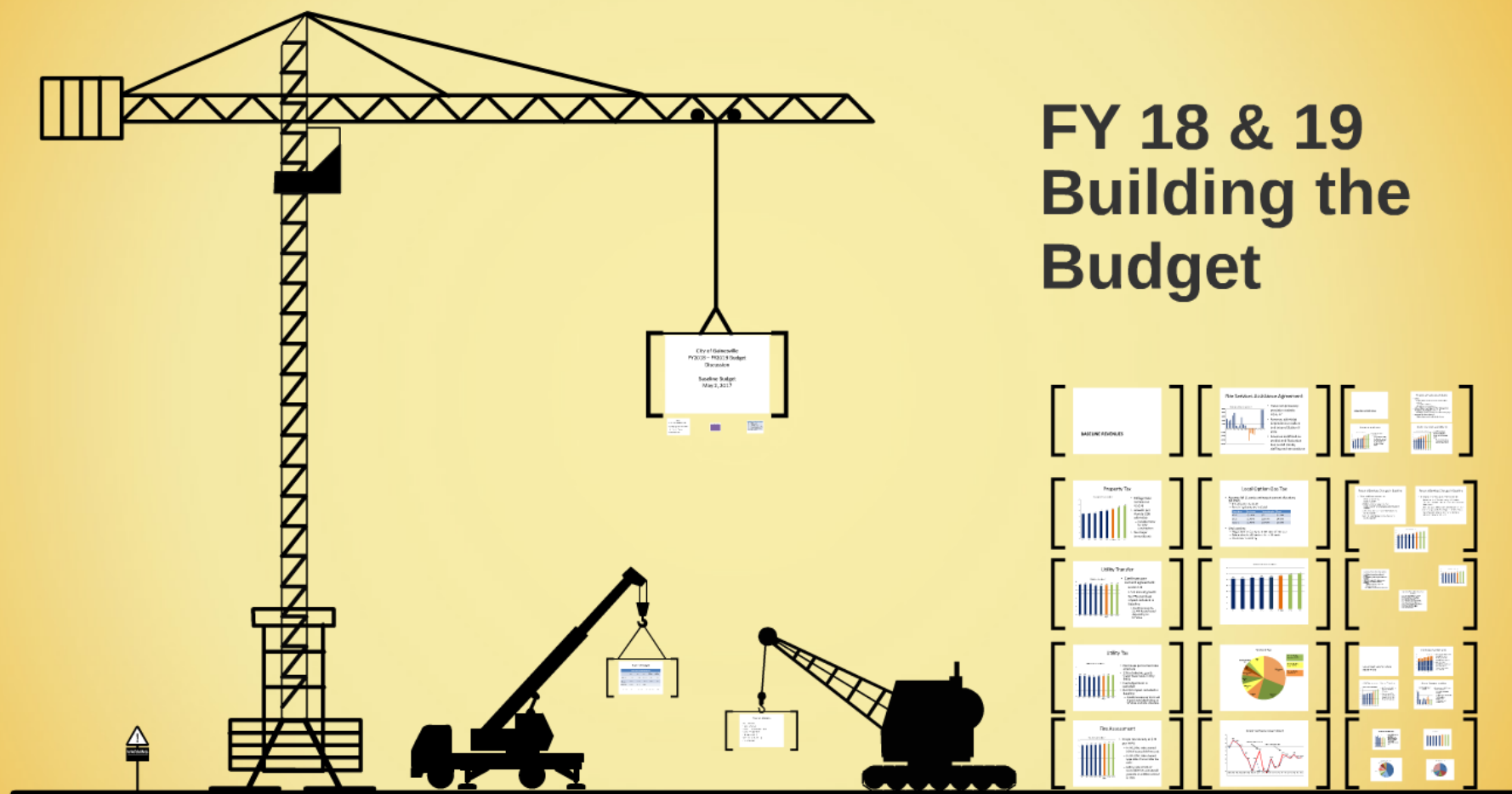


# FY 18 & 19 Building the Budget



# City of Gainesville FY2018 – FY2019 Budget Discussion

Baseline Budget  
May 2, 2017

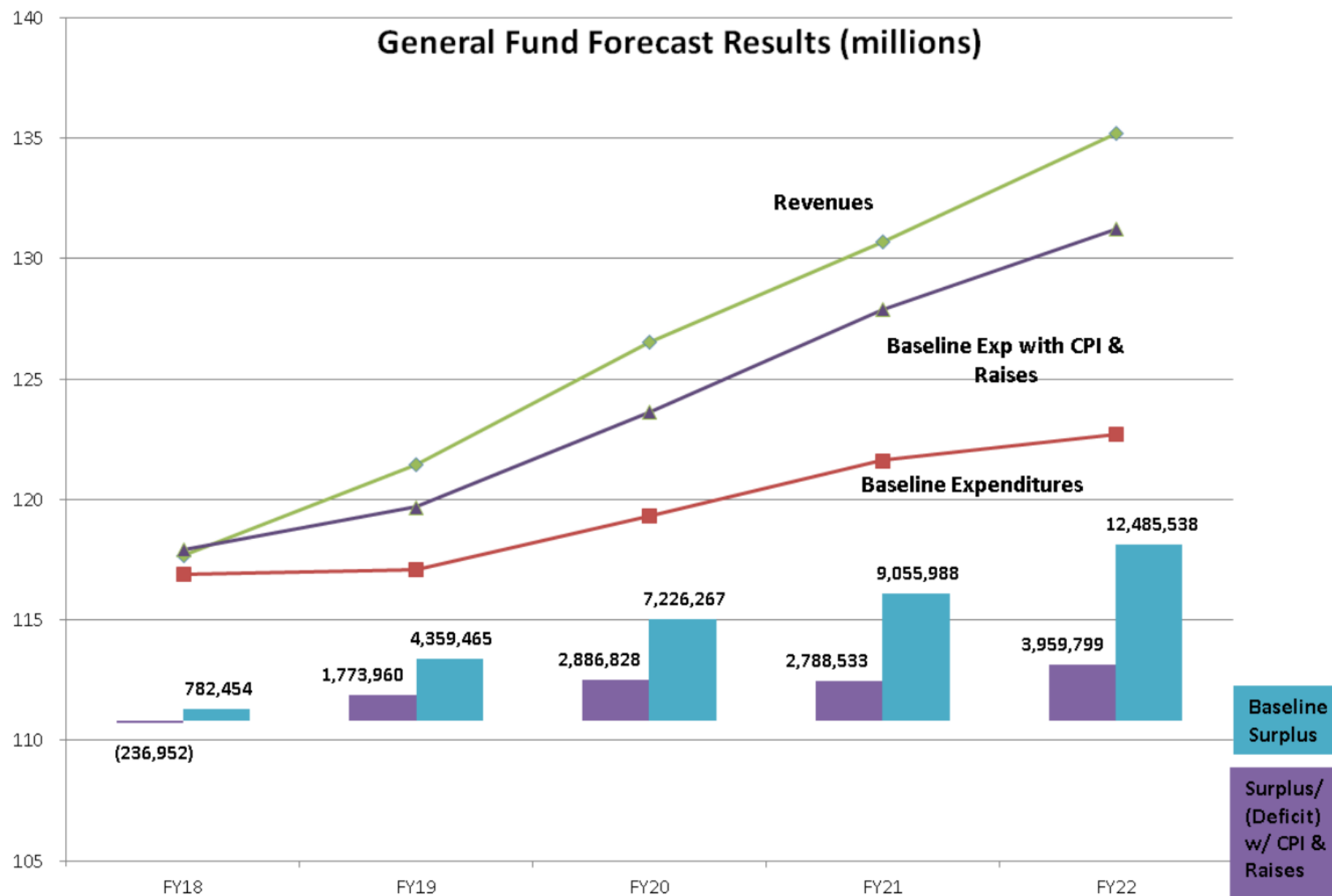
# Agenda

- Overview of Upcoming Budget Meetings
- Presentation of FY18 & FY19 Baseline Budget
  - Assumptions in Baseline
  - Changes included in Baseline
  - Baseline Budget Surplus/(Deficit)
- Discussion and Direction

