

City Council Budget Workshop May 1, 2019



Proposed Annual Budget for
July 1, 2018 – June 30, 2019

Springfield, Missouri
Proposed Annual Budget FY 2018-2019

A collage of seven images showcasing various recreational and community activities in Springfield, Missouri. The images include: a paved path through a wooded area; a soccer game in progress on a grass field; a group of runners participating in a 5K race; an interior view of an aquarium with a large whale model and various fish; a young boy in a baseball cap holding a baseball; a group of people at a community event; and a group of youth athletes in red and white uniforms. The collage is set against a dark blue background with the text 'Gateway to the Ozarks Outdoors!' in a yellow script font.

*Gateway to the Ozarks
Outdoors!*

**CITY OF
Springfield**

Budget Workshop Schedule



1. Overview April 24
2. Revenue & Pre-commitments May 1
3. Proposed Funding Priorities May 11
4. Proposed Funding Priorities Continued
May 15
5. City Council First Reading May 21

Budget Workshop #2

May 1, 2018

Budget Workshop #2 provides a review of the revenue projections and pre-commitments for fiscal year 2018-2019 (July 1, 2018- June 30, 2019) and explains all revenue sources identified for the creation of the budget.



Today's Agenda:

Revenue and Pre-Commitments

1. **City Manager's Analysis & Budget Recommendations**
2. The City's Revenue Sources
3. Fiscal Year 2018 Revenue Highlights & Projections
4. Fiscal Year 2019 Revenue Highlights & Projections
5. One-Time Funding Sources Used to Balance FY19 Budget
6. The City's Pre-Commitments

About Our Budget

The annual budget is a financial proposal that directs the provision of public services and facilities. The services provided by the City are based on the available revenues (funds) from all sources as approved in our annual budget.

In 2017, the City of Springfield's Finance Department received the Government Finance Officers Association (GFOA) Distinguished Budget Award for its budget presentation for a tenth consecutive year.



Where to Find Budget Details:

- Throughout the budget workshop process (May 1 – June 30), the public has access to both the proposed budget and the later adopted budget online at Springfieldmo.gov/Budget and at Springfieldmo.gov/OpenData (our data portal).
- On both of these web pages, there are links to full line item detail reports in addition to helpful summaries.
- Printed copies of the proposed budget are available at a cost of \$45.44 (the cost of printing).

City Manager Analysis & Budget Recommendations

The proposed budget focuses on employee recruitment & retention, public safety, economic vitality and fiscal sustainability, and retaining a balanced budget.

The following challenges impacted the creation of FY2019 proposed budget:

A 2.0% anticipated increase in sales/use tax and a 2.5% anticipated increase in payments in lieu of taxes (PILOTs) FY18 budget to FY19 budget.

- Gross receipts predicted to be down 7% from FY18 budget.
- The remaining revenue is basically flat.
- The big three revenue items account for approximately 84% of the total revenue in the General Fund
- The City continues to have more needs than what revenue will allow to be funded.
- While the Level Property Tax provides much-needed funding for our Lifecycle Capital Replacement Plan and additional public safety staffing, it does not alleviate much General Fund pressure.

City Manager Analysis & Budget Recommendations

The proposed budget focuses on employee recruitment & retention, public safety, economic vitality and fiscal sustainability, and retaining a balanced budget.

Fiscal Sustainability:

- *Moody's Annual Comment report states "The credit position for Springfield is very high quality, and its Aa1 rating is stronger than the median rating of Aa3 for US cities. Notable credit factors include a healthy financial position, a considerable tax base, a light debt burden".*
- The current debt load is less than 1% of the state allowed maximum.
- We meet our policy and an industry best practices to maintain a reserve in the General Fund of 20%.
- Passage of the Level Property Tax renewal to fund many Life Cycle Replacement Plan needs and add public safety initiatives.

