

CITY MANAGER'S FY 16-17 DRAFT PROPOSED BUDGET

Presented by:

City Manager Mark Orme

Admin Services Director Frank Fields

Budget & Treasury Manager Barbara Martin

Accounting Manager Scott Dowell

April 19, 2016

AGENDA

- City Manager
- Transparency
- Economic Update
- Budget Process
- Budget Presentation – Part 1 (Part 2 on May 3)
- Department Updates (Chiefs and Directors)
 - PW and Comm Dev Updates on May 3

TRANSPARENCY

Transparency in government is a term that is meaningless unless action is taken to truly shed light on the operations of the government organization.

Financial Information on City's website:

Budgets – 9 years

Audits – 9 years

Employee Compensation Reports – 9 years

CalPERS Actuarial Valuation Reports – 12 years

Accounts Payable Data – 12 years +

TRANSPARENCY (Continued)

Financial Information on City's website:
(continued)

Monthly Investment Reports – Last 12 months

Sales Tax Quarterly Newsletters – Last 15 quarters

Property Tax Annual Summaries – Last 7 years

Monthly Budget Monitoring Reports – Last 3
years

Business License Data – 1 year for new

Purchase Agreements > \$25,000 – Back to

9/15/15

TRANSPARENCY (Continued)

Financial Presentations:

Since December 2015, this is at least the sixth separate presentation to either Council, Community and Staff.

Copies of Financial Presentations are also maintained and available on the City's website.

Future: Staff believes that the conversion to a new accounting

system will provide new opportunities to provide real-time, reliable and relevant financial information to the community.

ECONOMIC UPDATE

2008-09 Great Recession – We are now in 2016.

Recessions have occurred approximately every 8-10 years in the past.

Previous recessions occurred in 2001, 1990-91, 1980-82, 1973-75, 1970, 1960, 1957, etc....

Bold Prediction – We will have another Recession!

ECONOMIC UPDATE

Based on history and the “buzz” from the economic community, another recession is likely within the next year or two.

What we don't know is how significant the recession will be.

The 2008-09 Recession was so significant that sales tax revenue has just passed pre-recession levels in the last year and many property tax valuations will remain at pre-recession levels for quite some time.

ECONOMIC UPDATE

What's my take? We simply need to stay on course.

That course is one of fiscal prudence that includes building reserves, strategically funding projects that add long-term efficiencies, and only increasing ongoing funding for operations as revenue increases allow.

Focusing on these goals will allow the City to prepare for the "Next Recession."

BUDGET PROCESS

- 1) Late January – Preliminary Budget to City Manager, Chiefs and Directors.
- 2) February and March – City Manager meetings with Chiefs and Directors. City Manager approves all budget changes.
- 3) January thru June – Various fiscal presentations for Council, Finance Committee, Community and Staff.

BUDGET PROCESS (Continued)

- 4) April and May – City Manager’s Recommended Draft Proposed Budget presented to Council.
- 5) June 21, 2016 – Proposed Budget to Council.
Includes changes from Draft.
- 6) August – Final Budget posted to City website.

BUDGET PRESENTATION PART 1

Walk Thru Draft Proposed Budget

General Fund & Risk Management Funds

- Significant Assumptions
- Fund Balances
- Transfers
- Revenue
- Department Operating Budgets

Capital Projects (General Fund)

DRAFT PROPOSED BUDGET - SECTIONS

Fund Summaries –

(pdf pgs 5-81)

Operating Summaries by Dept - *(pdf pgs 85-227)*

- Operating Detail (Behind Orange Page Behind Each Department's Operating Summary)

Allocated Positions

(pdf pgs 228-234)

