



Operating and Capital Budgets

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City Manager
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Proposed Budget 2013-2014

Agenda

- Overview
- FY2013-14 Budget Highlights
- Customer Costs
- Potential Exposures
- Summary

Financial Sustainability

- Maintain AAA credit strength and financial integrity
- Balance increasing service delivery demands with cost competitiveness for citizens
- Fund operational cost with recurring revenues; use one-time funds for capital or one-time expenses

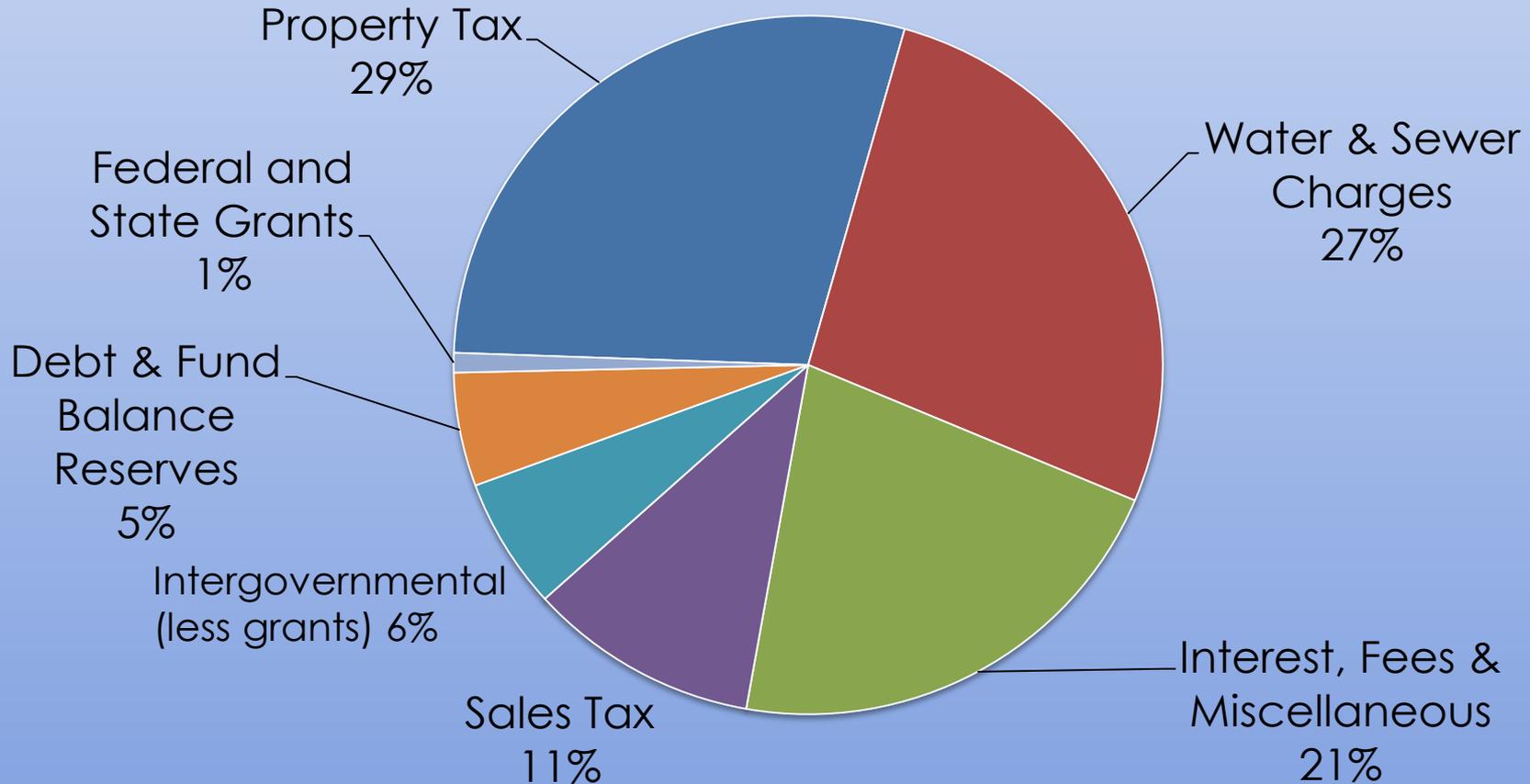
Budget Priorities

- Excellence in citizen service
- Reinvest in maintenance and capital
- Invest in employee workforce
- Keep costs low for citizens

