





CITY OF COTTONWOOD

FY 2018 Budget Wrap-up
April 27, 2018 @ 5:30 P.M.

City Council Chambers
826 N. Main St.
Cottonwood, AZ 86326

Topics of discussion

FY 2018 Budget Summary

-  Personnel
-  Capital Outlay
-  Funding Outside Agencies

Strategic Plan

Budget Reductions

Reserve Funds Status

Future Meetings & Questions

A blurred night photograph of a town street. In the foreground, a yellow sign with a red triangle and a pedestrian symbol is visible. The street is lined with parked cars and buildings. Signs for 'WELCOME Old Town', 'LEOBETTER LAW', 'CREMA Craft Pizzas + BAR', and 'OLD TOWN GENERAL STORE' are visible. The background shows a mountain range under a dark sky.

FY 2018 Budget Summary

Budgeted Personnel Changes/Additions

Dept	Job Description	Requested Range	Range Parameters			Est. Salary (min +5%)	Benefits*	Est. Annual Costs
			min	mid	max			
Econ Dev	Business Assistance Advisor (grant)		53,572			53,572	21,429	75,001
Engineering	GIS Intern - 6 months intern (grant)		Dev SVCS Mgr still to provide					
Police	Community Service Specialist (grant)	13	30,709	35,557	45,253	32,244	14,510	46,754
Total Amount Budgeted						85,816	35,939	121,755

Dept	Job Description	Current Range	Requested Range	Current Salary	New Min	Salary Increase	Est Increase Benefits	Est. Annual Costs
Admin	Admin Svcs General Mgr to Deputy City	37	41	0	0	\$0	\$0	\$0
Comm. Svcs	Head Life Guard to Facility Maintenance	11	11	0	0	0	0	0
Fire	Fire Captain to Fire Captain/Battalion Chief (3)	27	29	0	0	0	0	0
Fire	Fire Marshal	28	30	0	0	0	0	0
Fire	Fire Lieutenant (3)	25	26	0	0	0	0	0
Police	Police Officer	20	22	various	47,639	4,116	2,346	6,462
Police	Sergeant	25	27	0	0	0	0	0
Police	Commander	31	33	0	0	0	0	0
Police	Chief	35	37	0	0	0	0	0
Total Amount Budgeted						\$4,116	\$2,346	\$6,462

Status of Employee Benefits

👁️ Merit program - \$432,212 – Funded

👁️ Question – On average what is the merit percentage given to employees?

👁️ Answer – 3.86%

👁️ Cost Of Living Adjustment (COLA) 0.3% - \$33,300 – Eliminated

👁️ Longevity - \$48,750 – Eliminated

👁️ Health insurance premiums increased by 4%

👁️ Question – Dependent vs employee coverage costs

👁️ Answer – In \$2.3M annual health insurance cost

👁️ Employee coverage 62% - \$1,426,000

👁️ Dependent coverage 38% - \$874,000

👁️ Retirement Cost - \$2,542,215

👁️ ASRS – 11.47% - 11.5% \$890,055

👁️ PSPRS Fire – 18.38% - 26.61% \$476,540

👁️ PSPRS Police – 37.37% - 47.60% \$1,175,620

Capital Requests and Approvals

Department	Initial Request	<35,000	>35,000	Adjustment	Revised Capital
General Fund					
Court	\$81,000	\$46,000	\$35,000	\$0	\$81,000
Economic Development	1,361,000	11,000	1,350,000	(11,000)	1,350,000
Engineering	742,600	7,100	735,500	(30,500)	712,100
Fire	5,061,500	101,500	4,960,000	(4,461,500)	600,000
IT	169,700	109,700	60,000	(109,700)	60,000
Parks Maintenance	198,800	139,800	59,000	(179,800)	19,000
Recreation Center	236,500	66,000	170,500	(196,000)	40,500
Police	362,450	125,950	236,500	(345,000)	17,450
Public Works	\$215,600	\$29,200	\$186,400	(\$215,600)	\$0
Subtotal	\$8,429,150	\$636,250	\$7,792,900	(\$5,549,100)	\$2,880,050

