City of

Yakima, Washington

All-America City

1994 & 2015

2017 Preliminary Budget Summary

CITY OF *Yakima*

2017 PRELIMINARY BUDGET SUMMARY

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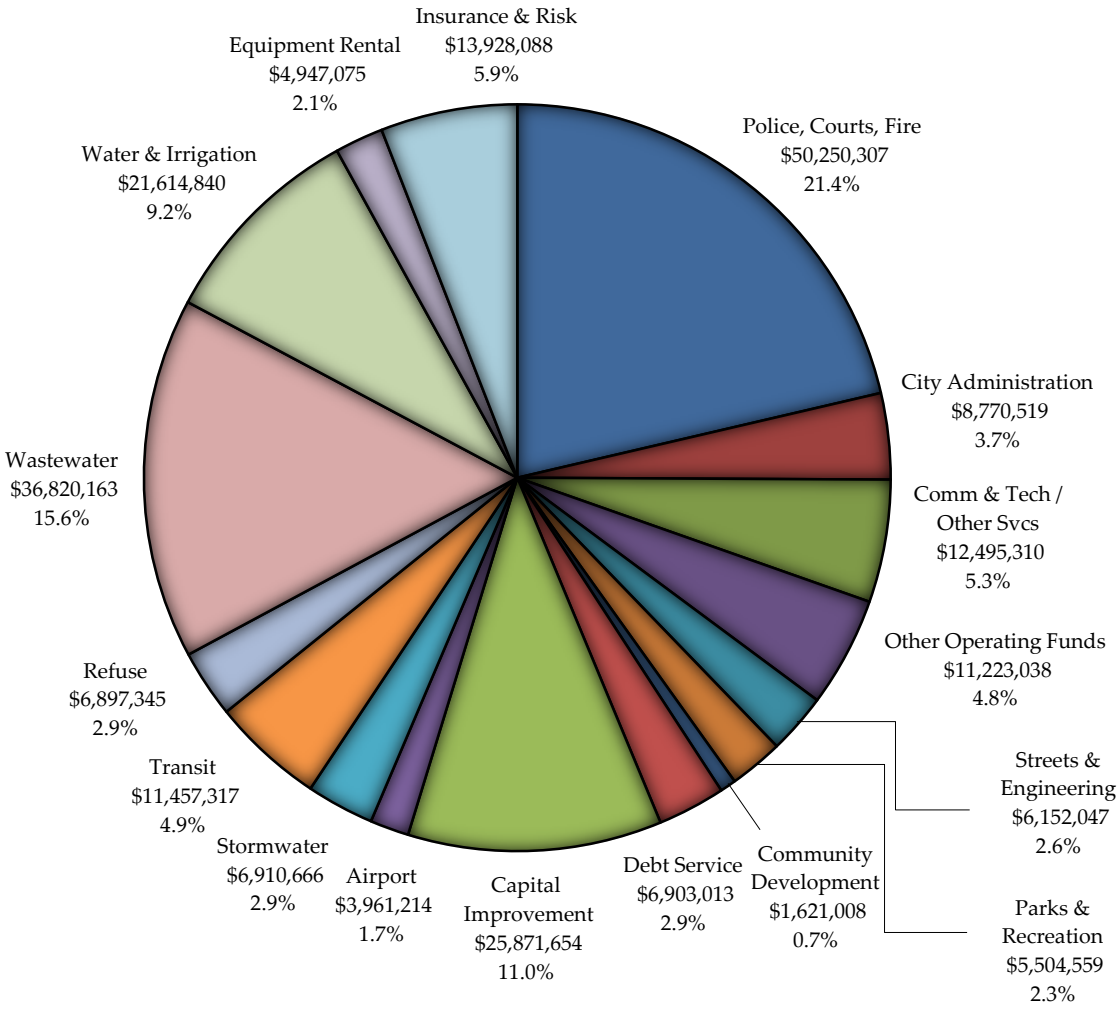
CITY OF *Yakima*

2017 PRELIMINARY BUDGET SUMMARY



($76.3 Million General Government)

$235.3 MILLION

CITY OF *Yakima*

STRATEGIC PRIORITIES

Economic Development

Public Safety

Neighborhood and Community Building

Public Trust and Accountability

Partnership Development

Adopted 2016

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MEMORANDUM

TO: Honorable Mayor and Members of the Yakima City Council

FROM: Cliff Moore, City Manager

DATE: October 28, 2016

SUBJECT: 2017 Proposed Preliminary Budget Summary

We are pleased to submit for City Council review and consideration the 2017 Preliminary Budget for the City of Yakima.

- The Total Preliminary City Budget for 2017 is $235.3 million, which is $28.1 million more than the 2016 projected year end expenditure of $207.2 million. This increase is primarily due to $23.4 million in additional capital investments.

- The Preliminary General Government (i.e. tax supported) budget for 2017 is $76.3 million, which is $2.4 million or 3.3% more than the 2016 year-end estimate of $73.9 million.

- Citywide revenues are projected to be $215.8 million, an increase of $7.4 million over the 2016 year end estimate of $208.4 million. Again, this increase is primarily in the area of capital investments.

The Preliminary 2017 Budget is balanced within available resources, and is 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.

Producing a fiscally responsible budget with an adequate ending fund balance continues to be a challenge. The 2016 General Government budget is experiencing revenue pressure from sluggish sales and utility tax growth, both in 2016 and carrying forward into 2017. Expenditure pressures are arising from the two charter amendments that required spending on streets and parks that came without new revenue, impacts of collective bargaining agreements, costs associated with the ACLU law suit, changes in the medical benefit plans, along with other increases in the overall cost of doing business. Currently the baseline preliminary General Government budget is using about $720,000 of the Reserves, and the ending fund balance is projected to be $6.2 million or 8.2% of proposed expenditures which is only about half of the recommended minimum target of 16.7% or $12.7 million. To stop the erosion of fund balance, the City would need to reduce expenditures, raise revenue or a combination of the two. To that end, both budget reduction options and new revenues are presented for Council consideration.

Despite a tempered economic recovery from the recession, the City is projecting resources which will allow us to continue to make significant capital improvement investments. This preliminary budget commits $57.9 million to capital improvements, and includes projects such as central plaza construction; utility system investments; street improvements; park upgrades; fire apparatus; airport equipment; transit bus purchases; and Cascade Mill Site infrastructure.

Because of the need to continue to invest in utility capital infrastructure, the budget is proposing increases in water, wastewater, stormwater, and refuse utilities, such that a "typical household", (i.e. one using 12 units of water and a 96-gallon refuse cart) will experience an increase of $6.20 in their bi-monthly bill (or $3.10 per month).

CITY BUDGET

The proposed FY 2017 budget, including all funds, is balanced within available resources, which includes both annual revenue and the accumulated reserves (fund balance). The FY 2017 expenditure budget is $235.3 million and represents a $28.1 million, or 13.6%, increase over projected FY 2016 year-end expenditures. The 2017 expenditure budget is supported by revenue of $215.8 million and surplus reserves of $19.5 million. At the end of 2017, citywide budget reserves are projected to be at $50.7 million, 21.5% of the 2017 budget expenditures, compared to $70.2 million in reserves in FY 2016. Reserve balances are compared to budgeted expenditures for adequacy—best practices indicate that operating funds should have a balance of 16.7% (or two months). Capital fund reserve balances are tied to capital improvement plans. Often reserves are built over time, and then used for major capital projects.

The following charts summarize expenditures and revenues comparing changes in the 2016 projected year-end estimate and proposed 2017 budget.

2016 VS. 2017
EXPENDITURE BUDGET COMPARISON

	2016 Year-End Estimate	2017 Proposed Expenditures	16 vs. 17 Budget % Change
General Fund	$ 62,972,563	$ 65,427,267	3.9%
Parks	5,481,878	5,504,559	0.4%
Streets & Traffic	5,407,091	5,368,427	(0.7%)
General Government Total	73,861,531	76,300,253	3.3%
Utilities/Other Operating	71,668,060	74,460,043	3.9%
Capital Improvement	34,437,176	57,867,959	68.0%
Risk Management Reserves	5,507,735	3,912,355	(29.0%)
Employee Benefit Reserves	14,216,438	15,217,540	7.0%
Trust and Agency Funds	655,060	667,000	1.8%
G.O. Bond Debt Service	4,760,964	4,775,260	0.3%
Utility Revenue Bond Debt Service	2,129,054	2,127,754	(0.1%)
Total - Citywide Budget	$207,236,018	$235,328,165	13.6%

2016 VS. 2017
REVENUE BUDGET COMPARISON

	2016 Year-End Estimate	2017 Projected Revenue	16 vs. 17 Budget % Change
General	$ 62,860,032	$ 64,728,549	3.0%
Parks and Recreation	5,551,665	5,479,225	(1.3%)
Street & Traffic Operations	5,239,988	5,371,040	2.5%
General Government Subtotal	73,651,685	75,578,814	2.6%
Utilities/Other Operating	73,510,095	73,173,572	(0.5%)
Capital Improvement	34,748,790	40,225,603	15.8%
Risk Management Reserves	4,894,000	4,078,528	(16.7%)
Employee Benefit Reserves	14,069,749	15,192,660	8.0%
Trust and Agency Funds	664,060	676,000	1.8%
G.O. Bond Debt Service	4,767,028	4,779,045	0.3%
Utility Revenue Bond Debt Service	2,131,180	2,126,855	(0.2%)
Total	$208,436,587	$215,831,076	3.5%

General Government Fund

The Preliminary 2017 General Government fund expenditure budget, which represents most core City services, is balanced at $76,300,253 and represents a $2.4, million or 3.3%, increase over the 2016 year-end projected expenditure budget. The revenue budget is $75,578,814, a $1.9 million or 2.6%, increase over the projected 2016 year-end revenues. Without budget reductions and/or new revenue, the 2017 year-end General Government operating reserves are projected to be $6,221,541, or 8.2%, of 2017 expenditures.

The General Government operating reserves are currently less than the City's financial management goal of 16.7%, although as recently as the end of 2013 our fund balance was $10.9 million or 17.1% of expenditures. Several things have happened since then that used reserves. In 2014 the City used $1.1 million in operating reserves to purchase the four Tiger Mart sites. 2015 experienced a combination of revenues under budget ($1.3 million), and additional expenditures of about $1.0 million due to an active fire season requiring overtime; a snow event requiring overtime and plowing; costs associated with the ACLU lawsuit; a few large medical claims for a City inmate housed at the Yakima County jail; the severance package for the prior City Manager; and a spike in medical claims over budget. Generally, these are valid uses of reserves (i.e. one-time unforeseen expenditures). The City often has unforeseen expenses in any given budget year. What made 2015 a difficult year was the number of different issues and the size of each issue, while revenue was not meeting projections.

In early 2016, budget reductions were identified in an attempt to reverse this trend. Unfortunately, the most recent program aimed at reducing medical costs to the self-insured medical fund did not materialize, and a mid-year premium increase was necessary. All budgets have been so close to the margins since the recent recession, so that any year end savings are marginal. Revenue and expenditure estimates for year-end 2016 indicate that we will need to use an additional reserve amount of $210,000. Furthermore, the 2017 baseline budget, with expenditure increases tied primarily to labor agreements, state pension rates, and medical premium increases, is using about $720,000 of reserves. There's still some difficult decisions ahead to turn this trend around and begin to rebuild the reserve balance.

The 2017 General Government incremental revenue growth of $1.9 million is based on the following:

- Proposed 1% inflation adjustment in property taxes plus an estimate of 1.3% new construction (Because this year's implicit price deflator is only 0.953% a super majority (5 – 2) vote and a declaration of "substantial need" would be required to pass a 1% increase.) — $416,000
- 3.8% growth in sales tax (2012 - 2014 growth above 6.0% - 2015 2.9%, 2016 est. 4.0%) — 640,000
- Utility tax growth of 3.3% - includes alternate rate increases for City utilities — 456,000
- Sale of two Tiger Mart locations (down from $688k in 2016) — 400,000
- Other charges for service (City Service, Utility Billing) — 439,000

Balancing Strategy

We have balanced the 2017 General Government Fund budget using the following strategies:

- Instituting a 1.2% vacancy rate. 2% payroll vacancy savings dropped to 1.2% -- from $1,085,000 to $675,000 (savings haven't materialized because of accrued leave cashouts, additional overtime, and medical fund pressure) — Savings: $675,000
- Elimination of 4 vacant positions in General Government — Savings: 345,000
- Imposition of Fire Inspection Fee, Increase Zoning-Land use services fee — Revenue: 300,000

Key Cost Drivers
The principal cost increases in the General Government proposed 2017 budget are due to:

- Personnel cost of living wage increases (average 2.5%) (Note: CPI < 1%) $950,000
- Pension rate increase – 13.6% as of 7/1/17 from 11.2% to 12.7% for PERS employees $175,000
- Medical plan rate increase – 15% (about half in mid-2016) $930,000

The lists that follow include the budgeted initiatives sorted by strategic priority. All fund balances presented in this document include these items.

PUBLIC SAFETY INVESTMENTS
The core obligation of government is to provide a safe and secure environment for its residents, businesses, and visitors. Despite a 66% reduction in crime per capita since 1988, 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 years.

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

Online Police Reporting System $49,000
The online reporting system will free up staff time by reducing the number of phone and in-person complaints processed, and make the department more responsive to the public.

Police/Legal Center Reconfiguration $20,000
The Police/Legal Center has outgrown the available space of the current building. The departments housed within the Police/Legal Center are proposing to reconfigure several work areas to improve efficiency and customer service.

Police Fleet Replacements $400,000
The department proposes purchasing two (2) Harley-Davidson police motorcycles and eight (8) police vehicles to replace vehicles that have exceedingly high mileage, are experiencing excessive mechanical issues, or are too old to be compatible with current technology and equipment needs.

Fire Apparatus (carryover) $1,500,000
This initiative was approved in 2015, but because of the time related to ordering the apparatus, it will be carried forward into 2017. The LOCAL lending program will be used to fund this purchase.

Establish a Fire Inspection Fee ..... 2017 Revenue of $250,000
Staff proposes to establish a fee schedule for annual fire inspections. The proposed fee schedule would have tiers and be based on the square footage and hazard class of the business.

Add 1.0 Public Safety Communications Supervisor $90,200
This addition will balance the cost of shift supervisor position between the city and county of three (3) each FTE Public Safety Supervisor positions. The purpose of adding this position is to reduce overtime, provide better coverage, and increase training.

Wastewater Capital Improvements $12,825,000
The major projects include the Speedway Lift station and the retrofit of the trickling filter clarifier (for a complete list, refer to the Strategic Initiatives).

Wastewater/Stormwater Rate Increase.....Revenue of $904,500
The budgeted alternative is less than the wastewater and stormwater rate recommendations from the *2014 Wastewater, Industrial Wastewater and Stormwater Rate Study* (FCS Group, 2014). The adoption of the recommended stormwater rates is necessary to fund the $2.5 million average annual stormwater capital expenditure over the next ten years as identified in the *2013 Stormwater System Collection Master Plan* (Akel, 2013).

Wastewater - Add One Pretreatment Crew Leader.....$85,000
This position is needed to address increased workload in the Pretreatment Fat, Oil, and Grease (FOG) program.

Water Capital Improvements.....$1,444,000
Major projects include the Water Treatment Plant intake, N 1st Street, and water main replacements (for a complete list, refer to the Strategic Initiatives).

Water Rate Increase.....Revenue of $434,750
A study reflecting the true costs for the capital program was conducted in the spring 2013. The budgeted proposal is 5%, although the study suggested a rate increase of 8.5% was required. New rates are proposed to catch up to the needed revenue to keep the capital replacement program current and maintain required operating and capital reserves.

Irrigation Capital Improvements $8,000,000
The major project for 2017 is the Nelson Dam replacement. This has been a multiyear project, culminating in the major replacement project. This will be funded with $2 million of capital rates and reserves, and a $6 million revenue bond. Annual debt service will be made by existing capital rates.

Stormwater Improvements.....$3,900,000
Projects include the flood hazard reduction plan and capacity improvements.

Refuse Rate Increase – Tipping Fees $247,000
The budgeted alternative proposes a 3.7% rate increase in Refuse rates for 2017 for expenses relating to anticipated increases in landfill tipping fees and other operational costs effective January 1, 2017.

ECONOMIC DEVELOPMENT INVESTMENTS

In 2015, Yakima residents identified economic development as one of the two top priorities for the Yakima community. 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 2017 budget includes the following initiatives to foster a more robust and vital economy.

Economic Development Community Support $318,000
The Yakima 4th of July celebration, Yakima Arts Commission, Downtown Association of Yakima, Craft Beverage event, and Airport marketing all receive support from this initiative.

Public Market / Business Incubator Location Evaluation ($50,000 grant) $66,667
This evaluation would review possible layouts and configurations, conceptual drawings and completion of an estimated construction cost for each of two possible facility sites.

Special Event Fee Increase (Unbudgeted) ..... Revenue of $19,100
The City currently charges $50 for special event permits, which cover only a small fraction (on average roughly 6%) of the cost of the staff time to ensure public safety, community and business notification, insurance coverage review and to provide the barricades, cones and tents for events. It is recommended that the special event fee be increased to recapture up to 50% of the actual costs associated with special events.

Yakima Central Plaza $10,817,000
The Yakima Central Plaza design and construction documents will be complete and ready to put out to competitive bid 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.

Cascade Mill Site.....$1,200,000
Redevelopment of the Cascade Mill Project Area will focus in 2017 on preparation for street construction and environmental clean-up. The street right of way for the future extension of Bravo Company Boulevard and East-West Corridor will be dedicated to the City for street development in two portions: the southern portion in late 2016 and the remainder in 2017.

Airport Tractor.....$43,000
As equipment within the airport's fleet continues to age it is recommended to replace the 1990 Ford tractor, which has outlived its useful life and has become unreliable.

Transit Capital Investments.....$330,000
Major projects include the purchase of 3 administrative vehicles, the construction of 10 solar shelters and ADA sidewalk improvements.

Transit Operating Investments.....$190,000
The purchase and installation of 25 passenger counters, the change of the Transit logo on Transit vehicles and the upgrade of cameras at the Yakima transit center.

Transit Buses.....$1,885,000
This initiative is part of Yakima Transit's Fleet Replacement Program and is a carryover from a 2016 Strategic Initiative that was approved. Yakima Transit is in the process of purchasing the last four (35 foot buses) of seven new buses for the fixed-route bus system that will arrive March 2017.

NEIGHBORHOOD AND COMMUNITY BUILDING
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 2017 budget initiatives are proposed.

City Hall Facility Improvements.....$1,292,000
The upgrade of both elevators in City Hall is currently budgeted for 2017. Further projects will be completed if other funding becomes available.

Airport Improvements $1,950,000
These improvements include the replacement of the security perimeter fence, the replacement of snow removal equipment, the initial phase of rehabilitating the west general aviation itinerant apron, the replacement of a tractor and the east apron and taxiway crack sealing.

Arterial Street Improvements $4,516,100
The main project consists of road improvements accessing the new SOZO Soccer Complex. The major north 1st Street project is being postponed. (For a complete list, refer to the Strategic Initiatives).

Henry Beauchamp Community Center.....$30,000
It is the desire of Public Works Administration to establish a 5-year Capital Plan for this facility and have budget approval of $30,000 per year to address the identified capital repair/replacements.

Equipment Rental Shop Equipment $88,000
A new lift would be used for working on various vehicles and these funds will also replace worn shop equipment.

Replace Fuel Management System.....$175,000
Replacement of the existing fuel management system with new hardware and software that is capable of connecting the various fueling sites to the master system. The project consists of two parts: the fuel management system replacement itself; and modernization of the public works vehicle access gates that are controlled using the fuel management system computer.

Parks Capital Improvements $2,031,000
Major areas for improvement in 2017 include the Gardner and Cherry Park playgrounds and continuation of Randall Park improvements.

Top Ten Capital Improvements $38,702,000

	2017 Proposed Expenditures	Funding Source
Yakima Central Plaza	$ 10,817,000	REET 2/LTGO Bonds/Donations
Irrigation - Irrigation system/Nelson Dam	8,000,000	$6M Bonds
Wastewater - Speedway Lift Station	7,000,000	Capital Rates/Reserves
Streets - Spring Creek/36th Ave/Sorenson (SOZO)	2,970,000	SIED Grant/Loan, GO Bonds
Wastewater - Primary Digester Improvements	2,500,000	Capital Rates/Reserves
Transit - 4 Transit Buses (carryover)	1,885,000	Capital Reserves/WSDOT Grant
Stormwater - N 1st St Revitalization (carryover)	1,790,000	Capital Rates/Reserves
Fire Apparatus (carryover)	1,500,000	State LOCAL/Capital Lease
Comm Development - Cascade Mill Redevelopment	1,200,000	Local Infrastructure Finance Tool (LIFT)
Airport - Snow Removal Equipment	1,040,000	90% Grants 10% Passenger Facility Charge
	$ 38,702,000	

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 2017.

Capitol Theatre Management Fee Increase.....$5,640
The City is responsible for the major upkeep, maintenance, and repair of the Theatre premises and fixtures. The City proposes to increase the Capital Theatre Management Fee by $5,640 (from $282,000 to $287,640) in order to maintain the Capitol Theatre's ability to expand and diversify its programming and improve its marketing outreach.

Continue Fire suppression and prevention contract with Union Gap $1,243,317
The Fire Department contracted with the City of Union Gap to provide fire service in 2015. This contract is continuing through 2017.

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 2017 budget includes the addition of several positions to provide better customer service and the investments below.

Change 50% DA-III to 100% City Records Assistant $10,800
This position has become more technical and assists with Pension, Public Records, Records Management and email searches for discovery/litigation. The cost is net a reduction in temporary salaries.

Replace Telephone Technician position with Telecommunications Analyst.....$9,500
This position requires a person with the skill set to administer a complex, enterprise level telephone system as well as knowledge of the computer network infrastructure that it is becoming more integrated into it as the technology changes from a standalone system into an Internet Protocol (IP) based environment. In reviewing the industry we have found that the merger of these two skill sets is fairly standard so there is an expectation that we will find qualified candidates.

Move .50 Purchasing position to Risk Management.....Net Savings of $38,000
This proposal expands the duties of the position in Purchasing to all City contracts. An employee trained to monitor and ensure certificate citywide would result in full and accurate compliance of an important aspect of financial accountability and risk management for the City.

Land Development Fee Increase .....Revenue of $50,000
An increase of certain application fees for land use applications is recommended to the City Council for 2017. The fee increase is intended to create a more equitable sharing of the processing costs between the City and private development at an average of 50% each.

Fleet Vehicle Additions and Replacements $1,536,000
Equipment Rental fleet vehicle additions and replacements for 2017.

CONCLUSION
The 2017 proposed budget addresses the City's essential priorities and capital needs and will allow the City to achieve critical community and strategic plan goals. In addition, if revenue and expenditure reduction recommendations are approved by Council, this budget 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 current Five Year Financial Plan, and its commitment to move the City toward a brighter and more sustainable fiscal position.

Cliff Moore
City Manager

This Budget Summary Section provides a high-level overview of the 2016 year-end forecast and the preliminary 2017 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 2017.

2016 YEAR END ESTIMATE VS. 2017 BUDGET OVERVIEW

The chart below shows the 2017 budget, including beginning and ending fund balances in summary format.

2017 BUDGET SUMMARY

	Estimated 2017 Beg. Fund Balance	2017 Projected Revenue	2017 Proposed Expenditures	Use of Reserves	Estimated 2017 Ending Balance
General Fund	$ 5,754,842	$ 64,728,549	$ 65,427,267	$ (698,718)	$ 5,056,124
Parks and Recreation	605,689	5,479,225	5,504,559	(25,334)	580,355
Street & Traffic Operations	582,448	5,371,040	5,368,427	2,613	585,062
General Government Subtotal	6,942,980	75,578,814	76,300,253	(721,439)	6,221,541
Utilities/Other Operating	21,313,798	73,173,572	74,460,043	(1,286,471)	20,027,328
Capital Improvement	35,004,602	40,225,603	57,867,959	(17,642,357)	17,362,246
Risk Management Reserves	156,149	4,078,528	3,912,355	166,173	322,322
Employee Benefit Reserves	3,792,773	15,192,660	15,217,540	(24,880)	3,767,893
Trust and Agency Funds	656,731	676,000	667,000	9,000	665,731
G.O. Bond Debt Service	272,748	4,779,045	4,775,260	3,785	276,533
Utility Revenue Bond Debt Service	2,021,467	2,126,855	2,127,754	(899)	2,020,568
Total	$ 70,161,250	$ 215,831,076	$ 235,328,165	$ (19,497,089)	$ 50,664,161

The estimated resources for all funds, including beginning balances, are $286.0 million. This represents an increase of $8.6 million or 3.1% more than the 2016 year-end estimate of $277.4 million.

The expenditure budget for FY 2017 for all funds is $235.3 million. This represents an increase of $28.1 million or 13.6% more than the 2016 Year-End Estimate, coming primarily from carryover and new capital projects.

Some features of the Fiscal Year 2017 budget that should be noted are:

Revenues

- The general operating property tax levy for FY 2017 is estimated to be $3.1117 per $1,000 of assessed value, a slight increase of $0.0238 or 0.8% above the current rate.
- Rate increases as originally proposed in rate studies for water, wastewater, stormwater and refuse are being reduced in the 2017 Preliminary Budget. As a result, some water and stormwater capital projects would be postponed. Refuse and Wastewater capital reserve balances are still below recommended minimums. 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

- 768.35 total proposed full-time (FTE) positions in all funds for Fiscal Year 2017.
- Virtually no change in total--a net decrease of 0.17 FTE's from 2016.
- Refer to the *General Staffing* section for more information.

Capital Improvements

- The City will invest $59.4 million in FY 2017 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 addressing challenges to its ability 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 $3.1117 per $1,000 of assessed value in Fiscal Year 2017. 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 $416,000 or 2.3% more in the FY 2017 levy than it did in FY 2016, as new construction is estimated to generate 1.3% added to the 1% inflationary increase. It should be noted that the IPD is only 0.953%. However, Council can authorize up to a 1% increase with a super-majority of the Council declaring "substantial need". The 2017 preliminary General Government budget is built assuming the 1% is approved. Should Council choose to only levy a property tax with an increase of 0.953%, there will either need to be reductions in the final budget of about $8,500, 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 2017 revenue estimates, adding about $1.9 million or 2.6% 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 2.6% 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 February 23, 2016. 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:

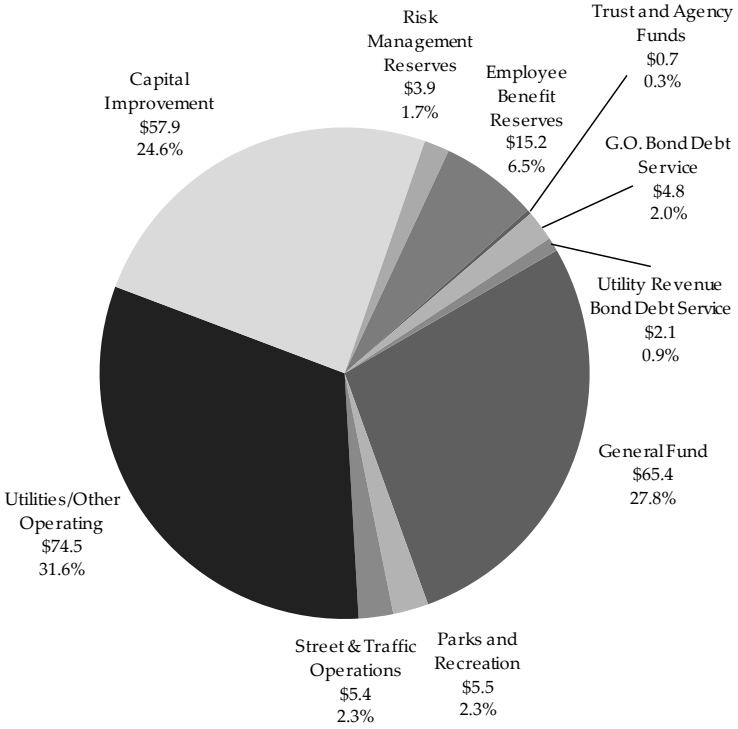
- Ensuring a financially sustainable future.
- Preservation of the City's core services.
- Commitment to funding infrastructure; facilities and rolling stock.
- Addressing Strategic Plan priorities.

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. It should be noted that in both 2015 and 2016, budget pressures were such that the vacancy savings are not materializing as planned, so this assumption was dropped to 1.2% for the 2017 Preliminary Budget.

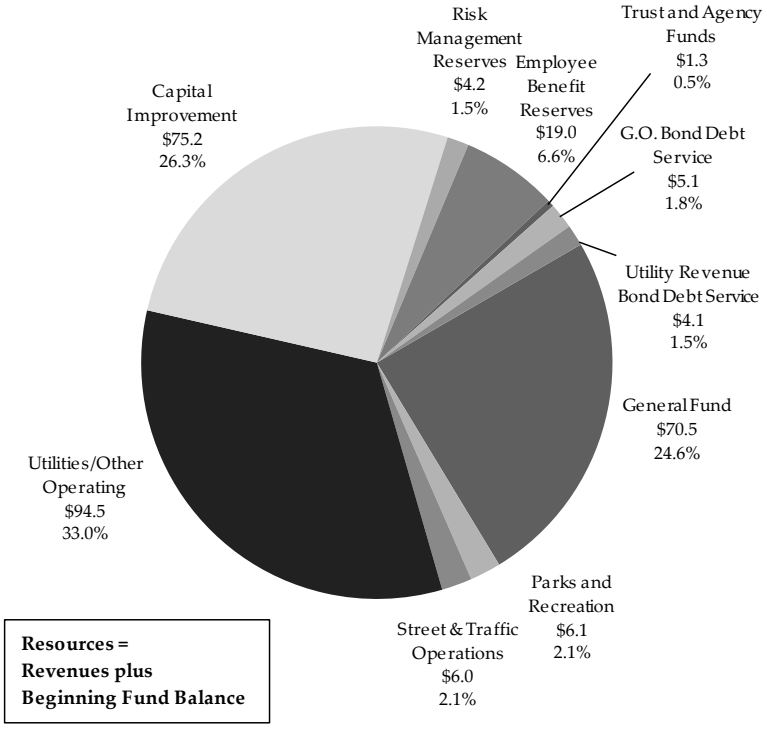
Although the City of Yakima is slowly coming out of the worst economic recession in recent history, the Five Year Financial Plan represents a prudent and balanced strategy for meeting its fiscal challenges. The strategy reflected in the Five Year Financial Plan allows the City to eliminate projected 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.

2017 EXPENDITURE BUDGET BY FUND
($235.3 MILLION)



2017 RESOURCES BUDGET BY FUND
($286.0 MILLION)



The proposed 2017 total city-wide expenditure budget of $235.3 million is balanced within existing resources and reflects an increase of $28.1 million from the 2016 year-end estimate of $207.2 million.

The 2017 General Government budget of $76.3 million is approximately $2.4 million more than the 2016 year-end estimate of $73.9 million. The General Government budget consists of three separate Funds: the General Fund, the Parks Fund and the Streets and Traffic Fund. Just under 67.8% of these tax supported budgets are devoted to public safety services in the 2017 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 2017 budget was developed, changes that needed to happen before the 2017 budget year were found and expeditiously put into place during 2016. The following are the elements that were implemented/authorized in 2016, and incorporated into the 2017 budget.

MID-YEAR CHANGES

Description	Inc/(Dec)	Emp's	Notes
General Fund			
Neighborhood Partnerships Program	$(206,735)	(2.00)	Deleted due to budget constraints
Legal Assistant II (.12 GF)	(79,800)	(1.00)	Deleted due to budget constraints
Municipal Court	4,000	0.08	Increased permanent part-time
Utility Services Business Analyst	82,600	1.00	New Utility billing software support
Water Services Specialist	(18,900)	(0.25)	Retirement - position reduced .25%
Design Engineer (.86 GF)	(90,000)	(1.00)	Deleted due to budget constraints
Recreation Leader	19,000	0.50	From temporary to permanent
Recreation Supervisor	(84,800)	(1.00)	Eliminate 1.0 - net promo inc for 2 positions
Other Funds			
Refuse - Solid Waste Supervisor	89,000	1.00	Restructure
Wastewater - Facility Maintenance Specialis	60,000	1.00	Restructure
Transit	(92,000)	(2.50)	Permanent positions to temporary
Total City-Wide	$(317,635)	(4.17)	

2016 BUDGET ADJUSTMENTS

General Government Program Changes

The following chart is a summary of General Government Strategic Initiatives budgeted for 2017, along with the strategic priorities being addressed by each initiative.

GENERAL GOVERNMENT STRATEGIC INITIATIVES

Description	Inc/(Dec)	Emp's	Notes	Priority
City Administration				
Inc part-time DA-II (50%) to full-time	$ 10,800	0.50	Net of reduction in temporary	PT
Replace Telephone Tech with Telecom Analyst	9,500	-		PT
ED Community Support	318,333	-	Not new exp - continuing programs	ED
Public Market/Business Incubator	16,667	-	$66,667 offset by $50,000 grant	ED
Finance				
Move .50 position to Risk Management	26,400	-	Purchasing - red. in County contract	PT
Community Development				
Zoning & land use fee increase	(50,000)	-	Revenue	PT
Police				
Online Reporting System	49,000	-		PS
Fire				
Fire inspection fee increase	(250,000)	-	Revenue	PS
Total General Government	**$ 130,700**	**0.50**		

Strategic Priority Legend

Economic Development - ED Public Trust & Accountability - PT Public Safety - PS
Partnerships - PA Neighborhood and Community Building - NC

Other Fund Budgeted Changes

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

OTHER FUND STRATEGIC INITIATIVES

Description	Inc/(Dec)	Emp's	Notes	Priority
Economic Development				
Yakima Central Plaza	10,817,460			NC
Community Development				
Capitol Theatre Management Fee increase	5,640	-	Hotel/motel tax, PFD	PA
Cascade Mill redevelopment project	1,200,000	-	LIFT Program	ED/NC
City Hall Facility projects	1,292,000	-	Elevators - REET 1	NC
Police Capital				
Police / Legal Center Reconfiguration	60,000	-		PS
Fleet replacements/additions	400,000	-		PS
Public Safety Communications				
Add one Communications Manager	90,200	1.00		PS
Airport				
Airport Capital - grant funded projects	1,950,000	-	Snow Equip/Perimeter Fence	BE
Airport Operations	43,000	-	Replace Ford tractor	ED
Utilities & Engineering				
Arterial Street capital	4,516,100	-	Gas tax, grants	BE
Wastewater capital	12,825,000	-	Capital rates & reserves	NC
Wastewater/Stormwater rate increase	(904,500)	-	WW/SW Operating	PT
Add one Pretreatment Crew Leader	85,000	1.00	Wastewater Operating	PT
Water capital	1,444,000	-	Capital rates & reserves	NC

Description	Inc/(Dec)	Emp's	Notes	Priority
Water rate increase	(434,750)	-	Capital rates & reserves	PT
Irrigation capital	8,000,000	-	Capital rates & rsvs/rev bond	NC
Stormwater capital	3,900,000	-	Capital rates & reserves	NC
Public Works				
Henry Beauchamp Comm Center repairs	30,000	-	Parks capital	NC
Replace 3 administrative vehicles	100,000	-	Transit capital	NC
Yakima Transit marketing	100,000	-	Transit operating	PT
Solar shelters	130,000	-	Transit capital	NC
Passenger counters	50,000	-	Transit operating	NC
ADA sidewalk improvements	100,000	-	Transit capital	NC
Upgrade cameras - transit center	40,000	-	Transit operating	NC
Refuse rate increase	(247,000)	-		PT
Fleet vehicle additions/replacements	1,536,000	-	Equipment Rental replacement	PT
Shop equipment	88,000	-	Equipment Rental operating	NC
Fuel management system replacement	175,000	-	Environmental fund	NC
Parks & Recreation capital	500,000	-	Parks & Recreation capital	NC
Total City - Other Funds	$47,891,150	2.00		

Strategic Priority Legend

Economic Development - ED Public Trust & Accountability - PT Public Safety - PS
Partnerships - PA Neighborhood and Community Building - NC

Unbudgeted Changes

The following is a summary of budgeted strategic initiatives in all funds.

UNBUDGETED STRATEGIC INITIATIVES

Description	Inc/(Dec)	Emp's	Notes	Priority
General Fund				
Establish brokered natural gas utility tax	(113,000)	-	New revenue - General Fund	n/a
Eliminate lid on electric, natural gas, tele tax	(760,000)	-	New revenue - General Fund	n/a
Establish Transportation Benefit District	(1,371,000)	-	New revenue - Street Impr.	n/a
Special event fee increase	(9,550)	-		ED
Add 2 modules to NEOGov software	39,200	-		PT
Purchase Workiva reporting software	29,000	-		PT
Planning Division Reorganization	-	-	2018 = $23,300	PT
General Government Capital				
Fire facility remodel and modernization	700,000	-		PS
Add one Fire Maintenance Mechanic	99,000	1.00		PS
Add three Firefighters	279,000	3.00		PS
Full size copier/scanner for Engineering	18,000	-		PT
Public Safety Communications				
Refurbish Comm Vehicle	12,000	-		PS
Airport				
Add one Airport Assistant Manager	102,400	1.00		ED
Utilities & Engineering				
Economic study for Yakima Basin Int Plan	5,661	-		PS

Description	Inc/(Dec)	Emp's	Notes	Priority
Public Works				
Crime reduction street lighting	2,100,000	-		PT
Sidewalk repair/installation & tree removal	50,000	-		NC
Add two Traffic Signs & Marking Specialists	120,000	1.00		PT
Add one Traffic Technician	55,000	2.00		PT
Total City - Other Funds	$ 1,355,711	8.00		

Strategic Priority Legend

Economic Development - ED Public Trust & Accountability - PT Public Safety - PS
Partnerships - PA Neighborhood and Community Building - NC

Balanced Budget Options

Owing to a number of reasons, including sluggish sales tax revenue growth, the impacts of two charter amendments that required spending on roads and parks that came without new revenue, costs associated with the ACLU suit, impacts of collective bargaining agreements, the transition of medical benefit plans, and the overall cost of doing business, the current projection for the City's General Fund balance at the end of 2017 is $6.2 million dollars. Even with the restrictions put in place earlier in the year, current conditions indicate $200,000 of reserves will be used in 2016. In order to hit a fund balance at the close of 2017 that is fiscally responsible, enables us to cash-flow our operations and demonstrate that we are employing best fiscal management practices, it is imperative that we improve the reserve balance. This can be accomplished by either reductions in the 2017 budget, additional revenue or a combination of the two.

To accomplish that end, all Departments were asked to undertake a two prong budget reduction exercise that would cut 1.5% budget or 2.0% from the initial preliminary 2017 levels.

The summary of these submissions is listed below. See the General Government Reduction Options section for further information.

BALANCED BUDGET OPTIONS

Department	2017 Preliminary Budget	Reduction Target 1.5%	Reduction Target 2.0%	Reductions Proposed Personnel	Reductions Proposed Non-Pers.
City Administration	$ 5,566,184	$ 83,493	$ 111,324	$ 38,350	$ 72,250
Human Resources	699,137	10,487	13,983	-	14,000
Legal	1,720,714	25,811	34,414	10,126	18,848
Municipal Court	1,531,046	22,966	30,621	35,200	-
Finance	2,598,929	38,984	51,979	54,700	-
Community Development	2,594,969	38,925	51,899	54,600	-
Police	27,690,083	415,351	553,802	288,450	90,843
Fire	12,881,582	193,224	257,632	-	1,750
Engineering	783,620	11,754	15,672	48,600	(18,000)
City Hall Maintenance	531,147	7,967	10,623	8,000	-
Parks & Recreation	5,504,559	82,568	110,091	32,500	78,000
Streets	5,368,427	80,526	107,369	-	108,000
Total General Government	$67,470,398	$ 1,012,056	$ 1,349,408	$ 570,526	$ 365,691
				Total Reductions Proposed	**$ 936,217**

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 2016 as well as those included in the 2017 budget. Each of the Non-General Government proposals has an identified revenue source or other expenditure reduction to support the additional cost.

2017 BUDGETED POSITION ADJUSTMENTS

Fund/Department	Description	Chg	#	GG Base & Benefits	Other Base & Benefits	Remarks
Mid-Year 2016 Changes						
Nghbrhd Partner						
	Manager		(1.00)	$ (100,000)	$ -	Deleted / budget constraints
	Program Assistant		(1.00)	(37,000)	-	Deleted / budget constraints
Legal	Legal Assistant II		(1.00)	(79,800)	-	Deleted / budget constraints
Municipal Court	Department Assistant		0.08	4,000	-	Increased permanent part-time
Utility Services	Water Services Spec		(0.25)	(18,900)	-	Position reduced .25%
	Business Analyst		1.00	82,600		Utility software billing support
Engineering	Design Engineer		(1.00)	(90,000)		Deleted / budget constraints
Parks & Recreation						Restructure
	Recreation Leader		0.50	19,000	-	From temporary to permanent
	Recreation Supervisor		(1.00)	(84,800)	-	Elim 1.0 - net promo f/2 positions
Wastewater	Facility Maint Spec		1.00	-	58,700	Restructure
Transit	Operators		(2.50)	-	(92,000)	Permanent positions to temporary
Refuse	Solid Waste Supervisor		1.00	-	92,500	New billing systems
Total Mid-Year Changes			(4.17)	(304,900)	59,200	
Strategic Initiatives						
City Clerks	Department Assistant III		0.50	7,000	-	
Pub Safety	Communications Super		1.00	-	90,200	
Wastewater	Pretreatment Crew Ldr		1.00	-	85,000	
	Total Strategic Initiatives		2.50	7,000	175,200	
Total Budget Changes			(1.67)	(297,900)	234,400	**Total 2017 Changes**

Total General Government Positions	(3.17)
Total Other Fund Positions	1.50
Total Positions	**(1.67)**

- A net 3.67 FTE's were deleted from General Government mid-year, and a net 0.5 positions is being added in the 2017 Budget for a total decrease of 3.17 FTE's from the 2016 Adopted Budget.
- A net of 0.5 FTE's were deleted from other government funds mid-year, and 2.0 added in the 2017 Budget for a total increase of 1.5 FTE's.

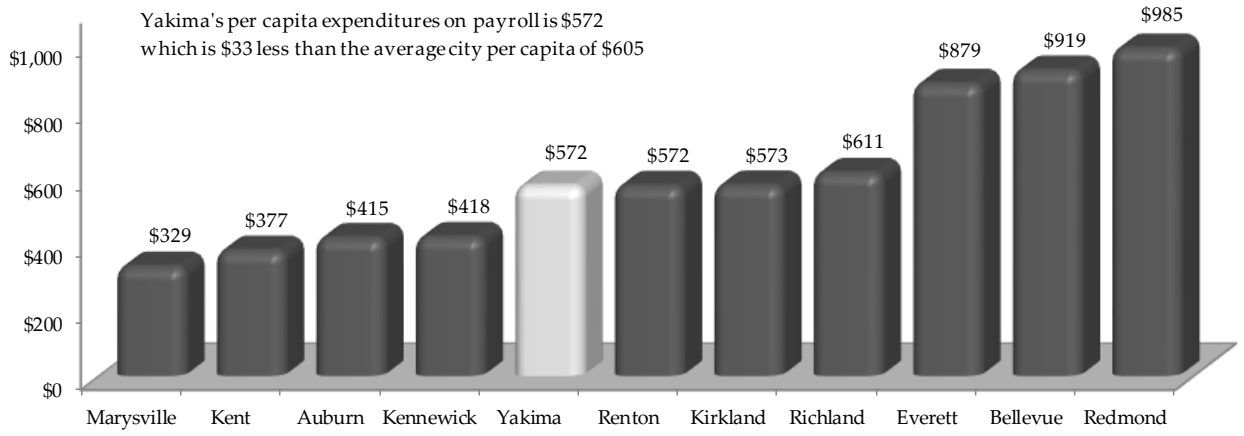
In the 2017 budget, management continues to accommodate Federal and State unfunded mandates and provides critical public safety and other essential services. In an effort to minimize costs and

increase efficiencies, management has increased, decreased, and reorganized personnel resources in both the 2016 and 2017 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 2016.

Comparison with other Cities – Payroll
The data utilized in the following comparison was compiled from the State Auditor's Local Government Comparative Statistics for 2015, and includes comparisons of comparable Washington State cities with populations between 50,000 and 135,000.

PAYROLL COSTS

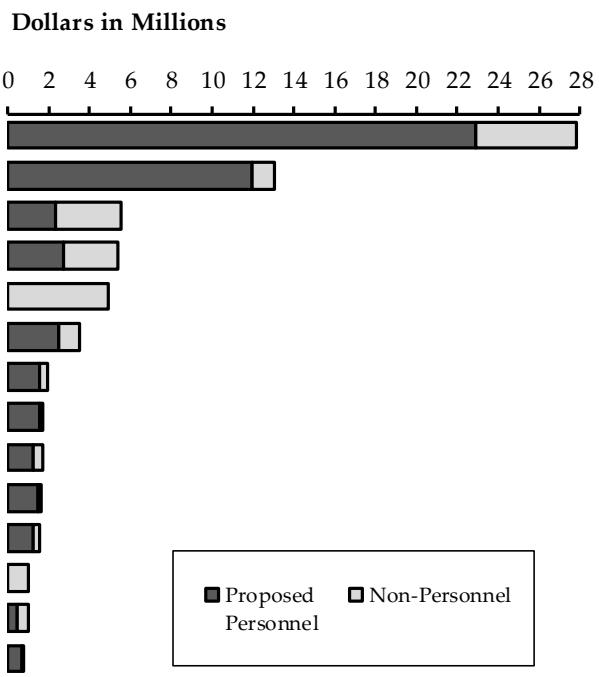


It should be noted that the City of Yakima has operations that utilize staff that other cities may not have. For example irrigation, transit, public safety communications, commercial airport, and refuse operations are combined in regional special purpose districts or contracted out for many of these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

PRELIMINARY BUDGET
The 2017 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.

