



Overview of FY 2020/21 Town Manager's Recommended Budget

May 20, 2020

Town of Oro Valley

Overview

- ▶ Budget timeline
- ▶ Synopsis of Recommended Budget
 - ▶ Financial Overview
 - ▶ Economic Conditions and Revenue Projections
 - ▶ Expenditure Highlights
- ▶ Strategic Leadership Plan focus areas
- ▶ Capital Investment Highlights





Town of Oro Valley

FY 20/21 Budget Timeline

FEBRUARY

Council planning
retreat to identify
priorities for
coming fiscal
year

FEBRUARY

Initial revenue
estimates
CIP Evaluation

MARCH/APRIL

Budget review
and reevaluation
of revenue
estimates

MAY 27 & 28
Budget Study
Sessions

JULY 1

Public Hearing -
Adoption of
Final Budget

FEBRUARY

Employee budget
forum
Senior
Management
Team budget
preparation

MARCH

Department
budget requests
due
Community input
via FlashVote

MAY 20

**Town Manager
Recommended
Budget
delivered to
Council**

JUNE 17

Public Hearing -
Adoption of
Tentative Budget

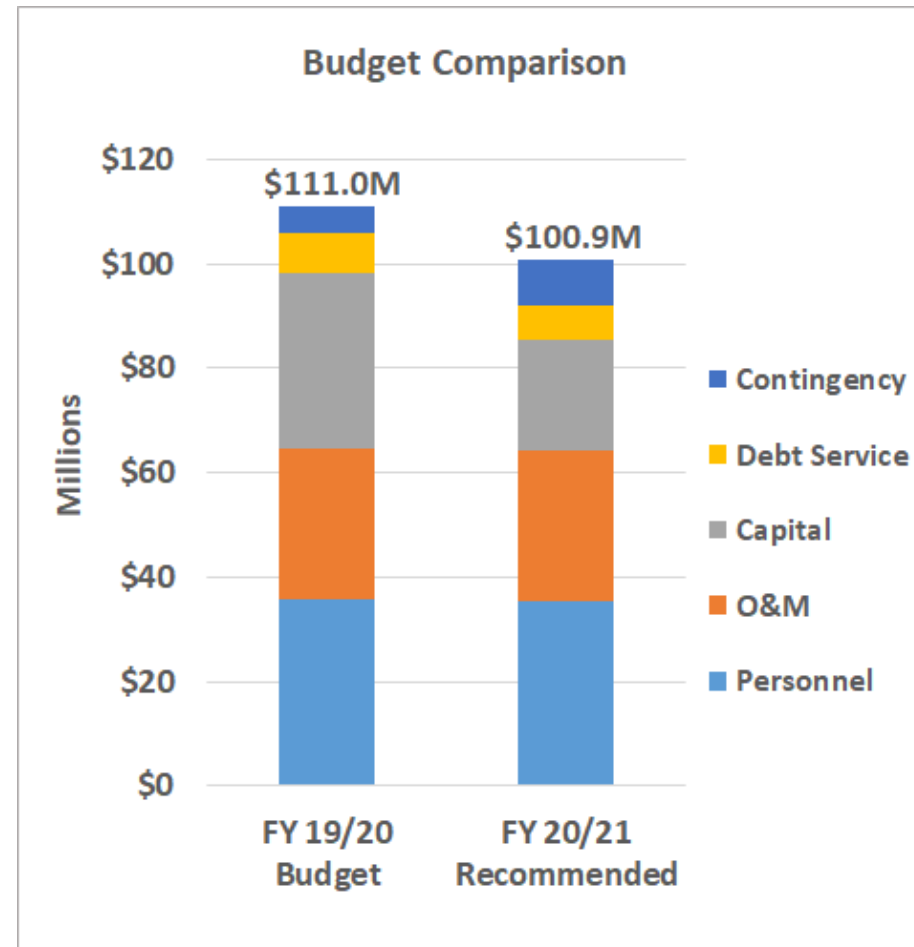


Town of Oro Valley

FY 2020/21 Town Manager's Recommended Budget

Budget Snapshot

- ▶ Recommended Budget total = \$100.9 M
- ▶ \$10.1 M, or 9.1%, decrease from FY19/20 adopted budget
- ▶ General Fund is 3.7% less than last year
- ▶ \$2.3 M in planned use of excess reserves; \$900,000 for capital
- ▶ Ending fund balance is \$14.8M (35.8% of budget), leaving \$4.7 above Town Council 25% reserve policy
- ▶ \$5 M in contingency included in General Fund

