



Supplemental and CIP Requests Overview

City Council Work Session March 20,
2017

FY18 Budget Process Calendar



Month	Topics on Each Agenda (Meeting Date)
December	- FY17 Beginning Balance Increase; FY18 One-time Resources & Priorities for General Fund (12/5)
February	- Five-Year Forecast & Initial Revenue – General Fund (2/6)
March	- Funding Requests Overview (3/20) - Benefits/Self-Insurance (3/20)
April	- Draft Budget – Enterprise Funds (4/10) - Draft Budget – Compensation (4/10) - Draft Budget – General Fund and CIP (4/17) - 3 rd Draft Budget Session if required (4/24)
May-July	- Adoption steps

Agenda



- General Fund – Ongoing
- General Fund – One-time
 - One-time O&M
 - General Government CIP
 - GO Bonds
- Other Funds O&M and CIP

General Fund

General Fund Overview



CONTENT

- Review attachments
- Resources update
- Ongoing and One-time Expenses
 - Known or planned uses including to date Council decisions and priorities
 - Key base budget related supplementals
 - Financial status summary
 - Other Supplementals
 - High priority for potential funding
 - Not likely to be funded

General Fund – Resources Update

Resources Update



- Primary Property Tax
 - FY18 \$71,000 higher than initial estimates
- State shared
 - Distribution amounts expected this week
 - Individual cities revenue estimates with population expected in May
- Sales Tax and Development Related to be revisited
 - Small revisions anticipated from February estimates

Property Tax Rates and Levies



BEFORE NEW GO BONDS

	FY17 Levy	FY17 Rate	FY18 Levy*	FY18 Rate
PRIMARY <i>General Fund Ongoing</i>	\$ 8,240,777	\$ 1.1598	\$ 8,655,906	1.1344
SECONDARY <i>GO Bond Debt Service</i>	\$ 4,991,799	\$ 0.7025	\$ TBD*	TBD*
TOTALS	\$ 13,232,576	\$ 1.8623	\$ TBD	1.74 or less**

*Dependent on GO Bond projects approved – Existing debt service \$5M

**Council adopted financial policy limit on combined rate. At maximum tax rate, total levy would be approximately \$13.3M and below the FY09 and FY10 levels.

Ongoing Resources Change



CHANGE FROM FEBRUARY WORK SESSION

- Contingency classified to one-time
 - \$1.8M increase in available resources

General Fund – Ongoing Expenditures

Ongoing Expenditures



BASE BUDGET CHANGES

- Increases:
 - Public Safety pension - \$1.3M
 - Public Safety MOU with pension - \$1.4M
 - Existing development agreement sales tax reimbursement - \$0.2M
 - Non-represented compensation
- Examples of absorbed costs/reductions:
 - Engineering absorbed a portion of increases in traffic signal utilities
 - Lobbying contract reduced

Council Direction To Date



\$4.7M; 13 POSITIONS

- Continue to Use Set-Asides - \$3.1M
 - Future operating costs - \$1.0M
 - PIC Ballpark debt - \$2.1M
- Previous Council Direction - \$1.6M
 - Police Squad - \$750,000; 5 Police Officers, 1 Sergeant
 - Library - \$775,000
 - Ambulance - \$62,000; 3 Paramedics, 3 EMTs, 1 Contract Monitor (All civilian)

FY18 Operating Cost Set-Aside



GENERAL FUND

	<u>in 000\$s</u>
Annual Allocation:	
FY17	1,250
FY18	1,250
FY19 Uses:	
Police Squad	(750)
Library	<u>(774)</u>
Remaining Set-Aside	976

Allocation calculation accounts for following over 6 years:

- Recreation center, aquatics facility, 30 acre park
- 2 Fire stations (includes end of EMR O&M)
- End of Sedella O&M contribution
- Police Ops Phase II
- Includes inflation

Recommended Highest Priority Supplementals – Base/Obligations



\$1.1M; NO POSITIONS

- Continue current services levels in base budget
 - Utility increases
 - Contractual increases and obligations
- Wellness and safety
- Efficiencies

FY18 Preliminary Financial Summary With Highest Priorities



REMAINING UNPROGRAMMED AMOUNT - \$2M

In millions of dollars

Beginning Fund Balance	\$ 3.6	Base Budget	\$ 75.5
Revenues	89.2	Supplementals	
Set-Asides		Police Squad & Library	1.5
PIC	(2.1)	Ambulance	0.1
Future Operating Costs	(1.0)	Base Inflation and Other Obligations	1.1
Transfers In	2.8	Debt Service	8.4
TOTAL RESOURCES	\$ 92.5	Transfers Out	3.8
		TOTAL USES	\$ 90.5

