



Memo

To: Aaron Oppenheimer, City Administrator
From: Todd Taves, Ehlers
Cc: Connie DeKemper, Director of Administrative Services
Date: September 16, 2016
Subject: Financial Management Plan Status

I thought it would be useful to recap where this project stands following Monday's Committee of the Whole meeting so that we can identify whether any further action is required to complete this project, and if so, what those steps are and the related timing.

Initiatives

At the September 12 meeting the Council informally expressed support for further consideration of certain staffing and non-staffing related initiatives as part of the 2016 budget process. I've attached a summary of those initiatives in the worksheet format which we developed based on my meeting notes. Collectively these initiatives would require a levy increase that would translate to a projected 4.07% increase to the 2016 City property taxes paid on a home with an equalized value of \$261,841. Given it is not expected that Council will support that level of increase, the list of supported initiatives will be further refined and could also include initiatives that did not receive an initial expression of support, or which may not yet have been identified.

Strategic Direction

Through the financial management planning process several key issues have been identified and discussed. The following reflects direction that the Council has provided on several of these issues that will impact current and future budgeting and financial planning:

- **Debt Financing for Sun Prairie Utilities (SPU) Projects.** Based on the associated cost savings versus issuing separate utility revenue bonds, the Council has authorized initial resolutions for upcoming General Obligation financing that includes funds for 2016 and 2017 water and electric system projects. Ongoing Capital Improvement Planning (CIP) will continue this strategy while monitoring impacts to debt capacity utilization and debt burden metrics. Larger projects (none currently identified in SPU's CIP) may require consideration for revenue bond financing.



- **Bank Qualification.** While retaining the objective of issuing Bank Qualified debt whenever possible, the Council has authorized initial resolutions for 2016 financing that will result in that debt being issued on a non-Bank Qualified basis. Based on the financial management plan exercise it is the expectation that the City will issue non-Bank Qualified debt in even years, and Bank Qualified debt in odd years. This will be achieved through a cycle of aggregating each two years of sewer system, water system and stormwater management projects into the even numbered year's debt issuance plans. The City will, however, reevaluate this strategy annually following update of the CIP.
- **Expenditure Restraint.** With the objective of qualifying for an expenditure restraint payment (ERP) whenever possible, the City may need to periodically exceed the expenditures limit in order to fund necessary City services. Noting that the City will receive an approximate \$35 million increase to its 2018 equalized value as a result of the projected 2017 closure of Tax Incremental district No. 7, the strategy should be to exceed the expenditure restraint qualification limitation with the 2018 budget so that the loss of payment would occur in 2019 which will coincide with the receipt of the additional tax revenue from the closed TID.
- **Refuse and Recycling Fees.** To moderate the projected annual increase in the transfer from the General Fund to the Refuse and Recycling Fund the Council will consider annual adjustments to the user fee collected for curbside refuse, recycling and yard waste collection so that the fee recovers 100% of the associated contracted service cost.
- **Sanitary Sewer User Charges.** Moderate annual increases to sewer user charges will be considered in order to ramp up utility revenues to a level sufficient to service future debt related to wastewater treatment plant improvements the City expects to make in 2021. This strategy will eliminate the need for substantial user charge increases immediately preceding the project implementation, and will also serve to build cash that could be applied to reduce the debt financing requirement.

Model Status

Based on the time that has elapsed since initial creation of the model several updates would be required prior to using it as the basis for additional planning exercises. These updates would include:

1. Populating the model with 2017 budget figures once adopted, and adding a new fifth year (2021) to the forecast. This would include the General Fund, Vehicle Replacement Fund, Transit Fund, Refuse & Recycling Fund, Aquatic Center Fund, Sanitary Sewer Fund and Stormwater Fund.
2. Revisiting and revising the assumptions made as to the trend line forecasts.
3. Updating the debt model to reflect the Series 2016A G.O. Bonds and 2016B G.O. Notes the City is issuing next month.



4. Updating the debt planning portion of the model to reflect the City's CIP currently under revision.
5. Updating and revising unfunded initiative requests that remain valid following funding decisions made as part of the 2017 budget process. (City staff task).

Project Status

As we've discussed, the 2016 budget process and CIP update that are underway must be completed before it would make sense to expend any further time or resources on financial management planning. More fundamentally, I think it is important for the City to determine whether there is a process that could be used that would position Council members so that they feel comfortable with making longer term decisions with respect to establishment of consensus levels of tax and fee revenue, and how to prioritize and allocate those resources amongst competing staffing, program and service needs. Alternatively, we could discuss whether maintenance of the model as an "informational" resource holds value such that it would be used to forecast all known needs, but funding and prioritization discussions would be deferred and take place as part of the annual budget process.