## FY2018-2019 BUDGET CALENDAR

|                            |  |
|----------------------------|--|
| May 2 <sup>nd</sup>        | Baseline Budget Discussion and Direction                                 |
| May 16 <sup>th</sup>       | Compensation Topics<br>Capital Improvement Plan                          |
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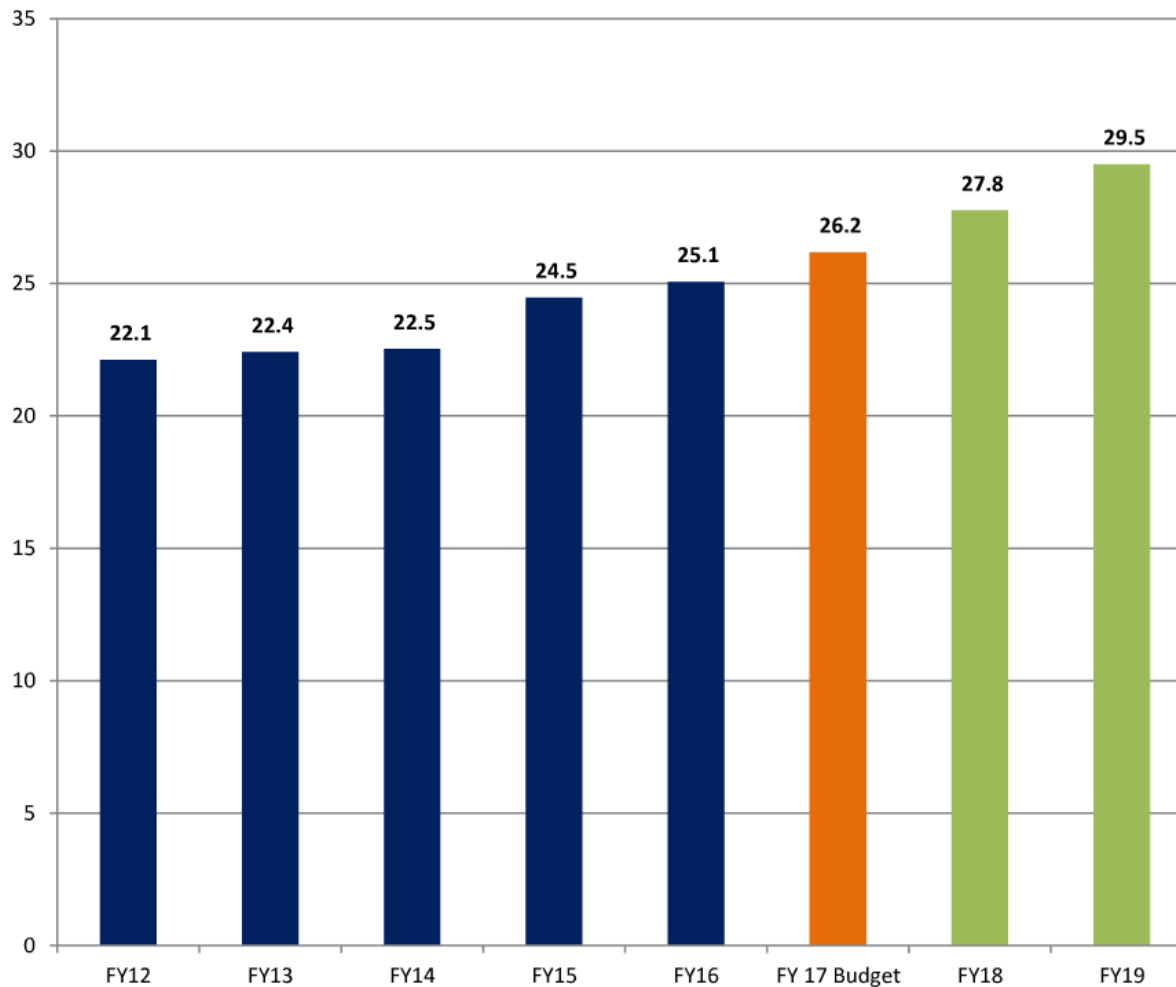
# Five Year Forecast



# **BASELINE REVENUES**

# Property Tax

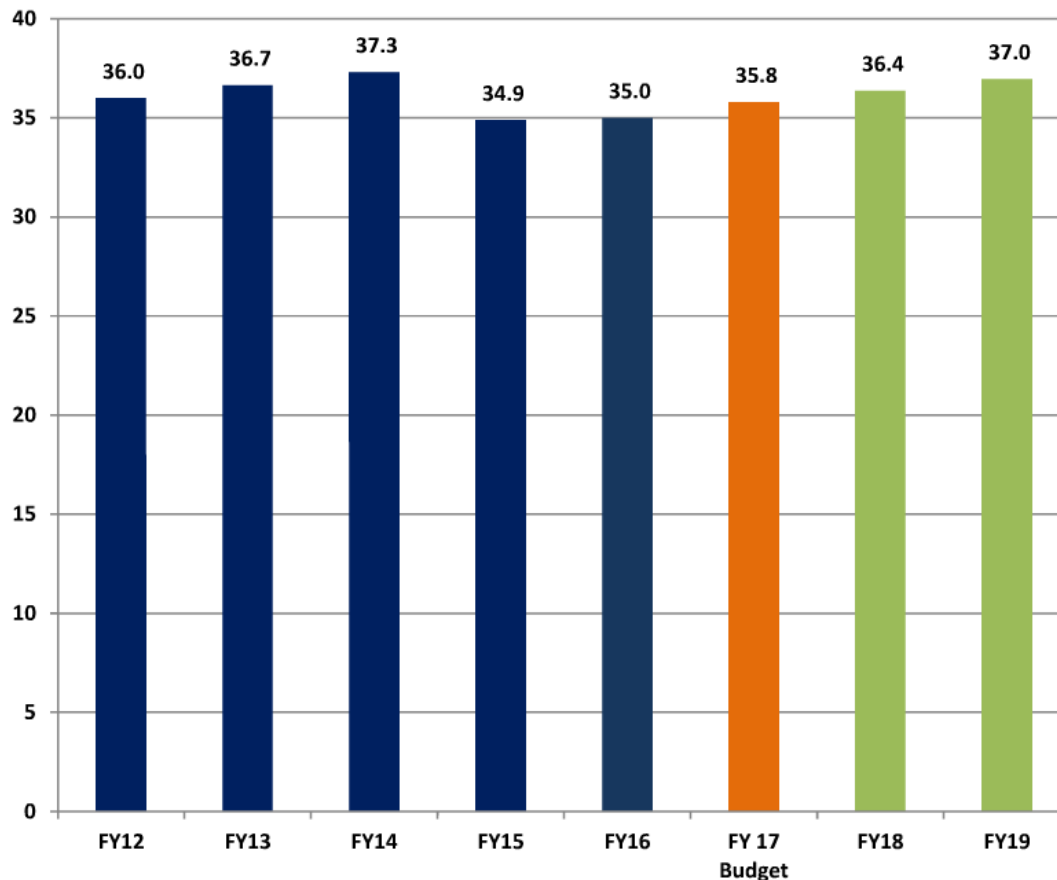
Property Tax Revenue (millions)



- Millage Rate remains at 4.5079
- Growth per Florida DOR estimates
  - Includes factor for new construction
- No major annexations

# Utility Transfer

Utility Transfer (millions)

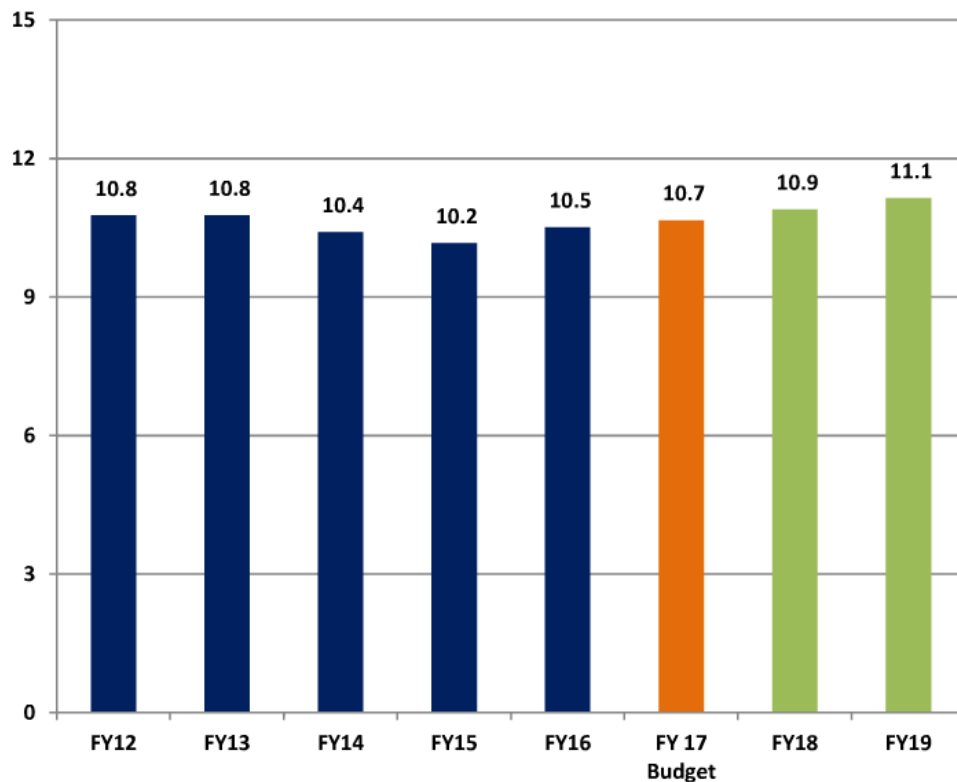


- Continues per current agreement
  - Ends FY19
  - 1.5% annual growth
  - No PPA purchase impact included in baseline
    - Could increase by \$1.4M if purchased depending on timeline



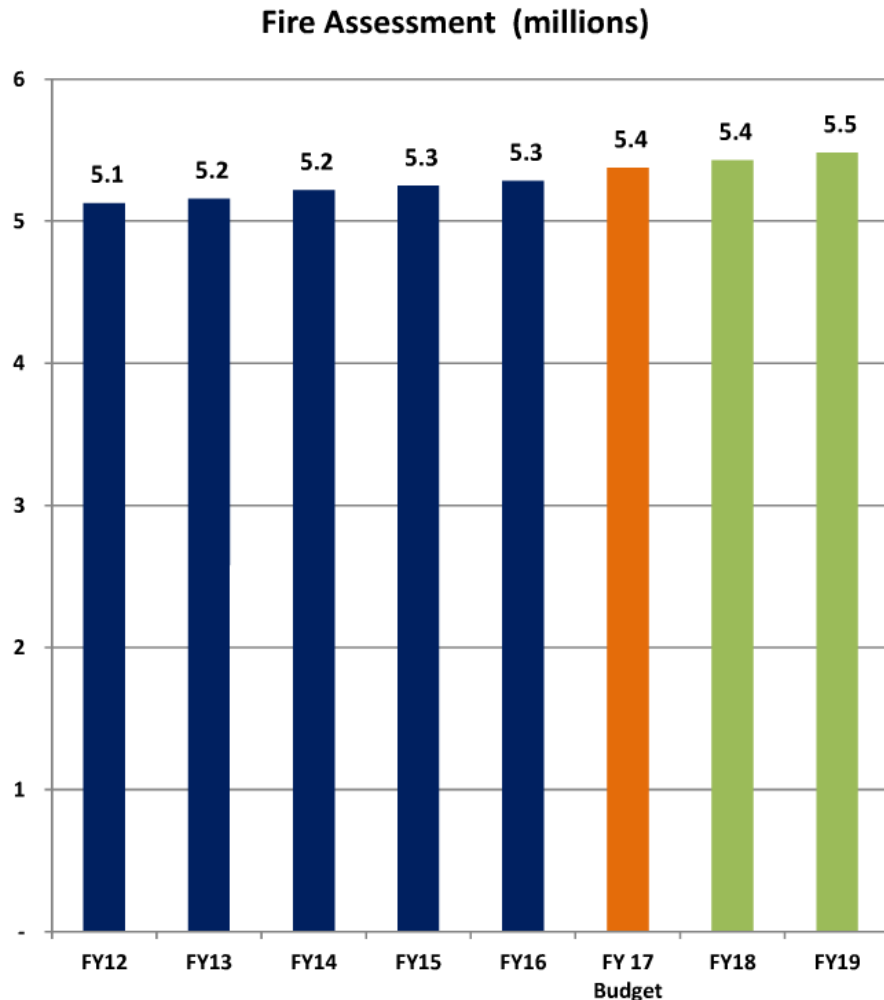
# Utility Tax

Utility Tax Revenue (millions)



