

City of Roseville
City Manager
Recommended 2017
Budget

July 18, 2016

2017 City Manager Recommended Budget

- For tonight, we intend to:
 - Provide the City Council and public more detail on the proposed 2017 operating and capital budget for the City of Roseville and subsequent property tax impact.
 - Identify key priorities needed to continue our level and quality of services to the community.
 - Provide context for the City Council in making the decision on the not-to-exceed levy on September 12.

2017 City Manager Recommended Budget

Primary Goal

To provide the residents and businesses of Roseville the needed, necessary, and desired services in the most efficient way while limiting the amount of financial burden to taxpayers.

Additional Goals

Allocating resources to meet the previously identified Community Aspirations

Meet the needs identified in the most recent City survey

Factoring in public input to final resource allocation

Meet the organizational priorities brought forward by Department Head Team

Community Aspirations

As a community, we aspire to be

- Welcoming, inclusive, and respectful;
- Safe and law-abiding;
- Economically prosperous, with a stable and broad tax base;
- Secure in our diverse and quality housing and neighborhoods;
- Environmentally responsible, with well-maintained natural assets;
- Physically and mentally active and healthy;
- Well-connected through transportation and technology infrastructure; and
- Engaged in our community's success as citizens, neighbors, volunteers, leaders, and businesspeople.

2016 Community Survey

- 99% rate quality of life in Roseville excellent or good.
- City services overall rated high with police and fire protection services, drainage, building inspections, and pathway maintenance all rated excellent or good by 95% of the respondents.
- Street repair and maintenance rated the lowest with 81% of the respondents rating it excellent or good.
- 44% say property taxes high while 43% say property taxes are about average.
- 58% would favor an increase in property taxes to maintain service.
- Over 80% support continued investment in long-term infrastructure needs.

