



# “Critical Challenges, Critical Choices”

The Town of Westlake  
Proposed 2009 - 2010 Budget  
August 31, 2009

# Introduction

- \$12.4 million FY 2009-2010 Budget Premises:
  - Provide basic, but high quality, Town services
  - Continued decline in sales tax revenue necessitates the use of some fund balance in the General Fund to balance the budget
  - Continued support for the Westlake Academy
  - No Town ad valorem/property tax levy
  - Proposing only self-funded capital improvement projects, Utility Fund projects, and the Water well for the Academy.

# Fund Balances

Fund Type	Estimated FY 08/09	Proposed FY 09/10	Inc(Dec) Percent	Inc(Dec) Amount
General Fund	\$ 3,904,487	\$ 3,119,934	-20%	\$ (784,553)
Special Revenue	2,439,379	1,863,922	-24%	(575,457)
Debt Service Fund	-	-	0%	-
Capital	230,445	230,445	0%	-
Utility Fund	1,728,860	1,330,033	-23%	(398,827)
Internal Services	100,000	100,000	0%	-
<b>Total Fund Balance</b>	<b>\$ 8,403,172</b>	<b>\$ 6,644,335</b>	<b>-21%</b>	<b>\$ (1,758,837)</b>

# Budget Preparation & Scrubbing

- Identified one-time revenue sources
- Service Level Adjustments were used to identify:
  - Maintain existing service levels
  - Increased service levels
  - Expanded or new services
- Reduced the Proposed FY 2009 – 2010 Budget 5% from the Estimated FY 2008 – 2009 Budget
- Delayed most general government capital improvement projects unless funding is already in place

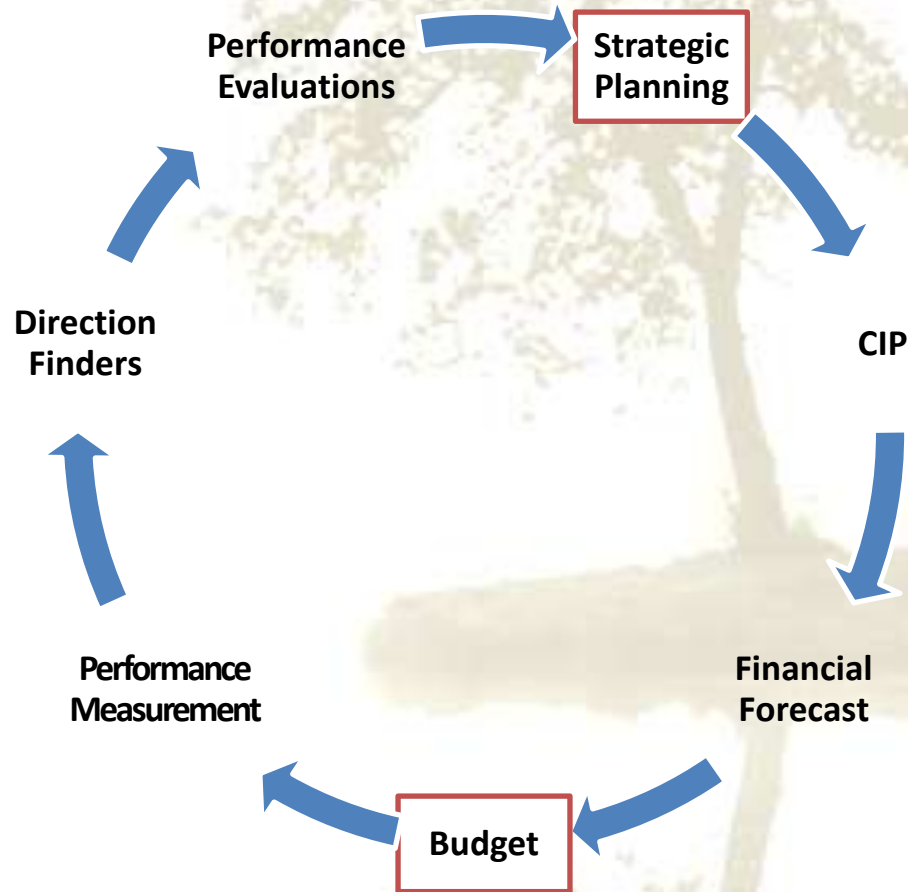
# FY 2008/09 Accomplishments

- Fidelity Regional Headquarters Phase II Completed
- Developed and adopted five year Strategic Plan
- Five year Capital Improvement Plan (CIP) was compiled
- Began and Completed the Academy Arts & Sciences Center
- Positive results from the Town's first DF survey
- Governmental Finance Officers Association (GFOA) Distinguished Budget Award
- GFOA Certificate of Achievement for Excellence in Financial Reporting
- The Westlake Wire went "Green"
- Westlake's e-Tube went live
- Westlake Windows was launched

