

# **BUDGET WORK SESSION**

April 25, 2011 Budget Work Session.

One agenda item for the work session is the City Manager's proposed budget for fiscal year 2011/12. The work session is on the City's operational budget for the 12 month period starting July 1<sup>st</sup>, 2011 and ending June 30, 2012. The session will focus on recommended appropriations for all City funds, not just capital projects which were addressed in the budget work session of April 11.

While all funds are contained in the recommended budget, the main focus is on the General Fund which is the main operating fund supporting City services. The work session will address:

- Economic conditions over the budget period
- Expected revenue generated to support services
- Staffing levels and organizational changes proposed
- Savings and efficiencies achieved in City expenditures
- Major areas of spending and investments
- City support for City partners and nonprofit organizations.

# City Manager's Proposed Budget Fiscal Year 2011-2012 Overview

City Council Work Session  
April 25, 2011

# Five Part Overview

- Total Budget Proposal
- Economic Outlook
- Revenue Estimate
- Budget Savings
- Spending Investments

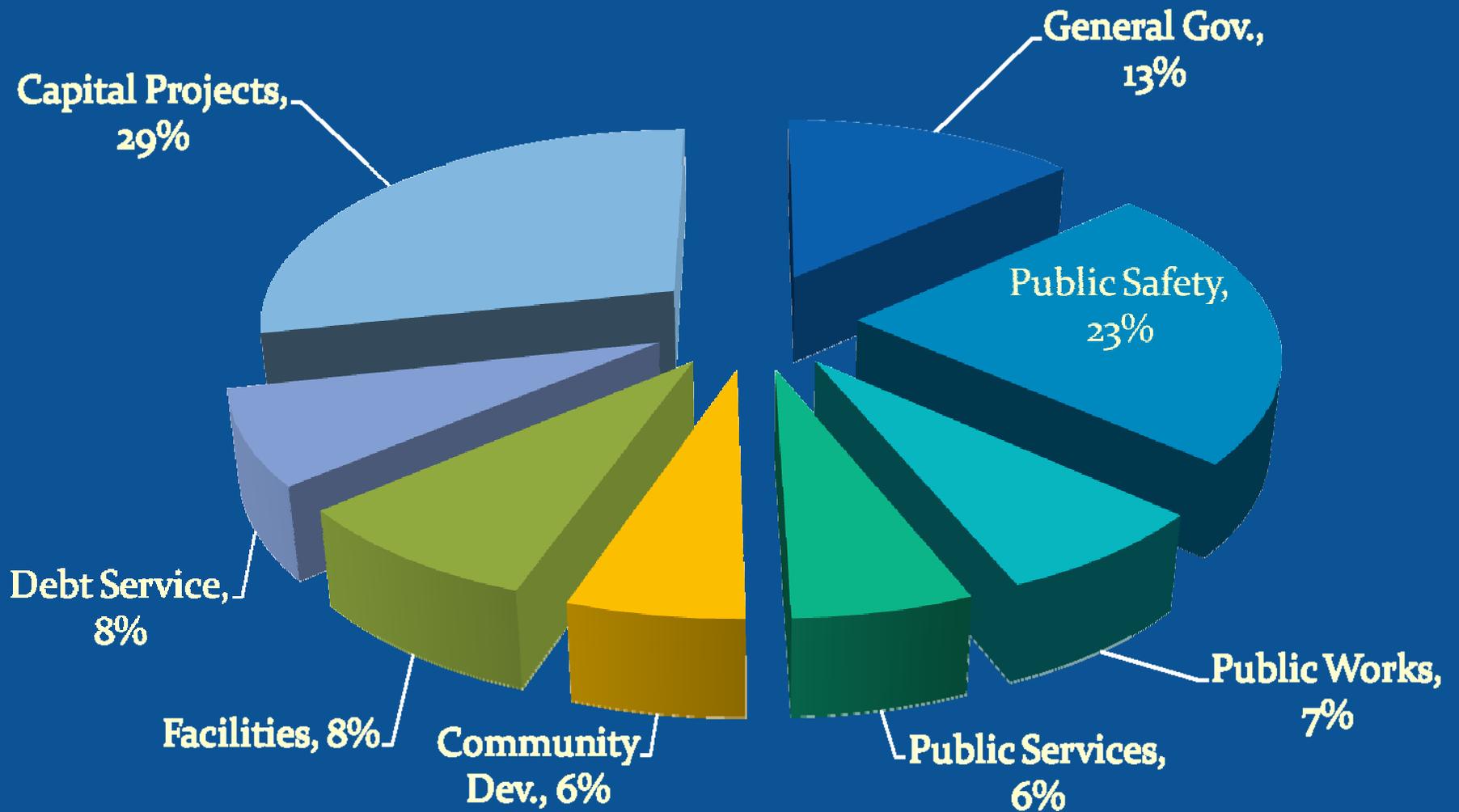
# FY12 Total Proposed Budget by

## Fund Type

Dollars Millions

<u>Fund Group</u>	<u>FY12</u>	<u>Change</u>	<u>Percent</u>
General	\$79.2	\$2.9	3.8%
Special Revenue	\$24.0	(\$2.4)	(9.2%)
Debt Service	\$12.4	(\$0.3)	(2.3%)
Capital Project	\$46.3	(\$6.8)	(12.8%)
Utilities	\$105.2	(\$1.1)	(1.0%)
Enterprise	\$7.3	(\$0.9)	(11.4%)
Internal Service	\$10.6	\$0.2	1.8%
Fiscal Agent	\$13.8	(\$10.6)	(43.5%)
Total	\$298.8	(\$19.1)	(6.0%)

# FY12 General Government Expenditures by Function



# Economic Outlook

- US Economy
  - Moderate recovery
  - Stable, but higher, energy prices
  - Slowly declining unemployment
  - Housing market remains weak

