



FY25 Strategic Budget Planning

Joint Budget & Finance Committee / City Council

May 16, 2024

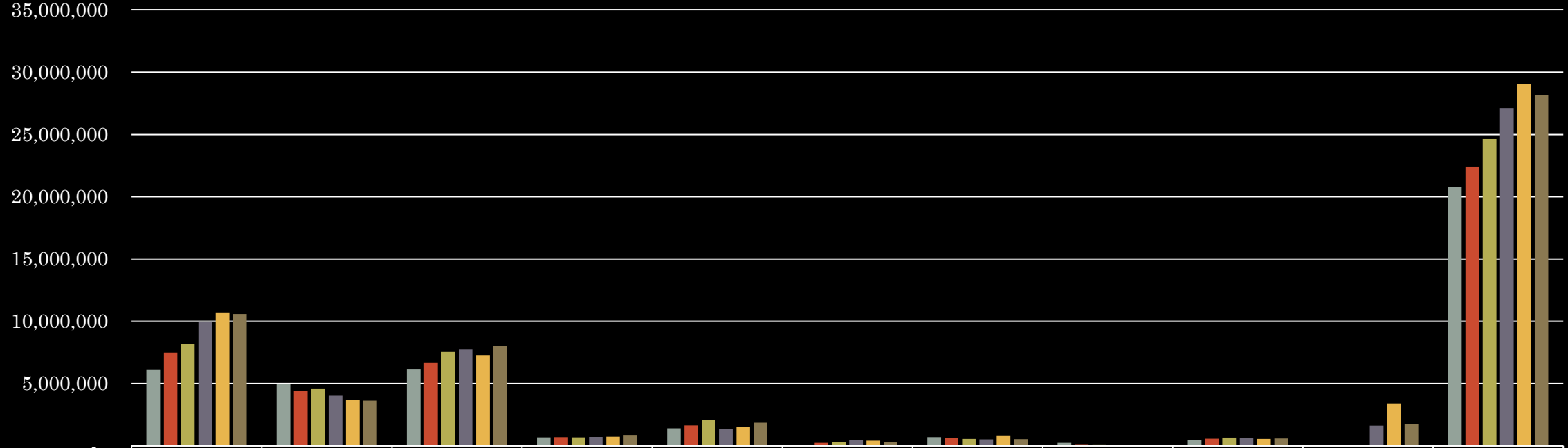
FY24 Projected Ending Fund Balances

Ending Fund Balances (Estimated)					
Fund	Reserve	Committed	Non-Committed	Restricted	Total Balance
01 - General Fund	\$5,914,772	\$900,000	\$3,718,964	\$55,557	\$10,589,293
02 - Utility Fund	\$337,673	\$3,297,979			\$3,635,652
14 - Street Fund				\$8,015,357	\$8,015,357
16 - Hotel Occupancy Tax Fund				\$868,193	\$868,193
18 - Venue Tax Fund				\$1,856,657	\$1,856,657
19 - Crime Control & Prevention District Tax Fund				\$298,402	\$298,402
21 - GN Equipment Repair & Replacement Fund		\$543,806			\$543,806
25 - Drainage Fund		\$587,189			\$587,189
30 - CIP Fund		\$1,761,653			\$1,761,653
Total	\$6,252,445	\$7,190,627	\$3,618,964	\$11,094,166	\$28,156,202

