

# City of Prescott Fiscal Year 2016 General Fund Budget Mid-Year Adjustments



October 6, 2015



# Purpose of Today's Presentation

To present possible adjustments to the adopted FY 16 budget for consideration, proposed to become effective January 1, 2016, which in combination will provide a \$1.2 million recurring annual benefit to the General Fund through expenditure reductions and revenue enhancements.

Additional reductions/revenue enhancements will be required for FY 17, and in each subsequent fiscal year, in order to pay the City's unfunded Public Safety Personnel Retirement System (PSPRS) obligation, and remain current with future pension costs.

# Process for Budget Adjustments in Fiscal Years 2016 and 2017

09/01/15	Executive Session Liability Aspects of Service Level Reductions
09/08/15	Budget Reductions - Background and Approach
<b>10/06/15</b>	<b>Presentations by General Fund Department Heads - Reductions in Expenditures, Revenue Enhancements, and Impacts to Services</b>
10/20/15	Discussion of Budget Adjustments
November	PSPRS to Release Updated Actuarial Costs for Fiscal Year 2017
11/03/15	Discussion of Budget Adjustments (continued)
11/10/15	Discussion/Direction re Budget Adjustments
01/01/16	Fiscal Year 2016 Mid-Year Budget Adjustments Effective
January 2016	Fiscal Year 2017 Budget Process Begins – Additional Expenditure Reductions Required; Employee Classification, Compensation and Pay Plans to be Addressed
June 2016	Adoption of Fiscal Year 2017 Budget

# City Funds – Purposes and Restrictions

Expenditures from these Funds are **Restricted** by Purpose

**Cannot** be used to provide General Fund services

## General Fund

FY 16 Budget  
\$33.9 million

Police

Fire

Recreation Services

Library

Community  
Development

General Government

## Streets & Open Space Fund

FY 16 Budget  
\$32.2 million

1% Restricted Privilege  
Tax decreases to 0.75%  
January 1, 2016

Can **ONLY** be used for  
Streets and purchase of  
Open Space

Restricted to Streets  
maintenance and  
improvements after  
January 1, 2016

## Enterprise Funds

FY 16 Budget  
\$67.3 million

Each of these funds can  
only be used to provide  
services in direct relation  
to the fees charged

Water

Sewer

Solid Waste

Golf Course

Airport

## Other Restricted Funds

FY 16 Budget  
\$15 million

Transient Occupancy  
(Bed) Tax

Development Impact Fees  
(DIF)

Grants, Trust, Debt Service

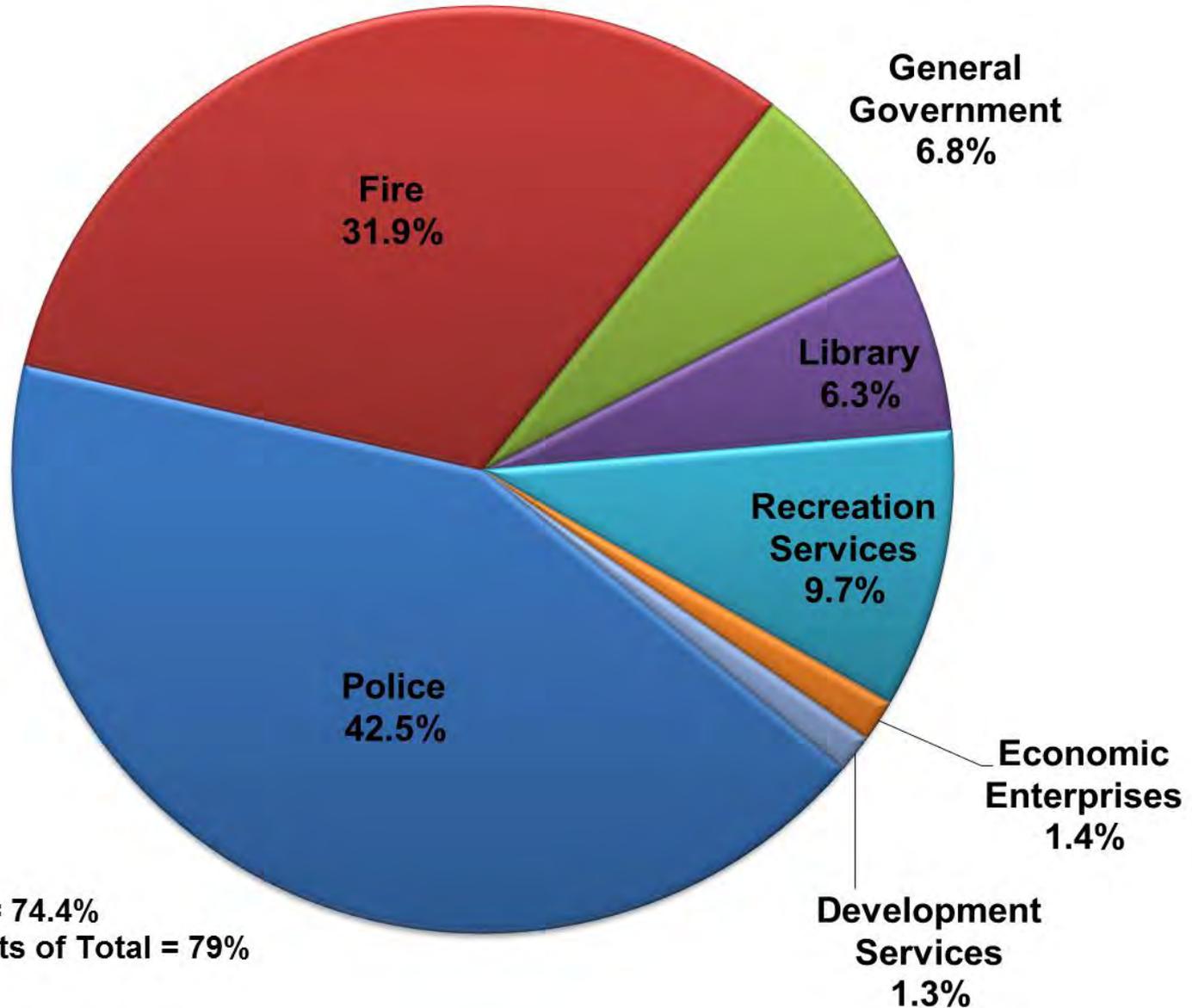
Internal Service Funds  
(Facilities and Fleet  
Maintenance, Liability and  
Workers' Compensation  
Insurance, Engineering)

# General Fund

## Operating Expenditures by Department Less Internal Cost Recoveries

	FY15	FY16	%
	<u>Budget</u>	<u>Budget</u>	<u>Change</u>
City Council	\$ 48,275	\$ 40,761	-15.6%
City Clerk	114,402	135,864	18.8%
City Court	581,411	600,161	3.2%
City Manager (HR, IT, Pub Comm)	237,847	185,348	-22.1%
Legal Department	373,802	329,225	-11.9%
Field and Facilities (Rodeo, Pkg Gar)	102,946	105,386	2.4%
Economic Initiatives (ED, Spec Events)	651,071	473,107	-27.3%
Finance Department	414,125	393,421	-5.0%
Development Services	1,197,172	1,118,073	-6.6%
Recreation Services	3,004,214	3,104,676	3.3%
Library	2,316,955	2,360,794	1.9%
Police Department	12,233,934	12,166,621	-0.6%
Regional Communications	1,431,978	1,279,864	-10.6%
Fire Department	8,910,570	9,186,340	3.1%
<b>Total General Fund Operating</b>	<b><u>\$ 31,618,702</u></b>	<b><u>\$ 31,479,641</u></b>	<b>-0.4%</b>

# FY 16 General Fund Operating Expenditures Net of Program Revenues and Cost Recovery



# General Fund Cost-Recovered Departments

## Net % of Cost in General Fund after Cost Recovery from Other Funds

Mayor and Council	26%
City Clerk	26%
Legal	26%
Finance	26%
City Manager	26%
Human Resources	60%
Information Technology	74%
Regional Communications Center	50%

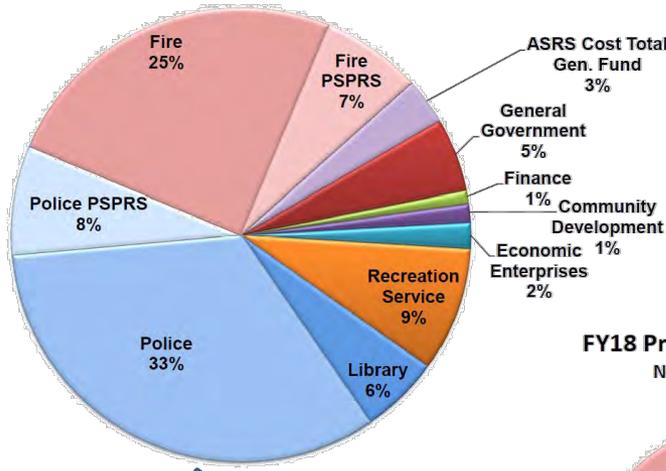
# General Fund – Fund Balance and Reserves

	<b>FY15</b>	<b>FY16</b>
	<b>Budget</b>	<b>Budget</b>
<b>Fund Balance Reserve Policy (based on Operating Revenue)</b>		
10% Reserve for unanticipated expenditures and revenue shortfalls	\$ 3,245,526	\$ 3,289,724
10% Reserve for timing differences between receipts and disbursements	3,245,526	3,289,724
Total reserve per policy	<u>6,491,052</u>	<u>6,579,448</u>
<b>Reserve for Internal Loans</b>		
Golf Course-operating deficit	4,219,055	4,315,000
Airport Fund-delayed grant reimbursements	755,636	138,000
Governmental Grant Fund-delayed grant reimbursements	40,390	100,000
Total reserve for internal loans	<u>5,015,081</u>	<u>4,553,000</u>
<b>Reserve for Existing Retirement Liability</b>	3,069,592	2,712,539
<b>Unassigned-available for one time capital or projects</b>	7,938,945	11,016,065
<b>Total Fund balance</b>	<u>\$ 22,514,670</u>	<u>\$ 24,861,052</u>

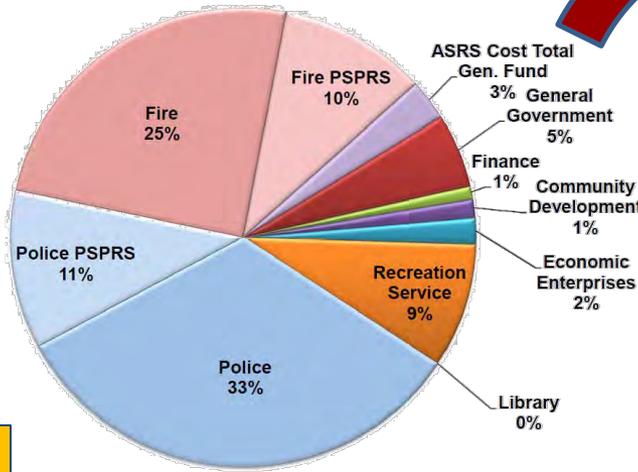
# Cuts Required to City Services and Amenities in the Absence of New Revenue to Pay Off Unfunded Public Safety Pension Obligations

In Year 18 (2033), four years before the present \$70 million of unfunded public safety pension obligations is required to be eliminated, if no new revenue sources are provided, the annual debt obligation payment will have increased by \$6.15 million. By then, to make the annual payments, public safety services will have been reduced; and funding of other quality of life services and amenities will have ceased years before. During the remaining four years (until 2037), even more reductions in public safety personnel and services will be necessary.

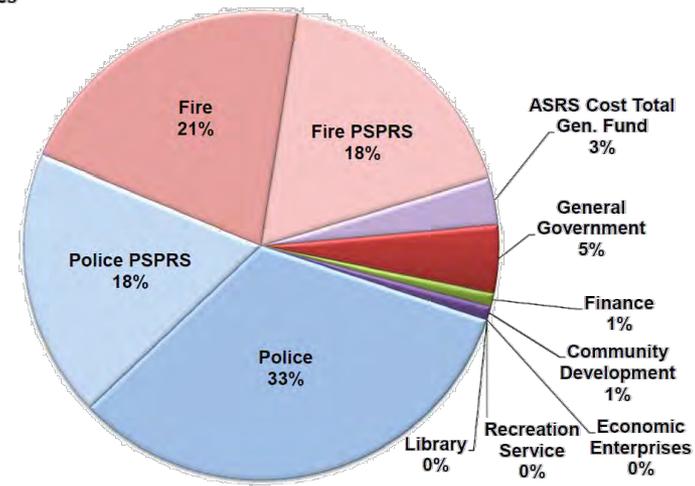
**FY15 General Fund Operating Budget**  
Net of Program Revenues and Cost Recoveries



**FY18 Projected General Fund Operating Budget**  
Net of Program Revenues and Cost Recoveries



**FY33 Projected General Fund Operating Budget**  
Net of Program Revenues and Cost Recoveries



In the next 24 months, without voter approval of the proposed 0.55% sales tax to pay off the City's unfunded public safety pension obligations, \$1.8 million in operating expenses will need to be cut – this amount is equivalent to annual City funding of the Prescott Public Library.