2017 GENERAL GOVERNMENT PRELIMINARY BUDGET
(By Department)

Organizational Unit	2017 Proposed Expenditure	% of Total Budget
Police	$27,804,120	36.4%
Fire	13,077,654	17.1%
Parks	5,504,559	7.2%
Streets & Traffic Oper.	5,368,427	7.0%
Transfers	4,942,414	6.5%
Information Technology	3,527,985	4.6%
Code Administration	1,931,741	2.5%
Legal	1,720,714	2.3%
Utility Services	1,714,379	2.2%
Financial Services	1,650,945	2.2%
Municipal Court	1,531,046	2.0%
Indigent Defense	965,500	1.3%
Police Pension	964,997	1.3%
Engineering	783,620	1.0%
Economic Development	743,507	1.0%
Human Resources	699,137	0.9%
Planning	663,228	0.9%
Purchasing	608,152	0.8%
City Clerk/Records	591,329	0.8%
City Hall Facility	531,147	0.7%
City Manager	411,938	0.5%
City Council	291,426	0.4%
Intergovernmental	155,287	0.2%
State Examiner	117,000	0.2%
Total	$76,300,253	100.0%

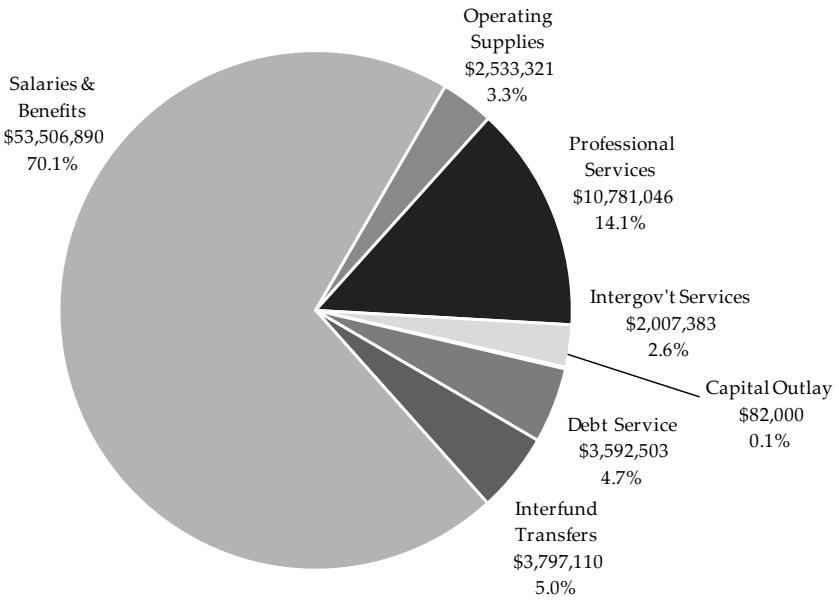


The Police Department consumes 36.4% of the $76.3 million General Government budget, while the Fire Department consumes another 17.1%. No other single Department utilizes more than 7.2% of the total General Government budget.

The Streets & Traffic Department budget (7.0%) and the Parks and Recreation Department budget (7.2%) come in a distant 3rd and 4th place for the utilization of available resources. This has been the relative utilization of General Government resources for many years, and continues to reflect the Council's strategic priorities for the coming year.

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

GENERAL GOVERNMENT EXPENDITURES BY CLASSIFICATION



Projected Ending Cash Balance (Reserve)

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

2017 GENERAL GOVERNMENT
PROJECTED REVENUES, EXPENDITURES AND CASH BALANCES

	2017 Projected Revenue	2017 Proposed Expenditures	Diff	2017 Exp as % of Rev	2017 Estimated Beginning Balance	2017 Estimated Ending Balance	2017 End Bal as % of Exp
General Fund	$64,728,549	$ 65,427,267	$ (698,718)	1.1%	$5,754,842	$5,056,124	7.7%
Parks & Recreation	5,479,225	5,504,559	(25,334)	0.5%	605,689	580,355	10.5%
Street & Traffic Fund	5,371,040	5,368,427	2,613	0.0%	582,448	585,062	10.9%
Total General Government	$75,578,814	$ 76,300,253	$ (721,439)	1.0%	$6,942,980	$6,221,541	8.2%

The 2017 General Government preliminary budget is presented with the use of $721,000 in reserves and the ending reserve balance is projected to be $6.2 million or 8.2% of the budgeted expenditures, which is almost half of the recommended "best practice" of 16.7%, partially 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, along with a revenue slowdown in 2015 coupled with several unforeseen expenditures. As the revenue slowdown experienced in 2015 continued into 2016, we instigated cost reductions in

April when we observed and addressed this trend, but will likely not be able to make up this entire reduction—the 2016 year end estimates indicate a use of reserves of about $210,000.

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." Since our reserve levels have taken several hits since this analysis was done, staff is recommending that we demonstrate a willingness to turn around the past few years of using reserves, and start a plan to rebuild levels to recommended minimums.

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

GENERAL GOVERNMENT FUNDS
RESERVES USAGE AND BALANCE COMPARISONS

	(1) 2015 Actual	(2) 2016 Amended Budget	(3) 2016 Year-End Estimate	(4) 2017 Proposed Expenditure	(5) Variance (4-2)
Beginning Reserve Balance	$ 9,412,400	$ 7,152,826	$ 7,152,826	$ 6,942,980	
Revenue	70,265,428	73,273,325	73,651,685	75,578,814	
Total Resources	$79,677,827	$80,426,151	$80,804,511	$82,521,794	$2,095,643
Expenditure Budget	72,525,002	73,260,550	73,861,531	76,300,253	3,039,703
End. Reserve Balance	$ 7,152,826	$ 7,165,601	$ 6,942,980	$ 6,221,541	
% of Annual Expenditures	9.9%	9.8%	9.4%	8.2%	
Inc/(Dec) in Reserves f/ Prior Year	$ (2,259,574)	$ 12,775	$ (209,846)	$ (721,439)	
% of Expenditure Budget	(3.1%)	0.0%	(0.3%)	(0.9%)	

Revenues

- 2017 projected revenues reflect an increase from the 2016 year-end estimate of $1,927,129 or 2.6%.

Expenditures

- The 2016 year-end expenditures are projected to be $0.6 million more than the Amended budget, primarily because of a mid-year increase in medical premiums, and a snow event in early 2016 that required overtime and outside contractors for plowing. Finance is preparing an appropriation ordinance to be presented at the November 1 Council meeting to increase the 2016 budget for these items.

- The 2017 proposed expenditure budget is $2.4 million more than the 2016 year-end estimate and $3.0 million more than the 2016 authorized expenditure level. Most of this increase is in the area of base salaries (even after a reduction in 4 permanent budgeted positions), and increased rates in pension contributions and medical premiums.

Reserves

- A comparison of the 2015 beginning and ending reserve balances reflects a use of reserves of $2,259,574 which is due primarily to an unanticipated downturn in sales tax and utility tax growth trends, coupled with several major unforeseen expenditures.
- 2016 year-end projections indicate a use of reserves during 2016 of about $209,846, primarily because of the expenditure increases tied to medical premiums and a snow event (described earlier).
- The 2017 budgeted year-end reserve level is approximately 8.2%; this is below the reserve guidelines, as noted previously. Expenditure increases consist primarily of labor settlements and medical premiums, and exceed projected revenues by about $721,000 before Council decisions on new revenue and/or more extensive budget reductions.

2017 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, 2016 and 2017 revenue projections for the City based on the economic condition of our region.

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 2017 Preliminary Budget. However, there are options for Council to consider, should budget reductions options be rejected, or the unbudgeted strategic initiatives be approved. Tax options include lifting the lid (cap) on electric, natural gas and telephone utility taxes; imposing a utility tax on brokered natural gas; and establishing a Transportation Benefit District.

- Sales Tax – The General Government budget includes revenue projections that reflect a 3.8% or $623,200 increase in sales tax revenues from 2016 to 2017. Through the 10 months ended October 31, the year to date sales tax is 3.1% over the prior year.
- Property Tax – The 2017 budget is based on a 1.0% increase in the property tax levy or about $180,000, as currently allowed by state law, plus a 1.3% increase or $236,000 for new construction for a total increase of $416,000 (The allocation to the Firemen's Relief and Pension Fund was unchanged at $1,240,760, leaving General Government with the entire increase.)

Budget Reductions/Personnel Changes

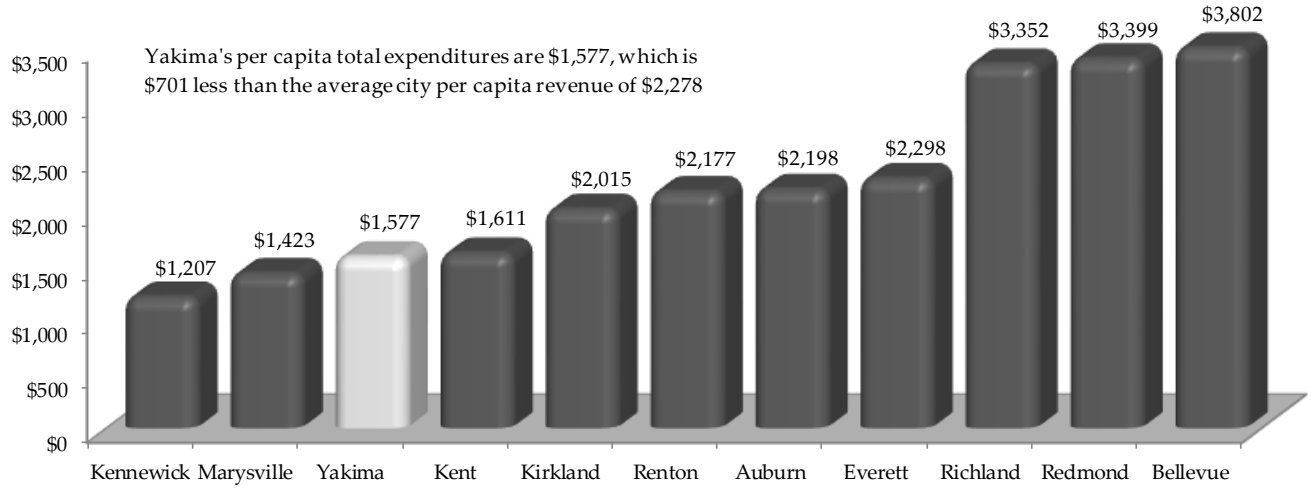
As revenues are on the road to recovery, Council is evaluating service levels and trying to better align service levels with citizen requests as measured by a citizen survey. Strategic initiatives to improve City Services have been included in the budget. Because the cost of doing business continues to grow, budget reductions were necessary in order to balance the 2016 and 2017 budgets

within available resources. Additional reductions of over $930,000 have been identified to give Council options to start to rebuild reserves toward our recommended minimum reserve level.

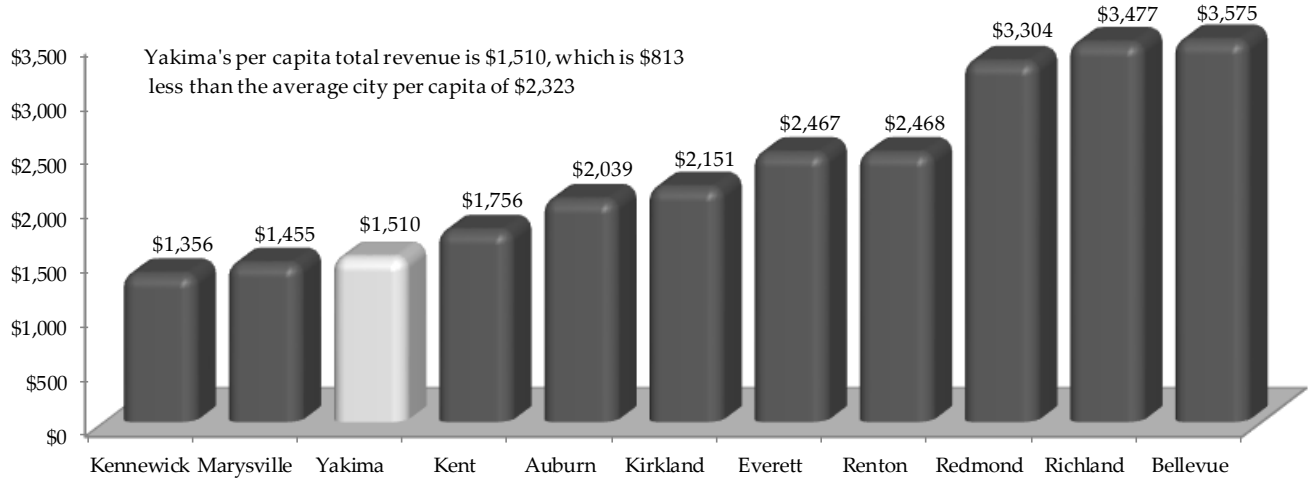
Comparison with other Cities – Expenditures and Resources

The data utilized in the following comparisons was compiled from the State Auditor's Local Government Comparative Statistics for 2015, 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).

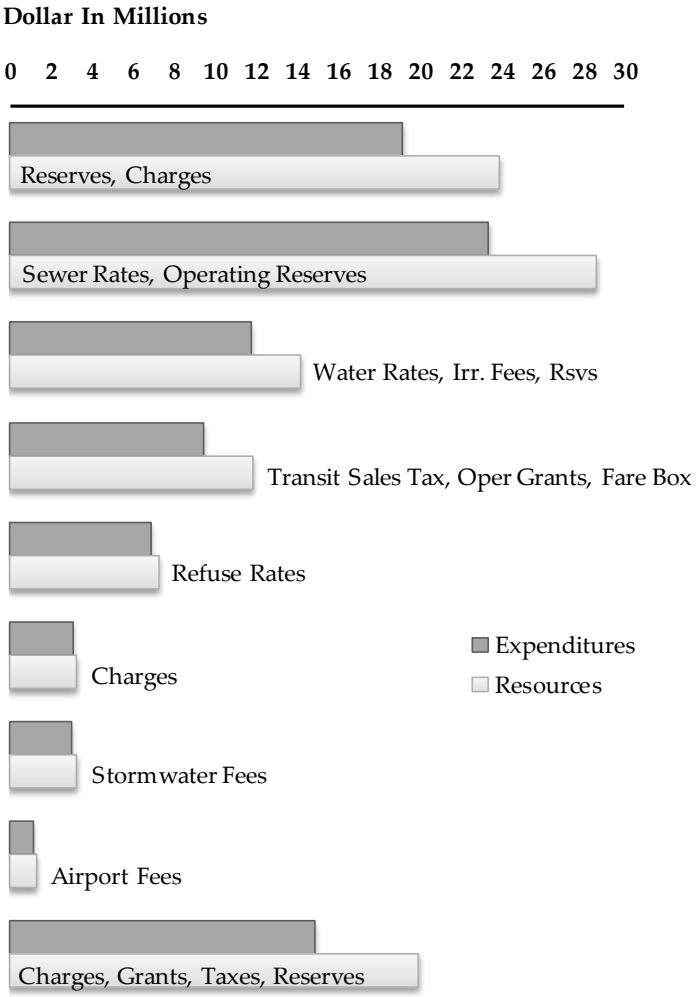
As reflected on the previous pages of this section, management has closely monitored and maintained a strong fiscal discipline over spending throughout all City departments for years. This has preserved the City's reserve position – and an improved credit rating – during some very difficult times. The 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 2017, 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.

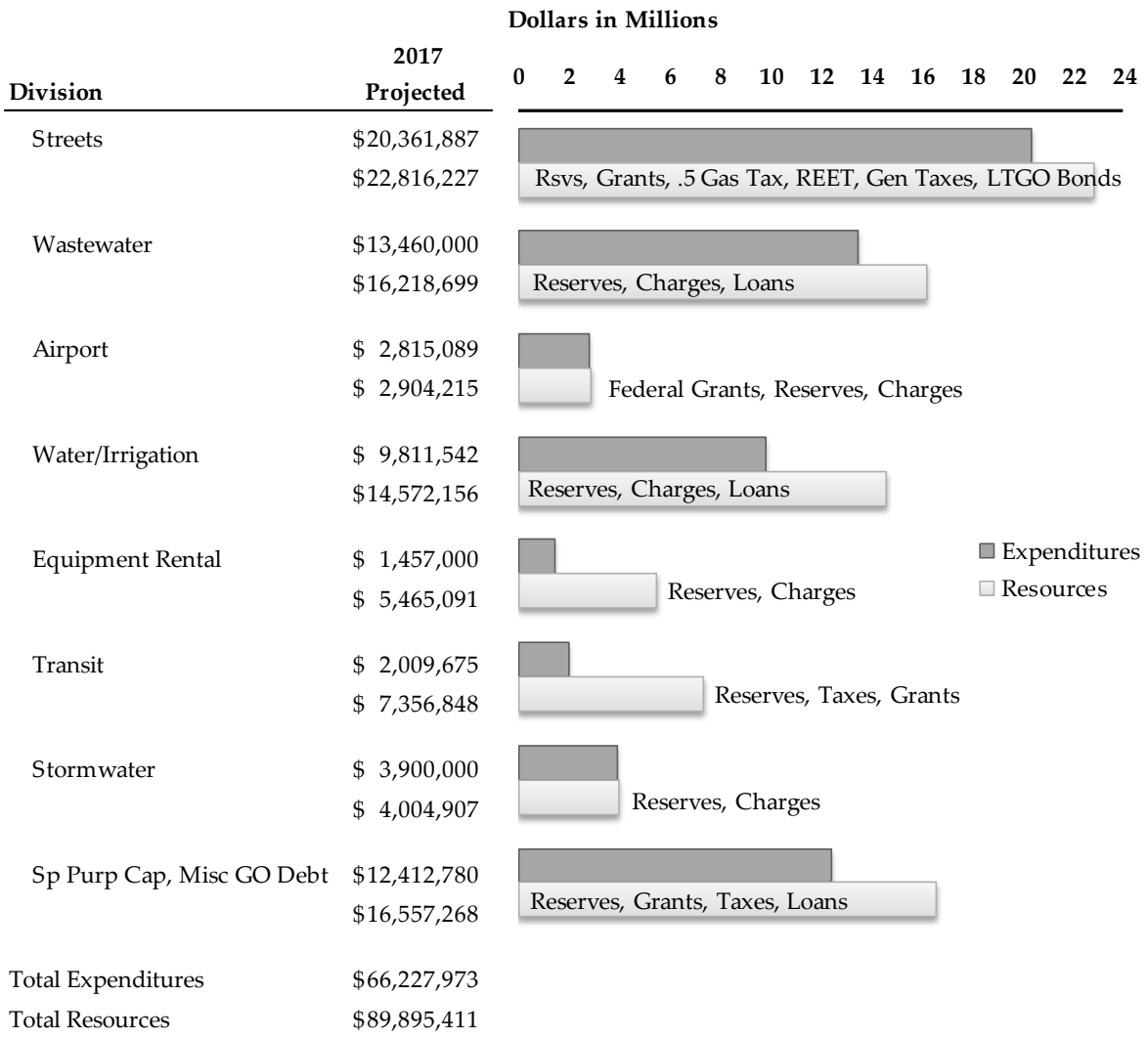
2017 OPERATING AND RESERVE FUNDS

Division	2017 Projected
Reserves, Risk Mgmt, Emp Benefits	$ 19,141,896
Cemetery, Trust Rsvs	$ 23,897,841
Wastewater	$ 23,360,163
	$ 28,680,533
Water/Irrigation	$ 11,803,298
	$ 14,223,959
Transit	$ 9,447,643
	$ 11,864,379
Refuse	$ 6,897,345
	$ 7,240,547
Equipment Rental	$ 3,067,125
	$ 3,264,620
Stormwater	$ 3,010,666
	$ 3,207,868
Airport	$ 1,146,125
	$ 1,293,860
Special Purpose, Housing, Emer Svs	$ 14,925,679
Public Wks Admin, Cable TV, Misc	$ 19,901,514
Total Expenditures	$ 92,799,938
Total Resources	$ 113,575,121



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.

2017 CAPITAL AND DEBT SERVICE FUNDS



2016 GENERAL GOVERNMENT
ESTIMATED REVENUES AND EXPENDITURES

	General Fund	Parks & Rec Fund	Street Fund	Total
Actual Beginning Balance	$ 5,867,373	$ 535,902	$ 749,551	$ 7,152,826
Estimated Revenue	62,860,032	5,551,665	5,239,988	73,651,685
Total Estimated Resources	68,727,405	6,087,567	5,989,539	80,804,511
Less: Estimated Expenditures	62,972,563	5,481,878	5,407,091	73,861,531
Estimated Ending Balance	$ 5,754,842	$ 605,689	$ 582,448	$ 6,942,980

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.

- 2016 year-end revenue estimate is $62,860,032 – $157,522or 0.3% above the 2016 budget. This is primarily because the sale of two of the four Tiger Mart properties was completed in 2016 for total revenue of $688,000, compared to the budget of $400,000.
- 2016 year-end expenditure estimate is $62,972,563 – $270,173 or 0.4% more than the authorized, amended budget of $62,702,390. There was a mid-year increase in medical premiums that is adding about $270,000 to the budget. An appropriation ordinance is going to Council for the first reading on November 1 to increase the 2016 budget for this expense.

Parks and Recreation Fund
Services include Parks programs and maintenance.

- 2016 year-end revenue estimate is $5,551,665 – $7,916 or 0.1% below the actual levels for 2015.
- 2016 year-end expenditure estimate is $5,481,878 – $13,806 or 0.3% above the 2016 amended budget. The difference is also tied to the medical premium increase and will be addressed in the November 1 appropriation ordinance.

Streets Fund
Services include Street and Traffic operations and maintenance.

- 2016 year-end revenue estimate is $5,239,988 – $51,350 or 1.0% less than actual levels for 2015, primarily due to a one-time refund of equipment rental accumulated reserve balance.
- 2016 year-end expenditure estimate is $5,407,091 – $317,003 or 5.9% above the 2016 amended budget. In addition to the medical premium increase as noted above, this fund also experienced a snow event that required additional overtime, contracting, and equipment maintenance. The November 1 appropriation will cover these expenditures.

The effects of the national economic recession turned around in 2013 with an upward trend continuing into 2016. The 2016 General Government adopted revenue budget was $73,221,550 so the year-end estimate of $73,651,685 is about $430,135 or 0.6% more than originally budgeted, with most of this increase coming from the one-time sale of the restored Tiger Mart properties—about $288,000. As identified in the 2nd quarter budget report, Sales and Utility Taxes were not coming is as projected, although we now know these shortfalls are being covered by an increase in State Shared Revenue (the High Crime formula is adjusted annually in the 3rd quarter, and the City is expected to receive an additional $220,000 in 2016) and a reallocation of property tax from the Fire Pension fund back into General Fund. City Management imposed cost containment measures in April, 2016 to continue through year-end. However, in hind-sight, we just identified what the vacancy savings would be—the exercise is not creating real expenditure reductions below the vacancy contingency. 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 $210,000 of beginning fund balance.

The 2015 actual revenue for these 3 funds was $70,265,428, so the 2016 estimate is $3,386,257 or 4.8% above the prior year actual. This is due primarily to new revenues included in the 2016 General Fund budget, with the major addition being the estimate for the sale of Tiger Mart property of $688,000, and new transportation state-shared revenue of $123,000. Without these new revenues, the increase is about $2,575,000 or 3.7%. As a point of reference, the annual rate of inflation as measured by the CPI-U (All Urban Consumers) is 1.5% in September, 2016 for all cities, and the West Coast small city index is 1.1%.

GENERAL GOVERNMENT EXPENDITURE COMPARISON
2016 BUDGET VS. YEAR-END ESTIMATE

Fund/Department	2016 Amended Budget	2016 Year-End Estimate	Variance	Year-End Est. as Percent of Budget
Police	$27,327,133	$27,202,038	$ 125,095	99.5%
Fire	12,310,596	12,348,244	(37,649)	100.3%
Transfers	4,839,545	4,884,845	(45,300)	100.9%
Information Technology	3,113,902	3,083,547	30,355	99.0%
Code Administration	1,839,575	1,811,374	28,200	98.5%
Financial Services	1,529,538	1,538,377	(8,839)	100.6%
Utility Services	1,691,074	1,647,479	43,595	97.4%
Municipal Court	1,427,119	1,430,029	(2,910)	100.2%
Police Pension	1,104,060	953,661	150,399	86.4%
Legal	1,645,037	1,566,632	78,404	95.2%
Indigent Defense	935,500	940,500	(5,000)	100.5%
Engineering	833,710	728,578	105,132	87.4%
City Clerk/Records	652,086	648,483	3,603	99.4%
Purchasing	630,092	625,273	4,818	99.2%
Human Resources	648,774	638,353	10,420	98.4%
Planning	652,548	625,322	27,226	95.8%
Economic Development	888,891	798,264	90,627	89.8%
City Hall Facility	505,447	495,696	9,752	98.1%
City Management	418,138	429,828	(11,690)	102.8%
Neighborhood Groups	206,735	-	206,735	0.0%

Fund/Department	2016 Amended Budget	2016 Year-End Estimate	Variance	Year-End Est. as Percent of Budget
City Council	285,340	271,415	13,925	95.1%
Intergovernmental	189,551	189,551	-	100.0%
State Examiner	113,000	115,072	(2,072)	101.8%
Contingency	(1,085,000)	-	(1,085,000)	0.0%
Total General Fund	62,702,390	62,972,563	(270,173)	100.4%
Parks & Recreation	5,468,072	5,481,878	(13,806)	100.3%
Street & Traffic Operations	5,090,088	5,407,091	(317,003)	106.2%
Total General Government	$73,260,550	$73,861,531	$ (600,981)	100.8%

The preceding table provides a breakdown of the year-end estimate of General Government budgets for 2016. The largest positive variance (expenditure savings) comes from eliminating the budget for Neighborhood Groups. This new program was not initiated when the threats to revenue were identified, and was part of the mid-year reduction due to budget constraints. The next category is Police Pension, resulting primarily from the loss of several Police pensioners. Police and Engineering round out positive variances greater than $100,000, and these both relate to salary savings. Most of the other positive variances are also related to position vacancies.

Following is a listing of departments projected to exceed budget. In many of these instances a mid-year medical premium increase contributed to the overages:

- Fire – The overage in Fire can be attributed primarily to the medical premium increase.
- Finance – Finance pays for credit card fees that can't easily be attributed to specific operations (such as Municipal Court or Utility Billing). The volume of credit card usage is growing throughout the City, and is estimated to add $30,000 in 2016. This is being mostly offset by vacancy savings.
- Municipal Court – District Court conducts jury selection for the Municipal Court. The District Court got behind in billing for this service, and 2016 includes a one-time catch-up provision. Similar to Finance, vacancy savings are covering most of the additional expense.
- Indigent Defense – The contracts for indigent defense services were budgeted. However, additional charges including appeals are exceeding estimates.
- City Management – The search charges for the new City Manager caused an overage in this budget. However, because the City Attorney worked as Interim City Manager in the first half of the year, these additional charges are more than covered by the savings in the Legal budget.
- Parks and Recreation – The increase in medical premiums is the primary cause of this overage. This budget is always tight, and it is difficult to absorb unforeseen expenses.
- Streets and Traffic Operations – In addition to the medical premiums, this fund also experienced a major snow event in January that required plowing. This added overtime, professional services for contracted plowing, and additional wear and tear on equipment requiring additional maintenance.

Because the legal level of control for budget authority is the fund level, and all three of the General Government Funds are estimated to be over spent in total, staff is proposing budget amendments for these overages to be brought to Council in November.

GENERAL FUND
FIVE YEAR COMPARISON

	2012 Actual	2013 Actual	2014 Actual	2015 Actual	2016 Year-End Estimate
Beginning Balance	$ 8,440,130	$ 9,176,355	$ 9,130,162	$ 7,873,757	$ 5,867,373
Revenues	52,077,680	54,006,731	58,245,178	59,414,509	62,860,032
Total Resources	60,517,810	63,183,086	67,375,340	67,288,266	68,727,405
Expenditures	51,487,699	54,052,924	59,501,583	61,420,893	62,972,563
Ending Balance	$ 9,030,111	$ 9,130,162	$ 7,873,757	$ 5,867,373	$ 5,754,842

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 2017, total General Government revenues are budgeted to be $75,578,814; $1,927,129 or 2.6% more than the 2016 year-end estimate of $73,651,685. Total beginning cash reserves are estimated to be $6,942,980, $209,846 or 2.9% less than the 2016 estimate of $7,152,826. This fund balance is 9.2% of the proposed 2017 budget.

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

- Sales Tax – for 2017 is projected to be approximately $623,200 or 3.8% above the 2016 estimate. Sales tax is currently running at 3.1% ahead of 2015 year-to-date through October. The 2017 estimate assumes a continuation of sales tax growth that approximates our historical average.
- Criminal Justice Sales Tax—is also projected to increase $134,380 or 4.0%, these county-wide sales taxes are experiencing an increase of about 3.8% year over year in September. Note, this revenue is shared with the Law and Justice Capital Fund to support police capital.
- Property Tax – increased $314,420 or 1.9%. This includes the levy limit increase of 1%, plus new construction (about 1.3%). The Firemen's pension fund also receives an allocation of property tax, and is also projected to need an increase of $100,000 over the 2016 year end estimate, to cover potential medical costs for retired LEOFF 1 members.
- Utility and Franchise taxes – increase (2017 over 2016) of $534,000or 3.3% is largely due to proposed increases in external utilities, (i.e. electric, natural gas, cable TV, commercial refuse, and private water) along with internal rate increase proposals of 1.5% in Wastewater; 27.0% in Stormwater; 5.0% in Water; and 3.7% in the Refuse utility. The Water and Wastewater utilities are also anticipating growth of about 1.5% from economic development activities and related system growth.
- Charges for Services – are up by $780,250 or 8.9% 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 Billing (UB) added a staff position in 2016 tied to the new software system—UB is charged out 100% to our five
- Other Revenue – is decreased by $315,077or 20.4% primarily due to the sale of two Tiger Mart properties in 2016 which is not expected to be repeated in 2017. ($400,000 is budgeted in 2017)
- Other Intergovernmental – is decreasing by $230,800 or 13.6% which primarily reflects the final partial year of the Fire SAFER Grant following a full year allocation in 2016.

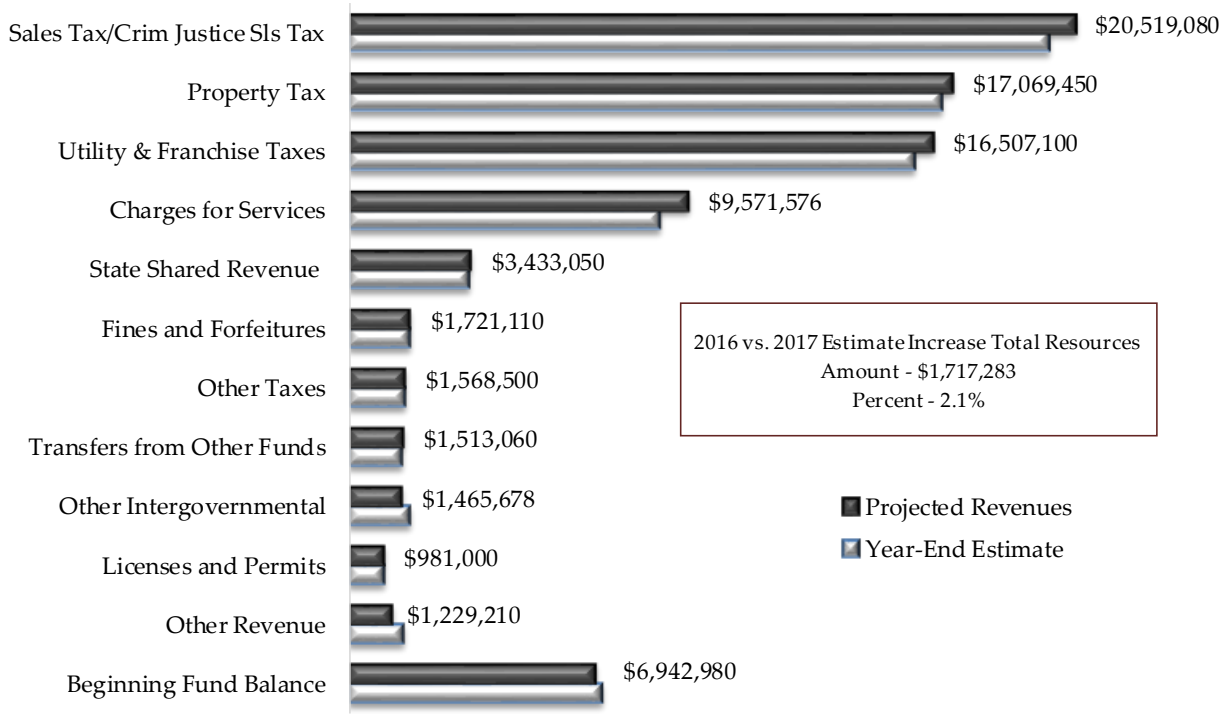
The balance of the revenue categories are expected to remain relatively flat.

GENERAL GOVERNMENT RESOURCES
THREE YEAR COMPARISON

Source	2015 Actual	2016 Year-End Estimate	Percent Change	2017 Projected Revenue	% of 2017 Total	— 2017 vs. 2016 — Increase (Decrease)	Percent Change
General Sales Tax	$15,770,269	$16,400,000	4.0%	$17,023,200	22.7%	$ 623,200	3.8%
Crim. Justice Sales Tax (1)	3,260,050	3,361,500	3.1%	3,495,880	4.5%	134,380	4.0%
Property Tax	16,444,895	16,755,030	1.9%	17,069,450	22.6%	314,420	1.9%
Utility & Franchise Taxes	15,689,913	15,973,100	1.8%	16,507,100	21.8%	534,000	3.3%
Charges for Services	8,242,444	8,791,326	6.7%	9,571,576	12.7%	780,250	8.9%
State Shared Revenue	2,873,947	3,404,000	18.4%	3,433,050	4.5%	29,050	0.9%
Fines and Forfeitures	1,589,895	1,690,464	6.3%	1,721,110	2.3%	30,646	1.8%
Other Taxes	1,557,541	1,554,300	(0.2%)	1,568,500	2.1%	14,200	0.9%
Other Revenue	936,511	1,544,287	64.9%	1,229,210	1.6%	(315,077)	(20.4%)
Transfers from other Funds	1,449,559	1,490,700	2.8%	1,513,060	2.0%	22,360	1.5%
Other Intergovernmental	1,578,128	1,696,478	7.5%	1,465,678	1.9%	(230,800)	(13.6%)
Licenses and Permits	872,276	990,500	13.6%	981,000	1.3%	(9,500)	(1.0%)
Total Revenue	70,265,428	73,651,685	4.8%	75,578,814	100.0%	1,927,129	2.6%
Beginning Fund Balance	9,412,400	7,152,826	(24.0%)	6,942,980		(209,846)	(2.9%)
Total Resources	$79,677,827	$80,804,511	1.4%	$82,521,794		$1,717,283	2.1%

(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
2016 YEAR-END ESTIMATE AND 2017 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)

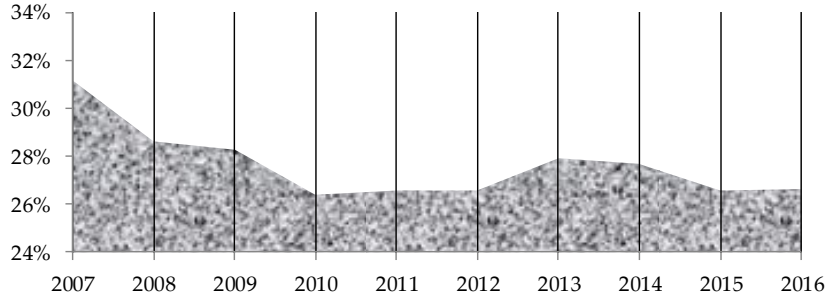
- 2017 revenue projection is $17,023,200– 3.8% above the 2016 year end estimate.

Prior to the recession, the sales tax growth rate averaged 4%, although it ranged from 2.2% to 6.1%. After flattening through the recession, Yakima exited that tough time with three consecutive years of growth over 6% (2012-2014). Sales tax in 2015 was only 2.9% greater than 2014, due primarily to drought conditions. Through October, 2016 is running ahead of the prior year by 3.1%. 2017 projects an increase of $623,200 or 3.8%, to $17.0 million, assuming continued growth in the base economy to bring us close to the historical average. The agricultural sector of our economy is our largest, and has experienced good years recently, with the exception of drought in 2015. With the completion of the Yakima School District high school projects, we are seeing a downturn in construction sales tax in 2016, although permitting activity has kept strong, indicating future construction-related sales tax growth.

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 an 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, although the County-wide tax often experiences a growth rate that is about one-half percent higher.

This tax is expected to generate $1,401,480 for the City in 2017 and is allocated in the City's budget forecast as noted in the following chart.

0.1% CRIMINAL JUSTICE SALES TAX

Fund	2015 Actual	2016 Year-End Estimate	2017 Projected Revenue
General Fund	$1,157,435	$1,204,500	$1,252,680
Law and Justice Capital	130,382	143,100	148,800
Total	$1,287,817	$1,347,600	$1,401,480

0.3% Sales Tax – Another special sales tax of 0.3% dedicated to Criminal Justice expenditures was originally approved by the Yakima County voters in November, 2004, and took effect on April 1st of 2005. (This tax was renewed for another 6 years on the November, 2015 election for 2017-2022.) 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 $2,551,300 in 2017, and is allocated in accordance with the following chart.

0.3% CRIMINAL JUSTICE SALES TAX

Fund	2015 Actual	2016 Year-End Estimate	2017 Projected Revenue
General Fund (for Criminal Justice Expenditures)	$2,102,615	$2,157,000	$2,243,200
Public Safety Communications	159,891	176,800	183,800
Law and Justice Capital	91,913	119,500	124,300
Total	$2,354,419	$2,453,300	$2,551,300

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

PROPERTY TAX

- Property tax provides approximately 22.6% of all General Government revenue in the 2017 budget. The 2017 budget is based on a 1% increase in the property tax levy, as currently allowed by state law, or approximately $180,000, plus an estimate of 1.3% or $234,000 increase for new construction for a total increase of about $314,000 in General Government Funds and $100,000 in the Fire pension fund for a total, (including Fire pension) of $18,310,210.

The 2017 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 0.953%, which is slightly 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 2017 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 $180,000 for 2017) – 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.

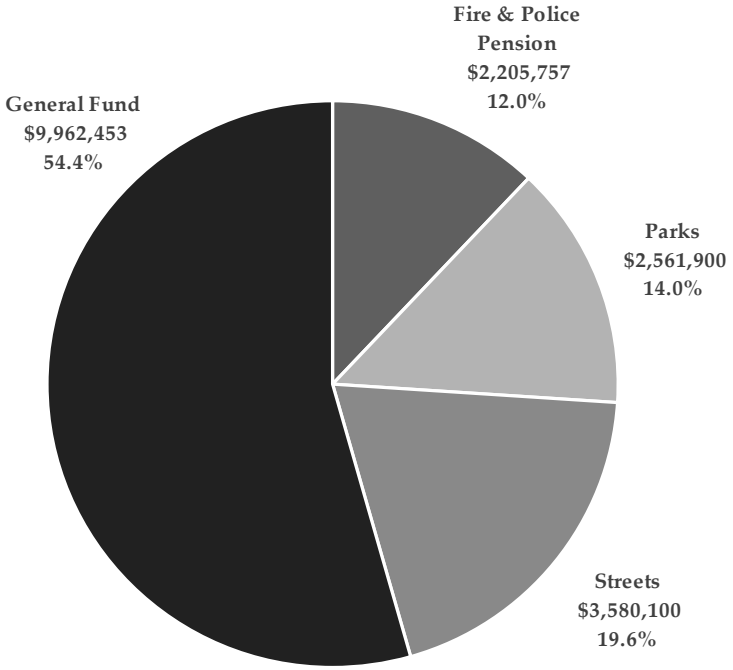
Since most consumer activity (i.e., wages, equipment, etc.) is more closely tied to the Consumer Price Index (CPI), and CPI is greater than 1% in almost all years, the future effect of 1% or less growth in Property Tax is restrictive to the City since Property Tax is one of General Government's primary 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 $250,000 in 2017.

The following chart and graph depict the 2017 budgeted allocation of the City's property tax revenues.

2017 PROPOSED
GENERAL PROPERTY TAX LEVY – BY FUND

	2015 Actual	2016 Amended Budget	2016 Year-End Estimated	2017 Projected Revenue	2016 Est. vs. 2017 Budget
General	$ 9,914,078	$ 10,660,930	$ 10,660,930	$10,927,450	2.5%
Parks & Recreation	2,956,085	2,659,400	2,659,400	2,561,900	(3.7%)
Street & Traffic	3,574,732	3,332,700	3,434,700	3,580,100	4.2%
Sub-Total General Government	16,444,895	16,653,030	16,755,030	17,069,450	1.9%
Fire Pension	1,182,452	1,240,760	1,140,760	1,240,760	8.8%
Total	$ 17,627,347	$ 17,893,790	$ 17,895,790	$18,310,210	2.3%

2017 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 21.8% of 2017 projected General Government revenues and 23.4% of projected 2017 General Fund Revenues.

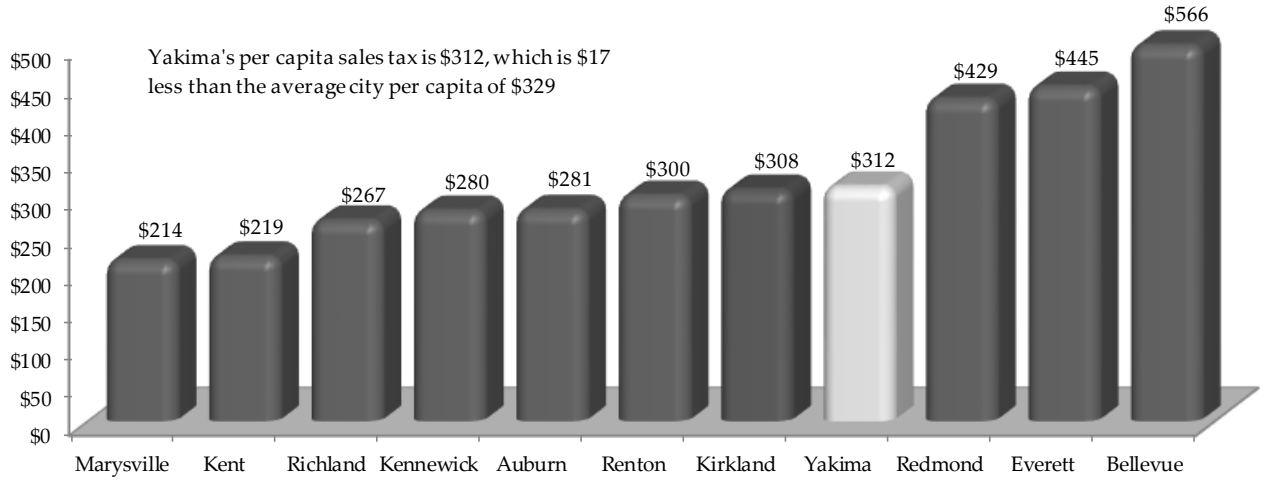
- 2017 projection is $16,507,100 – $534,000 or 3.3% above the 2016 year-end estimate of $15,973,100.

These revenues are largely a function of weather conditions and utility rates in the Valley. The Electric utility experienced a rate increases of 1.3% in mid-2016, and 1.9% in 2017. City-owned utilities originally proposed rate increases in accordance with their respective rate studies, however, at Council's request those increases were reduced for the Preliminary budget. Wastewater is proposing an overall rate increase of 1.5%, with some targeted increases in the Pretreatment program. Stormwaters increase is 27.0%, Water's is 5.0%, and Refuse's is 3.7%. In addition to base rate increases, the City Wastewater and Water utilities are expected to experience growth tied to current agriculture and economic development activities. 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. This revenue is also facing threats to the tax base from consumer's abandoning land telephone lines; the trend to data from voice in cellular phone technology; and a rise in personal solar electricity. The drop in raw energy prices reduced the natural gas utility pass-through prices. The City is continuing to monitor this important revenue source.

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.

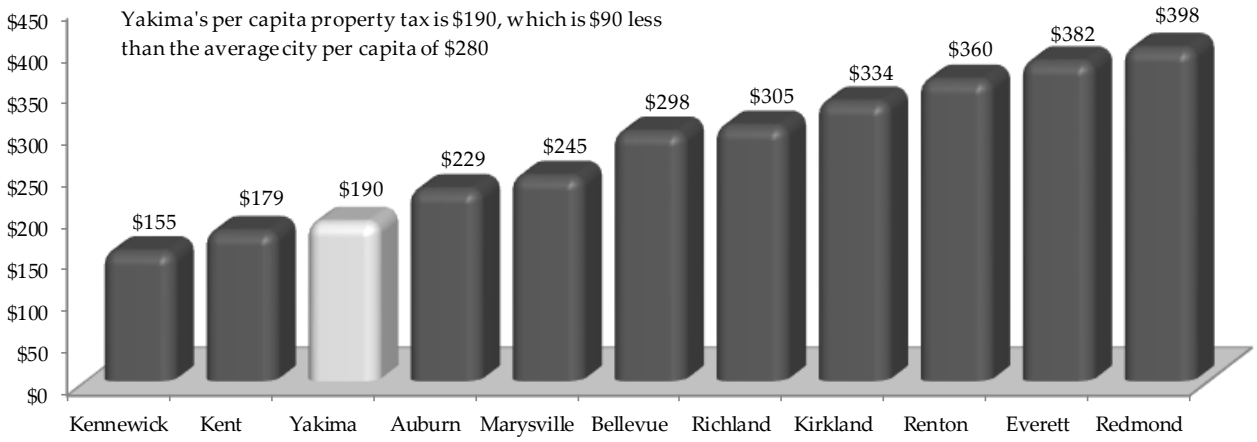
These comparisons show that for all of the major tax sources, Yakima is below the state average. This data was compiled from the State Auditor's Local Government Comparative Statistics for 2015, and includes comparisons of comparable Washington State cities with population between 50,000 and 135,000.

