FY 2019/20
Town Manager’s Recommended Budget
April 17, 2019
Overview

- Budget timeline
- Budget snapshot
- Strategic Leadership Plan focus areas
- Budget highlights
FY 19/20 Budget Timeline

JANUARY
One-on-one meetings with Councilmembers to outline budget priorities

FEBRUARY
Employee budget forum
Community outreach efforts
1st CIP Committee meeting
Prepare revenue estimates
2nd CIP committee Meeting

MARCH 1
Department budget requests due to Finance
MARCH 11-15
Budget review with departments and Town Manager’s budget team

APRIL 17
Town Manager Recommended Budget delivered to Council
APRIL 24 & MAY 8
Budget Study Sessions

MAY 15
Public Hearing - Adoption of Tentative Budget

JUNE 5
Public Hearing - Adoption of Final Budget
FY 2019/20 Town Manager’s Recommended Budget

Budget Snapshot

► Recommended Budget total = $110,329,185

► $32.6 million, or 23%, decrease from FY 18/19

► Budgeting only a portion of Town’s spendable reserves

► Operating budget $107.5 million ($1 million decrease from FY 18/19)

► General Fund $1.8 million planned use of excess reserves for one-time expenditures; ending fund balance $13.6 million (28% of expenditures; policy is 25%)
Town Council’s Strategic Leadership Plan focus areas guided the development of the FY 2019/20 Recommended Budget

- Economic Vitality
- Recreation and Culture
- Public Safety
- Roads, Water and Town Assets
- Land Use
- Efficient and Effective Government
- Town Finances
Key Budget Factors

▶ Growth projections
  ▶ 300 single family residential (SFR) permits forecasted
  ▶ Decrease in commercial development activity
  ▶ Sales tax revenues roughly flat
  ▶ Decrease of 7% for license & permit revenues in the General Fund
  ▶ Increase of 7% for State shared revenues in the General Fund

▶ Capital Funding
  ▶ Transfer of $1.35 million from General Fund to the Capital Fund
    ▶ $1.1 million for FY 2019/20 projects
    ▶ $250,000 for future projects
  ▶ $12 million for La Cholla widening ($10.3 million RTA funds, $1.7 million roadway impact fees)
  ▶ $3 million bond capacity for Community Center and golf course improvements (total $6 million over two fiscal years)
  ▶ $2.3 million bond capacity in Water Utility for various capital projects
  ▶ $2.1 million grant capacity in Stormwater Utility for Catalina Ridge wash repair
Collapse of Community Center Fund into General Fund

- Community Center and golf course divisions reflected in same manner as other Parks and Recreation divisions

Shift of certain Highway Fund expenditures to the General Fund to streamline the tracking of HURF (gas tax) revenues

Continue to meet General Fund’s 25% reserve policy requirement with these expansions

$500,000 payment towards the Town’s Public Safety Pension Retirement System unfunded liability

- $750,000 savings from expiration of sales tax agreement with Oro Valley Marketplace; remaining $250,000 allocated to Capital Fund
Major Capital Investments

General Fund
- Naranja Park playground and infrastructure - $1.35 million ($400K parks and recreation impact fees)
- JDK Park restroom and ramada - $200,000 ($100,000 grant funds)
- Other recreation improvements - $140,000 (Steam Pump Ranch landscaping, tennis court improvements)
- Police facility improvements - $311,000
- PW/CED front desk enhancements - $375,000
- Technology improvements - $211,000

Non-General Fund
- La Cholla widening - $12 million
- La Cañada and Moore roundabout - $1 million
- Completion of Police evidence facility - $650,000 (rollover)
- Community Center and golf course improvements - $3 million ($6 million total over two fiscal years)
- Water Utility improvements - $7.6 million
- Stormwater Utility Catalina Ridge wash repair - $2.1 million
- Pavement preservation $1,450,000
Compensation and Benefits

- Town salary ranges adjusted 4% based on analysis of comparable communities
- Step increases and 2.5% - 3% merits (25% reduction from FY 18/19)
- 5% medical insurance premium increase (Town and employees)
- 30% dental insurance premium increase (Town and employees)
- Start of three-year transition towards increased employee coverage of dependent costs for medical and dental (from 20%/80% to 25%/75%)
- One new full time position – Town Attorney
- Two new cost neutral, part-time positions
  - 19-hour Court clerk funded with a dedicated court fee
  - 30-hour facility attendant at the Community Center, offset with reduction in 19-hour staffing
Financial Overview

Sales Tax by Category

- **Bed Tax**: $1.4 million (7%)
- **Utilities**: $3 million (14%)
- **Restaurant/Bar**: $2.5 million (12%)
- **Retail**: $9.9 million (47%)
- **Construction**: $4.3 million (20%)
Year-over-Year Budget Comparison

- **Personnel**: Increase of $35.4 million, 2.8% increase.
- **O&M**: Increase of $28.8 million, 4.4% increase.
- **Capital**: Increase of $33.3 million, 2.8% increase.
- **Debt Service**: Decrease of $0.9 million (from $7.4 million to $7.4 million).
Budget by Fund

- Water Utility Fund: $23.1M, 21%
- General Fund: $46.7M, 42%
- Stormwater Utility Fund: $4.0M, 4%
- Benefit Self Insurance Fund: $4.5M, 4%
- PAG/RTA Fund: $10.8M, 10%
- Impact Fee Funds: $8.9M, 8%
- Debt Service Funds: $1.5M, 1%
- Misc Funds: $3.4M, 3%
- Highway Fund: $4.2M, 4%
- Capital Fund: $3.3M, 3%
Capital Improvement Program (CIP)
Total CIP projects = $32.5M Town-wide

- Water System: $7,636,539
- Public Safety Facilities: $961,000
- Other Public Facilities: $616,400
- Technology: $211,000
- Stormwater System: $2,442,000
- Vehicle Replacements: $865,100
- Parks & Recreation Facilities: $4,690,000
- Streets/Roads: $15,115,000
Awards and Accolades

Government Finance Officers Association (GFOA) Distinguished Budget Presentation Award – 11th consecutive year

GFOA Certificate of Achievement for Excellence in Financial Reporting – 25th consecutive year

GFOA Popular Annual Financial Reporting (PAFR) Award – 6th consecutive year