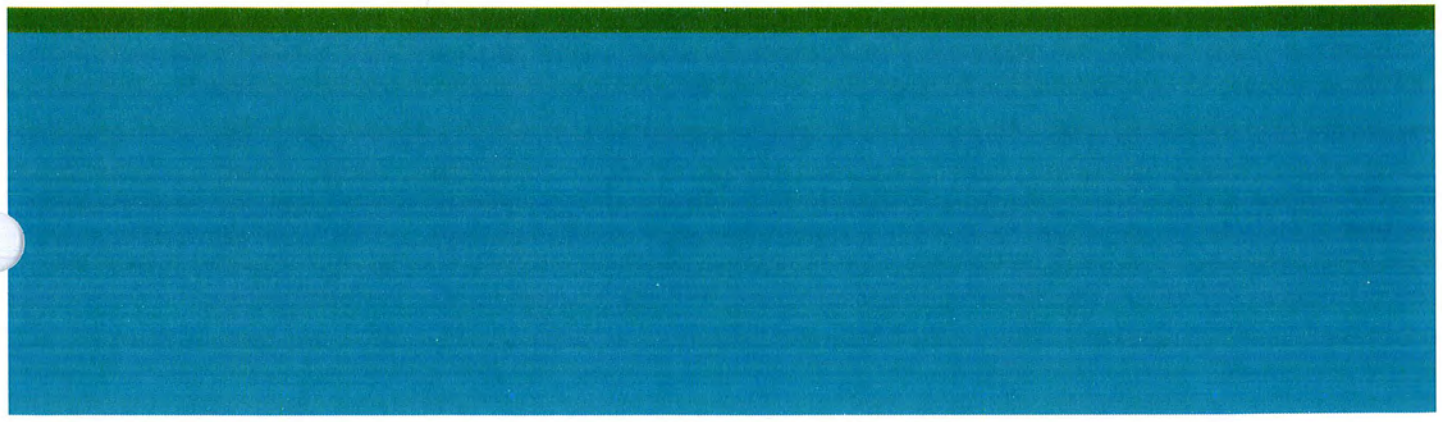
Budget Introduction

FY17 & FY18 BUDGET



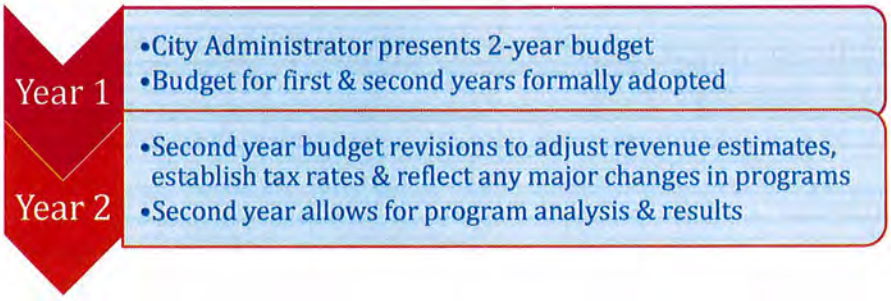
Introduction

July 5, 2016

Honorable Mayor, City Council and Citizens of La Vista,

I am pleased to present a recommended biennial budget for FY17 and FY18. In order to provide for better long-range planning and enhanced program analysis, City staff is proposing a new two-year budget cycle. The utilization of a biennial budget will allow City staff to place more emphasis on long-range planning, keep priorities consistent year-to-year, and the time that was formerly devoted to processing repetitive base budget amounts on an annual basis can now be spent on program analysis and results.

Our initial process for developing the biennial budget is identified 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 and Council's annual strategic planning and goal setting, performance measurements and citizen engagement.



The recommended budget for both FY17 and FY18 identifies a spending plan that provides for core services and addresses the City Council's Strategic Plan and Goals.

