

Fiscal Year 2015: Overview of City Manager's Recommended Budget

*Mayor and Council
Study Session
April 23, 2014*



tucsonaz.gov

Budget and Internal Audit



Recommended FY 2015 Citywide Budget: \$1.250 billion



**Reduction of \$22 million from the
FY 2014 Adopted Budget of \$1.272 billion**



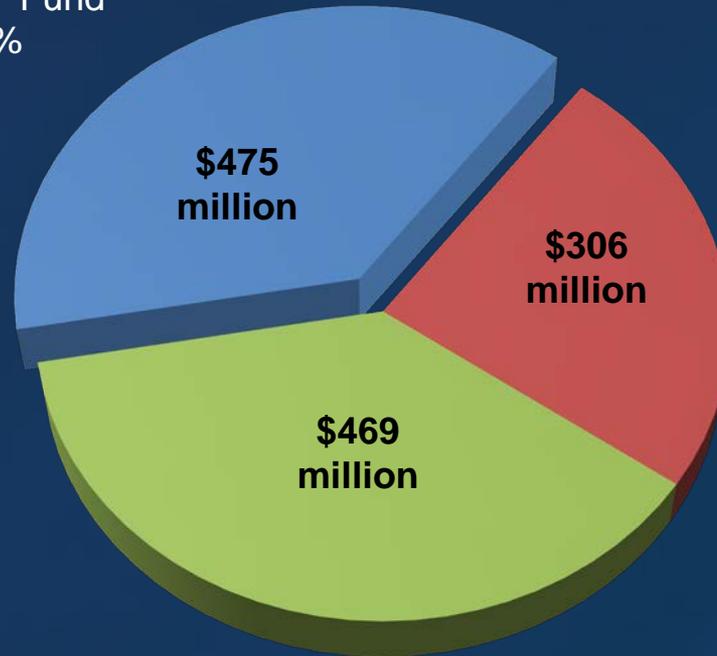
tucsonaz.gov

Budget and Internal Audit



Recommended FY 2015 Citywide Budget: \$1.250 billion

General Fund
38%



Enterprise Funds
24%

Other Restricted
Funds
38%



tucsonaz.gov

