



City of Batavia

2016 Annual Budget

Revenues - Expenditures = Deficit



A diagram illustrating the calculation of a deficit. It features three circular nodes and two operators. The first node is a light green circle containing the text "\$102.5M". To its right is a minus sign operator. The second node is a red circle containing the text "\$104.6M". To its right is an equals sign operator. The third node is a purple circle containing the text "(\$2.1M)".

$$\$102.5\text{M} - \$104.6\text{M} = (\$2.1\text{M})$$

Deficit + Reserves = Ending Reserves



A diagram illustrating the calculation of ending reserves. It features three circular nodes and two operators. The first node is a purple circle containing the text "(\$2.1M)". To its right is a plus sign operator. The second node is a blue circle containing the text "\$44.7M". To its right is an equals sign operator. The third node is a light blue circle containing the text "\$42.7M".

$$(\$2.1\text{M}) + \$44.7\text{M} = \$42.7\text{M}$$

Total Budget by Fund

Fund	Rev.	Exp.	Surplus /Deficit	Ending Reserves
General Fund	\$25.6M	\$26.5M	(\$0.9M)	\$12.7M
GF Capital	\$ 5.9M	\$ 7.2M	(\$1.3M)	\$ 1.8M
GF Debt	\$ 0.9M	\$ 0.9M	\$ -	\$ -
MFT	\$ 0.7M	\$ -	\$0.7M	\$ 1.9M
Electric	\$53.5M	\$52.8M	\$0.7M	\$19.2M
Water	\$ 4.4M	\$ 5.1M	(\$0.7M)	\$ 2.2M
Wastewater	\$ 6.9M	\$ 6.9M	\$ -	\$ 2.4M
Insurance	\$ 4.6M	\$ 5.2M	(\$0.6M)	\$ 2.5M

Key Points - Proposed Revenues

- Proposed Revenue Increases
 - Property Tax ~5 or 9 cents
 - Other Tax/Fee Option
 - Combination of Property & Other Tax
- Utility Rate Increases Budgeted
 - Electric 6% (Residential/Business varied)
 - Water 3%
 - Sewer 6%

Key Points - Proposed Spending

- Total Wages & Benefits Budget \$25.2M
- Increase of +\$2.4M over 2015
 - 27 PR's Adds \$0.6M 1x cost
 - Wages +\$0.9M
 - 2nd Yr of 3 Yr Union Contracts (2 of 6 open)
 - Communications Position (2015 Budget)
 - Addition of Fire Marshal
 - Electric Manager Vacancy & 2015 Vacancies
 - Health Insurance Costs +\$350K
 - Pension Contributions +\$500K
 - Training/Recruitment/Recognition +\$65K

