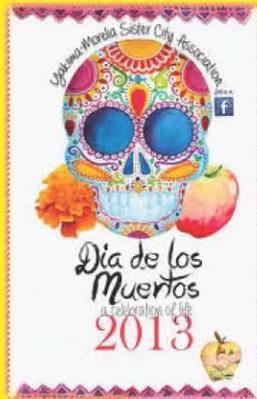




City of  
**Yakima, Washington**

# 2014 Preliminary Budget Summary

**Celebrating Downtown Yakima!**



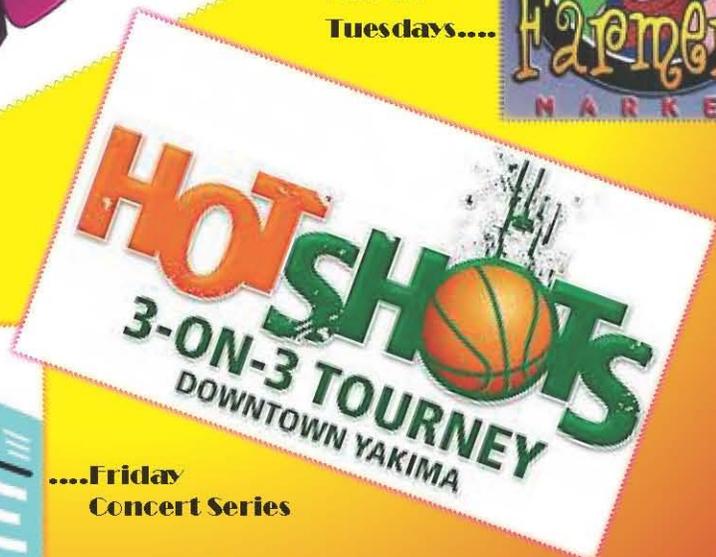
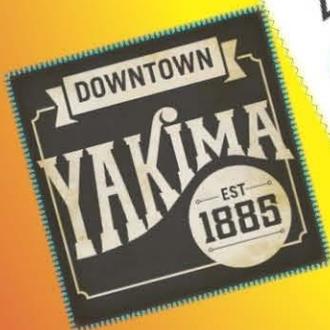
....A Celebration  
Of Latino  
Culture



....Summer  
Evening  
Concert  
Series



Now on  
Tuesdays....



....Friday  
Concert Series





**2014 PRELIMINARY BUDGET SUMMARY**

**TABLE OF CONTENTS**

**SECTIONS**

---

**I. INTRODUCTION**

- *Transmittal*
- *Budget Summary*

**II. GENERAL GOVERNMENT FUNDS**

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

**III. OTHER FUNDS**

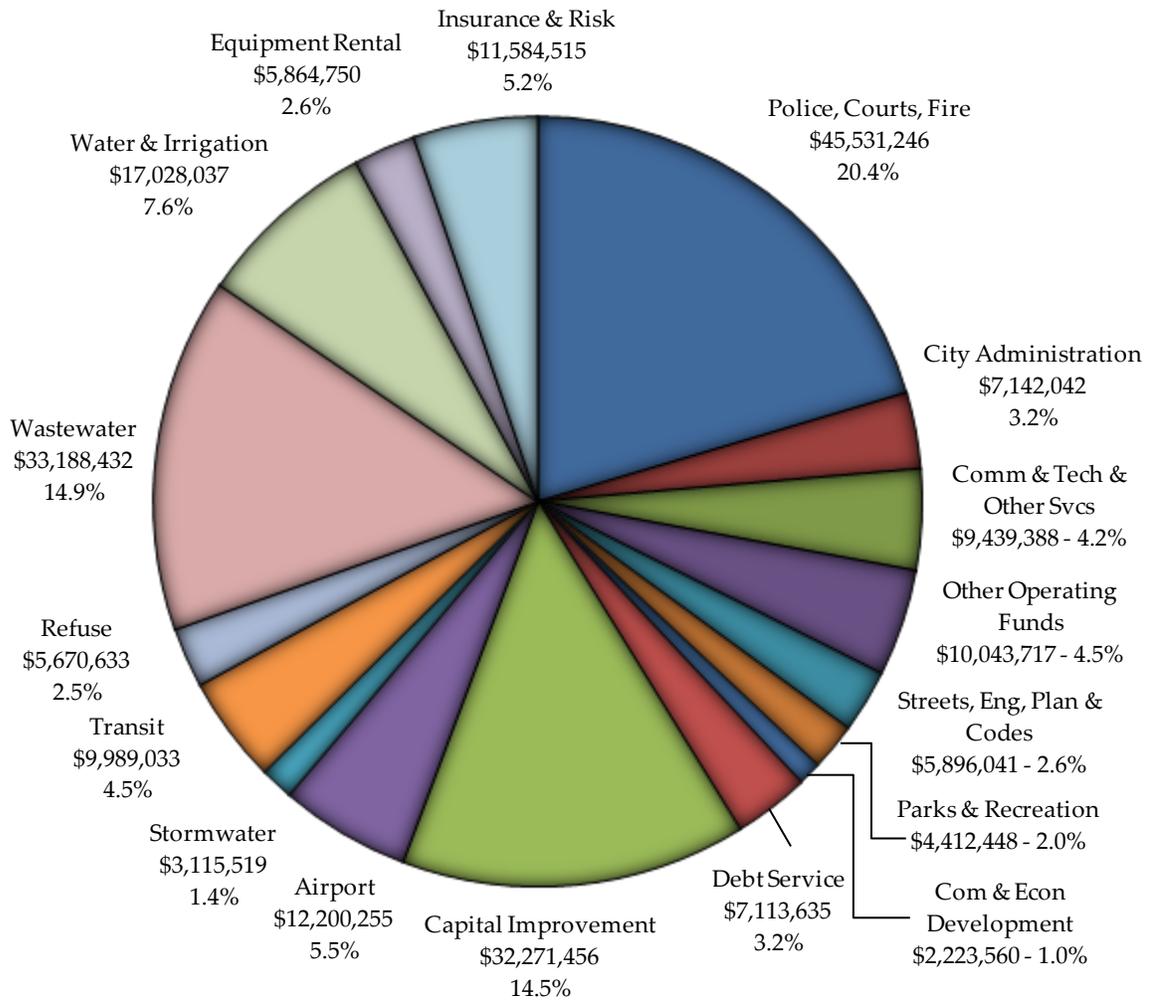
**IV. STRATEGIC INITIATIVES**

**V. EXHIBITS**

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



## 2014 PRELIMINARY BUDGET SUMMARY



(\$66.1 Million General Government)

**\$222.7 MILLION**





CITY OF  
*Yakima*

## ***STRATEGIC PRIORITIES***

**Economic Development**

**Public Safety**

**Improve the Built Environment**

**Public Trust and Accountability**

**Partnership Development**

**Adopted 2012**



# ***Section I - Introduction***

## ***Transmittal Budget Summary***



## **INTRODUCTION: TRANSMITTAL**

---



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

### **MEMORANDUM**

TO: Honorable Mayor and Members of the Yakima City Council

FROM: Tony O'Rourke, City Manager

DATE: November 5, 2013

SUBJECT: City Manager's 2014 Preliminary Budget Summary (updated from October 17)

---

I am pleased to submit for City Council review and consideration the 2014 Preliminary Budget. This budget is balanced, prudent, and responsive to the City Council's and community's strategic priorities and needs. The 2014 budget is committed to ensuring a safe community with a thriving economy that spurs job growth and makes important investments in community infrastructure and appearance.

Producing a balanced budget has been challenging given the sluggish recovery from the worst recession in modern time, but we are gradually bouncing back to pre-recession revenue levels. Nevertheless, local residents and businesses are still struggling given Yakima's economy continues to lag behind the state and national economies. Our community's unemployment rate is 8%, while the state and national unemployment rates are 7% and 7.3% respectively. In addition, Yakima suffers from a 21% poverty rate compared to a national poverty rate of 16% and state rate of 13.5%, and to compound matters, Yakima has the highest percentage (25%) of residents without health insurance in the state. Finally, public confidence in the local economy is weak, given 76% of the 2013 Citizen Survey respondents rated the community's overall economic health as fair or poor.

Given these economic challenges, the FY 2014 budget is not proposing any new taxes to further burden businesses and residents. Instead, we propose a bold and balanced 2014 budget to deliver on the community's priorities within existing resources. To that end, this budget is driven by the results of the 2013 Citizen Survey that expressed a strong need to address the City's public safety challenges, and deferred infrastructure backlog, and to improve the appearance of the community

and stimulate economic development. As reflected in this year’s survey results, the following areas were rated as essential or very important for the City to invest in:

- Public Safety 90%
- Economic Development 90%
- Fire Service 84%
- Community Appearance 76%
- Infrastructure Improvements 75%
- Community events/activities 56%

These expressed community priorities align perfectly with the City Council Strategic Plan priorities and underscore the necessity to stay the course and continue to deliver on the public’s and City Council’s core priorities. Investments in the community’s key priorities are highlighted in the following budget overview.

**CITY BUDGET**

The proposed FY 2014 City Budget, including all funds, is balanced. The FY 2014 expenditure budget is \$222,714,708 and represents an \$18,738,757 or 9.2% increase over the projected FY 2013 year-end expenditures. The 2014 expenditure budget of \$222.7 million is supported by revenue of \$209.6 million and surplus reserves of \$13.1 million. At the end of 2014, citywide budget reserves are projected to be at \$47.4 million, or 21.3% of 2014 budget expenditures. The following chart highlights expenditures and changes in the 2013 projected year-end budget and proposed 2014 budget.

**2013 VS. 2014  
REVENUE BUDGET COMPARISON**

<b>Fund</b>	<b>2013 Year-End Estimate</b>	<b>2014 Budget</b>	<b>13 vs. 14 Budget % Change</b>
General	\$53,494,980	\$57,181,843	6.9%
Parks and Recreation	4,346,215	4,357,215	0.3%
Street & Traffic Operations	5,230,123	4,596,360	(12.1%)
<b>General Government Subtotal</b>	<b>63,071,318</b>	<b>66,135,418</b>	<b>4.9%</b>
Utilities/Other Operating	65,321,537	64,549,505	(1.2%)
Capital Improvement	52,451,182	56,205,847	7.2%
Risk Management Reserves	3,638,900	3,360,500	(7.7%)
Employee Benefit Reserves	13,444,849	11,802,538	(12.2%)
G.O. Bond Debt Service	3,594,215	4,809,441	33.8%
Utility Revenue Bond Debt Service	2,129,686	2,146,286	0.8%
Trust and Agency Funds	527,200	625,171	18.6%
<b>Total</b>	<b>\$204,178,887</b>	<b>\$209,634,706</b>	<b>2.7%</b>

**2013 VS. 2014  
EXPENDITURE BUDGET COMPARISON**

<b>Fund</b>	<b>2013</b>	<b>2014</b>	<b>13 vs. 14</b>
	<b>Year-End Estimate</b>	<b>Budget</b>	<b>Budget % Change</b>
General Fund	\$53,431,800	\$56,936,455	6.6%
Parks	4,128,949	4,412,448	6.9%
Streets & Traffic	5,335,438	4,786,409	(10.3%)
<b>General Government Total</b>	<b>62,896,187</b>	<b>66,135,312</b>	<b>5.1%</b>
Utilities/Other Operating	66,633,842	67,737,845	1.7%
Capital Improvement	52,210,864	64,889,845	24.3%
Risk Management Reserves	3,795,852	3,371,576	(11.2%)
Employee Benefit Reserves	12,097,944	12,843,823	6.2%
G.O. Bond Debt Service	3,690,000	4,968,849	34.7%
Utility Revenue Bond Debt Service	2,127,561	2,144,786	0.8%
Trust and Agency Funds	523,700	622,671	18.9%
<b>Total - Citywide Budget</b>	<b>\$203,975,950</b>	<b>\$222,714,707</b>	<b>9.2%</b>

**GENERAL GOVERNMENT FUND**

The Preliminary 2014 General Government fund expenditure budget, which represents most core city services, is balanced at \$66,135,312 and represents a \$3,239,125 or 5.1% increase over the 2013 year-end projected expenditure budget. The revenue budget is \$66,135,418 and represents a \$3,064,100 or 4.9% increase over the projected 2013 year end revenues. The 2014 year-end General Government operating reserves are projected to be \$11,083,332 or 16.8% of 2014 expenditures, which conforms to the City Council’s financial management policy of 60 days of working capital to meet unforeseen, one-time expenditures of an emergent nature, such as a natural disaster, catastrophic occurrence, or excessive liability judgment.

The 2014 General Government incremental revenue growth of \$3 million is based on the following:

- Proposed 1% inflation adjustment in property tax levy plus an estimate of 0.7% new construction. The combined general operating and debt service property tax levy will decrease by .36% over 2013 combined tax levy. \$285,000
- 5% growth in sales tax (3% base plus new major retailer) \$720,000
- Franchise and utility tax growth of 5.3% (\$500,000 cable tax moved to GG) \$777,500
- Charge for services growth of 14.8% (New Engineering Programs) \$904,000
- State liquor excise tax reinstated \$150,000

**BALANCING STRATEGY**

We have balanced the 2014 General Government Fund budget using the following strategies:

- Instituting a 2% vacancy rate. Personnel costs are budgeted at 98% to account for a minimum 2% position turnover/vacancy – Savings: \$950,000
- Attrition/vacancy of positions – Savings: \$175,000
- Health plan cost down 15% – Savings: \$1,000,000
- Jail contract – Savings: \$324,000

## BUDGET PRIORITIES

### Public Safety

The core obligation of government is to provide a safe and secure environment for its residents, businesses, and visitors. Despite a 60% reduction in crime per capita since 1988, random acts of gang violence, property crime, and auto theft have created significant community concern about public safety in Yakima. Based on results of the 2013 Citizen Survey, only 23% of residents rated their overall feeling of safety as good or excellent. Additionally, 29% indicated a household member had been a victim of a crime in the past twelve months. In addition to crime, the City experienced 129 fire station brownout days last year. This represents the number of days the City did not have a complete complement of fire station personnel and equipment to respond to fire and medical emergencies.

To ensure healthy and vital neighborhoods, the City will continue to place a premium on crime prevention and suppression, fire and life safety, gang free initiatives, and an appropriate level of public safety services for Yakima.

### Targeted Public Safety Investments

#### **Expand Police Force Presence and Response Capacity ..... \$798,000**

Currently the City has 1.59 officers per 1,000 residents. The western states average is 1.8 police officers per 1,000. Accordingly, we are 14% (or 20 officers) below the western states standard. To meet the western states average would require the hiring of 20 officers at a cost in excess of \$2 million annually. Pay for that number of new officers would require a 12% property tax increase. Given the public's disdain of tax increases, such a revenue increase is not viable. Accordingly, it is far less expensive to increase our police presence with assigned patrol vehicles than to hire an additional 20 police officers.

To that end, in mid 2013, the City Council approved the purchase of 74 patrol vehicles for assignment to all police patrol officers. Assigned police patrol vehicles will dramatically increase the maximum number of patrol vehicles in the City from 16 to 74. The cost to purchase 74 patrol vehicles is \$4.7 million or \$798,000 annually in debt service for the next six years.

In the absence of the proposed purchase of 74 patrol division assigned vehicles, the City would still have to purchase approximately 72 to 80 patrol vehicles over the next six years based on past purchasing practices. The vast majority (92%) of the annual debt service cost is offset by the deferral of police wage increases for the next two years as agreed by the Yakima Police Patrolman's Association.

Assigned police patrol vehicles will enhance police presence in the community, improve police response time, supplement on-duty police, and reduce vehicle maintenance and operating costs.

#### **Eliminate Fire Service Brownouts and Enhance Fire Department Training..... \$528,900**

Last year the City did not have adequate fire staffing to operate a full complement of fire service equipment 129 days (35%) of the year. Such days were considered "brownout" days. To remedy this situation, \$250,000 in additional overtime funds have been included in the proposed FY 2014 budget. In addition, \$300,000 in next year's proposed budget has been included that will allow the hiring of two additional firefighters and a third to fill the firefighter vacancy that resulted in

reestablishing and filling the Training Lieutenant position. This will ensure adequate staffing and eliminate brownout days. Overtime funds will also be used to meet peak staffing demand periods in lieu of full-time staff. In addition to the personnel increase, \$75,000 is budgeted in FY 2014 for additional training to ensure increased fire personnel skills, safety, and career development.

**Expand Downtown Bike/Foot Patrols .....\$64,800**

Given the public safety and security concerns about downtown, particularly at night, as reflected in the 2013 Citizen Survey, the proposed FY 2014 budget includes expanding the downtown bike/foot patrol from the existing summer patrols to both spring and fall patrols as well. The additional patrols will include March through mid-June and mid-August through October. There will be two officers on six-hour shifts, four days a week during these additional periods.

**Purchase New Fire Brush Truck.....\$130,000**

The Yakima Fire Department operates two wild land brush trucks to respond to wild land/urban brush and grassland fires. One of the brush trucks is 23 years old and is in need of replacement. The purchase of a new brush truck will ensure the department has reliable and capable wild land fire suppression capabilities.

**Police Training .....\$75,000**

The Yakima Police Department is projecting significant senior and supervisory management turnover during the next several years. To properly develop the future leadership of the department, the proposed FY 2014 budget includes the investment of \$75,000 to provide leadership and management training for new police managers and to prepare patrol-level officers for career development opportunities and skill sets.

**Indigent Defense.....\$600,000**

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

To reduce the cost impacts of the Supreme Court decision on indigent defense, the City has employed a Pre-Filing Diversion program and a Prosecution Charging Unit. These two initiatives will reduce the current misdemeanor caseload of 5,100 annually by almost one third. In addition to employing these two initiatives, the City's Prosecuting Division will also reinstitute prosecution of shoplifting cases below \$50. We anticipate this initiative will add another 200 cases to our criminal caseload. However, the overall reduction in case filings will reduce the number of additional full-time defense attorneys needed to comply with the Washington Supreme Court Rule from nine required under our original caseload to four under the projected caseload. To meet the demands of the additional four defense attorneys, prosecution staffing levels will need to be increased by one attorney at a cost of \$88,550. The total cost of indigent defense services will be \$600,000 in 2014 and will top \$960,000 (or \$360,000 more) when the additional needed indigent defense attorneys are added in 2015.

**Gang Free Initiative Operations Manager .....\$88,600**

The proposed FY 2014 budget includes the hiring a Gang Free Initiative Operations Manager to direct, manage, and oversee the operations of the Gang Free Initiative and ensure the effective

public and private sector coordination and integration of resources directed toward the prevention and intervention of gang related crime and violence.

**Automated License Plate Reading Technology ..... \$135,000**

Yakima currently ranks fifth nationally per capita in auto thefts. The City of Yakima remains committed to reducing auto thefts and plans to lower incidents of theft and increase recovery of stolen vehicles by purchasing automated license plate reader systems for eight police vehicles. Additionally, the license plate reader technology will be utilized in the investigation and prosecution of a variety of other crimes.

**Parking Enforcement Officer ..... \$56,800**

The Yakima Police Department proposes to add one full time parking enforcement officer. The additional officer will be dedicated to downtown parking enforcement, with a specific focus on parking space turnover. For the last three months the department has been using a full-time temporary employee to determine the need for this position to become permanent. Results have shown that the officer is currently averaging 63 parking infractions a week, with 40 of those being for overtime violations. It is projected that in 2014 this position will issue 2,450 total parking infractions with 1,470 of those being for overtime violations. With continued and ongoing enforcement of downtown parking regulations the department is convinced that parking spaces will continue to turn over and be available for shoppers, and that parking space abuse will be greatly reduced.

**Communications/Dispatch Reorganization ..... \$142,200**

Three years ago the City combined the management of the Communications Division and the Information Technology Services (ITS) Division as a cost savings measure to assist in the reorganization of the ITS division during tight budget times. While that measure has proven largely successful, given the proposed reorganization of the Communications Division and increasing demands on the ITS Division, it has become more challenging. Therefore, it has been determined that it is in the best interest of the City to return the two divisions to separate management structures. This will specifically split the manager position back into two separate positions. Additionally, the Communications Administrative Assistant will focus solely on Communications Division duties while the duties of the ITS Administrative Assistant will be expanded to include in-house computer user training.

While the City has enjoyed the cost savings of over \$100,000 per year with this consolidation, it is not viable to continue because of workload and critical public safety initiatives that will require significant attention, more than can be provided by this shared position.

**Communication Center Construction/Relocation ..... \$195,000**

The Communications Center operates as a joint facility with the County 911 system and the City's dispatching system. The associated 911 costs are paid via an operations contract with Yakima County from the 911 revenue raised by the 911 excise tax. The dispatch section is funded by the City with a portion supported by dispatching contracts with outside fire and police user agencies.

The Communications Division has just completed the pre-design study for the new joint communications center located in the county-owned, old restitution center in Union Gap. The purpose of this phase is to identify needs, create a preliminary design, and determine costs for the

project. The initial cost estimate for the joint facility is \$7.2 million of which \$2.9 is from 911 and the balance, or \$4.2 million, coming from the City's dispatch operations.

## **ECONOMIC DEVELOPMENT**

Given the community's desire for more living wage jobs, retail opportunities, enhanced air service, and economic diversification, the City is committed to the following new initiatives to foster a more robust and diverse economy for Yakima.

### **Targeted Economic Development Investments**

#### **Downtown Master/Retail Plan .....\$170,000**

Plaza Design (\$145,000)

The Downtown Yakima Master Plan developed by the Crandall Arambula consulting firm has identified essential concepts and created a roadmap for initiating a successful transformation of Downtown Yakima to a vibrant, cultural, arts, and entertainment destination. The first step in this transformative process is the creation of a public plaza in front of the Capitol Theatre. To that end, it will be necessary to retain a consulting firm to design and develop conceptual plans for the proposed public plaza.

Retail Plan (\$25,000)

Throughout 2013, Thomas Consulting developed a retail element of the Downtown Yakima Master Plan. It is proposed that Phase 1 of the retail element of the plan, which consists of proactively marketing Downtown Yakima to potential investors and site selectors, be initiated in 2014. Phase 1 will also include the formation of a Downtown Yakima Retail Task Force, which will attend the International Council of Shopping Centers annual conference in Las Vegas in order to meet with prospective investors and developers.

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

By providing increased police security, expanded free parking, creating new Thursday night and Friday lunchtime concert series, and establishing a Tuesday evening Farmers Market, the City has begun to attract Yakima residents back to the downtown core. Building on the first phase of downtown activities initiated in 2013, additional events are being proposed for 2014 to create even more energy, animation, and vibrancy to downtown. With a proposed budget of \$110,000, more City/private sector sponsored events such as a Cultural Concert Series, Spring Barrel Art Festival, Blues and Brews Festival, expanded Fresh Hop Ale Festival, and enhanced holiday activities will take place. The goal is to elevate the quantity and quality of Downtown Yakima events in 2014 in order to continue to develop the area's growing reputation as a cultural, arts, and entertainment destination.

#### **Airport Marketing and Terminal Improvements .....\$150,000**

In partnership with our new airport public-private sector alliance, the City will work with local media partners to market and promote air service at the Yakima Air Terminal to the local community. The ultimate goal of the \$100,000 marketing commitment is to increase our current load factors to secure a fourth daily flight by Alaska Airlines from Yakima to Seattle and eventually expand service to new destinations such as Portland, Spokane, and Salt Lake City.

The current air terminal is 63 years old. To enhance the terminal's overall appearance, the proposed FY 2014 budget includes the investment of \$50,000 for new carpeting and paint.

**Cascade Mill Site ..... \$2,400,000**

The City of Yakima has a number of initiatives related to the Cascade Mill Redevelopment Project in 2014. The estimated FY 2014 budget investment of \$2,400,000 represents the estimated cost of the program in 2014. This is funded by the Local Infrastructure Financing Tool (LIFT) funding reimbursement from the State of Washington of \$1.0 million annually and a Yakima County SIED loan/grant is available in the amount of \$1,850,000 if needed.

- In 2014, the City will be working closely with the Department of Ecology (DOE) to prepare the permitting documents for cleanup of the former municipal landfill and the removal of wood waste.
- In 2014, a funding strategy will be developed in cooperation with DOE for use of Brownfield and Model Toxic Control Act (MOTCA) grant funds for the cleanup and remediation of the landfill and the plywood plant sites.
- In 2014, the City will hire an urban land economist to assist in determination of the most desirable land uses at the Cascade Mill property that compliment but do not compete with the downtown area.
- A roundabout is planned at the intersection of Fair Avenue, Lincoln Avenue, and MLK, Jr. Blvd. A \$990,000 state grant application was submitted in 2013.
- The City will proceed with right of way acquisition, as necessary, and the completion of engineering plans for the Cascade Mill Parkway. The first phase of the Cascade Mill Parkway includes construction of the Fair Avenue roundabout to facilitate environmental cleanup at the landfill site. We anticipate a donation of land that will substantially meet the \$1.0 million local match requirement.
- The federally required Interstate 82 Interchange Modification process will be largely completed in 2014. The Washington State Department of Transportation is the lead agency for the Interchange Project and will be supported by the City and Yakima County.
- The City and County have a contract with Lochner & Associates to prepare the engineering and environmental review of the Interchange Project, the East-West Corridor and the Cascade Mill Parkway. Other development site issues have also been addressed under this professional services contract.

**BUILT ENVIRONMENT**

The City’s overall appearance and infrastructure are critical components of the public’s perception of the community’s image, quality, and vitality. Based on the 2012 and 2013 Citizen Surveys, the community’s perception of the current built environment falls far short of its expectations. The restoration of the City’s built environment is a necessity if Yakima residents are to express a more positive attitude about Yakima.

To that end, the following 2014 initiatives are proposed to enhance the visual quality of the community and to ensure the provision of essential infrastructure.

**Targeted Built Environment Investments**

**Road Improvements .....\$16,500,000 (Improvement) – \$2,000,000 (Debt Service)**

The City’s 802 lane miles of roads have an average Paving Condition Index (PCI) score of 54. Based on a 100-point scale, the City’s current road conditions are poor. Compounding this situation is the fact that while 3% of Yakima’s roads are currently classified as failed, 23% or (185 lane miles) are

projected to attain a failed classification by 2020 if not rehabilitated soon. The Yakima public is well aware of this, given almost 80% of the 2013 Citizen Survey respondents rate street repairs as fair or poor. Additionally, 72% of voters supported a City Charter amendment in August 2013 requiring the City to invest at least \$2 million annually on the restoration or reconstruction of Yakima streets.

The cost to rehabilitate one lane mile of road with a grind and overlay is approximately \$180,000. The cost to reconstruct a road after it has failed is approximately \$600,000, or 300% more than to grind and overlay it. A pay-as-you-go \$2 million dollar annual cash committed approach would enable the City to grind and overlay approximately 11 lane miles annually; assuming road construction prices remain static. This pace of road rehabilitation is insufficient to prevent the projected failure of at least 60% of the 185 lane miles of road projected to fail by 2020.

In 2013, the City Council appropriated \$375,000 for the first annual payment on a \$5 million, 15-year loan to grind and overlay 28 lane miles of road. Public response to this work has been very positive.

Staff proposes building on the 2013 road improvements and taking advantage of excellent road rehabilitation pricing with an aggressive 2014 road rehabilitation plan based on issuing a 10- year term bond of \$16 million dollars to grind and overlay 92 lane miles of arterial streets and residential streets, such as Summitview, Lincoln, Washington, 1<sup>st</sup> Street, Nob Hill, Tieton, 19<sup>th</sup> Avenue and 2<sup>nd</sup> Street. This aggressive plan will prevent having to reconstruct these critical streets at a much higher cost and will extend their useful life by 10 to 15 years.

The annual debt service on a 10-year term, \$16.5 million dollar road rehabilitation bond is approximately \$2,000,000, which is currently budgeted in a debt service fund. This investment would meet the minimum City Charter obligation to spend \$2 million annually on road rehabilitation or reconstruction.

Given the short time span to prevent the failure of 185 lane miles of road by 2020, the staff recommends the more aggressive plan to grind and overlay 92 lane miles of road in 2014, and identify additional resources in the near future to address the additional 93 lane miles of arterial, collector, and residential streets that are projected to fail by 2020.

**Airport Taxiway/Airfield Lighting Improvements .....\$11,100,000**

The Yakima Air Terminal is an integral part of the City’s transportation system and economic development infrastructure. Through close cooperation with the Federal Aviation Administration, the Airport recently received two grants totaling \$10 million matched by \$1.1 million in airport passenger fees to rehabilitate the airport’s primary taxiway and associated taxiway connectors. In addition to the two grants, the airport will utilize its passenger facility charges to fund the remaining balance of the project. This project will replace aging asphalt, taxiway lights, taxiway signs, and airfield markings to ensure the airport will continually meet Federal Aviation regulations while meeting future aviation demands. This project is slated to begin in spring 2014 and should be completed before year’s end.

**Street Right of Way / Street Cut Program.....\$150,000 (New Revenue)**

When commercial or utility entities perform maintenance or construction activities in the City’s street right of way, they interfere with the public’s ability to use that portion of the right of way,

create potentially dangerous obstacles to the traveling public, and often damage public infrastructure.

Excavation of paved streets degrades and shortens the service life of streets. Over 17 nationwide studies have provided conclusive evidence that no matter how well a utility cut is restored; there is permanent damage beyond the area of the utility excavation. These excavations increase the frequency and cost to the public of necessary street resurfacing, maintenance, and repair.

The City's current street cut permit fee of \$100 and the associated patching of utility cuts completed by utility companies do not compensate the City for long-term damage caused by utility cuts. A street cut fee is an effective incentive for utility companies to coordinate their excavations with the City's repaving schedule and generate funds to pay for road resurfacing that becomes necessary due to long-term damage caused by cuts. This is particularly critical now that the City is making significant investments to improve its streets.

Based on the completely revised and updated chapter of the Yakima Municipal Code, the Engineering Division is proposing adoption of a comprehensive right of way encroachment and street cut program which will enable the City to control the duration and extent that an entity encroaches in the street right of way, improve the safety precautions taken to protect the public and the workers, and revise the permitting fee structure so that the cost of the permit is commensurate with the size and duration of the encroachment. Additionally, entities that cut City's pavement will not only have to repair their damage, but they will have to pay a restoration fee that will be used for future road resurfacing and replacement. Ultimately, the program goals are to reduce the amount of time that the traveling public is inconvenienced by commercial activities in the right of way, dramatically improve work zone safety, and protect the City's infrastructure.

**North First Street Improvements..... \$1,200,000 (2014) – \$1,518,000 (2015)**

In 2013, the City Council authorized a landscape architect to prepare a final design for the landscape and pedestrian environment of the North First Street Revitalization Project, Phase 1 element (I-82 to "N" Street). Phase 1 will include selecting a preferred alternative from a limited choice of options. In 2014, a civil engineering firm will be selected to prepare construction documents for the project design which will include the design for undergrounding of power and other utilities. Construction drawings and plans should be completed in the summer of 2014. Project construction is expected in early 2015 and will be funded by a Surface Transportation Program grant of \$2,718,000. The City could spend up to \$1.2 million of the grant in 2014 and the remaining grant funds in 2015.

In 2014, the City will continue seeking funding for additional phased construction of the North First Street Revitalization Project (from "N" Street to Lincoln Avenue). Finally, police, fire, and code enforcement will continue to ensure life and public safety and sign violations and issues are addressed along the North First Street Corridor.

**Graffiti Abatement Coordinator..... \$50,000**

To improve the visual quality of the City, the City proposes to budget a second Graffiti Abatement Coordinator to assist, organize, and direct the cleanup of graffiti sites soon after they are reported in order to diminish the visual blight graffiti creates in the community.

**Update Stormwater, Wastewater, & Industrial Wastewater Rate Studies .....\$110,000**

The City of Yakima is required to complete a utility rate study that will determine the billing rates required to provide utility services. The existing Wastewater and Stormwater Rate Ordinances expire at the end of 2014. The study, which will be conducted in 2014, will also initiate rates for the City’s recently built industrial wastewater treatment process. The City will seek the services of a third-party financial consultant to complete an analysis of all three utilities and recommend a rate structure for the next three years. The study will include a forecast of operating revenues, expenditures, capital needs, and compliance with debt service and cash reserve policies to provide a rationale and fair rate revenue strategy for our utility customers.

**Reinstate One Supervising Traffic Engineer.....\$94,100**

The existing Traffic Engineering Division consists of the Streets & Traffic Operations Manager, a Traffic Systems Analyst, and two Traffic Engineering Technicians. The Supervising Traffic Engineer position was eliminated in the 2010 budget as a cost cutting measure. The position was eliminated with the understanding that it would need to be reinstated when the economy recovered and development returned. The present workload is significant enough that it is difficult for the Streets and Operations Manager to provide timely and detailed review and guidance of development applications, citizen requests, traffic signal timing patterns, traffic data collections, and traffic safety analysis while still providing adequate oversight to the street and traffic maintenance programs. Existing staff does not have the training or expertise to take on most of these tasks. Other work that needs to be done that has been deferred includes development of prioritized traffic safety and operations capital improvements lists, update of traffic policies and standards, and a detailed annual review and analysis of high accident locations.

**Expand Code Enforcement.....\$100,000 (2014) – \$133,300 Annually**

For the past two years, the City’s Code Enforcement services have been rated as poor in Citizen Surveys. The Code Enforcement Division believes these ratings are the result of insufficient staffing levels and the City’s “complaint-driven” response system, which was instituted several years ago in lieu of a proactive code enforcement approach. The Code Administration Division proposes adding two additional code enforcement officers to the existing three starting in April 2014. This additional staff will allow the City to be both more proactive and better able to respond to code violations, in particular sign violations, to make the City more attractive.

**Implement Integrated Stormwater Plan.....\$600,000**

The City stormwater program has completed a Stormwater Collection System Master Plan that identified \$672 million in capital improvement needs over the next 20 years for improving this sector of the built environment. Improved stormwater conveyance and retention is necessary to maintain NPDES permit compliance and to mitigate flood hazards.

The Stormwater Capital Budget has \$600,000 available in 2014 to start implementing the master plan. Integrating stormwater projects into other City initiatives creates the possibility of significant cost savings. For example, incorporating “low impact development” features into downtown planning, North 1<sup>st</sup> Street, or the Mill Site redevelopment could add value to these projects with improved drainage that incorporates improving the appearance and function of our built environment.

**Installation of Biosolids Dryer.....\$4,700,000 – 2014 / Total - \$7,900,000**

The Wastewater Division will install a \$7.9 million biosolids (sludge) dryer to produce a Class A, exceptional quality biosolids product that can be sold as a soil amendment. The dryer will improve

the built environment by increasing Wastewater Treatment Facility reliability by, utilizing bio-gas produced by the new industrial wastewater treatment system and reducing \$200,000 annually in hauling and permitting expenses associated with Class B biosolids. The project also defers the necessity for the installation of an \$8 million to \$10 million dollar Digester project. Funding for this project will come from two Washington State Department of Ecology loans at 2.5% annual interest. Up to \$4.7 million will be spent in 2014. The second loan of \$3.2 million will be used in 2015.

**Complete Wastewater Collections Master Plan..... \$100,000**

The City began a systematic evaluation of both wastewater pipeline capacity analysis and condition assessment in 2010 to determine short term and long term facility priorities for the wastewater collection system. Akel Engineering is nearing completion of the capacity analysis of the system to identify new lines that are necessary to provide service due to the continued growth of the community. Existing trunk lines within the system have been identified as undersized. The City’s crew is inspecting sewer lines where its equipment is capable of collecting data. In addition, the City has contracted with RedZone Robotics to provide closed caption television, sonar, and laser data that will provide a condition assessment of the City’s larger trunk lines. The condition assessment has identified pipelines to be repaired or replaced. The compilation of capacity and condition data will provide the information necessary for a Wastewater Collections System Master Plan. The Master Plan will allow the City’s wastewater infrastructure to be maintained and expanded to ensure reliable wastewater capacity and service and accommodate future economic and residential growth.

**Pedestrian and Bicycle Connectivity Plan ..... \$40,000**

Both the 2012 and 2013 Citizen Surveys highlighted connectivity, or the ability to get around the City by foot or bicycle, as an area of concern. In response to this concern, the Engineering Division will begin the process of creating a comprehensive connectivity network by identifying existing sidewalks and bicycle lanes and starting the design of a connectivity master plan. This plan will work in conjunction with the Parks & Recreation initiative to improve path and trail infrastructure and the Safe Routes to School program.

**Implement a Pilot Recycling Program..... \$40,000**

Based on the community’s strong desire to have a comprehensive, low-cost recycling program, the Refuse and Recycling Division proposes to conduct a 6-month, small scale (500 to 600 households) Pilot Curbside Recycling Program to test assumptions and validate cost estimate of a full-scale, citywide recycling program. If the pilot program proves effective and successful, plans to implement a citywide program can be developed and implemented.

**City Hall Improvements..... \$200,000**

Yakima City Hall was built in 1949 and has had few upgrades made to it over the past six decades. It is proposed that in 2014 several customer-focused interior improvements be made to the first floor of City Hall in order to update the appearance, lighting, and ADA accessibility to the west lobby entry and customer service counters.

**PARTNERSHIPS**

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 2014.

## Targeted Partnership Investments

### **Capitol Theatre Improvements .....\$372,000**

Historically, the City has given more toward the annual operating needs of the Capitol Theatre to manage and operate the facility than to the capital repairs and improvements necessary to ensure the theatre's long term viability. Currently, more than \$1.8 million in deferred capital needs related to the theatre exist. Those needs include ADA and safety upgrades, repairing and upgrading the stage lighting system (includes safety issues), replacing the orchestra shell, replacing theatrical masking/backing, upgrading the asbestos fire curtain, main curtain and valance, improving the counterweight rigging system, carpet, lobby elevator, dome lighting, front entry door, and Robertson Room ceiling tile. Funding for the entire list of capital projects is not currently available. The 2014 Capitol Theatre funding request does include \$140,000 for ADA and priority safety upgrades as identified in a recent Life Safety Evaluation report on the facility, as well as operations support of \$232,000.

### **Convention Center Management Fee Increase.....\$708,200**

The Yakima Valley Visitors & Convention Bureau manages and operates the Yakima Convention Center. Over the years, operation and management costs have continued to increase. Staff is requesting that the management and operation fee be increased by \$13,900 in 2014 to assist in marketing efforts of Yakima in order to stimulate economic growth through convention business and tourism.

### **YPAL Facility Improvements.....\$50,000**

Staff proposes \$50,000 in upgrades to the YPAL Center located in Northeast Yakima, as the first installment of a \$500,000 commitment to upgrade the Center at Miller Park. YPAL partners with local agencies and hosts the Youth and Family Development Center as part of the Gang Free Initiative. In addition to the City's contribution of \$50,000, staff is working with a local business on a proposal to provide an additional \$250,000 over five years for improvements at YPAL so it can continue as the hub of Youth and Family Development services in Yakima. Some of the possible improvements in 2014 could include new windows, paint inside and out, classroom renovation, restroom upgrades, and new flooring.

### **New Vision.....\$33,000**

New Vision has successfully linked private and public sector entities to promote economic growth throughout the Yakima Valley for the past 27 years. New Vision is focused on assisting local businesses to thrive, attracting new businesses, and developing the local workforce to generate economic growth and prosperity. The City proposes to invest \$33,000 in 2014 to foster the continued success of the New Vision public-private partnership.

### **Southeast Community Center .....\$45,000**

The Southeast Community Center is another City-owned facility in need of upgrades. While the City pays a fee for management and operations of the facility, it has contributed minimally toward facility improvements. The existing restrooms are 40 years old, in disrepair, and are beginning to fail. Staff proposes that the City provide the supplies and materials needed for the remodel along with major plumbing and electrical contractor costs, while the Opportunities Industrialization Center, the facility's contracted operator, has agreed to contribute the construction labor portion of the updated services. The total renovation is estimated at \$100,000 if contracted out. The cost for supplies and materials is estimated at \$45,000, or less than half of the total cost.

