

Budget Workshop FY2019



Items to Discuss

- Current Budget Status
- Staff proposal to eliminate shortfall
- Residential Street proposal
- Tax/Utility cumulative impact of various scenarios
- 5 year outlook

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
Total General Fund Budget Shortfall		\$3,279,602

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

Potential General Fund Reductions \$1,538,123

Department	Description of Reduction	\$
Parks and Recreation	Reduction in staff. Eliminate playground equipment funding in General Fund. Eliminate tree purchases. Create community Centers.	-\$621,085
Municipal Court	Reduction of overtime budget. Reduction in operating funds, and reduction in security guards. Cancellation of Armored car services.	-\$109,430
Assistant City Manager 1 & 2	Fund portion of the staff from Development Services. Reduction in temp services and operating funds.	-\$184,416
City Attorney	Reduction in staff.	-\$56,829
Management and Budget	Reduction in staff.	-\$79,132
Finance	Reduction temporary services, travel and outside contracts.	-\$179,500
Human Resources	Elimination of the Tuition Reimbursement Program and reduction in operating funds.	-\$101,111
Communications	Decrease in media reports, sponsorship and advertising.	-\$48,965

Potential General Fund Reductions \$1,538,123 cont.

General Government Departments	Description of Reduction	\$
Comprehensive Planning	Reduction in operating funds.	-\$46,062
City Manager	Reduction in staff and operating funds.	-\$41,515
Human Relations	Reduction in temporary services and operating funds.	-\$26,176
City Secretary	Eliminate Laserfiche mapping project, board receptions and gifts.	-\$22,639
Intergovernmental Relations	Reduction in travel.	-\$7,888
Housing & Community Development	Reduction in operating funds.	-\$13,375
TOTAL		-\$1,538,123

Staff Proposal

- Past practice has been to leave the debt tax rate constant and take on more debt when we have capacity.
- Moving forward we would like to consider decreasing the debt tax rate when possible and increasing the operating tax rate so the overall property tax rate remains the same. This would allow the City to supplement needed services as the City Council directs.

Budget Shortfall – \$3.3M

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

TASPP

- Anticipating revenue of \$1,500,000 in September 2018 (For 10 months) 12/01/2016 - 09/30/2017
- Anticipating revenue of \$2,000,000 in September 2019 (For 12 months) 10/01/2017 – 09/30/2018