SALES & USE TAXES

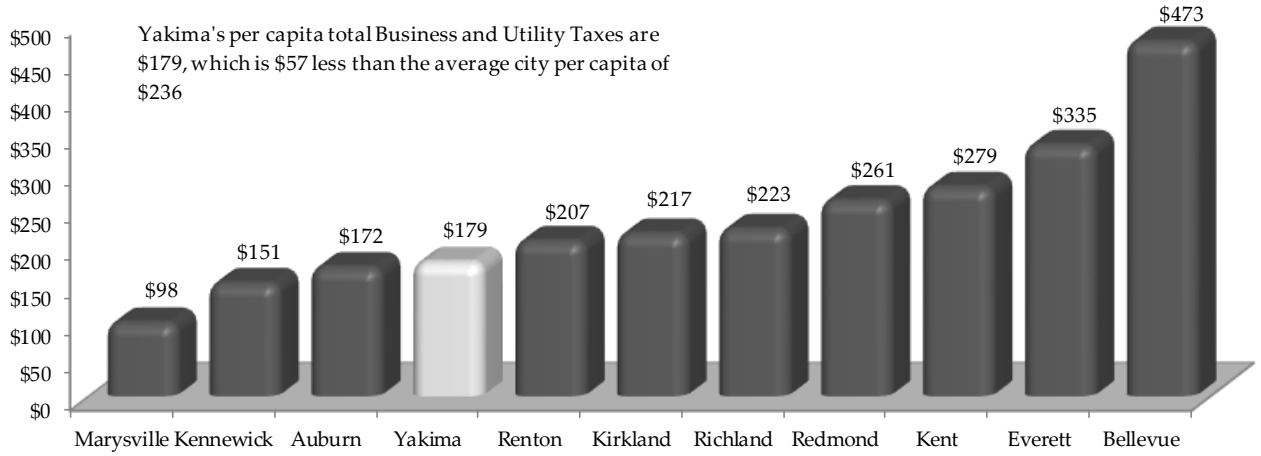


Note: Only Yakima and Everett have a sales tax levied for Transit purposes.

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.).

- 2017 projection is $9,571,576. This is an 8.9% or $780,250 increase from the 2016 estimate. This increase is tied primarily to cost of living increases that are increasing the base costs in the City Service charge, and increases in the Information Technology budget tied to software maintenance and licensing, and the cashouts of accrued leave for employees planning to retire. Additionally, Utility Services is implementing a utility billing software system, and added a staff position to ensure proper system use. This increase will be reimbursed 100% by the utilities. The new proposed fees to support the Fire Inspection program is adding $250,000 in this category, along with an increase in the Land-Use and Zoning fees of $50,000. (See the related Strategic Initiative for additional information). 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.

- 2017 projection for all revenues within this category is $3,433,050; an increase of $29,050 from the 2016 year-end estimate of $3,404,000. There was a significant increase in this category in 2016. After a reduction through the recession, the State Legislature restored Liquor Excise taxes to pre-2012 levels for the 2016-2017 biennium. This category also includes the Motor Vehicle Fuel (Gas) tax, which was increased as part of the transportation package during the 2015 legislative session, with distributions beginning in 2016. High-crime funding is recalculated every year, based on the number of community's reaching certain thresholds. Because of the change in eligible recipients, Yakima's allocation increased about $203,000 over the 2016 budget. All of these categories are expected to remain close to the 2016 estimates into 2017.

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 $1,721,110, an increase of $30,646 or 0.9% for 2017. This is due primarily to trends being experienced by Municipal Court.

OTHER TAXES
This category includes about $550,000 from Business Licenses and $966,000 from Gambling Taxes, and $60,000 from tax liens placed on properties when the City abates a dangerous building. The 2017 projection is $1,568,500, up $14,200 or 0.9%, 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 2017, $1,229,210 is expected to be generated in this category, a decrease of $315,077or 20.4% from the 2016 year end estimate of $1,544,287, primarily because 2016 included the sale of two Tiger Mart properties for $688,000. $400,000 is included in the 2017 budget for this purpose.

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 2017 projection is $1,513,060, 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 2017 budget of $1,465,678 is down $230,800 or 13.6% from the 2016 estimate largely due to 2016 containing a full year of the Fire Department SAFER grant to support Firefighter salaries which drops in half in 2017.

LICENSES AND PERMITS
The 2017 budget is $981,000, 1.0% or $9,500 less than the 2016 year-end estimate of $990,500. Permit revenues are doing well in 2016, and this projection assumes a conservative similar trending.

REVENUE TRENDS – OVERVIEW
Total General Government revenue grew by about $2.9 million or 4.3% from 2014 to 2015. For 2016 the estimated revenue of $73.7 million shows a growth of $3.4 million or 4.8% – 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 sale of Tiger Mart properties, and the increases in State-Shared revenue). Projected revenue for 2017 is $75.6 million, a $1.9 million or 2.6% increase – a continuation of growth in sales and utility taxes and the statutory property tax increase, along with additional charges for service, tempered by a reduction in the one-time sale of property and grants.

GENERAL GOVERNMENT
THREE YEAR RESOURCE COMPARISON [1]

	2015 Actual	2016 Year-End Estimated	2016 vs. 2015 % Change	2017 Projected Resources	2017 vs. 2016 % Change
General Fund	$ 59,414,509	$ 62,860,032	5.8%	$ 64,728,549	3.0%
General Fund Beg Balance	7,873,757	5,867,373	(25.5%)	5,754,842	(1.9%)
Total General Fund	67,288,266	68,727,405	2.1%	70,483,391	2.6%
Parks & Recreation	5,559,581	5,551,665	(0.1%)	5,479,225	(1.3%)
Parks Beg Balance	530,607	535,902	1.0%	605,689	13.0%
Total Parks	6,090,188	6,087,567	(0.0%)	6,084,914	(0.0%)
Street & Traffic Fund Revenue	5,291,338	5,239,988	(1.0%)	5,371,040	2.5%
Street & Traffic Beg Balance	1,008,036	749,551	(25.6%)	582,448	(22.3%)
Total Street & Traffic	6,299,374	5,989,539	(4.9%)	5,953,488	(0.6%)
Total Revenue	70,265,428	73,651,685	4.8%	75,578,814	2.6%
Total Beg Balance	9,412,400	7,152,826	(24.0%)	6,942,980	(2.9%)
Total General Government	$ 79,677,827	$ 80,804,511	1.4%	$ 82,521,794	2.1%

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

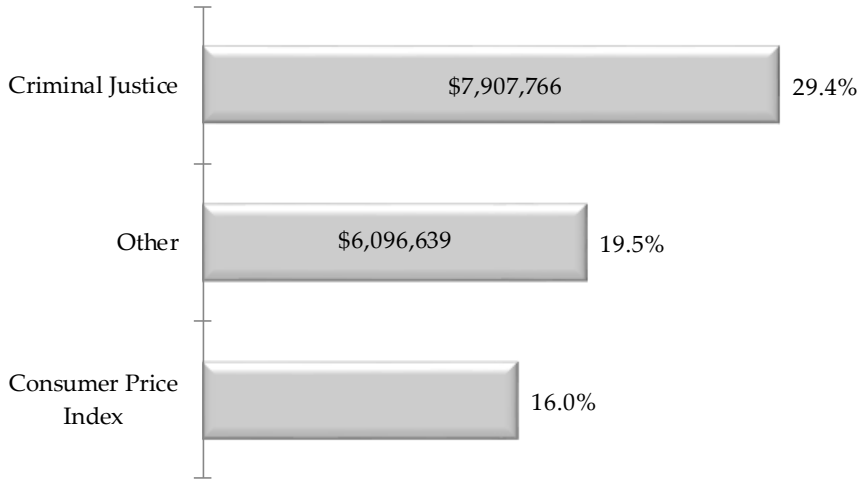
GENERAL GOVERNMENT RESOURCES BY MAJOR CATEGORY

	2014 Actual	2015 Actual	2016 Amended Budget	2016 Year-End Estimate	2017 Proposed Resources	2017 % Chng f/2015 Est
General Fund						
Utility Tax	$15,799,251	$15,633,607	$16,218,300	$15,910,100	$16,442,900	3.3%
Retail Sales and Use Tax	15,461,201	15,770,269	16,650,400	16,400,000	17,023,200	3.8%
Property Tax	11,037,490	9,914,078	10,660,930	10,660,930	10,927,450	2.5%
Charges for Service	5,575,930	7,140,395	7,424,513	7,497,161	8,278,061	10.4%
Criminal Justice Sales Tax	3,103,814	3,260,050	3,361,500	3,361,500	3,495,880	4.0%
Intergovernmental Revenue	2,885,589	3,059,476	3,222,737	3,554,778	3,362,478	(5.4%)
Fines and Forfeitures	1,578,124	1,589,895	1,707,110	1,690,464	1,721,110	1.8%
Other Taxes	1,453,227	1,557,541	1,535,000	1,554,300	1,568,500	0.9%
Licenses and Permits	865,334	872,276	916,470	990,500	981,000	(1.0%)
Miscellaneous Revenue	435,989	560,616	945,550	1,177,299	863,770	(26.6%)
Franchise Fees	49,232	56,306	60,000	63,000	64,200	1.9%
Total Revenue	58,245,181	59,414,509	62,702,510	62,860,032	64,728,549	3.0%
Beginning Fund Balance	9,130,162	7,873,757	5,867,373	5,867,373	5,754,842	(1.9%)
Total General Fund	$67,375,343	$67,288,266	$68,569,883	$68,727,405	$70,483,391	2.6%

Parks & Recreation Fund						
Property Tax	$ 1,875,098	$ 2,956,085	$ 2,659,400	$ 2,659,400	$ 2,561,900	(3.7%)
Transfers From Other Funds	1,413,706	1,449,559	1,450,000	1,490,700	1,513,060	1.5%
Charges for Services	904,557	855,272	1,051,165	1,051,165	1,051,165	0.0%
Misc. Revenue/Non-Revenue	267,163	251,559	305,900	305,900	308,600	0.9%
Intergovernmental	40,712	47,106	44,500	44,500	44,500	0.0%
Total Revenue	4,501,236	5,559,581	5,510,965	5,551,665	5,479,225	(1.3%)
Beginning Fund Balance	582,492	530,607	535,902	535,902	605,689	13.0%
Total Parks & Rec Fund	$ 5,083,728	$ 6,090,188	$ 6,046,867	$ 6,087,567	$ 6,084,914	(0.0%)
Streets Fund						
Property Tax	$ 3,103,441	$ 3,574,732	$ 3,332,700	$ 3,434,700	$ 3,580,100	4.2%
Fuel Tax - Street	1,092,856	1,345,493	1,439,300	1,501,200	1,491,750	(0.6%)
Charges for Services	203,628	246,777	242,350	243,000	242,350	(0.3%)
Miscellaneous Revenue	236,339	124,336	45,000	61,088	56,840	(7.0%)
Other Intergovernmental	-	-	500	-	-	#DIV/0!
Transfers From Other Funds	-	-	-	-	-	n/a
Total Revenue	4,636,264	5,291,338	5,059,850	5,239,988	5,371,040	2.5%
Beginning Fund Balance	1,172,379	1,008,036	749,551	749,551	582,448	(22.3%)
Total Streets Fund	$ 5,808,643	$ 6,299,374	$ 5,809,401	$ 5,989,539	$ 5,953,488	(0.6%)
Total General Government	$78,267,714	$79,677,827	$80,426,151	$80,804,511	$82,521,794	2.1%
Total Revenue	$67,382,681	$70,265,428	$73,273,325	$73,651,685	$75,578,814	2.6%
Total Beginning Fund Balance	10,885,033	9,412,400	7,152,826	7,152,826	6,942,980	(2.9%)
Total Resources	$78,267,714	$79,677,827	$80,426,151	$80,804,511	$82,521,794	2.1%

Criminal justice costs continue to consume a significant 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 2008 to 2017.

PERCENTAGE INCREASE OF CRIMINAL JUSTICE COSTS VS. OTHER GENERAL GOVERNMENT FUNCTIONS AND CPI 2008 BUDGET TO 2017 BUDGET



Cumulatively, over the past ten years Criminal Justice budgets have increased 29.4%. By comparison, all other General Government expenses have increased by only 19.5%. During this same ten-year period the Seattle-Tacoma Consumer Price Index increased by 16.0%. 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. If these expenditures are removed from the "Other" category, the rate of increase would only be 11.0%.

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 2015, 2016 estimate and 2017 budget). 2016 operations experienced significant position vacancies which is why in 2016 the year-end estimate is only 2.8% more than the 2015 actual. With the full complement of staff in the 2017 budget, this category of expense increased by 4.9% from 2016 to 2017.

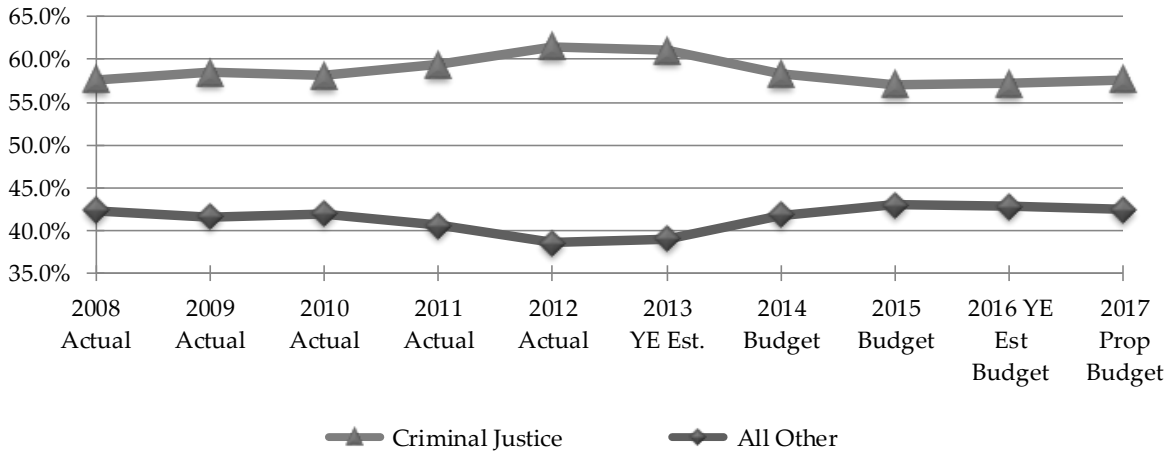
CRIMINAL JUSTICE EXPENDITURES
THREE YEAR COMPARISON

Description	2015 Actual	2016 Year-End Estimate	2017 Proposed Expenditures	% Change 2017 from 2016
Police Operations & Administration	$22,756,283	$23,767,417	$ 24,977,624	5.1%
Outside/Inside Jail Costs	3,696,086	3,434,621	3,501,496	1.9%
Municipal Court	1,346,861	1,430,029	1,531,046	7.1%
Prosecution Costs/Indigent Defense	1,999,218	2,092,773	2,165,165	3.5%
Other Related Expenses				
Police Pension	1,038,660	953,661	964,997	1.2%
Emergency Dispatch Transfer	490,000	515,000	515,000	0.0%
Police Information Tech Services	1,000,697	1,032,101	1,188,294	15.1%
Sub-total	2,529,357	2,500,762	2,668,291	6.7%
Grand Total	$32,327,804	$33,225,603	$ 34,843,622	4.9%

In the 2 years from 2015 to 2017, criminal justice expenditures are estimated to increase by $2.5 million or 7.8%, keeping in line with the City Council's strategic priority to improve Public Safety.

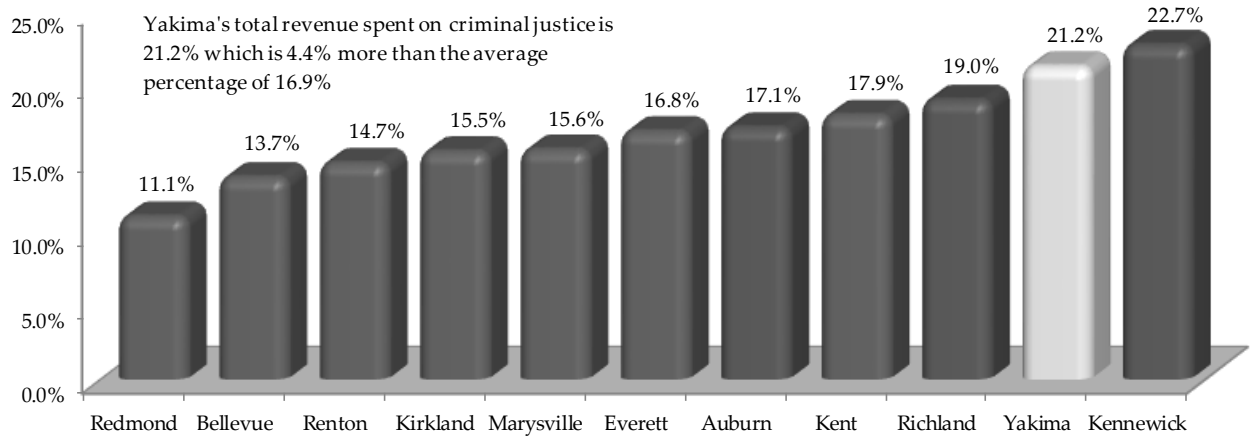
In reviewing the following chart and graph, it should be noted that it includes only General Fund expenditures on criminal justice. Another $0.4 million is budgeted in the "Police Grants" special revenue fund, which includes a portion of Police and Legal staff working with the DEA on drug enforcement. The Law and Justice Capital Fund includes a budget of $0.7 million. The following Criminal Justice Expenditures as a Percentage of Total General Fund chart demonstrates that over half of General Fund's budget is dedicated to criminal justice. 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. 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 added 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 either 2016 or 2017.

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.

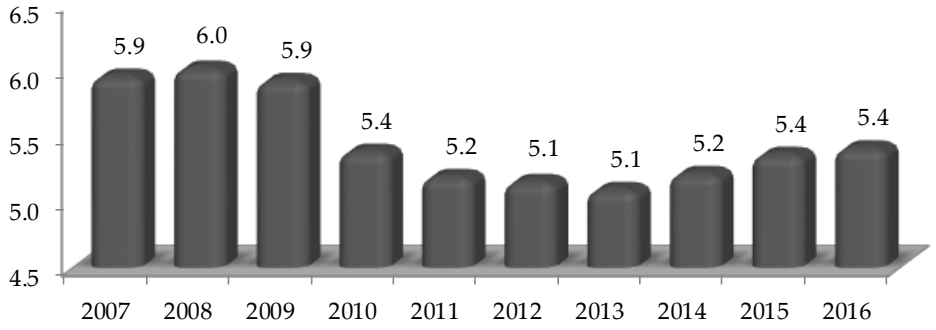
PERCENT OF PER CAPITA TOTAL REVENUE SPENT ON CRIMINAL JUSTICE IN 2015
Comparable Cities between 50,000 and 135,000 in Population



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



	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Number of Employees	497.3	502.8	501.6	489.6	475.1	473.2	471.2	484.8	499.0	504.5
Employees Per Capita	5.9	6.0	5.9	5.4	5.2	5.1	5.1	5.2	5.4	5.4
Square Miles	25.9	27.6	28.7	28.7	28.7	28.7	28.7	28.7	28.7	28.7
Population	83,646	83,731	84,850	91,067	91,630	91,930	92,620	93,080	93,220	93,400

(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 9,754 from 2007 to 2016, or 11.7%.
- 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 utility tax.
- 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 2016 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 9.5 positions.

It should be noted that a net of 7.2 new FTE positions have been added since 2007, or 1.5% over the past 10 years; compared to the 11.7% increase in population during the same time period. Most of these additions were either in response to criminal justice issues, partnerships with neighboring governments, 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 2017 General Government budget is $76,300,253, $3,039,703 or 4.1% more than the 2016 amended budget of $73,260,550.

2016 - 2017 GENERAL GOVERNMENT BUDGET

	2016 Amended Budget	2016 Year-End Estimate	2017 Proposed Expenditures	2017 vs 2016 Budget Dollars	2017 vs 2016 Budget Percent
General	$62,702,390	$62,972,563	$ 65,427,267	$2,724,877	4.3%
Parks & Recreation	5,468,072	5,481,878	5,504,559	36,488	0.7%
Street & Traffic Operations	5,090,088	5,407,091	5,368,427	278,339	5.5%
Total General Government	$73,260,550	$73,861,531	$ 76,300,253	$3,039,703	4.1%

2016 year-end estimates for the City's Other Operating and Enterprise Funds are summarized below:

BUDGET STATUS

	2016 Amended Budget	2016 Year-End Estimate	Variance	2016 Estimated Resources	2016 Estimated End Balance
Economic Development	$ 198,071	$ 193,745	$ 4,325	$ 255,421	$ 61,676
Community Development	3,349,462	3,343,451	6,011	4,381,199	1,037,748
Community Relations	618,913	578,572	40,341	1,335,512	756,939
Cemetery	273,542	273,212	330	290,688	17,476
Emergency Services	1,407,117	1,407,895	(778)	1,528,752	120,857
Public Safety Communications	3,563,096	3,519,226	43,870	3,574,012	54,786
Police Grants	369,716	368,457	1,259	819,768	451,312
Downtown Improvement District	208,993	198,500	10,493	200,779	2,279
Trolley	164,855	163,855	1,000	164,613	757
Front Street Business Improvement	10,279	8,357	1,922	8,414	57
Tourist Promotion	1,694,510	1,654,510	40,000	2,172,061	517,551
Capitol Theatre	420,497	420,497	-	453,817	33,320
PFD Convention Center	727,720	727,720	-	1,343,336	615,616
Tourist Promotion Area	687,000	687,000	-	768,172	81,172
PFD Capitol Theatre	630,883	630,883	-	814,611	183,728
Airport	1,128,985	1,097,083	31,901	1,244,114	147,031
Stormwater	2,638,104	2,647,375	(9,271)	2,969,243	321,868
Transit	8,368,765	8,091,493	277,272	10,880,303	2,788,810
Refuse	6,452,485	6,394,856	57,628	6,724,203	329,347
Wastewater	22,540,390	21,726,931	813,459	27,053,814	5,326,884
Water	9,373,857	9,819,639	(445,783)	12,282,880	2,463,241
Irrigation	1,802,149	1,828,709	(26,561)	2,700,927	872,218
Equipment Rental	4,765,532	4,388,988	376,543	8,481,757	4,092,769
Environmental	1,247,950	247,950	1,000,000	905,281	657,331
Public Works Administration	1,250,472	1,249,153	1,319	1,628,180	379,027
Total	$73,893,343	$71,668,060	$2,225,283	$92,981,858	$ 21,313,798

All Operating and Enterprise Funds are anticipated to end 2016 with positive fund balances. This analysis includes appropriations approved by Council through October, but does not yet include the appropriation included on the November 1st meeting. This appropriation adds to these 4 funds that have negative variances, so that the final 2016 result should be no funds spending over budget.

2017 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

	2017 Beginning Balance	2017 Projected Revenue	2017 Projected Expense	2017 Projected Balance
Economic Development	$ 61,676	$ 122,000	$ 134,266	$ 49,410
Community Development	1,037,748	1,481,868	1,486,742	1,032,874
Community Relations	756,939	678,100	644,423	790,616
Cemetery	17,476	282,950	280,957	19,468
Emergency Services	120,857	1,365,890	1,417,413	69,334
Public Safety Communications	54,786	3,794,846	3,781,547	68,085
Police Grants	451,312	416,000	384,078	483,234
Downtown Improvement District	2,279	208,340	201,353	9,266
Trolley	757	1,275	1,355	677
Front Street Business Improvement Area	57	3,735	3,500	292
Tourist Promotion	517,551	1,710,250	1,709,375	518,426
Capitol Theatre	33,320	438,920	434,878	37,362
PFD Convention Center	615,616	850,750	733,213	733,153
Tourist Promotion Area	81,172	707,550	707,200	81,522
PFD Capitol Theatre	183,728	660,500	661,400	182,828
Airport	147,031	1,146,829	1,146,125	147,735
Stormwater	321,868	2,886,000	3,010,666	197,202
Transit	2,788,810	9,075,569	9,447,643	2,416,736
Refuse	329,347	6,911,200	6,897,345	343,202
Wastewater	5,326,884	23,353,649	23,360,163	5,320,370
Water	2,463,241	9,085,000	10,065,838	1,482,403
Irrigation	872,218	1,803,500	1,737,460	938,258
Equipment Rental	4,092,769	4,636,942	4,524,125	4,205,586
Environmental	657,331	380,000	422,950	614,381
Public Works Administration	379,027	1,171,908	1,266,027	284,908
Total	$21,313,798	$73,173,572	$74,460,043	$20,027,328

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 2017 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 2017, 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 $183,676 and expenditures of $134,266 for 2017. These funds are planned to be used to spur economic development. Expenditures include 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 $1,486,742 and are subject to the public hearing process. 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 2017 ending balance is projected to be $1,032,874.

The Community Relations Fund
The Community Relations fund expects resources of $1,435,039 for 2017. Expenditures are estimated to be $644,423, leaving the balance estimated at $790,616 for year-end, earmarked primarily for capital expenditure on production equipment/cable TV facilities.

Cemetery Fund
Resources within this fund for 2017 are projected at $300,426. Expenditures are estimated to be $280,957, and the estimated ending balance is projected at $19,468. The Cemetery Fund depends on $157,000 as an operational subsidy from the Parks and Recreation Fund, which is increased by $25,000 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 $1,486,747 and expenditures of $1,417,413 related to the provision of Emergency Medical Services, and are supported by an allocation of the county-wide special EMS Property Tax Levy. The 2017 ending balance is projected to be $69,334.

The Public Safety Communications Fund
This fund expects resources of $3,849,632 and expenditures of $3,781,547 for 2017, leaving a balance of $68,085 at year-end. This fund accounts for 9-1-1 Call takers, supported by Yakima County 9-1-1 resources in the amount of $2,169,750. Ongoing lease payments and transfers for debt service were paid to the County beginning in late 2015. General Fund expenditures include a transfer of $1,030,000 for dispatch, including the debt service and operating costs related to the move of the Communications center to a new County location in 2015. These costs are included in the 2017 budget and the City's Five Year Financial Plan.

Police Grants
This fund accounts for the Federal / State forfeited narcotics and related prosecution expenditures. Resources for the Police Grants fund are estimated to be $867,312 and expenditures are budgeted at $384,078, leaving an ending balance of $483,234 for 2017.

Downtown Yakima Business Improvement District (DYBID) Fund
Resources in this fund are projected to be $210,619, while expenditures are projected at $201,353. The ending balance for 2017 is projected at $9,266. Much of the 2017 budget is targeted toward maintaining the recent downtown revitalization efforts.

The Trolley Fund
This fund projects resources of $2,032 and expenditures of $1,355 for a minimal maintenance and improvement program in 2017. The 2017 year-end balance is projected at $677.

The Front Street Business Improvement Area Fund
This fund projects resources of $3,792 and expenditures of $3,500 – leaving an ending balance of $292 for 2017.

The Tourism Promotion/Yakima Convention Center Fund
This fund's budget anticipates resources of $2,227,801 (this includes a transfer of $100,000 from the Public Facility District) and expenditures of $1,709,375, and thus is expected to end 2017 with a balance of $518,426. The Tourism Promotion section of this budget also contains an allocation of Hotel/Motel Tax of $75,000 to Central Washington State Fair Park to support SunDome operations.

The Capitol Theatre Fund
This fund is expected to have resources of $472,240 and expenditures of $434,878 leaving an estimated ending balance of $37,362. There is one strategic initiative for an increase in the management fee of $5,640 or 2%. See the Strategic Initiative section for more information.

The Public Facilities District – Convention Center Fund
This fund includes resources estimated to be $1,466,366 for 2017. Expenditures are estimated to be $733,213. Of this amount $462,470 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 $733,153 at the end of 2017.

The Tourist Promotion Area
This fund accounts for a self-assessment imposed by the lodging industry to promote tourism. Resources are estimated to be $788,722, with expenditures programmed at $707,200, leaving a balance at the end of 2017 of $81,522.

The Public Facilities District – Capitol Theatre
This fund includes resources estimated to be $844,228 for 2017. Expenditures are estimated to be $661,400. Of this amount $465,000 is designated for debt service on the Capitol Expansion bonds issued in 2009, $122,400 for supplemental support for Capitol Theatre operations, and $60,000 will help fund future upgrades in the Capitol Theatre Construction Fund. This leaves a fund balance of $182,828 at the end of 2017.

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 $1,293,860, with expenditures programmed at $1,146,125, leaving a balance at the end of 2017 of $147,735.

Marketing efforts partnered with regional airlines, as well as grant applications, have been implemented to increase air travel to and from Yakima. The Airport has submitted two strategic initiatives, one for the purchase of a replacement tractor which has been budgeted, and another for the addition of an Assistant Manager position that is currently unbudgeted. See the Strategic Initiative section for more information.

Stormwater Operating Fund
Expenditures in this fund are estimated to be $3,010,666 and resources are projected to be $3,207,868 for 2017. The budget is developed with an increase the annual current rate of $54.60 per equivalent residential unit to fund capital improvements. An ending balance of $197,202 is currently projected for 2017. A rate increase is being proposed for Stormwater in 2017. See the Strategic Initiative section for more information.

Transit Fund
Expenditures in this fund are estimated to be $9,447,643 and resources are projected to be $11,864,379 for 2017. Total Transit sales taxes for the year are forecast to be $5,660,000. $4,660,000 is allocated to operations and $1,000,000 to capital. This fund also includes operating grant revenue of $2,425,174. An ending balance of $2,416,736 is currently projected for 2017. The operating budget includes the continuation of the Ellensburg Route contract. Transit has several strategic initiatives regarding marketing, the installation of passenger counters and the upgrade of cameras at the Transit Center. See the Strategic Initiative section for more information.

Refuse Fund
Total resources in this fund for the year are $7,240,547. Total expenditures are estimated to be $6,897,345, and an ending balance is currently projected at $343,202. Revenues include an increased rate structure, estimated to add $247,000 in revenue. See the Strategic Initiatives section for more information on proposed rate increase options.

Wastewater Fund
Resources for this fund are expected to total $28,680,533. Expenditures are budgeted at $23,360,163 and the 2017 year-end balance is currently projected to be $5,320,370. Transfers of about $4.0 million to Wastewater Construction funds and $1.7 million to provide for Wastewater Bond redemption and repayments of Public Works Trust Fund Loans are proposed in this budget. The proposed 2017 Sewer budget includes continued implementation of the Sewer Comprehensive Plan and the Wastewater Facilities Plan. This budget also includes a modified rate increase of about 1.5%. See the Strategic Initiatives section for more detailed information.

Water Fund
Resources of $11,548,241 are projected for the year in this fund. Expenditures are estimated to be $10,065,838 leaving $1,482,403 at the end of 2017. These costs include $750,000 transfer to the Capital Fund, and about $814,000 to provide for Water Bond Debt Service, and repayments of Water Public Works Trust Fund Loans. A rate increase of 5% is budgeted. See the Strategic Initiatives section for more detailed information.

Irrigation Fund
Resources for 2017 are projected to be $2,675,718 in this fund, and expenditures are estimated to be $1,737,460. The ending fund balance is projected to be $938,258.

The Equipment Rental Fund
The budget for this fund in 2017 is $4,524,125 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 $8,729,711 while the ending fund balance for 2017 is expected to be $4,205,586, most of which represents capital equipment replacement reserves. The capital portion of the fund has approximately $1.5 million budgeted for 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 equipment upgrades.

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 2017, $1,037,331 in resources is expected to be available, with an expenditure budget of $422,950, including $100,000 for continuing cleanup of the former Tiger Oil properties, to be funded by a Department of Ecology grant of $100,000 and the escrow account that came with the property of $360,000 that can be used to match the grant. The budget also includes $175,000 to replace the fuel management system (see strategic initiative), and includes a contingency of $100,000 for environmental emergencies. A year-end balance of $614,381 is projected.

Public Works Administration Fund
Expenditures for 2017 are expected to be $1,266,027 for this fund. Resources for 2017 are expected to be $1,550,935 generated from operating funds located in the Public Works complex, resulting in a year-end balance of $284,908.

EMPLOYEE BENEFIT RESERVES

The Unemployment Compensation Reserve Fund
This self-insured fund is estimated to end 2017 with a balance of $431,301. Resources are projected to be $658,600 and expenditures for claims and other related expenses are estimated at $227,299, which includes a contingency, as the 2016 year end estimate is only $192,644. Rates are unchanged for 2017.

Employees Health Benefit Reserve Fund
Expenditures in this fund for 2016 are projected to be $12,308,151, while resources are $13,853,627, leaving an ending balance projected to be $1,545,476, 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. To achieve significant cost savings in our plan, the City adopted a reference-based costing model in 2015. This plan did not accomplish the desired outcome, and was changed mid-2016, which required a rate increase. We have also had a difficult claim year with several large claims, so premiums are being increased again in 2017 to pay program costs and maintain minimum reserves. The plan is still experiencing saving related to a contract for a health advocacy service that will helps steer patients to the most cost effective facility for treatment and by having our own medical clinic. Going forward, the base rates in the 2017 budget are increasing by an estimated 15.0% from the January 1 rates. 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 $552,449, the result of resources totaling $1,843,287 and expenditures of $1,290,838. Ongoing efforts in claim management and safety training are in place to slowdown the number of claims/costs. Rates are unchanged for 2017.

Wellness/Employee Assistance Program (EAP) Fund
Projected total resources for 2017 are $227,348 in this fund, and expenditures are $101,800 with a projected year-end balance of $125,548. 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 $2,402,570 and expenditures of $1,289,452, leaving an estimated 2017 year-end balance of $1,113,118. The Fire Pension property tax allocation for 2017 of $1,240,760 is slightly above the 2016 estimate of $1,140,760. 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 2017, based on personnel costs, claims experience and other insurance/professional services costs, on-going expenditures are estimated to be $3,912,355. Departmental contributions to the Risk Management Fund total $3,884,528, an increase of 12.0% for most operating divisions. The increase helps pay for liability and other insurance coverage and increased claims costs, and to meet reserve requirements. These charges, along with interest earnings of $100,000 and estimated recoveries combine for projected 2017 revenues of $4,078,528 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, which was paid in 2016. Revenue in 2016 includes an interfund loan of $1.0 million to cover this settlement. The 2016 revenues and expenditures included $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. This same level of mitigation is anticipated to continue into 2017.

Therefore, total resources and expenditures of the Risk Management Reserve Fund for 2017 are expected to be $4,234,677 and $3,912,355 respectively. The year-end 2017 reserve balance is estimated to be $322,322. The reserve balance in this fund will continue to be monitored for adequacy, and the interfund loan will be repaid over the next 3-5 years with similar rate adjustments as required.

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 closed 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 2017 are estimated at $5,056,124. 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 2017 General Reserve position is estimated to be as shown in the following chart.

2016 GENERAL RESERVE POSITION

	2015 Actual Balance	2016 Estimated End Balance	2017 Estimated End Balance
General Fund Cash Flow	$ 7,873,757	$ 5,754,842	$ 5,056,124
Capitol Theatre Reserve	36,641	-	-
Risk Management Reserve	733,243	156,149	322,322
Total	$ 8,643,641	$ 5,910,991	$ 5,378,446

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

CAPITAL IMPROVEMENT FUNDS
For 2016, a number of capital improvements were programmed for an amended capital budget of $60.3 million. However, capital improvement expenditures for 2016 are estimated to be $34.4 million, a spending level approximately $25.8 million below budgeted levels. These projects are rebudgeted in 2017 along with additional capital improvements. Projects include Plaza construction, 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 2017 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 2017, Capital Fund expenditures of $57,867,959 are estimated as follows, inclusive of carryover projects from 2016. Many of these projects are also detailed in the Strategic Initiative section.

Street/Other Capital Improvement Projects Funded by REET
Total projects of $7,304,641 million (including carryover projects and Debt Service).

- Spring Creek/36th Ave/Sorenson (SOZO project access) 2,970,000
- Northside Alley pavers 432,000
- Adam/Washington sidewalks (2412) 287,000
- Powerhouse Road sidewalk 247,000
- Wide Hollow Creek bridges (2388) 193,500
- Cowiche Canyon trail 170,000
- Garfield Elementary safety improvements (2413) 150,000
- N 1st Street revitalization, phase I (2340) 45,000

- Nob Hill & Fair intersection (2143) 16,600
- N 1st Street revitalization, phase II (2390) 5,000
- Debt service / transfers 1,173,140
- Other miscellaneous projects 1,615,401

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 $8.0 million and $1.5 million are proposed to fund the next phase of the Downtown Plaza and the SOZO road projects, respectively.

CBD Capital Improvement
The total 2017 budget for this capital fund is $10,888,560, the majority of which will be used to complete the design and begin construction of the Downtown Plaza, and the remainder for other minor services. The design of the Plaza project will be completed and construction will begin in 2017. The next phase of the project will to be funded with an $8.0 million LTGO bond and an additional $2.0 million in community donations.

Yakima Revenue Development Area (Cascade Mill Site)
Total 2017 budget is $2,168,686, funded by a combination of the annual State sales tax credit $1,000,000 and the beginning reserve balance:

- Purchase of right-of-way (carry-forward) $200,000
- Preparation of Engineering design plans 1,000,000
- Debt Service on SIED loan 968,686

The SIED loan was received in 2014 – the terms were set to totally repay the loan when the City issued a bond for projects estimated to have been needed in 2017. Fortunately, the City was able to complete the Fair Avenue roundabout with available cash, and did not need to borrow. However, the SIED loan is due. There is cash available for these expenditures.

Fire Capital Fund
Total 2017 projects – $2,340,767. The apparatus will be funded by the State's LOCAL capital lease program, with debt service of about $210,000 starting in 2018.

- 2 Fire apparatus / engine & ladder truck (carry-forward) $1,150,697
- Pay back interfund loan (for chassis prepayment with lease proceeds) 500,000
- Other miscellaneous projects 690,070

Airport Capital Fund
Total 2017 budget – $2,815,089. The purchase of snow removal equipment, installation of new security gates and the design for the Bravo taxiway are planned for 2017 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.

- Security perimeter fence $700,000
- Snow removal equipment 1,040,000

- West general aviation itinerant apron 160,000
- East apron & taxi crack sealing 50,000
- Other miscellaneous projects 865,089

Stormwater Capital Fund
Total 2017 budget – $3,900,000. These projects are funded by Stormwater capital contributions and reserves.

- North 1st revitalization $1,790,000
- Flood hazard reduction 1,000,000
- Drainage irrigation district integration 950,000
- Cascade Mill site 160,000

Wastewater Capital Expenditures
Facility projects and other sewer improvements, including sewer line extension rehabilitation and other costs, total $13,460,000. These are funded primarily by capital reserves and contributions.

- Speedway lift station $7,000,000
- Primary digester improvements 2,500,000
- Biogas conditioning 300,000
- Activated sludge clarifier 750,000
- Prioritized collections infrastructure replacement 750,000
- Collections building retrofit 350,000
- Congdon trunk line 100,000
- Collections repair contingency 500,000
- Carriage Hill lift station 200,000
- Replace variable frequency drives 200,000
- Replace disinfection lamps 100,000
- Refurbish sharples centrifuge 75,000
- Other miscellaneous projects 635,000

Domestic Water Improvement Fund
Total 2017 projects – $1,444,000. These are funded primarily by capital reserves and contributions.

- Modification River WTP intake (AC2335) 700,000
- Water main replacement – Viola & I-82 (AC2262) 400,000
- Water main replacement (AC2416) 125,000
- Low water use demo Gardens (AC3441) 74,000
- Replace meters/actuators 40,000
- Leak detection 35,000
- Water system plan update (AC2394) 30,000
- Sludge drying analysis 25,000
- Automated meter reading (2261) 15,000

Irrigation Improvement Fund
Total 2017 projects – $8,050,000 and Debt Service - $317,542, for a total of $8,367,542. These projects will be funded by a proposed $6 million bond, capital rates and reserves.

- Irrigation system Nelson Dam (2010) $8,000,000
- Other miscellaneous projects 50,000

Transit Capital
The 2016 budget of $2,009,675 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.

- Replace 3 Administrative Vehicles $100,000
- Four replacement buses (carryover) 1,679,675
- Purchase & install 10 solar shelters 130,000
- Transit ADA sidewalk improvements 100,000

Parks Improvements Projects
The 2017 budget of $2,031,000 includes $1,000,000 for projects at several City parks (see Strategic Initiative section). The balance is the carry-over of the SOZO land purchase, as well as a contingency for other miscellaneous capital and equipment needs.

- SOZO land (carryover) $902,000
- Randall Park West Parking Lot 150,000
- Randall Park East parking Lot 150,000
- Randall Park Walkways 150,000
- Randall Park Bridge 50,000
- Lions Pool Filter 150,000
- Gardner Park Playground 115,000
- WFCC 104,000
- Cherry Park Playground 85,000
- HBCC 45,000
- Contingency 130,000

Other Capital Projects/Transfers

- Law and Justice Capital fund – $693,000 for the Police Station / Legal Center related equipment and projects including:

    - Police / Legal Center reconfiguration $20,000
    - Replace two Police motorcycles & 8 vehicles 400,000
    - Miscellaneous maintenance/technology improvements 273,000

- Convention Center Capital Improvements – $385,000 is programmed for ongoing capital needs of the Center for 2017.

LID Construction
There are no local improvement district projects budgeted in 2017.

Capital Improvement Fund Summary

Overall, Capital Fund expenditures in the 2017 Budget Summary of $57.9 million are $2.4 million less than the 2016 Amended budget of $60.3 million. The largest project will be the construction of the Downtown Plaza, followed by the continuation of the SOZO roads located near the Soccer Complex, budgeted with SIED and LTGO bonds. The Yakima Air Terminal continues to see growth within the City of Yakima, needing to replace vehicle security gates, to keep unauthorized vehicles outside of the airport's perimeter fence. The Federal Aviation Administration also identified a need to replace snow removal equipment, which is budgeted for 2017. The West General Aviation Itinerant Apron will be a major project starting in 2017 and continuing into 2018. The City is also continuing its emphasis on road and street rehabilitations, updating the pavement conditions index on North 1st Street, to be funded by councilmanic bonds.

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 2017. Citywide, grants add to $25.2 million, which is 11.7% 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 15.1% of revenue in the Capital Improvement funds.