Commodities - \$3.7M

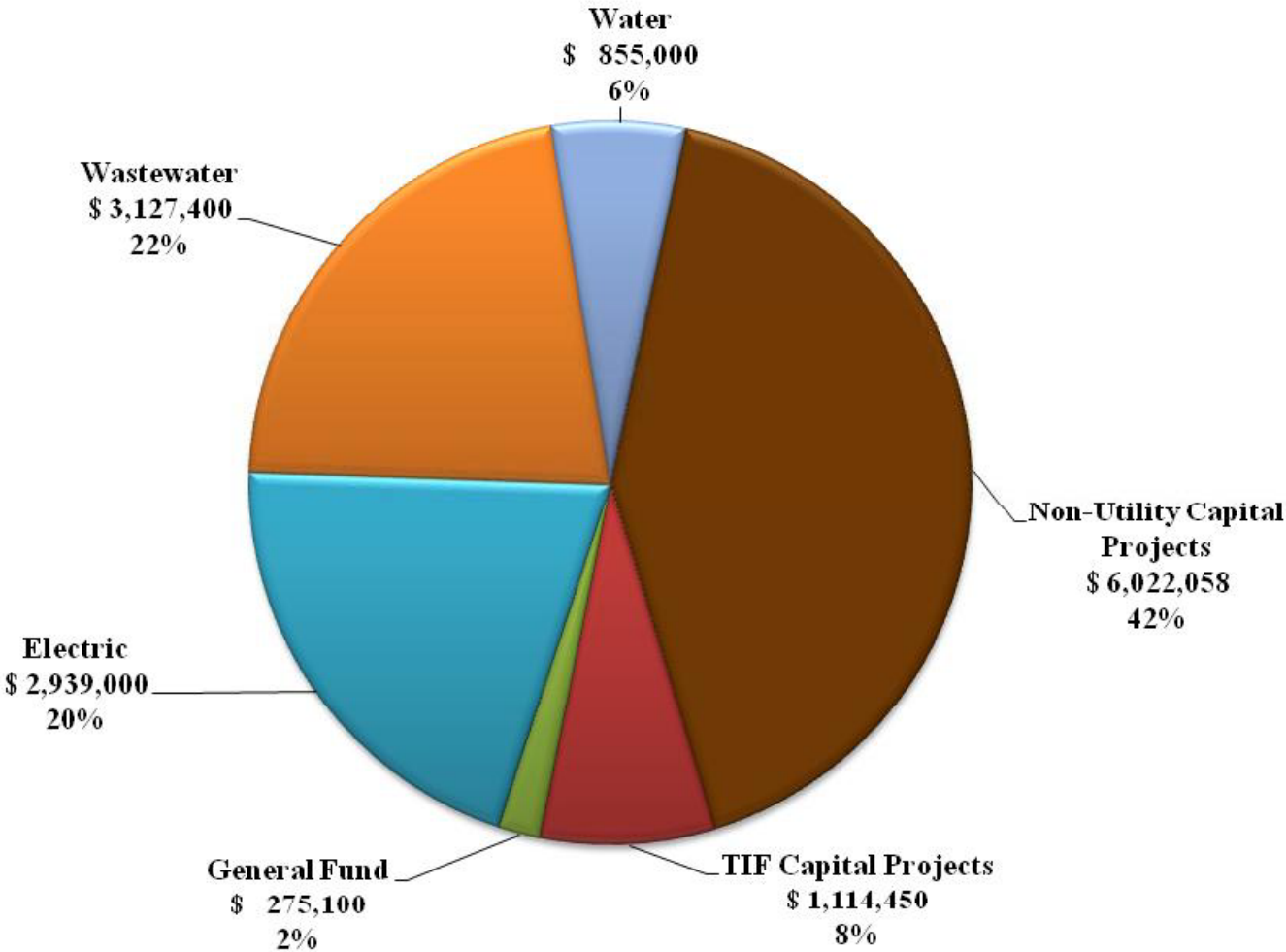
Increase over 2015

- Utilities +60K (mainly treatment plants)
- Salt & Deicer +\$55K
- Equipment +\$30K Signs @ FS
- Fuel +\$35K (still less than 2013&2014)
- Chemicals +15K
- Software +\$13K
- Uniforms +6K
- Postage +6K

R&M / Contracts

- Repair & Maintenance +220K
- Contracts +\$350K
 - Tri Com & Ambulance \$160K
- Power +\$1.5M (PS, Capacity, 5X16)

Capital - \$14.3M



Capital Changes to 2015

- Capital Spending +\$4.3M
 - Electric +\$1.6M
 - Sewer +\$2.3M
 - Street/Bridge +\$2.4M
 - TIF -(\$2.7M)
 - Drainage +\$0.7M
 - Vehicles & Equipment +\$0.3M

Potential Cuts to Spending - GF

- Communications Position \$100K yr incl. benefits
- Fire Marshall \$150K yr incl. benefits
- Reduce Pension Funding up to \$270K
- Eliminate Seasonal Workers
- Reduce Training & Travel
- Delay Technology Replacements/Enhancements
- Eliminate Brush Contract \$210K

Potential Cuts to Spending - GF

- Delay/Reduce Squad Replacements
- Delay/Reduce Capital Transfers
- Eliminate/Reduce Aid to Victims Contract
- Eliminate/Reduce FF Sharing with BATV
- Reduce Employee Recognition Initiatives
- Reduce Downtown Snow Removal Contract
- Delay Improvements at PW/Air, lights

Potential Cuts to Spending - GF Capital Projects

- Delay Storm water Improvements
- Delay PW Vehicle Replacements
- Scale Back Improvements @ City Hall
- Street Program - Grant Funded
- SRTS Program - Grant Funded
- DP Bridge - 80% Grant Funded
- TIF - Restricted Use