Capital Projects *(pdf pgs 236-493)*

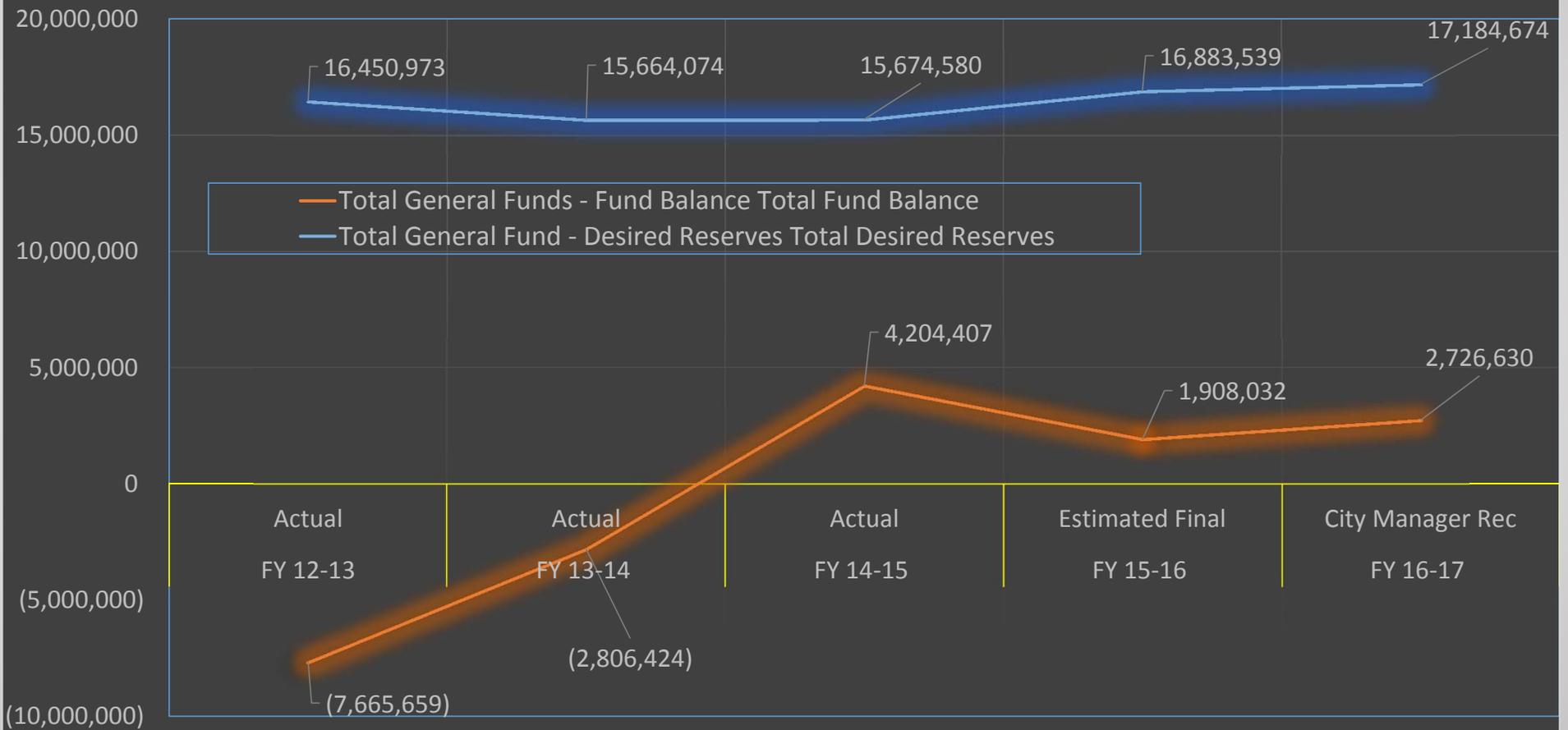
- Capital Projects Summary – By Project (Yellow)
- Capital Projects Summary – By Fund (Blue)
- Individual Project Pages (White)

- Unfunded Projects Summary – By Dept (Pink)
- Unfunded Project Summary (Gold)
- Individual Project Pages (Green)

