

Memorandum

To: Hailey City Council

From: Heather Dawson, City Administrator
Becky Stokes, City Treasurer

Re: Mayor’s Budget Goals – Introduction of FY 2014 Preliminary Budget

Date: July 1, 2013

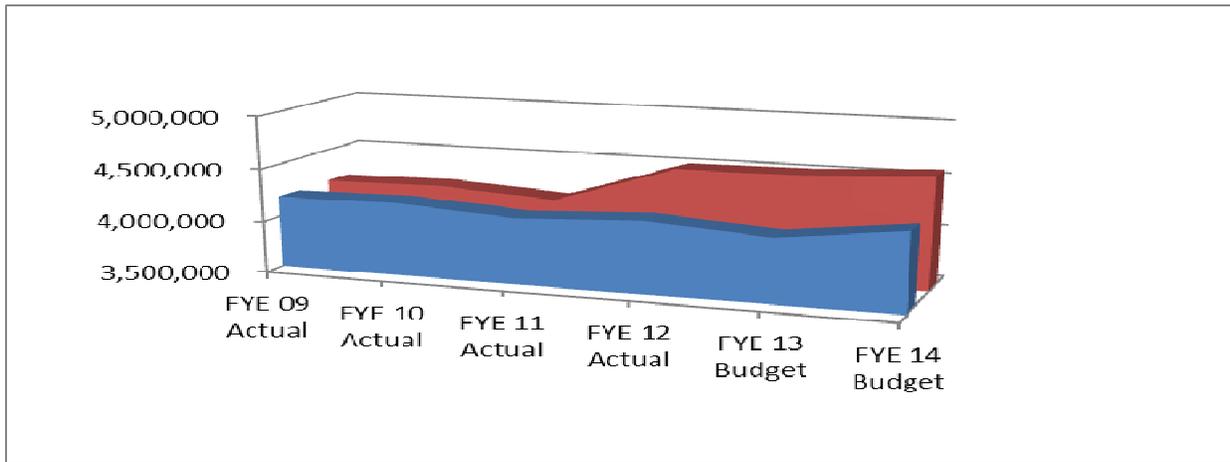
Mayor Haemmerle has met with city departments in setting budget priorities for FY 2014, and is pleased to present a balanced budget which increases the level of service to our product, the City of Hailey.

Hailey’s general operating expenses have been held just under operating revenues since the economy declined. Actual expenses have hovered above \$4 million, until the Bellevue Law Enforcement Contract was added. Expenses with that contract have stayed level at \$4.5 million.

2009 Actual	2010 Actual	2011 Actual	2012 Actual	2013 Budget	2014 Proposed
\$4,190,301	\$4,203,914	\$4,137,212	\$4,192,803	\$4,113,593	\$4,253,916
			Bellevue Law Contract + 312,819	+ 316,620	+ 320,466
			\$4,505,622	\$4,430,213	\$4,574,382
			2013 Unbudgeted Expenses for III-A + 84,000		
			\$4,505,622	\$4,514,213	\$4,574,382

Expense Table

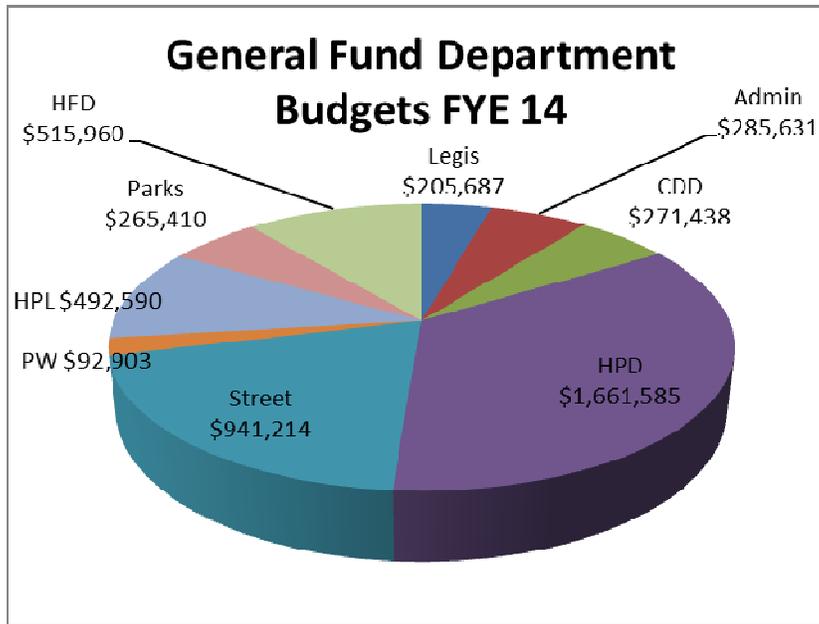
The general fund budget is projected to increase in 2014 over 2013 expenses by \$60,000.