# *PRESCOTT POLICE DEPARTMENT*

*Budget Adjustments*

*and*

*Service Impacts*

Basic Mission of the Police Department: to provide emergency response to critical incidents in the City of Prescott

FY 16 Operating Budget (Net General Fund Expense)

\$12,166,621 – 453,900<sup>1</sup> = \$11,712,721

<sup>1</sup>NOTE - Primary revenue is from traffic, civil, and criminal fines, and false alarm fees

<u>Personnel</u>	<u>FY 15</u>	<u>FY 16<sup>2,3</sup></u>	<u>FY 16 Adjusted</u>
Sworn – authorized	74	72	67
Sworn – vacant	varied	5	0
Full-time civilian authorized	20	19	13
Full-time civilian – vacant	varied	0	0
Part-time civilian – authorized <sup>4</sup>	0.5	1	1.5
Part-time civilian – vacant	0	0	0
<b>Total</b>	<b>94.5</b>	<b>92</b>	<b>81.5</b>

<sup>2</sup> Position changes in FY 16 Budget: (1) Lieutenant and (2) Police Officers eliminated; (1) Patrol Secretary reduced to part-time; (1) Records Clerk reassigned to Training/Recruiting; Other adjustments to PRCC IT and other support

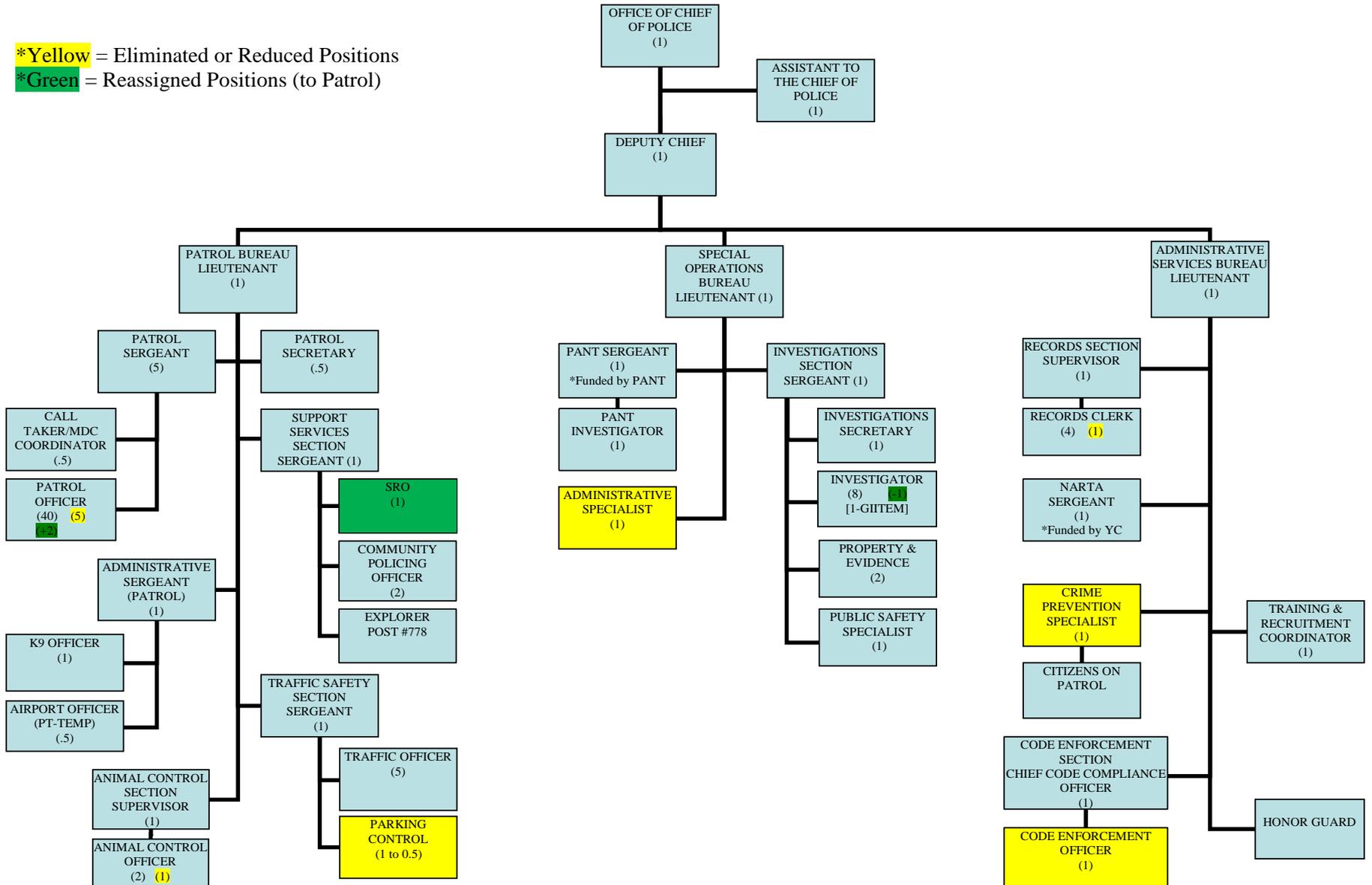
<sup>3</sup> Includes details of grant funded positions (1) Sgt. to PANT and (1) Sgt. to NARTA

<sup>4</sup>Two ½ time positions in FY 16, one FT position moves to ½ time in FY 16 Adjusted

# PRESCOTT POLICE DEPARTMENT

\*Yellow = Eliminated or Reduced Positions

\*Green = Reassigned Positions (to Patrol)



# Budget Adjustments – Police Department

Description of Reduction or Other Change	Amount of Personnel Expense Reduction (Annualized)	Related or Other Expense Reduction - (Annualized)	Impacts of Reductions
Eliminate (5) currently vacant sworn positions	\$443,449	V \$20,000 U 27,500 C 2,500	<ul style="list-style-type: none"> <li>• Increased response times</li> <li>• Delayed or non-response to minor incidents</li> <li>• Less visible presence</li> <li>• Potential increase in criminal activity</li> <li>• Reduced staff of special events</li> </ul>
Reassign (1) School Resource Officer to Patrol	none	none	<ul style="list-style-type: none"> <li>• Relationship with PUSD and students</li> </ul>
Reassign (1) Detective to Patrol	none	none	<ul style="list-style-type: none"> <li>• Reduced large-scale/major crime investigations</li> <li>• Shift investigation responsibility to patrol officers</li> </ul>
Reduce (1) full-time Parking Enforcement Officer (civilian) to part-time (0.5)	20,592	V 400	<ul style="list-style-type: none"> <li>• Reduce parking violation enforcement</li> <li>• Less space turnover for downtown business</li> <li>• Shifts some response to patrol officers</li> </ul>
Eliminate (1) temporary part-time Police Aide (civilian)	15,000	None	<ul style="list-style-type: none"> <li>• Eliminates Police Explorer transitional position</li> <li>• Other personnel required for misc. duties (shuttle vehicles to Fleet, evidence deliveries, etc.)</li> </ul>
Eliminate (1) Code Enforcement Officer (civilian)	73,757	V 300 C 400	<ul style="list-style-type: none"> <li>• Delayed or non-response to calls for service</li> <li>• Quality of life (weeds, trash, signs)</li> </ul>

V = Vehicle    U = Uniforms    C = Certification/Required Training

# Budget Adjustments – Police Department (cont'd)

Description of Reduction or Other Change	Amount of Personnel Expense Reduction (Annualized)	Related or Other Expense Reduction - (Annualized)	Impacts of Reductions
Eliminate (1) Records Clerk (civilian)	46,000	27,375	<ul style="list-style-type: none"> <li>• Timeliness of data entry</li> <li>• Elimination of media police reports</li> <li>• Response to citizen inquiries</li> </ul>
Eliminate (1) Crime Prevention Officer (civilian)	44,290	V 2,000	<ul style="list-style-type: none"> <li>• Reduced oversight of Citizens on Patrol</li> <li>• Home security surveys</li> <li>• Block Watch and National Night Out programs</li> </ul>
Eliminate (1) Animal Control Officer (civilian)	45,420	V 2,000 U 1,500 C 700	<ul style="list-style-type: none"> <li>• Reduced large-scale/major crime investigations</li> <li>• Shift of responsibility to patrol officers</li> </ul>
Eliminate (1) Administrative Specialist (civilian)	38,479	C 1,500	<ul style="list-style-type: none"> <li>• False Alarm Program</li> <li>• Statistical reports no longer compiled</li> <li>• Increased workload for Investigations Section</li> </ul>
Reduce overtime	100,000	50,000	
Reduce misc. supplies and services			
Recurring Annual Cost Reductions	826,987	\$136,175	
		Avoided Cost	
FY 16 Vehicle Reductions Linked to Personnel Reductions		30,000 126,000	Animal Control truck 2 ea. Patrol vehicles



# Fire Department

Mission of the Prescott Fire Department – “Excellence in service” in providing the most effective and efficient emergency services to our community.

## FY 16 Operating Budget (Net General Fund Expense)

**\$9,186,340-\$395,623<sup>1</sup>=\$8,790,717**

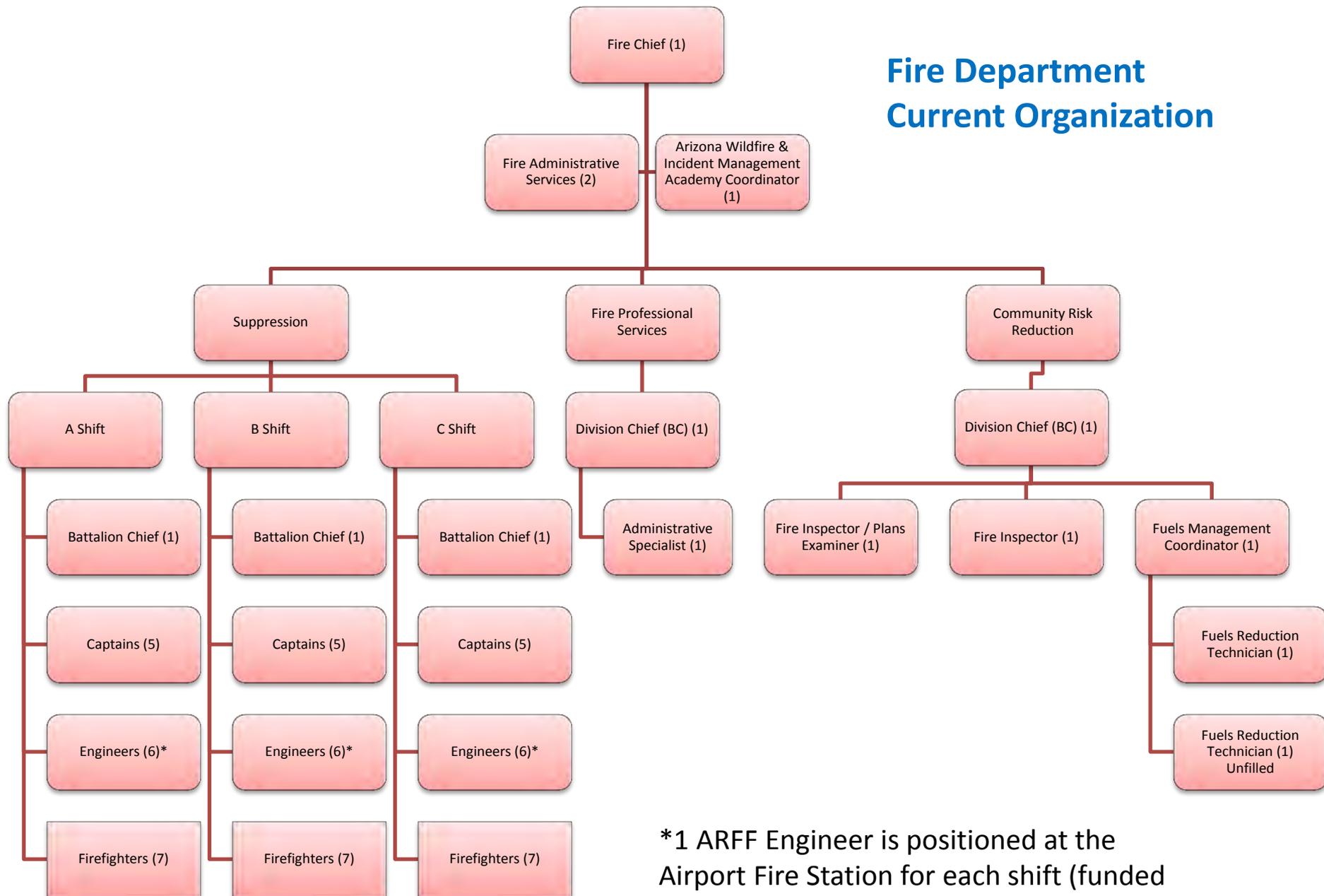
<sup>1</sup>Primary revenue source is Yavapai-Prescott Tribe service contract, other sources are inspections and other minor fees for service

