

# Budget Workshop FY2019



# Budget Status

	May	Current
Budget Shortfall	\$9,231,484	\$8,433,725
Solid Waste Increase	(\$516,000)	(\$516,000)
Utility Transfer	(\$4,400,000)	(\$4,400,000)
Internal Service Funds Reduction	(\$800,000)	(\$800,000)
General Fund Reduction	(1,515,484)	(1,538,123)
Remaining Budget Shortfall		\$1,179,602
Increase in Police & Fire Health Benefits Costs		\$2,100,000
<b>Total General Fund Budget Shortfall</b>		<b>\$3,279,602</b>

The General Fund Budget **DOES** include:

- 28 cadet academy for the Police Department
- 34 cadet academy (starting in January) for the Fire Department
- No Library reductions
- No Senior Center closures

# Other Concerns

- United Chamber Residential Street Committee
  - Support Bond 2018 - \$52M + any other voter approved debt
  - ADD consideration of funding residential streets

# Property Tax Review

## Our Tax Rate



Maintenance & Operation  
M&O

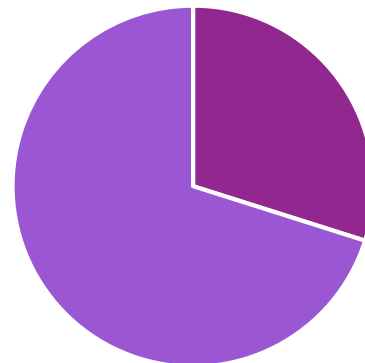
\$0.376806

**\$73,951,865**

Interest & Sinking  
I&S

\$0.229458

**\$44,937,317**

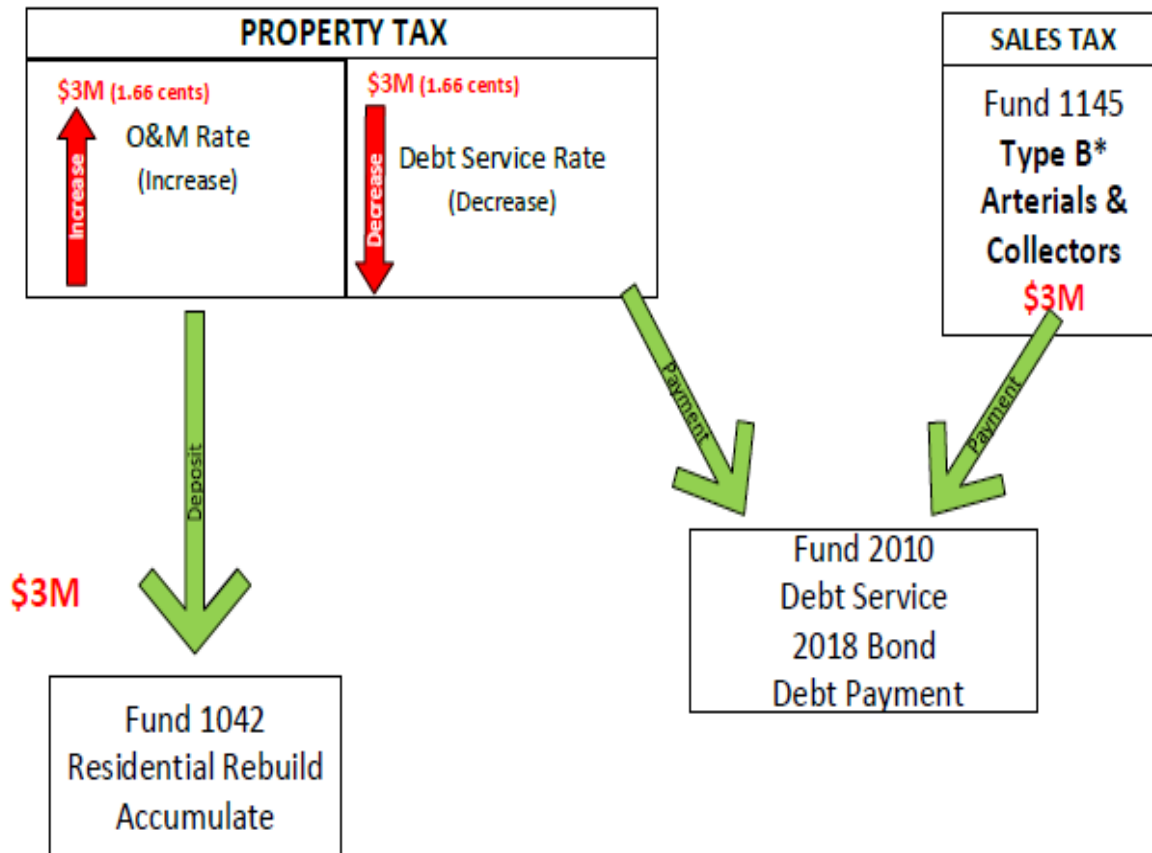


**\$73,951,865**  
Received from Property taxes of a  
\$247,461,521 Total GF Budget

# Residential Street Proposal

## RESIDENTIAL REBUILD FUNDING

Every Year for 20 Years\*



## RESIDENTIAL STREET REBUILD PROGRAM (RSRP) 2-Year Execution Cycle

FUND 1042 REVENUE (IN MILLIONS)	FISCAL YEAR					
	2019	2020	2021	2022	2023	2024
Property Tax: 2 + 2 + 2	\$ 3.40	\$ 6.80	\$ 10.20	\$ 10.20	\$ 10.20	\$ 10.20
Property Tax: \$3M O&M	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00
Industrial District:	\$ 0.62	\$ 0.64	\$ 0.62	\$ 0.64	\$ 0.62	\$ 0.64
<b>TOTAL</b>	<b>\$ 7.02</b>	<b>\$ 10.44</b>	<b>\$ 13.82</b>	<b>\$ 13.84</b>	<b>\$ 13.82</b>	<b>\$ 13.84</b>
Fund Balance	\$ 7.02		\$ 13.82		\$ 13.82	
		\$ 7.02		\$ 13.82		\$ 13.82
Construction		\$ 17.46		\$ 27.66		\$ 27.66

# Staff Proposal

## Budget Shortfall

- Move of 1¢ from the I&S to the M&O – Approximately \$1.8M
  - Slows the rate of fund balance accrual in the GO debt fund
  - \$3.3M Shortfall - \$1.8M = \$1.5M Shortfall
- Use \$1.5M of proposed \$2M TASPP revenue to offset the Health Fund shortfall in Police and Fire
  - Collective Bargaining in 2019
  - \$1.5M Shortfall + \$1.5M TASPP = \$0 Balanced Budget
  - \$500K available for one-time Fire expenditures

