

2018-2019 Proposed Budget Discussion

June 27, 2017



Calendar

- June 15 & 20 - Social Media Town Hall events
- July 5 & 10 - Staff present at DABs
- July 18 - City Manager presents budget
- August 1 - Public hearing
- August 8 - City Council adopts budget

Follow-up from 2017 Budget

- Staff launched a comprehensive Zero-Based Service Review - identifying core City services and focusing on the customer's perspective
- Staff continued reviewing the revenue structure to identify challenges and opportunities for cost recovery

Shaping the 2018 Budget

- Prioritize focus on core services
- Examine service delivery strategies from a customer-focused perspective
- Implement a review of business processes
- Adapt to ongoing revenue challenges

Revenue Challenges

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20th Century revenues funding 21st Century services:

- Online purchases impacting sales tax revenues
- Land-line franchise fees – down 89% since 1999
- Franchises fees on cable TV – peaked in 2010
- Gas tax – gallons used in Kansas peaked in 2001

Revenue Challenges

Weather and commodity prices cause volatility:

- Electricity, natural gas and water utilities all are impacted by weather patterns
- Natural gas franchise fees also are based on commodity prices - revenues have varied from \$8.6M in 2010 to \$5.5M in 2016

Revenue Challenges

Several revenues are economically sensitive:

- Property tax valuation was flat for five years during the recession
- Sales tax and motor vehicle taxes are also impacted by the economy

2018 Budget Challenge

City remains in a favorable financial position:

- Budget balanced for eight consecutive years
- General Fund reserves have increased and are within policy levels

However, adjustments will be needed in the future to avoid deterioration.

Rating Agency Feedback

Rating Agency feedback: “Very strong management” and “Strong budgetary performance”

“Proven willingness to make intra-year corrections to improve structural budget gaps ...”

“Operating results of the City have been stable”

2018 Budget Strategies

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Budget proposals seek to continue momentum, but in a sustainable fashion

Staff recommendations based on several strategies:

- Expand and build on past outcome improvements
- Continued review of strategic alignment and prioritization of core services as identified in the zero-based process

2018 Budget Strategies

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- Expanding efforts to examine business processes
- Better integration of the operating and capital budgets, to be more responsive to Council priorities
- Comprehensive effort to diversify revenues and strategically recover costs of City services

2018 Budget Strategies

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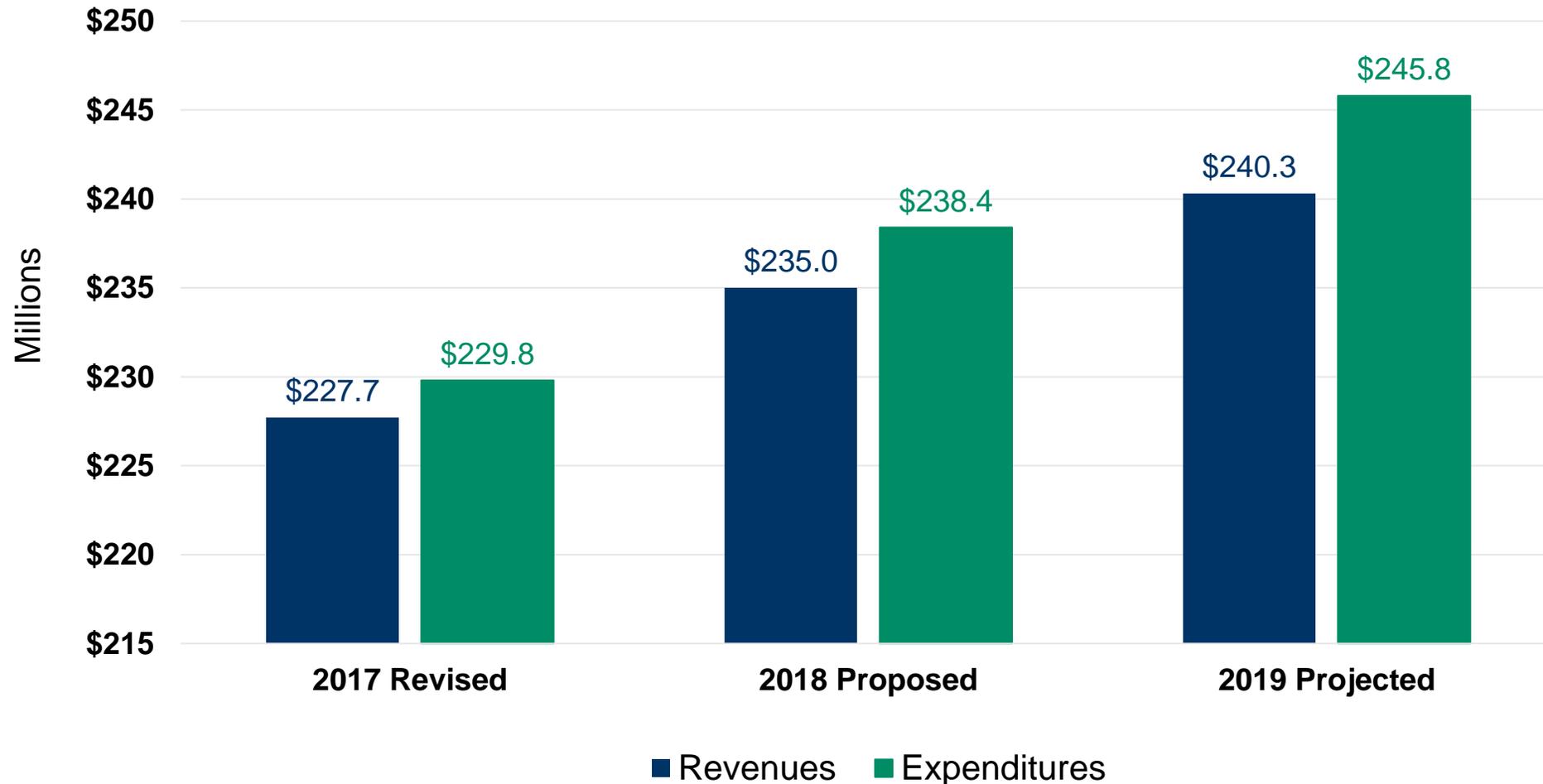
- Focus on Mission: As an exceptionally well-run city, we will:
 - Keep Wichita safe;
 - Grow our economy;
 - Build dependable infrastructure; and
 - Provide conditions for living well.

