



City of Grand Island

Tuesday, July 20, 2010

Study Session

Item -1

Presentation of 2010/2011 Proposed City Budget

City Administrator Jeff Pederson will present the proposed 2010/2011 City Budget. Attached is the City Administrator's letter and the 2011 Budget in Brief. The complete budget can be found on the City's web page at www.grand-island.com under Finance/2011 Proposed Budget.

Staff Contact: Jeff Pederson

July 13, 2010

Honorable Mayor and City Council

Submitted herewith for your consideration is the City of Grand Island 2010/2011 Proposed City Budget. This document represents the City's financial plan for the upcoming fiscal year beginning October 1, 2010, and it reflects a comprehensive process of allocating resources to programs that have been prioritized as important to the achievement of outcomes associated with Key Result Areas that have been identified by the City Council.

The importance of this "prioritization" process lies with the recognition of the growing annual imbalance between current revenues and annual operating expenses that was first illustrated with the use of the Financial Trend Monitoring System (FTMS) for the years of 1998-2008. FTMS information fulfilled much of the fiscal "diagnostics" that brought to light the weakening of the City's fiscal health over that period, resulting in a realization that new thinking and new strategies were needed to achieve long-term financial sustainability.

Annual increases in operating expenses for General Fund programs have outpaced growth in operating revenues in recent years, and the City became reliant upon reserve appropriations to balance the budget. With the reserves being reduced to a level within the range of acceptability, and with revenue growth slowing due to economic conditions, reductions to program spending are necessary to meet the fiscal reality that requires the City to "spend within our means".

PRIORITIZATION

Against the backdrop of these revenue constraints, a new process was needed to thoughtfully develop the 2010/2011 Budget. Program Prioritization is intended to be a more progressive strategy in response to budget reductions than traditional "across the board" budget cuts that many governments employ in an effort to treat cuts "equitably" among departments. The logic here is that "core" services and programs should not be cut at the same level as less important programs, any more that one would make a reduction to a household mortgage payment before seeking to trim discretionary expenses such as eating out and entertainment.

Drawing on experience from other communities, the City endorsed Program Prioritization in the broader context of resource management with a special emphasis on

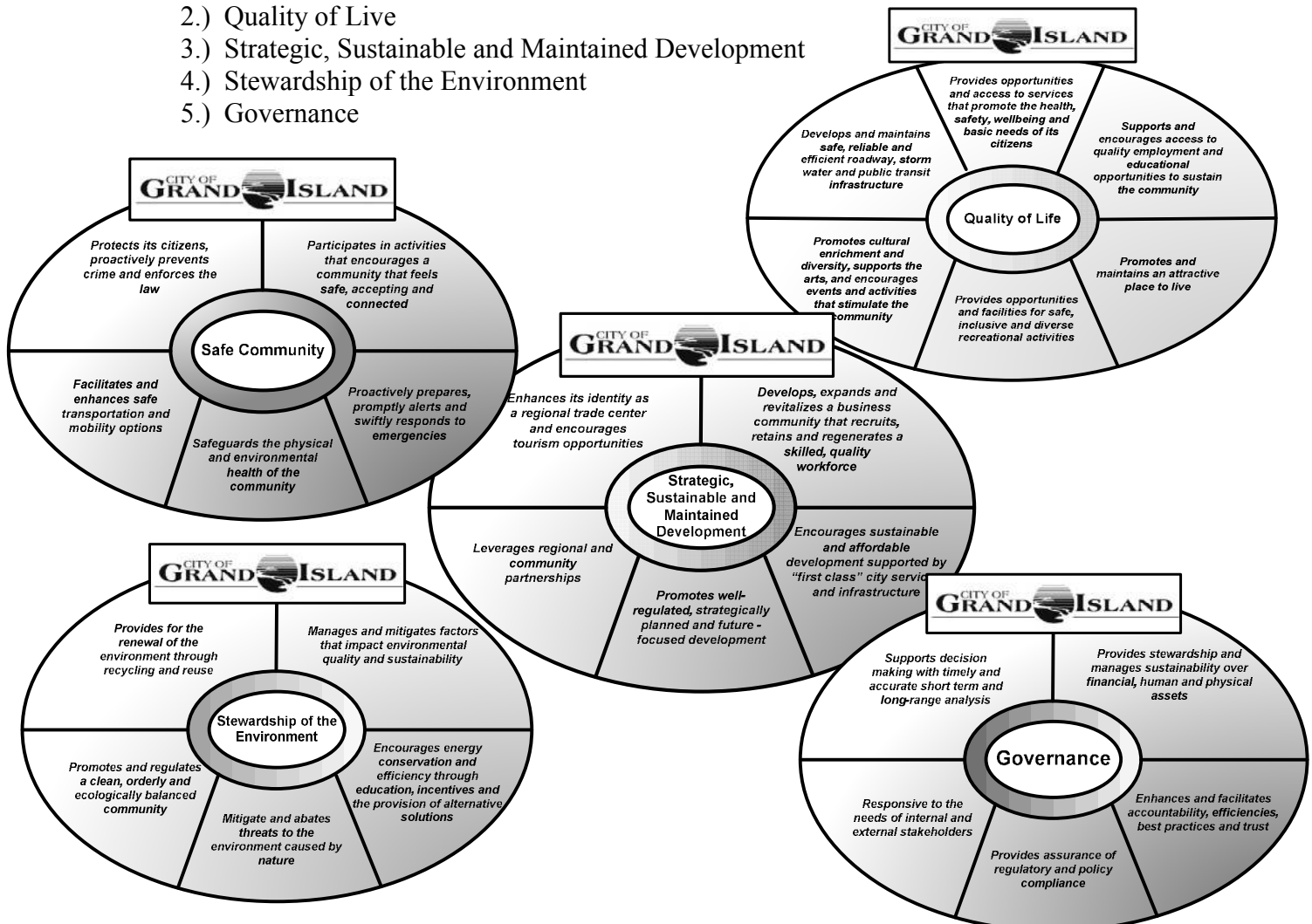
Programs rather than on line items or on entire departmental budgets. This new focus is expected to result in better decisions for resource allocation through careful evaluation of each program and service; understanding those services better within the context of local priorities; providing a higher level of understanding among decision makers, enabling them to rank services based on community priorities and clearly articulating how services are valued and funded.

Result Maps

Without formal guideposts to navigate the prioritization process, the City Council and management team spent two evenings identifying the Key Results that the City is in business to achieve. Department Directors then inventoried all programs for the purpose of articulating a cause and effect relationship between programs and the Key Results. A formal scoring process was then used to accurately value all programs relative to their influence on achieving Results. Programs were scored by a multitude of factors including whether the demand for the service was increasing or decreasing, whether program costs were covered through charges or fees, whether a governmental mandate for the program existed, and others.

Five areas deemed most vital for the City of Grand Island Government to impact, called “Result Maps”, were developed.

- 1.) Safe Community
- 2.) Quality of Live
- 3.) Strategic, Sustainable and Maintained Development
- 4.) Stewardship of the Environment
- 5.) Governance



Departmental Budget Targets

The scoring process allowed programs to be ranked within each Department, and the array of program rankings was divided into four quartiles from which the relative “importance” of all programs could be illustrated. With the need to reduce the General Fund Budget by \$1.9m, it became necessary to determine reduction targets for each of the four quartiles. Budget reduction targets for operational departments were established based upon the following schedule: Quartile 1 Programs; (2%) - Quartile 2 Programs; (6.5%) - Quartile 3 Programs; (11%) - Quartile 4 Programs; (16%). Reductions were also made to all four tiers for programs that fell within the “Governance” category, which are by nature support/compliance departments and therefore experienced a maximum tier reduction of 4%.

Overall Departmental targets were established by the cumulative impact of quartile reductions applied to previous budget costs for respective programs, meaning that the actual percentage reductions to Departmental budgets varied depending on the level of program costs that fell within each of the four quartiles. It is important to note that Department Directors were required to absorb expense increases attributable to employee compensation *within* their new budget targets rather than having additional money made available to fund such increases.

FORMULATION OF DEPARTMENTAL BUDGETS

The ranking of programs within the Program Prioritization process produced a re-allocation of resources between Departments stemming from where respective programs ranked in the four quartiles. The fact that \$1.9m had to be cut from the General Fund necessitated the need to include all program quartiles in the funding reduction, meaning that even the highest level programs would have less funding in the new Budget. To “protect” funding for Quartile 1 for example, would have resulted in greater reductions for the other quartiles and also would have lessened the requirement for resourcefulness and efficiency in preserving even the core programs associated with that Quartile.

Once given their respective budget targets, Department Directors were directed to prepare a budget using program rankings as a “guide”, but not as an absolute. Many reasons might exist why it might be wise to preserve a Quartile 3 program over a Quartile 4 program, therefore Directors were allowed to use their professional judgment to make final determinations on resource allocations. The fact that the overall array for the General Fund revealed a disproportionate amount of program expense associated with Quartile 1 and Quartile 1 programs made the decision making process more difficult as this was in fact a validation of the fact that previous resource allocation was closely aligned with the new Result Areas.

Budget Format

The format of the Proposed Budget document has evolved to reflect the emphasis on programs that is inherent in Program Prioritization. Again, we are confident that this new focus will improve decision making at all stages of the budget including the deliberation that will occur with the City Council.

The Budget book follows a similar sequence as in previous years, with the most noticeable difference being the absence of expenditure line items for the respective Departments and programs. While line item detail disclosed the “expense” of the multitude of cost components of Departments, it did very little to assist in the understanding of the “impact” or “value” of individual programs that are conducted within a given Department. Therein lies the fundamental shift in emphasis in the operational budget away from isolated cost components in favor of program impacts.