## Critical Challenges, Critical Choices

- Current economic downturn has affected Westlake, surrounding communities, the state, and the nation
- Westlake is dependent upon sales tax, fees, and permits for operating revenue, all of which are volitional in nature
- Current conditions create a challenge for the Town's ability to meet service demands and their associated costs

# Governing & Managing for Outcomes



# Strategic Plan = Strategic Focus

- One-of-a-Kind Community
  - Inviting Neighborhoods
  - We are Leaders
  - Hospitality finds its home in Westlake
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# Strategic Plan SLA's

- Included comprehensive plan update funding
- Recommended pursuing others, but consider each as a budget amendment

# Strategic Plan Outcome Strategy

- “Establish a strategy for achieving long term financial sustainability for the Town government, including Westlake Academy.”
  - Use time wisely
  - Citizen outreach & education is critical

# Performance Measurement = Accountability

- “If you can’t measure it, you can’t evaluate it.”  
City of Olathe, KS
- “You measure what you treasure.”  
Tom Brymer
- Departmental Budgets Use:
  - Key Results Areas Affected
  - Program Description
  - Trends
  - Program Broad Goals
  - Goals & Objectives for coming FY
  - Efficiency/Effectiveness Measures
  - Vision Point/Strategic Plan Impacts

# Important Conversations

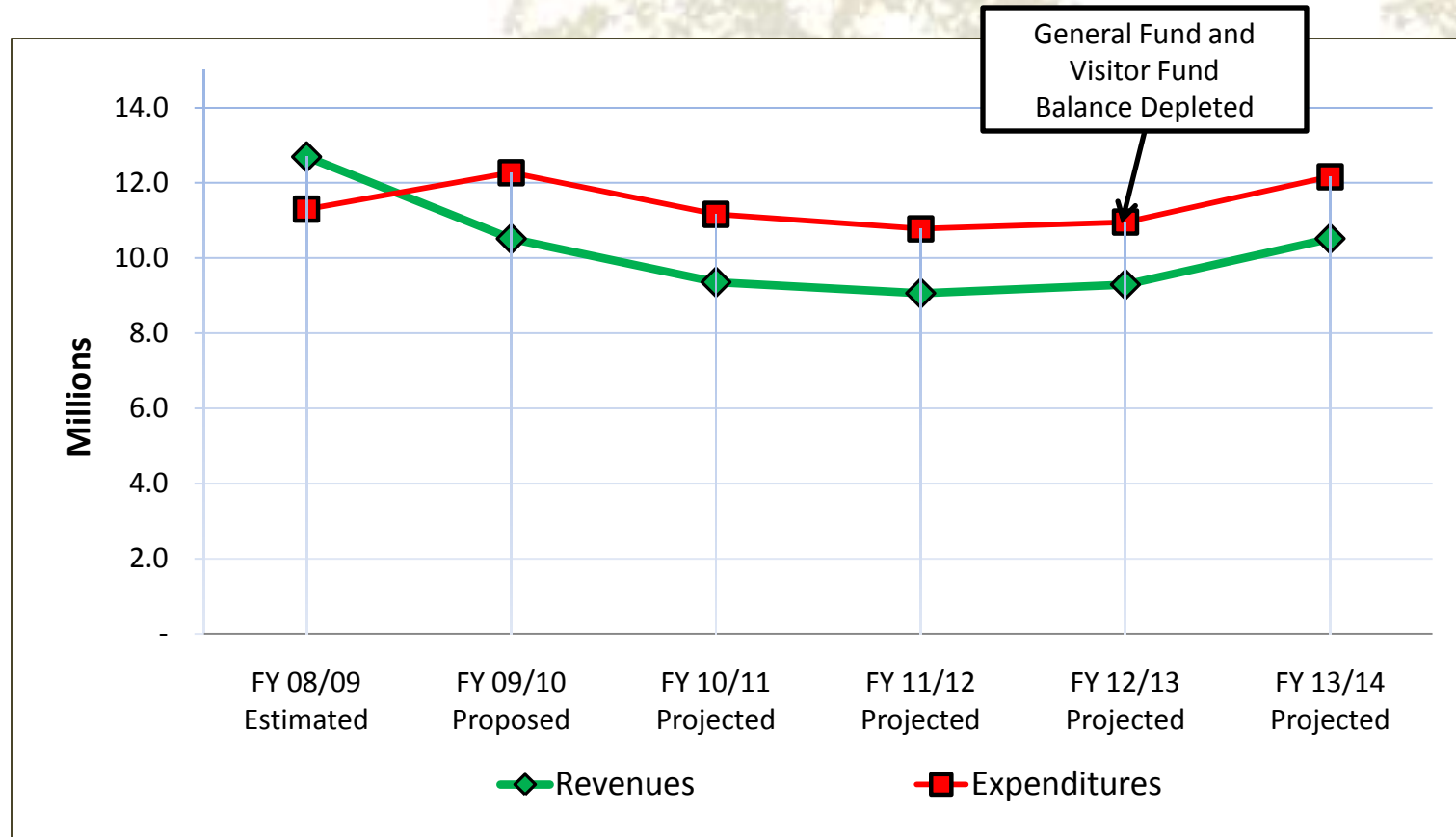
- High Performance Organizations
  - Confront the brutal facts
  - Never lose faith