■ Hailey General Fund Expenses

■ Hailey General Fund Expenses with Bellevue Law Enforcement Contract

City department managers worked with the city treasurer to develop this year's departmental budgets. The treasurer estimated the general fund revenue at \$144,000 more than was budgeted in FY 2013. However, expenses were increased in January with \$84,000 of fund balance which was necessary to pay for increased health insurance premiums and assessments made by the Idaho Independent Intergovernmental Authority (III-A). We have added that \$84,000 to the 2013 estimated expenses in the table on the previous page. With that addition, the increased 2014 budget is only \$60,000 more than 2013 expense projections. III-A expenses continue into 2014, with an additional 10% increase budgeted for health insurance contributions (premiums).



The General Fund budget is divided into fundamental service departments, including:

- Law enforcement
- Transportation & roads
- Fire & EMS services
- Parks
- Community Development (includes building, planning, economic development and business licensing)

These services are supported by legislative and administrative depts.

Mayor's Specific Budget Goals for 2014:

- Increasing Parks Department budgets to service the community with clean, green, well-maintained, inviting parks with finishing touches and amenities for varied uses.
 - Parks seasonal staffing line item increased. In the spring of 2013 the city street department staff was assigned to seasonal park maintenance, and that volume of work was quantified. Park staffing has been increased by \$35,000, with an offsetting reduction of that same dollar figure in street staffing.
 - Continued expansion of the Adopt A Park program. The 2013 Adopt A Park Program is being quantified, and the Parks & Lands Board would like to see that value budgeted so that the parks department can continue to increase its level of service.
 - Over \$10,000 of Development Impact Fees and \$35,000 of in-lieu fees are available for capital projects within Hailey's parks (discussed fully under CIP).

- Increasing ongoing street and alley maintenance to protect the integrity of Hailey's road infrastructure.

