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July 14, 2015

Citizens of Grants Pass
Mayor Darin Fowler and City Council Members
Budget Committee Members
City Staff



Budget Message for Fiscal Year 2015-16

BUDGET OVERVIEW

I am pleased to present to you the balanced budget for the Fiscal Year 2015-16 (FY'16). This year's budget planning process and resulting Strategic Plan and Work Plan incorporate input from all stakeholders. Meetings with each of these key groups were held prior to the Council's prioritizing work plan items and prior to budget preparation. Our budget and planning process allows Citizens, Elected Officials, Committee and Commission members, and Staff an opportunity to contribute to the goal setting and strategic planning process. Council had an opportunity to hear about all the community's suggestions prior to prioritizing the resulting work plan items.

In an effort to make the budget a more effective communication and planning tool, this message provides a broad overview of this year's budget considerations. Followed by this message are the key financial budget summaries and some key financial factors affecting this year's budget. For an understanding of how the budget is assembled each year, the budget format, financial policies, and how to read the budget, please see the section "Budget Process & Financial Policies" that starts on page 87. Throughout the program budget narratives you will see a uniform format for the reporting of performance measures in each of the operating departments as the budget is more than just a financial summary of operations.

The City of Grants Pass budget document is prepared in accordance with best practices established by the Government Finance Officers Association (GFOA) to receive their Distinguished Budget Presentation Award. The City's budget document has received this award for the past 30 years. This award program is considered the gold standard for budget reporting and the City of Grants Pass has a longer history of participating in this budget award program than just about any other public agency in Oregon.

Our City budget is made up of three main pieces: General Fund, Enterprise Funds and Capital Improvement Funds. There are some special revenue funds that collect certain restricted

revenues and some internal service funds that provide support services to City operating and capital programs.

The General Fund makes up 30% of the City's FY'16 budget. The General Fund is made up primarily of property tax, state-shared revenue, franchise (right-of-way) taxes on utilities, and various licenses, permits, and fines. 66.5% of the General Fund revenue comes from property tax revenue, made up of both a permanent rate and a local option levy, and all of which is dedicated exclusively to Public Safety divisions. The General Fund finances many other basic services, including Parks and Recreation, Development, and others. The General Fund has the City's only discretionary revenue sources, which currently account for annual revenues of approximately \$4.9 million that are shared by all General Fund programs.

Close to 25% of the City's total budget comes from Enterprise Funds, which include the Water and Wastewater Utilities. Almost no tax dollars support the Enterprise Funds because they are designed to be self-supporting through user fees. Users of these programs pay fees that support all the costs associated with delivering these services, and these fees cannot be used for any other purpose.

Capital Construction Funds account for approximately 20% of the total budget, a slightly lower percentage amount than last year's 22% due to major projects that were underway in FY'15.

Special revenue funds such as Transportation, Transient Room Taxes, and others account for approximately 7% of the budget, and the remainder of the total budget comes from Debt Service Funds, Internal Service Funds, and the Trust Fund.

Similar service without increasing tax levy rate

Thanks in part to Citizens' support and successful past financial planning, Council directed staff to present a budget that will provide the same level of service for all operating divisions. With a growing City the same level of service often requires additional staffing in certain years to keep up with the workload. This year, there are staffing additions in Public Safety following the results of a performance audit and strategic planning effort that reviewed each division of Public Safety and was completed in 2014. Thanks in part to growth in the City and the annexation approved by voters in November of 2014; the City's General Fund will maintain a well balanced budget while providing the resources for certain staffing additions in Public Safety that resulted from the performance audit. Staffing increases in Public Safety can be managed through the FY'16 budget and through the term of the current Public Safety levy without changing the City's tax rates.

We owe this responsible budget and proactive financial planning in part to previous Councils and staff who prepared for the future. A few examples of the actions taken include: 1) creation of the intern program which provides college interns to assist firefighters; 2) the layoff of eight employees at the beginning of the construction industry downturn; 3) use of Community Service Officers to relieve police officers of more routine duties; 4) staff

participation in health insurance planning and cost sharing; 5) minimal cost of living increases in recent years for managers, supervisors, and the City's four unions; 6) staff working hard to turn back budgetary savings from operating budgets each year; 7) a successful annexation to recognize areas in the City's Urban Growth Boundary already being served by City services; 8) a continual and ongoing effort to assess and ensure operations are effective and efficient. Without these past actions, the City would not be able to continue to provide the same level of services in coming years without significant adjustments to annual revenue sources.

Voter approved levy

This budget document includes the resources that the voters authorized through passage of the Four-Year Public Safety Levy in November of 2013. The approved levy provides an estimated \$5.0 million in FY'16 for City Public Safety operations. While all property taxes are dedicated to Public Safety, the temporary local option levy was set to expire June 30, 2014 before the vote on the new levy. The overwhelming support for the Public Safety Levy in this last election demonstrates the community's desire for quality services.

With General Fund support, the budget for FY'16 continues the high level of Public Safety services. The four-year levy starting in FY'15 was set at the same rate as the previous three-year levy. At the end of this next levy period, the City will have operated at the same Public Safety levy rate for a period of nine years. The resources provided by the levy should be sufficient to maintain current services through Fiscal 2018 in combination with a slight drawdown of General Fund reserves. If General Fund operations, including Public Safety divisions, continue working hard to return savings back to the General Fund each year, the balance drawdown won't be severe and the General Fund will continue to be within the City's financial policy guidelines at the end of the current four year levy.

Residents appreciate City services

The empirical and statistical data gathered from the citizens of Grants Pass indicate that the residents appreciate the services provided by the City. Both the last vote for Public Safety Funding and past annual surveys demonstrated the community's desire to have City services maintained at the current service level. Phone surveys have been completed in recent years and show similar satisfaction results.

This budget has been prepared with an eye toward continuing to provide the high quality services the City has delivered over the years while acknowledging the more fiscally conservative stance that the local economy demands. Inflationary pressures on operations will not always match up evenly each year with revenue growth. The continuation of long-term financial planning is key to maintaining the services our Citizens expect today and in keeping the City's funds within established financial policy guidelines. Budget projections for the second year in FY'17 are incorporated into the budget book for informational purposes and to help plan for operations beyond FY'16.

Budget based on Council goals

Grants Pass is a strategically motivated municipality, whose direction is annually defined and affirmed by the Governing Body through a series of goal statements that reflect the values of the community. Council establishes the goals used to formulate the Strategic Plan. This year “Keep Citizens Safe” was placed as the first goal on the Strategic Plan list as it has been and continues to be the City’s top priority.

The Strategic Plan serves as the foundation upon which the budget is developed. Through the Strategic Planning process, Council prioritized the potential work plan items that will help the City make those goals and objectives a reality. This operating and capital budget places an emphasis on the higher priority work plan items in the 2015-2016 Strategic Plan as prioritized by the City Council. Financial resources, if needed, are provided to projects and objectives identified as high priorities by the City Council.

Budget guidelines

The executive team and staff were given some specific guidelines for preparing the FY’16 budget. With limited growth in resources and expected cost inflation pressures in many of the most routine operational expenditures, general directions included the need to hold the line where possible on personnel and other expenditures. Increases to staffing levels were only considered if necessary to maintain service levels to the City. This year, staffing additions have been funded to maintain service levels in Public Safety, Engineering, and some very small increases to hours worked for some part-time staffing in other operating divisions. Represented in the budget are a high number of approved but unfunded staff positions that mostly date back to staffing reductions that took place a number of years ago between 2008 and 2011. Unfunded positions allow the City to more quickly react to demand for additional services throughout the year if additional funding and staffing levels are approved by the City Council in the middle of a fiscal year. The single addition to FTE in the Engineering division in this budget is an example of a position that was formerly approved but unfunded, and is now funded again due to the level of work required in that division in coming years.

Budget changes overview

The budget book presents the last two years of actual budget results, the current fiscal year budget, the budget for the next fiscal year, and the fiscal year projection two years from now. For review of this budget it’s important to understand the major budget or operational changes that occurred or that have been recommended between the fiscal years of FY’13 and FY’17.

The total budget, which includes all internal service funds, carry-over balances, contingency balances, and capital project resources, is \$119,848,804, an increase to the current year’s total revised budget of \$114,268,520. Of the \$5.6 million total budget increase, the majority of the change is due to higher Capital Construction activity going on in the Water and

Wastewater Enterprise funds in the next year. Total Fund budget tables can be found in the appendix of the budget book, while operating budget summaries and other total budget summaries can be found in the tables following this message.

The FY'16 Operating Budget, excluding contingencies, debt service, and transfers out to capital projects, totals \$35,529,711. This is up approximately \$1.5 million from the current year's Adopted Operating Budget total of \$34,043,241, or a 4.4% increase year over year. Some factors heavily impacting inflation and other increases to the Operating Budget this year include an increase to health insurance rates, staff additions in Public Safety, bargaining unit salary schedule adjustments as a result of competitive wage studies and higher utility/water costs in the Parks system. It's important to note that revenues and expenditures are increasing in part this year, particularly in the General Fund, due to the annexation that was approved in November of 2014. The annexation effectively has added almost 5% to the population and size of the City, which causes both revenues to go up and expenditures to go up as Public Safety and other departments serve a larger City. The timing of staffing additions in Public Safety is coincidental to the annexation and more due to results of last year's Public Safety performance audit. Over time both revenues and expenditures will increase if the City's size and population increases.

In terms of budget changes that relate to previous years, in FY'13, effective January 1st of 2013, the City operational departments were reorganized in an attempt to provide better customer service and be as financially responsible as possible. With the retirement of the Director of Parks and Community Services, there was an opportunity to evaluate the wide range of services under this former department. Department Directors embraced this opportunity to reorganize service delivery in a more efficient way as shown in the following changes two years ago:

- Administration: Took over the leadership of Property Management, Information Technology, Tourism, and Downtown
- Finance: Took over the leadership of Fleet Maintenance, Equipment Replacement, and Grant Management
- Community Development: Took over the leadership of Parks & Recreation and renamed the department Parks and Community Development

This reorganization provided a net reduction to FTE (full time equivalent staffing) and as you read this year's budget and budget history for the last two years this will help explain some of the budget changes shown between FY'13 and FY'17. The reorganization also provided a net reduction to City-wide expenditure budgets as compared to what the operating budget would have been without these changes.

The Department of Public Safety had one major budget reorganization two years ago and has another change that was implemented in FY'15. Starting in FY'14, the "field" division was separated into Police and Fire Rescue services. Starting in FY'15, the Street Lighting division was moved from Public Safety to the Transportation/Street Utility Fund and a new division, Sobering Center, was added to Public Safety to accomplish one of the City Council's

highest ranked Strategic Plan objectives. The General Fund's revenues still support the Street Lighting division like it has in the past. The City's Public Safety divisions, as presented in the budget, are now the Police Division, Fire Rescue Division, Support Division, the Crisis Support Services Division, and the newest division Sobering Center.

Josephine County's criminal justice system in recent years has been unable to provide services to the City's Public Safety Department at a level that our Police Division requires in order to operate effectively. In response to the County's service level, the City entered into a contract with the County in FY'14 for the exclusive rental of up to 30 jail beds in the County's adult jail. With the operational efficiencies and success of this contract in the first year, the City extended a similar contract into FY'15 and approved a jail services utility fee beginning in FY'15 to provide the revenues to cover this contract cost. Operating cost increases for the General Fund, General Program Operations will show an increase of nearly \$1 million per year starting in FY'14. As the jail services contract and jail services utility fees were extended to continue through FY'16, this budget continues this operational expenditure.

Starting in FY'14 the Wastewater Utility Fund include activity from the former Redwood Sanitary Sewer Service District (consolidated with the City Wastewater Services effective the beginning of FY'14) so both revenues and expenditures for Wastewater will not be comparable to FY'13. Finally, the Jo-Gro Wastewater division was closed down in the middle of FY'14. Therefore, beginning in FY'15 there will be no Jo-Gro division financial activity and instead higher contractual expenditures in the Wastewater Treatment division to account for shipping the solids from the treatment process to the landfill.

PREPARING FOR TODAY AND THE FUTURE

Public Safety

The construction of new fire and police facilities has been executed with foresight and efficiency and completed during early FY'11. The voters approved the bond levy that paid for these facilities, a training tower, and three new fire trucks. In four years from now this bond will be paid in full. These facilities will help provide more effective and efficient Public Safety services to our community for decades to come. The City has the critical tools necessary to achieve emergency response times that meet national standards, particularly in the southern sectors of our community without having a major impact on capital needs in the current Public Safety levy term. This project, along with the historic approval of Public Safety Local Option Levies to provide for annual operations, demonstrates the value that the community continues to place on Public Safety services. Including the property tax levy for the bonded debt, the total FY'15 property tax rate for City residents was relatively unchanged and will remain nearly flat for this budget period and the next three years. The permanent property tax rate of \$4.1335 cannot be increased under current State law and for the near-term the local option levy and permanent property tax rate will continue to provide the majority of the funding needed for Public Safety.

Public Safety programs have been supported in the past almost entirely by property taxes, dedicated revenues, and through the use of resources set aside in reserve. There are two noteworthy impacts of this financing practice. First, historically, Public Safety has not drawn significantly on other General Fund resources that have been used for other public services and second, all property taxes will continue to be dedicated to Public Safety services. This year, similar to FY'15, other General Fund resources must be directed to Public Safety programs to continue the current level of services. Without redirecting approximately \$1.38 million of General Fund resources to Public Safety functions, there would have been cuts roughly equivalent to at least five police officer equivalent positions from the FY'16 budgeted staffing levels. These positions would not use the whole General Fund resource allocation, but rather reflect approximately how many positions would have to be eliminated to avoid drawing down the General Fund ending balance in a typical year. Budgets are never fully spent unless unplanned needs surface throughout the year because the budget reflects full capacity for the whole year based on approved staffing levels.

With such a large part of the Public Safety budget resources provided by property taxes, Public Safety will have to rely on other General Fund support dollars to maintain level of services through the current levy period. With the desire to ensure effectiveness and efficiencies in Public Safety operations, the City Council in FY'14 approved a strategic plan project for all of Public Safety. Managed by the Council's new PAVE Committee (Performance Audit, Visioning and Enhancement Committee), the Public Safety strategic planning project began in March of 2014 and was completed in the fall of 2014. This project provided a comprehensive analysis of the City's Public Safety operations today. This study and resulting prioritized recommendations became the basis for some high priority City Work Plan items for this year and for staffing additions budgeted in Public Safety for the FY'16 budget. To maintain level of services and address some high priority audit recommendations, staffing additions in this budget according to this year's Work Plan include, as stated by the Work Plan, "Add a Sergeant and two officers to establish a Special Detail" and "Add two additional dispatchers (one possibly funded by the 911 Agency) to cut down on overtime and burn out."

The primary near-term budgetary and operational consideration for the Grants Pass Department of Public Safety will be to consider alternatives to the temporary local option Public Safety levy and to evaluate the City's interaction with the County's criminal justice system. While the levy is in place and able to provide funding for the City's Public Safety divisions through Fiscal 2018, there is a renewed desire to consider alternatives to this funding mechanism. Any major changes to funding sources for City Public Safety will take some time for proper evaluation and may take as long as two years from start to finish. The City's Police division relies heavily on the Josephine County criminal justice system as do the rest of the Public Safety agencies in Josephine County. Any change in County Criminal justice funding and service levels will have a direct effect on the City's ongoing Public Safety planning efforts.

Parks & Community Development Department Remains Busy

Development divisions such as Building Services and Planning Services continue to budget for relatively steady levels of activity, but certainly nowhere near the levels seen prior to the national and regional building recession seen between 2009 and 2012. The City has realized a significant increase in development activity in the last few years. Both residential and commercial development activity has picked up significantly. A temporary reduction in the City's System Development Charge fees for Transportation charges and Parks systems charges has spurred a high level of commercial development activity in FY'15, some of which will carry over to FY'16. For the first time in a number of years, some major projects related to new subdivisions are underway and will carry over to the next fiscal year.

Engineering, a division of the Parks & Community Development Department, has an adopted budget that includes funding for an additional engineering technician position in the FY'16 budget to keep up with the higher level of external development projects coming in and largely to keep up with the higher amounts of internal Public Works projects ongoing this year and in coming years. There are slightly more capital project resources available to the City's Transportation, Water, and Wastewater systems to tackle the long list of City infrastructure replacement plans and other new infrastructure projects. Like most other medium sized and larger Cities, maintaining and replacing aging infrastructure will be a big focus in this budget and for many years to come and there is a much higher need for internal engineering related services. In calendar year 2012 the Engineering division provided services to 21 capital and developer projects, in 2013 Engineering worked through 29 projects, in 2014 Engineering worked on 45 projects, and as of April 2015 Engineering had already worked on 29 projects in 2015 even though we're only four months into the calendar year. This higher level of activity, for both internal City infrastructure projects and external developer projects, is expected for many years to come as the City continues to emphasize the maintenance and replacement of aging utility and transportation infrastructure.

The Building and Safety Division wisely maintained restricted reserves from prior years and is thus able to manage the lower revenues from permit activity without requesting significant support from the General Fund. Fiscal 2014 was the first year in a number of years where General Fund support was not added to the Building division, Building continued in FY'15 without a General Fund subsidy, and this budget continues Building operating on its own reserves. Prompt actions such as changes to staffing levels when the building recession hit has helped ensure that restricted reserves last as long as possible during this period of the building cycle and will allow management to respond quickly when service demands pick up even more. Previous to FY'14 a \$50,000 annual General Fund transfer (subsidy) to the Building division was in place to ensure Building had enough reserves to last at least three years into the future without further drawing on the General Fund's balance. Shutting down the Building and Safety department and turning this required program over to the State would be a decision that by law could not be reversed in short order if activity picked up. Currently, this division of the Community Development department remains with only two full-time funded employees and uses contractors to help

meet service demands. The Building division is expected to draw on its own reserves both in FY'15 and in FY'16, but for now we can take a wait and see approach before recommending reinstating General Fund subsidies to Building Services in future years.

Financial policies incorporated into the Budget

The FY'16 budget has a General Fund contingency of \$2,000,000 excluding Building's restricted resources / requirements, which is about 8% of the annual General Fund operating budget and slightly in excess of the typical 5% General Fund operating expenditure budget to allow the Council the flexibility to respond to unplanned service or other emergencies during the year. For example, the County's Criminal Justice services that the City relies on have been cut back significantly in the last three years due to funding challenges at the County level. This larger contingency should provide Council with the resources to deal with emergencies in combination with contingencies available in other funds. Contingencies cannot be transferred to other appropriation categories in any dollar amount without Council's approval in a budget adjustment during the fiscal year. Staff will not be recommending that the Council transfer any funds out of the contingency category in the General Fund in coming years to make sure the General Fund's ending fund balance remains compliant with the City's internal financial policy within the period of the current Public Safety levy that ends in Fiscal 2018. Contingencies can only be appropriated for use by the City upon approval by the City Council, and are one-time reserves that cannot be repeatedly used without building them up again.

