September 24, 2012

City Council Budget Workshop



Long-range Forecast and Financial Planning

- Current focus:
 - Plans for balanced funds throughout the forecast
 - Adherence to formal reserve policies in all funds
 - Controlled personnel cost growth
 - Reduced dependence on debt-financing



Significant Forecast Assumptions

- Revenues:
 - Local sales tax
 - Expiration of the temporary sales tax in June 2014
 - Continuing state-shared revenue
 - Mid-year census impact in 2016-17
- Expenditures
 - Personnel cost growth rates
 - Capital Transfers

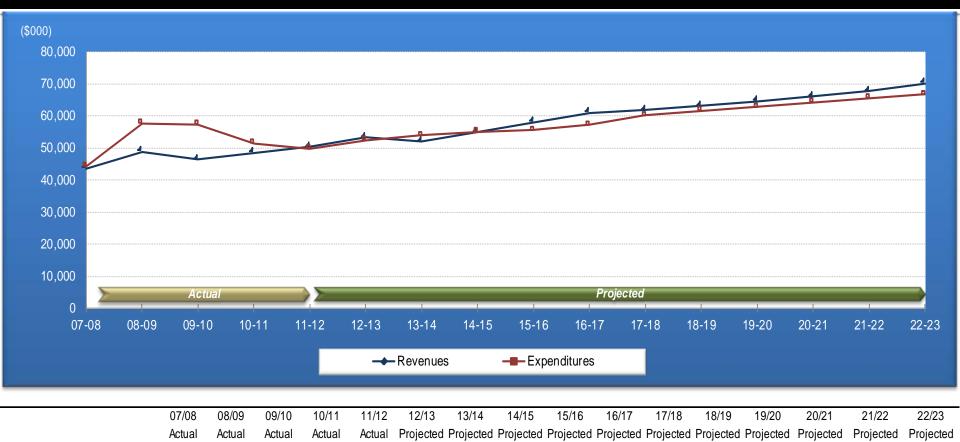


Special Revenue & Debt Service Funds

- Transit Fund
- Highway User Revenue Fund (HURF)
- Performing Arts Fund
- General Obligation Debt Service Fund



Transit Fund



	07/08	08/09	09/10	10/11	11/12	12/13	13/14	14/15	15/16	16/17	17/18	18/19	19/20	20/21	21/22	22/23
	Actual	Actual	Actual	Actual	Actual	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected
Total Revenues	43,561	48,854	46,408	48,533	50,219	53,256	51,958	54,927	57,988	60,880	61,665	63,033	64,521	66,038	67,644	70,121
Total Expenditures	44,183	57,581	57,255	51,464	49,810	52,396	53,944	55,068	55,496	57,176	60,155	61,549	62,797	64,127	65,520	66,660
Net Operating Surplus/(Deficit)	(622)	(8,727)	(10,847)	(2,931)	409	860	(1,986)	(140)	2,492	3,704	1,509	1,484	1,724	1,910	2,124	3,461
Net Operating Surplus/(Deficit) Ending Operating Fund Balance	(622)	(8,727)	(10,847)	(2,931) 21,407	409 21,816	860 22,677	(1,986) 20,691	(140) 20,550	2,492 23,042	3,704 26,746	1,509 28,255	1,484 29,739	1,724 31,463	1,910 33,374	2,124 35,497	3,461 38,958



Highway User Revenue Fund (HURF)



