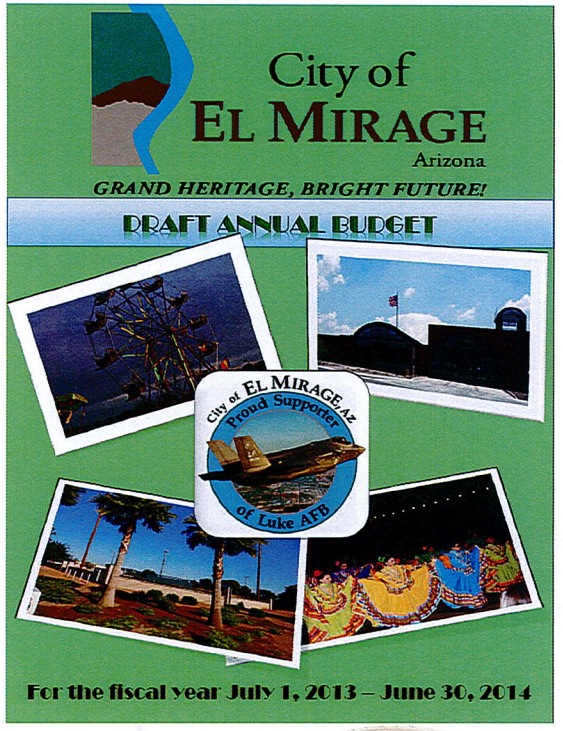
BUDGET FRAMEWORK AND PROPOSED FEE CHANGES

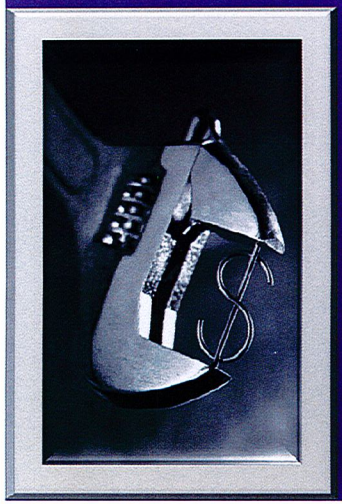
Presentation to Council



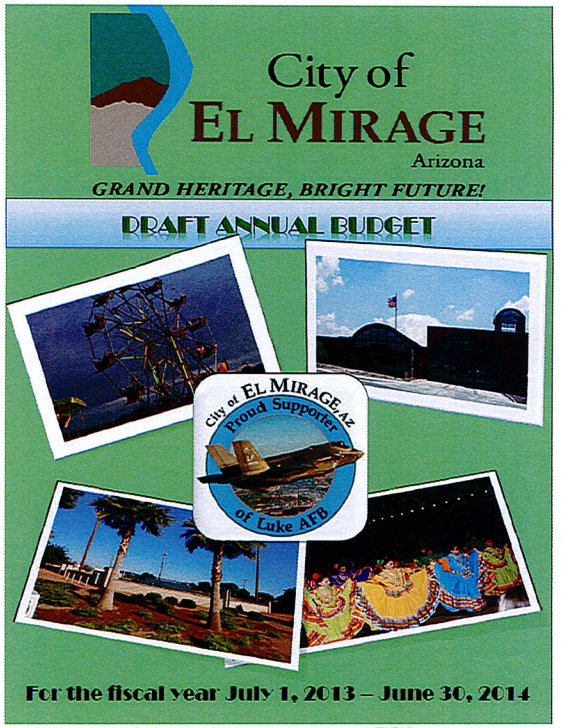
City of
EL MIRAGE
Arizona
GRAND HERITAGE, BRIGHT FUTURE!

Overview - Informational

- FRAMEWORK
- REVENUES
- FEES
- NEXT STEPS



FRAMEWORK



City of
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Budget Philosophy:

It's Simple…but not Easy!

- **The process of balancing a budget is <u>simple:</u>**
  - Revenues need to equal expenses.
  - If expenses exceed revenues then revenues need to be raised and/or expenses cut.

- **But not <u>easy</u>:**
  - Increasing taxes and fees to residents and/or cutting services or amenities is a process that is:
    - *Difficult & Emotional*
    - *Controversial & Politically Unpopular*

Budget Philosophy cont.:

When providing input on budget decisions, policy makers need to answer three key questions:

1. Are we providing city services in the most efficient, cost-effective manner possible?

2. What is our customer (resident or business partner) willing to pay for city services?

3. Is this amount competitive with comparable cities/towns so we continue to attract growth or at a minimum, we do not deter growth?

Budget Roles:

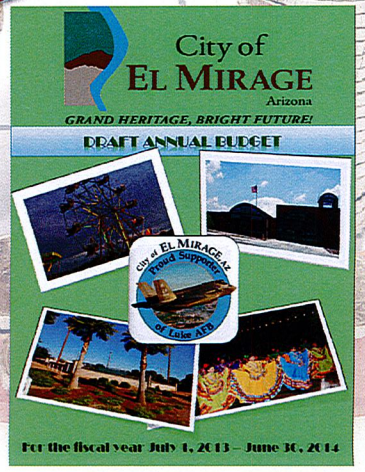
Mayor & Council

Residents

City of El Mirage

City Manager

City Departments & Employees



City of
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FY 13-14 BUDGET PROCESS TO DATE

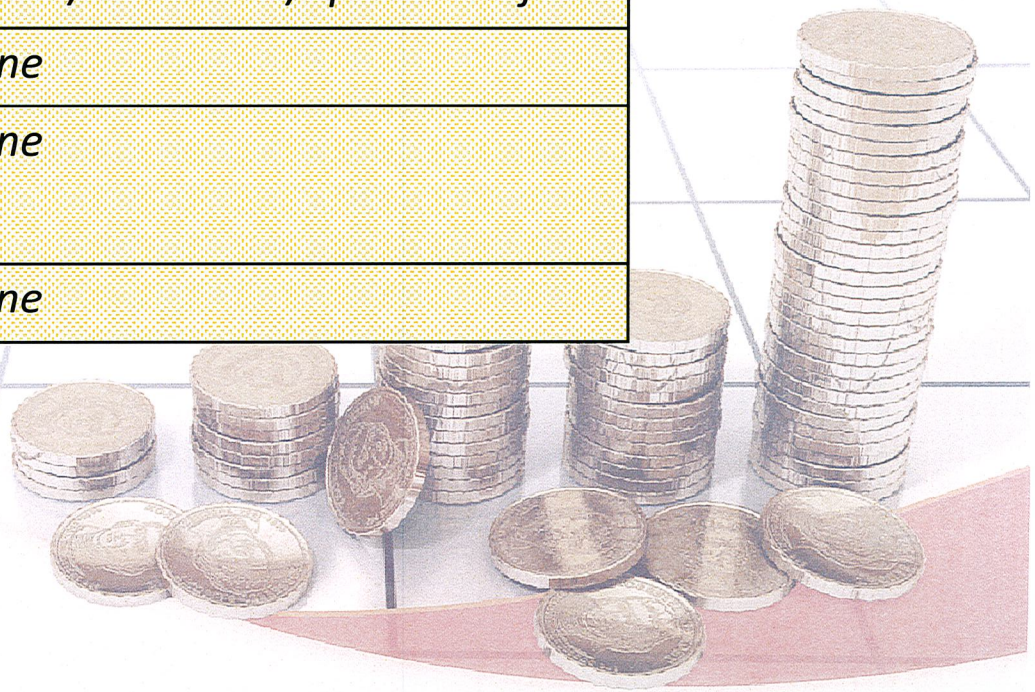
Steps Taken

- Department Budget Requests Submitted
- Department Meetings with City Manager
- Revenue Projections Firmed Up

SIGNIFICANT CHANGES

FUNDS TO BE CLOSED IN FY 14

Fund Closed	*Fund Closed to*
Police Grants	*Grants/Donations/Special Projects*
Capital Projects General	*Grants/Donations/Special Projects*
Parks & Rec Impact Fee	*None*
Muni. Facilities & Equipment Impact Fee	*None*
Fire Impact Fee	*None*



