

Special Revenue and Enterprise Funds

April 19, 2017



Transportation Department Budget Overview

Daryl Cole
Director
Tucson Department of Transportation



Highway Revenue User Fund

FY 2017 Overview

- **State HURF Revenues – Projection \$39.1M**
 - Average \$2.9M/month
 - Additional \$1.5M received in February
- **Other Revenues – Projection \$3.9M**
 - Property sales, rentals/leases, permit/barricade fees
 - LED Rebate
- **Expenditure Savings**
 - Personnel – Vacancies, CIP projects
 - Electricity – LED lighting conversion
- **Anticipated Fund Balance is \$12.2M**



Highway Revenue User Fund FY 2018 Overview

- State HURF Revenues – Projection \$39.5M
- Other Revenues – Projection \$3.6M
 - Rentals/leases, permit/barricade fees
 - LED Rebate
- Notable Projects
 - Rolling Stock
 - Asset management
 - Prop 409 Street repairs
- Anticipated Fund Balance is \$7.4M



HURF Five-Year Forecast

- Assumes annual 1% state revenue increase
- Decreased debt service beginning FY 2019
- Enhanced Fleet/Equipment Replacement
- Signal Restoration and Wiring Programs
- Landscaping Program
- Assumes 50% reduction of vacancies
- Stabilized fund balance



HURF Five-Year Forecast

	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Beginning Fund Balance	\$ 25,177,960	\$ 12,202,360	\$ 7,417,820	\$ 7,851,230	\$ 7,256,070
State Revenues	\$ 39,100,000	\$ 39,550,000	\$ 39,945,500	\$ 40,344,960	\$ 40,748,410
HURF Transfer	(\$ 8,761,900)	(\$ 9,002,450)	(\$ 4,570,250)	(\$ 4,493,750)	(\$ 4,147,250)
Other Revenues (fees, leases, etc.)	\$ 3,984,800	\$ 3,604,800	\$ 3,680,000	\$ 1,700,000	\$ 1,720,000
Expenditures	(\$ 47,298,500)	(\$ 38,936,890)	(\$ 38,621,840)	(\$ 38,146,370)	(\$ 37,924,450)
Ending Fund Balance	\$ 12,202,360	\$ 7,417,820	\$ 7,851,230	\$ 7,256,070	\$ 7,652,780



Transportation

Trends, Opportunities, Challenges

- State HURF Budget/Revenues
- Vacancies/Turnover
- ADA Transition Plan
- Signal Restoration/Communication
- Wiring/Illumination
- Landscaping/ROW Maintenance



Park Tucson Fund FY 2017 Overview

- LED lighting conversion in all 6 garages
- Signage upgrades (way-finding, garages)
- Neighborhood Reinvestment Program underway
- \$300,000 to General Fund for citation payments (includes \$100K for FY 2016: \$10/payment collected)
- FY 2017 fund balance projection is \$1.3M



Park Tucson Fund

FY 2018 Overview

- On-line permitting implementation
- Continue Neighborhood Reinvestment Program
- 4th Avenue Managed Parking, Phase 2 Implementation
- Shared Parking Area, pilot implementation
- Complete Parking Master Plan
- Website Upgrade
- \$200,000 to General Fund from citation payments



Park Tucson Five-Year Forecast

- Assumes modest growth in off-street, on-street, and enforcement revenue
- Increased debt service
- Annual citation revenue to General Fund
- Neighborhood Reinvestment Program



Park Tucson Five-Year Forecast

	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Beginning Fund Balance	\$ 3,341,887	\$ 1,384,177	\$ 1,224,447	\$ 1,075,122	\$ 1,050,792
Revenues	\$ 5,206,730	\$5,634,810	\$ 5,586,925	\$ 5,643,000	\$ 5,720,000
Expenditures	(\$ 7,164,440)	(\$ 5,794,540)	(\$ 5,736,250)	(\$ 5,667,330)	(\$ 5,599,180)
Ending Fund Balance	\$ 1,384,177	\$ 1,224,447	\$ 1,075,122	\$ 1,050,792	\$ 1,171,612



Park Tucson

Trends, Opportunities, Challenges

- Continued urban redevelopment in City Center should increase parking demand/revenue from visitors, commuters
- Potential loss of revenue-generating street parking
- Opportunities to better utilize/monetize street parking in commercial and mixed-use areas.
- Private-sector partnerships (managing private lots)
- Leverage new enforcement technology to increase collections of past-due citations through “booting” of scofflaw vehicles
- Structured public parking likely needed to accommodate economic growth, replacing surface lots



