

Council Report Backs
2022 2023 Budget Questions – Part 8

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Question 1	Question From	Answer From
Water Company purchase timeline	Grayeb	City Manager

According to the Water Company Franchise Agreement, the anniversary date of the agreement is May 4, 2024. This is a Saturday. The last effective business day would be May 3, 2024. The last date for the City Council to pass a Resolution to purchase the water works must be 180 days prior to the anniversary date. This would be November 3, 2024. Council can pass a resolution sooner.

Question 2	Question From	Answer From
Are the salaries and benefits for the 30 new police officers budgeted for the full year?	Riggenbach	City Manager

The 2022 budget includes full funding of the vacant police officer positions. The City has been authorized for 10 police recruits in January, 10 police recruits in May, and 10 police recruits in September. This would mean that the budget includes funding for 120 months of staff time that will not be utilized. At a starting salary of \$62,158.37, this would mean that \$621,000 would be available for earmarking for pension contributions.

The Council could reduce the Police Department budget by \$621,000 and increase the transfer out to the pension fund.

Question 3	Question From	Answer From
Grant-Funded positions. What is the normal, process when the grant runs out? How often are the positions eliminated and how many times are they retained and added to FTE payroll? How can we be sure the grant funded positions are eliminated when the grant function expires?	Riggenbach	Human Resources

To fill a position, funding must be available in the budget. When grant funding is exhausted, employees occupying those positions are terminated or laid off. In some cases, funding from another source enables employees to remain employed or they may apply and be selected for other vacancies.

Question 4	Question From	Answer From
Legal services – should the City hold off hiring staff pending the discussion of contracting out legal services?	Riggenbach	City Manager Legal

Per the request of Councilman Oyler, the City Manager is exploring a contractual arrangement for Corporation Counsel, not the entire Legal Department. Staff is still needed to comply with FOIA requests, and to manage the administrative hearing process. With additional Code enforcement staff, and with additional demolition work beginning with the new budget, additional workload will be added to the legal staff.

Question 5	Question From	Answer From
Who is currently administering the duties of the proposed Administrative Specialists at the FD? Is this a reinstatement of a position that had been previously eliminated?	Riggenbach	Fire

The duties of the proposed Administrative Specialist are currently being done by the Training Captain located at the Training Academy. This position, along with the Battalion Chief of Training was eliminated several years ago. Currently we have a Division Chief of Training at the Academy and a Training Captain. Adding this position would allow for the Training Captain to put his/her focus on all the training requirements mandated by the Office of the State Fire Marshall.

Question 6	Question From	Answer From
Who is currently administering duties of the Evidence Technician at the PD? Is this a reinstatement of a previously eliminated position?	Riggenbach	Police

Currently we have two property room Evidence Technicians. The room has always only been staffed with two technicians since this building was built in the 90s. The only exception was having a sergeant inside the property room in the early 90s. That sergeant position is now a collateral duty of the general crime sergeant, responsible for their schedules as well as dealing with any issues that arise from the room, equipment, etc. The sergeant also approves and ensures all firearm returns, other item returns of a questionable nature, and does the spot checks and full inventory of the room yearly. The new technician will help with the overwhelming amount of evidence that enters the property room daily.

Question 7	Question From	Answer From
If interest rates increase what will the impact be on the City's bonds and budget the next few years?	Jensen	Finance

In terms of the City's debt, the interest rate risk the City faces is only tied to any new debt offerings in future years and potential costs savings on future refunding opportunities. Interest rate fluctuations in the municipal bond market are not strictly tied to changes in inflation but more closely follow the US Treasury rates. What bonds will sell at really comes down to the supply and demand on the day you sell them. This is something we will work very closely with our financial advisors to make sure we are timing our entry into the market the best we can to maximize rate savings. The 2022 and 2023 budgets do not include any assumptions on debt refundings, outside of the one's Council approved in October, so any savings we will see would potentially lower the City's debt costs during those years.

