

BUDGET RETREAT May 13, 2022

FINANCE OVERVIEW



BUDGET RETREAT OBJECTIVES



Present highlights of the proposed budget



Provides an overview of expenses and revenues for FY 2023



Department heads will provide an overview of their departments and capital projects planned for FY 2023.



Obtain council input and re set priorities if needed.



Plan for the future.

BUDGET TIMELINE

Jan 25, 2022

Delivery of Operating and Personnel Budget Guidelines

Feb 22, 2022

Deadline to submit Operating, CIP and Personnel requests

Mar 17, 2022

Review of Budget Requests

Apr 27, 2022

Council Work Session Review - CIP and Personnel Budget

May 14, 2022

Financial Retreat with Department Heads and Council

Jun 8, 2022

Present Tentative Budget to Council

Jun 22, 2022

Public Hearing and Budget Adoption



FY 2023 BUDGET PRIORITIES



MAINTAIN QUALITY AND AVOID REDUCTIONS IN THE LEVEL OF SERVICE TO OUR RESIDENTS



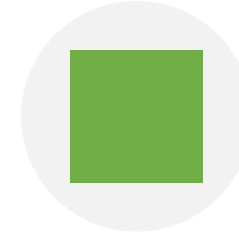
ROAD INFRASTRUCTURE EXPANSION TO SUPPORT CITY OF SAN LUIS GROWTH



WASTEWATER/WATER EXPANSION



RETENTION AND ATTRACTION OF EMPLOYEES TO FILL VACANCIES