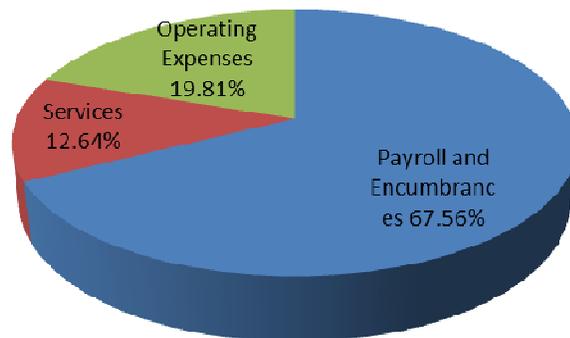
- Street and alley maintenance visibly improved in 2013 as business district alleys were cleaned up and paved. Slurry seal projects will be done in early July. Streets are swept more frequently, and shoulders and potholes continue to be repaired.
 - An effort will be made each year to increase the budget for the purpose of using more efficient equipment. The 2014 equipment lease budget is up \$7000 to add a new loader lease.
 - Transportation Development Impact Fees collected from 2007-2012 were fully spent on the Woodside roundabout. New Development Impact Fees now amount to over \$24,000, and are planned to be spent within 8 years on projects discussed within the CIP.
- Staffing a Community Development Department that focuses on recruiting new business, retaining existing business, and improving the viability of business and business activity within Hailey.
 - In this effort, Mayor Haemmerle recruited and hired a new Community Development Director a year ago, and we have already seen new businesses come to Hailey.
 - More recently, the department has been staffed with an employee whose focus is to coordinate business and event activity within Hailey, as well as conduct the administrative assistant work required for planning applications and building support. The 2014 budget continues this staffing plan, and does not contemplate replacing a planning position.
 - CDD has utilized an Idaho Division of Building Safety contract to improve the responsiveness to the building community for plan reviews and inspections. The diversity of technology and expertise in both plan review and inspections through DBS has offered greater customer service than can a 1-person department. The cost to Hailey is \$75% of building permit and plan check fees. We expect to pay Idaho DBS \$65,000 or more in 2013, and have budgeted for the same in 2014.
- Restoring a consistent police and fire equipment replacement program.
 - In 2013, a new police car was budgeted but during the year those funds were diverted to cover a deficiency in the dispatch budget and legal fees associated with the dispatch negotiations. HPD has fallen behind in the police car replacement program. Recently having gained Idaho Police Chief's Association Certification, the status of the cars, if not improved, could immediately begin to affect the certification status. Instead of buying one new car, we intend to lease-purchase 3 cars at the same budget amount, under a 4-year lease at the end of which we will own the cars. This plan reduces fuel and auto repair line items, and positions Hailey with a fleet that is expected to last a full 6 years.
 - Police facility development impact fees are approaching \$38,000. This money will be used within the next three years to design a police facility at an appropriate site.
 - Fire development impact fees now amount to \$73,000. These are earmarked in the budget and CIP for fire station or fire apparatus, not necessarily in the immediate future.

- Fire department spending is increased to replace turnout gear and other fire-fighting equipment.
- Continuing the code enforcement position begun in 2013 to the 2014 budget. An HPD officer is assigned to animal control, zoning code enforcement, water citations, lighting and junk complaints. The officer also carries many regular duties of the police department.
- Restoring one employee to the Hailey Public Library staff, lost during previous years' budget cuts. The service demands upon the library justify the needed for increased staffing.
 - The employee was budgeted for half of fiscal year 2013. An increase is needed to budget this position for the full FY 2014.

The expense composition of the General Fund is 68% salaries and benefits, 12% professional services such as legal and engineering contracts, and 20% operating expenses including supplies, fuel, tools, repairs and equipment costs.

The Street Department's individual composite is more similar to the water and wastewater department, where operating expenses are in the 50-60% range, and salaries and benefits are in the 40-50% range.

City of Hailey General Fund Budget Expense Composition FYE14



- Identifying methods by which to increase salaries for city employees. In the first draft budget, a 2.5% salary increase has been budgeted for all city employees. In the past five years, salaries and benefits have been held flat or decreased. Each 1% increase to hourly employees' wages costs the general fund approximately \$20,000.
- Water and Wastewater Budgets continue to fund large engineering projects for conjunctive management planning through SPF Engineers, and for the Wastewater Biosolids Facility Project through HDR Engineers. Contract engineering has been increased in all public works departments to fund the necessary engineering expertise, with a corresponding decrease in general in-house engineering.
- An increase of \$3000 is budgeted for Mountain Rides Transportation Authority. Continuing current level of cash support to the Hailey Chamber of Commerce, the Animal Shelter of the Wood River Valley, and Blaine County Housing Authority is

budgeted. We recommend discontinuing bookkeeping support for the Blaine County Housing Authority, a value of approximately \$3,500 in services which, at our current staffing levels, is problematic. Eliminating the bookkeeping service reduces our level of support to BCHA, as only the cash support is shown in the budget.