**Visitors Information Center ..... Additional \$20,000 – Total Budget \$60,000 (2014)**

The City and various partners built the official Visitor Information Center (VIC) located off of I-82 near Yakima Avenue in 2003. The Yakima Valley Visitors & Convention Bureau (YVVCB) operates and maintains the facility. Currently the VIC is partially funded through the Tourist Promotion Fund (\$40,000). The balance of support comes from the private sector. City support has remained at \$40,000 for the past 10 years, but expenses have grown. As the structure is now 10 years old, costs for personnel, maintenance, utilities, and other operating expenses have risen. Private sector support has been strong, but can't alone keep up with rising expenses. Staff proposes increasing the City's annual contribution from \$40,000 to \$60,000 in 2014.

The VIC stimulates positive economic growth. It serves more than 14,490 people each year plus thousands of others through phone calls, emails, mailings, and relocation requests. Surveys of visitors in 2013 show that 20% of those served at the VIC extended their stays, with the majority staying at least one extra night. Using this data as a baseline, it is estimated that these extended stays resulted in a minimum of \$275,088 in new visitor spending in 2012 alone, and similar figures are expected for 2014.

**PUBLIC TRUST/ACCOUNTABILITY**

**Capital Improvements ..... \$65,000,000**

In response to the public's dissatisfaction with the City's infrastructure, \$65.0 million will be invested in 2014 to address a host of community needs. The top 10 projects are listed below.

**2014 TOP 10 CAPITAL PROJECTS**

Description	2014	
	Budget	Funding Source
Road Improvements	\$16,500,000	GO Bonds
Airport Taxiway Improvements	11,162,885	Grant/Match
Railroad Grade Separation	4,898,000	State & Federal Grants
WW Treatment Plant - Biosolids Impr. Project	4,700,000	State Loans/Capital Rates
Yakima Rev. Development Area (LIFT)	2,473,235	State/Match/County SIED Prog.
Water Treatment Plant Lagoons	2,100,000	State/Match
WW Collection System - Beech St.	2,000,000	Capital Rates/Reserves
Alternative Outfall/WW Treatment Plant	1,800,000	Capital Rates/Reserves
Naches River Water Treatment Plant Intake	1,500,000	Capital Rates/Reserves
Replace 3 Transit Buses	1,300,000	Transit sales Tax
	<u>\$48,434,120</u>	

**Quality Customer Service Training ..... \$50,000**

Based on the information gathered from citizen and employee surveys, in 2014 the City will implement an Excellence in Customer Service Academy. The academy will be similar to a college model, with classes and coursework activities. We will have 15-20 exceptional employees that will learn to be the trainers for the academy. We will develop a mission, quality improvements, and deploy standardized practices for the new process. At the end of the academy, there will be a graduation ceremony to celebrate our successes. The primary goal of the academy is to align the service level on the employee survey with the citizen survey.

**Citizen Survey .....\$35,000**

The Yakima City Council authorized a Citizen Survey in 2012 and 2013 to find out what community members thought about City services and to help identify areas that needed improvement. Results of the surveys helped the Council establish a set of priorities that led to the redesign of City programs and services to address issues ranging from street repair and employment opportunities to crime prevention and Yakima’s overall image. The Council committed to conduct follow up surveys on an annual basis for the foreseeable future in order to track progress and ensure that the City continues to focus on priorities that community members feel are key to Yakima’s success. To this end, the 2014 Citizen Survey will cost approximately \$35,000, the same as in 2012 and 2013.

**Employee Survey .....\$13,000**

The City of Yakima has made a commitment to seek input from employees on the health and climate of the organization and then use that information to develop strategies for organizational improvements. In 2013, the City conducted its first annual employee survey in order to obtain a baseline understanding of the employees’ perspectives and concerns as well as provide input on strengths and opportunities of the organization. This assessment is one tool to help City leadership leverage strengths and address opportunities to continue its work to create a higher performing organization. Staff suggests that the employee survey be conducted in 2014 to see what improvements have been made and what changes still need to be made.

**FUND BALANCE OPERATING RESERVE**

The General Government projected year end Operating Reserve is at \$11,068,324 or 16.7% of annual expenditures, which is at the City Council’s desired 16.7% or 60 days of working capital finance management standard. This level of operating reserves is sufficient to meet unforeseen, one-time expenditures of an emergent nature, such as a national disaster, catastrophic occurrence, or excessive liability judgment.

**CONCLUSION**

The 2014 proposed budget addresses the City’s essential priorities and capital needs and will allow the City to achieve critical community and Strategic Plan goals. It also puts in place a plan that supports the City’s efforts to ensure continued financial stability and sustainability in future years.

In presenting the budget to the City Council, I would like to acknowledge and express appreciation to the City Leadership Team and staff for their willingness to submit realistic budget requests and develop initiatives to meet the Council’s and the community’s priorities. I would also like to recognize the Finance Department for its assistance in preparing this budget and its more streamlined, but comprehensive presentation.

Finally, I would like to thank the City Council for its leadership in adopting the Strategic Plan, Five Year Financial Plan, and 2013 Citizen Survey which have served as the foundation for the proposed 2014 budget, and for its commitment to move the City forward toward a brighter and more sustainable future.

Sincerely,

Tony O’Rourke  
City Manager

## **INTRODUCTION: BUDGET SUMMARY**

This Budget Summary Section provides a high-level overview of the 2013 year-end forecast and the preliminary 2014 budget, along with significant issues that have affected the City’s fiscal position in the past year and/or anticipated to have a material impact in 2014.

### **2013 YEAR END ESTIMATE VS. 2014 BUDGET OVERVIEW**

The chart below shows the 2014 budget, including beginning and ending fund balances in summary format.

#### **2014 BUDGET SUMMARY**

	<b>Est. 2014 Beginning Fund Balance</b>	<b>2014 Revenue</b>	<b>2014 Expenditure</b>	<b>Use of Reserves</b>	<b>Estimated 2014 Ending Fund Balance</b>
General Fund	\$9,245,322	\$57,181,843	\$56,936,455	(\$245,387)	\$9,490,709
Parks and Recreation	678,057	4,357,215	4,412,448	55,233	622,824
Street & Traffic Operations	1,159,848	4,596,360	4,786,409	190,049	969,799
<b>General Government Subtotal</b>	<b>11,083,227</b>	<b>66,135,418</b>	<b>66,135,312</b>	<b>(105)</b>	<b>11,083,332</b>
Utilities/Other Operating	16,381,886	64,549,505	67,737,845	3,188,340	13,193,546
Capital Improvement	22,266,439	56,205,847	64,889,845	8,683,998	13,582,441
Risk Management Reserves	1,125,161	3,360,500	3,371,576	11,076	1,114,085
Employee Benefit Reserves	6,288,585	11,802,538	12,843,823	1,041,286	5,247,299
G.O. Bond Debt Service	553,278	4,809,441	4,968,849	159,408	393,869
Utility Revenue Bond Debt Service	1,758,713	2,146,286	2,144,786	(1,500)	1,760,213
Trust and Agency Funds	1,008,424	625,171	622,671	(2,500)	1,010,924
<b>Total</b>	<b>\$60,465,713</b>	<b>\$209,634,706</b>	<b>\$222,714,707</b>	<b>\$13,080,003</b>	<b>\$47,385,710</b>

The estimated resources for all funds, including beginning balances, are \$270.1 million. This represents an increase of \$5.7 million or 2.2% more than the 2013 Year-End Estimate of \$264.4 million.

The expenditure budget for FY 2014 for all funds is \$222.7 million. This represents an increase of \$18.7 million or 9.1% more than the 2013 Year-End Estimate.

Some features of the Fiscal Year 2014 budget that should be noted are:

#### **Revenues**

- The property tax levy for FY 2014 is estimated to be \$3.113 per \$1,000 of assessed value, an increase of \$0.0235 or 0.76% over the current rate.
- The voter-approved debt service levy rate is cut by more than half, because 2014 is the last year of voted debt service for Fire capital improvements. It is estimated to decrease from \$0.0541 to \$0.0193.
- The combined general operating and debt service levy rate is \$3.1323 per \$1,000 of assessed value, a **decrease of (\$0.0113) or (0.36%)**.

- A 5.1% Wastewater rate increase approved in December 2011 will add approximately \$3.81 bimonthly for an average single family residence. This is the 3<sup>rd</sup> year of a 3 year rate increase.
- A 5.5 % Irrigation operating rate increase approved in December 2010 will add approximately \$1.28 bimonthly for an average single family residence. This is the 4<sup>th</sup> year of a 4 year rate increase.
- Water, Stormwater and Refuse utilities are not proposing rate adjustments in 2014. All of these operations have rate studies in progress.

### **Personnel**

- 748.42 total proposed full-time (FTE) positions in all funds for Fiscal Year 2014.
- A net increase of 14.25 FTE's from 2013—including 7 with Airport Operations.
- Refer to the *General Staffing* section for more information.

### **Capital Improvements**

- The City will invest \$66.6 million in FY 2014 to address its capital needs.

### **FINANCIAL CONDITION**

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

### **Bond Ratings**

The City is proud of affirming a “AA-” on its water and wastewater utilities, and an “A+” rating on its general obligation bonds from Standard and Poor’s in 2012. Good ratings mean 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 \$3.113 per \$1,000 of assessed value in Fiscal Year 2014. The State law allows the City to impose 1% above the prior year levy, plus levies for new construction and annexations. The City estimates to collect \$285,000 or 1.7% more in the FY 2014 levy than it did in FY 2013.

The City’s sales, franchise, and other demand-driven revenues fluctuate with the economy. As the City has learned over the past few years, a slumping economy leads to lower retail sales, which in turn, translates to lower sales tax revenue. Less traveling leads to lower fuel tax revenue. Declining economic growth leads to less construction, less renovation, fewer home improvements, and thus declining revenue. Positive economic growth, on the other hand, promises to reverse this trend. Most economists are expecting the economy to grow at a modest rate during the coming year. However, rather than growth returning to normal levels quickly, the economy will move slowly but steadily upward. The City has, therefore, adopted a moderate growth philosophy for FY 2014 revenue estimates.

## **MAJOR POLICY CONSIDERATIONS**

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

### **5-Year Plan Financial Plan**

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

On August 21<sup>st</sup>, 2012, the official 5-year financial plan was adopted by the City Council. This was the next step in looking at 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.

The Five-Year Financial Plan was designed to focus on the City's General Government given these 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. Any significant changes in assumptions will require future modifications to the plan.

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

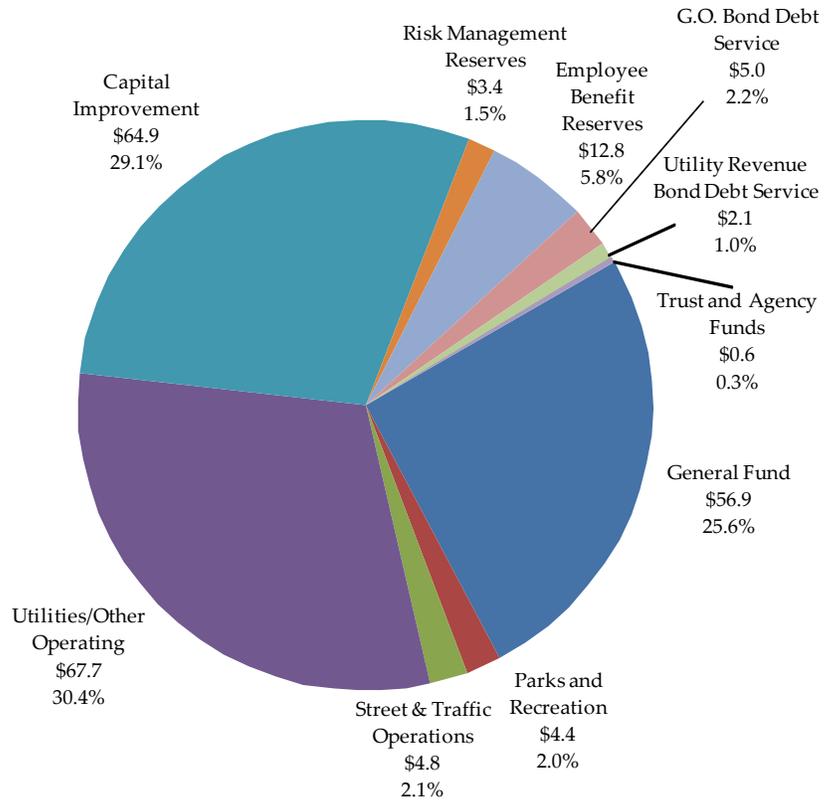
- Ensuring a financially sustainable future.
- Preservation of the City's core services.
- Commitment to funding infrastructure; facilities and rolling stock.
- Addressing Strategic Plan priorities.

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

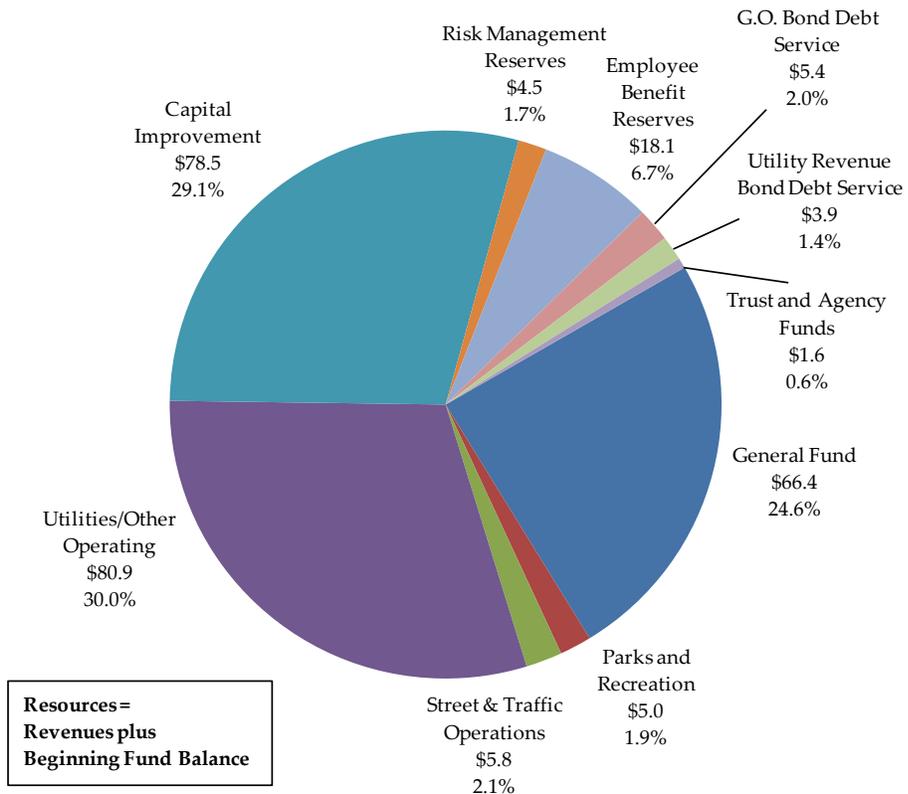
Although the City of Yakima is slowly coming out of the worst economic recession in recent history, the Five Year Financial Plan represents a prudent and balanced strategy for meeting its fiscal challenges. The strategy reflected in the Five Year Financial Plan allows the City to eliminate projected budget gaps, and make critical investments in its street 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 2013 and 2014 to address and advance the City Council's five strategic priorities in the 5-Year.

**2014 EXPENDITURE BUDGET BY FUND  
(\$222.7 MILLION)**



**2014 RESOURCES BUDGET BY FUND  
(\$270.1 MILLION)**



The proposed 2014 total city-wide expenditure budget of \$222.7 million is balanced within existing resources and reflects an increase of \$18.7 million from the 2013 year-end estimate of \$204.0 million.

The 2014 General Government budget of \$66.1 million is approximately \$3.2 million more than the 2013 year-end estimate of \$62.9 million. The General Government budget consists of three separate Funds: the General Fund, the Parks Fund and the Streets and Traffic Fund. Over 67% of these tax supported budgets are devoted to public safety services in the 2014 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 2014 budget was developed, changes that needed to happen before the 2014 budget year were found and expeditiously put into place during 2013. The following are the elements that were implemented/authorized in 2013, and incorporated into the 2014 budget.

### MID-YEAR CHANGES

<u>Description</u>	<u>Inc/Dec</u>	<u>Notes</u>	<u>Priority</u>
General Fund			
Delete 1.0 HR Specialist Position	(\$75,800)	Replaced with PT HR Assistant	PT
Delete 0.75 Deputy HR Manager Position	(46,200)	Partially funded in other funds	PT
Add 0.6 Human Resources Asst	45,000	Replaced HR Specialist	PT
Add 1.0 Telephone Technician	68,500	Public Safety Interoperability	PS
Add 1.0 Graffiti Abatement	50,000	Temp (42%) to FT Permanent	BE
Add 1.0 Fleet Technician	61,000	Police Car Program	PS
Add 1.0 Police Lieutenant	124,300	SRO Contract - Rev \$52k	PS
74 Police Vehicles Program	798,000	Authorized mid-year 2013	PS
Fire Airpac Debt Service	88,000	Authorized mid-year 2013	PS
\$2M Street Impr. Debt Service	2,000,000	Voter App. Charter Amend. 8/13	BE
Total General Fund	3,112,800		
Add 0.2 Wastewater Laboratory	11,000	Perm Part Time 0.5 to 0.7	BE
Delete 0.25 Deputy HR Manager Position	(18,000)	Partially funded in GF	PT
Taxiway Alpha/Airfield Improvements	11,100,000	FAA Grant/Local Match	BE
Total City-Wide	<u>\$14,205,800</u>		

## 2014 BUDGET ADJUSTMENTS

### General Government Program Changes

The following chart is a summary of programmatic changes included in the 2014 budget, along with the strategic priority being addressed by each initiative. This list is sorted by departmental responsibility in contrast to the prior City Manager transmittal that is sorted by Strategic Priority

**GENERAL GOVERNMENT STRATEGIC INITIATIVES**

<b>Description</b>	<b>Increase</b>	<b>Notes</b>	<b>Priority</b>
<b>City Manager</b>			
Add 1.0 Gang Free Initiative Manager	\$88,600	Transition f/Planning - Svc Mgmt	PS
Comm & Tech/IT Reorganization	142,200	Reinstate IT Manager	PS
Enhance/Expand Downtown Events	10,000	Total Budget \$110,000	ED
Implement Airport Marketing Plan	100,000		ED
Quality Customer Service Academy	50,000		PT
	<u>390,800</u>		
<b>Community Development</b>			
Add 2.0 Code Compliance Officers	100,000	9 months. \$133,300 Annually	BE
<b>Police</b>			
Parking Enforcement Officer	57,000	Supported by \$40K Ticket Revenue	PS
Expand Downtown Bicycle/Foot Patrol	68,800	Expanded to Spring/Fall	PS
Expand Training Funding	75,000	Succession Planning	PS
	<u>200,800</u>		
<b>Fire</b>			
Fire Staffing to Eliminate Brownouts	321,000	General Fund Portion	PS
Expand Training Funding	75,000		PS
	<u>396,000</u>		
<b>Utilities &amp; Engineering</b>			
Right of Way/Street Cut Program			
Reinstate Supervising Traffic Engineer	94,100		BE
Street Cut Charge	(150,000)	Revenue	BE
	<u>(55,900)</u>		
<b>Public Works</b>			
Add 1.0 Parks Administrative Assistant	59,500	Reinstate - was shared w/Planner	PA
Improvement to SE Community Center	45,000	Partnership with OIC	PA
	<u>104,500</u>		
<b>Total General Government</b>	<u><u><b>\$1,136,200</b></u></u>		

**Strategic Priority Legend**

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

## Other Fund Changes

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

### OTHER FUND STRATEGIC INITIATIVES

Description	Inc/(Dec)	Notes	Priority
<b>City Manager</b>			
City Hall Improvements	\$200,000	REET 1	BE
Implement Downtown Retail/Master Plan	170,000	Economic Development Fund	ED
Cascade Mill Project	2,400,000	Cont St Design/Landfill Cleanup	ED
Visitor Center Funding	20,000	Increase from \$40k to \$60K	PA
Convention Center Management Fee	13,900	Increase from \$694.3K to 798.2K	PA
Capitol Theatre Repair/Improvements	140,000		PA
Airport Terminal Improvements	50,000	Airport Operating Fund	BE
	<u>2,993,900</u>		
<b>Police</b>			
New Communications Center Construction	195,000	1st yr Debt Svc (\$4.2M Impr.)	PS
License Plate Reader	135,000	Law and Justice Capital Fund	PS
	<u>330,000</u>		
<b>Fire</b>			
Brush Truck	130,000	Fire Capital Fund	PS
Fire Staffing to Eliminate Brownouts	132,900	EMS Fund	PS
	<u>262,900</u>		
<b>Utilities &amp; Engineering</b>			
Pedestrian/Bicycle Connectivity	40,000	Arterial Street Fund - Gas Tax	BE
Start Implementing Integrated SW Plan	600,000	Stormwater Capital	BE
Rate Studies for SW/WW & Ind WW	110,000	Utility Fund	BE
Wastewater Collections Master Plan	100,000	Wastewater	BE
Biosolids Dryer	4,700,000	Total Project - \$7.9 million	BE
Salmon Recovery/Riparian Restoration	1,800,000	Grants/Utility Revenues	BE
Road Improvements	16,500,000	Funded by GO Bonds	BE
	<u>23,850,000</u>		
<b>Public Works</b>			
Add 1.0 Department Assistant II	46,100	Reinstatement - PW Admin Chrgs	
Add 1.15 Transit DA II	67,800	Transit Operating	
Add 0.3 Transit Cleaner	10,000	Transit Operating	
Purchase 3 Heavy Duty Buses	1,290,000	Transit Capital	
Dial-A-Ride Replacement Plan	392,000	Transit Capital	
Fleet Additions/Replacement	1,621,000	Equipment Rental	
Diesel Particulate Filter Cleaning Equip	85,000	Equipment Rental	
	<u>3,511,900</u>		
Total City - Other Funds	<u>\$30,948,700</u>		

#### Strategic Priority Legend

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

## GENERAL STAFFING - ADJUSTMENTS SUMMARY & COMPARISONS

The following chart summarizes the general government (i.e. tax-supported) and non-general government position additions, deletions and transfers implemented mid-year 2013 as well as those included in the 2014 budget. Each of the Non-General Government proposals has an identified revenue source or other expenditure reduction to support the additional cost.

### 2014 BUDGETED POSITION ADJUSTMENTS

<u>Fund/Department</u>	<u>Description</u>	<u>Chg</u>	<u>#</u>	<u>GG Base &amp; Benefits</u>	<u>Other Base &amp; Benefits</u>	<u>Remarks</u>
Mid-Year 2013 Changes						
Human Resources	Deputy HR Manager	Del	(1.00)	(\$46,200)	(\$18,000)	Mid-Year Change
	HR Specialist	Del	(1.00)	(75,800)	-	Mid-Year Change
	Human Resources Asst	Add	0.60	15,000	27,800	Mid-Year Change
Police	Fleet Technician	Add	1.00	61,000	-	Police Car Program
	Police Lieutenant	Add	1.00	124,300	-	SRO Contract - Rev \$52k
Code Admin	Housing Rehab Asst	Add	1.00	50,000	-	Graffiti Abate/Perm PT - 5 mo.
Information Tech	Telephone Technician	Add	1.00	68,500	-	Public Safety Interoperability
Yakima Air Term		Add	7.00	-	543,900	Assumption of Airport Ops
Wastewater	Laboratory Technician	Add	0.20	-	11,000	Reinstatement of position
<b>Total Mid-Year Changes</b>			<b>9.80</b>	<b>196,800</b>	<b>564,700</b>	
2014 Budget Changes						
Information Tech	IT Manager	Add	1.00	100,200	43,000	Reinstate IT Position
	Electronics Supervisor	Trans	0.00	111,500	(111,500)	Public Safety to Info Tech
	Electronics Tech I	Trans	0.00	82,500	(82,500)	Public Safety to Info Tech
	Electronics Tech II	Trans	0.00	99,000	(99,000)	Public Safety to Info Tech
				<b>293,000</b>	<b>(293,000)</b>	Electronics Total
Gang Free Initiative	Gang Free Init Mgr	Add	1.00	88,600	-	New 2014 Position/Dept
Municipal Court	Municipal Court Clerk	Del	(1.00)	(67,900)	-	Cost Containment
Police	Parking Officer	Add	1.00	56,800	-	Reinstatement - \$40K Rev
		Trans	0.00	178,500	(178,500)	Grant Fund to Police
Fire	Firefighter	Add	2.00	163,700	-	Reinstatement of Positions
	Fire Lieutenant	Add	1.00	-	107,900	Increase EMS Funding
Streets	Supervising Traf Eng	Add	1.00	94,100	-	Right-of-Way/Street Cut Init
	Traffic Tech II	Trans	0.00	-	-	Streets (GG) to Eng (GG)
Parks & Recreation	Admin Associate	Add	1.00	59,500	-	Reinstatement of position
Community Dev	Codes Enf Officer	Add	2.00	100,000	-	Reinstatement
Transit	Department Asst II	Add	1.15	-	67,800	2 Permanent PT Positions
	Transit Cleaner	Add	0.30	-	10,000	Increase Perm PT Hours
Public Works	Department Asst II	Add	1.00	-	46,100	Reinstatement of position
Engineering	Multiple Positions	Trans	0.00	173,000	(173,000)	Reallocate Engineering Staff
<b>Total 2014 Changes</b>			<b>11.45</b>	<b>\$1,239,500</b>	<b>(\$369,700)</b>	
<b>Total General Government Changes</b>				<b><u>\$1,436,300</u></b>	<b><u>\$195,000</u></b>	<b>Total Other Gov't Changes</b>

- A net of 2.6 FTE's were added to General Government mid-year, and 8.0 in the 2014 Budget for a total of 10.6 FTE's.
- A net of 7.2 FTE's were added to other government funds mid-year, and 3.45 in the 2014 Budget for a total of 10.65 FTE's.

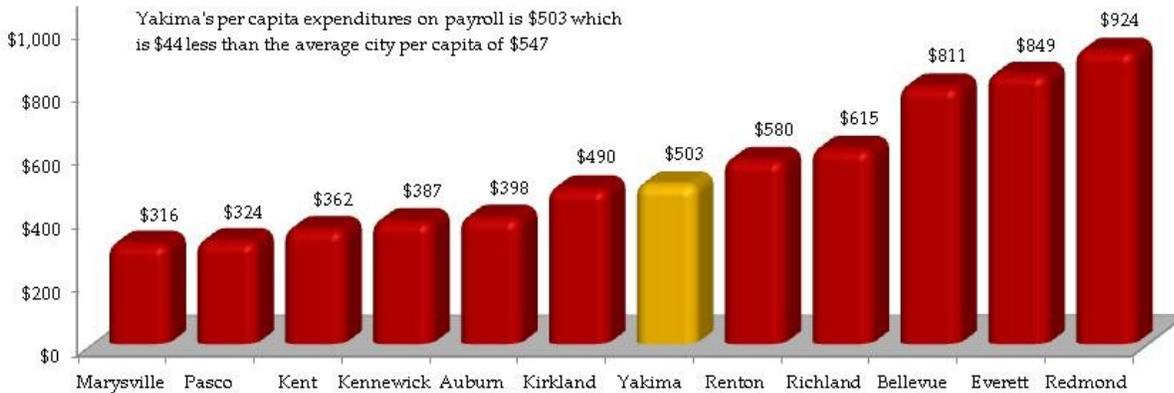
In the 2014 budget, management continues to accommodate Federal and State unfunded mandates and provides critical public safety and other essential services. In an effort to minimize costs and increase efficiencies, management has increased, decreased, and reorganized personnel resources in the 2014 budget.

- Net addition of 21.25 FTE’s and approximately \$1.6 million dollars between the 2013 adopted and the 2014 proposed budgets. (This includes the 7.0 Airport personnel)
- Since the recession started in late 2008, General Government is operating with a net total of 18 fewer FTE’s in 2014 (from 478 in 2008 to 460 in 2014); a reduction of 3.8%.
- 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 2004 down to 5.1 FTE’s in 2013.

**Comparison with other Cities – Payroll**

The data utilized in the following comparison was compiled from the State Auditor’s Local Government Comparative Statistics for 2012, and includes comparisons of comparable Washington State cities with populations between 45,000 and 125,000.

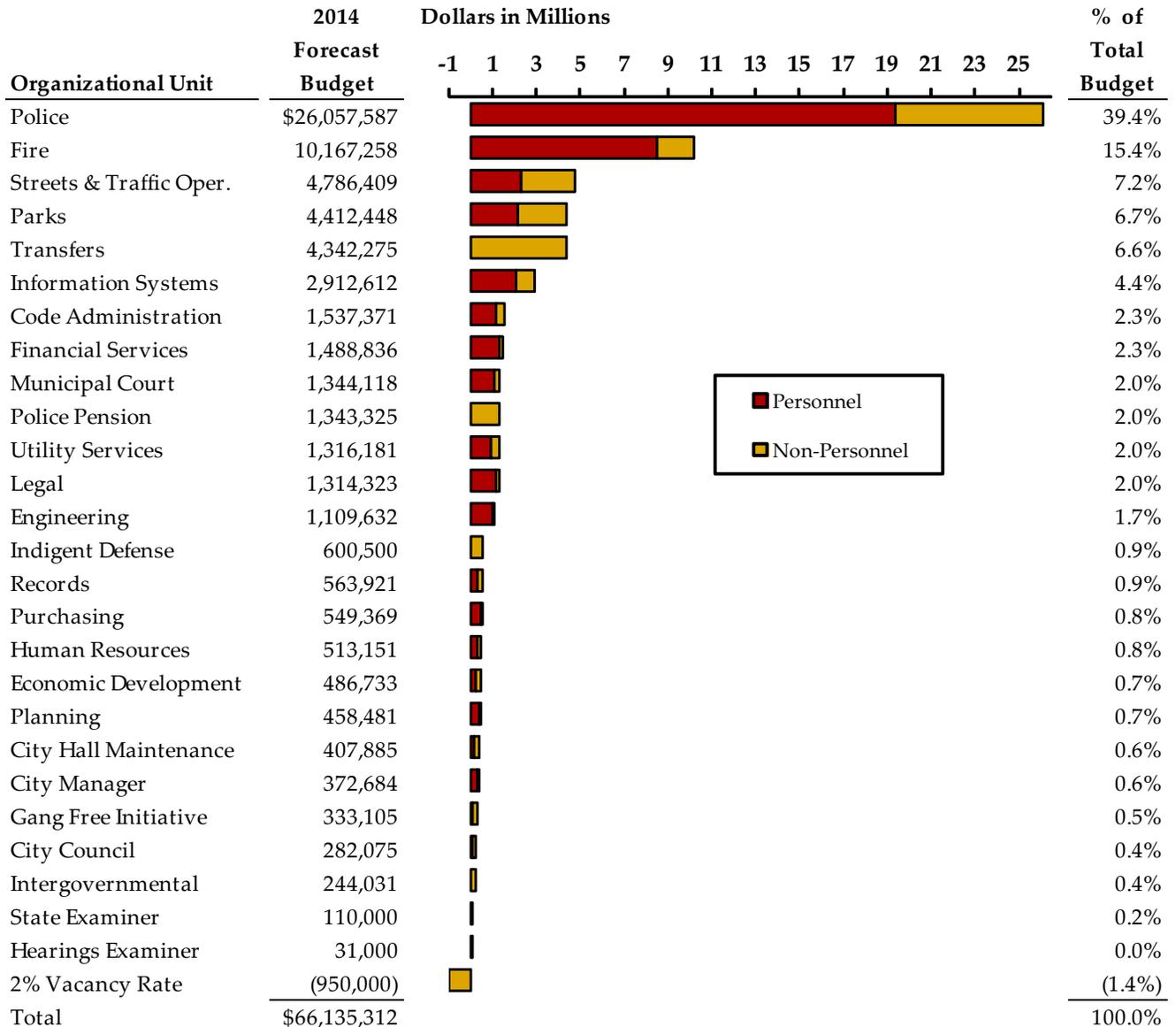
**PAYROLL COSTS**



**PRELIMINARY BUDGET**

The 2014 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.

**2014 GENERAL GOVERNMENT PRELIMINARY BUDGET**  
(By Department)

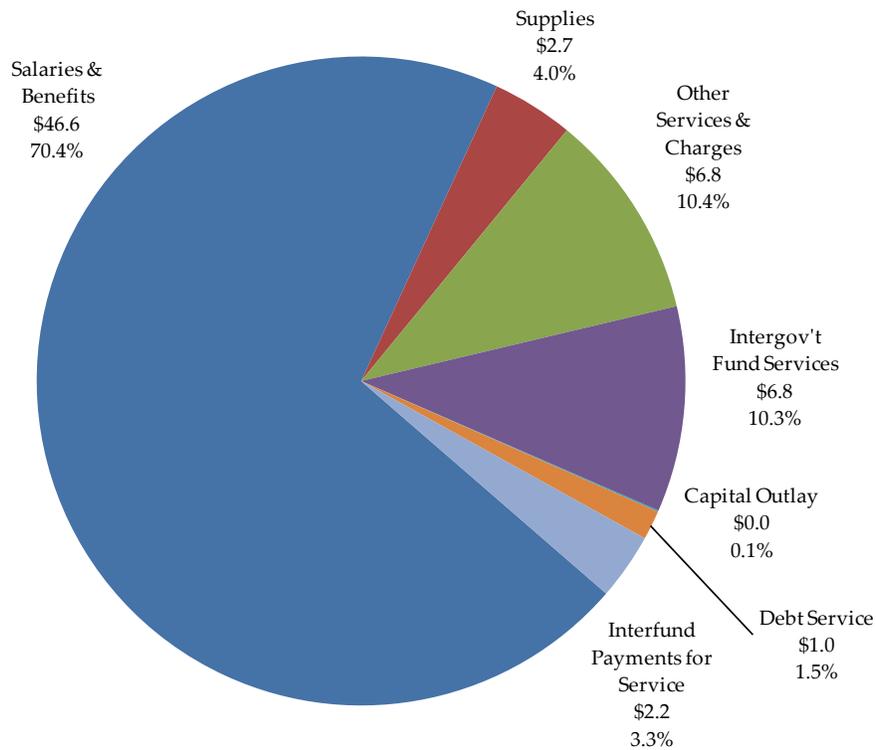


The Police Department consumes 39.4% of the \$66.1 million General Government budget, while the Fire Department consumes another 15.4%. No other single Department utilizes more than 7.2% of the total General Government budget.

The Streets & Traffic Department budget (7.2%) and the Parks and Recreation Department budget (6.7%) 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.

### 2014 GENERAL GOVERNMENT PROJECTED REVENUES, EXPENDITURES AND CASH BALANCES

	2014 Projected Revenue	2014 Proposed Expenditures	Diff	2014 Exp as % of Rev	2014 Estimated Beginning Balance	2014 Estimated Ending Balance	2014 End Bal as % of Exp
General Fund	\$57,181,843	\$56,936,455	\$245,388	(0.4%)	\$9,245,320	\$9,490,708	16.7%
Parks & Recreation	4,357,215	4,412,448	(55,233)	1.3%	678,057	\$622,824	14.1%
Street & Traffic Fund	4,596,360	4,786,409	(190,049)	4.1%	1,159,849	\$969,800	20.3%
Total General Government	<u>\$66,135,418</u>	<u>\$66,135,312</u>	<u>\$106</u>	0.0%	<u>\$11,083,226</u>	<u>\$11,083,332</u>	16.8%

The 2014 General Government preliminary budget is balanced with no use of reserves and the ending reserve balance is projected to be \$11.1 million or 16.8% of the budgeted expenditures, which is right at the recommended “best practice” of 16.7%.

Cash reserves are an integral and critical component of responsible fiscal management and business planning. Standard and Poor’s, a national rating agency, included two references to the City’s general fund reserves in explaining the City’s credit strengths that influenced their most recent (December, 2012) reconfirmation of the City’s “A+” credit rating. Standard and Poor’s stated in their report that the City has a “track record of very strong general fund balances and good financial policies and practices, including a minimum general fund balance threshold and the use of a financial forecasting model”.

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

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

	(1)	(2)	(3)	(4)	(5)
	2012	2013	2013	2014	Variance
	Actual	Amended Budget	Year-End Estimate	Preliminary Budget	(4-2)
Beg. Reserve Balance	\$9,948,220	\$9,944,260	\$10,908,094	\$11,083,227	
Revenue	61,580,246	62,668,304	63,071,318	66,135,418	
<b>Total Resources</b>	<u>\$71,528,466</u>	<u>\$72,612,564</u>	<u>\$73,979,412</u>	<u>\$77,218,645</u>	\$4,606,080
Expenditure Budget	60,772,182	63,677,219	62,896,186	66,135,312	2,458,093
<b>End. Reserve Balance</b>	<u>\$10,756,284</u>	<u>\$8,935,345</u>	<u>\$11,083,227</u>	<u>\$11,083,333</u>	
% of Annual Expenditures	17.7%	14.0%	17.6%	16.8%	
<b>Inc/(Dec) in Reserves f/ Prior Year</b>	\$808,064	(\$1,008,915)	\$175,132	\$106	
% of Expenditure Budget	1.3%	(1.6%)	0.3%	0.0%	

**Revenues**

- 2014 projected revenues reflect an increase from the 2013 year-end estimate of 4.6%.

**Expenditures**

- The 2013 year-end expenditures are projected to be \$0.8 million less than the Amended budget.
- The 2014 proposed expenditure budget is \$3.2 million more than the 2013 year-end estimate and \$2.5 million more than the 2013 authorized expenditure level.

**Reserves**

- A comparison of the 2012 beginning and ending reserve balances reflects a gain of \$0.8 million for reserves during that year (from approximately \$9.9 to \$10.8 million). This good result was primarily due to the turnaround in the economy and related increase in sales tax.
- 2013 year-end projections indicate a minimal gain of reserves during 2013.

- The 2014 budgeted year-end reserve level is approx. 16.8%; this is within the reserve guidelines, as noted previously, and expenditures virtually equal revenues.

## **2014 GENERAL GOVERNMENT BUDGET – HIGHLIGHTS**

For five years now, staff has been closely monitoring the financial crisis and economic recession that has gripped our entire nation, our State and our local economy. Staff has prepared, and updated, 2013 and 2014 revenue projections for the City based on the economic condition of our region. General Government revenues had been flat for about 4 years when the recession started (hovering between \$57.4 and \$57.6 million from 2008 through 2011), but started to turn around in 2012. Much of the revenue increase from 2011 to 2012 actual is the result of City Council's increase of the Water, Wastewater, Refuse and Stormwater utility tax by 6% - this accounts for about \$2 million or half of the \$4.0 million increase. This new revenue was earmarked specifically for Public Safety, and is supporting 12 Police Officers, a Firefighter, and other public safety support. When the new revenue source is removed, 2012 did experience revenue growth of about \$2.0 million or 3.2%.

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

2013 is continuing the growth trend, and through the 9 months ended September 30, the year-to-date sales tax is 7.1% ahead of 2012. We are estimating 2013 to be about \$14.1 million, which is finally ahead of 2008 levels.

- From 2008 through 2012, a total of 41 positions were eliminated in order to balance the budget within available resources.
- The 2013 budget added a net of 1.7 positions, while 2.6 positions were added mid-year 2013 in General Government.
- The 2014 budget returns a net of 8.0 positions to the General Government budget, to address citizen concerns and the City Council's strategic priorities.
- Even with the reinstatement, General Government staffing levels are still below 2008 actual by 28.7 FTE's.

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 2014 Preliminary Budget.

- Sales Tax – The General Government budget includes revenue projections that reflect a 5.1% increase in sales tax revenues from 2013 to 2014. This includes a base growth rate of about 3.0% plus an estimate for a major business moving in to the City limits from a neighboring jurisdiction. Through the 9 months ended September 30, the year to date sales tax is 7.1% over the prior year.

- **Property Tax** – The 2014 budget is based on a 1.0% increase in the property tax levy or about \$169,000, as currently allowed by state law, plus a 0.7% increase or \$116,000 for new construction for a total increase of \$285,000.

