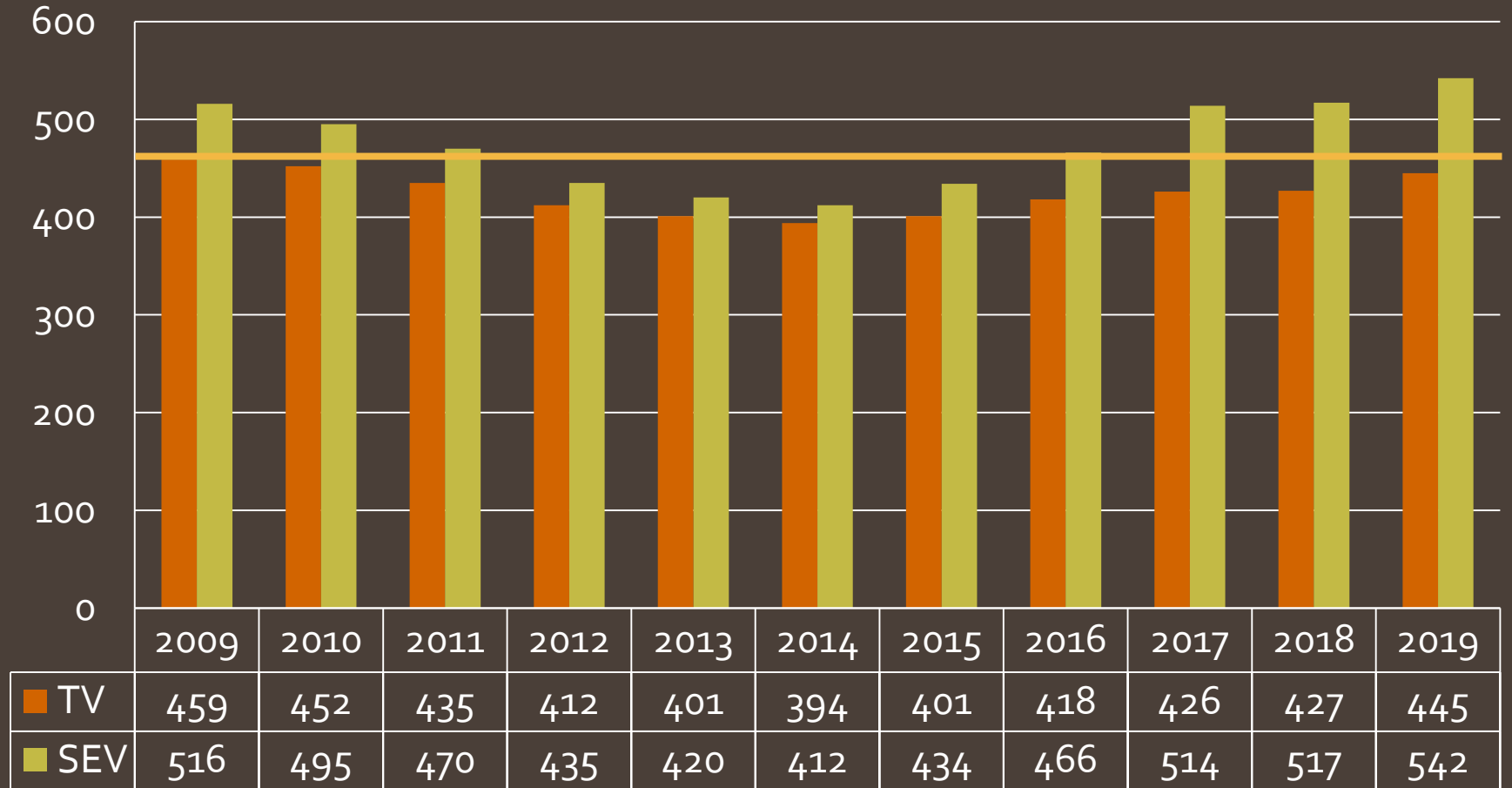


# ANNUAL BUDGET PRESENTATION

# CLOSING OUT YEAR ENDING JUNE 30, 2019



LOOKING  
BACK AT  
FISCAL YEAR  
2019/2020

IN SUMMARY -

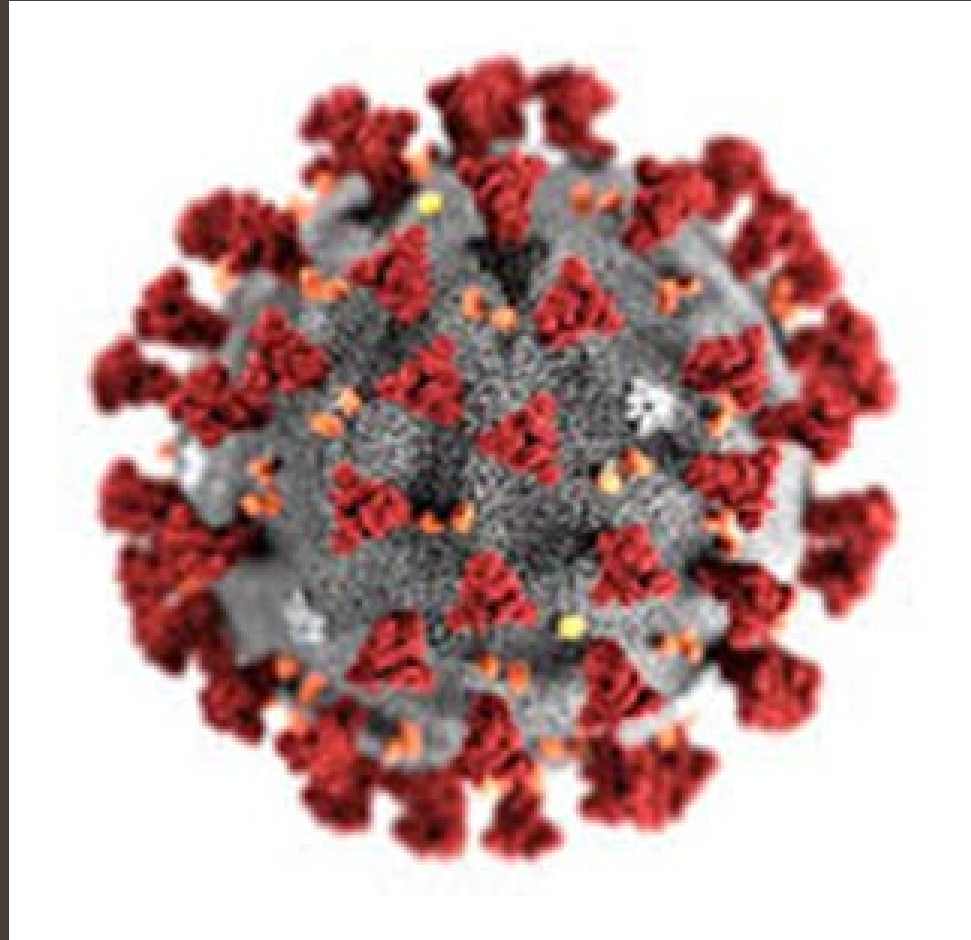
FISCAL YEAR 2019/2020 WAS A YEAR OF SIGNIFICANT STRUCTURAL CHANGE, SETTING THE STAGE FOR LONG-TERM FISCAL STABILITY...

...A YEAR OF REBALANCING PRIORITIES, WHICH WAS NECESSARY TO SUPPORT SUSTAINED INVESTMENT IN THE COMMUNITY AND SERVICE DELIVERY...

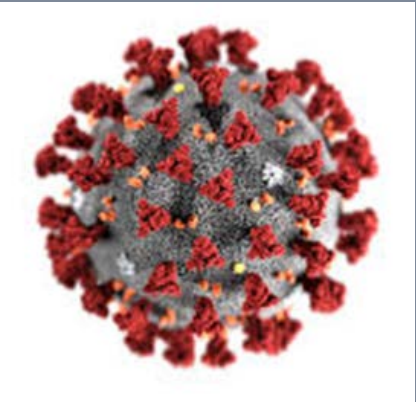
...A YEAR OF ADDRESSING FISCAL PRESSURES...

# NEW CHALLENGES

...BUT NOW



# BUDGET PROCESS CONTEXT



- STAFF WAS “DONE” WITH THE GENERAL FUND BUDGET PROCESS WHEN COVID-19 GENERATED STATE AND FEDERAL ACTION
- THE FINANCIAL IMPACTS OF COVID-19 ARE LARGELY UNKNOWN, BUT THIS IS WHAT WE ARE CURRENTLY EXPECTING:
  - REDUCTION IN STATE REVENUE SHARING DUE TO DECREASED SALES ACTIVITY
  - REDUCTION IN ACT 51 REVENUES DUE TO DECREASED TRAVEL AND VERY LOW GAS PRICES\*
  - VERY POSSIBLE DROP IN PROPERTY VALUES, BUT AS WITH 2008 THESE IMPACTS WILL LAG SOME. WE WILL WATCH CLOSELY.
- HEDGING FINANCIAL RISK\*
  - 2019 NEGOTIATIONS AND FISCAL SAVINGS
  - BUDGET CONSCIOUS STAFF
  - CURRENTLY ONLY FILLING CRITICAL INFRASTRUCTURE/POLICE POSITIONS (CODE ENFORCEMENT VACANT/PT, NO SEASONALS\*)