The contingency is considered part of the ending fund balance in the General Fund and other funds such as the Water Fund or the Wastewater Fund. A slightly higher amount allocated to the contingency category just provides the City with additional financial flexibility throughout the year and doesn't imply higher planned spending throughout the year. In fact, during the budget process the City never plans to spend any of the balances allocated and appropriated in the contingency category. Contingency is merely a designation of ending fund balance or planned carryover balances into the following fiscal year, but can be used in the case of an emergency or unplanned need if transfers out of contingency are approved by the City Council. Contingencies are used to measure the adequacy of a fund's beginning and ending fund balance as shown in the budget to ensure each of the funds are meeting the City's internal financial policy requirements.

In FY'10 Council adopted a new financial policy target for the proper range of beginning fund balances for the General Fund, and the Council acted in FY'12 to address financial policies regarding contingencies and ending fund balances in the utility operating funds and certain other funds. These financial policies, along with other financial policies can be found in the Budget Process and Financial Policies section towards the beginning of the budget book. These financial policies are key to understanding the financial management of the City and the resulting budget.

Financial policy updates that went into effect three years ago included the policy revision that governmental operations should strive to contribute resources to equipment

replacement funds over time for major capital assets; and that the City's utility funds should be setting aside at least enough resources per year (at a minimum) to match depreciation costs as measured in the City's annual financial report. Depreciation is not recorded as a budgetary transaction, but it is a true cost of doing business that must be recognized through transfers out of utility operating funds to utility capital project funds. Previous to recent years, the utilities were not setting aside quite enough funds from operations to cover the cost of infrastructure depreciation over time, which may result in higher unexpected infrastructure projects and more severe utility rate changes in the future. For this reason, all resources in excess of the utility's recommended minimum 25% contingency balance are being transferred to the utility's capital projects fund each year as 25% is the minimum operating fund balance for the utility operating funds per the financial policies.

CHALLENGES AHEAD

Public Safety challenges and General Fund fiscal health

One of the most significant challenges facing Grants Pass is the need for a secure financial funding resource for Public Safety services. While a local option tax can provide secure funding after it is approved; the time, effort, and the uncertainty of it passing all have costs to the City and impacts on retention, recruitment, and stability within a department that is already extremely busy with a heavy call load, particularly in Police operations. For example, it takes nearly five years for a new officer to become trained and sufficiently experienced on the job. The need for Fire and Police services is constant and it is a far better practice to ensure that funding of the services is more secure as well. The Public Safety strategic plan project completed in 2014 provided the City with a solid analysis of operating conditions, has helped plan for the City's future Public Safety needs, and became the basis for the new Public Safety staffing positions included in the FY'16 budget.

While the City continues to struggle with addressing the staffing need of the Police and Fire Rescue divisions, the implementation of the new Computer Aided Dispatch system and new Mobile Data Terminals is slowly providing operational efficiencies to Public Safety as implementation and trouble-shooting has been mostly completed on the new systems. Other technology projects such as E-ticketing, officer cameras, and new wireless technology for evidence recording are benefitting operational efficiencies to a smaller degree.

As previously stated, Public Safety concerns are affected by the County. The County's federal funding continues to decline and the smaller amounts the County is expected to receive from federal sources in the next two years is again not sufficient to provide adequate jail services nor is it sufficient to reopen the County's Juvenile Justice treatment and detention facility. The County has cut back criminal justice program services significantly during 2012 as a result of lower federal funding levels and the County residents turned down a property tax levy in each of the last three years for these services. As all parts of the City and County rely on services such as the Adult Jail, the District Attorney, and Juvenile Justice, the future local, state, and federal funding decisions that affect the County will continue to affect the City's Public Safety department in a significant way.

The good news is that the planned and projected drawdown of General Fund's balance in FY'15 and FY'16 is lower than the drawdown amount planned when the City set the amount for the current Public Safety levy in 2013. Excluding some discretionary funding from the General Fund budgeted to be transferred to the highest priority transportation and general governmental capital projects this year, General Fund operations are not drawing on General Fund reserves in FY'16 as long as the typical amount of budgetary savings are turned back to the general fund (average 5% of budgeted operating expenditures for the General Fund each year). This is due to reliable revenues, increases in total property tax assessed values slightly higher than original projections, and mostly due to cost controls and staff successfully controlling budgeted expenditures in Public Safety and other departments. Using historical savings amount, the General Fund's ending balance at the end of FY'16 should be about 38% of annual operating expenditures, well within the City's internal Financial Policy range of 30% to 40%.

Staffing and financial resources for an expanding Park System

One of the highest needs in the parks system of the City is additional soccer fields as discussed when the City completed its Parks Master Plan a few years ago. Design is nearing completion on a soccer complex that would be located next to Allendale Elementary on property both owned by the school district and the City on both sides of Allen Creek near the school. In order to make this complex a reality, significant private fundraising efforts or public-private partnerships will have to be further developed for both purposes of building the complex and maintaining the complex in the future.

Utility Infrastructure

Significant upgrades to utility infrastructure are ahead for all the City's utility systems. In the last year, the City officially began planning for the replacement of the aging Water Treatment Plant facility. This is the sole source of water for most of the City and for long-term cost effectiveness and other reasons; the new water plant will be built at a new location within approximately a half of a mile from the current water plant (final site still to be determined). Part of the challenge was that upgrades that are needed at the old Water Plant today can't proceed without significant investments in the seismic protection built into the facility (under current commercial building codes). And the old plant would have a limited lifetime even if these significant and costly improvements were made.

There is an expansion necessary to the Wastewater Restoration Plant on the short-term horizon and routine maintenance and upgrades to an aging Water, Wastewater, Street, and Storm Drain infrastructure systems are necessary regardless of the level of growth in the community. Accompanying an aging utility infrastructure is a significant financial obligation to replace the pipes, streets, pump stations, reservoirs, and plants that serve the City's basic water and transportation needs. Due to many years in the past of not collecting enough resources to replace aging infrastructure, utility rates will need to be reviewed and adjusted on a regular basis to keep up with the City's infrastructure needs without relying too heavily on costly long-term borrowing. The City is a highly rated bond issuer, but even low bond

interest rates in today's low interest environment add significant costs to utility capital projects over time.

The City's PAVE Committee (and former Audit Committee) have a work plan to facilitate rotating performance audits and operational planning reports for various City departments and divisions. In 2014, the City Council decided that the next Department/Division(s) to participate in the PAVE review would be the City's Water and Wastewater Utilities. Some of the drivers for selecting the Water and Wastewater Utilities for a PAVE project at this time are the need to expand the Wastewater Treatment Plant, build a new Water Treatment Plant, and the resulting need to evaluate the efficiency of current operations and the financial and service delivery options for building and operating these new facilities. This project will provide a comprehensive review of all the operating divisions of the Water and Wastewater utilities and help planning efforts for these major infrastructure projects. This PAVE project began in April of 2015 and is expected to be completed before the end of calendar 2015.

Personnel Services

The City is largely a service organization and therefore personnel expenditures make up the largest single share of operating expenditure categories. Personnel service's expenditures, which are comprised primarily of wages and fringe benefits, account for 54% of operating expenditures in the total City budget and 64% in the General Fund operating budget.

Addressing PERS funding

As anticipated, employee benefit costs continue to be a large factor in operating expenses. Like other Oregon public agencies, the City of Grants Pass experienced an increase in rates paid to the Public Employees Retirement System (PERS) effective July 1, 2011 and another large rate increase was originally set to occur July 1, 2013. During the 2013 session the legislature made some changes to the cost side of the system and made some changes to the rate increase cycle that essentially deferred the next potential rate increase for two more years to July 1, 2015. The City of Grants Pass assesses PERS rates to departments at a slightly different rate than the rate actually paid into the system to manage the large rate changes that can occur every two years. The change made by the legislature in 2013 will allow the City's internally billed PERS rates to stay the same through at least Fiscal 2018 in combination with the use of some of the internal PERS reserves.

Unless the PERS investment portfolio sees extraordinary returns in coming years, the City's internal PERS reserves are still needed to offset future rate increases. As PERS is a hot topic for almost all public agencies in Oregon, City staff developed a PERS section for the budget book last year for the Public, the Budget Committee, and the Council to see more closely how PERS rates affect the City's operating budgets and the basics on how the PERS system works. This new section in the budget book is at the end of the book right before the appendix section.

Managing health care costs

The City has a choice of two health care packages effective January 2007. Employees (except the Teamsters union) can select either a standard existing plan or a plan in association with an HRA/VEBA account funded by the City. There was a significant increase in the number of participants in the HRA/VEBA plan in the last six years, with almost 90% of eligible employees taking advantage of the opportunity to have monies placed in a tax-deferred account for future out-of-pocket costs, assuming a greater share of co-pays and expenses. This move, approved by the Council, saves the City money compared to traditional taxable benefits and strengthens management's goal of achieving greater employee ownership in managing health care costs.

The City was originally facing in excess of a 20% annual increase to health insurance premiums for calendar year 2015. The City's health insurance agent, in combination with annually working with the City's Health Insurance Committee (staffed by management and union representatives), was able to negotiate this down, and within budget parameters, to slightly less than a 7% increase. The typical experience in the City and most other major public and private businesses is an average annual rate increase of almost 10% each year in the last decade. In recent years, plan changes have been made and staff has worked hard with the City's agent to target changes to rates that are more affordable and sustainable. In the future budget periods, presented in this budget, rate increases of 10% per calendar year have been factored in for periods after calendar 2015 in order to prepare for potential continued increases in the cost of medical services and the resulting health insurance premium increases.

Negotiating with labor organizations

Staff and Council continue to work hard in negotiations when it comes to changes to salary and benefit schedules with the four bargaining units. A change made to the City's main insurance plans began January 1, 2013 and will save the City over \$200,000 per year as compared to the rate increase without the plan change. Starting January 1, 2015 the annual health insurance rate increase was slightly less than budgeted. Additionally, all bargaining units accepted a cost sharing agreement to future increases in health insurance in the last two years.

After a number of years of minimal or no COLAs (cost of living adjustments) for all City employees, some changes to salary schedules have been made to keep the City's compensation levels competitive with market salaries for these specific positions. The City's wage and salary schedules must be competitive with the market in order to recruit and retain high quality professional employees.

In the next year, the City will be negotiating with at least three of the four unions/bargaining groups for the full contract. The unions/bargaining groups include GPEA (Grants Pass Employees Association), GPPA (Grants Pass Police Association), IAFF (International Association of Firefighters), and the Teamsters Local Union. Full contract discussions are now underway with GPEA and will be underway soon with the Fire and Police unions. A

Teamsters contract was successfully completed in the last year with some modifications to job classifications and salary ranges to remain competitive in the market for these Water, Wastewater, Parks, Streets, and other positions.

While changes to salary schedules have been within nationally reported inflation figures in recent years, costs impacting all union negotiations are the rising costs of PERS rates and health insurance rates. During periods where PERS rates are rising, costs for each employee group are rising an estimated 2% to 3% on average each year even before a cost of living adjustment or market adjustment is considered for salary schedules. As these increases to PERS rates and health insurance rates are expected to continue many years into the future, wage negotiations that affect future costs will need to factor in PERS and health insurance rate considerations. The personnel budgets for FY'16 and the projected FY'17 year presented in this budget book factor in the potential for market adjustments (to keep up with inflation and the market for similar positions). In summary, salary schedule adjustments, insurance, and PERS are the primary reason for changes to operating budgets for all departments as personnel makes up the largest category of operating expenses for a service organization like the City of Grants Pass.

It will be important to continue working hard at successful negotiations with the bargaining units and to provide competitive compensation packages to attract and retain qualified and motivated employees. We must ensure total operational costs per capita don't increase faster than acceptable inflation rates and must keep a well balanced budget that doesn't sacrifice service levels our citizens' demand.

CONCLUSION

The City of Grants Pass is an innovative organization that is focused on value. Our elected officials and employees demonstrate a willingness to seek and create alternative solutions to problems. This was certainly demonstrated in recent years as Staff embraced the City Departments' reorganization and necessary changes to health insurance plans. Staff is embracing changes to systems and the PAVE (performance audit, visioning and enhancement) process in order to provide services to our citizens in the most effective and efficient manner. The knowledge and years of experience of our employees will continue to help Grants Pass succeed. Through this budget, we are recognizing the needs of today and of the future by planning strategically and implementing measurable objectives. With the Council adopted and prioritized Strategic Plan, staff will be able to direct their energies, skills, and talents, in applying the budgeted financial resources to make measurable progress toward achieving those goals.

Throughout the narrative pages of the operating divisions presented in this budget, you will see a uniform format of presenting some of these performance measures. There is much more to the budget than just the financial figures associated with maintaining the level of services our citizens expect. In each operating division, you will see at least one output measure, one efficiency measure, and one effectiveness measure that helps describe some of the operating conditions that affect the budget. These measures are important to

monitor over time and important to achieving our goals. You will see examples of the City's Strategic Plan and resulting Work Plan items in the narrative text of operating divisions for specific goals and objectives that will be the responsibility of that department or division.

This budget recognizes the economic reality of today and enhances the efficiency of City operations. While this budget provides the same level of services as the past year, tough decisions are quickly approaching as the City is not immune to today's economic environment. There continues to be a need for a coordinated effort by Staff and Council to avoid cuts to the level of City services and to avoid depleting the City's necessary operating reserves that it maintains today. Reserves and contingencies must be maintained both for the seasonality of cash flow and for emergencies the City may face throughout its utility and governmental operations.

Throughout the organization the pressure is growing as demand for services is outstripping our ability to safely respond and resources in the utility funds are not adequate to keep up with infrastructure replacement and upgrade needs. In the intermediate-term, major upgrades are necessary to both the Water Treatment Plant and the Wastewater Restoration Plant. We will have to continue to explore potential changes to employee benefit structures through the bargaining process to make sure we're all on the same page of providing fair and competitive wages in combination with a reasonable sharing of benefit costs. We will need to continue working together successfully to evaluate benefits with a focus on those that are under our control at the local level such as health insurance costs. Where appropriate, we must study alternative service delivery methods to make sure the City's services are competitive, effective, and efficient.

In closing, I would like to acknowledge the teamwork, commitment, and assistance of all of our elected officials and Budget Committee members, City staff, and participating members of our community in the preparation of both the City's Strategic Plan and this budget document. I am particularly grateful to Jay Meredith, Finance Director and the entire Finance staff for their continuing commitment to excellence in municipal finance and budgeting for the benefit of our community. Creating and maintaining a sustainable, balanced budget helps the community provide its critical and quality services for many years to come.

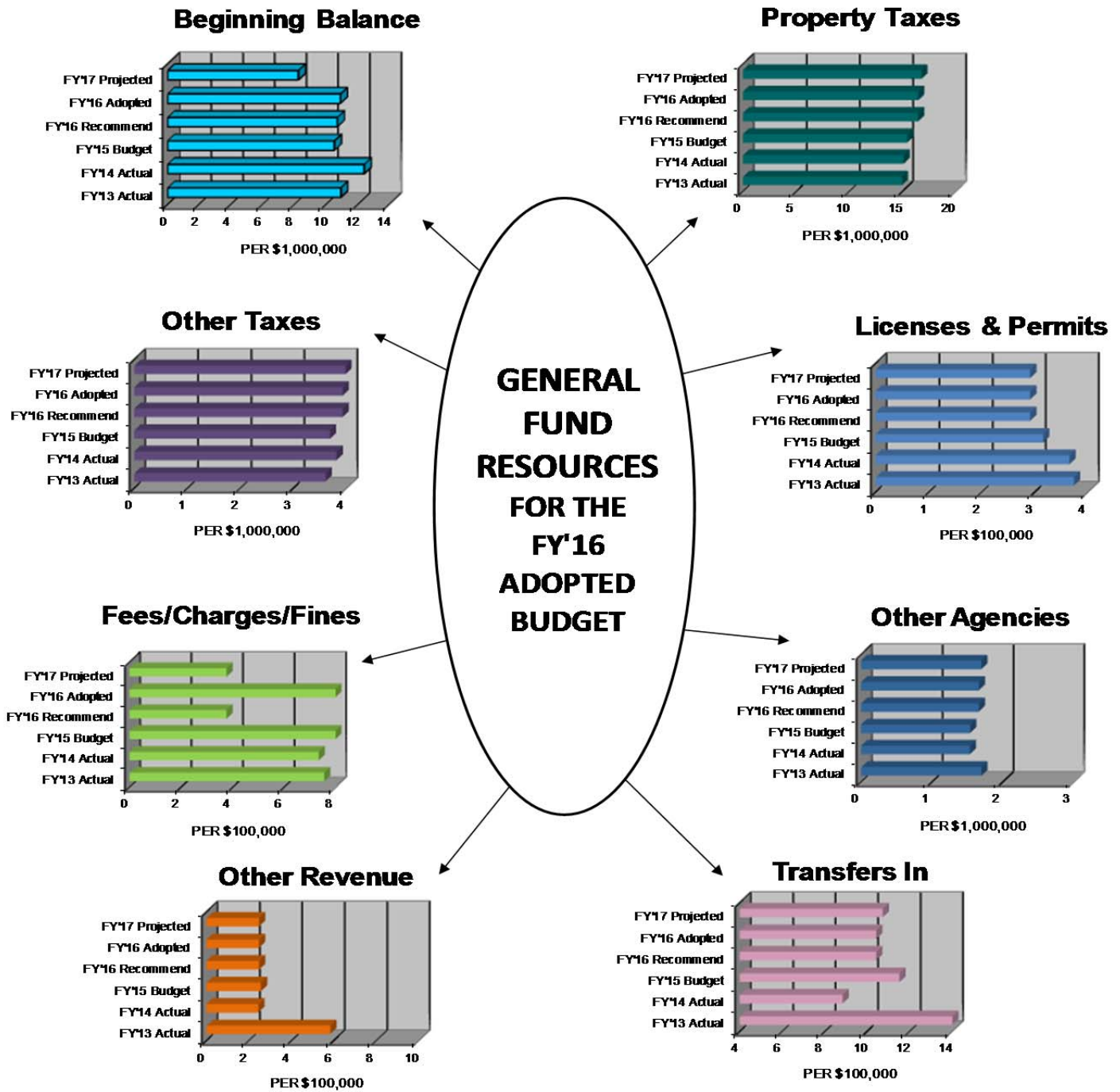
Respectfully submitted,



Aaron K. Cubic, City Manager

Quick Facts

<u>Adopted FY'16</u>	<u>Operating & Other</u>
<u>Where The Money Comes From:</u>	
Property taxes	\$ 17,591,050
Business taxes	275,000
Transient room taxes	1,254,500
Franchise fees	3,076,544
Other governments	7,531,253
Licenses and permits	303,460
User fees and charges	24,669,574
Fee in lieu of franchise	573,444
System development charges	617,000
All other revenues	6,998,208
Carryover/beginning balance	<u>45,517,671</u>
Total Resources	<u>\$ 108,407,704</u>
Transfers in	11,441,100
<u>Where The Money Goes:</u>	
Personnel services	\$ 24,850,763
Materials and supplies	2,146,450
Contractual services	13,131,973
Direct charges for services	2,720,379
Capital outlay	38,053,855
Indirect charges	3,368,294
Debt service	4,152,483
Contingencies/reserves	8,449,630
Un-appropriated ending balance	<u>11,533,877</u>
Total Requirements	<u>\$ 108,407,704</u>
Transfers out	11,441,100
<u>Other Facts:</u>	
Permanent staffing (funded full time equivalencies)	225.375
Temporary staffing (funded full time equivalencies)	11.09
Bonded Debt outstanding (June 30, 2015 est.)	\$ 11,380,000
Property tax rate (per \$1,000 assessed value)	
Permanent rate levy	\$ 4.1335
Public safety operating levy	\$ 1.7900
Bonded debt (2015-16 estimate)	\$ 0.3916



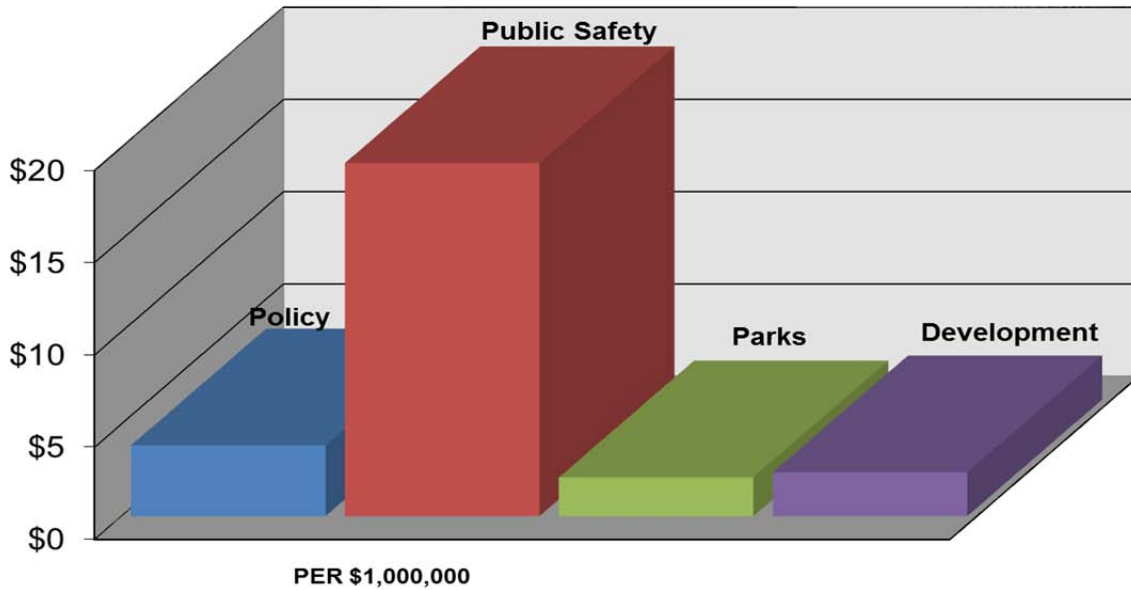
This chart shows the distribution of resources for the general fund for the FY'13 and FY'14 Actual Budgets, FY'15 Budget, FY'16 Recommended Budget, FY'16 Adopted Budget and the FY'17 Projected Budget.