Budget and Internal Audit

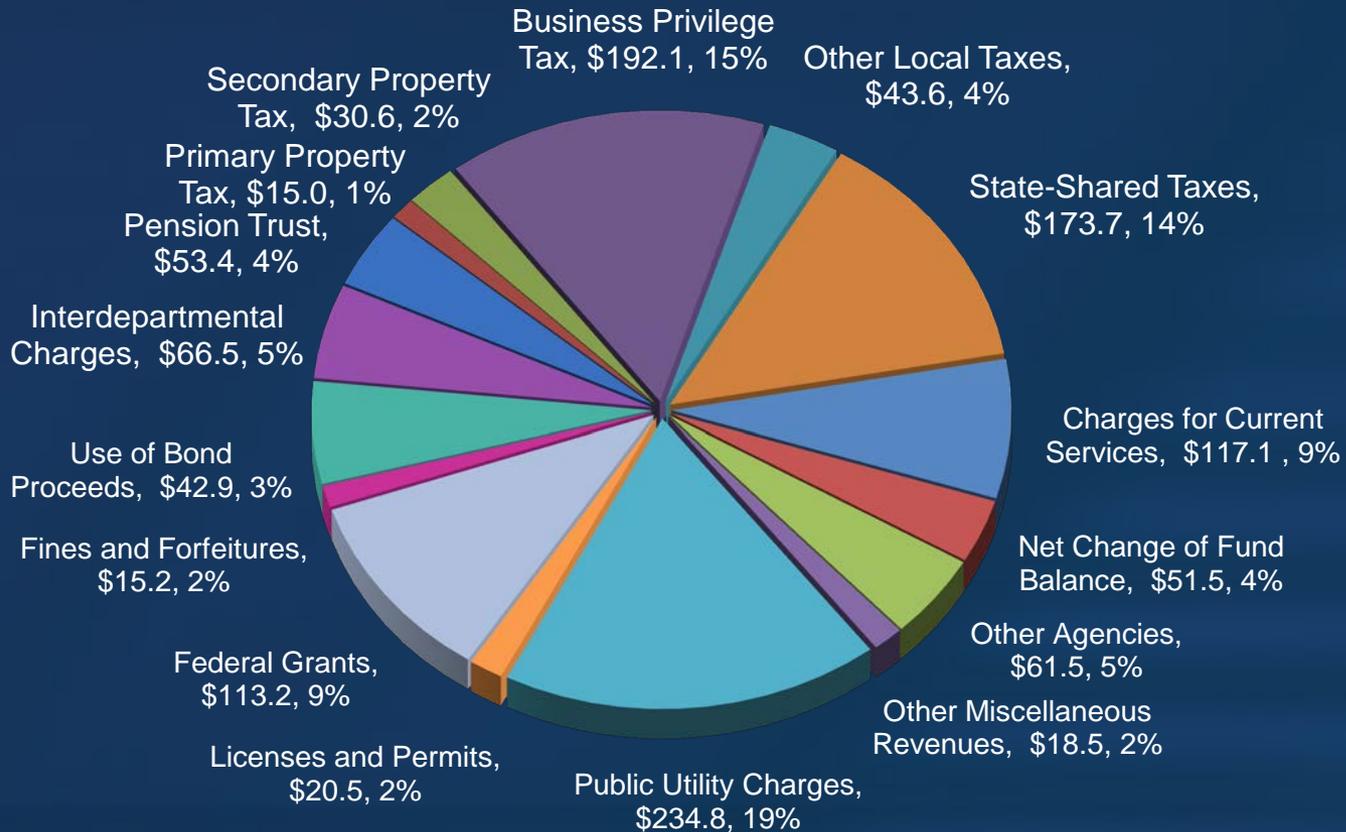


Total Budget Comparison FY 2014 to FY 2015 Recommended

Total Budget (\$ millions)					
	Adopted FY 2014 Budget	Recommended FY 2015 Budget	Change	Percentage Change	
General Fund	\$ 467.9	\$ 475.0	\$ 7.1	2%	
Enterprise Funds	278.9	305.9	27.0	10%	
Other Restricted Funds	525.0	469.3	(55.7)	(11%)	
Total	\$ 1,271.8	\$ 1,250.2	\$ (21.6)		
Operating	\$ 1,045.9	1,051.4	\$ 5.5	0.53%	
Capital	225.9	198.8	(27.1)	(12%)	
Total	\$ 1,271.8	\$ 1,250.2	\$ (21.6)		



