



### How would YOU balance the budget?

For the last 5 years the revenues received from taxes were less than what was needed to pay for city services. The city has used reserve funds to fill the gap but with a \$2 million deficit projected for 2006 we're running out of reserve funds fast. At this rate the city will be broke in 2 - 3 years.

The city has already made \$2 million in cuts, including reducing the city workforce by 10%, but that's not enough. To fill the projected \$2 million gap will require eliminating services or raising taxes. These are hard decisions that will affect this community for years to come – and that's why we want your input.

Fixing a \$2 million problem will likely require a combination of actions and this worksheet has been designed to give you the chance to mix and match your own strategy. Using the information materials provided with this worksheet you should have what you need to make decisions about what services you would be willing to cut or what taxes you think could be raised. Your goal is to eliminate the gap in a way that is sustainable and supports what is important to you.

1. Re-Allocation Strategies			Budget Reduction	Budget Increase
	Annual Cost	Cost Factor		
(1) Reduce 25% capital allocation	\$2.4 million	1% = \$100,000		
(2) Continue to use reserve funds	\$2 million in 2005	Balance = \$8 million		
<b>Sub Total #1.</b>			\$	\$
2. Service Strategies				
Change police funding	\$5.8 million	\$80,000 per officer		
Change fire funding	\$4 million	\$80,000 per fire fighter		
Change administration funding	\$1 million	\$90,000 per position		
Change finance funding	\$1.6 million	\$70,000 per position		
Change public service funding	\$3.5 million	\$75,000 per position		
Change community development	\$1.7 million	\$80,000 per position		
<b>Sub Total #2.</b>			\$	\$
3. Productivity Strategies				
Work Efficiencies	\$2 million to date	\$10 - 25,000 per year		
<b>Sub Total #3.</b>			\$	\$

Projected  
Shortfall  
\$2,000,000

Projected Shortfall  -  +  =

Remaining  
Shortfall

4. Revenue Options		Current Info	Revenue Factor	Household Impact	Dollars Raised
(3) Increase income tax rate		Current rate 2.0%	raise \$1.7 million per .25%	\$125/\$50,000	
(4) Reduce income tax credit %		Current rate 100%	raise \$42,000 per 1%	\$500/\$50,000	
Increase property tax		\$2.6 million @ 58 mils	raise \$320,000 per 1 mil	\$32/\$100,000	
Increase vehicle license fee		\$20 per vehicle	raise \$125,000 per \$5	\$5 per car	
Miscellaneous Fee increases		\$200,000/year	raise \$20,000 @ 10%	\$1 per person	
(5) New jobs	1 min wage job = \$250		\$500,000 payroll = \$10,000	none	
Expand JEDDs	\$15,000/year		\$500,000 payroll = \$1,250	none	
Other					
<b>Sub Total #4.</b>					

↓  
**minus**

The City charges fees to users of some City services. It has been suggested that the City expand user fees to include new charges for leaf collection, street lighting, street sweeping, etc. How would you feel about new user fees?

*Strongly Oppose*    *Somewhat Oppose*    *Neutral*    *Somewhat Favor*    *Strongly Favor*    *Don't Know / No Opinion*

**New Balance**

**Footnotes**  
 (1)The City Charter requires 25% of income taxes be used for capital improvements. To change this would require voter approval.  
 (2)Reserve funds are only a temporary fix that use one-time cash reserves to pay recurring costs.  
 (3)The City income tax rate has not been raised in 22 years. An income tax change requires voter approval.  
 (4)City residents that work outside Kent are given a 100% credit for income tax paid where they work. Many cities do not offer this credit. Changing the tax credit does not require voter approval.  
 (5)New jobs are highly speculative and while the city can try to act as a catalyst there are no guarantees that new jobs will follow.

If your new balance is greater than 0 you need to go back and do more budget cutting or raise more taxes.