Environmental Services Fund Financial Performance

Carlos A. De La Torre, P.E.
Director
Environmental & General Services
Department



EGSD Budget – Fund 002

	FY 16		FY 17		FY 18
	Adopted	Actual	Adopted	Projected	Requested
<u>FTE's</u>	214	214	213	213	213
	FY 16		FY 17		FY 18
<u>Budget</u>	<u>Adopted</u>	<u>Actual</u>	<u>Adopted</u>	<u>Projected</u>	<u>Requested</u>
Operating	\$ 46,583,000	\$ 43,714,011	\$ 48,408,240	\$ 46,775,200	\$ 49,268,940
Capital	\$ 11,939,000	\$ 3,082,575	\$ 10,775,000	\$ 3,082,200	\$ 11,687,900
Department Total	\$ 58,522,000	\$ 46,796,586	\$ 59,183,240	\$ 49,857,400	\$ 60,956,840



Five Year Outlook

	FY 17	FY 18	FY 19	FY 20	FY 21	FY 22
ES Fund Balance	\$ 30,453,448	\$ 30,695,200	\$ 24,924,442	\$ 19,200,920	\$ 18,471,908	\$ 19,848,556
Restricted Funds: Landfill Closure and Groundwater						
Landfill Closure	\$ 9,941,967	\$ 10,965,827	\$ 11,989,687	\$ 13,013,547	\$ 14,037,407	\$ 15,061,267
Groundwater Protection Fund	\$ 6,187,492	\$ 5,411,352	\$ 3,060,212	\$ 1,281,072	\$ 2,304,932	\$ 3,328,792
Subtotal	\$ 16,129,459	\$ 16,377,179	\$ 15,049,899	\$ 14,294,619	\$ 16,342,339	\$ 18,390,059
Use of Restricted Funds: GWPF CIP Projects	\$ (1,800,000)	\$ (3,375,000)	\$ (2,803,000)			
Restricted Reserves	\$ 14,329,459	\$ 13,002,179	\$ 12,246,899	\$ 14,294,619	\$ 16,342,339	\$ 18,390,059
Unassigned Reserves	\$ 16,123,989	\$ 17,693,021	\$ 12,677,543	\$ 4,906,301	\$ 2,129,569	\$ 1,458,497
Use of Reserves - CIP Projects	\$ (1,295,000)	\$ (5,400,000)	\$ (5,800,000)	\$ (3,500,000)	\$ (1,300,000)	\$ (2,000,000)
Projected Operational Variance	\$ 1,100,000	\$ 956,522	\$ 831,758	\$ 723,268	\$ 628,929	\$ 546,894
O&M Reserves (60 Days)	\$ 8,000,000	\$ 8,000,000	\$ 8,000,000	\$ 8,000,000	\$ 8,000,000	\$ 8,000,000
Balance	\$ 7,928,989	\$ 5,249,543	\$ (290,699)	\$ (5,870,431)	\$ (6,541,503)	\$ (7,994,608)

