City Services and Enterprises

Funding and Achieving Outcomes - FY 13 and Beyond

Drafting a Budget Action Plan

City Council Workshop – January 17, 2012

CITY OF PRESCOTT
ARIZONA

Today's Presentation

I. Review of Fundamentals

II. Services and Costs

- Focus on "challenged" funds
  (General Fund, Golf Course, Airport, Fleet, Facilities)

III. Revenue and Funding

IV. Drafting an Action Plan

- Guidance for formulation of the FY 13 Budget
- Revenue stabilization/enhancement actions to take which will affect FY 13 and subsequent fiscal years

A Systematic Approach

Review and Analysis of Selected Funds and Programs

- City Services
  - Mandatory (specifically required by law)
  - Discretionary (everything else)
- Levels of Services
- Services at selected levels = outcomes
- Resources and Budgets to accomplish the outcomes (Revenues and Expenses)
- Organization

Schedule

Council Workshops/Presentations

I	10/4/11	Introduction – Structure of City Funds and Budget
II	10/18/11	Police Department
III	11/1/11	Fire Department
IV	11/15/11	Parks & Recreation, Library
V	12/6/11	Internal Service Funds (Fleet, Facilities, Risk Mgt.) Airport
VI	12/20/11	Golf Course
VII	**1/17/12**	**Drafting a Budget Action Plan** (following FY 12 Mid-Year Update)
VIII	1/31/12	Budget Action Plan (FY 13 budget, related actions)

Implementation by City Staff

2/9/12	FY 13 Budget Kickoff

I. Review of Fundamentals

Structure of City Funds and Budget

- Governmental Funds
  - General – Primary operating fund of City
  - Special Revenue – Revenues are legally restricted as to purpose(s)
  - Debt Service – Revenues tied to servicing debt incurred
- Proprietary Funds
  - Enterprise – used when fees are charged to external users for services; City "enterprises" have <u>some</u> similarities to private businesses; "enterprise funds" are useful to provide separate accounting of revenues earned, expenses incurred, and identify net "income"
  - Internal Service – used for centralized services when costs are allocated to the entire government

Realities of the Revenue Structure in Prescott

- Like it or not, **cities in Arizona are heavily reliant on sales tax**
- City residents only have so much to spend; revenue enhancement through growth and tourism development has been/is being relied upon to fund rising costs
- Growth is accompanied by costs of service, however, and an adverse economy such as the present will not enhance revenue
- The City's permitted **capacity to generate additional revenue from property tax is limited** - only $80,000 (of the $160+ million FY 12 budget) was available
- Federal and state grants are not free money, we all pay for them indirectly, and with the budget problems at those levels, cannot be expected to provide more than minor funding augmentation
- Extensive new **hi-tech development will not generate significant sales tax or intergovernmental revenue**, hence it is not a panacea for the City's General Fund

Fundamentals to Consider

Funding and Achieving Outcomes
City Services and Enterprises

- A “for profit” business is about money
- A “community” is about more than money
- Quality communities provide both core and discretionary services
- Accomplishment of City goals and objectives (to preserve the quality of our community) requires adequate funding
- There are direct linkages among various services and the outcomes desired (e.g., maintenance of competition fields, tourism, sales tax, funding of the departments providing the services)

Actions Which Were Required to Balance the Current (FY 12) Budget

- Major challenges were faced in preparing the budget
  - Economy and census impacts to State collected revenues ($1.2 million reduction)
  - Increases in employee insurance and retirement costs
  - No growth in local tax revenues
  - Increases in utility and fuel costs
  - Increases in various State fees
- Vacant positions continue to be frozen/eliminated where possible (reduction of 65.35 to 508 since FY 09)
- Employee contributions for health insurance and retirement have been increased
- No COLA or merit pay increases
- Vehicle replacement program restructured and annual department contributions deferred
- Non-critical training deferred
- Non-critical operating supplies deferred
- Facilities maintenance deferred

