



CITY OF EAST WENATCHEE

NICK A. GERDE, FINANCE DIRECTOR

271 9TH STREET NE • EAST WENATCHEE, WA 98802

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Budget Committee Meeting Minutes
Tuesday, October 20, 2016, 5:30 PM
Location: Council Chambers

Budget Committee Members attending: Mayor Steve Lacy; Councilmembers Tim Detering, John Sterk, and Chuck Johnson, and Finance Director, Nick Gerde.

Other City Staff attending included Greg Pezoldt, Public Works Director; Lori Barnett, Community Development Director; Teresa Allen, Executive Secretary and Accounting Assistant; and Dana Barnard, City Clerk.

The meeting began at 5:30 PM. Finance Director Gerde distributed a Discussion Items "Listing" related to the Preliminary Budget (attached). The Preliminary Budget had been developed and discussed briefly at the previous meeting on September 20 after City Department Heads presented their respective budgets. Although the budget was balanced for the year, a cash flow plan was needed to insure that the plan was feasible.

The "Listing" was reviewed with the conclusion that the budget was not financially feasible based upon the significant negative cash flow that was forecast for the months of September and October of 2017. The Cash Flow Forecast was distributed and discussed. The Capital Projects portion of the Forecast was supported by a monthly cash flow reflecting all projects that had been proposed by the Public Works Director the previous meeting.

The Committee and staff discussed the reasons for the negative cash flow situation during 2017 and the options presented in the "Listing", including obtaining a bank line of credit, re-scheduling projects during 2017, re-scheduling projects into 2018 and the staging of the Public Works Building Project over multiple years.

The Committee consensus was to re-schedule the Eastmont-5th Street repaving until 2018, staging the Public Works Project over more than one year and obtaining a line of credit in an amount that would insure adequate availability during peak spending months during 2017. The Committee gave instructions to Finance Director Gerde and Public Works Director Pezoldt to provide a revised plan prior to the next Budget Committee Meeting on November 17th.

There being no further business, the meeting was adjourned at 6:50 PM.

Respectively submitted:



Nick Gerde
Finance Director

Attachment: Discussion Items Listing



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A handwritten signature in blue ink, appearing to be "N. Gerde", is located to the left of the contact information.

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October 20, 2016

Budget Committee Meeting
Discussion Items

Subject: Cash Flow to Support the Current Budget

The current budget has the following attributes:

1. A current estimate of 2017 beginning cash is \$4,888,000.
2. Budgeted operational cash flow is positive and budgeted to be greater than \$500,000 for 2017.
3. Net capital spending is estimated to cost nearly \$2.7 million.
4. Consequently, net cash at the end of 2017 is estimated to be \$2,813,000.
5. The current cash flow for 2017 has been developed based upon historical operational revenue and expense behavior. Capital spending and the subsequent receipt of available grant funding have also been provided by Public Works.
6. The result is not financially sustainable without making some choices.
7. The most obvious choices could be:
 - A. A line of credit to satisfy the negative cash fluctuations could potentially be obtained;
 - B. Re-scheduling capital projects during 2017 could help to offset a portion of the negative cash flow; and

- C. Re-scheduling capital projects to 2018 could also be a part of the solution;
- D. Staging the Public Works Building Project over two or more years could help the cash use issue, but by itself, would not be a total solution.

City of East Wenatchee, Washington
Cash Flow Forecast for 2017 (Preliminary Budget)

