

2017-2018 Proposed Budget

City Manager's Office

July 12, 2016



Main Points

- Maintain Financial Strength - The Budget is balanced, with a flat mill levy rate and strong reserves.
- Engaging the Community - This is critical to future efforts and service reviews.
- Identifying and Improving in Important Areas - Staff are studying a number of new strategies to improve outcomes in important areas.

Main Points

- Funding for Key Areas – Funding is proposed to improve Police staffing; enhance street maintenance with pilot programs; and maintain Transit services
- Preparing for the Future – This involves ensuring financial stability by identifying what is important, and achieving excellence in those areas

Social Media Town Hall

- Overall priorities - more police service, better streets, sustainable transit.
- Feedback on outcomes - street cleaning, animal control, library and park services, traffic light timing.
- Active participation - 194,509 page views; 1,254 reactions; and 667 comments.

Important Issues

- Infrastructure - Staff are assessing infrastructure needs in a number of areas. These studies will identify future funding needs, and develop best practices to maximize outcomes.
- Study areas include Stormwater, Fleet, Facilities, Water and Sewer, and Street Maintenance pilot projects.

Important Issues

- Economic Development - Staff have enhanced efforts, focused on new partnerships.
- International trade development and direct foreign investment options are very important strategies.

Important Issues

- Emergency Responses to Low Acuity Calls - Fire Department responses to medical calls are increasing significantly, and many are low acuity.
- These calls reduce fire response capacity for other emergency calls.
- Staff are planning a pilot program to improve outcomes within the current cost structure.

Important Issues

- County Service Impacts - The City budget is impacted by County actions in three key areas.
- Day Reporting – The City budget includes \$400,000 to continue this service.
- MABCD – Funding is included to continue merged efforts.
- MAPD – The Budget assumed shared funding.

Important Issues

- Mobility & Transportation - Downtown parking efforts are being combined with other mobility options and transit services.
- Staff will coordinate and link parking efforts with walking, bicycling and transit activities in a more systematic approach.

General Fund Summary

	2016 Revised	2017 Proposed	2018 Projected
Revenue	\$225.3	\$231.2	\$237.7
Expenditures	\$225.3	\$231.2	\$237.7
Surplus (Deficit)	\$0.0	\$0.0	\$0.0