Budgets for each Department are presented by Program, with cost identified for personnel expenses as well as for operating expense. Included in the Program information is the Quartile within which the respective Program was scored, as well as the FTE count for the Program. Importantly, included also is an Impact Statement that describes any significant change in Program capacity due to a change in dollar allocation.

BUDGET OVERVIEW

The 2010/2011 Proposed Budget for the City of Grand Island recommends total combined operating and capital expenditures of \$147,176,927, excluding interdepartmental and inter-fund transfers. This represents an 8.27% decrease in expenditures compared with the 2009/2010 Adopted Budget of \$160,449,249.

The General Fund

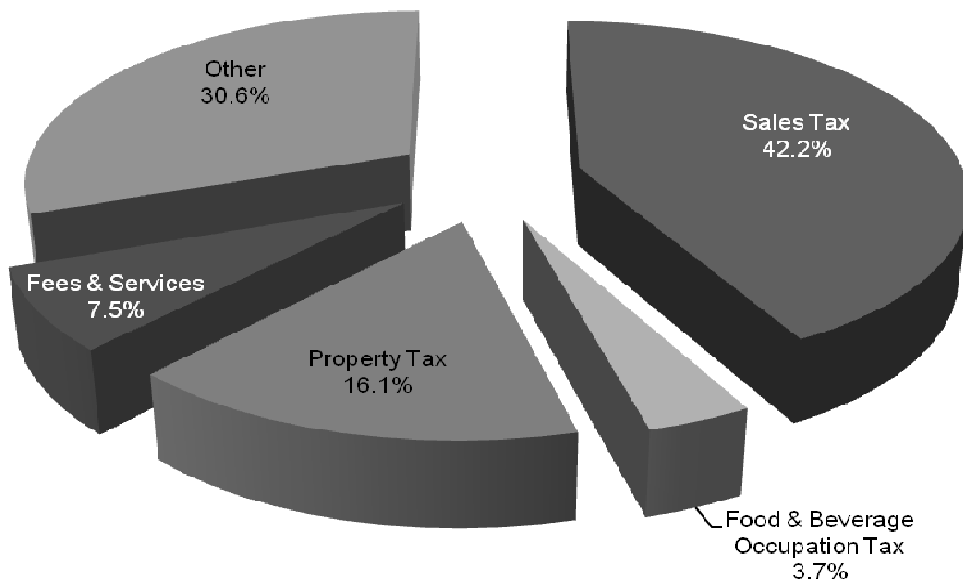
Total proposed spending for the General Fund is \$35,652,272, which is a decrease of \$1,805,210 from the previous year. Forecasted revenues for the new fiscal year are projected to be \$31,892,246, excluding inter-fund transfers. This represents a decrease of 2.04% compared to the amount budgeted for the current year, and an increase of \$1,355,787 over the actual amount projected to be received in the current fiscal year.

Sales Taxes is the single largest source of revenue for the General Fund and is estimated at \$13,457,800 for 2010/2011. While monthly sales tax collections for the past two months have shown some recovery from the economic downturn, we believe it is prudent to project that a full recovery will not occur in the next budget year and consequently revenue from this source is projected to generate approximately the same amount as it did two years prior. This is significant, as it essentially means that the revenue source that comprises over 40% of the General Fund revenue stream will not have contributed additional resources to meet expense growth.

This Proposed Budget presumes no increase to the mill levy for Property Tax, although the amount of \$320,600 in additional revenue from this source is expected to accrue from increase in property valuation. Total revenue from Property Tax is projected to be \$5,118,000, which represents a return to a “flat line” for property taxes.

The pie chart that follows provides a comparison of the five major sources of General Fund revenue. Total anticipated revenue for all sources combined is \$31,892,246.

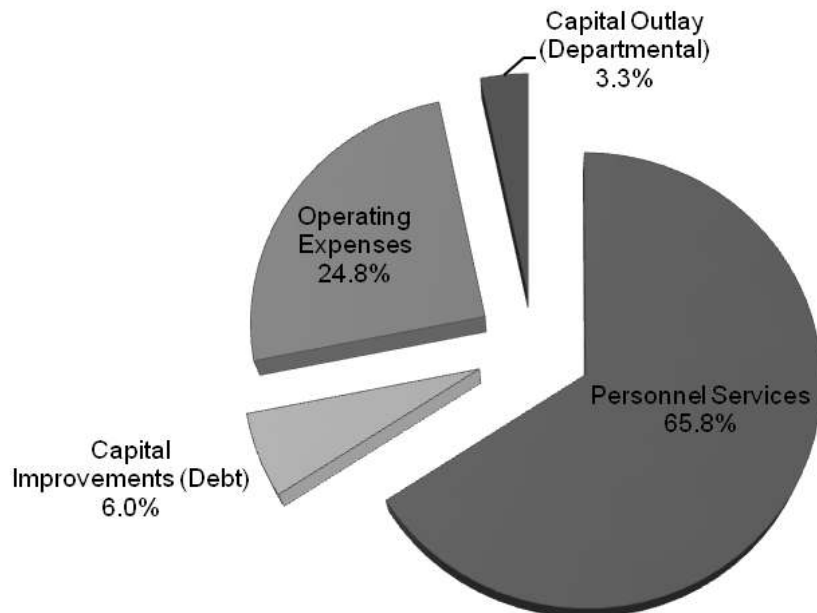
SUMMARY OF GENERAL FUND REVENUES BY SOURCE



The pie chart that follows shows the major expenditure categories for programs in the General Fund, with personnel services being the largest slice at 65.8%. This category of expenditure is especially noteworthy in the Proposed Budget, as a reduction in spending of 2.54% or \$611,190 is accomplished while still absorbing compensation increases associated with annual wage adjustments for some employee groups and the continuation of the merit-pay plan for all employee groups. A net reduction of 29.8 full-time equivalent positions within General Fund Departments was necessary in order to meet respective Department budget targets.

Of equal significance is the planned reduction of 10.31% or \$1,016,620 in spending for operating expenses compared to the prior-year budget. This reduction is attributable to a combination of program reduction and increased operational efficiency.

GENERAL FUND EXPENDITURES



Enterprises

The Enterprise operations of the City include Electricity, Water, Wastewater Treatment, Solid Waste, and Golf Course. The combined appropriation for these operations is \$85,715,535, compared to \$96,413,317 budgeted for the prior year.

Each of these operations participated in the program prioritization process, including development of program inventories and associated cost determinations. The enterprises each operate on a “charge for service” basis that is intended to sustain all costs of operations. While budget reduction “targets” were not deemed necessary for the enterprises, the Program Prioritization process was nonetheless used to assess funding priorities within these operations.

Capital Improvements Plan

The Capital Improvements Plan is included with the Proposed Budget, and it is intended to address the necessary capital needs of the City. The proposed expenditure for CIP projects is \$4,217,081, which includes \$1,100,000 for a major renovation of Lincoln Park Pool that would necessitate a public referendum for bonding authorization. Other major projects include continuation of the Northwest Drainage Project, the CCC to Wood River Diversion Project, a roundabout on Capital and North Road, and completion of the Veterans Athletic Complex.

Revenue to complete the 2010/2011 CIP is comprised of \$1,193,066 from current operating revenue (including State Gas Tax), \$555,400 from Special Assessment repayments and Keno, and \$2,468,615 from the issuance of bonds. The use of debt-financing is projected to be necessary over the next five years as a “bridge” to 2016 when debt payments on the Library and the Police Building will be completed and revenue currently dedicated to those will become available for CIP funding.

Summary & Acknowledgements

In spite of employee expense increases and the non-availability of reserve appropriation, the City is able to present a balanced budget for the General Fund for next year through a combination of measures, including:

- * Reducing levels of services for various programs, with corresponding recommended staffing reductions (including conversion to outsourcing)
- * Increased efficiency/effectiveness through position realignment
- * Increased operational efficiencies through reduction to operating expenditures
- * Increased charges for services to more nearly reflect actual costs

The declining financial health of the City, exacerbated by the effects of the economic downturn on City revenues, necessitated a shift in direction and approach to budget development. I wish to commend the City Council, Department Directors, Division Heads, and budget staff for responding to this challenge through the implementation of the Program Prioritization process as a primary means to pursue fiscal health and wellness for the City.

The conversion has been a major undertaking, and countless hours were spent at each stage in the process. There are some reductions to programs, and the process of reducing nearly \$2m from the General Fund has brought about the painful reality of some position cutbacks. This Proposed Budget does represent a continued commitment to quality programs and services while also committing to investment and reinvestment in quality facilities and infrastructure.

A handwritten signature in black ink, reading "Jeff Pederson". The signature is fluid and cursive, with the first name "Jeff" being more prominent and the last name "Pederson" following in a similar style.

Jeff Pederson

City Administrator



Budget in Brief

For Fiscal Year 2010-2011



**An Overview of the
Operating Budget
&
Capital Improvement
Program**



Budget in Brief is produced each year by the City of Grand Island's Administration and Finance Departments. This booklet gives citizens a general overview of the City's 2010 – 2011 Budget. For more detailed information copies of the entire budget document are available at the Grand Island Public Library, or you can access the City's Budget on the Internet at www.grand-island.com under the Finance Department. For specific questions or comments, please contact the Finance Department.

