

# City of Gainesville

February 28, 2019

# The ask... 6 Million

- During the January 16<sup>th</sup> meeting Commission asked that GRU and General Government work together to formulate multiple financial solutions to narrow GRU's 6-12 Million budget gap.
- GRU and General Government met on February 5<sup>th</sup>.
  - To help GRU's Financial Sustainability, GRU finance staff suggested reduction of the GFT by 6 Million.
  - Both parties discussed possible budget cuts and revenue increases.

**Gainesville.**  
**Citizen centered**  
**People empowered**

# **General Government Preliminary FY20/21 General Fund Baseline Budget Plan**

# Budget Impacts / Uncertainties

- Very early in the budget process
  - Revenues and Expenditures will be adjusted
- Vetting of the department increments have not yet been completed
- Baseline includes FY19 adopted commission priorities
  - Does not include any new priorities FY20 +
  - All one time FY19 funding projects have been removed
- 5 Year CIP process underway
- Baseline Pension at 22% may need to increase to 23%
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- Homelessness MOU with County continuation

# FY20/21 Preliminary Baseline General Fund Plan

	FY20	FY21
*Revenues	\$126,783,451	\$129,259,813
Expenses	\$131,985,433	\$133,216,474
Surplus/(Deficit)	(\$5,201,982)	(\$3,956,661)

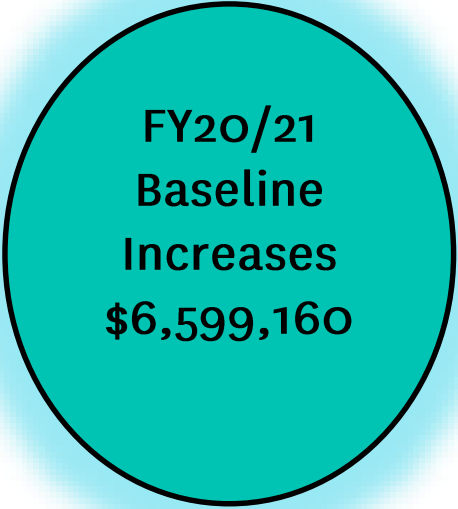
**\* Includes 1.5% GFT Growth Assumption**

# FY20/21 Preliminary Baseline General Fund Plan with reduction in the GFT

	FY20	FY21
Revenues	\$120,209,176	\$122,102,648
Expenses	\$131,985,433	\$133,216,474
Surplus/(Deficit)	(\$11,776,257)	(\$11,113,826)

**\* 6M GFT Reduction and No Growth Assumption**

# FY20/21 Recurring Baseline Expense Increases



**FY20/21  
Baseline  
Increases  
\$6,599,160**

- SAFER Grant
- Living Wage to \$13.75 FY20 and \$14.25 FY21
- Compression
- Total Rewards
- 2% Raises
- Fleet Variable and Fixed
- Health Insurance
- Pension Increases
- Ironwood moved into the GF starting in FY20
- Discontinuation of the Inmate Crews

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# **General Government Optional Expenditure Cuts**



# Optional General Fund Expenditure Decreases

- Hiring Freeze
- Position cuts
- Program cuts
- Fixed percentage cut across all departments

# General Fund Expenditure Decreases

## Hiring Freeze

- One time cost savings
- Assuming all vacant positions all departments  
~ \$6,160,100

# General Fund Expenditure Decreases

## Personal Services related cuts & related expense reductions

~ \$1,678,000

- Mobility: The annual transfer from the General Fund to RTS could be reduced by (\$70k) by elimination of one supervisor position.
- PW: The General Fund portion of the PW budget could decrease by (\$68k) via a reduction in maintenance worker positions. The service level impact would result in reduction of litter pickup.
- PRCA: Elimination of two maintenance worker positions could result in a savings of (\$81k). The service level impact would result in a reduction in frequency for mowing and trash removal.
- DOD: Freeze of 1.5 positions, Customer Experience and Planner (\$84k)
- Facilities: Freeze of two mechanic positions (\$57k)
- GFR: Reduce Inspection Unit or equivalent through reassignment (\$192k)
- Management: Freeze salaries for senior management, Director and above (~\$126k)
- No 2% raises for FY20 or FY21 across all departments (~\$1M)

