

CITY OF BLAINE
REQUEST FOR COUNCIL ACTION
MEETING DATE: August 14, 2017

SUBJECT: City Council Finance Committee Recommendations for the 2018 Budget

DEPARTMENT: City Manager

PREPARED BY: _____
(Digital Signature)

AGENDA LOCATION: Consent Agenda Council Action Unfinished Business

ATTACHMENTS:

- Current Strategic Plan
- Revenue Task Force Recommendations

BACKGROUND/SUMMARY:

The City of Blaine City Council Finance Committee met on Thursday, August 3, 2017, to review the 2018 budget preparation process and calendar. The Financial Task Force recommendations were included in the agenda packet. A copy of the recommendations is attached. After discussion, the Finance Committee is recommending three items be forwarded to the full Council for discussion and action at the August 14, 2017, regular Council meeting. The three recommendations include:

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- staff developing and presenting a zero-based budget for 2018;
 - moving from an annual budget to a biennial budget; and
 - updating the City's strategic plan.
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Zero-Based Budget

A zero-based budget is a process that requires budget managers to develop operating budgets starting at zero as opposed to an incremental increase from the previous year's budget. Consequently, each line item category is reviewed for redundancy, priority, and clarity.

A zero-based budget can be beneficial in that it relates costs back to the mission and goals of the department and the City as a whole, and it helps to allocate funds based on priorities established by the City's strategic plan.

Biennial Budgeting

Moving from an annual budget to a biennial (two year) budget is fairly common in cities in Washington. A biennial budget creates a longer planning revenue and expenditure window. This improves projections and allows projects and priorities to be completed during a two-year time frame. It provides project funding continuity from one year to the next and a fairly short true-up and adjustment period for the second year of the biennial budget.

Staff has learned the implementation of a biennial budget is specific in the law. The RCW states that the biennial fiscal year must start on January 1 of an odd-numbered year and end on December 31 of the following even-numbered year. To adopt a budget on a biennial basis, the City Council must approve an ordinance to that effect no later than June 30 of the preceding even-numbered year six (6) months before the beginning of the fiscal two-year period. If directed by the City Council, staff will prepare the ordinance as part of the 2018 budget process and begin preparing for the first biennial budget to start January 1, 2019.

The Committee also reviewed and discussed the need for purchasing budgeting software to execute a two-year budget. Currently, the city's budget is created in Excel spreadsheets, and then entered into the financial software after Council approval. Direct input of the budget into the financial system will automate the input of the biennial budget (if approved), reduce potential for errors, and allow more direct inputting of a zero-based budget by staff.

Strategic Plan

The last recommendation is an update to the City's Strategic Plan. With the Revenue Task Force recommendation of no new taxes to cover projected revenue shortfalls, the City Council may need to make decisions and take actions to reduce expenditures to balance the City's budget. This translates into reductions in the level of city services. An updated Strategic Plan will inform the decision making process.

There have been City Council updates in the past, most recently in 2012. Recent internal updates have been done by the City Manager and staff to guide and inform priority funding recommendations. Those recommendations and funding requests have been reviewed and approved by the City Council in past years. A community-wide and City Council update would freshen up the plan and help guide the development of the 2018 budget and the first biennial budget in 2019, if approved by the Council. A Strategic Plan retreat or workshop will not be a complete rewrite of the current plan and is expected to take three to four hours. The workshop could occur in the evening or a weekend morning to allow citizens to participate. Staff recommends Jane West, a professional facilitator, to manage the process. Ms. West has been working with staff the past two years on the internal updates and is familiar with the City's Strategic Plan.

BUDGET IMPLICATIONS: The cost of the Strategic Plan update should not exceed \$1,000. The budget software module is estimated to be between \$10,000 to \$30,000. A breakdown of the costs will be included in the budget request as part of the 2018 budget process.

RECOMMENDATION:

Staff recommends that the council do one of the following:

1. Approve the recommendations from the Finance Committee and City Manager as presented which include zero-based budgeting for 2018, moving from an annual to a biennial budget, and updating the City’s strategic plan,
2. Modify the recommendation as the City Council desires, or
3. Do nothing at this time.

REVIEWED BY:

City Manager _____ Finance Director _____ City Clerk _____
(Digital Signature) (Digital Signature) (Digital Signature)

City of Blaine



Strategic Action Plan

2016

CITY OF BLAINE, WA
City Strategic Action Plan
June 2016

Background

The City staff held several planning sessions in the fall of 2015 and ongoing discussions relating to performance measurements through early 2016.

This planning process followed a five-step approach:

- First, Staff and Council reviewed all of the objectives and actions detailed in the previous Strategic Planning Documents along with information from emerging community issues and other committee work underway
- Second, the team engaged in an analysis and prioritization of the key objectives
- Third and Fourth processes involved the prioritization to the level of working plans by departmental responsibility including key resources and accountability along with review of areas to be modified or dropped by department, including identifying progress made and action steps that remain
- Finally, the City staff developed an action plan for each key strategy and supporting goals which follow;

The City Leadership Team developed the overarching three key Strategies and the supporting Goals together as a team. This process is meant to serve as a guide in planning processes within the City of Blaine and is based on three fundamental elements: our vision, our mission and our values which are documented in another format. Built with input from Council, staff and others, this plan is a living document and will change as our goals are achieved and the needs of the community change. Each key result area shares the same significance as others and supports our overall strategy and goals.

