



TO: Mayor and City Councilmembers
FROM: Tho Kraus, Assistant City Manager/Administrative Services
THROUGH: John J. Caulfield, City Manager
DATE: January 16, 2018
SUBJECT: 6-Year Financial Forecast Update (2017–2022)

INTRODUCTION

The City's financial policy requires the City to prepare a financial forecast for six years to include the current budget period. The projection extends current operations to determine if the services are sustainable and the magnitude of, if any, future financing gaps. The glimpse into the future allows the City to proactively plan and implement corrective measures over time to avoid sudden drastic changes in service levels and/or revenues.

The original six-year forecast for the years 2017-2022 was finalized in October 2016 for the 2017-2018 biennial budget. This update is focused on the City's main operating fund – the General Fund – and is in advance of the upcoming 2019-2020 biennial budget process. An update on all other funds will occur as part of the 2019-2020 biennial budget process.

FINANCIAL POLICIES

For purposes of this discussion, the following are extracted from the City's adopted financial policies.

- **Balanced Budget.** The City will adopt a balanced budget for all funds. Balanced budget for operating funds means ongoing operating program costs do not exceed the amount of ongoing revenues to finance those costs. The ongoing revenue will be identified along with new program costs including impact from new capital projects. Any available carryover balance will only be used to offset one-time or non-recurring costs. Balanced budget for non-operating funds means total resources equal to or exceed total uses.
- **Fund Balance.** General Fund Ending Fund Balance Reserves shall be 12% of the combined General and Street Operations & Maintenance Funds operating revenues. These reserves are as follow:
 - *2% General Fund Contingency Reserves:* The purpose of this reserve is to accommodate unexpected operational changes, legislative impacts, or other economic events affecting the City's operations which could not have been reasonably anticipated at the time the original budget was prepared.
 - *5% General Fund Ending Fund Balance Reserves:* The purpose of this reserve is to provide financial stability, cash flow for operations and the assurance that the City will be able to respond to revenue shortfalls with fiscal strength.
 - *5% Strategic Reserves:* The purpose of this reserve is to provide some fiscal means for the City to respond to potential adversities such as public emergencies, natural disasters or similarly major unanticipated events.
- **Use of Fund Balance.** Fund balance is the cumulative years' excess or deficit of all revenues and expense. Available fund balances shall not be used for ongoing operating expenditures, unless a determination has been made that available balances are in excess of required guidelines and plans have been established to address any future operating budget shortfalls. Emphasis shall be place on one-time uses that achieve future operating cost reductions and/or service level efficiencies.
- **Revenue Estimates.** Revenues shall be estimated conservatively so as not to introduce regular shortfalls in individual revenue accounts. Revenue estimates shall not assume excess growth rates. Real growth that occurs will be recognized through budgetary adjustments only after it takes place. This practice imposes short term constraint on the level of public goods or services. However, in the event that revenues are less than expected, it minimizes the likelihood of severe cutback actions which may be profoundly disruptive to the goal of providing a consistent level of quality services.
- **Use of One-Time/Unpredictable Revenues.** The City shall not utilize one-time revenues for recurring operating expenditures. One-time revenues include, but are not limited to: proceeds from the sale of land or surplus equipment, legal settlements, or revenue windfalls.

POSITION HISTORY

The following provides a recap of the City's position inventory from the Great Recession period through current.

CITY-WIDE POSITION INVENTORY- By Department											
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
City Manager	3.60	3.60	4.00	4.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Municipal Court	14.75	14.75	15.75	16.00	16.75	16.75	16.00	12.50	12.50	11.00	11.00
Administrative Services	23.90	23.70	24.30	24.50	20.85	20.85	20.85	16.00	16.00	16.00	16.00
Legal	20.15	12.74	14.00	12.75	11.98	11.98	11.98	12.50	12.50	11.00	11.00
Community & Econ Dev *	22.50	22.50	24.50	25.00	23.00	22.00	22.00	16.00	16.00	18.50	17.50
Parks, Rec & Comm Services **	12.95	12.95	13.10	12.75	15.50	15.50	22.60	18.25	18.25	24.70	24.70
Public Works ***	22.75	22.75	22.71	35.50	34.00	34.00	27.90	26.00	24.00	20.50	20.50
Police	131.00	129.00	123.00	123.00	118.00	118.00	118.00	116.00	116.00	116.00	116.00
Total	251.60	241.99	241.36	253.50	243.08	242.08	242.33	220.25	218.25	220.70	219.70

CITY-WIDE POSITION INVENTORY - By Fund											
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
City Manager	3.60	3.60	4.00	4.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Municipal Court	14.75	14.75	15.75	16.00	16.75	16.75	16.00	12.50	12.50	11.00	11.00
Administrative Services	23.90	23.70	24.30	24.50	20.85	20.85	20.85	16.00	16.00	16.00	16.00
Legal	20.15	12.74	14.00	12.75	11.98	11.98	11.98	12.50	12.50	11.00	11.00
Community & Econ Dev	18.85	18.85	20.50	21.00	19.00	18.00	18.00	12.00	12.00	13.50	13.50
Parks, Rec & Comm Services	12.95	12.95	13.10	12.75	15.50	15.50	22.60	18.25	18.25	24.25	24.25
Public Works	2.22	2.22	2.18	14.97	13.47	13.47	7.37	6.57	3.57	2.40	2.40
Police	131.00	129.00	123.00	123.00	118.00	118.00	118.00	116.00	116.00	116.00	116.00
Subtotal General/Street Fund	227.42	217.81	216.83	228.97	218.55	217.55	217.80	196.82	193.82	197.15	197.15
Abatement/Rental Housing SP *	-	-	-	-	-	-	-	-	-	1.00	-
OE/SSMCP	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
CDBG	1.65	1.65	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Parks CIP **	-	-	-	-	-	-	-	-	-	0.45	0.45
Transportation CIP ***	7.91	7.91	7.91	7.91	7.91	7.91	7.91	8.11	9.11	10.10	10.10
Surface Water Management	12.62	12.62	12.62	12.62	12.62	12.62	12.62	11.32	11.32	8.00	8.00
Total	251.60	241.99	241.36	253.50	243.08	242.08	242.33	220.25	218.25	220.70	219.70

The above tables include limited term positions of 5.45 FTEs in 2017 and 4.45 FTEs in 2018 as follows:

* Community & Economic Development

1.0 FTE Administrative Assistant with end date of 8/31/2018

** Parks, Recreation & Community Services

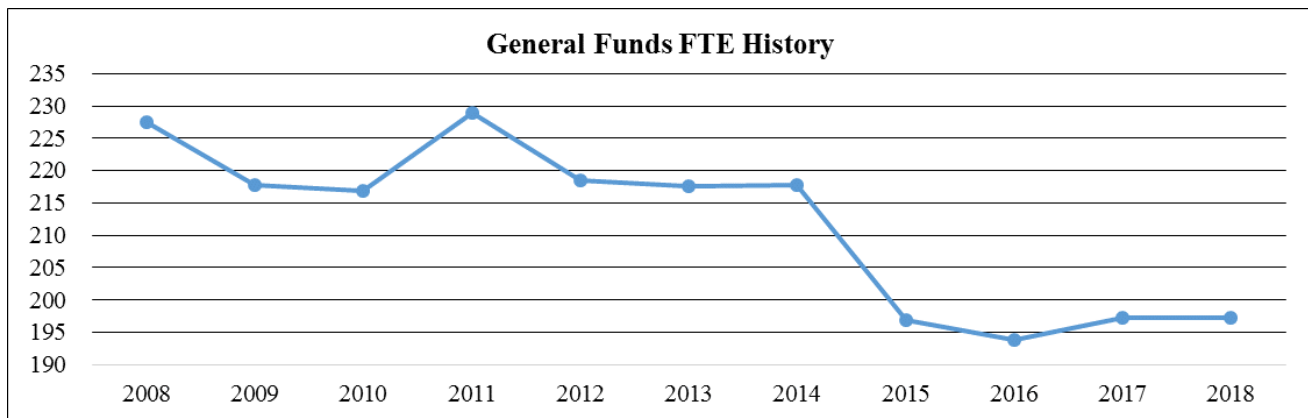
0.45 FTE Capital Project Assistant with end date of 12/31/2018.