  - MADE LAST MINUTE CUTS TO RECOMMENDED FY 20/21 BUDGET
  - REVIEW NEED FOR ADDITIONAL CHANGES AFTER MAY STATE REVENUE CONFERENCE
  - RECOMMENDED MID YEAR REVENUE REVIEW PRIOR TO MAJOR PURCHASES/PROJECTS (i.e. Rickett Phase II)\*
  - REMEMBER: THE BUDGET IS A LIVING DOCUMENT

# LOOKING BACK AT FISCAL YEAR 2019/2020

## HIGHLIGHTS

- BEGAN IMPLEMENTATION OF THE VOTER APPROVED STREETS MILLAGE WITH WORK TO BEGIN ON ALPINE, THIRD STREET, AND FAIRWAY TRAILS.
- CONTINUED ENGINEERING WORK IN PREPARATION FOR THE LONG AWAITED NORTHWEST NEIGHBORHOODS PROJECT.
- PENDING A DISRUPTION, WILL BE COMPLETING RICKETT ROAD PHASE I, WHICH INCLUDED THE REPLACEMENT OF A COLLAPSING SANITARY SEWER.
- BEGAN THE PLANNING/DESIGN PROCESS FOR THE DOWNTOWN STREETScape PROJECT.
- RESTRUCTURED THE CITY'S BENEFIT OFFERINGS YIELDING SIGNIFICANT SAVINGS AND REDUCING UNFUNDED LIABILITIES WHILE RETAINING MARKET COMPETITIVENESS.
- REPLACED AND ELIMINATED OBSOLETE EQUIPMENT REDUCING MAINTENANCE COSTS AND IMPROVING RELIABILITY AND EMPLOYEE SAFETY.
- CONTINUED THE TRANSITION TO ENERGY EFFICIENT LED LIGHTING AT CITY FACILITIES.
- CONDUCTED THE BIENNIAL CITIZEN SURVEY.
- EXPANDED THE SECOND ANNUAL POLICE YOUTH ACADEMY.

