

2016 MAYOR'S PRELIMINARY BUDGET

City of Grand Forks, North Dakota
City Council
August 20, 2015

AGENDA

- Guiding Principles
- Mayor's Direction
- Special Revenue Funds
- Enterprise Funds
- Capital Project Funds
- CIP
- General Fund
- Mill Rate
- Conclusion
- Moving Forward
- Next Steps
- Questions

GUIDING PRINCIPLES

- Budgeting critical for expenditure control
- Budget document
 - Planning & management tool
 - Long-term perspective
- Fiscal & budgetary policies
 - Integrity
 - Prudent Stewardship
 - Planning
 - Accountability

GUIDING PRINCIPLES, cont...

- Fund Balance – General Fund
 - Fund Balance Policy –
 - Maintain Target Unassigned Fund Balance at 18%
 - If drops below this level
 - Replenish within 3 years
 - Estimated General Fund Unassigned Fund Balance
 - \$7M @ 12/31/15
 - 18% of 2016 Budgeted Expenditures
 - Department Cash Carryover – Consider for capital items
 - Excess –
 - Move to Loan & Stabilization Fund
 - Mitigate future tax impacts
 - Use for one-time expenditures
 - Public Building Fund needs – Fuel Depot
 - Street Projects/Infrastructure

GUIDING PRINCIPLES, cont...

- Expenditures
 - Maintain Integrity of Market/PFP System
 - 3.94% Based on market comparisons
 - Detailed salary plan information in back of budget binder
 - Good performance review required
 - Efficiencies
 - Continue to rethink operations for efficiency opportunities

MAYOR'S DIRECTION

- Grand Forks Promise – 5 Pillars
 - Safe community
 - Affordable place to live & do business
 - Commitment to youth
 - Rich cultural & healthy experiences
 - Opportunities to be engaged
- Close budgetary gaps
 - Fiscally responsible measures
 - Prudent resource allocation
- Maintain reserves backed by sound financial policy
- Responsive, equitable service to community
- Maintain quality and level of service
- Continue 6-year planning-Minimize fiscal impact to citizens
 - Annual review of priorities
 - Develop long-term financial planning-concerted efforts of administration & City Council

MAYOR'S DIRECTION, cont...

- Plan for Public Buildings – integrate Buildings/Grounds
 - Interim plan for 2016; permanent solution for 2017 & beyond
- Review & evaluate existing property tax exemption policies
 - Effect of current policy est. at \$50,000 to \$200,000 annually based upon current number of exemptions
 - Does not factor in increased value if project otherwise had not been completed (difficult to measure)
- Employees – Treat fairly
 - Consistent with City Council's history of employee compensation
- Vacant Positions/Evaluate processes/Seek efficiencies
 - Process improvements; utilization of technology; improve service delivery
 - Continue to examine – maximize scope of existing positions
 - i.e. Mayor department and Planning departments – combined duties with City Administrator and Community Development departments
 - Down 2 administrative positions thru attrition – see change in FTE's later in presentation

SPECIAL REVENUE FUNDS

- Special Revenue Funds – Account for proceeds of specific revenue for specific purpose
- 2016 Highlights of SR Funds
 - 2101 Loan & Stabilization (est. cash balance \$1,385,000 1/1/16)
 - Will speak more to this fund in conjunction with General Fund later in presentation and will refer to 2 approaches: Option #1 (2.08 GF mill cut); Option #2 (3.76 GF mill cut)
 - (Option #2) 2015 Recommend to move \$600,000 from excess unassigned general fund balance into this fund to mitigate tax increases – see projection later in presentation
 - 2016 Make the following transfers to prevent any mill increases
 - \$34,960 to Insurance Reserve Fund (2151)
 - (Option #2) includes \$150,751 to General Fund (1100)
 - 2104 PSAP
 - Operations
 - Includes 1 additional FTE in 2016
 - Projection includes 1 additional FTE in 2017
 - City (General Fund) share of PSAP 63.3% based on call volume
 - 2105 E911
 - Capital
 - Declining revenue in this fund
 - Extending payments back to water fund 5 years (borrowed for PSAP building)
 - As stated in work session; working with Ms. Ault and may need to come to a vote (2016 timeframe) to increase \$1 fee to \$1.50 to meet needs

Special Revenue Funds, cont...

- 2016 Highlights, cont.
 - 2121 Public Building
 - Buildings & Grounds – interim plan as look to permanent solution
 - Projection includes projects including
 - Energy efficiency lighting (partially offset by grant dollars)
 - Improvements to City Hall; Police Buildings; Fire station buildings
 - 2163 Economic Development
 - \$75,000 for Downtown Development Association (DDA)
 - 3rd year of 3 year commitment
 - SIG project funding
 - Used Economic Development sales tax dollars toward development to serve primary sector businesses
 - Approximately \$1.3M included in 2016 budget
 - Projected total use in 6 year period \$6M

Special Revenue Funds, cont...

- 2016 Highlights, cont.
 - 2163 Economic Development (cont.)
 - Continue contribution to EDC, JDA, Air Base Enhancement, Downtown, special events & arts
 - Strategic plan of how to best invest City funds for these efforts as part of a comprehensive & integrative community plan
 - Mayor's vibrancy groups: Arts/Special Events; Downtown Development; University/Community
 - Also to include beautification funds

ENTERPRISE FUNDS - Sanitation

- 2016 BUDGET:

Begin Operating Cash	\$ 2.0
Revenues	\$10.1
Expenses	<u>\$10.3</u>
End Operating Cash	\$ 1.8

(Amounts in Millions)

Rate Increase for 2016
Collection 2%
Landfill 2%

Estimated Cash Balance 1/1/16

Operating Cash	\$2,000,000
Planned Use of Reserved Cash:	
Legally Restricted:	
Debt Service	\$1,300,000
Landfill/Baling Reserve	880,000
Landfill Closure & Post Closure	<u>\$1,530,000</u>
Total Cash	\$5,710,000

ENTERPRISE FUNDS -

Wastewater

- 2016 BUDGET:

Begin Operating Cash	\$0.6
Revenues	\$9.9
Expenses	<u>\$9.8</u>
End Operating Cash	\$0.7

(Amounts in Millions)

2% Rate Increase for 2016

Estimated Cash Balance 1/1/16

Operating Cash	\$ 650,000
Planned Use of Reserved Cash:	
Future Vactor Cleaner	\$ 190,000
Set aside lawsuit proceeds for WWTP repairs	\$ 170,000
Unreserved	\$ 140,000

