

City of Prescott Fiscal Year 2017 Budget



Annual Council Budget Workshop - Part 2
May 26, 2016



FY17 Budget Process to Date

- 1/01/16 Implementation of FY 16 Mid-Year Budget Adjustments
- 1/05/16 Review of City-owned real property for potential disposal
- 2/02/16 FY16 Mid-Year Budget Review
- 2/16/16 Presentation of Market Compensation Plan
- 3/01/16 Presentation of proposed building, fire, and planning fees
- 3/15/16 Delivery of Fire and EMS Services
- 4/05/16 Delivery of Police Services
- 5/12/16 Annual Council Budget Workshop Part 1 (General Fund, Tourism, Golf Course)
- 5/26/16 Annual Council Budget Workshop Part 2 (Streets, Utilities, Solid Waste, Airport)*

Key FY 17 Budget Focus Areas

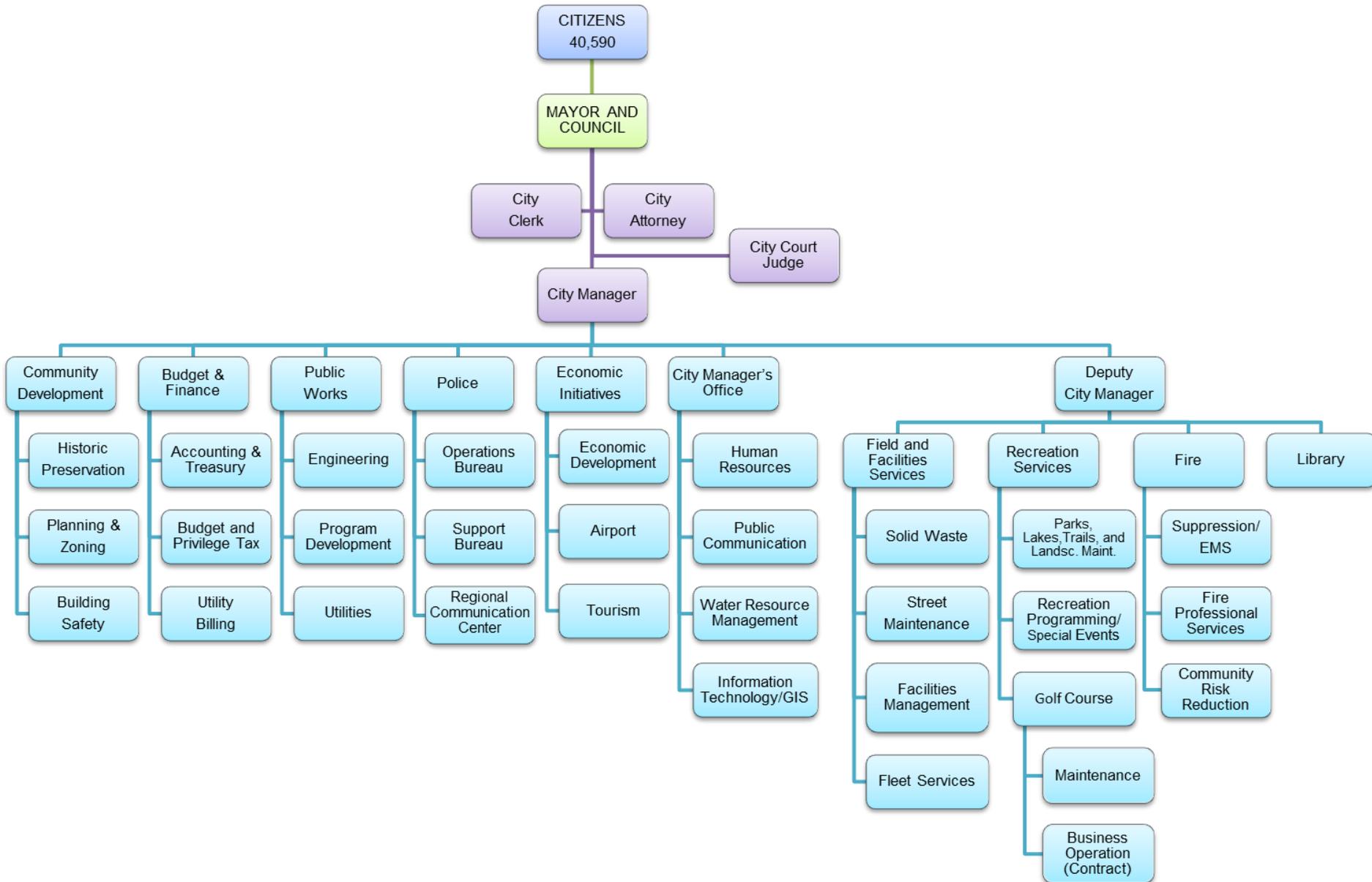
(These were discussed in the May 12th Part 1 Budget Workshop)

- ❑ Market compensation for employees (all funds) – enable careers and enhance retention
- ❑ Public Safety Personnel Retirement System obligations
- ❑ Public safety response and alternatives
- ❑ Other General Fund services and amenities – avoid community deterioration and loss of sales/privilege tax revenue
- ❑ Resources and partnerships for important economic development projects and improvements
 - Airport terminal
 - Downtown hotel and redevelopment
 - Rodeo Grounds lease, master plan, opportunities for public-private partnerships; long-deferred electrical improvements

Key FY 17 Budget Focus Areas (cont'd)

- ❑ Creation of a \$3.8 million restricted reserve (Streets & Open Space funding) for future acquisition of open space property and easements
- ❑ Aggressive tourism development - marketing and events
- ❑ Business License; level the sales/privilege tax playing field
- ❑ Optimize vehicle/equipment fleet; reduce unnecessary inventory
- ❑ Rehabilitation, replacement, improvement of street, water, and wastewater infrastructure
- ❑ Conservative, responsible water resource management
- ❑ Closer, more effective relationship with development community to facilitate new construction in growth areas

FY17 City of Prescott Organization



Follow-up from Workshop #1



Citizen Initiative 2016-I001

- ❑ The initiative would increase the privilege tax rate by 0.60% for ten years, generating an estimated \$8,580,000 in the first year, to be used for public safety funding.
- ❑ Two uses of the proceeds are identified in the initiative.
 - **Supplement Operations** – no less than 30% and no more than 50% (est. first year revenue \$2,574,000 to \$4,290,000) to be used to supplement police and fire operations. Fiscal Year 2016 is identified as the base year to measure the supplemental funding.

Supplemental funding for operations could be used for any operating need including additional personnel, market compensation, new equipment, and replacement vehicles/equipment.

- **Reducing the City's PSPRS unfunded obligations** – no less than 50% and no more than 70% (est. first year revenue \$4,290,000 to \$6,006,000) to be used to eliminate the City's unfunded PSPRS pension liability.

The initiative would provide an estimated \$47 million to \$66 million over the next ten years to help pay down the PSPRS unfunded liability.

Citizen Initiative 2016-1001

Projected Impact

- ❑ **Unfunded PSPRS Liability** – Preliminary projections show that if the maximum 70% of the revenues were directed to pay down the unfunded liability, in addition to the annual PSPRS unfunded payments budgeted in FY17, they would be sufficient to pay off the liability over the ten year term of the tax.
- ❑ **Public Safety Operations** – Preliminary projections show that the remaining 30% of the revenue for public safety operations would provide continued funding of market compensation as well as significant support for vehicle replacements, necessary equipment, and additional personnel as needed.
- ❑ In FY28, at the end of the initiative tax, many of the operational components enhanced by initiative funding could continue due to elimination of General Fund PSPRS unfunded liability payments.
- ❑ The initiative would also provide relief to non-public safety departments in the General Fund by eliminating the need to find money to pay the increasing public safety costs from existing, relatively static revenues.

Liquor Licenses

❑ Total estimated Liquor License revenue \$80,000 to Bed Tax Fund

<u>Series Number</u>	<u>Series Type</u>	<u>Fee</u>	<u>Number of Active Licenses</u>	<u>Annual Revenue</u>
All	Application Fee	\$354	N/A	\$5,000
1	In-state producer	\$530	0	-
2	Out-of-state producer	\$530	0	-
3	Microbrewery	\$178	3	\$534
4	Wholesaler	No Fee	0	-
5	Government license	\$530	2	\$1,060
6	Bar	\$662	22	\$14,564
7	Beer and wine bar	\$354	16	\$5,664
9	Liquor store	\$354	16	\$5,664
10	Beer and wine store	\$266	26	\$6,916
11	Hotel/motel	\$575	4	\$2,300
12	Restaurant	\$662	58	\$38,396
13	Farm winery	\$100	2	\$200
14	Private club	\$354	6	\$2,124
18	In-state craft distillery	\$100	0	-
19	Remote tasting room	\$50	-	-
Total			155	82,422

Department and Fund Summaries



Public Works

Streets, Water, and Wastewater Funds



Public Works Department Expenditures and Funding Sources

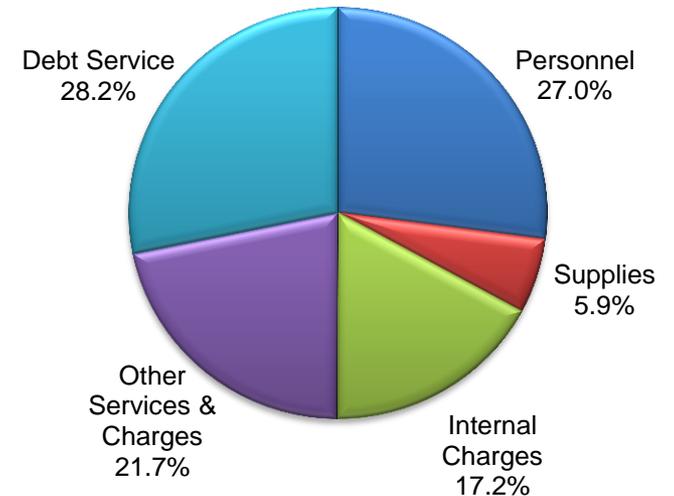
Department Summary Operating Expenditures by Division and Capital

	FY15 Actual	FY16 Budget	FY17 Budget
Program Development	\$ 4,077,725	\$ 5,134,121	\$ 6,372,321
Utilities	19,395,280	18,828,642	21,086,397
Engineering	<u>2,692,248</u>	<u>2,394,172</u>	<u>2,525,687</u>
Subtotal Operations	26,165,253	26,356,935	29,984,405
Capital	<u>33,866,075</u>	<u>47,633,274</u>	<u>60,609,868</u>
Total	\$60,031,328	\$73,990,209	\$90,594,273

Department Summary Funding Sources

	FY15 Actual	FY16 Budget	FY17 Budget
Special Revenue Funds	20,042,277	27,161,882	36,368,757
Enterprise Funds	38,131,779	44,312,184	51,922,297
Internal Service Funds	<u>1,857,272</u>	<u>2,516,143</u>	<u>2,303,219</u>
Total	\$60,031,328	\$73,990,209	\$90,594,273