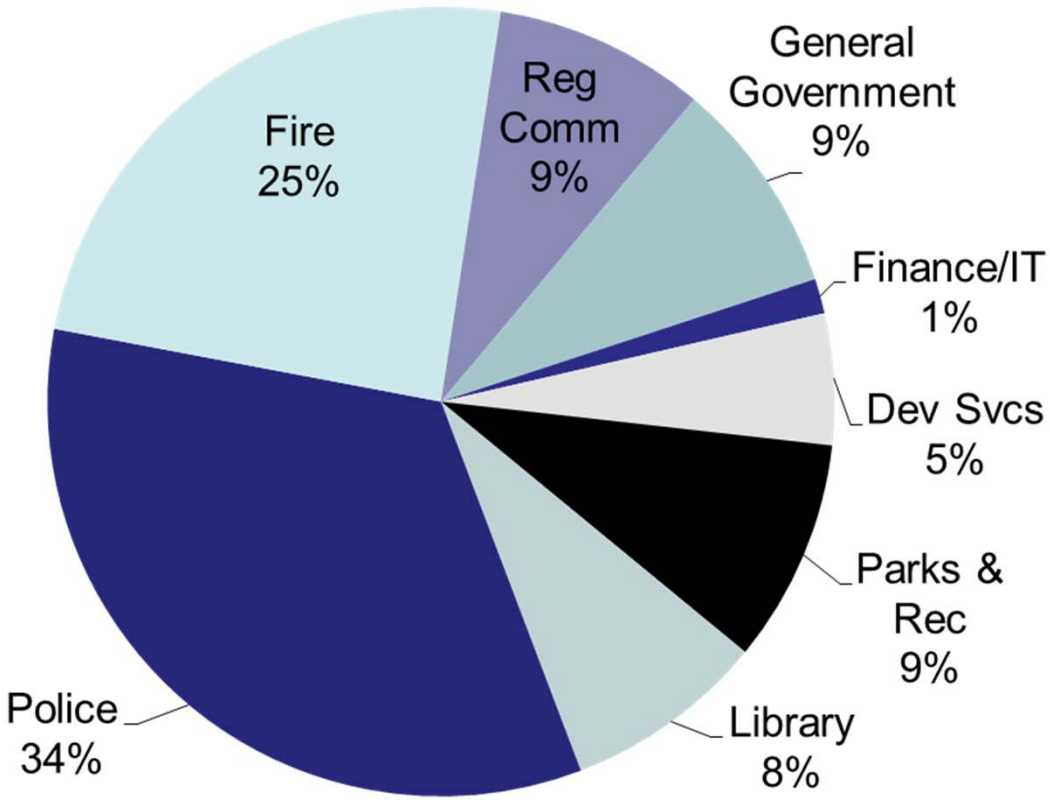
Funds with Critical Challenges

- General Fund
- Golf Course
- Airport
- Parking Garage
- Internal Service Funds
  - Fleet
  - Facilities

General Fund Revenues

	FY2011 Budget	FY2011 Actual	FY2012 Budget	% Chg Budget
Taxes				
Sales/Use Tax	$ 11,922,500	$ 12,211,425	$ 11,924,000	0.0%
Primary Property Tax	1,251,978	1,257,419	1,255,878	0.3%
Franchise Taxes	1,700,240	1,637,128	1,735,747	2.1%
Taxes	$ 14,874,718	$ 15,105,972	$ 14,915,625	0.3%
Intergovernmental Revenues				
State Sales Tax	$ 3,058,659	$ 3,112,851	$ 3,014,378	-1.4%
State Income Tax	3,967,662	3,968,257	3,362,918	-15.2%
State Vehicle License	2,235,363	2,273,532	2,115,643	-5.4%
Joint Dispatch	1,106,397	1,099,845	1,106,896	0.0%
Library	941,436	717,381	688,225	-26.9%
Other	345,000	330,565	331,516	-3.9%
Intergovernmental Revenues	$ 11,654,517	$ 11,502,431	$ 10,619,576	-8.9%
Licenses and Permits	$ 300,750	$ 388,083	$ 306,600	1.9%
Service Charges	1,150,800	1,155,854	1,089,850	-5.3%
Fines & Forfeitures	455,500	525,898	450,750	-1.0%
Miscellaneous	325,344	304,056	267,750	-17.7%
Total General Fund Revenue	$ 28,761,629	$ 28,982,294	$ 27,650,151	-3.9%

General Fund Operating Expenditures



Public Safety = 68%

Public Employee Pension Costs Continue to Rise

	Employee			City		
	FY 11	FY 12	FY 13	FY 11	FY 12 Budget	FY 13 est.
Arizona State Retirement System						
Contribution Rate	9.85%	11.39%	11.81%	9.85%	10.10%	10.48%
Number of Employees				423	423	423
Total Required City Contribution				$ 1,906,151	$ 2,021,062	$ 2,097,102
Average Annual Cost Per Employee				$ 4,506	$ 4,778	$ 4,958
Public Safety Retirement System						
Police Contribution Rate	7.65%	8.65%	9.55%	30.15%	34.58%	41.18%
Fire Contribution Rate	7.65%	8.65%	9.55%	27.10%	29.72%	33.92%
Number of Police Employees				62	65	65
Number of Fire Employees				60	60	60
Total Required City Contribution				$ 2,137,783	$ 2,425,045	$ 2,836,045
Average Annual Cost Per Employee				$ 17,523	$ 19,400	$ 22,688

Finance Department 12-21-11

II. Services and Costs

(The expenditure side of the budget)

Police Department

Fully Funded Outcomes

- Work high profile cases within 24 hours
- Enhance community-based policing
- Improve support services to 2-day backlog
- Provide traffic support 7 days a week
- Reduce case load to 28-42 cases/detective
- Enhance presence at middle schools
- Increase sworn officers from 68 to 77 (3 of whom recently COPS federal grant-funded) resulting in 1.9/1000 residents
- Enhance crime prevention
- Adequate storage and efficient tracking of evidence
- Advance technology needed for policing in the 21st century
- Assured vehicle replacement funding

	FY 2012 Approved Budget	FY 2012 With Needs Fully Funded
Police Administration	$ 788,601	$ 922,844
Records	464,258	513,648
Traffic Enforcement	791,973	883,046
Investigations	1,683,587	2,239,247
Patrol	4,645,940	4,645,940
SWAT	53,064	92,064
Training	149,152	149,152
Community Services	452,594	768,462
Community Restitution Program	135,936	135,936
Funding of Vehicle Replacement		390,000
Animal Control	263,669	263,669
General Fund Total	$ 9,428,774	$ 11,004,008
Fully Funded Increase		$ 1,575,234
Police Retirement Cost Increase FY13		267,000
Capital Expenditures		138,500
Additional Funding Needed		$ 1,980,734

