Chandler • Arizona
Where Values Make The Difference

MEMORANDUM **Management Services Memo No. 13-037**

DATE: FEBRUARY 8, 2013

TO: MAYOR & COUNCIL

THRU: RICH DLUGAS, CITY MANAGER RD
DAWN LANG, MANAGEMENT SERVICES DIRECTOR for AW

FROM: GREG WESTRUM, BUDGET MANAGER AW

SUBJECT: PRESENTATION FOR BUDGET WORKSHOP #1

Attached is the agenda and related information for the Budget Workshop on Monday, February 11, 2013. The workshop is scheduled from 5:00 p.m. to 6:30 p.m. in the Council Conference Room.

If you have any questions about the presentation or the Workshop, please feel free to contact me at x2256 or Dawn Lang at x2255.

Attachments

cc: Pat McDermott, Assistant City Manager
Marla Paddock, City Clerk

CHANDLER CITY COUNCIL
BUDGET WORKSHOP
Monday, February 11, 2013 at 5:00 p.m.
Chandler City Hall
Council Conference Room
88 E. Chicago Street, Chandler, AZ

Agenda

1) Opening Remarks

2) Citizen Budget Survey Results

3) Priority Based Budgeting

4) Preliminary 5 Year Ongoing General Fund Forecast

5) Preliminary Capital Improvement Plan Update

6) Preliminary General Fund Balance Projections

7) Closing Remarks

CITY OF CHANDLER
FY 2013-14 BUDGET

Council Budget Workshop #1-Updated
February 11, 2013

1. Citizen Survey Results
2. Priority Based Budgeting
3. Preliminary 5-year Ongoing General Fund Forecast
4. Preliminary Capital Improvement Plan Update
5. Preliminary General Fund Balance Projections

Citizen Survey Results

Citizen FY 2013-14 Budget Survey

- 706 responses
- 98% feel City leadership is doing a Satisfactory, Very Good, or Excellent job managing the City
- 91% feel that they receive a good return on their tax dollars for City programs and services
- "Most Important" Programs and Services
  - Public Safety, Parks and Street Maintenance, Leisure Activities
- "Most Important" Capital Projects
  - Improvements and Repairs to Park Facilities, Street Rehabilitation

Priority Based Budgeting

Priority Based Budgeting "Desired Results" Support Council Goals

Priority Based Budgeting

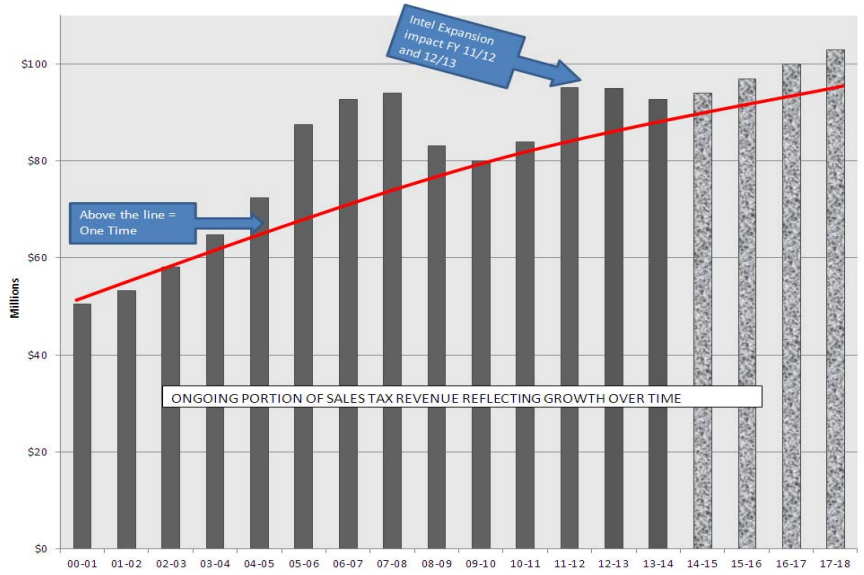
- Decision Package requests to City Manager included the program Quartile (1, 2, 3, or 4) as part of the backup information
- The Quartile is only one factor in evaluating the Decision Package requests
- A Decision Package for a "low" quartile (3 or 4) program could be recommended for funding if:
  - Safety issues
  - Contracted maintenance cost increases
  - Revenue offset