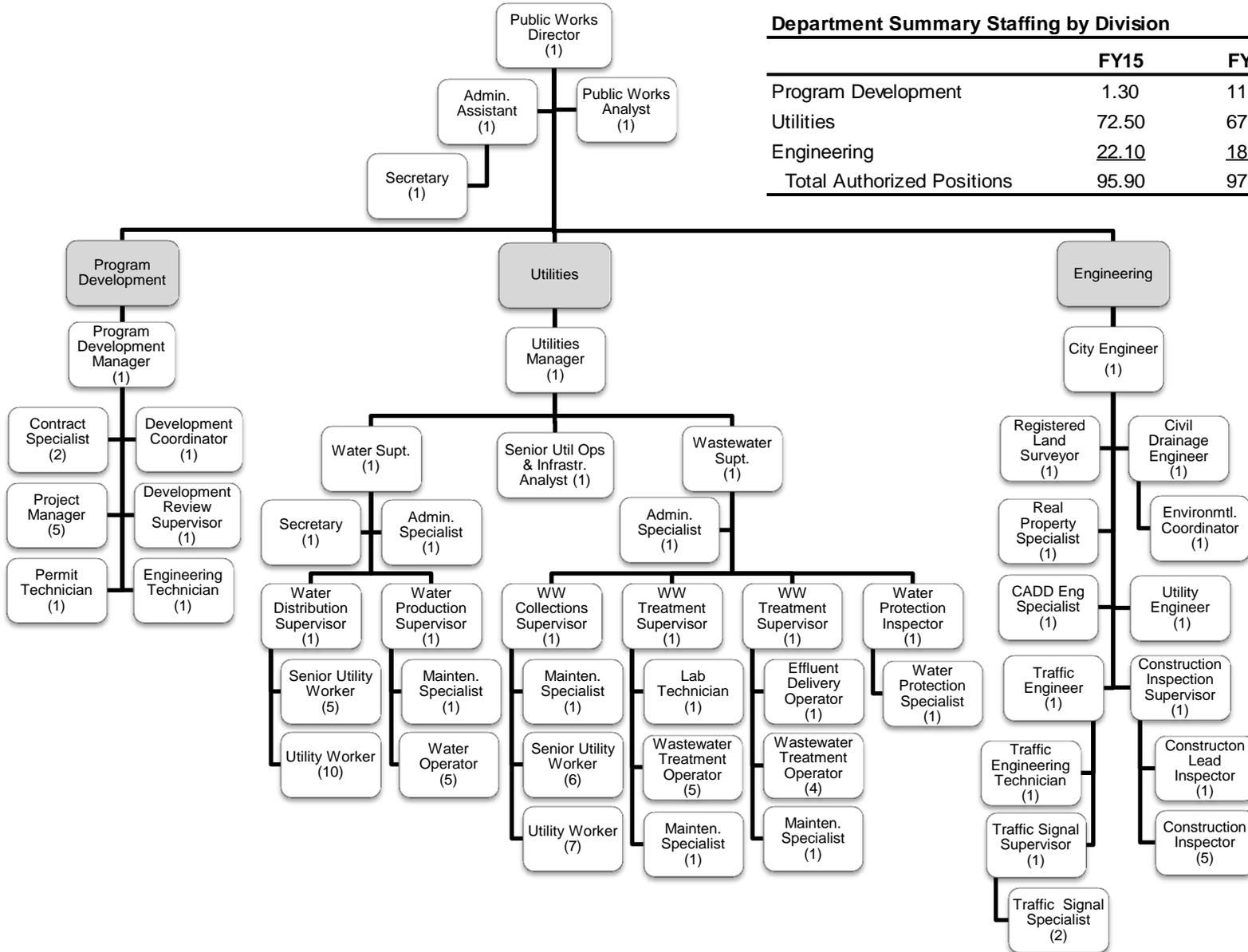
Public Works FY17
Operating Expenditure Budget by Type



Public Works Department Personnel

Department Summary Staffing by Division

	FY15	FY16	FY17
Program Development	1.30	11.90	11.10
Utilities	72.50	67.10	68.60
Engineering	<u>22.10</u>	<u>18.40</u>	<u>17.70</u>
Total Authorized Positions	95.90	97.40	97.40



Public Works Department

FY17 Key Information

- ❑ Due to high employee turnover since 2010, the Public Works Department developed the “Wastewater Operator Development Program”. Since inception turnover, has decreased and the section is fully staffed for the first time in 5 years.
- ❑ In June 2015, Public Works and Engineering Fees were updated to increase cost recovery.
- ❑ Adoption of the General Engineering Standards (GES) is scheduled for consideration June 7, 2016.
- ❑ The Permit Center was created in 2015; turn-around times for plan review have decreased, improving service to both internal and external customers.
- ❑ Capital improvement project costs now include project management and inspection. Previously, only construction costs were budgeted. This will now show true project delivery costs.
- ❑ Maintenance activities were removed from the Capital Improvement Program and moved to the operating budget to properly represent on-going costs within the funds.
- ❑ The Streetscape Program will be implemented into Capital projects in the downtown area for beautification, water quality, traffic calming and safety, whenever it is practical.

Public Works Department – Capital

Page No.	Description	Funding	FY17 Budget	FY18-FY22 Projection	Total
<u>Public Works</u>					
110	Pavement Preservation Program	S,W,WW	5,000,000	25,000,000	30,000,000
111	Chino Valley Tank	W	4,200,000	1,000,000	5,200,000
112	Goodwin Street/S Washington Avenue Pavement Reconstruction	S,W,WW	3,885,000	-	3,885,000
113	Smoke Tree Lane Reconstruction from Willow Creek to Birchwood Cove	S,W,WW	3,720,000	-	3,720,000
114	Sundog Trunk Main Upsizing	WW	3,306,286	9,980,000	13,286,286
115	Robinson Drive Pavement Reconstruction	S,W,WW	2,730,000	1,000,000	3,730,000
116	Rosser Street Pavement Reconstruction Phase IV	S	2,695,000	-	2,695,000
117	Sundog Force Main and Liftstation	WW	2,600,000	-	2,600,000
118	Carleton Street Alarcon Street Pavement Reconstruction and Drainage Improvements	S,W,WW,C	2,550,000	-	2,550,000
119	Main Line Replacements	W,WW	2,526,299	7,500,000	10,026,299
120	Fluoride Reduction	WW	1,550,000	-	1,550,000
121	SR89 Widening and Utility Improvements South of SR89A	S,W,WW	1,529,000	2,097,000	3,626,000
122	Walker Road Pavement Reconstruction	S,W	1,386,500	-	1,386,500
123	Penn Avenue - Eastwood Drive Pavement Reconstruction	S,W,WW	1,380,000	4,320,000	5,700,000
124	Zone 24/27, Water Pipeline Upsizing - from Thumb Butte Rd to Upper Thumb Butte Tank	S,W	1,336,364	1,709,256	3,045,620
125	Dam Repairs	W	1,200,000	100,000	1,300,000
126	S. Marina Street Reconstruction	S,W,WW	1,079,140	-	1,079,140
127	SCADA System Installation and Upgrade	W,WW	1,000,000	1,500,000	2,500,000
128	Schemmer Drive Reconstruction	S,W,WW	969,733	1,390,000	2,359,733
129	Production Well No 5 Rehabilitation	W	900,000	-	900,000
130	Bashford Courts Alley and Parking Lot Reconstruction	S,W,WW	876,000	-	876,000
131	Willow Creek Road Realignment - (West Airport Distribution System Loop)	S,W,WW,C	850,000	-	850,000
132	N. Washington/Churchill Street Reconstruction	S,W,WW	835,350	-	835,350
133	Crystal Lane Realignment	S,W	825,000	-	825,000
134	Zone 16 Improvements, Virginia Pumpstation, Haisley Tank, Pipelines and Haisley Rd	S,W	800,000	5,736,700	6,536,700
135	Zone 12 Interconnection Pump Station	W	787,000	-	787,000
136	Alarcon Street Improvements	S	655,000	-	655,000

Public Works Department – Capital (cont'd)

Page No.	Description	Funding	FY17 Budget	FY18-FY22 Projection	Total
137	Watson and Willow Lakes Enhancement Program (TMDL)	S,W,WW	640,000	1,305,000	1,945,000
138	Public Works Vehicle Replacements	S,W,WW,E	737,000	2,176,000	2,913,000
139	Zone 56 Tank and Piping	W	600,000	3,422,209	4,022,209
140	Airport Zone Production Recovery Well #4	W	600,000	700,000	1,300,000
141	Miscellaneous Water & Wastewater Projects	W,WW	519,000	2,027,000	2,546,000
142	Hope/Autumn Breeze Improvements	S	466,540	-	466,540
143	Willis-Cortez Intersection Improvements	W	450,000	-	450,000
144	Water and Wastewater Models Update	W,WW	401,600	-	401,600
145	SR69 Corridor Water Main	W	343,000	1,087,505	1,430,505
146	Acker Park Regional Detention	S,C	320,000	-	320,000
147	E. Goodwin Street Reconstruction	S,W,WW	300,000	3,650,000	3,950,000
148	Miscellaneous Streets Projects	S	300,000	1,500,000	1,800,000
149	Overland Road Bridge Reconstruction - Government Canyon	S	275,000	-	275,000
150	Downtown Drainage Improvements Program	S,W,WW	250,000	12,250,000	12,500,000
151	Zone 7 Lower Pump Station Replacement	W	250,000	1,000,000	1,250,000
152	Airport Trunk Main Sewer Improvement	WW	250,000	11,750,000	12,000,000
153	Sidewalk Replacement Program	S	250,000	1,475,000	1,725,000
154	Operations Building Expansion	WW	250,000	-	250,000
155	Permitting and Inspection Software Implementation	S,W,WW,G	250,000	-	250,000
156	S. Summit Avenue/S. McCormick Street/Beach Avenue Reconstruction	S,W,WW	206,056	2,500,000	2,706,056
157	Intersection Signalization Project	S	200,000	640,000	840,000
158	Energy Efficiency Program	W,WW	150,000	450,000	600,000
159	Willow Creek Road Wall Repairs	S	100,000	-	100,000
160	Darby Creek Way Reconstruction	S	55,000	-	55,000
161	Unpaved Streets Improvements	S	50,000	200,000	250,000
162	Streetscape Master Plan Development	S	50,000	-	50,000
163	Intermediate Pump Station, Tanks and Pipeline	W	-	9,276,800	9,276,800

Public Works Department – Capital (cont'd)

