



MEMORANDUM

To: Mayor and City Councilors
From: Rich Olson, City Manager
Date: February 21, 2013
Re: Pre-budget Work Session

City staff has prepared a brief slide presentation for the pre-budget work session, which will be held on February 25, 2013 at 5:30 p.m. Staff continues to update this presentation as information is received and will provide a handout at the work session.

Fiscal year 2013-2014 appears to be another challenging year for the City financially. All indicators at this point are that our revenue sources will remain flat. The growth we were expecting in sales tax revenues this year has not materialized. The building industry remains sluggish and little growth is anticipated in our property tax base.

Unfortunately, we know that we have a substantial increase in our health insurance premiums next year, which at this point appears to be around \$414,600. There is little opportunity to issue new debt without raising property taxes once again. There are a number of legislative issues, which could adversely affect the City. Most of these unknowns will not be known until after I submit a draft copy of my budget to the Council.

The primary purpose of the pre-budget work session is to inform the Council of the budget issues, opportunities and challenges. In addition, if you would like to propose a project or program, staff will endeavor to work it into the budget, if possible. Unfortunately, after you receive a copy of my balanced budget, if something is added, something will also need to be cut.

RCO/vdw