

Council Workshop FY17-18 Budget Discussion

April 4, 2017



Overview

- ❑ Review of Budget Calendar
- ❑ Second Review of Draft FY18-27 Capital Improvement Plan(CIP)
 - What is a Capital Improvement Plan?
 - Funding the Capital Improvement Plan
 - G.O. Bond Funding
 - Development Impact Fees
 - LED Streetlight Conversion Funding
 - Council Discussion and Feedback



Budget Calendar

Item	Date
Financial Forecast	December 20, 2016
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What is a Capital Improvement Plan?

- Assets valued over \$50,000 with a useful life of 5+ years
- Land, buildings, streets & improvements, plants, large equipment
- Ten-Year Plan (only FY17-18 is adopted as part of the FY17-18 budget)
 - Projects in years 1 to 5 have identified funding sources

Financial Policy:

- A. Improve existing assets
- B. Replace existing assets as needed
- C. Construct new assets



Council Discussion and Feedback

1. Should projects be reduced or eliminated altogether?
2. Should projects be increased or added?
3. Should the timing of projects be moved up or deferred?



Funding the Capital Improvement Plan

- Available cash balances – pay-as-you-go capital
- Grants
- Development Impact Fees
- Debt Financing
 - General Obligation (G.O.) Bonds
 - Repaid by Secondary Property Tax revenue
 - Excise tax obligations
 - Repaid by General Sales Tax Revenue
 - Repaid by Transportation Sales Tax Revenue
 - Revenue obligations
 - Repaid by Water and Sewer user fees
 - Repaid by Solid Waste user fees
 - Repaid by Landfill user fees