Page No.	Description	Funding	FY17 Budget	FY18-FY22 Projection	Total
164	Chino Valley Booster Facility Upgrades	W	-	4,680,000	4,680,000
165	Production Well Rehabilitation Program	W	-	2,700,000	2,700,000
166	Impact Fee Ordinance Project	W,WW	-	445,000	445,000
167	Sundog Ranch Road Reconstruction and 12" Water Line	S,W	-	5,217,400	5,217,400
168	Zone 41, Mingus Pump Station, Tank and Pipeline	W	-	3,493,100	3,493,100
169	Sun Street Sewer Main Upgrade	S,W	-	310,000	310,000
170	City Lights Sewer Main Replacement	WW	-	285,500	285,500
171	West Haisley Road Pavement Reconstruction	S	-	2,820,000	2,820,000
172	Zone 42, Pipeline Upgrade	S,W,WW	-	175,000	175,000
173	Hassayampa Sewer Trunk Main Upsizing	WW	-	2,738,000	2,738,000
174	S Cortez Street Reconstruction	S,W,WW	-	1,095,000	1,095,000
175	Airport WRF Phase 2 Expansion	WW	-	18,750,000	18,750,000
176	Gail Gardner Way Improvements	S	-	850,000	850,000
177	Upper Rancho Vista Pump Station Upgrade	W	-	805,000	805,000
178	15" Montezuma Trunk Main Upsizing	S,W,WW	-	2,313,600	2,313,600
179	Zone 61/Zone 41/ Zone 40/Zone 0, Water Main Upgrades	S,W,WW	-	3,400,000	3,400,000
180	Zone 39, 12" Pipeline Upgrade to Zone 31 Tank	W	-	1,220,700	1,220,700
181	Zone 40, Cedarwood Tank Upsizing	W	-	975,000	975,000
182	5th St, 6th St and Hillside Sewer Main Upsize	S,W,WW	-	1,450,000	1,450,000
183	Sundog Connector Road (Storm Ranch DA)	S,W,WW	-	6,875,000	6,875,000
184	Effluent Tank, Pipeline and Conversion	WW	-	3,500,000	3,500,000
185	Sundog Equalization Basin and Plant Decommissioning	WW	-	3,250,000	3,250,000
186	8" Sewer Main Upsizing - Willow Creek Road, Rosser Street and Demerse Street Area	S,W,WW	-	2,568,400	2,568,400
187	Heckthorn Water Main (DA)	W	-	381,000	381,000
188	Granite Dells Ranch Development (DA) Wastewater Requirements - Airport East Regional	WW	-	4,100,000	4,100,000
189	Zone 56/76 Pump Station Upgrade	W	-	1,931,000	1,931,000
Total, Public Works			59,434,868	193,071,170	252,506,038

Public Works Department – Capital (cont'd)

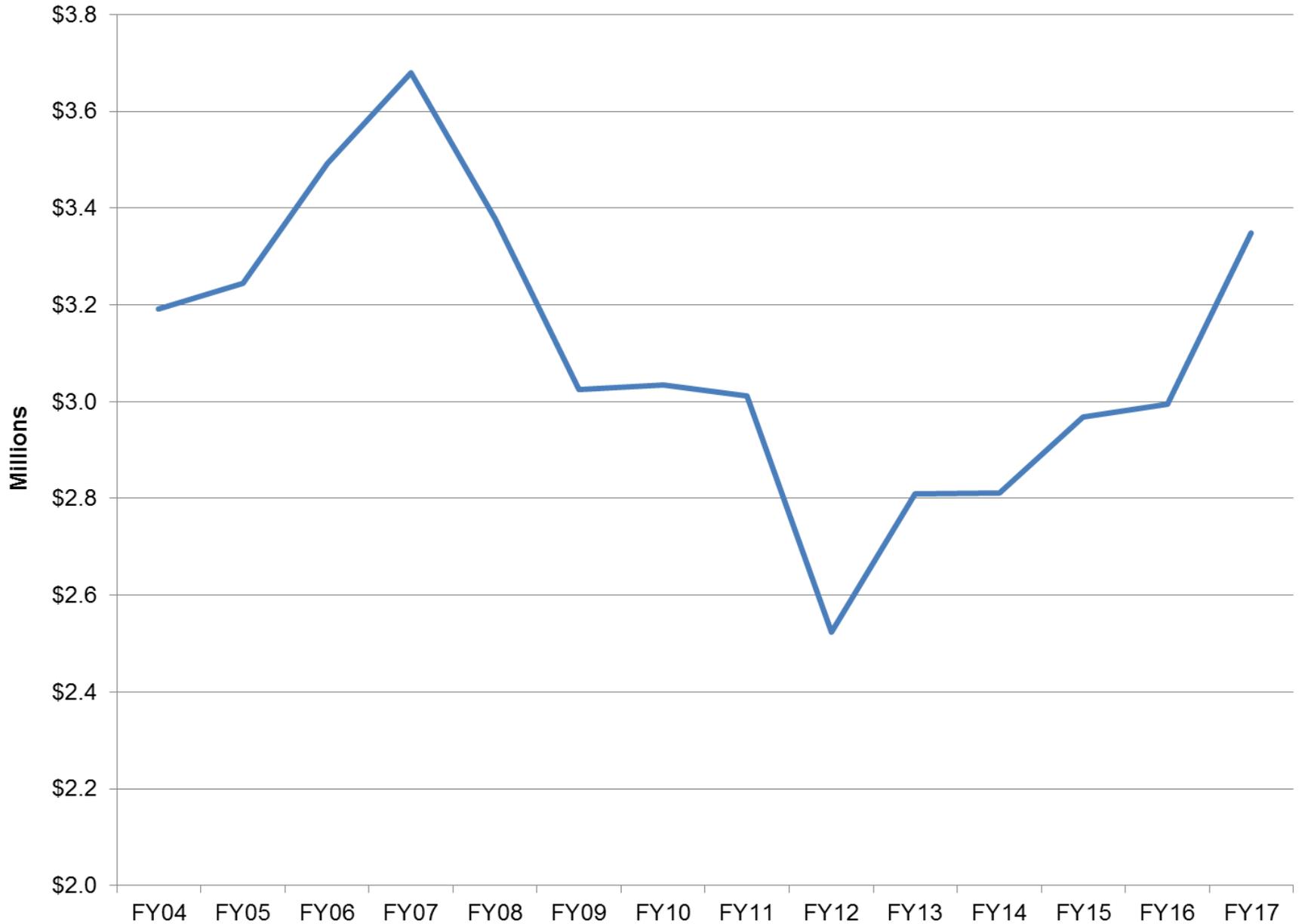
		FY17	FY18-FY22	
	<u>Funding</u>	<u>Budget</u>	<u>Projection</u>	<u>Total</u>
Funding Summary				
General Fund	(G)	125,000	-	125,000
Streets	(S)	27,942,985	72,484,620	100,427,605
Water	(W)	18,517,409	55,989,150	74,506,559
Wastewater	(WW)	11,730,474	64,522,400	76,252,874
Engineering Fund	(E)	69,000	75,000	144,000
County Contribution	(C)	1,050,000	-	1,050,000
Total, Public Works		59,434,868	193,071,170	252,506,038

Streets and Open Space Fund

(the Streets Fund in FY 17)

- ❑ The one percent (1%) tax is dedicated for streets-only effective January 1, 2016
- ❑ Maintenance and rehabilitation are constantly increasing due to the age, condition, and growing inventory of our streets
- ❑ The major capacity (widening) projects on existing arterial streets have been completed; the focus now is on pavement management (preventive maintenance, rehabilitation, and reconstruction)
- ❑ Funding from HURF (fuel taxes collected and distributed by the state) has increased since FY13, but remains below the level of FY07
- ❑ Off-street drainage maintenance has no dedicated funding source; the Yavapai County Flood Control District assesses a property tax and allocates the proceeds countywide for drainage capital projects, but not for maintenance or stormwater quality improvement
- ❑ Creation of a \$3.8 million restricted reserve for future acquisition of open space property and easements

Highway User Revenue Fund (HURF) History



Streets & Open Space Fund

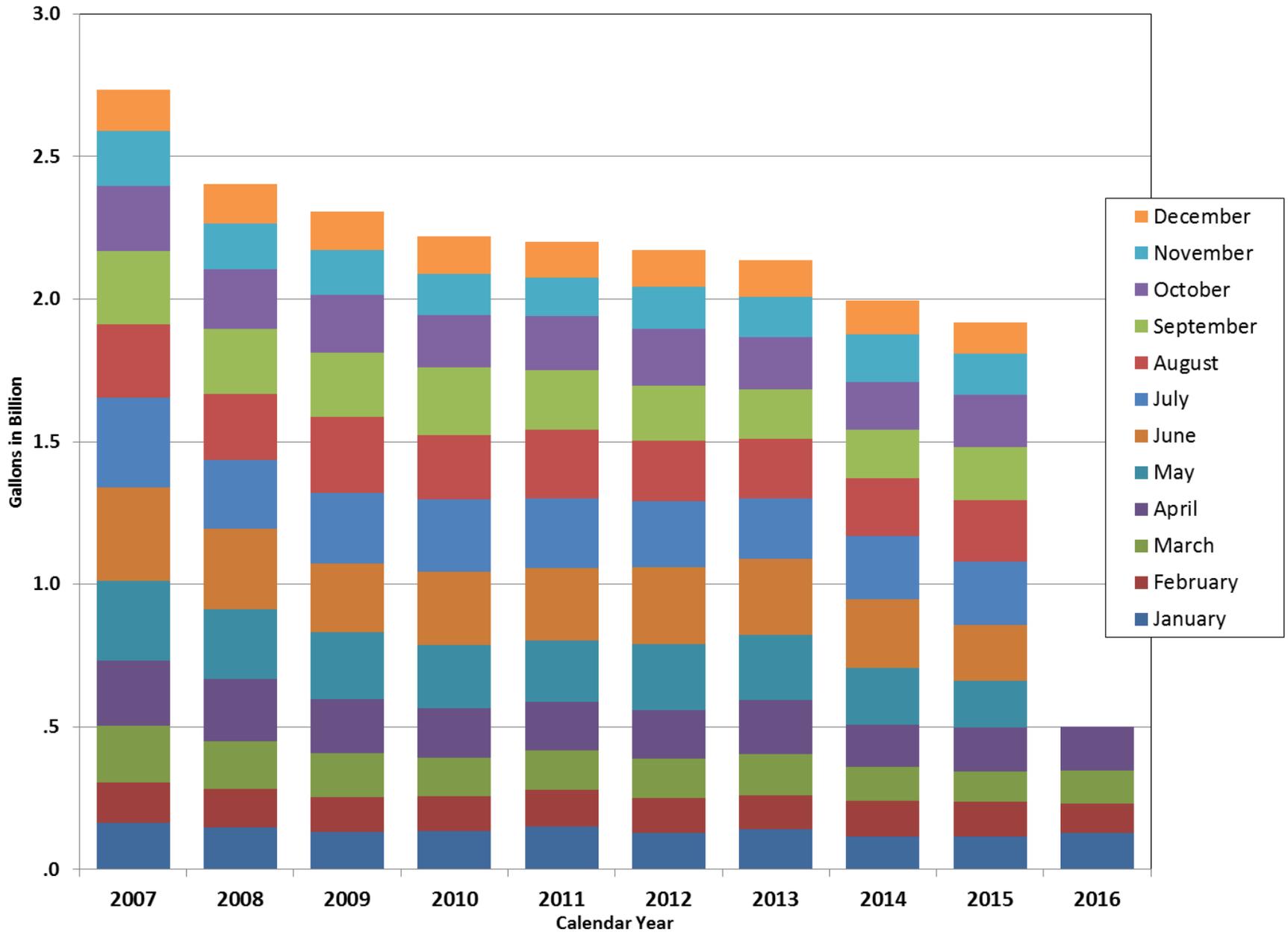
	FY16	FY17	%
	<u>Budget</u>	<u>Budget</u>	<u>Change</u>
Revenues			
Sales Tax	\$11,567,500	\$14,300,000	23.6%
Highway Users Revenue	2,994,582	3,349,275	11.8%
Partnering	2,400,000	1,050,000	-56.3%
Street Light Fee	233,000	230,000	-1.3%
Miscellaneous/Interest Earnings	568,792	571,098	0.4%
Total Revenues	<u>17,763,874</u>	<u>19,500,373</u>	9.8%
Expenditures			
Operating - Personnel	2,673,837	3,223,321	20.6%
Operating - Non Personnel	3,335,201	4,635,417	39.0%
Debt Service	2,245,999	2,230,106	-0.7%
Open Space Capital Outlay	730,000	3,800,000	420.5%
Streets Capital Outlay	23,192,609	30,104,087	29.8%
Total Expenditures	<u>32,177,646</u>	<u>43,992,931</u>	36.7%
Other Sources (Uses)			
Transfers In	9,465	400	
Transfers Out	(5,784)	(31,382)	
Total Other Sources	<u>3,681</u>	<u>(30,982)</u>	
Ending Fund Balance, 6/30			
Net Change in Fund Balance	(14,410,091)	(24,523,540)	
Fund Balance - Beginning 7/1	19,890,742	21,707,353	
Fund Balance - Ending 6/30	<u>\$ 5,480,651</u>	<u>\$ (2,816,187)¹</u>	

