

FY16 DRAFT BUDGET PRESENTATION

Council Work Session

May 4, 2015



FY16 BUDGET PROCESS CALENDAR

Date / Month	Item	Meeting
10/27/2014	Five-Year Revenue Forecasts & FY16 Budget Calendar	Work Session
2/23/2015	Five-Year Forecast	Work Session
3/16/2015	Review Tax Policy and Initial General Fund CIP and One-time Funding Requests	Work Session
4/6&7/2015	Department Base Budget Presentations	2 Work Sessions
4/20/2015	Revenue and Expenditure Update with Supplementals	Work Session
4/27/2015	FY16 Revenue and Expenditure Overview – Continued from 4/20/2015	Work Session
5/4/2015	Draft Budget Review	Work Session

FY16 BUDGET PROCESS CALENDAR

Date/Month	Item	Meeting
5/6/2015	Public Budget Forum – 6p.m.	5/6/2015
5/11/2015	Additional Draft Budget Review (if needed)	Work Session
5/18/2015	Tentative Budget Adoption	Regular–Action
6/22/2015	Final Budget Adoption	Regular–Action
7/6/2015	Property Tax Levy	Regular–Action

OVERVIEW OF FY16 PROCESS



BASE BUDGET DEVELOPMENT & MONITOR

Quarterly meetings – Finance & Department

Ongoing Base Budget

Contract requirements, cost & condition changes

Finance review – historical and recent spending patterns, reasonableness

Personnel Services – Prepared by Finance

Several white lines of varying lengths and angles are positioned in the bottom right corner of the slide, creating a modern, abstract graphic element.

SUPPLEMENTAL & CIP REQUESTS AND REVIEWS

CIP Request Reviews

- ❖ Finance and Engineering
- ❖ CIP Committee scoring

Supplementals Request Reviews

- ❖ Finance reviewed
 - ❖ Department, Finance and Deputy City Manager met to discuss
 - ❖ Executive Team discussion
- 
- A series of white diagonal lines of varying lengths and thicknesses are positioned on the right side of the slide, extending from the middle towards the bottom right corner.

HIGHLIGHTS

- ❖ Asset Management and Preservation
- ❖ Investing in Employees
- ❖ Prepare for Development
- ❖ Economic Development
- ❖ Positions
 - 3 new
 - 1 Temporary to Full-Time Conversion

