



FY20/21 Recommended Fiscal Plan

Howard S. Lazarus, City Administrator
April 15, 2019

Plan for This Evening

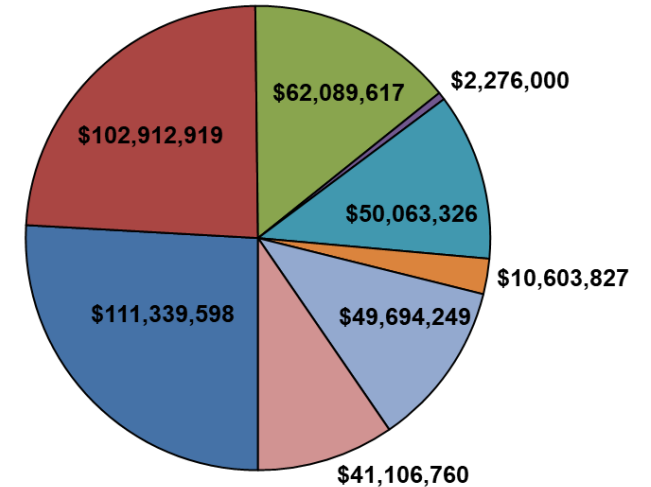
- Our purpose this evening is to present the FY20/21 two -year fiscal plan with emphasis on the FY20 budget.
- By City Charter, Council is required to adopt the budget at its second meeting in May.
- The FY20/21 fiscal forecast contains new sources of revenues and uses of funds, which will be highlighted in this presentation.
- This presentation, detailed budget documents, and subsequent questions from Council and staff responses are and will be available to the public on the City's web site.

Overview

- The FY20 General Fund recurring revenues are projected to increase by 5.0%.
 - Property tax receipts are expected to increase by 4.5%
 - Increase due to new construction and the completion of capture on Brownfield parcels is estimated at 0.85% of total recurring revenue increase.
 - Constitutional and City, Village, & Township Revenues Sharing (CVTRS) increases by 8.0%
 - Decrease in City property tax rate due to the Headlee rollback.
- The City expects to receive a \$2.2M “fairness rebate” from the County Public Safety and Community Mental Health millage for maintaining its own police force.
 - These funds are returned to the City and are unrestricted in use.
 - The City has set up tracking mechanisms to maintain visibility of the funds.
 - The following considerations were used to determine allocations:
 - Citizen surveys, including the results received on 3/25.
 - Council’s policy on allocation to affordable housing, climate action, and pedestrian safety.
- Non-recurring revenues include \$2.1M in the General Fund from a Risk Fund rebate.
- Proposed water rates reflect adjusted cost of service structure.

Overview

- Total budgeted expenditures are \$430.1M.
 - \$111.3M to the General Fund
 - \$102.9M to Enterprise Funds
 - \$49.7M to Trust Funds
 - \$166.2M for Other Categories
- Fund balances remain within City policy goals.
- GO Bond rating is AA+ (S&P)
- Typical residential taxpayer impacts:
 - Increase of \$5.34/month in property taxes.
 - Increase of \$5.32/month in utility costs.



Total \$430,086,296

FY20/21 General Fund Projections

FY20/21 Fiscal Plan General Fund

	FY2020	FY2021	
<u>EXISTING OPERATIONS</u>			
Revenues	\$ 107,520,479	\$110,064,989	} Initial Targets
Expenditures	(107,266,632)	(110,536,782)	
Projected Recurring Surplus/(Deficit)	\$ 253,847	\$ (471,793)	
 <u>STAFF REQUESTS</u>			
Recurring Revenue Requests	1,154,901	990,970	} This represents where we are after all recurring impacts.
Recurring Expense Reductions (Requests)	(1,312,407)	(508,816)	
Adjusted Recurring Surplus / (Deficit)	\$ 96,341	\$ 10,361	
Non-Recurring Revenue Requests	2,340,000	300,000	} If all requests are approved, fund balance would be 17.4%.
Non-Recurring Expense Requests	(2,760,559)	(333,200)	
Non-Recurring Net Requests	\$ (420,559)	\$ (33,200)	
Adjusted Net Surplus / (Deficit)	\$ (324,218)	\$ (22,839)	

