

*CITY OF COTTONWOOD  
FY 2011 Budget Overview*



*City Council Chambers  
May 25 2010 @ 6:00 p.m.*



# *Topics of Discussion*

-  *Glossary*
-  *FY 2011 Budget Summary*
-  *Grant Opportunities*
-  *Revenues – Bad News - Good News*
-  *Funding outside agencies*
-  *Financing needs*
-  *Reserve Funds status*
-  *State of Arizona*
-  *Questions*



# *Glossary*



# Glossary of Acronyms

-  ADOT – Arizona Department of Transportation
-  ADEQ – Arizona Department of Environmental Quality
-  ASRS – Arizona State Retirement System
-  AZ - Arizona
-  CAF – Capital Accumulation Fund
-  CATS – Cottonwood Area Transit System
-  CDBG – Community Development Block Grant
-  CIP – Capital Improvements Plan/Program
-  COLA – Cost Of Living Adjustment
-  DOJ – Department of Justice
-  DPS – Department of Public Safety
-  DS – Debt Service
-  DUI – Driving Under the Influence



# Glossary of Acronyms

-  E-MOD – Experience Modifier
-  EMS – Emergency Medical Services
-  FAA – Federal Aviation Administration
-  FmHA – Farmers Home Administration
-  FY – Fiscal Year
-  GADA – Greater Arizona Development Authority
-  GF - General Fund
-  GOHS – Governor’s Office of Highway Safety
-  HURF – Highway User Revenue Fund
-  IGA – Inter-Governmental Agreement
-  IT – Information Technology
-  LP – Lease Purchase
-  MPC – Municipal Property Corporation



# Glossary of Acronyms

-  MP Room – Multi Purpose Room
-  O&M – Operation & Maintenance
-  Pe&Z – Planning & Zoning
-  PANT – Prescott Area Narcotics Taskforce
-  PSPRS – Public Safety Personnel Retirement System
-  SAFER – Staffing for Adequate Fire and Emergency Response
-  SCBA – Self Contained Breathing Apparatus
-  Sp Ops – Special Operations
-  SRO – School Resource Officer
-  VLТ – Vehicle License Tax
-  WIFA – Water Infrastructure Finance Authority
-  WWTP – Wastewater Treatment Plant
-  YC – Yavapai County



*FY 2011 Budget Summary*



# Budget Summary - Highlights

 *Current combined FY 2011 budget*                      \$102,980,045

 *FY 2010 – Final Budget -*    \$132,562,405

 *FY 2010 – Revised Budget -* \$68,678,530

 *No new staffing or reclassifications*

 *Major programs*

 *1<sup>st</sup> full year of the Cottonwood Recreation Center*

 *1<sup>st</sup> full year of the S.A.F.E.R. Grant for 12 firefighters*

 *Anticipated borrowings (may change after capital meetings)*

 *HURF*    \$3,750,000

 *Refunding 2004/06 MPC Water Bonds*        \$36,910,000



# Budget Summary - Highlights

 *No Cost Of Living Adjustment (COLA)*

 *Continued strategic position freezes*

 *Delayed filling of vacancies (case by case basis)*

 *Possible elimination through attrition to produce efficiencies and eliminate duplication of work or duties*

 *Merit Program not funded this fiscal year*

 *\$450,000 reserve set aside*

 *Will review in December*

 *No health insurance cost shift to employees*

 *Reserve the right to adjust during the year*



# Budget Summary - Highlights

-  *ASRS contributions increased 9.40% to 9.85%*
-  *Workman's Comp e-mod has decreased from .95 to .94*
-  *PSPRS– Fire contribution rates increased 13.37% to 14.55%*
-  *PSPRS– Police contribution rates increased 20.07% to 21.94%*
-  *Maintaining our current reserve policies*
-  *Added reserves for:*
  -  *Recreation Center O&M*
  -  *Possible delayed merit program funding*
-  *Some <\$35k capital outlay will be programmed but delayed to later in the fiscal year*



# Budget Summary - Challenges

-  *Local, state, & national economy still struggling*
-  *Local sales tax is estimated to be down 6%*
-  *Health insurance premiums increased roughly 7.5%*
-  *Capital & staffing needs continue to increase dramatically*
-  *Proper compensation is still lacking throughout the organization*



