



FY 2024-25 Tentative Budget Adoption

Town Council Meeting

May 1, 2024

A Budget . . .

- Is A Policy Document
- Reflects Town Council's Priorities
- Identifies Financial Goals
- Is A Spending Plan
- Is A Communication Tool



Budget Calendar

Date	Item
February 7	Economic Overview and FY 24-25 Revenue Projections
February 24-25	Council Strategic Planning Session
March 28	Town Manager Recommended Budget Released
April 1 - 4	Budget Briefings with Town Council
April 8 and 9	Budget Committee Meetings (Full Council)
May 1	Tentative Budget Adoption
May 15	Adoption of Final Budget, Corporate Strategic Plan, and Updated Financial / Procurement Policies
June 5	Property Tax Levy Adoption, and Elimination of 0.25% Town Center Sales Tax

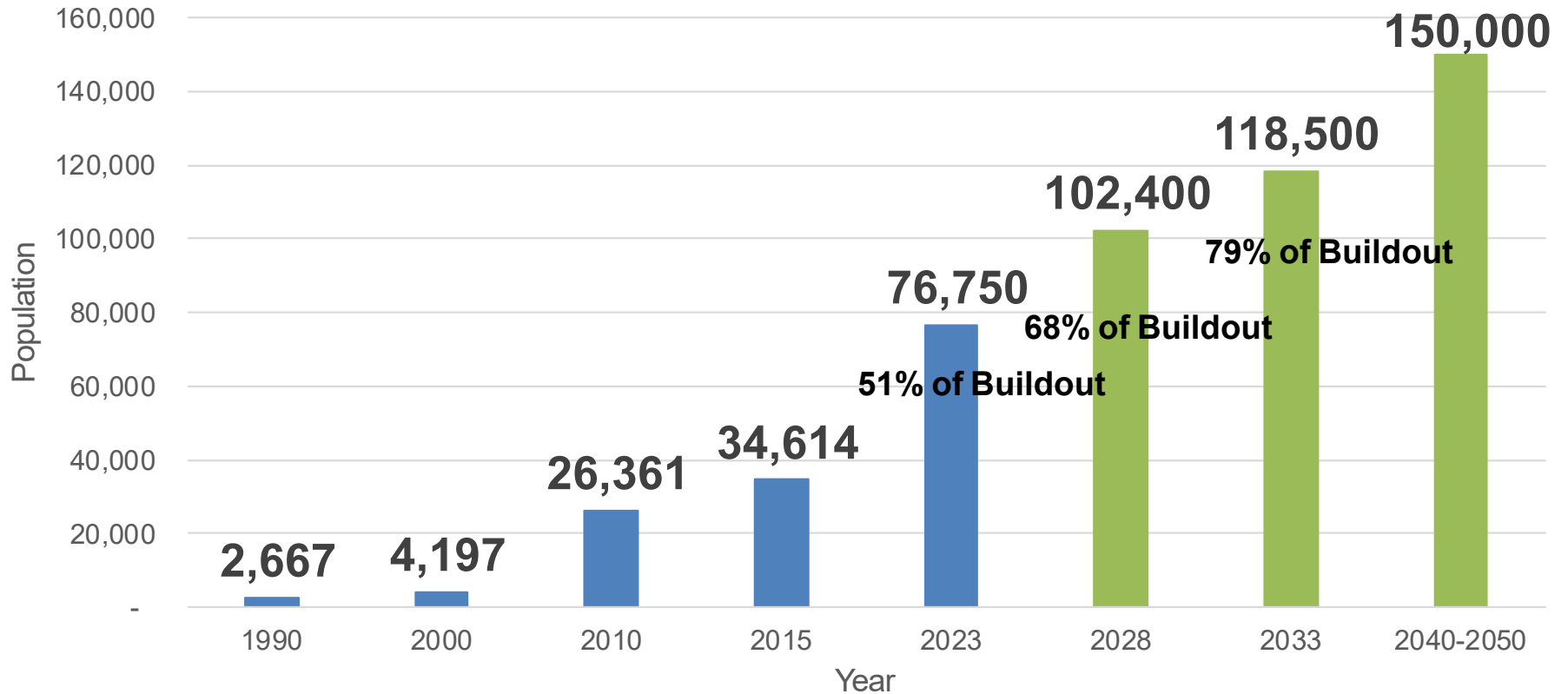


Changes to Recommended Budget as a Result of Town Council Review



1. Eliminated the 0.25% Town Center Tax (\$1.5M Annually)
 - Effective Date: October 1, 2024
 - Expenses Moved to the Operating Budget: \$272K
 - Expenses Removed from Town Center Budget: \$596K
 - \$1.7M Outstanding Debt Paid Off in August 2026 (\$309K Interest Costs Avoided)
 - Estimated \$1.2M Residual Balance Remains (Staff Recommendation Pending)
2. Added Water Conservation Position (\$130K Annually)

Buildout Population Projections: 150K



New Financial Policies



