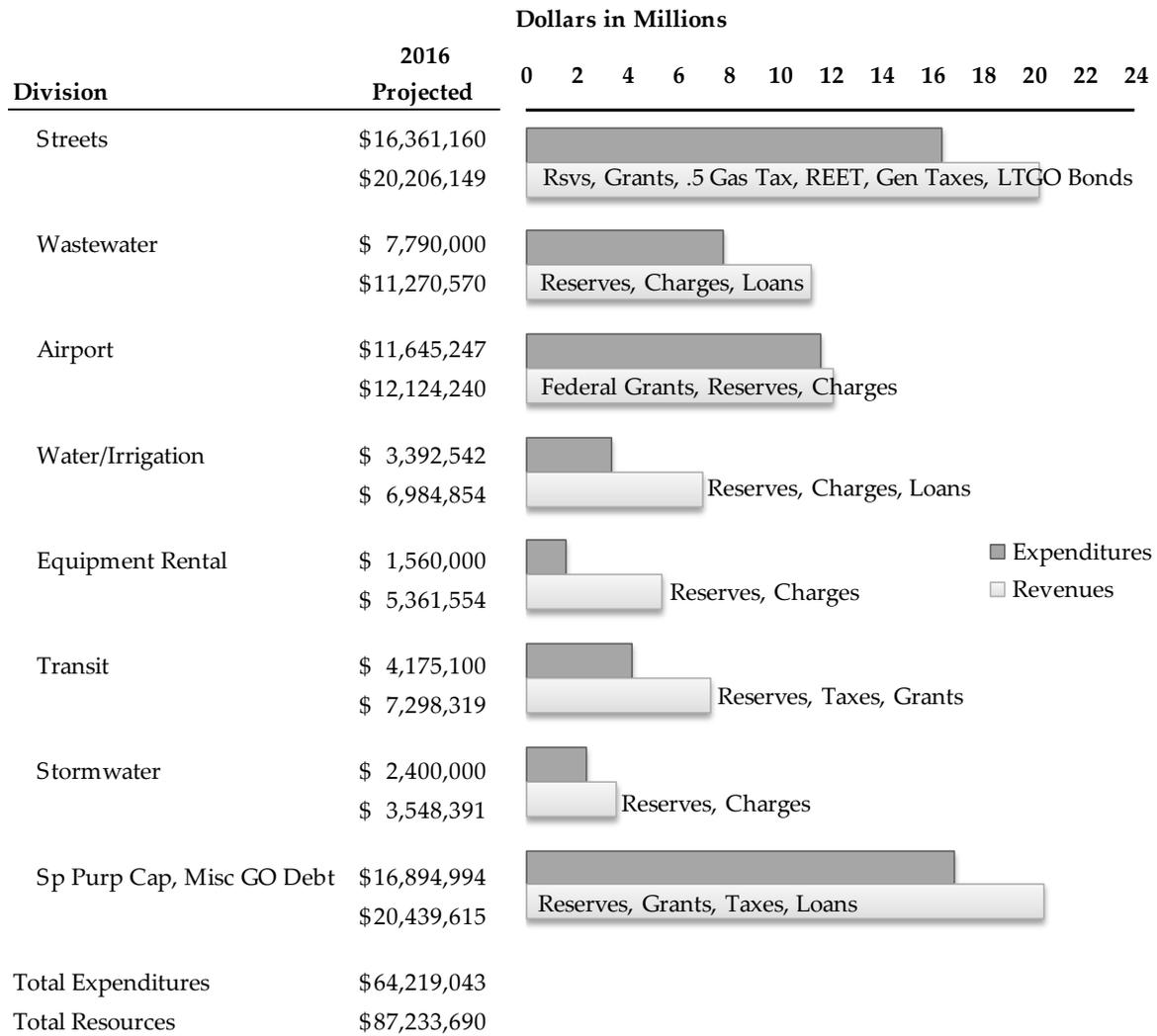
The following chart depicts a summary of resources and expenditures for major operating and Utility fund operations for 2016, including contingency, operating reserve funds and employee benefit funds. Although Equipment Rental is included on the table below, it is split into an operating component and capital component for charting operating vs. capital budgets.

2016 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.

2016 CAPITAL AND DEBT SERVICE FUNDS



Section II
General Government
Funds

Year in Review
Revenue Trends
Expenditure Trends

GENERAL GOVERNMENT FUNDS: YEAR IN REVIEW

2015 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	\$ 7,873,757	\$ 530,607	\$ 1,008,036	\$ 9,412,400
Estimated Revenue	<u>60,640,617</u>	<u>5,367,582</u>	<u>4,862,400</u>	<u>70,870,599</u>
Total Estimated Resources	68,514,374	5,898,189	5,870,436	80,282,999
Less: Estimated Expenditures	<u>60,964,079</u>	<u>5,420,027</u>	<u>4,973,765</u>	<u>71,357,871</u>
Estimated Ending Balance	<u>\$ 7,550,295</u>	<u>\$ 478,162</u>	<u>\$ 896,671</u>	<u>\$ 8,925,128</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.

- 2015 year-end revenue estimate is \$60,640,617 – \$693,324 or 1.1% below the 2015 budget. This is primarily the result of the flattening of utility taxes that was identified in the 2nd quarter Financial Trend Monitoring report.
- 2015 year-end expenditure estimate is \$60,964,079 – \$317,597 or 0.5% less than the authorized, amended budget of \$61,281,676 due primarily to salary savings from position vacancies.

Parks and Recreation Fund

Services include Parks programs and maintenance.

- 2015 year-end revenue estimate is \$5,367,582 – \$866,346 or 19.2% above the actual levels for 2014, with the primary increase being the additional capital transfer of \$750,000 in response to the voted City Charter amendment passed in November 2014.
- 2015 year-end expenditure estimate is \$5,420,027 – \$5,499 or 0.1% under the 2015 amended budget. Because of an increase in program demand, a budget amendment of \$20,000 is being proposed.

Streets Fund

Services include Street and Traffic operations and maintenance.

- 2015 year-end revenue estimate is \$4,862,400 – \$226,136 or 4.9% more than actual levels for 2014.
- 2015 year-end expenditure estimate is \$4,973,765 – \$102,991 or 2.1% under the 2015 amended budget.

The effects of the national economic recession turned around in 2013 with an upward trend continuing into 2014. The 2015 General Government adopted revenue budget was \$71,512,006 so the year-end estimate of \$70,870,599 is about \$641,407 or 0.9% less than originally budgeted, with most of this shortage coming from the flattening of both City and private (i.e. electric, natural gas, and telephone)

utilities. When this was identified in the 2nd quarter budget report, City Management imposed cost containment measures through year-end. However, since it was later in the year, we were not able to totally balance the 2015 expenditures to the reduced revenue. For example, the entire Fire overtime budget had been expended through September because of the active fire season this summer. We will continue to try to bring the year into balance, but the current estimates represent a likely outcome, which is the use of about \$487,000 of beginning fund balance.

The 2014 actual revenue for these 3 funds was \$67,382,678, so the 2015 estimate is \$3,487,921 or 5.2% above the prior year actual. This is due primarily to new revenues included in the 2015 General Fund budget, with the major addition being the Union Gap contract for fire service of about \$1.2 million along with an estimate for the sale of Tiger Mart property of \$400,000 and new grants of about \$225,000 (i.e. air service marketing and a full year of Fire’s SAFER). Without these new revenues, the increase is about \$1,680,000 or 2.5%. As a point of reference, the annual rate of inflation as measured by the CPI-U (All Urban Consumers) is 0.2% in August, 2015 for all cities, and the Seattle index is 1.8%.

**GENERAL GOVERNMENT EXPENDITURE COMPARISON
2015 BUDGET VS. YEAR-END ESTIMATE**

<u>Fund/Department</u>	<u>2015 Amended Budget</u>	<u>2015 Year-End Estimate</u>	<u>Variance</u>	<u>Year-End Est. as Percent of Budget</u>
Police	\$26,868,918	\$26,052,791	\$ 816,127	97.0%
Fire	12,059,718	12,061,844	(2,126)	100.0%
Transfers	4,793,875	4,737,860	56,015	98.8%
Information Technology	3,062,977	3,101,555	(38,578)	101.3%
Code Administration	1,682,327	1,618,468	63,859	96.2%
Financial Services	1,605,263	1,576,332	28,931	98.2%
Utility Services	1,555,520	1,514,241	41,279	97.3%
Municipal Court	1,395,989	1,338,504	57,485	95.9%
Police Pension	1,167,200	1,084,490	82,710	92.9%
Legal	1,525,072	1,482,476	42,595	97.2%
Indigent Defense	1,000,500	910,500	90,000	91.0%
Engineering	890,530	825,915	64,615	92.7%
City Clerk/Records	592,904	541,184	51,721	91.3%
Purchasing	654,699	622,238	32,461	95.0%
Human Resources	682,303	641,357	40,946	94.0%
Planning	581,384	553,300	28,084	95.2%
Economic Development	702,329	794,932	(92,603)	113.2%
City Hall Facility	523,868	523,676	192	100.0%
City Management	389,578	404,528	(14,950)	103.8%
Neighborhood Groups	-	-	-	n/a
City Council	286,735	282,210	4,525	98.4%
Intergovernmental	174,989	180,680	(5,691)	103.3%
State Examiner	110,000	115,000	(5,000)	104.5%
Contingency	<u>(1,025,000)</u>	<u>-</u>	<u>(1,025,000)</u>	0.0%
Total General Fund	61,281,676	60,964,079	317,597	99.5%
Parks & Recreation	5,425,527	5,420,027	5,499	99.9%
Street & Traffic Operations	<u>5,076,756</u>	<u>4,973,765</u>	<u>102,991</u>	98.0%
Total General Government	<u>\$71,783,959</u>	<u>\$71,357,871</u>	<u>\$ 426,087</u>	99.4%

The preceding table provides a breakdown of the year-end estimate of General Government budgets for 2015. The largest positive variance (expenditure savings) is in the category of Police, resulting primarily from salary savings from several position vacancies. The next is in Street and Traffic Operations and relates to cost containment including a reduction in vehicle replacement funding of \$50,000 and inventory/supply purchases. Most of the other positive variances are also related to position vacancies.

Following is a listing of departments projected to exceed budget:

- Fire– As previously discussed, Fire used their overtime budget through September because of the large number of fires throughout the summer, coupled with position vacancies and injuries which take current firefighters out of shift scheduling.
- Information Technology – The large copy machines in the central print shop were at the end of their current lease and useful life. To save financing costs on a lease, the replacement machines were purchased outright.
- Economic Development – The Downtown Association of Yakima (DAY) received a designation of a Main Street project from the State, and requested the City donate for the first year of activity of \$123,333. 75% of this amount or \$92,500 will return to the General Fund in 2016, in the form of a utility tax credit from the State.
- City Management – The adjustment to the City Manager’s salary and benefits done at the beginning of 2015 was not included in the 2015 budget. Since this category consists primarily of personnel costs, it is experiencing an overage. It should be noted that a severance package for the City Manager is not explicitly included in this year-end estimate.
- Intergovernmental and State Examiner – One of the intergovernmental budgets was based on an estimate. Also, the State Auditor found a condition that needed more time to resolve, which led to additional cost.

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

**GENERAL FUND
THREE YEAR COMPARISON**

	2013	2014	2015
	Actual	Actual	Year-End Estimate
Beginning Balance	\$9,176,355	\$ 9,130,162	\$ 7,873,757
Revenues	<u>54,006,731</u>	<u>58,245,178</u>	<u>60,640,617</u>
Total Resources	63,183,086	67,375,340	68,514,374
Expenditures	<u>54,052,924</u>	<u>59,501,583</u>	<u>60,964,079</u>
Ending Balance	<u>\$9,130,162</u>	<u>\$ 7,873,757</u>	<u>\$ 7,550,295</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 2016, total General Government revenues are budgeted to be \$73,354,120; \$2,483,521 or 3.5% more than the 2015 year-end estimate of \$70,870,599. Total beginning cash reserves are estimated to be \$8,925,128, \$487,272 or 5.2% less than the 2015 estimate of \$9,412,400. This fund balance is 12.2% of the proposed 2016 budget.

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

- Sales Tax – for 2016 is projected to be approximately \$640,400 or 4.0% above the 2015 estimate. Sales tax is currently running at 4.3% ahead of 2014 year-to-date through October. The 2016 estimate assumes a continuation of sales tax growth as the economic development initiatives continue.
- Criminal Justice Sales Tax—is also projected to increase \$134,700 or 4.2%, these county-wide sales taxes are experiencing an increase of about 4% year over year in October. Note, this revenue is shared with the Law and Justice Capital Fund to support police capital.
- Property Tax – increased \$409,385 or 2.5%. This includes the levy limit increase of 1%, plus new construction (about 1.5%). The Firemen’s pension fund also receives an allocation of property tax, and is also projected to need an increase of 2.5%.
- Utility and Franchise taxes – increase (2016 over 2015) of \$456,650 or 2.9% 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 12% in the Refuse utility. The Water and Wastewater utilities are also anticipating growth of about 2%, even though there are no rate increases budgeted, related to economic development activities and related system growth.
- Charges for Services – are up by \$547,912 or 6.7% primarily tied to salary adjustments and additional costs in the administrative divisions that get charged back out to the other operating funds through the City Service charge. Also, Utility Services will be “going live” with a new utility billing system, and the budget includes additional temporary and overtime which will be reimbursed 100% by the utilities.
- State Shared Revenue – is being increased by \$207,100 or 7.1% mainly because the State Legislature restored the formula for distributing the Liquor Excise Tax to pre-2013 levels.
- Other Intergovernmental – reflects a partial year of the new Fire SAFER Grant, following a full year allocation in 2015 decreasing by \$81,526 or 4.9%.

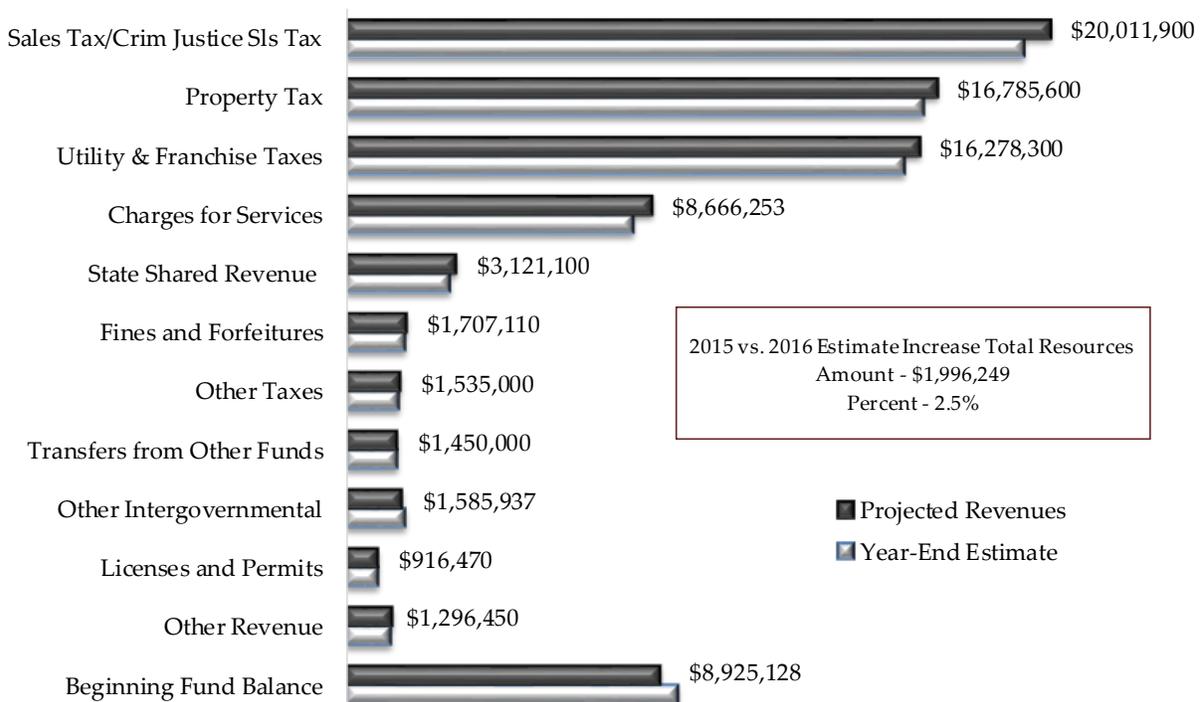
The balance of the revenue categories are expected to remain relatively flat.

**GENERAL GOVERNMENT RESOURCES
THREE YEAR COMPARISON**

Source	2015			2016		— 2016 vs. 2015 —	
	2014 Actual	Year-End Estimate	Percent Change	Projected Revenue	% of 2016 Total	Increase (Decrease)	Percent Change
General Sales Tax	\$15,461,201	\$16,010,000	3.5%	\$16,650,400	22.7%	\$ 640,400	4.0%
Crim. Justice Sales Tax ⁽¹⁾	3,103,814	3,226,800	4.0%	3,361,500	4.5%	134,700	4.2%
Property Tax	16,016,029	16,376,215	2.2%	16,785,600	22.9%	409,385	2.5%
Utility & Franchise Taxes	15,848,483	15,821,650	(0.2%)	16,278,300	22.2%	456,650	2.9%
Charges for Services	6,684,115	8,118,341	21.5%	8,666,253	11.8%	547,912	6.7%
State Shared Revenue	2,648,633	2,914,000	10.0%	3,121,100	4.3%	207,100	7.1%
Fines and Forfeitures	1,578,124	1,675,500	6.2%	1,707,110	2.3%	31,610	1.9%
Other Taxes	1,453,227	1,467,550	1.0%	1,535,000	2.1%	67,450	4.6%
Other Revenue	939,491	1,273,045	35.5%	1,296,450	1.8%	23,405	1.8%
Transfers from other Funds	1,413,706	1,426,035	0.9%	1,450,000	2.0%	23,965	1.7%
Other Intergovernmental	1,370,523	1,667,463	21.7%	1,585,937	2.2%	(81,526)	(4.9%)
Licenses and Permits	865,334	894,000	3.3%	916,470	1.2%	22,470	2.5%
Total Revenue	67,382,678	70,870,599	5.2%	73,354,120	100.0%	2,483,521	3.5%
Beginning Fund Balance	10,885,034	9,412,400	(13.5%)	8,925,128		(487,272)	(5.2%)
Total Resources	<u>\$78,267,712</u>	<u>\$80,282,999</u>	2.6%	<u>\$82,279,248</u>		<u>\$1,996,249</u>	2.5%

(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
2015 YEAR-END ESTIMATE AND 2016 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)

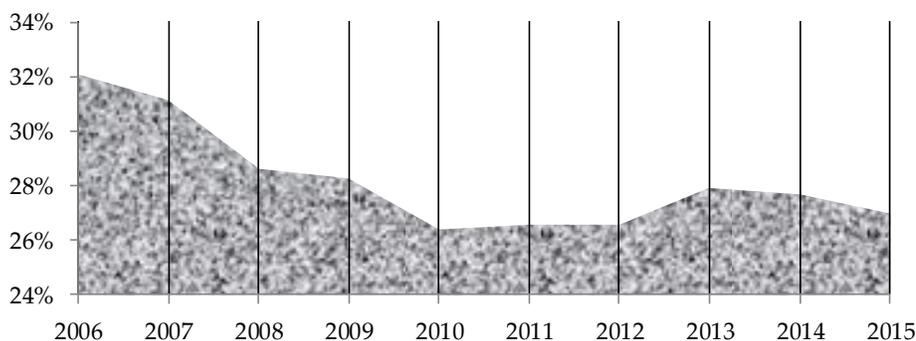
- 2016 revenue projection is \$16,650,400 – 4.0% above the 2015 year end estimate.

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 was 6.4% greater than 2013. Through October, 2015 is running ahead of the prior year by 4.3%. 2016 projects an increase of 4.0%, to \$16.65 million, assuming continued growth in the base economy. The agricultural sector of our economy has experienced good years recently, which jump-started the growth; and construction sales tax is staying strong.

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 \$1,204,500 for the City in 2016 and is allocated in the City’s budget forecast as noted in the following chart.

0.1% CRIMINAL JUSTICE SALES TAX

Fund	2014	2015	2016
	Actual	Year-End Estimate	Projected Revenue
General Fund	\$1,001,240	\$1,152,600	\$1,204,500

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 Funds are not part of General Government.) This tax is expected to generate \$2,453,300 in 2016, and is allocated in accordance with the following chart. This tax is on the November 3, 2015 ballot to be renewed for another six years (2017 ~ 2022).

0.3% CRIMINAL JUSTICE SALES TAX

Fund	2014	2015	2016
	Actual	Year-End Estimate	Projected Revenue
General Fund (for Criminal Justice Expenditures)	\$2,102,574	\$2,074,200	\$2,157,000
Public Safety Communications	169,596	170,000	176,800
Law and Justice Capital	30,296	115,000	119,500
Total	<u>\$2,302,466</u>	<u>\$2,359,200</u>	<u>\$2,453,300</u>

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

PROPERTY TAX

- Property tax provides approximately 22.9% of all General Government revenue in the 2016 budget. The 2016 budget is based on a 1% increase in the property tax levy, as currently allowed by state law, or approximately \$176,000, plus an estimate of 1.5% or \$264,000 increase for new construction for a total increase of about \$410,000 in General Government Funds for a total, with Fire pension, of \$18,026,360.

The 2016 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 (IPD) for consumer goods). State law also allows the City to increase the levy by more than 1% if approved by the majority of voters. The applicable IPD was only 0.25%, which is less than the 1%. State law allows an agency to levy up to the 1% maximum, if City Council establishes “substantial need” by a super-majority (i.e. 5-2) vote. The 2016 budget is built assuming the 1% increase is approved.

As a point of clarification, the property tax levy restriction limits the change in the dollars levied (1% would generate about \$176,000 for 2016) – it does not limit growth in assessed value. Stated differently, the 1% limit affects the total dollars levied, while assessed valuation is simply the mechanism used to allocate the levy ratably among the property owners.

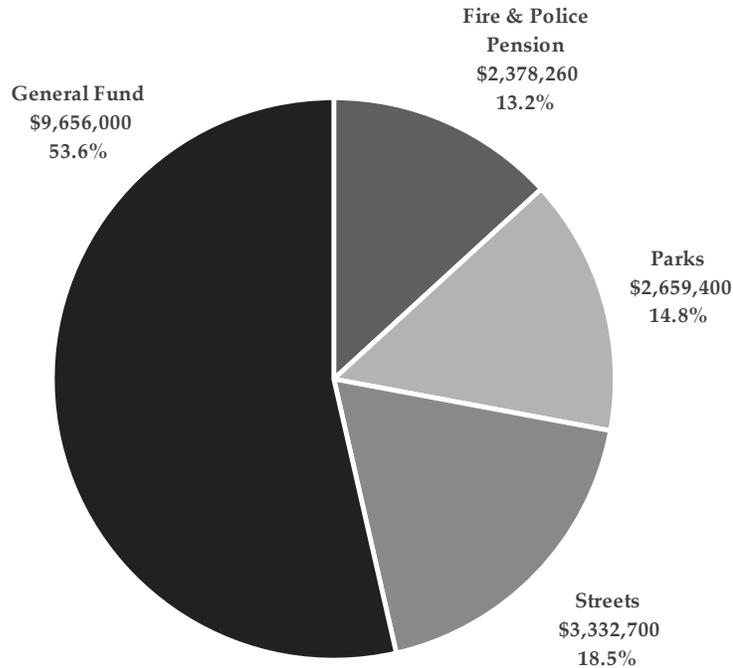
Since most consumer activity (i.e., wages, equipment, etc.) is more closely tied to the Consumer Price Index (CPI), and CPI is greater than 1% in almost all years, the future effect of 1% or less growth in Property Tax is restrictive to the City since Property Tax is one of General Government’s primary revenue sources. 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 \$246,000 in 2016.

The following chart and graph depict the 2016 budgeted allocation of the City’s property tax revenues.

**2016 PROPOSED
GENERAL PROPERTY TAX LEVY – BY FUND**

	2014 Actual	2015 Amended Budget	2015 Year-End Estimated	2016 Projected Revenue	2015 Est. vs. 2016 Budget
General	\$ 11,037,490	\$ 10,504,600	\$ 10,530,230	\$10,793,500	2.5%
Parks & Recreation	1,875,098	2,661,290	2,667,785	2,659,400	(0.3%)
Street & Traffic	3,103,441	3,170,500	3,178,200	3,332,700	4.9%
Sub-Total General Government	16,016,029	16,336,390	16,376,215	16,785,600	2.5%
Fire Pension	1,192,883	1,207,500	1,210,500	1,240,760	2.5%
Total	<u>\$ 17,208,912</u>	<u>\$ 17,543,890</u>	<u>\$ 17,586,715</u>	<u>\$18,026,360</u>	2.5%

**2016 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 22.2% of 2015 projected General Government revenues and 23.1% of projected 2016 General Fund Revenues.

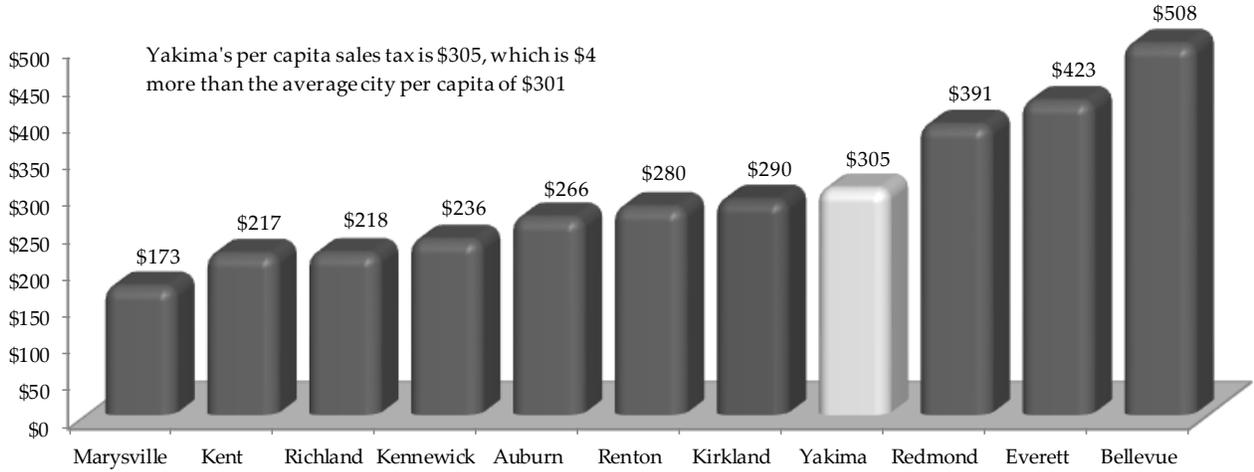
- 2015 projection is \$16,278,300 – \$456,650 or 2.9% above the 2015 year-end estimate of \$15,821,650.

These revenues are largely a function of weather conditions and utility rates in the Valley. The Electric utility experienced a rate increases of 3% in mid-2015, and have requested a rate increase in 2016. Even without rate increases, the City Wastewater and Water utilities are expected to experience growth tied to current agriculture and economic development activities. The Refuse rate increase of about 12% is included in the preliminary budget. Utility taxes are the only major revenue source historically keeping pace with the rate of inflation, primarily because of rate increases implemented by utility providers.