- Average calls per year 8,357 (2014)
- FY 16 Capital Outlay \$947,000 (exhaust System, HAZMAT vehicle, breathing apparatus)
- Demand for service is highest at central core of city; Emergency Medical Services (EMS) present highest call volume; automatic and mutual aid is essential component for effective-response-force (ERF); there are areas of the city which have “extended” service response times, particularly for 2<sup>nd</sup> and 3<sup>rd</sup> units for multi-unit response (ICMA, 2014)
- Current minimum operations staffing is 17 on-duty personnel per shift for 24/7/365 all-risk coverage; full-time engineer for each shift at Airport Station provides 24/7/365 ARFF coverage

<u>Personnel</u>	<u>FY 15</u>	<u>FY 16</u>	FY 16	FY 16
			Case 1	Case 2
			<u>Adjusted</u>	<u>Adjusted</u>
Full-time FF – authorized <sup>2</sup>	71	68	65	59
Full-time FF – vacant	0	5	0	0
Part-time civilian – authorized	0	0	0	0
Part-time civilian – vacant	0	0	0	0
<b>Total</b>	<b>71</b>	<b>68</b>	<b>65</b>	<b>59</b>

<sup>2</sup>Includes 3 AARF Engineers necessary for and funded by the Airport Enterprise Fund

# Fire Department Current Organization



\*1 ARFF Engineer is positioned at the Airport Fire Station for each shift (funded via Airport Enterprise Account)

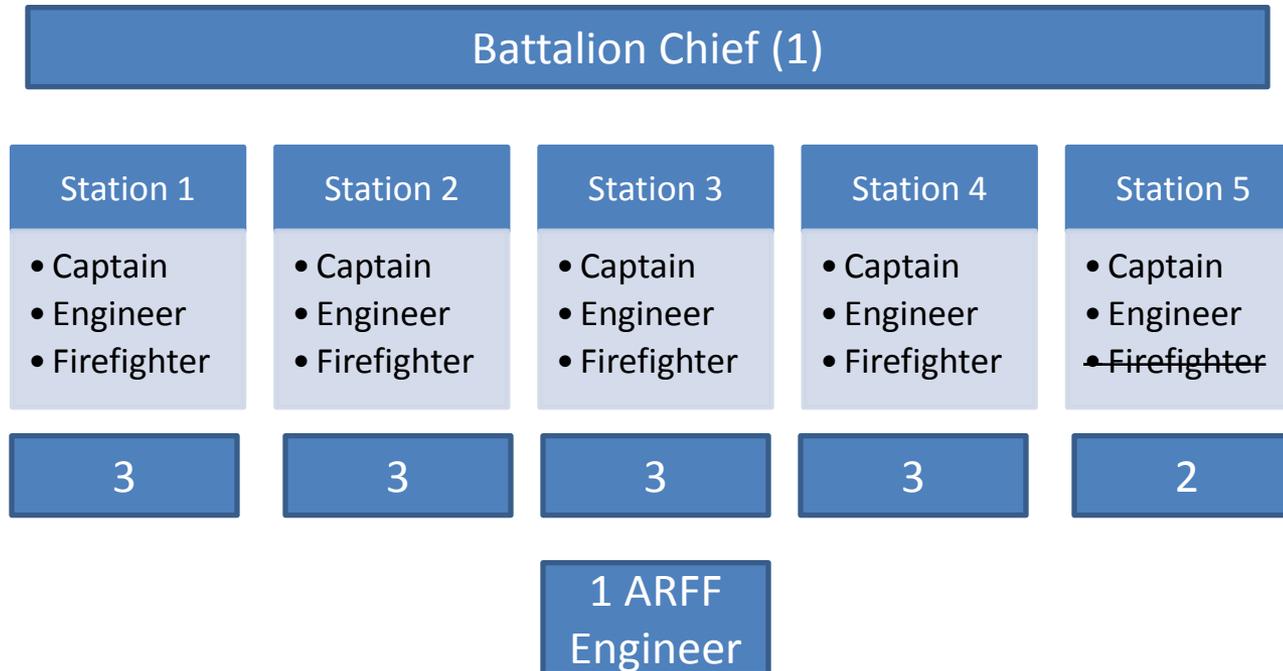
# Fire Department Budget Adjustments – Case 1

Description of Adjustment	Personnel Cost Reduction (Annual)	Related or Other Cost Reduction (Annual)	Impacts
<p><b>Rolling brownout of fire station</b>  (reduction of minimum staffing from 17 to 16 personnel on duty prior to call-back for overtime); un-funding of un-filled positions of 3 FTE Firefighter positions (1 from each shift)</p>	<p>\$266,124</p>		<ul style="list-style-type: none"> <li>• Some gaps in service may be filled by use of a two-person transitional response vehicle similar to the 1970’s TV show <i>Emergency</i> (medical equipment and some minor tools/equipment/breathing apparatus)</li> <li>• Necessitates revision of automatic/mutual aid agreements due to a reduction in ability to respond to reciprocal calls; auto aid allows for closest/best-suited unit response as determined by computer-aided dispatch; mutual aid requires direct contact to neighboring department for resource needed and then approval or not</li> <li>• CYFD Engine 51 released from auto-aid and CYFD could deploy it elsewhere in their system</li> <li>• Scale back of auto aid to mutual aid</li> <li>• ISO rating decrease from a 4 to 6, resulting in increased insurance premiums to property owners</li> <li>• System-wide increase in response times</li> </ul>

# Overtime Costs Associated With Fire Department Operations Explained

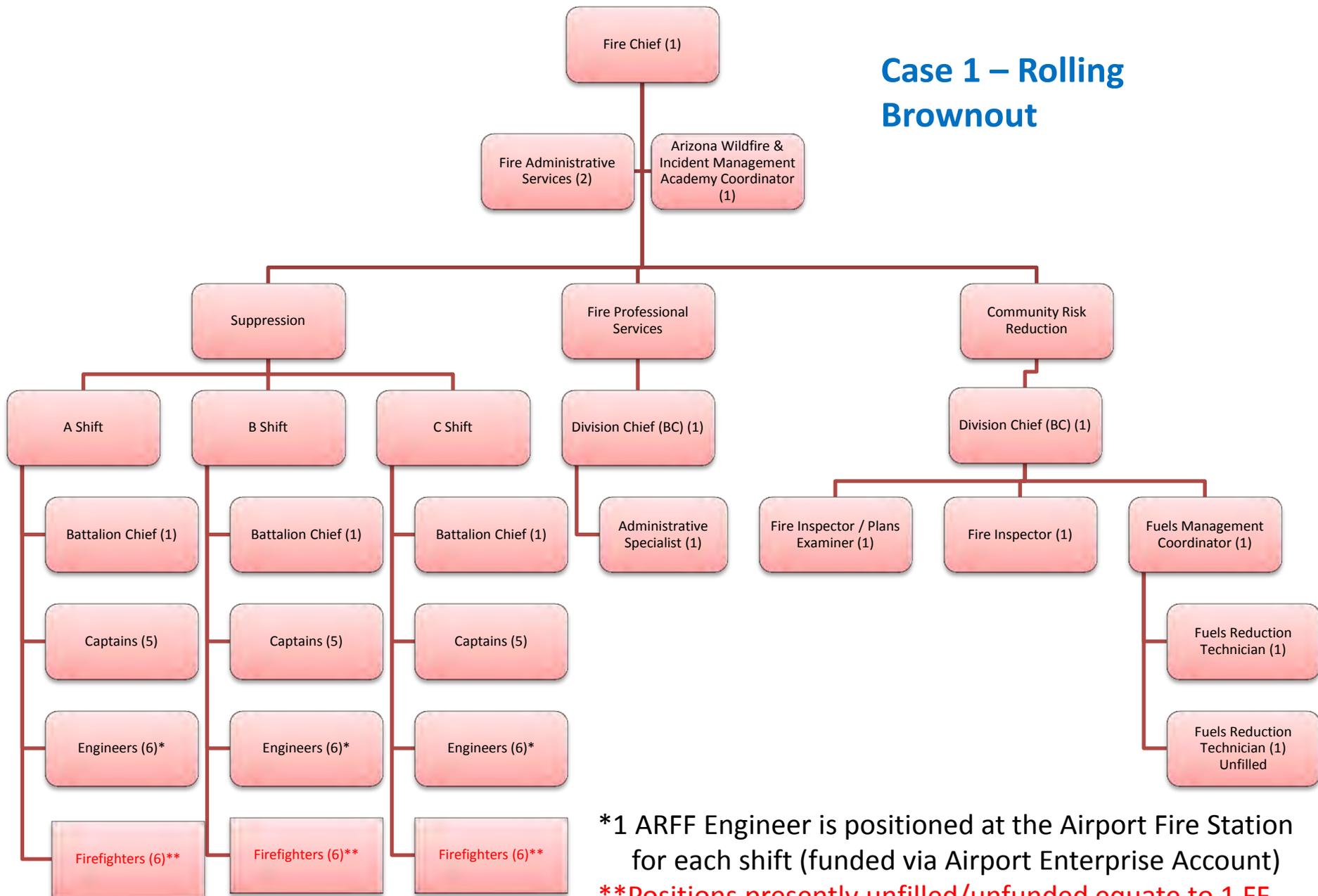
- Firefighters assigned to operations work a scheduled 2,916 hours per year which equates to 56 hours per scheduled week. This results in all operationally assigned firefighters earning roughly 3 hours of overtime per week worked, provided they DO NOT take time off in the given calculation period. So in effect, a firefighter who does not take time off is paid roughly 12 hours of FLSA overtime for every uninterrupted scheduled work period within a 24-day cycle.
- Overtime under FLSA is also required to maintain skills required for the job, i.e., for EMTs and Paramedics, those critical to delivery of pre-hospital emergency medical services (EMS); firefighters must be paid for hours in class to retain certifications; this also applies to other “specialty areas” such as ARFF, Hazardous Material Technicians, Technical Rescue Technicians; initial training DOES NOT require payment
- There is often a need to “call-back” off-duty members to fill “un-planned” absences such as workers comp and unplanned/unscheduled leaves, which result in overtime compensation being paid to those working to fill the holes created by such absences
- Department policy allows for no more than two persons to be off on “scheduled leave” at anytime throughout the calendar year, during which the employees can use their accrued paid time off (PTO) for vacations, etc.; the minimum staffing numbers described are the trip points for which overtime must be paid for call-back of personnel

# Staffing and Response for Fire Stations with a Rolling Brownout



When it is necessary to “brown out” a station due to insufficient staffing, the station affected would be the one where the vacancy exists. As previously stated, no more than 2 personnel are scheduled to be off on PTO at any given time. If a third person is off, it will only leave two at their station—the remaining two would be reassigned to a utility-type vehicle and used as a “rescue unit” to offer a level of service below that of a fully manned fire engine.

