

Fiscal Year
2019-2020:
Recommended
Operating
Budget

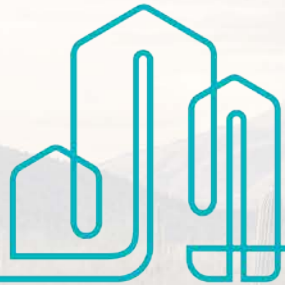


FY 2020

April 23, 2019

- Accomplishments
- New Investment Summary
- FY2020 Revenue Outlook
- Selected Operating Budget Summaries
- Next Steps

STRATEGIC FOCUS AREAS



COMMERCE



COMMUNITY



INNOVATION



HERITAGE



RECREATION

- Carondelet Micro Hospital
- Northwest Emergency
- Encantada at the Pines
- Hampton Inn
- Marana Film Office
- Airport new leases; Control Tower
- Development Services – Improved customer online processes
- Downtown Overlay Zoning District – More restaurants and shops





- Ina Commercial Corridor
- Wastewater Treatment Facility
- Water Quality Enhancements
- Public Safety Building
- 2040 General Plan
- Signs Ordinance
- Building Code Updates

- Parks Mobile App
- Public Access to Town Records
- PCWIN
- Police Virtual Training
- Solar Energy Structures
- Street Pavement Condition Inventory





- Founder's Day
- Fall Festival
- Discover Marana Tours
 - Gastronomy and Taste of the Wild



- Crossroads District Park
- Honea Heights Park
- Tangerine Sky Park
- Special Needs Recreational Programming
- Increased Programming and Attendance
- Santa Cruz Shared Use Path Extension



- Top 10 Best Cities to Live in Arizona (HomeSnacks.com)
- Top 10 Safest Cities in Arizona (Safewise)
- Environmental Project of the Year – Small Cities/Rural Communities (So. AZ American Public Works Association)
- 3CMA Award of Excellence



FUTURE DEVELOPMENT

- Cortaro Ranch
- FLSmidth Krebs Expansion
- Avion Solar Power Facility
- North Marana Main Street