The following graphs 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.

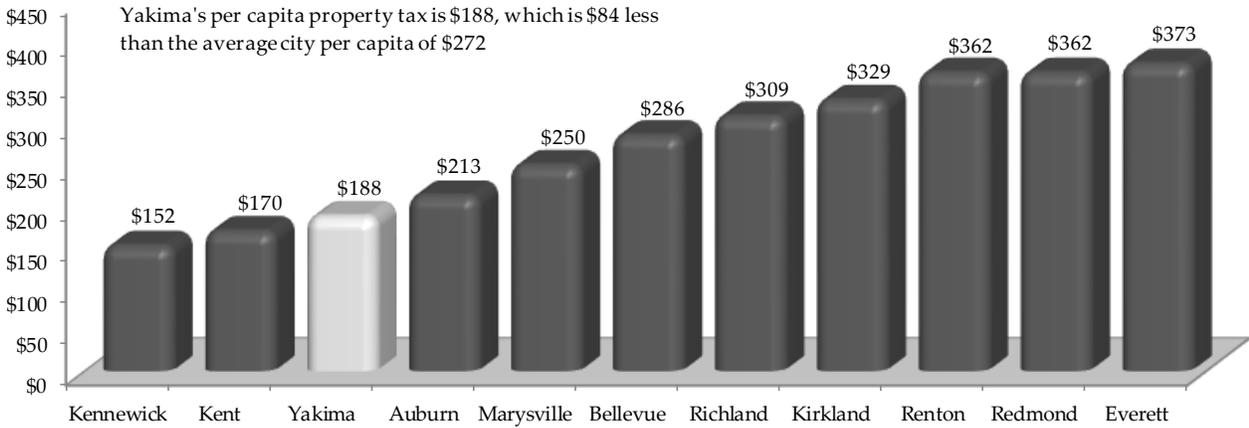
These comparisons show that for 2 out of 3 of the major tax sources, Yakima is below the state average, with the third at just above average. This data was compiled from the State Auditor’s Local Government Comparative Statistics for 2014, and includes comparisons of comparable Washington State cities with population between 50,000 and 135,000.

SALES & USE TAXES

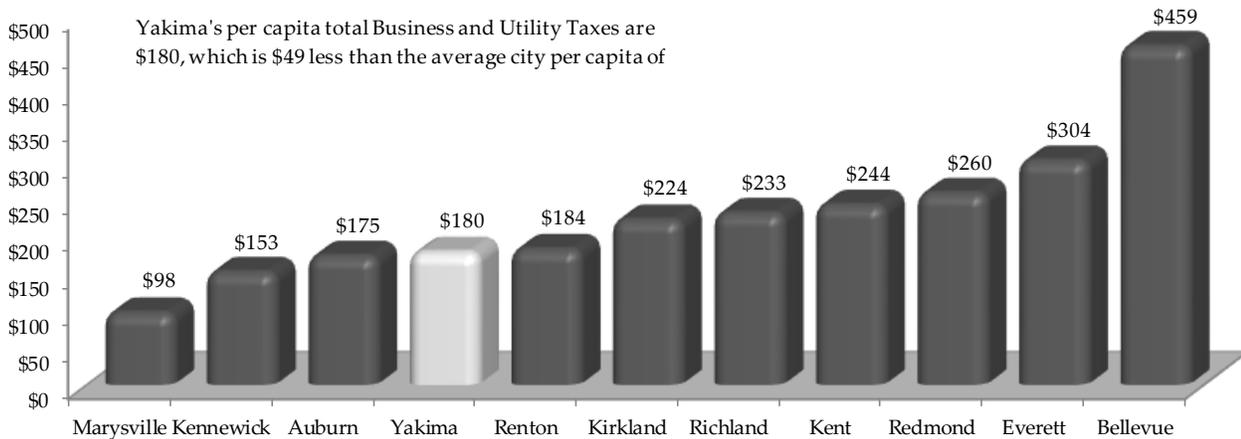


Note: Only Yakima and Everett have a sales tax levied for Transit purposes.

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.).

- 2016 projection is \$8,666,253. This is a 6.7% or \$547,912 increase from the 2015 estimate. This increase is tied primarily to cost of living increases that are increasing the base costs in the City Service charge. Additionally, Utility Services is implementing a utility billing software system, and added temporary and overtime expenses to assure adequate personnel resources throughout the implementation process. These increases will be reimbursed 100% by the utilities. Other changes are related to usage estimates, with modest growth assumptions.

STATE SHARED REVENUE

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

- 2016 projection for all revenues within this category is \$3,121,100; an increase of \$207,100 from the 2015 year-end estimate of \$2,914,000. 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. The State Legislature restored this tax to pre-2012 levels for the 2015-2017 biennium. This category also includes the Motor Vehicle Fuel (Gas) tax, which was increased as part of the transportation package during the 0215 legislative session. The City is expecting to collect \$60,500 in 2015, increasing to \$119,300 in 2016.

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. The projected revenue is \$1,707,110, an increase of \$31,610 or 1.9% for 2016. This is due primarily to trends being experienced by Municipal Court.

OTHER TAXES

This category includes about \$550,000 from Business Licenses and \$916,000 from Gambling Taxes, and \$60,000 from tax liens placed on properties when the City abates a dangerous building. The 2016 projection is \$1,535,000, up \$67,450 or 4.6%, primarily because of a concentrated effort to abate a number of public nuisance properties, coupled with natural growth in the other two categories.

OTHER REVENUES

The balance of revenues supporting the general government funds consists of other financing sources and miscellaneous revenues, including interest earnings, concession revenues, and sale of fixed assets. For 2016, \$1,296,450 is expected to be generated in this category, an increase of \$23,405 or 1.8% from the 2015 year end estimate of \$1,273,045.

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 2016 projection is \$1,450,000, 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 2016 budget of \$1,585,937 is down \$81,526 or 4.9% from the 2015 estimate largely due to 2015 containing a full year of the Fire Department SAFER grant to support Firefighter salaries which drops in half in 2016.

LICENSES AND PERMITS

The 2016 budget is \$916,470, 2.5% or \$22,470 more than the 2015 year-end estimate of \$894,000. Permit revenues are doing well in 2015, and this projection assumes a similar trending.

REVENUE TRENDS – OVERVIEW

Total General Government revenue grew by about \$3.9 million or 6.1% from 2013 to 2014. For 2015 the estimated revenue of \$70.9 million shows a growth of \$3.5 million or 5.2% – mainly due to an ongoing upward trend in sales tax, the statutory property tax increase, and new revenue in the General Fund (i.e. the Union Gap Fire contract, the sale of Tiger Mart properties, and 6 months of the new SAFER grant). Projected revenue for 2016 is \$73.4 million, a \$2.5 million or 3.5% increase – a continuation of growth in sales and utility taxes and the statutory property tax increase, along with the restoration of state shared revenues.

GENERAL GOVERNMENT RESOURCE COMPARISON - BY FUND

GENERAL GOVERNMENT THREE YEAR RESOURCE COMPARISON ⁽¹⁾

	2014	2015	2015 vs.	2016	2016 vs.
	Actual	Year-End Estimated	2014 % Change	Projected Resources	2015 % Change
General Fund	\$ 58,245,178	\$ 60,640,617	4.1%	\$ 62,783,305	3.5%
General Fund Beg Balance	<u>9,130,162</u>	<u>7,873,757</u>	(13.8%)	<u>7,550,295</u>	(4.1%)
Total General Fund	67,375,340	68,514,374	1.7%	70,333,600	2.7%
Parks & Recreation	4,501,236	5,367,582	19.2%	5,510,965	2.7%
Parks Beg Balance	<u>582,492</u>	<u>530,607</u>	(8.9%)	<u>478,162</u>	(9.9%)
Total Parks	5,083,728	5,898,189	16.0%	5,989,127	1.5%
Street & Traffic Fund Revenue	4,636,264	4,862,400	4.9%	5,059,850	4.1%
Street & Traffic Beg Balance	<u>1,172,379</u>	<u>1,008,036</u>	(14.0%)	<u>896,671</u>	(11.0%)
Total Street & Traffic	5,808,644	5,870,436	1.1%	5,956,521	1.5%
Total Revenue	67,382,678	70,870,599	5.2%	73,354,120	3.5%
Total Beg Balance	<u>10,885,034</u>	<u>9,412,400</u>	(13.5%)	<u>8,925,128</u>	(5.2%)
Total General Government	<u>\$ 78,267,712</u>	<u>\$ 80,282,999</u>	2.6%	<u>\$ 82,279,248</u>	2.5%

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

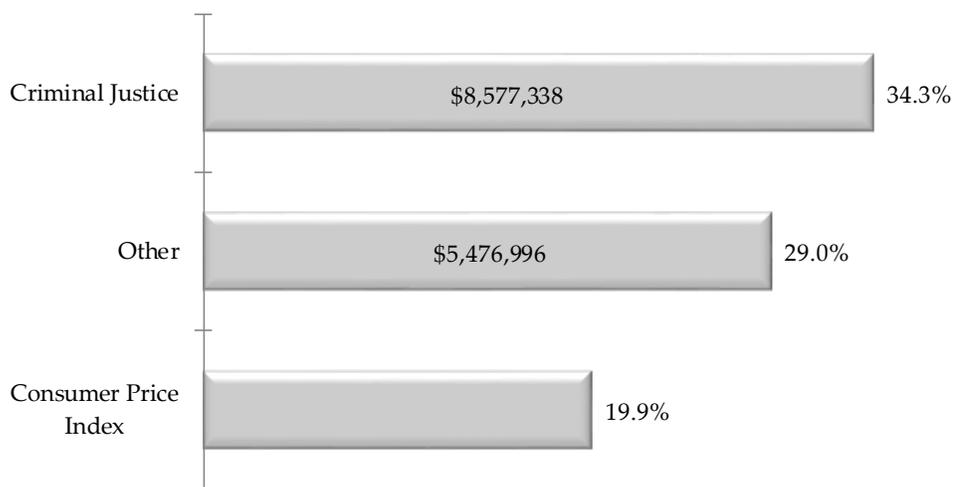
GENERAL GOVERNMENT RESOURCES BY MAJOR CATEGORY

	2013	2014	2015	2015	2016	2016
	Actual	Actual	Amended Budget	Year-End Estimate	Proposed Resources	% Chng f/2015 Est
General Fund						
Utility Tax	\$14,662,629	\$15,799,251	\$16,725,045	\$15,763,000	\$16,218,300	2.9%
Retail Sales and Use Tax	14,462,963	15,461,201	16,020,000	16,010,000	16,650,400	4.0%
Property Tax	10,195,969	11,037,490	10,504,600	10,530,230	10,793,500	2.5%
Charges for Service	4,965,671	5,575,930	6,916,208	6,942,629	7,372,738	6.2%
Criminal Justice Sales Tax	2,922,211	3,103,814	3,205,350	3,226,800	3,361,500	4.2%
Intergovernmental Revenue	2,683,040	2,885,589	3,117,100	3,155,963	3,222,737	2.1%
Fines and Forfeitures	1,603,138	1,578,124	1,645,110	1,675,500	1,707,110	1.9%
Other Taxes	1,495,525	1,453,227	1,429,000	1,467,550	1,535,000	4.6%
Licenses and Permits	817,750	865,334	857,900	894,000	916,470	2.5%
Miscellaneous Revenue	141,191	435,989	854,978	916,295	945,550	3.2%
Franchise Fees	56,645	49,232	58,650	58,650	60,000	2.3%
Total Revenue	54,006,732	58,245,178	61,333,941	60,640,617	62,783,305	3.5%
Beginning Fund Balance	9,128,882	9,130,162	7,873,757	7,873,757	7,550,295	(4.1%)
Total General Fund	\$63,135,614	\$67,375,340	\$69,207,698	\$68,514,374	\$70,333,600	2.7%
Parks & Recreation Fund						
Property Tax	\$ 1,920,107	\$ 1,875,098	\$ 2,661,290	\$ 2,667,785	\$ 2,659,400	(0.3%)
Transfers From Other Funds	1,327,759	1,413,706	1,450,000	1,426,035	1,450,000	1.7%
Charges for Services	855,008	904,557	1,002,165	923,362	1,051,165	13.8%
Misc. Revenue/Non-Revenue	211,741	267,163	302,200	305,900	305,900	0.0%
Intergovernmental	68,435	40,712	43,800	44,500	44,500	0.0%
Total Revenue	4,383,050	4,501,236	5,459,455	5,367,582	5,510,965	2.7%
Beginning Fund Balance	582,492	582,492	530,607	530,607	478,162	(9.9%)
Total Parks & Rec Fund	\$ 4,965,542	\$ 5,083,728	\$ 5,990,062	\$ 5,898,189	\$ 5,989,127	1.5%
Streets Fund						
Property Tax	\$ 3,580,360	\$ 3,103,441	\$ 3,170,500	\$ 3,178,200	\$ 3,332,700	4.9%
Fuel Tax - Street	1,301,827	1,092,856	1,305,000	1,380,500	1,439,300	4.3%
Charges for Services	213,431	203,628	216,110	252,350	242,350	(4.0%)
Miscellaneous Revenue	29,578	236,339	26,500	50,850	45,000	(11.5%)
Other Intergovernmental	6,991	-	500	500	500	0.0%
Transfers From Other Funds	235	-	-	-	-	n/a
Total Revenue	5,132,422	4,636,264	4,718,610	4,862,400	5,059,850	4.1%
Beginning Fund Balance	1,172,379	1,172,379	1,008,036	1,008,036	896,671	(11.0%)
Total Streets Fund	\$ 6,304,801	\$ 5,808,644	\$ 5,726,646	\$ 5,870,436	\$ 5,956,521	1.5%
Total General Government	\$74,405,957	\$78,267,712	\$80,924,406	\$80,282,999	\$82,279,248	2.5%
Total Revenue	\$63,522,204	\$67,382,678	\$71,512,006	\$70,870,599	\$73,354,120	3.5%
Total Beginning Fund Balance	10,883,753	10,885,034	9,412,400	9,412,400	8,925,128	(5.2%)
Total Resources	\$74,405,957	\$78,267,712	\$80,924,406	\$80,282,999	\$82,279,248	2.5%

GENERAL GOVERNMENT FUNDS: EXPENDITURE TRENDS

Criminal justice costs continue to consume an ever increasing share of total General Fund resources. In order to pay these costs other General Fund programs are necessarily limited/reduced to remain within available resources. See Exhibit III for more information. The following charts depict the major effect on the General Fund of the increase in criminal justice costs compared to all other cost increases from 2007 to 2016

PERCENTAGE INCREASE OF CRIMINAL JUSTICE COSTS VS. OTHER GENERAL GOVERNMENT FUNCTIONS AND CPI 2007 BUDGET TO 2016 BUDGET



Cumulatively, over the past ten years Criminal Justice budgets have increased 34.3%. By comparison, all other General Government expenses have increased by only 29.0%. During this same ten-year period the Seattle-Tacoma Consumer Price Index increased by 19.9%. Other services are higher than the rate of inflation because of the City Charter amendments to spend \$2 million annually on street improvements, and \$750,000 annually on parks improvements.

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 2014, 2015 estimate and 2016 budget). 2015 operations experienced significant position vacancies which is why 2015 the year-end estimate is only 0.9% more than the 2014 actual. With the full complement of staff in the 2016 budget, this category of expense increased by 4.9% from 2015 to 2016.

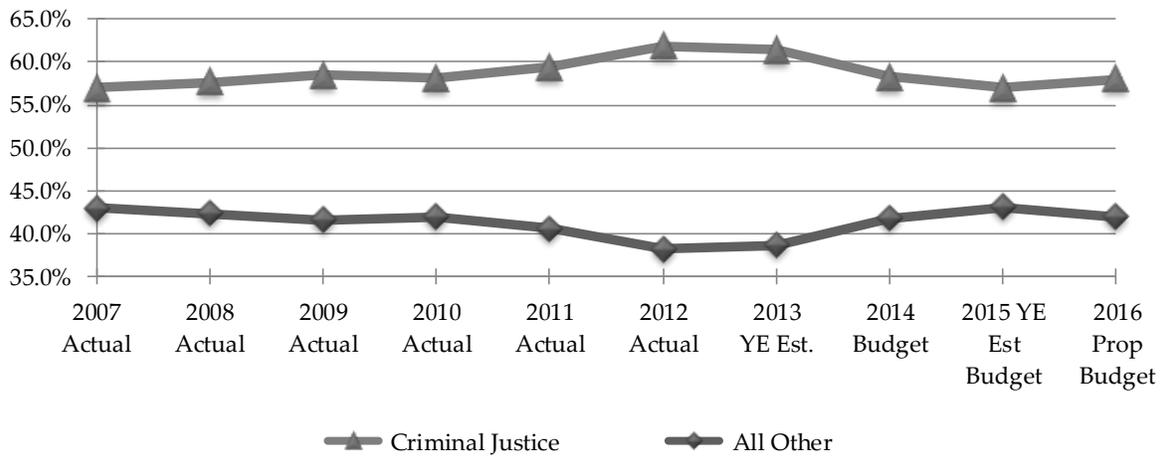
**CRIMINAL JUSTICE EXPENDITURES
THREE YEAR COMPARISON**

Description	2014	2015	2016	% Change
	Actual	Year-End Estimate	Proposed Expenditures	2016 from 2015
Police Operations & Administration	\$22,846,999	\$22,572,455	\$ 23,912,046	5.9%
Outside/Inside Jail Costs	3,530,104	3,480,336	3,460,167	(0.6%)
Municipal Court	1,288,302	1,338,504	1,427,819	6.7%
Prosecution Costs/Indigent Defense	1,600,001	2,029,318	2,092,124	3.1%
Other Related Expenses				
Police Pension	1,193,161	1,084,490	1,137,500	4.9%
Emergency Dispatch Transfer	355,000	515,000	515,000	0.0%
Police Information Tech Services	937,048	1,006,902	1,047,013	4.0%
Sub-total	<u>2,485,209</u>	<u>2,606,392</u>	<u>2,699,513</u>	3.6%
Grand Total	<u>\$31,750,614</u>	<u>\$32,027,006</u>	<u>\$ 33,591,669</u>	4.9%

In the 2 years from 2014 to 2016, criminal justice expenditures are estimated to increase by \$1.8 million or 5.8%, keeping in line with the City Council’s strategic priority to improve Public Safety.

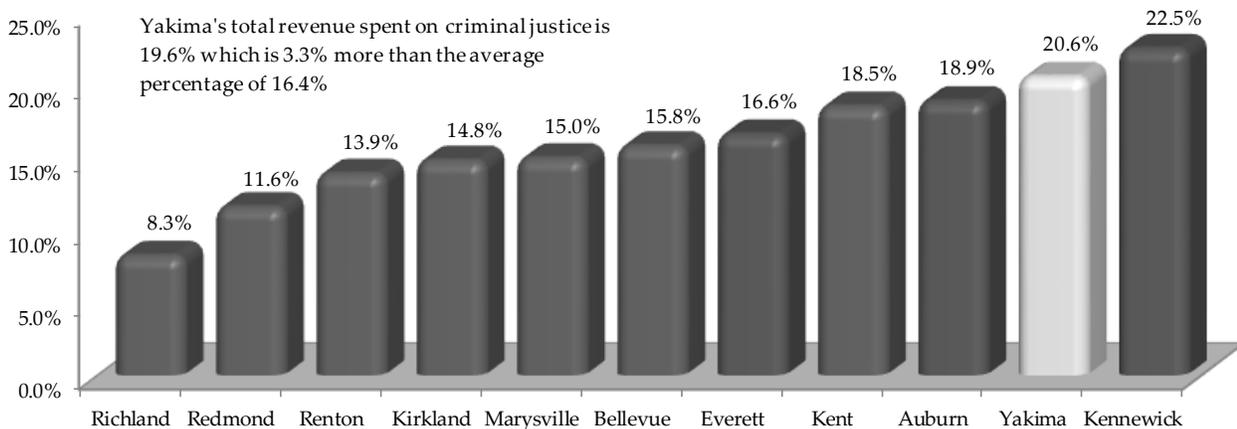
In reviewing the following chart and graph, it should be noted that it includes only General Fund expenditures on criminal justice. Another \$0.4 million is budgeted in the “Police Grants” special revenue fund, which includes a portion of Police and Legal staff working with the DEA on drug enforcement. 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. A 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 move of the Public Safety Communications office was also added in 2015. For the first time in several years, Police did not have an increase in authorized personnel in 2016.

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, and 2015 added the \$750,000 amendment for parks improvement purposes.

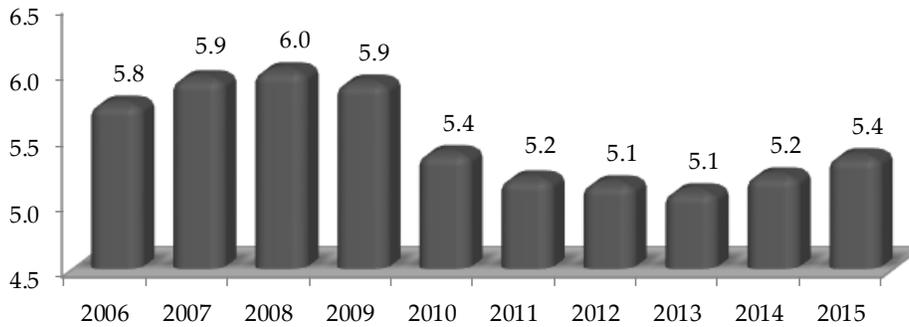
PERCENT OF PER CAPITA TOTAL REVENUE SPENT ON CRIMINAL JUSTICE IN 2014 Comparable Cities between 50,000 and 135,000 in Population



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 COMPARISON ⁽¹⁾
LAST TEN YEARS**



	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Number of Employees	476.7	497.3	502.8	501.6	489.6	475.1	473.2	471.2	484.8	499.0
Employees Per Capita	5.8	5.9	6.0	5.9	5.4	5.2	5.1	5.1	5.2	5.4
Square Miles	25.9	25.9	27.6	28.7	28.7	28.7	28.7	28.7	28.7	28.7
Population	82,867	83,646	83,731	84,850	91,067	91,630	91,930	92,620	93,080	93,220

(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 10,353 from 2006 to 2015, or 12.5%.
- In 2007, 9 positions were added in the Police Department as part of the Safe Community Action Plan (SCAP), paid for by the increase in property tax realized when the City annexed to the Rural Library District, 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.
- 2014 saw the additional of 3 Police positions; 3 Fire positions; 2 Code Compliance Officers; and 5.6 positions in various areas for a total increase of 13.6 positions.
- Position growth continued in 2015 as the City contracted with Union Gap for fire service adding 10 positions. 4 positions were added in the Police Department, and 3.5 in other areas. In order to fund the City Charter amendment to fund parks capital improvements by \$750,000, 8 positions were eliminated, netting to an increase of 12.5 positions.

It should be noted that a net of 22.3 new FTE positions have been added since 2006, or 4.7% over the past 10 years; compared to the 12.5% 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. Between 2009 and 2013, staffing levels were 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 2016 General Government budget is \$73,322,822, \$1,538,863 or 2.1% more than the 2015 amended budget of \$71,783,959.

2015 - 2016 GENERAL GOVERNMENT BUDGET

	2015	2015	2016	2016 vs 2015	
	Amended Budget	Year-End Estimate	Proposed Expenditures	Budget	
				Dollars	Percent
General	\$61,281,676	\$60,964,079	\$ 62,764,662	\$ 1,482,986	2.4%
Parks & Recreation	5,425,527	5,420,027	5,468,072	42,545	0.8%
Street & Traffic Operations	5,076,756	4,973,765	5,090,088	13,332	0.3%
Total General Government	<u>\$71,783,959</u>	<u>\$71,357,871</u>	<u>\$ 73,322,822</u>	<u>\$ 1,538,863</u>	2.1%

Section III
Other Funds

OTHER FUNDS

2015 year-end estimates for the City's Other Operating and Enterprise Funds are summarized below:

BUDGET STATUS

	2015 Amended Budget	2015 Year-End Estimate	Variance	2015 Estimated Resources	2015 Estimated End Balance
Economic Development	\$ 260,766	\$ 260,394	\$ 372	\$ 331,801	\$ 71,407
Community Development	3,373,107	3,327,699	45,409	4,146,994	819,295
Community Relations	674,823	649,590	25,233	1,270,073	620,484
Cemetery	291,709	288,911	2,798	336,226	47,315
Emergency Services	1,312,692	1,305,601	7,091	1,507,932	202,331
Public Safety Communications	4,506,862	4,051,457	455,405	4,491,752	440,295
Police Grants	475,296	310,036	165,260	590,736	280,700
Downtown Improvement District	202,172	202,172	-	210,249	8,077
Trolley	368,961	271,400	97,562	345,309	73,909
Front Street Business Improvement	7,000	7,000	-	9,834	2,834
Tourist Promotion	1,609,854	1,609,828	26	2,214,764	604,936
Capitol Theatre	397,290	406,819	(9,529)	422,509	15,690
PFD Convention Center	748,220	748,220	-	1,241,975	493,755
Tourist Promotion Area	687,000	667,000	20,000	746,626	79,626
PFD Capitol Theatre	640,220	640,208	12	795,123	154,915
Airport	1,102,006	1,017,848	84,158	1,069,368	51,520
Stormwater	3,353,229	2,929,588	423,641	3,621,735	692,147
Transit	8,615,247	7,927,046	688,201	10,777,649	2,850,603
Refuse	5,877,188	5,861,246	15,942	6,110,953	249,708
Wastewater	20,901,186	21,355,700	(454,514)	26,291,454	4,935,754
Water	9,347,579	9,054,915	292,665	12,270,101	3,215,186
Irrigation	1,795,875	1,784,591	11,285	2,657,821	873,230
Equipment Rental	5,697,917	4,691,447	1,006,470	8,981,514	4,290,067
Environmental	1,007,950	1,444,450	(436,500)	2,005,146	560,696
Public Works Administration	1,165,173	1,160,246	4,927	1,625,171	464,926
Total	<u>\$74,419,324</u>	<u>\$71,973,410</u>	<u>\$2,445,914</u>	<u>\$94,072,817</u>	<u>\$ 22,099,407</u>

All Operating and Enterprise Funds are anticipated to end 2015 with positive fund balances. This analysis includes appropriations approved by Council through October, but does not yet include the appropriation included on the November 3rd meeting. This appropriation adds to these 3 funds that have negative variances, so that the final 2015 result should be no funds spending over budget.