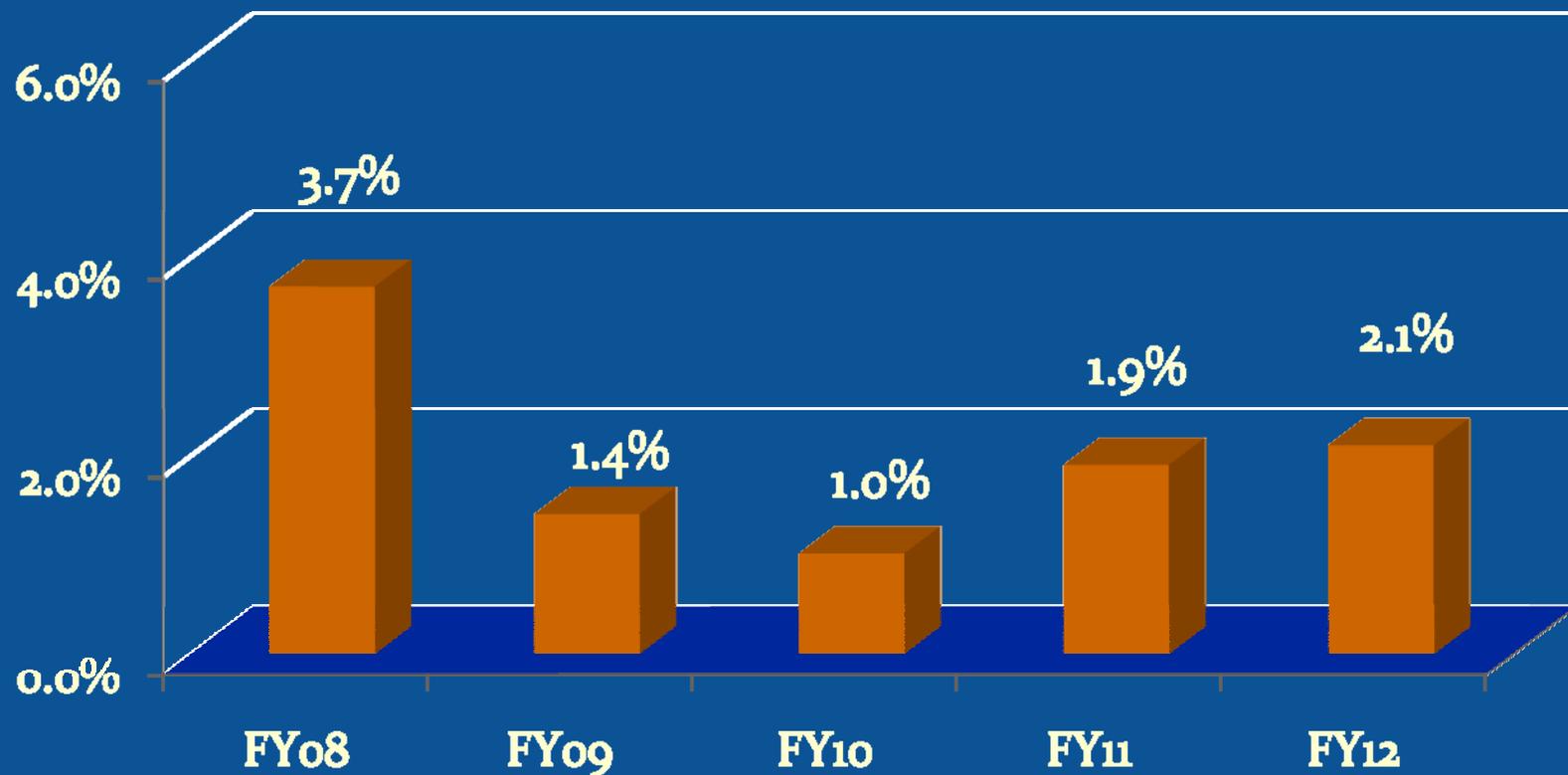
# U.S Economic Outlook

## US Real GDP-Percent Change



# U.S Economic Outlook

## CPI-U -Percent Change



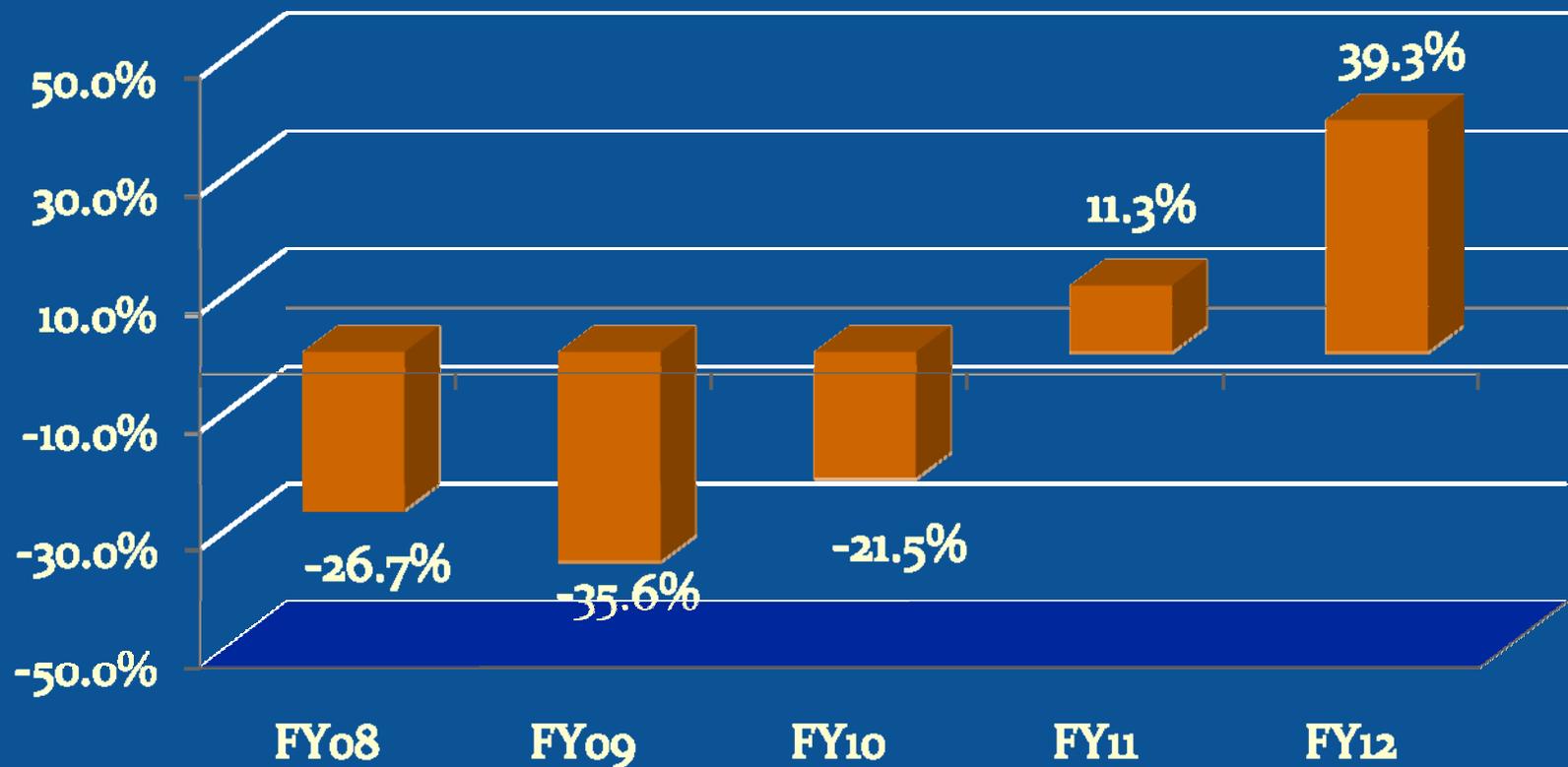
# U.S Economic Outlook

## Nonagricultural Wage & Salary Growth



# U.S Economic Outlook

## Housing Starts



# Economic Outlook

- Las Cruces
  - Continues to out perform state job creation
    - Strength in Health Care & Tourism
  - Construction remains weak
  - Government employment flat in all sectors