Mail:

100 East First Street
Box 1968
Grand Island, Nebraska 68802-1968

Phone:

(308) 385-5444

Email:

finance@grand-island.com

Website:

www.grand-island.com

Preparation of the City's budget is governed by State Law. Budget development is a year-long process. Grand Island's fiscal year runs from October 1 to September 30. The City is constantly looking for ways to streamline operations, be more efficient, and make adjustments to improve service delivery. Many of the Council's actions throughout the year have budgetary implications for the current and future years.

Annual Operating Budget is the City's plan for providing services to the community during the fiscal year. Creating the budget requires the electeds to establish priorities for serving the community. City Council formally adopted strategic result maps that set direction for City management to develop and undertake specific strategies, initiatives and projects in support of these broad, high-level objectives. This prioritization offers council and staff an evaluation tool for services provided. It also gives a greater understanding of services in the context of the cause-and-effect relationship on the organization's strategic goals. Furthermore, the process articulates to the organization and the public how services are valued, and how priorities are invested.

City Administration is charged with the responsibility of formulation, presentation, and administration of the budget to City Council. The City Council then adjusts the proposed budget to fit their vision for what is appropriate for the City. Opportunities for citizens to share comments and concerns with the proposed budget are available throughout the process. City Council agendas and schedules are available at the City Clerk's Office or on the City's webpage at www.grand-island.com.

ELECTED OFFICIALS & MAYOR-COUNCIL FORM OF GOVERNMENT

Grand Island has a Mayor-Council form of government, with an appointed Administrator. The City Council, as the governing body, adopts ordinances and determines policy which directs City government. The ten member City Council is composed of two representatives from each of the five voting wards. A City Council President is elected by the Council each year. The Council meets in regular session on the second and fourth Tuesdays of each month at 7 p.m. in the Council Chambers of City Hall.

Meetings are called to order by the Mayor, and conducted in an orderly, parliamentary manner. Grand Island's Mayor is elected at large to a four-year term. The Mayor presides over official meetings, serving as the executive officer for the City. The Mayor votes, only when his/her vote is the deciding vote. The Mayor has the power to veto any ordinance or resolution.

The City Administrator reports to the Mayor, and is responsible for carrying out established policies and providing for the efficient administration of City activities. City staff provides information to assist in the Council deliberations and answer questions regarding agenda items.

Mayor Margaret Hornady
mayorhornady@grand-island.com

Council Members:

Ward 1

Bob Niemann councilniemann@grand-island.com
Jose Zapata councilzapata@grand-island.com

Ward 2

Peg Gilbert councilgilbert@grand-island.com
Scott Dugan councildugan@grand-island.com

Ward 3

Kirk Ramsey councilramsey@grand-island.com
Robert Meyer councilmeyer@grand-island.com

Ward 4

Larry Carney councilcarney@grand-island.com
Mitch Nickerson councilnickerson@grand-island.com

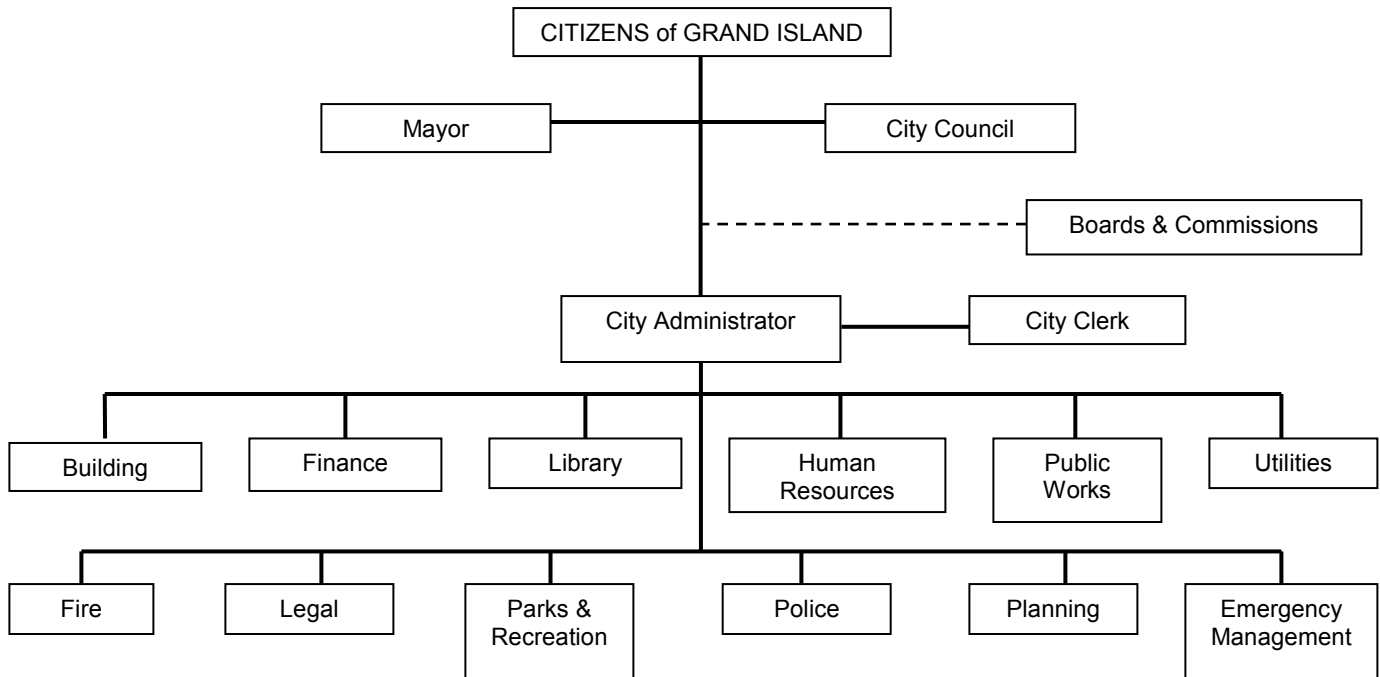
Ward 5

John Gericke councilgericke@grand-island.com
Chuck Haase councilchaase@grand-island.com

To find your council representative or for
further information please call
(308) 385-5444 Ext. 140
or
www.grand-island.com

CITY ORGANIZATION

ORGANIZATIONAL CHART



APPOINTED OFFICIALS

City Administrator
Jeff Pederson

City Treasurer
Mary Lou Brown

City Clerk
RaNae Edwards

City Attorney
Dale Shotkoski

City Engineer
Steven Riehle

DEPARTMENT DIRECTORS

Building Department
Craig Lewis

Parks & Recreation
Steve Paustian

Fire Department
Troy Hughes

Emergency Department
Jon Rosenlund

Personnel Department
Brenda Sutherland

Police Department
Steve Lamken

Regional Planning Department
Chad Nabity

Utilities Department
Gary Mader

Library
Steve Fosselman

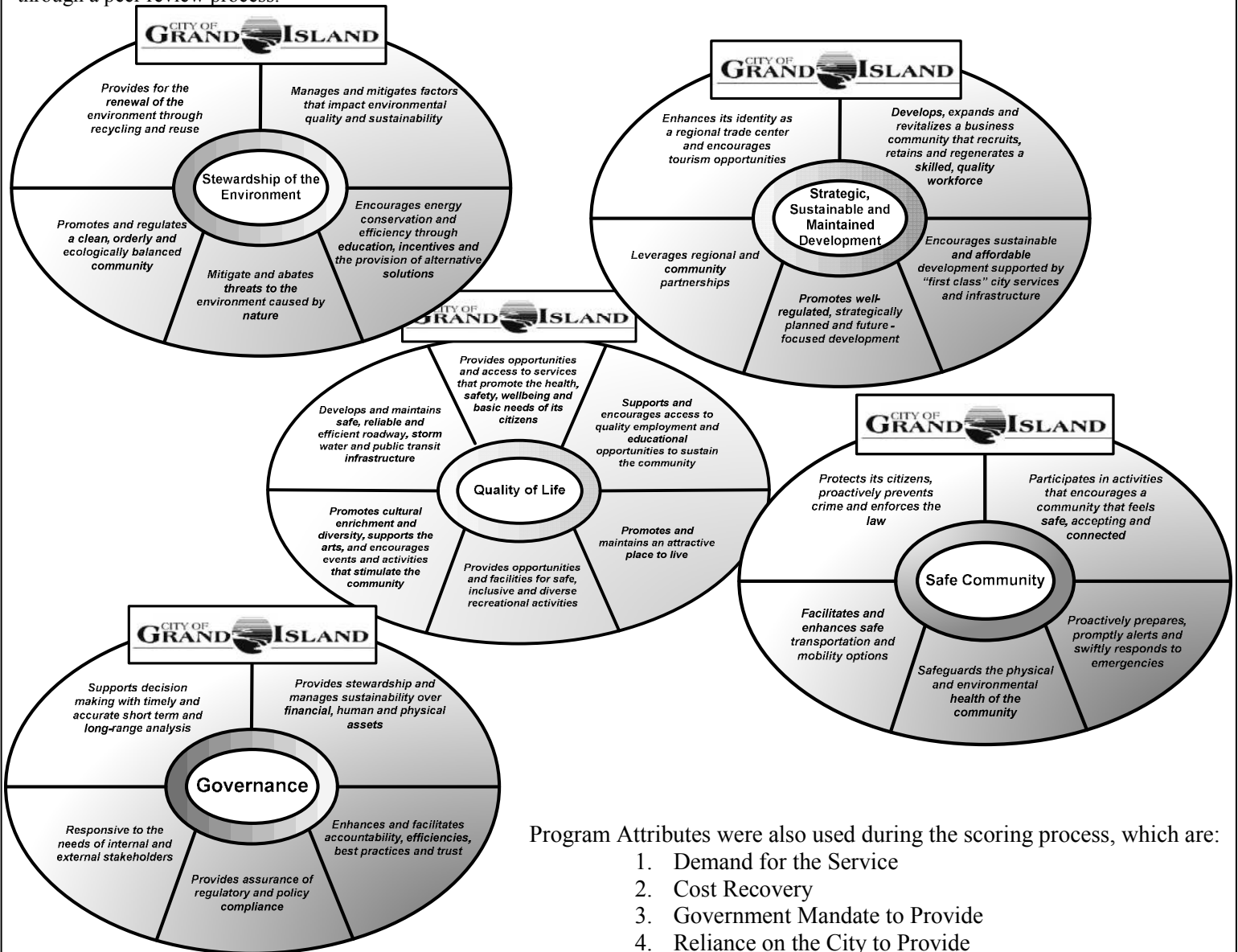
100 East First Street, Box 1968
Grand Island, Nebraska 68802-1968
Phone : (308) 385-5444
Fax: (308) 385-5486
www.grand-island.com