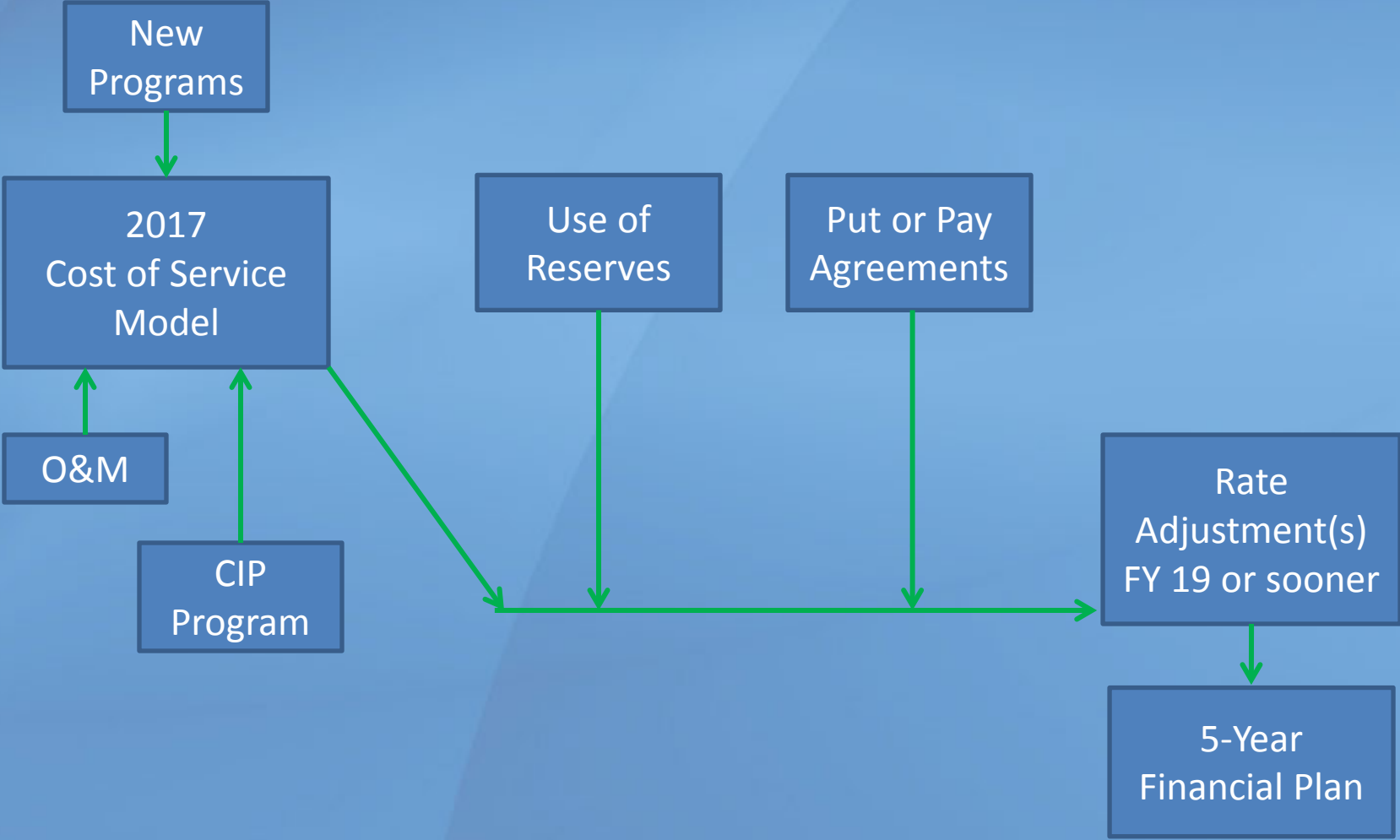


Capital Improvements Program

	<u>FY 17</u>	<u>FY 18</u>	<u>FY 19</u>	<u>FY 20</u>	<u>FY 21</u>	<u>FY 22</u>
USE OF RESERVES-CIP PROJECTS						
New Container Maintenance Facility @ LR	\$ 230,000	\$ 3,300,000	\$ 1,500,000			
Relocation of HHW Facility to LR		\$ 300,000	\$ 1,000,000			
Landscape Buffer @ LR	\$ 50,000	\$ 200,000				
Land Acquisition, LR East side	\$ 50,000	\$ 50,000				
Cell 4 @ LR		\$ 300,000	\$ 2,500,000	\$ 2,500,000		
Self-Haul Facility @ LR	\$ 50,000					
Utility Billing Software Upgrade		\$ 200,000	\$ 500,000	\$ 500,000	\$ 1,300,000	
10th Avenue Closure	\$ 715,000	\$ 50,000	\$ 300,000			
TW/ES Customer Service Center		\$ 1,000,000				
LR Minor Maintenance Facility				\$ 500,000		
Education Center @ LR						\$ 2,000,000
Total	\$ 1,295,000	\$ 5,400,000	\$ 5,800,000	\$ 3,500,000	\$ 1,300,000	\$ 2,000,000



Proposed Environmental Services-Financial Plan



Opportunities

- Continue to increase operating efficiencies resulting from the EGSD consolidation
- Continued enhancements of programs
 - Code Enforcement
 - Illegal Dumping
- Environmental Services Campus: Los Reales Landfill
 - Container Maintenance (10th Avenue Facility)
 - Household Hazardous Waste (Sweetwater Facility)
- Energy and Waste Reduction
 - Gas to Energy Project (Nov. 2017)
 - Evaluation and enhancement of the City's waste diversion and recycling program
- Growth and Annexations



