

COUNCIL BUDGET WORK SESSION

Monday, May 23, 2016, 3:00 p.m. – 7:00 p.m.

Casper City Hall

Council Meeting Room

AGENDA

1. Executive Summary / Long-Term Financial Plan 3:00 p.m.
2. General Fund Revenues 3:30 p.m.
3. City Council / City Manager 4:00 p.m.
4. Support Services Department 4:30 p.m.
5. Break 5:00 p.m.
6. Police Department 5:30 p.m.
7. Leisure Services Department 6:00 p.m.

Mayor Sandoval called the meeting to order at 3:08 p.m. with the following Councilmembers present: Councilman Cathey, Heili, Pacheco, Schlager, Miller, Hopkins, Powell and Sandoval. Councilman Johnson was absent.

City Manager McDonald began by giving a summary of this year's budget message and goals. He stated that the focus of the budget is to manage the changes in revenue while continually evaluating efficiencies. For the last 25 years, the City has focused on maintaining reserves and having manageable debt. The current task is to manage the City through a potentially long term economic decline, which will require long term financial planning. The current plan focuses on general funds, as the other enterprise and capital funds have different plans and different revenues. He reviewed the three prime measures/charts which include general fund reserves, general fund reserve policy level, and staffing levels.

He stated that the City will try to keep as many services as possible going but may need to make adjustments through methodical cost reductions and changes of services. He emphasized that the City is not at the point where it needs to make drastic changes; this is why there are reserves. He described the long term plan for these changes for the next 11 years (2017 through 2027). City Manager McDonald recommended changing the current reserve policy to the G.F.O.A.'s (Government Finance Officers Association) best practice of keeping 16.6% of the City's general fund expenses in reserves, which would cover two months of expenses. The long term plan includes using reserves slowly until 2027, at which point the City would have 16.6% in general fund reserves. This model includes the above the cap funding from mineral taxes from the State for two years. At the end of the ten years, the plan is that the City will have a balanced budget and will no longer require the use of its reserves.

City Manager McDonald then reviewed staffing factors in the budget. Staffing levels are difficult to plan from an affordability perspective, because there is a practical limit to the reduction of staff to cut costs. The long term plan will gradually decrease staff by decreasing services and increasing efficiencies by 2027. The priorities will continue to be public safety, water, waste, streets, and traffic, and these services will be maintained. Cost-saving actions that may be considered include

internal consolidation of operations, outsourcing/privatization of services, pooling of services, decreasing or eliminating services, and pay and benefit reductions. These are just some of the many solutions that may be considered. The City is continually looking at the best and most efficient way to do things. He explained that there will be monthly budget reviews and this will be an active process with department heads. Staff will continue to identify expense reductions, including changes in services if necessary or warranted. Councilman Heili asked if there are any services that are at risk right now. City Manager McDonald responded that there are no services at risk for being reduced currently, but this may occur in the future. There are services in every department that need to be evaluated. A variable services fund was created this year to examine uncontrollable costs, like snow removal. This will remove these expenses from the operating budget, which will help to give a more accurate picture of these costs. This will help to better plan for the budget in the future.

Next, City Manager McDonald gave a recap of the Fiscal Year 2016 (FY16) Budget. The unemployment rate has risen to 7.3% from last year's 4.7%. The FY16 general fund shortfall is \$7.9 million, and the sales tax is \$7.2 million below planned. If it were not for the reserves, the City would have had to lay off 25% of staff. He then reviewed the offsetting measures that the City took to amend the budget which included not filling vacant positions, no mid-year COLA, cancelling the mid-year staffing requests, decreasing operations expenses, and deferring priority 3 capital items. The total estimated cost reductions from these offsets totaled \$4.8 million.

Next, City Manager McDonald reviewed the funds structure (governmental, proprietary, and trust & agency). The reserves for FY16 will be \$21,056,601 and the projected balance for FY17 is \$20,618,834, which includes the savings from the retirement incentive. Councilman Hopkins asked about the City taking advantage of the state investments. City Manager McDonald responded that the State does not guarantee the principle and is subject to market changes. Therefore, the City needs to be very cautious when considering these types of investments. The FY17 proposed expenditures are \$131,500,113, and the estimated revenues are \$127,452,616. Therefore, the net impact for FY17 is estimated to be \$4,047,497, which will be the required amount of reserves. He also stated that the entire amount of above the cap funding (\$3.3 million) that the City receives will be used for operations. He also stated that a onetime transfer of special reserves in the amount of \$1 million will be used to prevent an abrupt change in services.

Budget Administrator, Cassia Smith, reviewed the general fund revenues. She reviewed the inter fund transfers and subsidy transfers. She then reviewed the revenue sources for the City including the above the cap mineral tax revenue and the sales and use tax revenue. The sales and use revenue is estimated to decrease a substantial amount compared to FY16 for almost all sectors. Revenue from property taxes, service charges, and licenses and permits are also expected to decrease. Franchise taxes and intergovernmental revenue are expected to remain flat. Fines and forfeitures are expected to increase.