1. Eliminate the 0.25% Town Center Tax (\$1.5M Annually)
2. Voter Approved Property Taxes will **NOT** be Used to Fund Infrastructure (Secondary Property Tax)
3. Create a \$10M Construction Sales Tax Revenue Cap and a Pay-As-You Infrastructure Reserve in Operating Budget

New Financial Policies (concluded)



4. Create an Operating Budget Fund Balance Policy (Liquidity Ratio)

- 100% of Recurring Expenses
- Creates “Available Fund Balance” for One-Time Expenses

5. Create an Operating Capital Funding Policy

- Annual Amount in Excess of \$5M is Funded from Available Fund Balance in the Operating Budget

Budget Overview



- **Budget Reduced to \$723.8M** from Prior Year (-\$143M, -17%)
- Reflects **\$13.6M** in Tax and Fee Reductions
 - Water Replenishment Fees: \$9.2M
 - Primary Property Tax Freeze: \$2.7M
 - Elimination of 0.25% Town Center Sales Tax: \$1.5M
 - Elimination of Streetlight Property Taxes: \$0.2M
- **Pays Off \$1.7M of Outstanding Debt** and **Avoids \$309K of Interest Expense** (Town Center Share of Ellsworth Loop Road)

Budget Overview (continued)

- Increases Service Levels in

- Police
- Fire & Medical
- Transportation
- Parks and Recreation
- Water Conservation

- Adds 87 New Positions

- Police and Related: 55
- Fire & Medical: 7
- Public Works: 8
- Parks and Recreation: 7
- All Other Departments: 10



