



April 17, 2019

It is my privilege to present the Town Manager's Recommended Budget for fiscal year 2019/2020. This budget totals \$110.3 million, representing a notable decrease of \$32.6 million, or 23%, from the adopted FY 2018/2019 budget of \$142.9 million, which is further explained below.

This balanced budget represents the allocation of resources to achieve the goals outlined in the Town Council's recently adopted FY 2019/20 – FY 2020/21 Strategic Leadership Plan, a plan built upon the vision and framework of the voter-rated *Your Voice, Our Future* General Plan. The budget reflects investments in the following focus areas:

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

OPERATIONAL BUDGET

The Town of Oro Valley has a strong history of responsible budgets, strong reserve funds, conservative projections and continuous improvement. The FY 2019/20 Recommended Budget builds upon that foundation, incorporating additional budgeting best practices and efficiencies. It now separately accounts for its various healthy contingency reserve funds in another section of the document, enhancing overall resident understanding of the municipal operating budget and what dollars departments plan to spend during the year to provide services. The Town's reserves typically add up to about \$30 - \$40 million, and include the General Fund's 25% reserve fund, all development impact fee reserve funds, the Water Utility reserve fund, and the reserves in the Capital Fund, among others.

A budget is a spending plan. Like a household, a family's monthly or annual budget—or spending plan—does not typically include the value of one's retirement savings or regular savings unless there is a plan to spend a portion of it. Similarly, the FY 2019/20 Recommended Budget only reflects the operating portion of the budget and those portions of spendable reserves within the funds should the need arise during the fiscal year. All other reserve balances are instead documented in the Fund Summaries section and State Auditor General budget schedules section of the budget. In addition, reserve balances are always included in the audited Comprehensive Annual Financial Report (CAFR), a holistic depiction of the

financial health of the Town. Should there be a significant emergency in the Town where dipping into those reserves were necessary, state law authorizes the Town Council to use reserve funds to address the emergency and to spend above the Town budget cap. Historically, the Town has fortunately not had to dip into its contingency reserves to the extent where they have fallen below the adopted contingency reserve policy threshold.

For more of an apples-to-apples comparison, the operational portion of the budget recommended for FY 2019/20 totals \$107.5 million, compared to the same budget for FY 2018/19 of \$108.5 million, a \$1 million decrease year-over-year.

LOCAL ECONOMIC CONDITIONS

The local economy is expected to show slower growth in the coming year as most commercial projects underway this fiscal year complete construction, while robust growth at the state-wide level is positively impacting the Town's main state-shared revenue sources in the General Fund. Overall, the Town's local sales tax revenues projected for FY 2019/20 (\$21.2 million) are fairly flat compared to the FY 2018/19 adopted amounts (\$21.1 million). Increases in projected local sales tax collections from the restaurant/bar, retail and lodging categories are offset by projected decreases in the utility tax and construction tax categories, resulting in an overall growth in local sales tax revenues of just 0.1%.

Overall, state-shared revenues in the General Fund from income tax, state sales tax and vehicle license tax are projected to increase by 7%, or just over \$800,000, compared to the current year budget. In the Highway Fund, highway user fund (HURF) gas tax revenues are projected to increase by 9.5%, or just over \$300,000, compared to the current year budget.

The number of single family residential (SFR) building permits expected to be issued by the end of the current fiscal year is conservatively projected at 275, falling short of the budgeted amount of 306. Based upon current and projected activity, the FY 2019/20 Recommended Budget includes the assumption that 300 SFR permits will be issued. In addition, commercial permit activity is projected to decrease significantly next fiscal year with few new non-residential projects included in the budget.