A description of each category is found in the Budget Process & Financial Polices section under Revenue Sources.

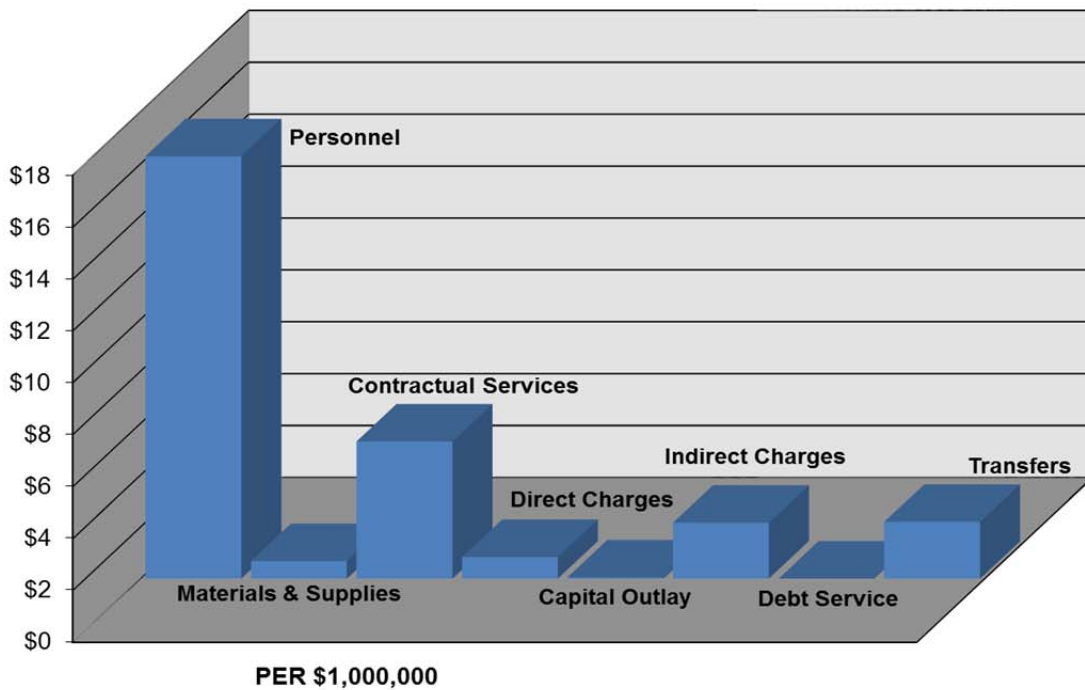
General Program Expenditures

For the Adopted FY'16 Budget

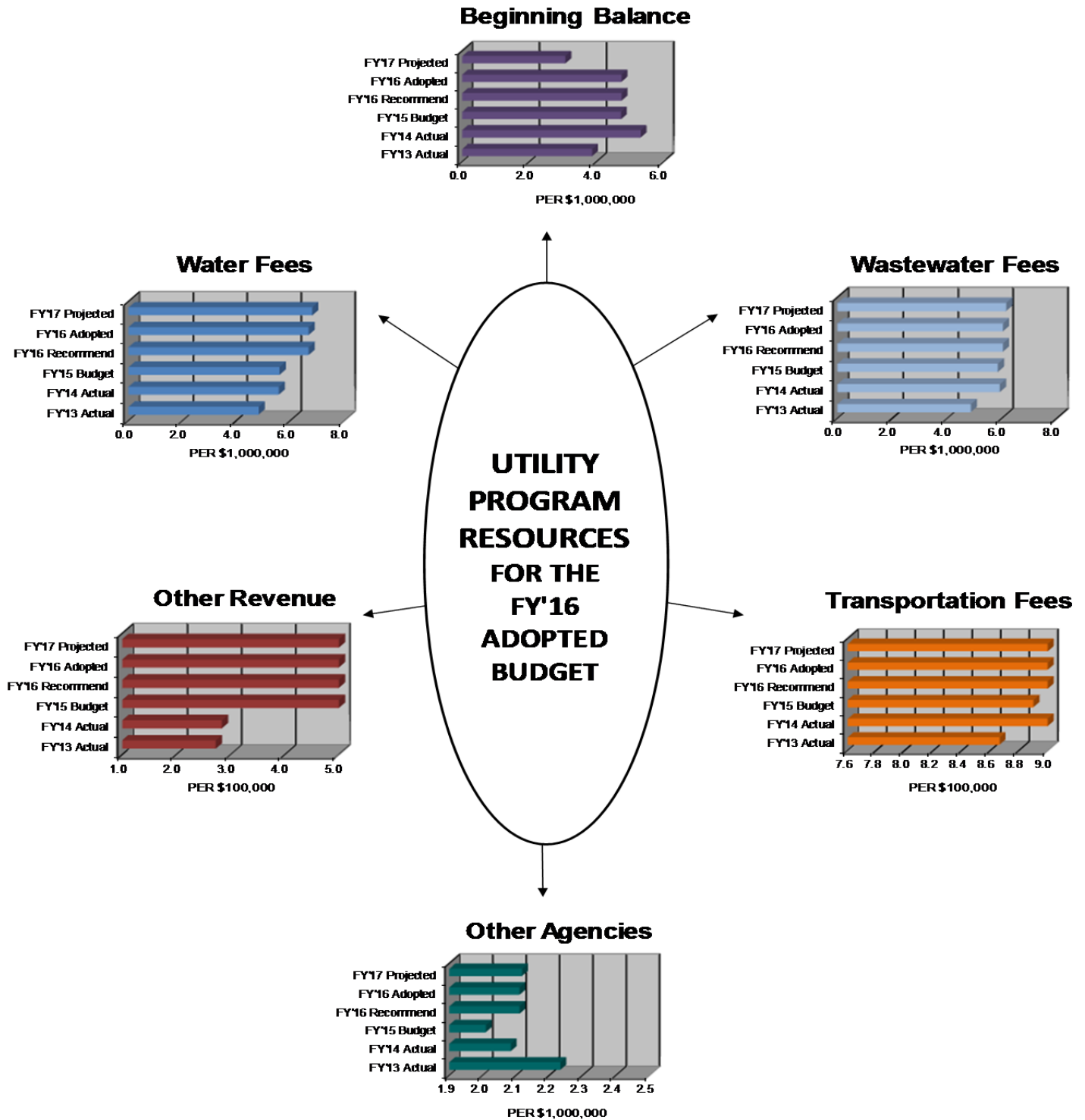
Program Expenditures



Expenditure Categories



These charts show the distribution of expenditures for each program and category of expenditures in the general operating budget for the FY'16 Adopted Budget. These expenditure charts do not include contingencies or ending fund balances. The history and current expenditures for the programs are found in the program summary pages through the document.



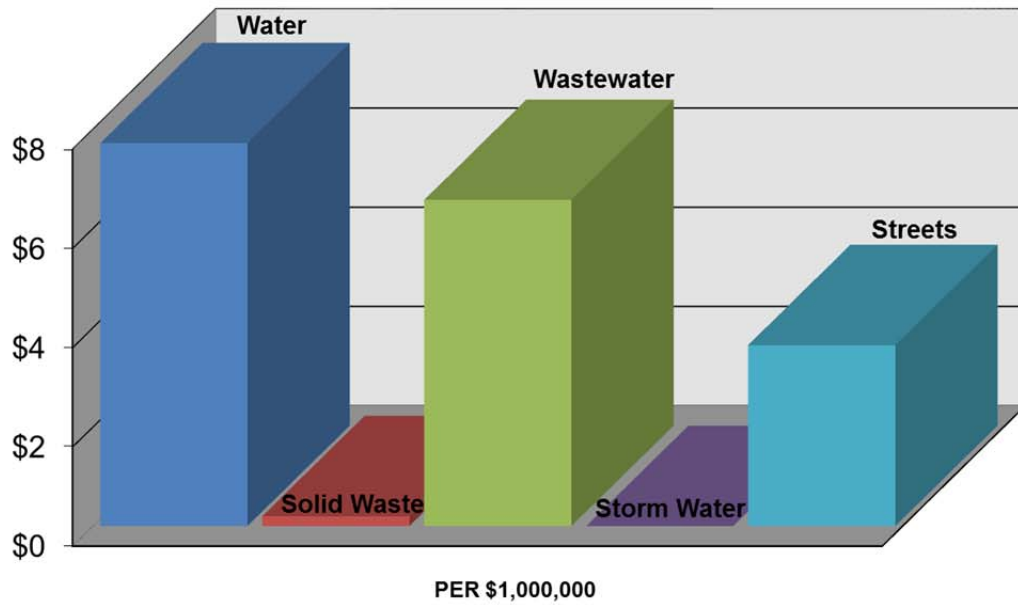
This chart shows the distribution of resources for the utility operating programs for the FY'13 and FY'14 Actual Budgets, FY'15 Budget, FY'16 Recommended Budget, FY'16 Adopted Budget and the FY'17 Projected Budget.

A description of each category is found in the Budget Process & Financial Polices section under Revenue Sources.

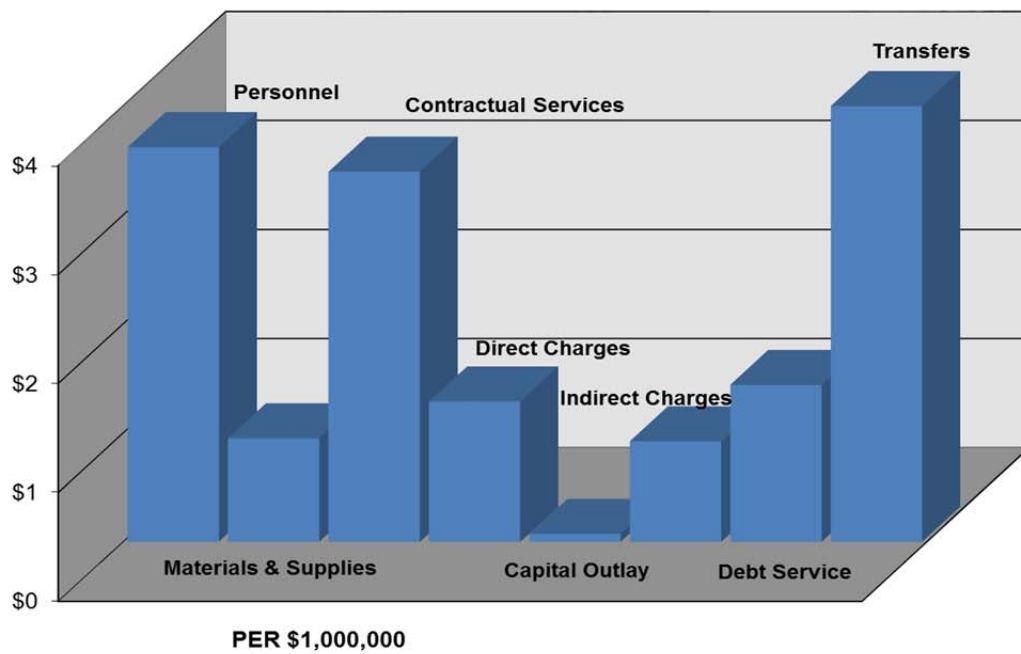
Utility Program Expenditures

For the Adopted FY'16 Budget

Program Expenditures



Expenditure Categories



These charts show the distribution of expenditures for each program and category of expenditures in the utility operating budget for the FY'16 Adopted Budget. These expenditure charts do not include contingencies or ending fund balances. The history and current expenditures for the programs are found in the program summary pages through the document.

HISTORY OF GENERAL FUND RESOURCES

	ACTUAL FY'13 \$	ACTUAL FY'14 \$	BUDGET FY'15 \$	ADOPTED BUDGET FY'16 \$	PROJECTED FY'17 \$
Designated Resources					
<i>Beginning Balance</i>	10,446,858	11,807,366	9,885,764	10,309,254	7,859,338
General Operations					
Business Taxes	285,867	279,291	275,000	277,300	277,300
Franchise Taxes	2,796,513	2,971,009	2,839,900	3,073,644	3,112,910
Fees in Lieu of Franchise	520,488	558,902	568,500	573,444	584,913
Licenses	7,238	8,915	6,940	6,940	6,940
State Rev. Sharing	315,257	333,087	335,600	358,573	365,745
State Cigarette Tax	49,296	46,823	39,000	42,524	39,253
State Liquor Tax	462,447	487,519	490,100	524,822	535,318
Other Misc.	458,322	5,830	901,600	777,600	5,600
Investment Interest	78,857	79,438	71,500	70,500	70,500
Total General Operations	4,974,285	4,770,814	5,528,140	5,705,347	4,998,479
Public Safety					
Property Taxes	14,969,837	15,100,860	15,480,030	16,494,350	16,792,871
Grants & Intergovernmental	779,788	663,897	672,304	730,784	751,283
Fees & Chg.'s for Services	244,533	263,592	234,000	40,450	40,450
Other Misc.	943,675	520,698	579,900	489,650	495,250
Total Public Safety	16,937,833	16,549,047	16,966,234	17,755,234	18,079,854
Development					
<i>Build. & Safety Beg. Bal. *</i>	467,632	564,860	600,508	505,787	367,115
Building and Safety *	573,685	509,635	435,100	391,590	391,590
Planning	91,855	88,613	77,840	77,840	77,840
Economic Development	129,133	121,632	159,400	144,200	148,500
<i>Tourism Beg. Balance *</i>	9,736	29,124	29,553	84,185	25,050
Tourism Promotion*	326,912	302,161	399,800	358,100	368,900
Downtown Development	152,999	140,370	172,250	164,610	168,910
Total Development	1,751,952	1,756,395	1,874,451	1,726,312	1,547,905
Parks					
Parks Maintenance	201,315	190,614	232,325	211,425	217,025
Aquatics	1,397	13	0	0	0
Recreation	672	658	400	600	600
Total Parks	203,384	191,285	232,725	212,025	217,625
Total General Fund	34,314,312	35,074,906	34,487,314	35,708,172	32,703,201

*Building & Safety and Tourism are the only departments within the General Fund that carry their own restricted fund balance.

HISTORY OF GENERAL FUND REQUIREMENTS

	ACTUAL FY' 13 \$	ACTUAL FY' 14 \$	BUDGET FY' 15 \$	ADOPTED BUDGET FY' 16 \$	PROJECTED FY' 17 \$
Requirements					
Mayor and Council	203,408	216,429	297,135	291,328	292,447
General Operations					
Personnel Services	185,085	0	0	0	0
Contractual/Prof Svcs.	219,040	1,040,045	1,167,400	1,250,200	198,200
Direct/Indirect Charges	87,140	130,995	138,928	143,040	143,751
Contingencies	0	0	1,792,200	2,000,000	2,000,000
Debt Service	0	0	0	0	0
Transfers Out	1,001,895	1,181,339	2,029,700	2,155,500	1,060,200
<i>Ending Fund Balance**</i>	11,807,366	11,163,397	6,075,502	5,859,338	4,916,344
Total General Operations	13,300,526	13,515,777	11,203,530	11,408,078	8,318,495
Public Safety					
Police Division	12,638,943	8,489,981	9,367,099	9,789,031	9,917,064
Support Division	3,626,109	2,867,145	3,000,117	3,340,430	3,433,554
Fire Rescue Division	0	5,333,137	5,664,603	5,835,992	5,866,886
Crisis Support Services	41,475	42,180	44,000	44,500	46,000
Street Lighting	299,461	296,483	0	0	0
Sobering Center	0	0	130,000	130,000	130,000
Total Public Safety	16,605,988	17,028,927	18,205,819	19,139,953	19,393,504
Development					
Building and Safety *	476,457	468,708	1,035,608	897,377	758,705
<i>Build. & Safety End. Bal. *</i>	564,860	605,787	0	0	0
Planning	668,752	684,830	818,131	834,211	810,741
Economic Development	174,259	79,785	170,665	176,769	180,620
Tourism Promotion*	307,524	300,658	345,168	417,235	393,602
<i>Tourism End. Balance*</i>	29,124	30,626	84,185	25,050	348
Downtown Development	343,206	367,406	382,730	416,514	420,663
Total Development	2,564,182	2,537,801	2,836,487	2,767,156	2,564,679
Parks					
Parks Maintenance	1,416,271	1,537,224	1,662,921	1,820,939	1,849,424
Aquatics	92,914	101,984	125,288	125,418	126,697
Recreation	131,022	136,766	156,134	155,300	157,955
Total Parks	1,640,207	1,775,973	1,944,343	2,101,657	2,134,076
Total General Fund	34,314,312	35,074,906	34,487,314	35,708,172	32,703,201

*Building & Safety and Tourism are the only departments within the General Fund that carry their own restricted fund balance.