Needs and Recommendations - Police Department

Budgetary Item	Department Proposal for FY 12 with Needs Fully Funded		Additional Funding for Needs FY 13 and Subsequent Years	
		Cost		Annualized Cost
PSRS Increase (mandatory for FY 13)				$267,000
Restore Sworn Officer Positions				
•Assistant Chief	1	$134,243	1	134,243
•COPS Grant (already accepted; will fund $225,768 for first 3 years; recurring expense in Years 4+)	3	225,768	3	225,768
•Five (5) Officers (including benefits)	5	395,366	5	395,366
Other Civilian Personnel				
•Secretary (Part-time to Fulltime)	2	65,041	2	65,041
•Crime Scene Technician	1	79,073	1	79,073
•Fulltime Crime Prevention Officer	1	32,079	1	32,079
Operating Costs		132,774		132,774
•ADSi Module	($ 7,500)			
•Computer Devices for Property & Evidence	($ 3,500)			
•Operating Costs for Additional Personnel	($ 96,274)			
•Restore Middle School Resource Officer/DARE Programs	($ 25,500)			
Capital Items (items listed below are non-recurring with varying service lives)		259,390		150,000
•Phone Recording System	($ 29,890)			
•Online Reporting System	($ 12,000)			
•MDCs (Qty. 10)	($ 40,000)			
•Throw Phone	($ 24,000)			
•Robotic Camera	($ 15,000)			
•Walk-in Cooler	($ 15,000)			
•Walk-in Freezer	($ 15,000)			
•Property & Evidence Storage System	($ 59,000)			
•Fencing for Outdoor Firearms Range	($ 30,000)			
•Audio Recorders and Storage	($ 19,500)			
Annual Vehicle Replacement Funding		390,000		390,000
Delete Community Restitution Program				(135,936)
Cost Impact – Additional Funding Needed		**$1,713,734**		**$1,735,408**

Fire Department

Fully Funded Outcomes

- Training Chief - Full-time training attention; enhanced readiness
- Deputy Chief - Data collection and analysis to meet NFPA response time standards
- Meet regional EMS reporting and data collection upgrades
- Improve management and supervisory capabilities through decreased span of control and increased supervisory training
- Improve firefighter safety and safer training environment through training facility and program upgrades
- Fund maintenance and replacement of critical equipment on a recurring basis
- Assure adequate staffing

	FY 2012 Approved Budget	FY 2012 With Needs Fully Funded
Fire Administration	$ 451,884	$ 589,884
Prevention	336,823	336,823
Suppression	5,749,754	5,728,754
Emergency Medical Service	89,142	89,142
Training	175,802	195,802
General Fund Total	$ 6,803,405	$ 6,940,405
Fully Funded Increase		$ 137,000
Annual Funding of Vehicle Replacement		684,000
Fire Retirement Cost Increase FY 13		144,000
Additional Funding Needed		$ 965,000

Needs and Recommendations - Fire Department

Budgetary Item	Department Proposal for FY 12 with Needs Fully Funded		Additional Funding for Needs FY 13 and Subsequent Years	
		Cost		Annualized Cost
PSRS Increase (mandatory for FY 13)		($144,000 is FY 13 Expense)		$144,000
Personnel (Assistant Chief) and miscellaneous operating costs		$137,000		137,000
Capital items (personal protective gear, communications, imaging/detectors, other misc. equipment with varying service lives)				160,000
Annual Vehicle Replacement Funding		684,000		684,000
Cost Impact – Additional Funding Needed		**$821,000**		**$1,125,000**

Parks & Recreation Department

Fully Funded Outcomes

- Expand 2012 sports calendar for residents and tourism (revenue generation) – extend the traditional season and increase events from 18 to 34
- Reduction in water usage (and associated cost) through more efficient irrigation
- Higher production equipment to accomplish ongoing maintenance
- Assured vehicle replacement funding

	FY 2012 Approved Budget	FY 2012 With Needs Fully Funded
Parks Administration	$ 173,967	$ 173,967
Recreation Programming	629,829	629,829
Parks Maintenance	1,504,314	1,564,314
Lakes Management	240,177	240,177
Tournaments	-	-
Parks Rangers	3,600	3,600
General Fund Total	$ 2,551,887	$ 2,611,887
Fully Funded Increase		$ 60,000
Mower, ET Station, Carts		$ 94,000
Annual Funding of Vehicle Replacement		105,600
Additional Funding Needed		$ 259,600

Needs and Recommendations
Parks & Recreation Department

Budgetary Item	Department Proposal for FY 12 with Needs Fully Funded		Additional Funding for Needs FY 13 and Subsequent Years	
		Cost		Annualized Cost
Augment Seasonal Personnel		$60,000		$60,000
Capital items (items listed below are non-recurring with varying services lives • Evapotranspiration system • High capacity area rotary turf mower • Multi-use carts		94,000		100,000
Annual Vehicle Replacement Funding		105,600		105,600
Cost Impact – Additional Funding Needed		**$259,600**		**$265,600**

Library Department

Fully Funded Outcomes

- Restore Wednesday morning hours
  - Provide additional library contact hours with public
  - Better distribute library use across open days
- Increase service for teens and tweens
  - Provide increased service to population currently underserved
  - Offer organized afterschool activities
  - Allow staff to increase outreach to all Prescott schools
- Increase one-on-one patron assistance
  - Provide better service to Prescott citizens
- Enhanced support for library volunteers
  - Structured oversight for increased retention and utilization of volunteers
  - Increase volunteer hours to ease workloads created by reduction of staff

	FY 2012 Approved Budget	FY 2012 With Needs Fully Funded
Library Public Services	$ 1,020,235	$ 1,157,235
Library Support Services	1,250,346	1,275,346
Prescott Gateway Branch	7,764	7,764
General Fund Total	$ 2,278,345	$ 2,440,345
Fully Funded Increase		$ 162,000
Annual Funding of Vehicle Replacement		6,540
Additional Funding Needed		$ 168,540

Needs and Recommendations
Library Department

Budgetary Item	Department Proposal for FY 12 with Needs Fully Funded		Additional Funding for Needs FY 13 and Subsequent Years	
		Cost		Annualized Cost
Personnel and Costs • Restore Wednesday morning hours/increase part-time temporary funding • Increase service for teens and tweens / Teen Librarian – Youth Services • Increase one-on-one patron assistance / Library Specialist – Adult Services • Enhanced support for library volunteers / Part-time Volunteer Coordinator		**$25,000** **65,000** **52,000** **20,000**		**$25,000** **65,000** **52,000** **20,000**
Annual Vehicle Replacement Funding		**6,540**		**6,540**
Cost Impact – Additional Funding Needed		**$168,540**		**$168,540**