- Continues per current rate structure
- 10% of electric, gas & water base rates in City limits
- Fuel adjustment is excluded
- No PPA impact included in baseline
  - Could increase up to \$2.6M if purchased depending on timeline and rate structure

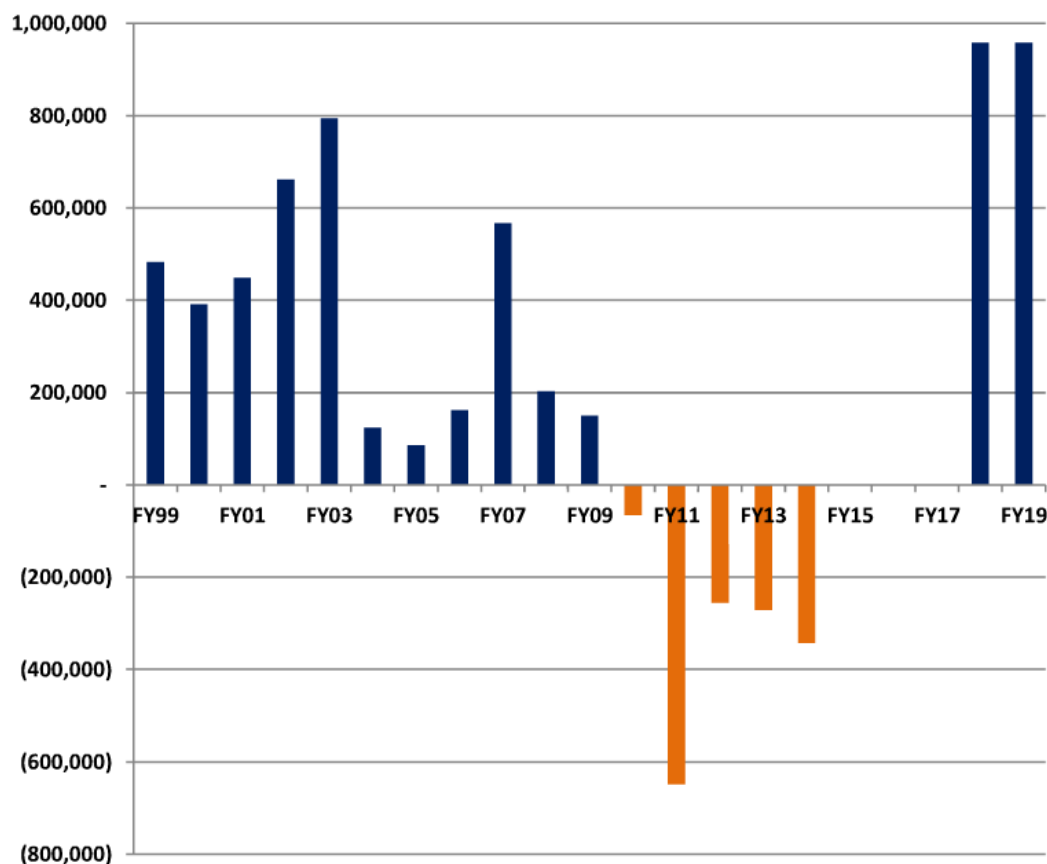
# Fire Assessment



- Keeps rate steady at \$78 per FFPU
  - In FY11 this rate covered 50% of assessable fire costs
  - In FY17 this rate covered appx 40% of assessable fire costs
  - Setting rate at 50% of assessable fire costs would generate an additional \$1M in FY18

# Fire Services Assistance Agreement

Fire Services Assistance Agreement



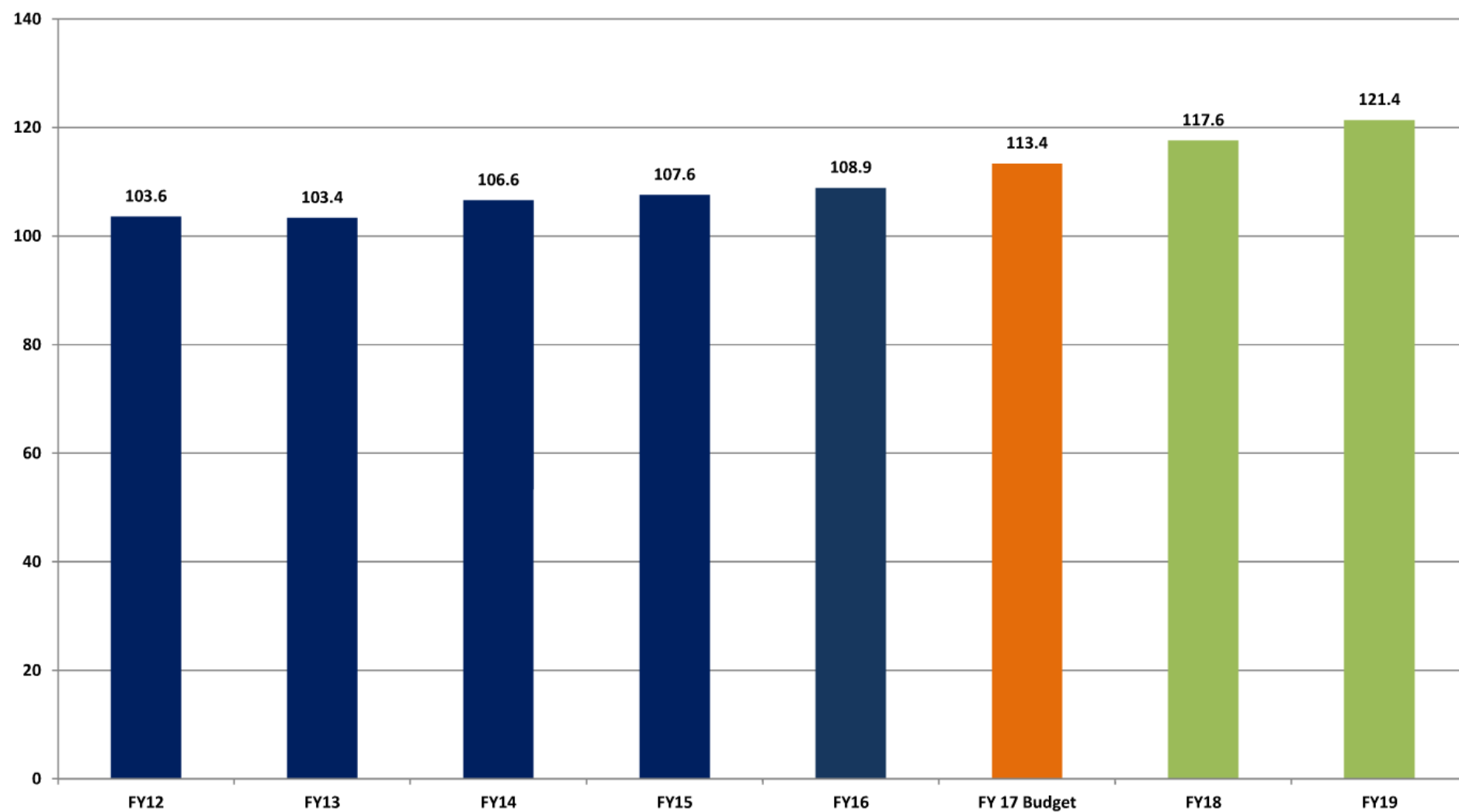
- FSAA compensatory provision restarts 10/1/17
- Revenue estimates dependent on calls in and around Station 9 area
- Revenue is difficult to predict and fluctuates due to call trends, staffing and annexations