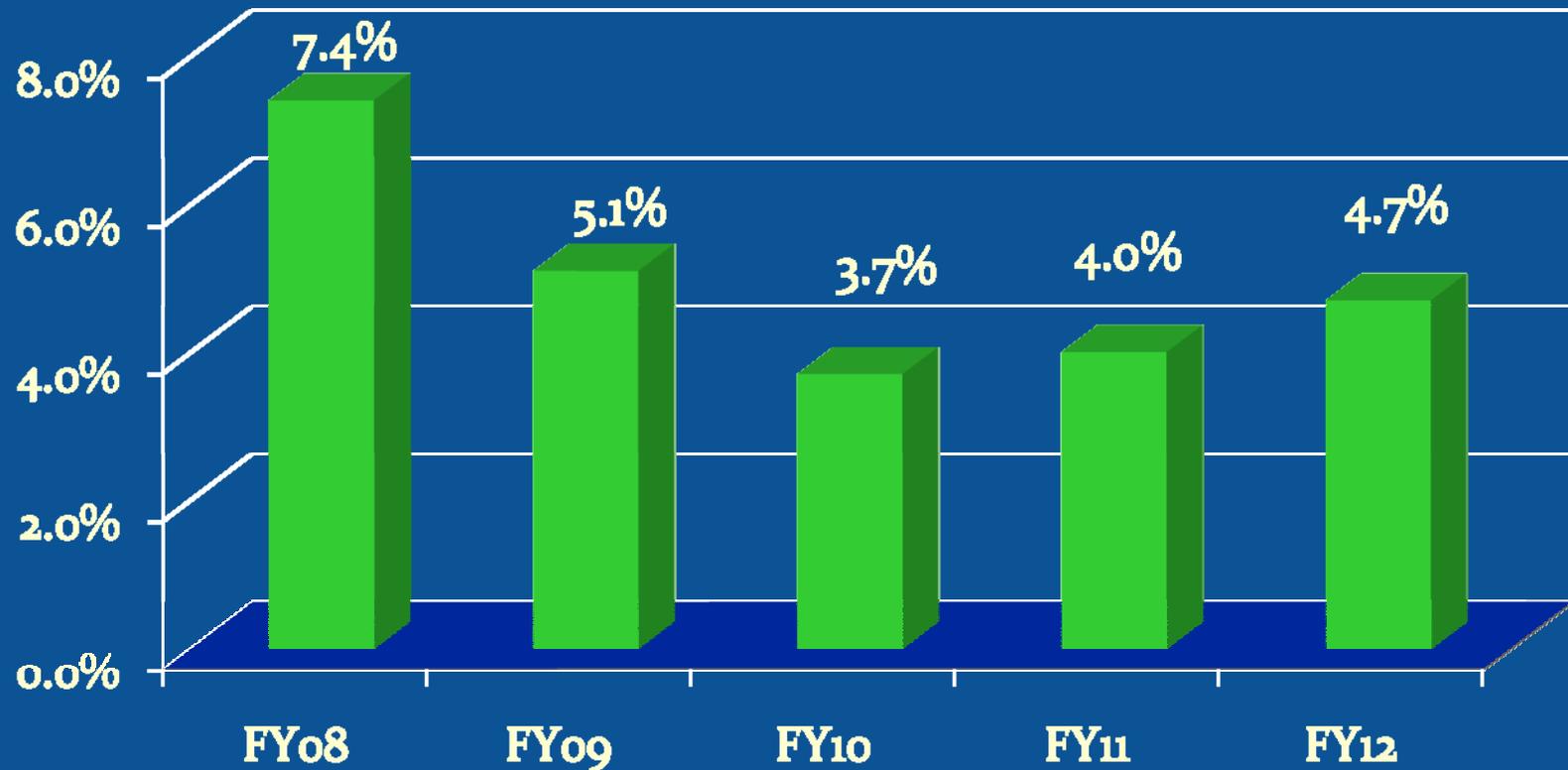
# Las Cruces Economic Outlook

## Nonagricultural Wage & Salary Growth



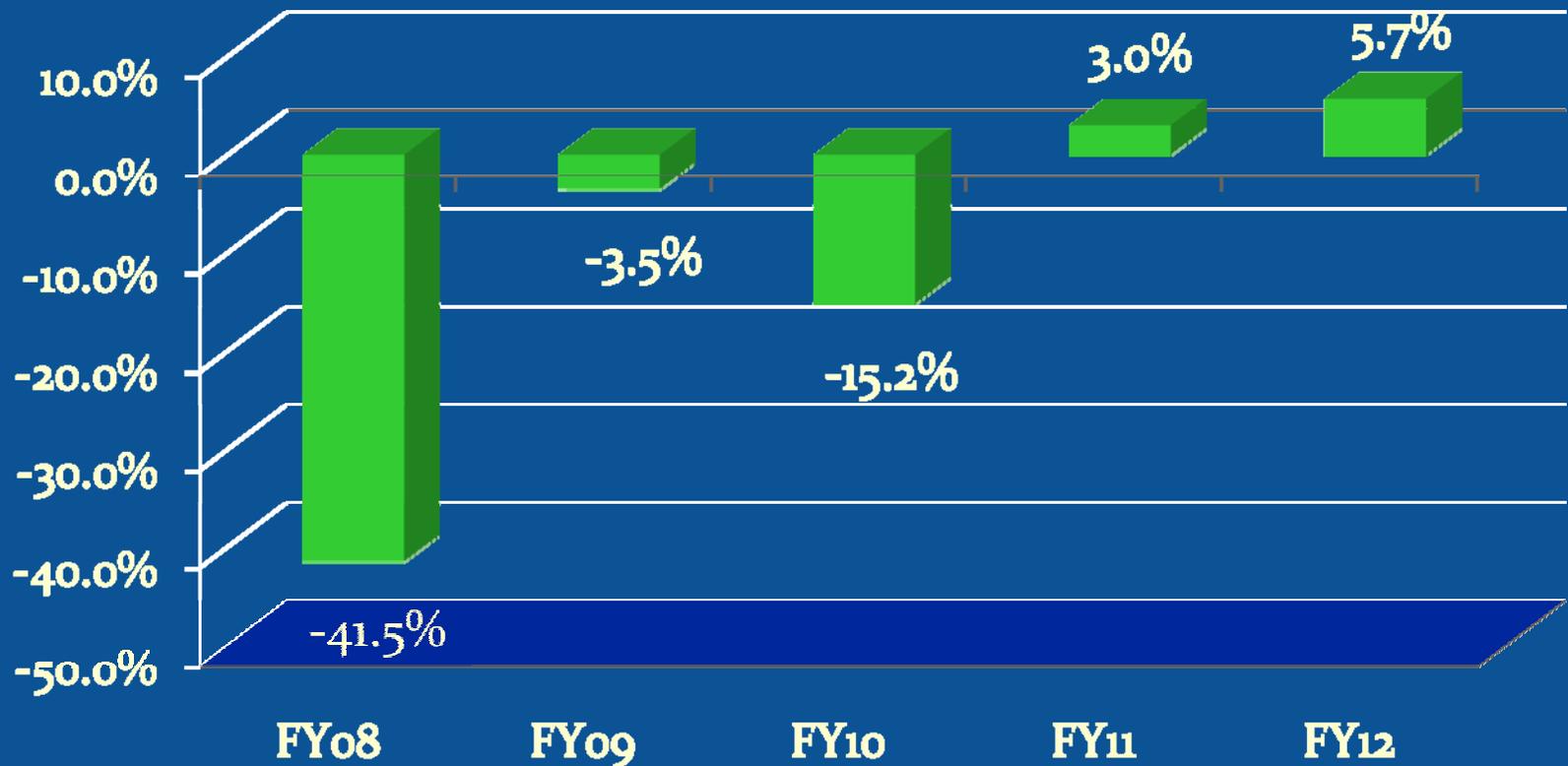
# Las Cruces Economic Outlook

## Personal Income



# Las Cruces Economic Outlook

## Permitted Valuation



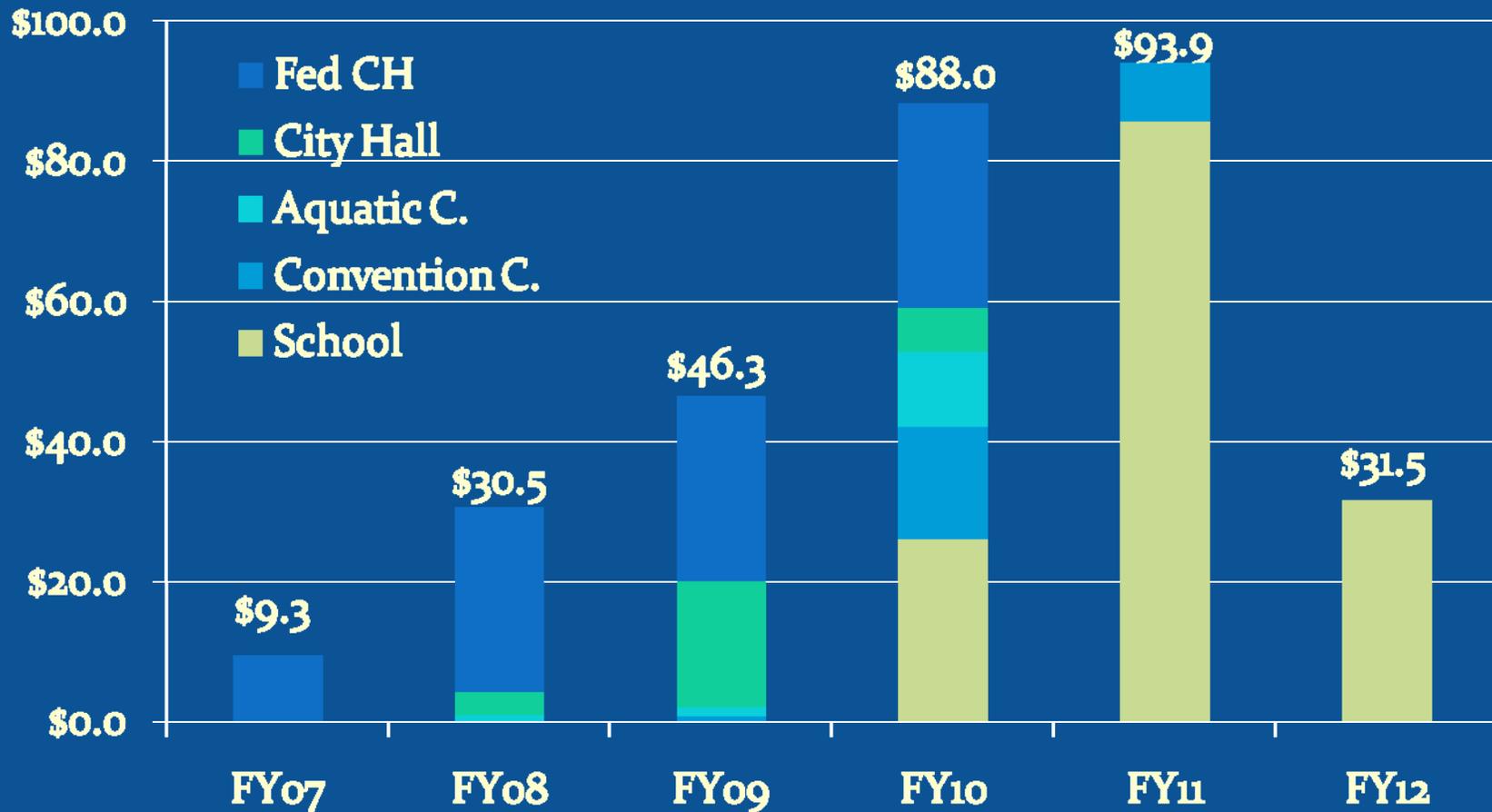
# Las Cruces Economic Outlook

## New Residential Building Permits



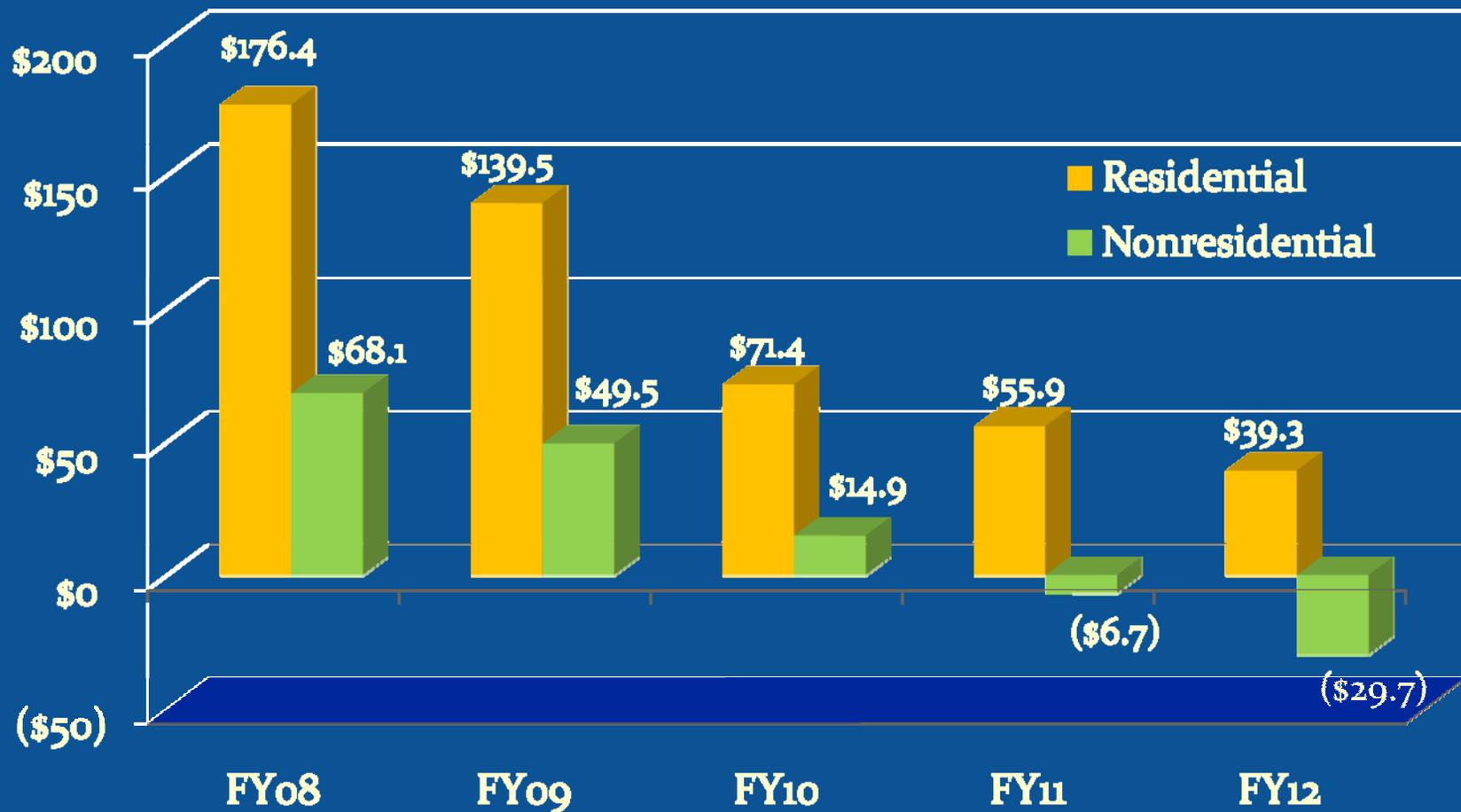
# Public Construction Spending

Dollars Millions



