

FY19 Recommended Budget and Revisions to the Two-Year Fiscal Plan

Howard Lazarus, City Administrator



Overview

- Our purpose this evening is to present the recommended budget for FY19.
- By City Charter, Council is required to adopt the budget at its second meeting in May.
- FY19 is the second year of the two-year FY18/19 plan. Our focus tonight will be on the changes to the plan.
- This presentation, detailed budget documents, and subsequent questions from Council and staff responses are available to the public on the City's web site.

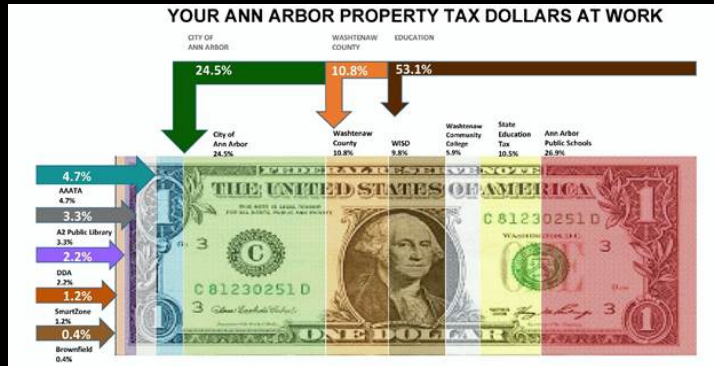


Overview

- FY19 General Fund recurring revenues projected to increase by 0.79%.

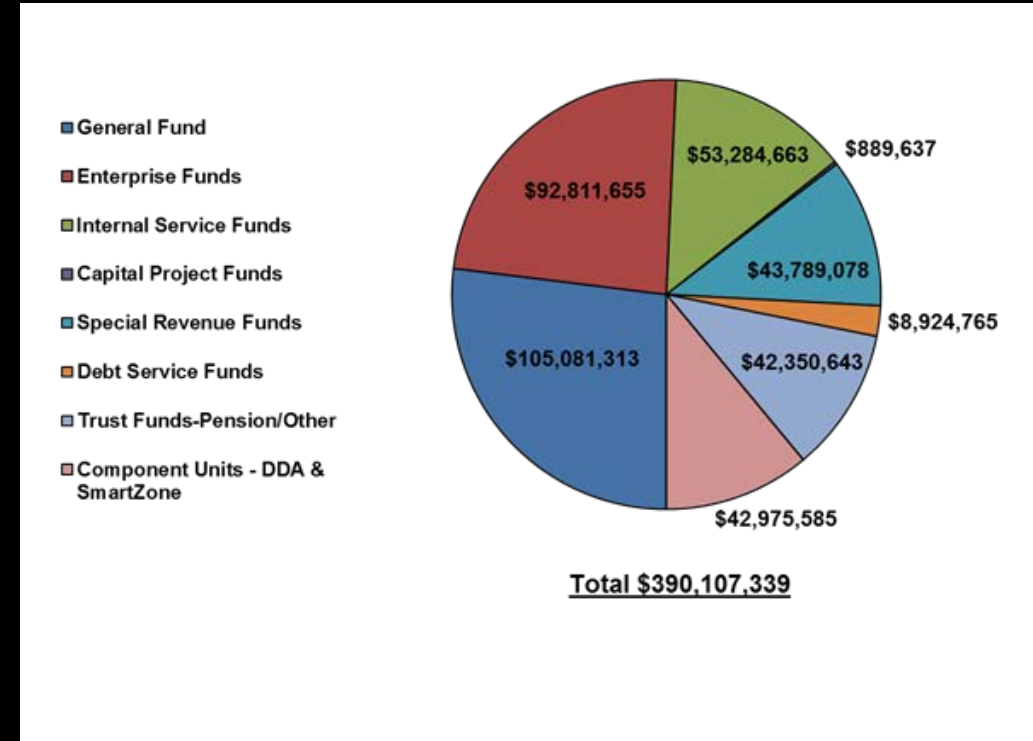
- Property taxes receipts are expected to increase by 3.27%.
- City, Village, & Township Revenue Sharing (CVTRS) increases by 4.4%.
- No increase in City property tax rate.
- Typical rate payer impact is \$5.61/month.

- The City expects to receive a \$2.2M rebate from the County Public Safety and Community Mental Health millage for maintaining its own police force.