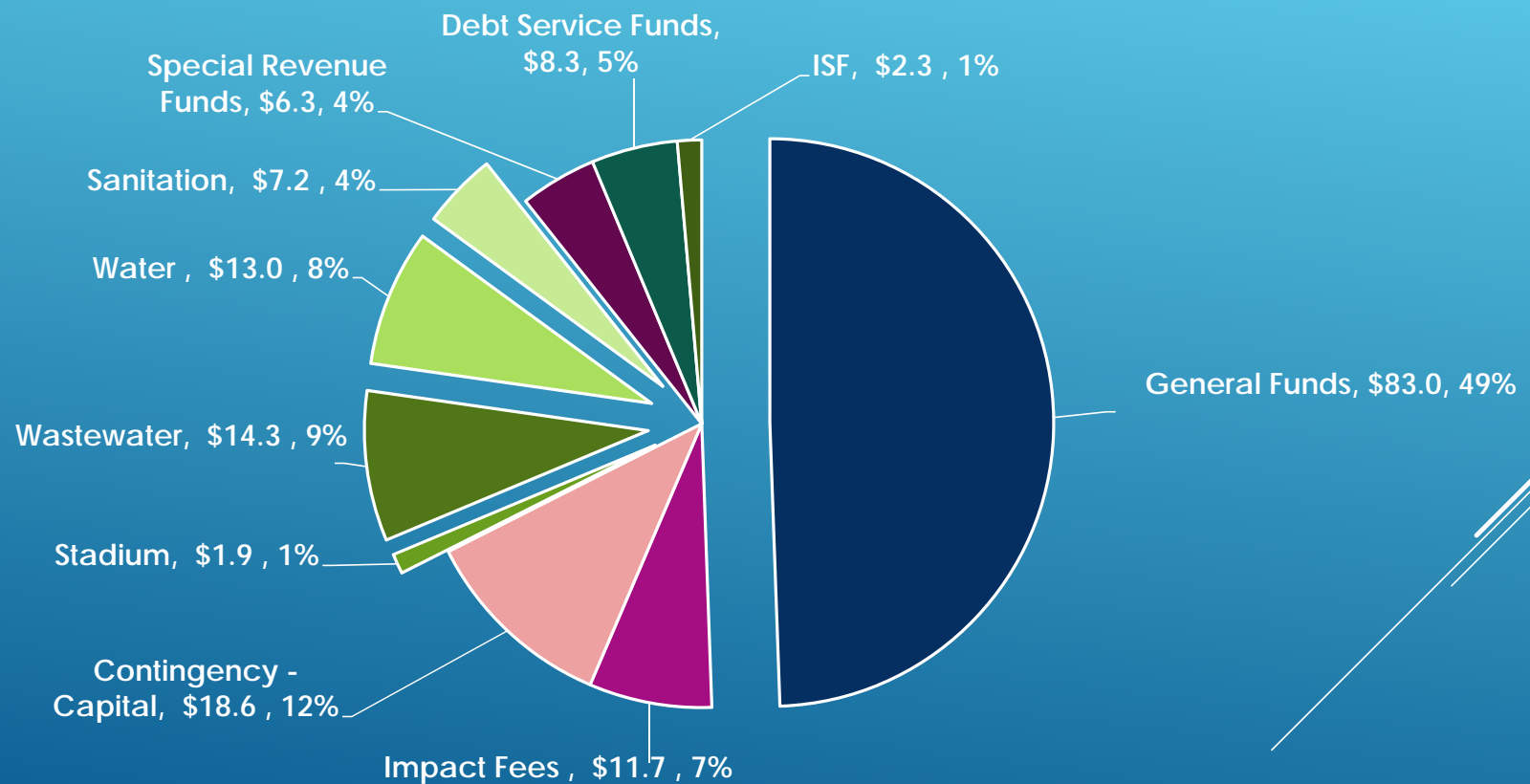
OVERVIEW OF RECOMMENDED OPERATING BUDGET



