

2017 Budget Revisions

December 19, 2016

Item #	Date Proposed	Description	General Fund	Tax Rate Impact	Workload Impact	Impact on Services	Impact on Financial Policy	Aligns with Industry Best Practices
1	11/21/2016	Delete Records Technician (new position) - Police	\$ (59,060)	-0.89%	yes	yes	no	no
2	11/21/2016	Reduce PWWR Engineer by 50% in OP EX	\$ (42,753)	-0.64%	yes	yes	no	yes
3	11/21/2016	Add Finance Analyst (fund for full year) add 3/4 of year	\$ 62,409	0.94%	yes	yes	no	yes
4	11/21/2016	Reduce Legislation Overtime	\$ (2,000)	-0.03%	yes	yes	no	n/a
5	11/21/2016	Reduce Legislation Conferences	\$ (10,000)	-0.15%	no	no	no	n/a
6	11/21/2016	Remove Lobbyist (leave \$13,200 for DLLG)	\$ (40,000)	-0.60%	yes	no	no	n/a
7	11/21/2016	Convert City Solicitor/Deputy to City FT Solicitor/Asst Prosecutor	\$ (75,000)	-1.12%	no	no	no	n/a
8	11/21/2016	Reduce Overtime in Administration from \$10K to \$5K	\$ (5,000)	-0.08%	no	no	no	n/a
9	11/21/2016	Reduce Administration Contingency from \$20K to \$10K	\$ (10,000)	-0.15%	no	maybe	no	n/a
10	12/5/2016	Reduce OPEB Contribution \$62K to \$338,000	\$ (45,012)	-0.68%	no	no	yes	no
11	12/5/2016	Automated Metering System maintenance (move to Electric from IT)	\$ (40,500)	-0.61%	no	no	no	yes
13	12/5/2016	Reduce Dell warranty expense (warranty built into product)	\$ (5,000)	-0.08%	no	no	no	n/a
14	12/5/2016	Reduce Code Enforcement HVAC monitoring software (was estimated)	\$ (3,200)	-0.05%	no	no	no	n/a
15	12/5/2016	Reduce Legal/Consulting Services from \$350K to \$325K	\$ (25,000)	-0.38%	maybe	maybe	no	n/a
16	12/5/2016	Reduce Emergency Services Fee to .25% from .50%	\$ 100,000	1.50%	n/a	no	no	yes
17	12/5/2016	Add General Fund Surplus	\$ (100,000)	-1.50%	no	no	yes	no
18	12/12/2016	Reduce OPEB Contribution by \$197,837 to \$145,163	\$ (140,000)	-2.10%	no	no	yes	no
19	12/12/2016	Reduce PT Training Coordinator - Police (retirement of pt position)	\$ (10,000)	-0.15%	yes	no	no	n/a
20	12/12/2016	S1701 - Twin Lakes Pump Station/increase transfer to the GF	\$ (150,000)	-2.25%	no	no	yes	n/a
			\$ (600,116)	-9.00%				

SUMMARY OF ADJUSTMENTS TO MOVE TO A 0% TAX RATE INCREASE

NO WATER RATE INCREASE - ASSUMES STORMWATER UTILITY IN 2018

Date Proposed	Description	Reserves	Current Funding	Workload Impact	Impact on Services	Impact on Financial Policy	Aligns with Industry Best Practices
12/19/2016	W1104 - South Well Field Post Filter pH Adjustment	\$ (50,000)	\$ -	no	yes	no	no
12/19/2016	W9308 - Water Main Renovation Program	\$ 50,000	\$ (50,000)	no	yes	no	no
12/19/2016	W9308 - Water Main Renovation Program		\$(150,000)	no	yes	no	no
		\$ -	\$ (200,000)				

NO WATER RATE INCREASE - ASSUMES NO STORMWATER UTILITY IN 2018, MOVES STORMWATER TO SEWER IN 2017

Date Proposed	Description	Reserves	Current Funding	Workload Impact	Impact on Services	Impact on Financial Policy	Aligns with Industry Best Practices
12/19/2016	W1104 - South Well Field Post Filter pH Adjustment	\$(100,000)	\$ 50,000	no	yes	no	no
12/19/2016	W9308 - Water Main Renovation Program	\$ 100,000	\$(850,000)	no	yes	no	no
		\$ -	\$ (800,000)				

