



**MEMORANDUM**

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**Date:** March 20, 2015  
**To:** Mayor and City Council  
**From:** Laura Smith, City Administrator  
**RE:** 2016 Budget Memo #1 - Budget Process and 5-Year Forecast

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It is hard to believe it is already time to start the 2016 Budget process. In our first work session, we will plan to cover the following:

1. Review and recap or the 2016 budget process
2. Discuss and finalize the 2016 budget calendar
3. Update and overview of City Council goals and objectives
4. Review 5-Year Financial Forecast - General Fund Revenues/Expenditures

**Annual Budget Process**

**Purpose and Goals**

A city’s budget is not just an accounting document - it is a management and planning tool. Because the City’s resources are limited, the budget helps determine which objectives have the highest priority, will meet the greatest needs, and produce the greatest positive impact in the community. The City’s annual budget becomes a dollars and cents expression of the most immediate priorities. In adopting an annual budget, a City Council quite literally, “puts its money where its mouth is.”

Kansas law requires every City to develop and adopt a balanced budget on an annual basis. But, even if State law did not require it, good government demands that public entities regularly and periodically assess their organizational goals and their financial ability to achieve these goals. Among other things, a budget is:

- a statement of priorities that reflects a vision of the City’s collective future
- a spending guide which reflects the City’s priorities
- a policy document indicating policy decisions and priorities through the allocation of funds to specific services and programs
- a communication device sharing these choices with residents
- an outline of anticipated revenues to support City services, including tax rates
- a plan of objectives for the upcoming fiscal year

**Budget Structure**

The City of Mission's budget covers the period of January 1st through December 31st each year. The total budget is made up of more than a dozen individual funds. Annual budget discussions focus on the City’s General Fund and those funds tied specifically to capital infrastructure investments. These



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include the Capital Improvement Fund, the Stormwater Utility Fund, the Transportation Fund, the Street Sales Tax Fund, the Special Highway Fund, the Special Parks Fund and the Parks and Recreation Sales Tax Fund, most of which have dedicated, limited purpose revenue streams. The entire budget will be adopted together, but the City's operating and infrastructure budgets are generally discussed separately as we move through the process.

### General Fund

The City's General Fund accounts for the core municipal functions and services such as Public Safety, Public Works, Parks & Recreation, and Administration. This is an operating budget, focused primarily on revenues coming and going in a particular fiscal year. There are four primary revenue streams that support the General Fund budget: sales/use taxes, property taxes, fines and forfeitures, and parks and recreation revenues. Altogether, these revenues make up 80-85% of the annual General Fund budget. Fluctuations in these revenue streams impact how the City is able to pay for and maintain core services.

### Capital Project Funds

Capital infrastructure projects are generally are large in scope (expensive) and may take several years to complete. Because of this, they are more appropriately handled outside of the General Fund. Over the last several years, Mission has emphasized investment in infrastructure, primarily for storm water and streets. With an increased investment in these long-term assets, dedicated revenue streams have been implemented to increase transparency and accountability.

### Budget Development Process

The Mayor, City Council, City staff, and the citizens of Mission are all important participants in the creation and execution of the City's budget. The formal budget process typically begins in the first quarter of each year. State law requires the City's budget be submitted to the County Clerk by August 25th.

In order to help the Mayor and City Council discern which programs and issues are of the highest priority to citizens, it is important for the residents of Mission to play an active role in the budget process. We will work to encourage input and suggestions through multiple forums in the coming months. The discussion can occur at City Council committee meetings, City Council meetings, City Council work sessions, public forums, and through social media outlets.

### 2016 Budget Calendar - Tentative

The schedule below reflects the dates available for discussion of the 2016 Budget. This will be the first year that we are developing the budget under the revised Committee meeting schedule, and we do anticipate our discussions will require two meetings each month from April through July. We have tentatively programmed the work sessions on the fourth Wednesday of each month. Please review



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the dates against your calendars so we can make any necessary adjustments at the March 25th work session. Following our review, the calendar will be finalized and made available to the public.

March 25, 2015 (WS)	Budget Worksession - Goals and Objectives/5-Year Forecast
April 1, 2015 (FAC)	Review Budget Priorities/Additional Forecast Information
April 22, 2015 (WS)	Community Investment Program (CIP) - Stormwater/Parks
April 29, 2015 (WS)	Date available
May 6, 2015 (FAC)	Community Investment Program (CIP) - Streets
May 27, 2015 (WS)	General Fund Budget/Supplemental Requests
June 3, 2015 (FAC)	General Fund Budget/Supplemental Requests
June 24, 2015 (WS)	Combined CIP Review
July 1, 2015 (FAC)	Refine Proposed 2016 Budget and Budget Resolution
July 8, 2015	Community Dialogue - Proposed 2016 Budget
July 22, 2015 (WS)	Date available
July 29, 2015 (WS)	Formal Public Hearing on 2016 Budget (publish notice by 7/14)
August 5, 2015 (FAC)	Final review of 2016 Budget
August 19, 2015 (CC)	Adoption of 2016 Budget/2016 Budget Resolutions
August 25, 2015	Submit Budget to County Clerk

FAC = Finance & Administration Committee  
CC = City Council Meeting  
WS = City Council Worksession

**Council Goals and Objectives**

In 2013, the City Council conducted facilitated goal setting sessions to develop a set of priorities, goals and objectives for both the short and longer-term. Staff previously tied very generic action steps to this document (**included in red**). Attached is a status update on these goals and objectives for your use in preparation for the 2016 Budget. Staff will be looking for Council guidance on the remaining goals/objectives and how you want those included. Please see the attached document for the status update.

Additional information which will impact future year's budget, will become available in the coming months through the Comprehensive Plan update, the Parks Master Planning process and the



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DirectionFinder survey. Most will not be available in time to influence the 2016 Budget, but will be incorporated into our discussions as appropriate. Ideally, the Council would plan on a goal setting process late fall of 2015 to formally revisit the 2013 document. This will provide the City's elected leadership a structured way to collectively review and evaluate priorities for potential inclusion in current or future budgets.

### **Challenges and Opportunities for the 2016 Budget**

Each year as we work through the Budget process, we identify potential threats and opportunities to our service delivery objectives. These items come from the public, you as elected officials, and from your professional staff. The list may be modified as we go through the process, but we expect the following to be part of our 2016 Budget conversations:

- Balancing service delivery/operating needs with infrastructure investment
- Appropriately funding facility and equipment needs
- Increases in employee health/welfare and retirement costs that outpace inflation.
- Implementing more aggressive cost recovery goals for the Community Center to reach 100% self-sufficiency in 2017
- Relatively flat growth in property values and sales tax collections
- Reimbursement of Gateway storm water expenses
- Increased redevelopment opportunities city-wide

You should have received a brief survey via e-mail earlier in the week. If you have not yet had the opportunity to do so, please take a few minutes to log-in and complete so we can incorporate your feedback into the early stages of our budget discussions.