Next Highest Priority Supplementals, Likely Fundable



\$0.7M; 7 POSITIONS (NOT IN FINANCIAL SUMMARY)

- Positions
 - Telecommunication operators in Police
 - Convert 2 part-time temporary recreation programmers to full-time
 - Replace contract Court security with a full-time position
 - Development agreement coordinator
 - Add a ROW Superintendent in Parks
- High school internship

Next Highest Priority Supplementals, Likely Fundable - Continued



\$0.7M; 7 POSITIONS (NOT IN FINANCIAL SUMMARY)

- Efficiencies
- Maintenance agreements for software and equipment
- Expand or add new services
 - Sunday library hours
 - Expand summer recreation
 - Implement a program to add sidewalks where there are gaps due to development patterns

Remaining Supplemental Requests – Not Likely Fundable or To Be Recommended



\$2.1M; 18 POSITIONS (NOT IN FINANCIAL SUMMARY)

- Improve spans of control in Parks ROW, Maintenance, and Recreation
- Additional sworn fire positions for a 40-hour engine for west Goodyear, and for constant staffing
- Begin adding a Police Assistant to each squad
- Expanding storm water program and staff
- Efficiencies, equipment, studies, training, certifications, etc.

Discussion FY18 General Fund Ongoing Supplemental Requests



SUMMARY

- Unprogrammed amount - \$2M
 - Council direction included
 - Ambulance
 - Police Squad
 - Requirement to fund library operations
 - Highest priority supplementals (base and obligations)
- Not included - Would use portion of the remaining \$2M if funded:
 - Next highest priority supplementals that may be recommended - \$0.7M and 7 positions
- Unprogrammed amounts may be used for one-time costs

Questions and Discussion – Ongoing General Fund

General Fund - One-time O&M Expenditures

Council Direction To Date



\$36.7M

- Contingency - \$20M; \$2.2M increase
- Asset Management - \$8.2M
- Previous Council Direction
 - Police Squad - \$0.6M
 - Fire recruitment for vacancies and planned FY19 additions; academy for existing vacant positions only- \$0.1M
 - Ambulance - \$1.1M
 - Project management services required for fire station projects - \$0.2M (1st of 2 years of funding)
- CIP projects in FY17-26 Plan - \$6.4M
 - Does not include new projects or changes to existing projects

FY18 Asset Management



SUMMARY

In millions of dollars

	Estimated Beginning Balance	General Fund Contribution	Proposed Expense	Ending Fund Balance	Comments
Fleet	1,205	1,750	992	1,963	\$2.8M anticipated for FY19 replacements
IT Hardware	1,390	900	819	1,471	next 7 years all exceed \$1M, \$2.5M in FY25
Parks	1,964	1,900	2,021	1,843	\$3.9M in FY20
Ballpark Capital	1,026	900	590	1,336	\$2.2M in FY19
Police	2,144	-	2,144	-	fund to be closed after radio replacement
Fire	276	700	744	232	
TRAFFIC SIGNALS	-	2,000	1,888	112	backlog spread thru FY21 with temporary assistance; annual drops to \$1.6M in FY19
	8,005	8,150	9,198	6,957	

Recommended High Priority Supplementals



\$ 0.9M

- Temporary and contractual services to meet fluctuating development workloads
- Contractual obligations
- Wellness and safety
- Complete phased projects and other maintenance or repairs
- Efficiencies

FY18 Preliminary Financial Summary With Highest O&M Priorities



UNPROGRAMMED AMOUNT - \$2.7M

In millions of dollars

Beginning Fund Balance	\$ 33.0	Existing CIP	\$ 6.4
Revenues	4.2	Asset Management	8.2
Set-Asides		Contingency	20.0
PIC	2.1	Supplementals	
Future Operating Costs	<u>1.0</u>	Police Squad	0.6
TOTAL RESOURCES	\$ 40.3	Fire - Ambulance & Firefighter Recruitment	1.3
		Project Management Services for Fire Station Projects	0.2
		Base Obligations & Development Support	<u>0.9</u>
		TOTAL USES	\$ 37.6

