



City of Grand Island

Tuesday, August 15, 2017

Special Meeting

Item -1

Review of 2018 Budget to Date

Staff Contact: Marlan Ferguson, City Administrator

Council Agenda Memo

From: Marlan Ferguson, City Administrator

Meeting: August 15, 2017

Subject: FY 2018 Budget Discussion

Presenter(s): Marlan Ferguson, City Administrator
Renae Griffiths, Finance Director

Background

During the budget process for the 2017 Fiscal Year Budget much discussion was held concerning future budgets and sustainability. The Mayor and City Council have determined to have a balanced budget for Fiscal Year 2018. In order to accomplish that goal there will need to be some tough decisions made. Currently the City's expenditures in the general fund are growing at a faster rate than the revenues in the General Fund. This is the result of a number of events, including becoming an MSA community which caused salaries to increase substantially by way of comparing to a different array of Cities. At the same time the City made the decision after a recommendation from a Public Safety Study completed by the ICMA; to increase the number of police officers and support staff in the police department by 17 FTE since 2012. In the FY 2017 Budget 62% of the expenditures in the General Fund is for the Public Safety Departments. In addition 77% of the expenditures are for personnel costs. As you know several study sessions were held to review various departments. The Administration has been reviewing expenditures, revenues and other ways to balance the budget.

On May 16, 2017 a Study session was held to discuss a policy or guideline establishing a 70 / 30 percent personnel cost to other expenditures for the general fund. The Council also discussed additional potential revenues, including property tax increase, change to terms from % of revenues for the natural gas franchise fee, and a rental car occupation tax. Since then a motor vehicle fee (Wheel Tax) has been discussed. On July 18 the council held a budget retreat to discuss the General Fund. The administration had recommendations to reducing staffing and increasing revenues to balance the budget in 2018. Tonight is a special meeting to continue that discussion.

The administration has reduced the number of FTE's recommended to be frozen and added the wheel tax as a potential revenue source. As you will see in the information provided that the Horticulturist position was added back in, the Fire Department will have 3 paramedics positions added back in, and the Police Department will have 2 officers

added back. In addition the assistant to the City Administrator position, currently vacant will be frozen. The other recommendations will stay the same.

Discussion

Tonight's special session is a voting meeting allowing the Council to direct staff in completing the FY 2018 budget of expenditures and revenues. The recommended FTE's, the Fee schedule, and revenue sources will be presented. The talked about fee on money transfers will not be on the agenda.

Conclusion

This item is presented to the City Council for action or intent to enact. Formal resolutions or ordinances that are necessary will be brought back for approval at the August 22nd meeting. The Budget is scheduled to be approved on September 12th and must be received by the State of Nebraska by September 20th.



General Fund Projection NO CHANGES

	2017	2018	2019	2020	2021
Beginning Cash	13,093,254	10,001,611	6,688,893	3,089,921	(1,445,485)
Revenue	35,842,372	33,758,114	35,333,277	36,039,942	36,760,741
Transfers In	754,103	765,000	765,000	765,000	765,000
Total Revenue	36,596,475	34,523,114	36,098,277	36,804,942	37,525,741
Personnel Services	27,721,062	28,220,234	29,772,347	31,409,826	33,137,366
Operating Expense	5,748,639	6,071,470	6,071,470	6,071,470	6,071,470
Transfers Out	3,535,778	1,935,000	1,935,000	1,935,000	1,935,000
Department Equipment	2,165,435	883,000	1,200,000	1,200,000	1,200,000
Debt Pymts	517,204	726,129	718,431	724,053	718,349
Total Appropriations	39,688,118	37,835,833	39,697,248	41,340,349	43,062,185
Ending Cash	10,001,611	6,688,893	3,089,921	(1,445,485)	(6,981,930)
Current % of Expenses	29.9%	19.5%	8.6%	-3.9%	-17.8%



