

City of Prescott Fiscal Year 2018 Budget



**Budget Workshop Part 2 Continuation –
June 15, 2017**

CITY OF **PRESCOTT**
ARIZONA
Everybody's Hometown

FY18 Budget Process to Date

- 8/30/16 Strategic Planning Work Shop #1
- 9/22/16 Strategic Planning Work Shop #2
- 11/8/16 Strategic Planning Work Shop #3
- 1/10/17 PSPRS Payment Options and Reform Workshop #1
- 1/24/17 PSPRS Payment Options and Reform Workshop #2
- 1/30/17 PSPRS Payment Options and Reform Workshop #3
- 1/31/17 PSPRS Payment Options and Reform Workshop #4
- 2/7/17 Council Discussion of sale of under-utilized City property
- 2/21/17 PSPRS Payment Options and Reform Workshop #5
- 2/28/17 FY17 Mid-Year Budget and FY18 Preliminary Look
- 5/24/17 Annual Council Budget Workshop Part 1 (Police, Fire, Recreation Services, Library, Community Development, General Government)
- 5/25/17 Annual Council Budget Workshop Part 2 (Public Works, Airport)
- 6/15/17 *Budget Workshop Part 2 Continuation (Follow-up, PSPRS discussion, Public Works Capital)*

Part 1

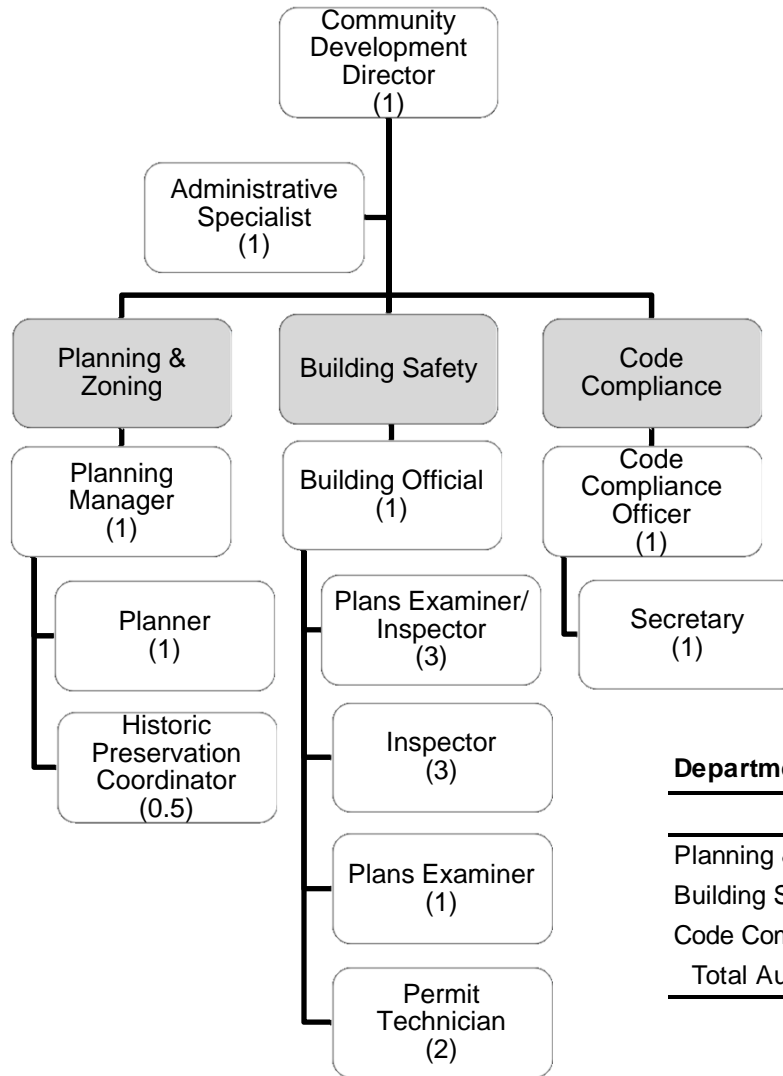
- **Follow up Items**
- **Revised Organizational Charts**
- **PSPRS discussion**
 - **Unfunded Actuarial Liability Amortization Period**
 - **Parker/Hall Refund of Excess Contributions**
- **Revised FY18 Tentative Budget**



Follow-up items

- \$40,000 GPREP budget removed
- Community Development reclassifications removed from budget
 - New Org Chart
- Fire Department Assistant Chief reclassification removed from budget
 - New Org Chart
- Bullet proof vest grant
 - Grant funds are provided by the Department of Justice, Bulletproof Vest Partnership