2016 projections for Other Operating and Enterprise Funds expenditures, revenues and related fund balances 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 BUDGET

	2016 Beginning Balance	2016 Projected Revenue	2016 Projected Expense	2016 Projected Balance
Economic Development	\$ 71,407	\$ 183,000	\$ 198,071	\$ 56,336
Community Development	819,295	1,421,193	1,431,769	808,719
Community Relations	620,484	666,600	618,913	668,171
Cemetery	47,315	262,950	273,542	36,723
Emergency Services	202,331	1,326,026	1,407,117	121,240
Public Safety Communications	440,295	3,499,468	3,555,870	383,893
Police Grants	280,700	416,000	369,716	326,984
Downtown Improvement District	8,077	205,340	208,993	4,424
Trolley	73,909	73,624	147,046	487
Front Street Business Improvement Area	2,834	3,735	6,500	69
Tourist Promotion	604,936	1,708,800	1,719,510	594,226
Capitol Theatre	15,690	364,700	370,497	9,893
PFD Convention Center	493,755	828,750	727,720	594,785
Tourist Promotion Area	79,626	687,000	687,000	79,626
PFD Capitol Theatre	154,915	624,800	630,883	148,832
Airport	51,520	1,134,929	1,128,985	57,465
Stormwater	692,147	2,151,000	2,638,104	205,043
Transit	2,850,603	8,701,402	8,368,765	3,183,239
Refuse	249,708	6,595,262	6,425,158	419,812
Wastewater	4,935,754	22,102,484	22,540,390	4,497,848
Water	3,215,186	8,816,000	9,373,857	2,657,329
Irrigation	873,230	1,803,540	1,802,149	874,622
Equipment Rental	4,290,067	4,722,942	4,705,298	4,307,711
Environmental	560,696	1,180,000	1,247,950	492,746
Public Works Administration	464,926	1,143,324	1,237,215	371,034
Total	<u>\$22,099,407</u>	<u>\$70,622,870</u>	<u>\$71,821,018</u>	<u>\$20,901,260</u>

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 2016 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 2016, 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 Section IV, Strategic Initiatives.

The Economic Development Fund

This fund reflects resources of \$254,407 and expenditures of \$198,071 for 2016. 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) (\$63,805); the continuation of Federal legislative funding efforts (\$72,000); the City's partnership with New Vision (\$33,000); and a travel budget for retail and development conferences.

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 \$1,431,769 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 in the 2015 budget. 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 2016 ending balance is projected to be \$808,719.

The Community Relations Fund

The Community Relations fund expects resources of \$1,287,084 for 2016. Expenditures are estimated to be \$618,913, leaving the balance estimated at \$668,171 for year-end, earmarked primarily for capital expenditure on production equipment/cable TV facilities.

Cemetery Fund

Resources within this fund for 2016 are projected at \$310,265. Expenditures are estimated to be \$273,542, and the estimated ending balance is projected at \$36,723. The Cemetery Fund depends on \$120,000 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 resources of \$1,528,357 and expenditures of \$1,407,117 related to the provision of Emergency Medical Services, and are supported by an allocation of the county-wide special EMS Property Tax Levy. The 2016 ending balance is projected to be \$121,240.

The Public Safety Communications Fund

This fund expects resources of \$3,939,763 and expenditures of \$3,555,870 for 2016, leaving a balance of \$383,893 at year-end. This fund accounts for 9-1-1 Call takers, supported by Yakima County 9-1-1 resources in the amount of \$1,977,520. A move of the Communications center to a new County location was included in the 2015 budget. An interfund loan of \$720,000 to cover part of the City's portion of the cost was part of the 2015 budget. Ongoing lease payments and transfers for debt service are paid to the County beginning in late 2015. General Fund expenditures include a transfer

of \$1,030,000 for dispatch, including the new debt service and operating costs related to the move. These costs are included in the 2016 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, and 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 \$696,700 and expenditures are budgeted at \$369,716, leaving an ending balance of \$326,984 for 2016.

Downtown Yakima Business Improvement District (DYBID) Fund

Resources in this fund are projected to be \$213,417, while expenditures are projected at \$208,993. The ending balance for 2016 is projected at \$4,424. Much of the 2016 budget is targeted toward maintaining the recent downtown revitalization efforts.

The Trolley Fund

This fund projects resources of \$147,533 and expenditures of \$147,046 for a minimal maintenance and improvement program in 2016. A General Fund contribution of \$100,000 was made in 2014 for building improvements that may continue into 2016. The 2016 year-end balance is projected at \$487.

The Front Street Business Improvement Area Fund

This fund projects resources of \$6,569 and expenditures of \$6,500 – leaving an ending balance of \$69 for 2016.

The Tourism Promotion/Yakima Convention Center Fund

This fund's budget anticipates resources of \$2,313,736 (this includes a transfer of \$100,000 from the Public Facility District) and expenditures of \$1,719,510, and thus is expected to end 2016 with a balance of \$594,226. The budget includes an increase the Center's management fee from \$721,200 to \$741,000, or \$19,800, an increase in the Sports Commission fee from \$65,000 to \$72,500, or \$7,500, an increase of \$6,500 for operating costs of the Visitors Information Center, an increase of the Tourism Promotion fee from \$175,000 to \$184,000, or \$9,000 (See strategic initiative section). The Tourism Promotion section of this budget also contains an allocation of Hotel/Motel Tax of \$100,000 to Central Washington State Fair Park to support SunDome operations. However, subsequent to freezing the budget, the Lodging Tax Advisory Committee approved \$75,000, so the final budget will be adjusted to reflect this change.

The Capitol Theatre Fund

This fund is expected to have resources of \$380,390 and expenditures of \$370,497 leaving an estimated ending balance of \$9,893. Again, the Lodging Tax Advisory Committee approved an additional \$50,000 to go to the Capitol Theatre Operating Fund, which will be changed for the final budget.

The Public Facilities District – Convention Center Fund

This fund includes resources estimated to be \$1,322,505 for 2016. Expenditures are estimated to be \$727,720. Of this amount \$457,720 is for debt service on the Convention Center bonds issued in 2002 and \$100,000 is for supplemental support of Convention Center operations, while \$155,000 is for the Convention Center Capital Fund. This leaves a fund balance of \$594,785 at the end of 2016.

The Tourist Promotion Area

This fund accounts for a self-assessment imposed by the lodging industry to promote tourism. Resources are estimated to be \$766,626, with expenditures programmed at \$687,000, leaving a balance at the end of 2015 of \$79,626.

The Public Facilities District – Capitol Theatre

This fund includes resources estimated to be \$779,715 for 2016. Expenditures are estimated to be \$630,883. Of this amount \$464,805 is designated for debt service on the Capitol Expansion bonds issued in 2009 and \$120,000 for supplemental support for Capitol Theatre operations. This leaves a fund balance of \$148,832 at the end of 2016.

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 \$1,186,449, with expenditures programmed at \$1,128,985, leaving a balance at the end of 2016 of \$57,465. Marketing efforts partnered with regional airlines as well as grant applications have been implemented to increase air travel to and from Yakima.

Stormwater Operating Fund

Expenditures in this fund are estimated to be \$2,638,104 and resources are projected to be \$2,843,147 for 2016. The budget is developed with the annual current rate of \$43 per equivalent residential unit which is unchanged from 2015. An ending balance of \$205,043 is currently projected for 2016. The expenditure budget includes a \$700,000 transfer to the capital fund to support time-sensitive capital investments, such as North 1st Street.

Transit Fund

Expenditures in this fund are estimated to be \$8,368,765 and resources are projected to be \$11,552,005 for 2016. Total Transit sales taxes for the year are forecast to be \$5,450,000. \$4,200,000 is allocated to operations and \$1,250,000 to capital. This fund also includes an operating grant of \$2,300,000. The operating budget includes a full year of the new Ellensburg Route contract. Strategic initiatives include the purchase and installation of passenger counter software for both fixed route and Dial-a-Ride, along with a reorganization to add a Maintenance Crew Leader and a Field Supervisor position. (See Strategic Initiatives section for more information). An ending balance of \$3,183,239 is currently projected for 2016.

Refuse Fund

Total resources in this fund for the year are \$6,844,970. Total expenditures are estimated to be \$6,425,158, and an ending balance is currently projected at \$419,812. Revenues include an increased rate structure, estimated to add \$767,000 in revenue; expenditures include \$25,000 for an upgrade to the electronic routing system. (See Strategic Initiatives section for more information).

Wastewater Fund

Resources for this fund are expected to total \$27,038,238. Expenditures are budgeted at \$22,540,390 and the 2016 year-end balance is currently projected to be \$4,497,848. Transfers of about \$2.8 million to Wastewater Construction funds and \$2.2 million to provide for Wastewater Bond redemption and repayments of Public Works Trust Fund Loans are proposed in this budget. The proposed 2016 Sewer budget includes continued implementation of the Sewer Comprehensive Plan and the Wastewater Facilities Plan.

Water Fund

Resources of \$12,031,186 are projected for the year in this fund. Expenditures are estimated to be \$9,373,857 leaving \$2,657,329 at the end of 2016. These costs include \$750,000 transfer to the Capital Fund, and about \$1,067,205 to provide for Water Bond Debt Service, and repayments of Water Public Works Trust Fund Loans.

Irrigation Fund

Resources for 2016 are projected to be \$2,676,770 in this fund, and expenditures are estimated to be \$1,802,149, including a transfer of \$147,000 to the capital fund. The ending fund balance is projected to be \$874,622.

The Equipment Rental Fund

The budget for this fund in 2016 is \$4,705,298 of which \$3.1 million is the maintenance and operations budget, and \$1.6 million is the Equipment Replacement budget. Resources are expected to be \$9,013,009 while the ending fund balance for 2016 is expected to be \$4,307,711, most of which represents capital equipment replacement reserves. The capital portion of the fund has about \$1.4 million in new and replacement vehicles. See the related Strategic Initiative in Section IV for the list of rolling stock purchases, as well as requests for shop upgrades and additional training for the fleet mechanics.

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 2016, \$1,740,696 in resources is expected to be available, with an expenditure budget of \$1,247,950, including \$1,100,000 for the cleanup of the former Tiger Oil properties, to be funded by a Department of Ecology grant of \$900,000 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 \$100,000 for environmental emergencies. A year-end balance of \$492,746 is projected.

Public Works Administration Fund

Expenditures for 2016 are expected to be \$1,237,215 for this fund. Resources for 2016 are expected to be \$1,608,250 generated from operating funds located in the Public Works complex, resulting in a year-end balance of \$371,034. A security gate and telephone system upgrade are discussed in the Strategic Initiatives section.

EMPLOYEE BENEFIT RESERVES

The Unemployment Compensation Reserve Fund

This self-insured fund is estimated to end 2016 with a balance of \$419,617. Resources are projected to be \$646,968 and expenditures for claims and other related expenses are estimated at \$227,351, which includes a contingency, as the 2015 year end estimate is only \$182,977. Rates are unchanged for 2016.

Employees Health Benefit Reserve Fund

Expenditures in this fund for 2015 are projected to be \$10,388,338, while resources are \$12,514,303, leaving an ending balance projected to be \$2,125,965, 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 it pays the direct costs of the plan. The original rate calculation based on an 18 month rolling average of claims history ending in June 2015 resulted in a proposed premium increase of 10% for employee only and 48% for dependent units. This premium structure would have added about \$2.0 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 was 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 when added to savings produced by having our own medical clinic all combined to produce an estimated reduction in expenditures in 2015. Throughout 2015, these measures have produced the estimated savings, and going forward, the base rates in the 2016 budget are increasing by an estimated 4.4%. 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 \$424,977, the result of resources totaling \$1,735,994 and expenditures of \$1,311,017. Ongoing efforts in claim management and safety training are in place to slowdown the number of claims/costs. Rates are unchanged for 2016.

Wellness/Employee Assistance Program (EAP) Fund

Projected total resources for 2016 are \$304,515 in this fund, and expenditures are \$121,800 with a projected year-end balance of \$182,715. 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 \$2,329,664 and expenditures of \$1,349,628, leaving an estimated 2016 year-end balance of \$980,036. The Fire Pension property tax allocation for 2016 of \$1,240,760 is slightly above the 2015 estimate of \$1,210,500. 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 2016, based on personnel costs, claims experience and other insurance/professional services costs, on-going expenditures are estimated to be \$4,814,551. Departmental contributions to the Risk Management Fund total \$3,700,000, 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 2016 revenues of \$4,894,000 for normal operations.

In addition to on-going operations, there are a couple items being addressed. One of the recent drains on this fund has been a lawsuit alleging violations of the Voting Rights Act. In June 2015, the federal judge awarded about \$1.8 million to reimburse the plaintiff's attorney fees and expenses. This has not been paid because this case is on appeal, and is tied to a case that will be heard by the Supreme Court. Since there is a possibility of paying, a contingency of \$1 million was added as an expenditure, with the corresponding revenue being an interfund loan. (This is less than the full award because the fund balance could also be used). The 2016 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 2016 are expected to be \$6,199,183 and \$4,814,551 respectively. The year-end 2016 reserve balance is estimated to be \$1,384,632. The reserve balance in this fund will continue to be monitored for adequacy.

Capitol Theatre Reserve

This reserve consisted of insurance proceeds from when the Theatre burned in the 1970s. This source has slowly been depleted, and the transfer of \$36,641 to the Capitol Theatre Construction Fund in 2016 will close out this fund. 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 2016 are estimated at \$7,568,938. 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 2016 General Reserve position is estimated to be as shown in the following chart.

2015 GENERAL RESERVE POSITION

	2014 Actual Balance	2015 Estimated End Balance	2016 Estimated End Balance
General Fund Cash Flow	\$ 9,130,162	\$ 7,550,295	\$ 7,568,938
Capitol Theatre Reserve	108,568	36,641	-
Risk Management Reserve	634,139	1,305,183	1,384,632
Total	<u>\$ 9,872,869</u>	<u>\$ 8,892,119</u>	<u>\$ 8,953,570</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 2015, a number of capital improvements were programmed for an amended capital budget of \$45.0 million. However, capital improvement expenditures for 2015 are estimated to be \$24.7 million, a spending level approximately \$20.2 million below budgeted levels. These projects are rebudgeted in 2016 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 the North First Street Revitalization. (See *Exhibit I* for a summary of the status of the capital funds.)

The 2016 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 2016, Capital Fund expenditures of \$55,721,025 are estimated as follows, inclusive of carryover projects from 2015. Many of these projects are also detailed in the Strategic Initiative section.

Street/Other Capital Improvement Projects Funded by REET

Total projects of \$16,980,160 million (including carryover projects and Debt Service).

➤ Nob Hill & Fair Intersection (2143)	\$21,000
➤ Wide Hollow Creek Bridges (2388)	198,000
➤ N. First Street Revitalization, Phase I - 2014 (2340)	5,000
➤ N. First Street Revitalization, Phase II (2390)	6,855,000
➤ Bicycle Master Plan (2398)	1,050
➤ Airport 21st Avenue Improvements (2410)	152,000
➤ Adam/Washington Vicinity Sidewalks (2412)	75,000
➤ Garfield Elementary Safety Impr. (2413)	32,000
➤ 64th & Tieton Intersection (2282)	605,000
➤ Lincoln Corridor Safety (2344)	300,000
➤ Road Improvements (2426)	5,000,000
➤ Other Debt Service/Transfers	1,249,010
➤ Other miscellaneous projects	2,487,100

Arterial Street Gas tax and the Real Estate Excise Taxes (REET 1 & 2) 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. Limited Tax General Obligation Bonds (i.e. non-voted councilmanic bonds) in the amount of \$6 million and \$5 million are proposed to fund the next phase of the N. First Street revitalization and the continuation of road improvements, respectively.

CBD Capital Improvement

The total 2016 budget for this capital fund is \$2,881,000, \$2,800,000 to complete the design and beginning construction of the Downtown Plaza and the remainder for other minor services. The design of the Plaza project will be completed with a transfer from REET 2 matched by a community donation. The next phase of the project is programmed to be begun with a \$2 million LTGO bond and community donations.

Yakima Revenue Development Area

Total 2016 budget is \$1,500,000, funded by a combination of the State sales tax credit (\$1,000,000) and the beginning reserve balance:

- Purchase of landfill property and/or right-of-way (carry-forward) \$800,000
- Preparation of Engineering design plans 700,000

Fire Capital Fund

Total 2016 projects – \$2,239,976. The apparatus will be funded by the State’s LOCAL capital lease program, with debt service of about \$200,000 starting in 2017.

- 2 Fire Apparatus / Engine & Ladder Truck (carry-forward) \$1,510,000
- Station 95 Refurbish 332,000
- Debt service 215,000
- Other miscellaneous projects 182,976

Airport Capital Fund

Total 2016 budget – \$11,645,247. The purchase of snow removal equipment, installation of new security gates and the design for the Bravo taxiway are planned for this year as well as the continuation of the Alpha Taxiway project. (See Strategic Initiatives section). All of these projects are funded by FAA grants, matched by Passenger Facility Charges.

- Taxiway Construction \$10,120,247
- Vehicle security gates 700,000
- Snow removal equipment 600,000
- Taxiway Bravo design 225,000

Stormwater Capital Fund

Total 2016 budget – \$2,400,000. These projects are funded by Stormwater capital contributions and reserves. All of these named projects are carried forward from the 2015 budget, and are being done in conjunction with other major City projects. The contingency is to address localized capital needs in the system.

- N. 1st Street Revitalization Project \$1,790,000
- Randall Park reconstruction 50,000
- Cascade Mill site 160,000
- Contingency 400,000

Wastewater Capital Expenditures

Facility projects and other sewer improvements, including sewer line extension rehabilitation and other costs, total \$7,790,000. These are funded primarily by capital reserves and contributions.

➤ Beech Street Interceptor, Phase II	\$4,000,000
➤ Congdon Sewer Main (carry over)	100,000
➤ Toscana Development Castlevale/Fechter (carry over)	400,000
➤ Dry storage building	500,000
➤ Carriage Hill Lift station	200,000
➤ Riparian Outfall, Phase III	1,000,000
➤ Plant solids handling improvement plan	200,000
➤ Facility Plan	180,000
➤ Other miscellaneous projects	1,210,000

Domestic Water Improvement Fund

Total 2016 projects – \$2,050,000. These are funded primarily by capital reserves and contributions, along with a \$250,000 grant from the Department of Ecology.

➤ Modifications to River at WTP Intake (carryover)	\$750,000
➤ Water Main Replacement (N. 1 st St)	1,000,000
➤ Six year water system plan	150,000
➤ Other miscellaneous projects	150,000

Irrigation Improvement Fund

Total 2016 projects – \$1,025,000 and Debt Service - \$317,542, for a total of \$1,342,542. These projects are funded by capital rates and reserves.

➤ Irrigation system improvement	\$1,000,000
➤ Main and Pump Refurbish (carryover)	25,000

Transit Capital

The 2015 budget of \$4,175,100 is for miscellaneous capital needs and vehicle replacement. These are funded by State Department of Transportation grants, an allocation of Transit Sales Tax and capital reserves.

➤ Seven replacement buses	\$3,094,000
➤ Seven replacement vans	294,000
➤ Seven new paratransit vehicles	594,000
➤ Passenger shelters	80,000
➤ Other miscellaneous projects	113,100

Parks Improvements Projects

The 2016 budget of \$1,569,000 includes \$987,000 for projects at several City parks (see Strategic Initiative section). The balance is the carry-over of the Randall Park improvement project, as well as other miscellaneous capital and equipment needs. These are being funded by the \$750,000 allocated for parks capital needs approved by voters in November 2014 as an amendment to the

City Charter. The entire amount was available in 2015, along with \$350,000 in 2016 after debt service for the soccer complex of \$400,000 is taken into account.

Other Capital Projects/Transfers

- Law and Justice Capital fund – \$693,000 for the Police Station / Legal Center related equipment and projects including:
 - Police Legacy CAD & Records System \$150,000
 - Replacement Program for Police Motorcycles 65,000
 - Replacement Cars 200,000
 - Miscellaneous maintenance/technology improvements 278,000

- Convention Center Capital Improvements – \$385,000 is programmed for ongoing capital needs of the Center for 2016. This includes a Strategic Initiative to follow-up on the market study completed in 2015 by taking next steps to gather information and developing conceptual renderings, along with an economic feasibility study and estimated project costs.

LID Construction

There are no local improvement district projects budgeted in 2016.

Capital Improvement Fund Summary

Overall, Capital Fund expenditures in the 2016 Budget Summary of \$55.7 million are \$10.87 million more than the 2015 Amended budget of \$45.0 million. 2015 was a transitional/planning year -- our largest project budgeted was a major renovation of the Yakima Air Terminal taxiway, and it is taking most of the year to get through all the FAA requirements. The major projects completed in 2015 were \$5 million for the purchase and development of a soccer complex in partnership with a local non-profit and \$2.6 million for the Fair Avenue round-about, which meets the LIFT statutory requirement of “turning dirt” in the redevelopment area before 2017. The utilities were in planning stages, and are budgeting less in their capital funds in 2015, since the Water, Wastewater, and Stormwater rate proposals were postponed. So these utilities have another year of capital contributions to use in 2016. The City is also continuing its emphasis on road/street rehabilitation, with N 1st Street improvements and an additional 30 lane miles of rehabilitation based on an updated pavement condition index, both to be funded by councilmanic bonds. These factors combine to produce an increase in the 2016 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.

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 2016. Citywide, grants add to \$33.6 million, which is 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 35.5% of revenue in the Capital Improvement funds.

2016 GRANTS

Department	Description	Amount of Grant
Federal/State Capital Grants		
Arterial Streets	Federal Highway Administration	\$ 1,280,165
Arterial Streets	Department of Ecology	198,000
Arterial Streets	Transportation Improvement	484,000
Trolley	Trolley Enhancement Project	62,349
Airport Capital	FAA Alpha Taxiway Construction	10,684,418
Transit Capital	Federal Pass Thru Vehicles	2,400,000
Environmental Fund	Department of Ecology	<u>900,000</u>
Total Federal/State Capital Grants		\$16,008,932
Federal/State Operating Grants - General Government		
Police	Traffic Safety Commission	\$ 60,000
Fire	SAFER Grant	133,270
Fire	FEMA Emergency Preparedness support	53,000
Codes	Selah Building Inspector State Grant	3,000
General Fund	In-lieu Property Taxes	6,330
Indigent Defense	OPD Public Defense Grant	90,000
Municipal Court	Judicial Salary Contribution	44,000
Economic Development	Small Air Service Marketing	125,000
Economic Development	Department of the Interior Hist-Arch	10,500
Parks and Recreation	State Transportation CFDA 93.043	11,000
Parks and Recreation	State Day Care CFDA 93.044	16,000
Parks and Recreation	State Transportation CFDA 93.043	500
Parks and Recreation	Senior Citizen - Foot Care	17,000
Parks and Recreation	ALTC Reimbursement SCSA State Res	<u>18,000</u>
Total Federal/State Operating Grants - General Government		\$ 587,600
Federal/State Operating Grants - Other Funds		
Community Development	Community Development Block Grant	\$ 856,440
Community Development	HUD HOME Program	384,275
Emergency Services	DOH - Pre-hospital Trauma Grant	1,726
Trolley	Department of Ecology Grant	10,000
Transit	Urban Mass Transit Administration Grant	2,300,000
Transit	JARC Fed Pass Thru WA DOT	165,500
Transit	WSDOT Commute Trip Pass Thru	6,000
Transit	Department of Transportation	125,306
Transit	WSDOT Rural Mobility Grant	34,500
Transit	WA State Transit Operating Grant	<u>117,196</u>
Total Federal/State Operating Grants - Other Funds		\$ 4,000,943
Federal Entitlements		
Police	Federal Forfeited Property	\$ 200,000
PFD Capitol Theatre	Capitol Theatre - Build America Bond Subsidy	<u>101,500</u>
Total Federal Entitlements		<u>\$ 301,500</u>

Department	Description	Amount of Grant
State Shared Revenue		
Police	Criminal Justice - High Crime	\$ 282,500
Police	Criminal Justice - Violent Crimes	112,000
Police	Criminal Justice - Special Programs	71,800
Police	MVET DUI Payment	17,000
General Fund	Liquor Excise Tax	412,900
General Fund	Liquor Board Profits	802,600
Economic Development	City Assistance	122,000
Parks and Recreation	Criminal Justice - Special Programs	20,400
Streets	Gas Tax	1,320,000
Streets	MVA Transportation - Cities	119,300
Arterial Streets	Arterial Street Gas Tax	617,200
Firemen Relief & Pension	Fire Insurance Premium Tax	<u>83,000</u>
Total State Shared Revenue		\$ 3,980,700
Intergovernmental Contract / Services		
Police	YPD Interlocal Grant County	\$ 6,500
Police	Fairgrounds	10,000
Police	Resource Officers	605,000
Police	Alcohol, Tobacco & Firearm	70,000
Police	YPD OT Reimbursement by County	5,000
Fire	Union Gap Fire Service	1,212,992
Fire	Fire Training Center	1,000
Fire	Fire Training Services	8,000
Fire	Legends Interlocal Grant	3,000
Emergency Management	Intergovernmental GIS Services	30,000
Purchasing	Purchasing Services	298,737
Information Technology	Information Technical Services	114,600
Parks and Recreation	School District	7,500
Streets	Engineering Services	500
Arterial Streets	SIED Grant Yakima County	307,000
Emergency Services	EMS Levy	1,324,000
Public Safety Communications	Fire District #10	24,000
Public Safety Communications	911 Service Contracts	1,977,520
Public Safety Communications	Fire Dispatch Services	207,944
Public Safety Communications	Police Dispatching Service	81,954
Public Facilities District	Public Facilities District Revenue	828,000
PFD - Capitol Theatre	Public Facilities District Capitol Theatre	624,300
Fire Capital	Fire - EMS Levy	34,500
Transit	Selah Transit Bus	285,000
Transit	Selah Transit Dial-a-Ride	60,000
YAKCORPS	YAKCORPS Assessment	<u>605,777</u>
Total Intergovernmental Contract / Services		\$ <u>8,732,824</u>
Total 2015 Grants and Other Subsidies		<u>\$33,612,499</u>

Section IV
Strategic Initiatives

STRATEGIC INITIATIVES

CITY ADMINISTRATION

Economic Development

Strategic Initiative Request / Justification	Proposed Funding Source	Personnel Salary / Benefits	Non-Personnel	S/P
Economic Development Community Support 4 th of July Yakima Arts Commission Downtown Association of Yakima (Rev. - \$100,000 utility tax credit in 2017) Craft Beverage Yakima Makers Space Airport Marketing (50% Rev - Grant Match \$125,000)	General Fund		\$20,000 15,000 133,000 20,000 5,000 <u>250,000</u> \$443,000	ED

Neighborhood Partnerships

Strategic Initiative Request / Justification	Proposed Funding Source	Personnel Salary / Benefits	Non-Personnel	S/P
New Neighborhood Partnerships Program Repurpose GFI Manager position to Neighborhood Engagement Manager Add one Program Asst mid-year (Ann \$74,000) Neighborhood Directed Program Grants Total Program: 2016 - \$237,000 Annualized - \$274,000	General Fund	\$100,000 6 mo's <u>37,000</u> Total \$137,000	\$100,000	PA

Information Technology

Strategic Initiative Request / Justification	Proposed Funding Source	Personnel Salary / Benefits	Non-Personnel	S/P
Public Works Telephone System Upgrade	Public Works Administration		\$67,000	BE
Police Legacy CAD & Records System	Law & Justice Capital		\$150,000	PS
Virtual Server Cluster Shared between General Fund and Cayenta Implementation Project	General Fund Cumulative Reserve Capital		\$70,000 <u>55,000</u> \$125,000	BE

Strategic Priority Legend

Economic Development
Public Safety

ED
PS
Built Environment

Public Trust and Accountability
Partnerships
BE

PT
PA

Visitor Information Center

Strategic Initiative Request / Justification	Proposed Funding Source	Personnel Salary / Benefits	Non-Personnel	S/P
Visitors Center Operating Increase From \$60,000 to \$66,500	Convention Center Operating Hotel/Motel Tax		\$6,500	PA