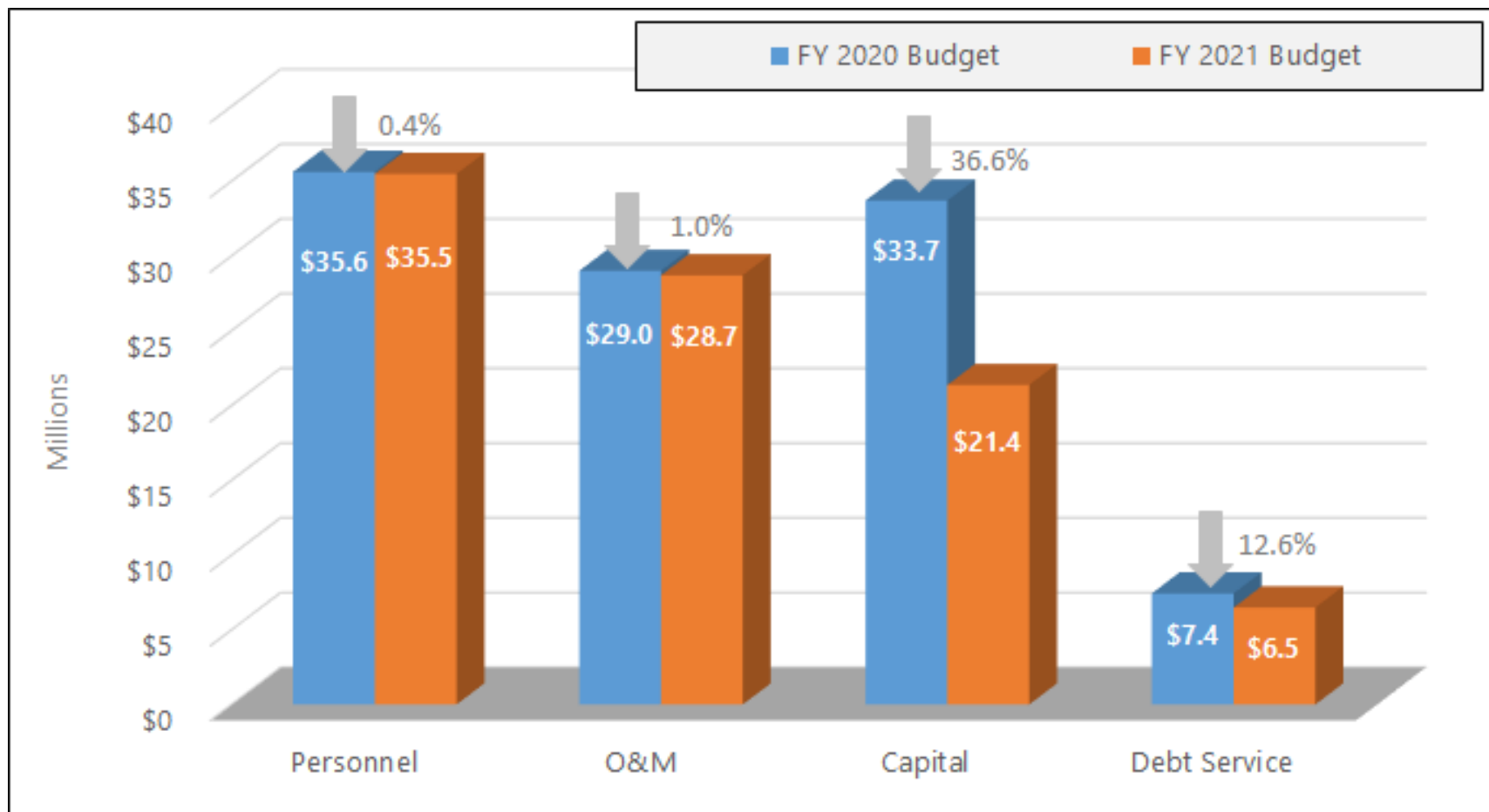




Town of Oro Valley

Financial Overview (Continued)

