



FY18 Tentative Budget Adoption and Approval of Revised Financial Policies

Agenda



- Budget Process and Calendar
- Review changes from Draft Budget
- Summary of Tentative Budget
- Financial Policy
 - Compliance analysis
 - Recommended Changes
- Questions
- Approve Tentative Budget and Financial Policies

FY18 Budget Process Calendar



Month/Date	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	- Budget Process Overview & Draft Budget – Enterprise Funds (4/10) - Draft Budget – Compensation (4/10) - Draft Budget – General Fund and CIP (4/17)
May 2	- FY18 Draft Budget Open Hours; 6-7:30pm; City Hall Room 117
May-July	- Formal adoption: Publications, Tentative and Final Adoption, Property Tax Levy

FY18 Budget Process Calendar



ADOPTION STEPS

Date	Topics on Each Agenda (Meeting Date)
May 22	<i>Tentative Budget Adoption and Financial Policies</i>
June 26	Final Adoption and Truth In Taxation Hearing
July 11	Property Tax Levy

May and June – Various budget and Truth in Taxation publications and press release.

Overall Budget Process



- Routine monitoring
- Focus on absorbing current and new budget year cost increases
- Technical reviews by Budget and Research at each phase
 - \$450,000 in technical corrections over last two budget processes
- Technical reviews of CIP also performed by Engineering
- Executive Management reviews and oversight

Process Improvement



Lean and process improvements training and focus

- Reduces costs, 2 year results
 - \$20,000 hard cost reductions
 - \$393,000 soft costs avoided
- Avoids future staffing requests
- Improves customer experience through reduced cycle times

Changes from Draft Budget



GENERAL FUND OPERATING BUDGET

- Move Development Agreement Coordinator to City Manager
- Supplemental Changes:
 - \$ 150,000 – Add Community Para-medicine Contingency
 - \$ 68,000 – Add In Focus to 12 issues
 - \$ 5,000 – Add Police Behavioral Health Provider
 - \$ (8,000) – Delete GPS Unit at request of department

Changes from Draft Budget



GENERAL FUND CAPITAL IMPROVEMENT PROGRAM

- \$ 244,200 – Camelback Road Pedestrian Crossing
- \$ 168,000 - Pickle Ball Court for Goodyear Community Park
- \$ 318,000 - Softball field at Estrella Foothills Park
- \$ 75,000 - Install 2 New Monument Signs
- \$ 51,000 - Relocate Clinic to a City Facility
- Accommodate Advancement of Sarival: Jefferson to Yuma
 - \$ 1.1 General Fund for project
 - \$(1.1M) Defer Bullard & Van Buren Intersection 2 years
 - Delay General Fund Loan Repayment from Impact Fees
- Reduce Capital Projects Reserve to \$2.2M

Changes from Draft Budget



OTHER FUNDS

- Water
 - Move CAP Drought Contingency to Non-Departmental
 - Use Annual CAP Water Purchase Base Budget and Supplemental for Surface Water Project
 - No change in \$114.2M project
- Ballpark – changes to add \$10.5M MLB Indians project, debt service, and revenue

