

# FY2020-2021 Proposed Budget

June 16, 2020

Chuck Potucek, City Manager


Victoria Yarbrough, Assistant City Manager

David Felix, Chief Financial Officer


Jennifer Osburn, Interim Budget Officer




# Agenda

- **Changes to Date from Tentative Budget Book**
  - **Budget Summary**
  - **Revenue**
  - **Debt**
  - **Operations & Maintenance**
  - **Personnel**
  - **Capital Projects**
- 

# Changes to Date

- **Refuse Fund**
    - **Removed Pick-up Vehicle replacement – (\$35,000)**
    - **Reduced Financing - \$31,500**
    - **Reduced Carryover - \$3,500**
  
  - **Sewer Fund**
    - **Added Schneider Project - \$475,000**
    - **Increased Financing – (\$427,500)**
    - **Increased Carryover – (\$47,500)**
  
  - **General Fund**
    - **Add City Hall Remodel Carryover - \$150,000**
    - **Add AZCARES – (\$2,900,000)**
    - **Add SVMPO Contribution - \$50,345**
    - **Add SVMPO Admin Revenue – (\$68,663)**
    - **Add SVMPO Rental Income – (\$4,760)**
    - **Increase SEACOM Contribution - \$127,693**
    - **Reduce Note Proceeds - \$1,352,800**
    - **Reduce State Shared TPT - \$517,247**
    - **Reduce State Shared Income Tax - \$99,870**
    - **Reduce Debt Service – (\$119,800)**
    - **Reduce CIF Transfer-In – \$795,268**
- 

# Changes to Date

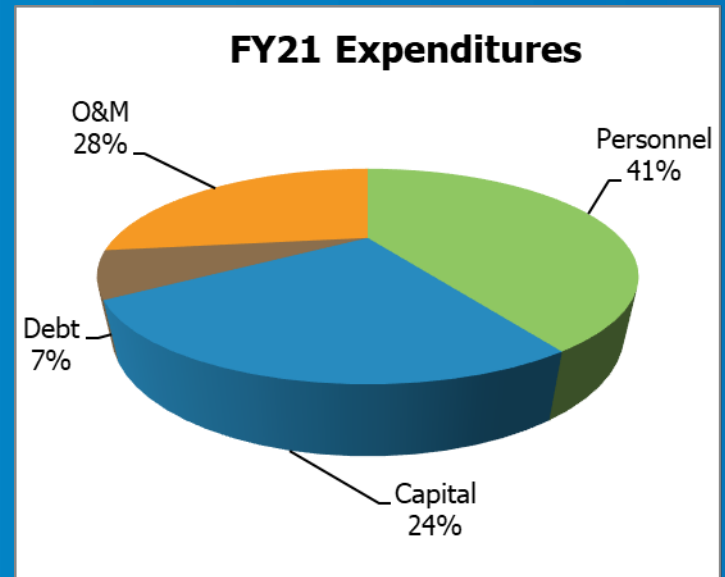
- **CIF**
    - Reduce Transfer-Out – (\$795,268)
    - Reduce Schneider Carryover – (\$475,000)
    - Reduce Carryover – \$1,270,268
  
  - **SEACOM Fund**
    - Increase Budget - \$36,530
    - Increase Contributions – (\$36,530)
  
  - **MPO Budget Change**
    - Increase Expenditures - \$92,211
    - Increase Federal Share – (\$124,110)
    - Decrease Local match - \$31,899
- 

# Budget by Major Fund

	<b>FY20 Budget</b>	<b>FY21 Recommended</b>	<b>Change</b>
General Fund	39,375,859	40,443,841	\$1,067,982
HURF	8,316,557	9,197,970	\$881,413
LTAf	1,691,331	1,623,666	\$(67,665)
Airport	1,166,919	2,799,865	\$1,632,946
CIF	13,905,595	2,025,000	\$(11,880,595)
Sewer	5,562,712	5,820,765	\$258,053
Refuse	4,943,296	5,437,628	\$494,332
All Other Funds	15,406,505	18,826,700	\$3,420,195
<b>Total</b>	<b>\$90,368,774</b>	<b>\$86,175,435</b>	<b>\$(4,193,339)</b>

