

September 8, 2014

To: Financial Planning Committee

From: Wayne S. Davis, City Manager  
James A. Hanson, Finance Director  
Kelly J. Beach, Assistant Finance Director

Subject: 2015 Operating and Capital Budget and 2015 – 2019 Five-Year Capital Improvement Program

We are pleased to submit the recommended 2015 operating and capital budget, including the four year (2016 – 2019) revenue and expenditure forecast, and the 2015 – 2019 five-year capital improvement program (CIP) to the City Council for their initial review.

The budget is the primary fiscal planning tool for moving the City forward toward accomplishing its mission—“Providing superior services with integrity. Partnering with you to build a great community!”—consistent with its values, vision and leadership philosophy. It also provides the resources to support the City’s goal of becoming a higher performing organization, matching financial resources to strategic operations.

Briefly, this budget accomplishes these key objectives:

- Continues stewardship of City resources in a prudent manner while delivering superior services;
- Follows priorities from the 2011-2016 Strategic Plan for new initiatives; and
- Provides adequate resources to maintain current service levels and provide for the City’s capital assets; infrastructure maintenance, capital improvements, asset acquisition and management over the life of the budget and five-year revenue and expenditure forecast.

As you will see in the following analysis section, considering the current economic conditions, the City continues to enjoy a strong financial position, benefiting from careful controls on spending, relatively steady income tax collections and secure fund balances in the General, Fire/EMS Levy, Capital Improvement, General Bond Retirement and Arts and Amenities Funds. However, the outlook for the future will provide a challenge to maintain target balances in the General Fund with the elimination of the estate tax, the reduction in the Local Government Fund and the reduction of property tax as a result of the corresponding decrease in the City’s

assessed valuation due to Hamilton County's reappraisal process. As a note, Hamilton County is conducting their triennial update in 2014, effective for collections in 2015.

On a positive note, the income tax reallocation approved by Council in 2013 assists in offsetting the losses in property and state-shared tax revenues. At current spending levels the reallocation may not generate adequate revenues to completely fund current General Fund service levels in the long-term without improvement in tax revenue collections. As a result of these factors and the continued uncertainty in the economy, it will be especially important for the City to continue its sound practice of financial management and to continue to contain its own costs of operations, while at the same time, pursuing economic development opportunities within the City.

As part of the City's Strategic Plan, staff identified certain programs and operations which may require reduced service levels or alternate funding sources if revenues do not increase in future years. Specific areas of concern are the number and types of events funded by the City, the cost of solid waste collections, implementation of certain improvements as recommended by the Goal 6 team and compensating for any revenue shortfalls in the Street Construction, Maintenance, and Repair Fund. In addition, initiatives and projects, such as the construction of sidewalks and/or road improvements and expanding the availability of downtown parking, will require a significant commitment of City resources.

### **Budget Analysis**

This budget's first priority is to continue the successful stewardship of the City's resources, while maintaining high quality service delivery. In the 2015 budget, staff is proposing a continuation budget from 2014 maintaining the same level of personnel. The proposed 2015 budget for personnel is consistent with the 2014 budget, with 66 full-time employees and 34 part-time/seasonal employees. It is important to recall that staff took a comprehensive look at the City's organizational structure and workforce as part of Goal 3 of the Strategic Plan. The outcome of the work conducted by staff resulted in the consolidation of the Community Engagement and Customer Service Departments into a new department, Community and Information Services. The consolidation resulted in a reduction in personnel costs from the realignment. The City will continue to monitor personnel costs to sustain operations through the next five years as presented in this budget. As in past years, the City will continue to invest in capital asset maintenance to protect the City's \$66 million in capital assets. As part of this capital investment, we have again included the related improvements associated with the recently initiated development of the Vintage Club project, as staff works with the owners to develop "the village" that was always a part of the plan for the Vintage Club.