# Case 1 – Rolling Brownout



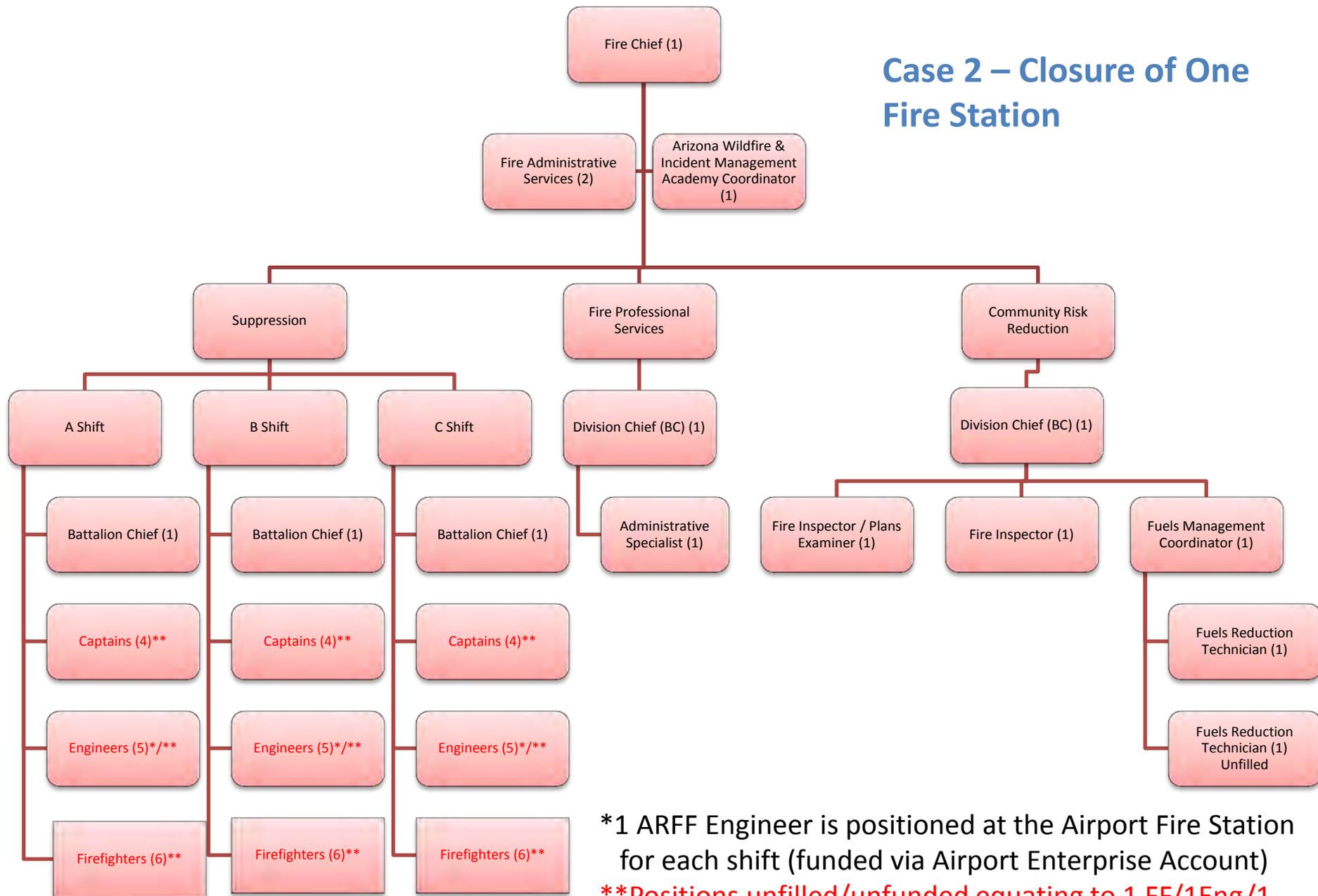
\*1 ARFF Engineer is positioned at the Airport Fire Station for each shift (funded via Airport Enterprise Account)

\*\*Positions presently unfilled/unfunded equate to 1 FF per shift

# Fire Department Budget Adjustments – Case 2

Description of Adjustment	Personnel Cost Reduction (Annual)	Related or Other Cost Reduction (Annual)	Impacts
<p><b>Closure of a fire station</b> (reduction of minimum staffing from 17 to 14 personnel on duty prior to call-back for OT). Un-funding of un-filled positions of 3 FTE Firefighter positions, 3 FTE Fire Engineer positions, and 3 FTE Fire Captain positions (1 from each shift).</p> <p>This would be accomplished by a combination of 5 current vacancies in operations, plus 4 additional layoffs.</p>	<p>\$798,372</p>		<ul style="list-style-type: none"> <li>• Cost of PSPRS per employee shifted to unfunded liability and increase in percent per remaining employees for City</li> <li>• Necessitates revision of automatic/mutual aid agreements due to a reduction in ability to respond to reciprocal calls. Auto aid allows for closest/best-suited unit response and is automatically determined by computer aided dispatch. Mutual aid requires direct contact to neighboring department for resource needed and then approval or not.</li> <li>• CYFD Engine 51 released from auto aid; CYFD could deploy it elsewhere in their system, resulting in a major gap in City coverage of economic drivers such as Village at the Boulders, YRMC West Campus, Wal-mart, etc.</li> <li>• Extended response times and fewer response resources</li> <li>• Anticipated ISO rating degradation from a 4 to 6, resulting in increased insurance premiums to property owners</li> </ul>

## Case 2 – Closure of One Fire Station



\*1 ARFF Engineer is positioned at the Airport Fire Station for each shift (funded via Airport Enterprise Account)

\*\*Positions unfilled/unfunded equating to 1 FF/1Eng/1 Capt per shift

# Fire Department Budget and Options for Service Delivery

Description of Adjustment	Personnel Cost Reduction (Annual)	Related or Other Cost Reduction (Annual)	New Revenue Generation (Annual)	Impacts
•Non-emergency calls for service fees (snake removal, false alarms, other public assistance)	N/A	N/A	\$38,000	<ul style="list-style-type: none"> <li>•Burdens PRCC/Dispatchers with determining jurisdiction, response, and notification that there will be a charge applicable</li> <li>•Costs of billing, collection, and accounting</li> </ul>
•Reserve program development - EVALUATE	\$90,000 (OT cost savings)	N/A	N/A	<ul style="list-style-type: none"> <li>•Federal Affordable Care Act now significantly limits cost effectiveness and requires extensive recordkeeping</li> <li>•Start up costs of no-less than \$3,000 per person for PPE and Physical Exam</li> </ul>



# Prescott Public Library

Mission of the Prescott Public Library – to provide Prescott residents with the discovery of ideas, the joy of reading, and the power of information.

FY 16 Operating Budget (Net General Fund Expense)

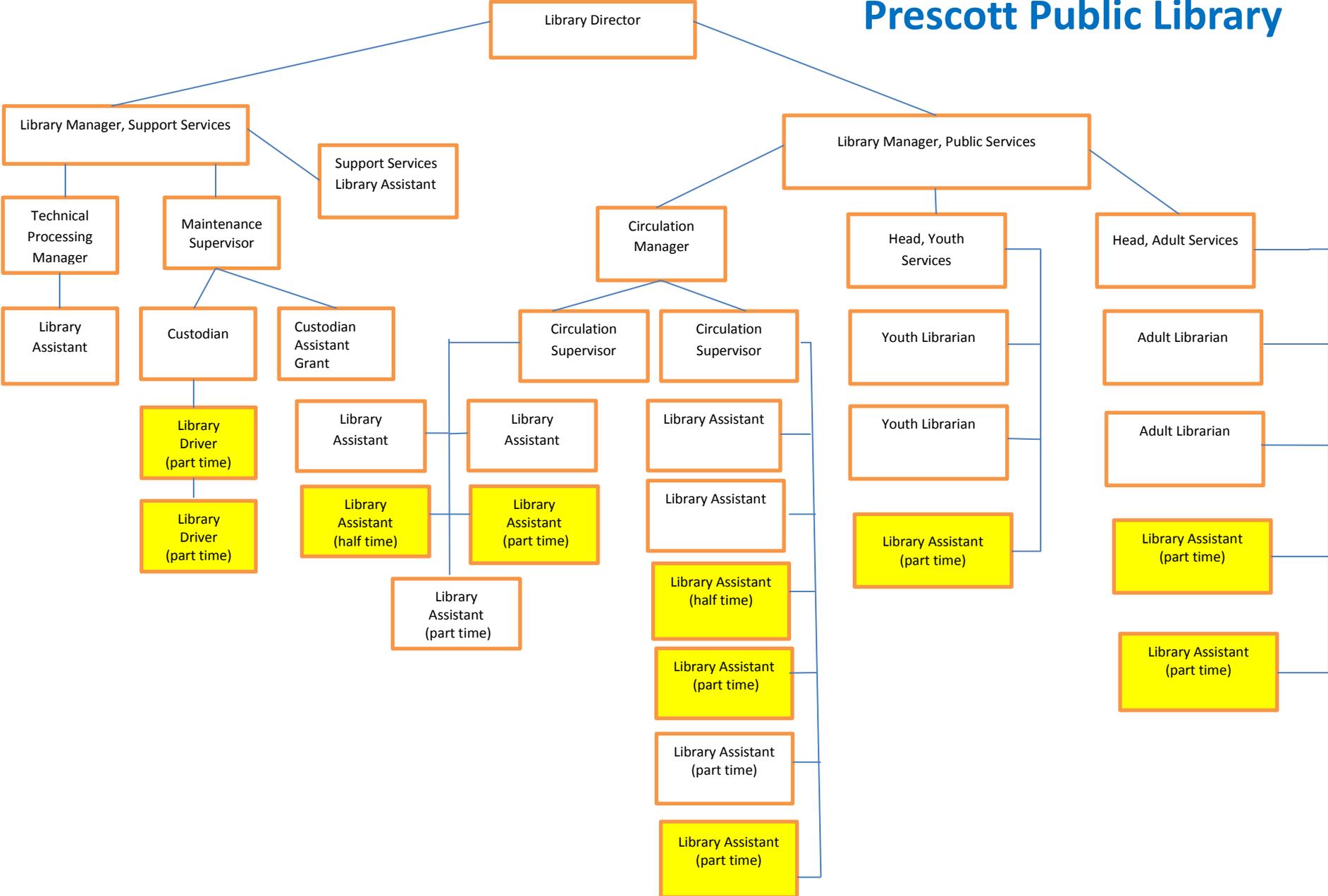
\$2,360,794-631,770<sup>1</sup>= \$1,729,024

<sup>1</sup>NOTE - Primary revenue sources are Yavapai County Free Library District, and Library Fines and Fees

- Visitors per day: 1,250; items circulated per day: 2,000
- Materials owned: 174,319 items (8/15)
- Programs: 469 adult /7366 attending; 603 Youth /17,146 attending (FY15)
- Public spaces: 7 direct service points/13 total staffing points/5 meeting spaces

<u>Personnel</u>	<u>FY 15</u>	<u>FY 16</u>	<u>FY 16 Adjusted</u>
Full-time authorized	21	21	21
Full-time – vacant	0	0	0
Part-time – authorized (0.5 each)	1	1	0
Part-time – vacant	0	0	0
<b>Total Full/Part Time</b>	<b>22</b>	<b>22</b>	<b>21</b>
Part-time Temp – authorized	9	9	2
Part-time Temp – vacant	0	1	0
<b>Total Temps</b>	<b>9</b>	<b>9</b>	<b>2</b>

# Prescott Public Library



# Budget Adjustments – Library

Description of Adjustment	Personnel Cost Reduction (Annual)	Related or Other Cost Reduction (Annual)	New Revenue Generation (Annual)	Impacts
Reduction to library materials		\$34,000		<ul style="list-style-type: none"> <li>•Fewer items purchased</li> <li>•Increased waiting time for popular materials</li> <li>•Reduction of materials could adversely impact County library district financial support</li> </ul>
Reduction to magazine and database subscriptions		\$16,158		<ul style="list-style-type: none"> <li>•38 magazine and 8 database subscriptions cut</li> <li>•Lost subscriptions represent items purchased specifically for Prescott residents</li> </ul>
Reduction to other operating supplies		\$18,152		<ul style="list-style-type: none"> <li>•Fewer supplies needed with reduction in library materials purchased</li> </ul>
Reduction to Special Projects - Automation		\$62,500		<ul style="list-style-type: none"> <li>•Contingency funding for technology and collection needs that arise annually</li> </ul>
Eliminate (1) Youth Services temporary/part-time position	\$10,380			<ul style="list-style-type: none"> <li>•Unable to provide evening and Sunday library services</li> <li>•Loss of coverage to enable weekday storytime</li> <li>•Reduction of youth and teens programming</li> <li>•Loss of staff experience and training</li> </ul>
Eliminate (2) Support Services temporary/part-time positions	\$14,761			<ul style="list-style-type: none"> <li>•Loss of bookdrop collections</li> <li>•Loss of booklocker service at Adult Center</li> <li>•Loss of staff experience and training</li> </ul>

## Budget Adjustments – Library (cont'd)

Description of Adjustment	Personnel Cost Reduction (Annual)	Related or Other Cost Reduction (Annual)	New Revenue Generation (Annual)	Impacts
Eliminate (3) Circulation temporary/part-time positions	\$11,264			<ul style="list-style-type: none"> <li>•Unable to provide evening and Sunday library services</li> <li>•Loss of staff experience and training</li> </ul>
Eliminate (2) Circulation permanent/part-time positions	\$38,081			<ul style="list-style-type: none"> <li>•Unable to provide evening and Sunday library services</li> <li>•Loss of staff experience and training</li> </ul>
Eliminate (2) Adult Services temporary/part-time positions	\$30,783			<ul style="list-style-type: none"> <li>•Unable to provide evening and Sunday library services</li> <li>•Loss of staff experience and training</li> </ul>
Reduce library hours from 60 to 48 hours/week •Close Sunday •Adjusted weekday opening and closing times				<ul style="list-style-type: none"> <li>•Working residents who cannot access library during the week</li> <li>•No Sunday public library service in the Quad-Cities area</li> <li>•Loss of meeting space for community groups</li> </ul>
Charge fees for meeting rooms			\$26,000	•Anticipate 50% reduction in room use
Recurring Annual Reductions and Revenue Enhancements	\$105,269	\$130,810	\$26,000	



## Recreation Services

Mission of Recreation Services – To provide safe, enjoyable, and attractive parks, lakes, golf facilities, and programs with responsive service which enhance the quality of life and preserve the natural and recreational assets of the City of Prescott while promoting tourism and its associated economic benefits.

