



# 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





# 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

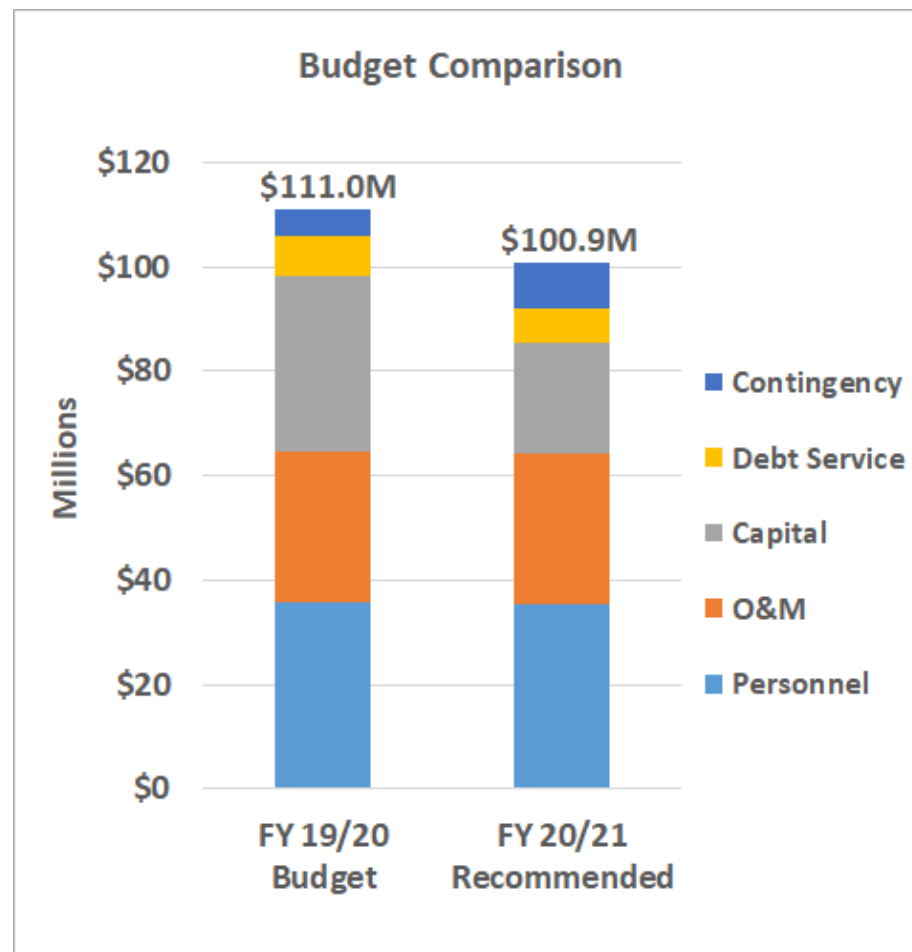
Public Hearing -  
Adoption of Tentative Budget