As a part of the 2015 operating and capital budget, the City will continue to undertake a number of significant activities that are part of the Strategic Plan and will seek to move our organization forward in terms of the services we provide to our citizens. These include the collaborative effort to promote economic development. Although vacancy rates have improved dramatically in the past year, enhancing the City's business base remains a top priority for the City. These are all efforts to build community and promote economic development in Montgomery, consistent with the direction of the Strategic Plan, and are expected to remain a part of the City's next five year planning process which will be initiated in 2015.

Following is a detailed analysis of the recommended budget and Capital Improvement Plan, as well as a full explanation of the policy decisions that will be needed by City Council, both currently and into the future. We look forward to reviewing the budget with you as we continue to deliver superior services with a focus on value added service delivery for our "stakeholders".

## **I. Overview**

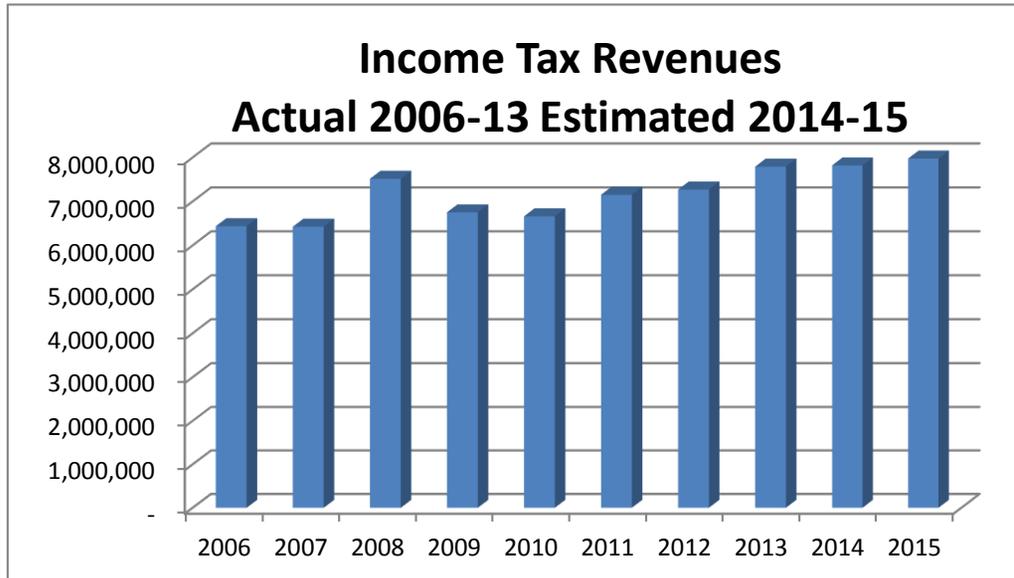
The 2015 budget plan, as with previous plans, strives to provide for the strong financial management of the City, balancing the desire to provide a high quality, yet cost-effective level of services to our residents within the financial resources available to our organization. The budget also reflects a commitment to the preservation of capital assets through infrastructure maintenance projects. Similarly, debt service continues for the capital improvement projects that were undertaken to promote and enhance the high quality of life that is evident in Montgomery. Generally, the proposed budget continues the current service levels with some minor changes that are described below. New projects and service enhancements are guided by the City's 2011-2016 Strategic Plan and again will assist the City in achieving its mission and vision for superior services for our citizens, businesses and visitors.

## **II. Revenue Assumptions**

Listed below are the revenue assumptions that were used to develop the 2015 revenue forecasts. The 2015 revenue assumptions provided a base from which to plan for the budget years 2016 through 2019. These have been modified as circumstances demanded.

- Income Tax. At the time of writing this document, 2014 income tax collections are up 4.7% from collections for 2013. Following the historical trend that revenues collected through the month of August reflect 73% of the total annual income tax collections, staff has estimated that total income tax revenues by year end 2014 will be \$7,817,967. For 2015, staff is forecasting a 2% increase due to the opening of Christ Hospital, which will bring the estimated tax

collections to \$7,974,326. The out years reflect a 1% increase for years 2016 through 2019. The chart below reflects ten years of data, including actual tax collections for years 2006 through 2013 and budget estimates for years 2014 and 2015.



