

FY 2022-23 Budget Development Update

May 26, 2022



FY 2022-23 Budget Development

Today's Agenda:

General Fund

- Current Year Projections
 - Revenues
 - Expenditures
- FY 22-23 Projections
 - Revenues (including user fees)
 - Expenditures
- Service Enhancements/Cost Drivers

Water Resources

- Rate Proposal
- Cost Drivers
- Capacity Review

FY 2022-23 Budget Development

Looking Ahead: June 9

Compensation

- Market Adjustments
- Merit Increases
- Compression

Other Funds

- Nussbaum
- Transit
- Coliseum

Capital Improvements Program

Looking Ahead: June 14

Economic Development

- Incentives
- ED Appropriations included in the Operating Budget

Other Topics Requested by City Council

FY 2022-23 Budget Development

General Fund FY 2021-22 Projections

<i>in millions</i>	Revised Budget	Projections
Revenue	\$324.2	\$332.6
Property Tax	\$181.1	\$182.5
Sales Tax	\$67.6	\$76.8
State Shared	\$22.9	\$22.1
Other	\$52.6	\$49.2
Fund Balance	\$14.7	\$14.7
Total including fund balance	\$338.9	\$347.3
Expenditures	\$338.9	\$332.0
Personal	\$201.8	\$196.8
M&O	\$93.4	\$89.5
Capital	\$1.3	\$1.3
Transfers	\$42.4	\$42.4
Projected Surplus		\$0.6

FY 2022-23 Budget Development

General Fund

Total General Fund Budget

\$377.4M

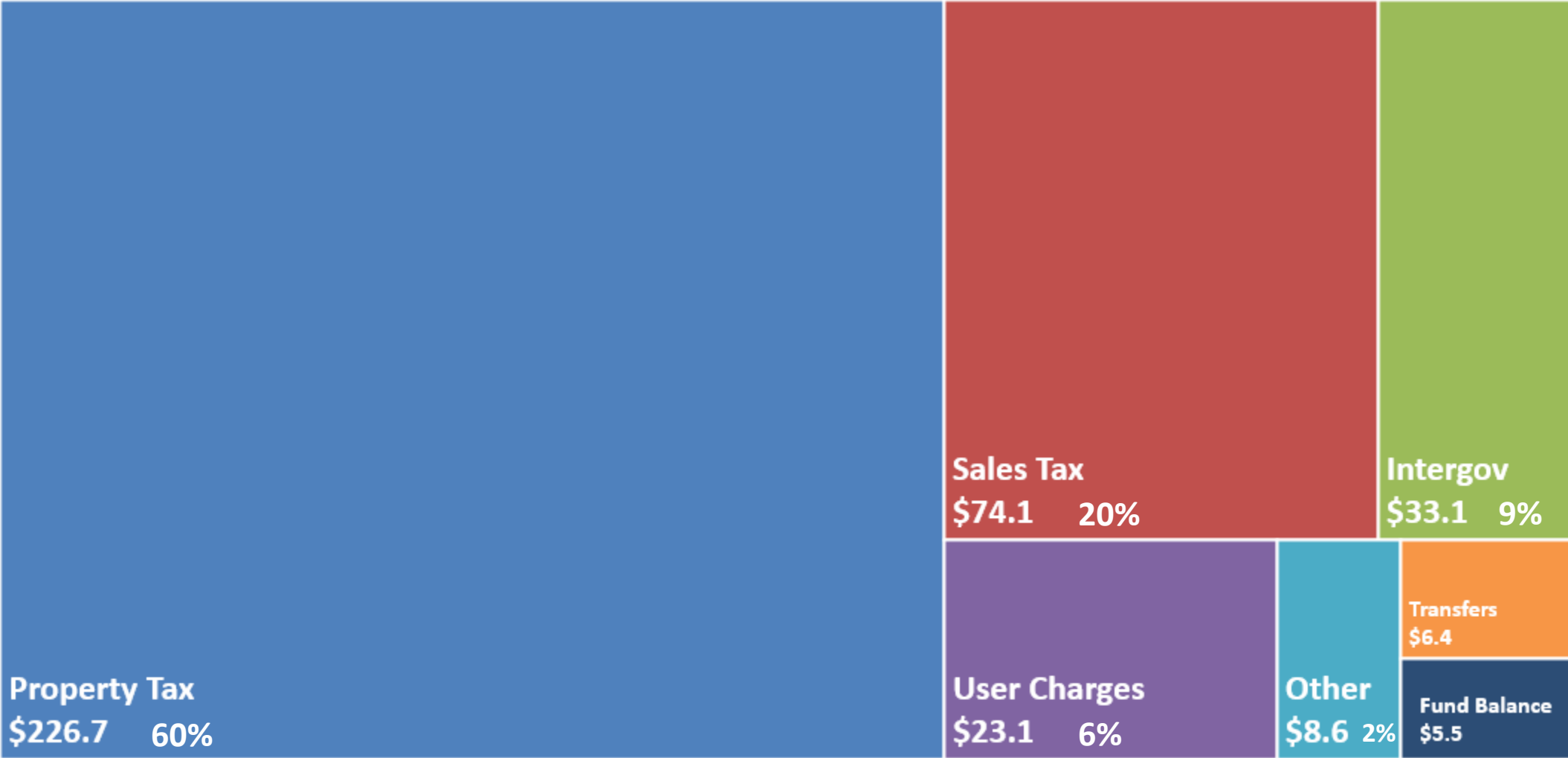
- \$44.9M, or 13.5% increase over FY 21-22 revised budget
- General Fund designated tax rate – 61.75 cents, 0.31 cents decrease
 - Total tax rate remains 66.25 cents