FY2013-14 BUDGET HIGHLIGHTS

Total Budgeted Revenue

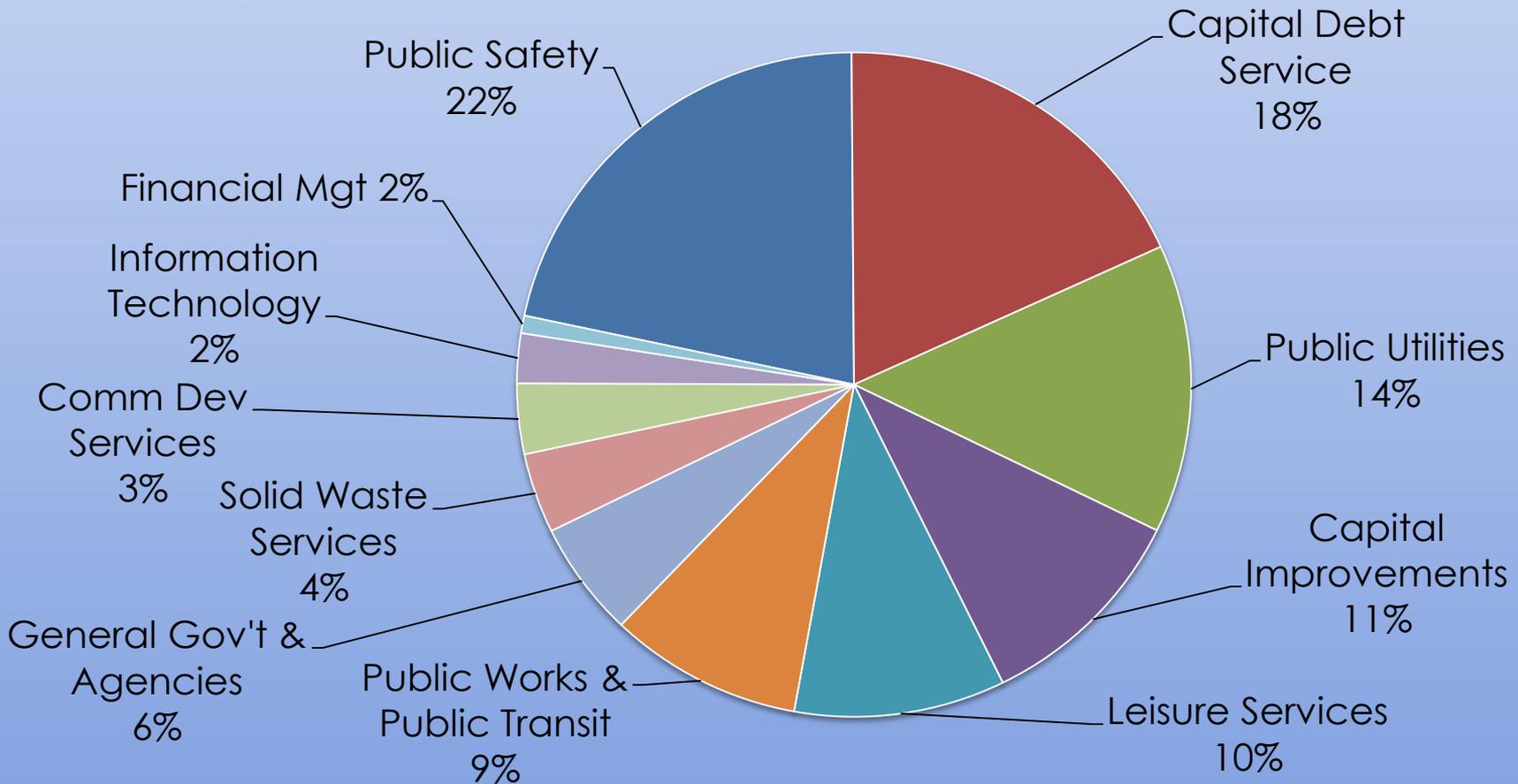
FY2013-14



\$ 705.2 Million
(Net of Interfund Transfers)