# FY 2020/21 Town Manager's Recommended Budget

## Budget Snapshot

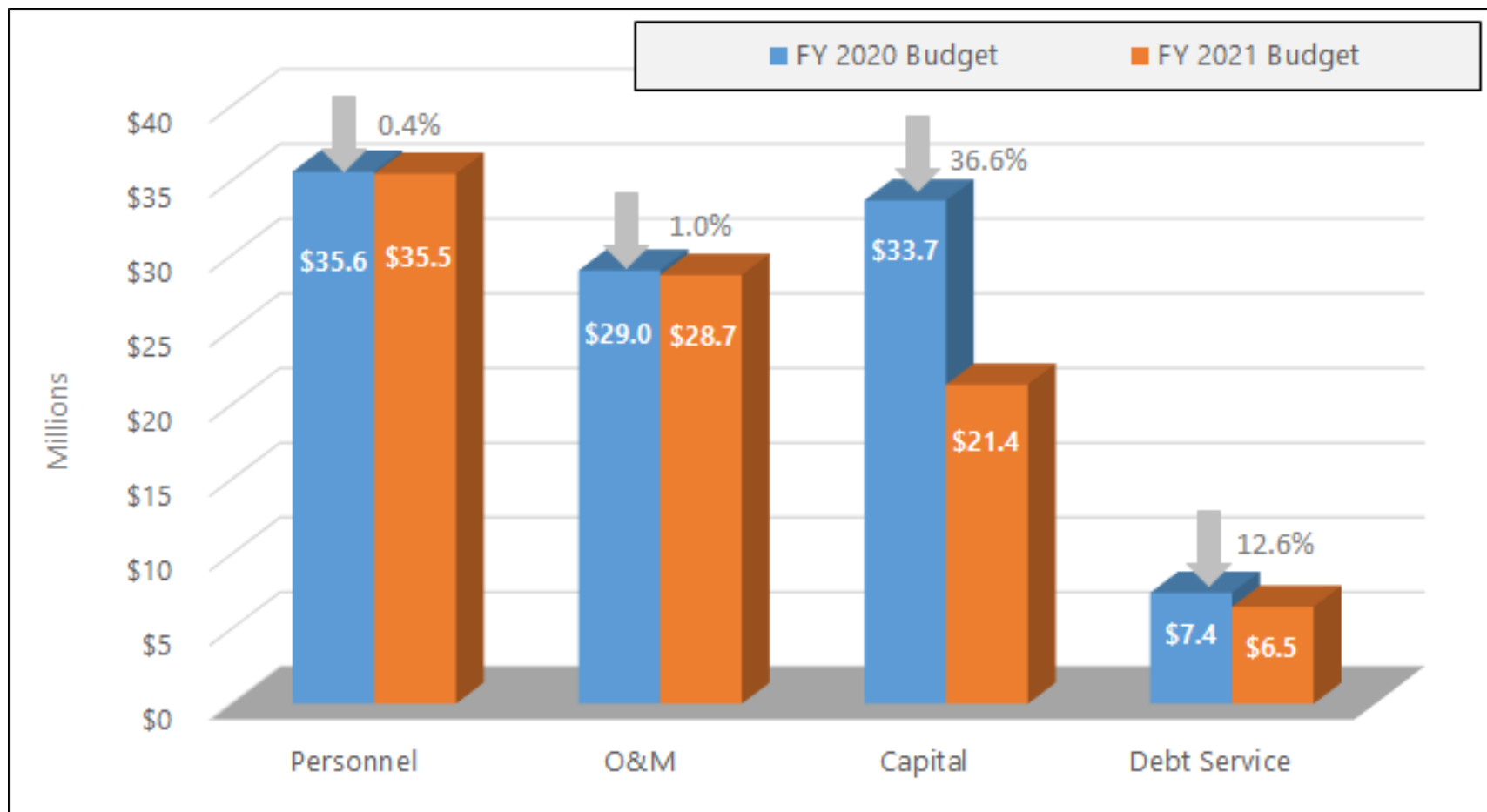
- ▶ Recommended Budget total = \$100.9 M
- ▶ \$10.1 M, or 9.1%, decrease from FY19/20 adopted budget
- ▶ General Fund is 3.7% less than last year
- ▶ \$2.3 M in planned use of excess reserves; \$900,000 for capital
- ▶ Ending fund balance is \$14.8M (35.8% of budget), leaving \$4.7 above Town Council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