TOWN OPERATIONS

General Fund Expands

Last year, the Bed Tax Fund was eliminated and all revenues and expenditures in that fund were distributed in the General Fund within the appropriate departmental category. This year, the Community Center Fund has also been collapsed into the General Fund. The Community Center and golf courses have been added as two separate divisions in the Parks and Recreation Department budget, which explains the bulk of the 14.4% increase in the General Fund from the approved FY 2018/19 budget. The two new divisions are broken out and accounted for in the same way as the other Parks and Recreation divisions, such as the Aquatic Facility and Recreation and Culture. The budget document identifies expenditures and revenues by each division, which are clearly depicted in the departmental sections. The Community Center Fund was not an enterprise fund and included as part of its revenues the Council-designated half-cent sales tax. Combining the half-cent with all other sales taxes, as well as the corresponding budget of the operations into the General Fund, increases efficiencies and community understanding of the budget and its total operations.

With regard to the golf courses and Community Center, the budget also reflects the continued operation of all 45 holes of golf currently operated by the Town, as well as status quo operations at the Community Center until such time as the Town Council has an opportunity to make a decision regarding its future. Similar to last fiscal year, the budget also continues to include a projected \$6 million in bond financing capacity for future capital investments for the golf and Community Center facility, with an expected expenditure of no more than \$3 million in the FY2019/20 budget, investments that will be made following direction by the Town Council.

In addition, the Recommended Budget also reflects shifting a portion of Highway Fund expenditures to the General Fund. This reflects best practices and streamlines and enhances financial reporting in several ways. First, it eliminates the need for a transfer of funding from the General Fund to the Highway Fund to subsidize operations for FY 2019/20. Instead, the costs typically funded with the annual subsidy transfer are simply accounted for within the General Fund. In addition, it enhances ease of auditing compliance associated with ensuring that HURF gas tax revenues are spent solely for authorized transportation, street and roadway improvement purposes as required by state law.

With the consolidation of these two areas into the General Fund, the new balance is also subject to the Town Council's financial policy of setting aside a minimum 25% contingency reserve balance, which has been achieved in this Recommended Budget. The General Fund contingency reserve balance for FY 2019/20 is estimated at \$13.6 million, or 28.3% of the expenditure budget of \$48 million, an increase of \$1.6 million from FY 2018/19 budget.

Strategic Investments

In March 2019, the Town Council adopted its FY 2019/20 – FY 2020/21 Strategic Leadership Plan following several significant, extended discussions about community priorities. The Recommended Budget includes investments in projects and work initiatives to achieve the goals and objectives set by Council. The following are some highlights:

Economic Vitality – Last year, I reorganized several functions and brought in additional specialized talent in economic development in order to help the Town focus on ways in which it can more effectively attract and retain businesses in the community. After a thorough analysis, a comprehensive report was developed with key strategies and tactics recommended to move Oro Valley forward economically. Several of the top priorities were included in the Town Council's Strategic Leadership Plan, and resources devoted to those goals are included in the Recommended Budget. The budget includes \$70,000 to conduct an external retail assessment to assist the Town and retail centers in identifying retailers and restaurateurs that would be a good fit for Oro Valley.

In addition, the budget includes a \$50,000 contribution to the Oro Valley Innovation Lab, formerly the BIOSA Incubator/Accelerator, in order to provide the last financial push needed for the non-profit to start construction of a facility intended to attract start-up businesses in the biosciences. The budget also supports an enhanced focus on identifying and supporting business prospects by allocating \$10,000 for the Town's continued membership in Sun Corridor, Inc., the regional economic development organization. Funding in the amount of \$30,000 is also included in the budget for the development of industry-specific collateral materials and other marketing tools. Finally, the General Administration budget includes \$3,000 for the Town to host an annual business summit focused on enhancing the Town's retail and restaurant market.

Recreation and Culture – Included in the Strategic Leadership Plan is completion of a comprehensive parks and recreation needs assessment, which will subsequently be utilized in the development of a new parks and recreation master plan. The FY19/20 total budget allocated toward this effort is \$100,000, which represents outsourcing some components as well as utilization of staff in-house to complete the project. It is anticipated that the project will require some additional funding in the FY20/21 fiscal year to get to final completion.

