



MEMORANDUM

Date: August 31, 2022
To: Mayor and City Council
From: Laura Smith, City Administrator
RE: Community Dialogue – 2022 Revised Budget and 2023 Proposed Budget

During the August 31 Community Dialogue/Budget work session we will highlight the final recommendations for the 2022 Revised and 2023 Proposed budgets. There will be a presentation for the public, and the information included in the memo rounds out some of the final pieces of information that have been promised as we prepare for the Special City Council meeting at 6:00 pm on September 7. Items to be covered in this memo include:

- 2023 Expenditures by Key Performance Area
- Review of proposed expenditures in connection with 2021 DirectionFinder survey results
- Budgeted vs. actual subsidies for Powell Community Center 2020 – 2022

In addition to the items listed above, a new General Fund Summary page has been included which moves the \$1,621,000 in supplemental expenditures carried in a “Miscellaneous” line item in last week’s materials into the appropriate departmental line items.

It should also be noted, that after reviewing sales/use tax receipts for August 2022, revenues for 2022 estimated were revised upward slightly, which allows the proposed reduction in the General Fund reserves to move from the 2.5% discussed during the August 24 work session to 23%. If the remainder of the year trends as anticipated, we will restore the 25% fund balance at the end of 2023 before we even begin the fiscal year.

Key Performance Areas – 2023 Budget

During a May 2022 Governing Body retreat, five key performance areas were identified which were reflective of the Council’s top priorities and objectives.

- Infrastructure
- Parks + Recreation
- Municipal Operations
- Sustainability
- Economic Development

Outcome statements were developed for each area, and the commitment was to connect budget and policy recommendations back to each key performance areas annually. Expenditures included in the 2023 Recommended Budget which align with the key performance

areas are highlighted below. Although many address priorities in more than one key performance area, each item is listed shown just once, with notes indicating overlapping goals.

(Key: (I) = Infrastructure, (P) = Parks + Recreation, (M) = Municipal Operations, (S) = Sustainability, (E) = Economic Development. In addition, if there are grant funds being used to fund all or a portion of the expenditures it has been noted with \$\$.)

Infrastructure: Mission's infrastructure is invested in to strategically maintain and ensure a safe and connected community for all. Total 2023 Investment: \$13,139,676	
<i>Increase in GF transfer of property tax revenues for street maintenance by 25% (\$1.4 million)</i>	<i>Additional GF dollars transferred for street maintenance (\$500,000)</i>
<i>Foxridge (Lamar to 51st Street) construction (\$5.1 million) \$\$ (E) (S)</i>	<i>Increase funding for stormwater maintenance projects (\$250,000 additional + \$150,000 existing = \$400,000 total)</i>
<i>Funding for Preliminary Project Study for Rock Creek Channel from Outlook to Woodson (\$196,150) \$\$</i>	<i>Continued investment in stormwater inventory (\$142,876)</i>
<i>Debt service for street infrastructure projects – all street debt retires in 2023 (\$558,650)</i>	<i>Debt service for stormwater infrastructure projects (\$2.4 million)</i>
<i>Roe Avenue mill and overlay project from SMP to 63rd Street (\$72,000) \$\$</i>	<i>Funding for residential street program (\$2.0 million)</i>
<i>Traffic striping/traffic safety programs (\$75,000)</i>	<i>Curb and sidewalk program funding increased 200% (\$150,000)</i>
<i>Pedestrian activated stop signs at 61st and Broadmoor (\$60,000)</i>	<i>Bridge inventory and maintenance (\$25,000)</i>
<i>Increase frequency for creek channel maintenance (\$10,000 supplemental + \$10,000 current = \$20,000 total) (S)</i>	<i>ADA Compliance Plan Phase II – Public Facilities (\$40,000)</i>