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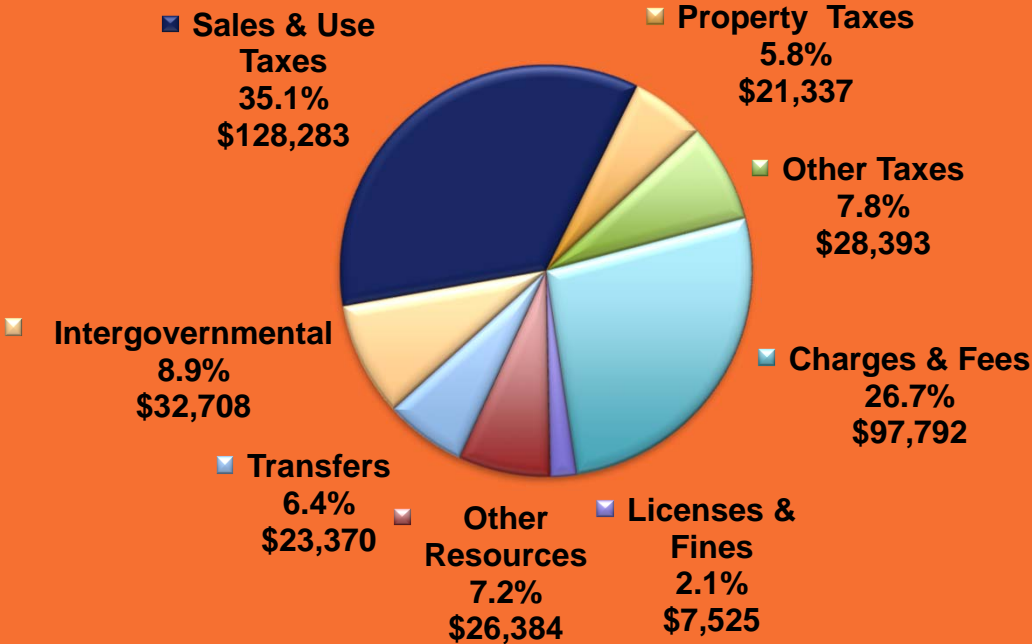
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The City's Revenue Sources

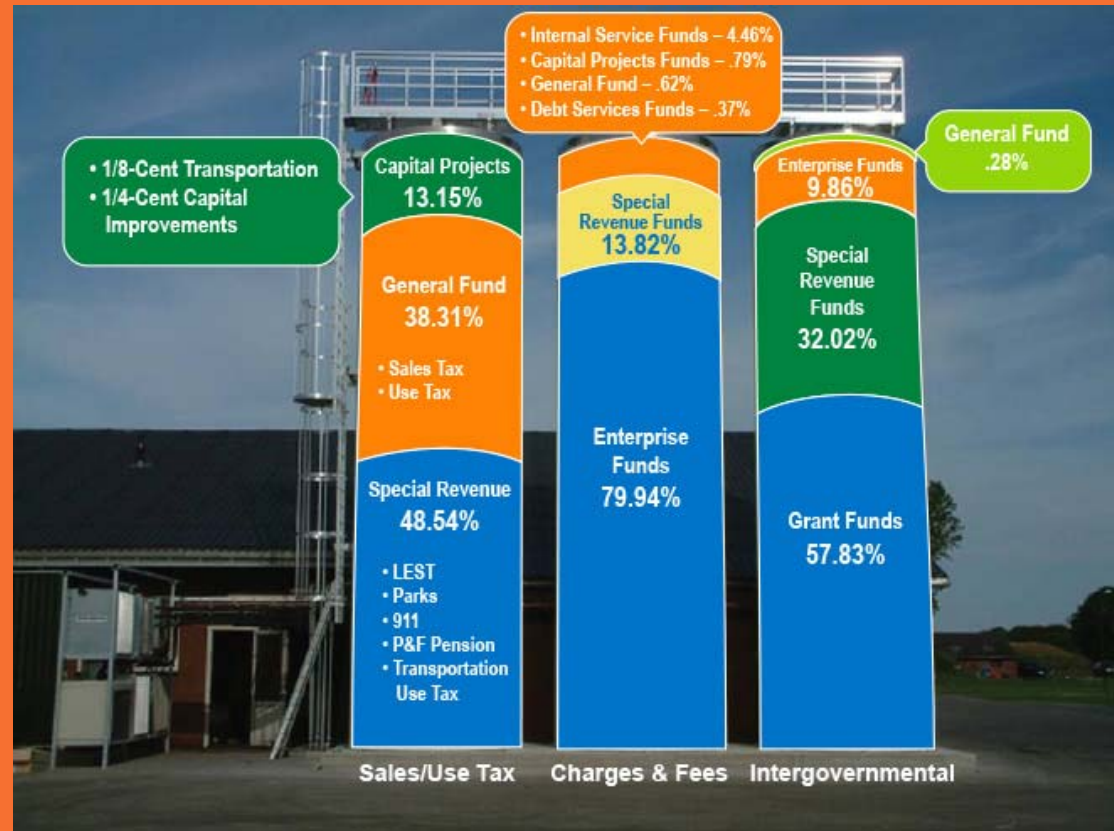
FY19 OPERATING BUDGETED RESOURCES \$366 Million Total Budget