In addition, after successfully focusing on the addition of and improvement to sports fields over the past several years, the Parks Management division budget includes just over \$100,000 to focus on enhancing the overall condition of the Town's parks and recreational amenities. Residents can look forward to seeing grass improved, drinking fountains replaced, exercise stations at Riverfront Park renovated/upgraded, solar lights installed at the James D. Kriegh dog park, the Aquatic Center perimeter wall repainted, and new fitness equipment and weights at the Community Center. By reviewing the results of the first FlashVote survey on resident use of Town recreation facilities and amenities, staff also prioritized the installation of a shade structure on the lawn at Steam Pump Ranch, the addition of a classical music concert program at Riverfront Park through the Town's partnership with SAACA, and inclusion of over \$65,000 for special events, such as the 4th of July celebration, Move Across 2 Ranges and Celebrate OV.

Public Safety – In July 2019, the Police Department will move into its expanded substation and new evidence facility on Magee Road. This important building will provide needed space for Police operations and allow the department to meet the demands of evidence storage. The budget includes over \$60,000 in new expenditures necessary to operate the expanded facility, from electricity and telecommunications to equipment and custodial support. The budget also includes \$165,000 in capital expenditures to allow for the effective repurposing of the former evidence and other vacated space for departmental operations. In addition, the Strategic Leadership Plan prioritizes the addition of Interdiction for the Protection of Children training, as well as continued training in the area of active shooter preparedness. The Police Department's training budget was increased by \$15,000 in order to add these crucial programs.

Maintaining public safety service levels is important to the Council and community, and while the Recommended Budget is unable to accommodate additional police staffing at this juncture, the Council has specified in its plan the development of short and long term strategies to meet that goal, an objective included in staff work plans.

Roads, Water and Town Assets – After a thorough analysis, the Water Utility Enterprise Fund reflects incorporation of a recommended base rate increase to continue the incremental progress toward better cost recovery of the utility's fixed costs. The Town Council will vote on the rate increase at the same meeting in which the preliminary adoption of the budget is scheduled. If approved, the average residential ratepayer will see an increase of \$1.81 per month, a 4.6% increase, nearly identical to last year. Even with this rate increase, Oro Valley remains the most affordable municipal water provider in the Tucson region. The Water Utility budget also includes capacity to continue several major deferred capital projects utilizing bond funding issued in FY 2018/19.

During the current fiscal year, a comprehensive facility assessment was conducted by Public Works to assess the condition of Town facilities and establish, for the first time in the Town's history, a detailed database of facility maintenance and repair needs for all Town buildings. The

Recommended Budget includes over \$240,000 for such items as public restroom facility improvements in the Town Hall Administration building, replacing HVAC units and swamp coolers, addressing building electrical issues, cleaning HVAC ducts, resurfacing the restroom flooring at the Aquatic Center and addressing facility needs at the Community Center. These facility repair and maintenance needs will now be funded on an annual basis through the Town's Capital Improvement Program (CIP) and also included in an integrated CIP program in the future to enhance long-term Town planning and forecasting, something also prioritized by the Town Council in their plan.

The Council has specified in its Strategic Leadership Plan maintenance of the Town's high Overall Condition Index (OCI) of 76 for all paved streets. To that end, in the Highway User Revenue Fund the budget includes \$1,450,000 for the Pavement Preservation Program.

Land Use – The Council's Strategic Leadership Plan calls for the reevaluation of Town land use codes over the two fiscal years of the plan. A significant work effort for Town staff, the budget includes a modest \$17,800 in outside professional services to assist staff in this effort next fiscal year.

Effective and Efficient Government – This overarching focus area touches all Town departments. One key goal is the strengthening of community engagement and citizen outreach. The Recommended Budget includes a \$48,000 investment in redesigning the Town's website. In addition, \$12,000 is budgeted for an online civic engagement tool that will broaden the Town's ability to provide opportunities for resident input beyond traditional public meetings or current social media. Another \$20,000 is reserved for community engagement initiatives that may be required around major issues next year, and \$5,000 is included to continue the Town's service contract with FlashVote. Resources are again budgeted to continue the highly effective OV Peak Performance process improvement initiative in the new fiscal year, as well as support ongoing staff training programs. The Recommended Budget also includes \$5,000 for a Town community outreach effort designed to educate residents on the importance of participating in Census 2020.