Total Budgeted Expenditures

FY2013-14



\$ 705.2 Million
(Net of Interfund Transfers)

FY2013-14 Budget Highlights

- Slowly recovering General Fund revenues
- Invest \$12.9M of one-time General Fund revenues
- Staff new FY2013-14 facilities
- Employee merit pay
- Cost drivers: capital maintenance, equipment

General Fund Revenues, Property Tax, Sales Tax

REVENUE OVERVIEW

FY14 General Fund Revenues

- Property tax revenues increasing
 - Real property (1.8%)
 - Vehicle (7%)
- Sales tax revenues increasing; projected 4% increase for FY2013-14
- Development revenues (8%)

West Morgan opened May 1 with 249 apartments



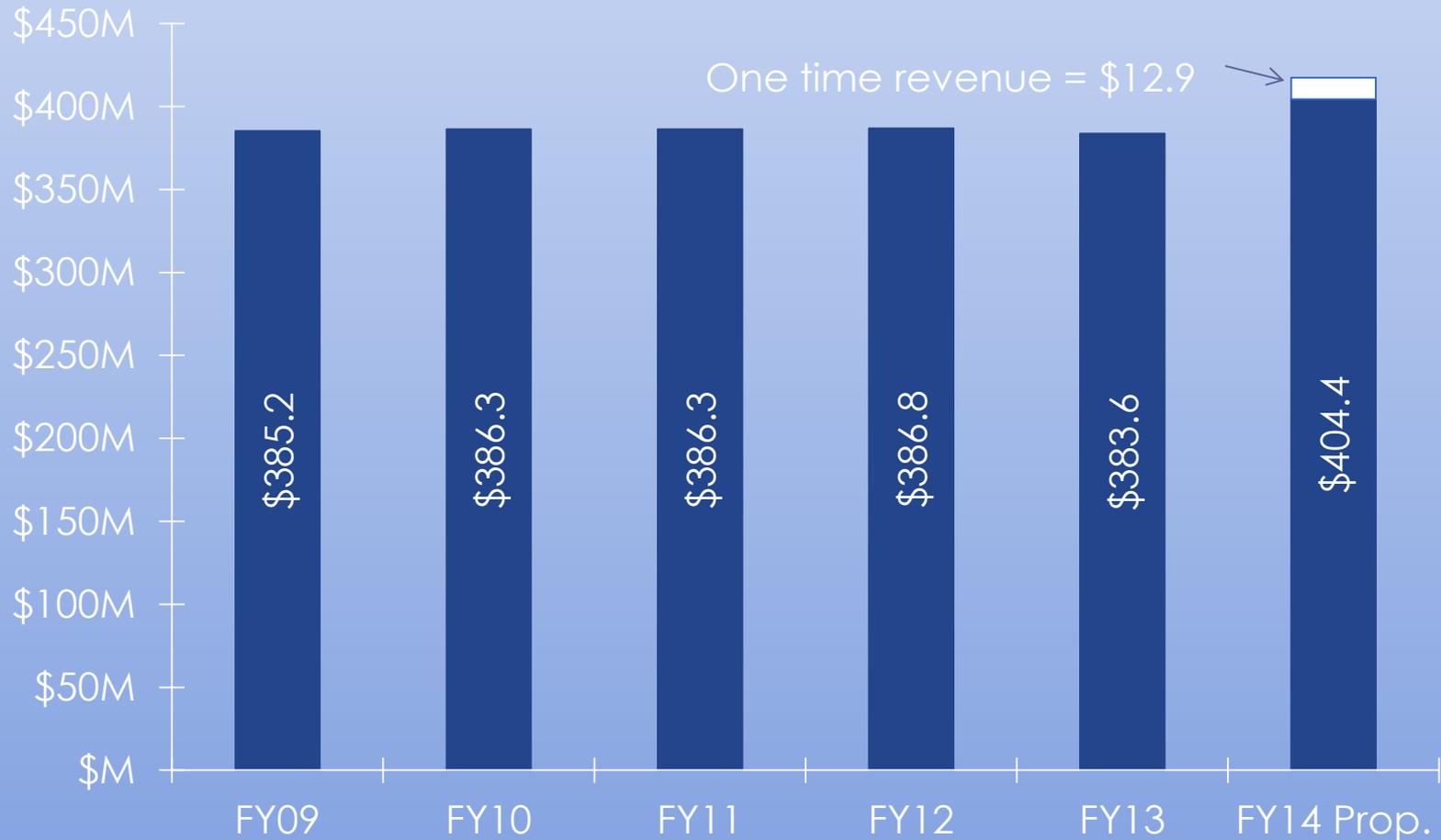
Citizen Costs Stay Competitive

- **NO INCREASE** in Property Taxes
- **NO INCREASE** in Solid Waste Fees
- **NO INCREASE** in Stormwater Fees
- **NO INCREASE** in Privilege License Fees

One-time Revenues

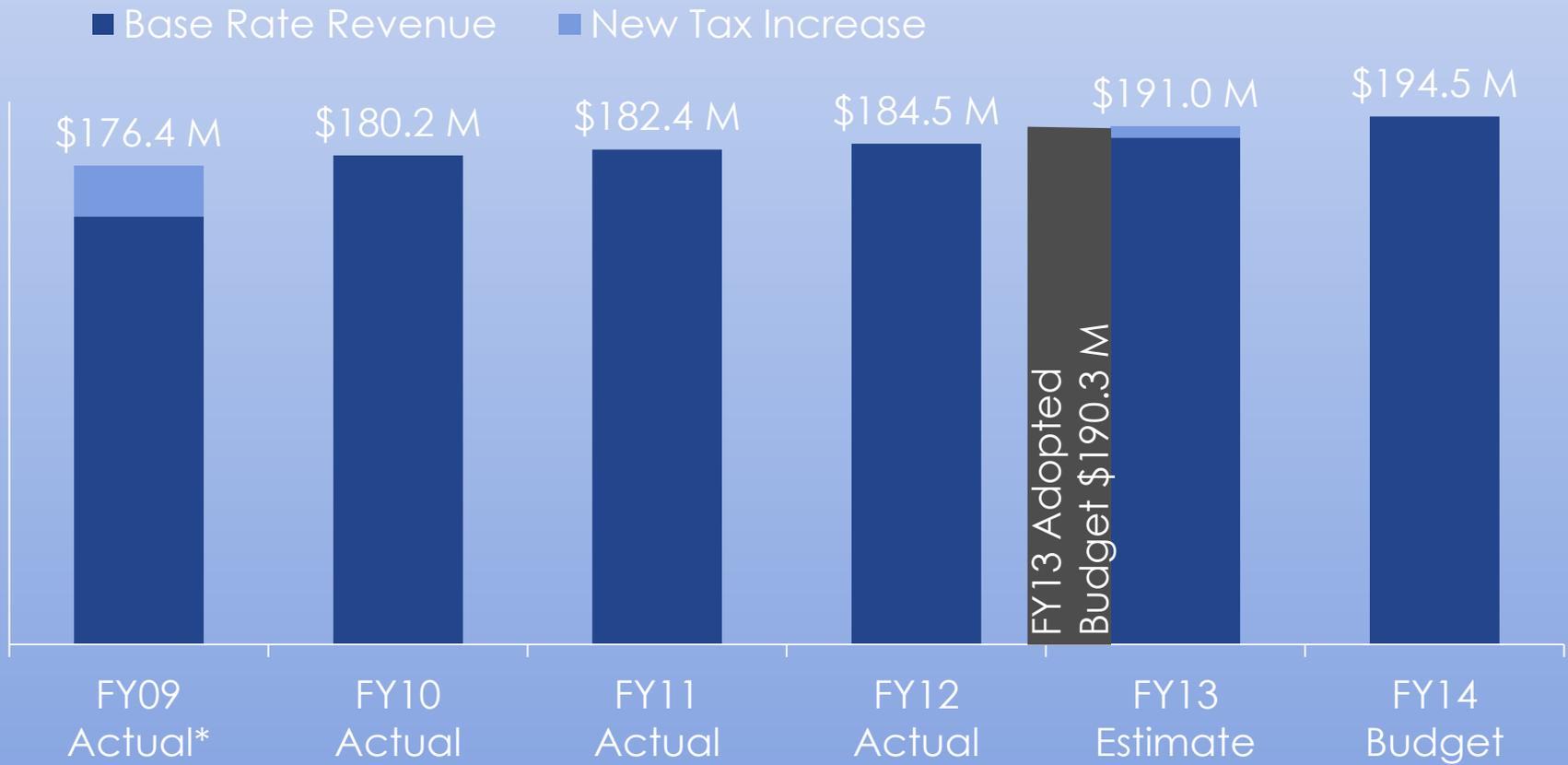
- One-time revenues matched with one-time, catch-up and capital expenditures (\$12.9M)
- Timing changes in state pass through revenues
 - Vehicle Property Tax billing shift (\$4.9M)
 - Vehicle Decal Fee (\$3M)
 - Excess Risk Management fund balance (\$5M)