FOSTER ECONOMIC DEVELOPMENT, CREATE JOBS AND IMPROVE QUALITY OF LIFE FOR RESIDENTS AND VISITORS

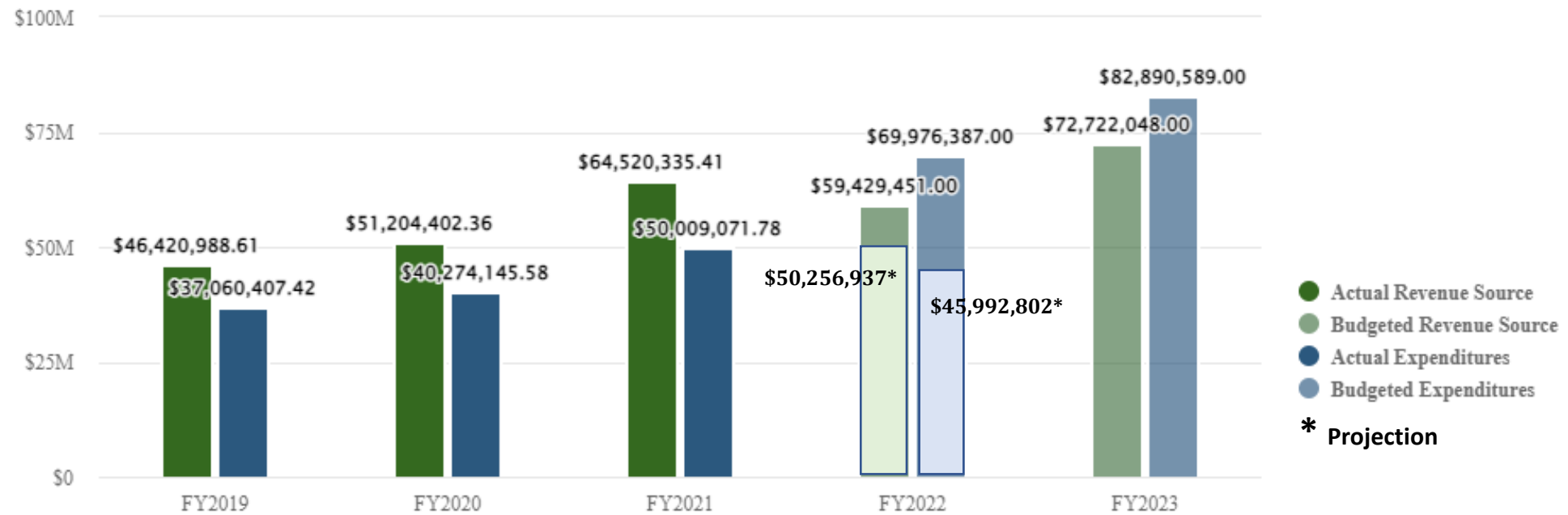


Access City of San Luis digital budget book at www.cityofsanluis.gov



FINANCE HISTORICAL DATA

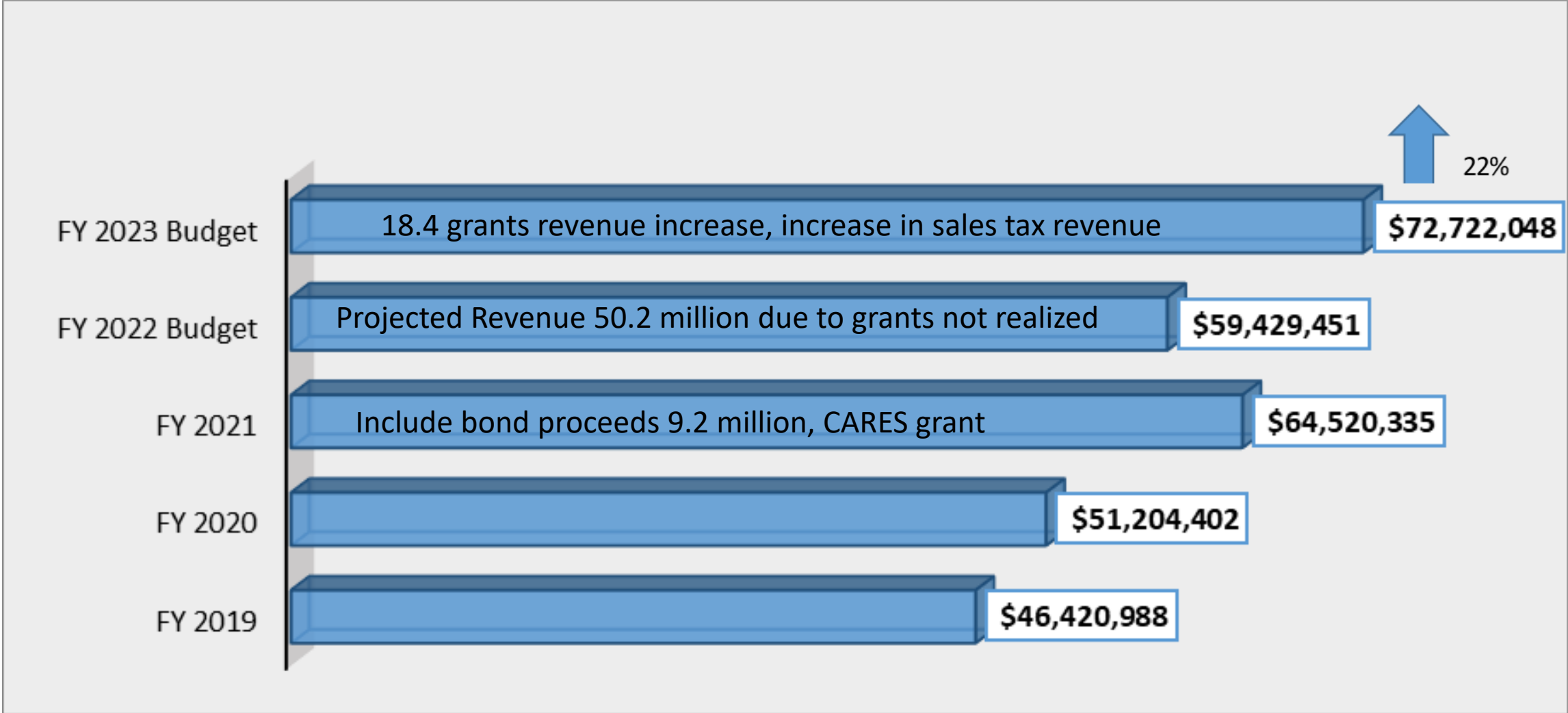
EXPENDITURE AND REVENUE HISTORY



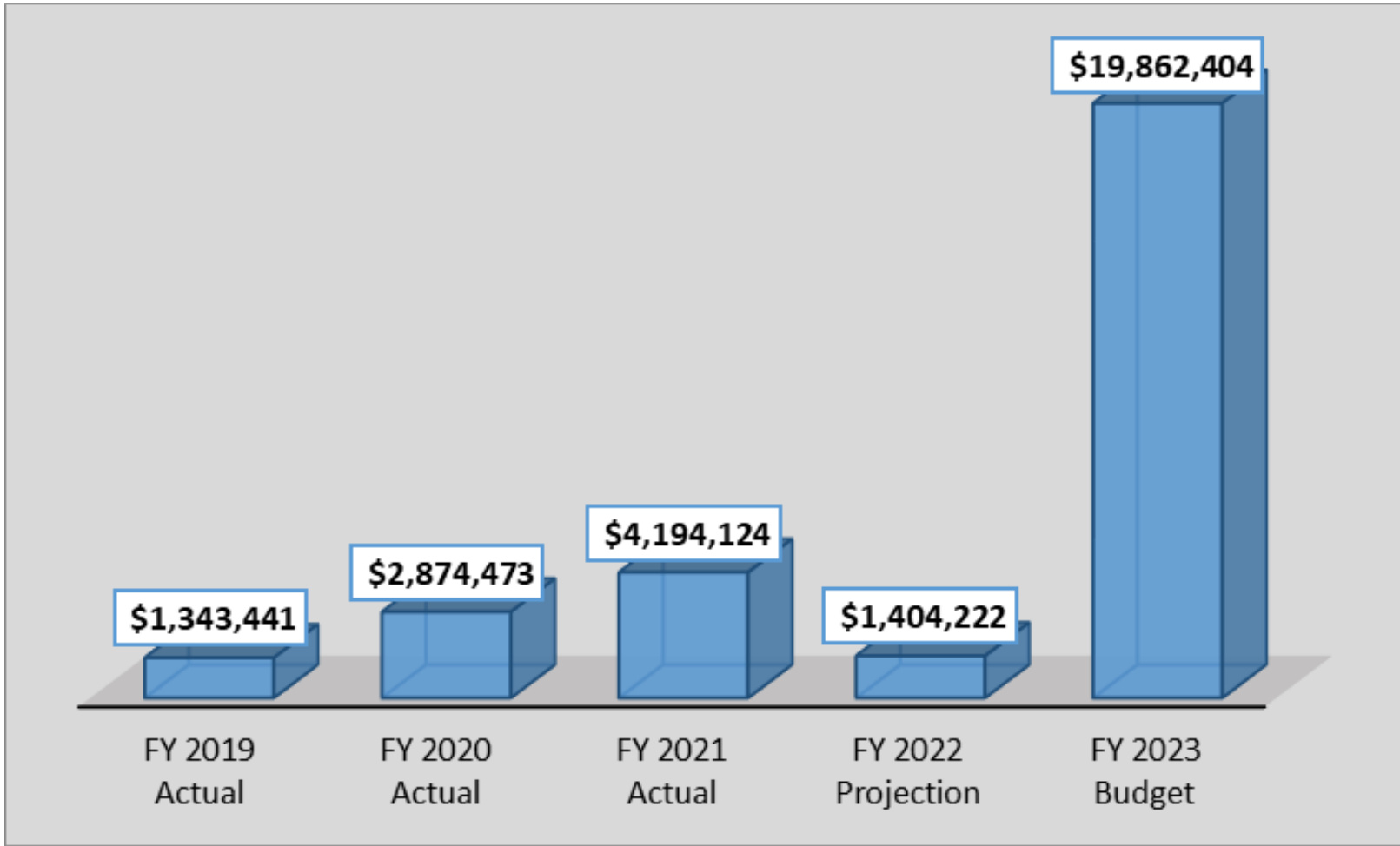
REVENUES



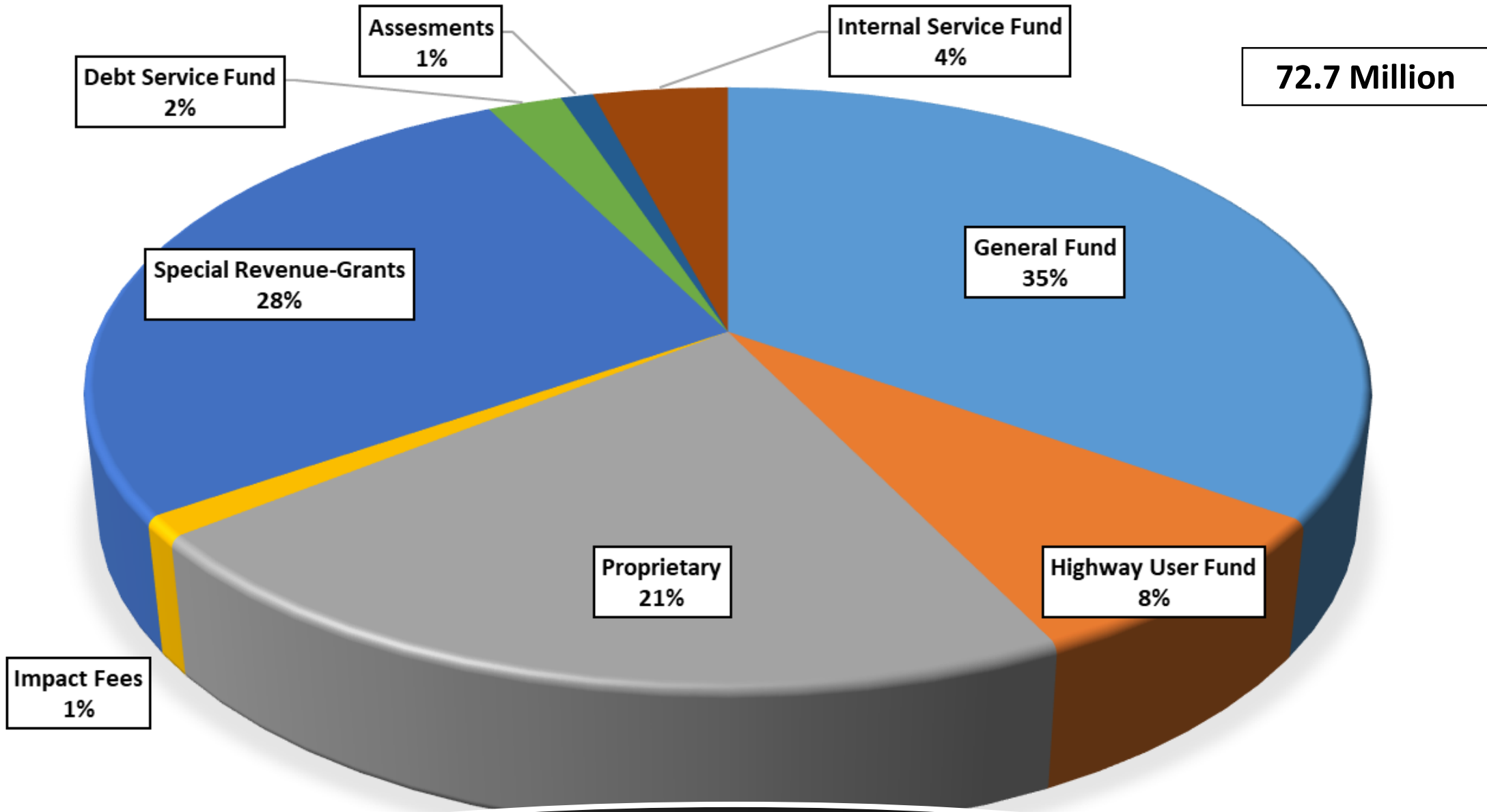
