

Hailey Conducts First Quarter Cash Assessment and Budget Analyses

(Hailey, Idaho) – Mayor Rick Davis discussed the financial state of the city during a city council meeting on Monday, January 26, 2009. He used information which had been assembled following a review of first quarter budget activity comparing this year to last year.

Operating revenues received were \$200,000 less between October 1 and December 31 this fiscal year compared to the same time period last year.

Further review of these revenue differences show that the trend in state revenues can be expected to run throughout the entire fiscal year. We expect our state sales tax and highway fuel taxes to approach an approximate \$100,000 less than budgeted by fiscal year end September 2009.

Hailey has anticipated and budgeted lower Development Permit revenue for the past two years:

- The 2008 budgeted amount was 20% lower than 2007
- The 2009 budgeted amount was 35% lower than 2008

The revenue receipts trend makes us cautious that these revenue projections may have been high by about 10%.

Mayor Davis announced that he has immediately cut \$115,000 in expenses from the operating expense budget to ensure that expenses do not exceed projected revenue. The expense cuts come in the form of not filling a new police department position (\$65,000), and shifting a building department employee to assist with street department functions, therefore not filling a replacement street department position (\$50,000). Street department service levels will be increased by that shift over what has been established so far this year.

Hailey city departments spent nearly \$300,000 less than their budgets allowed last year. Operational cash reserves (unaudited) were sufficient to carry the city through the period October through January 25th, which is the date municipalities receive up to one quarter of their operating revenue from property taxes collected by counties in December.

Recommendations from the Government Finance Officers Association state that cities should hold an approximate 15% reserve for first quarter spending. Hailey’s reserves were 12% of its operating budget at the end of the prior fiscal year. The treasurer has provided a revenue/expense report through January 21, 2009, which shows the following information about cash needs prior to receipt of property taxes:

| | |
|-----------------------------------------------|----------------|
| Operating Expenses through January 21..... | \$ 1,368,314 |
| Operating Revenue through January 21..... | 726,080 |
| <u>Expenses Exceed Revenue by.....</u> | <u>642,234</u> |
| Cash Reserve for Operations (Unaudited) | 603,000 |



The management team will carefully monitor, on a monthly basis, expenses compared to revenues throughout the remainder of the year. All proposed expenditures will be reviewed by management, and no single budget line item shall be exceeded without prior approval.

Hailey's capital fund balance (also unaudited) decreased by approximately \$358,000, due to several capital expense projects including adding the Countryside Traffic Signal and completing the development of the eight acre Keefer Park.

Hailey's capital fund (unaudited) holds \$2.2 million, which is poised to be used for match requirements on any federal or state economic stimulus project grants that might be awarded.

Hailey has been busy, along with all other cities in Idaho, preparing formal requests to various state agencies for receipt of federal funds which may be distributed to states under an economic stimulus program. Application has been made to the Idaho Department of Environmental Quality to be placed on the Priority List for project expenses. The projects eligible through the IDEQ venue include:

Wastewater

- Expand Woodside Sewer Trunk Line - \$5.4 million
- Rehabilitate Wastewater Plant Aerobic Digester & Misc Repairs - \$1.2 Million
- Construct 3rd SBR basin at Treatment Plant - \$5.6 million
- Two-Stage Filtration & Chemical Feed - \$6.1 Million

Water

- Expand Transmission Pipeline to Quigley Tank through Deerfield, Pipeline Enhancements in Old Hailey, New Well, Pressure Zone for Northridge Area - \$2.5 Million

Application has been made through two state highway agencies, one the Idaho Mobility and Access Pathway (IMAP), and the other the Local Highway Technical Assistance Council. Specifically relative to IMAP, Hailey's primary needs include:

- Purchase of a Circulator Bus within Hailey through Mountain Rides - \$110,000
- Safe Routes to School Projects at Hailey Elementary - \$150,000
- Sidewalks along Woodside Blvd to the Woodside Elementary School - \$95,000
- Sidewalks along Myrtle Street from Highway 75 to Second Avenue to join existing sidewalk to Middle School - \$80,000
- Sidewalks along Elm Street to connect Hiawatha and Deerfield Subdivisions to Hailey Elementary - \$150,000
- Improved ADA parking and disability ramps on side streets near Highway 75 - \$100,000
- Additional, more efficient sidewalk snow removal equipment - \$40,000

Through the Local Highway Technical Assistance Council, Hailey has requested some of its projects from the Transportation Master Plan, as well as funding for this summer's resurfacing project - \$80,000.

Hailey continues to urge the State Transportation Department to install a traffic signal at Woodside Boulevard and State Highway 75, near Power Engineers. That high-use intersection is not within the city limits of Hailey, but Hailey citizens are impacted by the traffic congestion of that area.

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