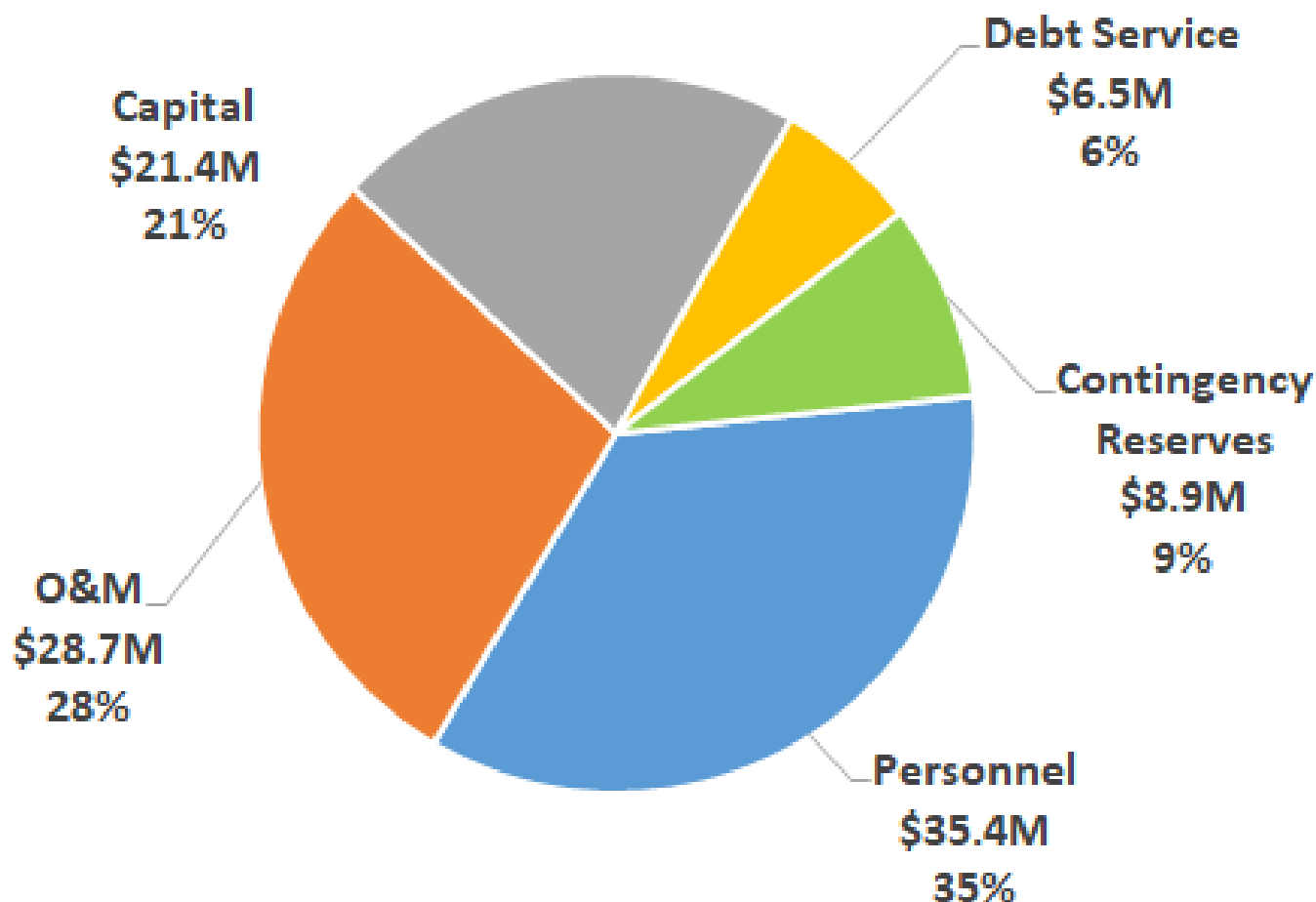
Year-over-Year Budget Comparison





Financial Overview

