CITY OF GRAND FORKS, ND MAYOR & CITY COUNCIL WORKING SESSION

2014 Budget – General Fund Discussion

Monday, July 8, 2013

OVERVIEW

- Growth Indicators
  - Estimated Value of Mill
  - Revenue Generated
  - Sales Tax & State Aid Estimates
- Property tax
  - City – one piece of the property tax pie
  - History - What the City has done to minimize property tax burden
    - How this translates to the Grand Forks resident's tax bill

OVERVIEW, CONT…

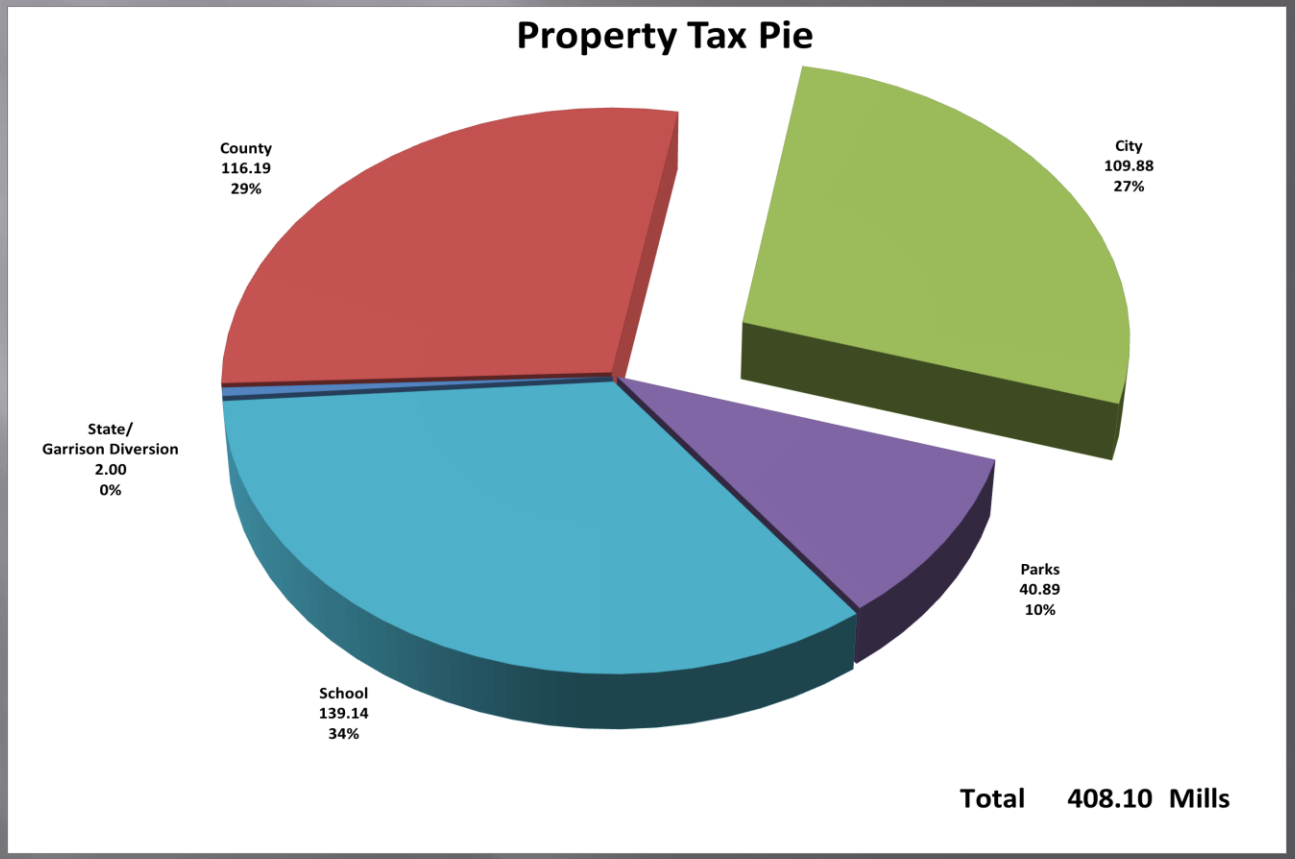
- General Fund
  - Underlying Directives
  - 2014 Budget Highlights
  - Summary – Revenue & Expenditures
  - Cash Balances
    - Public Building Fund – General Fund Buildings
  - Projection
  - Conclusion