LOOKING  
BACK AT  
FISCAL YEAR

2019/2020

GENERAL FUND  
PROJECTIONS

2019/2020 General Fund Projections

	Original Budget	Projection
Revenue	\$9,211,127	\$9,332,210
Expenditures	\$10,150,646	\$10,122,948
Use of Fund Balance	\$(939,519)	\$(790,738)
Beginning Assigned and Unassigned Fund Balance (Audited*)	\$3,136,877*	\$3,136,877
Ending Assigned and Unassigned Fund Balance	\$2,305,447	\$2,454,228
Assigned and Unassigned FB as % of Op. Expenditures (**at Budget Adoption)	22%**	31%

# FISCAL PRESSURES STATUS

- FISCAL PRESSURE I: STREETS AND RELATED INFRASTRUCTURE
- FISCAL PRESSURE II: UNDERFUNDED CAPITAL
- FISCAL PRESSURE III: PENSION AND OPEB LIABILITIES





## FISCAL PRESSURE I: STREETS AND RELATED INFRASTRUCTURE

### FISCAL YEAR 2019/2020

- VOTER APPROVED A 2.5 MILL 7 YEAR STREETS MILLAGE – ESTIMATED TO GENERATE \$1.18M
- IDENTIFY OPERATIONAL SAVINGS OF APPROXIMATELY \$500,000
  - STAFF REDUCTIONS
  - STAFF CONCESSIONS
  - NEW HIRE BENEFIT TIER
  - MISCELLANEOUS
- IDENTIFY AND DIRECT APPROXIMATELY \$500,000 IN NEW NON-STREETS MILLAGE REVENUES TO STREETS
  - FEES
  - CONTINUED DDA CONTRIBUTION
  - ECONOMIC DEVELOPMENT





## FISCAL PRESSURE II: UNDERFUNDED CAPITAL

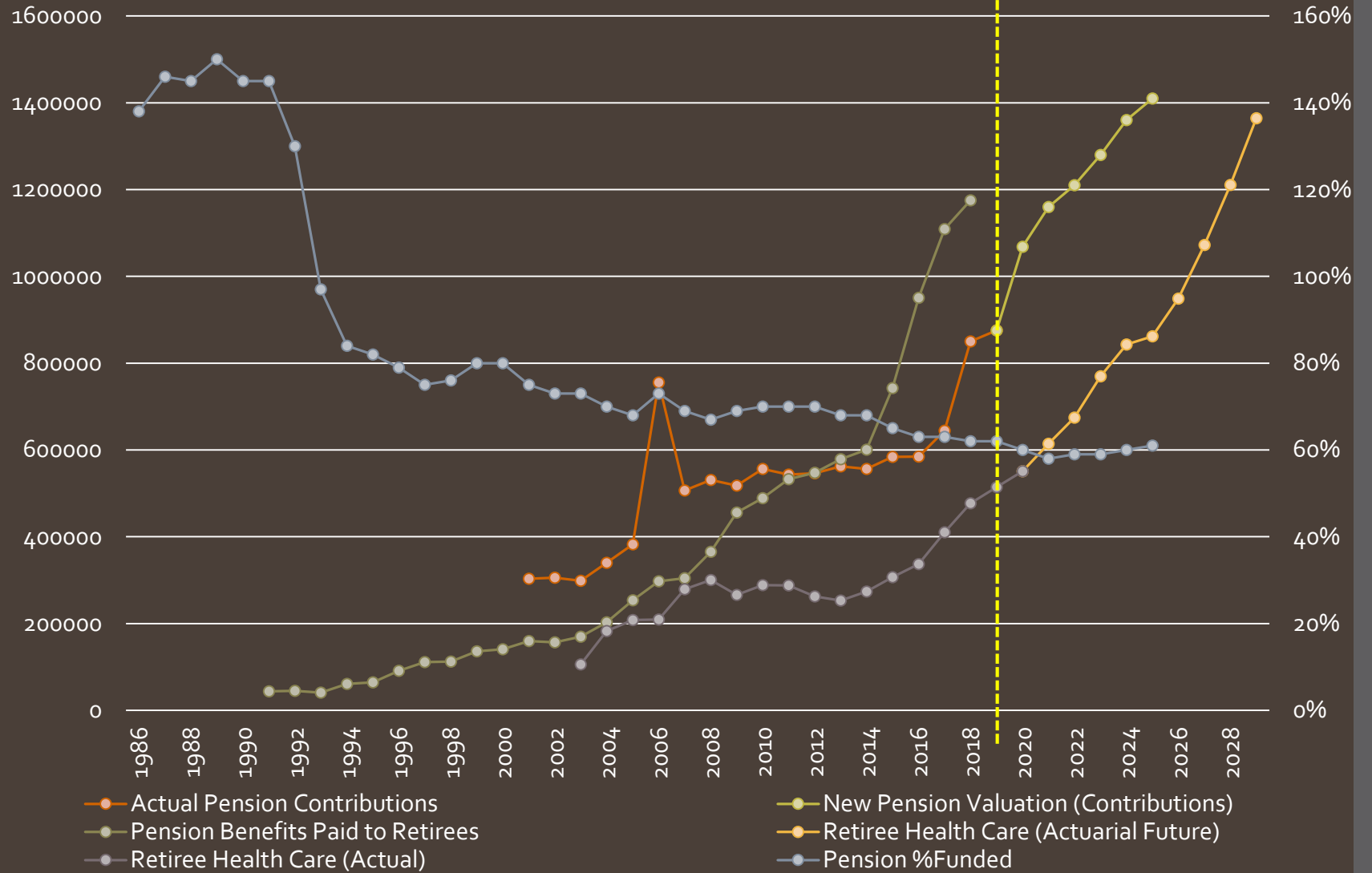
GENERAL FUND

UTILITIES FUND

### FISCAL YEAR 2019/2020

- CAPITAL RESERVE FUND
- THE “FIRST” MILL
  - DISTRIBUTED BASED ON ANNUAL CAPITAL IMPROVEMENT PLAN RECOMMENDATIONS
- FUNDING DEPRECIATION @ 10%
- UTILITY RESERVE FUND
  - MORE WORK TO DO