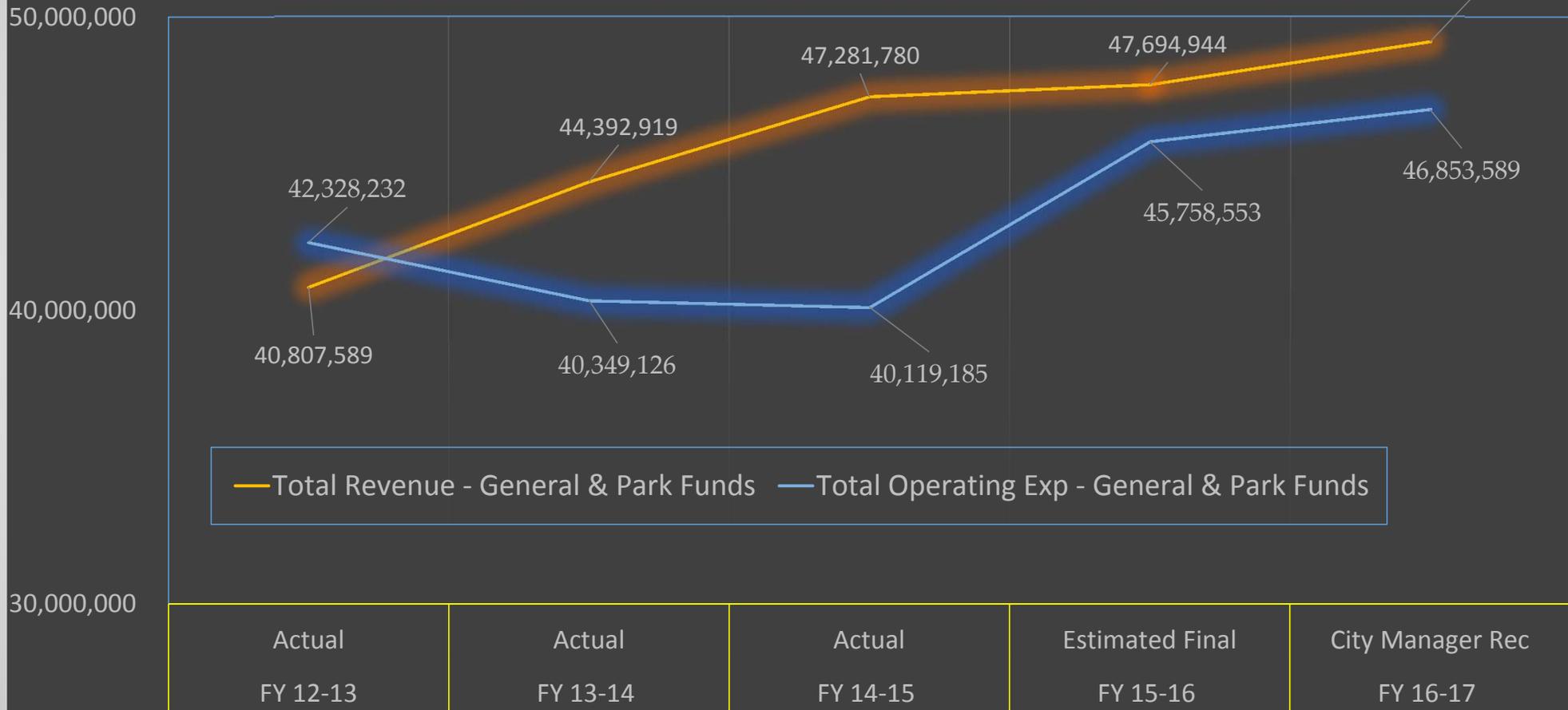
GENERAL FUND - Assumptions

- Carryover Budget – No Significant Additions
- Revenue is estimated to experience modest growth
- Expenditures continue to trend higher including:
 - CalPERS employer contributions to 39%
 - Workers' Comp costs calculated at 8%
 - Health Insurance costs calculated to increase 5%
 - Employee step increases