Airport
(Enterprise Fund)

Fully Funded Outcomes

- Reduced regulatory, legal, and financial liability and exposure
- Enhanced facility functionality, appearance
- Reduced impact of reactive maintenance on operations and budget
- 6 to 8 annual airfield mowing cycles
- 1200 work orders completed
- 1,000 gallons of paint applied to airfield markings annually
- 80 airfield sign panels replaced annually

	FY 2012 Approved Budget	FY 2012 With Needs Fully Funded
Airport Operations		
Personnel	$ 512,443	$ 575,000
Supplies	73,200	150,000
Other Services	437,342	500,000
Debt Service	334,296	334,296
Capital Outlay	19,000	1,899,500
Total Operations	$1,376,281	$ 3,458,796
Airport Operating Revenue	1,459,875	1,459,875
Budget Basis Income (Loss)	$ 83,594	$ (1,998,921)
Addl. annual operating amount needed *		$ 839,515
Addl. amount needed for nonrecurring items		1,159,406
Total addl. FY12 "fully funded" amt. needed		$ 1,998,921

NOTES:

- **Excludes grant matches & grant eligible capital facility needs**
- **Funding source = General Fund unless/until additional revenue is generated**
- **Possible sources of future revenue enhancement:**

•Retirement of hangar debt FY14:	$334,296
•City operated hangar/tie-down rentals (50% increase):	$282,000
•Non-Aeronautical secondary storage fee($50/mo in 88 hgrs):	$ 50,000
•New Commercial bare ground leases:	$326,000
	$992,296

Needs and Recommendations - Airport

Annual Operating - Service or Other Item	Department Proposal for FY 12 with Needs Fully Funded	Additional Funding for Needs FY 13 and Subsequent Years
Personnel (one new full-time maintenance employee)	$62,557	$62,557
Supplies (materials used by to operate the airport, e.g., lights, sign panels, operating supplies, etc.)	76,800	76,800
Other services (third-party services such as insurance, electricity, City costs, appraisal services, etc.)	62,658	62,658
Annual Pavement Maintenance	300,000	300,000
Annual Airfield sign and lighting system component replacement	75,000	75,000
Annual Airfield marking repainting (runway/taxiway primary markings)	162,000	162,000
Annual auto parking lot maintenance (crack seal, seal coat, remarking, etc)	100,000	100,000
Subtotal - Airport	**$839,515**	**$839,515**
Add Annual Capital Contingency		**100,000**
Cost Impact- Funding/Subsidy Required (rounded)		**$940,000**

Nonrecurring Expense - Service or Other Item	Department Proposal
2-way Radio Infrastructure Repair/Replacement	$10,000
Terminal painting (interior and exterior) & roof replacement	35,000
Terminal Kitchen Hood replacement	8,000
F-Hangar fire sprinkler system replacement	40,000
Emergency backup generator – Main Airfield Electrical Vault	**150,000**
Taxiway B4 pavement maintenance (mill, overlay, remarking)	**100,000**
Bottleneck hangar pavement maintenance (mill, overlay, remarking)	**800,000**
Runway 3L runway safety area grading	**100,000**
Cost Impact- Funding/Subsidy Required (Grant Eligible)	**$1,243,000 ($1,150,000)**

Golf Course
(Enterprise Fund)

Fully Funded Outcomes

- Continue to provide a quality golf experience to the residents as well as visitors/tourists
- No increase in financial support external to the Golf Course Fund is proposed; our objective is to increase revenue and break even, to enable and include repayment of debt incurred to the General Fund

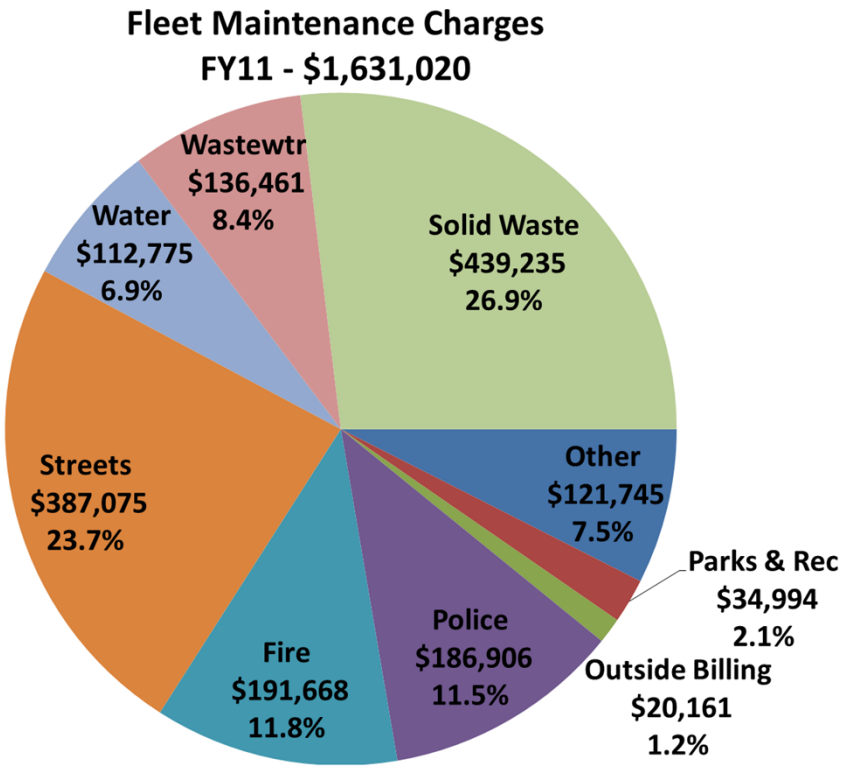
	FY 2012 Approved Budget	FY 2012 With Needs Fully Funded
Golf Course Maintenance	$ 1,299,102	$ 1,299,102
Pro Shop	587,347	587,347
Carts	189,335	189,335
Restaurant/Centennial Center	746,190	746,190
General Fund Debt Repayment *	-	185,603
Golf Course Total Expenditures	$ 2,821,974	$ 3,007,578
Operating Revenue	2,824,478	2,655,009
Budget Basis Income (Loss)	$ 2,504	$ (352,569)
Needed operating revenue/subsidy**	$ -	$ 352,569