# FISCAL PRESSURE III: PENSION AND OPEB LIABILITIES





### FISCAL PRESSURE III: PENSION AND OPEB LIABILITIES

#### FISCAL YEAR 2019/2020

- MOVED ALL ELIGIBLE NON-POLICE RETIREES TO AN HMO HEALTH PLAN
- ALL ELIGIBLE FUTURE RETIREES TO RETIRE WITH HMO
- BRIDGED PENSION MULTIPLIERS BY 10% FOR NON-UNION ADMIN AND 6% FOR POLICE EMPLOYEES
- INCREASED EMPLOYEE PENSION CONTRIBUTIONS FOR CLERICAL, PUBLIC SERVICES, AND POLICE EMPLOYEES
- CLOSED THE CITY'S DEFINED BENEFIT PLAN FOR ALL NEW NON-POLICE HIRES
- ALL NEW POLICE HIRES TO A HYBRID PLAN
- RETIREE HEALTH CARE HAS BEEN CLOSED TO ALL NEW HIRES SINCE 2017 (NON-POLICE NEW HIRES SINCE 2011/2012)

# STAFF PRESSURES CONTINUE TO GROW

- GENERAL PRESSURES
  - STATE/FEDERAL REQUIREMENTS
  - COMMUNITY ACTIVITY
  - PROJECT MANAGEMENT

- SPECIFIC TO PUBLIC SERVICES
  - ASSET/PROJECT MANAGEMENT
    - STREETS
    - UTILITIES
  - REGULATORY DEMANDS
    - LEAD/COPPER, PFAS, ETC.
    - RESIDENTIAL CROSS CONNECTION
    - FATS, RAGS, OILS, & GREASE
    - STORMWATER
  - SUCCESSION PLANNING

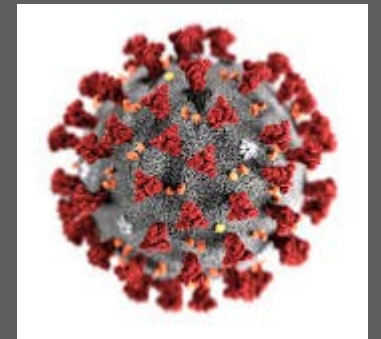
- SPECIFIC TO POLICE
  - COMMUNITY ACTIVITY
  - INVESTIGATIVE RESOURCES
  - SUCCESSION PLANNING
  - POLICIES AND PROCEDURES