FY 16 Operating Budget (net General Fund expense)

**\$3,104,676-450,200<sup>1</sup>=\$2,654,476**

<sup>1</sup>NOTE - Primary Revenue sources are Parking Fees, Programming and League Fees, and Rental Fees

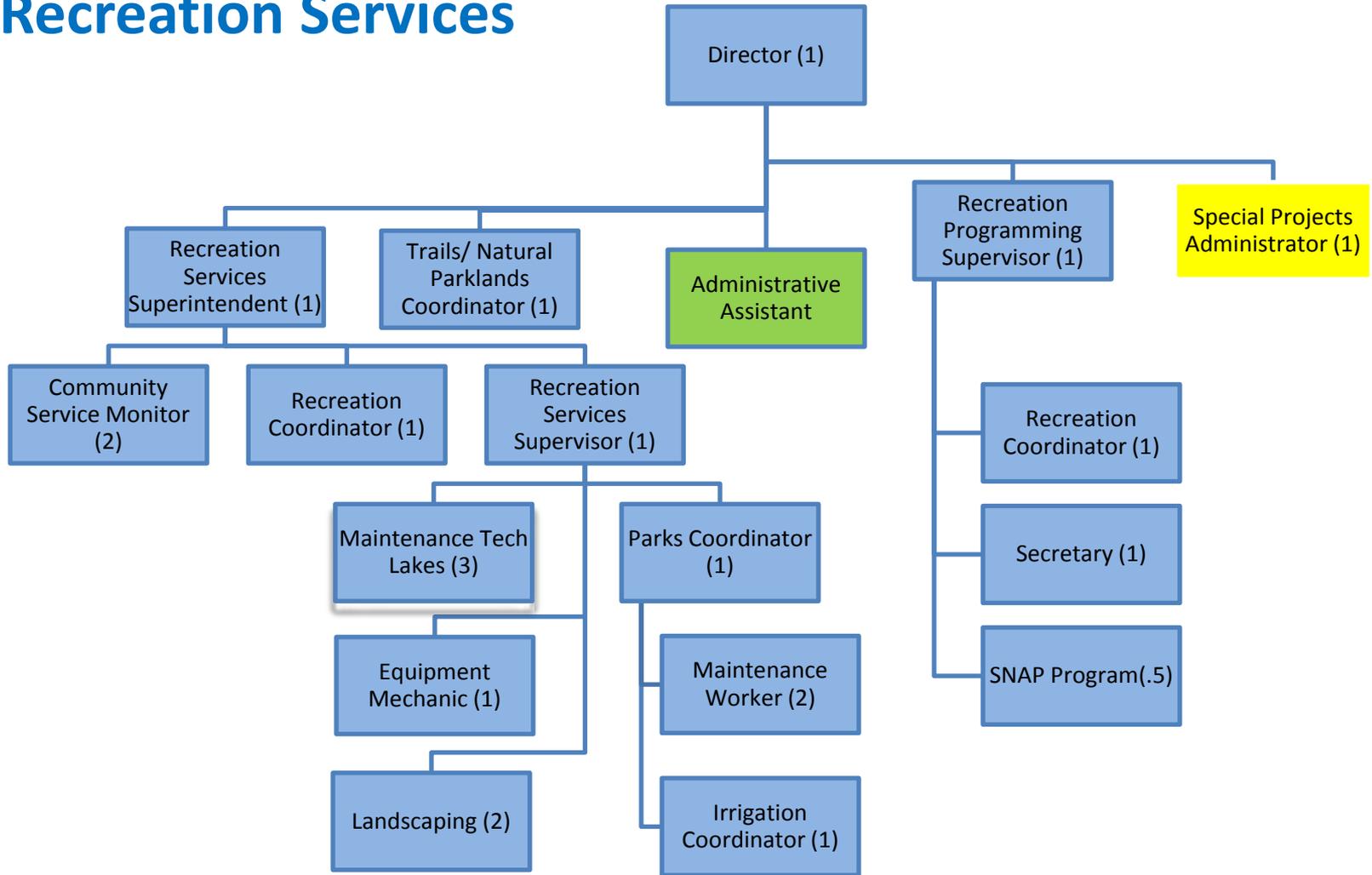
- Sales tax generation by visitors (special events, tournaments, outdoor recreation; estimated direct spending \$2.4 million, economic impact \$5.5 million in FY 15)
- The economic impact from sporting events has increased by more than 70% since 2011
- Maintain over 2,100 acres including 18 parks (13 multi-use fields); Goldwater, Watson, and Willow Lakes; Grace Sparkes Activity Center, and 74 miles of trails

<u>Personnel</u> <sup>2,3</sup>	FY 16		
	<u>FY 15</u>	<u>FY 16</u>	<u>Adjusted</u>
Full-time authorized	19.6	19.6	19.6
Full-time – vacant	0	0	0
Part-time – authorized	1	1	1
Part-time – vacant	0	0	0
<b>Total</b>	<b>20.6</b>	<b>20.6</b>	<b>20.6</b>

<sup>2</sup> 1.4 positions supported by 1% Streets

<sup>3</sup>19.6 current full-time positions, down from 31.5 in FY 07

# Recreation Services



# Budget Adjustments – Recreation Services

Description of Adjustment	Personnel Cost Reduction (Annual)	Related or Other Cost Reduction (Annual)	New Revenue Generation (Annual)	Impacts/Benefits
Eliminate (1) Special Projects Administrator position (retirement)	\$86,382			<ul style="list-style-type: none"> <li>Adjustments will be made to cover job responsibilities including possible elimination of Senior Olympics, and Prescott's Great Outdoors event</li> </ul>
Add (1) Administrative Specialist position (transfer from City Manager)	(\$76,481)			<ul style="list-style-type: none"> <li>Will help cover the Special Projects Administrator position with the balance of duties being absorbed by existing staff and volunteers</li> </ul>
Reduce Park Maintenance budget		\$30,000		<ul style="list-style-type: none"> <li>Adjust fertilizing and watering schedules</li> </ul>
Reduce Recreation Programming budget		\$21,000		<ul style="list-style-type: none"> <li>Reduced open gym hours/front office hours to the public</li> </ul>
Transfer State Land lease at Watson Lake to Water Fund		\$2,400		
<b>Budget Adjustments</b>	<b>\$9,901</b>	<b>\$53,400</b>		<b>Total Reduction \$63,301</b>

# Revenue Enhancements

## Table 1

Description	Current Fee	Proposed Fee	Cost	Revenue Increase	Net Revenue
Install Kiosk for parking at North Peavine	\$0	\$3.00	COST	\$10,000	\$10,000 <sup>1</sup>
Staff attendant at Goldwater and Watson Lake kiosk booths during peak season to increase parking fee collection	\$2.00	\$3.00	\$17,000 (cost of additional seasonal personnel)	\$57,000	\$40,000
Eliminate free Wednesday parking in fee areas	\$0.00	\$3.00	N/A	\$36,000	\$36,000
Increase daily parking fee and raise multi-day passes correspondingly	\$2.00	\$3.00	N/A	\$80,000	\$80,000
<b>Total revenue enhancements</b>					\$166,000
<b>Budget Adjustments</b>					(\$63,301)
<b>Total General Fund Impact</b>					\$229,301

<sup>1</sup>Revenue is offset in Year One by cost of purchase/installation of kiosk

# Additional Revenue Opportunities

- Goldwater Lake camping
- Disc golf at Goldwater Lake \*
- Strategic connections to the Circle Trail (e.g., Mall, Glassford Hill)
- Willow Lake RV camping \*
- Willow Creek park redevelopment \*
- Pioneer Park human powered racing event area
- Camping at Pioneer Park during sports tournaments
- Create a new outdoor recreation based event (in offseason) using the Circle Trail as the venue \*
- Other special event opportunities \*

\*Possible public private partnership

These opportunities would all involve initial start-up costs to the City and/or private partner.



# **Economic Initiatives**

## **Economic Development and Airport**

Mission of the Department of Economic Initiatives – to build a stronger City economy, grow City revenues, and expand quality job opportunities through airport, tourism, special event, and economic development activities.

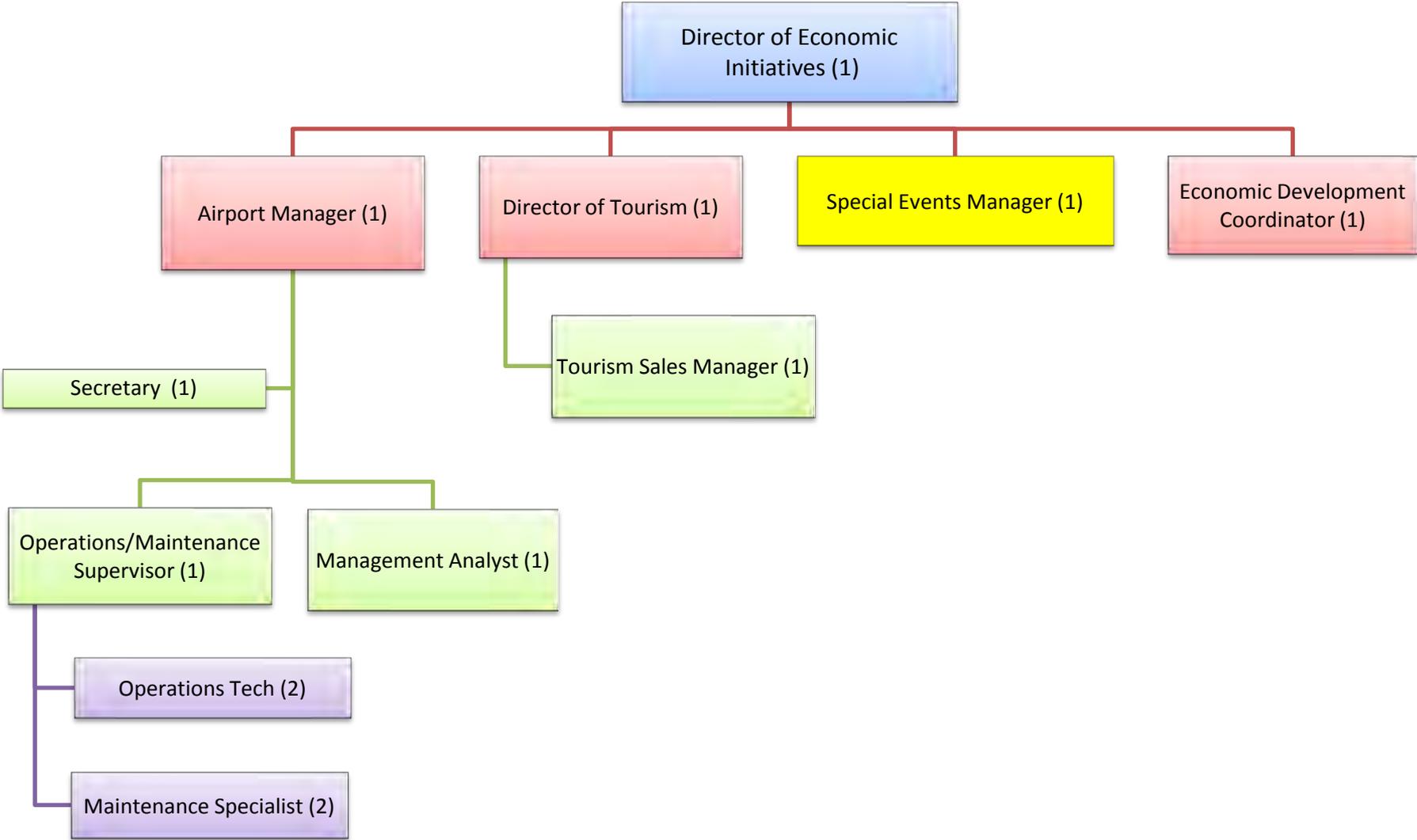
**Budget**

	Impact to		
	<u>Expenditures</u>	<u>Revenues</u>	<u>General Fund</u>
Economic Development Division	\$ 283,169	\$ 500	\$ 282,669
Tourism Division (Bed Tax Funded)	142,400	142,400	-
Special Events Division	189,938	76,000	113,938
<b>Total General Fund Divisions</b>	<b>\$ 615,507</b>	<b>\$ 218,900</b>	<b>\$ 396,607</b>
Airport Operations	1,779,963	1,510,480	269,483
Airport Capital	380,000	-	380,000
Airport Grants	6,860,092	6,538,789	321,303
<b>Total Airport Fund</b>	<b>\$ 9,020,055</b>	<b>\$ 8,049,269</b>	<b>\$ 970,786</b>
<b>Total Department</b>	<b>\$ 9,635,562</b>	<b>\$ 8,268,169</b>	<b>\$ 1,367,393</b>