SIGNIFICANT CHANGES

Budget Process Improvements

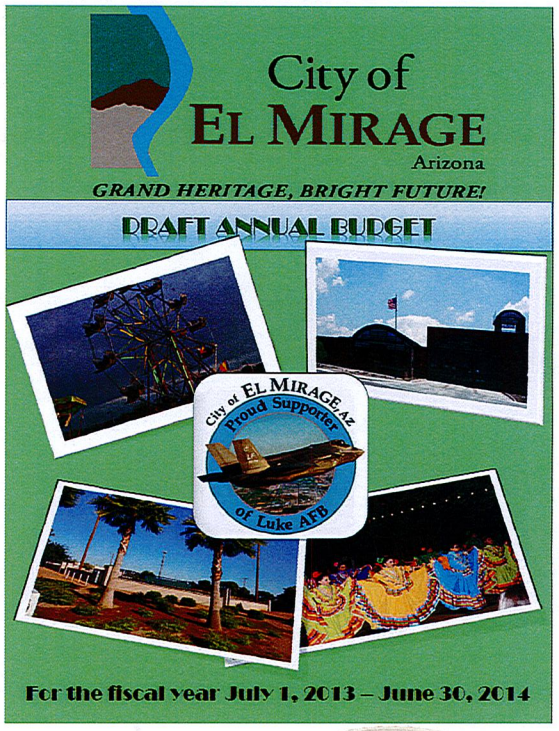
- Positions budgeted in the "home" department
  - Charge Outs are done through labor distributions.
- Planning and Zoning and Senior Center Operations move to Community Development budget.
- Geographical Information Systems (GIS) budget moved from Utilities Administration to Engineering.
- Carry forward capital items will be automatically brought forward.

Thoughts From City Manager

- This year's budget is stable.
- Revenues increase minimally.
- Stable State Shared Revenues.
- Voters authorized debt for essential infrastructure.

This budget will focus on "*incremental growth and development*", *creating stability, and meeting the expectations of both the Council and the public responsibly.*

REVENUES



City of
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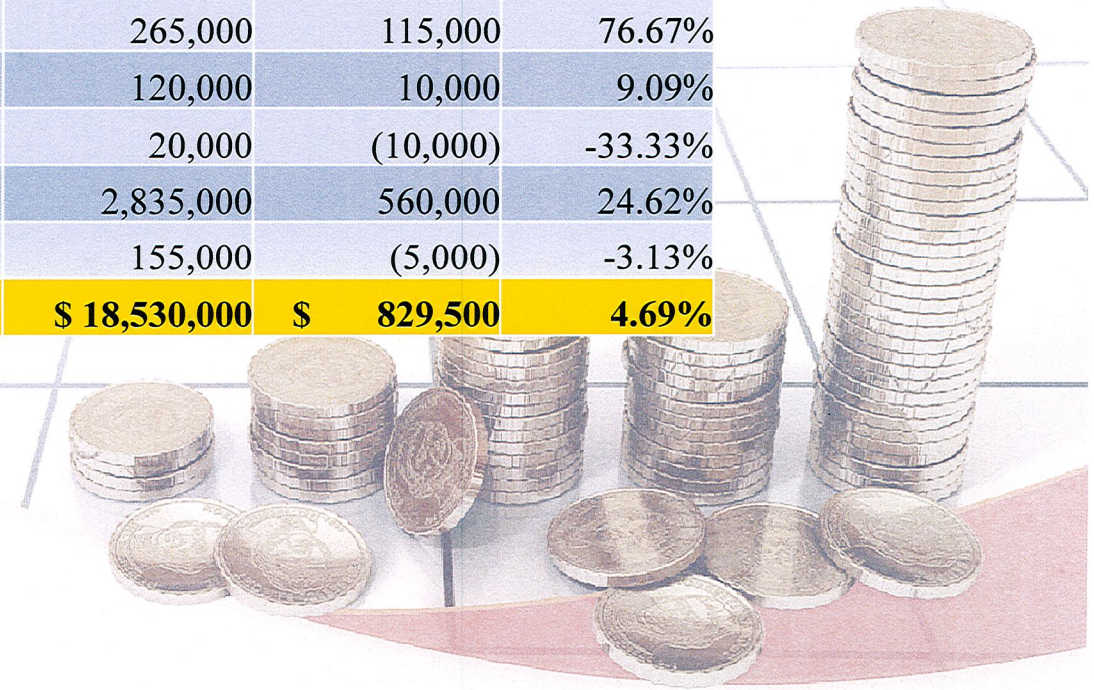
CITYWIDE REVENUES

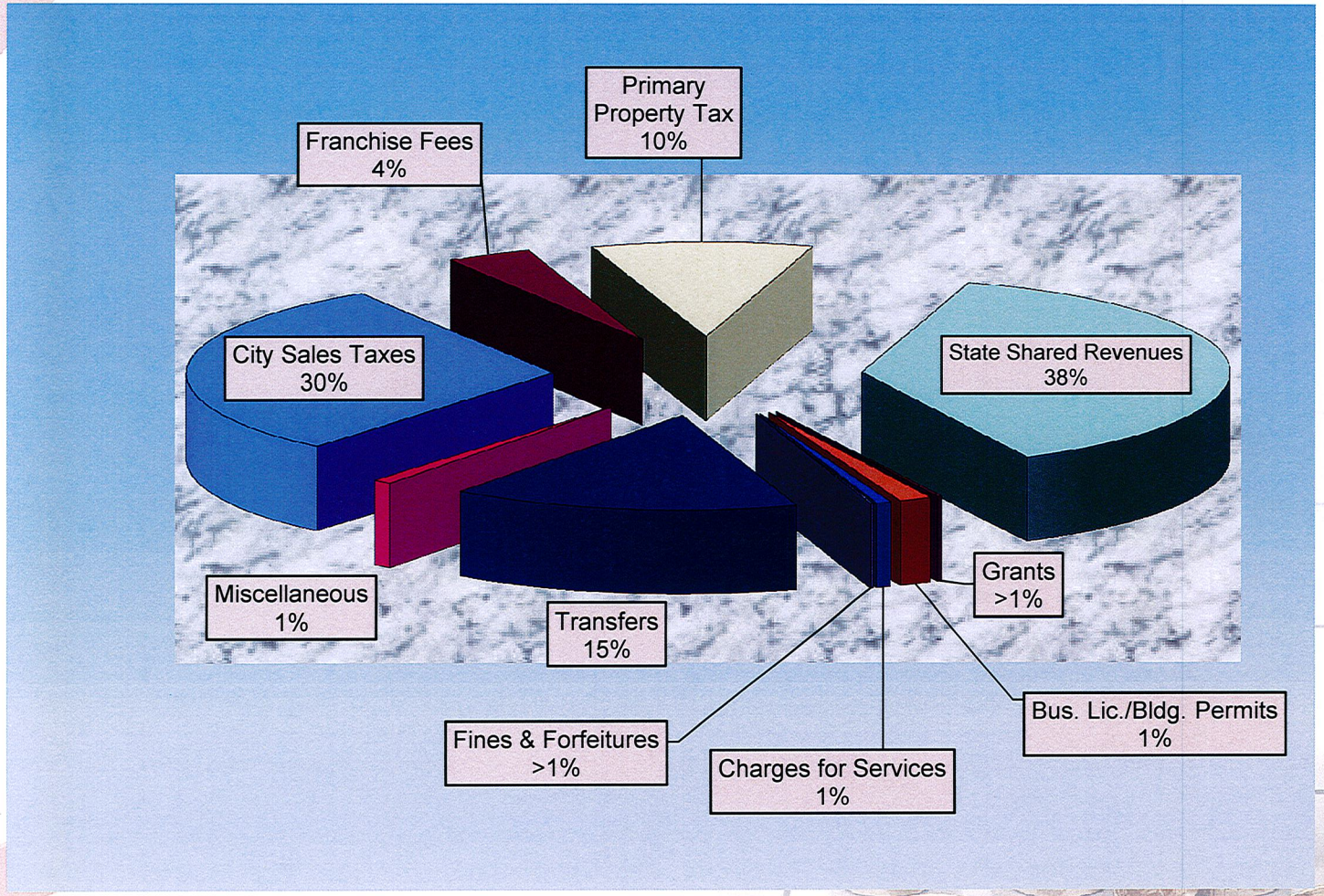
Taxes	11,660,000
Licenses and Permits	265,000
Intergovernmental	7,025,000
Grants	36,540,000
Charges for Services	12,900,000
Fines and Forfeitures	3,170,000
Miscellaneous	160,000
Total Revenues	71,720,000

