

Sparks City Council Budget Workshop February 25, 2014

Agenda Item #4 -- Items to Accomplish Today

- A. Discuss and provide fiscal policy direction to staff for inclusion in FY '15 budget
- B. Review FY '14 and FY '15 General Fund current financial summary and projections
 - Causes of Change for Personnel & Services/Supplies costs
 - Status update of FY '14 budget direction received at the 3/18/13 workshop
- C. Provide direction regarding proposed General Fund budget balancing measures
- D. Review and provide direction regarding New Needs and Position Reclassifications that are being recommended by the City Manager to be included in the FY '15 budget
- E. Review items to note relating to Funds other than the General Fund
- F. Review FY '14 and FY '15 Redevelopment Agency projections and expectations
- G. Key Upcoming Dates
 1. Staff will use the direction provided today to build and file the tentative budget that is due to the Department of Taxation by **April 15, 2014**
 2. Staff will also use the direction provided today to build the City Manager's FY '15 final budget recommendations to be presented at **the April 14, 2014** Council meeting
 3. A public hearing on the tentative budget will be held on **May 20, 2014**
 4. Council final budget approval will also be sought on **May 20, 2014**, immediately following the public hearing on the tentative budget. By law, the FY '15 final budget must be approved by **June 1, 2014**.

CITY OF SPARKS FISCAL POLICIES

On February 14, 2005, the Sparks City Council adopted Financial Policies in furtherance of the priority objective to achieve financial stability. These Financial Polices have since been revised, and in 2011, a new set of Fiscal Policies were presented to the City Council as part of the Sparks Sustainable Services to the Initiative (SSSI) and to be in compliance with GASB54.

On March 18, 2013, Finance Staff proposed revisions to the Fiscal Policies with the purpose of clearly defining the methodology of calculating results. This ensures consistency in the way results are tracked annually.

The Fiscal Policies were re-visited at a workshop on Septemeber 30, 2013 where Coucil revised Fiscal Policy #1. Below are the revised Fiscal Policies as approved by City Council.

The City of Sparks Fiscal Policies are as follows:

1 General Fund unrestricted ending Fund Balance not lower than 6.6% and up to 8.3% of expenditures for FY15

	GOAL	RESULTS	AMOUNT OVER/(UNDER) GOAL	STATUS
FY13 ACTUALS	8.3%	11.6%	\$1,658,257	✓
FY14 EST. ACTUALS	8.3%	8.3%	\$14,217	✓
FY15 BUDGET	6.6% - 8.3%	4.3%	(\$1,194,000)	✗

2 Establish a General Fund Contingency amount up to 3% of total expenditures in the annual budget

	GOAL	BUDGET	Contingency Amount	STATUS
FY13 BUDGET	up to 3%	2%	1,000,000	✓
FY14 BUDGET	up to 3%	2%	1,000,000	✓
FY15 BUDGET	up to 3%	2%	1,000,000	✓

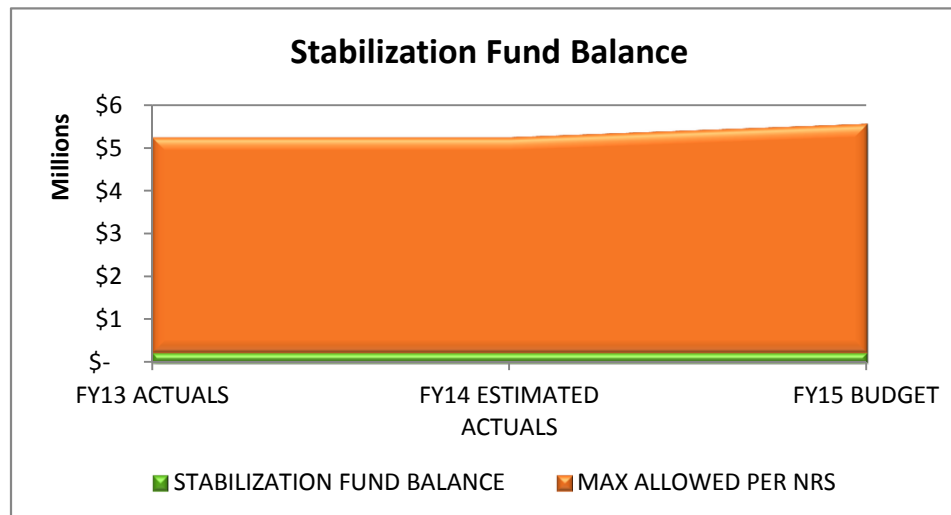
CITY OF SPARKS FISCAL POLICIES

3 Transfer an annual amount equal to 2.5% of total revenues from the General Fund to the Capital Projects Fund.

	GOAL	RESULTS	Transfer Amount	STATUS
FY13 ACTUALS	2.5%	2.3%	1,210,000	⚠
FY14 ESTIMATED ACTUALS	2.5%	2.4%	1,300,000	⚠
FY15 BUDGET	2.5%	1.6%	902,000	✖

4 Commit a portion of annual business license receipts to the Stabilization Fund up to the maximum Fund balance allowed within NRS 354.6115.