General Fund Revenue



* In FY2012-13, the Solid Waste Service program transitioned to an Enterprise Fund with a net general fund impact of \$12.8M and loss of \$18.8M in revenue.

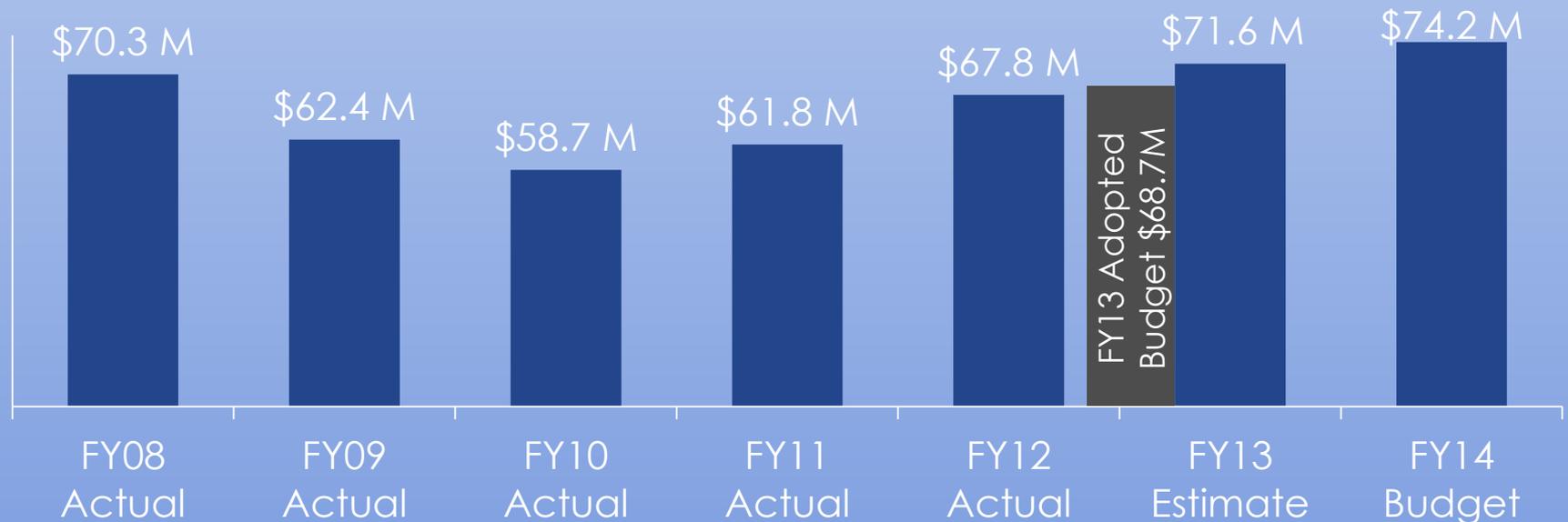
Property Tax Revenues



* Revaluation

Sales Tax Revenues

- Moderate increase in Sales Tax revenue base 4%
- Gross Sales Tax collections improving