*** Public Works

2.0 FTE Associate Engineering Technician with end date of 12/31/2018

1.0 FTE Associate Civil Engineer with end date of 12/31/2018

1.0 FTE Construction Inspector with end date of 12/31/2018 (original end date was 8/15/2017, which was one year from start date)

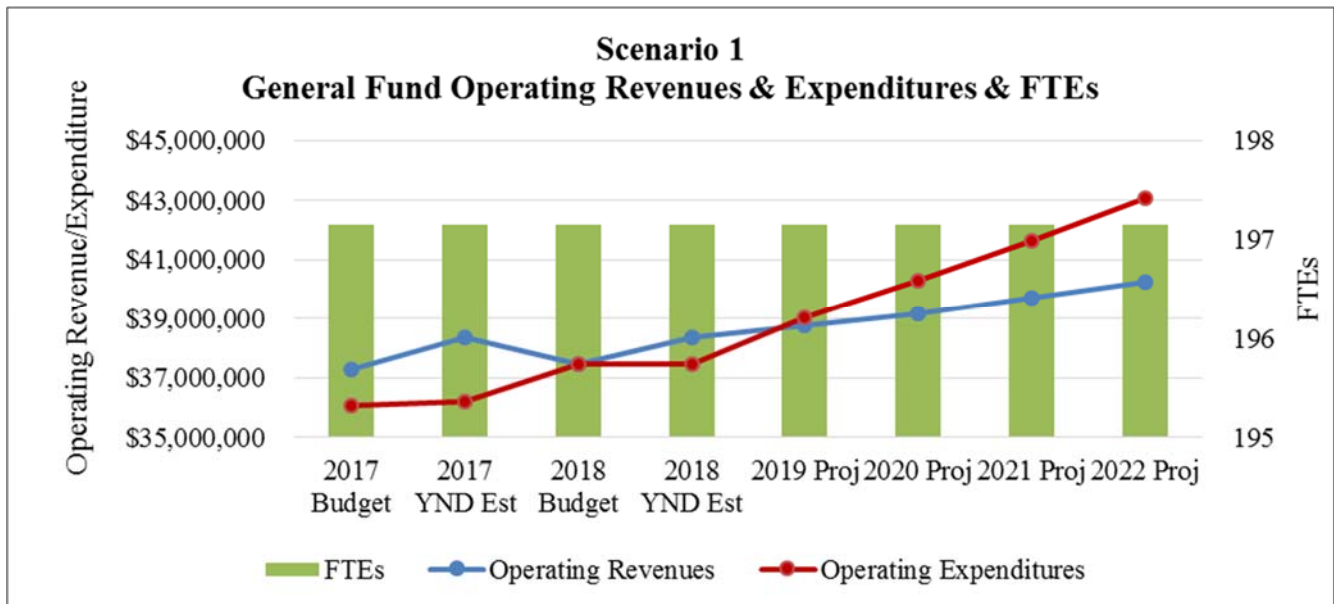


ANALYSIS

**Scenario 1 – Operating Revenue Growth Slower Than Operating Expenditure Growth
(Consistent with Financial Policies)**

This forecast, as with our current and previous forecasts, projects General Fund operating expenditures to exceed operating revenues beginning in 2019, primarily because of slower operating revenue growth as compared to operating expenditure growth.

Scenario 1: Operating Revenue Growth Slower Than Operating Expenditure Growth	2017 Revised Budget	2017 YND Estimate	2018 Revised Budget	2018 YND Estimate	2019 Projected	2020 Projected	2021 Projected	2022 Projected
Operating Revenues	\$37,306,226	\$38,346,059	\$37,479,576	\$38,378,793	\$38,767,900	\$39,164,800	\$39,701,500	\$40,251,000
Operating Revenue Change Over Prior Year - %	1.34%	4.17%	0.46%	0.09%	1.01%	1.02%	1.37%	1.38%
Operating Expenditures	\$36,090,649	\$36,192,461	\$37,463,089	\$37,473,089	\$39,042,076	\$40,304,826	\$41,638,864	\$43,068,251
Operating Expenditure Change Over Prior Year	5.14%	5.43%	3.80%	3.54%	4.19%	3.23%	3.31%	3.43%
Operating Income / (Loss)	\$1,215,577	\$2,153,598	\$16,487	\$905,704	(\$274,176)	(\$1,140,026)	(\$1,937,364)	(\$2,817,251)
Operating Income / (Loss) as a % of Oper Exp	3.37%	5.95%	0.04%	2.42%	-0.70%	-2.83%	-4.65%	-6.54%
Total Other Financing Sources	\$374,110	\$374,110	\$85,750	\$85,750	\$69,800	\$69,800	\$69,800	\$69,800
Total Other Financing Uses	\$3,257,319	\$3,257,319	\$1,730,439	\$1,780,439	\$918,750	\$888,750	\$888,750	\$888,750
Total Revenues & Other Financing Sources	\$37,680,336	\$38,720,169	\$37,565,326	\$38,464,543	\$38,837,700	\$39,234,600	\$39,771,300	\$40,320,800
Total Expenditures & Other Financing Uses	\$39,347,968	\$39,449,780	\$39,193,528	\$39,253,528	\$39,960,826	\$41,193,576	\$42,527,614	\$43,957,001
Beginning Fund Balance	\$7,909,380	\$7,909,380	\$6,241,747	\$7,179,767	\$6,390,782	\$5,267,656	\$3,308,680	\$552,366
Ending Fund Balance	\$6,241,748	\$7,179,769	\$4,613,545	\$6,390,782	\$5,267,656	\$3,308,680	\$552,366	(\$3,083,835)
EFB as a % of Gen/Street Oper Rev	16.31%	18.24%	12.00%	16.25%	13.26%	8.25%	1.36%	-7.48%
Reserve Target 12%:	\$4,592,790	\$4,722,445	\$4,612,677	\$4,720,583	\$4,767,024	\$4,814,652	\$4,879,056	\$4,944,996
2% Contingency Reserves	\$765,465	\$787,074	\$768,780	\$786,764	\$794,504	\$802,442	\$813,176	\$824,166
5% General Fund Reserves	\$1,913,663	\$1,967,685	\$1,921,949	\$1,966,910	\$1,986,260	\$2,006,105	\$2,032,940	\$2,060,415
5% Strategic Reserves	\$1,913,663	\$1,967,685	\$1,921,949	\$1,966,910	\$1,986,260	\$2,006,105	\$2,032,940	\$2,060,415
Unreserved / (12% Reserves Shortfall):	\$1,648,956	\$2,457,322	\$868	\$1,670,199	\$500,632	(\$1,505,972)	(\$4,326,690)	(\$8,028,831)



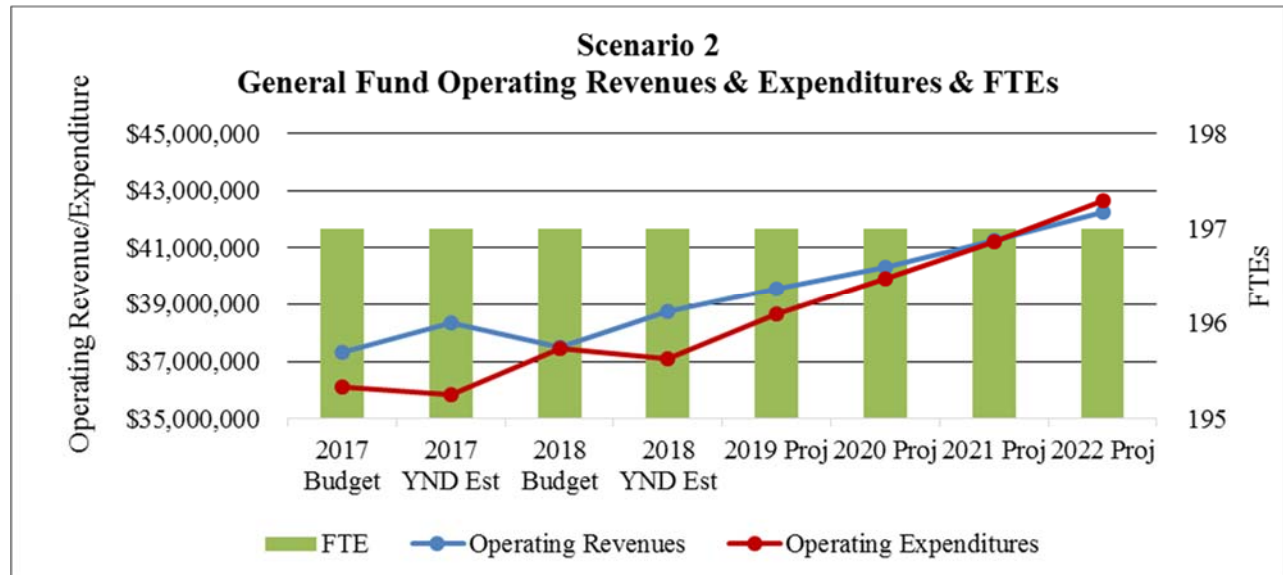
Scenario 2 – Economic Growth & Operating Expenditure Efficiencies (Optimistic)

This scenario takes into account the fact that our local economy is growing and we are and will continue to see economic development for the foreseeable future that will have a positive impact on our General Fund. Assumes new revenue from projected economic development (financial policies prohibit addition of new revenue in budget – must be realized before it can be accounted for in budget, which is sound policy to have) as well as incorporating an underlying assumption on future operating expenditure efficiencies given our past performance in recent years.