- 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 and 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

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

The budget reflects a strong local economy that has led to generally stable revenues which support a wide array of programs and initiatives. Despite the challenging economic environment over the past several years, the City has been able to weather the economic recession through the appropriate use of accumulated fund balance and reasonable expenditure controls. As a result, the City is in a strong financial position, with ability to seize opportunities that will have long lasting impacts on the community.

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 Nebraska Multisports Complex are destined to revitalize and enhance the quality of life of our citizens.

While work will be ongoing to plan for the impact of the proposed infrastructure projects, redevelopment, and new development, we remain committed to scrutinizing funding requests for new programs, positions, projects and equipment and will continue to develop a culture of continuous process improvement strategies and innovation in order to provide as much taxpayer value as possible.

Budget Overview

The City's $38 million spending plan maintains a stable and predictable municipal tax rate with a high level of service that La Vista residents are accustomed to. As proposed, it represents a 42% increase from the FY16 budget for all funds. This primarily a result of the anticipated requirements for proposed public infrastructure projects. It includes the revenues and expenditures necessary to maintain service levels, and funding for large scale projects in the early stages. Greater budget detail can be found throughout the budget document. The City's overall spending plan is summarized in the following charts.

Summary of Revenue & Expenditures by Fund

Revenues by Fund	FY15 Actual	FY16 Budget	FY16 Estimate	FY17 Recommended	FY18 Recommended
General	15,307,516	13,640,132	15,080,315	16,020,549	16,657,943
Sewer	3,094,567	3,855,950	3,706,814	4,160,583	4,577,174
Debt Service	5,567,224	15,808,604	6,974,265	15,121,441	5,460,024
Lottery	2,257,609	1,308,472	1,377,968	1,393,722	1,394,757
Golf	248,366	226,968	225,314	0	0
Economic Development	1,186,603	1,186,839	1,186,673	17,027,301	31,112
Off-Street Parking	16	45	277	270	82
Redevelopment	1,873,943	16,557,695	13,265,407	15,300,098	22,390,156
TOTAL	**29,535,844**	**52,584,705**	**41,817,033**	**69,023,964**	**50,511,248**
Expenditures Including Capital Items by Fund					
General	13,440,662	14,753,026	14,370,645	15,736,606	16,485,217
Sewer	2,965,958	3,821,457	3,745,362	3,789,972	4,179,137
Debt Service	3,845,351	4,207,535	3,843,800	3,941,574	4,480,092
Lottery	529,169	684,906	666,937	709,076	692,994
Golf	296,139	334,128	334,028	0	0
Economic Development	2,006,638	2,006,427	2,006,427	2,005,741	16,055,520
Off-Street Parking	608,160	613,547	515,738	595,619	585,523
Redevelopment	25,902	537,500	177,000	11,548,833	955,870
TOTAL	**23,717,979**	**26,958,526**	**25,659,937**	**38,327,421**	**43,434,353**
Transfers by Fund					
General	(1,264,428)	(1,194,337)	(1,176,239)	(1,365,825)	(1,296,375)
Sewer	(15,556)	(50,000)	(65,556)	0	(380,000)
Debt Service	(22,336)	(11,994,344)	(1,591,856)	(7,646,200)	(5,528,600)
CIP - Capital Improvement Program	1,263,486	28,910,680	7,626,930	16,867,200	28,044,751
Lottery	(1,299,738)	(1,461,999)	(367,109)	(416,365)	(372,269)
Golf	125,000	125,000	0	(181,310)	0
Economic Development	600,000	600,000	600,000	800,000	800,000
Off-Street Parking	615,000	615,000	615,000	590,000	590,000
ReDevelopment	0	(15,550,000)	(5,641,170)	(8,647,500)	(21,857,507)
Outside Source: SID Transfer	(1,428)	0	0	0	0
NET TRANSFERS	**(0)**	**0**	**0**	**0**	**0**