REVENUES HISTORY



↑ FY 2020 10% ↑ FY 2021 26% ↓ FY 2022 -8%

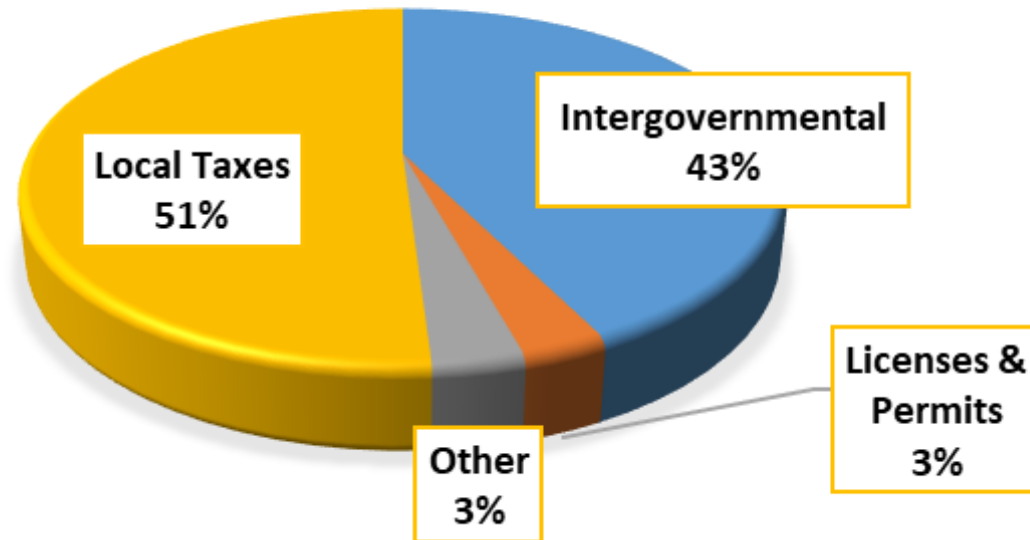


GRANTS REVENUE HISTORY

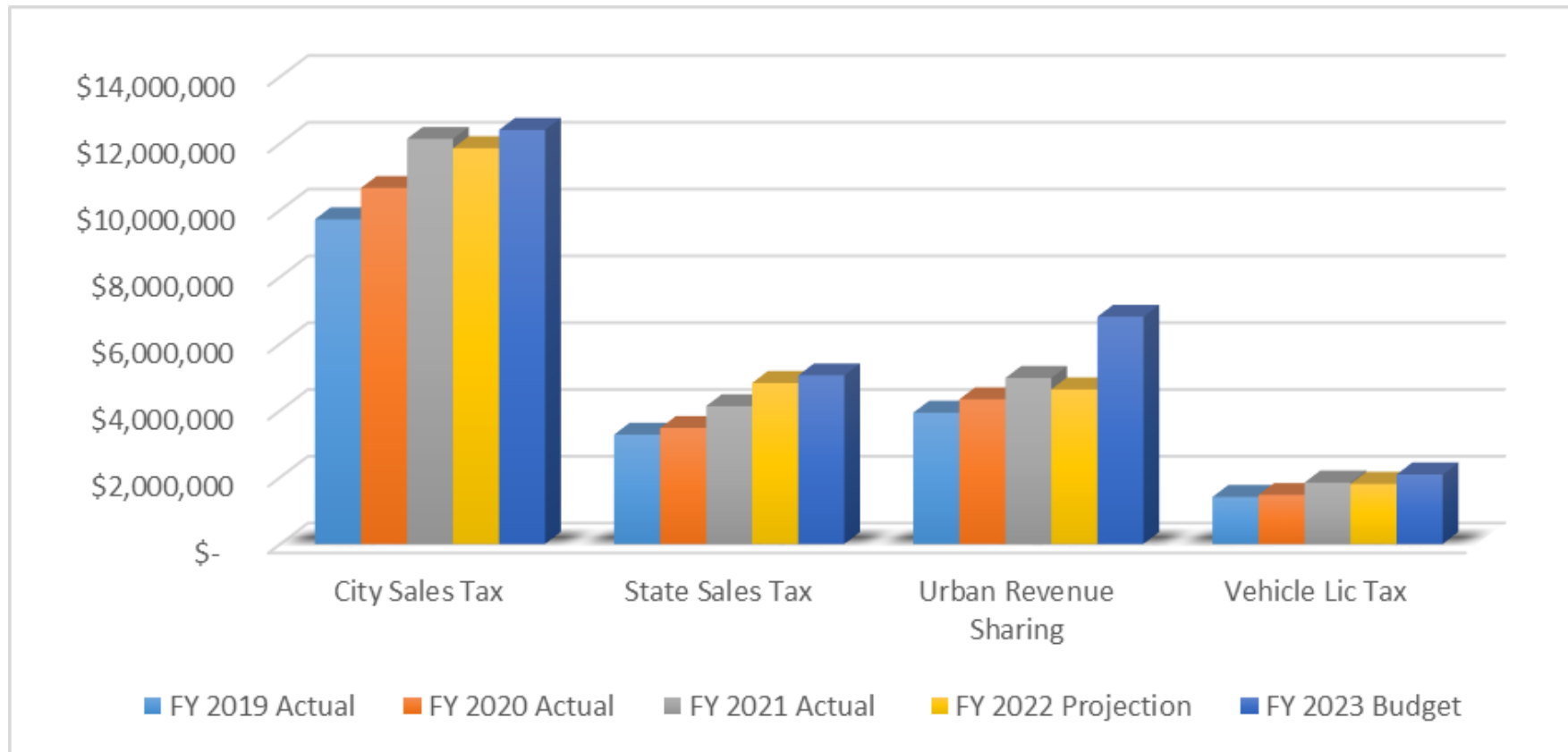


REVENUE DISTRIBUTION BY FUND

Revenue
Distribution-
GF
25.4 Millions

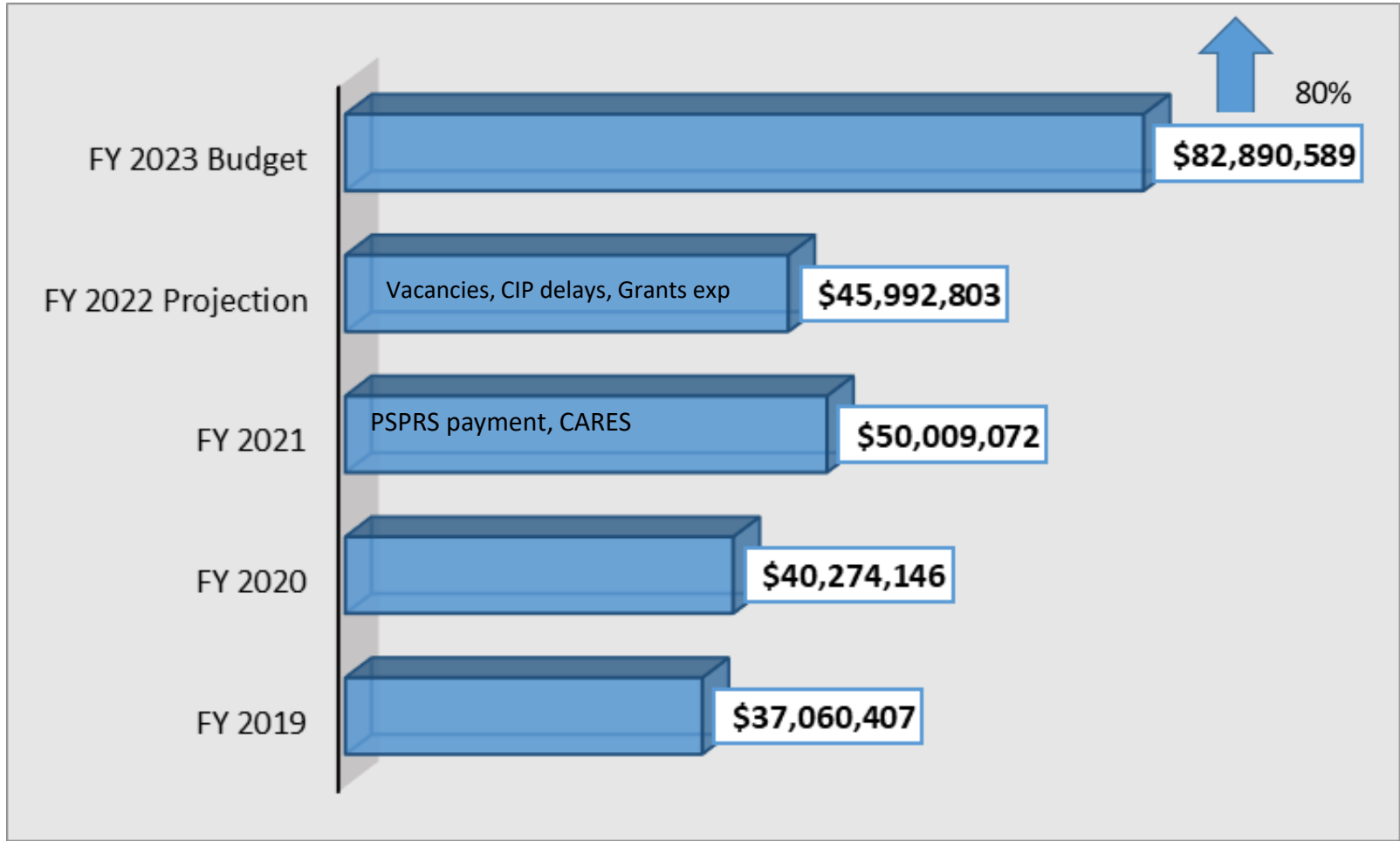


Major Revenue Source-GF



EXPENDITURES



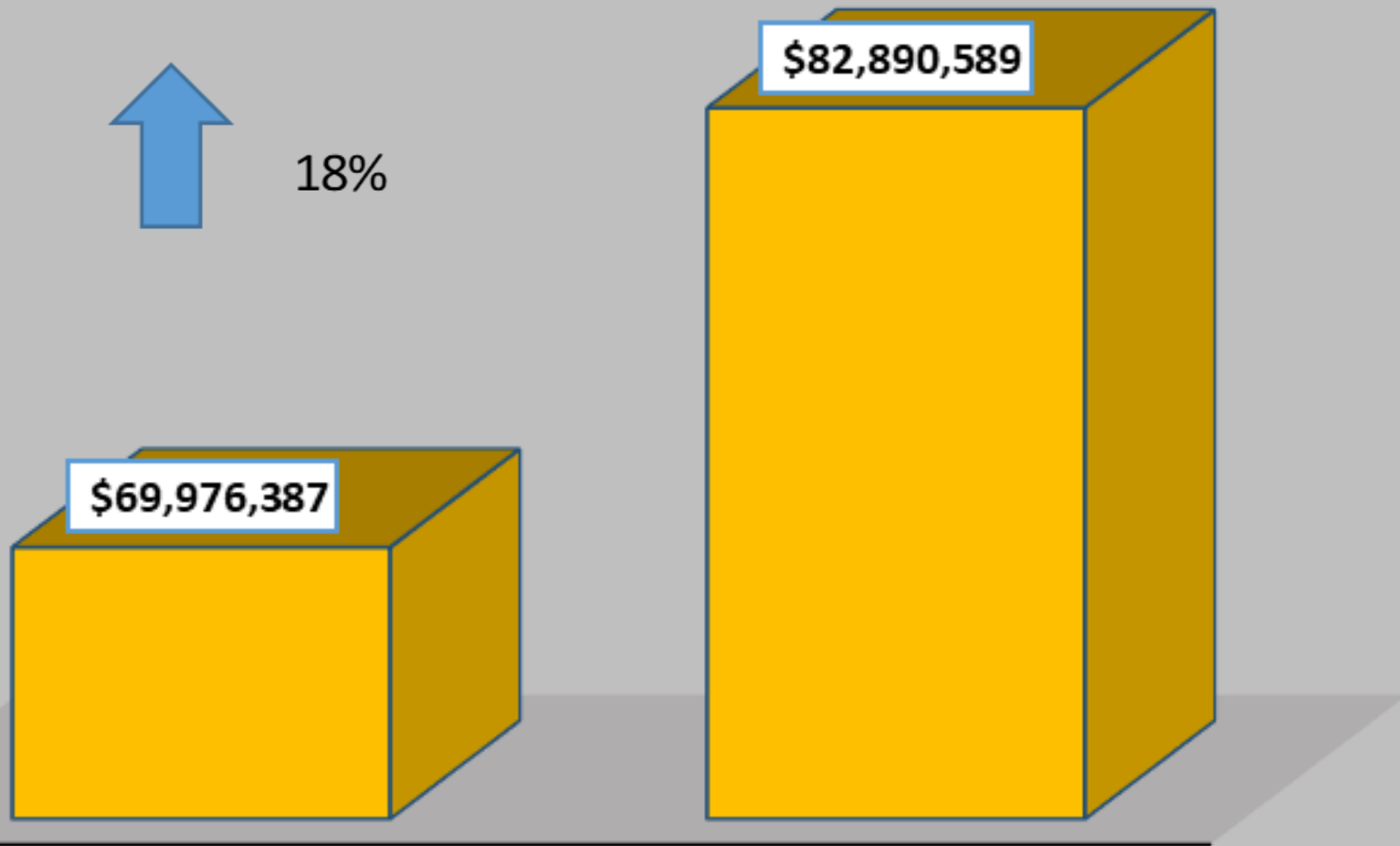


EXPENDITURES HISTORY