GENERAL FUND REVENUES

			Increase	
	FY 12-13	FY 13-14	(Decrease)	%
	Budget	Budget	Amount	Change
City Sales Taxes	$ 5,480,000	$ 5,580,000	$ 100,000	1.82%
Franchise Fees	690,000	695,000	5,000	0.72%
Primary Property Tax	1,755,500	1,800,000	44,500	2.53%
State Shared Revenues	6,950,000	7,025,000	75,000	1.08%
Grants	100,000	35,000	(65,000)	-65.00%
Bus. Lic./Bldg. Permits	150,000	265,000	115,000	76.67%
Charges for Services	110,000	120,000	10,000	9.09%
Fines & Forfeitures	30,000	20,000	(10,000)	-33.33%
Transfers	2,275,000	2,835,000	560,000	24.62%
Miscellaneous	160,000	155,000	(5,000)	-3.13%
Total General Fund Revenues	**$ 17,700,500**	**$ 18,530,000**	**$ 829,500**	**4.69%**

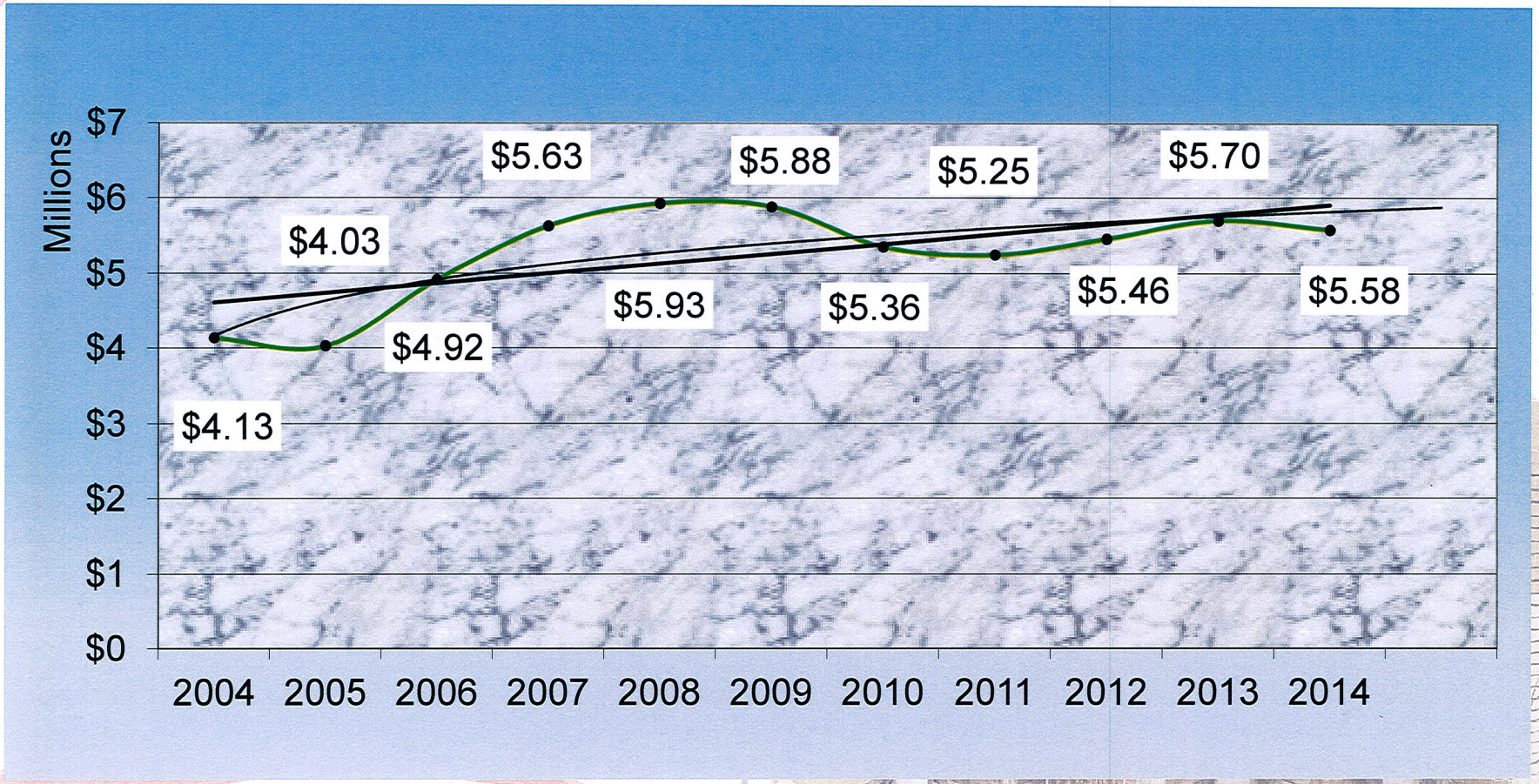


WHERE GENERAL FUND $$ COME FROM

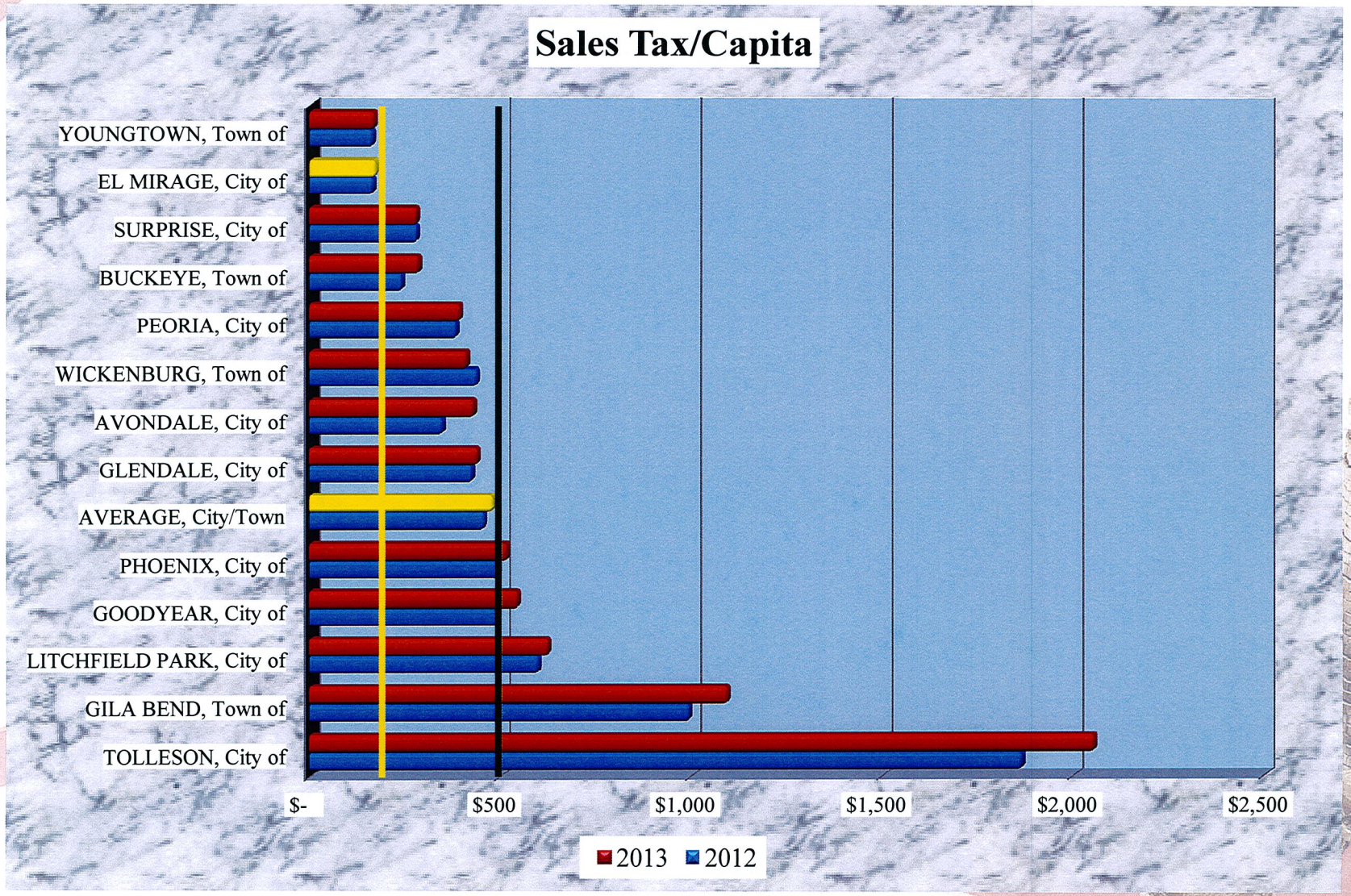


CITY SALES TAX COLLECTIONS

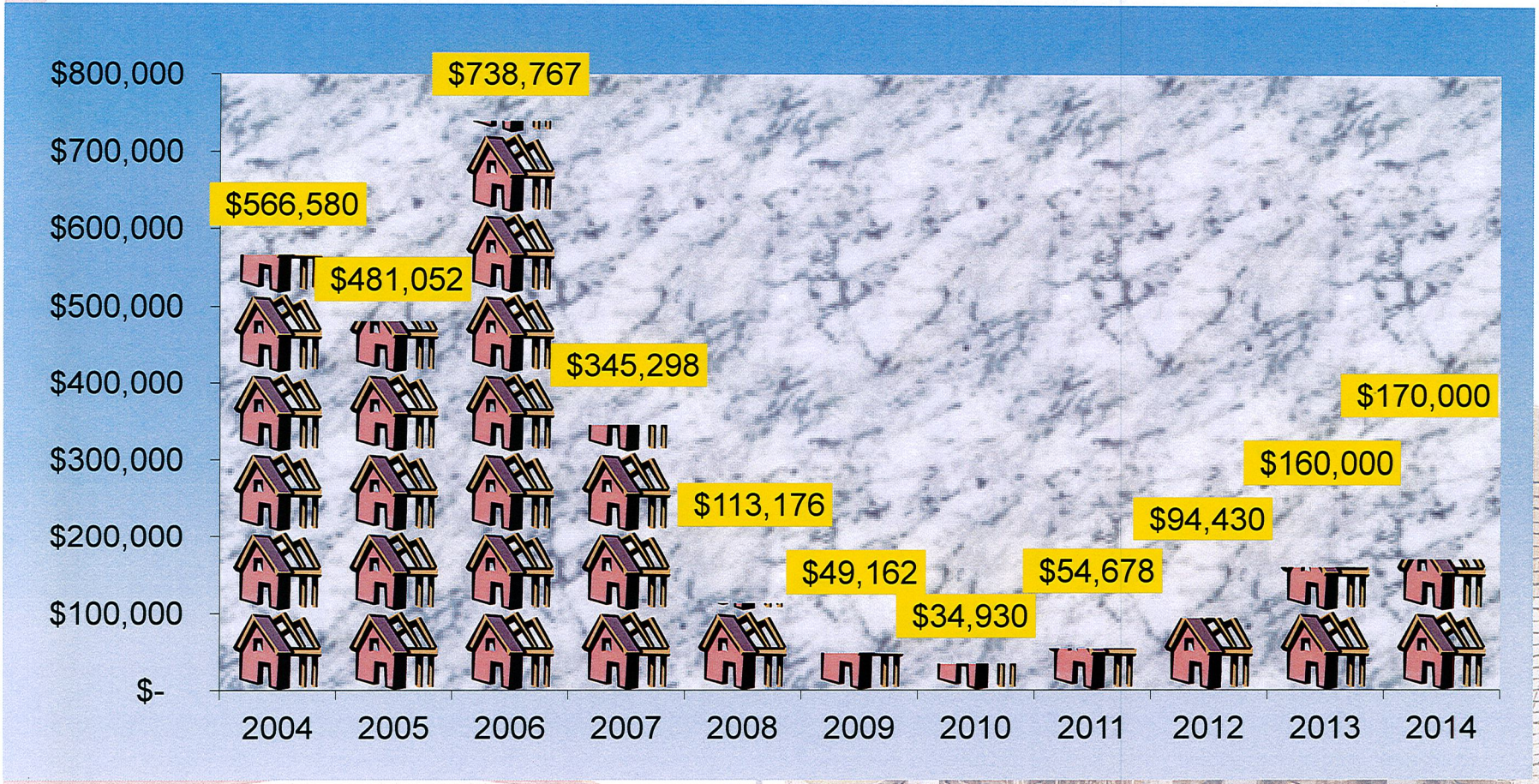
(including regression analysis)