Fund	Revenues				
	FY16 Budget	FY17 Budget	% Change	FY18 Budget	% Change
General	**13,640,132**	16,020,549	17%	16,657,943	4%
Sewer	**3,855,950**	4,160,583	8%	4,577,174	10%
Debt Service	**15,808,604**	15,121,441	-4%	5,460,024	-64%
Lottery	**1,308,472**	1,393,722	7%	1,394,757	0%
Golf	**226,968**	0	-100%	0	0%
Economic Development	**1,186,839**	17,027,301	1335%	31,112	-100%
Off-Street Parking	**45**	270	500%	82	-70%
Redevelopment	**16,557,695**	15,300,098	-8%	22,390,156	46%
TOTAL	**52,584,705**	**69,023,964**	**31%**	**50,511,248**	**-27%**

Fund	Expenditures				
	FY16 Budget	FY17 Budget	% Change	FY18 Budget	% Change
General	**14,753,026**	15,736,606	7%	16,485,217	5%
Sewer	**3,821,457**	3,789,972	-1%	4,179,137	10%
Debt Service	**4,207,535**	3,941,574	-6%	4,480,092	14%
Lottery	**684,906**	709,076	4%	692,994	-2%
Golf	**334,128**	0	-100%	0	0%
Economic Development	**2,006,427**	2,005,741	0%	16,055,520	700%
Off-Street Parking	**613,547**	595,619	-3%	585,523	-2%
Redevelopment	**537,500**	11,548,833	2049%	955,870	-92%
TOTAL	**26,958,526**	**38,327,421**	**42%**	**43,434,353**	**13%**

Revenues

The combined revenue budget for FY17 & FY18 totals $69 million, and $50.5 respectively. This represents increases of 31% and -27%. The City is dedicated to maintaining a conservative fiscal approach without tax increases. The proposed budgets recommend a consistent tax rate of $ .55 /$100 of property valuation into the foreseeable future.

Expenditures

The combined expenditure budget for FY17 & FY18 totals $38.3 million, and $43.4 million respectively. This is a 42% increase for FY17 and a 13% increase for FY18. Expenditures are driven by personnel costs and anticipated public infrastructure projects.

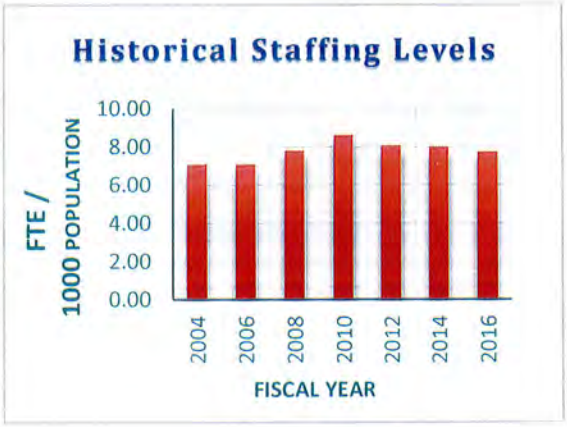
Personnel

Personnel costs represent the majority of the City's operating budget. The organization's payroll covers: 108 full-time employees, 19.8 FTE part-time employees and 10.5 FTE seasonal positions. The recommended FY17/18 budget reflects pay adjustments for the third and fourth years of a four-year contract with the La Vista Fraternal Order of Police and a change in the employee performance evaluation and compensation methodologies for employees not covered by a collective bargaining agreement.

A historical summary of the organization's staff evolution over the years is included in the Appendix. The following table and chart represent the City's staffing levels per 1,000 of population. Over the past 12 years, the population has increased 25% while the staff per 1,000 population growth was 8.9% during the same time period.

City of La Vista Staff Growth

Year	Population	Staffing Levels (FTE)	Staff Levels (Per 1000 Population)
2004	14,622	103.25	7.06
2006	15,975	113.02	7.07
2008	16,626	129.46	7.79
2010	16,082	138.02	8.58
2012	17,350	139.8	8.06
2014	17,636	140.68	7.98
2016	18,336	141.07	7.69



While specific information regarding the proposed personnel requests can be found in the respective sections of the recommended budget workbook, there are a couple of items worthy of note. The transition of the Golf Course Services Manager to the Recreation Department and the Assistant Golf Course Superintendent to the Parks Division are related to the anticipated closing of the golf course on September 30, 2016.

