



Legislation Text

File #: 17-163, **Version:** 1

TO: Mayor Collins and Town Council Members

FROM: Kevin Burke, Town Manager
Dawn Marie Buckland, Director of Administration & Govt Affairs

DATE: May 11, 2017

DEPARTMENT: Administration and Government Affairs Department

AGENDA TITLE:

Adoption of Resolution 2017-11 Approving the FY 2018 Tentative Budget

Council Goals or Statutory Requirements:

Long range balanced budget

RECOMMENDATION:

Adopt Resolution Number 2017-11 approving the FY 2018 Tentative Budget setting the maximum appropriation for FY 2018 at \$52,400,300

SUMMARY STATEMENT:

The annual budget process is a collaborative, transparent, and comprehensive means of establishing priorities and allocating the resources to efficiently and effectively accomplish them. The tentative budget adoption follows a series of public study sessions, and sets the maximum level of spending authority for the upcoming fiscal year.

In recent weeks, staff presented department operating budget requests, the requested capital improvement program, and the anticipated revenues and expenditures associated with each funding source. The General Fund recommended operating budget of \$24 million includes a \$5 million accelerated paydown of the police unfunded pension liability. The \$4.7 million street budget includes funding for the repaving of Tatum Boulevard.

The recommended budget includes \$15.9 million in funding for capital improvements, including street improvements associated with the Ritz Carlton development and completion of the police radio tower. Additionally, staff analyzed many positions funded with temporary labor in recent years to work within the expenditure limitation. After public discussion with Council in recent study sessions, the Town Manager recommends converting four of these to full time equivalent positions in FY 2018.

The Town's enterprise funds include sewer, fire, and alarm services. The Town has historically run a structural deficit in the sewer fund, with the General Fund subsidizing the sewer fund an average of \$650,000 per year. This was resolved through the recent fee study and rate adjustment, and the

sewer fund is now structurally balanced in the long term financial plan. The fire service fund had originally anticipated the ability to reduce fees by 10%. The City of Phoenix provides the Town's fire service. They received a significant increase in unfunded pension liability resulting in a 12.5% increase in costs to the Town. After a lengthy discussion in the April 27, 2017 study session, the fire fee remains unchanged from the FY 2017 rates, but with the explicit commitment to not increase the fee in the future, even as the general fund begins to subsidize it at a higher level.

BUDGETARY IMPACT:

A structurally balanced, intentional budget is the most critical element in long term financial sustainability.

ATTACHMENT(S):

Budget reports
PowerPoint
Resolution 2017-11