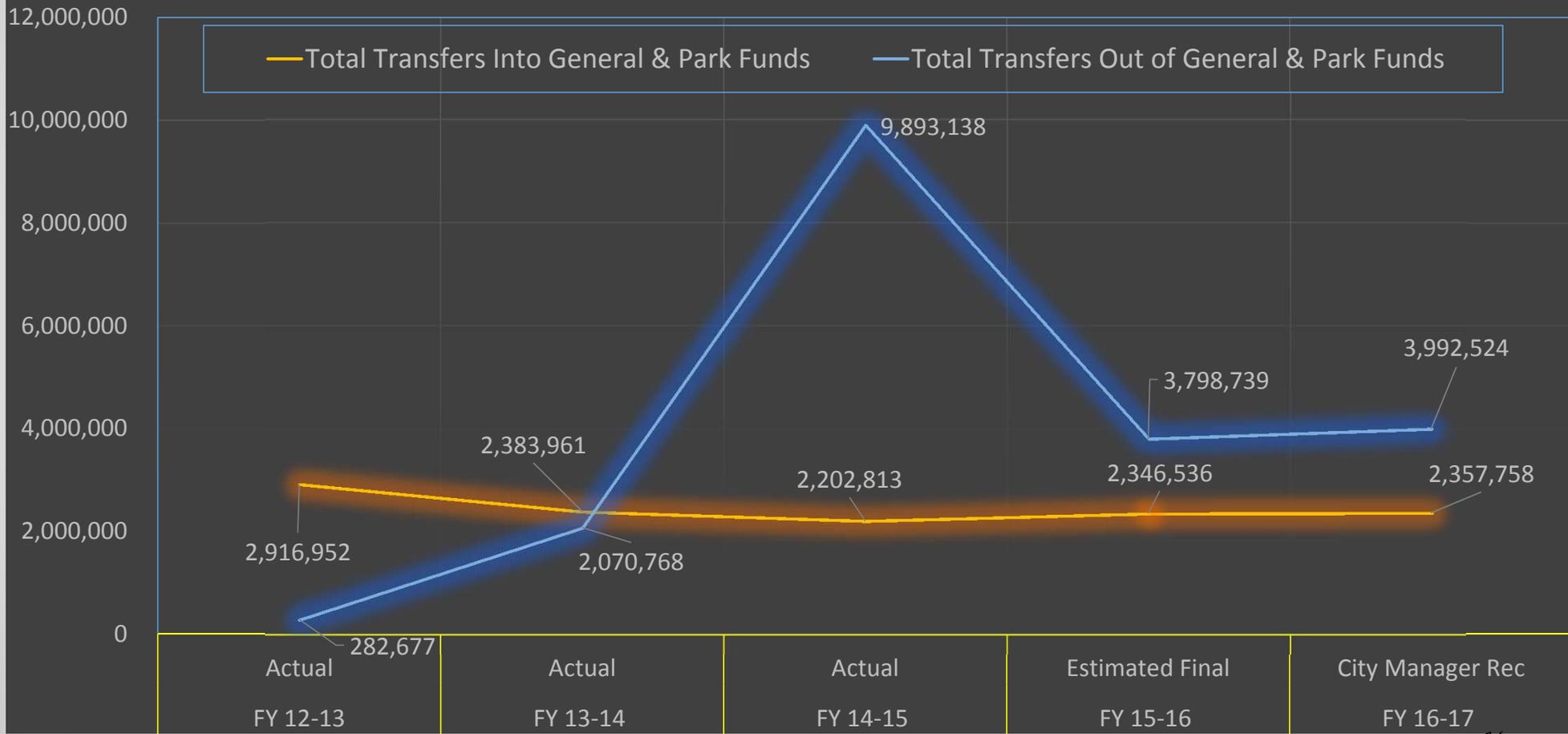
General Fund (Funds 001, 002, 003, 004, 006, 010, 050, 315) - Fund Balance vs. Desired Reserves (FS-4 to FS-10 & FS 34)