¹Negative fund balance a result of budgeting the full amount of open space acquisition reserve

Water Fund

	FY16	FY17	%
	Budget	Budget	Change
Revenues			
Water Sales	\$ 14,742,550	\$ 15,000,000	1.7%
Alt Water Source Fees	1,750,000	1,785,000	2.0%
Water Connection Fees	170,000	205,000	20.6%
Water Resource Development Fee	851,213	641,284	-24.7%
Miscellaneous/Interest Earnings	173,997	221,500	27.3%
Growth Related Funds			
Water System Impact Fee	1,490,851	1,085,381	-27.2%
Aquifer Protection Fee	261,723	267,000	2.0%
Total Revenues	\$ 19,440,334	\$ 19,205,165	-1.2%
Other Sources			
Water Resource Partnering	995,779	376,734	-62.2%
Total Revenues and Other Sources	20,436,113	19,581,899	-4.2%
Expenditures			
Operating - Personnel	2,612,134	3,038,671	16.3%
Operating - Non-personnel	6,206,459	5,845,460	-5.8%
Debt Service	2,426,963	2,388,030	-1.6%
Water System Capital Projects	12,978,133	13,598,400	4.8%
Aquifer Protection Capital Projects	261,000	442,000	69.3%
Alt Water Sources Capital Projects	410,874	824,681	100.7%
Water System Impact Capital Projects	2,859,929	4,477,009	56.5%
Total Expenditures	27,755,492	30,614,251	10.3%
Other Use of Funds			
Transfers Out	6,748	4,860	
Total Expenditures and Transfers Out	27,762,240	30,619,111	
Ending Balance, 6/30			
Net Change in Fund Balance	(7,326,127)	(11,037,212)	
Fund Balance - Beginning	36,719,022	40,485,244	
Fund Balance - Ending	\$ 29,392,895	\$ 29,448,032	

Water Consumption/Sales



Water Fund - Resource

- ❑ Water resource availability for development
 - Water is physically and legally available for 9,671 new housing units (General Plan, adopted 4/14/15)
 - Imported water is legally available for 12,471 new housing units (54.1% of Big Chino Project, but subject to three-party agreement for enhanced monitoring, modeling, and assessment of impacts on Upper Verde River, if any)
- ❑ Surface water quantity and quality: ever-increasing regulatory requirements (federal and state), and balancing water supply and recreational uses of the storage reservoirs (e.g., Watson Lake and Upper Granite Creek watershed TMDLs, MS4 permit, and Watson Lake operation) will also continue to affect water availability and cost. Further, available quantities are a reflection of winter snowpack conditions
- ❑ Water conservation: while it reduces consumption of an important resource, revenue from water sales is decreased, and the concentration (and treatment cost) of wastewater is increased

Water Fund - Resource (cont'd)

- ❑ The Water Conservation Program through 2018 will focus on reducing outdoor water use, while providing a convenient (City website-based) interface for community access to practical information
- ❑ Water quality is good; the City received ADEQ approval of a raw water blending plan to eliminate arsenic reduction treatment (\$765,000 annual cost savings)
- ❑ The production, transmission, and distribution of water is energy intensive, and for Prescott requires highly complex and expensive infrastructure
- ❑ Anticipated expenditures to upgrade and manage water system assets on a life-cycle basis total hundreds of millions of dollars in the coming decades

Wastewater Fund

- ❑ More frequent in-line camera inspections (condition assessments) of sewer mains will be on-going, culminating in rehabilitation/ replacement of deficient wastewater facilities
- ❑ Capital outlay and annual operating expenses to meet fluoride reduction requirements for the Airport Water Reclamation Facility are pending the outcome of a federal Ninth Circuit Court appeal
- ❑ Projects aligned with centralization of wastewater treatment at the Airport Water Reclamation Facility commenced in FY16 with the design of the Sundog Trunk Main and will extend through FY 22, subject to funding availability via rates
- ❑ Collection system maintenance and inspection activities are continually being upgraded for effectiveness and efficiency, to focus resources on “hot spots” for preventive action

Wastewater Fund

	FY16 Budget	FY17 Budget	% Change
Revenues			
Wastewater Service Fees	\$ 11,825,857	\$ 12,037,000	1.8%
Wastewater Impact Fees	1,343,549	937,467	-30.2%
Effluent Sales	563,833	585,000	3.8%
Interest Income	91,056	102,306	12.4%
Miscellaneous	35,700	59,000	65.3%
Total Revenues	13,859,995	13,720,773	-1.0%
Other Financing Sources			
Debt Proceeds - WIFA	2,666,286	6,156,286	130.9%
Total Revenues and Other Sources	16,526,281	19,877,059	20.3%
Expenditures			
Operating - Personnel	2,617,605	2,966,445	13.3%
Operating - Non-Personnel	2,768,061	4,673,420	68.8%
Debt Service	4,369,966	4,300,843	-1.6%
Capital Projects	6,450,194	8,652,331	34.1%
Wastewater Impact Capital Projects	3,166,286	3,078,143	-2.8%
Total Expenditures	19,372,112	23,671,182	22.2%
Other Use of Funds			
Transfers Out	5,624	4,050	
Total Expenditures and Transfer Out	19,377,736	23,675,232	
Ending Balance, 6/30			
Net Change in Fund Balance	(2,851,455)	(3,798,173)	
Fund Balance - Beginning	10,440,574	12,575,504	
Fund Balance - Ending	\$ 7,589,119	\$ 8,777,331	

Field & Facilities Solid Waste Fund



Field and Facilities Department Expenditures and Funding Sources

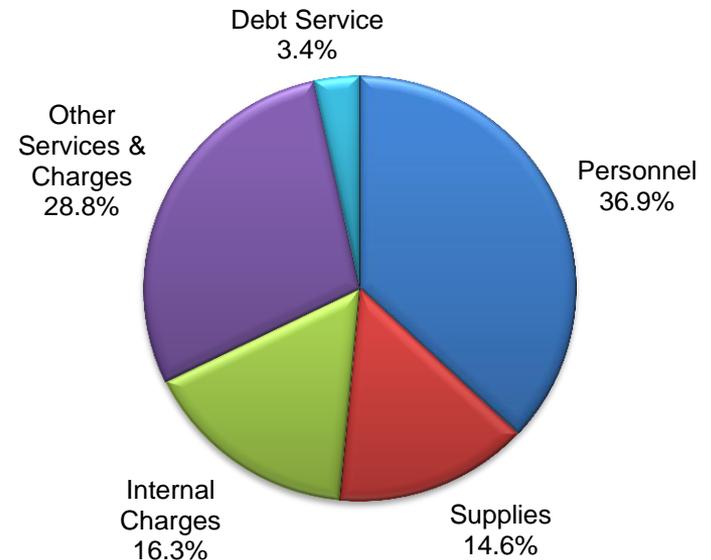
Department Summary Operating Expenditures by Division and Capital

	FY15 Actual	FY16 Budget	FY17 Budget
Facilities Management	\$ 1,436,394	\$ 1,630,472	\$ 1,694,761
Fleet Services	2,316,938	2,402,089	2,494,460
Solid Waste	6,648,408	6,471,413	6,709,757
Street Maintenance	<u>3,693,130</u>	<u>3,565,702</u>	<u>3,840,651</u>
Subtotal Operations	14,094,870	14,069,676	14,739,629
Capital	<u>2,627,700</u>	<u>2,707,100</u>	<u>4,161,902</u>
Total	\$ 16,722,570	\$ 16,776,776	\$ 18,901,531

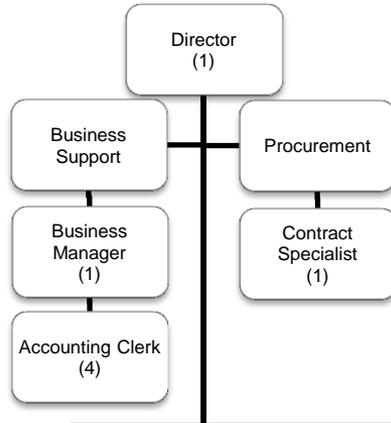
Department Summary Funding Sources

	FY15 Actual	FY16 Budget	FY17 Budget
General Fund Source of Funds			
Tax Base	51,894	\$ 33,186	\$ 1,074,539
Intergovernmental Revenues	1,957	1,800	1,800
Charges for Services	48,618	50,400	50,400
Transfers In (Bed Tax)	<u>-</u>	<u>20,000</u>	<u>20,000</u>
General Fund Budget	102,468	105,386	1,146,739
Special Revenue Funds	3,744,709	4,299,702	4,951,753
Enterprise Funds	8,353,424	7,788,813	8,137,557
Internal Service Funds	<u>4,521,969</u>	<u>4,582,875</u>	<u>4,665,482</u>
Total	\$ 16,722,570	\$ 16,776,776	\$ 18,901,531