Cash Financing

Debt Financing

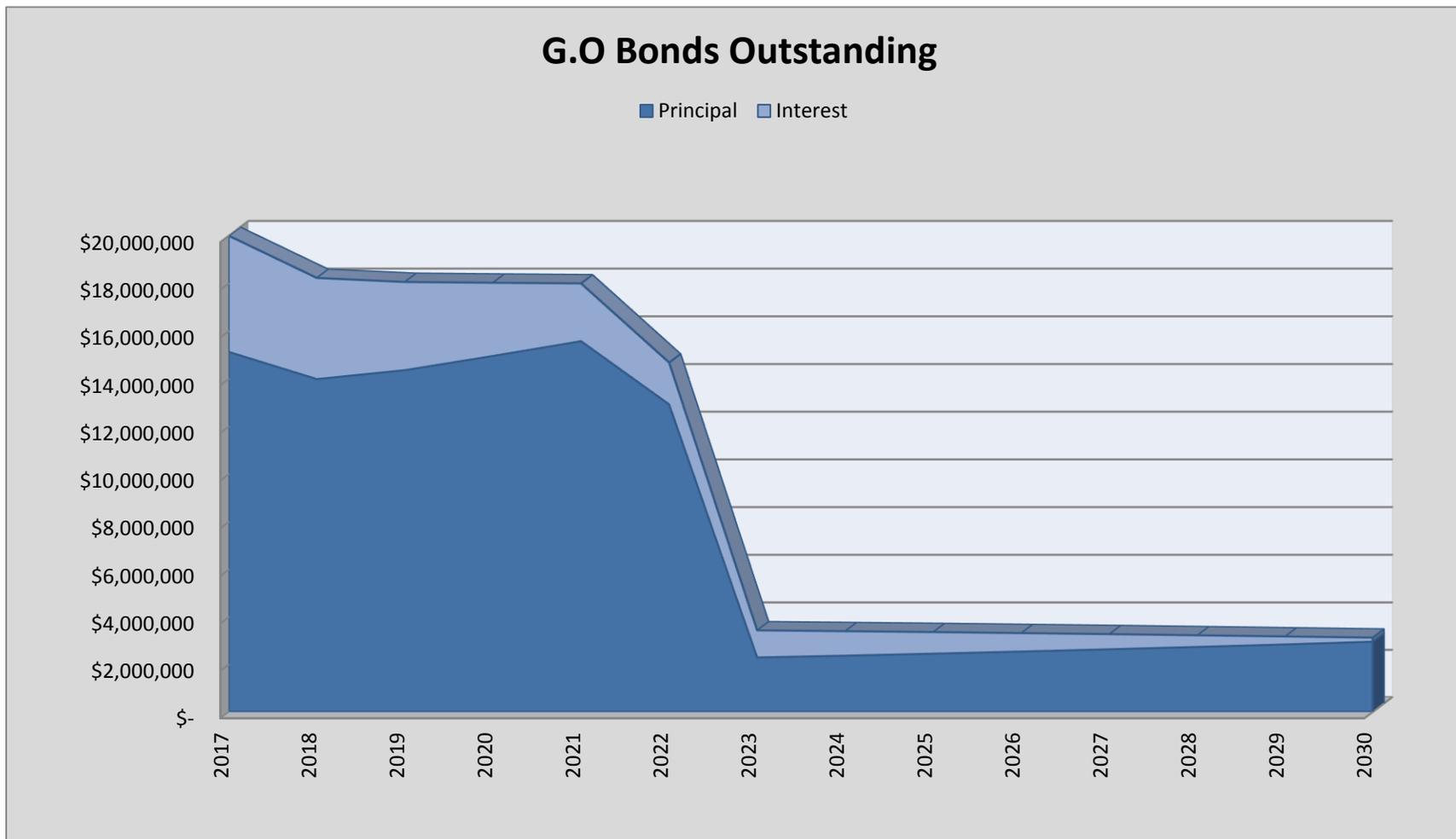


Current Bonds Outstanding

- Used to fund existing assets
 - General Obligation (G.O.) Bonds – \$135.1 million
 - Paid by secondary property tax
 - Municipal Property Corporation and Excise Tax Obligations – \$436.6 million
 - Paid by the General Fund
 - Water and Sewer Revenue Obligations – \$222.3 million
 - Paid by water and sewer user charges and fees
 - Transportation Revenue Obligations – \$77.6 million
 - Paid by dedicated transportation tax



General Obligation (G.O.) Bonds Outstanding



G.O. Bond Capacity to Borrow

- When G.O. Bonds are issued, available capacity is restricted to two areas:
 1. Legal Debt Margin – Percentage of G.O. debt outstanding to the city's limited assessed value cannot exceed the 6% & 20% test:
 - A. 6% for general municipal purposes
 - B. 20% for certain types of projects (water; sewer; artificial light; public safety; law enforcement; fire/emergency services; streets & transportation facilities; land for open space preserves, parks, playgrounds and recreational facilities)
 2. Outstanding voter authorized bonds
 - A. Amounts that have been approved by voters in a bond election but not yet issued



G.O. Bond Capacity to Borrow

- Legal Debt Margin Calculation – 6% and 20%*

	6%	20%
Assessed Value	\$1,174,931,000	\$1,174,931,000
Times: Applicable Debt Limit	6%	20%
Total Capacity Available	\$70,496,000	\$234,986,000
Actual Amount Outstanding	-0-	\$130,619,000
Legal Debt Margin	\$70,496,000	\$104,367,000

* As of June 30, 2016 (amounts rounded to nearest \$1,000)



G.O. Bond Capacity to Borrow

Year Authorized	GO bonds	Authorized Amount	Issued through June 30, 2016	Authorized but Unissued
1981	Operations center	\$6,750	\$550	\$6,200
1987	Library	\$9,698	\$8,000	\$1,698
1999	Cultural facility	\$18,215	\$4,494	\$13,721
1999	Economic development	\$50,500	\$28,453	\$22,047
1999	Governmental facilities	\$40,910	\$16,910	\$24,000
1999	Landfill development	\$17,000	\$1,460	\$15,540
1999	Library	\$15,398	\$0	\$15,398
1999	Open spaces	\$53,700	\$3,175	\$50,525
1999	Public safety	\$64,801	\$62,966	\$1,835
1999	Transit	\$6,935	\$185	\$6,750
2007	Flood control	\$20,554	\$10,522	\$10,032
2007	Parks and recreation	\$16,155	\$1,518	\$14,637
2007	Public safety	\$102,638	\$0	\$102,638
2007	Streets and parking	\$79,065	\$28,532	\$50,533
	Total GO bonds	\$502,319	\$166,765	\$335,554

