



February 29, 2016 Budget Workshop

Fiscal Review and Policy Discussion

FY '17 Budget Preparation



February 29, 2016 Council Budget Workshop Agenda Item Topics

General Fund Fiscal Review

- Fiscal Summary
- Assumptions & Expectations
- Contributions to Other Governments
- Personnel Reclassification Process
- New Needs

Fiscal Policy Review

- Current Fiscal Policies
- Fiscal Policy Considerations & Direction for FY17 Budget

Other Fiscal Items for Reference

- Redevelopment Agency Fiscal Summary
- Other Funds of Note
- Debt Overview



General Fund Fiscal Review

City of Sparks General Fund Overview -- FY '17 Budget -- Initial Review
As Presented at February 29, 2016 Budget Workshop (\$000's)

	FY '14	FY '15	FY '16	FY '16	FY '17
<u>Resources (excluding beginning fund balance)</u>	Actuals	Actuals	Budget	Estimates	Budget
Total Revenues	\$54,416	\$57,065	\$59,325	\$61,097	\$63,809
Transfer-In From Vehicle Fund (Assume No Usage, Budget Matches Continge	\$0	\$0	\$1,000	\$0	\$1,000
Transfers-In, Other	\$352	\$712	\$0	\$0	\$68
Total Resources	\$54,768	\$57,776	\$60,325	\$61,097	\$64,877
<i>% Change in Total Revenues (excl. transfers) =</i>	<i>4.5%</i>	<i>4.9%</i>	<i>4.0%</i>	<i>7.1%</i>	<i>4.4%</i>
<i>% Change in Total Resources =</i>	<i>5.1%</i>	<i>5.5%</i>	<i>4.4%</i>	<i>5.7%</i>	<i>6.2%</i>
<u>Uses</u>					
Total Expenditures	\$52,304	\$54,177	\$57,877	\$57,795	\$62,015
Total Transfers-Out	\$3,408	\$1,572	\$3,788	\$3,788	\$4,115
Contingency (FY16 Assume No Usage; Budget Matches Trans-In from Vehicle Fu	\$0	\$445	\$1,000	\$0	\$1,000
Total Uses	\$55,711	\$56,194	\$62,665	\$61,583	\$67,129
<i>% Change in Total Expenditures (excl. transfers & contingency) =</i>	<i>4.4%</i>	<i>3.6%</i>	<i>6.8%</i>	<i>6.7%</i>	<i>7.3%</i>
<i>% Change in Total Uses =</i>	<i>5.5%</i>	<i>0.9%</i>	<i>11.5%</i>	<i>9.6%</i>	<i>9.0%</i>
Net Resources/(Uses)	(\$943)	\$1,582	(\$2,339)	(\$486)	(\$2,253)
<u>Fund Balance</u>					
Unrestricted Ending Fund Balance	\$4,864	\$6,447	\$3,446	\$5,960	\$3,708
Unrestricted Ending Fund Balance as a % of Exp's (Less Cap. Outlay)	9.3%	11.8%	6.0%	10.3%	6.0%
Unrestricted Ending Fund Balance Amount Over/(Short) of 8.3%	\$500	\$1,750	(\$1,250)	\$1,050	(\$1,350)

Major Assumptions in FY16 Estimates and the FY17 Tentative Budget - General Fund

	<u>FY16 Estimates</u>	<u>FY17 Tentative Budget</u>
Revenues		
CTAX & Fair Share (41% of total rev)	8.7% increase over FY15	7.5% increase over FY16 Estimates
Property Taxes (33% of total rev)	7.5% increase over FY15	1.6% increase over FY16 Estimates
Licenses & Permits (19% of total rev)	5.2% increase over FY15	3.0% increase over FY16 Estimates assuming \$200k commitment of business license revenue to Stabilization Fund
Transfers-In & Contingency Usage		
Transfer-In from Motor Vehicle Fund	\$0	\$1M
Transfer-In From Court Fund	\$0	\$68K to offset Court re-org costs
Contingency Budget	\$0	\$1M

Major Assumptions in FY16 Estimates and the FY17 Tentative Budget - General Fund

Expenditures & Transfers-Out		
	<u>FY16 Estimates</u>	<u>FY17 Tentative Budget</u>
Staffing Vacancies	captures savings from all vacancies already realized and projects a similar vacancy rate for the remainder of the year.	assumes no vacancies
Salaries	includes all negotiated contract changes including 1-6% pay increases	includes all negotiated contract changes included in FY16 plus additional pay increases of 1 - 3%
Health Insurance	25% rate increase in FY16	assumes no rate increase
Fire Apparatus & Equipment Replacement Plan	assumes full funding (\$690k)	assumes full funding (\$840k)
Contributions to Municipal Liability Self-Insurance Fund	33.3 % increase over FY15 to cover claims costs. Reserves in this fund have steadily declined through recession	250% increase over FY16 estimates due to several large claims recently paid

