

Fiscal Year 2014 Three Plus Nine Budget & Finance Report

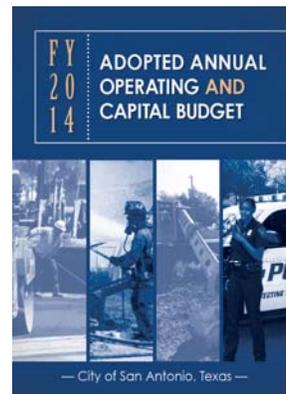


City Manager's Report
City Council "A" Session
March 20, 2014



Presentation Overview

- Today's presentation provides 1st Quarter Financial Status Report and preliminary outlook for FY 2014; and
- FY 2015 Recommended Budget Calendar



FY 2014 Adopted Budget

\$2.3 Billion City's Consolidated Budget

General Fund
Supports most basic City services: Police, Fire, Streets, Parks, Library, Code



Restricted Funds

- Airport Fund
- Development Services
- Hotel Occupancy Tax
- Solid Waste
- Storm Water

Capital Program

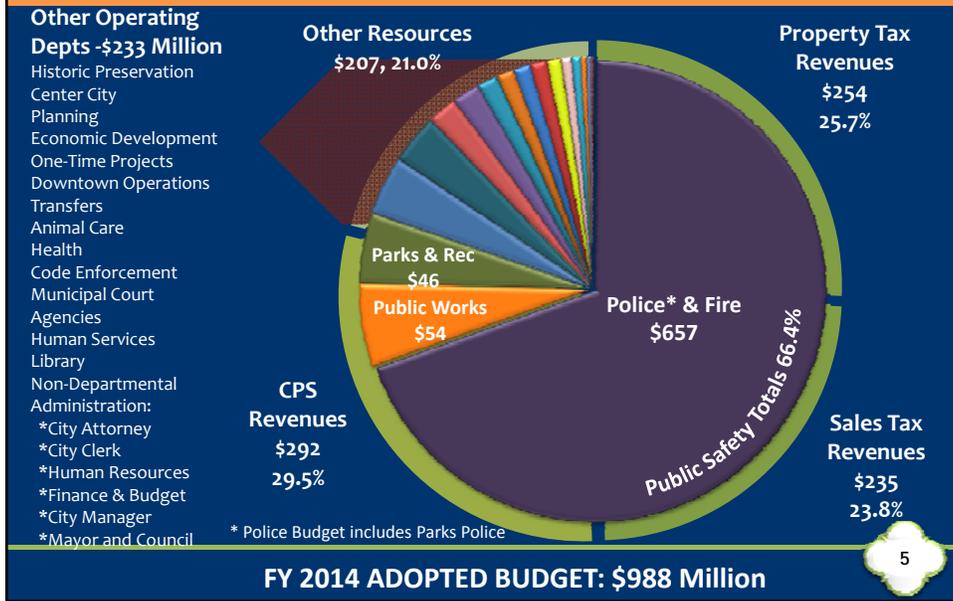
- 2012 bond projects
- Airport projects
- Convention Center Expansion

General Fund

3+9



**GENERAL FUND AVAILABLE RESOURCES
DISTRIBUTED OVER MAJOR SPENDING AREAS
(\$ IN MILLIONS)**



***General Fund
FY 2014 1st Quarter Financial Results***

- General Fund net financial result for 1st Quarter is \$9 Million better than budget
- General Fund projection in total for year is \$39.7 Million better than budget
- While today's financial update is positive, financial challenges exist for FY 2015 budget cycle



