



Advisory Budget Work Group Agenda
March 02, 2016 - 4:00 PM
City Hall Boardroom

Advisory Budget Work Group (ABWG)

1. Recap of 2015 Efforts _____
2. Preliminary Revenue & Expenditure Forecasting Model _____
3. Proposed Meeting Dates & Future Topics _____

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Summary of ABWG meetings

February 11, 2015

- Review of reports from 2015 Budget that were presented to council in 2014.
- Overview of the budget process
- Explanation of the budget reports staff runs and what software staff works with
- Financial software needs

March 11, 2015

- Explanation of fund balance and reserves
 - Explanation of City's cash reserves
 - Difference between fund balance and reserves
 - Rating agency's perspectives on reserves
- Financial Software (*Carry over into 2016/2017*)
 - Capabilities of current software
 - IT staff and workload
 - The Work Group encouraged an RFP be developed to solicit proposals to replace the existing software.

April 8, 2015

- 5 year Capital Improvement Plan projects and tax levy impact
- Projects scheduled for 2015 were reviewed
- Bond cash flows
 - City is experiencing general improvement in collection of special assessments having dealt with tax forfeit lots.
 - Discussion of prepayment of special assessments and the effect they have.

May 13, 2015

- Street Light Utility updates
 - Discussed how the current street light utility fee is going.
 - Addressed questions and concerns that have been received from citizens.
 - The Work Group agreed to recommend going with a flat fee of \$4 for 2016.

June 10, 2015

- Brief overview of changes in market value, new construction, and overall growth.
- Explanation of the budget process from beginning to end.
 - Order of looking at accounts
- Budget timeline
 - Target date of September 30th for a proposed levy deadline was stressed so staff can spend the Fall looking for new, innovative ways to do things that could save costs or increase revenues.
 - Staff asked for specific direction from the group on what they need in order to get to the point of having a budget by September 30th.
 - Ultimate goal is to have a budget by September 30th, knowing that it is the final because nothing usually changes between September 30th and the final budget in December.

Summary of ABWG meetings

July 8, 2015

- Work group brought up looking into financial software again.
- Staff reiterated that if we could get a budget wrapped up in September, we would be able to work on looking into the new software options and new, innovative techniques to reduce expenditures/increase revenues.
- Revenue and expenditure forecasting
 - City's Growth and that impact on taxes
 - Revenue priorities
 - Expenditure priorities
 - Maintain high quality service levels
 - Class & Comp implementation
 - Accommodate issuance of debt to support additional growth
 - Internal Service fund support
 - Tails from 2015
 - Bond issue for approved 2015 projects
 - Authorization of additional staff
 - Building Inspector
 - Assessing Department Reorganization
 - IT Programmer/Analyst
 - 3 Yr phase in of Vehicle and IT charge increases
 - What today's growth means for the future
 - Significant investment in new infrastructure will be needed to accommodate the next ring of growth.

3-YEAR REVENUE AND EXPENDITURE FORECAST TAX-SUPPORTED FUNDS ONLY

ADDITIONAL ANNUAL EXPENDITURE INCREASES

TYPE	2017	2018	2019
Wages & Benefits:			
Class Comp Implementation*	417,500	358,750	315,350
2% Wage Adjustment	291,000	304,000	309,000
Health Insurance - 10% annual increase	208,000	212,000	229,000
PERA Increases	-	-	-
Additional Staffing Authorized in 2015:			
Assessing Division Reorganization	21,000		
Internal Service Fund Charges:			
Vehicles	39,000		
IT	42,500		
Debt Service:			
CIMS Project Carryover from 2015	144,000		
Addnl S/A Debt Service - 5-Yr CIP	510,000	375,000	325,000
Other			
RRRDC Increase - 6%	44,400	47,000	49,800
Election Costs	(35,000)	35,000	(35,000)
Transfer to Golf Courses	30,000	30,000	30,000
Transfer to HHIC	30,000	30,000	30,000
LARL Funding - 2% Annual Increase	14,370	14,655	14,950
Operating Budget Increase - 1/2%	65,000	65,500	66,000
Total Additional Expenditures	\$ 1,821,770	\$ 1,471,905	\$ 1,334,100

ADDITIONAL ANNUAL REVENUE INCREASES

SOURCE	2017	2018	2019
Local Government Aid	-	-	-
Enterprise Fund Transfers:			
Electric - Based on kWh Proposal	125,000	125,000	125,000
Water	17,000		
Wastewater	17,500		
Other Funds			
Property Taxes:			
New Construction			
Value Increase - Commercial/Industrial			
Expiration of Exemptions	35,125		
Expiration of Rebates	61,410		
Additional Rebates	-	-	-
Debt Service	510,000	375,000	325,000
Additional Operational Tax Levy	1,055,735	971,905	884,100
Total Additional Revenues	\$ 1,821,770	\$ 1,471,905	\$ 1,334,100

* Based on 2012 Class Comp Study

ANTICIPATED TAX LEVY INCREASES

	Payable 2017	Payable 2018	Payable 2019
BY PURPOSE:			
Property Tax Rebates	-	-	-
Debt Service	510,000	375,000	325,000
Authorized Staffing Increases	21,000		
Operations	1,131,270	971,905	884,100
Total Tax Levy Increase	1,662,270	1,346,905	1,209,100
	15.0%	10.5%	8.6%
BY TAXPAYER IMPACT			
Levy Increase Absorbed by Growth	96,535	-	-
	0.9%	0.0%	0.0%
Levy Increase Affecting Current Taxpayers	1,565,735	1,346,905	1,209,100
	14.1%	10.5%	8.6%
Total Tax Levy Increase	1,662,270	1,346,905	1,209,100

**Note: These increases do not impact Commercial, Residential or Apartment property owners.
Border Cities legislation caps their property tax liability at 1.6% of Market Value, reduced from 1.9% in 2014**

PROPOSED ABWG 2016 MEETING DATES & TOPICS

ADVISORY BUDGET WORK GROUP TOPICS

March 2nd

- Recap of 2015 Efforts
- Preliminary Forecasting Model
- Future Topics

March 16th

- 5-Year CIP and Capital Budget
- Special Assessment Debt
- Golf Course Operations

April 27th

- IT Project Requests & Cashflow
- Departmental Presentation Format
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May 25th

- Updated Market Values
- Tax Exemptions & Rebates
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June 22nd

- Updated Revenue & Expenditure Forecasting
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July 20th

- Proposed Tax Levy Detail
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August 17th

- Review Proposed 2017 Budget
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CITY COUNCIL MILESTONES

June 20th

- Departmental Presentations

July 18th

- Departmental Presentations

August 22nd

- Proposed 2017 Budget