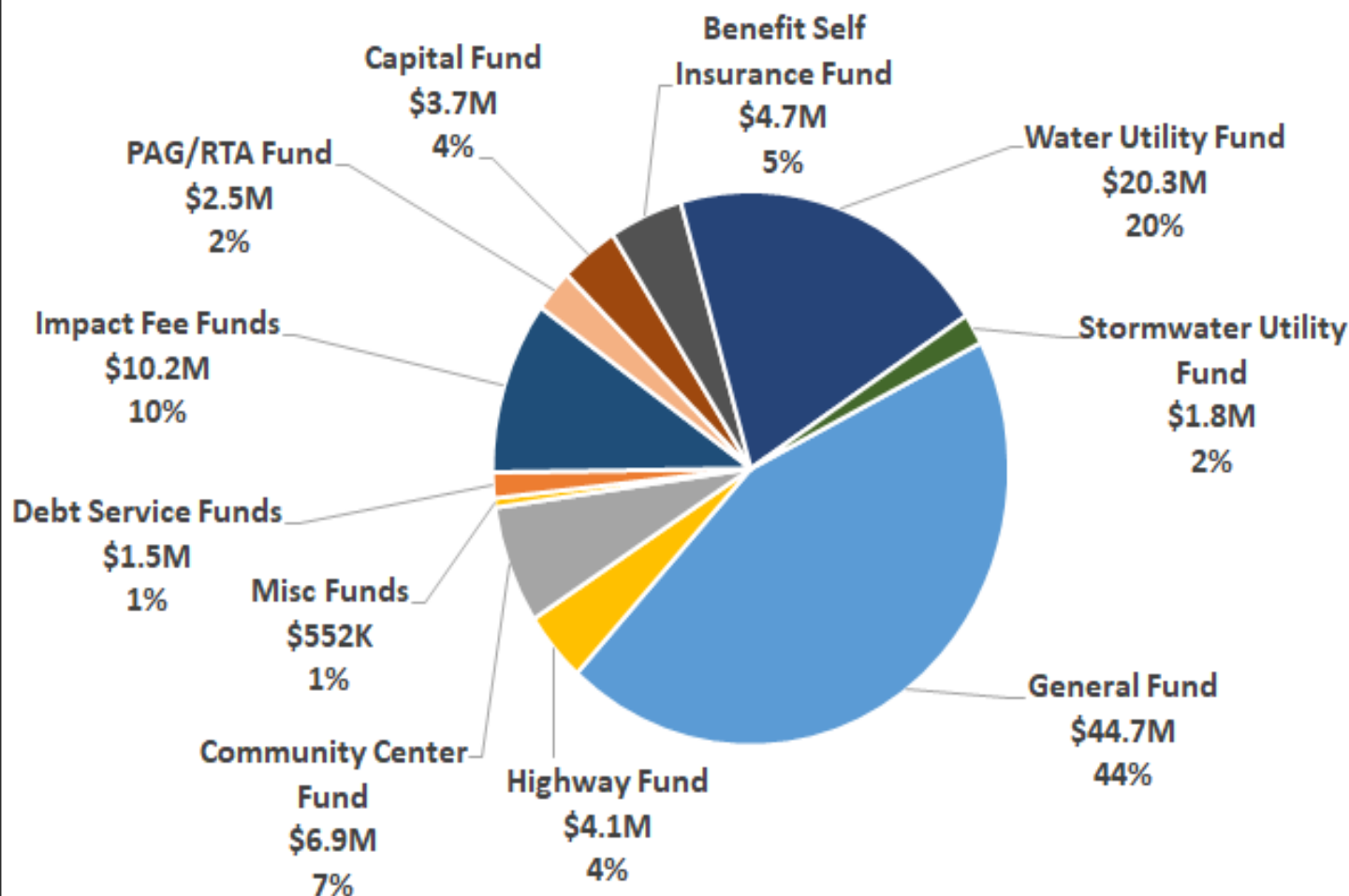
FY 2020/21 Recommended Budget by Category





Financial Overview (Continued)

