

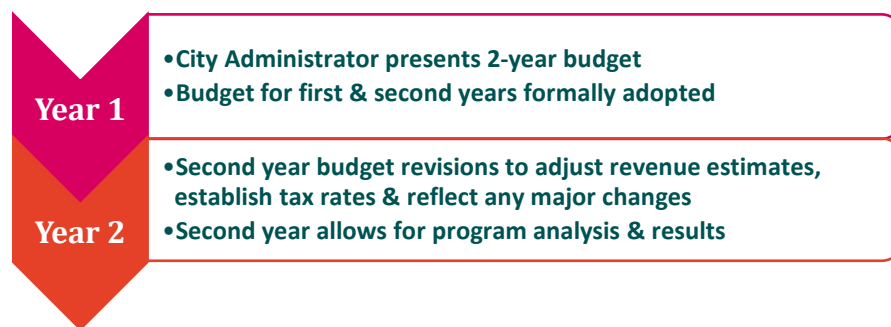
Transmittal Letter

October 1, 2016

Honorable Mayor Kindig and Members of the City Council:

On behalf of the Leadership Team I am pleased to present the FY17/FY18 municipal budget and FY17 – FY21 Capital Improvement Program as approved by the City Council on September 6, 2016. This is the City's first biennial budget which is anticipated to provide for better long-range planning and enhanced program analysis.

The initial process for developing the biennial budget is outlined in the chart below. It is expected that the process will continue to evolve so as to include factors such as results from the Mayor & City Council's annual strategic planning and goal setting, performance measurements and citizen engagement.



The FY17/FY18 budget identifies spending plans that provide for core services and addresses the City Council's Strategic Plan & Goals which include:

- *Pursue revitalization of the 84th Street corridor & other economic development opportunities*
- *Provide for planned, fiscally responsible expansion of the City's boundaries*
- *Maintain quality of older residential neighborhoods*
- *Enhance La Vista's identity & raise awareness of the City's many qualities*
- *Improve and expand the City's quality of life amenities for residents and visitors*
- *Pursue action that enables the City to be more proactive on legislative issues & other areas of common interest*
- *Adopt and implement standards of excellence for the administration of City services*
- *Insure efficient, effective investment in technology to enhance service delivery*

The budget emphasizes a financially sound, high-performing City organization that provides service value and responsible growth and revitalization, while maintaining La Vista's hometown feel.

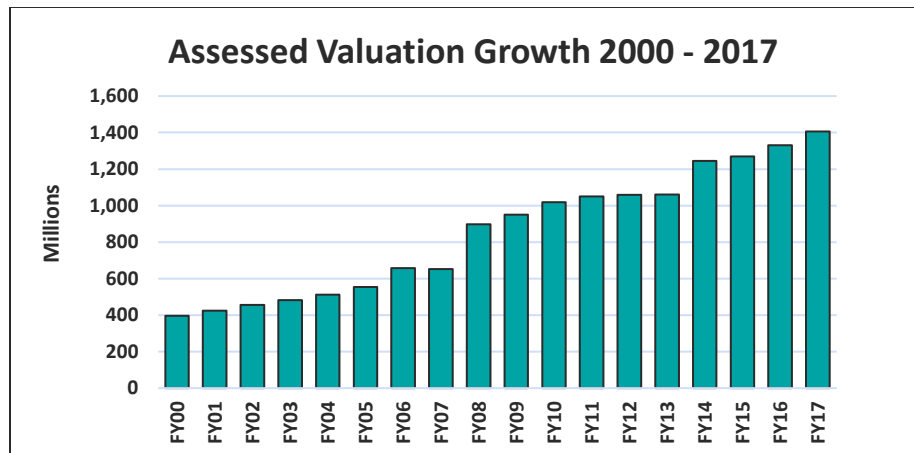
Similar to prior years, the budget is planned to meet the existing and emerging needs of the City. We have taken a strategic approach to balancing the need to deliver essential services to a growing community while maintaining financial flexibility to support new opportunities. The proposed City Centre mixed use redevelopment project, public infrastructure projects including the transformation of the golf course into a central recreational area, and public infrastructure projects in the Southport area are destined to revitalize and enhance the quality of life of our citizens.

The City of La Vista is financially solid with projected 42% overall reserve. Over the years, through sound fiscal management, the City has positioned itself well to handle growth, create a positive atmosphere for economic development and provide flexibility on budgetary issues. The City also boasts an overall bond rating from Moody's of Aa3, upgraded from A1.

About La Vista

La Vista has experienced nearly a 54% population increase since 2000 and provides municipal services to over 18,000 residents. As a rapidly growing City in the highest growth area of the State, La Vista continues to address challenges related to rapid growth and the desire to provide high quality and efficient public services.