Overview

- Total budgeted expenditures are \$390.1M.
 - \$105.1M to the General Fund
 - \$92.8M to Enterprise Funds
 - \$42.3M to Trust Funds
 - \$149.9M for Other Categories
- Fund balances remain within City policy goals.
- GO Bond rating is AA+ (S&P).
- Typical residential taxpayer impacts:
 - Increase of \$3.29/month in property taxes and \$5.61/month in utilities costs



FY 19 General Fund Projections (\$M)

	Plan	Economics	Changes	Projected
Recurring				
Revenues	\$104.5	\$0.9	\$(1.9)	\$103.5
Expenditures	(104.5)	(0.6)	1.6	(103.5)
Net Surplus/(Deficit)	\$ -	\$0.3	\$ (0.3)	\$ -
One-Time				
Revenues	\$ -	\$ -	\$ -	\$ -
Expenditures	(0.9)	-	(0.5)	(1.4)
Capital Financing – Street Lights			(0.1)	(0.1)
Adjustment: Carryover Funding			0.4	0.4
Net Surplus/(Deficit)	\$ (0.9)	\$ -	\$ (0.2)	\$(1.1)
Totals				
Net Surplus/(Deficit)	\$ (0.9)	\$ 0.3	\$ (0.5)	\$ (1.1)
Unassigned Fund Balance	\$ 15.1			\$ 14.0
Unassigned % of Total Expenditures	14.3%			13.3%
Unassigned % of Net Expenditures (Net excludes pass through expenditures)	16.2%			15.1%

New Funding for Council Priorities

Item	Amount (\$K)
Pedestrian Safety	
Street Light Funding	\$1,047
Electronic Speed Signs for Schools on Major Roads	\$ 200
ADA Accessibility Compliance Study	\$ 25
Public Safety	
Community Policing Commission	\$ 25
Additional 2 Police Officer FTEs	\$ 99
Affordable Housing Direct Operating Support	\$ 68
Climate and Energy	
Staffing Added in FY18	\$ 165
Planning for County Millage Allocation	\$ 75
Resource Management	
Costs to Annex Township Island Parcels	\$ 100
Appraisal Services	\$ 100
Barton and Superior Dam Requirements	\$ 125



What's New in the Budget?

- Limited incorporation of proceeds from County millage.
 - \$75K in Climate Action for program planning
 - \$420K in Pedestrian Safety for street lights and electronic speed signs
 - Affordable Housing not programmed for operating costs in FY19.
- Public Safety
 - \$150K for Fire Station 1 & 6 bathroom renovations
 - \$90K for Security for City Hall
 - \$125K reduction in General Fund support (revenue) of Fire Inspections
- Water/sewer impacts based upon Cost of Service Study



Realignments and Efficiencies

- Realignment of Parks Maintenance
 - Staff moved from Public Services to Parks.
 - Provides for vertical responsibility and dedicated service.
 - No additional costs or FTEs.
- Creation of Sustainability and Innovation Office
 - Consolidation of environmental, energy, solid waste, Sustainable A2 Neighborhoods Program, and innovation initiatives under a single manager.
 - Development of SMART performance measures.
 - Review and restructuring of solid waste/recycling service delivery.
 - Use of overhire program with no long term increase in staffing.



Realignments and Efficiencies

- Consolidation of Transportation Resources
 - Hiring of a Transportation Manager in FY18.
 - Additional focus on asset management for pavements, bridges, street lights, sidewalks, and bicycle facilities.
 - Added focus on mobility systems.
 - No additional FTEs.
- Re-emphasize Strategic Planning and Execution
 - Re-introduce organizational vision, goals, mission, and values.
 - Focus on core services and key projects with improved metrics.
 - Find opportunities for greater collaboration and partnerships.



Other Items of Interest

- Personnel

- Implement findings of Non-Union Compensation Study.
- Address inequities of non-union staff related to longevity pay/sick time (\$63K).
- Negotiate fair and reasonable IAAF contract.
- Actively manage costs of benefits and pension/OPEB liabilities.
- HRIS/Ultipro Improvements (\$9K).

- City Clerk

- Continuation of Citizens' Academy.
- Launching of Boards and Commission Legistar module.



Risks and Uncertainties

- Risks

- Market risk for pension/OPEB funding.
- Federal funding for housing and other programs.
- State statutory revenue sharing.
- Water quality regulation at the state level.

- Uncertainties

- Revenues from medical/recreational marijuana, development, and annexations.
- Parking meter hours of enforcement and parking fines.
- Funding sources for key projects (A2 Station, Treeline Trail, Barton Dam).
- Revenue streams and expenses related to solid waste programmatic changes.
- Funding for maintenance/replacement of city assets, as needed/required.



Policy Changes

- Pension/VEBA Funding
 - Recommended revision removes the minimum 2% contribution in the General Fund.
 - Adds the flexibility to additionally fund VEBA if active health care costs are better than forecasted.
- Capital Financing Policies
 - Establishes reserves for future replacement of existing assets/infrastructure.
 - Additional funding provided for street lights.
 - Future years will include recommendations for fire stations, public buildings, parks and recreation facilities, and other areas as needed.



Next Steps

- May 7, 2018 Council meeting – Public Hearing on fee changes/budget.
- May 21, 2018 Council meeting – Council considers City Administrator’s proposed budget.
- Please submit any budget amendment resolution request to Tom Crawford and Karen Lancaster by Wednesday, May 16.
- Please submit any budget questions to Sara Higgins with copies to Tom Crawford and Karen Lancaster.