	MAX ALLOWED PER NRS	STABILIZATION FUND BALANCE	AMOUNT COMMITTED	STATUS
FY13 ACTUALS	\$ 5,011,574	\$ 228,922	\$ -	✖
FY14 ESTIMATED ACTUALS	\$ 5,011,574	\$ 228,962	\$ -	✖
FY15 BUDGET	\$ 5,330,428	\$ 228,962	\$ -	✖



CITY OF SPARKS FISCAL POLICIES

5 Reduce General Fund Personnel costs so that they do not exceed 78% of General Fund Total Revenues

	GOAL	RESULTS	STATUS
FY13 ACTUALS	<=78%	78%	✓
FY14 EST. ACTUALS	<=78%	80%	✗
FY15 BUDGET	<=78%	81%	✗

Expanded Dashboard as Requested by City Council

TOTAL USES AS % OF TOTAL REVENUES BY EXPENSE CATEGORY	GOAL	FY13 RESULTS	FY14 EA RESULTS	FY15 BUDGET	FY15 STATUS
PERSONNEL COSTS	<=77%	78%	80%	81%	✗
SERVICES & SUPPLIES & CAP. OUTLAY	<=16%	19%	19%	19%	✗
TRANSFERS-OUT	<=5%	5%	5%	3%	✓
CONTINGENCY	<=2%	0%	0%	2%	✓
TOTAL		101%	105%	106%	

TOTAL USES AS % OF TOTAL REVENUES BY FUNCTION	GOAL	FY13 RESULTS	FY14 EA RESULTS	FY15 BUDGET	FY15 STATUS
POLICE	<=38%	38%	40%	42%	✗
FIRE	<=27%	27%	28%	28%	⚠
TOTAL PUBLIC SAFETY	<=65%	65%	68%	70%	✗
MANAGEMENT SERVICES	<=9%	8%	9%	9%	✓
FINANCIAL SERVICES	<=4%	4%	5%	5%	⚠
LEGAL SERVICES	<=3%	3%	3%	3%	✓
TOTAL CENTRAL SERVICES	<=16%	16%	16%	17%	⚠
COMMUNITY SERVICES	<=10%	11%	11%	12%	✗
MUNICIPAL COURT	<=4%	4%	3%	4%	✓
TRANSFERS-OUT	<=5%	5%	5%	3%	✓
TOTAL		101%	104%	105%	

CITY OF SPARKS FISCAL POLICIES

6 Report the annual obligation for the Other Post Employment Benefit (OPEB) existing net liability and determine annually whether to establish an irrevocable trust fund or pay-as-you-go

	NET OPEB OBLIGATION	FUNDING STATUS
FY09 ACTUALS	\$ 2,025,422	Pay Go
FY10 ACTUALS	\$ 4,566,159	Pay Go
FY11 ACTUALS	\$ 4,958,920	Pay Go
FY12 ACTUALS	\$ 5,473,423	Pay Go
FY13 ACTUALS	\$ 6,018,434	Pay Go

Sparks City Council Budget Workshop
February 25, 2014
General Fund Financial Highlights

General Fund Revenues

- Generally trending higher
- Total revenue trending up 2.9% in FY '14, and up 2.4% in FY '15
- Property Taxes flat in FY '14, and up 3% in FY '15
- CTAX trending up 6% in FY '14, and up 4% in FY '15
- Licenses & Permits trending up 3.5% in FY '14, and est. flat in FY '15

General Fund Transfers-In

- \$1.116M subsidy to Development Services Enterprise Fund expected to be paid back in full in FY '15
- \$1.0M transfer from Vehicle Fund is planned to be included in the FY '15 budget to offset the \$1.0M Contingency budget (to provide funds for emergency budget shortfall if necessary)

General Fund Expenditures

- Generally trending higher
- Department exp's trending up 6.4% in FY '14, and up 3.6% in FY '15
- Salaries/Wages up 7% in FY '14, and flat in FY '15
- Retirement up 9.8% in FY '14, and up 4% in FY '15
- Health Insurance down 4% in FY '14, and up 28.2% in FY '15
- Services & Supplies up 5.6% in FY '14, and up 4% in FY '15