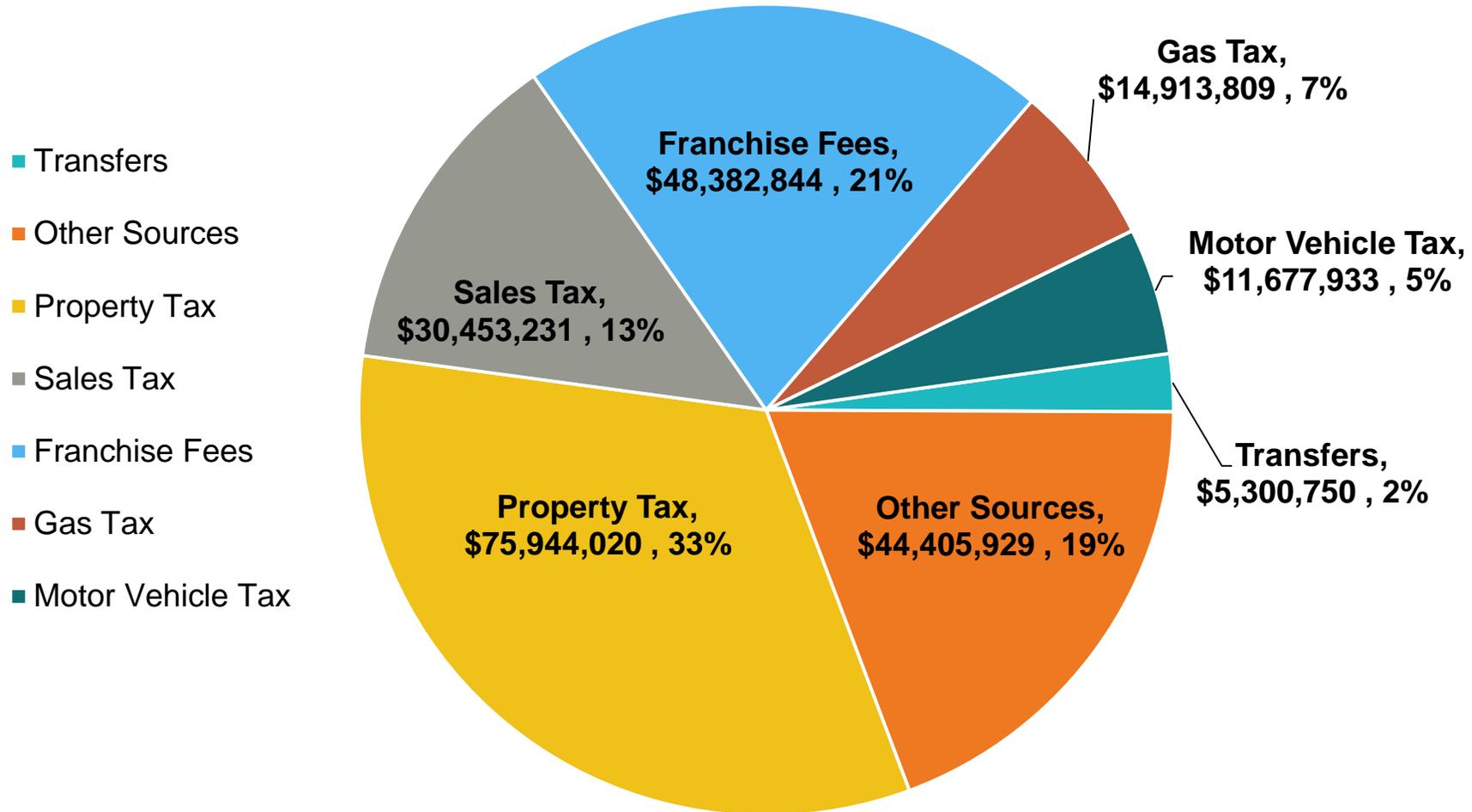
(\$ in millions)

General Fund Overview

- Revenue growth is generally slow and steady.
- Expenditure growth is moderate, but expected to exceed revenue growth long-term.
- Challenges include: health insurance, pension, and fuel costs, a possible recession, and tax lid consequences.