### **5-Year Financial Forecast**

We start our annual budget discussions with a 5-Year financial forecasting model that we use in order to:

- Obtain a better understanding of future challenges.
- Create a common set of assumptions and expectations.
- Place an emphasis on long-term financial planning.

Historically, the 5-Year model has consistently predicted that expenditures will outpace revenues within the forecast period, resulting in negative fund balances. Since every budget adopted by the Council is statutorily required to be balanced, the unbalanced numbers reflect the work that must be done every year to ensure expenditures are in line with revenues.

The forecasting process is continuous, fine-tuned each year as part of the normal budgeting process. In the past, we have focused all of our attention on total revenues/expenditures in the City's General Fund. For 2016, we will expand our conversation to include both a more detailed analysis of the



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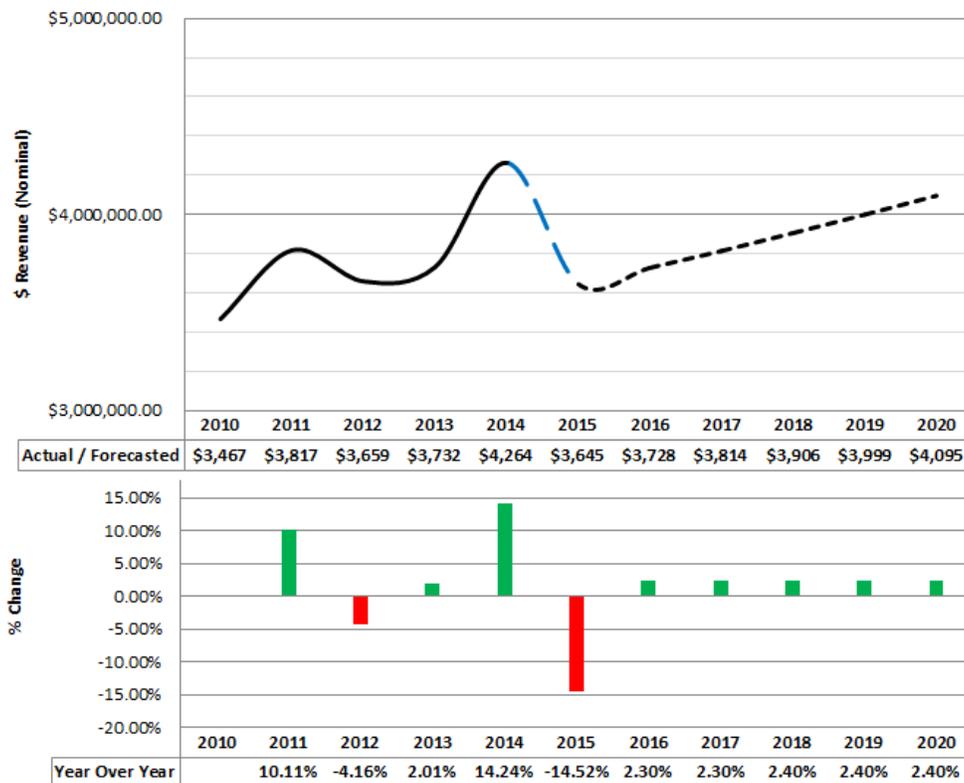
primary revenue/expense drivers within the General Fund, as well as the budgets for Mission’s street and stormwater infrastructure programs.

**General Fund Revenue Forecasts and Assumptions**

**Sales and Use Tax Revenues**

The largest revenue stream in the City’s general fund comes from sales and use taxes. This revenue stream includes the City’s 1% general sales tax and the portion of the County’s sales tax (general and special use) that is distributed based on a statutory formula. Sales and use tax revenues comprise approximately 35% (\$3.6 million) of the budgeted General Fund revenues for 2015.

**Sales and Use Tax**



The chart above depicts the City’s actual (solid line) and forecasted (dotted line) sales and use tax revenues from 2010 through the end of the forecast period. Mission, along with most cities in Johnson County, reported sales tax collections in 2014 that exceeded budgeted projections. Mission’s spike can also be attributed to one-time equipment purchases made by AT&T for their Foxridge facility. For forecasting purposes, we used the 2015 budgeted figure and grew sales tax by CPI (as projected by the CBO Forecast) through 2020. Sales tax is potentially the City’s most volatile or



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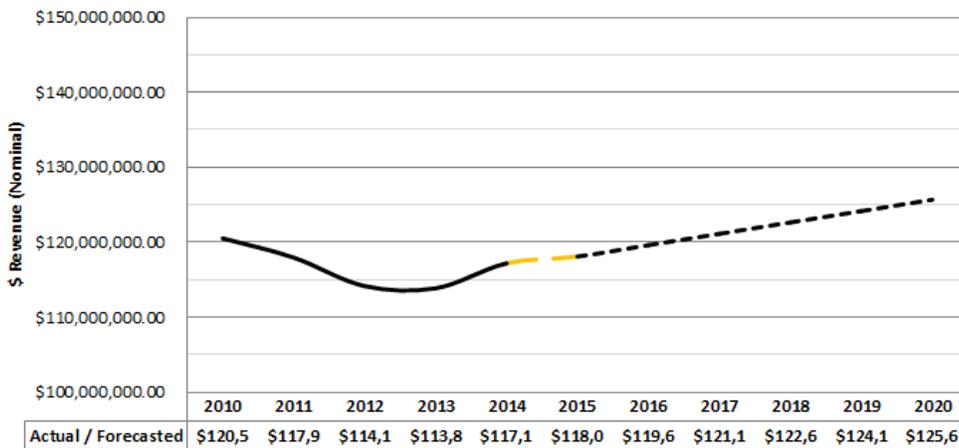
“elastic” revenue stream, subject to shifts in the national and regional economy. The current forecast model does not include assumptions regarding any significant development occurring at the Gateway site or elsewhere throughout the City, therefore, presenting a conservative revenue model.

Property Tax Revenues

Property tax revenues comprise approximately 13% of the General Fund revenues in the 2015 Budget. This revenue stream is based on the assessed valuation of taxable real and personal property in each taxing jurisdiction. The City Council is responsible for setting the mill levy annually during the budget process. One mill is equivalent to one dollar for every \$1,000 of assessed property value.