General Fund Detail

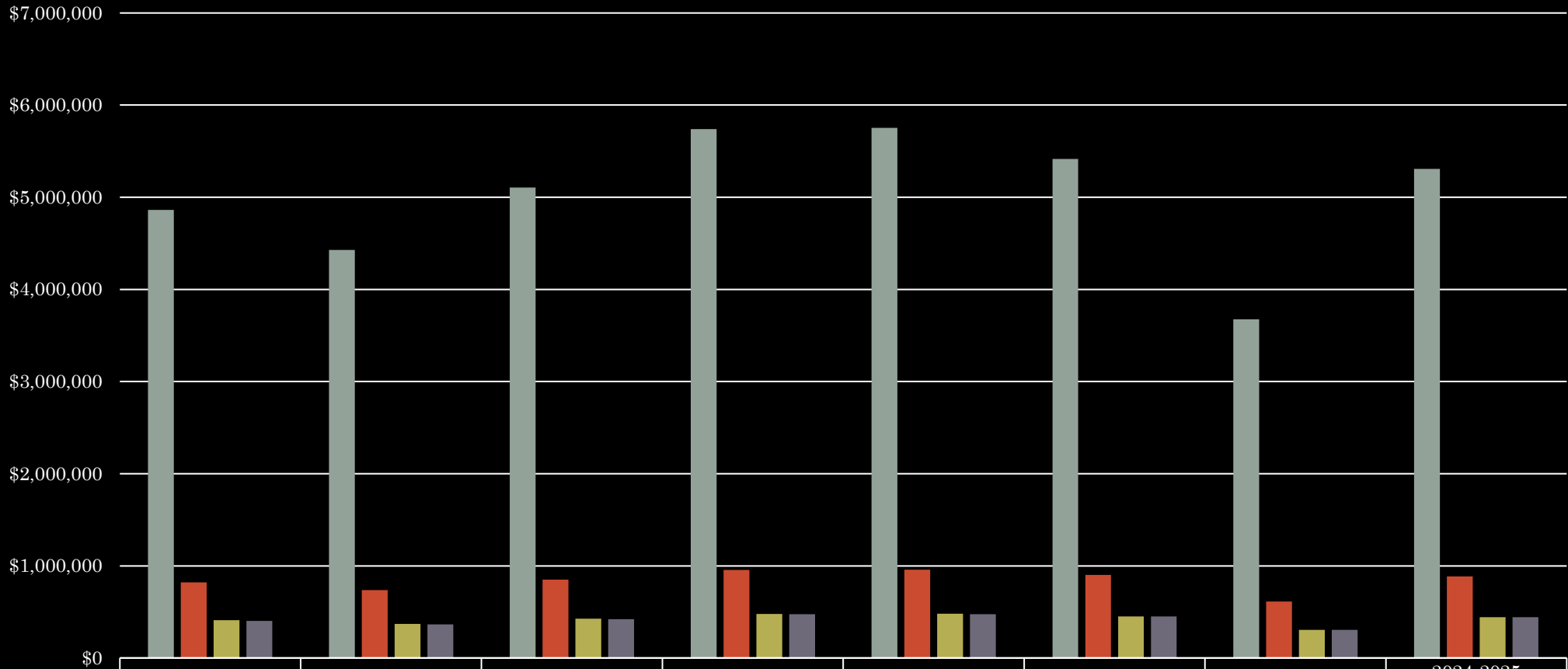
- Reserve General Funds
 - 12-month operating reserve \$5,914,772
 - 18-month reserve = \$8,872,158
 - Develop a Reserve Fund policy for all funds
- Committed General Funds
 - Water conservation rebate program expansion \$900,000
 - City Beautification/Parks and Open Spaces (\$100,000)
 - Moved to fund FY25 projects
- Restricted General Funds
 - Health reimbursement funds \$13,316
 - PGA donation for Burger Center Loop/4715 Park \$39,282
 - Opioid funds \$2,959

Fund Balances Historical



	General Fund	Utility Fund	Street Fund	HOT Fund	Venue Fund	Crime Control	Repair & Replacement	City Facilities	Drainage	CIP	Totals
■ FY19	6,115,081	4,952,823	6,155,107	671,212	1,402,750	67,684	697,649	243,305	473,252		20,778,865
■ FY20	7,491,323	4,391,167	6,672,585	689,546	1,639,690	229,324	599,802	127,337	570,110		22,410,883
■ FY21	8,172,548	4,605,256	7,549,458	687,338	2,039,293	273,186	551,053	102,741	654,493		24,635,366
■ FY22	9,938,183	4,012,200	7,754,800	716,200	1,346,500	485,600	522,100	82,700	633,000	1,625,200	27,116,483
■ FY23	10,660,920	3,685,805	7,257,857	727,159	1,529,452	405,006	846,752	0	548,071	3,392,549	29,053,571
■ FY24 (est.)	10,589,293	3,635,652	8,015,357	868,193	1,856,657	298,402	543,806	0	587,189	1,761,653	28,156,202