General Fund Transfers-Out

- Parks & Rec Fund subsidy equaled \$475k, \$650k, & \$753k in FY '13, FY '14, and FY '15 respectively
 - Increases are driven mostly by personnel cost pressures similar to the General Fund
- Transfers to the Debt Service Fund were \$730k in FY '13 and removed in FY '14 and FY '15
 - Debt service is paid with unspent CTAX bond proceeds until FY '16
- Transfer to Capital Projects Fund is recommended to be reduced by \$398k in FY '15
 - FY '15 Includes \$240k for on-going CIP needs & \$662k to fund IT needs
- RDA #2 Subsidy
 - \$250k in FY '13
 - \$786k in FY '14
 - \$0 in FY '15 & beyond assuming sale of 10.2 acre land sale
 - Debt causing subsidy matures in FY '17
- RDA #1 Subsidy
 - Pending property assessments, a subsidy is likely to begin in FY '16 (estimated to be less than \$250k)

Fund Balance

- FY '13 = \$5.8M, or 11.6% of expenditures
- FY '14 = \$3.7M, or 7.0% of expenditures (estimated)
- FY '15 = \$3.6M, or 6.6% of expenditures (estimated)
 - \$2.8M if balance reduced to 5.0% of expenditures

City of Sparks General Fund -- FY '15 Budget

Sources & Uses: Multi-Year Results & Projections Summary (\$000's)

	FY '12 Actuals	FY '13 Actuals	FY '14 Budget	FY '14 Projection	FY '15 Tentative Budget
<u>Sources (excluding beginning fund balance)</u>					
Total Revenues	\$52,689	\$52,056	\$52,333	\$53,574	\$54,857
Transfer-In From Vehicle Fund (Assume No Usage, Budget Matches Contingency)	\$0	\$0	\$1,000	\$0	\$1,000
Transfers-In, Other	\$312	\$60	\$352	\$352	\$704
Total Sources	\$53,000	\$52,116	\$53,685	\$53,926	\$56,561
<i>% Change in Total Revenues (excl. transfers) =</i>	-5.3%	-1.2%	0.5%	2.9%	2.4%
<i>% Change in Total Sources =</i>	-4.8%	-1.9%	3.0%	3.5%	4.9%
<u>Uses</u>					
Total Expenditures	\$49,850	\$50,116	\$51,166	\$53,304	\$55,231
Dept. Budget Savings Recommended by City Manager	\$0	\$0	\$0	\$0	(\$676)
Budget Savings Yet To Be Identified	\$0	\$0	\$0	\$0	(\$518)
Total Transfers-Out	\$2,536	\$2,684	\$2,885	\$2,736	\$1,655
Contingency (Assume No Usage; Budget Would Match Trans-In from Vehicle Fund)	\$0	\$0	\$1,000	\$0	\$1,000
Total Uses	\$52,385	\$52,800	\$55,051	\$56,040	\$56,692
<i>% Change in Total Expenditures (excl. transfers, contingency, & other savings) =</i>	-0.2%	0.5%	2.1%	6.4%	3.6%
Net Sources/(Uses)	\$615	(\$685)	(\$1,366)	(\$2,115)	(\$131)
<u>Fund Balance</u>					
Unrestricted Ending Fund Balance	\$6,477	\$5,808	\$3,396	\$3,693	\$3,562
Unrestricted Ending Fund Balance as a % of Exp's (Less Cap. Outlay)	13.1%	11.6%	6.6%	7.0%	6.6%

General Fund Change in Salaries, Benefits and Services & Supplies from FY13 to FY15

A comparison of FY13 Actuals to FY15 tentative budget

Updated 2/11/14

	FY13 Actls	FY15 Tentative Budget	Change
TOTAL SALARIES & BENEFITS	40,371,492	44,569,288	4,197,796
Est. Return of Concessions/Employee Contracts			1,895,629
Public Safety PERS rate increase-39.75 % to 40.5%			70,237
Non-Public Safety PERS increase-23.75% to 25.75%			363,493
Estimated cost of positions that are expected to be filled in FY15 that were vacant in FY13			600,000
Health Insurance rate increase of 25% in FY '15			970,583
FY15 New Needs recommended by City Manager			157,000
Public Safety Overtime, Call Back, Standby, Worked Holiday, HCT cash out and Comp Leave			140,854
		Total Primary Drivers of Change =	<u>4,197,796</u>

	FY13 Actls	FY15 Tentative Budget	Change
TOTAL SERVICES & SUPPLIES	9,622,563	10,570,597	948,034
Wellness Program			150,000
Park & Street Maintenance Contract Employees			240,000
Training fund-wide, including drop in L&D fund			(100,000)
Vehicle Rent (fully funded M&R rate in FY15)			175,000
Tiburon			100,000
Police forensics contract			65,000
Utilities - Electricity, Water Gas			185,421
Contribution to EDawn			50,000
Grant match			56,000
Increase in Dept. Discretionary Costs (Inflationary)			111,000
Remove contribution to General Liability Self-Insurance Fund			(150,000)
FY15 New Needs recommended by City Manager			68,600
Reduction of Costs Individually Less than \$50k			(2,987)
		Total Primary Drivers of Change =	<u>948,034</u>