Capital Improvement Plan and Development Impact Fees Budgeting

Each year the Capital Improvement Plan is revised and updated to reflect current needs. The revised plan is reviewed by the Development Impact Fee Advisory Committee for recommendations on the budget. The DIF Advisory Committee met on June 20, 2013 and made the following recommendations:

1. The changes in the building and development climate are not yet longstanding nor substantial enough to warrant a change in the 2012 Development Impact Fee Plan and Fee Schedule produced by Caplan & Associates.
2. The amount of Development Impact Fees accumulated at the end of the third quarter each year (June 30) should be shown in each specific departmental budget to enable a CIP item to move up in priority during the fiscal year when partnership opportunities arise such as those obtained through grants, private partnerships, the URA, Blaine County School District, Blaine County Recreation District, the Wood River Land Trust, or other local and state agencies.
3. Criteria are recommended for prioritizing capital projects within the Capital Improvement Plan. (See attached CIP and DIF Agenda Summary). Project priorities have been identified and are shown within the budget as described below:
4. The Woodside Project is not yet fully complete. There remains \$711,926 in expenses to be paid, including some pavement costs and retainage held until the project is closed. Of this, \$382,000 will be reimbursed by the TIGER II Grant. We expect these amounts to be paid within FY 2014, which will expense our capital budget by a net amount of \$329,671.
5. Other capital projects prioritized include \$15,000 in park playground equipment, \$12,000 in a street crossing light, \$3000 of which is development impact fee eligible, and \$80,000 for sidewalk improvements on Cobblestone, the street which connects Wood River Middle School to Main Street. We expect partnership participation from BCSD on this project.
7. The Hailey Parks Foundation continues to hold \$3,552 in a dollar for dollar challenge match for the Welcome Center interpretive exhibits. The capital project budget anticipates spending the match as well as the donation for a \$7104 interpretive display.
6. These projects, after being spent, will reduce the capital fund balance at the end of 2014 to
 \$998,005, with restricted amounts including:
 \$219,000 Development Impact Fees,
 \$20,922 Park in lieu fees, and
 \$22,463 Public art maintenance, leaving
 \$735,620 Unrestricted capital fund balance at the end of FY 2014.

Guide to the Spreadsheets

Department budgets contain all salaries, benefits, maintenance, capital, and grant programs. The budget process begins and ends in these department pages, which are intended to give the council and public an at-a-glance view of the expense needs. When a capital project is prioritized within the upcoming fiscal year, the project amount shows in the correct column in the CIP, and also in the department budget. When the project is completed, the financial statements again show it capitalized in the department from which it was spent.

Support for the commissions and boards are within the affiliated department's budget. The Tree Committee, for example, is funded through the Public Works budgets, the Parks and Lands Board meets its needs through the Parks budget, the Arts Commission, Historic Preservation Commission and Planning and Zoning Commission are supported through the Community Development Department budget. It is the responsibility of each department manager to balance the planning and project needs of their boards against the maintenance and infrastructure needs of their departments.

Contracts with other agencies, some of which are funded through Local Option Taxes, are captured in the Legislative department. Predominately departmental contracts are within the predominant department budget; the Law Enforcement budget, for example, contains the Misdemeanor contract, the Emergency Communications (dispatch) contract, and the Police Records Management System (RMS) contract, although there may be a few misdemeanors that are civil and some dispatch communications that are Fire or EMS.

Budget Schedule

The Mayor is responsible for presenting a balanced budget to the City Council. The City Council is responsible for adopting a budget. The process for adoption follows several steps:

- July 1 Preliminary Budget introduced with concepts and goals. Council discusses.

- July 15 Administration incorporates Council comments and further findings into budget, which is tentatively adopted by the Council. This draft is published for public hearing. The amounts can be amended but not exceeded after the action to adopt tentative budget. Should the council not be prepared for that step, a special meeting can be scheduled later in July.

- Aug 19 Public hearing on the budget. Adoption of ordinance and certification of levy. If public comment effects substantial changes to the budget, a special meeting can be scheduled on August 26 to finalize the budget with adoption of ordinance and certification of levy.