# *Budget Summary – Challenges*

*Frozen Positions - \$436,767*

 <i>Library Youth Coordinator</i>	<i>\$44,887</i>
 <i>Library Clerk</i>	<i>34,294</i>
 <i>Accounting Technician (PR/AP)</i>	<i>39,574</i>
 <i>Court Clerk</i>	<i>37,199</i>
 <i>Building Maintenance Worker</i>	<i>37,120</i>
 <i>Building Maintenance Specialist II</i>	<i>37,120</i>
 <i>(2) Parks &amp; Recreation Coordinator</i>	<i>108,330</i>
 <i>Street Maintenance Worker</i>	<i>30,742</i>
 <i>CAT route driver</i>	<i>36,759</i>
 <i>Utility Technician</i>	<i>30,742</i>



# *Grant Opportunities*



# Grant Requests – General Fund

 GOHS Grant	DUI Command Vehicle	\$29,400	100%
 YC Community Foundation	K9	\$2,000	100%
 PANT	Taskforce	\$40,000	100%
 SRO	Resource Officer	\$35,000	100%
 Homeland Security Grant		\$51,040	100%
 S.A.F.E.R. Grant		\$416,100	80%



# *Grant Requests – Special Revenue Funds*

 <i>Transit Grants CAT operations/capital</i>	<i>\$2,040,205</i>
 <i>Federal</i>	<i>1,441,775</i>
 <i>Farebox &amp; IGAs</i>	<i>190,575</i>
 <i>General Fund Sales Tax</i>	<i>407,855</i>

*WE will be reviewing this budget due to its substantial impact on the General Fund and HURF.*

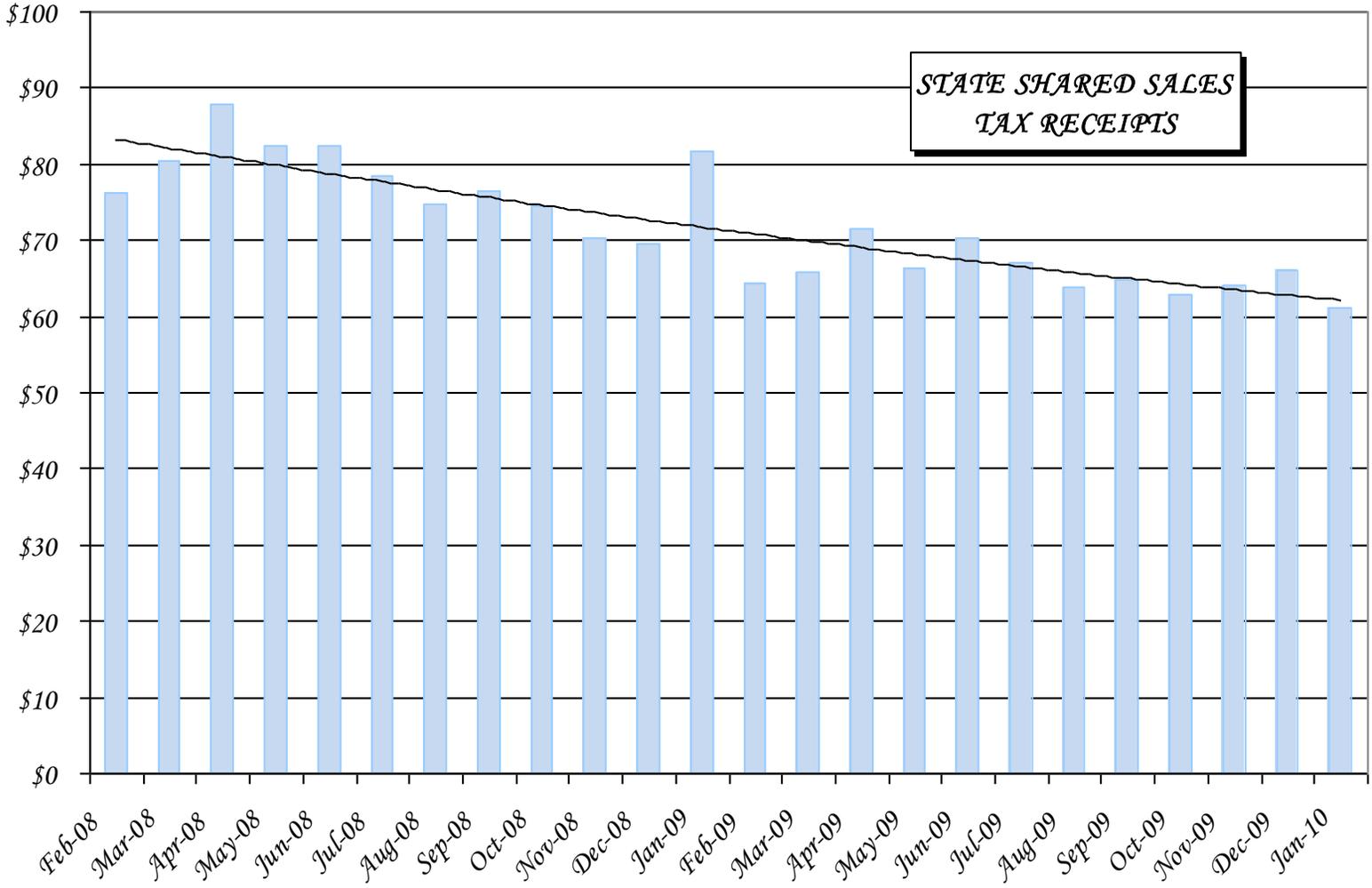
*They are subject to the same budgetary constraints as all other departments.*



*Revenues*  
*Bad News – Good News*



Thousands



**STATE SHARED SALES  
TAX RECEIPTS**

2007                      2008                      2009                      2010 est.                      2011 est.

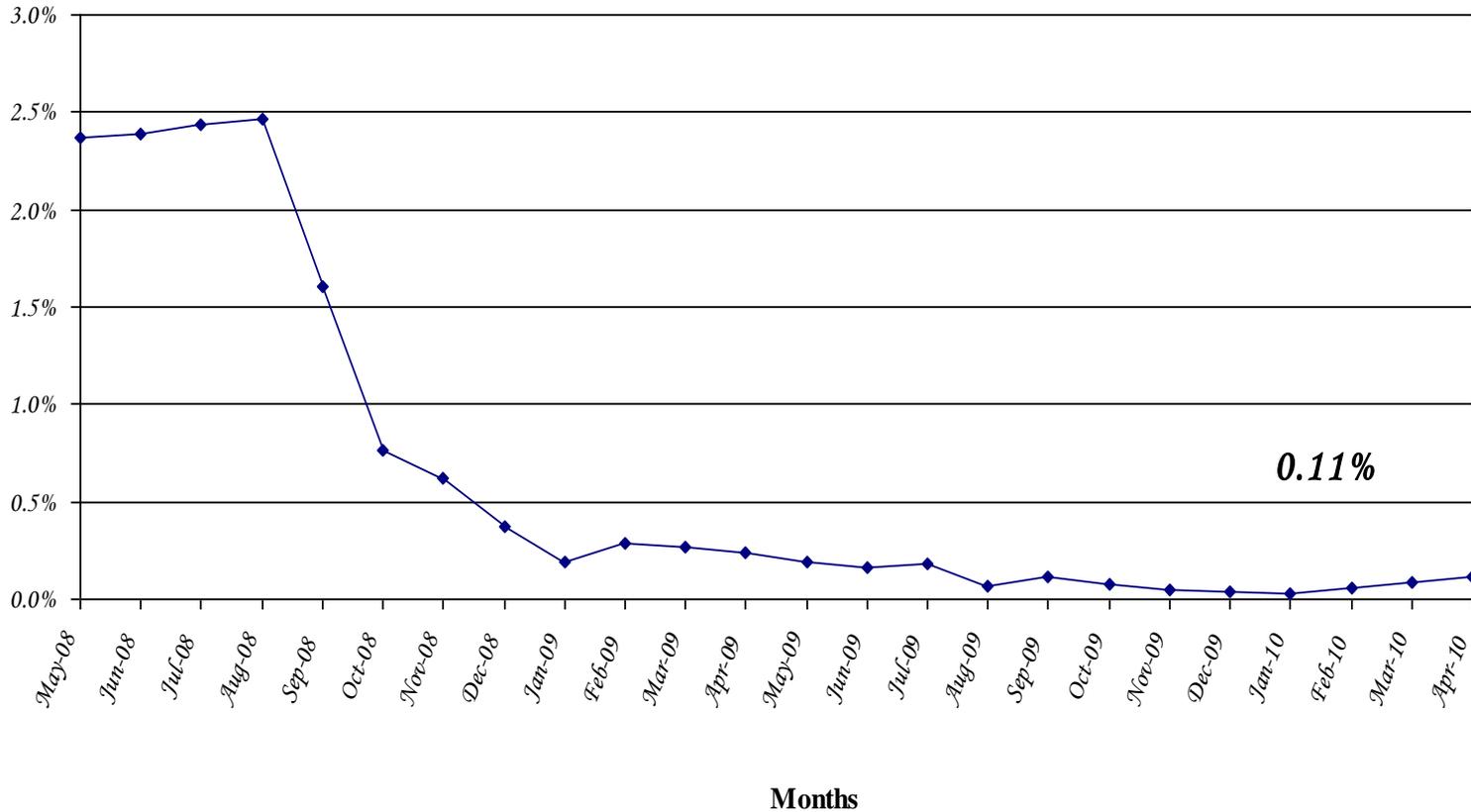
*Shared Sales Tax*                      \$1,032,214                      \$998,077                      \$864,056                      \$834,925                      \$814,742