Town Finances – The Town Council added this focus area to its Strategic Leadership Plan with an overarching goal of ensuring the Town's financial future remains stable. As one of the strategic objectives, a significant investment included in the Recommended Budget is a \$500,000 payment toward the Town's \$22 million Public Safety Retirement System (PSPRS) unfunded liability repayment. In the 2018 State Legislative Session, Governor Ducey signed a bill passed by the Legislature requiring all cities and towns to adopt a policy specifying how the community will fund its PSPRS liability over 20 years. A recommended policy is currently being developed and will be referred shortly to the newly established Budget and Finance Commission for input, and then presented to the Town Council by June 2019. The Town is able to make a notable contribution starting next fiscal year due largely to the expiration of the sales tax sharing agreement with the Oro Valley Marketplace in the current fiscal year, resulting in an estimated \$750,000 annual savings based on current collections at the center. The remainder of these savings has been allocated to the Capital Fund.

Compensation, Benefits and Personnel

In 2013, the Town adopted an updated classification and compensation plan after engaging the services of an external consultant to assist in analyzing all positions. That plan recommended an annual review

of comparable positions in order to appropriately adjust ranges and stay competitive overall. Over the past six years, no detailed analysis was conducted and therefore, no range adjustments were made.

Since 2013, Arizona voters approved Proposition 206, which has increased the state's minimum wage from \$8.05/hour at the time of ratification to \$11/hour in 2019, with the final increase to \$12/hour on January 1, 2020 plus required cost of living increases annually. Businesses and governments across the state have seen the impacts of this initiative in their own wage scales, and the Town of Oro Valley has experienced challenges with recruiting both professional level and some entry level positions. The Human Resources Director conducted a salary and benefit analysis recently among comparable jurisdictions across the state and the data show that Town pay ranges are below those in comparable communities and positions by an average of 9% overall. It is not financially feasible to adjust ranges by the full amount in one year. Ensuring the Town remains competitive as an employer will require a multi-year approach. Therefore, the Recommended Budget includes funding for a 4% adjustment to all Town salary ranges not covered by a negotiated agreement. Actual salary adjustments will only be given to employees whose current salary falls below the new range minimum, a cost of approximately \$50,000. Town staff will continue to evaluate the plan and economic conditions in the coming fiscal year to determine next steps for FY 2020/21.

In addition, the salary and benefit analysis also revealed that the Town's current annual merit increases are slightly above the average compared to our comparable communities. Over the past seven years, following three years of no raises for employees, the Town has offered merit increases of 3.5% for a successful annual evaluation and 4% for an outstanding annual evaluation. The Recommended Budget reduces those increases 25%, to 2.5% for a successful evaluation and 3% for an outstanding evaluation. The current Memorandum of Understanding with the public safety group is in place through next fiscal year and therefore is not included in this change.

A few changes in employee benefits have also been included in the Recommended Budget as well. First, a 5% overall increase has been factored in for the cost of medical benefits for both the Town and employee premiums next year. This results in an increase of almost \$180,000 to the Self-Insurance Benefit Fund to ensure adequate resources are available to pay for future medical claims costs. In addition, the Town is gradually moving toward having employees pay more toward their share of the costs of medical and dental coverage. In FY 16/17, the medical benefit plan shifted from the Town paying 100% of employee-only coverage to an 85%/15% cost share where the employee pays 15% and the Town now pays 85% of employee-only medical coverage. For next fiscal year, the benefit plan for dependent coverage will begin a three-year transition from the Town paying no less than 80% for dependent coverage to the Town paying no less than 75% for dependent coverage for the Town's PPO medical and dental plan. This shift was also negotiated in the public safety Memorandum of Understanding for FY 2019/20. The Town will also be changing dental providers from MetLife to Delta Dental next fiscal year. MetLife proposed a 36% premium increase in their renewal bid, while Delta Dental came in lower at a 30% increase with a fixed rate guarantee for two years, resulting in an overall cost increase of \$45,000 to the Town.