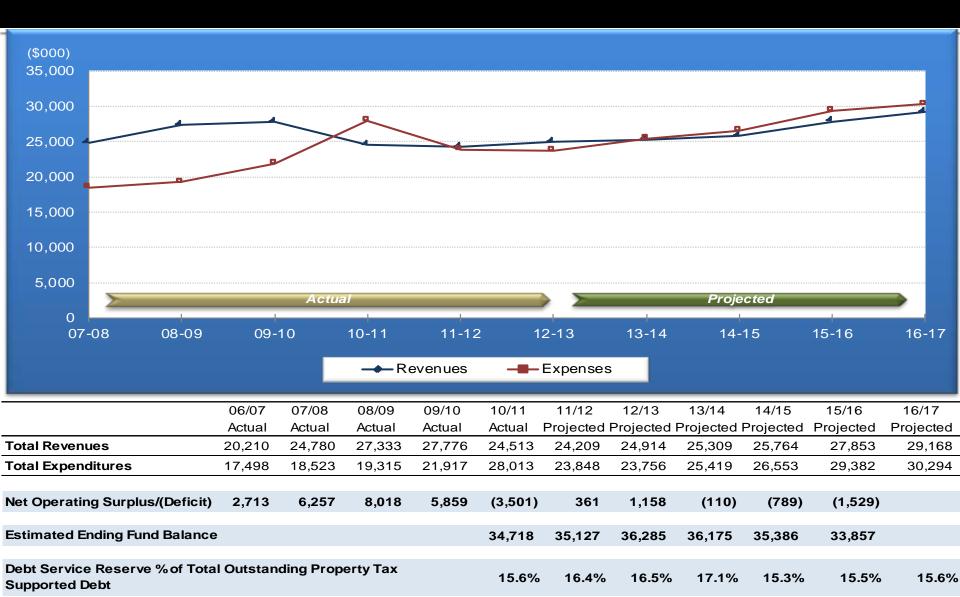


Performing Arts Fund





General Obligation Debt Service Fund

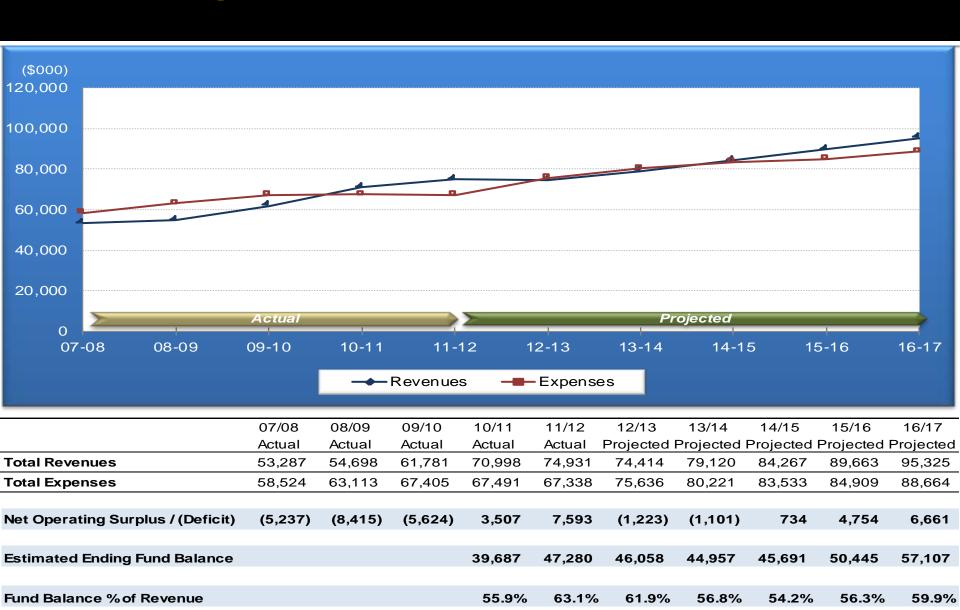


Enterprise Funds

- Water/Wastewater Fund
- Solid Waste Fund
- Golf Fund



Water/Wastewater Fund





Solid Waste Fund





Golf Fund

Fund Balance as % of Revenue



-18%

-20%

-22%

-18%

-10%

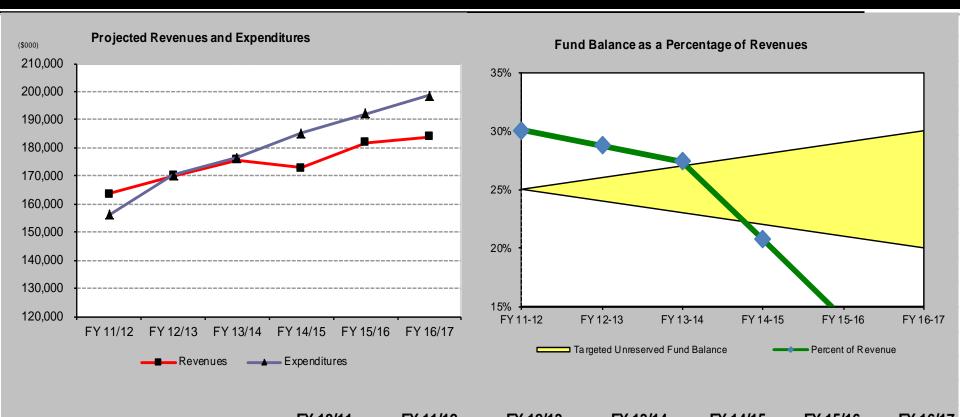
-4%

-13%



% of Revenue

General Fund with no Adjustments



	FY 10/11	FY 11/12	FY 12/13	FY 13/14	FY 14/15	FY 15/16	FY 16/17
(\$000)	Actual	Actual	Projected	Projected	Projected	Projected	Projected
Revenues	160,361	163,462	170,121	175,693	172,737	181,776	183,870
Expenditures	148,947	156,211	170,334	176,490	185,094	192,061	198,526
Surplus (Deficit)	11,414	7,251	(213)	(797)	(12,357)	(10,285)	(14,655)
Fund Balance	41,884	49,134	48,922	48,125	35,768	25,483	10,828

