



CITY OF SUN VALLEY
REPORT TO THE CITY COUNCIL

TO: Honorable Mayor and City Council

FROM: Susan E. Robertson, ICMA-CM
City Administrator

SUBJECT: Proposed 2015 Budget

DATE: June 8, 2014

Over the last two months, work has been underway on the 2015 Budget. City Council discussion regarding the Mayor's proposed 2015 Budget has been scheduled over two work sessions which are to be held on June 10, 2014 and June 17, 2014. The June 10, 2014 meeting will focus on the portion of the proposed 2015 Budget that deals with General Fund Revenues and General Fund Expenditures for Legislation, Administration, Community Development, Street, and Other General Government. The June 17, 2014 meeting will address the General Fund Expenditures for the Police and Fire Departments along with the Street & Path Fund, Fixed Asset Fund, Capital Improvement Fund, Workforce Housing Fund, and Land Acquisition Fund.

It is important to note that these submittals represent the initial proposed 2015 budgets for these funds. After the work sessions with the City Council, and as more current information (particularly revenue) comes in, it is anticipated that the Mayor will make some adjustments to the proposed 2015 Budget. Action on the proposed 2015 Budget – approval of the Tentative 2015 Budget – is scheduled for the July 3, 2014 City Council meeting. The public hearing on the proposed budget is scheduled for August 7, 2014.

The proposed 2015 Budget worksheets include the actual costs from 2012 and 2013, the 2014 Budget, 2014 estimated year-end actuals, the 2015 Proposed Budget, and a projection for the fiscal year 2016 Budget. Budget highlights follow.

REVENUES

Revenues are budgeted based upon the best information available at the time of budget development. In general, a conservative approach has been taken to estimating revenues so that sufficient funding is available to support the year's planned expenditures. The City seeks to have a diversity of revenue to the greatest extent possible.

FY 2014 REVENUES - % SHARE	TOTAL REVENUE	% OF TOTAL
GENERAL PROPERTY TAXES	2,419,350	46.55%
LOCAL OPTION TAXES	1,304,500	25.10%
BUSINESS & FRANCHISE TAXES	130,000	2.50%
BUSINESS LICENSES & PERMITS	4,300	0.08%
BUILDING PERMITS	190,000	3.66%
STATE OF IDAHO SHARED REVENUES	718,7111	13.83%
GENERAL GOVERNMENT	23,000	0.44%
FINES	6,500	0.13%
INTEREST REVENUES	4,000	0.08%
MISCELLANEOUS	61,000	1.17%
TRANSFER FROM FUND BALANCE	335,532	6.46%
TOTAL <i>(no fund transfers)</i>		
	5,196,893	100.00%

General Property Taxes

- Property Tax revenues are increasing in FY 2015 by \$9,352 over FY 2014. The increase is a function of the change in value of taxable property; the mil rate has not increased. It is proposed that the City of Sun Valley continue to forego the permitted 3% increase in property taxes.

Local Option Taxes

- After consideration of the impact of improved compliance due to new software and enforcement strategies and the closure of the Sun Valley Lodge during the first 8 1/2 months of the FY 2015 Budget, LOT revenue is projected to decrease by 15% in FY 2015.

Business & Franchise Taxes

- Revenues from the Gas Franchise and Cox Cable Franchise have been adjusted to more accurately reflect actual receipt; the Gas Franchise has been decreased and the Cox Cable Franchise has been increased.

Business Licenses & Permits

- No increase over FY 2014 levels is forecast.

Building Permit Fees

- Building permit fees have been increased over FY 2014 levels to reflect increased building activity in the last three years.

State of Idaho Shared Revenues

- The Association of Idaho Cities (AIC) projects a 5% increase in sales tax revenue in FY 2015 over 2014 levels (approximately \$34,000).

Fines

- No increase over FY 2014 levels is forecast.

Interest Revenue

- Interest income has been increased moderately to reflect anticipated earnings.