Public Safety, Leisure Services, Efficient Service Delivery,
Manage Workforce Costs, Invest in Deferred Maintenance

EXPENDITURE OVERVIEW

Workforce

- Merit increase (3%, \$5.9M)
 - Performance Evaluation system review
 - Pay and Class plan review
- Hold healthcare costs
- 40 new positions
 - New facilities
 - Public Safety
 - Service efficiencies and growth
- Expand training and development



Photo: Mike Legeros

Invest in Public Safety

- 21% increase in dispatches
 - Replace Fire Self Contained Breathing Apparatus (\$3M)
 - 2 Fire Safety Inspectors (net \$18k)
 - 800 Mhz radio replacement (\$1M)
 - 4 ECC telecommunicators (\$114k)
 - 1 ECC administrative analyst (\$55k)
 - 5 Police school crossing guards (\$44k)



Firefighter using an SCBA

Photo: Mike Lejeros

Staff New Parks and Programs

- Add 14 staff to support opening new and renovated facilities/programs
 - NE Remote & general facility maintenance
 - A.L. Wilkerson
 - Halifax
 - Pullen Park
 - Dix
 - Mordecai Interpretive Center



Halifax park and community center opens February 2014

Sustainability

- Internal operating efficiencies
- Climate Energy Action Plan
- Stabilize staffing post-federal grants
- Reinvesting cost savings in operations and future sustainability projects
 - Establishing \$1.5M revolving fund
 - Absorbing utility rate increases through improved energy efficiency



City-Wide Efficiencies

- Final phase of automated recycling
- Invest in sustainability and technical solutions for cost savings
 - Cityworks
 - Utility Billing
 - Benchmarking
- Reinvest in staff training (\$350k)

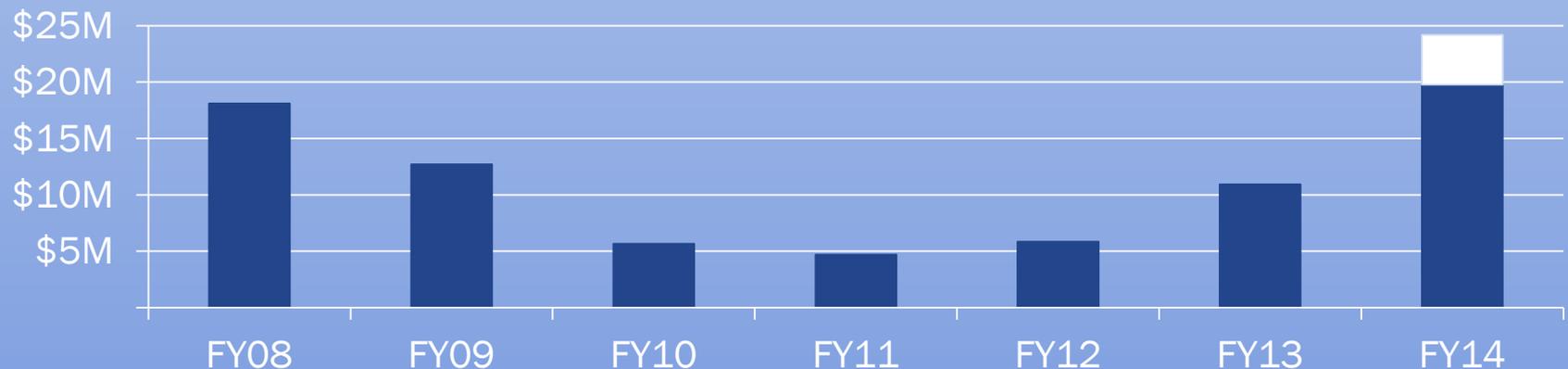


Utility Billing is shifting staffing strategies from temporary to permanent city staff