Challenges

- Put or pay Agreement(s)
 - Set to expire within a year
- Fleet Replacement Program
 - New Corporation/Management
- Employee Retention
- Fuel & Commodity prices
- Rate Adjustment Proposal
 - FY 19 or sooner

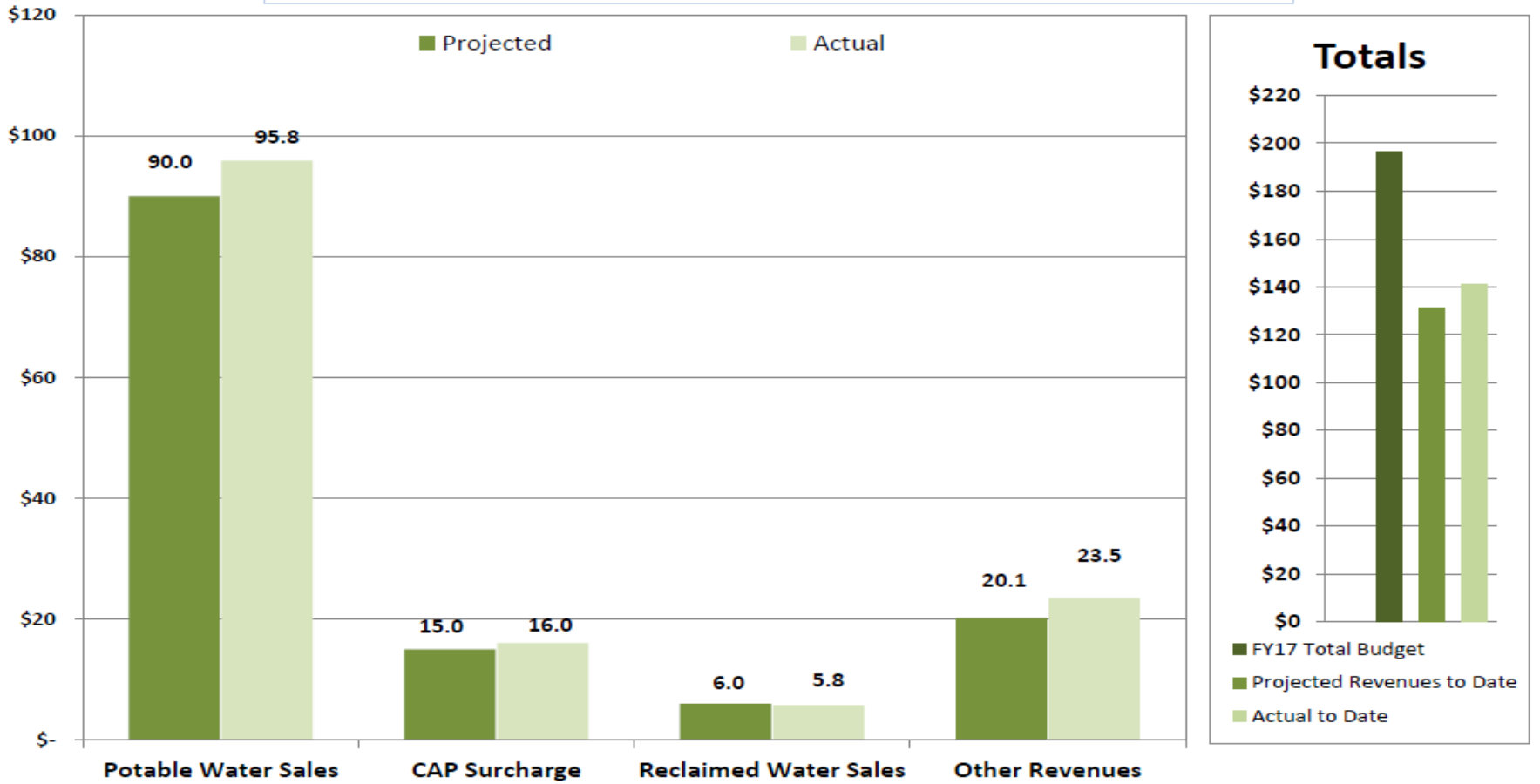


Tucson Water Financial Update

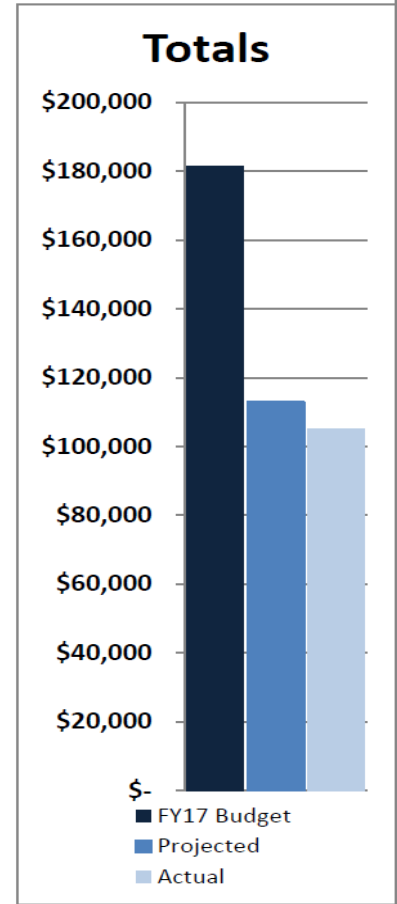
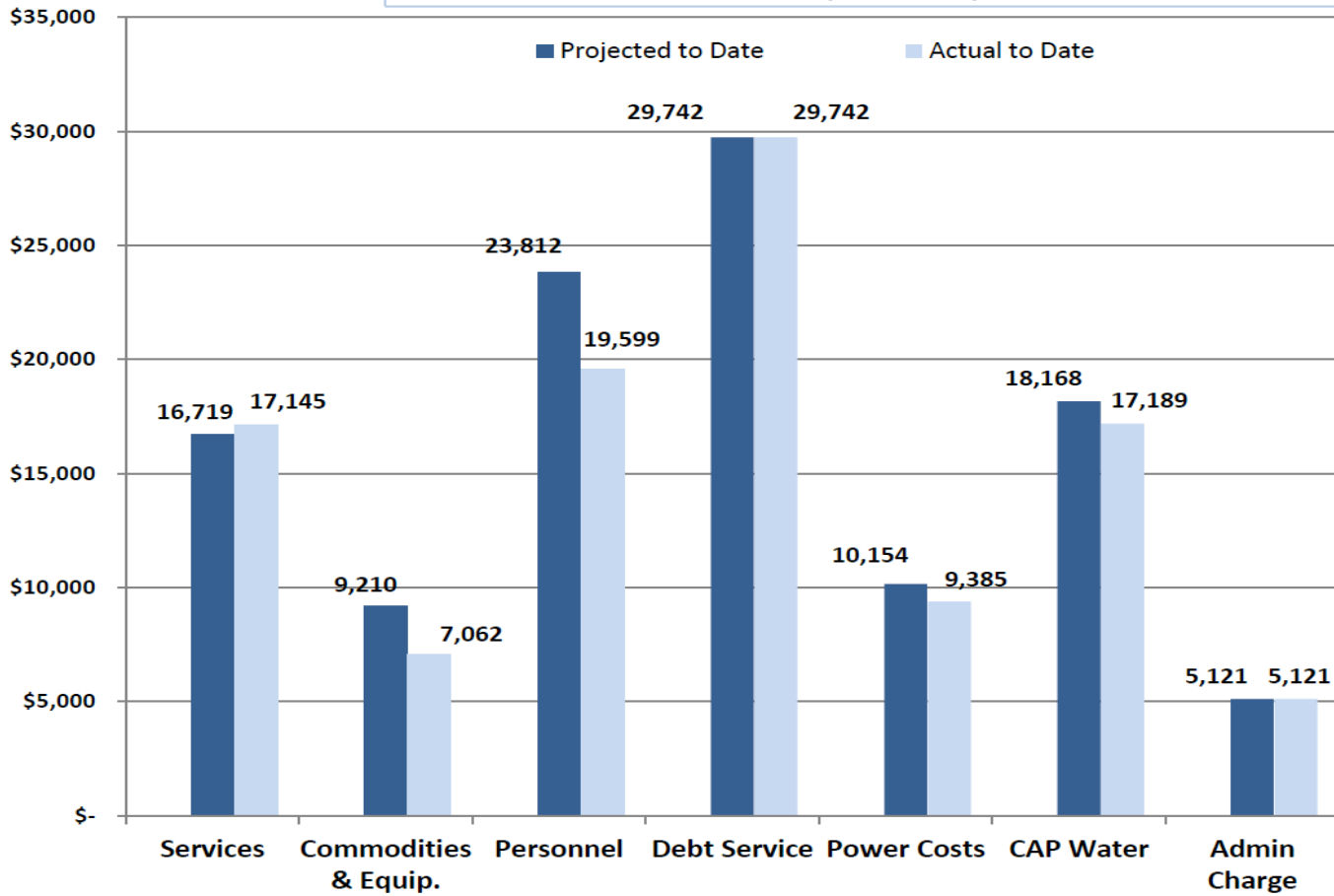
Timothy Thomure
Director
Tucson Water



