

Revenue Options

General Fund

Public Hearing August 12, 2019

Essential City Services

- General Fund revenues are used to fund services without dedicated revenue sources such as Police, Fire, Municipal Court, Parks, Recreation, Planning, the Library, Homeless Programs, and internal support services.
- The working capital (or savings) has been used to fund ongoing services.

Operating Fee

Fee based on utility account classification

1. Residential: \$8 per account per month;
2. Multifamily: \$6.40 per unit per month;
3. Commercial, Industrial, Institutional, and Public: \$38.56 per account per month.

Revenue Estimates

Customer Class	Total Accounts / Units	Rate Ratio to Residential	Monthly Rate	Annual Rate	Total Revenue
Residential	40,012	1.00	\$ 8.00	\$ 96.00	\$ 3,841,152
Multi-family	23,971	0.80	6.40	76.80	1,840,973
Commercial	2,839	4.82	38.56	462.72	1,313,662
Public	116	4.82	38.56	462.72	53,676
Industrial	18	4.82	38.56	462.72	8,329
Institutional	8	4.82	38.56	462.72	3,702
Total Gross Revenue					\$ 7,061,493

Employee Paid Payroll Tax

1. Minimum Wage Earners: 0.00% (full exemption)
2. More than Minimum Wage Earners up to and including \$15.00 per hour: 0.266%
3. More than \$15.00 per hour: 0.390%

Tax Calculation

$.00266 \times \text{Wages} = \text{Payroll Tax Amount}$

$.00390 \times \text{Wages} = \text{Payroll Tax Amount}$

Employee Paid Payroll Tax

Hourly Wage	Rate	Monthly Tax	Annual Tax
Minimum Wage	0.000%	\$ 0.00	\$ 0.00
\$15.00	0.266%	\$ 6.92	\$ 82.99
\$15.01	0.390%	\$ 10.15	\$ 121.76
\$25.00	0.390%	\$ 16.90	\$ 202.80
\$40.00	0.390%	\$ 27.04	\$ 324.48

Questions?

Operating Fee - Revenue Estimates

	2020	2021	2022	2023	2024	2025
Residential	\$ 8.00	\$ 8.20	\$ 8.41	\$ 8.62	\$ 8.84	\$ 9.06
Multi-family	\$ 6.40	\$ 6.56	\$ 6.73	\$ 6.90	\$ 7.07	\$ 7.25
Commercial, Public, Industrial, and Institutional	\$ 38.56	\$ 39.52	\$ 40.54	\$ 41.55	\$ 42.61	\$ 43.67

Current Service Level Forecast

FY 2020 - 2024 Five Year Re-Forecast Incorporating FY 2020 Proposed Budget

General Fund		FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Resources:		Forecast	Forecast	Forecast	Forecast	Forecast
Beginning Working Capital (Reserves)		\$ 19.8	\$ 15.8	\$ 12.3	\$ 3.4	\$ (4.7)
Revenues		128.8	134.2	138.3	143.4	148.4
Budgeted	TOTAL RESOURCES	\$ 148.6	\$ 149.9	\$ 150.6	\$ 146.8	\$ 143.7
Budgeted	Expenditures:	\$ 138.0	\$ 142.9	\$ 152.6	\$ 157.1	\$ 166.9
Unused Contingency / Savings		\$ (5.2)	\$ (5.3)	\$ (5.4)	\$ (5.5)	\$ (5.7)
TOTAL <u>NET</u> EXPENDITURES		\$ 132.8	\$ 137.7	\$ 147.1	\$ 151.5	\$ 161.2
Ending Working Capital		\$ 15.8	\$ 12.3	\$ 3.4	\$ (4.7)	\$ (17.4)
Resources less Expenditures (Budgeted)		\$ 10.6	\$ 7.0	\$ (2.0)	\$ (10.2)	\$ (23.2)

Non-compliant with budget law

With the current service level and no reductions or new revenue, the City would be unable to adopt a budget beginning FY 2022.