PROGRAM PRIORITIZATION

To prepare the 2010-2011 Proposed Budget, the City undertook a year long process of allocating resources to programs that are prioritized as important to achieve the Key Result Areas of the City Council. This change was necessitated by the realization of the City's weakening fiscal health. Fiscal health was declining due to operating expenses outpacing operating revenues, a reliance on reserves to balance the budget, and a slowdown in growth of revenues heightened by economic conditions. The Program Prioritization process is a strategy which will help the City achieve fiscal health. The key components to the process are:

- Spend Within Our Means
- Establish and Maintain Reserves
- Understand Variances between Budgeted and Actual Revenues/Expenditures
- Identify True Costs of Programs/Services
- Incorporate Economic Analysis and Long-Term Decision-Making

CITY COUNCILS' STRATEGIC RESULT MAPS: These are the key result areas identified by the Council and adopted July 28, 2009. They serve as guideposts against which all programs were scored. Each program was scored against each result map, and then went through a peer review process.



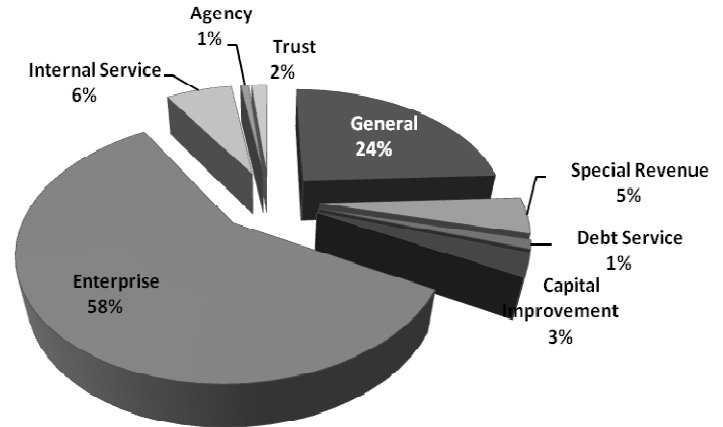
Program Attributes were also used during the scoring process, which are:

1. Demand for the Service
2. Cost Recovery
3. Government Mandate to Provide
4. Reliance on the City to Provide

ALL FUNDS: APPROPRIATIONS & REVENUES

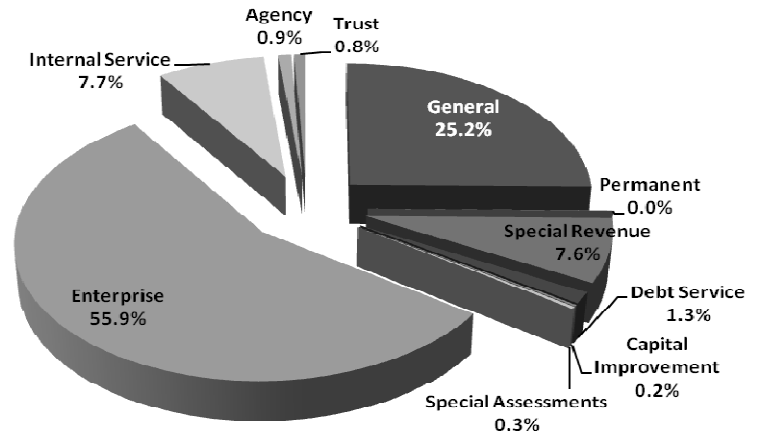
Appropriations by Fund:

The chart below shows a summary of the budgeted appropriations for 2010 Fiscal Year and the 2011 budgeted appropriations. There was a total of \$13,272,322 reduction in spending from the 2010 Budget.



Summary of Appropriations by Fund	2009-2010 Budget	2010-2011 Budget	\$ Difference	% Difference
General	37,457,482	\$ 35,652,272	\$ (1,805,210)	-4.82%
Special Revenues	7,442,956	\$ 6,889,799	\$ (553,157)	-7.43%
Debt Service	1,633,346	\$ 1,651,512	\$ 18,166	1.11%
Capital Improvement Fund	4,477,040	\$ 4,217,081	\$ (259,959)	-5.81%
Enterprise	96,413,317	\$ 85,715,535	\$ (10,697,782)	-11.10%
Internal Service	9,687,465	\$ 9,588,153	\$ (99,312)	-1.03%
Agency	1,087,075	\$ 1,181,960	\$ 94,885	8.73%
Pension and Trust	2,250,568	\$ 2,280,615	\$ 30,047	1.34%
Total Funds Appropriated	160,449,249	\$ 147,176,927	\$ (13,272,322)	-8.27%

Revenue by Fund:

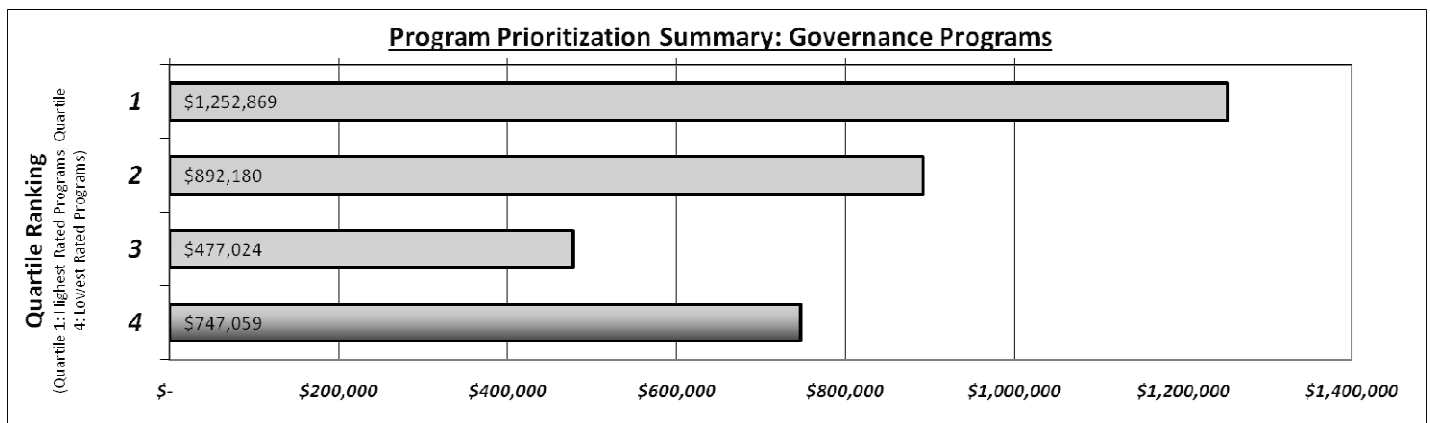
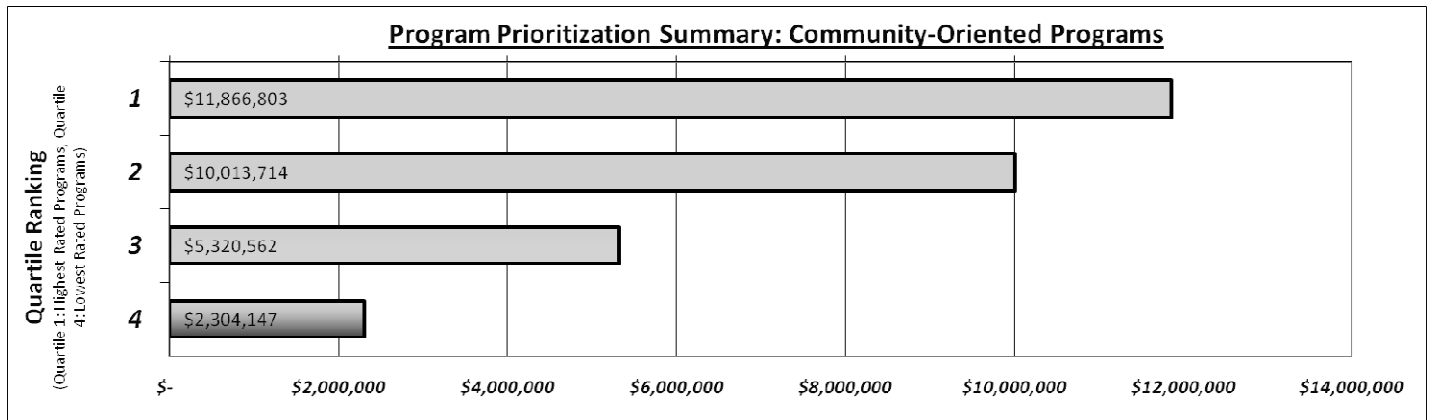


Summary of Revenue by Fund	2009-10 Budget	2010-11 Budget	\$ Difference	% Difference
General	\$ 32,555,104	\$ 31,892,246	\$ (662,858)	-2.04%
Permanent	\$ 24,000	\$ 40,500	\$ 16,500	68.75%
Special Revenue	\$ 10,138,687	\$ 9,655,953	\$ (482,734)	-4.76%
Debt Service	\$ 1,541,000	\$ 1,698,420	\$ 157,420	10.22%
Capital Improvement	\$ 120,000	\$ 220,066	\$ 100,066	83.39%
Special Assessments	\$ 341,000	\$ 341,000	\$ -	0.00%
Enterprise	\$ 76,632,763	\$ 70,760,511	\$ (5,872,252)	-7.66%
Internal Service	\$ 9,802,672	\$ 9,777,494	\$ (25,178)	-0.26%
Agency	\$ 1,086,675	\$ 1,181,560	\$ 94,885	8.73%
Trust	\$ 1,515,000	\$ 1,000,000	\$ (515,000)	-33.99%
Total City Revenue	\$ 133,756,901	\$ 126,567,750	\$ (7,189,151)	-5.37%

GENERAL FUND: PROGRAM PRIORITIZATION

The scoring process of Program Prioritization allowed all programs to be ranked within each Department, and the array of program rankings was divided into four quartiles from which the relative “importance” of all programs could be illustrated.

