



Rochester Council Budget Workshop

May 26, 2015

City Council Chambers

7:00 PM

AGENDA

- 1. Call to Order**
- 2. Public Input**
- 3. Communications from the Mayor**
- 4. Communications from the City Manager**
- 5. Communications from the Deputy City Manager/Budget Presentations: P. 5**

5.1. Tax Collector

- **O & M Budget Book P. 78**

5.2. Assessing

- **O & M Budget Book P. 67**
- **Issues and Options Book [Excluded] P. 18**

5.3. MIS

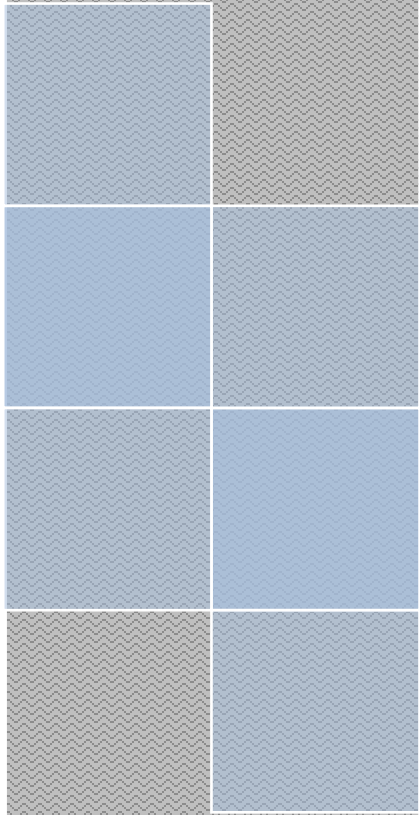
- **O & M Budget Book – P. 54**
- **CIP Budget Book – P. 11**
- **Issues and Options Book [Excluded] P. 5 & 9**

5.4. Government Channel

- **O & M Budget Book – P. 57 [Line Item 533012]**
- **Issues and Options Book [Excluded] P. 7 & 11**

5.5. City Clerk

- **O & M Budget Book – P. 59**
- **CIP Budget Book – P. 19**
- **Issues and Options Book [Included] P. 13**



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5.6. Elections

- **O & M Budget Book – P. 66**

5.7. Welfare

- **O & M Budget Book – P. 133**

5.8. Business Office

- **O & M Budget Book – P. 72**
- **CIP Budget Book – P. 20**

5.9. City Council

- **O & M Budget Book – P. 39**

5.10. City Manager

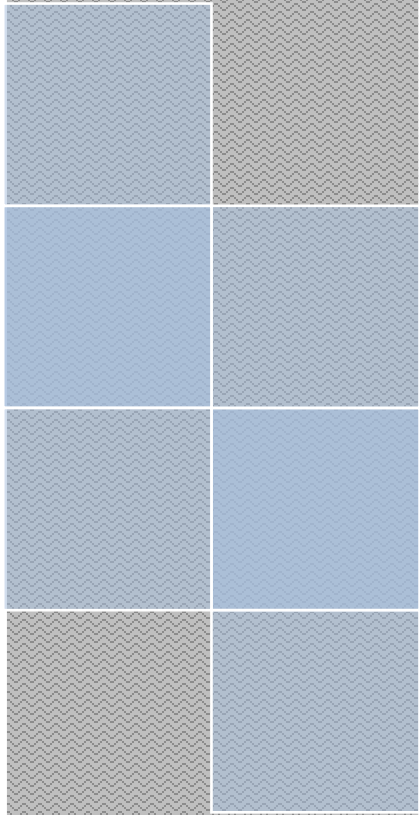
- **O & M Budget Book – P. 39**

5.11. General Overhead

- **O & M Budget Book – P. 83**

6. Other

7. Adjournment



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BUDGET DEVELOPMENT MEMORANDUM #3

FISCAL YEAR 2016

City Finance Office

May 21, 2015

1. **Tax Cap Update** - To date the City & County are **\$5,006.00** under the cap and the school department is **\$13,550** under the cap.
2. **Committee of the Whole Actions Tracking** - The "FY16 Council Committee Actions" sheet will be updated and handed out at Tuesday's meeting.
3. **City Hall Annex** - The Authorized & Unissued capital projects list contains an FY2015 adopted appropriation of \$3M for the rehabilitation/ replacement of the Annex building. Oakpoint Architects has supplied the City with an updated budget estimate of \$3,633,000. If the Council wishes to increase the current bond appropriation by the additional \$633,000, it is recommended that this action be carried out as a change to the FY2015 approved project and not as a part of the FY2016 budget process. Staff would prepare the resolutions to (a) de-authorize the existing \$3M FY2015 bonded appropriation and (b) to appropriate the new bonded appropriation of \$3.633 M.
4. **Sewer Works Transfer to Capital Projects** - During the May 19th Workshop, it was noted (and questioned why) that the Sewer Works, O&M Book page 164, 593002 Transfer to Capital Projects request of 158,000 in FY2016 was a reduction of \$471,000 from

FY2015's appropriation of \$679,000. The FY2015 request funded \$533,000 in cash for vehicles & equipment. However, the FY2016 request contains in cash much less, \$150,000, in vehicle replacements. This is the main driver of the significant decrease.