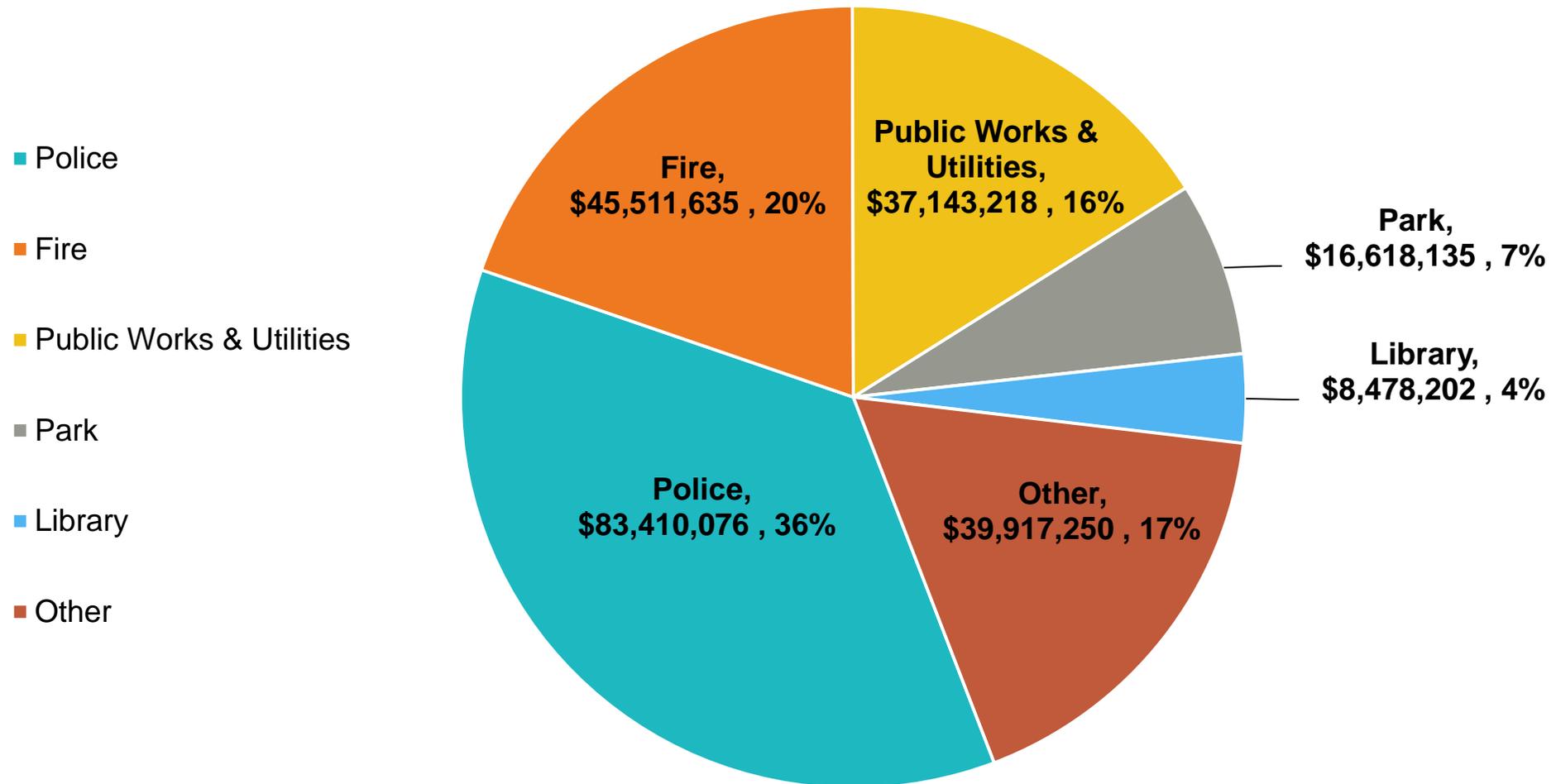
General Fund Revenues

General Fund 2017 Proposed, \$231,078,516



General Fund Expenditures

General Fund 2017 Proposed, \$231,078,516



General Fund Overview

- The budget is based on a mill levy rate of 32.6 mills, exactly the same as last year's budget.
- General Fund reserves total \$28 million, or 12.1% of expenditures.

General Fund Overview

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- Three additional Police Officers are added and a grant has been submitted for seven more officers.
- One Detective is added to EMCU and seven staff are included to implement the Body-Worn Camera program.
- New pilot programs for dust control and spot street repairs are continued.

General Fund Overview

- Library staff are added (2018), along with adjustments to generate operational savings.
- Increased funding for higher park mowing costs is included; as are savings from a pool closing.
- The budget includes savings from lower fuel prices and workers' compensation rates.
- A Police staffing realignment is planned to enhanced traffic enforcement outcomes.