Changes from Draft Budget



CARRYOVERS

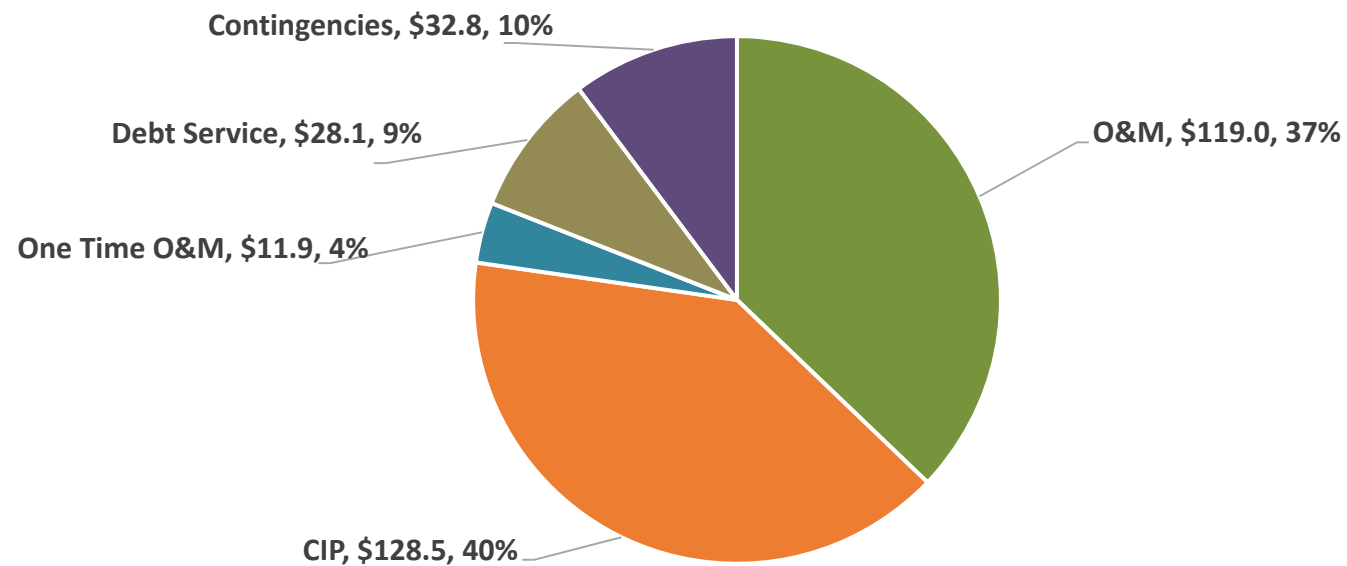
- General Fund
 - Remove Fire annual medical exams - \$73,200
 - Add Fire Exhaust System - \$50,000
 - Add City Hall Softscape - \$10,000
 - Add City Hall Entrance - \$20,000
 - Add City Council Special Projects Fund - \$162,000
 - Add Economic Opportunity Fund - \$100,000
- Impact Fee & General Fund
 - Revise Sarival: Van Buren to I-10 to all Impact Fee; change in handling impact fee loan