# Budget by Expenditure Type

Type	Amount
Personnel	35,252,951
Operations & Maintenance	24,355,053
Capital	20,703,057
Debt	5,864,374
<b>Total</b>	<b>\$86,175,435</b>



# Revenue Summary

	FY20 Budget	FY21 Budget	% Change	FY21 % of Total
City Sales Tax	\$19,594,473	\$19,594,473	0%	22.74%
Property Tax	\$368,260	\$372,034	1%	0.43%
Franchise Fees	\$1,350,000	\$1,400,000	4%	1.62%
Licenses & Permits	\$475,000	\$420,000	-12%	0.49%
Grants	\$6,801,279	\$12,511,109	84%	14.52%
Local Govt. Payments	\$1,802,231	\$7,099,816	294%	8.24%
State Shared Revenue	\$15,910,482	\$15,678,828	-1%	18.19%
Health & Accident	\$4,409,500	\$4,559,500	3%	5.29%
Ambulance Fees	\$1,975,000	\$2,050,000	4%	2.38%
Public Safety Fees	\$70,000	\$70,000	0%	0.08%
GMC Revenues	\$1,432,880	\$1,376,500	-4%	1.60%
Transit Revenue	\$133,200	\$120,200	-10%	0.14%
Airport Revenues	\$896,000	\$875,000	-2%	1.02%
Sewer Revenues	\$3,735,493	\$3,734,493	0%	4.33%
Refuse Revenues	\$4,005,776	\$4,233,584	6%	4.91%
Leisure Revenue	\$1,253,691	\$679,872	-46%	0.79%
Planning Revenue	\$25,000	\$15,000	-40%	0.02%
Development Fees	\$0	\$126,630	0%	0.15%
Investment Income	\$45,000	\$45,000	0%	0.05%
Donations	\$2,772,835	\$1,167,835	-58%	1.36%
Sale of Fixed Assets	\$570,000	\$570,000	0%	0.66%
Notes Payable	\$14,915,000	\$1,161,000	-92%	1.35%
Carryover	\$3,867,654	\$6,836,365	77%	7.93%
Misc Revenue	\$741,353	\$1,478,196	99%	1.72%
<b>Total</b>	<b>\$87,150,107</b>	<b>\$86,175,435</b>	<b>-1%</b>	<b>100.00%</b>

# Debt

- The City finances certain capital projects, depending on a variety of factors, e.g., type of project, project cost, expected life
- Financing term matches the expected life of the equipment
- Two types of debt:
  - Bonds (long term)
  - Lease purchase (short term)



# Debt Service By Fund (Principal & Interest)

Fund	FY 2020 Budget	FY 2021 Budget	Change
General	\$281,878	\$281,880	\$2
HURF	\$79,907	\$79,908	\$1
Refuse	\$301,947	\$301,947	\$0
Sewer	\$949,871	\$1,072,868	\$122,997
Airport	\$75,347	\$75,347	\$0
Park Dev	\$126,630	\$126,630	\$0
SVMPC I&R	<u>\$3,417,300</u>	<u>\$3,925,794</u>	<u>\$508,494</u>
<b>TOTALS</b>	<b>\$5,232,880</b>	<b>\$5,864,374</b>	<b>\$631,494</b>


<u>Fiscal Year Ended</u>	<u>Outstanding Debt</u>
2012	37,236,077
2013	35,629,609
2014	31,642,854
2015	27,735,761
2016	23,927,453
2017	22,579,802
2018	18,703,812
2019	15,535,724
2020	28,899,200
2021	19,638,942