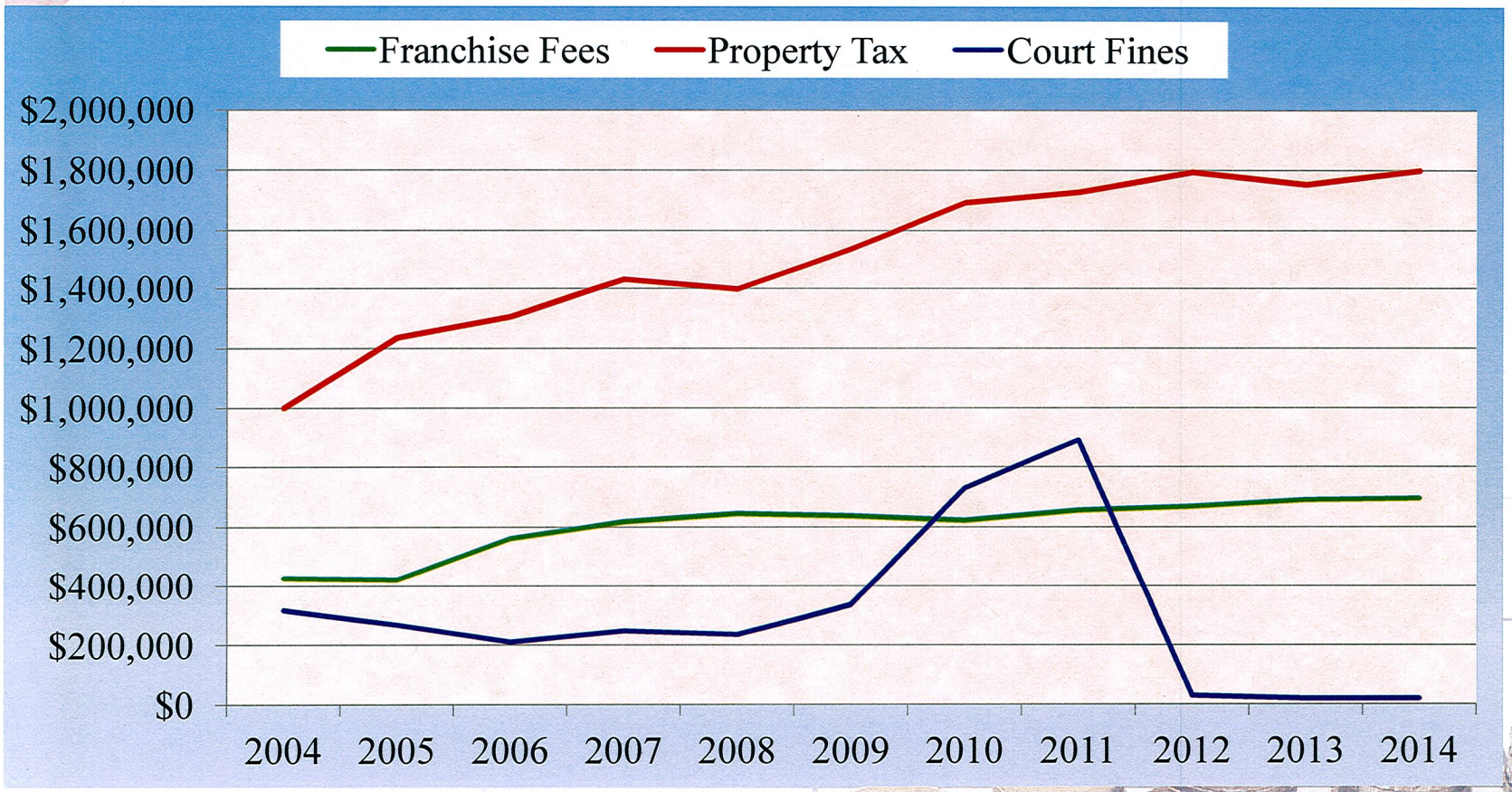
Current Budget Challenges:
Sales Tax



BUILDING PERMITS



OTHER GENERAL FUND REVENUES



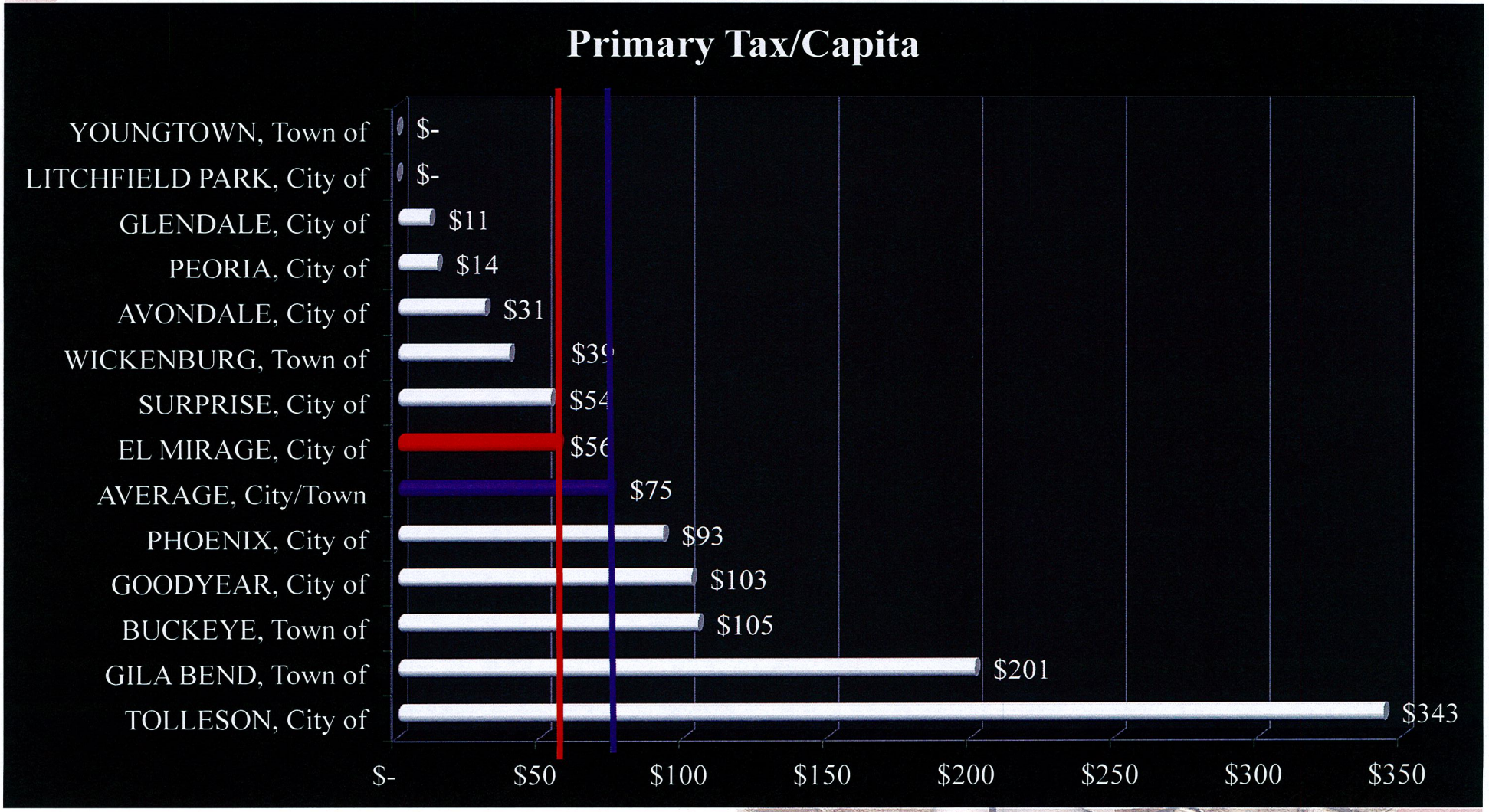
Primary Property Tax Options

1. **Keep the levy the same** (avg. home rate ⬆ levy ⬇)
2. **Keep the rate the same** (avg. home rate 〓 levy ⬆)
3. **Increase levy by 2%** (avg. home rate ⬆ levy ⬆)
4. **Increase levy to the maximum** (avg. home rate ⬆ levy ⬆)

Option 3 is currently built into the budget and is in adopted budget policies.

Option 1 was adopted by Council last year.

Tax is restricted for Public Safety use only.


Primary Tax/Capita
YOUNGTOWN, Town of
LITCHFIELD PARK, City of
GLENDALE, City of
PEORIA, City of
AVONDALE, City of
WICKENBURG, Town of
SURPRISE, City of
EL MIRAGE, City of
AVERAGE, City/Town
PHOENIX, City of
GOODYEAR, City of
BUCKEYE, Town of
GILA BEND, Town of
TOLLESON, City of
$-
$-
$11
$14
$31
$75
$93
$103
$105
$201
$343
$-
$50
$100
$150
$200
$250
$300
$350

Primary Property Tax Option 1
Keep the levy the same

Net Primary Assessed Valuation	$ 89,075,699
Divide by	100
Taxable Valuation	$ 890,757
Rate	**$ 2.0033**
Tax	**$ 1,784,422**

Primary Property Tax Option 2
Keep the rate the same

Net Primary Assessed Valuation	$ 89,075,699
Divide by	100
Taxable Valuation	$ 890,757
Rate	**$ 1.8579**
Tax	**$ 1,654,937**

Primary Property Tax Option 3
Increase levy by 2%

Net Primary Assessed Valuation	$ 89,075,699
Divide by	100
Taxable Valuation	$ 890,757
Rate	**$ 2.0433**
Tax	**$ 1,820,110**

Primary Property Tax Option 4
Increase levy to the maximum

Net Primary Assessed Valuation	$ 89,075,699
Divide by	100
Taxable Valuation	$ 890,757
Rate	**$ 2.1122**
Tax	**$ 1,881,457**

