PROPOSED ANNUAL BUDGET

JANUARY 18, 2016
CITY OF KNOXVILLE
FISCAL YEAR 2016-2017

CITY STAFF GUIDING PRINCIPLES

- Maintain service levels
- Add to General Fund reserves
- Continue fiscal responsibility
- Present a recommended budget based on council priorities

FY 15/16 COUNCIL PRIORITIES

- Priority 1 - Roads
  - Proposed debt schedule includes $7.5M through 2024
  - Additional sources include STP funds for eligible streets
- Priority 2 – Recreation
  - Trails Master Plan is complete and funding includes $900k in fund balance and bond authorization to be augmented with grants
  - Young's Park Master Plan is complete but would require bonds to proceed
- Priority 3 – Comprehensive and Strategic Plans
  - $60,000 budgeted between FY17 and FY18 budgets with anticipated start January 2017
- Priority 4 – Planning, Zoning, and Code Enforcement
  - Position change from Management Intern to Zoning Administrator is budgeted with minimal salary change anticipated
- Priority 5 – City Hall and Public Safety Building
  - Budget options being developed by architects
  - Bond authorization would be required for the project to proceed

DEBT LIMIT

- State limit is based on 5% of actual valuation of Knoxville properties
- For FY2017 valuation is $327,054,333 and 5% of that figure is $16,352,717
- City of Knoxville policy has been to set a "self-imposed" limit of 85% of the state limit, which is $13,899,809`
- This will continue to be Knoxville's limit unless valuation increases

DEBT INFORMATION

Staff recommended debt schedule based on the following criteria:

1. Top priorities are streets, library expansion, and trails
2. Voter approved library expansion represents an increase to property tax rate, but the rate is otherwise held steady
3. Total general obligation debt level will never reach the city's self-imposed effective limit of 85% of the state imposed limit
4. Debt model assumes a flat growth of future valuations
5. All recommended bond issuances are either already authorized or are considered essential corporate purposes

DEBT SCHEDULE

City of Knoxville, Iowa
Projection of G.O. Debt Capacity

Valuation Growth & Debt Limit Assumptions	
Future Valuation Growth	0.00%
Legal Limit	5.00%
Effective Limit	85%