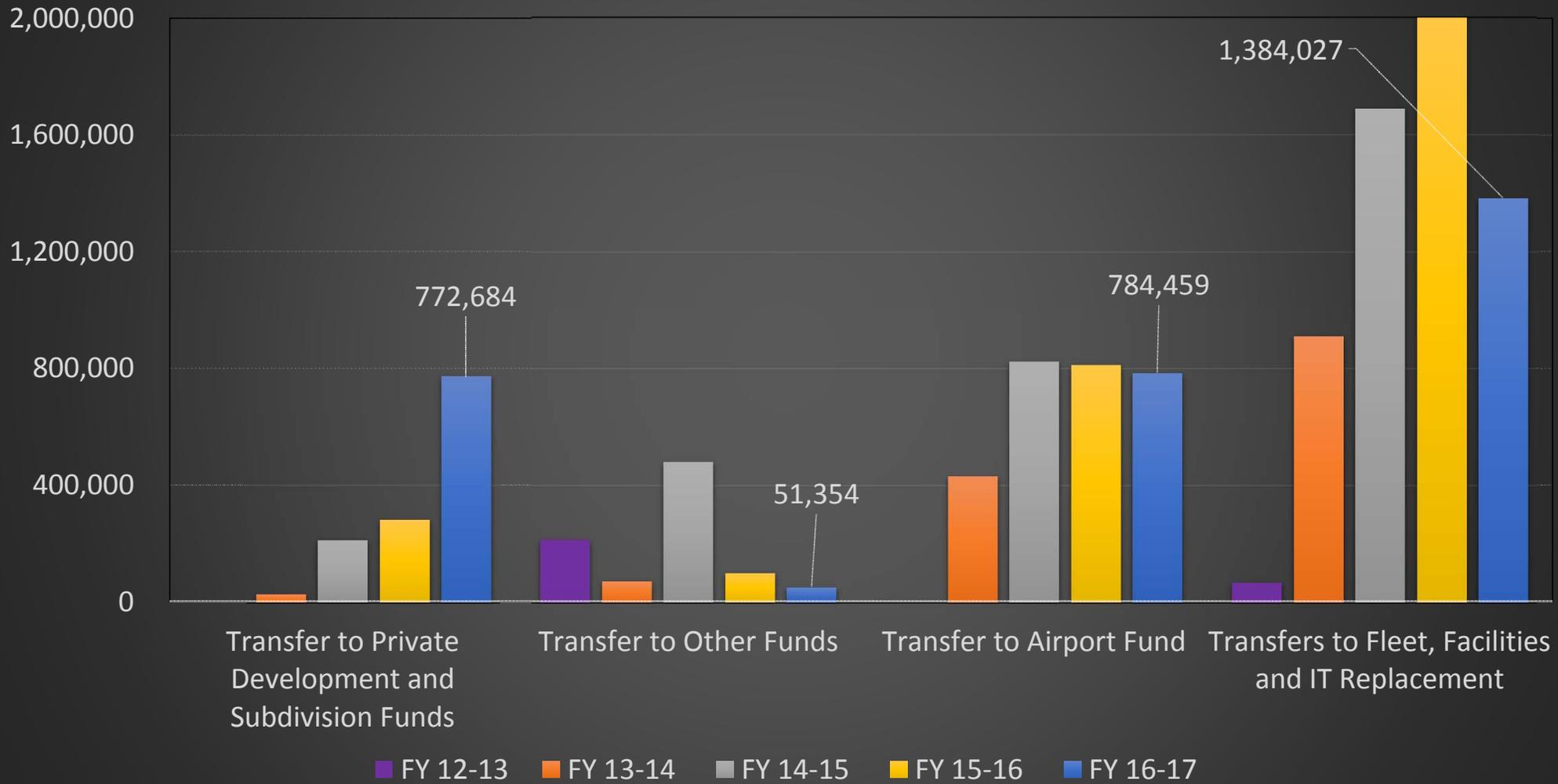
General & Park Funds (Funds 001 & 002) - Operating Revenue and Operating Expenditures (FS-1 to FS-5)