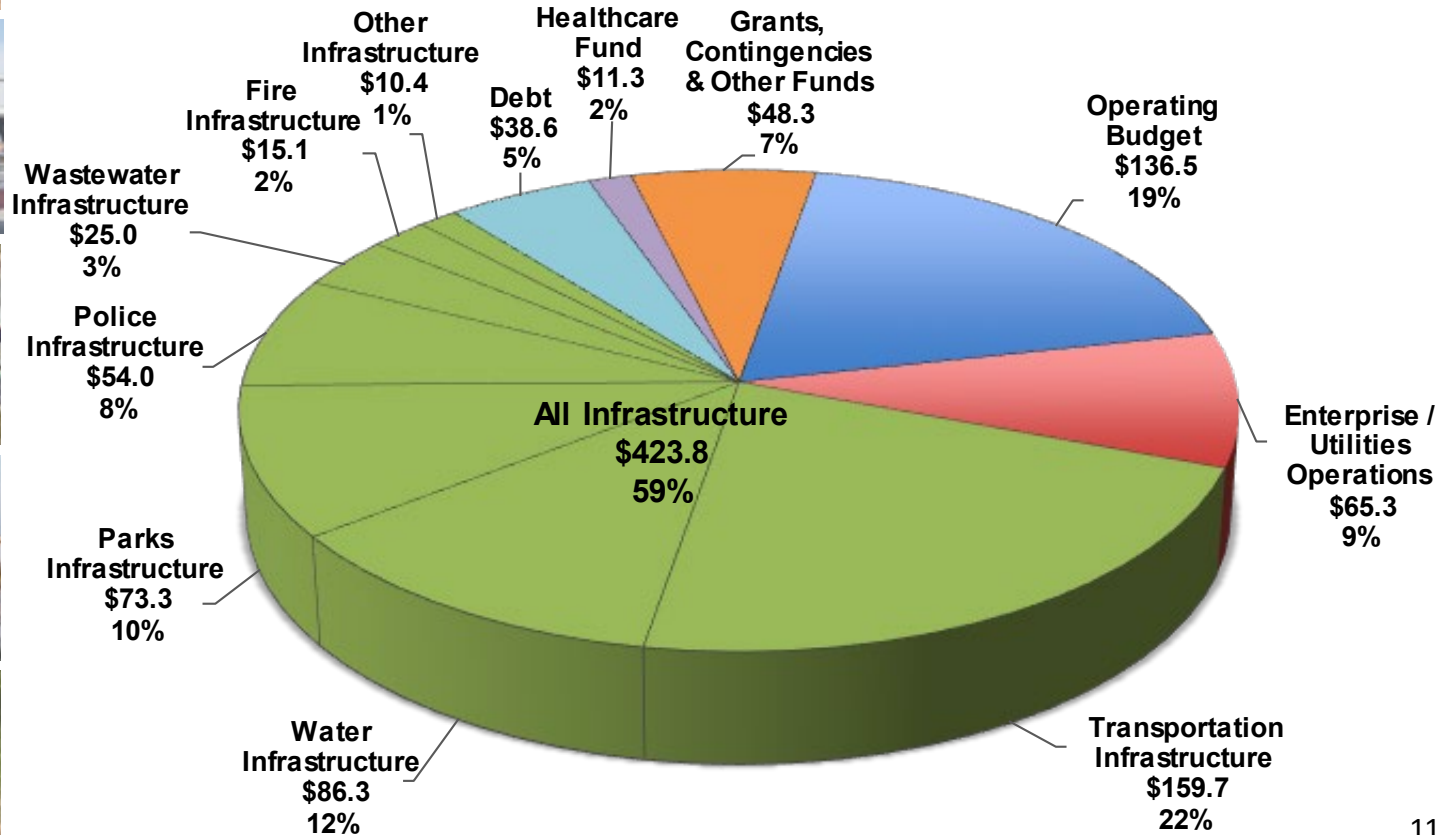
Budget Overview (concluded)



