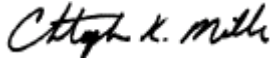


  
**ROSEVILLE**  
**REQUEST FOR COUNCIL ACTION**

Date: 08/22/16  
Item No.: 13.a

Department Approval

City Manager Approval



Item Description: Hearing to Solicit Public Comment on the 2017 Budget & Tax Levy

**BACKGROUND**

Earlier this year, the City Council established a 2017 Budget Calendar which outlined a series of steps to establish an eventual budget. The calendar is as follows:

**2017 Budget Calendar**

Presentation of Organizational Priorities.....	May 16, 2016
Review a Variety of Budget Information Packages .....	June 20, 2016
Presentation of the City Manager Recommended Budget.....	July 18, 2016
Review 2017-2036 Capital Improvement Plan.....	August 15, 2016
Receive Budget Recommendations from the Finance Commission.....	August 15, 2016

----- Pending Dates (tentative) -----

Preliminary Budget Hearing .....	August 22, 2016
Adopt the Preliminary Budget .....	September 12, 2016
Continue Discussions on the Budget/Review Water & Sewer Rates .....	November 14, 2016
Final Budget Hearing.....	November 28, 2016
Adopt the 2017 Water & Sewer Rates.....	November 28, 2016
Adopt the 2017 Final Budget.....	December 5, 2016

The next step in the Budget Calendar is to hold a hearing to solicit comment on the 2016 budget and tax levy. The purpose of the hearing is to provide citizens with an opportunity to provide input on City programs and the budget and to gauge their willingness to pay higher property taxes and fees in order to maintain programs at current service levels. The City Council can then use this input to help guide the setting of a preliminary tax levy and budget.

For reference purposes, the 2017 Recommended Budget calls for a tax levy increase of \$1,046,450 or 5.5%. This will result in a tax impact of \$4.22 per month for a typical single-family home. With this increase, homeowners will pay approximately \$904 annually or \$75 per month for core services including; 24x7x365 police and fire protection, well-maintained streets and parks, street lighting, and other services.

34 The 2017 Recommended Budget (amended) has been reduced by \$661,000 reflecting lower proposed  
35 capital spending than originally projected a month ago. The Budget now stands at \$52,110,685 – a slight  
36 reduction of \$1,935 from the current year.

37 **POLICY OBJECTIVE**

38 Holding a budget hearing to solicit public input is consistent with Council-established goals as well as  
39 municipal budgeting best practices.

40 **FINANCIAL IMPACTS**

41 Not applicable.

42 **STAFF RECOMMENDATION**

43 Not applicable.

44 **REQUESTED COUNCIL ACTION**

45 For information purposes only. No formal Council action is required.

46

Prepared by: Chris Miller, Finance Director  
Attachments: A: 2016 Budget & Tax Levy Summary & Reconciliation

2017 Proposed Budget Reconciliation: *Tax-Supported Funds*

	Operating Budget <u>Expenditures</u>	Tax Levy <u>Revenues</u>	<u>Notes (Pertains to budget impacts unless otherwise noted)</u>
2016 Adopted Budget / Levy	\$ 24,270,865	\$ 18,944,720	
<b>2017 Proposed Subtractions</b>			
S1: Reduced costs for one-time spending	(8,000)	(8,000)	
S2: Reduced costs for supplies & materials	(43,345)	(43,345)	See Appendix S2
S3: Reduced costs for contractual services, other charges	(142,510)	(142,510)	See Appendix S3
S4: Reduced costs for labor: position reductions	(219,935)	(219,935)	See Appendix S4
S5: Reduced costs for labor: health insurance & benefits	-	-	See Appendix S5
S6: Reduced costs for debt service	-	-	
S7: Reduced levy due to increased non-tax revenues	-	(45,875)	Add'l Park & Rec Program Fees
S8: Reduced contributions to capital reserve funds	-	-	
Total Subtractions	\$ (413,790)	\$ (459,665)	
<b>2017 Proposed Additions</b>			
A1: Increased costs for one-time spending	30,000	30,000	See Appendix A1
A2: Increased costs for supplies & materials	43,100	43,100	See Appendix A2
A3: Increased costs for contractual services, other charges	195,880	195,880	See Appendix A3
A4: Increased costs for labor: cost-of-living adjustment	263,000	263,000	Includes 2.75% COLA; 2.0% for IAFF
A5: Increased costs for labor: wage steps (net)	218,000	218,000	
A6: Increased costs for labor: new positions	376,385	376,385	See Appendix A6
A7: Increased costs for labor: health insurance & benefits (net)	50,325	50,325	
A8: Increased costs for debt service	-	-	
A9: Increased contributions to capital replacement funds	-	225,000	\$65K Pathways, \$160K for PMP
A10: Makeup of use of reserves in current/previous years	-	375,500	
A11: Increased levy due to decline of non-tax revenues	-	209,425	GF: Court Fines, Interest Earnings
Total Additions	\$ 1,176,690	\$ 1,986,615	
Proposed for 2017 (Before Tax Relief Measures)	\$ 25,033,765	\$ 20,471,670	
\$ Change	762,900	1,526,950	
% Change	3.1%	8.1%	
Less Use of Reserves for Property Tax Relief (Discretionary)	\$ -	\$ (480,500)	\$375,500 GF; \$30K Transp. Plan; \$75K Forfeitures
Note: Per Cash Reserve Policy, reserves may be used for tax relief if over target levels, or they may be allocated for other funds			
Proposed for 2017 (After Tax Relief)	\$ 25,033,765	\$ 19,991,170	
\$ Change	762,900	1,046,450	
% Change	3.14%	5.52%	= \$4.22 per month for median-valued SF home