

## AGENDA ITEM # 3

### CITY COUNCIL COMMUNICATION FORM

---

**FROM:** Deb Hinsvark, Deputy City Manager (Ext. 240)  
Kim Weber, Director of Financial Services (Ext. 250)

**THROUGH:** Jon Roberts, City Manager (Ext. 218)

**DATE:** September 4, 2012

**RE:** 2013 Budget Work Session.

---

DIRECTION  
 INFORMATION  
 ORDINANCE  
 MOTION  
 RESOLUTION

---

**I. REQUEST OR ISSUE:**

Staff would like to present and discuss the VERY preliminary 2013 budget and request feedback from City Council. This only includes the General Fund. The Capital Projects fund summary is included for reference.

**II. RECOMMENDED ACTION:**

Provide feedback and direction to staff.

**III. FISCAL IMPACTS:**

None noted.

**IV. BACKGROUND INFORMATION:**

According to the City of Steamboat Springs Municipal Code the City Manager shall prepare and submit to the Council a budget with a completed financial plan and accompanying

explanation not fewer than 75 days prior to the beginning of the year. That budget hearing is scheduled for October 2<sup>nd</sup>. Due to the continuing financial constraints going into the 2013 budget it was agreed between the City Manager and City Council to hold a budget work session to discuss the preliminary budget. The Finance Director and the City Manager or Deputy City Manager has held initial budget meetings with all directors and appropriate staff to discuss department budgets in detail. These budgets have been reviewed and discussed line by line. Where appropriate these budgets were reduced from the initial director requests to a budget level equal or less than the 2012 budget.

The attachment shows the 2012 original budget and the 2013 draft budget. This budget is very preliminary and is subject to change.

#### Highlights of Items Included in 2013 Preliminary Budget

During previous pay plan discussions staff received direction from City Council to look at our pay plan in the form of different professions. Management Team has been looking at these professions and comparing them to the market salary survey that was completed this year. In our evaluations we found that the firefighter/EMS profession was the farthest off market and costs the city the most to rehire and retrain. On average it costs the City about \$28,000 to rehire and retrain an individual in this profession. To bring this set of employees to market it will cost the City \$192,717 annually. From an economic standpoint we felt that it was important to include this in our 2013 budget.

One of the items in the Economic Development Policy that City Council approved addressed deferred maintenance. A goal was to protect the City's assets and part of that was an action item to identify and resolve deferred maintenance within 15 years. As part of this budget there is an additional \$163,732 in deferred maintenance for 2013 to help meet this goal. Part of this amount includes an additional FTE to complete these projects.

The CPI for All Urban Consumers - U.S. city average for December 2011 showed a 3% increase from 2010. As part of the 2013 budget amount there is a one-time cost of living adjustment for all employees (excluding firefighters because the market adjustment will bring them to the 2011 amounts) that amount to \$283,511.

The Capital Projects Fund transfer is \$176,437. We used very conservative revenue projections for this fund. We are projecting Excise and Use tax to be up about 1.2% from 2011 actuals. Currently in 2012 we are exceeding our revenue projections because of a large project that is one-time revenue. Therefore we used the 2011 actual amounts as our baseline. A summary of the projects in 2013 is attached.

The Iron Horse transfer will be about \$330,975. This is less than the debt service amount because we currently have \$134,755 in project funds left from the debt issuance that can be used to pay a portion of the debt. This will deplete that account.

Based on our preliminary numbers our expenditures exceed our revenues by \$942,097.

**V. LEGAL ISSUES:**

None.

**VI. CONFLICTS OR ENVIRONMENTAL ISSUES:**

None.

**VII. SUMMARY AND ALTERNATIVES:**

Direction from City Council on 2013 budget.

**LIST OF ATTACHMENTS**

**Attachment 1 -** 2013 Preliminary Working Budget