FY 16

<u>Personnel</u>	<u>FY 15</u>	<u>FY 16</u>	<u>Adjusted</u>
Full-time – authorized	13	13	12
Full-time – vacant	0	0	0
<b>Total Full-time</b>	<b>13</b>	<b>13</b>	<b>12</b>
Part-time Temporary – authorized	4	4	4
Part-time Temporary – vacant	0	1	3
<b>Total Part-time Temporary</b>	<b>4</b>	<b>4</b>	<b>4</b>

# Department of Economic Initiatives



# Budget Adjustments – Economic Initiatives

Description of Reduction or Other Change	Amount of Personnel Expense Reduction (Annualized)	Related or Other Expense Reduction (Annualized)	Impacts of Reductions
Eliminate (1) Special Events Manager; transfer function to Recreation Services	\$80,112		<ul style="list-style-type: none"> <li>•The City will be precluded or limited in its ability to assist community groups with events</li> <li>•Fewer City-run events will be possible without financial assistance or a private operator</li> <li>•Increases workload for Recreation Services</li> </ul>
•Eliminate or modify Summer Concert Series; pursue more private sector sponsorships/vendor revenue		\$25,000	•The number of nights and/or acts will be reduced, in turn reducing potential revenue generation by downtown businesses
•Eliminate or modify Veterans Day Parade		\$5,000	•Event no longer takes place, or is operated by a private/non-profit operator
• Eliminate or modify 4 <sup>th</sup> of July Celebration at Pioneer Park		\$40,000	<ul style="list-style-type: none"> <li>•Detailed records for 2015 event demonstrated that it did not recover costs</li> <li>•Consider different type of downtown celebration, coordinated with the Rodeo</li> </ul>
<b>Recurring Annual Cost Reductions</b>	<b>\$80,112</b>	<b>\$70,000</b>	<b>Total General Fund Impact \$150,112</b>

# Community Development

Mission of Community Development – we strive to provide friendly, fast, fair and flexible planning and building services to the community.

FY 16 Operating Budget (net General Fund expense 6.6% less than FY 15)  
 \$1,118,073-755,800<sup>1</sup>=\$362,273

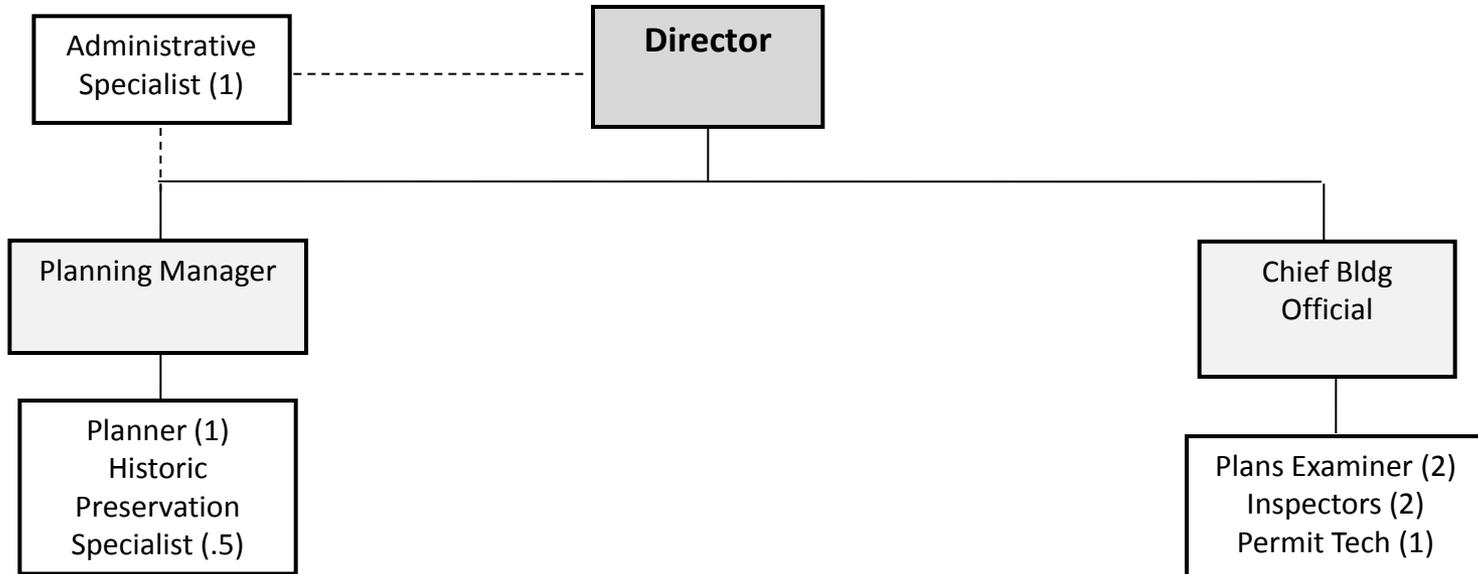
<sup>1</sup>NOTE – Primary revenue source is building permits and fees, plan checks, filing fees and inspections

<u>Personnel</u>	<u>FY 15</u>	<u>FY 16</u>	<u>FY 16 Adjusted</u>
Full-time authorized	11.1 <sup>2,3</sup>	10.5 <sup>3</sup>	10.5 <sup>3</sup>
<u>Full-time – vacant</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	11.1	10.5	10.5

<sup>2</sup>Public Works Program Manager and Real Property Specialist moved to Engineering

<sup>3</sup>Full-time position split between GIS Manager and Historic Preservation Specialist

# Community Development



# Proposed Building Permit Fees

## Table 1

Description	Current Fee	Proposed Fee
<b>Issuance</b>	<b>\$15.00</b>	<b>\$60.00</b>
<b>Plan review</b>	<b>\$465.05</b>	<b>\$578.06</b>
<b>M/P/E plan review</b>	<b>\$94.56</b>	<b>\$108.74</b>
<b>Building permit</b>	<b>\$930.09</b>	<b>\$1156.11</b>
<b>Electrical</b>	<b>\$74.83</b>	<b>\$86.05</b>
<b>Mechanical</b>	<b>\$30.49</b>	<b>\$35.06</b>
<b>Plumbing</b>	<b>\$83.80</b>	<b>\$96.37</b>
<b>Permit Total</b>	<b>\$1693.82</b>	<b>\$2210.39</b>
<b>Change</b>		<b>+ \$426.57</b>
<b>235 SF permits</b>	<b>\$398,047.70</b>	<b>\$498,291.65</b>
<b>Total New Revenue</b>		<b>+ \$100,243.95</b>

Based on a 2479 sq. ft. house with 500 sq. ft. patio, 514 sq. ft. garage and 158 sq. ft. covered deck.  
 Permit valuation of \$321,142 and approximate market value of \$500,000

# Other Revenue Enhancements

## Table 2

### New Fees

• Preliminary Application Conference (PAC) (100 x \$100)	10,000
• Technical Review Conference (TRC) (25 x \$300)	7,500
• Historic Preservation application (25 x \$100)	2,500
• Site Plan Review Fee (400 x \$40)	16,000
• Same Day Inspection Fee (75 x \$75)	5,625
• Permit Extension Fee (100 x \$50)	5,000

### Adjusted Fees

• Increase Community Residence safety inspection fee (150 x \$400)	60,000
• Increase Reinspection Fee (100 x \$30)	3,000
• Increase Additional Plan Review Fee ( 100 x \$35)	3,500
• Building Permit fees (Table 1)	100,244

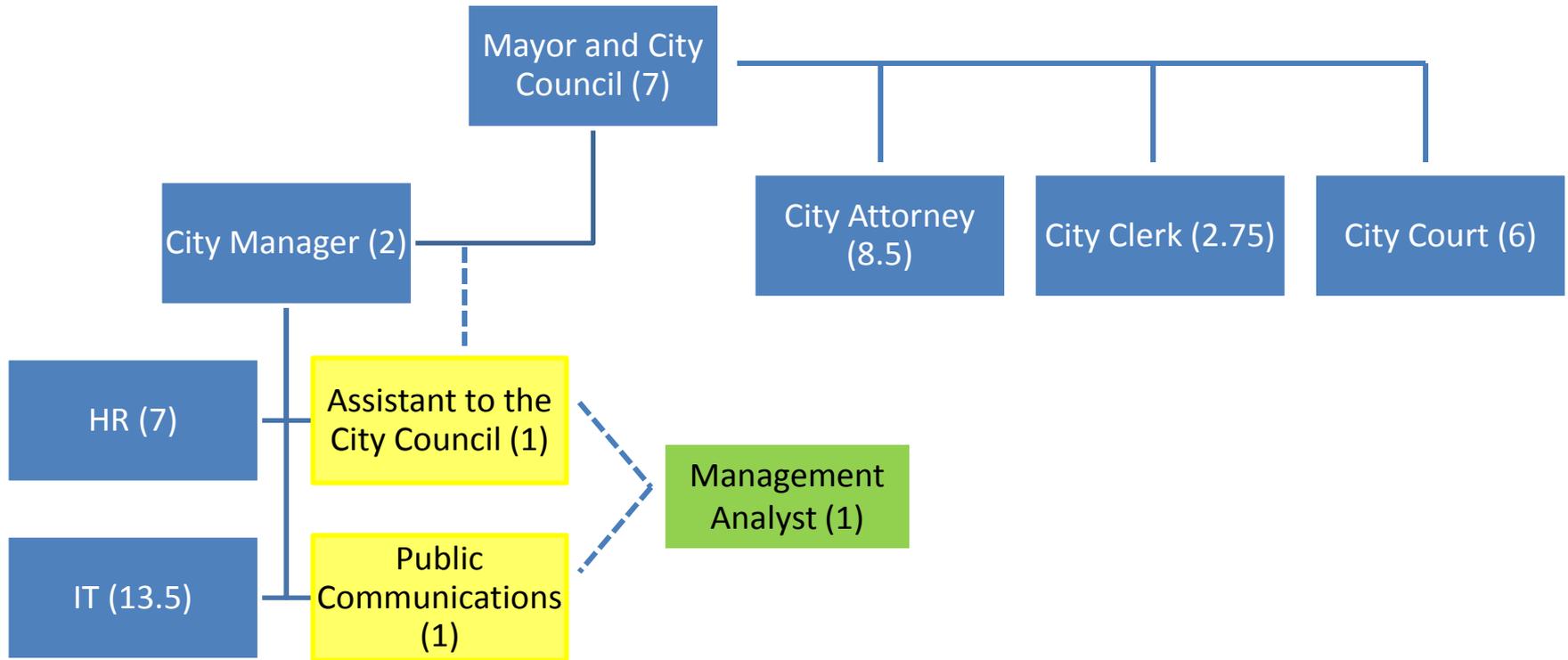
Revenue Enhancements \$213,369

# Budget Adjustments – Community Development

Description of Adjustment	Personnel Cost Reduction (Annual)	Related or Other Cost Reduction (Annual)	New Revenue Generation (Annual)	Impacts/Benefits
Building Permit Fee Increases (Table 1)			\$100,244	• Full cost of service recovery
Other Revenue Enhancements (Table 2)			\$113,125	• Full cost of service recovery
Cost Reduction (Table 2)				
Totals - Cost Reductions and Revenue Enhancements			\$213,369	

# General Government

# General Government



# General Government - FY 16 Operating Budgets and Net Expense to the General Fund

	Cost Recovery	Expenditures	Net Expenditures General Fund	Direct Revenue	Net Expenditures to General Fund Less Direct Revenue
City Council	(\$115,155)	\$155,916	\$ 40,761		\$ 40,761
City Attorney	(\$838,006)	\$1,213,223	\$329,225	(\$51,500)	\$277,725
City Clerk	(\$383,865)	\$519,729	\$135,864		\$135,864
City Manager	(\$523,678)	\$709,026	\$185,348		\$185,348
City Court	(\$20,000)	\$620,161	\$600,161	(\$96,000)	\$504,161
Total	\$(1,880,704)	\$3,218,055	\$1,291,359	(\$147,500)	\$1,143,859

- Budget adjustments for the City Manager’s Office are addressed on a subsequent slide
- Potential adjustments for the other General Government functions will be addressed in the FY 17 budget process