**Additional information on changes in ending fund balance can be found in Appendix G & H.

Summary of Requirements by Fund and Activity

	ACTUAL FY'13	ACTUAL FY'14	BUDGET FY'15	RECOMMEND BUDGET FY'16	COMMITTEE APPROVED FY'16	COUNCIL ADOPTED FY'16	PROJECTED FY'17
General Fund							
Mayor and Council	203,408	216,429	297,135	291,328	291,328	291,328	292,447
Development							
Planning	668,752	684,830	818,131	834,211	834,211	834,211	810,741
Building and Safety	1,041,317	1,074,495	1,035,608	897,377	897,377	897,377	758,705
Economic Development	174,259	79,785	170,665	176,769	176,769	176,769	180,620
Tourism Promotion	336,648	331,285	429,353	442,285	442,285	442,285	393,950
Downtown Development	343,206	367,405	382,730	416,514	416,514	416,514	420,663
Total Development	2,564,182	2,537,800	2,836,487	2,767,156	2,767,156	2,767,156	2,564,679
Parks							
Parks Maintenance	1,416,271	1,537,225	1,662,921	1,820,939	1,820,939	1,820,939	1,849,424
Aquatics	92,914	101,984	125,288	125,418	125,418	125,418	126,697
Recreation	131,021	136,766	156,134	155,300	155,300	155,300	157,955
Total Parks	1,640,206	1,775,975	1,944,343	2,101,657	2,101,657	2,101,657	2,134,076
Public Safety							
Police Division	12,638,943	8,489,981	9,367,099	9,789,031	9,789,031	9,789,031	9,917,064
Support Division	3,626,109	2,867,146	3,000,117	3,340,430	3,340,430	3,340,430	3,433,554
Fire Rescue Division	0	5,333,136	5,664,603	5,835,992	5,835,992	5,835,992	5,866,886
Crisis Support Services	41,475	42,180	44,000	44,500	44,500	44,500	46,000
Street Lighting	299,461	296,483	0	0	0	0	0
Sobering Center	0	0	130,000	130,000	130,000	130,000	130,000
Total Public Safety	16,605,988	17,028,926	18,205,819	19,139,953	19,139,953	19,139,953	19,393,504
General Program Operations	13,300,526	13,515,776	11,203,530	10,436,078	10,436,078	11,408,078	8,318,495
Total General Fund	34,314,310	35,074,906	34,487,314	34,736,172	34,736,172	35,708,172	32,703,201
Management Services	686,830	635,483	671,851	706,313	706,313	706,313	708,114
Administrative Services	1,386,348	1,467,088	1,671,751	1,738,814	1,738,814	1,738,814	1,775,203
Legal Services	243,730	232,924	310,954	310,271	310,271	310,271	311,331
Human Resources	443,309	455,578	525,172	505,104	505,104	505,104	521,194
General Program Operations	913,556	1,056,038	800,714	1,045,423	1,045,423	1,045,423	772,323
Total Administrative Fund	3,673,773	3,847,111	3,980,442	4,305,925	4,305,925	4,305,925	4,088,165
Transient Room Tax	1,084,774	1,111,789	1,384,000	1,254,500	1,254,500	1,254,500	1,290,700
Community Dev Block Grant	960,321	812,512	845,844	520,448	520,448	520,448	318,138
Housing & Economic Dev.	951,115	933,851	987,885	990,284	990,284	990,284	694,969
Total Special Revenue Funds	2,996,210	2,858,152	3,217,729	2,765,232	2,765,232	2,765,232	2,303,807
Debt Service - General Obligation	1,120,720	1,100,695	1,121,200	1,151,600	1,151,600	1,151,600	1,185,100
Debt Service - Bancroft	332,611	194,380	935,574	759,480	759,480	759,480	751,480
Total Debt Service Funds	1,453,331	1,295,075	2,056,774	1,911,080	1,911,080	1,911,080	1,936,580
Lands & Buildings Projects	5,863,923	5,481,643	12,970,694	11,041,432	11,041,432	11,041,432	1,947,639
Total Construction Funds	5,863,923	5,481,643	12,970,694	11,041,432	11,041,432	11,041,432	1,947,639
Environmental Waste Fees Fund	255,845	269,403	251,000	281,000	281,000	281,000	287,000
Agency Fund	203,009	199,320	207,869	204,318	204,318	204,318	188,818
Total Agency Funds	458,854	468,723	458,869	485,318	485,318	485,318	475,818

Summary of Requirements by Fund and Activity

	ACTUAL FY'13	ACTUAL FY'14	BUDGET FY'15	RECOMMEND BUDGET FY'16	COMMITTEE APPROVED FY'16	COUNCIL ADOPTED FY'16	PROJECTED FY'17
Water Treatment	1,529,965	1,559,211	1,695,164	1,698,880	1,698,880	1,698,880	1,743,486
Water Distribution	1,045,378	1,057,045	1,310,484	1,357,191	1,357,191	1,357,191	1,407,628
Customer Service	391,059	369,228	366,960	367,361	367,361	367,361	374,151
Debt Service	36,404	506,624	504,770	507,170	507,170	507,170	504,420
General Program Operations	3,306,097	4,629,028	3,702,802	4,940,438	4,940,438	4,940,438	3,987,668
Water Debt Reserve Fund	0	0	0	0	0	0	0
Water Construction Projects	7,970,398	6,288,058	3,872,568	7,053,468	7,053,468	7,053,468	3,175,597
Total Water Fund	14,279,301	14,409,194	11,452,748	15,924,508	15,924,508	15,924,508	11,192,950
Wastewater Collection	664,654	642,126	777,652	797,981	797,981	797,981	826,179
Wastewater Treatment	1,653,176	1,765,760	2,278,209	2,308,712	2,308,712	2,308,712	2,345,817
Jo-Gro	609,560	461,440	0	0	0	0	0
Customer Service	264,006	389,728	408,653	418,989	418,989	418,989	428,090
Debt Service	492,015	939,362	941,963	933,713	933,713	933,713	491,063
General Program Operations	3,129,275	3,628,412	3,438,105	3,372,036	3,372,036	3,372,036	3,369,597
Wastewater Debt Reserve Fund	0	0	0	0	0	0	0
Wastewater Construction	4,393,468	4,884,788	5,437,462	6,098,896	6,098,896	6,098,896	2,732,593
Total Wastewater Fund	11,206,154	12,711,616	13,282,044	13,930,327	13,930,327	13,930,327	10,193,339
Solid Waste Field Operations	13,374	12,974	25,644	37,370	37,370	37,370	31,201
Post Closure Operations	53,898	22,494	127,470	155,890	155,890	155,890	160,230
General Program Operations	172,175	198,102	207,004	221,803	221,803	221,803	239,952
Solid Waste Construction	1,382,288	1,392,859	1,541,976	1,467,848	1,467,848	1,467,848	1,506,848
Total Solid Waste Fund	1,621,735	1,626,429	1,902,094	1,882,911	1,882,911	1,882,911	1,938,231
Street & Drainage Maintenance	1,044,084	1,118,521	1,327,022	1,351,069	1,351,069	1,351,069	1,356,683
Customer Service	52,766	168,834	175,053	179,866	179,866	179,866	183,157
General Program Operations	2,462,619	2,596,263	2,086,680	2,179,991	2,179,991	2,179,991	1,981,493
Street Lighting	0	0	367,100	385,500	385,500	385,500	395,200
Transportation Projects	11,164,092	11,322,577	11,744,699	12,475,201	12,475,201	12,475,201	4,530,886
Total Streets Utility Fund	14,723,561	15,206,195	15,700,554	16,571,627	16,571,627	16,571,627	8,447,419
Storm Water Maintenance	0	0	0	0	0	0	0
Customer Service	0	0	0	0	0	0	0
General Program Operations	10,563	10,563	146,563	0	0	0	0
Stormwater & Open Space Projects	923,116	631,303	344,549	407,310	407,310	407,310	174,578
Total Storm Water Utility Fund	933,679	641,866	491,112	407,310	407,310	407,310	174,578
Garage	1,056,852	1,108,819	1,670,892	1,700,713	1,700,713	1,700,713	1,103,057
Equipment Replacement	4,048,833	4,404,463	3,672,008	3,840,283	3,840,283	3,840,283	2,977,903
Information Technology	652,595	769,073	897,143	850,592	850,592	850,592	893,117
Property Management	779,443	836,838	838,194	952,244	952,244	952,244	899,570
Engineering	924,004	906,756	912,826	1,125,308	1,125,308	1,125,308	1,019,119
Community Development Mgmt.	1,168,160	1,166,270	1,247,059	1,165,449	1,165,449	1,165,449	1,156,212
Insurance	4,260,476	4,621,655	5,030,024	5,280,373	5,280,373	5,280,373	5,290,746
Total Support Services Funds	12,890,363	13,813,874	14,268,146	14,914,962	14,914,962	14,914,962	13,339,724
Total All Funds	104,415,194	107,434,784	114,268,520	118,876,804	118,876,804	119,848,804	88,741,451

Operating Budget Summary of Resources by Program & Source for Fiscal Year 2017 Projected										
	Policy & Legis.	Public Safety	Parks	Develop-ment	Trans- portation	Storm Water	Water	Wastewater	Solid Waste	Total
Program Generated Resources										
Beginning Balance	0	0	0	392,165	448,633	0	1,150,503	1,255,346	218,053	3,464,700
Current Revenues										
Property Taxes	0	16,792,871	0	0	0	0	0	0	0	16,792,871
Taxes Other than Property	0	0	0	0	0	0	0	0	0	0
Licenses & Permits	0	0	0	284,020	10,000	0	0	0	2,500	296,520
Fines & Forfeitures	0	131,000	0	10,000	0	0	0	0	0	141,000
Revenue From Other Agencies	0	751,283	3,600	0	2,101,100	0	0	0	17,000	2,872,983
Use of Assets	0	0	0	2,250	3,500	0	12,000	3,000	900	21,650
Fees & Charges	0	40,450	0	196,020	954,100	0	6,806,750	6,148,500	160,230	14,306,050
Other Revenue	0	143,950	22,725	2,550	4,000	0	37,100	42,000	27,700	280,025
Direct Charges for Service	0	0	0	0	0	0	11,000	11,900	0	22,900
Unspent Contingency	0	0	0	0	0	0	0	0	0	0
Transfers In	0	220,300	191,300	660,900	395,200	0	0	0	5,000	1,472,700
Total Current Revenues	0	18,079,854	217,625	1,155,740	3,467,900	0	6,866,850	6,205,400	213,330	36,206,699
Total Prog. Gen. Res.	0	18,079,854	217,625	1,547,905	3,916,533	0	8,017,353	7,460,746	431,383	39,671,399
General Support Resources										
Beginning Balance	8,610,942	1,313,650	1,916,451	1,016,774	0	0	0	0	0	12,857,817
Total Resources	8,610,942	19,393,504	2,134,076	2,564,679	3,916,533	0	8,017,353	7,460,746	431,383	52,529,216
General Support Resources										
Beginning Balance	7,859,338									
Current Revenues										
Property Taxes	0									
Taxes Other than Property	3,390,810									
Fees in Lieu of Franchise	584,913									
Licenses & Permits	6,940									
Fines & Forfeitures	0									
Revenue From Other Agencies	940,316									
Use of Assets	70,500									
Fees & Charges	0									
Other Revenue	5,000									
Loan Repayment	0									
Unspent Contingency	0									
Transfers In	0									
Total Current Revenues	4,998,479									
Total General Support Resources	12,857,817									
* Detail for these resources can be found in Appendix K										
Operating Budget Summary of Requirements by Program & Major Object for Fiscal Year 2017 Projected										
	Policy & Legis.	Public Safety	Parks	Develop-ment	Trans- portation	Storm Water	Water	Wastewater	Solid Waste	Total
Personnel Services	0	15,035,522	634,136	948,731	716,153	0	1,545,429	1,360,303	19,706	20,259,980
Materials and Supplies	25,600	413,686	143,175	35,100	73,862	0	505,377	388,880	6,420	1,592,100
Contractual Services	391,200	2,136,438	983,081	705,727	1,004,567	0	1,022,349	1,358,116	105,495	7,706,973
Direct Charges for Services	190,598	43,171	170,912	436,298	391,537	0	403,810	467,787	45,210	2,149,323
Capital Outlay	0	18,000	9,000	0	0	0	71,000	50,000	0	148,000
Indirect Charges	27,000	1,746,687	193,772	211,281	179,000	0	364,890	372,330	17,720	3,112,680
Operating Expenditures	634,398	19,393,504	2,134,076	2,337,137	2,365,119	0	3,912,855	3,997,416	194,551	34,969,056
Other Requirements										
Debt Service	0	0	0	0	0	0	504,420	491,063	0	995,483
Transfers Out	1,060,200	0	0	5,000	1,139,000	0	2,460,000	1,853,000	0	6,517,200
Total Other Expenditures	1,060,200	0	0	5,000	1,139,000	0	2,964,420	2,344,063	0	7,512,683
Contingencies	2,000,000	0	0	222,194	412,414	0	1,140,078	1,119,267	236,832	5,130,785
Ending Balance	4,916,344	0	0	348	0	0	0	0	0	4,916,692
Total Requirements	8,610,942	19,393,504	2,134,076	2,564,679	3,916,533	0	8,017,353	7,460,746	431,383	52,529,216

Operating Budget Summary of Resources by Program & Source for Fiscal Year 2016 Adopted										
	Policy & Legis.	Public Safety	Parks	Development	Transportation	Storm Water	Water	Wastewater	Solid Waste	Total
Program Generated Resources										
Beginning Balance	0	0	0	589,972	662,426	0	2,136,390	1,738,431	208,823	5,336,042
Current Revenues										
Property Taxes	0	16,494,350	0	0	0	0	0	0	0	16,494,350
Taxes Other than Property	0	0	0	0	0	0	0	0	0	0
Licenses & Permits	0	0	0	284,020	10,000	0	0	0	2,500	296,520
Fines & Forfeitures	0	131,000	0	10,000	0	0	0	0	0	141,000
Revenue From Other Agencies	0	730,784	3,600	0	2,095,600	0	0	0	15,000	2,844,984
Use of Assets	0	0	0	2,250	3,500	0	12,000	11,500	650	29,900
Fees & Charges	0	40,450	0	196,020	935,400	0	6,674,750	6,027,600	155,890	14,030,110
Other Revenue	0	143,950	22,725	2,550	4,000	0	36,900	42,000	27,200	279,325
Direct Charges for Service	0	0	0	0	0	0	11,000	11,900	0	22,900
Unspent Contingency	0	0	0	0	0	0	0	0	0	0
Transfers In	0	214,700	185,700	641,500	385,500	0	0	0	5,000	1,432,400
Total Current Revenues	0	17,755,234	212,025	1,136,340	3,434,000	0	6,734,650	6,093,000	206,240	35,571,489
Total Prog. Gen. Res.	0	17,755,234	212,025	1,726,312	4,096,426	0	8,871,040	7,831,431	415,063	40,907,531
General Support Resources	11,699,406	1,384,719	1,889,632	1,040,844	0	0	0	0	0	16,014,601
Total Resources	11,699,406	19,139,953	2,101,657	2,767,156	4,096,426	0	8,871,040	7,831,431	415,063	56,922,132
General Support Resources										
Beginning Balance	10,309,254									
Current Revenues										
Property Taxes	0									
Taxes Other than Property	3,351,544									
Fees in Lieu of Franchise	573,444									
Licenses & Permits	6,940									
Fines & Forfeitures	0									
Revenue From Other Agencies	925,919									
Use of Assets	70,500									
Fees & Charges	772,000									
Other Revenue	5,000									
Loan Repayment	0									
Unspent Contingency	0									
Transfers In	0									
Total Current Revenues	5,705,347									
Total General Support Resources	16,014,601									
* Detail for these resources can be found in Appendix K										
Operating Budget Summary of Requirements by Program & Major Object for Fiscal Year 2016 Adopted										
	Policy & Legis.	Public Safety	Parks	Development	Transportation	Storm Water	Water	Wastewater	Solid Waste	Total
Personnel Services	0	14,713,670	632,096	932,105	723,501	0	1,537,584	1,343,561	18,962	19,901,479
Materials and Supplies	25,400	476,011	137,250	36,450	74,462	0	483,127	387,180	6,420	1,626,300
Contractual Services	1,443,200	2,146,730	963,325	729,744	979,338	0	966,524	1,347,536	103,366	8,679,763
Direct Charges for Services	188,968	41,589	168,981	434,786	383,192	0	396,922	458,055	50,312	2,122,805
Capital Outlay	0	38,000	9,000	0	0	0	61,500	13,400	0	121,900
Indirect Charges	27,000	1,723,953	191,005	211,906	177,300	0	354,710	373,640	17,950	3,077,464
Operating Expenditures	1,684,568	19,139,953	2,101,657	2,344,991	2,337,793	0	3,800,367	3,923,372	197,010	35,529,711
Other Requirements										
Debt Service	0	0	0	0	0	0	507,170	933,713	0	1,440,883
Transfers Out	2,155,500	0	0	30,000	1,310,000	0	3,413,000	1,719,000	0	8,627,500
Total Other Expenditures	2,155,500	0	0	30,000	1,310,000	0	3,920,170	2,652,713	0	10,068,383
Contingencies	2,000,000	0	0	367,115	448,633	0	1,150,503	1,255,346	218,053	5,439,650
Ending Balance	5,859,338	0	0	25,050	0	0	0	0	0	5,884,388
Total Requirements	11,699,406	19,139,953	2,101,657	2,767,156	4,096,426	0	8,871,040	7,831,431	415,063	56,922,132