2017 Organizational Budget Priorities

Crime Reduction / Safety Items

Infrastructure Sustainability

Human Capital

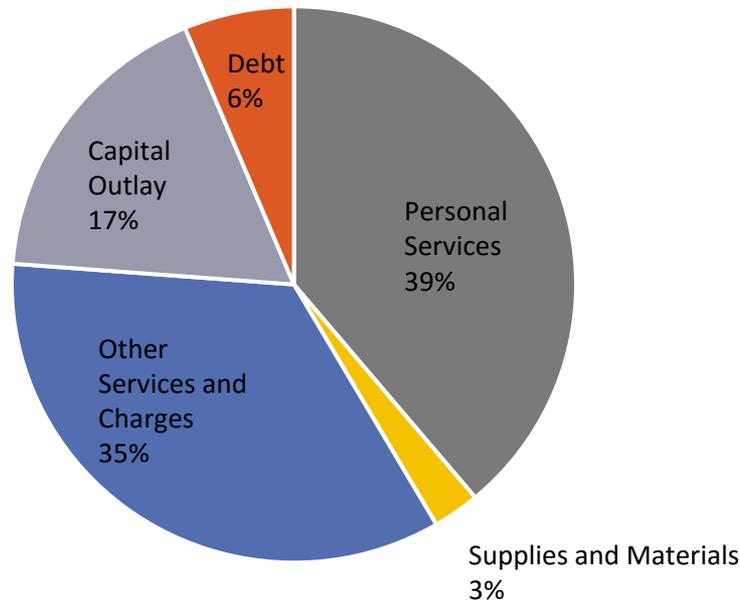
Strategic Technology Initiative

Address Demographic Change

2017 City Manager Recommended Budget

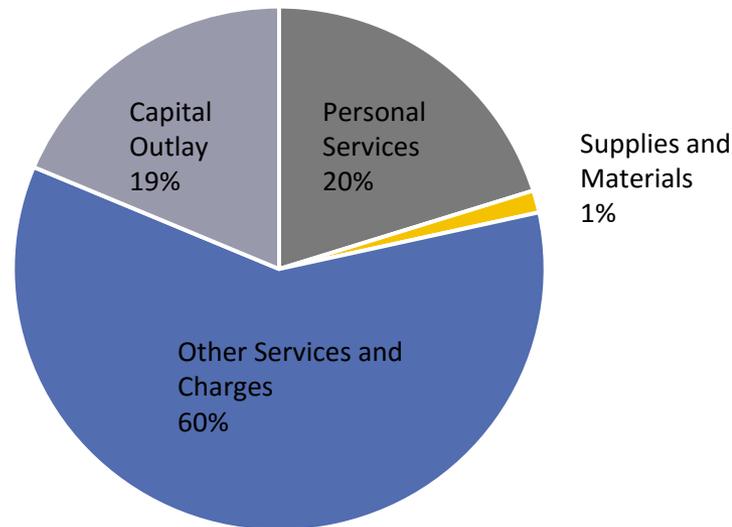
2017 City Manager Recommended Budget

- Total Budget : \$52,771,685
 - Increase of \$659,065 or 1.3%
 - Non-Property Tax Supported: \$23,053,395
 - Property Tax Supported: \$29,718,290



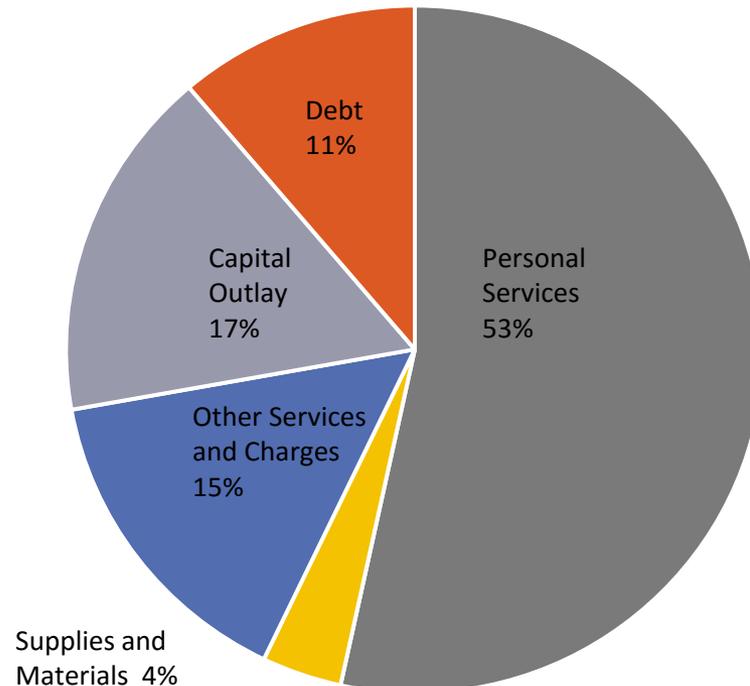
2017 City Manager Recommended Budget

- Non-property tax supported budget : \$23,053,395
 - Decrease of \$313,735 or -1.3% decrease
 - Majority of decrease due to less expenditures of TIF funds and less bulk water purchases.



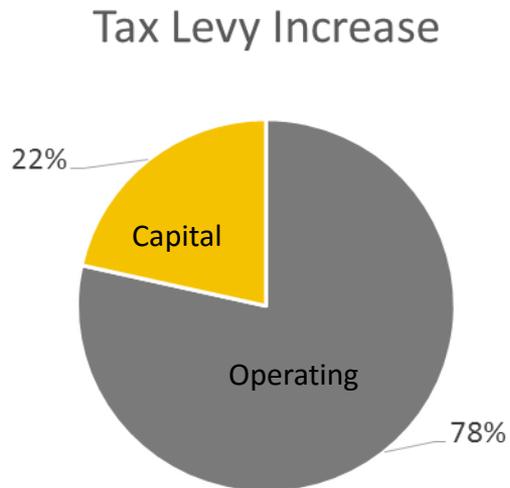
2017 City Manager Recommended Budget

- Property Tax Supported Budget: \$29,718,290
 - Budget increase of \$972,800 or 3.4%
 - Tax levy comprises 67% of this budget
 - Majority of increase due to personal services and capital costs.