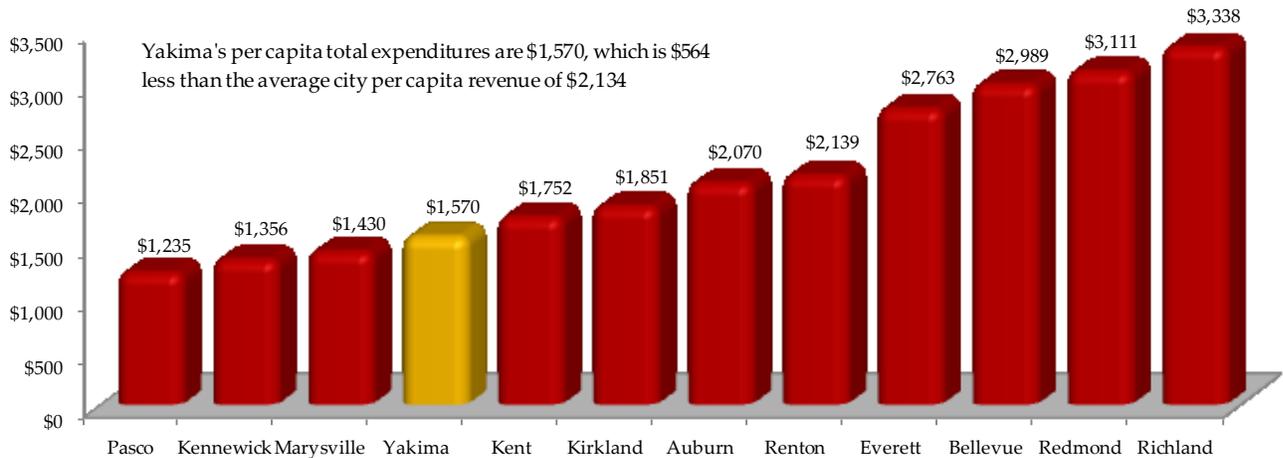
**Budget Reductions/Personnel Changes**

As revenues are on the road to recovery, Council is evaluating service levels and trying to better align service levels with citizen requests as measured by a citizen’s survey. Strategic initiative have been approved and included in the budget, and the cost of doing business continues to grow, budget reductions were still necessary in order to balance the 2013 and 2014 budgets within available resources and maintain a minimum reserve level.

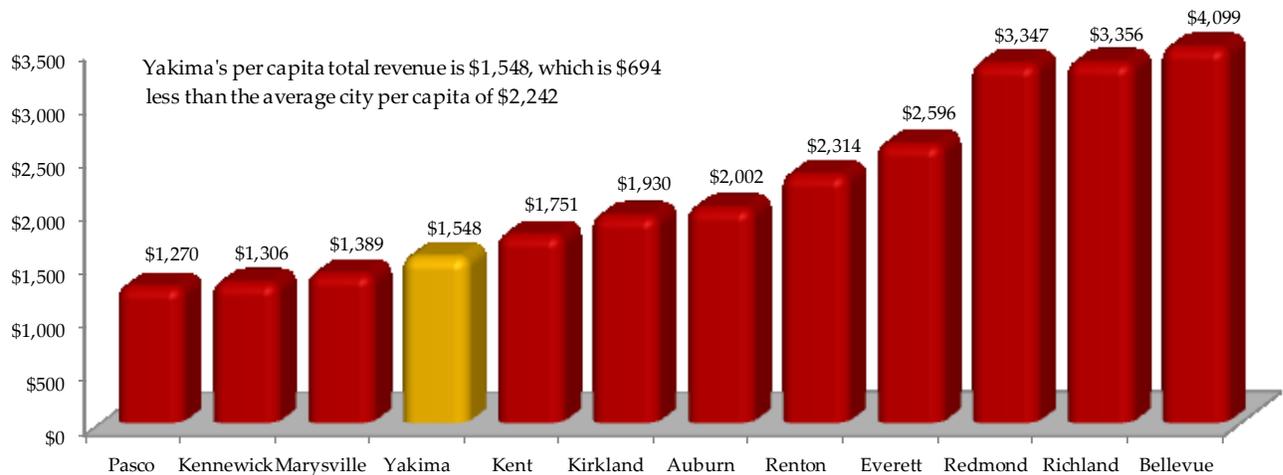
**Comparison with other Cities – Expenditures and Resources**

The data utilized in the following comparisons was compiled from the State Auditor’s Local Government Comparative Statistics for 2012, and includes comparisons of comparable Washington State cities with populations between 45,000 and 125,000.

**TOTAL EXPENDITURES**



**TOTAL RESOURCES**



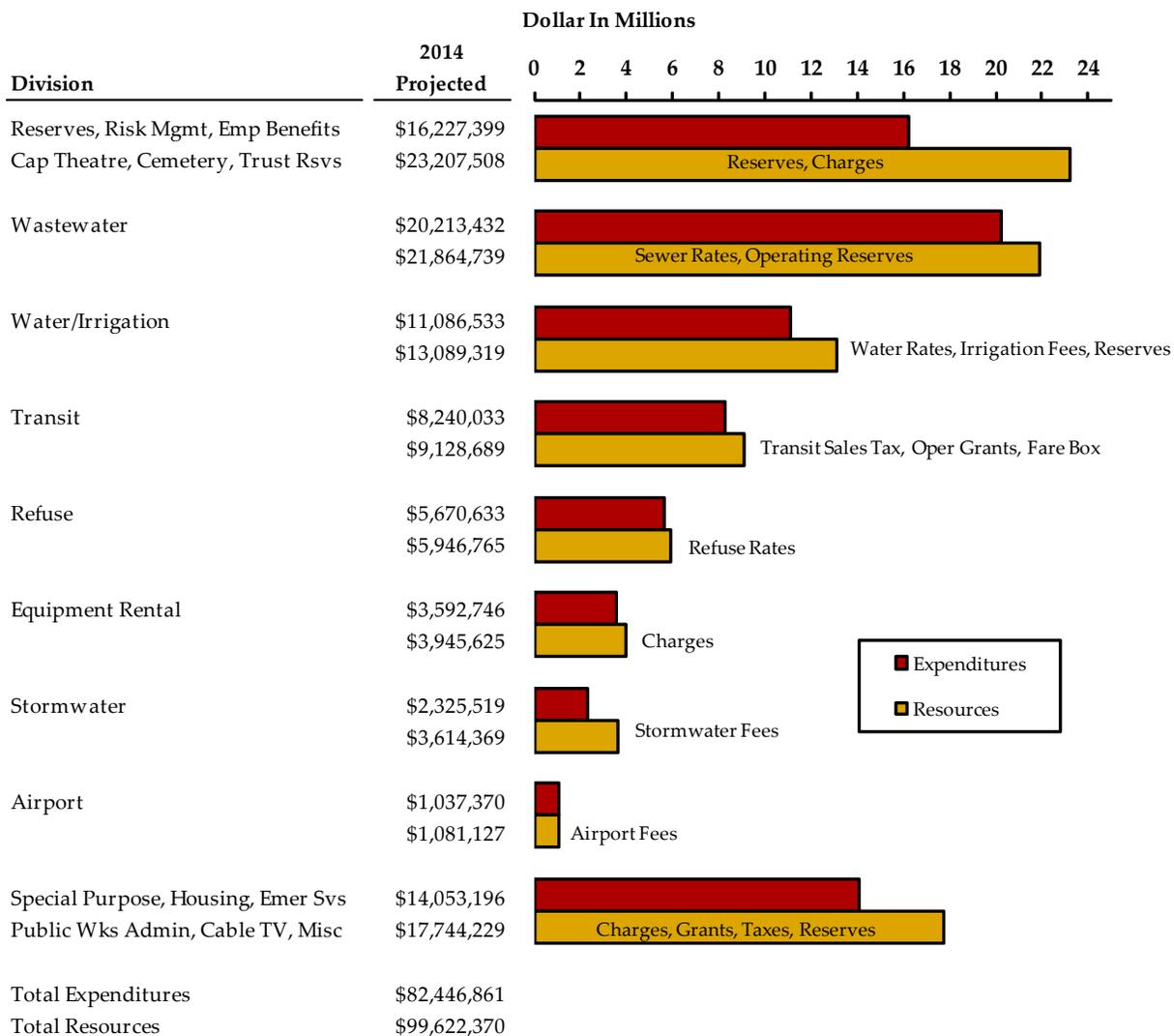
These comparisons demonstrate that the City of Yakima has limited revenue/tax base compared with most cities of its size in the state, and yet provides similar or enhanced services to its citizens. (For example, of the 12 cities included in the comparison, only Everett has a transit system; there are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

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

### NON-GENERAL GOVERNMENT FUND SUMMARY

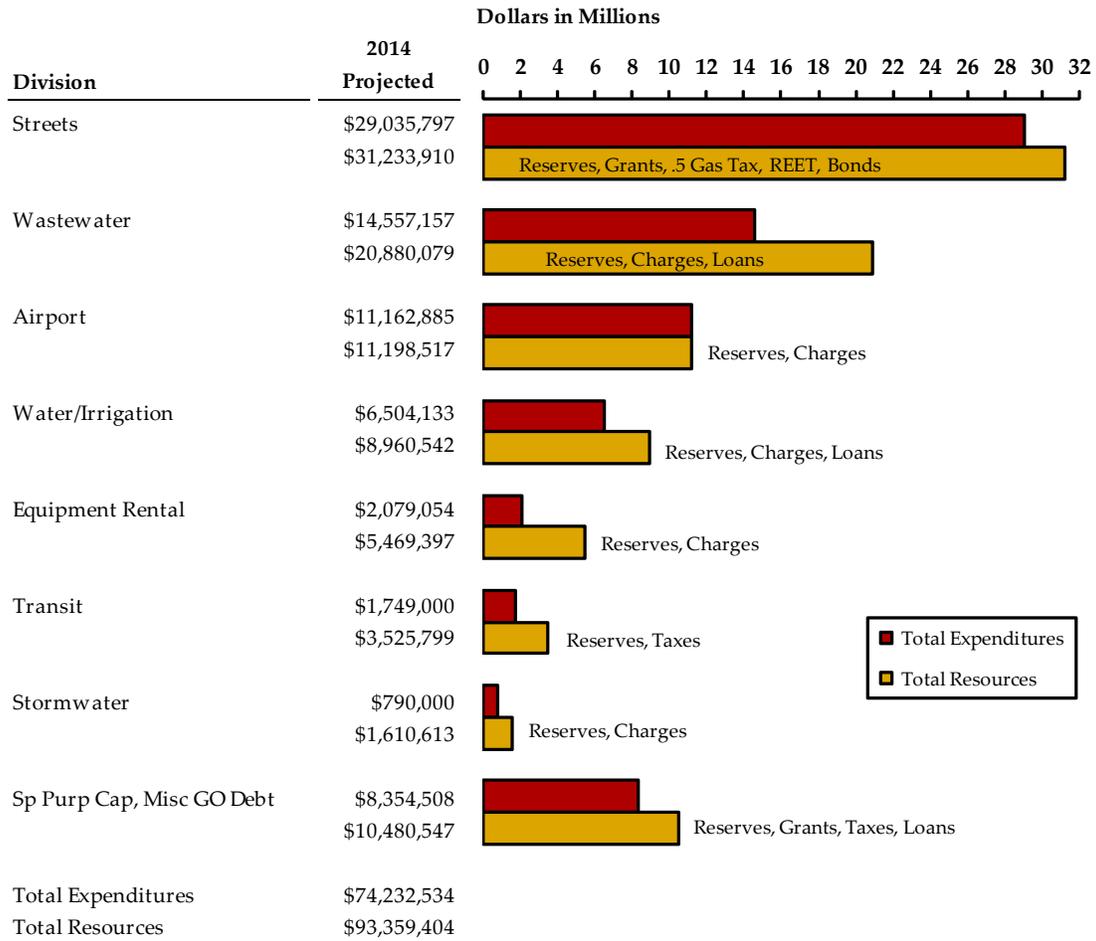
The following chart depicts a summary of resources and expenditures for major operating and Utility fund operations for 2014, including contingency, operating reserve funds and employee benefit funds. Although Equipment Rental is included on the table below, it is split into an operating component and capital component for charting operating vs. capital budgets.

#### 2014 OPERATING AND RESERVE FUNDS



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

### 2014 CAPITAL AND DEBT SERVICE FUNDS





## ***Section II - General Government Funds***

*Year in Review*

*Revenue Trends*

*Expenditure Trends*



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

---

### **2013 GENERAL GOVERNMENT ESTIMATED REVENUES AND EXPENDITURES**

	<u>General Fund</u>	<u>Parks &amp; Rec Fund</u>	<u>Street Fund</u>	<u>Total</u>
Actual Beginning Balance	\$9,182,140	\$460,791	\$1,265,164	\$10,908,095
Estimated Revenue	53,494,980	4,346,215	5,230,123	63,071,318
<b>Total Estimated Resources</b>	<b>62,677,120</b>	<b>4,807,006</b>	<b>6,495,287</b>	<b>73,979,413</b>
Less: Estimated Expenditures	53,431,799	4,128,949	5,335,438	62,896,186
<b>Estimated Ending Balance 2012</b>	<b>\$9,245,321</b>	<b>\$678,057</b>	<b>\$1,159,849</b>	<b>\$11,083,227</b>

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.

- 2013 year-end revenue estimate is \$53,494,980 – \$1,417,300 or 2.7% above the 2012 actual, and \$5,074,589 or 10.5% greater than 2011 actual.
- 2013 year-end expenditure estimate is \$53,431,800 – \$622,171 or 1.2% under the authorized, amended budget of \$54,053,971 due primarily to salary savings from position vacancies.

#### **Parks and Recreation Fund**

Services include Parks programs and maintenance.

- 2013 year-end revenue estimate is \$4,346,215 – \$135,326 or 3.2% above the actual levels for 2012, with the primary increase being additional property tax allocation to adequately fund parks operations, recreation programs and rebuild reserves in this area.
- 2013 year-end expenditure estimate is \$4,128,949 – just (\$3,476) or (0.1%) under the 2013 amended budget.

#### **Streets Fund**

Services include Street and Traffic operations and maintenance.

- 2013 year-end revenue estimate is \$5,230,123 – (\$61,555) or (1.2%)% less than actual levels for 2012, also related primarily to an adjustment of the property tax allocation to “right-size” reserve levels.
- 2013 year-end expenditure estimate is \$5,335,438 – (\$155,385) or (2.8%) under the 2013 amended budget-- also due primarily to position vacancies.

The effects of the national economic recession have turned around in 2012 when the City experienced an increase in Sales Tax for the first time since the recession started in 2008. The upward trend is continuing in 2013. General Government amended revenue budget is \$62,668,274,

so the year-end estimate of \$63,071,318 is about \$403,044 or 0.6% more than budgeted, with most of this increase coming from the final property tax levy being greater than anticipated, and ongoing savings in the Firefighter's pension fund from the switch of pensioners over age 65 to Medicare and related supplemental insurances for their 100% health care, which freed up property tax for current operations. The 2012 actual revenue for these 3 funds was \$60,517,810, so the 2013 estimate is \$2,159,310 or 3.6% above the prior year actual. This is due primarily to improved sales tax and collecting a full year of the utility tax that was increased the beginning of 2012. The annual rate of inflation as measured by the CPI-U (All Urban Consumers) is 1.5% in August, 2013 for all cities, and the Seattle index is 1.1%.

**GENERAL GOVERNMENT EXPENDITURE COMPARISON  
2013 BUDGET VS. YEAR-END ESTIMATE**

<u>Fund/Department</u>	2013 <u>Amended Budget</u>	2013 <u>Year-End Estimate</u>	<u>Variance</u>	<u>Year-End Est. as Percent of Budget</u>
Police	\$25,880,899	\$25,160,522	\$720,377	97.2%
Fire	9,909,477	9,789,746	119,731	98.8%
Transfers	3,002,275	3,002,275	0	100.0%
Technology Services	2,435,038	2,291,558	143,480	94.1%
Financial Services	1,478,418	1,463,365	15,053	99.0%
Code Administration	1,389,047	1,387,163	1,884	99.9%
Municipal Court	1,384,004	1,345,450	38,554	97.2%
Utility Services	1,324,950	1,320,889	4,061	99.7%
Police Pension	1,297,225	1,345,925	(48,700)	103.8%
Legal	1,287,573	1,273,983	13,590	98.9%
Indigent Defense	833,500	540,500	293,000	64.8%
Engineering	686,172	662,004	24,168	96.5%
Purchasing	541,244	542,991	(1,747)	100.3%
Environmental Planning	534,116	529,622	4,494	99.2%
Records	461,070	455,179	5,891	98.7%
Human Resources	459,969	458,094	1,875	99.6%
Economic Development	457,216	454,640	2,576	99.4%
City Hall Maintenance	372,923	361,918	11,005	97.0%
City Manager	366,555	371,626	(5,071)	101.4%
City Council	284,751	275,801	8,950	96.9%
Intergovernmental	261,549	261,049	500	99.8%
State Examiner	110,000	110,000	0	100.0%
Hearing Examiner	26,000	27,500	(1,500)	105.8%
2% Vacancy Rate	(730,000)	0	(730,000)	0.0%
<b>Total General Fund</b>	<u>54,053,971</u>	<u>53,431,800</u>	<u>622,171</u>	<u>98.8%</u>
Parks & Recreation	4,132,425	4,128,949	3,476	99.9%
Street & Traffic Operations	5,490,823	5,335,438	155,385	97.2%
<b>Total General Government</b>	<u>\$63,677,219</u>	<u>\$62,896,187</u>	<u>\$781,032</u>	<u>98.8%</u>

The preceding table provides a breakdown of the year-end estimate of General Government budgets for 2013. The largest positive variance (expenditure savings) is in the Police Department and relates to salary savings from several vacancies. The next is a result of the new indigent defense rules being postponed until the beginning of 2015. Most of the other positive variances are also related to position vacancies.

Following is a listing of departments projected to exceed budget:

- Police Pension – There are currently 4 pensioners in long-term care facilities, compared to the historical average of 2 per year.
- Purchasing and City Manager – Both have relatively tight budgets and no vacancies, which made it difficult to absorb the lump sum cash-outs of the labor settlements and/or the new vacation sell-back program.
- Hearing Examiner – This expense is a function of both the volume and complexity of cases coming before the Hearing Examiner.

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

**GENERAL FUND  
THREE YEAR COMPARISON**

	2011	2012	2013
	Actual	Actual	Year-End Estimate
<b>Beginning Balance</b>	\$8,275,553	\$8,440,130	\$9,182,140
Revenues	48,420,391	52,077,680	53,494,980
<b>Total Resources</b>	56,695,944	60,517,810	62,677,120
Expenditures	48,255,814	51,487,699	53,431,799
<b>Ending Balance</b>	<u>\$8,440,130</u>	<u>\$9,030,111</u>	<u>\$9,245,321</u>

## **GENERAL GOVERNMENT FUNDS: REVENUE TRENDS**

---

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

For 2014, total General Government revenues are budgeted to be \$66,135,918; \$3,064,600 or 4.9% more than the 2013 year-end estimate of \$63,071,318. Total beginning cash reserves are estimated to be \$11,083,227, \$175,132 or (1.6%) more than the 2012 estimate of \$10,908,094. This fund balance is about 16.8% of the proposed 2014 budget.

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

- Sales Tax – for 2014 is projected to be approximately \$720,000 or 5.1% above the 2013 estimate. Sales tax is currently running at 7.1% ahead of 2012 year-to-date through October. The 2014 estimate assumes a 3% increase in the base plus retail businesses moving into the City limits from a neighboring jurisdiction.
- Criminal Justice Sales Tax—is also projected to increase \$223,000 or 8.1%, because of the both the general growth estimate and a reallocation of this tax from the capital fund because the new Police take-home program reduced 2014 vehicle purchases in the capital fund.
- Property Tax – increased \$291,000 or 1.9%. This includes the levy limit increase of 1%, plus new construction (about 0.7%), and a redirection from the Firemen’s pension fund in response to the continued savings from transferring LEOFF 1 medical expense of pensioners over age 65 to Medicare and purchased Medicare supplemental insurance.
- Franchise and Utility taxes – increase (2014 over 2013) of \$777,500 or 5.3% is largely due to Cable TV tax of \$500,000 being redirected from debt service on the law and justice facility to General Fund, to help fund the Charter amendment directing the City to spend \$2 million on street improvements. This G.O. bond issue was paid in full in 2013. The \$277,500 balance is 1.9% inflationary growth assuming rate adjustments proposed in a few of the major utilities.
- Charges for Services – are up by \$904,308 or 14.8% primarily because of a revised methodology to calculate the city service (i.e. administrative) charge to other operating funds (\$360,000); a reallocation of engineering staff back into General Fund, and a corresponding increase in engineering fees for construction projects (\$200,000); and a proposal to implement a street break fee (\$150,000). Program usage is estimated to increase in a few areas, while other charges are estimated to remain flat.
- State Shared Revenue – is being increased by \$144,685 or 5.2% mainly because the current state budget reinstated the Liquor Excise Tax which was discontinued for a year starting the 4<sup>th</sup> quarter of 2012.

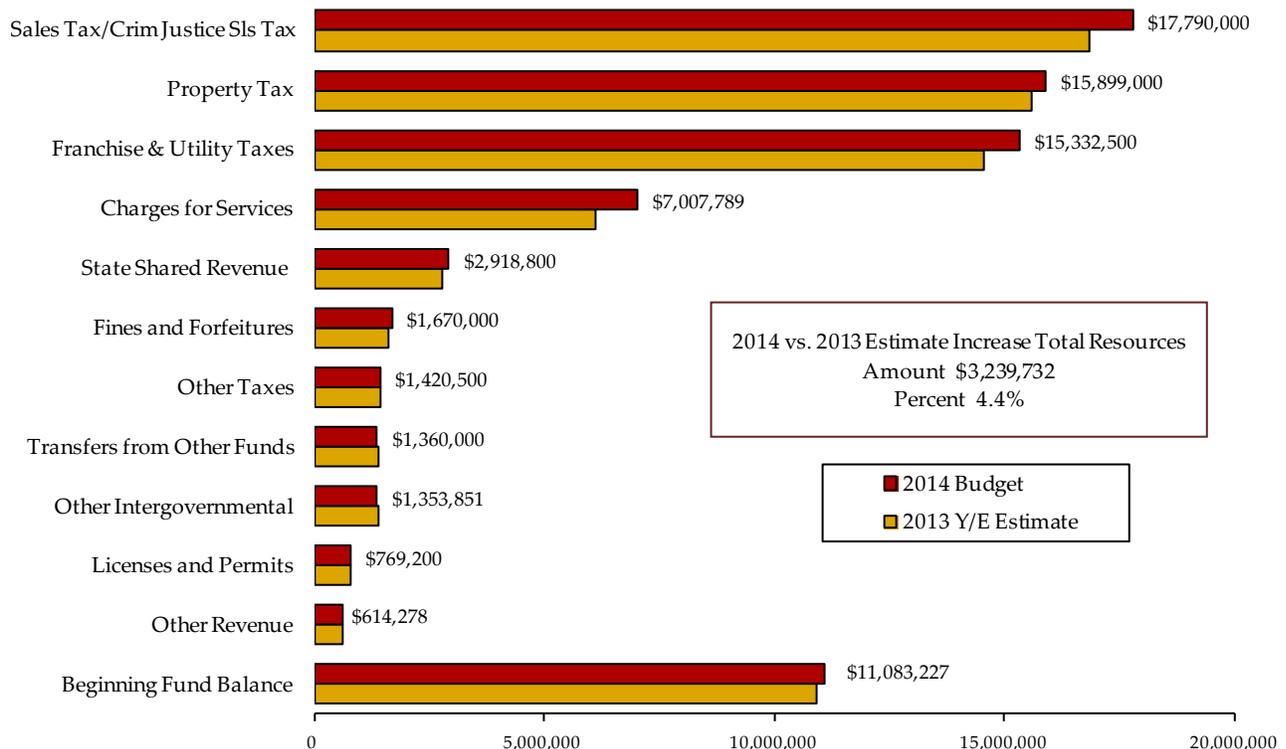
The balance of the revenue categories are expected to remain relatively flat.

**GENERAL GOVERNMENT RESOURCES  
THREE YEAR COMPARISON**

Source	2012	2013	Percent Change	2014	% of 2014	— 2014 vs. 2013 —	
	Actual	Estimate		Budget	Total	Increase (Decrease)	Percent Change
General Sales Tax	\$13,494,843	\$14,100,000	4.5%	\$14,820,000	22.4%	\$720,000	5.1%
Crim. Justice Sales Tax <sup>(1)</sup>	2,497,008	2,747,000	10.0%	2,970,000	4.5%	223,000	8.1%
Property Tax	15,334,939	15,608,000	1.8%	15,899,000	24.0%	291,000	1.9%
Franchise & Utility Taxes	14,429,011	14,555,000	0.9%	15,332,500	23.2%	777,500	5.3%
Charges for Services	5,664,903	6,103,481	7.7%	7,007,789	10.6%	904,308	14.8%
State Shared Revenue	3,071,218	2,774,115	(9.7%)	2,918,800	4.4%	144,685	5.2%
Fines and Forfeitures	1,512,477	1,613,000	6.6%	1,670,000	2.5%	57,000	3.5%
Other Taxes	1,386,797	1,416,900	2.2%	1,420,500	2.1%	3,600	0.3%
Other Revenue	636,158	605,018	(4.9%)	614,278	0.9%	9,260	1.5%
Transfers from other Funds	1,511,458	1,390,000	(8.0%)	1,360,000	2.1%	(30,000)	(2.2%)
Other Intergovernmental	1,149,151	1,378,804	20.0%	1,353,851	2.0%	(24,953)	(1.8%)
Licenses and Permits	892,282	780,000	(12.6%)	769,200	1.2%	(10,800)	(1.4%)
<b>Total Revenue</b>	<b>\$61,580,245</b>	<b>\$63,071,318</b>	<b>2.4%</b>	<b>\$66,135,918</b>	<b>100.0%</b>	<b>\$3,064,600</b>	<b>4.9%</b>
Beginning Fund Balance	9,948,220	10,908,094	9.6%	11,083,227		175,132	1.6%
<b>Total Resources</b>	<b>\$71,528,465</b>	<b>\$73,979,412</b>	<b>3.4%</b>	<b>\$77,219,145</b>		<b>\$3,239,732</b>	<b>4.4%</b>

(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  
2012 YEAR-END ESTIMATE AND 2013 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). The following chart summarizes net revenue by Department.

**NET REVENUE  
(Includes Dedicated Revenues)**

<u>Department</u>	<u>Expenditures</u>	<u>Net Revenue</u>
City Management	\$6,064,781	\$1,958,348
Legal	1,314,323	359,596
Municipal Court	1,344,119	303,857
Finance	8,444,017	2,427,252
Community Development	2,434,736	1,414,466
Engineering	1,109,632	1,012,500
Police	26,057,588	4,745,298
Fire	1,343,325	118,964
Parks & Recreation	4,412,447	1,288,615
Streets	3,041,733	1,508,360
	<u>\$55,566,701</u>	<u>\$15,137,255</u>

This demonstrates that about 27.2% of General Government revenue is either dedicated to or generated by certain operations. This percentage increased from the 2013 level of 23.2% because of the increases noted in the *Charges for Services* category.

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

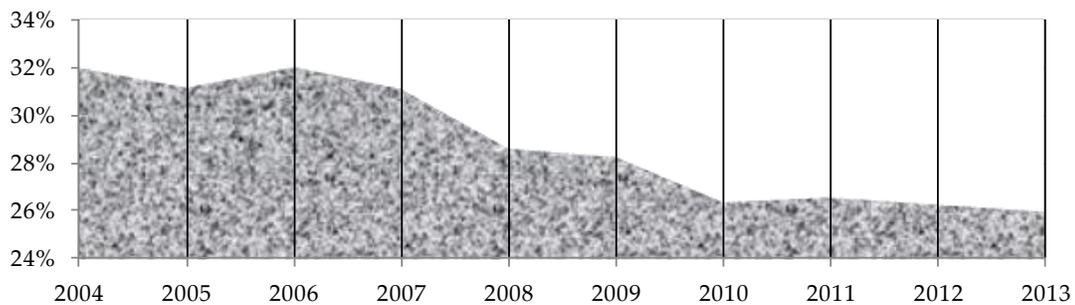
- 2014 revenue projection is \$14,820,000 – 5.1% above the 2013 year end estimate.

After 3 years of sales tax being about \$1.1 million or 8% below the 2008 high of \$13.7 million, sales tax picked up in 2012. The tax collected in 2012 was \$13.5 million, 7.2% greater than 2011. This trend is continuing--2013 sales tax is about 7.1% ahead of 2012 year to date through October, so that the year-end estimate is \$14.1 million (finally exceeding 2008). 2014 assumes an increase of 5.1% over this higher activity, to \$14.8 million, assuming 3% growth in the base economy, along with the move of a major retailer into the City limits from a neighboring jurisdiction. The agricultural sector of our economy experienced a good year in 2012, which jump-started the growth; and construction sales tax is on the upswing, with Yakima School District projects slated to continue into 2014, and Yakima Valley Community College beginning a new building program.

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 flat because of the increase in the City utility tax rate.

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



**Criminal Justice Sales Tax**

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

This tax is expected to generate \$1,155,000 for the City in 2014 and is allocated in the City’s budget forecast as noted in the following chart.

**0.1% CRIMINAL JUSTICE SALES TAX**

Fund	2012	2013	2014
	Actual	Year-End Estimate	Budget Forecast
General Fund	\$851,436	\$1,000,000	\$1,090,000
Law and Justice Capital	200,000	125,000	65,000
<b>Total</b>	<b>\$1,051,436</b>	<b>\$1,125,000</b>	<b>\$1,155,000</b>

**0.3% Sales Tax** – Another special sales tax of 0.3% dedicated to Criminal Justice expenditures was approved by the Yakima County voters in November, 2004, and took effect on April 1st of 2005. The tax is on sales inside the County only and the proceeds are divided between the County and Cities on a predefined formula under which the County receives 60% and all cities within the County share the remaining 40%. Anticipated revenue is depicted in the table below. (Note:

Public Safety Communications and Law and Justice Capital Finds are not part of General Government.) This tax is expected to generate \$2,081,000 in 2014, and is allocated in accordance with the following chart.

### 0.3% CRIMINAL JUSTICE SALES TAX

Fund	2012	2013	2014
	Actual	Year-End Estimate	Budget Forecast
General Fund (for Criminal Justice Expenditures)	\$1,645,572	\$1,747,000	\$1,880,000
Public Safety Communications	176,230	177,500	175,000
Law and Justice Capital	113,267	96,500	26,000
Total	<u>\$1,935,069</u>	<u>\$2,021,000</u>	<u>\$2,081,000</u>

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

### PROPERTY TAX

- Property tax provides approximately 24.0% of all General Government revenue in the 2013 budget. The 2014 budget is based on a 1% increase in the property tax levy, as currently allowed by state law, or approximately \$169,000, plus a conservative 0.7% or \$116,000 increase for new construction for a total increase of \$285,000 for a total, with Fire pension, of \$17,085,000.

The 2014 request complies with the levy limit restrictions which cap property tax levy increases to the maximum of 1% or the rate of inflation, whichever is less. (Note: state law defines the rate of inflation as measured by the Implicit Price Deflator for consumer goods). State law also allows the City to increase the levy by more than 1% if approved by the majority of voters.

As a point of clarification, the property tax levy restriction limits the change in the dollars levied (1% would generate about \$169,000 for 2014) – it does not limit growth in assessed value. The 1% limit affects the total dollars levied, while assessed valuation is the mechanism used to allocate the levy ratably among the property owners.

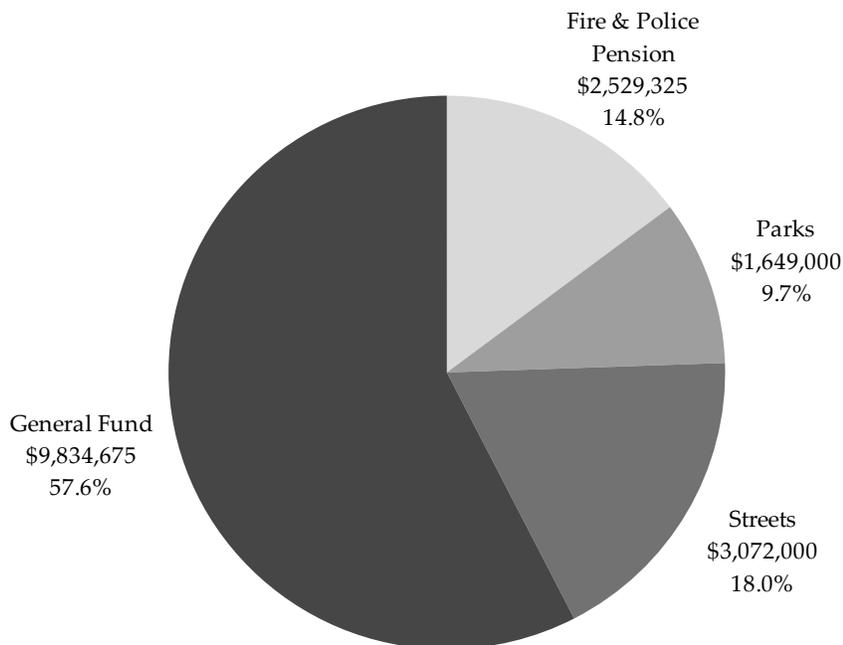
Since most consumer activity (i.e., wages, equipment, etc.) is more closely tied to the Consumer Price Index (CPI), and CPI is greater than 1% in almost all years, the future effect of 1% or less growth in Property Tax is restrictive to the City since Property Tax is one of General Government’s primary revenue sources. This restriction was recognized in the Five-Year Financial Plan, and is a component in the projected deficits going forward. For sake of comparison, a 1% increase in just the Yakima Police Patrolman’s Association and the International Association of Firefighters bargaining units together amount to almost \$200,000 in 2014.

The following chart and graph depict the 2014 budgeted allocation of the City’s property tax revenues.

**2013 PROPOSED  
GENERAL PROPERTY TAX LEVY – BY FUND**

	2012 Actual	2013 Amended Budget	2013 Estimated	2014 Budget	2013 Est. vs. 2014 Budget
General	\$9,935,939	\$10,016,000	\$10,125,000	\$11,178,000	10.4%
Parks & Recreation	1,683,000	1,457,000	1,812,000	1,649,000	(9.0%)
Street & Traffic	3,716,000	3,856,000	3,671,000	3,072,000	(16.3%)
<b>Sub-Total General Government</b>	<b>15,334,939</b>	<b>15,329,000</b>	<b>15,608,000</b>	<b>15,899,000</b>	<b>1.9%</b>
Fire Pension	1,315,000	1,315,000	1,192,000	1,186,000	(0.5%)
<b>Total</b>	<b>\$16,649,939</b>	<b>\$16,644,000</b>	<b>\$16,800,000</b>	<b>\$17,085,000</b>	<b>1.7%</b>

**2013 PROPOSED  
GENERAL PROPERTY TAX LEVY – BY FUNCTION**



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

**FRANCHISE AND UTILITY TAXES**

Franchise and utility taxes are collectively the third largest category of General Government revenues. They comprise 23.2% of 2014 projected General Government revenues and 23.1% of projected 2014 General Fund Revenues.

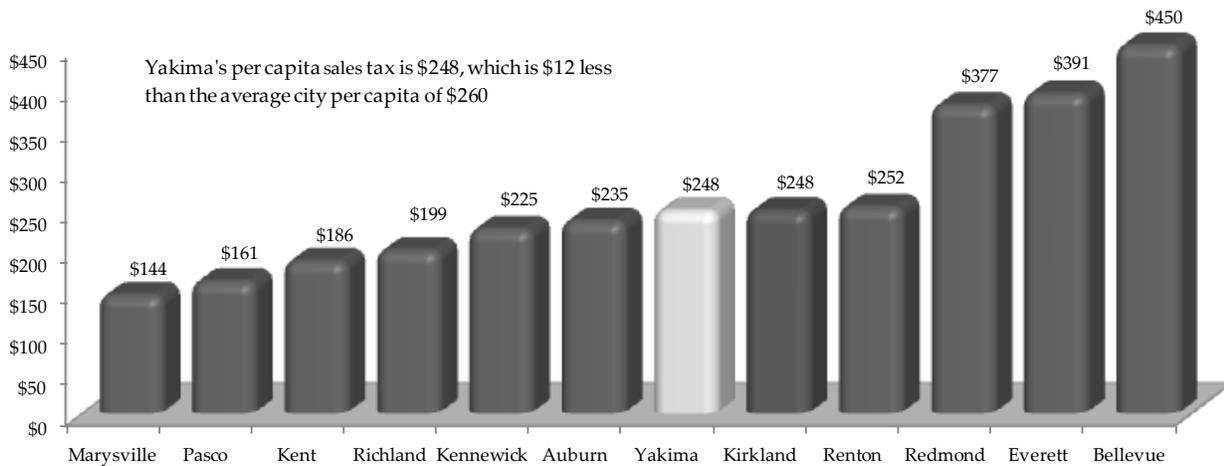
- 2014 projection is \$15,332,500 – \$777,500 or 5.3% above the 2013 year-end estimate of \$14,555,000.

These revenues are largely a function of weather conditions and utility rates in the Valley. Going into 2014, the base increase is estimated to be \$277,500 or 1.9%. The balance or \$500,000 is from the re-direction of the Cable TV utility tax from Law and Justice debt service to General Fund (since this bond issue will be paid in full in 2013), to help support the voted City Charter amendment to increase funding for street improvements by \$2 million. The Franchise and utility taxes combined are the only major revenue source keeping pace with the rate of inflation, primarily because of rate increases implemented by utility providers.

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

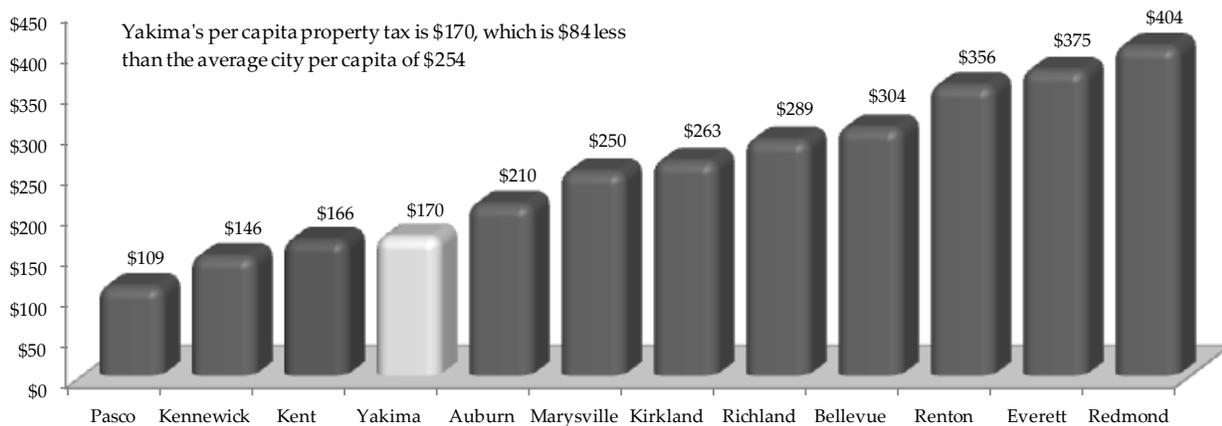
These comparisons show that for all 3 of the major tax sources, Yakima is below the state average. This data was compiled from the State Auditor’s Local Government Comparative Statistics for 2012, and includes comparisons of comparable Washington State cities with population between 45,000 and 125,000.

