

City of Burlington

2016 Annual Budget
October 15, 2015

Mayor
Robert Miller
City Administrator
Carina Walters
Budget Officer/Treasurer
Steve DeQuaker



- Review 10/8/15 Budget Workshop
- Top Expenditure Items
- TIF 202 Discussion
- Financial Planning
- Other Comments
- Adjourn

City of Burlington – 2016 Annual Budget Agenda

Review 10/8/15 Budget Workshop

- CBP Policy discussion
 - Top policy issue was Downtown Redevelopment, Façade Grant, City Hall/Library
 - Second policy issue was committing to the Community Pool
- General Fund Revenues
 - 1.434% Levy Limit Increase
 - Shared Revenues \$671,000; includes about \$215,000 in Expenditure Restraint payment
 - General Transportation Aid \$603,000
- Enterprise Revenue
 - 3% Simplified Water Rate Increase
 - 3% Sewer rate Charge Increase
 - Airport Fuel Sales slightly lower being projected

City of Burlington – 2016 Annual Budget: 10/8/15 Review

Review 10/8/15 Budget Workshop

- Comments/Questions regarding this review

City of Burlington – 2016 Annual Budget: 10/8/15 Review

Top Expenditures

- Salaries & Benefits All Funds
 - Projection for overall Salaries \$6,926,728
 - Payroll \$4,686,708 (Tab 7)
 - Public Safety #1 at \$2,162,429 (Tab 8)
 - Benefits \$2,246,020 (Tab 7)
 - Public Safety #1 at \$1,076,624 (Tab 8)
 - Health Insurance including Opt Out: \$470,049
 - WRS: \$208,069
 - Protective Social Security: \$150,032
 - Overtime: \$49,000

	2014 Actual	2015 Budget	2015 Expected	2016 Budget
Total Payroll	\$ 4,383,273	\$ 4,475,652	\$ 4,510,281	\$ 4,680,708
Total Benefits	\$ 2,224,049	\$ 2,347,229	\$ 2,284,287	\$ 2,246,020
Total Payroll & Benefits	\$ 6,607,322	\$ 6,822,881	\$ 6,794,568	\$ 6,926,728

City of Burlington – 2016 Annual Budget: Expenditures

Top Expenditures

- WRS Contributions

- Total Contribution from the City into WRS all funds: \$402,815

- WRS General Employee Contribution is 6.6% in 2015
 - City Contribution for Police is 9.5% - Officers will be full General Employee Contribution by July 2016
 - City Contribution for Fire is 13.2% - Engineers currently in Union Negotiations outcome unsure, but expected to be similar to Officer LAW contract.

- Health Insurance (Tab 15)

- Total budgeted Health Insurance costs including opt-out all funds: \$1,416,600

- Opt Out \$200 Single, \$400 Family (included in above): \$26,400
 - Admin Expenses for all benefit programs budgeted (included in \$1.4M total): \$404,600
 - Self Insurance Fund (SIF) Revenue from Employees, City and plan design: \$1,231,758
 - Ending Balance in SIF: \$346,989

Top Expenditures

- Health Insurance (Tab 15)

- Plan Types & Design

- H.S.A. No premium paid by employee. City contributes \$1,000/\$2,000 toward overall deductible for Single/Family. Overall Deductible \$2,000/\$4,000.
 - Employee and City can contribute up to \$6,750 towards H.S.A. per IRS regulations.
 - 2015 Single Annual Premium: \$10,448; Family Annual Premium \$22,746 (includes deductible contribution)
 - 2015 Plan C – Traditional 80/20 PPO Plan.
 - Employee pays 10% of premium and 20% of covered expenses up to the max out of pocket.
 - Deductibles are \$500/\$1,000 for Single/Family; Max out of pocket is \$6,750/\$13,000 for Single/Family.
 - Single Annual Premium: \$10,981; Family Annual Premium \$24,103
 - Stop Loss payments to City over \$40,000 in covered claims expenses per event with one exception.
 - Other benefits provided:
 - Dental-\$1,000 annual benefit. \$38/\$62/\$96 for premiums (single/child/family) paid by City
 - Life (1 times salary) \$1.75 per \$5,000 and \$3.50 per \$10,000; includes \$10K/\$20K for dependent life/spouse paid by City
 - Vision Lenses/Contacts replaced annually with medical exam. Frames every 2 years up to \$100. \$5 premiums paid by City, Employee contributes difference - \$2/\$7/\$12 for single/1 dependent/family.
 - Ending Balance in SIF: \$346,989

City of Burlington – 2016 Annual Budget: Expenditures

Top Expenditures

- Utilities & Telephone
 - Total All Funds: \$750,146
 - Water & Sewer Utility represents \$545,000 of total
- Trash & Recycling (Tab 9 page 4)
 - Total for Trash & Recycle: \$513,632
 - Water & Sewer Utility represents \$545,000 of total
- Street Lighting (Tab 9 page 3)
 - Total for Street Lighting: \$260,000

Other funds have other large expenses, such as FICA.