Miscellaneous

- Revenue from the Nextel lease has been eliminated from the budget since there is no longer a lease.
- The Police Trust Account and Other Revenues have been increased to more closely reflect actual receipts.
- Wild Land Fires (BLM/USDA payments) – The \$20,000 in revenue is offset by matching expenditures in the Fire Department budget.

EXPENDITURES

Expenditures are budgeted to provide for the health, safety and welfare of persons and property while delivering the related services in a high quality manner. As with revenues, a conservative approach is used in projecting costs to ensure that costs are realistic. A Contingency line item is included in the budget to provide for unanticipated budget shortfalls and/or unexpected expenditures. The City Council must authorize the use of the Contingency and such funds must be designated in the budget adoption ordinance,

Budget details are provided by line items along with related notes. Significant changes to operations and/or expenditures proposed in the FY 2015 Budget funds are as follows:

Legislation

- A \$70,000 legal “contingency” for outstanding litigation was included in the FY 2014 Budget. This same amount has been included in the Professional Fees (line item 10-411-429) in FY 2015 as litigation will continue on into 2015.
- The Office Furniture and Equipment line item (10-411-740) has a proposed budget of \$4,500, an increase of \$1,000 from 2014, to provide for the replacement of the workstation for the projector table in the Council Chambers and limited audio system maintenance and improvements to the Council Chambers’ audio system.
- External Contracts – The amounts currently in the proposed 2015 budget column for external contracts are the amounts requested by the external agencies and, in the case of the Economic Development – Special Event Funding line item, the same amount that was budgeted in 2014. There is a sheet following the Legislation budget page with the breakout of the requests included in the Economic Development, Cultural and Information Services line item. The Mayor anticipates making a recommendation regarding the funding levels for the various entities as the budget process progresses.

Administration

- Funding is eliminated from in the Administration budget for a 0.5 FTE (Full-Time Equivalent) Administrative Receptionist position as current staffing levels are sufficient at this time.
- The merit increases line item (10-415-120) has been adjusted to provide for merit increases based on the City’s salary pay range, which was updated in December 2014.

- Funding has been eliminated for State unemployment insurance in 2015 as there are no claims for unemployment insurance at present. Any claims that may occur during the first part of 2015 will be addressed in the mid-year budget amendment.
- A decrease of approximately \$6,000 is proposed in the Office Equipment/Computer Equipment line item (10-415-740) from 2014. Items proposed for acquisition in 2015 include an additional fire safe file cabinet for the City's personnel and employment records, software to create fillable forms, UPS for the Treasurer's Office, wireless access points, and a network cabinet.

Community Development Department

- Filling of the vacant Associate Planner position is proposed in 2015. The position has been vacant for almost two years and the workload is such that the position needs to be filled to meet the demand. With the filling of the Associate Planner position, the 30 hour/week Planning Technician (90%)/Associate Planner (10%) position will be adjusted to a 20 hour/week Planning Technician position.
- The Contract Labor line item (10-418-423) has been increased to provide for backup coverage when the Building Official is out of the office due to vacation, illness, etc.

Street Department

- A separate line item under Salaries and Wages has been added in the 2015 to account for overtime.
- The Repair/Maintenance - Large Equipment line item (10-431-595) has been increased by \$10,000 to provide for the replacement of tires for two dump trucks.
- The noxious weed control line item (10-431-621) has been increased to more accurately cover the cost of in-house weed control.
- In 2013, the Roads & Paths construction/maintenance program (both revenues and expenditures) were moved to the Street & Paths Fund resulting in a decrease in the General Fund's Street Department budget and that continues for FY 2015. General road and path maintenance remains in the Street Department budget and has been decreased by \$15,000 to more accurately reflect the cost of the City's day-to-day street maintenance to improve the Department's ability to address pothole patching, drainage, and other street maintenance issues as they arise.

Other General Government

- A contingency of \$100,000 is currently proposed for the General Fund in FY 2015 which is 1.92% of the General Fund budget.