- Jim Collins, *Good to Great*
- What are the brutal facts?
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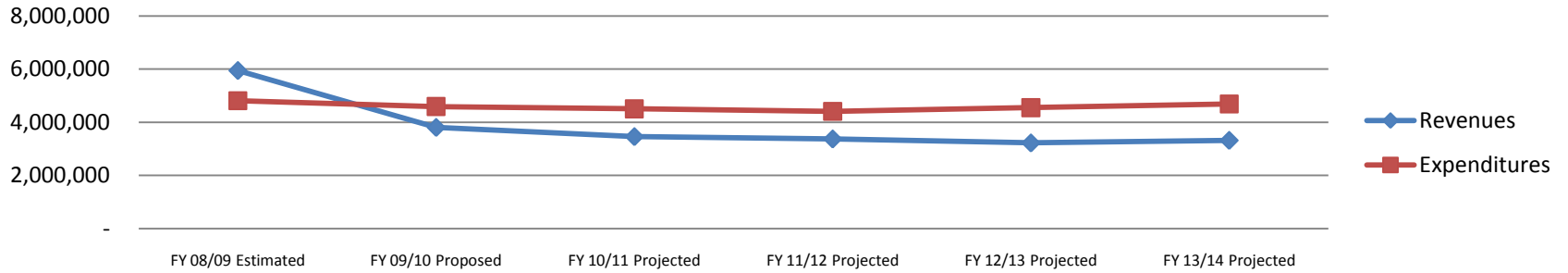
## Critical Challenges, Critical Choices

- The Town's five year forecast shows that the Town's revenue will be outpaced by expenses in FY 12/13 without changes occurring:
  - Increase in sales tax revenue
  - Attracting another major corporate campus within the next year
  - Increasing the retail presence in Westlake
  - Decreasing Town services
  - Implementing other revenue streams

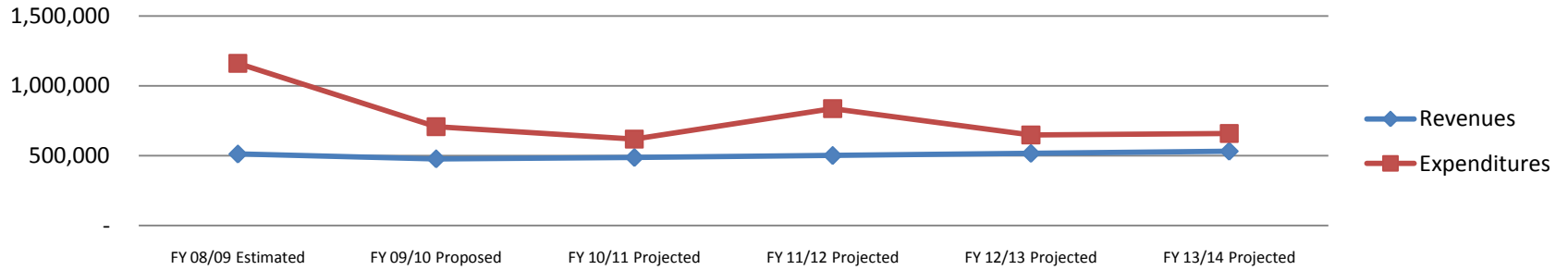
# Financial Forecast Illustrates the Challenge