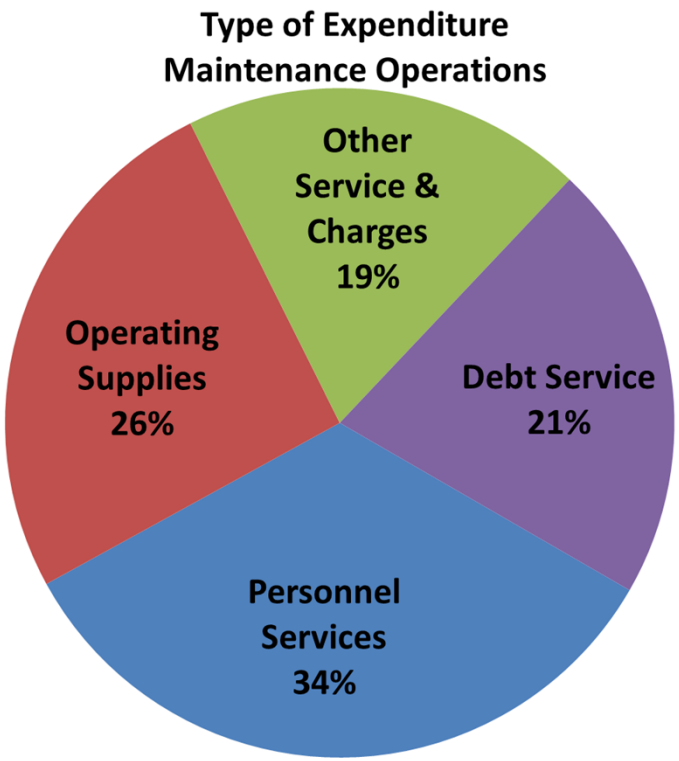
Notes:
* Repayment of internal loan of $3,361,888 over 10 years at 2%.
** The subsidy source would be the General Fund unless/until additional funding /revenue is available.

Budget Summary Fleet

Internal Service Fund - Costs are "charged out" to customer departments

	FY 2011 Actual	FY 2012 Approved Budget	FY 2012 With Needs Fully Funded	
Maintenance Operations	$ 1,871,595	$ 1,853,183	$ 1,890,483	
Vehicle Replacement	670,643	2,343,274	2,600,000	($1,300,000 General Fund Depts.)
Fund Total	$ 2,542,238	$ 4,196,457	$ 4,490,483	