2017 GRANTS

Department	Description	Amount of Grant
Federal/State Capital Grants		
Parks & Recreation	Recreation Conservation Office Grant	$ 356,207
Arterial Streets	Federal Highway Administration	635,039
Arterial Streets	Department of Ecology	193,000
Arterial Streets	Department of Transportation	607,000
Yakima Airport	Snow Removal, Security Gates, Land	2,600,000
Transit Capital	Transit Grant	1,600,000
Environmental Fund	Department of Ecology	100,000
Total Federal/State Capital Grants		$ 6,091,246
Federal/State Operating Grants - General Government		
Police	Traffic Safety Commission	$ 60,000
Police	DOJ Grant - Bullet Proof Vests	9,300
Fire	SAFER Grant	97,260
Fire	FEMA Emergency Preparedness Support	53,000
Codes	Selah Building Inspector State Grant	3,000
Economic Development	Department of Commerce CERB	50,000
General Fund	In-lieu Property Taxes	5,918
Indigent Defense	OPD Public Defense Grant	90,000
Municipal Court	Judicial Salary Contribution	48,000
Economic Development	Small Air Service Marketing	75,000

Department	Description	Amount of Grant
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	18,000
Total Federal/State Operating Grants - General Government		$ 553,978
Federal/State Operating Grants - Other Funds		
Community Development	Community Development Block Grant	$ 902,258
Community Development	HUD HOME Program	410,678
Emergency Services	DOH - Pre-hospital Trauma Grant	1,290
Transit	Urban Mass Transit Administration Grant	2,425,174
Transit	WSDOT Commute Trip Pass Thru	200,000
Transit	Department of Transportation	125,306
Transit	WSDOT Rural Mobility Grant	34,500
Transit	WA State Transit Operating Grant	117,196
Total Federal/State Operating Grants - Other Funds		$ 4,216,402
Federal Entitlements		
Police	Federal Forfeited Property	$ 200,000
PFD Capitol Theatre	Capitol Theatre - Build America Bond Subsidy	101,000
Total Federal Entitlements		$ 301,000
State Shared Revenue		
Police	Criminal Justice - High Crime	$ 460,000
Police	Criminal Justice - Violent Crimes	128,000
Police	Criminal Justice - Special Programs	74,000
Police	MVET DUI Payment	14,500
General Fund	Liquor Excise Tax	436,000
General Fund	Liquor Board Profits	789,300
General Fund	Marijuana Enforcement	54,000
Economic Development	City Assistance	122,000
Parks and Recreation	Criminal Justice - Special Programs	23,100
Streets	Multimodal Trans Entitlement	65,000
Streets	Gas Tax	1,370,250
Streets	MVA Transportation - Cities	56,500
Arterial Streets	Arterial Street Gas Tax	624,000
Firemen Relief & Pension	Fire Insurance Premium Tax	91,900
Total State Shared Revenue		$ 4,308,550

Department	Description	Amount of Grant
Intergovernmental Contract / Services		
Police	YPD Interlocal Grant County	$ 6,500
Police	Fairgrounds	10,000
Police	Resource Officers	635,000
Police	Alcohol, Tobacco & Firearm	40,000
Police	Violent Crimes Task Force	10,000
Fire	Union Gap Fire Service	1,243,317
Fire	Fire Training Center	1,000
Fire	Fire Training Services	2,000
Emergency Management	Intergovernmental GIS Services	31,200
Purchasing	Purchasing Services	258,000
Information Technology	Information Technical Services	118,098
Information Technology	Union Gap Electronics	6,402
Parks and Recreation	School District	7,500
Arterial Streets	SIED Grant Yakima County	900,000
Emergency Services	EMS Levy	1,364,300
Public Safety Communications	Fire District #10	24,000
Public Safety Communications	911 Service Contracts	2,169,750
Public Safety Communications	Fire Dispatch Services	285,573
Public Safety Communications	Police Dispatching Service	100,923
Public Facilities District	Public Facilities District Revenue	850,000
PFD - Capitol Theatre	Public Facilities District Capitol Theatre	660,000
Fire Capital	Fire - EMS Levy	34,500
Transit	Selah Transit Bus	225,000
Transit	Selah Transit Dial-a-Ride	60,000
YAKCORPS	YAKCORPS Assessment	655,000
Total Intergovernmental Contract / Services		$ 9,698,063
Total 2015 Grants and Other Subsidies		$25,169,239

CITY WIDE

New Revenue

Strategic Initiative Request / Justification	Proposed Funding Source	Personnel Salary / Benefits	Non-Personnel	Notes
Establish Brokered Natural Gas Utility Tax	General Fund		*Revenue - $113,000*	Unbudgeted
Eliminate lid on electric, natural gas and telephone tax	General Fund		*Revenue - $760,000*	Unbudgeted
Establish Transportation Benefit District and impose a vehicle tab fee	Street Construction Fund		*Revenue –* *$10 - $685,000* *$15 - $1,028,000* *$20 – 1,371,000*	Unbudgeted

CITY ADMINISTRATION

City Clerk / Records

Strategic Initiative Request / Justification	Proposed Funding Source	Personnel Salary / Benefits	Non-Personnel	Notes
Change position from 50% DA-III to 100% City Records Assistant Reduce Temporary Personnel Net Increase	General Fund	$23,800 (13,000) $10,800		Budgeted PT

Information Systems

Strategic Initiative Request / Justification	Proposed Funding Source	Personnel Salary / Benefits	Non-Personnel	Notes
Replace Telephone Technician position with Telecommunications Analyst	General Fund	$9,500		Budgeted PT

Strategic Priority Legend

Economic Development	ED	Public Trust and Accountability	PT
Public Safety	PS	Partnerships	PA
Neighborhood and Community Building	NC		

Economic Development

Strategic Initiative Request / Justification	Proposed Funding Source	Personnel Salary / Benefits	Non-Personnel	Notes
Economic Dev. Community Support 4th of July Yakima Arts Commission Downtown Association of Yakima (tax credit revenue of $100,000) Craft Beverage Airport Marketing (grant revenue of $75,000) Total	General Fund		 $20,000 10,000 133,333 5,000 150,000 $318,333	Budgeted ED
Public Market/Business Incubator Location Evaluation (grant revenue of $50,000)	General Fund Grant		$66,667 (50,000) $16,667	Budgeted ED
Special Event Fee Increase	General Fund		*Revenue –* *2017 - $9,550* *2018 - $19,100*	Unbudgeted ED
Yakima Central Plaza Est LTGO Bond Issue $7,975,000 Est 2016 donations 2,100,000 Est 2017 donations 1,925,000 $12,000,000	CBD Capital LTGO Bond Donations		$10,817,000	Budgeted ED/NC

Capitol Theatre

Strategic Initiative Request / Justification	Proposed Funding Source	Personnel Salary / Benefits	Non-Personnel	Notes
Capitol Theatre Committee Management Fee Increase from $282,000 to $287,640 (2%)	PFD Revenue Hotel/Motel Tax		$5,640	Budgeted PA

HUMAN RESOURCES

Strategic Initiative Request / Justification	Proposed Funding Source	Personnel Salary / Benefits	Non-Personnel	Notes
Add 2 modules to NEOGov Software	General Fund		Implement $10,000 Annual Sub: 29,200 $39,200	Unbudgeted PT

FINANCE

Strategic Initiative Request / Justification	Proposed Funding Source	Personnel Salary / Benefits	Non-Personnel	Notes
Purchase Workiva Reporting Software	General Fund		$29,000	Unbudgeted PT

Strategic Priority Legend

Economic Development	ED	Public Trust and Accountability	PT
Public Safety	PS	Partnerships	PA
Neighborhood and Community Building	NC		

Purchasing

Strategic Initiative Request / Justification	Proposed Funding Source	Personnel Salary / Benefits	Non-Personnel	Notes
Move 0.5 Purchasing Position to Risk Management Fund to monitor certificate of insurance contract compliance (funded by a mid-year 2016 reduction in a Legal Assistant II position)	Risk Management Fund	*Net Savings* *$38,000*		Budgeted PT

COMMUNITY DEVELOPMENT

Strategic Initiative Request / Justification	Proposed Funding Source	Personnel Salary / Benefits	Non-Personnel	Notes
Cascade Mill Redevelopment Project	Local Infrastructure Finance Tool (LIFT)		$1,200,000	Budgeted ED / NC

Planning

Strategic Initiative Request / Justification	Proposed Funding Source	Personnel Salary / Benefits	Non-Personnel	Notes
Land Development Fee Increase	General Fund		*Rev. $50,000*	Budgeted PT
Planning Division Reorganization (to be timed to have no net effect in 2017)	General Fund	2017 - -0- 2018 - $23,300		Unbudgeted PT

City Hall Facility

Strategic Initiative Request / Justification	Proposed Funding Source	Personnel Salary / Benefits	Non-Personnel	Notes
City Hall Facility Projects: New Elevator #1 and #2 Upgrade Carryforward Total	REET 1		 $1,075,000 217,000 $1,292,000	Budgeted NC

Strategic Priority Legend

Economic Development	ED	Public Trust and Accountability	PT
Public Safety	PS	Partnerships	PA
Neighborhood and Community Building	NC		

POLICE

Strategic Initiative Request / Justification	Proposed Funding Source	Personnel Salary / Benefits	Non-Personnel	Notes
Online Reporting System— Initial Purchase-Capital Ongoing Maintenance-Operations	General Fund		$37,500 Ann. Sub: 11,500 $49,000	Budgeted PS
Police / Legal Center Reconfiguration	Law & Justice Capital		$20,000	Budgeted PS
Police Fleet replacements	Law & Justice Capital		$400,000	Budgeted PS

FIRE

Strategic Initiative Request / Justification	Proposed Funding Source	Personnel Salary / Benefits	Non-Personnel	Notes
Fire Apparatus (2015 Strategic Initiative)	Fire Capital		$1,500,000	Budgeted PS
Facility Remodel and Modernization	Fire Capital		$700,000	Unbudgeted PS
Add One Fire Maintenance Mechanic position	General Fund	$99,000		Unbudgeted PS
Add Three Firefighter positions	General Fund	$279,000		Unbudgeted PS
Add Fire Inspection Fee	General Fund		*Annual Revenue-* *2017 - $250,000* *2018 - $300,000*	Budgeted PS

Public Safety Communications

Strategic Initiative Request / Justification	Proposed Funding Source	Personnel Salary / Benefits	Non-Personnel	Notes
Add One Public Safety Communications Supervisor position	Public Safety Communications 911 Funds	$90,200		Budgeted PS
Refurbish Communications Vehicle	Public Safety Communications		$12,000	Unbudgeted PS

Strategic Priority Legend

Economic Development	ED	Public Trust and Accountability	PT
Public Safety	PS	Partnerships	PA
Neighborhood and Community Building	NC		

YAKIMA AIRPORT

Strategic Initiative Request / Justification	Proposed Funding Source	Personnel Salary / Benefits	Non-Personnel	Notes
Airport Capital Projects Security Perimeter Fence Snow Removal Equipment West General Aviation Itinerant Apron East Apron & Taxiway Crack Sealing Total	Airport Capital 90% Grants 10% Passenger Facility Charge		 $700,000 1,040,000 160,000 50,000 $1,950,000	Budgeted NC
Replace Ford Tractor	Airport Operating		$43,000	Budgeted ED
Add One Airport Assistant Manager position	Airport Operations or General Fund	$102,400		Unbudgeted ED

UTILITIES & ENGINEERING

Engineering

Strategic Initiative Request / Justification	Proposed Funding Source	Personnel Salary / Benefits	Non-Personnel	Notes
Full size Copier / scanner (can be funded by Budget reduction proposal)	General Fund		$18,000	Unbudgeted PT
Arterial Streets Capital Improvements Spring Creek/36th Ave/Sorenson (SOZO) Northside Alley Pavers Adam/Washington Sidewalks (2412) Powerhouse Road Sidewalk Wide Hollow Creek Bridges (2388) Cowiche Canyon Trail Garfield Elementary Safety Impr. (2413) N 1st Street Revitalization, Phase I (2340) Nob Hill & Fair Intersection (2143) N 1st Street Revitalization, Phase II (2390) Total	Arterial Streets Fund $1.7m Bonds Grants Gas Tax County SIED program		 $2,970,000 432,000 287,000 247,000 193,500 170,000 150,000 45,000 16,600 5,000 $4,516,100	Budgeted NC

Strategic Priority Legend

Economic Development	ED	Public Trust and Accountability	PT
Public Safety	PS	Partnerships	PA
Neighborhood and Community Building	NC		

Wastewater

Strategic Initiative Request / Justification	Proposed Funding Source	Personnel Salary / Benefits	Non-Personnel	Notes
Wastewater Capital Carriage Hill Lift Station Replace Disinfection Lamps Refurbish Sharples Centrifuge Speedway Lift Station Prioritized Collections Maintenance Collections Repair Contingency Collections Building Retrofit Congdon Trunk Line Primary Digester Improvements Activated Sludge Clarifier Biogas Conditioning Replace Variable Frequency Drives Total	Wastewater Capital 472 472 472 476 476 476 476 476 478 478 478 478		 $200,000 100,000 75,000 $7,000,000 750,000 500,000 350,000 100,000 2,500,000 750,000 300,000 200,000 $12,825,000	Budgeted PS
Wastewater Rate Increase Program 2017 2018-2021 Stormwater 63% 2.5% annually WW Retail 3% 3.0% annually WW BOD 16% 2.4% annually WW TSS 7% 2.4% annually WW FOG 35% 2.4% annually 2017 Ind Waste/UASB $7.84 plus 60% RTS plus 60% RVR plus 100% SWC 2017-2019 2020-2021 WW Pretreat 18% 4.5% annually	Wastewater / Stormwater Customers		*2017 Revenue - Wastewater $577,000 Stormwater $1,357,000*	Unbudgeted PS
Wastewater Rate Increase - Alternative Program 2017 2018-2021 Stormwater 27% Variable WW Retail 1.5% Variable WW BOD 16% 2.4% annually WW TSS 7% 2.4% annually WW FOG 35% 2.4% annually 2017 Ind Waste/UASB $7.84 plus 60% RTS plus 60% RVR plus 100% SWC 2017-2019 2020-2021 WW Pretreat 18% 4.5% annually	Wastewater / Stormwater Customers		*2017 Revenue - Wastewater $324,000 Stormwater $580,500*	Budgeted PS
Add one Pretreatment Crew Leader Position	Wastewater Operating	$85,000		Budgeted PS

Strategic Priority Legend

Economic Development	ED	Public Trust and Accountability	PT
Public Safety	PS	Partnerships	PA
Neighborhood and Community Building	NC		

Water

Strategic Initiative Request / Justification	Proposed Funding Source	Personnel Salary / Benefits	Non-Personnel	Notes
Water Capital Modification River WTP Intake (AC2335) Water Main Repl. – Viola & I-82 (AC2262) Water Main Replacement (AC2416) Low Water Use Demo Gardens (AC3441) Replace Meters/Actuators Leak Detection Water System Plan Update (AC2394) Sludge Drying Analysis Automated Meter Reading (2261) Total	Water Capital		 700,000 400,000 125,000 74,000 40,000 35,000 30,000 25,000 15,000 $1,444,000	Unbudgeted PS
Water Rate Increase Program 2017 Water RTS 8.5% 2018 Water RTS 8.5%	Water Customers		*2017 Revenue* *$740,000*	Unbudgeted PS
Water Rate Increase - Alternate Program 2017 Water RTS 5.0% 2018 Water RTS 4.7%	Water Customers		*2017 Revenue* *$434,750*	Budgeted PS
Economic Study – Yakima Basin Integrated Plan	Water Operating Irrigation Operating		70% $3,963 30% $1,698 $5,661	Unbudgeted PA

Irrigation

Strategic Initiative Request / Justification	Proposed Funding Source	Personnel Salary / Benefits	Non-Personnel	Notes
Irrigation Capital Irrigation System – Nelson Dam (2010)	Irrigation Capital $6.0M Revenue Bond		$8,000,000	Budgeted PS

Stormwater

Strategic Initiative Request / Justification	Proposed Funding Source	Personnel Salary / Benefits	Non-Personnel	Notes
Stormwater Capital North 1st Revitalization (carried forward) Flood Hazard Reduction Drainage Irrigation District Integration DID Realignment Total	Stormwater Capital		 $1,790,000 $1,000,000 950,000 160,000 $3,900,000	Budgeted PS

Strategic Priority Legend

Economic Development	ED	Public Trust and Accountability	PT
Public Safety	PS	Partnerships	PA
Neighborhood and Community Building	NC		

PUBLIC WORKS

Transit

Strategic Initiative Request / Justification	Proposed Funding Source	Personnel Salary / Benefits	Non-Personnel	Notes
Yakima Transit Marketing	Transit Operating		$100,000	Budgeted ED
Purchase & Install 25 Passenger Counters	Transit Operating		$50,000	Budgeted ED
Upgrade Cameras - Yakima Transit Center	Transit Operating		$40,000	Budgeted ED
Replace 3 Administrative Vehicles	Transit Capital		$100,000	Budgeted ED
Purchase & Install 10 Solar Shelters	Transit Capital		$130,000	Budgeted ED
Transit ADA Sidewalk Improvements	Transit Capital		100,000	Budgeted ED
Transit Buses (2016 Strategic Initiative)	Transit Capital		$1,885,000	Budgeted ED

Refuse

Strategic Initiative Request / Justification	Proposed Funding Source	Personnel Salary / Benefits	Non-Personnel	Notes
Refuse Rate Increase 2017 - 7.0% 2019 – 2.5% 2018 – 2.6% 2020 – 2.5%	Refuse Customers		*2017 Revenue $473,000*	Unbudgeted PS
Refuse Rate Increase 2017 – 3.7% 2019 – 3.0% 2018 – 3.1% 2020 – 3.0%	Refuse Customers		*2017 Revenue $247,000*	Budgeted PS

Strategic Priority Legend

Economic Development	ED	Public Trust and Accountability	PT
Public Safety	PS	Partnerships	PA
Neighborhood and Community Building	NC		

Equipment Rental

Strategic Initiative Request / Justification	Proposed Funding Source	Personnel Salary / Benefits	Non-Personnel	Notes
Fleet Vehicle Additions and Replacements	Equipment Rental			Budgeted
Elgin Crosswind Sweeper - Streets	Replacement Fund		$320,000	PT
Automated Side-loading Truck - Refuse			315,000	
Automated Side-loading Truck - Refuse			315,000	
Small Automated Refuse Truck - Refuse			140,000	
One Ton Flatbed Truck – Water/Irrigation			130,000	
Upgrade 5 Snowplows - Streets			75,000	
1 Ton Flatbed Truck - Streets			45,000	
¾ Tone Pickup with Snowplow – Parks			40,000	
Reel Mower - Parks			35,000	
Trim Mower - Parks			35,000	
Ford Ranger Pickup – Utilities			30,000	
Taylor Dunn Utility Vehicle – Wastewater			25,000	
Taylor Dunn Utility Vehicle – Wastewater			25,000	
Equipment Trailer - Parks			6,000	
Total			$1,536,000	
Shop Equipment	Equipment Rental Operating		$88,000	Budgeted NC

Environmental

Strategic Initiative Request / Justification	Proposed Funding Source	Personnel Salary / Benefits	Non-Personnel	Notes
Replace Fuel Management System	Environmental Fund		$175,000	Budgeted NC

Parks & Recreation

Strategic Initiative Request / Justification	Proposed Funding Source	Personnel Salary / Benefits	Non-Personnel	Notes
Parks Capital Projects	Parks Capital			Budgeted
SOZO land (carryover)			$902,000	NC
Randall Park West Parking Lot	RCO Grant		150,000	
Randall Park East Parking Lot			150,000	
Randall Park Restroom	Community		150,000	
Randall Park Bridge	donations		50,000	
WFCC			104,000	
HBCC	REET 1		45,000	
Gardner Park Playground			115,000	
Lions Pool Filter			85,000	
Cherry Park Playground			150,000	
Contingency			130,000	
Total			$2,031,000	
Henry Beauchamp Community Center (HBCC) Repair/Replacement ($45,000 budgeted in 2017)	Parks Capital REET 1		$30,000 per year	Budgeted NC

Strategic Priority Legend

Economic Development	ED	Public Trust and Accountability	PT
Public Safety	PS	Partnerships	PA
Neighborhood and Community Building	NC		

Streets

Strategic Initiative Request / Justification	Proposed Funding Source	Personnel Salary / Benefits	Non-Personnel	Notes
Energy conservation measure Switch out high pressure sodium street lights to LED. Funded by: Energy rebates - $211,000 Department of Commerce grant - $350,000 LOCAL borrowing - $1,539,000	Street Fund DOC Energy Grant LOCAL Borrowing		$2,100,000	Unbudgeted PS
Sidewalk Repair/Installation & Tree Removal $50,000 per year for 5 years (2017-2022)	Street Fund		$50,000	Unbudgeted NC
Add two Traffic Signs & Marking Specialist positions	Street Fund	$120,000		Unbudgeted PS
Add One Traffic Technician position	Street Fund	$55,000		Unbudgeted PS

Strategic Priority Legend

Economic Development	ED	Public Trust and Accountability	PT
Public Safety	PS	Partnerships	PA
Neighborhood and Community Building	NC		

ESTABLISH BROKERED NATURAL GAS UTILITY TAX

UNBUDGETED

PROPOSAL

To establish a tax rate of 6% upon consumers of brokered natural gas. RCW 35.21.870 authorizes cities to impose this tax, and the Washington Administrative Code (WAC) 458-20-17902 gives additional guidance on how this tax is calculated and reported to the Washington State Department of Revenue (DOR). The following is an excerpt from a DOR publication:

History

The state and municipal taxes on brokered natural or manufactured gas were adopted by the Legislature in 1989; the effective date of the taxes was July 1, 1990.

The need for these taxes was a result of federal deregulation of the natural gas industry. Increasingly, large industrial and institutional users of gas have been able to make purchases of gas from sellers in other states through brokers; this enables large purchasers to take advantage of differentials on the spot market for natural gas. Although the gas may be delivered through the pipeline of a local gas company, the transaction is considered to take place out of state. Some utilities had been reporting retail sales tax on such sales and some purchasers had reported use tax, but there was confusion about the tax liability of such transactions until the Legislature enacted the 1989 statute.

There are currently 274 taxpayers that report use tax on natural/manufactured gas. The Department currently administers the municipal use tax on natural/manufactured gas for 46 cities, although not every one of them receives revenues each year depending upon when the taxable transactions occur.

Washington State Department of Revenue, "Brokered Natural Gas Use Tax RCWS 82.12.022 and 82.14.230" 14October, 2016.
http://dor.wa.gov/docs/reports/2010/tax_reference_2010/24brokeredgas.pdf

In discussion with a representative from DOR, this tax rate would need to mirror the local tax rate for natural gas. In other words, if the lid on our natural gas utility tax stays at 4% on the first $4,000 per customer per month, the Brokered Natural Gas would need to have the same lid. Based on information from Department of Revenue, the City would have collected about $54,000 in the past year if the current tax rate of 6% on all amounts up to $4,000/customer/month, and 2% on all amounts greater than $4,000 had been in place. If the lid was removed and 6% was charged on the full monthly amount, we would have received $113,000.

Most of the cities comparable in size (i.e. Population 50,000-130,000) have imposed this tax:

Auburn	Kirkland
Bellevue	Marysville
Everett	Redmond
Kennewick	Renton
Kent	Richland

Also, many other cities in neighboring communities and in Eastern Washington:

Goldendale	Selah
Wenatchee	Grandview
Spokane	Pasco
Sunnyside	Prosser
Union Gap	Pullman
Walla Walla	

At the October 24th Study Session a Council member asked if there was a time frame authorized when the original cap was placed in 1994. Upon review of the original documents, there was no mention of an expected time-frame or a "sunset" clause.

IMPACTS

1. **Fiscal Impact –** $113,000 annually to General Fund Revenue if imposed with no $4,000 lid on 4% of the tax or $54,000 with a $4,000 lid.

2. **Proposed Funding Source –** General Fund Revenue.

3. **Public Impact –** Affects primarily large manufacturing businesses.

4. **Personnel Impact –** The City would not need a collection effort--the State Department of Revenue would collect and submit the tax to the City in our monthly remittance.

5. **Required Changes in City Regulations or Policies –** Revise YMC 5.50-050-050 to include Brokered Natural Gas or establish a new and separate code.

6. **Legal Constraints, if applicable –** No legal constraints when assessing tax of 6% or less.

7. **Viable Alternatives –** None.

ELIMINATE LID ON ELECTRIC, NATURAL GAS AND TELEPHONE TAX

UNBUDGETED

PROPOSAL

Eliminate the $4,000 lid of 6% tax to electric, natural gas, and telephone users – potential revenue of $820,000 annually. This affects primarily larger manufacturing businesses.

Washington State Revised Code of Washington (RCW) 35.21.870 allows a city to impose a tax on electricity, telephone, natural gas, or steam energy business, with a limit of six percent without a vote of the people. Yakima Municipal Code (YMC) 5.50-050-050 and YMC 5.50-050-060 governs the City's imposition of this particular tax.

YMC 5.50-050-050

There are levied and shall be collected annual license fees or taxes against the persons on account of business activities as follows:

Since October 1, 1994, the rates of tax set forth in subsection A of this section (i.e. 6%) shall be measured against a maximum of the first four thousand dollars of the total gross revenue attributable to selling or furnishing telephone services.. or natural gas to any one customer in any one calendar month or fraction thereof.

Since October 1, 1994, the first four percent of the tax is measured against a maximum of the first four thousand dollars of the total gross revenue attributable to selling or furnishing electric light or power to any one customer in any one calendar month or fraction thereof; two percent of the tax set forth in subsection A of this section shall be measured against the total gross revenue attributable to selling or furnishing electric light or power.

In 2005, the tax on natural gas was changed to mirror electricity. "Since November 17, 2005, the first four percent of the tax set forth in subsection A of this section shall be measured against a maximum of the first four thousand dollars of the total gross revenue attributable to selling or furnishing natural gas to any one customer in any one calendar month or fraction thereof; two percent of the tax set forth in subsection A of this section shall be measured against the total gross revenue attributable to selling or furnishing natural gas."

Explanation:

Telephone services are totally capped at $4,000 per customer per month, while electricity and natural gas tax the first $4,000 at 6%, and amounts greater than $4,000 at 2%. The following is an example of the tax calculation, assuming a monthly electric or gas bill of $10,000:

Current Cap		**No Cap**	
6% on $4,000	$240	6% on $10,000	$600
2% on $6,000 excess	120		
Total Tax	$360	Difference	$240

We asked Pacific Power to provide information on different cap amounts. They provided the previous year's data from October 2015 through September 2016. We could determine that the additional amount of tax for Cascade Natural Gas customers would only be about $40,000 if the cap was totally eliminated, so we did not request additional detail. This calculation was based on calendar year 2015. The following table summarizes the data from Pacific Power and Cascade Natural Gas:

Cap on 4%	Max # of Capped Accounts	Amount excluded annually	Additional Annual Tax	Cumulative
$4,000 to $6,000	108 to 87	$18.0m to $16.3m	$68,887	$68,887
$6,000 to $8,000	87 to 64	$16.4m to $14.8m	$58,559	$127,446
$8,000 to $10,000	64 to 55	$14.8m to $13.7m	$43,673	$171,119
Total Elimination	108	$18.0m		$720,243
CNG Total Elim	60 in winter- 6-10 May thru Nov	$992,000	$39,696	$39,696
Total Elec & Gas				$759,939

We also compiled information on what other cities in the state charge for taxes on electric and natural gas utilities. This was excerpted from the 2014 Municipal Tax Data survey. Generally, most comparable cities have the 6% tax imposed and very few have caps on the tax. The detailed spreadsheet is attached. This analysis does not consider telephone taxes, because we could not determine the numbers of accounts affected.

IMPACTS

1. **Fiscal Impact** – $760,000 annual increase to General Fund Revenue.

2. **Proposed Funding Source** – General Fund Revenue.

3. **Public Impact** – Affects primarily large manufacturing businesses.

4. **Personnel Impact** – The utilities self-report—staff would need to communicate the change to the effected companies.

5. **Required Changes in City Regulations or Policies** – Revise YMC 5.50-050-050.

6. **Legal Constraints, if applicable** – No legal constraints when assessing tax of 6% or less.

7. **Viable Alternatives** – This is a Council policy decision.

Utility Taxes Imposed by Washington Cities

Excerpted from the 2014 Municipal Tax Survey compiled by AWC

City	Population	Natural Gas	Electricity	Telephone	Cellular	Caps (based on City research)
Union Gap	**6,037**	**6.00%**	**6.00%**	**6.00%**	**6.00%**	**No cap**
Spokane	**212,300**	**6.00%**	**6.00%**	**6.00%**	**6.00%**	**Cap - elc. & gas over $100,000 annual**
Tacoma	200,900	6.00%	6.00%	6.00%	6.00%	No cap
Vancouver	167,400	6.00%	6.00%	6.00%	6.00%	Elec.-6% up to $1.5 mill/mo, then 2% Gas-6% up to $2,000/mo, then 1.25% No cap on either phone
Bellevue	134,400	5.00%	5.00%	5.00%	6.00%	No cap
Everett	104,900	4.50%	4.50%	4.50%	4.50%	No cap
Kent	121,400	6.00%	6.00%	6.00%	6.00%	No cap
Federal Way	90,150					No cap. Sr. rebate for income only--must be applied for
Yakima	**93,080**	**6.00%**	**6.00%**	**6.00%**	**6.00%**	**$4,000 per account per mo. Cap on 4%--2% uncapped**
Bellingham	82,810				6.00%	Cap on gas only - $250,000 per acct. No accts affected
Lakewood	58,360	5.00%	5.00%	6.00%	6.00%	No cap
Kennewick	77,700	8.50%	8.50%	8.50%	8.50%	No cap
Renton	97,130	6.00%	6.00%	6.00%	6.00%	No cap
Shoreline	52,740	6.00%	6.00%	6.00%	6.00%	No cap
Redmond	57,700	6.00%	6.00%	6.00%		No cap
Auburn	74,630	6.00%	6.00%	6.00%		No cap
Kirkland	82,591	6.00%	6.00%	6.00%	6.00%	No cap
Olympia	49,670	9.00%	9.00%	9.00%	9.00%	No cap
Richland	52,090	8.50%	8.50%	8.50%	8.50%	No cap
Pasco	67,770	8.50%	8.50%	8.50%	8.50%	No cap
Edmonds	39,950	5.75%	6.00%	5.75%	5.75%	
Bremerton	38,180	6.00%	6.00%	6.00%	6.00%	
Puyallup	38,670	2.20%	2.20%	2.20%		
Longview	37,040	6.00%	6.00%	6.00%	6.00%	
Lacey	45,320	6.00%	6.00%	6.00%	6.00%	
Burien	48,240	6.00%	6.00%	6.00%	6.00%	
Bothell	41,630	6.00%	6.00%	6.00%	6.00%	
University Place	31,420	6.00%	No	6.00%	6.00%	
Walla Walla	32,260	6.00%	6.00%	6.00%	6.00%	No cap
Des Moines	30,030	6.00%	6.00%	6.00%	6.00%	
Marysville	62,600	5.00%	5.00%	5.00%	No	
Wenatchee	33,070	6.00%	6.00%	6.00%	No	
Mount Vernon	33,170	6.00%	6.00%	6.00%	6.00%	
Pullman	31,420	8.00%	8.00%	8.00%	8.00%	No cap
Mercer Island	23,310	6.00%	6.00%	6.00%	6.00%	
Bainbridge Island	23,360	N/A	6.00%	6.00%	6.00%	
Oak Harbor	21,940	6.00%	6.00%	6.00%	6.00%	
Mountlake Terrace	20,530	6.00%	6.00%	6.00%	6.00%	
Mukilteo	20,540	6.00%	6.00%	6.00%	6.00%	
Kenmore	23,370	4.00%	4.00%	6.00%	6.00%	
Port Angeles	19,090	n/a	6.00%	6.00%	5.50%	
Tukwila	19,210	6.00%	6.00%	6.00%		
Aberdeen	16,850	6.00%	6.00%	6.00%	No	
Ellensburg	18,440	6.00%	6.00%	6.00%	6.00%	
Maple Valley	24,230	6.00%	6.00%	6.00%		
Moses Lake	21,600	6.00%	6.00%	6.00%	8.00%	Tele/Elec-$100K W/S-$150K
Average Rate		5.52%	5.66%	5.85%	5.09%	

Note: Utility tax rates are based on a 2014 survey conducted by AWC. Only cities with a population > 16,000 are shown. Bolded cities are often used as comparables for Yakima. If there is an entry in the "Caps" column these were researced by Finance to determine if there is a cap on individual utility accounts.

ESTABLISH TRANSPORTATION BENEFIT DISTRICT/IMPOSE TAB FEE

UNBUDGETED

PROPOSAL

To establish a Transportation Benefit District (TBD) and impose a vehicle license tab fee.

History

In 2012 the City formed a Transportation Benefit District (TBD) and created a five year project list. City Council considered funding options, including a public vote for $20 vehicle tabs, but ultimately did not identify a funding source and the TBD was dissolved. If council reformed a TBD, the Finance department annually estimates revenue from a $20 vehicle tab fee would generate approximately $1,371,000, a $15 vehicle tab fee would generate approximately $1,028,000 while a $10 vehicle tab fee would generate approximately $685,000.

Creating a TBD

Since 2012, a number of legislative changes have been made to the laws regarding TBD's. The laws surrounding TBD's can be found in the Revised Code of Washington Chapter 36.73 and the related citations found there. The legislative authority has the power to form a TBD and make the initial decision regarding transportation improvements. Once the transportation improvements have been identified, the Council must conduct a public hearing with at least ten days' notice. Following the hearing, Council may establish the TBD by ordinance if they make the finding the action is in the public interest.

There are a number of requirements for the ordinance establishing the TBD and must include the functions and transportation improvements to be funded then also establish the boundaries of the TBD. To take advantage of some other benefits in the law, the boundaries should be the city limits. The transportation improvements proposed may not be expanded beyond those that were included in the initial hearing notice unless there are further notices and findings are made that it would be in the public interest to expand the improvements.

Once formed, the Council acts as ex officio and independent members of the TBD governing body. The City treasurer acts as the ex officio treasurer and the registered voters residing within the district are the electors.

Funding a TBD

There are multiple funding options once a TBD has been established. The most common is a $20 vehicle license fee and can be established with a vote of the governing board if the boundaries of the TBD are the same as the boundaries of the City. After 24 months the fee can be increased to $40 by the governing board and then to $50 after another 24 months. An important note is that actual fee cannot be imposed within 180 days after being passed and that the department of licensing will keep a 1% administrative fee.

The only other revenue that may be imposed without a vote of the electors are fees on certain construction projects but the fees have to be reasonably necessary as a result of the impact of construction.

All other funding sources must be approved by a vote of the electors and include a one year ad valorem property tax, an ad valorem property tax to pay off voter approved general obligation bonds, vehicle tolls and a sales tax.

Projects
The legislature has defined "transportation project" to mean a project contained in the transportation plan of the state, a regional transportation planning organization, city, county, or eligible jurisdiction. A project may include investment in new or existing highways of statewide significance, principal arterials of regional significance, high capacity transportation, public transportation, and other transportation projects and programs of regional or statewide significance including transportation demand management. Projects may also include the operation, preservation, and maintenance of these facilities or programs. There is also a set of criteria that have to be considered when choosing which transportation improvements to put on the project list and includes improved travel times, air quality, freight mobility and other criteria as may be developed by the governing body.

Material Change Policy and Annual Report
The TBD shall also develop a material change policy to address major plan changes that affect project delivery and financing. At a minimum, the policy must address material changes to cost, scope, and schedule, the level of change that will require governing body involvement, and how the governing body will address those changes. The policy must also include a provision that if a transportation cost exceeds its original cost by more than twenty percent, there will be a public hearing to solicit comment from the public regarding how the cost change should be resolved. Another requirement is the TBD shall issue an annual report to the public and newspapers indicating the status of costs, expenditures, revenues, and schedules.

Termination
Once construction is complete, the TBD must terminate day-to-day operations and exist as a limited entity that oversees the collection of revenue and the payment of debt still in effect. When the debt is complete and paid, the TBD has thirty days to dissolve itself with notice of the dissolution published.

Assumption
In 2015, the legislature allowed for a city to assume the rights, powers, functions, and obligations of the TBD after notice and a hearing. This can be done through ordinance or resolution and after a finding that the public interest or welfare would be satisfied by the city assuming those duties and obligations.

At their October 24th study session, City Council asked for additional information including the status of projects on the 2012 list and a potential list of projects for this new TBD proposal. These will be presented during the Engineering Divisions budget review.

IMPACTS

1. **Fiscal Impact –**

$20 License tab fee	$1,371,000
$15 License tab fee	$1,028,000
$10 License tab fee	$685,000

2. **Proposed Funding Source –** Street Construction Fund.

3. **Public Impact –** Additional car tab fee to fund needed street improvements.

4. **Personnel Impact –** None.

5. **Required Changes in City Regulations or Policies –** Create an ordinance setting forth the new fee. Contract with Department of Licensing to collect the fee.

6. **Legal Constraints, if applicable –** Council can only impose up to a $20 fee.

7. **Viable Alternatives –** This is a Council decision.

CHANGE POSITION FROM 50% DA-III TO 100% CITY RECORDS ASSISTANT

BUDGETED

PROPOSAL

Increase permanent part-time Department Assistant III previously budgeted at 50% time to a new fulltime position entitled Records Assistant at classification 7165 and pay code 12.5 ($17.82-$21.29). This position has become more technical and assists with Pension, Public Records, Records Management and email searches for discovery/litigation. The public records requests continue to skyrocket over the years as noted below:

2011 -- 321
2012 – 486
2013 – 564
2014 – 788
2015 – 1096
2016 – 402

IMPACTS

1. **Fiscal Impact –**

Additional Salary and Benefits	$23,800
Reduced Salaries/Temporary	(13,000)
Net Increase	$10,800

2. **Proposed Funding Source –** General Fund. The City Clerk's budget is part of the City Service calculation—approximately 40% is paid by other operating funds.

3. **Public Impact –** More savings realized through the ability to handle more records requests in a timely manner, as well as retain records per the state guidelines, thus decreasing the amount of documents needed to respond to requests. Additionally, the position would assist with email searches for record requests and discovery/litigation, which is less costly than referring this to the Legal or IT Divisions.

4. **Personnel Impact –** Increasing from DAIII to City Records Assistant and 50% to 100% (or .50 FTE).

5. **Required Changes in City Regulations or Policies –** Civil Service to establish the new job description and addition to the Master Pay Ordinance.

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

7. **Viable Alternatives –** Maintain current staffing levels and jeopardize timely response to public records requests.

CHANGE A TELEPHONE TECHNICIAN POSITION

BUDGETED

PROPOSAL

Replace the vacant, budgeted Telephone Technician position with a Telecommunications Analyst position. Because of the lack of qualified candidates for this position we have realized that the expectation of the duties of this position are well beyond that which a 'technician' normally possesses. We need a person with the skill set to administer a complex, enterprise level telephone system as well as knowledge of the computer network infrastructure that it is becoming more integrated into it as the technology changes from a standalone system into an Internet Protocol (IP) based environment. By implementing this change we will actually be addressing two needs for the City. We currently have a 'silo'd' position of Network Engineer meaning we do not have anyone else on staff with the high level skill set to cover that position should the current employee leave. By developing this new position that has knowledge in both telephone and networking we will then have that safety net to assist in continuity of operations. In reviewing the industry we have found that the merger of these two skill set is fairly standard so there is an expectation that we will find qualified candidates.

IMPACTS

1. **Fiscal Impact** – $9,500.

2. **Proposed Funding Source** – General Fund. Information Technology is part of the City Service Charge, and approximately 40% will be funded by other operating funds.

3. **Public Impact** – Having a solid telephone and IT infrastructure enables the City to efficiently provide services to the residences.

4. **Personnel Impact** – Change of classification by Civil Service and placement in the Master Pay Ordinance.

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

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

7. **Viable Alternatives** – We can attempt again to get a qualified candidate in the existing position and pay grade, but in previous attempts we were not successful.

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 $10,000

Provide $10,000 towards a working budget for the Yakima Arts Commission. The Yakima Arts Commission is made up of community and arts organization representatives. The funding for this project would allow the Arts Commission to continue with the Utility Box wrapping program and Windows Alive projects it worked on in 2016.

Downtown Association of Yakima (DAY) ..... $133,333/$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 maximum $133,333 contribution to the DAY group will result in a $100,000 tax credit towards the City's 2018 Utility Tax obligation to the State of Washington. DAY's proposed work plan for 2017 include the downtown facade grant program, landscaping upgrades throughout the CBD, continuing the Second Saturday promotion program, updated downtown Christmas decorations and other promotional efforts.

Craft Beverage Yakima (CBY) $5,000

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. This would be the last year for the City supporting this initiative.

Airport Marketing ..... $150,000/$75,000 net

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 grant will be matched by $290,000 of local funds to assist in the expansion of our local air service opportunities. For 2017, $150,000 is planned to be used to continue marketing the additional fourth flight, with a corresponding grant reimbursement of $75,000.

IMPACTS

1. **Fiscal Impact –**

4th of July	$20,000	
Yakima Arts Commission	10,000	
Downtown Association of Yakima	133,333	(tax credit of $100,000 in 2018)
Craft Beverage	5,000	
Airport Marketing	150,000	(inc. matching grant of $75,000)
	$318,333	

2. **Proposed Funding Source –** General Fund / $75,000 grant; $100,000 tax credit in 2018. Net expense is $143,333.

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.

PUBLIC MARKET / BUSINESS INCUBATOR LOCATION EVALUATION

BUDGETED

PROPOSAL

The Yakima City Council heard the results of a feasibility study for a Public Market/Business Incubator during a study session in August 2015. In addition to researching the feasibility of a Public Market/Business Incubator in our local market, the study identified nine possible locations for the facility in Yakima's downtown district.

The grant application to the Washington State Community Economic Revitalization Board (CERB) is asking for planning funding to evaluate two real estate options for the final location of this proposed public facility. The evaluation would include reviewing possible layouts and configurations, conceptual drawings and completion of an estimated construction cost for each facility. The Council Economic Development Committee began reviewing possible locations in September and the Council authorized the City Manager to apply for the grant.

The planning grant maximum award is $50,000 and a local match of 25% is required. The City will be required to make a presentation to the CERB board at its November 17, 2016 meeting in Olympia, at which time the CERB board will make a final decision on this grant request.

IMPACTS

1. **Fiscal Impact –** $66,667 in expenses, offset by the $50,000 grant.
2. **Proposed Funding Source –** General Fund / $50,000 CERB grant.
3. **Public Impact –** A public market would allow small businesses, entrepreneurs and other residents to start businesses without the need for expending funds on traditional brick and mortar establishments, decreasing startup costs and increasing their ability to succeed, promoting further growth in the economy.
4. **Personnel Impact –** Grant management.
5. **Required Changes in City Regulations or Policies –** None.
6. **Legal Constraints, if applicable –** Contracts for services, and specific grant requirements.
7. **Viable Alternatives –** None.

SPECIAL EVENT FEE INCREASE

UNBUDGETED

PROPOSAL

The City currently charges $50 for special event permits, which cover only a small fraction (on average roughly 6%) of the cost of the staff time to ensure public safety, community and business notification, insurance coverage review and to provide the barricades, cones and tents for events.

It is recommended that the special event fee be increased to recapture up to 50% of the actual costs associated with special events. See attached memo for a more detailed explanation.

IMPACTS

1. **Fiscal Impact** – Approximately $8,250 to $19,100 in additional general fund revenue, assuming a recapture rate of 25% and 50%, respectively. This can be done over two years.
2. **Proposed Funding Source** – Increased fees for special events permits.
3. **Public Impact** – Additional fees charged for special events.
4. **Personnel Impact** – None.
5. **Required Changes in City Regulations or Policies** – Change the City's municipal code.
6. **Legal Constraints, if applicable** – None.
7. **Viable Alternatives** – Continue subsidizing special events.

Memorandum

To: City Manager, Cliff Moore
Community Development Director, Joan Davenport

From: Sean Hawkins, Economic Development Manager

Date: September 1, 2016

Subject: Special Event Permit Fee

Background
YMC 9.70 covers the City's special event policies and fee structure. The City currently charges $50 for special event permits which cover a small fraction of the cost of the staff time to ensure public safety, community and business notification, insurance coverage review and providing the barricades, cones and tents for events. In 2012 the City began providing barricades and cones for special events at no charge to ensure that proper equipment is used to close City streets during events. We currently charge a $10 per tent fee.

Additionally, we do not charge certain community events for the police time involved in closing streets for well attended parades like the Sunfair Parade or Holiday Light Parade. Those events involve the time of numerous officers and thousands of dollars in overtime costs all born by the City. The following details regulate costs for special event in our municipal code:

- **Special Event Permit Application Fee** - A fifty dollar nonrefundable application fee must be submitted with any special event permit application. Any event application submitted less than three weeks before the scheduled event is subject to a one-hundred dollar late fee.
- **City Services Permit Fee** - Upon approval of an application for a permit for a special event not protected under the First and Fourteenth Amendments of the U.S. Constitution, the economic development manager should provide the applicant with a statement of the estimated cost of city services, equipment and materials used or provided by city in providing traffic control and management for parades and vehicle events, and permit fees. Also exempt from the special event permit fee are the community events listed as follows: Memorial Day Parade; Cinco De Mayo Parade; 4th of July Celebration; Sunfair Parade; Veterans Day Parade; and Christmas Light Parade.

Recommendation
An analysis of five random events for in the last year found that the City recouped roughly 6% of the cost to produce special events from the permit fee. At a minimum, we should consider raising the fee over to 50% over the course of two years and by moving that to 25% in 2017 and 50% in 2018. A 25% recoup would be a permit fee of $225 and a 50% recoup would be a permit fee of $450. An analysis of smaller Washington cities reveals a trend to recoup more of the cost of issuing special event permits. Cities like Sunnyside and Anacortes no longer have a single special event permit cost but rather have moved to a case by case fee that reflects the costs of staff time to assist in permitting the event by having the City departments involved calculate the cost of assisting and passing them on to the permit holder. Prosser charges a $250 flat fee but also passes additional costs to produce the event on to the applicant if necessary. The City of Issaquah special event permit fee

is currently $20 and they are in the works of raising this fee to $200 in 2017 to assist in recouping more of the cost to issue special event permits.

Current Application Base Fee	Fee Required to Reach 25% Recapture	Fee Required to Reach 50% Recapture	Fee Required to Reach 100% Recapture	Number of Applications in 2015	Total Revenue Generated in 2015 with Present Application Fee	Total Revenue Generated for 2015 Assuming a 25% Fee Recapture Rate	Total Revenue Generated for 2015 Assuming a 50% Fee Recapture Rate
$50.00	$212.34	$424.67	$849.33	51	$2,550	$10,829.34	$21,658.17

Note: Council requested more information and options at the October 24th study session.

YAKIMA CENTRAL PLAZA

BUDGETED

PROPOSAL

The Yakima Central Plaza design and construction documents will be complete and ready to put out to competitive bid 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.

The Central Business District Capital Fund includes $10,817,460 in expenditures to finish the design and construction of the project. This is what remains to complete the project. When the design costs of $1.2 million are added, the total project is $12.0 million.

At their August 16th meeting, City Council asked the Plaza Committee to solicit donations up to $9.0 million to come in over a maximum of 5 years and the City would cover $3.0 million of the total project (i.e. $1.2 million of design and $1.8 million for the construction project). The exact amount of donations to be actually received before the end of the construction period is unknown until all of the pledges have been received. To avoid excess interest, we will only bond the amount necessary to complete the project and reimburse design costs. The 2017 budget includes our best estimate of actual donations to be received in both 2016 and 2017, with the balance to be funded by Councilmanic (i.e. limited tax general obligation) bonds. There is $7,975,000 estimated for bonds in the 2017 budget. REET 2 funds are planned to support debt service on the City portion of the bond payments not being repaid with community donations.

IMPACTS

1. **Fiscal Impact** – $10,817,460.
2. **Proposed Funding Source** – CBD funds from 2016 contributions plus new community donations of $1,925,000 in 2017 and a limited tax general obligation bond issue of $7,975,000.
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** – A limited tax general obligation bond ordinance would need to be passed in order to issue bonds.
7. **Viable Alternatives** – None.

MANAGEMENT FEE INCREASE

BUDGETED

PROPOSAL

The Capitol Theatre Committee proposes a 2% increase in the management fee for the operational agreement of the Capitol Theatre and adjacent facilities.

Basic annual increases occur across all budget categories, including wages, insurance, goods and services. By requesting this modest increase to the management fee, those increases can be managed and planned for incrementally, rather than implementing larger budgetary shifts every few years. In doing so, significant changes in future budget requests are based on identifiable institutional and/or programmatic shifts, rather than those more easily equated to cost-of-living increases.

This request only alters the allocation of funds already dedicated to the Capitol Theatre. This incremental increase reduces the potential allocation to the Capital Improvement Fund, but not in an amount that significantly impacts plans for improvements to the facilities either in the short term or long term.

IMPACTS

1. **Fiscal Impact** – $5,640. A 2% increase from $282,000 in 2016 to $287,640 in 2017.
2. **Proposed Funding Source** – Capitol Theatre Operating Fund--PFD Revenue and Hotel/Motel Tax.
3. **Public Impact** – Continuation of excellent service and maintenance of this important cultural landmark.
4. **Personnel Impact** – None.
5. **Required Changes in City Regulations or Policies** – None.
6. **Legal Constraints, if applicable** – None.
7. **Viable Alternatives** – None.

NEOGOV SOFTWARE

UNBUDGETED

PROPOSAL

NEOGov is the market and technology leader in on-demand human resources software servicing over 15,000 public sector agencies and educational institutions, including the City of Yakima, and the State of Washington. NEOGov is the only software company solely focused and proactively working on meeting the unique needs and requirements of public-sector agencies. The City of Yakima has solely and very successfully utilized NEOGov's Insight E-recruitment software for processing applications and tracking testing results for over 5 years, when the City moved from a more manual system. NEOGov has the ability to interface to our other major applications such as Payroll and Cayenta to assist in further automation; reducing the manual entries efforts and ensuring timely and accurate information is used. Additionally, this is the first step in ultimately eliminating our paper personnel files, converting them to electronic, which will significantly aid in the City meeting the Washington State Public Records Act as well as process public records requests.

NEOGov has two additional modules the IT Division and HR Department are recommending the City begin utilizing to reduce our manual procedures and enhance our electronic and automated capabilities. These modules are NEOGov's Onboard and Perform.

NEOGov Onboard Module

Onboard enables new hires to become more productive from their first day on the job by streamlining new hire paperwork, processes, and training. Onboard provides a tool for new hires to sign forms electronically, completing I-9, W-4, and additional new hire requirements online even prior to their start date. With Onboard, the City can assign forms to specific employees, groups, and departments. It can also be used to create forms, checklists and reports which increases accountability, consistency and compliance. Audits across divisions, departments, or the City as a whole, which are now very labor intensive, would be available quickly with the click of a mouse. Clear expectations and timelines can be set, including automated reminders to ensure the City is meeting all mandated requirements for a new hire. In addition, the City would have the capacity to establish a new hire portal within Onboard allowing for interactive social collaboration, questions and answers, documents, trainings, and videos. This would enhance the City's ability to communicate the City's mission and values immediately to all new hires, as well as relevant training information.