# Financial Overview (Continued)

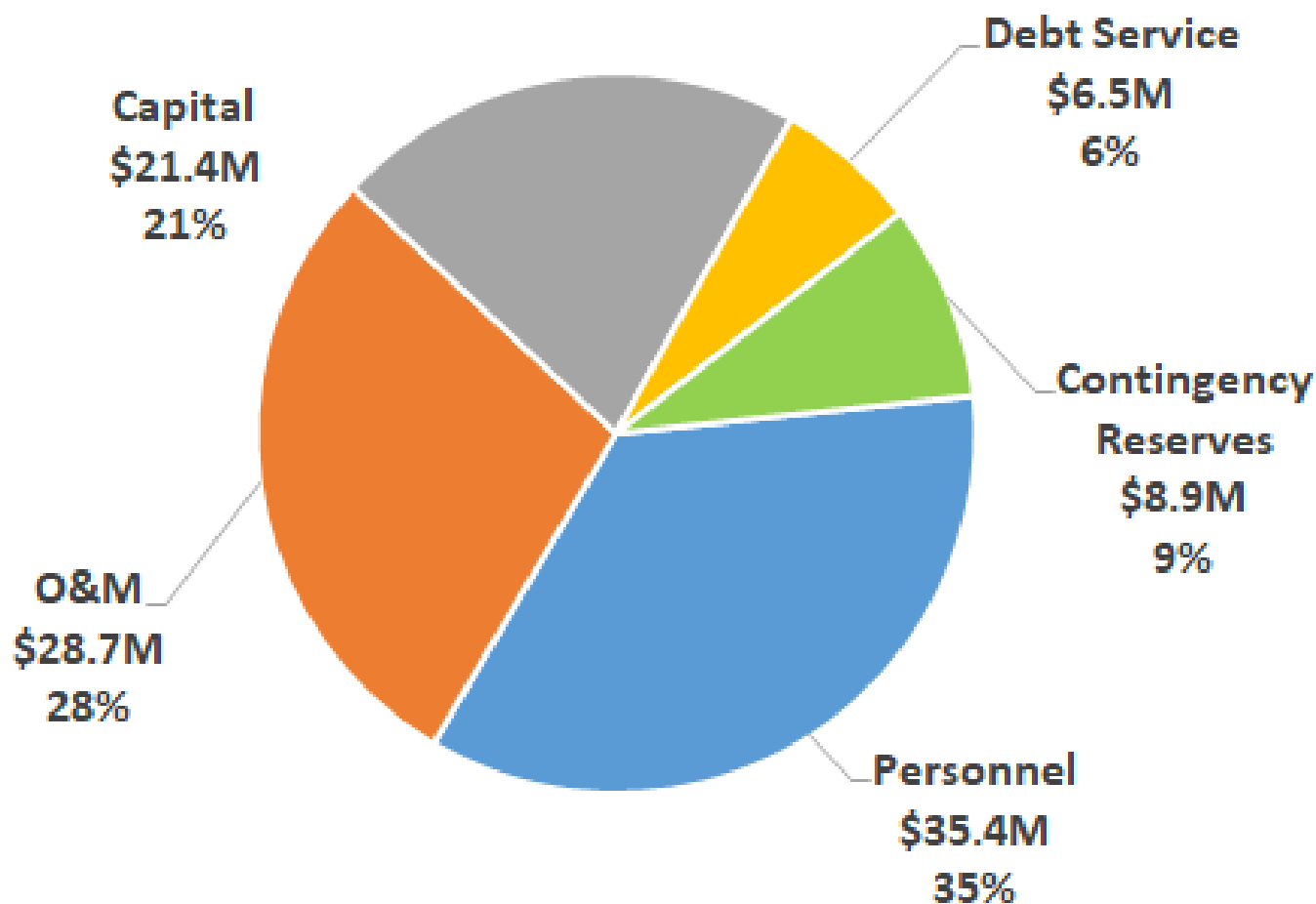
## Year-over-Year Budget Comparison