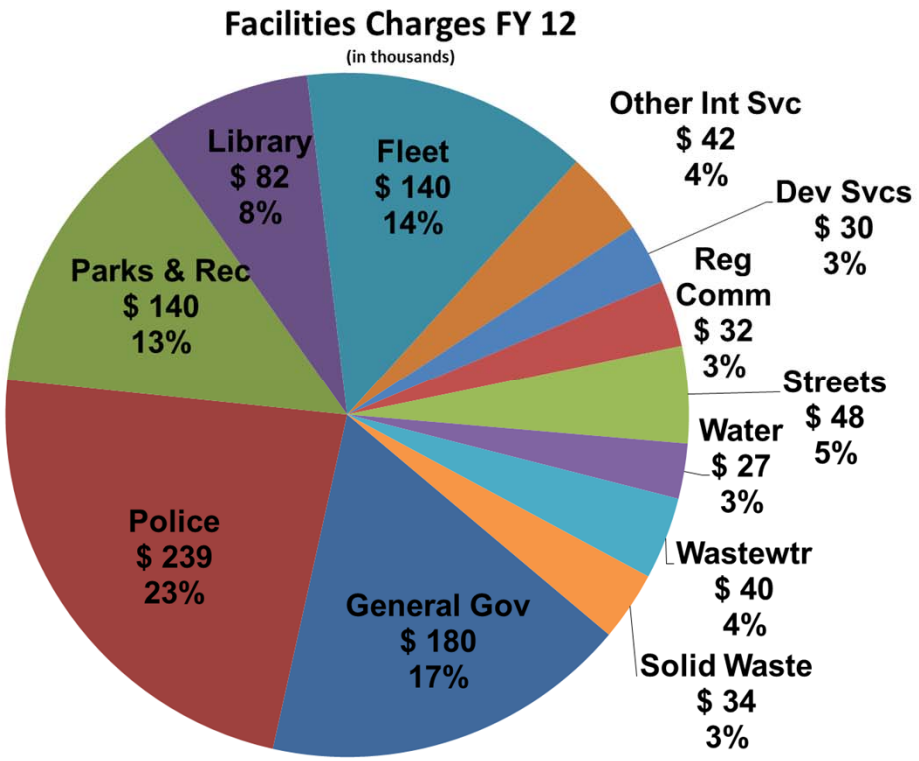
Needs and Recommendations - Fleet

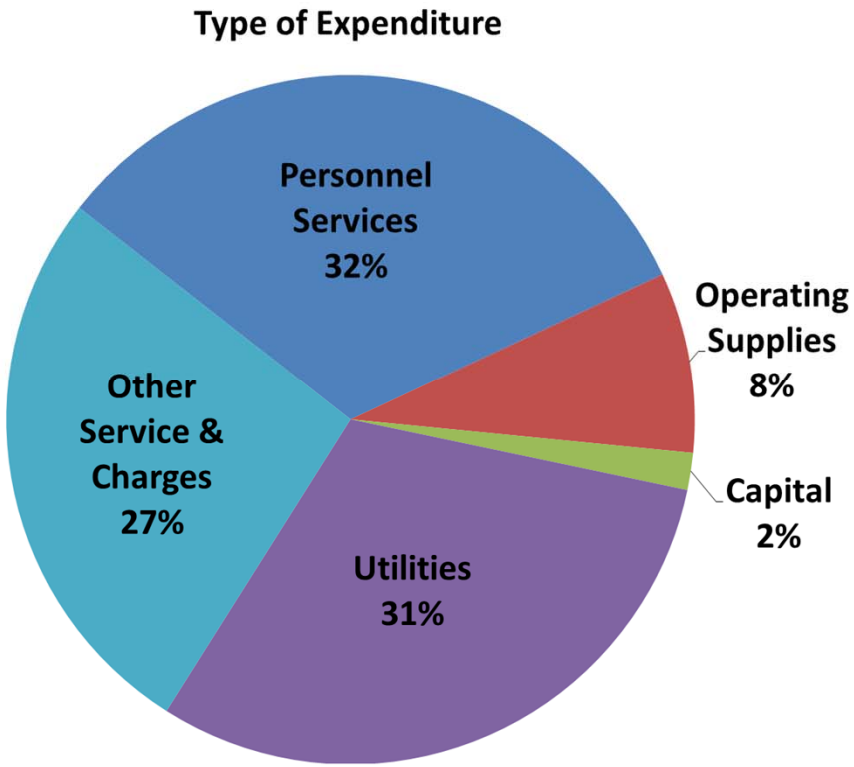
Budgetary Item	Department Proposal for FY 12 with Needs Fully Funded		Additional Funding for Needs FY 13 and Subsequent Years	
		Cost		Annualized Cost
Eliminate or Shift Funding of Fleet Maintenance Facility debt (Current remaining principal $4,399,407; term runs to 2027)				
Option A Augment General Fund revenue to make annual debt payments				$392,829
Option B Augment General Fund revenue and use to restructure debt for early payoff (year to be determined)				TBD
Fully fund Vehicle Replacement Program *Aging fleet means higher maintenance costs, unreliability, inefficiency*		$2,600,000		General Fund Share 1,300,000
Fill Service Technician Position (Frozen)		35,000		35,000
Cost Impact – Additional Funding Needed		Costs are charged out to customer funds/departments		Costs are charged out to customer funds/departments

Budget Summary Facilities

Internal Service Fund - Costs are "charged out" to customer departments

	FY 2011 Actual	FY 2012 Approved Budget	FY 2012 With Needs Fully Funded
Facilities	$ 998,653	$ 1,066,379	$ 1,163,379
Fund Total	$ 998,653	$ 1,066,379	$ 1,163,379