The assessed valuation is established by the Johnson County Appraiser’s office. The chart below details Mission’s actual assessed valuation since 2010, and projections through the forecast period.

**Assessed Valuation of Real & Personal Property**

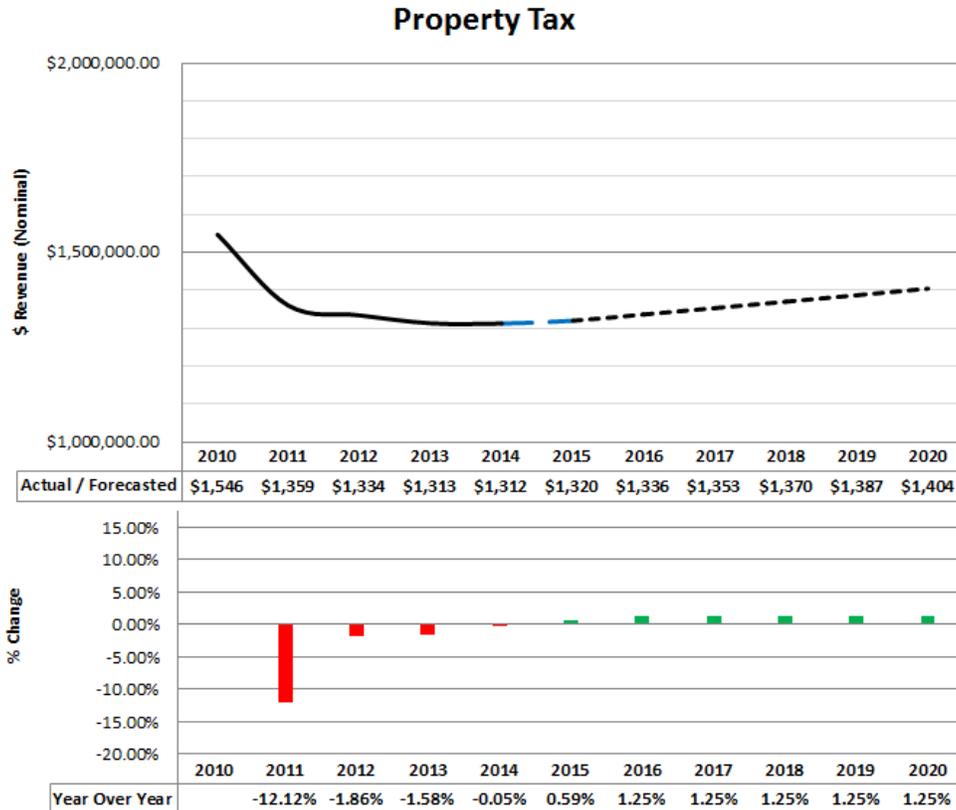


From 2010 to 2012, the City’s overall property valuations were declining, consistent with county-wide trends. In 2013-24, Mission experienced a slight increase. Based on estimates provided by the Appraiser’s Office in February, we anticipate an overall increase in assessed valuation for 2015 of 4.57%.



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Based on the Appraiser’s estimates, one mill is expected to generate approximately \$118,000 in the 2016 Budget. Mission’s current mill rate is 11.354, all of which are dedicated to the General Fund. The tables below detail historical and forecasted information for the City’s property tax revenues.



Property tax assumptions through 2020 are based on the mill levy being held constant (11.354 mills), and a 1.25% increase in assessed valuation over the forecast period. The opportunities available to the City to impact/change property tax revenues are through increases or decreases in the annual mill levy, or efforts to increase property values. This can be accomplished by encouraging density in development/redevelopment, public infrastructure investment, and efforts to maintain the overall quality of existing commercial and residential properties.



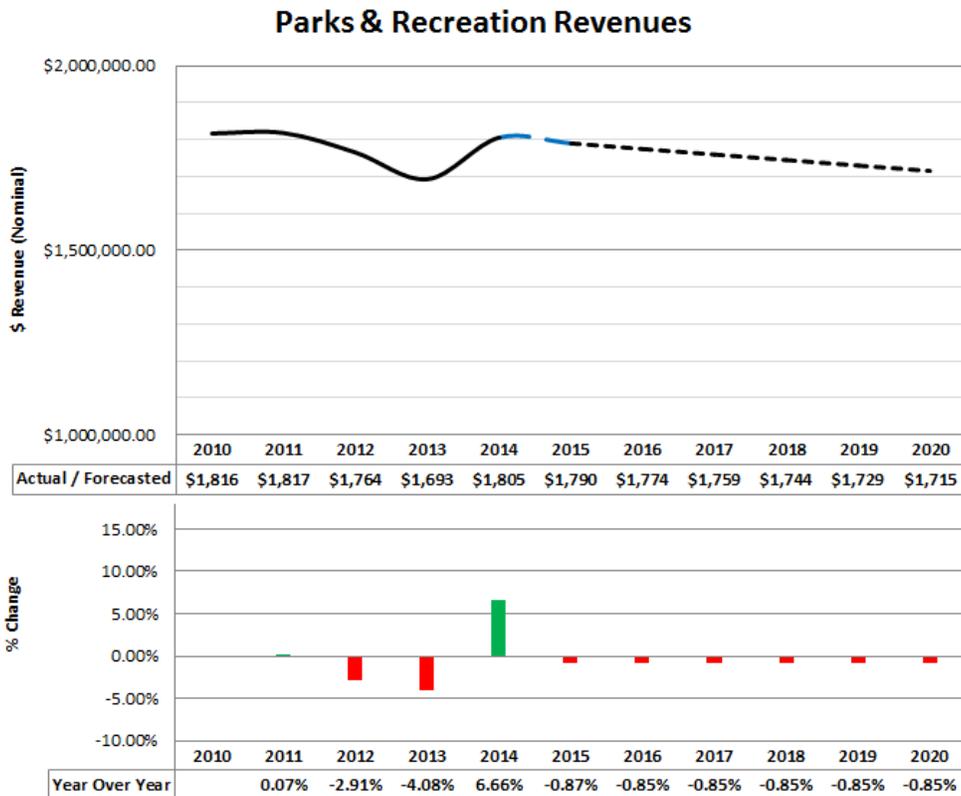
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Parks and Recreation Revenues

Parks and Recreation revenues are generated through:

- Memberships, facility rentals, class/program fees and summer camp fees from the Community Center
- Memberships, daily fees and concessions from the Mission Family Aquatic Center

Since 2010, parks and recreation related revenues had been declining. The City experienced a spike, or upward trend, in the 2014 budget that was primarily driven by revenues from the new Mission Family Aquatic Center (outdoor pool) and an increase in summer camp registrations.