FY14 Budget Direction Received From Council At March 18, 2013 Budget Workshop

Status Update

Action	G.F. Savings Identified (\$000's)	Status Feb 2014
Savings Identified by Council		
Remove Stabilization Fund Commitment	\$200K	Done
Raise Property Tax Rate by 2 Pennies	\$360K	Council ultimately did not approve CM Budget Recommendation Meeting
Shift 10% of Gas/Electric Franchise Fees From Road Fund to G.F.	\$200K	To date, have not shifted this revenue
Reduce Ending Fund Balance to 7.3%	\$500K	Council approved the use of reserves down to 6.6% for Final FY14 Budget
Reduce Employee Training/Development Budget by 1/2	\$100K	Done and all spent in FY14 as of Jan 2014
Return Fire Dept. OT, CB, & WH Costs to FY '12 Levels	\$372K	The budget was filed at FY12 levels, but YTD actuals trending higher
Return Police Dept. OT, CB, & WH Costs to FY '12 Levels	\$193K	The budget was filed at FY12 levels, but YTD actuals trending higher
Reduce Wellness Program Budget by 1/2	\$200K	Done. \$51k spent in FY14 as of Feb 2014
Return Parks & Rec. Temp Costs to FY '12 Levels	\$123K	Budget was filed at FY12 levels, and actuals are trending favorably
Unidentified Underspend	\$185K	Not projecting an underspend
Remove Maint. Worker II Position (Complement Error)	\$57K	Done
Total Savings Identified by Council to Fill Budget Gap	\$2,490K	

With 7 months of FY14 under our belts, the information above is being provided to update the Council as to the current status of cost cutting/revenue enhancing decisions that were made in the preparation of the FY14 Budget.

**General Fund FY '15 Budget Building Actions for Consideration
Council Workshop -- February 25, 2014**

Budget Item Description	Amount (\$000's)	Comments
Previously identified budget gap (Moderate Revenue Assumptions)	<u>(\$3,900)</u>	Initial estimate based on early data points with a fund balance of 6.6%
New Revenue Projections:		
New Property Tax Projections	\$50	3% Increase in FY '15, based on preliminary Treasurer's report
New CTAX Projections	\$1,025	Trending favorably -- 6% Increase in FY '14 & 4% Increase in FY '15
New Licenses/Permits Projections after 2nd Qtr Data	\$384	2nd Qtr Data Revealed Improving Trends
Subtotal New Revenue Projections	<u>\$1,459</u>	
One-Time Items Recommended to Include:		
Reduced CIP Transfer	\$1,060	These items are <u>not</u> considered sustainable/long-term solutions
Remove G.F. Contributions to Muni Insurance Fund	\$300	\$240K CIP Spend Excluding IT Exp's
Subtotal One-Time Items	<u>\$1,360</u>	
City Manager Recommended Adjustment to Expenditures:		
Increase CIP Transfer to Fund IT WIG Results	(\$662)	Assume Funding Option #2 (FY '15 + 20% of FY '16)
New Needs	(\$280)	General Fund + Parks/Rec. Fund
Position Reclassifications	(\$35)	
Fire Dept. Overtime Budget Reduction	\$150	FY '14=\$50k + FY '15=\$100k
Reduce Wellness Program from \$200k to \$150k	\$50	\$150k Remains
Assume FY '15 Vacancy and/or Overtime Savings	\$500	Undefined, but removed from budgeted "GG" SWB's
Changed Funding Source for Customer Service Employees	\$164	Reflects 1.4 FTE in G.F. & 2.6 FTE in Sewer Fund
Subtotal City Manager Recommended Adjustments	<u>(\$113)</u>	
Subtotal All Budget Gap Adjustments	<u>\$2,706</u>	
Budget Gap Remaining Prior to Dept. Reductions as Recommended by the C.M.	<u>(\$1,194)</u>	

