

Fiscal Year 2010-11 Budget



The City of Gold Villa Rica, Georgia

Mayor and City Council

**J Allen Collins – Mayor
Woody Holland – Mayor Pro Tem
Verland Best, Woody Holland,
Patrick Henrickson and Shirley Marchman**

Administration

Larry Wood, City Manager

City of Villa Rica

2010-11 Budget

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J ALLEN COLLINS - Mayor
SHIRLEY MARCHMAN
RUSTY DEAN

City of Villa Rica

Mayor Pro Tem - WOODY HOLLAND
VERLAND BEST
PATRICK HENRICKSON

LARRY WOOD
City Manager

571 West Bankhead Highway
Villa Rica, Georgia 30180

Date: March 12, 2010

To: Mayor & Council

From: Larry Wood - City Manager



Subject: Proposed FY 2010-11 General Fund; Water-Sewer Fund; Sanitation Fund;
Hotel-Motel Special Revenue Fund; Capital Projects Fund; SPLOST Fund; Cemetery
Fund and Drug Seizure Funds

Attached for your review and consideration is a copy of the proposed fiscal Year 2010-11 Budget. The Proposed Budget was formulated by the City Manager and all department managers as directed by the Mayor and Council. This budget is proposed to the City Council for your consideration at this time and final approval by ordinance at the April 6, 2010 Council meeting. I want to acknowledge the responsible manner in which the Department managers prepared their respective budget requests and thanks in particular to City Accountant, Shari Smith for developing the budget documents.

The Adopted Budget is the legal authority governing City expenditures for the fiscal year which commences on April 1 of each year and ends March 31 of the following year. Quarterly reviews and updates will be presented to the Mayor and Council as needed. The Proposed FY 2010-11 Budget for the City of Villa Rica was prepared in accordance with Section 6.32 of the City Codes which reads as follows:

On, or before a date fixed by the council, the city manager shall submit to the council a proposed budget for the ensuing fiscal year. The budget shall be accompanied by a message from the mayor containing a statement of the general fiscal policies of the city, the important features of the budget, explanation of major changes recommended for the next fiscal year, a general summary of the budget and such other comments and information as he may deem pertinent. The budget, the budget message and all supporting documents shall be filed in the office of the city clerk and shall be open to public inspection.

A narrative summary of the FY 2010-11 Proposed Budget is attached for your review, comment and final consideration. Please pass your comments and questions back to me or Shari Smith.

770-459-7000

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General Fund Budget

The proposed FY 2010-11 General Fund (GF) Operating Budget of \$8,517,745 represents an overall decrease of \$611,903 or 7% under the FY 2009-10 Operating Budget of \$9,129,648. Original budget requests from department managers totaled \$9,441,390 and shown in your worksheets for the first time so that you can see what has already been cut. This is a balanced budget with revenues of \$8,517,745 which exceed expenditures by \$300,000. This excess will be transferred to GF reserves. Included also are funds available for transfer to General Fund Capital Projects of \$110,730 down from \$759,395 in the 2009-10 Budget.

General Fund Revenues

Total General Fund Revenues are projected at \$8,517,745 down \$611,903 or 7%. Property tax revenues are projected to be \$3,210,383 for FY 2010-11 down \$112,601 from \$3,322,984 in FY 2009-10 and the millage rate was forecast to remain at the current 6.775 mills rate. The assumptions used for the decrease in the tax digest are a 15% reduction in both Carroll and Douglas County residential property values and an increase for 66 new occupancy permits issued in 2009. Occupancy permits were 125 in 2008. The millage rate was held level at 6.775 mills and we expect revals to be negative and thus three public meetings will not be required. Collections are estimated at 95% with \$220,671 in collections of prior year taxes budgeted in current year. This is a projected 4.8% decrease in property tax revenues compared to 1% decrease last year.

Occupational tax forecast is projected to be \$306,659 down from \$348,664 based on current year reported gross receipts using a single five class rate table structure that was approved in February 2009. This will be the second year on the new five class rate table structure. The change to the new rates for the five (5) class table with no cap on gross receipts and a minimum tax of \$100/business was revenue neutral. Gross receipts received from outside the state of Georgia are not taxed.