5. **Public Buildings AC** - Interim Director Bezanson at the May 19th Workshop requested that CIP Project FY16-PBD-12, CIP Book page 25, Title "Install Ductless Heating/ Cooling City Clerk's Office" be amended to include the Finance Office. If the Council wishes to grant his request, a Budget Adjustment Form - CIP has been attached for this purpose.
6. **Public Buildings Gym Soundproofing** - Interim Director Bezanson at the May 19th Workshop suggested that CIP Project FY16-COM-4, CIP Book page 162, Title "Replace Gym Soundboards" could be amended. Specifically, the existing wall mounted system could be replaced with a similar system for \$50,000 (this is what is currently proposed) or an alternative rafter hanging system could be installed for \$25,000. If the Council wishes to grant his request, a Budget Adjustment Form - CIP has been attached for this purpose.
7. **Health Trust Return of Surplus** - As was noted in Budget Memorandum #1, the City is set to receive a refund check in August from Health Trust in the amount of \$358,738.09. These are refunds of premiums paid by the City and employees in FY2014. Some of these funds will be returned to active employees and some will be

returned to retired employees. The City's portion will be apportioned between the General Fund and the Enterprise Funds. It has not yet been determined how much exactly will come back to the General Fund. The City Manager's Proposed Budget does not recognize this reimbursement and therefore without Council action, this revenue will be captured as miscellaneous unanticipated revenue and would flow to fund balance.

8. Health Insurance Final Rates - The City Manager's Proposed FY2016 Budget contains health insurance appropriations based upon the Guaranteed Maximum Rate (GMR) increases of 3% provided by Health Trust several months ago. However, the Health Trust recently finalized their rates and Rochester received a final FY2016 rate of - 0.1%. As a result, the Proposed Budget can be reduced by \$87,456. If the Council wishes to make this adjustment, a Budget Adjustment Form - O&M has been attached for this purpose.
9. Disability Insurance & Life Insurance Renewal - The City's Short Term Disability, Long Term Disability and Life insurance coverage plans with Standard Insurance Company are set to expire July 1, 2015. When we signed on with Standard we realized an \$18k per year premium savings and locked in a 3 year rate guarantee. However, our agent advised us at that time that the rate discounts we secured "up front" might result in large rate increases when the

rate guarantee period expired. We are now at the expiration of the 3-year rate guarantee period and that event combined with the City's relatively high claims experience brings us to a scenario of Short and Long Term Disability renewal rate increases. As a result, the City sought competitive bids to ensure that our group is afforded the best marketplace renewal rates available. The results are an overall increase of \$10,735. If the Council wishes to make this adjustment, a Budget Adjustment Form - O&M has been attached for this purpose.

10. IAFF CBA - As was mentioned in Budget Memorandum #2, the Collective Bargaining Agreement with the fire fighters' group (International Association of Firefighters or IAFF) expires on June 30, 2015 and is currently under negotiation. The City Manager's FY2016 Proposed Budget does not contain any appropriation specific to the adoption of a successor agreement.
11. Property & Liability Insurance - The City was recently notified that the Property & Liability Trust (PLT) would no longer offer property & liability insurance as of June 30, 2016. This public risk pool is currently the City's property & liability risk coverage provider. The Finance Department decided not to wait until next year to seek a quote from the other public risk pool, but instead acted quickly and solicited a quote from Primex. The result is that the annual premium was nearly identical between the two risk pools (\$248k

PLT versus \$253K Primex), however, Primex offered several discounts that the City qualified for totaling more than \$31k. In addition, since the City is already contracted with Primex for its Worker's Compensation coverage, Primex offered an additional \$30k discount on this coverage if we added property & liability coverage with them. As a result, we have notified both PLT and Primex of our decision to move now (as of July 1, 2015) to Primex for our property & liability risk coverage. As a result, the Proposed Budget can be reduced by approximately \$56k. If the Council wishes to make this adjustment, a Budget Adjustment Form - O&M has been attached for this purpose.

12. RERP Revenue - In the General Fund under Fire revenue called RERP (Radiological Emergency Response Plan), the City Manager's FY2016 Proposed Budget incorrectly doubled the actual anticipated revenue. The stated amount should actually be recorded as \$26,400. A Budget Adjustment Form - O&M has been attached for the purpose of correcting this error.
13. Auto Registrations Revenue - In order to offset the RERP reduction in revenues, the Finance staff recommends increasing the Motor Vehicle Permits revenues by \$26,400. Based upon FY2014 actuals and FY2015 year-to-date revenues, this increase in revenues for FY2016 is appropriate. If the Council wishes to make this

adjustment, a Budget Adjustment Form - O&M has been attached for this purpose.