As mentioned earlier in this document, the reallocation of the Income Tax revenues began in 2013. The reallocation provides 76% of the Income Tax revenues to the General Fund, 4% to the General Bond Retirement Fund and 20% to the Capital Improvement Fund. The reallocation redistributes tax revenues to the General Fund to support operations while continuing to meet targeted fund balances in both the General Bond Retirement and Capital Improvement Fund.

- Real Estate Tax.** Based on the reappraisal conducted by the Hamilton County Auditor’s Office in 2011, the assessed valuation for the City dropped from \$523 million in 2010 to \$481 million in 2011. It is anticipated there will be a modest increase in assessed valuation with the number of teardowns and new home construction in 2012, 2013 and 2014. Accordingly, for the 2015 budget, staff has forecasted an increase of 3% from the amount collected for 2014. For the two years, 2016-2017, staff has estimated a 3% annual increase based on the current trend and an anticipated upswing of 2% for 2018 and 2019 with the sexennial reappraisal to be done by the County in 2017. In addition to the current millage assessed of 10.05 mills (4.5 mills to General Fund and 5.55 mills to the Fire Fund), City Council, according to Article IX, Section 9.02 of the City Charter, has the ability, by passage of a Resolution, to increase property tax millage up to five mills of assessed valuation. The City’s total millage of 4.5 consists of 3 mills of inside millage and 1.5 mills of Charter Levy millage. An additional one-half mill could be added which would generate approximately \$250,000 in additional property tax revenues for the General Fund. The levying of this additional

charter millage could be considered as an option if current sources of revenues do not improve and no further acceptable reduction in services can be made in the future.

- Investments. These revenues are anticipated to remain relatively flat for 2015-2019.
- Gasoline Tax. These revenues are anticipated to remain relatively flat due to a decrease in demand because of high fuel prices and more fuel-efficient vehicles.
- Motor Vehicle Taxes. These revenues are forecasted to remain relatively flat from 2015 through 2019. To supplement revenues for road maintenance, City Council may initiate an additional \$5.00 license plate fee, which would generate an estimated \$50,000 in new revenues annually.
- Local Government Funds. For years 2015 through 2019 revenues are estimated to be flat in the Local Government Fund, based upon no change occurring to increase the local government share of the State's General revenues.

### **III. Management of Targeted Fund Balances**

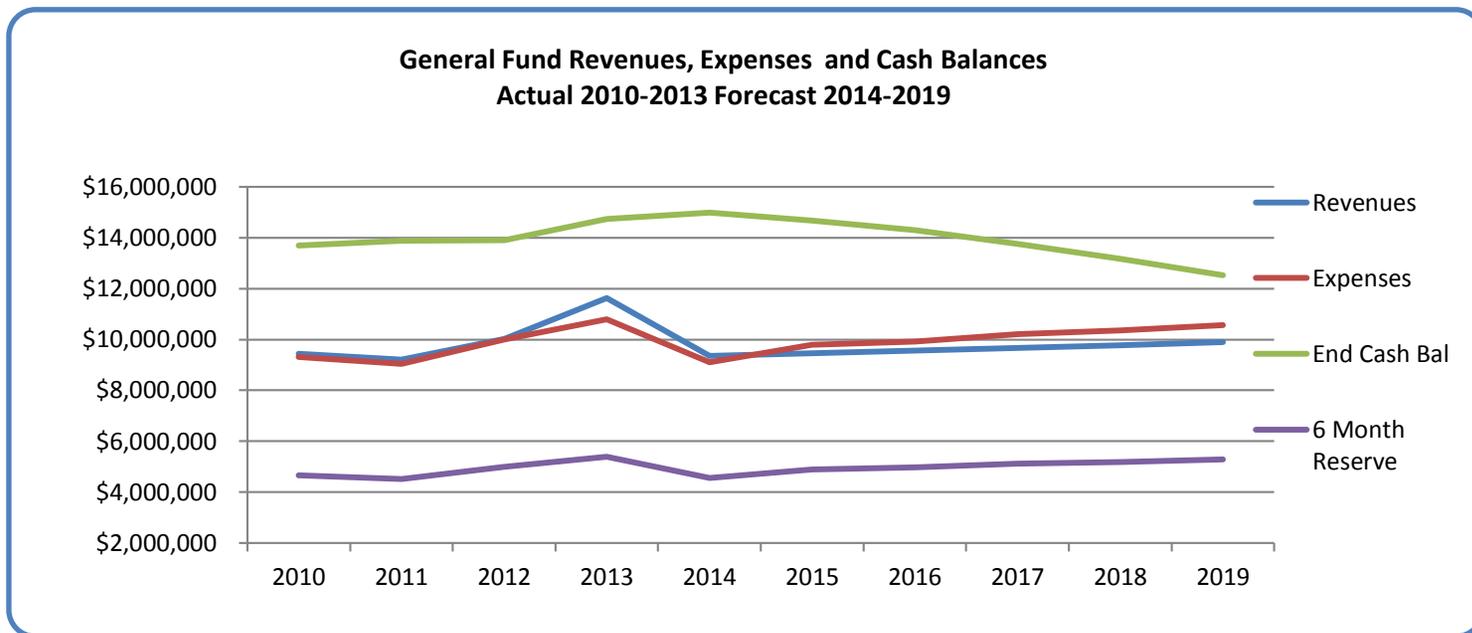
One of the key components of the City's strong financial management is its targeted fund balance policy. Created in 2001 and amended in 2005, 2008 and 2014, the current policy identifies targeted fund balances in the following five funds:

- General Fund (established as six – twelve months of operating expenditures);
- Fire/EMS Levy Fund (established as six – twelve months of operating expenditures);
- Capital Improvement Fund (established at \$1,000,000);
- General Bond Retirement Fund (established as the total principal and interest of the subsequent year's debt service payment);
- Arts and Amenities Fund (established at \$376,237, equivalent to two substantial large restricted bequests to the fund).

The purpose of these fund balances is to provide a level of emergency funding that will ensure continuity of City operations in the event of a catastrophe, a loss of revenue or a downturn in the economy. In the case of the Arts and Amenities Fund, the fund balance preserves the original bequest, as well as a subsequent donation for the support and development of the City's arts and amenities.

#### **A. General Fund**

The General Fund's 2015 ending fund balance is projected to be \$14,667,431 which is \$326,473 or 2.18%, less than 2014's budgeted ending fund balance of \$14,993,904. The \$14,667,431 estimated ending fund balance represents about an eighteen month reserve in the General Fund. **(See page 6 of the Operating and Capital Budget)**



While this is a strong reserve, the five-year forecast shows a slight but manageable reduction in the fund balance which is the result of little or no increases in revenues, the elimination of the Estate Tax revenues, increase in personnel costs and the reduced real property tax revenues. The reduction in property tax collections as a result of the reappraisal process have been partially offset by the reallocation of the income tax revenues. Also programmed in future budget years are transfers of monies to the Street Construction, Maintenance and Repair Fund and to the Municipal Pool Fund based upon the inability of these budgets to generate adequate revenues to support operations. The cash balance of the General Fund continues to be within the policy target range (six months) through the ending budget forecast year 2019 (see chart above).

Given the identified revenue reductions, as well as the increased expenses associated with personnel and the City's general costs of doing business, staff will continue to monitor legislative mandates, as well as economic activity for potential impacts upon the City's operations and the General Fund balance. Staff will also continue to investigate opportunities to reduce costs of operations including possible reduction of additional positions, operational

enhancements and cost-cutting measures, alternative service providers and increased cost sharing with employees in health care benefits. In addition, staff remains diligent and creative about searching for alternative revenue sources to supplement those in place in this budget.