# FISCAL YEAR

# 2020/2021

RECOMMENDED BUDGET

BUDGET  
PROCESS  
CONTEXTUAL  
REMINDER

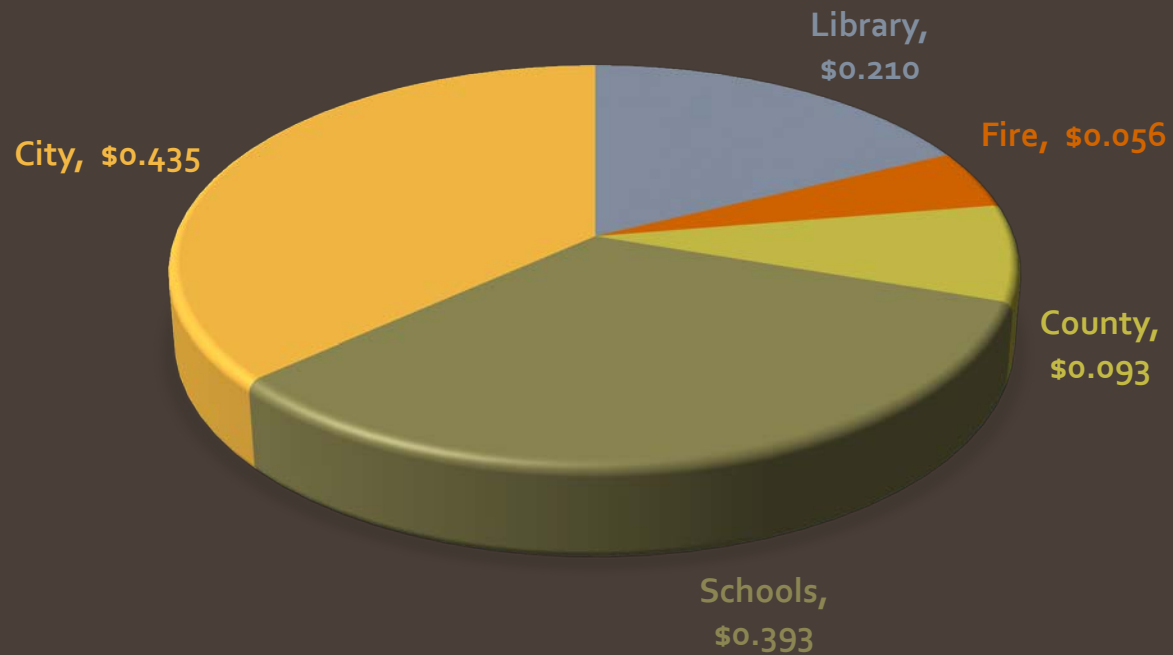


# FISCAL YEAR 2020/2021 RECOMMENDED BUDGET

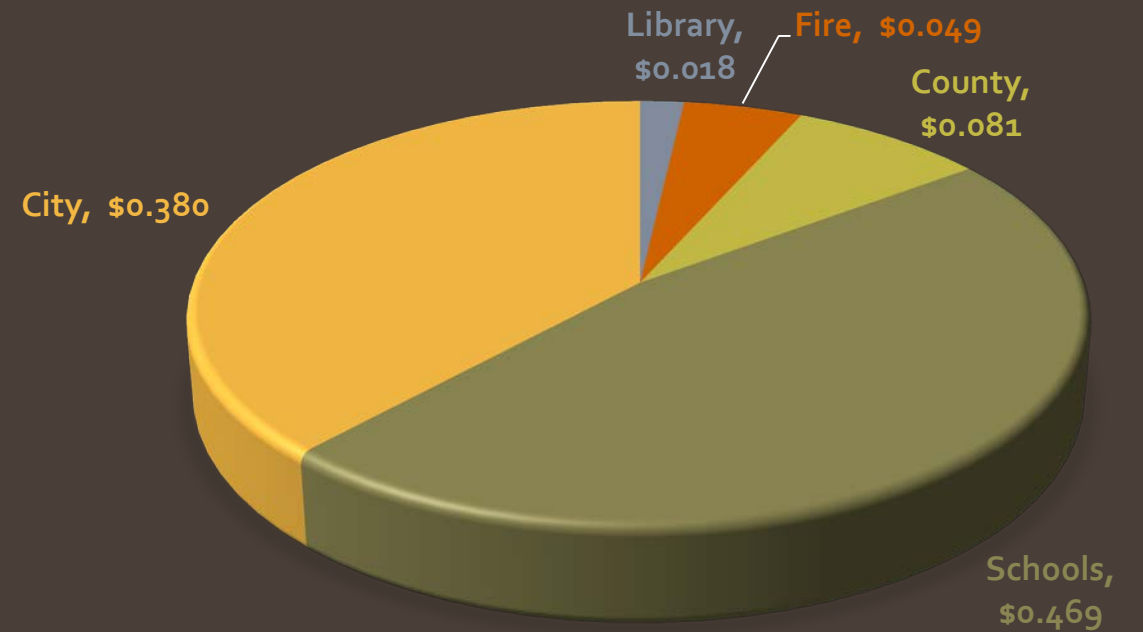
- BESIDES ANTICIPATED COVID-19 IMPACTS
  - REVENUE SHARING REDUCTION
  - ACT 51 REVENUE REDUCTION
  - LIKELY PROPERTY TAX IMPACTS
- HEADLEE REDUCTION FRACTION - .9831 (Est.)
- CITY MILLAGES TO BE REDUCED BY 1.69%
  - **15.0048** – Operating (15.2627) **(\$141,000)**
  - **0.3674** – Police Capital (.3797) **(\$3,100)**
  - **2.4578** – Streets (2.5) **(\$71,830)**
- 2019/2020 HEADLEE REDUCTION FRACTION - .9996