Beginning of Fiscal Year	Actual Valuation	Historical Valuation Growth	Effective Debt Limit	TOTAL EXISTING G.O. DEBT	TAX RATES: Existing Tax Rate/ $1,000	TAX RATES: Library Tax Rate	TAX RATES: TOTAL TAX RATE $1,000	Street Refunding Trail: GO Series 2016A	Vote Approved Library GO Series 2017A	Streets Streets Series 2018A	Streets Streets Series 2020A	Streets Streets Series 2022A	Streets Streets Series 2024A	TOTAL ALL G.O. DEBT	Available Effective Capacity
FY 2011-12	315,631,544	0.15%	13,414,341	9,558,219	2.99737		2.99737							9,558,219	3,856,121
FY 2012-13	307,835,232	(2.47%)	13,082,997	11,998,628	2.96389		2.96389							11,998,628	1,084,369
FY 2013-14	310,579,266	0.89%	13,199,619	11,363,718	3.80811		3.80811							11,363,718	1,835,901
FY 2014-15	313,823,408	1.04%	13,337,495	10,192,270	3.75475		3.75475							10,192,270	3,145,224
FY 2015-16	313,286,906	(0.17%)	13,314,694	9,144,858	3.45327		3.45327							9,144,858	4,169,835
FY 2016-17	327,054,333	4.39%	13,899,809	7,958,325	3.75277	0.00000	3.75277	2,705,000	2,500,000					13,163,325	736,484
FY 2017-18	327,054,333	0.00%	13,899,809	7,078,933	3.75356	0.90019	4.65376	2,485,000	2,500,000	1,550,000				13,613,933	285,876
FY 2018-19	327,054,333	0.00%	13,899,809	6,053,783	3.74631	0.86066	4.60697	2,265,000	2,395,000	1,550,000				12,263,783	1,636,026
FY 2019-20	327,054,333	0.00%	13,899,809	5,177,518	3.74825	0.85042	4.59868	2,105,000	2,290,000	1,450,000	1,570,000			12,592,518	1,307,291
FY 2020-21	327,054,333	0.00%	13,899,809	4,098,524	3.74325	0.86349	4.60674	1,890,000	2,185,000	1,350,000	1,570,000			11,093,524	2,806,285
FY 2021-22	327,054,333	0.00%	13,899,809	3,362,317	3.74639	0.85145	4.59784	1,670,000	2,075,000	1,250,000	1,520,000	1,570,000		11,447,317	2,452,493
FY 2022-23	327,054,333	0.00%	13,899,809	2,408,158	3.74292	0.86283	4.60576	1,450,000	1,965,000	1,125,000	1,430,000	1,570,000		9,948,158	3,951,651
FY 2023-24	327,054,333	0.00%	13,899,809	665,292	3.72834	0.87304	4.60138	1,220,000	1,850,000	1,000,000	1,340,000	1,520,000	1,570,000	9,165,292	4,734,517
FY 2024-25	327,054,333	0.00%	13,899,809	107,967	3.72934	0.85765	4.58700	985,000	1,730,000	870,000	1,245,000	1,430,000	1,570,000	7,937,967	5,961,843
FY 2025-26	327,054,333	0.00%	13,899,809	52,454	3.71761	0.86535	4.58297	750,000	1,610,000	735,000	1,150,000	1,340,000	1,520,000	7,157,454	6,742,355
FY 2026-27	327,054,333	0.00%	13,899,809	0	3.71016	0.87154	4.58170	505,000	1,485,000	595,000	1,050,000	1,245,000	1,430,000	6,310,000	7,589,809
FY 2027-28	327,054,333	0.00%	13,899,809	0	3.70194	0.85231	4.55425	255,000	1,355,000	450,000	950,000	1,150,000	1,340,000	5,500,000	8,399,809
FY 2028-29	327,054,333	0.00%	13,899,809	0	2.68857	0.85641	3.54498	0	1,225,000	305,000	845,000	1,050,000	1,245,000	4,670,000	9,229,809
FY 2029-30	327,054,333	0.00%	13,899,809	0	2.80914	0.85922	3.66836	0	1,090,000	155,000	735,000	950,000	1,150,000	4,080,000	9,819,809
FY 2030-31	327,054,333	0.00%	13,899,809	0	2.03654	0.86064	2.89718	0	950,000	0	625,000	845,000	1,050,000	3,470,000	10,429,809
FY 2031-32	327,054,333	0.00%	13,899,809	0	2.03063	0.86070	2.89133	0	805,000	0	510,000	735,000	950,000	3,000,000	10,899,809
FY 2032-33	327,054,333	0.00%	13,899,809	0	2.04524	0.85935	2.90459	0	655,000	0	390,000	625,000	845,000	2,515,000	11,384,809
FY 2033-34	327,054,333	0.00%	13,899,809	0	2.03138	0.85672	2.88810	0	500,000	0	265,000	510,000	735,000	2,010,000	11,889,809
FY 2034-35	327,054,333	0.00%	13,899,809	0	2.03818	0.85284	2.89102	0	340,000	0	135,000	390,000	625,000	1,490,000	12,409,809
FY 2035-36	327,054,333	0.00%	13,899,809	0	1.36832	0.87170	2.24002	0	175,000	0	0	265,000	510,000	950,000	12,949,809

Airport

Expenditures	FY 16	FY 17 Proposed	% Difference
Operations	$115,315	$127,715	10.75%
Improvements	$242,861	$220,000	-9.41%
Total Expenses	$358,176	$347,715	-2.92%

Revenues			
Revenues	$83,290	$85,000	2.05%
Grants	$218,861	$198,000	-9.53%
Rev Subtotal	$302,151	$283,000	-6.34%