**B. Capital Improvement Fund**

The value of the City's capital assets (e.g., land, buildings, infrastructure, etc.) is \$66 million. To sustain these assets, the City's budget is a financial plan which will provide for the ongoing maintenance, repair and replacement of those assets. The Capital Improvement Program (CIP) is the vehicle for budgeting to account for this investment in assets. In addition to reflecting normal levels of capital equipment replacement and capital project planning in 2015, this fund will provide funding for infrastructure maintenance from the City's existing revenue stream.

The 2014 ending cash balance in this fund is projected at \$3,700,111 plus the total estimated revenues for 2015 of \$2,441,167 provides more than adequate resources to support proposed capital spending of \$2,996,902, while maintaining an ending cash balance of \$3,144,376 in 2015. The reserved fund balance target of \$1,000,000 will be maintained in 2015 through 2019, with the total cash balance in the fund at \$3.0 million in 2019. **(Page 48)**

**C. General Bond Retirement Fund**

Projected expenditures in 2015 will be \$42,000 which is primarily the costs of interest on the 2014 issue of \$2.8 million in notes for the Gateway Redevelopment Area. In 2014, the City exercised the call provision on the 2004 Various Purpose Refunding Bonds and paid off the \$1.13 million in outstanding general obligation debt and saved the City approximately \$58,000 in interest payments. **(Page 44)**

**D. Street Construction, Maintenance and Repair (SCMR) Fund**

This fund will have a projected ending fund balance of \$666,640 in 2015. This is a reduction of \$104,964 from the projected ending fund balance of \$771,604 in 2014. **(Page 39)** The reason for this decline is gasoline tax and motor vehicle registration revenues are lagging behind escalating operating costs, which primarily consist of personnel costs, supplies and materials costs. In terms of percentage of cash balance to operating expenditures, this represents about 8 months of operating expenditures.

For the years 2015-2019 transfers from the General Fund are programmed to increase to subsidize operations ranging from \$425,000 in 2015 to \$525,000 in 2019. City Council may be required in future years to initiate the additional

\$5.00 license plate fee tax if General Fund revenues remain generally flat. The additional license fee would generate an estimated \$50,000 per year to support the operation of this Fund.

**E. Arts and Amenities Fund**

This fund has a reserved fund balance of \$376,237, protecting the corpus of the two bequests that initiated the fund. In 2015, the fund balance is estimated to be \$554,466 at year end (**Page 42**). This fund balance would permit the City to consider the installation of additional public art work/sculpture (programmed in the year 2015) in the community as is stated in the City's vision statement.

**F. Fire/EMS (Levy) Department Fund**

This fund is financed by a 5.55 mill property tax levy to support the City's fire and emergency medical operations and has a reserve fund balance target of six to twelve months of operating expenditures. This fund was added to our targeted fund balance policy in 2014. In the 2015 Annual Operating Budget, the cash balance in this fund is estimated to be approximately \$3.8 million at year end (**Page 37**). In terms of percentage of cash balance to operating expenditures, this represents about 18 months of operating expenditures. At current staffing levels, a replacement levy for fire and emergency medical services may need to be considered in 2017 or 2018.

**G. Vintage Club Tax Increment Financing Fund**

Beginning in 2014, the City began paying debt on the \$13,265,000 in Special Obligation Bonds which were issued for the construction of the Christ Hospital Medical Office Building (**Page 47**). The debt associated with this project will be paid from tax increment revenues associated with the residential development and the commercial improvements developed on the south portion of the Vintage Club commercial development. In 2015, \$622,103 is budgeted for debt service for the payment of principal (\$100,000) and interest (\$522,103) on the bonds.

