

Fiscal Year 2023-24 Budget Development Guidelines

INTRODUCTION

The development of budget guidelines is a best practice and supports **The Citywide Strategic Plan Goal, Innovative and High-Performing Organization**. One of the objectives of this goal is to promote **organizational sustainability**:

- Strategic Sustainability -- realistic vision and goals
- Program and Service Sustainability -- high-quality services and programs
- Personnel Sustainability – effective and reliable personnel
- Financial Sustainability – recurring revenues equal to recurring expenditures, adequate financial reserve and contingency planning.

The General Fund is the primary fund for the city and supports 24 of the 27 city departments including 1,680 of the City's 2,368 full-time employees.

The City Manager shall use the following **Budget Development Guidelines to prepare the FY 2023-24 Proposed Budget**.

OVERALL

The budget should prioritize funding based on the City's Strategic Plan, needs related to accommodate population growth, State and/or Federal mandates and initiatives consistent with the City Council's priorities.

REVENUES

For FY 2022-23, the two largest sources of revenue to support **General Fund** operations were local **property taxes (49.3%)** and local **sales taxes (34.9%)** representing **84.2% (\$215M) of the fund's \$256.2M budget**. Local property taxes also fully support the Debt Service Fund which accounts for the City's General Fund debt service obligations. The property tax appropriation for the **Debt Service Fund was \$47.7M** for FY2022-23.

The City must use a strategic approach to balance the budget by assessing revenue enhancement opportunities and cost control. **The FY 2023-24 Budget should support the City's Strategic Plan and identify funding to enhance priority programs and services.**

- A tax rate increase for the **General Fund** may be considered from the current rate of **31.55 cents** (per \$100 assessed value).
- A tax rate increase for the **Debt Service Fund** may be considered from the current rate of **11.50 cents** (per \$100 assessed value).

- The tax rate for the **Solid Waste Fund** will remain at the current rate of **5.59 cents** (per \$100 assessed value).
- The tax rate for the **Dedicated Housing Fund** will remain at the current rate of **3.38 cents** (per \$100 assessed value).
- The tax rate for the **Transit Operating Fund** will remain at **3.75 cents** (per \$100 assessed value).
- The tax rate for the downtown **Business Improvement District (BID)** will remain at **7.00 cents** (per \$100 assessed value).
- The allocation for the **Half Penny For Parks Program** will remain at 1/2 cent of the proposed tax rate.
- Fund balance in the General Fund will not be projected to fall below **12.0%** at the end of FY 2023-24.
- **Non-recurring funds will not be directed toward recurring uses.**
- Proposed **water and sewer rate increases** will not exceed an average of **5.5%** for the average Tier 3 customer.
- **Fee adjustments** will be considered, as appropriate, to align fee revenues with cost of services for better cost recovery rates.
- Proposed increase in **Stormwater rates** for typical residential customer (tier 2) shall not exceed **\$2.69 per month**.

EXPENDITURES

To balance expenditures against forecasted revenues, the City Manager will continue to monitor performance data to guide focused discussions with City departments regarding program and service priorities. This includes possible areas for elimination, reduction, reorganization, new partnerships, and/or alternative service delivery models that address the performance and efficiency of City programs.

- City employees are at the core of City services. One objective under the City's **Innovative & High Performing Organization Goal** is to **“cultivate a diverse, engaged, and healthy workforce dedicated to public service.”** Attracting, training and retaining a competent, high quality workforce is essential to being a high performing organization. Therefore, we will continue to consider employee compensation adjustments as a priority. **The following pay and benefit components will be proposed:**

- Pay for Performance plan (4.8% average increase) and Step Plan (4% average increase) for General employees. Additional structure and salary adjustments may be considered.
 - Pay Plan for sworn Police Employees—5.0% average step plan
 - Pay Plan for sworn Fire Employees—5.0% average step plan
 - Pay Plan for part-time Employees--3.5% average
 - Supplemental Retirement -401(k) –5.0% (no increase over FY 2022-23 budget).
 - Medical Insurance for all employees – up to 5.9% average increase for the City
 - Dental insurance – up to 3.5% average decrease for the City
 - 12.85% budgeted for employer contribution to the Local Government Employees' Retirement System (LGERs), a .75% increase over the FY 2022-23 budget of 12.1%.
- The dedicated **street resurfacing funding** will increase by \$5,000,000 to **\$11,000,000** for FY 2023-24 and **up to an additional \$4,000,000 from fund balance** will be considered for FY 2023-24.
 - Funding for the **Maintenance Replacement Project Plan** will remain at **\$1,200,000** for FY 2023-24.
 - **Fleet replacement funding** for the General Fund will be provided in accordance with the Fleet department's **10-year recommendation plan** within the debt model.
 - Funding for **City Council budget** requests advanced during the Special Budget Work Session on March 23, 2023 will be **considered**.
 - Funding for Departmental budget requests will be considered.
 - Programs may be considered for **down-sizing or discontinuation**.