NEOGov Perform Module

Perform streamlines and automates the probationary and year-end employee appraisals which would replace the labor intensive, manual systems currently in use by the City of Yakima. This electronic tool would enhance supervisors' ability to measure competencies and goals, record growth and development plans, and increase the quality and thoroughness of the performance reviews by automating the employee evaluation process. Automation would dramatically increase efficiency, consistency and accountability by generating appropriate timeline reminders, and would provide hands-on evaluation tools and assistance for supervisors. This upgrade would enable the

City to more actively maximize employee productivity, and to motivate and retain well performing employees by providing timely and accurate feedback. The module would also allow HR and other City departments to easily and globally visualize the City's workforce on the automatically generated organizational chart, which is currently not possible with a manual system. Easy-to-use features would allow supervisors to regularly record and audit training and performance information. They will be able to "drag-and drop" employee-information and "point-and-click to view employee scorecards and assign goals.

IMPACTS

1. **Fiscal Impact** – Unbudgeted

Annual subscription license	$29,200
Implementation, setup and training (one-time)	10,000
Total	$39,200

2. **Proposed Funding Source** – General Fund. Human Resources is included in the City Service Charge distribution, so approximately 40% of this expense would be funded by other operating funds.

3. **Public Impact** – None.

4. **Personnel Impact** – Operational efficiencies for both Human Resources and all operating divisions in processing employee data.

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

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

7. **Viable Alternatives** – None.

WORKIVA REPORTING SOFTWARE

UNBUDGETED

PROPOSAL

Workiva has created Wdesk, a cloud-based productivity platform for enterprises to collect, link, report, and analyze business data. Wdesk word processing, spreadsheet, and presentation applications are integrated and built upon a data management engine, offering synchronized data, controlled collaboration, user permissions, and a full audit trail. Numbers, text, charts and graphics in presentations and reports can be linked inside Wdesk, which becomes a repository for critical data. Each piece of data has its own history of changes and any user can drill down into that data for more information. This productivity software will allow reporting with greater frequency as all reports, data and graphics remain linked, allowing presentations and reports to be easily updated as needed. The primary use for this software will be to streamline the CAFR reporting process, but it will also be used for a wide variety of other reports, such as budget documents and quarterly reports to Council, as well.

IMPACTS

1. **Fiscal Impact –** No initial set-up cost. Ongoing license fees of approximately $29,000/year.

2. **Proposed Funding Source –** General Fund. Financial Services is included in the City Service Charge distribution, so approximately 40% of this expense would be funded by other operating funds.

3. **Public Impact –** Improved ability to produce reports on a timely basis.

4. **Personnel Impact –** Significant efficiencies after initial implementation and training on the system.

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

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

7. **Viable Alternatives –** Continue old, more cumbersome processes.

MONITOR CERTIFICATES OF INSURANCE FOR CONTRACT COMPLIANCE

BUDGETED

PROPOSAL

Earlier in 2016 Yakima County sent notification that they intended to discontinue their contract for Purchasing services that has been shared with the City since 2009. Recently, Yakima County decided to continue Purchasing Services with the City if their cost could be reduced, and as a result, City Purchasing will discontinue surplus disposal and Cayenta support for the County, which will save the County $40,000 and reduce the City's revenue for this service. One step that Purchasing is taking to offset the revenue reduction from the County is to downgrade a Buyer 2 position to a Buyer 1 position, which will save about $11,300 in 2017.

Concurrently, the Legal and Finance Departments have identified an area that may be exposing the City to unnecessary risk of loss, in that other departments may not be adequately monitoring and requiring contract compliance citywide on all certificates of insurance required under all City contracts. The Purchasing Division monitors certificates on contracts that are issued through their Division by a position which has devoted more than half of their time to that function. This proposal expands the duties of the position in Purchasing to all City contracts. An employee trained to monitor and ensure certificates citywide would result in full and accurate compliance of an important aspect of financial accountability and risk management for the City.

The reason for requiring insurance coverage and indemnity in contracts is that it protects members of the public for loss or damage because of a negligent act of the contractor or vendor hired by the City. It also protects the City against financial loss if it is sued because a contractor or vendor hired by the City did not have insurance or the financial means to cover the loss. The indemnity agreement places the financial responsibility where it belongs and the insurance assures they have the financial means to pay the loss. The certificate of insurance confirms the proper coverage is in place.

This need was identified prior to the change in the scope of Purchasing with Yakima County. Since the Purchasing Assistant is trained to monitor certificates of insurance, the current proposal is to charge 50% of the Purchasing Assistant ($31,000) to the Risk Management Fund. It should be noted that the Legal Department eliminated a vacant Legal Assistant II as part of the mid-year 2016 reductions continuing into 2017. This position was allocated 87.5% to the Risk Management Fund, thereby reducing expenditures by $69,000 in that fund.

IMPACTS

1. **Fiscal Impact** – General Fund-

Reduction in Revenue from County (from $298,000 to $258,000)	$40,000
Reductions in Expenditures-	
Reduce Buyer 2 to Buyer 1	$11,300
Transfer 50% Position to Risk Management	$31,000
Net savings in General Fund	$2,300

Risk Management Fund	
Transfer 50% Position to Risk Management	$31,000
Reduction of Legal Assistant II	(69,000)
Net Savings in Risk Management Fund	($38,000)

2. **Proposed Funding Source** – Risk Management 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** – Purchasing could have reduced staffing levels to make up the reduction to the County. However, this proposal matches a task that needs to be accomplished on a citywide basis with the current expertise available in the Purchasing staff.

CASCADE MILL REDEVELOPMENT PROJECT

BUDGETED

PROPOSAL

Redevelopment of the Cascade Mill Project Area will focus in 2017 on preparation for street construction and environmental clean-up. The street right of way for the future extension of Bravo Company Boulevard and East-West Corridor will be dedicated to the City for street development in two portions: the southern portion in late 2016 and the remainder in 2017. Street construction is scheduled for late 2018 – 2019. Prior to the street construction, environmental clean-up is necessary for the land fill area under the road prism.

IMPACTS

1. **Fiscal Impact** – LIFT funds of $1,200,000 will be expended in 2017 to complete engineering design and environmental investigation. The private property owners are expected to dedicate approximately $1 million in land value to the City for street construction.

2. **Proposed Funding Source** – Local Infrastructure Finance Tool (LIFT) / Yakima Redevelopment Area Fund.

3. **Public Impact** – Actual street construction is not anticipated in 2017. However, some environmental clean-up may be initiated in late 2017 which would involve equipment, noise and dust in the vicinity of the road extension.

4. **Personnel Impact** – None.

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

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

7. **Viable Alternatives** – The State of Washington "Connecting Washington" Transportation program included funding for the adjacent I-82 project. City street segments must be in place prior to 2021 in order to create the connecting opportunities.

LAND DEVELOPMENT FEE INCREASE

BUDGETED

PROPOSAL

At the September 27th City Council Roundtable review of budget items, staff presented an option to increase certain land use permit application fees in order to create a more equitable sharing of the processing costs between the City and private development. The recommendation is to increase some land use application fees so that the City recovers approximately 50% of the actual cost of processing. At present, land use applications that require a public hearing by the Hearing Examiner are only recovering an average of 17% of the actual costs. The average Hearing Examiner fee is $1595 per case. Applications without a public hearing are recovered at an average of 56%.

The Council requested information about current fee structure in Yakima County and the city of Union Gap. As you will see from the following table, the current City of Yakima land use fees are very similar to those in Union Gap. Yakima County fees are significantly higher than either city.

IMPACTS

1. **Fiscal Impact –** Additional revenue is expected to be approximately $50,000 in 2017.

2. **Proposed Funding Source –** General Fund.

3. **Public Impact –** Fee increase would have an impact on development. However, the City has been subsidizing the cost of the Hearing Examiner at a significant rate for years.

4. **Personnel Impact –** None.

5. **Required Changes in City Regulations or Policies –** A Fee Ordinance would be submitted to the City Council after the public review process.

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

7. **Viable Alternatives –** The Council may choose one of the following options related to this proposal:

   a) Do not change the fee structure at this time. This is a Council policy issue. The council is now aware of the City of Yakima is not recovering enough costs to pay the Hearing Examiner for the public hearings. This approach is a legitimate economic development strategy, but should be acknowledged.
   b) The Council may choose to phase in the recommended fee increases over a period of several years.
   c) The Council may choose to implement land use permit fee increases in 2017. In this case staff would immediate begin working with the Homebuilders, Board of Realtors, Landlord Tenant Association and other private industry representatives.

d) One alternative would be to shift all public hearings to the Planning Commission. However, the Planning Commission already hears Subdivision Long Plats. Other items are often very complex and require significant legal analysis, which is unfair to the unpaid Planning Commission members and may result in decisions which are subject to challenge.
e) Staff is actively looking at methods to reduce processing costs. In recent years, we modified the list of land use types listed (YMC 15.04) as "Class 3" uses that require a public hearing. The City implemented a post card notice system to reduce mailing and publication charges. Staff holds Pre-application meetings with interested developers so that they are informed early in the process about minimum requirements and procedures.

	Union Gap Fees	Yakima County Fees	City of Yakima Fees	Application Fee at 50% Cost	Application Fee at 80% Cost	Application Fee at 100% of Costs	Current Hearing Examiner's Fees Percent of Total Application Costs	# Apps in 2015
Major Land Use Applications Requiring Hearing with Examiner/Planning CommissionCommission								
Rezone	$560	$1,255	$560	$1,614	$2,582	$3,227	34%	9
Comprehensive Plan Map Amendments	$400	$4,715	$500	$1,254	$2,006	$2,508	N/A	9
Type (3) Review	$700	$1,925	$700	$1,637	$2,619	$3,274	46%	5
Preliminary Long Plat	$375.00 + $25 per Lot	$5,195	$380	$1,723	$2,756	$3,445	38%	4
Appeal to Hearing Examiner	$550	$1,255	$580	$2,298	$3,677	$4,596	65%	3
Right-of-way Vacation	$400	NA	$420	$1,387	$2,219	$2,774	39%	2
Planned Development	None	$5,195	$560	$2,592	$4,147	$5,184	50%	1
Overlay District	None	$5,195	$340	$2,051	$3,281	$4,101	37%	0
Long Plat Alteration/Vacation	$350	$870	$380	$1,723	$2,756	$3,445	38%	0
Non-Conforming Use/Structure	None	$1,450	$280	$1,637	$2,619	$3,274	46%	0
Intrepretation Hearing Examiner	$550	$1,255	$435	$2,546	$4,073	$5,091	58%	0
Variance	$425	$1,545	$700	$1,637	$2,619	$3,274	46%	0
Land Use Applications Not Requiring A Public Hearing								
Short Plat Exemption	$125	$785	$145	$38	$60	$75	N/A	40
SEPA Review	$250	$295	$265	$246	$394	$492	N/A	36
Administrative Adjustment	$300	$1,060	$340	$435	$697	$871	N/A	18
Type (2) Review	$360	$1,925	$365	$430	$688	$860	N/A	18
Preliminary Short Plat	$325	$1,060	$340	$438	$701	$876	N/A	14
Final Short Plat	$90	$485	$90	$49	$78	$98	N/A	9
Modification	$420	$675	$100	$68	$108	$136	N/A	8
Final Long Plat	$250	$675	$270	$157	$251	$314	N/A	7
Critical Area Review	None	$870	$200	$326	$521	$652	N/A	3
Short Plat Alteration/Easement Release	$225	$1,060	$245	$438	$701	$876	N/A	2
Shoreline Development Permit	$325	$870	$355	$1,136	$1,817	$2,272	N/A	2
Preliminary Binding Site Plan	$420	$1,925	$420	$1,637	$2,619	$3,274	N/A	1
Amended Binding Site Plan	$420	None	$270	$920	$1,472	$1,840	N/A	0
Land Use Applications & Processes Required by State Law with No Current Fee								
Comprehensive Plan Text Amendment	None	None	None	$1,254	$2,006	$2,508	N/A	4
Zoning Text Amendment	None	None	None	$1,254	$2,006	$2,508	N/A	not tracked
Shoreline Exemption	None	$675	None	$38	$60	$75	N/A	not tracked
Shoreline Conditional Use or Variance	$325	$3,270	None	$1,226	$1,962	$2,452	N/A	not tracked
Development Agreements	None	$1,350	None	$208	$333	$416	N/A	not tracked
High Frequency Land Use Applications and Services with No Fee								
Type (1) Review	None	$485	None	$248	$398	$497	N/A	69
Zoning Verification Letter	None	None	None	$68	$108	$136	N/A	not tracked
Extension of Zoning & Subdivisions Approvals	None	$100	None	$38	$60	$75	N/A	not tracked
Resubmittal Fee	None	$100	None				N/A	not tracked
Pre-Application Meeting	None	Cost	None	$90	$144	$180	N/A	not tracked
Total Revenue Generated for 2015 with Existing Application Fees							$56,000	
Projected Total Revenue Generated with Fees Recover 50% of Costs							$105,000	

PLANNING DIVISION REORGANIZATION

UNBUDGETED

PROPOSAL

In 2012, as a cost saving measure, the role and responsibility of the Planning Division Manager was incorporated into the Responsibilities of the Director of Community Development. As a result, staff supervision, policy implementation and daily operations of the Planning Division have become an accessory role for the Director. This situation saved the City the salary of a Division Manager for four years, but has not provided consistent management for the Planning Division, due to time constraints. Even with my best efforts, Planners have been frustrated with the limited access to management. This is the only Department in the City that uses a shared Director/Division Manager.

With the hiring of a Planning Manager, the Division would also include two Senior Planners (one for long range and one for current planning), one Assistant Planner, and one Planning Technician. To compliment this core staff, the Community Development Director and the Community Development Administrative Assistant also have direct staff support. This reorganization proposal does not include any additional staff positions. The greatest benefit of the proposal is a more consistent presence of a Division manager and the responsiveness as well as availability of supervision and decision making. This will benefit the public as well as staff.

IMPACTS

1. **Fiscal Impact** – The reorganization plan would be nearly revenue neutral in 2017 due to a vacancy with salary savings in the Division and the time required to implement the hiring processes. In 2018, the cost will be approximately $23,300 more than the 2016 and 2017 budget.

2. **Proposed Funding Source** – General Fund.

3. **Public Impact** – A full-time Planning Manager will provide more stability in the division and be more responsive to community concerns.

4. **Personnel Impact** – The proposed reorganization upgrade a position to the Planning Manager and create two Senior Planners, one each for current planning and one for long range planning. These are changes in the job specifications, but no additional staff added to the Division.

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

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

7. **Viable Alternatives** – If the Council does not implement the proposed Reorganization, the staffing will remain in the current configuration

CITY HALL FACILITY PROJECTS

BUDGETED

PROPOSAL

The following lists of improvements are proposed for 2017. These cost are estimates only. The majority of these projects were moved forward from our 2016 project list due to the urgency of the elevator project. The underlying mechanical systems for the elevators are original to the building, which was built in 1950. They have lasted more than twice as long as their estimated useful life when installed, and have become unreliable. Because of the age of the mechanism, repair parts are getting more difficult to find. (The reason the cost to upgrade one elevator is almost twice the cost of the second is because the reconfiguration of the mechanical area will service both of the elevators.)

Elevator #1 Upgrade.	$702,240
Elevator #2 Upgrade	310,000
Project Contingency	62,760
Total	$1,075,000

The following projects were approved in the 2016 budget but have not yet been completed and will be carried over into 2017.

Update the 2nd floor lobby 55,000
Paint walls, new carpet, updated light fixtures, two new codes/Engineering lobby doors, reposition Codes counter.

Emergency Generator System Expansion.....10,000
In designated areas other than the Information Technology department.

Security Cameras.....9,000
Add/update security video cameras

Public Address System 8,500
Install a City Hall public address system for emergency notification

Update basement flooring in hallways, break room.....14,000

Update 1st floor main restrooms. 30,000

Finance remodel. 40,000

Contingency 15,500

IMPACTS

1. **Fiscal Impact –** $1,075,000 in the 2017 budget; $217,000 currently in 2016 budget to be carried-forward.

2. **Proposed Funding Source –** Real Estate Excise Tax 1 (REET 1).

3. **Public Impact –** Newer, more reliable elevators.

4. **Personnel Impact –** Managing the contract and staging the installation.

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

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

7. **Viable Alternatives –** Postpone a portion of the elevator project, which will make it more expensive.

ONLINE REPORTING SYSTEM

BUDGETED

PROPOSAL

The department proposes implementing an online reporting system. The online reporting system will allow residents to file non-emergent police reports electronically. It will also provide the ability to file a report at any time of the day. Most people are becoming accustomed to conducting business online and this system will provide a format that many residents are more comfortable utilizing. This will free up staff time by reducing the number of phone and in-person complaints processed, and make the department more responsive to the public.

IMPACTS

1. **Fiscal Impact** – $37,500 startup cost, with an annual $11,500 maintenance fee thereafter.
2. **Proposed Funding Source** – General Fund
3. **Public Impact** – Improve efficiency and responsiveness to the public by providing a convenient way to file reports.
4. **Personnel Impact** – None.
5. **Required Changes in City Regulations or Policies** – None.
6. **Legal Constraints, if applicable** – Contract with the software company.
7. **Viable Alternatives** – Postpone for another year.

POLICE / LEGAL CENTER RECONFIGURATION

BUDGETED

PROPOSAL

The departments housed within the Police/Legal Center are proposing to reconfigure several work areas to improve efficiency and customer service. These projects include configuration of a training room to Legal Department offices and of the old Communications Center to an Emergency Operations Center.

IMPACTS

1. **Fiscal Impact –** $20,000.
2. **Proposed Funding Source –** Law & Justice Capital.
3. **Public Impact –** This initiative would improve the efficiency of the various departments and allow employees to be responsive to the needs of the residents of Yakima. It would also create a central Emergency Operations Center that would be ready for any emergency or disaster situation.
4. **Personnel Impact –** None.
5. **Required Changes in City Regulations or Policies –** None.
6. **Legal Constraints, if applicable –** None.
7. **Viable Alternatives –** Continue with work areas as currently configured.

POLICE FLEET REPLACEMENTS

BUDGETED

PROPOSAL

The department proposes the purchase of two (2) Harley-Davidson police motorcycles and eight (8) vehicles to replace vehicles that are beyond their serviceable life. The purchase of the police motorcycles in 2017 is in accordance with the 2016 approved strategic initiative to purchase two (2) motorcycles each year in order to replace the aging motorcycle fleet. Eight police vehicles would be purchased to replace vehicles that have exceedingly high mileage, are experiencing excessive mechanical issues, or are too old to be compatible with current technology and equipment needs. The department has sold unserviceable stock either at auction or to smaller agencies that can utilize the vehicles, and the funds received from these sales are part of the revenue source for the replacement vehicles. Additionally, the department rotates the patrol fleet down to the unmarked fleet to extend the useful life of the vehicles once they are no longer suitable for patrol driving conditions.

The Police Department currently has 9 pool vehicles. There are 12 officers in training and 6 vacancies (not counting the 3 that are on the budget reduction list). Therefore, we are technically short 9 vehicles (not including the 8 we keep as pool vehicles). This could rise to 17, if we get to full strength (i.e. no vacancies).

IMPACTS

1. **Fiscal Impact** – $400,000.
2. **Proposed Funding Source** – Law & Justice Capital.
3. **Public Impact** – This initiative would improve public safety by having a reliable fleet to conduct traffic enforcement, respond to collisions, and conduct daily patrol functions. It will improve officer safety by ensuring the fleet is 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.

FIRE APPARATUS (2015 STRATEGIC INITIATIVE)

BUDGETED

PROPOSAL

This initiative was approved in 2015, but because of the time related to ordering the apparatus, it will be carried forward into 2017. See below for 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 at least 18 months from the beginning of this project until delivery and in-service time. Accordingly, with the exception of the City taking advantage of a chassis pre-payment discount in 2016, the funds would not be necessary until the first quarter of 2017.

Ladder Truck

The older of the City's two ladder trucks – a 102' LTI aerial platform, is a 1995 model year. With tis elevated water stream, this apparatus has been crucial in controlling the spread of countless fires in the City, through the upper valley and beyond. At 21 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 at least 18 months from the beginning of this project until delivery and in-service time. Accordingly, with the exception of the City taking advantage of a chassis pre-payment discount in 2016, the funds would not be necessary until the first quarter of 2017.

IMPACTS

1. **Fiscal Impact –** The 2015 Strategic Initiatives total for both vehicles was $1,600,000. Chassis pre-payments in the amount of $521,244 were made from the 2016 budget. The current 2017 estimate is $1,020,383 for both vehicles and repayment of an interfund loan taken out for the chassis prepayment in late 2016.

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.

FACILITY REMODEL AND MODERNIZATION

UNBUDGETED

PROPOSAL

Staff is proposing a wide array of projects that are consistent with ongoing efforts to maintain the City's fire station facilities. In 2014 YFD commissioned a local architectural firm to provide a cost estimate for remodeling and modernizing the city's 2 circa 1973 fire station facilities (Stations 91 and 95). At the same time, an evaluation was completed on failing concrete and asphalt surfaces at all 5 city-owned fire station facilities. Together, the estimate totaled approximately 10 million dollars - with nearly 1 million of that estimate representing the concrete and asphalt projects. The city manager at the time suggested a fire bond as a funding source. Shortly thereafter, the city manager planned to combine YPD facility needs with the Fire needs and take it to the voters. Unfortunately emphasis on that plan was overshadowed by issues at city hall.

Since a large scale bond has not been pursued, this Strategic Initiative attempts to address station facility issues on a smaller scale in order to help prolong the life of our infrastructure until such time as a larger funding mechanism becomes available. The upgrades proposed with this Strategic Initiative include: bedroom remodel at Station 95, apparatus bay exhaust system preventative maintenance/installation/repairs at multiple stations, flooring repair and replacement at multiple stations, exterior painting and repairs at multiple stations, replacing apparatus bay doors at multiple stations, and a number of other repair and maintenance items at each station.

IMPACTS

1. **Fiscal Impact** – $700,000, all unbudgeted.
2. **Proposed Funding Source** –General Fund/Fire 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** – In the absence of a bond as the funding source, this strategic initiative represents moving forward to address many of YFD's ongoing facility needs.

ADD ONE FIRE MAINTENANCE MECHANIC

UNBUDGETED

PROPOSAL

Staff proposes the increase of 1 Maintenance Mechanic, bringing the total to 2. Since 1990, the City's footprint and population have grown significantly, and annual calls for service have tripled. To support this growth, the number of firefighters has grown incrementally, as has the number of complex fire apparatus, support vehicles, and ancillary equipment such as power saws, generators, compressors, etc. Despite this growth and service demand, the number of Maintenance Mechanic positions remains at 1, and that position is charged with an insurmountable task. Over the past 4 years, YFD has been authorized 1, temporary part-time 866-hour employee who serves as a mechanic's helper. Although the temporary position has made a difference, the backlog of work will continue to grow without some additional monetary commitment.

IMPACTS

1. **Fiscal Impact** – $90,000.

2. **Proposed Funding Source** – General Fund.

3. **Public Impact** – None.

4. **Personnel Impact** – None.

5. **Required Changes in City Regulations or Policies** – The potential exists for the need to amend the current job class spec/job functions through Civil Service.

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

7. **Viable Alternatives** – A viable alternative is the major restructuring of the Maintenance Mechanic's current scope of work to include outsourcing all current functions of the position with the exception of repair and preventative maintenance of fire apparatus. Such an alternative would require negotiating with Local 469 and bringing the proposed changes through the Human Resources and Civil Service processes.

ADD THREE FIREFIGHTERS

UNBUDGETED

PROPOSAL

Staff proposes increasing the number of personnel (Firefighters) in the Suppression Division by 3, effectively increasing the total number of personnel in that division to 93. Currently, meeting the minimum daily staffing requirement requires a heavy reliance upon overtime funding, and over the past several years, the overtime funding line item has been consistently over budget. Consequently, daily service levels (number of personnel on shift) are inconsistent, and being dictated by budget strategies - rather than more appropriately through service demand strategies.

IMPACTS

1. **Fiscal Impact** – $247,000.

2. **Proposed Funding Source** – General Fund. In additional, a potential funding source is the SAFER (Staffing for Adequate Fire & Emergency Response) Grant. The City could apply for SAFER, and if successful with an award, the grant could fund total salary and benefit costs for these positions over a 2-year period (3 years for those employees who are military).

3. **Public Impact** – The ability to staff the 7th fire apparatus provides an enhanced ability for multiple crews to participate in training exercises without having to vacate response coverage areas.

4. **Personnel Impact** – None.

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

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

7. **Viable Alternatives** – An alternative to this proposal that accomplishes generally the same goal entails increasing the overtime budget by a similar amount.

ADD FIRE INSPECTION FEE

BUDGETED

PROPOSAL

Staff proposes to establish a fee schedule for annual fire inspections. The proposed fee schedule would have tiers and be based on the square footage and hazard class of the business. The total cost to provide the service is about $300,000, and the fee schedule is being developed to recoup the cost.

IMPACTS

1. **Fiscal Impact** – Annual Revenue- 2017 - $250,000
   2018 - $300,000.

   Note: The first year could see some reductions in revenue collection due to timing.

2. **Proposed Funding Source** – General Fund.

3. **Public Impact** – The fees will only be assessed to those businesses that meet the National Fire Protection Association (NFPA) requirement to have an annual fire inspection.

4. **Personnel Impact** – The fee schedule is being calculated to recover the actual costs associated with the 3-member inspection division, and based upon the current number and type of occupancies to be inspected. Depending upon the method utilized for billing, a nominal administrative fee may be included to cover invoicing, collecting and monitoring.

5. **Required Changes in City Regulations or Policies** – A new ordinance may be required to establish and govern the Fire Inspection Fees.

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

7. **Viable Alternatives** – A model utilizing a flat fee was also examined, but ultimately dismissed due to disparity. As an example, a large industrial facility requires a much greater investment of inspector resources than does a small business.

PUBLIC SAFETY SHIFT SUPERVISOR

BUDGETED

PROPOSAL

Add one Public Safety Shift Supervisor, to be funded as approved through the use of E911 funds. This will balance the cost of shift supervisor position between the city and county of three (3) each FTE Public Safety Superior positions. The reason to add this position is to primarily reduce overtime, provide better shift coverage, and increase training.

IMPACTS

1. **Fiscal Impact** – $90,200.

2. **Proposed Funding Source** – Public Safety Communications Fund--The cost of this position will be 100% under 344 (i.e. E911). There will be a cost transfer to 341 of $22,100 from 344, which is the 7% offset of the other three (3) shift supervisor positions.

3. **Public Impact** – Increased supervisor coverage of E911 and dispatch service. This will also provide better concentration from the assigned training coordinator.

4. **Personnel Impact** – Add one Public Safety Shift Supervisor position.

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

6. **Legal Constraints, if applicable** –Approved August 25, 2016 by the E911 Operations and Administrative Board to use E911 revenue.

7. **Viable Alternatives** – Create intermediate positions. However by doing so would shift the pay structure and increase overtime.

REFURBISH COMMUNICATIONS VEHICLE

UNBUDGETED

PROPOSAL

To refurbish a mid- 90's chassis truck with 35,000 miles, that is part of by YFD fleet of vehicles. The proposal is to refurbish the communications vehicle and reutilize the vehicle for the purpose of creating a tactical dispatch vehicle which has the ability to respond immediately in support of incident command (IC).

This vehicle has been idle for approximately three years and will require general maintenance repairs to ensure safety and functionality. The following items have been identified as necessary to make the vehicle fully functional.

- Mechanical: Tires, generator, brakes, general maintenance
- Paint and graphics
- Internal work space
- Shore power connection

IMPACTS

1. **Fiscal Impact** – $12,000.

2. **Proposed Funding Source** – Public Safety Communications.

3. **Public Impact** – Refurbishing the vehicle utilizes a vehicle which has seen little use, but extreme wear. Refurbishing this vehicle for the purpose of public safety communications is more cost effective than purchasing a newer model chassis truck to carry the communications equipment. Additionally, the vehicle will have the capability of being continuously attached to the public safety network, which allows the computer and radio system to remain functional at all times. This feature allows the tactical dispatch team to arrive at the incident and immediately begin support operations, which allows officers to be utilized within the incident. Additionally, this initiative would save the extra man hours incurred by SunComm to recover the large mobile CMD vehicle after each incident.

4. **Personnel Impact** – Allows employees to stage from the communication center.

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

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

7. **Viable Alternatives** – The alternative is to continue to use the Mobile CMD vehicle that is assigned to the PD. However, Police incidents take precedence over other public safety related calls, which limits SunComm's ability to support multiple operations. The proposed smaller more maneuverable vehicle is more accessible for dispatch personnel to deploy and set up to provide communications support.

AIRPORT CAPITAL

BUDGETED

PROPOSAL

Below is a list of major purchases to program in the 2017 Airport Capital budget. 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 a variety of Capital Improvements Projects for 2017. Most of the capital projects are funded 90% by the Federal Aviation Administration (FAA), with the 10% local match provided by the Passenger Facility Charge (PFC). Exceptions to this rule are noted.

Security Perimeter Fence.....$700,000

The 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.

Snow Removal Equipment.....1,040,000

Design, engineering, and acquisition of Snow Removal Equipment (Carrier and Blower). The Federal Aviation Administration has recommended the airport acquire a carrier/blower to replace the 1993 blower, which is approaching the end of its useful life. This piece of equipment removes snow berms along the edges of the Runways, Taxiways, and Aprons which is required by the airport's Snow and Ice Control Plan. Design and engineering will be conducted early 2017 with a bid opening in June 2017.

West General Aviation Itinerant Apron.....160,000

Initiate design, engineering, and environmental services to rehabilitate the west general aviation itinerant apron. This apron is utilized by general and cooperate aviation; commercial airlines, military aircraft, and any aircraft diversions due to inclement weather at Seattle-Tacoma International Airport. Following the design and engineering plans, the airport will rehabilitate the apron in 2018 at a cost of $1,300,000.

East Apron & Taxi Crack Sealing.....50,000

Conduct pavement preservation through crack sealing Taxiway Bravo and east itinerant apron. Taxiway Bravo and apron are utilized by general and cooperate aviation; commercial airlines, military aircraft, and any aircraft diversions due to inclement weather at Seattle-Tacoma International Airport. Funding for crack sealing will be provided by the airport's Passenger Facility Charge Program (100%).

In addition to these new projects, there is $865,089 of current projects carried forward into the 2017 budget.

IMPACTS

1. **Fiscal Impact** – $1,950,000.

2. **Proposed Funding Source** – Airport Capital.

   Improvement Program (Grants): 90% Federal Aviation Administration $1,710,000
   10% Local - Passenger Facility Charge (+100% East Apron Project) $240,000

3. **Public Impact** – Reliability of vehicle gates for airport tenants to access the airfield to conduct day-to-day operations. Improved safety by increasing efficiencies with snow removal operations. Improving apron will further preserve the airport's ability to accommodate general and cooperate aviation; commercial airlines, military aircraft, and any aircraft diversions due to inclement weather at Seattle-Tacoma International Airport. New apron will decrease the liability for potential Foreign Object Debris from deteriorating asphalt. Crack sealing apron will further preserve the airport's ability to accommodate general and cooperate aviation; commercial airlines, military aircraft, and any aircraft diversions due to inclement weather at Seattle-Tacoma International Airport. Maintenance will decrease the liability for potential Foreign Object Debris from deteriorating asphalt.

4. **Personnel Impact** – Managing construction projects.

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

6. **Legal Constraints, if applicable** – Follow proper requirements for grant funding.

7. **Viable Alternatives** – None.

AIRPORT OPERATING

BUDGETED

PROPOSAL

Below is a list of purchases to program in the 2017 Airport Operating budget. 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.

Replace 1990 Ford Tractor $43,000

Yakima Air Terminal staff provides the aviation industry a variety of services to include airport management/administration, airfield/terminal maintenance, snow removal operations, hazardous wildlife management, airport security, and heavy equipment repairs. In order to provide these critical services, the airport is required to maintain an appropriate fleet of equipment to ensure the airport remains operational within Federal Aviation Administration standards. As equipment within the airport's fleet continues to age it is recommended to replace the 1990 Ford tractor, which has outlived its useful life and has become unreliable.

IMPACTS

1. **Fiscal Impact** – $43,000.
2. **Proposed Funding Source** – Airport Operating Fund.
3. **Public Impact** – The tractor replacement will allow airport staff to continue to complete required airfield maintenance functions to ensure the airport remains in compliance with Federal Aviation Administration standards.
4. **Personnel Impact** – None.
5. **Required Changes in City Regulations or Policies** – None.
6. **Legal Constraints, if applicable** – Proper procurement/bidding process.
7. **Viable Alternatives** – None.

ADD ONE AIRPORT ASSISTANT MANAGER

UNBUDGETED

PROPOSAL

One of the primary challenges facing the Yakima Air Terminal (YAT) today is insufficient staffing levels to maintain the airport on a 24/7 basis. Since 2012, the airport has been operating with a reduced staff. In 2012, when the Yakima Air Terminal changed from a joint venture with Yakima County to being owned by the City, the Assistant Airport Manager position was eliminated and the duties of two Administrative Assistant positions were moved to the City (i.e. Accounts Payable, Human Resources/Payroll, Accounts Receivable), which reduced the Airport Administration staff to two full-time positions.

The airport came with issues relating to deferred maintenance and a fund balance below recommended minimum levels, so the 2012 staffing cuts were necessary to keep the YAT operating within its revenue base. We have been able to gradually grow revenue, but all of the growth has been used to replace aging, failing equipment and accomplish some major maintenance. The 2017 budget is virtually break-even, with a projected ending balance of $147,700, which represents 12.9% of the 2017 expenditure budget, still slightly below the recommended 16.7% level. This budget still does not have room for another permanent position—any additional staffing would need to be supported by General Fund, which is why it is unbudgeted.

The Assistant Airport Manager focuses on management of the airport including projects, marketing, leasing, budget, capital improvement planning, construction management, airfield operations and maintenance, snow removal operations, airfield condition reporting, Notice to Airmen dissemination, airport security, and management of personnel.

IMPACTS

1. **Fiscal Impact** – $102,400.
2. **Proposed Funding Source** – Airport Operations/General Fund.
3. **Public Impact** – Additional manager will increase productivity within the airport administration office to allow the airport manager to focus on airport development, attract air service, and aircraft manufacturing. Increased staff will also ensure appropriate coverage is maintained during inclement weather to increase safety measures as passengers traverse the airport.
4. **Personnel Impact** -- Increased staffing levels by 1.0 FTE to provide superior internal and external customer service. The additional position will relieve workload within the organization to allow staff to focus on airport development.
5. **Required Changes in City Regulations or Policies** – Civil Service - City master pay ordinance.
6. **Legal Constraints, if applicable** – None.
7. **Viable Alternatives** – Continue to operate at current staffing levels.

FULL SIZE COPIER / SCANNER

UNBUDGETED

PROPOSAL

This proposal is to purchase a new full size copier/ scanner for the Engineering Division. This machine is needed to make copies of full size plan sheets (22″ x 34″) and to scan full size pdf's. The machine is also used by the planning and codes divisions to make full size digital scans and copies of plans submitted by developers.

IMPACTS

1. **Fiscal Impact –** $18,000.

2. **Proposed Funding Source –** General Fund. The Engineering Division is proposing contingent budget reductions well in excess of their 2% target. This piece of equipment could be funded by these reductions.

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 to use the existing full size copier/scanner. The existing machine is 10+ years old, slow, antiquated and sometimes difficult to use. The existing copier/scanner is only compatible with the Windows XP operating system. As Windows XP is no longer updated or supported by Microsoft, the City's Information Services Division has been eliminating these XP computers. The computer used to operate the scanner/copier is the only XP computer still in operation in the City.

ARTERIAL STREETS CAPITAL IMPROVEMENTS

BUDGETED

PROPOSAL

The Engineering Division has several carryover and some new projects for FY 2017.

Spring Creek Road, 36th Avenue and Sorenson Road Improvements $2,970,000

This project will reconstruct and widen portions of Spring Creek Road, 36th Avenue and Sorenson Road. These improvements are necessary to provide satisfactory access to the SOZO/City Soccer Complex. Funding for this project includes a $1,800,000 SIED grant/loan, of which $1,270,000 will remain for as revenue for 2017; and a councilmanic limited tax general obligation bond of $1,700,000. Construction is scheduled to begin in early spring.

Northside Alley Pavers $432,000

This project will place a hard surface in the east-west alleys between 6th Avenue and 16th Avenue that are north of Lincoln Avenue and south of Fruitvale Boulevard. A Congestion Mitigation Air Quality (CMAQ) grant totaling $373,180 was awarded to this project.

Adams/Washington School Vicinity Sidewalks $287,000

This project will construct sidewalk, Americans with Disability Act (ADA) compliant sidewalk ramps and other elements to improve the safety for children in the vicinity of Adams Elementary School and Washington Middle School. Funding for this project is from a Safe Routes to School grant. The grant should pay 100% of the design, right of way acquisition and construction costs.

Powerhouse Road Sidewalk $247,000

This project will construct will widen the westbound lane to 14 feet and construct a 5-foot sidewalk on the north side of Powerhouse Road from the manufactured home court to Cowiche Canyon Road. Funding for this project will consist of $247,000 Transportation Alternative Program (TAP) grant.

Wide Hollow Creek Bridges $193,500

Yakima County has received a FEMA grant to improve Shaw Creed and Wide Hollow Creek. As part of the project, two City bridges need to be replaced. The City has received a pass-through loan from the Department of Ecology to help pay the match requirement for these two bridges. The two bridges provide for the crossing of Wide Hollow. One of the bridges is located on Wide Hollow Road west of 88th Avenue and the other bridge is located on 80th Avenue south of Wide Hollow Road. The Department of Ecology grant is for $200,000.

Cowiche Canyon Trail $170,000

This project will construct a 10-foot wide bicycle/pedestrian pathway from Powerhouse Road to the Cowiche Canyon Trailhead. Funding for this project is from "Connecting Washington Bicycle/Pedestrian Program". The total grant is for $2,000,000, but construction funding ($1,800,000) will not be available until the 2019-2021 biennium. We have obligated the $200,000 for design of the project.

Garfield Elementary Safety Improvements..... $150,000
This project will construct sidewalk, Americans with Disability Act (ADA) compliant sidewalk ramps and other elements to improve the safety for children in the vicinity of Adams Elementary School and Washington Middle School. Funding for this project is from a Safe Routes to School grant. The grant should pay 100% of the design, right of way acquisition and construction costs.

North 1st Street Revitalization, Phase I..... $45,000
This project will improve North 1st Street from Martin Luther King, Jr. Boulevard to 'N' Street by rehabilitating the pavement and lane markings, removing on-street parking, enhancing street and pedestrian lighting, constructing median islands, providing bike lanes and installing various pedestrian and decorative elements. Approximately $45,000 will be needed in 2017 to complete the design. Funding for construction of this project includes a $1,500,000 Transportation Improvement Board (TIB) grant. We will apply for a Federal FastLANE grant early next year to provide additional funds (approximately $8,000,000) for the construction. If we were to receive this grant, construction would happen in 2018/2019.

Nob Hill Boulevard and Fair Avenue Intersection $16,600
This project will perform the design, including the environmental documentation and right of way acquisition for the re-development of this intersection. The design of this project is funded by a Surface Transportation Program (STP) grant. The grant covers 86.5% of the design costs and has a remaining amount of $34,359.

North 1st Street Revitalization, Phase II $5,000
This project will improve North 1st Street from 'N' Street to SR 12 by rehabilitating the pavement and lane markings, removing on-street parking, enhancing street and pedestrian lighting, constructing median islands, providing bike lanes and installing various pedestrian and decorative elements. Approximately $5,000 will be needed to purchase right of way in 2017. Funding for this project consists of a $2,718,000 STP grant. The STP funds are projected to be available in 2018/2019. Approximately $25,000 will be needed to complete the design.

IMPACTS

1. **Fiscal Impact** – $4,516,100 of new projects. With the addition of project contingency ($130,100) and debt service using gas tax ($220,875), the fund total expenditure is $4,867,075.

2. **Proposed Funding Source** –

Project	Amount	Other Revenue Source	Amount	Gas Tax
SOZO Roads (Total $3.5m-Carryforward)	$2,970,000	SIED Grant	$ 900,000	$ -
SIED Loan-$900,000 received in 2016	-	LTGO Bond	1,700,000	-
$370,000 in Reserve Balance				
Northside Alley Pavers	432,000	CMAQ Grant	373,180	58,820
Adams/Washington Vicinity Sidewalks	287,000	Safe Routes to School Grant	287,000	-
Powerhouse Road Sidewalk	247,000	TAP Grant	247,000	-
Wide Hollow Creek Bridges	193,500	Dept of Ecology Grant	193,500	-
Cowiche Canyon Trail (design)	170,000	Connecting WA Grant	170,000	-
Garfield Elementary Safety Imp	150,000	Safe Routes to School Grant	150,000	-
N 1st St-Phase 2 -- Complete design	45,000		-	45,000
Nob Hill & Fair Ave Intersection	16,600	STP Grant	14,359	2,241
N 1st St-Phase 3 -- ROW purchase	5,000		-	5,000
Total	$4,516,100		$4,035,039	$111,061

3. **Public Impact** – Reinvestment in, and construction of new infrastructure to improve movement of motorized vehicles, pedestrians and bicyclists.

4. **Personnel Impact** – Design work, plans and specification development and contract management.

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

6. **Legal Constraints, if applicable** – Council will need to approve a bond ordinance for the estimated $1,700,000 needed to complete the Spring Creek Road, 36th Avenue and Sorenson Road Improvements required for the SOZO/City Soccer Complex. The debt service on this project would be eligible for funding by a Transportation Benefit District.

7. **Viable Alternatives** – None – grants are project specific.

WASTEWATER CAPITAL

BUDGETED

PROPOSAL

The Wastewater Division has several carryover and smaller new projects for FY 2017.

Fund 472 - Major Facility Maintenance (shared with Union Gap/Terrace Heights)

Replace Disinfection Lamps 100,000
Ultraviolet lamps for effluent disinfection system require replacement approximately every 3 years. Lamps were last replaced in 2013.

Refurbish Sharples (Redundant) Centrifuge 75,000
Perform required maintenance on back-up biosolids dewatering centrifuge.

Fund 476 – Collections Systems

Speedway Lift Station (2416) $7,000,000
Construct lift station, force main, and associated gravity pipe modifications. It is requested that a total of $7M be assigned to the project (Collections capital) in 2017 to finish the Beech Street construction components.

Prioritized Collections Infrastructure Replacement 750,000
Prioritized ongoing repair and replacement of manholes and 8" clay and ongoing prioritized repair and replacement of deteriorating 8" clay and concrete pipes as identified through collections crew pipe evaluations.

Collections Building Retrofit 350,000
Expand bathroom/shower facilities. Roof replacement ($150,000) on track for completion in 2016. This part of the project is projected to be completed in 2016. We are currently in the process of awarding the winning bid - $140,000. We are requesting that the project stay open in 2017 with $350,000 available for further improvements (interior reconfigurations).

Congdon Trunk Line 100,000
Funds to provide a sewage trunk line to serve the Congdon development.

Collections Repair Contingency 500,000
Funds to provide emergency sewer collection system repairs.

Carriage Hill Lift Station 200,000
Funds to convert existing system to gravity conveyance. Expenditure contingent on Catalys development schedule.

Fund 478 – Wastewater Treatment Plant capital upgrades

Primary Digester Improvements.....2,500,000
Primary digester cleaning, coating and structural evaluation. Modify secondary digester(s) to provide primary digestion capacity.

Activated Sludge Clarifier Center Mechanisms 750,000
Replace original (1980) final clarifier mechanical drives.

Biogas Conditioning 300,000
Biogas water removal and contaminant removal to reduce wear and tear on hot water boilers. Also, expands opportunity to use monetize biogas through use as fuel in vehicles, in electrical generation, or in resale to utility natural gas company.

Replace Variable Frequency Drives.....200,000
Rudkin Road lift station pumps.

IMPACTS

1. **Fiscal Impact** – $12,825,000.

2. **Proposed Funding Source** – Wastewater Capital. The fund (i.e. reserve) balance will support all of these projects without bonding, but the ending reserve will be about $2,758,000

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.

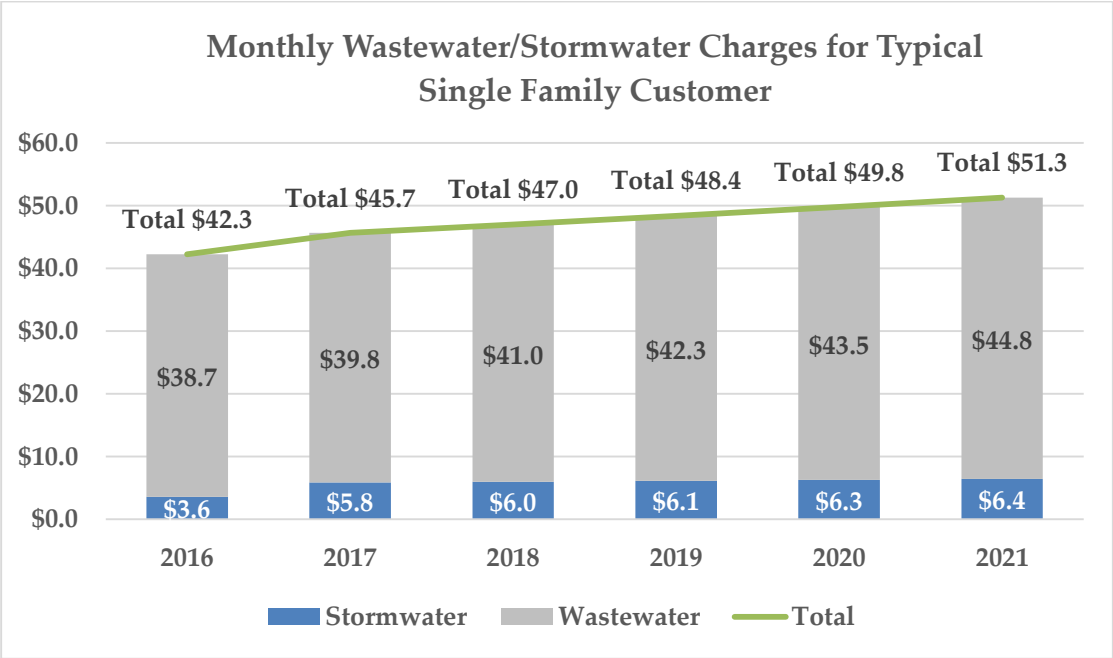
7. **Viable Alternatives** – None.