# Local Option Gas Tax

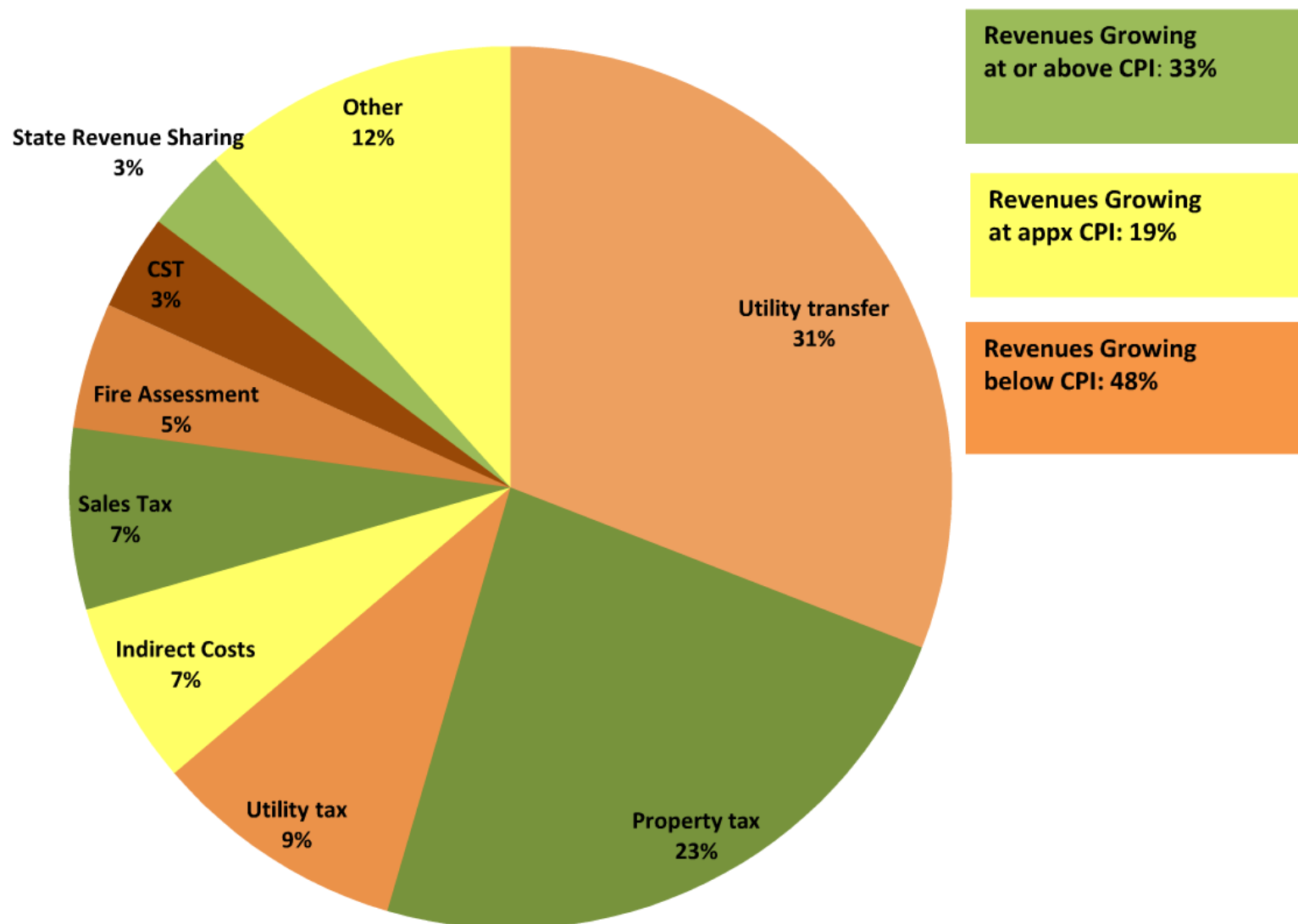
- Assumes full 11 cents continues at current allocations (\$5.35M)
  - 4-6 cents expires 12/17
  - Remaining 8 cents expire 12/18

| Fiscal Year | 4-6 cents | Remaining 8c | Total   |
|-------------|-----------|--------------|---------|
| 2018        | \$1.12M   | \$0          | \$1.12M |
| 2019        | \$1.49M   | \$2.90M      | \$4.39M |
| Beyond      | \$1.49M   | \$3.86M      | \$5.35M |

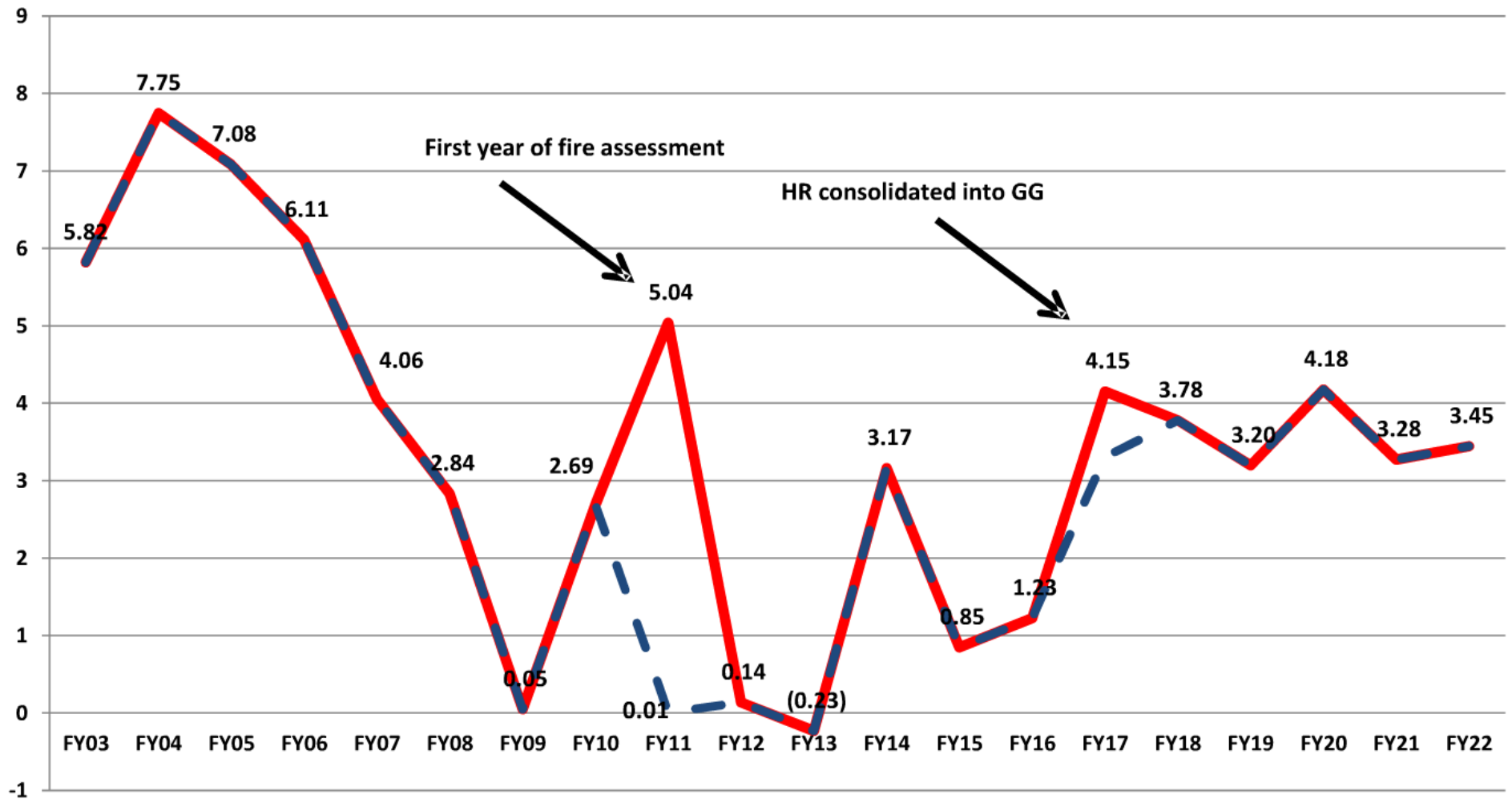
- City's options:
  - Negotiate with County to renew tax and interlocal
  - Referendum for 4-6 cents or for all 11 cents
  - Make cuts in spending

**Total General Fund Revenue (millions)**

## Revenue By Type



## General Fund Revenue Annual % Growth



# **BASELINE EXPENDITURES**

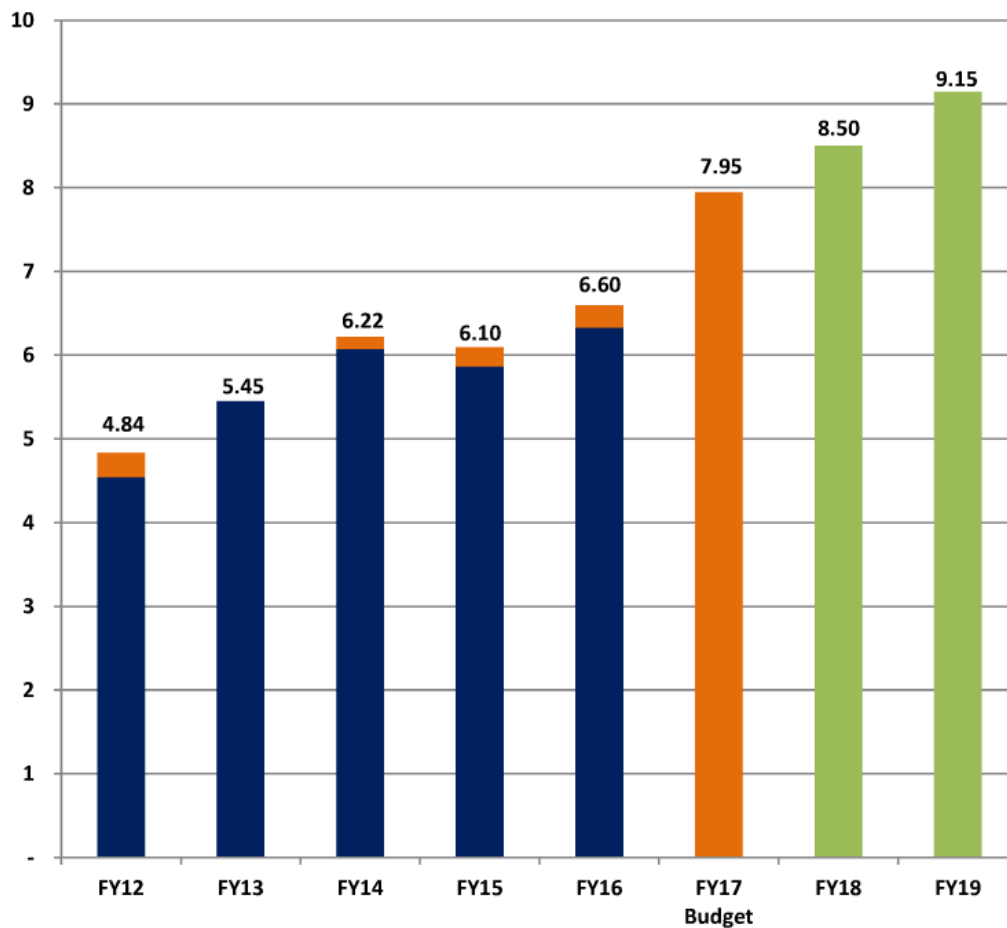


# Personal Services Assumptions

- Raises:
  - Baseline includes only those raises in currently ratified contracts
    - CWA, IAFF & ATU for FY18
  - Otherwise, no raises are included
- Full year living wage implementation for regular and temporary City employees at \$12.25/hr
  - No inflation adjuster was included in baseline for living wage
- Personnel changes during FY17
  - Attrition, hiring, raises, benefit selection changes