Operating Budget Summary of Resources by Program & Source for Fiscal Year 2016 Approved										
	Policy & Legis.	Public Safety	Parks	Development	Transportation	Storm Water	Water	Wastewater	Solid Waste	Total
Program Generated Resources										
Beginning Balance	0	0	0	589,972	662,426	0	2,136,390	1,738,431	208,823	5,336,042
Current Revenues										
Property Taxes	0	16,494,350	0	0	0	0	0	0	0	16,494,350
Taxes Other than Property	0	0	0	0	0	0	0	0	0	0
Licenses & Permits	0	0	0	284,020	10,000	0	0	0	2,500	296,520
Fines & Forfeitures	0	131,000	0	10,000	0	0	0	0	0	141,000
Revenue From Other Agencies	0	730,784	3,600	0	2,095,600	0	0	0	15,000	2,844,984
Use of Assets	0	0	0	2,250	3,500	0	12,000	11,500	650	29,900
Fees & Charges	0	40,450	0	196,020	935,400	0	6,674,750	6,027,600	155,890	14,030,110
Other Revenue	0	143,950	22,725	2,550	4,000	0	36,900	42,000	27,200	279,325
Direct Charges for Service	0	0	0	0	0	0	11,000	11,900	0	22,900
Unspent Contingency	0	0	0	0	0	0	0	0	0	0
Transfers In	0	214,700	185,700	641,500	385,500	0	0	0	5,000	1,432,400
Total Current Revenues	0	17,755,234	212,025	1,136,340	3,434,000	0	6,734,650	6,093,000	206,240	35,571,489
Total Prog. Gen. Res.	0	17,755,234	212,025	1,726,312	4,096,426	0	8,871,040	7,831,431	415,063	40,907,531
General Support Resources	10,727,406	1,384,719	1,889,632	1,040,844	0	0	0	0	0	15,042,601
Total Resources	10,727,406	19,139,953	2,101,657	2,767,156	4,096,426	0	8,871,040	7,831,431	415,063	55,950,132
General Support Resources										
Beginning Balance	10,109,254									
Current Revenues										
Property Taxes	0									
Taxes Other than Property	3,351,544									
Fees in Lieu of Franchise	573,444									
Licenses & Permits	6,940									
Fines & Forfeitures	0									
Revenue From Other Agencies	925,919									
Use of Assets	70,500									
Fees & Charges	0									
Other Revenue	5,000									
Loan Repayment	0									
Unspent Contingency	0									
Transfers In	0									
Total Current Revenues	4,933,347 *									
Total General Support Resources	15,042,601									
* Detail for these resources can be found in Appendix K										
Operating Budget Summary of Requirements by Program & Major Object for Fiscal Year 2016 Approved										
	Policy & Legis.	Public Safety	Parks	Development	Transportation	Storm Water	Water	Wastewater	Solid Waste	Total
Personnel Services	0	14,713,670	632,096	932,105	723,501	0	1,537,584	1,343,561	18,962	19,901,479
Materials and Supplies	25,400	476,011	137,250	36,450	74,462	0	483,127	387,180	6,420	1,626,300
Contractual Services	471,200	2,146,730	963,325	729,744	979,338	0	966,524	1,347,536	103,366	7,707,763
Direct Charges for Services	188,968	41,589	168,981	434,786	383,192	0	396,922	458,055	50,312	2,122,805
Capital Outlay	0	38,000	9,000	0	0	0	61,500	13,400	0	121,900
Indirect Charges	27,000	1,723,953	191,005	211,906	177,300	0	354,710	373,640	17,950	3,077,464
Operating Expenditures	712,568	19,139,953	2,101,657	2,344,991	2,337,793	0	3,800,367	3,923,372	197,010	34,557,711
Other Requirements										
Debt Service	0	0	0	0	0	0	507,170	933,713	0	1,440,883
Transfers Out	2,155,500	0	0	30,000	1,310,000	0	3,413,000	1,719,000	0	8,627,500
Total Other Expenditures	2,155,500	0	0	30,000	1,310,000	0	3,920,170	2,652,713	0	10,068,383
Contingencies	2,000,000	0	0	367,115	448,633	0	1,150,503	1,255,346	218,053	5,439,650
Ending Balance	5,859,338	0	0	25,050	0	0	0	0	0	5,884,388
Total Requirements	10,727,406	19,139,953	2,101,657	2,767,156	4,096,426	0	8,871,040	7,831,431	415,063	55,950,132

Operating Budget Summary of Resources by Program & Source for Fiscal Year 2016 Recommended										
	Policy & Legis.	Public Safety	Parks	Develop-ment	Trans- portation	Storm Water	Water	Wastewater	Solid Waste	Total
Program Generated Resources										
Beginning Balance	0	0	0	589,972	662,426	0	2,136,390	1,738,431	208,823	5,336,042
Current Revenues										
Property Taxes	0	16,494,350	0	0	0	0	0	0	0	16,494,350
Taxes Other than Property	0	0	0	0	0	0	0	0	0	0
Licenses & Permits	0	0	0	284,020	10,000	0	0	0	2,500	296,520
Fines & Forfeitures	0	131,000	0	10,000	0	0	0	0	0	141,000
Revenue From Other Agencies	0	730,784	3,600	0	2,095,600	0	0	0	15,000	2,844,984
Use of Assets	0	0	0	2,250	3,500	0	12,000	11,500	650	29,900
Fees & Charges	0	40,450	0	196,020	935,400	0	6,674,750	6,027,600	155,890	14,030,110
Other Revenue	0	143,950	22,725	2,550	4,000	0	36,900	42,000	27,200	279,325
Direct Charges for Service	0	0	0	0	0	0	11,000	11,900	0	22,900
Unspent Contingency	0	0	0	0	0	0	0	0	0	0
Transfers In	0	214,700	185,700	641,500	385,500	0	0	0	5,000	1,432,400
Total Current Revenues	0	17,755,234	212,025	1,136,340	3,434,000	0	6,734,650	6,093,000	206,240	35,571,489
Total Prog. Gen. Res.	0	17,755,234	212,025	1,726,312	4,096,426	0	8,871,040	7,831,431	415,063	40,907,531
General Support Resources										
Beginning Balance	10,727,406	1,384,719	1,889,632	1,040,844	0	0	0	0	0	15,042,601
Total Resources	10,727,406	19,139,953	2,101,657	2,767,156	4,096,426	0	8,871,040	7,831,431	415,063	55,950,132
General Support Resources										
Beginning Balance	10,109,254									
Current Revenues										
Property Taxes	0									
Taxes Other than Property	3,351,544									
Fees in Lieu of Franchise	573,444									
Licenses & Permits	6,940									
Fines & Forfeitures	0									
Revenue From Other Agencies	925,919									
Use of Assets	70,500									
Fees & Charges	0									
Other Revenue	5,000									
Loan Repayment	0									
Unspent Contingency	0									
Transfers In	0									
Total Current Revenues	4,933,347	*								
Total General Support Resources	15,042,601									
* Detail for these resources can be found in Appendix K										
Operating Budget Summary of Requirements by Program & Major Object for Fiscal Year 2016 Recommended										
	Policy & Legis.	Public Safety	Parks	Develop-ment	Trans- portation	Storm Water	Water	Wastewater	Solid Waste	Total
Personnel Services	0	14,713,670	632,096	932,105	723,501	0	1,537,584	1,343,561	18,962	19,901,479
Materials and Supplies	25,400	476,011	137,250	36,450	74,462	0	483,127	387,180	6,420	1,626,300
Contractual Services	471,200	2,146,730	963,325	729,744	979,338	0	966,524	1,347,536	103,366	7,707,763
Direct Charges for Services	188,968	41,589	168,981	434,786	383,192	0	396,922	458,055	50,312	2,122,805
Capital Outlay	0	38,000	9,000	0	0	0	61,500	13,400	0	121,900
Indirect Charges	27,000	1,723,953	191,005	211,906	177,300	0	354,710	373,640	17,950	3,077,464
Operating Expenditures	712,568	19,139,953	2,101,657	2,344,991	2,337,793	0	3,800,367	3,923,372	197,010	34,557,711
Other Requirements										
Debt Service	0	0	0	0	0	0	507,170	933,713	0	1,440,883
Transfers Out	2,155,500	0	0	30,000	1,310,000	0	3,413,000	1,719,000	0	8,627,500
Total Other Expenditures	2,155,500	0	0	30,000	1,310,000	0	3,920,170	2,652,713	0	10,068,383
Contingencies	2,000,000	0	0	367,115	448,633	0	1,150,503	1,255,346	218,053	5,439,650
Ending Balance	5,859,338	0	0	25,050	0	0	0	0	0	5,884,388
Total Requirements	10,727,406	19,139,953	2,101,657	2,767,156	4,096,426	0	8,871,040	7,831,431	415,063	55,950,132

Operating Budget Summary of Resources by Program & Source for Fiscal Year 2015 Budget										
	Policy & Legis.	Public Safety	Parks	Develop-ment	Trans- portation	Storm Water	Water	Wastewater	Solid Waste	Total
Program Generated Resources										
Beginning Balance	0	0	0	630,061	687,503	10,563	1,913,280	1,933,582	187,406	5,362,395
Current Revenues										
Property Taxes	0	15,480,030	0	0	0	0	0	0	0	15,480,030
Taxes Other than Property	0	0	0	0	0	0	0	0	0	0
Licenses & Permits	0	0	0	308,700	10,000	0	0	0	2,500	321,200
Fines & Forfeitures	0	200,800	0	7,700	0	0	0	0	0	208,500
Revenue From Other Agencies	0	672,304	3,600	0	1,994,752	0	0	0	15,000	2,685,656
Use of Assets	0	0	0	2,500	3,500	0	12,000	11,500	650	30,150
Fees & Charges	0	234,000	0	210,240	890,000	0	5,597,750	5,845,600	127,470	12,905,060
Other Revenue	0	144,300	23,325	4,550	3,000	0	36,750	42,000	22,092	276,017
Direct Charges for Service	0	0	0	0	0	0	20,400	11,900	0	32,300
Unspent Contingency	0	0	0	0	0	0	0	0	0	0
Transfers In	0	234,800	205,800	710,700	367,100	136,000	0	0	5,000	1,659,400
Total Current Revenues	0	16,966,234	232,725	1,244,390	3,268,352	136,000	5,666,900	5,911,000	172,712	33,598,313
Total Prog. Gen. Res.	0	16,966,234	232,725	1,874,451	3,955,855	146,563	7,580,180	7,844,582	360,118	38,960,708
General Support Resources	11,500,665	1,239,585	1,711,618	962,036	0	0	0	0	0	15,413,904
Total Resources	11,500,665	18,205,819	1,944,343	2,836,487	3,955,855	146,563	7,580,180	7,844,582	360,118	54,374,612
General Support Resources										
Beginning Balance	9,885,764									
Current Revenues										
Property Taxes	0									
Taxes Other than Property	3,115,500									
Fees in Lieu of Franchise	568,500									
Licenses & Permits	6,940									
Fines & Forfeitures	0									
Revenue From Other Agencies	864,700									
Use of Assets	71,500									
Fees & Charges	891,000									
Other Revenue	10,000									
Loan Repayment	0									
Unspent Contingency	0									
Transfers In	0									
Total Current Revenues	5,528,140	*								
Total General Support Resources	15,413,904									
* Detail for these resources can be found in Appendix K										
Operating Budget Summary of Requirements by Program & Major Object for Fiscal Year 2015 Budget										
	Policy & Legis.	Public Safety	Parks	Develop-ment	Trans- portation	Storm Water	Water	Wastewater	Solid Waste	Total
Personnel Services	0	13,941,868	615,043	938,438	691,585	0	1,473,360	1,299,976	18,440	18,978,710
Materials and Supplies	21,800	403,886	133,250	34,600	65,762	0	482,527	373,530	6,420	1,521,775
Contractual Services	1,368,900	2,133,558	848,248	642,446	973,538	0	958,678	1,352,808	85,274	8,363,450
Direct Charges for Services	185,763	39,250	156,332	418,999	388,160	0	398,018	444,850	31,330	2,062,702
Capital Outlay	0	48,000	15,800	0	0	0	82,250	17,400	0	163,450
Indirect Charges	27,000	1,639,257	175,670	205,577	175,600	0	349,130	366,690	14,230	2,953,154
Operating Expenditures	1,603,463	18,205,819	1,944,343	2,240,060	2,294,645	0	3,743,963	3,855,254	155,694	34,043,241
Other Requirements										
Debt Service	0	0	0	0	0	146,205	504,770	941,963	0	1,592,938
Transfers Out	2,029,700	0	0	5,000	1,201,952	0	2,224,177	1,782,392	0	7,243,221
Total Other Expenditures	2,029,700	0	0	5,000	1,201,952	146,205	2,728,947	2,724,355	0	8,836,159
Contingencies	1,792,000	0	0	507,242	459,258	358	1,107,270	1,264,973	204,424	5,335,525
Ending Balance	6,075,502	0	0	84,185	0	0	0	0	0	6,159,687
Total Requirements	11,500,665	18,205,819	1,944,343	2,836,487	3,955,855	146,563	7,580,180	7,844,582	360,118	54,374,612

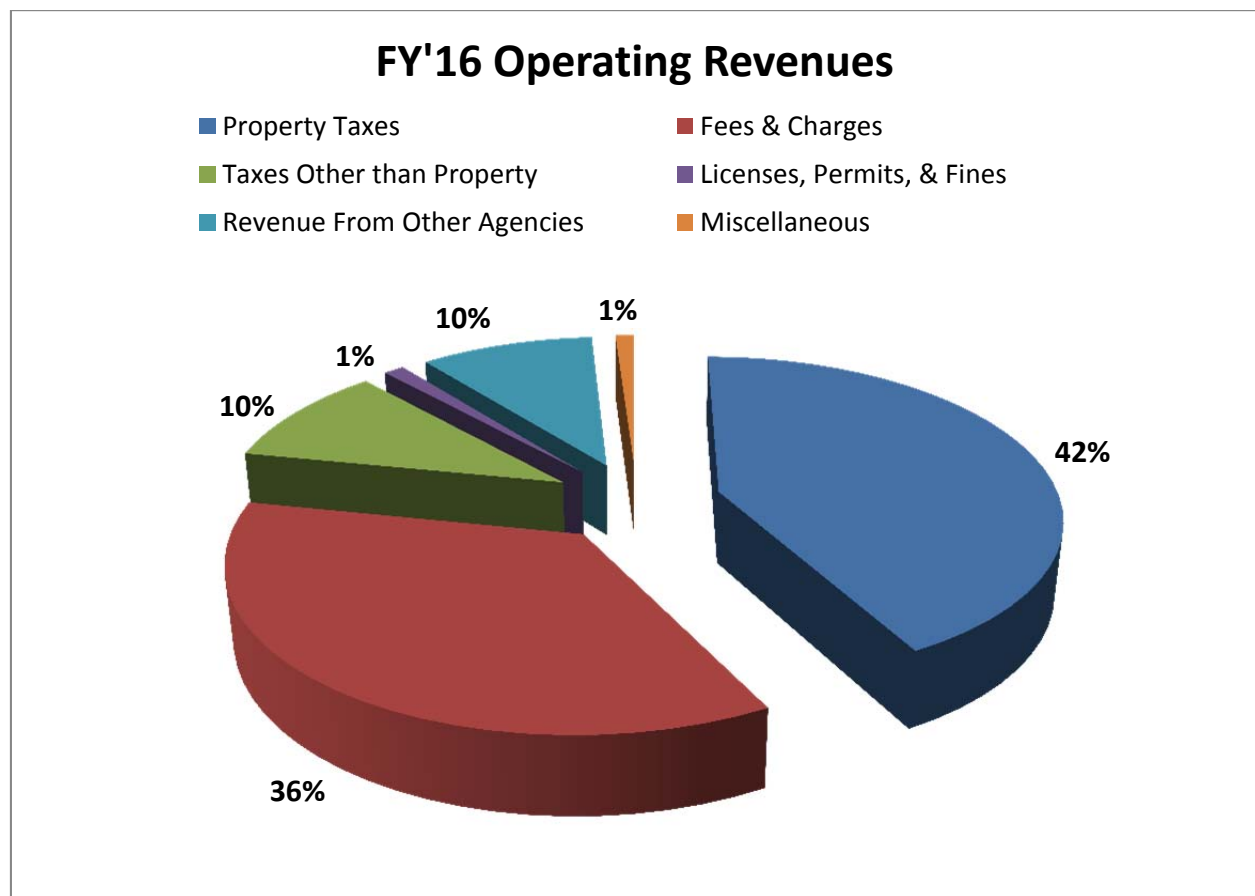
Operating Budget Summary of Resources by Program & Source for Fiscal Year 2014 Actual										
	Policy & Legis.	Public Safety	Parks	Development	Transportation	Storm Water	Water	Wastewater	Solid Waste	Total
Program Generated Resources										
Beginning Balance	0	0	0	593,984	891,013	10,563	2,465,633	1,836,455	113,579	5,911,227
Current Revenues										
Property Taxes	0	15,100,860	0	0	0	0	0	0	0	15,100,860
Taxes Other than Property	0	0	0	0	0	0	0	0	0	0
Licenses & Permits	0	0	0	355,882	8,715	0	0	0	2,720	367,317
Fines & Forfeitures	0	214,572	0	9,351	0	0	0	0	0	223,923
Revenue From Other Agencies	0	663,897	3,600	0	2,073,418	0	0	0	11,000	2,751,915
Use of Assets	0	0	0	3,283	4,483	0	15,270	26,002	918	49,956
Fees & Charges	0	263,592	0	247,154	901,729	0	5,570,929	5,917,304	79,753	12,980,461
Other Revenue	0	115,626	32,175	8,566	4,260	0	58,074	34,990	20,600	274,291
Direct Charges for Service	0	0	0	0	0	0	11,025	12,077	0	23,102
Unspent Contingency	0	0	0	0	0	0	0	0	0	0
Transfers In	0	190,499	155,509	538,174	0	0	205	0	5,000	889,387
Total Current Revenues	0	16,549,046	191,284	1,162,410	2,992,605	0	5,655,503	5,990,373	119,991	32,661,212
Total Prog. Gen. Res.	0	16,549,046	191,284	1,756,394	3,883,618	10,563	8,121,136	7,826,828	233,570	38,572,439
General Support Resources	13,732,205	479,880	1,584,691	781,406	0	0	0	0	0	16,578,182
Total Resources	13,732,205	17,028,926	1,775,975	2,537,800	3,883,618	10,563	8,121,136	7,826,828	233,570	55,150,621
General Support Resources										
Beginning Balance	11,807,366									
Current Revenues										
Property Taxes	0									
Taxes Other than Property	3,250,789									
Fees in Lieu of Franchise	558,902									
Licenses & Permits	8,915									
Fines & Forfeitures	0									
Revenue From Other Agencies	867,429									
Use of Assets	79,438									
Fees & Charges	0									
Other Revenue	5,343									
Loan Repayment	0									
Unspent Contingency	0									
Transfers In	0									
Total Current Revenues	4,770,816	*								
Total General Support Resources	16,578,182									
* Detail for these resources can be found in Appendix K										
Operating Budget Summary of Requirements by Program & Major Object for Fiscal Year 2014 Actual										
	Policy & Legis.	Public Safety	Parks	Development	Transportation	Storm Water	Water	Wastewater	Solid Waste	Total
Personnel Services	0	13,190,079	573,640	892,664	561,162	0	1,227,188	1,216,643	10,560	17,671,936
Materials and Supplies	13,047	309,144	120,994	39,687	65,631	0	432,162	372,630	1,869	1,355,164
Contractual Services	1,179,397	1,991,741	770,690	449,777	519,418	0	888,961	1,256,361	51,529	7,107,874
Direct Charges for Services	159,958	21,570	137,161	340,789	375,327	0	392,391	427,173	23,108	1,877,477
Capital Outlay	0	0	12,292	1,197	10,000	0	53,225	558	744	78,016
Indirect Charges	35,067	1,516,392	161,198	172,273	153,170	0	309,115	345,526	8,781	2,701,522
Operating Expenditures	1,387,469	17,028,926	1,775,975	1,896,387	1,684,708	0	3,303,042	3,618,891	96,591	30,791,989
Other Requirements										
Debt Service	0	0	0	0	801	0	506,624	939,362	0	1,446,787
Transfers Out	1,181,339	0	0	5,000	1,307,438	0	1,333,000	1,034,000	0	4,860,777
Total Other Expenditures	1,181,339	0	0	5,000	1,308,239	0	1,839,624	1,973,362	0	6,307,564
Contingencies	0	0	0	0	0	0	0	0	0	0
Ending Balance	11,163,397	0	0	636,413	890,671	10,563	2,978,470	2,234,575	136,979	18,051,068
Total Requirements	13,732,205	17,028,926	1,775,975	2,537,800	3,883,618	10,563	8,121,136	7,826,828	233,570	55,150,621