(All amounts are expressed in thousands)

The City's Revenue Sources

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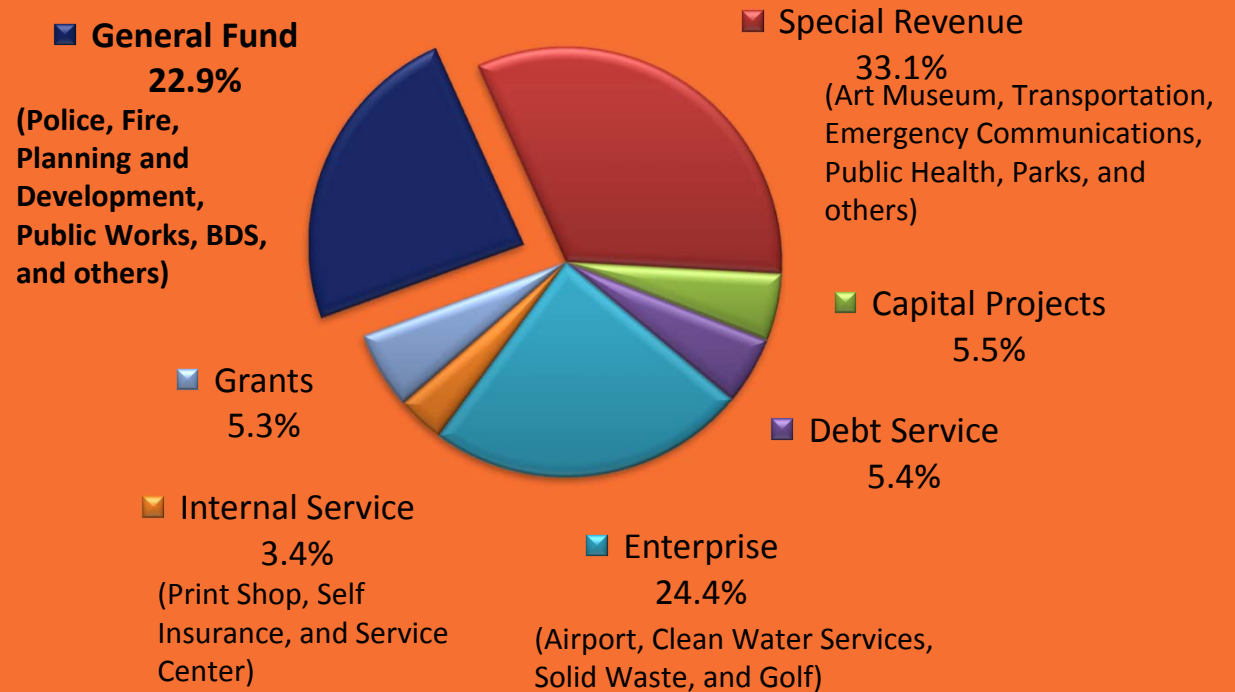


The City's Revenue Sources

The City's operations are classified into fund groups for budget purposes.

These fund groups are classified as general, special revenue, grant, capital projects, debt service, enterprise and internal service.