Legally Restricted:

Debt Service	<u>\$4,500,000</u>
Total Cash	\$5,650,000

ENTERPRISE FUNDS - Water

- 2016 BUDGET:

Begin Operating Cash	\$ 0.8
Revenues	\$12.7
Expenses	<u>\$12.6</u>
End Operating Cash	\$ 0.9

(Amounts in Millions)

5% Rate Increase for 2016

Estimated Cash Balance 1/1/16

Operating Cash	\$ 750,000
Planned Use of Reserved Cash:	
Future WTP Project	\$4,700,000

Legally Restricted:

Debt Service	<u>\$2,500,000</u>
Total Cash	\$7,950,000

ENTERPRISE FUNDS - Stormwater

- 2016 BUDGET:

Begin Operating Cash	\$0.7
Revenues	\$2.9
Expenses	<u>\$2.8</u>
End Operating Cash	\$0.8

(Amounts in Millions)

2016 Rate Increase:

2% Rate Increase in Stormwater Fee

2% Rate Increase in flood protection/greenway mtce fee

Estimated Cash Balance	1/1/16
Operating Cash	\$ 750,000
Planned Use of Reserved Cash:	
Future purchase-Vactor Cleaner	50,000
Future Flood Station/Eq Repair	60,000
Future SW/Dike/Greenway renewal & replacement	80,000
Legally Restricted:	
Debt Service	<u>700,000</u>
Total Cash	\$1,640,000

Also of Note: Previous year budget had moved cash for Flood Protection large capital mtce to capital project fund

Cash Balance (4154) \$1,900,000

ENTERPRISE FUNDS – Monthly Utility Bill (4,000 Gallons Per Month)

- 2015

5/8" Min. Charge	\$ 7.23
Water Usage	14.92
Refuse	15.82
Wastewater Min.	13.83
Wastewater usage	12.88
Mosquito	2.55
Stormwater:	
Flood Prot/Greenway	
Mtce	1.39
Stormwater	<u>2.86</u>
Total Bill	\$71.48

- 2016

5/8" Min. Charge	\$ 7.59
Water Usage	15.67
Refuse	16.14
Wastewater Min.	14.11
Wastewater usage	13.14
Mosquito	2.80
Stormwater:	
Flood Prot/Greenway	
Mtce	1.42
Stormwater	<u>2.92</u>
Total Bill	\$ 73.79
Overall Increase	\$2.31
	3.23%

ALERUS CENTER

- Projecting profit of \$135,359
 - Assumptions used:
 - 5 UND home football games
 - Estimated attendance of 7,000 per game
 - 2 ticketed events
 - Repeat customers: Harlem Globetrotters, Crop Expo, Bakken, Home Show, Men's Show, etc
 - Hospitality tax estimated 3% increase
 - Marketing/advertising based on historical revenue and expense and event advertising
 - Attendance estimates for 2016 (7% increase from 2015 budget)
 - Full time labor based on current full time positions, annual increase
 - Part time labor based on schedule
 - Administrative/office expenses based on historical levels/known costs
 - Utilities historical average costs and known rate increases
 - CIP totals \$3.7M

CAPITAL PROJECT FUNDS

2015 Budget	\$35.1 M
2016 Budget	<u>\$38.2 M</u>
Increase	\$ 3.1 M

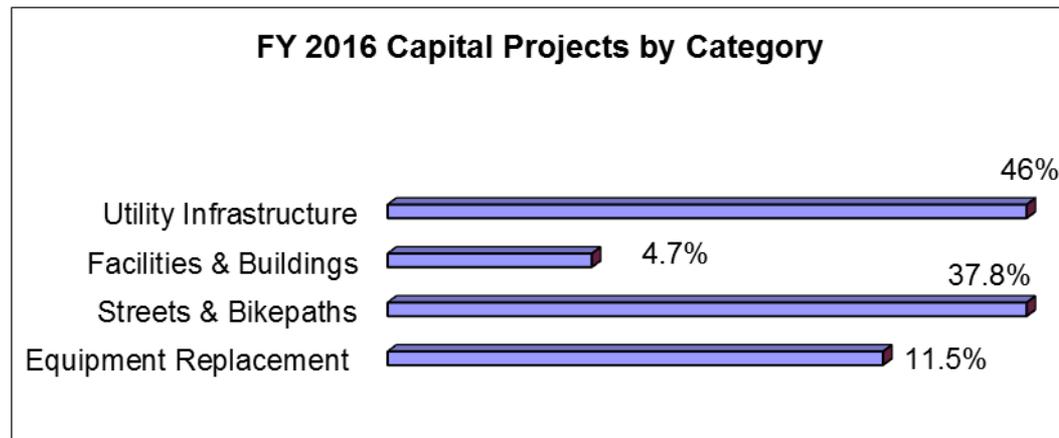
2016 Capital Projects Include:

Street/Infrastructure Fund	\$13,138,045
Sanitation – Cell B Landfill construction	\$ 5,142,000
Water Treatment Plant Projects	\$ 4,400,000
Wastewater Capital Project-pump station	\$ 5,000,000
Forcemain	\$ 215,000
Bio-Solids Project	\$ 1,500,000
Sidewalk Repair – ADA	\$ 50,000
2016 Special Assessment Projects	\$ 8,000,000
Nuisance Abatement	\$ 16,000
Capital Replacement Fund	\$ 22,000
Bridget Repair/Rehab (Sorlie)	\$ 50,000
Bikeway	<u>\$ 659,000</u>
Total 2016 Budgeted Capital Projects	\$38,192,045

CIP – CAPITAL IMPROVEMENT PLAN

- The 2016 CIP is distributed into the following categories:

Equipment Replacement	\$	6,201,853
Streets & Bikepaths	\$	20,405,346
Facilities & Buildings	\$	2,555,000
Utility Infrastructure	\$	<u>24,829,571</u>
	\$	53,991,770



CIP-CAPITAL IMPROVEMENT PLAN, Cont...