LOST year end revenues are projected to decrease 5% from the 2008-09 Budget to \$1.157 million. I expect this trend to continue through August 2010 with economic recovery beginning in 4th quarter this year. So the projection for 2010-11 is \$1.175 million or a 1% increase but still down 4-5% from the past three years. Police fines and forfeitures are forecast to continue declining to \$625,000 million or 1% decrease from \$1.16 million in 2007-08. This revenue source is based on keeping the current fine schedule which was decreased in 2008. Building and inspection permits are forecast to continue at a \$40,000 base amount with only 33 projected new building permits being issued in 2010-11. This is less than 10% of actual receipts four years ago. Other revenue sources were generally trended flat based on current receipts or escalated based on historical trends. The large decrease in Intergovernmental Revenues is due to the \$400,000 green space payment from Carroll County in 2009. We do not expect such a transfer this year.

Considering the slow down in projected housing units to be constructed (6% of units built in 2006), this is an optimistic revenue projection and will be adjusted in the second quarter if needed. Revenues will need to be monitored closely and if short falls develop corrective

actions will have to be implemented to ensure revenues exceed expenditures. Department managers will be asked to continue to minimize expenditures as we begin this new fiscal year.

Name	2009-10 Approved Budget	2010-11 Proposed Budget	\$ Change	% Change
GENERAL FUND				
General Taxes	6,959,581	6,724,022	-235,559	-3.4%
Licenses & Permits	100,524	120,733	20,209	20.1%
Intergovernmental Revenues	802,689	428,885	-373,804	-46.6%
Charges for Services	423,603	389,956	-33,647	-7.9%
Fines & Forfeitures	654,964	655,712	748	.1%
Investment Revenues	20,001	28,545	8,544	42.7%
Other Financing Sources	168,286	169,892	1,606	1.0%
Total General Fund	9,129,648	8,517,745	-611,903	-6.7%

General Fund Expenditures

The total Proposed FY 2010-11 General Fund Operations Budget is \$8,107,015 down from \$8,131,978. This includes all City elected officials and City departments except Water, Sewer and Sanitation and excludes capital projects and transfers to reserve. This is a continuation budget that includes personnel services and operating items required to maintain existing levels of service in the City and continue to meet increasing demands from expected growth. This budget contains no cost of living or performance wage increases for employees. Health insurance costs were escalated 20% and include an assumption that contributions by employees will be increased by the same percentage. The new rates will go into effect September 1, 2010 and we will study options to minimize the medical cost increases.

Funding rates for the pension program are not known at this time but increased from 7.64% to 9.61 in 2009. We have budgeted 10%. It will probably be several months before we receive a new rate and we will make appropriate adjustments. Workers Compensation rates are projected to remain unchanged and Social Security and Medicare rates remained unchanged. Total employee benefits are \$1.3 million with salaries of \$3.1 million. No new benefits are included in this proposed budget but an employee assistance program and a long term disability plan were added in 2009-10.

The Human Resources cost center contains \$28,200 for expected unemployment payments. This was not budgeted in 1009-10. Another \$20,000 is included for worker compensation payments as budgeted this year with actual through February 2010 of \$18,649.

Property liability insurance costs are estimated at \$274,700 up 2% but we have not received notification from GIRMA about this year's rate. Three years ago when the rates went up almost 20% due to increased claims experience and the City increased the deductibles to \$5,000

and \$10,000 to reduce the increase. Expected savings have not occurred due to deductible payments but total expenditures are down from 2008-09 high of \$327,593 due to fewer claims. We continue to drop collision for all vehicles with market values less than \$5,000 but the September 2009 flood did cause unexpected claims last year.

Another volatile part of the budget is energy costs. We have assumed that gasoline/diesel prices will average no higher than last year and therefore lowered the funding level from 2009-10 to \$119,571 or 14% but some projections are that we will see prices over \$3.25/gallon for gas by the end of the summer. We continue to implement fuel saving measures but that is a potential increase over budget. Electricity and street lights total increased from \$447,204 up to \$454,500 or 2% increase with a number of new subdivisions coming under City maintenance but we are removing lights when possible.

There are NO new employees and only one proposed upgrade of a part time employee to full time to cover activities at the new amphitheater and the Mainstreet activities. The only new vehicles are three police patrol cars.