	2016	2017	2018	2019	2020	2021	Average
Part I: Average Home Valuation Projection							
Economic Appreciation Assumption		4.74%	1.50%	1.50%	1.50%	1.50%	
Average Home Value (Equalized Value)	250,000	261,841	265,768	269,755	273,801	277,908	
Part II: Tax Bill for City Purposes							
Baseline Scenario (Cost to Continue)	\$ 2,070.18	\$ 2,099.12	\$ 2,100.14	\$ 2,111.67	\$ 2,136.51	\$ 2,170.28	
Impact of Initiatives		\$ 55.22	\$ 57.50	\$ 57.34	\$ 57.88	\$ 58.33	
Total	\$ 2,070.18	\$ 2,154.34	\$ 2,157.65	\$ 2,169.00	\$ 2,194.39	\$ 2,228.62	
Percent Increase		4.07%	0.15%	0.53%	1.17%	1.56%	1.50%
Part III: Dollars Available for Initiatives							
Projected TID OUT EV (000's)	2,438,814	2,613,243	2,731,616	2,837,534	2,911,775	2,993,349	
Tax Rate Per \$1,000/EV	8.28	8.23	8.12	8.04	8.01	8.02	
Tax Levy	20,195,115	21,500,908	22,176,718	22,815,633	23,336,508	24,004,437	
Less Baseline Scenario Portion of Levy		-20,949,777	-21,585,673	-22,212,518	-22,720,984	-23,376,153	
Dollars Available for Initiatives		551,131	591,045	603,115	615,524	628,284	
Part IV: Initiatives							
FTE Staffing							
ADMINISTRATOR Volunteer Coordinator				\$ 71,554	\$ 73,552	\$ 75,605	
CITY CLERK Receptionist - City Hall 1st floor (LTTE to FTE)	\$ 25,960	\$ 25,959.70	\$ 26,685	\$ 27,430	\$ 28,196	\$ 28,983	\$ 28,983
EMS EMS Operations Supervisor			\$ 86,647	\$ 89,066	\$ 91,553	\$ 94,110	
EMS Paramedic - FT (6 Paramedics)				\$ 29,154	\$ 29,968	\$ 30,805	
FINANCE Budget Analyst				\$ 27,415	\$ 28,180	\$ 28,967	
FIRE Fire Administrative - 75%	\$ 25,946	\$ 26,670	\$ 27,415	\$ 28,180	\$ 28,967	\$ 29,754	
FIRE Fire Operational FTE - (4 Operational FTE) mid-year	\$ 90,849	\$ 90,849.00	\$ 184,235	\$ 184,235	\$ 189,379	\$ 189,379	\$ 194,667
FIRE Fire Operational FTE - (1 Operational FTE) mid-year			\$ 18,368	\$ 18,368	\$ 18,368	\$ 18,368	\$ 18,368
FIRE Fire Marshal - 75%		\$ 25,946	\$ 26,670	\$ 27,415	\$ 28,180	\$ 28,967	
FIRE Fire Operational FTE - (1 Operational FTE) mid-year				\$ 18,624	\$ 18,624	\$ 18,624	\$ 18,624
FIRE Fire Operational FTE - (1 Operational FTE) mid-year					\$ 18,884	\$ 18,884	\$ 18,884
FIRE Fire Operational FTE - (1 Operational FTE) mid-year						\$ 19,148	\$ 19,148
IT Increase IT Support Tech to FT				\$ 31,868	\$ 32,757	\$ 33,672	
LIBRARY Increase Adult Svcs Librarian to FT	\$ 22,366	\$ 22,990	\$ 23,632	\$ 24,292	\$ 24,970	\$ 25,672	
LIBRARY Increase Ast Circulation Mngr to FT	\$ 30,044	\$ 30,882	\$ 31,745	\$ 32,631	\$ 33,542	\$ 34,478	
LIBRARY Marketing Coord - Library					\$ 65,214	\$ 67,035	
MUSEUM Increase Museum Curator from 18 hrs/week to FT	\$ 36,032	\$ 37,038	\$ 38,072	\$ 39,135	\$ 40,228	\$ 41,350	
POLICE Community Service Officer/Propert Maint Enforc	\$ 57,645	\$ 59,255	\$ 60,909	\$ 62,610	\$ 64,368	\$ 66,183	\$ 64,358
POLICE Increase PT Admin Ast -Records to FT	\$ 44,066	\$ 45,296	\$ 46,561	\$ 47,861	\$ 49,198	\$ 50,573	
POLICE Police Administrator - Civilian		\$ 86,000	\$ 88,401	\$ 90,870	\$ 93,407	\$ 95,975	
POLICE Police Officer		\$ 83,651	\$ 86,987	\$ 90,388	\$ 93,854	\$ 97,385	
POLICE School Liason Officer						\$ 30,463	
PW Maintenance Worker - Parks/Forestry		\$ 62,405	\$ 64,147	\$ 65,939	\$ 67,780	\$ 69,671	
PW Maintenance Worker - Streets			\$ 63,820	\$ 65,602	\$ 67,434	\$ 69,315	
PW Fleet Maintenance Technician			\$ 65,187	\$ 67,007	\$ 68,878	\$ 70,800	
PW Maintenance Worker - Streets						\$ 66,751	
PW Maintenance Worker - Streets						\$ 66,751	
LTE Staffing							
ADMINISTRATOR Admin Management Intern	\$ 16,148	\$ 16,608	\$ 17,081	\$ 17,567	\$ 18,068	\$ 18,584	
BLDG MAINT Seasonal Bldg Maint	\$ 17,224	\$ 17,715	\$ 18,219	\$ 18,739	\$ 19,272	\$ 19,820	