Operating Budget										
Summary of Resources by Program & Source for Fiscal Year 2013 Actual										
	Policy & Legis.	Public Safety	Parks	Develop-ment	Trans- portation	Storm Water	Water	Wastewater	Solid Waste	Total
Program Generated Resources										
Beginning Balance	0	0	0	477,368	685,007	10,563	1,429,081	1,636,013	112,483	4,350,515
Current Revenues										
Property Taxes	0	14,969,837	0	0	0	0	0	0	0	14,969,837
Taxes Other than Property	0	0	0	0	0	0	0	0	0	0
Licenses & Permits	0	0	0	366,451	13,674	0	0	0	2,580	382,705
Fines & Forfeitures	0	252,478	0	7,805	0	0	0	0	0	260,283
Revenue From Other Agencies	0	779,788	3,600	3,100	1,982,677	0	0	239,638	11,000	3,019,803
Use of Assets	0	0	0	3,149	2,789	0	10,109	8,794	652	25,493
Fees & Charges	0	244,533	0	251,585	866,377	0	4,826,670	4,858,821	90,187	11,138,173
Other Revenue	0	75,998	34,273	16,495	8,945	0	28,863	49,925	17,545	232,044
Direct Charges for Service	0	0	0	0	0	0	14,180	19,495	0	33,675
Unspent Contingency	0	0	0	0	0	0	0	0	0	0
Transfers In	0	615,198	165,511	625,999	0	0	0	0	5,000	1,411,708
Total Current Revenues	0	16,937,832	203,384	1,274,584	2,874,462	0	4,879,822	5,176,673	126,964	31,473,721
Total Prog. Gen. Res.	0	16,937,832	203,384	1,751,952	3,559,469	10,563	6,308,903	6,812,686	239,447	35,824,236
General Support Resources	13,503,934	(331,844)	1,436,822	812,230	0	0	0	0	0	15,421,142
Total Resources	13,503,934	16,605,988	1,640,206	2,564,182	3,559,469	10,563	6,308,903	6,812,686	239,447	51,245,378
General Support Resources										
Beginning Balance	10,446,858									
Current Revenues										
Property Taxes	0									
Taxes Other than Property	3,083,017									
Fees in Lieu of Franchise	520,488									
Licenses & Permits	7,238									
Fines & Forfeitures	0									
Revenue From Other Agencies	910,707									
Use of Assets	78,857									
Fees & Charges	0									
Other Revenue	3,977									
Loan Repayment	370,000									
Unspent Contingency	0									
Transfers In	0									
Total Current Revenues	4,974,284 *									
Total General Support Resources	15,421,142									
* Detail for these resources can be found in Appendix K										
Operating Budget										
Summary of Requirements by Program & Major Object for Fiscal Year 2013 Actual										
	Policy & Legis.	Public Safety	Parks	Develop-ment	Trans- portation	Storm Water	Water	Wastewater	Solid Waste	Total
Personnel Services	185,085	12,733,456	594,551	910,164	540,057	0	1,273,013	1,336,643	10,052	17,583,021
Materials and Supplies	22,703	345,229	125,830	21,410	55,606	0	417,288	351,910	1,388	1,341,364
Contractual Services	337,742	1,957,007	717,401	441,530	483,800	0	785,640	1,148,621	59,795	5,931,536
Direct Charges for Services	130,651	37,500	48,132	413,930	263,024	0	445,221	330,578	29,743	1,698,779
Capital Outlay	0	15,037	5,182	0	0	0	62,509	24,542	13,448	120,718
Indirect Charges	18,492	1,474,729	149,110	178,164	134,266	0	298,868	329,070	11,442	2,594,141
Operating Expenditures	694,673	16,562,958	1,640,206	1,965,198	1,476,753	0	3,282,539	3,521,364	125,868	29,269,559
Other Requirements										
Debt Service	0	0	0	0	856	0	36,404	492,015	0	529,275
Transfers Out	1,001,895	43,030	0	5,000	1,190,847	0	524,327	962,852	0	3,727,951
Total Other Expenditures	1,001,895	43,030	0	5,000	1,191,703	0	560,731	1,454,867	0	4,257,226
Contingencies	0	0	0	0	0	0	0	0	0	0
Ending Balance	11,807,366	0	0	593,984	891,013	10,563	2,465,633	1,836,455	113,579	17,718,593
Total Requirements	13,503,934	16,605,988	1,640,206	2,564,182	3,559,469	10,563	6,308,903	6,812,686	239,447	51,245,378

Overview

As the following chart shows, the largest operating revenue sources for the City are property taxes and user fees and charges (user fees are mostly water and wastewater revenue). In the following pages the basis of estimates for major revenues sources is provided as well as revenue trends. Of special note is that many of the major revenue sources are directly tied to the performance of the housing market. In addition to property taxes, which are of course linked not only to new development but can be impacted by a down turn in the overall market value, many annual fee changes are linked to national CPI-U changes and the largest component of determining CPI is housing costs.

Having many major revenues so directly tied to growth or declines in the housing market poses a potential risk for the City if the expenditure side of the budget and changes to expenditures are disconnected or exceed CPI changes. In the key expenditure details that follow this section, you will find an analysis of changes to operating costs per capita in recent years as compared to CPI. A per capita change to operating budgets is an appropriate measure to review because the City’s budget will naturally grow as the City’s population grows.



OPERATING REVENUE TRENDS

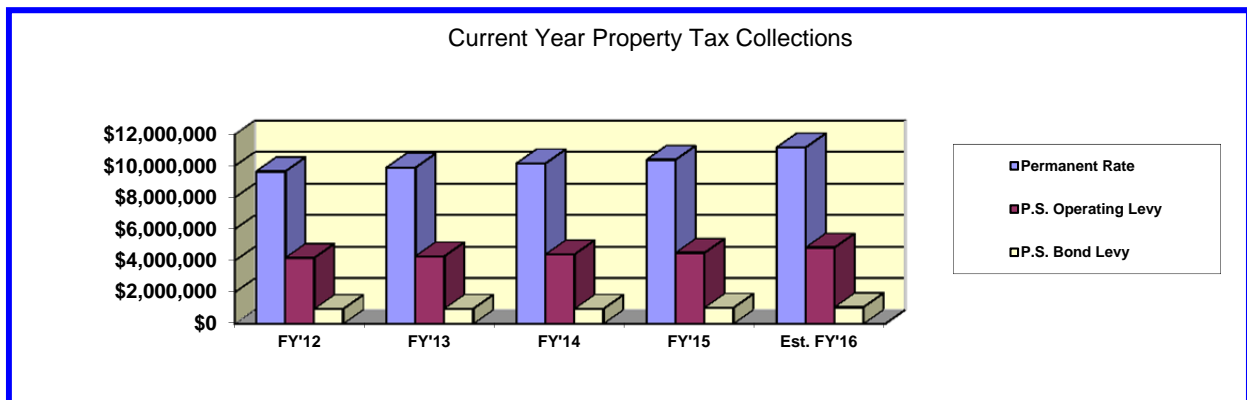
The compilation of this one-year operating budget and second year budget projection reflects the key revenue sources outlined below. At the end of this “Key Revenue Details” section is a recap of major revenues and the basis of estimate used.

Property Taxes – Permanent Rate and Public Safety Local Option Levy

All of the property taxes received from the City’s permanent rate as well as the local option levy recorded as revenue for the General Fund are dedicated to Public Safety each year. In the FY’16 budget close to 85% of the resources dedicated to Public Safety will have come from property taxes and Public Safety is the largest single operating department of the City.

In November of 2013 the levy was renewed at the same rate of \$1.79 per \$1,000 of assessed valuation for a period of four years starting in FY’15 and this levy will contribute close to \$5.0 million to the Public Safety resources required for operations next year. In time, slightly more than 97% of property tax levies are collected due to the 3% discounts available for paying the tax in a timely manner. That resource, along with the permanent property tax rate and other restricted or dedicated Public Safety resources, is anticipated to fund the majority of the City’s Public Safety program with an additional reliance on the General Fund budgeted at \$1.4 million this year.

This budget reflects the use of resources other than property taxes to support Public Safety for the short-term, a necessity in order to provide a similar level of service as directed by the City Council. The estimated combined tax rate for the permanent levy, the Public Safety Levy, and the Public Safety Bonded Debt will be similar to the rate in recent years at an estimated \$6.3232/\$1,000 assessed valuation. The permanent rate and levy rate that support Public Safety operations doesn’t change from year to year, but the bond rate for the Public Safety facilities can change slightly from year to year.



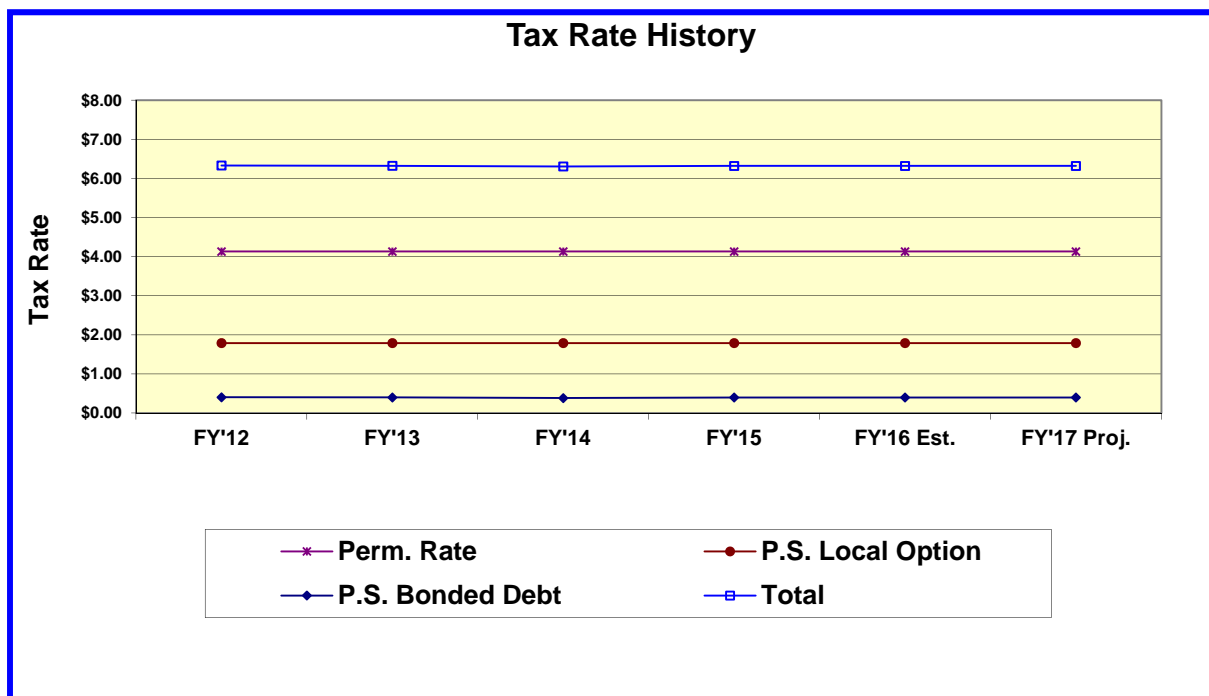
Grants Pass’ total taxable values continue to increase slightly, partially the result of moderate amounts of new construction and partially a small increase in assessed values on existing properties. Increases in assessed valuation on existing properties is generally capped at 3% per year, but due to significant declines in real market values and in some cases assessed values,

certain properties could see assessments increase more than 3% in a given year if the property market sees significant and continued increases in the future. This 3% annual restriction in the past has resulted in assessed valuations being significantly lower than true market value, and on average they are still below total market values.

Total assessed values rose approximately 3.66% in FY'15 and are estimated to increase about 6.2% in FY'16 due in part to a large annexation approved in November of 2014, new construction, and a modest amount of projected assessed value increases on existing properties. The annexation alone will add about 3.7% to assessed values for FY'16. Historical trends together with updated data furnished by the Josephine County Assessor's office and construction valuation reports from the previous calendar year are used to project assessed values. The number of building permits and respective valuations along with local housing market conditions are also factored into the equation.

Property Taxes – Public Safety Local Option Levy

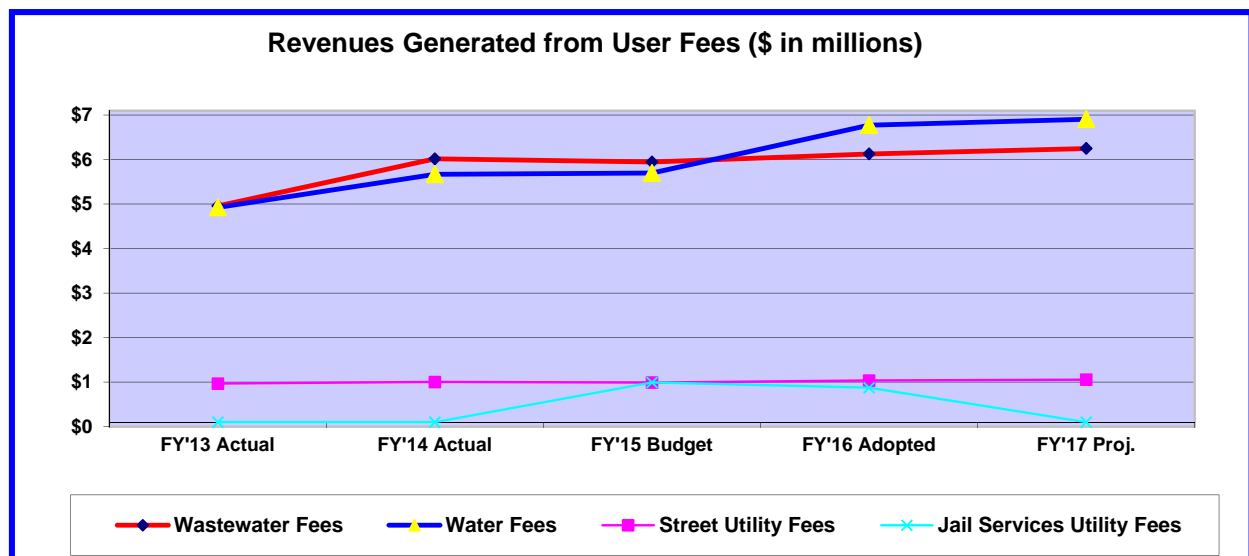
This budget document includes the resources that the voters authorized through passage of the Four-Year Public Safety Levy in November of 2013. The approved levy provides an estimated \$5.0 million in FY'16 for City Public Safety operations. While all property taxes are dedicated to Public Safety, the temporary local option levy was set to expire June 30, 2014 before the vote on the new levy. The overwhelming support for the Public Safety Levy in this last election demonstrates the community's desire for quality services. Therefore, the current fiscal year budget, the FY'16 budget, and the FY'17 projection are based on the approved levy at the same rate of \$1.79 per \$1,000 of assessed value.



Taxes Other than Property

Franchise fees (Right of Way Privilege Taxes) received from each of the private utilities providing service to municipal residents are estimated to total \$3.07 million in FY'16 and this is the second largest revenue source for the General Fund. This amount is relatively stable from year to year, but due to the recession and less use of traditional utilities such as land-based phone lines, the revenue projection is built around mostly stable or flat local economic growth to be conservative. The total amount is increasing slightly more than normal this year due to the annexation approved in the current fiscal year that added close to 4% to the City's population and to the City's developed properties. When the City annexes properties, many of whom are already being served by one or more City utility or other services, new revenues are provided from telephone, electric, gas, garbage, and cable television services as well as increases from state gas tax revenues and other state revenue sharing amounts. Diminished growth in land based telephones compared to cell phones has resulted in an adverse impact on telecommunications franchise fees, but most other franchise revenue sources are relatively stable and in many cases increasing slightly as user rates and charges for those services increase. Historical trends, proposed rate increases or decreases by the utilities, and additional consumers, are taken into consideration when estimating franchise fee revenues. Fee changes such as the rate changes implemented by Pacific Power and Avista in the last year is the primary reason franchise revenues are projected to be up more than what the annexation alone will contribute to total revenues. Costs and revenues such as the franchise/ROW taxes both increase as the City serves a larger area and a higher population.

User Fees and Charges



Revenue estimates for Utility user fees:

	Wastewater	Water	Street	Jail Services
Actual FY'13	\$4,858,823	\$4,826,670	\$866,378	\$0
Actual FY'14	5,917,305	5,571,134	901,743	0
Budget FY'15	5,845,600	5,597,750	890,000	891,000
Adopted FY'16	6,027,600	6,674,750	935,400	772,000

The foregoing chart reflects revenue estimates for wastewater, water, street, and the new Jail Services Utility fee that began during FY'15. Sewer fees are showing an increase since FY'13 due largely to the Redwood Sanitary Sewer Service District that was consolidated with the City of Grants Pass Wastewater utility at the end of FY'13. Water revenues reflect the proactive steps taken by Council in 2012 to increase rates and better prepare for major capital project funding needs coming up in the short-term and intermediate-term. Recognizing that the City was facing a bond offering in the short-term for a new reservoir and much higher dollar infrastructure needs in the next 5-10 years, Council increased water rates by phasing in increases to base rates on January 1, 2013 and January 1, 2014. The full effect of this change is now being seen in FY'15 along with slightly higher water revenues and water use due to hot and dry conditions in the peak summer demand periods. Otherwise, increases are largely a result of consumer price index changes applied to all of the utility rates each January 1st.

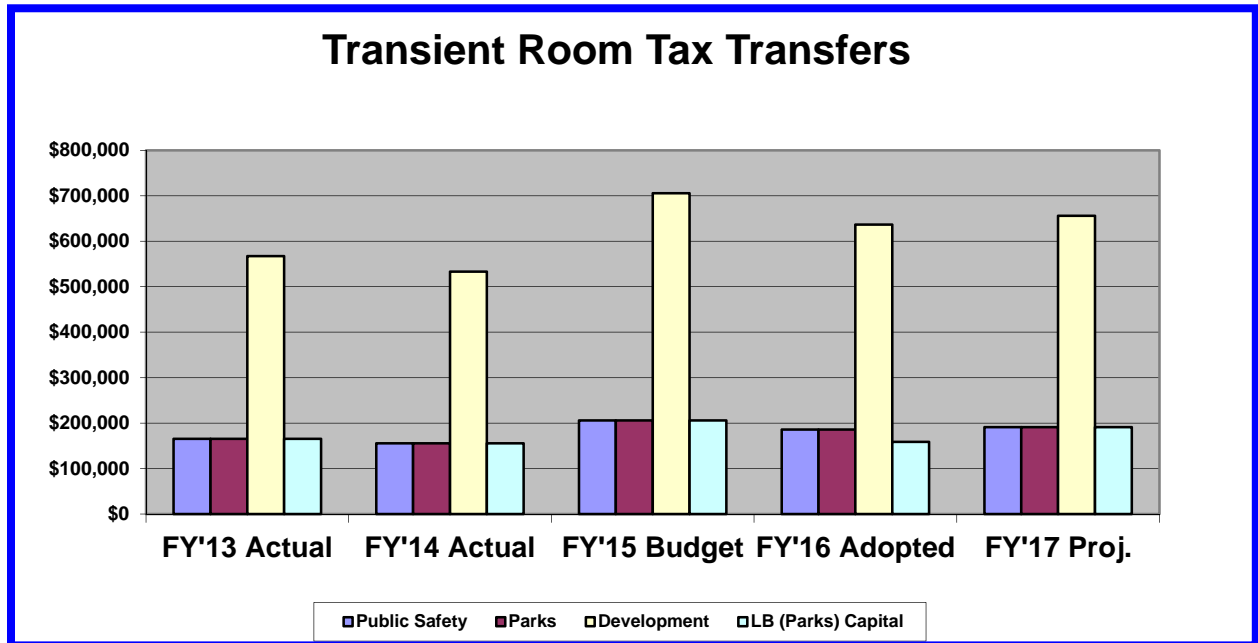
Revenues from Other Agencies

Revenues from other agencies are generally on track with estimates for FY'15 and projected to be close to flat in FY'15. There are not many grants that support ongoing operations and in this budget most of the grants are related to capital projects and not operating revenues. Revenues from the State of Oregon for Liquor Tax, Cigarette Tax, and Revenue Sharing, which make up the largest share of revenue from other agencies in the General Fund, are projected to increase slightly in FY'16 due to a higher population after the 2014 annexation. State Gas Tax is projected to provide intergovernmental revenue of \$2.095 million in FY'16 for the Transportation/Streets maintenance and projects, up close to \$100,000 due largely to a higher population after the recent annexation. Per capita estimates for Revenue Sharing and Gas Tax are provided by the state through the League of Oregon Cities and are considered in establishing revenue projections in addition to recent revenue trends with the State revenue sharing disbursements.