Primary Cost Drivers

	<i>(in millions)</i>
Debt Service	\$12.4
Compensation Adjustments	\$5.6
Facility Maintenance	\$5.1
Additional Positions	\$4.7
Supply and Contract Costs	\$4.1
Economic Development Support	\$3.2
Parking Debt Support	\$3.6
Vehicles and Equipment	\$3.0
Solid Waste Services	\$2.1
Gateway Corridor Improvements	\$1.0
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	\$44.8

FY 2022-23 General Fund Revenues

\$377,375,651



in millions

FY 2022-23 Budget Development

General Fund Revenues

Property Tax **\$226.7 million**

- \$44.3 million, 24.3% higher than current year revised budget
- Projected valuation of \$36.8 billion, 24% increase over current year estimates

Sales Tax **\$74.1 million**

- \$6.1 million, 9%, higher than revised FY 21-22 budget
- Projected to be similar to FY 21-22 estimates
 - Includes decrease of \$2.5 million to support Transit Fund
 - Total Sales Taxes = \$76.6 million

Intergovernmental **\$33.1 million**

- \$575,000, 1.8%, increase from current year revised budget
- Electric utility, natural gas, and others projected to have limited or negative growth
 - Continued impact pandemic and weather impacts
- ABC Profit Distribution projected to remain at \$5.2 million

FY 2022-23 Manager's Recommended Budget

Revaluation and Tax Rates

Total Assessed Values

\$36.8 billion projected

- 23.8% approximate increase in value from FY 21-22 due to revaluation

Total Tax Rate Changes

	Current Rate	Revenue Neutral Tax Rate	Change	Recommended Rate	Above RNTR	Change from Current Rate
General Fund	62.06	51.11	-10.95	61.75	10.64	-0.31
Nussbaum Fund	0.69	0.57	-0.12	1.00	0.43	0.31
Transit Fund	3.50	2.88	-0.62	3.50	0.62	0.00
	66.25	54.56	-11.69	66.25	11.69	0.00

FY 2022-23 Manager's Recommended Budget

Revaluation and Tax Rates

Property Tax Estimates

- City property taxes only at recommended rate

Home Value Pre-Reval	Current Tax Rate	City Property Taxes
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\$ 100,000	66.25	\$ 663
\$ 200,000		\$ 1,325
\$ 250,000		\$ 1,656
\$ 300,000		\$ 1,988