↑ FY 2020
9%

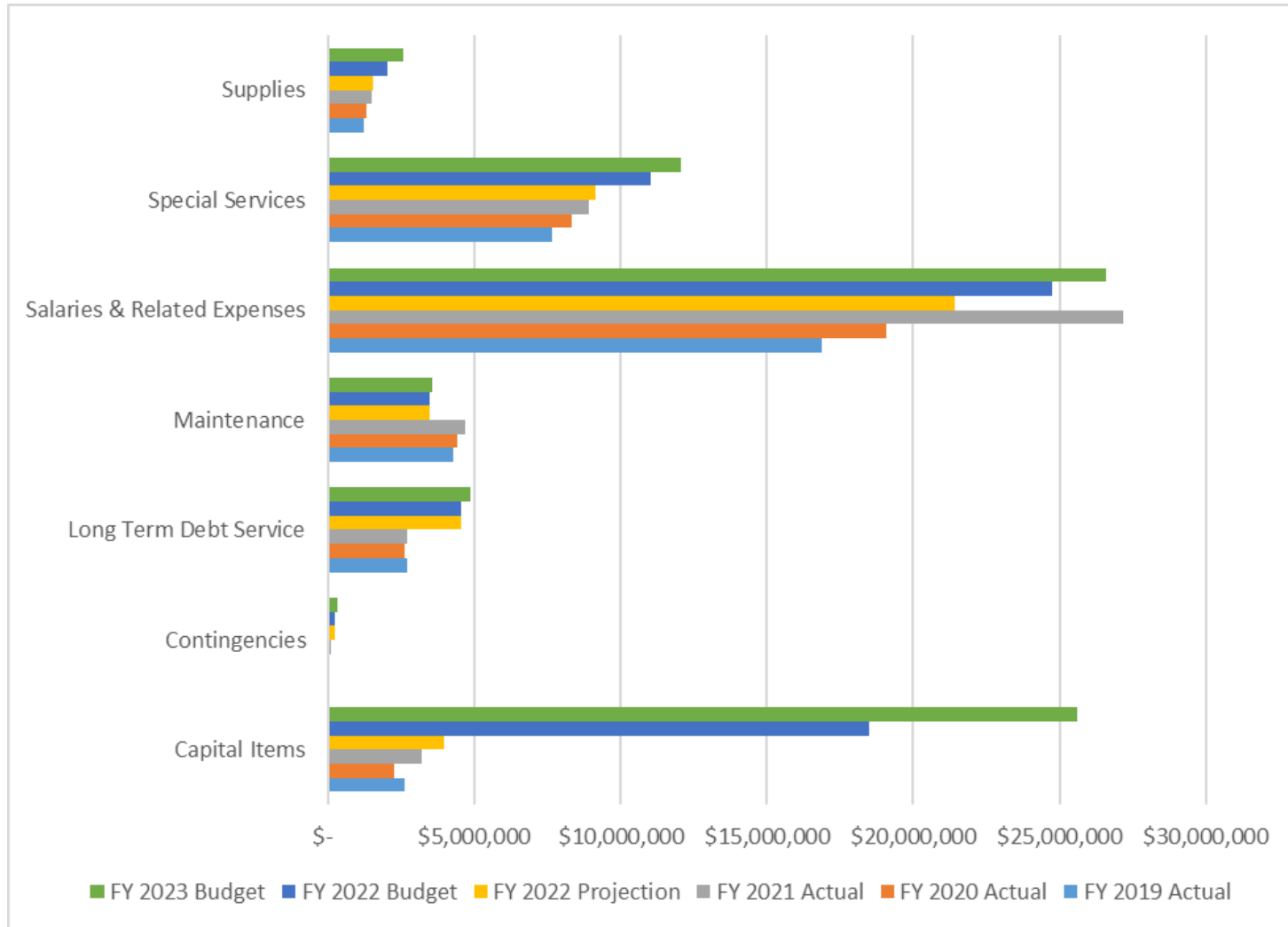
↑ FY 2021
24%

↑ FY 2022 Projection
-8%



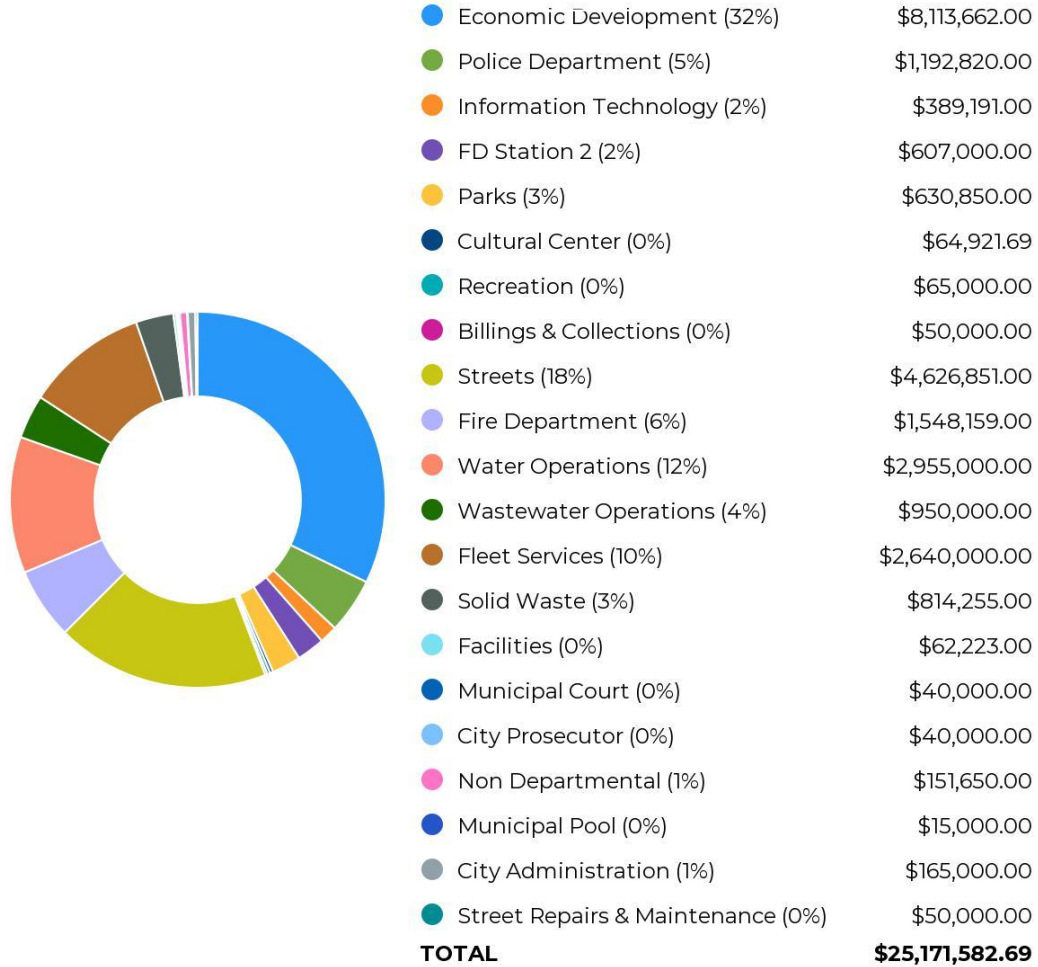
FY 2022 Budget

FY 2023 Budget

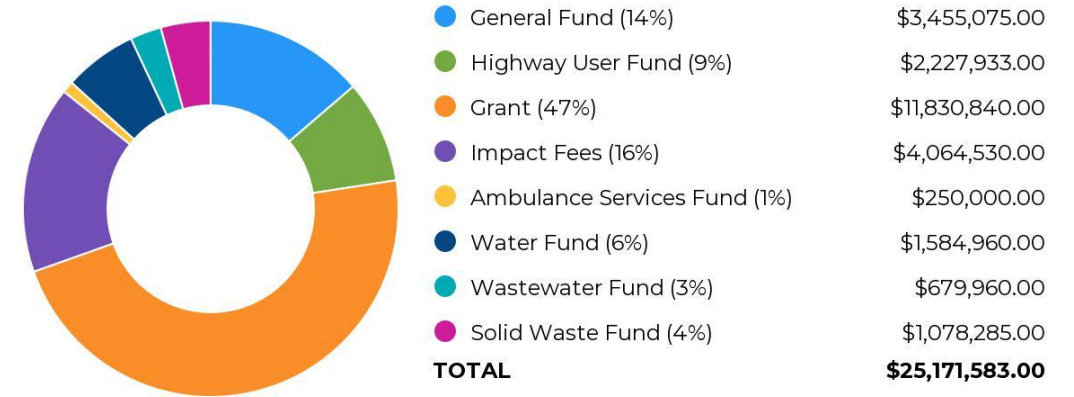


Category	18% Increase
Capital Items	65%
Contingencies	1%
Long Term Debt Service	3%
Maintenance	1%
Salaries & Related Expenses	16%
Special Services	9%
Supplies	5%