CASH FLOW PROJECTION OF STREET/INFRASTRUCTURE FUND						
	2016	2017	2018	2019	2020*	2021*
SOURCES OF FUNDS:						
Highway Users Tax (3% increase/yr)	\$ 3,877,143	\$ 3,993,457	\$ 4,113,261	\$ 4,236,659	\$ 4,363,758	\$ 4,494,671
Legislative distribution (1)	-	-	-	-	-	-
Sales Tax Revenue (3% increase annually)	3,143,738	3,238,051	3,335,192	3,435,248	3,538,305	3,644,454
Use Tax (3% increase annually)	932,800	960,783	989,607	1,019,295	1,049,874	1,081,370
Transfer from Economic Development for SIG projects (2)	1,190,000	391,000	10,000	-	594,000	279,200
Interest	121,278	83,047	34,178	(1,808)	(72,629)	(70,086)
Estimated Yearly Revenue	9,264,959	8,666,338	8,482,238	8,689,394	9,473,308	9,429,609
Use of Bridge Reserve Cash (3)	50,000	20,000	200,000	20,000	1,237,000	100,000
Use of Bond Reserve (4)	-	-	-	-	-	1,172,650
Est Carryover Beginning Yr	12,127,801	8,304,715	3,417,790	(180,847)	(7,262,929)	(7,008,608)
Available for Expenditure	21,442,760	16,991,053	12,100,027	8,528,547	3,447,379	3,693,651
USES OF FUNDS:						
Ongoing Obligations:						
Interdept chgs;ADA SW approach	528,959	586,580	600,728	615,300	630,309	649,218
Transfer to Gen Fund for Streets (25% of Street department)	1,132,875	1,166,861	1,201,867	1,237,923	1,275,061	1,313,313
Street Maintenance (Traffic signal; minor street repair; Mtce Street lights;Minor Intersection Imp;diamond grade; UPS batt;conflict monitors)	437,721	393,456	379,305	385,271	391,355	403,096
Street Maintenance (mill/overlay)	881,124	907,558	934,784	962,828	991,713	1,021,464
Bikeway Capital & Mtce	100,000	105,000	110,250	115,763	121,551	127,628
Landscaping(Beautification)	127,118	130,932	134,860	138,905	143,072	147,364
Property Management	192,648	198,427	204,380	210,511	216,827	223,332
Debt Service (2021) (4)	1,340,600	1,340,000	1,258,100	1,274,475	1,273,100	1,172,650
Sub-total Ongoing Obligations	4,741,045	4,828,814	4,824,274	4,940,975	5,042,987	5,058,065

CIP-CAPITAL IMPROVEMENT PLAN, Cont...

Projects:						
Set Aside Reserve for Bridge/Underpass Project	100,000	100,000	100,000	100,000	100,000	200,000
47th Ave S Interchange (48th to Columbia) (5)	50,000	50,000	100,000	500,000	-	-
42nd Street Underpass (5)	200,000	500,000	-	-	-	-
Bikepath Development	211,000	50,000	40,000	50,000	40,000	50,000
Sorlie Bridge - (Use of Bridge Reserve Funds) (3)	50,000	-	-	-	-	-
24th Ave S Street Lights (Columbia Rd to 20th St)	138,000	-	-	-	-	-
17th Ave S/Columbia Turn Lanes	100,000	60,000	-	-	-	-
32nd Ave S Turn Lanes	-	-	50,000	50,000	50,000	-
Columbia Rd (11th - 14th Ave S)	2,117,000	200,000	-	-	-	-
Columbia Rd (40th to 47th Ave S)	850,000	2,380,000	200,000	-	-	-
Demers Ave Maintenance (I-29 to Fire Station)	400,000	50,000	-	-	-	-
N Wash St US81 Surface Treatment	-	10,000	20,000	10,000	-	-
N 5th St (Gateway to Demers-Mill & Overlay)	-	-	25,000	111,000	25,000	-
N Wash Reconst (5th Ave S to 1st Ave N-includes Underpass)	-	-	-	100,000	500,000	100,000
N Washington Reconstruct - portion from Bridge Res Cash (3)	-	-	-	-	1,237,000	-
Kennedy Bridge	50,000	50,000	100,000	-	-	-
Ped Heads Various Intersections	-	6,450	-	-	-	-
Traffic Signals - 42nd & Gardenview	50,000	245,000	25,000	-	-	-
Traffic Signals	-	-	-	20,000	200,000	30,000
42nd Street & 32nd Ave S/I29 Ramp Reconfiguration	-	-	-	-	50,000	1,000,000
Business US 2 Reconstruction (Demers to Red River)	-	200,000	200,000	800,000	200,000	-
N 42nd Street Reconstruct (University Ave to Gateway Drive)	100,000	600,000	2,000,000	100,000	-	-
S Washington (47th Ave S to S End Drainway)	50,000	-	-	-	-	-
S Washington (S End Drainway to 55th Ave S)	-	-	50,000	3,330,000	50,000	-
Columbia Rd (36th to 40th Ave S)	100,000	-	-	-	-	-
47th Ave S (Southend drainway to 20th)	1,090,000	100,000	-	-	-	-
47th Ave S (20th to Columbia Rd)	-	-	150,000	1,723,500	100,000	-
University Ave Bridge Repair (Use of Bridge Reserve Funds) (3)	-	20,000	200,000	20,000	-	-
S 38th St (40th-43rd)	-	490,000	20,000	-	-	-
S 42nd St (34th to 40th Ave S; rural section)	740,000	20,000	-	-	-	-
N 62nd (Gateway to 8th) (18% 2163 shown as transfer in) (2)	-	-	-	-	-	1,440,000
University Ave (55th to 58th) (50% 2163 shown as transfer in) (2)	922,000	20,000	-	-	-	-
University Ave (58th to 62nd St N) (50% 2163 shown as transfer in) (2)	-	762,000	20,000	-	-	-
S 34th St (45th to 47th Ave S)	-	346,000	-	-	-	-
Columbia Rd Rehab (14th to 17th Ave S)	-	675,000	-	-	-	-
Cherry St (58th to 62nd Ave S)	-	-	748,000	-	-	-

CIP-CAPITAL IMPROVEMENT PLAN, Cont...