The overall array for the General Fund revealed a majority of program expense associated with Quartile 1; this was a validation of the fact that previous resource allocation was closely aligned with the Key Result Areas.



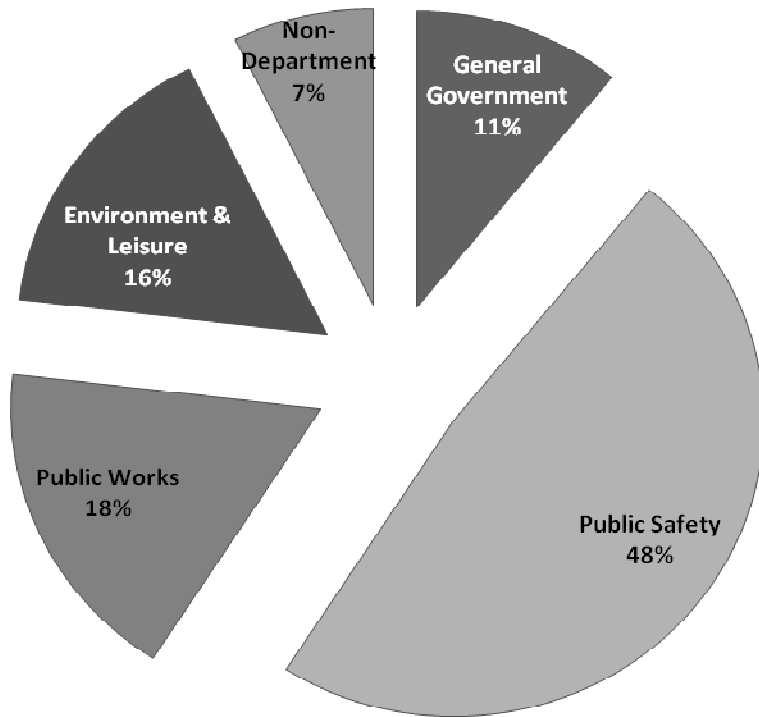
To achieve a \$1.9 million reduction in the General Fund, target reductions were established. Reductions were determined based on targets for each quartile, on the following schedule for Community Oriented Programs:

- Quartile 1 Programs 2%
- Quartile 2 Programs 6.5%
- Quartile 3 Programs; 11%
- Quartile 4 Programs; 16%

Reductions were also made to all four tiers for programs that fell within the “Governance” category, which are by nature support/compliance departments and therefore experienced a maximum tier reduction of 4%. The decision to reduce funding for Quartile 1 programs was due to the fact that without any reduction, other quartiles would have had even greater reductions, as well as lessening the requirement for resourcefulness and efficiency which Program Prioritization emphasizes.

Each department received budget targets based on the quartiles within which their respective programs fell. Targets were applied to the cost of the previous year’s budget. The rankings served as a guide, but not as an absolute.

GENERAL FUND: APPROPRIATIONS



The General Fund is the general operating fund of the City. As the pie chart shows, Public Safety is the largest portion of appropriations. This includes Police, Fire, Emergency Management and Building Inspections.

General Fund Summary	2009-10 Budget	2010-11 Budget	\$ Difference	% Difference
General Government	\$ 3,815,657	\$ 3,867,652	\$ 51,995	1.36%
Public Safety	\$ 17,789,416	\$ 17,204,911	\$ (584,505)	-3.29%
Public Works	\$ 7,009,798	\$ 6,337,176	\$ (672,622)	-9.60%
Environment & Leisure	\$ 6,040,561	\$ 5,621,303	\$ (419,258)	-6.94%
Non-Department	\$ 2,802,050	\$ 2,621,230	\$ (180,820)	-6.45%
Total General Fund	\$ 37,457,482	\$ 35,652,272	\$ (1,805,210)	-4.82%

All of the categories show a reduction from the previous budget. The exception is General Government, which shows an increase due to Economic Development obligations. Without that expense increase, General Government would also show a reduction from 2010. Outside agency funding, in the Non-Departmental Fund, was included in the General Fund reductions. This was reduced by 20%, as agreed upon in the previous year.

GENERAL FUND: REDUCTIONS

This table shows the expense targets which each department were given to reduce the General Fund budget by almost \$2 million. Additionally, Departments had to absorb any growth in expenses to meet their budget targets. The table is organized by the type of programs, for example "Community" means Community Oriented Programs.

Targets by Department	2009-10 Budget	2010-11 Budget	% Difference
Community			
Building	\$ 856,408	\$ 828,139	-3.3%
City Clerk	\$ 20,726	\$ 19,182	-7.4%
Emergency Mgmt	\$ 1,131,175	\$ 1,098,406	-2.9%
Fire	\$ 6,475,675	\$ 6,321,584	-2.4%
Legal	\$ 98,507	\$ 92,759	-5.8%
Library	\$ 1,984,143	\$ 1,833,464	-7.6%
Parks & Rec	\$ 3,457,192	\$ 3,063,484	-11.4%
Planning	\$ 177,197	\$ 170,995	-3.5%
Police	\$ 8,534,039	\$ 8,010,777	-6.1%
Public Information	\$ 11,818	\$ 9,927	-16.0%
Public Works	\$ 6,609,789	\$ 6,080,557	-8.0%
Total Community	\$ 29,356,669	\$ 27,529,274	-6.2%
Governance			
Building	\$ 347,500	\$ 340,550	-2.0%
City Clerk	\$ 88,360	\$ 86,593	-2.0%
Finance	\$ 1,997,685	\$ 1,946,949	-2.5%
Human Resources	\$ 447,892	\$ 435,577	-2.7%
Legal	\$ 240,446	\$ 234,836	-2.3%
Planning	\$ 59,065	\$ 57,293	-3.0%
Public Information	\$ 188,184	\$ 181,490	-3.6%
Total Governance	\$ 3,369,132	\$ 3,283,288	-2.5%
Other			
City Administrator	\$ 326,068	\$ 313,182	-4.0%
Econ Development	\$ 129,000	\$ 300,000	132.6%
Mayor	\$ 24,715	\$ 24,580	-0.5%
Council	\$ 88,720	\$ 79,120	-10.8%
Non-Departmental	\$ 2,804,982	\$ 2,666,330	-4.9%
Total Other	\$ 3,373,485	\$ 3,383,212	0.3%
Total General Fund	\$ 36,099,286	\$ 34,195,774	-5.3% *

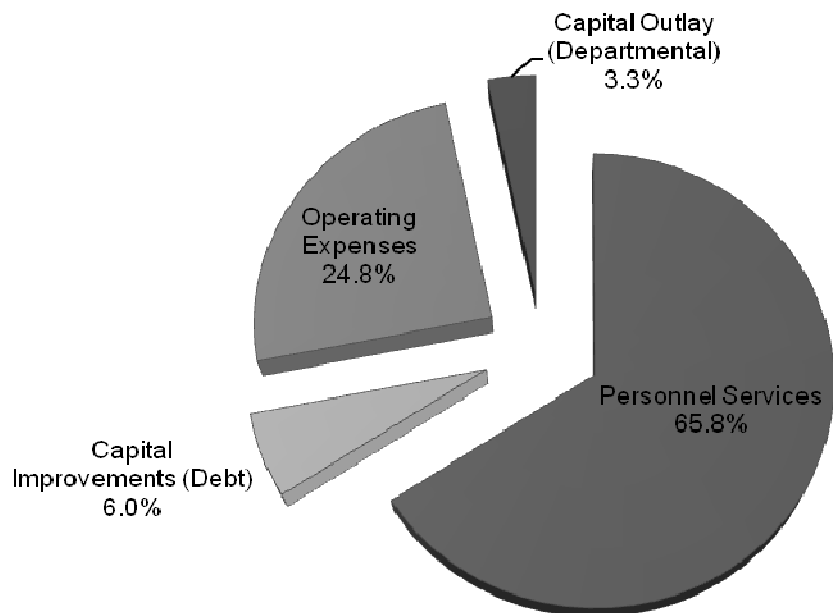
Every General Fund department made reductions at the program level following the Program Prioritization model. The impact of the reductions varied from each program and department. Some reductions were made through program revisions that have minimal or no impact on service delivery. For example, there will be a reduction in the number of times streets are swept. Reductions were also made by changes in how and/or by whom that will impact service delivery. For example the School Crossing Guard program has been eliminated, but the schools may pick up the program.

