

Long Range Financial Plan 2012 - 2014

Long Range Financial Plan



Long Range Financial Planning Overview

- Allow for a Dialogue Among Community, Council & Staff
- Create Awareness of Issues
- Create a 3- to 5-Year Plan
- Assist in budget preparation and operational decisions



2011 LRFP Overview

Meeting 1 – 5/24

Issue Identification and Solutions

- General Fund
- Transportation Fund
- Downtown Tax Increment Fund

Meeting 2 – 6/28

Issue Identification and Solutions

- Water
- Infrastructure & Facilities, 2012 Bond Issuance

Meeting 3 – 7/26

- Infrastructure & Facilities, 2012 Bond Issuance, continued

Meeting 4 – 8/23

Present draft plan for discussion



Meeting 4 Overview

- Presentation & Discussion of Draft LRFP
- All Information Previously Presented & Discussed
- Issues & Actions
 - General Fund
 - Transportation Fund
 - Downtown TIF
 - Water Fund
 - Infrastructure & Facilities, 2012 Bond
- Next Steps



General Fund

Long Range Financial Plan



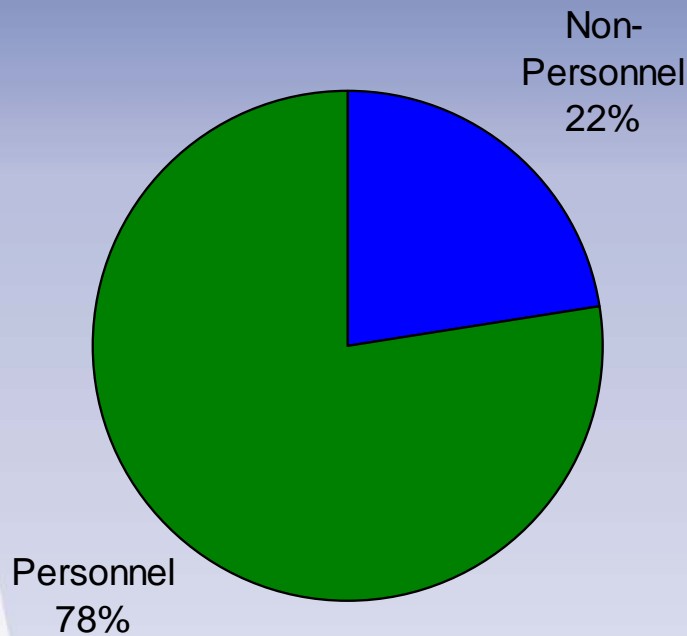
GF Trends & Issues

- Issue: Expenses Increasing Faster than Revenues
 - Healthcare costs
 - Pension costs
 - Other Post Employment Benefits
 - Salaries