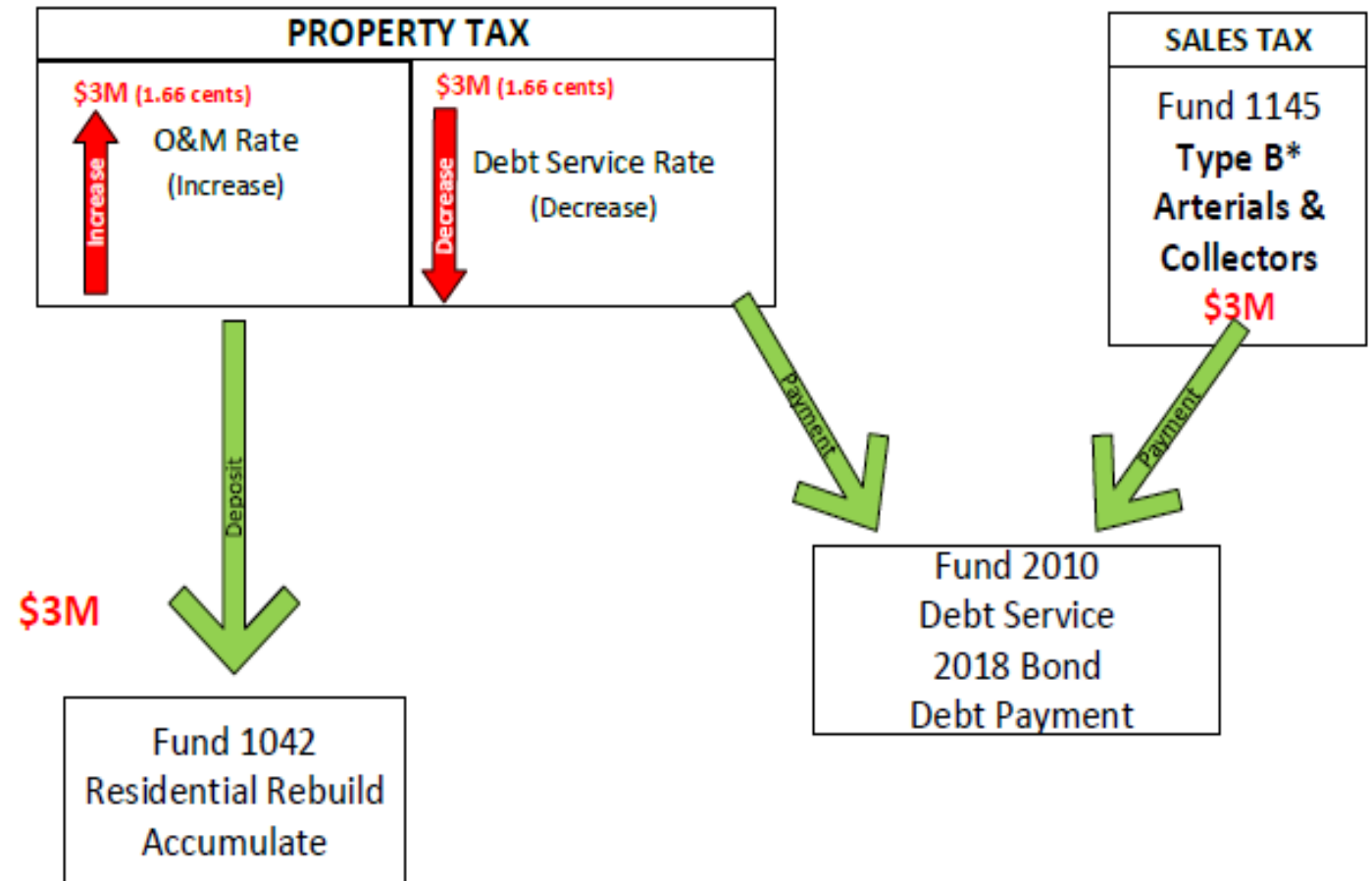
Residential Street Proposal

RESIDENTIAL REBUILD FUNDING

Every Year for 20 Years*

Residential Streets

- Use Type B Funds to pay debt on arterials and collectors allowing movement of 1.66¢ 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.



Residential Street Proposal cont.

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:	\$ 0.55	\$ 0.57	\$ 0.61	\$ 0.75	\$ 0.76	\$ 0.77
TOTAL	\$ 6.95	\$ 10.37	\$ 13.81	\$ 13.95	\$ 13.96	\$ 13.97
Fund Balance	\$ 6.95		\$ 13.81		\$ 13.96	
		\$ 6.95		\$ 13.81		\$ 13.96
Construction		\$ 17.32		\$ 27.76		\$ 27.93

Tax/Utility cumulative impact of various scenarios

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
Total					\$144
Utility Impact					
FY 2019				FY 2020	FY 2021
Solid Waste Increase	\$2.21				
Water Utility Bill Increase				\$0.22	
WW Utility Bill Increase				\$4.88	
Monthly Utility Bill Increase	\$ 2.21			\$ 5.10	
Annual Total	\$ 26.52			\$ 61.20	
Total					\$ 87.72
Total of Property & Utility Increases					\$ 231.72

5 Year Outlook

General Fund Five Year Outlook

Assumptions:

- 1) Public Safety Health shortfall (\$2M) is taken care of in 2020
- 2) Emergency Call Revenue increases by \$500,000 in FY 2020 (Based on current trends)
- 3) Another \$.01 in Property Tax is moved from Debt Fund to General Fund in FY 2022
- 4) Industrial values have increased in 2015, 2016 & 2017 resulting in revenue increases of \$272,000 in 2020, \$657,000 in 2021 and \$2,439,000 in 2022

		FY2020	FY2021	FY2022	FY2023	FY2024
Revenues:						
Property Tax		2.0%	2.0%	2.0%	2.0%	2.0%
Sales Tax		2.0%	2.0%	2.0%	2.0%	2.0%
All Other		1.0%	1.0%	1.0%	1.0%	1.0%
	<u>10 Yr. Avg</u>					
Sales Tax	2.58%					
Property Tax	4.72%					
Expenditures:						
Health Insurance		(\$2M)	2.0%	2.0%	2.0%	2.0%
Other Allocations		1.5%	1.5%	1.5%	1.5%	1.5%
Fire & Police Salaries		F 4% / P 2%	2.0%	2.0%	2.0%	2.0%
General Employee Steps		2.5%	2.5%	2.5%	2.5%	2.5%
Operating Expenses		1.0%	1.0%	1.0%	1.0%	1.0%

5 Year Outlook cont.

General Fund Five Year Outlook		
	FY2019	FY2020
Revenues:		
Property Tax	73,951,865	75,430,902
Sales Tax	56,000,000	57,120,000
Industrial District	0	272,000
TASPP	1,500,000	0
Utility Transfer	4,400,000	4,400,000
Other	110,572,832	112,123,849
	<u>246,424,697</u>	<u>249,346,751</u>
Expenditures:	246,424,697	250,038,859
Increase Year over Year:		3,614,162
Shortfall		(692,108)
Expenditure Drivers:		
Fire		1,900,000
Police		800,000
General Employee		1,188,000
Add'l Retirement (1%)		700,000
Inflation		<u>1,026,162</u>
		<u>5,614,162</u>

5 Year Outlook cont.

General Fund Five Year Outlook		
	FY2020	FY2021
Revenues:		
Property Tax	75,430,902	76,939,520
Sales Tax	57,120,000	58,262,400
Industrial District	272,000	657,000
TASPP	0	0
Utility Transfer	4,400,000	4,400,000
Other	112,123,849	113,465,455
	249,346,751	253,724,375
Expenditures:	250,038,859	255,001,375
Increase Year over Year:	3,614,162	4,962,516
Shortfall	(692,108)	(1,277,000)
Expenditure Drivers:		
Fire	1,900,000	800,000
Police	800,000	816,000
General Employee	1,188,000	1,188,000
Retirement	700,000	0
Add'l Street Transfer (0.33%)	0	790,616
Inflation	1,026,162	1,367,900
	5,614,162	4,962,516

5 Year Outlook cont.

General Fund Five Year Outlook		
	FY2021	FY2022
Revenues:		
Property Tax	76,939,520	80,278,311
Sales Tax	58,262,400	59,427,648
Industrial District	657,000	2,439,000
TASPP	0	0
Utility Transfer	4,400,000	4,400,000
Other	113,465,455	115,314,901
	253,724,375	261,859,860
Expenditures:	255,001,375	262,175,210
Increase Year over Year:	4,962,516	7,173,835
Shortfall	(1,277,000)	(315,350)
Expenditure Drivers:		
Fire	800,000	816,000
Police	816,000	832,320
General Employee	1,188,000	1,188,000
Add'l Street Transfer (0.33%, 0.66%)	790,616	850,737
Inflation	1,367,900	1,386,778
Radio Replacement		2,100,000
	4,962,516	7,173,835

5 Year Outlook cont.

General Fund Five Year Outlook		
	FY2022	FY2023
Revenues:		
Property Tax	80,278,311	81,883,877
Sales Tax	59,427,648	60,616,201
Industrial District	2,439,000	131,701
TASPP	0	0
Utility Transfer	4,400,000	4,400,000
Other	115,314,901	119,009,530
	261,859,860	266,041,309
Expenditures:	262,175,210	267,333,845
Increase Year over Year:	7,173,835	5,158,635
Shortfall	(315,350)	(1,292,536)
Expenditure Drivers:		
Fire	816,000	832,320
Police	832,320	848,966
General Employee	1,188,000	1,188,000
Add'l Street Transfer (0.66%, 1%)	850,737	883,408
Inflation	1,386,778	1,405,941
Radio Replacement	2,100,000	0
	7,173,835	5,158,635

5 Year Outlook cont.

General Fund Five Year Outlook		
	FY2023	FY2024
Revenues:		
Property Tax	81,883,877	83,521,555
Sales Tax	60,616,201	61,828,525
Industrial District	131,701	133,018
TASPP	0	0
Utility Transfer	4,400,000	4,400,000
Other	119,009,530	120,553,352
	<u>266,041,309</u>	<u>270,436,450</u>
Expenditures:	267,333,845	271,700,674
Increase Year over Year:	5,158,635	4,366,829
Shortfall	(1,292,536)	(1,264,224)
Expenditure Drivers:		
Fire	832,320	848,966
Police	848,966	865,946
General Employee	1,188,000	1,188,000
Add'l Street Transfer (1%)	883,408	38,526
Inflation	1,405,941	1,425,392
	<u>5,158,635</u>	<u>4,366,830</u>

5 Year Outlook cont.

General Fund Five Year Outlook						
	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
Revenues:						
Property Tax	73,951,865	75,430,902	76,939,520	80,278,311	81,883,877	83,521,555
Sales Tax	56,000,000	57,120,000	58,262,400	59,427,648	60,616,201	61,828,525
Industrial District	0	272,000	657,000	2,439,000	131,701	133,018
TASPP	1,500,000	0	0	0	0	0
Utility Transfer	4,400,000	4,400,000	4,400,000	4,400,000	4,400,000	4,400,000
Other	110,572,832	112,123,849	113,465,455	115,314,901	119,009,530	120,553,352
	246,424,697	249,346,751	253,724,375	261,859,860	266,041,309	270,436,450
Expenditures:	246,424,697	250,038,859	255,001,375	262,175,210	267,333,845	271,700,674
Increase Year over Year:		3,614,162	4,962,516	7,173,835	5,158,635	4,366,829
Shortfall		(692,108)	(1,277,000)	(315,350)	(1,292,536)	(1,264,224)
Expenditure Drivers:						
Fire		1,900,000	800,000	816,000	832,320	848,966
Police		800,000	816,000	832,320	848,966	865,946
General Employee		1,188,000	1,188,000	1,188,000	1,188,000	1,188,000
Retirement		700,000	0	0	0	0
Add'l Street Transfer (0.33%, 0.66%,1%)		0	790,616	850,737	883,408	38,526
Inflation		1,026,162	1,367,900	1,386,778	1,405,941	1,425,392
Radio Replacement				2,100,000	0	0
		5,614,162	4,962,516	7,173,835	5,158,635	4,366,830

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