

# HAILEY BUDGET – FY 2009/2010

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## BUDGET PROCESS:

- July 13 Budget Presentation by Mayor and staff to council
- July 20 Budget Discussion among Council, staff, and partners
- August 10 Public Hearing on the Budget
- August 24 Adoption of Final Budget

- *Public invited to participate in ALL sessions* -

# BUDGET - A POLICY DOCUMENT

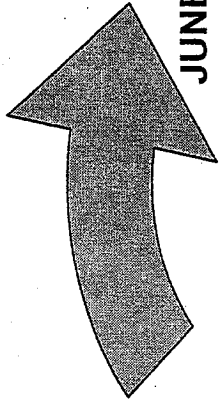


- Identifies the levels of operational service Council and community specifically target.
- Identifies programs valuable to citizens.
- Identifies the priorities and schedules of infrastructure development.
- Identifies practical implementation of financial plans.

# HOW BUDGET POLICY IS SET

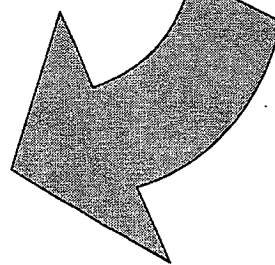


**MARCH** –  
Council and Staff Goal Setting

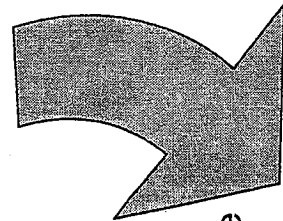


**JUNE through AUGUST**  
Budget Adoption with  
Community, Council, and  
Service Goals in Mind

**JANUARY** –  
Citizen Survey



**SEPTEMBER**  
Implement New Service  
Levels and Goals



# CASH BALANCES – Budget Beginnings

Hailey currently holds \$8.1 Million in 7 separate funds, each with a specific purpose set by law and policy.

## Fund Balances as of June 30, 2009

General Operating Fund	\$ 459,898	General Capital Projects Fund	\$2,778,208
Water Operating Fund	\$ 883,192	Water Capital Replacement Fund	\$1,838,692
Wastewater Operating Fund	\$ 494,651	Wastewater Capital Replacement Fund	\$1,105,019
G/O Bond Reserve	- 0 -	Water Bond Reserve	\$ 540,307
<u>TOTAL Operations</u>	\$1,837,741	<u>TOTAL Capital</u>	\$6,262,226

# Capital Project Funds Spent through Implementing Plans

Infrastructure & Capital needs are met through Plans:

- Water Master Plan
- Wastewater Master Plan
- Traffic Master Plan
- City Facilities Plan
- Capital Improvement Plan with Development Impact Fees
- Complete Streets (sidewalks & drainage) Master Plan

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<u>TOTAL Capital</u>	<u>\$6,262,226</u>



## **Capital Project Funds Enhanced by Grants**

Hailey has applied for over 20 Grants in 2009,  
with 17 applications still pending award.

Hailey is requesting \$3,190,186 in pending  
grant program funds

Hailey has pledged grant matches of \$901,775,  
or 28% of the grant program applications

# Capital Project Funds Enhanced by Voter Approved Funding

Hailey paid its final **G/O Bond** payment a year ago, and now has **NO** general obligation bond debt.

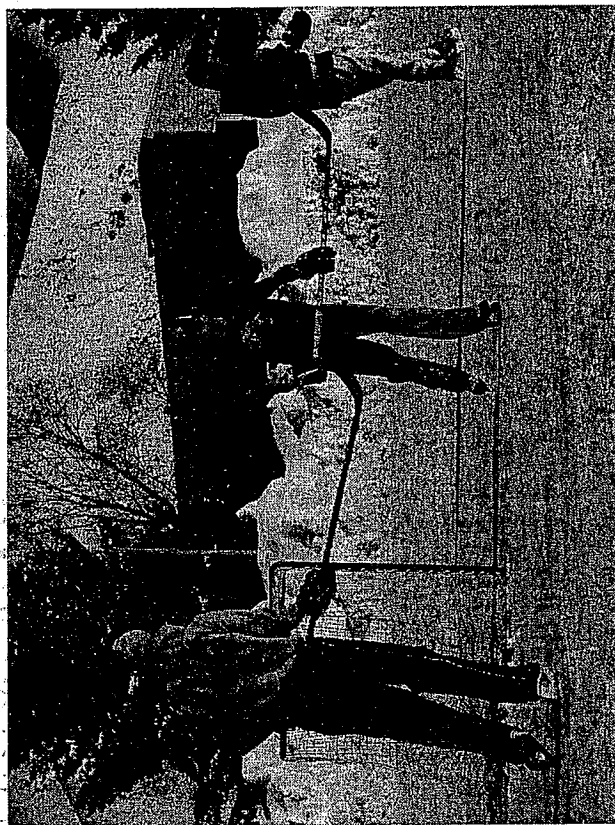
Taxes decreased by \$13.27 per \$100,000 valuation, or approximately \$60 per year for a \$450,000 home.