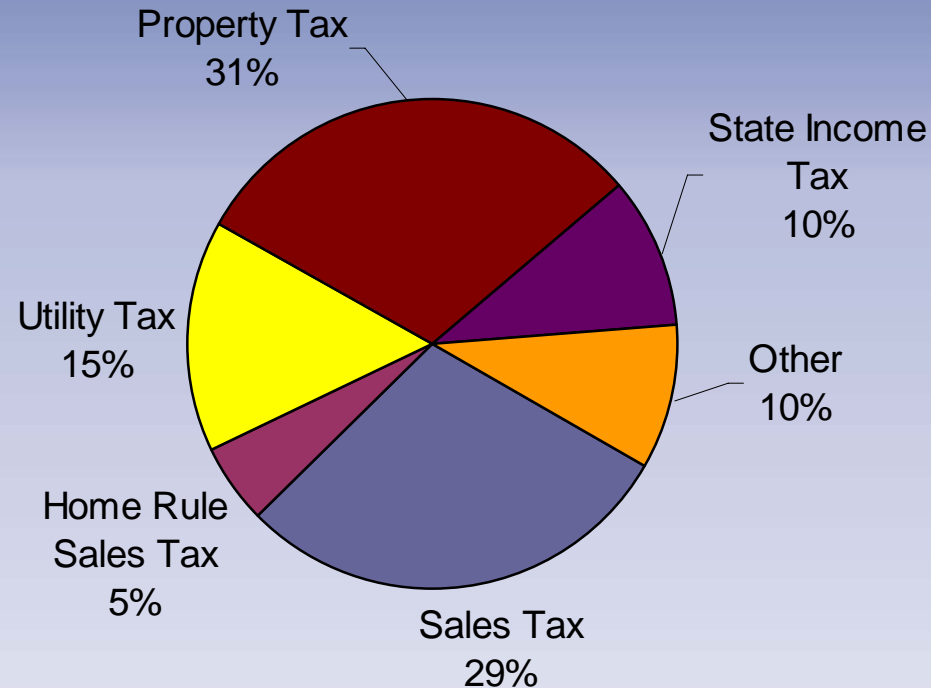
GF Trends & Issues

General Fund Expenses



Increasing at 3-4% Per Year - Driven by Personnel Expense Increase

General Fund Revenues



Increasing at 1-2% Per Year

- **Sales Tax – Slow Growth**
- **Utility Tax – Flat**
- **Income Tax – Flat**



GF Actions 2012 & Beyond

- Increase Operating Efficiencies
 - Continuous Improvement
 - Culture of Lean
 - Use of Technology
- Reduce Personnel Expenses
 - Monitor & Adjust Health Benefit Plan as Needed
 - Post Employment Benefit Plan Design Changes
 - Employee Wellness Program
 - Risk Reduction Program



GF Actions 2012 & Beyond

- Partner with Others
 - Capture of Economy of Scale
 - Enhance Revenues
 - Reduce Overall Costs
- Adjust User Fees Regularly
 - Increase Fees Equal to Personnel Expense Increase



GF Actions 2012 & Beyond

- Enhance the Revenue Base
 - Economic Development
 - Annexation Initiative
- Adjust Property Tax Levy As Needed
- Consider Other Revenue Enhancements As Needed



Transportation Fund

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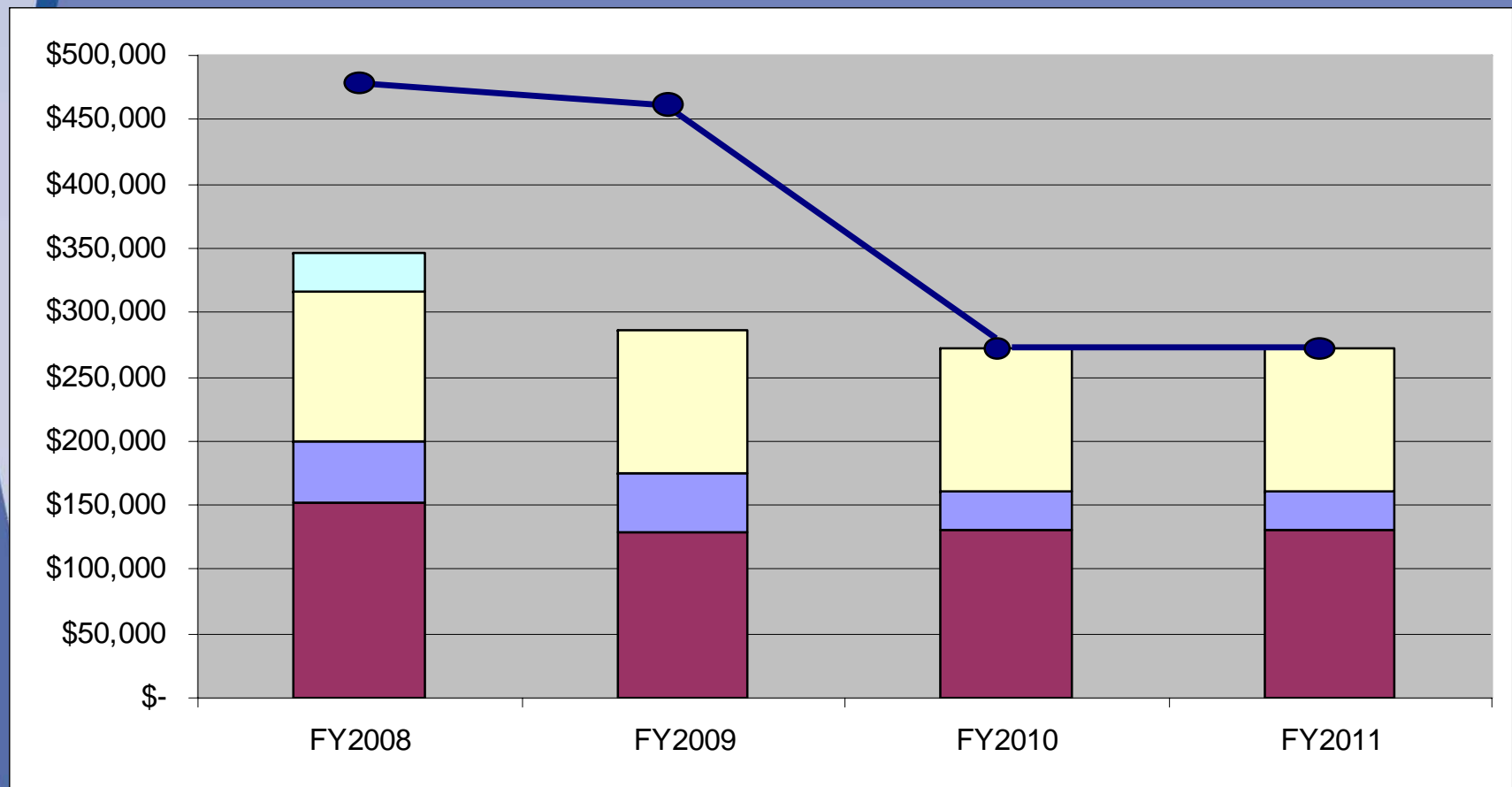