S 38th St (43rd to 47th Ave S)	-	-	-	581,000	-	-
62nd Ave S (Belmont to Cherry)	-	-	150,000	1,260,000	100,000	-
62nd Ave S (Cherry to Washington)	-	-	150,000	150,000	1,080,000	100,000
S 48th St (32nd to 40th Ave S)	-	100,000	1,221,600	100,000	100,000	-
S 48th St (40th to 47th Ave S)	-	-	-	-	100,000	1,162,000
Columbia Rd Overpass (Use of Bridge Reserve Funds) (2)	-	-	-	-	-	100,000
32nd Ave S Reconstruct (Washington to I-29)	-	-	-	-	-	500,000
University Ave Mill & Overlay (State St to N 3rd St)	-	-	-	1,635,000	-	-
6th Ave (55th to 58th)	-	-	697,000	20,000	-	-
6th Ave (58th to 62nd)	-	-	-	-	697,000	20,000
17th Ave N (N 48th St to N 55th St) (2163 shown as transfer in) (2)	-	-	-	-	594,000	20,000
47th Ave S (Columbia Rd to S 34th St) (3 lane)	50,000	1,410,000	-	-	-	-
N 36th St (20th Ave to 24th Ave S) (100% 2163 shown as transfer in) (2)	729,000	-	-	-	-	-
Quiet Zone Redundancy	50,000	50,000	-	-	-	-
Total Street Projects Budgeted (as detailed above)	8,147,000	8,494,450	6,266,600	10,660,500	5,223,000	4,722,000
Replace Downtown Street Lights with LED Lamps	60,000	-	-	-	-	-
LED Street Light Replacement Program	50,000	50,000	50,000	50,000	50,000	50,000
Traffic Signal Interconnect	50,000	50,000	50,000	50,000	50,000	50,000
Traffic Signal software/hardware upgrade	-	-	1,000,000	-	-	-
Pavement Management	40,000	100,000	40,000	40,000	40,000	100,000
Intelligent Transportation System/Transportation Studies	50,000	50,000	50,000	50,000	50,000	50,000
Total Expenditures	13,138,045	13,573,264	12,280,874	15,791,475	10,455,987	10,030,065
Amount Available for Carryover (Cash Balance)	\$ 8,304,715	\$ 3,417,790	\$ (180,847)	\$ (7,262,929)	\$ (7,008,608)	\$ (6,336,414)
Revenue over/(under) expenditures annually	\$ (3,873,086)	\$ (4,906,926)	\$ (3,798,636)	\$ (7,102,082)	\$ (982,679)	\$ (600,456)

(1) Conservative with assumption of no legislative distribution received beyond 2015/2016 biennia; if future allocations received, would improve cash flow outlook

(2) Includes use of Economic Development Funds

(3) Includes use of Bridge Reserve Funds (4122)

(4) Includes use of Bond Reserve Funds for final year's bond payment

(5) State Special Request; assumes State Share for these projects of 80%; this would be funding needed for local share of 20%

(2) Currently levy 5.37 mills for flood protection debt; an estimated 3 mills in 2020 and the remaining 2.37 mills in 2021 will roll off or come available for other purpose (i.e. General fund or street infrastructure needs); projected value of a mill in 2020 \$237,803 (5.37X\$237,803=\$1,277,000)

GENERAL FUND

- 2016 Budget Highlights:
 - Wage increase 3.94% (overall average)
 - Salary Plan as presented at June 8th work session & in your budget binder
 - Continue funding Defined Benefit pension plan as recommended contributions-20 years left on 30 year plan to fully fund
 - Workers Comp budget – increased \$125,000 to general fund
 - Health Insurance 15% Increase in Premium
 - CVIC – continued partnership
 - 2016 general fund budget includes \$150,000
 - Social Detox Center - \$21,000
 - Will also look to CDBG option

GENERAL FUND, cont...

- 2016 Budget Highlights:
 - SRO Program
 - 2016 general fund budget includes \$90,000 reimbursement from Schools; up from \$50,000
 - Based on 50/50 split
 - Funding Capital replacement reserve of \$332,894
 - Eventually, all GF vehicles will be on a replacement schedule & paid from this reserve & a flat amount budgeted annually to prevent spikes in budgeting
 - Internship Program
 - \$35,000 budgeted (split between General Fund and Enterprise Utility Funds)
 - Working with UND to continue partnership (50/50)
 - Council/Department participation
 - Mayor's budget includes additional cuts of \$184,000 in addition to the \$560,000 adjustments had already made from general fund department requests at time of general fund work session

GENERAL FUND, cont...

- 2016 Budget Highlights:
 - Change in FTE's
 - Fire - +12 firefighters
 - Cost of additional staff and associated promotions = \$886,000
 - Police - +2 officers
 - 1 of these additional officers already approved by council in 2015
 - Mayor Office - -1 Executive specialist (as planned thru attrition)
 - Community Development/Planning Department
 - - 0.7 Administrative Specialist, Sr
 - 1 less position due to attrition in total; allocated portion of Community Development Admin Specialist, Sr to be associated with Planning department; net effect to General Fund is -0.7
 - +0.25 Due to reallocation of City Planner salary (not increase overall)

GENERAL FUND, cont...

- 2016 budget highlights:
 - Revenue Assumptions
 - Property Tax
 - 1 mill = Estimated Value \$193,326
 - Compares to \$180,137 in 2015
 - 7.34% estimated increase value of mill
 - Approximately 51.4% from revaluation; 48.6% from new construction & everything excluding revaluation
 - Sales Tax
 - Budget includes 3% increase in sales tax from 2015 budget
 - Allocate 1% sales tax as in 2015 & previously
 - 49.5% General Fund
 - 20.5% Economic Development
 - 30% Infrastructure

GENERAL FUND, cont...

- State Aid
 - Estimating increase due to State's projection
 - 2017-2021 estimating 4.5% annual increase – dependent on activity in Western ND
- Growth/building activity
 - License/permit fees
 - Includes building permit and other related permit fees
 - Increased significantly with the 2015 budget; 2016 budgeted consistent with 2015 levels
 - Reduction of mills with the 2015/2016 budget largely due to revenue produced from growth

GENERAL FUND, cont...

- Option #1 (2.08 GF mill reduction)

- Brings us to a budget which equates to 1.7% increase
 - Takes amount due to growth plus an inflationary factor of 1.7%
 - On average, residents would pay an additional \$7.56 annually per \$100,000 of value (\$6.65 net of State's 12%)
 - Letter notification requirement prior to public hearing of 1.7%

- Option #2 (3.76 GF mill reduction)

- Brings us to a budget which equates to the State's definition of zero mill increase
 - Just taking the amount due to Growth
 - On average, residents would pay the same to the City as the 2 prior years
 - No letter requirement

GENERAL FUND, cont...