Sales Tax Revenue (Through May 2024)



	2018-19 Actual	2019-2020 Actual	2020-2021 Actual	2021-2022 Actual	2022-2023 Actual	2023-2024 Budget	2023-2024 Actual	2024-2025 Proposed Budget
■ Sales & Use Tax - General	\$4,861,535	\$4,427,629	\$5,105,213	\$5,739,902	\$5,752,008	\$5,415,000	\$3,675,866	\$5,306,700
■ Sales & Use Tax - R&M Street	\$820,538	\$737,920	\$850,848	\$956,626	\$958,644	\$902,500	\$612,629	\$884,450
■ Sales & Use Tax - Venue (Green)	\$410,300	\$368,988	\$425,456	\$478,349	\$479,358	\$451,250	\$306,338	\$442,225
■ Sales & Use Tax - Crime Control	\$403,044	\$365,836	\$421,818	\$476,490	\$476,516	\$451,250	\$305,327	\$442,225

**The draft FY25 Budget includes a 2% decrease in budgeted sales tax revenue*

Sales Tax Revenue FY24

Date	Sales for the month of		PROJECTED Monthly Collections (Budget) FY24	ACTUAL Monthly Collections FY24	Monthly Overage/ (Shortfall)	% Above or (Below) Monthly Budget	ACTUAL Monthly Collections FY23	Increase/ (Decrease) from previous year	% Above or (Below) from previous year
Oct	Aug	2023	\$555,120.73	\$579,557.81	\$24,437.08	4.4%	\$589,452.38	-\$9,894.57	-1.7%
Nov	Sep	2023	\$623,495.93	\$599,069.95	-\$24,425.98	-3.9%	\$662,056.27	-\$62,986.32	-9.5%
Dec	Oct	2023	\$588,515.37	\$601,269.94	\$12,754.57	2.2%	\$624,912.32	-\$23,642.38	-3.8%
Jan	Nov	2023	\$606,074.40	\$621,173.42	\$15,099.02	2.5%	\$643,557.30	-\$22,383.88	-3.5%
Feb	Dec	2023	\$750,502.87	\$792,925.95	\$42,423.08	5.7%	\$796,918.00	-\$3,992.05	-0.5%
Mar	Jan	2024	\$523,163.46	\$528,161.91	\$4,998.45	1.0%	\$555,518.70	-\$27,356.79	-4.9%
Apr	Feb	2024	\$505,758.51	\$517,901.48	\$12,142.97	2.4%	\$537,037.34	-\$19,135.86	-3.6%
May	Mar	2024	\$617,265.15	\$660,099.41	\$42,834.26	6.9%	\$655,440.15	\$4,659.26	0.7%
Jun	Apr	2024	\$575,903.05	\$0.00		0.0%	\$611,519.99		0.0%
Jul	May	2024	\$608,669.53	\$0.00		0.0%	\$646,312.93		0.0%
Aug	Jun	2024	\$646,048.18	\$0.00		0.0%	\$686,003.27		0.0%
Sep	Jul	2024	\$619,482.81	\$0.00		0.0%	\$657,794.96		0.0%
	TOTAL		\$7,220,000.00	\$4,900,159.87	\$130,263.44	2.7%	\$7,666,523.61	-\$164,732.59	-3.7%

FY 25 Proposed Budget

Overall		Key Information*
Revenue (external)	\$10,320,865	<ol style="list-style-type: none">1. Reduction in sales tax of 2% from FY24 budget2. Draft budget includes \$4,536,875 of transfers
Expense	\$9,634,802	<ol style="list-style-type: none">1. Includes \$1.3 million proposed CIP expenses2. Draft budget includes \$3.2 million in transfers, including Utility operational and subsidy
Surplus/(Deficit)	\$686,063	