**Field and Facilities FY17
Operating Expenditure Budget by Type**

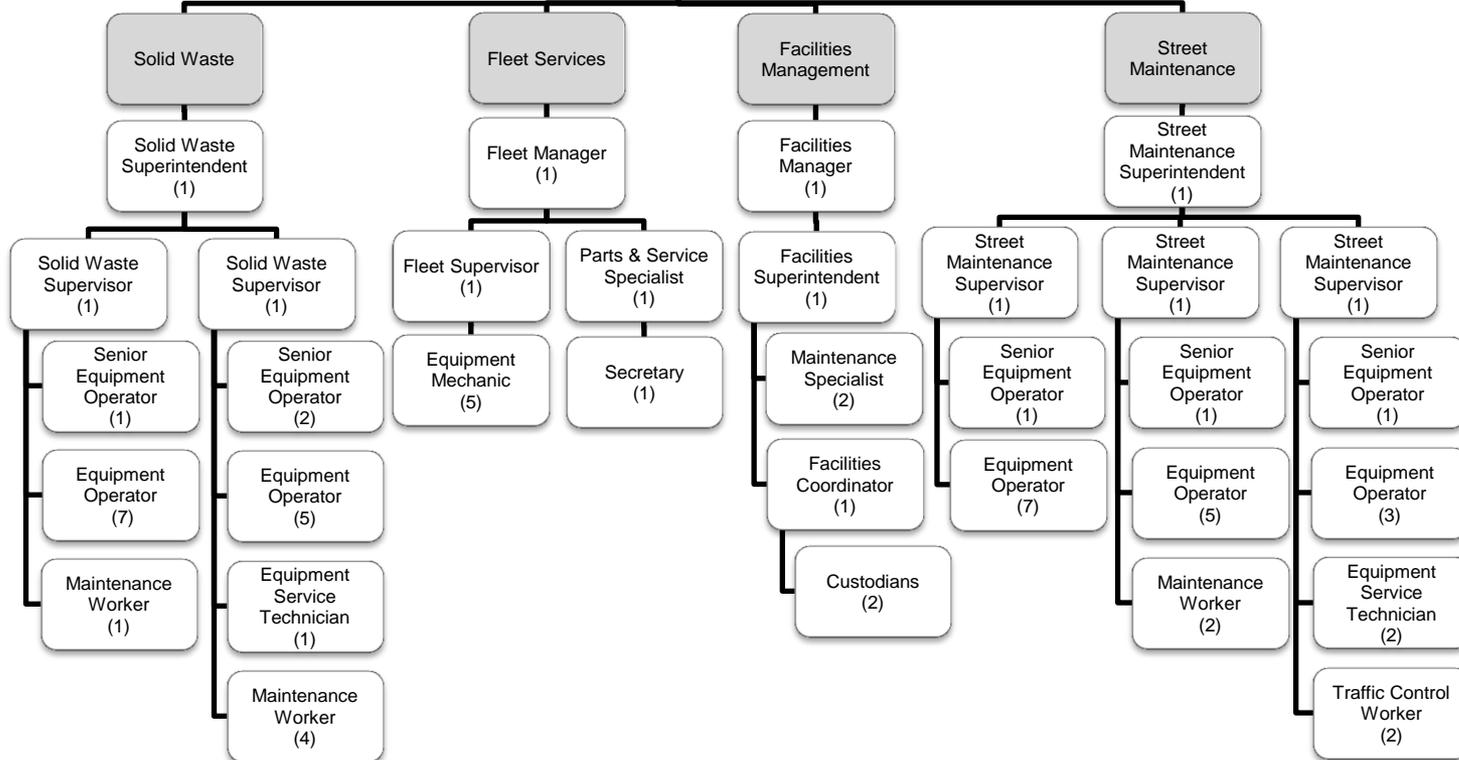


Field and Facilities Department Personnel



Department Summary Staffing by Division

	FY15	FY16	FY17
Facilities Management	6.30	6.45	7.45
Fleet Services	9.10	9.35	9.35
Solid Waste	27.90	27.30	28.20
Street Maintenance	<u>28.70</u>	<u>29.90</u>	<u>30.00</u>
Total Authorized Positions	72.00	73.00	75.00



Fleet Management

Current Practices

- ❑ Guidelines identify vehicles and equipment for annual review/replacement.
- ❑ Extend the useful life of current fleet by lengthening replacement criteria where justified.

Examples:

	<u>Former</u>	<u>New</u>
▪ PD patrol vehicles	5 years / 100,000 miles	6 years /150,000 miles
▪ Light duty fleet	5 years / 100,000 miles	10 years /100,000 miles /6,000 hrs
▪ Solid Waste vehicles	5 years / 2,000 hrs	7 years /5,000 hrs

- ❑ Assets are reviewed individually for replacement, or repurposing within the fleet.
- ❑ Specifications for new assets are determined by consulting departments and industry professionals
- ❑ Spread out vehicle replacements to budget consistent annual replacement costs for the next ten years.

Examples:

- Replacement of 1/6 of patrol fleet is needed - $20 \text{ patrol vehicles} / 6 \text{ year life} = 3.33$ vehicles per year
- Replacement of 1/3 Solid Waste fleet is needed – $30 \text{ vehicles} / 7 \text{ year life} = 4.2$ vehicles per year

* See Appendix for further information

Field and Facilities - Capital

Page No.	Description	Funding	FY17 Budget	FY18-FY22 Projection	Total
<u>Field and Facilities</u>					
91	Rodeo Grounds Electrical Improvements	G	925,000	475,000	1,400,000
92	Vehicle Replacements - Street Maintenance	S	908,000	2,592,183	3,500,183
93	Vehicle Replacement - Residential Collections	SW	522,800	1,846,375	2,369,175
94	Electrical Infrastructure and Security Lighting at Sundog Transfer Station	S, SW	300,000	-	300,000
95	Transfer Station Floor Repair	SW	280,000	-	280,000
96	Transfer Station Main Scale Replacement	SW	270,000	-	270,000
97	Vehicle Replacement Fund - Fleet Services	FS	248,000	965,000	1,213,000
98	Tracking Devices for the City's Fleet	FS	230,000	-	230,000
99	Vehicle Replacement - Transfer Station	SW	220,000	362,650	582,650
100	Reconstruction of Virginia Street Complex Large Parking Lot	FM	100,000	-	100,000
101	Grace Sparks Activity Center Renovations	FM	60,000	429,710	489,710
102	Vehicle Alignment Equipment	FS	60,000	-	60,000
103	Maintenance Management System - Street Maintenance	S	38,102	-	38,102
104	Vehicle Replacement - Commercial Collections	SW	-	1,133,980	1,133,980
105	Paving of Sundog Ranch Solid Waste/Street Maintenance Yard	S, SW	-	200,000	200,000
106	Transfer Station Above Ground Fuel Tank	SW	-	160,000	160,000
107	Transfer Station Stand Alone Scale	SW	-	150,000	150,000
108	Vehicle/Truck Wash Bay	FS	-	430,000	430,000
109	City Hall Roof Replacement	FM	-	325,000	325,000
Total, Field and Facilities			4,161,902	9,069,898	13,231,800

Funding Summary

General Fund	(G)	925,000	475,000	1,400,000
Streets	(S)	1,111,102	2,772,183	3,883,285
Solid Waste	(SW)	1,427,800	3,673,005	5,100,805
Fleet Services	(FS)	538,000	1,395,000	1,933,000
Facilities Management (FM)		160,000	754,710	914,710

Solid Waste Fund

- ❑ Rate adjustments will be sought in FY17 for residential and commercial collection services, and the Transfer Station fees. Since the last adjustment in 2005, many cost-saving measures have been implemented while maintaining service levels. Current enhancements including annual cleanups, Christmas tree collection, hazardous waste events, and free brush/slash drop off events have increased costs.
- ❑ The Solid Waste Division has hosted an annual multi-organizational Household Hazardous Waste event for the last four years. The FY17 event serviced 531 vehicles and removed an estimated 32 tons of hazardous material from the waste stream. The annual event cost \$56,000, with the City's contribution \$42,000.
- ❑ Capital improvements for FY17 include three carryover projects including the electrical infrastructure, Transfer Station main scale replacements, and the Transfer Station floor rehabilitation. New capital requests include three side-load collection vehicles, and a new tool carrier for the Transfer Station.

Solid Waste Fund

	FY16	FY17	%
	<u>Budget</u>	<u>Budget</u>	<u>Change</u>
Revenues			
Refuse Collection Fees	\$ 4,920,000	\$ 4,890,000	-0.6%
Potential Revenue Adjustment	-	500,000	
Transfer Station Fees	1,200,000	1,250,000	4.2%
Landfill Closure Surcharge	120,000	120,000	0.0%
Recycling Revenue	150,000	100,000	-33.3%
Micellaneous/Interest Income	82,500	64,620	-21.7%
Total Revenues	<u>6,472,500</u>	<u>6,924,620</u>	7.0%
Expenditures			
Operating - Personnel	1,753,982	1,898,947	8.3%
Operating - Non-Personnel	4,717,431	4,810,810	2.0%
Capital	1,317,400	1,427,800	8.4%
Total Expenditures	<u>7,788,813</u>	<u>8,137,557</u>	4.5%
Other Use of Funds			
Transfers Out	4,178	3,010	
Total Expenditures and Other Uses	<u>7,792,991</u>	<u>8,140,567</u>	
Ending Fund Balance, 6/30			
Net Change in Fund Balance	(1,320,491)	(1,215,947)	
Fund Balance - Beginning 7/1	5,768,845	5,235,253	
Fund Balance - Ending 6/30	<u>\$ 4,448,354</u>	<u>\$ 4,019,306</u>	

Economic Initiatives



Economic Initiatives

Expenditures and Funding Sources

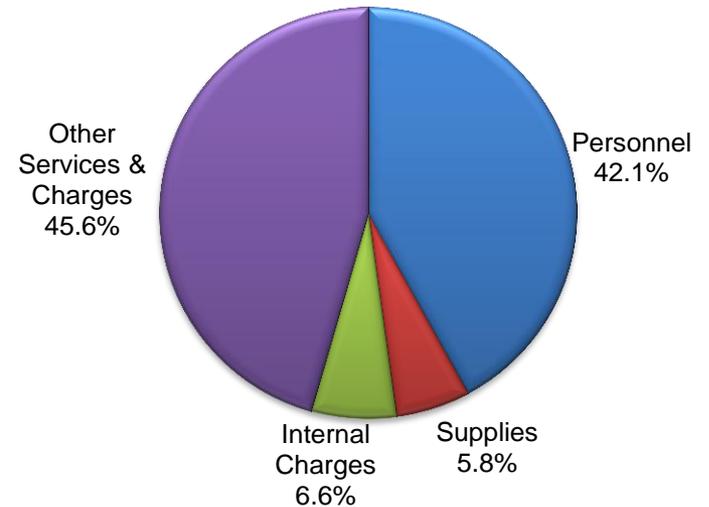
Department Summary Operating Expenditure by Division and Capital