### SALES & USE TAXES

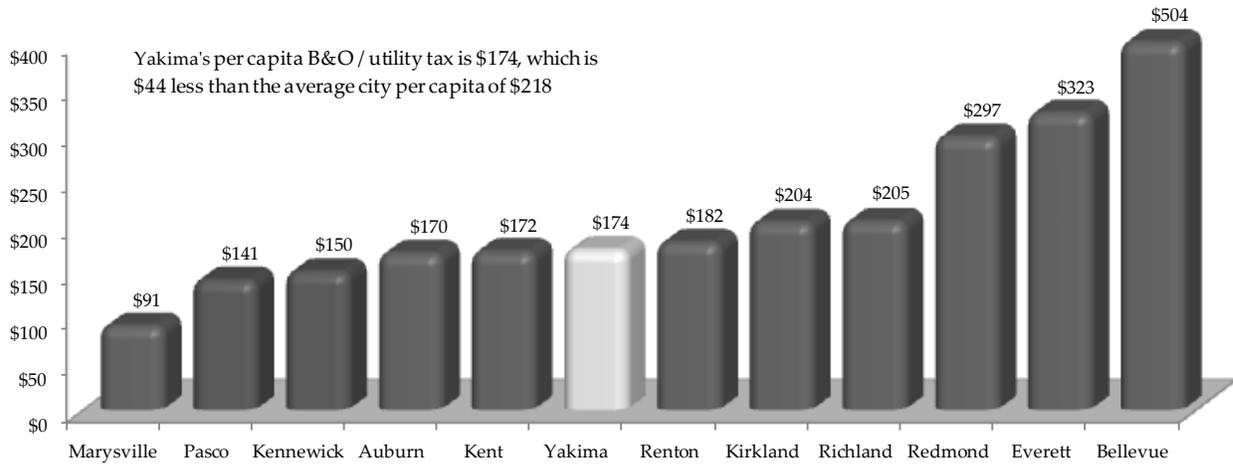


Note: Only Yakima and Everett have a sales tax levied for Transit purposes.

### PROPERTY TAXES



## B & O / UTILITY TAXES



Note: Yakima's per capita B&O/Utility taxes were \$144 or \$64 less than the average City per capita in 2011. The additional 6% tax on the City utilities was started in 2012, and Yakima remains below the comparable average.

### 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).

- 2014 projection is \$7,007,789. This is a 14.8% or \$904,308 increase from the 2012 estimate.

Reorganizations in the Engineering and Public Safety Communications divisions resulted in 2 activities currently being paid in other funds moving into General Government funds, along with their corresponding revenue. Specifically, the allocation of engineering staff to the City utilities was changed upon review by the new Utilities and Engineering Director, moving the expense from City utilities into General Fund. This change comes with additional revenue of about \$200,000. Also, the Electronics Function is coming under the Information Technology Manager moving from the Public Safety Communications fund, which adds about \$103,000 to this revenue category.

A new encroachment fee for street breaks is being proposed, and \$150,000 is the estimated revenue for this new program.

The other major component of this increase is a re-evaluation of the City Service Charge, including a new methodology to keep the charge more consistent among the various funds. This category is estimated to increase by about \$360,000.

Other changes are related to usage estimates, and are relatively flat.

## **STATE SHARED REVENUE**

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

- 2014 projection for all revenues within this category is \$2,918,800; an increase of \$144,685 from the 2013 year-end estimate of \$2,774,115. The State Legislature eliminated the Liquor Excise Tax for one fiscal year (2012-2013) in order to help balance the State's budget. This tax has been reinstated starting the 4<sup>th</sup> quarter of 2013. Other revenues in this category are relatively flat.

## **FINES AND FORFEITURES**

These revenues come primarily from criminal fines and noncriminal penalties assessed in the City of Yakima's Municipal Court, and parking violations. This revenue category is \$1,670,000, an increase of \$57,000 for 2014. This is due primarily to the re-instatement of a Parking Enforcement Officer in the 2013 – parking tickets are estimated to increase about \$40,000.

## **OTHER TAXES**

This category includes 500 Business Licenses and 900 Gambling Taxes. The 2014 projection is \$1,420,500, up only 0.3% or \$3,600 – virtually the same as the 2013 year-end estimate.

## **OTHER REVENUES**

The balance of revenues supporting the general government funds consists of other financing sources and miscellaneous revenues, including interest earnings. For 2014, \$614,278 is expected to be generated in this category, a slight increase of \$9,260 or 1.5% from the 2013 year end estimate of \$605,018.

## **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 2014 projection is \$1,360,000, and is derived from utility tax estimates.

## **OTHER INTERGOVERNMENTAL**

This category includes revenue received from other Government units other than the per capita distributions from the State of Washington. The 2014 budget of \$1,353,851 is down (\$24,953) or (1.8%) from the 2013 estimate largely due to the cancellation of the Yakima Housing Authority support for a police presence at their facilities, and a one-time planning grant in 2013.

## **LICENSES AND PERMITS**

The 2014 budget is \$769,200, (1.4%) or (\$10,800) less than the 2013 year-end estimate of \$780,000. The decrease is primarily because of a spike in right-of-way use permit revenue in 2013, which is not expected to repeat in 2014. The estimates related to building revenues are estimated to be flat in response to challenges currently being faced in the building industry.

## REVENUE TRENDS – OVERVIEW

Total General Government revenue remained flat from 2008 through 2011. Revenues grew by about \$4 million in 2012, about half of that increase resulted from the increased utility tax for Public Safety. For 2013 the estimated revenue of \$63.1 million shows a growth of 2.4% -- a modest increase resulting from the property tax calculation, a continuation of a rebound in sales tax, and growth in utility taxes. Projected revenue for 2014 is \$66.1 million, a 4.9% increase – mainly due to an upturn in sales tax, the statutory property tax increase, and new revenue in the General Fund (i.e. the Cable TV utility tax redirected from debt service; Engineering services; a move of the Electronics function; and a new street break program).

## GENERAL GOVERNMENT RESOURCE COMPARISON - BY FUND

### GENERAL GOVERNMENT THREE YEAR RESOURCE COMPARISON <sup>(1)</sup>

	2012	2013	2013	2014	2014
	Actual	Year-End	vs.	Budgeted	vs.
	Resources	Estimated	2012	Resources	2013
		Resources	% Change		% Change
General Fund	\$52,077,679	\$53,494,980	2.7%	\$57,181,843	6.9%
General Fund Beg Balance	8,440,130	9,182,140	8.8%	9,245,322	0.7%
<b>Total General Fund</b>	<b>60,517,809</b>	<b>62,677,120</b>	<b>3.6%</b>	<b>66,427,165</b>	<b>6.0%</b>
Parks & Recreation	4,210,889	4,346,215	3.2%	4,357,215	0.3%
Parks Beg Balance	293,800	460,790	56.8%	678,057	47.2%
<b>Total Parks</b>	<b>4,504,689</b>	<b>4,807,005</b>	<b>6.7%</b>	<b>5,035,272</b>	<b>4.7%</b>
Street & Traffic Fund Revenue	5,291,678	5,230,123	(1.2%)	4,596,360	(12.1%)
Street & Traffic Beg Balance	1,211,290	1,265,164	4.4%	1,159,848	(8.3%)
<b>Total Street &amp; Traffic</b>	<b>6,502,968</b>	<b>6,495,287</b>	<b>(0.1%)</b>	<b>5,756,208</b>	<b>(11.4%)</b>
Total Revenue	61,580,247	63,071,318	2.4%	66,135,418	4.9%
Total Beg Bal	9,945,220	10,908,094	9.7%	11,083,227	1.6%
<b>Total General Government</b>	<b>\$71,525,467</b>	<b>\$73,979,412</b>	<b>3.4%</b>	<b>\$77,218,645</b>	<b>4.4%</b>

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

## GENERAL GOVERNMENT RESOURCES BY MAJOR CATEGORY

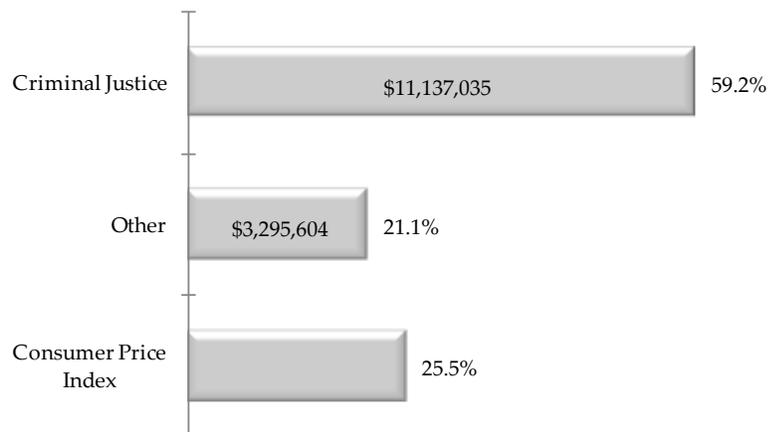
	2011 Actual	2012 Actual	2013 Amended Budget	2013 Year-End Estimate	2014 Forecast Budget	2014 % Change f/ 2012 Est.
	1	2	3	4	5	4-5
<b>General Fund</b>						
Utility Tax	\$11,499,662	\$14,372,866	\$14,480,000	\$14,500,000	\$15,276,500	5.4%
Retail Sales and Use Tax	12,590,563	13,494,843	14,000,000	14,100,000	14,820,000	5.1%
Property Tax	9,595,175	9,935,939	10,016,000	10,125,000	11,178,000	10.4%
Charges for Service	5,343,249	4,676,966	5,195,480	5,063,606	5,806,614	14.7%
Criminal Justice Sales Tax	2,612,126	2,497,008	2,747,000	2,747,000	2,970,000	8.1%
Intergovernmental Revenue	2,553,306	2,862,186	2,670,719	2,751,719	2,882,551	4.8%
Fines and Forfeitures	1,569,946	1,512,477	1,555,000	1,613,000	1,670,000	3.5%
Other Taxes	1,388,253	1,386,334	1,396,500	1,416,500	1,420,500	0.3%
Licenses and Permits	842,272	892,282	731,700	780,000	769,200	(1.4%)
Miscellaneous Revenue	305,493	350,633	290,850	303,155	332,478	9.7%
Franchise Fees	44,569	56,145	50,000	55,000	56,000	1.8%
Transfers From Other Funds	40,000	40,000	40,000	40,000	0	(100.0%)
<b>Total Revenue</b>	<b>\$48,384,614</b>	<b>\$52,077,679</b>	<b>\$53,173,249</b>	<b>\$53,494,980</b>	<b>\$57,181,843</b>	<b>6.9%</b>
Beginning Fund Balance	8,040,189	8,440,130	9,182,140	9,182,140	9,245,322	0.7%
<b>Total General Fund</b>	<b>\$56,424,803</b>	<b>\$60,517,809</b>	<b>\$62,355,389</b>	<b>\$62,677,120</b>	<b>\$66,427,165</b>	<b>6.0%</b>
<b>Parks &amp; Recreation Fund</b>						
Property Tax	\$1,725,983	\$1,683,000	\$1,457,000	\$1,812,000	\$1,649,000	(9.0%)
Transfers From Other Funds	1,093,438	1,433,150	1,275,000	1,350,000	1,360,000	0.7%
Charges for Services	907,145	783,038	967,965	821,415	985,415	20.0%
Misc. Revenue/Non-Revenue	246,260	222,686	236,800	215,800	215,800	0.0%
Intergovernmental	85,374	81,847	92,000	92,000	92,000	0.0%
Other Financing Sources	47,910	7,168	55,000	55,000	55,000	0.0%
<b>Total Revenue</b>	<b>\$4,106,110</b>	<b>\$4,210,889</b>	<b>\$4,083,765</b>	<b>\$4,346,215</b>	<b>\$4,357,215</b>	<b>0.3%</b>
Beginning Fund Balance	385,681	296,800	460,790	460,790	678,057	47.2%
<b>Total Parks &amp; Recreation Fund</b>	<b>\$4,491,791</b>	<b>\$4,507,689</b>	<b>\$4,544,555</b>	<b>\$4,807,005</b>	<b>\$5,035,272</b>	<b>4.7%</b>
<b>Street and Traffic Operations Fund</b>						
Property Tax	\$3,524,307	\$3,716,000	\$3,856,000	\$3,671,000	\$3,072,000	(16.3%)
Fuel Tax - Street	1,289,527	1,275,733	1,293,000	1,293,700	1,297,600	0.3%
Charges for Services	215,478	204,899	215,760	218,460	215,760	(1.2%)
Miscellaneous Revenue	13,661	30,934	19,000	29,063	9,000	(69.0%)
Other Financing Sources	855	24,738	27,000	2,000	2,000	0.0%
Other Intergovernmental	47,725	603	500	15,500	500	(96.8%)
County Road Tax/Annexations	217	463	0	400	0	(100.0%)
Transfers From Other Funds	40,000	38,308	0	0	0	n/a
<b>Total Revenue</b>	<b>\$5,131,770</b>	<b>\$5,291,678</b>	<b>\$5,411,260</b>	<b>\$5,230,123</b>	<b>\$4,596,860</b>	<b>(12.1%)</b>
Beginning Fund Balance	1,285,030	1,211,290	1,265,164	1,265,164	1,159,848	(8.3%)
<b>Total Street &amp; Traffic Ops. Fund</b>	<b>\$6,416,800</b>	<b>\$6,502,968</b>	<b>\$6,676,424</b>	<b>\$6,495,287</b>	<b>\$5,756,708</b>	<b>(11.4%)</b>
<b>Total General Government</b>	<b>\$67,333,394</b>	<b>\$71,528,467</b>	<b>\$73,576,368</b>	<b>\$73,979,412</b>	<b>\$77,219,145</b>	<b>4.4%</b>
<b>Total Revenue</b>	<b>\$57,622,494</b>	<b>\$61,580,247</b>	<b>\$62,668,274</b>	<b>\$63,071,318</b>	<b>\$66,135,918</b>	<b>4.9%</b>
Total Beginning Fund Balance	9,710,900	9,948,220	10,908,094	10,908,094	11,083,227	1.6%
<b>Total Resources</b>	<b>\$67,333,394</b>	<b>\$71,528,467</b>	<b>\$73,576,368</b>	<b>\$73,979,412</b>	<b>\$77,219,145</b>	<b>4.4%</b>

## **GENERAL GOVERNMENT FUNDS: EXPENDITURE TRENDS**

---

Criminal justice costs continue to consume an ever increasing share of total General Fund resources. In order to pay these costs other General Fund programs are necessarily limited/reduced to remain within available resources. See Exhibit III for more information. The following charts depict the major effect on the General Fund of the increase in criminal justice costs compared to all other cost increases from 2004 to 2014.

### **PERCENTAGE INCREASE OF CRIMINAL JUSTICE COSTS VS. OTHER GENERAL GOVERNMENT FUNCTIONS AND CPI 2005 BUDGET TO 2014 BUDGET**



Cumulatively, over the past ten years Criminal Justice budgets have increased 59.1%. By comparison, all other General Government expenses have increased by only 21.1%. During this same ten-year period the Seattle-Tacoma Consumer Price Index increased by 25.5%. Criminal justice cost increases are more than double what increases are for other cost categories. When the increase in population and boundaries are considered over this same time frame, the fact that other services are still below the rate of inflation demonstrates a real reduction in service/costs per capita.

### **CRIMINAL JUSTICE FUNDING**

With the flattening of revenues, funding available for criminal justice needs is insufficient to offset increases in Criminal Justice costs. (The following chart depicts the growth in Law and Justice operations costs for 2012, 2013 estimate and 2014 budget). Even with the negotiated reduction in outside jail costs, this category of expense still increased by \$88,683.

**CRIMINAL JUSTICE EXPENDITURES  
THREE YEAR COMPARISON**

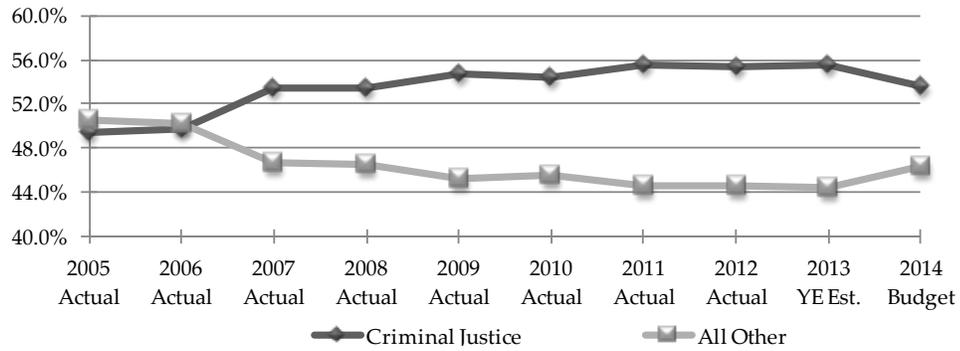
<u>Description</u>	<u>2012</u> <u>Actual</u>	<u>2013</u> <u>YE Estimate</u>	<u>2014</u> <u>Forecast</u>	<u>% Change</u> <u>2014 from</u> <u>2013</u>
Police Operations & Administration	\$20,495,568	\$21,329,962	\$22,480,203	5.4%
Outside/Inside Jail Costs	3,974,664	3,830,560	3,577,384	(6.6%)
District Court/Municipal Court & Probation	1,173,262	1,345,450	1,344,118	(0.1%)
Prosecution Costs/Indigent Defense	1,224,951	1,439,527	1,526,076	6.0%
Other Related Expenses				
Police Pension	1,264,681	1,345,925	1,343,325	(0.2%)
Emergency Dispatch Transfer	370,000	410,000	305,000	(25.6%)
Transfer-Law & Justice Center <sup>(1)</sup>	190,242	177,000	190,000	7.3%
Sub-total	<u>1,824,922</u>	<u>1,932,925</u>	<u>1,838,325</u>	(4.9%)
Grand Total	<u>\$28,693,367</u>	<u>\$29,878,424</u>	<u>\$30,766,107</u>	3.0%

(1) Utility Tax transfer from General Fund.

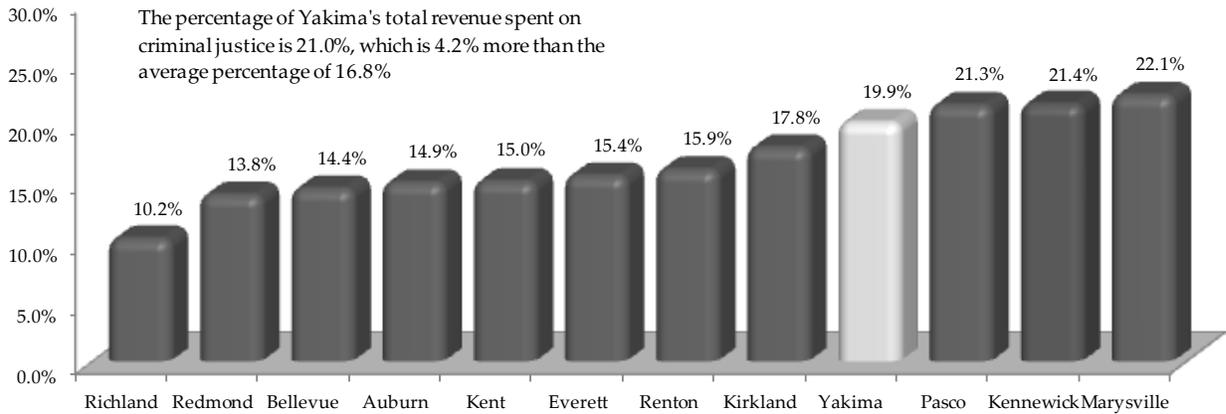
In the 2 years from 2012 to 2014, criminal justice expenditures are estimated to increase by \$2.6 million or 9.0%, keeping in line with the City Council’s strategic priority to improve Public Safety.

In reviewing the following chart and graph, it should be noted that it includes only General Fund expenditures on criminal justice. Another \$0.5 million is budgeted in the “Police Grants” special revenue fund, which includes a portion of Police and Legal staff working with the DEA on drug enforcement. The Law and Justice Capital Fund includes a budget of \$0.8 million. The Criminal Justice Expenditures as a Percentage of Total General Fund chart below demonstrates that over half of General Fund’s budget is dedicated to criminal justice. Note: The large jump in the percentage in 2007 was the result of Council’s adoption of the Safe Community Action Plan, which allocated a one-time gain in the property tax levy as a result of the library annexation of about \$650,000 to fund additional Police officers in a dedicated proactive anticrime unit. This ratio keeps spreading as Criminal Justice has received increased allocations of resources to address the gang issues facing the City. In 2012, Council approved an increase of 6.0% in the tax rate for city owned utilities (Wastewater, Water, Refuse and Stormwater) which added about \$2.2 million in 2013 growing to about \$2.4 million in 2014. This additional tax was earmarked to save 6 police officer positions from elimination and add 6 more officers, along with other public safety related programs. The 2013 budget included a phased proposal to expand the gang unit by 2 officers, and to add an officer to participate in the Violent Offenders Task Force. Also affecting the 2013 budget is the Washington Supreme Court decision setting new rules for indigent defense. This one mandate added \$0.2 million in 2013 and is expected to add almost \$0.5 million annually by the end of 2015 – the first year of full implementation.

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



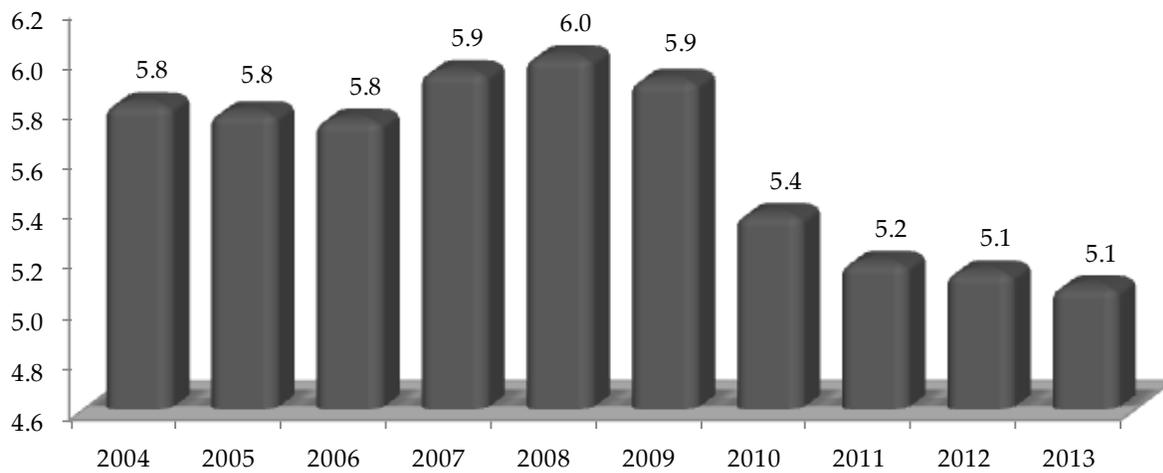
## PERCENT OF PER CAPITA TOTAL REVENUE SPENT ON CRIMINAL JUSTICE IN 2012<sup>(1)</sup> Comparable Cities between 45,000 and 125,000 in Population



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

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

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



	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Number of Employees	462.3	471.1	476.7	497.3	502.8	501.6	489.6	475.1	473.17	471.2
Employees Per Capita	5.8	5.8	5.8	5.9	6.0	5.9	5.4	5.2	5.1	5.1
Square Miles	24.2	25.3	25.9	25.9	27.6	28.7	28.7	28.7	28.7	28.7
Population	79,480	81,470	82,867	83,646	83,731	84,850	91,067	91,630	91,930	92,620

(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 13,140 from 2004 to 2013, or 16.5%
- In 2005, 12.75 FTE's in Police, Courts and legal were added as a result of voter approval of a 0.3% increase in the sales tax rate for Criminal Justice.
- In 2007, 9 positions were added in the Police Department as part of the Safe Community Action Plan (SCAP), paid for by the increase in property tax realized when the City annexed to the Rural Library District, 4 positions were added because of Public Safety grants, and 7 were added for 2 annexation areas.
- In 2010, 7 Police Officers were added, funded by a COPS hiring grant, and 2 positions were added for the purchasing consolidation with Yakima County.
- In 2012, 6 Police Officers were added, funded by an increase in the City-owned utilities.

It should be noted that a net of 8.87 new FTE positions have been added since 2004, or 1.9% over the past 10 years; compared to the 16.5% increase in population during the same time period. Most of these additions were either in response to criminal justice issues, annexations, or both.

This comparison also highlights the large reductions necessitated by the economic downturn starting in 2009 and continuing into 2013. Since 2009, staffing levels have been reduced by another 30.4 net positions. This reduced 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 2014 General Government budget is \$66,135,312, \$2,458,093 or 3.9% more than the 2013 amended budget of \$63,677,219.

### 2013 - 2014 GENERAL GOVERNMENT BUDGET

	2013	2013	2014	2014 vs. 2013	
	Amended Budget	Est. Year-End Expenditures	Projected Budget	Preliminary Dollars	Amended Percent
General	\$54,053,971	\$53,431,799	\$56,936,455	\$2,882,484	5.3%
Parks & Recreation	4,132,425	4,128,949	4,412,448	280,023	6.8%
Street & Traffic Operations	5,490,823	5,335,438	4,786,409	(704,414)	(12.8%)
Total General Government	<u>\$63,677,219</u>	<u>\$62,896,186</u>	<u>\$66,135,312</u>	<u>\$2,458,093</u>	<u>3.9%</u>



## ***Section III - Other Funds***



## **OTHER FUNDS**

2013 year-end estimates for the City's Other Operating and Enterprise Funds are summarized below:

### **BUDGET STATUS**

	<b>2013 Amended Budget</b>	<b>2013 Est. Actual Expenditures</b>	<b>Variance</b>	<b>2013 Estimated Resources</b>	<b>2013 Est. Ending Balance</b>
Economic Development	\$277,332	\$277,332	\$0	\$504,636	\$227,304
Neighborhood Development (Housing)	2,564,724	2,415,534	149,190	2,641,367	225,833
Community Relations	922,855	918,800	4,055	1,454,472	535,672
Cemetery	267,327	267,287	40	307,169	39,882
Emergency Services	1,189,923	1,189,923	0	1,324,008	134,085
Public Safety Communications	3,520,154	3,441,871	78,283	3,759,600	317,729
Police Grants	708,078	835,439	(127,361)	1,264,318	428,879
Downtown Improvement District	287,522	287,522	0	318,826	31,304
Trolley (Yakima Interurban Lines)	77,246	24,568	52,678	32,604	8,036
Front Street Business Improvement	5,000	5,000	0	11,785	6,785
Tourist Promotion	1,460,299	1,460,299	0	1,894,858	434,559
Capitol Theatre	348,300	344,730	3,570	402,910	58,180
Public Facilities Dist Rev Conv Ctr	684,000	684,000	0	929,335	245,335
Tourist Promotion Area	667,000	667,000	0	745,685	78,685
Public Facilities Dist Rev Cap Theatre	517,000	517,000	0	613,837	96,837
Airport Operating	1,081,788	997,451	84,337	1,084,953	87,502
Stormwater Operating	2,087,622	2,080,778	6,844	3,530,147	1,449,369
Transit	8,042,762	7,995,954	46,808	9,463,726	1,467,772
Refuse	5,654,199	5,652,596	1,603	6,013,361	360,765
Wastewater	19,525,178	19,422,519	102,659	21,328,901	1,906,382
Water	8,546,883	8,273,043	273,840	10,679,620	2,406,577
Irrigation	1,509,163	1,509,073	90	2,428,215	919,142
Equipment Rental	5,978,336	5,975,598	2,738	10,070,909	4,095,311
Environmental	192,950	192,950	0	588,798	395,848
Public Works Admin.	1,202,645	1,197,546	5,099	1,621,656	424,110
	<u>\$67,318,286</u>	<u>\$66,633,813</u>	<u>\$684,473</u>	<u>\$83,015,696</u>	<u>\$16,381,883</u>

All Operating and Enterprise Funds are anticipated to end 2013 with positive fund balances. This analysis includes appropriations approved by Council through October. The Police Grants fund is estimated to exceed its current budget. The expenditures were budgeted based on conservative revenue estimates relating to DEA forfeitures. The revenue is exceeding estimates, and we are preparing an appropriation for Council for additional staffing/overtime and equipment to be supported by this fund. All other operating funds are anticipating actual expenditures within authorized levels.

2014 projections for Other Operating and Enterprise Funds expenditures and resources are reflected in the following chart. (Resources include the beginning fund balance plus current year revenue, to arrive at a total available to spend.)

## PROPOSED 2014 BUDGET

<b>Fund</b>	<b>2014 Projected Resources</b>	<b>2014 Projected Expense</b>	<b>2014 Projected Balance</b>
Economic Development	\$485,304	\$456,622	\$28,682
Neighborhood Development (Housing)	1,989,996	1,766,938	223,058
Community Relations	1,087,272	601,850	485,422
Cemetery	304,832	278,900	25,932
Emergency Services	1,471,111	1,339,282	131,829
Public Safety Communications	3,337,666	3,218,239	119,427
Police Grants	912,879	469,024	443,855
Downtown Improvement District	266,474	244,358	22,116
Trolley	62,962	57,809	5,153
Front Street Business Improvement Area	10,120	9,000	1,120
Tourist Promotion	1,982,809	1,483,667	499,142
Capitol Theatre	355,430	342,020	13,410
Public Facilities Dist Rev Conv Ctr	1,001,085	645,000	356,085
Tourist Promotion Area	765,685	687,000	78,685
Public Facilities Dist Capitol Theatre	672,337	531,000	141,337
Airport Operating	1,081,127	1,037,370	43,757
Stormwater Operating	3,614,369	2,325,519	1,288,850
Transit	9,128,689	8,240,033	888,656
Refuse	5,946,765	5,670,633	276,132
Wastewater	21,864,739	20,213,432	1,651,307
Water	10,404,077	9,022,649	1,381,428
Irrigation	2,685,242	2,063,884	621,358
Equipment Rental	9,415,022	5,671,800	3,743,222
Environmental	545,848	192,950	352,898
Public Works Administration	1,539,548	1,168,866	370,682
<b>Total Other Operating and Enterprise Funds</b>	<b>\$80,931,388</b>	<b>\$67,737,845</b>	<b>\$13,193,543</b>

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 *2014 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 2014, including contingency, operating reserve funds and employee benefit funds. Although Equipment Rental is included on the table, it is split into an operating component and capital component for charting operating vs. capital budgets.

### OPERATING FUNDS

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

#### The Economic Development Fund

This fund reflects resources of \$485,304 and expenditures of \$456,622 for 2014. These funds are planned to be used to spur economic development. Expenditures include an allocation of the Code Enforcement program that is eligible to be funded by the Community Development Block Grant (CDBG)

(\$172,800); the continuation of Federal legislative funding efforts (\$72,000); the City's partnership with New Vision (\$33,000); and the next steps in the downtown revitalization initiative (\$170,000).

### **The Community Development Fund (Office of Neighborhood Development Services - ONDS)**

This fund contains programs funded by Housing and Urban Development (HUD), including the Community Development Block Grant (CDBG) and Home ownership (HOME) grants. Expenditures are budgeted at \$1,766,938 and are subject to the public hearing process. After reductions in Budget allocations at the Federal level in both 2012 and 2013, the 2014 allocation has stabilized. 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 2014 ending balance is projected to be \$223,058.

### **The Community Relations Fund**

The Community Relations fund expects resources of \$1,087,272 for 2014. Expenditures are estimated to be \$601,850, leaving the balance estimated at \$485,422 for year-end, earmarked primarily for capital expenditure on production equipment/cable TV facilities.

### **Cemetery Fund**

Resources within this fund for 2014 are projected at \$304,832. Expenditures are estimated to be \$278,900, and the estimated ending balance is projected at \$25,932. The Cemetery Fund is depending on a \$120,000 operational subsidy from the Parks and Recreation Fund, which is a \$30,000 increase from the 2013 budget of \$90,000, as operating revenue is not keeping pace with operating costs. Parks management continues to monitor this situation.

### **The Emergency Services Fund**

Resources in this fund reflect revenues of \$1,471,111 and expenditures of \$1,339,282 related to the provision of Emergency Medical Services, and are supported by an allocation of the county-wide special EMS Property Tax Levy. The City's allocation increased by \$120,000 from 2013—the strategic initiative to add a new Training Lieutenant is included in this fund. The 2014 ending balance is projected to be \$131,829.

### **The Public Safety Communications Fund**

This fund expects resources of \$3,337,666 and expenditures of \$3,218,239 for 2014, leaving a balance of \$119,427 at year-end. This fund accounts for 9-1-1 Call takers, supported by Yakima County 9-1-1 resources in the amount of \$1,786,262. General Fund expenditures include a transfer of \$610,000 for dispatch. Two strategic initiatives affect this fund—1) a reorganization that splits the combined Information Technology/Communications manager back into 2 separate positions, and moves the electronics operation (both revenues and expenditures) into IT; and 2) the beginning of a move to a larger facility--\$195,000 is new in the 2014 budget as an estimate for the 1<sup>st</sup> year of debt service for remodeling/equipping a new public safety communications center.

### **Police Grants**

This fund accounts for the Federal / State forfeited narcotics and the COPS Hiring Recovery Program (CHRP), both of which have stringent reporting requirements. CHRP was a three year program grant started in 2010 with a total grant of \$1.5 million and was being used to fund seven police officers. As grant funding was depleted, the officers were absorbed back into General Fund. The program is complete the end of 2013, so in 2014 the balance of staff (about \$295,000) was

redirected into General Fund. Resources for 2014 are estimated to be \$912,879 and expenditures are budgeted at \$469,024, leaving an ending balance of \$443,855.

#### **Downtown Yakima Business Improvement District (DYBID) Fund**

Resources in this fund are projected to be \$266,474, while expenditures are projected at \$244,358. The ending balance for 2014 is projected at \$22,116. Much of the 2014 budget is targeted toward maintaining the recent downtown revitalization efforts.

#### **The Trolley Fund**

This fund projects resources of \$62,962 and expenditures of \$57,809 for a minimal maintenance program in 2014. The year-end balance is projected at \$5,153.

#### **The Front Street Business Improvement Area Fund**

This fund projects resources of \$10,120 and expenditures of \$9,000 – leaving an ending balance of \$1,120 for 2014.

#### **The Tourism Promotion/Yakima Convention Center Fund**

This fund's budget anticipates resources of \$1,982,809 (this includes a transfer of \$100,000 from the Public Facility District) and expenditures of \$1,483,667, and thus is expected to end 2014 with a balance of \$499,142. The budget includes an increase the Center's management fee from \$694,300 to \$708,200 or \$13,900, and an increase in the maintenance of the Visitors Information Center from \$40,000 to \$60,000 or \$20,000 (See strategic initiative section).

#### **The Capitol Theatre Fund**

This fund is expected to have resources of \$355,430 and expenditures of \$342,020, leaving an estimated ending balance of \$13,410. The Capitol Theatre Committee management fee is unchanged at \$232,000.

#### **The Public Facilities District – Convention Center Fund**

This fund includes resources estimated to be \$1,001,085 for 2014. Expenditures are estimated to be \$645,000. Of this amount \$455,000 for debt service on the Convention Center bonds issued in 2002 and \$100,000 is for supplemental support of Convention Center operations, while \$70,000 is for Convention Center Capital Fund. This leaves a fund balance of \$356,085 at the end of 2014.

#### **The Tourist Promotion Area**

This fund accounts for a self-assessment imposed by the lodging industry to promote tourism. Resources are estimated to be \$765,685, with expenditures programmed at \$687,000, leaving a balance at the end of 2014 of \$78,685.

#### **The Public Facilities District – Capitol Theatre**

This fund includes resources estimated to be \$672,337 for 2014. Expenditures are estimated to be \$531,000. Of this amount \$462,000 is designated for debt service on the Capitol Expansion bond issued in 2009 and \$57,000 for supplemental support for Capitol Theatre operations. It should be noted that the Federal Government reduced the amount it is providing for the Buy America Bond program, so the City's contribution to debt service had to go up by almost \$10,000. This leaves a fund balance of \$141,337 at the end of 2014.

### **Airport Operating Fund**

This is a new fund to account for operations at the Yakima Air Terminal, after the joint venture with Yakima County was dissolved in February, 2013. Resources are estimated to be \$1,081,127, with expenditures programmed at \$1,037,370, leaving a balance at the end of 2014 of \$43,757. After transferring to City ownership, cost containment measures have been taken to stabilize the financial position. The budget includes a strategic initiative to start upgrades at the terminal including carpeting and paint.

### **Stormwater Operating Fund**

Expenditures in this fund are estimated to be \$2,325,519 and resources are projected to be \$3,614,369 for 2014. The budget is developed with the annual current rate of \$43 per equivalent residential unit which is unchanged from 2013. An ending balance of \$1,288,850 is currently projected for 2014. The expenditure budget includes a \$200,000 transfer to the streets fund to support the street sweeping program and \$50,000 to the General Fund for code compliance support relating to stormwater drainage systems. There is also \$70,000 budgeted for a rate study (see *Strategic Initiative* section).

### **Transit Fund**

Expenditures in this fund are estimated to be \$8,240,033 and resources are projected to be \$9,128,689 for 2014. Total Transit sales taxes for 2014 are forecast to be \$4,900,000 with the \$4.0 million allocated to operations and \$0.9 million to capital. This fund also includes an operating grant of \$2,200,000. Strategic initiatives include adding 2 permanent part-time Department Assistant II's, and increasing the hours of the Transit Cleaners, to enhance customer service. An ending balance of \$888,656 is currently projected for 2014.

### **Refuse Fund**

The expenditure budget in this fund for 2014 is \$5,946,765. Total resources are estimated to be \$5,670,633, and an ending balance is currently projected at \$276,132. No rate adjustments are proposed for 2014. A recycling pilot program is included in this budget with a preliminary estimate of \$40,000 (see the strategic initiative section). Additional revenue is being provided by new customers as the City begins service in a previously annexed area.

### **Wastewater Fund**

Resources for this fund in 2014 are expected to total \$21,864,739. Expenditures are budgeted at \$20,213,432 and the 2014 year-end balance is currently projected to be \$1,651,307. Transfers of about \$2.5 million to Wastewater Construction funds and \$2.6 million to provide for Wastewater Bond redemption and repayments of Public Works Trust Fund Loans are currently programmed in this budget. The proposed 2014 Sewer budget includes continued implementation of the Sewer Comprehensive Plan and the Wastewater Facilities Plan. Revenues are estimated to increase by 5.1% in accordance with the third year of a three year rate structure approved by Council in 2011.

### **Water Fund**

Resources of \$10,404,077 are projected for 2014 in this fund. Expenditures are estimated to be \$9,022,649 leaving \$1,381,428 at the end of 2014. These costs include \$750,000 transfer to the Capital Fund, and about \$1,100,000 to provide for Water Bond Debt Service, and repayments of Water Public Works Trust Fund Loans. No rate adjustments are included in the 2014 budget. A rate study is about complete, and the results will be presented to Council at a future date.

### **Irrigation Fund**

Resources for 2014 are projected to be \$2,685,242 in this fund, and expenditures are estimated to be \$2,063,884. The 2014 ending fund balance is projected to be \$621,358. The 2014 projected resources include the rate adjustment of 5.5% rate increase (2011 approved policy issue – 5.5% annual rate increase from 2011 through 2013.)

### **The Equipment Rental Fund**

The budget for this fund in 2014 is \$5,671,800 of which \$3.9 million is the maintenance and operations budget, and \$1.7 million is the Equipment Replacement budget. Resources are expected to be \$9,415,022 while the ending fund balance for 2014 is expected to be \$3,743,222, most of which represents capital equipment replacement reserves.

### **The Environmental Fund**

This fund was created to provide for cleanup of environmental hazards. Funding for the program is from a surcharge on vehicle fuel sales in the Equipment Rental Fund. For 2014, \$545,848 in resources is expected to be available and \$192,950 is budgeted primarily as a contingency. A year-end balance of \$352,898 is projected.

### **Public Works Administration Fund**

Expenditures for 2014 are expected to be \$1,168,866 for this fund. Resources for 2014 are expected to be \$1,539,548 generated from operating funds located in the Public Works complex, resulting in a year-end balance of \$370,682.

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

### **The Unemployment Compensation Reserve Fund**

This self insured fund is estimated to end 2014 with a balance of \$267,577. Resources are projected to be \$554,159 and expenditures for claims and other related expenses are estimated at \$286,582, which includes a contingency, as the 2013 year end estimate is only \$158,789. Rates are unchanged for 2014.