General Funds 001 - Transfers (Excludes Parks Transfer - Shown as Expenditure) (FS-4)

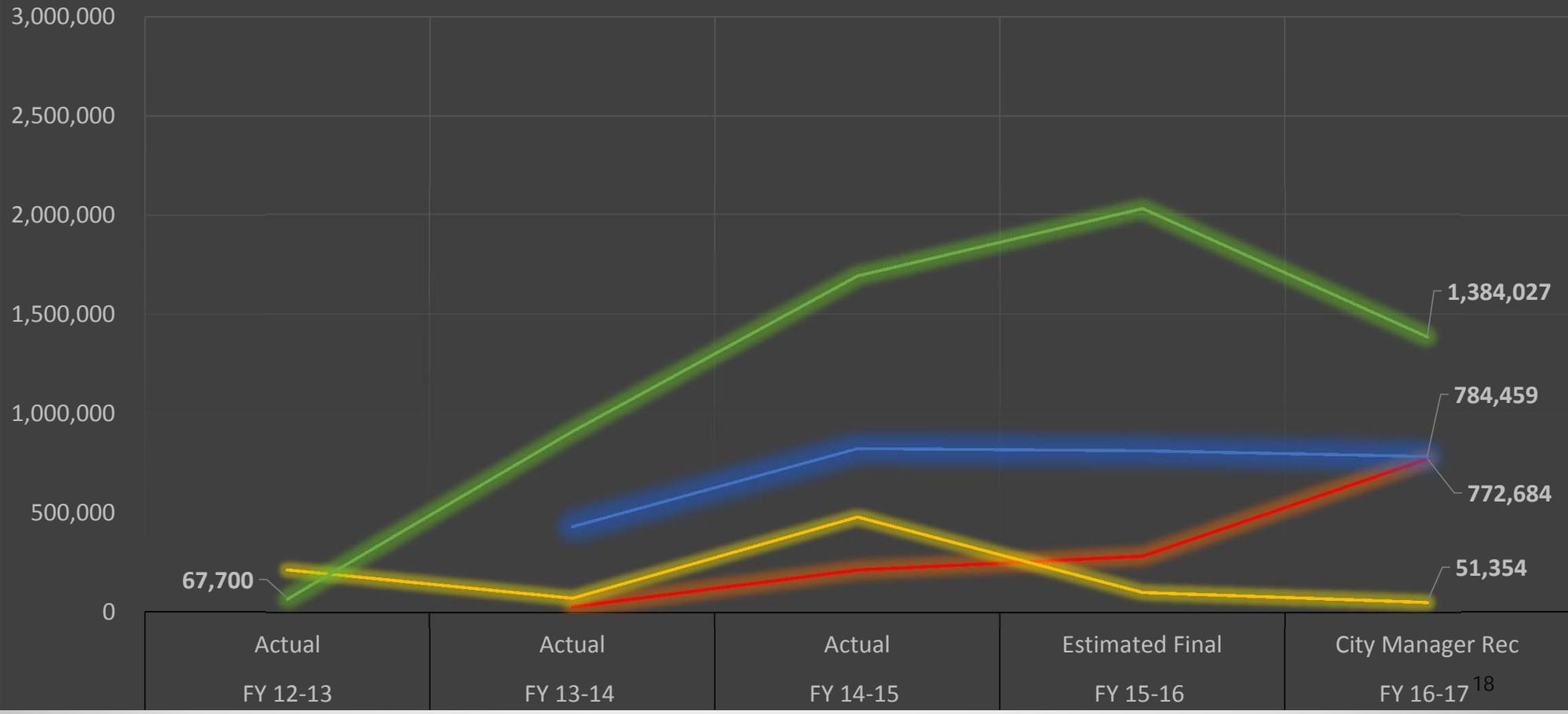


General Fund 001 - Transfers to Other Funds (Excluded T/O to Gen Fund Reserves) (FS-4)