**General Fund FY '15 Budget Building Actions for Consideration
Council Workshop -- February 25, 2014**

<u>Budget Item Description</u>	<u>Amount (\$000's)</u>	<u>Comments</u>
Department Exp Reductions as Recommended by the City Manager:		
Vacant Fire Inspector Position	\$115	These are identified as permanent reductions
Vacant Fire Dept. Office Specialist	\$65	
Reduce PD Overtime -- Dignitary Services	\$20	
Reduce PD Overtime -- Schedule Changes & Other Actions	\$40	
Reduce PD Overtime -- Moving 2 Motor/Traffic Positions to Patrol	\$75	
Vacant Recreation Specialist	\$62	
Vacant Court Clerk Specialist	\$64	
Contractual Legal Services (Legal Dept.)	\$45	
Vacant Park Maintenance Worker II	\$61	
Adjust 3 Community Services Employee Funding Sources	\$129	
Subtotal Dept. Exp Reductions	<u>\$676</u>	Contributing towards City Manager goal of reducing exp's by ~\$700k/yr for next 3 yrs.
FY '15 Tentative Budget Gap Remaining		
	<u>(\$518)</u>	The City Manger is recommending the pursuit of permanently removing at least \$2M from G.F. expenditures over the next 3 fiscal years. The City Manager is seeking direction to continue that process, and recommends filling the remaining FY '15 budget gap by reducing the budgeted fund balance to no lower than 5.0% of expenditures, allowing time to continue the process of finding permanent budget reductions.

Risks & Opportunities to Consider

Opportunities -- Actions Council May Choose to Fill Remaining Budget Gap for FY '15

1) Reduce fund balance from 6.6% to 5.0%	\$700	Dropping Fund balance by gap identified above (\$518k) will result in an EFB of ~5.5%
2) Increasing Garbage Franchise Fee From 5% to 8%	\$400	Fee increase directly passed on to customer per contract
3) Contingency	\$1,000	Transfer from Vehicle Fund only if necessary to meet G.F. emergency shortfall
4) Reduce FY '15 Health Insurance Premiums from 25% to 16%	\$370	Per current exp trend, reserves projected to fall to ~\$200k
5) Reduce fund balance from 5.0% to 4.0%	\$500	
6) 2 Year Premium Removal (GF Only) in Workers Comp Fund	\$393	\$194k in FY '14 & \$199 in FY '15
Subtotal Opportunities	<u>\$3,363</u>	

Risks (Not Meant to be an Exhaustive List)

Potential RDA #2 Subsidy	(\$750)	Should 10.2 Acre Land Sale Fall Through
Potential RDA #1 Subsidy	(\$150)	Should Property Tax Collections Fall Short
Reversion of current economic trends to more moderate levels	(\$1,500)	Current trends are positive, but economy is still struggling
Subtotal Risks	<u>(\$2,400)</u>	

FY15 New Needs Summary

With on-going costs projected through FY17

General Fund

<u>Page</u>	<u>Core Service</u>	<u>New Need</u>	<u>FY15</u>	<u>FY16</u>	<u>FY17</u>	<u>City Manager Recommendation</u>
Community Services Department						
4	#18 - Facility Maintenance	<i>Maintenance Worker III (Facilities)</i>	67,220	71,231	74,084	
5	#21 Community Appearance	<i>Senior Code Enforcement Officer</i>	101,576	106,140	111,139	X
6	City Administration	Tech support for MaintStar	20,000	20,000	20,000	
7	#18 - Facility Maintenance	MaintStar work order system	50,000	0	0	
8	#21 Community Appearance	Admin Hearing Officer/transcript prep	16,800	19,320	21,000	X
9	#17 - Parks Maintenance	Park Maintenance Prof Services	194,900	194,900	194,900	
10	#17 - Parks Maintenance	Fertilizer	30,000	30,000	30,000	
11	#19 Advanced Planning	GIS Contract Svcs - Advanced Planning	15,000	15,000	15,000	
Community Services General Fund Total			495,496	456,591	466,123	
Police Department						
12	#3 - Communications/ Dispatch	<i>2 Dispatch Supervisors</i>	171,752	182,554	190,238	
13	#4 - Detectives	Leads Online pawn tracking software	7,988	7,988	7,988	
Police Department General Fund Total			179,740	190,542	198,226	
Finance Department						
N/A	City Administration	<i>IT WIG Personnel</i>	58,300	61,663	64,055	X
Finance Department General Fund Total			58,300	61,663	64,055	
Management Services Department						
14	City Administration	<i>Records Technician - Clerk's Office</i>	85,464	83,964	83,964	
N/A	City Administration	Accela Business Licence & Permits Software	48,733	15,990	15,990	X
Management Services Department General Fund Total			134,197	99,954	99,954	
Total General Fund			867,733	808,750	828,358	