# TAX DOLLAR DISTRIBUTION

## RESIDENTIAL TAX DOLLAR DISTRIBUTION



## COMMERCIAL TAX DOLLAR DISTRIBUTION

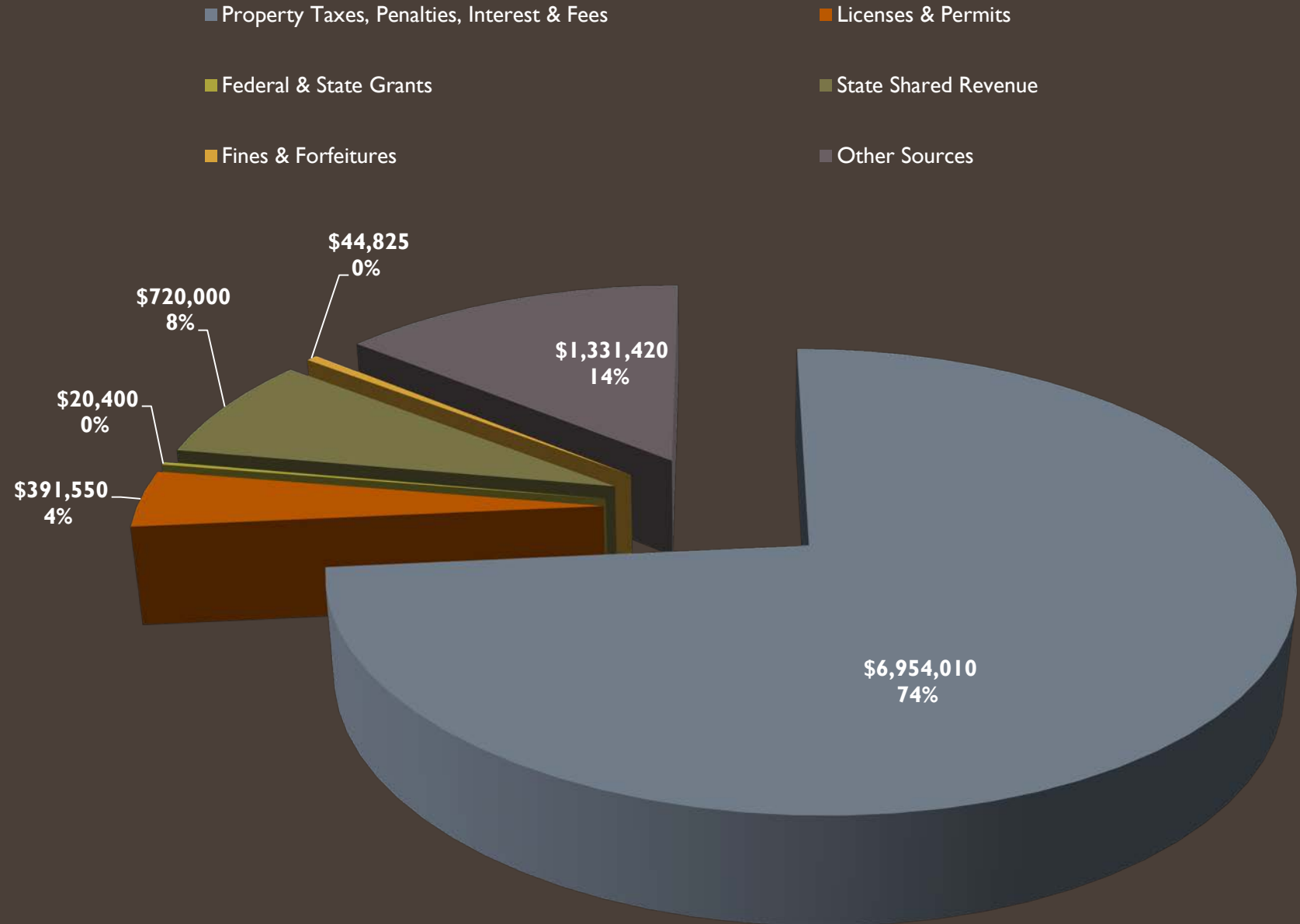




# FISCAL YEAR 2020/2021 RECOMMENDED BUDGET

## GENERAL FUND SUMMARY (REVENUES)

GENERAL FUND REVENUE: \$9,462,205

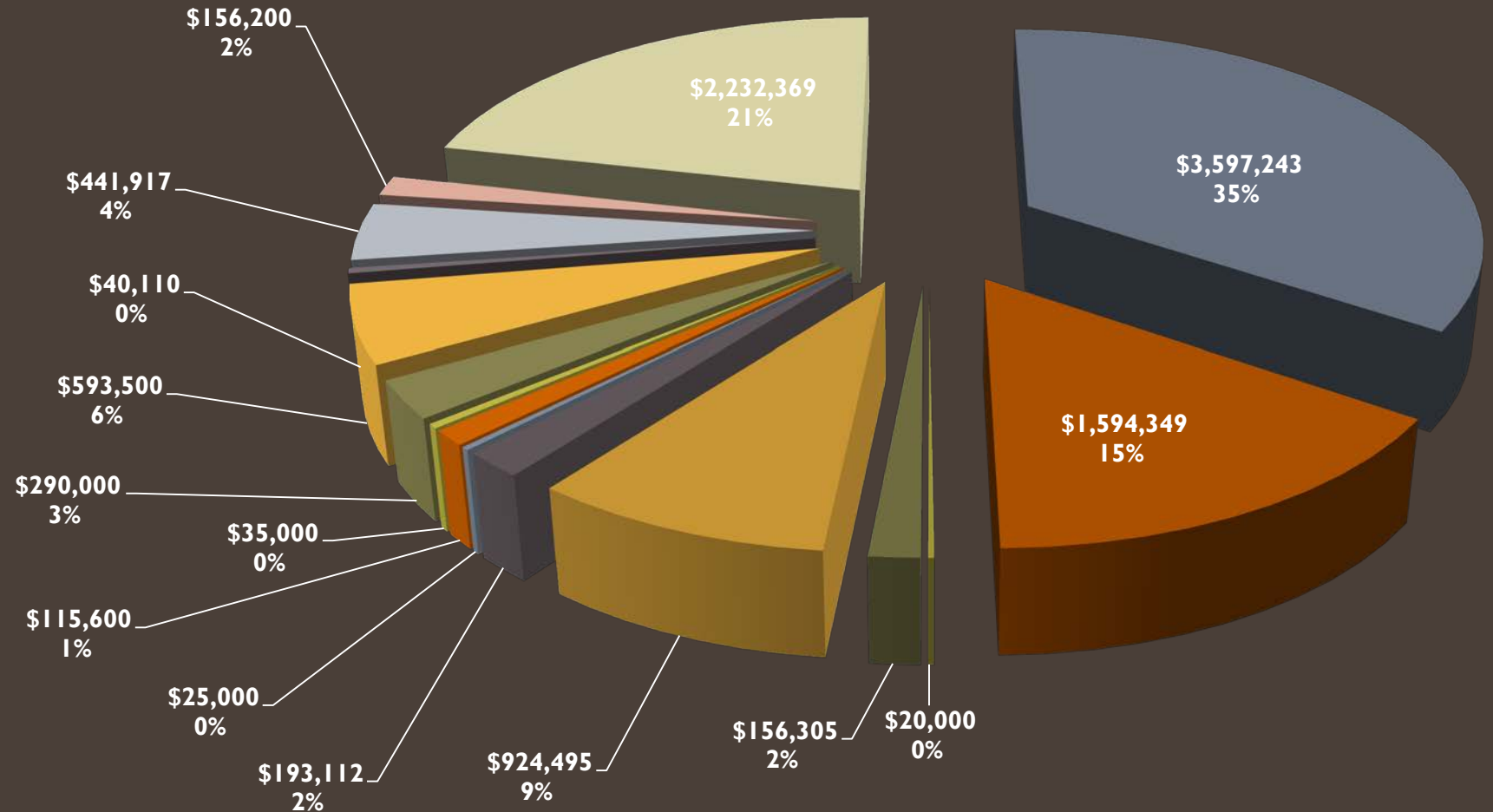


# FISCAL YEAR 2020/2021 RECOMMENDED BUDGET

## GENERAL FUND SUMMARY (EXPENDITURES)

### GENERAL FUND EXPENDITURES: \$10,415,200

- Personnel - Salaries & Wages
- Personnel - Employee Benefits
- Per Diem - Elections
- Supplies
- Operations & Maintenance
- Legal - General
- Legal - Labor
- Utilities
- Engineering
- Street Lighting
- Refuse Collection & Disposal
- Capital Outlay
- Other Post Employment Benefits
- Transfers to Other Agencies
- Transfers to Other Funds