WASTEWATER RATE INCREASE

UNBUDGETED

PROPOSAL

This Strategic Initiative adopts the wastewater and stormwater rate recommendations from the *2014 Wastewater, Industrial Wastewater and Stormwater Rate Study* (FCS Group, 2014). The adoption of the recommended stormwater rates is necessary to fund the $2.5 million average annual stormwater capital expenditure over the next ten years as identified in the *2013 Stormwater System Collection Master Plan* (Akel, 2013). Adoption of the recommended wastewater rates is necessary to end residential customer subsidy of high-impact customers enrolled in the Pretreatment Program. The wastewater utility operates and maintains the Pretreatment Program in order to perform Federally-mandated monitoring, including wastewater sampling and facility inspection, of over 500 Yakima commercial and industrial wastewater customers. The Pretreatment Program is primarily funded through a monthly Pretreatment charge to monitored customers and through strong waste charges that should offset Pretreatment Program expenses. However, the utility is under-recovering the cost of the Pretreatment Program by about $220,000 per year. A prior Rate Study recognized this under-recovery and recommended a rate structure that would fully fund the Pretreatment program. However, the recommended structure was only partially adopted, leading to a continuation of the under-recovery and subsidy from residential customers. Adoption of the recommended wastewater rate schedules would establish full Pretreatment Program cost recovery within 3 years, consequently ending residential ratepayer subsidy of high-impact customers and limiting residential rate increases to 3% annually. Finally, adoption of the recommended Industrial Waste Line customer rate structure would establish assessments that reflect the cost of pre-treating industrial wastewater in the Yakima Wastewater Treatment Plant's new high-rate anaerobic digester (UASB).



Bi-Monthly Wastewater and Stormwater Charge Comparison

	Current 2016 Rates			Proposed 2017 Rates			Annual Increase
Customer Type	**Stormwater**	**Wastewater**	**Total**	**Stormwater**	**Wastewater**	**Total**	**Total**
Single Family Customer *(3/4" meter, 6ccf/mo, 1 storm ERU)*	$7.16	$77.36	$84.52	$11.68	$79.68	$91.36	$41.04
Multi Family Residential *(5ccf/mo/unit, 10 Multi-Units, 4 Storm ERUs)*	$28.66	$189.56	$218.22	$46.72	$195.24	$241.96	$142.44
Minor Industrial User *(1" meter, 35 ccf/mo, 7 Storm ERUs, 90 lbs/mo Strong Waste BOD, SPT Charge)*	$50.16	$533.40	$583.56	$81.76	$588.58	$670.34	$520.68

IMPACTS

1. **Fiscal Impact –** Additional Wastewater Revenue--$807,500; Additional Stormwater Revenue--$1,356,000

Program	2017	2018-2021
Stormwater	63%	2.5% annually
Wastewater Retail	3%	3.0% annually
Wastewater BOD	16%	2.4% annually
Wastewater TSS	7%	2.4% annually
Wastewater FOG	35%	2.4% annually

	2017
Ind Waste / UASB	$7.84 per hundred cubic feet of discharge, plus 60% of the retail Ready-to-Serve charge, plus 60% of the retail volume rate, plus 100% of the Strong Waste Charges applied to the UASB effluent wastewater strength

	2017-2019	2020-2021
Wastewater Pretreat	18%	4.5% annually

2. **Proposed Funding Source –** Revenue is collected through Utility Billing and will be paid by Wastewater and Stormwater customers residing within the city limits.

3. **Public Impact –** Stormwater and wastewater customers will see an increase in their utility costs. The combined monthly single family wastewater and stormwater charge increases 8% from $42.26 in 2016 to $45.68 in 2017, with 2.9% annual increases from 2018 through 2021.

4. **Personnel Impact –** None.

5. **Required Changes in City Regulations or Policies** – Amendments to the applicable City Municipal Code will be required.

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

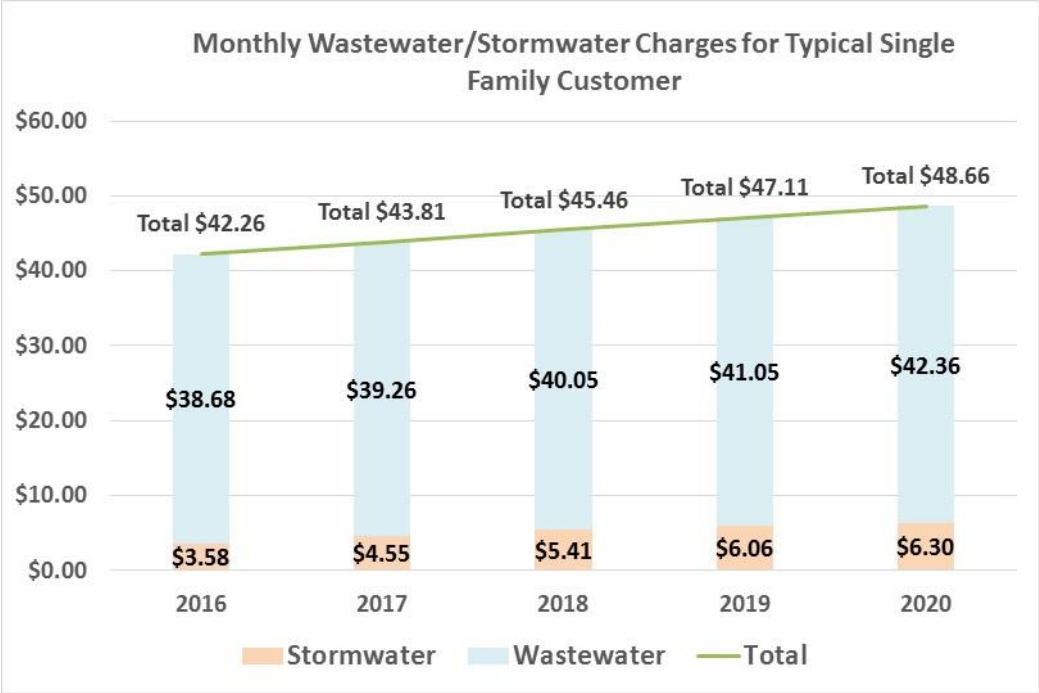
7. **Viable Alternatives** – Implement increases at a lower rate than those identified in the 2014 rate study. Any reduction in rates would ultimately have the result of postponing infrastructure projects which may result in higher project costs in the future or require emergency action by the agency to address operational failures.

WASTEWATER RATE INCREASE - ALTERNATIVE

BUDGETED

PROPOSAL

At their roundtable discussion on September 27, 2016, Council indicated that they support utility rate increases to keep the utilities viable, however, their preference was to have the total of all the increases be about half of the proposals for the typical household. With that direction in mind, staff revisited the rate increases, and are modifying the Wastewater fee to increase by 1.5% (from 3.0%), and Stormwater by 27% (from 63%). The increases in the Pretreatment rates and the changes in charges to Industrial Waste Line customers are unchanged from the original proposal.



Bi-Monthly Wastewater and Stormwater Charge Comparison

	Current 2016 Rates			Proposed 2017 Rates			Annual Increase
Customer Type	**Stormwater**	**Wastewater**	**Total**	**Stormwater**	**Wastewater**	**Total**	**Total**
Single Family Customer *(3/4" meter, 6ccf/mo, 1 storm ERU)*	$7.16	$77.36	$84.52	$9.09	$78.52	$87.61	$18.54
Multi Family Residential *(5ccf/mo/unit, 10 Multi-Units, 4 Storm ERUs)*	$28.66	$189.56	$218.22	$36.36	$192.40	$228.76	$126.48
Minor Industrial User *(1" meter, 35 ccf/mo, 7 Storm ERUs, 90 lbs/mo Strong Waste BOD, SPT Charge)*	$50.16	$533.40	$583.56	$63.63	$584.68	$648.31	$388.5

IMPACTS

1. **Fiscal Impact** – Provides revenue to recover Pretreatment Program costs, maintain minimum operating reserves and debt coverage for Wastewater and Stormwater.

Program	2017	2018-2021
Stormwater	$0.97 per ERU	11.7% average annually
Wastewater Retail	1.5%	2.6% average annually
Wastewater BOD	16%	2.4% annually
Wastewater TSS	7%	2.4% annually
Wastewater FOG	35%	2.4% annually

	2017
Ind Waste / UASB	$7.69 per hundred cubic feet of discharge, plus 60% of the retail Ready-to-Serve charge, plus 60% of the retail volume rate, plus 100% of the Strong Waste Charges applied to the UASB effluent wastewater strength

	2017-2019	2020-2021
Wastewater Pretreat	18%	4.5% annually

2. **Proposed Funding Source** – Revenue is collected through Utility Billing and will be paid by Wastewater and Stormwater customers residing within the city limits. Additional revenue estimate is $324,000 for Wastewater and $580,500 for Stormwater – total of $904,500.

3. **Public Impact** – Stormwater and wastewater customers will see an increase in their utility costs. The combined monthly single family wastewater and stormwater charge increases 3.7% from $42.26 in 2016 to $43.81 in 2017, with 3.6% annual increases from 2018 through 2020.

4. **Personnel Impact** – None.

5. **Required Changes in City Regulations or Policies** – Amendments to the applicable City Municipal Code will be required.

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

7. **Viable Alternatives** – Future capital program projects will not be completed. Postponing infrastructure projects may result in higher project costs in the future or require emergency action by the agency to address operational failures.

ADD ONE PRETREATMENT CREW LEADER

BUDGETED

PROPOSAL

This initiative creates a third Wastewater Division Pretreatment Crew Leader position to enhance personnel safety and customer service and to address increased workload from the addition of pretreatment monitoring and enforcement responsibilities in Union Gap and Terrace Heights.

The additional Crew Leader would supervise the Pretreatment Fat, Oil and Grease ('FOG') Technician when sampling in the field and cross train this 'FOG' Technician to perform Food Service Establishment (FSE) Inspections. It is advantageous to the Pretreatment Program to cross train personnel in each aspect of the program.

The 'FOG' Pretreatment Crew Leader would take on additional responsibilities with sample port recommendations, follow-ups of emergency or crisis situations in the field, FSE Best Management Practice training, metering issues, new business inspections, etc. which is currently being split amongst pretreatment personnel, or forfeited due to constraints of time. Having a FOG Pretreatment Crew Leader with a technician would also help to maximize the efficiency of the other two crews that perform Minor Industrial User (MIU) and Significant Industrial User (SIU) sampling and inspections by keeping them focused and engaged with those specific tasks as outlined in their job description. Currently with two crews, it is extremely difficult to perform sampling and inspections of the SIU's, as well as yearly sampling and inspections of the 480+ MIU's. The additional crew would be able to take on some of the responsibility of the MIU sampling, which is projected to increase as new businesses come to the City of Yakima.

The new Pretreatment Crew Leader would become responsible for tracking FOG violations, writing FOG violation letters, and schedule follow-up sampling. Currently, the Pretreatment Supervisor performs these functions, but this is a responsibility that could be transferred to the 'FOG' Pretreatment Crew Leader who is required to engage with the businesses and industries that are monitored for FOG's, as outlined in their job description. Pretreatment Crew Leader Specifications indicate that the Pretreatment Crew Leader may be responsible for issuing warnings and Notices of Violations of the Sewer Use Ordinance. This would free-up time for the Pretreatment Supervisor to manage the additional Union Gap, Terrace Heights and Moxee Industrial Wastewater Discharge permits.

Although there are no obvious cost savings to the Wastewater Division, the City has the responsibility to ensure a safe work environment for their personnel. The safety of personnel by far outweighs the 'savings' of not hiring an additional Crew Leader.

IMPACTS

1. **Fiscal Impact –** $85,000.

2. **Proposed Funding Source –** Wastewater Operating.

3. **Public Impact** – Improved customer service.

4. **Personnel Impact** – Add one FTE.

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

6. **Legal Constraints, if applicable** –Civil Service hiring process.

7. **Viable Alternatives** – No viable alternatives without compromising personnel safety and customer service.

WATER CAPITAL

BUDGETED

PROPOSAL

The Water has several carryover and smaller new projects for FY 2017.

Treatment Plant River Intake (AC2335)..... $700,000
In river work to bring the river back to right bank where WTP intake is located.

Water Main Replacement – Viola & I-82 (AC2262) 400,000
Replace an old 6″ cast iron water main with a 12″ from about 18th Street to the wastewater plant, included crossing I-82 by drilling under.

2017 Water Main Replacement (AC2418)..... 125,000
Replace private water mains and aging water main where frequent leaks have occurred.

Low Water Use Demonstration Gardens (AC3441) 74,000
Build low water use demonstration gardens downtown and at Public Works. (Funded by the Yakima Basin Integrated Plan and downtown merchants).

Replace Meters/Actuators..... 40,000
Replace failing water meters and actuators at WTP.

Leak Detection..... 35,000
Check for leak in water distribution system.

Water System Plan Update (AC2394) 30,000
Complete the 2017 Water System Plan.

Sludge Drying Analysis..... 25,000
Analyze the WTP sludge drying beds to find a more efficient way to dry sludge.

Automated Meter Reading Project (AC2261)..... 15,000
Last few large meters and meter box covers to finish up the project. This is the final year.

IMPACTS

1. **Fiscal Impact** – $1,444,000

2. **Proposed Funding Source** – Water Capital- current transfer from rates and reserve balance. Balance at the end of 2017 is estimated to be about $3,861,000.

3. **Public Impact** – Reliable delivery of clean water.

4. **Personnel Impact –** Manage projects and related contracts.

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

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

7. **Viable Alternatives –** None.

WATER RATE INCREASE – 8.5%

UNBUDGETED

PROPOSAL

The Water Rate Study for the years 2013 to 2017 was conducted. The full study is available for your reference. This is the third multiyear Water Rate Study the City has conducted. The City adopted the process of conducting five year rate studies in 1996 to help stabilize rates, keep rate increases as low as possible, keep necessary increases as even as possible and in insure adequate funding for operations and capital improvements. The Capital Improvement Program is adopted by City Council through the six-year Water System Plan and is incorporated within this study.

The Rate Study that was completed in the fall of 2012 proposed three 9% and two 3 ½% increases over the following five years. The study was tabled while further review of the capital improvement needs and costs could be completed. No rate increase was implemented in 2013. A new study reflecting the true costs for the capital program was conducted in the spring 2013. This updated study proposed a 4% revenue increase in each year starting in 2014 and ending in 2018. No rate increases were implemented in 2014.

The 2013 study update, (Full study, update and connection charge memo are at https://www.yakimawa.gov/services/water-irrigation/rate-studies/), did a closer analysis which shows that the utility can choose not to implement the indicated 4% increase, taking no increase at all in 2014 and still maintain at least a 60 day operating reserve as well as proceed with the planned capital improvement program until 2016. In 2017 and beyond, it is estimated that the operating reserve will drop below 60 days. However, it is anticipated that currently unquantifiable increased revenue as a result of the automated meter reading program and efficiencies in capital projects along with other cost saving efforts will result in higher operating reserves in 2017 and 2018 than current forecast. Some revenue did increase but was not sufficient without a rate increase and some capital improvements were delayed again. There are a number of solutions including reducing transfers from the operating to capital fund, further delaying certain capital projects and/or increasing the 2017-2018 rates.

Water sales are down and have been for several years due to the economic downturn and people using less water through conservation. The study points out that Yakima is a bit lower in the fixed charges (Ready-to-Serve) than the national average of 30%, currently we are at 22% fixed charge. Because of the lower volume of water sales we raised our fixed charge to 27% of the revenue and lowered the volume rate from $1.51 to $1.46 per 100 cubic feet of water in 2014. No additional revenue was to be generated however some users saw a slight increase in their utility bill or a slight decrease.

No rate increases were implemented in 2013 through 2016. Four years of planned increases were delayed. To recover some of the losses from not implementing rate increases as planned in the 2013 Rate Study Update, it is proposed to increase rates by 8.5% in 2017 and 2018. Transfers to capital improvements will be reduced by $250,000 a year in 2017 and 2018. This leaves us just under the 60 days required operating reserve.

Connection charges were first implemented in 1998 and have not been increased from inception. These charges are outdated and do not reflect the true cost of connection and should be increased per the study.

The study includes a benchmarking analysis available for your reference. The benchmarking analysis was conducted for two purposes, to look for deficiencies and to help find areas where we might improve efficiency to reduce costs. The study indicated two areas where we are below industry standards, training and water loss. The training budget has been increased along with improved tracking of training. The water loss should improve with the new meters in the automated meter reading program as it is probable that the system is not losing water, but rather our old meters were not accurately measuring all of it.

IMPACTS

1. **Fiscal Impact –**

    - Revenue increase in 2017 of $740,000

2. **Proposed Funding Source –** Water customers. Each year rates will be analyzed during the budget preparation to determine if the proposed rate increase is warranted.

    - 8.5% increase in 2017, and raise the fixed charges (Ready-to-Serve) from 27% of revenue to 30% of revenue (this will not increase to overall revenue but help to stabilize the revenue)
    - 8.5% increase in 2018

3. **Public Impact –** Average residential water customer using 12 units of water would have an increase of $3.02 every two months or $1.51 per month in 2017 and $3.22 every two months or $1.61 every month in 2018.

4. **Personnel Impact –** None.

5. **Required Changes in City Regulations or Policies –** Will require an ordinance and public hearing (can be conducted with Budget Public Hearing) to change rates.

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

7. **Viable Alternatives –** Implement increases at a lower rate than those identified in the 2013 rate study. Any reduction in rates would ultimately have the result of postponing infrastructure projects which may result in higher project costs in the future or require emergency action by the agency to address operational failures

WATER RATE INCREASE – 5.0%

BUDGETED

PROPOSAL

At their roundtable discussion on September 27, 2016, Council indicated that they support utility rate increases to keep the utilities viable, however, their preference was to have the total of all the increases be about half of the proposals for the typical household. With that direction in mind, staff revisited the rate increases, and are modifying the Water fee to increase by 5.0% (from 8.5%).

We would recommend that the utility complete a Water Rate and Cost of Service Study in late 2017 or early 2018 after the 2017 Water System Plan is adopted, before setting rates further out in the future.

The revenue collected as a result of this rate increase will allow for a transfer to Capital $675,000 in 2017 and this capital transfer will be reduced to $400,000 in 2018. In addition, it will stabilize the operating reserve level.

The 2011 Water System Plan and the 2013 Water Rate Study had about $2,000,000 per year for aging infrastructure replacement (old cast iron water mains). Rate increases planned each year from 2013 to 2018 were suspended for years 2013 to 2016. This caused the ageing infrastructure replacement projects to be cancelled.

No aging infrastructure project is planned for 2017, causing the utility to be behind four years in replacements. In 2018 the N. 1st Street Main Replacement project is scheduled. Up to $2,000,000 in aging infrastructure replacement should be scheduled in 2019 keeping the minimum reserve of $1,000,000.

IMPACTS

1. **Fiscal Impact** –
    - Revenue increase in 2017 of $434,750
2. **Proposed Funding Source** – Water customers. Each year rates will be analyzed during the budget preparation to determine if the proposed rate increase is warranted.
    - 5.0% increase in 2017, and raise the fixed charges (Ready-to-Serve) from 27% of revenue to 30% of revenue (this will not increase to overall revenue but help to stabilize the revenue)
    - 5.0% increase in 2018
3. **Public Impact** – Average residential water customer using 12 units of water would have an increase of $1.79 every two months or $0.90 per month in 2017 and $2.01 every two months or $1.00 every month in 2018.

4. **Personnel Impact –** None.

5. **Required Changes in City Regulations or Policies –** Will require an ordinance and public hearing (can be conducted with Budget Public Hearing) to change rates.

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

7. **Viable Alternatives –** Recommended capital program projects will not be completed or pushed into the future. Postponing infrastructure projects may result in higher project costs or require emergency action to address operational failures.

ECONOMIC STUDY – YAKIMA BASIN INTEGRATED PLAN

UNBUDGETED

PROPOSAL

The Yakima Valley Conference of Governments (YVCOG) sent out a policy brief requesting financial support from all the cities in the Yakima valley for a Yakima Basin Integrated Plan economic study, estimated to cost $65,000. Much of the cost of the study is being funded by regional counties, the Yakima Basin Joint Board (the City is a contributing member of this Board), and private businesses. YVCOG is requesting the balance of $10,000 be funded on a per capita basis by Yakima valley cities. Yakima's portion is $5,661.

IMPACTS

1. **Fiscal Impact** – $5,661.

2. **Proposed Funding Source** –

Water Operating – 70%	$3,963
Irrigation Operating – 30%	1,698
	$5,661

3. **Public Impact** – The economic study will be used in promoting the Yakima Basin Integrated Plan to potential funders/granting agencies. A more stable water source will allow for continued economic development in the Yakima Valley.

4. **Personnel Impact** – Water staff is already participating in the Integrated Plan.

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

6. **Legal Constraints, if applicable** – Prepare a Memorandum of Agreement with YVCOG which describes the scope of work for the study.

7. **Viable Alternatives** – None.

IRRIGATION CAPITAL PROJECTS

BUDGETED

PROPOSAL

The Irrigation Division has several carryover and small new projects for FY 2017.

Irrigation System – Nelson Dam (IC2010) $8,000,000

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. For 2017, consolidate irrigation diversions and replace the failed Nelson Dam - includes a $6,000,000 loan.

IMPACTS

1. **Fiscal Impact** – $8,000,000.

2. **Proposed Funding Source** – Irrigation Capital Fund:

Capital Reserves	$2,000,000
Revenue Bond	6,000,000
(to be repaid from the capital component of the irrigation rates)	

3. **Public Impact** – More reliable irrigation system infrastructure.

4. **Personnel Impact** – Managing the construction contract and process.

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

6. **Legal Constraints, if applicable** – Passage of a Revenue Bond Ordinance.

7. **Viable Alternatives** – None.

STORMWATER CAPITAL

BUDGETED

The Stormwater Division has two carryover projects and a project to efficiently incorporate Drainage Irrigation District infrastructure into the City stormwater system in FY 2017.

North First Street Revitalization (carried forward) $1,790,000
Carried forward from prior Initiative to provide storm water infrastructure upgrades as necessary.

Flood Hazard Reduction $1,000,000
Mitigate flood hazards at seven prioritized sites by increasing stormwater conveyance, retention and infiltration.

Drainage Irrigation District (DID) Integration $950,000
Assessment, realignment and repair contingency.

Cascade Mill Site $160,000
Carried forward from prior Initiative to provide storm water infrastructure upgrades as necessary.

IMPACTS

1. **Fiscal Impact** – $3,900,000.
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.

YAKIMA TRANSIT MARKETING

BUDGETED

PROPOSAL

This Strategic Initiative is to change the Yakima Transit logo on all of Yakima Transit's vehicles (about 90 vehicles). The logo was developed by a local artist. The Public Works Director approved the new logos. Several of our new vehicles already have the new logo. As new vehicles are purchased we are putting the new logo on them. We want to be consistent and install the new design on all of our vehicles. On several of our older vehicles the logos are fading and need to be replaced.

IMPACTS

1. **Fiscal Impact –** $100,000.
2. **Proposed Funding Source –** Transit Operating.
3. **Public Impact –** Increase visibility of Transit services.
4. **Personnel Impact –** None.
5. **Required Changes in City Regulations or Policies –** None.
6. **Legal Constraints, if applicable –** None.
7. **Viable Alternatives –** many of the older logos are worn out from the sun and need to be replaced regardless. The new logos will put a fresh look on all of our vehicles.

    a) Switching over as new vehicles are purchased.
    b) Keeping the original Yakima Transit Logos.

PURCHASE & INSTALL 25 PASSENGER COUNTERS

BUDGETED

PROPOSAL

This Strategic Initiative is to purchase & install 25 passenger-counter tablets for Dial-A-Ride. Yakima Transit has installed passenger counters on all the fixed-route buses. The information has been very useful to help us meet our reporting requirements with the Federal Transit Administration (FTA) and Washington State Department of Public Transportation. By adding passenger counters on our paratransit vehicles, we will be able to get immediate and more accurate passenger information from our Dial A Ride contractor. Yakima Transit has an oversight responsibility to make sure the information we are getting from our contractor is correct. These new passenger counters will help us with that. The FTA has asked questions in the past passenger load concerns. With this information, we will be able to know when there is a higher demand on the system. If we have load issues where passengers might be delayed or we might not be able to provide a trip, we can adjust to more fully meet our passengers' needs.

IMPACTS

1. **Fiscal Impact –** $50,000.

2. **Proposed Funding Source –** Transit Operating.

3. **Public Impact –** The counting passenger will count passengers as they are picked up and transmit the information back to Yakima Transit throughout the day without the need for the contractor doing it. This gives Yakima Transit the opportunity to correct any bad data quicker. It will save time in many respects and provide more accurate information.

4. **Personnel Impact –** None.

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

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

7. **Viable Alternatives –** Continue with manual counts.

UPGRADE CAMERAS – YAKIMA TRANSIT CENTER

BUDGETED

PROPOSAL

This Strategic Initiative is to upgrade cameras at the Yakima Transit Center. The Yakima Transit Center is located in the heart of the downtown area. The camera systems at the Transit Center are very outdated and difficult to utilize. Yakima Transit would like to provide the added security for our passengers and make them feel more comfortable about using the transit system. Yakima Transit is also upgrading the cameras to protect our investments and limit our liability in case there is an accident or incident. The cameras will be live and viewable from remote locations by our Transit Police Officer and Transit Supervisors.

IMPACTS

1. **Fiscal Impact** – $40,000.

2. **Proposed Funding Source** – Transit Operating.

3. **Public Impact** – Provides safety for the public. The existing cameras are grainy and skip frames. It will help to have better cameras in case there is an incident. With all of our buses connecting at the Transit Center, it is a busy place. The cameras on most of the buses are "live" and Yakima Transit would like to do the same for the Transit Center. The cameras are used by the Transit Supervisors, YPD Officers including Yakima Transit's Police Officer.

4. **Personnel Impact** – None.

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

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

7. **Viable Alternatives** – Continue to use the existing cameras.

REPLACE THREE ADMINISTRATIVE VEHICLES

BUDGETED

PROPOSAL

This Strategic Initiative is to purchase three new replacement administrative vehicles. Yakima Transit has several support vehicles that are used primarily as relief vehicles to get drivers to locations, where they can switch out with other drivers who are finishing their shifts.

Yakima Transit intends on replacing a 2006 Ford Taurus, 2001 Toyota Prius, and 1999 GMC Safari van. The vehicles Yakima Transit intends to purchase include two sedans and a small SUV (4x4 or all-wheel drive). Equipment Rental took the Ford Taurus out of service mid-September because the cost to repair the vehicle was not worth the price.

Yakima Transit has three other vehicles that are anticipated replacing in 2018, which include a 2006 Ford Taurus, 1998 Dodge Caravan, and a 1987 Chevy 1-Ton (plow truck). With most of Transit's support vehicles at the end of their useful life, it is very important that we start the process to replace these vehicles.

IMPACTS

1. **Fiscal Impact –** $100,000.
2. **Proposed Funding Source –** Transit Capital.
3. **Public Impact –** Provide adequate relief vehicles for fixed-route bus service.
4. **Personnel Impact –** None.
5. **Required Changes in City Regulations or Policies –** None.
6. **Legal Constraints, if applicable –** None.
7. **Viable Alternatives –**
    a) Continue to use the older vehicles with high maintenance costs.
    b) Research the possibility of purchasing used replacement vehicles.

PURCHASE & INSTALL 10 SOLAR SHELTERS

BUDGETED

PROPOSAL

This Strategic Initiative is to purchase & install 10 solar-lighted passenger shelters with benches and garbage cans. Yakima Transit has 629 bus stops with 205 benches but only 32 passenger shelters along the fixed-route bus system. Passenger shelters protect our passengers from the elements (wind, rain, snow, and sun). Passenger shelters also act as advertising to more fully show that we operate bus service. With the lighting in the shelters, it will provide added safety during times of the day when the sun isn't out. Yakima Transit operates bus service from 6am – 7pm. In the winter time during early morning and evening, it isn't always light out and visibility for our drivers to recognize passengers in shelters is sometimes an issue. With the lighted shelters, passengers feel safer when using Yakima Transit.

IMPACTS

1. **Fiscal Impact –** $130,000.

2. **Proposed Funding Source –** Transit Operating.

3. **Public Impact –** Increase visibility of Transit services and provide shelter for our passengers from inclement weather. The trash cans will help keep Yakima cleaner.

4. **Personnel Impact –** Once shelters are installed it takes additional time each week to keep them clean. The Transit Service Workers clean the shelters and empty the trash. Trash cans are located throughout the system, even without a shelter.

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

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

7. **Viable Alternatives –**

    a) Not installing shelters.
    b) Installing non-lighted shelters at a lower cost.

TRANSIT ADA SIDEWALK IMPROVEMENTS

BUDGETED

PROPOSAL

This Strategic Initiative is to fund the installation of sidewalks and ADA ramps for the safety of Transit customers. Throughout the fixed-route bus system, there are several locations where there isn't a hard surface for passengers with limited mobility or those in wheelchairs to access Yakima Transit's bus stops. This furthers the City's efforts to make the City more ADA accessible. Yakima Transit has worked with City Planning to identify areas throughout the City that have limited ADA access. This funding should make a huge difference for our passengers and the public as a whole.

IMPACTS

1. **Fiscal Impact –** $100,000.
2. **Proposed Funding Source –** Transit Capital.
3. **Public Impact –** Sidewalk improvements to get passengers to the bus.
4. **Personnel Impact –** None.
5. **Required Changes in City Regulations or Policies –** None.
6. **Legal Constraints, if applicable –** Possibly need to obtain right of way in some locations.
7. **Viable Alternatives –** Continue to provide bus service with limited sidewalk access in many locations. Yakima Transit has bus stops separated out every 2 blocks.

TRANSIT BUSES (2016 STRATEGIC INITIATIVE)

BUDGETED

PROPOSAL

This initiative is part of Yakima Transit's Fleet Replacement Program and is a carryover from a 2016 Strategic Initiative that was approved. Yakima Transit is in the process of purchasing the last four (35 foot buses) of seven new buses for the fixed-route bus system that will arrive March 2017. The other three (40 foot buses) arrived March 2016. Grant funding ($1.6 million) has been obtained to help offset the total cost of the purchase. The new buses will replace several buses in the fleet that have exceeded 400,000 miles.

IMPACTS

1. **Fiscal Impact –** $1,885,000.
2. **Proposed Funding Source –** Transit Capital and WSDOT grant funds.
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 that are anticipated to achieve the same outcome.

REFUSE RATE INCREASE – 7%

Original - UNBUDGETED

PROPOSAL

This initiative proposes a 7.0% rate increase in Refuse rates for 2017 for expenses relating to anticipated increases in Yakima County's landfill tipping fees and other operational costs effective January 1, 2017. The following table summarizes the expected cost increases for residents with a 96 gallon cart - there are 18,626 customers (72%) that have a 96 gallon cart for waste collection and 7,370 customers (28%) that have a 32 gallon cart for collection. Residents with a 32 gallon cart will also incur a 7% increase of $1.13.

Cost Component	**2016**	**2017**	**$▲**	**%▲**
Labor Cost	$2.76	$2.87	$0.11	4.2%
Collection Operations	$4.70	$4.75	$0.05	1.0%
Disposal	$3.46	$3.90	$0.44	12.7%
Customer Service	$0.63	$0.75	$0.13	20.2%
Management & Administration	$0.90	$1.10	$0.20	22.3%
Public Works & Billing and Finance Allocation	$1.01	$1.12	$0.11	11.0%
Utility Tax / WA Refuse Tax	$3.32	$3.56	$0.24	7.1%
Fund Reserve	$1.55	$1.55	$-	0.0%
Total Rate	$18.32	$19.60	$1.28	7.0%

City of Yakima Solid Waste and Recycling Division (SWRD) makes every effort to excel in quality solid waste management for the 93,000 residents of Yakima. The core business of SWRD is to provide weekly curbside residential garbage and yard waste service to approximately 26,000 residential customers who generate an average of 35,000 tons of waste per year. As part of the Interlocal Agreement with Yakima County, the City of Yakima utilizes the county's Terrace Heights Landfill to dispose of its waste.

Yakima County Public Services Solid Waste Division has advised the City that they have completed a rate study for their current and future needs of their landfill. The proposed solid waste disposal rates for 2017 will increase approximately 13% over the 2016 rates. The proposed rates will cover the operational expenses, closure/post closure and capital costs for the Yakima County landfills.

Yakima Utility Tax and Washington Refuse Tax will increase proportionately to the rate increase because both taxes are calculated on the assessed collection rate. The combined taxes comprise 18.6% of the total rate charged to the residential rate payers; the utility tax is 15% and the refuse tax is 3.6%. The impact of these two fees is $0.33 per month for the customers with a 96 gallon cart.

Labor and operational costs will increase due to the City's labor agreement, increases in employee health insurance, outside repair and maintenance cost for the collection fleet, and general liability insurance.

The proposed rate increase included the addition of a Solid Waste Supervisor to its Division to accommodate past growth in service areas and integration of the new Cayenta utility billing, electronic routing and mobile management systems. The addition of a Solid Waste Supervisor allows for the current supervisor to address daily operation duties such as customer service issues, complaints, solid waste violations, safety issues, accident follow ups, address illegal clean ups, fleet maintenance issues and supervision of the maintenance workers. The new supervisor position will address the electronic routing implementation, on-going maintenance of the system and supervision of route drivers.

The rate impact from the hiring of the SW Supervisor is $0.22 per residential customer per month in 2017; however, the cost per customer is expected to decrease in 2018 with the full implementation of the electronic routing and mobile management system. Rate increases in 2018 and 2019 are projected at 3.6% and 3.5% respectively; however, the collection efficiencies are expected to reduce costs by 1% in 2018 and 2019. In other words, the cost of the SW Supervisor in 2017 will be offset by the system savings of $0.21 per customer. Savings in 2018 is estimated at $0.22 and beyond. The rate impact for the 96 gallon customer over the next four years are summarized in the following table.

	2016	**2017**	**2018**	**2019**	**2020**
96 gallon rate	$18.32	$19.60	$20.10	$20.60	$21.10
$ Increase		$1.28	$0.50	$0.50	$0.50
% Increase		7.0%	2.6%	2.5%	2.5%

Proposed Residential Rates for 2017 through 2019.

Year	**2016**	**2017**	**2018**	**2019**	**2020**
96 gallon rate - Solid Waste	$18.32	$19.60	$20.10	$20.60	$21.10
32 gallon rate - Solid Waste	$16.02	$17.15	$17.60	$18.05	$18.50
96 gallon rate - Yard Waste	$14.90	$15.95	$16.35	$16.75	$17.15
96 gallon rate - 2nd Yard Waste	$7.40	$7.90	$8.10	$8.40	$8.60
Extra Can	$4.23	$4.50	$4.60	$4.70	$4.80
Extra Bag	$2.51	$2.70	$2.75	$2.80	$2.85

The following table details the proposed increase for container services for 2017. The increase is 7% over the current collection rates.

Current 2016 Rates	**Container Size**		
Col. Frequency	**2 YD**	**4 YD**	**6 YD**
1	$21.53	$34.28	$47.04
2	$34.54	$59.70	$85.56
3	$47.55	$85.12	$124.08
4	$60.56	$110.54	$162.60
5	$73.57	$135.96	$201.12

Proposed 2017 Rates	Container Size		
Col. Frequency	**2 YD**	**4 YD**	**6 YD**
1	$23.04	$36.68	$50.33
2	$36.96	$63.88	$91.55
3	$50.88	$91.08	$132.77
4	$64.80	$118.28	$173.98
5	$78.72	$145.48	$215.20

IMPACTS

1. **Fiscal Impact –** The proposed 2017 Yakima County landfill tipping fee will be an additional yearly cost of $134,000 to the City. The remaining cost increase are comprised of labor and operational costs of approximately $299,000. The overall fiscal impact to the Refuse Division is $433,000. Projected cost increases in 2018 and 2019 are approximately $170,000 each year.

2. **Proposed Funding Source –** Rate increase of 7% for all refuse collection rates in 2017. Proposed rate increases in 2018 through 2020 are 2.5% of the prior year's collection rate.

3. **Public Impact –** This initiative will impact the public though a pass through rate increase to cover the increased cost of landfill disposal.

4. **Personnel Impact –** None.

5. **Required Changes in City Regulations or Policies –** City ordinance revising the Refuse rate schedule will be required.

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

7. **Viable Alternatives –** Implement a rate increase at a lower rate than the identified in the current rate study.

REFUSE RATE INCREASE – 3.7%

Alternate--BUDGETED

PROPOSAL

At their round table discussion on September 27, 2016, Council indicated that they support utility rate increases to keep the utilities viable, however, their preference was to have the total of all the increases to be about half of the original proposals for the typical household – with that direction in mind, staff revisited the rate increases, and are modifying the refuse fee to increase by 3.7% (from 7.0%)

This initiative proposes a 3.7% rate increase in Refuse rates for 2017 for expenses relating to anticipated increases in Yakima County's landfill tipping fees and other operational costs effective January 1, 2017. The following table summarizes the expected cost increases for residents with a 96 gallon cart - there are 18,626 customers (72%) that have a 96 gallon cart for waste collection and 7,370 customers (28%) that have a 32 gallon cart for collection. Residents with a 32 gallon cart will also incur a 7% increase of $1.13.

Cost Component	**2016**	**2017**	**$▲**	**%▲**
Labor Cost	$2.76	$2.88	$0.12	4.5%
Collection Operations	$4.70	$4.75	$0.05	1.0%
Disposal	$3.46	$3.90	$0.44	12.7%
Customer Service	$0.63	$0.75	$0.13	20.2%
Management & Administration	$0.90	$1.09	$0.19	21.2%
Public Works & Billing and Finance Allocation	$1.01	$1.12	$0.11	11.0%
Utility Tax / WA Refuse Tax	$3.08	$3.19	$0.11	3.7%
Fund Reserve	$1.79	$1.32	$(0.47)	-26.3%
Total Rate	$18.32	$19.00	$0.68	3.7%

City of Yakima Solid Waste and Recycling Division (SWRD) makes every effort to excel in quality solid waste management for the 93,000 residents of Yakima. The core business of SWRD is to provide weekly curbside residential garbage and yard waste service to approximately 26,000 residential customers who generate an average of 35,000 tons of waste per year. As part of the Interlocal Agreement with Yakima County, the City of Yakima utilizes the county's Terrace Heights Landfill to dispose of its waste.

Yakima County Public Services Solid Waste Division has advised the City that they have completed a rate study for their current and future needs of their landfill. The proposed solid waste disposal rates for 2017 will increase approximately 13% over the 2016 rates. The proposed rates will cover the operational expenses, closure/post closure and capital costs for the Yakima County landfills.

Yakima Utility Tax and Washington Refuse Tax will increase proportionately to the rate increase because both taxes are calculated on the assessed collection rate. The combined taxes comprise 18.6% of the total rate charged to the residential rate payers; the utility tax is 15% and the refuse tax is 3.6%. The impact of these two fees is $3.19 per month for the customers with a 96 gallon cart.

Labor and operational costs will increase due to the City's labor agreement, increases in employee health insurance, outside repair and maintenance cost for the collection fleet, and general liability insurance.

The proposed rate increase included the addition of a Solid Waste Supervisor to its Division in 2016 to accommodate past growth in service areas and integration of the new Cayenta utility billing, electronic routing and mobile management systems. The addition of a Solid Waste Supervisor allows for the current supervisor to address daily operation duties such as customer service issues, complaints, solid waste violations, safety issues, accident follow ups, address illegal clean ups, fleet maintenance issues and supervision of the maintenance workers. The new supervisor position addresses the electronic routing implementation, on-going maintenance of the system and supervision of route drivers.

The rate impact from the hiring of the SW Supervisor is $0.22 per residential customer per month in 2017; however, the cost per customer is expected to decrease in 2018 with the full implementation of the electronic routing and mobile management system. Rate increases in 2018 and 2019 are projected at 3.1% and 3.0% respectively; however, the collection efficiencies are expected to reduce costs by 1% in 2018 and 2019. In other words, the cost of the SW Supervisor in 2017 will be offset by the system savings of $0.21 per customer. Savings in 2018 is estimated at $0.22 and beyond. The rate impact for the 96 gallon customer over the next four year are summarized in the following table.

	2016	**2017**	**2018**	**2019**	**2020**
96 gallon rate	$18.32	$19.00	$19.59	$20.18	$20.79
$ Increase		$0.68	$0.59	$0.59	$0.61
% Increase		3.7%	3.1%	3.0%	3.0%

Proposed Residential Rates for 2017 through 2019.

Year	**2016**	**2017**	**2018**	**2019**	**2020**
96 gallon rate - Solid Waste	$18.32	$19.00	$19.59	$20.18	$20.79
32 gallon rate - Solid Waste	$16.02	$16.61	$17.13	$17.65	$18.18
96 gallon rate - Yard Waste	$14.90	$15.37	$15.85	$16.33	$16.82
96 gallon rate - 2nd Yard Waste	$7.40	$7.67	$7.91	$8.15	$8.40
Extra Can	$4.23	$4.39	$4.52	$4.66	$4.80
Extra Bag	$2.51	$2.60	$2.68	$2.76	$2.85

The following table details the proposed increase for container services for 2017. The increase is 3.7% over the current collection rates.

Current 2016 Rates	**Container Size**		
Col. Frequency	**2 YD**	**4 YD**	**6 YD**
1	$21.53	$34.28	$47.04
2	$34.54	$59.70	$85.56
3	$47.55	$85.12	$124.08
4	$60.56	$110.54	$162.60
5	$73.57	$135.96	$201.12

Proposed 2017 Rates	Container Size		
Col. Frequency	2 YD	4 YD	6 YD
1	$22.33	$35.55	$48.78
2	$35.82	$61.91	$88.73
3	$49.31	$88.27	$128.67
4	$62.80	$114.63	$168.62
5	$76.29	$140.99	$208.56

IMPACTS

1. **Fiscal Impact –** The proposed 2017 Yakima County landfill tipping fee will be an additional yearly cost of $134,000 to the City. The remaining cost increase are comprised of labor and operational costs of approximately $178,000. The overall fiscal impact to the Refuse Division is $313,000. Projected cost increases in 2018 and 2019 are approximately $170,000 each year.

2. **Proposed Funding Source –** Refuse customers / Refuse operating fund. Rate increase of 3.7% for all refuse collection rates in 2017. Proposed rate increases in 2018 is 3.1% and an increase of 3.0% in 2019 and in 2020.

3. **Public Impact –** This initiative will impact the public though a rate increase to cover the increased cost of landfill disposal and other operational expenses.

4. **Personnel Impact –** None.

5. **Required Changes in City Regulations or Policies –** City ordinance revising the Refuse rate schedule will be required.

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

7. **Viable Alternatives –** Rate increases at a different level.

FLEET VEHICLE ADDITIONS AND REPLACEMENTS

BUDGETED

PROPOSAL

Fleet vehicle additions and replacements for 2017:

Division	Description	Replacing	2017 Budget	Age	Mileage	Issues
Utility Services	½ Ton Pickup	ER2282	30,000	17	135,000	Poor cond/unsafe
Parks & Rec	¾ Ton Pickup w/Plow	ER2232	40,000	17	193,412	Very poor condition
	Reel Mower	ER5197	35,000	21	n/a	Very poor condition
	Trim Mower	ER5230	35,000	16	n/a	Poor condition
	Equipment Trailer	Er4110	6,000	16	n/a	Poor condition
Streets & Traffic	Elgin Street Sweeper	ER3184	320,000	13	74,000	Poor cond/high maint
	1 Ton Flatbed Truck	ER3116	45,000	20	130,000	Poor condition
	Upgrade Snowplows	ER3056	15,000	25	n/a	Poor cond/part issues
	Upgrade Snowplows	ER3057	15,000	25	n/a	Poor cond/part issues
	Upgrade Snowplows	ER3076	15,000	25	n/a	Poor cond/part issues
	Upgrade Snowplows	ER3077	15,000	25	n/a	Poor cond/part issues
	Upgrade Snowplows	ER3083	15,000	25	n/a	Poor cond/part issues
Wastewater	Electric Utility Vehicle	ER5241	25,000	11	n/a	Beyond expected life
	Electric Utility Vehicle	ER5241	25,000	11	n/a	Beyond expected life
Water\Irrigation	One Ton Flatbed Truck	ER4178	130,000	14	61,279	Poor cond/high maint
	Trailer for One Ton Truck	ER3162	Deletion	14	n/a	Eliminate trailer
Refuse	Auto Sideloading Truck	ER3151	315,000	11	88,000	High maintenance
	Auto Sideloading Truck	ER3205	315,000	15	123,000	High maintenance
	Small Auto Refuse Truck	ER3280	140,000	17	117,000	High maintenance
Total			$1,536,000			

IMPACTS

1. **Fiscal Impact** – $1,536,000. Total by department:

Utility Services	$30,000
Parks	116,000
Streets	440,000
Water/Irrigation	130,000
Wastewater	50,000
Refuse	770,000
Total	$1,536,000.

2. **Proposed Funding Source** – Equipment Rental replacement fund. Note: There were a couple late modifications to the list – there is only $1,457,000 in the Preliminary Budget, but will be corrected to $1,536,000 in the Final Budget.

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.

SHOP EQUIPMENT

BUDGETED

PROPOSAL

Purchase new shop equipment to replace old worn out items:

Four post portable vehicle lift	$45,000
2 parts washers	25,000
2 space coolers	8,000
Lubrication system pumps	10,000
Total	$88,000.

IMPACTS

1. **Fiscal Impact** – $88,000.
2. **Proposed Funding Source** – Equipment Rental Operating 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.

REPLACE FUEL MANAGEMENT SYSTEM

BUDGETED

PROPOSAL

The Environmental fund is designed to support the operational, maintenance, and capital improvement needs of the fueling system at Public Works. It is also used for environmental issues such as a fuel or chemical spill cleanup throughout the city. The environmental fund is funded by means of a surcharge on gasoline and diesel fuel provided at the public works complex to all divisions of the city. Fuel deliveries and distributions are managed by means of a centralized computer system at public works.