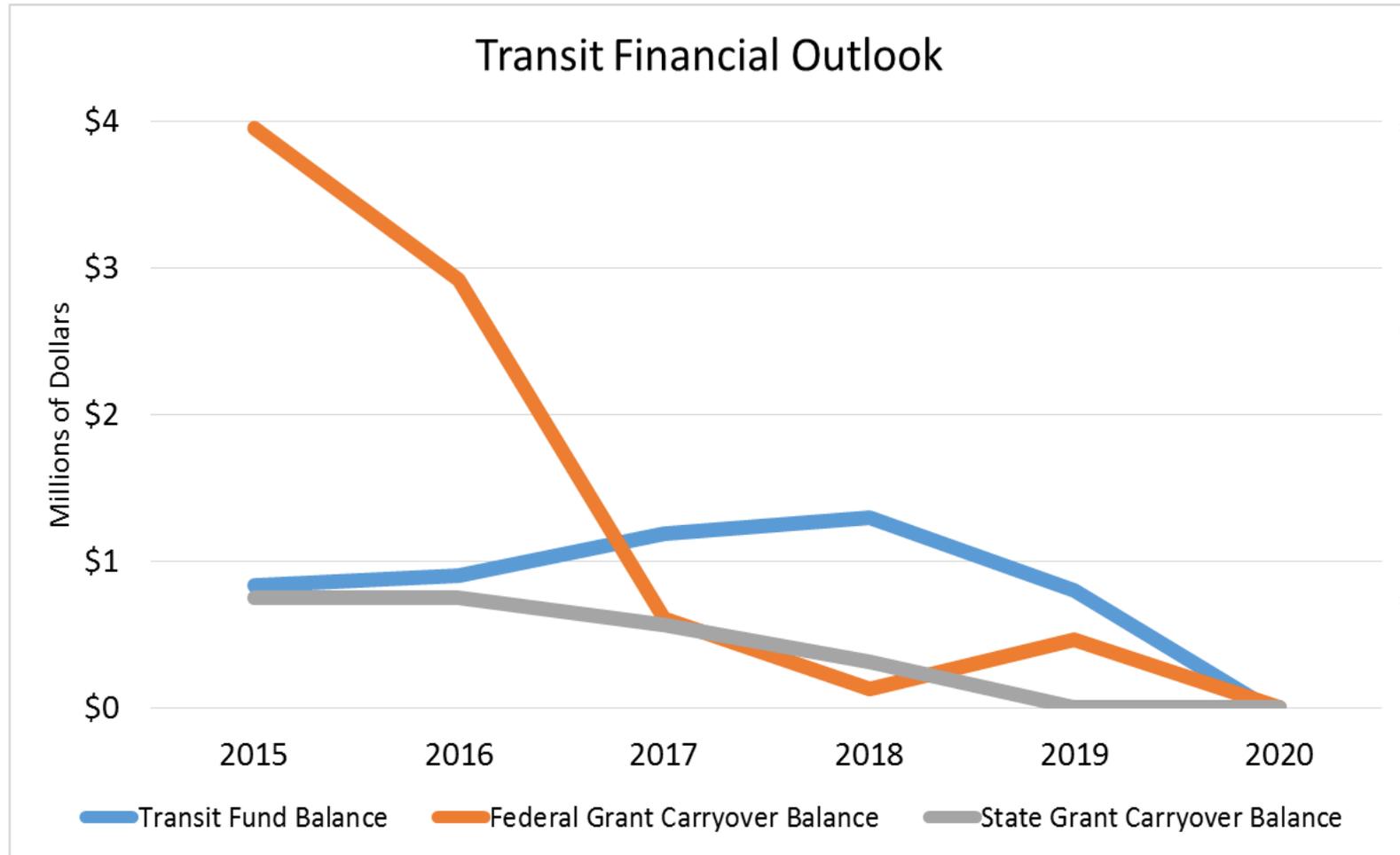
General Fund – Beyond 2017

- Staff will seek better aligned expenditure and revenue growth trends, and improved outcomes by pursuing excellence in areas that are most important.
- A review of user and license fees will be completed to ensure City costs are appropriately recovered.

Transit Fund

- Long term, Transit remains troubled; however, the Fund should be sustainable through 2019.
- Fuel price continues to be favorable through 2017; impact after that is unknown.
- Additional variables: fare revenue and grant awards.
- Sustainable through 2019 with an additional \$300,000 in City funds, and depletion of federal fund balances.

Transit Fund



- Sustainable by eroding fund balances
- No funding for additional capital costs beginning in 2020
- Limited margin of error for unexpected issues

2017 Property Tax Lid Impact

- Valuation growth of 2.6% is expected; 1.4% growth is from new construction.
- The average property increased in value by 1.4%.
- The tax lid law limits this grow to .125%.
- The 2017 Proposed Budget exceeds the tax lid by \$805,647 requiring a vote by the City Council.

2018 Property Tax Lid Impact

- Tax Lid will change again for 2018.
- CPI will change to a five-year average, but a vote of the electorate will be required to exceed the lid.
- This will limit future revenue growth; likely below projected expenditure growth trends.

Calendar

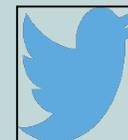
- July 12 - City Manager presents budget
- August 2 - Public hearing
- August 9 - City Council adopts budget

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2017-2018 Proposed Budget Discussion

Serving You, In Many Ways, Every Day



2017-2018

PROPOSED BUDGET



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