Capital Requests and Approvals

Department	Initial Request	<35,000	>35,000	Adjustment	Revised Capital
Special Revenue Funds					
Streets Maintenance	\$261,250	\$95,750	\$165,500	(\$253,250)	\$8,000
Streets Construction	7,056,600	0	7,056,600	(4,006,600)	3,050,000
Library	70,000	70,000	0	(36,300)	33,700
Airport	\$2,363,200	\$63,200	\$2,300,000	(\$31,500)	\$2,331,700
Subtotal	\$9,751,050	\$228,950	\$9,522,100	(\$4,327,650)	\$5,423,400

Enterprise Funds					
Wastewater	\$750,000	\$60,000	\$690,000	(\$450,000)	\$300,000
Water	\$3,980,000	\$0	\$3,980,000	\$0	\$3,980,000
Subtotal	\$4,730,000	\$60,000	\$4,670,000	(\$450,000)	\$4,280,000

Department	Initial Request	<35,000	>35,000	Adjustment	Revised Capital
General Fund	\$8,429,150	\$636,250	\$7,792,900	(\$5,549,100)	\$2,880,050
Special Revenue Funds	9,751,050	228,950	9,522,100	(4,327,650)	5,423,400
Enterprise Funds	\$4,730,000	\$60,000	\$4,670,000	(\$450,000)	\$4,280,000
Total Capital	\$22,910,200	\$925,200	\$21,985,000	(\$10,326,750)	\$12,583,450

Funding Outside Agencies

Organization	FY 2017	FY 2018
Old Town Association	\$10,000	\$10,000
Senior Center	55,000	55,000
Humane Society	43,880	43,880
NACOG - H2O Assistance	15,000	15,000
Chamber of Commerce	203,000	213,000
Old Town Center for the Arts	20,000	20,000
Building Community Grants	15,000	15,000
Birding Festival (GF & H2O)	\$2,000	\$2,000
Total outside agency support	\$363,880	\$373,880

A blurred night photograph of a town street. The scene is filled with light trails from cars moving through the frame. In the background, there are several illuminated signs and storefronts. A prominent sign on the left reads "WELCOME Old Town" with "LEOBETTER LAW" below it. To the right, there are signs for "CREMA Craft Pizzas + BAR" and "OLD TOWN GENERAL STORE". The overall atmosphere is vibrant and festive, with warm streetlights and colorful neon signs.

Strategic Plan

City Council's Strategic Plan Budget Additions

- 2.2.11 – Consider an annual budget allocation for the Bicycle Advisory Committee – \$6,400 budgeted
- 2.4.2 – Continue to market Cottonwood as an attractive location for entertainment venues such as theaters, skating rinks, bowling, etc. – \$24,720 budgeted for Focus On Success II
- 2.5 - Fund Parks and Recreation Master Plan – Not Funded
- 2.6.1. – Explore opportunities to combine the Verde Valley Wine Festival with a Cottonwood Wine Festival – Not Funded
- 2.6.2 – Continue to refine Thunder Valley Rally to break even financially and to become acceptable to the majority of the community – \$150,000 budgeted

Strategic Plan Funding Continued

- 2.7.1 – Work with Yavapai College to develop a police internship program – Position included in budget, contingent on grant funding
- 3.1 - Collaborate with Chamber to re-market the Wine Trail - \$213,000 in funding for both Chamber and CEDC
- 4.1.1 – Coordinate with The Nature Conservancy and other resources to acquire funding to initiate and complete the Riverfront Trails Plan – Budget Authority available if grant awarded
- 4.3.2 - Inject at least 900 acre feet/year of reclaimed water into the aquifer within next 2 years – Funds budgeted for injection wells
- 5.4.2 – Determine opportunities for possible reductions in expenditures and potential unmet needs requiring additional funding – Dept. operating budgets were reduced by 3 percent