Fiscal Year 2015 Projected Citywide Revenues



tucsonaz.gov

Budget and Internal Audit

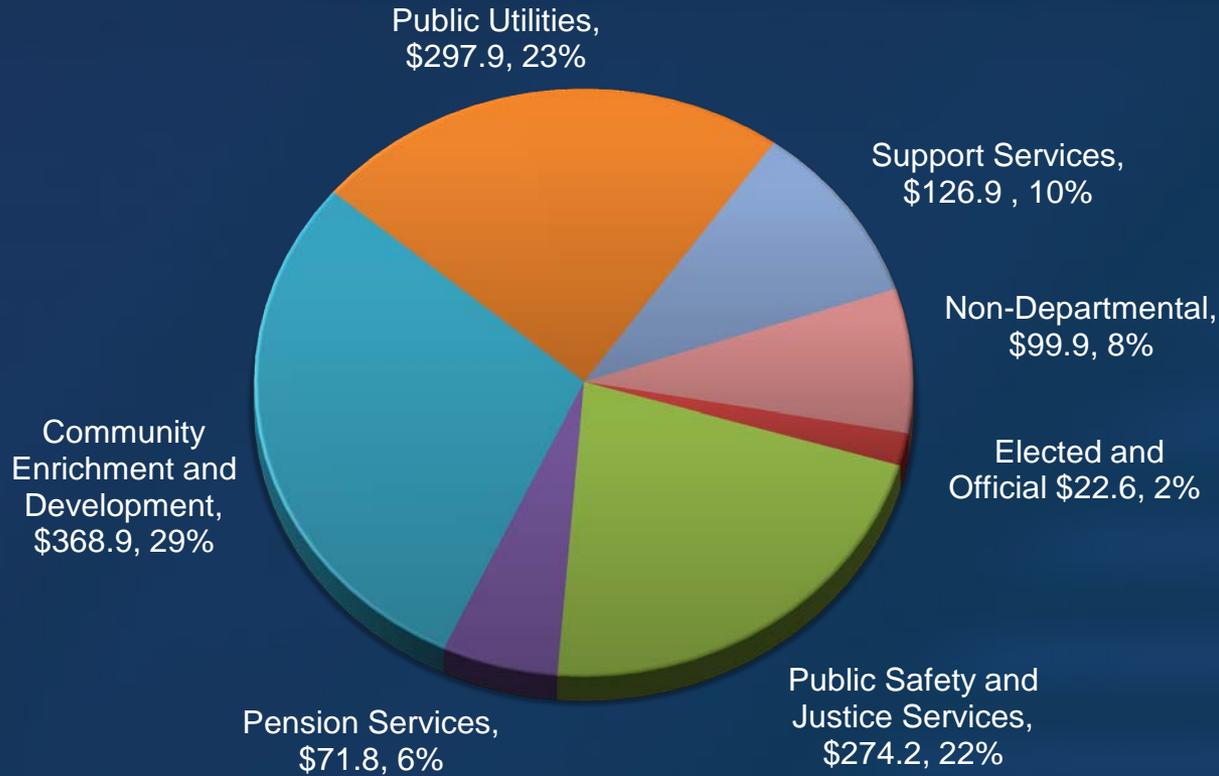


Highway User Revenue

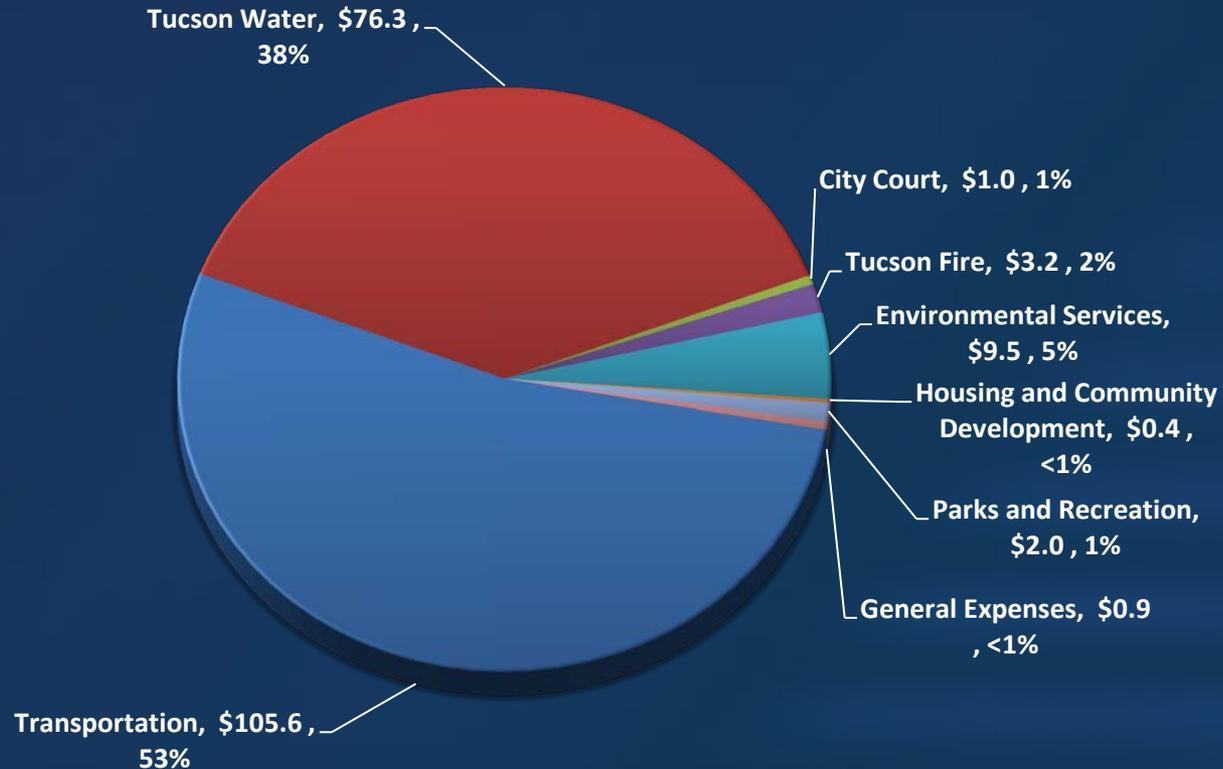
- The State budget includes \$30 million in additional HURF
- Translates to \$1.33 million for Pima Association of Governments
- An additional \$1.6 million is projected for HURF; the 3% allocation will be approximately \$340,000
- The final budget will be amended to reflect the increase