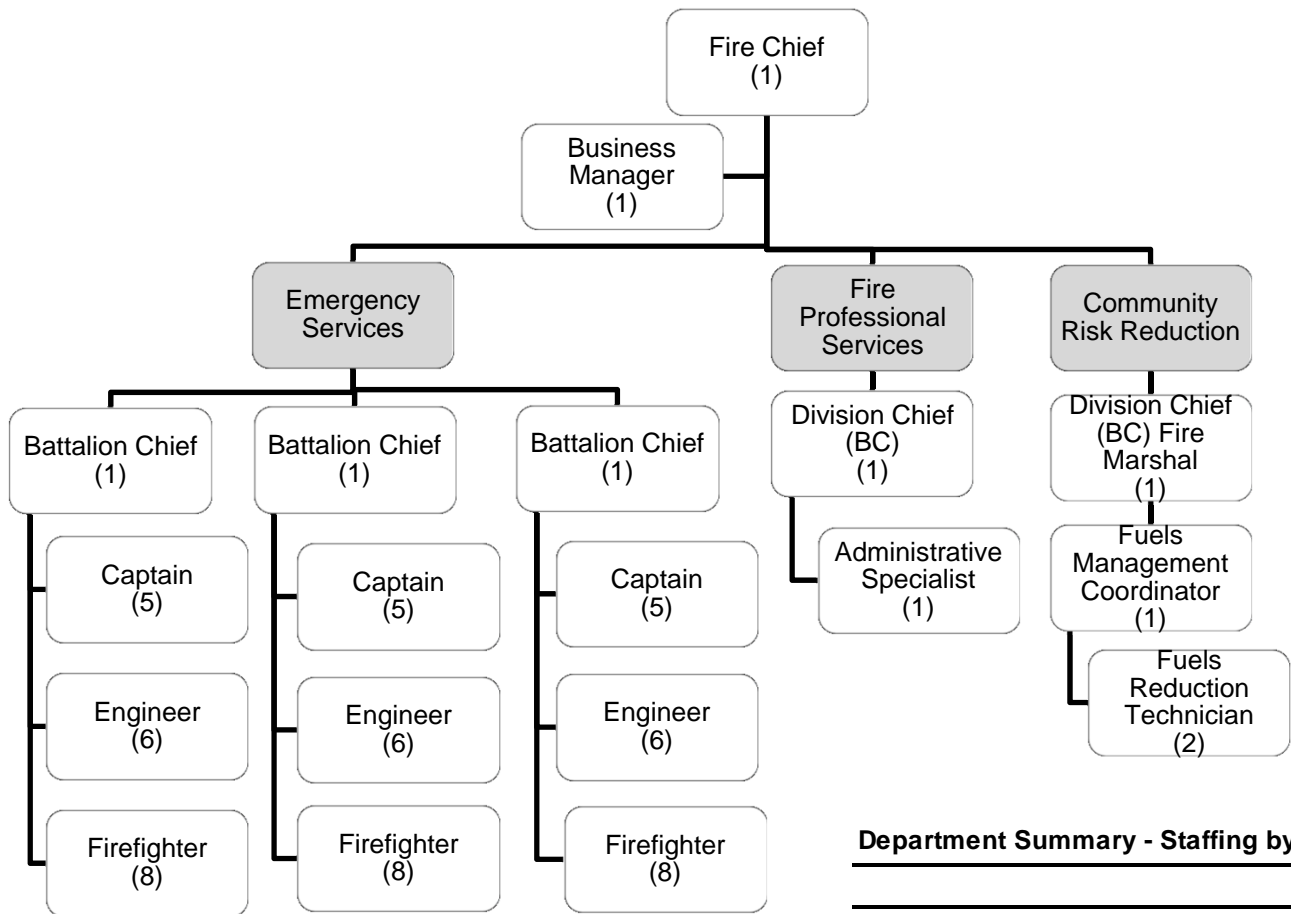
Community Development Personnel



Department Summary - Staffing by Division

	FY16	FY17	FY18
Planning & Zoning	4.00	4.00	4.00
Building Safety	6.50	7.50	10.50
Code Compliance	<u>2.00</u>	<u>1.00</u>	<u>2.00</u>
Total Authorized Positions	12.50	12.50	16.50

Fire Department FY18 Personnel



Department Summary - Staffing by Division

	FY16	FY17	FY18
Fire Department Administration	3.00	2.00	2.00
Emergency Services	57.00	57.00	57.00
Fire Professional Services	2.00	2.00	2.00
Community Risk Reduction	<u>6.00</u>	<u>7.00</u>	<u>4.00</u>
Total Authorized Positions	68.00	68.00	65.00

PSPRS Unfunded Actuarial Liability Amortization Period

- HB2485 as amended by SB1442 enables PSPRS employers to individually decide to extend the length of the period used to amortizes their unfunded actuarial liability from 20 years to 30 years.
- Following is a comparison of the FY18 rates with the two amortization options.