GENERAL FUND SUMMARY

	2015 Adopted Budget	Option #1 2016 Adopted Budget	Change	Option #2 2016 Adopted Budget	Change
Revenue	\$36,210,737	\$38,408,191	\$ 2,197,454	\$38,083,403	\$ 1,872,666
Use of Loan/Stabilization Cash	90,957	-	(90,957)	150,751	59,794
Use of Department Carryover	60,000	4,165	(55,835)	4,165	(55,835)
Use of Fire station reserve	-	290,999	290,999	465,036	465,036
Expense	(36,361,694)	(38,703,355)	(2,341,661)	(38,703,355)	(2,341,661)
Net	\$ -	\$ -	\$ -	\$ -	\$ -
REVENUE SUMMARY					
RE Tax - for GF operations	\$12,645,519	\$13,169,367	\$ 523,848	\$12,844,579	\$ 199,060
Airport RE Tax	740,067	794,570	54,503	794,570	54,503
Pmt In Lieu-Utilities	739,426	775,054	35,628	775,054	35,628
Sales Tax	5,036,086	5,187,160	151,074	5,187,160	151,074
Fire Prevention Tax	20,000	18,000	(2,000)	18,000	(2,000)
License & Permit Fees	1,884,524	1,946,020	61,496	1,946,020	61,496
State Aid	4,450,000	4,877,969	427,969	4,877,969	427,969
Other Intergovernmental	916,963	979,463	62,500	979,463	62,500
Other Charges for Services	5,978,767	5,929,503	(49,264)	5,929,503	(49,264)
Special Assessment Revenue	106,726	188,532	81,806	188,532	81,806
Fines & Forfeitures	857,800	860,000	2,200	860,000	2,200
Cable Franchise Fee	890,000	900,000	10,000	900,000	10,000
Nodak Franchise Fee	235,000	235,000	-	235,000	-
Xcel Franchise Fee	1,125,000	1,200,000	75,000	1,200,000	75,000
Interest & Other misc	131,221	123,346	(7,875)	123,346	(7,875)
Council Mtg Sponsorship & Calendar Advertising	28,083	28,000	(83)	28,000	(83)
Operating Transfers In	1,146,355	1,196,207	49,852	1,196,207	49,852
Annual revenue stream	36,210,737	38,408,191	2,197,454	38,083,403	1,872,666
Use of Loan/Stabilization Cash	90,957	-	(90,957)	150,751	59,794
Use of Capital Reserve Cash	-	290,999	290,999	465,036	465,036
Use of Department Carryover	60,000	4,165	(55,835)	4,165	(55,835)
Total Revenue	36,361,694	38,703,355	2,341,661	38,703,355	2,341,661

Option #1: Based on 2.08 mill reduction

Option #2: Base on 3.76 mill reduction

GENERAL FUND, cont...

EXPENSE SUMMARY

Personnel Services -	19,819,085	21,162,545	1,343,460
Benefits	7,900,172	8,606,546	706,374
Materials & Supplies	1,393,793	1,361,813	(31,980)
Utilities	871,725	890,103	18,378
Contract Services	1,266,075	1,329,003	62,928
Mtce Structures	252,755	280,474	27,719
Mtce Equip	946,605	957,400	10,795
Other Operations	1,941,570	2,090,065	148,495
Transfer Out(PSAP)	822,084	894,627	72,543
Capital	815,055	797,885	(17,170)
Capital Replacement Reserve	332,775	332,894	119
Total Expense	\$ 36,361,694	\$ 38,703,355	\$ 2,341,661
Net Change - revenue over/(under) expense	\$ -	\$ -	\$ -

GENERAL FUND, cont...

- Cash Balances – Recommendation: Option #1 vs Option #2

General Fund Fund Balance		Recommendation: Use of Cash to fund Reserves for Street/Infrastructure Needs (Based on 2.08 mill reduction)
As of 12/31/2014		
General Fund Unassigned Fund Balance 12/31/14	\$ 10,187,119	Estimated Cash Balance (Assuming Revenue & Expenditures come in as budgeted in 2015) \$9,841,004
Less:		Fire Station # 5 Fueling station (general fund dept share) (210,000)
Unrealized Gain	(193,105)	Streets/Infrastructure (2,600,000)
Doris Olson Bequest	(67,143)	Revised estimated cash balance \$ 7,031,004
Customer Deposits	(85,867)	
General Fund Cash available for 2015 budget	\$ 9,841,004	7,000,000
Assuming Rev/Exp meet budget in 2015	-	Revised estimated cash balance 18.01%
Projected beginning cash balance @ 1/1/16	<u>\$9,841,004</u>	Revised estimated cash balance as % of total budgeted expenditures

General Fund Fund Balance		Recommendation: Use of Cash to fund Reserves for Street/Infrastructure Needs & Property tax relief (Based on 3.76 mill reduction)
As of 12/31/2014		
General Fund Unassigned Fund Balance 12/31/14	\$ 10,187,119	Estimated Cash Balance (Assuming Revenue & Expenditures come in as budgeted in 2015) \$9,841,004
Less:		Fire Station # 5 Fueling station (general fund dept share) (210,000)
Unrealized Gain	(193,105)	Loan & Stabilization Fund for property tax relief impact (600,000)
Doris Olson Bequest	(67,143)	Streets/Infrastructure (2,000,000)
Customer Deposits	(85,867)	Revised estimated cash balance \$ 7,031,004
General Fund Cash available for 2015 budget	\$ 9,841,004	
Assuming Rev/Exp meet budget in 2015	-	Revised estimated cash balance 7,000,000
Projected beginning cash balance @ 1/1/16	<u>\$9,841,004</u>	Revised estimated cash balance as % of total budgeted expenditures 18.01%