FY 2020/21 Recommended Budget by Fund





Key Budget Factors – General Fund

Economic Conditions/Revenue Projection Highlights

- ▶ FY 20/21 local sales tax revenues **\$1.2 M (6.1%) lower** than adopted FY 19/20 budget
- ▶ Licenses and permit revenues **\$392,000 (19.7%) lower**
 - ▶ Projecting 225 SFR permits vs. 300 in current FY
 - ▶ Commercial permit **down 40%** from projected year-end
- ▶ Charges for services **\$313,000 (12.3%) lower**; most related to Parks and Recreation
- ▶ Increase of \$664,000 (5.3%) in state shared revenues, attributable to a 12.3% increase in income-tax portion



Key Budget Factors – General Fund

Expenditure Highlights

- ▶ Department operations and maintenance (O&M) budgets \$1.2M (11.5%) lower than FY19/20
- ▶ Personnel costs reflective of seven frozen positions through 12/31/20
- ▶ No step or merit increases included
- ▶ Other personnel costs and benefits relatively flat except retirement costs (PSPRS up \$289K; ASRS up \$14K)
- ▶ \$5M contingency funds included
- ▶ \$1M in capacity for potential CARES Act expenditures
- ▶ 5% General Fund transfer to capital fund of \$911,000



Town Operations

- ▶ Focus on continuing service levels - minimize community impact
- ▶ Conservative approach to personnel
 - ▶ Maintain benefit levels to help keep employees whole, with planned premium holiday
 - ▶ One new position in Water, authorization of PT to FT for IT Help Desk position
 - ▶ Reclassification of 16 positions
- ▶ Addition of \$1M in capacity for potential CARES Act funded programs to assist local businesses
- ▶ Continue necessary capital maintenance/replacements
- ▶ Adequate contingency to address unforeseen revenues losses and unexpected expenditures
- ▶ Preserve Town Council 25% Reserve for future, if crisis extends



Town of Oro Valley

Strategic Focus Area Investment Highlights

- ▶ **Economic Vitality**– UA Center for Innovation \$30K; Visit Tucson \$275K; Chamber \$40K
- ▶ **Recreation and Culture** – Master Plan development \$30K; targeted capital investments
- ▶ **Public Safety** – Training focus; 911 console replacement \$220K
- ▶ **Land Use** – Plan to continue with code changes





Town of Oro Valley

Strategic Focus Area Investment Highlights

- ▶ **Water, Roads and Town Assets**—
Recommendation to suspend potable water rate increase; Water Utility capital investments; Pavement preservation \$1.5M; ongoing facility/asset maintenance
- ▶ **Effective and Efficient Government**—
Innovation and Technology Department; continued investment in OV Peak Performance
- ▶ **Town Finances**— Conservative budgeting and substantial contingency of \$5M; Opportunity to make additional payment to PSPRS at fiscal year-end.





Capital Funding

- ▶ Council financial policy requires excess reserves to be dedicated towards capital funding or PSPRS unfunded liability
- ▶ Prior transfers, required 5% annual set-asides, and additional \$900,000 in excess reserves allow for funding of \$3.6M in total capital projects from Capital Fund
- ▶ Some of the projects continued from FY 19/20 include the Naranja Park improvements, the generator at the Emergency Operations Center, and two new wells for the Water Utility
- ▶ Vehicle reserve program ensured available funding for needed vehicle replacements



Major Capital Investments - Highlights

► General Fund

- Replacement of permitting software - \$200,000
- IT backup hardware replacements - \$200,000
- 911 console replacements - \$220,000
- MUP path repair for OV Marketplace - \$400,000
- Riverfront batting cage/bull pen - \$140,000 (\$67,000 private)
- Steam Pump Ranch Garage - \$550,000
- Main campus sidewalks/ADA - \$200,000
- Tennis court resurfacing - \$90,000
- 14 vehicle replacements - \$841,100

► Non-General Fund

- Golf Course irrigation design/initial construction - \$800,000
- La Cholla widening - \$3.6M for last phase (\$1.8M impact fees)
- Pavement preservation - \$1.5M
- Lambert Lane pavement overlay - \$320,000
- \$9.3M for 22 capital projects in Water Utility