Fueling sites throughout the City have increased from three sites to seven. All fuel is purchased by the equipment rental division and distributed at the various sites. The current fuel management system is unable to connect all sites to the master controller at public works. This makes management of the fuel supply and distribution very difficult.

This strategic initiative proposes to replace the existing fuel management system with new hardware and software that is capable of connecting the various fueling sites to the master system. The project consists of two parts: the fuel management system replacement itself; and modernization of the public works vehicle access gates that are controlled using the fuel management system computer.

IMPACTS

1. **Fiscal Impact** – $175,000.
2. **Proposed Funding Source** – Environmental fund.
3. **Public Impact** – None.
4. **Personnel Impact** – None.
5. **Required Changes in City Regulations or Policies** – None.
6. **Legal Constraints, if applicable** – Proper procurement.
7. **Viable Alternatives** – Continue with current system that is unable to connect all seven fueling sites.

PARKS CAPITAL PROJECTS

BUDGETED

PROPOSAL

The Parks and Recreation Division is planning several projects for FY 2017. 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 the soccer complex is $400,000. Until debt service begins on the aquatics center, the Parks & Recreation division can use the remaining dedicated resources $350,000 and inflationary growth in the $750,000 to make needed park improvements. There has also historically been $100,000 transferred from Operating Fund to the Parks Capital Fund. These funds are combined with a grant from Recreation and Conservation Office and community donations allow for the proposal of the following for 2017:

Project	Amount	Other Revenue Source	Amount
SOZO land (carryforward)	$ 902,000	Bond proceeds in beginning balance	$ 902,000
Randall Park West Parking Lot	150,000	RCO Grant Randall Park	356,207
Randall Park East Parking Lot	150,000	Randall Park Community Foundation	150,000
Randall Park 2nd Restroom	150,000		506,207
Randall Park Bridge	50,000		
Randall Park Subtotal	500,000	Washington Fruit Donation	50,000
		REET 1 Transfer	55,000
YPAL	104,000	REET 1 Transfer	45,000
HBCC (see related Strategic Init)	45,000		150,000
YPAL/HBCC Subtotal	149,000		
		Parks to Parks Capital	470,610
Gardner Park Playground	115,000		
Lions Pool Filter	150,000		$2,028,817
Cherry Park Playground	85,000		
Other Projects Subtotal	350,000		
Contingency	130,000		
Total	$2,031,000		

IMPACTS

1. **Fiscal Impact** – $729,000 of new projects and over $500,000 previously identified Randall Park Improvements along with $902,000 carryforward from SOZO Land Purchase, the fund total expenditure is $2,031,000.

2. **Proposed Funding Source –** See chart above.

3. **Public Impact –** Additional Park and Recreation Opportunities for the Community.

4. **Personnel Impact –** None.

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

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

7. **Viable Alternatives –** Consider alternative sources of revenue for improvements – e.g. donations, grants. Consult with Parks and Recreation Commission to identify priority projects.

HENRY BEAUCHAMP COMMUNITY CENTER REPAIR/REPLACEMENT

BUDGETED

PROPOSAL

The Henry Beauchamp Community Center (HBCC) is a City-owned facility operated and managed by Opportunities Industrialization Center (OIC) of Washington. Programs offered to the community through the SECC are geared mainly toward getting youth off of the streets; focusing on gang prevention and intervention. Other programs offered include the food pantry and Meals on Wheels. The City contributes funding towards the management and operations of the SECC facility on an annual basis.

The SECC is an aging facility built in the late '60s/early '70s and is in need of restoration. A recent capital assessment identified the priorities as being associated with the facility's mechanical and ventilation systems. Other areas noted were issues with water ponding on the roof and seismic roof-to-wall connections to improve the structural and seismic resilience of the building. Based on the type of construction, evidence of minimal wear and adequacy of electrical, gas, and water systems, the building appears to have at least 20 years life expectancy with proper maintenance.

The City recently replaced the 12.5 ton HVAC unit over the SECC gymnasium at a cost of approximately $20,000. Six other smaller HVAC units needing replacing total over $60,000. Other capital repairs/replacements are being assessed and prioritized ranging from lighting upgrades to roof repairs. Since funding for capital repair/replacement has been sporadic over the years, it has made it difficult for the City to maintain and meet the many capital needs of the SECC facility. The City's responsibility is to properly maintain this facility. Not addressing the capital needs of the SECC, jeopardizes the essential services currently being provided by OIC.

It is the desire of Public Works Administration to establish a 5-year Capital Plan for the SECC facility and have budget approval of $30,000 per year to address the identified capital repair/replacements.

IMPACTS

1. **Fiscal Impact –** To establish annual funding of $30,000 to be dedicated to the capital needs of the HBCC facility. $45,000 is available in 2017
2. **Proposed Funding Source –** REET 1 Funds into the Parks Capital Fund.
3. **Public Impact –** None.
4. **Personnel Impact –** None.
5. **Required Changes in City Regulations or Policies –** Ensure SECC improvements are included in the Capital Facilities Plan in order to use REET 1 funds.
6. **Legal Constraints, if applicable –** None.
7. **Viable Alternatives –** None.

ENERGY CONSERVATION STREET LIGHTING

UNBUDGETED

PROPOSAL

The City has the opportunity to upgrade all existing High Pressure Sodium streetlights to high efficiency LED streetlights which will improve the quality of street lighting throughout the City. The City of Yakima, through the Washington State Department of Economic Services (DES), selected AMERESCO as the Energy Service Consultant (ESC) to assist with development and implementation of the streetlight upgrade project. The use of the ESC provides the city not only their expertise but guaranteed final project cost, equipment performance, and energy savings.

An energy study conducted by AMERESCO estimated the total cost of the project to $2.1 million with approximately $570,000 of cost covered by Pacific Power rebates and a Department of Commerce grant. The estimated reduced energy cost would be enough to pay for the debt service and have a slight positive annual cash flow. That positive cash flow could be used to cover the cost of the crime reduction lighting program that has been under consideration by the Public Safety Committee, depending on how much is available.

If the project is approved to proceed, AMERESCO will conduct an energy audit and assist the City in selecting the best components for the streetlight upgrades, develop a lighting design for the City, determine a guaranteed "not too exceed" cost estimate for the project, and assist in developing a funding strategy for implementation. They will also manage and inspect the installation of the new lighting fixtures, and monitor on-going system performance to ensure that all the guaranteed project criteria are met. DES oversees AMERESCO throughout the process to make sure they are following established practices and the City is receiving honest service from them.

Similar projects around the state have resulted in a notable improvement in the quality/intensity of street lights which has the potential to reduce crime. After this improvement is in place, street lighting will be evaluated for "gaps". Any energy savings in excess of required debt service could be used to install new streetlights in poorly lit areas as a crime deterrent.

IMPACTS

1. **Fiscal Impact –** $2.1 million.

2. **Proposed Funding Source –** Energy Rebates $220,000, State Grant $350,000, Councilmanic bonds $1.53 million. This program is eligible for the State Treasurers Local Option Capital Asset Lending (LOCAL) program. (The City has used the LOCAL Program in the past for the Police Fleet expansion and Fire apparatus.)

3. **Public Impact –** Improved safety and security along public rights-of way.

4. **Personnel Impact –** None.

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

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

7. **Viable Alternatives –** Continue to only fund $18,000 per year towards street lights.

SIDEWALK REPAIR/INSTALLATION & TREE REMOVAL

UNBUDGETED

PROPOSAL

Many areas within the City either lack sidewalks or the existing sidewalks are in poor condition. The majority of sidewalk damage in the City is caused by overgrown trees and their roots. In many cases the damage is so severe, the sidewalk becomes a safety hazard and nearly impassable for the public.

The Streets Division is proposing budget approval of $50,000 per year to address sidewalk repair/installation and tree removal. The emphasis will be on repair of existing sidewalks. It should be noted that the Streets Division does not have the equipment or expertise to safely remove large trees and stumps, so such work would be contracted out to a local tree service. However, the sidewalk repair/installation would be conducted by City staff. With the labor being provided by the Streets Division, the funds would be utilized for tree removal and materials needed for the sidewalk repairs/installations.

The program would significantly improve pedestrian mobility throughout the City, and most importantly, begin to address these public safety hazards; reducing the City's liability for injuries and other damages.

IMPACTS

1. **Fiscal Impact** – $50,000 per year for five (5) years.
2. **Proposed Funding Source** – General 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** – Rely upon grants when and if available to fund the program.

ADD TWO TRAFFIC SIGNS & MARKING SPECIALIST POSITIONS

UNBUDGETED

PROPOSAL

The Signs & Marking Shop within the Streets & Traffic Operations Division is currently staffed with three full-time personnel and one unbudgeted temporary worker during the summer months. In 2010, the Shop consisted of six budgeted full-time personnel. Due to the significant staffing reduction, better equipment and materials were purchased and the level of maintenance of signs and traffic markings reduced. Necessary changes in the maintenance level includes:

- Non-maintenance of select pavement markings, primarily in residential areas
- Inability to annually maintain all required pavement markings
- Reduced response to graffiti/vandalism of signs
- Inability to proactively replace aging signs
- Inability to meet federal requirements for sign maintenance and inventory.

All of these measures continue to increase the City's liability exposure. The inability to meet these federal requirements may result in the loss of future funding for roadway projects.

The total compensation for a Traffic Signs & Marking Specialist is approximately $60,000 per year. Two full-time positions are needed to attain the necessary level of sign and pavement marking maintenance.

IMPACTS

1. **Fiscal Impact** – $120,000.
2. **Proposed Funding Source** – General Fund.
3. **Public Impact** – None.
4. **Personnel Impact** – Increase staff by two full-time positions.
5. **Required Changes in City Regulations or Policies** – None.
6. **Legal Constraints, if applicable** – None.
7. **Viable Alternatives** – Continue existing staffing and maintenance levels.

ADD ONE TRAFFIC TECHNICIAN POSITION

UNBUDGETED

PROPOSAL

The Traffic Engineering Division is currently staffed by the Streets & Traffic Operations Manager and the Traffic Signal System Analyst. Two Traffic Technician II positions were eliminated in 2014 due to a change in funding priorities. The technician positions are needed to conduct necessary data collection and routine traffic safety investigations. Presently those tasks fall to the Streets & Traffic Operations Manager and are done as time is available. The result is long delays in responding to traffic safety complaints, traffic count requests, parking modification requests, and other traffic related inquiries by the public or internal customers.

The total annual compensation for a Traffic Technician I is approximately $55,000 per year. At least one full-time position is needed to reestablish a basic data collection and traffic investigation program.

IMPACTS

1. **Fiscal Impact –** $55,000 per year for five (5) years.
2. **Proposed Funding Source –** General Fund.
3. **Public Impact –** None.
4. **Personnel Impact –** Increase staff by one full-time position.
5. **Required Changes in City Regulations or Policies –** None.
6. **Legal Constraints, if applicable –** None.
7. **Viable Alternatives –** Continue existing staffing level with minimal data collection and safety investigation efforts.

GENERAL GOVERNMENT REDUCTION OPTIONS

Owing to a number of reasons, including sluggish sales and utility tax revenue growth, the impacts of two charter amendments that required spending on roads and parks that came without new revenue, costs associated with the ACLU law suit, impacts of collective bargaining agreements, the transition of medical benefit plans, and the overall cost of doing business, the current projection for the City's General Fund balance at the end of 2016 is $6.2 million dollars. Even with the restrictions put in place earlier in the year, that is still over $900,000 less than the city started with in January of 2016.

To present a budget that is fiscally responsible, enables us to cash-flow our operations and demonstrate that we are employing best fiscal management practices, it is imperative that we improve the reserve balance. This can be accomplished by either reductions in the 2017 budget, additional revenue, or a combination.

The result of discussions with Council is that we need about $1 million of budget reductions in General Government to eliminate all use of reserves in the 2017 budget and potentially improve the fund balance. To accomplish that end, we asked all Departments to undertake a two prong budget reduction exercise that would cut 1.5% budget or 2.0% from the initial preliminary 2017 levels, which amounts to approximately $1.0 million and $1.35 million respectively. This section includes the budget reduction proposals submitted by General Government operational units.

GENERAL GOVERNMENT BUDGET REDUCTION SUMMARY

Department	2017 Preliminary Budget	Reduction Target 1.5%	Reduction Target 2.0%	Reductions Proposed Personnel	Reductions Proposed Non-Pers.
City Administration	$ 5,566,184	$ 83,493	$ 111,324	$ 38,350	$ 72,250
Human Resources	699,137	10,487	13,983	-	14,000
Legal	1,720,714	25,811	34,414	10,126	18,848
Municipal Court	1,531,046	22,966	30,621	35,200	-
Finance	2,598,929	38,984	51,979	54,700	-
Community Development	2,594,969	38,925	51,899	54,600	-
Police	27,690,083	415,351	553,802	288,450	90,843
Fire	12,881,582	193,224	257,632	-	1,750
Engineering	783,620	11,754	15,672	48,600	(18,000)
City Hall Maintenance	531,147	7,967	10,623	8,000	-
Parks & Recreation	5,504,559	82,568	110,091	32,500	78,000
Streets	5,368,427	80,526	107,369	-	108,000
Total General Government	$ 67,470,398	$ 1,012,056	$ 1,349,408	$ 570,526	$ 365,691
				Total Reductions Proposed	**$ 936,217**

Non-Discretionary Factors

Description	2017 Budget
Indigent Defense	$ 965,500
Transfers (prim debt & util tax allocations)	4,942,414
Police Debt	789,037
Fire Debt	196,072
State Examiner - audit	117,000
Police Pension	964,997
Utility Services (reimbursed by utilities)	1,529,834
Vacancy contingency	(675,000)
Total Non-Discretionary	$ 8,829,855
Total General Government Budget	$ 76,300,253

GENERAL GOVERNMENT BUDGET REDUCTION BY DEPARTMENT

Division/	Personnel Changes			Cap Outlay/Maint/Oper Changes	
Svc Unit	Description	Decrease	F/V	Description	Decrease
General Fund					
City Manager	Temporary Salaries	$ 2,850		Office & Operating Supplies	$ 1,000
		-		Professional Services	8,000
		-		Data Communications	100
		-		Postage	100
		-		Transportation	1,400
		-		Dues & Subscriptions	(1,000)
City Council		-		Office & Operating Supplies	1,000
		-		Small Tools & Minor Equipment	250
		-		Professional Services	35,000
		-		Transportation	3,000
City Clerk/Records	Eliminate Overtime	5,500		Office & Operating Supplies	3,400
Info Technology	Delay filling Tele Tech Analyst	30,000	V	Prof Services - licenses	20,000
Human Resources		-		Prof Services - outside training	14,000
Legal 2%	Temporary Salaries	10,126		Office & Operating Supplies	3,500
		-		Professional Services	1,300
		-		Postage	800
		-		Transportation	1,100
		-		Miscellaneous Expenses	2,148
		-		Dues & Subscriptions	7,500
		-		Repairs & Maintenance	2,500
Municipal Court	Delay hiring Judicial Specialist	35,200	V		-
Finance	Reallocate USR salaries	43,800	F		-
	Allocate AR time to Utilities	10,900	F		-
Code Admin	Delay hiring Code Comp Off	54,600	V		-
Police	Defund 2 task force positions	192,300	V	Lighting savings	15,250
	Defund 1 Police Officer	96,150	V	Reduce training budget	20,000
		-		Cancel Tower office lease	55,593
Fire		-		Uniforms	1,750
Parks & Rec 2%	DA-III Cemetery & PW Admin	32,500	V	Reduce playground program	50,000
		-		Reduce summer concerts/movies	8,000
		-		Reduce ops at Franklin Pool	20,000
Streets 2%		-		Oper Supplies - street material	90,000
		-		Oper Supplies - sidewalk abatement	2,500
		-		Oper Supplies - weed abatement	5,000
		-		Oper Supplies - street lighting	7,500
		-		Prof Services - street maintenance	3,000
Engineering	Decreased Contract Specialist	9,900	F	Copier/Plotter	(18,000)
	Delay hiring Design Engineer	38,700			
CH Facility	1.5% Temp Salaries	8,000	V		-
	Personnel Changes Total	$ 570,526		**Other Changes Total**	365,691
				Grand Total	$936,217

F/V = Filled / Vacant

CITY ADMINISTRATION / CITY MANAGER

PROPOSAL

		Personnel Changes			Cap Outlay/Maint/Oper Changes	
SU	**Fund**	**Description**	**Decrease**	**F/V**	**Description**	**Decrease**
102	1120	Temporary Salaries	$ 2,850		Office & Operating Supplies	1,000
143	3110		-		Professional Services	8,000
102	4110				Data Communications	100
102	4213		-		Postage	100
102	4220		-		Transportation	1,400
102	4910		-		Dues & Subscriptions	(1,000)
		Personnel Changes Total	2,850		**Other Changes Total**	9,600
					Grand Total	$ 12,450

F/V = Filled / Vacant

EXPLANATION MEMORANDUM

In response to budget concerns, and in an effort to address general fund deficiencies, departments funded through the City's General Fund were asked to review their projected budgets and see where further reductions could be made. A 2% reduction in the City Manager's budget equates to $8,238. Below is a table that reflects what a 2% reduction in the City Manager's budget could look like.

City Manager		**2 % Reduction ($8,238)**		
Acct. Number	**Description**	**Current 2017 Projection**	**New 2017 Projection**	**Savings / Increase**
001 1021120	Salaries/Temp	3,850	1,000	(2,850)
001 1433110	Office & Operating Supplies	5,000	4,000	(1,000)
001 1024213	Data communications	700	600	(100)
001 1024220	Postage	300	200	(100)
001 1024100	Professional Services	12,000	4,000	(8,000)
001 1024910	Transportation	5,400	4,000	(1,400)
001 1024930	Dues and subscriptions	1,000	2,000	1,000
				TOTAL SAVINGS: $12,450

The larger changes (increase or decrease) are described in more detail below.

The City Manager's office has not utilized temporary help in several years, however, it is suggested that $1,000 remain in the budget should there be a need for temporary help in 2017. This would provide a $2,850 savings in the salaries/temp line item.

When the decision to eliminate the Assistant City Manager (ACM) position was made in 2012, the need for an administrative assistant for the ACM also went away. With fewer people in the office

the quantity of office equipment and supplies decreased. The budget amount has continually decreased, however, staff believes another $1,000 reduction is manageable.

The first employee survey was conducted in 2013 and continued annually through 2016. Since a new City Manager was hired in summer of 2016, conducting an employee survey in 2017 may be too soon. If an employee survey is not offered in 2017 the City Manager's budget would save about $8,000 in professional services.

The one increase to the 2017 projected budget is in dues and subscriptions. Per the City Manager's employment agreement, the City is to pay membership fees to both WCCMA and ICMA. The cost for the ICMA membership is anticipated to be about $1,000 in 2017.

CITY ADMINISTRATION / CITY COUNCIL

PROPOSAL

		Personnel Changes			Cap Outlay/Maint/Oper Changes	
SU	**Fund**	**Description**	**Decrease**	**F/V**	**Description**	**Decrease**
122	3110		-		Office & Operating Supplies	1,000
122	3500		-		Small Tools & Minor Equipment	250
122	4100		-		Professional Services	35,000
122	4300		-		Transportation	3,000
		Personnel Changes Total	-		**Other Changes Total**	39,250
					Grand Total	$ 39,250

F/V = Filled / Vacant

EXPLANATION MEMORANDUM

In response to budget concerns, and in an effort to address general fund deficiencies, departments funded through the City's General Fund were asked to review their projected budgets and see where further reductions could be made. A 2% reduction in the City Council's budget equates to $5,828. Below is a table that reflects what a 2% reduction in the City Council's budget could look like.

City Council		**2 % Reduction ($5,828)**		
Acct. Number	**Description**	**Current 2017 Projection**	**New 2017 Projection**	**Savings / Increase**
001 1223110	Office & Operating Supplies	5,000	4,000	(1,000)
001 1223500	Small tools & minor equip	250	0	(250)
001 1224100	Professional services	37,000	2,000	(35,000)
001 1224300	Transportation	9,000	6,000	(3,000)
				TOTAL SAVINGS: $39,250

The larger changes (increase or decrease) are described in more detail below.

When the decision to eliminate the Assistant City Manager (ACM) position was made in 2012, the need for an administrative assistant for the ACM and City Council also went away. With fewer people in the office the quantity of office equipment and supplies decreased. The current Assistant to the City Manager provides administrative support for both the City Manager and the City Council. The budget amount has continually decreased, however, staff believes another $1,000 reduction is manageable.

The first citizen survey was conducted in 2013 and continued annually through 2015. In 2016 the majority of the Council was changed due to a federal court ruling in which the city was required to change to an all-district election. With several new Council members the decision was made to forego a citizen survey in 2016 and reconsider one in 2017. If the Council chooses to conduct a

citizen survey in 2017 there are some changes that could be made to reduce the cost, however, to conduct a similar survey to those in the past the cost is about $35,000.

Also listed above is a possible reduction in the transportation line item. Since the Sister City Association will not be traveling to Morelia next year, the Council could consider reducing the transportation budget by $3,000. There would still be enough funds available for Council transportation in the United States.

CITY ADMINISTRATION / CITY CLERK - RECORDS

PROPOSAL

		Personnel Changes			Cap Outlay/Maint/Oper Changes	
SU	**Fund**	**Description**	**Decrease**	**F/V**	**Description**	**Decrease**
143	1200	Overtime	$ 3,500			$ -
143	3110		-		Office & Operating Supplies	2,300
143	3500		-		Small Tools & Minor Equip	100
144	1200	Overtime	2,000			-
144	3110		-		Office & Operating Supplies	1,000
		Personnel Changes Total	5,500		**Other Changes Total**	3,400
					Grand Total	$ 8,900

F/V = Filled / Vacant

EXPLANATION MEMORANDUM

Please note, these reductions do not affect personnel and maintains the 2017 strategic initiative for this office, which increases the halftime Department Assistant III to a fulltime Records Assistant within the current budget. This allow a reduction in the risk of exposure related to the Public Records Act, which is becoming more complicated every day.

Note: These reductions reduce total overtime to zero, total office and operating supplies to $10,300 and small tools to $1,100.

CITY ADMINISTRATION / INFORMATION TECHNOLOGY

PROPOSAL

		Personnel Changes			Cap Outlay/Maint/Oper Changes	
SU	**Fund**	**Description**	**Decrease**	**F/V**	**Description**	**Decrease**
351	1110	Delay filling Tele Tech Analyst	$ 30,000	V		$ -
351	4100		-		Profession Services	20,000
			30,000			20,000
					Grand Total	$ 50,000

F/V = Filled / Vacant

EXPLANATION MEMORANDUM

The delay in filling the Telephone Tech Analyst position for the remainder of 2016 and 4 months into 2017 will result in a $30,000 decrease in current proposed budget.

The reduction in Professional Services will result in a $20,000 decrease, from $176,000 to $156,000. This will delay catch-up on Microsoft licenses to make us fully in compliant with licenses used versus licenses authorized but we feel the risk is minimal.

HUMAN RESOURCES

PROPOSAL

		Personnel Changes			Cap Outlay/Maint/Oper Changes	
SU	**Fund**	**Description**	**Decrease**	**F/V**	**Description**	**Decrease**
162	4100		$ -		Professional Services	$ 14,000
			-			14,000
					Grand Total	$ 14,000

F/V = Filled / Vacant

EXPLANATION MEMORANDUM

The Human Resources Department has worked diligently over the past five years to enhance services, streamline processes and increase efficiencies. However, as required due to budget shortfalls, the following are the proposed budget reductions to the Human Resources budget for 2017. The reduction in the professional services budget will reduce the total for that line item from $57,000 to $43,000.

Over the past two years, the City has offered Leadership Training to employees to assist with staff development, improve employee relations and cultivate future leaders within our organization. The training has previously been taught by an outside instructor however, we are now proposing to bring that training in-house. We will be utilizing our staff trainers and other local community resources which will allow us to reduce this budget expenditure.

LEGAL

PROPOSAL

1.5%		Personnel Changes			Cap Outlay/Maint/Oper Changes	
SU	Fund	Description	Decrease	F/V	Description	Decrease
152/153	All	Temporary Salaries	$ 10,126		Office & Operating Supplies	$ 3,500
			-		Professional Services	1,000
			-		Postage	300
			-		Transportation	1,100
			-		Miscellaneous Expenses	1,704
			-		Dues & Subscriptions	3,500
			-		Repairs & Maintenance	500
			10,126			11,604
					Total 1.5% Reductions	$ 21,730

Add'l .5%		Personnel Changes			Cap Outlay/Maint/Oper Changes	
SU	Fund	Description	Decrease	F/V	Description	Decrease
152/153	All		$ -		Professional Services	$ 300
			-		Postage	500
			-		Miscellaneous Expenses	444
			-		Dues & Subscriptions	4,000
			-		Repairs & Maintenance	2,000
			-			7,244
					Total Additional 0.5%	$ 7,244
					Total 2% Reductions	28,974

F/V = Filled / Vacant

EXPLANATION MEMORANDUM

As a response to budget concerns and in an effort to address general fund reserve deficiencies, the City Departments relying on general fund resources were asked to project models depicting one and one-half and two percent budget reductions for their 2017 budgets. It is worthwhile to note that the Department had to make similar reductions in the last quarter of 2015 to address year-end deficiencies, so we were starting the reduction process from an already reduced budget position. The Legal Department presented its two reduction models for consideration by the City Council and the City Manager as budget preparation moves forward. The following is a brief summary of the anticipated impacts to the Department as a result of the proposed reduction models. Since the two percent proposal is generally deeper reductions of the same budget line items as are represented in the one and one-half percent reduction model, in the interest of brevity this discussion of the impacts of the reductions will apply to both of the proposed reduction models, with the two percent reductions generally having a bigger impact effect in the areas of reduction.

Legal Assistant II Position Elimination
The Legal Department does not control a large budget, and like many of the City's Departments, the majority of the budget is personnel. The Legal Department has typically been staffed at 19.5 FTE's over the past several years. Earlier this year in an effort to respond to immediate budget reduction efforts the Legal Department removed one Legal Assistant II FTE from its personnel positions permanently. This position had been vacated by a retirement, and while every positon in the Department is necessary and important, it was decided that this position could be eliminated, leaving the Department its present staffing of 18.5 FTEs. Of course, the workload from that reduction had to be absorbed by the remaining Civil Department Legal Assistants. That was an important impact to the Department even before the current reduction efforts began.

Temporary Salary Reduction – Reduce from $10,126 to zero
The first and most impactful reduction in the Legal Departments budgets is the elimination of all of the Temporary Salary funds. These funds have been used each year predominantly for hiring two second year law students as legal interns during the summer to assist the Prosecution and Legal Departments. This program has been very successful over the years, offering wonderful opportunities to law students to get directly involved in actual court room appearances, trial work and interesting research and writing projects. This opportunity has benefited both the Department and the students, with the interns receiving invaluable experience while assisting a very busy Department with low cost legal assistance. With the reductions projected, it is not going to be possible to continue the internship program unless arrangements can be made for students that won't require monetary compensation. We are investigating that opportunity now.

Operating Supplies / Small Tools and Equipment – Reduce from $7,000 to $3,500 (1.5% reduction)
Another of the significant reductions to the Legal Department budgets to meet the model reduction requirements is heavy reductions to the Operating Supplies and Small Tools and Equipment line items. These budget lines pay for business supplies within the office, including but not limited to paper, pens, copy cartridges, computers and copiers. This is a difficult area to reduce because it is very hard to anticipate some of the costs that are covered from these budgets. We know that we need to replace several computers each year, and we have copiers that have a limited life before needing to be replaced. We intend to end a lease we presently have for a printer/copier that is expensive to pay the rent on as well as paying for maintenance, paper and ink, which will leave us with one printer/copier in the office that hopefully won't break down for any extended period of time. These are "big ticket" items that we try to anticipate and preserve resources for, but under the present reductions this planning and preparation to address inevitable losses will be very challenging. We plan to do our best to make the equipment we have last as long as we can, but inevitably equipment must be replaced, and with the depth of the present reductions I am concerned about how we will be able to keep up with failing tools. We have been able to reduce some of the basic supplies such as paper, ink cartridges, and associated materials due to the efforts of the office to become "paperless". It is our hope that the efforts to reduce paper use will allow us to manage with the reductions proposed.

Transportation / Miscellaneous Expenses / Dues and Subscriptions – Reduce from $51,640 to $43,536 (1.5% reduction)
The Department has also reduced budgets across the line items of Transportation, Miscellaneous Expenses and Dues and Subscriptions in order to meet the model goals established. Collectively these budget lines contribute to the costs of travel to training for maintenance of professional

certifications, for meals and lodging during those training opportunities, and for professional registrations and license costs. While the licensing and training are required in order to maintain our legal status with the Washington Bar Association as well as certain staff professional certifications, the reductions reflect the hope that by traveling together with City vehicles rather than personal vehicles when City transportation is available, and using more on-line CLE opportunities, as well as taking advantage of cost-free or reduced cost training, we will be able to maintain the certifications we need but at a reduced cost.

These are the most substantive reductions in our department. I believe that if either of the two model reduction plans are implemented we will be able to operate effectively if we can keep our equipment operational for as long as is functionally possible. We will be operating on a very thin margin after sustaining several consecutive budget reductions over the past several years, most recently in the fall of 2015 and as mentioned with the position lost in the spring of this year. If we manage our resources carefully and make use of the most efficient and cost-effective training opportunities to maintain our professional license requirements we should be able to meet the budget reduction proposals modeled in the Legal Department budget reduction scenarios.

MUNICIPAL COURT

PROPOSAL

		Personnel Changes			Cap Outlay/Maint/Oper Changes	
SU	**Fund**	**Description**	**Decrease**	**F/V**	**Description**	**Decrease**
155	1110	Judicial Specialist	35,200	V		$ -
			35,200			-
					Grand Total	$ 35,200

F/V = Filled / Vacant

EXPLANATION MEMORANDUM

This memorandum provides an explanation for the Municipal Court's participation in the 2017 2% Budget Reduction in the amount of $30,620. In order to reach and even exceed that amount the Court is proposing to delay hiring of a currently vacant Judicial Specialist position for a minimum of six months in 2017. This reductions is estimated to save $35,200.

The courts caseload is dynamic depending on what emphasis the police department employs and what programs are implemented that directly impact the court, such as the Diversion and Community Court Programs.

The court is acutely aware of the requirement for this budget reduction and has participated in budget reduction measures in the past. The court's budget is made up of staff, expenses and costs directly related to state mandates. So therefore, it is difficult to reduce its budget in any given year.

The court, since its creation in January 1997, has been understaffed by more than half of what the court clerk to judge ratio should be for courts that are similar in size and caseload as determined by the Administrative Office of the Courts for the State of Washington.

When the court is short staffed, often times the court manager is filling in to perform courtroom duties and other clerical office duties. The court cannot in good conscience, propose any further staff or budget reductions in an effort to provide access to justice.

FINANCE

PROPOSAL

		Personnel Changes			Cap Outlay/Maint/Oper Changes	
SU	**Fund**	**Description**	**Decrease**	**F/V**	**Description**	**Decrease**
612	1110	Reallocate USR salary distributions	$ 43,800	F		$ -
612	1110	Allocate AR time to Utilities	10,900	F		-
			54,700			-
					Grand Total	$ 54,700

F/V = Filled / Vacant

EXPLANATION MEMORANDUM

Utility Service Representatives (USR's) are currently allocated 25% to Finance based on a very old workload calculation. This was to pay for the portion of salary spent on General Fund activities such as bus pass sales.

New estimates show that less than 30 minutes per day on average is spent on non-utility activities. That equates to about 5% of total USR time.

The miscellaneous Accounts Receivable Specialist spends from 1 to 2 hours each morning verifying and reconciling the USR tills as an internal control function. None of his time has ever been allocated to Utility Services for this service. 15% (1.2 hours) should be charged to Utility Services.

Moving these functions into Utility Services is not an expenditure reduction, but will instead result in additional revenue being paid for Utility Billing services by the 5 utilities.

CODE ADMINISTRATION

PROPOSAL

		Personnel Changes			Cap Outlay/Maint/Oper Changes	
SU	**Fund**	**Description**	**Decrease**	**F/V**	**Description**	**Decrease**
229	1110	Code Compliance - delay hiring	$ 54,600	V		$ -
			54,600			-
					Grand Total	$ 54,600

F/V = Filled / Vacant

EXPLANATION MEMORANDUM

In response to the budget reduction directives, Community Development is proposing reduced staffing or delays in hiring in staffing until late 2017 or early 2018. We propose delaying the hiring of the Code Compliance Officer vacant position for nine months in 2017; therefore, reducing that position from 100% to 25%, estimating a savings of $54,600.

POLICE

PROPOSAL

		Personnel Changes			Cap Outlay/Maint/Oper Changes	
SU	**Fund**	**Description**	**Decrease**	**F/V**	**Description**	**Decrease**
112	1110	Defund 2 task force positions	$ 192,300	V		$ -
113	1110	Defund 1 Police Officer position	96,150	V		-
119	4100		-		Lighting savings	15,250
117	4305		-		Reduce training budget	20,000
112			-		Cancel Tower office lease	55,593
		Personnel Changes Total	288,450		**Other Changes Total**	90,843
					Grand Total	$379,293

F/V = Filled / Vacant

EXPLANATION MEMORANDUM

In accordance with the directive to identify a 1.5-2.0% reduction to the Yakima Police Department 2017 budget, I am submitting the attached proposals. The items are listed in order of priority.

Defund 2 Task Force Officer Positions

In 2015, two police officer positions were added to the Police budget to be assigned as Task Force Officers on a Federal task force. In 2016, these two positions were kept vacant as part of the mid-year budget reduction proposal, however, they were not removed from the 2017 budget. These two positions are currently vacant.

Lighting Savings

The Police Department is currently undertaking a conversion to LED lighting within our facility. Pacific Power estimates our energy savings at $19,073 in 2017 as a result of this project. Conservatively estimating we realize a savings of 80% of what Pacific Power expects, we recommend reducing our power line items by $15,250 for 2017, from $114,200 to $98,950.

Defund Officer Position

In order to achieve a reduction of 1.5%, one additional police officer position would need to be defunded. This position would be from the patrol division. There are currently 8 police officer vacancies, so eliminating the funding for this position would not require a reduction in force/layoff.

Reduce Training Budget

The Department budgets $20,000 annually to bring in training. This line could be defunded for 2017. The planned training covered in this line would have to be absorbed into the remaining training budget.

Cancel Tower Office Lease

The City entered into a lease agreement with The Tower LLC to provide office space for a federal task force. The annual cost of this lease is $74,215. Although the lease is in effect through 2020,

there is an early termination clause if Federal funding is not available for the lease. Forfeitures from this task force have not generated adequate revenue to cover this expense. I recommend asking our Federal partners to take on the expense of the office lease. If they are unable or unwilling to do so, I recommend termination of the lease based on the early termination clause. I propose maintaining the lease until April 2017 to allow time to work with our task force partners on funding. Task force members would be moved back to the main police station.

If the first four items listed were implemented, a reduction of $323,700 would be achieved. If additional reductions are required, the option to terminate the lease of the task force office could be implemented and the reduction would total $379,293.

FIRE

PROPOSAL

		Personnel Changes			Cap Outlay/Maint/Oper Changes	
SU	**Fund**	**Description**	**Decrease**	**F/V**	**Description**	**Decrease**
341	2800		$ -		Public Safety Uniforms	$ 1,500
348	2800		-		Public Safety Uniforms	250
		Personnel Changes Total	-		**Other Changes Total**	1,750
					Grand Total	$ 1,750

F/V = Filled / Vacant

EXPLANATION MEMORANDUM

This memo is in response to your September 29, 2016 request for departmental budget reduction strategies using an exercise goal of 1.5% and 2.0%.

From a foundational perspective, Fire began 2016 with a rather lean budget – of which the overwhelming majority is represented by salary and benefits. A 2016 mid-year reduction totaling $62,000 further diminished the availability of operational funds. In advance of the 1.5% and 2.0% reduction exercise, Fire's maintenance level budget has many areas that should be supplemented, not reduced. Given the challenge of identifying reductions in the amount of $193,000 and $257,000 – 1.5% and 2.0% respectively, such amounts are just not there, either in larger budget lines, or through an aggregate of funds from many smaller budget lines.

YFD staff officers are committed to being a part of the solution, but having exercised diligence in reviewing the budget, we have been unable to identify areas for further reduction. Fundamentally, we are bound by a labor agreement that specifically dictates the number of members, the salary, benefits and 2017 COLA of those members, as well as overtime funding and training funding. At face value, it is true that a few thousand dollars may be gleaned from some of the budget lines, yet there are so many moving parts connected with Fire's operation, cutting those few thousand dollars today will unquestionably result in an equal or greater overage at the end of the 2017 budget year.

The only two options available to realize further reductions than Fire has undertaken to date are linked directly with personnel. Those are:

- Concessions – A contractual 2.5% COLA becomes effective January 1, 2017. The proposed budget reduction goal could be met in part, or in its entirety, through the City negotiating concessions with labor for the COLA. Such negotiations, however, typically require some promise to make-whole in the future – which does nothing to solve today's crisis, and effectively pushes it into the future.
- Layoff/Reduction in Force (RIF) – I want to be perfectly clear that I will speak against any proposed reduction in personnel. Nevertheless, should the need become critical to implement a RIF, Article 4. Management Rights, Section (c) provides the guidance language.

In summary, notwithstanding personnel-related costs and contractual obligations, identifying further reductions to the lean balance of Fire's budget represents a futile attempt.
The uniform reductions in 341 and 349 result in the same reductions in 343 and 349. Object 4210 was reduced $15,816 from FY16. Remaining object codes are tied to contracts and maintenance for public safety.

The cut in the uniforms budget reduces the total for that line item from$5,250 to $3,900.

PARKS & RECREATION

PROPOSAL

1.5%		Personnel Changes			Cap Outlay/Maint/Oper Changes	
SU	Fund	Description	Decrease	F/V	Description	Decrease
131	519	DA-III Tahoma Cemetery & Public Works Admin	$ 32,500			$ -
131	519		-		Reduce Summer Playground Program at Kissel Park From 10 to 5 weeks	25,000
131	519		-		Reduce Summer Concerts at Franklin Park from 6 to 3	5,000
131	523		-		Reduce the weeks of operations at Franklin pool from 12 to 10	20,000
			32,500			50,000
					Total 1.5% Reductions	$ 82,500

Add'l .5%		Personnel Changes			Cap Outlay/Maint/Oper Changes	
SU	Fund	Description	Decrease	F/V	Description	Decrease
144	519		$ -		Eliminate Summer Playground Program at Kissel Park	$ 25,000
131	519		-		Reduce Summer movies from 6 to 2	3,000
			-			28,000
					Total Additional 0.5%	$ 28,000
					Total 2% Reductions	110,500

F/V = Filled / Vacant

EXPLANATION MEMORANDUM

Listed are possible areas to eliminate or reduce in order to accomplish the necessary reductions in the 2017 General Fund Budget. A 1.5% budget reduction for Parks and Recreation Operations is $82,526 and a 2% reduction is $110,035. Various combinations of reductions or eliminations can be made to accomplish the necessary reductions. The list identifies the elimination of a current vacancy at Tahoma Cemetery and Public Works Administration. The position is funded 60% by the Tahoma Cemetery budget and 40% from the Public Works Administration budget. A vacant Recreation Supervisor position was eliminated from the 2016 budget, which resulted in a saving of $84,800 to the 2016 budget, which was part of developing the base budget.

STREETS

PROPOSAL

1.5%		Personnel Changes			Cap Outlay/Maint/Oper Changes	
SU	Fund	Description	Decrease	F/V	Description	Decrease
413	3112		$ -		Oper Supplies	$ 81,000
		Personnel Changes Total	-		Other Changes Total	81,000
					Grand Total	$ 81,000

2.0%		Personnel Changes			Cap Outlay/Maint/Oper Changes	
SU	Fund	Description	Decrease	F/V	Description	Decrease
413	3112		$ -		Oper Supplies - Street Materials	$ 9,000
411	3112		-		Oper Supplies - Sidewalks	2,500
417	3112		-		Oper Supplies - Weed Abatement	5,000
413	4100		-		Prof Services - Street Maintenance	3,000
432	3112		-		Oper Supplies - Street Lighting	7,500
		Personnel Changes Total	-		Other Changes Total	27,000
					Grand Total	$108,000

F/V = Filled / Vacant

EXPLANATION MEMORANDUM

The impact of the requested budget to the Streets and Traffic Operations Division can be partially mitigated by Randall Park project scheduled for next year. The reconstruction of parking lots and pathways in the park will require approximately six weeks. Because this work is to be paid for by others, the Streets Division will be spending very little out its own budget at a time when typically those expenditures are high.

The 1.5 % budget reduction can be accommodated by reducing the Streets' Roadway Operating Supplies by $81,000. Material costs throughout the year will be covered using REET2 funds. It is likely we will still need to reduce our maintenance efforts on streets and sidewalks. We will do more patch work and less repaving/reconstruction work. The operating supplies budget would be reduced from $100,000 to $19,000.

The 2% budget reduction will require cuts in operating supplies for streets, sidewalks, weed abatement, and street lighting. REET2 funds will cover expenses for street and sidewalk repair. Weed abatement may need to be cut from three to two applications. New streetlight installations will be limited to four or five low cost installations (no new poles). The various operating supplies budget would be reduced from $120,100 to $12,100.

ENGINEERING

PROPOSAL

		Personnel Changes			Cap Outlay/Maint/Oper Changes	
SU	**Fund**	**Description**	**Decrease**	**F/V**	**Description**	**Decrease**
410	1110	Decreased Contract Specialist	$ 9,900	F		$ -
410	1110	Delay filling Design Engineer	38,700	V	Copier/Plotter	(18,000)
			48,600			(18,000)
					Grand Total	$ 30,600

F/V = Filled / Vacant

EXPLANATION MEMORANDUM

As of September 2016, the Contract Specialist position has been reduced to 30 hours per week. This will be continued in 2017, resulting in a savings of $9,900.

One of the Design Engineer positions has been vacant since mid-year 2015. We would postpone filling this position until July of 2017, resulting in a savings of $38,700. Not filling this position will require that the work to review new developments be performed by another person.

Engineering has an unbudgeted strategic initiative to purchase a new copy machine/plotter/scanner for $18,000. If the positions are approved to be reduced, the request is to use some of the savings to purchase this piece of machinery.

CITY HALL FACILITY

PROPOSAL

1.5%		Personnel Changes			Cap Outlay/Maint/Oper Changes	
SU	**Fund**	**Description**	**Decrease**	**F/V**	**Description**	**Decrease**
162	1120	1.5% Temp Salaries	$ 8,000	V		$ -
			8,000			-
					Grand Total	$ 8,000

F/V = Filled / Vacant

EXPLANATION MEMORANDUM

Temp Salary's reduction will have a noticeable effect in services provided. City Hall staff may need to dump their own office trash, vacuum, dust and clean offices due to maintenance temp staff cuts. City Hall has no full time cleaning staff, we rely solely on temporary staff for routine cleaning. We employ two full time maintenance staff and multiple temp staff which are responsible for City Hall, WFCC/Y-Pal, SEYCC/HBCC, Y-Pac and MiCare facilities.