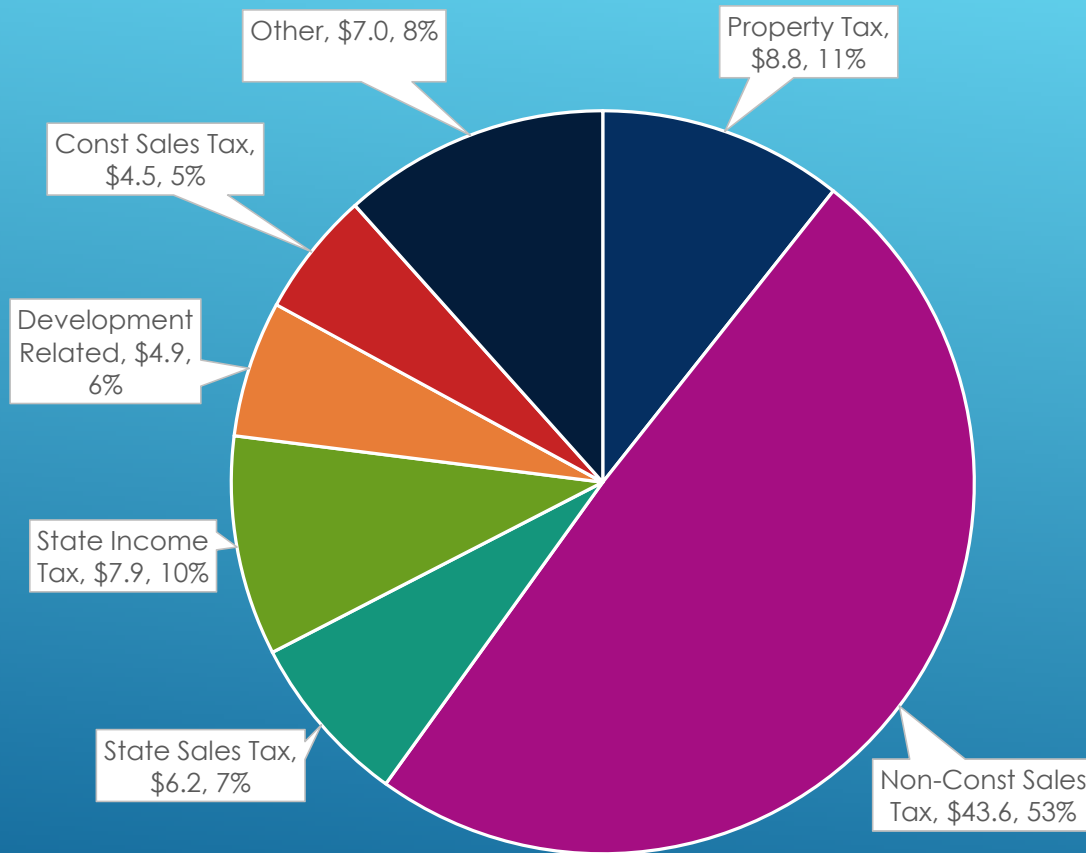
FY16 - CITYWIDE REVENUE

(IN MILLIONS)

Total: \$166.6 Million



FY16 – GENERAL FUND REVENUE \$82.9M



Other General Fund Resources:

- Transfers from Enterprise Funds \$2.8M
- Estimated Rolled Over Fund Balance/Contingency - \$26.1M
- Towing - \$150,000

General Fund Revenue Categories	Budget FY15	Estimate FY15	Projected FY16	% Change FY15 to FY16 Budget
Property Tax	8.4	8.4	8.8	5%
Sales Tax (Non-Construction) & Franchise Fees	39.6	41.5	43.6	10%
Urban Revenue Sharing (Income Tax)	7.9	7.9	7.9	0%
Auto Lieu	2.3	2.3	2.6	13%
State Shared Sales Tax	5.9	5.9	6.2	5%
Development-Related Revenues (Plan Review, Permit, Inspection Fees)	5.6	5.6	4.9	-13%
Other (i.e., Court Fines, Fire Mutual Aid revenue, Recreation & Aquatics, etc.)	3.5	4.2	4.4	26%
Subtotal: Ongoing	73.2	75.8	78.4	7%
One-Time - Construction Sales Tax	6.0	5.1	4.5	-25%
TOTAL	79.2	80.9	82.9	5%


	FY 15 Levy	FY15 Rate*	FY 16 Levy	FY16 Rate*
Primary Property Tax Levy <i>(General Fund – Ongoing Revenue)</i>	\$ 7,431,367	1.1836	\$ 7,807,879	1.1637
Secondary Property Tax Levy <i>(General Obligation Bond Debt Service)</i>	\$ 4,527,418	0.6864	\$ 4,738,940	0.7063
Totals	\$11,958,785	1.8700	\$12,546,819	1.8700

