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July 14, 2014

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



## Budget Message for Fiscal Year 2014-15

### **BUDGET OVERVIEW**

I am pleased to present to you the balanced budget for the Fiscal Year 2014-15 (FY'15). This year's budget planning process and resulting Strategic Plan, which can be found in the section, incorporates input from all stakeholders, and meetings with each of these key groups were held prior to budget preparation to collect this input. Citizens, Elected Officials, Committee and Commission members, and Staff each had an opportunity to contribute to the goal setting and strategic planning process, and Council had an opportunity to prioritize the resulting work plan items.

Last year the budget document and order of information was reorganized as compared to past years. 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. The financial policies and planning procedures that guide the annual budget process are also included after this message for a better understanding of how this budget comes together each year. Many of the tables and summaries that have historically been found in the appendix of the budget book have been placed near the beginning of the book, and certain schedules have been moved to the appendix or remain in the appendix. Throughout the program budget narratives you will also see a more uniform format for the reporting of performance measures in each of the operating departments.

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 29 years. The budget is a transparent financial tool designed to help with financial planning and education.

Our City budget is made up of three main pieces: General Fund, Enterprise Funds and Capital Improvement Funds. There are also 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 30.2% of the City's FY'15 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. 65% of the General Fund revenue comes from property tax revenue that is made up of both a permanent rate and a local option levy, all of which is dedicated exclusively to Public Safety divisions. The General Fund also 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 \$4.6 million that are shared by all General Fund programs.

Close to 22% 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 22% of the total budget, a slightly higher amount than last year's 17% due to special capital infrastructure projects ongoing or beginning over the next year. Special revenue funds such as Transportation, Transient Room Taxes, and others account for approximately 8% 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**

Citizens showed overwhelming support for the Public Safety Local Option levy in the November 2013 vote which allows the City to continue to provide similar service levels without increasing its tax levy for four years beginning in FY'15. Thanks in part to this 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.

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) minimal insurance losses in the areas of workers compensation and general insurance; 7) staff working hard to turn back budgetary savings from operating budgets each year; and 8) a continual and ongoing effort to assess operations 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 \$4.8 million in FY'15 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'15 continues the high level of Public Safety services. The four-year levy starting in FY'15 is 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 the 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 General Fund 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 also 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. However, inflationary pressures on operations will not always match up with revenue growth. The difference between revenue growth and actual operational inflation is expected to be unusually heightened in coming years causing budgets for various City operations to be under significantly more pressure in the near future. The continuation of longer-term financial planning will be key to maintaining the services our Citizens expect today and keep the City's funds within established financial policy guidelines. While this annual budget process only results in a budget approved and adopted for FY'15, the budget projection for the second year in FY'16 has also been incorporated into the budget book for informational purposes and to help plan for operations beyond FY'15.

**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. The Council affirmed the goals in 2013-2014 without any significant changes and these long-term goals are used to formulate a Strategic Plan with corresponding performance measurements. The Strategic Plan serves as the foundation upon which the budget is developed. The normal day to day duties and budgets required to maintain operations do not change a great deal from year to year. However, the City Council recently completed the 2014-15 Strategic Plan and identified a number of non-routine operating and capital projects that are to be considered both in the short-term and longer-term. This budget, through its allocation of resources, communicates and defines priorities we believe will serve the community for the ensuing year while attempting to retain sufficient reserves for future needs of local government operations.

The City of Grants Pass enhances the “quality of life” in our community through sound service delivery systems. The City offers high quality and well maintained streets, parks, water and wastewater systems. The City’s nationally accredited Police and Communications operations are among the best in the country, and many of the City’s other activities have received national recognition for their performance. While affirming the goals, Council also 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 work plan items in the new Strategic Plan that scored the highest in priority by the City Council. Financial resources 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’15 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. Only one new staff position is included in this budget, and that position will cover some expenditures that were previously incurred through contractual work. On the flip side, the City’s Tourism division will now be serviced through a contractual relationship with a local firm rather than by City employees as it has been provided in recent years, which has reduced City staff by two positions. And during the current year the City Council approved a change in the process by which the City disposes of the solids produced at the Wastewater plant by closing the Jo-Gro composting operation and shipping the solids to the landfill. The closing of Jo-Gro results in a reduction in Wastewater employees by three positions starting in this FY’15 budget. Represented in the budget are a high number of approved but unfunded staff positions. This allows the City to quickly react to demand for additional services throughout the year if approved by the City Council.

**Budget changes overview**

Last fiscal year, effective January 1<sup>st</sup> 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 last year:

- **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'15. 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 last year and has another change implemented for FY'15. Starting in FY'14, the "field" division was separated into Police and Fire Rescue services. And starting in FY'15, the Street Lighting division was moved from Public Safety to the Transportation/Street Utility Fund and a new division was added to Public Safety to accomplish one of the City Council's highest ranked Strategic Plan objectives. The General Fund still supports 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 a new division called Sobering Center.

The total budget, which includes all internal service funds, carry-over balances, contingency balances, and capital project resources is \$114,268,520, an increase to the current year's total budget of \$101,300,585. Of the \$13.0 million total budget increase, \$8.2 million is the increase in the total budget of Capital Construction funds due to special infrastructure projects ongoing or beginning in the next year. The majority of the rest of the increase is in the total enterprise fund budgets (the utility funds) as these funds are beginning to have slightly higher annual resources to contribute to the many Water and Wastewater infrastructure projects on the horizon in coming years. 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 adopted FY'15 Operating Budget, excluding contingencies, debt service, and transfers out to capital projects, totals \$34,043,241. This is up approximately \$0.2 million from the

current year's Revised Operating Budget total of \$33,822,596, or a 0.7% increase year over year. Some factors heavily impacting inflation increases to the Operating Budget this year include an increase to health insurance rates and small COLAs (cost of living adjustments) granted to most employees. Retirements can also significantly affect budgets in the year of retirement; particularly in General Fund operating departments due to the way leave time is accrued and paid. Retirements can also have a small effect on certain budgets in the four years following retirement due to health insurance agreements. The process of allowing certain retirees to remain on the City's health plan at a low rate for four years following retirement has been phased out for new employees that have joined the City since 2007, but obligations for many current retirees remain.

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. And starting January 1, 2014 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 last year.

After a number of years of minimal or no COLAs for all City employees, COLAs were successfully negotiated with all employees and units last year. However, there is much discussion ahead as the City will be working on new contracts for all four bargaining units. Personnel budgets are by far the largest component of the operating budget and typically make up the largest portion of operating budget changes from year to year. 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.

## **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. These resources will help provide more effective and efficient Public Safety services to our community for decades to come. The City now 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 next levy term. This project, along with the historic approval of Public Safety Local Option Levies, 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'14 property tax rate for City residents was relatively unchanged and will remain nearly flat for this budget period and the next four 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 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'14, other General Fund resources also must be directed to Public Safety programs to continue the current level of services. Without redirecting approximately \$1.24 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'14 adopted 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. The good news is that the planned and projected drawdown of General Fund's balance in FY'15 is only about \$400,000 rather than the nearly \$700,000 drawdown that was projected last year. This is due to reliable revenues, but mostly due to cost controls and staff successfully controlling budgeted expenditures in Public Safety and other departments.

Looking out to FY'15 and FY'16, Public Safety's draw on other General Fund resources and reserves increases slightly each year due to revenue growth that is nearly matched but slightly slower than the projected expenditure growth. As mentioned last year, it will take a dedicated and coordinated effort to avoid deterioration to the level of Public Safety services without drawing down the General Fund reserve balance to dangerous levels outside financial policy guidelines during the period of the four year levy that begins in FY'15.

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 until changes to assessed property values and property market values match up closer or exceed cost of living increases on the expenditure side. With the desire to ensure effectiveness and efficiencies in Public Safety operations, the City Council recently 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 should be completed in the summer of 2014. This project will provide a comprehensive analysis of the City's Public Safety operations today (at a cost of less than 1% of the Public Safety annual operating budget) and will use that analysis to develop a plan of operations for the future.

**Activity picks up in Community Development**

Grants Pass, like other regions throughout Oregon, has experienced a severe decline in building activity in the last seven years. Community Development departments such as Building Services and Planning Services continue to budget for levels of activity lower than the busy times in the last decade and low levels of staffing compared to the years before 2008. There has, however, been a significant increase in development activity in the last two years versus levels seen in 2010 to 2012. Both residential and commercial development activity has picked up significantly in the last year and the current year.

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, and this budget continues Building operating on its own reserves. Prompt actions such as changes to staffing levels 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 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.

**Financial policies incorporated into the Budget**

The adopted FY'15 budget has a General Fund contingency of \$2,000,000 excluding Building's restricted resources / requirements, which is 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 two 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. The contingency is also considered part of the ending fund balance in the General Fund and other funds such as the Water Fund or the Wastewater Fund.

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.

When reviewing contingency balances, it's important to remember that a higher or different level of contingencies does not mean a higher level of spending, it merely means a higher level of financial protection and flexibility for Council in dealing with unexpected events. 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. Most City funds outside of the General Fund place the entire ending fund balance in contingencies in the budget process to provide for the highest degree of financial flexibility during the year. Contingencies are meant to be carried over from year to year without being used and serve many purposes beyond just emergency operating funds. When analyzing whether the General Fund or other funds meet the City's financial policies, the contingency is considered part of the ending fund balance and is not expected to be used during the year.

New financial policy updates that went into effect two years ago also included the recommendation that governmental operations 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 faces staffing challenges**

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 launched in March of 2014 should provide the City with a solid analysis of operating conditions and should help plan for the City's future Public Safety needs.

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 nearly been fully completed on the new system. Other technology projects such as E-ticketing are also in the final stages of implementation and should benefit operational efficiencies to a smaller degree. Public Safety is still unable to fund positions recommended by a staffing study completed in 2000 as well as the Strategic Plan adopted by Council in 2008 and will be unable to meet these recommended staffing levels without additional resources or a change to tax rates. The new strategic plan that will be produced this year will provide a current and comprehensive analysis of staffing needs in Public Safety.

Public Safety concerns are also affected by the County. The County's federal funding continues to decline and will be nearly used up by the County in the coming fiscal year unless federal lobbying efforts to renew part of the funding are successful. The County has already cut back criminal justice program services significantly during May and June of 2012 as a result of lower federal funding levels and the County residents turned down a property tax levy in 2012 and 2013 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 also continue to affect the City's Public Safety department in a significant way.

### **Staffing for an expanding Park System**

Over the last 5-10 years, park acreage and developed park sites have increased substantially to match a larger City. While park and trail maintenance responsibilities are increasing, the Parks Division eliminated one full-time position in 2010 due to the economic climate and has not had significant changes to in-house staffing levels in the last 10 years (with the exception of substituting a City position for some work that was formerly contract work). The 2011 budget slightly increased funding for additional contractual labor to maintain the expanded park system, and the position added to the FY'13 budget two years ago mostly just replaced ongoing contractual work.

### **Utility Infrastructure**

Significant upgrades to utility infrastructure are ahead for all the City's managed utility systems. In the last year the City Council recently used a task force to study the aging Water Treatment Plant facility and long-term strategic options for either a series of upgrades on the existing site or the need for a new plant and new location. It was recommended by the task force and approved by the City Council that the most effective and efficient long-term solution would be a new Water Plant and a new site to be determined. Part of the challenge was that upgrades that are needed at the Water Plant today can't proceed without

significant investments in the seismic protection built into the facility (under current commercial building codes). The task force, which included three representatives from the City Council, studied the best way to provide for the plant needs in the long-term with the assistance of a contracted engineering firm.

There is also an expansion necessary to the Wastewater Restoration Plant on the short-term horizon and routine maintenance and upgrades to an aging Water, Wastewater, and Street 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 rates add significant costs to utility capital projects.

### **Addressing PERS funding**

As anticipated, employee benefit costs continue to be a 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. However, 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 in coming years without having a large effect on the PERS reserves that have been established over the last 10 years. These reserves are still needed to offset future rate increases.

While large potential increases in PERS rates are still pending in the future, the City's PERS reserves will allow internally billed rates that are accounted for in the operating budgets to stay the same for at least the next four years. As PERS is a hot topic for almost all public agencies in Oregon, City staff developed a PERS section for the budget book starting in this budget for the Public, the Budget Committee, and the Council to see more closely how PERS rates affect the City's operating budgets.

### **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 five 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 a 20% annual increase to health insurance premiums for calendar year 2014. However, 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 to close to 7% and within budget parameters. 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 2014 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**

In the next year the City will be negotiating with at least three of the four unions/bargaining groups for the full contract. The Grants Pass Employees Association (GPEA) is now considered an official bargaining unit within the City effective in 2010. The other unions include GPPA (Grants Pass Police Association), IAFF (International Association of Firefighters), and the Teamsters Local Union. Full contract discussions are beginning for the GPEA, Fire, and Police unions for the period starting in calendar 2015 as these contracts are set to expire at the end of 2014. As of the date of this letter the City is still in negotiations with Teamsters on a full contract for the period starting in 2014. After a number of years of minimal or no COLAs (Cost of Living Adjustments) to salary schedules, recent contracts have included COLAs at rates close to official inflation rates.

However, costs impacting all union negotiations are the rising costs of PERS rates and health insurance rates. Costs for each employee group are rising an estimated 2% to 3% on average each year even before a COLA is considered during the period where PERS is increasing rates. As these increases to PERS rates and health insurance rates are expected to continue many years into the future, wage negotiations that also affect costs many years into the future will need to factor in PERS and health insurance rate considerations. The personnel budgets for FY'15 and the projected FY'16 year presented in this budget book factor in inflation to salary schedules each year either in amounts close to recent nationally reported CPI (Consumer Price Index) changes or other specific changes as decided by Council and the official bargaining process. In summary, COLAs, 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.

### **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 last year as Staff embraced the City Departments' reorganization and necessary changes to health insurance plans. Staff is also embracing changes to systems and the performance audit 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 also continue to help Grants Pass succeed. Through this budget we are recognizing the needs of today and the needs 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 financial resources to make measurable progress toward achieving those goals.

Throughout the narrative pages of the operating divisions presented in this adopted budget, you will see a more 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.

