



Mayor Gregerson/Council's Joint 2016 Final Budget Message

December 30, 2015

Dear Residents and Members of the Public,

We would like to thank the City staff, City Council and the public for an unprecedented and in-depth review of the preliminary budget as we worked to approve the final budget. We held public hearings on the preliminary budget on November 2, 9, 10, 16, 23 and 30, where we heard from residents about various elements of the Mayor's proposal. We then held hearings on the final budget on November 30, December 2 and 7. In conjunction with these hearings, the Council's Finance Committee met several times to review the budget, and Councilmembers asked hundreds of questions and received volumes of information from the City staff.

We can proudly report that this in-depth review and partnership with the Mayor and the City staff have resulted in one of the most thorough budget deliberations we have ever witnessed. We can all be proud of the rigor and analytical detail that the final budget has undergone. While the process took longer than expected, it has resulted in a budget which our residents can be assured is thoughtful and prudent.

The City Council did make some substantial changes to the preliminary budget and we would like to highlight some with further explanation. The initial budget proposal is described in the Mayor's Message.

The most significant changes the City Council made were in our revenue assumptions. While the Council appreciated the thoughtful review of the City's revenues by the Mayor and City staff, they determined it would be more prudent to lower our expectations for 2016. Accordingly, the City Council reduced the forecast for sales tax and development revenues by \$438,438. This change resulted in an imbalance in overall revenues and expenditures, which required additional changes to the budget.

In making changes to compensate for lower revenue expectations, the City Council asked our staff to review all departments for savings and reductions and we are grateful for the work of the department directors for their efforts. The Council also looked for additional revenue, since many of the expenditure cuts that were proposed would have led to unacceptable reductions in levels of city services.

The City Council chose to increase paid parking rates at the waterfront and the monthly charges for commuter parking spaces. They also increased non-resident community center room rates. The Council believed it was appropriate to ask non-residents to pay more for the city services they receive, but do not support through the many taxes that only City residents pay. These revenue changes added \$163,400 in additional revenue to balance the reductions.

To balance the budget, the City Council did make some expenditure reductions as well. They eliminated the city newsletter, assumed a higher vacancy rate than the preliminary budget, delayed hiring a new assistant fire chief position, reduced overtime, travel and training in the Fire Department, transferred



two Parks workers to Surface Water duties for two months, and made several other changes which are summarized in the Final Budget.

The Council did add three additional expenditures into the Final Budget as well. Due to the expectations for public transparency, the City Council added funding for City-issued cell phones and tablets for Councilmembers to properly separate public and private business and ensure communications are available for public review. The Council also restored the large item pickup to an annual event, instead of a biennial event as proposed in the preliminary budget. Finally, the Council added funding for an annual event to honor volunteer board and commission members for their service to the City.

The end result of these deliberations is a Final Budget that is balanced. The Mayor and Council share a commitment to ensuring that General Fund expenditures do not exceed revenues. The Council accepted the Mayor's recommendation for a one-time \$500,000 spenddown of our ending fund balance to capitalize a Facility Renewal Fund to prepare for future capital needs in our City facilities. This is prudent and still results in a budget with an ending fund balance higher than our fund balance policy requires.

In closing, we thank you for your attention to this important document, the 2016 Budget. We are both committed to a budget process for 2017 that begins earlier and allows for thorough review and public input next year as well.

Sincerely,

Jennifer Gregerson
Mayor

Bob Champion
City Council President