Next Highest Priority Supplementals, Potentially Fundable*



\$1.1M (NOT IN FINANCIAL SUMMARY)

- Efficiencies, tools and training
- Replacements and repairs not part of asset management programs (software, facilities)
- Equipment for new positions and other items included at this level in ongoing

*CIP projects may impact

Remaining Supplementals, Not Likely Fundable or To Be Recommended



\$2.0M (NOT IN FINANCIAL SUMMARY)

- Efficiencies, tools and training
- Increase Economic Opportunity Fund
- Consultant for street light inventory
- Equipment for new positions and other items included at this level in ongoing

Questions and Discussion – General Fund One-time O&M

General Fund - One-time Expenditures CIP

General Government CIP Overview



CONTENT

- Review attachments
- Fire station planning update
- Requests compared to FY17-26 10-Year CIP
 - Fire
 - Other Facilities
 - Police
 - Arts and Parks
 - Streets
 - Recreation Campus Overview
- Impact fee funded projects advancement loans
- GO Bond capacity and eligible projects

NOTE: Impact fee funded developer reimbursement projects and debt service will be revised throughout for updated revenue forecasts.

Fire Station Timing



PREVIOUS DISCUSSION

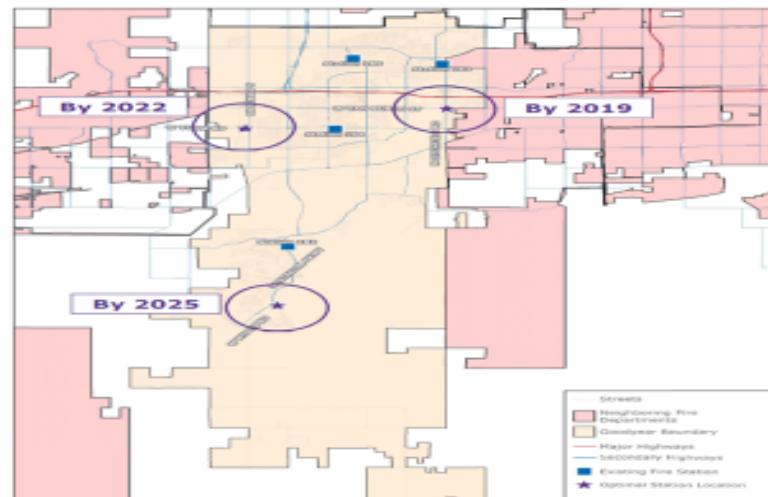
- Discussions began back in 2014 regarding fire station triggers and thresholds and growth areas of our City.
- Fire Station Study was presented to Council on December 12, 2016
- Team has been actively working on the planning process for the fire stations based on Council feedback.

Fire Stations



OPTIMAL SITES

Recommended Optimal Sites



Fire Station Timing



LOCATIONS AND TIMING

- By FY 2022, it is recommended that three optimal locations would be constructed.
- The three changes – in order – would be as follows:
 - **Relocate Station 181** to the north of the current site; the optimal location is at Litchfield and Van Buren – recommended to be operational by **FY 2020**.
 - **Additional optimal location in South Goodyear**; the optimal location is at Estrella and Willis (plus one engine company) – recommended to be operational by **2020**.
 - **Additional optimal location in West Goodyear**; the optimal location is at Citrus and Yuma (plus one engine company) – recommended to be operational by **2022**.
- The recommended position by 2022 would therefore involve:
 - Construction of three new stations
 - Addition of two engine companies

Fire Station Timing



FISCAL YEAR LAYOUT

- Shown on ELMO

Summary of General Government CIP New Requests and Changes



FIRE (FACILITIES AND TECHNOLOGY)

- New stations
 - EMR; FY17-19; Developer funded
 - West Goodyear; FY19-20; \$6.4M
 - Impact fee - \$6.1M (loan required)
 - General or GO Bonds - \$0.3M (will seek impact fee in study update)
 - Sedella; FY26-27; \$6.9M; refer to impact fee study
 - Broadway & Citrus; FY26-27; \$7.4M; refer to impact fee study
- Replacement station 18
 - FY17-18; \$6M (includes FY17 amount); GO Bonds
- Reuse existing station 181; FY18; \$0.4M; General Fund

