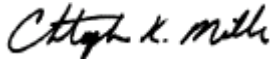


REQUEST FOR COUNCIL ACTION

Date: 07/25/11
Item No.: 13.a

Department Approval



City Manager Approval



Item Description: Continue Discussion on the 2012/2013 City Manager Recommended Budget

BACKGROUND

As part of the Council's 2012 Budget Calendar, the City Manager was directed to issue a Recommended Budget at the July 11, 2011 City Council meeting, to be followed by a public comment period on July 25, 2011. For discussion purposes, the Recommended Budget has been divided into two main components; property tax-supported programs, and non property tax-supported programs (i.e. fee-based programs). Each of these components is discussed in greater detail below.

Property Tax-Supported Programs

The 2012-2013 Recommended Budget along with a comparison to 2011 for the Property Tax-Supported Programs is as follows:

2012-2013 Tax-Supported OPERATING Budget

Operating Division	2011	2012	'11-'12 % Incr. (Decr.)	2013	'12-'13 % Incr. (Decr.)
General Govt.	\$ 2,066,545	\$ 1,952,745		\$ 1,964,623	
Police	6,226,350	6,247,297		6,303,220	
Fire	2,041,175	1,896,766		1,932,685	
Public Works	3,021,925	2,702,438		2,750,524	
Parks & Recreation	4,010,874	3,852,613		4,078,280	
Equip/Bldg Replacement	75,000	75,000		75,000	
Debt Service	1,490,000	1,490,000		1,490,000	
Total	\$ 18,931,869	\$ 18,216,859	(3.8 %)	\$ 18,594,332	2.1%

The 2012-2013 Recommended Operating Budget calls for an overall reduction of \$715,010 or 3.8% in 2012, followed by a 2.1% increase in 2013. The reduction in spending for 2012 includes the removal of \$336,375 in one-time funding for various equipment replacements as well as monies set aside for potential mitigation costs related to Emerald Ash Borer. These items received a one-time appropriation in 2011 from excess TIF proceeds that were deposited into the General Fund.

The reduction also includes \$378,635 which has been redirected to the City's capital replacement funding programs. This action is based on an earlier recommendation from the Council-established CIP Task Force.

2012-2013 Tax-Supported NEW CAPITAL Budget

Operating Division	2011	2012	'11-'12 % Incr. (Decr.)	2013	'12-'13 % Incr. (Decr.)
Amount from '11 Budget	\$ -	\$ 378,635		\$ 378,635	
New amount for 2012	-	500,000		500,000	
Total	\$ -	\$ 878,635	n/a	\$ 878,635	n/a

As noted above, the savings from the operating budget will be re-directed towards vehicle, equipment, and facility replacement. The Recommended Budget also calls for an increase of \$500,000 or 3.4% in the property tax levy to be dedicated for new capital funding.

The total combined budget for the property tax-supported programs including the new capital budget is \$19,095,494 in 2012 and \$19,472,967 in 2013. Major highlights of the 2012 Recommended Budget for the Tax-supported programs include:

- ❖ 0% cost-of-living-adjustment (COLA)
- ❖ Wage step increases for eligible employees
- ❖ 5% increase in employer contribution to healthcare premiums
- ❖ Personnel reductions
- ❖ Most non-personnel costs frozen at 2011 levels

To achieve this spending goal, a number of program cuts will be implemented. They include:

- ❖ Police community relations such as; Night to Unite, Family Night Out, Citizen's Academy, Park Patrol, etc.
- ❖ Police lake patrol
- ❖ Police squad car fleet reduction
- ❖ Police Explorer program
- ❖ Street and pathway maintenance
- ❖ Leaf pickup program
- ❖ City Hall, PW Building custodial and light maintenance
- ❖ Recreation programs such as; Discover Your Parks, Summer Entertainment, Rosefest events, etc.
- ❖ Park Improvement Program
- ❖ Community information services

The cuts prescribed above involve programs that ranked relatively low in the prioritization process used by the City Council as well as the Community Survey conducted earlier this year.