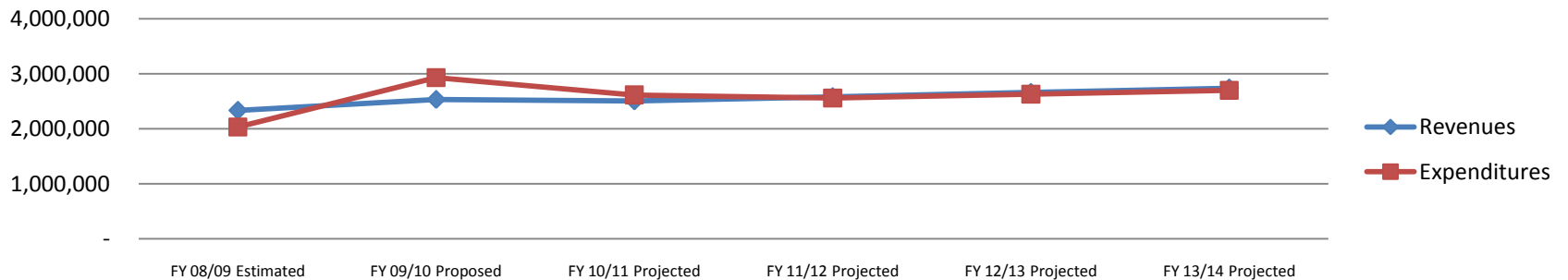
## General Fund



## Visitor Fund



## Utility Fund



# The Price of Government

(Osborne & Hutchinson)

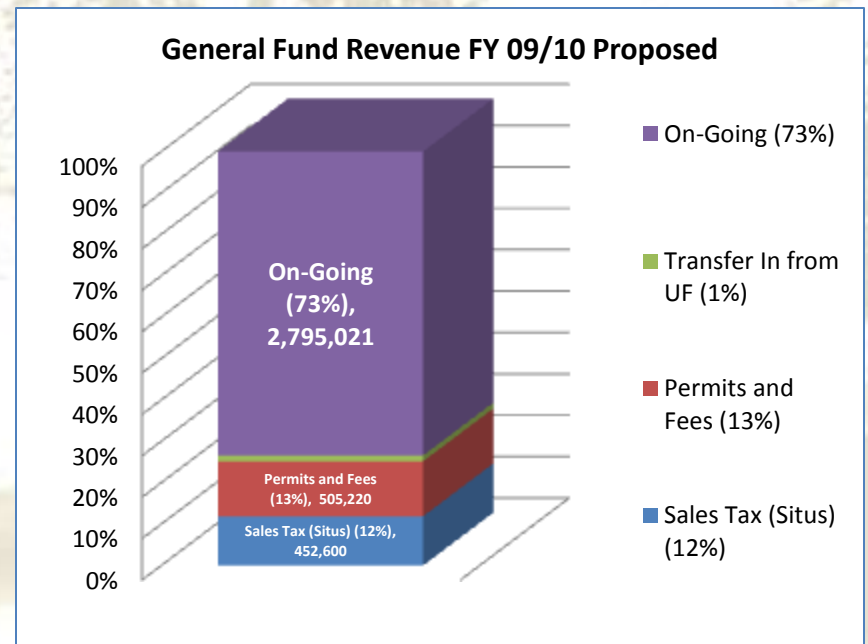
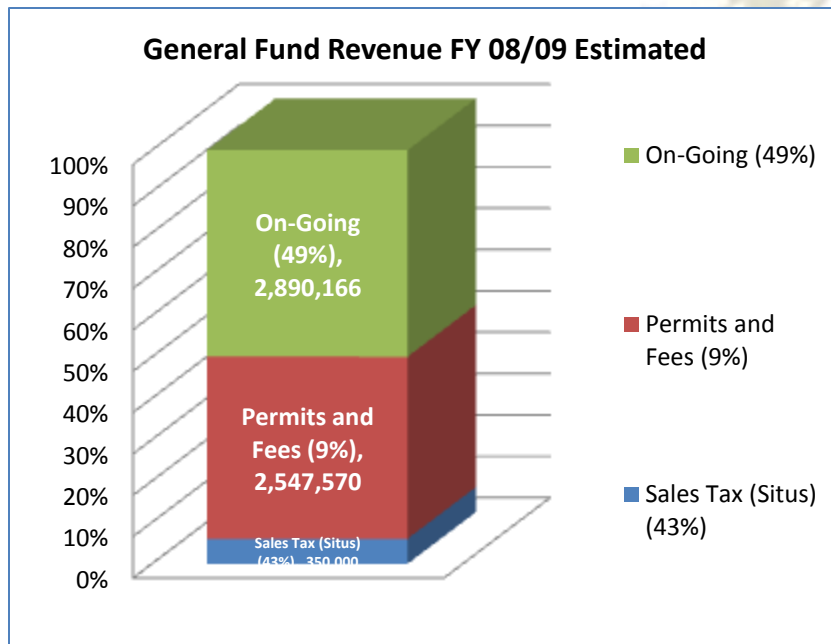
- Getting a grip on the problem
  - Is it short or long term? Is it driven by revenue or expenses, or both?
- Setting the Price of Government
  - Determine how much citizens are willing to pay.
- Setting the Priorities of Government
  - Deciding which results citizens value most.
- Setting the Price of each Priority
  - Deciding how much the government will spend to produce each of these outcomes.
- Purchasing the Priorities
  - Deciding how best to produce the desired results at the price citizens are willing to pay.