29%

21%

14%

27%

6%

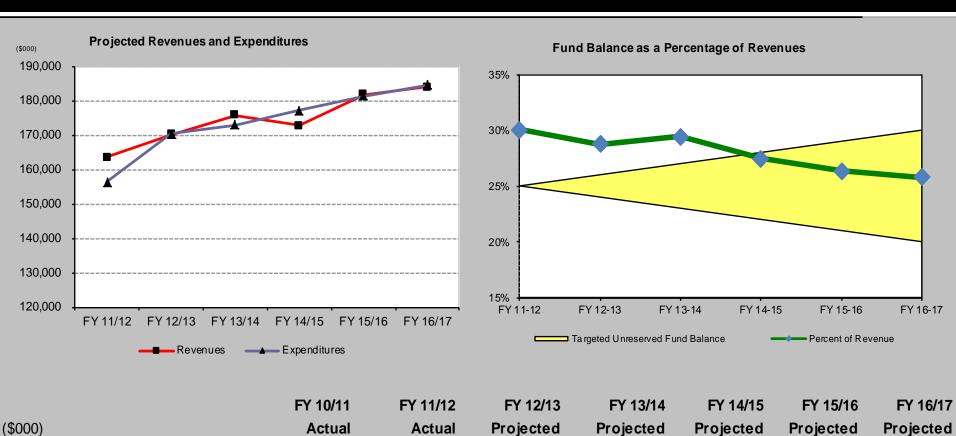
30%

26%



% of Revenue

General Fund Necessary Adjustments



Actual	Actual	Projected	Projected	Projected	Projected	Projected
160,361	163,462	170,121	175,693	172,737	181,776	183,870
148,947	156,211	170,334	172,960	177,025	181,253	184,417
11,414	7,251	(213)	2,733	(4,288)	523	(546)
			-2.0%	-2.5%	-2.5%	-2.5%
41,884	49,134	48,922	51,655	47,367	47,890	47,344
	160,361 148,947 11,414	160,361 163,462 148,947 156,211 11,414 7,251	160,361 163,462 170,121 148,947 156,211 170,334 11,414 7,251 (213)	160,361 163,462 170,121 175,693 148,947 156,211 170,334 172,960 11,414 7,251 (213) 2,733 -2.0%	160,361 163,462 170,121 175,693 172,737 148,947 156,211 170,334 172,960 177,025 11,414 7,251 (213) 2,733 (4,288) -2.0% -2.5%	160,361 163,462 170,121 175,693 172,737 181,776 148,947 156,211 170,334 172,960 177,025 181,253 11,414 7,251 (213) 2,733 (4,288) 523 -2.0% -2.5% -2.5%