Tentative Budget Summary

All Fund Uses - \$320.3M



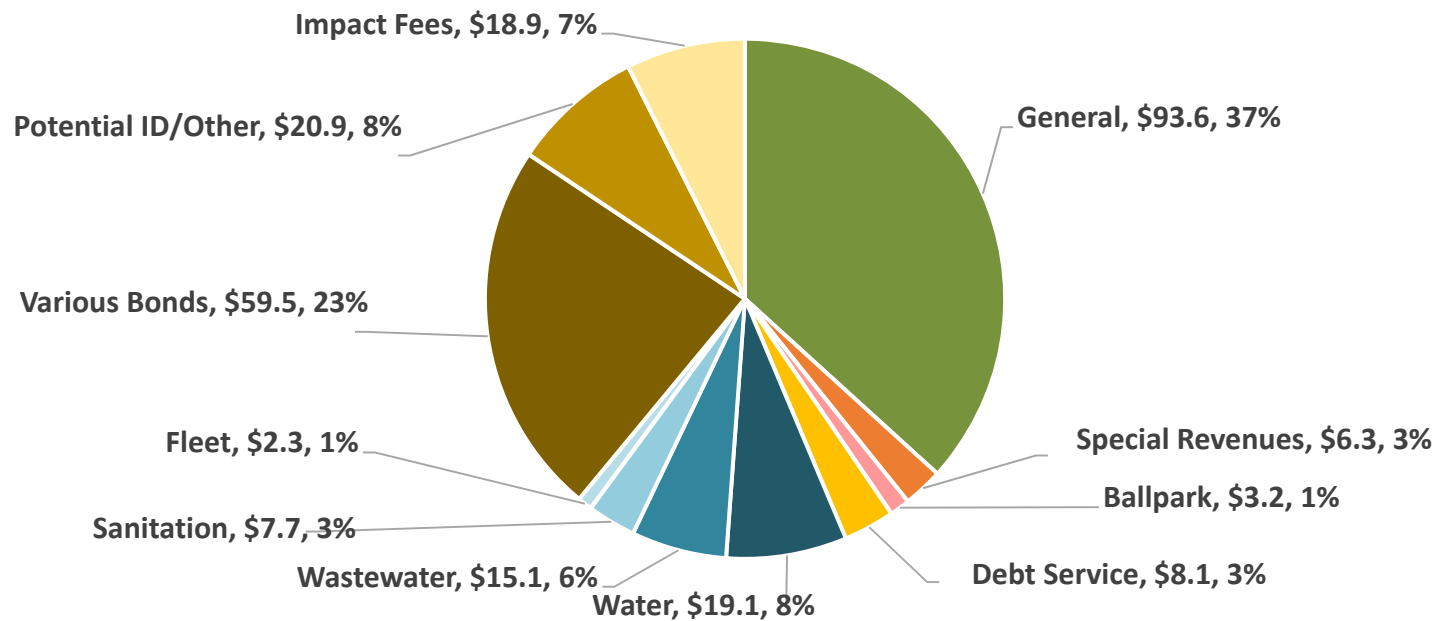
IN MILLIONS OF DOLLARS



All Fund Revenues - \$254.7M



IN MILLIONS OF DOLLARS



Change From FY17 Budget



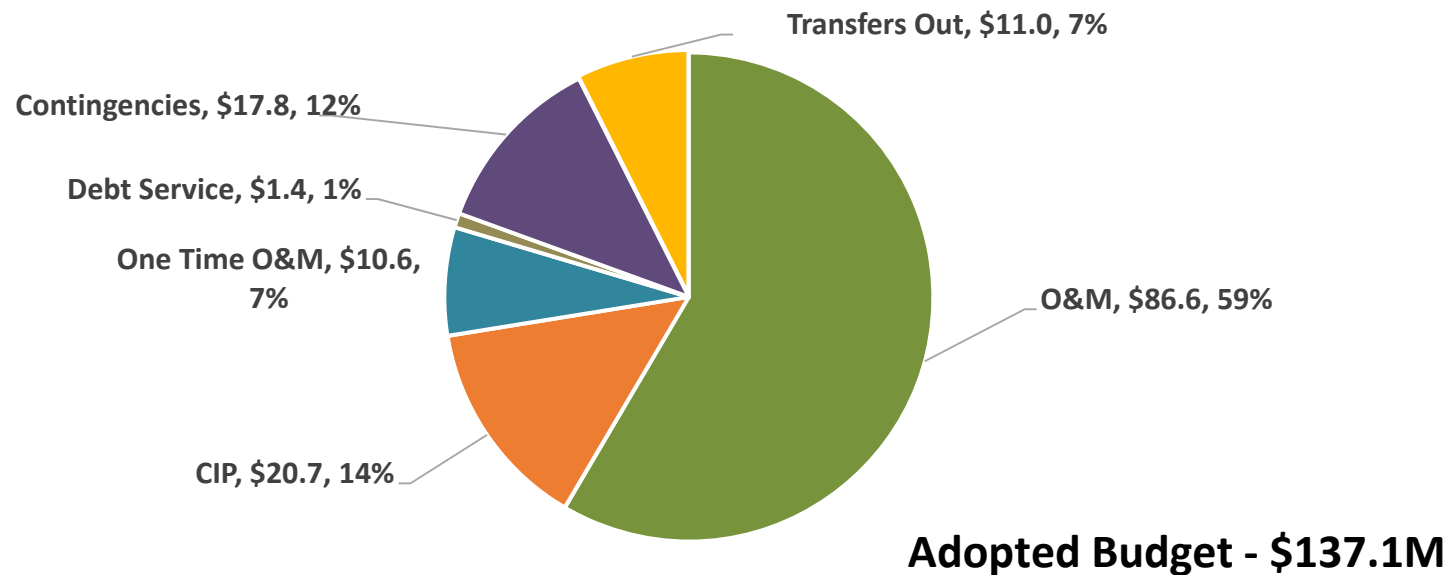
\$66M INCREASE

- Capital Projects are \$55M higher
 - CAP Surface Water Project - \$30M
 - MLB Indians Funded Project - \$10.5M
 - Fire Station Projects - \$9.5M
- Operations and Maintenance is \$9M higher
 - 50/50 supplementals and labor increases