# Getting a Grip on the Problem

- Financial forecast show the problem is revenue driven
  - Revenues are not diverse, not on-going and declining
  - This is a short and long term problem

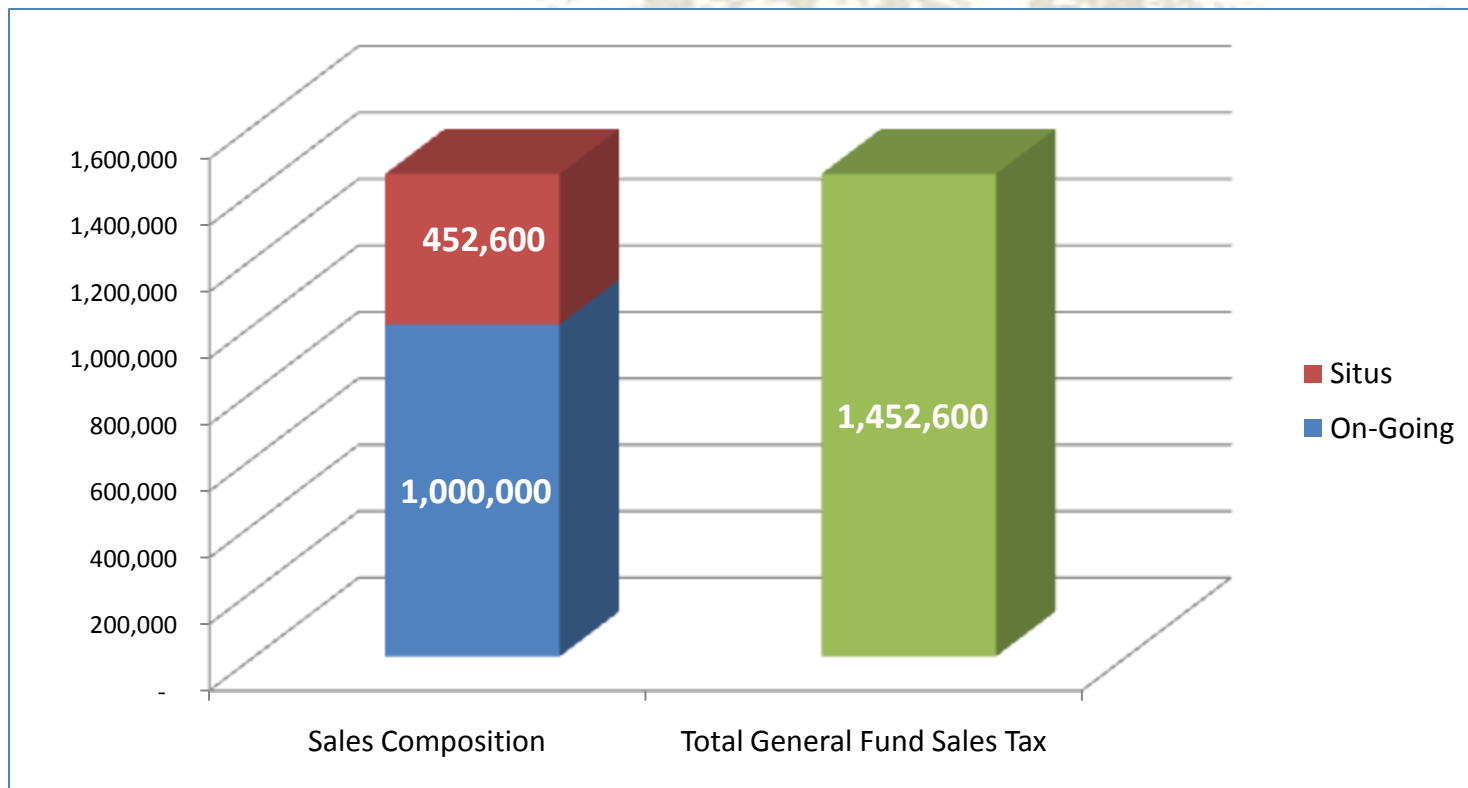
# General Fund Revenue

- Amount of GF revenue that is one-time income:



# General Fund Revenue

- Composition of Sales Tax:



# Setting the Price of Government

- The DirectionFinders survey provided feedback on what the citizens are willing to pay for and the levels of service desired
  - Public Safety
    - 51% willing to pay more to maintain current levels
    - 62% not willing to pay more for expanded service levels
  - Maintenance of streets and drainage
    - 50% willing to pay more to maintain current levels
    - 63% not willing to pay more for expanded service levels
  - Parks, trails, and recreation programs
    - 46% willing to pay more to maintain current levels
    - 64% not willing to pay more for expanded service levels

# Setting the Priorities of Government

- The DirectionFinders survey also provided feedback on what citizen priorities are
  - 77% selected public safety as what they felt was most important
  - 41% selected Westlake Academy as what they felt was most important
  - 33% selected maintenance of Town streets and the quality of water utility services as what they felt was most important

# Setting the Price of each Priority

- Council has adopted a five year strategic plan that will be used as a guideline
  - This document will be updated annually to reflect the continued desires of the Council and community