Major Assumptions in FY16 Estimates and the FY17 Tentative Budget - General Fund

Expenditures & Transfers-Out		
	<u>FY16 Estimates</u>	<u>FY17 Tentative Budget</u>
Accela	contains remaining implementation costs including change orders 4 & 5 and annual subscription fee	includes annual subscription fee
Travel & Training	assumes budget will be spent	all travel and training requests included
Transfers-Out to Capital Projects Fund for CIP Needs	2.5% of total revenues for General CIP + identified IT needs	2.5% of total revenues for General CIP + identified IT needs
PERS Contribution Rates	Public Safety 40.5%; Regular 28.0%	No change expected until FY18
Debt Service	Unspent bond proceeds fully exhausted in FY16	Debt service fully funded (no bond proceeds offset)
Redevelopment Subsidies	No subsidy to Redevelopment Area 1 or 2	No subsidy to Redevelopment Area 1 or 2

Annual Contributions to Other Governments & Non-Profits included in the FY17 Budget

Interlocal agreements for services received, cost sharing arrangements or Council approved subsidies

General Fund - Interlocal Agreements with Other Government Agencies			
	FY15 Actuals	FY16 Estimates	FY17 Budget
Washoe County - Regional EOC	14,702	15,000	15,000
Washoe County - Regional Training Center	74,722	92,998	93,000
Washoe County - Regional Planning	205,162	205,162	211,317
Washoe County - 800 MHZ Radio	105,864	108,254	119,200
Washoe County - Senior Center	21,500	21,500	21,500
Washoe County Forensic Services	319,500	354,500	389,500
Washoe Co. Registrar of Voters	13,464	0	35,000
City of Reno, Fire - TRIAD	16,000	16,000	16,000
Nevada Commission on Ethics	17,040	17,841	17,841
City of Reno (Westcare) - TRIAGE Center	79,530	94,469	90,000
City of Reno Community Assistance Center (amounts over the 15% CDBG public services cap)	4,712	1,396	1,438
Total General Fund Interlocals	872,196	927,120	1,009,796
General Fund - Contributions to Non-Profits & Other Agencies			
	FY15 Actuals	FY16 Estimates	FY17 Budget
Economic Development Authority of Nevada (EDAWN)	80,000	100,000	100,000
Keep Truckee Meadows Beautiful	10,000	10,000	10,000
Nevada League of Cities & Municipalities (NLC&M)	19,968	20,151	20,000
Western Nevada Development District (WNDD)	3,500	5,000	5,000
Alliance for Innovation	5,000	5,000	5,000
The Chamber	1,240	1,362	1,110
Total General Fund contributions to Non-Profits	119,708	141,513	141,110

Annual Contributions to Other Governments & Non-Profits included in the FY17 Budget

Interlocal agreements for services received, cost sharing arrangements or Council approved subsidies

Other Funds - Interlocal Agreements with Other Government Agencies

	FY15 Actuals	FY16 Estimates	FY17 Budget
CDBG Fund - City of Reno Community Assistance Center (amounts within the 15% CDBG public services cap)	101,661	110,000	113,300
Storm Drain Fund - Storm Water Permitting Committee (NPDES Discharge Permit - per ILA with Reno and Washoe County). Sparks share = 1/3. Western Regional Water Commission has paid this fee in the past, however, staff has requested that it be placed back in the budget should the WRWC be unable to pay the full amount in FY17	0	0	60,000
Total Other Fund Interlocals	101,661	110,000	173,300

Reclassification and the FY17 Budget Process

During the fiscal year 2017 budget process, Human Resources asked each of the departments to assess their organizations and to identify any position that would need to be reviewed for reclassification.

There are three types of reclassifications grouped by type of change: responsibilities in job function, market value or legal/regulatory/compliance.

Type 1: Changes to job responsibilities.

If a department believes that the responsibilities assigned to an employee have changed significantly to the point that it may affect their classification, the position should be reviewed. For this type of reclassification referral, human resources evaluates the job elements of the position to determine if the work being performed by an employee is outside the scope of the job description the employee is currently working in or if the salary range is no longer in equity with the work being performed. This does not mean a higher volume of work, but a change in duties or complexity. Not all changes in job responsibilities require reclassification.