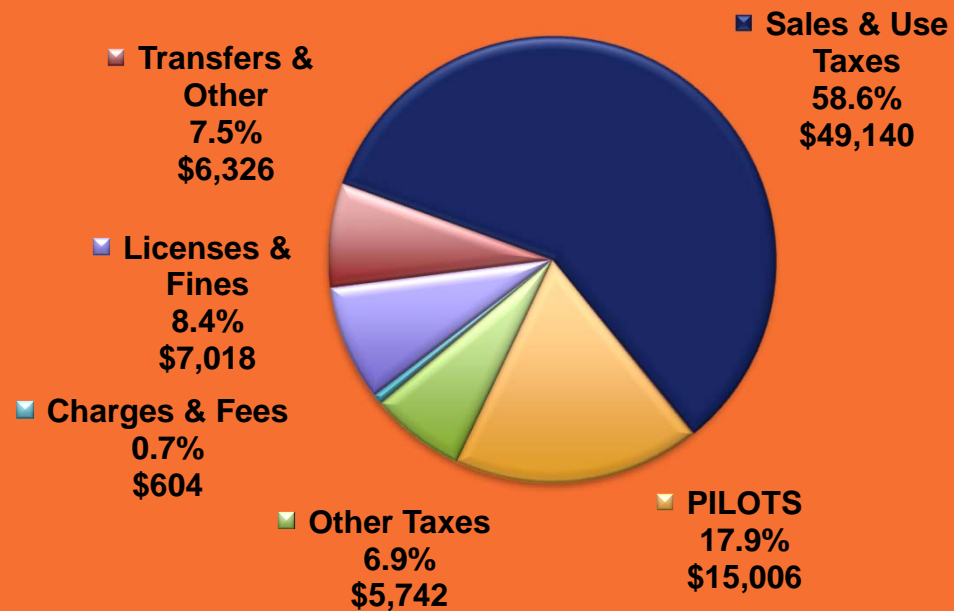
FY19 OPERATING BUDGET GENERAL FUND'S RELATIONSHIP TO TOTAL BUDGET



The City's Revenue Sources

The General Fund has four major revenues sources: sales/use tax, payments in lieu of taxes (PILOTs), licenses and fines, and other taxes.

FY19 GENERAL FUND PROJECTED REVENUE \$84 Million



(All amounts are expressed in thousands)

FY 19 Revenue Highlights & Projections

Gross Receipts received
are:
6% on telecommunication
companies and 5% of
cable television services.

Other Taxes:

Gross Receipts – a gross receipts tax on all telecommunications companies and cable television suppliers in the City. (\$4,870,000)

Cigarette Tax – taxes imposed on the sale of cigarettes in the City. (\$725,000)

Room Tax – tax derived from hotel and motel room rentals. (\$147,000)

Total Other Taxes \$5,742,000

FY 19 Revenue Highlights & Projections

Evaluation of Charges for Municipal Services (Fees Study)

- All fees for all funds - We are currently recovering 89.95% of our cost.
- When fees change on July 1-We will be recovering 97.11% of the cost.
- Of the 253 charges evaluated last year, only a few Health Department fees are not at 100% cost recovery.
- Due to the reduction in some fees, the net positive impact of the fee changes to the General Fund in FY19 is less than \$13,000.

FY 19 Revenue Highlights & Projections

Licenses and Fines

- **Occupations Licenses – \$4,170,000** (Business Licenses)
- **Permits – \$1,893,000** (Building and related permits generated by BDS)
- **Fines, forfeitures, court costs and recoupments – \$955,000** (Related to Municipal Court activities)
- **Total Licenses and Fines \$7,018,000**

FY 19 Revenue Highlights & Projections

Charges and Fees

- **Charges for Services**— \$528,500 (Zoning and economic development fees, engineering construction inspection, liquor investigation fees, Hazelwood Cemetery lot sales and grave openings)
- **Sale of Goods** – \$75,000 (Sale of Surplus Equipment)

Total Charges and Fees - \$603,500

Transfers and other – The largest component of this section is the cost allocation transfer for administrative costs incurred by the General Fund for Non-General Funds, better known as the overhead charges. In addition, included in this category is any fund balance appropriation used in the current budget.