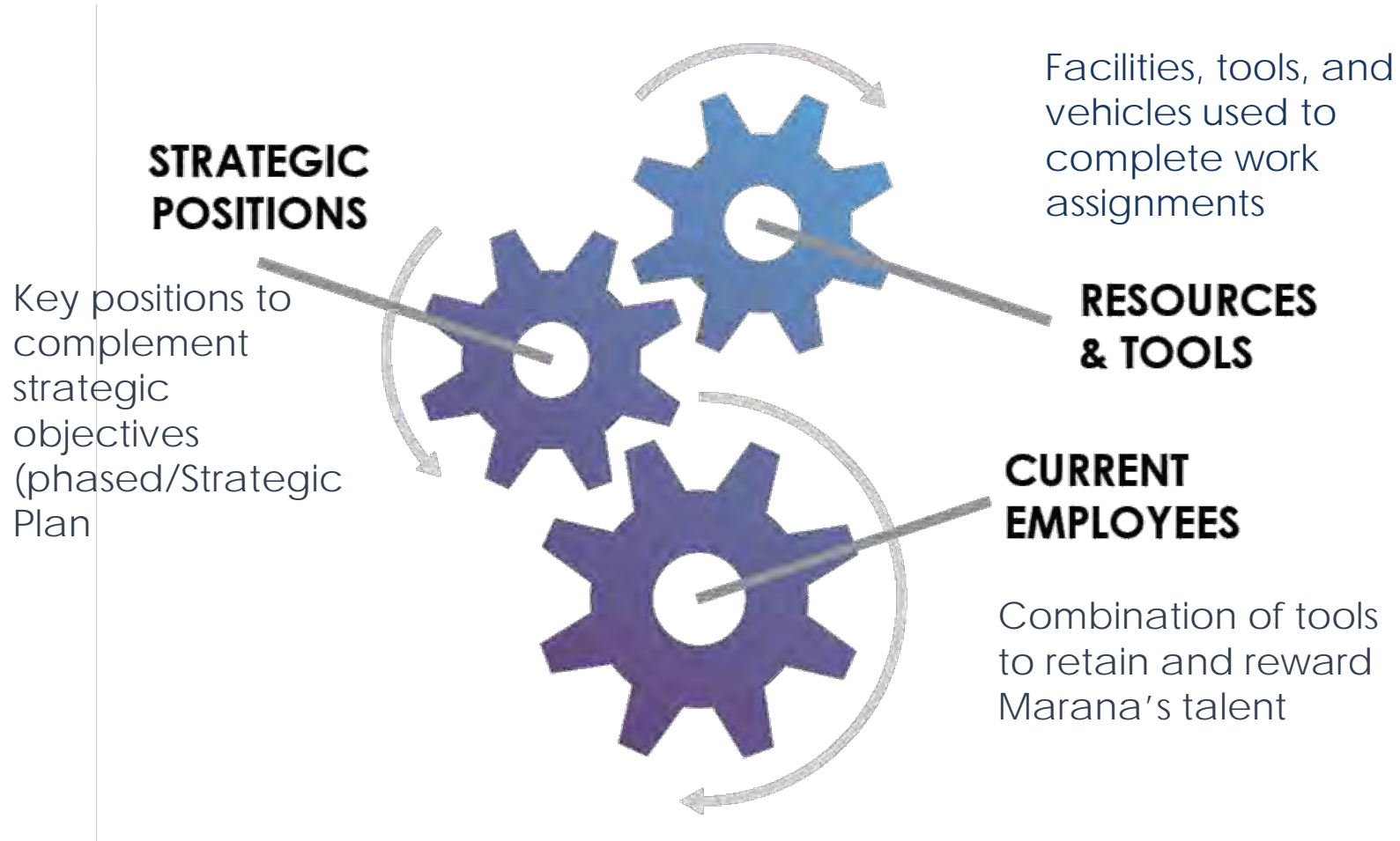


PLANNING FOR GROWTH

- **LAND USE PLANNING:**
 - Land Development Code
 - 2040 General Plan
- **WATER CONVEYANCE:**
 - North Marana Drainage Study
- **INFRASTRUCTURE PLANNING:**
 - Sewer Conveyance Plan
 - Potable Water Plan
 - Parks Master Plan



INVESTMENTS & INITIATIVES



INVESTMENTS & INITIATIVES

- Compensation Adjustments: \$1,096,844
 - 3.5% adjustment. Subject to eligibility criteria.
- Other pay and benefits: \$605,761
 - Health insurance, retirement & other benefits: \$465,761
 - Parental leave program: \$48,000
 - Employee Rewards and Recognition program: \$51,000
 - New Year's Eve Holiday – Recurring: \$41,000
- Street Lighting Program



- Vehicle & Equipment Replacements: \$2,078,500
- Technology:
 - Virtual Machine Disaster Recovery software: \$35,000
 - Utility billing software: \$100,000 (Water Fund)
- Facilities:
 - Furniture Replacement Program: \$35,000
 - MOC Campus maintenance and improvements: \$92,500
 - MMC Campus Waterproofing and Drainage improvements: \$126,125
- Recreation:
 - Park Enhancements: \$84,000
 - Other Recreation Enhancements: \$57,800



STRATEGIC POSITION INVESTMENT

Working Position Title	FTE	Department	Funding Source
Code Enforcement Officer I	1.00	Community & Neighborhood Services	General Fund
Business Process Supervisor	1.00	Parks & Recreation	General Fund
Park Maintenance Supervisor	1.00	Parks & Recreation	General Fund
Police Officer	3.00	Police	General Fund
Equipment Operator	1.00	Public Works	General Fund
Facilities Technician II	1.00	Public Works	General Fund
Traffic Technician I	1.00	Public Works	General Fund
Water Billing Specialist	0.40	Water	Water Fund
Water Quality Technician	2.00	Water	Water Fund
Total FTE Changes	11.40		

- Salary & ERE Investment: \$1,064,027 (\$885,857 General Fund)



FY2020 ECONOMIC OUTLOOK

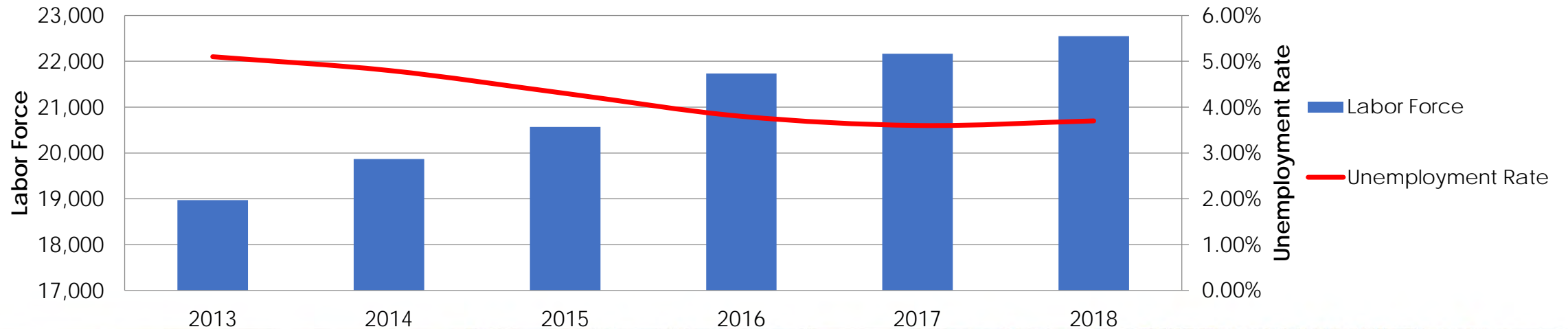
Yiannis Kalaitzidis

PROJECTED LOCAL INDICATORS

- **Unemployment** (laborstats.az.gov for February 2019)
 - Arizona: 4.7% (0.0% YoY)
 - Tucson MSA: 4.5% (-0.2% YoY)
 - Marana: 3.4% (-0.3% YoY)

