



CITY OF CONCORD

REPORT TO MAYOR AND THE CITY COUNCIL

DATE: December 18, 2018

TO: Mayor and City Council

FROM: Brian G. LeBrun, Deputy City Manager - Finance

SUBJECT: Fiscal Goals Update as Recommended by Fiscal Policy Advisory Committee

Recommendation

Accept this report updating Fiscal Goal C4, relative to tax rate support for the neighborhood street paving program, and Goal E1, relative to limiting General Fund debt service expenditures, as recommended by the Fiscal Policy Advisory Committee at their December 17, 2018 meeting.

Background

Periodically, the City Council reviews and updates fiscal goals to align with changing needs and practices. The last update approved by the City Council was during Fiscal Year 2016. Goal C4 is relative to increasing the General Fund transfer support for the neighborhood paving program by a certain percentage each year until the full 2% of the tax rate for neighborhood paving is achieved. In Fiscal Years 2017 and 2018, ½ % was approved in each of those years, and ¼ % was approved in Fiscal Year 2019. This goal revision changes the Fiscal Year 2020 amount to ¼ % and adds one additional year, 2021 at ½ %, to achieve the full 2% in Fiscal Year 2021 instead of 2020.

The second goal change is Goal E1, relative to the limit of General Fund debt service to 10% of appropriations. The proposed change is to have the limit be a range between 10 and 14%.

Discussion

The recommended change of Goal C4, tax rate commitment for neighborhood paving, is driven by committing ¼ % in the Fiscal Year 2020 budget, instead of ½ %, as identified in the goal. This change reflects the reality of extending the time to reach the full 2% commitment through Fiscal Year 2021.

The recommended change of Goal E1, limit on General Fund debt service expenditure, is the result of the projected debt service expenses as a percent of appropriations through 2024. The current limit of 10% is exceeded in Fiscal Year 2019 and projected to be exceeded in the next five years, resulting in the recommendation to change the goal to a range of between 10 and 14%. Exceeding the debt service goal was a discussion item in the City's December 2018 bond rating call. Overall debt was discussed as part of Standard and Poor's Rating Summary for the City.

Below is a table that reflects projected General Fund debt service as a percent of appropriations. This information was extracted from the Fiscal Year 2019 General Fund budget proforma.

The City's Fiscal Police Advisory Committee also discussed continuing to manage the amount of bonding and projects undertaken as part of the annual capital budget process.

	2019	2020	2021	2022	2023	2024
Future Estimate		\$1,016,610	\$2,192,470	\$2,937,350	\$5,278,060	\$6,076,290
Debt Service (Scheduled)	<u>\$7,001,030</u>	<u>\$6,392,946</u>	<u>\$6,050,718</u>	<u>\$5,562,037</u>	<u>\$4,973,442</u>	<u>\$4,607,898</u>
	\$7,001,030	\$7,409,556	\$8,243,188	\$8,499,387	\$10,251,502	\$10,684,188
GF Total Appropriations	\$65,104,962	\$68,305,606	\$71,568,334	\$74,534,817	\$79,127,381	\$82,052,509
	10.75%	10.85%	11.52%	11.40%	12.96%	13.02%