# Operations and Maintenance

## (All Funds)

<u>Department</u>	<u>FY20 Budget</u>	<u>FY21 Budget</u>	<u>Difference</u>	<u>% Change</u>
Mayor/Council	\$ 76,365	\$ 75,831	\$ (534)	-0.7%
City Manager	\$ 1,494,570	\$ 1,590,665	\$ 96,095	6.4%
Administrative Services	\$ 1,639,813	\$ 1,780,950	\$ 141,137	8.6%
Court/Legal	\$ 160,300	\$ 160,300	\$ -	0.0%
General Government	\$ 4,985,000	\$ 4,977,000	\$ (8,000)	-0.2%
Police	\$ 1,987,435	\$ 2,185,581	\$ 198,146	10.0%
Fire	\$ 1,093,798	\$ 488,919	\$ (604,879)	-55.3%
SEACOM	\$ 553,109	\$ 538,311	\$ (14,798)	-2.7%
Public Works	\$ 10,264,302	\$ 10,775,258	\$ 510,956	5.0%
MPO	\$ 488,820	\$ 581,031	\$ 92,211	18.9%
Leisure & Library	\$ 1,139,957	\$ 889,932	\$ (250,025)	-21.9%
Community Development	\$ 333,483	\$ 311,275	\$ (22,208)	-6.7%
<b>Totals</b>	<b>\$ 24,216,952</b>	<b>\$ 24,355,053</b>	<b>\$ 138,101</b>	<b>0.6%</b>