**IV. Revenues, Expenditures, Personnel Costs and Cost of Solid Waste and Recycling**

**A. Revenues**

Total City budget revenues for 2015 are forecasted at \$18,123,463, compared to the revised forecast of \$20,486,907 for 2014, with the difference of \$2,363,444 primarily attributable to the \$2.8M in notes issued for the Gateway Redevelopment Area. General Fund revenues for 2015 are estimated at \$9,460,492, an increase of \$106,891, or 1.1% from 2014's revised estimated revenues of \$9,353,601.

## **B. Expenditures**

Total City expenditures are projected at \$19,288,343, which is a decrease of \$11,017,650 under the revised forecast of 2014 expenditures of \$30,305,993, which is a result of the Vintage Club development expenditures being appropriated in 2014 and land acquisition for the Gateway Redevelopment Area. General fund expenditures are estimated at \$9,786,965 for 2015, which is a difference of \$684,493, or 7.5%, over the 2014 revised forecast of expenditures of \$9,102,472. This increase is primarily due to increases in personnel-related costs, which consisted of increases in health, dental and life insurance premiums and pay increases (see **Personnel Costs**).

## **C. Personnel Costs**

The City currently has three labor agreements in place: International Association of Firefighters (IAFF: Fire) is expiring in March 2015, and Fraternal Order of Police (FOP: Police) continues through June 2016 and American Federation of State, County and Municipal Employees (AFSCME: Public Works) expires in August 2017. Pay increases negotiated in these agreements set the pattern for budget planning for 2015 to 2016, with an increase negotiated for July 2015 of 2% for FOP and 1% effective January 2016. Exempt employees received a 1% wage increase in July 2014. Expiring contracts will have to be renegotiated with the goal of maintaining wage levels at or near the amounts forecasted in future years. Other personnel-related costs are pension payments; health, dental and life insurance; FICA and Medicare; overtime; longevity; leave payout; workers' compensation; and wellness programs.

Since 1998, the City's medical insurance costs have tiered "caps" which have been established in an effort to control City expenditures for health care. The first tier of caps has historically been increased 6% for health insurance and 3% for dental coverage annually in each of the City's labor contracts and for all non-represented personnel. Secondary caps to split any difference over the first tier cap amounts are split on a 50%-50% basis between the employee and the City. This model has resulted in a plan that requires employees to change the scope of their health insurance and has proven considerably more successful than other public sector employer models in cost containment of this benefit.

In the recently approved health insurance contract with Humana, the total premium rate decreased for the High Deductible Health Plan (HDHP), with a Health Savings Account (HSA) option, an average of 6.9% from the previous plan. The benefit of the decrease is shared by the City and employees through the "caps" established for health insurance costs. All full-time City employees are enrolled in a HDHP/HSA plan. For dental coverage, Dental Care

Plus was renewed in 2014 at a flat rate for the plan years 2014 through 2016. To continue our past budgeting practices, health insurance and dental care rates are forecasted to increase 10% and 3%, respectively, for 2015 through 2019. It is important to remember that the City's cap on health insurance premiums provides a cost-sharing mechanism which encourages the employees to make sound financial decisions that benefit both the employee and the City.

**D. Solid Waste and Recycling Costs**

Next to personnel costs, the single largest expenditure of General Fund dollars is providing waste collection and recycling service. In 2013, the City spent \$606,354 for this service and projects to spend \$572,953 in 2014. The contract with Rumpke awarded in 2010 helped stabilize the cost for this service through 2014. The multi-year contract with Rumpke had an initial three year contract which expired December 31, 2013, with two options for renewals which extend the contract to January 2017. As a result, the cost of this service is programmed to be \$572,953 in budget year 2015, increasing to \$593,587 in budget year 2016.