Non Property Tax-Supported (fee-based) Programs

The 2012-2013 Recommended Budget along with a comparison to 2011 for the Non Property Tax-Supported Programs is as follows:

2012-2013 Non Tax-Supported Budget

Operating Division	2011	2012	'11-'12 % Incr. (Decr.)	2013	'12-'13 % Incr. (Decr.)
Community Development	\$ 1,097,324	\$ 1,051,535	-4.2%	\$ 1,045,990	-0.5%
Communications	345,480	356,785	3.3%	364,500	2.2%
Information Technology	1,163,590	1,248,232	7.3%	1,472,060	17.9%
License Center	1,144,724	1,130,525	-1.2%	1,155,295	2.2%
Lawful Gambling	130,660	141,240	8.1%	141,400	0.1%
Water	7,070,815	6,990,750	-1.1%	7,829,440	12.0%
Sanitary Sewer	4,413,598	4,830,698	9.5%	5,107,175	5.7%
Storm Water	1,782,344	1,903,938	6.8%	2,025,915	6.4%
Recycling	491,580	52,4891	6.8%	531,695	1.3%
Golf Course	359,950	414,150	15.1%	410,800	-0.8%
Cemetery	4,500	4,500	0.0%	4,500	0.0%
Tax Increment Financing	500,000	500,000	0.0%	500,000	0.0%
MSA/Street Construction	1,800,000	2,900,000	61.1%	2,900,000	0.0%
Total	\$ 20,304,565	\$ 21,997,244	8.3 %	\$ 23,488,770	6.8%

The Recommended Budget for 2012-2013 calls for an overall increase of \$1,692,679 or 8.3% in 2012, followed by a 6.8% increase in 2013. Major highlights of the 2012 Recommended Budget for the Non tax-supported programs include:

- ❖ 0% cost-of-living-adjustment (COLA)
- ❖ Wage step increases for eligible employees
- ❖ 5% increase in the employer contribution to healthcare premiums
- ❖ Wage step and healthcare-related cost increases are offset by a reduction of 1.0 FTE Staff position in the Economic Development division, along with reduced employees electing family healthcare coverage
- ❖ Water, Sanitary Sewer, and Storm Sewer depreciation amounts increased by \$660,000
- ❖ Wholesale water purchases are expected to increase by \$200,000
- ❖ Wastewater treatment costs are expected to increase by \$100,000
- ❖ MSA and local street reconstruction costs are expected to increase by \$1,100,000

Property Tax Levy

The 2012-2013 Recommended Property Tax levy along with a comparison to 2011 is as follows:

2012-2013 Property Tax Levy

Fund / Division	2011	2012	'11-'12 % Incr. (Decr.)	2013	'12-'13 % Incr. (Decr.)
General Fund	\$ 10,339,120	\$ 10,180,776		\$ 10,486,409	
Replace Lost MVHC	475,000	475,000		475,000	
New Capital Replacements	-	878,635		878,635	
Park Programs	964,319	903,429		925,000	
Park Maintenance	964,605	1,007,204		1,030,000	
Park Improvements	185,000	40,000		40,000	
Pathway Maintenance	150,000	93,000		93,000	
Boulevard Landscaping	60,000	60,000		60,000	
Building Replacement	25,000	25,000		25,000	
IT Fund – Computers	50,000	50,000		50,000	
Debt Service – Streets	310,000	310,000		310,000	
Debt Service – City Hall, PW	825,000	825,000		825,000	
Debt Service – Ice Arena	355,000	355,000		355,000	
Total	\$ 14,703,044	\$ 15,203,044	3.4 %	\$ 1,553,044	2.3 %

The Recommended Budget calls for a tax levy increase of \$500,000 or 3.4% in 2012, followed by a \$350,000 or 2.3% increase in 2013. The 2012 levy increase is earmarked for additional capital replacements while the 2013 increase is tentatively set aside for inflationary-type increases in the operating budget.

The recommended tax levy increase will result in an impact on a median-valued home of \$2 per month in 2012, followed by an additional \$1 per month in 2013.

Financial impacts on water and sewer and other fee-paying customers will be presented at a subsequent Council meeting. Staff will be available at the Council meeting to address any questions or concerns.

POLICY OBJECTIVE

Not applicable.

FINANCIAL IMPACTS

Not applicable.

STAFF RECOMMENDATION

Not applicable.

REQUESTED COUNCIL ACTION

For information purposes only. No Council action is requested.