Parks and Recreation: Maintaining welcoming, inclusive, clean, safe destinations and programs to improve the community's quality of life and activities. Total 2023 Investment: \$2,277,460	
<i>GF reserves earmarked for construction of a dog park (\$200,000)</i>	<i>Additional GF dollars transferred for park and market site improvements (\$350,000) (E)</i>
<i>Increase in park maintenance line item to address maintenance priorities identified by residents and Council (\$35,000 supplemental + \$50,000 base budget = \$85,000 total)</i>	<i>P+R part-time salaries line item to absorb ~\$45,000 for additional parks maintenance staff</i>
<i>MFAC maintenance and upgrades to include: slide maintenance, 1m diving board replacement, shade structure replacement and pump and filter replacement (\$77,00)</i>	<i>Broadmoor trail widening/replacement (\$190,000)</i>
<i>Streamway Park improvements – to include dog park (\$800,000)</i>	<i>Debt service on MFAC – debt retires 2023 (\$530,460)</i>

Municipal Operations: Delivery of responsive and relevant services through the continual evaluation of resident, business, Council, and organizational priorities which allocate limited or finite resources (\$ and time). Total 2023 Investment: \$1,006,000	
<i>Funding for employee retention and recruitment adjustments (\$175,000)</i>	<i>Update to City's zoning code to address existing challenges and to incorporate recommendations from the update to the Comprehensive Plan (\$100,000)</i>
<i>Replace financial management software (\$100,000)</i>	<i>Add FT building inspector position to support increased redevelopment activity (\$74,500)</i>
<i>Replace IT network components (\$97,000)</i>	<i>Replace Tasers for police department (\$20,000/yr for 5 years) – grant application pending</i>
<i>Increase supervisory training and HR consulting to address succession planning, employee development and organizational liability (\$10,000)</i>	<i>Initiatives to promote and enhance diversity, equity and inclusion (DEI) throughout the organization and the community. (\$19,500)</i>
<i>Replacement of 2 Police admin vehicles with hybrid models (\$80,000 total) (S)</i>	<i>CSO Vehicle Replacement (\$50,000)</i>
<i>Ford f-450 Crew Cab (\$90,000) (I)</i>	<i>Gator Utility Vehicle (\$38,000) (P)</i>
<i>Purchase of automated license plate readers (\$140,000) \$\$</i>	<i>Radio Repeater (\$12,000)</i>

Sustainability: Mission is a leader in sustainability which has created a resilient and adaptable city by reducing our carbon footprint in both City operations and across our community. Total 2023 Investment: \$637,950	
<i>Additional funding for preservation and enhancement of urban tree canopy (\$40,000 supplemental + \$35,000 base budget = \$75,000 total)</i>	<i>Street tree inventory (\$20,000)</i>
<i>Energy audit grant Program (\$30,000) (E)</i>	<i>Complete bike/ped plan (\$25,000) (E)</i>
<i>Additional \$ available for sustainability initiatives identified throughout the year (\$135,000)</i>	<i>FCIP Improvements – annual debt service (\$250,000) (M)(P)</i>
<i>EV Charging Stations at PCC (\$15,000) (P)</i>	<i>Participation in Renewables Direct program (\$50,000 in existing budget)</i>
<i>Design for native plantings on Jo Drive (\$7,950) (E)</i>	<i>Funding to begin transition to native plantings on Jo Drive (\$30,000 in base budget) (E)</i>

Economic Development: A diversified and robust civic and business community with a thriving downtown – a city where all you desire on a weekly basis is only a walk or a bike ride away (15 min city). Total 2023 Investment: \$207,950	
<i>Business Improvement Grant Program (BIG) (\$25,000)</i>	<i>Mission Magazine (\$50,000)</i>
<i>Banners for Johnson Drive (\$7,950)</i>	<i>Mission Market (\$25,000)</i>
<i>Planning Sustainable Places Project Development Grant (\$100,000) \$\$</i>	