Next, Ms. Smith reviewed the City Council's budget. Most of the fund will remain relatively flat. Council will discuss their goals on Wednesday night, and this goals funding will come out of reserves. Most years the Council Goals funding comes out of reserves, because the City has a balanced budget. Council asked questions about various line items in their budget. Councilman

Hopkins asked what the advertising line item is for, and Mayor Sandoval responded that this is for publishing the City Council minutes in the newspaper. Councilman Heili asked if any of the association dues are not vital. City Manager McDonald responded that these are for various organizations such as W.A.M., National League of Cities, and the U.S. Conference of Mayors. Councilman Hopkins stated that these organizations are good to stay involved in, so that Council stays updated on issues. Councilman Pacheco asked if it would be helpful if Council took a pay cut. City Manager McDonald stated that this may be a legal issue. He added that getting rid of the Friday morning meetings with Council helped the budget, and will need to be adjusted on this budget. Council discussed moving some line items out of the Council budget to other budgets, like community promotions.

Next, Ms. Smith reviewed the budget for the City Manager's Office. The budget was decreased by 20%, owing to not filling the Assistant City Manager position and cutting operating costs. There is an operating contingency for the City Manager's Office of \$50,000. It is the only line item like this in the City's budget and can be cut if needed.

Next, Support Services Director, Tracey Belser, reviewed the Support Services budget. Ms. Belser began by giving a breakdown of the employee structure. She then reviewed each of the divisions under support services and described the service focus and changes that have been made to accommodate the declining revenue for FY17. The divisions she discussed were Municipal Court, Finance, Human Resources, Buildings & Structures, Fleet, and Information Technology. Mayor Sandoval asked if they are still considering getting rid of Municipal Court. Ms. Belser stated that that is decision that could still be examined by Council and Staff.

Next, Police Chief Jim Wetzel presented on the Police Department's budget. He began by doing a FY16 force structure review, which had to be adjusted to meet the demands and account for impacts of economic downturn. The analysis included an evaluation of the levels of citizen demands and police service deliveries, and also helped in finding efficiencies. Chief Wetzel then reviewed the assessment of service provisions including a review of the department's workload, identification of the percentage of each call type, and assessments of discretion levels for certain types of accident/alarm responses. He discussed possible cost saving measures, including charging false alarms fees; requiring rental fees for barricades and requiring police at special events; increasing the role of community service officers; and utilizing the online reporting system, CopLogic, more for certain types of reports. He then reviewed the adjusted force structure, which included the utilization of community service officers for crash responses, establishment of service hours for VIN checks and fingerprints, reorganization of the PSCC dispatch team, divesting a DARE officer, and adjusting the police recruit pay band.

Councilman Heili asked if there is a relationship between the number of calls the Police Department receives and the economy. Chief Wetzel responded that this is hard to predict, because different places react differently to economic hardship, but generally alcohol and domestic violence calls increase. Councilman Hopkins asked if there is any other mechanism for responding to alarms. Chief Wetzel stated that he would like to overhaul the alarm response and charge a premium for a police response. Councilman Powell asked if there is any way to educate the public about misidentifying things as emergencies. Chief Wetzel replied that this is part of the

communications plan. Better utilization of CopLogic should also help this. Councilman Heili asked about prisoner care expense costs. Chief Wetzel stated that this will become more complicated because the District Attorney is dealing with budget cuts which may change what goes through district court versus municipal court. If an individual is arrested and sent through municipal court, the City will be billed for those jail costs. This may warrant a discussion about issuing citations as opposed to arresting individuals for certain types of crimes. Mayor Sandoval asked what type of discretion officers have when dealing with individuals who may be suicidal. Chief Wetzel replied that it is better for the police officer to be cautious and leave that mental health assessments up to a mental health professional, as opposed to making the assessment him or herself. He added that a crisis stabilization center would help with some of these types of issues.

Next, Doug Follick, Leisure Services Director, reviewed the Leisure Service Department's budget. He began by describing the organizational structure of each of its divisions which include of the recreation center, ice arena, aquatics, the Casper Events Center, Hogadon, Fort Caspar, Municipal Golf Course, and parks. He reviewed the annual data and 11 year averages for each division's revenue, expenses, and subsidies. The 11 year average subsidy for all of the facilities is \$2.85 million. Councilman Powell asked if Spectra's management of the C.E.C. will affect the subsidy. Mr. Follick responded that Spectra has incentive to decrease the subsidy, because they will get 20% of the subsidy savings.

Mr. Follick then updated Council on the current projects that the Leisure Services Department is involved in including the Mike Sedar Pool replacement, Hogadon Lodge, and the C.E.C. management agreement with Spectra. He identified capital savings from projects that were postponed or cancelled including the Marion Kreiner splash pad and the C.E.C. storage building. He then reviewed the staffing savings that the department has realized. He noted that the number of positions for certain facilities is dictated by the size and number of events. Councilman Heili asked if the aquatics revenue will increase due to the new Mike Sedar pool. Mr. Follick replied that this is hard to estimate because it is seasonally dependent, but it is likely to be popular.

Mayor Sandoval adjourned the special budget work session at 7:10 p.m.

ATTEST:

CITY OF CASPER, WYOMING
A Municipal Corporation

Tracey L. Belser
City Clerk

Daniel Sandoval
Mayor