Name	2008-09 Actuals	Dec YTD Actuals 2009-10	2009-10 Approved Budget*	Department Requested 2010-11 Budget	2010-11 Proposed Budget	%
GENERAL FUND						
General Government	1,310,943	1,057,514	1,335,533	1,029,600	1,019,780	-23.6%
Human Resources	0	14,967	45,000	48,200	48,200	7.1%
Municipal Court	338,045	223,049	327,207	330,912	328,694	0.5%
Police Department	2,817,703	1,961,101	2,777,242	3,113,609	2,997,214	7.9%
Streets & Highways	598,029	475,362	598,029	658,359	647,812	8.3%
Maintenance & Buildings	381,699	232,948	237,247	258,936	253,391	6.8%
Parks & Recreation	2,085,573	1,420,765	2,015,760	2,148,004	1,965,370	-2.5%
Gold Mine Museum	0	118,302	171,498	212,588	164,156	-4.3%
Library	300,688	199,773	302,418	323,570	312,856	3.5%
Community Development	198,534	158,355	208,958	238,912	230,329	10.2%
DDA & Economic Developmnt	164,191	90,795	113,086	179,970	139,213	23.1%
Transfer to/from Reserves			238,284	300,000	300,000	
Transfer to Capital Projects	347,045	347,045	759,395	598,730	110,730	-85.4%
Totals	8,542,450	6,299,976	9,129,657	9,441,390	8,517,745	-6.7%

Enterprise Fund Budget

The proposed FY 2010-11 Utilities Fund Operations Budget of \$4,695,179 represents an overall decrease of \$56,256 or 1.1% decrease over the FY 2009-10 Budget of \$4,751,435. The FY 2010-11 Sanitation Budget of \$781,480 represents an overall increase of \$83,749 or 11.7% over the FY 2009-10 Budget of \$699,896.

Enterprise Fund Revenues

By definition, an enterprise fund should be self supporting based on fees assessed for the service/product provided. Water/sewer services and tap fees revenue projections are based on the housing unit additions forecast with an average household usage of 4,500 gallons/s with service and tap fees remaining unchanged. Water and sewer service rates have been approved to increase 10% beginning with the new budget per the rate schedule published in the Preliminary Official Statement Dated February 18, 2009 used for issuance of the 2010 revenue bonds. There have been some significant changes in the way our water system is managed since 2008 that will carry forward into 2010-11. First, the City has increased its own production of water significantly reducing our average cost. Second, we have not purchased water from Douglasville/Douglas County WSA in over eighteen months due to their more than 100% increase in price to the City early in 2008. Third, we continue to purchase water from the Carroll County Water Authority at just under \$2/1000 gallons for demand that exceeds our ability to produce.

The new water conservation rate schedule implemented 2008 have significantly increased water rates and there could be further significant increases in sewer rates due to the plant expansion and debt service costs. We have projected a 15% increase for 2011-12 unless construction picks up significantly. Our rates are still slightly under the area average.

Sanitation monthly service rates are not projected to increase from \$16.00/month. Sanitation should continue to be self supporting. Sanitation revenues are projected to be \$781,480 with expenses of \$781,480. We will continue to review this function and explore ways to add recycling and potentially expand the franchise to include commercial customers.

	2009-10 Budget	2010-11 Proposed Budget	Changes	% Change
UTILITY FUND				
Solid Waste Service Fees	727,896	781,480	53,584	7.4%
Water Service Fees	2,179,856	2,390,324	210,468	9.7%
Water Tap Fees	171,920	170,520	-1,400	-0.8%
Sewer Service Fees	1,632,373	1,917,156	284,783	17.4%
Sewer Tap Fees	324,498	262,625	-61,873	-19.1%
Investment Revenue	119,999	120,000	1	0.0%
Contribution in Aid of Const	10,000	10,000	0	0.0%
Sale of Fixed Assets	79,959	10,000	-69,959	N/A
Transfer from Reserve	1,449,452	303,000	-1,146,452	-79.1%
Totals	6,695,953	5,965,106	-730,847	-10.9%

Enterprise Fund Expenditures

The total Proposed FY 2010-11 Utilities Fund Budget is \$5,441,179 down \$799,260 or a 12.8% decrease from the \$6,240,439 FY 2009-10 Utilities Budget. This budget includes a second year department, Stormwater or Watershed Protection as well as the Deputy City Manager - Utilities position and the pre-existing Water/Sewer Human Resources, Waste Water Treatment Plant, Water/Sewer Distribution, the Water Supply Plant and Sanitation departments. There are not significant increases and no new positions were budgeted last.

The same no wage increases and changes in benefits that were described for the General Fund are carried forward in the Enterprise Fund departments.