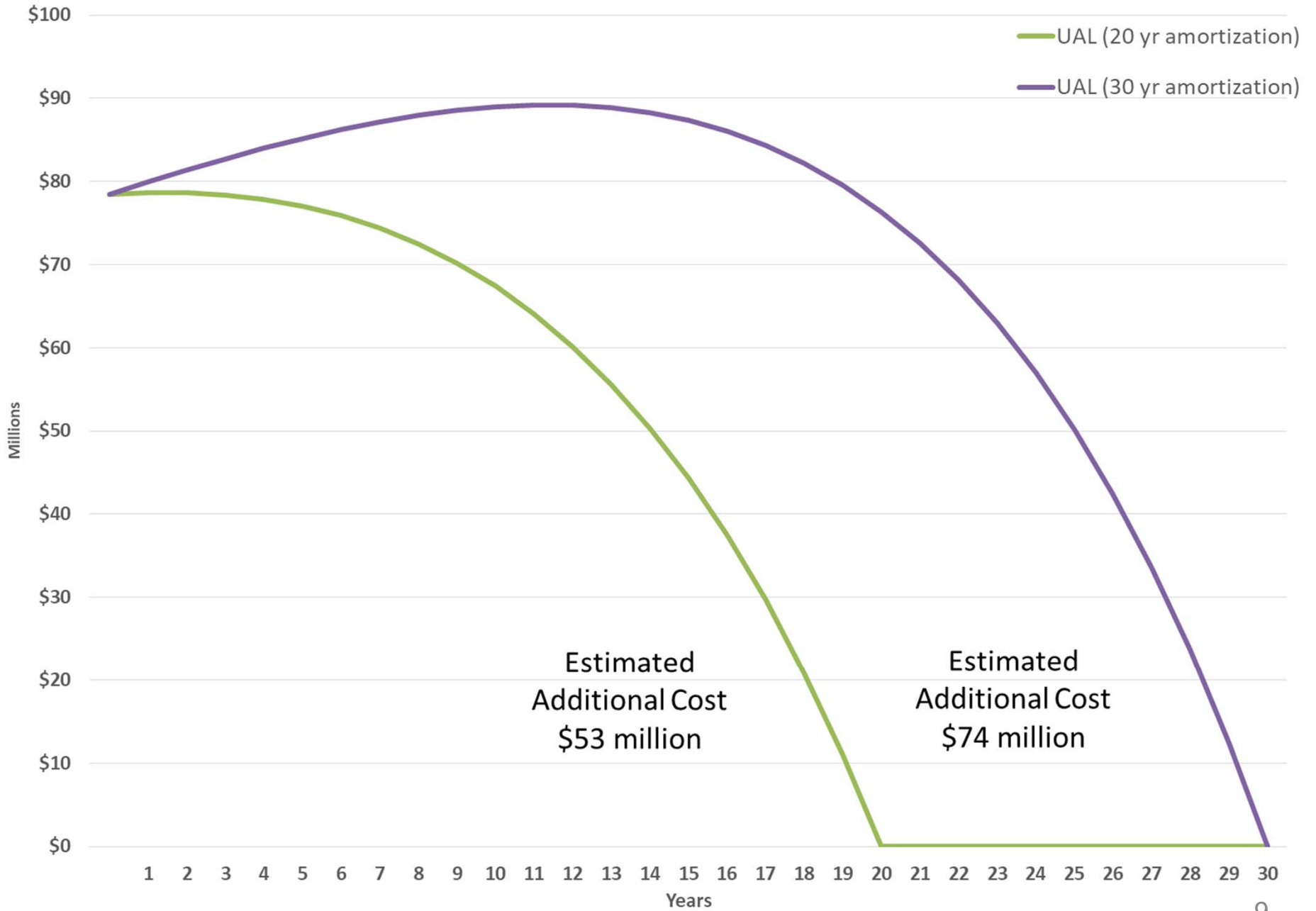
	Trust Funding Level	20-Year Rate	30-Year Rate	Change
Prescott Fire Dept.	36.04%	91.61%	73.90%	-17.71%
Prescott Police Dept.	24.94%	85.43%	69.21%	-16.22%

- The FY18 budget was developed using the 20 year amortization period.
- Using the 30 year period would save and estimated \$1.5 million in FY18, but cost a projected \$74 million more than using the 20 year period.
- For the 30 year period to be used in FY18, starting July 1, 2017, Council will have to take action before June 20th.
- Council can take action to extend the amortization period in the future when more information is available.
- Staff does not recommend the extension of the amortization period, at this time.