The staffing requests associated with the expected increase in services necessary to support the proposed public infrastructure projects within the community are not all recommended at this time as further assessment is warranted. The Police personnel requests in FY18 are recommended because we have a clear idea of what will be necessary and how long it will take to ensure that adequate public safety is in place.

The Public Works requests in FY18 are not being recommended at this time. Most in-depth project related discussions to date have pertained to infrastructure rather than specific operations. As a result, there simply has not been ample time to evaluate the options of how best to provide the anticipated increase in service demands. Specifically, making determinations regarding the potential and feasibility of contracting out of the services vs.

simply hiring additional staff. More work needs to be done in this area before thoughtful recommendations can be made to increase staff. It is expected that recommendations regarding how best to provide services in the new growth areas will be made as part of an amended FY18 budget proposal.

Personnel Requests — FY17					
Position	**Department/Division**	**Request**	**Current Range**	**Proposed Range**	**Recommended**
Secretary Receptionist	Administrative Services	Reclassify to Administrative Assistant	120	130	Yes
Assistant to City Administrator	Administration	Reclassify Pay Range	180	165	Yes
Deputy Director	Public Works	New position		205	Yes
Asst. Golf Course Supt.	PW/Parks	Move Asst. Golf Course Supt. to Parks MWII	140	140	Yes
Maintenance Worker I	PW/Parks	Reclassify to Maintenance Worker II	130	140	Yes
Seasonal Worker	PW/Parks	Add Seasonal Positions Equivalent to 2 FTE	100	100	Yes
Golf Course Services Manager	Recreation	Move Golf Course Services Manager to Recreation	165	165	Yes
Circulation Clerk II	Library	New PT position to continue GED program	115	115	Yes

Personnel Requests — FY18					
TBD	Administrative Services	New position	130	130	Yes
Police Officer	Police	New position	425	425	Yes
Police Sergeant	Police	New position	426	426	Yes
Maintenance Worker I	Public Works/Streets	Reclassify to Maintenance Worker II	130	140	Yes
Maintenance Worker I	Public Works/Streets	New position	130	130	Not at this time
Part Time	Public Works/Streets	New position	100	100	Not at this time
CAD Tech	Public Works/Streets	New position		160	Not at this time
Maintenance Worker I	Public Works/Parks	Reclassify to Maintenance Worker II	130	140	Yes
Seasonal Worker	Public Works/Parks	Add Seasonal Positions Equivalent to 1 FTE	100	100	Not at this time
Seasonal Worker	Public Works/Sports Complex	Add Seasonal Positions Equivalent to 1 FTE	100	100	Yes
Librarian I	Library	New position	140	140	Not at this time
Maintenance Worker I	Public Works/Sewer	Reclassify to Maintenance Worker II	130	140	Yes

Capital Priorities

Achieving Council goals, keeping a fiscally responsible operation, and focusing on future planning are primary priorities of the recommended budgets. To this end, several capital FY17 and FY18 projects have been identified in the following table:

FY 17/18 New Projects		
	FY17	**FY18**
City Centre Mixed Use Red 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		$100,000
Big Papio Sewer Siphon Replacement		$380,000
96th and Brentwood Traffic Signal		$210,000
Total	**$9,934,200**	**$22,916,107**

Other Expenditures

Several initiatives related to Strategic Plan goals are also recommended in FY17 & FY18 including:

Enhance La Vista's identity and raise awareness of the City's many qualities:

- Rebranding Strategy — $75,000

  A rebranding strategy will help La Vista communicate the characteristics, values, and attributes that clarify who we are (or are not). Community branding isn't a new concept as cities, counties and other government agencies around the globe are embracing branding strategies to achieve positive results including more informed and satisfied employees and citizens, increased tourism and attracting and retaining a talented workforce, businesses and jobs.