Citizen Survey expressed mixed results on debt

- Some wanted **NO** increase in taxes during poor economy
- Some wanted capital plans implemented, and would raise their taxes to implement good plans.
- Mayor Davis and Council supported decreased taxes this year while planning for future capital debt requests

# Capital Projects Planned 2009-10

Sidewalk Project	\$ 47,000
Drywell Project	\$ 35,000
Woodside Blvd	\$ 50,000
Snow Plow Truck	\$100,000
Rodeo Grounds	\$100,000
Echo Hill Park	\$ 20,000
Keefer Park	\$ 20,000
Grant Matches	\$ 901,775





# OPERATING FUNDS

## Expenses and Revenues are Managed to Match

General Operating Fund	\$ 534,358
Water Operating Fund	\$ 828,381
Wastewater Operating Fund	\$ 442,321
G/O Bond	- 0 -
<u>TOTAL</u> <u>Operations</u>	\$1,805,060

General Operating Revenues come largely from property taxes, state taxes, local option taxes, and fees.

Water and Wastewater Operating Revenues come solely from fees.

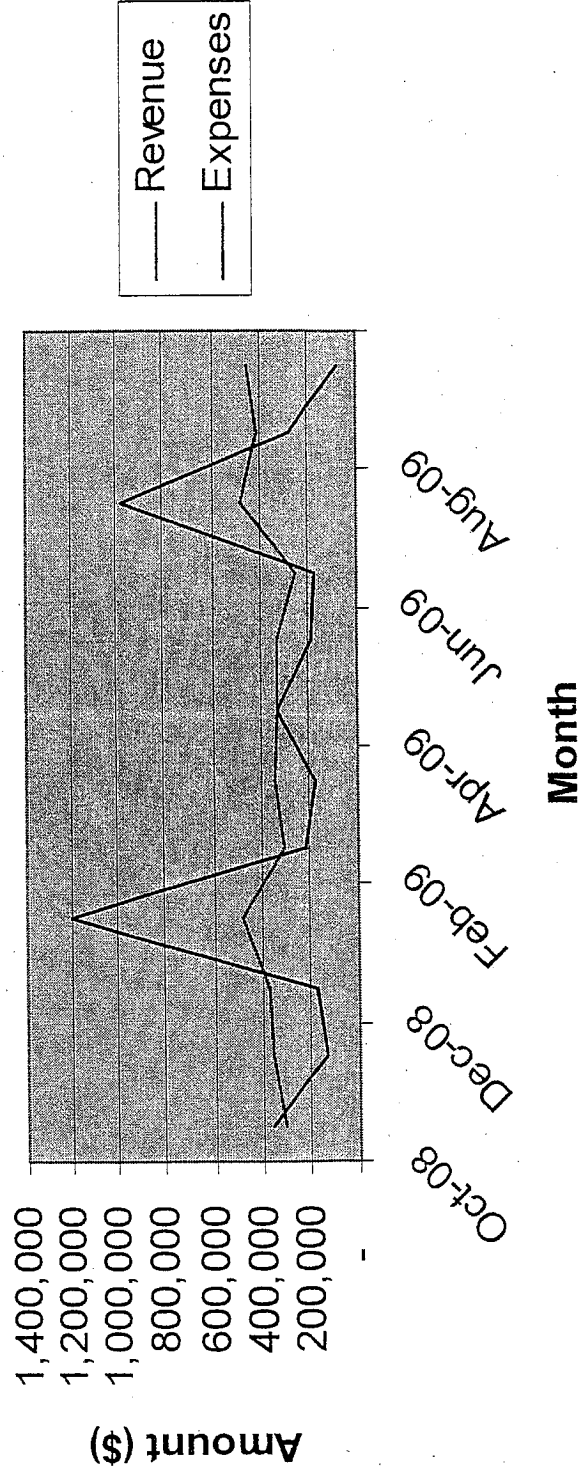
Cash balances in each fund are carried forward from year to year, remaining constant unless expenses exceed revenues. Cash balances are required to cover short periods of time during which expenses DO exceed revenues.

## Cash Flow – General Operating Fund

- Hailey began the fiscal year on October 1 with a General Operating fund balance of **\$582,110**
- More than \$2.2 Million ( $\frac{1}{2}$  of the general fund income) is received in January and July
  - \* July 2008 - \$1 Million
  - \* January 2009 – \$1.2 Million
  - Budgeted Revenue 08-09 \$ 4.55 Million
- A Cash Balance of at least **10%** of operation budget is needed to meet costs through the first (October - December) and third (April – June) quarters of each year (**\$450,000**)