THREE-YEAR BUDGET COMPARISON - 2017 BUDGET BY CITY FUNCTIONAL GROUPING

	2015 Actual Expenditures	2016 Amended Budget	2016 Year-End Estimate	2017 Proposed Expenditures	2017 vs 2015 Est	2017 Projected Revenue	2017 Use of Reserves	2017 Beginning Fund Balance	2017 Est. Ending Fund Balance
General Government									
City Management	$ 504,402	$ 418,138	$ 429,828	$ 411,938	(4.2%)				
Indigent Defense	910,981	935,500	940,500	965,500	2.7%				
City Council	280,679	285,340	271,415	291,426	7.4%				
Neighborhood Groups Program	-	206,735	-	-	n/a				
City Clerk/Records	533,284	652,086	648,483	591,329	(8.8%)				
Human Resources	649,024	648,774	638,353	699,137	9.5%				
Legal	1,467,922	1,645,037	1,566,632	1,720,714	9.8%				
Municipal Court	1,346,861	1,427,119	1,430,029	1,531,046	7.1%				
Planning	535,201	652,548	625,322	663,228	6.1%				
Code Administration	1,626,019	1,839,575	1,811,374	1,931,741	6.6%				
City Hall Facility	504,382	505,447	495,696	531,147	7.2%				
Economic Development	784,085	888,891	798,264	743,507	(6.9%)				
Police	26,452,368	27,327,133	27,202,038	28,479,120	4.7%				
Fire	12,171,410	12,310,596	12,348,244	13,077,654	5.9%				
Information Technology	3,087,092	3,113,902	3,083,547	3,527,985	14.4%				
Intergovernmental	180,054	189,551	189,551	155,287	(18.1%)				
Transfers	4,750,225	4,839,545	4,884,845	4,942,414	1.2%				
Financial Services	1,532,581	1,529,538	1,538,377	1,650,945	7.3%				
State Examiner	127,429	113,000	115,072	117,000	1.7%				
Police Pension	1,038,660	1,104,060	953,661	964,997	1.2%				
Utility Services	1,518,454	1,691,074	1,647,479	1,714,379	4.1%				
Purchasing	610,041	630,092	625,273	608,152	(2.7%)				
Engineering	809,739	833,710	728,578	783,620	7.6%				
Contingency	-	(1,085,000)	-	(675,000)	n/a				
Total General Fund	61,420,893	62,702,390	62,972,563	65,427,267	3.9%	$ 64,728,549	$ (698,718)	$ 5,754,842	$ 5,056,124
Parks & Recreation	5,554,286	5,468,072	5,481,878	5,504,559	0.4%	5,479,225	(25,334)	605,689	580,355
Street & Traffic Operations	5,549,823	5,090,088	5,407,091	5,368,427	(0.7%)	5,371,040	2,613	582,448	585,062
Total General Government Funds	$ 72,525,002	$ 73,260,550	$ 73,861,531	$ 76,300,253	3.3%	$ 75,578,814	$ (721,439)	$ 6,942,980	$ 6,221,541

	2015 Actual Expenditures	2016 Amended Budget	2016 Year-End Estimate	2017 Preliminary Expenditures	2017 vs 2015 Est	2017 Projected Revenue	2017 Use of Reserves	2017 Beginning Fund Balance	2017 Est. Ending Fund Balance
Other Operating/Enterprise									
Economic Development	$ 248,183	$ 198,071	$ 193,745	$ 134,266	(30.7%)	$ 122,000	$ (12,266)	$ 61,676	$ 49,410
Community Development	1,408,139	3,349,462	3,343,451	1,486,742	(55.5%)	1,481,868	(4,874)	1,037,748	1,032,874
Community Relations	634,153	618,913	578,572	644,423	11.4%	678,100	33,677	756,939	790,616
Cemetery	281,178	273,542	273,212	280,957	2.8%	282,950	1,993	17,476	19,468
Emergency Services	1,305,260	1,407,117	1,407,895	1,417,413	0.7%	1,365,890	(51,523)	120,857	69,334
Public Safety Communications	4,059,802	3,563,096	3,519,226	3,781,547	7.5%	3,794,846	13,299	54,786	68,085
Police Grants	303,579	369,716	368,457	384,078	4.2%	416,000	31,922	451,312	483,234
Downtown Improvement District	199,062	208,993	198,500	201,353	1.4%	208,340	6,987	2,279	9,266
Trolley (Yakima Interurban Lines)	254,321	164,855	163,855	1,355	(99.2%)	1,275	(80)	757	677
Front St Business Impr Area	3,221	10,279	8,357	3,500	(58.1%)	3,735	235	57	292
Tourist Promotion (Conv Ctr)	1,610,885	1,694,510	1,654,510	1,709,375	3.3%	1,710,250	875	517,551	518,426
Capitol Theatre	406,528	420,497	420,497	434,878	3.4%	438,920	4,042	33,320	37,362
PFD Revenue-Convention Center	738,730	727,720	727,720	733,213	0.8%	850,750	117,537	615,616	733,153
Tourist Promotion Area	657,921	687,000	687,000	707,200	2.9%	707,550	350	81,172	81,522
PFD Revenue-Capitol Theatre	639,918	630,883	630,883	661,400	4.8%	660,500	(900)	183,728	182,828
Airport Operating Fund	1,022,353	1,128,985	1,097,083	1,146,125	n/a	1,146,829	704	147,031	147,735
Stormwater Operating	2,980,262	2,638,104	2,647,375	3,010,666	13.7%	2,886,000	(124,666)	321,868	197,202
Transit	8,005,242	8,368,765	8,091,493	9,447,643	16.8%	9,075,569	(372,074)	2,788,810	2,416,736
Refuse	5,830,965	6,452,485	6,394,856	6,897,345	7.9%	6,911,200	13,855	329,347	343,202
Wastewater Operating	21,889,068	22,540,390	21,726,931	23,360,163	7.5%	23,353,649	(6,514)	5,326,884	5,320,370
Water Operating	9,385,180	9,373,857	9,819,639	10,065,838	2.5%	9,085,000	(980,838)	2,463,241	1,482,403
Irrigation Operating	1,802,284	1,802,149	1,828,709	1,737,460	(5.0%)	1,803,500	66,040	872,218	938,258
Equipment Rental	4,749,623	4,765,532	4,388,988	4,524,125	3.1%	4,636,942	112,817	4,092,769	4,205,586
Environmental Fund	1,275,733	1,247,950	247,950	422,950	70.6%	380,000	(42,950)	657,331	614,381
Public Works Administration	1,141,699	1,250,472	1,249,153	1,266,027	1.4%	1,171,908	(94,119)	379,027	284,908
Total Other Operating/Enterprise	$ 70,833,286	$ 73,893,343	$ 71,668,060	$ 74,460,043	3.9%	$ 73,173,572	$ (1,286,471)	$ 21,313,798	$ 20,027,328

	2015 Actual Expenditures	2016 Amended Budget	2016 Year-End Estimate	2017 Preliminary Expenditures	2017 vs 2015 Est	2017 Projected Revenue	2017 Use of Reserves	2017 Beginning Fund Balance	2017 Est. Ending Fund Balance
Capital Improvement									
Arterial Street	$ 1,822,375	$ 10,737,025	$ 4,009,634	$ 4,867,075	21.4%	$ 4,665,039	$ (202,036)	$ 573,466	$ 371,430
C.B.D. Capital Improvement	566,050	2,881,000	768,570	10,888,560	1316.7%	9,915,280	(973,280)	1,737,892	764,612
Capitol Theatre Construction	17,649	242,351	70,000	60,000	n/a	60,000	-	245,391	245,391
Yakima Rev Development Area	3,092,240	1,500,000	1,177,000	2,168,686	84.3%	1,000,000	(1,168,686)	1,424,125	255,439
Parks & Recreation Capital	2,575,977	3,344,049	3,342,406	2,031,000	(39.2%)	1,126,817	(904,183)	1,240,543	336,360
Fire Capital	1,220,178	2,239,976	787,328	2,340,767	197.3%	2,333,500	(7,267)	34,097	26,830
Law & Justice Capital	434,337	693,000	693,000	693,000	0.0%	501,150	(191,850)	547,718	355,868
Public Works Trust Construction	642,784	1,011,385	951,833	1,655,114	73.9%	836,448	(818,666)	1,206,091	387,425
REET 2 Capital Construction	1,177,547	978,250	977,372	782,452	(19.9%)	752,000	(30,452)	277,589	247,137
Street Capital Fund	934,473	5,000,000	167	-	n/a	124,159	124,159	189,303	313,462
Convention Center Capital Impr	326,762	385,000	385,000	385,000	0.0%	370,500	(14,500)	583,975	569,475
Cum. Reserve for Capital Impr	1,263,603	1,465,000	1,490,249	-	(100.0%)	-	-	428,298	428,298
Airport FAA	547,128	11,645,247	13,803,913	2,815,089	(79.6%)	2,856,150	41,061	48,065	89,126
Stormwater Capital	158,484	2,400,000	700,000	3,900,000	457.1%	960,000	(2,940,000)	3,044,907	104,907
Transit Capital Reserve	54,217	4,334,205	2,274,420	2,009,675	(11.6%)	2,656,000	646,325	4,700,848	5,347,173
Wastewater Facilities Capital Rsv	83,709	700,000	700,000	800,000	14.3%	700,000	(100,000)	1,968,809	1,868,809
Wastewater Construction	81,809	5,710,000	960,000	8,910,000	828.1%	2,900,000	(6,010,000)	6,414,767	404,767
Water Capital	467,972	2,257,738	506,000	1,444,000	185.4%	750,000	(694,000)	4,555,143	3,861,143
Wastewater Capital	320,669	1,380,000	-	3,750,000	n/a	501,500	(3,248,500)	3,733,623	485,123
Irrigation Capital	939,442	1,367,542	840,284	8,367,542	895.8%	7,217,060	(1,150,482)	2,049,953	899,471
Total Capital Improvement	$ 16,727,406	$ 60,271,768	$ 34,437,176	$ 57,867,959	68.0%	$ 40,225,603	$ (17,642,357)	$ 35,004,602	$ 17,362,246
Contingency/Operating Reserves									
FRS/Capitol Theatre Reserve	$ 71,927	$ 36,641	$ 36,641	$ -	n/a	$ -	$ -	$ -	$ -
Risk Management	4,684,994	4,864,864	5,471,094	3,912,355	(28.5%)	4,078,528	166,173	156,149	322,322
Total Contingency/Operating Rsvs	$ 4,756,921	$ 4,901,505	$ 5,507,735	$ 3,912,355	(29.0%)	$ 4,078,528	$ 166,173	$ 156,149	$ 322,322

	2015 Actual Expenditures	2016 Amended Budget	2016 Year-End Estimate	2017 Preliminary Expenditures	2017 vs 2015 Est	2017 Projected Revenue	2017 Use of Reserves	2017 Beginning Fund Balance	2017 Est. Ending Fund Balance
Employee Benefit Reserves									
Unemployment Compensation	$ 196,662	$ 227,351	$ 192,644	$ 227,299	18.0%	$ 205,000	$ (22,299)	$ 453,600	$ 431,301
Employees Health Benefit	10,394,450	10,388,338	11,584,028	12,308,151	6.3%	12,450,000	141,849	1,403,627	1,545,476
Workers' Compensation	1,244,078	1,311,017	1,144,884	1,290,838	12.7%	1,104,500	(186,338)	738,787	552,449
Wellness/EAP Fund	95,530	121,800	111,300	101,800	(8.5%)	100,000	(1,800)	127,348	125,548
Firemen's Relief & Pension	1,220,413	1,349,628	1,183,583	1,289,452	8.9%	1,333,160	43,708	1,069,410	1,113,118
Total Employee Benefit Reserves	$ 13,151,134	$ 13,398,134	$ 14,216,438	$ 15,217,540	7.0%	$ 15,192,660	$ (24,880)	$ 3,792,773	$ 3,767,893
Trust and Agency Funds									
Cemetery Trust	$ 12,000	$ 12,000	$ 12,000	$ 12,000	0.0%	$ 21,000	$ 9,000	$ 656,731	$ 665,731
YakCorps Agency Fund	-	605,777	643,060	655,000	1.9%	655,000	-	-	-
Total Trust and Agency Funds	$ 12,000	$ 617,777	$ 655,060	$ 667,000	1.8%	$ 676,000	$ 9,000	$ 656,731	$ 665,731
Debt Service									
L.I.D. Guaranty	$ -	$ -	$ -	$ -	n/a	$ -	$ -	$ 25,329	$ 25,329
PFD Debt Service	1,026,050	1,024,025	1,024,025	1,029,213	0.5%	1,029,213	-	165,605	165,605
General Obligation Bonds	3,438,378	3,736,939	3,736,939	3,746,047	0.2%	3,749,832	3,785	81,814	85,599
L.I.D. Debt Service	15	48,000	-	-	n/a	-	-	-	-
Water-Irrigation/Sewer Bonds	2,132,154	2,129,054	2,129,054	2,127,754	(0.1%)	2,126,855	(899)	2,021,467	2,020,568
Total Debt Service	$ 6,596,597	$ 6,938,018	$ 6,890,018	$ 6,903,013	0.2%	$ 6,905,899	$ 2,886	$ 2,294,216	$ 2,297,101
Total City Budget	$ 184,602,345	$ 233,281,095	$ 207,236,018	$ 235,328,165	13.6%	$ 215,831,076	$ (19,497,089)	$ 70,161,250	$ 50,664,161

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)

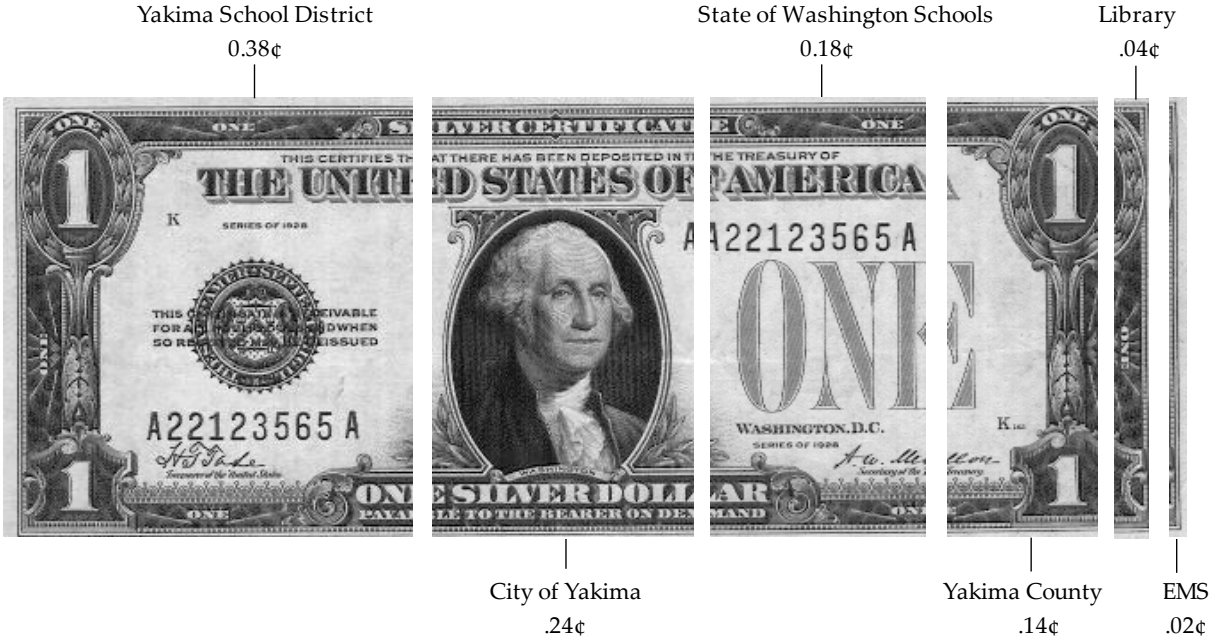
	Rate	Percent of Total	Example ($100 Sale)
State of Washington	6.50%	79.3%	$ 6.50
City of Yakima (General Fund) (1)	0.85%	10.4%	0.85
Yakima Transit	0.30%	3.7%	0.30
Yakima County (Current Expense Fund) (1)	0.15%	1.8%	0.15
Yakima County Criminal Justice (2)	0.40%	4.8%	0.40
Total Sales Tax Rate in City Limits	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 2016 property taxes were allocated between these governmental entities.)

2016 PROPERTY TAX DISTRIBUTION



City of Yakima Property Tax – In 2016, a typical City resident pays approximately $12.64 per thousand of assessed value on property taxes. Only $3.09, or about 24.4%, 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

2015 Assessed Valuation – 2016 Tax Year

Property Tax Levy	2015 Rate	Amount 2016 Levy	Percent of Levy
City Levy			
General Fund	$1.8428	$10,746,197	
Parks & Recreation	0.4320	2,519,406	
Street & Traffic Operations	0.6038	3,520,717	
Firemen's Relief & Pension	0.2092	1,220,180	
Total City Levy	3.0879	18,006,500	24.43%
Other Levies			
Yakima School District #7			
Operation & Maintenance	3.1252	18,224,237	38.02%
Bond Redemption	1.6816	9,805,686	
State Schools	2.2550	13,149,858	17.84%
Library	0.4746	2,767,280	3.75%
Yakima County			
Yakima County	1.6815	9,805,147	14.01%
Yakima County Flood Control	0.0898	523,414	
EMS Levy	0.2468	1,439,202	1.95%
Total Other Levies	9.5544	55,714,823	75.57%
Total Levy Code #333	$12.6423	$73,721,323	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.

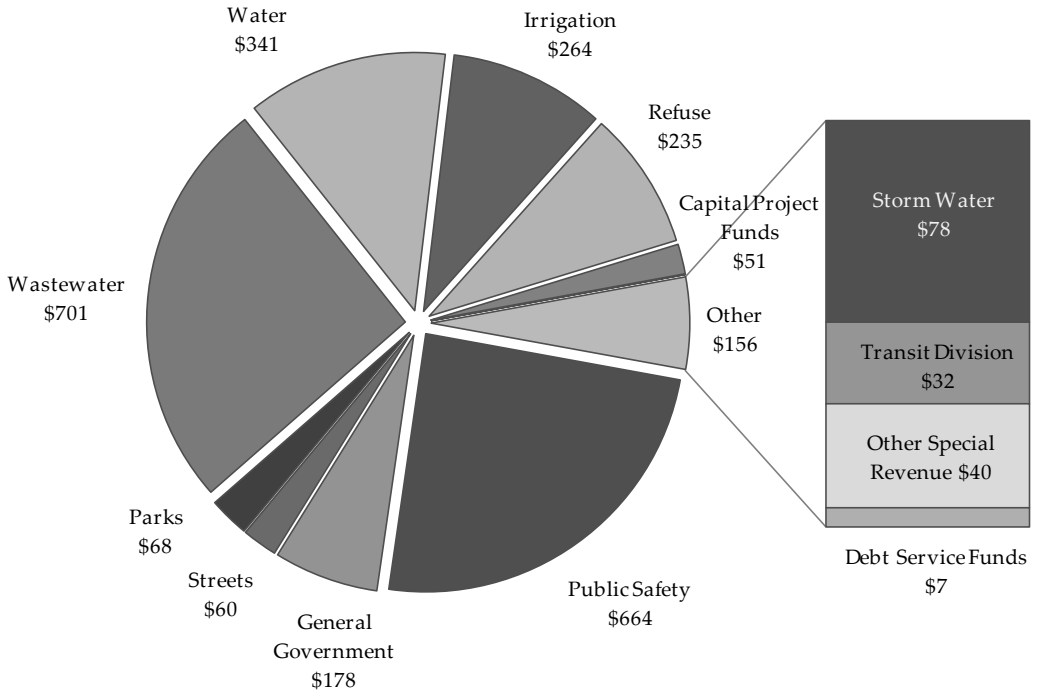
To illustrate what a typical household might pay, the following assumptions were made. Property tax based on $150,000 home; Sales tax based on $42,000 annual income and $10,500 taxable purchases; Utilities based on 96gl can for Refuse, Ready to Serve (RTS) + 24 units consumption for Water/Sewer; irrigation for 7,500 sq. ft. lot; Gas/electricity $2,000, telephone $1,200, and cable TV $1,320. Based on these assumptions, a typical household in Yakima paid approximately $227 a month, or $2,718 a year, as depicted in the following charts.

ANNUAL TAXES AND UTILITY CHARGES LEVIED BY THE CITY OF YAKIMA ON THE TYPICAL HOUSEHOLD FOR 2016

	Rate Per 1,000	Cost Per Household
Property Taxes - General	$3.0879/1,000	$ 463
Sales Tax - General		89
Transit Sales Tax		32
Tax on City - Owned Utilities - General		244
Tax on Private Utilities - General		271
Utility Charges (Water/Wastewater/Refuse) - Exc. Utility Tax		1,278
Stormwater		78
Irrigation Assessment		264
		$ 2,718

CITY TAXES AND UTILITY CHARGES

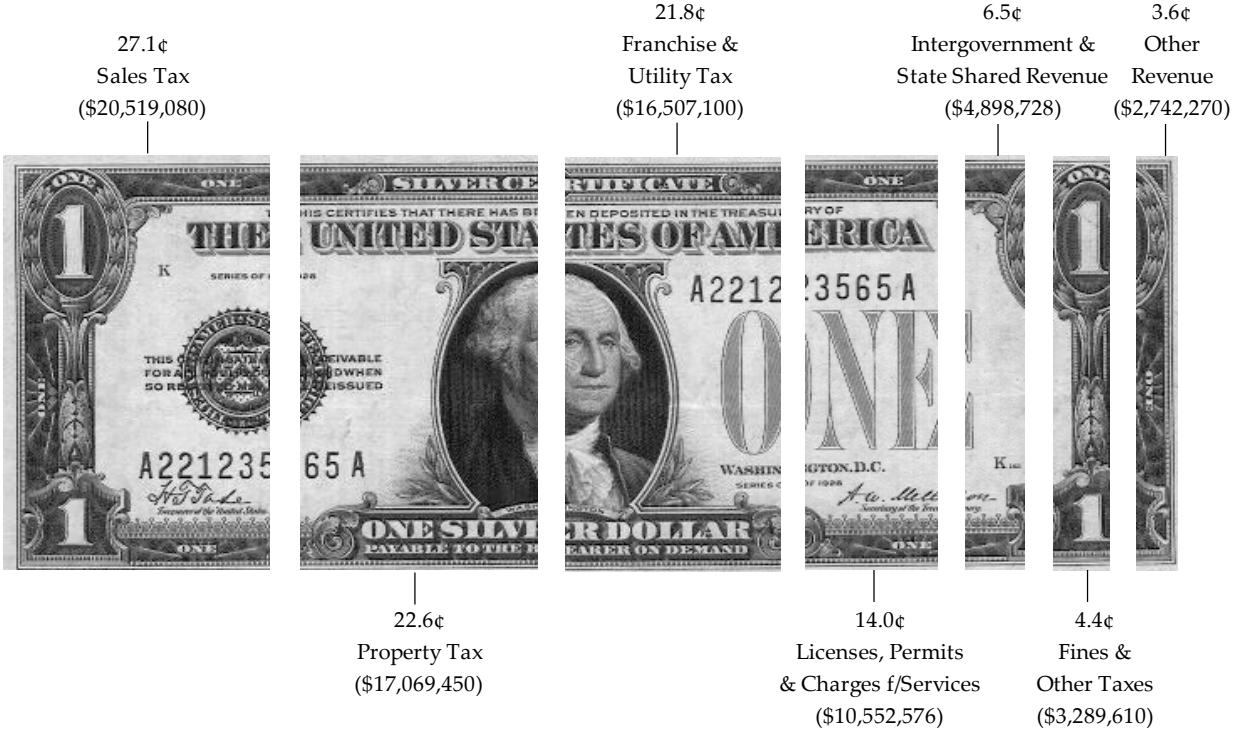
Cost to Typical Household – $2,718 Annually



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 71.6% of the total general fund revenues.

GENERAL GOVERNMENT REVENUE
(BASED ON 2017 BUDGET OF $75.6 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 69.8% of General Government revenues. Other administrative services include Information Systems (i.e. computer support), Legal, Finance, Purchasing and Human Resources – services necessary for any organization to function.

GENERAL GOVERNMENT EXPENDITURES

The following chart depicts the breakdown of the proposed 2016 general government expenditure budget. This breakdown identifies that the City spends over $52.6 million (or 67.8%) of its available resources on providing public safety services (Criminal Justice and Fire/Code Enforcement). Additionally, the City allocates over 6.9% of its resources to maintaining and operating the Streets and Traffic Systems and another 7.1% to provide Parks and Recreation programs and services. Providing the existing services in these four basic categories takes 81.8% of all the City's available general government resources.

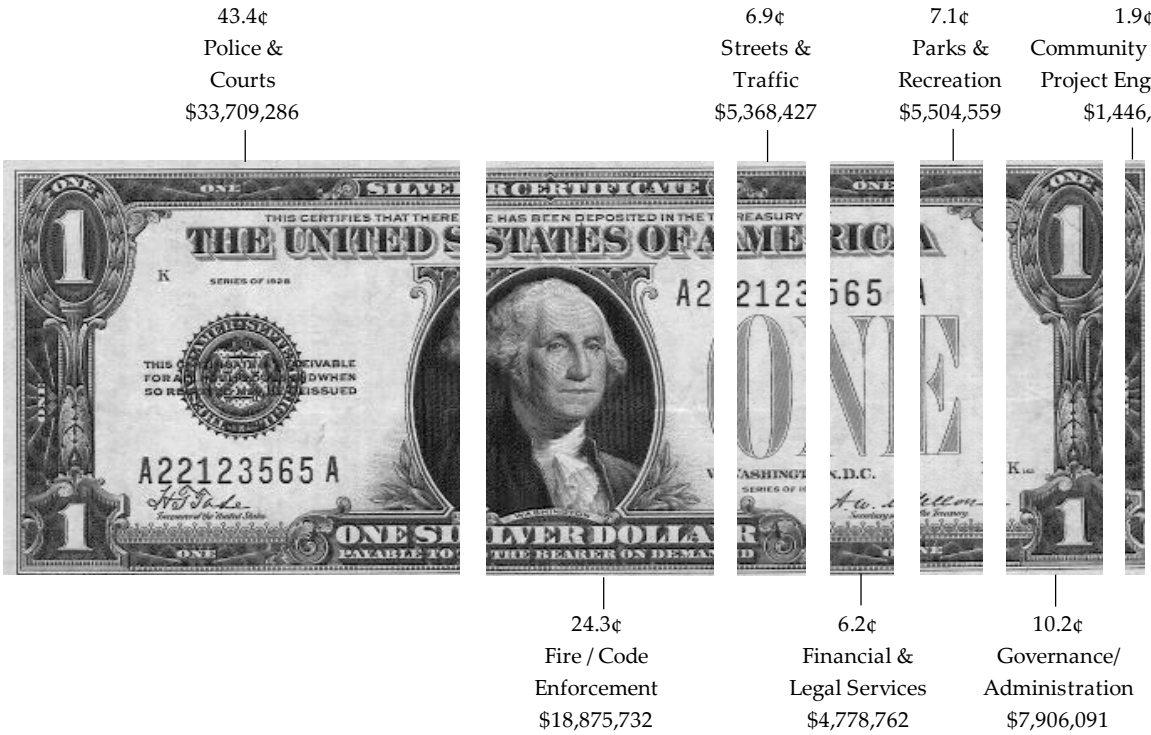
Providing the services in these four critical areas is labor intensive; approximately 72.3% of these costs are personnel related. Therefore, any significant budget reductions in these areas will require a reduction in personnel and the related services these individuals perform. Conversely, any significant 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 $77.6 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 2017. 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,$664 per household per year, or 62.2% of the total general taxes paid. Other General Government services cost $178 per household annually, or 16.7%. Streets and Parks together cost $128 per household annually, or 12.0% of general taxes paid.

The Refuse, Water and Wastewater utilities combine to cost approximately $1,278 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 2017 Proposed Budget – Budget Numbers in Thousands)

Tax Supported Functions	2017 Proposed Budget	Non-Tax Funding Sources	Local Taxes	Allocation of Taxes Collected	Typical Household Cost	2017 Permanent Budgeted Positions
Local Direct General Purpose						
Public Safety (PD, Fire, Comm)	$ 50,250,307	$ 10,507,610	$ 39,742,697	62.2%	$ 663.59	336.0
General Government	22,061,450	11,414,857	10,646,593	16.7%	177.83	149.6
Streets Department	5,368,427	1,788,327	3,580,100	5.6%	59.77	31.0
Parks Department	5,504,559	1,404,259	4,100,300	6.4%	68.42	20.3
Other Special Revenue Funds	3,201,389	826,419	2,374,970	3.7%	39.71	14.0
Debt Service Funds	4,775,260	4,347,260	428,000	0.7%	7.15	-
Capital Project Funds	25,252,001	22,203,901	3,048,100	4.8%	50.91	-
Local Direct Special Purpose						
Special Levy Debt	-	-	-	-	-	-
Transit Division	11,457,317	5,797,317	5,660,000	-	31.50	54.3
Non-Local						
Street Construction	4,867,075	4,867,075	-	-	-	-
Refuse	6,897,345	6,897,345	-	-	235.20	21.0
Wastewater	38,394,276	38,394,276	-	-	701.28	59.8
Water	11,741,338	11,741,338	-	-	341.04	31.0
Equipment Rental	4,524,125	4,524,125	-	-	-	14.0
Public Works Administration	1,266,027	1,266,027	-	-	-	9.0
Self-insurance Reserve	5,853,443	5,853,443	-	-	-	-
Employee Benefit Reserve	12,409,951	12,409,951	-	-	-	-
Irrigation	10,427,143	10,427,143	-	-	264.00	7.0
PBIA	204,853	204,853	-	-	-	-
Stormwater	6,910,666	6,910,666	-	-	77.69	12.5
Airport	3,961,214	3,961,214	-	-	-	7.0
Totals	$ 235,328,165	$ 165,747,405	$ 69,580,760	100.0%	$ 2,718.09	766.4

(1) Typical Household Cost based on 2016 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 2016 fell on April 24th,

one day earlier than it did in 2015, due to slightly lower federal tax collections as a proportion of the economy. On average in 2016, Americans will work 76 days to afford their federal taxes and 38 more days to afford state and local taxes.

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 arrived on April 27th this year. The report indicates that Washington State was ranked 10th highest in the nation for overall per capita taxes paid in 2016. This demonstrates that Puget Sound, with a higher cost of living and commensurately higher salaries, generated high federal income tax payments. (Some of the wealthiest people in the world live in Washington State.) However, estimated at 9.3% of income, Washington's state and local tax burden percentage ranks 28th lowest nationally, below the national average of 9.9%. 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

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.

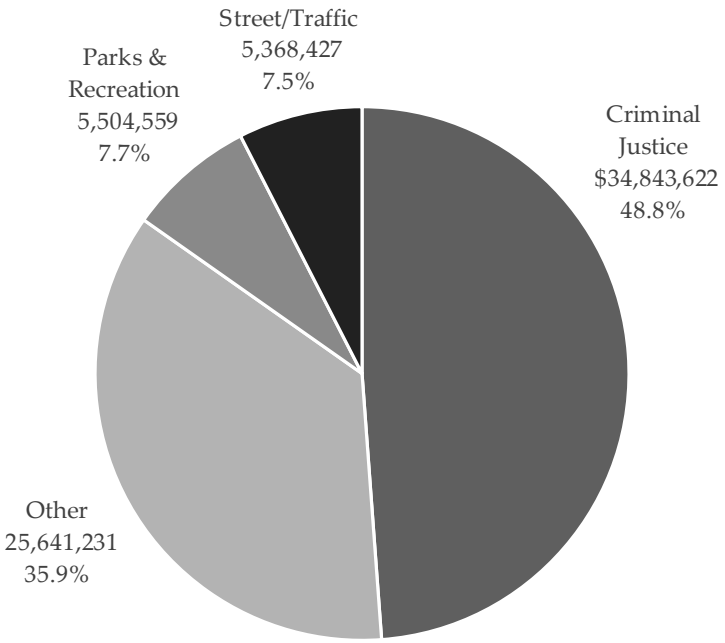
GENERAL GOVERNMENT BUDGETS (1) - LAST TEN YEARS

	2008 Budget	2009 Budget	2010 Budget	2011 Budget	2012 Actual
General Fund					
Criminal Justice	$26,935,856	$28,471,541	$27,554,732	$28,192,940	$29,511,428
Other	19,782,839	20,240,301	19,912,799	19,279,670	18,490,604
Parks & Recreation	4,420,906	4,249,796	4,133,782	4,042,938	4,046,898
Street/Traffic	6,213,833	5,686,692	5,308,117	5,218,691	5,237,585
Total	$57,353,434	$58,648,330	$56,909,430	$56,734,239	$57,286,515

	June 2007	June 2008	June 2009	June 2010	June 2011
Consumer Price Index	210.6	223.6	219.9	221.7	227.5

(1) Excludes double budgeted transfers between general government funds

COSTS VS. OTHER GENERAL GOVERNMENT FUNCTIONS



2013 Actual	2014 Actual	2015 Actual	2016 YE Estimate Budget	2017 Proposed Budget	2017 VS 2016	10 Year Increase	10 Year Increase
$31,136,474	$31,750,614	$32,327,804	$33,225,603	$34,843,622	5.0%	29.4%	$ 7,907,766
19,897,147	22,743,031	24,342,863	24,862,115	25,641,231	3.2%	29.6%	5,858,392
4,261,348	4,553,121	5,554,286	5,481,878	5,504,559	0.4%	24.5%	1,083,653
5,225,208	4,800,608	5,549,823	5,407,091	5,368,427	(0.7%)	(13.6%)	(845,406)
$60,520,177	$63,847,374	$67,774,776	$68,976,686	$71,357,839	3.5%	24.4%	$14,004,405

June 2012	June 2012	June 2013	June 2014	June 2015	10 Year Increase
236.2	236.2	239.0	242.0	244.3	16.0%

CRIMINAL JUSTICE SALES TAX – .3% EXPENDITURES AND REVENUES

	2013 Actual	2014 Actual	2015 Actual	2016 Year-End Estimate	2017 Proposed Budget
General Fund					
Police Department					
Salaries & Benefits (includes overtime)	$ 778,240	$ 925,963	$ 729,390	$ 760,413	$ 786,570
Operating Supplies (uniform/fuel/travel)	50,727	75,947	34,326	60,000	70,000
Liability Insurance	8,877	9,498	10,448	11,492	12,872
Professional Services / Transportation	-	50,000	43,715	56,000	55,000
Yakima County Jail Cost	449,976	422,000	600,000	400,000	400,000
Total Police Department	$1,287,820	$1,483,408	$1,417,878	$1,287,905	$1,324,441

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)	$ 157,997	$ 198,726	$ 181,976	$ 228,783	$ 284,469
Operating Supplies (office supplies/travel/dues)	5,174	5,000	-	-	-
Professional Services	26,007	31,802	93,978	57,000	62,000
Total Municipal Court	$ 189,178	$ 235,528	$ 275,954	$ 285,783	$ 346,469

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)	$ 178,791	$ 175,413	$ 182,404	$ 196,322	$ 209,786
Operating Supplies (office supplies/travel/dues)	598	492	570	2,500	3,500
Professional Services	2,377	1,553	3,198	4,750	5,250
Total Legal Department	$ 181,765	$ 177,458	$ 186,171	$ 203,572	$ 218,536

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

Information Systems					
Salaries & Benefits (includes overtime)	$ 28,538	$ 24,210	$ 30,368	$ 12,044	$ 12,346
Professional Services	94,227	102,441	146,734	150,807	156,250
Total Information System	$ 122,765	$ 126,651	$ 177,103	$ 162,851	$ 168,596

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.

	2013 Actual	2014 Actual	2015 Actual	2016 Year-End Estimate	2017 Proposed Budget
Animal Control/Codes					
Salaries & Benefits (includes overtime)	$ 72,045	$ 63,283	$ 46,217	$ 72,014	$ 81,378
Operating Supplies (uniforms/fuel/vehicle/phone)	5,229	6,538	3,970	5,200	5,200
Professional Services	4,444	6,050	5,976	8,423	6,547
Total Animal Control/Codes	$ 81,718	$ 75,870	$ 56,163	$ 85,637	$ 93,125

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	**$ 1,869,746**	**$ 2,105,414**	**$ 2,119,770**	**$ 2,032,247**	**$ 2,157,667**
Other Funds					
Public Safety Communication					
Salaries & Benefits (includes overtime)	$ 180,477	$ 169,596	$ 160,512	$ 176,839	$ 194,419

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	$ -	$ 30,442	$ 2,448	$ 120,000	$ 120,000

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

Total Expenditures	**$ 2,050,223**	**$ 2,305,453**	**$ 2,282,730**	**$ 2,329,087**	**$ 2,472,086**
Revenue	2,133,820	2,302,466	2,354,505	2,453,300	2,551,300
Revenue over (Under) Expenditures	83,597	(2,986)	71,775	124,213	79,214
Cumulative Balance	**$ 588,281**	**$ 585,295**	**$ 657,070**	**$ 781,283**	**$ 860,497**

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 29.7% of total fund expenditures. However, employee compensation and benefit costs for an individual department within the General Fund as a percentage of its total costs range from 101.1% to . 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, $33 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	2017 Proposed Expenditures	2017 Salaries & Benefits	Labor Percentage
Police	$ 27,804,120	$22,886,921	82.3%
Fire	13,077,654	11,969,274	91.5%
Information Systems	3,527,985	2,472,818	70.1%
Code Administration	1,931,741	1,516,318	78.5%
Utility Services	1,714,379	1,209,814	70.6%
Legal	1,720,714	1,542,505	89.6%
Financial Services	1,650,945	1,459,801	88.4%
Municipal Court	1,531,046	1,250,106	81.7%
Economic Development	743,507	220,731	29.7%
Engineering	783,620	708,401	90.4%
Human Resources	699,137	542,972	77.7%

General Government	2017 Proposed Expenditures	2017 Salaries & Benefits	Labor Percentage
Planning	663,228	554,688	83.6%
City Clerk/Records	591,329	413,894	70.0%
Purchasing	608,152	614,965	101.1%
City Hall Facility	531,147	216,361	40.7%
City Manager	411,938	378,459	91.9%
City Council	291,426	102,803	35.3%
Other General Fund Expenditures	7,145,198	-	0.0%
Total General Fund	65,427,267	48,060,831	73.5%
Parks & Recreation	5,504,559	2,326,894	42.3%
Street & Traffic Operations	5,368,427	2,732,939	50.9%
Total General Government	**76,300,253**	**53,120,665**	**69.6%**
Economic Development	134,266	-	0.0%
Community Development	1,486,742	536,488	36.1%
Community Relations	644,423	509,279	79.0%
Cemetery	280,957	180,439	64.2%
Emergency Services	1,417,413	1,172,017	82.7%
Public Safety Communications	3,781,547	3,224,403	85.3%
Police Grants	384,078	245,647	64.0%
Airport	1,146,125	698,896	61.0%
Stormwater	3,010,666	1,140,080	37.9%
Transit	9,447,643	4,339,457	45.9%
Refuse	6,897,345	1,712,688	24.8%
Wastewater Operating	23,360,163	5,871,310	25.1%
Water Operating	10,065,838	2,862,679	28.4%
Irrigation Operating	1,737,460	756,521	43.5%
Unemployment Comp Reserve	227,299	68,709	30.2%
Employment Health Benefit Reserve	12,308,151	169,165	1.4%
Workers Compensation Reserve	1,290,838	156,105	12.1%
Risk Management Reserve	3,912,355	718,355	18.4%
Equipment Rental	4,524,125	1,259,095	27.8%
Public Works Administration	1,266,027	692,384	54.7%
Other Funds (Capital/Debt Serv. etc)	71,704,450	-	0.0%
Total City-wide Budget	$235,328,165	$79,434,383	33.8%

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 2017 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 2017 this includes 2 Limited Tax General Obligation bonds for road improvements and the downtown plaza, a lease/purchase through the State LOCAL program for Fire Equipment and an Irrigation utility revenue bond to rebuild Nelson Dam.

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.

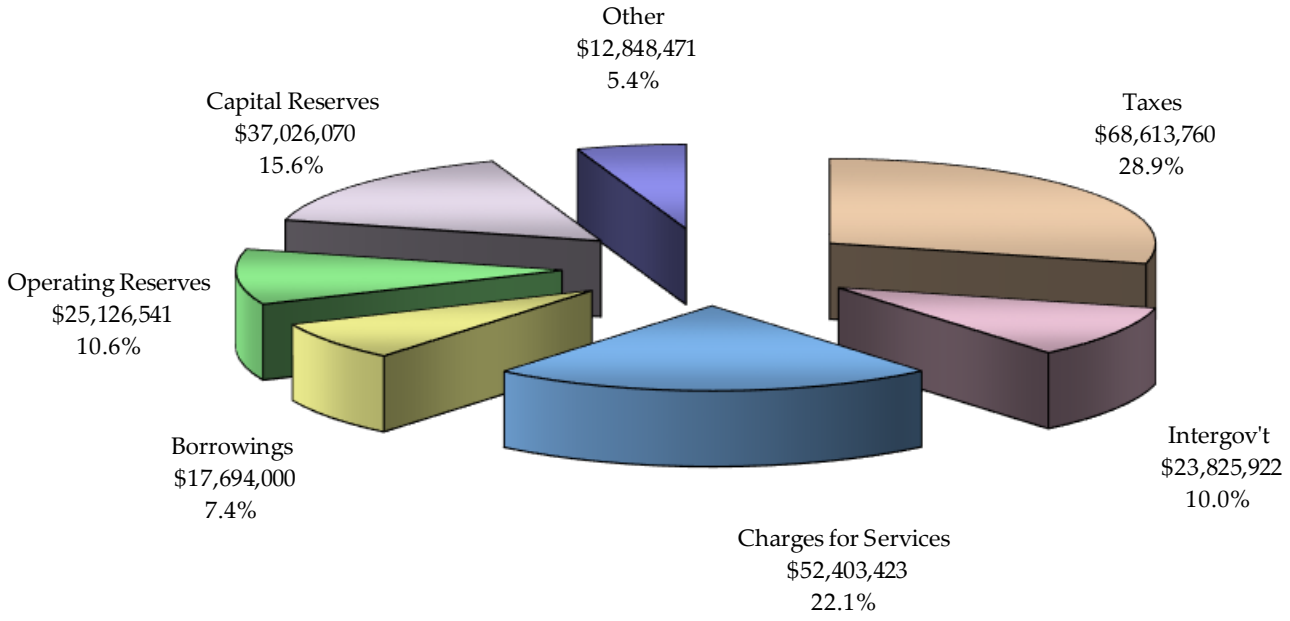
Taxes – Tax assessments are levied for the support of the governmental entity. Sales tax is the largest item in this category. It is followed by property tax, utility and franchise taxes, and various other business taxes.

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.

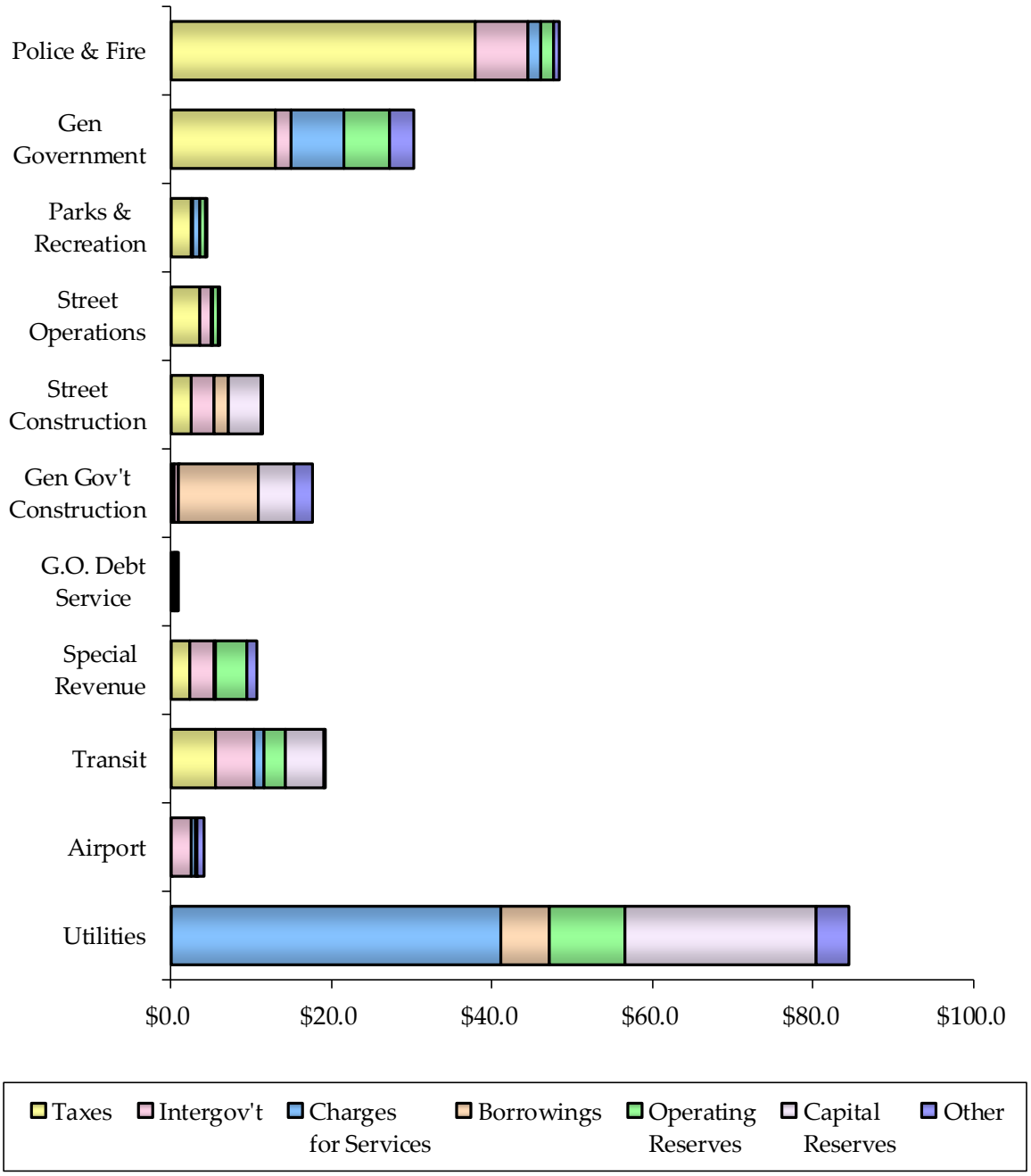
CITY OF *Yakima*

TOTAL RESOURCES
BY CATEGORY
2017 Budget



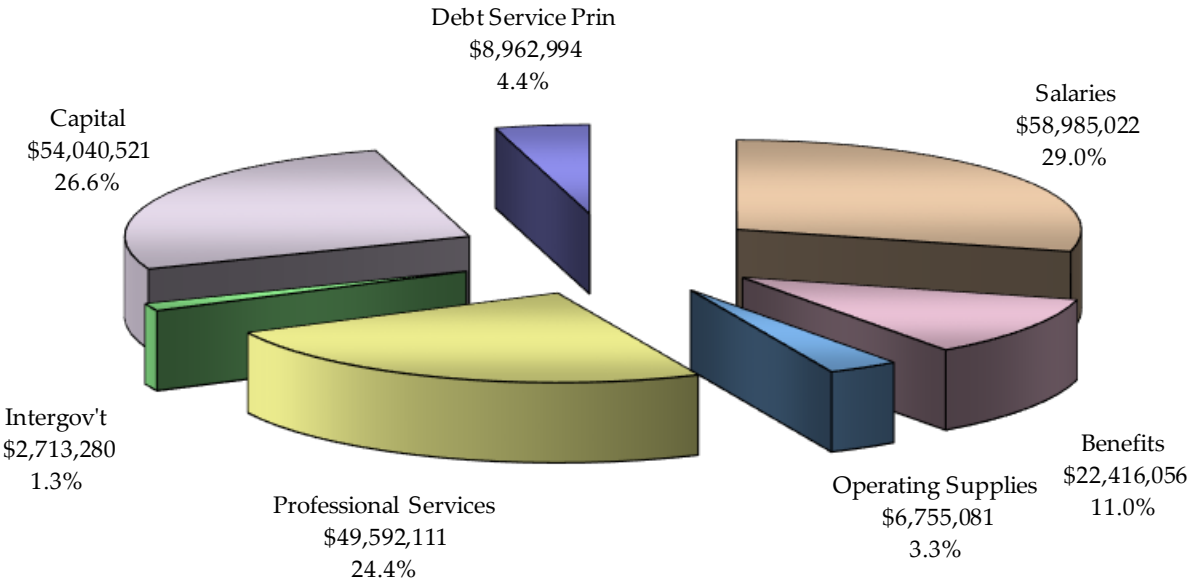
***TOTAL RESOURCES* = $237,538,187**
***(Excludes Internal Service Funds and other double budgeted resources of* $48,454,139)**

TOTAL RESOURCES BY CATEGORY AND SOURCE 2017 Budget



CITY OF *Yakima*

TOTAL EXPENDITURES
BY TYPE
2017 Budget



***TOTAL EXPENDITURES* = $205,858,750**
(Excludes double budgeted expenditures of* $47,565,829*)