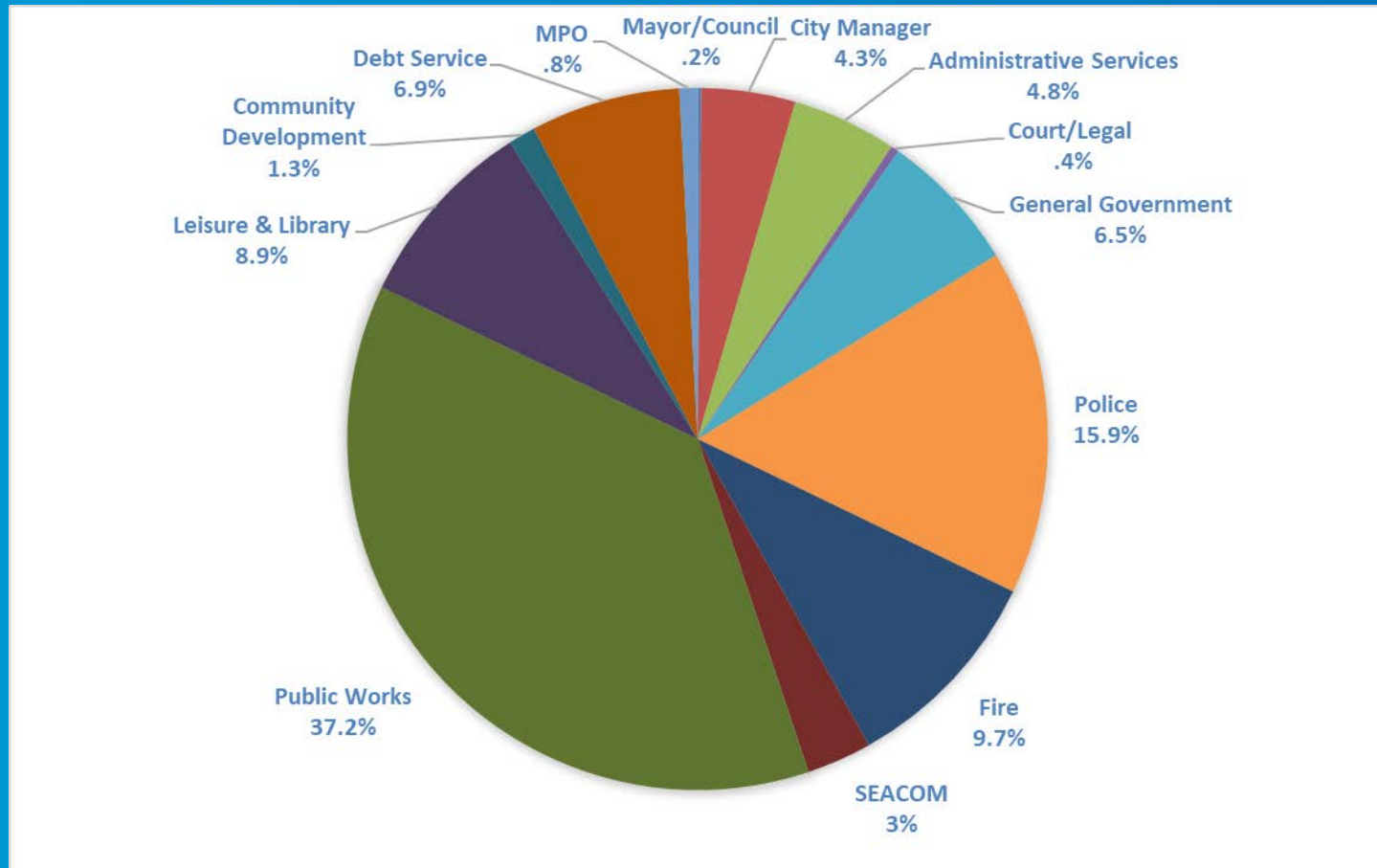
# Significant O&M Changes from FY2020

- Most O&M changes were made to match FY20 actuals
  - City Manager
    - City Clerk – Professional Services: \$51,500, election services
    - IT – Office equipment maintenance: \$95,745, software maintenance increases
  - Police
    - Police Operations – Professional Services: \$140,177, SEACOM
  - Fire
    - Specialized supplies: (\$634,553), grant application
- 

# Significant O&M Changes from FY2020

- Public Works
  - Engineering – Professional Services \$120,000: Surface water master plan
  - Fleet – Fuel (\$330,000): School district no longer purchasing fuel
  - Transit
    - Insurance \$90,000: insurance increase
    - Specialized supplies \$25,000: ridership tracking
- Leisure & Library Services
  - Library – Professional Services (\$80,610): Friends of the Library funding moved to Grants, and removed PT security officer funding

# Operations and Maintenance



O&M Expenditure Total: \$24,355,053

# SEACOM Summary

- Total budget: \$2,633,963
  - Personnel: \$1,756,965
  - O&M: \$538,311
  - Capital: \$338,687
- Revenue
  - Total Assessments: \$1,459,513
- Total City Cost \$1,111,009
  - Increased \$140,777 from FY20
- Total County Cost \$1,276,342

# SEACOM Assessments (based on funding formula)

Entity	Total Assessment
Cochise County	\$641,700
Sierra Vista	\$571,200
Huachuca City	\$81,950
Tombstone	\$62,963
Fry Fire District	\$30,000
Whetstone Fire District	\$23,000
Palominas Fire District	\$5,000
Fort Huachuca Spillman Hosting	\$18,000
National Park Service	\$7,500
Healthcare Innovations Inc (HCI)	\$18,200
<b>TOTALS</b>	<b>\$1,459,513</b>

# Personnel Changes in FY21

- **Full time positions added\***
  - **1 Police Officer - \$92,933**
    - **1 additional included but unfunded**
  - **1 FT Recreation Leader - \$41,651**
    - **Two vacant PT positions exchanged**
  
- **Reclassifications\***
  - **PD Records Supervisor - \$9,019**
  
- **PSPRS contribution**
  - **\$538,330 increase from FY20**
  - **(ASRS contribution \$14,345 increase from FY20)**
  
- **Annual 2% step increase is included - \$340,245**

\*amounts include full burden



# Personnel Costs by Fund

	FY20	FY21	Change
General	\$ 27,277,057	\$ 27,844,764	\$ 567,707
HURF	\$ 1,505,016	\$ 1,421,886	\$ (83,130)
LTAF	\$ 801,587	\$ 684,941	\$ (116,646)
Airport	\$ 130,072	\$ 73,018	\$ (57,054)
Metropolitan Planning Org	\$ 165,000	\$ 139,932	\$ (25,068)
SEACOM	\$ 1,645,263	\$ 1,778,565	\$ 133,302
Sewer	\$ 1,702,501	\$ 1,585,268	\$ (117,233)
Refuse	\$ 1,865,351	\$ 1,724,577	\$ (140,774)
<b>Total</b>	<b>\$ 35,091,847</b>	<b>\$ 35,252,951</b>	<b>\$ 161,104</b>