Budget Highlights

- There is a budgeted transfer from the General Fund to the Airport account of $50,000. $32,000 is to balance the expenditures and $18,000 is to decrease the negative balance on the books.
- $24,000 budgeted for apron work to get 90% Federal funding (total project cost $242,861)

Cemetery

Expenditures	FY 16	FY 17 Proposed	% Difference
Personnel	$125,138	$128,736	2.88%
Operations	$62,576	$54,742	-12.52%
Total Expenses	$187,714	$183,478	-2.26%

Revenues			
Cemetery Svc/Lot Sales	$55,700	$55,700	0.00%
Cemetery Roads Fund	$1,125	$1,125	0.00%
Perpetual Care Fund	$4,800	$4,800	0.00%

Budget Highlights

- Personnel increase of 2.5% per union contract
- Increase in operations for mower replacement from VERF

City Clerk

Expenditures	FY 16	FY 17 Proposed	% Difference
Personnel	$51,135	$52,960	3.57%
Operations	$26,350	$26,650	1.14%
Total Expenses	$77,485	$78,610	1.45%

Budget Highlights

- No significant change
- Employee practices bond increase

City Hall

Expenditures	FY 16	FY 17 Proposed	% Difference
Personnel	$62,466	$64,360	3.03%
Operations	$73,250	$71,700	-2.12%
Total Expenses	$135,716	$136,060	0.25%

Budget Highlights

- No significant changes

City Manager, Mayor & Council

Expenditures	FY 16	FY 17 Proposed	% Difference
Personnel	$112,770	$107,770	-4.43%
Operations	$42,550	$37,050	-12.93%
Total Expenses	$155,320	$144,820	-6.76%

Budget Highlights

- $30,000 of City Manager's salary moved from Economic Development
- $15,000 for Citywide Cleanup in Spring 2017
- Operations decreased in non-election year

Fire & Rescue

Expenditures	FY 16	FY 17 Proposed	% Difference
Personnel	$368,800	$399,955	8.45%
Operations	$249,538	$397,388	59.25%
Total Expenses	$618,338	$797,343	28.95%

Revenues			
Rescue Services	$455,000	$504,000	10.77%

Budget Highlights

- $90,000 increase in operations for heart monitors
- $20,000 increase in operations for bunker gear
- $25,000 increase in operations for roof repairs

Library – General Fund

Expenditures	FY 16	FY 17 Proposed	% Difference
Personnel	$177,785	$183,004	2.94%
Operations	$112,320	$115,820	3.12%
Total Expenses	$290,105	$298,824	3.01%

Revenues			
Library Revenues	$48,425	$45,900	-5.21%
Levy	$50,898	$52,033	2.23%
Revenue Subtotal	$99,323	$97,933	-1.40%

Budget Highlights

- This information only includes the General Fund portion of the Library. The Knoxville Public Library also uses a Memorial Fund for the expansion project.

Parks

Expenditures	FY 16	FY 17 Proposed	% Difference
Personnel	$30,293	$32,500	7.29%
Operations	$66,078	$57,010	-13.72%
Total Expenses	$96,371	$89,510	-7.12%

Revenues			
Revenues	$5,000	$2,000	-60.00%

Budget Highlights

- $2,500 increase for flowers on the square
- $1,500 increase for June Jamboree

Planning & Zoning

Expenditures	FY 16	FY 17 Proposed	% Difference
Personnel	$56,050	$112,732	101.13%
Operations	$22,990	$62,890	173.55%
Total Expenses	$79,040	$175,622	122.19%

Revenues			
Permit Fees	$42,400	$33,900	-20.05%

Budget Highlights

- Salary moved to Planning & Zoning from City Manager's Office for Administrator position
- $15,000 increase for comprehensive and strategic plan
- $22,000 for vehicle purchases from VERF

Police

Expenditures	FY 16	FY 17 Proposed	% Difference
Personnel	$835,000	$854,250	2.31%
Operations	$213,800	$226,600	5.99%
Total Expenses	$1,048,800	$1,080,850	3.06%