Fiscal Year 2015 Proposed Citywide Expenditures



Capital Improvement Plan Fiscal Year 2015 (Proposed Year 1) Total = \$198.8 million



Capital Improvement Plan Change from April 8

- The Compressed Natural Gas (CNG) Plant Replacement Project was removed from the Recommended Budget
- Staff will update Mayor and Council on the CNG Project and funding requirements at the May 6 Study Session



City Property Taxes

City of Tucson Property Tax Comparisons				
	Actual FY 2014	Recommended FY 2015	Change	
Rate Changes				
Primary	\$ 0.5245	\$ 0.4829	\$ (0.0416)	
Secondary	0.9059	0.9777	0.0718	
Total	\$ 1.4304	\$ 1.4606	\$ 0.0302	

Involuntary tort levy amount is \$1,374,150, which is a decrease from the FY 2014 levy amount of \$3,213,750

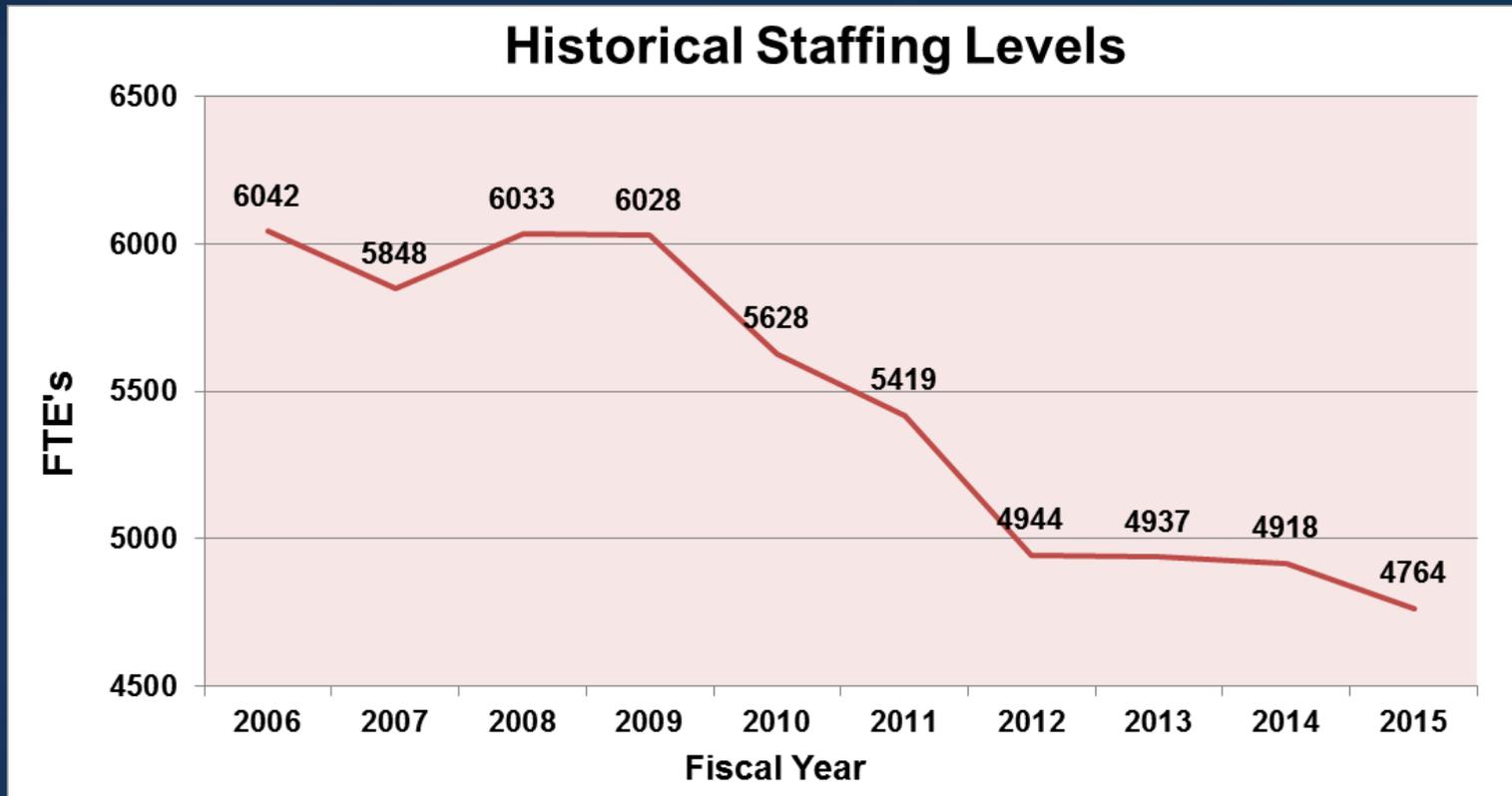


City Staffing Levels

- Citywide FTEs = 4,764
 - Reduction of positions
 - Tucson City Golf; 23 permanent and 45 non-permanent positions
 - Environmental Services; 7 permanent vacant positions
 - General Fund Departments; 64 permanent and 28 non-permanent positions
 - Reduction of 864 since FY 2010; reduction of 1,278 from FY 2006