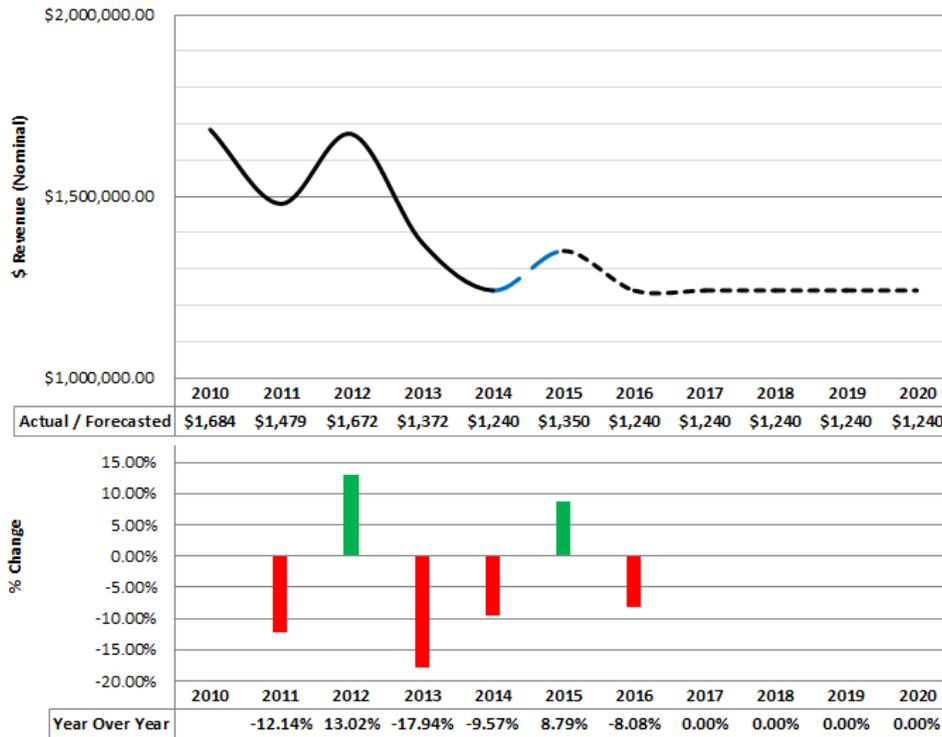
Revenues in the forecast period are projected at a slight decline in order to allow the City to develop more history on anticipated outdoor pool revenues and to match the continued trend of decreasing revenues attributed to the Community Center. In addition, the City Council recently revised the cost-recovery goal for the Community Center from 80% to 90% for 2016, increasing to 100% with the 2017 Budget. Conservative revenue estimates are designed to help facilitate the conversations and decisions regarding steps necessary to achieve the new cost-recovery goals.

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### Fine and Forfeiture Revenues

Fine and forfeiture revenues are collected as a result of law enforcement activity, primarily traffic enforcement, and associated municipal court charges. This revenue category represents approximately 12-13% of annual General Fund Revenues.

### Fines and Fees



For forecasting purposes, revenues have been estimated at 2014 actual collections through 2020.



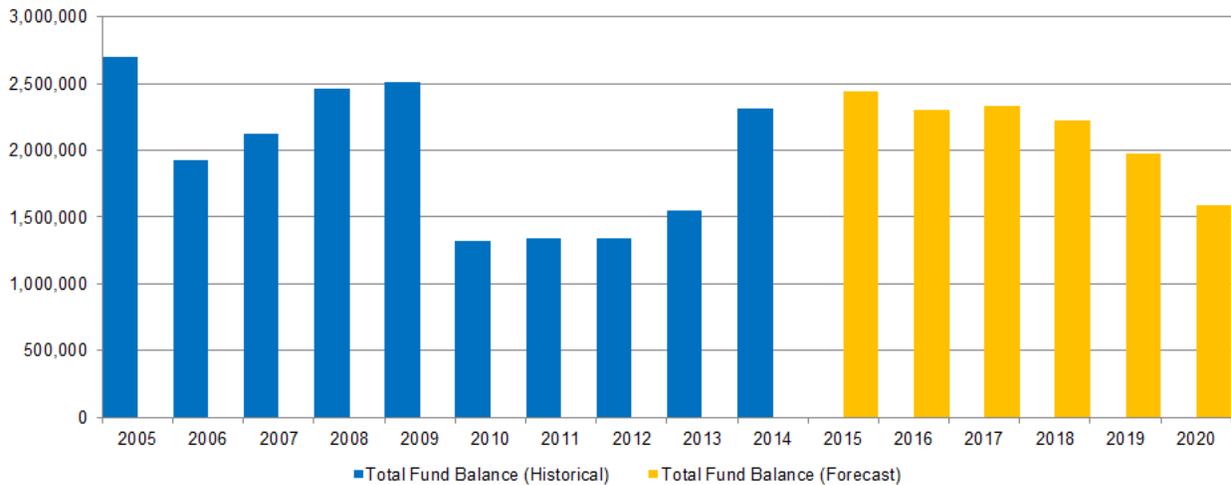
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**General Fund Revenue/Expenditure Forecasts and Fund Balance Impacts**

The General Fund is used to account for resources traditionally associated with providing government services that are not required legally, or by sound financial management practices, to be accounted for in a separate fund. This fund supports the general operations of the City.

Historically, General Fund revenues were shared between operating costs and investment in capital projects. From 2004-2013, approximately \$11 million was transferred from the General Fund for capital project construction or debt service associated with capital project construction, representing approximately 18% of total General Fund (operating) revenues for that same time period. A chart detailing changes in the City’s mill levy and utility fees since 2005 is attached.

The City Council has an established fund balance target/goal of 25% of budgeted revenues in the General Fund, or approximately \$2.5 million. There was a specific draw-down of fund balance in 2010 to restructure stormwater debt, and there has been a concerted effort to maintain, and ultimately rebuild fund balance since that time. While the figures for 2014 shown below are unaudited, it appears we made substantial progress toward that goal in 2014 (see table below).