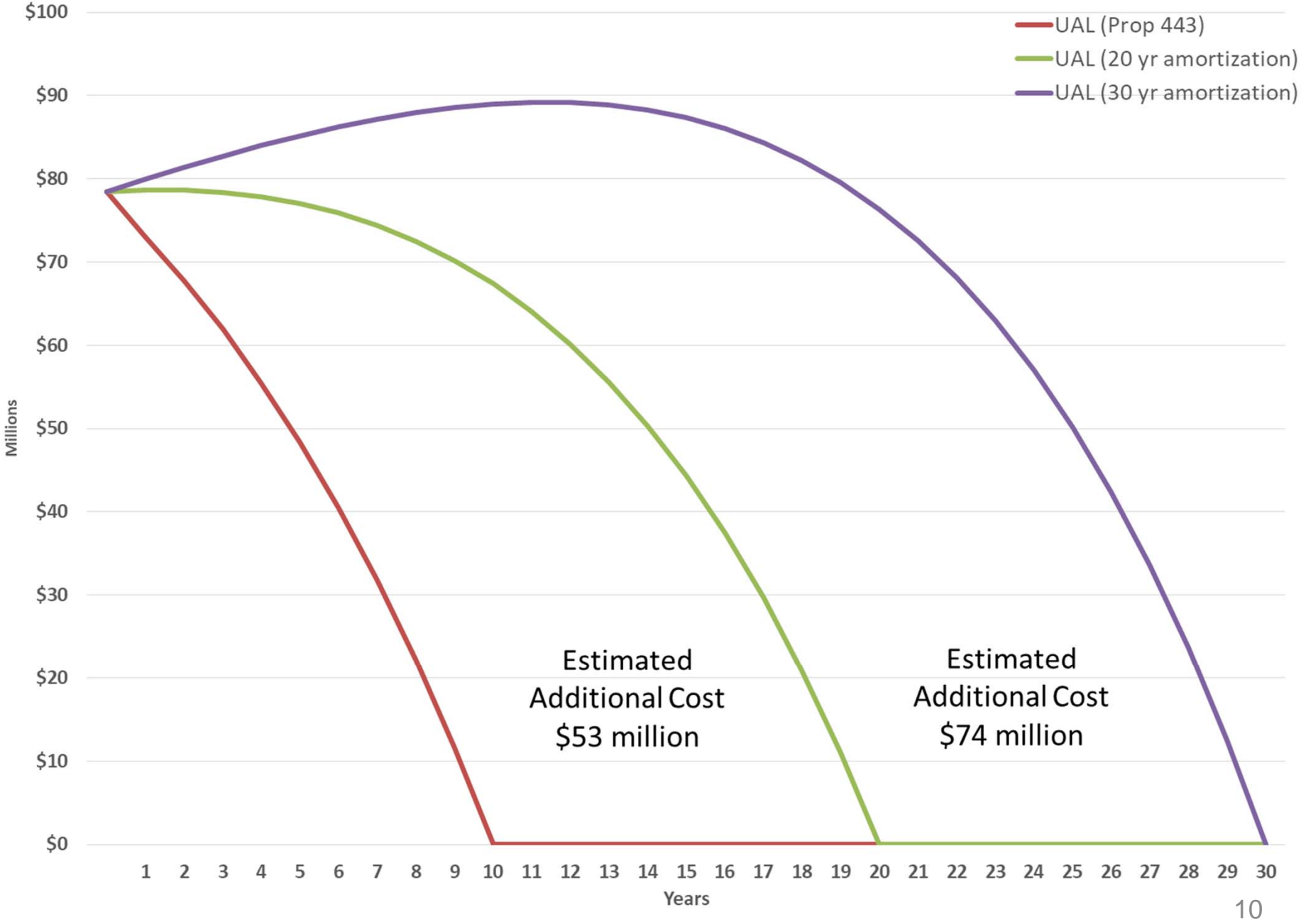
Pros and Cons of Extending the Amortization Period

- Pros
 - Annual required contributions would be lower.
- Cons
 - It will cost more to payoff the unfunded liability, estimated \$74 million
 - The City's unfunded actuarial liability would increase an estimated \$11 million over the next 12 years
 - The City's PSPRS trust funding levels will drop over the short term
 - It continues to postpone the pension cost to future years