New Funding for Community Priorities¹(\$000)

PRIORITY	MIN ²	ACTUAL	40/40/20 Goal ³
Safe Drinking Water/Water & Sewer Infrastructure	\$574	\$574	N/A
Community Mental Health	\$350	\$350	N/A
Additional Street Resurfacing and Repair	\$345	\$345	N/A
Affordable Housing	\$277	\$880	YES
Additional Police Funding	\$220	\$445	N/A
Climate Action Programs	\$216	\$880	YES
Pedestrian Safety Projects	\$185	\$750	YES

¹Priorities were established by community surveys and Council priorities.

²Minimum funding levels were established by Council resolution R -19-136 and R-19-137.

³The 40/40/20 allocation goals were established by the adopted Council policy (7/17).

New Funding for Other Priorities (\$000)

PRIORITY	ACTUAL
Fire Station Master Plan	\$300
Outside Legal Counsel	\$100
Center of the City Initiative	\$175
Air BnB Planning	\$25
Master Plan Update	\$500
Additional Pension Funding	\$500
Diversity, Equity, and Inclusion Program	\$59
Treeline Trail	\$40
Fuller Crosswalk	\$140
Lower Town Mobility Study	\$649
Independent Community Police Oversight Commission	\$150

Total Funding by Priority* (\$000)

PRIORITY	FY19	FY20	% Increase
Street Repair & Maintenance recurring operations not including Active Transportation funding for Pedestrian Safety (1)	\$26,481	\$26,501	0.08%
Active Transportation (Pedestrian/Bicycle)	\$2,211	\$3,433	55.3%
Total Streets & Active Transportation funding	\$28,692	\$29,934	4.3%
Public Safety - Police	\$28,527	\$29,581	3.7%
Public Safety - Fire	\$16,525	\$17,316	4.8%
Climate Action/Sustainability (2)	\$281	\$1,289	358%
Affordable Housing	\$160	\$1,040	550%
Diversity, Equity, and Inclusion Programs	\$0	\$59	
Water/Wastewater/Storm Water Operations	\$54,393	\$61,067	12.2%
Funding for Pension/OPEB -includes \$500K additional funding	\$29,608	\$31,233	5.5%
Parks and Recreation	\$15,045	\$15,383	2.2%
Community Mental Health	\$90	\$440	389%

*Includes all sources

(1) FY19 Adopted budget included \$4.3 million use of fund balance for non-recurring items.

(2) Climate Action/Sustainability activities are funded by the General Fund and County Mental Health Millage.

Staffing Adjustments

POSITION/ACTION	General Fund FTEs	All Other Funds FTEs
Housing Commission staff added mid -year FY19	1.0	
Police Commission staff added mid -year FY19	1.0	
Human Resources Benefits staff (reimbursed by Risk Fund)	1.0	
Police Cadets	2.0	
Fire Cadet	1.0	
Reduce Fire Inspector	(1.0)	
Contract Administrator	1.0	
Conversion of part -time employee to full -time	0.25	
Building staff		3.0
Park Planner		1.0
Public Services staff		4.0