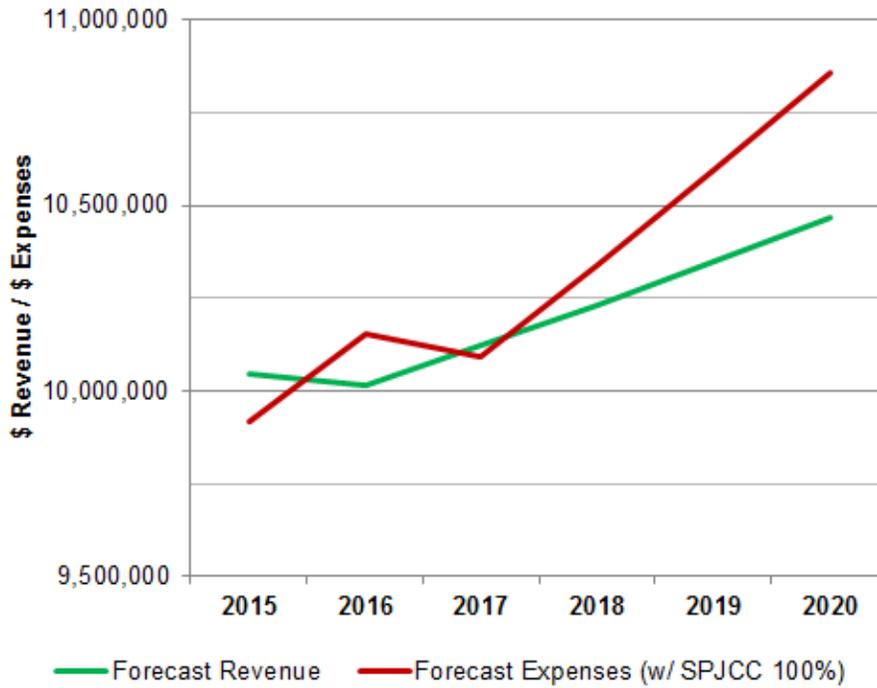


Typically, Mission’s 5-Year Financial Forecast has reflected the City’s fund balance turning “upside-down” within the forecast period. This is not uncommon in forecasting models, and serves as a reminder that there is work to be done each year’s annual budget process. However, you will note below, that with the anticipated changes in the cost-recovery goals for the Community Center, fund balance stays positive through the end of the forecast period. The next pages illustrates the overall revenue and expenditure trend for the City’s General Fund.



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**Forecast Revenue / Expenses  
and Fund Balance, 2015 - 2020**

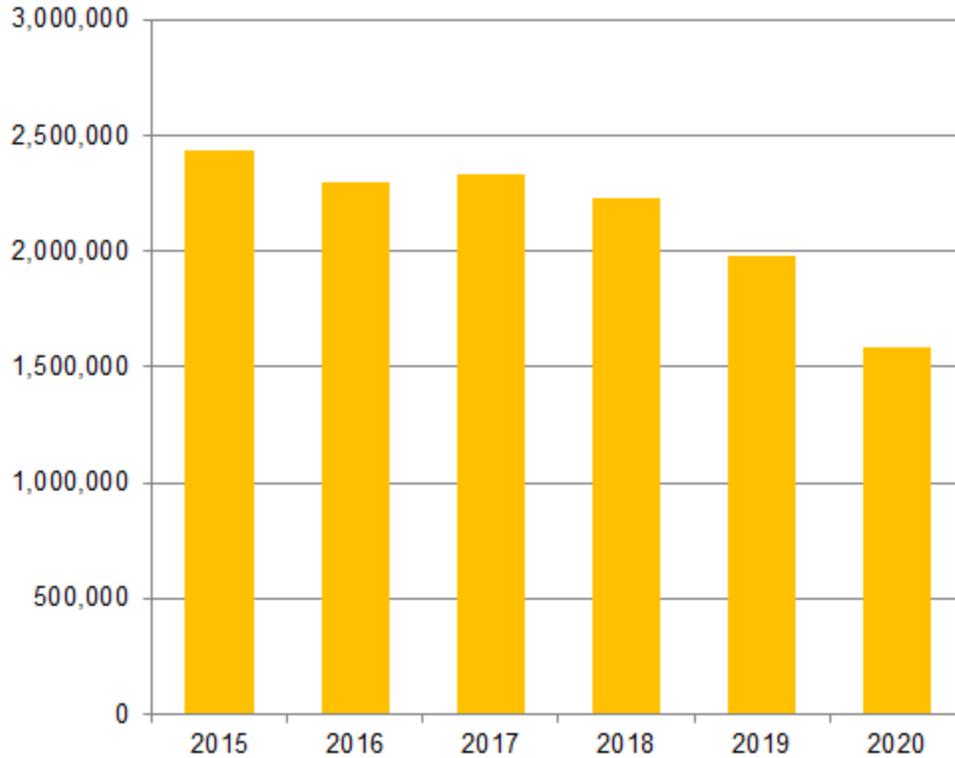


	2015	2016	2017	2018	2019	2020
Revenue	10,045,903	10,015,171	10,120,926	10,232,853	10,347,467	10,464,825
Expenses*	(9,918,560)	(10,153,924)	(10,090,187)	(10,338,728)	(10,594,459)	(10,858,496)
Surplus (Deficit)	127,343	(138,754)	30,739	(105,876)	(246,992)	(393,671)
Ending Fund Balance	2,438,669	2,299,915	2,330,654	2,224,778	1,977,786	1,584,114

\* The effect of obtaining SPJCC's 100% cost recovery goal is subtracted from Expenses. (remains at 80% in 2015, escalates to 90% in 2016, and 100% in 2017 - 2020)

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## Total Fund Balance (Forecast)



	2015	2016	2017	2018	2019	2020
Ending Fund Balance	2,438,669	2,299,915	2,330,654	2,224,778	1,977,786	1,584,114
Fund Balance Target	2,511,476	2,503,793	2,530,232	2,558,213	2,586,867	2,616,206
Remaining to Target	(72,807)	(203,878)	(199,578)	(333,435)	(609,081)	(1,032,092)



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Also attached is a detailed copy of the forecast spreadsheet used to produce the charts/graphs in this memo. The forecast document provides us with the broad context framework as we move into specific discussions of the revenue and expense drivers in the 2016 General Fund budget.

### **Capital Infrastructure Revenue/Expense Forecast**

Over the last 10-12 years, the City has taken a number of actions taken to address the infrastructure challenges facing our community. Specifically, the creation of dedicated revenue streams for capital infrastructure investments and the conscious use of debt to address deferred infrastructure needs. These dedicated funding sources include:

- Stormwater Utility Fees
- Transportation Utility Fees
- Property Tax Revenues (dedicated mill for Mohawk Park debt service)
- ¼-cent Dedicated Street Sales Tax
- ⅜-cent Dedicated Parks & Recreation Sales Tax
- Drainage District Revenues
- Special Highway Revenues (pass through from State)
- Special Parks & Recreation Revenues (pass through from State)
- County, State or Federal Funds
- Transfers from other Funds

During our April 1, 2015 Finance & Administration Committee meeting, we will do our first high-level review of the 2015-2020 Community Investment Program (CIP).