Keith E Russell
Assessor

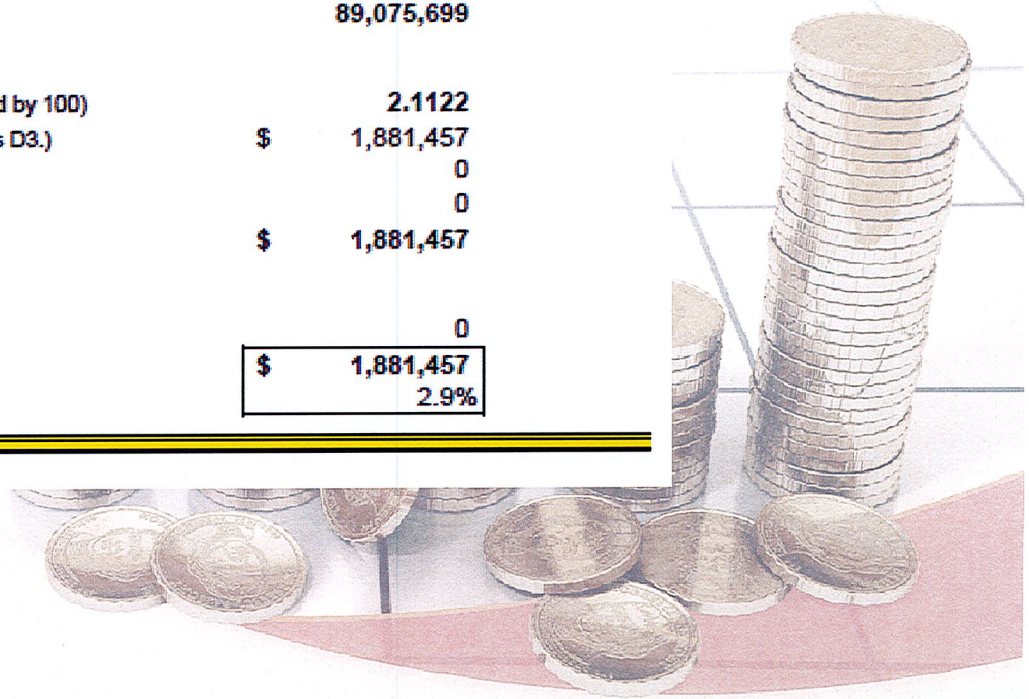
Office of the
Maricopa County
Assessor

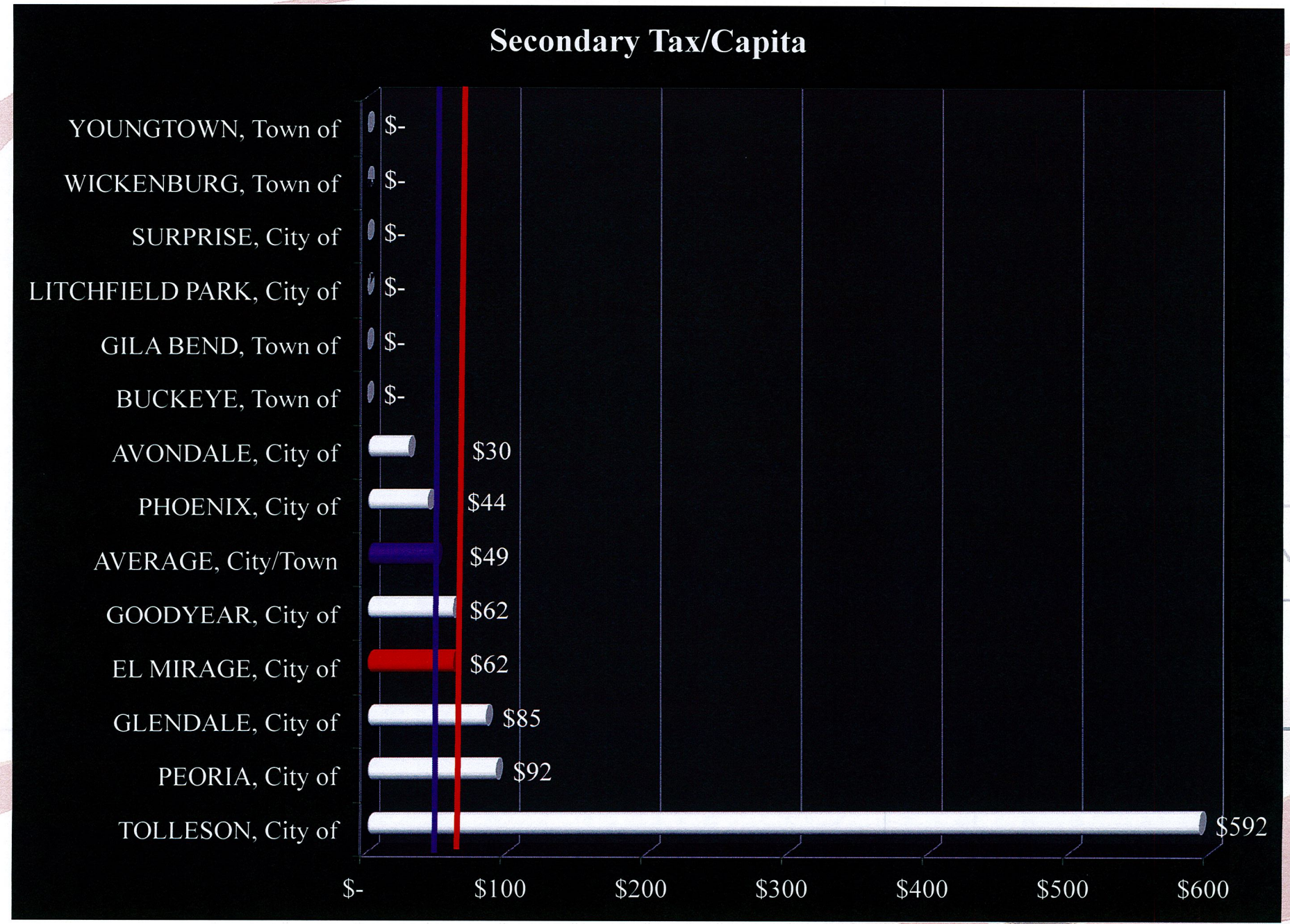
2013 Levy Limit Worksheet

El Mirage

A. Maximum Levy			
A1.	Maximum Allowable Primary Tax Levy		**1,828,998**
A2.	A1 multiplied by 1.02		1,865,578
B. Current Net Assessed Value Subject to Taxation in Prior Year			
B5.	Net Primary Assessed Value		88,324,400
C. Current Net Assessed Value			
C5.	Net Primary Assessed Value		**89,075,699**
D. Levy Limit Calculation			
D3.	Maximum Allowable Tax Rate (A2. divided by B5. Divided by 100)		**2.1122**
D5.	Maximum Allowable Levy Limit (C5. Divided by 100 times D3.)	$	1,881,457
D6.	Excess Collections / Exce		0
D7.	Amount in Excess of Expenditure Limit		0
D8.	**Allowable Levy Limit (D5. - D6. -D7.)**	**$**	**1,881,457**
E. Adjusted Allowable Levy Limit Calculation			
E1.	Accepted Torts		0
E2.	**Adjusted Allowable Levy Limit (D8. Plus E1.)**	**$**	**1,881,457**
E3.	Percent Change in Allowable Levy Limit		2.9%