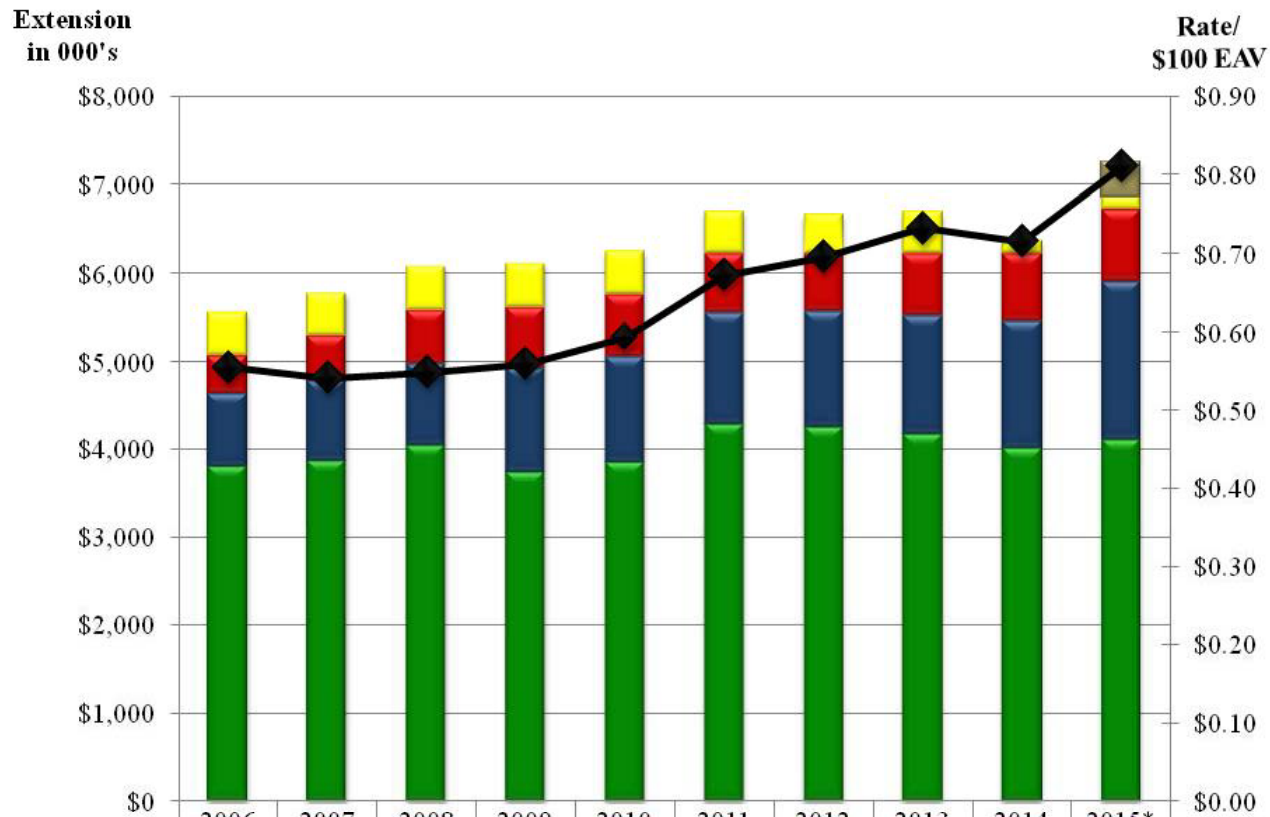
Potential Cuts to Spending - Utilities

- Delay/Reduce Infrastructure Replacements
- Delay/Reduce Vehicle Replacements
- Delay/Reduce Improvements @ PW
- Possible GO Debt Refunding

Property Tax Options

- Add \$500K for General Fund (~5¢)
 - \$400,000/Pension \$100,000/Operations
 - An inc. >\$300K requires Notice & Hearing
- Add some level but less than \$300K
- Fund GF with other Revenues (no PT inc)
- Add \$400K for Storm Water (~4¢)
 - Will only begin some work (+/- \$8M)
 - A source of revenue will be necessary
- Fund Storm Water with Reserves (no PT)