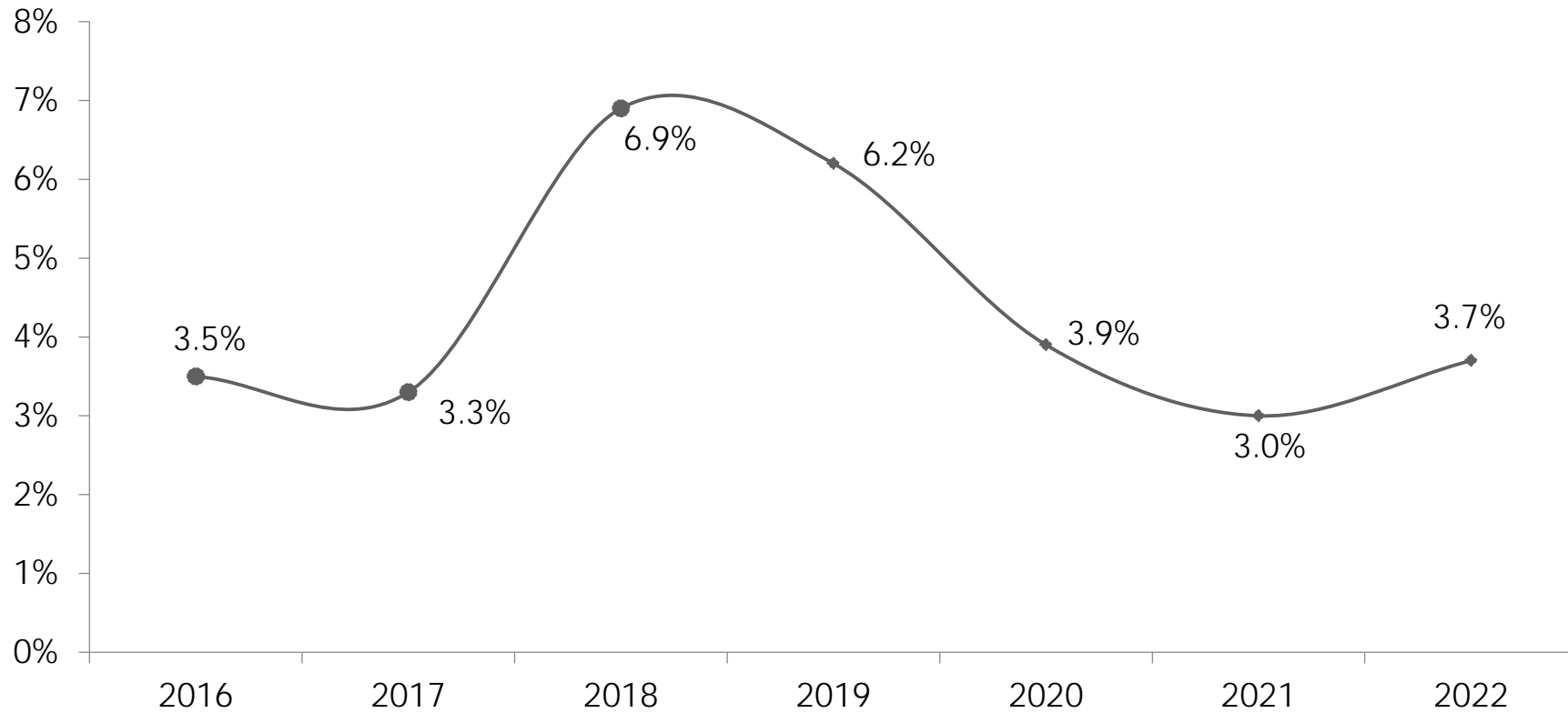
- **Single Family Housing Prices**
 - Tucson MSA median: \$219,900 (3.8% YoY February)