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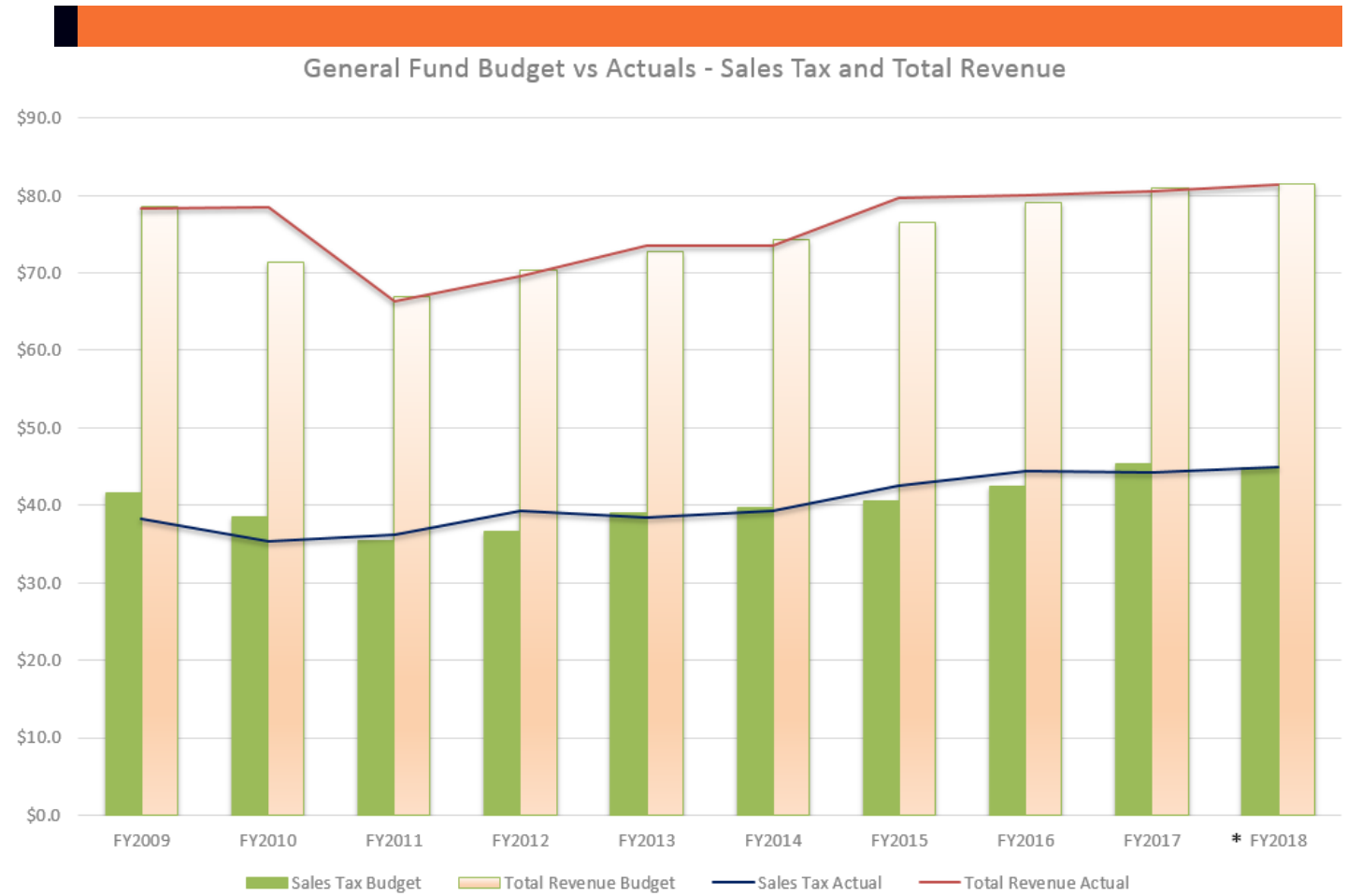
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FY18 General Fund Revenue Summary Current Year Ending June 30, 2018

General Fund Revenue Summary

	FY2017	FY2018	
	Adopted Budget	Adopted Budget	Anticipated Actual
Sales & Use Tax	\$ 48,400,000	\$ 48,170,000	\$ 48,427,730
PILOTS	13,670,000	14,635,000	14,659,000
Other Taxes	6,996,500	6,452,000	6,009,000
Licenses, Fines & Fees	6,857,000	7,371,500	7,752,000
Other Revenue	788,125	645,794	669,219
Total Revenue	\$ 76,711,625	\$ 77,274,294	\$ 77,516,949
Transfer from Other Funds	4,045,889	4,170,717	3,878,781
Fund Balance Appropriations	130,179	1,566,209	1,566,209
Total GF Resources	\$ 80,887,693	\$ 83,011,220	\$ 82,961,939