The Solid Waste Department FY 2010-11 Operations Budget is \$781,480 up only \$83,749 or 11.7% from the \$699,896 FY 09-10 Operations Budget. Included in the Sanitation Department are four employees who pickup solid waste; 50% of the Street Department Manager and 5% of the Finance Department's salary costs. There are largest significant increases in the Solid Waste Department budget is for the solid waste pickup contract due to increased customers. The sanitation contract fee is not expected to escalate from \$9.45/pickup. The contract increased over \$1/pickup in early 2009 after three years without an increase.

UTILITY FUND	2008-09 Actuals	Dec YTD Actuals 2009-10	2009-10 Approved Budget*	Department Requested 2010-11 Budget	2010-11 Proposed Budget	%
Utility Administration						
Human Resources	1,978	2,991	22,010	28,000	28,000	27.2%
Stormwater	63,146	52,609	131,745	154,447	151,274	14.8%
Wastewater Treatment	1,906,454	1,158,283	1,494,295	1,391,652	1,361,136	-8.9%
Water Supply	654,614	654,614	1,167,323	1,075,920	1,045,306	-10.5%
Water Distribution/Collection	843,535	843,535	721,852	807,017	783,645	8.6%
Sanitation	575,790	575,790	699,896	790,808	781,480	11.7%
Debt Service	214,185	214,185	332,983	332,983	356,862	7.2%
Transfer to Utility Director	79,559	129,884	181,331	195,554	187,476	3.4%
Transfer to Capital Projects	3,614,594	328,474	1,489,004	1,460,996	746,000	-49.9%
Totals	7,953,855	3,960,365	6,240,439	6,237,377	5,441,179	-12.8%

Hotel/Motel Special Revenue Fund

The Hotel/Motel Special Revenue Fund supports the convention/tourism efforts of the City. The City just approved a contract with the Villa Rica Board of Tourism which requires the City to give 60% of these revenues for the support of tourism. Due to the change from 40% to 60% the Board of Tourism has agreed to do more advertising to support DDA and Museum events. The Carroll County Chamber will not receive the \$10,000 funding this year. The remainder is transferred to the General Fund to fund Villa Rica Downtown Development Authority projects.

The new billboard on I-20 due to the new agreement with Gaston Outdoor Advertising should provide additional promotional opportunities for many City events also. The FY 2010-11 Hotel/Motel revenue budget totals \$85,000 which is down from the FY 2009-10 of \$87,000. The 5% Hotel/Motel tax levied by the City is the sole source of funding for this fund.

Capital Projects Fund

The proposed FY 2010-11 Capital Projects Budget of \$856,730 represents an overall decrease of \$1,391,668 or 62% under the FY 2009-10 Budget of \$2,248,399. These totals exclude the new West WWTP which has about \$10 million in expected expenditures for 2010-11. We continue our practice of pulling all capital expenditures from the operations budgets. There is \$303,000 in carryover Capital Projects.

Capital Projects Revenues

Capital Projects are funded with transfers from respective funds i.e. \$110,730 from General Fund and \$746,000 from the Water/Sewer Fund.

CAPITAL IMPROVEMENT PROJECTS	2008-09 Actuals	Dec YTD Actuals 2009-10	2009-10 Approved Budget*	Department	2010-11 Proposed Budget	2008-09 Carry Over Proj
				Requested 2010-11 Budget		
Admin/City Mgr/Fin Cap	125,476	125,476	412,750	0	0	19,000
Police Dept Capital Projects	81,291	81,291	101,600	90,730	90,730	0
Streets & Highways	55,705	55,705	144,998	80,000	20,000	-86.2%
Stormwater Projects	8,400	8,400	60,000	130,000	130,000	116.7%
WWTP Capital Projects	35,098	35,098	460,000	25,000	25,000	-94.6%
Water Supply Cap Projects	16,388	16,388	331,000	75,000	135,000	-59.2%
Wtr/Swr Dist Cap Projects	252,200	252,200	610,000	456,000	456,000	-25.2%
Maintenance	11,762	11,762	11,247	0	0	-100.0%
Parks & Recreation	65,441	265,618	80,000	370,500	0	-100.0%
Library	3,723	3,723	5,000	0	0	-100.0%
Planning and Zoning	0	0	0	0	0	
Solid Waste	28,070	28,070	28,004	0	0	-100.0%
Totals	683,554	883,731	2,244,599	1,227,230	856,730	-61.8%

Capital Projects Fund Expenditures

The total Proposed FY 2010-11 Capital Projects Budget is \$856,730 as compared to the 2009-10 Capital Budget of \$2,248,399. The proposed Capital Budget has Water and Sewer projects that total \$616,000 down from \$1.4 million last year. The Water/Sewer Capital projects include replacement pumps, Spring Lake water supply engineering, Lake Cowen pump station, Turano Bakery forced main project and yet to be identified water/sewer distribution replacement projects. Included is \$250,000 budgeted for "Infrastructure replacement – Water/Sewer" that I

hope will cover the Turano Bakery project and address unidentified projects during the year. In addition to water/sewer projects, there are two storm water projects for \$130,000 to replace culverts at Old Stone and Punkintown and on Westview down from East Wilson.