\*Change is predominately a result of the 2% annual step increase



# Capital Projects FY20/21

ITEM/PROJECT	FUND	DEPARTMENT	BUDGETED COST	PAYMENT
LLS-Vehicle Replacement (2 pickups)	General	Fleet	\$ 70,000.00	Finance
LLS-Vehicle Replacement	General	Fleet	\$ 25,000.00	Finance
LLS- Vehicle Replacement (pickup 1 ton dump)	General	Fleet	\$ 60,000.00	Finance
LLS-Vehicle Replacement (pickup)	General	Fleet	\$ 35,000.00	Finance
Facilities-Vehicle Replacement (van)	General	Fleet	\$ 45,000.00	Finance
Fire-Staff Vehicles (2 total)	General	Fleet	\$ 67,000.00	Finance
Refuse-Front Load Refuse Truck	Refuse	Fleet	\$ 330,000.00	Finance
Refuse-Side Load Refuse Truck	Refuse	Fleet	\$ 330,000.00	Finance
PD-Vehicle Replacement (7 total)	General	Fleet	\$ 500,000.00	Cash-CIF
PD-Vehicle Replacement Carryover	General	Fleet	\$ 500,000.00	Cash-CIF
School Land Acquisition	General	LLS	\$ 1,000,000.00	Cash
Fire Equipment (Medical Monitors)	General	Fire	\$ 150,000.00	Cash
Fire Replacement (SCBA Units)	General	Fire	\$ 150,000.00	Cash
Council Chamber Upgrade	General	IT	\$ 113,000.00	Cash
EMS Substation Design	General	Fire	\$ 100,000.00	Cash
Irrigation System Modification	General	LLS	\$ 150,000.00	Cash
Avenida Escuela Extension	General	Streets	\$ 65,000.00	Cash
Emission Control Devices for Fire Engines	General	Facilities	\$ 60,000.00	Cash
Female Locker Room	General	Facilities	\$ 150,000.00	Cash
City Hall Electrical	General	Facilities	\$ 50,000.00	Cash
Routers Cisco Main Internet	General	IT	\$ 40,000.00	Cash
Routers 2901-Quantity 13	General	IT	\$ 65,000.00	Cash
New Library VDI System for Patron Use	General	LLS	\$ 110,000.00	Grant
CDBG Grant Projects	HURF	Streets	\$ 63,000.00	Grant
Design & Install Adaptive Signal Controls	HURF	Streets	\$ 910,224.00	Grant
Fry / North Garden Project	HURF	Streets	\$ 2,497,540.00	HURF-SWAP
Annual Street Maintenance	HURF	Streets	\$ 1,743,685.00	Cash
Adaptive Signal Controls-HSIP	HURF	Streets	\$ 910,224.00	Grant
Possible MPO Grant for Fry/North Garden	HURF	Streets	\$ 750,000.00	Grant
Vehicle Replacement	HURF	Streets	\$ 110,000.00	Finance
Police Equipment	PSR	Police	\$ 100,000.00	RICO
Police Vehicles	PSR	Police	\$ 50,000.00	RICO

# Capital Projects FY20/21

ITEM/PROJECT	FUND	DEPARTMENT	BUDGETED COST	PAYMENT
Police Misc.	Grant	Police	\$ 5,000.00	Grant
Fire Dept Card Readers	Grant	Fire	\$ 100,000.00	Grant
Fire Dept Emission Management	Grant	Fire	\$ 150,000.00	Grant
Fire Misc.	Grant	Fire	\$ 150,000.00	Grant
Potential Federal Stimulus	Grant	Facilities	\$ 4,000,000.00	Grant
Leisure and Library	Grant	Parks	\$ 20,000.00	Grant
Public Works	Grant	Parks	\$ 82,990.00	Grant
Community Development	Grant	Parks	\$ 471,810.00	Grant
Airport Apron Grant & Taxiway Pavement	Airport	Airport	\$ 100,000.00	Grant
Site Improvements at Airport	Airport	Airport	\$ 790,500.00	Grant
Construct Grant Apron	Airport	Airport	\$ 900,000.00	Grant
Construct upgrades to AWOS	Airport	Airport	\$ 150,000.00	Grant
Radio Upgrade -SUA II	SEACOM	SEACOM	\$ 303,687.00	Cash
Bar Screen Replacement	SEWER	PW	\$ 200,000.00	Cash
Septage Dump Metering	SEWER	PW	\$ 10,000.00	Cash
Dewatering Press Surge Suppression	SEWER	PW	\$ 20,000.00	Cash
Polymer Feed System	SEWER	PW	\$ 125,000.00	Cash
Sewer Vehicles	SEWER	PW	\$ 45,000.00	Finance
Schneider Aerator Project	SEWER	PW	\$ 475,000.00	Finance
Schneider Carryover	CIF	PW	\$ 525,000.00	Cash
Rothery Improvements	CIF	Parks	\$ 500,000.00	Cash
Arboc Bus Replacement	LTAf	Transit	\$ 150,000.00	Grant
Arboc Bus Replacement	LTAf	Transit	\$ 250,000.00	Grant