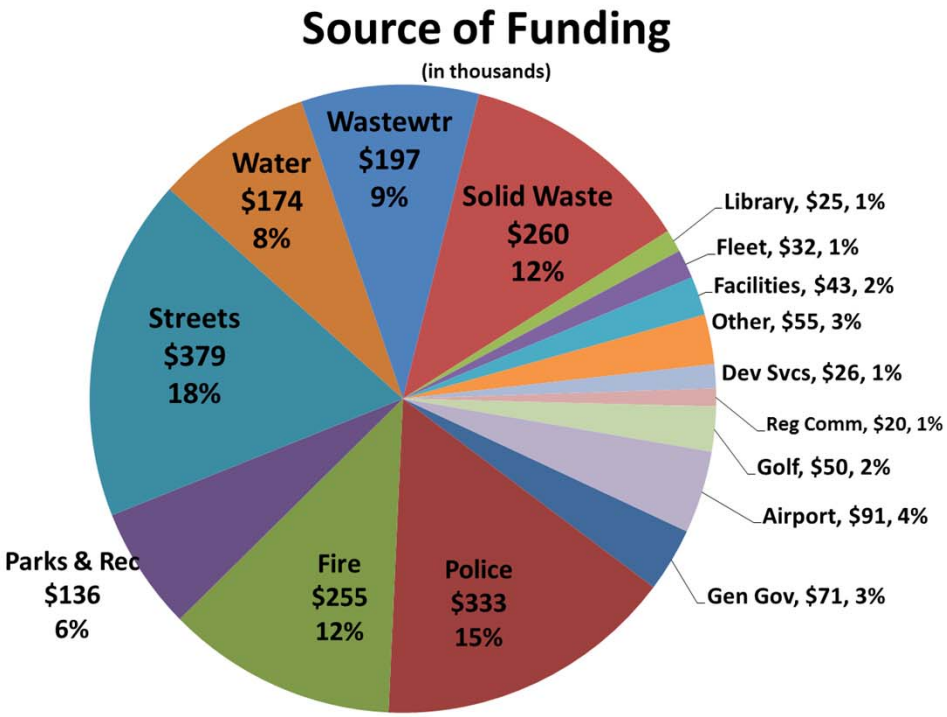
Needs and Recommendations - Facilities

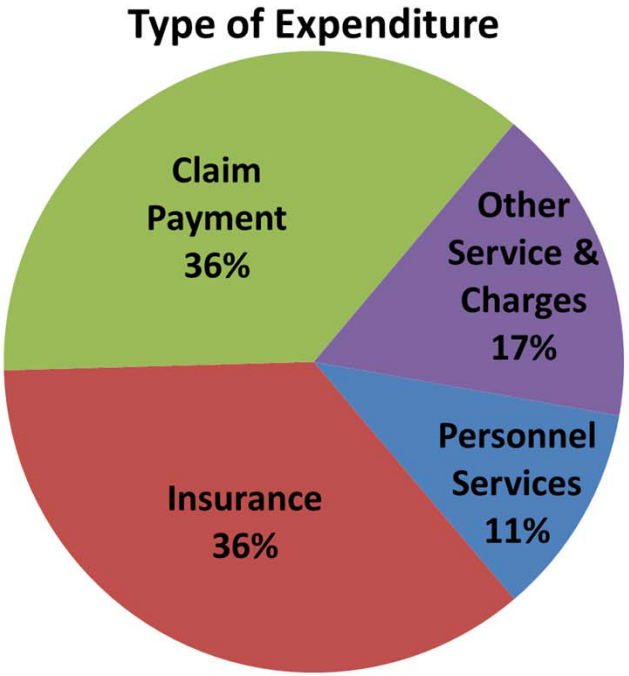
Budgetary Item	Department Proposal for FY 12 with Needs Fully Funded		Additional Funding for Needs FY 13 and Subsequent Years	
		Cost		Annualized Cost
Facilities Maintenance Management System (MMS) – software and setup		$75,000 (initial one-time expense)		
Annual funding of General Government component of facilities O&M including MMS licensing/support (non-General Government costs to be separately charged out to their respective funds)		TBD		TBD
Fill and equip Maintenance Technician position (frozen)		49,000		49,000
Fill and equip custodian position (frozen)		32,000		32,000
Cost Impact – Additional Funding Needed				

Budget Summary - Self Insurance

Internal Service Fund - Costs are "charged out" to customer departments

	FY 2011 Actual	FY 2012 Approved Budget	FY 2012 With Needs Fully Funded
Risk Management	$ 2,364,400	$ 2,105,121	$ 2,105,121
Fund Total	$ 2,364,400	$ 2,105,121	$ 2,105,121





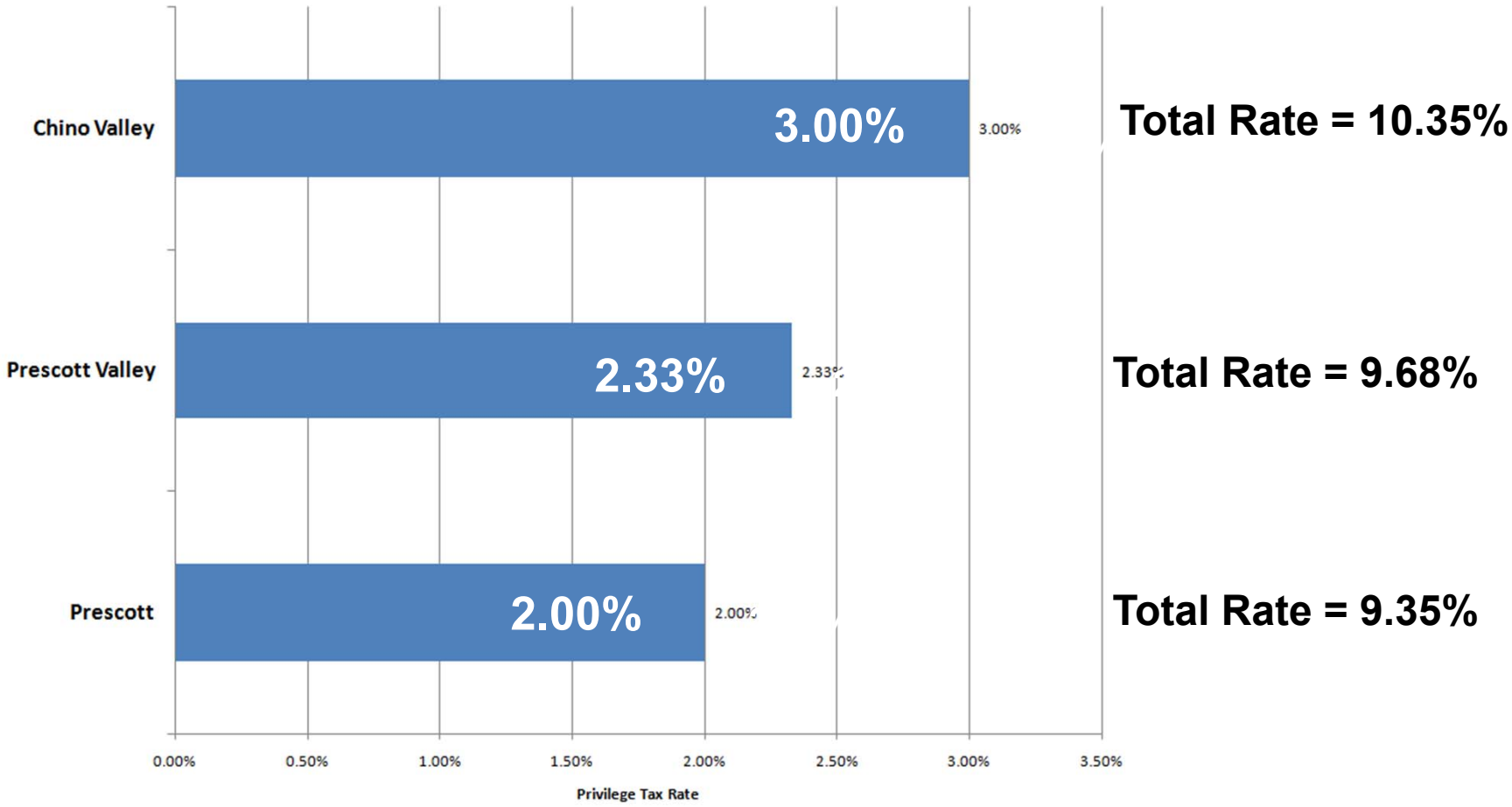
Impact on General Fund Departments/Activities for Workers Comp and Liability Coverages = $848,064