Transportation Fund Trends & Issues

- Accumulated Deficit of \$1.9 Million
- Annual Operating Expense Increasing Faster Than Village Revenue Sources



Transportation Fund Trends & Issues



Expenses —

PACE

Transfers

Gas Tax

Fares

Transportation Fund Actions for 2012 & Beyond

- Execute Revised PACE Agreement in 2012
 - All Annual Operating Expenses Covered by PACE and Farebox



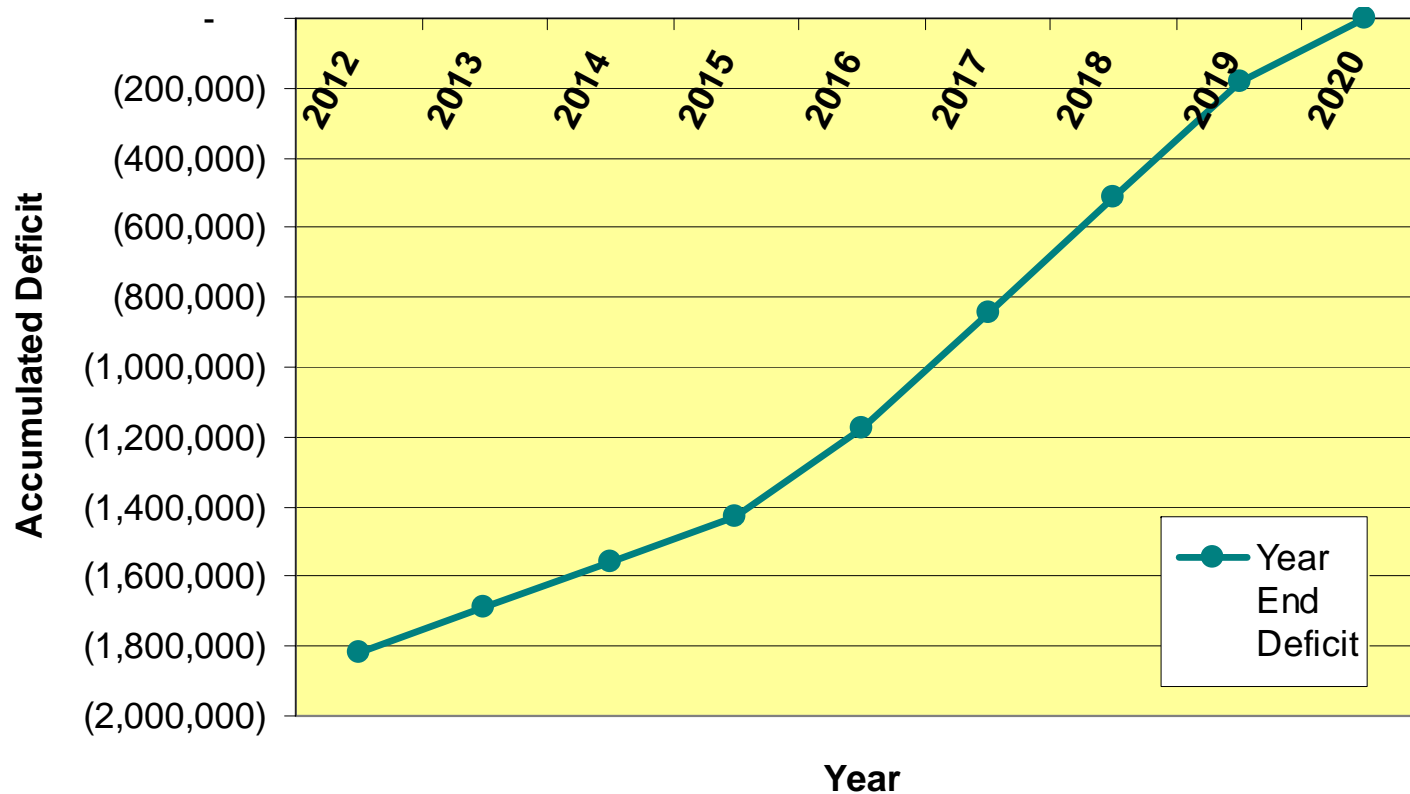
Transportation Fund Actions for 2012 & Beyond