Reclassification and the FY17 Budget Process

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There are three types of reclassifications grouped by type of change: responsibilities in job function, market value or legal/regulatory/compliance.

Type 2: Changes to market value.

A market reclassification is considered when a department asks the City to review the compensation for a position due to a concern that the position is out of equity. The City looks at both internal equity and the external job market. Reclassification is recommended if the City determines action needs to be taken to keep the position within internal/external market range.

Reclassification and the FY17 Budget Process

During the fiscal year 2017 budget process, Human Resources asked each of the departments to assess their organizations and to identify any position that would need to be reviewed for reclassification.

There are three types of reclassifications grouped by type of change: responsibilities in job function, market value or legal/regulatory/compliance.

Type 3: Changes in laws/regulations/compliance

Sometimes, changes to laws or regulations, or compliance requirements necessitate a reclassification review. Reclassification of a position or pay policies may be required to meet legal requirements.

The Department Director and Managers evaluated their organizations, met with Human Resources and discussed proposed changes. Final recommendations were forwarded to the City Manager for budget consideration.

In total, there were twenty requests for reclassification. Ten were approved by the City Manager to be submitted as part of the fiscal 2017 budget. Of the ten, one is required by law, six were responsibility changes and four were market value increases. These proposed reclassifications will have a total General Fund impact of \$64k.

FY17 New Needs Prioritization

prioritized at Senior Staff 1/27/16

Total Prioritized:

\$594,897

General & Parks and Rec Fund

Funding Priority	Core Service	New Need	FY17	FY18	FY19
1	City Svc #04 - SPD Detectives	Police Sergeant - Repeat Offender Program - start 7/1/16	159,005	156,816	156,817
2	City Svc #14 - SPD Essential Training (incl. Marshals)	Police Officer - Academy Staff - start 1/1/17	53,390	104,573	108,352
3	City Administration	Safety Coordinator (20% General Fund, 40% Sewer, 40% Drains) - start 7/1/16	19,043	19,884	20,701
4	City Svc #17 - CSD Parks Maintenance	Parks Maintenance Worker- start 7/1/16	67,411	73,915	77,746
5	City Administration	Fire Prevention Inspector- start 7/1/16	112,563	116,445	121,767
6	City Administration	Assistant City Clerk/Records Coordinator - 1/1/17	45,092	107,996	43,879
7	City Administration	Systems Analyst- 7/1/16	91,340	93,886	99,642
8	City Svc #24 - P&R Alf Sorensen Community Center & Aquatics	Recreation Assistant I (Aquatics) offset by elimination of Temp position- 7/1/16	47,053	53,861	57,938
9	City Administration	Class and Compensation Study - G.F. Net New Costs = \$0 - if share cost with other funds and use Wellness one-time, could reduce to \$45k. If also use \$25k from PD travel and training, could reduce to and others, \$20k paid by DSF 2201	0	unknown	unknown



Fiscal Policy Review

FY16 CURRENT CITY OF SPARKS FISCAL POLICIES

1 General Fund unrestricted ending Fund balance equal to 12.5% of expenditures beginning in FY16

	Goal	RESULTS	AMOUNT OVER/(UNDER) Goal	STATUS
FY15 ACTUALS	5.5% - 8.3%	11.8%	\$1,912,999	
FY16 ESTIMATED ACTUALS	12.5%	10.3%	(\$1,261,845)	
FY17 BUDGET - Strategic Objective 1.1 (maintain positive cash balances)	12.5%	6.0%	(\$3,600,000)	

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

	GOAL	BUDGET	Contingency Amount	STATUS
FY15 BUDGET	up to 3%	1.8%	1,000,000	
FY16 BUDGET	up to 3%	1.7%	1,000,000	
FY17 BUDGET - Strategic Objective 1.1 (maintain positive cash balances)	up to 3%	1.6%	1,000,000	

FY16 CURRENT CITY OF SPARKS FISCAL POLICIES

3 Transfer a minimum of 2.5% of total General Fund revenues plus full funding of IT Hardware & Software Replacement Plans from the General Fund to the Capital Projects Fund.