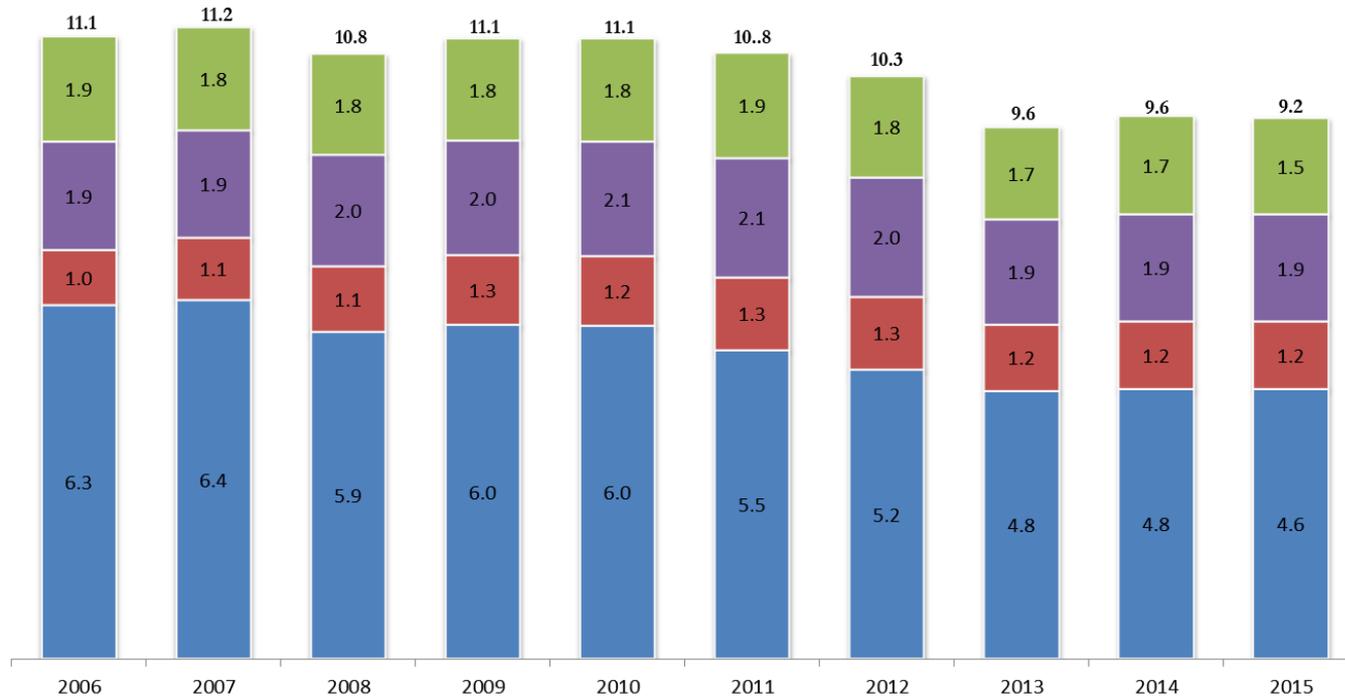


Citywide Staffing Levels



NUMBER OF CITY EMPLOYEES PER 1,000 POPULATION

■ Other* ■ Fire Commissioned ■ Police Commissioned ■ Enterprise Positions**



* In Fiscal Year 2007, Library staff was transferred to Pima County

** Includes Environmental Services, Tucson City Golf, and Tucson Water.



tucsonaz.gov

Budget and Internal Audit



General Fund



General Fund

Reconciliation from 3/25/14 to 4/23/14

Revenues Reported on 3/25/14	\$ 472.40
Increase:	
Fines and Forfeitures	0.32
Charges for Services	0.20
Sub-total	472.92
Use of WR Grace Settlement Changes:	
Election equipment	(1.10)
Access Tucson (from 0 to \$150,000)	0.15
Sub-total	471.97
Use of fund balance from FY 2014 savings	3.13
Total Revenues	\$ 475.10
Proposed Expenditure Budget Reported on 3/25/14	\$ 474.40
Funding Support Changes:	
TPAC (from \$100,000 to \$350,000)	0.25
Human Services RFPs (from \$729,000 to \$1,129,000)	0.40
Economic & Workforce Development (from 0 to \$500,000)	0.50
Access Tucson (from 0 to \$150,000)	0.15
Sub-total	475.70
Department Changes:	
Remove election equipment	(1.10)
Debt Service increase due to FY 2014 restructuring	0.19
Additional department reductions	(0.38)
Sub-total	474.41
Transfer Changes:	
Sun Tran/Sun Van	1.40
Sun Link	(0.60)
Tucson Convention Center	(0.11)
Total Proposed Expenditures	\$ 475.10



Revenues



tucsonaz.gov

Budget and Internal Audit



Fiscal Year 2015 General Fund Revenue Projection

Revenue Type	FY 2015 Estimate as of 3/25/14	FY 2015 Estimate as of 4/23/14	Change
Sales Tax	\$ 192.1	\$ 192.1	\$ -
Primary Property Tax	13.6	13.6	-
Other Local Taxes	43.6	43.6	-
State Shared Revenue	131.5	131.5	-
Licenses and Permits	20.5	20.5	-
Fines and Forfeitures	14.3	14.6	0.3
Charges for Services	30.3	30.5	0.2
Administrative Charge	11.2	11.2	-
Use of Money and Property	0.5	0.5	-
Other Agencies	2.5	2.5	-
Non-Grant Contributions	2.2	2.2	-
Sale of Property	1.6	1.6	-
Other Revenues	1.1	1.1	-
In Lieu of Tax	1.6	1.6	-