Although not an exhaustive list of all activities of the City of Blaine, an additional suggestion of strategies and goals is included as an example of other activities that the City of Blaine may wish to consider in their ongoing planning purposes.

Strategy #1:

We Promote an Economically Viable and Adaptable Community by Supporting Responsible Development

Goal #1 – Ensure diverse business development that provides family wage jobs

Goal #2 – Program and install infrastructure timed to stimulate development

Goal #3 – Do things we can keep/sustain

Strategy #2:

We Are Stewards of Our Natural, Social and Physical Environment

Goal #1 – We ensure compliance with regulations

Goal #2 – Promote public safety

Goal #3 – We preserve city owned assets

Goal #4 – Develop and support projects that protect and/or improve environment

Strategy #3:

We Deliver Efficient, Quality City Services in a Friendly and Proactive Manner

Goal #1 – We support non-profits that support Blaine values

Goal #2 – We ensure efficient processes and services

EXAMPLES of additional Strategies and Goals in support of the Community – common to other Cities

Proactive Economic and Community Development Leadership and Support

- Implementation of roles and process for Economic Development projects to be considered and pursued between the City and others
- Identification of Priority Economic Development Projects
- Ongoing plans and process for review and implementation of future ULID's
- Business retention and expansion program and plans for Blaine
- Enhancement of infrastructure to develop jobs, expansion relating to clean energy, efficiency and business growth

Engage citizens of the Blaine community as partners in local city government.

- Enhance Communications; internally and externally

Create a healthy and positive working environment for city employees

- Increase the well-being and productivity of staff

Be proactive on legislative issues affecting local city government

- Represent the interests of Blaine and its constituents at the state and federal levels of government

Ensure the delivery of city government services within budget parameters

- Identify cost-effective ways to deliver services

Strategy #1:

We Promote an Economically Viable and Adaptable Community by Supporting Responsible Development

GOAL #1: Ensure diverse business development that provides family wage jobs

Action Steps	Responsibility	Outcome
Keeping Blaine power rates low by monitoring/reviewing/utilizing incentivized BPA funded rebates	Public Works	Kwh savings forestalling tier 2 power rates; keeping energy costs low in Blaine residences Dollars in rebates expended
Monitoring business trends in Blaine	Finance	Increase in # of business licenses, renewal of # licenses or increase in # of jobs created Analysis of top 25 commercial properties and % change in commercial properties
Monitoring and reporting the types of incidents and sources of where they come from	Public Safety	Ability to respond, timeline to respond or # officers on duty
Finding business innovation and incubation opportunities	City Manager	Increase in outreach; enhanced business incubation in Blaine
Community celebrates and welcomes new business in Blaine; supports the local community	Community Development	# business ribbon cutting ceremonies increases and increase in community support for welcoming and celebrating new business

Strategy #1:

We Promote an Economically Viable and Adaptable Community by Supporting Responsible Development

GOAL #2: Program and install infrastructure timed to stimulate development

Action Steps	Responsibility	Outcome
Tourism: Outreach to Community	Community Development/City Manager	Blaine Parks District takes over events
Infrastructure is timed and installed as a catalyst for development	Public Works	Fees pay for subsequent phases of growth # of feet of pipe installed or % growth
Infrastructure supports development and growth of community	Public Safety	Technology effectiveness and suitable for growth; eg: # cars and average speed management through use of traffic monitors

Strategy #1:

We Promote an Economically Viable and Adaptable Community by Supporting Responsible Development

GOAL #3: Do things we can keep/sustain

Action Steps	Responsibility	Outcome
Strategic review and development of a process for ongoing large scale decision making	City Manager Finance	Ongoing strategic review process embedded in Blaine business cycle and operational planning
Park Maintenance Establish a park maintenance performance level plan	Community Development	Evaluation and assessment of all existing and future park plans
Clean Community Investigate and resolve concerns to ensure a clean and well cared for city	Community Development	% of resolved cases; engagement of community in code enforcement related work plans and resolution of issues
Volunteerism Opportunities?	Admin Services	Maintenance of X level of service coordinated through volunteers

Strategy #2:

We Are Stewards of Our Natural, Social and Physical Environment

GOAL #1: Ensure compliance with regulations

Action Steps	Responsibility	Outcome
Water Quality Improve water quality in city storm outfalls by identifying and repairing issues that affect our storm system	Public Works	Reduced infiltration and improve condition of sewer pipes, number of feet scanned/number of repairs made – some form of condition rating?
Federal, state and local compliance related to personnel, risk management and city government; addressed and integrated into business processes	Administrative Services	Responsible, proactive and compliant city services and operations; reduction in claims or risk mitigation X amount of sidewalks replaced/year = reduction in claims?
Increase customer based of Class A reclaimed water and reduction in peak domestic water use	Public Works	Reduction in peak usage of domestic water, # gallons reclaimed water sold, reduced water loss