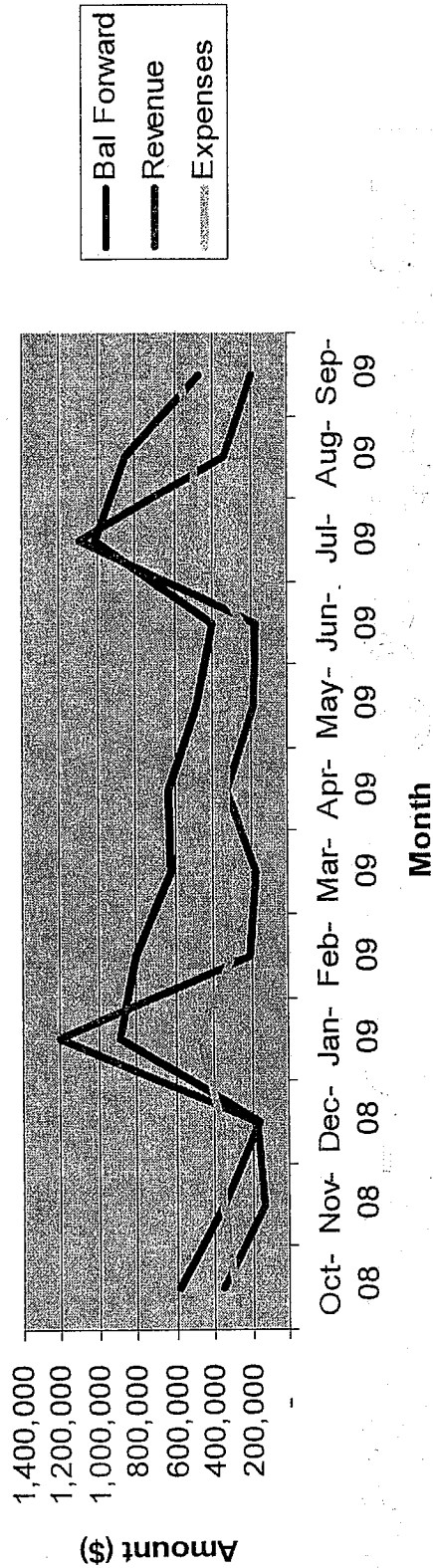
# Cash Flow -- General Operating Fund

General Fund Cash Flow Revenues to Expenses



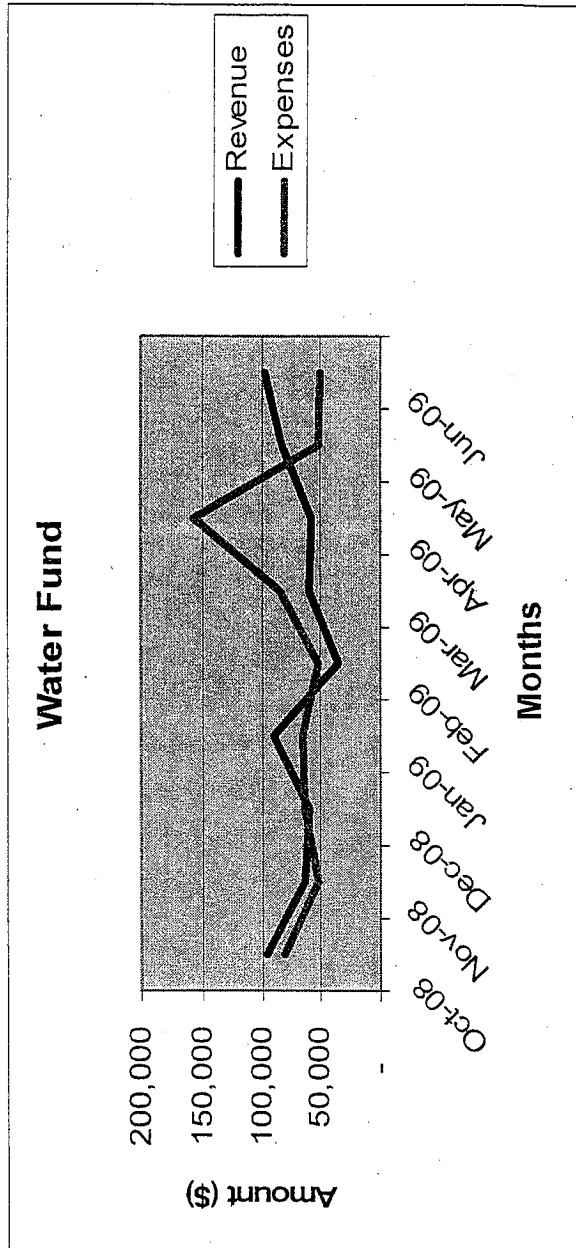
# Cash Flow – 10% Operational Reserve

General Fund Cash Flow



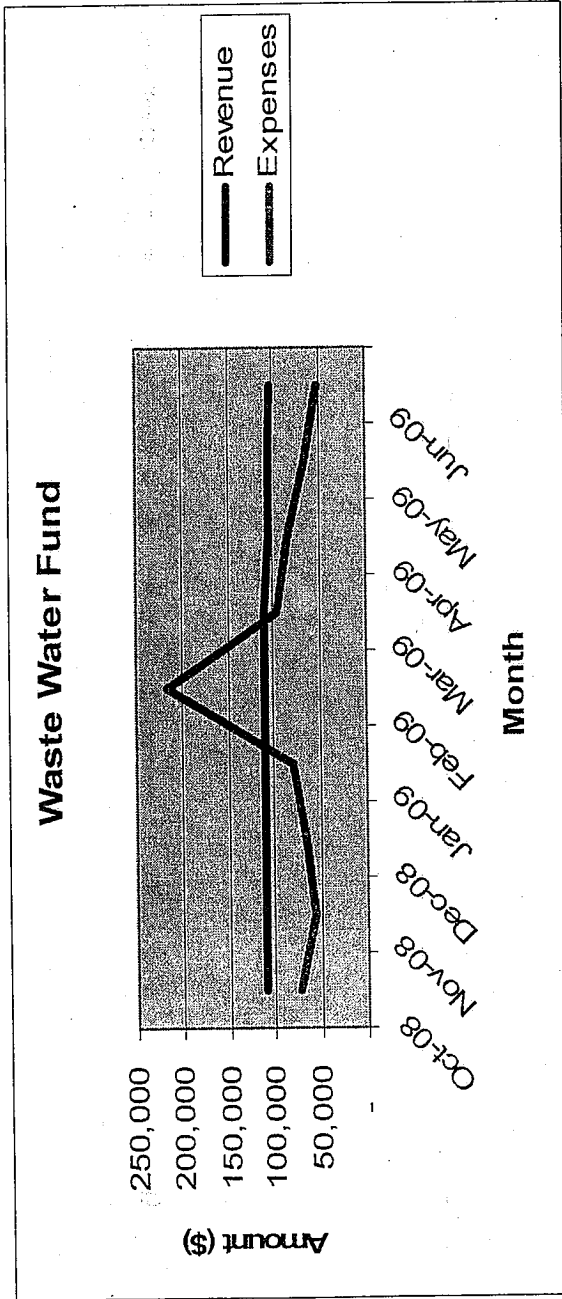
Utilizing the 10% Fund Balance needed for operational spikes and dips, the General Fund maintains a bank balance always above \$150,000

# Business Fund Cash Flow- Water



- The Business Funds (Water and Wastewater) experience a more steady cash flow.

# Business Fund Cash Flow- Wastewater



Wastewater operations experience a constant revenue stream. The annual bond payment creates an expense spike, for which Hailey is required to keep revenues at 125% of expenses, per bond ordinance.

# Water Operations Fund Balance

- The Water Fund Balance is sufficiently high that Hailey can decrease water rates without fear of cost overruns
- The Hailey City Council set a stated Goal to lower water rates for conservative users, with rates increasing with higher use consumption
- The City Engineer will propose two rate charts to meet that goal:
  - One could be implemented under the current ordinance
  - One would require an ordinance amendment

# Water Base Rate Decreased Under Current Ordinance – 40% Base

Monthly Usage - Base Rate	Current	Proposed Change	Proposed Total