Continued improvement in the overall economy is evidenced via increasing property values are highlighted in the chart on the following page. The increase in valuation for FY17 is up about 6% from \$1,331,138,549 in FY16 to \$1,410,681,076 in FY17. This is important as property taxes are a primary funding source for both the General Fund and Debt Service Fund and account for approximately 39% of the City's total revenues. The revenue generated by one cent of property valuation in FY17 is \$141,068.



Key Budget Assumptions

Each year a long-range financial forecast is prepared that reflects numerous assumptions related to revenues and expenditures. This provides a reasonable starting point for estimating the long-term status of the various funds. The adopted FY17/FY18 budget is based upon the following key factors:

- An increase in property valuation of approximately 6%
- The property tax will remain flat at \$0.55 per \$100 of assessed value. *(Tax levy has been held at .55 for the past 5 years).*
- Annual property tax revenue allocations:
 - General Fund .41
 - Debt Service Fund .14
- The opening of Costco in October 2016 and overall strong sales & use tax collections.
- Continuance of a sales & use tax reserve strategy for the privately negotiated State economic development incentive refunds that continue to impact the City.
- Redevelopment of a portion of the 84th Street corridor into a dynamic, urban mixed-use city center; related public infrastructure and improvements necessary to initiate the transition of the golf course into a central public recreational area.
- Closure of the Golf Course on September 30, 2016.
- Maintains appropriate reserve levels.
- Continues to focus on providing quality city services.

Budget Overview

The City's \$55 and \$72 million (FY17 & FY18, respectively) spending plans maintain a stable and predictable municipal tax rate with the high level of service that La Vista residents are accustomed to. The adopted budget for FY17 represents a 4.2% decrease from the FY16 budget for all funds, which is primarily a result of the anticipated requirements for proposed public infrastructure projects. The adopted budgets include the revenues and expenditures necessary to maintain service levels and to fund large scale projects in the early stages. Greater budget detail can be found throughout the budget document.

Summary of Revenue & Expenditures by Fund

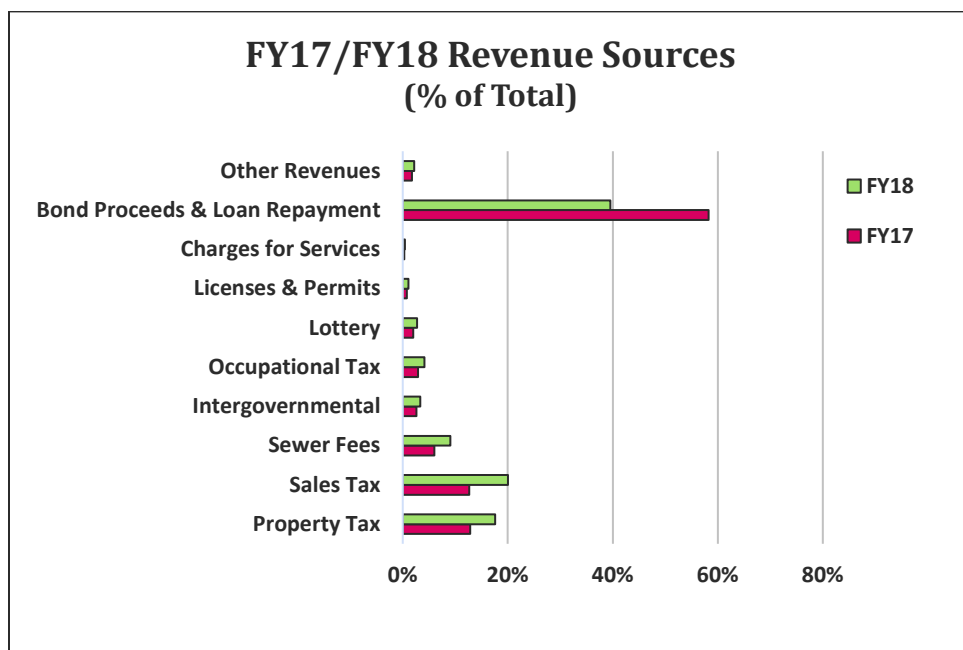
	FY15	FY16	FY16	FY17	FY18
	Actual	Budget	Estimate	Recommended	Recommended
Revenues by Fund					
General	15,351,435	13,740,132	14,830,007	15,800,755	16,466,963
Sewer	3,289,187	3,855,950	3,707,123	4,160,873	4,577,468
Debt Service	5,567,224	15,808,604	6,881,501	15,041,969	5,376,226
Lottery	2,633,755	1,308,472	1,377,968	1,394,657	1,395,461
Golf	260,914	227,053	225,314	0	0
Economic Development	1,194,387	1,186,839	1,186,673	17,027,331	30,060
Off-Street Parking	15,321	45	335	514	514
Redevelopment	1,873,943	16,557,695	13,264,278	15,298,932	22,388,991
CIP – Capital Improvement Prog.	876,714	1,937,100	12	136,617	117
TOTAL	31,062,880	54,621,890	41,473,211	68,861,648	50,235,800
Expenditures Including Capital Items by Fund					
General	13,440,662	14,753,400	14,370,669	15,759,564	16,649,283
Sewer	2,965,958	3,821,457	3,745,362	3,787,942	4,178,178
Debt Service	4,782,968	4,207,535	3,843,800	3,942,953	4,481,471
Lottery	529,169	684,906	666,937	709,076	692,994
Golf	296,139	357,543	357,043	0	0
Economic Development	2,006,638	2,006,427	2,006,427	2,005,741	16,425,000
Off-Street Parking	608,151	613,547	515,738	595,619	585,523
ReDevelopment	380,145	537,500	177,000	11,476,229	1,025,825
CIP – Capital Improvement Prog.	2,117,011	30,847,780	9,056,071	17,141,700	28,044,751
TOTAL	27,126,841	57,830,095	34,739,047	55,418,824	72,083,025
Transfers by Fund					
General	(1,264,428)	(1,194,337)	(1,176,239)	(1,365,825)	(1,096,375)
Sewer	(15,556)	(50,000)	(90,556)	0	(380,000)
Debt Service	(22,336)	(11,994,344)	(2,941,597)	(7,661,200)	(5,528,600)
CIP - Capital Improvement Prog.	1,263,486	28,910,680	9,056,071	17,005,200	28,044,751
Lottery	(1,299,738)	(1,461,999)	(323,792)	(549,832)	(372,269)
Golf	125,000	125,000	0	(170,843)	0
Economic Development	600,000	600,000	600,000	800,000	600,000
Off-Street Parking	615,000	615,000	615,000	590,000	590,000
ReDevelopment	0	(15,550,000)	(5,738,887)	(8,647,500)	(21,857,507)
Outside Source: SID Transfer	(1,428)	0	0	0	0
NET TRANSFERS	(0)	0	0	0	0