ADJUSTMENTS TO MOVE TO A 0% WATER RATE INCREASE

ADJUSTMENTS TO SEWER FOR 2017 IF STORMWATER PROGRAM IS NOT ADOPTED

SEWER FUND - ASSUMES NO STORMWATER UTILITY AND STORMWATER PROGRAM MOVES TO THE SEWER FUND IN 2017							
Date Proposed	Description	Reserves	Current Funding	Workload Impact	Impact on Services	Impact on Financial Policy	Aligns with Industry Best Practices
12/19/2016	Q1702 - Storm System Start Up Costs	\$(250,000)		no	yes	yes	no
		\$(250,000)	\$ -				

Council Decisions Needed: Stormwater Utility – Yes/No

If Yes:

- Staff/Black & Veatch efforts have gone back to 2009
- Stormwater moves to its own Fund in 2018 (2017 planning year)
 - Council will provide direction in how the stormwater utility is implemented
 - Equitable cost recovery method versus alternatives (based on water consumption)
 - Does not recover stormwater costs from out-of-city water customers
 - Provides financial incentive for private landowners to reduce their stormwater impact
 - Financial impact to residents is offset by reduction in future water and sewer rate increases
 - Aligns with industry best practices for utilities
- Staff recommends 2% Water Rate Increase and no change to Sewer Rates for 2017 – Follow the BV proposal

Council Decisions Needed:

Stormwater Utility – Yes/No

If No:

- **Cut \$250,000 in Sewer Fund for Stormwater Start-Up costs**
- **Water Rate increase for 2017 will be recommended at 8%**
 - 8% Rate increase would be recommended due to the loss of the transfer from Sewer to Water for the stormwater program
- **Sewer Rate increase for 2017 will be 3% to offset additional stormwater expenses**

Council Decisions Needed:

Property Tax Rate

Increase of 4.5% Recommended

- Accounts for Council-approved labor agreements in 2017 (4.5% increase)
- Staff will amend the budget based on the items provided to Council between November 21 and December 5th
- Detail on slide to follow

Council Decisions Needed:
If Property Tax Rate Increase of 4.5%
is NOT approved by Council:

- **Council must decide what items to reduce based on the items provided by City Staff on the next slide.....**

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Items #1 to #17 will adjust the 9% tax increase to 4.5%

Requires further consideration by Council

GENERAL FUND BUDGET ADJUSTMENTS REQUIRING COUNCIL ACTION

Parking Revenue Question 1

What is the impact of doubling the rates of the parking meters and lots from 6am to 6pm?

Approximately \$900,000

- Assumes a 30% reduction in usage
- Does not consider impact on businesses/other unintended consequences
- Suggested hours (6am/6pm) may not be the optimal times
- Against Industry best practice
- Ignores awareness of the over-reliance of margin transfers

Parking Revenue Question 2

If we raise lot rates to \$1.50/hr. (6am-6pm M/F) and raise meters to \$2/hr? **Approximately \$830,000**

- Assumes a 15% reduction in usage
- Does not consider impact on businesses/other unintended consequences
- Suggested hours (6am/6pm) may not be the optimal times
- Cannot be calculated by the current meter software (not divisible in increments of 60 minutes)
- Against Industry best practice
- Ignores awareness of the over-reliance of margin transfers

Staff Recommendations - Parking Revenue Discussion

Considering the complexity of a dynamic rate structure, staff suggests a deeper review of parking rates to fully understand the elasticity of parking fees and the impact on the City's meters/lots.

- In 2017, direct staff to conduct a review of on and off-street dynamic rates
 - ✓ increasing all meters and lots across the board for certain hours of the day as suggested; or
 - ✓ focusing on increasing rates in the busiest lots and certain on street areas to encourage parking at other available locations during certain hours of the day; or
 - ✓ some combination of price structures and locations, and report back to Council with options to increase parking fees to support the general fund, while at the same time not risking unintended consequences

QUESTIONS?