# Purchasing the Priorities

- The Town will need to evaluate the best delivery options available.
- Ceilings may need to be placed on expenses.

# Westlake Academy Expenditures Contained in the Municipal Budget

<b>Total Budget FY 09/10</b>	<b>\$12,435,855</b>	<b>100%</b>
Debt Service	\$1,499,750	12.06%
Direct Expenses	\$248,638	2.10%
Indirect Costs	\$339,469	2.73%
<b>Total Westlake Academy Costs</b>	<b>\$2,087,857</b>	<b>16.89%</b>

# Positioning Ourselves for the Future

- What are the “core” services the Town should be offering and how best do we accomplish that?
- What level of financial support can we provide for Westlake Academy versus their ability to pursue other sources of funds, via the foundation or other means?
- How best do we engage the citizens of Westlake in this critical conversation?
- What do we want Westlake to be and look like in 50 years?

# What is the critical challenge and choice?

- Realigning the Town's business model
- Riding "a different horse"
  - Osborne & Hutchinson

# Closing Comments

- $E + R = O$
- Problem or an opportunity?

# Osborne & Hutchinson

“They (citizens) want government to provide what only the public sector can provide...But they want their money’s worth. They want value for dollars. When they can’t get it, they often opt for tax cuts and private services. When they do get value form public institutions, however, they are often willing to invest in them.”

# Our Challenge

- Making sure Westlake residents have confidence in us, are getting value, so they are willing to invest in Town services.

# Citizen Outreach is Critical

- Acknowledgements
- Another budget workshop on 9/21
- Questions