*Per \$100 of Assessed Valuation

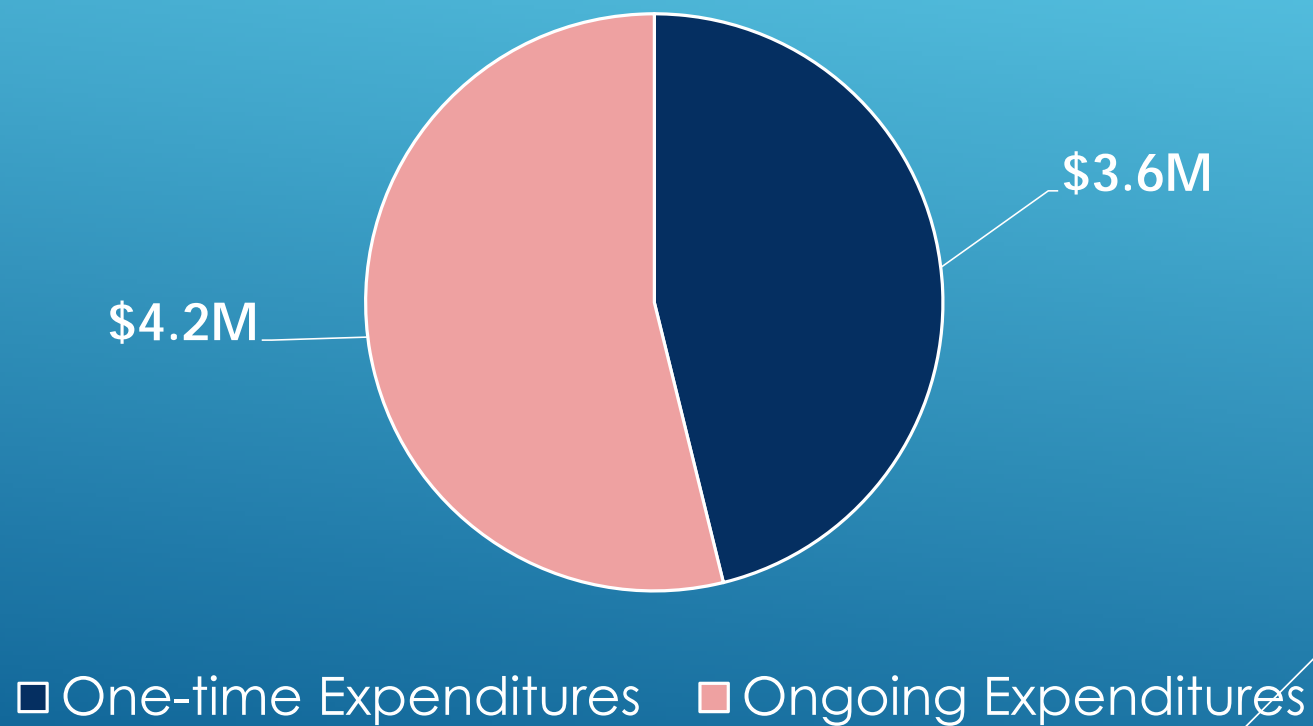
PROPERTY TAX LEVIES

Property Tax Levy Change

	<u>Primary</u>	<u>Secondary</u>	<u>Total</u>
FY15 Levy	\$7,431,000	\$4,527,418	\$11,958,418
2% Growth in Levy	153,000	73,058	226,058
New Construction	<u>224,000</u>	<u>138,464</u>	<u>362,464</u>
FY16 Levy	\$7,808,000	\$4,738,940	\$12,546,940

A series of three parallel white diagonal lines extending from the bottom right towards the center of the slide.

USES OF ONGOING RESOURCES



FY16 EXPENDITURE OVERVIEW



FY15 & FY16 DEPARTMENT BUDGETS GENERAL FUND

Department	FY15	FY16
	Budget	Proposed Budget
Mayor and Council	\$ 304,091	\$ 320,016
City Clerk	764,331	641,464
City Manager's Office	2,880,115	2,949,363
Legal Services	1,404,296	1,422,072
Finance Department	3,060,233	3,369,316
Information Technology	3,341,416	3,967,797
Human Resources	2,749,313	2,920,935
Police Department	17,410,677	18,040,528
Fire Department	13,229,337	14,342,910
Municipal Court	1,004,163	1,033,462
Economic Development	531,520	1,154,706
Development Services	3,142,994	3,222,221
Engineering	2,931,800	3,491,021
Parks and Recreation	5,276,183	5,641,209
Public Works Admin	361,294	419,675
Facilities	2,005,463	1,896,661
SUBTOTAL	\$ 59,866,516	\$ 64,833,356
Non Departmental	4,832,799	2,958,400
Reserves	7,650,000	4,438,000
TOTAL	\$ 72,349,315	\$ 72,229,756