# Personnel<sup>1</sup>

	FY 15	FY 16	FY 16 Adjusted
<b><u>City Attorney</u></b>			
Full Time Authorized	8	8	8
Full Time Vacant	0	0	0
Part-Time Authorized	0.5	0.5	0.5
Part-Time Vacant	0	0	0
<b><u>City Clerk</u></b>			
Full Time Authorized	2	2	2
Full Time Vacant	0	0	0
Part-Time Authorized	0.5	0.75	0.75
Part-Time Vacant	0	0	0
<b><u>City Manager</u></b>			
Full Time Authorized	4	4	2
Full Time Vacant	0	0	0
Part-Time Authorized	0	0	0
Part-Time Vacant	0	0	0
<b><u>City Court<sup>2</sup></u></b>			
Full Time Authorized	6	6	6
Full Time Vacant	0	0	0
Part-Time Authorized	0	0	0
Part-Time Vacant	0	0	0

<sup>1</sup> Does not include City Council

<sup>2</sup> City employees of Consolidated Court; does not include City Court Judge/County JP

# Budget Adjustments – City Manager’s Office

Description of Reduction or Other Change	Amount of Personnel Expense Reduction (Annualized)	Amount of Personnel Expense Addition (Annualized)	Related or Other Expense Reduction - (Annualized)	Impacts of Reductions
Eliminate (1) Assistant to the City Council; transfer some functions to Management Analyst (new)	\$76,481 (General Fund Cost \$19,885)			<ul style="list-style-type: none"> <li>The public will have a longer response time</li> <li>The Council will have a lower level of administrative support</li> </ul>
Eliminate (1) Communications and Public Affairs Manager; transfer scaled back communications function to Management Analyst (new)	\$93,350 (General Fund Cost \$24,271)			<ul style="list-style-type: none"> <li>The public will have less public information</li> <li>Local media will have a longer wait time</li> <li>Other personnel will respond to requests for information</li> </ul>
Add Management Analyst		(\$58,000) (General Fund Cost -15,080)		<ul style="list-style-type: none"> <li>Provide some support to Council for projects and administration</li> <li>Provide limited public information support</li> </ul>
Eliminate Radio Advertising <ul style="list-style-type: none"> <li>Southwest Broadcasting (AM) (KAHM/KYCA) 84 Ads/Mo.</li> <li>Great Circle Media (FM) Magic 99.1 &amp; KNOT 100.9 FM 162 Ads/Mo.</li> <li>Hometown Radio Group KPPV 106.7, KQNA 99.9, KDDL 94.3 115 Ads/Mo.</li> </ul>			\$26,220 \$13,200 (3,432 GF Cost) \$7,152 (1,859 GF Cost) \$5,856 (1,522 GF Cost)	<ul style="list-style-type: none"> <li>The City would have limited, or no radio coverage other than guest appearances or PSA's/News Releases allowed by the stations</li> </ul>
Eliminate Video Production Temp Svcs			\$6,000 (1,560 GF Cost)	<ul style="list-style-type: none"> <li>Little or no new video content for Public Access, unless edited/created by PCAC</li> </ul>
<b>Recurring Annual Cost Reductions</b>	<b>\$169,831</b> <b>(General Fund \$44,156)</b>	<b>(\$58,000)</b> <b>(General Fund \$-15,080)</b>	<b>\$32,620</b> <b>(General Fund \$8,373)</b>	<b>Total General Fund Impact \$37,449</b>

# Human Resources Division Budget Adjustments and Service Impacts

Mission of the Human Resources Division – to provide services responsive to the individual employee and in support of the City mission, vision, and core values.

FY 16 Operating Budget = \$755,160 (Net General Fund \$451,836 \*)

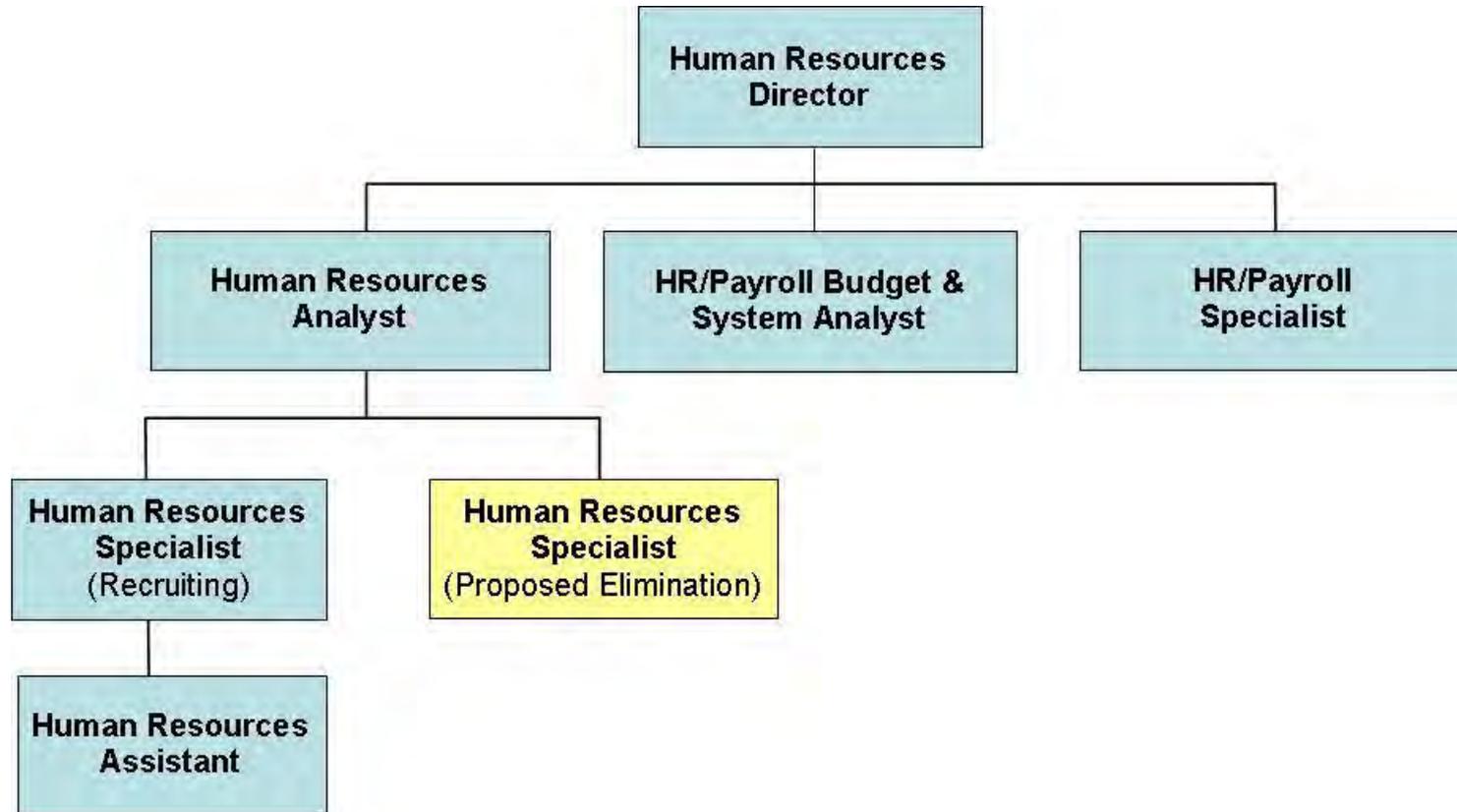
\*This amount is allocated within each operating budget of all other General Fund Departments

Serving 501 Regular and 200 Variable-Hour Budgeted Employees

- Classification and compensation
- Payroll
- Employee benefits management
- Recruitment and new-hire services including orientation
- Employee handbook and policies
- Employee relations
- Supervisory training
- Personnel and payroll records including performance appraisals

<u>Personnel</u>	<u>FY 15</u>	<u>FY 16</u>	<u>FY 16 Reduced</u>
Full-time authorized	7	7	6
Full-time – vacant	0	1	0
Part-time – authorized	0	0	0
Part-time – vacant	0	0	0
<b>Total</b>	<b>7</b>	<b>7</b>	<b>6</b>

# Human Resources



# Budget Adjustments – Human Resources

Description of Reduction or Other Change	Amount of Personnel Expense Reduction (Annualized)	Related or Other Expense Reduction - (Annualized)	Impacts of Reductions
Eliminate (1) currently vacant Human Resource Specialist	\$57,000 (General Fund Cost \$34,200)		<ul style="list-style-type: none"> <li>• Internal – less assistance (benefits, payroll, screening, interviewing and applicant selection), longer response times (personnel/ performance issues, discipline)</li> <li>• External – longer hiring process; less personal service that applicants recognize and value</li> </ul>
Eliminate Employee Recognition Program		\$26,000 (GF Cost \$15,600)	<ul style="list-style-type: none"> <li>• Morale and retention</li> </ul>
<b>Recurring Annual Cost Reductions</b>	<b>\$57,000 (General Fund \$34,200)</b>	<b>\$26,000 (General Fund \$15,600)</b>	<b>Total General Fund Impact \$49,800</b>

# Information Technology (IT)

Mission of the IT Department – deliver and support technology solutions in a timely, cost-effective, and efficient manner.

FY 16 Operating Budget \$1,851,279 (Net General Fund \$1,317,370\*)

\*This amount is allocated within each operating budget of all other General Fund Departments

Key Considerations

- 30% of functions are cost-recovered from other funds, remaining General Fund cost is less than 0.2% of total General Fund expense
- IT is a technology utility
- IT customers are City departments and other government agencies

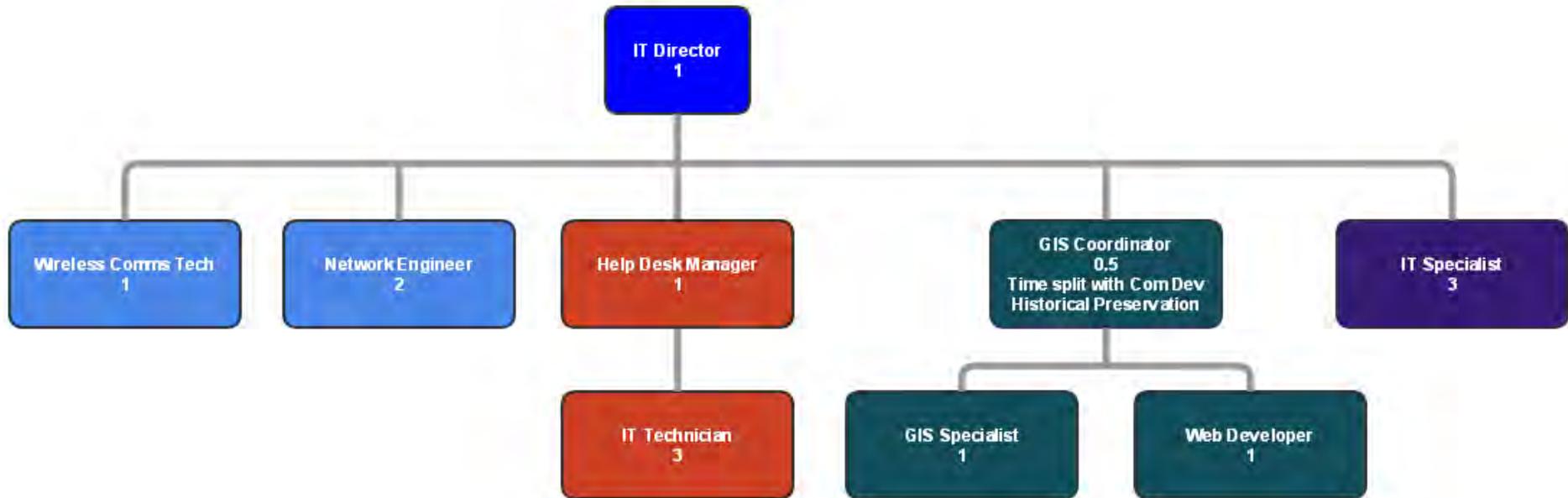
<u>Personnel</u>	<u>FY 15</u>	<u>FY 16<sup>1</sup></u>	FY 16 <u>Adjusted</u>
Full-time authorized	11	13	13
Full-time – vacant	0	0	0
Part-time – authorized	0.5	0.5	0.5
Part-time – vacant	0	0	0
<b>Total</b>	<b>11.5</b>	<b>13.5</b>	<b>13.5</b>

<sup>1</sup>Change in personnel in FY 16 is the result of reorganization which moved positions formerly assigned to PRCC to IT to centralize IT support