Convention Center

Strategic Initiative Request / Justification	Proposed Funding Source	Personnel Salary / Benefits	Non-Personnel	S/P
Potential Expansion Development Plan	Conv Ctr Capital		\$25,000	ED
Tourism Promotion Professional Services Increase from \$175,000 to \$184,000	Hotel/Motel Tax		\$9,000	PA
Sports Commission Allocation Increase from \$65,000 to \$72,500	Hotel/Motel Tax		\$7,500	PA
Convention Center Management Fee Increase from \$721,200 to \$741,000	Conv Ctr Operating		\$19,800	PA

COMMUNITY DEVELOPMENT

Strategic Initiative Request / Justification	Proposed Funding Source	Personnel Salary / Benefits	Non-Personnel	S/P
Cascade Mill Redevelopment Project Acquire Right-of-Way (Streets) Engineering Design (Streets)	LIFT Fund		\$1,500,000	ED

Code Administration

Strategic Initiative Request / Justification	Proposed Funding Source	Personnel Salary / Benefits	Non-Personnel	S/P
Increase for Dangerous Buildings Abatement City costs will be recorded as a lien on the property tax levy	General Fund Property Tax Liens		\$60,000 <i>Revenue</i> <u>60,000</u> \$0	PS
Add One Part-Time Temporary – Permit Center	General Fund	\$11,000		BE
Transfer Animal Control from Codes to Police	Codes Police	\$256,500 <u>256,500</u> \$0		PS
Humane Society Contract Increase From \$252,800 to \$256,500	General Fund		\$3,700	PA

Strategic Priority Legend

Economic Development
Public Safety

ED
PS

Built Environment

Public Trust and Accountability
Partnerships

BE

PT
PA

City Hall Facility

Strategic Initiative Request / Justification	Proposed Funding Source	Personnel Salary / Benefits	Non-Personnel	S/P
City Hall Facility Projects	REET 1			BE
Elevator upgrades			\$345,000	
Update 2 nd Floor			76,500	
Reseal/stripe CH parking lot			16,500	
Emergency generator expansion			10,000	
Security video cameras			9,000	
City Hall PA system			8,500	
Basement flooring			14,000	
Men's restroom/locker area			35,000	
1 st floor main restrooms			30,000	
Finance remodel			40,000	
Contingency			<u>15,500</u>	
			\$600,000	

POLICE

Strategic Initiative Request / Justification	Proposed Funding Source	Personnel Salary / Benefits	Non-Personnel	S/P
Digital Cameras for Patrol Division	General Fund		\$15,000	PS
Replacement Program for Police Motorcycles	Law & Justice Capital		\$65,000	PS
Taser Replacement	General Fund		\$20,000	PS

FIRE

Strategic Initiative Request / Justification	Proposed Funding Source	Personnel Salary / Benefits	Non-Personnel	S/P
Fire Apparatus – 2015 Strategic Initiatives LOCAL Debt Service of \$200k starting in 2017	Fire Capital Fund- State LOCAL lease program		\$1,510,000	PS
Add 3 Firefighters Increase offset by a reduction in overtime	General Fund	\$264,000		PS
Increase Technical Rescue Training Budget	General Fund		\$10,000	PS
Station 95 Annex Project	Fire Capital		\$257,000	PS
Station 95 Sleeping Quarters	Fire Capital		\$75,000	PS
Purchase a Water Tender YCFD Agreement	Yakima Fire Capital Broadway Fire District		\$50,000 <u>75,000</u> \$125,000	PS

Strategic Priority Legend

Economic Development
Public Safety

ED
PS
Built Environment

Public Trust and Accountability
Partnerships

BE

PT
PA

YAKIMA AIRPORT

Strategic Initiative Request / Justification	Proposed Funding Source	Personnel Salary / Benefits	Non-Personnel	S/P
Airport Capital (Carryover Project) Alpha Taxiway (2376)	Airport Capital 90% Grants 10% Passenger Facility Charge		\$10,120,000	BE
Vehicle Security Gates (New Project – 2421)	90% Grants 10% Passenger Facility Charge		\$700,000	BE
Snow Removal Equipment (New Project – 2420)	90% Grants 10% Passenger Facility Charge		\$600,000	PS
Taxiway Bravo Design (New Project – 2419)	90% Grants 10% Passenger Facility Charge		\$202,500 <u>22,500</u> \$225,000	BE

UTILITIES & ENGINEERING

Engineering

Strategic Initiative Request / Justification	Proposed Funding Source	Personnel Salary / Benefits	Non-Personnel	S/P
Arterial Streets Capital Improvements Nob Hill & Fair Intersection (2143) Wide Hollow Creek Bridges (2388) N. First Street Revitalization, Phase I (2340) N. First Street Revitalization, Phase II (2390) Bicycle Master Plan (2398) Airport 21 st Avenue Improvements (2410) Adam/Washington Vicinity Sidewalks (2412) Garfield Elementary Safety Impr. (2413) 64 th & Tieton Intersection (2282) Lincoln Corridor Safety (2344) Total	Arterial Streets Fund \$6.0m Bonds Grants Gas Tax County SIED program		\$21,000 198,000 5,000 6,855,000 1,050 152,000 75,000 32,000 605,000 <u>300,000</u> \$8,244,050	BE
Road Improvements (New Project - 2426)	Streets Capital Fund LTGO Bonds		\$5,000,000	BE
Continue Yakima Central Plaza Development (2405)	CBD Capital Fund \$2m LTGO Bond \$600k Donation \$200k REET2		\$2,800,000	PA

Strategic Priority Legend

Economic Development
Public Safety

ED
PS
Built Environment

Public Trust and Accountability
Partnerships

PT
PA
BE

Wastewater

Strategic Initiative Request / Justification	Proposed Funding Source	Personnel Salary / Benefits	Non-Personnel	S/P
Wastewater Capital (most carryover projects)	Wastewater Capital			BE
Major equipment repair and replacement	472		700,000	
Beech St Interceptor Phase III	476		4,000,000	
Contingency/future projects	476		500,000	
Congdon Sewer Main	476		100,000	
Toscana Dev. Castlevale/Fechter	476		400,000	
Dry storage Building	476		500,000	
Carriage Hill Lift Station	476		200,000	
Major Repair/R&M Contractors	476		10,000	
Riparian Outfall Phase III	478		1,000,000	
Plant Solids Handling Improvements Design	478		200,000	
Facility Plan	478		<u>180,000</u>	
			\$7,790,000	

Water

Strategic Initiative Request / Justification	Proposed Funding Source	Personnel Salary / Benefits	Non-Personnel	S/P
Water Capital (most carryover projects)	Water Capital			BE
Automated Meter Reading (2261)			\$25,000	
Water Main Replacement (2391)			1,000,000	
Modification to River at WTP Intake (2335)			750,000	
Water Main Replacement			125,000	
Six Year Water System Plan			<u>150,000</u>	
			\$2,050,000	

Irrigation

Strategic Initiative Request / Justification	Proposed Funding Source	Personnel Salary / Benefits	Non-Personnel	S/P
Irrigation Capital	Irrigation Capital			BE
Irrigation System Improvement (2010)			\$1,000,000	
Replace Mains & Pumps (2417)			<u>25,000</u>	
Total			\$1,025,000	

Stormwater

Strategic Initiative Request / Justification	Proposed Funding Source	Personnel Salary / Benefits	Non-Personnel	S/P
Stormwater Capital (Carryover Projects)	Stormwater Capital			BE
N. 1 st Street Revitalization Project			\$1,790,000	
Randall Park Reconstruction			50,000	
Cascade Mill Site			160,000	
Contingency			<u>400,000</u>	
			\$2,400,000	

Strategic Priority Legend

Economic Development
Public Safety

ED
PS
Built Environment

Public Trust and Accountability
Partnerships

PT
PA
BE

PUBLIC WORKS

Administration

Strategic Initiative Request / Justification	Proposed Funding Source	Personnel Salary / Benefits	Non-Personnel	S/P
Security Upgrade	Public Works Admin Operating		\$40,000	PT

Transit

Strategic Initiative Request / Justification	Proposed Funding Source	Personnel Salary / Benefits	Non-Personnel	S/P
Purchase Seven Replacement Buses	Transit Capital WSDOT Grants		\$3,094,000	BE
Purchase Seven Replacement Vans	Transit Capital WSDOT Grants		\$294,000	BE
Purchase Seven New Paratransit Vehicles	Transit Capital		\$594,000	BE
Passenger Shelters	Transit Capital		\$80,000	BE
Passenger Counters for Fixed Route	Transit Operating		\$70,000	BE
Passenger Counters for Dial-a-Ride	Transit Operating		\$50,000	BE
Add One Transit Maintenance Crew Leader	Transit Operating	\$54,000		PT
Add One Transit Field Supervisor	Transit Operating	\$85,000		PT

Refuse

Strategic Initiative Request / Justification	Proposed Funding Source	Personnel Salary / Benefits	Non-Personnel	S/P
Electronic Routing System	Refuse Operating		\$25,000	PT
Refuse Rate Increase Varies by type of service – average of 13.2%	Refuse Customers		Rev \$767,000	PT

Strategic Priority Legend

Economic Development
Public Safety

ED
PS
Built Environment

Public Trust and Accountability
Partnerships

BE

PT
PA

Equipment Rental

Strategic Initiative Request / Justification	Proposed Funding Source	Personnel Salary / Benefits	Non-Personnel	S/P
Fleet Vehicle Additions and Replacements	Equipment Rental Replacement Fund		\$1,395,000	PT
Information Technology				
Full size SUV 4X4 \$35,000				
Parks & Recreation				
Trim mower 25,000				
¾ ton pickup w/snowplow 40,000				
Streets				
CAT 430 backhoe 150,000				
¾ ton crew cab service truck w/plow 50,000				
Full size SUV 4X4 35,000				
Water & Irrigation				
Full size ½ ton ext cab 4X4 pickup 30,000				
Full size ½ ton ext cab 4X4 pickup 30,000				
CAT 430 backhoe - Water 150,000				
CAT 430 backhoe - Irrigation 150,000				
Refuse				
Automated Side-loading Truck 315,000				
Automated Side-loading Truck 315,000				
Container carrier – G&H Mod 8000 50,000				
Wastewater				
K&K signboard 20,000				
Total			\$1,395,000	
Mechanic Training			\$7,500	PT
Shop Upgrades			\$45,000	BE

Parks & Recreation

Strategic Initiative Request / Justification	Proposed Funding Source	Personnel Salary / Benefits	Non-Personnel	S/P
Parks Capital Projects	Parks Capital			BE
Milroy Park Restroom (2015)				
Kiwanis/Gateway Sports Complex Strg (2015)				
SE Community Center Park Playground (2015)				
Elks Parking Lot (2016)				
Lions Pool Filter & Sanitation System (2016)				
Gardner Park Restroom (2016)				
Randall Park Restroom #2 (2414) (2016 or 2017)				
Gardner Park Parking Lot (2016)				
Lions Pool Climbing Wall (2016)				
Inflatable Outdoor Movie Screen (2016)				
Randall Dog Park Pkg Lot & Driveway (2016)				
Gardner Park Playground (2016 or 2017)				
Total			\$987,000	

Strategic Priority Legend

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

ECONOMIC DEVELOPMENT COMMUNITY SUPPORT
BUDGETED

PROPOSAL

4th of July\$20,000

City of Yakima support for the community 4th of July celebration at State Fair Park. The overall event costs \$40,000 per year and has traditionally been supported by funds from the City and over 50 community and business supporters. Attendance has been over 10,000. General Fund participates because this event reduces individual fireworks and the resulting fire risks.

Yakima Arts Commission\$15,000

Provide \$15,000 towards a working budget for the Yakima Arts Commission. The Yakima Arts Commission is made up of community and arts organization representatives. In the spring of 2015, the Yakima Arts Commission completed a strategic plan of projects to raise the profile of the arts and artists in the City of Yakima. The plan includes continuing the successful Windows Alive project, creating an arts promotional based app, purchasing the supplies to make it easier for artists to set up at community events and more.

Downtown Association of Yakima (DAY).....\$133,000/\$33,333 net

The City of Yakima can support the Downtown Association of Yakima (DAY) through the State of Washington's Main Street Tax Credit Program. The City's \$133,333 contribution to the DAY group will result in a \$100,000 tax credit towards the City's 2017 Utility Tax obligation to the State of Washington. DAY's proposed work plan for 2016 includes an alley lighting project, a facade grant program, landscaping upgrades throughout the CBD, continuing the Second Saturday promotion program, providing assistance to the Yakima Farmers Market and other promotional efforts.

Craft Beverage\$20,000

In 2015, the City of Yakima assisted 13 of our local craft beverage producers in creating a strategic plan to raise the profile of Yakima based craft beverage offerings to both locals and tourists. The implementation of this plan has included the creation of Craftbeverageyakima.com, participation in Yakima Roots and Vines Festival, Downtown Craft Beverage Walk and the official formalization of the group. For 2016, the City will work with the group to implement a full promotional marketing program in regional publications, travel writer familiarization tours and continuation of special events such as Yakima Roots and Vines festival and Downtown Craft Beverage Walk.

Yakima Makers Space.....\$5,000

The Yakima Makers Space, located on South 1st Street, supports the creative potential of the Yakima Valley by providing the tools to make almost anything, space to build ideas, and a co-learning environment for all ages. The Yakima Makers Space has been

volunteer run since its inception and hosts numerous training and learning classes that are open to the public. This one time funding would support expansion of programming opportunities in calendar year 2016 as the Yakima Makers Space moves toward hiring professional staff and expanding learning opportunities for the residents of the Yakima Valley.

Airport Marketing..... \$250,000

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, the funds were used primarily on advertising encouraging increased utilization of the existing flights between Yakima and Seattle in order to convince Alaska Airlines to add a fourth flight to their SeaTac hub, which was successful. The 4th flight was added in October 2015. For 2016, funds will be used to continue 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 –

4 th of July	\$20,000	
Yakima Arts Commission	15,000	
Downtown Association of Yakima	133,000	(tax credit of \$100,000 in 2017)
Craft Beverage	20,000	
Yakima Makers Space	5,000	
Airport Marketing	<u>250,000</u>	(inc. matching grant of \$125,000)
	\$443,000	

2. Proposed Funding Source – General Fund / \$125,000 Grant

3. Public Impact – Quality of life enhancement, economic drivers.

4. Personnel Impact – None.

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

6. Legal Constraints, if applicable – Contracts for services.

7. Viable Alternatives – None.

NEW NEIGHBORHOOD PARTNERSHIPS PROGRAM/ ADD 1.0 FTE
BUDGETED

PROPOSAL

Yakima’s Neighborhood Partnership is a comprehensive neighborhood program led by the Neighborhood Engagement Manager, Neighborhood Service Teams and the community to preserve and strengthen Yakima neighborhoods. The Initiative addresses the unique needs and diverse issues in a wide variety of neighborhoods throughout the City. Through the Initiative, residents assist in identifying the prioritizing neighborhood concerns while working with a variety of city departments to address these issues. As part of the Initiative, residents and businesses are provided with education, training, and access to existing resources to address neighborhood issues. Neighborhood Service Teams are formed to create solutions to concerns identified by the neighborhood, as well as, neighborhoods creating self-directed volunteer teams to address neighborhood needs. Our objective is to provide meaningful and positive change in neighborhoods and for residents to become better organized and engaged with their neighbors, neighborhood and their City.

IMPACTS

1. Fiscal Impact –

Repurpose GFI Manager position to a	<u>2016</u>	<u>2017</u>
Neighborhood Engagement Manager position	\$100,000	\$100,000
Add one Program Assistant – to start July 1, 2016	37,000	74,000
Neighborhood grant program	<u>100,000</u>	<u>100,000</u>
	\$237,000	\$274,000

2. Proposed Funding Source – General Fund.

3. Public Impact – Strengthen the partnership and collaboration between neighborhoods and the City to support and promote safe, vibrant, inclusive and diverse neighborhoods.

4. Personnel Impact – Management will interface with the Neighborhood Service Teams to assist with developing solutions to identified needs.

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

6. Legal Constraints, if applicable – None.

7. Viable Alternatives – None.

NEIGHBORHOOD PARTNERSHIPS

Supplemental Information

STRATEGIC INITIATIVE: Neighborhood Partnership

- Vision:** Strengthen the partnership and collaboration between neighborhoods and the City to support and promote safe, vibrant, inclusive and diverse neighborhoods.
- Mission:** Yakima's Neighborhood Partnership is a comprehensive neighborhood program led by the Neighborhood Engagement Manager, Neighborhood Service Teams and the community to preserve and strengthen Yakima neighborhoods. The Initiative addresses the unique needs and diverse issues in a wide variety of neighborhoods throughout the City. Through the Initiative, residents assist in identifying the prioritizing neighborhood concerns while working with a variety of city departments to address these issues. As part of the Initiative, residents and businesses are provided with education, training, and access to existing resources to address neighborhood issues. Neighborhood Service Teams are formed to create solutions to concerns identified by the neighborhood, as well as, neighborhoods creating self-directed volunteer teams to address neighborhood needs. Our objective is to provide meaningful and positive change in neighborhoods and for residents to become better organized and engaged with their neighbors, neighborhood and their City.

Neighborhood Engagement Manager

The Neighborhood Engagement Manager is a member of the senior management team and reports directly to the City Manager. This is a newly created, at-will position that will be responsible for the overall direction and management of neighborhood engagement by developing, leading, and championing a comprehensive strategic community engagement plan that will advance the City's goal of open government, inclusiveness, and transparency. This position advises on a wide-range of communications, community related, and intergovernmental issues including developing and implementing overall policies, engagement strategies, and short and long range plans and goals to strengthen neighborhood and the City.

- Lead and coordinate the efforts of City government to involve neighborhoods in the work of the City.
- Provide guidance and leadership to City management and elected officials on how to involve neighborhoods.
- Build collaboration and coordinate neighborhood involvement across City departments.
- Build the capacity of neighborhood and community organizations.
- Develop the necessary infrastructure and organization to support neighborhood and community organizations in different parts of the City.
- Organize citywide training programs for community leaders and staff.
- Organize citywide meeting of community organizations to exchange ideas and build trust across the City.
- Attend community and networking events outside of normal business hours, including evenings and weekends, to optimize partnership opportunities.
- Develop, lead, and manage a strategic plan to accomplish broader community awareness and engagement.

- Solicit support from local non-profit agencies like United Way, Farmworkers Clinic, Yakima Community Foundation, as well as state and federal partners (legislators, AmeriCorps, etc.)
- The salary for this position is \$80,000 - \$97,365 (pay code 1275 of the City's Master Pay Ordinance) equivalent to the Economic Development Manager.

Neighborhood Partnership Program

The Neighborhood Partnership Program is a neighborhood-based program designed to encourage new, creative neighborhood efforts. The Neighborhood Partnership Program provides matching grants to neighborhood organizations for small, innovative neighborhood-based projects.

The purpose of the program is to strengthen and provide resources to neighborhood-based groups wanting to improve their neighborhoods. Additionally, it is developed to simulate partnerships between the City and neighborhood residents and business associations for new, creative neighborhood efforts such as, safety programs, education initiatives, cleanup projects, and vacant lot improvements.

Neighborhood groups and organizations will compete for grants and must match funds awarded by the City with contributions of volunteer time, cash, other partner funding, or in-kind donations of goods and services.

Grants ranging up to \$10,000 will be awarded annually. The match requirement is \$1 for \$1 and must be secured before beginning the project. If a neighborhood is economically distressed by being 40% below the 2010 census federal poverty line, or 40% below the median City household income, then a sliding scale match will be acceptable.

Applicants will compete on:

- The quality of the proposed project.
- Neighborhood participation in the project.
- Ability to build upon existing strengths and assets.
- Neighborhood's matching contribution.

A detailed description of the program and grant process is attached.

Neighborhood Cleanup and Revitalizations Efforts (CARE)

This program assists neighborhoods in completing community enhancement projects that improve the neighborhood. Requests for assistance for the following volunteer-based projects to transform neighborhood blocks could include:

- Volunteer-based reporting of graffiti in neighborhoods for removal.
- Cleanup and debris removal for alleys, vacant lots, easements, etc. and landscaping cleanup for residents in need.
- Exterior home painting for residents that are physically and/or financially unable to complete the work on their own.
- Painting of common neighborhood areas, which can include wall painting and community parks.
- Removal of abandoned buildings.

Safe Neighborhood Initiative

- Establish, maintain, and promote increased community outreach and partnerships in crime prevention and safety through neighborhood block watches, crime stoppers, neighborhood associations, schools, businesses, faith-based organization, and service clubs.
- Plan, direct, manage, and oversee an effective graffiti abatement program focused on notification, cleanup and enforcement.
- Improve neighborhood safety by partnering with police and residents to enhance street lighting in high crime and poorly lit areas.
- Initiate the development and operation of a City of Yakima Youth Commission to solicit youth input and participation in enhancing the quality of life for Yakima's youth.
- Support the police department student internship program to foster law enforcement career development.
- Assist in the development and implementation of a community court to reduce quality of life offenses in the downtown and North 1st Street areas in collaboration with the municipal court, city attorney's office, police department, indigent defense counsel, and human service providers to reduce habitual criminal activity.
- Establish and maintain linkages among public and private partnerships to ensure effective utilization of resources directed toward the prevention, intervention, and suppression of gang related crime and violence, intervening with high-risk and gang-involved youth and their families enabling the eventual departure from the gang lifestyle, and prevention of future gang proliferation through coordinated youth development strategies.

Neighborhood Grant Program Grant Guidelines

What is the Neighborhood Grant Program?

The purpose of the Neighborhood Grant Program is to encourage City residents to collaboratively identify and actively participate in making improvements to their neighborhoods. Community involvement and building relationships are key components of the program and are encouraged by suggesting that the project budget include a match amount equal to, or greater than, the grant request; coordination with and support of your neighborhood association; and documentation of neighbor support. Demonstrating responsible stewardship of our community assets while balancing our community's social and environmental values are additional components of any project proposal submitted.

Who is eligible to apply?

Proposals will only be accepted from groups of people living, working, or owning property within the neighborhood boundary in which the project is located. A neighborhood group may be an existing group whose members are from a commonly recognized geographic area (e.g. neighborhood association, business association, or school site PTA) or a group formed to work together on a specific project. PTA organizations may be funded through a contract with the parent school.

An applicant group must certify in its application that it is a not-for-profit group. Any statement found to be false prior to, during, or after commencement of a contract created pursuant to this program will be grounds for immediate cancellation of the contract and return to the City of Yakima of all monies granted.

Previous award recipients and current projects receiving grant funding are not eligible for additional program funding until outstanding projects are complete. All outstanding projects must be completed at the time of the final application deadline to be considered.

What types of project may be considered?

Grants are for smaller projects up to \$10,000. Project types include, but are not limited to:

- Neighborhood improvement: physical improvements to public areas such as landscaping and beautification, community gardens, neighborhood entrance signs, small playgrounds, street light installation, and neighborhood cleanups. Improvements to personal property are not eligible.
- Organizational development: projects that increase effectiveness and improve operations of existing neighborhood organizations or business associations. Projects may include leadership or board training and development, membership recruitment campaigns and outreach tools such as newsletters, meeting signs, brochures, and directories.
- Crime and public safety: projects to reduce crime and increase feelings of safety in the neighborhood. Projects may include Neighborhood Watch signs, citizens' patrols, National Night Out activities, crime prevention and fire safety programs, lighting improvements.
- Recreational, educational, and cultural initiatives: includes after school and tutorial programs for kids, adults, and senior citizens, using music or art enrichment and some outdoor or recreational activities.
- Neighborhood school outreach: this project category encourages partnerships between neighborhoods and the schools within them. Sample projects are reading buddy or lunch buddy programs and teacher appreciation events.
- Ineligible purchases: include salaries and administrative expenses. Annual plants are also ineligible; perennial plants are recommended. Applicants should plan to pay for these items and count those costs as part of their match. Neighborhood festivals and organized trips are limited to one per neighborhood, at a maximum grant award of \$3,000.

Are there limitations or special requirements to know about?

Applications that fail to meet all established deadlines will not be accepted.

All applications are required to go through a "pre-review" prior to submitting a final application.

Grants to groups must be endorsed by your neighborhood association. The following parameters have been established to clarify the involvement of neighborhood organizations/associations in the neighborhood grant application process:

- Grant applications will not be considered unless they have the endorsement of the organization or neighborhood association. It is up to individual neighborhood organizations or associations to decide if the endorsement happens by a Board action or is considered at a general membership meeting.
- The endorsement must be documented by an officer of the association.
- The endorsement is a "go/no go" decision. The organization or association will not rank multiple applications or recommend one application over another in their neighborhoods.
- While it is not the role of the organization or association to dictate the particulars of a grant proposal, applicants may request additional assistance from the association in writing the

grant, educating residents about the proposal, documenting and gathering pledges of support, serving as fiscal agent, etc.

- It is the applicants' responsibility to keep the organization or association apprised of any significant changes to the proposal as it moves through the review process. A re-endorsement may be requested if a proposal has changed significantly as a result of the pre-review feedback.
- In areas without an active neighborhood organization or association, applicants must work with the Neighborhood Engagement Manager to hold a public meeting to gauge resident support for their proposal.

Projects may involve private property but must provide a clear public benefit. Private property eligible for a grant includes common areas or cul-de-sac center owned by a homeowners' association. It does NOT include property owned by an individual. Documentation must be provided that confirms property owner support of the proposal and their agreement and methodology to permanently maintain public access to the site.

How are projects selected?

Proposed project will be scored and ranked on how they meet the following criteria:

- **Tangible Neighborhood Benefits (40 points)**
 - The project produces an observable, physical improvement to the neighborhood or a measurable change in the sense of local community or identity.
 - The project provides a continuing benefit into the future.
 - The project reflects a special or unique need of the neighborhood in which it is proposed or as identified in existing neighborhood-based plans or neighborhood surveys.
- **Neighborhood and Community Involvement (35 points)**
 - The project involves and fosters collaboration between neighbors and other neighborhood groups, community organizations and government agencies.
 - The project demonstrates broad neighborhood support through implementing as many of the following:
 - Write an article about the project for your neighborhood association newsletter, website or for distribution on a listserv.
 - Discuss your project at a neighborhood association meeting and other community forums.
 - For site specific projects, circulate a petition that includes adjacent residents (renters, owners and businesses) and/or post a notice of the proposal onsite with information on how to provide feedback and get involved.
 - Obtains letters of support from neighborhood and/or community organizations.
 - The project contributes to the goal of more evenly distributing grant awards throughout the community.

- **Project Readiness (15 points)**
 - The application is complete and consistent with grant guidelines.
 - The project is clearly defined and feasible.
 - For physical improvements, including landscaping, ongoing and long-term maintenance is adequately addressed.
 - The project budget is based on documented and verifiable costs and specifications.
 - The project will be managed by capable operational and fiscal managers.
 - The proposed project is compatible with plans, policies and practices of local jurisdictions.
 - For projects not confined to City property, permission has been secured for use of the site from the property owner(s).
 - The matching portion of the grant, including the availability of volunteers and donated materials, is well documented and credible.

- **Sustainability Values (10 points)**
 - Project will have a positive effect on the local economy and minimizes costs to the community, now and over the long term.
 - Project supports responsible stewardship of public resources.
 - Project contributes to social equity by meeting basic needs, benefiting vulnerable populations, promoting community safety and cultural awareness, or building community relationships and neighborhood cohesion.

- **Bonus Points (up to 5 additional points)**
 - For every 10% that the match exceeds the grant request, one bonus point will be added.