- Use Local Gasoline Tax Revenues to Retire Deficit over Time
- Gasoline Tax Revenues:
 - \$130,000 per year for Bus Operations
 - \$195,000 per year for Fairview Ave. Debt Service
- Retire Deficit Completely by 2020



Transportation Fund Actions for 2012 & Beyond

Retiring the Accumulated Deficit



Transportation Fund Actions for 2012 & Beyond

- Alternative Actions
 - Transfer for General Fund as Fund Balance Permits
 - Dedicate Interest Income



Downtown TIF Fund

Long Range Financial Plan

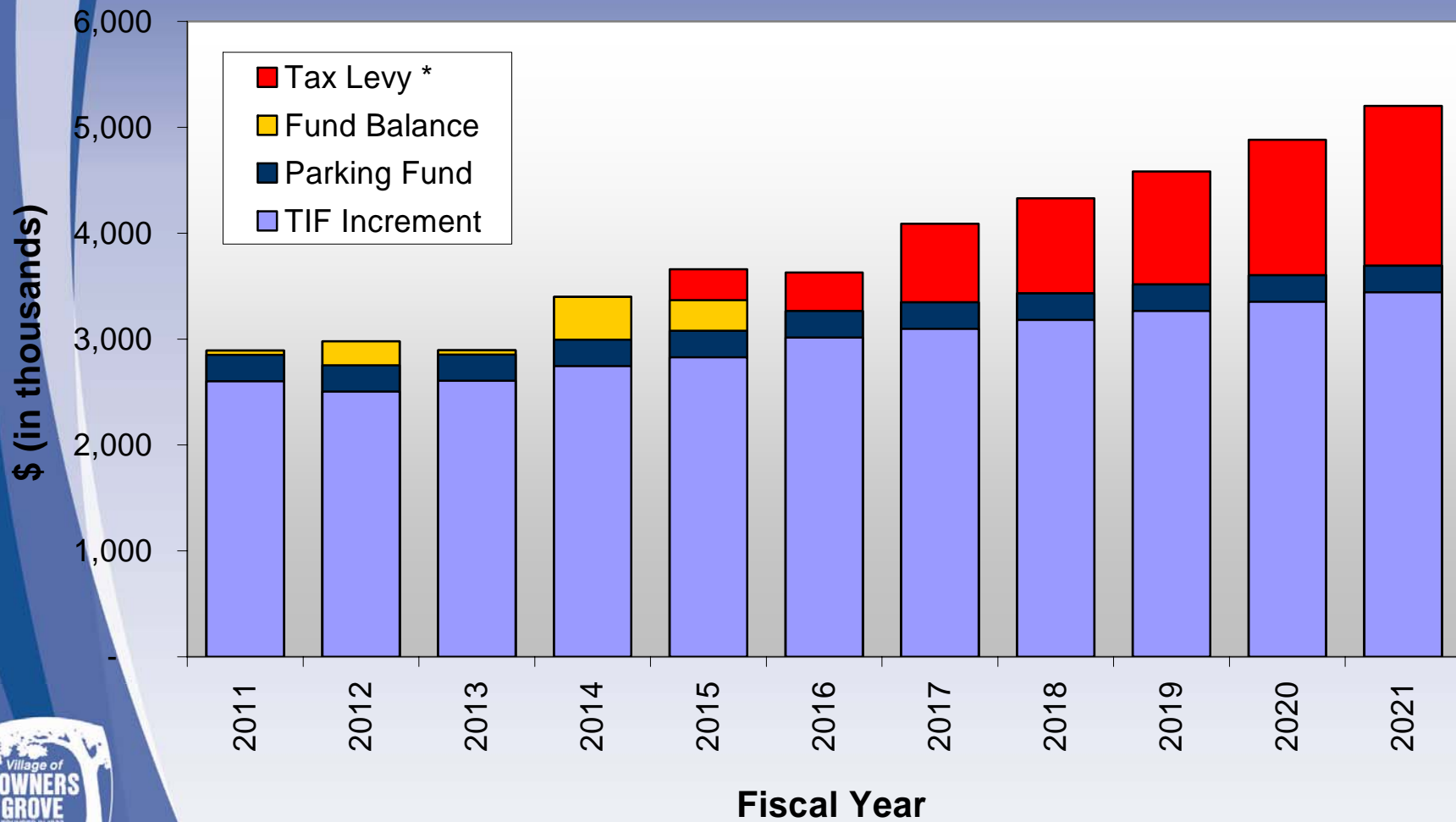


Issue

- Recent declines in value of real estate has affected TIF financial projections
- TIF and other revenues may not be sufficient to meet total expenses beginning in FY15



Downtown TIF Revenue & Expense Projections



* If necessary



DT TIF Actions for 2012 and Beyond

- Control TIF expenses
- Explore parking fee adjustments to provide additional revenue in future years (w/ DT Parking Study recommendations)
- Continue pursuing \$500,000 state grant
- Pursue redevelopment and reinvestment opportunities in TIF
- Identify other options to fund gap
- Adjust property tax levy as needed



Water Fund



Summary

- In 2010, M&FSG conducted water rate study
- Findings/Recommendations:
 - Current rates do not adequately support system costs
 - Needed infrastructure improvements should be debt financed
 - Reserve levels should be established for operating and capital repair and replacement expenses
 - Rate increases for the next five years as follows:

	2011	2012	2013	2014	2015
Rate Incr.	14%	14%	14%	10%	9%
Complete	✓				



Infrastructure, Facilities & 2012 Bond Issuance



Infrastructure Systems

- Water
- Streets