Summary of General Government CIP New Requests and Changes



OTHER FACILITIES AND TECHNOLOGY

- Financial System, timing change only
- Right field pavilion repairs; FY18; \$480,000; Ballpark/General Fund
- Facilities Master Plan
 - City Hall renovations and density increase; FY18-22; \$0.6M; General fund
 - GMC improvements for court security and development departments; FY19-25; \$4M; future General or Bond funds
 - Maintenance Shops/Central Warehouse; FY26-27; \$7.7; future General or Bond funds
 - Other fire station renovations and updates; FY18-19: \$1.1M; General fund

Summary of General Government CIP New Requests and Changes



POLICE (FACILITIES AND TECHNOLOGY)

- Radio replacements
 - FY 18; \$2.1M; Remaining Asset Management funds
 - FY26; \$3M; General Fund; Defer to future analysis of General and Bond funds;
- Operations Building – Phase II
 - FY20-21; \$9.3M; GO Bonds and Impact Fees
 - Loan to impact fee fund required

Summary of General Government FY18 CIP New Requests and Changes



ARTS AND PARKS – CHANGES TO EXISTING PROJECTS

- Allocate pre-2014 parks impact fees to Recreation Center
 - Reduces GO Bond requirement by \$3.4M
- Advance Aquatic Center and 30-Acre Park to be constructed on same timeline as Recreation Center
 - One-time loan to impact fee funds for park required; General Fund
- Identify specific public art projects and increase funding
 - \$300,000 increase over ten years; General Fund
- Move FY23 Irrigation improvements to asset management; \$590K, General Fund

Summary of General Government FY18 CIP New Requests and Changes



ARTS AND PARKS – NEWLY PROPOSED PROJECTS

- FY18
 - Renovate ZIZ water feature at Ballpark; \$125,000, General Fund
- FY25 & 26
 - Bullard Wash master plan and trails; \$6.2M; defer to future General or Bond funds
- FY27
 - Foothills park phase 2; \$12M; defer to future General or Bond funds
 - New community park; \$25M; refer to upcoming impact fee study

Summary of General Government FY18 CIP New Requests and Changes



STREETS – CHANGES TO EXISTING PROJECTS

- Update cost estimates for projects throughout
 - Impact fee projects did not anticipate inflation
- Inflation and address years where full funding was not available in prior CIP
 - Pavement Management
 - One warranted traffic annually
- Add a second warranted traffic signal annually