General Funds All Uses -\$148.1M



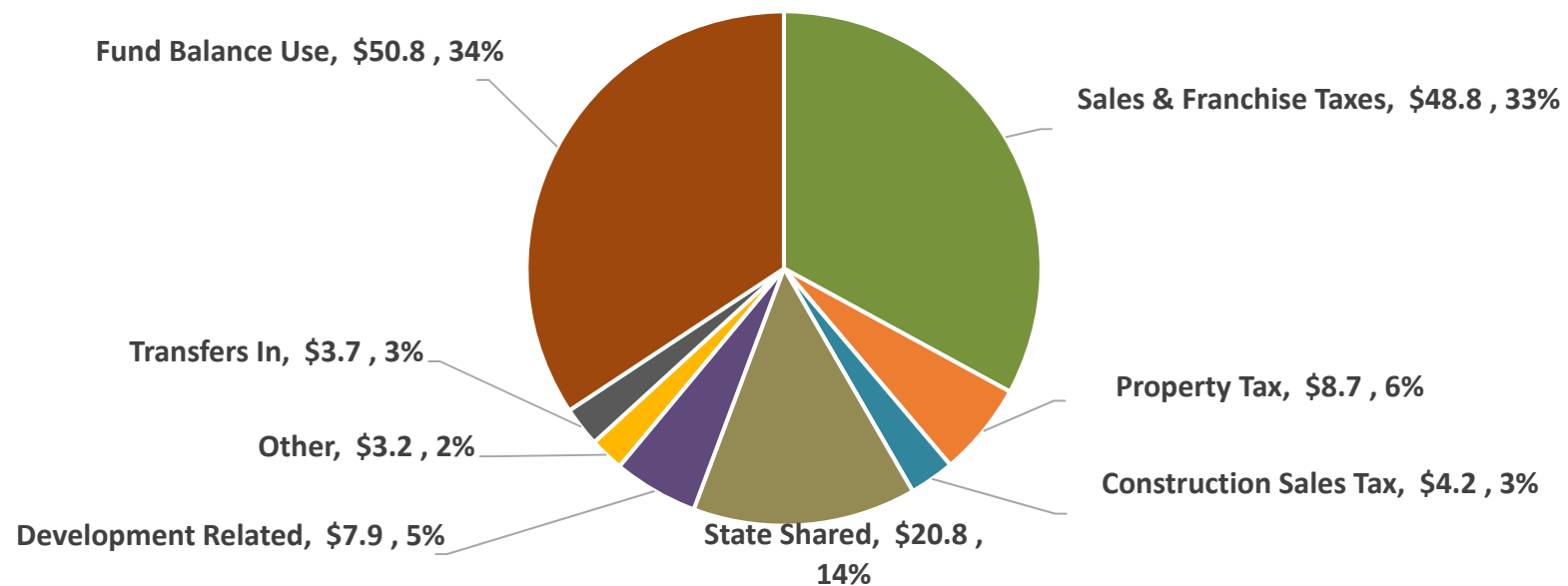
IN MILLIONS OF DOLLARS



General Funds Resources - \$148.1M



IN MILLIONS OF DOLLARS



General Funds Change From FY17 Budget



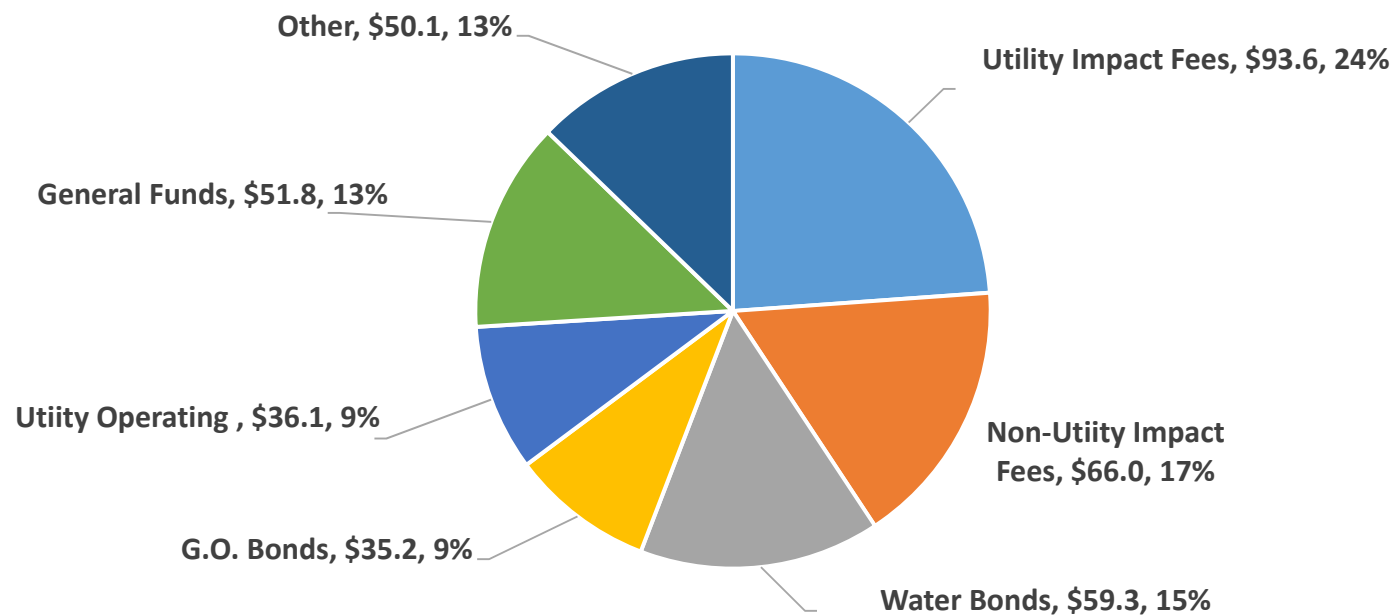
\$11.9M OR 4.7% INCREASE

- Supplemental Increases
 - \$3.5M ongoing
 - \$6.3M one-time
- Compensation and Pension Increases - \$4.3M
- Lower CIP projects - \$(2.4)M