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 the economic realities of today. The Public Safety Levy recently approved will begin in FY'15 and moves Public Safety forward at the same rate it has been at for the last five years. 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 needs. In the intermediate-term, major upgrades are necessary to both the Water Treatment Plant and the Wastewater Restoration Plant. We will also 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 adopted budget document. I am particularly grateful to 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,

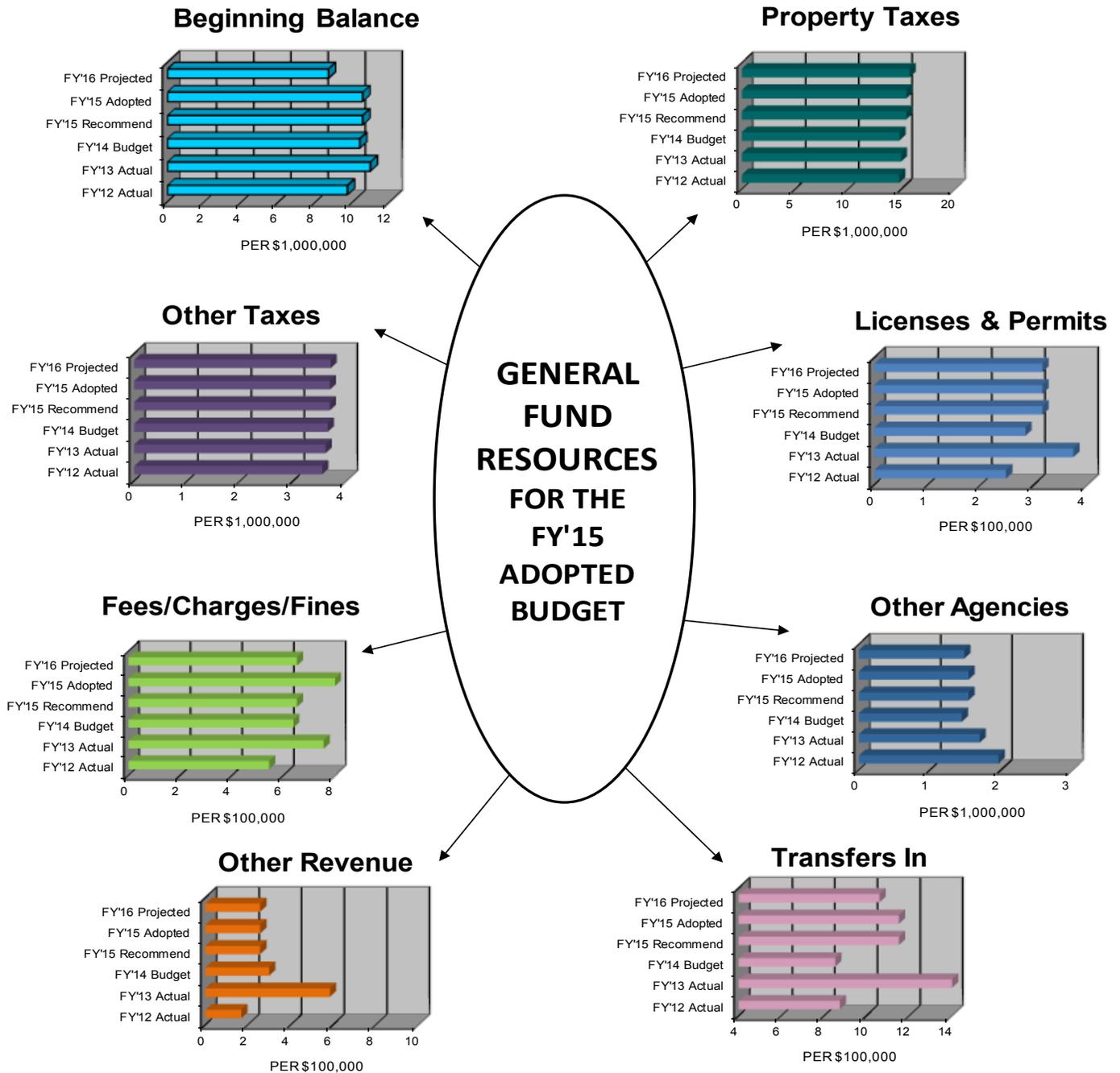
A handwritten signature in black ink, appearing to read "Aaron K. Cubic". The signature is fluid and cursive, with a long horizontal stroke at the end.

Aaron K. Cubic, City Manager



## Quick Facts

<b><u>Adopted FY'15</u></b>	<b><u>Operating &amp; Other</u></b>
<b><u>Where The Money Comes From:</u></b>	
Property taxes	\$ 16,544,830
Business taxes	275,000
Transient room taxes	1,239,700
Franchise fees	2,839,900
Other governments	7,506,498
Licenses and permits	328,140
User fees and charges	23,124,394
Fee in lieu of franchise	569,100
System development charges	550,000
All other revenues	8,082,935
Carryover/beginning balance	<u>42,533,702</u>
Total Resources	<b><u>\$ 103,594,199</u></b>
Transfers in	10,674,321
<b><u>Where The Money Goes:</u></b>	
Personnel services	\$ 23,770,198
Materials and supplies	2,073,115
Contractual services	12,592,240
Direct charges for services	2,755,114
Capital outlay	35,426,698
Indirect charges	3,224,675
Debt service	4,274,138
Contingencies/reserves	8,853,796
Un-appropriated ending balance	<u>10,624,225</u>
Total Requirements	<b><u>\$ 103,594,199</u></b>
Transfers out	10,674,321
<b><u>Other Facts:</u></b>	
Permanent staffing (funded full time equivalencies)	217.85
Temporary staffing (funded full time equivalencies)	10.81
Bonded Debt outstanding (June 30, 2014 est.)	\$ 13,395,000
Property tax rate (per \$1,000 assessed value)	
Permanent rate levy	\$ 4.1335
Public safety operating levy	\$ 1.7900
Bonded debt (2014-15 estimate)	\$ 0.4046



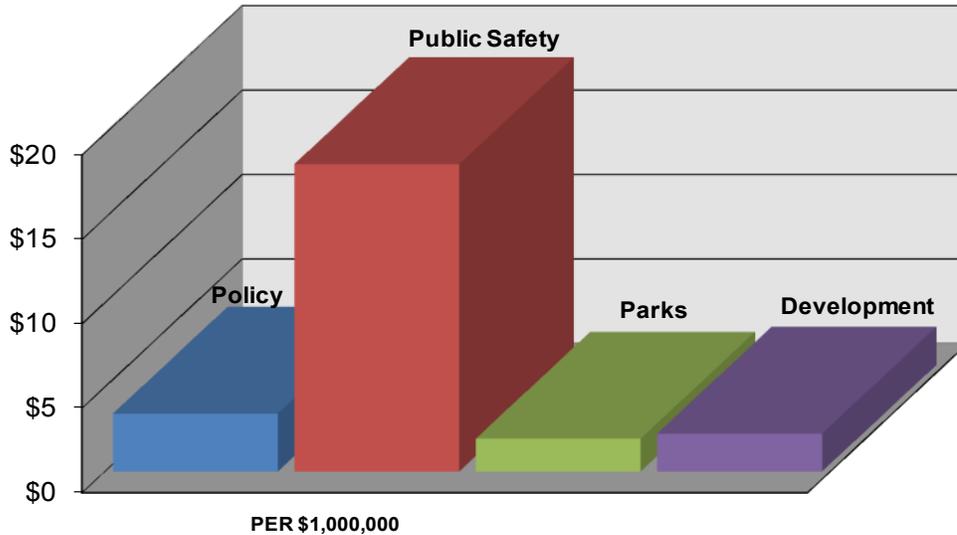
This chart shows the distribution of resources for the general fund operating budget for the FY'12 and FY'13 Actual Budgets, FY'14 Budget, FY'15 Recommended Budget, FY'15 Adopted Budget and the FY'16 Projected Budget.

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

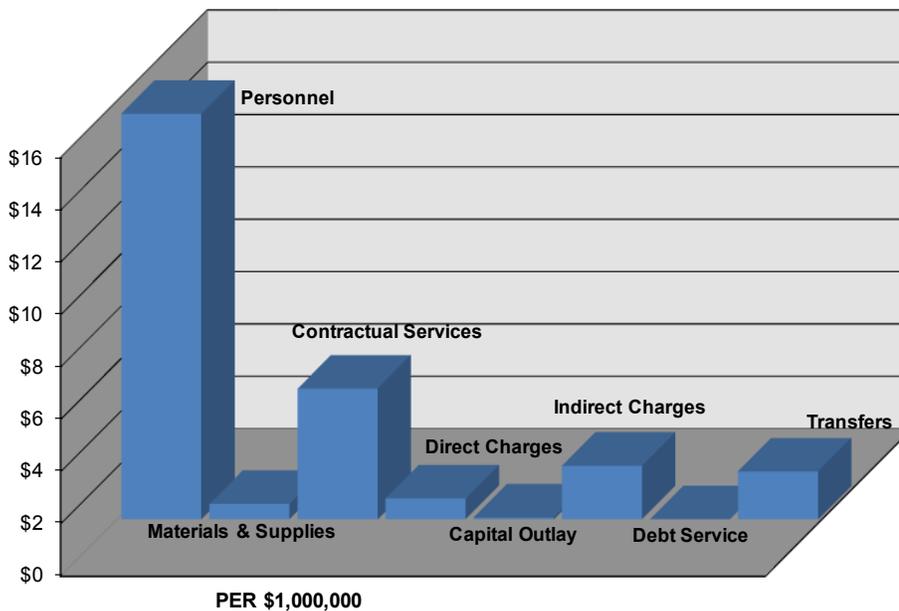
# General Program Expenditures

## For the Adopted FY'15 Budget

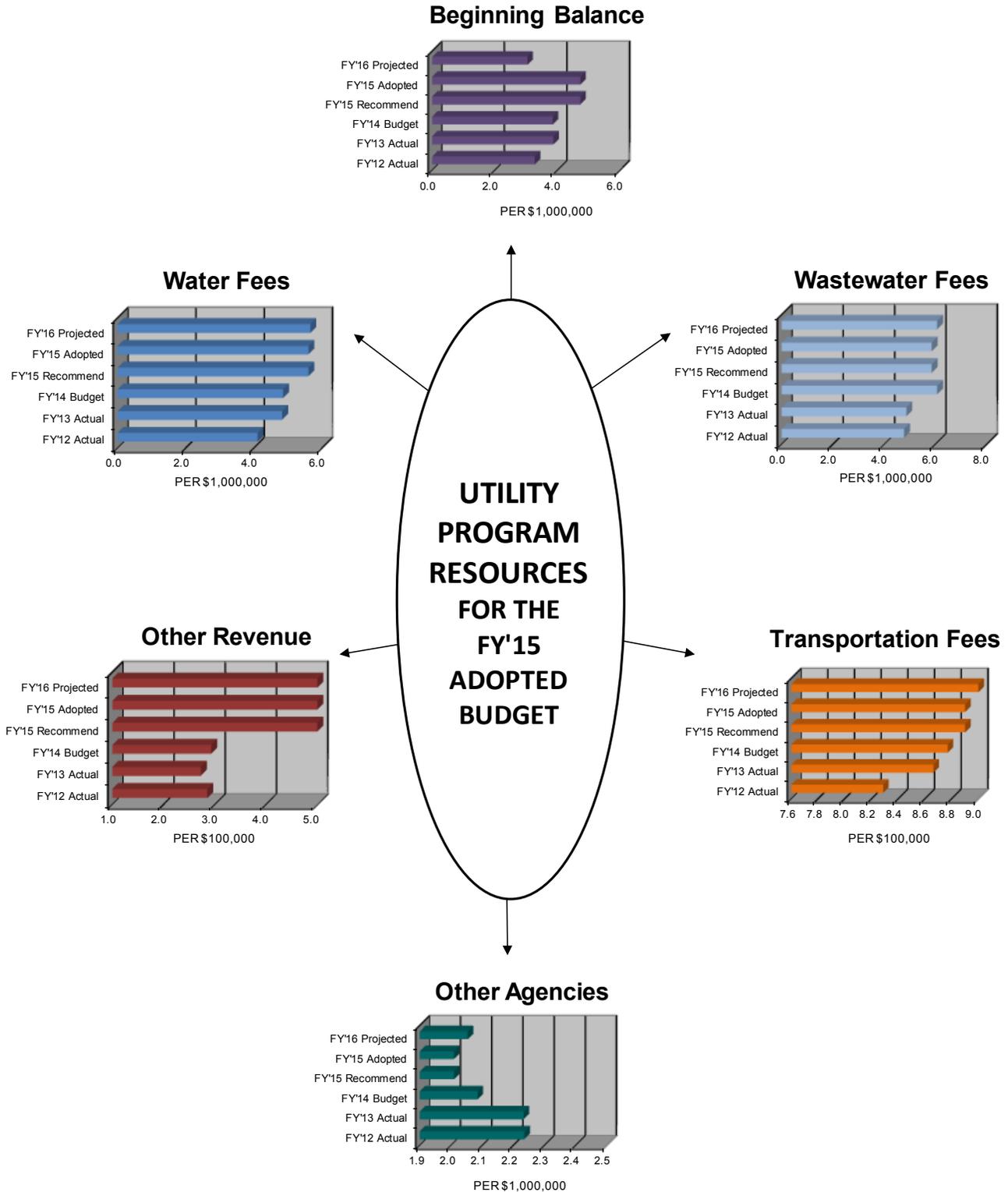
### Program Expenditures



### Expenditure Categories



These charts show the distribution of expenditures for each program and category of expenditures in the general operating budget for the FY'15 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.



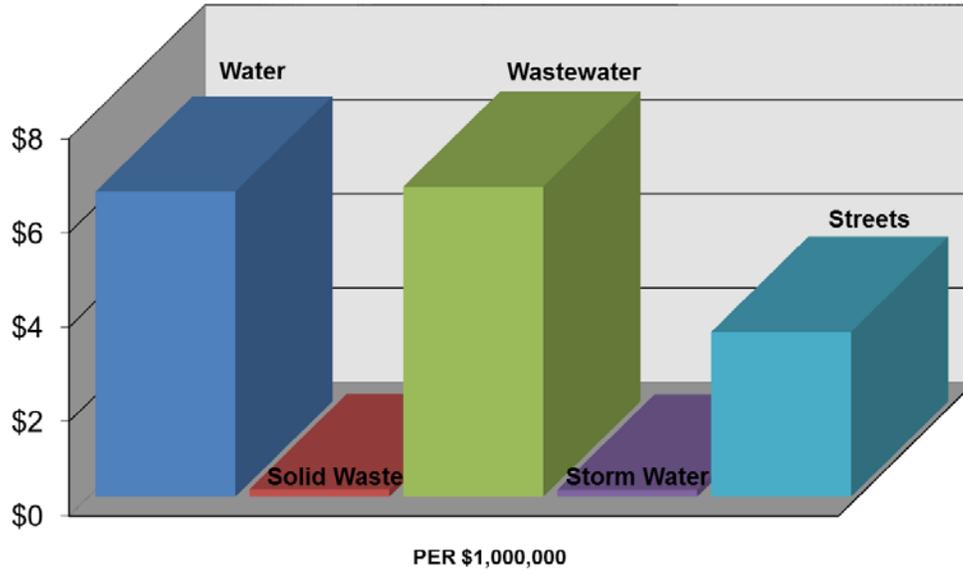
This chart shows the distribution of resources for the utility operating budget for the FY'12 and FY'13 Actual Budgets, FY'14 Budget, FY'15 Recommended Budget, FY'15 Adopted Budget and the FY'16 Projected Budget.