# ADDRESSING FISCAL PRESSURES IN FY 20/21

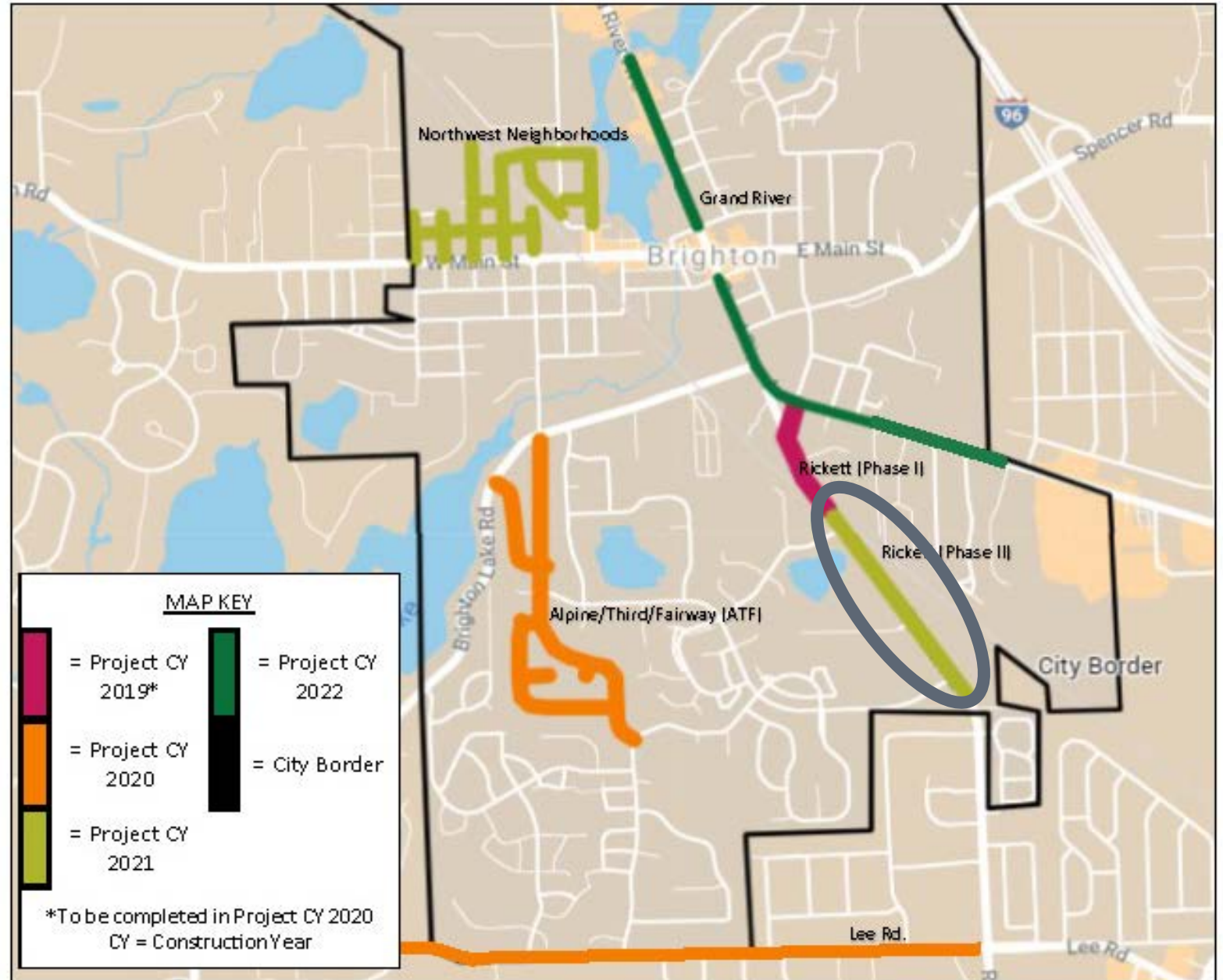
- FISCAL PRESSURE I: STREETS AND RELATED INFRASTRUCTURE
- FISCAL PRESSURE II: UNDERFUNDED CAPITAL
- FISCAL PRESSURE III: PENSION AND OPEB LIABILITIES

# Upcoming Street Projects



## FISCAL PRESSURE I: STREETS AND RELATED INFRASTRUCTURE

2020 – 2023  
STREETS PROJECTS





## FISCAL PRESSURE II: UNDERFUNDED CAPITAL

- GENERAL FUND
- UTILITIES FUND

### FISCAL YEAR 2020/2021

- CAPITAL RESERVE FUND
- THE “FIRST” MILL
  - DISTRIBUTED BASED ON ANNUAL CAPITAL IMPROVEMENT PLAN RECOMMENDATIONS
- FUNDING DEPRECIATION @ 10%
- PORTION OF ANNUAL DDA CONTRIBUTION



## FISCAL PRESSURE II: UNDERFUNDED CAPITAL

- GENERAL FUND
- UTILITIES FUND

<b>ADMINISTRATION (IT &amp; MISC.)</b>			<b>\$42,500</b>
Computers	5 Years	\$12,500	
Software Upgrades Office 360/Adobe	-	\$25,000	
Annual Support	Annual	\$5,000	
<b>FACILITIES</b>			<b>\$125,000</b>
DPW Driveway Lighting	15 Years	\$10,000	
DPW "Lean To"	20 Years	\$15,000	
City Council Chambers	-	\$100,000 (PEG)	
<b>VEHICLES AND EQUIPMENT</b>			<b>\$240,000</b>
Plow/Dump Truck	12 Years	\$210,000	
Hot Patch Machine	12 - 15 Years	\$30,000	
<b>DOWNTOWN CAPITAL &amp; MAINTENANCE</b>			<b>\$100,000</b>
Downtown Parking Lots	-	\$50,000	
Downtown Storm Sewer Repair	-	\$50,000	

