

FY2016 Fiscal Plan

(Covers FY2016 & FY2017)

Mar. 30, 2015

Presentations

Reminder of the process:

- ✓ 12/8/14 - Council Planning Session
- ✓ Service Area Presentations
 - ✓ 2/23/15 – City Admin, Financial & Admin. Services, Safety Services, Courts
 - ✓ 3/9/15 – Housing Commission, Community Services , DDA, Attorney
 - ✓ 3/23/15 – Public Services – Gen. Fund, Streets
 - ✓ 3/30/15 – Public Services – Enterprise & Internal Service Funds, Wrap-up
- 4/20/15 - City Administrator presents his recommended budget
- 5/4/15 – Public Hearing on recommended fee changes
- 5/18/15 – Council consideration of budget

Overview

(General Fund)

ONE-TIME RESOURCES - FUND BALANCE

1. Return unassigned fund balances from internal service funds (staff review suggests an opportunity to re-deploy some resources subject to their restricted purposes):
 - Risk Fund - \$5.1 mil. could be transferred to VEBA or return to contributing funds. \$700k could be transferred to pension.
 - Project Mgmt fund - \$4.5 mil. could be returned to contributing funds
 - Fleet fund - \$2.0 mil. could be returned to contributing funds
2. Modify minimum required fund balance – would permit deployment of the excess in future years for restricted purposes:
 - Street millage fund – reduce minimum required reserves to ½ year of collections (\$ 4.5 mil.)
 - General Fund – Policy change could reflect GF would be taking on some additional risk and the definition of minimum could be revised to exclude pass-thrus. The recommended minimum fund balance would increase from 8%-12% range to 15%-20% range.

Overview

(General Fund)

AVAILABLE RESOURCES

OPERATIONS - FY16 & FY17 financial projections suggest:

- Revenues increases are still under 3%
- Recurring expenditures – no opportunities to increase
- One-time (non-recurring) expenditures – \$1.3 mil. available in FY16. Additional \$3.165 mil. one-time funding available if Risk & Fleet funds return funds instead of sending to VEBA/Pension.

OPERATING BUDGET	<u>FY2016</u>	<u>FY2017</u>
<u>EXISTING OPERATIONS</u>		
Revenues	\$ 97,740,759	\$ 98,887,473
Expenditures	(96,459,503)	(98,959,735)
Projected Recurring Surplus/(Deficit)	\$ 1,281,256	\$ (72,262)
Memo: Funds Available from Risk/Fleet Refund	\$ 3,165,000	\$ -
 <u>STAFF REQUESTS</u>		
Recurring Expense Requests	(649,683)	(800,641)
Adjusted Recurring Surplus / (Deficit)	\$ 631,573	\$ (872,903)
Non-Recurring Expense Requests	(2,397,551)	(1,627,702)
Adjusted Net Surplus / (Deficit)	\$ (1,765,978)	\$ (2,500,605)

Overview

GENERAL FUND

- see separate handout for summary of all requested impacts
- \$400k of recurring expense for funding on-going Gen Fund capital needs and \$4 mil. catch-up not incorporated in requests (primarily street lights maintenance/repair)
- Fund balance policy – due to recommended reductions in other fund's minimum fund balance, recommended increase in Gen Fund minimum unassigned fund balance from 8%-12% to 15%-20%.

CTN – utilize up to \$2.5 mil. one-time from fund balance to replace I-net

STREETS

- reduce Street Millage fund min. fund balance policy from 1 year's revenue to ½ year's revenue
- May statewide ballot proposal (15-1) could materially help Ann Arbor better maintain its streets
- Reducing snow removal policy from 4" is a significant financial impact

Overview

ALTERNATIVE TRANSPORTATION / SIDEWALKS

- Significant funds have been utilized to catch-up on deferred sidewalk maintenance

WATER – rate increases within historical norm but exclude potential trend of reduced demand and funding for new treatment line (will address in FY17)

STORMWATER – need to re-evaluate rates to insure funding is sufficient to fund all activities

SOLID WASTE

- Landfill (tip fees) contract expires FY18 with risk of \$1 mil./year
- Working on resolution MRF/transfer station issues
- Expanded services that long-term revenues do not support
- Expansion of multi-families utilization of recycling program

Questions

- Please send additional questions to Sara Higgins and cc Tom Crawford, & Karen Lancaster
- Responses will be grouped by topic, sent to Council and posted on the City's website