	FY15 Actual	FY16 Budget	FY17 Budget
Economic Development	\$ 214,009	\$ 283,169	\$ 355,882
Airport	1,162,206	1,319,215	1,294,295
Tourism	790,307	815,493	1,090,221
Special Events	211,647	189,938	-
Subtotal Operations	2,378,169	2,607,815	2,740,398
Capital	667,891	7,490,092	2,764,632
Total	\$ 3,046,060	\$ 10,097,907	\$ 5,505,030

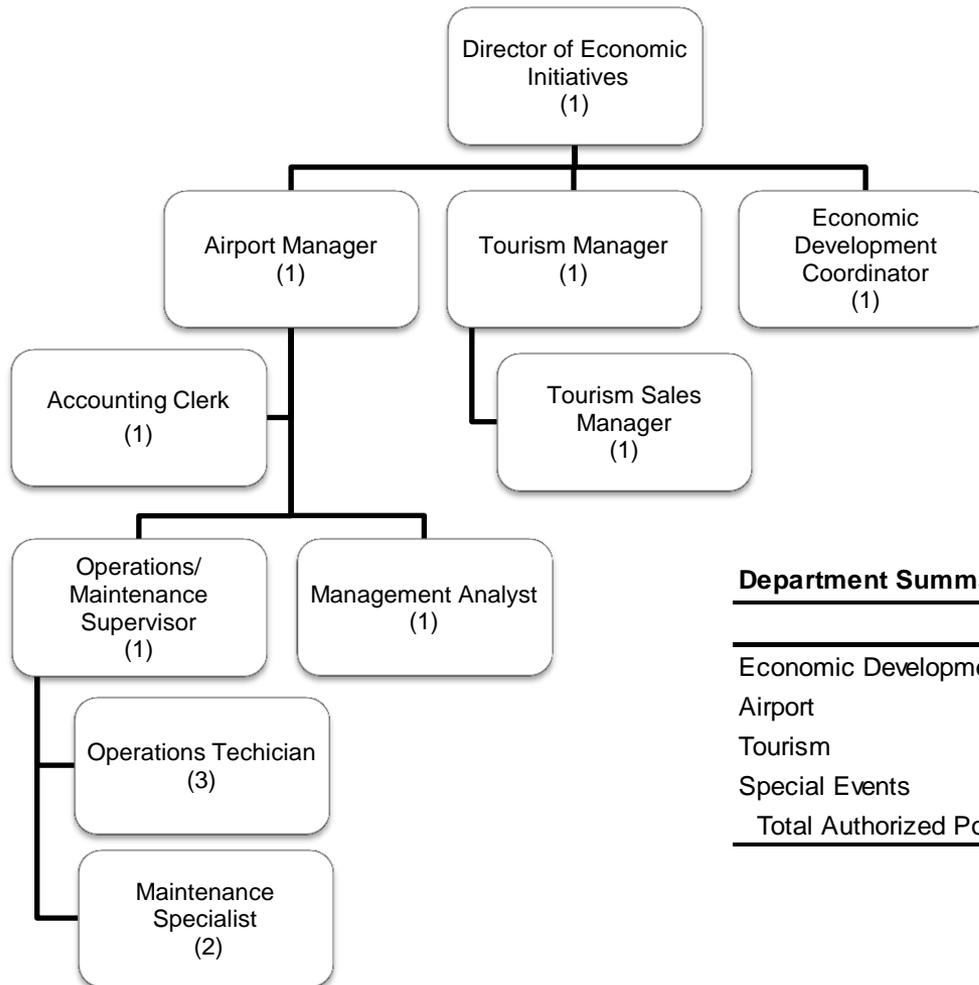
Department Summary Funding Sources

	FY15 Actual	FY16 Budget	FY17 Budget
General Fund Source of Funds			
Tax Base	\$ 501,275	\$ 396,607	\$ 355,382
Licenses & Permits	850	500	500
Charges for Services	102,094	76,000	-
General Fund Budget	604,219	473,107	355,882
Special Revenue Funds	611,745	1,065,493	1,340,221
Enterprise Funds	1,830,096	8,559,307	3,808,927
Total	\$ 3,046,060	\$ 10,097,907	\$ 5,505,030

Economic Initiatives FY17
Operating Expenditure Budget by Type



Economic Initiatives Personnel



Department Summary Staffing by Division

	FY15	FY16	FY17
Economic Development	1.25	1.75	1.75
Airport	8.25	8.25	9.25
Tourism	2.50	2.00	2.00
Special Events	<u>1.00</u>	<u>1.00</u>	<u>0.00</u>
Total Authorized Positions	13.00	13.00	13.00

Economic Initiatives

FY17 Key Information

- ❑ Goal: Promote the economic health of the City through job creation, capital investment, and growth in retail sales
- ❑ Economic development outcomes in past year
 - Spindle Company relocated from S. California (purchased 18,000 sf building)
 - Makstride Company relocated from Utah (leasing 10,000 sf building)
 - Vinyl Visions announced relocation from S. California on March 18th with a groundbreaking of their 50,000 sf production/headquarters facility near airport
 - Companies will generate nearly 100 jobs at completion with an estimated \$3.4 million in payroll and over \$6 million in capital investment
- ❑ Pending projects and activity update
 - ESP grant of \$500,000 for the Corsair Connector for Council review on June 7th
 - Currently working with two existing retailers to retain/expand Prescott operations
 - Recently submitted ACA REDE application to enhance S. California marketing tools
 - Attending Aerospace and Space Technology tradeshow this week in Anaheim
 - Working with GPREP to help obtain regional marketing support tools and initiate marketing campaigns in S. California and Chicago.
- ❑ Special Events Division was ended as part of the FY16 mid year adjustment process. Function moved to Recreation Services. Tourism staff continues to actively market events/venues in Prescott.

Airport

FY17 Key Information

- ❑ Goal: Develop safe airport environment for increased community economic benefit
- ❑ Pending airport economic development
 - Hertz Rent-A-Car – new 5 year license agreement (\$30,000/yr revenue increase)
 - FAA – New 20-year lease for land and building - Pending (\$100,000/yr)
 - Fuel line rehab from USFS generator to airport fuel farm (\$50,000 expense)
 - FAA grant request of \$1M for new Airport Master Plan and RIM study (multi-year)
 - Procuring new Planning & Environ Professional Services Master Agreement
 - Airport Safety and Security Program Upgrade (Design) - \$225,000 (FAA grant)
 - Airport Terminal – Environmental Assessment grant request (ADOT and FAA)
 - AOPA National Fly-In (October 1, 2016)
- ❑ Total estimated grant fund request (FAA and ADOT) - \$2,000,000*
- ❑ Total estimated City funded projects - \$510,000
- ❑ Project activity in conjunction with Economic Initiatives staff
 - Marketing airport parcel for manufacturing and/or hangar space development
 - Marketing airport location to out-of-state manufacturer (20-30,000 sf)
 - Market airport as a location for new/expanded air passenger service
 - Developing proposal for on-airport aircraft sales company (relocation)

*Includes Environmental Assessment proposal (\$200,000)

Airport - Capital

Page No.	Description	Funding	FY17 Budget	FY18-FY22 Projection	Total
<u>Economic Initiatives - Airport</u>					
63	Airport Master Plan	G, GR	525,000	525,000	1,050,000
64	TWY E Lights, Electrical Vault Relocation, Emergency Generator Replacement	G, GR	371,632	-	371,632
65	Airport Pavement Maintenance Program - ADOT	G, GR	350,000	4,524,500	4,874,500
66	RWY 3R-21L and 3L-21R and TWY A and C Lighting and Signage	G, GR	280,000	2,425,000	2,705,000
67	Security Upgrades	G, GR	250,000	1,500,000	1,750,000
69	FAA Tech Operations Facility - Building Upgrades and Maintenance	G	200,000	100,000	300,000
70	New Equipment - Snow Broom	G, GR	157,500	-	157,500
71	Replacement Equipment and Vehicle	G	125,000	635,000	760,000
72	Airport Pavement Preservation Program - City	G	100,000	800,000	900,000
73	USFS Fuel Line	G	50,000	-	50,000
74	Purchase of Lighted Xs for Runway Closures	G, GR	44,000	-	44,000
75	Administration Bathroom Renovations	G	25,000	-	25,000
76	RWY 12-30 PAPI and REIL Both Ends and RWY 3R-21L PAPI Both Ends	G, GR	21,500	-	21,500
77	Purchase of a FOD Boss	G	10,000	-	10,000
78	Airspace Obstruction Mitigation	G, GR	5,000	305,000	310,000
79	RWY 21L and TWY D Extension - Land Acquisitions	G, GR	-	3,400,000	3,400,000
80	Land Acquisition for Aeronautical Development	G, GR	-	3,400,000	3,400,000
81	Replacement Airline Terminal	G, GR	-	5,700,000	5,700,000
82	Air Service Development Consultant	G	-	200,000	200,000
83	RWY 3L PAPI and 21R PAPI Both Ends	G, GR	-	119,000	119,000
84	New Equipment - Utility Vehicle with Attachments	G	-	20,000	20,000
85	Bottleneck Area Land Development	G	-	750,000	750,000
86	Aircraft Rescue Fire Fighting and Airport Operations Facility	G, GR	-	8,500,000	8,500,000
88	Airport Master Lock System	G	-	175,000	175,000
89	TWY C Realignment	G, GR	-	5,400,000	5,400,000
90	RWY 12-30 Shift Safety Area Improvements	G, GR	-	1,322,500	1,322,500
Total, Airport			2,514,632	39,801,000	42,315,632

