

City of Beavercreek, Ohio

2009 APPROPRIATIONS BUDGET

December 8, 2008

The City of Beavercreek experienced another successful year in providing quality services to residents while maintaining governmental expenditures. Staff continues to find creative ways to stretch city dollars utilizing new operational approaches, staff reorganization, sharing services and cost with other local and regional entities and aggressively applying for and receiving grant monies available from federal, state and local sources. The City continues to maintain the lowest costs per resident for providing government services in the region. With this organizational cultural and the annual Council/Management strategy sessions the City has established near and long term policy and operational direction.

DEVELOPING THE BUDGET

Management anticipated early on that budget year 2009 will be challenging and Department Directors were tasked to continue to maintain services while reducing operating expenditures. The detailed line item budget first implemented for the 2008 budget provided the necessary operational history to allow management to review each line item and prioritize expenditures. After Department Directors completed their initial budgets several meetings were held with management reviewing their justifications, discussing short and long term initiatives, as well as program requirements and potential cost saving scenarios. Following the initial meetings all departments were directed to reduce their operational and capital expenditures in order to meet the City's objective to ensure a responsible budget that addressed the 15% fund balance reserve objective.

Subsequent to several weeks of challenging decisions, City staff presented City Council with a proposed 2009 Appropriations Budget. City Council met in public work sessions on November 11th, 17th and 25th to review the proposed budget with some additional changes and as a result of these efforts the City has a fiscally responsible 2009 budget.

During the budget preparation period, over \$1,000,000 of operating and capital expenditures were removed from budget requests. While a balanced budget (current revenues equaling current expenditures) could not be achieved in some funds, the reserve balances were maintained over 16% not only looking into the 2009 fiscal year but with a vision that 2010 will be more challenging unless a quick economic turnaround is experienced in the regional economy.

BUDGET RESULTS

As a direct result of City staff and City Council's desire to provide our community with a responsible budget, the following major changes were noted that impacted the 2009 budget.

BUDGET HIGHLIGHTS

Revenue

- In 2008, the City received the majority of allocated 911 funding \$246,000 (surcharge on cellular phones to allow dispatch centers to upgrade their equipment to locate emergency calls generated from cell phones), the remaining money approximately \$54,700 will be received in 2009 and will be utilized to upgrade the Police Dispatch data collection software and dispatch work stations for more efficient records retrieval and for identification of incoming calls.
- The Golf Course enterprise fund expects an increase in annual memberships as a result of financial difficulties at Greene Country Club. Also weekday rates for residents and non-residents will increase by \$2 to cover the additional annual increase in operating costs anticipated. Additional food and beverage increases are being budgeted as a result of the increased activity for weddings and other social events anticipated in 2009.
- Also, interlocal agreements are slated for increases designed to cover the cost provided by the City to various entities. This includes increases to Beaver Creek Township for dispatch services (\$156,803 a 3.5% increase), Rotary Park maintenance (\$74,293 a 5.4% increase), increase to the Beaver Creek School System for the School Resource Officer (\$37,832 a 3.5% increase) and a \$5,000 reimbursement from the Greene for Police Service calls in the Phase II area in 2009.
- FEMA reimbursements of over \$500,000 have been included in the budget as anticipated reimbursement for Hurricane IKE wind damage and debris removal that will be filed with FEMA in December 2008 with the proceeds being received in the first quarter of 2009.

Expenditures

- The City recognized employees with a cost of living adjustment, increasing wage expenditures by approximately \$251,750. This also increased the cost associated with wage driven benefits such as pension costs, workers compensation and Medicare which are slated to increase by approximately \$48,100.
- The health care expenditures for the City were projected to increase 8.11% in 2009. Although below the industry average, it still represents an increase in the City's share of employee health insurance premiums of approximately \$115,500.
- The City has been fortunate to receive Federal Forfeiture funds to purchase capital items that could not be purchased otherwise in the current Police operating budget. Included in the 2009 budget is an upgrade to the Records Management system (\$50,000) upgrade of two repeaters to enhance the communications systems (\$68,000), replacement of four vehicle mobile computers (\$30,850) and the purchase of four new in car video systems (\$20,000).

- Approximately \$6,729,531 in street improvement projects have been placed in the 2009 Street Capital Improvement budgets. Of this amount, \$5,309,579 or 78.9% is funded utilizing federal and state grants. These projects include Dayton/Xenia Road Widening (\$4,500,000), Dayton Xenia Signal Project (\$1,028,500), North Fairfield Road @ Fairwood Drive improvements (\$464,200), North Fairfield Road @ I-675 Safety Improvements (\$102,000), Dayton Xenia sidewalk construction (\$86,000), North Fairfield Road Resurfacing Project (\$65,000) and various other improvements.
- The City will continue the residential street resurfacing program and fund these efforts at the same level as 2008 which was \$800,000. However, additional funds will be allocated to this project based on FEMA reimbursement funds received as a result of the IKE wind storm in September 2008.
- Although many capital items were delayed the 2009 budget does contain several equipment purchases to update the aging fleet or to increase operational efficiency of a department. This includes a new salt truck/snow plow/spreader, two new efficient zero turn mowers for Parks, one for the Street Department for the US-35 interchange, and an equipment trailer and other Street capital needs totaling \$161,900.

Although the above items have been requested and included in this year's budget there were a number of new positions, capital items and other program needs that were discussed and subsequently delayed until future years based on budget goals and objectives established by the City Manager and City Council.

WHAT THE FUTURE HOLDS

Overall the City has provided the residents with a conservative, fiscally responsible budget. Cash reserves have been maintained at acceptable levels for a municipality of our size and service delivery requirements. Although we remain cautious about the financial outlook for 2009, with the continued growth in the commercial and residential sectors, we recognize the need to closely monitor the budget and maintain adequate reserves.

There are several significant economic factors the City will be watching closely that could negatively affect the City's budget. The economy may have a negative impact on property values and new residential starts. Although, our community may not feel the effects of a slight decrease in property values, the majority of our revenue is generated from property taxes and any decrease may have an adverse affect on our revenue stream. Significant increases in fuel, electricity, heating oil, and natural gas would have a dramatic effect on the City's operating costs. Although some inflationary increases are budgeted any significant increase in critical commodities would require some additional expenditure reduction in order to maintain current balances in the operating budget. The cost of oil is a large variable in street projects including the costs for asphalt, salt production and delivery, and other related oil based products. These costs could have an adverse effect on the City's overall budget. In addition, the State budget could also have a negative impact on the City. Previously when the State experienced a decline in revenues, one reduction in their expenditures was to

reduce the Local Government Fund allocation. These funds currently make up approximately \$1,000,000 or 20% of the City's General fund revenue. Although this was discussed several years ago and was removed from consideration the current budget crisis at the state will again have them investigating options to balance their budget.

CONCLUSION

The budget is the City's financial plan for the New Year. It is the most significant document for guiding the City's fiscal planning initiatives. This budget includes resident, Council and staff goals and actions to provide municipal services in a cost effective manner.

In municipal budgeting, there are always more requests than revenues available. However, due to the realistic expectations established annually by City Council to the City Manager, effective service delivery by City employees will be provided. In addition, through a myriad of partnerships with local businesses, civic organizations and agencies, as well as County, State and Federal Governments, the City of Beavercreek again has produced a responsible budget.

Based on the above process and fiscal summary, I recommend City Council approve the 2009 Appropriations Budget.

Respectfully submitted,

Michael A. Cornell
City Manager