2017 City Manager Recommended Budget

- Property Tax Supported Budget
 - Total Proposed Levy: \$19,991,170
 - Increase of \$1,046,450 or 5.5% over 2016 levy
 - Of levy increase:
 - \$821,450 or 78% of levy increase going towards operating budget.
 - \$225,000 or 22% of levy increase going towards planned capital spending.



2016 City Manager Recommended Budget

Budget Reductions from 2016

- For the 2017 property tax supported budget, staff identified \$413,790 in cuts.
- Cuts include reduced costs for one-time spending items, reduced costs for supplies and contractual services, elimination of paid on-call firefighter positions.
- As part of the process by the Department Heads to create Organizational Priorities, several ideas, while not ever officially in the budget, were eliminated from consideration at this point.

2017 City Manager Recommended Budget

2017 Levy Increase

New Initiatives from Organizational Priorities: \$86,120

Existing Programs and Services: \$735,330

(Declining interest earnings and court fines, inflationary increases for supplies and services, planned wage step increases, 2.75% COLA for employees, health care costs)

Capital Spending Budget : \$225,000

(\$160K for Pavement Management Program & \$65K for pathways and parking lots).

Total: \$1,046,450

2017 Organizational Priorities

Crime Reduction / Safety Items

Infrastructure Sustainability

Human Capital

Strategic Technology Initiative

Address Demographic Change

2017 City Manager Recommended Budget Organizational Priorities

Levy Impacts (Operational Budget Impact: \$86,120 Capital Budget Impact \$65,000)

- Continue to Transition to Full-time Firefighters (Net) \$11,000 (*Crime Reduction/Safety*)
- Employee Safety & Loss Control \$12,450 (*Crime Reduction/Safety & Human Capital*)
- Volunteer Recognition Efforts \$6,600 (*Human Capital & Addressing Demographic Change*)
- Employee Training & Tuition Reimbursement \$8,350 (*Human Capital*)
- PT Administrative Office Assistant \$30,000 (*Human Capital*)
- Youth Outreach in SE Roseville \$17,720 (*Addressing Demographic Change*)
- Pathways & Parking Lots \$65,000-Capital (*Infrastructure Sustainability*)

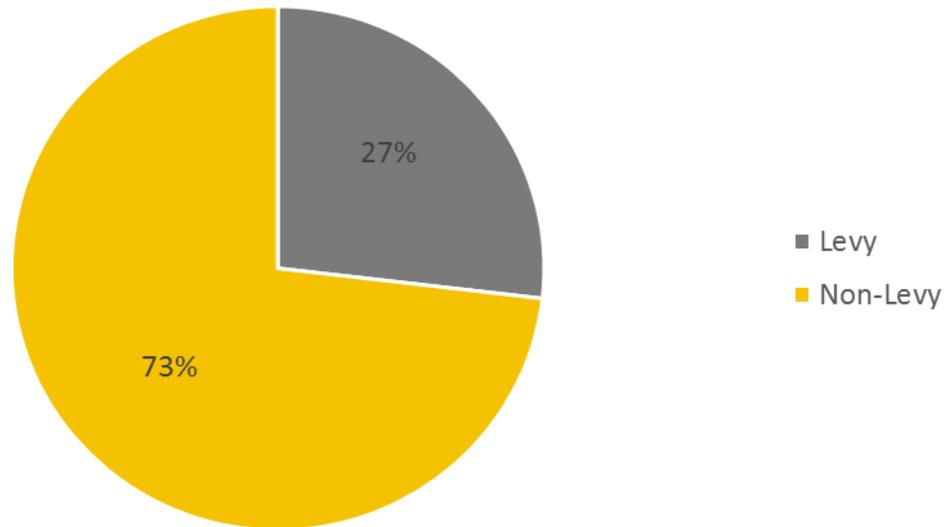
Non-levy Impacts (\$412,000)

- Employee Training & Tuition Reimbursement \$2,000- Engineering Svcs. & Sewer Fund (*Human Capital*)
- Comprehensive Plan Update: Stormwater & Zoning \$275,000 - Comm. Dev. Fund & Storm Water Fund (*Addressing Demographic Change and Infrastructure Sustainability*)
- Comprehensive Plan Update: Transportation \$30,000 – General Fund Reserves (*Infrastructure Sustainability*).
- Mental Health Liaison Officer \$75,000 – Police Forfeiture Fund (*Crime Reduction/Safety*)
- Assistant City Manager Position \$30,000 – Communications Fund (*Human Capital*)