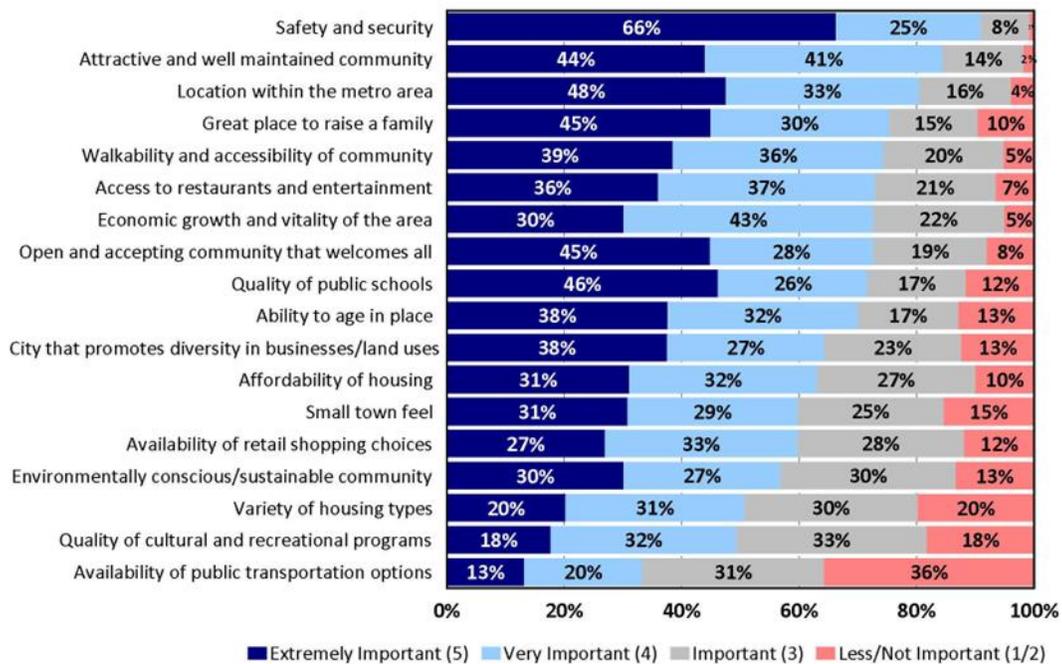
Alignment of Proposed Expenditures with DirectionFinder Survey Results

Since 2007, Mission has used the ETC DirectionFinder Survey tool to help identify and prioritize the programs, services and policies important to our residents. This statistically valid instrument continues to impact the allocation of resources in the City’s budget. In the 2021 survey, residents were asked to rank the importance of various factors influencing their decision to live in Mission. Many of the items on the list are outside the City’s control (i.e. location within metro, quality of public schools), but a number of others can be directly impacted by the City’s budget.

2021 City of Mission Community Survey: Findings Report

Q16. Importance of Various Factors in Resident’s Decision to Live in Mission

by percentage of respondents who rated the item as a 1 to 5 on a 5-point scale (excluding “don’t know”)



ETC Institute (2021)

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As we think about how to translate things which are important to residents into actual programs and services, there are a number of other questions included in the survey which help to inform recommendations. When we use the survey data in connection with the key performance areas, we are equipped to provide clear and effective communication with residents and businesses about how a recommended annual budget is being used to accomplish priority objectives.

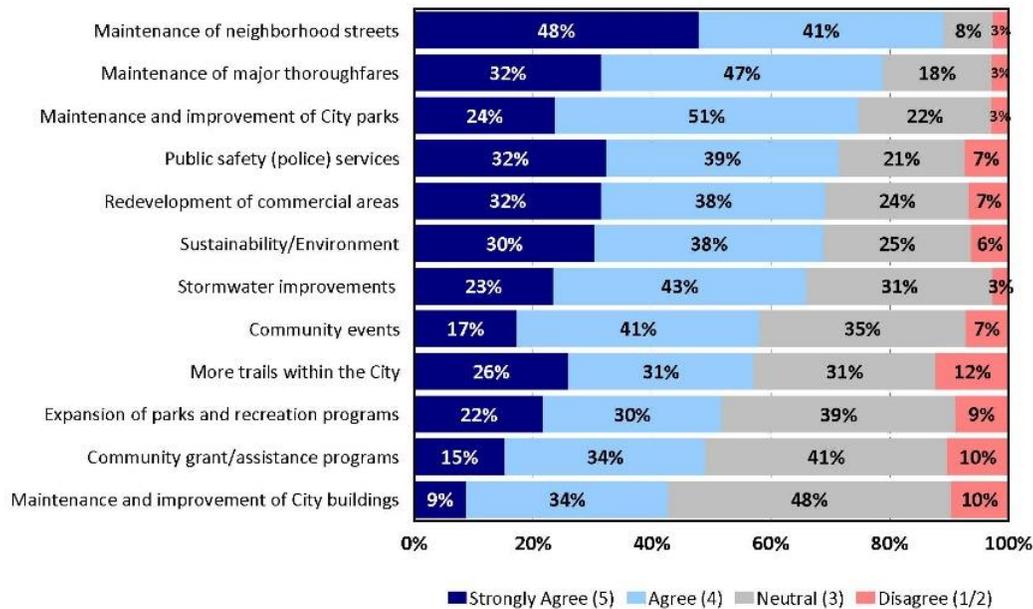
Summarized from above, the total proposed investment in each key performance area in 2023 is:

Key Performance Area	Total 2023 Investment
Infrastructure	\$13,139,676
Parks + Recreation	\$ 2,277,460
Municipal Operations	\$ 1,006,000
Sustainability	\$ 637,950
Economic Development	\$ 207,950

2021 City of Mission Community Survey: Findings Report

Q19. Agreement with Statements of Support for Increased City Investment in Current and Future Unmet Needs

by percentage of respondents who rated the item as a 1 to 5 on a 5-point scale (excluding "don't know")



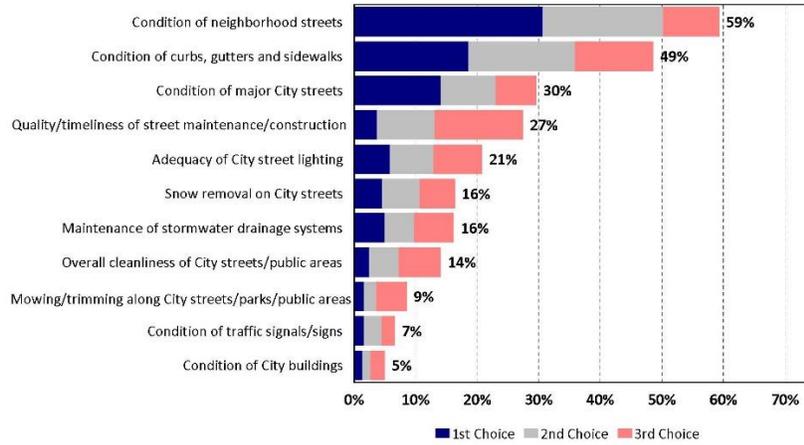
ETC Institute (2021)

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Mission’s investment in infrastructure is more than three times the investment in all other categories combined – a clear and deliberate response to citizen and Council priorities. And expenditures in other key performance areas align closely with resident desires. In addition to support for increased investment in these services, residents also shared feedback around the City maintenance services which should receive the most emphasis. Q11 details those top priorities.

Q11. City Maintenance Services That Should Receive the Most Emphasis Over the Next Two Years

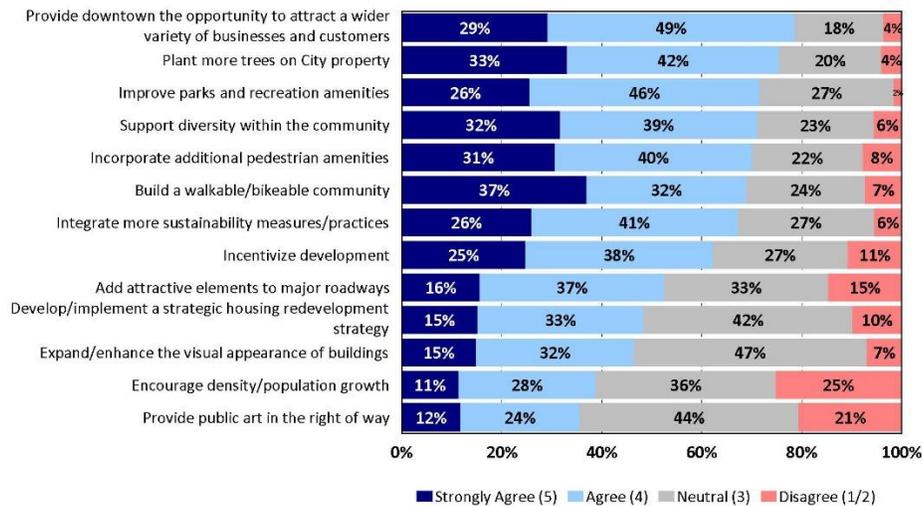
by percentage of respondents who selected the item as one of their top three choices



There were two questions included in the 2021 survey (Q26 and Q27) asking about items which residents felt it was important for the City to pursue. It should be noted that many of these items (walkability, pedestrian amenities, plant more trees) also align with recommendations recently presented by the Climate Action Plan (CAP) Task Force.