**See next slide for more details*

Expenses NOT included in draft budget

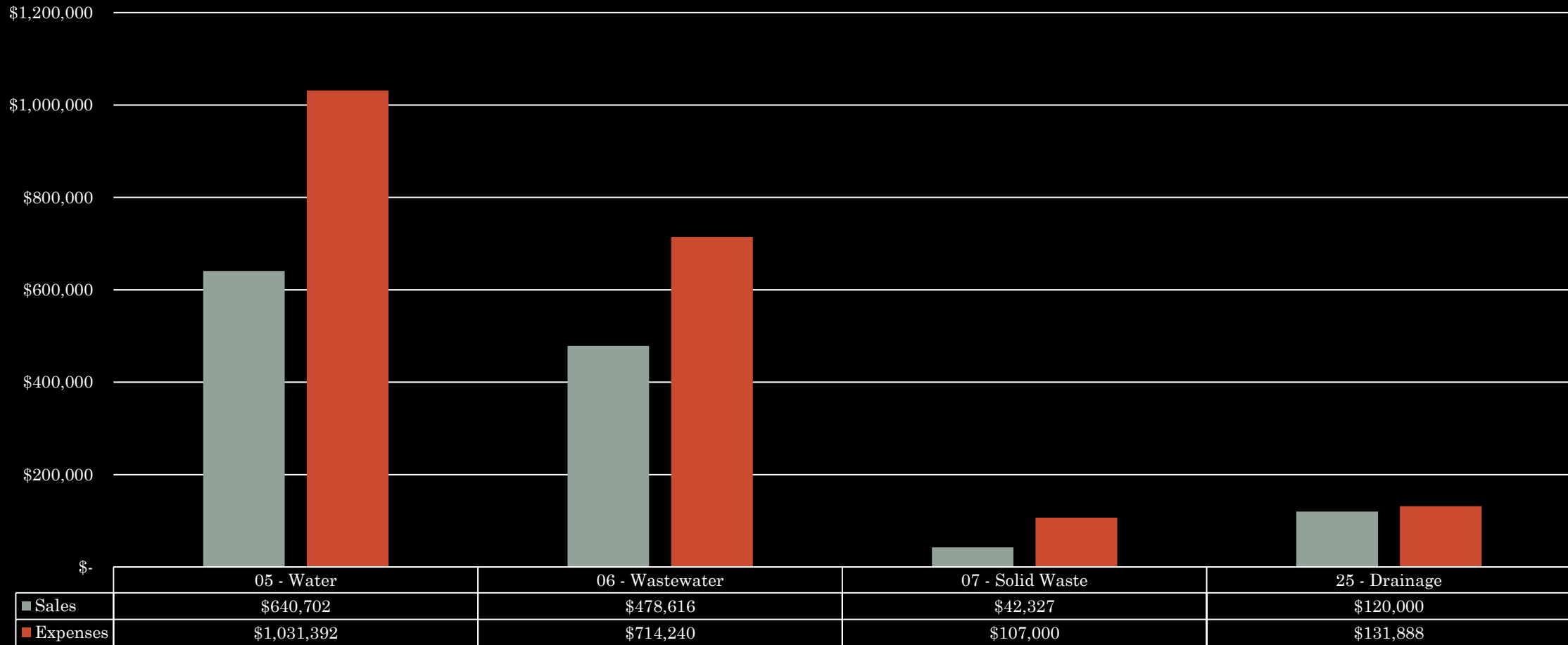
- Repair and Replacement transfers
- Salary adjustment pool
 - Adjustments based on salary survey
 - COLA and/or merit
- Minimum 10% increase in medical benefits
 - Current Humana policy expires end of FY24
- Additional CIP projects

FY25 All Funds – Detail (includes transfers)