# Pension Expenditures

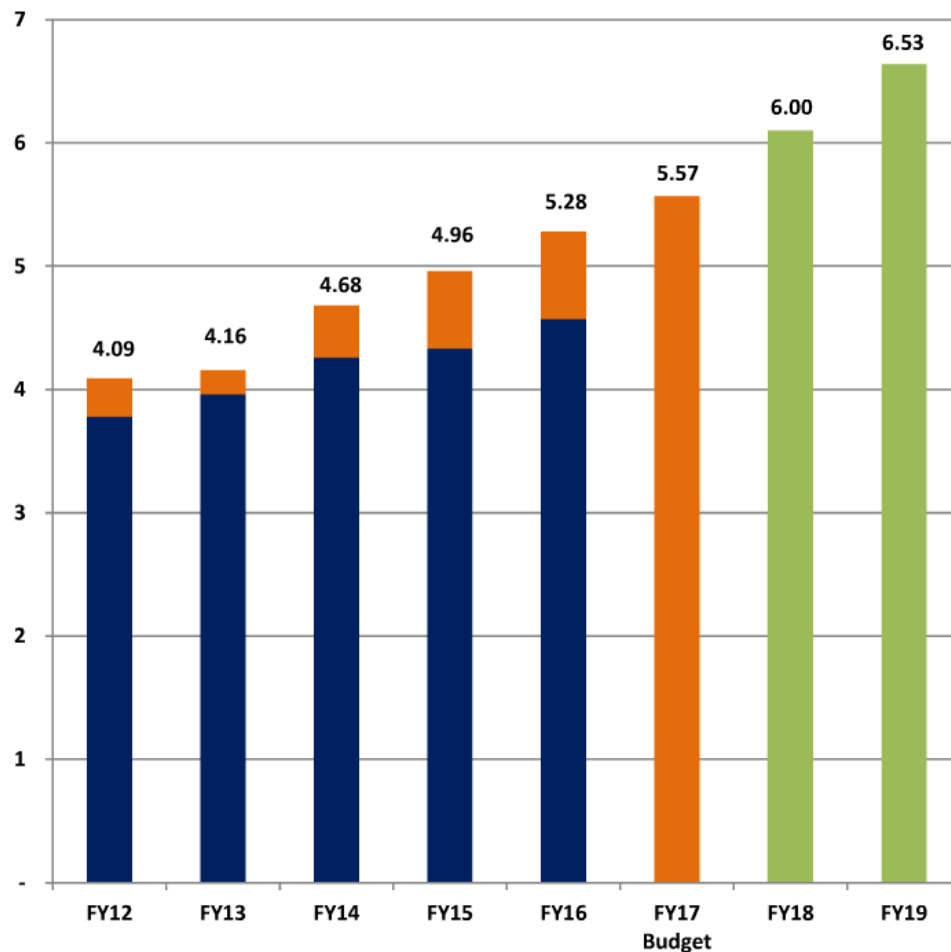
Pension Expenditure (millions)



- Pension budgets assume:
  - No changes to benefits
  - Continued buy-down of assumed earnings rate
  - Implementation of updated mortality tables

# Health Insurance Expenditures

Health Insurance Expenditure (millions)



- Health insurance includes premium increases of 10% per year
  - May require one-time cash infusion to Health Insurance Fund in FY17

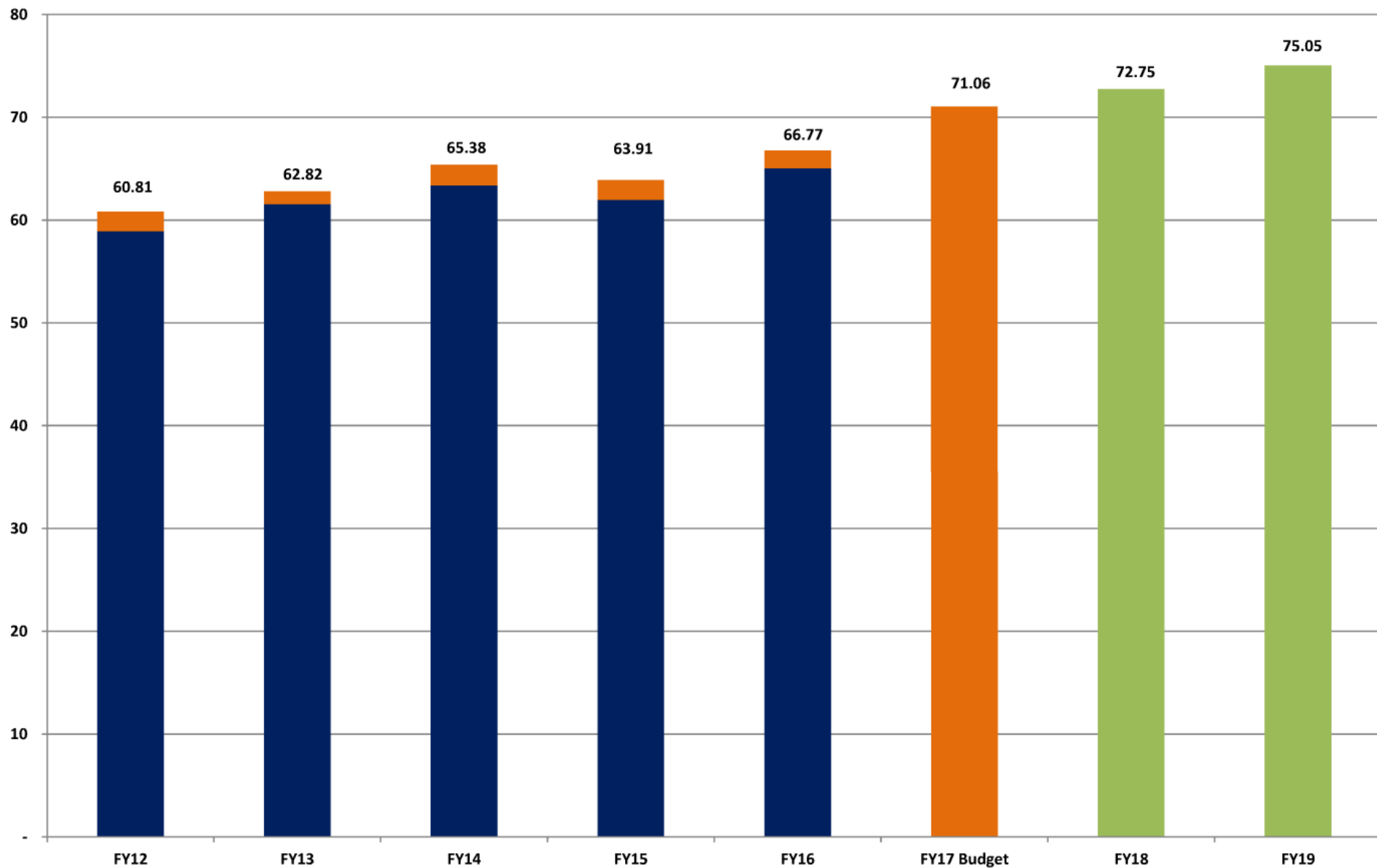
# Personal Services Changes in Baseline

- Other additions to baseline:
  - Fire Station 9 staffing
    - \$181k & 3.0 FTEs
  - TMS/SMART City network support
    - \$208k & 1.0 FTE, offset by increased FDOT contract revenue
  - Forest Park transition from Alachua County
    - \$145k & 1.0 FTE
  - Depot Park ambassadors and operations
    - \$227k & 6.0 FTEs

# Personal Services Changes in Baseline

- Strategic Initiatives Department creation:
  - Reorganization of Communications, Strategic Planning, Intergovernmental Affairs, and Economic Development
  - Repurposing of Development Services Center FTEs and funding to create Strategic Initiatives Director, Digital Services Designer, and Performance & Evaluation Designer positions