### **Employees Health Benefit Reserve Fund**

Expenditures in this fund for 2014 are projected to be \$9,867,703, while resources are \$12,937,613, leaving an ending balance projected to be \$3,069,910, which exceeds the State's minimum reserve and contingency requirements by about \$700,000. The 2014 budget includes a rate roll-back of an average of 15% for medical while dental was flat, based on an 18 month rolling average of claims history ending in June 2013. Recent plan design changes combined with a better than average "large claim" year and the opening of our own medical clinic all combined to produce this reduction in expenditures and the resulting reduction in base 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 next major proposal for reduced costs is to begin an incentivized wellness program, which is being introduced this fall (2013).

### **The Workers Compensation Reserve Fund**

This fund is estimating a year-end balance of \$802,634, the result of resources totaling \$2,061,264 and expenditures of \$1,258,630. Ongoing efforts in claim management and safety training are in place to slowdown the number of claims/costs. Rates are unchanged for 2014.

### **Wellness/Employee Assistance Program (EAP) Fund**

Projected total resources for 2014 are \$356,238 in this fund, and expenditures are \$171,600 with a projected year-end balance of \$184,638.

### **The Firemen's Relief and Pension Fund**

This fund is projecting resources of \$2,181,849 and expenditures of \$1,259,308, leaving an estimated 2014 year-end balance of \$922,541.

The Fire Pension property tax allocation for 2014 of \$1,186,000 is slightly below the 2013 estimate of \$1,192,000. The City is mandated to allocate property tax to fund pension and LEOFF I medical and long-term care requirements.

## **OPERATING RESERVES**

### **Risk Management Reserve**

For 2014, based on personnel costs, claims experience and other insurance/professional services costs, on-going expenditures are estimated to be \$3,299,649 Risk Management Fund departmental contributions totaling \$3,180,000 are programmed from City departments, an increase of 7.0 % 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 2014 revenues of \$3,360,000 for normal operations.

In addition to on-going operations, the 2014 revenues and expenditures include \$70,000 for anticipated possible mitigation of contamination from the former City landfill at the sawmill site. At this time, mitigation expenses are anticipated to be reimbursed by corresponding insurance recovery revenue.

Therefore, total resources and expenditures of the Risk Management Reserve Fund for 2014 are expected to be \$4,304,666 and \$3,299,649 respectively. The year-end 2014 reserve balance is estimated to be \$1,005,017. These reserve levels are still considered marginal in comparison to the existing liability for incurred claims. The reserve balance in this fund will continue to be monitored for adequacy.

### **Capitol Theatre Reserve**

The Capitol Theatre Reserve projects revenues for 2014 of \$500. The annual transfer of \$71,927 to the Capitol Theatre is being changed from the Operating Fund to the Construction fund for both the balance of 2013 and 2014 so much needed safety/ADA improvements can be made. The projected 2014 ending balance is \$109,068, and will be totally depleted after 1 more year. The City is pursuing funding alternatives for capital improvements with the Capitol Theatre Committee.

### **General Fund Cash Flow Reserve**

General Fund cash flow reserves for 2014 are estimated at \$9,490,707. 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 2014 General Reserve position is estimated to be as shown in the following chart.

### 2014 GENERAL RESERVE POSITION

<u>Fund</u>	<u>2012 Actual</u>	<u>2013 Estimated</u>	<u>2014 Projected</u>
General Fund Cash Flow	\$9,182,140	\$9,245,320	\$9,490,707
Capitol Theatre Reserve	251,922	180,495	109,068
Risk Management Reserve	1,030,191	944,666	1,005,017
Total	<u>\$10,464,253</u>	<u>\$10,370,481</u>	<u>\$10,604,792</u>

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

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

### CAPITAL IMPROVEMENT FUNDS

For 2013, a number of capital improvements were programmed for an amended capital budget of \$64.2 million. However, capital improvement expenditures for 2013 were estimated to be \$52.2 million, a spending level approximately \$12.0 million below budgeted levels. These projects are rebudgeted in 2014 along with additional capital improvements. Examples of the projects being rebudgeted include the Yakima Sawmill Redevelopment Area; Railroad Grade Separation; 64th Avenue Nob Hill to Tieton reconstruction; Congdon wastewater main; and Biogas Enhancements; Biosolids Improvement. (See *Exhibit I* for a summary of the status of the capital funds.)

The *2014 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 2014, Capital Fund expenditures of \$64,889,845 are estimated as follows, inclusive of carryover projects from 2013.

#### Street/Other Infrastructure Improvement Projects

Total projects of \$28,060,126 million (including carryover projects and Debt Service).

- Street Improvements per City Charter amendment (General Obligation Bond) – \$16,500,000
- 64th Avenue , Nob Hill to Tieton Street Improvement (carryover, Federal grant) – \$925,000
- Lincoln Corridor Study (Federal Grant) – \$415,000
- 1<sup>st</sup>/Main Nob Hill Corridor (Federal Grant) – \$375,000
- City Streets Project Improvement (General Obligation bond, carryover from 2013) – \$940,000
- Railroad Grade Separation (State and Federal grants; Public Works Trust Fund loan) – \$4,898,000
- North 1<sup>st</sup> St. Revitalization Phase I (Federal Grant) – \$1,200,000
- Debt Service/Transfers – \$1,309,876

- Other miscellaneous projects – \$1,497,250. These projects include:
  - Project Contingency (for project over runs or emergency repairs) – \$105,000
  - Citywide Safety Improvements (Federal Grant) – \$275,000
  - Citywide Street & Right-of-Way Project – \$225,000
  - River Road Project 16<sup>th</sup> Ave/Fruitvale – \$218,850
  - 64<sup>th</sup> & Tieton Signal – \$140,000

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

### **Irrigation Improvement Fund**

Total 2014 projects – \$1,300,000 and Debt Service - \$321,504, for a total of \$1,621,504.

- Fruitvale Canal Diversion System – \$100,000
- West Yakima Avenue (18<sup>th</sup> to 28<sup>th</sup>) – \$1,000,000
- 2014 Main and Pump Refurbish – \$200,000

### **Domestic Water Improvement Fund**

Total 2014 projects – \$4,320,000.

- Design Water Treatment Lagoons (carryover) – \$2,100,000 (funded by Public Works Trust Fund Loan)
- Automated Meter Reading System (carryover) – \$500,000
- Modifications to River at WTP Intake – \$1,500,000
- 2014 Water Main Replacement – \$150,000
- Other water capital projects – \$70,000

### **Fire Capital Fund**

Total 2014 projects – \$296,459.

- New brush truck – \$130,000
- Miscellaneous equipment and supplies – \$96,500
- Lease payments – \$69,959

### **Wastewater Capital Expenditures**

Facility projects and other sewer improvements, including sewer line extension rehabilitation and other costs, total \$12,975,000.

- Congdon Sewer Main (carry over) – \$100,000
- Wastewater System Evaluation – \$100,000
- Dry Storage Building – \$100,000
- New Industrial Waste Line (Force main Boise site) – \$800,000
- Toscana Development Castlevale/Fechter (carry over) – \$300,000
- Beech Street Interceptor/Phase III – \$2,000,000
- National Pollutant Discharge Elimination System (NPDES) and Total Maximum Daily Load (TMDL) Issues – \$1,800,000
- Biogas Enhancements (carry over) – \$565,000

- Biosolids Improvements (carry over/additional project cost) – \$4,700,000
- Biosolids Screen Project – \$1,100,000
- Other Wastewater miscellaneous capital needs (including a \$800,000 contingency) – \$1,410,000

### **Stormwater Capital Fund**

Total 2014 budget – \$790,000.

- Contingency for Capital Facilities projects – \$65,000
- Underground Injection Control (UIC) Retrofit project (carry over) – \$125,000 (state grant)
- Drainage Basin Project – \$600,000

### **Airport Capital Fund**

Total 2014 budget – \$11,162,885.

- Taxiway Construction (Federal grant/interfund loan) – \$11,162,885

### **Transit Capital**

The 2014 budget of \$1,749,000 is for miscellaneous capital needs and vehicle replacement.

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

### **Parks Improvements Projects**

The 2014 budget of \$100,000 is for miscellaneous capital needs.

### **Yakima Revenue Development Area**

The 2014 budget of \$2,473,235 is for the Yakima Sawmill Redevelopment Area project.

### **Other Capital Projects/Transfers**

- Law and Justice Capital fund – \$750,636 for the Police Station / Legal Center related equipment and projects including:
  - Vehicle replacement and accessories – \$416,000
  - Automated License Plate Reader – \$135,000
  - Miller Park Facility improvements – \$100,000
  - Technology and Equipment to enhance crime reduction – \$51,636 (Federal grant)
  - Other miscellaneous projects and equipment – \$48,000
- Convention Center Capital Improvements – \$360,000 is programmed for ongoing capital needs of the Center for 2014.
- CBD Capital Improvement - \$91,000 for maintenance contract and other services.

### **LID Construction**

There are no local improvement district projects budgeted in 2014.

### **Capital Improvement Fund Summary**

Overall, Capital Fund expenditures in the 2014 Budget Forecast of \$64.9 million are \$0.7 million above the 2013 Amended budget of \$64.2 million. Many areas are in the midst of capital programs

such as the utilities and streets (including the major upgrades to the wastewater facility, which is under construction in 2013). In some instances, the “next” phase as included in the 2014 budget is less than 2013, such as automated meter reading and the wastewater industrial waste line.

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

Although major capital projects in the wastewater utility and the 2<sup>nd</sup> railroad underpass on Martin Luther King Jr. Blvd. are finishing up, new capital programs tied to acquisition of the Airport and the passage of a City Charter amendment to invest \$2 million annually in street improvements, along with the purchase and equipping of 74 Police vehicles, leave the 2014 budget slightly more than the 2013 amended budget.

## 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 2014. Citywide, grants add to over \$33.5 million, which is about 16.0% of total revenues.

This grant summary is included in the Capital Improvement section because Capital grants make up over half of the total grants awarded. Grants make up about 28.9% of revenue in the Capital Improvement funds.

### 2014 GRANTS (Federal, State & Interlocal Subsidies)

Department	Description	Amount of Grant
Federal/State Capital Grants		
Law & Justice Capital	JAG Grant	41,636
Arterial Streets	Fair Ave/Nob Hill Intersection Rebuild	25,900
Arterial Streets	64th Ave. - Nob Hill to Tieton	725,000
Arterial Streets	N. 1st Street Revitalization Phase 1	1,038,000
Arterial Streets	Citywide Safety Improvements	275,000
Arterial Streets	Lincoln Corridor Safety Project	415,000
Arterial Streets	1st/Main Nobhill Corridor Safety Project	375,000
Trolley	Trolley Enhancement Project	53,308
Cum Res for Capital Improvement	Federal Highway Admin	2,000,000
Cum Res for Capital Improvement	Transportation Improvement Board	900,000
Transit Capital	State Grant D/R Vehicles	313,507
Airport Capital	FAA Alpha Taxiway Construction	10,054,597
Wastewater Capital	Recreation & Conservation	1,300,000
Wastewater Capital	Department of Ecology	249,900
Stormwater Capital	UIC Project DOE Grant G1100273	94,000
Total Federal/State Capital Grants		\$17,860,848

<b>Department</b>	<b>Description</b>	<b>Amount of Grant</b>
Federal/State Operating Grants - General Government		
Police	Traffic Safety Commission	\$45,000
Police	OPD Public Defense Grant	150,000
Parks and Recreation	ALTC Reimbursement SCSA State Res	30,900
Parks and Recreation	Senior Center - Foot care	30,200
Parks and Recreation	State Day Care CFDA 93.044	10,000
Parks and Recreation	State Transportation CFDA 93.043	500
Municipal Court	Judicial Salary Contribution	45,000
General Fund	Property Taxes	6,330
Total Federal/State Operating Grants - General Government		<u>\$317,930</u>
Federal/State Operating Grants - Other Funds		
Community Development	Community Development Block Grant	\$912,849
Community Development	HUD HOME Program	401,164
Transit	UMTA - Current Year per Grant	2,200,000
Transit	Commute Trip Pass Thru WSDOT	10,000
Transit	CMAQ DOT Sunday Service	76,940
Transit	WA State Transit Operating Grant	117,977
Emergency Services	Department of Health - Pre-hospital Grant	1,726
Total Federal/State Operating Grants - Other Funds		<u>\$3,720,656</u>
Federal Entitlements		
PFD Capitol Theatre	Capitol Theatre - Build America Bond Subsidy	\$99,422
Police	Federal Forfeited Property	100,000
Total Federal Entitlements		<u><u>\$199,422</u></u>
State Shared Revenue		
Police	Criminal Justice - High Crime	\$344,000
Police	Criminal Justice - Violent	107,000
Police	Criminal Justice - Special programs	62,800
Police	MVET DUI Payment	17,000
General Fund	Liquor Excise Tax	195,000
General Fund	Liquor Board Profits	829,500
Economic Development	City Assistance	80,000
Parks and Recreation	Criminal Justice - Special Programs	20,400
Streets	Gas Tax	1,297,100
Arterial Streets	Arterial Street Gas Tax	606,400
Firemen Relief & Pension	Fire Insurance Premium Tax	72,838
Total State Shared Revenue		<u>\$3,632,038</u>

<b>Department</b>	<b>Description</b>	<b>Amount of Grant</b>
<b>Intergovernmental Contract / Services</b>		
Police	Police - Fairgrounds	\$10,000
Police	Resource Officers	678,311
Police	Selah Jail Contract	5,000
Police	YPD OT Reimbursement by County	10,000
Police	Violent Crimes Taxk Force	1,000
Fire	Fire - EMS Levy	34,500
Fire	Personnel Services - Training	5,000
Fire	Fire Investigator Services	500
Fire	Fire Training Programs	2,400
Fire	Fire Training Services	8,000
Traffic Engineering	Engineering Services	500
Purchasing	Purchasing Services	259,700
Emergency Services	EMS Levy	1,335,000
Public Safety Communications	Fire District #10	24,000
Public Safety Communications	911 Service Contracts	1,786,262
Public Safety Communications	Fire Dispatch Services	227,200
Public Safety Communications	Police Dispatching Service	94,225
Public Safety Communications	Information Technical Services	67,600
Public Safety Communications	Union Gap Electronics	9,410
Public Facilities District	Public Facilities District Revenue	755,000
PFD - Capitol Theatre	Public Facilities District Capitol Theatre	575,000
YAKCORPS	Intergovt IS Services	24,000
YAKCORPS	YAKCORPS Assessment	610,671
Transit	Selah Transit Bus	250,000
Transit	Selah Transit Dial-a-Ride	50,000
Yakima County	SIED Interlocal Grant	925,000
<b>Total Intergovernmental Contract / Services</b>		<b>\$7,748,279</b>
<b>Total 2014 Grants and Other Subsidies</b>		<b>\$33,479,173</b>



## ***Section IV - Strategic Initiatives***



# STRATEGIC INITIATIVES

## CITY ADMINISTRATION

### Economic Development

Strategic Initiative Request / Justification	Proposed Funding Source	Personnel Salary / Benefits	Non-Personnel	S/P
Implement Downtown Retail Plan	Economic Development Fund		\$25,000	ED
Implement Downtown Master Plan	Economic Development Fund		\$145,000	ED
Enhance/Expand Downtown Events \$70,000 in 2013, increased to \$110,000	General Fund		\$40,000	ED
Cascade Mill Site Project – 2014 Continue Redevelopment Project	LIFT Funding		\$2,400,000	ED

### Convention Center

Strategic Initiative Request / Justification	Proposed Funding Source	Personnel Salary / Benefits	Non-Personnel	S/P
Convention Center Management Fee Increase	Tourist Promotion Operating Fund 170		\$13,900	PA

### Visitor Information Center

Strategic Initiative Request / Justification	Proposed Funding Source	Personnel Salary / Benefits	Non-Personnel	S/P
Increase Funding for the Visitor Information Center	Tourist Promotion Operating Fund 170		\$20,000	PA

### Capitol Theatre

Strategic Initiative Request / Justification	Proposed Funding Source	Personnel Salary / Benefits	Non-Personnel	S/P
Plan and Implement Capitol Theatre Repair and Improvements (funded by Capital Transfers)	Capitol Theatre Construction Fund		\$140,000	PA

#### Strategic Priority Legend

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

### Gang Free Initiative

Strategic Initiative Request / Justification	Proposed Funding Source	Personnel Salary / Benefits	Non-Personnel	S/P
Gang Free Initiative: Add Operations Manager Contracted Services Other Incidental Costs Total GFI 2014 – \$333,100	General Fund	\$88,600	\$237,500 \$7,000	PS

### Human Resources

Strategic Initiative Request / Justification	Proposed Funding Source	Personnel Salary / Benefits	Non-Personnel	S/P
Reorganization – Eliminate net 1.4 positions Eliminate Deputy HR position- Total (\$102,700) Eliminate HR Specialist –Total (\$75,800) Add 0.6 HR Assistant	General Fund  Total General Fund Other Funds Total	(\$46,200) (75,800) <u>45,000</u> (\$77,000) <u>(56,500)</u> (\$133,500)		PA
Implement Quality Customer Service Academy	General Fund		\$50,000	PA

### LEGAL

Strategic Initiative Request / Justification	Proposed Funding Source	Personnel Salary / Benefits	Non-Personnel	S/P
No 2014 Strategic Initiatives				

### MUNICIPAL COURT

Strategic Initiative Request / Justification	Proposed Funding Source	Personnel Salary / Benefits	Non-Personnel	S/P
No 2014 Strategic Initiatives				

### FINANCE

Strategic Initiative Request / Justification	Proposed Funding Source	Personnel Salary / Benefits	Non-Personnel	S/P
No 2014 Strategic Initiatives				

#### Strategic Priority Legend

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

## COMMUNITY DEVELOPMENT

### Code Administration

Strategic Initiative Request / Justification	Proposed Funding Source	Personnel Salary / Benefits	Non-Personnel	S/P
Add 2 Code Compliance Officers – 9 months Annually: \$133,300	General Fund	\$100,000		BE
City Hall Improvements	REET 1 Fund		\$200,000	BE

### POLICE

Strategic Initiative Request / Justification	Proposed Funding Source	Personnel Salary / Benefits	Non-Personnel	S/P
Reinstate One Parking Enforcement Officer Mostly funded by anticipated increase in parking ticket revenue. Net cost to General Fund: \$16,800	General Fund	\$56,800	Revenue: \$40,000	PS
Expand Downtown Bicycle/Foot Patrol Start in March and extend through October. Overtime for 4 days/wk	General Fund	\$64,800		PS
Increase Training Program Funding Succession planning to train command staff.	General Fund		\$75,000	PS
Automated License Plate Reader Program	Law and Justice Capital Fund		\$135,000	PS
New Communications Center Construction \$97,500 each fund 2014. Annually with debt service and annual lease payments: General Fund - \$363,250 Yakima County 911 - \$268,050	Public Safety Communication Fund: General Fund County 911 Fund		2014: \$97,500 <u>97,500</u> \$195,000	PS
Communications & Technology Reorganization Reinstate 1.0 Information Technology Manager  Transfer Electronics program from Communications to IT: 3.0 Electronics positions - \$293,000 Non-personnel expenses - \$47,000 Total Electronics Program Transferred – \$340,000	General Fund 911 Fund Citywide total  Transfer from PS Comm Fund 152 to General Fund— Related Revenue \$108,000 Reduced Transfer to 152 - \$210,000	\$100,200 <u>42,000</u> \$142,200		PS

#### Strategic Priority Legend

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

**FIRE**

Strategic Initiative Request / Justification	Proposed Funding Source	Personnel Salary / Benefits	Non-Personnel	S/P
Reorganization Eliminate 3.0 Battalion Chiefs Add 3.0 Shift Fire Captains  Eliminate "brown-outs": Reinstate 2.0 Firefighters Increase Overtime Budgets  Increase Firefighter Training Total Increase in General Fund-\$396,000	General Fund	Net savings – (\$67,700)  163,700 <u>225,000</u> \$321,000	\$75,000	PS
EMS Fund: Add 1.0 Training Lieutenant Increase Overtime Budget Total Increase in EMS Fund-\$132,900	EMS Fund 150	\$107,900 25,000		
Purchase One Replacement Brush Truck	Fire Capital		\$130,000	PS

**YAKIMA AIRPORT**

Strategic Initiative Request / Justification	Proposed Funding Source	Personnel Salary / Benefits	Non-Personnel	S/P
Implement Airport Marketing Plan Terminal Improvements	General Fund Airport Operating Fund		\$100,000 <u>50,000</u> \$150,000	ED
Airport Taxiway/Lighting Improvements	Airport Capital Fund FAA Grant/Local Match		\$10,000,000 <u>1,100,000</u> \$11,100,000	BE

**Strategic Priority Legend**

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

## UTILITIES & ENGINEERING

### Engineering

Strategic Initiative Request / Justification	Proposed Funding Source	Personnel Salary / Benefits	Non-Personnel	S/P
Implement Right of Way/Street Cut Program Reinstate 1.0 Supervising Traffic Engineer Transfer 2.0 Traffic Tech II's from Streets Add Street Cut Charge Net Program Cost- General Fund \$90,500 Street Fund – Transfer out 2.0 Traffic Tech II's Total General Govt. <i>Net savings</i> \$55,900	General Fund	\$94,100 <u>146,400</u> \$240,500	<i>Revenue - \$150,000</i>	BE
	Street Fund	(146,400)		
Pedestrian and Bicycle Connectivity Plan	Gas Tax/Arterial Street Fund		\$40,000	BE

### Wastewater

Strategic Initiative Request / Justification	Proposed Funding Source	Personnel Salary / Benefits	Non-Personnel	S/P
Complete Wastewater Collections Master Plan	Wastewater Collections Capital Fund: Wastewater Utility Revenues		\$100,000	BE
Installation of Biosolids Dryer State loans repaid by rates.	Wastewater Collections Capital Fund: Department of Ecology Loans		2014: \$4,700,000 2015: <u>\$3,200,000</u> Total \$7,900,000	BE
Salmon Recover/Riparian Restoration Project	Wastewater Collections Capital Fund: Grants Utility Revenues		\$1,500,000 <u>300,000</u> \$1,800,000	BE

### Stormwater

Strategic Initiative Request / Justification	Proposed Funding Source	Personnel Salary / Benefits	Non-Personnel	S/P
Implement Integrated Stormwater Plan	Stormwater Capital		\$600,000	BE

#### Strategic Priority Legend

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

## Stormwater/Wastewater

Strategic Initiative Request / Justification	Proposed Funding Source	Personnel Salary / Benefits	Non-Personnel	S/P
Update Stormwater, Wastewater and Industrial Wastewater Rate Studies	Stormwater Rates Wastewater Rates		\$45,000 <u>65,000</u> \$110,000	BE

## PUBLIC WORKS

### Parks & Recreation

Strategic Initiative Request / Justification	Proposed Funding Source	Personnel Salary / Benefits	Non-Personnel	S/P
Reinstate 1.0 Administrative Assistant Transfer .4 Associate Planner back to General Fund. With other changes, no General Fund net effect	Parks and Recreation Fund	\$59,500		PA

### Streets

Strategic Initiative Request / Justification	Proposed Funding Source	Personnel Salary / Benefits	Non-Personnel	S/P
Implement Phase I of North 1 <sup>st</sup> Street Plan - to be completed over 2 years. Total Project: \$2,718,000 <u>406,000</u> \$3,124,000	Arterial Street Fund:  STP Grant Gas Tax		2014: \$1,038,000 <u>162,000</u> \$1,200,000	BE
Road Improvements Improvements - New Street Capital Fund to account for Charter amendment Debt Service on \$16.5 million bond issue - 10 year payback	G.O. Bonds Street Capital Fund General Fund		\$16,500,000 <u>2,000,000</u> \$18,500,000	BE

### Transit

Strategic Initiative Request / Justification	Proposed Funding Source	Personnel Salary / Benefits	Non-Personnel	S/P
Transit Center Staffing Changes Add 2 0.577 DA II's Add 0.3 Vehicle Cleaner-(Increase permanent part-time hours)	Transit Operating Fund—Local Sales Tax	\$67,800 \$10,000		BE
Purchase 3 Heavy Duty Replacement Buses	Transit Capital Fund Local Sales Tax		\$1,290,000	BE
Dial-A-Ride (DAR) Replacement Plan-- State Grant (\$313,500) matched with Local Sales Tax (\$78,500)	Transit Capital Fund Grants and Local Sales Tax		\$392,000	BE

#### Strategic Priority Legend

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

## Equipment Rental

Strategic Initiative Request / Justification	Proposed Funding Source	Personnel Salary / Benefits	Non-Personnel	S/P
Fleet Vehicle Additions and Replacements Engineering Toyota Tacoma                      \$27,000 Streets Ford 1 Ton Crew Cab                45,000 Front Loader                         175,000 Water & Irrigation ½ Ton PU Ext Cab                    30,000 Toro Dingo (addition)               44,000 Ford Utilimaster                    100,000 Refuse Automated Sideloaders             315,000 Automated Sideloaders             315,000 Wastewater ½ Ton PU Ext Cab (addition)       40,000 For Transit Connect                 40,000 For Transit Connect                 40,000 Combination Sewer Cleaner        450,000 Total                                     \$1,621,000	Equipment Rental Replacement Fund		\$1,621,000	PT
Diesel Particulate Filter Cleaning Equipment Funded by operating reserves—to be repaid by funds contributing to M&O over 5 years. Note: possibility for grant—not yet awarded	Equipment Rental M&O Budget		\$85,000	PT

## Public Works Administration

Strategic Initiative Request / Justification	Proposed Funding Source	Personnel Salary / Benefits	Non-Personnel	S/P
Reinstate 1 Department Assistant II Shared by Funds paying PW Admin charges	Public Works Admin Fund	\$46,100		PT
Improvements to Southeast Community Center, in partnership with OIC	Parks and Recreation Fund		\$45,000	PA

### Strategic Priority Legend

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

## CITY ADMINISTRATION / ECONOMIC DEVELOPMENT

2014 STRATEGIC INITIATIVE

---

---

### **IMPLEMENT DOWNTOWN RETAIL PLAN**

BUDGETED

---

---

#### **PROPOSAL**

Throughout 2013, Thomas Consulting developed a retail element of the Downtown Yakima Master Plan. It is proposed that Phase 1 of the retail element of the plan, which consists of proactively marketing Downtown Yakima to potential investors and site selectors, be initiated in 2014. Phase 1 will also include the formation of a Downtown Yakima Retail Task Force, which will attend the International Council of Shopping Centers annual conference in Las Vegas in order to meet with prospective investors and developers. Other work will include creating marketing materials that explain the direction the City is heading with the planning process, and arranging meetings with developers throughout the NW selling our downtown to future investors.

#### **IMPACTS**

1. **Fiscal Impact** – \$25,000.
2. **Proposed Funding Source** – Economic Development Fund.
3. **Public Impact** – New investment to the downtown district.
4. **Personnel Impact** – No additional staffing required at this time; work to be performed by Economic Development Staff and Community Partners.
5. **Required Changes in City Regulations or Policies** – None.
6. **Legal Constraints, if applicable** – None.
7. **Viable Alternatives** – None.

---

---

**IMPLEMENT DOWNTOWN MASTER PLAN**

BUDGETED

---

---

**PROPOSAL**

The Downtown Yakima Master Plan developed by the Crandall Arambula consulting firm has identified essential concepts and created a roadmap for initiating a successful transformation of Downtown Yakima to a vibrant, cultural, arts, and entertainment destination. The first step in this transformative process is the creation of a public plaza in front of the Capitol Theatre. To that end, it will be necessary to retain a consulting firm to design and develop conceptual plans for the proposed public plaza.

**IMPACTS**

1. **Fiscal Impact** – \$145,000.
2. **Proposed Funding Source** – Economic Development Fund.
3. **Public Impact** – This project will implement phase 1 of the downtown master plan as presented by Crandall Arambula. The key part of not only designing, but creating construction bid documents sends a strong signal of the City’s intent of implementing the downtown master plan.
4. **Personnel Impact** – None, work performed by current Economic Development Staff and Community Partners.
5. **Required Changes in City Regulations or Policies** – As the downtown plan takes shape, design guidelines for the area will be proposed for Council approval—plans will ultimately need to be in compliance with any new development rules.
6. **Legal Constraints, if applicable** – None.
7. **Viable Alternatives** – The south plaza was the location recommended by Crandall Arambula and by an 80-1 vote at the second public session for the downtown plan.

## CITY ADMINISTRATION / ECONOMIC DEVELOPMENT

2014 STRATEGIC INITIATIVE

---

---

### **ENHANCE / EXPAND DOWNTOWN EVENTS**

BUDGETED

---

---

#### **PROPOSAL**

By providing increased police security, expanded free parking, creating new Thursday night and Friday lunchtime concert series, and establishing a Tuesday evening Farmers Market, the City has begun to attract Yakima residents back to the downtown core. Building on the first phase of downtown activities initiated in 2013, additional events are being proposed for 2014 to create even more energy, animation, and vibrancy to downtown. With a proposed budget of \$110,000, more City/private sector sponsored events such as a Cultural Concert Series, Spring Barrel Art Festival, Blues and Brews Festival, expanded Fresh Hop Ale Festival, and enhanced holiday activities will take place. The goal is to elevate the quantity and quality of Downtown Yakima events in 2014 in order to continue to develop the area's growing reputation as a cultural, arts, and entertainment destination.

#### **IMPACTS**

1. **Fiscal Impact** – Additional \$40,000. Increase budget from \$70,000 in 2013 to \$110,000 in 2014.
2. **Proposed Funding Source** – General Fund.
3. **Public Impact** – The public has responded well to new events and activities in the community and would enthusiastically like to see them continue.
4. **Personnel Impact** – None, work performed by current Economic Development Staff and Community Partners.
5. **Required Changes in City Regulations or Policies** – None.
6. **Legal Constraints, if applicable** – None.
7. **Viable Alternatives** – None.

# CITY ADMINISTRATION / ECONOMIC DEVELOPMENT

2014 STRATEGIC INITIATIVE

---

## CASCADE MILL PROJECT - 2014

BUDGETED

---

### PROPOSAL

The City of Yakima has a number of initiatives related to the Cascade Mill Redevelopment Project in 2014. The estimated FY 2014 budget investment of more than \$2,400,000 represents the estimated cost of the program in 2014. This is funded by the Local Infrastructure Financing Tool (LIFT) funding reimbursement from the State of Washington of \$1.0 million annually and a Yakima County SIED loan/grant is available in the amount of \$1,850,000 if needed.

- In 2014, the City will be working closely with the Department of Ecology (DOE) to prepare the Remedial Action Plan and permitting documents for cleanup of the former municipal landfill and the removal of wood waste.
- In 2014, a funding strategy will be developed in cooperation with DOE for use of Brownfield and Model Toxic Control Act (MOTCA) grant funds for the cleanup and remediation of the landfill and the plywood plant sites.
- In 2014, the City will hire an urban land economist to assist in determination of the most desirable land uses at the Cascade Mill property that compliment but do not compete with the downtown area. This evaluation will enable the City to better understand rental, occupancy, and absorption rates for various potential uses including: retail, office, hotel and institutional uses such as hospitals and educational facilities.
- A roundabout is planned at the intersection of Fair Avenue, Lincoln Avenue, and MLK, Jr. Blvd. A \$990,000 state grant application was submitted in 2013.
- The City will proceed with right of way acquisition, as necessary, and the completion of engineering plans for the Cascade Mill Parkway. The first phase of the Cascade Mill Parkway includes construction of the Fair Avenue roundabout to facilitate environmental cleanup at the landfill site. We anticipate a donation of land that will substantially meet the \$1.0 million local match requirement.
- The federally required Interstate 82 Interchange Modification process will be largely completed in 2014. The Washington State Department of Transportation is the lead agency for the Interchange Project and will be supported by the City and Yakima County.
- The City and County have a contract with Lochner & Associates to prepare the engineering and environmental review of the Interchange Project, the East-West Corridor and the Cascade Mill Parkway. Other development site issues have also been addressed under this professional services contract.

### IMPACTS

1. **Fiscal Impact** – Total 2014 budget -- \$2,473,235
  - i. Land purchase (if warranted for clean-up effort) \$800,000
  - ii. Roundabout/first phase of Cascade Mill Parkway 619,914
  - iii. City share of East-West Corridor project 788,321
  - iv. City share of Interchange modification project 225,000
  - v. Economic Analysis 40,000

Wood waste excavation and handling costs are under review at this time.

2. **Proposed Funding Source** – Yakima Redevelopment Area Fund -- Local Infrastructure Financing Tool (LIFT) funding reimbursement from the State of Washington of \$1.0 million annually and a Yakima County SIED loan/grant is available in the amount of \$1,850,000 if needed. We anticipate our \$1 million match to be provided by Right-of-way donation related to the Cascade Mill Parkway.

Eligible project elements for LIFT funding and the roundabout was the subject of a TIB grant for \$991,000, however, this revenue is not currently budgeted. Should the grant be awarded, an appropriation will be brought for Council approval

3. **Public Impact** – The public will benefit from a well-developed implementation plan which is consistent with market conditions in Yakima and will complement not compete with the efforts for downtown redevelopment. The public will experience improved access at the new roundabout and the commencement of clean-up activities at the landfill.
4. **Personnel Impact** – Existing staff and Lochner contract will handle these elements.
5. **Required Changes in City Regulations or Policies** – None.
6. **Legal Constraints, if applicable** – The DOE permitting process will require support from the legal division.
7. **Viable Alternatives** – None.

**CITY ADMINISTRATION / CONVENTION CENTER**

2014 STRATEGIC INITIATIVE

---

---

**CONVENTION CENTER MANAGEMENT FEE INCREASE**

BUDGETED

---

---

**PROPOSAL**

The Yakima Valley Visitors & Convention Bureau manages and operates the Yakima Convention Center. Over the years, operation and management costs have continued to increase. This proposal requests a \$13,900 (2%) increase to the management fee. This line item includes wages for the Convention Center staff and the management fee to the Visitors and Convention Bureau (VCB). This increase will allow us to increase promotion and marketing to stimulate economic growth through convention business and tourism, while also assisting in covering increased costs of medical insurance and similar employee costs.

**IMPACTS**

1. **Fiscal Impact** – \$13,900 Increase—from \$694,300 in 2013 to \$708,200 in 2014.
2. **Proposed Funding Source** – Tourist Promotion Operating Fund—Hotel/Motel tax and Convention Center operations.
3. **Public Impact** – Continue to provide exceptional service.
4. **Personnel Impact** – None.
5. **Required Changes in City Regulations or Policies** – None.
6. **Legal Constraints, if applicable** – None.
7. **Viable Alternatives** – None.

## CITY ADMINISTRATION / CONVENTION CENTER

2014 STRATEGIC INITIATIVE

---

### **INCREASE FUNDING FOR THE VISITOR INFORMATION CENTER**

BUDGETED

---

#### **PROPOSAL**

The City of Yakima with various partners built the official Visitor Information Center (VIC) located off of I-82 near Yakima Avenue in 2003. The Yakima Valley Visitors & Convention Bureau (YVVCB) operates and maintains the facility. Currently the VIC is partially funded through the Tourist Promotion Fund (\$40,000 which is 31% of the VIC budget). The balance of support (69%) comes from the private sector. City support has remained at \$40,000 for the past ten years, but expenses have grown. As the structure is now 10 years old, there will be rising costs for maintenance, employee costs have risen as have various utilities and other operating expenses. Private sector support has been strong but alone can't keep up with rising expenses. Staff proposes increasing the City's annual contribution from \$40,000 to \$60,000 in 2014.

The VIC stimulates positive economic growth. It serves more than 14,490 people each year plus thousands of others through phone calls, emails, mailings and relocation requests. Our surveys of visitors this year show that 20% of those served at the VIC extended their stays, with the majority staying at least one extra night. Using this data as a baseline, we estimate that these extended stays resulted in a minimum of \$275,088 in new visitor spending in 2013 alone, and similar figures are expected for 2014.

#### **IMPACTS**

1. **Fiscal Impact** – Additional \$20,000.
2. **Proposed Funding Source** – Tourist Promotion Operating Fund--Hotel/Motel Tax.
3. **Public Impact** – The VIC provides an opportunity for businesses of all sizes to distribute information to travelers. Not only does it serve visitors but it is also a resource for residents and potential new businesses.
4. **Personnel Impact** – None.
5. **Required Changes in City Regulations or Policies** – None.
6. **Legal Constraints, if applicable** – None.
7. **Viable Alternatives** – None.

## CITY ADMINISTRATION / CAPITAL THEATRE

2014 STRATEGIC INITIATIVE

---

### **PLAN AND IMPLEMENT CAPITOL THEATRE REPAIR AND IMPROVEMENTS**

BUDGETED

---

#### **PROPOSAL**

Historically, the City has given more toward the annual operating needs of the Capitol Theatre to manage and operate the facility than to the capital repairs and improvements necessary to ensure the theatre's long term viability. Currently, more than \$1.8 million in deferred capital needs related to the theatre exist. The maintenance, repair and upgrade items that have been identified to date include: ADA and safety upgrades; repair and upgrade stage lighting system (includes safety issues); replace orchestra shell, theatrical masking/backing, asbestos fire curtain, main curtain and valance, counterweight rigging system, carpet, lobby elevator, dome lighting, front entry door, and Robertson room ceiling tile. The total cost of the above work is estimated to be \$1.8 million.

Funding for the entire list of capital projects is not currently in place. However, this program proposes to prioritize the work items, and then proceed with each item of work in order of priority as funds become available. Limited funding (\$140,000) has been identified so it is anticipated that the ADA and priority safety upgrades as identified in a recent Life Safety Evaluation report on the facility will be completed in 2014. The Engineering Division will plan and begin implementation of a capital repair and improvement plan for the Capitol Theatre -- Engineering and Capitol Theatre staff will work together to make these needed improvements to this important piece of Yakima history and future revitalization.

In light of the necessary capital improvements, the Capitol Theatre Committee is not asking for an increase in its management fee. This operational support will remain at \$232,000 in 2014.

#### **IMPACTS**

1. **Fiscal Impact** – \$140,000.
2. **Proposed Funding Source** – Capitol Theatre Construction Fund – Transfer from Capitol Theatre Reserve Fund.
3. **Public Impact** – Better ADA access and safer facility.
4. **Personnel Impact** – None.
5. **Required Changes in City Regulations or Policies** – None.
6. **Legal Constraints, if applicable** – None.
7. **Viable Alternatives** – Do nothing or delay starting the repairs and upgrades. This could cause safety concerns and allow further degradation of the facility.

**CITY ADMINISTRATION / ECONOMIC DEVELOPMENT**

2014 STRATEGIC INITIATIVE

---

---

***GANG FREE INITIATIVE***

BUDGETED

---

---

**PROPOSAL**

The City began the process to address the City’s gang issue in 2011 by contracting with Magallan Consultancy to develop a Gang Free Initiative. Over the past few years, Magallan Consultancy has led the City through a visioning process to develop a strategy to understand how young people get caught up in gangs, and how the community can intervene to prevent the proliferation of gangs. This included collaboration with agencies that are already providing services to at-risk youth and partnering to support those existing efforts.

The program has developed from a planning, developing stage into service delivery. The 2013 budget included several contracts with community organizations, such as YPAL, People for People, Madison House, and Comprehensive Mental Health. As the program matures, the oversight function is changing from one of facilitating collaboration and developing appropriate partnerships to one of contract management and service coordination. The consultant agrees that this is better done through the direct supervision by the City.

Therefore, the proposed FY 2014 budget includes the hiring of a Gang Free Initiative Operations Manager to direct, manage, and oversee the operations of the Gang Free Initiative and ensure the effective public and private sector coordination and integration of resources directed toward the prevention and intervention of gang related crime and violence.

**IMPACTS**

**1. Fiscal Impact –**

Add Operations Manager	\$88,600
Contracted Services	237,500
Other Incidental Costs	<u>7,000</u>
Total	\$333,100

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

**3. Public Impact –** Coordinated service delivery.

**4. Personnel Impact –** Addition of 1 additional FTE position.

**5. Required Changes in City Regulations or Policies –** Develop job description.

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

**7. Viable Alternatives –** Keep coordination with consultant.

**CITY ADMINISTRATION / HUMAN RESOURCES**

2014 STRATEGIC INITIATIVE

---

---

**REORGANIZATION**

BUDGETED

---

---

**PROPOSAL**

The Human Resources division has experienced significant turn-over in 2013. Upper management took this opportunity to review the staffing levels and is proposing to eliminate a mid-level manager, and replace a full-time staff position (Human Resource Specialist) with a lower-level permanent part-time (60%) position (Human Resource Assistant).