Marana Employment Data



Arizona Revenue Growth*

Year Over Year Revenue Growth
Actuals '16-'18 Forecast '19-'22



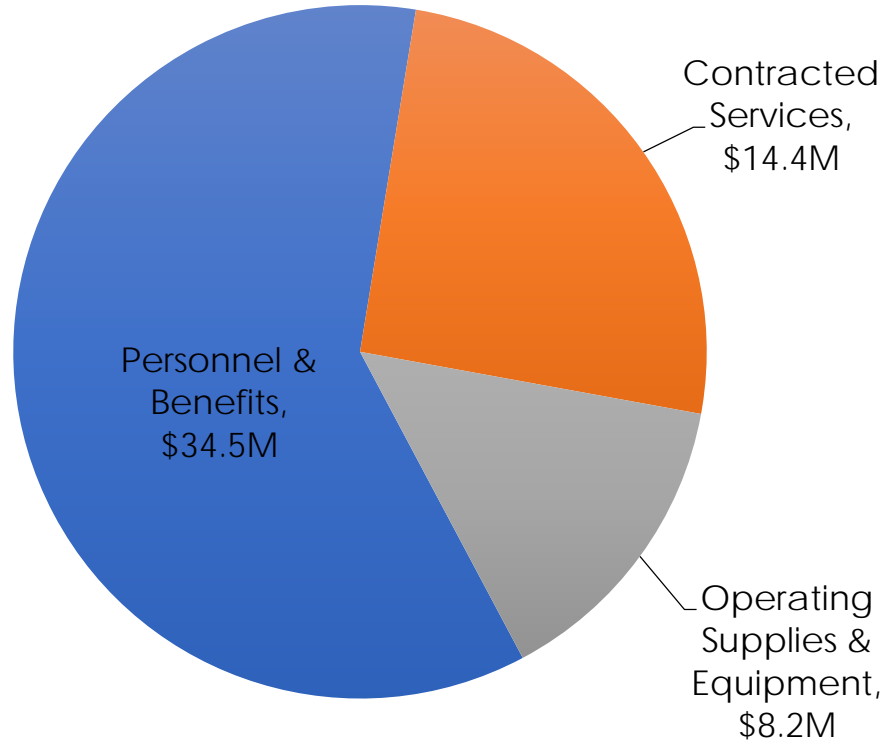
* Data provided by JLBC Revenue Update 04/11/2019