FY15 New Needs Summary

With on-going costs projected through FY17

Other Funds

<u>Page</u>	<u>Core Service</u>	<u>New Need</u>	<u>FY15</u>	<u>FY16</u>	<u>FY17</u>	<u>City Manager Recommendation</u>
Parks & Recreation Fund						
15	#24 - P&R Alf Sorensen	Pool covers at Alf Sorensen	20,320			X
Parks & Rec Fund Total			20,320	0	0	
Sewer Operations Fund						
16	N/A ¹	<i>Senior Civil Engineer</i>	127,051	132,763	138,762	X
17	N/A ¹	<i>Geographic Technology Specialist</i>	69,848	74,058	77,052	X
Sewer Operations Fund Total			196,899	206,821	215,814	
Truckee Meadows Water Reclamation Facility (TMWRF) Fund						
18	N/A ¹	Forklift for Septage Receiving	44,073	4,844	4,844	X
TMWRF Fund Total			44,073	4,844	4,844	
<i>Estimate of Sparks Sewer Fund share</i>			<i>14,103</i>	<i>1,550</i>	<i>1,550</i>	
Development Services Enterprise Fund						
19	#7 - Buildings & Safety	<i>2 Building Inspectors</i>	176,760	184,316	192,216	X
20	City Administration	<i>Development Services Manager</i>	135,000	141,750	148,838	
21	City Administration	<i>Development Coordinator</i>	78,750	82,688	86,822	
22	City Administration	GIS Contract Services	15,000	15,000	15,000	
23	#7 - Buildings & Safety	Contract Plan Review	225,000	225,000	225,000	X
N/A	City Administration	Accela Business Licence & Permits Software	76,312	25,834	25,834	X
Development Services Fund Total			706,822	674,588	693,710	
Total Other Funds			968,114	886,253	914,368	
Total FY15 New Needs Requests			1,835,847	1,695,003	1,742,726	

FY15 New Needs Summary

With on-going costs projected through FY17

Summary of all FY15 New Needs Requests

	General Fund	Other Funds	Total
Full-time positions	6	6	12
Personnel Costs	\$484,312	\$587,409	\$1,071,721
Other Costs	\$383,421	\$380,705	\$764,126
Total	\$867,733	\$968,114	\$1,835,847

Summary of FY15 New Needs Recommended by City Manager

	General Fund	Other Funds	Total
Full-time positions	2	4	6
Personnel Costs	\$159,876	\$373,659	\$533,535
Other Costs	\$65,533	\$365,705	\$431,238
Total	\$225,409	\$739,364	\$964,773



Reclassification Process:

Over time, the City complement of employees and specific positions must be reviewed to reflect new duties and responsibilities. The reclassification process takes a critical look at all positions, with job descriptions rewritten and positions reclassified when significant changes in job breadth or depth occurred. All department heads were requested to identify employees who were potentially working 'out of class' or if organizational changes warranted a review of positions.

The City Manager will implement these changes within a framework of cost control. As new or reclassified positions are filled, the impacted employees will be eligible for a promotional increase, if the salary range has moved up. The maximum promotional increase is defined by the employee Resolution or Bargaining Agreement, and is limited to a maximum increase of 5%.

Departmental Changes:

Management Services

No reclassifications were identified.

Financial Services

The Information Technology Division will be reorganized to better reflect current needs and direction of the City. The position of IT Operations Administrator will be reclassified to IT Manager to encompass managerial responsibility for the IT division as a whole. In conjunction with this, 'flattening organization' the Systems Administrator will be changed to Senior Systems Analyst, and pay range for Senior System Analyst will be increased to reflect comparability internally. Finally, the position of IT Support Specialist II will be reclassified to and IT Operations Specialist to reflect a broadening job scope.

Parks and Recreation Department

The position of Recreation Supervisor has changed over the last several years in regards to responsibility level. Although it would appear that these supervisors have a small employee span of control, the job requires on average supervision, directly or indirectly for up to 100 temporary or regular employees.

The position of Recreation Specialist will be changed to Recreation Specialist I/II. Initially, this position was designed to be entry level, and has grown over time to encompass more responsibility. This position also will supervise a number of temporary employees on a daily basis.

Community Services Department

The position of Office Specialist will be reclassified to the position of Senior Permit Technician. The position has been responsible for processing all building permit request, and is more appropriately classified as a Technician. In addition, the requirements have been changed to reflect certifications necessary to complete the job.

Police Department

The Senior Systems Analyst will be reclassified to mirror the changed pay grade of the IT Division.

Fire Department

No reclassifications were identified.

Legal Department

No reclassifications were identified.

Municipal Court

No reclassifications were identified.

Recommendations:

The City Manager has reviewed all requests, and is recommending the approval of the reclassifications contained within this report for the FY 14/15 Budget. Following is a detailed listing of budgetary impact to be considered.