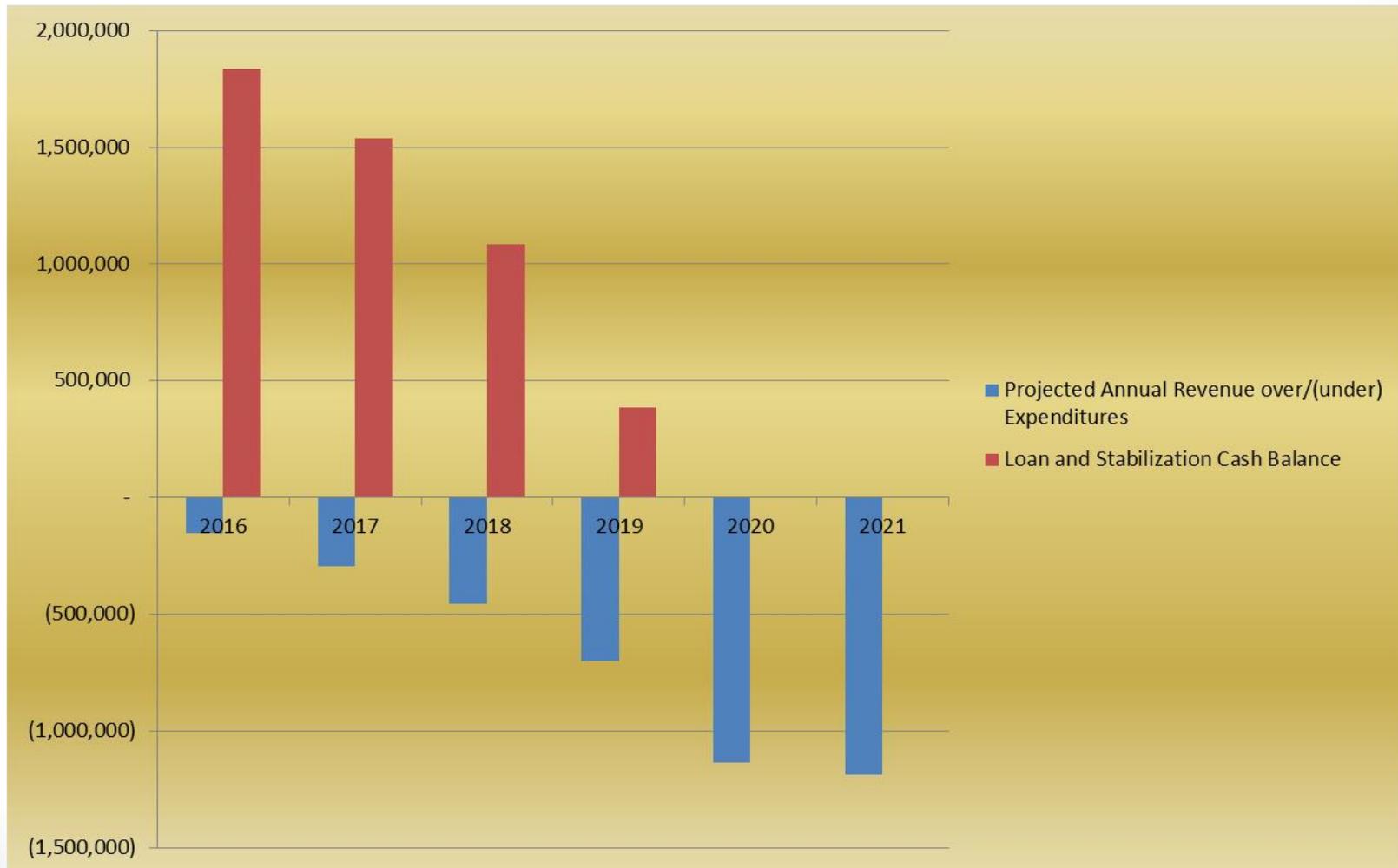
GENERAL FUND- Six Year Operational Outlook (Based on Option #1)

CITY OF GRAND FORKS, NORTH DAKOTA INTEGRATED FINANCIAL PLANNING MODEL FISCAL YEARS 2016 - 2021						
GENERAL FUND	2016*	2017	2018	2019	2020 (2)	2021 (2)
Total Revenue	38,412,356	39,570,483	41,058,469	42,568,780	44,165,368	45,836,165
Use of Fire Station Reserve Cash	290,999	316,002	354,517	320,702	-	-
Total Sources of Funds	38,703,355	39,886,485	41,412,986	42,889,482	44,165,368	45,836,165
Total Expenditures	38,703,355	39,886,485	41,412,986	43,076,552	44,900,641	46,605,637
Annual Revenue over/(under) expenditures	-	-	-	(187,070)	(735,273)	(769,472)
Cash Balance - Beginning	\$ 7,000,000	\$ 7,000,000	\$ 7,000,000	\$ 7,000,000	\$ 7,000,000	\$ 7,000,000
Use of Loan & Stabilization Cash (1)	-	-	-	187,070	735,273	462,657
Cash Balance - Ending	\$ 7,000,000	\$ 7,000,000	\$ 7,000,000	\$ 7,000,000	\$ 7,000,000	\$ 6,693,185
(1) Assumes use of Loan & Stabilization Fund cash reserves for the purpose of stabilizing taxes and offset impact; Estimated balance in this fund at 1/1/16 \$1.385M						
(2) Currently levy 5.37 mills for flood protection debt; an estimated 3 mills in 2020 and the remaining 2.37 mills in 2021 will roll off or come available for other purpose (i.e. General fund or street infrastructure needs); projected value of a mill in 2020 \$237,803 (5.37X\$237,803=\$1,277,000)						
Other Assumptions:						
Includes 2.08 mill reduction in 2016; hold mills steady 2017 thru 2021						
Property Tax budgeted w/growth as projected in budget model (ranging from 4.9 to 6.25%)						
3% increase per year in sales tax						
4.5% increase per year in state aid						
3% increase per year in salaries						
10% increase per year in Utilities/fuel						
Additional FTE's for Police; +1 FTE in 2016; +1 in 2017, +1 in 2019; +1 in 2021						
Additional FTE's for PSAP; +1 in 2016; +1 in 2017						
12 FTE for Fire in 2016						

GENERAL FUND- Six Year Operational Outlook (Based on Option #2)

CITY OF GRAND FORKS, NORTH DAKOTA INTEGRATED FINANCIAL PLANNING MODEL FISCAL YEARS 2016 - 2021						
GENERAL FUND	2016*	2017	2018	2019	2020 (2)	2021 (2)
Total Revenue	38,087,568	39,225,385	40,695,469	42,187,966	43,765,858	45,417,029
Use of Fire Station Reserve Cash	465,036	365,000	265,000	187,184	-	-
Total Sources of Funds	38,552,604	39,590,385	40,960,469	42,375,150	43,765,858	45,417,029
Total Expenditures	38,703,355	39,886,485	41,412,986	43,076,552	44,900,641	46,605,637
Annual Revenue over/(under) expenditures	(150,751)	(296,100)	(452,517)	(701,402)	(1,134,783)	(1,188,608)
Cash Balance - Beginning	\$ 7,000,000	\$ 7,000,000	\$ 7,000,000	\$ 7,000,000	\$ 7,000,000	\$ 6,249,447
Use of Loan & Stabilization Cash (1)	150,751	296,100	452,517	701,402	384,230	-
Cash Balance - Ending	\$ 7,000,000	\$ 7,000,000	\$ 7,000,000	\$ 7,000,000	\$ 6,249,447	\$ 5,060,839
(1) Assumes use of Loan & Stabilization Fund cash reserves for the purpose of stabilizing taxes; Estimated balance in this fund at 1/1/16 \$1.385M + proposed \$600,000 as recommended from GF unassigned fund balance over 18% policy						
(2) Currently levy 5.37 mills for flood protection debt; an estimated 3 mills in 2020 and the remaining 2.37 mills in 2021 will roll off or come available for other purpose (i.e. General fund or street infrastructure needs); projected value of a mill in 2020 \$237,803 (5.37X\$237,803=\$1,277,000)						
Other Assumptions:						
Includes 3.76 mill reduction in 2016; hold mills steady 2017 thru 2021						
Property Tax budgeted w/growth as projected in budget model (ranging from 4.9 to 6.25%)						
3% increase per year in sales tax						
4.5% increase per year in state aid						
3% increase per year in salaries						
10% increase per year in Utilities/fuel						
Additional FTE's for Police; +1 FTE in 2016; +1 in 2017, +1 in 2019; +1 in 2021						
Additional FTE's for PSAP; +1 in 2016; +1 in 2017						
12 FTE for Fire in 2016						