FY15 & FY16 DEPARTMENT BUDGETS - OTHER FUNDS

Department	FY15	FY16
	Budget	Proposed Budget
HURF - Streets	\$ 5,982,932	\$ 5,176,231
Stadium	\$ 4,185,780	\$ 4,280,208
Sanitation	\$ 5,829,185	\$ 6,292,736
Water/Water Resources	\$ 5,680,424	\$ 7,183,200
Wastewater	\$ 5,136,764	\$ 4,252,560

- ▶ **Police Department – Records Specialist**
 - ▶ Associated with Police Worn Body Cameras – Records Requests
- ▶ **Public Works Department – Director of Public Works**
 - ▶ Multi Funded ($\frac{1}{4}$ General Fund, $\frac{1}{4}$ Water, $\frac{1}{4}$ Wastewater, $\frac{1}{4}$ Sanitation)
- ▶ **Sanitation – Sanitation Worker I**
 - ▶ Conversion of contracted employees (contractual services) to full-time employee
- ▶ **Sanitation – Sanitation Worker II**
 - ▶ Position associated with the Sanitation Container Program

RECOMMENDED NEW POSITIONS

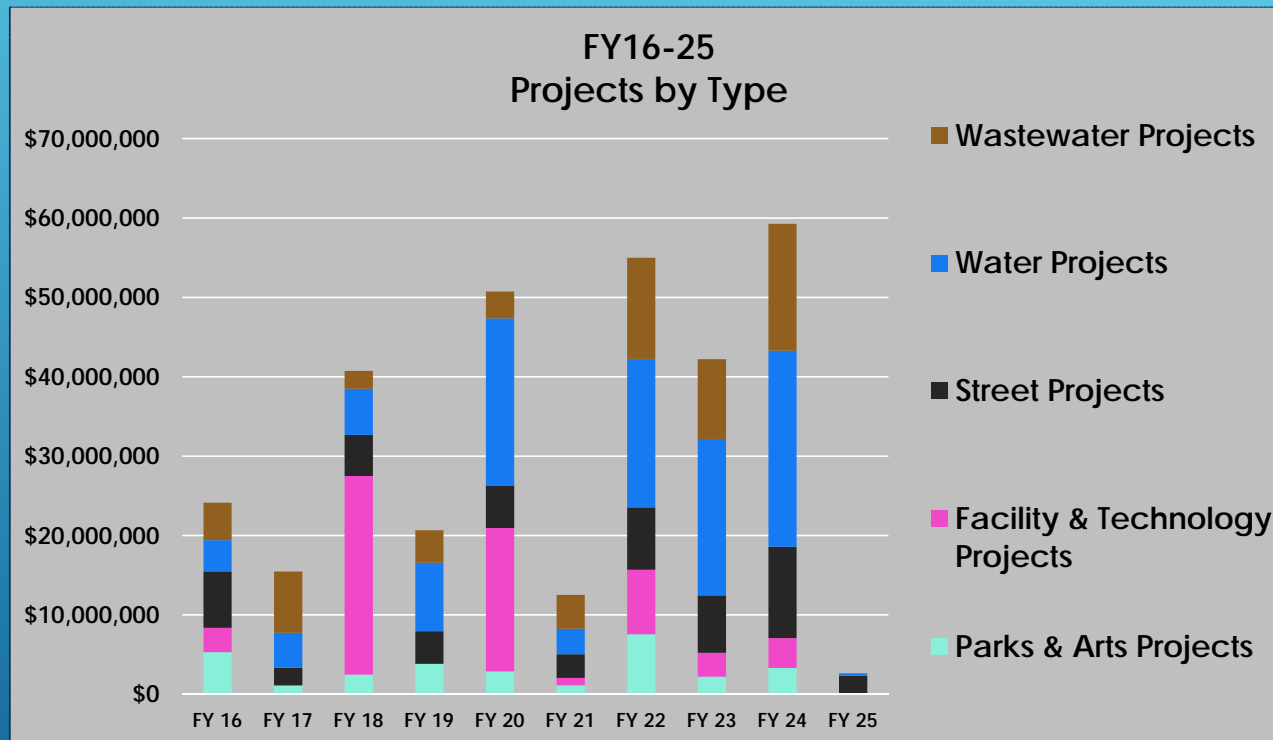
- ▶ **ASSET MANAGEMENT**
- ▶ **TEMPORARY STAFFING FOR DEVELOPMENT RELATED PEAKS**
- ▶ **STORM WATER MANAGEMENT PROGRAM**
- ▶ **RIGHT OF WAY LANDSCAPING AND MAINTENANCE**
- ▶ **ECONOMIC DEVELOPMENT**