Strategic Plan Funding Continued

- 6.1 - Expand transportation service to Village of Oak Creek and Cornville to include Saturday services – Not budgeted due to lack of county support
- 6.2.1 – Continue to participate in NAMWA – Dues budgeted
- 6.3.1 – Increase budget for roadway maintenance by 25 percent in the 2017-18 budget – Increased from \$600,000 to \$750,000
- 6.3.2 – Increase budget for sidewalk improvements by 25 percent in the 2017-18 budget – Increased from \$80,000 to \$100,000
- 6.4.1 – Complete and submit a NACOG grant for funding to extend the Old Town streetscape on Main Street from Willard to 10th Street – Budget authority of \$2.2 mil available if grant is received



Budget Reductions

FY 2018 Positions Eliminated

 2 Police Officers	\$154,375
 1 Communications Specialist	\$51,305

This makes four Police Officer positions that have been eliminated in the past three years.

We would like the City Manager to reserve the right to add at least one Police Officer position back later in the fiscal year if, both a candidate and the funding is made available

These positions will need to be filled in future fiscal years.

Example of Budget Cuts to Balance the Budget

- 🏠 Travel & training
- 🏠 Contractual services
- 🏠 Employees (Temps & FTEs)
- 🏠 Overtime
- 🏠 Office, printing and operational supplies
- 🏠 Subscriptions & memberships
- 🏠 Book purchases
- 🏠 Some recreational programming
- 🏠 Vehicle & building maintenance

A blurred night photograph of a town street. In the foreground, a yellow sign with a red triangle and a pedestrian symbol is visible. The street is lined with cars, some of which are blurred due to motion. In the background, there are several buildings with illuminated signs. A prominent sign on the left reads "WELCOME Old Town" and "LEOBETTER LAW". Other signs include "CREMA Craft Pizzas + BAR" and "OLD TOWN GENERAL STORE". The overall scene is a busy town street at night.

Reserve Funds Status

General Fund Reserve Status



 60 Days Coverage	\$3,037,990
 Capital Accumulation Fund	\$1,000,000
 Undesignated Reserves	\$30,075



WASTEWATER

Revenues




- Wastewater rates were not increased for over a decade
 - Question – Rate increases in past years
 - Answer - 2013 - \$16.75
2014 - \$26.25
2015 – \$29.15
2016 – \$32.00
- Wastewater rates were supplemented by sales tax until 07/01/2007
 - Used for capital, debt service and repairs & maintenance
 - Kept rate artificially low
- Council asked that rate increases be smoothed out over multiple years
- Infrastructure and treatment plant repairs are sorely needed
- Realistic rate increases are needed to keep up with the aging infrastructure

Infrastructure Concerns

Description	2017	2018	2019	2020	2021
ADVERTISING	500	500	500	500	500
FURNISHING & EQUIPMENT	90,000	250,000	0	100,000	0
LINE EXTENSIONS	150,000	0	165,000	0	0
LIFT STATION SCADA UPGRADES	10,000	0	0	0	10,000
WWTP HEADWORKS	0	0	0	0	10,000
LIFT STATIONS	300,000	600,000	0	600,000	0
UV SYSTEM REPLACEMENT	530,000	0	0	0	0
TURBINE BLOWERS	0	0	525,000	0	1,575,000
CENTRIFUGE CONTROLS	0	150,000	0	0	0
CLARIFIERS	500,000	0	0	0	0
EFFLUENT DISPOSAL SYSTEM	44,100	46,310	48,630	51,060	0
Total Capital Improvements	1,624,600	1,046,810	739,130	751,560	1,595,500

Wastewater Concerns & Solutions



\$1,141,330 Infrastructure shortfall

-  Riverfront reclamation facility costs
-  Need for infrastructure repairs
-  Need for Mingus wastewater plant repairs and improvements

Temporary solution

-  Borrow from the water utility for a short term
-  Compensate water utility for a reasonable interest rate

Permanent solution

-  Have the rate study set the rates where they need to be
-  Eliminate the smoothing process

Future Meetings

 June 6th Public Hearing & Tentative budget adoption

 June 20th Public Hearing & Final budget adoption

 Questions????