# General Fund Personal Services (millions)



# Operating Expenditure Assumptions

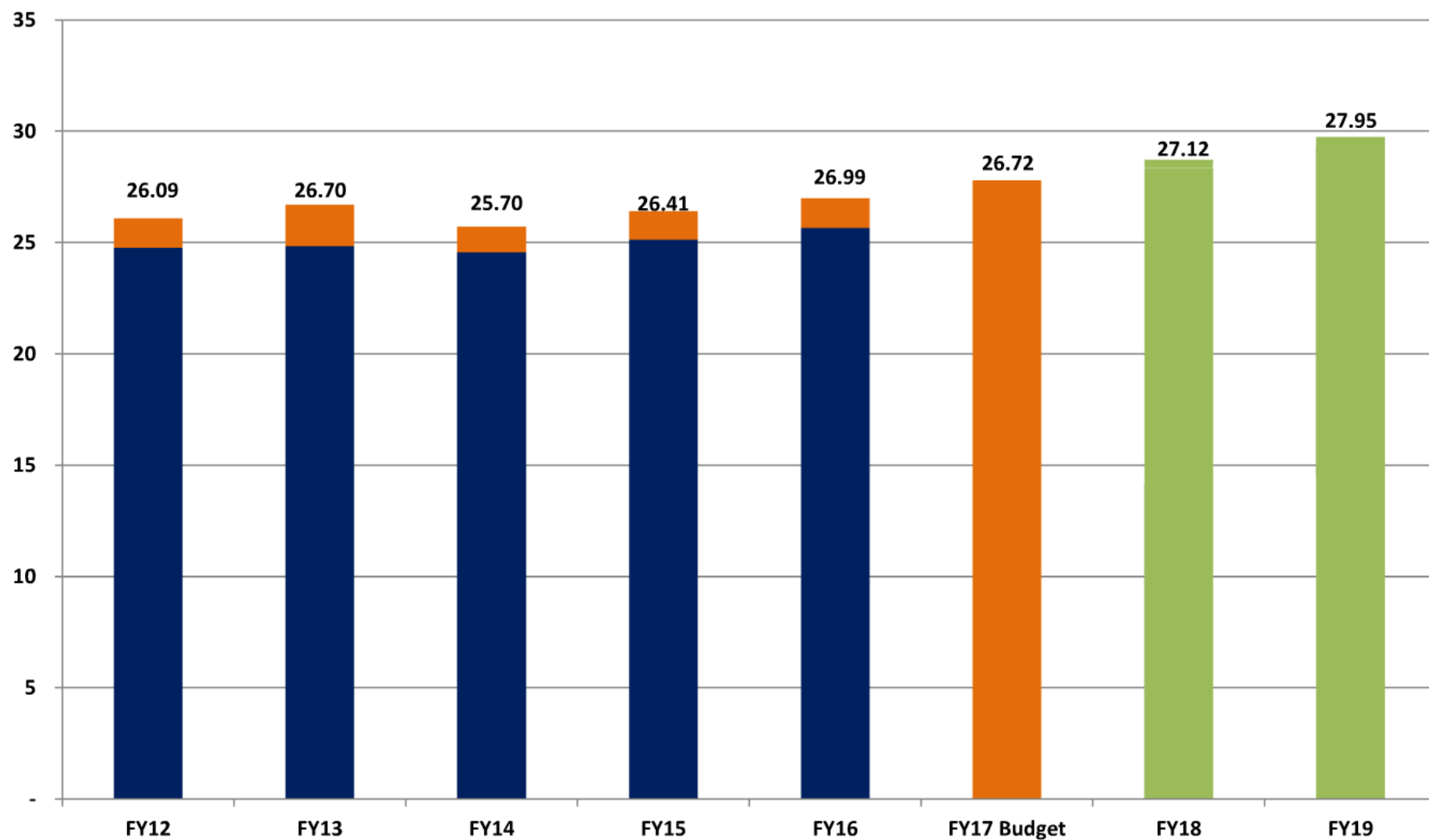
- No CPI inflator in operating expenditures in baseline
- No potential PPA purchase impact on utility rates in baseline
- GRU IT MOU expires FY17 – budget assumes continuation with annual 4% increases
- Fixed Fleet
  - 3% inflation factor for vehicle replacement
  - Adjustment to methodology
  - Phased in upgrade from GPD Chargers to Interceptors

# Operating Expenditure Changes in Baseline

- \$15k – Clerk Operating (MuniCode, Granicus)
- \$60k – Increase in ROW mowing contract
- \$22k – PW parking software cloud hosting
- \$75k – GPD software maintenance
- \$34k – GPD temporary professional for training
- \$30k – Aquatics materials and supplies increase
- \$20k – Helix bridge rail trail landscape maintenance
- \$25k – PRCA credit card processing fees
- \$20k – Facilities materials and supplies
- \$28k – Other small contracts

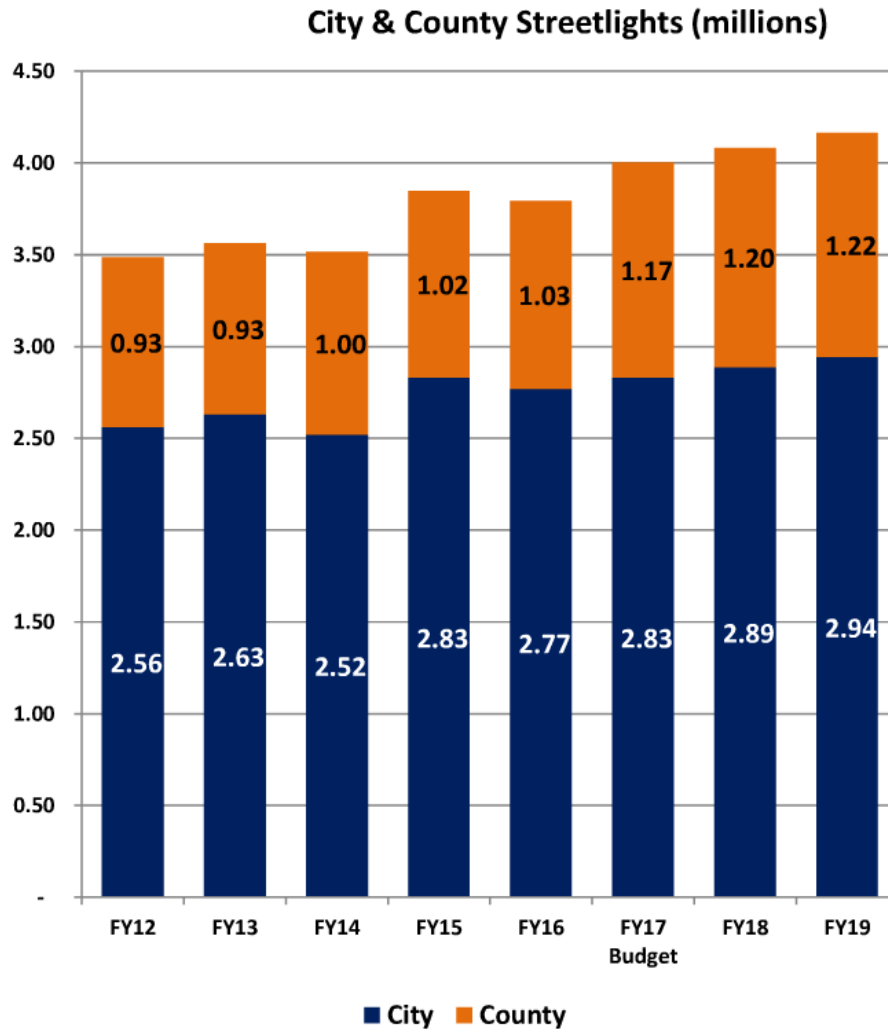


## Operating Expenditures (millions)



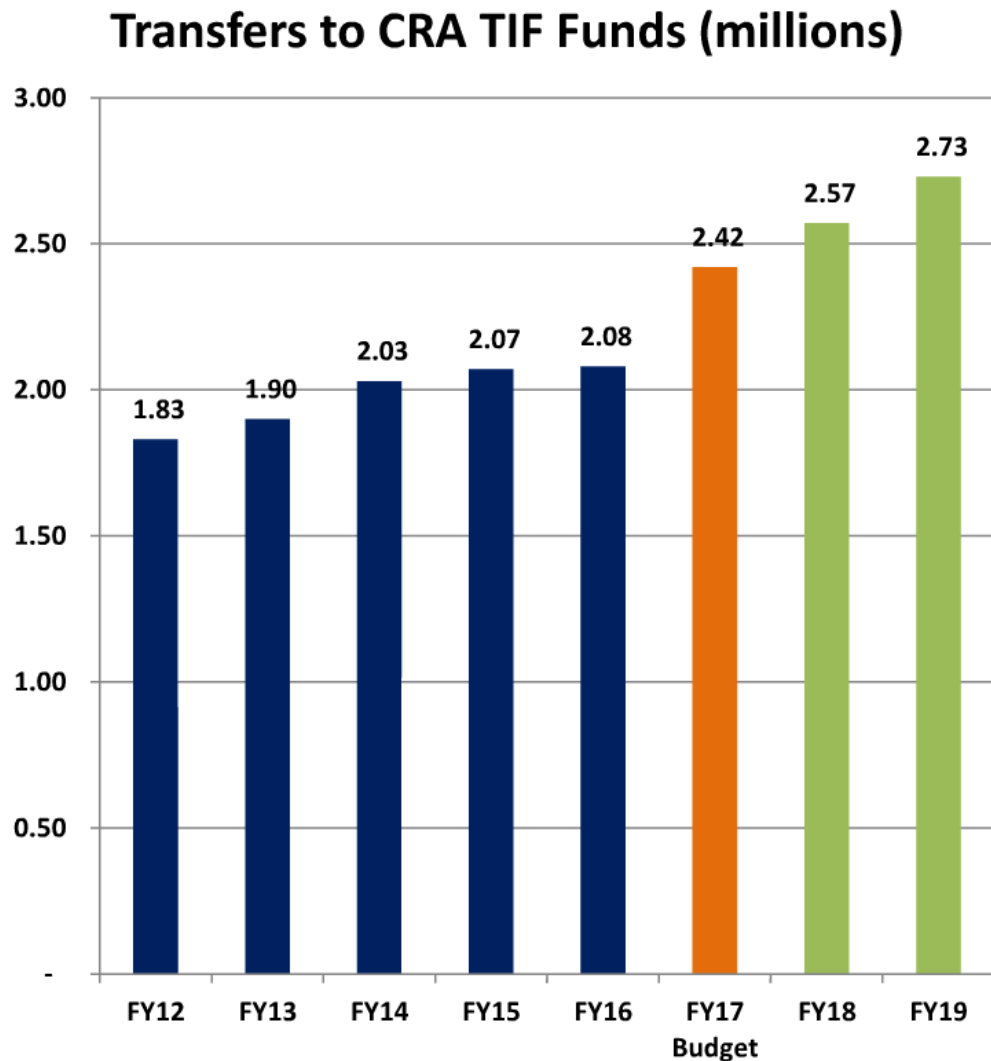
# **NON-OPERATING EXPENDITURE ASSUMPTIONS**