Scenario 2: Operating Gap Economic Growth & Operating Exp Efficiencies	2017 Revised Budget	2017 YND Estimate	2018 Revised Budget	2018 YND Estimate	2019 Projected	2020 Projected	2021 Projected	2022 Projected
Operating Income / (Loss) from Scenario 1	\$1,215,577	\$2,153,598	\$16,487	\$905,704	(\$274,176)	(\$1,140,026)	(\$1,937,364)	(\$2,817,251)
Adjustments to Buy Down Operating Gap:								
1.0% Operating Revenue Growth	-	-	-	383,500	771,100	1,166,500	1,569,800	1,982,500
1.0 % Operating Expenditure Efficiencies	-	361,900	-	374,700	390,400	403,000	416,400	430,700
Adjusted Operating Income / (Loss)	\$1,215,577	\$2,515,498	\$16,487	\$1,663,904	\$887,324	\$429,474	\$48,836	(\$404,051)

Scenario 2: Ending Fund Balance Economic Growth & Operating Exp Efficiencies	2017 Revised Budget	2017 YND Estimate	2018 Revised Budget	2018 YND Estimate	2019 Projected	2020 Projected	2021 Projected	2022 Projected
Ending Fund Balance from Scenario 1	\$6,241,748	\$7,179,769	\$4,613,545	\$6,390,782	\$5,267,656	\$3,308,680	\$552,366	(\$3,083,835)
Adjustments Impacting Ending Fund Balance:								
Prior Year's Ending Fund Balance Increase	-	-	-	361,900	1,120,100	2,281,600	3,851,100	5,837,300
1.0% Operating Revenue Growth	-	-	-	383,500	771,100	1,166,500	1,569,800	1,982,500
1.0 % Operating Expenditure Efficiencies	-	361,900	-	374,700	390,400	403,000	416,400	430,700
Adjusted Ending Fund Balance	\$6,241,748	\$7,541,669	\$4,613,545	\$7,510,882	\$7,549,256	\$7,159,780	\$6,389,666	\$5,166,665
EFB as a % of Gen/Street Oper Rev	16.31%	19.16%	12.00%	18.91%	18.64%	17.34%	15.13%	11.96%
Reserve Target 12%:	4,592,790	\$4,722,445	\$4,612,677	\$4,766,603	\$4,859,556	\$4,954,632	\$5,067,432	\$5,182,896
2% Contingency Reserves	\$765,465	\$787,074	\$768,780	\$794,434	\$809,926	\$825,772	\$844,572	\$863,816
5% General Fund Reserves	\$1,913,663	\$1,967,685	\$1,921,949	\$1,986,085	\$2,024,815	\$2,064,430	\$2,111,430	\$2,159,540
5% Strategic Reserves	1,913,663	1,967,685	1,921,949	1,986,085	2,024,815	2,064,430	2,111,430	2,159,540
Unreserved / (12% Reserves Shortfall):	\$1,648,958	\$2,819,224	\$868	\$2,744,279	\$2,689,700	\$2,205,148	\$1,322,234	(\$16,231)

Note: As we look out into the future, long-term economic development initiatives (such as revitalization of Pacific Highway and WSDOT relocation) is expected to contribute positively to economic growth.



NEXT STEPS AND UPCOMING ITEMS

- **Consolidation of Sewer Capital Project Funds.** The City currently maintains two sewer capital improvement Funds – Fund 311 Sewer Capital Project and Fund 312 Sanitary Sewer Connection Capital. An evaluation will be completed as part of the development of the 2019-2020 biennial budget.
- **Utility Rate Analysis.** An analysis of SWM rates that will include a review of our sewer program. Presentation to City Council scheduled for late February 2018. Some key highlights on the SWM side will include the evaluation of rates on ongoing operations as well as capital with a specific focus on our current six year CIP. The study will also include: an analysis on the impact of rates that are currently not funded though if funded would require a SWM construction to address that component of project improvements; a stand-alone analysis on impact to rates if the City were to finance the dredging of Waughop Lake; and evaluation of both pas-as-you go (current practice) and debt financing options to finance future capital investments. On the sewer side, the study will include: development of the same financing options (current practice of pay-as-you-go and debt financing) on how to best continue moving forward with sewer capital projects that have been identified as part of the 2017/2018 biennial budget and adding extension of sewer projects into Fort Steilacoom Park. The analysis will include financing options based on current and projected sewer cash flow along with an option if current sewer fees were decreased based on impacts to increased SWM rates.
- **Transportation CIP Update.** A presentation to the City Council is scheduled for March 2018. The update will focus on prioritization of unfunded projects and financing options to include an additional \$20 vehicle licensing fee (total \$40 VLF), property tax levy lid lift and capital bond.
- **Parks CIP Update.** A presentation to the City Council is scheduled for April 2018. The update will focus on financing options and information on metropolitan park districts.
- **Creation of an Opportunity Fund.** Create a special revenue fund titled “Opportunity Fund” for the purpose of accumulating excess funds, set aside for projects related to furthering economic development, capital projects (such as providing grant match), and other special projects. The creation of this fund will be evaluated as part of the development of the 2019-2020 biennial budget.
- **Service Delivery Analysis.** An analysis of service delivery will be conducted in various areas based on a set of evaluation criteria such as:
 - *Specialized Services* - Services and activities, which the City provides that, require specialized skills, knowledge or licenses that City personnel does not possess.
 - *Current Personnel Resources are Limited* - Situations where the City may not have the personnel resources available to implement a specific task or project, making contracted services a viable alternative.
 - *Special Projects* - Projects or studies that may have significant implications and/or require a third party review are typically outsourced to a private contractor.
 - *Risk* - Tasks that pose a risk or liability to City personnel or equipment are outsourced to a private contractor.
 - *Routine Tasks* - The City provides routine and predictable services that can be tied to a fixed schedule without impacting or conflicting with the public.

- *Cost Effectiveness and Efficiency* - The cost/benefit analysis will assist in determining whether it is advantageous to contract versus hiring personnel internally.
- *Improved Level of Service (LOS)* - Limited resources can be efficiently allocated through a system of internal personnel and external contracts to ensure the highest levels of service are provided to citizens.
- *Competitive* - Competition for contract work continues to increase as more private firms vie for services traditionally provided by government.
- *Monitoring and Evaluation* - One of the most important criteria surrounding private contracts is the monitoring and evaluation process. Should be relatively inexpensive and easy to measure versus time consuming and expensive.
- *Customer Complaints* - Resources are optimally allocated to ensure that all services provided by the City are done so with limited impact to citizens.

➤ **Collective Bargaining Agreements.** The financial forecast does not include potential adjustments after contract expiration.

<u>Labor Group</u>	<u>Current Contract Period</u>
Teamsters	1/1/2016 through 12/31/2018
AFSCME	1/1/2017 through 12/31/2019
LPMG	1/1/2016 through 12/31/2019
LPIG	1/1/2016 through 12/31/2020

➤ **Financial Report & Budget Adjustment (April 2018)**

- 2017 Year-End Financial Report
- Proposed 2018 Carry Forward Budget Adjustment

➤ **2019-2020 Biennial Budget**

ATTACHMENTS

General/Street Fund: Scenario 1 – Operating Revenue Growth Slower Than Operating Expenditure Growth

- 6-Year Financial Forecast
- Operating Revenue & Expenditure Trends
- PowerPoint Presentation

Six-Year Financial Forecast - DRAFT SCENARIO 1

	2016	2017			2018			2019	2020	2021	2022
	Annual Actual	Adopted Budget	Revised Budget	YND Est	Adopted Budget	Revised Budget	YND Est	Projected	Projected	Projected	Projected
(001) GENERAL FUND											
<i>REVENUES:</i>											
Taxes	\$26,329,393	\$26,053,034	\$26,687,734	\$26,974,357	\$26,498,600	\$26,721,300	\$27,191,023	\$27,410,900	\$27,633,500	\$27,975,300	\$28,323,900
Property Tax	6,642,052	6,711,734	6,711,734	6,725,000	6,812,400	6,812,400	6,915,523	7,005,400	7,096,500	7,188,800	7,282,300
Local Sales & Use Tax	9,178,807	8,925,000	9,460,000	9,755,000	9,192,800	9,357,800	9,755,000	9,852,600	9,951,100	10,150,100	10,353,100
Sales/Parks	546,303	525,300	550,000	562,700	541,100	550,000	574,000	585,500	597,200	615,100	633,600
Brokered Natural Gas Use Tax	28,301	30,000	30,000	35,700	30,000	30,000	30,000	30,000	30,000	30,000	30,000
Criminal Justice Sales Tax	982,505	963,900	963,900	1,025,000	992,800	992,800	1,045,500	1,066,400	1,087,700	1,120,300	1,153,900
Admissions Tax	600,842	616,100	616,100	515,000	622,300	622,300	515,000	515,000	515,000	515,000	515,000
Utility Tax	5,629,010	5,644,000	5,644,000	5,644,000	5,644,000	5,644,000	5,644,000	5,644,000	5,644,000	5,644,000	5,644,000
Leasehold Tax	10,103	12,000	12,000	11,957	12,000	12,000	12,000	12,000	12,000	12,000	12,000
Gambling Tax	2,711,471	2,625,000	2,700,000	2,700,000	2,651,200	2,700,000	2,700,000	2,700,000	2,700,000	2,700,000	2,700,000
Franchise Fees	3,616,442	3,634,900	3,634,900	3,678,800	3,743,900	3,943,900	3,989,200	4,108,800	4,232,100	4,359,100	4,489,900
Cable, Water, Sewer, Solid Waste	2,791,715	2,790,300	2,790,300	2,790,300	2,874,000	2,874,000	2,874,000	2,960,100	3,048,900	3,140,400	3,234,600
Tacoma Power	824,727	844,600	844,600	888,500	869,900	1,069,900	1,115,200	1,148,700	1,183,200	1,218,700	1,253,300
Development Service Fees	1,172,575	1,304,214	1,401,700	1,518,519	1,354,391	1,392,000	1,548,700	1,579,500	1,611,100	1,659,200	1,708,700
Building Permits	475,833	494,000	569,000	616,064	513,760	564,000	628,400	641,000	653,800	673,400	693,600
Other Building Permit Fees	220,863	126,480	201,500	240,459	130,511	199,000	245,200	250,000	255,100	262,700	270,500
Plan Review/Plan Check Fees	370,220	596,256	520,250	528,471	620,097	520,000	539,000	549,700	560,700	577,400	594,600
Other Zoning/Development Fees	105,660	87,478	110,950	133,525	90,023	109,000	136,100	138,800	141,500	145,700	150,000
Licenses & Permits	424,169	481,500	428,000	406,564	481,500	428,000	415,900	415,900	415,900	415,900	415,900
Business License	278,260	303,500	280,000	260,064	303,500	280,000	267,900	267,900	267,900	267,900	267,900
Alarm Permits & Fees	105,865	136,000	106,000	106,000	136,000	106,000	106,000	106,000	106,000	106,000	106,000
Animal Licenses	40,044	42,000	42,000	40,500	42,000	42,000	42,000	42,000	42,000	42,000	42,000
State Shared Revenues	1,350,725	1,212,908	1,209,200	1,404,863	1,213,000	1,171,800	1,255,900	1,255,900	1,255,900	1,255,900	1,255,900
Sales Tax Mitigation	46,177	50,000	38,000	37,938	50,000	-	-	-	-	-	-
Criminal Justice	149,009	154,752	152,000	153,900	154,800	152,000	154,000	154,000	154,000	154,000	154,000
Criminal Justice High Crime	375,837	236,700	236,700	423,500	236,700	236,700	318,800	318,800	318,800	318,800	318,800
Liquor Excise Tax	276,603	274,596	287,500	293,000	274,600	291,700	291,700	291,700	291,700	291,700	291,700
Liquor Board Profits	503,074	496,860	495,000	496,500	496,900	491,400	491,400	491,400	491,400	491,400	491,400
Marijuana Enforcement Enforcement/Excise Tax	25	-	-	25	-	-	-	-	-	-	-
Intergovernmental	412,866	483,366	631,392	628,282	468,026	473,026	645,500	664,300	683,700	703,500	724,100
Police FBI & Other Misc	13,460	12,900	12,100	12,100	12,900	12,900	12,900	12,900	12,900	12,900	12,900
Police-Animal Svcs-Steilacoom	15,675	13,400	13,400	13,400	13,800	13,800	13,800	14,200	14,600	15,000	15,500
Police-Animal Svcs-Dupont	28,386	27,800	27,800	28,952	28,600	28,600	28,600	29,500	30,400	31,300	32,200
Police-South Sound 911 Background Investigations	7,225	5,000	10,000	5,738	5,000	10,000	5,000	5,000	5,000	5,000	5,000
Muni Court-University Place Contract	124,711	194,638	275,407	275,407	190,983	190,983	283,700	292,200	301,000	310,000	319,300
Muni Court-Town of Steilacoom Contract	92,349	93,467	111,246	111,246	93,905	93,905	114,600	118,000	121,500	125,100	128,900
Muni Court-City of Dupont	131,060	136,161	181,439	181,439	122,838	122,838	186,900	192,500	198,300	204,200	210,300