*LOCAL GOVERNMENT INVESTMENT POOL - LGIP*

*Current Yields*

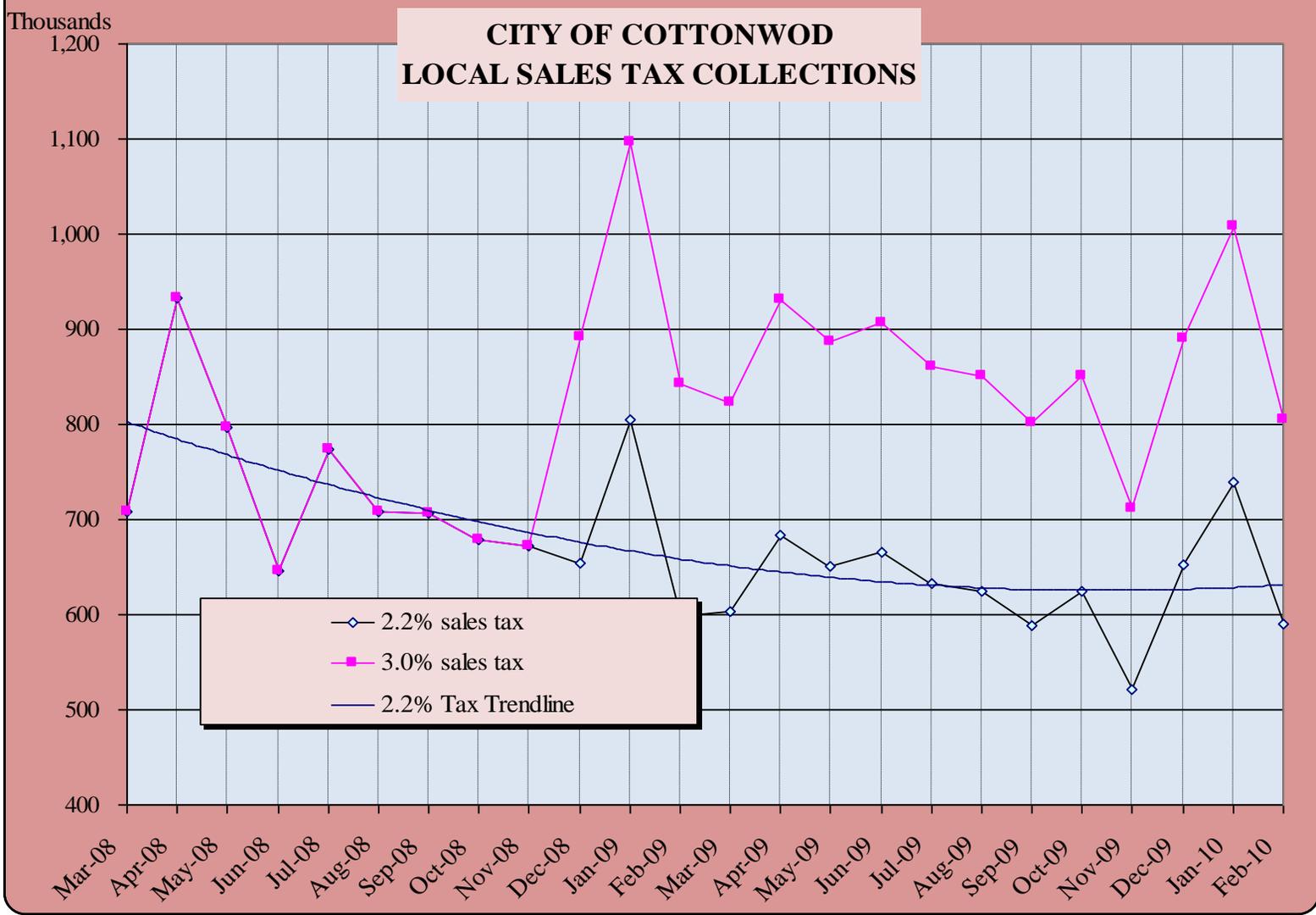
*Yield*



<i>Investment</i>	<i>2007</i>	<i>2008</i>	<i>2009</i>	<i>2010 est.</i>	<i>2011 est.</i>
<i>Revenue</i>	\$1,079,902	\$1,403,868	\$1,701,210	\$396,392	\$237,400



