

# FY 2013 Budget Review

By

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# Preparing for lean years: Actions of the Last Mayor and Council

- The last Mayor and Council and City Staff
  - Froze salaries for FY2011 and spread out remaining increases
  - Changed insurance carriers and stabilized retirement contributions
  - Changed RedGate arrangements
  - Approved a Parking Garage deal with FRIT
  - Approved a FRIT takeover of Town Center operations
  - Dropped 23 FTE positions over 2 years through attrition
  - Cut training and professional development
  - Revised fleet management and other practices
  - Raised the retirement and early retirement ages for new employees
  - Cleared the way for City Staff to contribute more to retirements
- Savings: At least \$2.5M per year and going forward

# The Last 10 Years or So

- Population increase from 2000 to 2010 was 29%
- Total FTE in 2001 = 605.3. Total FTE in 2013 = 607.1
  - This is an increase of 0.2% (one fifth of one percent)
- Despite: 7 more police officers, King Farm and Falls Grove build out, Environment Division added, Town Center came on line, and other items.
- Contributing: Change in refuse program, change in RedGate, gradual employee attrition over the years, and increased productivity

# Known Challenges

- Further reduced property tax revenue
- Volatile revenue from the state and county
- Shrinking federal sector (but slow or fast?)
- Parking garage litigation (\$2M in legal fees + any settlement)
- Capital Improvements Program (CIP) backlog
- Assumed rate of return for retirement fund investments (but what should it be?)
- Parking Fund reserves will no longer be able to assist with Parking Fund debt payments (in a few years)
- Unfunded mandates

# Risks: Much Uncertainty

- Election of 2012
- Global economy continues to struggle
  - Some of Europe is sliding back into recession
- Failed Super Committee ramifications
- Impact of health care changes at the federal level
- Change in GASB rules for the retirement system

# Need we be Reminded?

- In the Proposed FY 2013 Budget, in order to balance FY 2014 and beyond, there is a proposed 2 Cent increase in the Property Tax Rate

# Budget Process Observations

- There is a lot of work for relatively few budget decisions
- The Finance and Budget Task Force recommended that Mayor and Council consider a 2-year budget cycle.
- Fall 2012 work sessions were recommended for CIP, benefits, salary, contracts, and other items.
- The budget process is too focused on one year. We need a better indication of tradeoffs:
  - Property tax rates and revenue
  - CIP spending and borrowing
  - Programs and services we provide
  - Fund reserve levels
  - The Budget Book section on projections is a big help