If you have questions regarding any of the material included, please feel free to contact me prior to Wednesday's worksession.



## **Guiding Principles**

- 1. Open, accountable government.**
- 2. Working in partnership with each other, other organizations and citizens.**
- 3. Best practices in quality service delivery.**
- 4. Expand the tax base.**

## **Goals and Objectives**

**Goal Statement #1 - Foster development and redevelopment that provides housing and commercial options to be a community for all.**

**Goal Statement #2 - Create and maintain a community that is a destination to live, work, play and raise a family.**

**Goal Statement #3 - Create and maintain an infrastructure system that supports the vitality of our destination and development.**

## Proposed Action Steps

### **Goal Statement #1 - Foster development and redevelopment that provides housing and commercial options to be a community for all.**

- Test “Community for All” perceptions - checklist
  - Continue participating in MARC program
  - Establish and implement standards as deemed appropriate for Mission
  - Continue for long term

*Status Update: City Council adopted Resolution 930 which directed staff to consider the the Communities for All Ages content in an ongoing manner. City is currently signed on as one of seven pilot communities to continue the technical assessment work with support from MARC through June 2015. Work to date has included a facilitated meeting with high level City staff to discuss current service delivery using the checklist content. The checklist was also introduced to the Sustainability Commission for on-going review and support. Staff will be facilitating meetings to incorporate the Communities for All Ages content as part of the Comprehensive Plan update and Parks Master Plan processes where appropriate.*

- Conduct Visioning Process. Define key elements of community vision/stated goal. Provide clarity to the stated goal.
  - Determine scope
  - Conduct selection process for firm
  - Vision cycle Vision - implementation costs - test with Community - Adjust Vision

*Status Update: The City Council approved a budget of \$30,000 in 2015 to complete an update to the City’s Comprehensive Plan. The work is largely staff driven, with some consultant support. The process kicked off in January 2015, and a cross-functional Steering Committee was formed to assist in survey development, issue definition and public outreach. A public forum/open house was held on February 11, 2015 and a citizen survey is ready to be mailed to assist in data collection. The visioning process is expected to continue over the next 6-7 months, concluding with approval of an updated Comprehensive Plan later this fall.*

- Update Hyett Palma/Surveys/ Mind-Mixer/Social Media Outreach
  - Determine Scope
  - Determine approach - timing - budget - implement

- Budget
- Notice to proceed if Hyett Palma

*Status Update: Council decided not to proceed with a formal update to the Hyett Palma study. An initial contract was approved with Mind-Mixer to be tested through the Comprehensive Plan Update and Parks Master Plan processes. The Mind-Mixer site was launched in early 2015 and staff continues to work to promote its visibility and usage. Website redesign was completed and we continue to have an active presence on Facebook and Twitter.*

- Develop a comprehensive Branding Strategy
  - Budget
  - RFP process for strategy
  - Staff work for neighborhood strategies

*Status Update: Nothing was formally budgeted in 2015 for this initiative. Staff recommends revisiting this goal/objective at the Council retreat this fall for further discussion and review. Information will be available from the Comprehensive Plan update process, the Park Master Plan, the Downtown District Task Force and the DirectionFinder Survey that may assist in refining objectives or potential action steps surrounding this initiative.*

- Establish a downtown partnership
  - Develop program or model other successful downtown organizations
  - Develop structure and assist with start up
  - Provide support

*Status Update: Downtown District Task Force began meeting in January 2015 and their work is anticipated to wrap up in June. They have engaged in conversations with other local downtown organizations and one area of emphasis and anticipated recommendations will focus on the creation of a downtown partnership/association of some type.*

- Explore Neighborhood Revitalization Program (ED incentive)
  - Update economic development incentives
    - Staff to review programs
    - Staff to develop programs for Council consideration

*Status Update: Preliminary research was presented to Council in May 2014. No clear goals or direction was established at that time. Staff anticipates that more information may develop through the process of updating the Comprehensive Plan. Staff will continue to explore options for the the use of this economic development tool.*

**Goal Statement #2 - Create and maintain a community that is a destination to live, work, play and raise a family.**

**“A place where people want to live, work and play.”**

**Live**

- Implement standards for diverse housing - Need more housing options
  - Staff to create standards for Council consideration

*Status Update: Not not started. Anticipate using feedback collected through the Comprehensive Plan update and citizen survey processes to develop more specific standards for Council review.*

- Support redevelopment to create diverse housing
  - Staff to review and recommend programs

*Status Update: Not yet started. Anticipate using feedback collected through the Comprehensive Plan Update and citizen survey processes to develop more specific standards for Council review.*

- Create programs that maintain/Improve existing housing
  - Staff to create programs for Council consideration

*Status Update: No new programs. Anticipate using feedback collected through the Comprehensive Plan Update and citizen survey processes to develop more specific standards for Council review. New Community Development Director and Neighborhood Services staff will be tasked with program research and development based on more clearly identified performance targets.*

- Explore transit options for all ages
  - Maintain - Expand
  - Promote our access to metro area amenities, Mission does not have to provide museums but promote our access to things to do

*Status Update: No specific action taken to date. May be considered and explored as a part of the Communities for All Ages discussions.*

- Promote How “Great” Mission is to Live - website, social media, streaming meetings
  - Turn our enforcement and police department as a positive
  - Mission is a “healthy” place to live
  - Shawnee Mission School District is great

*Status Update: Council and Committee meetings are now available via a live feed. Police Department has emphasized community outreach and involvement as a cornerstone of their service delivery. Mind-Mixer site was launched in early 2015 and staff continues to work to promote its visibility and usage. Website redesign was completed and we continue to have an active presence on Facebook and Twitter.*

## Work

- Explore “gaps” to increase business diversity in Mission

*Status Update: On-going staff work. Could potentially become an area of emphasis once the Community Development Director’s position is filled. Downtown District Task Force is also looking at potential market “gaps” along the Johnson Drive corridor.*

- Develop unique areas for “pockets” of activities - art district, farmers market, small business kiosk
  - Staff to recommend potential areas
  - Work with Council to develop programs for development

*Status Update: Currently researching the possibility of a farmer’s market on Johnson Drive, and expect to present a preliminary report to the Council at the April 1st Community Development Committee meeting.*

- Expand diversity of employment opportunities
  - Provide incentives to broaden business opportunities
  - Staff to develop for Council consideration

*Status Update: No action taken to date.*

- Take advantage of Gateway - Ikea build out - Leverage development
  - Implement branding strategy

*Status Update: Will continue to explore opportunities for redevelopment in and around Mission. City is currently working on a joint project with Roeland Park to explore redevelopment opportunities for the northeast corner of Johnson Drive and Roe. Anticipate discussion on the Gateway and Hobby Lobby sites in the next 6-12 months.*

- Continue momentum of Johnson Drive improvements
  - Provide strategy for start up businesses on new Johnson Drive
  - Will Johnson Drive success stifle start ups?