# Financial Overview

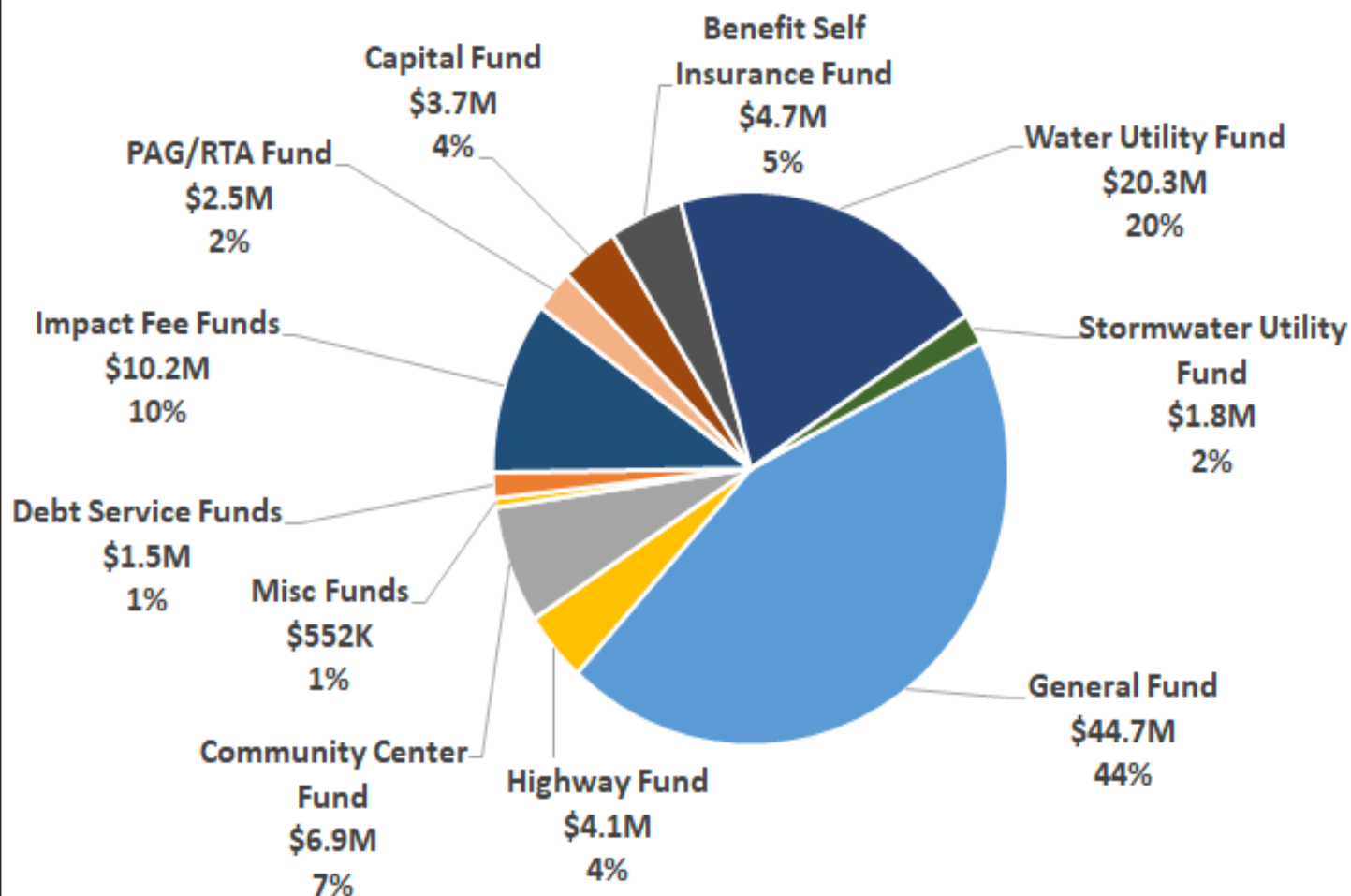
## FY 2020/21 Recommended Budget by Category