	2016	2017			2018			2019	2020	2021	2022
	Annual Actual	Adopted Budget	Revised Budget	YND Est	Adopted Budget	Revised Budget	YND Est	Projected	Projected	Projected	Projected
(001) GENERAL FUND-continued											
Charges for Services & Fees	1,199,813	977,500	1,397,750	1,498,451	979,500	1,434,000	1,406,000	1,406,000	1,406,000	1,406,000	1,406,000
Parks & Recreation Fees	219,318	259,000	259,000	240,425	261,000	261,000	261,000	261,000	261,000	261,000	261,000
Police - Various Contracts	1,087	-	5,500	6,846	-	-	-	-	-	-	-
Police - Towing Impound Fees	18,500	40,000	40,000	10,000	40,000	40,000	10,000	10,000	10,000	10,000	10,000
Police - Extra Duty	672,191	400,000	775,000	920,000	400,000	775,000	775,000	775,000	775,000	775,000	775,000
Police - Western State Hospital Community Policing Program	276,000	276,000	315,750	315,750	276,000	355,500	355,500	355,500	355,500	355,500	355,500
Other	12,718	2,500	2,500	5,430	2,500	2,500	4,500	4,500	4,500	4,500	4,500
Fines & Forfeitures	1,943,063	1,982,219	1,582,200	1,739,846	1,982,219	1,582,200	1,582,200	1,582,200	1,582,200	1,582,200	1,582,200
Municipal Court	1,030,358	1,282,219	882,200	932,292	1,282,219	882,200	882,200	882,200	882,200	882,200	882,200
Photo Infraction	912,704	700,000	700,000	807,554	700,000	700,000	700,000	700,000	700,000	700,000	700,000
Miscellaneous/Interest/Other	78,409	48,650	48,650	211,677	48,650	48,650	59,670	59,700	59,700	59,700	59,700
Interest Earnings	24,179	6,000	6,000	59,215	6,000	6,000	6,000	6,000	6,000	6,000	6,000
Penalties & Interest - Taxes	22,780	30,500	30,500	67,632	30,500	30,500	30,500	30,500	30,500	30,500	30,500
Miscellaneous/Other	31,451	12,150	12,150	84,830	12,150	12,150	23,170	23,200	23,200	23,200	23,200
Interfund Transfers	284,700	284,700	284,700	284,700	284,700	284,700	284,700	284,700	284,700	284,700	284,700
Transfer In - Fund 401 SWM Operations	284,700	284,700	284,700	284,700	284,700	284,700	284,700	284,700	284,700	284,700	284,700
Subtotal Operating Revenues	\$36,812,155	\$36,462,991	\$37,306,226	\$38,346,059	\$37,054,486	\$37,479,576	\$38,378,793	\$38,767,900	\$39,164,800	\$39,701,500	\$40,251,000
% Revenue Change over Prior Year	3.03%	-0.95%	1.34%	4.17%	1.62%	0.46%	0.09%	1.01%	1.02%	1.37%	1.38%
<i>EXPENDITURES:</i>											
City Council	131,839	134,910	134,910	134,910	134,920	134,920	134,920	139,700	144,600	149,600	154,800
Legislative	131,739	131,460	131,460	131,460	131,470	131,470	131,470	136,100	140,900	145,800	150,900
Sister City	100	3,450	3,450	3,450	3,450	3,450	3,450	3,600	3,700	3,800	3,900
City Manager	627,631	611,558	622,075	622,075	620,129	632,419	632,419	654,600	677,500	701,200	725,800
Executive	491,877	487,168	497,685	497,685	491,859	504,149	504,149	521,800	540,100	559,000	578,600
Governmental Relations	135,754	124,390	124,390	124,390	128,270	128,270	128,270	132,800	137,400	142,200	147,200
Municipal Court	1,945,305	1,996,463	2,068,231	2,068,231	2,053,330	2,151,522	2,151,522	2,226,800	2,304,800	2,385,400	2,468,900
Judicial Services	1,008,247	1,016,423	1,032,078	1,032,078	1,053,650	1,092,057	1,092,057	1,130,300	1,169,900	1,210,800	1,253,200
Professional Services	622,739	626,400	676,400	676,400	636,400	686,400	686,400	710,400	735,300	761,000	787,600
Probation & Detention	314,319	353,640	359,753	359,753	363,280	373,065	373,065	386,100	399,600	413,600	428,100
Administrative Services	1,520,888	1,616,401	1,653,763	1,653,763	1,655,784	1,709,115	1,709,115	1,768,900	1,830,800	1,894,800	1,961,100
Finance	992,952	1,073,178	1,093,167	1,093,167	1,096,315	1,132,161	1,132,161	1,171,800	1,212,800	1,255,200	1,299,100
Human Resources	527,937	543,223	560,596	560,596	559,469	576,954	576,954	597,100	618,000	639,600	662,000
Legal	1,520,654	1,718,200	1,773,363	1,773,363	1,688,739	1,733,785	1,733,785	1,794,600	1,857,400	1,922,400	1,989,700
Civil Legal Services	824,340	854,100	873,015	873,015	875,894	906,339	906,339	938,100	970,900	1,004,900	1,040,100
Criminal Prosecution Services	339,847	377,429	380,385	380,385	382,786	386,746	386,746	400,300	414,300	428,800	443,800
City Clerk	281,395	331,671	364,963	364,963	340,059	350,700	350,700	363,000	375,700	388,800	402,400
Election	75,071	155,000	155,000	155,000	90,000	90,000	90,000	93,200	96,500	99,900	103,400