Proposed Monthly Base Rate (zero (0) gallons)	\$10.24	-\$2.01	\$8.23
Proposed Monthly Bond Payment	\$4.45		\$4.45
Base Rate per 1,000 gallons up to 30,000 gallons	\$0.45	-\$0.10	\$0.35
Rate per 1,000 gallons, 31,000 to 40,000 gallons	\$0.55	\$0.00	\$0.55
Rate per 1,000 gallons, 41,000 to 50,000 gallons	\$0.65	\$0.10	\$0.75
Rate per 1,000 gallons, 51,000 to 60,000 gallons	\$0.90	\$0.60	\$1.50
Rate per 1,000 gallons, 61,000 to 70,000 gallons	\$1.20	\$0.55	\$1.75
Rate per 1,000 gallons, 71,000 to 80,000 gallons	\$1.50	\$0.50	\$2.00
Rate per 1,000 gallons, 81,000 to 90,000 gallons	\$1.80	\$0.45	\$2.25
Rate per 1,000 gallons, 91,000 to 100,000 gallons	\$2.10	\$0.40	\$2.50
Rate per 1,000 gallons, 101,000 to 150,000 gallons	\$2.25	\$0.50	\$2.75
Rate per 1,000 gallons, 151,000 and above	\$2.50	\$0.50	\$3.00



# Water Usage Rate Decreased Under Current Ordinance – 60% Usage

Monthly Usage (gallons)	CURRENT		BUDGET		PROPOSED	
		BUDGET	CHANGE	TOTAL		TOTAL
5000	12.49	-2.51	9.98			
10000	14.74	-3.01	11.73			
15000	16.99	-3.51	13.48			
20000	19.24	-4.01	15.23			
30000	23.74	-5.01	18.73			
40000	29.24	-5.01	24.23			
50000	35.74	-4.01	31.73			
60000	44.74	1.99	46.73			
70000	56.74	7.49	64.23			
80000	71.74	12.49	84.23			
100000	110.74	20.99	131.73			
200000	348.24	70.99	419.23			
250000	473.24	95.99	569.23			
500000	1098.24	220.99	1319.23			
1000000	2348.24	470.99	2819.23			