-Contracts not yet ratified

# General Fund Expenditure Decreases

## Program Cuts ~\$332,000

- Mobility: The annual transfer from the General Fund to RTS could be reduced by (\$40k) via increases in advertising revenue and savings from the new online parking system.
- PRCA: Increase in Ironwood concession fees and cut advertising (\$43k); Increase Thomas Center Rental Fees (\$6k); Reduce UF Fireworks sponsorship (\$5k); Eliminate some mowing and maintenance contracts (\$30k); Reduce Free Fridays and Holiday Lighting (\$10k); Reduce safety incentives (\$10k); Reduce hours of lit ballfield use (\$30k); Eliminate NYE Fireworks (\$30k) – Total \$164k
- GFR: Reduce travel and non-critical expenses (\$48k)
- PW: Savings of in right of way maintenance (\$10k)
- DOD: Professional services reduction (\$35k)
- Strategic Initiatives: Reduction in professional services (\$35k)

# General Fund Expenditure Decreases

Fixed percentage cut across all departments

- Recurring cost savings
- 8% discretionary ~ \$1,000,000
- Although discretionary these cuts would impact contracts and other services

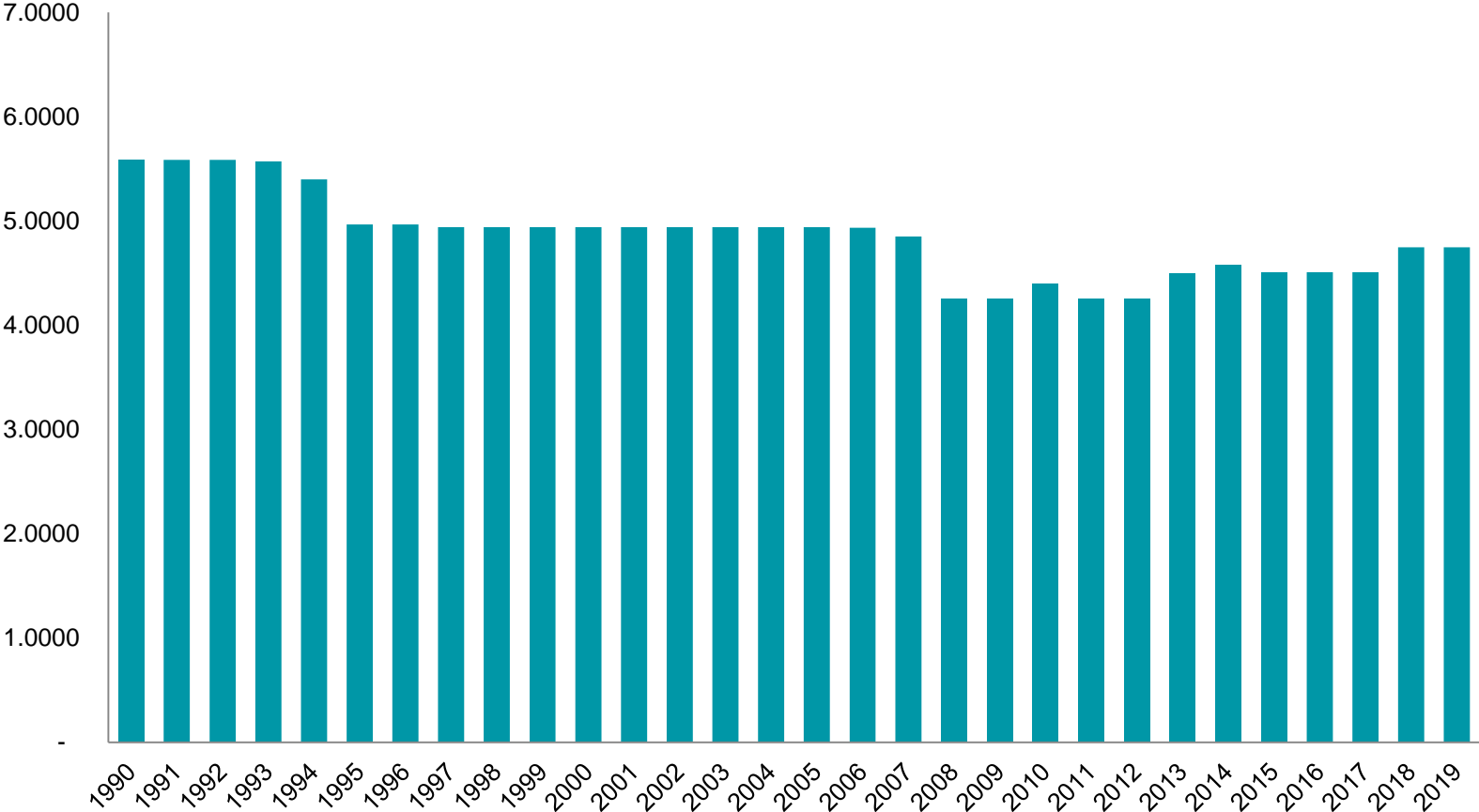
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# **General Government Optional Revenue Increases**