FY2020 BUDGET OUTLOOK

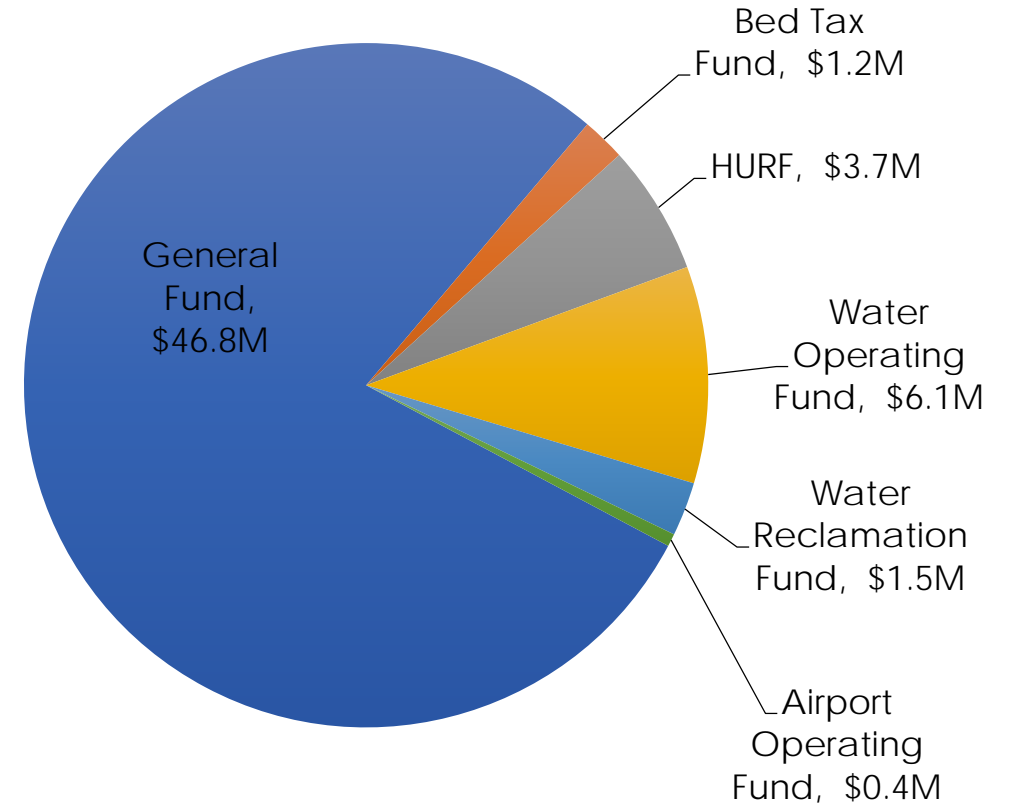


BUDGET OVERVIEW

Operating Expenses by Category \$57.1M



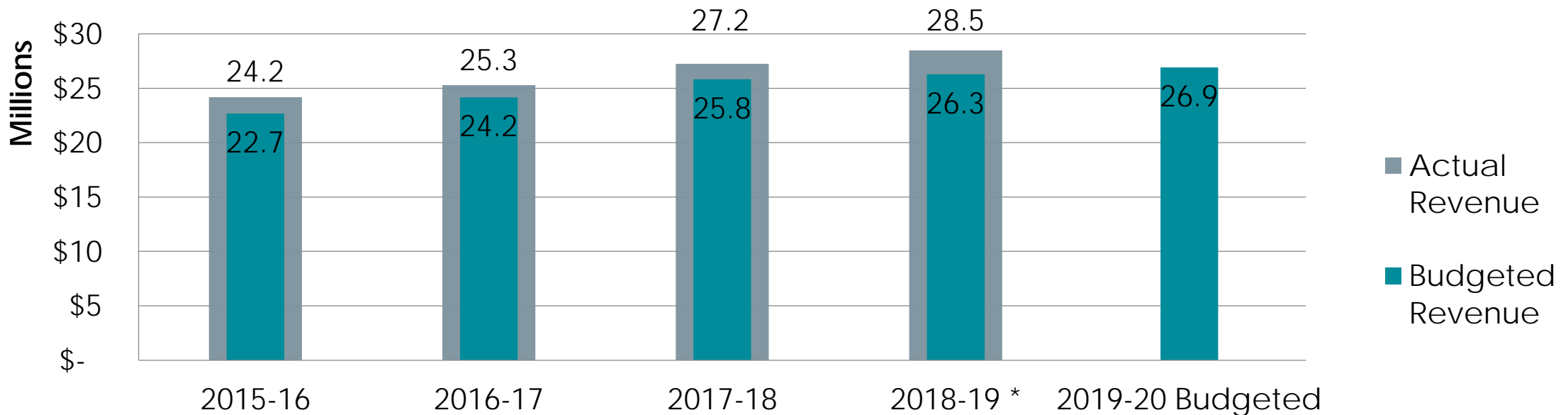
Operating Revenues by Fund \$59.6M



FY2018-19 Expenses: \$55.0M

FY2018-19 Revenue: \$56.9M

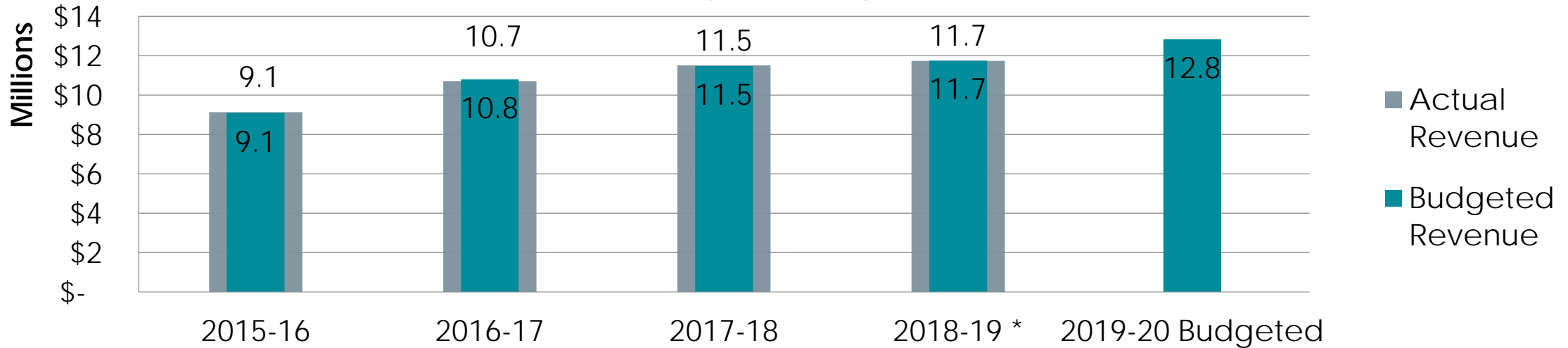
- Change from FY2019 Budget: ▲ 2.4% or \$626K
 - Retail: ▲ 2.9%
 - Contracting: ▼ 13.5%
 - Restaurants: ▲ 10.0%
 - Hotels: ▲ 11.6%



* FY 2018-2019 Actuals are estimated

STATE SHARED REVENUES

- Change from FY2019 Budget: ↑ 9.3% or \$1.1M
 - Shared Sales Tax: ↑ 9.1%
 - Auto Lieu: ↑ 5.1%
 - Urban Revenue: ↑ 11.1%
- *Shared Revenue Estimates and Census: HB2483 Allows for an annual update of population by using the U.S. Census Bureau's estimate. Shared revenues presented here may change once final Census numbers are available by mid-May.*