FIRE Fire Paid on Premise - (4 Volunteers & 1 LTE)	\$ 27,558	\$ 27,558	\$ 55,901	\$ 55,901	\$ 59,132	\$ 59,132	\$ 60,817
FIRE Fire Volunteer - 75%	\$ 18,508	\$ 19,036	\$ 19,578	\$ 20,136	\$ 20,709	\$ 21,300	
FIRE Fire Volunteer Hours - 75% (2 Volunteers - 75%)			\$ 46,405	\$ 47,727	\$ 49,087	\$ 50,487	
IT GIS LTE			\$ 12,351	\$ 12,703	\$ 13,065	\$ 13,437	
POLICE PT Records Clerk		\$ 8,100	\$ 8,431	\$ 8,767	\$ 9,108	\$ 9,454	
LIBRARY Increase LA I from 16 to 24 Hrs/Week (2 LA I's to 24 Hrs/Week)	\$ 35,401	\$ 36,410	\$ 37,447	\$ 38,514	\$ 39,611	\$ 40,739	\$ 39,611
LIBRARY Increase LA I from 16 to 24 Hrs/Week (2 LA I's to 24 Hrs/Week)		\$ 34,367	\$ 35,346	\$ 36,353	\$ 37,399	\$ 38,478	
LIBRARY Library Ast I (20 Hrs/week) (4 PT Library Ast I's)			\$ 98,990	\$ 101,810	\$ 104,711	\$ 107,700	
PLANNING Planning Intern	\$ 7,751	\$ 7,972	\$ 8,199	\$ 8,432	\$ 8,673	\$ 8,919	
PW Snow Plowing LTE	\$ 16,417	\$ 16,417	\$ 16,884	\$ 17,365	\$ 17,860	\$ 18,369	\$ 18,369
PW Parks LTE	\$ 16,417	\$ 16,417	\$ 16,884	\$ 17,365	\$ 17,860	\$ 18,369	\$ 18,369
PW Traffic Control LTE	\$ 16,417	\$ 16,884	\$ 17,365	\$ 17,860	\$ 18,369	\$ 18,878	
PW PT Maintenance Worker - correctly budgeted	\$ 14,658	\$ 15,076	\$ 15,506	\$ 15,947	\$ 16,402	\$ 16,873	
Other Initiatives							
FINANCE Implement Munis Licensing & Animal Licensing	\$ 15,175	\$ 15,175	\$ 15,175	\$ 15,175	\$ 15,175	\$ 15,175	
FINANCE Maintenance for Licensing/Transparency	\$ 10,840	\$ 10,840	\$ 10,840	\$ 10,840	\$ 10,840	\$ 10,840	
POLICE Body Worn Camera Maintenance	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	
POLICE Body Cameras	\$ 100,000	\$ -	\$ -	\$ -	\$ -	\$ -	
BLDG INSP Rugged Tablets (x3)	\$ 7,500	\$ 7,500	\$ -	\$ -	\$ -	\$ -	
PW Training Budget Increase (PW - Operations)	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	
PW Street Maintenance Prof. Services	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	
LIBRARY Digital - SCLS/WPLC/Flipster	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	
LIBRARY WILS - DB Subscriptions	\$ 8,000	\$ 8,000	\$ 8,000	\$ 8,000	\$ 8,000	\$ 8,000	
PW Playground Equipment Replacement	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000
RECREATION Family Oriented Special Events	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000
PW Repairs to FAC (Increase Transfer Amount)	\$ 45,000	\$ 45,000	\$ 45,000	\$ 45,000	\$ 45,000	\$ 45,000	\$ 45,000
CITY CLERK Voting Facility	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,000
PW Staffing & Material Disposal (Increase Transfer Amount)	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000
SENIOR PROC Increase Annual Senior Program Funding	\$ 60,000	\$ 60,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000
PLANNING Update Comprehensive Plan	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000
FINANCE Update Financial Management Plan	\$ 17,000	\$ 17,000	\$ -	\$ -	\$ -	\$ -	\$ -
BLDG MAINT IT Workspace Renovation - Equip. & Furniture	\$ 32,637	\$ 32,637	\$ -	\$ -	\$ -	\$ -	\$ -
BLDG IMP IT Workspace Renovation - Building Renovation	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000
MUSEUM Increase Personnel Budget to Increase Hours	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000
MUSEUM Increase Operating Budget to Increase Exhibits	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000
TRANSIT Approximately 3,000 Hours Per Vehicle	\$ 25,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TRANSIT Transportation Study	\$ -	\$ 30,000	\$ -	\$ -	\$ -	\$ -	\$ -
TRANSIT Community Schools Program		\$ 30,000					
Subtotal Initiatives Selected		\$ 551,131	\$ 591,045	\$ 603,115	\$ 615,525	\$ 628,284	
Balance to Allocate		\$ 0	\$ 0	\$ 0	\$ (0)	\$ 0	