**Reclassification Requests
FY15**

Requesting Department	Current Title	Requested Change	Financial Impact FY15		
			1101	2201	1221
Community Services	Office Specialist	Senior Permit Technician	\$0	\$4,814	\$0
Financial Services	IT Operations Administrator	IT Manager	\$8,465	\$0	\$0
Financial Services	IT Support Specialist II	IT Operations Specialist	\$11,523	\$0	\$0
Financial Services	Systems Administrator	Senior Systems Analyst	\$0	\$0	\$0
Financial Services & Police Department	Senior Systems Analyst	Increase pay range	\$15,272	\$0	\$0
Parks and Recreation	Recreation Supervisor	increase pay range	\$0	\$0	\$22,907
Parks and Recreation	Recreation Specialist	Recreation Specialist I/II	\$0	\$0	\$9,156
Total			\$35,260	\$4,814	\$32,063

Funds of Note - other than the General Fund

Motor Vehicle Fund

- The proposed FY15 budget includes full funding (via M&R charges on ever City vehicle) of all operational costs of the fund
- 8 pieces of fire apparatus totaling \$11.9M are scheduled for replacement in FY21. This equipment was previously leased and therefore no funds have been collected for replacement costs

Group Health Self Insurance Fund

- 25% contribution/premium increase in FY15
- FY15 projected to end with 1.3 months covered expenses

Workers Comp Self Insurance Fund

- Cash reserves are sufficient to cover expected claims costs over the next few years
- Long-term solutions needed to cover growing liability for future Heart & Lung claims

Sanitary Sewer Enterprise Fund

- With Council's approval of an 8.25% increase to sewer user rates, the capital improvements plan for both the sanitary sewer collection system and TMWRF will be fully funded through FY18.
- No adjustment to connection fees is needed. Since 2012, sanitary sewer connection fees have indexed annually to the Engineering News Record Construction Cost Index per Sparks Municipal Code 13.24.
- The sanitary sewer enterprise fund will continue to transfer approximately \$1.5 million dollars annually through FY18 to the effluent enterprise fund. This transfer is needed due to decreased revenue associated with the D'Andrea Golf Course.

Storm Drain Enterprise Fund

- Revenues from existing user rates are in line with expenses through FY 18 and no changes to user rates are needed.
- No adjustment to connection fees is needed. Since 2012, storm drain connection fees have indexed annually to the Engineering News Record Construction Cost Index per Sparks Municipal Code 13.24.

Effluent Enterprise Fund

- The loss of the D'Andrea Golf Course revenue has negatively impacted cash flow within the fund. The sanitary sewer enterprise fund will continue to transfer approximately \$1.5 million dollars annually through FY18 to the effluent enterprise fund.

Development Services Enterprise Fund

- Permit activity showing signs of improvement (FY14 est. = 13% increase over FY13 and FY15 up another 5%)
- Subsidy from General Fund will be fully repaid in FY15

Funds of Note - other than the General Fund

Stabilization Fund

- Financial Policy = Commit portion of business license revenue to this fund each year
- In FY12, \$200k of business license revenue was committed, but no commitment in FY13, FY14 or in the current FY15 tentative budget
- FY13 audited ending fund balance = \$229k
- In order to comply with GASB 54, the Council approved a policy in June of 2011, which stated that Stabilization fund resources could only be used if General Fund revenues decrease by 4% or more from the previous year or to pay expenses incurred to mitigate the effects of a natural disaster

Redevelopment Area 1

- Sufficient resources to pay debt service needs through FY15
- Possible subsidy from the General Fund in FY16, estimated to be less than \$250k
- Should property assessments fail to grow, a subsidy from the General Fund may be needed until the Area #1 terminates in 2023.

Redevelopment Area 2

- Pending land sale proceeds expected to be sufficient to cover debt service until debt maturity in FY17
- Subsidy required from the General Fund in FY13 = \$250k, FY14 = \$785k, FY15 Tentative = \$0 assuming land sale proceeds received

Redevelopment Agency Funds

Redevelopment Agency Funds

Redevelopment Agency I

FUND 3301- RA1 Tax Revenue Debt Fund	Purpose of Fund: To accumulate monies for the repayment of debt issued in the Redevelopment Agency's name for land acquisitions and capital improvements in Redevelopment Area 1.			
	FY12 - Actuals	FY13 - Actuals	FY14 - Estimates	FY15 - Budget
BEG FUND BAL	\$ 2,737,912	\$ 2,687,624	\$ 2,924,799	\$ 3,034,412
REVENUES	\$ 2,239,908	\$ 2,228,360	\$ 2,399,695	\$ 2,315,572
TRANSFER IN		\$ 300,000	\$ 83,079	
EXPENSES	\$ (2,290,196)	\$ (2,291,184)	\$ (2,290,082)	\$ (2,291,682)
TRANSFER OUT	\$ -	\$ -	\$ (83,079)	
CHANGE IN FB	\$ (50,288)	\$ 237,176	\$ 109,613	\$ 23,890
END FUND BAL	\$ 2,687,624	\$ 2,924,799	\$ 3,034,412	\$ 3,058,302

FISCAL NOTES

FY15 revenues consist mainly of property taxes (\$2.1M). This resource is expected to be sufficient to repay the only remaining debt issued in the name of the Redevelopment Agency Area 1 (RDA1)--Tax Increment Revenue Bonds 2010. This debt will be paid in full in FY23.