29%

29%

27%

26%

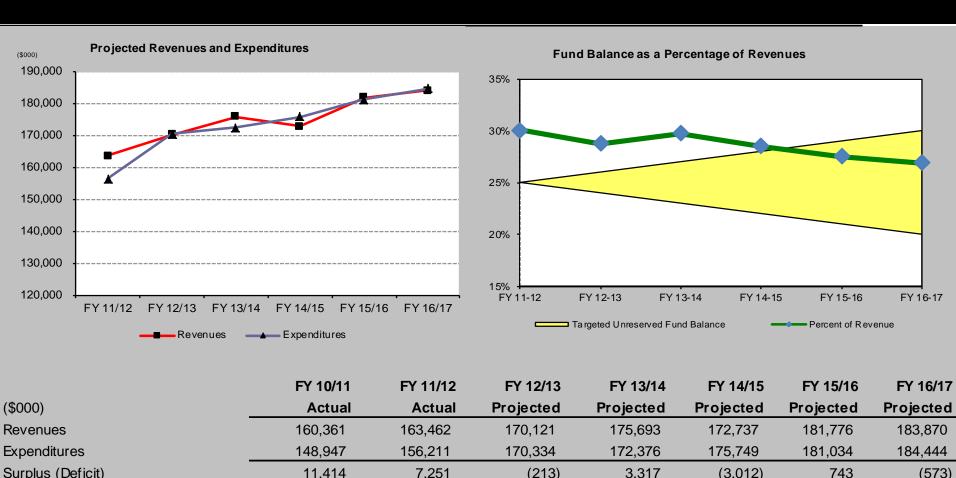
26%

30%

26%



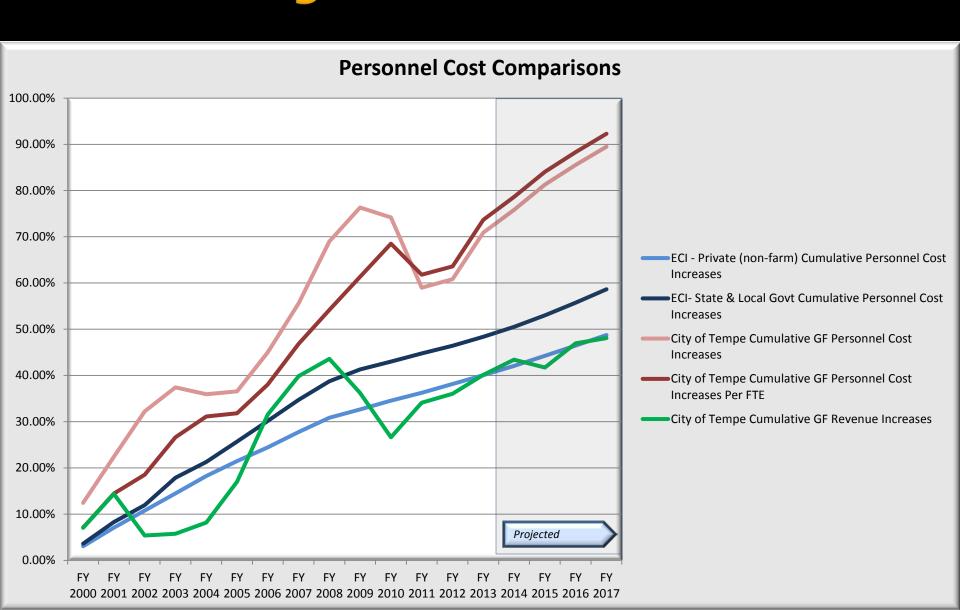
General Fund – Potential Adjustments



	FY 10/11	FY 11/12	FY 12/13	FY 13/14	FY 14/15	FY 15/16	FY 16/17
(\$000)	Actual	Actual	Projected	Projected	Projected	Projected	Projected
Revenues	160,361	163,462	170,121	175,693	172,737	181,776	183,870
Expenditures	148,947	156,211	170,334	172,376	175,749	181,034	184,444
Surplus (Deficit)	11,414	7,251	(213)	3,317	(3,012)	743	(573)
Personnel Cost Increase per FTE				2.3%	2.5%	2.7%	2.9%
Change in Number of Positions				-	(5)	(5)	(15)
Percentage Adjustments to Non-personn	nel Costs			-1.0%	-1.0%	-2.0%	-2.0%
Fund Balance	41,884	49,134	48,922	52,239	49,227	49,970	49,397
% of Revenue	26%	30%	29%	30%	28%	27%	27%



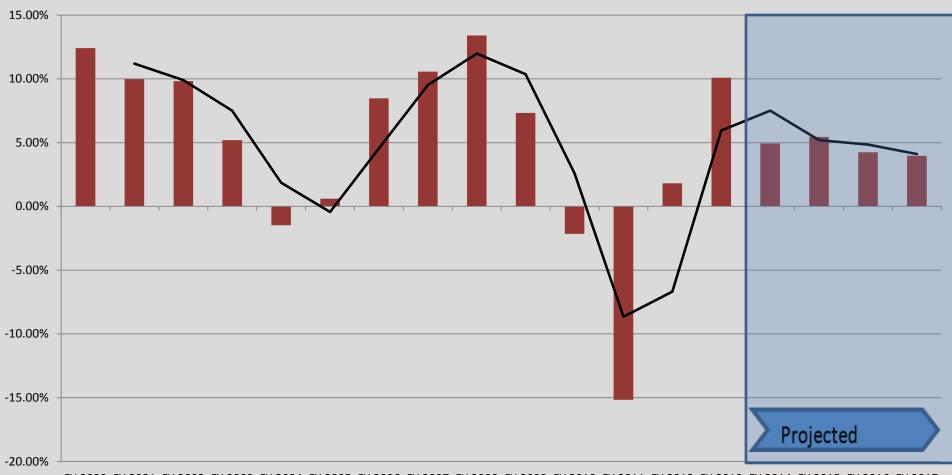
Controlling Personnel Cost Growth





Personnel Cost Fluctuations





FY 2000 FY 2001 FY 2002 FY 2003 FY 2004 FY 2005 FY 2006 FY 2007 FY 2008 FY 2009 FY 2010 FY 2011 FY 2012 FY 2013 FY 2014 FY 2015 FY 2016 FY 2017



