Call, Rosemarie

From: Silverboard, Jill
Sent: Wednesday, September 05, 2018 4:07 PM
To: Call, Rosemarie
Cc: Ravins, Jay
Subject: FW: Millage scenarios
Attachments: Scenario 1 - 0.8 mill increase.pdf; Scenario 2 - 0.4 mill increase - 0.3 FY22 - 0.3 FY25.pdf; Scenario 3 - 0.4 mill increase with $4.5mm budget cuts.pdf

Rose – Please see the following and attached per Council's request at worksession, yesterday. Thanks – Jill

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From: Ravins, Jay
Sent: Tuesday, September 4, 2018 8:16 PM
To: Silverboard, Jill <jill.silverboard@myclearwater.com>
Cc: Kastel, Kayleen <Kayleen.Kastel@MyClearwater.com>
Subject: FW: Millage scenarios

Jill, revised for review

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Councilmembers:

Per the discussion of a 0.4 mill increase at today's Work Session, please find three alternative scenarios:

1) The proposed 0.8 mill increase in FY2019. Per the attached, the millage increase would sustain reserve levels through the 10 year period, ending with a fund balance estimated at **14.5%** of expenditures – slightly less than the GFOA's recommended level of 16.67%, but in excess of our policy minimum of 8.5%.

2) An alternative 0.4 mill increase in FY2019 with additional millage increases as needed. Per the attached, this would necessitate another 0.3 mill increase in FY2022, and another 0.3 mill increase in FY2025. It would leave us with an ending fund balance at the end of the 10 year period of **10.9%** of expenditures - less that the GFOA's recommended 16.67% but still in excess of our policy minimum of 8.5%.

3) Alternative 0.4 mill increase in FY2019 with current budget cuts instead of additional millage increases in future years. Per attached, would require $4.5mm in FY2019 operating cuts to end up with similar fund balance as scenario 2 above (**10.7%**). However, large operating deficits in fiscal years 2027 & 2028 ($6.3mm and $9.0mm, respectively) could require a millage increase for those years and/or additional operating cuts, if not enough "one-time" capital expenditures to fund from reserves (to balance the budget).

Millage rate at the end of the 10 years would be 5.9550 for Scenario 1 and 6.1550 for Scenario 2. Rate would be 5.5550 for Scenario 3 unless additional millage increase required in 2027 or 2028 per above discussion.

As a reminder, none of the scenarios includes any increased costs for the compensation & classification study in process, nor do they include any FTE increases over the 10 year period other than Imagine Clearwater and Crestlake Park FTE additions (9 for Imagine Clearwater and 3 for Crestlake).

Please let us know if you have questions or would like additional information.