GROWTH INDICATORS

- Estimated Value of Mill
  - $162,851 – up from $153,749
    - 5.92% Increase
      - 50% Revaluation
      - 50% New Construction & all changes excluding revaluation
  - Revenue Generated
    - General Fund - $685,391
- State Aid
  - Estimating per State's projection
    - Increase of $590,000 to the budget
- Sales Tax
  - Estimating 3% over 2013 budget
    - $142,810 increase from 2013 Budget

PROPERTY TAX

- City – 1 piece of the Property Tax Pie (before impact of 2013 legislation)
  - City – 26.92% of total property tax bill



PROPERTY TAX

- City – 1 piece of the Property Tax Pie, cont.
  - How much does the Grand Forks Resident pay for City Services?
    - $100,000 value home:
      - Property Tax bill = $494 annually
        - Equates to $41/month
  - What Services does Grand Forks Resident get in return?
    - Includes Fire and Police protection, Street maintenance, Library, Airport, Public Transit, etc.
  - Property Tax History
    - Property tax burden – what has the City done?
      - Decreased 29.5 mills since 2000
        - What does this mean to the Grand Forks Resident?
          - 29.5 mills = $132.75/year savings on $100,000 value

GENERAL FUND

- Underlying Directives
  - Balanced budget – with available economic resources; no mill increase for current operations; maintain quality & current level of service
  - Continue plan to fund Fire Station for SE Quadrant of the City – operational in 2016
  - Close budgetary gaps – with fiscally responsible measures & prudent resource allocation
  - Vacant positions – examine all to see if opportunities to maximize scope of existing positions & cut overall personnel costs
  - Continually rethink, redesign, & streamline business processes, consolidate & integrate department functions & activities, & optimize utilization of technology to become more efficient & effective in providing city services
  - Employees remain a priority with market adjustment & pay for performance

GENERAL FUND, Cont.

- 2014 Budget Highlights
  - No mill increase for current operations (will actually operate w/1 mill less)
  - No mill increase for Fire Station, but set aside equivalent in Reserve
  - Wage – average increase of 3.1%
    - Salary Plan to be presented at July 22nd work session
  - NDPERS Pension – increase 1% per State
    - 1% increase Employee
    - 1% increase Employer
  - DB Pension –
    - Funding as recommended – 22 years left on 30 year plan to fully fund
    - Unfunded Liability – This budget brings us to the highest level of recommended contributions per actuary's projection; I recommend we keep funding at this level to accelerate funding – have based GF projection on this assumption
  - Change in FTE's:
    - Info Center - +.2 Communication specialist
      - Previously ½ funded by health grant
    - Engineering – +1 Principal Engineer; +.25 Administrative Specialist
      - Workload increase due to growth

GENERAL FUND, Cont.

- 2014 Budget Highlights, cont.
  - Health Insurance – 10.72% Increase
  - Increased funding to CVIC of $23,600
    - Matches amount requested from GF County
  - Mayor's Budget includes cuts/adjustments from department requests of approx. $380,000
  - Funding capital replacement reserve of $296,582 (eventually all vehicles will be on a replacement schedule & paid out of this reserve, and a flat amount budgeted annually to prevent spikes in budgeting)
    - Seeing the benefit of good planning
      - Included in this budget – Capital Replacement Fund includes use of reserve for Inspections vehicle ($16,000)
  - Use of Department carryover for 2014 Budget - $21,100 (capital)

GENERAL FUND, Cont.

GENERAL FUND SUMMARY	2013 Adopted Bdgt	2014 Mayor Budget	Change
Revenue	$ 33,000,955	$ 34,691,216	$ 1,690,261
Use of Department Carryover	142,500	$ 21,100	(121,400)
Expense	(33,143,455)	(34,712,316)	(1,568,861)
Net	$ -	$ -	$ -
REVENUE SUMMARY			
RE Tax - for GF operations	$ 11,577,103	$ 12,262,680	$ 685,577
(offset by amount set aside in reserve for future SE Fire Station)	(306,962)	(488,553)	
Net RE Tax for current operations	11,270,141	11,774,127	$ 503,986
Airport RE Tax	663,040	701,888	38,848
Penalty-Delinq Tax	50,000	50,000	-
Pmt In Lieu-Utilities	785,025	807,622	22,597
Sales Tax	4,746,994	4,889,404	142,410
Fire Prevention Tax	21,000	21,000	-
License & Permit Fees	1,429,134	1,540,004	110,870
State Aid	3,708,288	4,300,000	591,712
Other Intergovernmental	682,993	790,493	107,500
Operational & Wage Reimb's - from other funds	3,783,655	3,898,647	114,992
Other Charges for Services	1,337,138	1,341,472	4,334
Special Assessment Revenue	206,384	165,809	(40,575)
Fines & Forfeitures	807,300	912,300	105,000
Interest	125,000	100,000	(25,000)
Cable Franchise Fee	838,795	865,000	26,205
Nodak Franchise Fee	205,000	224,000	19,000
Xcel Franchise Fee	1,206,094	1,125,000	(81,094)
Other misc	35,766	43,553	7,787
Council Mtg Sponsorship & Calendar Advertising	28,083	28,083	-
Operating Transfers In	1,071,125	1,112,814	41,689
Annual revenue stream	33,000,955	34,691,216	1,690,261
Use of Department Carryover	142,500	21,100	(121,400)
Total Revenue	33,143,455	34,712,316	1,568,861