GENERAL FUND SUPPLEMENTAL HIGHLIGHTS

CIP OVERVIEW



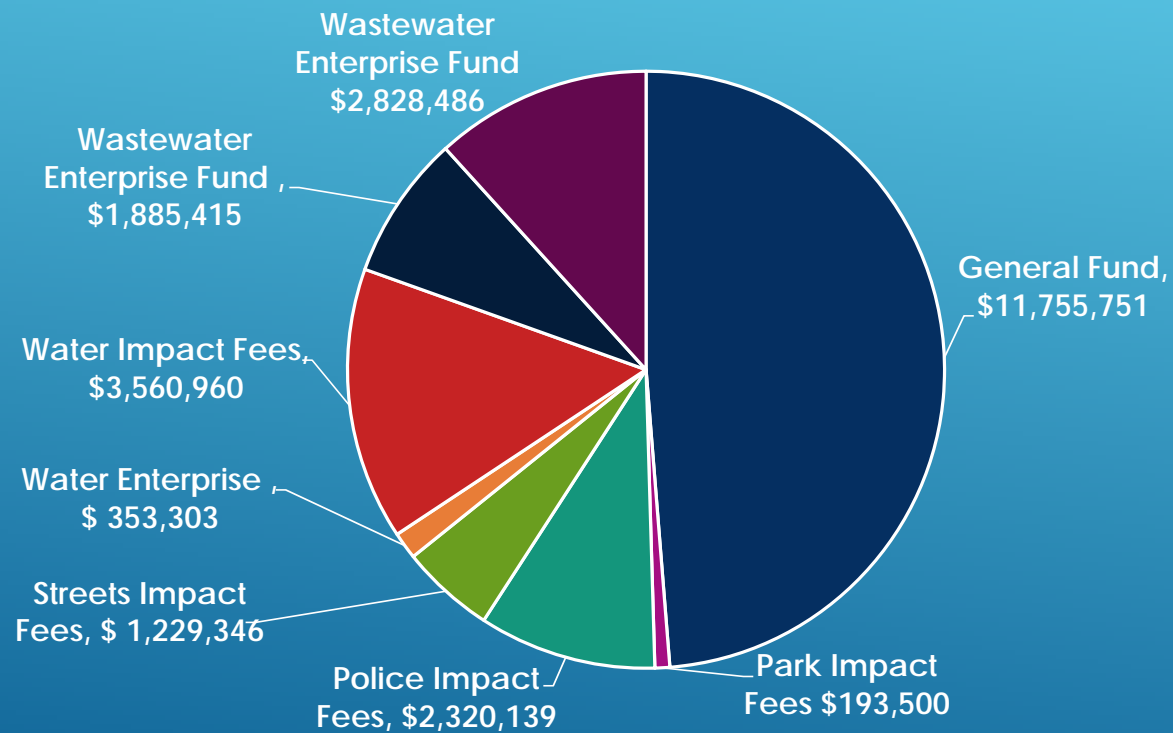
FY 16-25 CIP: OVERVIEW BY PROGRAM



Total 10-Yr CIP \$323.3M

FY16 CIP BY FUNDING SOURCE

(EXCLUDES CARRYOVER PROJECTS)