Home Value After Reval (avg. 30.0%)	Proposed Tax Rate	Total City Tax Rate After Reval	Annual Difference	Monthly Difference
\$ 130,000	66.25	\$ 861	\$ 198	\$ 17
\$ 260,000		\$ 1,723	\$ 398	\$ 33
\$ 325,000		\$ 2,153	\$ 497	\$ 41
\$ 390,000		\$ 2,584	\$ 596	\$ 50



FY 2022-23 Budget Development

User Fees

Field Operations

- Over \$2.1 million in operational and contract cost increases

Solid Waste Availability Fee

- \$2.50 per month to \$3.50 per month

Household Hazardous Waste Fee

- \$0.60 to \$0.97 per month

Commercial Recycling Fees

- Increase \$15 per dumpster per frequency
- Cost recovery driven

Cart Roll-back Fee: \$25

FY 2022-23 Budget Development

User Fees

State Mandated Fire Inspections

- Implements a cost recovery model and comparable fees
- Revenues support future staffing increases to meet inspection demand

Occupancies	Up to 499 sq. ft.	\$55	Per Inspection
	500 – 2,499 sq. ft.	\$75	
	2,500 – 9,999 sq. ft.	\$100	
	10,000 – 49,999 sq. ft.	\$150	
	50,000 – 99,999 sq. ft.	\$250	
	100,000 – 149,999 sq. ft.	\$350	
	150,000 – 399,999 sq. ft.	\$450	
	400,000 – 499,999 sq. ft.	\$550	
	500,000 – 599,999 sq. ft.	\$650	
	600,000 – 699,999 sq. ft.	\$750	
	700,000 – 799,999 sq. ft.	\$850	
	800,000 – 899,999 sq. ft.	\$950	
	900,000 – 999,999 sq. ft.	\$1,050	
	1,000,000+ sq. ft.	\$1,150	
Residential / Apartments	Residential units up to 15	\$35	Per inspection
	Residential units greater than 15	\$2.30	Per unit / inspection
	Residential high-rises	Varies	Refer to occupancy sq. ft. pricing above

FY 2022-23 Budget Development

User Fees

Development Services

Cost Recovery Model

- Implemented in FY 16-17 to ensure fees increased gradually with costs
- 80% cost recovery for services
- 25% increase cap