Subtotal	466.6	467.1	0.5
Use of Assigned Fund Balance:			
WR Grace Settlement	4.5	3.5	(1.0)
Use of Restricted Fund Balance	1.3	1.3	-
Use of Unrestricted Fund Balance:			
FY 2014 Savings	-	3.1	3.1
Revenue Total	\$ 472.4	\$ 475.0	\$ 2.6



The Recommended Budget revenues include:

- An increase to the Business License Fee from \$45 annually to \$60; estimated increase of \$0.5 million
- A new administration fee for ParkWise; \$0.1 million
- Continued payment in lieu of taxes from Tucson Water Utility



The Recommended Budget revenues **do not** include increases to:

- Transit fares
- Parks and Recreation fees
- Permitting fees
- Ambulance transport fees
- Administration fee to Environmental Services and Tucson Water



Use of Fund Balance

- Use of Fund Balance to cover FY 2015 ongoing expenditures, **not** including W.R. Grace proceeds = \$3.1 million
- Our intention is to maintain the same amount of unassigned fund balance at the end of FY 2015 as the FY 2013 unassigned fund balance of \$12.8 million
- To accomplish this we will save \$3.1 million by slowing spending during FY 2014
- The Unassigned Fund Balance at the end of FY 2014 will need to be \$15.9 or further reductions will need to take place during FY 2015



Expenditures



tucsonaz.gov

Budget and Internal Audit



The Recommended Budget proposed expenditures include:

- Payment of the Certificates of Participation principal amount due in FY 2015
- Department reorganizations and reductions as outline to Mayor and Council on March 25, 2014
- Non-recurring expenditures funded by WR Grace and Sale of Property
- Removal of \$123,610 capacity for consultant from General Government



The Recommended Budget proposed expenditures include:

- January 1, 2014 approved compensation increase
- \$1.5 million savings from medical and dental benefits
- Restructuring of overtime provisions to achieve a savings of \$1.0 million. This will be included as part of the annual compensation plan ordinance.