No more than a quarter (25%) of the grant funds available in a cycle will be used to fund neighborhood-based events or celebrations.

What is pre-review?

All applications are required to go through a “pre-review” prior to submitting a final application. **Pre-review deadline is _____.** Applicants that fail to meet the pre-review deadline will not have their projects considered for funding. Feedback will be provided by _____ regarding your project’s consistency with existing policies, plans, standards and work practices. The response to any staff comments must be included in your final application as an attachment. Applicants must address deficiencies identified by staff in their final applications. Inability to adequately address staff concerns may result in a project not being recommended for funding.

It is strongly recommended that applicants discuss their projects with appropriate City staff before submitting for pre-review to gain an understanding of staff expectations and Division requirements.

What are the key steps in developing a successful project?

Develop a competitive project concept. Focus on an idea that builds community and is consistent with the grant criteria. Model projects bring neighbors together, require collaboration and address a clear need. Review the grant guidelines to see if your project is a good fit.

Discuss your project concept early with appropriate City staff.

It is also prudent to contact the appropriate City department that will be involved in the review and/or permitting of your project prior to submitting any materials.

Coordinate with your neighborhood association. A neighborhood association endorsement for your project is required. Some associations meet infrequently and it may take some time to arrange to present your proposal. Applicants are strongly encouraged to initiate contact early in the application process.

Obtain additional neighborhood support. It is expected that applicants pursue a variety of means to educate residents about their project. Your application must show you have a broad base of support for the project.

Get approval for the site. If your project involves property that your organizer or applicant group does not own you will need to get written approval from the owner. For private property, the owner(s) of the parcel must approve the project. For projects on school grounds documentation is required from the school principal.

Determine resource needs. What will it cost to complete your project? Be thorough and make sure to include typical costs, such as equipment and supplies, services, volunteers, etc. as well as applicable permit fees and insurance costs.

Research permit requirements. Applicants are responsible for investigating permit requirements and associated fees. Related costs and time frames should be reflected in the project budget and schedule.

Insurance. Depending on the nature of the project, you may be required to obtain liability insurance. If your project will involve the use of a contractor, the City of Yakima will require proof of liability insurance from the contractor. The cost of insurance must be reflected in your project budget.

Develop a budget and project schedule. Project budgets should be as comprehensive and accurate as possible.

- Get cost estimates for budget items from more than one reliable source. Purchases over \$2500 require three (3) documented quotations.
- Construction projects must include a 15% cash contingency fund.
- Documentation of professional qualifications must be provided to justify professional rates.
- Projects involving City parks may be required to include a maintenance endowment in their budgets.
- Include permit and insurance costs, if applicable.

Project schedules should be realistic, reflect the schedule constraints of potential service providers or contractors, and designed to be completed by _____.

Determine and document any match. Identify all possible match resources (cash, donated resources, professional services or volunteer time) and make sure to follow the match requirements.

Call with questions or guidance.

What are the match requirements?

The match requirement is \$1 to \$1 unless the neighborhood is economically distressed by being 40% below 2010 census federal poverty line or 40% below the median City household income then a sliding scale match will be accepted. Requested grant funds may be matched by cash donations, donated materials and supplies, professional services or volunteer labor. Documentation of the match is one way of indicating broad support for the project.

The following are match requirements:

- The match may not include resources from other City departments.
- Volunteer labor or professional services contributed before the grant is awarded cannot be counted toward the match.
- All volunteer labor is valued at \$15.00 per hour based on the national value for volunteer time.
- Donated materials or supplies are valued at their retail price. Loaned equipment may also be included as part of the match and valued at the standard local rental fee.
- Cash donations may be secured with a written pledge signed by the donor, rather than collecting up front. If you have money in the bank to be used for the project, include a bank statement or a letter from the fiscal sponsor to document the funds. All cash donations must be received prior to contract execution and the expenditure of City funds.
- Professional services are valued at the reasonable and customary retail value of the product or service provided. Donors of professional services must provide the value of their contributions with documentation of professional qualifications.

Undocumented portions of the match will not be included in the total project match.

Financial obligations and procedures.

Grant Agreements: Successful applicants will enter into an agreement with the City of Yakima that sets forth the terms and conditions of the grant. **Grant recipients will not be reimbursed for expenses incurred before an agreement is in place.**

Grant requests must not exceed \$10,000. Individual purchases in excess of \$2500 require a written request to a minimum of three vendors that includes specifications of the item or service to be purchased and date of request, and quotations from three vendors. This documentation must be included as an attachment in the final application. Construction or installation projects are administered in the following way.

- For projects on **non-City property**, after the Applicant has secured all necessary approvals and/or permits, the City will pay directly all invoices and handle all procurement activities. For projects which will require maintenance once completed, adequate assurances of perpetual maintenance shall be included in the proposal and the contract (e.g. a homeowners' association will maintain the project).
- For projects on **City-owned property**, after the Applicant has secured all necessary approvals and/or permits, the City will manage the project, including the handling of procurement, and any cash match must be given to the City for disbursement. For projects which will require maintenance once completed, adequate assurance of perpetual maintenance shall be included in the proposal and the contract.

To avoid perceived conflicts of interests, applicants are discouraged from being both project lead/representative and primary paid consultants on projects.

How do I apply?

Application materials are available online www.yakimawa.gov or at the following locations:

Final applications are due by 5:00 p.m. _____. Grant awards will be announced as early as _____ but no later than _____. Completed materials should be submitted to:

_____.

PUBLIC WORKS TELEPHONE SYSTEM UPGRADE
BUDGETED

PROPOSAL

Upgrade the telephone system at Public Works to the more current technology that we have employed at City Hall and the Police Dept. This brings numerous enhancements to the system, adding many new features as well as making the entire City telephone network more streamlined and more universal in capabilities.

IMPACTS

1. **Fiscal Impact** – \$67,000 to be purchased on lease/purchase over three years.
2. **Proposed Funding Source** – Public Works Administration Fund. Costs will be shared by all users of the telephone system.
3. **Public Impact** – More efficient processing of telephone calls.
4. **Personnel Impact** – None.
5. **Required Changes in City Regulations or Policies** – None.
6. **Legal Constraints, if applicable** – None.
7. **Viable Alternatives** – None.

POLICE LEGACY CAD & RECORDS SYSTEM
BUDGETED

PROPOSAL

The Police Department is required to maintain historical criminal history information to meet the state retention rules, for investigative purposes and to have access to older and still active crime incidents. The current system/hardware that this information is stored on is outdated and beyond its useful life. We have significant concerns that this information could be lost if we don't move it to a new system and hardware.

IMPACTS

1. **Fiscal Impact** – \$150,000.
2. **Proposed Funding Source** – Law and Justice Capital Fund.
3. **Public Impact** – Compliance with record retention laws.
4. **Personnel Impact** – Implementation of a new computer software system.
5. **Required Changes in City Regulations or Policies** – None.
6. **Legal Constraints, if applicable** – required to maintain compliance with public records access and retention laws.
7. **Viable Alternatives** – None.

VIRTUAL SERVER CLUSTER
BUDGETED

PROPOSAL

The current trend in IT technology is to move away from individual hardware servers into more economical Virtual Server Clusters. These clusters take what is currently stand-alone hardware and place many of them ‘virtually’ on one piece of hardware. When completed, 20 individual servers or more (approx. \$10,000 each) will be replaced by this cluster.

IMPACTS

1. **Fiscal Impact** – Initial upfront cost of \$125,000 but offsetting over \$200,000 of future server purchases.

2. **Proposed Funding Source** –

General Fund	\$70,000
Cumulative Reserve Capital Fund (Cayenta Implementation)	<u>55,000</u>
	\$125,000

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** – Continue with current IT server structure at a higher long term cost.

VISITORS CENTER OPERATING INCREASE
BUDGETED

PROPOSAL

The Yakima Valley Visitor Information Center was originally budgeted in 2015 to be moved to Yakima Avenue. There was a lack of bidders for the project due to a heavy construction schedule of local and regional contractors. This project has now been rescheduled for early 2016.

In the new location, we anticipate higher number of visitors, a very good thing for Yakima and in particular Downtown. More visitors to the Visitor Center will also mean greater operating expenses. This request for \$6,500 will assist in covering increased supplies, hours of operation and labor to serve the new visitors.

IMPACTS

1. **Fiscal Impact** – \$6,500. An increase from \$60,000 in 2015 to \$66,500 in 2016.
2. **Proposed Funding Source** – Convention Center Operating Fund & Hotel/Motel Tax.
3. **Public Impact** – A well-stocked Visitors Center that is open for more hours. This should translate to satisfied visitors and increased business for companies advertising at the Visitors Center.
4. **Personnel Impact** – None.
5. **Required Changes in City Regulations or Policies** – None.
6. **Legal Constraints, if applicable** – None.
7. **Viable Alternatives** – None.

POTENTIAL EXPANSION DEVELOPMENT PLAN
BUDGETED

PROPOSAL

A market study for the Yakima Convention Center was completed in 2015. The study found that while the Center is performing relatively well, to remain competitive and grow convention business it is recommended that the Center possibly be expanded and a new headquarters hotel pursued. Currently the Center annually hosts more than 460 events with 104,000 attendees, generating an annual economic impact exceeding \$11.6 million annually. The Centers health and vitality is important to the City's economy, employment and tax generation.

The next steps in the process could include gathering additional information, conceptual renderings, economic feasibility study of an expansion/headquarter hotel and estimated project costs. These funds would be used for one or a combination of these efforts.

IMPACTS

1. **Fiscal Impact** – \$25,000.
2. **Proposed Funding Source** – Convention Center Capital Fund.
3. **Public Impact** – None.
4. **Personnel Impact** – None.
5. **Required Changes in City Regulations or Policies** – None.
6. **Legal Constraints, if applicable** – None.
7. **Viable Alternatives** – None.

TOURISM PROMOTION PROFESSIONAL SERVICES INCREASE
BUDGETED

PROPOSAL

This is the promotion agreement with Yakima Valley Tourism that supports the Bureau's efforts in promoting convention and tourism activities for the City of Yakima. This is a 5% increase or \$9,000. This account has not increased since 2012. Due to increased competition from around the state, maximizing these efforts is critical to bringing and keeping groups, sports and leisure travel to Yakima.

IMPACTS

1. **Fiscal Impact** – \$9,000. An increase from \$175,000 in 2015 to \$184,000 in 2016.
2. **Proposed Funding Source** – Hotel/Motel Tax.
3. **Public Impact** – Maintaining a vibrant convention and tourism industry.
4. **Personnel Impact** – None.
5. **Required Changes in City Regulations or Policies** – None.
6. **Legal Constraints, if applicable** – None.
7. **Viable Alternatives** – None.

SPORTS COMMISSION ALLOCATION INCREASE
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 2014 there were 462 sporting events held in the region.

The Yakima Valley Sports Commission (a division of Yakima Valley Tourism) 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 plays an integral part of the Sport's Commission sales efforts and operations. Our request is a modest \$7,500 increase for 2016 for a total of \$72,500 to assist the Sports Commission in their efforts to attract sporting events to the community while helping new sports projects to be successful (i.e. SOZO Sports Complex).

IMPACTS

1. **Fiscal Impact** – \$7,500. An increase from \$65,000 in 2015 to \$72,500 in 2016.
2. **Proposed Funding Source** – Hotel/Motel Tax.
3. **Public Impact** – Economic activity resulting from 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.

CONVENTION CENTER MANAGEMENT FEE INCREASE
BUDGETED

PROPOSAL

This proposal requests a \$19,800 increase to the Community Service Program (Management Fee). This line item includes wages for the Convention Center staff increasing it from \$538,300 to \$551,110 or 2.38%. The management fee to Yakima Valley Tourism increases from \$178,000 to \$185,000 or 3.9%. 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 continues to operate at a staffing level lower than our competition both statewide and nationally. Price Waterhouse Cooper (PwC) is a nationally recognized company specializing in research for Convention Centers and Tourism related entities. In 2014, PwC reported that for a facility that has less than 100,000 square feet, the facilities employed an average of 53 FTE employees. This compares to 14 FTE in Yakima.

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.

IMPACTS

1. **Fiscal Impact** – \$19,800. An increase from \$721,200 in 2015 to \$741,000 in 2016.
2. **Proposed Funding Source** – Convention Center Operating Fund. This is a combination of Hotel/Motel tax and program revenues.
3. **Public Impact** – Continuation of excellent service.
4. **Personnel Impact** – Allow adequate staffing resources to maintain the Convention Center facility and continue to provide a high level of service and support to clients and patrons.
5. **Required Changes in City Regulations or Policies** – None.
6. **Legal Constraints, if applicable** – None.
7. **Viable Alternatives** – None.

CASCADE MILL REDEVELOPMENT PROJECT
BUDGETED

PROPOSAL

In 2016, City efforts related to the redevelopment of the Cascade Mill will focus on the preparation of engineering design plans for the interchange ramps, bridges and walls. Additionally, the landfill cleanup plan should be developed in early 2016 for approval by the Department of Ecology. The City will seek funding by DOE for landfill cleanup. Right of way for the streets within the Mill District will be acquired.

IMPACTS

1. **Fiscal Impact** – \$1,500,000 - The City budget contains \$800,000 for property acquisition which should occur in 2016 for street right of way and clean up, and \$700,000 for professional services relating to the preparation of engineering design plans.
2. **Proposed Funding Source** – Yakima Redevelopment Area Capital Fund / LIFT Fund. State contribution and local match.
3. **Public Impact** – Improved access and landfill clean-up will create marketable land.
4. **Personnel Impact** – Manage acquisition process and engineering contracts.
5. **Required Changes in City Regulations or Policies** – None.
6. **Legal Constraints, if applicable** – Utilizing the LIFT funds has many constraints. Finance has been the champion for managing the compliance reports.
7. **Viable Alternatives** – Redevelopment of this site is a City Council Economic Development Priority Project. Funding in the State Budget for the interchange ramps, bridges and improvements in addition to the LIFT funds has made this project a possibility.

INCREASE FOR DANGEROUS BUILDINGS FUND
BUDGETED

PROPOSAL

At their August 18th meeting, Council authorized an additional \$100,000 be spent to address the Dangerous Building initiative to demolish and work with property owners to address the problems that the City is facing with vacant and boarded up structures due to fires and criminal activity. Because of the time frame involved in the legal process to mitigate these dangerous buildings, it is anticipated that \$40,000 may be spent in 2015, with \$60,000 being carried forward into 2016.

IMPACTS

1. **Fiscal Impact** – \$30,000.
2. **Proposed Funding Source** – General Fund. / Code Administration. It should be noted that the amount spent by the City will be added as a lien on the subject properties tax levy.
3. **Public Impact** – Cleaning up the City of Yakima by eliminating public nuisances, and unsafe properties.
4. **Personnel Impact** – Managing the remediation process.
5. **Required Changes in City Regulations or Policies** – None.
6. **Legal Constraints, if applicable** – Because of personal property rights, there are specific legal steps required before the City can intervene.
7. **Viable Alternatives** – None.

ADD ONE PART-TIME TEMPORARY - PERMIT CENTER
BUDGETED

PROPOSAL

A long-term Permit Technician is planning to retire in 2016. In order to provide adequate coverage through the transition, the Code Administration Division is proposing to add a temporary salary of \$11,000 for a three to six month period for assistance at the permit center to address customer needs and serve in an efficient manner.

IMPACTS

1. **Fiscal Impact** – \$11,000.
2. **Proposed Funding Source** – General Fund.
3. **Public Impact** – More efficient and effective process to assist customers at the counter of the permit center during a time of transition brought about by the retirement of a long-time employee.
4. **Personnel Impact** – This will assist in the workload of the permit techs and the efficiency of the permit center.
5. **Required Changes in City Regulations or Policies** – None.
6. **Legal Constraints, if applicable** – None.
7. **Viable Alternatives** – None.

TRANSFER ANIMAL CONTROL FROM CODES TO POLICE
BUDGETED

PROPOSAL

Transfer the administration and enforcement of Animal Control and the contract with the Yakima Humane Society from Code Administration to the Police Department. There is a 2016 Budget of \$256,500 after a 2.8% increase over the 2015 Yakima Humane Society Budget.

IMPACTS

1. **Fiscal Impact** – No net change.
2. **Proposed Funding Source** – General Fund.
3. **Public Impact** – Better coordinated response to public safety threats. The primary reason for this change is because Police currently respond to after hours and dangerous animal calls, so having Animal Control in the Police Department will allow for better coordination of response.
4. **Personnel Impact** – Transfer management of the program.
5. **Required Changes in City Regulations or Policies** – Changes to Chapters 6.18 and 6.20 reflecting the Yakima Police Department responsible for the administration and enforcement of the Animal Control program.
6. **Legal Constraints, if applicable** – None.
7. **Viable Alternatives** – None.

HUMANE SOCIETY CONTRACT INCREASE
BUDGETED

PROPOSAL

The City contracts with the Yakima Humane Society to provide 3 animal control officers and to support the shelter for animals arriving there from within the City limits. The Humane Society is requesting a \$3,700 or 2.8% increase in their contract to maintain an adequate level of service for City of Yakima residents and their animals.

IMPACTS

1. **Fiscal Impact** – \$3,700. An increase from \$252,800 in 2015 to \$256,500 in 2016.
2. **Proposed Funding Source** – General Fund.
3. **Public Impact** – Adequate response to animal control issues.
4. **Personnel Impact** – Manage the contract.
5. **Required Changes in City Regulations or Policies** – None.
6. **Legal Constraints, if applicable** – None.
7. **Viable Alternatives** – Not to increase the contract cost.

CITY HALL FACILITY PROJECTS
BUDGETED

PROPOSAL

The following lists of improvements are proposed for 2016, these cost are estimates only. The majority of these project have been moved up from our 2015 project list due to budget and time constraints. Failing elevator replacements/upgrades will be the priority. Our estimate is from the initial proposal, we will have a true cost by mid-December. We will continue with the list of projects as funding allows. Priorities are listed numerically.

Elevator upgrades.	\$345,000
Update the 2 nd floor lobby areas, paint walls, new carpet, updated light fixtures, two new codes/Engineering lobby doors, reposition Codes counter.	76,500
Reseal/stripe the City Hall parking lots.	16,500
Continue with emergency generator system expansion in designated areas other than the Info Tech department.	10,000
Add/update four security video cameras.	9,000
Install a City Hall public address system for emergency notification.	8,500
Update basement flooring in hallways, break room.	14,000
Remodel Men's restroom and locker area.	35,000
Update 1 st floor main restrooms.	30,000
Finance remodel.	40,000
Contingency	<u>15,500</u>
	\$600,000

IMPACTS

1. **Fiscal Impact** – \$600,000.
2. **Proposed Funding Source** – REET 1.
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** – Not to increase the contract cost.

DIGITAL CAMERAS FOR PATROL DIVISION
BUDGETED

PROPOSAL

Photographic evidence is an integral part of many police investigations. Officers must record injuries or damage. Currently, only sergeants and a limited number of patrol officers are assigned cameras. Sergeants are frequently requested to respond to various locations across the city, preventing them from conducting their assigned supervisory duties. Additionally, an officer can be tied up at a call waiting for a camera. The department proposes purchasing ninety (90) digital cameras costing about \$165 each to assign to all patrol units.

IMPACTS

1. **Fiscal Impact** – \$15,000.
2. **Proposed Funding Source** – General Fund.
3. **Public Impact** – This initiative would improve public safety by freeing up officers' time, clearing calls more quickly and allowing more proactive patrol. Accountability would be increased by reducing sergeants' time taking photos and permitting them to effectively supervise their staff.
4. **Personnel Impact** – None.
5. **Required Changes in City Regulations or Policies** – None.
6. **Legal Constraints, if applicable** – None.
7. **Viable Alternatives** – 1) Continue operating under current system with limited cameras available; or 2) Research supplying officers with cellular telephones with camera capability. However, this option has monthly ongoing expenses.

REPLACEMENT PROGRAM FOR POLICE MOTORCYCLES
BUDGETED

PROPOSAL

The department proposes purchasing two (2) Harley-Davidson police motorcycles in 2016, and to continue the purchase of two (2) motorcycles each year in order to replace the aging motorcycle fleet.

IMPACTS

1. **Fiscal Impact** – \$65,000.
2. **Proposed Funding Source** – Law & Justice Capital.
3. **Public Impact** – The motorcycle fleet is part of the traffic unit. This initiative would improve public safety by having a reliable fleet to conduct traffic enforcement and respond to collisions. It will improve officer safety by ensuring the motorcycles are in good working order.
4. **Personnel Impact** – None.
5. **Required Changes in City Regulations or Policies** – None.
6. **Legal Constraints, if applicable** – None.
7. **Viable Alternatives** – Continue operating with aging equipment and pay higher maintenance costs.

TASER REPLACEMENT
BUDGETED

PROPOSAL

The Yakima Police Department utilizes a variety of less-lethal options for apprehending suspects. Tasers are carried by most officers, but there has been no equipment upgrade or replacement for several years. As many of the department's taser units are beyond their serviceable life, the department proposes purchasing fifteen (15) new tasers and Electronic Control Management (ECM) units.

IMPACTS

1. **Fiscal Impact** – \$20,000.
2. **Proposed Funding Source** – General Fund.
3. **Public Impact** – This initiative would increase public safety by giving officers a reliable, less-lethal option to detain offenders.
4. **Personnel Impact** – None.
5. **Required Changes in City Regulations or Policies** – None.
6. **Legal Constraints, if applicable** – None.
7. **Viable Alternatives** – Continue operating without equipment.

FIRE APPARATUS (2015 STRATEGIC INITIATIVES)
BUDGETED

PROPOSAL

This initiative was approved in 2015, but because of the time related to ordering the apparatus, it will be carried forward into 2016. See below for the original write-ups.

Fire Engine

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.

Ladder Truck

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** – 2015 Strategic Initiatives total for both vehicles was \$1,600,000. The current 2016 estimate is \$1,510,000 for both vehicles.

2. **Proposed Funding Source** – Fire Capital Fund-State LOCAL lease program, with annual debt service estimated to be \$171,000 per year for 10 years. General Fund would pay for future debt service.
3. **Public Impact** – Increased reliability and reduced vehicle down time and maintenance costs.
4. **Personnel Impact** – None.
5. **Required Changes in City Regulations or Policies** – None.
6. **Legal Constraints, if applicable** – None.
7. **Viable Alternatives** – None.

ADD 3.0 FIREFIGHTERS
BUDGETED

PROPOSAL

This proposal is to hire 3 firefighters as part of the contractual agreement with Local 469, which will place one additional firefighter on each shift.

IMPACTS

1. **Fiscal Impact** – \$264,000.
2. **Proposed Funding Source** – General Fund. The increased cost for the permanent positions will be offset by a reduction in overtime.
3. **Public Impact** – None.
4. **Personnel Impact** – Increase personnel by 3.0 positions and reduce overtime by a similar amount, as additional personnel is available to fill out shifts.
5. **Required Changes in City Regulations or Policies** – None.
6. **Legal Constraints, if applicable** – None.
7. **Viable Alternatives** – None.

INCREASE TRAINING BUDGET
BUDGETED

PROPOSAL

The Rescue 1 Class will provide a structured, credentialed technical rescue training curriculum for 15 department members who currently serve on the Technical Rescue Team.

IMPACTS

1. **Fiscal Impact** – \$10,000.
2. **Proposed Funding Source** – General Fund.
3. **Public Impact** – No known negative impacts. Positive impacts are a better trained team.
4. **Personnel Impact** – None.
5. **Required Changes in City Regulations or Policies** – None.
6. **Legal Constraints, if applicable** – None.
7. **Viable Alternatives** – None.

STATION 95 ANNEX PROJECT
BUDGETED

PROPOSAL

The funds requested for this project are to construct a pole-type storage garage at Station 95 to house fire apparatus, technical rescue vehicles, a rescue boat and other response units. Currently these pieces of equipment are stored outside and are exposed to the elements.

IMPACTS

1. **Fiscal Impact** – \$257,000.
2. **Proposed Funding Source** – Fire Capital.
3. **Public Impact** – Better protection from the elements for valuable firefighting apparatus and equipment.
4. **Personnel Impact** – None.
5. **Required Changes in City Regulations or Policies** – None.
6. **Legal Constraints, if applicable** – None.
7. **Viable Alternatives** – None.

STATION 95 SLEEPING QUARTERS
BUDGETED

PROPOSAL

The funds requested for this project will remodel the dormitory-type sleeping quarters at Station 95 with individual sleeping quarters. Station 95 is the last remaining City fire station still utilizing the dormitory concept.

IMPACTS

1. **Fiscal Impact** – \$75,000.
2. **Proposed Funding Source** – Fire Capital.
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.

PURCHASE A WATER TENDER
BUDGETED

PROPOSAL

This initiative relates to the purchase of a water tender (a large truck used to transport firefighting water to areas not served by fire hydrants). An agreement with Yakima County Fire District 11 (Broadway), includes the purchase of a used water tender. The purchase is primarily for use within the geographical area of Broadway. However, there are areas within the city of Yakima where no hydrants exist, such as: YKM, the Yakima Greenway, and some residential and unimproved areas. The Yakima Fire Department will be the sole owner/operator of the tender. Costs will be shared between the City of Yakima and Broadway Fire District as identified below.

IMPACTS

1. **Fiscal Impact** – \$125,000. Cost will be shared between Broadway and Yakima in the amounts of up to \$75,000 and \$50,000 respectively. An amount of up to \$50,000 represents a one-time cost for the City. The Broadway Fire District will reimburse the City \$25,000 per year for 3 years.
2. **Proposed Funding Source** – Fire Capital.
3. **Public Impact** – Potential for positive impacts with having a large mobile water supply for emergency responses.
4. **Personnel Impact** – None.
5. **Required Changes in City Regulations or Policies** – Interlocal Agreement between the City and Broadway Fire District.
6. **Legal Constraints, if applicable** – None.
7. **Viable Alternatives** – None.

AIRPORT CAPITAL
BUDGETED

PROPOSAL

The Airport has one carryover project for FY 2016.

Alpha Taxiway \$10,120,000

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.

IMPACTS

1. **Fiscal Impact** – \$10,120,000.
2. **Proposed Funding Source** – Airport Capital supported by an FAA grant.
3. **Public Impact** – Safer taxiway.
4. **Personnel Impact** – Manage contract for services and grant.
5. **Required Changes in City Regulations or Policies** – None.
6. **Legal Constraints, if applicable** – None.
7. **Viable Alternatives** – None.

VEHICLE SECURITY GATES
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. The airport administration in conjunction with the Federal Aviation Administration have identified two areas of Capital Improvements for 2016.

This first improvement is the replacement of the airport's vehicle security gates. The airport is equipped with a variety of gates which allow for emergency, airport, pedestrian vehicles to access the airfield to conduct regular aviation business. These gates keep unauthorized vehicles and personnel outside the airport's perimeter fence to ensure aircraft can continue to operate safely on the airfield. Unfortunately, the majority of these vehicle gates have outlived their useful life and require constant maintenance.

IMPACTS

1. **Fiscal Impact** – \$700,000.
2. **Proposed Funding Source** – Airport Capital Fund

Airport Improvement Program (Grants):

Federal Aviation Administration / 90%	\$630,000
Local - Passenger Facility Charge / 10%	70,000

3. **Public Impact** – Reliability of vehicle gates for airport tenants to access the airfield to conduct day-to-day business.
4. **Personnel Impact** – None.
5. **Required Changes in City Regulations or Policies** – None.
6. **Legal Constraints, if applicable** – None.
7. **Viable Alternatives** – None.