Total FY 16 CIP: \$24.1M

KEY PROJECT HIGHLIGHTS

First Year (FY 16)	Years 2-10 (FY 17-25)	
Community Recreation (Multi-Gen) Center \$1.3 M	Community Recreation (Multi-Gen) Center \$7.4 M	Yuma Road & Bullard intersection improvements \$2.0 M
Police Operations Building (Phase I) \$3.0 M	Police Operations Building (Phase II) \$4.2M	EMR Estrella Parkway Signalization \$1.2 M
Sarival: Portland to VanBuren \$2.7 M	Community Park (Central) \$10.7 M	Bullard & Van Buren Intersection Improvements \$1 M
Design for VanBuren Street: Estrella Parkway to Sarival \$300k	VanBuren Street: Estrella Parkway to Sarival \$1.7 M	City Hall \$42.1 M
Two (2) New traffic signals \$1.0 M	EPCOR Supply Line & WTP \$6.1 M	Pavement Management Program \$13.9 M
GWRF Expansion \$1.4 M	Water Transmission Mains \$4.6 M	GWRF Expansion 6 to 8 MGD \$22 M

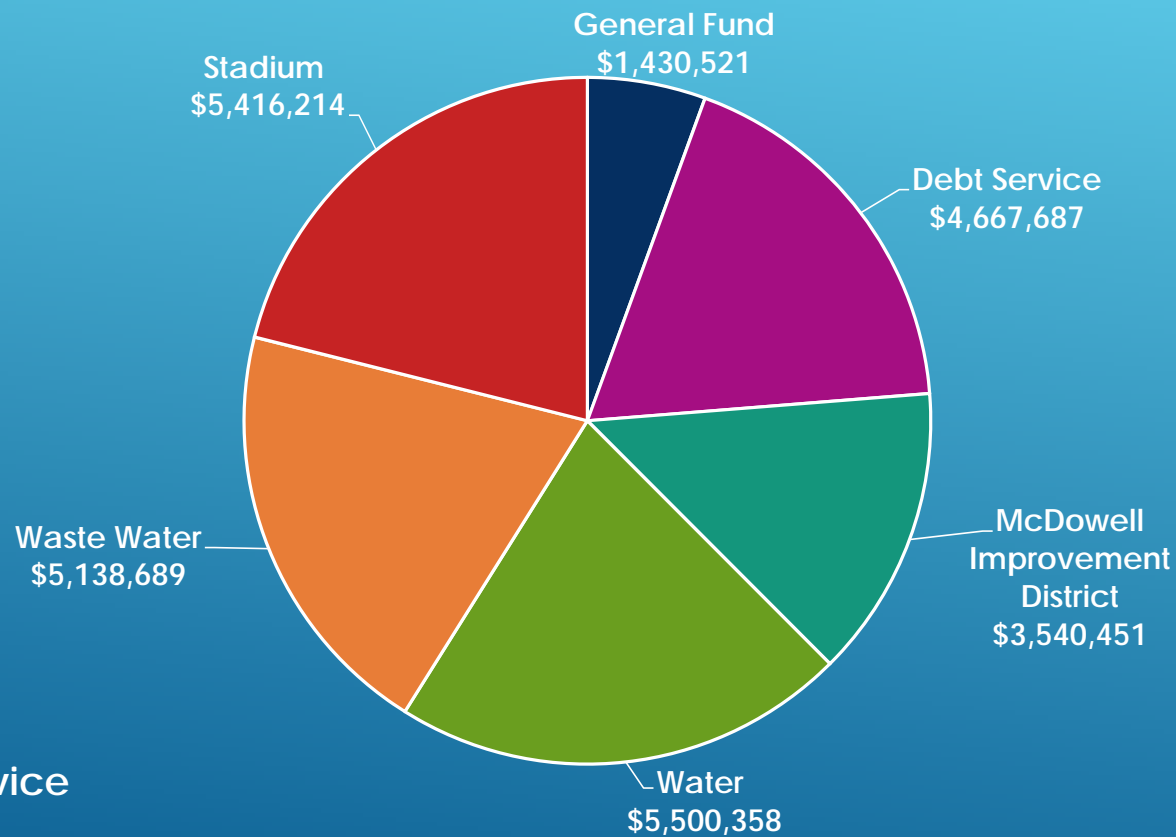
- ▶ Adaman well
- ▶ Groundwater Well Siting Study
- ▶ Oversizing lines
- ▶ Differential impact fee credits
- ▶ CAP direct delivery with EPCOR

WATER PROJECTS PENDING RATE STUDY - \$7.2M

DEBT SERVICE

A horizontal purple line spans the width of the slide below the title. On the right side, several white diagonal lines of varying lengths and angles create a sense of motion or a stylized graphic element.

