



Legislation Text

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RESOLUTION 5124: PUBLIC HEARING AND ADOPTION OF FISCAL YEAR 2016-2017 FINAL BUDGET (RESOLUTION) (PUBLIC HEARING REQUIRED)

Staff Contact: Vicki Rios, Interim Director, Finance and Technology

Purpose and Policy Recommendation

This is a request for City Council to waive reading beyond the title, review the proposed Fiscal Year 2016-2017 (FY16-17) final budget, conduct a public hearing on the final budget, and convene a special meeting to adopt a resolution formally approving the final operating, capital, debt service, and contingency appropriation budget.

Background

Arizona state law requires the governing board of cities, towns, and counties to conduct a public hearing and then convene a special meeting to adopt a resolution approving the final annual budget. The regular voting meeting does not need to be adjourned to convene and conduct the special meeting required for the budget adoption.

Council approval of the tentative budget at the May 24, 2016 meeting set the maximum level of expenditure for FY16-17. Adjustments and reallocation of appropriation authority may be made after adoption of the tentative budget, although the total amount of appropriation cannot be increased.

The FY16-17 budget process included a five-year financial forecast of the operating funds, a review of the proposed ten-year Capital Improvement Plan, and a review of the detailed budget requests for each of the department which included both operating funds and the capital outlay. To inform and deliberate on current budget issues, seven different Budget Workshops were held and focused on specific budget and financial strategies for FY16-17 and future fiscal years.

Analysis

The FY16-17 Final Budget totals \$693 million. This is a 9.7% increase over the prior year (FY15-16) Budget. The budget increase is mainly attributable to growth in the Capital Improvement Plan.

Staff recommends two changes from the Tentative Budget as adopted to the Final Budget Council considered in this action. Both changes involve the Debt Service budgets which were updated based on information regarding the recent bond financing transaction.

- 1) Debt Service amounts for the city's General Obligation Bonds that were issued in late April have been included in the FY16-17 Final Budget. The FY16-17 appropriation needed to pay the bonds is \$993,000. To keep the overall appropriation the same, staff recommends budget appropriation be

taken from the City's Misc. Grant Contingency account and moved to the G.O. Debt Service account. The total G. O. Debt Service appropriation will increase from \$73,825,594 to \$74,818,594 and the Miscellaneous Grant contingency appropriation is decreased from \$33,819,094 to \$32,826,094.

- 2) In the Final Budget, the recently refinanced M.P.C. debt was reclassified to Excise Debt Service and will now be budgeted in the Excise Tax Debt Service Fund. This is a technical correction and it does not require any change to the appropriation.

After these two adjustments, the total budget appropriation of \$693 million remains unchanged.

Development of the budget centered on the following key priorities identified by the Council during the past year:

- Sustainable
 - Achieve \$50 million unrestricted fund balance by FY19-20
 - New positions are funded with established revenues
- Outcome Based
 - Improve Public Safety high priority call response times
 - Address high employee turnover
 - Improve speed to market in planning department
 - Increase productivity through innovation and technology
 - Invest in capital improvements and infrastructure
- Efficiency
 - Reorganization of departments

Highlights of the proposed budget include:

- No Primary Property Tax increase on existing property
- Funding vehicle replacements
- Implementing compensation and classification study recommendations (Segal)
- Adding two low acuity units to the Fire Department (Citygate)
- Enhancing the pavement management program
- Hosting the NCAA Final Four
- Adding Community Service Officers in the Police Department (Citygate)
- Adding staffing in the Planning Department
- Holding City-wide elections
- Improving Diversity and Employee Recognition programs
- Increasing operating costs for Bank of America building for new tenants
- Supplying the staffing needed to better leverage technology
- Adding 29 full-time equivalent positions (FTE's) to address key priorities.

The attached report contains additional information regarding the budget including all of the schedules required to be adopted in accordance with state statutes.

Previous Related Council Action

City Council adopted a resolution formally approving the tentative operating, capital, debt service, and contingency appropriation budget at the May 24, 2016 voting meeting. At that time, Council also gave notice of the date for the June 14, 2016 Public Hearing on:

- the FY16-17 Final Budget,
- the FY16-17 Property Tax Levy, and
- the June 28, 2016 adoption of the FY16-17 Property Tax Levy.

On May 3, 2016, a Budget Workshop was held to discuss follow up items and receive policy guidance on outstanding budget issues.

On April 19 and 21, 2016, Budget Workshops were held to present and review the city's FY16-17 Operating Budget requests. A financial plan for the General Fund and proposed changes to the Capital Improvement Program were also presented.

On March 15, 2016, a Budget Workshop was held to present and review the city's 10-year Capital Improvement Plan. Council guidance was sought on various policy items relative to the FY16-17 budget development.

On February 16, 2016, a Budget Workshop was held reviewing various items including the budget calendar, legal requirements, major budget components, what constitutes a balanced budget, property tax revenue, and future discussion items.

On December 15, 2015, the General Fund and Major Operating Funds Five-Year Financial Forecast was presented at Council Workshop and initiated the FY16-17 budget process.

Community Benefit/Public Involvement

The community benefit of the City's budget process, policy direction, and budgetary decisions demonstrates sound financial decisions are made through a transparent and public process where ultimate budgetary decisions align with the strategic direction of the City and provide the public with information on service provided and Council priorities.

Budget and Financial Impacts

Budget and Financial Impacts are based on Council feedback.