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

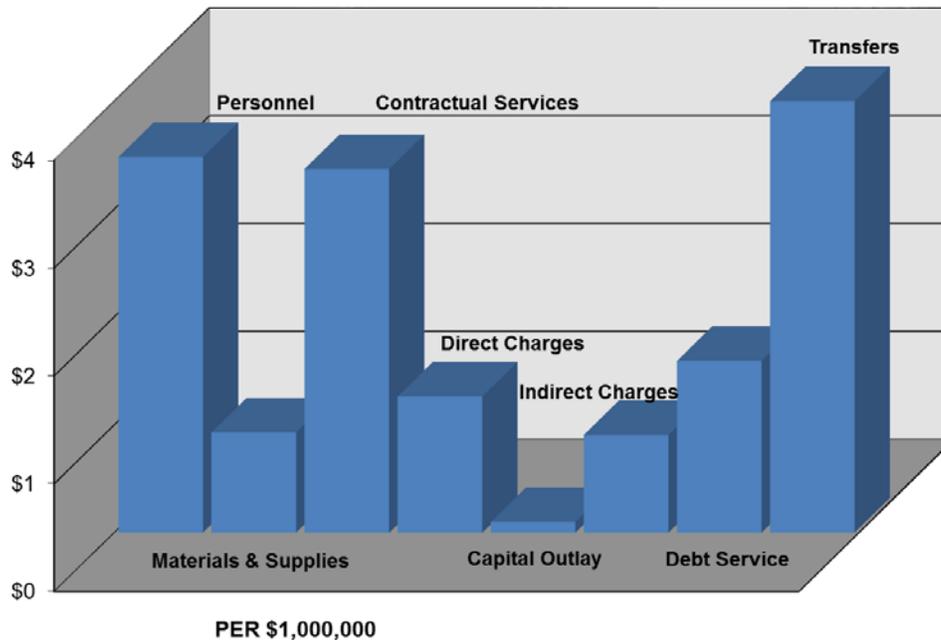
# Utility Program Expenditures

For the Adopted FY'15 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'15 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'12 \$	ACTUAL FY'13 \$	BUDGET FY'14 \$	MANAGER RECOMMEND FY'15 \$	COMMITTEE APPROVED FY'15 \$	COUNCIL ADOPTED FY'15 \$	PROJECTED FY'16 \$
<b>Designated Resources</b>							
<i>Beginning Balance</i>	9,101,115	10,446,858	9,811,204	9,885,764	9,885,764	9,885,764	8,075,502
<b>General Operations</b>							
Business Taxes	289,609	285,867	282,200	275,000	275,000	275,000	275,000
Franchise Taxes	2,770,960	2,796,513	2,814,800	2,839,900	2,839,900	2,839,900	2,844,800
Fees in Lieu of Franchise	476,079	520,488	547,000	568,500	568,500	568,500	575,600
Licenses	7,090	7,238	6,700	6,940	6,940	6,940	6,940
State Rev. Sharing	303,474	315,257	315,700	335,600	335,600	335,600	342,300
State Cigarette Tax	50,542	49,296	45,500	39,000	39,000	39,000	37,000
State Liquor Tax	442,068	462,447	459,900	490,100	490,100	490,100	499,900
Other Misc.	192,472	458,322	11,700	10,600	10,600	901,600	10,600
Investment Interest	83,252	78,857	71,500	71,500	71,500	71,500	71,500
<b>Total General Operations</b>	<b>4,615,546</b>	<b>4,974,285</b>	<b>4,555,000</b>	<b>4,637,140</b>	<b>4,637,140</b>	<b>5,528,140</b>	<b>4,663,640</b>
<b>Public Safety</b>							
Property Taxes	14,784,914	14,969,837	14,835,100	15,480,030	15,480,030	15,480,030	15,767,400
Grants & Intergovernmental	982,337	779,788	621,500	672,304	672,304	672,304	596,100
Fees & Chg.'s for Services	83,000	244,533	234,000	234,000	234,000	234,000	234,000
Other Misc.	487,208	943,675	607,713	579,900	579,900	579,900	563,000
<b>Total Public Safety</b>	<b>16,337,459</b>	<b>16,937,833</b>	<b>16,298,313</b>	<b>16,966,234</b>	<b>16,966,234</b>	<b>16,966,234</b>	<b>17,160,500</b>
<b>Development</b>							
<i>Build. &amp; Safety Beg. Bal. *</i>	578,522	467,632	538,615	600,508	600,508	600,508	507,242
Building and Safety *	370,327	573,685	355,500	435,100	435,100	435,100	435,100
Planning	77,116	91,855	75,400	77,840	77,840	77,840	77,840
Economic Development	114,118	129,133	117,200	159,400	159,400	159,400	146,700
<i>Tourism Beg. Balance *</i>	13,662	9,736	0	29,553	29,553	29,553	84,185
Tourism Promotion*	283,471	326,912	292,200	399,800	399,800	399,800	367,200
Downtown Development	133,444	152,999	130,050	172,250	172,250	172,250	159,550
<b>Total Development</b>	<b>1,570,660</b>	<b>1,751,952</b>	<b>1,508,965</b>	<b>1,874,451</b>	<b>1,874,451</b>	<b>1,874,451</b>	<b>1,777,817</b>
<b>Parks</b>							
Parks Maintenance	186,041	201,315	175,425	232,325	232,325	232,325	215,425
Aquatics	0	1,397	0	0	0	0	0
Recreation	693	672	400	400	400	400	400
<b>Total Parks</b>	<b>186,734</b>	<b>203,384</b>	<b>175,825</b>	<b>232,725</b>	<b>232,725</b>	<b>232,725</b>	<b>215,825</b>
<b>Total General Fund</b>	<b>31,811,514</b>	<b>34,314,312</b>	<b>32,349,307</b>	<b>33,596,314</b>	<b>33,596,314</b>	<b>34,487,314</b>	<b>31,893,284</b>

\*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'12 \$	ACTUAL FY'13 \$	BUDGET FY'14 \$	MANAGER RECOMMEND FY'15 \$	COMMITTEE APPROVED FY'15 \$	COUNCIL ADOPTED FY'15 \$	PROJECTED FY'16 \$
<b>Requirements</b>							
Mayor and Council	188,591	203,408	306,438	297,135	297,135	297,135	295,915
General Operations							
Personnel Services	38,201	185,085	0	0	0	0	0
Contractual/Prof Svcs.	196,018	219,040	1,184,130	195,400	195,400	1,167,400	123,400
Direct Charges	68,640	87,140	115,540	138,928	138,928	138,928	141,128
Contingencies	0	0	2,788,070	2,000,000	2,000,000	2,000,000	2,000,000
Debt Service	0	0	0	0	0	0	0
Transfers Out	859,115	1,001,895	1,225,000	1,821,700	1,821,700	1,821,700	1,045,500
<i>Ending Fund Balance**</i>	10,446,858	11,807,366	3,951,557	6,156,502	6,156,502	6,075,502	4,695,951
Total General Operations	11,608,832	13,300,526	9,264,297	10,312,530	10,312,530	11,203,530	8,086,979
Public Safety							
Police Division	12,079,334	12,638,943	9,327,768	9,367,099	9,367,099	9,367,099	9,600,900
Support Division	3,491,486	3,626,109	3,035,871	3,000,117	3,000,117	3,000,117	3,153,148
Fire Rescue Division	0	0	5,590,923	5,664,603	5,664,603	5,664,603	5,846,997
Crisis Support Services	40,267	41,475	42,730	44,000	44,000	44,000	44,000
Street Lighting	308,713	299,461	349,450	0	0	0	0
Sobering Center	0	0	0	130,000	130,000	130,000	130,000
Total Public Safety	15,919,800	16,605,988	18,346,742	18,205,819	18,205,819	18,205,819	18,775,045
Development							
Building and Safety *	481,216	476,457	894,115	1,035,608	1,035,608	1,035,608	942,342
<i>Build. &amp; Safety End. Bal.*</i>	467,632	564,860	0	0	0	0	0
Planning	630,443	668,752	780,879	818,131	818,131	818,131	872,742
Economic Development	170,050	174,259	194,704	170,665	170,665	170,665	180,458
Tourism Promotion*	297,134	336,648	302,171	429,353	429,353	429,353	451,385
<i>Tourism End. Balance*</i>	0	0	0	0	0	0	0
Downtown Development	339,712	343,206	374,408	382,730	382,730	382,730	389,688
Total Development	2,386,187	2,564,182	2,546,277	2,836,487	2,836,487	2,836,487	2,836,615
Parks							
Parks Maintenance	1,472,701	1,416,272	1,624,481	1,662,921	1,662,921	1,662,921	1,702,675
Aquatics	99,789	92,914	122,104	125,288	125,288	125,288	126,821
Recreation	135,614	131,022	138,968	156,134	156,134	156,134	150,234
Total Parks	1,708,104	1,640,208	1,885,553	1,944,343	1,944,343	1,944,343	1,979,730
<b>Total General Fund</b>	<b>31,811,514</b>	<b>34,314,312</b>	<b>32,349,307</b>	<b>33,596,314</b>	<b>33,596,314</b>	<b>34,487,314</b>	<b>31,893,284</b>

\*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'12	ACTUAL FY'13	BUDGET FY'14	RECOMMEND BUDGET FY'15	COMMITTEE APPROVED FY'15	COUNCIL ADOPTED FY'15	PROJECTED FY'16
General Fund							
Mayor and Council	188,591	203,408	306,438	297,135	297,135	297,135	295,915
Development							
Planning	630,443	668,752	780,879	818,131	818,131	818,131	872,742
Building and Safety	948,848	1,041,317	894,115	1,035,608	1,035,608	1,035,608	942,342
Economic Development	170,050	174,259	194,704	170,665	170,665	170,665	180,458
Tourism Promotion	297,134	336,648	302,171	429,353	429,353	429,353	451,385
Downtown Development	339,712	343,206	374,408	382,730	382,730	382,730	389,688
Total Development	2,386,187	2,564,182	2,546,277	2,836,487	2,836,487	2,836,487	2,836,615
Parks							
Parks Maintenance	1,472,701	1,416,272	1,624,481	1,662,921	1,662,921	1,662,921	1,702,675
Aquatics	99,789	92,914	122,104	125,288	125,288	125,288	126,821
Recreation	135,614	131,022	138,968	156,134	156,134	156,134	150,234
Total Parks	1,708,104	1,640,208	1,885,553	1,944,343	1,944,343	1,944,343	1,979,730
Public Safety							
Police Division	12,079,334	12,638,943	9,327,768	9,367,099	9,367,099	9,367,099	9,600,900
Support Division	3,491,486	3,626,109	3,035,871	3,000,117	3,000,117	3,000,117	3,153,148
Fire Rescue Division	0	0	5,590,923	5,664,603	5,664,603	5,664,603	5,846,997
Crisis Support Services	40,267	41,475	42,730	44,000	44,000	44,000	44,000
Street Lighting	308,713	299,461	349,450	0	0	0	0
Sobering Center	0	0	0	130,000	130,000	130,000	130,000
Total Public Safety	15,919,800	16,605,988	18,346,742	18,205,819	18,205,819	18,205,819	18,775,045
General Program Operations	11,608,832	13,300,526	9,264,297	10,312,530	10,312,530	11,203,530	8,005,979
<b>Total General Fund</b>	<b>31,811,514</b>	<b>34,314,312</b>	<b>32,349,307</b>	<b>33,596,314</b>	<b>33,596,314</b>	<b>34,487,314</b>	<b>31,893,284</b>
Management Services	622,751	686,830	645,123	671,851	671,851	671,851	704,218
Administrative Services	1,333,376	1,386,348	1,639,839	1,671,751	1,671,751	1,671,751	1,761,036
Legal Services	258,685	243,730	295,552	310,954	310,954	310,954	313,566
Human Resources	398,302	443,309	485,452	525,172	525,172	525,172	538,517
General Program Operations	815,377	913,556	817,886	800,714	800,714	800,714	645,706
Total Administrative Fund	3,428,491	3,673,773	3,883,852	3,980,442	3,980,442	3,980,442	3,963,043
Transient Room Tax	973,893	1,084,773	1,010,500	1,384,000	1,384,000	1,384,000	1,275,400
Community Dev Block Grant	1,025,944	960,320	1,719,080	845,844	845,844	845,844	508,554
Housing & Economic Dev.	991,819	951,115	704,942	987,885	987,885	987,885	643,770
Total Special Revenue Funds	2,991,656	2,996,208	3,434,522	3,217,729	3,217,729	3,217,729	2,427,724
Debt Service - General Obligation	1,086,203	1,120,720	1,088,200	1,121,200	1,121,200	1,121,200	1,151,600
Debt Service - Bancroft	347,869	332,611	797,239	935,574	935,574	935,574	677,574
Total Debt Service Funds	1,434,072	1,453,331	1,885,439	2,056,774	2,056,774	2,056,774	1,829,174
Lands & Buildings Projects	6,523,839	5,863,923	8,539,167	12,970,694	12,970,694	12,970,694	3,723,326
Total Construction Funds	6,523,839	5,863,923	8,539,167	12,970,694	12,970,694	12,970,694	3,723,326
Environmental Waste Fees Fund	250,941	255,845	244,000	251,000	251,000	251,000	259,000
Agency Fund	208,347	203,009	262,451	207,869	207,869	207,869	192,369
Total Agency Funds	459,288	458,854	506,451	458,869	458,869	458,869	451,369