Preliminary 5-Year Ongoing General Fund Forecast

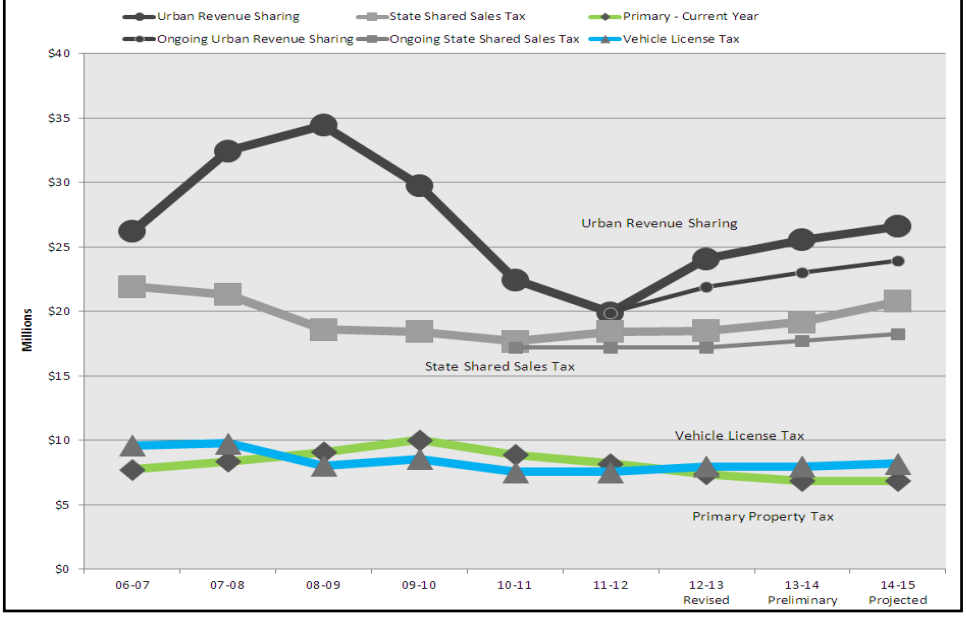
General Fund Forecast

- Structurally Balanced and Supports Financial Sustainability
  - Recurring Revenues Support Recurring Expenditures
  - Non-Recurring Revenues Support Non-Recurring Expenditures
- Maintains Existing Services

Ongoing vs. One-Time Sales Tax



Major General Fund Revenues



General Fund Forecast (excludes fund balance)

		PRELIMINARY PROJECTED		Preliminary Five Year General Fund Ongoing Forecast				
		1	2	3	4	5	6	7
		2013-14 Total Current Revenues	2013-14 One-Time %/Amount	2013-14 Ongoing %/Amount	2014-15 Ongoing Revenues	2015-16 Ongoing Revenues	2016-17 Ongoing Revenues	2017-18 Ongoing Revenues
1	**Revenues and Other Sources**		6.8%	93.2%				
2	Incr' Revenue's Committed to Ongoing			-	-	-	-	-
3	**Total Revenues**	185,788,000	12,702,500	173,085,500	178,947,400	184,303,600	189,755,500	195,341,700
4	**Expenditures & Other Uses**							
5	Revenues Committed to One-Time Exp	12,702,500	12,702,500					
6	Personnel Services Wages & Benefits	136,259,700		136,259,700	139,661,200	143,236,600	147,059,700	151,150,800
7	Less Vacancy Savings (2%)	(2,725,000)		(2,725,000)	(2,793,000)	(2,865,000)	(2,941,000)	(3,023,000)
8	% Merit	-		-	-	-	-	-
9	% COLA (incl' Fire to Mkt 4th)	270,000		270,000	-	-	-	-
10	Retirement Costs	1,121,000		1,121,000	1,761,500	1,831,900	1,905,300	1,981,500
11	Health Care & Wkrs Comp Costs	2,568,400		2,568,400	1,585,000	1,743,500	1,917,800	2,109,600
12	Total Personnel Increases	3,959,400		3,959,400	3,346,500	3,575,400	3,823,100	4,091,100
13	Ongoing Base Budget	39,121,800		39,121,800	40,321,800	41,521,800	42,721,800	43,921,800
14	CIP Operations & Maintenance	72,400		72,400	169,300	189,100	189,800	189,800
15	HURF Shift of Exp to General Fund	-		-	1,000,000	1,000,000	1,000,000	1,000,000
16	**Total Expenditures**	185,431,400	12,702,500	172,728,900	178,359,300	183,082,500	188,030,300	193,239,400
17	**Cumulative Ongoing Surplus/(Deficit)**	356,600	-	356,600	588,100	1,221,100	1,725,200	2,102,300