Top Expenditures

- Comments/Questions regarding this review

City of Burlington – 2016 Annual Budget: Expenditures

TIF 202 Discussion

- TIF #3 and ERTIF #1 scheduled to close in 2017
 - TIF values added back to City for 2018 operations budget.
 - 1/2 of the % value of TIF 3/ERTIF 1 value added to Net New Construction percentage
 - Current 2016 projected TIF Percent of total City Value is 19.6%.
 - Net New Construction plus 1/2 of 19.6% will be able to be added to the Levy Limit for 2018 budget.
 - 2015 Net New Construction was 1.434% - in this example, total net new construction & TIF Close would be 1.434% plus (1/2 of 19.6% or 9.8%) equals 11.234%.
 - In today's 2016 budget this would represent an increase of \$623,050 to the Levy Limit
 - Expenditure Restraint Payment (ERP) would only account for the 1.434%, not the 11.234% thus making it difficult to increase general fund budget by 9.8% for operations and maintain \$215,000 in ERP payments from the state. Would not qualify for the \$215,000 in the next (2017) budget year.
 - Next Budget year would be reset and ERP can then be re-qualified.
 - The other "1/2" gets added to overall values to reduce the MIL rate to residents.
 - Higher budget (increased by \$623,050) spread over a much broader value base results in a lower MIL rate.

City of Burlington – 2016 Annual Budget: TIF 202

TIF 202 Discussion

- What is the solution and how do we maximize our TID Closures?
 - Increase Levy to allowed Maximum value per TIF Law. (Changes coming?)
 - Increase payments to Debt Service to reduce reliance on General Fund dollars to pay for debt. Currently $\frac{1}{2}$ of actual debt is Levied. (Tab 6 page 1)
 - If the desire of the council is to maintain Current MIL rate (\$8.81 per 1,000) then
 - Issue new debt to pay for needed infrastructure and/or other projects.
 - Debt payments for Debt Issued is not subject to Levy limit and can be levied fully per state statutes.
 - Identify issues that can have MIL rates increased by referendum (wants of the taxpayers).
 - Additional debt would be in addition to this option. Project debt may cost 25 cents per \$1,000 as requested by tax payer referendum, then add additional project debt to have a total MIL rate increase as required by the referendum. \$8.81 to \$9.06.
 - Has the advantage of getting approved Levy increases for Referendum project AND needed projects without changing “approved by referendum” MIL rate.

TIF 202 Discussion

- TIF 101/102

- In the TIF Example provided by Ehler's earlier this year:

- Keeping the MIL Rate the same would allow approximately \$6.5M in new debt. This would not include any debt issued per a referendum. Such as Pool, City Hall, Library.
 - Ability to continue to issue new debt each year (IF NEEDED) by \$650K per year. This would be up to the max allowed General Obligation debt of 5% of Equalized Value.

- What else?

- By closing TID 3/ER TID 1, City has the ability to create a new TIF District, if needed, for another purpose

- With TID 5/Aurora project coming in at \$80M – this would represent about 9% of the City overall value – depending on final Aurora values after TID 3/ERTID 1 close.
 - TIF law allows a TIF to be created up to 12% of City Value
 - A NEW TID In the works????
 - Downtown; New Subdivision; Industrial Complex;

TIF 202 Discussion

- Comments/Questions so far

Financial Planning

- A Financial Plan is KEY
 - Look at all current and future financial needs, including Utility
 - Current Levy covers General Fund operations
 - What about Capital and Equipment? How will we fund these and ensure it is comprehensive?
 - A long range Financial Plan and ongoing management of the plan is necessary
 - Helps in our S&P ratings
 - Makes sure we don't end up in a financial hole we can't get out of
 - May end reliance on "iffy" revenues like Expenditure Restraint, or property sales.
 - Are Water Simplified Rate Increases and low (3%) Sewer rate increases enough?
 - Projects on the horizon are looming large. Strontium/Radium at all wells, Storm Water Management, Phosphorus and other items mandated by the DNR and the EPA.
 - Issue debt or raise rates? A combination of both!

Financial Planning

- The Study is the thing!
 - Outside help and look at our operations - history and future needs
 - Strategic Planning that is actually used and adhered to
 - Commitment to spend the dollars needed to plan and study the issues
 - Most Municipal studies can range from \$10,000 to \$50,000. (Ehlers \$21k for 7-10 Year plan)
 - Return on this investment will be realized in best practices.
 - Fiduciary responsibility with tax payer dollars – dollars well spent.
 - A way to keep operations funded AND to keep projects funded.
 - Using dollars correctly with a plan to fill gaps and use resources.
 - Nothing should be off limits – look at EVERYTHING!

This will lead to a roadmap for the future to allow staff to fund the general operations and minor capital, while focusing the elected officials on appropriate spending for large capital projects within our means.

Financial Planning

- Comments/Questions regarding this information

October 15, 2015

- Other Discussion
 - Comments/Questions on any items discussed tonight
- Next Week
 - Levy Limits and State Expenditure Restraints Review if needed
 - Capital Improvement Plan
 - Equipment Replacement Fund
 - Funding Options for Capital and Equipment Funds
 - Debt Service?
 - Decide on November 6 Budget Workshop

City of Burlington – 2016 Annual Budget