	GOAL	% RESULTS	Transfer Amount	STATUS
FY15 ACTUALS	2.5%	1.6%	\$ 902,000	✘
FY16 ESTIMATED ACTUALS	2.5% + full funding of IT hardware & software replacement plans = \$1,871,589	3.1%	\$ 1,871,589	✔
FY17 BUDGET - Strategic Objective 1.2 (balanced spending) & Strategic Goal 3 (managing infrastructure & Technology)	2.5% + full funding of IT hardware & software replacement plans = \$2,655,240	4.2%	\$ 2,655,240	✔

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
FY15 ACTUALS	\$ 5,230,355	\$ 231,107	\$ -	✘
FY16 ESTIMATED ACTUALS	\$ 5,462,199	\$ 233,107	\$ -	✘
FY17 BUDGET - Strategic Objective 1.1 (maintain positive cash balances)	\$ 5,779,519	\$ 435,607	\$ 200,000	✔

FY16 CURRENT CITY OF SPARKS FISCAL POLICIES

5 General Fund personnel costs do not exceed 78% of General Fund total revenues

	GOAL	RESULTS	STATUS
FY15 ACTUALS	<=78%	76.7%	✔
FY16 EST. ACTUALS	<=78%	76.5%	✔
FY17 BUDGET - Strategic Objective 1.2 (balanced spending)	<=78%	78.0%	✔

6 Report the annual Other Post Employment Benefit (OPEB) and Workers Compensation liabilities and determine strategies to reduces these liabilities (Strategic Objective 1.3)

	NET OPEB OBLIGATION	Workers Comp - Heart, Lung, Cancer Liability	FUNDING STATUS
FY09 ACTUALS	\$2,025,422	\$2,252,767	Pay-As-You-Go
FY10 ACTUALS	\$4,566,159	\$2,321,000	Pay-As-You-Go
FY11 ACTUALS	\$4,958,920	\$3,414,452	Pay-As-You-Go
FY12 ACTUALS	\$5,473,423	\$3,206,012	Pay-As-You-Go
FY13 ACTUALS	\$6,018,434	\$6,749,369	Pay-As-You-Go
FY14 ACTUALS	\$6,680,705	\$9,258,452	Pay-As-You-Go
FY15 ACTUALS	\$7,414,353	\$5,068,496	Pay-As-You-Go

City Council FY '17 Budget Workshop -- February 29, 2016
Fiscal Policy Considerations & Items Needing Council Direction
 (Amounts Shown in \$000s)

FY '17 G.F. Ending Fund Balance Over/(Under) Target (vs. Current Proposed Budget Presentation of 6.0%)			
6.0%: Recent Budget Target	8.3%: Formal Adopted Policy	12.5% Cash Flow Target	25.0%: Removed From Negotiations Per NRS 354.6241
\$0	(\$1,350)	(\$3,600)	(\$9,400)

Fiscal Policy #1 --> Establish Minimum GF Ending Fund Balance Target

\$550k = Approx. 1% of Fund Balance Change

Current Policy Considerations & CM Recommendations Already Included in FY '17 Proposed Budget Presentation		
Stabilization Fund Commitment	\$200	Fiscal Policy #4 --> Commit Business License Revenue for Stabilization Purposes
Transfer for General CIP	\$1,575	Fiscal Policy #3 --> Transfer 2.5% of GF Revenues for General CIP Needs
Transfer for IT CIP	\$1,080	Fiscal Policy #3 --> Transfer from GF for Identified IT CIP Needs
Proposed New Needs	\$475	CM Recommendation --> \$600k Total Identified. \$475k Included in Proposed Budget & Remaining \$125k to be Funded in '17 via Delayed Hiring, Vacancy Savings, or Unexpected Revenue Increases
Total Policy Considerations Included in Proposed FY '17 Budget Presentation	\$3,330	Leading to an Ending Fund Balance of 6% as Presented Today

Other Policy Considerations not Included in FY '17 Proposed Budget Presentation		
Vacancy Savings Est.	(\$1,000)	Following Practice of Fully Loading All Positions into FY '17 Proposed Budget
OPEB Trust Funding	\$350	GASB 75 Requires Full Unfunded Actuarial Liability to be Recorded on Balance Sheet in FY '18 (Est. \$32M). Current Actuarial Estimates Indicate Funding a Trust with Approx. \$350k/yr. is Est. to Reduce the Liability to Approx. \$19M (essentially in perpetuity) by Assuming a Greater Discount Rate (7.5% vs. 4.0%). \$750k/yr. is Needed to Eliminate the Liability in 20 Yrs. Current Net OPEB Liab. = \$7.4M.