Payroll Tax and Operating Fee Re-Forecast

New Revenue Forecast	Forecast in millions				
General Fund Forecast	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Resources:	Forecast	Forecast	Forecast	Forecast	Forecast
Beginning Working Capital (Reserves)	\$ 19.8	\$ 19.9	\$ 21.7	\$ 23.7	\$ 27.7
Current Year Revenue	128.8	134.2	138.3	143.4	148.4
<i>New Revenue Source - Operating Fee</i>	3.5	7.1	7.3	7.4	7.5
<i>New Revenue Source - Payroll Tax</i>	-	-	9.1	10.4	11.0
<i>Revenue Forecast Variability</i>	1.3	1.3	1.4	1.4	1.5
ADJUSTED CURRENT YEAR REVENUE	133.6	142.7	156.1	162.7	168.4
TOTAL RESOURCES	\$ 153.4	\$ 162.6	\$ 177.8	\$ 186.3	\$ 196.1
Expenditures:	\$ 138.3	\$ 143.3	\$ 152.9	\$ 157.4	\$ 167.2
<i>Expenditure Changes</i>	0.4	2.9	6.6	6.7	6.9
TOTAL EXPENDITURES	\$ 138.7	\$ 146.1	\$ 159.6	\$ 164.1	\$ 174.1
Unused Contingency / Savings	\$ (5.2)	\$ (5.3)	\$ (5.4)	\$ (5.5)	\$ (5.7)
TOTAL <u>NET</u> EXPENDITURES	\$ 133.5	\$ 140.9	\$ 154.1	\$ 158.6	\$ 168.4
Ending Working Capital	\$ 19.9	\$ 21.7	\$ 23.7	\$ 27.7	\$ 27.7

Payroll Tax and
Operating Fee
Re-Forecast -
Detail

General Fund Forecast	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Resources:	Forecast	Forecast	Forecast	Forecast	Forecast
Beginning Working Capital (Reserves)	\$ 19.8	\$ 19.9	\$ 21.7	\$ 23.7	\$ 27.7
Current Year Revenue	128.8	134.2	138.3	143.4	148.4
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Revenue Forecast Variability	1.3	1.3	1.4	1.4	1.5
ADJUSTED CURRENT YEAR REVENUE	133.6	142.7	156.1	162.7	168.4
TOTAL RESOURCES	\$ 153.4	\$ 162.6	\$ 177.8	\$ 186.3	\$ 196.1
% Change in Current Revenue		6.8%	9.4%	4.2%	3.5%
Expenditures:	\$ 138.3	\$ 143.3	\$ 152.9	\$ 157.4	\$ 167.2
Expenditure Changes	-	1.9	4.7	-	-
Ongoing Prior Year Changes	-	-	2.0	6.7	6.9
One-Time Expense	0.4	1.0	-	-	-
TOTAL EXPENDITURES	\$ 138.7	\$ 146.1	\$ 159.6	\$ 164.1	\$ 174.1
% Change in Base Expenditures		3.6%	6.7%	2.9%	6.2%
Requirement Assumptions:					
Unused Contingency / Savings	\$ (5.2)	\$ (5.3)	\$ (5.4)	\$ (5.5)	\$ (5.7)
TOTAL <u>NET</u> EXPENDITURES	\$ 133.5	\$ 140.9	\$ 154.1	\$ 158.6	\$ 168.4
Ending Working Capital	\$ 19.9	\$ 21.7	\$ 23.7	\$ 27.7	\$ 27.7
Difference Adjusted Revenues / Net Expenditures	\$ 0.1	\$ 1.8	\$ 2.0	\$ 4.1	\$ (0.0)
Council Policy	\$ 20.0	\$ 21.4	\$ 23.4	\$ 24.4	\$ 25.3
Policy Compliance	\$ (0.1)	\$ 0.3	\$ 0.2	\$ 3.3	\$ 2.4

Breakdown of Potential Capacity Enhancements

	FY 2020		FY 2021		FY 2022		FY 2023		FY 2024	
Cost of Op Fee	\$	0.4	\$	0.1	\$	0.1	\$	0.1	\$	0.1
Cost of Payroll Tax		-		1.0		0.7		0.7		0.7
Capacity Enhancements		-		1.8		5.9		6.0		6.2
Total	\$	0.4	\$	2.9	\$	6.7	\$	6.7	\$	6.9

Examples of Capacity Enhancements:

FY 2021: 11 Police Officers, 1 Fire Marshal, 1 Recruiter, 4 IT Positions

FY 2022: Additional 11 Police Officers, Fire Station, 2 Planners,
Additional Support Services, Reinstate HRAP Funding

Implementation Timing

