

***FY 2010 RECOMMENDED OPERATING BUDGET
SUMMARY OF EXPENDITURES
Other Operating Funds***

While the General Fund is the principal fund of the City, other operating funds have a significant role in the City. What follows is a description of other operating funds (Schools, Public Works funds, Public Utilities, and Parks and Recreation funds) that have a major impact on the FY 2010 Operating Budget.

Public Education Fund	Adopted FY 2009 Budget	FY 2010 Recommended	Variance	Percent
School Division	\$316,439,766	\$300,642,851	(\$15,796,915)	(5.0%)

The Schools Superintendent will be available at a City Council Budget worksession to provide details on the FY 2010 Public Education Fund request. A brief summary of revenues follows on the next page.

FY 2010 Recommended Budget - Other Funds, Continued

The amounts listed below represent the Superintendent's Recommended Budget of March 3, 2009.

<i>Revenue Source</i>	<i>FY 2009 Budget</i>	<i>FY 2010 Estimate</i>	<i>Amount Difference</i>	<i>Percent Difference</i>
State Funds	\$196,821,866	\$181,417,651	(\$15,404,215)	(7.8%)
Federal Funds	4,526,650	4,526,650	0	0.0%
City Support	113,800,000	113,300,000	(500,000)	(0.4%)
Other Local Funding	<u>1,291,250</u>	<u>1,398,550</u>	<u>107,300</u>	<u>8.3%</u>
Total	\$316,439,766	\$300,642,851	(\$15,796,915)	(5.0%)

FY 2010 Recommended Budget - Other Funds, Continued

Public Utilities Fund (Waterworks)	<u>Revised FY 2009 Budget</u>	FY 2010 Recommended	<u>Variance</u>	<u>Percent</u>
Waterworks	\$81,700,000	\$83,734,000	\$2,034,000	2.5%

The FY 2010 Recommended Budget for the Public Utilities Fund is \$83,734,000, which reflects an increase of \$2,034,000 or 2.5% over the prior year. The increase is primarily derived from three cost areas totaling \$4,121,418. First, chemical costs climbed significantly by \$2,617,500 due to worldwide competitive pressures in the furtherance of ethanol production. Second, debt service increased \$827,449 due to interest payments on Revenue Bonds issued in FY 2007, and a full year of interest on VRA loan proceeds received in FY 2008. Third, power costs (electricity) increased \$676,469. All other expenditures reflect a substantial net decrease of \$2,087,418 due in large part to the elimination of twelve (12) vacant positions and a first-time application of a personnel attrition credit of \$1,738,645.

The following fee increases are being proposed for FY 2010:

<i>Fee</i>	<i>Current Rate</i>	<i>Proposed Rate</i>
Water Rate	\$3.04/HCF	\$3.20/HCF
Water Rate - Life Line	For 6 HCF residential or less - \$2.78 and \$3.04 for each HCF over 6 HCF	For 6 HCF residential or less- \$2.78 and \$3.20 for each HCF over 6 HCF
Summer Conservation Rate	\$0.61/HCF	\$0.64/HCF

These rates are detailed on Table Four, *Tax Rates and Fee Schedules*, on General Information Page 11, under the Blue Revenues Tab.)

FY 2010 Recommended Budget - Other Funds, Continued

Solid Waste Revolving Fund	Revised FY 2009 Budget	FY 2010 Recommended	Variance	Percent
Solid Waste Revolving Fund	\$12,192,800	\$13,339,200	\$1,146,400	9.4%

The Solid Waste Revolving Fund is recommended to increase by \$1,146,400 or 9.4% in FY 2010. Expenses increased due to an increase in debt service for recent capital projects and increases in contractual services that assist in collection of waste and recyclables. All other expenses were held to a minimum level.

With the adoption of the current year budget, Residential Solid Waste Fee for standard collection was set to increase by \$0.25 in FY 2009 and \$0.35 in FY 2010 to offset anticipated rising costs. The yearly increase to the average homeowner will be \$18.20 per year. A comparison of FY 2009 to FY 2010 rate changes is shown below:

***FY 2009 Current Rates
and FY 2010 Rates***

<u>Container Size</u>	<u>FY 2009 Cost per Week</u>	<u>FY 2010 Cost per Week</u>	<u>Amount Change per Week</u>
Medium (60 gallons)	\$4.02	\$4.30	\$0.28
Standard (90 gallons)	\$5.03	\$5.38	\$0.35
Medium and Standard	\$9.05	\$9.68	\$0.63
Two Standards	\$10.06	\$10.76	\$0.70

Note: The rate for a 60 gallon container is set at 20% less than the rate of the 90 gallon container.