Other Fiscal Items for Reference

Sparks Redevelopment Area #1

Financial Overview (City Manager's FY '17 Budget Recommendations)

	<u>FY '13 Actuals</u>	<u>FY '14 Actuals</u>	<u>FY '15 Actuals</u>	<u>FY '16 Estimates</u>	<u>FY '17 Budget</u>
Revenues	\$2,955,234	\$2,486,393	\$2,498,451	\$2,622,172	\$2,687,172
Land Sale Proceeds	\$0	\$0	\$0	\$934,000	\$270,000
Transfer-In From G.F.	\$0	\$0	\$0	\$0	\$0
Expenditures	<u>(\$3,013,923)</u>	<u>(\$2,635,695)</u>	<u>(\$2,660,412)</u>	<u>(\$2,845,569)</u>	<u>(\$2,623,515)</u>
Net Revenues/(Expenses)	(\$58,689)	(\$149,302)	(\$161,961)	\$710,603	\$333,657
Beginning Fund Balance	\$3,670,978	\$3,612,290	\$3,462,987	\$3,301,026	\$4,011,629
Ending Fund Balance	\$3,612,289	\$3,462,987	\$3,301,026	\$4,011,629	\$4,345,286
Less: Restricted for Debt Service	\$0	<u>(\$3,006,282)</u>	<u>(\$3,064,526)</u>	<u>(\$3,130,817)</u>	<u>(\$3,230,307)</u>
Unrestricted Ending Fund Balance	\$3,612,289	\$456,706	\$236,501	\$880,813	\$1,114,978

Victorian Sq. Room Tax Cumulative Resources	<u>\$1,295,947</u>	<u>\$1,912,683</u>	<u>\$2,622,451</u>	<u>\$2,987,797</u>	<u>\$3,848,047</u>
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Note: V.S. Room Tax Fund is a City Resource, but Available for V.S. CIP Needs

**** City Issued Debt Partially Paid by RDA #1**

RDA #1 Debt Information	Tax Increment	2011 CTAX	2014 CTAX	Total RDA #1
	Refunding Bonds	Refunding Bonds	Refunding Bonds	Debt Service
Original Issue Amount	\$22,165,000	\$4,180,000	\$7,330,000	
Issue Date	5/11/2010	5/12/2011	8/14/2014	
Maturity Date	1/15/2023	5/1/2018	5/1/2026	
Interest Rate	4.0% - 5.375%	3.05%	3.09%	
FY '16 Principal Payment	\$1,580,000	\$705,000	\$23,000	
FY '16 Interest Payment	<u>\$709,881</u>	<u>\$61,000</u>	<u>\$225,972</u>	
Total FY '16 Debt Service	<u>\$2,289,881</u>	<u>\$766,000</u>	<u>\$248,972</u>	
Total FY '16 Debt Service Paid by RDA	<u>\$2,289,881</u>	<u>\$220,142</u>	<u>\$71,552</u>	<u>\$2,581,576</u>
6/30/16 Debt Outstanding	<u>\$13,245,000</u>	<u>\$1,470,000</u>	<u>\$7,290,000</u>	
FY '17 Principal Payment	\$1,640,000	\$725,000	\$23,000	
FY '17 Interest Payment	<u>\$646,681</u>	<u>\$39,345</u>	<u>\$225,261</u>	
Total FY '17 Debt Service	<u>\$2,286,681</u>	<u>\$764,345</u>	<u>\$248,261</u>	
Total FY '17 Debt Service Paid by RDA	<u>\$2,286,681</u>	<u>\$219,667</u>	<u>\$71,348</u>	<u>\$2,577,696</u>
6/30/17 Debt Outstanding	<u>\$11,605,000</u>	<u>\$745,000</u>	<u>\$7,267,000</u>	
		FY '16 D.S. from RDA-Issued Debt =	\$2,286,681	
		FY '16 D.S. from City-Issued Debt =	\$291,015	
		Total FY '16 RDA Debt Service =	\$2,577,696	

**** Both CTAX bonds were issued by the City, but about 29% (\$291,695 in FY '16) is allocated to RDA #1 for the V.S. portion of the original bonding project.**

Sparks Redevelopment Area #2

Financial Overview (City Manager's FY '17 Budget Recommendations)