14. **Rubbish Collection** - Waste Management notified the City on May 8, 2015 that our monthly rate, based upon the Host Agreement and the CPI-W, would not increase in FY2016. The City Manager's Proposed Budget included a 3% increase. As a result, the Proposed Budget can be reduced by \$16,500. If the Council wishes to make this adjustment, a Budget Adjustment Form - O&M has been attached for this purpose.
15. Other - The Finance Office is working to bring back to the Council additional follow up information on such items as Waste Management Host Fees, Arena Fund support from the General Fund and Tax Increment Financing district "excess" incremental revenues.

BUDGET ADJUSTMENT FORM - CIP

CIP Budget Adjustment:

*"I move to amend the City Manager's CIP proposed budget for the
PUBLIC BUILDINGS Department as shown on page 25 of the CIP budget
book, Project Title of Install Ductless Heat/Cool City Clerk from the Proposed
Current FY Cost of \$ 10,000 to be reduced/ increased by
\$ 10,000 to a new amount of \$ 20,000.*

Notes:

This increase is to cover the cost of including the Finance Offices in the project.
Ductless mini-split HVAC units would be installed to provide cooling & heating
for the office spaces of the City Clerk as well as the Finance Department.

BUDGET ADJUSTMENT FORM - CIP

CIP Budget Adjustment:

*"I move to amend the City Manager's CIP proposed budget for the
PUBLIC BUILDINGS Department as shown on page 162 of the CIP budget
book, Project Title of Replace Gym Soundboards from the Proposed
Current FY Cost of \$ 50,000 to be reduced/ increased by
\$ 25,000 to a new amount of \$ 25,000.*

Notes:

This decrease reflects the use of an alternative soundproofing system.

This alternative would replace the existing wall mounted system with
a rafter mounted system.

BUDGET ADJUSTMENT FORMS

O&M Budget Adjustment:

"I move to amend the City Manager's O&M proposed budget for the _____ department as shown on page tbd of the O&M budget book, subcategory name of _____ account # _____ account name _____.

The original FY15 CM Proposed amount of \$ _____ to be reduced/ increased by \$ _____ resulting in a new amount of \$ _____."

Notes:

	Health Adjustments	STD-LTD Adjustments	Net Change
General Fund	(\$69,376)	\$7,691	(\$61,685)
Water Fund	(\$6,076)	\$1,345	(\$4,731)
Sewer Fund	(\$8,433)	\$1,155	(\$7,278)
Arena Fund	(\$1,052)	\$385	(\$667)
Community Center	(\$2,519)	\$158	(\$2,361)
All Totals	(\$87,456)	\$10,735	(\$76,721)

BUDGET ADJUSTMENT FORMS

O&M Budget Adjustment:

"I move to amend the City Manager's O&M proposed budget for the

_____ tbd _____ department as shown on page _____ tbd _____ of the

O&M budget book, subcategory name of _____ tbd _____ account

_____ tbd _____ account name _____ tbd _____.

The original FY15 CM Proposed amount of \$ _____ tbd _____ to be reduced/

increased by \$ _____ tbd _____ resulting in a new amount of \$ _____ tbd _____."

Notes:

The recent decision to switch the City's property & liability insurance from Property & Liability Trust over to Primex will result in savings across several funds & all departments in the accounts related to property & liability insurance as well as worker's compensation coverage. The net savings is approximately \$56k.

BUDGET ADJUSTMENT FORMS

O&M Budget Adjustment:

*"I move to amend the City Manager's O&M proposed budget for the
GENERAL FUND REVENUE department as shown on page 14 of the*

O&M budget book, subcategory name of FIRE account

400417 account name RERP.

The original FY15 CM Proposed amount of \$ \$52,800 to be reduced/

increased by \$ 26,400 resulting in a new amount of \$ 26,400."

Notes:

BUDGET ADJUSTMENT FORMS

O&M Budget Adjustment:

*"I move to amend the City Manager's O&M proposed budget for the
GENERAL FUND REVENUE department as shown on page 12 of the*

O&M budget book, subcategory name of TAX COLLECTOR account

400406 account name MOTOR VEHICLE PERMITS

The original FY15 CM Proposed amount of \$ 3,550,000 to be reduced/

increased by \$ 26,400 resulting in a new amount of \$ 3,576,400."

Notes:

BUDGET ADJUSTMENT FORMS

O&M Budget Adjustment:

*"I move to amend the City Manager's O&M proposed budget for the
PUBLIC WORKS department as shown on page 129 of the
O&M budget book, subcategory name of PROPERTY SERVICES account
542101 account name RUBBISH COLLECTION .*

*The original FY15 CM Proposed amount of \$ 558,157 to be reduced/
increased by \$ 16,500 resulting in a new amount of \$ 541,657 ."*

Notes: