



# *CITY OF COTTONWOOD*

*FY 2013 Proposed Budget Overview*

*City Council Chambers May 21, 2012 @ 9:00 A.M.*



# *Topics of discussion*

- *Smoke & Mirrors?*
- *FY 2012 Budget Summary*
- *Major Revenues Update*
- *Funding Outside Agencies*
- *Water Rates*
- *Financing Needs*
- *Reserve Funds Status*
- *Future Meetings & Questions*



# Smoke & Mirrors?

*Current combined FY 2013 budget* *\$72,606,740*

## *Adopted vs Revised*

<i>FY</i>	<i>Budget</i>	<i>Revised</i>	<i>Difference</i>
<i>2004</i>	<i>54,777,312</i>	<i>26,117,710</i>	<i>(28,659,602)</i>
<i>2005</i>	<i>66,844,263</i>	<i>43,566,815</i>	<i>(23,277,448)</i>
<i>2006</i>	<i>70,848,170</i>	<i>58,187,340</i>	<i>(12,660,830)</i>
<i>2007</i>	<i>57,529,125</i>	<i>41,534,840</i>	<i>(15,994,285)</i>
<i>2008</i>	<i>86,539,475</i>	<i>78,172,895</i>	<i>(8,366,580)</i>
<i>2009</i>	<i>88,545,340</i>	<i>77,346,715</i>	<i>(11,198,625)</i>
<i>2010</i>	<i>132,562,405</i>	<i>68,688,930</i>	<i>(63,873,475)</i>
<i>2011</i>	<i>100,876,915</i>	<i>60,969,920</i>	<i>(39,906,995)</i>
<i>2012</i>	<i>78,422,500</i>	<i>63,545,380</i>	<i>(14,877,120)</i>



# *FY 2013 Budget Summary*

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# 2013 Budget Summary - Personnel

## RECLASSIFICATIONS

Dept	Job Description	Old Range	New Range	Current Salary	New Salary	% Inc	Add'l Benefits	Extra costs
Fire	Interim Fire Lieutenant - Fire Lieutenant	43	48	55,911	55,911	0.00%	-	\$0
Fire	Interim Fire Lieutenant - Fire Lieutenant	43	48	64,777	64,777	0.00%	-	\$0
Fire	Interim Fire Lieutenant - Fire Lieutenant	39	48	47,826	48,520	1.45%	174	\$868
Fire	Interim Engineer/Firefighter - Engineer/Firefighter	39	43	50,296	50,775	0.95%	120	\$599
Fire	Interim Engineer/Firefighter - Engineer/Firefighter	39	43	52,057	52,553	0.95%	124	\$620
Fire	Certified Paramedics (1)				4,500		861	\$5,361

Total Reclassifications \$7,447

- Currently no additional staffing is in the budget
- 5 reclassifications & 1 Paramedic Certification pay were approved.
- There were also 3 reclassification requests that were not approved.
  - The decision was to let the compensation study deal with it



# *2013 Budget Summary - Personnel*

- *No Cost Of Living Adjustment (COLA)*
- *Some positions are still frozen*
- *Compensation Study will be underway soon*
- *Reserves set at \$830,000 to fund the study*
- *Merit program fully funded this fiscal year*



# 2013 Budget Summary - Personnel

- *Health insurance premiums increased by 5.0%*
- *No health insurance cost shift to employees*
  - *Reserve the right to adjust during the year*
- *ASRS Contribution formulas back to 50/50*



# 2013 Budget Summary - Personnel

- *Arizona State Retirement – 1.04% increase*
  - *FY 2012 – 10.1% to 11.14%*
- *PSPRS Fire – 2.28% increase*
  - *FY 2012 - 12.35% to 14.63%*
- *PSPRS Police – 1.7% increase*
  - *FY 2012 – 23.2% to 24.9%*

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# 2013 Budget Summary

- *New Programs*
  - *Weed Abatement*
  - *Street Sweeping Contract*
  - *Solid Waster Transfer Station*
  - *HVAC Service Contract*
  
- *CAT / Verde LYNX*



# 2013 Budget Summary

- *Current GF 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 showing small signs of improvement*
- *Local sales tax is budgeted for small increase*
- *Proper compensation will be addressed in FY 2013 through a compensation study programmed this year*



# *Major revenues update*

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Revenue		Fiscal Year			Highest	
Source	Notes	2011	2012	2013	Collection	Year
Local Sales Tax	1	10,319,948	10,624,870	10,784,245	10,102,433	2008
State Shared Income Tax	2	1,057,034	950,815	1,150,590	1,623,403	2009
State Shared Sales Tax		833,600	863,590	941,980	1,032,214	2007
Motor Vehicle Tax		582,707	598,165	585,369	695,836	2006
Bed Tax		101,677	104,000	103,710	120,484	2009
Building Permits	3	91,084	97,080	99,780	547,891	2006
Interest Income	4	128,312	328,950	344,340	1,701,210	2009
HURF	5	806,386	702,707	794,143	979,659	2007

1 - Sales Tax highest number in 2008 was at the 2.2% rate

2 - These revenues are from collections in 2007 (pre-economic slowdown)

3 - Pre- economic slowdown

4 - During this time began to reduce our investments to pay the construction of:

- Recreation Center
- Pool Expansion
- Library Expansion
- Brian Mickelsen Parkway

5 - State won't give us our money



# *Funding Outside Agencies*

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# *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*

<i>Organization</i>	<i>FY 2012</i>	<i>FY 2013</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>\$1,000</i>	<i>\$2,500</i>
<i>Humane Society</i>	<i>\$40,000</i>	<i>\$40,000</i>
<i>Catholic Charities</i>	<i>\$10,000 - \$15,000</i>	<i>\$10,000 - \$15,000</i>

*These organizations will be presenting on Wednesday prior to wrap-up.*



# *Water & Sewer Rates*

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# *Water & Sewer Rates*

- *There is a possibility for rate changes*
  - *Lack of Debt Service Coverage*
    - *Should be 1.35X*
    - *At June 2011 it was 1.16X*
  - *Continue to look for efficiencies in both systems*
  - *Moody's & S&P statements are on-line*
- *Rate presentations will be scheduled in the June & July*
- *Both Water & Sewer will be presented simultaneously*
- *Any implementation is anticipated by October 1<sup>st</sup>*



# *Financing Needs*

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# Financing Needs

<i>General Fund</i>	<i>\$558,510</i>	<i>Lease Purchase</i>	<i>Capital Equipment</i>
<i>HURF</i>	<i>\$4,738,195</i>	<i>possible MPC bond</i>	<i>12<sup>th</sup> Street and Mingus Street Improvements</i>

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

*The refinancing of the Water Bonds are not in the budget since the decision was made to wait until the City got closer to the call dates of the bonds. That being November 2014 and January 2016*



# *Reserve Funds Status*

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# *Revenue Funds Status*

■ <i>60 Days Coverage</i>	<i>\$2,249,300</i>
■ <i>Capital Accumulation Fund</i>	<i>\$1,000,000</i>
■ <i>Undesignated Reserves</i>	<i>\$100,000</i>
■ <i>1% Sales Tax GF Capital</i>	<i>\$493,020</i>
■ <i>0.2% Sales Tax PS Capital Fund</i>	<i>\$121,170</i>
■ <i>Salary Plan Implementation</i>	<i>\$830,000</i>



# *Future Meetings*

- *Tuesday, May 22<sup>nd</sup> at 5 p.m.*
- *Wednesday, May 23<sup>rd</sup> at 5 p.m.*
- *Thursday, May 24<sup>th</sup> at 9:00 p.m. (if necessary)*

*Questions????*