# City & County Streetlights



- Payment to GRU for City streetlights and to County for County streetlights continues
- LED and smart streetlights project may have impacts on funding agreements and amounts

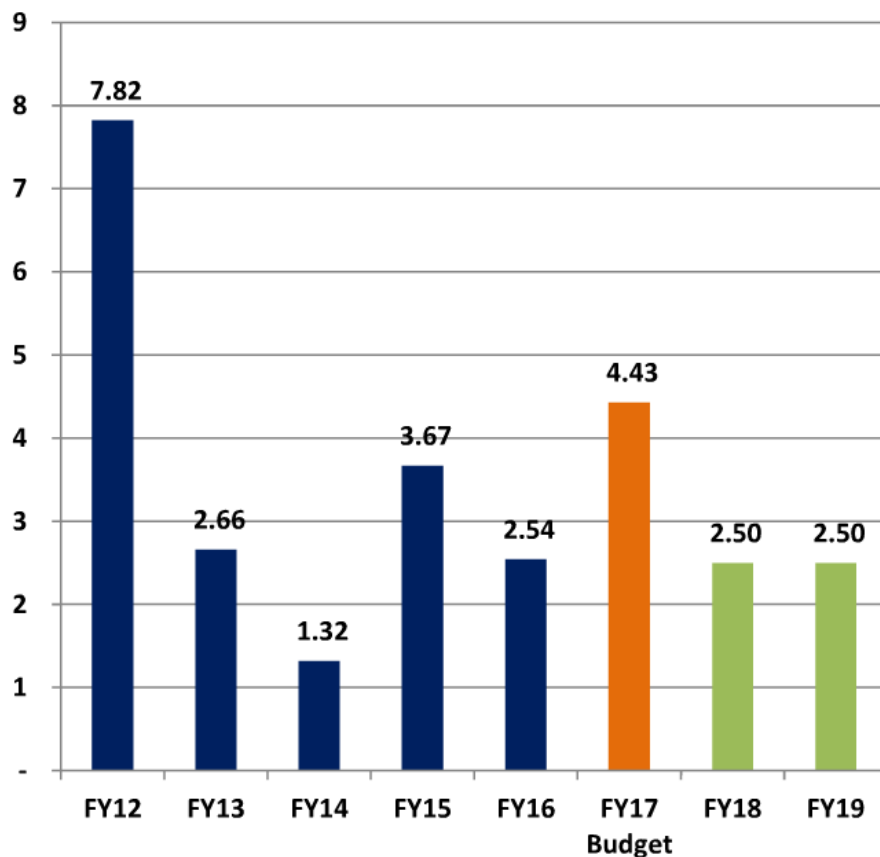
# CRA Tax Increment District Transfers



- No changes to CRA Tax Increment District 95% rate
- Assumes growth in taxable values in all districts are equal to the growth City-wide

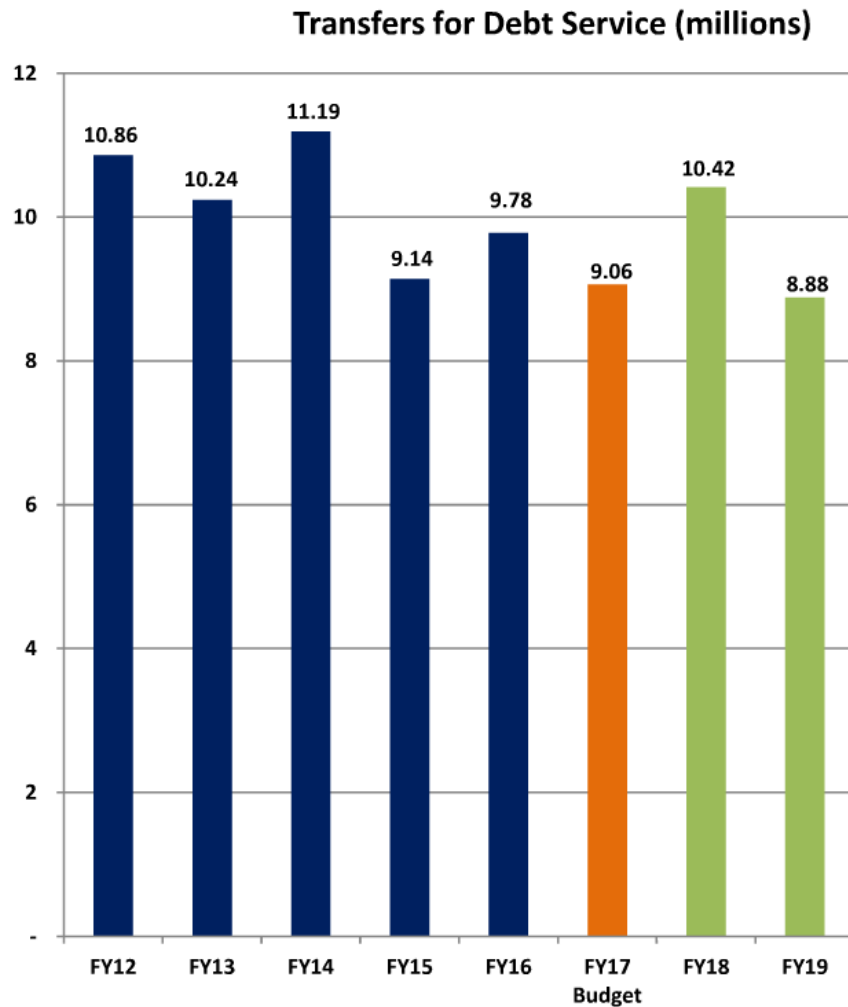
# Capital Projects Transfers

Transfers for Capital Projects  
(millions)

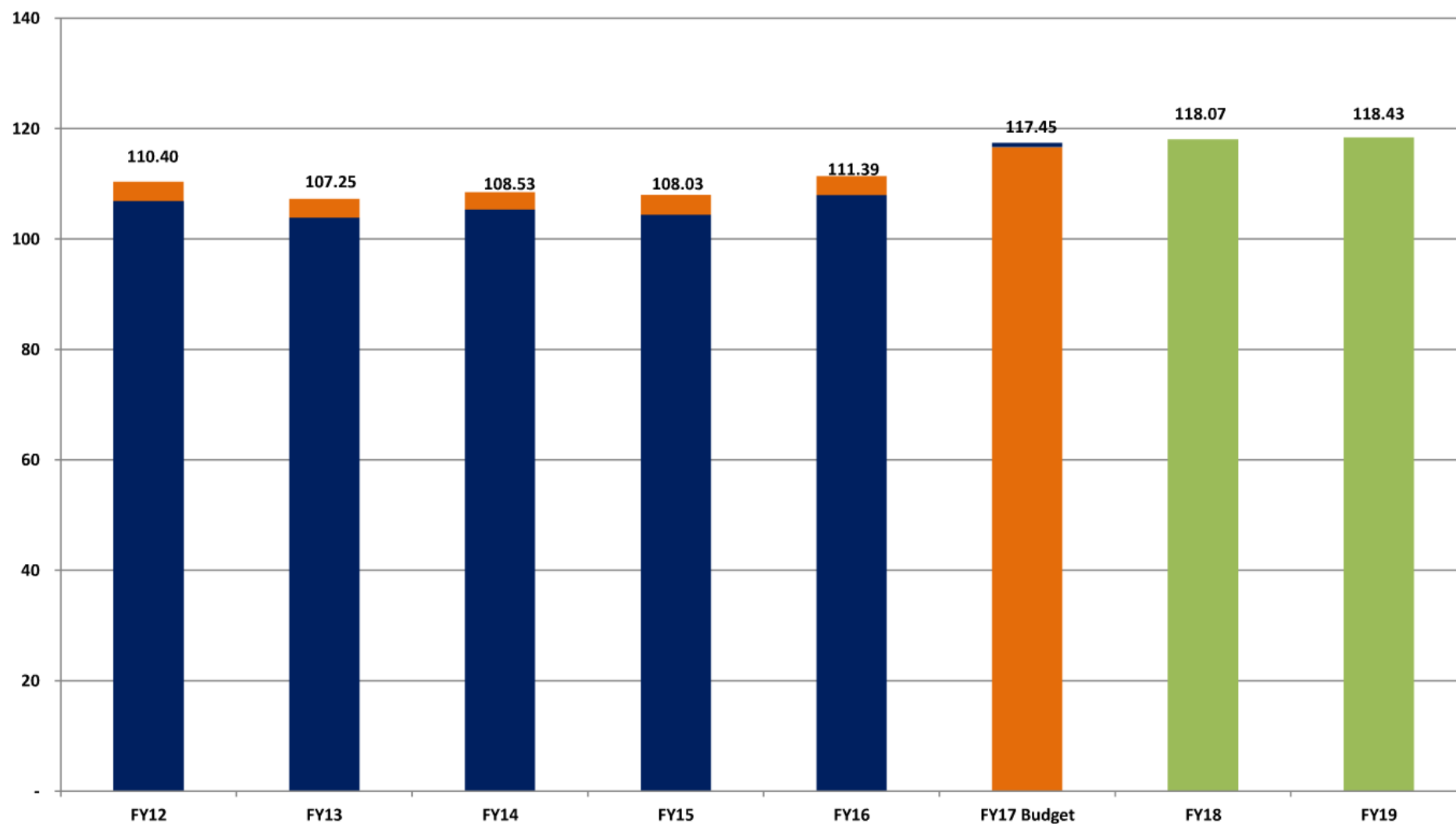


- No increase in CIP funded by General Fund:
  - \$317k General Capital Projects
  - \$643k Roadway Resurfacing
  - \$562k Facilities Replacement
  - \$978k Equipment Replacement