# UTILITIES FUND

## LONG-TERM CHALLENGES AND ONGOING PRESSURES

- STAFFING
  - SAME NUMBER OF EMPLOYEES SINCE 1989
- MORE REGULATIONS & REQUIREMENTS
- AGING PLANTS
  - PIERCE STREET PLANT 52 YO
  - WASTE WATER TREATMENT PLANT 32 YO/18 YO
  - CHALLIS ROAD PLANT 32 YO
- **AGING/DEFERRED CAPITAL**
  - FILTER REPLACEMENT - \$130,000
  - NORTHSTAR WATER TOWER - \$330,000
  - VACTOR - \$400,000

## • FISCAL PRESSURES

- DESPITE ADDITIONAL USERS, USAGE IS DOWN



# UTILITIES FUND

## FY 2020/2021 RECOMMENDATIONS

- ADD ONE EMPLOYEE  
(REALLY NEED TWO – DEFERRED TO  
FY 21/22)
- STEPS TO IMPROVE FUND  
STATUS & CIP OUTLOOK
  - INCREASE RATES
  - INVESTIGATE FUTURE  
BONDING
  - INVESTIGATE  
“MOTHBALLING” THE  
PIERCE STREET PLANT
  - WORK TOWARDS  
IMPLEMENTATION OF  
BEST PRACTICES
    - **BOLSTER CAPITAL  
RESERVE FUND**
    - CREATE OPERATING  
RESERVE FUND
    - INVESTIGATE RATE  
STABILIZATION FUND

## • PROPOSED FY 20/21 RATES

	FY 19/20	FY 20/21
Water per 1,000 Gallons	3.70	4.96
Sewer per 1,000 Gallons	4.73	5.20
Admin Bi-Monthly*	14.63	9.19
Debt Service 3/4 inch Bi-Monthly	26.45	29.10

\* Based on Finishing Genoa Agreements



# STAFFING 20/21

FULL TIME EQUIVALENTS	FY 16/17	FY 17/18	FY 18/19	FY 19/20	FY 20/21
ADMINISTRATIVE SERVICES	4.5	5	4.25	4	5
FINANCE DEPARTMENT	7.63	7	7	7	7
COMMUNITY DEVELOPMENT	3	4	3.7	3.7	3.7
POLICE DEPARTMENT	19.6	19.6	19.6	18.6	18.6
PUBLIC WORKS	11	11	11.75	10.5	10.5
<b>GEN. FUND TOTAL</b>	<b>45.10</b>	<b>46.60</b>	<b>46.30</b>	<b>43.80</b>	<b>44.80</b>
UTILITIES	8	11	11	10.5	11.5
<b>TOTAL</b>	<b>53.10</b>	<b>57.60</b>	<b>57.30</b>	<b>54.30</b>	<b>56.30</b>



CITY OF BRIGHTON								
GENERAL FUND SUMMARY								
SIXYEAR FINANCIAL FORECAST								
	FY 2019-20	FY 2019-20	FY 2020-21					
	Adopted	Year-end	Proposed	21-22	22-23	23-24	24-25	25-26
	Budget	Projection	Budget	Forecast	Forecast	Forecast	Forecast	Forecast
Revenue	9,211,127	9,332,210	9,462,205	9,716,589	9,884,842	10,062,324	10,244,650	10,440,925
Less: Expenditures	10,150,646	10,122,948	10,415,200	9,568,111	9,687,123	9,955,120	10,201,026	10,490,110
Funds Available	(939,519)	(790,738)	(952,995)	148,478	197,719	107,204	43,624	(49,185)
Move Capital Committed FB to Capital Reserve Fund*	108,089	108,089						
Funds Available after reallocation of FB Classification	(831,430)	(682,649)	(952,995)	148,478	197,719	107,204	43,624	(49,185)
Add: Beginning assigned and unassigned Fund Balance	3,136,877	3,136,877	2,454,228	1,501,233	1,649,711	1,847,430	1,954,634	1,998,258
Ending Assigned and Unassigned Fund Balance ***	2,305,447	2,454,228	1,501,233	1,649,711	1,847,430	1,954,634	1,998,258	1,949,073
Minimum Target Unassigned Fund Balance (15%):	1,126,235	1,203,995	1,218,925	1,254,358	1,294,698	1,328,652	1,366,482	1,407,477
Unassigned Fund Balance Over/(Under)								
Minimum Target Fund Balance	1,179,212	1,250,233	282,308	395,353	552,732	625,982	631,776	541,596
Unassigned FB as a % of Oper. Expend.	31%	31%	18%	20%	21%	22%	22%	21%

FISCAL YEAR  
2020/2021  
RECOMMENDED  
BUDGET  
  
SIXYEAR FORECAST

• FORECAST PRESSURES: HEADLEE ROLLBACKS, CAPITAL FAILURES, FURTHER CHANGES TO PENSION/OPEB ASSUMPTIONS/COSTS, AND COVID-19 IMPACTS – REVISIT IN JANUARY/FEBRUARY 2021

FISCAL YEAR  
2020/2021  
RECOMMENDED  
BUDGET

NEXT STEPS

- MOTION TO SET BUDGET PUBLIC HEARING
  - THURSDAY, MAY 7, 2020
- BUDGET WORKSESSIONS
  - APRIL 7, 2020
  - APRIL 9, 2020