(\$ amounts in thousands)

Planning for G. O. Bond Funding

- Determine the capacity to borrow
 - Impacted by revenues, interest rates, economic conditions
 - Determine the desired tax levy
 - Legal considerations (Legal Debt Margin & Bonds Authorized)
 - Consider the timing of bond issuances
 - Interest charges start as soon as the bonds are issued
 - Bond funds must be spent reasonably quickly
- Prioritize projects
 - Multiple Council workshops
 - Consideration of master plans
 - Public input process
- Determine if voter authorization is needed
 - Possible election



Potential G. O. Bond Projects

- Typically funding for assets lasting 20 years or more
 - Government Buildings
 - Fire Stations
 - Police Stations
 - Parks and Recreation Facilities
 - Community Centers
 - Pools
 - Fields
 - Libraries
 - Streets



Development Impact Fees (DIF)

- Limited source of funding
- Restricted to pay for growth related projects
 - New facilities needed due to growth
 - Enhanced service levels
 - Expansion of existing facilities because of growth
- Cannot be used for repair, replacement or refurbishment
- DIF collected in zones must be used in that zone
- Funds collected prior to 2015 must be spent by 2020
- Funds collected after 2015 must be spent on projects identified in an Infrastructure Improvement Plan (IIP)



Development Impact Fee Funds

Fee Type	Libraries	Fire	Police	Citywide Parks	Zoned Parks	Roadways	General Gov.
Est. Beginning Balance FY18	\$3,564,746	\$1,629,793	\$651,836	\$1,083,327	\$1,038,311	\$5,334,381	\$163,505
Estimated Revenue	13,172	382,552	94,109	5,417	173,142	1,527,310	818
Funding Available	3,577,918	2,012,345	\$745,945	1,088,744	1,211,453	6,861,691	164,322
Less Projects Funded	(3,111,578)	0	0	(226,536)	(289,523)	(2,447,266)	0
Est. Ending Balance FY18	\$ 466,340	\$ 2,012,345	\$785,330	\$862,208	\$921,930	\$4,414,425	\$164,322

- Western Area Library - \$2,801,578
- Library Books - \$310,000
- Oranewood Vista - \$350,621
- Paseo Linear Park – \$165,438
- 59th Ave and Olive - \$1,847,266
- 95th Ave Extension - \$600,000



LED Streetlight Conversion Funding

Current Pavement Management Plan	FY18	FY19	FY20	FY21	FY22	Total
Fund 1980 – Streets/Parking	\$5,275,450	\$5,275,450	\$5,275,450	\$5,275,450	\$5,275,450	\$26,377,250
Fund 2210 – Transportation	2,000,000	2,000,000	2,000,000	2,000,000		8,000,000
Fund 2000 – HURF	4,320,373	3,310,373	3,315,373	2,946,523	2,946,523	16,839,165
Total Pavement Mgmt. Plan	\$11,595,823	\$10,585,823	\$10,590,823	\$10,221,973	\$8,221,973	\$51,216,415
Alternative Pavement Management + LED Plan	FY18	FY19	FY20	FY21	FY22	Total
Pavement Management	\$5,855,673	\$10,585,823	\$10,590,823	\$10,221,973	\$8,221,973	\$45,476,265
Operational Savings		250,000	500,000	500,000	500,000	1,750,000
Total Pavement Mgmt. Plan	\$5,855,673	\$ 10,835,823	\$11,090,823	\$10,721,973	\$8,721,973	\$47,226,265
Total LED Conversion	\$5,740,150					\$ 5,740,150
Total Pavement Mgmt. + LED	\$11,595,823	\$ 10,835,823	\$11,090,823	10,721,973	\$8,721,973	\$52,966,415

CIP Follow-up Questions Council Feedback



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