CIP by Department



CIP by Funding Source





Most Relevant Capital Projects

3 Million for the Cesar Chavez BLVD expansion project

1.4 Million to start construction of East San Luis PD and Fire Stations

2.6 Million to construct Fleet Service Shop

3.8 Million Water and Waste Water Infrastructure

3.4 Million Street projects

.5 Million East San Luis and Veterans Park

2.9 Million Broad Band project

3.2 Million Economic Development projects

.8 Million for Solid Waste replacement trucks



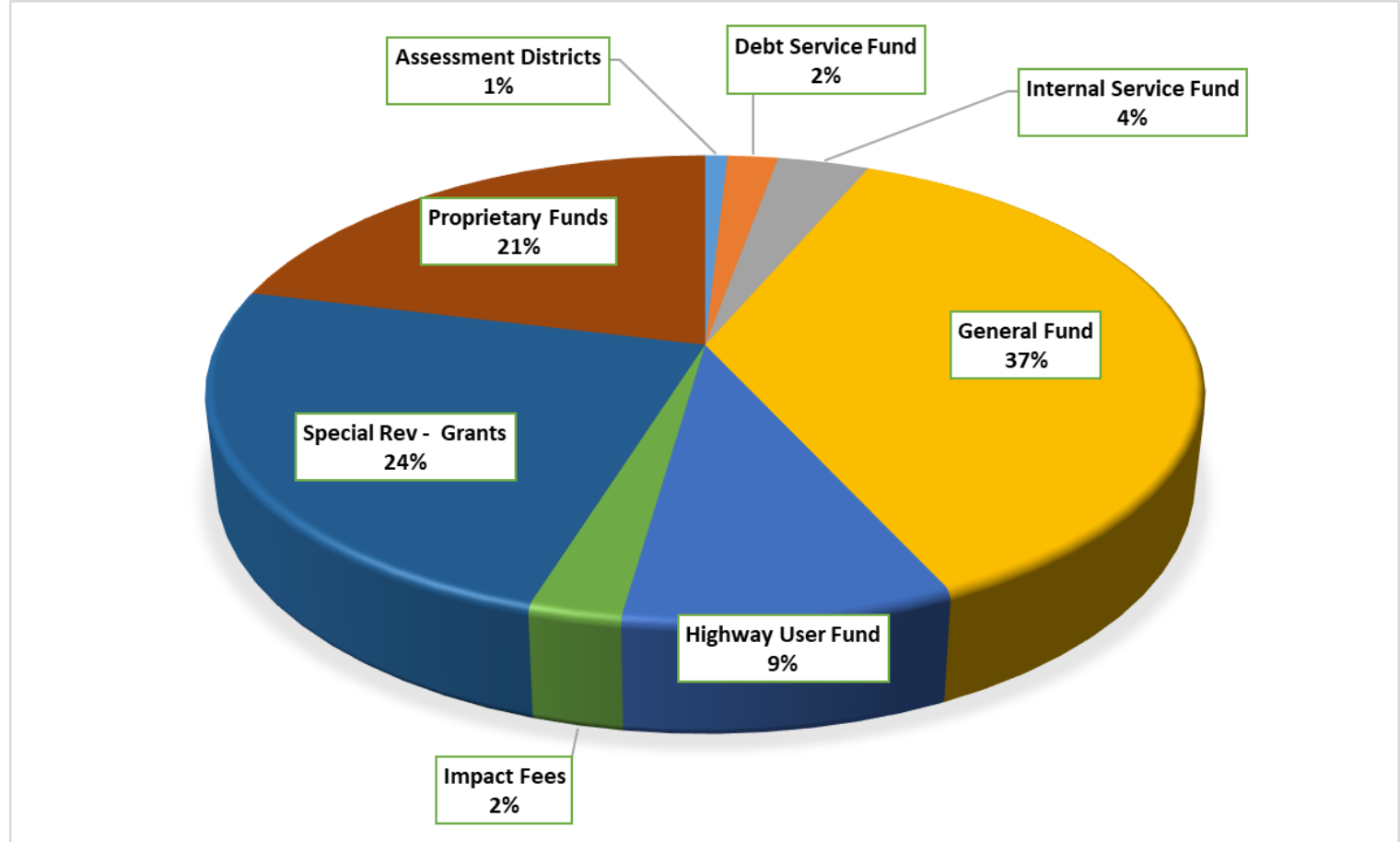
PERSONNEL BUDGET

- 2.2 Million (Adjusted to 1.8 million via reduction of operational costs and vacation buy-back program)
- City-Wide Salary classification and compensation study

INCLUDES

- 27 New FT
- 9 Promotions
- 14 New PT
- 705 K for salary increases
- Vacation Buy Back subject to review for budget availability in the middle of the year.

EXPENDITURES
BY FUND



TENTATIVE BUDGET DRAFT
FY 2023

Financial Policies

Operating Reserve-
6 months of
operational
expenses.

PSPRS Fund
Reserve- 500K
contingency
reserve to offset
investment
performance.

Debt Service
Reserve- 12
months of interest
and principal
payments. On
going expenditures
must be funded
with recurring
revenues.

One-time revenues
are used to fund
one-time
expenditures.

Contingency
Budget.

State Statute –
Public hearing,
tentative budget,
adoption. Adhere
to state
expenditure
limitations.

EXPENDITURE LIMITATION

A.R.S 41-563

Directs the commission to determine expenditure limitation for cities

The penalties for municipalities for exceeding the expenditure limit are severe

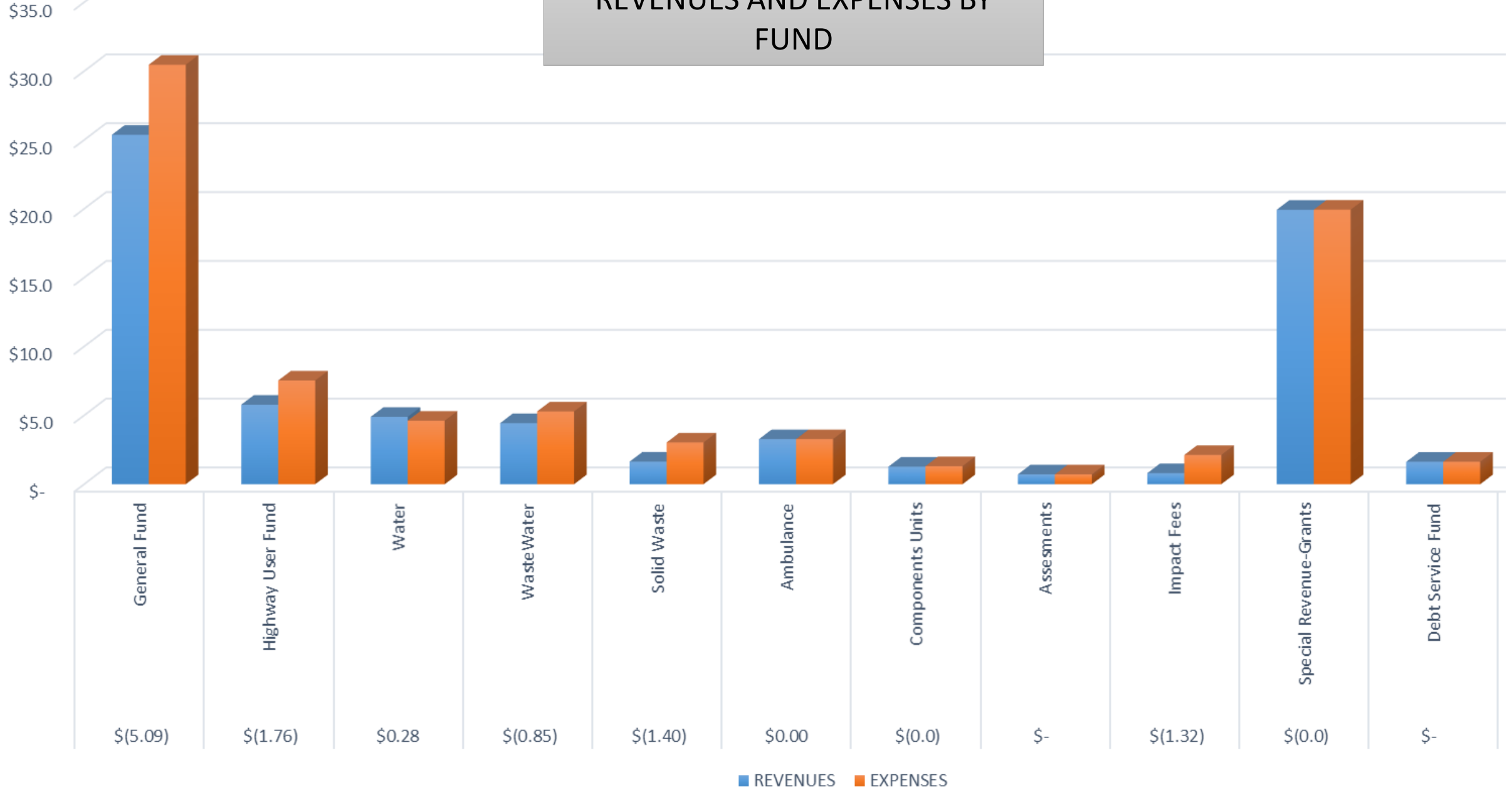
For FY 2023 the preliminary expenditure limitation for San Luis is 51.2 million

The expenditure limitation applies when a city spends local revenue derived from tax revenues, fees, charges for services.