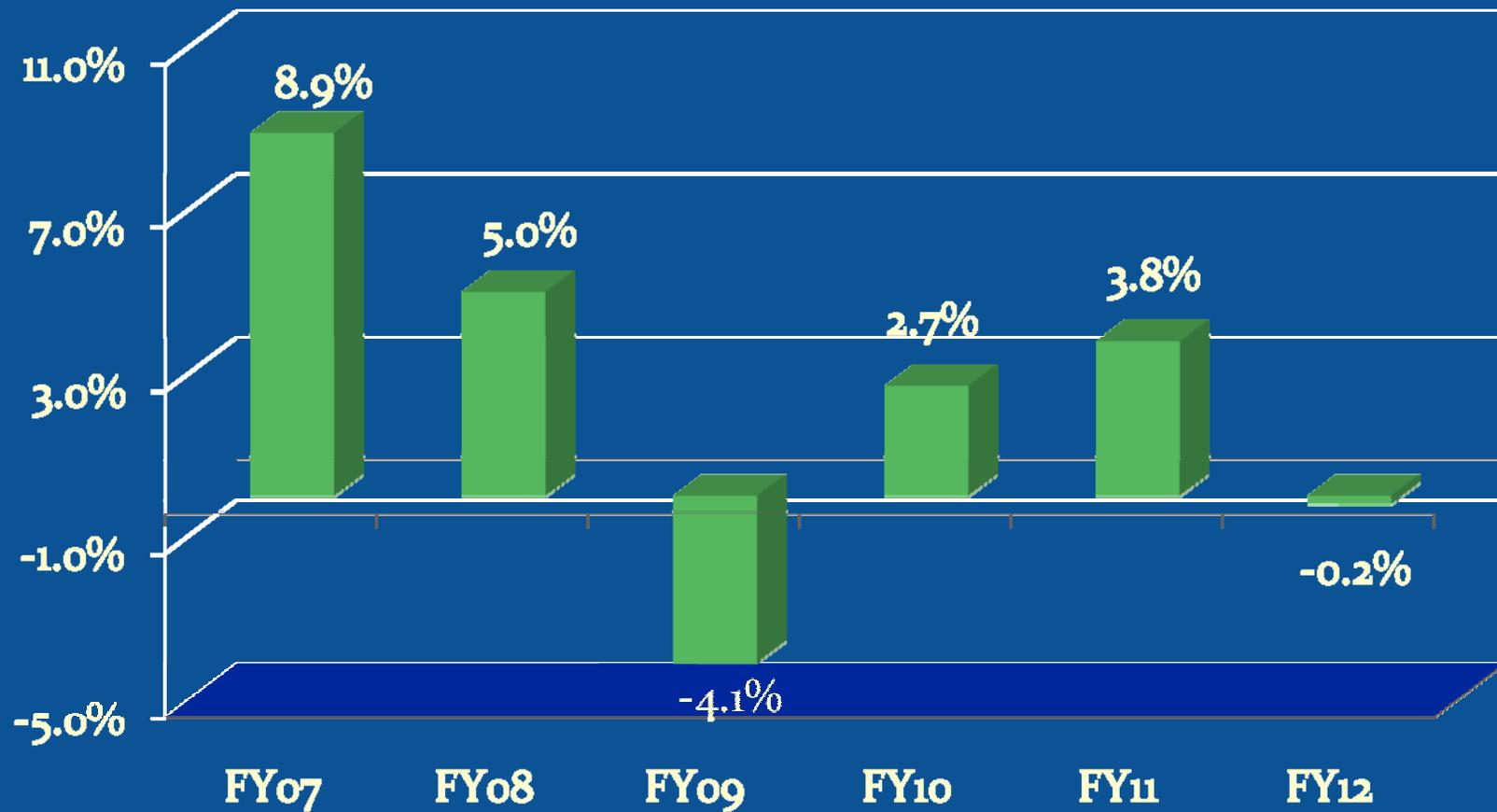
# Change In Taxable Value

Las Cruces Property Tax - Dollars Millions



# Total General Fund Revenue

City of Las Cruces - Percent Change



# General Fund Revenue Changes

Dollars Millions

<u>Category</u>	<u>FY11</u>	<u>FY12</u>	<u>Change</u>
GRT	\$56.4	\$57.2	\$0.8
Property Tax (\$0.1)	\$9.2	\$9.1	
Franchise Fees	\$2.9	\$3.0	\$0.1
Admin. Transfers	\$3.1	\$3.0	(\$0.1)
Police Fines	\$1.1	\$1.1	\$0.0