The Recommended Budget proposed expenditures include:

- The transfer of \$500,000 contingency capacity from Non-Departmental to Parks and Recreation for maintenance
 - Department Director will provide a schedule to the City Manager as to how the funds will be spent and the estimated timeframe for work to be completed
 - The approved maintenance schedule will use contract services to perform the work



General Services Department

- The additional General Fund \$2.3 million will:
 - Sustain the FY 2014 frequency and response of Plumbing, Electric, Elevators, Fire Protection, HVAC, Locksmith, Custodial services/repairs
 - Will start restoring roofing, painting, window washing, carpet replacement services
- The General Service Department handles 150+ General Fund facilities; 40+% of service work is outsourced
- A process improvement plan is underway and an analysis of the use of the Internal Service Fund structure



The Recommended Budget proposed expenditures include:

- Service and route changes to Sun Tran as defined by the Comprehensive Operational Analysis
- Further operating reductions recommended for Sun Tran and Sun Van
- RTA funding of \$2.0 million for the first year of operating costs for Sun Link



Contingency

- Mayor and Council adopt the expenditure limit each fiscal year which is based on the projection of revenues
- Sufficient revenues in a fiscal year must be available to spend the budget capacity
- A contingency budget is a budget that covers unexpected expenses during the course of a fiscal year



Contingency

- In Fiscal Year 2014, the budget contingency is \$750,000 which has been used to cover the following unanticipated expenses:
 - Tucson Convention Center arena repairs
 - City share of HVAC upgrades at Public Safety Training Academy
 - Software license agreement
 - Mayor and Council FY 2013 savings for multiple projects
 - Fiber optic work
 - Gem Show support
 - Real Estate costs to prepare property for sale
- The contingency proposed for FY 2015 is \$250,000



Funding Support Included in Recommended Budget

Access Tucson transition	\$	150,000
YMCA		0
Downtown Tucson Partnership		365,000
Business Improvement District		
Tucson-Pima Arts Council (TPAC)		350,000
Human Services RFP Allocations		1,129,000
Pima Association of Governments		98,420
Economic and Workforce Development RFP		500,000
Victim Witness		24,900
Visit Tucson		3,062,830
	\$	5,680,150

Funding for Access Tucson will provide an opportunity for the organization to assess its future.



tucsonaz.gov

Budget and Internal Audit



Use of Non-Recurring Funding

W.R. Grace Proceeds

Compensation payments for leave accrual	\$	1,500,000
JustWare Software		200,000
TCC repairs		500,000
ERP Procurement module		900,000
Fire rescue trucks		330,000
Access Tucson funding support		150,000
	\$	3,580,000

Sale of Property Proceeds

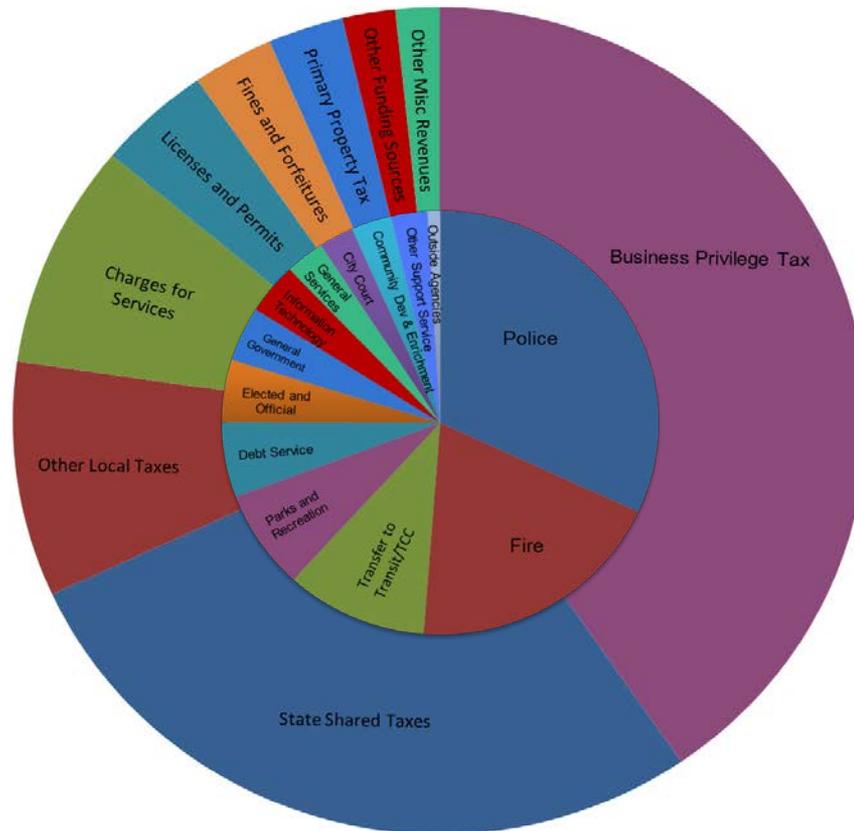
Replacement vehicles	\$	1,500,000
----------------------	----	-----------