# HOW RATE CHANGE EFFECTS USERS

Month	Current Gallons Sold	Current Income	Average Monthly Use
2008-09			
October	54,885,000	\$57,128	17,330
November	23,691,000	\$43,091	7,481
December	21,701,000	\$42,196	6,852
January	21,209,000	\$41,974	6,697
February	18,993,000	\$40,977	5,997
March	18,833,000	\$40,905	5,947
April	20,244,000	\$41,540	6,392
May	63,899,000	\$61,185	20,177
June	94,945,000	\$75,149	29,979
July	162,706,000	\$117,109	51,375
August	142,403,000	\$102,823	44,965
September	110,430,000	\$83,666	34,869
Annual Total	653,662,000	\$747,742	17,200

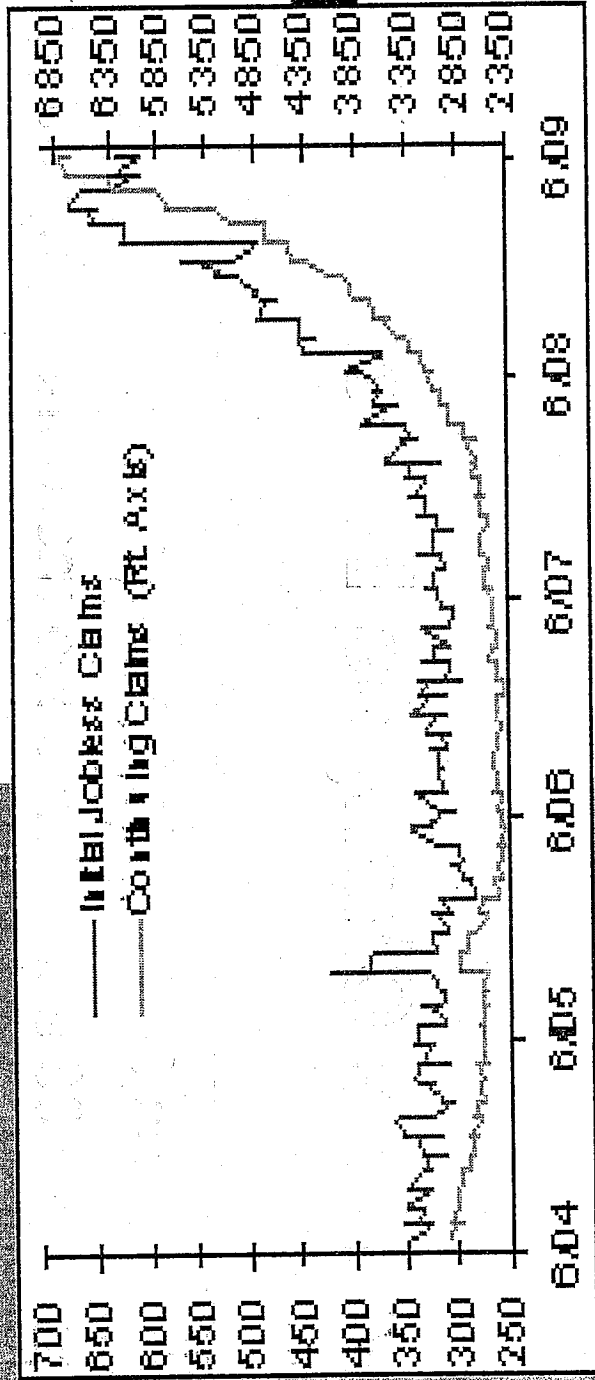
# Water Rate Changes Effect

- Hailey estimates 3167 Active Accounts
- In March, only 33 accounts used more than 50,000 gpm  
(3134 will experience a winter rate reduction)
- In August, 909 accounts used more than 50,000 gpm  
(2252 will experience a summer rate reduction)
- Hailey's rate deduction will effect over 72% of users
- Gallons of water used per year down over 33 Million
- The Water Operations Budget is decreased by 7%