Re-Invest in Deferred Capital

- Equipment replacements \$24.1M
 - Includes \$10.1M to replace Solid Waste vehicles and equipment
 - \$4.4M in one-time catch up

Total Equipment Purchases



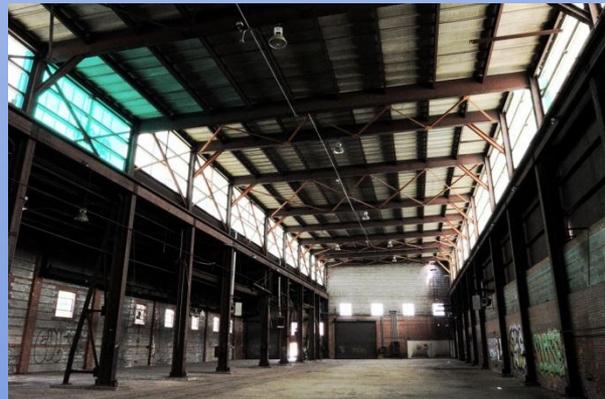
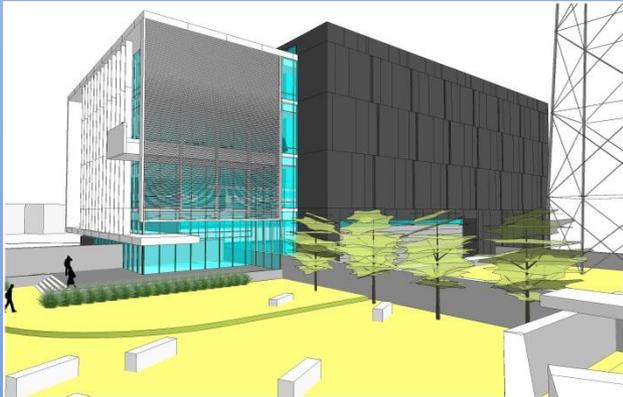
*FY14 includes replacement and new equipment paid for by Equipment Use Charges (EUC), as well as \$4.4M in one-time equipment purchases not amortized through the EUC process.

5-Year Investment to Maintain City Infrastructure

- Replace and expand water and sewer infrastructure (\$417M)
- Maintain downtown campus buildings, fire stations and police headquarters (\$17.8M)
- Renovate PAC; maintain Convention Center and performance venues (\$26M)
- Maintain and improve existing Parks facilities (\$20.7M)

Fund Our Commitments

- Remote Operations facilities and Critical Public Safety Facility
- 2011 Transportation Bond (\$18.8M)
 - \$3M to Union Station (\$6M total)
 - Street resurfacing and sidewalk repair



Critical Public Safety Facility (left) and Union Station (right)

Fund Our Commitments

- Continue implementing 2011 Housing Bond (\$17.2M)
- Maintain Transit equipment, facilities (\$6.6M)
- Replace fire stations 12 and 14 (\$8.5M)
- Improve Market/Exchange Plaza site (\$1.5M)



Fire Stations 12 (left) and 14 (right) were built 40 years ago in 1973

Public Utilities, Stormwater, Solid Waste, Transit,
Convention and Performing Arts Centers, Parking

ENTERPRISE FUNDS

Business-Type Funds

- Enterprises 42% of total budget
- General Fund subsidy of \$33.9M / 8%
 - Parking (\$1M subsidy)
 - Transit (\$17M subsidy)
 - PAC and Amphitheater (\$1.9M subsidy)
 - Solid Waste Services (\$12.3M subsidy)
- Public Utilities and Stormwater budgets consistent with financial model projections (no General Fund subsidy)