Election equipment will be financed

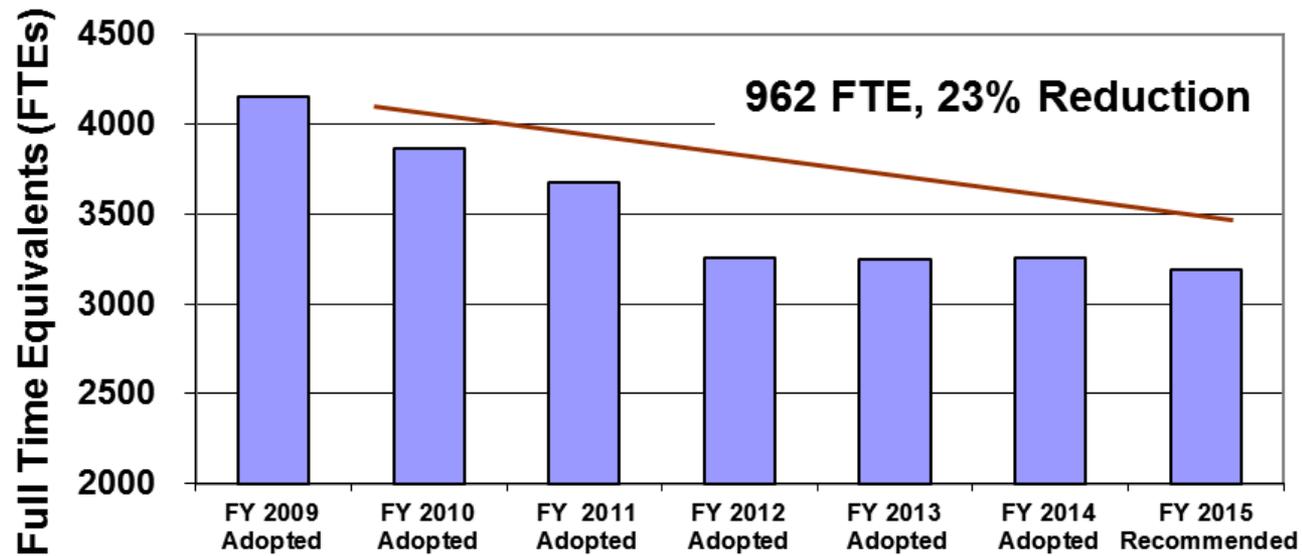
Sun Link Liability Reserve \$1.0 million will be funded in FY 2014



General Fund Revenue relative to Expenditures



General Fund Staffing



Ongoing Efforts

- Compensation matters with the unions
- Parks reconfiguration
- YMCA and Access Tucson transition plans
- General Service cost reductions
- Tucson Convention Center RFP
- Continual process improvements
- Building utilization



Budget Calendar

- May 6
 - Study Session discussion of Recommended Budget
 - Public Hearing
- May 20
 - Study Session discussion of Recommended Budget
 - Regular Agenda: Adoption of a Tentative Budget



Budget Calendar

- June 3
 - Public hearing on the budget as tentatively adopted
 - Special Mayor and Council meeting for the purpose of final budget adoption
- June 17
 - Regular Agenda for the adoption of property tax levies



Questions?



tucsonaz.gov

Budget and Internal Audit