GENERAL FUND- Six Year Operational Outlook (Based on Option #2)



Mill Rate, cont...(Current)

- Property Tax – City portion
 - What does the City collect?
 - \$100,000 Value
 - **Currently** = \$463.77 annually; 12% (\$55.65) of this paid by State; **net \$408.12**
 - \$100,000 used as basis for calculation;
 - If home is valued at \$200,000, take above figure X 2
 - Example: $\$408.12 \times 2 = \$816.24 = \$68/\text{month}$ for City Services
 - **Median assessed value of a home = \$172,600 (City tax nets to \$704.41; \$58.70/month)**
 - What do I get in return?
 - Services include:
 - Police & Fire protection; Street cleaning/snow removal; Health; Eng/Insp/P&Z; Mayor/Council/Admin; 62% of PSAP; Bus/Dial-A-Ride; Animal Control; Flood Protection (prop tax portion); City portion of Airport & Library

Mill Rate, cont...(2016 Estimate)

Option #1 Growth + Inflation

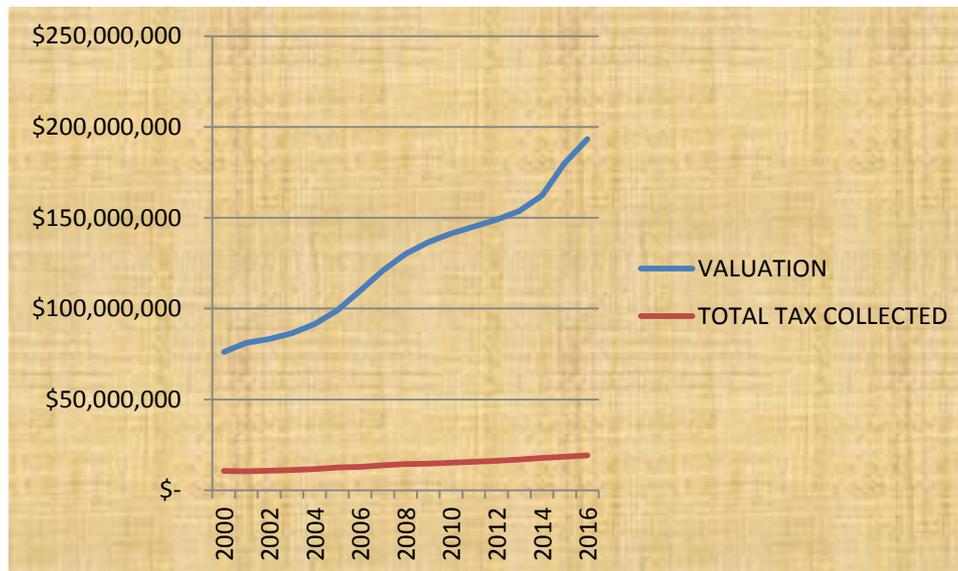
- Property tax Calculation: estimated 101.01 total mills=
 - \$454.55; 12% (\$54.55) paid by State; nets out to \$400 per \$100,000 of value
 - Equates to \$33.33/month
 - \$100,000 used as basis for calculation;
 - Median assessed value of a home = \$172,600 (City tax nets to \$690.40; \$57.53/month)

Option #2 Growth

- Property tax Calculation: estimated 99.33 total mills=
 - \$446.99; 12% (\$53.64) paid by State; nets out to \$393.35 per \$100,000 of value
 - Equates to \$32.78/month
 - \$100,000 used as basis for calculation;
 - Median assessed value of a home = \$172,600 (City tax nets to \$678.92; \$56.58/month)

Property tax History

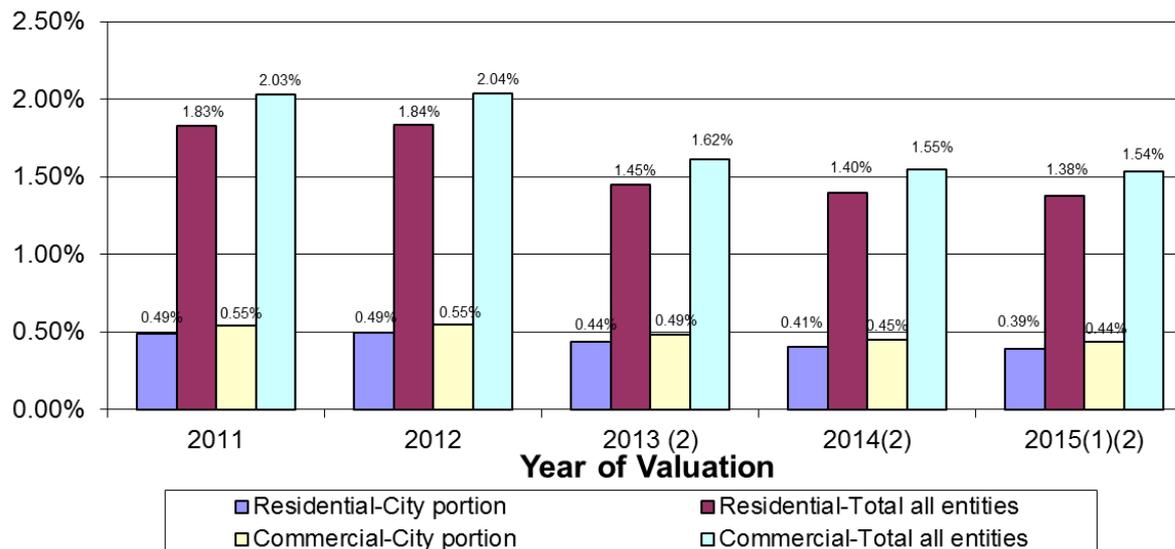
- Property Tax Burden – what has the City done?
 - Prior to this budget, have decreased 36.32 mills since 2000
 - What does this mean to the Grand Forks Resident?
 - 36.32 mills = \$163.44/year savings per \$100,000 value
 - Option #1 brings to total to 38.37 mills = \$172.67/year savings
 - Option #2 brings total to 40.05 mills = \$180.22/year savings



Property tax History, cont...