## Summary of Requirements by Fund and Activity

	ACTUAL FY'12	ACTUAL FY'13	BUDGET FY'14	RECOMMEND BUDGET FY'15	COMMITTEE APPROVED FY'15	COUNCIL ADOPTED FY'15	PROJECTED FY'16
Water Treatment	1,432,233	1,529,966	1,636,499	1,695,164	1,695,164	1,695,164	1,702,488
Water Distribution	1,014,314	1,045,376	1,259,875	1,310,484	1,310,484	1,310,484	1,371,103
Customer Service	352,298	391,059	377,835	366,960	366,960	366,960	380,346
Debt Service	396,253	36,404	507,220	504,770	504,770	504,770	507,170
General Program Operations	2,280,210	3,306,098	2,750,479	3,702,802	3,702,802	3,702,802	2,867,353
Water Debt Reserve Fund	0	0	0	0	0	0	0
Water Construction Projects	2,918,134	7,970,397	6,159,262	3,872,568	3,872,568	3,872,568	1,903,351
<b>Total Water Fund</b>	<b>8,393,442</b>	<b>14,279,300</b>	<b>12,691,170</b>	<b>11,452,748</b>	<b>11,452,748</b>	<b>11,452,748</b>	<b>8,731,811</b>
Wastewater Collection	610,532	664,654	724,766	777,652	777,652	777,652	803,139
Wastewater Treatment	1,658,256	1,653,176	2,004,990	2,278,209	2,278,209	2,278,209	2,312,899
Jo-Gro	650,324	609,560	622,513	0	0	0	0
Customer Service	255,016	264,006	410,326	408,653	408,653	408,653	426,275
Debt Service	491,356	492,015	941,763	941,963	941,963	941,963	933,713
General Program Operations	2,569,389	3,129,275	2,820,322	3,438,105	3,438,105	3,438,105	2,912,947
Wastewater Debt Reserve Fund	0	0	0	0	0	0	0
Wastewater Construction	3,343,146	4,393,468	3,594,738	5,437,462	5,437,462	5,437,462	1,671,277
<b>Total Wastewater Fund</b>	<b>9,578,019</b>	<b>11,206,154</b>	<b>11,119,418</b>	<b>13,282,044</b>	<b>13,282,044</b>	<b>13,282,044</b>	<b>9,060,250</b>
Solid Waste Field Operations	16,856	13,374	17,032	25,644	25,644	25,644	26,679
Post Closure Operations	72,177	53,899	122,600	127,470	127,470	127,470	129,510
General Program Operations	150,457	172,175	174,967	207,004	207,004	207,004	228,595
Solid Waste Construction	1,426,750	1,382,288	1,482,131	1,541,976	1,541,976	1,541,976	1,580,976
<b>Total Solid Waste Fund</b>	<b>1,666,240</b>	<b>1,621,736</b>	<b>1,796,730</b>	<b>1,902,094</b>	<b>1,902,094</b>	<b>1,902,094</b>	<b>1,965,760</b>
Street & Drainage Maintenance	1,097,912	1,044,084	1,266,708	1,327,022	1,327,022	1,327,022	1,366,745
Customer Service	53,308	52,766	171,789	175,053	175,053	175,053	185,486
General Program Operations	2,388,260	2,462,619	2,194,476	2,086,680	2,086,680	2,086,680	1,869,847
Street Lighting	0	0	0	367,100	367,100	367,100	385,500
Transportation Projects	10,710,361	11,164,091	7,864,976	11,744,699	11,744,699	11,744,699	2,773,032
<b>Total Streets Utility Fund</b>	<b>14,249,841</b>	<b>14,723,560</b>	<b>11,497,949</b>	<b>15,700,554</b>	<b>15,700,554</b>	<b>15,700,554</b>	<b>6,580,610</b>
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	10,563	146,563	146,563	146,563	0
Stormwater & Open Space Projects	847,475	923,118	413,795	344,549	344,549	344,549	82,824
<b>Total Storm Water Utility Fund</b>	<b>858,038</b>	<b>933,681</b>	<b>424,358</b>	<b>491,112</b>	<b>491,112</b>	<b>491,112</b>	<b>82,824</b>
Garage	1,044,471	1,056,853	1,627,165	1,670,892	1,670,892	1,670,892	1,018,465
Equipment Replacement	4,219,953	4,048,834	3,894,685	3,672,008	3,672,008	3,672,008	2,265,454
Information Technology	652,618	652,594	761,997	897,143	897,143	897,143	887,797
Property Management	780,971	779,443	770,607	838,194	838,194	838,194	803,401
Engineering	964,954	924,004	867,617	912,826	912,826	912,826	915,537
Community Development Mgmt.	1,103,559	1,168,160	1,217,319	1,247,059	1,247,059	1,247,059	1,310,084
Insurance	3,913,244	4,260,476	4,032,832	5,030,024	5,030,024	5,030,024	4,716,027
<b>Total Support Services Funds</b>	<b>12,679,770</b>	<b>12,890,364</b>	<b>13,172,222</b>	<b>14,268,146</b>	<b>14,268,146</b>	<b>14,268,146</b>	<b>11,916,765</b>
<b>Total All Funds</b>	<b>94,074,210</b>	<b>104,415,196</b>	<b>101,300,585</b>	<b>113,377,520</b>	<b>113,377,520</b>	<b>114,268,520</b>	<b>82,625,940</b>

Operating Budget										
Summary of Resources by Program & Source for Fiscal Year 2016 Projected										
	Policy & Legis.	Public Safety	Parks	Development	Transportation	Storm Water	Water	Wastewater	Solid Waste	Total
Program Generated Resources										
Beginning Balance	0	0	0	591,427	459,258	0	1,107,270	1,264,973	204,424	3,627,352
Current Revenues										
Property Taxes	0	15,767,400	0	0	0	0	0	0	0	15,767,400
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	596,100	3,600	0	2,038,320	0	0	0	15,500	2,653,520
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	908,000	0	5,651,750	6,058,600	129,510	13,192,100
Other Revenue	0	144,300	23,325	4,550	3,000	0	36,840	42,000	27,200	281,215
Direct Charges for Service	0	0	0	0	0	0	20,600	11,900	0	32,500
Unspent Contingency	0	0	0	0	0	0	0	0	0	0
Transfers In	0	217,900	188,900	652,700	385,500	0	0	0	5,000	1,450,000
<b>Total Current Revenues</b>	<b>0</b>	<b>17,160,500</b>	<b>215,825</b>	<b>1,186,390</b>	<b>3,348,320</b>	<b>0</b>	<b>5,721,190</b>	<b>6,124,000</b>	<b>180,360</b>	<b>33,936,585</b>
Total Prog. Gen. Res.	0	17,160,500	215,825	1,777,817	3,807,578	0	6,828,460	7,388,973	384,784	37,563,937
General Support Resources										
Beginning Balance	8,301,894	1,614,545	1,763,905	1,058,798	0	0	0	0	0	12,739,142
<b>Total Resources</b>	<b>8,301,894</b>	<b>18,775,045</b>	<b>1,979,730</b>	<b>2,836,615</b>	<b>3,807,578</b>	<b>0</b>	<b>6,828,460</b>	<b>7,388,973</b>	<b>384,784</b>	<b>50,303,079</b>
General Support Resources										
Beginning Balance	8,075,502									
Current Revenues										
Property Taxes	0									
Taxes Other than Property	3,120,400									
Fees in Lieu of Franchise	575,600									
Licenses & Permits	6,940									
Fines & Forfeitures	0									
Revenue From Other Agencies	879,200									
Use of Assets	71,500									
Fees & Charges	0									
Other Revenue	10,000									
Loan Repayment	0									
Unspent Contingency	0									
Transfers In	0									
Total Current Revenues	4,663,640									
<b>Total General Support Resources</b>	<b>12,739,142</b>									
* Detail for these resources can be found in Appendix K										
Operating Budget										
Summary of Requirements by Program & Major Object for Fiscal Year 2016 Projected										
	Policy & Legis.	Public Safety	Parks	Development	Transportation	Storm Water	Water	Wastewater	Solid Waste	Total
Personnel Services	0	14,356,902	635,217	994,761	714,512	0	1,541,041	1,362,552	19,470	19,624,455
Materials and Supplies	20,700	425,936	133,750	33,300	66,012	0	480,577	373,780	6,370	1,540,425
Contractual Services	324,900	2,214,105	859,821	647,583	1,009,468	0	981,640	1,354,159	86,639	7,478,315
Direct Charges for Services	187,963	39,250	162,362	446,156	400,709	0	411,404	462,472	31,930	2,142,246
Capital Outlay	0	48,000	9,000	0	0	0	61,500	13,400	0	131,900
Indirect Charges	26,880	1,690,852	179,580	214,435	180,800	0	357,980	375,400	14,520	3,040,447
<b>Operating Expenditures</b>	<b>560,443</b>	<b>18,775,045</b>	<b>1,979,730</b>	<b>2,336,235</b>	<b>2,371,501</b>	<b>0</b>	<b>3,834,142</b>	<b>3,941,763</b>	<b>158,929</b>	<b>33,957,788</b>
Other Requirements										
Debt Service	0	0	0	0	0	0	507,170	933,713	0	1,440,883
Transfers Out	1,045,500	0	0	5,000	960,597	0	1,312,178	1,159,362	0	4,482,637
<b>Total Other Expenditures</b>	<b>1,045,500</b>	<b>0</b>	<b>0</b>	<b>5,000</b>	<b>960,597</b>	<b>0</b>	<b>1,819,348</b>	<b>2,093,075</b>	<b>0</b>	<b>5,923,520</b>
Contingencies	2,000,000	0	0	390,023	475,480	0	1,174,970	1,354,135	225,855	5,620,463
Ending Balance	4,695,951	0	0	105,357	0	0	0	0	0	4,801,308
<b>Total Requirements</b>	<b>8,301,894</b>	<b>18,775,045</b>	<b>1,979,730</b>	<b>2,836,615</b>	<b>3,807,578</b>	<b>0</b>	<b>6,828,460</b>	<b>7,388,973</b>	<b>384,784</b>	<b>50,303,079</b>

Operating Budget										
Summary of Resources by Program & Source for Fiscal Year 2015 Adopted										
	Policy & Legis.	Public Safety	Parks	Development	Transportation	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
<b>Total Current Revenues</b>	<b>0</b>	<b>16,966,234</b>	<b>232,725</b>	<b>1,244,390</b>	<b>3,268,352</b>	<b>136,000</b>	<b>5,666,900</b>	<b>5,911,000</b>	<b>172,712</b>	<b>33,598,313</b>
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
<b>Total Resources</b>	<b>11,500,665</b>	<b>18,205,819</b>	<b>1,944,343</b>	<b>2,836,487</b>	<b>3,955,855</b>	<b>146,563</b>	<b>7,580,180</b>	<b>7,844,582</b>	<b>360,118</b>	<b>54,374,612</b>
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									
<b>Total General Support Resources</b>	<b>15,413,904</b>									
* Detail for these resources can be found in Appendix K										
Operating Budget										
Summary of Requirements by Program & Major Object for Fiscal Year 2015 Adopted										
	Policy & Legis.	Public Safety	Parks	Development	Transportation	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
<b>Operating Expenditures</b>	<b>1,603,463</b>	<b>18,205,819</b>	<b>1,944,343</b>	<b>2,240,060</b>	<b>2,294,645</b>	<b>0</b>	<b>3,743,963</b>	<b>3,855,254</b>	<b>155,694</b>	<b>34,043,241</b>
Other Requirements										
Debt Service	0	0	0	0	0	146,205	504,770	941,963	0	1,592,938
Transfers Out	1,821,700	0	0	5,000	1,201,952	0	2,224,177	1,782,392	0	7,035,221
<b>Total Other Expenditures</b>	<b>1,821,700</b>	<b>0</b>	<b>0</b>	<b>5,000</b>	<b>1,201,952</b>	<b>146,205</b>	<b>2,728,947</b>	<b>2,724,355</b>	<b>0</b>	<b>8,628,159</b>
Contingencies	2,000,000	0	0	507,242	459,258	358	1,107,270	1,264,973	204,424	5,543,525
Ending Balance	6,075,502	0	0	84,185	0	0	0	0	0	6,159,687
<b>Total Requirements</b>	<b>11,500,665</b>	<b>18,205,819</b>	<b>1,944,343</b>	<b>2,836,487</b>	<b>3,955,855</b>	<b>146,563</b>	<b>7,580,180</b>	<b>7,844,582</b>	<b>360,118</b>	<b>54,374,612</b>

Operating Budget										
Summary of Resources by Program & Source for Fiscal Year 2015 Approved										
	Policy & Legis.	Public Safety	Parks	Development	Transportation	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
<b>Total Current Revenues</b>	<b>0</b>	<b>16,966,234</b>	<b>232,725</b>	<b>1,244,390</b>	<b>3,268,352</b>	<b>136,000</b>	<b>5,666,900</b>	<b>5,911,000</b>	<b>172,712</b>	<b>33,598,313</b>
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										
	10,609,665	1,239,585	1,711,618	962,036	0	0	0	0	0	14,522,904
<b>Total Resources</b>	<b>10,609,665</b>	<b>18,205,819</b>	<b>1,944,343</b>	<b>2,836,487</b>	<b>3,955,855</b>	<b>146,563</b>	<b>7,580,180</b>	<b>7,844,582</b>	<b>360,118</b>	<b>53,483,612</b>
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	0									
Other Revenue	10,000									
Loan Repayment	0									
Unspent Contingency	0									
Transfers In	0									
Total Current Revenues	4,637,140 *									
<b>Total General Support Resources</b>	<b>14,522,904</b>									
* Detail for these resources can be found in Appendix K										
Operating Budget										
Summary of Requirements by Program & Major Object for Fiscal Year 2015 Approved										
	Policy & Legis.	Public Safety	Parks	Development	Transportation	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	396,900	2,133,558	848,248	642,446	973,538	0	958,678	1,352,808	85,274	7,391,450
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
<b>Operating Expenditures</b>	<b>631,463</b>	<b>18,205,819</b>	<b>1,944,343</b>	<b>2,240,060</b>	<b>2,294,645</b>	<b>0</b>	<b>3,743,963</b>	<b>3,855,254</b>	<b>155,694</b>	<b>33,071,241</b>
Other Requirements										
Debt Service	0	0	0	0	0	146,205	504,770	941,963	0	1,592,938
Transfers Out	1,821,700	0	0	5,000	1,201,952	0	2,224,177	1,782,392	0	7,035,221
<b>Total Other Expenditures</b>	<b>1,821,700</b>	<b>0</b>	<b>0</b>	<b>5,000</b>	<b>1,201,952</b>	<b>146,205</b>	<b>2,728,947</b>	<b>2,724,355</b>	<b>0</b>	<b>8,628,159</b>
Contingencies	2,000,000	0	0	507,242	459,258	358	1,107,270	1,264,973	204,424	5,543,525
Ending Balance	6,156,502	0	0	84,185	0	0	0	0	0	6,240,687
<b>Total Requirements</b>	<b>10,609,665</b>	<b>18,205,819</b>	<b>1,944,343</b>	<b>2,836,487</b>	<b>3,955,855</b>	<b>146,563</b>	<b>7,580,180</b>	<b>7,844,582</b>	<b>360,118</b>	<b>53,483,612</b>