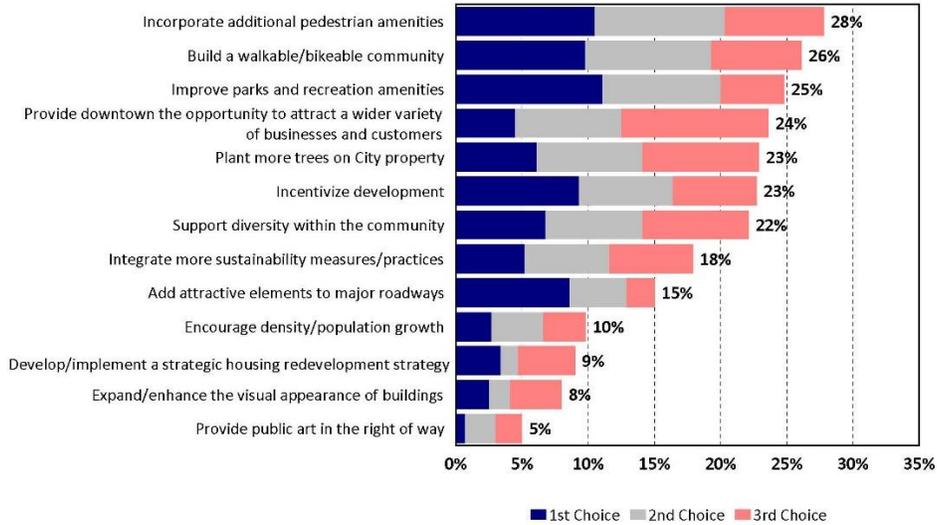
Q26. Agreement with the Following Statements About Actions the City Should Take

by percentage of respondents who rated the item as a 1 to 5 on a 5-point scale (excluding "don't know")



Q27. Items That Residents Think Are Most Important for the City to Pursue

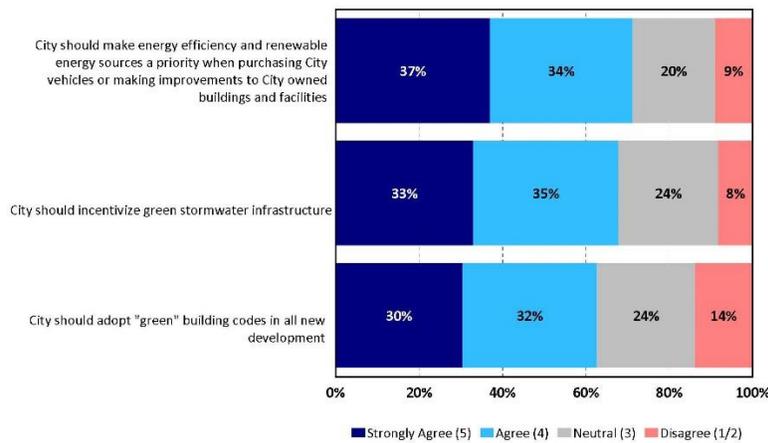
by percentage of respondents who selected the item as one of their top three choices



Finally, one last question from the 2021 survey related to residents agreement with certain sustainability actions is included below:

Q25. Agreement with the Following Statements

by percentage of respondents who rated the item as a 1 to 5 on a 5-point scale (excluding "don't know")



Staff feels confident that the 2023 Recommended Budget aligns closely with citizen priorities and those articulated by the Council in various retreats and work sessions over the last 12-18 months.