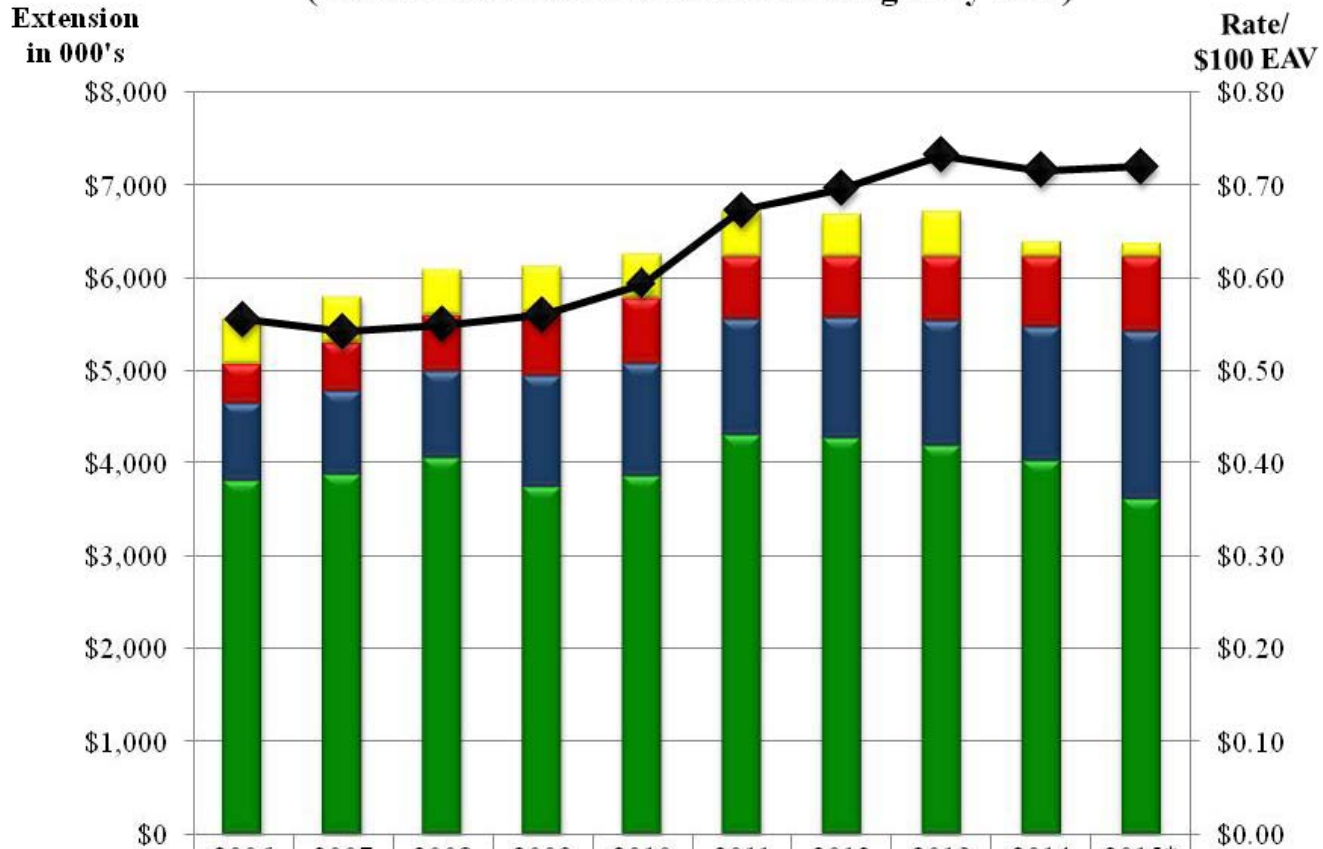
Property Tax Extension & Rate By Levy Year (Taxes are Collected in Year Following Levy Year)



	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015*
Storm	-	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$400
Debt	\$489	\$487	\$495	\$485	\$485	\$489	\$444	\$474	\$151	\$148
Fire Pension	\$429	\$511	\$595	\$692	\$698	\$668	\$655	\$689	\$761	\$805
Police Pension	\$844	\$917	\$950	\$1,193	\$1,218	\$1,268	\$1,311	\$1,358	\$1,451	\$1,808
Corporate	\$3,799	\$3,863	\$4,035	\$3,736	\$3,843	\$4,278	\$4,248	\$4,167	\$4,002	\$4,099
Rate	\$0.56	\$0.54	\$0.55	\$0.56	\$0.59	\$0.67	\$0.70	\$0.73	\$0.72	\$0.81

*Proposed 2016 Budget

Property Tax Extension & Rate By Levy Year - NO INCREASE (Taxes are Collected in Year Following Levy Year)



	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015*
■ Debt	\$489	\$487	\$495	\$485	\$485	\$489	\$444	\$474	\$151	\$148
■ Fire Pension	\$429	\$511	\$595	\$692	\$698	\$668	\$655	\$689	\$761	\$805
■ Police Pension	\$844	\$917	\$950	\$1,193	\$1,218	\$1,268	\$1,311	\$1,358	\$1,451	\$1,808
■ Corporate	\$3,799	\$3,863	\$4,035	\$3,736	\$3,843	\$4,278	\$4,248	\$4,167	\$4,002	\$3,599
◆ Rate	\$0.56	\$0.54	\$0.55	\$0.56	\$0.59	\$0.67	\$0.70	\$0.73	\$0.72	\$0.72