DEBT SERVICE BY FUNDING SOURCE



Total Debt Service
\$25,693,920

POLICIES

A horizontal purple line spans the width of the slide. In the bottom right corner, there are several white diagonal lines of varying lengths and angles, creating a dynamic graphic element.

BUDGET POLICIES

Operating	Compliance
Ongoing operating cost should be supported by ongoing revenue sources	yes
Revenues from growth or development should be targeted to cost related to development or future improvements	yes
General Fund appropriations should include a reserve contingency account equal to first three months of prior year operating expenses	yes
General Fund appropriations should include a reserve contingency account amount of 10% of annual sales tax revenues	yes
Enterprise Funds should be self-sufficient	yes
Water/Sewer	yes
Sanitation	
Replacement of equipment will be funded through the Depreciation Replacement Reserves	yes
<i>Asset Management reserves will be established, funded and used to replace and preserve General Fund assets consistent with department plans</i>	NEW
<i>Enterprise fund asset management requirements will be incorporated in multiyear forecasts and plans</i>	NEW
A five year financial forecasting should be developed and include the operating cost of CIP and changes in service demands	yes
Laws and policies on limitations on revenue sources should be addressed in the annual budget process	yes

BUDGET POLICIES

Debt Management	Compliance
Short term borrowing or lease-purchase should be considered for financing major operating equipment when it is determined to be in the best interest of the city	yes
Annual short term debt payments should not exceed 5% annual revenue or 20% of total annual debt	yes
Maintain PIC debt coverage ratio of 1.50 – 1.00 of pledged excise tax revenue to debt payment	yes
Maintain and sell new G.O. Bonds only when a combined property tax rate of \$1.60 can be achieved	yes
Annual levy calculations should be at the maximum amount allowed for City's primary property tax	yes
Maintain bond rating of at least Baa1c from rating agencies	yes
Enterprise Funds should finance water and sewer bond sales	yes
Bonds should not be financed by General Funds unless necessary and shall not exceed 10% of current three years operating revenues, excluding Construction Sales Tax	yes

BUDGET POLICIES

Budget Policies	Compliance
Total fund appropriation changes must be approved by the City Council	yes
Use of contingency appropriation must be approved by the City Council	yes
Procedures for appropriation transfers and delegation of budget responsibility will be set by the City Manager	yes
Monthly status report reviewed by City Manager and presented to City Council	yes
Annually update strategic financial plan to ensure viability and compliance with state statutes	yes
Annual budget for Community Relations funding will not increase larger than the percent growth in retail sales tax from the prior two calendar years	yes

BUDGET POLICIES

Revenue Policies	Compliance
A diversified and stable revenue system will be maintained to ensure fiscal health	yes
User Fees for all operations will be examined every 3-5 years	yes
Development Fees for Capital expenditures related to new development will be reviewed every 3-5 years	yes
Cost analysis should be performed for all services to determine if fees collected are covering cost of service	yes

Capital Budget Policies	Compliance
A long range capital improvement plan (CIP) should be prepared and updated each year	yes
All departments should estimate the operating impacts of the CIP over the next 3-5 year planning period	yes
Amendments to capital appropriations fall under the same guidelines as the operating budget with one exception; and project change exceeding \$75,000 should be approved by the City Council	yes

NEXT STEPS



NEXT STEPS IN FY16 BUDGET PROCESS

Date/Month	Item	Meeting
5/6/2015	Public Budget Forum – 6p.m.	5/6/2015
5/11/2015	Additional Draft Budget Review (if needed)	Work Session
5/18/2015	Tentative Budget Adoption	Regular– Action
6/22/2015	Final Budget Adoption	Regular– Action
7/6/2015	Property Tax Levy	Regular– Action

QUESTIONS