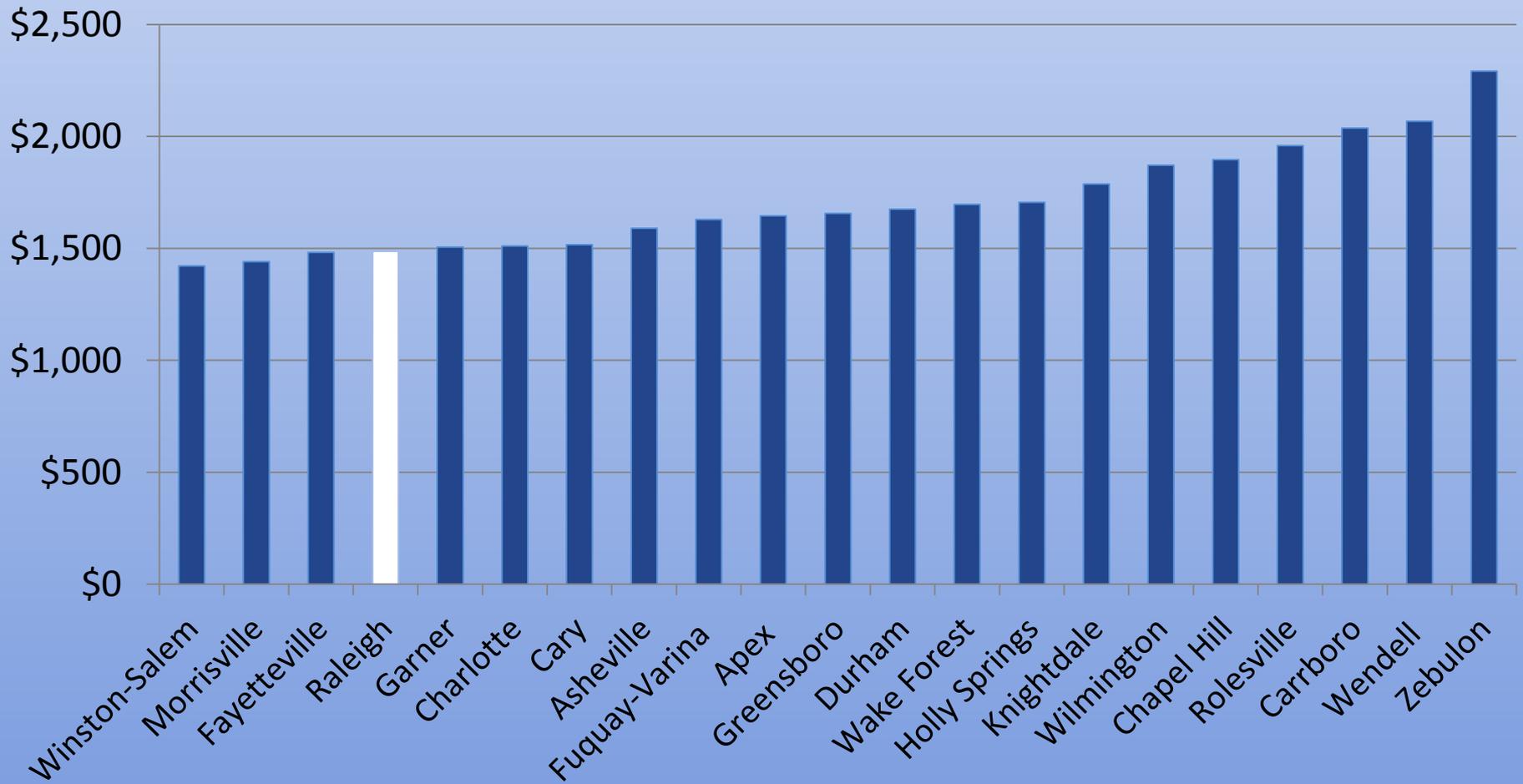
Subsidized – Solid Waste

- \$12.3M subsidy from General Fund (38% of budget)
 - Incorporates continued operational efficiencies
 - No fee increase proposed
 - Includes funding for consultant operational and benchmarked review



Annual Customer Costs

FY2012-13



Potential Exposures

- State tax reform legislation
- Unknown extent, pace of economic recovery (Sales Tax)
- Maintenance of city infrastructure, over \$164M in unfunded non-transportation projects
- Increasing service demands outpacing economic recovery



Next Steps

- Public Hearing June 4
- Council Work Sessions in June
- Adopt FY2013-14 Budget by July 1