Preliminary Capital Improvement Plan Update

Considerations – Preliminary CIP

- Continues constrained bond funding (4 years)
- Continues use of Infrastructure Maintenance Reserve (4 years) with $34.6M
- Projects declines in Impact Fees
- Projects **No** increase in Secondary Property Tax Rate
- Maintains existing and adds several new projects
- Total 10 Year CIP Amount:
  - Adopted FY 2013-2022 $841M
  - Preliminary FY 2014-2023 $859M

Significant Changes from Current CIP

- Relocation of Fire Station #1 advanced to FY 13/14
- Conversion of Fire Station #1 advanced to FY 14/15
- Gilbert Road (final leg of construction) moved to FY 13/14 with Grant Funding, Bonds, and Impact Fees
- Police Driver Training Facility converted to General Fund (FY15/16)
- Museum design stays in FY 17/18; construction moved from FY 18/19 to Year FY 19/20
- Four new Neighborhood Parks added in years 3 through 10 (85% Impact Fee funded 15% Bond Funded).
- Many new General Funded CIP Projects proposed for FY 13/14

Infrastructure Maintenance Projects – proposed funding levels

AQUATICS/PARKS/REC CENTERS	FY13/14 to FY16/17 (4 years)	FY17/18 to FY22/23 (6 years)
Funding Source:	**Infrastructure Maintenance Reserve (GF)**	**GO Bonds**
Aquatic Safety Renovations	$500,000/year	$500,000/year
Existing Neighborhood Parks Imp/Repairs	$500,000/year	$600,000/year
Existing Community Parks Imp/Repairs	$500,000/year	$1,000,000/year
Existing Recreation Center Imp/Repairs	$250,000/year	$250,000/year

Infrastructure Maintenance Projects – current and proposed funding levels

STREETS PROJECTS	FY13/14 to FY16/17 (4 years)	FY17/18 to FY22/23 (6 years)
Funding Source:	**Infrastructure Maintenance Reserve (GF)**	**GO Bonds**
Street Repaving	$6,400,000/ year	$8,000,000/year
Street Construction - Various Improvements	$600,000/year	$800,000/year
Wall Repairs	$100,000/year	$225,000/year

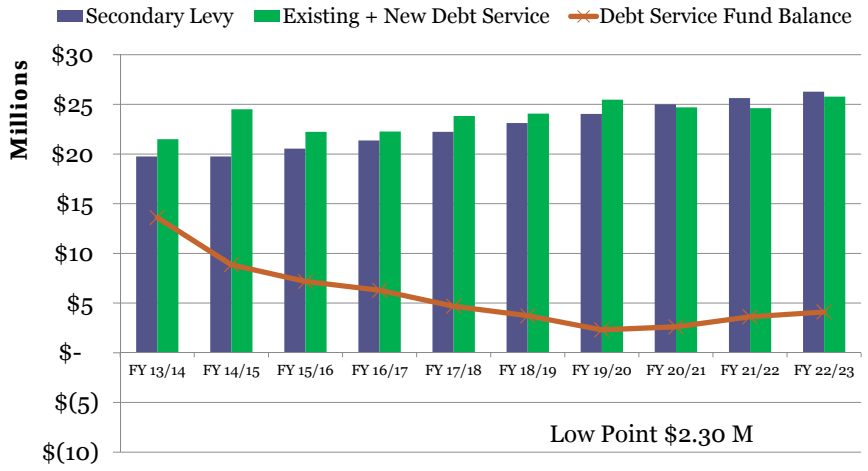
Debt Service Assumptions

- Payoff of 2003-Series GO Bonds in FY 12/13
- No increase in Secondary Property Tax Rate
- Secondary Assessed Value growth of:

FY 13/14	-7.0%*
FY 14/15	+0%
Future years	+ 4.0%

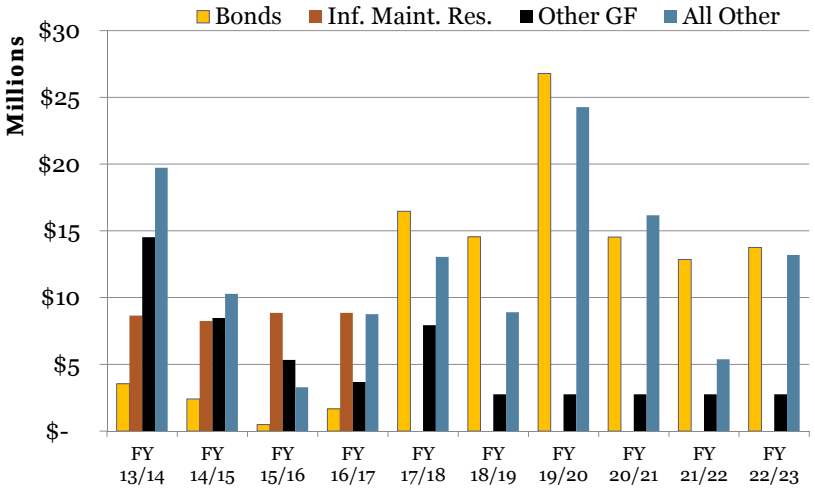
* This will be adjusted in early February 2013 when we receive final figures from the County Assessor

GO Debt Service Projections



Projected CIP Funding Sources

(excludes Municipal Utilities and Airport)



Preliminary General Fund Balance Projections

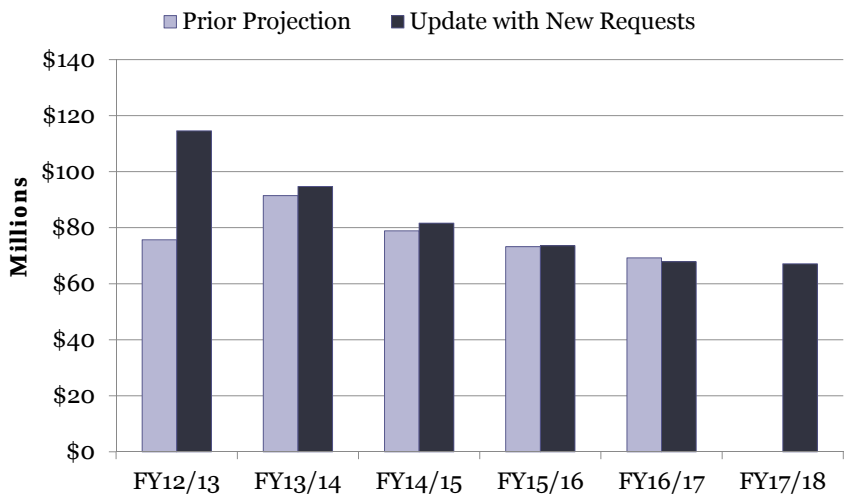
Use of FY 2011-12 One-Time Surplus

- Final revenues for FY 2011-12 were $5.23M above the budget forecast
- These funds are being targeted to:
  - Relocation of Fire Station #1 to Pecos Road ($2.2M)
  - Transportation and Development Building Remodel ($1.4M)
  - Channel 11 Equipment Upgrade and Print, Mail and Graphics Equipment Upgrades ($260,000)
  - Street Maintenance (One-time operating) ($700,000)
- Balance to One-Time Decision Packages (still under review)

Impact on General Fund Balance

- General Fund balance is healthy – but we need to manage the long-term impact on the fund as a result of:
  - General Funded CIP requirements
  - General Funded Operating one-time requirements
  - Economic Development and Downtown Development Agreements and other requirements
- FY 2013-14 recommendations at March 11 Council Budget Workshop #2

General Fund Balance Projections



Questions?