Social Media Town Halls

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- Feedback is essential to best serve residents
- Over 135,000 reaches and 670 comments
- Considerable interest in traffic safety, street maintenance and downtown investment
- Less feedback on recent areas of emphasis

Initial General Fund Forecast



Staff Proposed Adjustments

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- Expenditure adjustments
- Revenue adjustments
- Health insurance; interest earnings adjustments
- CIP integration

Proposed Adjustments

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Expenditure Items	2017	2018	2019
Coordination of contracting	\$ --	\$58,000	\$58,000
Fire reserve fleet adjustments	22,980	91,920	91,920
Shift to part-time staffing	27,000	110,000	110,000
Sister cities adjustments	--	5,000	5,000
Stryker field adjustments	--	75,000	125,000
Natural gas contracting	--	119,000	119,000

Proposed Adjustments

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Expenditure Items	2017	2018	2019
Eliminate GF transfer to Economic Development Fund	\$185,000	\$185,000	\$185,000
Station 6/38 staffing adjustments	--	--	335,000
Process improvement savings	--	200,000	400,000
Other adjustments	29,160	36,910	114,610
Total expenditure adjustments	\$264,140	\$880,830	\$1,543,530

Proposed Adjustments

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Revenue Items	2017	2018	2019
Franchise fee collections	\$9,000	\$81,000	\$131,000
Finance Dept. cost recovery	80,000	80,000	80,000
Fireworks stand permitting	--	135,000	135,000
Fire inspection fees	--	35,300	35,300
Expand diversion programs	10,000	20,000	20,000
Adjust parking fine schedule	39,500	79,000	79,000

Proposed Adjustments

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Revenue Items	2017	2018	2019
Improvement athletics cost recovery	\$--	\$62,050	\$62,050
Implement youth fast-pitch softball	--	30,000	30,000
Expand Park funding raising	50,000	100,000	100,000
Adjust accident report fees	--	48,000	48,000