Prepared by: Chris Miller, Finance Director

Attachments: A: Summary Financing Schedule for the Capital Improvement Program

City of Roseville
2011 Capital Investment Plan (CIP)
Funding Analysis

VEHICLES	BEGINNING	CURRENT	SHIFT	NEW	FUND	PROJECTED	ENDING
YEAR	BALANCE	FUNDING	FROM	TAX	BALANCE	COSTS	BALANCE
			OPERATING	REVENUE	INTEREST (4%)		
2012	500,000	461,000	100,000	200,000	20,000	467,095	813,905
2013	813,905	461,000	100,000	200,000	32,556	764,095	843,366
2014	843,366	461,000	100,000	200,000	33,735	708,055	930,046
2015	930,046	461,000	100,000	200,000	37,202	1,140,795	587,453
2016	587,453	461,000	100,000	190,000	23,498	482,095	879,856
2017	879,856	461,000	100,000	190,000	35,194	525,095	1,140,955
2018	1,140,955	461,000	100,000	205,000	45,638	1,734,855	217,738
2019	217,738	461,000	100,000	235,000	8,710	702,095	320,353
2020	320,353	461,000	100,000	230,000	12,814	1,122,095	2,072
2021	2,072	461,000	100,000	175,000	83	482,095	256,060
2022	256,060	461,000	100,000	175,000	10,242	335,055	667,247
2023	667,247	461,000	100,000	175,000	26,690	599,495	830,442
2024	830,442	461,000	100,000	150,000	33,218	423,095	1,151,565
2025	1,151,565	461,000	100,000	150,000	46,063	1,079,995	828,632
2026	828,632	461,000	100,000	150,000	33,145	364,155	1,208,623
2027	1,208,623	461,000	100,000	150,000	48,345	973,095	994,872
2028	994,872	461,000	100,000	150,000	39,795	899,165	846,502
2029	846,502	461,000	100,000	150,000	33,860	384,695	1,206,667
2030	1,206,667	461,000	100,000	150,000	48,267	1,459,635	506,299
2031	506,299	<u>461,000</u>	<u>100,000</u>	<u>150,000</u>	<u>20,252</u>	<u>967,295</u>	270,256
Total		9,220,000	2,000,000	3,575,000	589,306	15,614,050	

City of Roseville
2011 Capital Investment Plan (CIP)
Funding Analysis

EQUIPMENT	BEGINNING	CURRENT	SHIFT	NEW	FUND	PROJECTED	ENDING
YEAR	BALANCE	FUNDING	FROM	TAX	BALANCE	COSTS	BALANCE
			OPERATING	REVENUE	INTEREST		
2012	750,000	0	150,000	225,000	30,000	401,525	753,475
2013	753,475	0	150,000	225,000	30,139	687,925	470,689
2014	470,689	0	150,000	225,000	18,828	486,925	377,592
2015	377,592	0	150,000	225,000	15,104	407,025	360,670
2016	360,670	0	150,000	250,000	14,427	716,125	58,972
2017	58,972	0	150,000	270,000	2,359	346,125	135,206
2018	135,206	0	150,000	255,000	5,408	532,425	13,189
2019	13,189	0	150,000	225,000	528	292,125	96,592
2020	96,592	0	150,000	240,000	3,864	444,825	45,630
2021	45,630	0	150,000	240,000	1,825	296,625	140,831
2022	140,831	0	150,000	215,000	5,633	279,125	232,339
2023	232,339	0	150,000	215,000	9,294	320,025	286,607
2024	286,607	0	150,000	270,000	11,464	362,725	355,347
2025	355,347	0	150,000	270,000	14,214	517,455	272,106
2026	272,106	0	150,000	270,000	10,884	300,575	402,415
2027	402,415	0	150,000	300,000	16,097	741,025	127,486
2028	127,486	0	150,000	300,000	5,099	546,075	36,511
2029	36,511	0	150,000	300,000	1,460	178,525	309,446
2030	309,446	0	150,000	300,000	12,378	644,025	127,799
2031	127,799	<u>0</u>	<u>150,000</u>	<u>300,000</u>	<u>5,112</u>	<u>297,725</u>	285,186
Total		0	3,000,000	5,120,000	214,116	8,798,930	