General Fund capital projects total \$110,730 down from \$759,395 in 2009-10. The 2009-10 GF Capital budget was inflated by the inclusion of the \$400,000 amphitheater project funded with Carroll County greenspace SPLOST funds. The General Fund Capital Budget includes three patrol vehicles for the Police Department, seven vests, four cameras, two new PC's for patrol cars and new video cameras and \$20,000 to continue TE grant for engineering and right-of-way acquisition.

There are not capital projects budgeted for Sanitation. A new chipper was purchased in 2009.

SPLOST Projects Fund

SPLOST Projects for the FY 2010-11 Budget total \$1,440,000 down \$1,725,421 or 55% from currently approved 2009-10 FY SPLOST Budget of \$3,165,421. This year has been a catch-up year for using SPLOST funds since we have averaged between \$1 million and \$1.5 million for the prior three years.

SPLOST Projects Revenues

SPLOST receipts are forecast based on current trends for Carroll County for 2008 SPLOST and with the 2001 Douglas County SPLOST and the 2003 Carroll County SPLOST expired only unspent reserves remain. Douglas County passed a six year SPLOST referendum in 2009 to fund a new jail and sheriff's building with no funds going to the Cities. The 2008 sharing rate for Carroll County is 6.5 mills based on a population allocation. Estimated SPLOST reserves at the end of 2009-10 are \$.6 million and receipts for 2010-11 are projected to be \$1,000,000 from Carroll County.

SPLOST Projects Expenditures

In 2010-11, total SPLOST expenditures are expected to total \$1,440,000. Carroll County work is planned to complete construction of the West Water Reclamation Plant with engineering expenditures of \$515,000 which we should cover the remainder of RMA's construction contract. Recreation funding of \$155,000 includes parking lot and concession/restroom building at fields 9-10, \$15,000 to complete the training center and \$60,000 to do the Ryan McClain Memorial Playground. In Douglas County, there are plans to complete the North WWTP screens as required by EPD and \$200,000 to start the east-west diversion line. Since the land cost and construction engineering costs for RMA were removed from the revenue bond funding, the remaining construction engineering expenditures will come from the 2008 Carroll County SPLOST funds. Included under Administration is \$280,000 to complete the amphitheater parking lots. Small allocations have been made for sidewalks and design of the new library.

SPLOST Expenditures by Department	2008-09 Actuals	Dec YTD Actuals 2009-10	2009-10 Approved Budget*	Department Requested 2010-11 Budget	2010-11 Proposed Budget	%
Administrative (amphitheater)	0	394,326	427,900	325,000	280,000	-34.5%
Streets & Highways	66,536	66,536	125,000	125,000	50,000	-60.0%
Wastewater Collect/Treatment	425,177	425,177	1,328,871	1,328,871	915,000	-31.1%
Wtr/Swr Dist SPLOST	574,531	574,531	1,088,650	1,088,650	0	
Parks & Recreation	95,607	95,607	70,000	70,000	155,000	121.4%
Library	0	0	125,000	125,000	40,000	-68.0%
Totals	1,161,851	1,161,851	2,737,521	2,737,520	1,440,000	-57.6%

General Assumptions for All Funds

Descriptions/Explanations	\$ Impact
Labor costs were escalated by 0% (proposed 5.8% COLA)	\$ 0
Medical insurance was escalated 20%	\$ 1,088,984
New/program vehicles – 3 patrol cars	\$ 75,000
Transfer to GF Reserves	\$ 300,000

Conclusion

To protect the City's financial condition while achieving the goals outlined in this budget, a conservative approach was taken in projecting revenues and budgeting expenditures. The attached 2010-11 Annual Budget is submitted to the City Council with the confidence that this document will assist citizens in evaluating approved budgetary and service levels, the City Council in setting policy and guidelines and the City Staff in accomplishing their goals and objectives within financial constraints.

City of Villa Rica

Proposed FY 2010-11 Budget

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