Fund	Revenue	Expense	Surplus/ (Deficit)	Notes
01 - General Fund	\$7,792,320	\$6,567,462	\$1,224,858	Utility operational subsidy of \$720K and infrastructure transfer of \$500K
02 - Utility Fund	\$2,484,520	\$2,484,520	\$0	
14 - Street R&R	\$1,884,450	\$1,244,293	\$640,157	\$1M transfer to CIP for proposed Brodie mill and overlay
16 - HOT	\$230,000	\$224,500	\$5,500	\$170K transfer to GN for ARTFEST
18 - Venue (Green)	\$692,225	\$507,591	\$184,634	\$250K transfer to CIP for Haz Mat project
19 - Crime Control	\$442,225	\$479,311	(\$37,086)	Final budget will include expenses to reduce projected fund balance to \$75K
<i>21 - Equipment R&R</i>	-	-	-	R&R schedule TBD; proposed move to 30 - CIP Fund
<i>25 - Drainage</i>	-	-	-	Proposed move to a department within 02 - Utility Fund
30 - CIP	\$1,332,000	\$1,332,000	\$0	Proposed rename to Capital Improvement/ Replacement Fund
Total	\$14,857,740	\$12,839,677	\$2,018,063	

Utility Fund – Department Detail

02 - Utility Fund Detail



Includes proposed rate increases from 10-year plan as discussed in Council work sessions. Total anticipated operational deficit of \$703K. For comparison, current year budgeted operational deficit is \$652,644.

Other Items in the Budget

- Assumes 3% increase for Fire & EMS services; contract under negotiation
- Increases in water/ww/solid waste base and volumetric rates for residential customers from first year of 10-year plan as discussed in Council work sessions
- Placeholders for committee-related programs and expenses
- Placeholders for external grant requests (General & HOT)
 - SFC
 - Daisy Dash
 - SV Elementary PTA

Proposed Changes to Budget Format

- Drainage Utility Fund – Merge within the Utility Fund as a separate department, same as Water, Wastewater, and Solid Waste
- Repair and Replacement Fund – Merge with CIP Fund
- CIP Fund – Rename to Capital Improvement/Replacement Fund
- Reduction of the number of funds was a recommendation of the Long-Range Financial Planning Ad-Hoc Committee

Projected Ending Fund Balances FY25*

How much money does the City expect to be in the bank at the end of the year? Estimated end of year reserves:	
01 - General Fund	\$11,232,151
02 - Utility Fund (includes Drainage)	\$4,722,841
14 - Street Fund	\$7,655,514
16 - Hotel Occupancy Tax Fund	\$873,693
18 - Venue Tax Fund	\$1,791,291
19 - Crime Control Tax Fund	\$261,316
<i>21 - GN Equipment Repair & Replacement Fund</i>	<i>\$0</i>
<i>25 - Drainage Fund</i>	<i>\$0</i>
30 - Capital Improvement/Replacement Fund	\$2,305,459
Total	\$28,842,265

*Does not include Repair & Replacement expenses, or salary adjustment pool and increases in medical benefits. Target balance of \$75k for Crime Control Fund will be included in next draft.

Capital Improvement Projects - Budgeted

- Public Works facilities upgrades phase 2 construction
 - \$82,000 (General Fund)
- Brodie Lane Mill & Overlay construction
 - \$1,000,000 (Street Fund)
- Haz Mat traps lid cleaning and replacement
 - \$250,000 (Venue Fund)

Capital Improvement Projects – Not Yet Budgeted

- Stearns Lane Waterline engineering/construction docs
 - \$ TBD (Utility Fund)
- Reimagine Brodie Phase 1A schematic design
 - Expense TBD (Street Fund)
 - Returns to Council June 4th after Committee feedback
- Uplands Park schematic design/construction documents
 - Estimated \$65,000 (General Fund)
 - Zoning change initiated by Council going to Zoning Commission this summer
- City Hall Backyard construction
 - Estimated \$537K (Multiple Funds)
- 6107 Brodie Trail Head construction
 - Estimated \$600K (General Fund)
 - Exploring grant opportunities

Feedback from Council 5/7 Work Session

- Conservative revenue forecast
- "Right-size" total projects undertaken by the City in FY25
 - Look at moving/spreading out non-critical projects
- Re-evaluate project costs and determine what can be done in-house versus by contractors
- Review financial policies
 - Establishing policy on spending from Reserve
 - Evaluate target Reserve amounts across all funds
 - Establishing Utility rate goals
- Priorities for new projects
 - City Hall Backyard construction
 - Uplands Park schematic design
 - Progress on any required projects for compliance (Dam/Stearns Lane)