  As we continue to evolve as a community and market ourselves globally, it is imperative that we stake out and communicate what distinguishes us. La Vista has grown from a residential housing subdivision to one of the fastest growing and most dynamic communities in the State. It is important that we work with our community partners, businesses, schools, etc. to solidify and reinforce a strong and positive community identity to build a brand which will set us apart from other cities in the region and contribute to community pride, appeal and economic prosperity.

Insure efficient, effective investment in technology to enhance services delivery:

- Updating the Strategic Technology Plan — $30,000

  The current Strategic Technology Plan was adopted in 2011. A vast majority of the projects included in the plan have been completed and as such it is necessary to reassess where we are and update the plan accordingly

- Records Management System — $100,000

  This project is designed to improve the way in which the City stores documents to promote efficiencies and enable effective retainage practices.

Improve and expand the City's quality of life amenities for residents and visitors:

- Mini Park Improvements - $60,000

  Mini park plan improvements have been identified and recommended in the Master Park Plan for several years. It is recommended that annual funding be designated to start making progress and updating our parks. The funding proposed for FY17 is for a dog park and playground surface repair in Val Verde Park.

Adopt and implement standards of excellence for the administration of city services:

- Performance Management Program - $10,000 *ICMA—CPM (Insights)*

  We have completed ample data collection and as a result are now in a position to utilize the data as part of our decision-making processes. The information will be useful in annual citizen reports, strategic planning efforts and in future budgets.

- Year-End Report to Citizens — $10,000

Long-Range Financial Forecast

Long-range forecasting creates a context for evaluating cash flows and fund balances, building evidence of probable results of funding and spending decisions, assisting in identifying future financial challenges and spurring discussion of the key goals and strategies that should guide future planning. This can serve as a starting point for future decision-making regarding the balance between potential spending needs and the projected revenue outlook.

The long-range financial forecast is not intended as a budget or as a proposed plan, as the City Council is only asked to approve the budgets for FY17 and FY18. Rather, it is an internal evaluation tool for staff to project possible outcomes based on a set of variables and assumptions that sets the stage for the budget process and assists in establishing priorities, allocating resources appropriately and facilitating long-term solutions over short-run fixes.

City staff prepares and updates the City's long-range financial plans and forecasts annually in preparation for developing the annual budget for Council consideration. The budget workbook contains two years of proposed budgets (FY17 & FY18) and projections for an additional three years FY19 – FY21. It is imperative that we keep focus on the long-range plan to monitor and adjust fiscal policies as needed and plan for needed capital and service demands. The assumptions are critical as utilizing a worst case scenario can cause unnecessary service level reductions in the near-term, while presenting a scenario that is too optimistic can lead to unsustainable service levels.

As noted in prior years, this continues to be challenging as there are so many uncertainties, including the rate at which growth will occur and the timing of proposed public infrastructure projects, redevelopment and new development and providing essential public services, unknown State economic development incentives, commodity prices, and growth in property values.

Other Topics Affecting the FY17 & FY18 Budgets

Tax Base Growth & Local Economy

The City's taxable assessed valuation is estimated to increase by $74,771,324, or 5.62% which results in $5,764,230 for the general fund and $1,968,274 debt service purposes. Property taxes are a primary funding source for both the General Fund and Debt Service and account for 11.2% of the City's total revenues. The revenue generated by one cent of property valuation in FY17 is $140,590.