	FY '13 Actuals	FY '14 Actuals	FY '15 Actuals	FY '16 Estimates	FY '17 Budget
Revenues	\$2,406,228	\$2,365,909	\$2,783,471	\$2,777,000	\$2,816,000
Land Sale Proceeds (Recorded as a Note Receivable)	\$0	\$100,000	\$2,150,000	\$0	\$0
Transfer-In From G.F.	\$250,000	\$861,580	\$0	\$0	\$0
Expenditures	(\$3,185,037)	(\$3,201,000)	(\$3,172,719)	(\$3,040,049)	(\$2,948,066)
Net Revenues/(Expenses)	(\$528,809)	\$126,490	\$1,760,752	(\$263,049)	(\$132,066)
Beginning Fund Balance	\$2,813,011	\$2,284,200	\$2,410,690	\$4,171,442	\$3,908,393
Ending Fund Balance	\$2,284,202	\$2,410,690	\$4,171,442	\$3,908,393	\$3,776,327
Less: Restricted for Debt Service & Note Receivable	(\$2,165,814)	(\$2,271,164)	(\$4,002,342)	(\$3,861,073)	(\$3,602,390)
Unrestricted Ending Fund Balance	\$118,388	\$139,525	\$169,100	\$47,320	\$173,937

RDA #2 Debt Information	Redevelopment Area #2 Debt		** City Issued Debt Paid by RDA #2		Total RDA #2 Debt Service
	2008 Tax Increment Bonds	2014 Tax Increment Bonds	2007A Ad Valorem Refunding Bonds	2007B Ad Valorem Refunding Bonds	
Original Issue Amount	\$12,700,000	\$7,285,000	\$7,090,000	\$1,315,000	
Issue Date	7/30/2008	8/14/2014	3/29/2007	3/29/2007	
Maturity Date	6/1/2028	6/1/2029	3/1/2017	3/1/2017	
Interest Rate	6.4% - 6.70%	3.25%	3.78%	5.65%	
FY '16 Principal Payment	\$535,000	\$380,000	\$805,000	\$185,000	
FY '16 Interest Payment	\$691,700	\$222,069	\$61,992	\$21,733	
Total FY '16 Debt Service	\$1,226,700	\$602,069	\$866,992	\$206,733	\$2,902,494
6/30/16 Debt Outstanding	\$9,925,000	\$6,455,000	\$835,000	\$200,000	
FY '17 Principal Payment	\$570,000	\$380,000	\$835,000	\$200,000	
FY '17 Interest Payment	\$657,460	\$209,723	\$31,563	\$11,290	
Total FY '17 Debt Service	\$1,227,460	\$589,723	\$866,563	\$211,290	\$2,895,036
6/30/17 Debt Outstanding	\$9,355,000	\$6,075,000	\$0	\$0	

FY '16 D.S. from RDA-Issued Debt =	\$1,817,183
FY '16 D.S. from City-Issued Debt =	\$1,077,853
Total FY '16 RDA Debt Service =	\$2,895,036

** The 2007 debt issued by the City is scheduled to mature in FY '17, removing \$1.1M of debt service costs, beginning in FY '18

Funds of Note - other than the General Fund

Motor Vehicle Fund

- The proposed FY17 revenue budget includes full funding of \$1.8M in operational costs of the garage via Maintenance and Repair (M&R) charges on every City vehicle. Also included is \$1.2M of replacement cost recovery charges collected on each City vehicle.
- Eleven vehicles will be replaced, one will be refurbished and one will be transformed into a rolling barricade in FY17 for a total cost of \$958k. This does leave a backlog of vehicles, however, the full analysis has yet to be completed.
- A Fire Apparatus replacement plan has been implemented beginning FY16. Funds previously allocated to lease payments are now be contributed to a replacement fund within the Motor Vehicle Fund specifically designated for fire apparatus and fire equipment (\$690k in FY16 & \$840k In FY17)

Group Health Self Insurance Fund

- 25% contribution/premium increase in FY16 and no increase in FY17 has been included in the estimates presented today. Final recommendation for FY17 yet to be determined.
- Total Plan costs are expected to increase from \$10.1M in FY15 to \$10.4M in FY16, and to \$11.4M in FY17. This expected \$1.M increase from FY16 to FY17 is primarily driven by a 14% increase in medical, dental & prescription claims.
- FY17 ending fund balance is projected to be \$631k, equating to approximately 3 weeks of expenses.

Workers Comp Self Insurance Fund

- Cash reserves at the end of FY15 were \$5M. Reserves are expected to drop approximately \$1M each year which would exhaust the fund by the end of FY19 unless contributions to the fund increase.
- Long-term solutions are needed to cover this liability for future Heart, Lung, and Cancer (HLC) claims; however, the HLC benefits are driven by State Legislature.