## Residential Streets

- Use Type B Funds to pay debt on arterials and collectors allowing movement of 1.7¢ of the property tax rate (approximately \$3M) from I&S to the M&O for Residential Streets – Increasing the Residential Street Program budget by \$3M.

# M&O Strategy and 5 Year Outlook

## Tax Rate Scenarios

FY 2019				FY 2020	FY 2021
	Assuming 0.02 for streets			Assuming 0.04 for streets	Assuming 0.06 for streets
	Per \$100 Valuation		Current Rate + \$0 .02 AND Type B Funds AND I&S to M&O	Current Rate + \$0 .02 + \$0.02 AND Type B AND Bond Debt	Current Rate +\$0.02 + \$0 .02+ \$0.02 AND Type B AND Bond Debt
	Current Rate	Current Rate + \$0 .02			
M&O	\$ 0.37681	\$ 0.39681	\$ 0.42381	\$ 0.44381	\$ 0.46381
I&S	\$ 0.22946	\$ 0.22946	\$ 0.20246	\$ 0.22246	\$ 0.22246
	\$ 0.60626	\$ 0.62626	\$ 0.62626	\$ 0.66626	\$ 0.68626
Tax Impact \$180,000 Value Home	1,091	1,127	1,127	1,199	1,235
Increment		\$36		\$72	\$36
	Rollback Calculation	5.31%	12.47%	4.72%	4.51%

## Utility Impact

FY 2019				FY 2020	FY 2021
Solid Waste Increase	\$2.21				
Water Utility Bill Increase					
WW Utility Bill Increase					
Utility Bill Increase	\$ 2.21				

## Future Outlook

[illegible]

# Decision Points

- Tax Rate Calculation – Current Practice

- ✓ The tax rate remains constant. Utilization of Debt Service Fund's fund balance to stabilize I&S tax rate in year's when the I&S rate would otherwise need to be increased. (We have not yet seen a scenario where the I&S tax rate could be lowered.)
- ✓ Utilization of Debt Service Fund's fund balance to pay debt in years when the General Fund is struggling
- ✓ The term, "We have \$X capacity" is calculated by intending to use the increase in valuation on a static I&S and any excess in fund balance to pay debt.

- Tax Rate Calculation – Proposed Going Forward

- ✓ In years when the I&S tax rate can be lowered, move the associated tax rate to the M&O side so that the overall tax rate remains the same, while providing a method to supplement needed services as the City Council directs.
- ✓ The phrase, "How much can we borrow" is understood to mean what the voters can tolerate in terms of a property tax increase or vote in favor of.



# Additional Opportunities

## Additional Revenue Opportunities

- Library coffee/gift shop
- Solid Waste
  - EZ Load Disposal Program
  - Recycling Compliance
- Human Resource Training Division

## Potential Efficiencies

- Review of positions



# Discussion