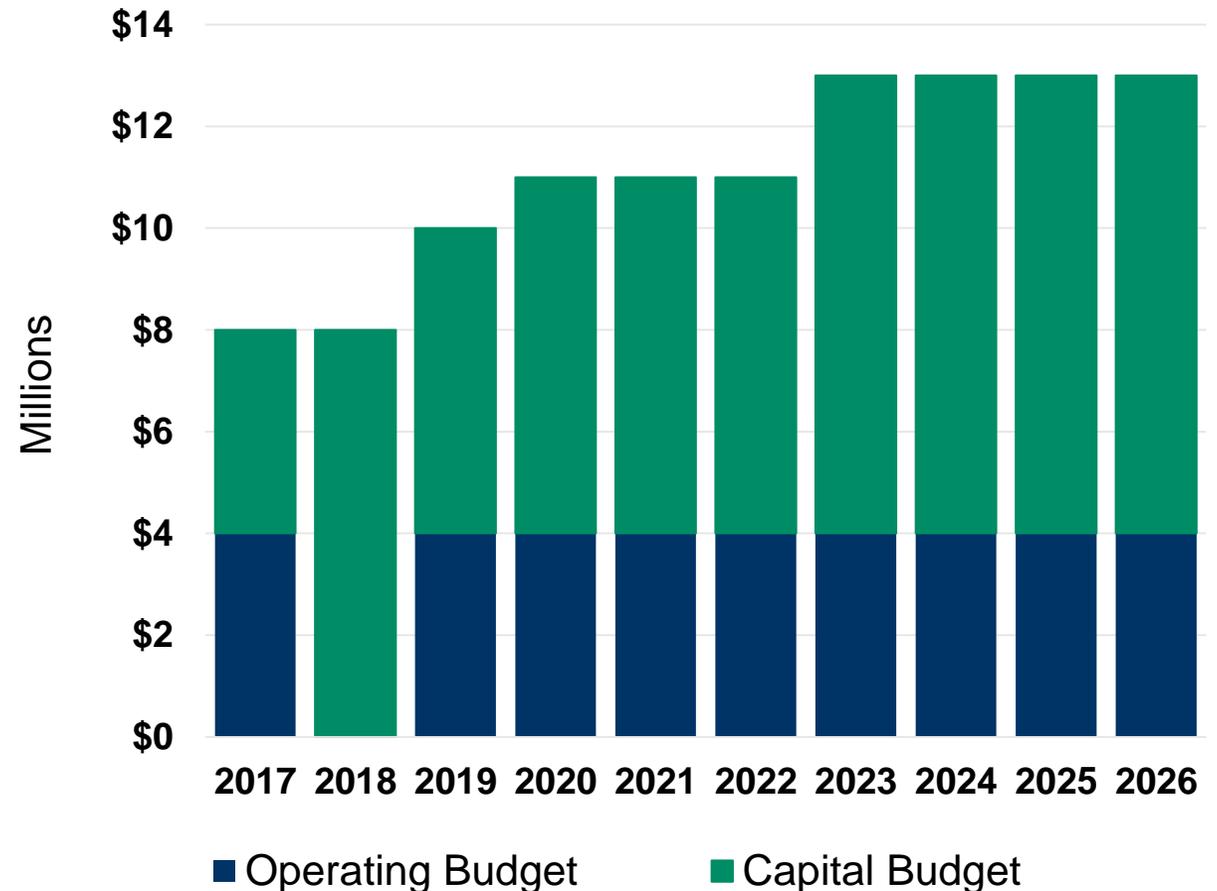
Proposed Adjustments

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Revenue Items	2017	2018	2019
Adjust child-care license fees to full cost recovery	\$--	\$15,000	\$15,000
Implement food-handlers training fee	--	25,000	25,000
Revenue study	--	250,000	250,000
Other adjustments	22,100	103,875	103,875
Total revenue adjustments	\$210,600	\$1,064,225	\$1,114,225

Integration of CIP

- Street maintenance shift to CIP in 2018
- Additional resources for City Council priorities



Responding to Priorities

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Item	2017	2018	2019
Initial Deficit	(\$2.1)	(\$3.4)	(\$5.6)
Health insurance savings	\$1.0	--	--
Interest earnings	\$0.6	\$0.7	\$0.7
Revenue adjustments	\$0.2	\$1.0	\$1.1
Expenditure adjustments	\$0.3	\$0.9	\$1.5
CIP integration	--	\$0.8	--
Surplus/(Deficit)	\$0.0	\$0.0	(\$2.3)

Responding to Priorities

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Item	2017	2018	2019
Surplus/(Deficit)	\$0.0	\$0.0	(\$2.3)
CIP integration	--	\$3.2	--
Property taxes	--	--	\$3.2
Phase 1 – Police Staffing Plan	--	(\$3.2)	(\$2.9)
Surplus/(Deficit)	\$0.0	\$0.0	(\$2.0)

Looking Forward

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- Complete a revenue study in 2018 to provide systematic approach to cost-recovery
- Conduct enhanced business process review, empowering employees and utilizing Lean principles and best practices

Looking Forward

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- Integration of capital and operating budget development and policy review to enhance linkage to City Council goals
- Continual zero-based service review to ensure alignment with core priorities and customer-focused review of strategies and structure

Upcoming Dates

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Discussion

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Serving You, In Many Ways, Every Day