# Optional General Fund Revenue Increases

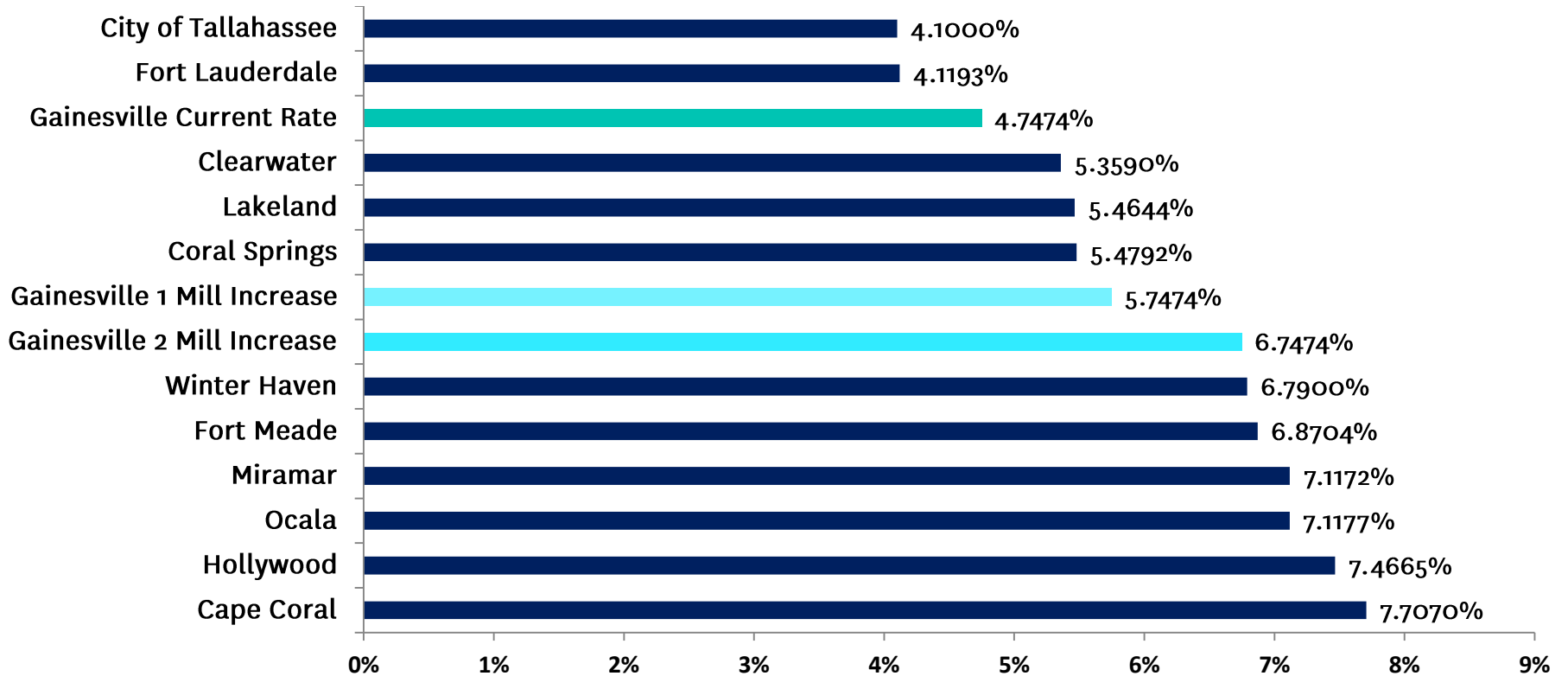
- Increase Millage Rate
- Increase Fire Assessment Fee greater than 50% of the cost of fire protection
- Increase fees for services greater than 5% already scheduled in even years