# Jobless Claims Nationwide

## Hailey began reducing jobs June, 2007

INITIAL & CONTINUING CLAIMS



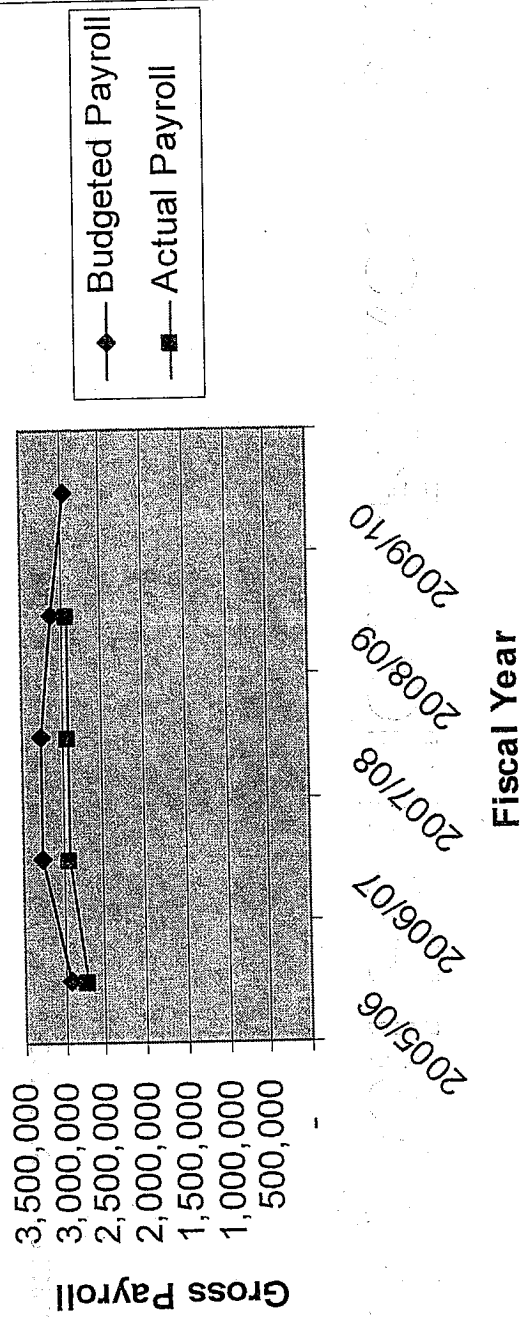
Source: Paper Jaffray & Co., Bloomberg

# Budgeted Positions Peaked 06/07

DEPARTMENT	2005/06	2006/07	2007/08	2008/09	2009/10
ADMINISTRATION	7.0	8.5	8.5	6.5	6.5
BUILDING & PLANNING	6.0	7.0	6.0	5.5	4.5
PUBLIC WORKS & ENGINEERING	4.0	4.0	4.5	4.0	3.0
STREETS	8.0	8.3	8.3	7.0	6.5
PARKS	2.0	2.0	2.0	1.5	1.5
WATER	8.0	8.0	8.0	6.0	6.0
WASTE WATER	8.0	8.0	8.0	6.0	6.0
FIRE	4.0	5.0	5.0	5.0	5.0
POLICE	15.0	17.0	16.0	17.0	16.0
LIBRARY	6.5	6.5	6.0	7.0	7.0
	68.5	74.3	72.3	65.5	62.0

# Hailey's Staff Budgets Constant

Payroll Comparison to Actual

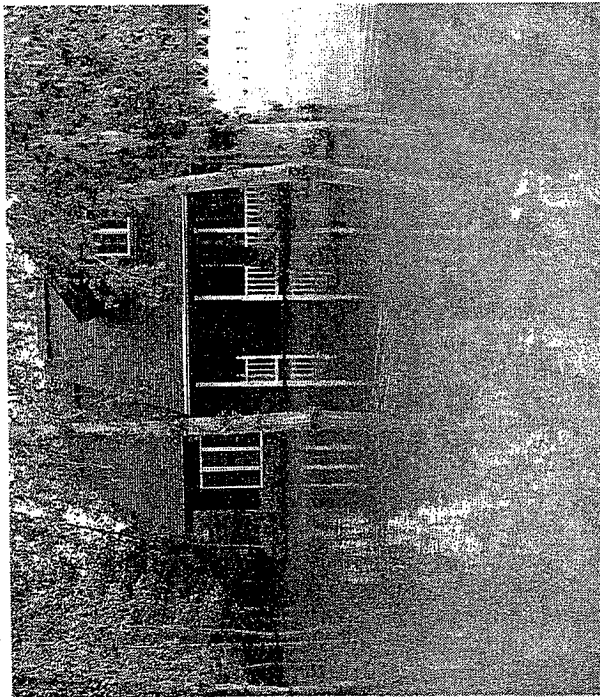


# New General Operation expenses 09/10

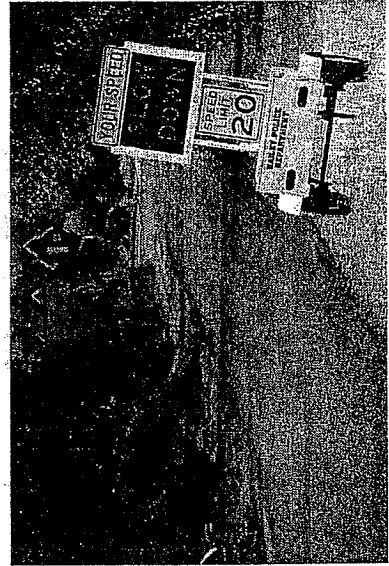
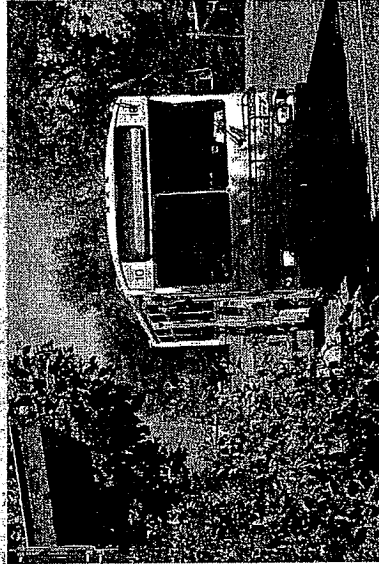
4 Miles Chip Seal \$70,000