Powell Community Center Subsidy/Revenue Loss

Finally, Council has asked to see a more detailed analysis of the subsidy required to support operations of the Powell Community Center. It is important to note that the PCC is not budgeted to be 100% self-sufficient in any specific budget year. Therefore, it is important to consider the subsidy that was planned (budgeted) versus the actual subsidy at year end.

The table below illustrates the revenue and expenditure performance of the PCC from 2020 – 2022 Est comparing budget to actual and identifying the cost recovery percentage.

Powell Community Center Subsidy - Budget to Actual							
	2020 Budget	2020 Actual	2021 Budget	2021 Actual	2022 Budget	2022 Estimated	2023 Proposed
Revenues	\$ 1,849,400	\$ 710,775	\$ 1,452,250	\$ 706,254	\$ 992,950	\$ 1,136,450	\$ 1,097,825
Expenses	\$ 2,601,200	\$ 2,062,448	\$ 2,572,780	\$ 2,267,738	\$ 2,512,650	\$ 2,392,300	\$ 2,574,550
Difference (\$)	\$ (751,800)	\$ (1,351,673)	\$ (1,120,530)	\$ (1,561,484)	\$ (1,519,700)	\$ (1,255,850)	\$ (1,476,725)
Cost Recovery %	71%	34%	56%	31%	40%	48%	43%

This data obviously reflects the dramatic impact the COVID-19 pandemic had on the facility, and the lag in recovery that has occurred. To illustrate the difference between the budgeted subsidy and the actual subsidy, the following table includes data from 2018 – 2022 Est.

Powell Community Center Budgeted Subsidy to Actual (\$)						
	2018	2019	2020	2021	2022 Est	
Budgeted Subsidy	\$ 501,705	\$ 706,250	\$ 751,800	\$ 1,120,530	\$ 1,519,700	
Actual Subsidy	\$ 667,101	\$ 727,054	\$ 1,351,673	\$ 1,561,484	\$ 1,255,850	
Diff Budget/Actual	\$ (165,396)	\$ (20,804)	\$ (599,873)	\$ (440,954)	\$ 263,850	

The unbudgeted or unanticipated revenue lost from the PCC in 2020 and 2021 totaled \$1,040,827. We're all aware that the additional funds required to maintain operation of the center impacted other programs and service delivery options in the City's General Fund budget.

In 2022, we budgeted more conservatively, and you will see a positive difference, but the total subsidy is still approximately 73% higher than it was pre-COVID and cannot be maintained into the future. With recommendations from the PCC Feasibility Study anticipated in October staff is



looking forward finding creative and sustainable ways to bring the PCC subsidy back into balance.

Summary

Following our meeting on Wednesday, staff will complete a final budget packet for inclusion in the special meeting packet to be distributed on Friday. We look forward to hearing any community feedback which might be provided during the Community Dialogue and sharing the 2023 budget priorities more broadly with our residents.