*Status Update: Downtown District Task Force began meeting in January 2015 and their work is anticipated to wrap up in June. In addition to working to explore the viability of a downtown partnership/association of some type, they are also looking at potential business attraction or retention tools for Johnson Drive.*

- Expand BIG program
  - Staff to recommend and budget
  - Council consideration

*Status Update: Staff expended all funds allocated to the Program in 2014 and has already received requests in 2015 that exceed the available budget. Funding recommendations will be presented for consideration during the 2016 budget process.*

- Explore Neighborhood Revitalization Program (ED incentive)
  - Staff to develop program
  - Council consideration

*Status Update: Preliminary research was presented to Council in May 2014. No clear goals or direction was established at that time. Staff anticipates that more information may develop through the process of updating the Comprehensive Plan. Staff will continue to explore options for the the use of this economic development tool.*

- Develop a comprehensive Branding Strategy  
vibrant, healthy, renewal, service, attitude, small town, create positive first impression
  - Budget for process
  - Council consideration
  - RFP for consultants

*Status Update: Nothing was formally budgeted in 2015 for this initiative. Staff recommends revisiting this goal/objective at the Council retreat this fall for further discussion and review. Information will be available from the Comprehensive Plan update process, the Park Master Plan, the Downtown District Task Force and the DirectionFinder Survey that may assist in refining objectives or potential action steps surrounding this initiative.*

## Play

- Complete Parks Master Plan
  - RFP for consultants to complete plan
  - Budget for any improvements noted in plan

*Status Update: Consultant was selected in December, and the process kicked off in January 2015 with a cross-functional Steering Committee to assist in survey development, issue definition and public outreach. A public forum/open house was held on February 11, 2015 and a citizen survey is ready to be mailed to assist in data collection. A comprehensive park inventory has been completed. The Master Plan process will continue over the next 6-7 months, concluding with approval of Parks Master Plan later this fall.*

- Maintain/Improve existing facilities
  - Staff to adequately budget for maintenance and new facilities
  - Council to consider budget

*Status Update: Ongoing part of the annual budget process. Staff to look for funding to complete an inventory of City Hall and the Police Department to develop a detailed plan to assist in budgeting and forecasting. Building maintenance fund for the Community Center has been established as a part of the implementation of the Parks and Recreation Sales Tax.*

- Continue/Expand Community Events
  - Continue to work with MCVB
  - Provide assistance to other groups
  - Develop additional City events

*Status Update: MCVB is currently in the process of evaluating and revamping the community events. With the loss of the parking lot north of the Community Center, the facilities available for the carnival and the BBQ contest are constrained. The focus will remain on quality events, and will consider the possibility of creating a “signature” event for Mission. In addition, with the reconstruction of Johnson Drive the goal may be to pull more activity into the central business corridor.*

- Expand trail system
  - Adequately program and budget for expansion

*Status Update: Trails will be addressed as a part of the Park Master Planning process. A consultant was selected in December, and the process kicked off in January 2015 with a cross-functional Steering Committee to assist in survey development, issue definition and public outreach. A public forum/open house was held on February 11, 2015 and a citizen survey is ready to be mailed to assist in data collection. The Master Plan process will continue over the next 6-7 months, concluding with approval of Parks Master Plan later this fall.*

**Goal Statement #3 - Create and maintain an infrastructure system that supports the vitality of our destination and development.**

- Create appointed CIP Committee to work in cooperation with staff to develop and manage CIP
  - Staff to develop structure
  - Mayor to appoint members

*Status Update: CIP Committee has not been created. Staff still believes there is merit to this approach and will present a proposed structure/purpose for a citizen committee as a part of the 2016 Budget discussions.*

- Maintain commitment to diversified, dedicated revenue sources
  - Staff to develop/recommend sources
  - Council to consider during budget process

*Status Update: Ongoing part of the annual budget process.*

- Understand and account for life cycle costs/deferred maintenance costs in developing long range CIP
  - Staff to develop/recommend for Council consideration

*Status Update: Ongoing part of the annual budget process.*

- Implement Asset Management Plan
  - An **Asset Management Plan (AMP)** is a tactical plan for managing an organization's **infrastructure** and other assets to deliver an agreed standard of service. Typically, an Asset Management Plan will cover more than a single asset, taking a system approach - especially where a number of assets are co-dependent and are required to work together to deliver an agreed standard of service.
  - A **Capital Improvement Plan (Program)**, or CIP, is a short-range plan, usually four to ten years, which identifies capital projects and equipment purchases, provides a planning schedule and identifies options for financing the plan. Essentially, the plan provides a link between a municipality, school district, parks and recreation department and/or other local government entity and a comprehensive and strategic plans and the entity's annual budget.

*Status Update: The Asset Management Plan was recommended by the previous City Administrator. Staff will research and review once we have returned to full staffing levels to understand the benefits of an Asset Management Plan versus the capital improvement plan we currently maintain.*

- Complete traffic sign inventory/analysis
  - Staff to develop inventory and properly budget costs

*Status Update: All traffic signs requiring upgrades to meet federal retroreflectivity standards have been replaced. Public Works staff is currently replacing street ID signs city-wide. Staff anticipates this will be accomplished over the next four years using funds available from the various dedicated street and transportation revenue sources.*

- Complete Park Master Plan
  - RFP for consultants to complete plan
  - Budget for any improvements noted in plan

*Status Update: Consultant was selected in December, and the process kicked off in January 2015 with a cross-functional Steering Committee to assist in survey development, issue definition and public outreach. A public forum/open house was held on February 11, 2015 and a citizen survey is ready to be mailed to assist in data collection. A comprehensive park inventory has been completed. The Master Plan process will continue over the next 6-7 months, concluding with approval of Parks Master Plan later this fall.*

- Update Citizen Survey on a regular basis
  - 2014
  - Adequately budget for updates

*Status Update: Mission has historically completed citizen surveys every four years. Council budgeted for an update of the ETC DirectionFinder Survey in the 2015 Budget. The DirectionFinder survey is being used in conjunction with an additional survey instrument designed to support the Comprehensive Plan and Park Master Plan processes. The DirectionFinder survey is anticipated to be released in late spring/early summer.*