**FY2017 Period 8 Tucson Water Revenue Projections (\$131.1M) (All Funds)
versus Actuals (\$141.1M) as of February 28th
FY'17 Total Budget \$196.7 Million
(\$ in 1000's) Unaudited Results**



**FY 2017 Period 8 Tucson Water Operating Expenditure
Projection (\$113M) vs. Actual (\$105M) as of February 28th
FY17 Total Budget \$181 million
(\$ in 1000's)**



End of Year Projections

Revenues:

Adopted Budget \$196.7 M
End of Year Projected \$200.3 M
1.86% over adopted budget

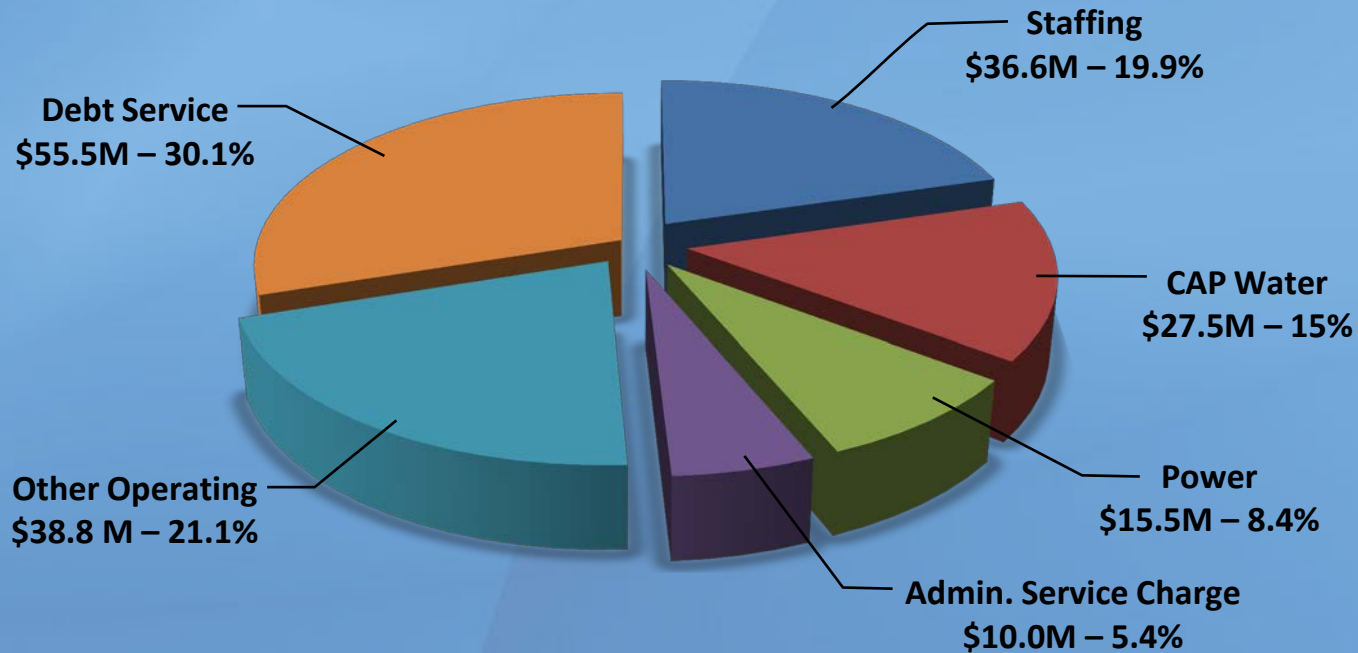
Expenditures:

- Adopted Budget \$181.4 M
- End of Year Projected \$170.4 M
- *6% under adopted budget*

