



*CITY OF  
COTTONWOOD  
FY 2012 Proposed Budget  
Overview*

*City Council Chambers  
June 6, 2011 @ 2:00 P.M.*

## *Topics of discussion*

- *Glossary of Acronyms*
- *Wow ! What happened?*
- *FY 2012 Budget Summary*
- *Major Revenues Update*
- *Funding Outside Agencies*
- *Water Rates*
- *Financing Needs*
- *Reserve Funds Status*
- *State of Arizona*
- *Future Meetings & Questions*



# *Glossary of Acronyms*



# Glossary of Acronyms

- ADOT – Arizona Department of Transportation
- ADEQ – Arizona Department of Environmental Quality
- ASRS – Arizona State Retirement System
- ADWR – Arizona Department of Water Resources
- 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
- LTAF – Local Transportation Assistance Fund
- MPC – Municipal Property Corporation



# Glossary of Acronyms

- MP Room – Multi Purpose Room
- O&M – Operation & Maintenance
- P&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
- VLT – Vehicle License Tax
- WIFA – Water Infrastructure Finance Authority
- WWTP – Wastewater Treatment Plant
- YC – Yavapai County



*Wow! What happened?*



## Wow! What happened?

- *Current combined FY 2012 budget*      \$110,916,805
  - *FY 2011 – Final Budget* - \$100,876,915
  - *FY 2011 – Revised Budget* - \$60,969,902

<i>Adopted vs Revised</i>			
<i>FY</i>	<i>Budget</i>	<i>Revised</i>	<i>Diff</i>
2004	54,777,312	26,117,710	(28,659,602)
2005	66,844,263	43,566,815	(23,277,448)
2006	70,848,170	58,187,340	(12,660,830)
2007	57,529,125	41,534,840	(15,994,285)
2008	86,539,475	78,172,895	(8,366,580)
2009	88,545,340	77,346,715	(11,198,625)
2010	132,562,405	68,688,930	(63,873,475)
2011	100,876,915	60,969,920	(39,906,995)



# Wow! What happened?

- *Grants*
  - *General Fund* \$848,630
  - *Airport* \$277,995
  - *Other Grants / CDBG* \$850,000
- *Financing Options*
  - *HURF* \$4,475,000
  - *Wastewater* \$4,000,000
  - *Water* \$36,910,000
- *Reserves*
  - *General Fund* \$4,264,635
  - *HURF* \$1,150,195
  - *Wastewater* \$6,135,000
  - *Capital* \$4,541,660
  - *Debt Service* \$1,211,080
  - *Water* \$5,357,125
  - *Others* \$360,520



# *FY 2012 Budget Summary*



# 2012 Budget Summary - Personnel

Job Description	Requested Range	Est. Salary	Benefits	Est. Annual Costs
Assitant Fire Chief	53	\$57,641	\$14,410	\$72,051
Recreation Center Custodial Maintenance Worker	24	\$28,167	\$7,042	\$35,209
Public Works and Utility Maintenance Specialist	28	\$31,091	\$7,773	\$38,864
		\$116,899	\$29,225	\$146,124

*Currently no additional staffing in the budget though the Public Works & Utility Maintenance Specialist is in discussions*

*Reclassifications aren't budgeted but will be handled through a compensation study already programmed in the budget.*



RECLASSIFICATIONS						
Job Description	Current Range	Requested Range	Current Salary	New Salary	Est Increase Benefits	Est. Annual Costs
Accounting/Budget Manager	42	50	\$58,962	\$58,962	\$0	\$0
Utility Admin Manager	47	50	\$59,148	\$59,148	\$0	\$0
Human Resource Manager	40	50	\$42,660	\$42,660	\$0	\$0
IT Technician	42	50	\$50,589	\$0	\$0	\$0
IT Manager						
Recreation Manager	46	48	\$56,573	\$56,573	\$0	\$0
Operations Manager	43	48	\$57,198	\$57,198	\$0	\$0
Bldg. & Ground Maintenance Manager	37	48	\$53,994	\$53,994	\$0	\$0
Bldg, Streets & Grounds Maint.						
Communications Supervisor	30	44	\$48,177	\$53,847	\$1,418	\$7,088
Communications Supervisor	30	42	\$46,289	\$51,253	\$1,241	\$6,205
Communications & Information						
Evidence Technician	26	32	\$39,136	\$43,050	\$979	\$4,893
Property and Evidence Technician						
						\$18,185

## *2012 Budget Summary - Personnel*

- *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*
- *One time 2.5% discretionary pay to all employees not added to their base salary is programmed for FY 2011 to be paid this month*
- *Merit Program fully funded this fiscal year*
  - *\$390,000 reserve set aside*



## 2012 Budget Summary - Personnel

- Health insurance premiums increased roughly 7.0%
- No health insurance cost shift to employees
  - Reserve the right to adjust during the year
- Changes to the ASRS Contribution formulas – 10.75%



	<i>Retirement Pension &amp; Health Insurance Benefit</i>	<i>Long Term Disability Income Plan</i>	<i>Total</i>
<i>Employee (53%)</i>	<i>11.13%</i>	<i>0.26%</i>	<i>11.39%</i>
<i>Employer (47%)</i>	<i>9.87%</i>	<i>0.23%</i>	<i>10.10%</i>
<i>Employer (+3%) (to State GF)</i>	<i>0.63%</i>	<i>0.02</i>	<i>0.65%</i>

## *2012 Budget Summary - Personnel*

- *Workman's Comp e-mod – 3% increase*
  - *FY 2012 increase - .98 to 1.01*
- *PSPRS Fire – 2.2% decrease*
  - *FY 2012 decrease - 14.55% to 12.35%*
- *PSPRS Police – 1.26% increase*
  - *FY 2012 increase - 21.94% to 23.20%*



# 2012 Budget Summary

- *New Programs*

- *Thunder Valley Rally*
- *Brian Mickelsen Full Marathon*
- *AZ Centennial Celebration*
- *Emergency Notification System (reverse 911)*

- *NAIPTA Funding*

– *Requested*                      \$375,809                      *Funding* \$219,800



<i>FY 2008</i>	<i>\$156,340</i>
<i>FY 2009</i>	<i>\$258,308</i>
<i>FY 2010</i>	<i>\$243,104</i>
<i>FY 2011 est</i>	<i>\$237,701</i>
<i>FY 2012 est</i>	<i>\$219,800</i>

*Cottonwood has already given \$214,800 to NAIPTA to establish a fund balance to assist with covering costs while waiting for state reimbursement*

## 2012 Budget Summary

- *Current reserve policies are being maintained*
- *<\$35k capital outlay is programmed but will be delayed until after the 1<sup>st</sup> of calendar year*
- *Local, state, & national economy still struggling*
- *Local sales tax is budgeted for a breakeven*
- *Capital & staffing needs continue to increase dramatically*
- *Proper compensation is still lacking throughout the organization, however, a compensation study is programmed for FY 2012*

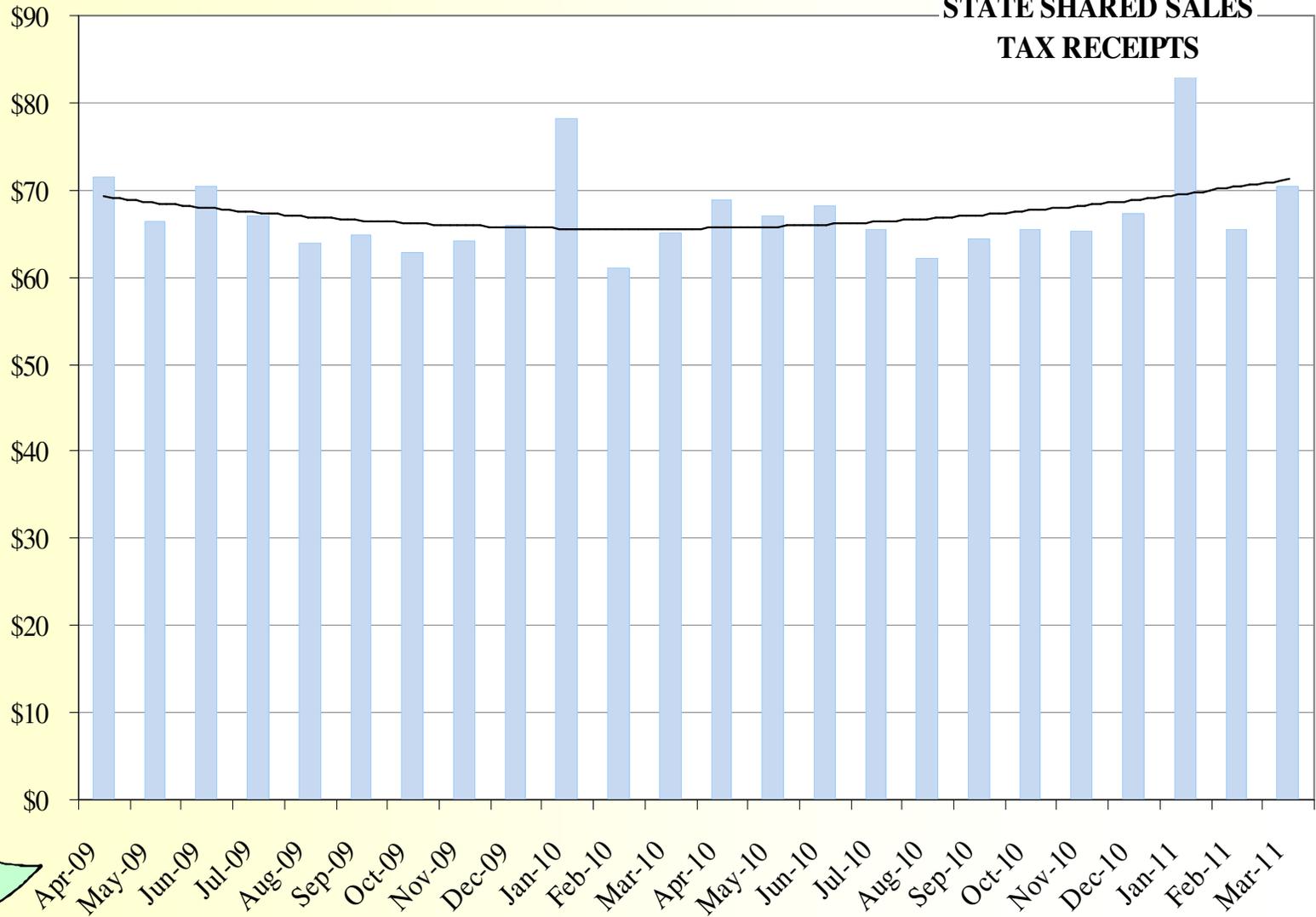


# *Major revenues update*

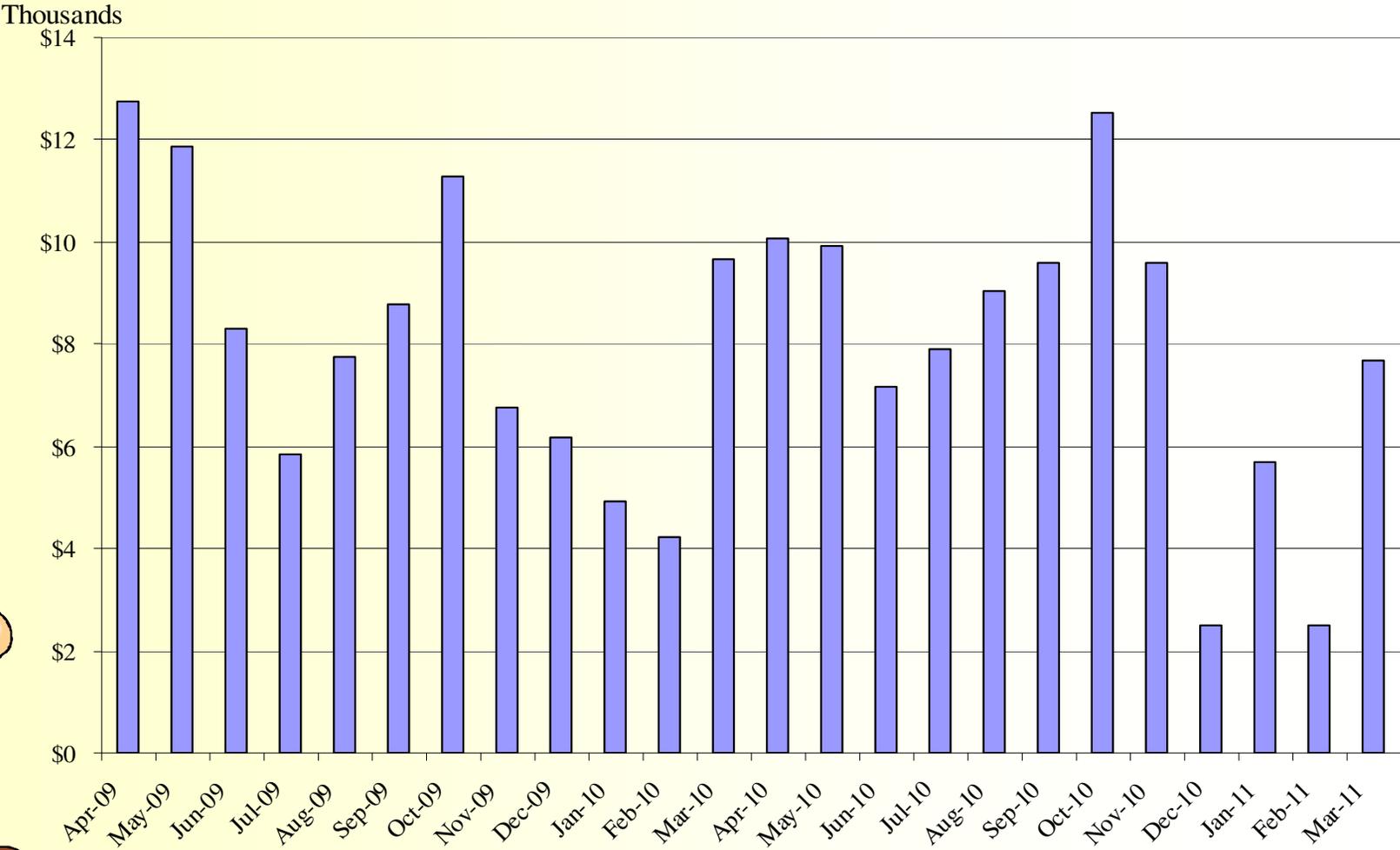


Thousands

### STATE SHARED SALES TAX RECEIPTS

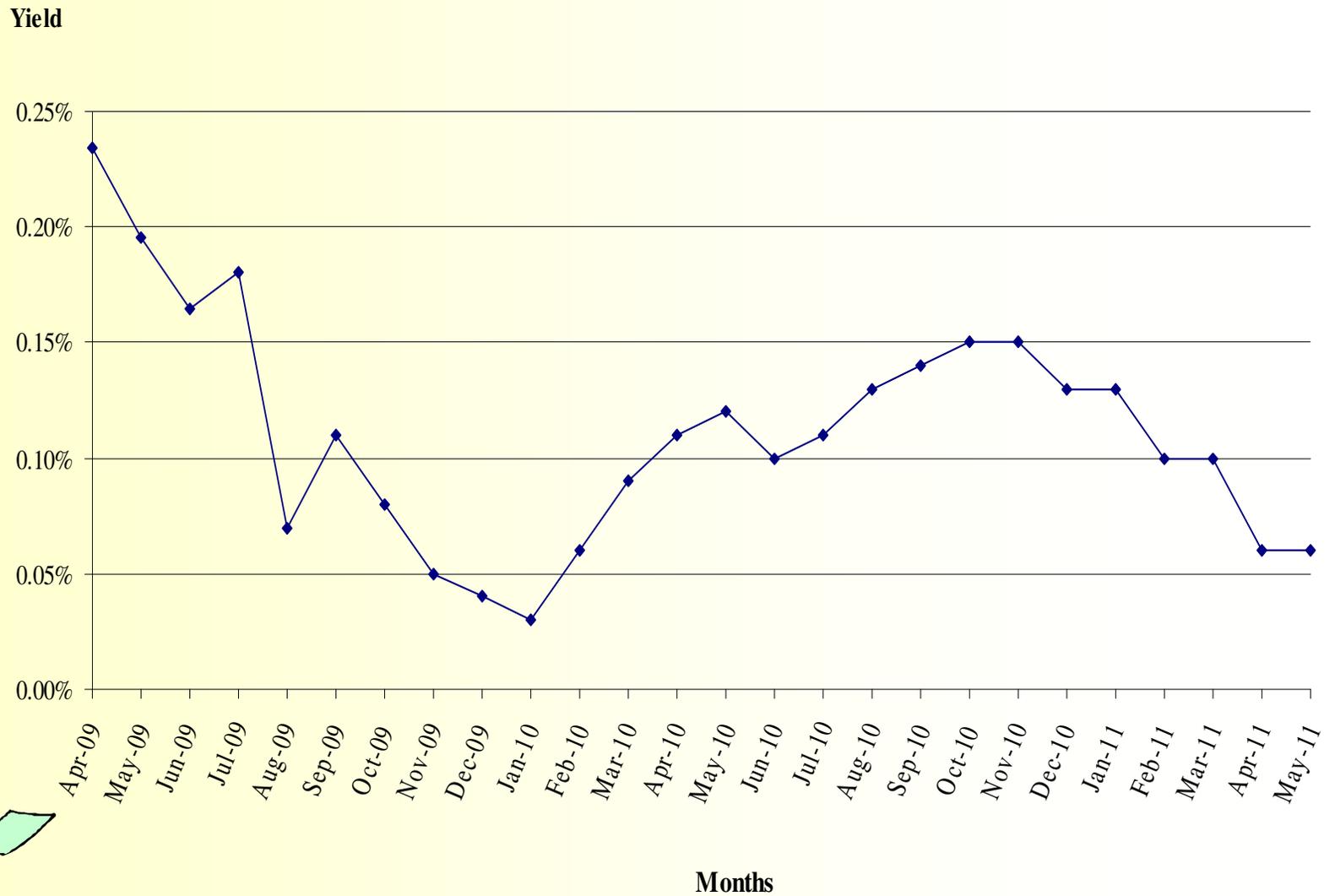


# Hotel Occupancy Tax Bed Tax



# LOCAL GOVERNMENT INVESTMENT POOL - LGIP

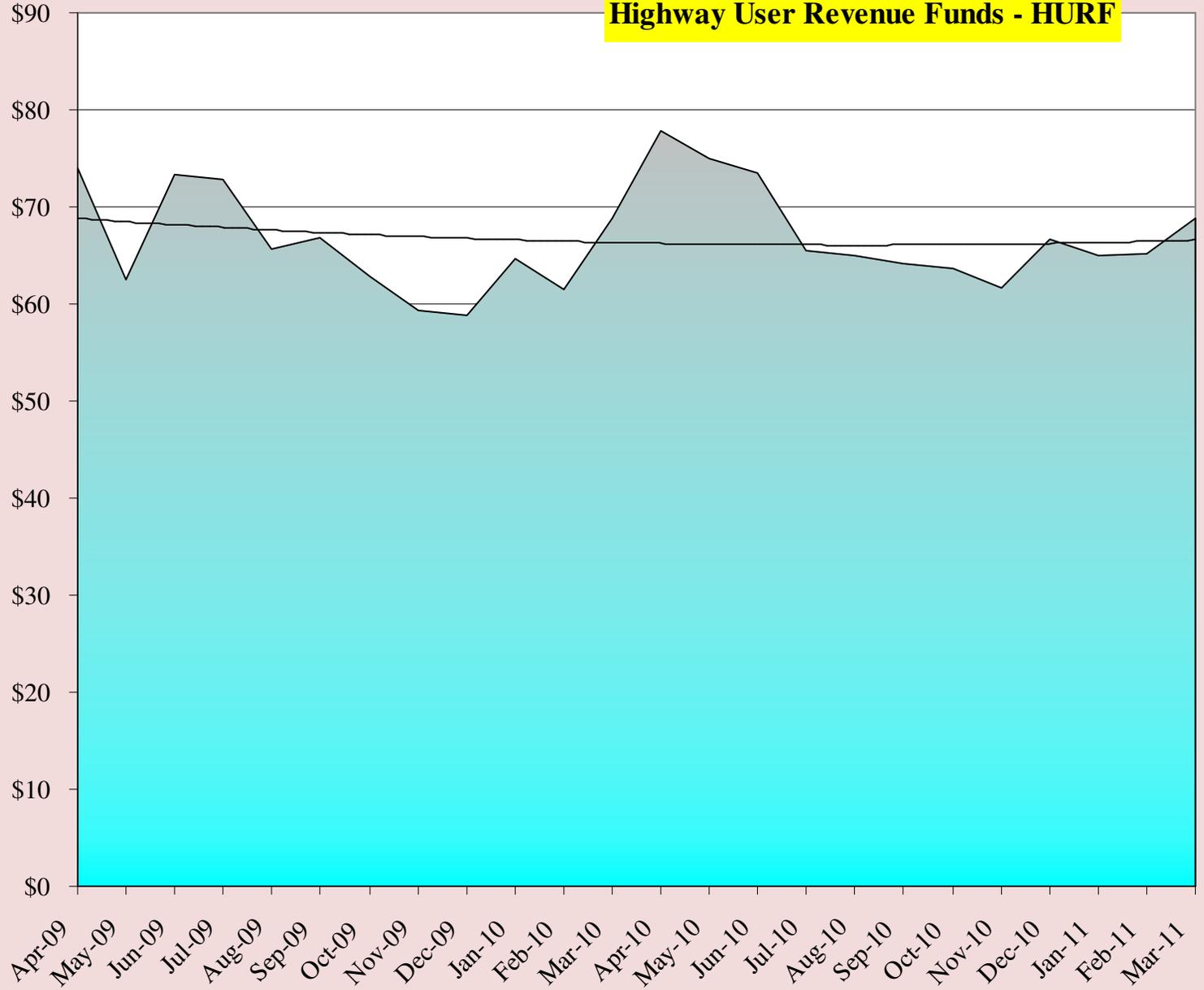
## Current Yields





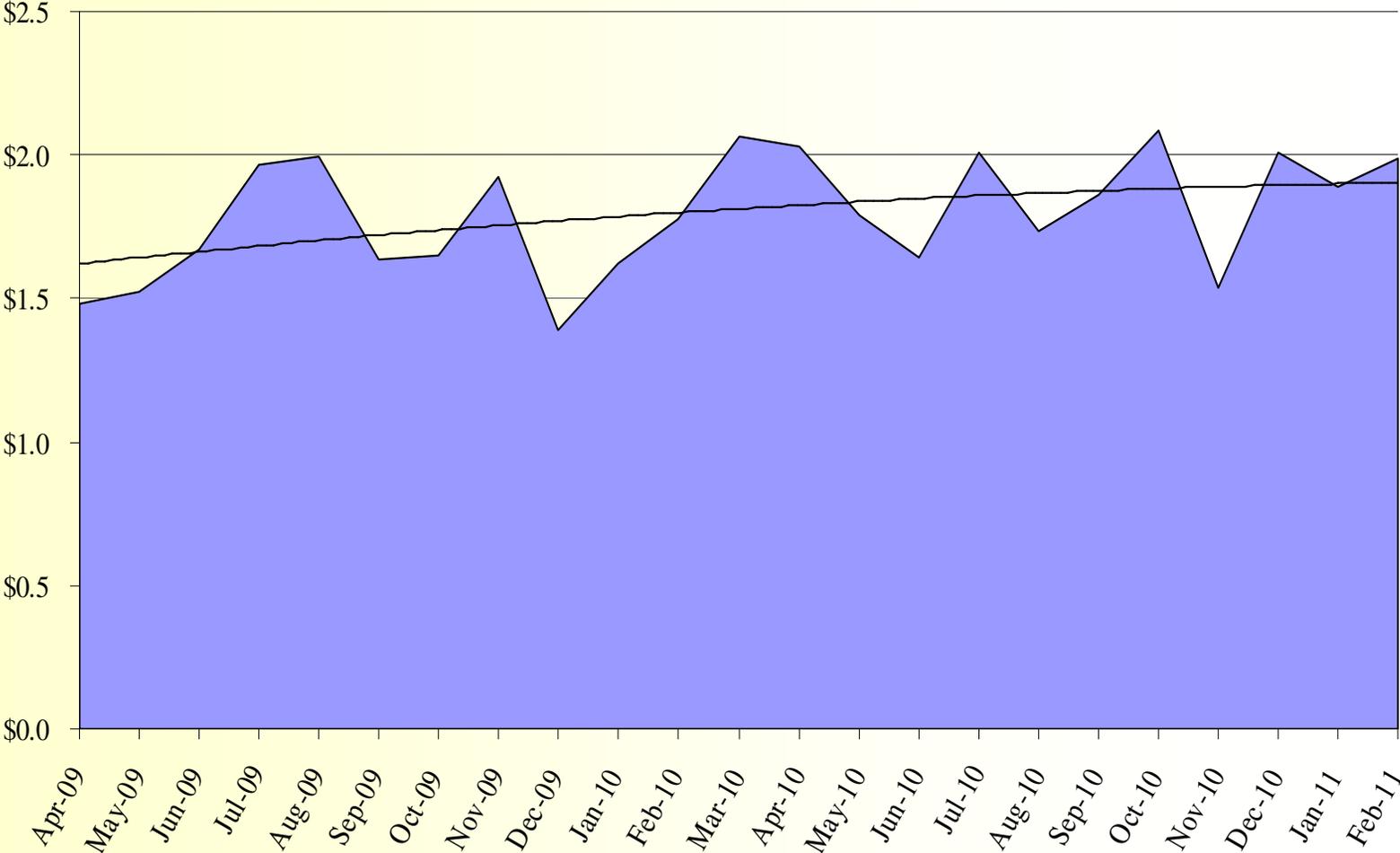
Thousands

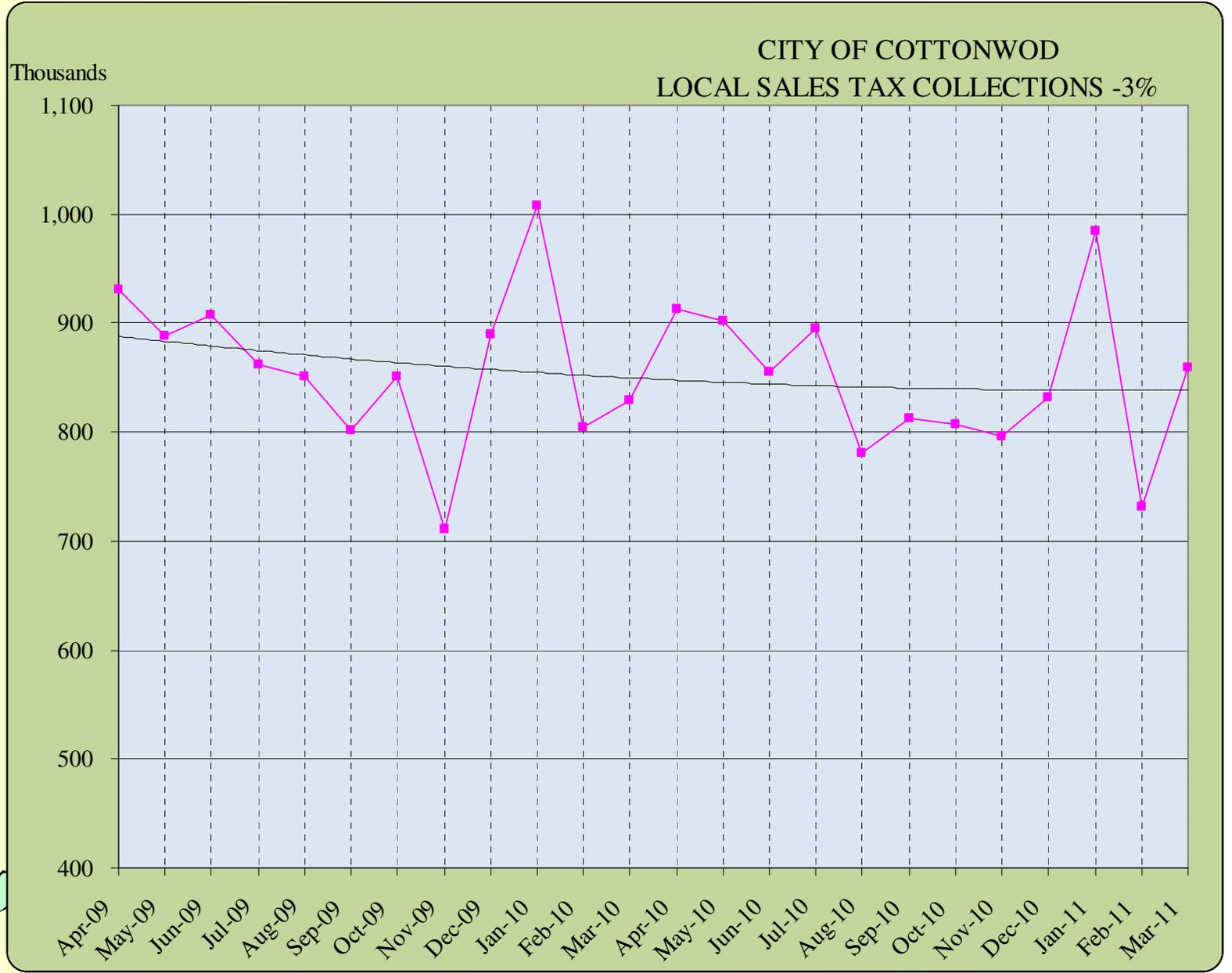
**Highway User Revenue Funds - HURF**



# AUTO SALES

Millions