SNOW REMOVAL EQUIPMENT
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. The airport administration in conjunction with the Federal Aviation Administration have identified two areas of Capital Improvements for 2016.

This second improvement is the design and purchase of a second Snow Removal Equipment to ensure airport personnel have ample equipment to remove snow during inclement weather. This additional piece of equipment will be similar to the Carrier and Broom recently acquired and replace a 1982 truck/plow combo, which has outlived its useful life.

IMPACTS

1. **Fiscal Impact** – \$600,000.
2. **Proposed Funding Source** – Airport Capital Fund

Airport Improvement Program (Grants):

Federal Aviation Administration / 90%	\$540,000
Local - Passenger Facility Charge / 10%	60,000

3. **Public Impact** – Improved safety by increasing efficiencies with snow removal operations.
4. **Personnel Impact** – None.
5. **Required Changes in City Regulations or Policies** – None.
6. **Legal Constraints, if applicable** – None.
7. **Viable Alternatives** – None.

TAXIWAY REHABILITATION
BUDGETED

PROPOSAL

City Council adopted the Airport Master Plan in 2015, of which highlighted a variety of required capital improvement projects for the airport. Two projects listed in the plan are replacement of Taxiway Bravo edge lighting and installation of enhanced pavement markings throughout the airfield.

The Taxiway Bravo edge lighting is one of the original lighting circuits installed on airport property and has outlived its useful life. The system will be designed to current Federal Aviation Administration standards and will be constructed with new LED technology to mirror surrounding infrastructure.

Both projects will be designed in 2016 followed by construction in 2017.

IMPACTS

1. **Fiscal Impact** – \$225,000 – design only.
2. **Proposed Funding Source** – Airport Capital Fund

Airport Improvement Program (Grants):

Federal Aviation Administration / 90%	\$202,500
Local - Passenger Facility Charge / 10%	22,500

3. **Public Impact** – Replacement of Taxiway edge lighting system will provide the aviation industry reliable visual navigation aids as they traverse the airfield. In addition to the Taxiway edge lighting system upgrade, the enhanced airfield markings will mirror other airfield markings to provide increased visibility which will provide additional level of safety as aircraft navigate on the airfield.
4. **Personnel Impact** – None.
5. **Required Changes in City Regulations or Policies** – None.
6. **Legal Constraints, if applicable** – None.
7. **Viable Alternatives** – None.

UTILITIES & ENGINEERING
2016 STRATEGIC INITIATIVE

ARTERIAL STREETS CAPITAL IMPROVEMENTS
BUDGETED

PROPOSAL

The Streets Division has several carryover and smaller new projects for FY 2016.

Nob Hill & Fair Intersection (2143)	\$21,000
Wide Hollow Creek Bridges (2388)	198,000
N. First Street Revitalization, Phase I (2340)	5,000
N. First Street Revitalization, Phase II (2390)	6,855,000
Bicycle Master Plan (2398)	1,050
Airport 21 st Avenue Improvements (2410)	152,000
Adam/Washington Vicinity Sidewalks (2412)	75,000
Garfield Elementary Safety Improvements (2413)	32,000
64 th & Tieton Intersection (2282)	605,000
Lincoln Corridor Safety (2344)	<u>300,000</u>
	\$8,244,050

IMPACTS

1. **Fiscal Impact** – \$8,244,050.
2. **Proposed Funding Source** – Arterial Streets Capital Fund. Phase II of the North 1st Street revitalization is proposed to be funded with Councilmanic General Obligation Bonds (\$6.0 million). Most other projects are supported by grants which use the arterial street gas tax allocation as local match.
3. **Public Impact** – Improved safety and functionality for City streets.
4. **Personnel Impact** – Manage the bid process and contracts.
5. **Required Changes in City Regulations or Policies** – None.
6. **Legal Constraints, if applicable** – Applicable bid processes.
7. **Viable Alternatives** – None.

ROAD IMPROVEMENTS
BUDGETED

PROPOSAL

In August of 2013, 72% of voters supported a City Charter amendment requiring the City to invest at least \$2 million annually on the restoration or reconstruction of Yakima streets. With the cost to rehabilitate one lane mile of road with a grind and overlay project being approximately \$180,000, using a pay-as-you-go approach would allow approximately 11 lane mile to be rehabilitated each year. It was determined that the poor condition of the roadways warranted a more aggressive approach. Therefore, bonds were acquired in 2013 and 2014 that allowed the rehabilitation of approximately 120 lane miles of City streets. As a result of these projects, the average Pavement Condition Index (PCI) for the approximately 802 lane miles of City Streets has increased to 65. Approximately 2% of the roads are currently classified as failed, and 10% of the roads are projected to attain a failed classification by 2020. Public response to these projects to improve the condition of the streets has been very positive.

In an effort to better understand the condition of the City Streets, the City entered into a Professional Services Agreement with Visual Pavement Rating Services to evaluate the conditions of all City Streets in 2015.

This updated road condition information will be used to determine the roads most in need of repair. Staff proposes to continue the road rehabilitation work done in 2013 and 2014 by rehabilitating approximately 30 lane miles of City Streets during 2016 with an estimated cost of \$5 million. The voter approved \$2 million is being used to pay debt service on the projects done in 2013 and 2014. Debt service on \$5 million for a 10 year term is estimated to be about \$600,000. The bonded debt for River Road street improvements will be paid in May 2017, and had an annual debt service of \$220,000 serviced by the Arterial Street Gas Tax. Additionally, a Public Works Trust fund loan for street purposes is retiring in July of 2015, freeing up \$55,000 in Arterial Street Gas Tax for a total of \$270,000. This leaves a debt service requirement of about \$330,000 to be supported by General Fund. Debt service would begin in 2017.

IMPACTS

1. **Fiscal Impact** – \$5,000,000
2. **Proposed Funding Source** – Councilmanic General Obligation Bonds, \$5,000,000 in the Street Capital Fund.
3. **Public Impact** – Reinvestment in infrastructure to bring 30 lane miles of roads back into good condition.
4. **Personnel Impact** – None.
5. **Required Changes in City Regulations or Policies** – None.
6. **Legal Constraints, if applicable** – Council will need to approve a bond ordinance in order to issue debt.
7. **Viable Alternatives** – None.

YAKIMA CENTRAL PLAZA
BUDGETED

PROPOSAL

The Yakima Central Plaza design and construction documents will be complete and ready to put out to competitive bid in the spring of 2016 upon council approval. The project includes a market hall, concert stage, a shaded grove, interactive water features and parking. The Yakima Central Plaza has been identified by the Yakima City Council as a priority project to continue the revitalization of Yakima's downtown district.

IMPACTS

1. **Fiscal Impact** – \$2,800,000

The Central Business District Capital Fund includes \$400,000 to finish the design and \$2.4 million to start the project. The funding sources include a community donation of \$600,000, City contribution from REET 2 of \$200,000 (to finish design), and Bond issue of \$2 million.

2. **Proposed Funding Source** – CBD Capitol Fund, REET 2, Community donation and bond issue.

3. **Public Impact** – Economic Development and Business Development.

4. **Personnel Impact** – Staff liaisons for the construction of the project.

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

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

7. **Viable Alternatives** – None.

UTILITIES & ENGINEERING / WASTEWATER
2016 STRATEGIC INITIATIVE

WASTEWATER CAPITAL
BUDGETED

PROPOSAL

The Wastewater Division has several carryover and smaller new projects for FY 2016.

Major equipment repair and replacement	700,000
Beech St Interceptor, Phase III	4,000,000
Contingency/future projects	500,000
Congdon Sewer Main	100,000
Toscana Dev. Castlevale/Fechter	400,000
Dry Storage Building	500,000
Carriage Hill Lift Station	200,000
Major Repair/R&M Contractors	10,000
Riparian Outfall, Phase III	1,000,000
Plant Solids Handling Improvements Design	200,000
Facility Plan	<u>180,000</u>
	\$7,790,000

IMPACTS

1. **Fiscal Impact** – \$7,790,000.
2. **Proposed Funding Source** – Wastewater Capital.
3. **Public Impact** – Improved infrastructure for the wastewater systems.
4. **Personnel Impact** – Manage engineering and contracts.
5. **Required Changes in City Regulations or Policies** – None.
6. **Legal Constraints, if applicable** – Proper procurement.
7. **Viable Alternatives** – None.

WATER CAPITAL
BUDGETED

PROPOSAL

The Water has several carryover and smaller new projects for FY 2016.

Automated Meter Reading Project (AC2261) \$25,000

Install the last few meters, several large meters where scheduling an outage has been problematic and replacing the last 120 5/8 meters which require replacement from the main to the meter outleg.

Naches River Water Treatment Plant River Intake (AC2335) \$750,000

Designing and permitting a project that meets the many stakeholders. Expect to complete design and begin construction in 2016

Water Main Replacement in the N. 1st Street Project from MLK to US 12 (AC2391)..... \$1,000,000

Replacement of the two water mains in N. 1st Street from MLK to about I Street in 2016.

2016 Water Main Replacement (AC2418) \$125,000

Replace private water mains and aging water main where frequent leaks have occurred.

Six Year Water System Plan..... \$150,000

The Department of Health requires every water system to complete, adopt and obtain approval for a Water System Plan. The Plan has a description of the current system, planned and required improvements (CIP), estimated demand for the next twenty-five years and an evaluation of water rights to meet those demands, evaluation of the Water Efficiency Goals and Measures and financial capacity maintain operations and fund the CIP.

IMPACTS

1. **Fiscal Impact** – \$2,050,000
2. **Proposed Funding Source** – Water Capital.
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.

IRRIGATION CAPITAL PROJECTS
BUDGETED

PROPOSAL

The Irrigation Division has several carryover and small new projects for FY 2016.

Original 2005 Irrigation System Rebuild Bond Payment..... \$317,742

Irrigation System Improvement (IC2010)..... \$1,000,000

Multiyear project (close to 10 years) – Consolidation of the Fruitvale Canal the General Irrigation Diversions at Nelson Dam. Designing a project that meets the many permitting requirements of the many stakeholders, moving the Fruitvale Water Rights to Nelson Dam, Designing a replacement Nelson Dam, Construction of the dam. Designing and permitting in 2016 with construction in the fall of 2017.

Replace Mains and Pumps (IC2417) \$25,000

Replace aging irrigation mains where frequent leaks occur and replace aging pumping equipment when pumps fail.

IMPACTS

1. **Fiscal Impact** – \$1,025,000.
2. **Proposed Funding Source** – Irrigation Capital.
3. **Public Impact** – More reliable irrigation system infrastructure.
4. **Personnel Impact** – None.
5. **Required Changes in City Regulations or Policies** – None.
6. **Legal Constraints, if applicable** – None.
7. **Viable Alternatives** – None.

STORMWATER CAPITAL
BUDGETED

PROPOSAL

The Stormwater Division has several carryover and small new projects for FY 2016.

N. 1 st Street Revitalization Project	\$1,790,000
Randall Park reconstruction	50,000
Cascade Mill site	160,000
Contingency	<u>400,000</u>
	\$2,400,000

IMPACTS

1. **Fiscal Impact** – \$2,400,000.
2. **Proposed Funding Source** – Stormwater Capital.
3. **Public Impact** – Improved Stormwater infrastructure, done in conjunction with the other projects.
4. **Personnel Impact** – Manage bid process and contracts.
5. **Required Changes in City Regulations or Policies** – None.
6. **Legal Constraints, if applicable** – Proper procurement.
7. **Viable Alternatives** – None.

SECURITY UPGRADE
BUDGETED

PROPOSAL

The City of Yakima's Public Works Division is in need of upgrading its security to address safety and traffic concerns at the east side gate. To ensure the safety of our staff, particularly after hours and on weekends, it is the desire of the Public Works Division to implement further means of security throughout the complex. The goal of the Public Works Administration is to keep the gates closed at all times and only give access to employees who scan their City issued vehicle cards. This will ensure that personnel have permission to enter as well as keep electronic record of who is on the premises at all times. For vendors who are making deliveries, an intercom system will be installed so they can call the appropriate department and be granted permission to be on the complex.

IMPACTS

1. **Fiscal Impact** – \$40,000.
2. **Proposed Funding Source** – Public Works Administration Fund.
3. **Public Impact** – Increased security for Public Works staff and visiting vendors.
4. **Personnel Impact** – None.
5. **Required Changes in City Regulations or Policies** – None.
6. **Legal Constraints, if applicable** – None.
7. **Viable Alternatives** – Accept the current status of security and liability issues at the Public Works Complex.

PURCHASE SEVEN REPLACEMENT BUSES
BUDGETED

PROPOSAL

This initiative is part of Yakima Transit's Fleet Replacement Program. Yakima Transit is in the process of purchasing seven new buses for the fixed-route bus system that will arrive in 2016 and 2017. Grant funding (\$2.4M) has been obtained to help offset the total cost of the purchase (\$3.1M). The new buses will replace several buses in the fleet that have exceeded 400,000 miles.

IMPACTS

1. **Fiscal Impact** – \$3,094,000.
2. **Proposed Funding Source** – Transit Capital and WSDOT grant funds.
3. **Public Impact** – Newer, more reliable transit fleet, with lower emissions.
4. **Personnel Impact** – Prepare purchasing specifications and manage the procurement process.
5. **Required Changes in City Regulations or Policies** – None.
6. **Legal Constraints, if applicable** – None.
7. **Viable Alternatives** – None that are anticipated to achieve the same outcome.

PURCHASE SEVEN REPLACEMENT VANS
BUDGETED

PROPOSAL

This initiative is part of Yakima Transit's Fleet Replacement Program. Yakima Transit is in the process of purchasing seven new vans for the Vanpool program that will arrive in 2016. The new vehicles will replace several inefficient vehicles in the fleet that have exceeded their useful life. Grant funding is anticipated through the Washington State Department of Transportation Vanpool Investment Program.

IMPACTS

1. **Fiscal Impact** – \$294,000.
2. **Proposed Funding Source** – Transit Capital and WSDOT grant funds.
3. **Public Impact** – Newer, more reliable vans for the Vanpool program.
4. **Personnel Impact** – Managing the procurement process.
5. **Required Changes in City Regulations or Policies** – None.
6. **Legal Constraints, if applicable** – None.
7. **Viable Alternatives** – None.

PURCHASE SEVEN REPLACEMENT VANS
BUDGETED

PROPOSAL

This initiative is part of Yakima Transit's Fleet Replacement Program. Yakima Transit is in the process of purchasing seven new paratransit vehicles (four minivans and three cutaway buses) for the Dial-a-Ride program that will arrive in 2016. The new vehicles will replace several inefficient vehicles in the fleet that have exceeded their useful life.

The paratransit program is required by the Federal Transit Administration as a result of Yakima Transit operating fixed-route bus service.

IMPACTS

1. **Fiscal Impact** – \$594,000.
2. **Proposed Funding Source** – Transit Capital.
3. **Public Impact** – Newer, more reliable vehicles for the Dial-a-Ride program.
4. **Personnel Impact** – Managing the procurement process.
5. **Required Changes in City Regulations or Policies** – None.
6. **Legal Constraints, if applicable** – None.
7. **Viable Alternatives** – None.

PASSENGER SHELTERS
BUDGETED

PROPOSAL

This initiative is part of Yakima Transit's efforts to build the fixed-route bus system and provide appropriate amenities for passengers. Yakima Transit intends to purchase ten passenger shelters for the fixed-route bus system. Currently, there are only 28 passenger shelters within the City of Yakima. During inclement weather (rain, snow, cold, heat), passenger shelters are there to protect the passengers waiting for a bus from the elements.

IMPACTS

1. **Fiscal Impact** – \$80,000.
2. **Proposed Funding Source** – Transit Capital.
3. **Public Impact** – More comfortable places to wait for the bus.
4. **Personnel Impact** – None.
5. **Required Changes in City Regulations or Policies** – None.
6. **Legal Constraints, if applicable** – None.
7. **Viable Alternatives** – None that are anticipated to achieve the same outcome.

PASSENGER COUNTERS FOR FIXED ROUTE
BUDGETED

PROPOSAL

This initiative is part of Yakima Transit's efforts to build the fixed-route bus system and provide reliable information for modifying service and reporting to government agencies. Yakima Transit is in the process of developing a software program that will provide route-stop data for each route to help determine whether or not service should be provided, modified, or expanded, as well as help determine where passenger shelters should be located. Currently, Yakima Transit utilizes a clicker on each bus to account for ridership. Unfortunately, the only data available from that method is to determine how many passenger trips were taken on that route for that day. The new passenger counters will utilize tablets and will route data back to Transit to prevent data loss and assist YPD in the event there is an issue on a bus.

IMPACTS

1. **Fiscal Impact** – \$70,000.
2. **Proposed Funding Source** – Transit Operating.
3. **Public Impact** – More accurate data to plan the most efficient routes.
4. **Personnel Impact** – Developing and implements a computer software system.
5. **Required Changes in City Regulations or Policies** – None.
6. **Legal Constraints, if applicable** – None.
7. **Viable Alternatives** – None.

PASSENGER COUNTERS FOR DIAL-A-RIDE
BUDGETED

PROPOSAL

This initiative is part of Yakima Transit's efforts to provide reliable information for Yakima Transit's Dial-a-Ride program for reporting to government agencies and properly compensating our paratransit contractor. Yakima Transit is in the process of developing a software program for the fixed-route system to count passengers. Yakima Transit has a similar need in the Dial-a-Ride program. Data reported by our contractor is inconsistent and not as reliable as it could be. The new passenger counters will also utilize tablets and will route data back to Transit to prevent data loss and assist YPD in the event there is an issue on a bus. Yakima Transit should be able to use the older but still useable modems and other required equipment that was replaced on the fixed route buses. Yakima Transit will also be able to utilize the equipment to track vehicles. Tracking the vehicles will assist our paratransit contractor to provide better, more efficient service, which will cut down on overall costs to provide the service.

IMPACTS

1. **Fiscal Impact** – \$50,000.
2. **Proposed Funding Source** – Transit Operating.
3. **Public Impact** – More efficient Dial-a-Ride service.
4. **Personnel Impact** – Implementing a computer software system.
5. **Required Changes in City Regulations or Policies** – None.
6. **Legal Constraints, if applicable** – None.
7. **Viable Alternatives** – None.

ADD ONE TRANSIT MAINTENANCE CREW LEADER
BUDGETED

PROPOSAL

This initiative adds a Maintenance Crew Leader. This position will oversee four employees and will be a working position filling in as either a Service Worker or a Vehicle Cleaner, as needed. Currently, there is limited supervision over the evening crew and there have been issues in the recent past as it relates to the current employees' workload and activities. Yakima Transit utilizes two temporary vehicle cleaner employees to fill in during vacations for the vehicle cleaner positions. A similar temporary is not available for the Service Workers. Upon filling this position, the temporary staff will no longer be utilized. Supervisors are currently responsible for these employees, but cannot overlap their schedules to provide adequate supervision.

IMPACTS

1. **Fiscal Impact** – \$54,000.
2. **Proposed Funding Source** – Transit Operating.
3. **Public Impact** – None.
4. **Personnel Impact** – Adding one Maintenance Crew Leader.
5. **Required Changes in City Regulations or Policies** – None.
6. **Legal Constraints, if applicable** – None.
7. **Viable Alternatives** – None.

ADD ONE TRANSIT FIELD SUPERVISOR
BUDGETED

PROPOSAL

This initiative adds an additional field operations supervisor. Currently, there are two field operations supervisor overseeing a total of 52 employees. An additional supervisor is necessary for not only supervisory purposes when another supervisor is on vacation, sick or otherwise out of the office, but also on the weekends which doesn't have a supervisor. This individual will also be responsible for all new hire training and regular ongoing FTA-required training.

IMPACTS

1. **Fiscal Impact** – \$85,000.
2. **Proposed Funding Source** – Transit Operating.
3. **Public Impact** – None.
4. **Personnel Impact** – Adding one Transit Field Supervisor.
5. **Required Changes in City Regulations or Policies** – None.
6. **Legal Constraints, if applicable** – None.
7. **Viable Alternatives** – None.

ELECTRONIC ROUTING SYSTEM
BUDGETED

PROPOSAL

City of Yakima Solid Waste and Recycling Division (SWRD) makes every effort to excel in quality solid waste management for the 93,000 citizens of Yakima. The core business of SWRD is to provide weekly curbside residential garbage and yard waste service to approximately 25,650 residential customers. To insure optimum operational field efficiencies and improved customer service, the Division is proposing to replace its antiquated paper route system with an electronic routing system. The system will transmit routes and other information to drivers while offering business intelligence reports, mapping, and real-time visibility into routes to dispatchers, customer service reps and supervisors. In addition, the electronic routing system will interface with the City of Yakima's new billing system, Cayenta, which will enable the system to immediately capture and report additional fees from the field. The electronic routing system is being designed in-house by the City's Information Technology Department. The estimated cost for the transition from paper routing to electronic is approximately \$25,000 for the purchase and installation of the hardware (tablets) and the yearly communication fees.

IMPACTS

1. **Fiscal Impact** – \$25,000 per year.
2. **Proposed Funding Source** – Refuse Operating Fund.
3. **Public Impact** – Improved efficiency by providing real-time information/service delivery for customers.
4. **Personnel Impact** – Develop and implement a computer software system.
5. **Required Changes in City Regulations or Policies** – None.
6. **Legal Constraints, if applicable** – None.
7. **Viable Alternatives** – None.

REFUSE RATE INCREASE
BUDGETED

PROPOSAL

City of Yakima Solid Waste and Recycling Division (SWRD) makes every effort to excel in quality solid waste management for the 93,000 citizens of Yakima. The core business of SWRD is to provide weekly curbside residential garbage and yard waste service to approximately 25,650 residential rate payers. The recent annexation and growth within the city limits and increased cost for equipment purchase, repair and maintenance requires the SWRD to realign its budget to reflect the true cost of services. This initiative proposes a 12% increase in Refuse rates for 2016 for expenses relating to the cost of services.

The City of Yakima's Solid Waste and Recycling Division has not had a rate increase applied to its operational costs since 2008. Since that time, an inflation rate exceeding 14% has been allowed to deplete the Division's reserves and by 2016, 55% of the Refuse collection trucks will have exceeded their life expectancy of 7 years leading to a significant increase in maintenance costs.

Current rates for waste collection services do not cover the cost of service. In a work session in April 2014, City Council was notified of the issue when the cost for residential services were presented for discussion. In the fall of 2014, staff followed up by presenting a rate request to Council. The request was based upon a Rate Study conducted by Bell and Associates, Inc., that illustrated an annual deficit of nearly \$300,000 within the Solid Waste Division due to the fact that rates have not been adjusted since 2008 and rates implemented over previous years were not set at the costs of service. The City Council decided to defer any Refuse rate increase until 2015 and directed staff to eliminate approximately \$300,000 from its 2015 budget. These cuts included elimination of the Refuse Code Enforcement Officer position, abatement of litter and debris accumulating in alleyways and in the public right of way; shopping cart collection and removal, illegal dump and community clean ups events and the Fall Leaf Bag Collection Program.

During a Study Session on July 28, 2015, the Solid Waste and Recycling Division once again presented an updated rate increase proposal based on current cost of service and an anticipated deficit of \$321,000 for fiscal year 2016. It was discussed that in order to provide residential services that are fair and equitable to all residents, collection rates need to be established based upon cost of service to ensure:

- Reliable and sustainable services
- An operating reserve of 12% or 45 days
- Fund capital replacement reserves sufficient to replace assets (trucks) when needed to avoid service interruption.
- Adjustments for inflation and increased operational costs
- Adhere to financial management policies and stewardship of public funds

IMPACTS

1. **Fiscal Impact** – Approximately \$767,000 in revenue.
2. **Proposed Funding Source** – Refuse Operating customer base.
3. **Public Impact** – City of Yakima Refuse Division continues to provide garbage, yard waste and bin service to residential accounts. This proposal will impact the public through a 12% increase in the Refuse rates.
4. **Personnel Impact** – None.
5. **Required Changes in City Regulations or Policies** – City ordinances revising the Refuse rate schedule will be required.
6. **Legal Constraints, if applicable** – None.
7. **Viable Alternatives** – Start eliminating residential garbage and yard waste service to our customers.

REFUSE RATE INCREASE

Supplemental Information

PROPOSED RESIDENTIAL COLLECTION RATES

	32 gallon garbage	96 gallon garbage	64 gallon yard debris	96 gallon yard debris
Current Rate	\$10.00	\$17.02	\$7.01	\$12.82
Proposed Rate	\$16.02	\$18.32	discontinue	\$14.82
\$ Increase/month	\$6.02	\$1.30	-----	\$2.00
# of Customers	7,858	17,789	1,036	5,426

COST OF SERVICE DETAIL FOR SOLID WASTE CART COLLECTION

	96 gal Cart	32 gal Cart
Labor Expense	\$2.93	\$2.93
Collection Expense	\$2.56	\$2.56
Administration Expense	\$1.63	\$1.63
Interfund Transfers	\$1.02	\$1.02
Disposal	\$3.46	\$1.73
Truck Replacement	\$1.66	\$1.66
Roll Cart Replacement	\$0.60	\$0.43
Total Collection Cost	\$13.86	\$11.96
471 Fund Replenishment	\$1.30	\$1.30
WA Refuse Tax (5.1% of Collection Cost)	\$0.72	\$0.62
Utility Tax (15% of Collection Cost)	\$2.18	\$1.88
Illegal Dump / Com Clean-Ups	\$0.26	\$0.26
Cost of Service Monthly Rate	\$18.32	\$16.02
\$ Increase from current rate	\$1.31	\$6.02
% Increase from current rate	7.7%	60%

COST OF SERVICE DETAIL FOR YARD WASTE CART COLLECTION

	96 gal Cart
Labor Expense	\$4.26
Collection Expense	\$2.16
Admin Expense	\$2.26
Inter-fund Transfers	\$0.78
Disposal	\$1.09
Truck Replacement	\$1.41
Roll Cart Replacement	\$.075
Total Collection Cost	\$12.72
WA B&O Tax (1.5%)	\$0.19
Utility Tax (15% of Collection Cost)	\$1.91
Cost of Service Monthly Rate	\$14.82
\$ Increase from current rate	\$2.00
% Increase from current rate	15.6%

COST OF SERVICE DETAIL FOR BIN COLLECTION

Description	2 Yd. Bin	4 Yd. Bin	6 Yd. Bin
Current Rate	\$18.88	\$30.20	\$41.53
Proposed Rate	\$21.53	\$34.28	\$47.04
\$ Increase/month	\$2.65	\$4.08	\$5.51
# of Customers	278	13	21

SOLID WASTE DIVISION FISCAL POSITION

	2015 Projected TYD	2016 w/o Rate Increase	2016 with Rate Increase
Revenues	\$5,827,916	\$5,898,836	\$6,595,262
Expenditures	\$5,861,246	\$6,220,756	\$6,573,457
\$ Change	\$(33,330)	\$(321,920)	\$21,805

PUBLIC WORKS / EQUIPMENT RENTAL
2016 STRATEGIC INITIATIVE

FLEET VEHICLE ADDITIONS AND REPLACEMENTS
BUDGETED

PROPOSAL

Fleet Vehicle Additions and Replacements for 2016:

Information Technology	
Full size SUV 4X4	\$35,000
Parks & Recreation	
Trim mower	25,000
¾ ton pickup w/snowplow	40,000
Streets	
CAT 430 backhoe	150,000
¾ ton crew cab service truck w/plow	50,000
Full size SUV 4X4	35,000
Water & Irrigation	
Full size ½ ton ext cab 4X4 pickup	30,000
Full size ½ ton ext cab 4X4 pickup	30,000
CAT 430 backhoe - Water	150,000
CAT 430 backhoe - Irrigation	150,000
Refuse	
Automated Side-loading Truck	315,000
Automated Side-loading Truck	315,000
Container carrier – G&H Mod 8000	50,000
Wastewater	
K&K signboard	<u>20,000</u>
	\$1,395,000

IMPACTS

1. **Fiscal Impact** – \$1,395,000.
2. **Proposed Funding Source** – Equipment Rental replacement fund.
3. **Public Impact** – None.
4. **Personnel Impact** – None.
5. **Required Changes in City Regulations or Policies** – None.
6. **Legal Constraints, if applicable** – None.
7. **Viable Alternatives** –

MECHANIC TRAINING
BUDGETED

PROPOSAL

The Equipment Rental Division provides Fleet services to most of the operating divisions of the City excluding Police and Fire, a fleet complement of approximately 700 vehicles and pieces of construction equipment. In order to keep pace with technological advancements, technicians must be provided with training opportunities. The Refuse Division has a number of sophisticated Heil automated refuse trucks which incorporate many high tech systems. This proposal is for two technicians to be sent to the Heil factory to receive Heil maintenance certification in order to more efficiently work on these trucks.