Operating Budget										
Summary of Resources by Program & Source for Fiscal Year 2015 Recommended										
	Policy & Legis.	Public Safety	Parks	Development	Transportation	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
<b>Total Current Revenues</b>	<b>0</b>	<b>16,966,234</b>	<b>232,725</b>	<b>1,244,390</b>	<b>3,268,352</b>	<b>136,000</b>	<b>5,666,900</b>	<b>5,911,000</b>	<b>172,712</b>	<b>33,598,313</b>
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										
	10,609,665	1,239,585	1,711,618	962,036	0	0	0	0	0	14,522,904
<b>Total Resources</b>	<b>10,609,665</b>	<b>18,205,819</b>	<b>1,944,343</b>	<b>2,836,487</b>	<b>3,955,855</b>	<b>146,563</b>	<b>7,580,180</b>	<b>7,844,582</b>	<b>360,118</b>	<b>53,483,612</b>
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	0									
Other Revenue	10,000									
Loan Repayment	0									
Unspent Contingency	0									
Transfers In	0									
Total Current Revenues	4,637,140 *									
<b>Total General Support Resources</b>	<b>14,522,904</b>									
* Detail for these resources can be found in Appendix K										
Operating Budget										
Summary of Requirements by Program & Major Object for Fiscal Year 2015 Recommended										
	Policy & Legis.	Public Safety	Parks	Development	Transportation	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	396,900	2,133,558	848,248	642,446	973,538	0	958,678	1,352,808	85,274	7,391,450
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
<b>Operating Expenditures</b>	<b>631,463</b>	<b>18,205,819</b>	<b>1,944,343</b>	<b>2,240,060</b>	<b>2,294,645</b>	<b>0</b>	<b>3,743,963</b>	<b>3,855,254</b>	<b>155,694</b>	<b>33,071,241</b>
Other Requirements										
Debt Service	0	0	0	0	0	146,205	504,770	941,963	0	1,592,938
Transfers Out	1,821,700	0	0	5,000	1,201,952	0	2,224,177	1,782,392	0	7,035,221
<b>Total Other Expenditures</b>	<b>1,821,700</b>	<b>0</b>	<b>0</b>	<b>5,000</b>	<b>1,201,952</b>	<b>146,205</b>	<b>2,728,947</b>	<b>2,724,355</b>	<b>0</b>	<b>8,628,159</b>
Contingencies	2,000,000	0	0	507,242	459,258	358	1,107,270	1,264,973	204,424	5,543,525
Ending Balance	6,156,502	0	0	84,185	0	0	0	0	0	6,240,687
<b>Total Requirements</b>	<b>10,609,665</b>	<b>18,205,819</b>	<b>1,944,343</b>	<b>2,836,487</b>	<b>3,955,855</b>	<b>146,563</b>	<b>7,580,180</b>	<b>7,844,582</b>	<b>360,118</b>	<b>53,483,612</b>

Operating Budget Summary of Resources by Program & Source for Fiscal Year 2014 Budget										
	Policy & Legis.	Public Safety	Parks	Development	Transportation	Storm Water	Water	Wastewater	Solid Waste	Total
Program Generated Resources										
Beginning Balance	0	0	0	538,615	667,858	10,563	1,606,908	1,403,380	156,549	4,383,873
Current Revenues										
Property Taxes	0	14,835,100	0	0	0	0	0	0	0	14,835,100
Taxes Other than Property	0	0	0	0	0	0	0	0	0	0
Licenses & Permits	0	0	0	276,900	10,000	0	0	0	2,500	289,400
Fines & Forfeitures	0	238,400	0	7,700	0	0	0	0	0	246,100
Revenue From Other Agencies	0	621,500	3,600	700	2,073,515	0	0	0	11,750	2,711,065
Use of Assets	0	0	0	3,200	2,000	0	9,000	9,500	600	24,300
Fees & Charges	0	234,000	0	158,600	877,000	0	4,856,430	6,057,900	122,600	12,306,530
Other Revenue	0	184,600	22,625	5,250	2,600	0	39,570	42,000	15,600	312,245
Direct Charges for Service	0	0	0	0	0	0	20,000	11,900	0	31,900
Unspent Contingency	0	0	0	0	0	0	0	0	0	0
Transfers In	0	184,713	149,600	518,000	0	0	0	0	5,000	857,313
<b>Total Current Revenues</b>	<b>0</b>	<b>16,298,313</b>	<b>175,825</b>	<b>970,350</b>	<b>2,965,115</b>	<b>0</b>	<b>4,925,000</b>	<b>6,121,300</b>	<b>158,050</b>	<b>31,613,953</b>
Total Prog. Gen. Res.	0	16,298,313	175,825	1,508,965	3,632,973	10,563	6,531,908	7,524,680	314,599	35,997,826
General Support Resources	9,570,735	2,048,429	1,709,728	1,037,312	0	0	0	0	0	14,366,204
<b>Total Resources</b>	<b>9,570,735</b>	<b>18,346,742</b>	<b>1,885,553</b>	<b>2,546,277</b>	<b>3,632,973</b>	<b>10,563</b>	<b>6,531,908</b>	<b>7,524,680</b>	<b>314,599</b>	<b>50,364,030</b>
General Support Resources										
Beginning Balance	9,811,204									
Current Revenues										
Property Taxes	0									
Taxes Other than Property	3,097,600									
Fees in Lieu of Franchise	547,000									
Licenses & Permits	6,700									
Fines & Forfeitures	0									
Revenue From Other Agencies	821,100									
Use of Assets	71,500									
Fees & Charges	0									
Other Revenue	11,100									
Loan Repayment	0									
Unspent Contingency	0									
Transfers In	0									
Total Current Revenues	4,555,000 *									
<b>Total General Support Resources</b>	<b>14,366,204</b>									
* Detail for these resources can be found in Appendix K										
Operating Budget Summary of Requirements by Program & Major Object for Fiscal Year 2014 Budget										
	Policy & Legis.	Public Safety	Parks	Development	Transportation	Storm Water	Water	Wastewater	Solid Waste	Total
Personnel Services	0	13,972,987	600,411	1,065,667	657,593	0	1,450,460	1,551,733	11,090	19,309,941
Materials and Supplies	24,800	372,330	130,400	33,270	65,587	0	443,677	458,240	6,320	1,534,624
Contractual Services	1,375,200	2,324,278	819,506	468,140	571,301	0	944,727	1,311,476	82,300	7,896,928
Direct Charges for Services	159,958	37,500	154,782	397,332	384,944	0	402,070	445,996	28,582	2,011,164
Capital Outlay	0	6,000	9,000	0	10,000	0	55,500	19,200	90	99,790
Indirect Charges	46,150	1,633,647	171,454	196,398	170,000	0	340,700	398,700	13,100	2,970,149
<b>Operating Expenditures</b>	<b>1,606,108</b>	<b>18,346,742</b>	<b>1,885,553</b>	<b>2,160,807</b>	<b>1,859,425</b>	<b>0</b>	<b>3,637,134</b>	<b>4,185,345</b>	<b>141,482</b>	<b>33,822,596</b>
Other Requirements										
Debt Service	0	0	0	0	1,100	0	507,220	941,763	0	1,450,083
Transfers Out	1,225,000	0	0	5,000	1,308,000	0	1,333,000	1,034,000	0	4,905,000
<b>Total Other Expenditures</b>	<b>1,225,000</b>	<b>0</b>	<b>0</b>	<b>5,000</b>	<b>1,309,100</b>	<b>0</b>	<b>1,840,220</b>	<b>1,975,763</b>	<b>0</b>	<b>6,355,083</b>
Contingencies	2,788,070	0	0	380,470	464,448	0	1,054,554	1,363,572	173,117	6,224,231
Ending Balance	3,951,557	0	0	0	0	10,563	0	0	0	3,962,120
<b>Total Requirements</b>	<b>9,570,735</b>	<b>18,346,742</b>	<b>1,885,553</b>	<b>2,546,277</b>	<b>3,632,973</b>	<b>10,563</b>	<b>6,531,908</b>	<b>7,524,680</b>	<b>314,599</b>	<b>50,364,030</b>

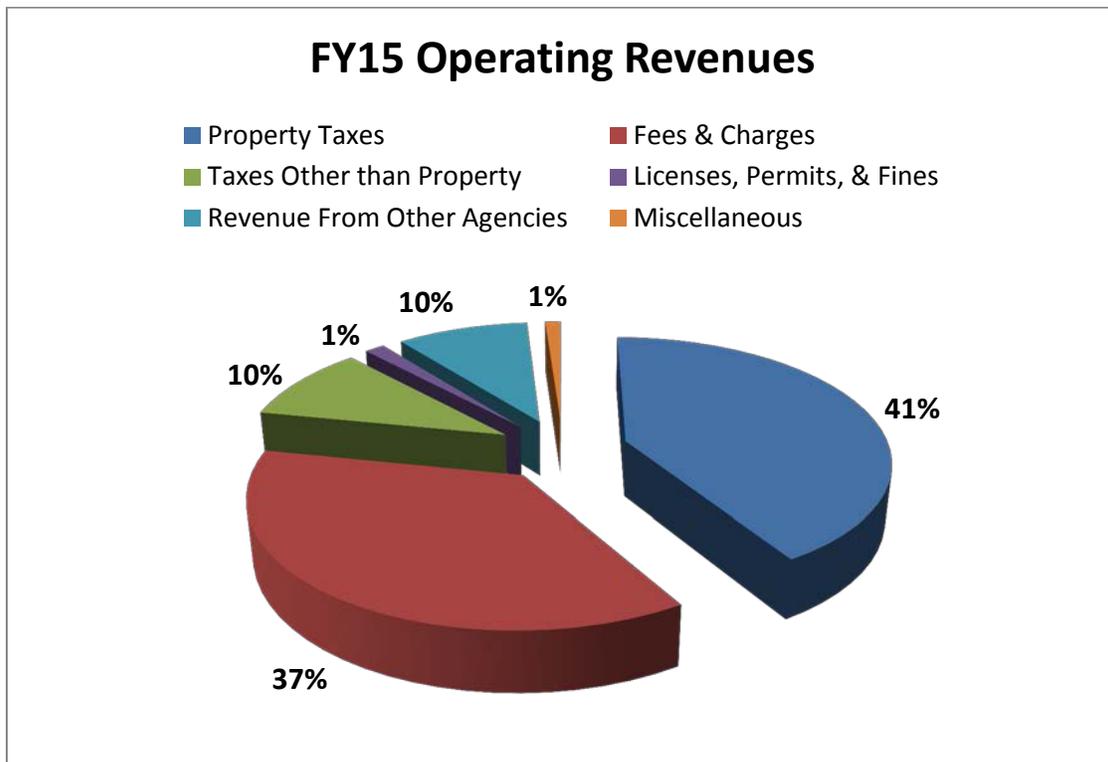
Operating Budget										
Summary of Resources by Program & Source for Fiscal Year 2013 Actual										
	Policy & Legis.	Public Safety	Parks	Develop-ment	Trans- portation	Storm Water	Water	Wastewater	Solid Waste	Total
Program Generated Resources										
Beginning Balance	0	0	0	477,368	685,006	10,563	1,429,081	1,636,012	112,483	4,350,513
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	653	25,494
Fees & Charges	0	244,533	0	251,585	866,378	0	4,826,670	4,858,823	90,187	11,138,176
Other Revenue	0	75,999	34,273	16,495	8,945	0	28,863	49,924	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
<b>Total Current Revenues</b>	<b>0</b>	<b>16,937,833</b>	<b>203,384</b>	<b>1,274,584</b>	<b>2,874,463</b>	<b>0</b>	<b>4,879,822</b>	<b>5,176,674</b>	<b>126,965</b>	<b>31,473,725</b>
Total Prog. Gen. Res.	0	16,937,833	203,384	1,751,952	3,559,469	10,563	6,308,903	6,812,686	239,448	35,824,238
General Support Resources	13,503,934	(331,845)	1,436,824	812,230	0	0	0	0	0	15,421,143
<b>Total Resources</b>	<b>13,503,934</b>	<b>16,605,988</b>	<b>1,640,208</b>	<b>2,564,182</b>	<b>3,559,469</b>	<b>10,563</b>	<b>6,308,903</b>	<b>6,812,686</b>	<b>239,448</b>	<b>51,245,381</b>
General Support Resources										
Beginning Balance	10,446,858									
Current Revenues										
Property Taxes	0									
Taxes Other than Property	3,083,018									
Fees in Lieu of Franchise	520,488									
Licenses & Permits	7,238									
Fines & Forfeitures	0									
Revenue From Other Agencies	910,706									
Use of Assets	78,857									
Fees & Charges	0									
Other Revenue	3,978									
Loan Repayment	370,000									
Unspent Contingency	0									
Transfers In	0									
Total Current Revenues	4,974,285	*								
<b>Total General Support Resources</b>	<b>15,421,143</b>									
* 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	12,733,454	594,552	910,165	540,061	0	1,273,014	1,336,643	10,052	17,583,026
Materials and Supplies	22,704	345,228	125,832	21,410	55,607	0	417,289	351,910	1,389	1,341,369
Contractual Services	337,742	1,957,010	717,401	441,531	483,795	0	785,639	1,148,621	59,795	5,931,534
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	62,508	24,542	13,448	120,717
Indirect Charges	18,491	1,474,729	149,109	178,162	134,266	0	298,868	329,070	11,442	2,594,137
<b>Operating Expenditures</b>	<b>694,673</b>	<b>16,562,958</b>	<b>1,640,208</b>	<b>1,965,198</b>	<b>1,476,753</b>	<b>0</b>	<b>3,282,539</b>	<b>3,521,364</b>	<b>125,869</b>	<b>29,269,562</b>
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
<b>Total Other Expenditures</b>	<b>1,001,895</b>	<b>43,030</b>	<b>0</b>	<b>5,000</b>	<b>1,191,703</b>	<b>0</b>	<b>560,731</b>	<b>1,454,867</b>	<b>0</b>	<b>4,257,226</b>
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
<b>Total Requirements</b>	<b>13,503,934</b>	<b>16,605,988</b>	<b>1,640,208</b>	<b>2,564,182</b>	<b>3,559,469</b>	<b>10,563</b>	<b>6,308,903</b>	<b>6,812,686</b>	<b>239,448</b>	<b>51,245,381</b>