Departments were also encouraged to review projected revenues within their department. Incremental revenue, either from new sources or related to revenue increases, was utilized to affect departmental reductions.

GENERAL FUND

Expenditures by Category:

Within the General Fund, Personnel Services are the largest category of expenditures at 65.8%. Typically in previous years Personnel Services was a slightly larger piece of the total pie. However, this is slightly less due to no salary increases for non-union employees and a total FTE reduction.



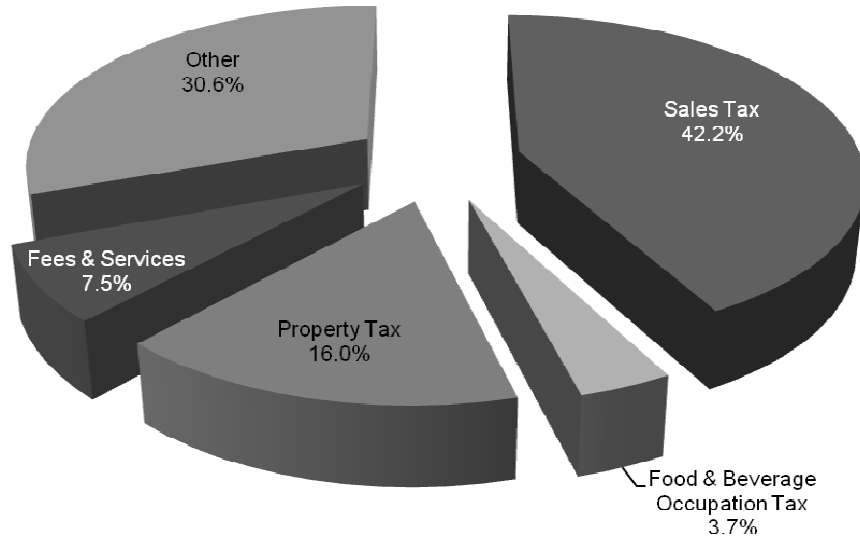
General Fund Appropriation Detail	2010 Budget	2011 Budget	\$ Difference	% Difference
Personnel Services	\$ 24,077,429	\$ 23,466,239	\$ (611,190)	-2.54%
Operating Expenses	\$ 9,862,908	\$ 8,846,288	\$ (1,016,620)	-10.31%
Capital Improvements (Debt)	\$ 2,162,000	\$ 2,155,000	\$ (7,000)	-0.32%
Capital Outlay (Departmental)	\$ 1,355,145	\$ 1,184,745	\$ (170,400)	-12.57%
TOTAL GENERAL FUND	\$ 37,457,482	\$ 35,652,272	\$ (1,805,210)	-4.82%

The General Fund Total on the previous page, \$34,195,774, is different than the General Fund Total on this page, \$35,652,272. This is due Departmental Capital Outlay not included in the departmental totals, and incremental revenue which offsets expenses. The following chart shows the difference in totals.

General Fund Total	\$ 35,652,272
Less Capital Outlay (Departmental)	\$ 1,184,745
Total	\$ 34,467,527
Less General Fund Reduction Total (pg 9)	\$ 34,195,774
Difference is primarily incremental revenue	\$ 271,753

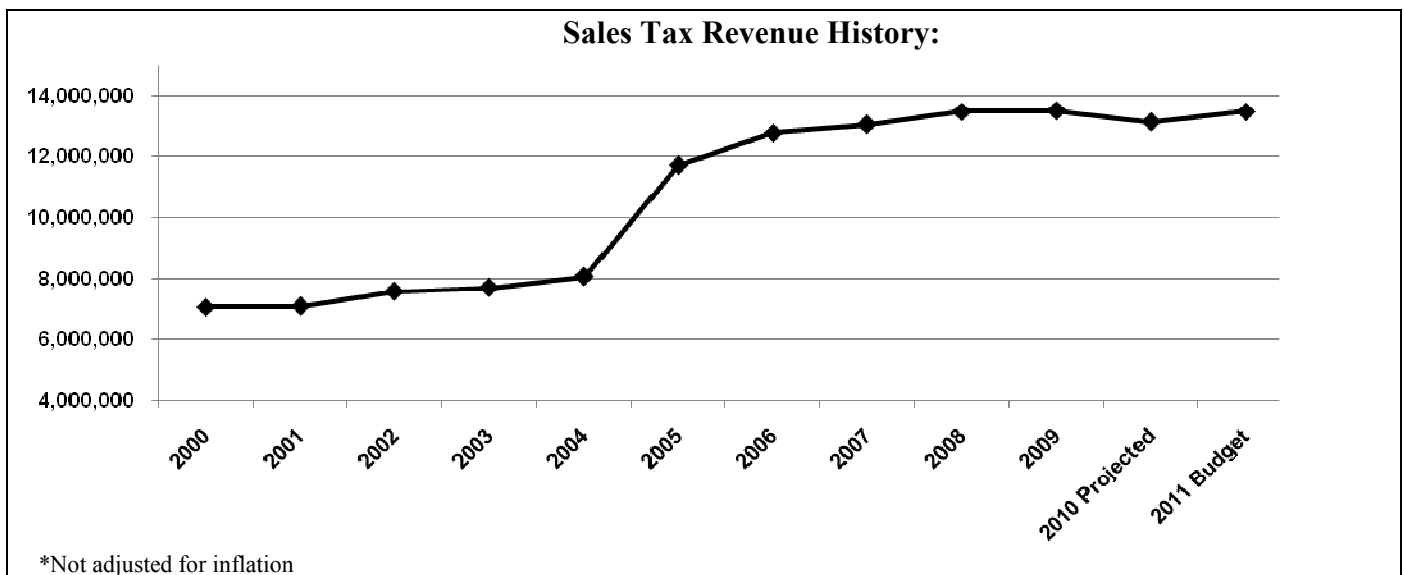
GENERAL FUND: REVENUES

The Program Prioritization process resulted in General Fund appropriations being budgeted based on projected current revenue. The “Other” portion includes a wide variety of sources including intergovernmental revenue, licenses and permits, and other taxes.



Sales taxes have been the largest source of revenue in the General Fund since 2004, when voters adopted a half percent increase in sales tax. In recent years the City has seen very little growth in sales tax revenues, which has been accentuated by the economic downturn. As the City’s largest revenue source, sales tax will not provide any additional resources this year to match expense growth.

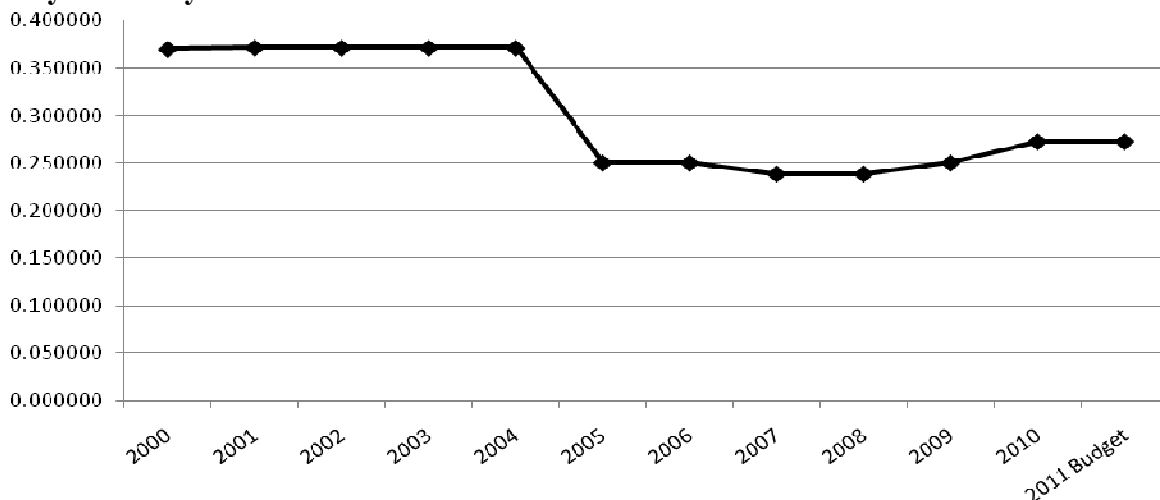
	2011 Budget
Sales Tax	\$ 13,457,800
Food & Beverage Occupation Tax	\$ 1,179,600
Property Tax	\$ 5,118,000
Fees & Services	\$ 2,383,639
Other	\$ 9,753,207
Total	\$31,892,246



PROPERTY TAX REVENUES

A levy indicates the amount of tax property owners pay for each \$100 valuation of their property. Property Tax can be calculated by Assessed Valuation divided by 100 multiplied by the levy. As proposed, the City's total levy rate is .2725, the same as the 2009-2010 Budget. A citizen can expect to pay **\$272.50** in City taxes on a \$100,000 home at the current **.2725** levy.