# Gainesville Millage Rate History





# 2018 Operating Millage Rates



# Property Tax Determination

	Current Rate	Increase 1 mill	Difference	Increase 2 mills	Difference
Tax Rate (mills)	4.7474	5.7474	1.0000	6.7474	2.0000
Taxable Value	\$6,558,819,139	\$6,558,819,139		\$6,558,819,139	
Tax Generated @ 96%	\$30,047,531	\$36,376,792	\$6,329,260	\$42,706,052	\$12,658,521
Impact to Homeowner Per \$100,000 of Taxable Value	\$475	\$575	\$100	\$675	\$200

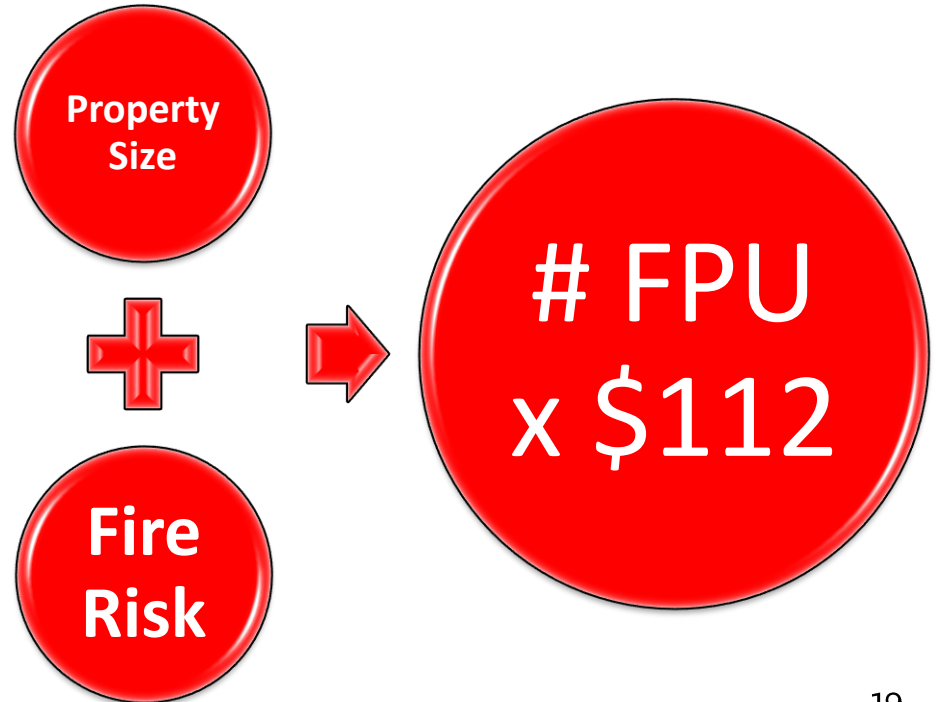
# Fire Assessment Fee

Current FPU \$101

- Covers 45.33% of the cost
- \$6.7M annually

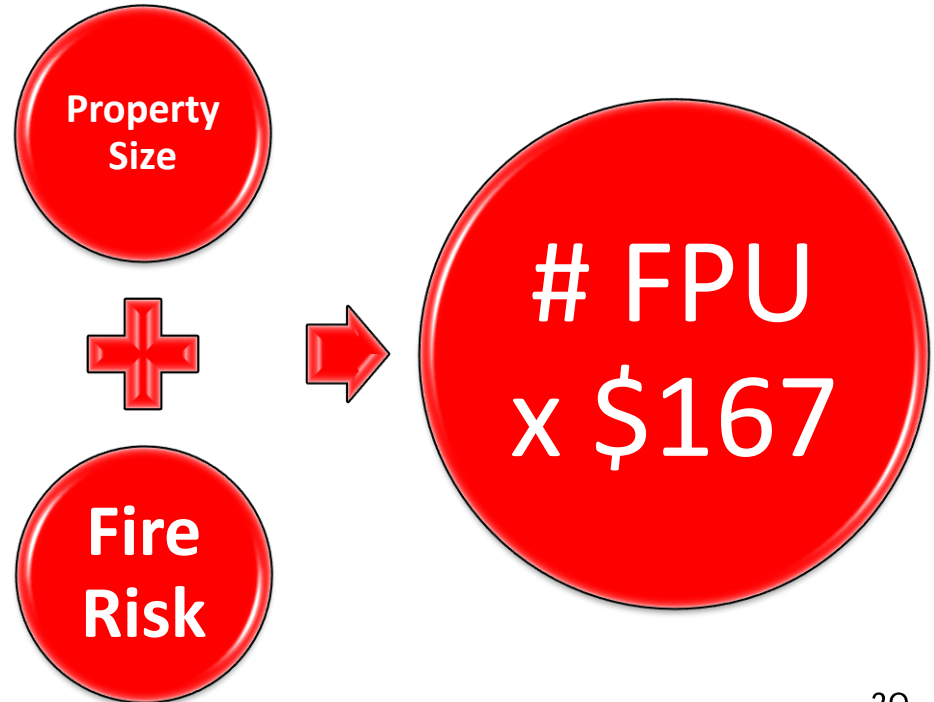
FY20 Baseline Calculated to cover 50% of the cost of fire protection

- \$112 per factored fire protection unit
- \$7.4M annually



# Fire Assessment Fee

- Increase to cover 75% of the cost of fire protection
- \$167.25 per factored fire protection unit FY20/21
- \$12.8M annually



# Fire Assessment

- City Commission Approved the SAFER Grant in FY18. Total award \$1,972,231
- General fund annual match:
  - FY19- \$174,300 (match)
  - FY20- \$267,000 (match)
  - FY21- \$545,400 (match)
  - FY22- \$240,000 (match)
  - FY23 + 100% ~ \$1.2M

# Increase Fees for Services

- (Appendix A) Fees for services are increased by 5% every other year