# Systems and Applications Supported by IT

<u>Systems/Application</u>	<u>Impacted Service Area</u>
Financial System	Customers/Collection, All Departments
Public Safety Software/Radio	Prescott Police/Fire, 10 regional partner agencies
City Telephone System	All Departments
Email System	All Departments
GIS	All Departments
Building Permits	Community Development, Public Works, Fire
Infrastructure	All Customers

# Information Technology (IT) Department



# Finance

Mission of the Finance Department – to continue to lead in government accountability, providing creative solutions to problems while efficiently managing City resources

FY 16 Operating Budget (net General Fund expense)

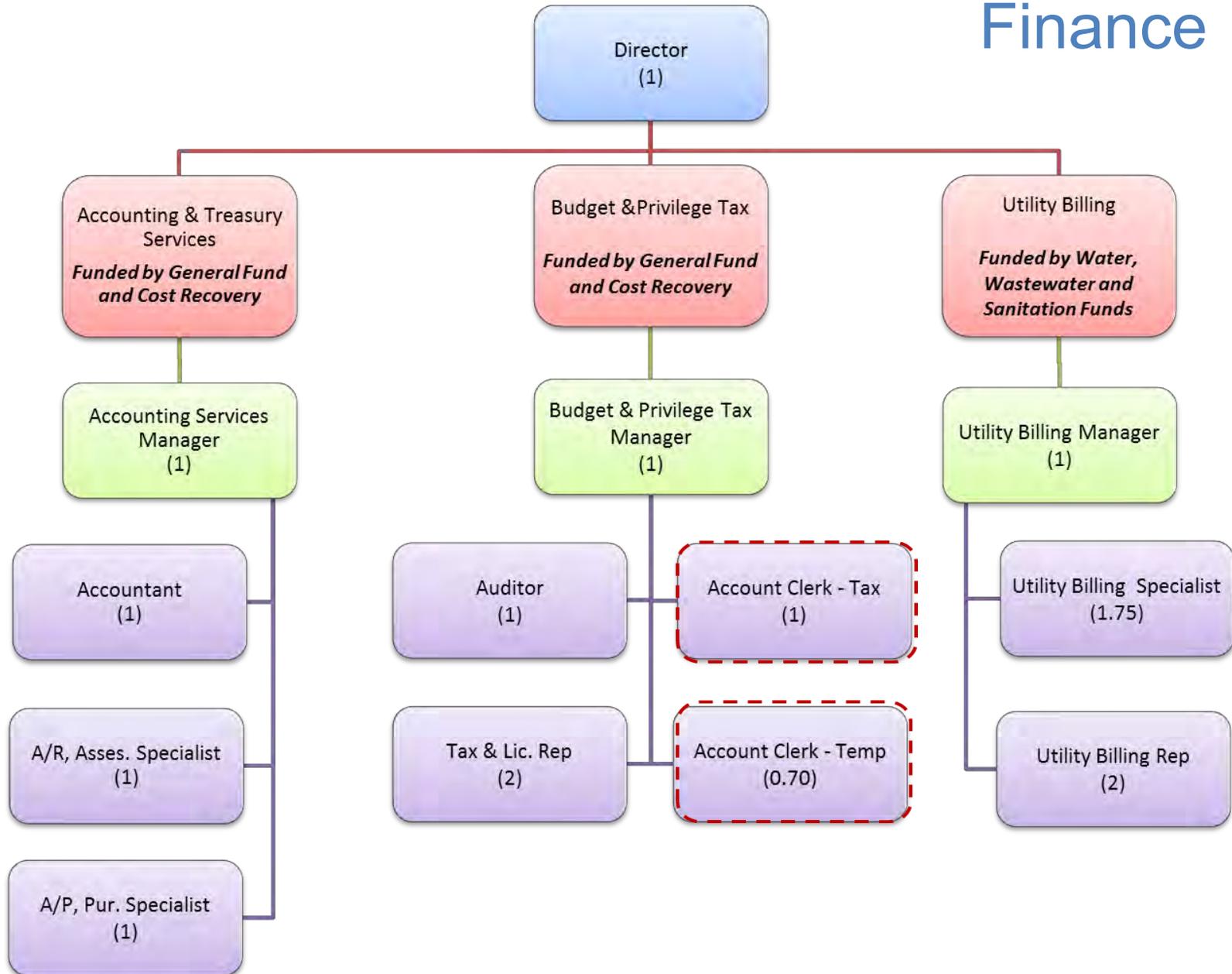
\$393,421 - \$57,500 (Direct Revenues) = \$335,921

Key Considerations

- The majority of functions are cost-recovered from other funds
- Financial management is fundamental to operation of the City as a business; many legal requirements govern activities of the department
- Transition to State collection of City-levied privilege tax and transient occupancy will continue over the next several years, and the City will still need to perform various functions; associated staffing levels will be reviewed for the FY 17 and subsequent budgets

	<u>FY 15</u>	<u>FY 16</u>	FY 16 <u>Adjusted</u>
<u>Personnel</u>			
Authorized	14.75	14.75	13.75
Vacant	0	0	0
<hr/>			
Total Authorized Full/Part Time	14.75	14.75	13.75
Temp – authorized	0.70	0.70	0
Temp – vacant	0	0	0
<hr/>			
Total Authorized Temporary Positions	0.70	0.70	0

# Finance



# Budget Adjustments – Finance

Description of Reduction or Other Change	Amount of Personnel Expense Reduction (Annualized)	Related or Other Expense Reduction - (Annualized)	Impacts
Eliminate (1) Part-time Sales Tax Clerk (0.7 FTE)	\$ 24,620 (\$6,436 net General Fund Cost)		Tax processing workload moved to Account Clerk causing the following impacts <ul style="list-style-type: none"> <li>• Loss of central resource for City information, walk-up and by telephone</li> <li>• Replaced by automated operator on main City telephone number 777-1100</li> <li>• Needed for support due to changes in Council/ City Manager offices (see General government)</li> </ul>
Eliminate (1) Accounting Clerk – Tax position (also City Hall receptionist)  Estimated lost revenue (2/10 of 1% of collections)  Net effect of elimination	\$ 47,393 (\$12,389 General Fund)  -\$ 58,120 (-\$29,060 General Fund)  ----- -\$ 10,727 (-\$ 16,671 GF)		<ul style="list-style-type: none"> <li>• Loss of capacity to process tax returns in same month received.</li> <li>• Negative impact on tax revenue with reduced tax collection and compliance verification because of shifting of excess tax return processing to auditor and supervisor</li> <li>• Elimination of City Hall mail room               <ul style="list-style-type: none"> <li>- departments will need to process their own outgoing mail with stamps and deliver to post office</li> <li>- incoming P.O. boxes will be closed, address changes sent out so all individual department mail is delivered to locations.</li> </ul> </li> </ul>
<b>Recurring Annual Cost Reductions</b>	<b>\$ 13,893 (-\$10,235 GF)</b>		<b>Total General Fund Impact -\$10,235</b>

# **City Charter-Enabled Revenue Enhancement**

# Prescott City Charter Article VI

## Finance and Taxation

### Section 7 - Additional Taxes for Special Purposes

The council shall have the power to levy a transaction privilege tax; provided that no transaction privilege tax if based on gross income, gross receipts or gross proceeds of sale, shall be levied at a rate in excess of the present 1% rate unless such rate is approved by a majority of the qualified electors voting on the question at a special or general election.

Further provided that, should a transaction privilege tax *not* be based on gross income, gross receipts or gross proceeds of sale, the council shall have the power to fix the amount of license taxes to be paid by any person, firm, corporation or association for carrying on of any business, game or amusement, calling, profession or occupation.

## Business Licenses

Current City of Prescott Transaction Privilege Tax (TPT) Licenses	8,500
Businesses without TPT Licenses (non-profits, no retail sales)	1,500 – 2,000
Number of business licenses that the City could issue	10,000

## Sample Business License Code Section

All persons engaging in any business, occupation or profession within the city and operating from a regular place of business within the city . . . shall be required to obtain a BOP license pursuant to this article and to pay an annual license fee. A separate license shall be required for each location of a business, occupation or profession licensed under this article and for each type of business, occupation or profession carried on at a particular location by a licensee.

# FEES and TAXES

License fee – Nominal annual fee to cover cost of administering business license program (e.g., \$15 per calendar year)

License tax – Annual flat tax *not* based on gross income, gross receipts or gross proceeds of sale. Tax rate could be tiered based on type of business or general industry demand on public safety (police, fire/emergency, code enforcement).

# EXAMPLES

- Assisted living businesses have high demand on fire and medical calls. Highest tier rate.
- Bars and restaurants with liquor licenses have moderate to high demand on public safety. Middle tier rate.
- Small businesses (e.g., barber, small retail, professional office) have low demand on public safety. Lowest tier rate.

# POTENTIAL REVENUE

- Business License Fee

10,000 licenses x \$15/year = \$150,000 to recover administrative costs

- Business License Tax

10,000 licenses x average tax \$100 per year = \$1,000,000 dedicated to public safety availability (police, fire & EMS, code enforcement)

# **Summary of FY 16 Adjustments and Items to be Addressed in FY 17**

## Summary of General Fund Reductions and Revenue Enhancements

Department	Revenue Enhancements (Annualized)	Reductions in Personnel Expenses (Annualized)	Reductions in Other Expenses (Annualized)
Police		826,987	136,175
Fire		Case 1 (Rolling Brownout) 266,124 Case 2 (Close Fire Station) 798,372	
Library	26,000	105,269	130,810
Recreation Services	229,301	9,901	53,400
Economic Initiatives		80,112	70,000
Community Development	213,369		
General Government		29,076	8,373
Human Resources		34,200	15,600
Information Technology			
Finance			
Business License Tax	1,000,000		
<b>Totals</b>	<b>1,468,670</b>	With Fire Dept. Case 1 1,351,669 With Fire Dept. Case 2 1,883,917	<b>414,358</b>

- Notes: 1. Target for FY 16 Mid-Year Adjustments: Combination of Revenue Enhancements + Reductions of \$1.2 million or more  
 2. FY 17 (Year 1) General Fund cost to implement the Classification & Compensation Study and new Pay Plans could be an additional \$1 million (and recurring thereafter)

## Example: FY 16 Mid-Year General Fund Budget Adjustment Plan eff. 1/1/16 (not a recommendation)

Department	Reductions in Personnel Expenses (Annualized)	Reductions in Other Expenses (Annualized)	Total for Department
Police	Elim. (5) vacant sworn positions 443,449	Expenses related to positions 50,000	493,449
Fire	Elim. (3) vacant FF positions (brownout) 266,124		266,124
Library	Elim. Various part-time positions 105,269	Reduce various materials 130,810	236,079
Recreation Services	9,901	Misc. reductions 53,400	63,301
Economic Initiatives	Elim. (1) Special Events Mgr. position 80,112	Elim. 4 <sup>th</sup> of July event 40,000	120,112
Community Development			
General Government	Transfer (1) Council Asst. to Rec. Services 29,076 Elim. Communications Mgr. position		29,076
Human Resources	Elim. (1) vacant HR Specialist position 34,200	Elim. Recognition Program 15,600	49,800
Information Technology			
Finance			
Business License Tax			
<b>Totals</b>			<b>1,257,941</b>

Note: Target for FY 16 Mid-Year Adjustments: Combination of Revenue Enhancements + Reductions of \$1.2 million or more

**Example: FY 17 General Fund Budget Adjustments eff. 7/1/16  
(not a recommendation)**

Department	Revenue Enhancements (Annualized)	Reductions in Other Expenses (Annualized)
Police		
Fire		
Library	Charge for meeting rooms 26,000	
Recreation Services	Various fee/revenue increases (see Slide 34) 229,301	
Economic Initiatives		
Community Development	Various fee/revenue increases (see Slide 44) 213,269	
General Government		Reduce radio advertising 8,373
Human Resources		
Information Technology		
Finance		
Business License Tax	Business license and tax 1,000,000	
<b>Totals</b>	<b>1,468,570</b>	<b>8,373</b>

- Notes: 1. Additional FY 17 reductions of over \$230,000 anticipated required, depending upon PSPRS actuarials expected Nov. 2015  
2. General Fund personnel cost increase in FY 17 (Year 1) to implement the Classification & Compensation Study and new Pay Plans estimated at \$1 million (and recurring thereafter)

# Items to be Addressed in the FY 17 Budget

Implement Personnel Class & Comp Study/Pay Plans	
Changes to charges for internal services (reduce charges to General Fund)	
Dog licenses	
Business license	
Library District	
Public Safety <ul style="list-style-type: none"> <li>• Fire/EMS models</li> <li>• Regional Response</li> </ul>	
Sale of assets to benefit General Fund	
Reduce Airport grant matches	
Defer vehicle/equipment replacements	
Airport leases and use fees (reduce General Fund subsidy)	

# Comments and Questions

Next Step: 10/20/15 Discussion of Budget Adjustments