Property Tax Levy from 2000-2011:



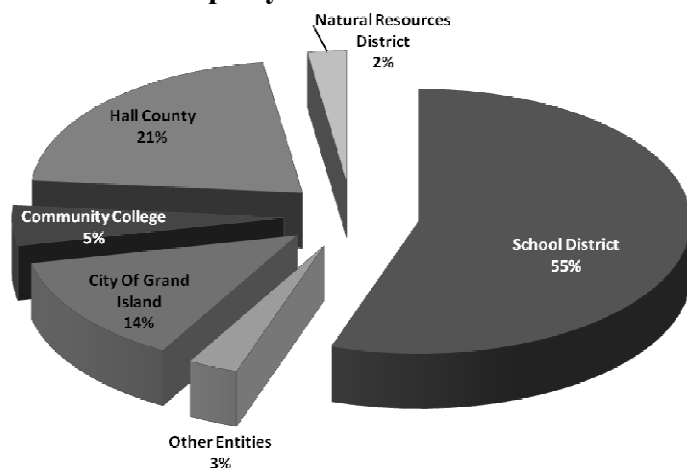
Levy Rate	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011 Budget
	0.370231	0.371796	0.371648	0.371540	0.371540	0.250000	0.250000	0.238319	0.238319	0.250000	0.272500	0.272500

The Budgeted .272500 rate is made up of 3 separate levy rates: the General Fund, Debt Service, and Interlocals. This is the actual breakdown of the .272500 levy:

Fiscal Year 2010-11	Rate
General	0.175368
Debt Service	0.067645
Interlocals	0.029487
2010-11 Total	0.272500

Total property tax revenue is projected without a total levy rate increase. Due to a slight increase in valuations, there is a projected increase in total property tax revenue by \$401,133. Valuation is projected to increase from \$2,351,143,887 in 2010 to \$2,498,348,795 in 2011. Actual valuation of property is determined by the Hall County Assessor and will be available to the City in mid-August.

Division of the Property Tax Dollar:



This chart shows that only one-seventh or 14% of the property taxes paid by property owners last year were paid to the City of Grand Island. This chart is based on last year's levy rates. Other taxing entities include the CRA, Airport, Agricultural Society, and Educational Service Unit.

SPECIAL REVENUE FUNDS

Special Revenue Funds are separate funds designated for a specific revenue source, with a specific use and limitation on each.

Special Revenues Appropriations	2009-10 Budget	2010-11 Budget	\$ Difference	% Difference
Enhanced 911 Communications	\$ 313,923	\$ 261,488	\$ (52,435)	-16.70%
PCS Wireless	\$ -	\$ 66,805	\$ 66,805	-
Community Youth Council	\$ 27,250	\$ 22,875	\$ (4,375)	-16.06%
Revolving Loan	\$ 22,000	\$ 22,000	\$ -	0.00%
Economic Development	\$ 1,122,500	\$ 822,500	\$ (300,000)	-26.73%
Homestead Loan Program	\$ 80,000	\$ 80,000	\$ -	0.00%
Community Development	\$ 99,996	\$ 59,899	\$ (40,097)	-40.10%
Community Grants	\$ 5,034,486	\$ 5,079,331	\$ 44,845	0.89%
Police Grants	\$ 399,804	\$ 246,091	\$ (153,713)	-38.45%
Parking District #1	\$ 83,608	\$ 78,197	\$ (5,411)	-6.47%
Parking District #2	\$ 54,133	\$ 40,389	\$ (13,744)	-25.39%
Backflow Prevention Program	\$ 78,806	\$ -	\$ (78,806)	-100.00%
Local Assistance	\$ 126,449	\$ 110,224	\$ (16,225)	-12.83%
Total Special Revenues	\$ 7,442,955	\$ 6,889,799	\$ (553,156)	-7.43%

Most of the Special Revenue Funds are budgeted to decrease in the 2011 Budget, with the exception of a new fund, PCS Wireless. The PCS Wireless Fund is similar to the Enhanced 911 Communication Fund, but specific for wireless lines. Community Grants is budgeted with a slight increase in the 2011 Budget. 2010 was a very active year for Community Grants due to several successful awarded grants, such as Neighborhood Stabilization.

DEBT SERVICE FUND

Debt Service Funds are used to account for the accumulation of financial resources, and the payment of general long-term debt principal, interest and related costs for General Obligation and Assessment Bonds.

Debt Service Fund	2009-10 Budget	2010-11 Budget	\$ Difference	% Difference
Debt Service Appropriation	\$ 1,633,346	\$ 1,651,512	\$ 18,166	1.1%

The Chart below shows the various bonds and the City's total debt. The second to last column is the bonding for the Capital Improvement Plan (see the next page for CIP). This is important because from 2011-2017 the projection for an annual bond of \$2 million. The Heartland Events Center, Library Expansion, and State Fair Building are not part of the Debt Service Fund, but are included here because they are part of the total debt.

Total Debts:

	Wood River Flood Control Bonds	Various Purpose Paving Bonds	Various Purpose S. Locust Street	Public Safety Center	Heartland Event Center	Library Expansion	State Fair Building	Future CIP Bonding	TOTALS
Pmt for 2010	270,408	54,148	354,227	861,063	569,493	829,690	753,112	0	3,692,141
Balance at 9/30/2010	1,230,000	55,000	2,680,000	5,735,000	6,270,000	4,470,000	4,518,829	0	24,958,829
Pmt for 2011	268,006	56,430	375,913	857,663	570,038	832,828	753,112	40,000	3,753,990
Balance at 9/30/2011	1,005,000	-	2,365,000	5,115,000	5,950,000	3,785,000	3,951,806	2,300,000	24,471,806
Pmt for 2012	274,745		376,385	858,173	569,715	829,540	753,112	321,321	3,982,991
Balance at 9/30/2012	765,000		2,045,000	4,470,000	5,620,000	3,080,000	3,360,429	4,108,786	23,449,215
Pmt for 2013	275,615		375,980	857,373	563,574	829,780	753,112	571,889	4,227,323
Balance at 9/30/2013	515,000		1,720,000	3,800,000	5,285,000	2,350,000	2,743,651	5,747,472	22,161,123
Pmt for 2014	265,865		374,508	860,573	566,495	828,415	753,112	828,478	4,477,446
Balance at 9/30/2014	265,000		1,390,000	3,100,000	4,935,000	1,595,000	2,100,382	7,212,186	20,597,568
Pmt for 2015	270,433		366,753	856,873	568,443	830,303	753,112	1,091,165	4,737,082
Balance at 9/30/2015	-		1,060,000	2,375,000	4,570,000	810,000	1,429,484	8,498,000	18,742,484
Pmt for 2016			372,629	856,785	569,470	825,390	753,112	1,360,027	4,737,413
Balance at 9/30/2016			715,000	1,620,000	4,190,000	-	729,769	9,598,879	16,853,648
Pmt for 2017			367,288	860,075	564,450		753,112	1,635,143	4,180,068
Balance at 9/30/2017			365,000	830,000	3,800,000		-	10,507,616	15,502,616
Pmt for 2018			376,863	866,105	567,938			1,916,587	3,727,493
Balance at 9/30/2018			-	-	3,390,000			11,215,756	14,605,756
Pmt for 2019					565,194			2,204,436	2,769,630
Balance at 9/30/2019					2,965,000			9,713,508	12,678,508
Pmt for 2020					566,706			2,164,436	2,731,142
Balance at 9/30/2020					2,520,000			8,126,651	10,646,651
Pmt for 2021					562,475			2,164,436	2,726,911
Balance at 9/30/2021					2,060,000			6,450,214	8,510,214
Pmt for 2022					561,900			1,883,115	2,445,015
Balance at 9/30/2022					1,580,000			4,963,054	6,543,054
Pmt for 2023					564,738			1,632,546	2,197,284
Balance at 9/30/2023					1,075,000			3,640,308	4,715,308
Pmt for 2024					561,563			1,375,958	1,937,521
Balance at 9/30/2024					550,000			2,494,436	3,044,436
Pmt for 2025					562,375			1,113,271	1,675,646
Balance at 9/30/2025					-			1,539,795	1,539,795

CAPITAL IMPROVEMENT FUND

The Capital Improvement Fund provides for major improvements, planning, infrastructure and building construction, renovation and replacement, streets, and drainage improvements. Resources are allocated according to a **Five-Year Capital Improvement Plan (CIP)**. A CIP is necessary for the City's long-term fiscal planning due to the large costs necessary for CIP projects. During the 2010 fiscal year, the City implemented a new process to identify programs and prioritizes those similar to the Program Prioritization model. The main criteria used to rank programs include:

- Reaffirmation of Committed Projects
- Fund Leveraging
- Overall Cost to City
- Do-able, Ease of Implementation, Likelihood of Success, Difficulty Implementing and Solve the Need
- Life Safety and Legal Issues
- Immediacy of Need-Urgency
- Operational Savings and Efficiencies