Finally, an in-house Town Attorney position is the only new full-time, benefitted position included in the budget. Part of the total \$184,000 cost will be offset with a reduction of \$24,000 for outside counsel. Other part-time, cost neutral positions added include a part-time court clerk in the Magistrate Court funded with a dedicated court fee revenue source and a part-time, 30-hour facility attendant position at the Community Center, which will be offset by the reduction of commensurate part-time, 19-hour staffing, a change that will provide more staffing stability at the front desk area.

Information Technology

Last fiscal year, telecommunications expenses and other IT-related costs were consolidated into the Information Technology budget. The consolidation resulted in a cost savings of \$20,000 in more effective deployment and management of devices and software, as well as the elimination of duplicative costs and consolidation of accounts. Those cost savings are important, as the demand for technology solutions and efficiency improvements remains high. The Town is committed to maintaining the technology tools needed by employees to do their jobs through a robust computer replacement program. The Recommended Budget includes \$229,000 for computer and server lifecycle replacements. Funding in the amount of \$60,500 is also included to implement two new modules in the Town's financial system aimed at streamlining and improving the efficiency of processing vendor payments and administering employee expense reports via paperless solutions and automated workflow for approvals.

Regional Partnerships

The budget includes funding for continued partnerships with the local and regional agencies and organizations that provide crucial services to the Town and community. Visit Tucson continues to serve as Oro Valley's designated convention and visitor's bureau, and has been instrumental in marketing the Town beyond the region. The budget includes the continuation of \$300,000 for next year's contract. The Recommended Budget also includes the continuation of \$40,000 in funding for its partnership with the Greater Oro Valley Chamber of Commerce. Funding of \$30,000 has been included for the Southern Arizona Arts and Cultural Alliance (SAACA), reduced by \$10,000 from the current fiscal year. Finally, the budget includes the continued \$75,000 in funding support for the Oro Valley Children's Museum.

CAPITAL INVESTMENTS –NEW FACILITIES, RENOVATIONS AND REPLACEMENTS

Capital Fund

The expansion of the Capital Fund last fiscal year has provided for a predictable source of revenue for next year and the years following. With over \$250 million in Town assets, continuing investments in existing infrastructure is crucial, and this fiscal year is no different. The Recommended Budget includes the addition of a large playground and related infrastructure and amenities at Naranja Park. This project comes with an estimated two-year cost of \$1.7 million, of which \$775,000 will be paid by parks and recreation development impact fees. As a former industrial site, the largely undeveloped park requires infrastructure investments to support the new play area in order to address significant drainage issues, as well as provide for lighting and parking.

As mentioned above, the Capital Fund has also been enhanced in FY 2019/20 to address maintenance issues that have now been documented in a ten-year capital maintenance and replacement plan after a four-month assessment of Town facilities.

The following is a summary highlighting the Capital Fund projects for FY 2019/20:

Naranja Park Playground	\$1,350,000*	New large play structure, lighting, parking, site work
Police Station Renovation	\$165,000	Renovate vacated space for office and operations
PW/CED Counter Safety	\$375,000	Redesign/improve front counter for building/employee safety
Information Technology	\$211,000	Server replacement, finish new recreation software install
Golf Course Renovation	\$3 Million	Bonding capacity for future Council decision on Community Center/golf courses – total \$6 million over two years
JD Kriegh Park Improvements	\$200,000	Finish project started in FY 18/19, restroom improvements

*an additional \$375,000 is included in FY 2020/21 to complete the project with parks and recreation impact fee funds.

Roads and Streets

The Recommended Budget includes funding for several roadway projects, in addition to the \$1,450,000 in the HURF Fund for pavement preservation. Funding in the amount of \$12 million is included in the budget for continued construction of the widening of La Cholla Boulevard. Of this funding, \$10.3 million will come from Regional Transportation Authority (RTA), and \$1.7 million will come from roadway impact fee funds. Another \$1 million in roadway impact fee funds are included to complete the construction of the roundabout at La Cañada and Moore Road, and HURF funds are budgeted to complete pavement improvements on Pusch View Lane (\$260,000) and to complete the Tangerine Road access to the Safeway shopping center (rolled over from FY 18/19 for \$250,000).