Transfers In

Transient Room Tax revenues are distributed among Development (which includes Tourism), Public Safety, and Parks as well as the Lands and Building Capital program for use in parks projects. Percentage distributions from the Transient Room Tax Fund are projected at approximately \$1.2 million, of which approximately \$1.0 million will be directed to operations and almost \$200,000 will be directed to Parks Capital projects. The combined total is down slightly from the FY'15 transfer budget but only because there were more funds carried over from previous years for one-time distributions in FY'15. Current year transient room tax revenues have increased slightly each year for a number of years now. While there are many

factors, including weather, the cost of travel, forest fires, etc. that affect tourism in our region, we believe that Grants Pass tourism will continue to hold its own compared to peers in spite of current economic conditions and projections of limited growth in tourism nationwide. Our tourism is supported by growing out-of-town participation in community events like “Boatnik,” “Back to the 50’s,” “Art along the Rogue,” and perhaps by our proximity to California tourists, many of which elect to visit our region instead of more distant destinations.



FY'16 MAJOR REVENUE SOURCES

The following chart provides a recap of the City's major revenue sources and provides the basis of how the revenue estimates were generated.

Fund	Program	Description	Dollar Amount	% of Program Revenues	Basis of Revenue Estimates
General	Public Safety	Property Taxes , Collected by Josephine County and turned over to the City at least monthly	\$16,494,350	92.9%	5 year historical trends, new construction estimate from Building division together with information from Josephine County Assessor's office
General	Development	Permits & Licenses	\$284,020	23.3%	Estimated # of residential, industrial and commercial building permits issued
General	Policy & Legislation	Taxes other than Property (Right of Way, Franchise, & Business Taxes)	\$3,351,594	58.74%	Historical trends together with growth projections and rate increases/decreases approval by state. Also refer to Appendix K.
Transportation	Transportation	State Gas Tax , Collected by the State and the City receives monthly distributions	\$2,095,600	61.0%	Historical growth trends together with per capita revenue projections received from state
Transportation	Transportation	Street Utility Fees (monthly City utility bill)	\$935,400	27.2%	Current accounts plus CPI
Water	Water	User Fees & Charges (monthly City utility bill)	\$6,674,750	99.1%	Historical growth in # of accounts and utilization, together with projected housing starts
Wastewater	Wastewater	User Fees & Charges (monthly City utility bill)	\$5,997,000	98.4%	Historical growth in # of accounts together with projected housing starts

Property Tax Analysis

		<i>Actual FY'13</i>	<i>Actual FY'14</i>	<i>Budget FY'15</i>	<i>Adopted FY'16</i>	<i>Projected FY'17</i>
Assessed Value-Taxable Base	(a)	\$2,560,620,162	\$2,624,936,968	\$2,720,898,957	\$2,889,958,000	\$2,943,857,000
Permanent Tax Rate *	(b)	4.1335	4.1335	4.1335	4.1335	4.1335
Anticipated Levy from Permanent Tax Rate (a) x (b) + Tax Roll Corrections	(c)	10,584,705	10,852,957	11,246,836	11,945,641	12,168,433
Public Safety Local Option Tax*	(d)	1.79	1.79	1.79	1.79	1.79
Anticipated Levy on Taxable Base from Local Option Tax (a) x (d)	(e)	4,583,512	4,698,638	4,870,411	5,173,025	5,269,504
Public Safety Estimated Debt Rate*	(f)	0.4015	0.3857	0.3997	0.3916	0.3978
Anticipated Levy for Bonded Debt	(g)	1,028,089	1,012,439	1,087,544	1,131,658	1,171,123
Total Anticipated Taxes Lines (c) + (e) + (g)	(h)	\$16,196,306	\$16,564,034	\$17,204,791	\$18,250,324	\$18,609,060

* Tax rates are \$1,000 per assessed value

	<i>Tax Certification</i>	<i>Collections</i>	<i>Rate</i>
<u>FY'13 Actual</u>			
Permanent Rate Revenues	\$10,584,705	\$9,893,387	4.1335
Public Safety Operating Levy	4,583,512	4,284,302	1.7900
Public Safety Bonded Debt	1,028,089	960,980	0.4015
Total Actual	\$16,196,306	\$15,138,669	6.3250
<u>FY'14 Actual</u>			
Permanent Rate Revenues	\$10,852,957	\$10,147,515	4.1335
Public Safety Operating Levy	4,698,638	4,393,227	1.7900
Public Safety Bonded Debt	1,012,439	946,630	0.3857
Total Estimated	\$16,564,034	\$15,487,372	6.3092
<u>FY'15 Budget</u>			
Permanent Rate Revenues	\$11,246,836	\$10,515,792	4.1335
Public Safety Operating Levy	4,870,411	4,553,834	1.7900
Public Safety Bonded Debt	1,087,544	1,016,854	0.3997
Total Estimated	\$17,204,791	\$16,086,480	6.3232
<u>FY'16 Adopted</u>			
Permanent Rate Revenues	11,945,641	\$11,169,174	4.1335
Public Safety Operating Levy	5,173,025	4,836,778	1.7900
Public Safety Bonded Debt	1,131,658	1,058,100	0.3916
Total Estimated	\$18,250,324	\$17,064,052	6.3151
<u>FY'17 Projected</u>			
Permanent Rate Revenues	12,168,433	\$11,377,485	4.1335
Public Safety Operating Levy	5,269,504	4,926,986	1.7900
Public Safety Bonded Debt	1,171,123	1,095,000	0.3978
Total Estimated	\$18,609,060	\$17,399,471	6.3213

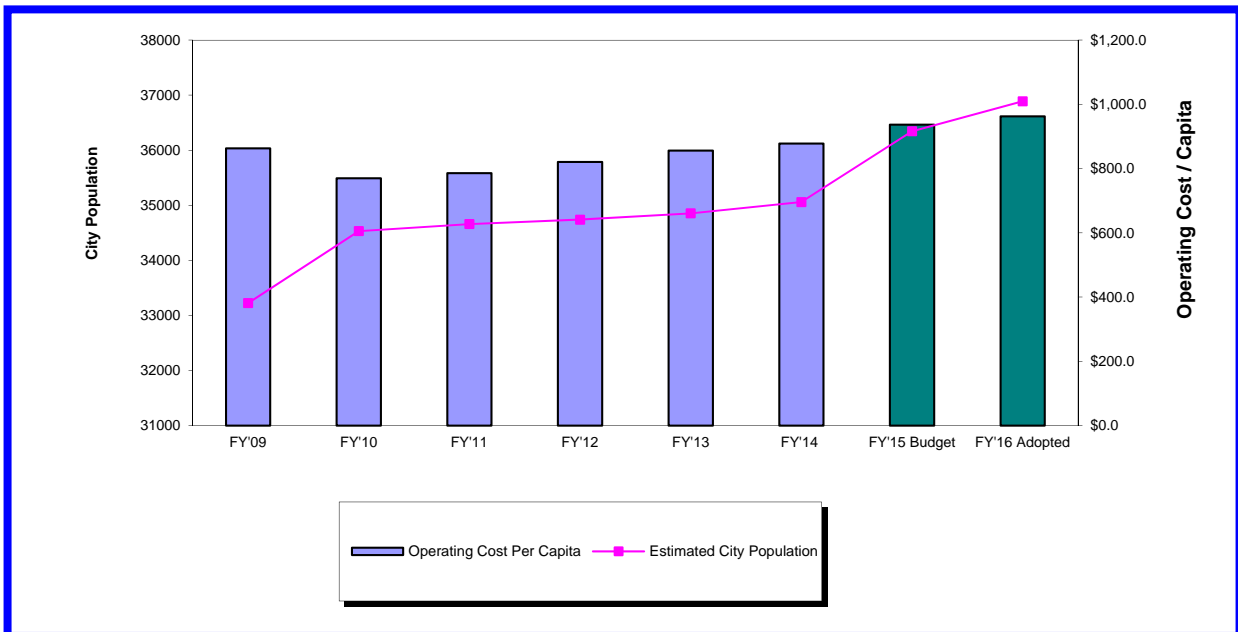
OPERATING COST TRENDS

This year’s operating budget is increasing by approximately \$1.5 million or 4.4% of the total revised operating budget for FY’15. As discussed in the budget message, the primary factors in changes include added staffing in the Public Safety Police Division, market study wage and salary adjustments, changes to health insurance rates, and increased utility and water costs in Parks and other operating divisions.

Operating costs per capita less than inflation

Due to growth in the total adopted operational budget this year in line with population increases, the increase over the years is expected to stay less than inflation on average when measured on a per capita basis. As the City population grows, naturally the City’s budget will similarly increase as services are provided to a larger population. Measuring the increases per capita is a better measure of whether the expenditure side of the equation is keeping up with standard inflation measures or exceeding the standard CPI. City stakeholders should be aware that the City continues to grow, and the total dollar amount to serve a larger community will also grow over time as long as the City strives to keep the current level of services that citizens expect.

Over a longer time period, it is important to manage expenses to ensure the cost per capita of operations, for a full service City such as Grants Pass, do not increase more than the rate of inflation. This ensures growth is being managed appropriately and within reasonable resources. The graph and table below show representation of operating costs per capita, including budget numbers for FY’15 and FY’16. Actual numbers for FY’15 and FY’16 will be below budget (as long as no contingency transfers occur) because programs cannot legally spend more than adopted budget appropriations and always come in under budget.



Using Fiscal 2006 as the base year, the total cost per citizen of providing all the basic City services (Police, Fire, Water, Wastewater, Transportation, Legislation, Parks, Development, and Other Services) has not exceeded inflation for actual results as measured by the national CPI index 10-year average through FY'13. Using the average inflation rate of 2.27% in the last decade and using FY'06 as the base year, the FY'16 budget estimated operating costs per capita are close to the compounded effect of inflation since 2006 and actual results after the next budget year is finished should continue to be below inflation (since budgets are never fully spent). The jump from actual to budget is always not an even comparison since budgets are not fully spent, and a new jail services contract for close to \$1 million per year paid out of the general fund starting in FY'14 is partially why there is an even larger jump between the most recent actual year and the FY'15 / FY'16 budget periods.

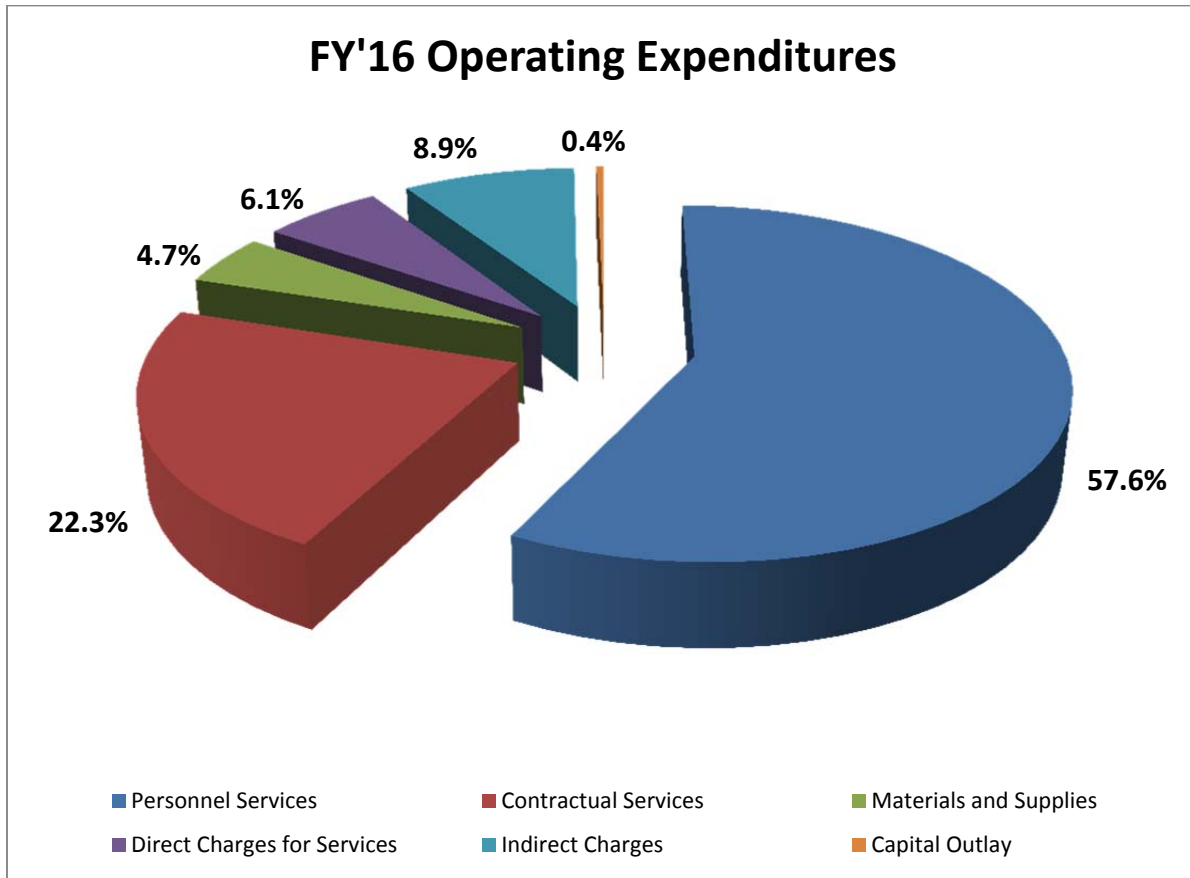
	<u>FY'12 *</u>	<u>FY'13 *</u>	<u>FY'14</u>	<u>FY'15 Budget</u>	<u>FY'16 Adopted</u>
Estimated City Population	34,740	34,855	35,060	36,345	36,890
Operating Cost	\$28,510,070	\$29,850,463	\$30,791,989	\$34,043,241	\$35,529,711
Actual Op. Cost / Capita	\$821	\$856	\$878	\$937	\$963
Cost / Capita If Matched Avg. Inflation	\$865	\$884	\$904	\$925	\$946
* Costs include RSSSD costs before consolidated in FY'14					

Growth in revenues and expenditures per capita will never exactly match the national or regional consumer price index; however the budgeted FY'16 operating expenditure increase compared to the previous year's budget is slightly under recently reported CPI figures.

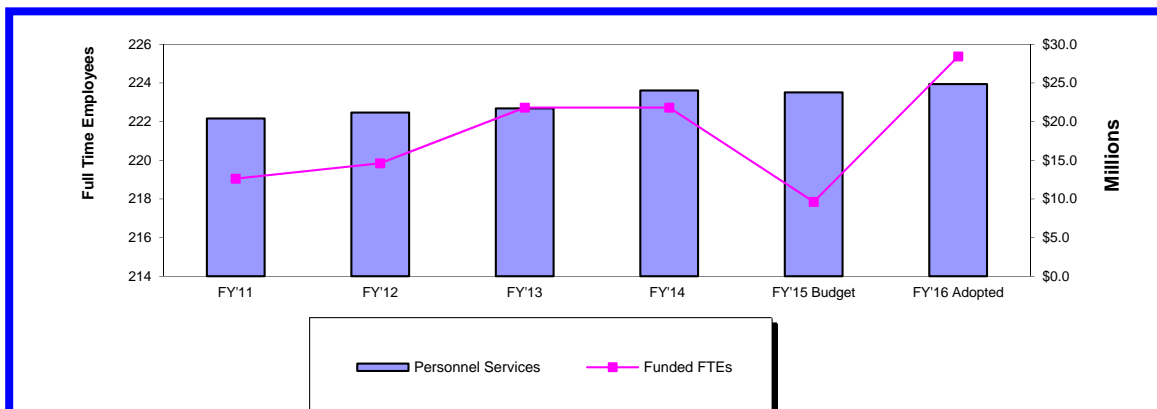
In some cases, such as in the City operated Water and Wastewater utilities, certain major expenses such as electricity are tending to rise faster than nationally reported inflation figures. Increased mandated and contractual obligations for personnel costs and items such as energy costs continue to have an effect on budgets throughout City governmental and utility operations. While nationally reported CPI changes remain in the 1.0% to 2.0% range, the cost of electricity has increased much more than 50% in the last decade. Other types of energy costs such as fuel have risen significantly in recent years and the state mandated costs of the PERS system are increasing over time. Without revenue increases to match the increased costs of providing services, these budget pressures are going to grow more acute and while the City of Grants Pass is not unique in this regard, the further out we look at our budget forecast in coming years the more limited our financial flexibility becomes.

Operating Costs by Classification Category

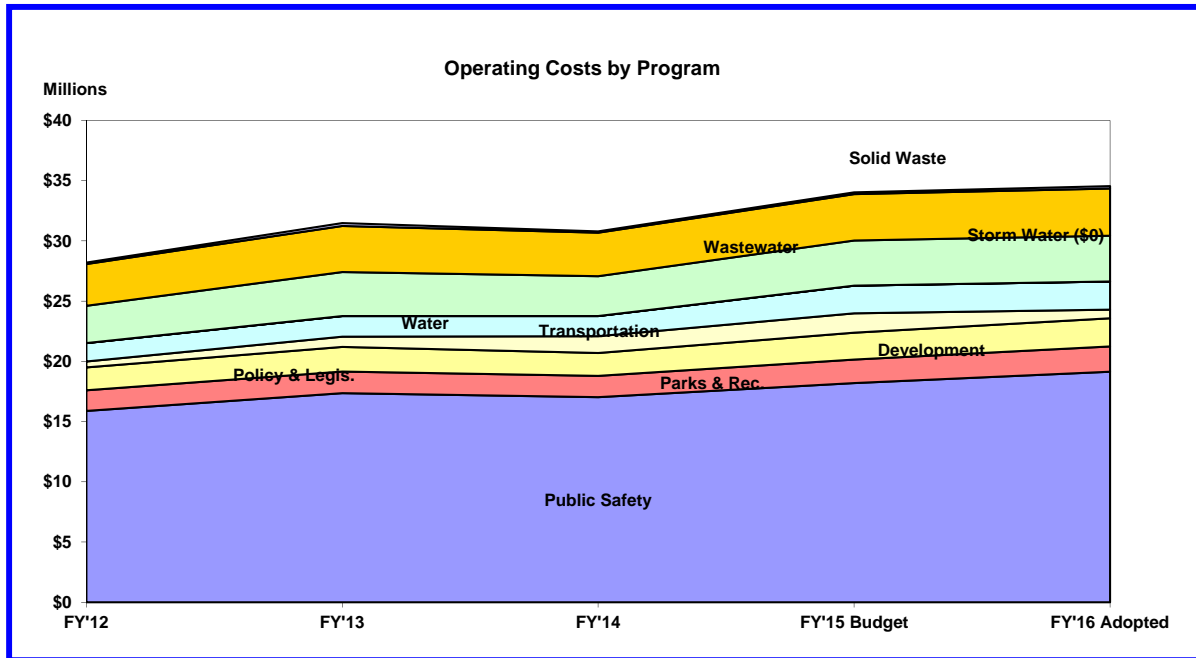
As you can see from the following chart, public service is about people serving people. Fifty-seven percent of the City’s operating expenditures are personnel costs. This is followed by contractual services at 22.3%.