This reduction in personnel results in a Citywide savings of \$133,500, with \$77,000 assisting in balancing General Fund, and \$56,500 reducing the Unemployment, Workers' Compensation, and Medical Benefit internal service funds.

**IMPACTS**

1. **Fiscal Impact –**

Eliminate Deputy HR position	(\$102,700)
Eliminate HR Specialist	(75,800)
Add 0.6 HR Assistant	<u>45,000</u>
Total	(\$133,500)

1. **Proposed Funding Source** – General Fund savings (\$77,000); Other Fund savings (\$56,500).
2. **Public Impact** – Reallocation of existing resources will maintain focus on the Civil Service hiring process.
3. **Personnel Impact** – Internal operational analysis possibly resulting in additional training opportunities.
4. **Required Changes in City Regulations or Policies** – Update position listings in the pay ordinance and payroll system.
5. **Legal Constraints, if applicable** – None.
6. **Viable Alternatives** – Staff is recommending that we move to this staffing complement. If service levels suffer, this could be revisited in future budget years.

## CITY ADMINISTRATION / HUMAN RESOURCES

2014 STRATEGIC INITIATIVE

---

---

### **IMPLEMENT QUALITY CUSTOMER SERVICE ACADEMY**

BUDGETED

---

---

#### **PROPOSAL**

Based on the information gathered from citizen and employee surveys, in 2014 the City will implement an Excellence in Customer Service Academy. The academy will be similar to a college model, with classes and coursework activities. We will have 15-20 exceptional employees that will learn to be the trainers for the academy. We will develop a mission, quality improvements, and deploy standardized practices for the new process. At the end of the academy, there will be a graduation ceremony to celebrate our successes. The primary goal of the academy is to align the service level on the employee survey with the citizen survey.

#### **IMPACTS**

1. **Fiscal Impact** – \$50,000.
2. **Proposed Funding Source** – General Fund.
3. **Public Impact** – Improved, consistent Customer Service.
4. **Personnel Impact** – Participation in Customer Service training.
5. **Required Changes in City Regulations or Policies** – Contract with a consulting/training firm.
6. **Legal Constraints, if applicable** – None.
7. **Viable Alternatives** – We believe this is the most efficient way to do customer service training.

## COMMUNITY DEVELOPMENT / CODES/PLANNING

2014 STRATEGIC INITIATIVE

---

### **ADD TWO CODE COMPLIANCE OFFICERS**

BUDGETED

---

#### PROPOSAL

For the past two years, the City's Code Enforcement services have been rated as poor in Citizen Surveys. The Code Enforcement Division believes these ratings are the result of insufficient staffing levels and the City's "complaint-driven" response system, which was instituted several years ago in lieu of a proactive code enforcement approach. The Code Administration Division proposes adding two additional code enforcement officers to the existing three starting in April 2014. This additional staff will allow the City to be both more proactive and better able to respond to code violations, in particular sign violations, to make the City more attractive.

#### IMPACTS

1. **Fiscal Impact** – \$100,000 (9 months/2014): \$133,300 Annually
2. **Proposed Funding Source** – General Fund.
3. **Public Impact** – Improved response to code violations and complaints—ultimately a cleaner, safer community.
4. **Personnel Impact** – Additional code compliance officers to address areas of concern along with the ability to meet the public's demand of cleaning up the city.
5. **Required Changes in City Regulations or Policies** – None.
6. **Legal Constraints, if applicable** – None.
7. **Viable Alternatives** – Stay status quo with the three existing code compliance officers.

## COMMUNITY DEVELOPMENT / CITY HALL MAINTENANCE

2014 STRATEGIC INITIATIVE

---

### **CITY HALL IMPROVEMENTS**

BUDGETED

---

#### **PROPOSAL**

Yakima City Hall was built in 1949 and has had few upgrades made to it over the past six decades. It is proposed that in 2014 several customer-focused interior improvements be made to the first floor of City Hall in order to update the appearance, lighting, and ADA accessibility to the west lobby entry and customer service counters.

Along with the ADA upgrades at the Utilities counter and at the west lobby entry doors, improvements to the lobby area for enhanced services are also scheduled. These include:

- Updating doors and entryways in the main lobby, as well as both entrances
- Updated lighting/ceilings in the main lobby
- Walk off mats, carpet and other updates to Council Chambers and adjoining areas
- Canopies over both main entryways

#### **IMPACTS**

1. **Fiscal Impact** – \$200,000.
2. **Proposed Funding Source** – Real Estate Excise Tax (REET) 1 Fund.
3. **Public Impact** – Appropriate ADA access to customer service counters. A sense of pride in a better functioning City Hall.
4. **Personnel Impact** – Managing contracts and staging the work.
5. **Required Changes in City Regulations or Policies** – None.
6. **Legal Constraints, if applicable** – Follow proper purchasing procedures.
7. **Viable Alternatives** – Increase or reduce project scope.

**REINSTATE ONE PARKING ENFORCEMENT OFFICER**  
BUDGETED

---

---

**PROPOSAL**

The Yakima Police Department proposes to re-instate one full time parking enforcement officer. The additional officer will be dedicated to downtown parking enforcement, with a specific focus on parking space turnover. For the last three months the department has been using a full-time temporary employee to determine the need for this position to become permanent. Results have shown that the officer is currently averaging 63 parking infractions a week, with 40 of those being for overtime violations. It is projected that in 2014 this position will issue 2,450 total parking infractions with 1,470 of those being for overtime violations. With continued and ongoing enforcement of downtown parking regulations the department is convinced that parking spaces will continue to turn over and be available for shoppers, and that parking space abuse will be greatly reduced.

**IMPACTS**

1. **Fiscal Impact** – \$56,800. Estimated to generate ticket revenue of \$40,000. Net cost to General Fund -- \$16,800.
2. **Proposed Funding Source** – General Fund. Typically parking enforcement almost pays for itself by the ticket revenue generated.
3. **Public Impact** – More parking spaces available for shopping in the downtown.
4. **Personnel Impact** – One additional civilian FTE in the Police Department.
5. **Required Changes in City Regulations or Policies** – None.
6. **Legal Constraints, if applicable** – None.
7. **Viable Alternatives** – None.

**EXPAND DOWNTOWN BICYCLE/FOOT PATROL**  
BUDGETED

---

---

**PROPOSAL**

Given the public safety and security concerns about downtown, particularly at night, as reflected in the 2013 Citizen Survey, the proposed FY 2014 budget includes expanding the downtown bike/foot patrol from the existing summer patrols to both spring and fall patrols as well. The additional patrols will include March through mid-June and mid-August through October. There will be two officers on six-hour shifts, four days a week during these additional periods.

**IMPACTS**

1. **Fiscal Impact** – \$64,800 for two officers on four-day per week coverage in the patrol overtime budget.
2. **Proposed Funding Source** – General Fund.
3. **Public Impact** – This proposal would continue to improve the public perception of safety in the Downtown area.
4. **Personnel Impact** – There would be no additional staffing. Patrols would be done on an overtime basis.
5. **Required Changes in City Regulations or Policies** – None.
6. **Legal Constraints, if applicable** – None.
7. **Viable Alternatives** – Add staffing to conduct Downtown foot/bicycle patrols or continue with summer only patrols.

**INCREASE TRAINING PROGRAM FUNDING**  
**BUDGETED**

---

---

**PROPOSAL**

The Yakima Police Department is projecting significant senior and supervisory management turnover during the next several years. To properly develop the future leadership of the department, the proposed FY 2014 budget includes the investment of \$75,000 to provide leadership and management training for new police managers and to prepare patrol-level officers for career development opportunities and skill sets.

**IMPACTS**

1. **Fiscal Impact** – \$75,000.
2. **Proposed Funding Source** – General Fund.
3. **Public Impact** – This proposal would provide citizens with highly trained police professionals in the management ranks of the Police Department.
4. **Personnel Impact** – Time invested in training.
5. **Required Changes in City Regulations or Policies** – None.
6. **Legal Constraints, if applicable** – None.
7. **Viable Alternatives** – Continue with current training program.

---

---

**AUTOMATED LICENSE PLATE READER PROGRAM**  
**BUDGETED**

---

---

**PROPOSAL**

Yakima currently ranks fifth nationally per capita in auto thefts. The City of Yakima remains committed to reducing auto thefts and plans to lower incidents of theft and increase recovery of stolen vehicles by purchasing automated license plate reader (ALPR) systems for eight police vehicles. Additionally, the license plate reader technology will be utilized in the investigation and prosecution of a variety of other crimes.

**IMPACTS**

1. **Fiscal Impact** – \$135,000.
2. **Proposed Funding Source** – Law and Justice Capital Fund.
3. **Public Impact** – This proposal will aid in the investigation of auto theft and expedient recovery of stolen vehicles, providing better service to the public.
4. **Personnel Impact** – None.
5. **Required Changes in City Regulations or Policies** – Identify information retention policies for the program.
6. **Legal Constraints, if applicable** – None.
7. **Viable Alternatives** – Continue without ALPR technology.

**POLICE/COMMUNICATIONS**

2014 STRATEGIC INITIATIVE

---

---

**NEW COMMUNICATIONS CENTER CONSTRUCTION**

BUDGETED

---

---

**PROPOSAL**

The Communications Center operates as a joint facility with the County 911 system and the City's dispatching system. The associated 911 costs are paid via an operations contract with Yakima County from the 911 revenue raised by the 911 excise tax. The dispatch section is funded by the City with a portion supported by dispatching contracts with outside fire and police user agencies.

This joint operation is currently housed at the Law and Justice Center, but the operation has outgrown the current facility, and there is no more room for expansion. We have been in the planning stages with Yakima County, representing the 911 Call taking interests, and after careful and thorough evaluation have determine a remodel of the county-owned, minimum security jail building in Union Gap was the most economical course of action. A Pre-Design Study has been completed. The purpose of this phase is to identify needs, create a very preliminary design and determine the Rough Order of Magnitude (ROM) costs of the project. The next step will be to engage a firm to prepare the documents needed to go out to bid on construction.

The ROM costs:

Construction: (inc. design contingency 10%, Construct Cost Escalation 4%, soft costs 32%)	\$5,064,045
Dispatch Console Furniture	380,800
Office Furnishings	200,000
Site Improvements	179,700
Shared Subtotal	<u>\$5,824,545</u>
<b>Communication Systems (Dispatch Only)</b>	<b>\$1,354,200</b>
911 Costs	\$2,912,273
Dispatch Costs	\$4,266,473
<b>Annual Bond Payments Estimate:</b>	
911 Share	\$203,700
Dispatch Share	\$298,900

The Dispatch share of the bond assumes that the Communication Systems costs are included in the Bond rather than paid up front. If they are funded through a different mechanism, the annual bond payment for Dispatch will be the same or similar to the 911 share. At this point in time we anticipate the County will provide the bonding, so this project is not anticipated to be counted against our authorized debt limit.

It should be noted that approximate \$1.2 million of \$5.064 million construction costs are additions specific to this being an emergency communications facility. With this taken into account the basic construction costs are approx. \$328 per sq. foot which is not necessarily out of line with new construction.

Once construction is complete and the facility occupied the annual lease payments will take effect.

<u>Annual Lease (\$11/sq. ft.):</u>	
911 Share	\$64,350
Dispatch Share	\$64,350

Resulting in a total new added cost for each section of:

<u>Total additional cost once occupied:</u>	
911 Expense	\$268,050
Dispatch Expense	\$363,250

Once we move to the next step we are at least committed to seeing it through to review of the construction bid awards. At that time the primary parties; City of Yakima and Yakima County (representing the 911 system) would make a final decision. Assuming this goes forward as presented, the 2014 budget includes an estimate of \$195,000 for the first year costs of debt service.

Once the Communications Center is in its new facility, the space currently being occupied in the Law and Justice Center will be available for City needs.

**IMPACTS**

**1. Fiscal Impact – 2014:**

General Fund	\$97,500
911 Fund	\$97,500

Annual estimate once project is completed:

General Fund	\$363,250
911 Fund	\$268,050

- Proposed Funding Source** – General Fund and Yakima County 911.
- Public Impact** – Better service provision in an updated facility. Potential to expand to a true regional dispatch center, producing economies of scale around the County.
- Personnel Impact** – Moving to a new facility while maintaining uninterrupted 911 call-taking and dispatching service.
- Required Changes in City Regulations or Policies** – None.
- Legal Constraints, if applicable** – Ultimately a rental contract with Yakima County. May require Council approval to issue debt, depending on the financing structure.
- Viable Alternatives** – None. This is necessary to continue with the high level of service that is demanded of this joint communications center.

**POLICE / COMMUNICATIONS**

2014 STRATEGIC INITIATIVE

---

---

**COMMUNICATIONS & TECHNOLOGY REORGANIZATION**

BUDGETED

---

---

**PROPOSAL**

It was approximately three years ago that the City combined the management of the Communications Division and the Information Technology Services (ITS) Division as a cost savings measure to assist in the reorganization of the ITS division during tight budget times. While that measure has proven largely successful, given the proposed reorganization of the Communications Division, including a potential move to a new facility, and increasing demands on the ITS Division, it has become more challenging. Therefore, it has been determined that it is in the best interests of the city to return these divisions to their separate management structures. This will specifically split the manager position back into two separate positions. Additionally, the Communications Administrative Assistant will focus solely on Communications Division duties while the duties of the ITS Administrative Assistant will be expanded to include in-house computer user training.

While the City has enjoyed the costs savings of about \$142,000 per year with this consolidation it is not viable to continue because of workload and critical public safety initiatives that will require significant attention, more than can be provided by this shared position.

The last component of this reorganization is to move the Electronics operation from the Public Safety Communications (PSC) Fund into the ITS Division in General Fund, again in anticipation of the physical move of the communications center. This consists of 3 FTE positions that provide repair and maintenance for a variety of equipment, including radios, telephones, etc., for both the entire City and by contract for other agencies. There is no change in the citywide budget, but this does change both the General and PSC Funds' revenue and expenditure totals. This move adds \$340,000 to the ITS budget, \$108,000 in General Fund revenue representing their charges for service, and reduces the General Fund operating transfer to the Public Safety Communications Fund by \$210,000. After this move, the transfer to PSC consists solely of dispatch services.

**IMPACTS**

1. **Fiscal Impact** – Additional costs:

General Fund	\$100,200
Public Safety Communications Fund	\$42,000
2. **Proposed Funding Source** – Primarily General Fund/Public Safety Communication Fund.
3. **Public Impact** – Indirect better service provision.
4. **Personnel Impact** – Fill the position of Communications Manager. Fill the position of ITS manager from existing personnel in the Communications & Technology Manager position.
5. **Required Changes in City Regulations or Policies** – Update the City Pay Ordinance and position master for the changes.

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

7. **Viable Alternatives** – None.

**FIRE**  
2014 STRATEGIC INITIATIVE

---

---

**REORGANIZATION**  
BUDGETED

---

---

**PROPOSAL**

As a cost containment measure during the Great Recession, the Fire Departments overtime budget was severely reduced, and if regularly scheduled staff were not available, the sixth apparatus was not manned. Such days were considered “brownout” days. Last year the City did not have adequate fire staffing to operate a full complement of fire service equipment 129 days (35%) of the year. To remedy this situation, \$250,000 in additional overtime funds have been included in the proposed FY 2014 budget. In addition, \$271,600 in next year’s proposed budget has been included that will allow the hiring of two additional firefighters and a third to fill the firefighter vacancy that resulted in reestablishing and filling the Training Lieutenant position. This will ensure adequate staffing and eliminate brownout days. Overtime funds will also be used to meet peak staffing demand periods in lieu of full-time staff.

As the staffing complement was reviewed, upper management determined that the Department had a high ratio of management positions to non-management personnel, and proposed the elimination of three (3) Battalion Chief positions (management), and the institution of three (3) Shift Commander positions. This change in command structure is estimated to save \$67,700.

In addition to the personnel increase, \$75,000 is budgeted in FY 2014 for additional training to ensure increased fire personnel skills, safety, and career development.

Note: In 2013, 8 of the 81 commissioned fire personnel (about 10%) were being funded by the EMS levy in a separate special revenue fund. Because the EMS levy was re-approved by voters starting in 2014, and due to the funding formula of how the levy is distributed among County agencies, the City is expected to collect about \$140,000 more in 2014 than the 2013 budget. This funding was available to cover the new Lieutenant and about 10% of the reinstated overtime.

**IMPACTS**

**1. Fiscal Impact –**

General Fund	
Eliminate 3.0 Battalion Chiefs & add 3.0 Shift Fire Captains (Net savings)	(\$67,700)
Reinstate 2.0 Firefighters	163,700
Increase Overtime Budget	225,000
Increase Firefighter Training	<u>75,000</u>
Total General Fund	\$396,000
EMS Fund	
Add 1.0 Training Lieutenant	\$107,900
Increase Overtime Budget	<u>25,000</u>
Total EMS Fund	\$132,900
Citywide Total	\$528,900

2. **Proposed Funding Source** – General Fund/EMS Fund.
3. **Public Impact** – The investment in the Fire Department will lead to the elimination of brown outs in the Fire Department and needed depth of service identified in the Regional Fire Authority project study. The Training Lieutenant position has been left vacant for many years due to budget constraints causing the EMS Captain to fill both roles. The increased training hours will bring the City closer to achieving the goal of a 3 rating by the Survey and rating Bureau as well as provide a safer work environment for fire employees.
4. **Personnel Impact** – Increased safety.
5. **Required Changes in City Regulations or Policies** – None.
6. **Legal Constraints, if applicable** – None.
7. **Viable Alternatives** – Continue reduced service with periodic “brownout” days.

**PURCHASE ONE REPLACEMENT BRUSH TRUCK**  
BUDGETED

---

---

**PROPOSAL**

The Yakima Fire Department operates 2 wild land brush trucks to respond to wild land/urban brush and grassland fires. These trucks respond from fire station facilities that are closest in proximity to areas of the City that have the most potential for brush and grass fires. One of those two brush trucks is a 1990 model that was acquired through a transfer of assets when the City annexed Yakima County Fire Protection District #10, Fruitvale. This brush truck has served the citizens for nearly 24 years, but as an emergency response vehicle, its useful service life is nearing its end.

The purchase of a replacement brush truck will help to maintain a reliable, safe and capable wild land fire suppression apparatus.

**IMPACTS**

1. **Fiscal Impact** – Up to \$130,000.
2. **Proposed Funding Source** – Fire Capital Fund.
3. **Public Impact** – Reliable equipment to respond to brush and grassland fires .
4. **Personnel Impact** – Enhanced reliability and passenger safety.
5. **Required Changes in City Regulations or Policies** – None.
6. **Legal Constraints, if applicable** – None.
7. **Viable Alternatives** – Continue to use the aging vehicle.

## AIRPORT

2014 STRATEGIC INITIATIVE

---

---

### **IMPLEMENT AIRPORT MARKETING PLAN/TERMINAL IMPROVEMENTS**

BUDGETED

---

---

#### **PROPOSAL**

In partnership with our new airport public-private sector alliance, the City will work with local media partners to market and promote air service at the Yakima Air Terminal to the local community. The ultimate goal of the \$100,000 marketing commitment is to increase our current load factors to secure a fourth daily flight by Alaska Airlines from Yakima to Seattle and eventually expand service to new destinations such as Portland, Spokane, and Salt Lake City. Note: the City applied for a grant to assist in this economic development initiative, but was not successful in obtaining an award. The City intends to continue applying for applicable grants.

The current air terminal is 63 years old. To enhance the terminal's overall appearance, the proposed FY 2014 budget includes the investment of \$50,000 for new carpeting and paint.

#### **IMPACTS**

1. **Fiscal Impact** –

Airport Marketing Plan/General Fund	\$100,000
Airport Terminal Improvements/Air Terminal Operating Fund	\$50,000

2. **Proposed Funding Source** – General Fund and Yakima Air Terminal Operating Fund

3. **Public Impact** – More air service opportunities out of the Yakima Air Terminal for the local community.

4. **Personnel Impact** – None.

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

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

7. **Viable Alternatives** – None.

**AIRPORT TAXIWAY/LIGHTING IMPROVEMENTS**  
BUDGETED

---

---

**PROPOSAL**

The Yakima Air Terminal is an integral part of the City's transportation system and economic development infrastructure. Through close cooperation with the Federal Aviation Administration, the Airport recently received two grants totaling \$10 million matched by \$1.1 million in airport passenger fees to rehabilitate the airport's primary taxiway and associated taxiway connectors. In addition to the two grants, the airport will utilize its passenger facility charges to fund the remaining balance of the project. (Note: The local match is more than we currently have available in the capital. As previously approved by Council, the interfund loan program will be used as necessary.) This project will replace aging asphalt, taxiway lights, taxiway signs, and airfield markings to ensure the airport will continually meet Federal Aviation regulations while meeting future aviation demands. This project is slated to begin in spring 2014 and should be completed before year's end.

**IMPACTS**

1. **Fiscal Impact** – \$11,100,000.
2. **Proposed Funding Source** – Yakima Air Terminal Capital Fund/FAA Grant- \$10 million, matched by \$1.1 million of airport passenger fees. The interfund loan program will be used as necessary.
3. **Public Impact** – Safer airport taxiways.
4. **Personnel Impact** – Manage the bidding process and resulting contract.
5. **Required Changes in City Regulations or Policies** – None.
6. **Legal Constraints, if applicable** – Follow FAA grant requirements.
7. **Viable Alternatives** – None, the grant has been awarded.

## UTILITIES & ENGINEERING / ENGINEERING

2014 STRATEGIC INITIATIVE

---

### **IMPLEMENT RIGHT-OF-WAY / STREET CUT PROGRAM**

BUDGETED

---

#### **PROPOSAL**

When commercial or government entities perform maintenance or construction activities in the public right-of-way, they interfere with the public's ability to use that portion of the right-of-way, create potentially dangerous obstacles to the traveling public, and often damage public infrastructure.

Excavation of paved streets degrades and shortens the service life of streets. Over 17 nationwide studies have provided conclusive evidence that no matter how well a utility cut is restored; there is permanent damage beyond the area of the utility excavation. These excavations increase the frequency and cost to the public of necessary street resurfacing, maintenance, and repair.

The City's current street cut permit fee of \$100 and the associated patching of utility cuts completed by utility companies do not compensate the City for long-term damage caused by utility cuts. A street cut fee is an effective incentive for utility companies to coordinate their excavations with the City's repaving schedule and generate funds to pay for road resurfacing that becomes necessary due to long-term damage caused by cuts. This is particularly critical now that the City is making significant investments to improve its streets.

By revising and updating chapter 8.72 of the Yakima Municipal Code, the Engineering Division is proposing adoption of a comprehensive right of way encroachment and street cut program which will enable the City to control the duration and extent that an entity encroaches in the street right of way, improve the safety precautions taken to protect the public and the workers, and revise the permitting fee structure so that the cost of the permit is commensurate with the size and duration of the encroachment. Additionally, entities that cut City's pavement will not only have to repair their damage, but they will have to pay a restoration fee that will be used for future road resurfacing and replacement. Ultimately, the program goals are to reduce the amount of time that the traveling public is inconvenienced by commercial activities in the right of way, dramatically improve work zone safety, and protect the City's infrastructure. Based on the Utility and Engineering Director's experience in other municipalities, the estimated revenue from this program is approximately \$150,000, which has been added to General Fund revenue.

The existing Traffic Engineering Division consists of the Streets & Traffic Operations Manager, a Traffic Systems Analyst, and two Traffic Engineering Technicians, and is included in the Streets and Traffic Engineering Fund. The Supervising Traffic Engineer position was eliminated in the 2010 budget as a cost cutting measure. The position was eliminated with the understanding that it would need to be reinstated when the economy recovered and development returned. The present workload is significant enough that it is difficult for the Streets and Operations Manager to provide timely and detailed review and guidance of development applications, citizen requests, traffic signal timing patterns, traffic data collections, and traffic safety analysis while still providing adequate oversight to the street and traffic maintenance programs. Existing staff does not have the training or expertise to take on most of these tasks. Other work that needs to be done that has been

deferred includes development of prioritized traffic safety and operations capital improvements lists, update of traffic policies and standards, and a detailed annual review and analysis of high accident locations. The new street encroachment program will also need staff to monitor and enforce its application.

As much of this workload is tied more closely to Engineering than Street operations; the Supervising Traffic Engineer will be paid for out of the Engineering Division of General Fund, and move under the supervision of the City Engineer. The two Traffic Engineering Technicians are also being moved from the Streets Fund to General Fund, as they will be directly supervised by the new position.

After the addition of the new position of \$94,100 and the new revenue of \$150,000, these changes are estimated to result in net savings of \$55,900 to General Government operations.

## IMPACTS

### 1. Fiscal Impact –

General Fund	
Reinstate 1.0 Supervising Traffic Engineer	\$94,100
Transfer 2.0 Traffic Tech II's from Streets	146,400
Add Street Cut Charge	<u>(150,000)</u>
Net General Fund	90,500
Street Fund -- Transfer out 2.0 Traffic Tech II's	<u>(146,400)</u>
Net Savings- General Government	(\$55,900)

### 2. Proposed Funding Source –

- General Fund: Expenditures increased by \$240,500, revenues by \$150,000 for a net increase of \$90,500.
- Street Fund: Expenditures reduced by \$146,400

**Note:** Property Tax was reallocated from the Street Fund to General Fund to balance the transfer of staff between the two funds.

3. **Public Impact** – Safer travel through work zones, fewer traffic delays caused by construction and less construction related damage to public infrastructure
4. **Personnel Impact** – Add one FTE position
5. **Required Changes in City Regulations or Policies** – Adoption of the new Chapter 8.72 of the Municipal Code. Communication of the new rules to the underground utility and development community.
6. **Legal Constraints, if applicable** – None.
7. **Viable Alternatives** – Do nothing or revise portions of the proposed Chapter 8.72. Resulting impacts would vary depending on severity of revisions, but doing nothing would result in no improvement over how construction activities in the public right-of way are currently handled.

## UTILITIES & ENGINEERING / ENGINEERING

2014 STRATEGIC INITIATIVE

---

### **PEDESTRIAN AND BICYCLE CONNECTIVITY PLAN**

BUDGETED

---

#### PROPOSAL

Both the 2012 and 2013 Citizens surveys highlighted connectivity, or the ability to get around the City by foot or bicycle, as an area of concern. In response to this concern the Engineering Division will begin the process of creating a comprehensive connectivity network by identifying existing sidewalks and bicycle lanes and starting the design of a connectivity master plan. This plan will work in conjunction with the Parks & Recreation initiative to improve path and trail infrastructure and the Safe Routes to School program.

#### IMPACTS

1. **Fiscal Impact** – \$40,000.
2. **Proposed Funding Source** – Gas Tax/Arterial Street Fund.
3. **Public Impact** – Connectivity provides safer and more efficient routes of travel for school children, pedestrians and bicyclists. Well planned sidewalks and bicycle lanes work in conjunction with pathways and busses to provide people with efficient alternatives to vehicular travel.
4. **Personnel Impact** – None, projects will be managed by existing Engineering staff.
5. **Required Changes in City Regulations or Policies** – None.
6. **Legal Constraints, if applicable** – None.
7. **Viable Alternatives** –
  - Do nothing. The existing voids in the City's sidewalk and bike lane network will continue to make alternative forms of travel difficult and potentially risky.
  - Delay or revise starting the connectivity master plan design. This does nothing to solve the connectivity problem, but would allow the 2014 budget for the initial design work to be pushed into a later year.

---

---

**COMPLETE WASTEWATER COLLECTIONS MASTER PLAN**

BUDGETED

---

---

**PROPOSAL**

The City began a systematic evaluation of both wastewater pipeline capacity analysis and condition assessment in 2010 to determine short term and long term facility priorities for the wastewater collection system. Akel Engineering is nearing completion of the capacity analysis of the system to identify new lines that are necessary to provide service due to the continued growth of the community. Existing trunk lines within the system have been identified as undersized. The City's crew is inspecting sewer lines where its equipment is capable of collecting data. In addition, the City has contracted with RedZone Robotics to provide closed caption television, sonar, and laser data that will provide a condition assessment of the City's larger trunk lines. The condition assessment has identified pipelines to be repaired or replaced.

The compilation of capacity and condition data will provide the information necessary for a Wastewater Collections System Master Plan. The Master Plan will allow for construction coordination of known wastewater deficiencies with street and other utility projects. Project coordination prevents costly repairs being made to street surfaces and reduces the overall impact to the community. It will also allow the City's wastewater infrastructure to be maintained and expanded to ensure reliable wastewater capacity and service and accommodate future economic and residential growth.

**IMPACTS**

1. **Fiscal Impact** – \$100,000 has been funded through a transfer of revenue to the collections capital fund 476 for 2014.
2. **Proposed Funding Source** – Wastewater Utility Revenues.
3. **Public Impact** – The public's infrastructure will be maintained and expanded to provide for sustainable reliable service and accommodate future economic growth.
4. **Personnel Impact** – Work with consultant to provide required data.
5. **Required Changes in City Regulations or Policies** – None.
6. **Legal Constraints, if applicable** – None.
7. **Viable Alternatives** – The project has maximized the effective use of city resources with consultant assistance to minimize the overall cost of the project. The collection of condition assessment data in the large trunk lines would have required the purchase of equipment and additional city staff. Contractors are able to collect and annotate data in the large lines at a rate of \$5.00 to \$10.00 per liner foot depending on pipe size and deployment conditions. An engineering consultant is under contract to provide capacity analysis of the system for \$206,400.

## UTILITIES & ENGINEERING / WASTEWATER

2014 STRATEGIC INITIATIVE

---

### INSTALLATION OF BIOSOLIDS DRYER

BUDGETED

---

#### PROPOSAL

The Wastewater Division will install a \$7.9 million biosolids (sludge) dryer to produce a Class A, exceptional quality biosolids product that can be sold as a soil amendment. The dryer will improve the built environment by increasing Wastewater Treatment Facility reliability by utilizing bio-gas produced by the new industrial wastewater treatment system and reducing \$200,000 annually in hauling and permitting expenses associated with Class B biosolids. The project also defers the necessity for the installation of an \$8 million to \$10 million dollar Digester project, and reduces the facility's carbon emissions. Funding for this project will come from two Washington State Department of Ecology loans at 2.5% annual interest. Up to \$4.7 million is budgeted to be spent in 2014. The second loan of \$3.2 million will be used in 2015.

#### IMPACTS

1. **Fiscal Impact** –

- The cost of the dryer facility is \$7.9 million dollars.
- Annual revenues from the fertilizer product are expected to be \$60,000.
- Savings of \$200,000 in hauling and handling compared to the dried product uses.
- O&M costs for the dryer process are estimated to be \$50,000 annually.
- City will significantly defer an \$8-10 million digester when the dryer is installed.
- Annual debt service is estimated at \$480,000.
- Annual net operating costs are estimated at \$270,000.

2. **Proposed Funding Source** – The Washington Department of Ecology is funding this project through two loans which total \$7.81 million at 2.5% interest. \$324,734 of these loans is in the form of forgivable principle.

3. **Public Impact** – A dryer will reduce the biosolids production to 1/5 of current levels and produce soil amendments for City parks, golf courses, local agriculture, the Yakima Area Arboretum and private use. Increasing public and private partnerships will minimize handling costs.

4. **Personnel Impact** – The current personnel that operate the biosolids dewatering process are expected to be able to operate the dryer facility concurrently without additional coverage.

5. **Required Changes in City Regulations or Policies** – External and intra-City sales agreements of the Class A product will be required to be crafted and implemented.

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

7. **Viable Alternatives** – Option to register the facility as a Fertilizer Manufacturing Facility for tax purposes.

---

---

***SALMON RECOVERY/RIPARIAN RESTORATION PROJECT***

BUDGETED

---

---

**PROPOSAL**

The wastewater division is moving the City of Yakima Wastewater outfall in order to restore critical floodplain environment for salmon recovery and Yakima Basin Integrated Plan implementation.

This project incorporates elements of the City of Yakima Strategic and Business Plans by investing in the City's appearance and built environment, improving trails, involving the public, and creating partnerships. This is a multi benefit project that will improve water quality, reduce flood hazards, enhance salmon and steelhead runs and foster growth by allowing upstream land to come out of flood insurance maps.

**IMPACTS**

1. **Fiscal Impact** – Estimated \$1,800,000 to \$1,500,000 of the construction costs are grant funded. The Wastewater Division will have short term costs for engineering, permitting and cost share for grants. Project will need ongoing maintenance to keep up appearance of site.

Long run fiscal savings will come from less flood damage repair to infrastructure and improved water quality. Increased salmon and steelhead habitat will promote recreation related economy.

2. **Proposed Funding Source** – Wastewater division capital fund and revenue from federal, state and local sources. Additionally, the City is partnering with many different groups to conduct volunteer clean up and tree planting on the site.
3. **Public Impact** – Temporary Greenway closures or detours during construction phases. Increase stability of trail in the long run. Greenway and new nature trail will surround a restored natural area after project completion.
4. **Personnel Impact** – Wastewater staff are expected to help with long term maintenance of the site.
5. **Required Changes in City Regulations or Policies** – Change easement for Greenway path.
6. **Legal Constraints, if applicable** – Grants will require maintenance consistent with original grant applications and agreements. Project requires approval of an extended mixing zone from Department of Ecology (currently under review).
7. **Viable Alternatives** – Several alternative were considered that were more costly, came with higher risk, and not consistent with other City strategic plan elements.

## UTILITIES & ENGINEERING / STORMWATER

2014 STRATEGIC INITIATIVE

---

### IMPLEMENT INTEGRATED STORMWATER PLAN

BUDGETED

---

#### PROPOSAL

The City Stormwater program has completed a Stormwater Collection System Master Plan that identified \$672 million in capital improvement needs for improving this sector of the built environment. The top priority list of projects could cost as much as \$18.7 million dollars. Improved stormwater conveyance and retention is necessary to maintain NPDES permit compliance and to mitigate flood hazards. Additionally, flood control work by Yakima County identified specific project needs related to stormwater retention in the Boise Cascade Mill site and Gateway Shopping Center.

The Stormwater capital budget has \$600,000 available in 2014 to start implementing the master plan. Integrating stormwater projects into other city initiatives creates the possibility of significant cost savings. For example, incorporating “low impact development” features into downtown planning, North 1<sup>st</sup> street, or the Mill Site re-development could add value to these projects with improved drainage that incorporates improving the appearance and function of our built environment.

#### IMPACTS

1. **Fiscal Impact** – \$600,000 in 2014. Implementing the stormwater plan is estimated to cost \$672 million over 20 years. Integrating stormwater work with ongoing initiatives can help reduce or off-set costs significantly.
2. **Proposed Funding Source** – City stormwater utility revenue, grants from Washington Department of Ecology, Yakima Basin Integrated Plan, and public and private partnerships.
3. **Public Impact** – An improved built environment also improves public safety, public trust, and economic development.
4. **Personnel Impact** – An integrated approach requires coordination between Stormwater, Economic Development and Planning personnel. Increased training/awareness on stormwater related “Low Impact Development” or other efforts for incorporating stormwater management into development is necessary.
5. **Required Changes in City Regulations or Policies** – Stormwater staff need to stay informed about opportunities with North 1<sup>st</sup> Street improvements, Boise Mill site, downtown and trails and park efforts.
6. **Legal Constraints, if applicable** – None.
7. **Viable Alternatives** – Treating stormwater at the end of pipes with mechanical and chemical treatment is an alternative, but the costs are much higher.

---

---

**UPDATE STORMWATER, WASTEWATER AND INDUSTRIAL WASTEWATER  
RATE STUDIES**

BUDGETED

---

---

**PROPOSAL**

The City of Yakima is required to complete a utility rate study that will determine the billing rates required to provide utility services. The existing Wastewater and Stormwater Rate Ordinances expire at the end of 2014. The study, which will be conducted in 2014, will also initiate rates for the City's recently built industrial wastewater treatment process. The City will seek the services of a third party, financial consultant to complete analysis of all three utilities and recommend a rate structure for the next three years. The study will include a forecast of operating revenues, expenditures, compliance with debt service and cash reserve policies to provide a rationale and fair rate revenue strategy and establish costs for our utility customers.

On top of being mandated, the rate study allows the City to ensure public trust and accountability with its rate structures. The study will document the sound financial practices the City uses to maintain the built environment and encourage economic development. The food and drink processing industry is a diversifying sector of the economy as large scale production is being augmented with smaller scale beer, wine and spirits production. A transparent evaluation of industrial wastewater rates is necessary information for potential new food and drink production in Yakima.

**IMPACTS**

1. **Fiscal Impact** – \$110,000.
2. **Proposed Funding Source** – Stormwater (\$45,000) and Wastewater (\$65,000) Funds.
3. **Public Impact** – A rate analysis with a three year proposed rate provides for a stable operating and capital budget. Maintaining the built environment is necessary to meet economic growth and expectations of the rate payers. Rate studies provide for establishing equity for utility customers and assign appropriate cost sharing of operations and capital projects.
4. **Personnel Impact** – None.
5. **Required Changes in City Regulations or Policies** – Council approval of an ordinance adopting a proposed rate structure for 2015 – 2017.
6. **Legal Constraints, if applicable** – Minimum Debt Service coverage and regulatory compliance.
7. **Viable Alternatives** – The rate study will include a review of viable funding options to meet capital and operating costs for the three utilities.

## PUBLIC WORKS / PARKS & RECREATION

2014 STRATEGIC INITIATIVE

---

### REINSTATE ONE ADMINISTRATIVE ASSISTANT

BUDGETED

---

#### PROPOSAL

In August 2009, the Parks and Recreation Administrative Associate retired. This was the time of budget reductions and the position went unfilled for 16 months. Additional cuts were needed and due to reductions in the Planning Division a planner position was going to be eliminated. It was suggested at that time that the Planner position be split .6 FTE in Planning and .4 FTE in Parks and Recreation. At that time, the Parks and Recreation Division was beginning the process of updating the 2012 – 2017 Parks and Recreation Comprehensive Plan, and the assistance of a Planner became a valuable asset to Parks and Recreation in addition to some of the other duties that were performed by the Parks and Recreation Administrative Associate. The Parks and Recreation Division is proposing to reinstate the Parks and Recreation Administrative Associate position as permanent full time to maintain the highest level of service to the community.

The Planner position will revert 100% to General Fund. Note: with other turnover in the Planning Division along with the reduction in medical rates, Planning's 2014 salary and benefits budget is virtually unchanged from 2013.

#### IMPACTS

1. **Fiscal Impact** – \$59,500.
2. **Proposed Funding Source** – Parks and Recreation Fund-Property Tax allocation.
3. **Public Impact** – Reinstatement of the Parks and Recreation Associate position will assist the Parks and Recreation Division in the ability to respond to citizen inquiries in a timely manner, increase the ability to create reports and publications, seek grants and donations for park projects and programs, assist with park planning, provide administrative support for the Parks and Recreation Commission and many other duties.
4. **Personnel Impact** – Increase staffing in Parks and Recreation Administration by .6 FTE.
5. **Required Changes in City Regulations or Policies** – None.
6. **Legal Constraints, if applicable** – None.
7. **Viable Alternatives** – Leave position unfilled or replace vacancy with a part time employee.

**PUBLIC WORKS / STREETS**

2014 STRATEGIC INITIATIVE

---

---

**IMPLEMENT PHASE I OF NORTH 1<sup>ST</sup> STREET PLAN**

BUDGETED

---

---

**PROPOSAL**

In 2013, the City Council authorized a landscape architect to prepare a final design for the landscape and pedestrian environment of the North First Street Revitalization Project, Phase 1 element (I-82 to “N” Street). Phase 1 will include selecting a preferred alternative from a limited choice of options. In 2014, a civil engineering firm will be selected to prepare construction documents for the project design which will include the design for undergrounding of power and other utilities. Construction drawings and plans should be completed in the summer of 2014. Project construction is expected in early 2015 and will be funded by a Surface Transportation Program grant of \$2,718,000. The grant has a 13% match, so the total project will be \$3,124,000, with the match being provided by Arterial Street Gas Tax. The 2014 budget includes up to \$1.2 million to be expended in 2014—the balance of \$1,924,000 is slated to be spent in 2015.