Fleet

The budget continues to include funding for routine fleet replacements at just over \$865,000. These replacements include ten vehicles for the Police Department, two vehicles for Building Inspection, one truck for Parks and Recreation, three Transit vans, and two trucks for the Water Utility.

Water Utility

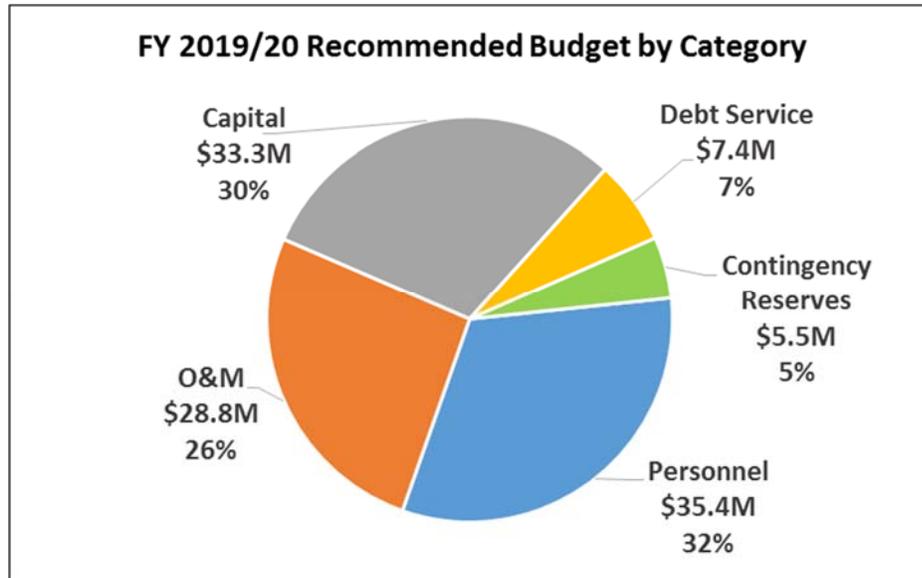
The Water Utility Fund includes a total of 25 capital projects totaling \$7.6 million, details of which can be found in the CIP section of the Recommended Budget.