- FY20 is budgeted to increase 5%
- 10% increase additional  
~ 100,000

# Reminder of the Budget Impacts / Uncertainties

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# What is staff asking of the Commission?

- Direction from Commission to prepare FY20/21 budget assuming:
  - Revenue Increases?
  - Expenditure Decreases?
  - Combination



# Staff Recommendation

- Increase Millage Rate, 1-2 Mills with budget cuts that yield limited service level impacts
- General Manager and Interim City Manager negotiate a new sustainable General Fund Transfer calculation

# Possible Expenditure Reduction Options

Option	Revenue Adjustments	Prepare FY20/21 using adjustment Yes/No
Hiring Freeze (one time savings)	\$6,329,260	
Personal Services Cuts	\$1,678,000	
Program Cuts	\$332,000	
8% Cut Across all Departments	\$1,000,000	

# Possible Revenue Increase Options

Option	Revenue Adjustments	Prepare FY20/21 using adjustment Yes/No
Increase Millage 1 mills	\$6,329,260	
Increase Millage 2 mills	\$12,658,521	
Increase Fire Assessment to cover 75%	\$6,100,000	
Increase Fees for Services by 10%	\$100,000	

# Next Steps

- Future budget workshops
  - April 9, 2019
  - April 23, 2019
  - May 5, 2019
  - May 21, 2019