- Effective Tax Rate – efforts to lower over years have been successful with our efforts as well as efforts of the State
 - City effective tax rate has decreased from 0.49% in 2011 (2012 budget year) to
 - 0.40% estimated for 2015 (2016 budget year) – based on option #1
 - 0.39% estimated for 2015 (2016 budget year) – based on option #2

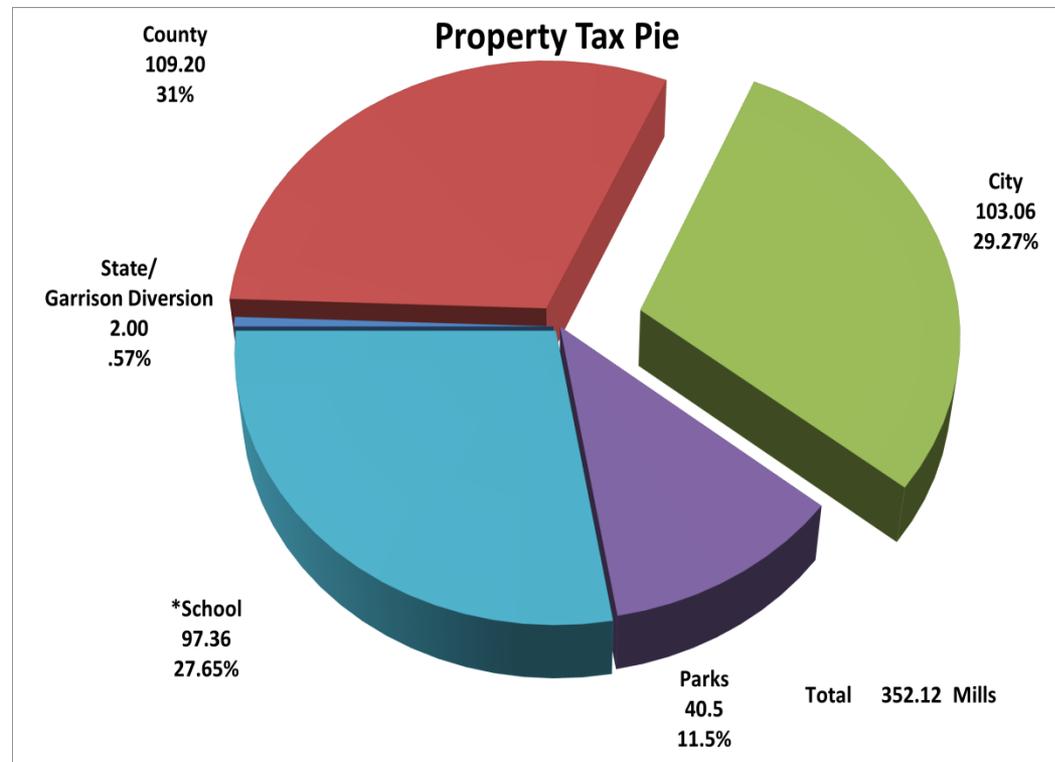
Effective Tax Rate History



- (1) Based on estimate: Assumes County, Park, & School hold mills same for 2016 budget year
- (2) 1st year of State contributing 12%

Property tax bill

- City – 1 Piece of the Property tax pie
 - 29% of total property tax bill (prior to proposed mill reduction)
 - If include 125 mill buy-down by State; City would be at 21.6% of the total



Conclusion

- In Summary – what does this budget accomplish?
 - Balanced Budget with 6-year outlook; detailed examination year to year
 - Option #2 – brings in Loan & Stabilization funds to balance
 - Use of Loan & Stabilization funds to accomplish property tax savings
 - Additional cash brought in to Loan & Stabilization if option #2 (see slides 32 & 34)
 - 2 scenarios of mill reductions (Growth vs Growth & Inflation)
 - SE Fire Station
 - Bringing in reserve funds as planned to use toward impact of operations of additional station
 - 12 Firefighters
 - Police officer personnel
 - Plan for additional officers
 - Utility Rates
 - Average bill increase \$2.31 per month (3.23%)
 - Continuing to move forward with SIG project development
 - Continue to plan for Water Treatment Plant and its impacts as well as other infrastructure projects
 - Still to do: Need to continue to work toward a funding solution of large infrastructure needs

Moving Forward...

- Big decisions, Work to be done –
 - Water/Transportation Infrastructure Needs
 - Slide #19 – 21 displays the need for Transportation funding
 - These slides exclude 42nd Street grade separation & 47th Ave S Interchange
 - Makes argument difficult with requested State dollars for large projects such as these – need funding solution for local share
 - Rate impacts for 50% share of Water Treatment Plant
 - Sales tax of ½ to 1 percent have been discussed
 - Further discussions through City Council working groups
 - Work toward 2016 Action Plan as we work together toward a solution
 - Library Building
 - 911 Center – declining revenue from the \$1 fee; large capital needs on horizon

THANKS

- Thank You
 - All departments – helped throughout the budget process
 - Went back after making adjustments to budgets, and asked for more cuts
 - Department heads stepped forward when asked to re-scrub budgets
 - Finance Department – staff worked very hard so we could have this presentation this evening
 - Mayor & Council who realize resources need to be provided in order to provide services and the importance of good planning and a sound budget; while balancing the importance of property tax relief
 - Citizens for their input throughout the year

WHAT'S NEXT?

- September 8, 2015 – Preliminary approval of Budget
 - Once preliminary approval given
 - Can't increase budget, but can decrease
- September 21, 2015 @ 6pm – Final Adoption of Budget & Fee List (Public Hearing)
 - Legislation requires the meeting to begin no earlier than 6pm
 - Notice will be given of this public hearing in the newspaper
 - Need to give 7 days notice
 - Recent legislation also requires an additional mailing of a letter be sent as notice to those properties who's home value was estimated to increase 10% or greater –
 - Option #1: Would notice 1.7%
 - Option #2: No notice required with the 2016 budget as not increasing
- October 10, 2015 – Budget certified to County Auditor