Question 8	Question From	Answer From
How much do the current budget proposals factor in continued and increasing inflation, supply chain issues, labor shortages, etc? And for how long?	Jensen	Finance

The inflation assumptions included in the 2022 budget are indicative of the trends that we were seeing in the market place. Moving forward the base level assumption on cost increases used in 2023 is 2% which is in line with the industry belief on where inflation will end 2023. The biggest risk for cost inflation the City has was in capital project partially due to supply chain issues as well as a potential labor shortage due to the amount of capital spending that is occurring. These were taken into account in the Public Works budget and it something that Public Works will have to monitor throughout the coming budget year.

Question 9	Question From	Answer From
Budget Motion – PCCEO Grant Match – South Village TIF	Jackson	Community Development

PCCEO received a new \$360,000 Federal Home Loan Bank Affordable Housing Program (AHP) Award to replace windows and doors in the South Village TIF. The grant requires a \$150,000 match. The South Village TIF has funds available and is an appropriate match for this grant. Staff recommends a motion to approve \$150,000 of South Village TIF funds to match the \$360,000 in AHP funds.

Question 10 Motion – Pension Funding (Option 4 and Option 5)	Question From Mayor Ali	Answer From City Manager
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Last week, Council was presented 3 options for Council to consider to balance the public safety pension budget since the Public Safety Pension Fee was not extended. They included:

Option 1: Cut expenses by \$4.130 million over 2 years.

Option 2: Lower the pension contribution by \$2.2 million and cut expenses by \$1.930 million over 2 years.

Option 3: Lower the pension contribution by \$2.2 million and set aside \$1.93 million of 2021 excess revenues to cover pension obligations in 2022 and 2023.

Council rejected Option 3 by a 5-5-1 vote.

Mayor Ali requested 2 options for the Council to consider for balancing the public safety pension budget. The current status of the General Fund and Public Safety Pension Fund budget is reflected in the table below:

Year	General Fund Balance	General Fund Pension Transfer	Pension Property Tax	Pension Obligations Police	Pension Obligations Fire	Pension Fund Balance
2022	\$75,720	\$6,427,623	\$14,871,293	\$14,533,557	\$13,234,528	(\$2,004,070)
2023	\$97,599	\$7,624,956	\$15,168,718	\$15,405,570	\$14,028,600	(\$2,084,594)

Option 4: Lower the pension contribution by \$2.2 million, eliminate the pension fee expenses, set aside \$1.22 million of 2021 excess revenues to cover pension obligations in 2022 and 2023, and reduce the Police Department budget by \$621,000 by managing vacant positions.

Option 4 is a combination of Option 2 and Option 3 above. This option would set aside \$1.22 million of excess revenues in 2021 for future pension fund payments. \$25,000 of pension fee related expenses would be eliminated in 2022 and 2023, and vacant police officer positions not slated to be hired until May and September would allow the General Fund contribution to increase \$621,000 while the Police budget would be reduced by \$621,000.

Year	General Fund Balance	General Fund Pension Transfer	Pension Property Tax	Pension Obligations Police	Pension Obligations Fire	Pension Fund Balance
2021		\$1,219,039				
2022	\$75,720	\$7,048,623	\$14,871,293	\$14,000,000	\$12,700,000	\$960,096
2023	\$97,599	\$7,624,956	\$15,168,718	\$14,840,000	\$13,462,000	\$630

Option 5: Lower the pension contribution by \$2.2 million, eliminate the pension fee expenses, set aside \$1.84 million of 2021 excess revenues to cover pension obligations in 2022 and 2023.

The fifth option for City Council consideration would be to set aside \$1.84 million of excess revenues in 2021 for future pension fund payments. Coupled with the expense reductions, the Pension Fund would have a similar balance as Option 4.

Year	General Fund Balance	General Fund Pension Transfer	Pension Property Tax	Pension Obligations Police	Pension Obligations Fire	Pension Fund Balance
2021		\$1,840,039				
2022	\$75,720	\$6,427,623	\$14,871,293	\$14,000,000	\$12,700,000	\$960,096
2023	\$97,599	\$7,624,956	\$15,168,718	\$14,840,000	\$13,462,000	\$630