In 2014, the City will continue seeking funding for additional phased construction of the North First Street Revitalization Project (from “N” Street to Lincoln Avenue). Finally, police, fire, and code enforcement will continue to ensure life and public safety and sign violations and issues are addressed along the North First Street Corridor.

**IMPACTS**

1. **Fiscal Impact –**

<u>Description</u>	<u>2014</u>	<u>2015</u>	<u>Total</u>
STP Grant	\$1,038,000	\$1,680,000	\$2,718,000
13% Local Match Gas Tax	<u>162,000</u>	<u>244,000</u>	<u>406,000</u>
Total Project Expense	\$1,200,000	\$1,924,000	\$3,124,000

2. **Proposed Funding Source** – Arterial Street Fund—grants and local match
3. **Public Impact** – Ultimately an inviting, aesthetically pleasing entrance into our community.
4. **Personnel Impact** – Project and Grant Management.
5. **Required Changes in City Regulations or Policies** – None.
6. **Legal Constraints, if applicable** – Fulfill grant requirements.
7. **Viable Alternatives** – None – grant is approved.

## **PUBLIC WORKS / STREETS**

2014 STRATEGIC INITIATIVE

---

### **ROAD IMPROVEMENTS**

BUDGETED

---

#### **PROPOSAL**

The City's 802 lane miles of roads have an average Paving Condition Index (PCI) score of 54. Based on a 100-point scale, the City's current road conditions are poor. Compounding this situation is the fact that while 3% of Yakima's roads are currently classified as failed, 23% or (185 lane miles) are projected to attain a failed classification by 2020 if not rehabilitated soon. The Yakima public is well aware of this, given almost 80% of the 2013 Citizen Survey respondents rate street repairs as fair or poor. Additionally, 72% of voters supported a City Charter amendment in August 2013 requiring the City to invest at least \$2 million annually on the restoration or reconstruction of Yakima streets.

The cost to rehabilitate one lane mile of road with a grind and overlay is approximately \$180,000. The cost to reconstruct a road after it has failed is approximately \$600,000, or 300% more than to grind and overlay it. A pay-as-you-go \$2 million dollar annual cash committed approach would enable the City to grind and overlay approximately 11 lane miles annually; assuming road construction prices remain static. This pace of road rehabilitation is insufficient to prevent the projected failure of at least 60% of the 185 lane miles of road projected to fail by 2020.

In 2013, the City Council appropriated \$375,000 for the first annual payment on a \$5 million, 15-year loan to grind and overlay 28 lane miles of road. Public response to this work has been very positive.

Staff proposes building on the 2013 road improvements and taking advantage of excellent road rehabilitation pricing with an aggressive 2014 road rehabilitation plan based on issuing a 10-year term bond of \$16 million dollars to grind and overlay 92 lane miles of arterial streets and residential streets, such as Summitview, Lincoln, Washington, 1<sup>st</sup> Street, Nob Hill, Tieton, 19<sup>th</sup> Avenue and 2<sup>nd</sup> Street. This aggressive plan will prevent having to reconstruct these critical streets at a much higher cost and will extend their useful life by 10 to 15 years.

The annual debt service on a 10-year term, \$16.5 million dollar road rehabilitation bond is approximately \$2,000,000, which is currently budgeted in a debt service fund. This investment would meet the minimum City Charter obligation to spend \$2 million annually on road rehabilitation or reconstruction.

Given the short time span to prevent the failure of 185 lane miles of road by 2020, the 2014 budget includes this plan to grind and overlay 92 lane miles of road in 2014, and identify additional resources in the near future to address the additional 93 lane miles of arterial, collector, and residential streets that are projected to fail by 2020.

A prioritized listing of required street improvements follows, along with color-coded listings (including the current pavement condition index) of improvements constructed with the \$5 million bond issue in 2013; the streets scheduled to be constructed with the \$16.5 million in 2014; and the streets that will still need to be constructed. The final attachment is a map of these three lists.

## IMPACTS

1. **Fiscal Impact** – General Fund is transferring \$2 million to a debt service fund to fulfill the requirements of the Charter amendment. \$500,000 is being covered by a redirection of a 5% Cable TV utility tax that was originally levied to fund debt service on the building of the Law and Justice Center in 1993. That 20 year bond issue will be paid in full in 2013, and the revenue is being moved into General Fund to help support this initiative.

Debt Service	\$2,000,000
Road Improvements	<u>16,500,000</u>
Total Project	\$18,500,000

2. **Proposed Funding Source** – Councilmanic General Obligation Bonds, \$16,500,000 in a new Street Capital Fund. Related debt service of \$2 million is coming out of General Fund to a debt service fund.
3. **Public Impact** – Reinvestment in infrastructure to bring 92 lane miles of roads back into good condition.
4. **Personnel Impact** – Design work, bid development, contract management.
5. **Required Changes in City Regulations or Policies** – A new Street Capital Fund is being established to account for projects related to the Charter amendment.
6. **Legal Constraints, if applicable** – Council will need to approve a bond ordinance in order to issue debt.
7. **Viable Alternatives** – Do some combination of bonding and “pay as you go”. This delays the improvements.

**ROAD IMPROVEMENT  
ATTACHMENTS**

Cost/SF: \$3.00

**2014 - 2015 Grind and Overlay**

Priority	Street	From	To	PCI	Cost	Accum. \$	Lane Miles	Accum. Lane Miles	ADT
1	Nob Hill Boulevard *	3rd Avenue	Bridge	16	\$551,580	\$551,580	3.2	3.2	26,775
2	40th Avenue *	Englewood	Fruitvale	36	\$780,000	\$1,331,580	4.5	7.6	27,600
3	16th Avenue *	Madison	SR 12	10	\$390,000	\$1,721,580	2.2	9.9	18,734
4	Walnut *	7th Avenue	1st Street	21	\$900,000	\$2,621,580	5.2	15.0	17,550
5	Fruitvale Boulevard *	21st Avenue	40th Avenue	15	\$1,596,000	\$4,217,580	9.2	24.2	10,525
6	Tieton Drive *	16th Avenue	32nd Avenue	30	\$696,960	\$4,914,540	4.0	28.2	16,800
7	Tieton Drive *	40th Avenue	48th Avenue	24	\$362,250	\$5,276,790	2.1	30.3	15,680
8	Washington Avenue *	16th Avenue	1st Street	37	\$1,533,600	\$6,810,390	8.8	39.1	16,600
9	Summitview Avenue *	56th Avenue	62nd Avenue	31	\$356,400	\$7,166,790	2.0	41.1	17,750
10	3rd Avenue *	Walnut	D Street	26	\$604,860	\$7,771,650	3.5	44.6	11,350
11	Lincoln Avenue	16th Avenue	10th Street	43	\$1,186,560	\$8,958,210	6.8	51.4	14,830
12	MLK Boulevard	7th Avenue	10th Street	40	\$1,002,000	\$9,960,210	5.8	57.2	10,777
13	Nob Hill Boulevard *	32nd Avenue	48th Avenue	36	\$893,250	\$10,853,460	5.1	62.3	16,205
14	Fruitvale Boulevard *	21st Avenue	11th Avenue	27	\$672,000	\$11,525,460	3.9	66.1	13,625
15	Mead Avenue *	10th Avenue	10th Street	28	\$1,058,640	\$12,584,100	6.1	72.2	10,510
16	Yakima Avenue *	12th Avenue	16th Avenue	31	\$243,600	\$12,827,700	1.4	73.6	10,780
17	Lincoln Avenue *	24th Avenue	32nd Avenue	36	\$327,000	\$13,154,700	1.9	75.5	10,300
18	6th Street *	Pacific	Yakima	24	\$660,000	\$13,814,700	3.8	79.3	4,730
19	6th Street *	Yakima	'H' Street	35	\$600,000	\$14,414,700	3.4	82.7	7,600
20	5th Avenue *	Walnut	Yakima	17	\$184,830	\$14,599,530	1.1	83.8	12,050
21	2nd Street *	MLK Blvd.	'I' Street	21	\$525,000	\$15,124,530	3.0	86.8	1,000
22	4th Avenue *	Division	MLK Blvd.	19	\$711,000	\$15,835,530	4.1	90.9	1,000
23	19th Avenue *	Chestnut	MacClaren	28	\$180,000	\$16,015,530	1.0	91.9	1,000

\* Could fail if not replaced by 2020

# PRINCIPAL ARTERIALS, MINOR ARTERIALS AND COLLECTORS

## CONSTRUCTED IN 2013

Name	From	To	PCI
Nob Hill Boulevard *	100	1000	29
1st Street *	1800 (Mead)	1400 (Nob Hill)	37
40th Avenue *	600 (Tieton)	130 (Summitview)	30
16th Avenue *	600 (Englewood)	1100 (Madison)	38
Tieton Drive *	4000	3200	27
Summitview Avenue *	5600	4800	29
40th Avenue *	1100 (Nob Hill)	600 (Tieton)	37
Fair Avenue *	1800 (Mead)	1400 (Nob Hill)	17
Washington Avenue *	100	120	36
Fair Avenue *	1400 (Nob Hill)	900 (Pacific)	33
Walnut Street	100 (1st St)	300 (3rd St)	40
Walnut Street	300 (3rd St)	600 (6th St)	40
64th Avenue *	2200 (Occidental)	2000 (Washington)	32

### Legend

* Could fail if not replaced by 2020	
	Constructed in 2013
	Scheduled to be constructed (\$16 Million)
	Remaining to be constructed

## **SCHEDULED TO BE CONSTRUCTED (\$16 MILLION)**

<b>Name</b>	<b>From</b>	<b>To</b>	<b>PCI</b>
Nob Hill Boulevard *	300	100	16
40th Avenue *	600 (Englewood)	1220 (Fruitvale)	36
16th Avenue *	1100 (Madison)	CL (SR 12)	10
Nob Hill Boulevard *	4800	3200	36
Walnut Street *	300 (3rd Ave)	100 (1st St)	12
Washington Avenue *	16th Avenue	1st Street	37
Summitview Avenue *	6200	5600	31
Tieton Drive *	4800	4000	24
Tieton Drive *	3200	1600	30
Fruitvale Boulevard *	4000	3000	10
5th Avenue *	200 (Walnut)	10 (Yakima)	17
Martin Luther King Blvd *	100	1000	16
Lincoln Avenue *	1600	700	33
Walnut Street *	700 (7th Ave)	500 (5th Ave)	11
Fruitvale Boulevard *	3000	2100	21
Mead Avenue *	10th Avenue	10th Street	28
Yakima Avenue *	1600	1200	31
3rd Avenue *	200 (Walnut)	10 (Yakima)	19
Lincoln Avenue	700	200	43
Lincoln Avenue *	3200	2400	35
Walnut Street	500 (5th Ave)	300 (3rd Ave)	51
Lincoln Avenue	400	1000	43
6th Street *	900 (Pacific)	10 (Yakima)	24
Lincoln Avenue	200W	400E	52
3rd Avenue *	10 (Yakima)	1320 (D St)	30
Martin Luther King Blvd	700	100	69
Fruitvale Boulevard *	2100	1100	27
6th Street *	10 (Yakima)	720 (H St)	35

### **Legend**

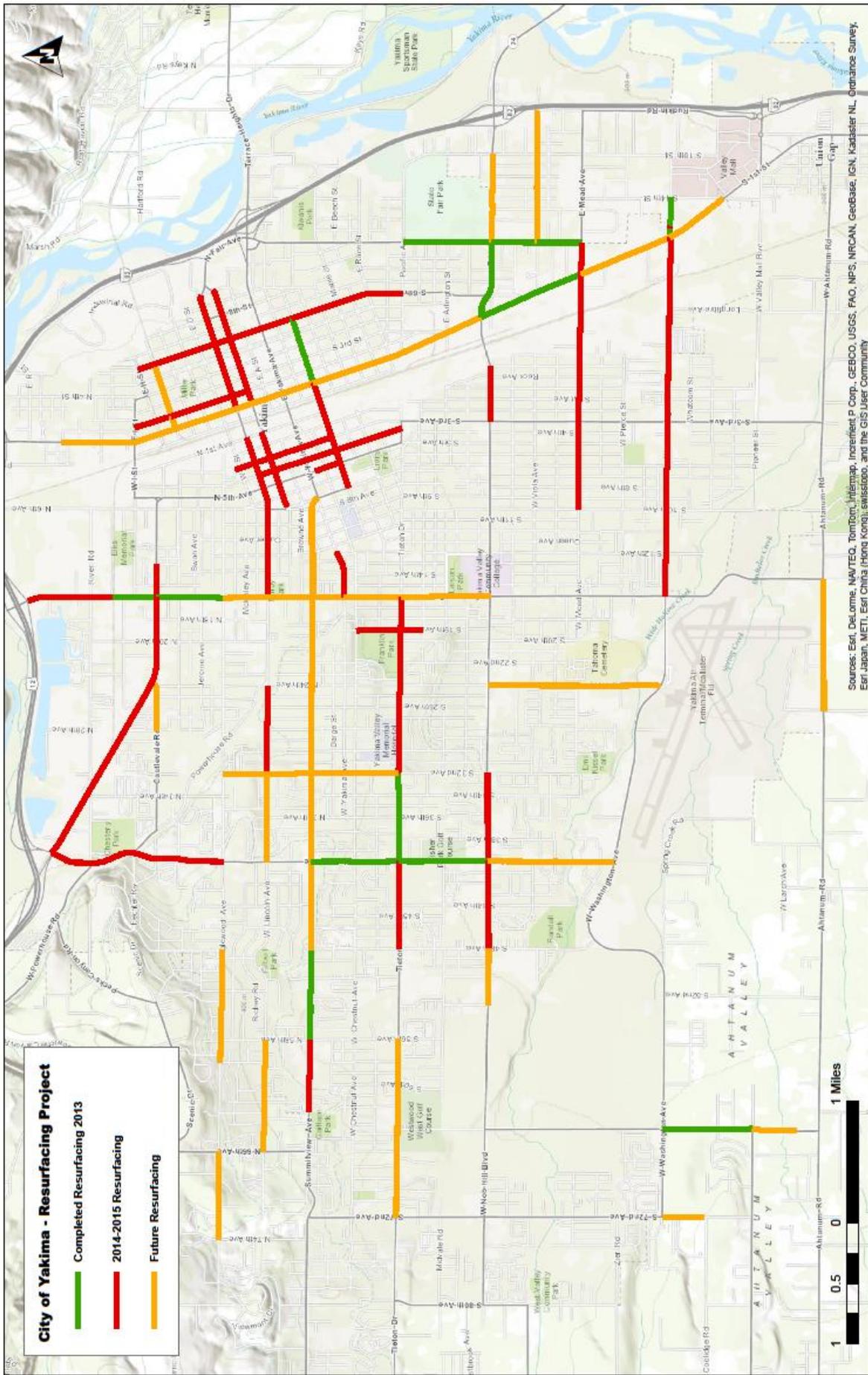
*	* Could fail if not replaced by 2020
	Constructed in 2013
	Scheduled to be constructed (\$16 Million)
	Remaining to be constructed

## REMAINING TO BE CONSTRUCTED

Name	From	To	PCI
16th Avenue	1100 (Nob Hill)	10 (Yakima)	55
1st Street	900 (I St)	1904 (C.L.)	51
16th Avenue	10 (Yakima)	600 (Englewood)	59
Summitview Avenue	4800	4000	46
Tieton Drive *	7200	6400	23
1st Street	2415 (Miners)	1800 (Mead)	51
1st Street	1400 (Nob Hill)	10 (Yakima)	44
Tieton Drive *	6400	5600	34
Nob Hill Boulevard	1000	1800	41
Nob Hill Boulevard	5200	4400	50
1st Street	10 (Yakima)	900 (I St)	68
72nd Avenue *	2103 (Coolridge)	1900 (Washington)	27
Summitview Avenue	3200	2300	45
Summitview Avenue	4000	3200	49
Lincoln Avenue *	6600	5600	11
24th Avenue *	1820 (Washington)	1100 (Nob Hill)	32
Summitview Avenue	2300	1400	54
G Street *	100 (1st St)	300 (3rd St)	18
32nd Avenue *	200 (Summitview)	650 (Englewood)	23
64th Avenue *	2600 (Ahtanum)	2300 (Occidental)	32
Englewood Avenue *	5600	4800	36
40th Avenue	4000 (Washington)	1100 (Nob Hill)	53
Ahtanum Road	2600 (26th Ave)	1600 (16th Ave)	53
G Street *	300 (3rd St)	600 (6th St)	23
Englewood Avenue *	7400	6600	23
Summitview Avenue	1400	700	62
Pecks Canyon Road *	5300 (Scenic Dr)	City Limits	27
Lincoln Avenue	4000	3200	53
Scenic Drive *	58th Ave	53rd Ave	34
Castlevale Road *	2800	2400	36
Viola Avenue *	1000 (Fair Ave)	1800 (18th St)	34
Scenic Drive *	6600	5800	37
32nd Avenue	600 (Tieton )	200 (Summitview)	53
Viola Avenue	1800 (18th St)	2100 (Rudkin Rd)	47

### Legend

* Could fail if not replaced by 2020	
	Constructed in 2013
	Scheduled to be constructed (\$16 Million)
	Remaining to be constructed



## PUBLIC WORK / TRANSIT

2014 STRATEGIC INITIATIVE

---

### TRANSIT CENTER STAFFING CHANGES

BUDGETED

---

#### PROPOSAL

Staff the Downtown Transit Center with permanent part-time DA-II employees (up to  $\frac{3}{4}$  time each as needed) to perform ticket and pass sales and provide transit information to the patrons, replacing the four part-time temporary contract employees.

This proposal will also increase the two part-time Vehicle Cleaners from 75% to 90% (as needed) by reassigning work previously performed by a cleaning/maintenance contractor to our existing cleaning staff in order to reduce costs. The workload will increase due to maintenance of transit's assets (transit center, shelters, bus sign, benches, etc).

For the past several years, Yakima Transit has contracted for employment services through Entrust (employment service agency). Due to issues related to customer service and poor performance, Yakima Transit did not renew the employment service contract that ended on June 30, 2013. From an employment/business analysis, it was determined that several issues (lack of customer service, control over the contractor's employees, and daily inconsistencies with the cash register) could be resolved by reorganizing the way Yakima Transit provided their service. The plan will relocate two existing employees (part of the time) and hire two part-time employees to replace the four part-time employees that the employment agency hired to provide the service. This plan will also allow Yakima Transit to assign transit administrative work to staff at the transit center during down times and provide phone and other assistance to Yakima Transit's dispatchers.

#### IMPACTS

1. **Fiscal Impact** – \$77,800.
2. **Proposed Funding Source** – Transit Operating Fund/Local Sales Tax.
3. **Public Impact** – Preserve the ability to serve the public more efficiently and productively at Yakima Transit's Downtown Transit Center.
4. **Personnel Impact** – Up to 1.5 FTE's at DA-II level & up to 0.3 FTE at Vehicle Cleaner level. The two DA-II's are currently temporary employees working at the Transit Center. They were hired to replace employees working for a temporary employment agency. By increasing vehicle cleaner hours, we are able to reduce costs associated with contracted cleaning services at the transit center and along routes.
5. **Required Changes in City Regulations or Policies** – None.
6. **Legal Constraints, if applicable** – None.
7. **Viable Alternatives** – Continue to operate as is and postpone streamlining staff positions to a later date.

**PUBLIC WORK / TRANSIT**

2014 STRATEGIC INITIATIVE

---

---

**PURCHASE 3 HEAVY DUTY REPLACEMENT BUSES**

BUDGETED

---

---

**PROPOSAL**

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

Buses typically have a 12-year useful life. Seven (7) of Yakima Transit's twenty-eight (28) buses are past the 12-year period. Three (3) more have not made it to that 12-year period and also need to be replaced. Buses are disposed of when the vehicle is either beyond the 12-year period and spends a lot of time in the shop, or sooner if the cost to repair the vehicle outweighs the potential benefits of repairing the vehicle. Two (2) of the seven (7) buses are 22 years old; the other five (5) are 18 years old. The other three (3) that didn't make it to the 12-year period are 11 years old. At maximum service, Yakima Transit operates 19 buses, additional vehicles are necessary to maintain an adequate operational fleet. Buses will be replaced as soon as practical; however, at this time, Yakima Transit needs to keep the older buses to maintain an adequate spare ratio to fill in when other vehicles are taken out off the road for service.

**IMPACTS**

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

## PUBLIC WORK / TRANSIT

2014 STRATEGIC INITIATIVE

---

### **DIAL-A-RIDE (DAR) REPLACEMENT PLAN**

BUDGETED

---

#### PROPOSAL

Purchase eight (8) paratransit minivans.

DAR vehicles typically have 5 to 7 years of useful life. Twenty (20) of Yakima Transit's 39 paratransit vehicles are past the seven year mark. The vehicles being replaced include four 1999 cutaways, three 2006 Taurus, and one 2007 Ford Taurus. All of the cutaways are currently being used as parts vehicles to keep other vehicles in service. At maximum service, Medstar (Dial A Ride service provider) uses 34 vehicles. Without the new vehicles, Yakima Transit may miss trips violating ADA/FTA regulations.

WSDOT has allocated the grant funding for Yakima Transit for the purchase of these vehicles.

#### IMPACTS

1. **Fiscal Impact** – \$392,000.
2. **Proposed Funding Source** – Transit Capital Fund: State grant \$313,600 (80%) and local sales tax \$78,500 (20%).
3. **Public Impact** – Allows Yakima Transit to replace the DAR vehicles that are well past their useful life and must be replaced.
4. **Personnel Impact** – None.
5. **Required Changes in City Regulations or Policies** – None.
6. **Legal Constraints, if applicable** – None.
7. **Viable Alternatives** – There are no other reasonable alternatives that could be cost effective. Yakima Transit could refurbish many of the vehicles at a much higher cost than Yakima Transit's grant match rate. Four of the vehicles (sedans) were not as feasible to use in the service and Yakima Transit has switched them over to function as relief, administration vehicles instead of purchasing new admin vehicles. Several vehicles are being parted out and require substantial repairs to make them roadworthy.

**PUBLIC WORK / EQUIPMENT RENTAL**

2014 STRATEGIC INITIATIVE

**FLEET VEHICLE ADDITIONS & REPLACEMENTS**

BUDGETED

**PROPOSAL**

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

Division	Description	Replacing	2014 Budget	Fund Total
Engineering	Toyota Tacoma Ext Cab 4X2 PU	ER2248	\$27,000	\$27,000
Street & Traffic	Ford 1 Ton Crew Cab F350 w/Flatbed	ER3098x	45,000	
	Front Loader s/4-1 Multi-Purpose Bucket/Coupler	ER6063	175,000	220,000
Water & Irrigation	½ Ton PU Ext Cab 4X2 w/Cab High Canopy	ER2224	30,000	
	Toro Dingo TX 525 w/Trailer	Add	44,000	
	Ford/Utilitmaster Step Van	ER3158	100,000	174,000
Refuse	Automated Sideloadng Refuse Truck	ER3151	315,000	
	Automated Sideloadng Refuse Truck	ER3168	315,000	630,000
Wastewater	½ Ton PU Ext Cab 4x2 w/Service Body	Add	40,000	
	Ford Transit Connect	ER2265	40,000	
	Ford Transit Connect	ER2266	40,000	
	Combination Sewer Cleaner	ER3071X	450,000	570,000
<b>Total</b>				<b>\$1,621,000</b>

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

Division	Description	E/R Number	Model Year	Condition/Application
Engineering	GMC Sonoma Pickup 4X4	ER 2248	2001	Poor - 13 years old, 107,000 miles
Streets	Chevrolet 1 Ton Truck	ER 3098X	1994	Poor - 20 years old, 116,000 miles
	Caterpillar 928G Loader	ER 6063	1998	Poor - 16 years old, 6,500 hours (*)
Water	Dodge Ram Quadcab Pickup 4X2	ER 2224	2001	Poor - 13 years old, 120,000 miles
	Workhorse/Grumman Step Van	ER 3158	2002	Poor - 12 years old, 103,000 miles
Refuse	Automated Sideloadng Refuse Truck	ER 3151	2002	Poor - 12 years old, exceeds life expectancy
	Automated Sideloadng Refuse Truck	ER 3168	2004	Poor - 10 years old, exceeds life expectancy
Wastewater	GMC Sonoma Pickup	ER 2265	2002	Poor - 12 years old, exceeds life expectancy
	Ford Ranger Supercab Pickup 4X4	ER 2266	2002	Poor - 12 years old, exceeds life expectancy
	International Truck w/Vactor	ER 3071X	1988	Poor - 26 years old, obsolete

(\*) 6,500 hours is equivalent to 195,000 to 325,000 miles

## IMPACTS

1. **Fiscal Impact** – \$1,621,000 from the accumulated reserve dedicated for this purpose.
2. **Proposed Funding Source** – The Equipment Replacement Fund for replacements.
3. **Public Impact** – Delaying purchase would ultimately reduce ability to provide respective services to the community and shift operating costs to Fleet Maintenance.
4. **Personnel Impact** – None.
5. **Required Changes in City Regulations or Policies** – None.
6. **Legal Constraints, if applicable** – None.
7. **Viable Alternatives** – Delaying these purchases is an option, though excessive maintenance costs would shift expense to Fleet Maintenance budget.

**PUBLIC WORK / EQUIPMENT RENTAL**

2014 STRATEGIC INITIATIVE

---

---

***DIESEL PARTICULATE FILTER CLEANING EQUIPMENT***

BUDGETED

---

---

**PROPOSAL**

Purchase and install diesel particulate filter cleaning equipment allowing the City to clean DPF's in house, replacing expensive and time consuming outsourced services.

**IMPACTS**

1. **Fiscal Impact** – All diesel powered trucks purchased after 2007 are required to have DPF's in the exhaust system, mandated by the Environmental Protection Agency of the Federal Government.

Currently DP Filters are cleaned by sending to outside vendors. Costs are expensive and downtime is experienced while the filters are in process. Extra spare filters are high cost, thereby increasing spare parts inventory costs.

Estimated cost of equipment delivered to Yakima, installed, ready to operate is \$85,000.

2. **Proposed Funding Source** – Funding will be generated over time, in the M&O Budget of the Equipment Rental Division from charges to the divisions requiring the service.

In addition, a search is being conducted for funding through state or Federal grant programs.

3. **Public Impact** – The public sector will benefit by improved air quality by cleaner exhaust emissions from diesel powered vehicles.
4. **Personnel Impact** – Employees will be able to provide lower cost and timelier maintenance services.
5. **Required Changes in City Regulations or Policies** – The City is obligated to conform to Federal Mandates with regard to Air Quality Standards governing diesel engine emissions.
6. **Legal Constraints, if applicable** – City must conform to Federal mandates.
7. **Viable Alternatives** – Continuing "as is" is not a viable alternative due to excessive costs and extended turnaround time for repairs.

## **PUBLIC WORKS / ADMINISTRATION**

2014 STRATEGIC INITIATIVE

---

### **REINSTATE ONE DEPARTMENT ASSISTANT II**

BUDGETED

---

#### **PROPOSAL**

In August 2012, the employee holding the Public Works Department Assistance II stationed at the service counter resigned. The permanent full-time position was then eliminated from the 2013 budget as a cost containment measure. Because of the continuing workload, a temporary employee has been in that position. Staff is proposing that the permanent position be reinstated.

#### **IMPACTS**

1. **Fiscal Impact** – \$46,100.
2. **Proposed Funding Source** – Public Works Administration – PW Administration charges to divisions housed at that facility.
3. **Public Impact** – Reinstatement of the Public Works DA II position will increase continuity and quality of customer service and also provide support to Public Works Department staff. The DA II position interacts with the general public in person and on the phone regarding many different issues. This position regularly answers questions regarding Water and Irrigation, Transit, Parks and Recreation, Streets and Refuse. This position serves as a cashier for bus pass purchases and Parks and Recreation program registrations and facility reservations. In addition, this position provides administrative support to the Public Works Managers and Supervisors and other staff.
4. **Personnel Impact** – Utilize a full time employee for the DA II position.
5. **Required Changes in City Regulations or Policies** – None.
6. **Legal Constraints, if applicable** – None.
7. **Viable Alternatives** – Leave position filled by temporary employees.

## **PUBLIC WORKS / ADMINISTRATION**

2014 STRATEGIC INITIATIVE

---

### **IMPROVEMENTS TO SOUTHEAST COMMUNITY CENTER**

BUDGETED

---

#### **PROPOSAL**

The Southeast Community Center is another City-owned facility in need of upgrades. While the City pays a fee for management and operations of the facility, it has contributed minimally toward facility improvements. The existing restrooms are 40 years old, in disrepair, and are beginning to fail. Staff proposes that the City provide the supplies and materials needed for the remodel along with major plumbing and electrical contractor costs, while the Opportunities Industrialization Center (OIC), the facility's contracted operator, has agreed to contribute the construction labor portion of the updated services. The total renovation is estimated to cost over \$100,000 if contracted out. The cost for supplies and materials is estimated at \$45,000, or less than half of the total cost.

#### **IMPACTS**

1. **Fiscal Impact** – \$45,000.
2. **Proposed Funding Source** – Parks & Recreation Fund.
3. **Public Impact** – Improved Community Center.
4. **Personnel Impact** – Coordinate with OIC to accomplish the needed improvements.
5. **Required Changes in City Regulations or Policies** – None.
6. **Legal Constraints, if applicable** – None.
7. **Viable Alternatives** – None.

## ***Section V - Exhibits***

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



## **THREE-YEAR BUDGET COMPARISON - 2014 BUDGET BY CITY FUNCTIONAL GROUPING**

	2012 Actual Expenditures	2013 Amended Budget	2013 Year-End Estimate	2014 Preliminary Budget	2014 vs 2013 Estimate	2014 Projected Revenue	2014 Use of Fund Balance	2014 Beginning Fund Balance	2014 Est. Ending Fund Balance
<b>General Government</b>									
City Council	\$236,321	\$284,751	\$275,801	\$282,076	2.3%				
City Manager	357,542	366,555	371,626	372,684	0.3%				
State Examiner	105,946	110,000	110,000	110,000	0.0%				
Records	520,503	461,070	455,179	563,922	23.9%				
Financial Services	1,437,305	1,478,418	1,463,365	1,488,836	1.7%				
Human Resources	437,905	459,969	458,094	513,151	12.0%				
Legal	1,087,024	1,287,573	1,273,983	1,314,323	3.2%				
Municipal Court	1,173,262	1,384,004	1,345,450	1,344,118	(0.1%)				
Purchasing	503,721	541,244	542,991	549,369	1.2%				
Hearing Examiner	22,475	26,000	27,500	31,000	12.7%				
Environmental Planning	550,322	534,116	529,622	458,481	(13.4%)				
Code Administration	1,164,991	1,389,047	1,387,163	1,537,371	10.8%				
Indigent Defense	487,601	833,500	540,500	600,500	11.1%				
Economic Development	42,485	457,216	454,640	486,733	7.1%				
Gang Free Initiative	-	-	-	333,105	n/a				
Police	24,470,231	25,880,899	25,160,522	26,057,587	3.6%				
Fire	9,419,820	9,909,477	9,789,746	10,167,258	3.9%				
Police Pension	1,264,681	1,297,225	1,345,925	1,343,325	(0.2%)				
Engineering	659,375	686,172	662,004	1,109,632	67.6%				
City Hall Maintenance	320,121	372,923	361,918	407,885	12.7%				
Information Systems	2,216,953	2,435,038	2,291,558	2,912,612	27.1%				
Utility Services	1,281,779	1,324,950	1,320,889	1,316,181	(0.4%)				
Intergovernmental	241,669	261,549	261,049	244,031	(6.5%)				
Nonrecurring Expenses	-	(730,000)	-	(950,000)	n/a				
Transfers	3,485,667	3,002,275	3,002,275	4,342,275	44.6%				
<b>Total General Fund</b>	<b>\$51,487,699</b>	<b>\$54,053,971</b>	<b>\$53,431,800</b>	<b>\$56,936,455</b>	<b>6.6%</b>	<b>57,181,843</b>	<b>245,387</b>	<b>9,245,322</b>	<b>9,490,709</b>
Parks & Recreation	4,046,898	4,132,425	4,128,949	4,412,448	6.9%	4,357,215	(55,233)	678,057	622,824
Street & Traffic Operations	5,237,585	5,490,823	5,335,438	4,786,409	(10.3%)	4,596,360	(190,049)	1,159,849	969,800
<b>Total General Government Funds</b>	<b>\$60,772,182</b>	<b>\$63,677,219</b>	<b>\$62,896,187</b>	<b>\$66,135,312</b>	<b>5.1%</b>	<b>66,135,418</b>	<b>105</b>	<b>11,083,228</b>	<b>11,083,333</b>

	2012	2013	2013	2014	2014	2014	2014	2014	2014
	Actual	Amended	Year-End	Preliminary	vs 2013	Projected	Use of Fund	Beginning	2014
	Expenditures	Budget	Estimate	Budget	Estimate	Revenue	Balance	Fund Balance	Est. Ending
								Fund Balance	Fund Balance
<b>Other Operating/Enterprise</b>									
Economic Development	\$256,503	\$277,332	\$277,332	\$456,622	64.6%	\$258,000	(\$198,622)	\$227,304	\$28,682
Community Development	2,258,745	2,564,724	2,415,534	1,766,938	(26.9%)	1,764,163	(2,775)	225,833	223,058
Community Relations	480,705	922,855	918,800	601,850	(34.5%)	551,600	(50,250)	535,672	485,422
Cemetery	264,453	267,327	267,287	278,900	4.3%	264,950	(13,950)	39,882	25,932
Emergency Services	1,175,527	1,189,923	1,189,923	1,339,282	12.6%	1,337,026	(2,256)	134,085	131,829
Public Safety Communications	3,230,863	3,520,154	3,441,871	3,218,239	(6.5%)	3,019,937	(198,302)	317,729	119,427
Police Grants	1,086,380	708,078	835,439	469,024	(43.9%)	484,000	14,976	428,879	443,855
Downtown Improvement District	154,116	287,522	287,522	244,358	(15.0%)	235,170	(9,188)	31,304	22,116
Trolley (Yakima Interurban Lines)	1,217	77,246	24,568	57,809	135.3%	54,926	(2,883)	8,036	5,153
Front St Business Impr Area	1,533	5,000	5,000	9,000	80.0%	3,335	(5,665)	6,785	1,120
Tourist Promotion	1,426,855	1,460,299	1,460,299	1,483,667	1.6%	1,548,250	64,583	434,559	499,142
Capitol Theatre	346,200	348,300	344,730	342,020	(0.8%)	297,250	(44,770)	58,180	13,410
PFD Revenue-Convention Center	717,685	684,000	684,000	645,000	(5.7%)	755,750	110,750	245,335	356,085
Tourist Promotion Area	632,725	667,000	667,000	687,000	3.0%	687,000	-	78,685	78,685
PFD Revenue-Capitol Theatre	516,985	517,000	517,000	531,000	2.7%	575,500	44,500	96,837	141,337
Recovery Program Grants	37,348	-	-	-	n/a	-	-	-	-
Airport Operating Fund	-	1,081,788	997,451	1,037,370	4.0%	993,625	(43,745)	87,502	43,757
Storm Water Operating	1,939,945	2,087,622	2,080,778	2,325,519	11.8%	2,165,000	(160,519)	1,449,369	1,288,850
Transit	7,900,929	8,042,762	7,995,954	8,240,033	3.1%	7,660,917	(579,116)	1,467,772	888,656
Refuse	5,435,765	5,654,199	5,652,596	5,670,633	0.3%	5,586,000	(84,633)	360,765	276,132
Sewer Operating	19,278,273	19,525,178	19,422,519	20,213,432	4.1%	19,958,357	(255,075)	1,906,382	1,651,307
Water Operating	8,204,797	8,546,883	8,273,043	9,022,649	9.1%	7,997,500	(1,025,149)	2,406,577	1,381,428
Irrigation Operating	1,386,481	1,509,163	1,509,073	2,063,884	36.8%	1,766,100	(297,784)	919,142	621,358
Equipment Rental	5,864,466	5,978,336	5,975,598	5,671,800	(5.1%)	5,319,711	(352,089)	4,095,311	3,743,222
Environmental Fund	146,154	192,950	192,950	192,950	0.0%	150,000	(42,950)	395,848	352,898
Public Works Administration	1,117,602	1,202,645	1,197,546	1,168,866	(2.4%)	1,115,438	(53,428)	424,110	370,682
<b>Total Other Operating/Enterprise</b>	<b>\$63,862,252</b>	<b>\$67,318,286</b>	<b>\$66,633,813</b>	<b>\$67,737,845</b>	<b>1.7%</b>	<b>\$64,549,505</b>	<b>(\$3,188,340)</b>	<b>\$16,381,883</b>	<b>\$13,193,543</b>

	2012 Actual Expenditures	2013 Amended Budget	2013 Year-End Estimate	2014 Preliminary Budget	2014 vs 2013 Estimate	2014 Projected Revenue	2014 Use of Fund Balance	2014 Beginning Fund Balance	2014 Est. Ending Fund Balance
<b>Capital Improvement</b>									
Arterial Street	\$2,368,655	\$8,935,977	\$6,865,515	\$5,106,566	(25.6%)	\$3,823,975	(\$1,282,591)	\$1,748,436	\$465,845
C.B.D. Capital Improvement	72,210	229,500	229,500	91,000	(60.3%)	22,400	(68,600)	156,385	87,785
Capitol Theatre Construction	3,201	-	-	140,000	n/a	71,927	(68,073)	72,546	4,473
Yakima Rev Development Area	1,299,536	2,509,240	1,913,005	2,473,235	29.3%	2,850,000	376,765	208,278	585,043
Parks & Recreation Capital	819,062	100,000	100,000	100,000	0.0%	-	(100,000)	139,540	39,540
Fire Capital	271,094	1,246,896	1,246,459	296,459	(76.2%)	134,500	(161,959)	534,108	372,149
Law & Justice Capital	953,846	5,289,102	5,289,047	750,636	(85.8%)	382,886	(367,750)	527,162	159,412
Public Works Trust Construction	631,315	958,782	958,782	732,773	(23.6%)	676,306	(56,467)	403,137	346,670
REET 2 Capital Construction	506,822	506,822	506,822	772,787	52.5%	592,000	(180,787)	513,132	332,345
Street Capital Fund	-	-	-	16,500,000	n/a	16,500,000	-	-	-
Airport Capital	-	1,897,707	1,897,707	11,162,885	488.2%	10,666,597	(496,288)	531,920	35,632
Stormwater Capital	378,233	503,424	229,550	790,000	244.2%	444,000	(346,000)	1,166,613	820,613
Transit Capital Reserve	294,088	545,500	67,630	1,749,000	2486.1%	1,268,507	(480,493)	2,257,292	1,776,799
Convention Center Capital Impr	211,826	295,000	225,000	360,000	60.0%	260,500	(99,500)	583,267	483,767
Cum. Reserve for Capital Impr	2,197,797	12,537,058	9,621,094	4,948,000	(48.6%)	4,004,489	(943,511)	1,996,764	1,053,253
Wastewater Facilities Capital Rsv	14,280	50,000	50,000	400,000	700.0%	505,500	105,500	976,035	1,081,535
Sewer Construction	1,506,642	6,365,000	4,190,000	4,200,000	0.2%	1,500,000	(2,700,000)	4,677,701	1,977,701
Domestic Water Improvement	426,833	7,150,896	6,995,000	4,320,000	(38.2%)	2,264,800	(2,055,200)	3,615,836	1,560,636
Wastewater Facilities	6,573,146	14,040,000	10,980,630	8,375,000	(23.7%)	8,496,400	121,400	1,703,507	1,824,907
Irrigation System Improvement	1,757,032	1,073,252	845,123	1,621,504	91.9%	1,741,060	119,556	454,784	574,340
<b>Total Capital Improvement</b>	<b>\$20,285,618</b>	<b>\$64,234,156</b>	<b>\$52,210,864</b>	<b>\$64,889,845</b>	<b>24.3%</b>	<b>\$56,205,847</b>	<b>(\$8,683,998)</b>	<b>\$22,266,443</b>	<b>\$13,582,445</b>
<b>Contingency/Operating Reserves</b>									
FRS/Capitol Theatre Reserve	\$71,927	\$71,927	\$71,927	\$71,927	0.0%	\$500	(\$71,427)	\$180,495	\$109,068
Risk Management	2,973,111	3,846,337	3,723,925	3,299,649	(11.4%)	3,360,000	60,351	944,666	1,005,017
<b>Total Contingency/Operating Rsvs</b>	<b>\$3,045,038</b>	<b>\$3,918,264</b>	<b>\$3,795,852</b>	<b>\$3,371,576</b>	<b>(11.2%)</b>	<b>\$3,360,500</b>	<b>(\$11,076)</b>	<b>\$1,125,161</b>	<b>\$1,114,085</b>

	2012 Actual Expenditures	2013 Amended Budget	2013 Year-End Estimate	2014 Preliminary Budget	2014 vs 2013 Estimate	2014 Projected Revenue	2014 Use of Fund Balance	2014 Beginning Fund Balance	2014 Est. Ending Fund Balance
<b>Employee Benefit Reserves</b>									
Unemployment Compensation	\$150,116	\$293,796	\$158,789	\$286,582	80.5%	\$177,000	(\$109,582)	\$377,159	\$267,577
Employees Health Benefit	10,882,062	11,628,854	9,416,162	9,867,703	4.8%	9,158,200	(709,503)	3,779,413	3,069,910
Workers' Compensation	993,530	1,244,636	1,167,825	1,258,630	7.8%	1,033,000	(225,630)	1,028,264	802,634
Wellness/EAP Fund	56,208	120,200	120,200	171,600	42.8%	175,000	3,400	181,238	184,638
Firemen's Relief & Pension	1,292,617	1,347,493	1,234,967	1,259,308	2.0%	1,259,338	30	922,511	922,541
<b>Total Employee Benefit Reserves</b>	<b>\$13,374,533</b>	<b>\$14,634,979</b>	<b>\$12,097,943</b>	<b>\$12,843,823</b>	<b>6.2%</b>	<b>\$11,802,538</b>	<b>(\$1,041,285)</b>	<b>\$6,288,585</b>	<b>\$5,247,300</b>
<b>Trust and Agency Funds</b>									
Cemetery Trust	\$20,000	\$5,500	\$12,000	\$12,000	0.0%	\$14,500	\$2,500	\$616,224	\$618,724
YakCorps Agency Fund	187,672	511,700	511,700	610,671	19.3%	610,671	-	392,200	392,200
<b>Total Trust and Agency Funds</b>	<b>\$207,672</b>	<b>\$517,200</b>	<b>\$523,700</b>	<b>\$622,671</b>	<b>18.9%</b>	<b>\$625,171</b>	<b>\$2,500</b>	<b>\$1,008,424</b>	<b>\$1,010,924</b>
<b>Debt Service</b>									
L.I.D. Guaranty	\$20,000	-	-	-	n/a	\$50	\$50	\$60,214	\$60,264
PFD Debt Service	1,018,253	1,017,000	1,017,000	1,015,650	(0.1%)	1,016,422	772	159,626	160,398
General Obligation Bonds	2,217,082	2,529,384	2,418,000	3,708,199	53.4%	3,522,969	(185,230)	264,284	79,054
L.I.D. Debt Service	211,908	285,000	255,000	245,000	(3.9%)	270,000	25,000	69,154	94,154
Water-Irrigation/Sewer Bonds	3,480,991	2,127,561	2,127,561	2,144,786	0.8%	2,146,286	1,500	1,758,712	1,760,212
<b>Total Debt Service</b>	<b>\$6,948,234</b>	<b>\$5,958,945</b>	<b>\$5,817,561</b>	<b>\$7,113,635</b>	<b>22.3%</b>	<b>\$6,955,727</b>	<b>(\$157,908)</b>	<b>\$2,311,990</b>	<b>\$2,154,082</b>
<b>Total City Budget</b>	<b>\$168,495,529</b>	<b>\$220,259,049</b>	<b>\$203,975,920</b>	<b>\$222,714,707</b>	<b>9.2%</b>	<b>\$209,634,706</b>	<b>(\$13,080,002)</b>	<b>\$60,465,714</b>	<b>\$47,385,712</b>

## WHAT YOU PAY AND WHAT YOU GET

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

### MAJOR TAXES PAID

#### Sales and Use Tax

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

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

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

#### ALLOCATION OF SALES TAX COLLECTION



## SALES TAX RATES WITHIN YAKIMA CITY LIMITS

(In descending order by total allocation)

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

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

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

### Property Taxes

The total property taxes paid by property owners within the City of Yakima include taxes levied by several governmental entities: the State, School Districts, special county-wide voted levies and the City's general and special voter approved levies. The percentage of the total property taxes levied by, and allocated to, each individual governmental entity will change slightly from year to year. The City's portion is generally under 30% of the total amount collected. (Refer to the graph and chart below for how the 2013 property taxes were allocated between these governmental entities.)