City of Roseville
2011 Capital Investment Plan (CIP)
Funding Analysis

FACILITIES	BEGINNING	CURRENT	SHIFT	NEW	FUND	PROJECTED	ENDING
YEAR	BALANCE	FUNDING	FROM	TAX	BALANCE	COSTS	BALANCE
			OPERATING	REVENUE	INTEREST		
2012	200,000	25,000	100,000	75,000	8,000	101,700	306,300
2013	306,300	25,000	100,000	75,000	12,252	514,500	4,052
2014	4,052	25,000	100,000	75,000	162	156,000	48,214
2015	48,214	25,000	100,000	75,000	1,929	225,800	24,343
2016	24,343	25,000	100,000	60,000	974	10,000	200,316
2017	200,316	25,000	100,000	40,000	8,013	109,200	264,129
2018	264,129	25,000	100,000	40,000	10,565	118,000	321,694
2019	321,694	25,000	100,000	40,000	12,868	90,000	409,562
2020	409,562	25,000	100,000	30,000	16,382	383,000	197,944
2021	197,944	25,000	100,000	85,000	7,918	14,000	401,862
2022	401,862	25,000	100,000	110,000	16,074	46,200	606,737
2023	606,737	25,000	100,000	110,000	24,269	862,000	4,006
2024	4,006	25,000	100,000	80,000	160	36,000	173,166
2025	173,166	25,000	100,000	80,000	6,927	181,000	204,093
2026	204,093	25,000	100,000	80,000	8,164	39,500	377,757
2027	377,757	25,000	100,000	50,000	15,110	64,200	503,667
2028	503,667	25,000	100,000	50,000	20,147	114,000	584,814
2029	584,814	25,000	100,000	50,000	23,393	297,500	485,706
2030	485,706	25,000	100,000	50,000	19,428	194,500	485,635
2031	485,635	<u>25,000</u>	<u>100,000</u>	<u>50,000</u>	<u>19,425</u>	<u>465,500</u>	214,560
Total		500,000	2,000,000	1,305,000	232,160	4,022,600	

City of Roseville
2011 Capital Investment Plan (CIP)
Funding Analysis

SUMMARY	BEGINNING	CURRENT	SHIFT	NEW	FUND	PROJECTED	ENDING
YEAR	BALANCE	FUNDING	FROM	TAX	BALANCE	COSTS	BALANCE
			OPERATING	REVENUE	INTEREST		
2012	1,450,000	486,000	350,000	500,000	58,000	970,320	1,873,680
2013	1,873,680	486,000	350,000	500,000	74,947	1,966,520	1,318,107
2014	1,318,107	486,000	350,000	500,000	52,724	1,350,980	1,355,851
2015	1,355,851	486,000	350,000	500,000	54,234	1,773,620	972,466
2016	972,466	486,000	350,000	500,000	38,899	1,208,220	1,139,144
2017	1,139,144	486,000	350,000	500,000	45,566	980,420	1,540,290
2018	1,540,290	486,000	350,000	500,000	61,612	2,385,280	552,622
2019	552,622	486,000	350,000	500,000	22,105	1,084,220	826,506
2020	826,506	486,000	350,000	500,000	33,060	1,949,920	245,647
2021	245,647	486,000	350,000	500,000	9,826	792,720	798,753
2022	798,753	486,000	350,000	500,000	31,950	660,380	1,506,323
2023	1,506,323	486,000	350,000	500,000	60,253	1,781,520	1,121,056
2024	1,121,056	486,000	350,000	500,000	44,842	821,820	1,680,078
2025	1,680,078	486,000	350,000	500,000	67,203	1,778,450	1,304,831
2026	1,304,831	486,000	350,000	500,000	52,193	704,230	1,988,794
2027	1,988,794	486,000	350,000	500,000	79,552	1,778,320	1,626,026
2028	1,626,026	486,000	350,000	500,000	65,041	1,559,240	1,467,827
2029	1,467,827	486,000	350,000	500,000	58,713	860,720	2,001,820
2030	2,001,820	486,000	350,000	500,000	80,073	2,298,160	1,119,733
2031	1,119,733	<u>486,000</u>	<u>350,000</u>	<u>500,000</u>	<u>44,789</u>	<u>1,730,520</u>	770,002
Total		9,720,000	7,000,000	10,000,000	1,035,582	28,435,580	