Revenue Highlights

Revenues for FY17 & FY18 total \$68.8 million, and \$50.2 million, respectively. Bond proceeds related to public infrastructure projects are 58% of the revenue. Property and sales & use taxes are the primary sources of revenue for the General Fund and account for 26% of the City’s total revenues.

The following table identifies the source of funds as well as interfund transfers and use of previous year fund balances (including Capital Improvement Funds).

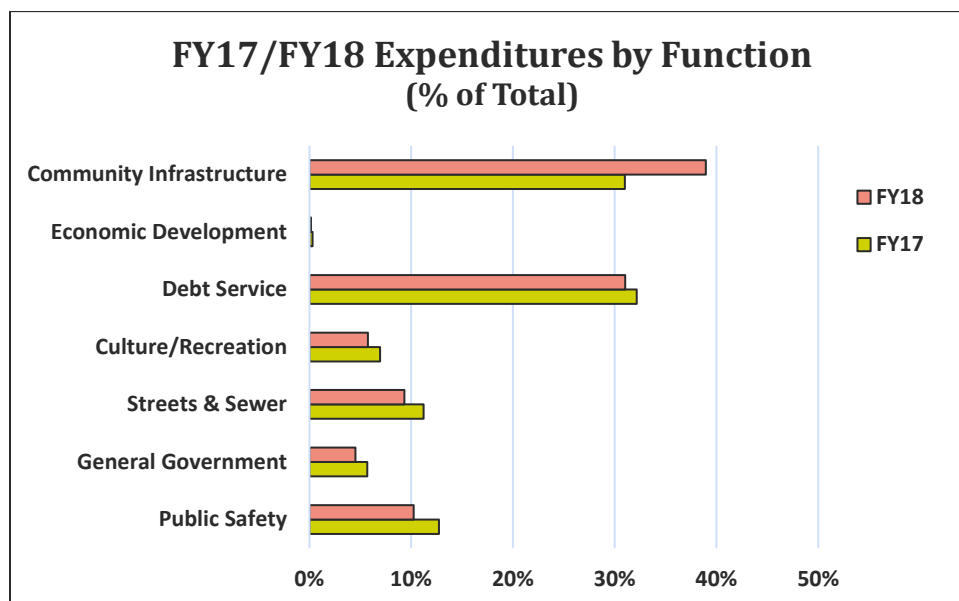
Source of Funds				
	FY17 Budget	% of Total	FY18 Budget	% of Total
Property Tax	8,823,746	13%	8,844,996	18%
Sales & Use Tax	8,699,681	13%	10,057,679	20%
Sewer Fees	4,135,268	6%	4,551,530	9%
Intergovernmental	1,795,213	3%	1,671,028	3%
Occupational Tax	1,999,200	3%	2,067,992	4%
Lottery	1,360,000	2%	1,360,000	3%
Licenses & Permits	537,536	1%	537,536	1%
Charges for Services	192,405	0%	195,844	0%
Bond Proceeds & Loan Repayment	40,097,435	58%	19,857,507	40%
Other Revenues	1,221,165	2%	1,091,688	2%
Total Revenue	68,861,648	100%	50,235,800	100%
Interfund Transfers In	18,656,718	20%	29,328,376	29%
Use of Previous Year Fund Balances	6,325,379	7%	22,201,821	22%
Total Sources of Funds	93,843,745		101,765,997	