Prescott's Projected PSPRS Unfunded Actuarial Liability(UAL)



Prescott's Projected PSPRS Unfunded Actuarial Liability(UAL)



Parker/Hall Refund of Excess Contributions

- The final issue to be resolved from the Parker/Hall lawsuit is the return of contributions made by employees hired before July 20, 2011, over the 7.65% rate.
- There are 106 employees and former employees that the City needs to refund excess contributions paid over the 7.65% rate.
- Total amount of the refund is \$1,004,236 plus interest.
- Final determination of the interest rate is still being decided by the court with an anticipated decision in the next few months.
- There are 2 options for refunding the excess contributions:
 - Refund the contributions and take credits on payments due to PSPRS in FY18, this will reduce the assets in the City's PSPRS trusts increasing the unfunded liability
 - Refund the contributions from other sources
- City staff is recommending that the refund of excess contributions and interest payments be made out of the City's General Fund reserve to avoid increasing the unfunded liability, the tentative budget has been increased to enable this method.

General Fund Summary and Fund Balance

	FY17 Budget	FY17 Estimate	FY18 Budget
General Fund			
OPERATIONS			
Revenues and Transfers In	\$ 35,526,886	\$ 35,900,858	\$ 36,339,229
Expenditures and Transfers Out	33,450,233	32,358,822	35,272,998
Change in Fund Balance Operations	2,076,653	3,542,036	1,066,231
CAPITAL AND CONTINGENCY			
Capital Projects and Transfers	3,152,159	2,850,455	2,679,210
Dispatch Partner Capital Reimbursement	-	(162,397)	(782,475)
Contingencies Using Fund Reserves	382,428	382,428	1,731,390
Total Change in Fund Balance	(1,457,934)	471,550	(2,561,894)
Fund Balance - Beginning	32,126,336	32,126,336	32,597,886
Fund Balance - Ending	\$ 30,668,402	\$ 32,597,886	\$ 30,035,992
Ending Balance - Detail			
Reserved for:			
Operations (Policy)	\$ 7,105,377	\$ 7,180,172	\$ 7,267,846
Long-term obligations	2,927,922	2,902,547	2,386,407
Internal Loan	4,408,328	4,408,328	4,408,328
Capital Projects	853,431	1,433,527	345,933
Unassigned	15,373,344	16,673,312	15,627,478
Total Ending Fund Balance	\$ 30,668,402	\$ 32,597,886	\$ 30,035,992

Revised FY18 Tentative Budget

	FY17	FY18	% Budget
	Budget	Budget	Change
Operating	\$ 82,621,876	\$ 84,918,974	2.8%
Capital	73,766,026	84,266,495	14.2%
Internal Service	7,470,859	9,971,379	33.5%
Contingency	3,430,000	9,696,403	182.7%
Total	\$ 167,288,761	\$ 188,853,251	12.9%

Part 2

Continuation of Public Works capital discussion

- Wastewater centralization timeline
- Project prioritization



Public Works Department – Wastewater Centralization

5 Year Projection

Page No.	Description	FY18 Budget	FY19 Projection	FY20 Projection	FY21 Projection	FY22 Projection	FY23 Projection	Total	FY24-FY28
<u>Public Works - Wastewater Centralization</u>									
172	Sundog Trunk Main, Phase B	2,450,000	-	-	-	-	-	2,450,000	
173	SR89 Lift Station	2,400,000	1,300,000	-	-	-	-	3,700,000	
174	Sundog Liftstation	1,600,000	-	-	-	-	-	1,600,000	
175	Sundog Trunk Main, Phase A	1,200,000	-	-	-	-	-	1,200,000	
176	Airport Trunk Main Sewer Improvement	950,000	5,000,000	4,550,000	-	-	-	10,500,000	
177	Airport WRF Expansion, Phase 2	-	-	-	-	-	-	-	18,750,000
178	Effluent Tank, Pipeline and Conversion	-	-	-	350,000	3,150,000	-	3,500,000	
179	Sundog Equal. Basin and Plant Decommissioning	-	-	-	-	-	-	-	3,250,000
		8,600,000	6,300,000	4,550,000	350,000	3,150,000	-	22,950,000	22,000,000