FUND 3401 - RA1 Revolving Fund	Purpose of Fund: To account for the resources used for financing the acquisition and construction of capital improvement projects and other necessary or incidental expenditures in accordance with a redevelopment plan for the Redevelopment Agency Area 1.			
	FY12 - Actuals	FY13 - Actuals	FY14 - Estimates	FY15 - Budget
BEG FUND BAL	\$ 1,422,117	\$ 983,356	\$ 687,490	\$ 350,036
REVENUES	\$ 676,948	\$ 726,873	\$ 33,272	\$ 139,606
TRANSFER IN			\$ 83,079	\$ -
EXPENSES	\$ (710,980)	\$ (316,797)	\$ (67,585)	\$ (53,150)
TRANSFER OUT	\$ (404,729)	\$ (705,942)	\$ (386,220)	\$ (305,955)
CHANGE IN FB	\$ (438,761)	\$ (295,866)	\$ (337,454)	\$ (219,499)
END FUND BAL	\$ 983,356	\$ 687,490	\$ 350,036	\$ 130,537

FISCAL NOTES

Resources to this fund include property taxes collected within Redevelopment Agency Area 1 (RDA1). The reduction in FY14 of both revenues and expenditures is attributable to special events no longer being accounted for here. Beginning FY14, accounting for special events was moved to the Parks & Recreation Fund. RDA 1 is expected to pay (via transfer to General Obligation Debt Service Fund) for principal and interest on debt originally issued in RDA1's name but subsequently refinanced as General Obligation (GO) debt. Virtually all resources are now used to fund the transfer for the GO debt. Looking forward, assuming expenses continue to exceed revenues, a subsidy from the General Fund is likely to occur in FY16. This subsidy is estimated to be less than \$250k.

Redevelopment Agency Funds

Redevelopment Agency II

Funds 3601 - RA2 Revolving Fund	Purpose of Fund: To account for the resources used for financing the acquisition and construction of capital improvement projects and other necessary or incidental expenditures in accordance with a redevelopment plan for the Redevelopment Agency Area 2. Financing is provided by tax supported bonds, allocations from other funds and grant revenues.			
	FY12 - Actuals	FY13 - Actuals	FY14 - Estimates	FY15 - Budget
BEG FUND BAL	\$ 1,670,241	\$ 496,880	\$ 118,389	\$ 21,002
REVENUES	\$ 276,491	\$ 505,457	\$ 367,023	\$ 1,149,325
TRANSFER IN		\$ 330,000	\$ 837,988	
EXPENSES	\$ (378,398)	\$ (137,044)	\$ (174,713)	\$ (96,462)
TRANSFER OUT	\$ (1,071,454)	\$ (1,076,904)	\$ (1,127,685)	\$ (1,072,899)
CHANGE IN FB	\$ (1,173,361)	\$ (378,491)	\$ (97,387)	\$ (20,036)
END FUND BAL	\$ 496,880	\$ 118,389	\$ 21,002	\$ 966
FISCAL NOTES				
Redevelopment Agency Area 2 (RDA2) needed a \$250k General Fund subsidy in FY13, and will need another \$785k in FY14 due to insufficient resources to pay principal and interest on debt originally issued in RDA2's name but subsequently refinanced as General Obligation (GO) debt. No FY15 General Fund subsidy is anticipated assuming a land sale in RDA2 is completed. Proceeds from this land sale are expected to be sufficient to cover debt service until maturity in FY17.				

Fund 3606 - RA2 Debt Service Fund	Purpose of Fund: To accumulate monies for the payment of the following debt for the Redevelopment Agency No 2: Tax Increment Revenue Bonds - Series 2008 and Subordinate Lien Tax Increment Revenue Bonds - Series 2009. Ad valorem taxes are used to service the debt.			
	FY12 - Actuals	FY13 - Actuals	FY14 - Estimates	FY15 - Budget
BEG FUND BAL	\$ 2,314,202	\$ 2,316,129	\$ 2,165,810	\$ 2,268,990
REVENUES	\$ 2,030,218	\$ 1,900,771	\$ 2,077,150	\$ 1,990,150
TRANSFER IN			\$ 52,028	
EXPENSES	\$ (2,028,291)	\$ (1,971,090)	\$ (1,973,970)	\$ (1,972,970)
TRANSFER OUT		\$ (80,000)	\$ (52,028)	
CHANGE IN FB	\$ 1,927	\$ (150,319)	\$ 103,180	\$ 17,180
END FUND BAL	\$ 2,316,129	\$ 2,165,810	\$ 2,268,990	\$ 2,286,170
FISCAL NOTES				
The only debt issue currently in this fund is RDA #2 Tax Increment Revenue Bonds 2008. That debt will be paid in full in FY29. RDA2 will be able to pay the debt issued in it's name in FY14 and FY15.				