Article 9, section 20 (d) provides guidance about what revenues are excludable.



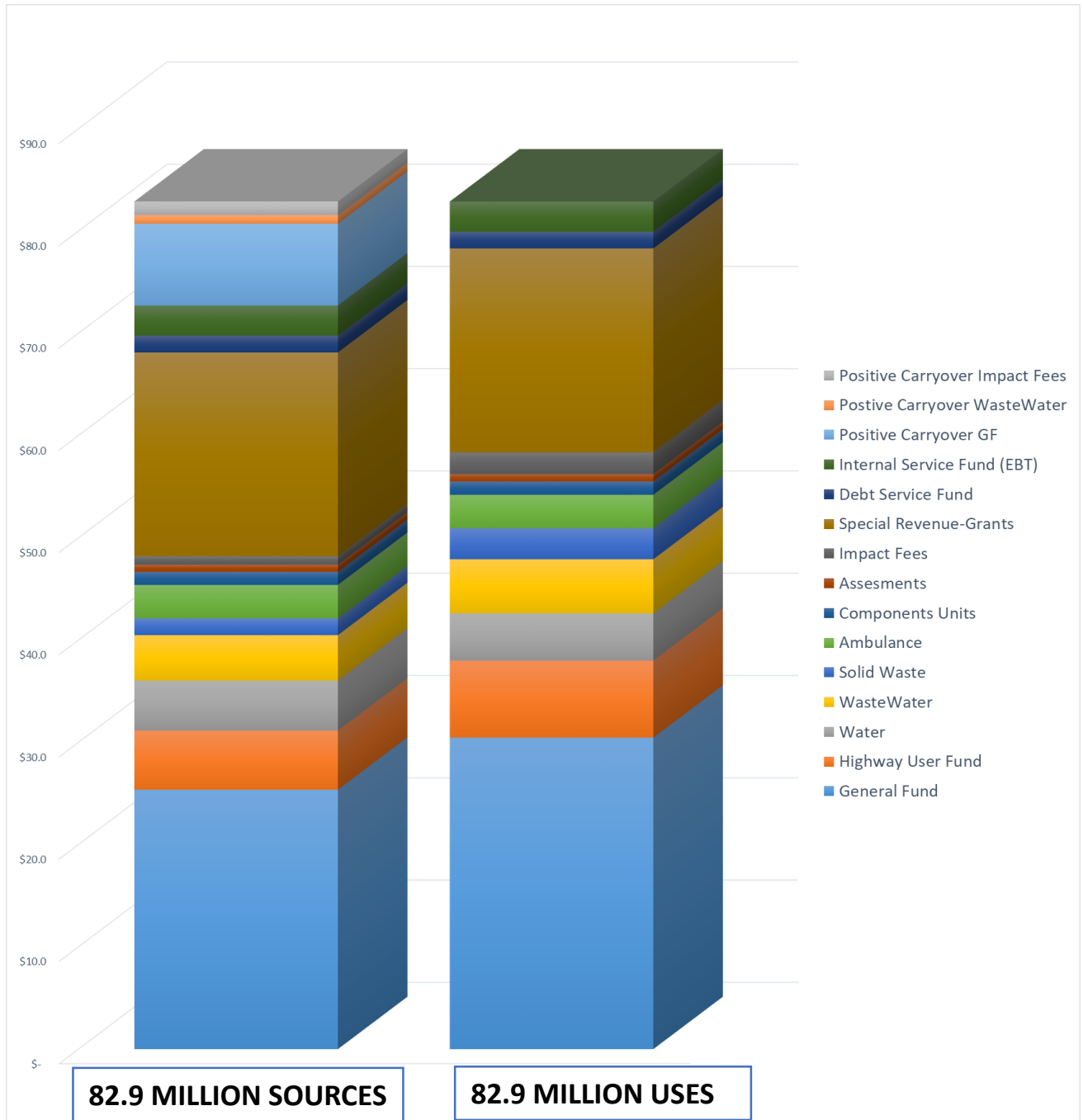
REVENUES AND EXPENSES BY FUND



■ REVENUES ■ EXPENSES

BALANCED BUDGET

- \$ 8 Million Shortfall funded by GF (Include Solid Waste and HURF Shortfall)
- \$.85 Million Waste-Water
- \$1.3 Million Impact Fees



PLANNING FOR THE FUTURE



POINTS FOR CONSIDERATION



DIVERSIFY AND INCREASE REVENUES

City's spending in operational growth is limited to City Sale's tax revenue growth.

Half of our revenues is from sales tax, if our main source falls, we are in trouble we need to diversify.

Looking at the sustainability of the Enterprises funds is critical. This year GF is sustaining the operations of SW and Wastewater.

HURF revenues are not increasing in proportion with the growth of San Luis. It creates challenges to build the infrastructure that is needed to support the community's growth.



RESERVES AND CARRYOVERS

Positive financial performance has boosted the GF reserves providing the City with the highest capacity to face an economic downturn.

Positive carryovers and ARPA funds are allowing the City to do significant capital improvements and construction of infrastructure.

Strategic planning is essential to ensure maximum utilization of these funds, and ensure completion of projects.



RETENTION OF PERSONNEL AND FILLING OF VACANCIES

In FY 2022 we project the salary budget will be 2.4 million below budget due to non-filled positions.

Filling vacancies should be at the forefront of the organization.

Continue the work to offer competitive pay to employees.

LOOKING AHEAD OF FY 2023



WE ARE LOOKING FORWARD TO THE FUTURE OF SAN LUIS

We are a vibrant binational city that is built on agriculture, distinct history, and collaboration.

BY 2040, the population of San Luis is projected to be over 70,000 residents.



ECONOMY

Build a strong and healthy economy that can improve the quality of life of the residents of San Luis.



PUBLIC SERVICES

Plan for Water and Waste- water infrastructure that can support the growth and development of the community.

Dedicated and responsive law enforcement, fire and emergency medical services.

Quality parks for our community.

Plan for road infrastructure, and ensure clean and maintained streets.

Maintain an adequate financial base to support appropriate public service levels and maintain quality of life in San Luis.



ENVIRONMENT

Careful planning is necessary to provide a balance between infrastructure and natural resources, and to protect the natural environments that contribute to the quality of life in San Luis.



GROWTH

It is the common vision of how we envision San Luis to grow in the future. We will like to see vibrant shopping areas, safe neighborhoods, and create economic opportunities.

Working together
everything is
possible, thank
you!