Liability Self Insurance Fund

- Cash reserves at the end of FY15 were \$1.3M. Reserves are expected to drop significantly (down to \$64k at the end of FY17) due to recent large claims.
- FY17 contributions from the General Fund will increase from \$150k in FY15 to \$200k in FY16 and \$700k in FY17. With reserves depleted, future General Fund contributions will increase and decrease directly with claims costs.

Funds of Note - other than the General Fund

Sanitary Sewer Enterprise Fund

- City Council approved an annual 8.25% increase to the sewer component of residential and commercial sewer bills beginning July 1, 2014 through July 1, 2017. Also approved was a 13.4% reduction in multi-family residential sewer rates in FY15 with subsequent year increases of 8.25% in FY16 through FY18.
- Since 2012, sanitary sewer connection fees have indexed annually to the Engineering News Record Construction Cost Index per Sparks Municipal Code 13.24. Per the latest cost index, connections fees increased 1.8% on January 1, 2016.
- A new 5-year rate study is planned in FY17
- The sanitary sewer enterprise fund is expected to subsidize effluent by approximately \$1.2M each year. This subsidy is needed due to decreased revenue associated with lost customers and the continuing debt service requirements.

Storm Drain Enterprise Fund

- There were no rate increases to the storm drain portion of the utility billings
- The Riverflood fee continues to bring in approximately \$3M annually. The current accumulated cash to date along with \$19M of new financing will fund Phase 3 of the North Truckee Drain Relocation project.

Effluent Enterprise Fund

- The sanitary sewer enterprise fund is expected to subsidize effluent by approximately \$1.3M annually. This subsidy is needed due to decreased revenue associated with lost customers and the continuing debt service requirements.
- Effluent debt will be fully paid in FY24

Development Services Enterprise Fund

- Revenue projections are not complete in this fund. A very preliminary review shows FY16 revenues coming in approximately 17% higher than FY15, largely due to increased building permits, plan checking and subdivision inspections. FY17 revenue projections will be completed in March.
- Subsidy from General Fund was fully repaid in FY15 and no further subsidy is expected

Funds of Note - other than the General Fund

Stabilization Fund

- Fiscal Policy #4 = Commit portion of business license revenue to this fund each year
- In FY12, \$200k of business license revenue was committed, but no commitment was made in FY13, FY14, FY15 or FY16. FY17 tentative budget includes a \$200k commitment.
- FY15 audited ending fund balance = \$231k
- 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 FY17
- No subsidy is expected from the General Fund in FY17
- Recent land sales have removed any expectation for the need of a General Fund subsidy going forward.
- Area #1 terminates in 2023.

Redevelopment Area 2

- Land sale proceeds are expected to be sufficient to cover debt service until debt maturity in FY17
- Subsidies were required from the General Fund in FY13 of \$250k and in FY14 of \$862k. No further subsidies from the General Fund are expected at this time.

City of Sparks & Redevelopment Agency Debt

NAME OF BOND OR LOAN	TERM (years)	Original Amount of Issue	Final Payment Date	Interest Rate	Outstanding Principal Balance 7/1/16	Outstanding Principal Balance 6/30/17	FY17 Interest due	FY17 Principal due	FY17 Debt Service (P&I)
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City General Obligation (G.O) Bonds and Notes Payable

G.O. Limited Tax Medium Term Bonds, Series 2007A (currently paid by RDA2)	10	7,090,000	03/01/2017	3.78%	835,000	0	31,563	835,000	866,563
G.O. Limited Tax, Medium Term Bonds, Series 2007B (currently paid by RDA2)	10	1,315,000	03/01/2017	5.65%	200,000	0	11,290	200,000	211,290
Subtotal City G.O Bonds & Notes Payable					\$ 1,035,000	\$ -	\$ 42,853	\$ 1,035,000	\$ 1,077,853

City Issued Revenue Bonds

CTAX Revenue Bonds, Series 2011 (partially funded (29%) by RDA1)	6	4,180,000	05/01/2018	3.05%	1,470,000	745,000	39,345	725,000	764,345
CTAX Bonds Series 2014 (partially funded (29%) by RDA1)	12	7,330,000	05/01/2026	3.09%	7,290,000	7,267,000	225,261	23,000	248,261
Sr. Sales Tax Anticipation Revenue Bonds Series 2008A	20	83,290,000	06/15/2028	6.5%-6.75%	72,815,000	70,060,000	4,881,700	2,755,000	7,636,700
Subordinate Sales Tax Anticipation Revenue Bonds Series 2008A	20	36,600,000	06/15/2028	5.75%	32,716,045	32,716,045	2,200,000	0	2,200,000
Subtotal City Issue Revenue Bonds					\$ 114,291,045	\$ 110,788,045	\$ 7,346,306	\$ 3,503,000	\$ 10,849,306