	January	February	March	April	May	June	July	August	September	October	November	December	Budget Amend	Total
Receipts:														
City Revenue	111,155	216,563	173,840	107,200	260,020	154,443	169,711	201,300	194,590	100,100	229,800	89,660	-	2,008,382 x
County Revenue	21,000	17,500	30,000	160,000	634,770	165,000	79,500	41,000	34,000	57,000	566,000	125,000	-	1,932,770 x
State Revenue	365,969	503,403	366,636	333,010	389,099	416,949	372,831	348,600	470,354	423,886	374,737	352,088	-	4,717,162
Sub-Total	497,724	737,466	570,476	600,210	1,283,889	736,392	622,042	590,900	698,944	580,986	1,172,537	566,748	-	8,658,314
City Non-Revenue	17,000	24,000	26,000	24,000	19,000	20,000	21,000	17,000	26,000	21,000	22,000	23,000	-	260,000
Monthly Ops Revenue	514,724	761,466	596,476	624,210	1,302,889	756,392	643,042	607,900	724,944	601,986	1,194,537	589,748	-	8,918,314
SWA Capital Projects	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital - Gateway	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital - Public Works	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers to Support Capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Monthly Capital Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Monthly Revenue	514,724	761,466	614,476	704,710	1,393,539	800,867	761,242	931,150	2,170,994	2,763,296	3,045,126	2,329,129	-	16,790,719
Expenditures:														
Monthly Est Payroll	308,000	305,000	306,000	310,000	308,000	305,000	300,000	308,000	310,000	312,000	312,000	312,000	-	3,696,000 x
Monthly Est Benefits	99,000	97,000	98,000	101,000	99,000	97,000	96,000	99,000	101,000	104,000	104,000	104,000	-	1,199,000 x
Monthly Est PR Taxes	23,500	23,300	23,400	23,700	23,600	23,300	23,000	23,500	23,800	23,900	23,900	23,900	-	282,800 x
Monthly Avg Payables	130,000	165,000	170,000	180,000	180,000	175,000	180,000	180,000	175,000	175,000	185,000	185,400	-	2,080,400
Subtotal	560,500	590,300	597,400	614,700	610,600	600,300	599,000	610,500	609,800	614,900	624,900	625,300	-	7,258,200
Storm Water Charge	-	-	147,000	-	-	-	-	-	-	-	-	-	-	147,000 x
Commercial Insurance	-	-	-	-	-	-	-	-	-	-	-	-	-	165,000 x
Regular Debt Service	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Trust Fund Loan (SWM)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Snow Removal Supplies	10,000	15,000	-	31,200	-	-	-	-	15,000	15,000	15,000	-	-	31,200 x
Operating Capital	10,000	10,000	125,000	30,000	80,000	20,000	10,000	10,000	65,000	25,000	10,000	10,000	-	395,000 x
Total Operating Expenditures	570,500	615,300	889,400	644,700	721,800	620,300	609,000	620,500	689,800	654,900	649,900	800,300	-	8,066,400
Non-Expenditures:														
State Court Rentances	18,000	18,000	20,000	20,000	21,000	21,000	20,000	20,000	20,000	21,000	21,000	20,000	-	240,000 x
Other	1,200	1,200	1,300	1,300	1,500	1,500	1,600	1,600	1,800	1,800	1,800	1,800	-	17,600 x
Total Operating Expenditures	589,700	634,500	890,700	666,000	744,300	642,800	630,600	642,100	711,400	677,500	672,500	821,900	-	8,324,000
Storm Water Capital Projects	-	13,500	21,500	12,650	36,500	98,500	14,500	13,100	24,500	46,222	-	-	-	280,972 (A)
Street Improvement Projects	40,000	17,000	49,000	27,000	87,000	220,000	1,612,000	2,347,276	2,199,020	1,707,715	95,000	25,970	-	8,426,981
Capital Project - Gateway	-	-	-	100,000	100,000	100,000	100,000	-	-	403,750	-	-	-	400,000
Capital Project - Public Works	-	-	-	-	-	-	30,000	500,000	500,000	-	-	-	-	1,433,750
Transfers to Support Capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditures	40,000	30,500	70,500	139,650	223,500	418,500	1,756,500	2,860,376	2,723,520	2,157,687	95,000	25,970	-	10,541,703
Grand Total Expenditures	629,700	665,000	961,200	805,650	967,800	1,061,300	2,387,100	3,502,476	3,434,920	2,835,187	767,500	847,870	-	18,865,703
Budgeted Net Cash Flow	(114,976)	96,466	(346,724)	(100,940)	425,739	(280,433)	(1,625,858)	(2,571,326)	(1,263,926)	(71,891)	2,277,626	1,481,259	-	(2,074,984)
Beginning of Month Cash (A)	4,888,000	4,773,024	4,869,490	4,522,766	4,421,826	4,847,565	4,587,132	2,961,274	389,948	(873,978)	(945,869)	1,331,757	-	4,888,000
Add: Revenues	514,724	761,466	614,476	704,710	1,393,539	800,867	761,242	931,150	2,170,994	2,763,296	3,045,126	2,329,129	-	16,790,719
Less: Expenditures	(629,700)	(665,000)	(961,200)	(805,650)	(967,800)	(1,061,300)	(2,387,100)	(3,502,476)	(3,434,920)	(2,835,187)	(767,500)	(847,870)	-	(18,985,703)
Ending Cash Balance	4,773,024	4,869,490	4,522,766	4,421,826	4,847,565	4,587,132	2,961,274	389,948	(873,978)	(945,869)	1,331,757	2,813,016	-	2,813,016
Actual 2017 - Gross Payroll	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Benefit Costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Payroll Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2017 Budget Total	401,600	403,600	401,600	407,900	413,100	415,100	413,100	420,200	420,200	419,200	425,600	440,800	-	4,982,000
2017 Budgeted Labor	285,000	287,000	285,000	290,000	295,000	297,000	295,000	300,000	300,000	299,000	303,000	316,000	-	3,552,000
2017 Budgeted Benefits	95,000	95,000	95,000	96,000	96,000	96,000	96,000	98,000	98,000	98,000	100,000	102,000	-	1,165,000
2017 Budgeted PR Taxes	21,600	21,600	21,600	21,900	22,100	22,100	22,100	22,200	22,200	22,200	22,600	22,800	-	265,000
Total	401,600	403,600	401,600	407,900	413,100	415,100	413,100	420,200	420,200	419,200	425,600	440,800	-	4,982,000
2016 Actual Payroll	293,341	289,433	285,069	282,081	287,879	289,858	291,045	290,509	303,385	299,000	300,000	315,000	-	3,526,600
Benefits	95,015	92,967	89,631	90,186	91,235	91,890	91,335	91,292	91,300	91,300	91,300	91,300	-	1,098,341
Payroll Taxes	21,936	21,632	21,298	21,069	21,513	21,665	21,757	21,692	22,611	22,600	22,600	22,600	-	262,973
Total Payroll	410,292	403,632	395,998	393,336	400,627	403,403	404,137	403,493	417,296	412,900	413,900	428,900	-	4,887,914

