

Fiscal Year 2020-21 Budget Development Guidelines *Revised April 24 2020*

INTRODUCTION

The development of budget guidelines is a best practice and supports **The Citywide Strategic Plan Goal, Innovative and High-Performing Organization**. One of the objectives of this goal is to promote **organizational sustainability**:

- Strategic Sustainability -- realistic vision and goals
- Program and Service Sustainability -- high-quality services and programs
- Personnel Sustainability – effective and reliable personnel
- Financial Sustainability – recurring revenues equal to recurring expenditures, adequate financial reserve and contingency planning.

The General Fund is the primary fund for the city and supports 22 of the 25 city departments including 1,905 employees.

The City Manager shall use the following **Budget Development Guidelines to prepare the FY 2020-21 Proposed Budget**.

OVERALL

The budget should prioritize funding based on the City's Strategic Plan, needs related to accommodate population growth, State and/or Federal mandates and initiatives consistent with the City Council's priorities; **however, funding needs related to Covid-19 may take precedence.**

REVENUES

For FY 2019-20, the two largest sources of revenue to support **General Fund** operations are local **property taxes (50.3%)** and local **sales taxes (31.8%)** representing 82.1% (**\$177.2M of the fund's \$215.8M budget**). Local property taxes also fully support the Debt Service Fund which accounts for the City's General Fund debt service obligations. The property tax appropriation for the **Debt Service Fund is \$38.2 million** for FY2019-20.

The City must use a strategic approach to balance the budget by assessing revenue enhancement opportunities and cost control. **The FY 2020-21 Budget must support the City's Strategic Plan and identify funding to enhance priority programs and services while considering potential revenue losses.**

- The tax rate for the General Fund will remain at the current rate of 30.80 cents (per \$100 assessed value) ~~unless the council determines that a tax rate increase above this amount is necessary to fund budget requests for important needs that can not be otherwise funded.~~

- Fund balance in the General Fund will not be projected to fall below **12.0%** ~~16.7%~~ at the end of FY 2020-21.
- **[New Item] Fund balance may be considered to cover projected revenue losses.**
- The tax rate for the **Debt Service Fund** will remain at the current rate of **11.00 cents** (per \$100 assessed value).
- The tax rate for the **Solid Waste Fund** will remain at the current rate of **5.59 cents** (per \$100 assessed value).
- The tax rate for the Dedicated Housing Fund will remain at 2.0 cents ~~increase to 3.51 cents~~ (per \$100 assessed value). ~~An increase of \$1.51 cents to cover debt for the Affordable Housing Bond.~~
- The tax rate for the **Transit Operating Fund** will remain at **3.75 cents** (per \$100 assessed value).
- **A reduction in the tax rate for the downtown Business Improvement District (BID) will be considered** from the current rate of 7.00 cents (per \$100 assessed value).
- The allocation for the **Half Penny For Parks Program** will remain at 1/2 cent of the proposed tax rate.
- **Non-recurring funds will not be directed toward recurring uses.**
- Proposed **water and sewer rate increases** will not exceed an average of **3.0%** ~~4.0%~~.
- **Fee adjustments** will be considered, as appropriate, to align fee revenues with cost of services for better cost recovery rates.
- Proposed increase in **Stormwater rates** for typical residential customer (tier 2) shall not exceed **\$0.50** per month.

EXPENDITURES

To balance expenditures against forecasted revenues, the City Manager will continue to monitor performance data to guide focused discussions with City departments regarding program and service priorities. This includes possible areas for elimination, reduction, reorganization, new partnerships, and/or alternative service delivery models that address the performance and efficiency of City programs.

- City employees are at the core of City services. One objective under the City's **Innovative & High Performing Organization Goal** is to **“cultivate a diverse, engaged, and healthy workforce dedicated to public service.”** Attracting, training and retaining a

competent, high quality workforce is essential to being a high performing organization. Therefore, we will continue to consider employee compensation adjustments as a priority. **The following pay and benefit components will be proposed:**

- **[New Item] As we move through the budget development process and fiscal year, pay adjustments for for full-time and part-time employees will be considered.**
 - ~~Pay for Performance (P4P) pay plan for General employees – 4.8% average (increase of .8% above FY 2019-20) Pay for Performance (P4P) increases may be considered for General employees.~~
 - ~~Pay Plan for sworn Police employees – 5.0% average.~~
 - ~~Pay Plan for sworn Fire employees – 5.0% average.~~
 - ~~Additional funding may be considered to support the recommendations for sworn Police and Fire Plan adjustments.~~
 - ~~Pay Plan for part-time employees – 3.5% average. Pay Plan increases for part-time employees will be considered after the end of the 2nd quarter of the fiscal year.~~
 - Supplemental Retirement -401(k) – **a reduction of the 5.0% city contribution may be considered.**
 - Medical Insurance for all employees - 9.0% average increase for the City
 - Dental insurance – 7% average increase for the City
 - 10.15% budgeted for employer contribution to the Local Government Employees' Retirement System (LGERs), a 1.20% increase over the FY2019-20 budget of 8.95%.
- The dedicated **street resurfacing funding** will remain at **\$6,000,000** for FY 2020-21, **and up to an additional \$4,000,000 from fund balance** will be considered for FY 2020-21.
 - Funding for the **Maintenance Replacement Project Plan** will remain at **\$1,000,000** be considered to increase by **\$100,000** from FY 2019-20 to **\$1,100,000** for FY 2020-21.
 - **Fleet replacement funding** for the General Fund will be provided in accordance with the Fleet department's **10-year recommendation plan** within the debt model.
 - ~~New funding priority will be given to those requests that support the **strategic plan**.~~
 - **[New Item] Funds will be held in reserve up to \$5,000,000 for future COVID-19 response.**
 - **[New Item] Programs may be considered for down-sizing or discontinuation.**