**V. 2015 Operating and Capital Budget Highlights**

The significant program changes reflected in the 2015 proposed budget are described below:

**A. Capital Asset Maintenance.**

Preservation of capital assets is a key component of the City's strong financial management. Implementing a regular repair and maintenance program is, in turn, the key to preserving capital assets. Annual street maintenance repair costs are consistently some of the largest expenditures for maintenance programs. For 2015, funding for street resurfacing, crack sealing, curb repairs and surface treatment programs is proposed at \$1,095,000. Also included is \$140,000 for sidewalk construction along Ross Avenue and \$1,061,802 for installation of a fiber optic traffic signal system at Cooper Road and Delray Drive, which is an 80%-state and 20%-local grant project with the State. In addition, the 2015 CIP contains funding for other infrastructure projects, including drainage projects and expanded curb and sidewalk replacement that maintain and protect the City's capital investments.

**B. Park Improvements.**

The 2015 budget follows our practice of multi-year forecasting by programming amounts in the parks, recreation and special events accounts that reflect the recommendations of the Park and Recreation Study. To continue

implementation of the park improvements in 2015 consistent with the strategic plan, funds have been budgeted in the Parks capital maintenance, capital equipment and operating equipment accounts beginning in 2015 and through 2019. Some of the capital projects programmed for construction in 2015 are as follows: replace existing roof at Annex building (\$20,000), resurfacing basketball court-Dulle Park (\$8,000), asphalt path repairs-various parks (\$10,000) and parking lot repairs at various parks (\$10,000).

### **C. Vintage Club Tax Increment Financing District**

Council appropriated \$13M as a supplemental appropriation in the 2013 budget to construct a parking garage and a roadway. In the 2015 annual budget \$184,488 is requested to fund any incidental improvements to complete the project.

## **VI. Cost-Savings Initiatives**

In an effort to address the loss of revenues that the City will face in the future, staff has and will continue to evaluate cost containment measures within our organization. Examples of work that have occurred and will continue to occur, are as follows:

- The City has reduced positions through critical evaluation of every vacancy that occurs in our work force. Toward this end, the City also makes extensive use of part-time employees in an effort to save benefit costs as well as contracted labor where appropriate.
- The City's employee health care benefits team puts the management and recommendation for funding of the City's health care benefits in the hands of a dedicated group of employees who have worked since 1999 to reduce or cut benefits so as to manage health care costs for both the City and its employees. The City also runs a wellness program for employees in an effort to encourage healthy lifestyles and reduce the cost of medical insurance. Additionally, the City made the move seven years ago to consumer-driven health care products, including high deductible health care plans with health savings accounts.
- The City has operated a merit-based pay plan for many years where the employee's performance is tied to merit-based pay adjustments. This is in place for all employees with the exception of the members of the FOP in the police department which, because of collective bargaining, retains the traditional public sector pay steps that reward employees with increases simply because of their longevity with the City. The merit-based pay for performance system accompanies the City's human resource tools which feature detailed performance appraisals that link to employee wage

increases, 360-degree peer feedback and progressive job descriptions that require all employees to demonstrate leadership, management, technical and communications/team skills and partner in their career development plans.

- The City employs process improvement techniques such as LEAN and others utilized within the private sector and have examined many of our services/projects, including building permitting, road salt application, purchase orders and holiday lighting, in an effort to eliminate wasteful steps in our process to save the City and its taxpayer's dollars. The City has operated under the principle of high performance government for over 10 years. Under this principle, employees are expected to demonstrate leadership, management and communication skills as well as their traditional technical skills in the work they perform every day. This has allowed the City to deliver services more efficiently and effectively to our customers by better utilizing more advanced skills and accountability in all of our staff members.
- The City also makes extensive use of grant funds to leverage its tax dollars. Several City street and roadway projects have been financed with grant funds as are many special programs/equipment in the police and fire departments.
- The City also makes great use of volunteer resources using the many talents of residents and business persons and avoiding the need to hire or contract for some services. Special events such as the Bastille Day and Fourth of July celebrations as well as other quality of life programs, including the beautification efforts of the City, would not be possible without the wonderful assistance of our many citizen volunteers.
- The City prepared for the financial crisis in 2001 when it set the aforementioned projected fund balances, or "rainy" day fund balances and worked towards building these cash balances during a growing economy. These rainy day funds as well as sound financial practices have assisted the City in weathering the financial storm and will assist greatly in addressing the loss of State revenues and the elimination of the estate tax so sound and strategic decisions can be made to achieve the City's vision into the future.
- The City continues to expand its use of performance measures to analyze the value of the services the City provides. In future years it is anticipated that performance measures will become a management tool more frequently used to manage budgets and assess service delivery options, with the next step being the implementation of benchmark metrics with neighboring, similar communities.
- Finally, staff has developed a database for costing service levels. The database identified 518 services which are provided to the community. The services are identified as "Core, Critical and Quality of Life" and are quantified in specific dollar amounts which include personnel, benefits and fixed overhead costs. This is another management tool in the City's tool set for analyzing and assessing City programs and services.