Stormwater Utility

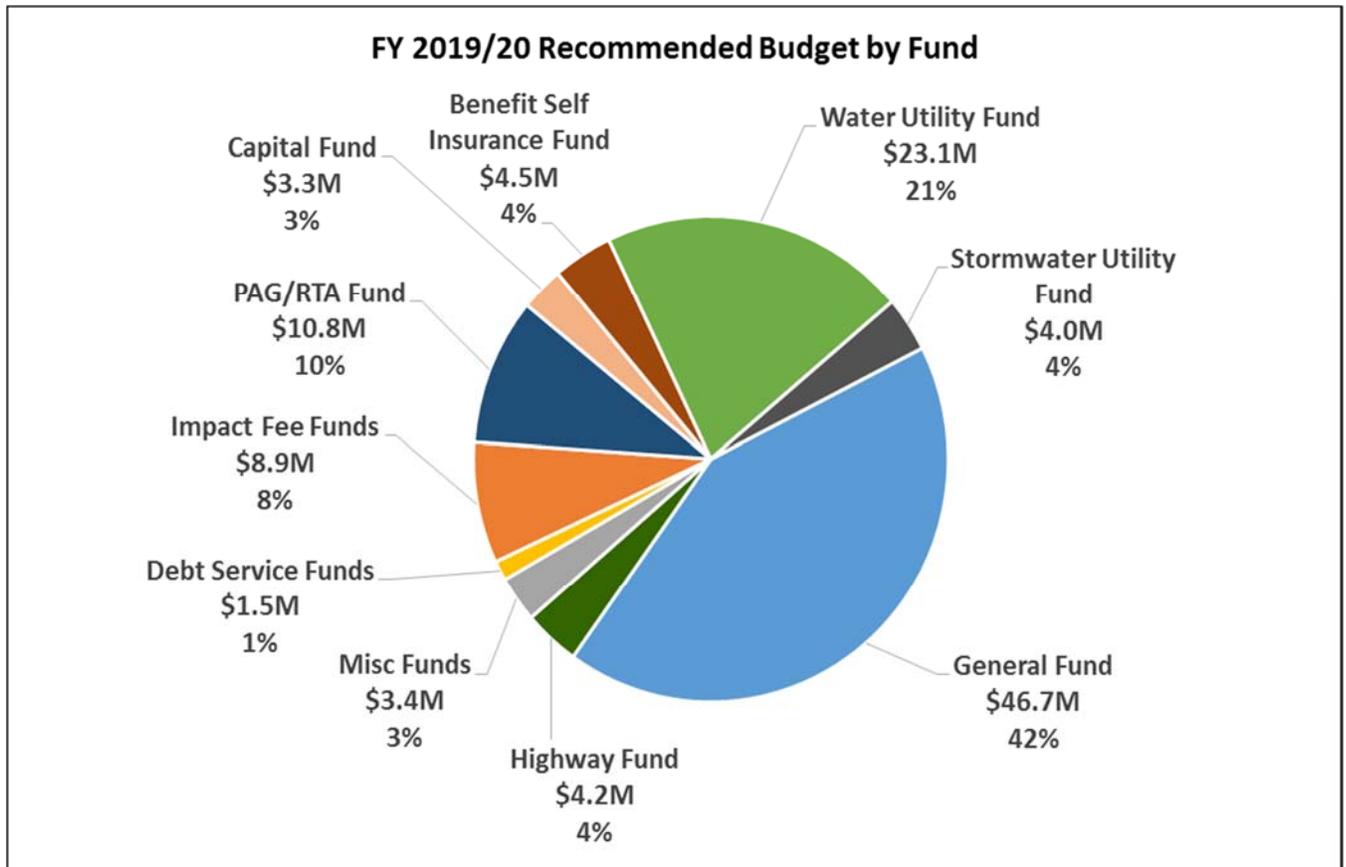
The Stormwater Utility budget again includes capacity to receive grant funds of \$2.1 million should the Town be successful in its application for FEMA funds to improve the Catalina Ridge wash. In addition, the capital portion of this fund includes \$242,000 to make improvements to a dip crossing on west Lambert Lane plus a new skip loader vehicle for \$100,000.

FINANCIAL OVERVIEW

The following section offers an overview of the main funds of the Recommended Budget, while the chart below displays the total Recommended Budget of \$110.3 million by category.



The chart below depicts the total Recommended Budget by Fund:



General Fund

The recommended General Fund budget totals \$48.0 million (excluding contingency reserves of \$1.0 million and including interfund transfers of \$2.3 million), and is \$6.0 million, or 14.4%, higher than the current year budget of \$42.0 million. The General Fund is balanced with a planned use of excess reserves for one-time expenditures. As mentioned earlier, the majority of the increase is due to the consolidation of the former Community Center Fund into the General Fund.

The following are key **revenue provisions** included in the recommended General Fund budget:

- Total FY 2019/20 General Fund revenues are \$7.3 million, or 18.8%, higher than FY 2018/19 budgeted General Fund revenues.
- FY 2019/20 local sales tax revenues are \$2.4 million, or 12.1%, higher than FY 2018/19 budget amounts, due to the half-cent sales tax previously accounted for in the Community Center Fund.
- License and permit revenues are \$152,000, or 7.1%, lower than FY 2018/19 budget amounts, reflective of projected commercial and residential building permit activity.
- Charges for services revenues are \$4.4 million, or 183.2%, higher than FY 2018/19 budget amounts, due largely to revenues previously accounted for in the Community Center Fund.
- \$1,385,000 is budgeted for transit service reimbursement from the Regional Transportation Authority.
- There is an overall increase of approximately \$822,000, or 7.0%, in state-shared revenues.
- The provisions include the transfer of remaining projected fund balance from the Community Center Fund of approximately \$248,000, reflecting the consolidation of those operations into the General Fund.