Drivers of Personnel Cost Increases

- Increased number of employees
- Merit (step) increases to base salaries
- Inconsistent application of market study
- Unfavorable calculation of 75th percentile
- Healthcare cost increases
- Retirement system contributions

Desired Solution

- Clear policy direction related to personnel cost growth
 - To establish parameters for negotiations with employee bargaining units
 - To begin the budgeting process for FY2013-14

Questions & Discussion

- What additional information is needed in order to formulate policy direction?
- When is information needed for bargaining unit negotiations?
- What will the impacts be on services and employees?

Forecast Growth Rates - September 24, 2012

Revenues	FY 12/13	FY 13/14	FY 14/15	FY 15/16	FY 16/17
Taxable Sales Growth	3.7%	2.8%	5.4%	5.8%	5.1%
Total Sales Tax Rate	2.0%	2.0%	1.8%	1.8%	1.8%
General Fund	1.4%	1.4%	1.2%	1.2%	1.2%
Transit Fund	0.5%	0.5%	0.5%	0.5%	0.5%
Performing Arts Fund	0.1%	0.1%	0.1%	0.1%	0.1%
Property Tax Levy Growth	5.0%	3.5%	3.5%	4.1%	4.1%
Bed Tax Taxable Sales Growth	2.7%	3.8%	3.7%	3.6%	2.6%
Bed Tax Rate	5.0%	5.0%	5.0%	5.0%	5.0%
City Population Growth	0.2%	0.2%	0.2%	0.2%	0.2%
State Population Growth	1.0%	1.6%	2.0%	2.1%	2.4%
State Shared Income Tax Growth	21.0%	7.6%	6.3%	7.5%	-9.7%
State Shared Sales Tax Growth	4.7%	6.3%	8.0%	. 6.8%	-10.0%
State Vehicle License Tax Growth	2.1%	1.7%	1.9%	2.3%	1.0%
Building and Trades Growth	-23.0%	-5.7%	30.2%	9.6%	0.8%
Cultural and Recreational Growth	- 3.6%	2.6%	2.2%	2.0%	1.9%
Fees, Fines, Forfeitures Growth	7.1%	1.0%	0.8%	0.9%	1.2%
Business Licenses Growth	0.2%	0.2%	0.2%	0.20%	0.20%
Expenditures	FY 12/13	FY 13/14	FY 14/15	FY 15/16	FY 16/17
Salary Growth FICA (% of payroll)	4.50% 7.65%	4.00% 7.65%	4.00% 7.65%	4.00% 7.65%	4.00% 7.65%
State Retirement (% of payroll)	10.5%	11.6%	11.8%	12.0%	12.10%
Police Retirement (% of payroll)	29.9%	32.1%	37.0%	37.0%	37.0%
Fire Retirement (% of payroll)	32.9%	36.1%	41.5%	41.5%	41.5%
Health, Dental, Life Actives	7.5%	7.5%	7.4%	7.4%	7.3%
Health, Dental, Life Retirees	19.0%	10.0%	14.0%	16.0%	6.0%
Mediflex growth	0%	0%	0%	0%	0%
Other Fringe Benefits Growth	0%	0%	0%	0%	0%
General Inflation	1.3%	2.4%	2.0%	1.8%	1.7%
Electricity Inflation	3.30%	3.30%	3.30%	3.30%	3.30%
Water & Sewer Inflation	9.5%	9.5%	9.5%	9.0%	9.0%
Gasoline Inflation	-1.4%	-0.4%	2.4%	-0.8%	-1.2%

Other Assumptions:

Property Tax Levy growth includes new construction

Legislative implementation of Public Safety Retirement Board proposal in FY 12/13-FY 15/16.

No Legislative change to General Fund state shared revenue sharing percentages

Assumes future electricity budgets will not exceed growth rate in APS-ES proposal