City of Mission 2023 Annual Budget

General Fund Summary

	Actual 2020	Actual 2021	Budget 2022	YE Estimate 2022	Budget 2023	% Change 2022 Est/2023
<u>BEGINNING FUND BALANCE</u>	\$ 5,612,837	\$ 5,089,182	\$ 7,668,588	\$ 7,668,588	\$ 6,330,335	
<u>REVENUES</u>						
Property Taxes	\$ 1,648,608	\$ 1,736,909	\$ 1,780,000	\$ 1,730,000	\$ 1,891,066	9%
Property Taxes For Streets	1,032,107	1,096,720	1,120,000	1,120,000	1,400,000	25%
Motor Vehicle Taxes	241,689	245,105	263,100	251,950	254,550	1%
Sales/Use Taxes	3,850,117	4,259,660	4,150,000	4,125,000	4,250,000	3%
Franchise Taxes	1,011,085	1,030,860	1,022,000	1,098,500	1,062,000	-3%
Licenses and Permits	155,331	126,233	154,000	155,000	155,500	0%
Review/Plan Inspection Fees	188,056	145,960	200,000	630,000	495,000	-21%
Police Fines	575,275	441,947	743,500	623,450	732,250	17%
Service Charges	146,073	88,116	141,500	106,000	126,000	19%
Pool Revenue	(122)	141,475	132,000	159,500	171,000	7%
Community Center Revenue	710,775	706,254	992,950	1,136,450	1,097,825	-3%
Intergovernmental Revenue	1,842,693	1,903,316	1,660,200	1,764,500	1,862,000	6%
Miscellaneous	169,606	115,917	94,360	322,250	79,000	-75%
Bond/Lease Proceeds	44,332	3,376,731	-	-	-	0%
Transfers In	-	802,351	751,782	751,782	-	-100%
TOTAL REVENUES	\$ 11,615,623	\$ 16,217,555	\$ 13,205,392	\$ 13,974,382	\$ 13,576,191	-3%
<u>EXPENSES</u>						
Personnel Services	\$ 7,033,188	\$ 7,297,173	\$ 8,191,260	\$ 8,020,510	\$ 8,703,300	9%
Contractual Services	2,536,926	2,706,105	3,150,600	3,094,705	3,491,465	13%
Commodities	444,462	575,189	597,150	591,000	687,800	16%
Capital Outlay	799,925	1,570,658	1,950,200	1,971,882	377,500	-81%
Debt Service/Lease-Purchase	219,731	267,434	432,538	439,538	444,000	1%
Contingency/Miscellaneous	28,535	49,871	-	-	-	0%
Sub Total for Expenses	\$ 11,062,767	\$ 12,466,429	\$ 14,321,748	\$ 14,117,635	\$ 13,704,065	-3%
Transfers Out						
Capital Improvement Fund	\$ 1,032,107	\$ 1,096,720	\$ 1,120,000	\$ 1,120,000	\$ 1,900,000	70%
Solid Waste Fund	85,000	75,000	85,000	75,000	75,000	0%
Parks/Market Site Improvements	-	-	-	-	350,000	0%
Equipment Replacement Fund	-	-	-	-	-	0%
Sub Total for Transfers Out	\$ 1,117,107	\$ 1,171,720	\$ 1,205,000	\$ 1,195,000	\$ 2,325,000	95%
TOTAL EXPENSES	\$ 12,179,874	\$ 13,638,149	\$ 15,526,748	\$ 15,312,635	\$ 16,029,065	5%
<u>DIFFERENCE (Revenues/Expenses)</u>	\$ (564,251)	\$ 2,579,406	\$ (2,321,356)	\$ (1,338,253)	\$ (2,452,874)	
<u>ENDING FUND BALANCE</u>	\$ 5,048,586	\$ 7,668,588	\$ 5,347,232	\$ 6,330,335	\$ 3,877,461	
<u>Restricted:</u>						
25% Fund Balance Reserve	\$ 2,903,906	\$ 4,054,389	\$ 3,301,348	\$ 3,493,596	\$ 3,122,524	
<u>Committed:</u>						
Section 125 Employee Cafeteria Plan	\$ -	\$ 49,871	\$ 40,000	\$ 40,000	\$ 40,000	
ADA Compliance	184,404	194,002	214,000	184,000	144,000	
Total Committed	\$ 184,404	\$ 243,873	\$ 254,000	\$ 224,000	\$ 184,000	
<u>Assigned:</u>						
Parks & Rec Marketing	\$ 30,000	\$ -	\$ -	\$ -	\$ -	
MFAC Fixtures (MMC Contractors)	7,670	-	-	-	-	
Business Improvement Grant	10,000	-	-	-	-	
Direction Finder Survey	16,000	-	-	-	-	
Comprehensive Plan Update	95,165	10,087	-	-	-	
Public Works Security Gate	-	21,132	-	-	-	
Mission Possible Grant	-	2,000	-	-	-	
FCIP Improvements	-	1,905,840	-	-	-	
Financial Software	100,000	100,000	100,000	100,000	-	
Public Parking Lots (EPC Devl. Funds)	250,000	250,000	250,000	250,000	230,000	
Dog Park	-	200,000	200,000	200,000	200,000	
Total Assigned	\$ 508,835	\$ 2,489,059	\$ 550,000	\$ 530,000	\$ 430,000	
<u>EXCESS FUND BALANCE</u>	\$ 1,451,441	\$ 881,268	\$ 1,241,884	\$ 2,082,739	\$ 140,937	