Subdivision Fees	\$0.1	\$0.1	\$0.0
All Other	<u>\$6.7</u>	<u>\$5.9</u>	<u>(\$0.8)</u>
Total	\$79.7	\$79.4	(\$0.2)

# FY12 General Fund Revenue

## Changes

Dollars Millions

FY11 Revenue

\$79.6

\$2.6 Growth due to recovery

(\$1.3) Public construction projects

(\$0.2) Admin. fee on hold harmless

(\$1.0) No TIDD repayment

(\$0.2) Navy training reimbursement

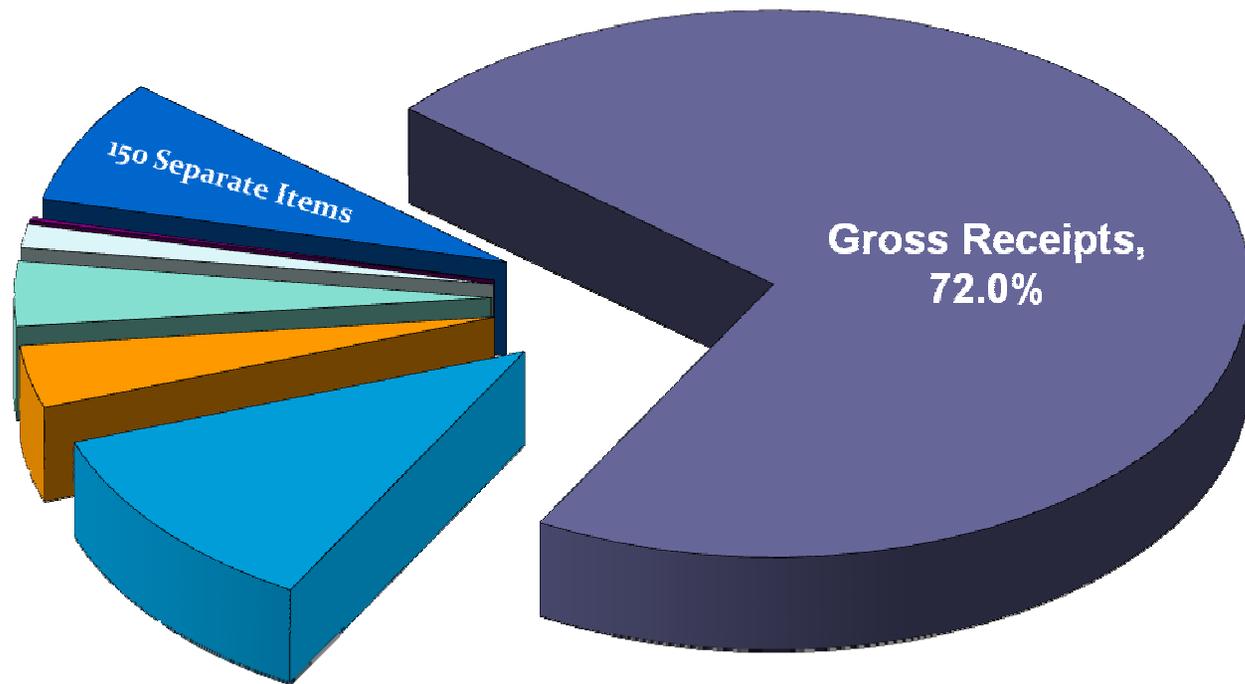
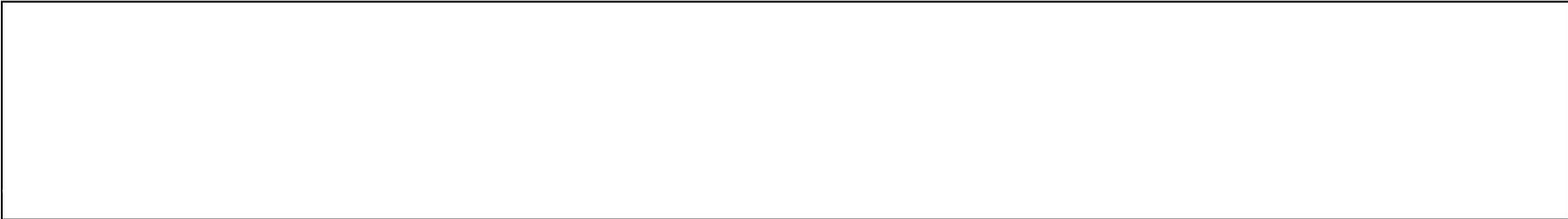
(\$0.1) RGNGA admin transfer