- Storm Water/Drainage
- Sidewalks
- Traffic
- Streetlights
- Bikeways
- Facilities



Three Types of Expenses

1. Debt Service Payments
2. Maintenance of Existing Infrastructure & Facilities
3. Expansion/Major Reconstruction



Summary

1. Needs Exceed Revenues
2. Options are Available
3. Need to Prioritize



Infrastructure Priorities

A	Existing Debt Service Payments Maintain Existing Systems
B	Reconstruct Identified Roads High Priority Stormwater Projects
C	Expansion of Systems



Infrastructure Funding Continuum

Do Nothing

Moderate Range

Do Everything

Priority	No New Revenue No Bond Issue	\$3MM New Revenue \$25 MM Bond	\$5MM New Revenue \$50 MM Bond	\$7MM New Revenue \$75 MM Bond
A	\$1 MM Shortfall	Addressed	Addressed	Addressed
B	\$35 mil Shortfall	\$10 mil shortfall	Addressed	Addressed
C	No change	No change	Add \$15 MM	Add \$40 MM



Infrastructure & Facilities Actions 2012 & Beyond

- \$25 million bond issuance in 2012
 - Use 2012 Proceeds for Street Reconstruction
 - Use Remaining 2008 Proceeds for Stormwater Projects; Re-assess upon Completion
- \$3 million in additional annual revenue
 - Determine Revenue Sources
 - Consider Stormwater Utility
 - Consider Vehicle Stickers
 - Consider Alternative Revenues
 - Phase in New Revenue Sources



Infrastructure & Facilities Actions 2012 & Beyond

- Recommended Schedule
 - Issue Bonds in Early 2012
 - Dedicated Revenues in Place Now
 - Implement New Revenue Sources with FY13 Budget
 - Allows for Completion of Stormwater Utility Discussion



Next Steps



Next Steps

- First Reading on September 6, 2011
- Adopt 2012-14 LRFP on September 13, 2011



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