February 10, 2012

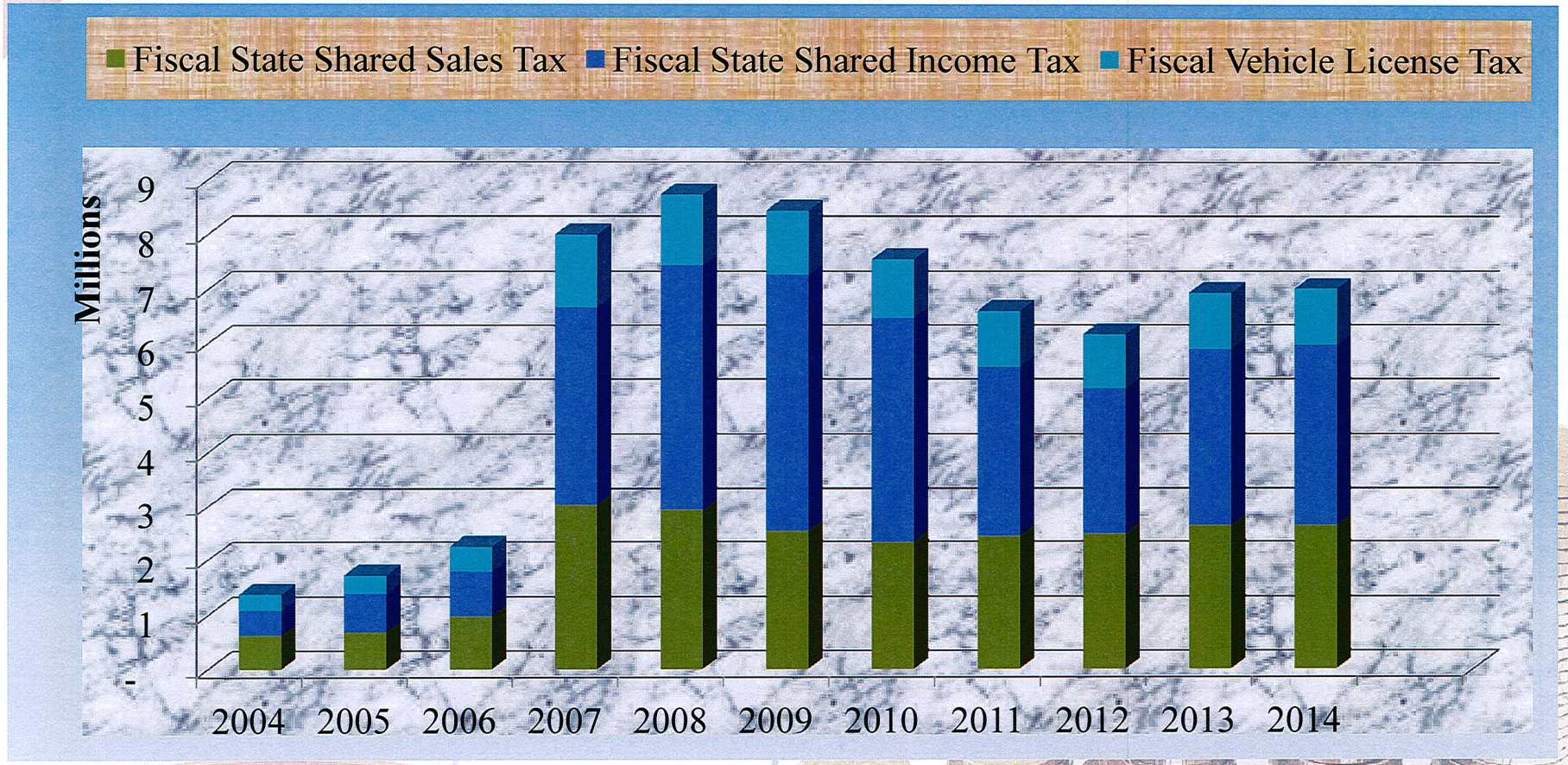



Secondary Tax/Capita
YOUNGTOWN, Town of
WICKENBURG, Town of
SURPRISE, City of
LITCHFIELD PARK, City of
GILA BEND, Town of
BUCKEYE, Town of
AVONDALE, City of
PHOENIX, City of
AVERAGE, City/Town
GOODYEAR, City of
EL MIRAGE, City of
GLENDALE, City of
PEORIA, City of
TOLLESON, City of
$-
$-
$-
$-
$-
$-
$30
$44
$49
$62
$62
$85
$92
$592
$-
$100
$200
$300
$400
$500
$600

Secondary Property Tax and Rate

Net Secondary Assessed Valuation	$ 89,825,263
Divide by	100
Taxable Valuation	$ 898,253
Rate	**$ 2.1820**
Tax	**$ 1,960,000**

STATE SHARED REVENUES



TRANSFERS/LOANS

Transfer											
Out	In	Gen. Fund	Court	Capital St.	Water	Sewer	Sanitation	HURF	CDBG	Cap. Proj. Parks	Debt Service	TOTAL
Gen. Fund		$ -	300,000	1,600,000	85,000	-	-	565,000	-	3,000,000	100,000	$ 5,650,000
Sewer Fund		735,000	-	-	85,000	-	-	-	-	-	-	820,000
Water Fund		1,270,000	-	-	-	1,020,000	-	-	-	-	-	2,290,000
Sanitation		335,000	-	-	-	-	-	-	-	-	-	335,000
Photo		495,000	-	495,000	-	-	-	-	-	-	-	990,000
HURF		-	-	-	85,000	-	-	-	-	-	-	85,000
TOTAL		$ 2,835,000	300,000	2,095,000	255,000	1,020,000	-	565,000	-	3,000,000	100,000	$ 10,170,000
Loans:												
Gen. Fund					2,125,000		600,000					$ 2,725,000

Includes Interest Payments from Water and Sanitation.

Budget Transfer Methodology			
Description:	From	To	Allocation %
Photo Enforcement	Photo Enforcement	GF/Cap. St.	50% Each Fund*
Engineering	GF/Sewer/HURF	Water	25% Each Fund
Utility Administration	GF/Sewer/HURF	Water	25% Each Fund

* Based on prior year's fund balance.

FEES

City of
EL MIRAGE
Arizona

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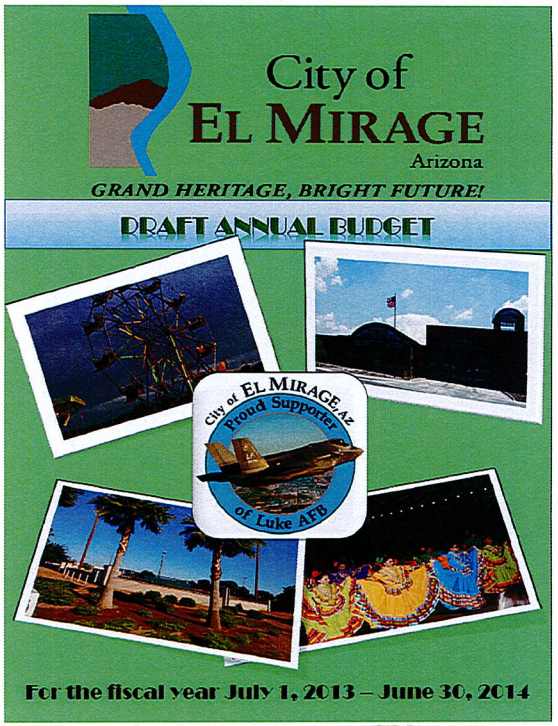

City of
EL MIRAGE
Arizona
GRAND HERITAGE, BRIGHT FUTURE!

FEE REVIEW

Departments were asked to review fees

Analysis of cost to provide service

Additional fees needed

Fees no longer used

FEES PROPOSED TO CHANGE

New fees and changes to existing fees are marked in Red

The “new fees” are a place holder .

Utility Fees		FY 2012-13	**FY 2013-14**
WATER			
Residential:			
Base Charge (all meter sizes)	Monthly	$17.97	**$19.77**
Volume Rate (gallons)	Per 1,000 gallons		
0 - 5,000		$3.23	**$3.55**
5,001 - 15,000		3.55	**3.91**
15,001 - 25,000		3.92	**4.31**
> 25,000		4.30	**4.73**
Commercial:			
Base Charge (all meter sizes)	Monthly	$21.30	**$23.43**
Volume Rate (gallons)	Per 1,000 gallons		
All Use		$4.02	**$4.42**
Irrigation:			
Dysart Ranchettes Only	Per Hour	$19.06	**$20.97**
Water Recharge:	Per 1,000 gallons		
Surprise Customers		$1.36	**$1.49**
El Mirage Customers		$1.36	**$1.49**
SEWER			
Residential:			
Base Charge (all meter sizes)	Monthly	$5.75	**$6.33**
Volume Rate (gallons)			
All Flows	Per 1,000 gallons	$3.27	**$3.60**
Commercial:			
Base Charge (all meter sizes)	Monthly	$5.75	**$6.33**
Volume Rate (gallons)			
All Flows	Per 1,000 gallons	$3.27	**$3.60**
SANITATION			
Residential:			
Monthly Fee	Monthly	$12.25	**$13.48**

Keith E Russell
Assessor

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Assessor

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El Mirage

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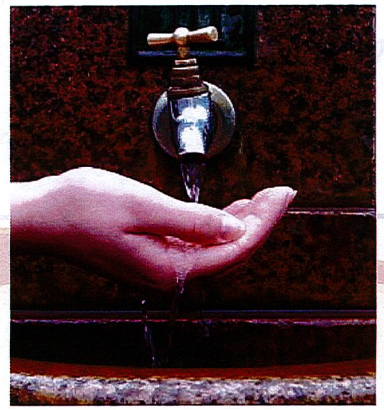
February 10, 2012

2011 UTILITY RATE STUDY

Red Oak Conducted Utility Rate Study

- 10% rate increases approved for water/sewer/sanitation for July 1, 2011 & 2012.
- Lost water recharge calculations for non-sewer water customers.