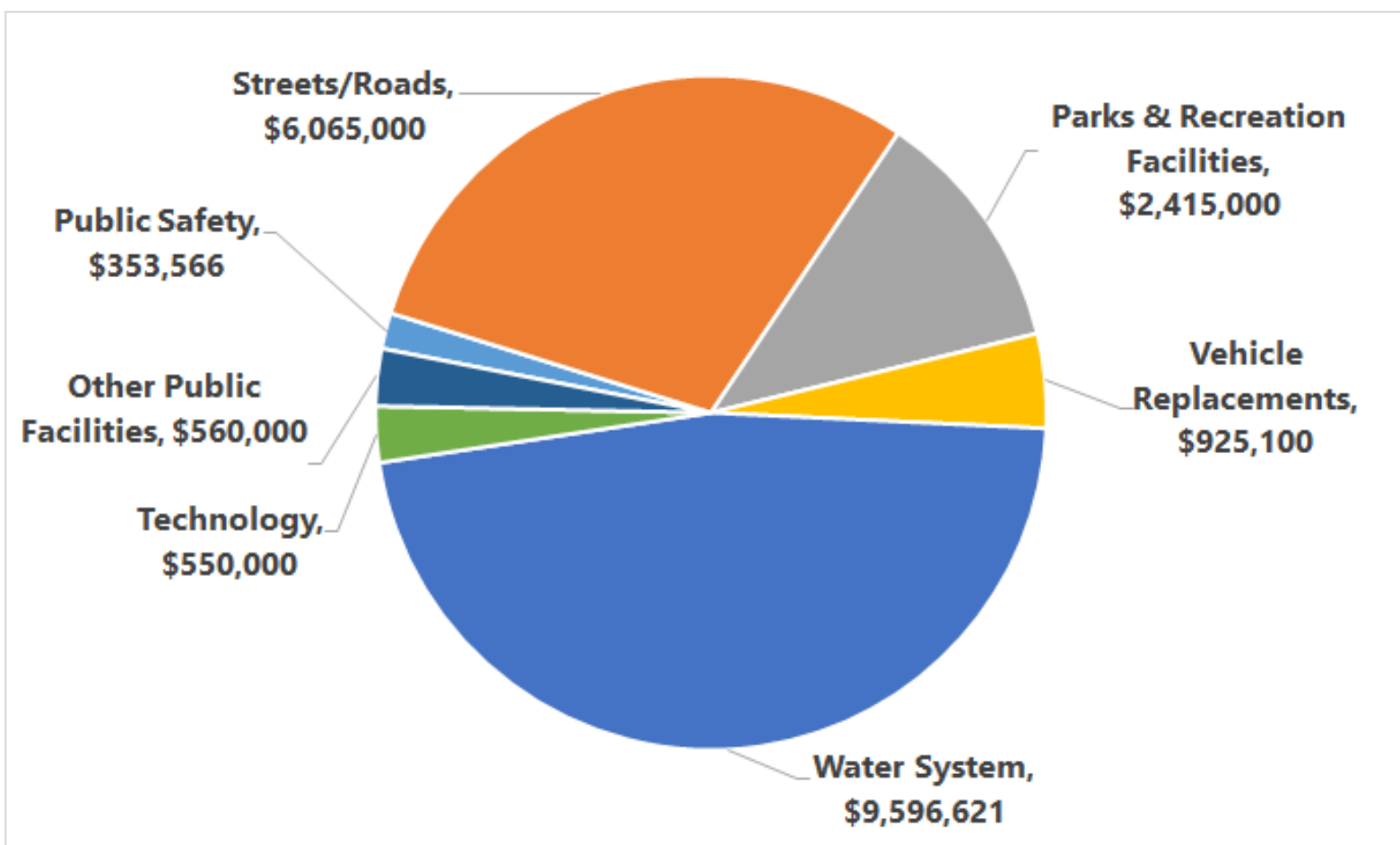


Town of Oro Valley

Financial Overview (Continued)

Capital Improvement Program (CIP)

Total CIP projects = \$20.5M Town-wide





Town of Oro Valley

Awards and Accolades

Government Finance Officers Association (GFOA)
Distinguished Budget Presentation Award – 12th
consecutive year



GFOA Certificate of Achievement for Excellence in
Financial Reporting – 27th consecutive year



GFOA Popular Annual Financial Reporting (PAFR)
Award – 7th consecutive year



S&P Global updated the Town of Oro Valley's bond
rating to AA+/stable. The prior rating had been AA-.