# 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



# 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

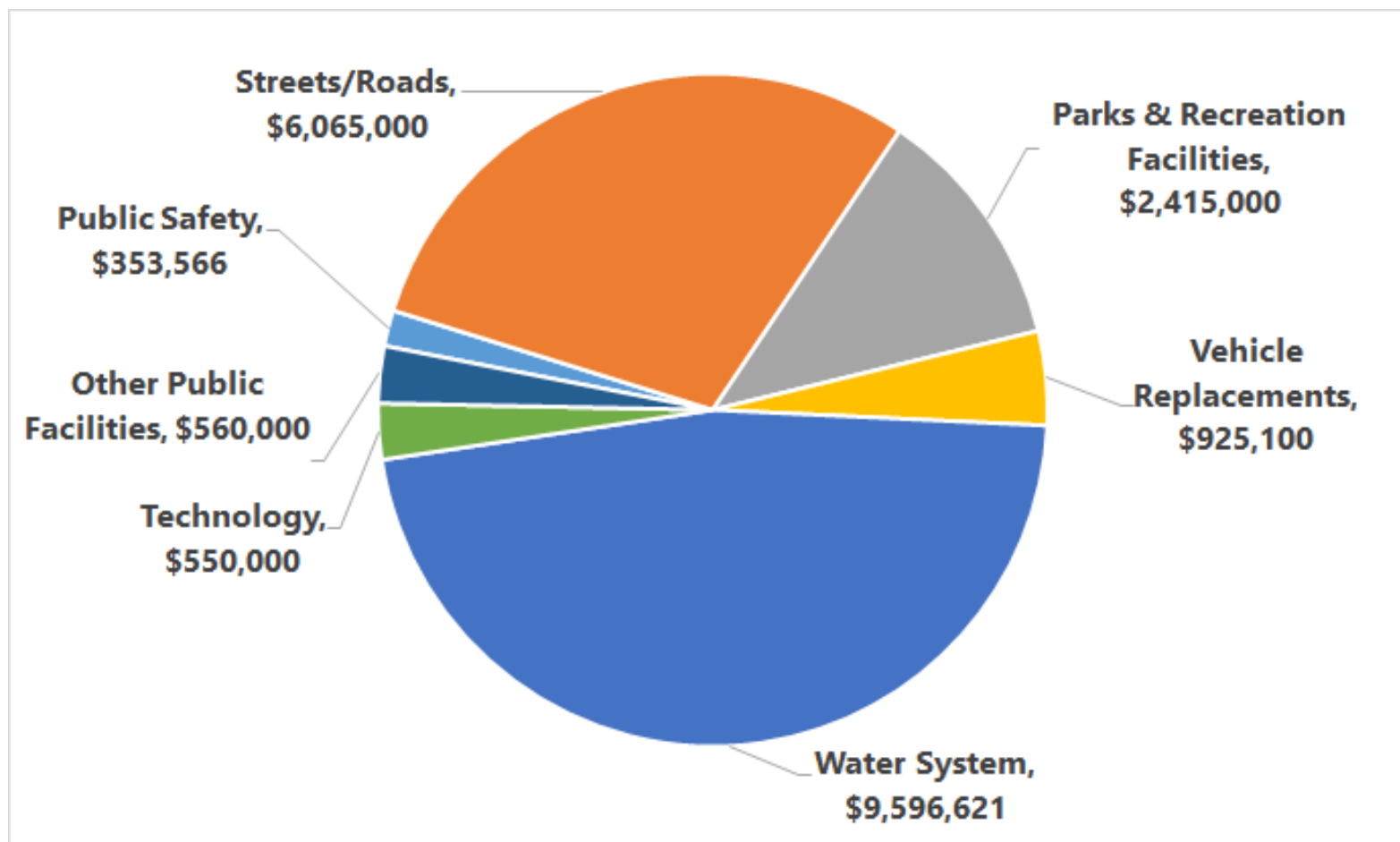
- ▶ Golf Course irrigation design/initial construction - \$800,000
- ▶ La Cholla widening - \$3.6M for last phase (\$1.8M impact fees)
- ▶ Pavement preservation - \$1.5M
- ▶ Lambert Lane pavement overlay - \$320,000
- ▶ \$9.3M for 22 capital projects in Water Utility



## Financial Overview (Continued)

### Capital Improvement Program (CIP)

Total CIP projects = \$20.5M Town-wide

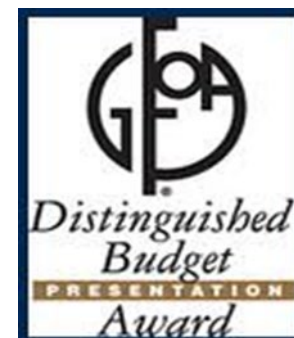




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## Awards and Accolades

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



GFOA Certificate of Achievement for Excellence in  
Financial Reporting – 27<sup>th</sup> consecutive year



GFOA Popular Annual Financial Reporting (PAFR)  
Award – 7<sup>th</sup> consecutive year



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