FY12 Revenue

\$79.4

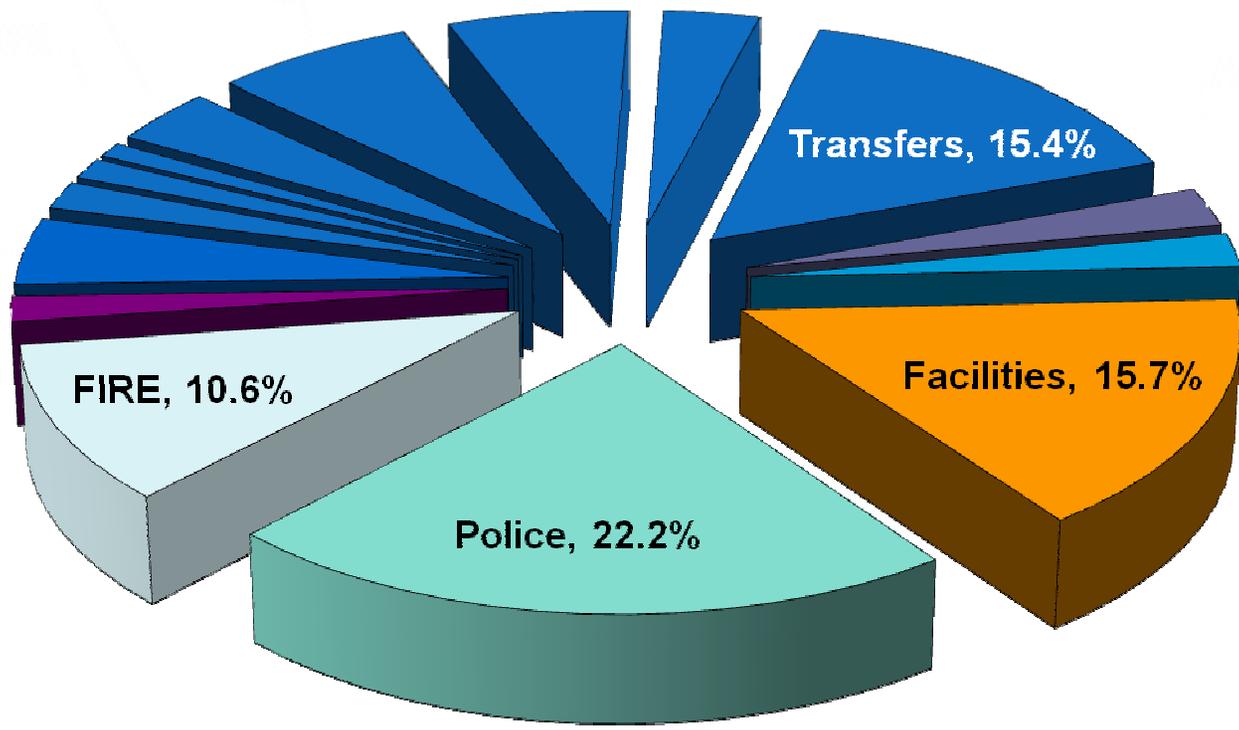
# Fiscal Year 2012 Revenue Picture

- Gross Receipts Tax
  - Recovery moderated by completion of public sector projects
  - Legislative change regarding administrative charges
- Property Taxes
  - Slow growth in residential taxable value
  - Negative change in nonresidential taxable value
- Other Revenues
  - No TIDD repayment in FY12
  - RGNGA completely removed in FY12
  - Other sources stable to moderate growth