### 2013 PROPERTY TAX DISTRIBUTION



**City of Yakima Property Tax** – In 2013, a typical City resident pays approximately \$12.92 per thousand of assessed value on property taxes. Only \$3.12, or about 24.5%, goes to the City, with the balance divided between the County, schools, and other special districts.

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

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

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

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

**PROPERTY TAX CODE AREA #333 (YAKIMA SCHOOLS) – CONSOLIDATED LEVY AND RATES  
2011 ASSESSED VALUATION – 2012 TAX YEAR**

	2012 Rate	Amount 2013 Levy	Percent of Levy
<b>Property Tax Levy</b>			
City Levy			
General Fund	\$1.8946	\$10,410,000	
Parks & Recreation	0.3298	1,812,000	
Street & Traffic Operations	0.6681	3,671,000	
Firemen's Relief & Pension	0.2169	1,192,000	
<b>Total Operating Levy</b>	<b>3.1094</b>	<b>17,085,000</b>	<b>24.1%</b>
Total Bond Levy	0.0541	107,230	0.4%
<b>Total City Levy</b>	<b>\$3.1635</b>	<b>\$17,192,230</b>	<b>24.5%</b>
Other Levies			
Yakima School District #7			
Operation & Maintenance	3.0385	16,457,971	36.4%
Bond Redemption	1.6610	8,996,772	
State Schools	2.5116	13,799,979	19.4%
Library	0.4763	2,617,029	3.7%
Yakima County	1.7493	9,611,524	14.2%
Yakima County Flood Control	0.0903	496,153	
Juvenile Justice Bond	0.0001	542	
EMS Levy	0.2258	1,240,657	1.7%
<b>Total Other Levies</b>	<b>9.7529</b>	<b>53,220,627</b>	<b>75.5%</b>
<b>Total Levy Code #333</b>	<b>\$12.9164</b>	<b>\$70,412,857</b>	<b>100.0%</b>

### City Taxes and Utility Charges

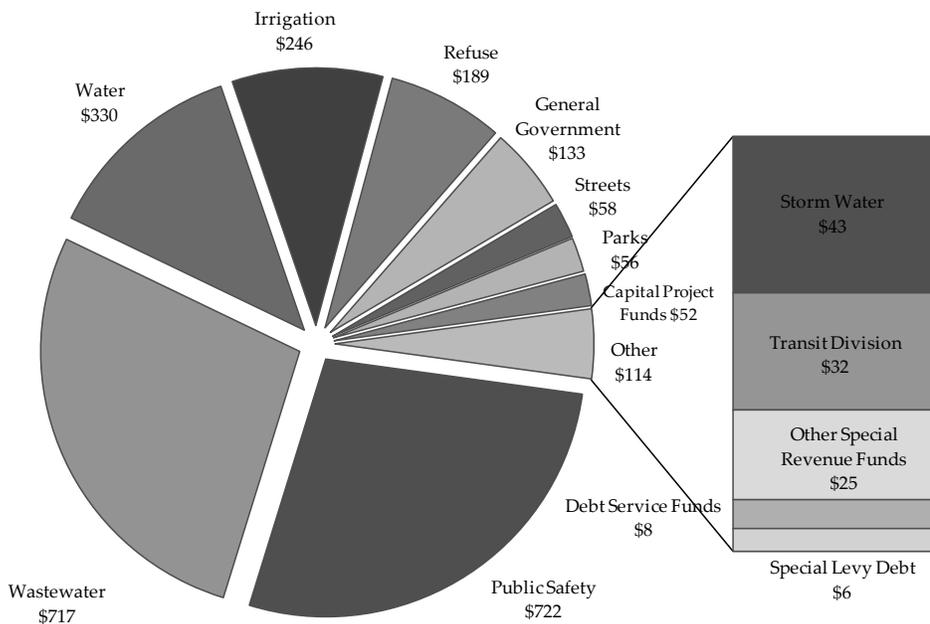
The taxes and utility charges shown in the following charts are only those directly levied by the City. In the cases of sales and property taxes, the 2 major taxes paid directly by Washington residents, only a small portion of the total tax belongs to the City.

To illustrate what a typical household might pay, the following assumptions were made. Property tax based on \$120,000 home; Sales tax based on \$42,000 annual income and \$10,500 taxable purchases; Utilities based on 96 gallon can for Refuse, 1,300 cubic foot monthly consumption for Water/Wastewater; Irrigation for 7,000 square foot lot; Stormwater based on impervious surface; Gas/electricity \$3,000, telephone \$1,200, cable television \$1,200. Based on these assumptions, a typical household in Yakima paid approximately \$218 a month, or \$2,617 a year, as depicted in the following charts.

### ANNUAL TAXES AND UTILITY CHARGES LEVIED BY THE CITY OF YAKIMA ON THE TYPICAL HOUSEHOLD FOR 2012

<u>Revenue</u>	<u>Rate Per 1,000</u>	<u>Cost Per Household</u>
Property Taxes - General	\$3.0516/1,000	\$371
Special Levy Property Taxes	\$0.0541/1,000	6
Sales Tax - General		121
Transit Sales Tax		32
Tax on City-owned Utilities - General		238
Tax on Private Utilities - General		324
Utility Charges (Water/Wastewater/Refuse) - Exc. Utility Tax		1,236
Stormwater		43
Irrigation Assessment		246
		<u>\$2,617</u>

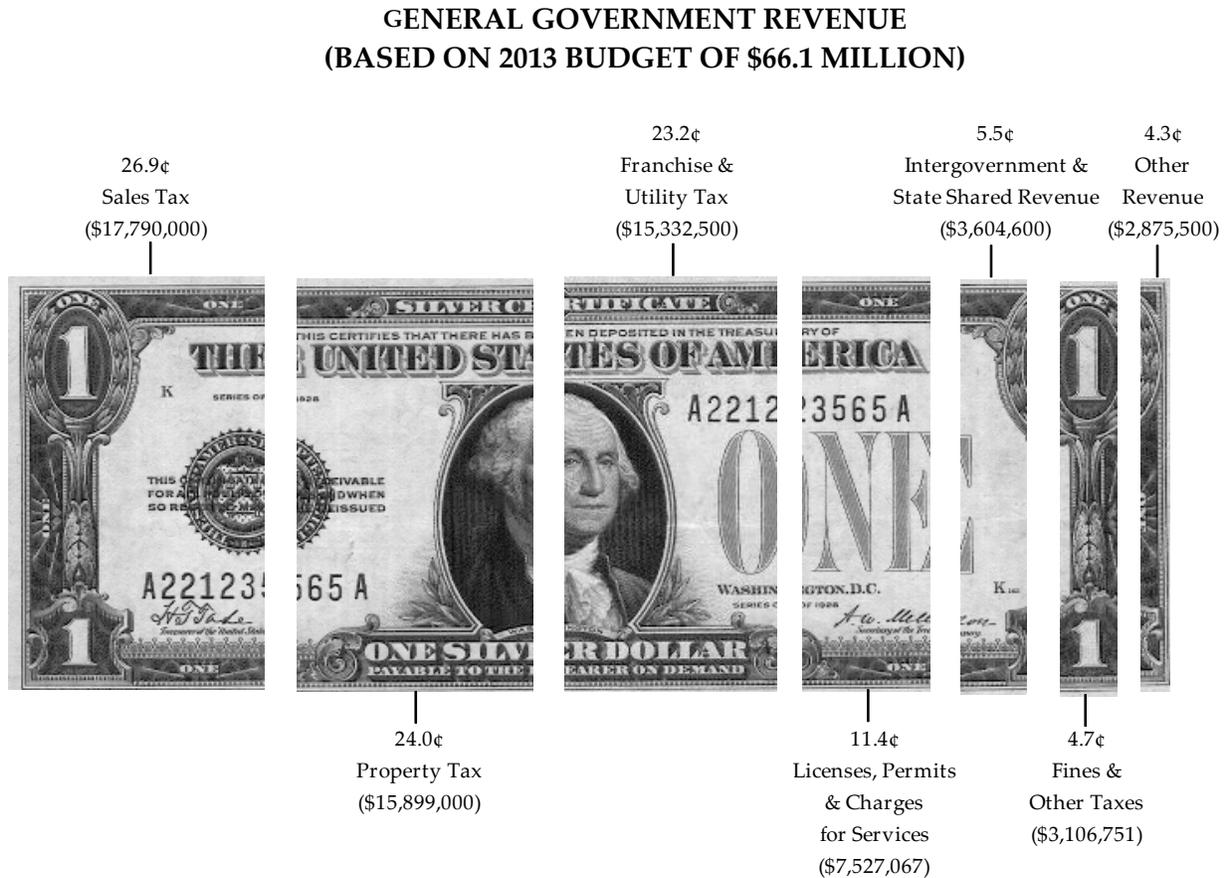
### CITY TAXES AND UTILITY CHARGES COST TO TYPICAL HOUSEHOLD – \$2,617 ANNUALLY



## GENERAL GOVERNMENT REVENUE

The total 2014 proposed General Government Revenue Budget is approximately \$66.1 million.

The following chart breaks this dollar amount down by the source of the revenue. You'll note that three revenue sources – sales tax, property tax and franchise and utility taxes – generate 74.1% of the total general fund revenues.



Note: The term “General Government” refers to basic tax supported functions. The major functions included in this category are: Police, Fire, Streets and Traffic Operations, Parks and Recreation and Municipal Court services. These functions use about 70.7% of General Government revenues. Other administrative services include Information Systems (i.e. computer support), Legal, Finance, Purchasing and Human Resources – services necessary for any organization to function.

## GENERAL GOVERNMENT EXPENDITURES

The following chart depicts the breakdown of the proposed 2014 general government expenditure budget. This breakdown identifies that the City spends over \$45.9 million (or 68.1%) of its available resources on providing public safety services (Police & Courts, Fire & Code Enforcement).

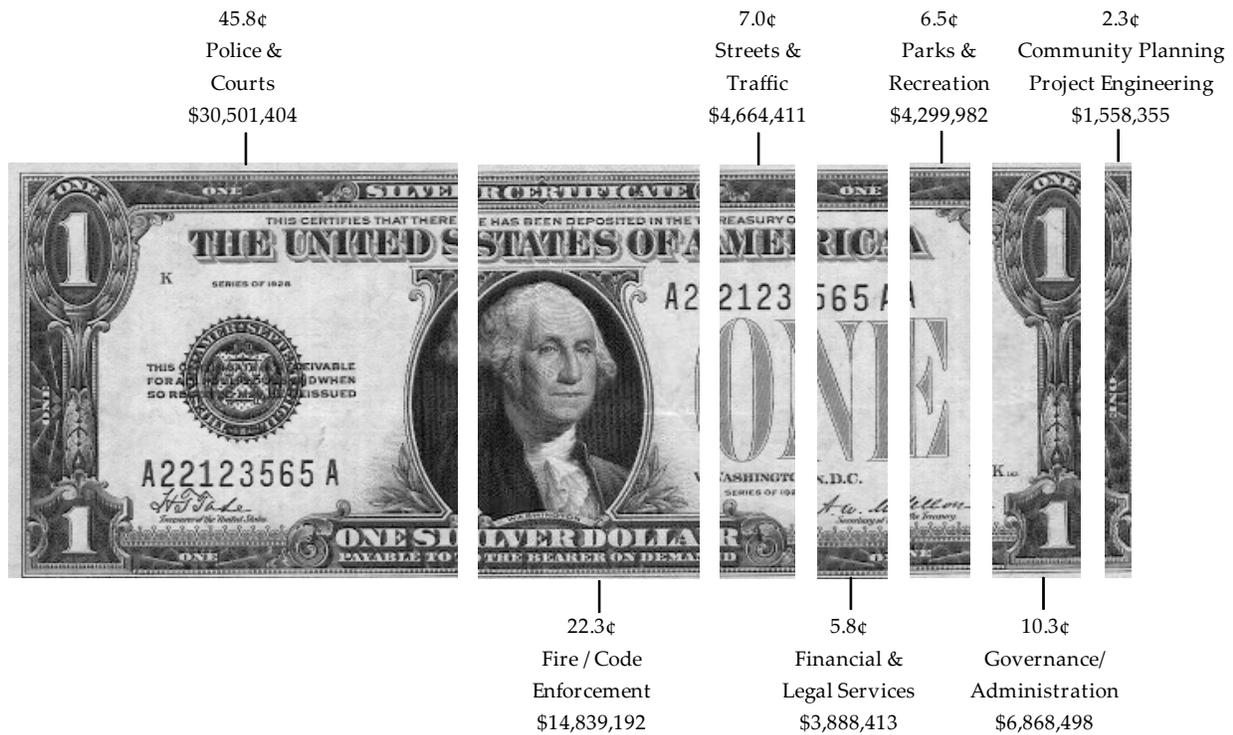
Additionally, the City allocates over 7.0% of its resources to maintaining and operating the Streets and Traffic Systems and another 6.5% to provide Parks and Recreation programs and services.

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

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

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

**GENERAL GOVERNMENT EXPENDITURES  
(BUDGET OF \$66.6 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 2014. 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, \$722 per household per year, or 68.5% of the total general taxes paid. Other General Government services cost \$133 per household annually, or 12.6%. Streets and Parks together cost \$115 per household annually, or 10.8% of general taxes paid.

The Refuse, Water and Wastewater utilities combine to cost approximately \$1,236 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 2013 PROPOSED BUDGET – BUDGET NUMBERS IN THOUSANDS)**

	2014 Proposed Budget	Non-Tax Funding Sources	Local Taxes	Allocation of Taxes Collected	Household Typical Cost <sup>(1)</sup>	2014 Permanent Budgeted Positions
<b>Tax Supported Functions</b>						
<b>Local Direct General Purpose Tax Supported Functions</b>						
Public Safety (Police Fire & Pensions)	\$45,520	\$7,065	\$38,455	68.5%	\$722	332.1
General Government	17,714	10,637	7,077	12.6%	133	134.4
Streets Department	4,786	1,714	3,072	5.5%	58	32.0
Parks Department	4,412	1,403	3,009	5.4%	56	21.3
Other Special Revenue Funds	3,715	2,395	1,320	2.4%	25	15.0
Debt Service Funds	2,807	2,379	428	0.8%	8	0.0
Capital Project Funds	14,484	11,733	2,751	4.9%	52	0.0
<b>Local Direct Special Purpose Tax Supported Functions</b>						
Special Levy Debt	540	433	107	-	6	0.0
Transit Division	9,989	5,089	4,900	-	32	54.0
<b>Non-Local Tax Supported Functions</b>						
Street Construction	6,729	6,729	-	-	-	0.0
Refuse-18,767 Residential accounts	5,671	5,671	-	-	189	20.5
Wastewater-22,591 Residential accounts	34,771	34,771	-	-	717	61.5
Water-17,349 Residential accounts	13,583	13,583	-	-	330	35.0
Equipment Rental	5,672	5,672	-	-	-	12.0
Public Works Administration	1,169	1,169	-	-	-	9.0
Self-insurance Reserve	5,038	5,038	-	-	-	0.0
Employee Benefit Reserve	10,039	10,039	-	-	-	0.0
Irrigation-10,541 Residential accounts	4,008	4,008	-	-	246	7.0
PBIA	253	253	-	-	-	0.0
Storm Water	3,116	3,116	-	-	43	7.7
Airport	12,200	12,200	-	-	-	7.0
<b>Totals</b>	<b>\$206,216</b>	<b>\$145,097</b>	<b>\$61,119</b>	<b>100.0%</b>	<b>\$2,617</b>	<b>748.4</b>

Based on 2014 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 2013 fell on April 18th, five days later than it did in 2012, due mainly to the fiscal cliff deal that raised federal taxes on individual income and payroll. On average in 2013, Americans will work 69 days to afford their federal taxes and 38 more days to afford state and local taxes.

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

The report indicates that Washington State was ranked 9<sup>th</sup> highest in the nation for overall per capita taxes paid in 2012. 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 29<sup>th</sup> highest nationally, below the national average of 9.8%. It also demonstrates how small the state and local tax burden is in comparison to the total taxes paid – at roughly one third of the total tax burden (currently at 29.2%).

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

**EXHIBIT III – SUPPLEMENTAL INFORMATION**

**TABLE OF CONTENTS**

---

**CRIMINAL JUSTICE**

Criminal Justice Costs  
General Government Budgets  
Criminal Justice Sales Tax

**SALARY AND BENEFIT COSTS**

Costs to Total Budget  
Operating Funds

**RESOURCE AND EXPENDITURE BREAKDOWN**

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

## **CRIMINAL JUSTICE**

---

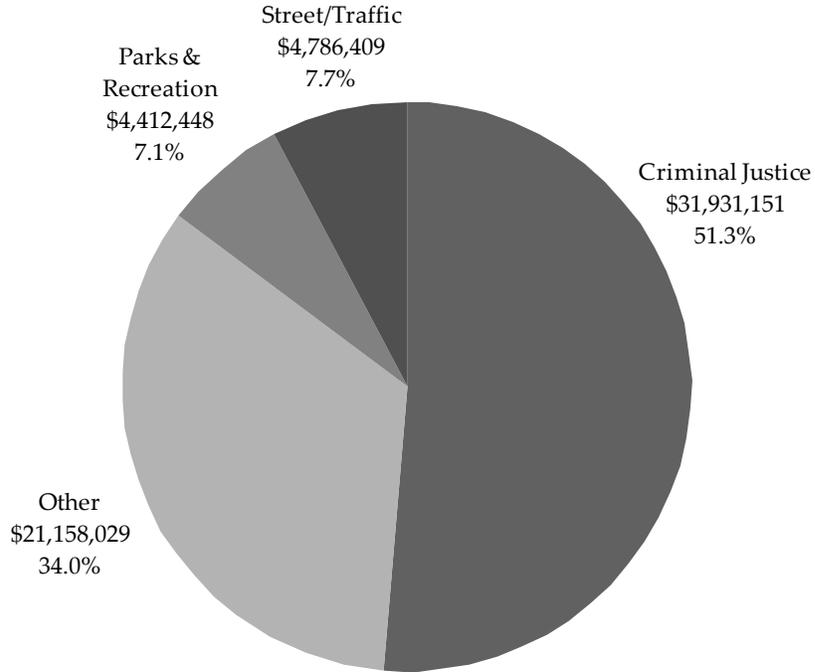
This analysis compares Criminal Justice expenditures to other General Government costs. Criminal Justice costs include: Police Department (including jail costs); Police Pension; Court and Probation costs; Prosecution and Indigent Defense (included in the Legal Department budget) and forty percent of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

### **GENERAL GOVERNMENT BUDGETS <sup>(1)</sup> LAST TEN YEARS**

	<b>2005 Amended Budget</b>	<b>2006 Amended Budget</b>	<b>2007 Amended Budget</b>	<b>2008 Amended Budget</b>
General Fund				
Criminal Justice	\$20,794,116	\$22,857,422	\$25,014,331	\$26,935,856
Other	17,862,426	19,557,208	18,856,452	19,782,839
Parks & Recreation	3,905,396	4,074,592	4,199,143	4,420,906
Street/Traffic	5,273,574	5,522,653	5,907,882	6,213,833
Total	<u>\$47,835,512</u>	<u>\$52,011,875</u>	<u>\$53,977,807</u>	<u>\$57,353,434</u>
	<b>June 2004</b>	<b>June 2005</b>	<b>June 2006</b>	<b>June 2007</b>
Consumer Price Index	190.4	194.8	203.8	210.6

(1) Excludes double budgeted transfers between general government funds

## COSTS VS. OTHER GENERAL GOVERNMENT FUNCTIONS



<u>2009 Amended Budget</u>	<u>2010 Amended Budget</u>	<u>2011 Amended Budget</u>	<u>2012 Amended Budget</u>	<u>2013 Amended Budget</u>	<u>2014 Preliminary Budget</u>	<u>2014 VS 2013</u>	<u>10 Year Increase</u>
\$28,471,541	\$27,554,732	\$28,192,940	\$29,522,541	\$31,849,983	\$31,931,151	0.3%	59.2%
20,240,301	19,912,799	19,279,670	19,343,517	19,727,486	21,158,029	7.4%	21.1%
4,249,796	4,133,782	4,042,938	4,048,697	4,132,425	4,412,448	6.9%	15.1%
5,686,692	5,308,117	5,218,691	5,199,157	5,490,823	4,786,409	(13.5%)	(2.0%)
<u>\$58,648,330</u>	<u>\$56,909,430</u>	<u>\$56,734,239</u>	<u>\$58,113,912</u>	<u>\$61,200,717</u>	<u>\$62,288,038</u>	1.9%	34.7%
<u>June 2008</u>	<u>June 2009</u>	<u>June 2010</u>	<u>June 2011</u>	<u>June 2011</u>	<u>June 2012</u>		<u>10 Year Increase</u>
223.6	219.9	221.7	227.5	236.2	239.0		25.5%

## CRIMINAL JUSTICE SALES TAX – .3% EXPENDITURES AND REVENUES

	2010	2011	2012	2013	2014
	Actual	Actual	Actual	Year-End Estimate	Proposed Budget
<b>General Fund</b>					
Police Department					
Salaries & Benefits (includes overtime)	\$659,059	\$671,542	\$704,378	\$702,241	\$715,539
Miscellaneous (uniform/fuel/travel)	31,592	14,639	13,345	50,000	50,000
Liability Insurance	7,322	7,542	8,296	8,877	9,498
Professional Services/R&M Contractors	0	0	75	0	5,000
Yakima County Jail Cost	436,612	350,000	479,692	380,000	422,000
<b>Total Police Department</b>	<b>1,134,585</b>	<b>1,043,723</b>	<b>1,205,786</b>	<b>1,141,118</b>	<b>1,202,037</b>

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

Municipal Court					
Salaries & Benefits (includes overtime)	165,745	145,841	142,074	165,776	208,857
Professional Services	33,633	30,722	38,922	45,000	45,000
Miscellaneous (office supplies/travel/dues)	5,513	0	1,259	5,000	5,000
<b>Total Municipal Court</b>	<b>204,891</b>	<b>176,563</b>	<b>182,255</b>	<b>215,776</b>	<b>258,857</b>

The Criminal Justice funds support two Municipal Court Clerk positions and a half-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)	153,382	154,948	166,771	186,877	182,465
Professional Services	4,576	0	70	3,000	5,000
Miscellaneous (office supplies/travel/dues)	2,296	3,086	1,878	3,350	8,750
<b>Total Legal Department</b>	<b>160,254</b>	<b>158,034</b>	<b>168,720</b>	<b>193,227</b>	<b>196,215</b>

The .3% Criminal Justice Sales Tax is being used to supplement criminal justice functions throughout Yakima County. This money fully funds one Legal Assistant II position, one Assistant City Attorney II position including mandatory continuing legal education expenses and dues and subscriptions for required Associations.

Information Systems					
Salaries & Benefits (includes overtime)	28,061	22,191	29,016	16,619	16,734
Miscellaneous	22,411	100	0	57	57
Professional Services/R & M Contractors	0	39,692	91,256	94,600	119,400
<b>Total Information System</b>	<b>50,472</b>	<b>61,983</b>	<b>120,272</b>	<b>111,276</b>	<b>136,191</b>

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

	2010	2011	2012	2013	2014
	Actual	Actual	Actual	Year-End Estimate	Proposed Budget
Animal Control/Codes					
Salaries & Benefits (includes overtime)	\$67,264	\$66,212	\$68,644	\$72,321	\$70,190
Misc (uniforms/supplies/fuel/cell phone)	1,446	6,841	8,892	10,000	10,467
Total Animal Control/Codes	68,710	73,053	77,536	82,321	80,657

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)	6,000	3,250	3,250	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.

<b>General Fund Total Expenditures</b>	<b>\$1,624,912</b>	<b>\$1,516,606</b>	<b>\$1,757,819</b>	<b>\$1,750,218</b>	<b>\$1,880,457</b>
----------------------------------------	--------------------	--------------------	--------------------	--------------------	--------------------

Other Funds					
Public Safety Communication					
Salaries & Benefits (includes overtime)	\$142,863	\$159,287	\$139,930	\$177,408	\$174,364
Small Tools & Equipment	0	0			
Total Public Safety Communication	142,863	159,287	139,930	177,408	174,364

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

Law & Justice					
Small Tools & Equipment	15,268	2,867			
Operating Equipment	5,365	1,618	44,179	96,500	26,000
Total Law & Justice	20,633	4,485	44,179	96,500	26,000

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

<b>Total Expenditures</b>	<b>\$1,788,408</b>	<b>\$1,680,378</b>	<b>\$1,941,927</b>	<b>\$2,024,126</b>	<b>\$2,080,821</b>
Revenue	\$1,789,171	\$1,831,296	\$1,935,069	\$2,021,000	\$2,081,000
Revenue over (Under) Expenditures	\$763	\$150,918	(\$6,858)	(\$3,126)	\$179
Cumulative Balance	\$470,147	\$621,065	\$614,207	\$611,080	\$611,259

## **SALARY AND BENEFIT COSTS**

---

### **COSTS TO TOTAL BUDGET**

The following chart represents the relationship of the City's salary and benefit costs to total budget for General Government and other funds of the City. The City's General Fund ranks in the top three with salary and benefit costs, representing 68.9% of total fund expenditures. However, employee compensation and benefit costs for an individual department within the General Fund as a percentage of its total costs range from 26.6% to 94.6%. 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, \$44 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.
- Yakima employs fewer people per capita than other cities.

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

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

	2014	2014	2014
<u>General Government</u>	<u>Budget</u>	<u>Salaries &amp; Benefits</u>	<u>Labor Percentage</u>
Police	\$26,057,587	\$19,359,662	74.3%
Fire	10,167,258	8,507,692	83.7%
Information Systems	2,912,612	2,081,732	71.5%
Financial Services	1,488,836	1,307,658	87.8%
Utility Services	1,316,181	972,629	73.9%
Municipal Court	1,344,118	1,105,517	82.2%
Code Administration	1,537,371	1,166,631	75.9%
Legal	1,314,323	1,172,379	89.2%
Engineering	1,109,632	1,031,475	93.0%
Environmental Planning	458,481	413,673	90.2%
City Manager	372,684	333,484	89.5%
Purchasing	549,369	519,616	94.6%
Human Resources	513,151	366,898	71.5%
Records	563,922	310,384	55.0%
Economic Development	486,733	254,733	52.3%
City Hall Maintenance	407,885	146,786	36.0%
Gang Free Initiative	333,105	88,618	26.6%
City Council	282,076	102,800	36.4%
Other General Fund Expenditures	5,721,131	0	0.0%
<b>Total General Fund</b>	<b>\$56,936,455</b>	<b>\$39,242,367</b>	<b>68.9%</b>
Parks & Recreation	4,412,448	2,162,443	49.0%
Street & Traffic Operations	4,786,409	2,349,744	49.1%
<b>Total General Government</b>	<b>\$66,135,312</b>	<b>\$43,754,554</b>	<b>66.2%</b>
Economic Development	456,622	172,887	37.9%
Community Development	1,766,938	514,014	29.1%
Community Relations	601,850	412,904	68.6%
Cemetery	278,900	167,535	60.1%
Emergency Services	1,339,282	973,934	72.7%
Public Safety Communications	3,218,239	2,526,670	78.5%
Police Grants	469,024	232,593	49.6%
Airport	1,037,370	578,096	55.7%
Stormwater	2,325,519	732,615	31.5%
Transit	8,240,033	3,826,041	46.4%
Refuse	5,670,633	1,389,749	24.5%
Wastewater Operating	20,213,432	5,143,215	25.4%
Water Operating	9,022,649	2,440,269	27.0%
Irrigation Operating	2,063,884	650,058	31.5%
Unemployment Comp Reserve	286,582	24,911	8.7%
Employment Health Benefit Reserve	9,867,703	109,614	1.1%
Workers Compensation Reserve	1,258,630	93,386	7.4%
Risk Management Reserve	3,299,649	635,067	19.2%
Equipment Rental	5,671,800	884,866	15.6%
Public Works Administration	1,168,866	581,026	49.7%
Other Funds (Capital/Debt Serv. etc)	78,321,790	0	0.0%
<b>Total City-wide Budget</b>	<b>\$222,714,707</b>	<b>\$65,844,004</b>	<b>29.6%</b>

## **RESOURCE AND EXPENDITURE BREAKDOWN**

---

### **GRAPHIC PORTRAYAL OF CITY RESOURCE CONSUMPTION**

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

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

**Borrowings** – Proceeds from long-term debt issued by the City. In 2014 this includes primarily a revenue bond for Councilmanic general Obligation bonds for street improvements and Public Works Trust State Revolving Fund loans for utility capital needs.

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

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

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

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

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

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

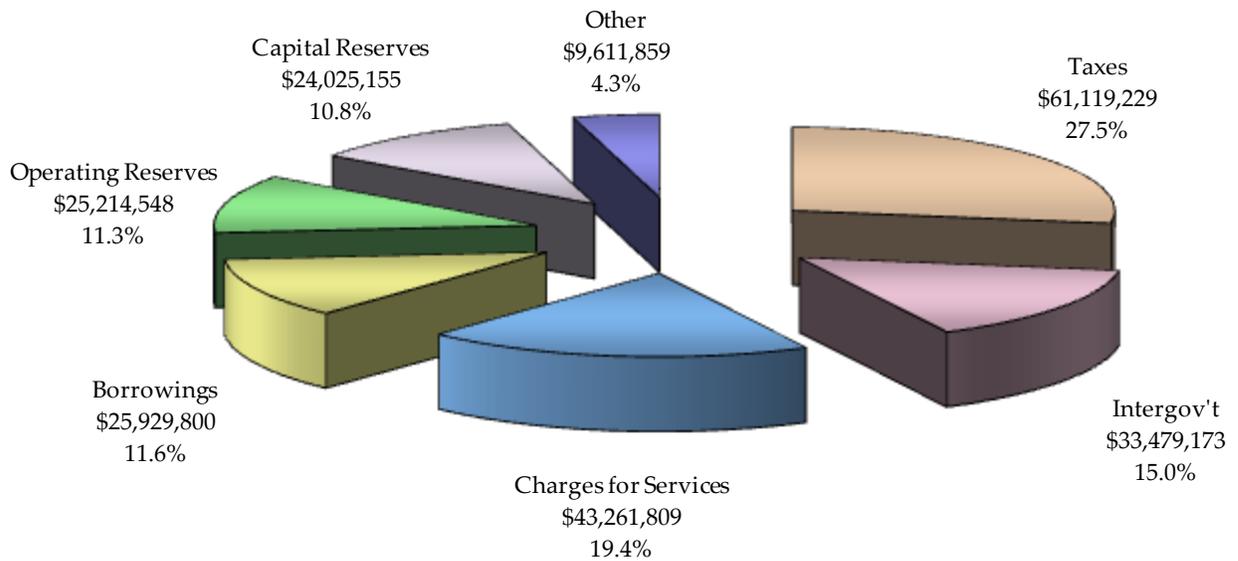
The first graph identifies the total revenue picture by category. The second revenue graph depicts the relationship of the various revenue sources to each function.

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

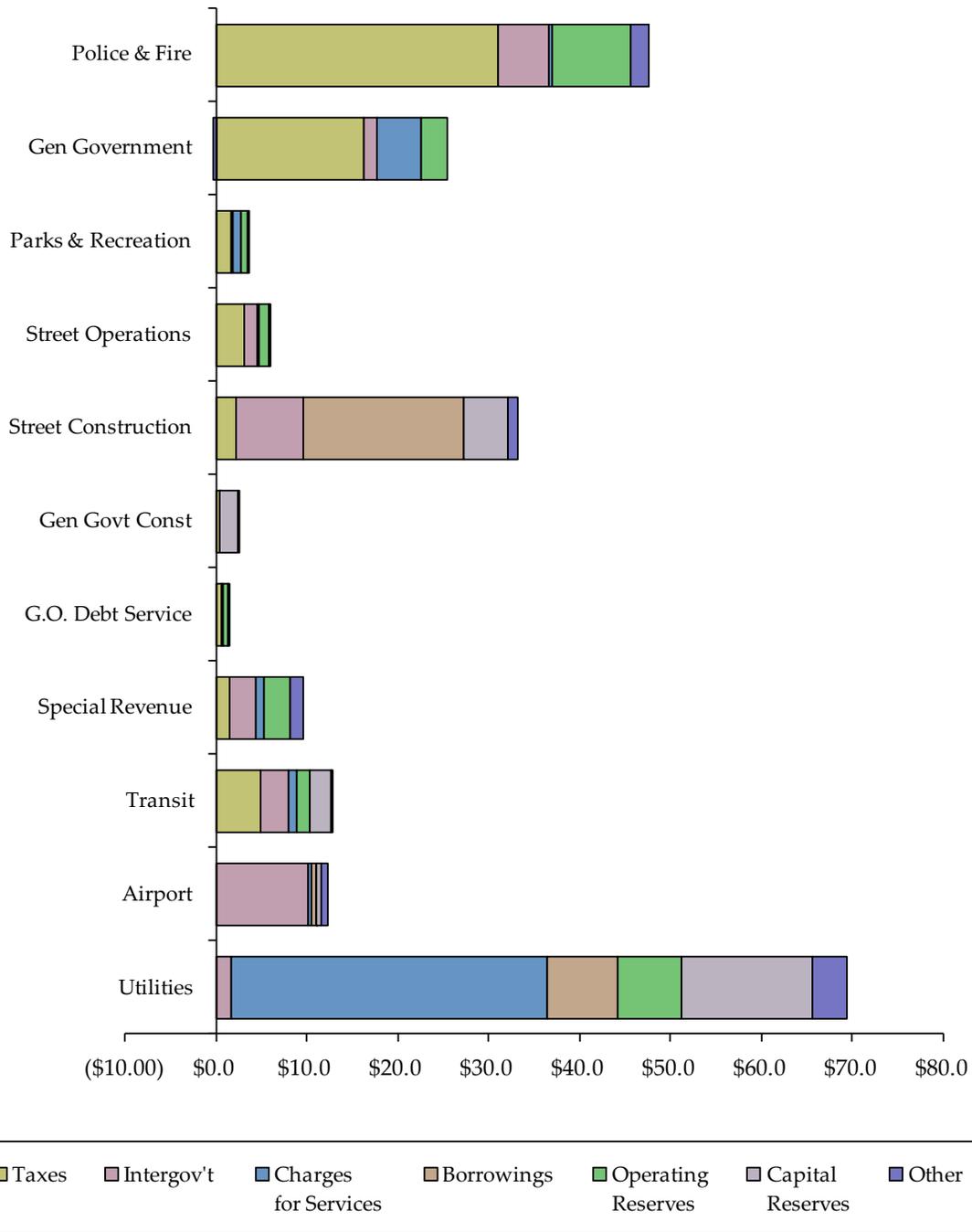
**TOTAL RESOURCES  
BY CATEGORY  
2014 BUDGET**

**TOTAL RESOURCES = \$222,641,573**

*(Excludes Internal Service Funds and other double budgeted resources of \$47,458,844)*



**TOTAL RESOURCES  
BY CATEGORY AND SOURCE  
2014 BUDGET**



**TOTAL EXPENDITURES  
BY TYPE  
2014 BUDGET**

**TOTAL EXPENDITURES = \$179,702,865**  
(Excludes double budgeted expenditures of \$43,011,842)