## Mission Historical Summary of Mill Levy and Utility Fees

Tax Year	Budget Year	Property Tax Mill Levy				Stormwater Utility Fee	Solid Waste Utility Fee	Transportation Utility Fee	Notes/Comments:
		General	Stormwater	Debt Service	Total Mill Levy				
2002	2003	5.1240	0.0000	0.0000	5.1240	\$0.00	\$0.00	\$0.00	No change. Final mill levy rate impacted by property valuations.
2003	2004	5.0410	0.0000	0.0000	5.0410	\$0.00	\$0.00	\$0.00	No change. Final mill levy rate impacted by property valuations.
2004	2008	7.9100	1.0000	1.0250	9.9350	\$48.00	\$0.00	\$0.00	Increase in GF mill for operations, add 1 mill for stormwater and establish Stormwater Utility at \$4/mo/ERU, add 1 mill for debt service for acquisition of Mohawk Park
2005	2006	9.9310	1.0030	1.0280	11.9620	\$48.00	\$0.00	\$0.00	Increase in GF mill to maintain existing basic service levels
2006	2007	11.1470	1.0020	1.0270	13.1760	\$72.00	\$0.00	\$0.00	Increase in GF mill to address revenue concerns, but agreed to 4 year moratorium on all future mill rate increases until the longer term effect of redevelopment could be assessed on both revenues and expenses. Stormwater ERU increased to \$6/mo/ERU based on needs identified through engineering studies and projects.
2007	2008	11.1650	1.0040	1.0290	13.1980	\$72.00	\$0.00	\$0.00	No change. Final mill levy rate impacted by property valuations.
2008	2009	11.1800	1.0050	1.0300	13.2150	\$72.00	\$121.06	\$0.00	Portion of residential trash service fees shifted to single-family property owners, General Fund still subsidizing approximately 40% of the cost of this service
2009	2010	11.1820	1.0050	1.0300	13.2170	\$72.00	\$121.06	\$0.00	No change. Final mill levy rate impacted by property valuations.
2010	2011	10.1830	0.0000	1.0300	11.2130	\$228.00	\$121.06	\$72.00	GF mill reduced. Stormwater utility was adjusted to cover existing debt service for more than \$20 million in improvements, stormwater mill was eliminated. TUF implemented following public input on how to fund comprehensive street maintenance program.
2011	2012	10.3260	0.0000	1.0450	11.3710	\$228.00	\$121.06	\$72.00	No change. Final mill levy rate impacted by property valuations.
2012	2013	10.3610	0.0000	1.0490	11.4100	\$276.00	\$163.08	\$72.00	Stormwater fee increased by \$4/month to fund Johnson Drive interceptor project.
2013	2014	10.3610	0.0000	1.0490	11.4100	\$276.00	\$163.08	\$72.00	No change. Final mill levy rate impacted by property valuations.
2014	2015	11.3540	0.0000	0.0000	11.3540	\$276.00	\$163.08	\$72.00	1 mill for Debt Service reallocated to GF after completion of Mohawk Park bond issue. No change in Total Mill Levy. Final mill levy rate impacted by property valuations

\*All utility fees are illustrated based on their impact to a single-family residential property.

## FIVE YEAR FINANCIAL FORECAST (2015 - 2020)

			Year							
	2014	2015		2016	2017	2018	2019	2020		
	Actual	Budget								
<b>Revenues</b>										
Sales and Compensating Use Taxes	4,159,428	3,540,000	1	3,621,420	3,704,713	3,793,626	3,884,673	3,977,905		
Recreation Fees	1,805,693	1,790,000	3	1,774,785	1,759,699	1,744,742	1,729,912	1,715,207		
Property Tax	1,312,317	1,488,478	2	1,507,084	1,525,923	1,544,997	1,564,309	1,583,863		
Fines and Forfeitures	1,240,933	1,350,000	5	1,240,933	1,240,933	1,240,933	1,240,933	1,240,933		
Utility Franchise Tax	1,034,574	1,050,000	6	1,060,500	1,071,105	1,081,816	1,092,634	1,103,561		
All Other Revenues	759,840	802,425	6	810,449	818,554	826,739	835,007	843,357		
Transfer from Parks & Recreation Sales Tax	100,000	25,000	7	0	0	0	0	0		
<b>Total Revenues</b>	<b>10,412,785</b>	<b>10,045,903</b>		<b>10,015,171</b>	<b>10,120,926</b>	<b>10,232,853</b>	<b>10,347,467</b>	<b>10,464,825</b>		
<b>Expenditures</b>										
	2014	2015		2016	2017	2018	2019	2020		
	Actuals	Budget								
Personnel Services	6,077,266	6,434,630	4	6,659,842	6,892,937	7,134,189	7,383,886	7,642,322		
Contract Services	2,513,632	2,603,580	1	2,663,462	2,724,722	2,790,115	2,857,078	2,925,648		
Commodities	382,685	505,350	1	516,973	528,863	541,556	554,554	567,863		
Capital Outlay	416,544	210,000	8	450,000	450,000	450,000	450,000	450,000		
Transfers to Solid Waste	85,000	85,000	n/a	85,000	85,000	85,000	85,000	85,000		
Debt Service - Streetlight Acquisition	78,103	80,000	n/a	80,000	80,000	80,000	80,000	80,000		
<b>Total Expenditures</b>	<b>9,553,230</b>	<b>9,918,560</b>		<b>10,455,277</b>	<b>10,761,522</b>	<b>11,080,861</b>	<b>11,410,517</b>	<b>11,750,833</b>		
<b>Consequences of Policy</b>										
Increased cost recovery goal at SPJCC			7	90% \$301,352.18	100% \$671,334.68	100% \$742,132.13	100% \$816,057.96	100% \$892,336.03		
<b>Beginning Fund Balance</b>	<b>1,551,771</b>	<b>2,311,326</b>		<b>2,438,669</b>	<b>2,299,915</b>	<b>2,330,654</b>	<b>2,224,778</b>	<b>1,977,786</b>		
<b>Revenues over Expenditures</b>	<b>759,555</b>	<b>127,343</b>		<b>(138,754)</b>	<b>30,739</b>	<b>(105,876)</b>	<b>(246,992)</b>	<b>(393,671)</b>		
Financial Management Software (Encumbered for 2015)	(100,000)									
<b>Ending Fund Balance</b>	<b>2,311,326</b>	<b>2,438,669</b>		<b>2,299,915</b>	<b>2,330,654</b>	<b>2,224,778</b>	<b>1,977,786</b>	<b>1,584,114</b>		
25% Fund Balance Target		2,511,476		2,503,793	2,530,232	2,558,213	2,586,867	2,616,206		
Remaining to Target		(72,807)		(203,878)	(199,578)	(333,435)	(609,081)	(1,032,092)		