Budgeted & Projected Property Tax Revenue Collection							
Fiscal Year	Assessed Valuation	Total Tax Levy	General Fund	Debt Service	Total Tax Revenue	General Fund	Debt Service
FY07	651,690,883	$0.50	$0.48	$0.02	3,248,255	3,117,917	130,338
FY08	897,837,113	$0.52	$0.44	$0.08	4,700,177	3,981,908	718,270
FY09	950,626,037	$0.52	$0.44	$0.08	4,976,527	4,216,026	760,501
FY10	1,018,941,739	$0.52	$0.44	$0.08	5,334,160	4,519,007	815,153
FY11	1,049,942,564	$0.52	$0.47	$0.05	5,496,449	4,971,478	524,971
FY12	1,059,337,658	$0.55	$0.50	$0.05	5,826,357	5,296,688	529,669
FY13	1,060,374,615	$0.55	$0.49	$0.06	5,832,060	5,195,836	636,225
FY14	1,243,966,760	$0.55	$0.49	$0.06	6,841,817	6,095,437	746,380
FY15	1,269,085,286	$0.55	$0.49	$0.06	6,979,969	6,218,518	761,451
FY16	1,331,138,549	$0.55	$0.41	$0.14	7,321,262	5,457,668	1,863,594
FY17	**1,405,909,873**	**$0.55**	**$0.41**	**$0.14**	**7,732,504**	**5,764,230**	**1,968,274**
FY18	**1,405,909,873**	**$0.55**	**$0.41**	**$0.14**	**7,732,504**	**5,764,230**	**1,968,274**
FY19	1,455,116,719	$0.55	$0.41	$0.14	8,003,142	5,965,979	2,037,163
FY20	1,506,045,804	$0.55	$0.41	$0.14	8,283,252	6,174,788	2,108,464
FY21	1,558,757,407	$0.55	$0.41	$0.14	8,573,166	6,390,905	2,182,260

The following illustration shows the calculation of City tax liability for a home with an assessed valuation of $200,000.

Tax Value Illustration

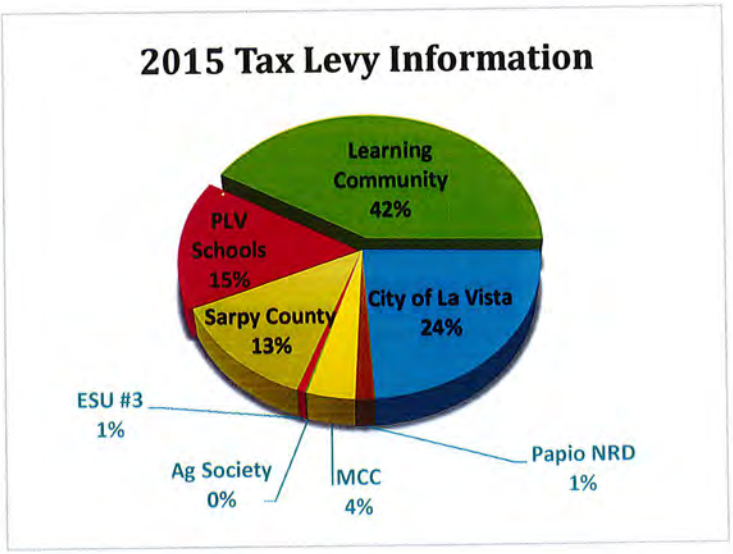
Based on a home valued at $200,000

To determine City tax liability:
for general City services, multiply assessed valuation by tax rate & divide by 100.
($200,000 x .55)/100 = $1,100

Total City Tax Liability = $1,100
To determine monthly expense for City services
divide tax liability by 12 months
$1,100/12 = $91.67
Monthly Expense for City services = $91.67

As identified on the table and chart below, the City's tax rate of $0.55 per $100 of assessed valuation represents a 24% of a La Vista property owner's current tax bill.