**CITY OF COTTONWOD  
LOCAL SALES TAX COLLECTIONS**

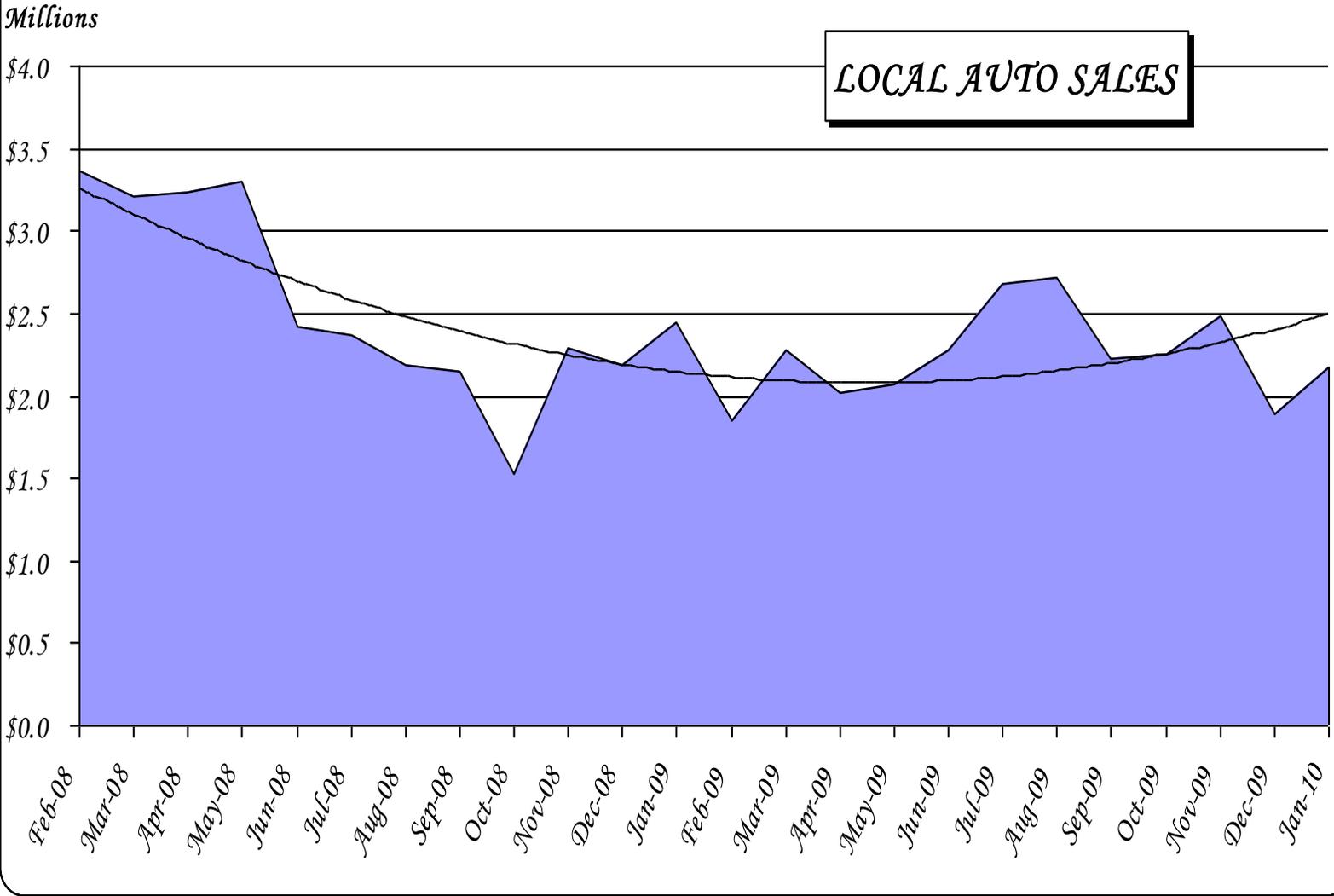


2007                      2008                      2009                      2010 est.                      2011 est.