New Fees

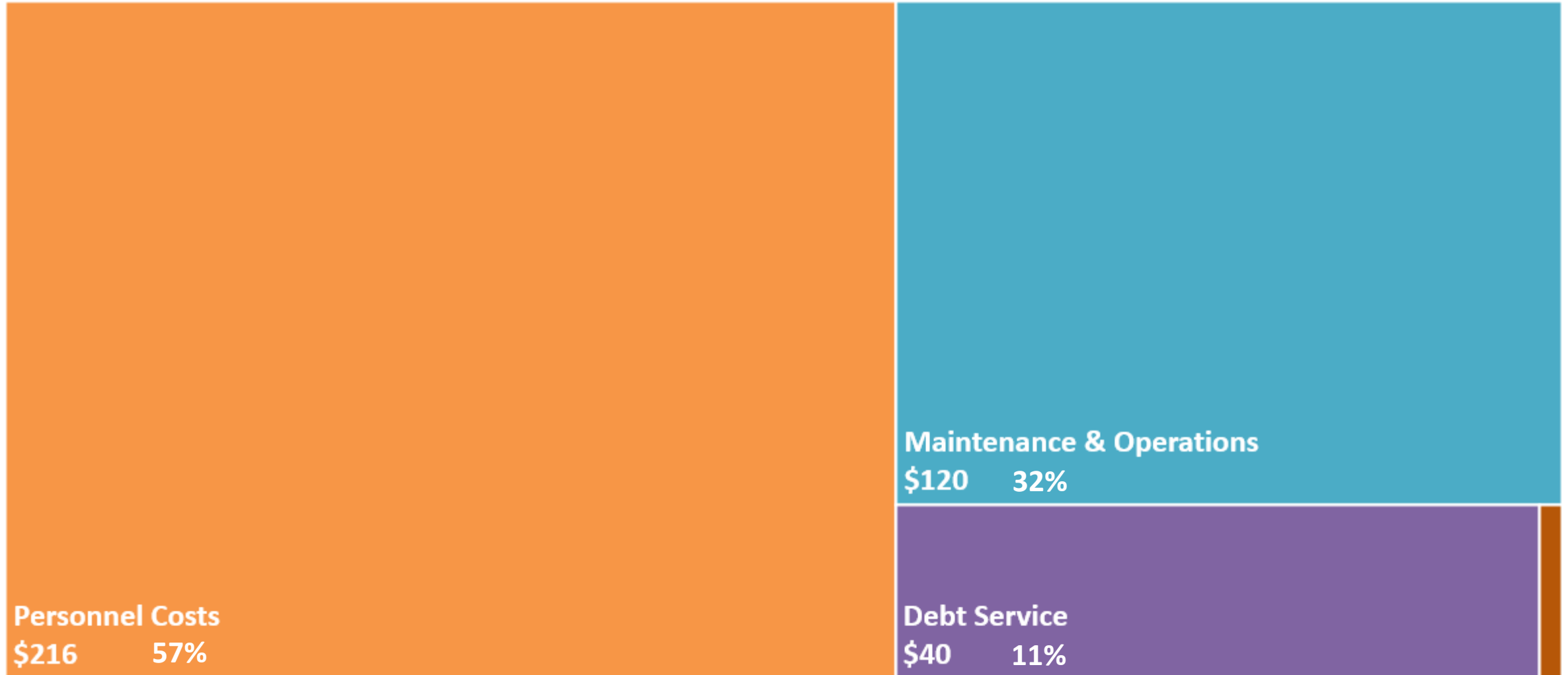
- Additional Site Plan Submittals
 - More than 2 revisions
- Collocation of Equipment on Cell Towers
- Annexation Original Zoning

Development Services Positions

- **4 FTEs** - Planner, Engineering Tech, Engineering Spec, Engineer, Fire Plans Reviewer
 - Additional position added to Stormwater Fund

FY 2022-23 General Fund Expenditures

\$377,375,651



in millions

FY 2022-23 Budget Development

General Fund Expenditures

Salaries & Benefits \$215.7 million

- \$13.9 million, or 6.8%, increase over revised FY 21-22

General Employees

- 2% market increase and 3% merit

Public Safety (sworn)

- 3% market increase and 4% merit

Other Compensation Adjustments

- Continued step adjustments for all eligible employees
- Compression and in-range adjustments: \$1.8 million

Benefit Increases

- Retirement contributions increases: \$3 million
- Health and Dental City Contribution: \$700,000

June 9th Budget Work Session

- Compensation will be discussed in more detail.

FY 2022-23 Budget Development

General Fund Expenditures

Maintenance & Operations **\$160.3 million**

- \$30.8 million, or 23.8%, higher than revised FY 21-22 budget
 - Debt service, Parking Fund Support, supply and contract costs
 - Service enhancement and Position addition related expenses

Transfers to Other Funds: **\$26.1 million**

- \$11.3 million increase from FY 21-22
 - Facility Maintenance and Capital Improvements: \$6.1 million
 - Parking Fund: \$2.8 million
 - Technology Improvements: \$1.5 million

Debt Service **\$40.1 million**

- \$13.7million increase over FY 21-22 revised budget
- Issuance of remaining 2016 Bonds totaling \$36 million, proposed \$135 million 2022 Bonds