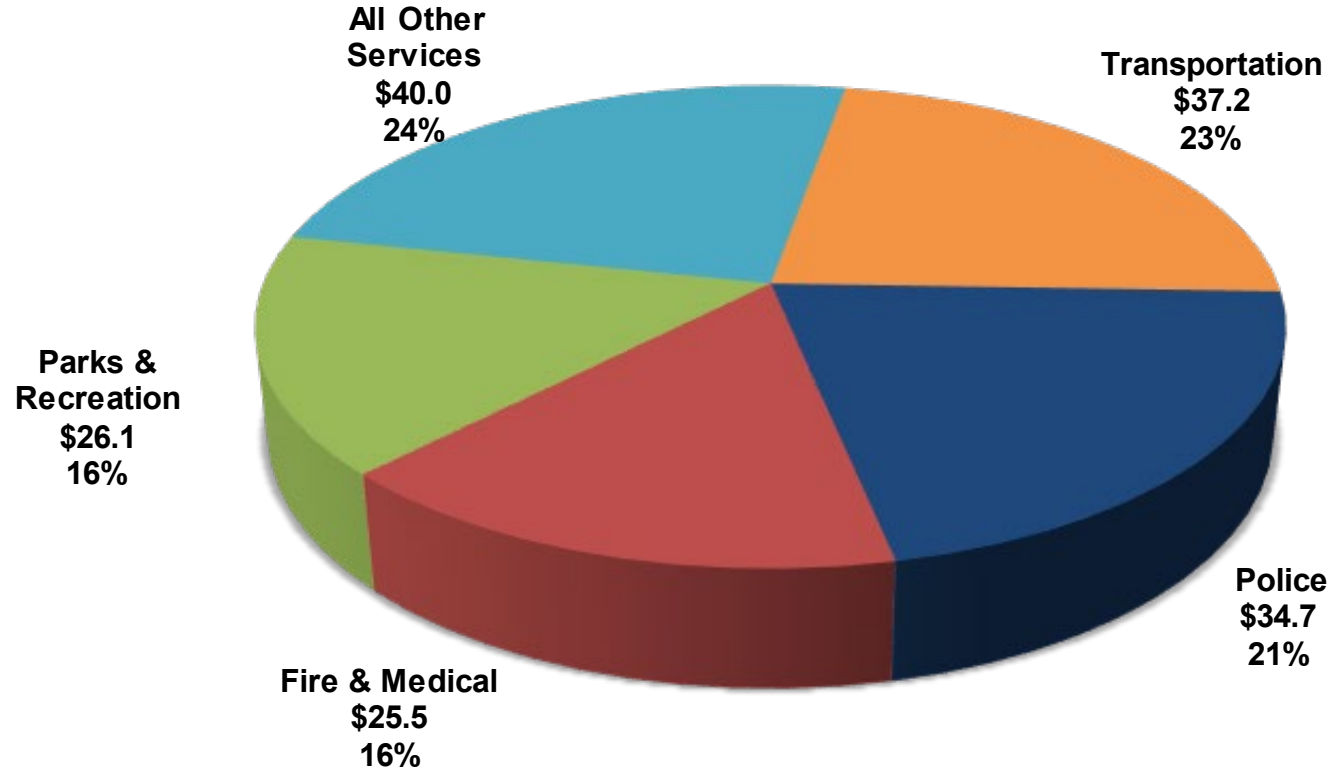
- Strong Reserves Continue
- Aggressive Infrastructure Construction Continues **(\$424M)**
- Infrastructure Funding Needed
 - \$140M+ Debt Issue Anticipated
 - Pay-As-You-Go Financing Increased, New Reserve Created
 - Ongoing Evaluation of Rates and Fees