Strategy #2:

We Are Stewards of Our Natural, Social and Physical Environment

GOAL #2: Promote public safety

Action Steps	Responsibility	Outcome
Blaine is a Safe Community Well trained, skilled police able to respond or monitoring types of incidents, sources of where they come from	Public Safety	Skilled, responsive and responsible safe; assessment of how safe community members feel
How safe community feels	Public Safety	Customer survey completed; used WWU sociology dept in past
Involved Youth in Government	Admin Services	Internship program, youth in government, senior class participation

Strategy #2:

We Are Stewards of Our Natural, Social and Physical Environment

GOAL #3: Preserve city owned assets

Action Steps	Responsibility	Outcome
Information is available and accessible on the City web site, i.e., budget summary sheet, etc.	Admin Services	Positive impression, transparency, reduction in requests for documents; # hits on website
Annual replacement plan for infrastructure; pavement management program	Public Works	

Strategy #2:

We Are Stewards of Our Natural, Social and Physical Environment

GOAL #4: Develop and support projects that protect and/or improve environment

Action Steps	Responsibility	Outcome
Develop a plan to conduct business in an environmentally conscious manner	Admin Services	# documents moved to laserfish technology; increase in document storage
Clean storm water catch basins	Public Works	# completed/year

Strategy #3:

We Deliver Efficient, Quality City Services in a Friendly and Proactive Manner

GOAL #1: We support non-profits that support Blaine values

Action Steps	Responsibility	Outcome
Development of a Volunteerism Program: Recruitment and training of volunteers to support city and community including policy and procedures developed, application process and outreach	Administrative Services	Provide adequate volunteers to support city and community needs Support Senior Centers and BGC; active senior and BGC programs Support Chamber Funding through BTAC BTAC and Council; well attended tourism events City Services support

Strategy #3:

We Deliver Efficient, Quality City Services in a Friendly and Proactive Manner

GOAL #2: Ensure efficient processes and services

Action Steps	Responsibility	Outcome
Development of plan to ensure well trained and skilled staff	City Manager All departments	Adequate # of employees to conduct the work and well trained, up to date, on the responsibilities of their roles; performance appraisals in place for 100% of employees
Efficient use of resources and funds to support the operations of the City	City Manager Finance	Measure of employees per capita
Ensuring resources are provided	Public Safety	# social service referrals # traffic stops
Internal efficient operations	All	Review, ongoing process for looking at internal efficiencies and how we can streamline operations

Action Steps	Responsibility	Outcome
Customers have a satisfactory experience at counter by asking customers about their experience	Community Development All Departments	Customer Satisfaction survey results of an 85% satisfaction result after engaging with City employees at counter experience Email customers post interaction 24 hour turnaround on inspections
Access to Service; increase in completed customer service requests	Public Works	Monthly review of and increasing measurement of open vs completed service requests
Accessibility of Utility Information GIS platform information is readily available via internet for public access	Public Works	Increase in customers accessing city website to access GIS platform

Revenue Task Force recommendation to the City Council:

Background:

During last year's 2017 budgeting process, the City Council directed the City Manager to explore options to increase revenue. The Council has three primary options within their authority to raise new operating revenue: increasing Utility Taxes, implementing a Business and Occupation Tax or a combination of the two. To accomplish the City Council direction, a short-term Revenue Task Force (RTF) was created to review, discuss, and provide a recommendation to the City Council.

The RTF met five times in May to review and discuss the City's General Fund revenues and expenditures. Specific areas reviewed included department activities that have been reduced or eliminated, modified or added in recent years. The department directors identified enhanced levels of services that could be provided if funds were available, and information was presented regarding past and current staffing levels. Current General Fund revenues were presented. Staff provided information about revenues and expenditures from the previous ten years as well as projected revenues and expenditures for the next ten years. The projections show that in 2020 a permanent structural shortfall will occur. Expenditures will exceed revenues unless actions are taken to correct the shortfall.

Staff provided information about sales tax and property tax collections. Sales tax revenue from top-performing brick and mortar retail stores and top-performing restaurants were investigated. This analysis demonstrated the limitations of sales tax as a solution to resolve the shortfall. Property tax collection was also evaluated. Residential and industrial/commercial property tax was also shown to be unlikely to resolve the shortfall.

Recommendation:

Based upon the information provided, follow up questions and answers, and deliberation; it is the recommendation of the RTF to:

- Maintain the current General Fund revenue and not add a Business and Occupancy Tax or increase Utility Taxes.
- Initiate an aggressive economic development program which may include supporting an annual community /regional fund-raising event such as a garage/rummage sale or auction, working closely with the Port of Bellingham to improve Blaine Harbor, creating collateral materials direct marketing of the City, and contracting with an economic development consultant/recruiter to promote Blaine.
- Enhance the City's webpage, social media outlets, and on-line promotion of the City, to promote its benefits and economic development opportunities.
- Consider reviewing city services, expanding volunteer programs, and other actions to make the City of Blaine a more attractive place to relocate business and for families.