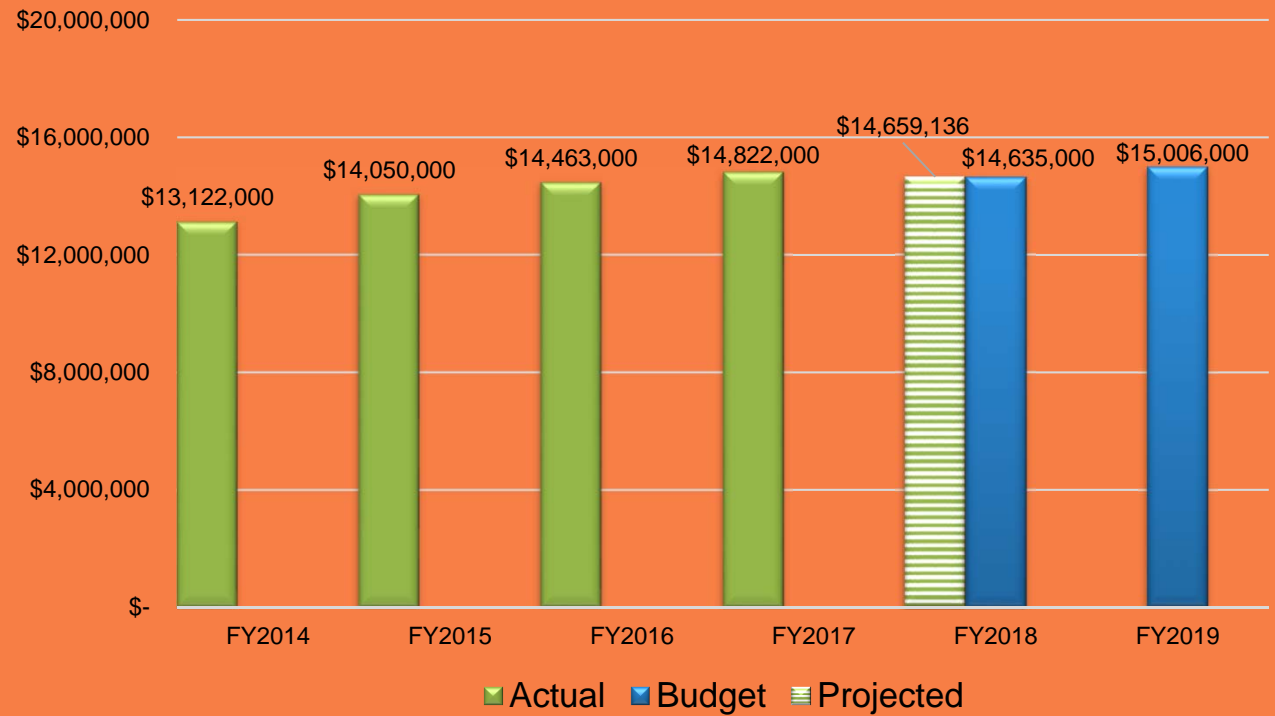
FY 18 Revenue Highlights & Projections



*FY2018 Actuals are Projected

FY 18 Revenue Highlights & Projections

City Utilities PILOT



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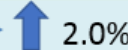
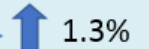
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FY19 General Fund Revenue Summary

General Fund Revenue Summary

	FY2018		FY2019
	Adopted Budget	Anticipated Actual	Proposed Budget
Sales & Use Tax	\$ 48,170,000	\$ 48,427,730	\$ 49,140,000
		 1.5%	 2.0%
PILOTS	14,635,000	14,659,000	15,006,000
Other Taxes	6,452,000	6,009,000	5,742,000
Licenses, Fines & Fees	7,371,500	7,752,000	7,621,500
Other Revenue	645,794	669,219	759,473
Total Revenue	\$ 77,274,294	\$ 77,516,949	\$ 78,268,973
			 1.3%
Transfer from Other Funds	4,170,717	3,878,781	3,563,770
Fund Balance Appropriations	1,566,209	1,566,209	2,003,002
Total GF Resources	\$ 83,011,220	\$ 82,961,939	\$ 83,835,745

FY 19 Revenue Highlights & Projections

The Story of FY19:

Overall, the projected increase in budgeted total revenue for the General Fund for FY19 is approximately \$995,000, or 1.3%.