# *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 Service – 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*

- *Quarterly Reporting*
- *Delayed Reporting results in non-payment for the quarter*
- *All agreements have a insufficient funding clause*



<i>Organization</i>	<i>FY 2011</i>	<i>FY 2012</i>
<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>Veterans Van</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>

# *Water & Sewer Rates*



## *Water & Sewer Rates*

- *Need for rate changes*
  - *Downgrade by Moody's from A3 to Baa1*
  - *Lack of Debt Service Coverage*
    - *Should be 1.35X*
    - *Currently trending a 1.07X*
  - *Moody's statement is on-line*
- *Rate change presentation will be handled in the July - August time frame*
- *Both Water and Sewer will presented at the same time*



# *Financing Needs*



## *Financing Needs*

<i>General Fund</i>	<i>\$670,000</i>	<i>Lease Purchase</i>	<i>Fire Truck and Police units</i>
<i>HURF</i>	<i>\$4,475,000</i>	<i>possible MPC bond</i>	<i>12<sup>th</sup> Street and Mingus Street Improvements</i>
<i>Wastewater</i>	<i>\$4,000,000</i>	<i>WIFA or Revenue Bond</i>	
<i>Water</i>	<i>\$36,910,000</i>	<i>Refinancing</i>	<i>2004 &amp; 2006 MPC Revenue bonds</i>



*These are anticipated borrowings and will be removed from the budget during the FY 2013 budget revision if not used.*

# *Reserve Funds Status*



## *Revenue Funds Status*

- *60 days coverage* *\$2,108,300*
- *Capital Accumulation Fund* *\$1,000,000*
- *Undesignated Reserves* *\$100,000*
- *1% Sales Tax G F Capital* *\$777,240*
- *0.2% Sales Tax PS Captial Fund* *\$279,095*
- *Reserves for Employee Merit Program* *\$390,000*



# *The State of Arizona*



## *State Items that affect Cottonwood*

- *Continuing Impact Fee Issues*
- *Government Transparency – Political Subdivisions*
  - *Cottonwood is working to upgrade its municipal information systems to comply with this unfunded mandate*
  - *State of Arizona is currently a test case for this legislation*
- *Continued pressure to take State Shared Revenues and shift costs to local governments*



- *HURF raid for DPS \$30,100 & MVD \$62,600*
- *Department of Water Resources cost shift to local governments \$16,300*
- *LTAf elimination \$40,000 - \$70,000*

## *Future Meetings*

- *Wednesday, June 8<sup>th</sup> at 9 a.m.*
- *Monday, June 13<sup>th</sup> at 2:00 p.m.*
- *Tuesday, June 14<sup>th</sup> at 6:00 p.m. (if necessary)*



*QUESTIONS????*