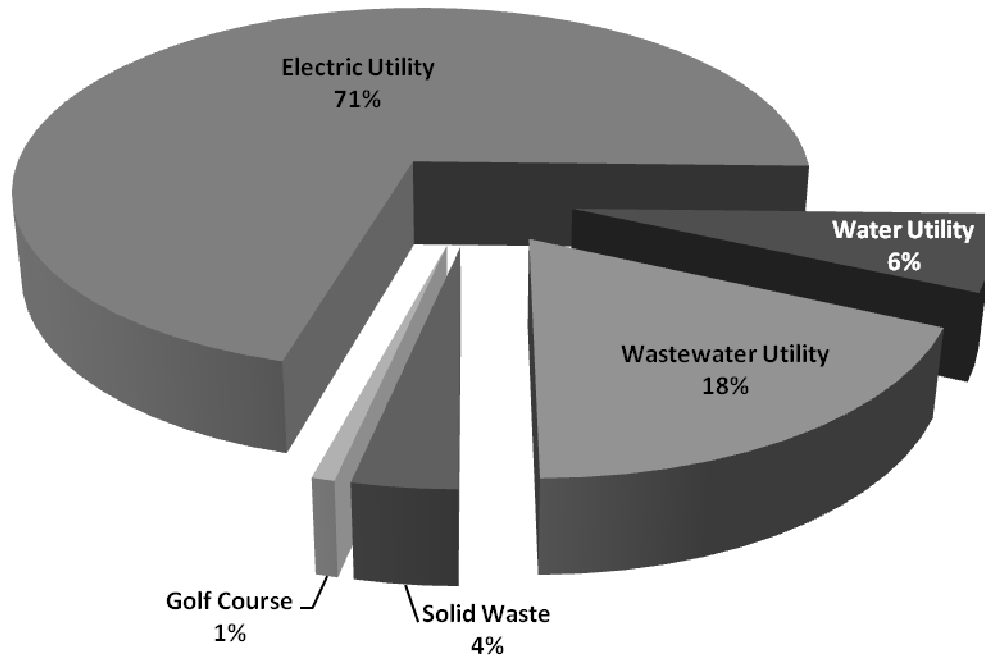
Projects Funded from Gas Tax Money	2010 Budget	2011 Budget
Stolley Park Rd Widening-Locust to Events Cntr-Construction	\$ 200,000	\$ -
Environmental study/engineering Broadwell/UPRR	\$ -	\$ 128,000
So Locust; I-80 to City Limits (Wood River Floodway)	\$ 126,000	\$ -
Capital Ave; Drainway to Webb Road	\$ 150,000	\$ -
Roundabout-Capital and North Road	\$ -	\$ 360,000
Realign Walnut Entr. & Custer/15th Signal	\$ 100,540	\$ 220,066
Misc Safety Enhancements-RR Study	\$ 150,000	\$ 110,000
Replace Wood River Bridge @ Blaine	\$ -	\$ 45,000
New Traffic Signal Installations	\$ 106,000	\$ 80,000
Total	\$ 832,540	\$ 943,066
Bonding Projects/Funding from General Fund		
Wasmer Detention Cell	\$ 220,000	\$ 211,015
Moore's Creek, Faidley, Edna Construction	\$ 250,000	\$ 220,000
Northwest Drainage Project - Feasibility & Design	\$ 725,000	\$ 400,000
Platte Valley Indust Site, Cells to Wood River	\$ 127,000	\$ 127,000
Independence Ave Drainage	\$ -	\$ 80,000
Construct Drainway-CCC to Wood River	\$ 382,500	\$ 330,600
Lincoln Park Pool	\$ -	\$ 1,100,000
Total	\$ 1,704,500	\$ 2,468,615
Remaining Capital Projects		
Fiber Optic Connections	\$ 90,000	\$ 90,000
Infrastructure Emergency Funds	\$ 60,000	\$ 60,000
Grand Generation Center	\$ -	\$ -
Line Drainage Concrete Ditch	\$ -	\$ 50,000
Integrated/Comprehensive Drainage Plan	\$ 115,000	\$ 80,000
Annual Sidewalk Projects	\$ 25,000	\$ 25,000
Miscellaneous Park Projects	\$ 150,000	\$ 150,000
Athletic Complex Development-Vets Home	\$ 1,300,000	\$ 250,000
Hiker/Biker Trails	\$ 200,000	\$ 100,400
Total	\$ 1,940,000	\$ 805,400
Total Capital Program	\$ 4,477,040	\$ 4,217,081

Some 2010 Budget projects have not been completed or started. The Lincoln Park Pool project in 2011 would require a public referendum for bonding authorization.

ENTERPRISE FUNDS

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The Enterprise Funds make up 58% of the City's total appropriations. Enterprise Funds are primarily supported by user fees.

Appropriations:



Enterprise Fund Appropriations	2010 Budget	2011 Budget	\$ Difference	% Difference
Total Solid Waste	\$ 2,973,942	\$ 2,949,920	\$ (24,022)	-0.81%
Total Golf Course	\$ 644,969	\$ 649,945	\$ 4,976	0.77%
Total Electric Utility	\$ 65,104,412	\$ 61,018,581	\$ (4,085,831)	-6.28%
Total Water Utility	\$ 6,640,630	\$ 5,473,350	\$ (1,167,280)	-17.58%
Total Wastewater Utility	\$ 21,051,472	\$ 15,623,739	\$ (5,427,733)	-25.78%
TOTAL ENTERPRISE FUNDS	\$ 96,415,425	\$ 85,715,535	\$ (10,699,890)	-11.10%

PERSONNEL: ALL FUNDS

The 2011 Budget includes 548.84 full-time equivalent (FTE) employees, a net reduction of **30.9846 FTE** from the 2010 Budget. The costs savings associated with the FTE reduction is **\$1,644,753**.

Personnel Allocation by Department	2010 FTE	2011 Change	2011 FTE
Administration	3.000	-	3.0000
City Clerk	1.000	-	1.0000
Finance	27.000	(1.5000)	25.5000
Legal	3.000	-	3.0000
Community Projects	-	-	-
City Hall Buildings	2.000	-	2.0000
Human Resources	4.000	-	4.0000
Building Inspection	10.000	-	10.0000
Fire Services	75.000	(8.0000)	67.0000
Police Services	99.936	(11.1772)	88.7588
Emergency Management	17.000	(1.0000)	16.0000
Engineering	10.250	(1.0000)	9.2500
Streets and Transportation	28.000	(3.0000)	25.0000
Planning	2.620	-	2.6200
Library	27.348	(2.7924)	24.5556
Parks & Cemetery	31.570	(3.7200)	27.8500
Recreation	23.473	3.0800	26.5530
Public Information	2.000	(0.1500)	1.8500
Heartland Shooting Range	4.500	(0.5000)	4.0000
GENERAL FUND TOTALS	371.697	(29.7596)	343.4374
Community Youth Council	-	0.1500	0.1500
Backflow Prevention Program	-	-	-
Parking Facility District #2	0.400	(0.4000)	-
Parking District #1	0.225	(0.2250)	-
Community Development	2.000	-	2.0000
Enhanced 911 Communications	1.000	1.0000	2.0000
SPECIAL REVENUE TOTALS	3.6250	0.5250	4.1500
Sewer Utility	30.321	-	30.3210
Water Utility	11.500	-	11.5000
Electric Utility	129.380	-	129.3800
Golf Course	5.500	-	5.5000
Solid Waste	12.050	-	12.0500
ENTERPRISE TOTALS	188.751	-	188.7510
Fleet Services	6.750	(0.7500)	6.0000
Information Technology	7.500	(1.0000)	6.5000
INTERNAL SERVICE TOTALS	14.250	(1.7500)	12.5000
ALL FUND TOTALS	578.323	30.9846	548.8384

The positions reduced are shown on the next page.

The number of FTE in the 2011 Budget has not been this low since 2003, when there were 544.818 FTE positions. However, the population in Grand Island from 2003 to 2011 has grown; therefore, City staff per capita will be less in 2011.

PERSONNEL DETAILS

The chart below shows the positions reduced or changed to reach the new FTE Total. Some of the positions show an increase; this is due to the reorganization of multiple positions.

Positions Reduced in 2011 Budget	FTE Change
Meter Reader (vacant)	-0.5
Cashier (Finance)	-1.0
Firefighter/EMT (grant positions)	-3.0
Firefighter/Paramedic (grant positions)	-3.0
Firefighter/EMT (vacant)	-2.0
Community Service Officer (vacant)	-0.6272
Police Record Clerk FT	-1.0
Police Record Clerk 2-PT	-1.0
School Crossing Guards	-4.55
Police Officers	-3.0
Police Officers - FT (vacant)	-4.0
3 Grant Positions	3.0
Parking Monitor	-0.4
Parking Monitor	-0.225
Sr. Equipment Operator (vacant)	-1.0
Equipment Operator	-1.0
Seasonal Workers (PW)	-1.0
Civil Engineer Manager	-1.0
Engineer Tech Supervisor	-1.0
Project Manager (PW)	1.0
Fleet Services Attendant/Clerk-PT	-0.75
Fleet Services Inventory Specialist	-1.0
Inventory Clerk	1.0
Library Assistants PT (vacant)	-1.0808
Library Clerk (vacant)	-1.0
Library Page (vacant)	-0.3366
Seasonal Workers (Library)	-0.375
Maintenance Worker (Cemetery)	-1.0
Maintenance Worker (Cemetery)	0.27
Seasonal Workers (Shooting)	-0.5
Maintenance Worker (Park Ops)	-1.0
Seasonal Worker (Park Ops)	-0.81
Seasonal Workers (Greenhouse)	-0.6
IT Supervisor (vacant)	-1.0
Field House FTE change	2.5
Total FTE Change from 2010	-30.9846

Staffing needs for the new Community Field House forced Parks and Recreation Department to reallocate personnel. Those FTE positions were not shown to the right, but are shown below since some of those positions were transferred to the Community Field House. The Recreation Coordinator is a full-time position split with the Recreation Department, but only a net increase of 0.5 FTE. Seasonal Workers from Park Operations, Volleyball and Basketball were all reductions from other areas and reallocated to the Field House.

Field House Position Changes	FTE
Recreation Coordinator	0.5
Maintenance Worker (from Park Ops)	0.58
Seasonal Workers (from Volleyball)	0.48
Seasonal Workers (from Basketball)	0.23
Seasonal Workers	2.0
Net FTE Change:	2.5

Some portions of personnel costs were reallocated to another fund based on the staff time spent on those programs. This will allow for those programs to better cover the costs of the services they provide. Those include the Public Information Officer, Planning Secretary, Emergency Management Deputy and Communications Specialist.

NOTES:

**City of Grand Island
City Hall
100 East First Street, Box 1968
Grand Island, Nebraska 68802-1968
(308)385-5444**