	2016	2017			2018			2019	2020	2021	2022
	Annual Actual	Adopted Budget	Revised Budget	YND Est	Adopted Budget	Revised Budget	YND Est	Projected	Projected	Projected	Projected
(001) GENERAL FUND-continued											
Community & Economic Development	1,875,902	1,871,780	1,921,261	1,921,261	1,926,371	1,997,369	1,997,371	2,067,300	2,139,700	2,214,700	2,292,200
Current Planning	662,641	617,830	626,206	626,206	641,330	658,007	658,008	681,000	704,800	729,500	755,000
Long Range Planning	135,641	149,133	149,799	149,799	150,723	153,772	153,772	159,200	164,800	170,600	176,600
Building	909,265	932,990	973,323	973,323	956,592	1,007,167	1,007,168	1,042,400	1,078,900	1,116,700	1,155,800
Economic Development	168,355	171,827	171,933	171,933	177,726	178,423	178,423	184,700	191,200	197,900	204,800
Parks, Recreation & Community Services	2,592,555	2,630,206	2,674,635	2,674,635	2,641,869	2,707,604	2,707,604	2,802,300	2,900,300	3,001,700	3,106,800
Human Services	407,162	420,020	420,827	420,827	420,290	419,974	419,974	434,700	449,900	465,600	481,900
Administration	293,036	276,215	276,784	276,784	282,374	286,448	286,448	296,500	306,900	317,600	328,700
Recreation	416,464	431,820	438,785	438,785	439,170	447,173	447,173	462,800	479,000	495,800	513,200
Senior Services	221,579	219,571	225,350	225,350	223,851	233,089	233,089	241,200	249,600	258,300	267,300
Parks Facilities	475,050	463,507	474,182	474,182	466,955	483,523	483,523	500,400	517,900	536,000	554,800
Fort Steilacoom Park	604,482	610,237	627,661	627,661	596,657	621,102	621,102	642,800	665,300	688,600	712,700
Street Landscape Maintenance	174,782	208,836	211,046	211,046	212,572	216,295	216,295	223,900	231,700	239,800	248,200
Police	22,385,005	23,173,274	23,567,740	23,712,740	24,122,464	24,634,089	24,644,087	25,465,700	26,316,000	27,196,100	28,106,700
Command	4,072,647	4,561,256	4,571,167	4,571,167	4,738,924	4,930,912	4,930,912	5,103,500	5,282,100	5,467,000	5,658,300
Jail Service	606,720	624,240	624,240	624,240	624,240	624,240	624,240	646,100	668,700	692,100	716,300
Dispatch Services/SS911	2,155,585	2,195,070	2,202,330	2,202,330	2,195,070	2,119,110	2,119,110	2,193,300	2,270,100	2,349,600	2,431,800
Investigations	3,750,086	4,122,600	4,122,600	4,122,600	4,363,200	4,363,200	4,363,200	4,515,900	4,674,000	4,837,600	5,006,900
Patrol	7,271,021	7,384,440	7,384,440	7,384,440	7,799,890	7,799,890	7,799,890	8,072,900	8,355,500	8,647,900	8,950,600
Special Units	209,015	110,850	110,850	110,850	110,850	110,850	110,850	114,700	118,700	122,900	127,200
SWAT	98,806	78,750	78,750	78,750	73,150	73,150	73,150	75,700	78,300	81,000	83,800
Crime Prevention	907,267	1,106,150	1,106,150	1,106,150	1,164,400	1,164,400	1,164,400	1,205,200	1,247,400	1,291,100	1,336,300
Contracted Services (Extra Duty, offset by Revenue)	826,011	400,000	775,000	920,000	400,000	775,000	775,000	775,000	775,000	775,000	775,000
Community Safety Resource Team (CSRT)	347,181	349,570	355,740	355,740	353,100	361,946	361,946	374,600	387,700	401,300	415,300
Training	116,328	160,060	157,060	157,060	159,400	156,400	156,400	161,900	167,600	173,500	179,600
Traffic Policing	851,004	997,368	997,368	997,368	1,047,610	1,047,610	1,047,610	1,084,300	1,122,300	1,161,600	1,202,300
Property Room	223,962	253,000	258,540	258,540	259,690	266,152	266,152	275,500	285,100	295,100	305,400
Reimbursements	365,192	120,370	108,240	108,240	121,500	121,500	121,500	125,800	130,200	134,800	139,500
Emergency Management	37,378	38,040	38,040	38,040	38,040	38,040	38,040	39,400	40,800	42,200	43,700
Animal Control	248,900	281,510	287,225	287,225	283,400	291,689	291,689	301,900	312,500	323,400	334,700
Road & Street/Camera Enforcement	297,903	390,000	390,000	390,000	390,000	390,000	400,000	400,000	400,000	400,000	400,000
Non-Departmental	122,398	131,720	132,020	132,020	131,720	133,295	133,295	138,000	142,800	147,800	153,000
Commute Trip Reduction	179	-	-	-	-	-	-	-	-	-	-
Citywide	122,219	131,720	132,020	132,020	131,720	133,295	133,295	138,000	142,800	147,800	153,000
IT 6-Year Strategic Plan	-	-	-	-	-	-	-	287,870	219,870	167,870	173,870
Interfund Transfers	1,605,336	1,539,731	1,542,651	1,499,463	1,525,313	1,628,971	1,628,971	1,696,306	1,771,056	1,857,294	1,935,381
Transfer to Fund 101 Street O&M	1,182,032	1,027,161	1,030,081	986,893	1,012,178	1,115,836	1,115,836	1,219,100	1,295,400	1,373,800	1,454,900
Transfer to Fund 105/190 Abatement Program	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000
Transfer to Fund 201 GO Bond Debt Service	388,304	477,570	477,570	477,570	478,135	478,135	478,135	442,206	440,656	448,494	445,481
Subtotal Operating Expenditures	\$34,327,514	\$35,424,243	\$36,090,649	\$36,192,461	\$36,500,639	\$37,463,089	\$37,473,089	\$39,042,076	\$40,304,826	\$41,638,864	\$43,068,251
% Expenditure Change over Prior Year	2.99%	3.19%	5.14%	5.43%	3.04%	3.80%	3.54%	4.19%	3.23%	3.31%	3.43%
OPERATING INCOME (LOSS)	\$2,484,642	\$1,038,748	\$1,215,577	\$2,153,598	\$553,847	\$16,487	\$905,704	(\$274,176)	(\$1,140,026)	(\$1,937,364)	(\$2,817,251)
As a % of Operating Expenditures	7.24%	2.93%	3.37%	5.95%	1.52%	0.04%	2.42%	-0.70%	-2.83%	-4.65%	-6.54%

	2016	2017			2018			2019	2020	2021	2022
	Annual Actual	Adopted Budget	Revised Budget	YND Est	Adopted Budget	Revised Budget	YND Est	Projected	Projected	Projected	Projected
(001) GENERAL FUND-continued											
<i>OTHER FINANCING SOURCES:</i>											
Grants, Donations/Contrib, 1-Time	300,431	69,750	278,060	278,060	69,750	69,750	69,750	69,800	69,800	69,800	69,800
Contributions/Donations/Other	75,368	69,750	69,750	69,750	69,750	69,750	69,750	69,800	69,800	69,800	69,800
Proceeds from Sale of Assets/Capital Lease	110	-	-	-	-	-	-	-	-	-	-
Grants	224,954	-	208,310	208,310	-	-	-	-	-	-	-
Transfers In	270,000	96,050	96,050	96,050	16,000	16,000	16,000	-	-	-	-
Transfer In - Fund 251 LID Guaranty	270,000	-	-	-	-	-	-	-	-	-	-
Transfer In - Fund 501 Fleet & Equipment	-	96,050	96,050	96,050	16,000	16,000	16,000	-	-	-	-
Subtotal Other Financing Sources	\$570,431	\$165,800	\$374,110	\$374,110	\$85,750	\$85,750	\$85,750	\$69,800	\$69,800	\$69,800	\$69,800
	2016	2017			2018			2019	2020	2021	2022
	Annual Actual	Adopted Budget	Revised Budget	YND Est	Adopted Budget	Revised Budget	YND Est	Projected	Projected	Projected	Projected
(001) GENERAL FUND-continued											
<i>OTHER FINANCING USES:</i>											
Capital & Other 1-Time	396,064	720,828	1,520,855	1,520,855	295,906	335,906	335,906	168,750	138,750	138,750	138,750
Municipal Court	16,077	41,024	48,562	48,562	17,485	17,485	17,485	-	-	-	-
City Manager	6,343	29,483	35,436	35,436	4,044	4,044	4,044	-	-	-	-
Administrative Services/Unallocated Internal Svc Charges	36,525	46,276	83,427	83,427	17,594	17,594	17,594	-	-	-	-
IT 6-Year Strategic Plan	-	-	-	-	-	-	-	168,750	138,750	138,750	138,750
Legal/Clerk	52,361	44,381	189,587	189,587	18,917	18,917	18,917	-	-	-	-
Community & Economic Development	198,300	52,026	442,539	442,539	22,175	22,175	22,175	-	-	-	-
Parks, Recreation & Community Services	7,171	49,998	98,550	98,550	21,311	21,311	21,311	-	-	-	-
Police	79,286	457,640	622,754	622,754	194,380	234,380	234,380	-	-	-	-
Interfund Transfers	598,489	798,923	1,736,464	1,736,464	682,033	1,394,533	1,444,533	750,000	750,000	750,000	750,000
Transfer Out - Fund 101 Street O&M	-	158,923	286,624	286,624	42,033	54,533	54,533	-	-	-	-
Transfer Out - Fund 105 Property Abate/Rental Housing SP	-	90,000	140,000	140,000	90,000	215,000	215,000	-	-	-	-
Transfer Out - Fund 192 OEA Grant	54,750	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Transfer Out - Fund 301 Parks CIP	-	-	657,125	657,125	-	50,000	100,000	-	-	-	-
Transfer Out - Fund 302 Transportation CIP	310,500	500,000	602,715	602,715	500,000	825,000	825,000	500,000	500,000	500,000	500,000
Transfer Out - Fund 302 Transportation CIP (Tacoma Power)	-	-	-	-	-	200,000	200,000	200,000	200,000	200,000	200,000
Transfer Out - Fund 501 Fleet & Equip Reserves	233,239	-	-	-	-	-	-	-	-	-	-
Subtotal Other Financing Uses	\$994,553	\$1,519,751	\$3,257,319	\$3,257,319	\$977,939	\$1,730,439	\$1,780,439	\$918,750	\$888,750	\$888,750	\$888,750
Total Revenues and Other Sources	\$37,382,587	\$36,628,791	\$37,680,336	\$38,720,169	\$37,140,236	\$37,565,326	\$38,464,543	\$38,837,700	\$39,234,600	\$39,771,300	\$40,320,800
Total Expenditures and other Uses	\$35,322,067	\$36,943,994	\$39,347,968	\$39,449,780	\$37,478,578	\$39,193,528	\$39,253,528	\$39,960,826	\$41,193,576	\$42,527,614	\$43,957,001
Beginning Fund Balance:	\$5,848,860	\$5,315,430	\$7,909,380	\$7,909,380	\$5,000,225	\$6,241,747	\$7,179,767	\$6,390,782	\$5,267,656	\$3,308,680	\$552,366
Ending Fund Balance:	\$7,909,380	\$5,000,225	\$6,241,746	\$7,179,767	\$4,661,883	\$4,613,545	\$6,390,782	\$5,267,656	\$3,308,680	\$552,366	(\$3,083,835)
Ending Fund Balance as a % of Gen/Street Operating Revenues	20.9%	13.4%	16.3%	18.2%	12.3%	12.0%	16.2%	13.3%	8.2%	1.4%	-7.5%
Reserve - Total Target 12% of Gen/Street Operating Revenues	\$4,535,491	\$4,491,602	\$4,592,790	\$4,722,445	\$4,562,578	\$4,612,677	\$4,720,583	\$4,767,024	\$4,814,652	\$4,879,056	\$4,944,996
2% Contingency Reserves	\$755,915	\$748,600	\$765,465	\$787,074	\$760,430	\$768,780	\$786,764	\$794,504	\$802,442	\$813,176	\$824,166
5% General Fund Reserves	\$1,889,788	\$1,871,501	\$1,913,663	\$1,967,685	\$1,901,074	\$1,921,949	\$1,966,910	\$1,986,260	\$2,006,105	\$2,032,940	\$2,060,415
5% Strategic Reserves	\$1,889,788	\$1,871,501	\$1,913,663	\$1,967,685	\$1,901,074	\$1,921,949	\$1,966,910	\$1,986,260	\$2,006,105	\$2,032,940	\$2,060,415
Unreserved / (12% Adopted Reserves Shortfall):	\$3,373,889	\$508,623	\$1,648,956	\$2,457,322	\$99,305	\$868	\$1,670,199	\$500,632	(\$1,505,972)	(\$4,326,690)	(\$8,028,831)