FY 2010 Recommended Budget - Other Funds, Continued

Wastewater Fund	<u>Revised FY 2009 Budget</u>	FY 2010 Recommended	<u>Variance</u>	<u>Percent</u>
Wastewater Fund	\$14,145,300	\$18,054,600	\$3,909,300	27.6%

The Wastewater Fund is recommended to have a net increase of \$3,909,300 or 27.6%. The largest portion of this significant increase is a direct result of the federally mandated regional sanitary sewer evaluation and repair consent order. Costs for the evaluation portion of the consent order are assessed at approximately \$8,000,000 over a multi-year period. Some of these costs have occurred in the current year; however, a more significant portion is budgeted for FY 2010. Additional costs for repairs are expected to be considerable, but remain somewhat uncertain and will be contingent on the continued evaluation portion of the consent order. The FY 2010 Recommended budget includes nine new positions, all related to the evaluation and repair requirements of the mandated sanitary sewer consent order.

Although a use of fund balance will be required to offset the less significant increases in normal Wastewater Fund operations expenses, it is recommended that the base Sewer User Fee remain unchanged at \$1.63 per hundred cubic feet (HCF) of water consumption. However, in order to recover the costs of compliance with the federally mandated regional consent order, it is recommended that the surcharge fee increase from \$0.45 per HCF to \$0.90 per HCF. The current and proposed rate increases are:

<u>FY 2009 Current Rate</u>	<u>FY 2010 Proposed Rate</u>	<u>Average Monthly Cost Increase</u>	<u>Average Annual Cost Increase</u>
\$1.63/HCF	\$1.63/HCF	\$0.00	\$0.00
\$0.45/HCF Consent Order Surcharge	\$0.90/HCF Consent Order Surcharge	\$4.34	\$52.11

FY 2010 Recommended Budget - Other Funds, Continued

Stormwater Management Fund	<u>Revised FY 2009 Budget</u>	FY 2010 Recommended	<u>Variance</u>	<u>Percent</u>
Stormwater Management Fund	\$9,204,600	\$9,891,000	\$686,400	7.4%

The Stormwater Management Fund is recommended to increase by \$686,400 or 7.4%. Expenses increased primarily due to an increase in debt service for recent capital projects and a decision to do more future projects using cash capital rather than bond funding. All other expenses were held to a minimum level.

To support these increased operating costs, the Stormwater Management Fee rate is proposed to increase in FY 2010 from \$5.10/Equivalent Residential Unit (ERU) per month to \$5.45/ERU per month. This 35 cents per month increase represents a 6.9% growth in the rate, resulting in \$4.20 in annual costs to the average homeowner.

<i>Current Rate</i>	<i>Proposed Rate</i>	<u><i>Monthly Cost Increase</i></u>	<u><i>Annual Cost Increase</i></u>
\$5.10/ERU	\$5.45/ERU	\$0.35	\$4.20

FY 2010 Recommended Budget - Other Funds, Continued

Parks and Recreation Funds				
	<u>Revised FY 2009 Budget</u>	FY 2010 Recommended	<u>Variance</u>	<u>Percent</u>
Recreation Revolving Fund	\$4,600,700	\$4,782,000	\$181,300	3.9%
Historical Services Fund	\$1,378,300	\$1,238,000	(\$140,300)	(10.2%)
Golf Course Revolving Fund	\$1,704,600	\$1,688,500	(\$16,100)	(0.9%)
Leeward Marina Revolving Fund	\$ 248,800	\$ 245,900	(\$2,900)	(1.2%)
Tourism, Promotions, and Development Fund	\$1,617,000	\$1,370,800	(\$246,200)	(15.2%)

The FY 2010 Recommended Budget for the Recreation Revolving Fund reflects an increase of \$181,300 versus the FY 2009 budget. This increase is attributed primarily to the transfer of the Parks Coordinator position and Part-Time costs associated with the Teen Program from the General Fund.

The FY 2010 Recommended Budget for the Historical Services Fund reflects a (\$140,300) decrease from the FY 2009 budget. This decrease is attributed to the elimination of one vacant Marketing Coordinator position, the elimination of one vacant Education Specialist position, and the delay in recruitment for the vacant Historical Services Administrator position.

The FY 2010 Recommended Budget for the Golf Course Revolving Fund represents a (\$16,100) decrease from the FY 2009 budget. There are no significant operating changes from the FY 2009 Operating Budget.

FY 2010 Recommended Budget - Other Funds, Continued

The FY 2010 Recommended Budget for the Leeward Marina reflects a (\$2,900) decrease from the FY 2009 budget. There are no significant operating changes from the FY 2009 Operating Budget.

The FY 2010 Recommended Budget for the Tourism, Promotion, and Development Fund reflects a (\$246,200) decrease to the FY 2009 operating budget. The Tourism Fund advertising budget has been dramatically reduced in light of the projected continued decline in Lodging Tax revenue.