General Fund Projection FTE Reduction; Additional Revenue

	2017	2018	2019	2020	2021
Beginning Cash	13,093,254	10,001,611	10,002,752	9,829,902	8,837,653
Revenue	35,842,372	35,758,114	37,373,277	38,120,742	38,883,157
Transfers In	754,103	765,000	765,000	765,000	765,000
Total Revenue	36,596,475	36,523,114	38,138,277	38,885,742	39,648,157
Personnel Services	27,721,062	26,906,375	28,386,226	29,947,468	31,594,579
Operating Expense	5,748,639	6,071,470	6,071,470	6,071,470	6,071,470
Transfers Out	3,535,778	1,935,000	1,935,000	1,935,000	1,935,000
Department Equipment	2,165,435	883,000	1,200,000	1,200,000	1,200,000
Debt Pymts	517,204	726,129	718,431	724,053	718,349
Total Appropriations	39,688,118	36,521,974	38,311,127	39,877,991	41,519,398
Ending Cash	10,001,611	10,002,752	9,829,902	8,837,653	6,966,412
Current % of Expenses	29.9%	30.3%	28.5%	24.5%	18.5%



General Fund Projection

FTE Reduction; Additional Revenue; Including Wheel Tax

	2017	2018	2019	2020	2021
Beginning Cash	13,093,254	10,001,611	11,502,752	12,859,902	13,428,253
Revenue	35,842,372	37,258,114	38,903,277	39,681,342	40,474,969
Transfers In	754,103	765,000	765,000	765,000	765,000
Total Revenue	36,596,475	38,023,114	39,668,277	40,446,342	41,239,969
Personnel Services	27,721,062	26,906,375	28,386,226	29,947,468	31,594,579
Operating Expense	5,748,639	6,071,470	6,071,470	6,071,470	6,071,470
Transfers Out	3,535,778	1,935,000	1,935,000	1,935,000	1,935,000
Department Equipment	2,165,435	883,000	1,200,000	1,200,000	1,200,000
Debt Pymts	517,204	726,129	718,431	724,053	718,349
Total Appropriations	39,688,118	36,521,974	38,311,127	39,877,991	41,519,398
Ending Cash	10,001,611	11,502,752	12,859,902	13,428,253	13,148,824
Current % of Expenses	29.9%	34.9%	37.3%	37.3%	34.9%

Summary of Major Changes to 2018 Budget

General Fund Personnel	
Item	Dollar Impact
Administration Assistant to City Admin., currently vacant	(\$80,011)
Fire Department 2 Firefighter positions, currently vacant 1 Firefighter position, future retirement	(\$281,738)
Police Department Eliminate 2 CSO FTE positions PLUS 2 Police Officers, currently vacant 1 Police Officer, future retirement 2 PT CSO positions, currently vacant	(\$356,928)
Library Department 1 Library Assistant II, currently vacant 1 PT Library Page, currently vacant	(\$95,304)
Parks Department Eliminate all seasonal workers at Greenhouse PLUS 1 Maintenance Worker, currently vacant 1 Maintenance Worker, future retirement	(\$149,879)
50% Reduction in overtime for ALL Departments	(\$350,000)
TOTAL IMPACT	(\$1,313,859)
General Fund - Other Changes	
Item	Dollar Impact
Reduce total operating/capital equipment/transfers out budget	(\$98,972)
Increase in Property Tax, dedicated to capital projects	(\$1,400,000)
Increase to Gas Franchise Fee	(\$300,000)
Add Stormwater surcharge	(\$300,000)
TOTAL - OTHER CHANGES	(\$2,098,972)
TOTAL GENERAL FUND	(\$3,412,831)
Footnote: For the 2018 Budget the Engineering Department also removed the Public Works Engineer	
Other Changes	
Car Rental Occupation Tax, dedicated to Streets Dept.	(\$150,000)
Footnote: For the 2018 Budget the IT Department removed the AS400 Programmer	