Public Works Capital - Streets

Rank	Page No.	Description	Funding	FY18 Budget	5 Year Projection					Total	Unfunded/ FY24-FY28
					FY19 Proj.	FY20 Proj.	FY21 Proj.	FY22 Proj.	FY23 Proj.		
<u>Public Works - Streets</u>											
1	96	Alarcon Street Improvements	S	110,000	-	-	-	-	-	110,000	
2	75	SR89 Widening and Utility Improvements	S,W,WW	4,340,000	-	-	-	-	-	4,340,000	
3	81	Bashford Courts Alley and Parking Lot Reconst.	S,W,WW	848,000	-	-	-	-	-	848,000	
4	80	S. Marina Street Reconstruction	S,W,WW	1,320,000	-	-	-	-	-	1,320,000	
5	78	Rosser Street Pavement Reconstruction Phase IV	S	2,685,000	-	-	-	-	-	2,685,000	
6	76	Robinson Drive Pavement Reconstruction	S,W,WW	3,970,000	-	-	-	-	-	3,970,000	
7	77	Pavement Preservation Program	S	3,500,000	3,500,000	3,500,000	3,500,000	4,500,000	4,500,000	23,000,000	
8	84	Sidewalk Replacement Program	S	450,000	200,000	200,000	200,000	200,000	200,000	1,450,000	
9	99	Unpaved Streets Improvements	S	50,000	50,000	50,000	50,000	50,000	50,000	300,000	
10	89	Vehicle Replacements -Street Maintenance	S	270,000	725,208	725,078	464,158	350,773	325,000	2,860,217	
11	86	Miscellaneous Streets Projects	S	300,000	300,000	300,000	300,000	300,000	300,000	1,800,000	
12	88	E. Goodwin Street Reconstruction	S,W,WW	271,576	4,200,000	1,500,000	-	-	-	5,971,576	
13	79	Carleton Street Alarcon Street Pavement Reconst.	S,C,W,WW	2,505,000	845,000	-	-	-	-	3,350,000	
14	94	S. Summit/S. McCormick/Beach Reconstruction	S,W,WW	136,056	450,000	1,500,000	1,550,000	-	-	3,636,056	
15	100	Goodwin St/S Washington Av Pavement Reconst.	S,W,WW	20,000	-	-	-	-	-	20,000	6,050,000
16	85	Hope Street Improvements	S,C,W	327,000	-	-	-	-	-	327,000	
17	87	Overland Road Bridge Reconstruction - Gov't Canyc	S	300,000	-	-	-	-	-	300,000	
18	93	Penn Avenue - Eastwood Drive Pavement Reconst.	S,W,WW	200,000	-	-	5,800,000	-	-	6,000,000	
19	98	Schemmer Drive Reconstruction	S,W,WW	55,000	-	-	30,000	-	-	85,000	2,000,000
20	97	Street Light (Intersection) LED Conversion Project	S	100,000	-	-	-	-	-	100,000	
21	92	Intersection Signalization Project	S	200,000	20,000	200,000	20,000	200,000	20,000	660,000	
22	95	N. Washington/Churchill Street Reconstruction	S,W,WW	135,350	1,394,650	-	-	-	-	1,530,000	
23	102	Gurley Street Reconstruction	S,W,WW	-	-	650,000	-	-	-	650,000	6,650,000
24	91	Sundog Ranch Road Reconstruction and Water Lin	S,W	210,000	200,000	400,000	-	-	2,500,000	3,310,000	
25	101	W. Gurley Street Pedestrian Enhancement Project	S	-	80,000	420,000	-	-	-	500,000	
26	103	Entry Median Streetscape	S	35,000	140,000	-	-	-	-	175,000	
27	82	Willis-Cortez Intersection Improvements	W	650,000	-	-	-	-	-	650,000	
28	83	Dameron and Home Street Reconstruction	S	590,000	-	-	-	-	-	590,000	
29	90	Leroux-Cortez Drainage Project (WYGC Facility)	C	250,000	-	-	-	-	-	250,000	

Public Works Capital – Streets (cont.)