2015 La Vista Tax Levy Information		
1	COUNTY LEVY	0.2969
127	PAP/LV SCHOOL	0.114116
128	PAP/LV SCH SPEC BLDG	0.01
185	SCHL DIST 27 BOND 3	0.11046
186	SCHL DIST 27 BOND 4	0.05812
187	SCHL DIST 27 BOND 5	0.059853
199	LEARN COMM-GENERAL	0.95
202	ELEM LEARN COM	0.01625
425	LAVISTA CITY	0.41
426	LAVISTA CITY BOND	0.14
501	PAPIO NATURAL RESRCE	0.030449
502	PAPIO NRD BOND	0.007586
801	METRO COMM COLL	0.095
901	AGRICULTURAL SOCIETY	0.002397
1003	ED SERVICE UNIT 3	0.015
	Total Levy	2.316131



Key Assumptions

The projections made as part of the Long-Range Financial Forecast reflect numerous assumptions related to revenues and expenditures in FYs 17 & 18 and beyond. These assumptions are a reasonable starting point for estimating the long-term status of the various funds, however, as we project out further in time, the assumptions become broader as we have less certainty. Regardless, the long-range projections serve an essential purpose in identifying potential issues and trends to allow time for thoughtful and strategic responses. All projections included in this document are preliminary based on data available in May, 2016. **The respective assumptions can be found in the Appendix.**

Key points of consideration since the previous budget cycle include:

- Property valuation is estimated to increase by 5.62%
- Positive financial results for FY15 (GF cash balance increased by $602,426) and FY16 year-end estimates project revenues to exceed the FY16 budget and expenditures to be less than amounts budgeted.
- Sales and Use Tax collections remain strong. Despite the fact that the privately negotiated State economic development incentive refunds continue to impact us, we remain steadfast in our efforts to anticipate refund claims, reserve funds for future claims and set aside funds in anticipation of claims from prior years.
- Recently announced plans by a local developer to redevelop a portion of the 84th Street corridor into a dynamic, urban mixed-use city center that will transform the heart of the City by creating a memorable and distinct identity, a vibrant mix of land uses, a sense of community and a high quality of life for residents.
- The City is planning public infrastructure projects of its own to ensure, among other things, public safety, sufficient public streets, public off-street parking and uncongested traffic flows along City streets and in and around the redevelopment area. Public improvements also would include initial steps of transforming the golf course into a central public recreational area for all residents and visitors of La Vista to enjoy that will serve as the centerpiece of 84th Street Redevelopment Area. The recommended budget assumes closure of the Golf Course on September 30, 2016.
- The anticipated opening of Costco in the Fall of 2016.
- Construction of the Nebraska Multisport Complex and subsequent closing of the City's swimming pool in FY20.

As a result of the current financial outlook, the recommended FY17 & FY18 budgets:

- Reflect La Vista's experience of growth in assessed property valuation. According to the information received from the Sarpy County Assessor's office, the 2016 preliminary taxable value for the City of La Vista is $1,405,909,873 an increase of 5.62% over the 2015 certified taxable value.

- 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
- Sales and Use Tax revenue continue to grow, however the City is still plagued with issues related to the impact of incentive refunds.
- Continues reserve strategy for economic development incentives offered by the State
- Maintains appropriate reserve levels in the General Fund and Sewer Fund.
- Continues to focus on providing quality city services.
- Recommends several public infrastructure projects, including some for the purpose of eliminating and preventing recurrence of the substandard and blighted 84th Street Redevelopment Area.

Financial Assessment

The City of La Vista continues to be financially strong. 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 has been able to balance revenues and expenses, continue to maintain a high level of services and improve its bond rating.

Fund Balance

One measure of a city's financial strength is the level of its fund balance. The City's estimated fund balance in the General Fund is projected to be approximately $7.9 million as of September 30, 2016. This balance represents 59% of FY15 operating and capital expenditures and a $0.5 million or 5.5% decrease from last year. The fund balance exceeds the 25% fund balance goal. The City's enterprise fund (Sewer) is projected to have a balance of $1.2 million and $378,125 contingency reserve at the end of FY16.

Conclusion

Developing the budget is a team effort and I wish to thank all of the departments for their collaboration. I especially want to thank Finance Director Cindy Miserez, Administrative Services Director Kevin Pokorny, City Clerk Pam Buethe and Assistant City Administrator Rita Ramirez 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