2017 City Manager Recommended Budget Organizational Priorities

Levy impacts - \$151,120

Non-levy impacts - \$412,000



2016 City Manager Recommended Budget

Cost of living adjustment (COLA) Discussion

- City Council policy to award COLA to non-union employees based on the previous years Consumer Price Index (CPI) for Minneapolis/St. Paul and the Employment Cost Index (ECI) for State of Local Government workers.
- The CPI for Minneapolis/St. Paul show a 1.5% increase in a 12-month period ending June 30.
- The most recent ECI covers the first quarter of 2016 and rose 1.8% for wages and salaries. The second quarter numbers will be released at the end of July.
- While acknowledging the lower index numbers, the City Manager is proposing 2.75% COLA for all non-union employees starting in 2017 to remain consistent with union employees and competitive with peer communities.
- Roseville's current union contract gives 3 of the 4 unions a 2.75% COLA in 2017. The remaining union is scheduled to receive a 2% COLA.
- \$105,000 of the COLA amount is contractually obligated to the four unions.

2016 City Manager Recommended Budget

New Employee Positions

- Proposed 2017 City Manager Budget proposes the creation of 4.5 new FTE positions and 1 position reclassified.
- 3.5 FTEs will be created funded with levy dollars for a total levy impact of \$41,000.
- 1 FTE will be created funded with non-levy dollars with a total cost of \$75,000. The Mental Health Liaison Police Officer will be a pilot project funded by forfeiture funds.
- Reclassification of Asst. to City Manager/City Clerk position to Assistant City Manager position will cost \$30,000 with funding from the Communications Fund.

2016 City Manager Recommended Budget

Use of Reserves

- For the 2017 budget, the City Manager is proposing to continue use of \$375,000 of general reserves to moderate the tax levy increase. In addition, another \$30,000 of reserves is proposed to be spent to pay for the transportation plan conducted as part of the Comprehensive Plan process. This expenditure is expected to be a one time expenditure.
- While the reliance on reserves is not sustainable over the long term, it is acceptable to continue the use of the reserves in the 2017 budget process.
- The City will remain in its target range of desired reserves levy (35%-45%). Using \$405,000 of reserves as part of the 2017 budget, it is estimated that the General Fund reserve level will be 36%.

2016 City Manager Recommended Budget

Tax Levy Impact on Homeowners

- In Roseville, the median valued single-family home experienced a 4.8% valuation increase
- Under the 2017 Recommended Budget, the monthly impact on a median-valued home for City taxes will be \$4.22 per month or \$75.35 annually.
- For the median valued home, total City taxes paid would go from \$854 in 2015 to \$904 in 2017; an increase of 5.9%.

2016 City Manager Recommended Budget

2017 Capital Improvement Budget

- There are no unfunded items in the 2017 CIP Budget. All items contained 2017 CIP Budget is funded from current revenues or planned use of cash reserves.
- Total 2017 CIP Budget is \$8,591,145.
- \$160,000 in new tax levy request for Pavement Management Program (*per 2012 Council-adopted funding strategy*)
- Revised 20-Year CIP of \$190,191,165
- Long-Term Funding Gap of \$32.6 million (*down from \$74.2 million in 2013*)

2017 City Manager Recommended Budget

City Budget Next Steps

- Joint Meeting with the Finance Commission - August 15, 2016
- Preliminary Budget Hearing - August 22, 2016
- Adopt the Preliminary Budget - September 12, 2016
- Continue Discussions on the Budget - October 17, 2016
- Review Water & Sewer Rates - November 14, 2016
- Final Budget Hearing - November 28, 2016
- Adopt the 2017 Water & Sewer Rates - November 28, 2016
- Adopt the 2017 Final Budget - December 5, 2016

2017 City Manager Recommended Budget

Questions?