# Schneider Projects


- Carryover Projects
  - EOP Aerator Upgrade
  - Cove Wave Machine
  - 10% retainage and construction costs
- Total Cost = \$1,469,185.81

# Capital Improvement Plan

## Years 2-5

Fund	Department	Capital Item	Estimated Costs	Notes	Strategic Plan	Priority Order
GEN	LLS	SPORTS COMPLEX IMPROVEMENTS	\$200,000		Y	1
	ED	LAND ACQUISITION	\$1,200,000			2
	PD	VEHICLE SHELTER	\$ 21,000 – 62,000			3
	CD	MULTI-USE PATH PROGRAM	\$1,000,000	PER MILE	Y	4
	LLS	VETERAN'S PARK IMPROVEMENTS	\$		Y	5
	LLS	ROTHERY CENTER IMPROVEMENTS	\$		Y	6
	IT	NETWORK INFRASTRUCTURE UPGRADE	\$250,000			7
	PD	NEW MOBILE COMMAND POST	\$ 1,000,000 – 1,500,000	CUSTOM VEHICLE		8
	PAO	VISITOR CENTER RELOCATION	\$ 290,000 - 800,000			9
	FLEET	FLEET BUILDING EXPANSION	\$3,000,000		Y	10
	LLS	COVE INTERIOR/EXTERIOR RENOVATIONS	\$ 45,000 – 100,000			11
	LLS	SV LIBRARY RESTROOM RENOVATION	\$50,000			12
	LLS	NEW COMMUNITY CENTER	\$8,000,000		Y	13
	FLEET	FLEET MANAGEMENT PROGRAM	\$100,000			14
	LLS	NEW MAINTENANCE BUILDING AT VMP	\$200,000			15
	LLS	NEW SIGNS FOR VMP	\$40,000			16
		<b>SUBTOTAL (LOW):</b>	<b>\$15,396,000</b>			
		<b>SUBTOTAL (HIGH):</b>	<b>\$16,502,000</b>			

# Unfunded CIP Projects


- Library patron computer replacement - \$110,000
    - Moved to grants, will seek Friends assistance
  - Fire Truck replacement - \$1.2 million
    - Swapped two staff vehicles planned for FY22 to FY21, and moved fire truck planned for FY21 to FY22
  - EMS Substation construction - \$1.4 million
    - Budgeted for design, construction shifted a few months to FY22. Pursuing grant opportunity.
- 

# CDBG Grant Projects

- Soldier Creek Park Improvements - \$175,000 c/o
- James Landwerhr Plaza Improvements - \$25,000 c/o
- Eddie Cyr Park Improvements - \$271,810



# Future Issues

- 3-4 year revenue impact from pandemic
  - PSPRS increases
  - Police retirements
  - Street maintenance
  - Classification & compensation plan maintenance, and minimum wage compression
- 
- A decorative graphic in the bottom right corner of the slide, featuring stylized mountain peaks. The peaks are white with a green base, set against the blue background.



# Next Steps

- Tentative Budget vote June 25, 2020
  - Final budget vote July 23, 2020
  - Property tax vote August 13, 2020
- 