

Town of Hillsborough City Council Workshop

March 4, 2011



General Fund Summary

	Actual 09/10	Adopted 10/11	Proposed 11/12
Revenues (line 88)	\$19,424,146	\$18,210,823	\$18,486,263
% of change	3%	-6%	1.5%
Expenditures (line 105)	\$19,856,702	\$18,890,323	\$18,486,263
% of change	2%	-5%	-2%
OPEB Transfer (line 111)	\$598,945	\$679,500	\$ - 0 -
Excess (Shortfall)	\$166,389	\$ - 0 -	\$ - 0 -
Balance of Reserve	\$10,172,305	\$10,172,305	\$10,172,305
6-Month Liquidity	\$9,928,351	\$9,445,162	\$9,243,132



Major Changes

- Streets personnel temporarily rerouted to Sewer are transferred back to Streets – current staffing for Streets – back to 7 maintenance workers
- Vacant positions that are left unfilled and unfunded and reclassified positions:
 - Police Department – 4 sworn positions
 - Police Department – 1.75 service technicians
 - Police Department – reclassification of Records Supervisor to Records Clerk II
 - Building Department – 1 Service Clerk
- OPEB liability for active Fire employees – transferred to CCFD

Major Assumptions

- 2% increase in property taxes
- Excess ERAF (\$1,035,000) will continue to be distributed
- No State takeaways
- No salary increases – 1/1/12
- Retirement rates
 - Police - 41.29% less 1% additional employee contribution (37.727%)
 - Fire – 23.006% for safety; 14.256% for Miscellaneous (18.175%;11.245%)
 - Miscellaneous - 27.607% (25.081%)
- Station 36 will continue to be closed
- Continue funding OPEB but without Fire current active personnel; liability transferred to CCFD; funded from current revenues (vs utilizing reserves in the last 3 years)
- Fully fund 2nd annual amortization of Fire advance from Internal Service Fund to pay off side fund (\$366,000)

Schedule of Savings

(net of additional costs)

POLICE DEPARTMENT:		
Not funding Lieutenant Position (based on filling 2 Captains)	\$250,300	
Not funding 1 Police Officer Position	176,646	\$426,946
Not funding 1.75 Service Technicians	\$214,453	
Part-time help to help cover portion of tasks by above	(30,000)	184,453
Records Supervisor to be replaced by Records Clerk II	\$141,607 (126,018)	15,589
Dispatcher overfill for 5 months – training		(62,592)
Additional 1% share of retirement costs from Police		25,794
Sub-total		\$590,190
Continue not funding 2 PO positions from prior years		326,807
Total Net Savings from Police Department		\$916,997

Schedule of Savings

(net of additional costs)

Fire Department:		
Net share of current savings from closure of Station 36 and Fire Labor Group concessions (Represents the difference in budgeted amounts for Contribution to CCFD between 10/11 & 11/12)		\$466,298
Transfer of OPEB liability for current employees to CCFD:		
08/09 ARC for both active and retirees	\$480,000	
10/11 ARC for Town Fire retirees	266,400	213,600
Restore funding of Fire Vehicle Replacement Fund		(150,000)
Total Fire Department		\$529,898

Schedule of Savings

(net of additional costs)

Building Department:		
Not funding 1 Service Clerk	\$105,118	
Additional part-time costs to help tasks by above	(15,000)	
Permit technician from $\frac{3}{4}$ to 1 FTE	(30,000)	\$60,118
Citywide:		
Decrease in workers compensation assessments	\$120,000	
Decrease in liability and property insurance	143,250	
Concessions given up by unrepresented & police	158,000	
Reduction in training & other materials & services	16,680	
Capital outlay and transfers to asset replacement:		
Replace servers & other IT equipment	(120,000)	
Police transfer for vehicles and dispatch equip	(86,000)	
Total citywide savings		\$231,930
GRAND TOTAL		\$1,738,943



Additional Information

- Library costs with 4% inflation - \$759,200
- Neighborhood Network - \$20,000
- Disaster Preparedness Program - \$96,500
- Recreation Program - \$135,000
- \$500,000 minimum funding is available for streets projects



Water Fund – Proposed Changes

- Overall increase of 14% effective upon adoption and 13% every January 1st starting 1/1/12;
- Meter rates – \$ 50 to \$60 (20%)
- Usage charge - \$3.88 to \$4.38 (13%)
- 2% annual reduction in consumption
- Cost of wholesale water – 1,533,000 @ \$2.68 (or 38% increase) \$4,108,440 (based on latest information)
- Cost of wholesale water used in the study – 1,533,000 @ \$2.25 or \$3,449,250 (based on information available then) from current rate of \$1.90 or 18% increase
- Change in cost of wholesale water assumption - \$659,190 between these 2 dates