10-Year CIP - \$392.1M



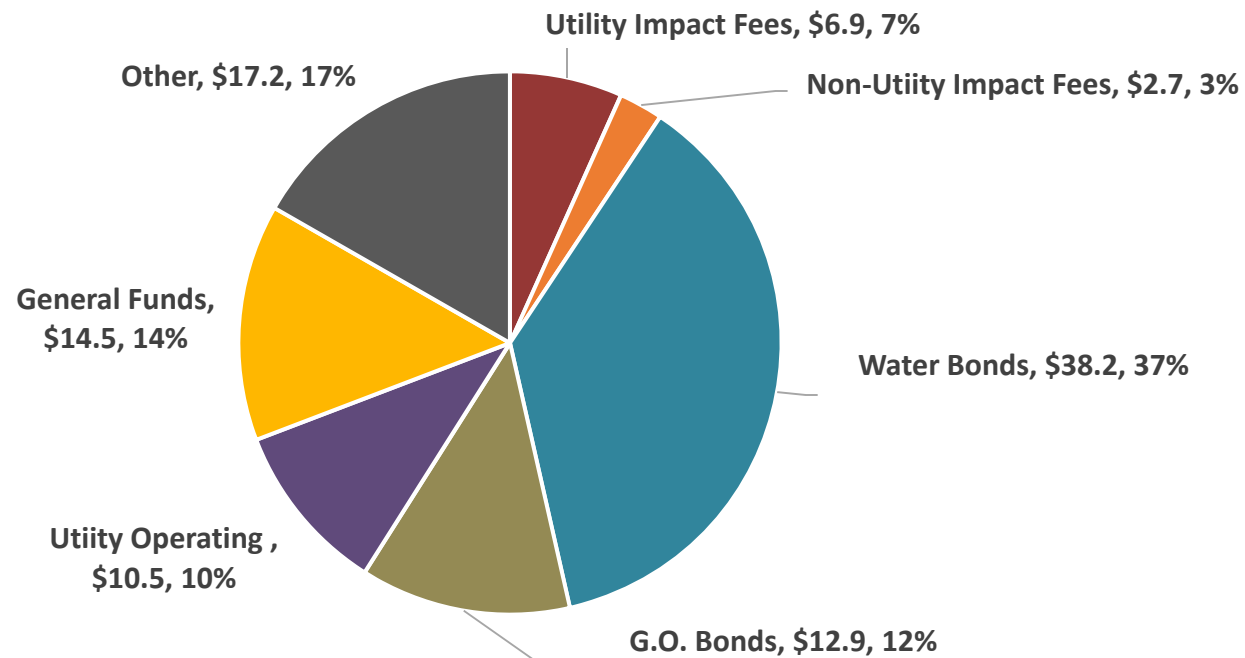
IN MILLIONS OF DOLLARS



FY18 CIP - \$102.9M



IN MILLIONS OF DOLLARS



Key FY18 Projects



- Surface Water Project
- 2 Fire Stations
- Design of Recreation Campus Projects
- Streets and traffic signals
- Wells

Financial Policies

Overall Goals of Financial Policies



- Fiscal Conservatism
 - Cash solvency
 - Budget solvency
 - Long run solvency
 - Service level solvency
- Flexibility
- Adherence to the Highest Accounting and Management Practices

Financial Policies Compliance in FY18 Tentative Budget



KEY ITEMS

- Combined property tax rate is less than \$1.74 including debt service on \$25M in bonds
- Compliance with debt coverage and ratios
- Use of property tax supported bonds on project of significant citywide impact for surface water is inconsistent with, but not prohibited in policies

Recommended Changes



- Reduce General Fund Contingency to 15% of operating revenue (Policy 3)
 - FY18 budget of \$17.8M exceeds the \$13.4M 15% mark
- Reword Policy 7 to be consistent with details
- Replace 'sewer' with 'wastewater'
- Remove Strategic Plan and Community Relations budgetary control systems (Policy 10)

Approve FY18 Tentative Budget
Resolution 17-1785 and Revisions
to Financial Policies