

2015-2016 Budget Message from Ken Nickel; City Manager

To Honorable Mayor and members of the City Council and citizens of Granite Shoals:

City staff is pleased to submit the proposed 2015-2016 Operating Budgets for the City of Granite Shoals. The production of the budget represents significant effort from city staff and City Council members. It was derived from City Council's priorities for the upcoming fiscal year, results from the current fiscal year, inputs from the City Committees and the City's Comprehensive plan.

Last year, the budget theme was "Maintain the improvement and move forward in achieving the goals and priorities set by City Council". I believe that this year focus is the same with emphasis on City's arterial road improvement projects which includes increasing the road repair budget by \$50,000 and actively search for grants or other sources to fund the city's arterial road improvement projects.

The city's budget process started in June, 2015 with the assessment and ranking of the 2015-2016 fiscal year priorities with City Council. The final 2015-2016 priorities from the City Council are included at the end of the budget message. In July, staff presented to Council a review of the results of the first 9 months of the current fiscal year along with a comparison to budget. Revenue for the first nine months in the General Funds is \$ 3.1 million which is approximately 88.5% of current year budget. Year to date Expenditures in the general budget is \$2.5 million which is 73% of the budget. The Utility Fund's revenue for the first nine months is \$1.2 million or 73% of the budget and corresponding expenditures for the same time period is \$1.1 million. During July, the Department Heads prepared their proposed budgets which were reviewed and aligned with the City Manager and

Finance Director. The results of these budget meetings along with the projected revenue generated the proposed 2015-2016 fiscal budget.

After a workshop/ Special Council meeting on August 4th and presentation at City Council on August 11th, the proposed 2015-2016 budget was created.

Two Public hearings have been scheduled for August 18th and August 25th to receive citizen comments regarding the proposed Fiscal year 2015-2016 budget. The required public hearings on the proposed tax rate will be held at these meetings, as well.

The City’s Annual Operating Budget for the Fiscal Year 2015-2016 is hereby submitted. This document contains information regarding the programs and services to be provided totaling approximately \$6.3 million in expenditures.

Below is the Summary of Revenue and Expenditures by fund:

<u>Fund</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Net</u>
General Fund	\$ 2,995,522	\$ 2,972,912	\$ 22,610
Water Fund	\$ 1,655,720	\$ 1,653,588	\$ 2,132
Solid Waste	\$ 597,400	\$ 597,315	\$ 85
Restricted Parks	\$ 41,100	\$ 42,500	\$ (1,400)
Hotel Tax	\$ 20,000	\$ 12,000	\$ 8,000
Sales Tax for Street Maintenance	\$ 33,250	\$ 33,250	\$ -
City Cleanup Fund	\$ 19,625	\$ 21,650	\$ (2,025)
Debt Fund	\$ 986,519	\$ 996,871	\$ (10,352)
	<u>\$ 6,349,136</u>	<u>\$ 6,330,086</u>	<u>\$ 19,050</u>

Tax Rate increase

The current property tax rate is \$.5198 per \$100 of valuation. The proposed 2015-2016 property tax rate is \$.5207 per \$100 of property valuation. In addition to the slight increase in city's property tax, there was an overall 6% increase in property value in 2015 with a partial reduction of a half-cent sales tax for property tax relief. The property tax impact on a 2015 property valued at \$100,000 would increase by \$32.14 from \$519.80 to \$551.94. Please note that there would be no increase in taxes for those over 65 exemptions or with a disability exemption.

There have been a number of positive changes in Granite Shoals in 2014-2015, we have:

- Continued to provide a safe community in the areas of fire, police, emergency medical service (EMS) and animal control services
- Continued to provide a safe and efficient water supply to our residents
- Continued to improve the appearance of our city
 - For the past ten months (September 2014 through July 2015), there have been ten vacant and dangerous buildings or boat docks removed.
 - Removed over twenty-six junk vehicles (cars and boats) in the last ten months with another 17 vehicles being worked by Code Compliance
 - Held two (2) city-wide cleanup events (October 2014 and April 2015). These resulted in more than 200 tons of trash being removed from the community. Republic Services also provides bulk pickup at residents homes every other Friday.
- Continued to improve the City's Financial stability
 - With the improved financial results and changes to some of the city's financial policies, the City of Granite Shoals Standard and Poor's credit ranking has increase two spots in 2015 to BBB+ positive outlook.

- Managed the budget more efficiently and effectively which should increase the City's General Fund by approximately \$130,000 in the current fiscal year
- Will pave more than three (3) miles of road this fiscal year along with a major replacement of traffic and street signs.
- Good progress on the CDBG Water grant which will increase water storage along with replacing an old water tank in the Kingwood section of the city.
- The city is updating all of the water meters which will help improve accuracy and provide better customer service and information.
- In 2014-2015 fiscal year, two park grants have been completed with the two tennis courts opening in December 2014, the Manzano's Hike, Bike and Run trail was open on Mother's day in May 2015 and the Interpretive and Wildflower gardens will open in August 2015.

Although there have been many improvements this year, the staff still has many opportunities to improve our services for our residents in the coming fiscal year.

As a joint effort between City Council, Our Community and City Staff, we are "on the move" to help achieve a better place to live and raise a family.

Respectfully submitted,

Ken Nickel City Manager

Wendy Gholson Director of Finance

Peggy Smith Assistant City Manager/ Utility Manager

Elaine Simpson City Secretary

Austin Stanphill Fire Chief

J.P. Wilson Police Chief

2015-2016 Priorities

1. Continue to provide a safe Community (**Police, Court and Fire**) –
The projects mentioned were Reverse 9-1-1 and Emergency Notifications
2. Continue to provide a safe and efficient Water Supply to our citizens
(**Utility Department**) –
The projects associated were improvements at the Water Treatment Plant (insulation and air conditioning) and mapping water lines on the GIS system.
3. Street maintenance and paving (**Street Department**)
Annual Paving Funds with County Co-op, maintenance of streets, selling city owned property on FM 1431, improvements of three main arterials by paving NPR and resurfacing other main streets, purchase street maintenance equipment or outsourcing paving
4. Increase Code Compliance activity by approximately 25%. Projects associated are increasing the efficiency of the processes, set goals for increase compliance rates and completion of cases.
5. Water Line Replacement Plan.
6. Continue to improve the City's Financial Stability (**Finance Director**)
 - Improve the General Fund balance (Goals is three month operation reserve)
 - Fund the capital replacement plan
 - Continue to improve the city's S&P Rating
 - Debt management
7. Continue to focus on Customer Service and Teamwork (**Department Managers**)
8. Hire and maintain a strong workforce (**Human Resources and Department Managers**)

2015-2016 Priorities

9. Planning and Vision for the future

There were several projects:

- Charter Review Committee – Delay
- Comprehensive Plan update - Delay
- Economic Development marketing study/plan – Delay
- Wildlife Advisory Committee urban deer management

10. Identify new grants for the city and execution on the current grants (City Manager and Assistant City Manager)

11. Improve Communications to the citizens of Granite Shoals (City Council and City Manager)

12. Encourage and promote business activities in the city (City Manager and City Council)