Page No.	Description	Funding	5 Year Projection					Total	Unfunded/ FY24-FY28	
			FY18 Budget	FY19 Proj.	FY20 Proj.	FY21 Proj.	FY22 Proj.			FY23 Proj.
<u>Public Works - Streets (cont.)</u>										
104	Sundog Connector Road (Storm Ranch DA)	S,W,WW	-	-	-	-	-	-	6,875,000	
105	Downtown Drainage Improvements Program	S,W,WW	-	-	-	-	-	-	4,800,000	
106	Smoke Tree Lane (East) Reconstruction Project	S	-	-	-	-	-	-	4,400,000	
107	West Haisley Road Pavement Reconstruction	S	-	-	-	-	-	-	2,870,000	
108	W. Merritt Avenue Reconstruction	S,C,W,WW	-	-	-	-	-	-	2,575,000	
109	McCormick Street - Gurley Street to Grove Avenue	S,W,WW	-	-	-	-	-	-	2,200,000	
110	Washington St Reconstruction - Sheldon to Gurley	S,W,WW	-	-	-	-	-	-	1,650,000	
111	S Cortez Street Reconstruction	S,W,WW	-	-	-	-	-	-	1,100,000	
112	Copper Basin Reconst.- Sheriffs Posse to County L	S	-	-	-	-	-	-	1,100,000	
113	Curb Replacement Program	S	-	-	-	-	-	-	625,000	
114	Alley Improvement Program	S	-	-	-	-	-	-	500,000	
115	E. Willis Street Reconstruction Project	S,W,WW	-	-	-	-	-	-	450,000	
116	Gail Gardner Way Improvements - West	S	-	-	-	-	-	-	130,000	
117	Willow Creek Road Wall Repairs	S	-	-	-	-	-	-	100,000	
118	Granite Street - Willis to Granite Creek	S	-	-	-	-	-	-	55,000	
119	Streetscape Master Plan Development	S	-	-	-	-	-	-	40,000	
			23,827,982	12,104,858	9,445,078	11,914,158	5,600,773	7,895,000	70,787,849	44,170,000

Public Works Capital – Utilities and Solid Waste

Page No.	Description	Funding	5 Year Projection					Total	
			FY18 Budget	FY19 Projection	FY20 Projection	FY21 Projection	FY22 Projection		FY23 Projection
	<u>Public Works - Utilities and Solid Waste</u>								
120	Chino Valley Tank	W	5,900,000	-	-	-	-	-	5,900,000
121	Zone 16 Pumpstation, Tank, Pipelines and Haisley	S,W	3,336,700	4,963,300	-	-	-	-	8,300,000
122	Main Line Replacements	W,WW	3,226,299	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	10,726,299
123	Zone 24/27, Water Pipeline - Thumb Butte Rd to Tank	S,W	2,710,620	1,090,000	-	-	-	-	3,800,620
124	Zone 56 Tank and Piping	W	2,350,000	1,500,000	-	-	-	-	3,850,000
125	Airport Zone Production Recovery Well #4	W	2,200,000	-	-	-	-	-	2,200,000
126	Zone 56/76 Pump Station Upgrade	W	2,025,000	500,000	-	-	-	-	2,525,000
127	Intermediate Pump Station, Tanks and Pipeline	W	2,000,000	7,276,800	-	-	-	-	9,276,800
128	SCADA System Installation and Upgrade	W,WW	2,000,000	750,000	-	-	-	-	2,750,000
129	Dam Repairs	W	1,300,000	100,000	-	50,000	-	-	1,450,000
130	Zone 7 Lower Pump Station Replacement	W,WW	1,200,000	-	-	-	-	-	1,200,000
131	Zone 12 Interconnection Pump Station	W	1,020,000	-	-	-	-	-	1,020,000
132	Chino Valley Booster Facility Upgrades	W	1,000,000	3,680,000	-	-	-	-	4,680,000
133	Vehicle Replacement - Solid Waste Division	S,W	849,000	870,522	675,459	799,170	742,096	917,341	4,853,588
134	Watson and Willow Lakes Enhancement Program	S,W,WW	819,700	261,000	261,000	261,000	261,000	261,000	2,124,700
135	Production Well #5 Rehabilitation	W	750,000	-	-	-	-	-	750,000
136	Acker Park Regional Detention	S	730,000	-	-	-	-	-	730,000
137	Sundog Trunk Main, Phase C	W,WW	700,000	4,000,000	3,000,000	-	-	-	7,700,000
138	Citywide Drainage Improvement Program	C	675,000	675,000	675,000	675,000	675,000	675,000	4,050,000
139	Miscellaneous Water and Wastewater Projects	W,WW	650,000	393,000	405,000	418,000	430,000	450,000	2,746,000
140	SR69 Corridor Water Main	W	470,000	200,000	1,300,000	-	-	-	1,970,000
141	Impact Fee Ordinance Project	W,WW	445,000	-	-	-	-	-	445,000
142	Zone 41, Mingus Pump Station, Tank and Pipeline	W	350,000	3,150,000	-	-	-	-	3,500,000
143	Water and Wastewater Models Update	W,WW	301,600	-	-	-	-	-	301,600
144	Operations Building Expansion	WW	275,000	-	-	-	-	-	275,000
145	Vehicle Replacements - Public Works	W,WW,E,S	225,000	444,000	613,000	570,000	275,000	200,000	2,327,000
146	Transfer Station Above Ground Fuel Tank	S,SW	160,000	-	-	-	-	-	160,000

Public Works Capital – Utilities and Solid Waste (cont.)