The following are key **expenditure provisions** included in the recommended General Fund budget:

- The provisions include funding for merit and step increases for eligible employees, at a 25% reduced rate from FY 2018/20, an estimated cost of \$500,000.
- Health insurance premiums are programmed to increase 5% for FY 2019/20.
- Department operations and maintenance (O&M) budgets are \$5.8 million, or 60.8%, higher than budgeted FY 2018/19 levels. This is due largely to the consolidation of the Community Center operations into the General Fund.
- There is a transfer of \$1.35 million to the Capital Fund, which includes \$1.1 million for FY 2019/20 capital projects, and \$250,000 for future capital needs.

The estimated year-end contingency reserve balance in the General Fund for FY 2019/20 is \$13.6 million, which is a healthy 28.3% of the recommended expenditure budget. The Town's adopted policy level is 25%.

Highway Fund

Proposed Highway Fund revenues total \$3.8 million, which are \$322,000, or 7.8% lower than the current adopted budget amount. This is due to the elimination of previously budgeted transfers from the General Fund. As mentioned earlier, due to a Highway Fund reorganization aimed at streamlining the tracking of Highway User (gas tax) revenues, certain expenditures have been reallocated to the General Fund, and as a result, a transfer into the Highway Fund will no longer be necessary. Budgeted expenditures in the Highway Fund total approximately \$4.1 million, which includes a budget of \$1.45 million for pavement preservation, \$250,000 to complete the Tangerine Access to Safeway (1st Avenue) Safety project and \$260,000 for the milling and pavement of Pusch View Lane from Oracle Road to the Cañada del Oro Wash. This fund is balanced with a planned use

of contingency reserves of approximately \$337,000. The estimated year-end contingency reserve balance in the Highway Fund is \$91,000.

Water Utility Fund

Revenues in the Water Utility Fund are estimated at \$19.3 million, a \$254,000, or 1.3%, decrease from FY 2018/19 budgeted revenues. This is due to planned capital projects and the corresponding budgeted use of bonds that were issued in the current fiscal year to fund these projects.

The expense budget for the Water Utility is increasing \$1.6 million, or 7.7%. This is due to planned capital projects, as well as an increase in operations and maintenance for the purchase of groundwater extinguishment credits. Planned capital projects for the Water Utility Fund are outlined in the Capital Improvement Program (CIP) section of the Recommended Budget document.

10-Year Capital Improvement Program (CIP)

Town Council financial policies require the development of a 10-year Capital Improvement Program. Reviewed and modified every year based upon needs and projected funding, the full 10-year plan projects a need for \$126.2 million in funding through FY28/29. Total funding allocated to CIP projects in the Recommended Budget for FY 2019/20 is \$32.5 million. Some highlights of the 10-year plan include: a total of \$13.2 million for recreation facility investments; \$850,000 in improvements at Steam Pump Ranch; \$1.8 million in information technology improvements; \$1.7 million in Police facility enhancements; \$900,000 in sidewalk safety improvements; and \$2 million toward deferred maintenance. More detail regarding CIP projects and funding is included in the CIP section of the Recommended Budget.

CONCLUSION

I would like to thank the Mayor and Town Council for their vision and leadership in establishing their priorities for this community through the adoption of the FY 2019/20 – 2020/21 Strategic Leadership Plan. I would also like to recognize and acknowledge the strong level of collaboration among staff from all Town departments in the development of the Recommended Budget. Finally, I would like to especially recognize my budget team for their extraordinary work in preparing the budget: Administrative Services Director/Chief Financial Officer Stacey Lemos, Senior Budget Analyst Wendy Gomez, Assistant Town Manager Chris Cornelison, and Chief Information Officer Chuck Boyer.

Respectfully submitted,



Mary Jacobs
Town Manager