Blaine County  
Communications Center  
Funding \$143,255  
(up from \$64,000 last year)

Increased support for  
Boards and Commissions



# Local Option Tax





To: Mayor Davis and Hailey City Council  
 From: Heather Dawson, City Administrator  
 Date: July 6, 2009, for July 13, 2009 City Council Meeting

### Local Option Tax Budget – 4 Year Tax Term

Department	2006-2007 Budget	2007-2008 Budget	2008-2009 Budget	2009-2010 Budget <del>With CONTINGENCY REVENUE REBOUND</del>
Hailey Chamber of Commerce	\$10,000	\$10,000	\$75,500	\$69,000
Two Additional Officers in 06/07 – then One in 08, now None 09/10 <b>Police Vehicle, potentially Hybrid</b>	\$120,000	\$130,000	\$65,500	\$ -0- <del>25,000</del>
Parks Maintenance Employee 2006 <b>Park Swings - Keefer and Echo Hill</b>	\$30,000	-0-	\$0	\$ -0- <del>\$6,000</del>
Sidewalk/Street Maintenance	\$22,000	0	-0-	<del>\$14,000</del>
Mtn Rides Contract w/ circulator 2010 <b>October 09 Launch of Circulator</b>	\$8,000	\$30,000	\$70,000	\$75,000 <del>\$20,000</del>
Fire Officer 2006/07	\$50,000	0	-0-	0
Strobe Light Pedestrian Crosswalks 2006-2008, Radar trailer for traffic planning and enforcement in 2008-2009 <b>Surveillance System Equipment or Moveable Camera in 2009-2010</b>	\$20,000	\$50,000	\$6,000	\$6,000
Downtown Beautification & Tourism 2006-2007 <b>HAILEY ARTS COMMISSION Brochure and Commission/ Council Workshops - 2009-2010</b>	\$25,000	0	-0-	\$1,500
Economic Development – SIEDO and/or <b>Sustain Blaine</b>	-0-	-0-	\$3,000	\$ 3,000
Hailey Tree Committee GIS based Tree Inventory Grant Match				\$1,500
Snow Removal Equipment 4-yr purchase	\$140,000	\$140,000	\$140,000	\$140,000
<i>TOTAL</i>	<i>\$425,000</i>	<i>\$360,000</i>	<i>\$360,000</i>	<i>\$295,000</i>
<del><b>TOTAL WITH CONTINGENCY REVENUE REBOUND</b></del>				<del><b>\$360,000</b></del>

Bolded Items would only be spent if LOT Revenues rebound to historical levels July-Sept 09.  
 Expenses would then be staggered throughout 2009-2010 fiscal year to insure adequate revenue.