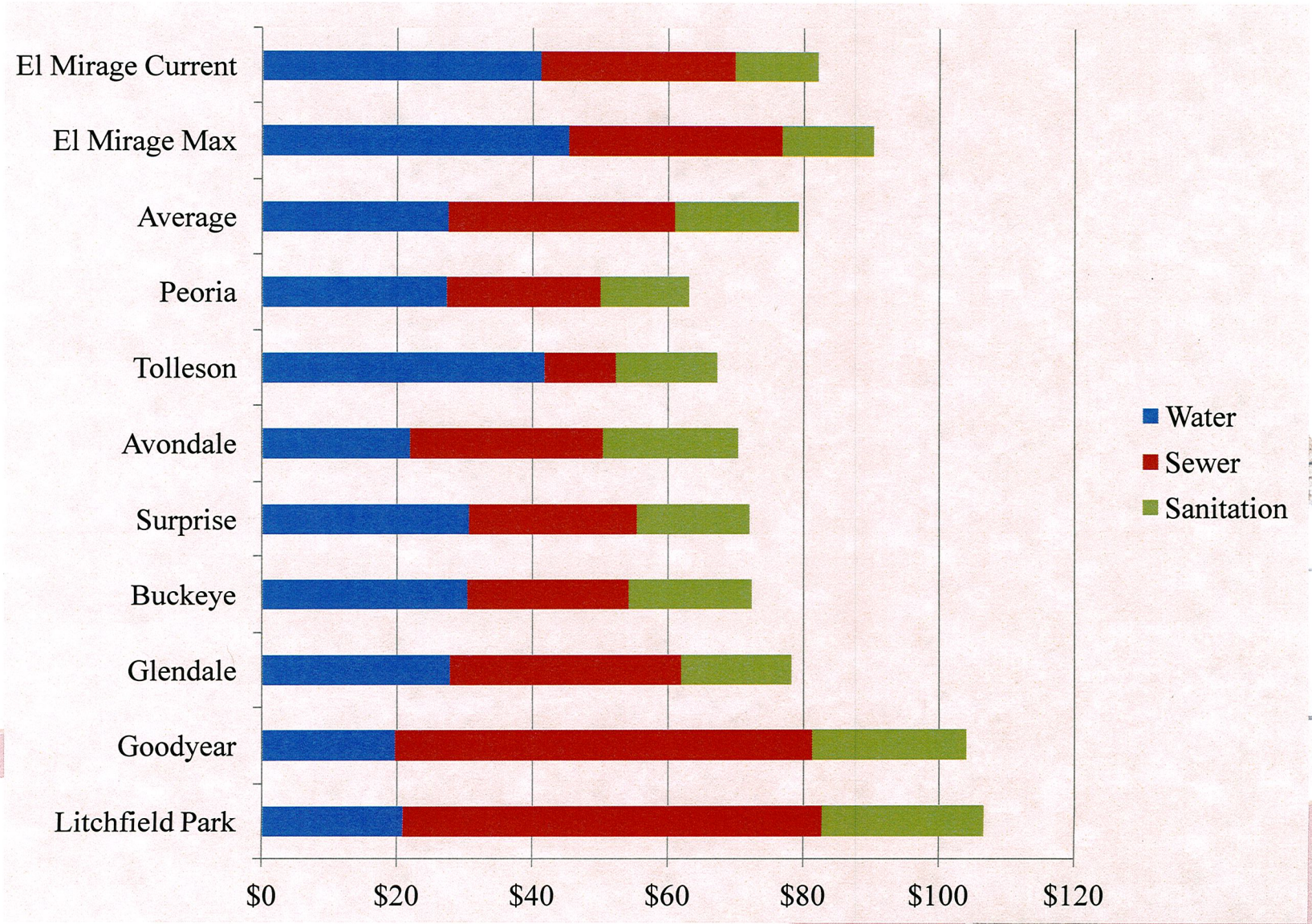


Recharge table approved by Council through 2016

Table 3
Projected Recharge Water Rate

Fiscal Year	Projected Recharge Water Rate ($/kgals)
2011-12	$1.30
2012-13	1.36
2013-14	1.49
2014-15	1.69
2015-16	1.87
2016-17	1.87
2017-18	1.87
2018-19	1.87
2019-20	1.87
2020-21	1.87

Single Family Residential Comparison 2013



Assumes 7,000 gallons of water/sewer usage per month

NEXT STEPS

Notice of Intent to Change Fees

Posted on City Website for 60 days

Draft Tentative Budget Presented to Council

On or Before April 8, 2013

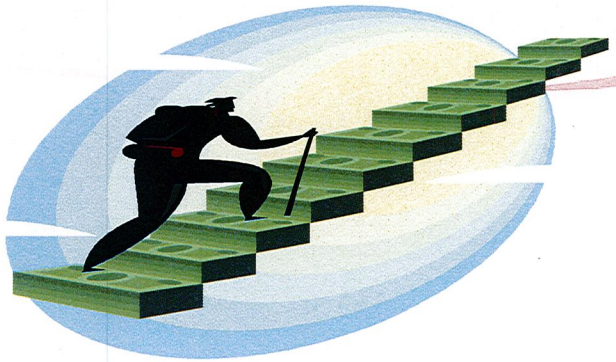
Council Review of Budget With Staff

April 15 & 16, 2013

Public Hearing for Utility Fee Increases

Scheduled for May 7, 2013

NEXT STEPS



Adopt Tentative Budget

Scheduled for May 7, 2013

Public Hearing for Property Taxes

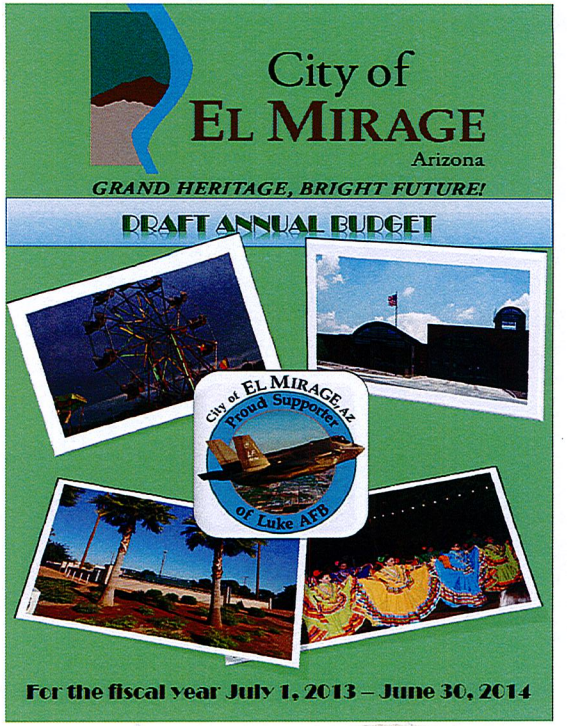
Scheduled for May 21, 2013

Adopt Final Budget

Scheduled for May 21, 2013

Adopt Property Tax

Scheduled for June 4, 2013



QUESTIONS

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