FY 24-25 RECOMMENDED BUDGET

\$723.8M

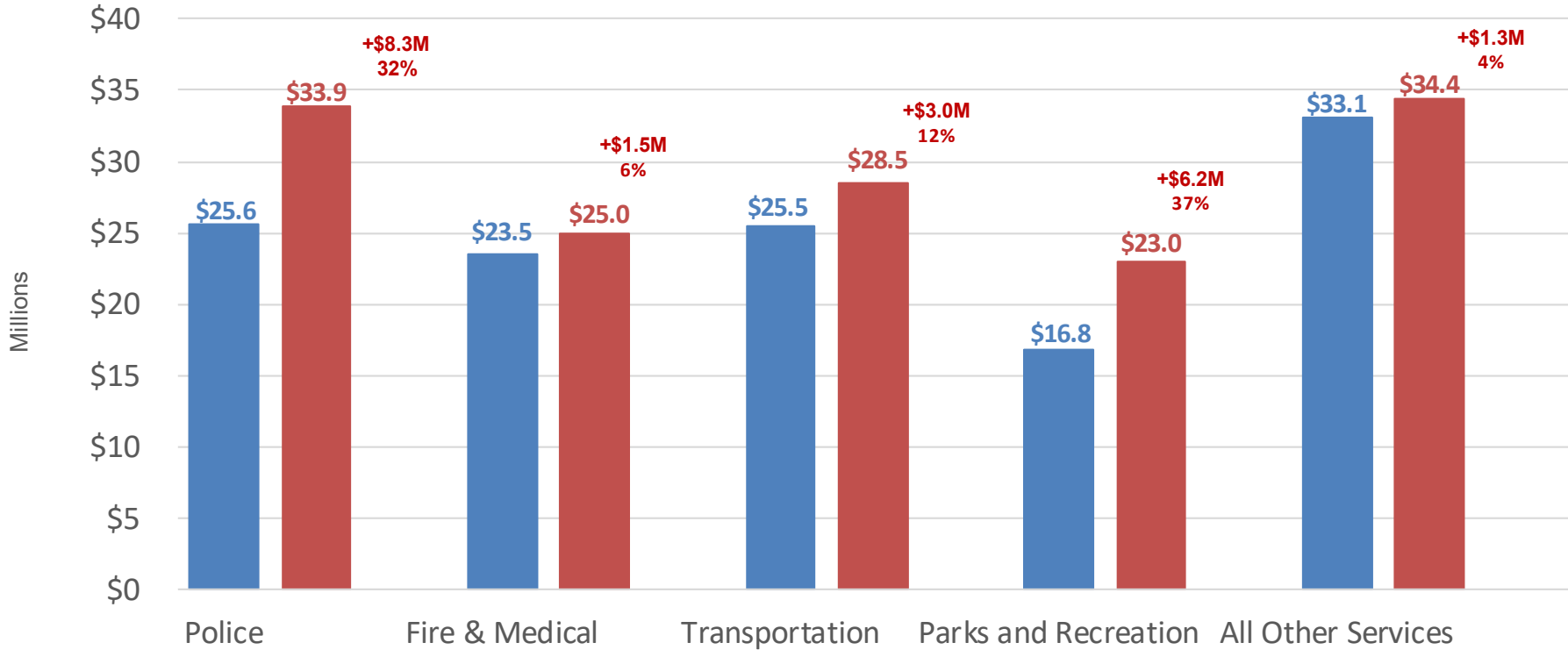


FY 24-25 OPERATING EXPENSES / USES: \$163.5M (BY PROGRAM)



PROGRAM EXPENSE COMPARISON*

FY 23-24 vs. FY 24-25



*Excludes Capital

Large Priority Projects



	FY 24-25 Recommended Budget
Parks Master Plan Phase I Projects	\$73M
State Lands Infrastructure (Roads, Water, Wastewater)	\$66M
Police Master Plan / Joint PD-Fire Facility	\$52M
Water Resources	\$40M
Water / Wastewater Projects Funded by Pinal County	\$31M
PD Master Plan Improvements w/ Fleet Expansion	<u>\$26M</u>
Total	\$288M

Most Immediate Financial Priorities



- Financial Reporting
 - Continue Budget to Actual Variance Analysis
 - Create Monthly Utility Funds' Financial Report
 - Recreation and Aquatic Center
- Infrastructure and Debt
 - Continue Evaluation of Infrastructure Budgeting Approach
 - Update Debt Policy
 - \$140M+ Debt Issue
- Update Rates and Fees

Rates and Fees



Rate and Fee	Timeline
1. Impact Fees	March - October
2. Parks and Recreation User Fees	August - September
3. Water and Wastewater Capacity Fees 4. Water, Wastewater, Solid Waste Rates	September - October
5. LGES Infrastructure Funding / Water and Wastewater Rates	Ongoing

Recommended Motion

Move to Approve the FY 2024-25 Tentative Budget of \$723.8M and Set May 15, 2024 at 6:30 p.m. as the date and time of the Public Hearing for the FY 2024-25 Final Budget as required under Arizona Revised Statutes

- Sets the Maximum Budget Amount





Discussion and Questions