Airport FY17 Capital – Funding Detail

Page No.	Description	FY17 Budget	Federal Grant	State Grant	City Share
<u>Funded by City Only</u>					
69	FAA Tech Operations Facility - Building Upgrades and Maintenance	200,000	-	-	200,000
71	Replacement Equipment and Vehicle	125,000	-	-	125,000
72	Airport Pavement Preservation Program - City	100,000	-	-	100,000
73	USFS Fuel Line	50,000	-	-	50,000
75	Administration Bathroom Renovations	25,000	-	-	25,000
77	Purchase of a FOD Boss	10,000	-	-	10,000
Subtotal, City Only		510,000	-	-	510,000
<u>Grant Funded Projects</u>					
63	Airport Master Plan	525,000	500,000	12,500	12,500
64	TWY E Lights, Electrical Vault Relocation, Emergency Generator Replacement	371,632	353,950	8,841	8,841
65	Airport Pavement Maintenance Program - ADOT	350,000	-	315,000	35,000
66	RWY 3R-21L and 3L-21R and TWY A and C Lighting and Signage	280,000	-	252,000	28,000
67	Security Upgrades	250,000	-	225,000	25,000
70	New Equipment - Snow Broom	157,500	149,625	3,937	3,938
74	Purchase of Lighted Xs for Runway Closures	44,000	-	40,000	4,000
76	RWY 12-30 PAPI and REIL Both Ends and RWY 3R-21L PAPI Both Ends	21,500	-	19,350	2,150
78	Airspace Obstruction Mitigation	5,000	-	4,500	500
Total, All Projects		2,514,632	1,003,575	881,128	119,929

Airport – Capital Funding Summary

		FY17	FY18-FY22	
	<u>Funding</u>	<u>Budget</u>	<u>Projection</u>	<u>Total</u>
Funding Summary				
FAA	(GR)	1,003,575	23,213,750	24,217,325
ADOT	(GR)	881,128	7,802,475	8,683,603
General Fund	(G)	629,929	8,784,775	9,414,704
Total, Airport		2,514,632	39,801,000	42,315,632

Airport Fund

	FY16	FY17	%
	<u>Budget</u>	<u>Budget</u>	<u>Change</u>
Revenues			
Tie Down and Hangar Rentals	\$ 647,105	\$ 664,000	2.6%
Ground Rentals	516,490	482,000	-6.7%
Facilities Rentals	201,705	186,810	-7.4%
Fuel Flowage Fee	90,300	86,240	-4.5%
Landing Fees	21,700	18,700	-13.8%
Miscellaneous/Interest Earnings	33,180	52,830	59.2%
Total Revenues	<u>1,510,480</u>	<u>1,490,580</u>	-1.3%
Operating Expenditures			
Airport Fire - ARFF	460,748	504,730	9.5%
Personnel	699,602	760,056	8.6%
Supplies	121,900	155,400	27.5%
Internal Charges	240,600	144,389	-40.0%
Other Services & Charges	257,113	234,450	-8.8%
Total Operating Expenditures	<u>1,779,963</u>	<u>1,799,025</u>	1.1%
Operating Loss	<u>(269,483)</u>	<u>(308,445)</u>	14.5%
Capital Outlay/Projects			
FAA/ADOT Grants	6,538,789	1,884,703	-71.2%
Capital Outlay/Projects	<u>7,240,092</u>	<u>2,514,632</u>	-65.3%
City Share of Projects	<u>(701,303)</u>	<u>(629,929)</u>	-10.2%
Total General Fund Transfer In	<u>\$ (970,786)</u>	<u>\$ (938,374)</u>	-3.3%

Internal Service Funds



FY17 Internal Service Funds

	<u>Engineering</u>	<u>Facilities</u>	<u>Fleet</u>	<u>Risk Management</u>
Revenues	\$ 2,303,219	\$ 1,541,243	\$ 1,900,000	\$ 960,000
Expenditures				
Personnel	1,890,677	531,871	673,286	-
Supplies	35,250	125,300	925,400	-
Internal Charges	245,632	114,251	316,210	-
Other Services & Charges	62,660	701,600	192,650	1,265,100
Debt Service	-	-	386,914	-
Capital Outlay	69,000	160,000	538,000	-
Total Expenditures	2,303,219	1,633,022	3,032,460	1,265,100
Ending Fund Balance				
Net Change in Fund Balance	-	(91,779)	(1,132,460)	(305,100)
Fund Balance Beginning, 7/1	1,310,321	317,729	2,156,310	1,302,878
Fund Balance Ending, 6/30	\$ 1,310,321	\$ 225,950	\$ 1,023,850	\$ 997,778

FY17 Vehicle Replacement Fund

<u>Department</u>	<u>Vehicle Being Replaced</u>	<u>FY17 Budget</u>
<u>Field and Facilities</u>		
Facilities Management	1995 Ford Van	\$ 25,000
<u>Police Department</u>		
Patrol	2008 Ford Crown Vic	65,000
Patrol	2011 Chevy Tahoe	65,000
Patrol	TBD by Review	65,000
Investigations	2004 Ford Explorer SUV 4x4	28,000
Total - Vehicle Replacement Fund		<u>\$248,000</u>

FY17 Ending Balance in Vehicle Replacement Fund – \$1,023,850

Total City FY17 Budget



Total City Budget - Operating and Capital

	FY15	FY16	FY17	% Budget
	Actual	Budget	Budget	Change
Operating	\$ 79,444,165	\$ 84,853,396 ¹	\$ 91,277,613	7.6% ²
Capital	39,542,892	63,570,466	75,906,026	19.4%
Total	\$ 118,987,057	\$ 148,423,862	\$ 167,183,639	12.6%

¹Restated from FY16

- Grants are now classified as operating or capital based on nature of expenditures, previously all grants were classified as capital – both FY 16 and FY 17 are stated according to the current classification
- Acker and Donations Funds now classified as operating – in years prior were classified as capital

²Operating budget increases 7.6% or \$6.4 million from FY16.

- Personnel budget increase total \$4.6 million (Full PSPRS actuarial contribution rate increase of \$1.6 million, \$2.9 million increase for market compensation, potential grants \$0.8 million, position reductions of -\$0.7 million)
- Non-personnel budget increase of \$1.8 million (\$3.0 million from reclassifying maintenance type projects from capital to operating, offset by -\$1.2 million in other operating budget reductions).

Total City Operating Budget

	FY15	FY16	FY17	%
	Actual	Budget	Budget	Budget Change
General Fund	\$ 30,225,851	\$ 31,838,861	\$ 33,226,457	4.4%
Transient Occupancy Fund	666,418	897,493	1,160,222	29.3%
Grants	975,585	2,653,130	3,710,052	39.8%
Water	11,285,383	11,245,556	11,272,161	0.2%
Wastewater	9,633,632	9,755,632	11,940,708	22.4%
Streets	8,254,251	8,255,037	10,088,844	22.2%
Internal Service Funds	6,857,352	8,119,281	7,466,801	-8.0%
Solid Waste	6,649,903	6,471,413	6,709,757	3.7%
Golf Course	3,167,902	3,395,518	3,445,014	1.5%
Airport	1,413,188	1,779,963	1,799,025	1.1%
Debt Service	192,285	196,125	193,488	-1.3%
Trust Funds (Acker, Donations)	122,415	245,387	265,084	8.0%
	\$ 79,444,165	\$ 84,853,396	\$ 91,277,613	7.6%

Breakdown of Total City Budget

	FY15	FY16	FY17	%
	Actual	Budget	Budget	Budget Change
Revenues				
General Fund	\$ 33,569,103	\$ 32,897,237	\$ 35,467,606	7.8%
Streets	17,795,351	17,763,874	19,500,373	9.8%
Impact Fees	49,130	44,859	42,759	-4.7%
Transient Lodging	730,294	752,000	892,000	18.6%
Grants	1,369,955	4,536,538	7,089,949	56.3%
Expendable Trust Funds	97,912	7,000	145,000	1971.4%
Debt Service (GO/Spec. Asses.)	85,994	81,925	47,288	-42.3%
Water	16,440,094	20,436,113	19,581,899	-4.2%
Wastewater	11,942,608	13,859,995	13,720,773	-1.0%
Solid Waste	6,570,435	6,472,500	6,924,620	7.0%
Airport	1,845,115	8,049,269	3,375,283	-58.1%
Golf Course	2,959,647	3,398,032	3,403,531	0.2%
Internal Service Funds	6,256,300	6,969,960	6,704,462	-3.8%
Total Revenues	99,711,938	115,269,302	116,895,543	1.4%
Debt Proceeds				
WIFA Loans	10,516,305	2,666,286	6,156,286	130.9%
Lease Financing	-	1,000,000	-	
Total Debt Issues	10,516,305	3,666,286	6,156,286	67.9%
Total Revenues and Debt Proceeds	110,228,243	118,935,588	123,051,829	3.5%
Expenditures				
Operating	79,444,165	84,853,396	91,277,613	7.6%
Capital	39,542,892	63,570,466	75,906,026	19.4%
Total Expenditures	118,987,057	148,423,862	167,183,639	12.6%
Ending Balance, 6/30				
Net Change in Fund Balance	(8,758,814)	(29,488,274)	(44,131,810)	
Fund Balance - Beginning	116,673,803	110,337,706	119,433,225	
Fund Balance - Ending	\$107,914,989	\$ 80,849,432	\$ 75,301,415	

FY17 City Expenditure Budget Summary

by Department and Type

Department	FTEs	Personnel	Supplies	Other				Total
				Internal Charges	Supplies & Services	Debt Service	Capital	
Budget & Finance	14.75	\$ 1,101,045	\$ 9,600	\$ 77,521	\$ 743,628	\$ -	\$ -	\$ 1,931,794
City Clerk	3.25	244,980	7,575	32,805	147,042	-	-	432,402
City Council	7.00	49,791	3,000	35,704	103,753	-	-	192,248
City Court	6.00	330,256	6,000	12,819	289,600	-	-	638,675
City Manager	26.10	2,571,993	353,850	179,503	1,080,939	465,368	976,181	5,627,834
Community Development	11.50	1,052,534	13,950	85,054	86,534	-	588,943	1,827,015
Economic Initiatives	13.00	1,153,511	158,150	179,546	1,249,192	-	2,764,632	5,505,031
Field & Facilities	75.00	5,445,594	2,145,825	2,400,065	4,245,529	502,616	4,161,902	18,901,531
Fire	68.00	9,764,416	624,743	1,013,688	494,126	-	1,771,300	13,668,273
Legal	8.50	932,517	15,200	40,390	1,437,000	-	-	2,425,107
Library	21.50	1,528,637	333,881	218,003	340,201	-	-	2,420,722
Police	84.10	10,772,079	1,207,167	1,942,556	753,265	-	20,000	14,695,067
Public Works	97.40	8,108,339	1,766,835	5,143,006	6,512,614	8,453,611	60,609,868	90,594,273
Recreation Services	30.00	2,571,747	612,277	468,327	1,136,845	-	3,988,200	8,777,396
Regional Communications	30.40	2,327,571	18,350	256,891	176,400	-	1,025,000	3,804,212
Other ¹	-	1,192,171	786,360	37,073	397,076	193,488	-	2,606,168
City Total	496.50³	\$ 49,147,181	\$ 8,062,763	\$ 12,122,951	\$ 19,193,744	\$ 9,615,083	\$ 75,906,026	\$ 174,047,748
							Less Internal Cost Allocations ²	(6,864,109)
							FY17 Adopted Budget	\$ 167,183,639

¹Non-departmental budgets including the use of General Fund retirement reserve, Debt Service Fund, and Golf course operations managed by Billy Casper Golf

²Expenditures for General Fund administrative support departments are shown in total, as well as included as internal costs in the department where the costs are allocated. To reconcile total expenditures to the FY17 adopted budget this duplication is eliminated in the line titled "Less Internal Cost Allocations."