Projections Effective: 31
March, 2017



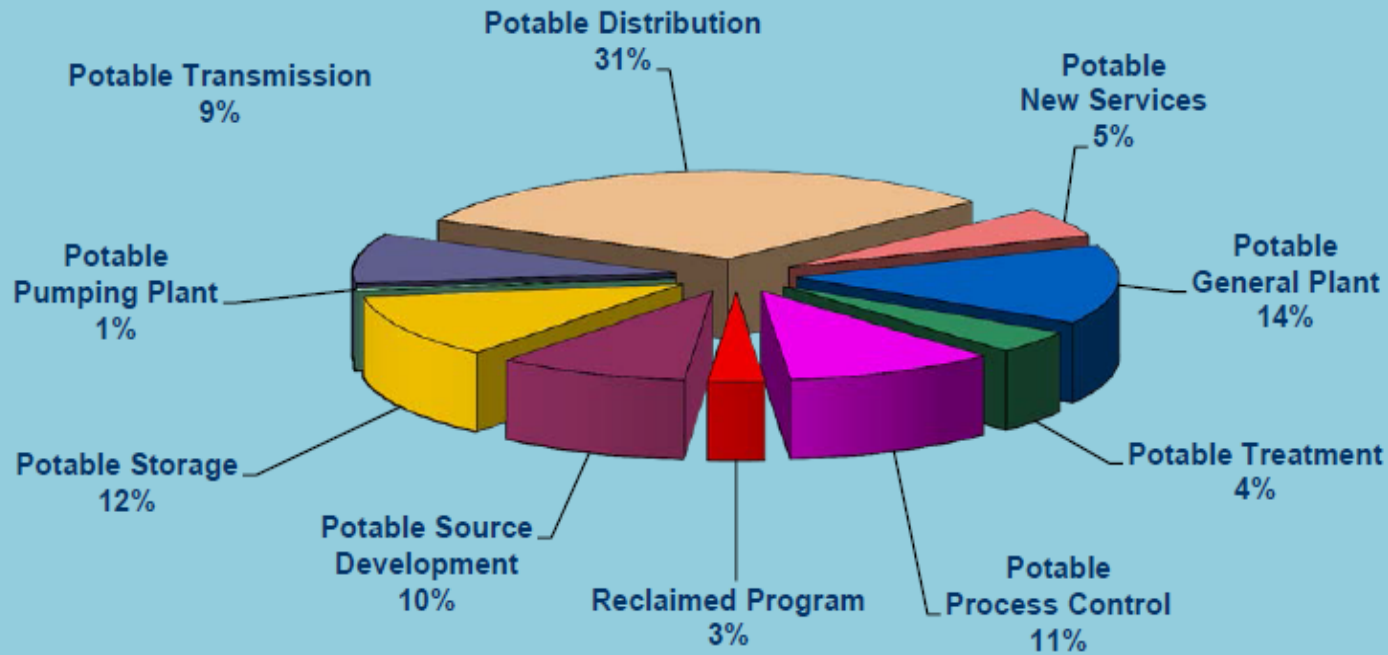
FY 2018
Operation & Maintenance Budget
\$183.7 Million



Effective 11 April 2017



FY2018 Capital Budget
\$70.2 Million (includes Carry-Forward)