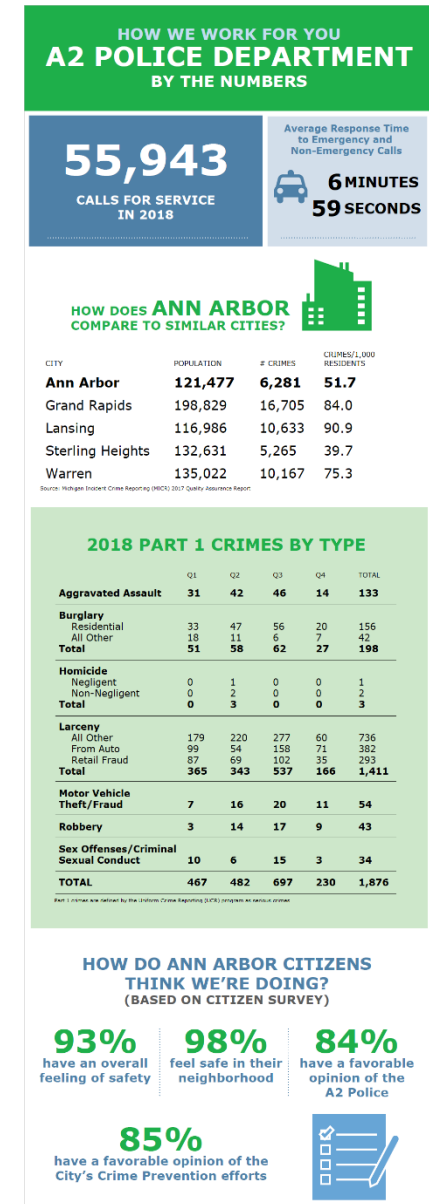
FY20 Utility Rates

- The budget contains a 6% increase in water rates, regardless of the rate structure adopted. Staff is evaluating the impact of the delay in implementing the rate on the planned Capital Improvements Program (CIP) schedule .
- Staff’s recommendation remains the adopted structure recommended in the Stantec report, which is based on cost of service .
- Proposed rates have the following impact:

	Volume in CCF	2018	2019*	% Δ Quarterly	\$ Δ Quarterly	Proposed FY2020	% Δ Quarterly	\$ Δ Quarterly
Winter	14	\$ 147.23	\$ 171.63	17%	\$ 24.40	\$ 185.43	8.04%	\$ 13.80
Spring	16	\$ 161.54	\$ 186.71	16%	\$ 25.17	\$ 201.52	7.93%	\$ 14.81
Summer (Includes Summer Sewer Discount)	26	\$ 191.87	\$ 239.11	25%	\$ 47.24	\$ 257.03	7.49%	\$ 17.92
Fall	16	\$ 161.54	\$ 186.71	16%	\$ 25.17	\$ 201.52	7.93%	\$ 14.81
		\$ 662.18	\$ 784.16	18%	\$ 121.98	\$ 845.50	7.85%	\$ 61.34
	Avg 18 CCF		*After Sewer Mid-Year Adjustment					

Performance Measures

- Measures/metrics are included in the budget book.
- These performance measures form the basis of internal quarterly reviews. The measures/metrics will be shared externally starting with the 4QFY19 end of year results.
- Staff is also developing a set of key performance measures (KPI) in “story board” formats that will published externally to answer the public question, “How do we know you are doing a good job?”
- Representative example is provided to the right!



Risks and Uncertainties

- Risks
 - Market risk for pension/OPEB funding.
 - Federal funding for housing and other programs.
 - State statutory revenue sharing/gas tax revenues.
 - Water quality regulation at the state level.
- Uncertainties
 - Revenues from marijuana licensing and new construction.
 - Funding sources for key projects (A2 Station, Nixon Road, Sidewalk Improvements).
 - Changes flowing from the Solid Waste Resource Management Plan.
 - Citizen surveys, including the results received on 3/25.
 - Council's policy on allocation to affordable housing, climate action, and pedestrian safety.

Next Steps

- May 6th Council Meeting – Public Hearings on fee changes/budget
- Please submit any budget questions to Sara Higgins with copies to Tom Crawford, Karen Lancaster, and Howard Lazarus by **Friday, May 10th**.
- Please submit any budget amendment requests to Tom Crawford and Karen Lancaster by **Wednesday, May 15th** with copies to Howard Lazarus.
- May 20th Council Meeting – Council considers City Administrator's proposed fiscal plan and adopts FY20 budget.