*Local Sales Tax*    \$9,853,864    \$10,102,433    \$10,041,514    \$9,599,973    \$9,023,975



**LOCAL AUTO SALES**



2007                      2008                      2009                      2010 (thru 01/10)

Car Sales                      \$55M                      \$38.8M                      \$25.7M                      \$16.4M (+8.3%)



# *Funding Outside Agencies*



## *Funding Outside Agencies*

- *Core Services – organizations providing a core or mandatory service on behalf of the City, that the City would otherwise have to provide.*
- *Value Added Benefit Services – organizations providing an ongoing service that provides a value added benefit to the community, though not mandatory, would probably be provided by the city in some manner.*
- *Program Funding – organizations, not considered providing the services described above, seeking funding for a specific program, or event.*
- *Building Better Community Grants ?*



# *Funding Outside Agencies*

<u><i>Organization</i></u>	<u><i>FY 10 Revised</i></u>	<u><i>FY 11 Proposed</i></u>
• <i>Old Town Association</i>	<i>\$10,000</i>	<i>\$10,000</i>
• <i>Senior Center</i>	<i>\$45,000</i>	<i>\$45,000</i>
• <i>American Legion</i>	<i>\$2,500</i>	<i>\$2,500</i>
• <i>Humane Society</i>	<i>\$50,000</i>	<i>\$50,000</i>
• <i>Catholic Charities</i>	<i>\$15,000</i>	<i>\$15,000</i>

## *Changes to Funding Outside Agencies*

- *Quarterly reporting by any agency receiving funding*
- *Delayed reporting may result in non-payment for quarter*
- *All agreement will have clause pertaining to insufficient funding*



# *Financing Needs*



## *Refunding the MPC Bonds*

*July 1, 2010 - 2004 & 2006 MPC \$34,175,000*

*- City of Cottonwood \$27,840,010*

*- Town of Clarkdale \$6,334,990*

 *Water Infrastructure Finance Authority – WIFA*

 *Goes into an escrow account until November 2016*

 *Clarkdale will also get a WIFA loan for their portion*

 *Cuts the final link to the Clarkdale Water System*



# *Water Infrastructure Finance Authority*

 <i>FY 2011</i>	<i>\$36,910,000</i>
 <i>City of Cottonwood</i>	<i>\$27,840,010</i>
 <i>Water</i>	<i>\$3,000,000</i>
 <i>Water</i>	<i>\$6,069,990</i>
 <i>Reimbursement for Foxworth Building – Water Portion</i>	
 <i>Well acquisitions reimbursements</i>	
 <i>Spring Creek Water Co.</i>	
 <i>Quail Canyon Water Co.</i>	
 <i>System wide well improvements</i>	



# *Additional Borrowing Needs – FY 2011*

-  *Street construction* *\$3.7M*
-  *W. Mingus Ave. Reconstruction*
  -  *12<sup>th</sup> St. Reconstruction (Fir to 89A)*
-  *Fire Truck funded by .2% excess sales tax \$500,000*
-  *Other possible lease purchase for needed vehicles and equipment*



# *Reserve Funds Status*



# General Fund Reserves Status

 60 days Reserve Coverage	\$1,996,400
 FY2010 - \$2,186,060	
 Capital Accumulation Fund – CAF	\$1,000,000
 Undesignated Reserves	\$100,000
 1.0% Sales Tax General Fund Capital	\$853,330
 0.2% Sales Tax Public Safety Capital Fund	\$236,080
 Recreation Center O&M Reserves	\$221,745
 <u>Reserves for Employee Merit Program</u>	<u>\$450,000</u>
Total Reserves	\$4,857,555



*State of Arizona*



# *State Items That Could/May Affect Municipalities*

-  *Loss of LTAF funding for C.A.T. - \$70,000*
-  *1% state sales tax effects*
-  *Continuing Impact Fee Issues*
-  *Government Transparency-Political Subdivisions*
  -  *Unfunded mandate requiring cities and towns to post expenditures over \$5,000 on the website – format unknown*
  -  *This is a test case is before the state*
  -  *Initial estimated costs to set up was nearly \$1,000,000 plus continued on-going costs*



# Questions

 *Next meeting is tomorrow May 26<sup>th</sup> at 2:00 p.m*

 *June 3<sup>rd</sup> meeting will be at 6:00 p.m.*

 *June 8<sup>th</sup> meeting will be at 6:00 p.m.*