Technicians are also being scheduled to attend a business and productivity seminar “Run the Shop as a Business” to better understand their roles in the operating functions of the shop. In particular, to be able to financially compete with outside private sector shops.

IMPACTS

1. **Fiscal Impact** – \$7,500.
2. **Proposed Funding Source** – Equipment Rental Operating.
3. **Public Impact** – None.
4. **Personnel Impact** – Additional training.
5. **Required Changes in City Regulations or Policies** – None.
6. **Legal Constraints, if applicable** – None.
7. **Viable Alternatives** – None.

SHOP UPGRADES
BUDGETED

PROPOSAL

The Equipment Rental Division provides Fleet services to most of the operating divisions of the City excluding Police and Fire, a fleet complement of approximately 700 vehicles and pieces of construction equipment. With the addition of two Technicians, there is an insufficient number of vehicle lifts available to perform the required work. To increase Equipment Rental productivity, \$35,000 has been budgeted to purchase one set of portable lifts.

The Equipment Rental Division shop facility does not have air conditioning. In order to cool the facility during the summer heat conditions, three portable evaporative cooling systems have been provided. Two of the existing units are worn out and need replacing. To purchase two new replacement units, \$10,000 has been budgeted.

IMPACTS

1. **Fiscal Impact** – \$45,000.
2. **Proposed Funding Source** – Equipment Rental Operating.
3. **Public Impact** – Improve customer service by improving working conditions and increasing technician productivity.
4. **Personnel Impact** – None.
5. **Required Changes in City Regulations or Policies** – None.
6. **Legal Constraints, if applicable** – None.
7. **Viable Alternatives** – None - continuing to operate under existing conditions is unacceptable

PARKS CAPITAL PROJECTS
BUDGETED

PROPOSAL

The Parks and Recreation Division is planning several projects for FY 2016. In November 2014, Yakima citizens approved a City Charter Amendment to dedicate \$750,000 per year for Parks capital improvements. Council approved the concept of partnering with non-profits to acquire and develop a soccer complex and an aquatic center. Debt service on these 2 projects is estimated to be about \$750,000, which will use the dedicated funding. However, until debt service begins, the Parks & Recreation division can use the dedicated resources to make needed park improvements. The list for both 2015 and 2016 follows.

Milroy Park Restroom – CXT building, utilities, site preparation (2015).....\$150,000

The current restroom at Milroy Park is in poor shape. It is quite old and has many mechanical issues. It does currently work, however it is becoming a more unpleasant environment.

Kiwanis/Gateway Sports Complex Storage Building (2015).....\$60,000

The Kiwanis Park and Gateway Sports Complex currently uses the historic incinerator for storage of ball field maintenance equipment and supplies. The incinerator building is not conducive to storing equipment and supplies.

Southeast Yakima Community Center Park Playground (2015).....\$125,000

The Southeast Yakima Community Center Park playground is 25 years old and is safe, but in poor shape. It has been vandalized over the years and repairs to the structure and finding replacement parts has become increasingly difficult. During the summer, the Southeast Yakima Community Center, operated by OIC of Washington, conducts a weekday summer day camp for children and during the hours that the kids are at the camp the playground is used extensively. The playground is also used regularly by the families that live in the surrounding area.

Elks Park Parking Lot – asphalt only – 22,000 sq. feet (2016).\$30,000

Currently the parking area along Hathaway is gravel. It has become a dust issue for the neighbors and needs to be asphalted. Yakima National Little League utilizes Elks Park for their baseball Games and tournaments.

Lions Pool Filter & Sanitation System (2016).....\$150,000

The Lions Pool is over 40 years old and the filtration system needs to be replaced. Currently the filtration system is Diatomaceous Earth or DE. DE filters are very labor intensive to replace. We propose to replace the DE system with a High Rate Sand Filter System. In April of 2015, a consulting firm was hired to assess the Lions Pool facility. One of the recommendations was to make improvements to the filtration and water sanitation systems. Engineering design work will need to be completed and that estimate is included in the estimated cost.

Gardner Park Restroom – CXT, utilities, site preparation (2016)..... \$150,000

The restroom at Gardner park is old and in poor shape, similar to the rest room at Milroy Park. It is still operational, but is becoming more unpleasant to use. We propose a replacement with a CXT all concrete pre-fabricated restroom structure. They are built to withstand vandalism and are easier to clean and maintain.

Randall Park Restroom #2 – CXT, utilities, site preparation (2016 or 2017)..... \$125,000

The ongoing improvement project at Randall Park that is funded in part through donations, Parks Capital and RCO grant dollars include a second restroom, if funds are made available. A restroom will be replaced on the 44th Avenue side of the park, but a second smaller restroom is planned for the 48th Avenue side of the park, if funds are available. Requests from park users have been received for the second restroom.

Gardner Park Parking Lot – asphalt only – 23,000 sq. ft (2016). \$32,000

Currently the parking area along Cornell is gravel. It has become a dust issue for the neighbors and needs to be paved. The park has two ball fields, a playground and a restroom. The park is used for baseball and softball games and tournaments. The park is also used by the families in the neighborhood.

Lions Pool Climbing Wall (2016) \$30,000

The high dive at Lions Pool was removed and additional activities and amenities are being requested to provide opportunities for recreation. A climbing wall can be placed at the edge of the pool and is a safe and exciting way for people to learn how to rock climb. A climbing wall can be portable and moved away from the pool as needed.

Inflatable Outdoor Movie Screen (2016) \$20,000

The current inflatable outdoor movie screen is over ten years old and is beginning to deteriorate. In order to continue to provide free outdoor movies in the park a new inflatable screen will need to be purchased.

Randall Dog Park Parking Lot & Driveway – asphalt (2016). \$30,000

The parking area adjacent to the Randall Park Dog Park is gravel and needs to be paved. The driveway into the park is also gravel and could benefit from asphalt also.

Gardner Park Playground (2016 or 2017) \$85,000

The playground at Gardner Park is small and old. It is currently safe, but is over 20 years old and needs to be replaced with new and more exciting equipment for children to enjoy.

IMPACTS

1. **Fiscal Impact** – \$987,000. (2015 - \$335,000; 2016 - \$652,000)
2. **Proposed Funding Source** – Parks Capital.
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.

Section V

Exhibits

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

Criminal Justice
Salary and Benefit Costs
Resource and Expenditure Breakdown

THREE-YEAR BUDGET COMPARISON - 2016 BUDGET BY CITY FUNCTIONAL GROUPING

	2014 Actual Expenditures	2015 Amended Budget	2015 Year-End Estimate	2016 Proposed Expenditures	2016 vs 2015 Est	2016 Projected Revenue	2016 Use of Reserves	2016 Beginning Fund Balance	2016 Est. Ending Fund Balance
General Government									
City Management	\$ 386,675	\$ 389,578	\$ 404,528	\$ 419,338	3.7%				
Indigent Defense	604,480	1,000,500	910,500	935,500	2.7%				
City Council	293,237	286,735	282,210	286,840	1.6%				
Neighborhood Groups Program	-	-	-	236,735	n/a				
City Clerk/Records	581,099	592,904	541,184	652,886	20.6%				
Human Resources	527,703	682,303	641,357	680,219	6.1%				
Legal	1,368,033	1,525,072	1,482,476	1,590,517	7.3%				
Municipal Court	1,288,302	1,395,989	1,338,504	1,427,819	6.7%				
Planning	452,903	581,384	553,300	653,393	18.1%				
Code Administration	2,621,485	1,682,327	1,618,468	1,847,075	14.1%				
City Hall Facility	399,719	523,868	523,676	505,594	(3.5%)				
Economic Development	456,317	702,329	794,932	889,391	11.9%				
Police	26,377,102	26,868,918	26,052,791	27,372,213	5.1%				
Fire	10,395,013	12,059,718	12,061,844	12,319,074	2.1%				
Information Technology	2,849,321	3,062,977	3,101,555	3,115,460	0.4%				
Intergovernmental	251,047	174,989	180,680	189,551	4.9%				
Transfers	5,007,938	4,793,875	4,737,860	4,839,545	2.1%				
Financial Services	1,502,372	1,605,263	1,576,332	1,531,288	(2.9%)				
State Examiner	109,905	110,000	115,000	113,000	(1.7%)				
Police Pension	1,193,161	1,167,200	1,084,490	1,137,500	4.9%				
Utility Services	1,477,078	1,555,520	1,514,241	1,640,799	8.4%				
Purchasing	559,928	654,699	622,238	630,917	1.4%				
Engineering	798,763	890,530	825,915	835,010	1.1%				
Contingency	-	(1,025,000)	-	(1,085,000)	n/a				
Total General Fund	59,501,583	61,281,676	60,964,079	62,764,662	3.0%	\$ 62,783,305	\$ 18,643	\$ 7,550,295	\$ 7,568,938
Parks & Recreation	4,553,121	5,425,527	5,420,027	5,468,072	0.9%	5,510,965	42,893	478,162	521,055
Street & Traffic Operations	4,800,608	5,076,756	4,973,765	5,090,088	2.3%	5,059,850	(30,238)	896,671	866,433
Total General Government Funds	\$ 68,855,312	\$ 71,783,959	\$ 71,357,871	\$ 73,322,822	2.8%	\$ 73,354,120	\$ 31,298	\$ 8,925,128	\$ 8,956,425

	2014	2015	2015	2016	2016	2016	2016	2016	2016
	Actual	Amended	Year-End	Preliminary	vs 2015	Projected	Use of	Beginning	2016
	Expenditures	Budget	Estimate	Expenditures	Est	Revenue	Reserves	Fund Balance	Est. Ending
								Fund Balance	Fund Balance
Other Operating/Enterprise									
Economic Development	\$ 430,690	\$ 260,766	\$ 260,394	\$ 198,071	(23.9%)	\$ 183,000	\$ (15,071)	\$ 71,407	\$ 56,336
Community Development	1,449,200	3,373,107	3,327,699	1,431,769	(57.0%)	1,421,193	(10,576)	819,295	808,719
Community Relations	597,230	674,823	649,590	618,913	(4.7%)	666,600	47,687	620,484	668,171
Cemetery	255,443	291,709	288,911	273,542	(5.3%)	262,950	(10,592)	47,315	36,723
Emergency Services	1,291,290	1,312,692	1,305,601	1,407,117	7.8%	1,326,026	(81,091)	202,331	121,240
Public Safety Communications	2,855,158	4,506,862	4,051,457	3,555,870	(12.2%)	3,499,468	(56,402)	440,295	383,893
Police Grants	369,476	475,296	310,036	369,716	19.2%	416,000	46,284	280,700	326,984
Downtown Improvement District	229,831	202,172	202,172	208,993	3.4%	205,340	(3,653)	8,077	4,424
Trolley (Yakima Interurban Lines)	34,721	368,961	271,400	147,046	(45.8%)	73,624	(73,422)	73,909	487
Front St Business Impr Area	5,216	7,000	7,000	6,500	(7.1%)	3,735	(2,765)	2,834	69
Tourist Promotion (Conv Ctr)	1,432,809	1,609,854	1,609,828	1,719,510	6.8%	1,708,800	(10,710)	604,936	594,226
Capitol Theatre	341,978	397,290	406,819	370,497	(8.9%)	364,700	(5,797)	15,690	9,893
PFD Revenue-Convention Center	636,991	748,220	748,220	727,720	(2.7%)	828,750	101,030	493,755	594,785
Tourist Promotion Area	641,422	687,000	667,000	687,000	3.0%	687,000	-	79,626	79,626
PFD Revenue-Capitol Theatre	530,939	640,220	640,208	630,883	(1.5%)	624,800	(6,083)	154,915	148,832
Airport Operating Fund	1,072,890	1,102,006	1,017,848	1,128,985	n/a	1,134,929	5,944	51,520	57,465
Stormwater Operating	2,319,147	3,353,229	2,929,588	2,638,104	(9.9%)	2,151,000	(487,104)	692,147	205,043
Transit	7,789,855	8,615,247	7,927,046	8,368,765	5.6%	8,701,402	332,637	2,850,603	3,183,239
Refuse	5,860,242	5,877,188	5,861,246	6,425,158	9.6%	6,595,262	170,104	249,708	419,812
Wastewater Operating	20,352,602	20,901,186	21,355,700	22,540,390	5.5%	22,102,484	(437,906)	4,935,754	4,497,848
Water Operating	9,020,711	9,347,579	9,054,915	9,373,857	3.5%	8,816,000	(557,857)	3,215,186	2,657,329
Irrigation Operating	1,985,333	1,795,875	1,784,591	1,802,149	1.0%	1,803,540	1,391	873,230	874,622
Equipment Rental	4,621,919	5,697,917	4,691,447	4,705,298	0.3%	4,722,942	17,644	4,290,067	4,307,711
Environmental Fund	77,807	1,007,950	1,444,450	1,247,950	(13.6%)	1,180,000	(67,950)	560,696	492,746
Public Works Administration	1,121,214	1,165,173	1,160,246	1,237,215	6.6%	1,143,324	(93,891)	464,926	371,034
Total Other Operating/Enterprise	\$ 65,324,117	\$ 74,419,324	\$ 71,973,410	\$ 71,821,018	(0.2%)	\$ 70,622,870	\$ (1,198,148)	\$ 22,099,407	\$ 20,901,260

	2014 Actual Expenditures	2015 Amended Budget	2015 Year-End Estimate	2016 Preliminary Expenditures	2016 vs 2015 Est	2016 Projected Revenue	2016 Use of Reserves	2016 Beginning Fund Balance	2016 Est. Ending Fund Balance
Capital Improvement									
Arterial Street	\$ 2,954,476	\$ 2,532,490	\$ 3,102,258	\$ 9,237,025	197.8%	\$ 8,897,841	\$ (339,184)	\$ 1,698,325	\$ 1,359,141
C.B.D. Capital Improvement	119,783	91,000	883,000	2,881,000	226.3%	2,826,220	(54,780)	65,366	10,586
Capitol Theatre Construction	-	190,000	190,000	70,000	n/a	66,641	(3,359)	76,400	73,041
Yakima Rev Development Area	1,228,911	3,500,000	3,155,000	1,500,000	(52.5%)	1,000,000	(500,000)	1,413,747	913,747
Parks & Recreation Capital	82,237	1,962,211	5,830,489	1,569,000	(73.1%)	508,400	(1,060,600)	1,172,735	112,135
Fire Capital	176,082	2,942,501	1,255,787	2,239,976	78.4%	2,242,410	2,434	245,129	247,563
Law & Justice Capital	929,480	702,243	617,704	693,000	12.2%	479,350	(213,650)	514,941	301,291
Public Works Trust Construction	513,639	1,028,084	683,635	999,885	46.3%	802,000	(197,885)	879,107	681,222
REET 2 Capital Construction	772,787	1,572,787	1,177,547	978,250	(16.9%)	802,000	(176,250)	185,891	9,641
Street Capital Fund	16,653,978	900,238	999,242	5,000,000	n/a	5,095,306	95,306	12,626	107,932
Convention Center Capital Impr	288,012	549,790	405,179	385,000	(5.0%)	292,840	(92,160)	500,997	408,837
Cum. Reserve for Capital Impr	5,979,376	3,745,000	1,545,000	765,000	(50.5%)	300,000	(465,000)	1,335,652	870,652
Airport Capital	1,072,241	12,539,721	747,563	11,645,247	1457.8%	11,325,568	(319,679)	798,672	478,993
Stormwater Capital	87,619	2,025,000	225,000	2,400,000	966.7%	700,000	(1,700,000)	2,848,391	1,148,391
Transit Capital Reserve	1,874,766	1,749,000	193,391	4,175,100	2058.9%	3,849,875	(325,225)	3,448,444	3,123,219
Wastewater Facilities Capital Rsv	107,043	600,000	250,000	700,000	180.0%	700,000	-	1,802,515	1,802,515
Wastewater Construction	920,384	3,280,000	170,000	5,710,000	3258.8%	800,000	(4,910,000)	5,886,576	976,576
Water Capital	4,169,101	2,670,000	1,276,578	2,050,000	60.6%	1,000,000	(1,050,000)	3,565,125	2,515,125
Wastewater Capital	2,211,238	810,000	550,000	1,380,000	150.9%	2,001,500	621,500	79,979	701,479
Irrigation Capital	1,184,938	1,567,742	1,467,742	1,342,542	(8.5%)	1,387,060	44,518	1,032,669	1,077,187
Total Capital Improvement	\$ 41,326,092	\$ 44,957,807	\$ 24,725,115	\$ 55,721,025	125.4%	\$ 45,077,011	\$(10,644,014)	\$ 27,563,285	\$ 16,919,272
Contingency/Operating Reserves									
FRS/Capitol Theatre Reserve	\$ 71,927	\$ 71,927	\$ 71,927	\$ 36,641	(49.1%)	\$ -	\$ (36,641)	\$ 36,641	\$ -
Risk Management	4,035,225	3,643,704	3,951,716	4,814,551	21.8%	4,894,000	79,449	1,305,183	1,384,632
Total Contingency/Operating Rsvs	\$ 4,107,152	\$ 3,715,631	\$ 4,023,643	\$ 4,851,192	20.6%	\$ 4,894,000	\$ 42,808	\$ 1,341,824	\$ 1,384,632

	2014 Actual Expenditures	2015 Amended Budget	2015 Year-End Estimate	2016 Preliminary Expenditures	2016 vs 2015 Est	2016 Projected Revenue	2016 Use of Reserves	2016 Beginning Fund Balance	2016 Est. Ending Fund Balance
Employee Benefit Reserves									
Unemployment Compensation	\$ 155,141	\$ 323,177	\$ 182,977	\$ 227,351	24.3%	\$ 197,000	\$ (30,351)	\$ 449,968	\$ 419,617
Employees Health Benefit	10,254,339	9,745,849	9,860,071	10,388,338	5.4%	10,407,500	19,162	2,106,803	2,125,965
Workers' Compensation	1,345,292	1,241,131	1,302,774	1,311,017	0.6%	1,069,780	(241,237)	666,214	424,977
Wellness/EAP Fund	147,213	174,800	121,800	121,800	0.0%	121,800	-	182,715	182,715
Firemen's Relief & Pension	1,241,643	1,380,282	1,262,907	1,349,628	6.9%	1,324,260	(25,368)	1,005,404	980,036
Total Employee Benefit Reserves	\$ 13,143,629	\$ 12,865,238	\$ 12,730,528	\$ 13,398,134	5.2%	\$ 13,120,340	\$ (277,794)	\$ 4,411,105	\$ 4,133,311
Trust and Agency Funds									
Cemetery Trust	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000	0.0%	\$ 21,000	\$ 9,000	\$ 647,022	\$ 656,022
YakCorps Agency Fund	663,046	605,777	605,777	605,777	0.0%	605,777	-	101,689	101,689
Total Trust and Agency Funds	\$ 675,046	\$ 617,777	\$ 617,777	\$ 617,777	0.0%	\$ 626,777	\$ 9,000	\$ 748,711	\$ 757,711
Debt Service									
L.I.D. Guaranty	\$ -	\$ -	\$ -	\$ -	n/a	\$ 50	\$ 50	\$ 25,314	\$ 25,364
PFD Debt Service	1,015,650	1,026,050	1,026,050	1,024,025	(0.2%)	1,026,103	2,078	163,591	165,669
General Obligation Bonds	2,085,427	3,438,379	3,438,379	3,736,939	8.7%	3,740,989	4,050	77,258	81,308
L.I.D. Debt Service	106,743	245,000	75,000	48,000	(36.0%)	48,000	-	15	15
Water-Irrigation/Sewer Bonds	2,292,268	2,132,155	2,132,155	2,129,054	(0.1%)	2,131,180	2,126	2,019,340	2,021,466
Total Debt Service	\$ 5,500,087	\$ 6,841,584	\$ 6,671,584	\$ 6,938,018	4.0%	\$ 6,946,322	\$ 8,304	\$ 2,285,518	\$ 2,293,822
Total City Budget	\$ 198,931,435	\$ 215,201,319	\$ 192,099,928	\$ 226,669,986	18.0%	\$ 214,641,440	\$ (12,028,546)	\$ 67,374,978	\$ 55,346,432

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. Another .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%	79.3%	\$ 6.50
City of Yakima (General Fund) ⁽¹⁾	0.85%	10.4%	0.85
Yakima Transit	0.30%	3.7%	0.30
Yakima County (Current Expense Fund) ⁽¹⁾	0.15%	1.8%	0.15
Yakima County Criminal Justice ⁽²⁾	0.40%	4.8%	0.40
Total Sales Tax Rate in City Limits	8.20%	100.0%	\$ 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 2015 property taxes were allocated between these governmental entities.)

2015 PROPERTY TAX DISTRIBUTION



City of Yakima Property Tax – In 2015, 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 – CONSOLIDATED LEVY AND RATES
2014 ASSESSED VALUATION – 2015 TAX YEAR**

<u>Property Tax Levy</u>	2014	Amount	Percent
	Rate	2015 Levy	of Levy
City Levy			
General Fund	\$1.8705	\$10,583,756	
Parks & Recreation	0.4739	2,681,344	
Street & Traffic Operations	0.5645	3,194,391	
Firemen's Relief & Pension	<u>0.2150</u>	<u>1,216,599</u>	
Total City Levy	3.1239	17,676,090	24.59%

<u>Property Tax Levy</u>	<u>2014 Rate</u>	<u>Amount</u>	<u>Percent</u>
		<u>2015 Levy</u>	<u>of Levy</u>
Other Levies			
Yakima School District #7			
Operation & Maintenance	3.1154	17,628,141	37.78%
Bond Redemption	1.6835	9,525,896	
State Schools	2.2645	12,813,419	17.83%
Library	0.4762	2,694,524	3.75%
Yakima County			
Yakima County	1.7004	9,621,522	14.10%
Yakima County Flood Control	0.0902	510,387	
EMS Levy	<u>0.2481</u>	<u>1,403,846</u>	1.95%
Total Other Levies	<u>9.5783</u>	<u>54,197,734</u>	75.41%
Total Levy Code #333	<u>\$12.7022</u>	<u>\$71,873,824</u>	100.00%

City Taxes and Utility Charges

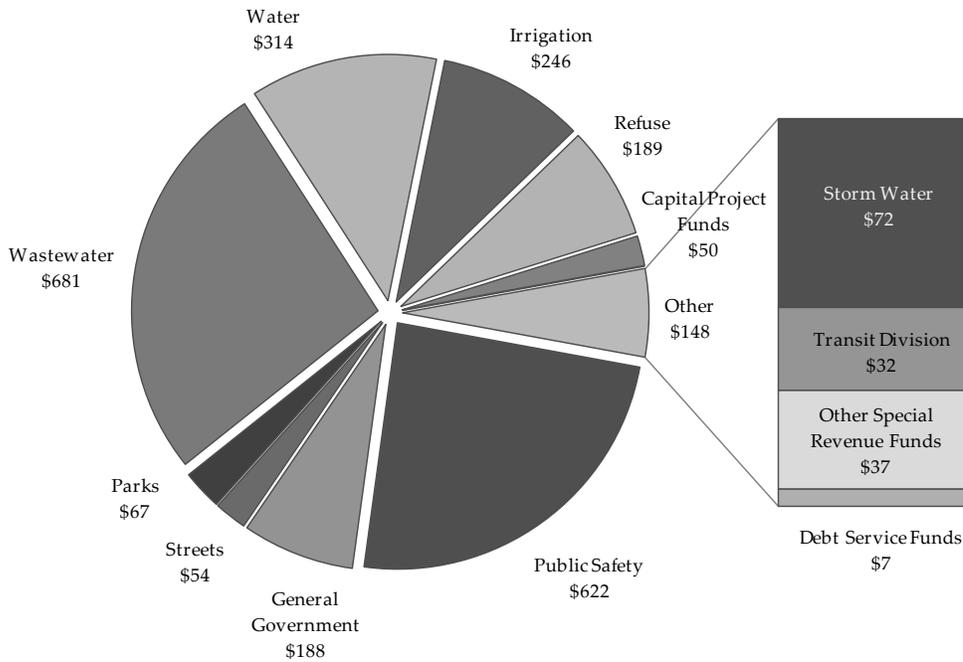
The taxes and utility charges shown in the following charts are only those directly levied by the City. In the cases of sales and property taxes, the 2 major taxes paid directly by Washington residents, only a small portion of the total tax belongs to the City.

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 96gl can for Refuse, Ready to Serve (RTS) + units consumption for Water/Sewer; irrigation for 7,000 sq. ft. lot; Gas/electricity \$3,180, telephone \$1,200, and cable TV \$1,200. Based on these assumptions, a typical household in Yakima paid approximately \$213 a month, or \$2,560 a year, as depicted in the following charts.

ANNUAL TAXES AND UTILITY CHARGES LEVIED BY THE CITY OF YAKIMA ON THE TYPICAL HOUSEHOLD FOR 2015

	<u>Rate</u>	<u>Cost Per</u>
	<u>Per 1,000</u>	<u>Household</u>
Property Taxes - General	\$3.1239/1,000	\$ 375
Sales Tax - General		89
Transit Sales Tax		32
Tax on City - Owned Utilities - General		227
Tax on Private Utilities - General		335
Utility Charges (Water/Wastewater/Refuse) - Exc. Utility Tax		1,184
Stormwater		72
Irrigation Assessment		<u>246</u>
		<u>\$ 2,560</u>

**CITY TAXES AND UTILITY CHARGES
COST TO TYPICAL HOUSEHOLD – \$2,560 ANNUALLY**



GENERAL GOVERNMENT REVENUE

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 72.4% of the total general fund revenues.

**GENERAL GOVERNMENT REVENUE
(BASED ON 2016 BUDGET OF \$73.4 MILLION)**



Note: The term “General Government” refers to basic tax supported functions. The major functions included in this category are: Police, Fire, Code Enforcement, Municipal Court, Streets and Parks & Recreation. These functions use about 69.0% 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.