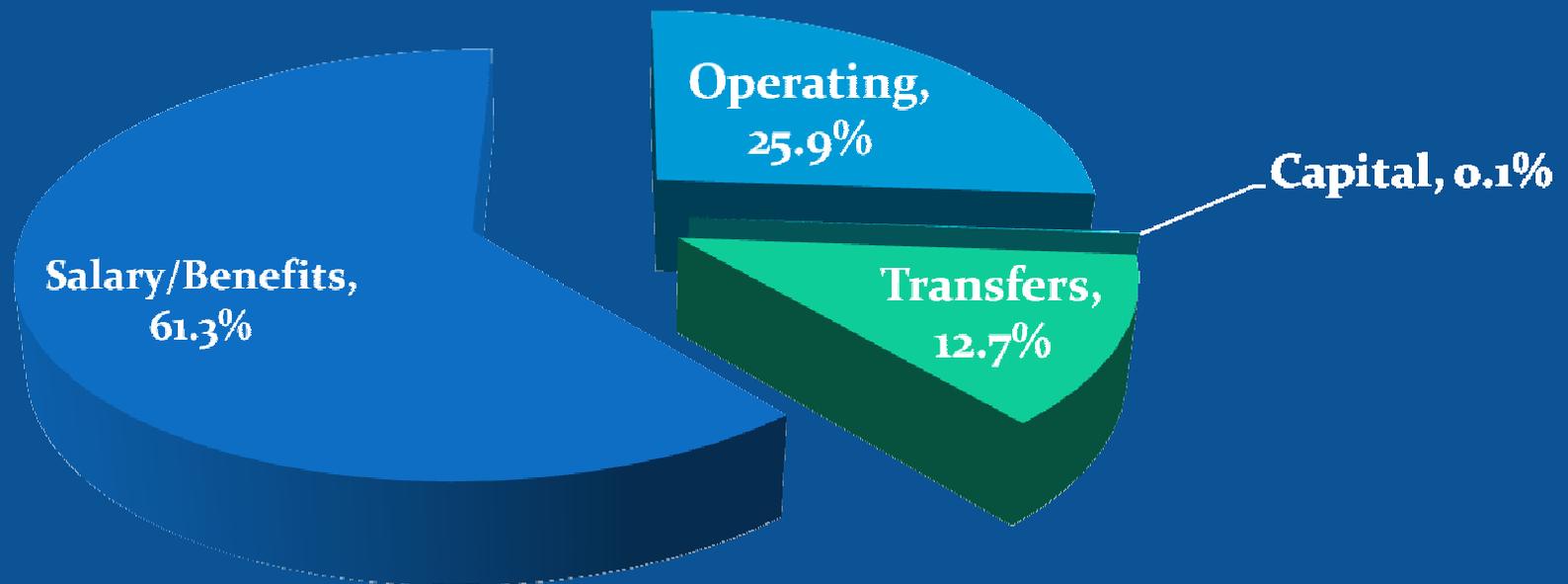
Revenue Breakdown

Revenue Breakdown



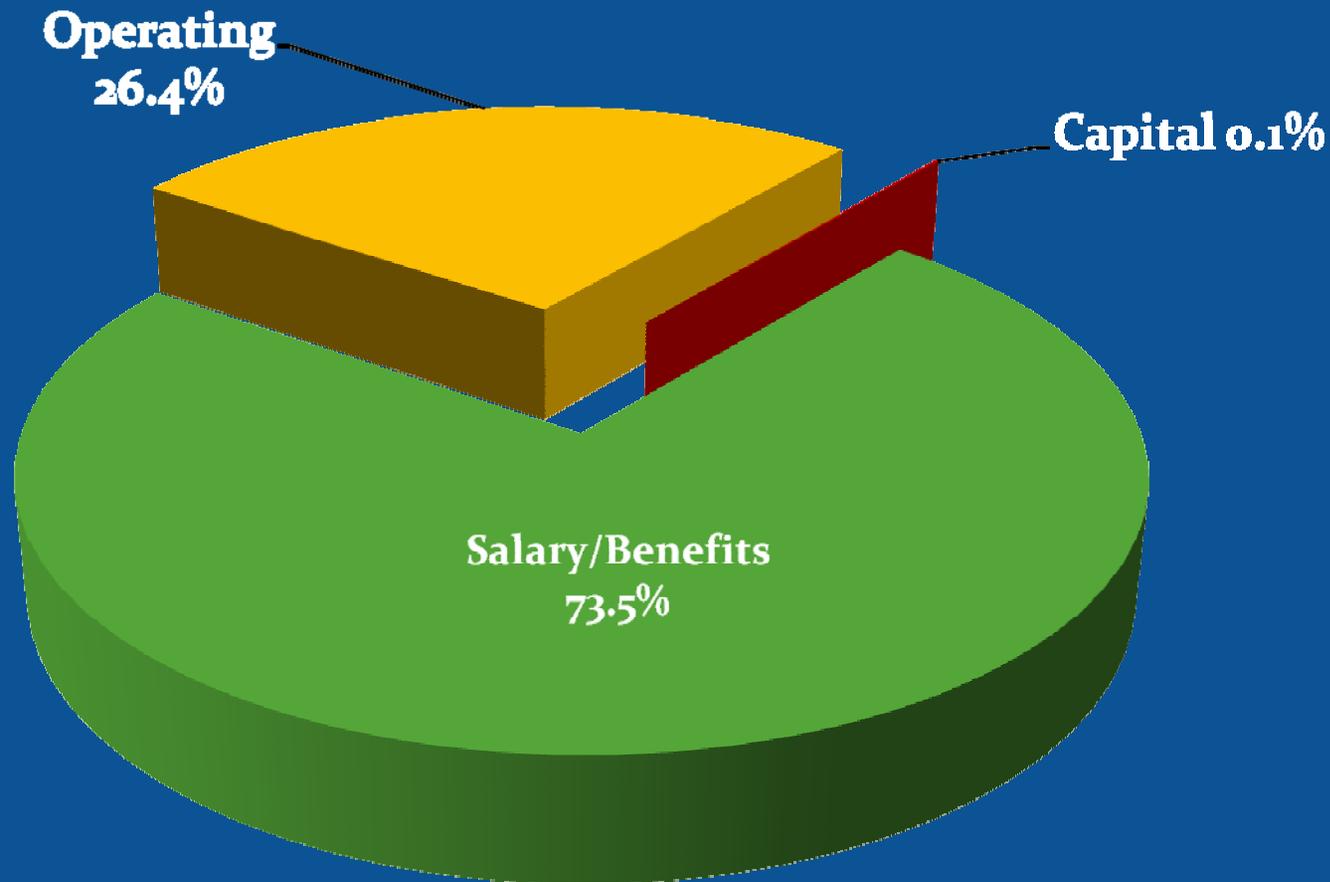
# General Fund Expenditures by Category

**Total Expenditures = \$83.8 million**



# Department General Fund Expenditures by Category

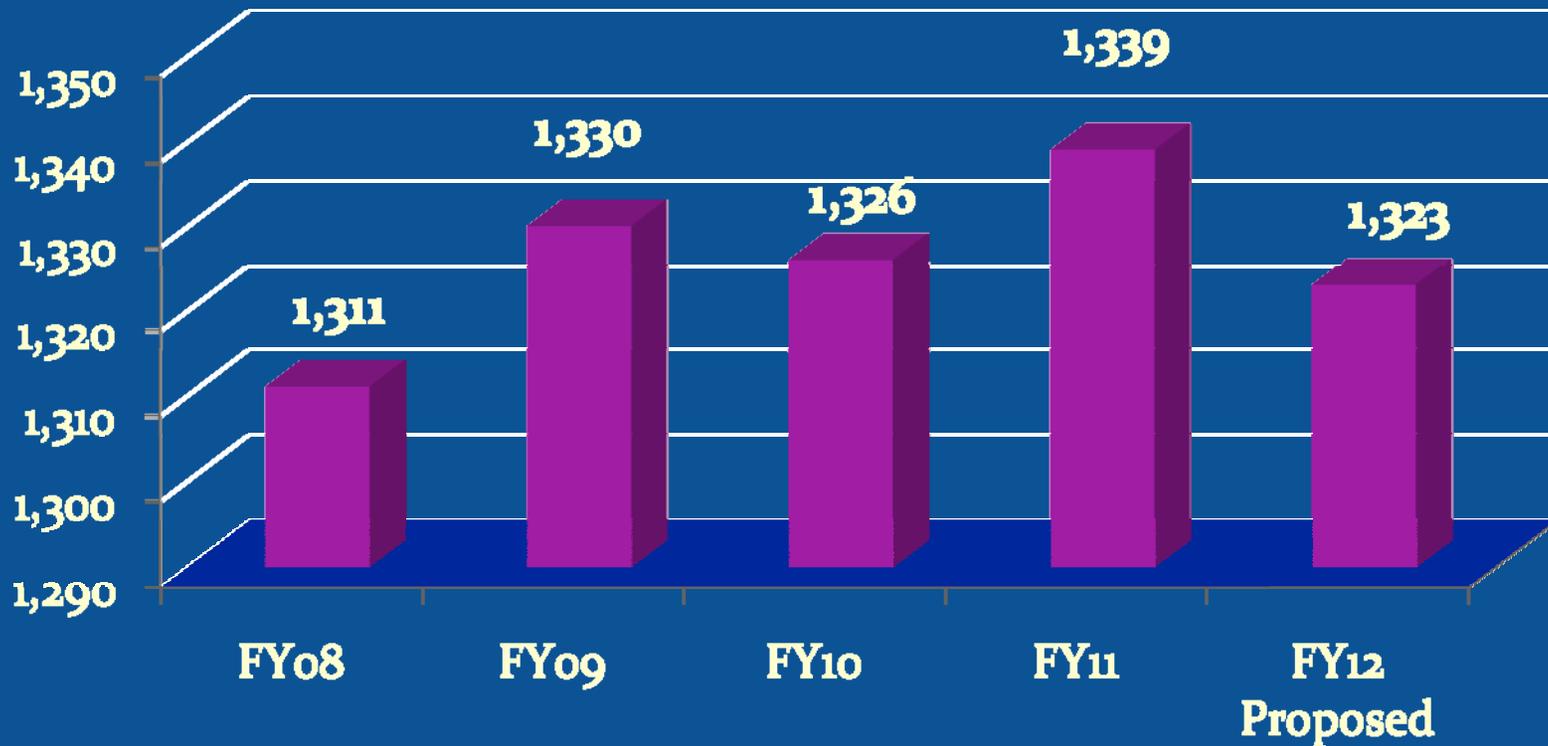
**Total Expenditures = \$68.0 million**



# Fiscal Year 2012 Savings/Resources

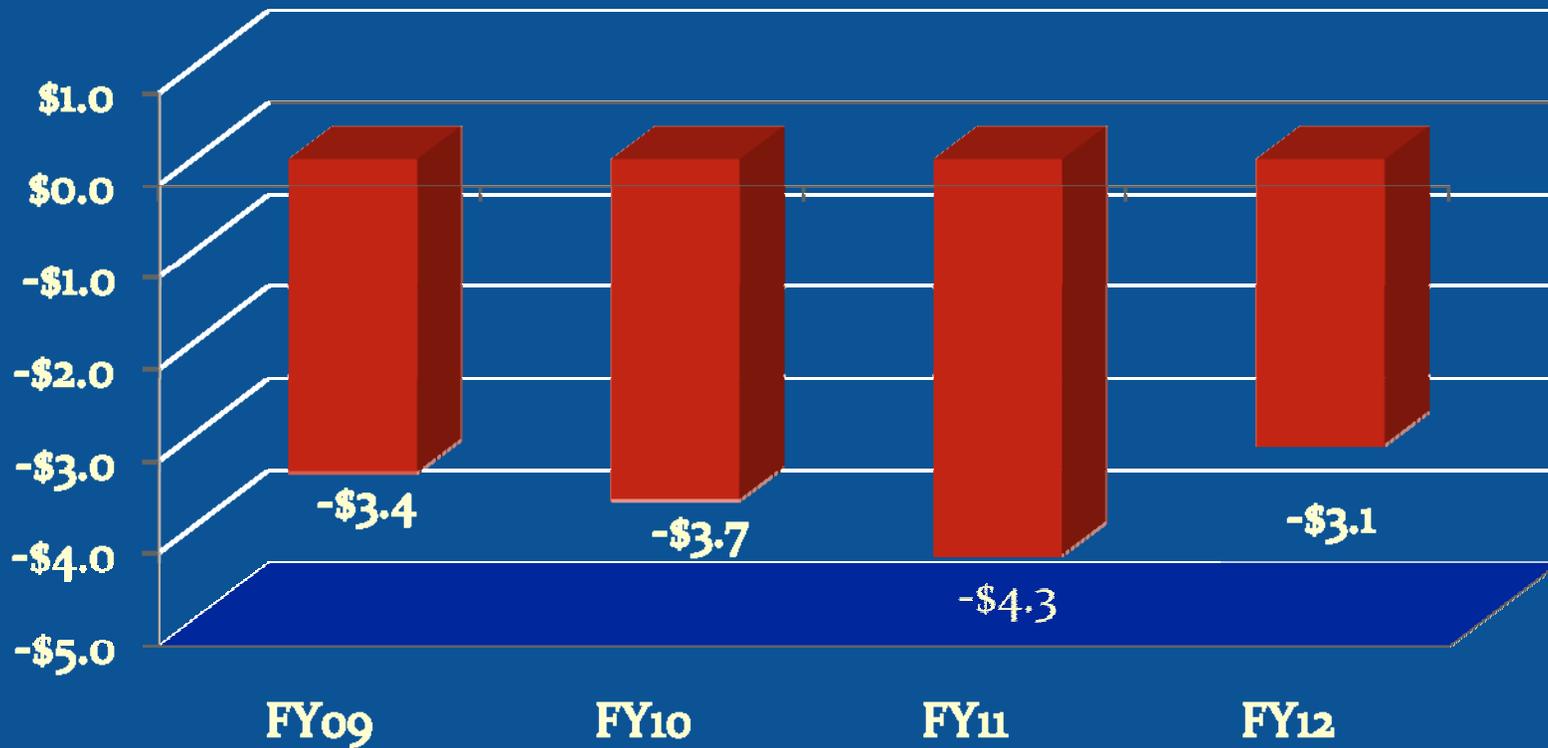
- Sources of available funds
  - FY11 actual spending under budget
  - Revenue outlook slightly improved
  - Elimination of 17 vacant positions
  - Closing of internal service fund
  - 27% of AMR converted to permanent changes

# City-Wide Full Time Employees



# General Fund Departments Additional Managed Reductions

Dollars Millions



# FY11 & FY12 General Fund Summary

Dollars Millions

	Projected <u>FY11</u>	Proposed <u>FY12</u>
Beginning	\$17.3	\$18.4
Revenues	\$79.6	\$79.4
Expenditures	\$78.5	\$83.8
Ending Balance	\$18.4	\$14.0
Req. 1/12 Reserve	\$6.5	\$7.0
Un-Reserved Bal.	\$11.8	\$7.0

# Fiscal Year 2012 Investments

- Spending

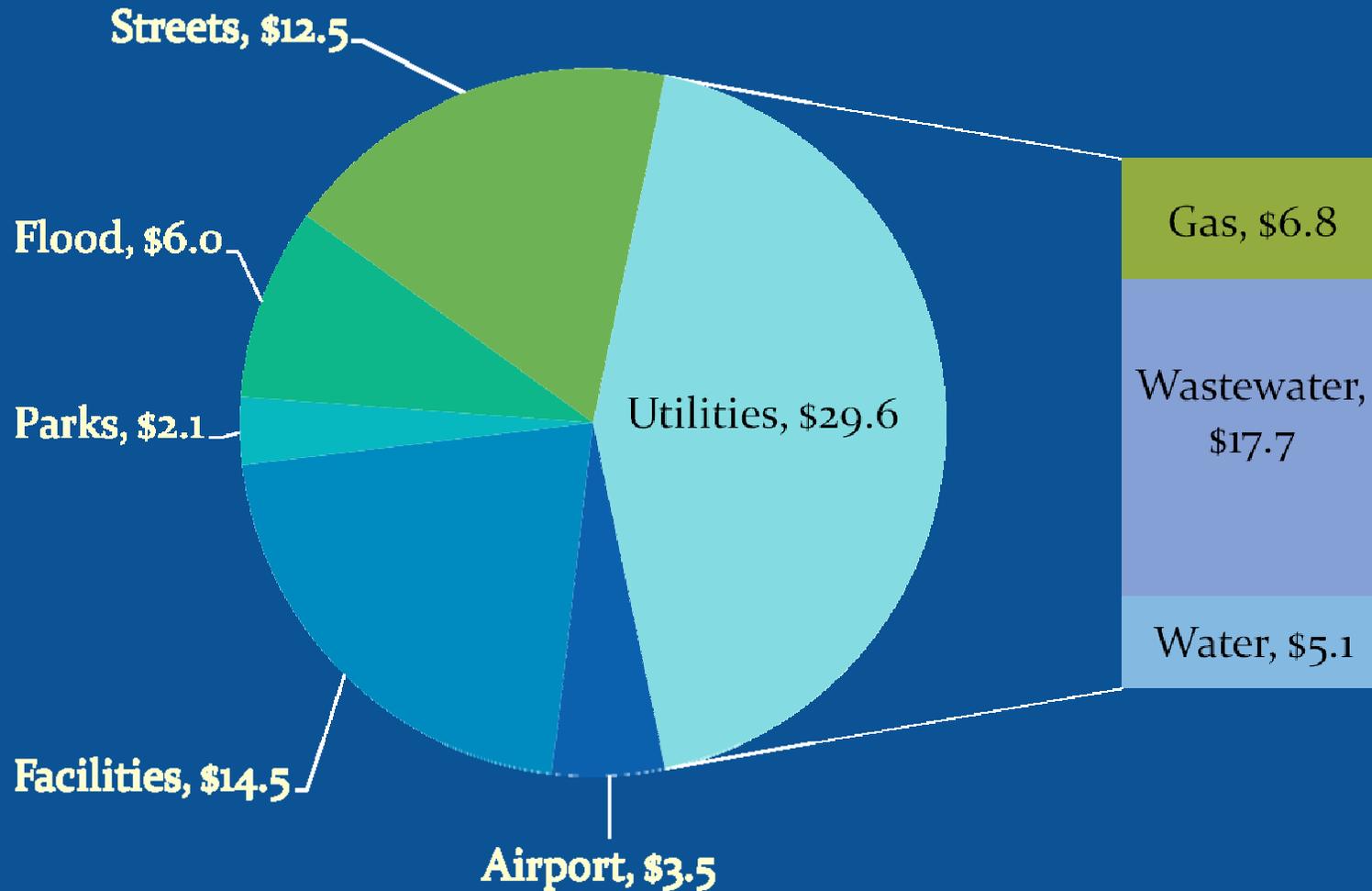
- Funds steps & merit raises for employees
- Begins rebuilding VAF & Facility Imp. Funds
- Supports: DLCP, Arts Council, MVEDA, ASCMV, & non-profit health care.
- Finishes Police academy
- Sets up budgets for Bond Cycling
- Provides for replacing 2 FIRE trucks
- Funds City's self insurance to actuarial recommendations

- Reserves

- Maintains twice the state requirement
- Reserve for Unemployment Insurance Increases
- Reserve for Health Insurance Increases

# FY12 Infrastructure Capital Improvement Program

Dollars Millions



# Summary

- City Manager's Fiscal Year 2012 Budget
  - Maintains fiscally conservative stance
  - Begins rebuilding replacement & repair capacity
  - Invests in City employees, no layoff/furloughs
  - Funds reserves
  - Begins revamping City staffing to meet current needs
  - Converts past temporary spending reductions into permanent changes

# Next Steps

- May 4th public hearing scheduled
  - Proposed fiscal year FY12 operational budget
  - Proposed ICIP
- May 16 regular Council meeting to consider two resolutions
  - Resolution to adopt FY12 budget
  - Resolution to adopt ICIP

# Questions/Comments