Operating Budget										
Summary of Resources by Program & Source for Fiscal Year 2012 Actual										
	Policy & Legis.	Public Safety	Parks	Development	Transportation	Storm Water	Water	Wastewater	Solid Waste	Total
Program Generated Resources										
Beginning Balance	0	0	0	592,184	726,525	10,563	1,280,617	1,153,845	104,442	3,868,176
Current Revenues										
Property Taxes	0	14,784,914	0	0	0	0	0	0	0	14,784,914
Taxes Other than Property	0	0	0	0	0	0	0	0	0	0
Licenses & Permits	0	0	0	240,191	8,506	0	0	0	2,830	251,527
Fines & Forfeitures	0	288,123	0	13,355	0	0	0	0	0	301,478
Revenue From Other Agencies	0	982,337	4,000	1,040	1,969,640	0	0	254,761	11,000	3,222,778
Use of Assets	0	0	0	3,221	3,463	0	9,641	9,984	587	26,896
Fees & Charges	0	83,000	0	160,563	828,645	0	4,105,622	4,768,496	105,031	10,051,357
Other Revenue	0	24,594	37,243	6,280	2,701	0	56,165	43,299	15,600	185,882
Direct Charges for Service	0	0	0	0	0	0	23,263	4,488	0	27,751
Unspent Contingency	0	0	0	0	0	0	0	0	0	0
Transfers In	0	174,491	145,491	553,826	0	0	0	0	0	873,808
<b>Total Current Revenues</b>	<b>0</b>	<b>16,337,459</b>	<b>186,734</b>	<b>978,476</b>	<b>2,812,955</b>	<b>0</b>	<b>4,194,691</b>	<b>5,081,028</b>	<b>135,048</b>	<b>29,726,391</b>
Total Prog. Gen. Res.	0	16,337,459	186,734	1,570,660	3,539,480	10,563	5,475,308	6,234,873	239,490	33,594,567
General Support Resources										
Beginning Balance	11,797,423	(417,659)	1,521,370	815,527	0	0	0	0	0	13,716,661
<b>Total Resources</b>	<b>11,797,423</b>	<b>15,919,800</b>	<b>1,708,104</b>	<b>2,386,187</b>	<b>3,539,480</b>	<b>10,563</b>	<b>5,475,308</b>	<b>6,234,873</b>	<b>239,490</b>	<b>47,311,228</b>
General Support Resources										
Beginning Balance	9,101,115									
Current Revenues										
Property Taxes	0									
Taxes Other than Property	3,061,254									
Fees in Lieu of Franchise	476,079									
Licenses & Permits	7,090									
Fines & Forfeitures	0									
Revenue From Other Agencies	975,273									
Use of Assets	83,252									
Fees & Charges	0									
Other Revenue	12,598									
Loan Repayment	0									
Unspent Contingency	0									
Transfers In	0									
Total Current Revenues	4,615,546	*								
<b>Total General Support Resources</b>	<b>13,716,661</b>									
* Detail for these resources can be found in Appendix K										
Operating Budget										
Summary of Requirements by Program & Major Object for Fiscal Year 2012 Actual										
	Policy & Legis.	Public Safety	Parks	Development	Transportation	Storm Water	Water	Wastewater	Solid Waste	Total
Personnel Services	38,201	12,310,468	609,710	898,962	554,123	0	1,281,746	1,389,708	9,883	17,092,801
Materials and Supplies	17,472	297,055	131,409	19,064	48,320	0	383,630	315,157	323	1,212,430
Contractual Services	301,027	1,830,599	756,747	402,749	530,709	0	721,569	1,111,107	82,056	5,736,563
Direct Charges for Services	116,989	30,000	48,132	412,100	256,084	0	401,821	318,343	23,199	1,606,668
Capital Outlay	616	8,317	6,824	0	0	0	19,641	4,577	0	39,975
Indirect Charges	17,145	1,412,461	155,282	170,944	138,295	0	288,766	323,717	11,546	2,518,156
<b>Operating Expenditures</b>	<b>491,450</b>	<b>15,888,900</b>	<b>1,708,104</b>	<b>1,903,819</b>	<b>1,527,531</b>	<b>0</b>	<b>3,097,173</b>	<b>3,462,609</b>	<b>127,007</b>	<b>28,206,593</b>
Other Requirements										
Debt Service	0	0	0	0	785	0	396,253	491,356	0	888,394
Transfers Out	859,115	30,900	0	5,000	1,326,158	0	552,801	900,046	0	3,674,020
<b>Total Other Expenditures</b>	<b>859,115</b>	<b>30,900</b>	<b>0</b>	<b>5,000</b>	<b>1,326,943</b>	<b>0</b>	<b>949,054</b>	<b>1,391,402</b>	<b>0</b>	<b>4,562,414</b>
Contingencies	0	0	0	0	0	0	0	0	0	0
Ending Balance	10,446,858	0	0	477,368	685,006	10,563	1,429,081	1,380,862	112,483	14,542,221
<b>Total Requirements</b>	<b>11,797,423</b>	<b>15,919,800</b>	<b>1,708,104</b>	<b>2,386,187</b>	<b>3,539,480</b>	<b>10,563</b>	<b>5,475,308</b>	<b>6,234,873</b>	<b>239,490</b>	<b>47,311,228</b>

**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**

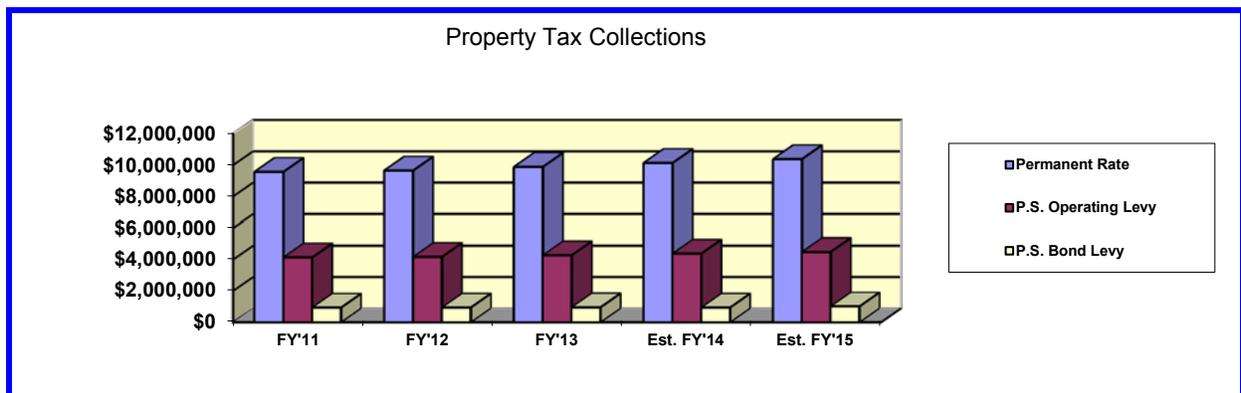
The compilation of this one-year operating budget and second year budget projection reflects the key revenue sources outlined below. At the end of this “Key Revenue Details” section is a recap of major revenues and the basis of estimate used.

**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’15 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. Due to the decline in the housing market and significantly lower property tax growth rates, Public Safety will have to use more General Fund support from non-dedicated resources in coming years as compared to recent years. Limited growth in revenues coupled with cost increases largely out of the City’s control will cause some pressure on the General Fund in coming years.

FY’14 was the third year of the three-year Public Safety Local Option Levy which will end June 30, 2014. 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 \$4.6 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 \$1.2 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 \$6.328/\$1,000 assessed valuation as compared to a rate of close to \$6.309 for FY’14. 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. At this time, market values locally appear to have stabilized and have turned back up and more than 80% of the properties in City limits still have an assessed value under the market value due to the State's restrictions on increases to assessed values.

Total assessed values rose approximately 2.5% in FY'14 and are estimated to increase about 2.4% in FY'15 due in part to new construction. 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.

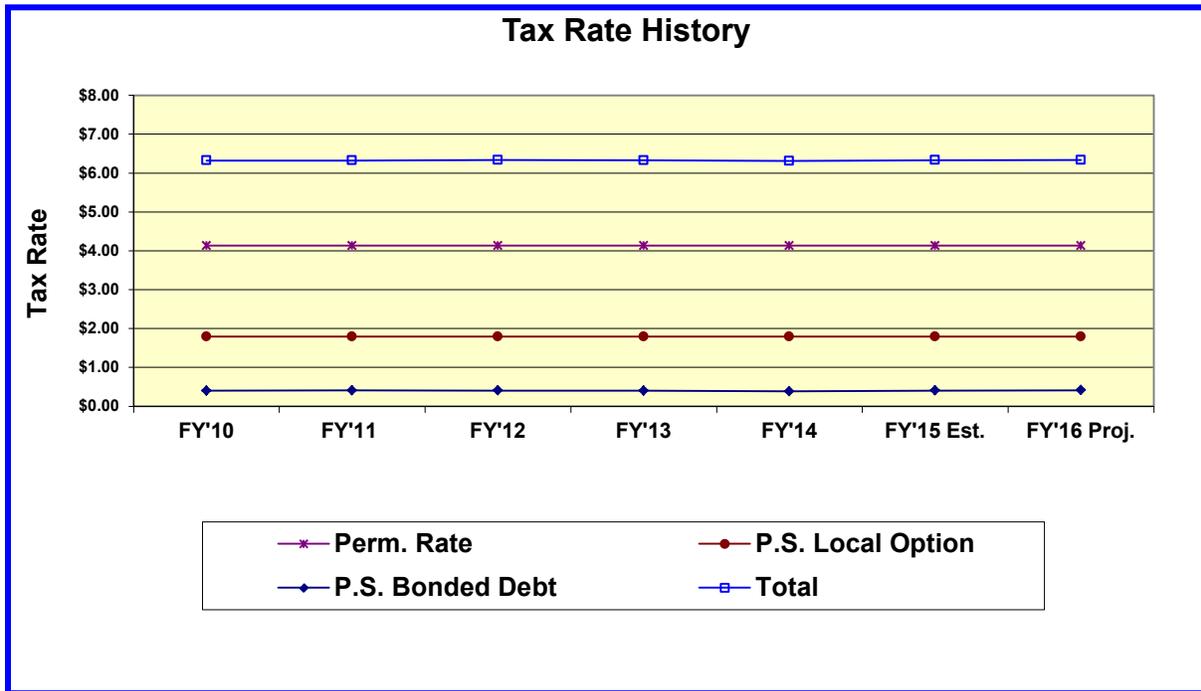
The absence of new annexations, which could have had a positive impact on the property tax base and State shared revenues in recent years, will also impact FY'15. Bringing in the additional valuation from these properties that the City already serves would increase tax dollars thereby sharing the burden of funding public services. The impact of not annexing properties served by the City is expected to continue to affect resources in future years, however the City Council is discussing the potential for an annexation vote in November of 2014 that would bring in many of the properties already served by the City.

### **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 \$4.8 million in FY'15 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 FY'15 adopted budget and the FY'16 projection are based on the approved levy at the same rate of \$1.79 per \$1,000 of assessed value.

Through strategic restructuring efforts, with a focus on continued levels of service in the highest operational risk areas, Public Safety staff and management have strived to bring forward budget recommendations that will facilitate holding the levy at the \$1.79 rate. And managed by the Council's new PAVE Committee (Performance Audit, Visioning and Enhancement Committee), a Public Safety strategic planning project began in March of 2014 and should be completed in the summer of 2014. This project will provide a comprehensive analysis of the City's Public Safety operations today (at a cost of less than 1% of the Public

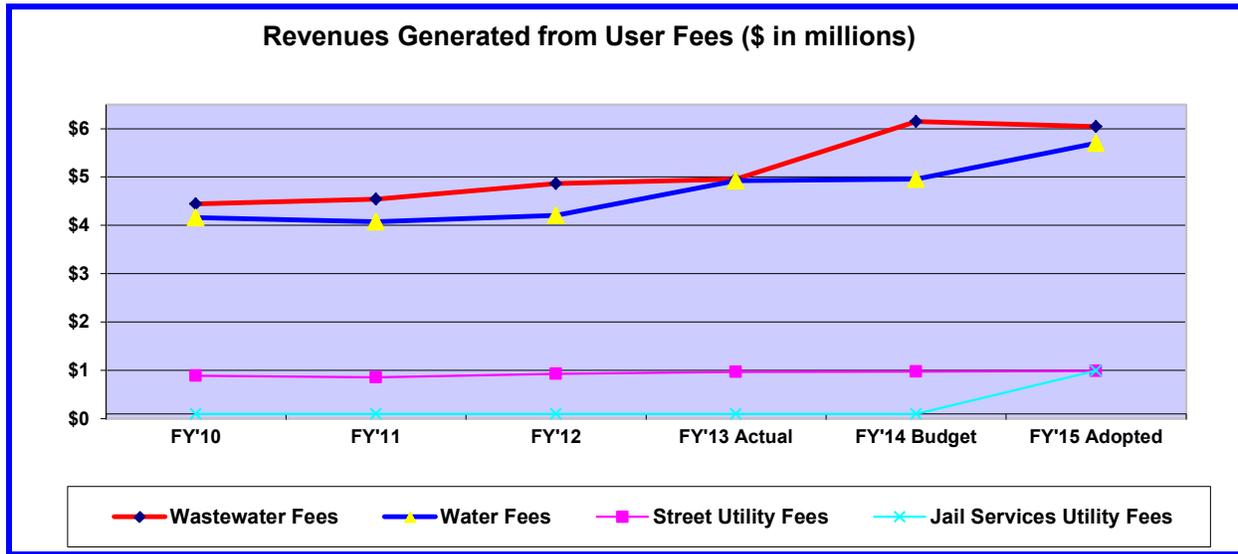
Safety annual operating budget) and will use that analysis to develop a plan of Public Safety operations for the future.