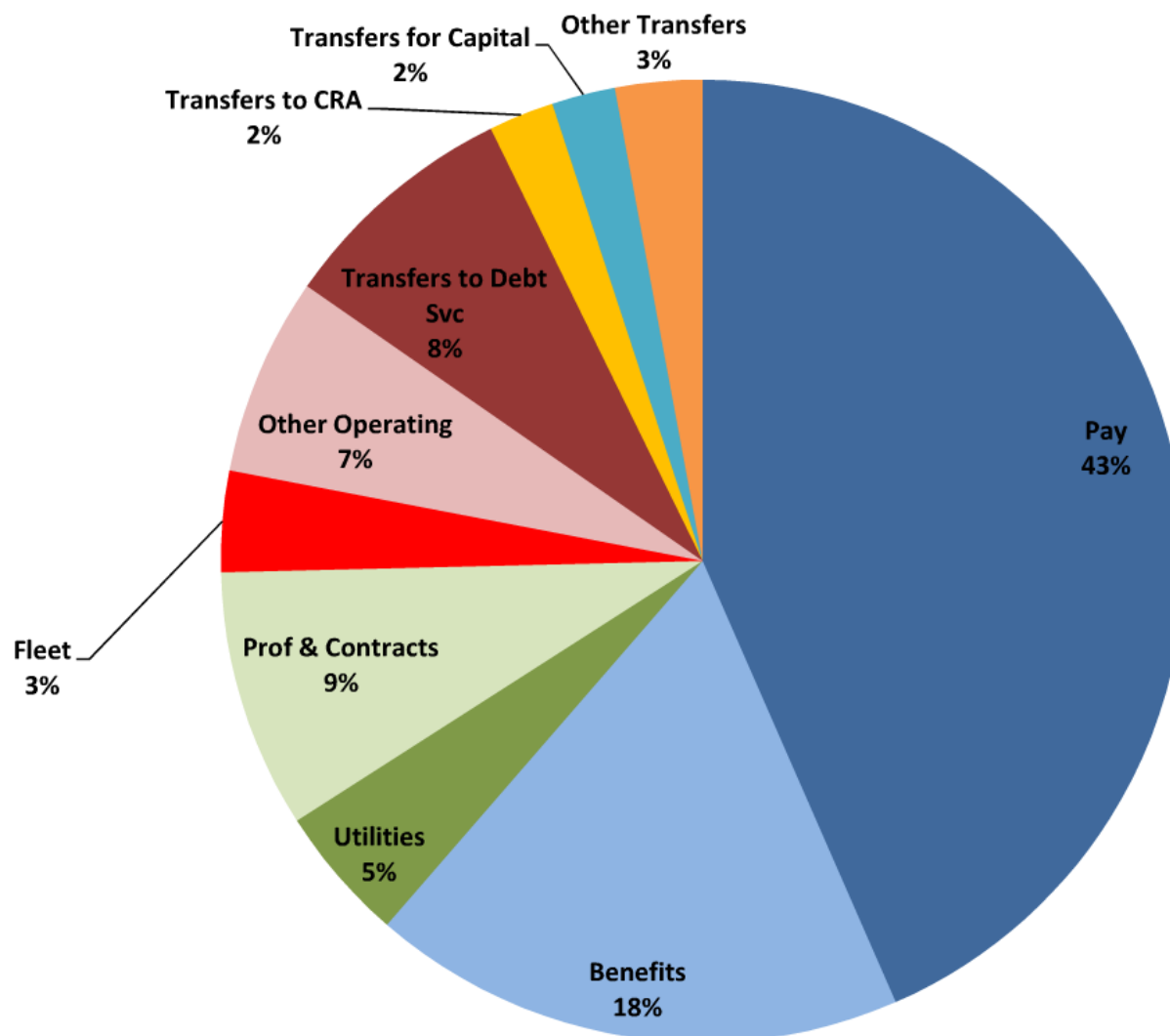
# Debt Service Transfers



- No new debt issues in FY18 or FY19
- Increase in FY18 is related to “bump” in the POB2003b debt issue schedule – decreases by \$1.5M in FY19

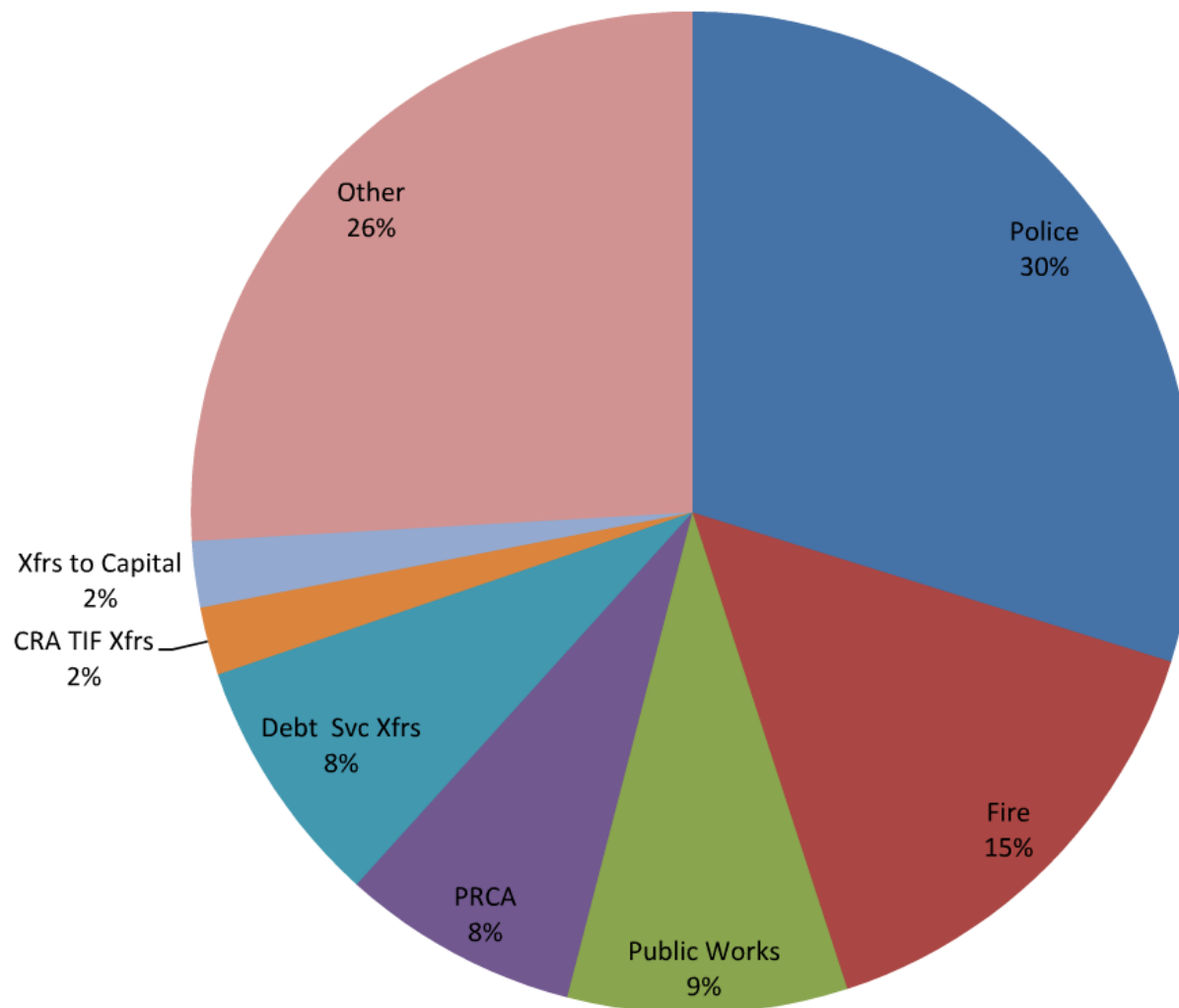
**General Fund Total Expenditures (millions)**

## FY 2018 Baseline Expenditures





## FY 2018 Baseline Expenditures



# Baseline Budget

## FY2018-2019 BASELINE BUDGET

|                           | 2017           | 2018           | 2019           | \$ Change<br>FY17- FY18 | % Change<br>FY17 – FY18 |
|---------------------------|----------------|----------------|----------------|-------------------------|-------------------------|
| <b>Total Revenues</b>     | \$ 113,398,251 | \$ 117,543,209 | \$ 121,348,067 | \$ 4,144,958            | 3.66%                   |
| <b>Total Expenditures</b> | \$ 116,628,487 | \$ 118,070,552 | \$ 118,425,104 | \$ 1,442,065            | 1.24%                   |
| <b>Surplus/(Deficit)</b>  | \$ (3,230,236) | \$ (527,343)   | \$ 2,922,963   |                         |                         |

Projected FY2017 Year End General Fund Balance Above 10% Requirement: \$3.4 Million (\$4.5M w/o Lot 10)

# Available Levers

- Cut Expenses
- Defer Expenses
- Adjust Fire Assessment Rate
- Adjust Millage Rate
- Renegotiate GFT
- CRA District Sunsetting
- Fund Balance

## FY2018-2019 BUDGET CALENDAR

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