Scenario 1: Operating Revenue Trends

Scenario 1: Operating Revenue Growth Slower Than Operating Expenditure Growth													
General/Street Fund Operating Revenues % Change Over Prior Year													
	2012	2013	2014	2015	2016	2017 YND	2018 YND	2019 Proj	2020 Proj	2021 Proj	2022 Proj	6-Year Ave Change	
												2012-2017	2013-2018
Property Tax	1.8%	1.1%	2.7%	1.5%	1.2%	1.2%	2.8%	1.3%	1.3%	1.3%	1.3%	1.2%	1.5%
Sales Tax	6.1%	3.1%	1.6%	5.3%	5.4%	6.3%	0.0%	1.0%	1.0%	2.0%	2.0%	3.2%	2.8%
Parks Sales Tax	2.1%	11.2%	5.1%	7.0%	6.0%	3.0%	2.0%	2.0%	2.0%	3.0%	3.0%	4.5%	3.4%
Natural Gas Use Tax	-70.7%	166.6%	163.6%	-57.6%	-15.9%	26.1%	-16.0%	0.0%	0.0%	0.0%	0.0%	11.4%	-0.1%
Criminal Justice Sales Tax	3.4%	8.9%	4.8%	7.3%	6.0%	4.3%	2.0%	2.0%	2.0%	3.0%	3.0%	4.4%	3.5%
Admissions Tax	14.4%	8.4%	2.0%	0.4%	-8.5%	-14.3%	0.0%	0.0%	0.0%	0.0%	0.0%	-2.5%	-4.1%
Utility Tax	-7.0%	4.9%	-2.6%	-0.8%	-1.3%	0.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	-0.8%
Leasehold Tax	-27.5%	-32.3%	-19.6%	253.1%	-55.7%	18.3%	0.4%	0.0%	0.0%	0.0%	0.0%	0.1%	5.5%
Gambling Tax	-0.3%	0.4%	2.0%	11.7%	-2.2%	-0.4%	0.0%	0.0%	0.0%	0.0%	0.0%	1.7%	1.6%
Franchise Fees	27.5%	6.8%	7.1%	4.1%	2.7%	1.7%	8.4%	3.0%	3.0%	3.0%	3.0%	3.3%	3.5%
CED Permits & Fees	6.8%	-15.9%	27.0%	-8.6%	16.9%	29.5%	2.0%	2.0%	2.0%	3.0%	3.0%	5.4%	7.4%
PW Permits & Fees	107.7%	-40.5%	40.8%	-32.5%	107.0%	14.6%	-29.5%	0.0%	0.0%	0.0%	0.0%	4.3%	6.2%
Business License Fees	-37.5%	59.7%	-3.1%	-8.2%	12.0%	-6.5%	3.0%	0.0%	0.0%	0.0%	0.0%	5.5%	-0.7%
Alarm Permit Fees	6.7%	10.9%	-13.9%	21.0%	-35.6%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	-5.7%	-8.1%
Animal License	15.7%	-43.2%	31.2%	-3.8%	1.3%	1.1%	3.7%	0.0%	0.0%	0.0%	0.0%	-6.1%	4.2%
Sales Tax Mitigation	23.6%	-2.3%	1.1%	-3.5%	-1.4%	-17.8%	-100.0%	n/a	n/a	n/a	n/a	-4.9%	n/a
Criminal Justice	3.8%	7.1%	12.9%	-7.8%	11.0%	3.6%	0.0%	0.0%	0.0%	0.0%	0.0%	3.7%	2.7%
DUI Cities	-13.6%	-0.6%	-2.8%	-17.2%	5.6%	-1.7%	1.1%	0.0%	0.0%	0.0%	0.0%	-3.4%	-3.1%
Criminal Justice High Crime	4.5%	110.3%	26.5%	-32.7%	67.7%	12.7%	-24.7%	0.0%	0.0%	0.0%	0.0%	11.7%	2.9%
Liquor Excise Tax	-48.5%	-46.7%	28.7%	91.8%	44.3%	5.9%	-0.4%	0.0%	0.0%	0.0%	0.0%	8.4%	12.2%
Liquor Board Profits	43.2%	-9.8%	-1.1%	-1.3%	-1.6%	-1.3%	-1.0%	0.0%	0.0%	0.0%	0.0%	-2.8%	-1.1%
Motor Vehicle Fuel Tax	-1.9%	1.8%	-0.7%	1.1%	0.3%	0.7%	-0.9%	-0.2%	0.0%	0.0%	0.0%	1.9%	1.6%
Intergovernmental	-27.1%	2.5%	-1.9%	16.9%	-0.2%	52.2%	2.7%	2.9%	2.9%	2.9%	2.9%	7.3%	7.4%
Charges for Services	-2.0%	-1.9%	16.9%	-0.2%	52.2%	2.7%	2.9%	2.9%	2.9%	2.9%	2.9%	7.4%	0.0%
Municipal Court Fines	29.6%	-5.1%	-8.6%	-7.4%	-19.6%	-9.5%	-5.4%	0.0%	0.0%	0.0%	0.0%	-11.9%	-11.9%
Camera Enforcement Fines	3.2%	0.5%	-11.2%	-0.7%	30.6%	-11.5%	-13.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Misc/Other	-17.2%	49.7%	22.2%	-16.0%	-33.6%	171.1%	-71.8%	0.1%	0.0%	0.0%	0.0%	10.6%	-15.3%
Interfund Transfers	3.9%	0.0%	5.6%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.9%	0.9%
Total General/Street Fund	3.4%	2.4%	1.9%	2.0%	3.1%	4.1%	0.0%	1.0%	1.0%	1.3%	1.4%	2.1%	1.7%

Scenario 1: Operating Expenditure Trends

Scenario 1: Operating Revenue Growth Slower Than Operating Expenditure Growth													
General/Street Fund Operating Expenditures % Change Over Prior Year													
	2012	2013	2014	2015	2016	2017 YND	2018 YND	2019 Proj	2020 Proj	2021 Proj	2022 Proj	6-Year Ave Change	
												2012-2017	2013-2018
City Council	-1.7%	-12.7%	10.4%	9.1%	28.0%	2.3%	0.0%	3.5%	3.5%	3.5%	3.5%	4.6%	6.1%
City Manager	-15.1%	2.3%	26.1%	13.7%	4.4%	-0.9%	1.7%	3.5%	3.5%	3.5%	3.5%	5.7%	5.6%
Municipal Court	5.2%	2.5%	10.0%	-5.5%	8.7%	6.3%	4.0%	3.5%	3.5%	3.5%	3.5%	3.1%	3.3%
Administrative Services	-6.2%	-0.9%	3.6%	-56.7%	2.0%	8.7%	3.3%	3.5%	3.5%	3.5%	3.5%	-17.1%	-15.7%
Legal	-6.9%	-11.2%	1.8%	28.5%	-7.0%	16.6%	-2.2%	3.5%	3.5%	3.5%	3.5%	3.4%	4.7%
Community & Econ Dev	-6.9%	10.1%	-7.8%	5.1%	0.0%	2.4%	4.0%	3.5%	3.5%	3.5%	3.5%	1.4%	0.5%
Parks, Rec & Comm Svcs	0.0%	-7.8%	7.9%	14.4%	5.2%	3.2%	1.2%	3.5%	3.5%	3.5%	3.5%	0.5%	0.0%
Police	0.3%	2.8%	-1.2%	8.6%	3.7%	5.9%	3.9%	3.3%	3.3%	3.3%	3.3%	2.9%	3.1%
Non-Departmental	-2.7%	-17.1%	-61.6%	-32.4%	-7.6%	7.9%	1.0%	219.5%	-14.8%	-13.0%	3.5%	-61.1%	-47.2%
Street O&M/Engineering	-1.4%	-2.6%	-2.1%	6.5%	-6.5%	0.1%	3.0%	3.5%	3.5%	3.5%	3.5%	-0.9%	0.1%
Interfund Transfers	5.8%	-4.0%	822.2%	16.2%	12.8%	21.1%	0.1%	-7.0%	-0.3%	1.6%	-0.6%	15.5%	15.5%
Total General/Street Fund	-3.3%	3.6%	0.3%	-3.3%	2.7%	5.9%	3.3%	4.0%	3.2%	3.2%	3.4%	1.4%	1.4%