The projected increases are based upon the following changes in revenue sources:

Sales and Use Tax increase	\$970,000	2%
PILOT increase	\$371,000	2.5%
Gross receipts decrease	(\$700,000)	7%
Net all other changes increase	\$354,000	4%

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FY 19 Revenue Highlights & Projections

Sources of One-Time Funds:

The FY19 Proposed Budget is pieced together using some one-time funds that are not available in future years.

- Remaining FY17 carryover funds –
\$2,003,000
- Set aside monies for COPs grant –
\$400,821
- LPT Cost Allocation–
\$146,000

FY 19 Revenue Highlights & Projections

Comparison of One-Time Funds Used for Ongoing Expenditures – FY18 vs. FY19

	On-Going Items funded in FY18 with One-Time Funds	On-Going Commitments in FY19 with One-Time Funds	
Prisoner Housing (from FY16 Carryover)	700,000		
Prisoner Housing	250,000	136,000	Obligation ends in FY21
Trash and Weed Abatements	225,000	274,000	
Building Maintenance	30,000	30,000	
Parking Lot Maintenance	143,500	143,500	
Police vehicle replacements (Request \$1,520,000)	376,321		Funding via Level Property Tax
Great Neighborhoods Program	5,000	5,000	
Neighborhood Clean-up Program cost increase	10,000		Funding with ongoing
Infor Maintenance On-Going	-	100,000	Funding 1/2 with ongoing
Prosper Springfield	-	20,000	
Total Expenditures	1,739,821	708,500	*

* Some additional one-time expenditures currently funded via one-time monies, could potentially become on-going expenditures at some point in the future.

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FY 19 Revenue Highlights & Projections

- **Set aside monies for COPS grant**

The one-third budget carve-out for these prior commitments total:

- \$400,821 for FY19
- \$17,382 in FY20

This FY19 set-aside, while available for one-time expenses, is not available for salaries or other ongoing expenses.

PRIOR YEAR COMMITMENTS	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	FULL COST TO GENERAL FUND
							YEAR ENDED
	32.6%	65.2%	97.8%	2.2%			
10 Police Officers (July 2015 Start)-Available for One-Time	97,999	221,532	366,589	-			594,060
10 Police Officers (July 2015 Start)-Match	67,722	63,738	67,722	16,950			
		30.5%	63.8%	97.2%	2.8%		
11 Police Officers (August 2016 Start)-Available for One-Time		99,406	237,856	400,821	-		663,683
11 Police Officers (August 2016 Start)-Match		67,745	70,775	75,198	17,382		
2-Police Services Representatives-Hired last Quarter of FY2016		63,750					
FY2017 Budget Amendment for 2.4 positions paid from Fund Balance for FY17 and FY18				151,765			
			19.4%				Positions funded from Level Property Tax
7 Firefighters-Available for One-Time			17,040				
7 Firefighters-Match			51,594				
Total Needed Per Year	165,721	516,172	811,578	644,735	17,382	-	
Available for One-Time Expenditures	97,999	320,938	621,486	400,821	-	-	

Budget Workshop Highlights / Takeaways

- FY18 is projected to end on budget.
- 2% increase is budgeted for Sales and Use Tax, and 2.5% increase for PILOTs.
- The future economic climate is uncertain, so we have a conservative revenue estimate for FY19.
- Overall, General Fund revenues are projected to increase 1.3%.
- Proposed funded needs take into account resources needed in all operating units to maintain that level, but priorities in the proposed budget are employee recruitment and retention, public safety, economic vitality, fiscal sustainability.
- The City is maintaining an appropriate reserve level and Moody's high bond rating and other broad fiscal indicators illustrate that the City's overall financial health is strong.

Budget Workshop Highlights / Takeaways

- It has been difficult and we're getting squeezed on both revenue and expense sides as the COPS grant approval pre-committed future new revenues and revenues are not keeping pace with inflation.
- This year's budget is balanced using one-time funding sources as a one-year stop gap, but at about half the reliance on one-time funding sources as the current (FY18) budget.
- Pre-commitments are starting to phase out.
- Level Property Tax is helping to fund the Life Cycle Replacement Plan.

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Questions?