GENERAL FUND, Cont.

GENERAL FUND SUMMARY, cont.	2013 Adopted Budget	2014 Mayor's Budget	Change
EXPENSE SUMMARY			
Personnel Services -	17,933,543	18,694,753	761,210
Benefits	6,980,239	7,450,324	470,085
Materials & Supplies	1,303,408	1,354,965	51,557
Utilities	813,951	837,249	23,298
Contract Services	1,142,245	1,203,255	61,010
Mtce Structures	253,001	245,455	(7,546)
Mtce Equip	955,280	968,651	13,371
Other Operations	1,882,093	2,001,610	119,517
Transfer Out(Primarily PSAP)	719,180	769,928	50,748
Capital	891,110	889,554	(1,566)
Capital Replacement Reserve	269,405	296,582	27,177
Total Expense	$ 33,143,455	$ 34,712,316	$ 1,568,861
Net Change - revenue over/(under) expense	$ -	$ -	$ -

GENERAL FUND, Cont.

- Cash Balances

General Fund - Fund Balance
As of 12/31/2012

General Fund Unassigned Fund Balance 12/31/12	$9,088,319
Less:	
Unrealized Gain	(280,865)
Doris Olson Bequest	(135,281)
Offstreet Parking Cash	(500)
Customer Deposits	(79,206)
General Fund Cash available for 2013 budget	$8,592,467

Recommendation: Use of Cash to fund Reserves for Future Fire Station

1/1/14 Estimated Cash Balance(Assuming Revenue & Expenditures come in as budgeted in 2013	$ 8,592,467
Cost of Land	(500,000)
Construction of Building - set aside reserve	(2,000,000)
Revised estimated cash balance	$ 6,092,467
Revised estimated cash balance	$ 6,092,467
Revised estimated cash balance as % of total budgeted expenditures	18.38%

GENERAL FUND, Cont.

- Cash Balances, cont.
  - Cash Balance is higher to begin 2013 than projected
    - Mainly due to State Aid revenue in 2012 higher than projected
  - Recommendations for 2013:
    - Keep Cash Balance at 18% of budgeted expenditures
    - Use Excess Cash to fund a reserve for future fire station
      - Land cost estimated at approx. $500,000
      - Construction cost estimate of $2M
        - Had projected bonding construction cost to be paid out of Public Building Fund
        - Ability to pay with Cash
          - Interest savings
          - Frees up money for building projects/needs

Public Building Fund

Sources of Funds	2014	2015	2016	2017	2018	2019
Real Estate Tax (3.6 mills with growth as projected in budget model)	$ 586,264	$ 615,769	$ 646,922	$ 683,108	$ 721,319	$ 760,895
Discount on Real Estate Tax	(29,313)	(30,788)	(32,346)	(34,155)	(36,066)	(38,045)
Senior Citizens Tax	2,750	2,750	2,750	2,750	2,750	2,750
Disabled Veteran Credit	2,900	2,900	2,900	2,900	2,900	2,900
Communication In-Lieu Tax	3,776	3,776	3,776	3,776	3,776	3,776
Mobile Home Tax	1,800	1,800	1,800	1,800	1,800	1,800
Interest	(0)	67	293	1,007	1,643	1,863
Estimated Yearly Revenue	568,177	596,273	626,095	661,186	698,122	735,940
Estimated Carryover at Beginning of Year	(0)	6,678	19,557	67,150	109,528	124,226
Available for Expenditure	568,177	602,951	645,653	728,336	807,650	860,166

- Exploring Use of EECBG funding
- Decrease reimbursement to General Fund
  - Beginning in 2016 – estimated energy savings to GF
- Building Reserve
  - Use for GF Building projects to include energy efficiency projects as well as other priority needs – future studies will follow

Public Building Fund, cont.