City of Hattley Fiscal Year 2009/2010 Proposed Budget  
SUMMARY ALL FUNDS

Account Title	FYE 2007 Actual	FYE 2008 Budget	FYE 2008 Actual	FYE 2009 Budget	FYE 2010 Proposed	% Change	Increase
<b>GENERAL FUND OPERATING REVENUE</b>							
Account Title							
General Government Taxes	\$1,622,460	\$1,714,797	\$1,709,092	\$1,814,411	\$1,874,411	3%	\$60,000
Fines, Fees, and Permits	\$340,284	\$633,625	\$648,654	\$508,005	\$419,975	-21%	(\$88,030)
Franchise Fees	\$292,445	\$290,000	\$304,602	\$316,500	\$334,000	5%	\$17,500
LOT, Interest, Donations, and Misc.	\$636,891	\$513,000	\$614,247	\$544,000	\$551,000	3%	\$7,000
State Sales, Highway, & Liquor Taxes	\$1,181,333	\$1,015,000	\$1,099,688	\$1,043,119	\$959,887	-9%	(\$63,232)
Revenue from Leases and Contracts	\$278,973	\$252,273	\$439,462	\$324,791	\$23,209	7%	\$23,209
<b>SUBTOTAL Operating Revenue</b>	<b>\$4,352,386</b>	<b>\$4,418,695</b>	<b>\$4,815,745</b>	<b>\$4,550,826</b>	<b>\$4,497,273</b>	<b>-1%</b>	<b>(\$53,553)</b>
<b>GENERAL FUND OPERATING EXPENSES</b>							
Account Title							
Legislative	\$71,991	\$116,518	\$148,160	\$242,915	\$252,037	4%	\$9,122
Administration (CEO and Finance)	\$286,441	\$307,617	\$241,757	\$284,450	\$265,047	-7%	(\$19,412)
Planning	\$235,429	\$266,287	\$232,986	\$227,875	\$220,709	-3%	(\$7,166)
Building	\$164,590	\$195,480	\$161,570	\$186,216	\$136,948	-36%	(\$49,268)
Fire	\$523,283	\$549,230	\$548,069	\$484,007	\$463,274	-4%	(\$20,733)
Police	\$1,212,663	\$1,311,309	\$1,247,774	\$1,416,223	\$1,422,438	0%	\$6,214
Library	\$416,470	\$448,773	\$411,732	\$477,307	\$472,167	-1%	(\$5,140)
Public Works & Engineering	\$177,724	\$207,150	\$203,370	\$92,035	\$72,443	-27%	(\$19,592)
Streets	\$1,116,405	\$1,070,212	\$1,112,185	\$1,036,090	\$1,037,727	0%	\$1,637
Parks	\$158,590	\$201,151	\$154,836	\$163,698	\$154,481	-6%	(\$9,217)
Undesignated Local Option Tax Expenses	\$25,000	\$0	\$0	\$0	\$0		\$0
<b>SUBTOTAL Operating Expenses</b>	<b>\$4,421,815</b>	<b>\$4,673,726</b>	<b>\$4,462,440</b>	<b>\$4,610,827</b>	<b>\$4,497,273</b>	<b>-3%</b>	<b>(\$113,554)</b>
<b>OPERATING DEFICIT COVERED BY FUND BALANCE</b>	<b>(\$69,429)</b>	<b>(\$255,031)</b>	<b>\$353,305</b>	<b>(\$60,000)</b>	<b>\$0</b>		<b>\$60,000</b>
Capital Projects from Department Expense Budgets	\$280,003		\$483,770		\$372,000	0%	\$0
Capital Projects from In Lieu Park Fee Reserves	\$53,839	\$40,000	\$0	\$0	\$0	0%	(\$40,000)
Capital Projects from Capital Improvement Plan	\$195,426	\$2,622,660	\$3,392,706	\$3,392,706	\$2,328,312	-46%	(\$770,046)
General Obligation Bond Fund Expense (City Hall)	\$529,268	\$2,853,285	\$483,770	\$3,392,706	\$2,700,312	-26%	(\$692,394)
<b>SUBTOTAL General Capital Expenses</b>	<b>\$4,951,083</b>	<b>\$7,527,011</b>	<b>\$4,946,210</b>	<b>\$8,003,533</b>	<b>\$7,197,585</b>	<b>-11%</b>	<b>(\$805,948)</b>
<b>TOTAL GENERAL FUND EXPENSE BUDGET</b>							
Account Title							
WATER USER FUND							
Water User Revenues	\$1,127,086	\$1,117,136	\$1,065,927	\$1,031,431	\$959,690	-7%	(\$71,741)
Water Bond (DEQ SRF Loan) Revenue	\$176,723	\$169,031	\$165,337	\$169,031	\$169,031	0%	\$0
Water Bond (DEQ SRF Loan) Expense	\$169,031	\$169,031	\$0	\$169,031	\$169,031	0%	\$0
Water User Expenses	\$789,406	\$1,117,136	\$0	\$1,031,431	\$959,690	-7%	(\$71,741)
<b>WASTEWATER USER FUND</b>							
Wastewater User Revenues	\$1,040,989	\$1,263,964	\$1,160,057	\$1,151,106	\$1,148,726	0%	(\$2,380)
Wastewater Bond Revenues	\$240,611	\$241,517	\$235,563	\$241,527	\$241,517	0%	(\$10)
Wastewater Bond Expenses	\$241,517	\$241,517	\$168,976	\$241,517	\$241,517	0%	\$0
Wastewater User Expenses	\$763,921	\$1,263,964	\$917,919	\$1,142,924	\$1,148,726	1%	\$5,802
<b>WATER REPLACEMENT FUND</b>							
Water Replacement Revenue	\$305,354	\$441,300	\$220,639	\$455,600	\$167,720	-172%	(\$287,880)
Water Replacement Expenses	\$261,387	\$375,500	\$102,844	\$375,500	\$100,250	-275%	(\$275,250)
<b>WASTEWATER REPLACEMENT FUND</b>							
Wastewater Replacement Revenues	\$167,568	\$354,500	\$169,060	\$248,822	\$75,000	-232%	(\$173,822)
Wastewater Bond Revenues	\$118,178	\$118,178	\$118,178	\$118,178	\$118,178	0%	\$0
Wastewater Bond Expenses	\$118,178	\$118,178	\$118,178	\$118,178	\$118,178	0%	\$0
Wastewater Replacement Expenses	\$300,435	\$243,000	\$133,439	\$243,000	\$75,000	-224%	(\$168,000)
<b>TOTAL GENERAL FUND ALL FINANCING</b>	<b>\$7,594,958</b>	<b>\$11,055,337</b>	<b>\$6,387,565</b>	<b>\$11,325,114</b>	<b>\$10,009,977</b>	<b>-13%</b>	<b>\$269,777</b>