## VII. Recommended Discussion Topics with or for City Council

Staff is recommending that over the course of the next year that City Council and its operating Committees discuss the following options to address revenue shortfalls in the City's budget:

- **Additional Motor Vehicle Registration Fee:** City Council should consider initiating a \$5.00 license fee tax if operating expenses continue to outpace the gasoline tax and motor registration revenues and if General Fund revenues do not significantly increase in future years. Based on the number of vehicles registered in the City, this would generate an additional \$50,000 annually in revenues which could be used for street maintenance.
- **Reevaluation of Current Service Levels:** Specific areas of concern which require discussion while faced with future declining revenues are the number and types of events funded by the City, the cost of solid waste collections, the continuing desirability of implementing some of the recommended improvements of the Parks Study, the impact that the Affordable Care Act will have on both full and part-time employees and the inability of the municipal pool and SCMR Fund to generate sufficient revenues to pay for operations.
- **Downtown Development Fund:** This fund was created to account for improvements in the downtown area of the City. At the time of developing the 2015 annual budget the cash balance in this fund exceeded \$2M. Consideration should be given to strategically investing these funds to attract economic development and growth to the business district. Other than monies set aside in the 2014 budget for demolition of the former Chevy lot building, there are no line items programmed in this fund for the Gateway Redevelopment Area.

## VIII. Summary

Staff is pleased to be able to submit the attached budget to you for review and comment. This proposed budget continues the City's strong commitment to quality services, high level of maintenance of its capital assets, continuing repayment of outstanding debt, commitment to the City's 2011-2016 Strategic Plan and maintenance of targeted fund balances in the face of a severe challenge to local governments through loss of revenue and/or the poor economy. It is through this comprehensive approach to financial planning that the City has been able to create its strong financial position, while at the same time continuing to maintain its reputation as a high quality, desirable community with enviable services and infrastructure. It is

through the same approach that the City will navigate these uncertain financial times in a proactive manner to continue to provide outstanding value and quality services to our community.

In order to achieve these results, the City involves all members of its team in decision-making and management processes, as well as, in developing the business economy of the City. This mindset and approach is evident throughout the 2015 budget. Examples of this approach range from addressing the need for back-up support in our departments, to the innovative approaches recommended by the Health Care Benefits Committee for more sharing of health care costs, to the implementation of the ten-year Park and Recreation Study, and other initiatives under the guidelines of the 2011-2016 Strategic Plan. The 2015 budget and 2015-2019 CIP were prepared with the assistance of the department heads, finance department staff, mid-level managers, front-line employees, and board and commission members. Every effort was made to accommodate the submitted requests. In some cases, deferral or rearrangement of funds was made to balance the budget.

In closing, we thank all employees and volunteers who participated in the preparation of this budget. Through the dedicated work of all these individuals, the City has developed comprehensive revenue and spending plan that continues the City's strong financial position and retains our commitment to provide superior services. We extend our thanks to all City Council Members for their interest, leadership, guidance and diligence in overseeing our financial position functioning as stewards of public funds, and in protecting the assets of the City for future generations. Staff looks forward to discussing the proposed budget and Capital Improvement Program with City Council.