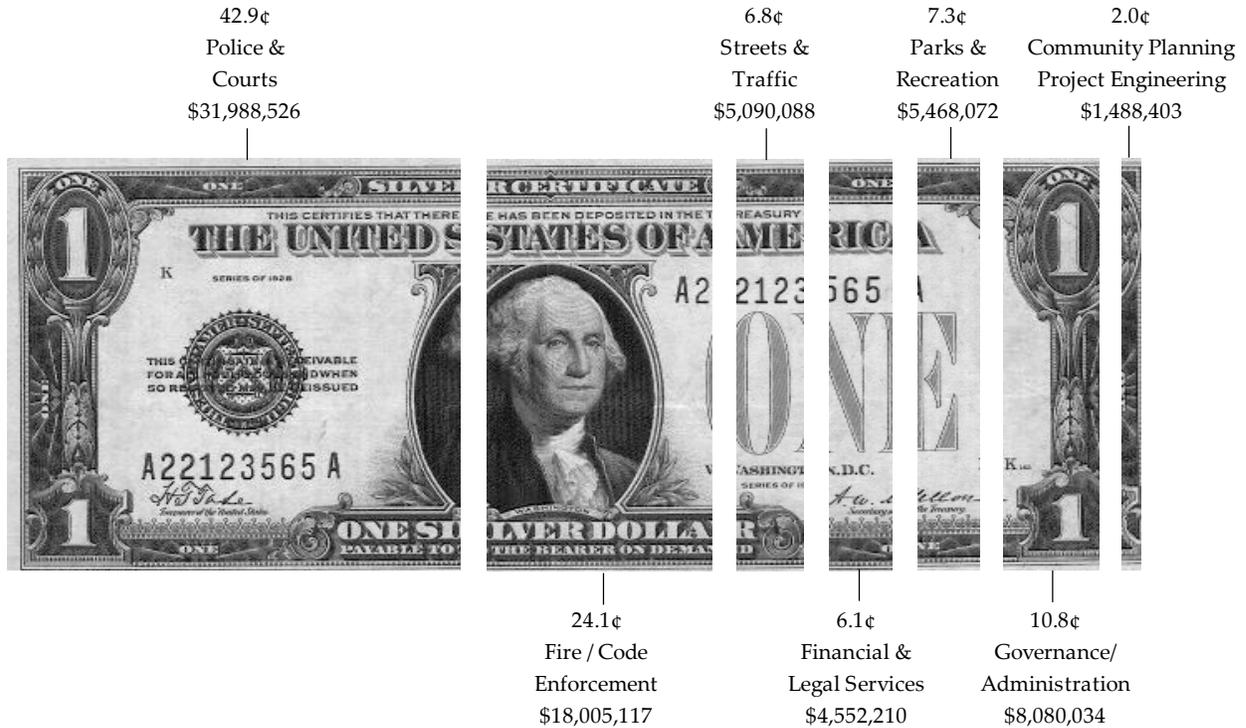
GENERAL GOVERNMENT EXPENDITURES

The following chart depicts the breakdown of the proposed 2015 general government expenditure budget. This breakdown identifies that the City spends over \$50.0 million (or 67.0%) of its available resources on providing public safety services (Criminal Justice and Fire/Code Enforcement). Additionally, the City allocates over 6.8% of its resources to maintaining and operating the Streets and Traffic Systems and another 7.3% to provide Parks and Recreation programs and services. Providing the existing services in these four basic categories takes 81.1% of all the City’s available general government resources.

Providing the services in these four critical areas is labor intensive; approximately 72.1% of these costs are personnel related. Therefore, any significant budget reductions in these areas will require a reduction in personnel and the related services these individuals perform. Conversely, any significant reductions in the overall general government budget that do not include these four largest areas of the budget will severely limit the services the remaining departments will be able to provide (i.e.: Finance, 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 \$74.7 MILLION – INCLUDES FIRE PENSION OF \$1.3 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 2016. 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, \$622 per household per year, or 60.6% of the total general taxes paid. Other General Government services cost \$188 per household annually, or 18.4%. Streets and Parks together cost \$122 per household annually, or 11.9% of general taxes paid.

The Refuse, Water and Wastewater utilities combine to cost approximately \$1,184 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 2016 PROPOSED BUDGET – BUDGET NUMBERS IN THOUSANDS)**

Tax Supported Functions	2016	Non-Tax	Local Taxes	Allocation of Taxes Collected	Typical Household Cost	2016
	Proposed Budget	Funding Sources				Permanent Budgeted Positions
Local Direct General Purpose						
Public Safety (PD, Fire, Comm)	\$ 47,853,937	\$ 9,867,830	\$ 37,986,107	60.6%	\$ 621.57	334.0
General Government	21,605,056	10,088,433	11,516,623	18.4%	188.41	152.2
Streets Department	5,090,088	1,757,388	3,332,700	5.3%	54.49	31.0
Parks Department	5,468,072	1,356,782	4,111,290	6.6%	67.32	21.3
Other Special Revenue Funds	3,128,072	858,072	2,270,000	3.6%	37.15	14.0
Debt Service Funds	4,760,964	4,332,964	428,000	0.7%	6.98	-
Capital Project Funds	21,400,409	18,333,828	3,066,581	4.9%	50.18	-
Local Direct Special Purpose						
Special Levy Debt	48,000	48,000	-	-	-	-
Transit Division	12,543,865	7,093,865	5,450,000	-	31.50	56.8
Non-Local						
Street Construction	9,237,025	9,237,025	-	-	-	-
Refuse	6,425,158	6,425,158	-	-	188.64	20.0
Wastewater	31,907,203	31,907,203	-	-	680.88	60.4
Water	11,658,557	11,658,557	-	-	314.04	31.0
Equipment Rental	4,705,298	4,705,298	-	-	-	14.0
Public Works Administration	1,237,215	1,237,215	-	-	-	9.0
Self-insurance Reserve	7,600,869	7,600,869	-	-	-	-
Employee Benefit Reserve	10,510,138	10,510,138	-	-	-	-
Irrigation	3,462,232	3,462,232	-	-	246.40	7.0
PBLA	215,493	215,493	-	-	-	-
Storm Water	5,038,104	5,038,104	-	-	72.00	9.8
Airport	12,774,232	12,774,232	-	-	-	7.0
Totals	<u>\$ 226,669,986</u>	<u>\$ 158,508,685</u>	<u>\$ 68,161,301</u>	100.0%	<u>\$ 2,559.56</u>	<u>767.5</u>

(1) Typical Household Cost 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 2015 fell on April 24th, one day later than it did in 2014, due mainly to the country’s continued steady economic growth. On average in 2015, Americans will work 77 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 29th this year. The report indicates that Washington State was ranked 9th highest in the nation for overall per capita taxes paid in 2014. 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 27th 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 31%).

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

EXHIBIT III – SUPPLEMENTAL INFORMATION

TABLE OF CONTENTS

CRIMINAL JUSTICE

Criminal Justice Costs
General Government Budgets
Criminal Justice Sales Tax

SALARY AND BENEFIT COSTS

Costs to Total Budget
Operating Funds

RESOURCE AND EXPENDITURE BREAKDOWN

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

CRIMINAL JUSTICE

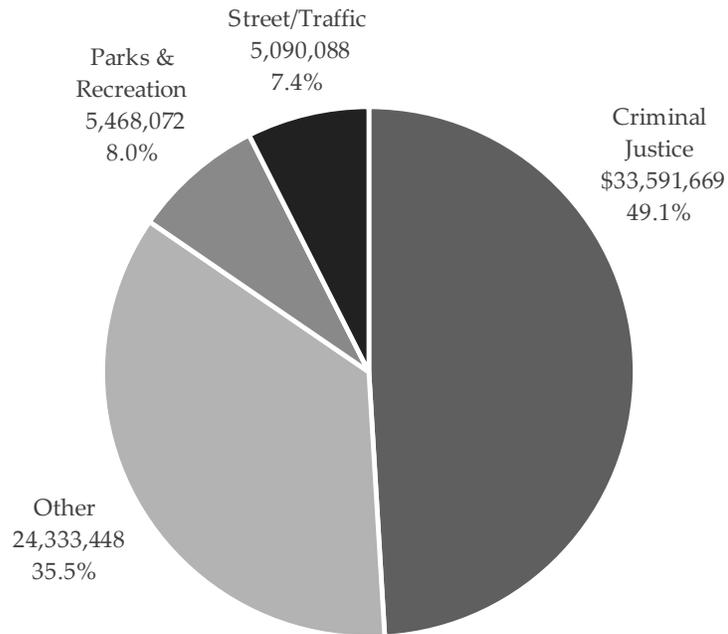
This analysis compares Criminal Justice expenditures to other General Government costs. Criminal Justice costs include: Police Department (including jail costs); Police Pension; Municipal Court; Prosecution (included in the Legal Department budget), Indigent Defense and forty percent of Information Systems 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. 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

	<u>2007</u> <u>Budget</u>	<u>2008</u> <u>Budget</u>	<u>2009</u> <u>Budget</u>	<u>2010</u> <u>Budget</u>	<u>2011</u> <u>Budget</u>
General Fund					
Criminal Justice	\$25,014,331	\$26,935,856	\$28,471,541	\$27,554,732	\$28,192,940
Other	18,856,452	19,782,839	20,240,301	19,912,799	19,279,670
Parks & Recreation	4,199,143	4,420,906	4,249,796	4,133,782	4,042,938
Street/Traffic	<u>5,907,882</u>	<u>6,213,833</u>	<u>5,686,692</u>	<u>5,308,117</u>	<u>5,218,691</u>
Total	\$53,977,807	\$57,353,434	\$58,648,330	\$56,909,430	\$56,734,239
	<u>June</u> <u>2006</u>	<u>June</u> <u>2007</u>	<u>June</u> <u>2008</u>	<u>June</u> <u>2009</u>	<u>June</u> <u>2010</u>
Consumer Price Index	203.8	210.6	223.6	219.9	221.7

(1) Excludes double budgeted transfers between general government funds

COSTS VS. OTHER GENERAL GOVERNMENT FUNCTIONS



<u>2012</u> <u>Actual</u>	<u>2013</u> <u>Actual</u>	<u>2014</u> <u>Actual</u>	<u>2015</u> <u>YE Estimate</u> <u>Budget</u>	<u>2016</u> <u>Proposed</u> <u>Budget</u>	<u>2016</u> <u>VS</u> <u>2015</u>	<u>10 Year</u> <u>Increase</u>	<u>10 Year</u> <u>Increase</u>
\$29,680,148	\$31,318,239	\$31,750,614	\$32,027,006	\$33,591,669	4.9%	34.3%	\$ 8,577,338
18,321,884	19,715,382	22,743,031	24,199,214	24,333,448	0.6%	29.0%	5,476,996
4,046,898	4,261,348	4,553,121	5,420,027	5,468,072	1.1%	30.2%	1,268,929
<u>5,237,585</u>	<u>5,225,208</u>	<u>4,800,608</u>	<u>4,973,765</u>	<u>5,090,088</u>	2.4%	(13.8%)	<u>(817,794)</u>
\$57,286,515	\$60,520,177	\$63,847,374	\$66,620,011	\$68,483,277	2.9%	26.9%	\$14,505,470
<u>June</u> <u>2011</u>	<u>June</u> <u>2012</u>	<u>June</u> <u>2013</u>	<u>June</u> <u>2014</u>	<u>June</u> <u>2015</u>		<u>10 Year</u> <u>Increase</u>	
227.5	236.2	239.0	242.0	244.3		19.9%	

CRIMINAL JUSTICE SALES TAX – .3% EXPENDITURES AND REVENUES

	2012	2013	2014	2015	2016
	Actual	Actual	Actual	Year-End Estimate	Proposed Budget
General Fund					
Police Department					
Salaries & Benefits (includes overtime)	\$ 704,748	\$ 778,240	\$ 925,963	\$ 726,950	\$ 840,361
Operating Supplies (uniform/fuel/travel)	12,975	50,727	75,947	70,000	70,000
Liability Insurance	8,296	8,877	9,498	10,448	11,492
Professional Services / Transportation	75	-	50,000	55,000	55,000
Yakima County Jail Cost	<u>479,692</u>	<u>449,976</u>	<u>422,000</u>	<u>422,000</u>	<u>400,000</u>
Total Police Department	\$ 1,205,786	\$ 1,287,820	\$ 1,483,408	\$ 1,284,398	\$ 1,376,853

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

Municipal Court					
Salaries & Benefits (includes overtime)	\$ 142,074	\$ 157,997	\$ 198,726	\$ 213,213	\$ 226,750
Operating Supplies (office supplies/travel/dues)	1,259	5,174	5,000	5,000	5,000
Professional Services	<u>38,922</u>	<u>26,007</u>	<u>31,802</u>	<u>45,000</u>	<u>45,000</u>
Total Municipal Court	\$ 182,255	\$ 189,178	\$ 235,528	\$ 263,213	\$ 276,750

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)	\$ 166,771	\$ 178,791	\$ 175,413	\$ 182,780	\$ 195,191
Operating Supplies (office supplies/travel/dues)	256	598	492	500	2,500
Professional Services	<u>1,692</u>	<u>2,377</u>	<u>1,553</u>	<u>8,250</u>	<u>8,250</u>
Total Legal Department	\$ 168,720	\$ 181,765	\$ 177,458	\$ 191,530	\$ 205,941

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)	\$ 29,016	\$ 28,538	\$ 24,210	\$ 22,284	\$ 12,044
Professional Services	<u>91,256</u>	<u>94,227</u>	<u>102,441</u>	<u>146,735</u>	<u>150,000</u>
Total Information System	\$ 120,272	\$ 122,765	\$ 126,651	\$ 169,019	\$ 162,044

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

	2012	2013	2014	2015	2016
	Actual	Actual	Actual	Year-End Estimate	Proposed Budget
Animal Control/Codes					
Salaries & Benefits (includes overtime)	\$ 68,794	\$ 72,045	\$ 63,283	\$ 60,399	\$ 69,328
Operating Supplies (uniforms/fuel/vehicle/phone)	6,899	5,229	6,538	4,365	5,200
Professional Services	1,843	4,444	6,050	6,567	6,295
Total Animal Control/Codes	\$ 77,536	\$ 81,718	\$ 75,870	\$ 71,331	\$ 80,823

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)	\$ 6,500	\$ 6,500	\$ 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	\$1,761,069	\$1,869,746	\$2,105,414	\$1,985,991	\$2,108,911
--	--------------------	--------------------	--------------------	--------------------	--------------------

Other Funds					
Public Safety Communication					
Salaries & Benefits (includes overtime)	\$ 139,930	\$ 180,477	\$ 169,596	\$ 168,073	\$ 171,995

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					
Operating Equipment	\$ 44,179	\$ -	\$ 30,442	\$ 157,735	\$ 120,000

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

Total Expenditures	<u>\$1,945,177</u>	<u>\$2,050,223</u>	<u>\$2,305,453</u>	<u>\$2,311,799</u>	<u>\$2,400,906</u>
Revenue	<u>1,935,069</u>	<u>2,133,820</u>	<u>2,302,466</u>	<u>2,359,200</u>	<u>2,453,300</u>
Revenue over (Under) Expenditures	(10,109)	83,597	(2,986)	47,401	52,394

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 72.8% 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 23.6% to 95.4%. 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, \$39 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

General Government	2016	2016	Labor Percentage
	Proposed Expenditures	Salaries & Benefits	
Police	\$ 26,287,213	\$21,838,093	83.1%
Fire	12,319,074	11,202,769	90.9%
Information Systems	3,115,460	2,282,192	73.3%
Code Administration	1,847,075	1,413,871	76.5%
Utility Services	1,640,799	1,129,244	68.8%
Legal	1,590,517	1,466,976	92.2%
Financial Services	1,531,288	1,366,097	89.2%
Municipal Court	1,427,819	1,189,167	83.3%
Economic Development	889,391	209,508	23.6%
Engineering	835,010	758,732	90.9%
Human Resources	680,219	509,679	74.9%

	2016 Proposed Expenditures	2016 Salaries & Benefits	Labor Percentage
General Government			
Planning	653,393	520,451	79.7%
City Clerk/Records	652,886	385,386	59.0%
Purchasing	630,917	601,936	95.4%
City Hall Facility	505,594	207,161	41.0%
City Manager	419,338	380,539	90.7%
City Council	286,840	102,797	35.8%
Neighborhood Groups Program	236,735	136,735	57.8%
Other General Fund Expenditures	<u>7,215,096</u>	<u>-</u>	0.0%
Total General Fund	62,764,662	45,701,334	72.8%
Parks & Recreation	5,468,072	2,360,812	43.2%
Street & Traffic Operations	<u>5,090,088</u>	<u>2,591,267</u>	50.9%
Total General Government	73,322,822	50,653,413	69.1%
Economic Development	198,071	63,805	32.2%
Community Development	1,431,769	512,037	35.8%
Community Relations	618,913	457,037	73.8%
Cemetery	273,542	177,697	65.0%
Emergency Services	1,407,117	1,118,488	79.5%
Public Safety Communications	3,555,870	2,903,928	81.7%
Police Grants	369,716	231,285	62.6%
Airport	1,128,985	676,566	59.9%
Stormwater	2,638,104	1,065,808	40.4%
Transit	8,368,765	4,122,755	49.3%
Refuse	6,425,158	1,554,770	24.2%
Wastewater Operating	22,540,390	5,578,403	24.7%
Water Operating	9,373,857	2,743,213	29.3%
Irrigation Operating	1,802,149	722,254	40.1%
Unemployment Comp Reserve	227,351	66,307	29.2%
Employment Health Benefit Reserve	10,388,338	160,007	1.5%
Workers Compensation Reserve	1,311,017	147,519	11.3%
Risk Management Reserve	4,814,551	710,370	14.8%
Equipment Rental	4,705,298	1,275,719	27.1%
Public Works Administration	1,237,215	660,636	53.4%
Other Funds (Capital/Debt Serv. etc)	<u>70,530,989</u>	<u>-</u>	0.0%
Total City-wide Budget	<u>\$226,669,986</u>	<u>\$75,602,016</u>	33.4%

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 2016 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 2016 this includes 3 Limited Tax General Obligation bonds for road improvements and the downtown plaza, a lease/purchase through the State LOCAL program for Fire Equipment, interfund loans to fund match for the Airport Capital grant and potential reimbursement of a lawsuit in the Risk Management fund.

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.

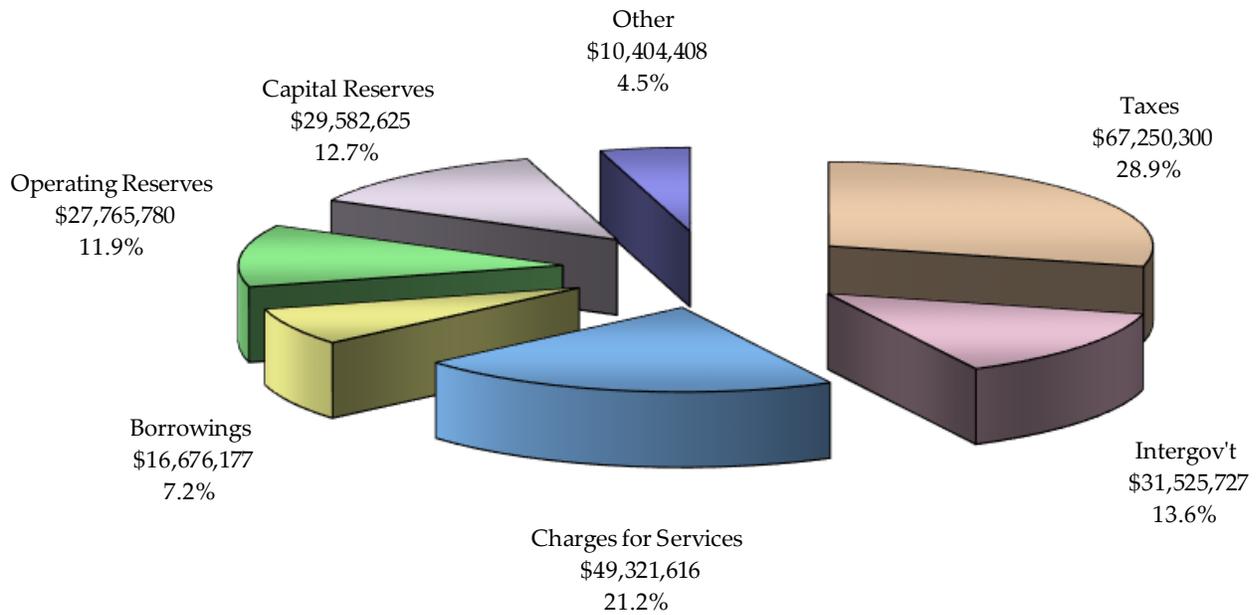
Other – All revenue sources which are not included in other categories. This includes primarily investment income, program income, fines and forfeitures, licenses and capital contributions.

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.

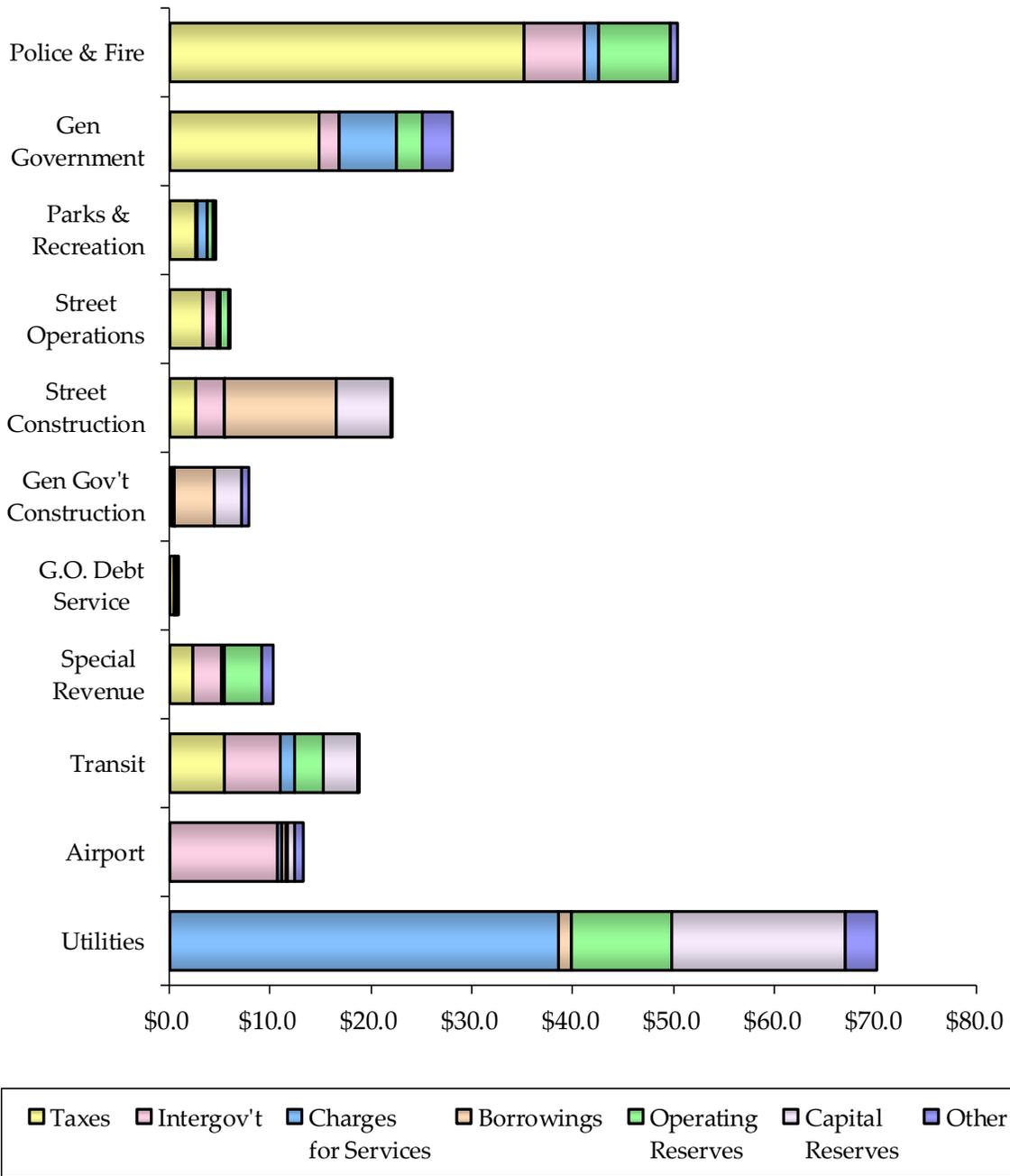
Lastly, included is a graphic by major object (or type) of expenditure, net of double budgeted expenditures.

**TOTAL RESOURCES
BY CATEGORY
2016 BUDGET**

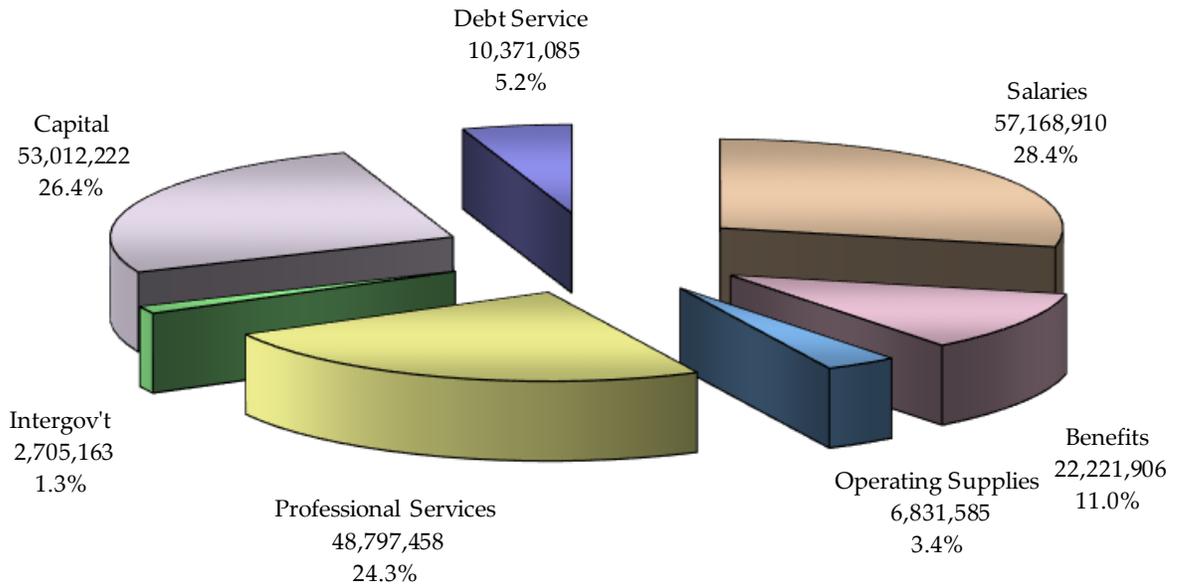


TOTAL RESOURCES = \$232,526,634
(Excludes Internal Service Funds and other double budgeted resources of \$49,489,784)

**TOTAL RESOURCES
BY CATEGORY AND SOURCE
2016 BUDGET**



**TOTAL EXPENDITURES
BY TYPE
2016 BUDGET**



TOTAL EXPENDITURES = \$201,108,329
(Excludes double budgeted expenditures of \$43,013,314)