**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 \$2.84 million in FY'15 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 flat local economic growth to be conservative. If the City were to annex properties, there would be new revenues 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 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 in recent years is the primary reason franchise revenues are projected to be up about 1.8% compared to the FY'14 budget estimate.

**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
Budget FY'14	\$6,047,400	\$4,856,430	\$877,000	\$0
Adopted FY'15	\$5,815,600	\$5,597,750	\$890,000	\$891,000

The foregoing chart reflects revenue estimates for wastewater, water, street, and the new Jail Services Utility fee that has been implemented effective August 1, 2014. 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.

Otherwise, increases are largely a result of consumer price index changes applied to the utility rates each January 1<sup>st</sup>. Based on Council action in 2011 to index the Street Utility fee to the CPI index for future years like the other utility rates, these fees now show moderate increases to keep up with inflation over time.

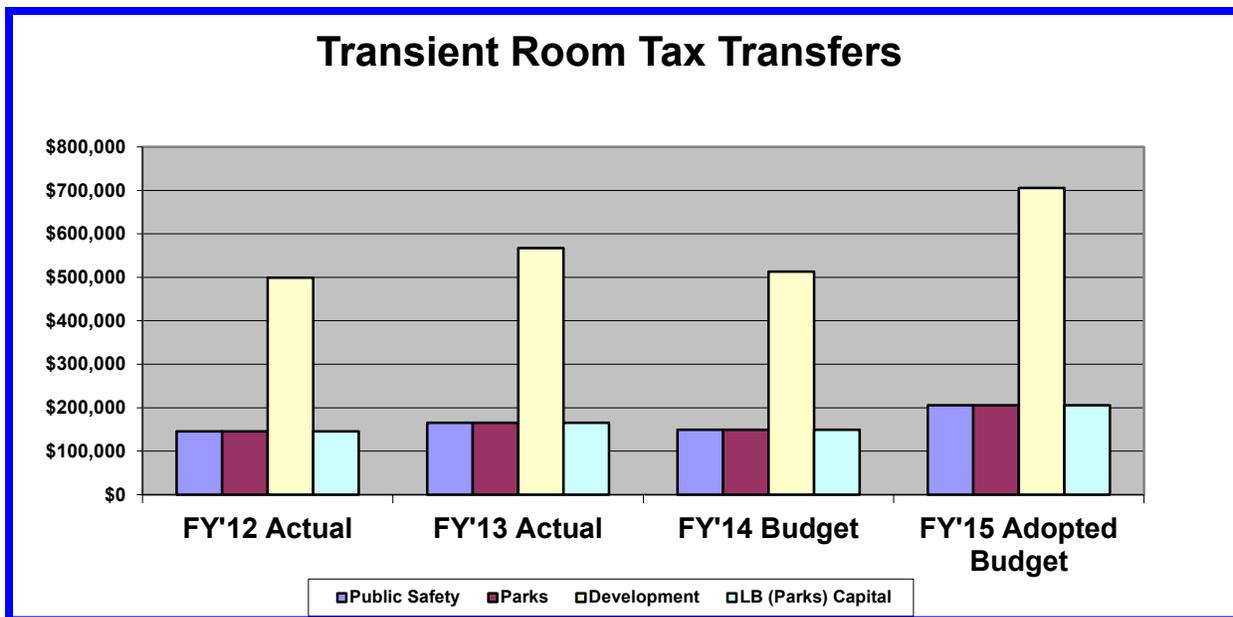
**Revenues from Other Agencies**

Revenues from other agencies are generally on track with estimates for FY'14 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'15 by about 5% in total to a total of \$864,700 for the FY'15 year. State Gas Tax is projected to provide intergovernmental revenue of \$1.995 million in FY'15 for the Transportation/Streets maintenance and projects, about flat with the FY'14 budgeted amount. 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 \$1.3 million, of which approximately \$1.1 million will be directed to operations and approximately \$200,000 will be directed to Parks Capital projects. The combined total is up 32% from the FY'14 transfer budget due to both higher revenue estimates and extra resources projected for FY'14 that will be carried forward for distributions in FY'15. Current trends show that the effects of the economic downturn have settled out. 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'15 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	\$15,480,030	91.2%	5 year historical trends, new construction estimate from Building division together with information from Josephine County Assessor's office
General	Development	Permits & Licenses	\$308,700	24.8%	Estimated # of residential, industrial and commercial building permits issued
General	Policy & Legislation	Taxes other than Property (franchise & business)	\$3,114,900	56.3%	Historical trends together with growth projections and rate increases/decreases approval by state. Also refer to Appendix K.
Transportation	Transportation	State Gas Tax	\$1,994,752	68.8%	Historical growth trends together with per capita revenue projections received from state
Transportation	Transportation	Street Utility Fees	\$890,000	30.7%	Current accounts plus CPI
Water	Water	User Fees & Charges	\$5,597,750	96.2%	Historical growth in # of accounts and utilization, together with projected housing starts
Wastewater	Wastewater	User Fees & Charges	\$5,815,600	96.0%	Historical growth in # of accounts together with projected housing starts

Property Tax Analysis

		<i>Actual FY'12</i>	<i>Actual FY'13</i>	<i>Budget FY'14</i>	<i>Estimated FY'15</i>	<i>Projected FY'16</i>
Assessed Value-Taxable Base	(a)	\$2,508,735,657	\$2,560,620,162	\$2,624,936,968	\$2,688,689,000	\$2,740,575,000
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)	10,383,574	10,584,705	10,852,957	11,113,696	11,328,167
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)	4,490,637	4,583,512	4,698,638	4,812,753	4,905,629
Public Safety Estimated Debt Rate*	(f)	0.4053	0.4015	0.3857	0.4046	0.4109
Anticipated Levy for Bonded Debt	(g)	1,016,791	1,028,089	1,012,439	1,087,807	1,126,096
Total Anticipated Taxes Lines (c) + (e) + (g)	(h)	\$15,891,002	\$16,196,306	\$16,564,034	\$17,014,256	\$17,359,892

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

	<i>Tax Certification</i>	<i>Collections</i>	<i>Rate</i>
<b><u>FY'12 Actual</u></b>			
Permanent Rate Revenues	\$10,383,574	\$9,659,832	4.1335
Public Safety Operating Levy	4,490,637	4,183,162	1.7900
Public Safety Bonded Debt	1,016,791	947,169	0.4053
Total Actual	\$15,891,002	\$14,790,163	6.3288

<b><u>FY'13 Actual</u></b>			
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

<b><u>FY'14 Budget</u></b>			
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

<b><u>FY'15 Estimated</u></b>			
Permanent Rate Revenues	11,113,696	\$10,391,306	4.1335
Public Safety Operating Levy	4,812,753	4,499,924	1.7900
Public Safety Bonded Debt	1,087,807	1,017,100	0.4046
Total Estimated	\$17,014,256	\$15,908,330	6.3281

<b><u>FY'16 Projected</u></b>			
Permanent Rate Revenues	11,328,167	\$10,591,837	4.1335
Public Safety Operating Levy	4,905,629	4,586,763	1.7900
Public Safety Bonded Debt	1,126,096	1,052,900	0.4109
Total Estimated	\$17,359,892	\$16,231,500	6.3344

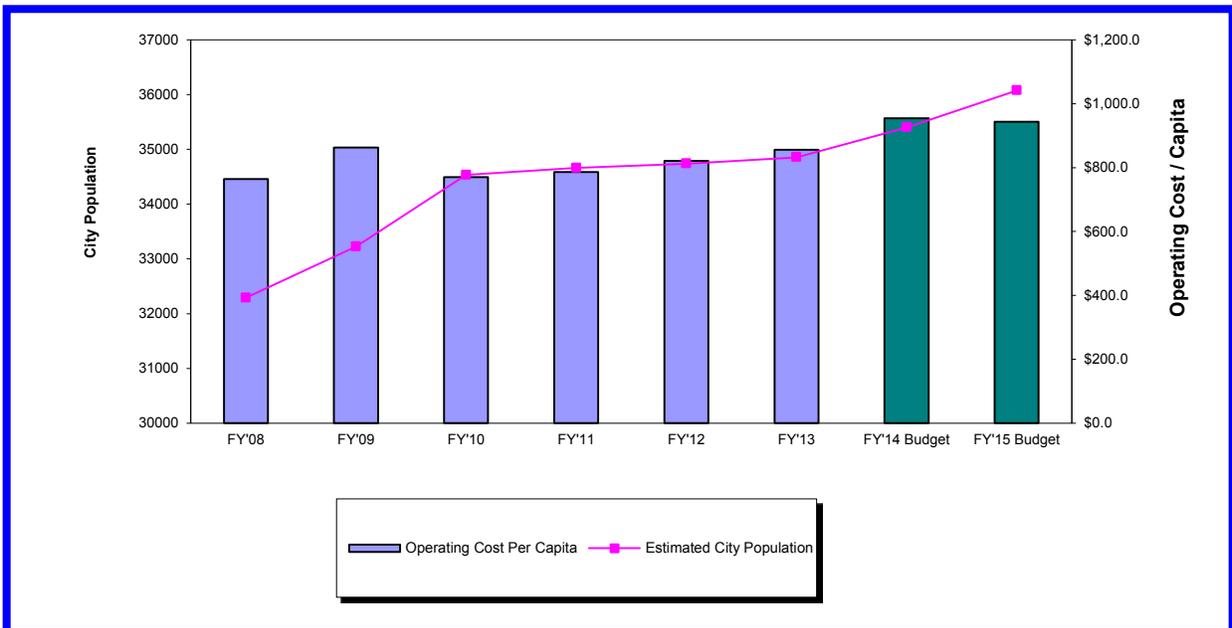
**OPERATING COST TRENDS**

This year’s operating budget is increasing by only approximately \$0.2 million or 0.7% of the total revised operating budget for FY’14. As discussed in the budget message, the primary factors in changes include COLAs given to most employees, changes to health insurance rates, very little change in adopted staffing levels and service levels, and a change to the former Jo-Gro operation.

**Operating costs per capita less than inflation**

Due to minimal growth in the total adopted operational budget this year, the increase over the years continues to be 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’14 and FY’15. Actual numbers for FY’14 and FY’15 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 2.43% in the last decade and using FY'06 as the base year, the FY'15 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'14 / FY'15 budget periods.

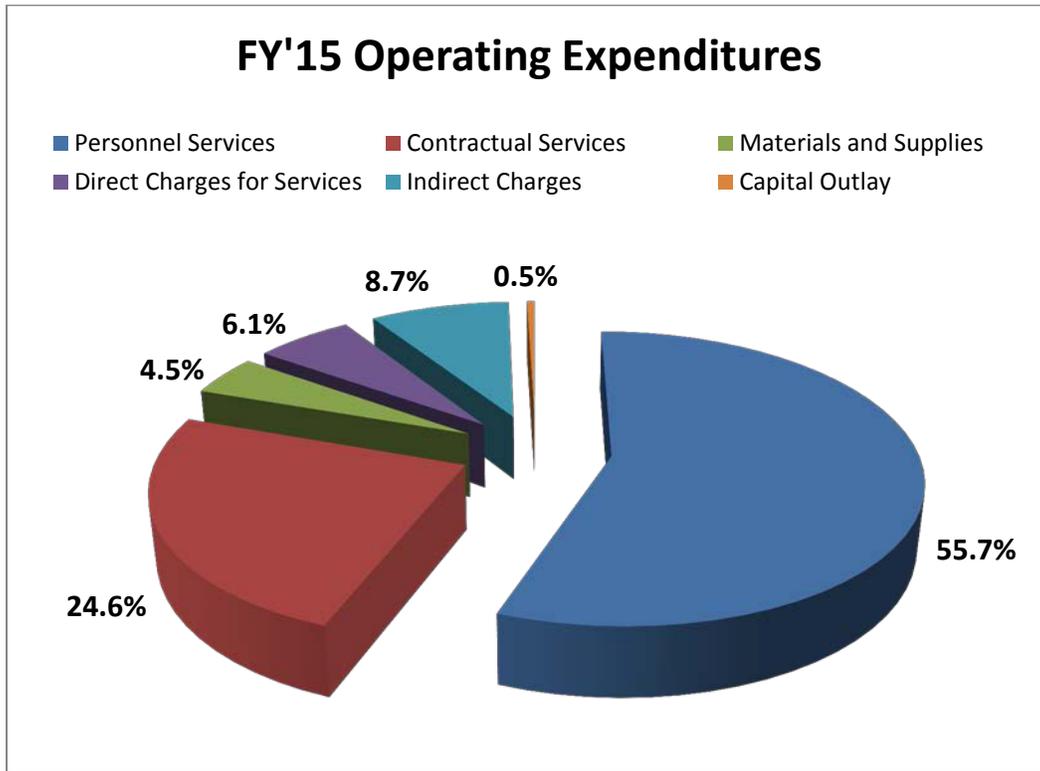
	<b><u>FY'10 *</u></b>	<b><u>FY'11 *</u></b>	<b><u>FY'12 *</u></b>	<b><u>FY'13 *</u></b>	<b><u>FY'14 Budget</u></b>	<b><u>FY'15 Budget</u></b>
Estimated City Population	34,533	34,660	34,740	34,855	35,402	36,075
Operating Cost	\$26,601,138	\$27,246,692	\$28,510,070	\$29,850,463	\$33,822,596	\$34,043,241
<b>Actual Op. Cost / Capita</b>	<b>\$770</b>	<b>\$786</b>	<b>\$821</b>	<b>\$856</b>	<b>\$955</b>	<b>\$944</b>
Cost / Capita If Matched Avg. Inflation	\$832	\$852	\$873	\$894	\$916	\$938
<b>* Costs include RSSSD costs before consolidated in FY'14</b>						

Growth in revenues and expenditures per capita will never exactly match the national or regional consumer price index; however the budgeted FY'15 operating expenditure increase compared to the previous year's budget is well under recently reported CPI figures.