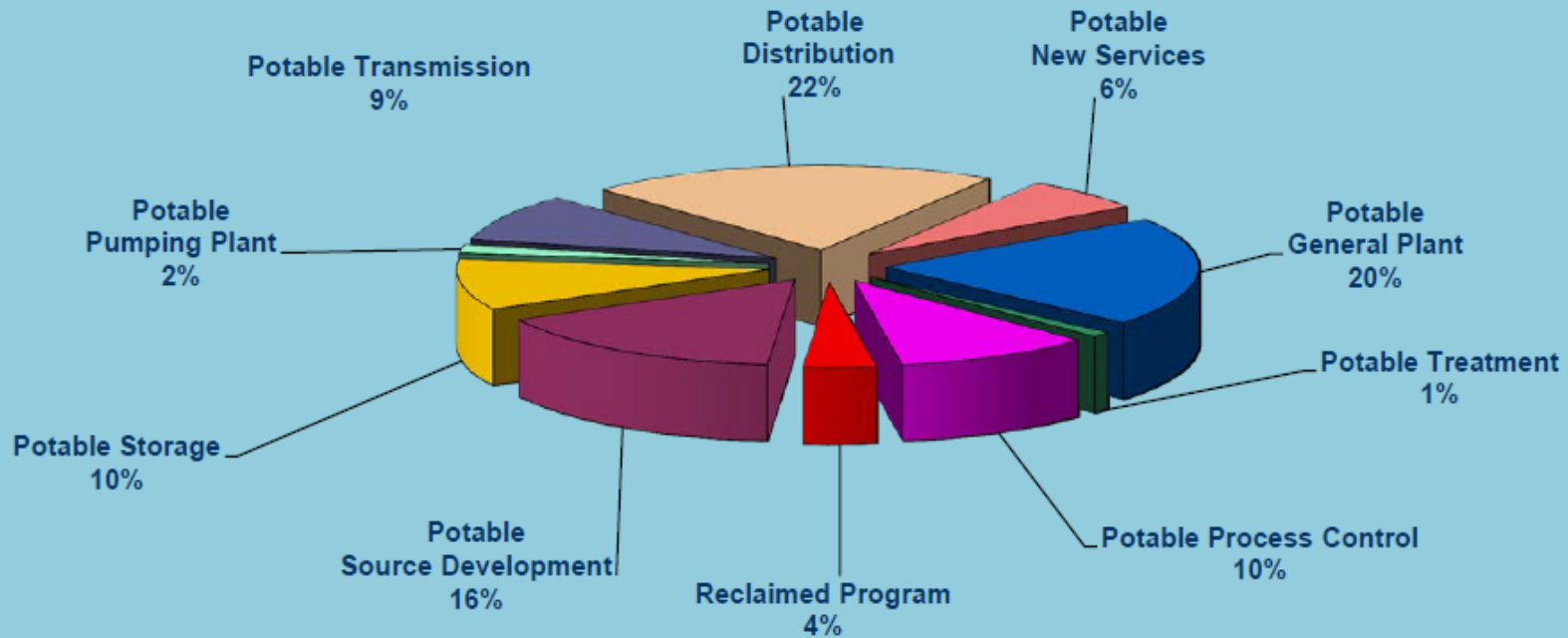
\$13.2 M Carry Forward



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FY2018 - FY2022 CAPITAL BUDGET
\$302.3 Million (includes Carry-Forward)



FY 2018-22 Financial Plan

Debt Service & Working Capital Coverages

	2018	2019	2020	2021	2022
Senior Debt*	192%	191%	195%	194%	205%
All Debt Service	168%	170%	174%	174%	187%
	2018	2019	2020	2021	2022
Working Capital / Cash Reserves	\$31.8M	\$32.9M	\$34.3M	\$36.5M	\$44.1M
Days of Working Capital	95	95	95	95	110

*Bond covenant=175% (Goal=185%)



Department Priorities

- Customer Service
- Economic Development
- Information Technology
- CAP Costs
- Aging Infrastructure
- Staff Development



Public Safety Personnel Retirement System (PSPRS)

Joyce K. Garland, CPA
Chief Financial Officer/Assistant City Manager



Proposed Retirement Incentive

- Sick leave payout of 100% for all hours accrued;
- One time cash payment of \$50,000;
- (Employee Option) Medical benefit subsidy modeled like the TSRS retirement medical incentive approved by Mayor and Council on January 13, 2016. I will provide more detail on this below.

**Proposed to certain ranks of commissioned staff for both Fire and Police*



Limited Opportunity

- After a 45 day notice period, eligible employees will be given a 10 day sign up period, and will need to declare their intent to retire by July 1, 2017. A 7-day rescission period will also be provided.



Cost

- Sick leave payout of 100% plus the \$50,000 cash payment is calculated on average at approximately:
 - \$82,498 per employee for Fire
 - \$65,083 per employee for Police
- 2016 TSRS Retirement Incentive provided a medical subsidy to pay for health insurance premiums for a period not to exceed 36 months, conditions stipulated, if employees waived retiree medical insurance. The cost of this option alone is \$28,800 per employee for the 36 month period.



2017 Anticipated Cost

- The total cost for this incentive for 12 employees from each the department:

Fire - \$1,335,580

Police - \$1,126,600

Total - \$2,462,180



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Future Savings

- Approximately \$495,600 per fiscal year
- Police Department projected savings anticipated by filling the 12 targeted positions with entry level police officers is \$645,000. The total savings between both departments could be \$1,140,600, after the first year.