General Fund FY 2014 1st Quarter Financial Results

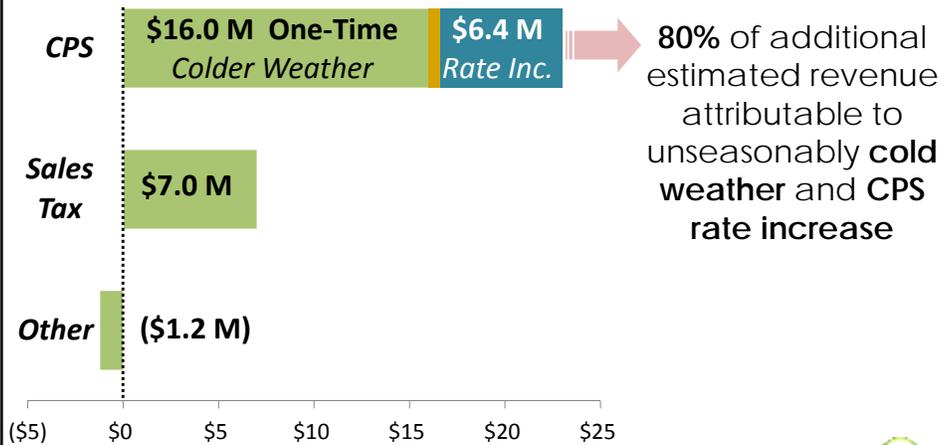
FY 2014			
(\$ In Millions)	FY 2014 Budget	FY 2014 3+9 Projection	Variance
Beginning Balance	\$35.1	\$48.6	\$13.5
Total Revenues	961.6	990.4	28.8
Total Expenditures	988.3	990.9	(2.6)
Ending Balance	\$8.4 M	\$48.2 M	\$39.7

- **\$13.5 Million** in better FY 2013 ending balance
- **\$28.8 Million** in additional FY 2014 revenue
- **\$39.7 Million** ending balance recommended to be reserved for FY 2015 Budget

7

General Fund Revenues FY 2014 Three Plus Nine Projections

- **Estimated \$28.8 Million in Additional Revenue**



8

General Fund Expenditures FY 2014 Three Plus Nine Projections

- General Fund Departments within budget for FY 2014
- Police Department estimates \$2.6 Million in more expenses for FY 2014
 - Overtime and less attrition



General Fund Preparing for FY 2015

- In September at budget adoption, the FY 2015 Budget Plan projected a \$30 Million budget challenge not including potential increases for collective bargaining and civilian pay increases
- Rising health care costs in FY 2014 result in projected deficit of \$15 Million in Employee Benefits Fund
- Moody's cited lower General Fund ending balance as a challenge for the City to maintain current bond rating

General Fund Preparing for FY 2015

- \$39.7 Million in preliminary FY 2014 better ending balance is recommended to be reserved for FY 2015 Budget Process
- In May 2014, recommended updates to current financial policies will be presented to the City Council that will include
 - Establish Contingency Reserve for General Fund
 - Establish Reserve for Capital Budget
 - Establish percentage target for 2 Year General Fund Budget Plan
 - Increase General Fund Budgeted Reserve

11

Restricted Funds

3+9



Employee Benefits Fund Healthcare Cost

- Employee Benefits Fund faces financial challenges
- \$10 Million deficit projected at budget adoption in September 2013
- With 3+9 Projection FY 2014 deficit projected at \$15.7 Million



13

Employee Benefits Fund

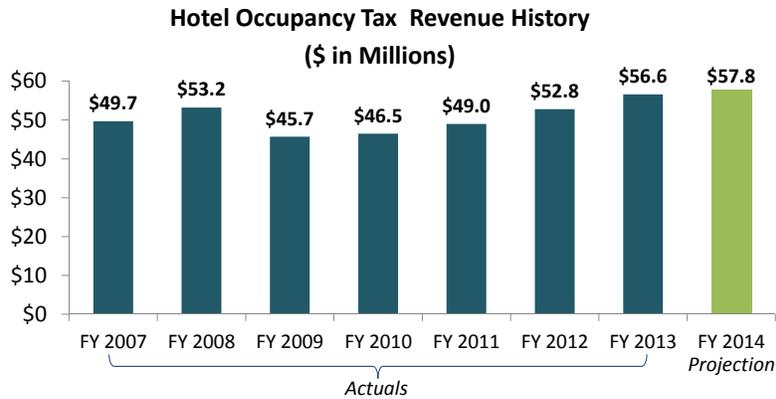
- FY 2014 1st Quarter: \$2.8 Million over budget
- FY 2014 Projection: \$8.2 Million over budget
 - Uniform Claims:
 - 10% over FY 2014 budget; and
 - 16% above FY 2013 actuals
 - Civilian Claims:
 - 7% over FY 2014 budget; and
 - 6% above FY 2013 actuals