Expenditure Highlights

The total expenditures for FY17 & FY18 (including Capital Improvement Funds) total \$55.4 million, and \$77 million respectively. This is a 4.2% decrease for FY17 and a 30% increase for FY18. Expenditures are primarily driven by personnel costs and anticipated public infrastructure projects.

Expenditures by Function				
	FY17 Budget	% of Total	FY18 Budget	% of Total
Public Safety	7,048,055	13%	7,388,918	10%
General Government	3,144,157	6%	3,268,400	5%
Streets & Sewer	6,215,973	11%	6,726,580	9%
Culture/Recreation	3,848,396	7%	4,136,559	6%
Debt Service	17,818,926	32%	22,366,411	31%
Economic Development	162,000	0%	111,000	0%
Community Infrastructure	17,181,316	31%	28,085,159	39%
Total Expenditures	55,418,824	100%	72,083,026	100%
Interfund Transfers Out	18,656,718	20%	29,328,376	29%
Transfers To Fund Balances	19,768,203	21%	354,595	0%
Total Expenditures (including transfers & fund balances)	93,843,745		101,765,997	



Capital Improvement Program (CIP)

Achieving Council goals, maintaining a fiscally responsible operation, and focusing on future planning are primary priorities of the recommended budgets. To this end, several capital improvement projects are included in the FY17/FY18 budget that relate to public infrastructure associated with the mixed use redevelopment project to remove substandard and blighted conditions in the 84th Street corridor; transformation of the golf course into a regional recreation area; and public infrastructure improvements in the vicinity of 120th Street and Southport Parkway. The new projects are identified in the following table:

FY 17/FY18 New Projects		
	FY17	FY18
City Centre Mixed Use Redev. Project:		
Demolition, Grading & Site Prep	\$2,500,000	
84th St. Public Improvements Project		
Summer Dr. Intersection	\$2,500,000	
Public Infrastructure		\$8,139,417
Parking Structure		\$8,018,090
Golf Course Transformation	\$4,250,000	\$3,200,000
Fire District 4 Generator	\$53,000	
IT Strategic Plan	\$30,000	
Mini Park Plan Improvements	\$60,000	\$50,000
Thompson Creek Landscaping	\$30,000	
Harrison St.	\$300,000	
Harrison St. Bridge	\$115,000	
Harrison St. Sidewalks	\$5,000	
Giles Rd. Resurfacing	\$395,000	
66th St. Reconstruction	\$98,700	\$12,600
Giles Rd. Widening	\$200,000	\$306,000
Records/Agenda Management System		\$100,000
Big Papio Sewer Siphon Replacement		\$380,000
96th and Brentwood Traffic Signal		\$210,000
Total	\$9,934,200	

Conclusion

Developing the budget is a team effort and I wish to thank the Leadership Team for their collaboration. I especially want to thank Finance Director Cindy Miserez, Administrative Services Director Kevin Pokorny, City Clerk Pam Buethe, Assistant City Administrator Rita Ramirez and Assistant to the City Administrator Jeff Calentine for their leadership and efforts to plan, develop and improve upon the City's budget document and process.

As we look forward to the challenges before us, we should be proud of our many achievements and the commitment of the Mayor and City Council to ensure that the City is poised for growth by making key investments in public infrastructure and maintaining a qualified, motivated and responsive work force. Clearly, our prior efforts have put the City in a strong position to take advantage of present opportunities.

There is little doubt that we will continue to face issues that present both challenges and opportunities over the next several years. Fortunately, the challenges we face are manageable and the opportunities abundant. Disciplined, sustainable growth does not occur without vision and strategic leadership of the governing body for which the Mayor and City Council of La Vista have become well known. Good decisions result when policy leaders keep their focus on the long term and avoid hasty reactions to immediate crises.

As the City continues to grow, we must remain focused on our long-range financial plan to streamline the City's operations and maximize resources. We must continue to think more broadly and creatively about how to maintain high levels of service which means looking beyond simply waste reduction. Continuous process improvement strategies, reinventing service delivery and tough, prioritized decision-making will be essential to ensure that our services can continue to meet the responsiveness and high quality expectations of our citizens.

Respectfully Submitted,

Brenda S. Gunn
City Administrator

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