Summary of General Government FY18 CIP New Requests and Changes

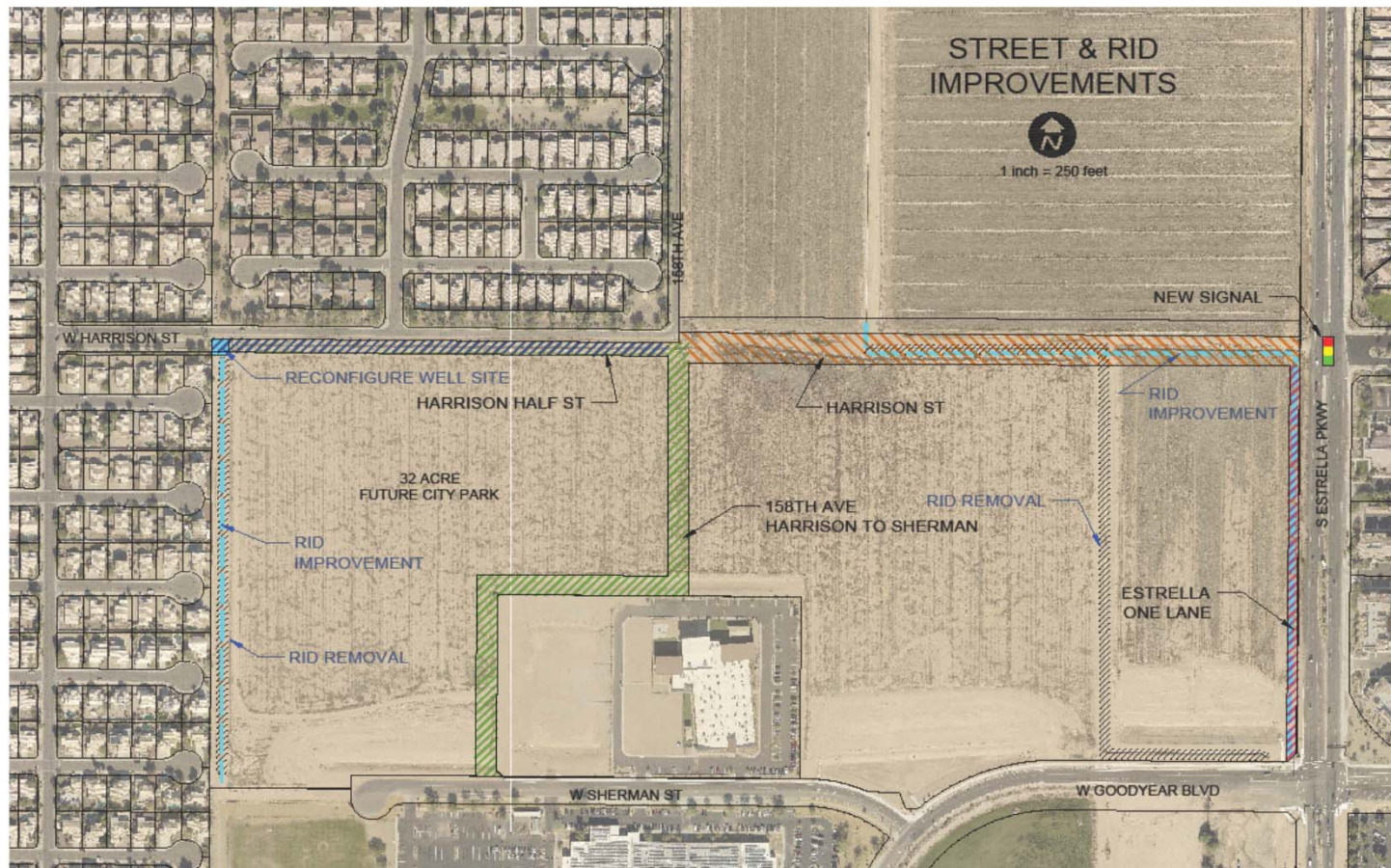


STREETS – NEWLY PROPOSED PROJECTS

- Fiber projects – General Funds
 - FY18; Connect Bullard: Earll to Indian School; \$62,000
 - FY18-19; Elwood: Cotton to Estrella/Cotton: Estrella to Lower Buckeye; \$94,000; 7% match for ADOT project
- Relocate Estrella Pkwy & Vineyard Intersection; FY19-21; \$1.9M General or Bond funds
- Riggs Road Land Acquisition; FY18; \$160,000; General