14

Hotel Occupancy Tax Fund Revenues

- 1st Quarter: \$200,000 above budget
- FY 2014 Projection at budget



15

Hotel Occupancy Tax Expenditures

- Hotel Occupancy Tax supported Departments are projected to be at budget for FY 2014
 - Convention and Visitor's Bureau
 - Convention Sports Facilities
 - Culture & Creative Development
 - History and Preservation



16

Development Services Fund Revenues

- 1st Quarter: \$600,000 ahead of budget
- FY 2014 Projection: \$2 Million better than budget
- Commercial development stronger than projected



17

Development Services Fund Expenditures

- Development Services expenses of \$25 Million projected at budget
- 1st Quarter – \$110,000 in less expense
- FY 2014 estimate \$30,000 below budget



18

Airport Fund

Revenues

- 1st Quarter revenues received at budget
- FY 2014 Revenues of \$87.6 Million projected at budget

Expenses

- 1st Quarter expenses below budget
- FY 2014 Expenses of \$86.3 Million estimated at \$1 Million under budget

19

Airport Fund

Stinson Airport Reduction

- FY 2014 Budget included \$700,000 for Air Traffic Control at Stinson Airport to replace federal funds due to ongoing federal budget cuts
- Since City Budget Adoption, federal funding has been reinstated resulting in savings to the Airport Fund



20

Solid Waste Fund

Revenues

- 1st Quarter revenues \$132,000 below budget
- FY 2014 Revenues of \$94.3 Million projected \$438,000 below budget due to lower than projected subscribers in Organics program

Expenses

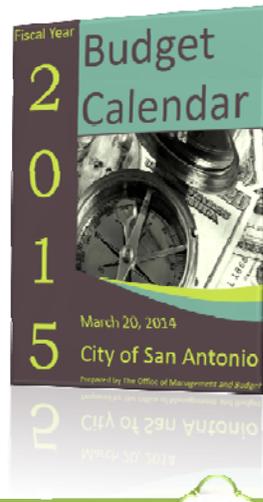
- 1st Quarter expenses \$350,000 below budget
- FY 2014 Expenses of \$95.3 Million estimated at \$455,000 under budget
- Savings offset lesser revenue

FY 2015 Recommended Budget Calendar



FY 2015 Budget Calendar

- Recommended budget calendar sets dates and events for FY 2015 Budget Process
- Input from City Council requested by Monday, March 24
- Final calendar to be distributed to City Council and posted for public notification by Wednesday, March 26



23

FY 2015 Budget Calendar

Date	Key Event
May 14 "B" Session	Six Plus Six Budget and Finance Report, Mid-year Budget Adjustment & Five Year Financial Forecast
May 15 "A" Session	Mid-Year Budget Adjustment Ordinance
May 19– May 22	Community Budget Meetings before budget development (4 meetings)

24

FY 2015 Budget Calendar

Date	Key Event
June 3 Special Session	City Council Budget Goal Setting Worksession for FY 2015 Budget (potentially from 8am to 5 pm)
August 7 "A" Session	City Manager presents the FY 2015 Proposed Budget
Mid August to Mid September	City Council Budget Worksessions Community Budget Input (4 meetings and 2 public hearings)
September 11 "A" Session	FY 2015 Budget Adoption

25

Summary

- General Fund FY 2014 year end Financial Position projected better than budget
- Financial challenges exist for FY 2015
- Recommended updated financial policies to be presented to City Council in May 2014 along with Five Year Financial Forecast



26

Fiscal Year 2014 Three Plus Nine Budget & Finance Report



City Manager's Report
City Council "A" Session
March 20, 2014