FY 2022-23 Budget Development

General Fund Service Enhancement Position Summary

	Positions	FTEs	Position Value (in millions)
Public Safety Positions	8 Patrol Officers, 15 Fire Company, End Gun Violence Coordinator	24	\$1,577,719
Development Services	Planner, Engineering Tech, Engineering Spec, Engineer, Fire Plans Reviewer <i>Additional position added to Stormwater Fund</i>	4	\$289,728
Organizational Changes	Assistant City Manager, General Services Director <i>Grants Manager and Intergov. Affairs future reclasses</i>	2	\$373,087
MWBE Support	M/WBE Specialist	1	\$68,200
Parks & Recreation Support	3 Greenway Maintenance, 2 Asst. Center Supervisor	5.5	\$273,494
Other Enhancements	International Support Coordinator	1	\$73,063
		37 FTEs	\$2.7 million

FY 2022-23 Manager's Recommended Budget

General Fund Service Enhancements

Police Patrol Positions

\$960,000 – 8 FTEs

- 8 Police Patrol Officers
 - 8 officers and 7 other FTEs added in FY 21-22

Police Take Home Cars

\$1.7 million

- 20 vehicles in FY 22-23
 - 20 vehicles added in FY 21-22

Police Axon Services

\$315,000

- Expansion of Flock, vehicle, and interview camera and
- Expanded training
 - Almost \$300,000 included in budget for base body worn camera contract increases

FY 2022-23 Manager's Recommended Budget

General Fund Service Enhancements

Fire Company & Contracted Services

\$1.7 million – 15 FTEs

- 9 Firefighters, 3 Fire Engineers, 3 Captains
- \$600,000 - Expanded Support from Volunteer Districts
 - Provides support for annexation areas

Parks & Recreation

\$470,209 – 5 FTEs

- Assistant Community Center Supervisors – 2 FTEs
- Greenway Maintenance Support Team – 3 FTEs
 - 5 FTEs added FY 21-22

Community Arts Grants

\$400,000

- Cultural Arts Master Plan recommendation for community grants

FY 2022-23 Manager's Recommended Budget

General Fund Service Enhancements

Facility Maintenance

\$5.1 million

- Major maintenance including roofs, HVAC systems, flooring
- Cultural Arts Center, Central Library, Parks & Rec Facilities, MMOB

Gateway Corridor Improvements

\$1 million

- Corridors of Opportunity
 - Focuses improvement and economic development to Gateways
 - City funds will leverage private investment

Economic Development Support

\$3.2 million

- Economic Development incentives and investments
- Economic development partner support

FY 2022-23 Manager's Recommended Budget

General Fund Service Enhancements

Development Services Support

\$394,497 - 4 FTEs

- Fire Review Inspector, Planner, Engineer Tech, Engineer Specialist
 - *Additional Engineer in Stormwater Fund*

Minority and Women Business Enterprise

\$75,000 - 1 FTE

- MWBE Specialist - Construction
- Total 2.75 FTEs added, 1.75 added mid-year
- Total budget \$878,000 and 8.75 positions
 - Organized in the General Services Department to align processes effectiveness

Human Rights International Support

\$94,306 - 1 FTE

- International Support Coordinator and programing

FY 2022-23 Manager's Recommended Budget

FY 22-23 Cost Drivers

Supply and Contract Cost Increases

\$4.1 million

- Significant impact on supply costs: fuel, chemicals, materials
- Increased contract costs for services: solid waste services, security, mowing

IT Software & Maintenance

\$1.5 million

- Increased software, operations, and subscriptions costs

Mid-year positions

\$630,000

FY 2022-23 Budget Development

General Fund Mid-year Position Addition Summary

	Positions	FTEs	Position Value (in millions)
MWBE Support	MWBE Executive Admin, Admin Assistant	1.75	\$115,434
Financial Services	Financial Analyst, Contracts Analyst	2	\$146,126
Organizational Changes	Assistant to the City Manager, Chief Sustainability Officer, ED Grants Analyst, Marketing Coordinator	4	\$347,686
Parks & Rec Support	P&R Program Tech	0.5	\$24,384
		8.25 FTEs	\$633,630

FY 2022-23 Manager's Recommended Budget

General Fund

Fund Balance Use \$5.5 million

- General Fund Balance Use Goal
 - Less than 1.5% of projected expenditures
- Council Goal - 25% Available Fund Balance
 - Limited use of fund balance necessary until goal is met