6-Year Financial Forecast Update 2017-2022

January 16, 2018



This Update

- Focus on the City's main operating fund, the General Fund
- Future update will include all funds

Financial Policies

- Requires 6-year financial forecast
- Operating expenditures cannot exceed operating revenues
- 12% ending fund balance reserves
- Do not use fund balance for ongoing operating expenditures
- Conservative revenue estimates
- Do not use 1-time revenues for ongoing operating expenditures

Position History

CITY-WIDE POSITION INVENTORY- By Department											
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
City Manager	3.60	3.60	4.00	4.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Municipal Court	14.75	14.75	15.75	16.00	16.75	16.75	16.00	12.50	12.50	11.00	11.00
Administrative Services	23.90	23.70	24.30	24.50	20.85	20.85	20.85	16.00	16.00	16.00	16.00
Legal	20.15	12.74	14.00	12.75	11.98	11.98	11.98	12.50	12.50	11.00	11.00
Community & Econ Dev *	22.50	22.50	24.50	25.00	23.00	22.00	22.00	16.00	16.00	18.50	17.50
Parks, Rec & Comm Services **	12.95	12.95	13.10	12.75	15.50	15.50	22.60	18.25	18.25	24.70	24.70
Public Works ***	22.75	22.75	22.71	35.50	34.00	34.00	27.90	26.00	24.00	20.50	20.50
Police	131.00	129.00	123.00	123.00	118.00	118.00	118.00	116.00	116.00	116.00	116.00
Total	251.60	241.99	241.36	253.50	243.08	242.08	242.33	220.25	218.25	220.70	219.70

CITY-WIDE POSITION INVENTORY - By Fund											
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
City Manager	3.60	3.60	4.00	4.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Municipal Court	14.75	14.75	15.75	16.00	16.75	16.75	16.00	12.50	12.50	11.00	11.00
Administrative Services	23.90	23.70	24.30	24.50	20.85	20.85	20.85	16.00	16.00	16.00	16.00
Legal	20.15	12.74	14.00	12.75	11.98	11.98	11.98	12.50	12.50	11.00	11.00
Community & Econ Dev	18.85	18.85	20.50	21.00	19.00	18.00	18.00	12.00	12.00	13.50	13.50
Parks, Rec & Comm Services	12.95	12.95	13.10	12.75	15.50	15.50	22.60	18.25	18.25	24.25	24.25
Public Works	2.22	2.22	2.18	14.97	13.47	13.47	7.37	6.57	3.57	2.40	2.40
Police	131.00	129.00	123.00	123.00	118.00	118.00	118.00	116.00	116.00	116.00	116.00
Subtotal General/Street Fund	227.42	217.81	216.83	228.97	218.55	217.55	217.80	196.82	193.82	197.15	197.15
Abatement/Rental Housing SP *	-	-	-	-	-	-	-	-	-	1.00	-
OE/SSMCP	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
CDBG	1.65	1.65	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Parks CIP **	-	-	-	-	-	-	-	-	-	0.45	0.45
Transportation CIP ***	7.91	7.91	7.91	7.91	7.91	7.91	7.91	8.11	9.11	10.10	10.10
Surface Water Management	12.62	12.62	12.62	12.62	12.62	12.62	12.62	11.32	11.32	8.00	8.00
Total	251.60	241.99	241.36	253.50	243.08	242.08	242.33	220.25	218.25	220.70	219.70

The above tables include limited term positions of 5.45 FTEs in 2017 and 4.45 FTEs in 2018 as follows:

** Community & Economic Development*

1.0 FTE Administrative Assistant with end date of 8/31/2018

*** Parks, Recreation & Community Services*

0.45 FTE Capital Project Assistant with end date of 12/31/2018.

**** Public Works*

2.0 FTE Associate Engineering Technician with end date of 12/31/2018

1.0 FTE Associate Civil Engineer with end date of 12/31/2018

1.0 FTE Construction Inspector with end date of 12/31/2018 (original end date was 8/15/2017, which was one year from start date)

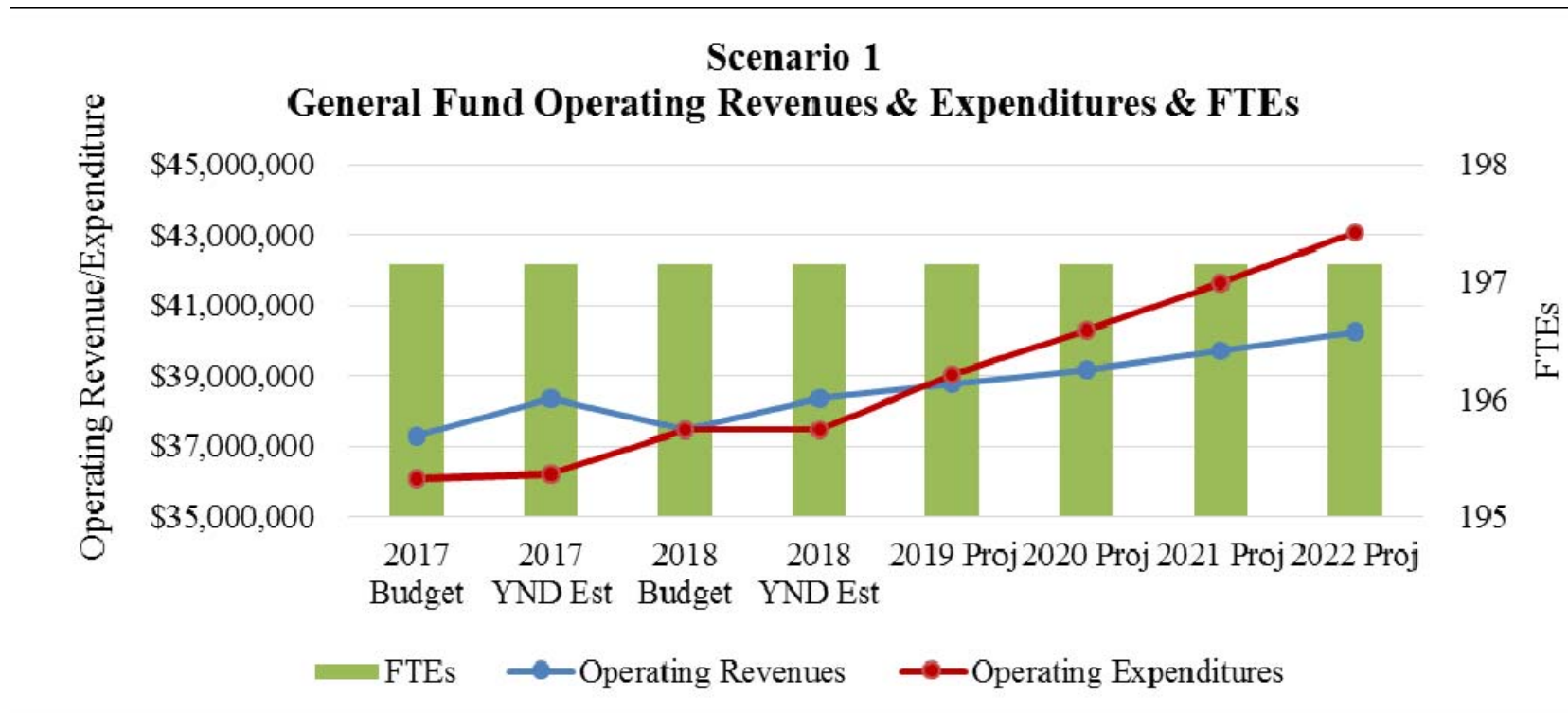
Scenario 1 (Consistent with Financial Policies)