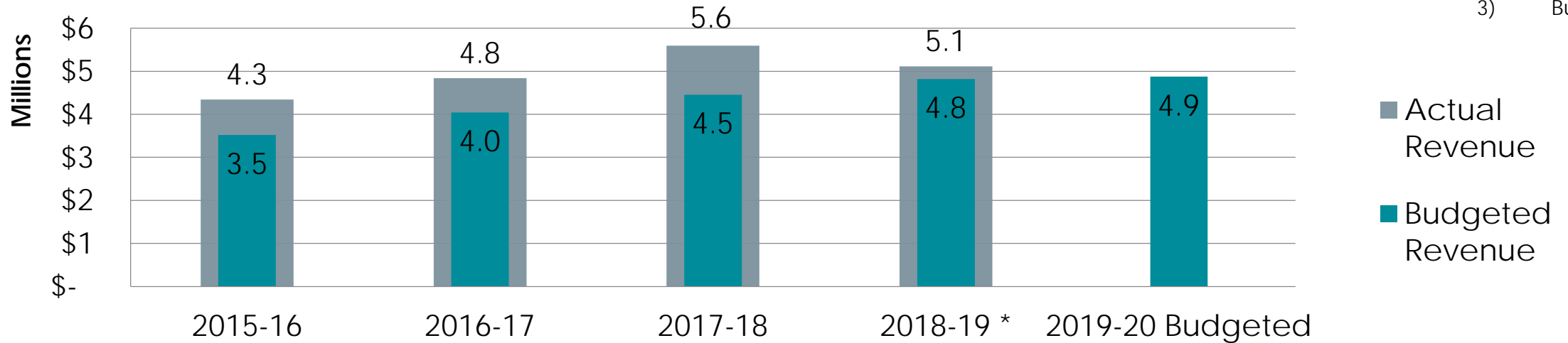
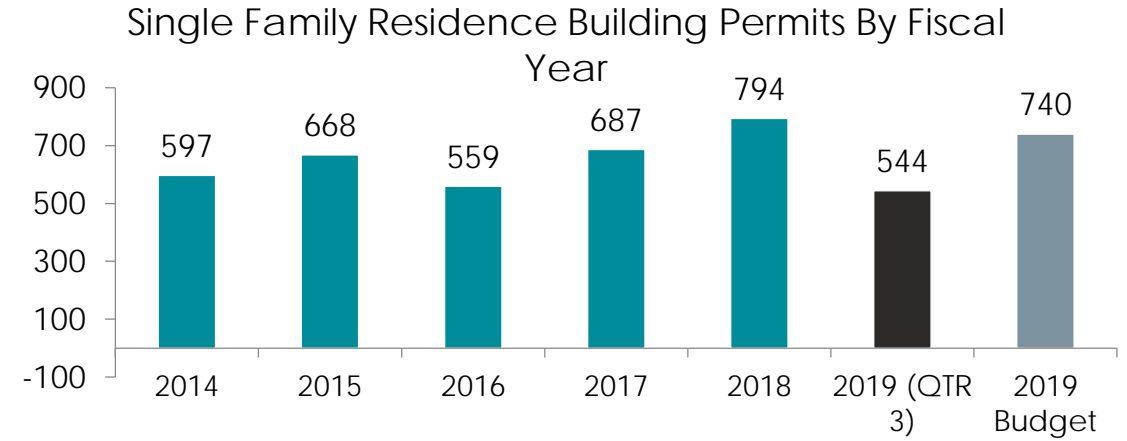


* FY 2018-2019 Actuals are estimated

LICENSES, FEES & PERMITS

Change from FY2019 Budget: ↑ 1.2% or \$60K

- SFR FY2019 Budget: 740
- SFR FY2020 Budget: 735
 - FY18 thru 3rd Qtr: 575
 - FY19 thru 3rd Qtr: 544



* FY 2018-2019 Actuals are estimated

GENERAL FUND BUDGET SUMMARY

Category	FY2020			
	FY2019 Budget	Recommended	\$ Change	% Change
Revenue	\$ 44,956,009	\$ 46,758,355	\$ 1,802,346	4.0%
Expenditures	44,467,158	46,183,676	1,716,518	3.9%
Transfers Out	4,302,646	4,561,182	258,536	6.0%
Change in fund balance	\$ (3,813,795)	\$ (3,986,503)	\$ (172,708)	4.5%