Water Fund – Proposed Changes (Continued)

CAPITAL PROGRAM:	<u>10/11</u>	<u>11/12</u>
Projects to be funded from rates % to total revenues (Not to be used for operations)		\$443,201 5%
Projects to be funded from Water Fund reserves		1,996,952
Total capital funding as recommended by study		\$2,440,153
TARGET RESERVES :		
20% working capital -based on expenses before debt	\$1,519,600	\$1,792,700
40% drought reserve -based on water sales & meter	\$2,951,200	3,251,100
Bond covenant reserve	375,000	375,000
Capital Reserve	6,028,174	4,031,222
All others	1,774,946	368,473
TOTAL WORKING CAPITAL	\$12,648,920	\$9,818,495

TARGET CAPITAL RESERVE

Date	Description	Subtractions	Additions		Balance
			%	Amount	
7/1/10	Earmarked from working capital				\$6,000,000
6/30/11				\$28,174	\$6,028,174
6/30/12		\$2,440,153	5%	\$443,201	\$4,031,222
6/30/13		\$2,440,153	4%	\$417,538	\$2,008,607
6/30/14		\$2,440,153	11%	\$1,271,741	\$840,195
6/30/15		\$2,440,153	15%	\$1,964,015	\$364,017
	TOTALS	\$9,760,612		\$4,124,669	

Water Fund

	Actual <u>09/10</u>	Adopted <u>10/11</u>	Proposed <u>11/12</u>
Revenues:			
Water sales & meter charges	\$7,674,064	\$8,602,246	\$9,576,445
All Others	429,883	146,489	151,459
Total Revenues	\$8,103,947	\$8,748,735	\$9,727,904
Expenses:			
Cost of wholesale water % of change	\$2,433,837 -3%	\$2,979,200 22%	\$4,108,440 38%
All others % of change	5,410,777 0%	5,741,361 6%	6,009,736 5%
Capital projects from rates % to total revenues		28,174	443,201 5%
Total Expenses	\$7,844,614	\$8,748,735	\$10,561,377
Excess (Shortfall)	\$259,333	\$ - 0 -	(\$833,473)

Sewer Fund – Proposed Changes

- 7% annual increase starting 7/1/11 through 7/1/15;
- Residential rate - \$1,658 to \$1,774
- Streets personnel temporarily shifted to Sewer Fund the last 2.5 years are transferred back to Streets
- Staffing level – 7 excluding Administration

Sewer Fund – Proposed Changes (Continued)

CAPITAL PROGRAM:	<u>10/11</u>	<u>11/12</u>
Projects to be funded from rates % to total revenues (Not to be used for operations)		\$1,395,985 19%
Projects to be funded from Sewer Fund reserves		3,250,015
Total capital funding as recommended by study		\$4,646,000
TARGET RESERVES :		
20% working capital -based on expenses before debt	\$965,600	\$887,600
15% treatment cost reserve –based on disposal contracts	205,600	209,700
Bond covenant reserve	375,000	375,000
Capital Reserve	7,600,000	4,349,985
All others	775,892	849,792
TOTAL WORKING CAPITAL	\$9,922,092	\$6,672,077

TARGET CAPITAL RESERVE

Date	Description	Subtractions	Additions		Balance
			%	Amount	
7/1/10	Earmarked from working capital				\$7,600,000
6/30/11		\$692,135	10%	\$692,135	\$7,600,000
6/30/12		\$4,646,000	19%	\$1,395,985	\$4,349,985
6/30/13		\$3,240,000	23%	\$1,760,479	\$2,870,464
6/30/14		\$4,020,000	27%	\$2,191,339	\$1,041,803
6/30/15		\$3,460,000	30%	\$2,605,276	\$187,079
6/30/16		\$2,160,000	21%	\$1,978,735	\$5,814
	TOTALS	\$18,218,135		\$10,623,949	

Sewer Fund

	Actual <u>09/10</u>	Adopted <u>10/11</u>	Proposed <u>11/12</u>
Revenues:			
Sewer charges	\$6,358,741	\$6,569,977	\$6,976,300
All Others	362,698	155,000	215,015
Total Revenues	\$6,721,439	\$6,724,977	\$7,191,315
Expenses:			
Disposal contracts % of change	\$1,395,630 -12%	\$1,370,800 -2%	\$1,398,216 2%
All others % of change	\$4,268,860 -4%	\$4,662,042 9%	\$4,397,114 -6%
Capital projects from rates % to total revenues	\$27,272	\$692,135 10%	\$1,395,985 19%
Total Expenses	\$5,691,762	\$6,724,977	\$7,191,315
Excess	\$1,029,677	\$ - 0 -	\$ - 0 -