Utility Rate 10-year Plan

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Water Base Rate	\$9.14	\$11.06	\$12.98	\$14.90	\$16.82	\$18.74	\$20.66	\$22.58	\$24.50	\$26.42	\$28.34	\$30.26
Wastewater	\$4.00	\$7.00	\$10.50	\$14.00	\$17.50	\$21.00	\$24.50	\$28.00	\$31.50	\$35.00	\$38.50	\$42.00
Solid Waste	\$9.13	\$12.73	\$16.33	\$19.93	\$23.53	\$27.13	\$30.73	\$34.33	\$37.93	\$41.53	\$45.13	\$48.73
Total	\$22.27	\$30.79	\$39.81	\$48.83	\$57.85	\$66.87	\$75.89	\$84.91	\$93.93	\$102.95	\$111.97	\$120.99
Monthly Increase	\$-	\$8.52	\$9.02	\$9.02	\$9.02	\$9.02	\$9.02	\$9.02	\$9.02	\$9.02	\$9.02	\$9.02

	2024	2025	2026	2027	2028	2029	2030	2031*	2032	2033	2034	2035
Water Volumetric (per 1,000 gallons)	\$3.31	\$3.81	\$4.31	\$4.81	\$5.31	\$5.81	\$6.31	\$6.31	\$6.31	\$6.31	\$6.31	\$6.31
Wastewater Volumetric (per 1,000 gallons)	\$-	\$1.00	\$1.50	\$2.00	\$2.50	\$3.00	\$3.50	\$4.00	\$4.50	\$5.00	\$5.50	\$6.00

This represents a \$1.92 increase in monthly water base rate, a \$3.00 increase in wastewater base rate, and a \$3.60 increase in solid waste fees. The wastewater volumetric increases \$1 per 1000 gallons of water and the water base rate increases \$0.50 per 1000 gallons.

Utility Rate Year 1 Estimated Revenue

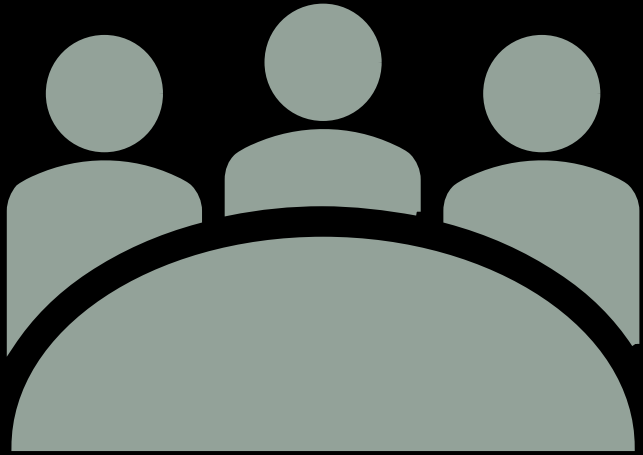
	Base Rate Increase	Estimated Customers	Months	
Water	\$1.92	246	12	\$5,667.84
Waste Water	\$3.00	246	12	\$8,856.00
Solid Waste	\$3.60	246	12	\$10,627.20
Total				\$25,151.04

Estimated Volumetric Increase					
Water	Volumetric Increase	Average of 9000 gallons	Households	Months	
	\$0.50	9	246	12	\$13,284.00
Wastewater	Volumetric Increase	Average 5000 gallons	Households	Months	
	\$1.00	5	246	12	\$14,760.00
Total					\$28,044.00

- Additional revenue will fund the increase in infrastructure transfer

Utility Rate Notes

- Additional infrastructure transfers are needed to fund infrastructure reserve balance to support projected costs over the next 30 years
 - Initial rate increases will directly fund the infrastructure transfer
- Will include a Community Assistance Program to offset impact of rate increases for qualified households
- Need to establish Financial Policy for Utility rate goals
- Council can re-evaluate each year what rate increases to move forward with in the budget
- Does not account for any future increases of the wholesale cost of water, which will need to be separately addressed



Discussion