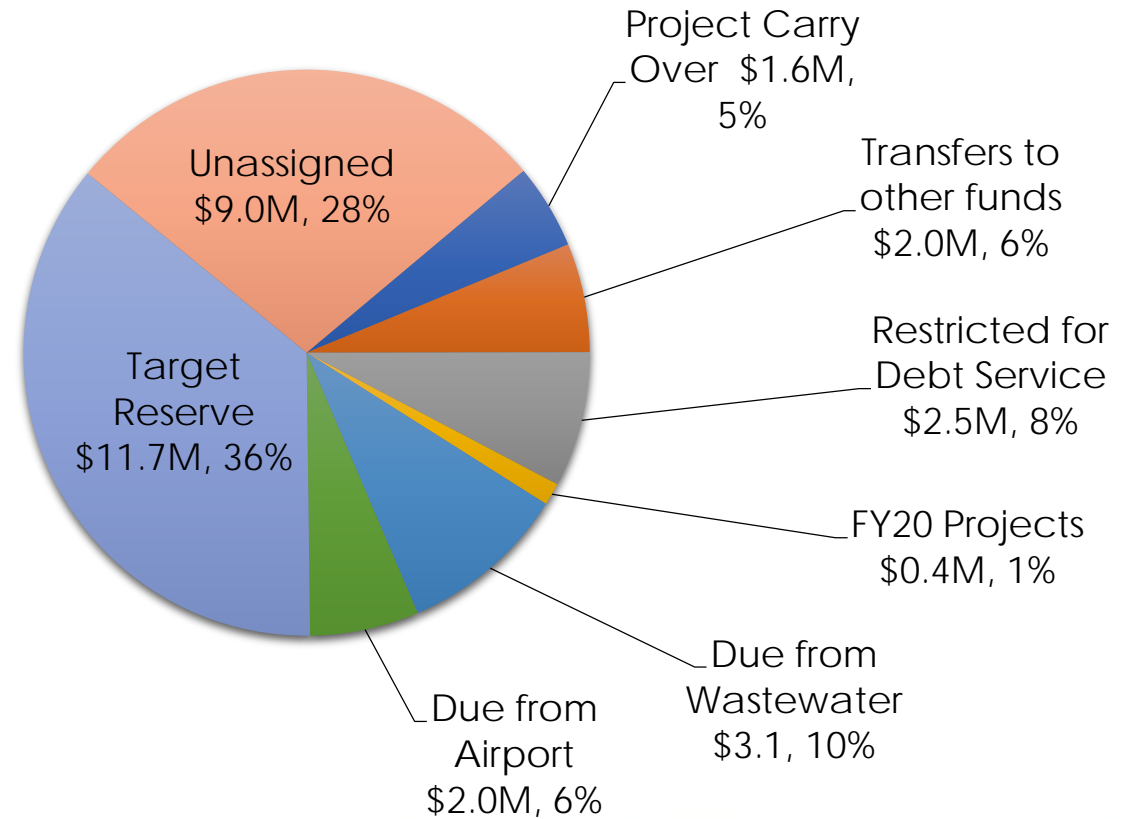
- Expenditures:
 - Personnel & Benefits (↑5.4% or \$1.6M)
 - Operating Supplies and Equipment (↓21.1% or \$1.2M): Completion of large one-time project – PCWIN; movement of some large projects to the Capital Outlay line item.
 - Capital Outlay (↑113.2% or \$1.3M): Vehicle replacements, Facilities remodel
- Fund Balance: One-time for Vehicle Replacement, prior year projects carry-forward

* Both FY2019 & FY2020 amounts exclude contingency authorization of \$5.0M

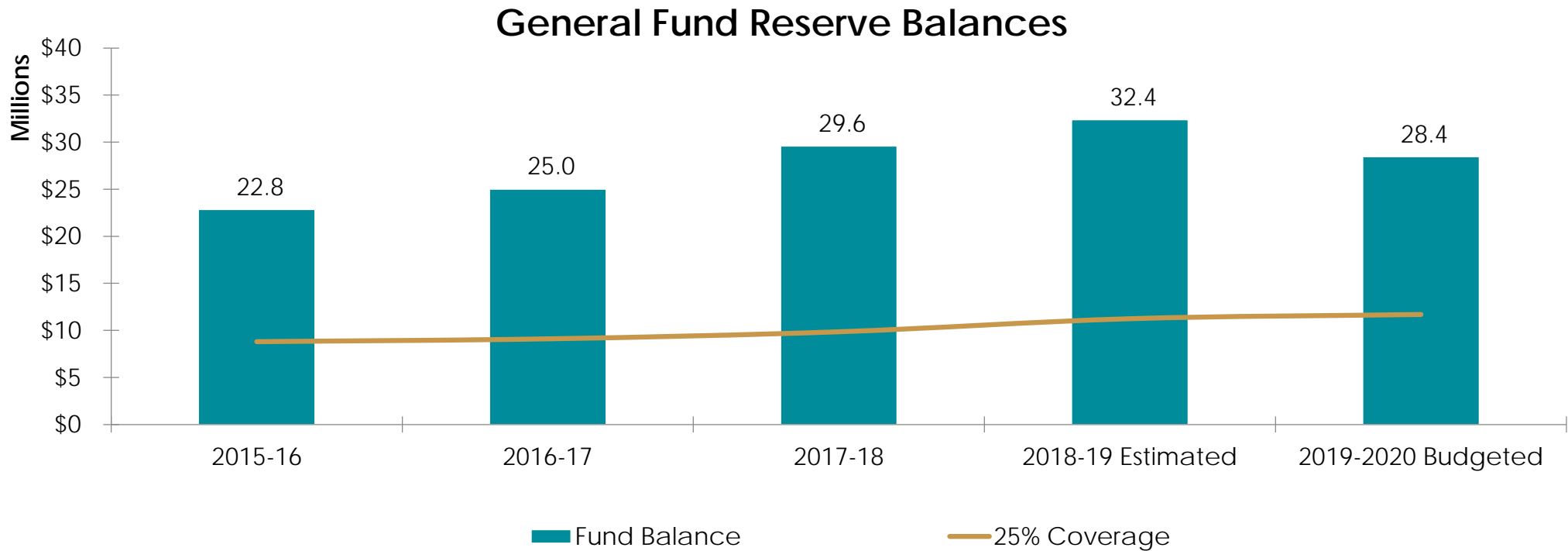
MAJOR IMPACTS ON RESERVES

Estimated Fund Balance @6/30/19	\$ 32,368,948
Project Carry Over	1,574,322
Transfers to other funds	2,012,636
Restricted for Debt Service	2,500,546
FY2019-2020 Projects	412,709
Due from Wastewater	3,111,943
Due from Airport	2,013,701
Target Reserve	11,689,589
Unassigned	\$ 9,053,502