No additional annual/recurring funding is necessary for the Self Insurance/Risk Management Program

III. Revenue and Funding

Revenue Tools

1. Transaction Privilege Tax ("Local" Sales Tax)



Breakdown of Transaction Privilege Tax Levied in Prescott

City ("Local")	General Fund	1.00%
	Streets & Open Space	1.00%
Yavapai County	Regional Roads	0.75%
State of Arizona	Permanent	5.60%
	Temporary (thru 5/31/13)	1.00%
	Total	9.35%

Note: This is the maximum transaction privilege tax levied on sales within the City (excluding the Transient Occupancy Tax of 3%). The rates on specific items may vary by taxable category.

City Of Prescott Local Sales Tax

- $12 million yield for each 1% of local sales tax
- 1.00% current Streets & Open Space levy decreases to 0.75% Streets only on January 1, 2016, a reduction of 0.25%
- For revenue augmentation an increase in the local sales tax could be considered in 2012 or 2013 (voter approval required)

2. New levy of transaction privilege tax on restaurants and bars (1% for discussion)

- ❑ Revenue is restricted as to purpose (must be associated with the hospitality industry)
- ❑ Could be used to directly fund tourism promotion and special events (in combination with Bed Tax eliminate current General Fund financial support of $3000,00 for tourism development and $38,000 for special events) and/or to facilitate entrepreneurial partnerships oriented to qualifying hospitality/tourism development
- ❑ Similar to the approach with Trader Joe's, City as land owner/lessor with future sale to tenant may have potential as a key element of a hospitality/tourism economic development/redevelopment project
- ❑ Election required to authorize new levy
- ❑ Annual yield for 1.00% = $835,000

3. Secondary Property Tax

- Secondary levy usually restricted to General Obligation (GO) borrowing for capital items with service lives > debt term
- SB 1226 (2011) provides a tool for cities of not more than 40,000 population (2010 Census) to levy a secondary property tax for not less than 2 nor more than 7 years without the GO debt use restriction
- Must be approved by election held NLT November 6, 2012
- FY 2013 is the last year of the City's large GO debt service (purchase of Watson and Willow Lakes from CVID)
- By keeping the current secondary tax rate the same, "Bridge" Funding" of $1.4 million/yr. for 7 years could be provided

4. Library District (County levy)

- ❑ "The Library" has evolved to a county-wide library system
- ❑ Expansion of the Prescott Public Library, built at City expense, serves a significant number of patrons from outside the City
- ❑ Pursue increased County funding of true regional libraries like the Prescott Public Library recognizing the system function

5. User Fees and Leases

- ❑ Increase existing fees (golf, parks, airport hangars)
- ❑ Add new fee kiosks (Parking Garage, athletic fields)
- ❑ Enforcement costs must also be considered

IV. Drafting an Action Plan

FY 13 and Beyond

Summary of Additional Funding Needs and Possible Sources of Revenue

Department or Fund	Adopted FY 12 Operating Budget	Additional Funding Identified by Departments Annual Amount for FY 13 and Subsequent FYs
Police	$9,428,774	$1,735,408
Fire	6,803,405	1,125,000
Parks & Recreation	2,551,887	265,600
Library	2,278,345	168,540
Airport	1,376,281	940,000
Golf Course	2,821,974	370,000
Fleet Management Facility Debt Service		392,829
Create & Maintain Capital Reserve		1,000,000
Total (without Facilities)		**Does not Include Facilities** **$5,997,377**
Facilities	$1,066,379	To be determined by implementation of Maintenance Management System

Revenue Tool – General Fund	Amount, Increment, or Purpose	Annual Revenue Augmentation or Offset
Transaction Privilege Tax (City "Local" Sales Tax)	Increase City tax by 0.5% (from 2.00% to 2.50%) to new total rate of 9.85%	$6,000,000
User Fees (Various Departments)	Golf Course, recreation facilities	200,000
Total Recurring Revenue – General Fund		**$6,200,000**
Other Revenue Sources or Offsets for Consideration		
Transient Occupancy Tax ("Bed Tax")	Replace all or part of the current General Fund tourism expense ($300,000)	**General Fund expenditure offset TBD**
Secondary Property Tax Levy enabled by SB 1226 for not more than 7 years	Continue current rate for 7 years	**Use it or lose it – sunsets after 7 yrs.** **1,400,000** **Must be on ballot NLT Nov. 6, 2012**
Transaction Privilege Tax – Restaurants& Bars (Use must relate to hospitality industry; could be applied to replace General Fund tourism promotion expenses, and tourism development enterprises)	• New 1.00% Privilege Tax levy • Could be combined with elimination of annual City liquor license fees	New 1.00% Privilege Tax Levy $835,000 Elimination of liquor licenses (80,000) **Net Annual Revenue Yield** **$755,000**

Action Plan/Guidance for FY 13 and Subsequent Budgets

(List of items in each category to be developed from workshop discussion)

Programs and Services to be Discontinued in FY 13

1.
2.
3.

Programs, Services, Other Items to be Added/Restored/Emphasized in FY 13

1.
2.
3.

Revenue Stabilization/Enhancement Actions to be Taken

Action	Affect FY 13?	Milestone
1.		
2.		
3.		

Other Actions to be Taken

1.
2.
3.

Council Discussion

Next Workshop January 31, 2012 □ Budget Action Plan