Recreation Campus Overview

Recreation Campus – Full Build Out Streets/Offsites



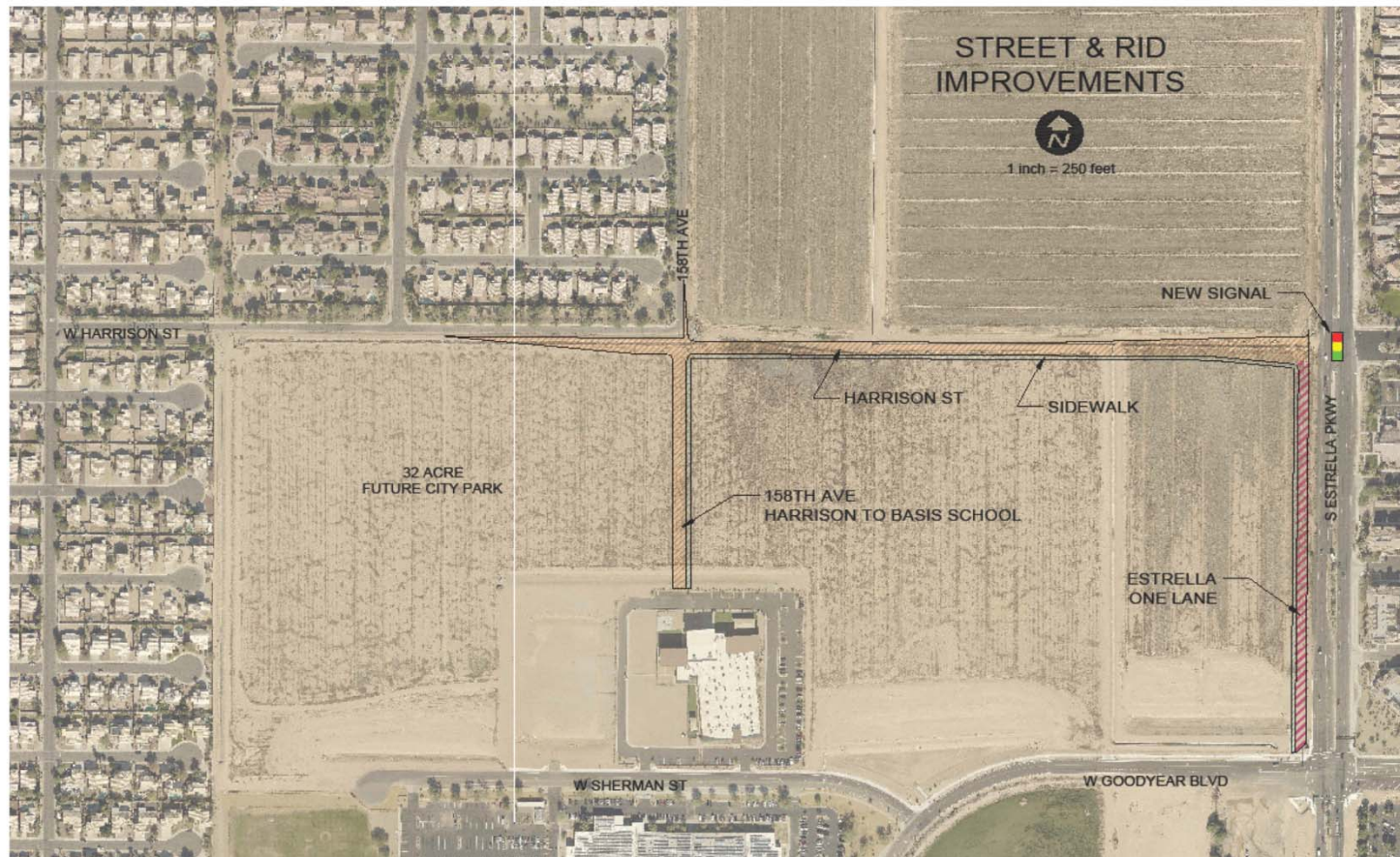
Offsite for Recreation Campus



ANTICIPATED FOR FULL BUILD OUT OF SITE - \$13.1M

- Streets
 - 158th Ave full street: Harrison to Sherman, \$2.3M
 - Harrison full street: 158th Ave to Estrella Pkwy, \$3.9M
 - Harrison half street: 158th Ave to 160th Lane, \$1.5M
 - Estrella Pkwy one lane; Harrison to Goodyear Blvd, \$1.4M
- RID relocations, \$4M

Recreation Campus – Phase I Streets/Offsites



Offsite for Recreation Campus – Phase I



PROPOSED PHASE I OFFSITES - \$5.2M

- Streets
 - 158th Ave: Harrison to Basis School, \$0.7M
 - Harrison half street: 158th to Estrella Pkwy, \$2.1M
 - Estrella Pkwy one lane; Harrison to Goodyear Blvd, \$1.3M
- RID
 - East side of relocations - \$1.1M

Recreation Campus Projects – Phase I



In millions of dollars

Phase I Parks Improvements:

Recreation Center
Aquatic Facility
Neighborhood Park

	FY18	FY19	Totals
Recreation Center	0.7	11.4	12.1
Aquatic Facility	0.6	7.9	8.5
Neighborhood Park	0.8	9.7	10.5
	2.1	29.0	31.1

Phase I Offsite:

East RID Canal Relocation
Streets

East RID Canal Relocation	0.3	0.8	1.1
Streets	1.3	2.8	4.1
	1.6	3.6	5.2

TOTALS FOR PHASE I PROJECTS

	3.7	32.6	36.3
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Changes from FY17-26 CIP:

- Aquatic Facility & Park advanced to co-construct with recreation center
- Park costs decreased with advance and offsite contingency
- Loan required for park impact fees
- Potential funding sources for offsites, General Funds, and parks impact fees.

Estimated One-time Funds Needed to Provide Loan for Impact Fee Project Advancements



In millions of dollars

	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24
Police Ops - Phase I	1.0	0.3	-	-	-	-	-	-
Police Ops - Phase II	-	-	-	2.9	2.3	1.6	0.6	-
Fire – West Goodyear	-	-	-	1.6	1.0	0.4	0.4	0.1
30 Acre Park	-	-	6.5	5.4	4.3	2.9	1.4	-
Loan Balance	1.0	0.3	6.5	9.9	7.6	4.9	2.4	0.1

GO Bond Capacity and Potential Projects



ASSUMES COMBINED PROPERTY TAX RATE OF LESS THAN \$1.7350

In millions of dollars

	FY18	FY19	FY20	FY21
Forecast GO Bond Capacity	12.5	20.0	5.0	7.5
Potential Uses*:				
Fire Station 181 Replacement (FY17 costs included)	6.0	-	-	-
Aquatic Center	0.6	7.9	-	-
Recreation Center with Phase I RID	0.3	9.5	-	-
Police Ops Phase II	-	-	5.0	0.6
Surface Water	7.5	-	-	-
Total Potential Uses	14.4	17.4	5.0	0.6
Cumulative Bond Capacity Remaining	(1.9)	0.7	0.7	7.6

*Street related Recreation Campus Offsite will be further evaluated for bond eligibility.