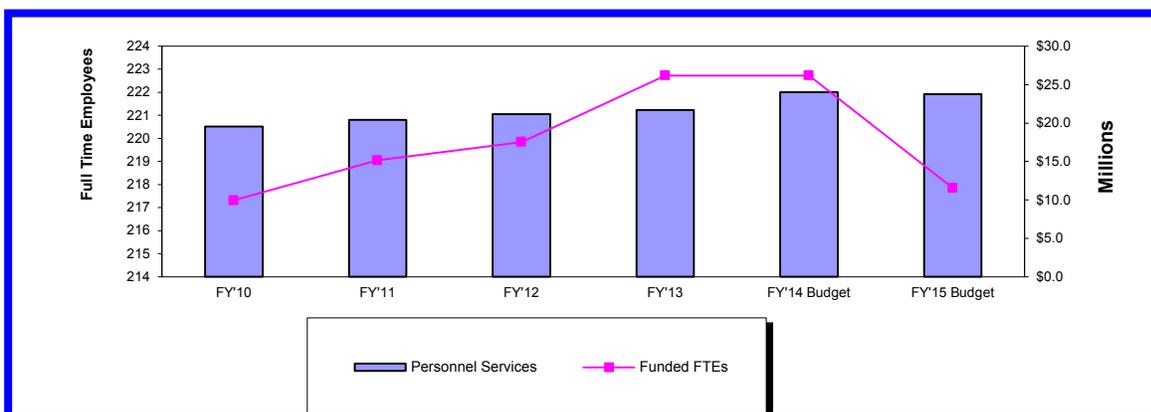
In some cases, such as in the City operated Water and Wastewater utilities, certain major expenses such as electricity are rising significantly faster than nationally reported inflation figures. Increased mandated and contractual obligations for personnel costs and items such as energy costs continue 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**

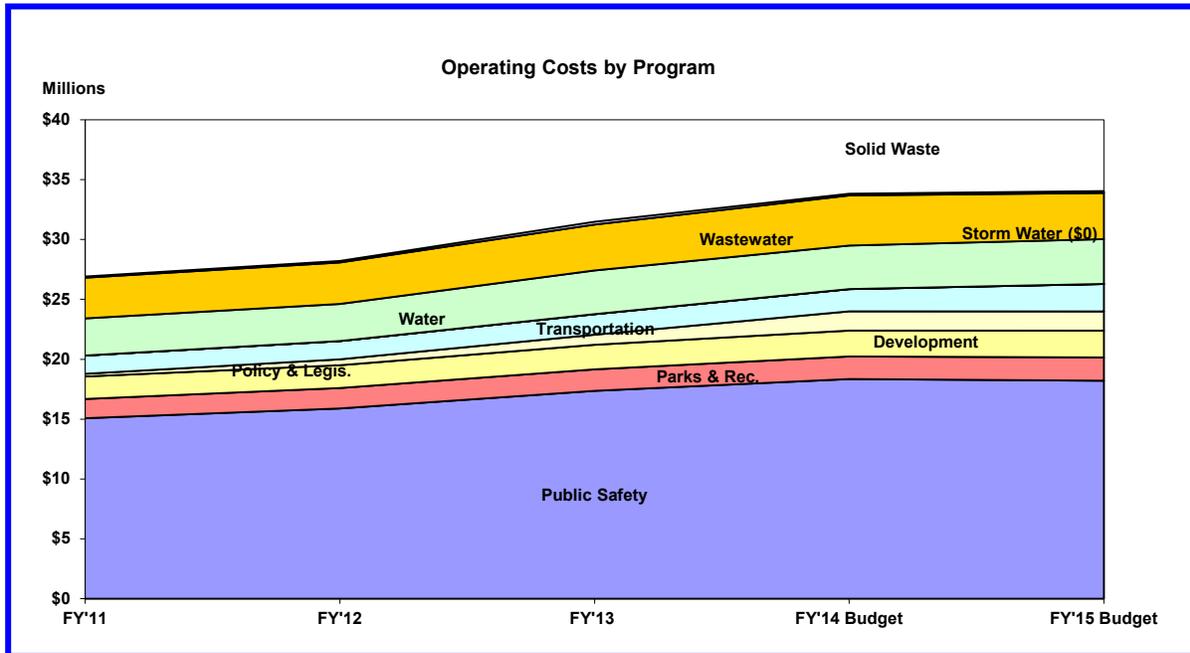
As you can see from the following chart, public service is about people serving people. Fifty-seven percent of the City’s operating expenditures are personnel costs. This is followed by contractual services at 22.4%.



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 a decrease of almost \$0.3 million largely due to the closing of Jo-Gro and moving the Tourism division to a contractual service. These personnel decreases were offset by increases in health insurance rates and steps due to certain employees that have not yet reached the maximum step in various employee group salary schedules. After a number of years of minimal or no COLAs (cost of living adjustments), most employee groups received a COLA in the last year.

The impact of every 3% increase to PERS rates equates to nearly \$400,000 per year in benefit costs for the City, and absent additional legislation to change the benefit structure of the system, PERS rates are expected to increase at least 3% every two years again starting in FY'16 until the State PERS system is fully funded. PERS rates billed out to departments have been slightly different than rates paid into the system with the difference accounted for in the Benefits Administration fund and the PERS reserve established in that fund. A City PERS reserve has been created over many past budget years by a slight difference between department charges and actual payments into the PERS system. This reserve will be drawn down starting a few years from now when actual PERS rates are expected to be even higher than they will be in FY'15.

**Staffing Changes**

The FY'15 staffing changes are mainly due to changes in service delivery. The Tourism division is moving to a contractual relationship for this budget and the Jo-Gro composting division in the Wastewater Fund has been shut down. There is one new position in the Property Management division that is required to replace some contractual work ongoing today. The net difference in funded positions for FY'15 with all of these changes is a net decrease of 4.9 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 Adopted 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.

<b>Summary of FY'15 Unfunded Personnel Positions</b>			
Activity	Program	Title	# of Positions
Finance	Administrative Services Fleet	Accounting Tech (1.5) Assistant Finance Director Admin. Support Spec. (0.10)	2.60
Wastewater	Wastewater Treatment / JO- GRO	Utility Worker	2.00
Parks & Community Development	Support	Office Assistant	1.00
Planning	Development	Planner III Department Support Tech Associate Planner (2) Assistant Planner (3)	7.00
Building	Development	Residential Building Insp. Plans Examiner II (2) Office Assistant I Building Inspector I	5.00
Engineering	Support	Utility Engineer Project Specialist (2)	3.00
Parks	Parks	Urban Forester (0.5)	0.50
Streets	Transportation	Urban Forester	0.50
		<b>Total</b>	<b>21.60</b>

## Staff Allocation

<i>Department/Activity</i>	Budget FY'12	Budget FY'13	Budget FY'14	Recommend FY'15	Adopted FY'15	Projected FY'16
<b>Administration</b>						
<i>Management</i>	6.856	6.975	4.575	5.075	5.075	5.075
<i>Legal</i>	2.474	2.550	2.500	2.500	2.500	2.500
<i>Information Services</i>	4.900	5.900	6.050	5.700	5.700	5.700
<i>General Insurance</i>	0.489	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	1.850	1.825	0.075	0.075	0.075
<i>Downtown</i>	1.550	1.550	1.525	1.675	1.675	1.675
<i>Property Management</i>	2.100	2.100	2.050	2.400	2.400	2.400
	<u>21.219</u>	<u>22.275</u>	<u>19.875</u>	<u>18.775</u>	<u>18.775</u>	<u>18.775</u>
<b>Parks &amp; Community Develop.</b>						
<i>Management</i>	10.000	10.000	10.650	10.650	10.650	10.650
<i>Engineering</i>	7.500	7.500	7.500	7.500	7.500	7.500
<i>Planning</i>	11.000	11.000	10.900	10.900	10.900	10.900
<i>Building &amp; Safety</i>	7.000	7.000	7.100	7.100	7.100	7.100
<i>Park Maintenance</i>	8.200	8.200	7.050	7.050	7.050	7.050
<i>Aquatics</i>	0.400	0.400	0.350	0.350	0.350	0.350
<i>Recreation</i>	0.150	0.150	0.150	0.150	0.150	0.150
	<u>44.250</u>	<u>44.250</u>	<u>43.700</u>	<u>43.700</u>	<u>43.700</u>	<u>43.700</u>
<b>Finance</b>						
<i>Finance</i>	16.000	16.000	17.250	17.300	17.300	17.300
<i>Garage Operations</i>	3.150	3.050	3.000	2.950	2.950	2.950
<i>Equipment</i>	0.600	0.700	0.750	0.750	0.750	0.750
	<u>19.750</u>	<u>19.750</u>	<u>21.000</u>	<u>21.000</u>	<u>21.000</u>	<u>21.000</u>
<b>Human Resources</b>						
<i>Human Resources</i>	2.875	2.855	3.080	3.030	3.030	3.030
<i>Workers</i>	0.326	0.370	0.445	0.595	0.595	0.595
	<u>3.201</u>	<u>3.225</u>	<u>3.525</u>	<u>3.625</u>	<u>3.625</u>	<u>3.625</u>
<b>Public Works</b>						
<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>	9.410	9.210	9.210	10.460	10.460	10.460
<i>JO-GRO™</i>	4.110	4.310	4.310	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	0.100	0.160	0.160	0.160
<i>Storm Water</i>	-	-	-	-	-	-
<i>Street Maintenance</i>	8.060	8.060	8.060	8.060	8.060	8.060
	<u>43.600</u>	<u>43.600</u>	<u>43.600</u>	<u>40.600</u>	<u>40.600</u>	<u>40.600</u>
<b>Public Safety</b>						
<i>Field Division</i>	80.000	80.000	55.250	55.250	55.250	55.250
<i>Support Division</i>	30.875	31.875	24.700	24.700	24.700	24.700
<i>Fire Rescue Division</i>	-	-	31.800	31.800	31.800	31.800
	<u>110.875</u>	<u>111.875</u>	<u>111.750</u>	<u>111.750</u>	<u>111.750</u>	<u>111.750</u>
<b>Total</b>	<u>242.895</u>	<u>244.975</u>	<u>243.450</u>	<u>239.450</u>	<u>239.450</u>	<u>239.450</u>
<b>Unfunded</b>	<u>(23.050)</u>	<u>(22.300)</u>	<u>(20.700)</u>	<u>(21.600)</u>	<u>(21.600)</u>	<u>(21.600)</u>
<b>Net Funded Positions</b>	<u>219.845</u>	<u>222.675</u>	<u>222.750</u>	<u>217.850</u>	<u>217.850</u>	<u>217.850</u>

**Other Key Expenditure Details**

Materials & supplies are budgeted to be mostly flat for the next year while contractual services are budgeted to increase close to \$0.5 million due mostly to changes to service delivery and contracting more than providing certain services in house as previously described. 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 \$2.1 million in FY'15. 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 largely due to the transfer of the Street Lighting division from the General Fund to the Transportation Fund (the General Fund still supports this program) and a modest increase in General Fund capital contributions to the various Capital Project programs. 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'15 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 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'14 budget related to the actual savings in FY12 and the bulk of the General Fund capital transfers in this budget relate to actual General Fund savings in FY'13 plus projects that were cancelled and funding reallocated in the last year.

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. 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'15 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 four years during the term of the recently approved Public Safety Levy. This was by design in the financial planning for the levy terms. However, if recent savings trends do not continue transfers to capital projects may need to be reduced

significantly in future years after FY'15 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 for 2014-2015. This year, more than \$0.5 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. 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'15 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. This year, a final amount of approximately \$390,000 is budgeted to be allocated to the Business Software and E-Permitting project now that the City has contracted with the vendor for the systems. 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'15 budget.

### **Operating Transfers to Capital Projects**

	<b>FY'12</b>	<b>FY'13</b>	<b>FY'14 Budget</b>	<b>FY'15 Budget</b>
Transportation	1,326,158	1,190,847	1,308,000	1,201,952
Water	552,801	524,327	1,333,000	2,224,177
Wastewater	855,046	951,750	1,034,000	1,782,392

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 infrastructure master plan updates are also in process today. 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.

### **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 foregoing 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 18 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"> <li>• The total project budget is \$1.1 million including data conversion, training, and implementation costs</li> <li>• 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</li> </ul>	<ul style="list-style-type: none"> <li>• 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)</li> <li>• Less training time required from a more modern web based financial software system</li> </ul>
Riverside Playground	The City is replacing the heavily used playground equipment at Riverside Park	<ul style="list-style-type: none"> <li>• The one time capital cost is \$200,000 and the ongoing maintenance costs will be similar to what they are today and perhaps slightly reduced due to no longer maintaining relatively old equipment</li> </ul>	<ul style="list-style-type: none"> <li>• The equipment will be properly maintained and there is slightly less risk of accidents or safety concerns for a highly used playground area</li> </ul>
Website Upgrade	Redesign the City's website and place the site on a modern content management system and more flexible system	<ul style="list-style-type: none"> <li>• One-time cost of approximately \$57,000</li> <li>• Ongoing annual maintenance costs will increase by about \$3000 to \$4000 per year, however system capabilities will also be upgraded over time</li> </ul>	<ul style="list-style-type: none"> <li>• Increased productivity and better customer service along with enhanced forms of communication with the public</li> <li>• Less administrative time and customer time for finding important information</li> </ul>
Various Road Improvements	There are a number of road improvements in the Transportation Capital Budget	<ul style="list-style-type: none"> <li>• No significant anticipated change from current maintenance costs.</li> <li>• Any sweeping, utility, patrol, or other related costs will be minimal.</li> </ul>	<ul style="list-style-type: none"> <li>• Most are on the Transportation Master Plan and are designed to provide for current and future demands.</li> <li>• Long-term maintenance costs will be reduced.</li> </ul>

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 starts in earnest during Fiscal 2014 and 2015.	<ul style="list-style-type: none"> <li>• Projected maintenance cost differentials will be reviewed over the next two years</li> <li>• Equipment depreciation costs over 60-100 years.</li> </ul>	<ul style="list-style-type: none"> <li>• 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</li> </ul>
Various Sewer Main Structural Repairs	Replaces very old structurally deficient sewer pipe in various streets and alleys.	<ul style="list-style-type: none"> <li>• No known increases in cost.</li> </ul>	<ul style="list-style-type: none"> <li>• Safety is increased</li> <li>• Potential environmental problem decreased</li> <li>• Long-term maintenance cost will be reduced for this area</li> <li>• Structural defects fixed</li> </ul>
Wastewater Phase 2 Expansion	Expands capacity and meets regulatory requirements	<ul style="list-style-type: none"> <li>• Additional utility/energy consumption expected.</li> </ul>	<ul style="list-style-type: none"> <li>• Prepares to meet future regulatory costs and future demand and avoids regulatory risks related to not being able to meet that demand.</li> </ul>

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.