*Collected in 2016

Other GF Revenue Options

- Increase the leaf & brush fee
 - \$1.00 inc adds \$90K
- Increase gasoline tax
 - \$0.01 adds \$190K
- Add liquor tax
 - 2% estimate is \$250K-\$300K
- Increase natural gas tax
 - \$0.015 adds \$300K
- FF & Water Utility tax (not recommended)
 - 1% adds \$550K
- Video gaming, amusement, vehicle stickers

Revenue Option Recommendations

- Increase the leaf & brush fee by \$1.00
 - Adds \$90K (current fee is \$3.00)
- Increase gasoline tax by 1 cent
 - Adds \$190K (current tax is 1 cent)

OR

- Increase Property Taxes \$280K
 - This will still be below the 2014 collections/levy

OR

- Add a 2% liquor tax \$300K est +/-
 - Locally collected sales tax/Admin.

General Fund Status

- General Fund will have Operational Deficit
 - Reduce Budgeted Revenue by ~\$200K
 - Reserves are sufficient to absorb deficit
 - Budget Reserves include \$675K fr. Speedway
 - These funds are reserved for Capital
 - ED Agreement will draw down reserves
 - \$4M more (will be replenished by 2028)
 - Reserves are projected at 112-119 days after removing known future use (depends on revenue choices and transfer to Storm)

Recommendation for Storm Water

- No Property Tax for Storm
- Fund Storm Water Eng with GF Reserves
 - Transfer \$500K from GF to Drainage
- Or Delay any Spending in 2016
- Determine Funding Source in 2016
 - Form Utility
 - Property Tax
 - Slower Pace & Use Reserves
- Determine Appropriate Funding Level in 2016
 - Level does not have to be as recommended-optimal

Recommendation for Electric

- Refund Bonds if Possible
 - Saves Interest costs & Removes rate covenant
- Implement Rate Increase for May 1
 - Based on Rate Study or lower if possible
 - Budget includes 6% for Residential
- Fill Business Manager Position
 - Evaluate Capital Plan
 - Evaluate Daily Power Use
 - Determine if other power contracts are appropriate
 - Evaluate Structure of Staff
 - Vacant Eng Tech

Recommendation for Electric

- Continue to Seek Portfolio Diversification
- Plan for Continued Rate Relief
 - Continue beyond 2017 to share some sales tax
- Seek Legislative Relief Options
- Work with PS and NIMPA Partners
- Refund Portion of NIMPA Debt if appropriate

Recommendation for Water

- Approve Rate Increase
 - Budget includes 3%
- Adopt formal or informal capital policy
 - Replace WM based on Age?
 - Replace WM based on Leaks/Problems? **
 - Replace WM when Road is Resurfaced?
 - Replace 1% WM/Yr (Optimal)
 - Requires a higher Rate Increase in future years.

**Can be risky but other Cities do this - need to be able to address a problem if it arises

Recommendation for Wastewater

- Approve Rate Increase
 - Budget includes 6%
- Improvements at the Plant \$25M+ (5yrs)
- Evaluate Sanitary Sewer Spending Level
 - Implemented Plan of \$455K - \$500K/Yr from RJN Study (optimal)
 - Review for Slower Scope

Concerns for 2016 & Beyond

- Reduction of Sharing LGDF by State
 - If done will likely be mid-year
- Other State Budget Impacts (PT, Debt)
- Retail Business Retention for Sales Tax
 - Competition from other communities
 - Vacant Sites - eyesore & lost revenue
- Industrial Business Retention - Electric
- Health Insurance Costs & ACA
- Rising Pension Costs & PSEBA

#1 Concern for Long-Term

- Aging Infrastructure
 - Streets - seeing impact of growth 80s/90s
 - Storm Sewers - Flooding issues
 - Aging Water Mains 100+ years
 - Wastewater Plant Improvements
 - \$25+ over next 5 years
 - \$30+ beyond for expansion

2016 Budget Discussion

- Expenditures
 - Are there operational spending cuts to make?
 - Personnel, commodities, contracts
 - Are there Capital spending cuts to make?
 - GF, Elec, Water, SS, CH, Storm, PW Veh,
- Revenues
 - Property Tax
 - Operations? Storm?
 - Other Revenues
 - L&B, Gas, Liquor
 - Utility Rate Increases
 - If not supportive, then cuts should be made