The following chart illustrates the total cost of “Personnel Services,” a state classification designated for employee costs including salary, benefits, and employment tax related costs. It also shows the total number of approved and funded full time equivalent positions in the City by year. This chart shows all employee costs, including Internal Service Fund personnel expenditures.



Operating Costs by Program



The City utilizes internal service funds for: Property Management, Vehicle Maintenance, Vehicle Replacement, Engineering, Community Development Management, Administrative Services (including Management, Legal, General Accounting, Accounts Payable and Receivables, Utilities Billing, Payroll, Human Resources, and General Programs), Insurance, Benefits, and Information Technology. Use of these funds helps in identifying the true cost of program operations and can centralize specific operations to help reduce expenses and increase efficiencies. Costs of internal service funds are built into the operating expenditure budget for all operating programs such as the General Fund departments and the Utility Funds.

Personnel services is showing an increase of close to \$0.9 million largely due to the staffing additions in Public Safety and other smaller changes such as market salary adjustments and higher health insurance costs. Internally billed PERS rates will be relatively stable during the next few years and more information on the City’s participation in the Oregon Public Employee Retirement System (PERS) can be found in the separate budget book section right before the appendix.

Staffing Changes

The FY’16 staffing changes are mainly due to recommendations from the Public Safety PAVE (Performance Audit, Visioning and Enhancement) project completed in 2014. During goal setting Council identified several of the audit staffing recommendations as a priority. This budget reflects the addition of one Sergeant, two police officers, two dispatchers and one call taker. Additionally, the budget includes certain staffing additions in Human Resources by 0.35 (Office Assistant increased 0.10 and Personnel Technician increased 0.25) and an increase of 0.075 to an Office Assistant in Parks and Community Development. The net

difference in funded positions for FY'16 with all of these changes is an increase of 6.425 funded FTE (Full Time Equivalent positions).

As a result of reductions in revenue, reduction in service needs, or efficiencies found through regular operational reviews, positions that do not have funding included in the Budget are shown below. Should activity significantly increase during the fiscal year in any of the City's departments, a supplemental budget could be brought before the Council that would recognize the staffing needs for the unanticipated increase in service demand and/or revenues.

Summary of FY'16 Unfunded Personnel Positions			
Activity	Program	Title	# of Positions
Finance	Administrative Services	Accounting Tech (1.5)	2.50
	Fleet	Assistant Finance Director	
Wastewater	Wastewater Treatment	Utility Worker	2.00
Parks & Community Development	Support	Office Assistant	1.00
Planning	Development	Planner III	7.00
		Department Support Tech	
		Associate Planner (2) Assistant Planner (3)	
Building	Development	Residential Building Insp.	5.00
		Plans Examiner II (2)	
		Office Assistant I Building Inspector I	
Engineering	Support	Utility Engineer	2.00
		Engineering Technician	
Parks	Parks	Urban Forester (0.5)	0.50
Streets	Transportation	Urban Forester	0.50
		Total	20.50

Staff Allocation

<i>Department/Activity</i>	Budget FY'13	Budget FY'14	Budget FY'15	Recommend FY'16	Adopted FY'16	Projected FY'17
Administration						
<i>Management</i>	6.975	4.575	5.075	5.075	5.075	5.075
<i>Legal</i>	2.550	2.500	2.500	2.500	2.500	2.500
<i>Information Services</i>	5.900	6.050	5.700	5.700	5.700	5.700
<i>General Insurance</i>	0.350	0.350	0.350	0.350	0.350	0.350
<i>Economic</i>	1.000	1.000	1.000	1.000	1.000	1.000
<i>Tourism Promotion</i>	1.850	1.825	0.075	0.075	0.075	0.075
<i>Downtown</i>	1.550	1.525	1.675	2.075	2.075	2.075
<i>Property Management</i>	2.100	2.050	2.400	2.000	2.000	2.000
	22.275	19.875	18.775	18.775	18.775	18.775
Parks & Community Develop.						
<i>Management</i>	10.000	10.650	10.650	9.725	9.725	9.725
<i>Engineering</i>	7.500	7.500	7.500	8.500	8.500	8.500
<i>Planning</i>	11.000	10.900	10.900	11.000	11.000	11.000
<i>Building & Safety</i>	7.000	7.100	7.100	7.000	7.000	7.000
<i>Park Maintenance</i>	8.200	7.050	7.050	7.050	7.050	7.050
<i>Aquatics</i>	0.400	0.350	0.350	0.350	0.350	0.350
<i>Recreation</i>	0.150	0.150	0.150	0.150	0.150	0.150
	44.250	43.700	43.700	43.775	43.775	43.775
Finance						
<i>Finance</i>	16.000	17.250	17.300	17.050	17.050	17.050
<i>Garage Operations</i>	3.050	3.000	2.950	3.950	3.950	3.950
<i>Equipment</i>	0.700	0.750	0.750	0.000	0.000	0.000
	19.750	21.000	21.000	21.000	21.000	21.000
Human Resources						
<i>Human Resources</i>	2.855	3.080	3.030	3.280	3.280	3.280
<i>Workers</i>	0.370	0.445	0.595	0.695	0.695	0.695
	3.225	3.525	3.625	3.975	3.975	3.975
Public Works						
<i>Water Treatment</i>	6.460	6.460	6.460	6.460	6.460	6.460
<i>Water Distribution</i>	8.800	8.800	8.800	8.800	8.800	8.800
<i>Wastewater Collection</i>	5.660	5.660	5.660	5.660	5.660	5.660
<i>Wastewater Treatment</i>	9.210	9.210	10.460	10.460	10.460	10.460
<i>JO-GROTM</i>	4.310	4.310	0.000	0.000	0.000	0.000
<i>Capital Projects</i>	1.000	1.000	1.000	1.000	1.000	1.000
<i>Solid Waste</i>	0.100	0.100	0.160	0.160	0.160	0.160
<i>Storm Water</i>	0.000	0.000	0.000	0.000	0.000	0.000
<i>Street Maintenance</i>	8.060	8.060	8.060	8.060	8.060	8.060
	43.600	43.600	40.600	40.600	40.600	40.600
Public Safety						
<i>Police Division</i>	80.000	55.250	55.250	57.650	57.650	57.650
<i>Support Division</i>	31.875	24.700	24.700	28.000	28.000	28.000
<i>Fire Rescue Division</i>	0.000	31.800	31.800	32.100	32.100	32.100
	111.875	111.750	111.750	117.750	117.750	117.750
Total	244.975	243.450	239.450	245.875	245.875	245.875
Unfunded	(22.300)	(20.700)	(21.600)	(20.500)	(20.500)	(20.500)
Net Funded Positions	222.675	222.750	217.850	225.375	225.375	225.375

Other Key Expenditure Details

Materials & supplies are budgeted to be up slightly for the next year while contractual services are budgeted for a significant decrease in total due to removing the temporary contract with Josephine County for jail services. The capital outlay classification within operating budgets is minimal as compared to capital project fund appropriations and any purchase in operations for equipment or otherwise that is a tangible asset with a useful life of more than two years and a price of more than \$5,000 is considered a capital asset and capital purchase. Direct charges for services and indirect charges for services come mainly from Internal Service Funds that provide services and pay for certain costs that apply to all operational programs. There are minimal changes in direct and indirect charges. Internal Service Funds include Fleet, Engineering, Property Management, Information Technology, Administrative Services, and others.

Operating transfers out are up \$1.4 million in FY'16. One of the largest contribution factors is the Water Fund and Wastewater Fund increasing the contribution to upcoming capital needs. Transfers out of the General Fund to Capital funds are also increasing by a small amount due to identified savings from the previous year that can be used to bolster high priority capital project funding. This is in response to projects in the Strategic Plan that require capital resources and matching up available one time resources with one time capital expenditures. Following this section is the Capital Budget Summary.

Capital allocations

The General Fund FY'16 capital transfer allocation follows the same methodology used in the previous year budget allocations. What follows is a brief description of this capital project funding allocation method specific to the General Fund.

In Fiscal 2010, the General Fund achieved the targeted budgetary fund balance policy of 30% to 40% of annual expenditures by ending the year near the middle of that target range. This range was set to avoid having to borrow funds between July and November/December each fiscal year before the bulk of property taxes are received by the General Fund. This also gives the General Fund the proper contingency and reserves to respond to potential emergencies or other unanticipated financial needs throughout City governmental and utility operations. By continuing to target the middle end of that range at 35%, any one time savings whether through revenue or expenditure differences to budget could then be allocated to the highest priority capital projects. This leaves the General Fund with a 5% minimum contingency and the necessary 30% minimum carryover balance from year to year. This also follows policy suggestions to match up one time resources with one time expenditures.

Once those savings are identified and in the bank from previously closed fiscal periods, they can then be appropriated for the highest priority capital purposes or partially saved for future periods to help reduce the potential need to increase property tax or other fees. The Council, Budget Committee, and Citizens can continue to help prioritize these capital expenditures after the fiscal year is closed and the actual savings amounts (if any) are known. Therefore, the bulk of the amount budgeted to be transferred to high priority capital projects in the FY'15 budget related to the actual savings in FY13 and the bulk of the General Fund capital transfers in this budget relate to actual General Fund savings in FY'14.

The bulk of the savings experienced each year will likely be recommended to be transferred to priority capital projects because eliminating regularly scheduled capital transfers from the General Fund would have negative long-term implications as the City defers capital investments and necessary infrastructure replacements. In addition, there are also projects such as information technology and other investments that can directly lower operating costs through efficiencies or defer expensive maintenance costs in the future.

As long as General Fund operating divisions continue to spend 4-6% less than adopted operating budgets each year on average, the General Fund should end FY'16 with a budgetary fund balance of at least 35% to 40% of annual General Fund operating expenditures, a balance in line with the City's Financial Policies. Assuming the City's real estate market values don't decline significantly from where they are today, this should be a General Fund balance sufficient to keep the same property tax rates and similar operating service levels for at least the next three years during the term of the voter approved Public Safety Levy. This was by design in the financial planning for the levy terms. However, if recent savings trends do not continue, or unanticipated financial needs surface, transfers to

capital projects may need to be reduced significantly in future years in order to keep the General Fund balance within financial policy guidelines.

Under proper financial and budgeting policies of matching one-time resources with one-time expenditures to maintain a sustainable budget, the adopted budget allocates capital to certain City-wide information technology, Public Works and other high-priority Parks and other projects found in the Council's adopted Strategic Plan and Work Plan for 2015-16. This year, almost \$1.0 million was budgeted to be transferred to Transportation Capital, Water Capital, Wastewater Capital, and other Public Works related project needs to match Public Works capital contributions more closely with annual fee in lieu of franchise tax revenues from City owned utilities and to take on a high priority street project on Terry Lane. While most of the Parks related capital facility needs will be accommodated by restricted funding sources such as grants and the Transient Room Tax-LB capital allocation, smaller parks projects such as working with School District 7 to construct school/parks projects has been included in General Fund capital transfers.

Real efficiencies and effectiveness measures will be impacted by information technology projects ongoing today and continued in the FY'16 budget. One-time savings in recent years have been recommended to be used for overdue projects such as the phone system, connectivity among City operating locations, the business software system and e-permitting, the CAD/MDT project, a Microsoft upgrade, Police In Car Cameras, and a Police E-Ticketing project, among other technology intensive capital projects. Projects such as the Business Software and E-Permitting replacement project have a quick payback to the City through efficiencies that impact total staffing needs in the future. The use of technology across various operations to increase efficiencies was a big theme in the budgets in the last few years and continues to be a prominent consideration in the adopted FY'16 budget along with a growing list of high priority Public Works infrastructure capital projects.

Operating Transfers to Capital Projects

	FY'13	FY'14	FY'15 Budget	FY'16 Adopted
Transportation	1,190,847	1,307,438	1,201,952	1,310,000
Water	524,327	1,333,000	2,224,177	3,413,000
Wastewater	951,750	1,034,000	1,782,392	1,719,000

The City's financial policies also state that the minimum transfer from the utility operating fund to the capital projects fund should be the annual depreciation cost (a measure of the cost of equipment wearing out over time that needs to be replaced). Each of the three utility systems noted above has annual depreciation costs of nearly \$1 million or more per year and in the near term these funds are close to or in excess to the minimum capital transfer.

It should be noted that the minimum policy won't provide enough dollars to capital projects that are necessary to be completed in coming years in Water and Wastewater because there

have been many years in the past where capital was underfunded, growth related fees such as system development charges have not kept up with the actual cost of growth related projects, and depreciation is a measure of past cost not future cost. Transfers should be in excess of this minimum policy but these three utilities do not have the financial flexibility to transfer any more than has been budgeted to be transferred. Utility and SDC rate studies are on the horizon for the Water and Wastewater utilities in coming years as large plant infrastructure projects are beginning in the next year that will require adjustments to user rates. The user rates and SDC rates must be designed to provide cash flow sufficient to replace and build the infrastructure necessary to provide water and wastewater services to the entire City and to pay debt service on bond issues for large capital projects.

Impact of Capital Projects on Operations

Expenditures for capital improvements can have an impact on future operations. Some capital projects will require additional resources to maintain and operate. Others may reduce repairs and maintenance or reduce costs through improved efficiencies. Many capital expenditures will not have significant impacts or the impacts may be offset by increasing resources.

For example, the two relatively new Public Safety stations built through a general obligation bond about 6 years ago have operational impacts that are addressed through the budget process. Beginning in FY'07 additional personnel were planned and budgeted to staff the two new public safety stations. In FY'08 there were additional hires, and though not directly related, there were other Public Safety positions approved in the FY'09 budget. Salary and benefits together with the associated costs of equipment, uniforms, and operating supplies have been incorporated into the operating budget for Public Safety each year. The City weighs the total cost (the capital cost and the on-going operational cost) against the anticipated benefits when evaluating capital projects.

Continuing the operation and maintenance all of the City's Public Safety facilities throughout this next fiscal year were among the key purposes of the 2010 local option levy election and the levy election in November 2013 that was a renewal of this levy at the same rate. The resources historically provided by voter approved levy funds are so significant that the face of Public Safety and of the City as a whole would be dramatically different if those resources are not renewed in full in the future. But as a result of the new facilities and the levy, Police and Fire can respond to emergencies and many other non-emergency calls within recommended time frames and can continue to respond to all calls for service.

Each of the following capital expenditures will have an impact on future budgets and service requirements. This budget has been developed following thorough analysis and discussion among staff and management in an effort to ensure that the City can adapt to changing economic conditions, that the services and policies of the City are sustainable, and that careful planning and execution permit the City to operate more effectively than ever before.

The following table identifies the major capital improvements planned for this year and in summary form identifies anticipated future savings and costs.

Project	Description	Future Costs Estimate	Future Savings
Business Software and E-Permitting	The City's Financial Software (ERP) System is nearly 19 years old and is becoming obsolete. Newer web based systems integrated across the City's operating departments will better serve both customers and staff.	<ul style="list-style-type: none"> • The total project budget is \$1.25 million including data conversion, training, and implementation costs. • Annual software maintenance costs are expected to increase by about \$45,000 per year with the significantly higher and advanced system capabilities and additional modules that will be used with the new system that are not in place today. • The Capital Project is largely funded by the general fund while the Administrative Services, PCD Management, and Information Technology Funds will pay the annual maintenance costs. 	<ul style="list-style-type: none"> • Newer system will create significant staffing efficiencies through avoiding duplicated administrative work and make it easier for customers to do business with the City online (there is a significant return on investment in the long-term). • Less training time required from a more modern web based financial software system.
Fruitdale Park Restroom	The City is adding a restroom to this park because there are no existing restroom facilities at this park. The current park is used widely by youth who play soccer and play on the playground structure.	<ul style="list-style-type: none"> • The one time capital cost is \$150,000 and the ongoing annual maintenance costs will add approximately \$5,000 per year. • Maintenance costs will impact the General Fund operating budget via the Parks Maintenance division. 	Will impact user satisfaction in the park and will allow more overall park use to keep up with demand.
Redundant Disk Backup System	Creating redundant IT and electronic record storage capabilities.	<ul style="list-style-type: none"> • One-time cost of approximately \$80,000. • Ongoing annual maintenance and licensing costs will also increase slightly (paid by the Information Technology Fund). 	<ul style="list-style-type: none"> • Reduced risk of loss of records. • Reduced risk of down time in operations that rely heavily on the City's IT infrastructure.
Various Road Improvements	There are a number of road improvements in the Transportation Capital Budget.	<ul style="list-style-type: none"> • No significant anticipated change from current maintenance costs. • Any sweeping, utility, patrol, or other related costs will be minimal. 	<ul style="list-style-type: none"> • Most are on the Transportation Master Plan and are designed to provide for current and future demands. • Long-term maintenance costs paid out of the Transportation operating budget will be reduced.

Project	Description	Future Costs Estimate	Future Savings
Water Treatment Plant Upgrade	After the recent Facility Plan Update, it has been determined that it will be most cost effective in the long-term to build a new Water Plant at a new site to be determined. The planning and design effort has recently started in earnest.	<ul style="list-style-type: none"> • Projected maintenance cost differentials will be reviewed over the next two years. • Equipment depreciation costs over 60-100 years. 	<ul style="list-style-type: none"> • Avoids costly repairs to the current facility that won't last as many years into the future due to the age of the current facility. • A new plant will potentially impact staffing requirements and other operating requirements such as chemicals and utility usage in the Water Fund.
Various Sewer Main Structural Repairs	Replaces very old structurally deficient sewer pipe in various streets and alleys.	<ul style="list-style-type: none"> • No known increases in operating costs. 	<ul style="list-style-type: none"> • Safety is increased. • Potential environmental problem decreased. • Long-term maintenance cost incurred in the Wastewater operating budget will be reduced. • Structural defects fixed.
Wastewater Phase 2 Expansion	Expands capacity and meets regulatory requirements.	<ul style="list-style-type: none"> • Additional utility/energy consumption expected for the Wastewater Fund. 	<ul style="list-style-type: none"> • Prepares to meet future regulatory costs and future demand and avoids regulatory risks related to not being able to meet that demand.

Planning for the future is one of the most important responsibilities the City has. It is important to analyze all of the expected costs along with the benefits related to capital expenditures. We believe in preparing for the future.