Potential Resource Changes



ACTIONS THAT IMPACT ONE-TIME RESOURCES

- Potential resources
 - Lower expenditure estimates or increased revenue estimates for FY17
 - Savings from \$1.2M Station 181 funding in FY17 after costs of any work performed
 - Change Contingency policy
 - Changes to existing CIP plan projects
 - Use unprogrammed ongoing resources

Discussion FY18 General Fund One-time Requests



SUMMARY

- Unprogrammed amount - \$2.7M – Includes:
 - Previous Council Direction included
 - Contingency and Asset Management per financial policies
 - Police Squad
 - Fire recruitment and ambulance
 - Project management services for fire station projects
 - Highest priority supplementals included
 - Existing CIP projects included
- Not included - Would use portion of the remaining \$2.9M if funded
 - Remaining \$3.1M in supplemental O&M requests
 - FY18 CIP requests/increases
 - \$1.2M misc. repairs, inflation, matches
 - \$0.6M traffic signal

Questions and Discussion

Other Funds

Arizona Lottery Funds



- Restricted to Transit Purposes
 - Contract increase on Zoom; \$5,800 ongoing
 - Clean-up basin; \$13,000 one-time

Sanitation



- Revenue
 - No rate change proposed
- Base Budget
 - Absorbed contract rate increase
 - Container program costs reduced
- Supplemental Requested and Recommended
 - Additional bulk trash grapple tractor and temporary labor to maintain service levels during staff leave and equipment maintenance
 - \$89,500 ongoing, \$90,000 one-time

Wastewater



- Revenue - Per adopted rate plan
- Ongoing Supplementals Fundable and Recommended
 - Senior Utility Technician - \$94,100, also \$38,700 in one-time
 - Video Assessments of Sewer System- \$114,000, also \$25,000 in one-time
 - SCADA Systems Engineer (assigned to IT Department)
 - 50/50 split with Water - \$59,200, also \$19,300 in one-time
- One-time Supplementals Fundable and Recommended
 - Sampler replacement - \$15,000
 - Environmental Compliance Consultant - \$75,000

Wastewater CIP Summary



- No new project proposed, no projects deleted
- Timing changes
- Added inflation to impact fee projects
- Further evaluate need for bonds

Water



- Revenue - Per adopted rate plan
- Ongoing Supplementals Fundable and Recommended
 - Superfund & WQARF consultant support - \$70,000
 - Location Specialist - \$86,400, also \$38,700 in one-time
 - CAP Related
 - Water purchase per rate plan - \$471,000
 - Water shortage contingency - \$301,500
 - SCADA Systems Engineer (assigned to IT Department)
 - 50/50 split with Wastewater - \$59,200, also \$19,300 in one-time
- One-time Supplementals Fundable and Recommended
 - Vadose operating costs - \$60,000
 - Fixed base radio meter read system - \$50,000

Water CIP Summary



- Add surface water project
- Substantial changes to remove projects not expected to be required due to surface water project
- Add potable water interconnect
- CAP Capital charges cost increase
- Timing changes based on new approaches such as consolidating projects to improve bid prices

Surface Water Treatment Plant



\$114.2M CIP PROJECT

- Land Acquisition
- Design & Construction:
 - 8.0 MGD Water Treatment Facility
 - Expandable to 16.0 MGD
 - MGD Storage Reservoir
 - Transmission Main from SRP canals
 - Transmission mains from Plant to distribution

Surface Water Treatment Plant



SUMMARY OF PREVIOUS MEETINGS

- 10-13-16 Met with Newland & Capital partners to present concept
- 12-19-16 Council Work Session on SRP agreement and Surface Water treatment Plant
- 1-23-17 Council approved SRP agreement