³Full time equivalents (FTEs) include only permanent employees. In addition, the City employs temporary employees estimated at 47.25 FTEs.

Changes/Adjustments Tentative Budget

(to be identified by Council discussion)



Upcoming Steps in the FY 16 Budget Process

- 6/7/2016 Tentative budget adoption
Publishing of tentative budget
- 6/21/2016 Public hearing on budget and alternative
expenditure limitation
Public hearing for truth in taxation (if needed)
Roll call vote for primary property tax increase
(if needed)
Adoption of Final Budget by Council (separate
meeting)
- 7/5/2016 Adopt property tax levies

Appendix

Fleet Acquisition, Utilization and Replacement

May 26, 2016



Vehicle Replacement Fund

- ❑ Began in 2003. Originally all vehicles and equipment were replaced with the Fund. Divisions were charged based on the estimated vehicle replacement cost divided equally over the anticipated vehicle life time.
 - Patrol Vehicle - $\$65,000 / 6 \text{ year life} = \$10,833$ per year paid in to the fund
- ❑ During FY09-13 recessionary period, City primarily replaced public safety vehicles. Non-public safety vehicles were repaired and returned to service.
- ❑ City resumed a more timely schedule in FY14. Vehicles began to be replaced on a priority basis beginning with those in the poorest condition, greatest maintenance cost, and with the highest mileage.
- ❑ In FY14, Non-General Fund Departments began budgeting vehicles/equipment that were scheduled for replacement.
- ❑ Now using Life Cycle Analysis to determine optimum replacement
- ❑ In order to budget a consistent replacement cost, planned replacement of 1/6 of patrol vehicles is needed
 - $20 \text{ patrol vehicles} / 6 \text{ year life} = 3.33 \text{ vehicles per year}$

Capital Replacement

- ❑ Fleet Services utilizes replacement guidelines to create an initial vehicle and equipment replacement list for review

Examples:

	<u>Former</u>	<u>New</u>
▪ PD patrol vehicles	5 years / 100,000 miles	6 years /150,000 miles
▪ Light duty fleet	5 years / 100,000 miles	10 years /100,000 miles /6,000 hrs
▪ Solid Waste vehicles	5 years / 2,000 hrs	7 years /5,000 hrs

- ❑ Items on the tentative replacement list are then reviewed individually with department input for replacement
- ❑ If replacement is necessary, specifications are determined based on operational use
- ❑ Vehicle being replaced is reviewed to see if it can be re-purposed into the fleet
- ❑ If not suitable for re-purposing within the City-wide fleet, the replaced vehicle/equipment is sent to surplus auction

Vehicle Replacement Evaluation

- ❑ In determining replacement the following are considered:
 - Age / mileage / hours
 - Maintenance history
 - Vehicle purpose/intended use
- ❑ Departments are asked to look at options for not replacing the vehicle
 - Can an asset be borrowed or shared?
 - Should Fleet Services rent rarely utilized equipment for occasional use?
 - Is the vehicle being utilized properly or do the specifications meet the job needs?

Retained Surplus Evaluation

- ❑ Focus on retained surplus in order to adjust replacement schedules.
- ❑ Determined the status of current retained vehicles to ensure they are being properly utilized.
- ❑ Departments are asked to look at retained surplus to determine:
 - Can an asset be borrowed or shared from another Division?
 - What is the current spare ratio?
 - Is the vehicle being utilized?
 - Is the assets' maintenance costs higher than its value?

Disposition of Retained Surplus

Based on FY 2017 Review

Department	Vehicle	Class	Year	Vehicle Make & Model	Disposition
PARKS MAINTENANCE ADMIN	X678	DUMP TRK	1989	WHITEGMC WG64 DUMP TRUCK WG64	Approved for retention thru FY17 only
PARKS MAINTENANCE ADMIN	X761	1/2T	1994	CHEVROLET S10 LWB	Vehicle to surplus
PARKS MAINTENANCE ADMIN	X842	CHIPPER	1996	VERMEER 935 BC BRUSH CHIPPER -	Approved for retention thru FY17
PARKS MAINTENANCE ADMIN	X857	3/4T	1997	FORD F250 4X2	Approved for retention
PARKS MAINTENANCE ADMIN	X875	SUV	1997	CHEVROLET TAHOE 4 DR	Approved for retention
PARKS MAINTENANCE ADMIN	X924	1/2T	1999	DODGE RAM 1500	Approved for retention
PARKS MAINTENANCE ADMIN	X984	SEDAN	2001	FORD CROWN VICTORIA	Vehicle to surplus
PARKS MAINTENANCE ADMIN	X1140	CRACK SEAL	2005	CIMLINE 230 MAGMA	Vehicle to surplus
PARKS MAINTENANCE ADMIN	X1322	1/2T	1998	FORD F150 4X4	Approved for retention
TRAFFIC ENFORCEMENT	X909	METER	1999	G04 UTILITY VE 3 WHEEL SCOOTER	Approved for retention thru FY17
INVESTIGATIONS	X973	VAN-STEP	1990	CHEVROLET VAN	Approved for retention
TRANSPORTATION SERVICE 1%	X883	1/2T	1998	FORD F150 4X4	Vehicle to surplus. See X1072.
TRANSPORTATION SERVICE 1%	X1072	SUV	2006	FORD EXPLORER	Approved for retention
STREETS OPERATION 1%	X908	1T T	1999	DODGE RAM 3500	Approved for retention
STREETS OPERATION 1%	X1003	SEWER TRK	2002	VOLVO VHD64B CO SEWER CLEANER V	Approved for retention
TRANSFER STATION	X1217	LOADER	2007	CATERPILLAR 930G LOADER	Approved for retention thru FY17
RESIDENTIAL REFUSE	X1028	SW TRK - SIDE	2003	AUTOCAR EXPEDITOR ASL	Approved for retention thru FY17 only
COMMERCIAL REFUSE	X1093	SW TRK - FRONT	2004	AUTOCAR EXPEDITOR - FL	Vehicle to surplus
GOLF COURSE MAINTENANCE	X892	1/2T	1998	CHEVROLET S10 LWB	Approved for retention
GOLF COURSE MAINTENANCE	X1031	1/2T	2003	FORD RANGER 4X2LWB	Approved for retention
AIRPORT ADMIN	X738	BUCKET TRK	1993	CHEV C253/4T AE TRKBUCKET VERSA	Approved for retention
AIRPORT ADMIN	X754	DUMP TRK	1994	WHITE GMC WG 64 DUMP TRUCK WHIT	Approved for retention.
ENGINEERING ADMIN	X912	1/2T	1999	DODGE RAM 1500 4X4	Approved for retention.
CAR POOL VEHICLES	X982	SEDAN	2001	FORD CROWN VICTORIA	Vehicle to surplus
CAR POOL VEHICLES	X986	SEDAN	2001	FORD CROWN VICTORIA	Approved for retention
CAR POOL VEHICLES	X1082	SEDAN	2004	FORD CROWN VICTORIA	Approved for retention. See X883.

FY17 Public Safety Recommended Replacement

□ Patrol

- Asset No. 1330, 2008 Ford Crown Vic - 100,000 miles
- Asset No. 1316, 2009 Ford Crown Vic - 100,000 miles
- Asset No. 1350, 2011 Chevy Tahoe - 123,000 miles

Note:

- a) Fire Engine No. 1057 needs a motor overhaul (est. \$35,000)
- b) Battalion Chief Truck No. 1224 needs a motor work (est. \$8,000)

Police Department: Vehicle Count

Description:	FY15	FY16	FY17
Animal Control	3	3	3
Code Enforcement	3	1	1
Patrol	20	20	20
Investigations	17	19	17
Support Services	13	13	12
Swat	5	5	4
K-9 Units	2	2	2
Citizens on Patrol	5	5	5
Trailers	5	5	5
Traffic Enforcement	18	18	18
Total Vehicles In PD	91	91	87

Police Department: Spare Ratio

Potential Spare Ratio Levels:				
Vehicles Per Shift	Overlap	20% Spare	30% Spare	40% Spare
5	10	12	13	14
6	12	14	16	17
7	14	17	18	20
8	16	19	21	22
Note: a) Shift overlap requires twice the patrol needs for a short period of time.				
b) A lower spare ratio could be utilized.				
c) Replacement policy as of 2016 is 6 years/125,000 miles.				

Police Department: Motorcycles

Motorcycles:					
Vehicle	Year	Purchase Price	Mileage	M&R	Cost Per Mile
1142	2005	\$19,800	47,494	\$ 17,969	\$ 0.38
1143T	2005	\$19,800	43,809	\$ 30,478	\$ 0.70
1181T	2005	\$19,800	4,747	\$ 21,143	\$ 4.45
1199	2006	\$19,809	43,960	\$ 24,347	\$ 0.55
1200	2006	\$19,809	39,967	\$ 11,474	\$ 0.29
1313	2009	\$20,256	23,297	\$ 8,993	\$ 0.39
1372	2011	\$23,354	25,319	\$ 6,664	\$ 0.26
1373	2011	\$23,353	20,963	\$ 5,492	\$ 0.26
1398	2013	\$25,244	8,982	\$ 1,721	\$ 0.19
1401	2012	\$24,992	13,214	\$ 5,676	\$ 0.43
Totals:		\$216,217		\$ 133,957	\$ 0.79

Note: a) Motorcycle useful life is 50,000 miles.

b) Motorcycle traffic enforcement utilizes sedans during inclement weather.

c) Only four motorcycles are being used regularly, others are spares and trainers.

d) Star Island Motorsports has been doing major repairs, and are very expensive to use.

e) PD sedan cost per mile is approximately \$0.18.

Future Evaluation Tools

- ❑ Fleet Services will be developing a 10-year replacement schedule to use for future replacements
- ❑ Fleet Services is drafting a Fleet Acquisition, Utilization, and Replacement policy
- ❑ Fleet Services is reviewing GPS systems that will be used City-wide to track mileage, utilization, fuel consumption, and vehicle maintenance
- ❑ All departments will be reviewed for optimization of maintenance, reuse, retention schedules
- ❑ The result will be information that provides a more detailed life cycle analysis to determine optimal replacement and avoid over-spending on maintenance, retention of surplus, or premature/inappropriate replacement

Life Cycle Analysis Example



Lifecycle Cost Diagram

- Optimum Economic Life is when Total Annual Lifecycle Cost is minimized
- If Current Year Maintenance & Operating Costs exceed total lifecycle costs, replacement should be considered