Uses Of Funds						
Ongoing Obligations:	2014	2015	2016	2017	2018	2019
Interdepartmental Charges-Wages						
(Est 3% increase/yr; then phase out) (1)	30,219	31,126	32,059	23,021	13,712	4,123
Interdepartmental Charges-Mtce & Operations(1)	10,000	10,000	-	-	-	-
Debt Service (2006B GO Public Bldg Bond)(2025)	115,219	112,419	114,619	116,619	113,419	115,139
Debt Service (2007A GO Public Safety Bldg Bond-						
for Training Facility)(2026)	286,061	284,049	281,824	279,168	281,293	277,980
Sub-total Ongoing Obligations	441,499	437,594	428,502	418,808	408,424	397,242
*HVAC - City Hall	15,000	-	-	-	-	-
- Central Fire	30,000	-	-	-	-	-
Energy Efficiency Lighting Project:						
City Hall	-	31,700	-	-	-	-
Central Fire	-	35,500	-	-	-	-
North Fire	-	9,300	-	-	-	-
Police	-	9,300	-	-	-	-
Security System/Software	50,000	35,000	-	-	-	-
Reserve Allocation for Bldg & Capital Needs-	25,000	25,000	150,000	200,000	275,000	300,000
project priority to be determined(2)						
Total Expenditures	561,499	583,394	578,502	618,808	683,424	697,242
Amount Available for Carryover	$ 6,678	$ 19,557	$ 67,150	$ 109,528	$ 124,226	$ 162,924
Amount Available in Reserve for building projects(2)	$ 25,000	$ 50,000	$ 200,000	$ 400,000	$ 675,000	$ 975,000

GENERAL FUND - PROJECTION

CITY OF GRAND FORKS, NORTH DAKOTA
INTEGRATED FINANCIAL PLANNING MODEL
FISCAL YEARS 2014 - 2019

1 MILL INCREASE PER YEAR FOR 2 YEARS (2012 & 2013) - SET ASIDE
EQUIVALENT OF 1 ADDITIONAL MILL PER YEAR (without increasing mills) IN 2014 & 2015 - SE FIRE STATION OPERATIONAL IN 2016

GENERAL FUND	2012	2013	2014	2015	2016	2017	2018	2019
Total Revene			35,179,769	36,361,500	37,588,521	39,030,050	40,573,671	42,125,593
Less mills reserved toward Fire Station operations	(149,311)	(306,962)	(488,553)	(684,188)	-	-	-	-
Use of Department Carryover			21,100	-	-	-	-	-
Use of Fire Station Reserve Cash			-	-	1,025,032	260,960	343,022	-
Total Sources of Funds			34,712,316	35,677,312	38,613,553	39,291,010	40,916,693	42,125,593
Total Expenditures			34,712,316	35,737,717	38,613,553	39,291,010	40,978,188	42,158,041
Net Change in Cash Balance			-	(60,405)	-	-	(61,495)	(32,448)
Cash Balance - Beginning			$ 6,000,000	$ 6,000,000	$ 5,939,595	$ 5,939,595	$ 5,939,595	$ 5,878,100
Cash Balance - Ending			$ 6,000,000	$ 5,939,595	$ 5,939,595	$ 5,939,595	$ 5,878,100	$ 5,845,652

- Assumptions:
  - Continue Plan for SE Fire Station
    - 2016 operational
      - 12 FTE
      - Fire Truck $400,000
  - Real Estate budgeted w/growth as projected in budget model – ranges from 5 to 5.5%
  - 3% increase per year in Sales Tax
  - 3% increase per year in State Aid

GENERAL FUND - CONCLUSION

- General Fund
  - Primary operating fund of the City
  - Preliminary 2014 General Fund Budget totals $34,712,316
    - 4.73% increase over the 2013 adopted budget
  - Revenue is projected at $34,691,216
    - Use of department carryover of $21,100
    - Beginning cash available of $6M, with total available funds of $34,712,316 – producing an ending balance of $6M.

What's Next?

- Budget Work Session
  - July 22nd
    - Utility Funds – operations & CIP
    - Salary Plan
- Presentation of Mayor's Budget
  - August 26th