Surface Water Treatment Plant



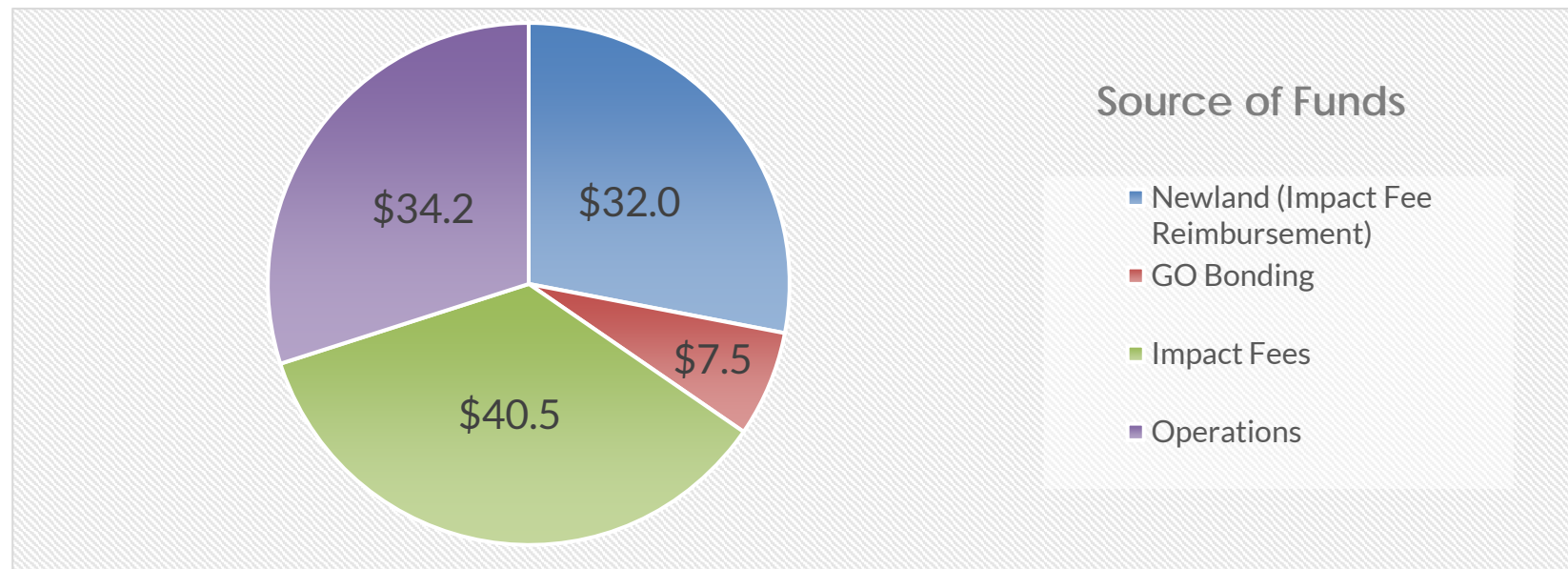
FUNDING GOALS

- No modification to current rate plan
- Minimize Long-Term Impact to rate payers
- Citywide economic benefit, water is a necessity
- Allocate costs equitably between new growth and current users
- Protect city from development fluctuations

Surface Water Treatment Plant



CURRENT MODEL



Surface Water Treatment Plant



	Description
Newland Homes	<ul style="list-style-type: none">- Pay for approximately \$32 million in infrastructure, receive impact fee reimbursements- In lieu of Southern Solution- Requires IIP modification
G.O. Bonding	<ul style="list-style-type: none">- \$7.5 million authorized capacity- Citywide Property Tax
Impact Fees	<ul style="list-style-type: none">- Approximately \$40 million- Requires IIP modification
Operations	<ul style="list-style-type: none">- Revenue Bonds – Rate Plan Capacity<ul style="list-style-type: none">• Impact fee backstop required- CAP Water Fee – Recharge less water<ul style="list-style-type: none">• Drawdown of Long Term Storage Credits during construction & Start up

Surface Water Treatment Plant



SUMMARY

- Included in CIP requests
- Major assumptions
 - Newland will participate
 - Southern Solution Projects will be removed from CIP & IIP
 - Other areas water Production projects will be removed from CIP & IIP
 - Future Council Action on IIP, CIP & Debt will be required
- Full operational costs anticipated to start in December 2021 (FY2022 budget)
 - Currently developing anticipated operational, debt and revenue impacts

Questions and Discussion