



To: Town of Ruston Council and Ruston Residents

From: Mayor Bruce Hopkins

Date: November 14, 2016

RE: 2017 Preliminary Budget

## **Overview**

The budget I am presenting shows lower projected annual revenues that appear inconsistent with the growth we have been experiencing. One issue we continue to battle with is the split zip code with Tacoma and the potential for missing tax revenue. We will be focusing our efforts on making certain that the taxation is being properly recorded. Our Retail Sales & Use Tax for 2016 was well short of projections. For 2017 the figure has been conservatively reduced. While I had been optimistic that we would experience a balanced budget in 2016 we appear to be falling a little short. The cost of development weighs heavy on the city and we expect to see positive results from those investments in the coming years. The five biggest sources of revenue are, in order of dollar amount:

1. Property Taxes
2. Sales taxes
3. Building Permits
4. Utility taxes
5. Fines and Forfeitures

In an effort to retain our quality staff I am proposing a 4% cost of living increase. Our staff continues to do more with less and they work exceptionally hard. Most of city payroll is spread over multiple Funds based on allocated time worked. Their hours spent on Garbage, Sewer, Electric, and Storm are paid for from the corresponding Utility Funds and therefore paid by the rate payor. With our maintenance department supervisors retirement we have elected to attempt to run the city with one maintenance worker. With our investments in automating the garbage collection and radio read electric meters we have become extremely efficient. The city is also looking to utilizing a landscaping service to maintain our rights of way and park. It is very important that we retain our quality staff and I ask that you support the 4% cost of living wage increase.

## **General Fund**

The city continues to support our public safety departments to the best of our abilities. Council continues to make public safety a top priority. Our police department has acquired 2 new vehicles and added a lightly used 3<sup>rd</sup> vehicle to their fleet. While the new vehicles have upfront costs we expect to see significant maintenance cost reductions as the 2 new vehicles are under warranty.

I am very proud of our police and fire departments. Our investments in those departments is vital to what Ruston is.

### **Street Reserve Fund**

This is funded through our real estate excise tax and Fuel Tax. The revenue from these two areas is only enough to support very minor repair. I am concerned with the long term condition of our roads and not having enough money to keep pace from a repair standpoint. We need to have discussion out other sources of funding for our streets.

### **Capital Improvement**

We currently have no projects slated for 2017..

### **Pearl Street Bulbouts**

We were unable to secure the remaining required funding. Even with the Dept of Ecology grant we found ourselves approx.. \$200k shy of the required funds to complete the project. The city is not currently in a position to expend that amount of money from our reserves.

### **Electric Fund**

We have completed our meter replacement project. The new metering system has helped us better evaluate our consumption. Preliminary analysis is trending to needing rate increases to attain rate adequacy. We will evaluate this in the first quarter of 2017.

### **Sewer Fund**

The sewer fund is in good fiscal condition and we appear to have achieved rate adequacy.

### **Garbage Fund**

2017 the garbage fund is now in a balanced budget position. The automation of this service is now showing up in our lower direct labor costs. We will need to watch this fund closely as we need to build our reserve so we can replace our current truck in the next 3-5years.

### **Sewer Replacement Fund**

This fund was established to breakout the costs the town is occurring and better track our progress in relation to our expenses. The funds received for the sewer replacement surcharge will be placed in reserve awaiting the automatic withdraw by USDA.

## **Ruston School**

The school is 100% leased out and sustaining itself. Throughout 2016 we have been making continued reinvestments back into the building. There had been some deferred maintenance over the years and we want to return the old building to its glory. This past year we replaced all the lower windows on the west side of the building to help improve the energy efficiency. We have budgeted for more improvements in 2017 and beyond.

This highlights most of the notable changes in the 2017 budget. While we have made every effort to balance the budget organically we will continue to rely on our reserves to balance our budget in 2017. I am confident that our forecasts are conservative and attainable.