General Fund Balance



OPERATING IMPACTS ON RESERVES



BED TAX FUND BUDGET SUMMARY

Category	FY2020			
	FY2019 Budget	Recommended	\$ Change	% Change
Revenue	\$ 1,088,016	\$ 1,227,600	\$ 139,584	12.8%
Expenditures	1,088,016	1,227,600	139,584	12.8%
Change in fund balance	\$ -	\$ -	\$ -	0.0%

- Revenue:
 - Sales Tax (↑12.8% or \$140K): Based upon increased occupancy and average rates, in conjunction with the recent addition of a hotel in the region.
- Expenditures:
 - Operating Supplies & Equipment (↑60.9% or \$140K): Includes the addition of \$337,870 in restricted budget that is reserved for contingency and unanticipated events.



HIGHWAY USER REVENUE FUND BUDGET SUMMARY

Category	FY2020			
	FY2019 Budget	Recommended	\$ Change	% Change
Revenue	\$ 3,276,078	\$ 3,655,329	\$ 379,251	11.6%
Expenditures	3,901,049	4,906,881	1,005,832	25.8%
Change in fund balance	\$ (624,971)	\$ (1,251,552)	\$ (626,581)	100.3%

- Revenue:
 - Intergovernmental Revenues (↑ 11.4% or \$372K): Based on Census preliminary estimate. May change once final estimates are released in mid-May
- Expenditures:
 - Contracted Services (↑ 43.4% or \$1.2M): Includes carry forward funding for the Town's Pavement Preservation Program.
 - Capital Outlay (↓ 37.3% or \$249K): Several pieces of equipment are scheduled to be replaced in FY2020.



WATER OPERATING FUND BUDGET SUMMARY

Category	FY2020		\$ Change	% Change
	FY2019 Budget	Recommended		
Revenue	\$ 5,791,582	\$ 6,108,969	\$ 317,387	5.5%
Expenditures	6,153,934	7,182,668	1,028,734	16.7%
Transfers In	222,368	1,073,699	851,331	382.8%
Change in fund balance	\$ (139,984)	\$ -	\$ 139,984	-100%

- Revenue:

 - Charges for Services (↑4.6% or \$258K): Rate revenues are solely based on the existing rate structure plus new account growth. The Town is in the process of a rate study and will bring recommendations forward to Council in the near future.

- Expenditures:

 - Operating Supplies & Equipment(↑13.4% or \$222K): Includes costs for increased water quality testing and monitoring.
 - Debt Service (↑ 145.5% or \$753K): Includes loan payment for Water Treatment Plants.

WATER RECLAMATION OPERATING FUND BUDGET SUMMARY

Category	FY2020			
	FY2019 Budget	Recommended	\$ Change	% Change
Revenue	\$ 1,449,602	\$ 1,521,045	\$ 71,443	4.9%
Expenditure	2,258,593	2,379,859	121,266	5.4%
Transfers In	809,069	858,814	49,745	6.1%
Change in fund balance	\$ 78	\$ -	\$ (78)	-100.0%

- Revenue:
 - Charges for Services(↑ 5.0% or \$70K): Rate revenues are solely based on the existing rate structure plus new account growth. The Town is in the process of a rate study and will bring recommendations forward to Council in the near future.

- Expenditures:
 - Contracted Services(↑ 25.3% or \$111K): Includes increased maintenance needs on the sanitary sewer collection system.
 - Capital Outlay (↑ 31.9% or \$17K): Includes the replacement of aging equipment.

AIRPORT OPERATING FUND BUDGET SUMMARY

Category	FY2020			
	FY2019 Budget	Recommended	\$ Change	% Change
Revenue	\$ 348,068	\$ 357,200	\$ 9,132	2.6%
Expenditure	575,204	509,293	(65,911)	-11.5%
Transfers In	209,636	152,093	(57,543)	-27.4%
Change in fund balance	\$ (17,500)	\$ -	\$ 17,500	-100.0%

- Revenue:
 - Charges for Services (↑ 2.8% or \$9K): Based anticipated revenue growth
- Expenditures:
 - Contracted Services(↓ 29.2% or \$51K): Decrease associated with one-time projects completed in the current fiscal year.
 - Transfers In(↓ 27.4% or \$58K): Represents what may likely be an ongoing, operating subsidy from the General Fund. Airport planning continues in an effort to improve its ability to generate sufficient operating revenues.

FY2020 KEY DATES

Dates:	Stage in Budget Process	Task Description
May 21, 2019	Approving	Council Adoption of Tentative Budget
June 18, 2019	Approving	Council Adoption of Final Budget



DISCUSSION & DIRECTION