Operating Revenue Growth Slower Than Operating Expenditure Growth

Scenario 1: Operating Revenue Growth Slower Than Operating Expenditure Growth	2017 Revised Budget	2017 YND Estimate	2018 Revised Budget	2018 YND Estimate	2019 Projected	2020 Projected	2021 Projected	2022 Projected
Operating Revenues	\$37,306,226	\$38,346,059	\$37,479,576	\$38,378,793	\$38,767,900	\$39,164,800	\$39,701,500	\$40,251,000
Operating Revenue Change Over Prior Year - %	1.34%	4.17%	0.46%	0.09%	1.01%	1.02%	1.37%	1.38%
Operating Expenditures	\$36,090,649	\$36,192,461	\$37,463,089	\$37,473,089	\$39,042,076	\$40,304,826	\$41,638,864	\$43,068,251
Operating Expenditure Change Over Prior Year	5.14%	5.43%	3.80%	3.54%	4.19%	3.23%	3.31%	3.43%
Operating Income / (Loss)	\$1,215,577	\$2,153,598	\$16,487	\$905,704	(\$274,176)	(\$1,140,026)	(\$1,937,364)	(\$2,817,251)
Operating Income / (Loss) as a % of Oper Exp	3.37%	5.95%	0.04%	2.42%	-0.70%	-2.83%	-4.65%	-6.54%
Total Other Financing Sources	\$374,110	\$374,110	\$85,750	\$85,750	\$69,800	\$69,800	\$69,800	\$69,800
Total Other Financing Uses	\$3,257,319	\$3,257,319	\$1,730,439	\$1,780,439	\$918,750	\$888,750	\$888,750	\$888,750
Total Revenues & Other Financing Sources	\$37,680,336	\$38,720,169	\$37,565,326	\$38,464,543	\$38,837,700	\$39,234,600	\$39,771,300	\$40,320,800
Total Expenditures & Other Financing Uses	\$39,347,968	\$39,449,780	\$39,193,528	\$39,253,528	\$39,960,826	\$41,193,576	\$42,527,614	\$43,957,001
Beginning Fund Balance	\$7,909,380	\$7,909,380	\$6,241,747	\$7,179,767	\$6,390,782	\$5,267,656	\$3,308,680	\$552,366
Ending Fund Balance	\$6,241,748	\$7,179,769	\$4,613,545	\$6,390,782	\$5,267,656	\$3,308,680	\$552,366	(\$3,083,835)
EFB as a % of Gen/Street Oper Rev	16.31%	18.24%	12.00%	16.25%	13.26%	8.25%	1.36%	-7.48%
Reserve Target 12%:	\$4,592,790	\$4,722,445	\$4,612,677	\$4,720,583	\$4,767,024	\$4,814,652	\$4,879,056	\$4,944,996
2% Contingency Reserves	\$765,465	\$787,074	\$768,780	\$786,764	\$794,504	\$802,442	\$813,176	\$824,166
5% General Fund Reserves	\$1,913,663	\$1,967,685	\$1,921,949	\$1,966,910	\$1,986,260	\$2,006,105	\$2,032,940	\$2,060,415
5% Strategic Reserves	\$1,913,663	\$1,967,685	\$1,921,949	\$1,966,910	\$1,986,260	\$2,006,105	\$2,032,940	\$2,060,415
Unreserved / (12% Reserves Shortfall):	\$1,648,956	\$2,457,322	\$868	\$1,670,199	\$500,632	(\$1,505,972)	(\$4,326,690)	(\$8,028,831)

Scenario 1 (Consistent with Financial Policies)

Operating Revenue Growth Slower Than Operating Expenditure Growth



Scenario 2 (Optimistic)

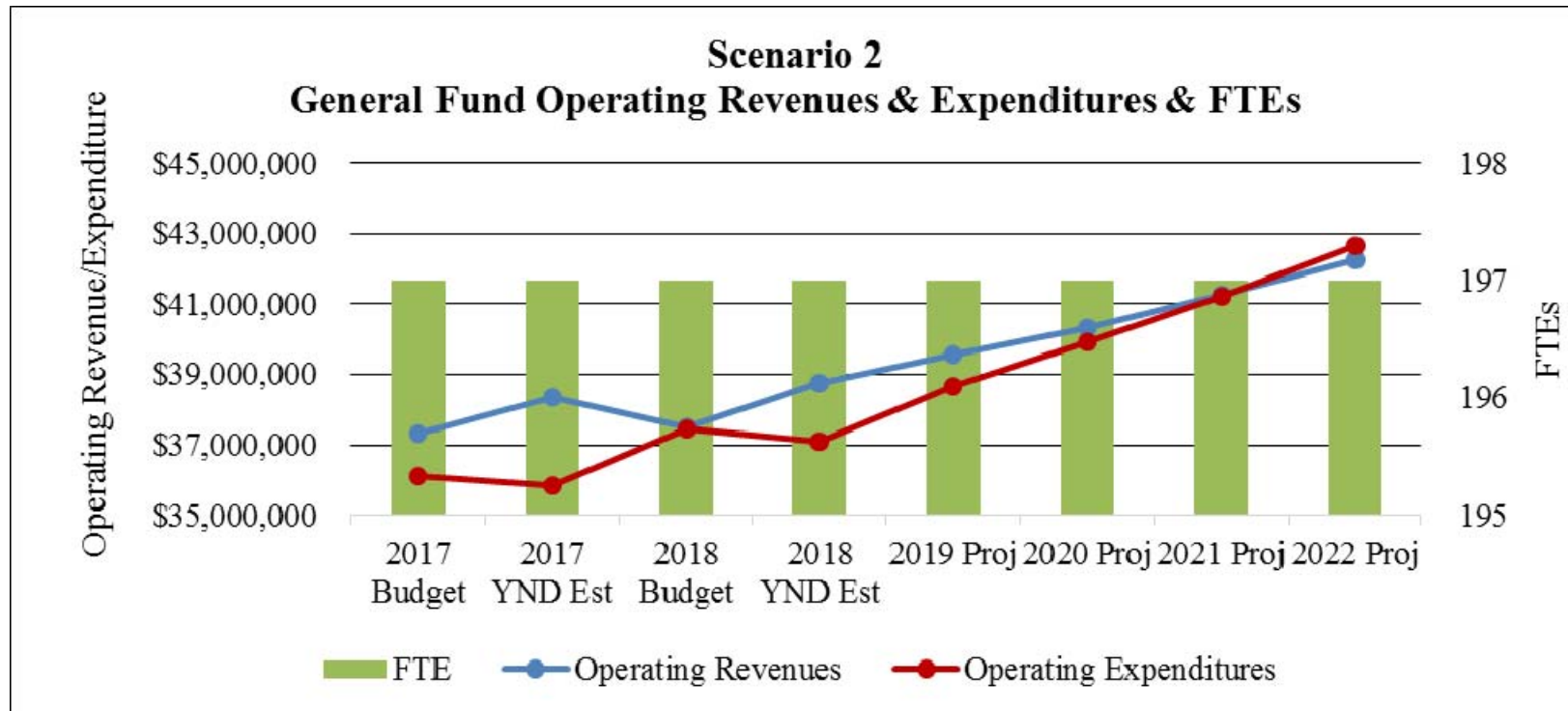
Economic Growth & Operating Efficiencies

Scenario 2: Operating Gap Economic Growth & Operating Exp Efficiencies	2017 Revised Budget	2017 YND Estimate	2018 Revised Budget	2018 YND Estimate	2019 Projected	2020 Projected	2021 Projected	2022 Projected
Operating Income / (Loss) from Scenario 1	\$1,215,577	\$2,153,598	\$16,487	\$905,704	(\$274,176)	(\$1,140,026)	(\$1,937,364)	(\$2,817,251)
Adjustments to Buy Down Operating Gap:								
1.0% Operating Revenue Growth	-	-	-	383,500	771,100	1,166,500	1,569,800	1,982,500
1.0 % Operating Expenditure Efficiencies	-	361,900	-	374,700	390,400	403,000	416,400	430,700
Adjusted Operating Income / (Loss)	\$1,215,577	\$2,515,498	\$16,487	\$1,663,904	\$887,324	\$429,474	\$48,836	(\$404,051)

Scenario 2: Ending Fund Balance Economic Growth & Operating Exp Efficiencies	2017 Revised Budget	2017 YND Estimate	2018 Revised Budget	2018 YND Estimate	2019 Projected	2020 Projected	2021 Projected	2022 Projected
Ending Fund Balance from Scenario 1	\$6,241,748	\$7,179,769	\$4,613,545	\$6,390,782	\$5,267,656	\$3,308,680	\$552,366	(\$3,083,835)
Adjustments Impacting Ending Fund Balance:								
Prior Year's Ending Fund Balance Increase	-	-	-	361,900	1,120,100	2,281,600	3,851,100	5,837,300
1.0% Operating Revenue Growth	-	-	-	383,500	771,100	1,166,500	1,569,800	1,982,500
1.0 % Operating Expenditure Efficiencies	-	361,900	-	374,700	390,400	403,000	416,400	430,700
Adjusted Ending Fund Balance	\$6,241,748	\$7,541,669	\$4,613,545	\$7,510,882	\$7,549,256	\$7,159,780	\$6,389,666	\$5,166,665
EFB as a % of Gen/Street Oper Rev	16.31%	19.16%	12.00%	18.91%	18.64%	17.34%	15.13%	11.96%
Reserve Target 12%:	4,592,790	\$4,722,445	\$4,612,677	\$4,766,603	\$4,859,556	\$4,954,632	\$5,067,432	\$5,182,896
2% Contingency Reserves	\$765,465	\$787,074	\$768,780	\$794,434	\$809,926	\$825,772	\$844,572	\$863,816
5% General Fund Reserves	\$1,913,663	\$1,967,685	\$1,921,949	\$1,986,085	\$2,024,815	\$2,064,430	\$2,111,430	\$2,159,540
5% Strategic Reserves	1,913,663	1,967,685	1,921,949	1,986,085	2,024,815	2,064,430	2,111,430	2,159,540
Unreserved / (12% Reserves Shortfall):	\$1,648,958	\$2,819,224	\$868	\$2,744,279	\$2,689,700	\$2,205,148	\$1,322,234	(\$16,231)

Scenario 2 (Optimistic)

Economic Growth & Operating Efficiencies



Where will we land?

Somewhere in between...

Next Steps

- Consolidation of Sewer Capital Project Funds
- Utility Rate Analysis
- Transportation CIP Update
- Parks CIP Update
- Creation of an Opportunity Fund
- Service Delivery Analysis
- Collective Bargaining Agreements
- 2017 Year-End Financial Report
- Proposed 2018 Carry Forward Budget Adjustment
- 2019-2020 Biennial Budget

End of Presentation