Tax Allocation Bonds

Local Improvement District #3, Ltd Obligation Improvement Bonds	20	26,120,000	09/01/2027	6.5%-6.75%	14,255,000	13,440,000	924,138	815,000	1,739,138
Subtotal Tax Allocation Bonds					\$ 14,255,000	\$ 13,440,000	\$ 924,138	\$ 815,000	\$ 1,739,138

City of Sparks & Redevelopment Agency Debt

NAME OF BOND OR LOAN	TERM (years)	Original Amount of Issue	Final Payment Date	Interest Rate	Outstanding Principal Balance 7/1/16	Outstanding Principal Balance 6/30/17	FY17 Interest due	FY17 Principal due	FY17 Debt Service (P&I)
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Sewer & Effluent G.O. Bonds - SRF Loans

1996 - Effluent Pipeline	20	6,814,489	07/01/2016	3.663%	255,492	0	4,679	255,492	260,171
2000 - Denitrification Plant	20	3,070,670	01/01/2020	3.710%	885,004	675,799	30,911	209,205	240,116
2001 - Effluent Pipeline	20	7,038,807	07/01/2021	3.138%	2,695,428	2,239,043	81,017	456,385	537,402
2002 - NW Interceptor	20	3,082,361	01/01/2022	3.250%	1,092,362	924,493	33,755	167,869	201,624
2003 - Effluent Pipeline	20	8,243,494	01/01/2024	3.050%	4,162,155	3,660,255	123,148	501,900	625,048
2005 - Vista/Prater Interceptor	20	4,091,227	01/01/2025	2.881%	2,259,852	2,036,516	63,515	223,336	286,851
2005 - Sparks BI/Sun Valley Interceptor	20	5,160,261	07/01/2025	2.660%	3,026,563	2,742,558	78,630	284,005	362,635
2006 - Sparks BI/Sun Valley Interceptor Ph.II	20	13,385,606	07/01/2026	3.050%	8,766,912	8,033,787	230,718	733,125	963,843
Sparks portion of SRF Water Pollution bonds, Series 2004 & 2005 issued by City of Reno for TMWRF Expansion	17	12,029,831	01/01/2024	2.756%	6,356,605	5,636,043	170,273	720,562	890,835
2010 - Sparks BI/Sun Valley Interceptor Ph.III	20	4,772,645	07/01/2029	2.775%	3,712,372	3,482,215	101,433	230,157	331,590
2010A-Sparks BI/Sun Valley Interceptor Ph.IV	20	2,509,299	07/01/2029	2.775%	1,951,843	1,830,834	53,330	121,009	174,339
Subtotal Sewer & Effluent G.O. Bonds - SRF Loans					\$ 35,164,588	\$ 31,261,543	\$ 971,409	\$ 3,903,045	\$ 4,874,454

Redevelopment Issued Debt

Redevelopment Agency #1 Tax Increment Refunding Revenue Bonds, Series 2010	14	22,165,000	01/15/2023	4%-5.375%	13,245,000	11,605,000	646,681	1,640,000	2,286,681
Redevelopment Agency #2 Tax Increment Revenue Bonds, Series 2008	20	12,700,000	06/01/2028	6.4%-6.7%	9,925,000	9,355,000	657,460	570,000	1,227,460
Redevelopment Agency #2 Tax Increment Revenue Bonds, Series 2014	20	7,285,000	06/01/2029	3.249%	6,455,000	6,075,000	209,723	380,000	589,723
Subtotal Redevelopment Issued Debt					\$ 29,625,000	\$ 27,035,000	\$ 1,513,864	\$ 2,590,000	\$ 4,103,864

TOTAL CITY & REDEVELOPMENT ISSUED DEBT		\$ 278,273,690			\$ 194,370,633	\$ 182,524,588	\$ 10,798,570	\$ 11,846,045	\$ 22,644,615
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City of Sparks & Redevelopment Agency Debt

Other Long Term Liabilities as of 6/30/15 (Business & Governmental Debt)

Sick Leave Conversion	5,191,857
Compensated Absences	11,028,219
Developer Credits (Loeb Fire 5 reimbursements)	147,001
Workers Compensation (Heart/Lung/Cancer)	5,068,495
Other Post Employment Benefits (OPEB)	7,414,353
Total	\$ 28,849,925

Note: These balances are determined at end of audit each year