Page No.	Description	Funding	5 Year Projection					Total	
			FY18 Budget	FY19 Projection	FY20 Projection	FY21 Projection	FY22 Projection		FY23 Projection
	<u>Public Works - Utilities and Solid Waste (cont.)</u>								
147	Production Well Rehabilitation Program	W	150,000	900,000	900,000	-	-	-	1,950,000
148	Transfer Station/Street Maintenance Yard Paving	S,SW	150,000	100,000	100,000	100,000	-	-	450,000
149	Citywide Stormwater Mapping	S,C	125,000	125,000	-	-	-	-	250,000
150	Permitting and Inspection Software Implementation	G,S,W,WW	90,031	-	-	-	-	-	90,031
151	Electrical Infrast.and Security Lighting at TS	S,SW	80,000	-	-	-	-	-	80,000
152	Emergency Wastewater Bypass Pump	WW	65,000	-	-	-	-	-	65,000
153	Bashford Court, Trash and Recycling Compactors	SW	40,000	-	-	-	-	-	40,000
154	Large Scale Printer/Scanner	E	25,000	-	-	-	-	-	25,000
155	CIP Project Management Software	S,W,WW,S)	-	300,000	-	-	-	-	300,000
156	Hassayampa Sewer Trunk Main Upsizing	WW	-	100,000	2,638,000	-	-	-	2,738,000
157	Montezuma Trunk Main Upsizing	S,W,WW	-	100,000	2,215,000	-	-	-	2,315,000
158	Willow Creek Levee Improvement	C,GR	-	100,000	150,000	1,500,000	-	-	1,750,000
159	Upper Rancho Vista Pump Station Upgrade	W	-	-	465,000	340,000	-	-	805,000
160	Zone 40, Cedarwood Tank Upsizing	W	-	-	225,000	750,000	-	-	975,000
161	Zone 31, Pump Station	W	-	-	220,000	1,000,700	-	-	1,220,700
162	Zone 61/Zone 41/ Zone 40/Zone 0, Water Main	S,W,WW	-	-	-	2,243,300	1,156,700	-	3,400,000
163	Stormwater Master Plan Update	S,C,W	-	-	-	-	500,000	250,000	750,000
164	North Fork Miller Creek Channel Improvements	C,GR	-	-	-	-	100,000	1,000,000	1,100,000
165	5th St, 6th St and Hillside Sewer Main Upsize	S, W, WW	-	-	-	-	75,000	1,375,000	1,450,000
166	Granite Dells Ranch Development (DA) Wastewater	WW	-	-	-	-	-	4,100,000	4,100,000
167	Sewer Main - Willow Creek, Rosser and Demerse	S,W,WW	-	-	-	-	-	2,568,400	2,568,400
168	Heckthorn Water Main (DA)	W	-	-	-	-	-	381,000	381,000
169	Sun Street Sewer Main Upgrade	S,W,WW	-	-	-	-	-	310,000	310,000
170	City Lights Sewer Main Replacement	WW	-	-	-	-	-	285,500	285,500
171	Zone 42, Pipeline Upgrade	S,W,WW	-	-	-	-	-	175,000	175,000
			38,393,950	33,078,622	15,342,459	10,207,170	5,714,796	14,448,241	117,185,238

Public Works Department – Capital Total Funding

		5 Year Projection							
Funding		FY18 Budget	FY19 Projection	FY20 Projection	FY21 Projection	FY22 Projection	FY23 Projection	Total	Unfunded/ FY24-FY28
Funding Summary, Public Works									
General Fund	(G)	67,460	-	-	-	-	-	67,460	-
Grants	(GR)	-	-	-	1,500,000	-	250,000	1,750,000	-
Streets	(S)	21,390,225	14,259,158	9,432,678	10,332,158	5,965,773	9,740,500	71,120,492	40,245,000
County Contribution	(C)	1,475,000	775,000	825,000	675,000	1,075,000	1,550,000	6,375,000	-
Water	(W)	33,696,187	23,608,800	5,676,000	7,142,000	2,694,700	3,177,400	75,995,087	2,030,000
Wastewater	(WW)	13,083,260	11,915,000	12,653,400	1,973,000	3,963,000	6,708,000	50,295,660	23,895,000
Solid Waste	(SW)	1,084,800	925,522	725,459	849,170	742,096	917,341	5,244,388	-
Engineering	(E)	25,000	-	25,000	-	25,000	-	75,000	-
		70,821,932	51,483,480	29,337,537	22,471,328	14,465,569	22,343,241	210,923,087	66,170,000