Revenues			
Misc. Revenues (incl. fines)	$55,000	$94,000	70.91%
Federal, State & School Grants	$79,000	$61,000	-22.78%
Revenue Subtotal	$134,000	$155,000	15.67%

Budget Highlights

- In 4th year of COPS grant, now responsible for 100% of officer's salary—split 50% with school
- Increase in budgeted dispatching services

Recreation

Expenditures	FY 16	FY 17 Proposed	% Difference
Personnel	$258,608	$255,064	-1.37%
Operations	$207,013	$219,151	5.86%
Total Expenses	$465,621	$474,215	1.85%

Revenues			
Recreation Services	$281,336	$266,957	-5.11%

Budget Highlights

- $24,000 increase in operations for pickup purchase from VERF
- $6,500 entryway door replacement

Sanitary Sewer

Expenditures	FY 16	FY 17 Proposed	% Difference
Personnel	$378,307	$386,050	2.05%
Operations	$468,378	$400,489	-14.49%
Total Expenses	$846,685	$786,539	-7.10%

Debt Service	FY16	FY17 Proposed	% Diference
SRF Loan	$95,688	$370,445	287.14%
2008 Sewer Revenue	$418,348	$413,398	-1.18%
2010 Sewer Revenue	$276,400	$278,100	0.62%

Budget Highlights

- $35,000 administrative cost transfer to GF
- No vehicle purchases in FY17 decreased operations budget
- Engineering services moved to I&I project

Street Lighting

Expenditures	FY 16	FY 17 Proposed	% Difference
Operations	$38,428	$38,428	0.00%

Budget Highlights

- No significant changes

Streets

Expenditures	FY 16	FY 17 Proposed	% Difference
Personnel	$256,360	$271,890	6.06%
Operations	$628,775	$467,945	-25.58%
Total Expenses	$885,135	$739,835	-16.42%

Budget Highlights

- Decrease in expenditures from VERF for equipment replacement
- Personnel increase includes additional part-time hours
- Operations includes funds to replace roof

Street Lighting

Expenditures	FY 16	FY 17 Proposed	% Difference
Operations	$35,251	$42,700	21.13%

Budget Highlights

- Increased budget for maintenance of aging infrastructure

HOTEL/MOTEL TAX

- Revenue received through the Hotel/Motel tax is split equally to tourism and economic development
- Use of tourism funds is authorized by council after passing through an advisory Tourism Advisory Commission
- Economic Development funds will be used to fund creation of the comprehensive and strategic plans, and for Knoxville's membership in the Greater Des Moines Partnership

UTILITY FRANCHISE FEE

- The Utility Franchise Fee (UFF) was initiated to help with one-time expenditures and to gradually help off-set property tax rollbacks and replace the backfill
- In recent years the backfill has been reduced significantly, and may be in its last year
- While the UFF still helps with one-time purchases it is now largely used in ongoing city operations

LOCAL OPTION SALES TAX

- Sidewalks - $130,000 is budgeted for sidewalks in FY17, and will finish the city's obligation
- Debt – Local Option Sales Tax (LOST) was passed with the intent of paying the debt service for the Streetscape project and are committed until sunset
- Vehicle and Equipment Replacement Fund (VERF) – Contributions for VERF for general fund departments and made through LOST

Vehicle & Equipment Replacement Fund

Department	Description	Replacement Cost
Cemetery	Mower	12,000
Cemetery	Mower	12,000
Cemetery	Mower	12,000
Planning & Zoning	Truck	22,000
Parks	Mower	12,000
Police	Patrol Tahoe	41,000
Recreation	Maintenance Pickup	22,000
Streets	4WD Pickup	26,370
Streets	Dump Truck	120,000
	Total	279,370

Fund	FY16 Transfer Amount
Road Use Tax Fund	$162,395
Sewer Enterprise Fund	$48,804
Local Option Sales & Service Tax	$271,708
Total	**$482,907**