Note: Budget Amendments included in changes for the months in which they apply.



	January	February	March	April	May	June	July	August	September	October	November	December	Budget Amend	Total
Storm Water Capital Projects														
Small Improvement Projects - Rev														
Exp														
VMP Landscaping Proj	Rev													
Exp														
Astor Court	Rev													
Exp														
Ashland Avenue	Rev													
Exp														
Total Storm Water Capital Rev	-	-	-	13,500	21,500	12,650	36,500	98,500	14,500	46,222	24,500	46,222		280,972
Exp	-	13,500	21,500	12,650	36,500	98,500	14,500	13,100	24,500	46,222	-	-		280,972
Street Improvement Projects														
Baker Avenue Reconstruction	Rev			17,000	-	60,000	780,000	51,000	663,000	1,088,000	841,500	516,810		3,177,310
Exp	10,000	5,000	5,000	-	-	45,000	40,500	1,280,000	990,000	326,107	-	-		3,456,107
Higline Drive Reconstruction	Rev		18,000	-	-	-	550,000	40,500	495,000	607,200	424,750	-		1,585,450
Exp	10,000	10,000	-	-	-	45,000	-	690,000	471,945	-	-	-		1,746,945
5th Street Sidewalk Project	Rev			-	-	-	32,000	123,000	32,000	123,000	173,000	52,000		380,000
Exp														380,000
9th St Roundabouts Engr	Rev			15,000	20,000	21,625	17,300	17,300	17,300	17,300	38,925	31,786		161,536
Exp			10,000	-	20,000	20,000	20,000	20,000	45,000	36,400	15,000	15,000		216,400
10th Street NE Engr	Rev			10,000	40,000	10,200	34,000	42,500	85,000	119,000	276,250	146,285		713,235
Exp		2,000	-	-	-	50,000	100,000	140,000	325,000	172,100	40,000	10,970		890,070
Estmnt & ShtSINE Pres Rev	Exp			2,000	-	15,000	65,000	14,450	55,250	29,135	21,250	906,278		1,026,363
TBD Residential Paving	Rev			-	-	-	-	34,276	25,000	1,066,210	-	-		1,207,486
Exp										114,075				114,075
Other St Imp Projects (5)	Rev			50,000	19,150	30,400	59,000	84,000	50,500	50,500	40,000	40,000		383,464
Exp	20,000	-	34,000	-	27,000	30,000	65,000	90,000	55,000	54,898	40,000	-		415,898
Total Street Improvements Rev	-	-	18,000	67,000	19,150	31,825	81,700	224,750	1,431,550	2,148,210	1,826,089	1,693,159		7,541,433
Exp	40,000	17,000	49,000	27,000	87,000	220,000	1,612,000	2,347,276	2,199,020	1,707,715	95,000	25,970		8,426,981
Capital Project - Gateway - Rev					50,000									50,000
Exp					100,000	100,000	100,000	100,000						400,000
CapProject - Public Works Exp							30,000	500,000	500,000	403,750				1,433,750
Net Cash Flow for Projects														-
Revenue Forecast	-	-	18,000	80,500	90,650	44,475	118,200	323,250	1,446,050	2,161,310	1,850,589	1,739,381		7,872,405
Expenditure Forecast	(40,000)	(30,500)	(70,500)	(139,650)	(223,500)	(418,500)	(1,756,500)	(2,860,376)	(2,723,520)	(2,157,687)	(95,000)	(25,970)		(10,541,703)
Monthly Net Cash Flow	(40,000)	(30,500)	(52,500)	(59,150)	(132,850)	(374,025)	(1,638,300)	(2,537,126)	(1,277,470)	3,623	1,755,589	1,713,411		(2,669,298)
Cumulative	(40,000)	(70,500)	(123,000)	(182,150)	(315,000)	(689,025)	(2,327,325)	(4,864,451)	(6,141,921)	(6,138,298)	(4,382,709)	(2,669,298)		

89,275.00