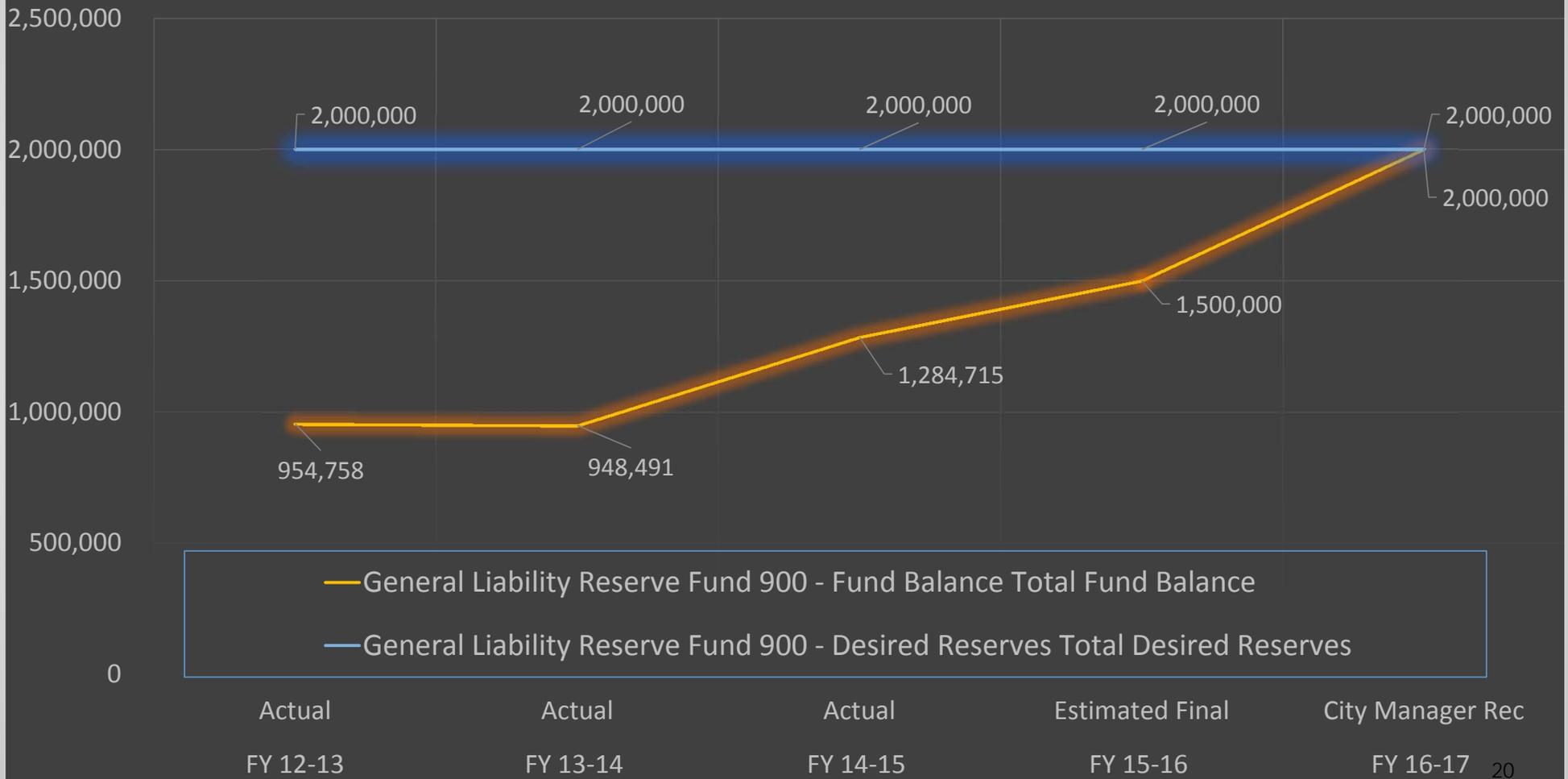
General Fund 001 – Transfers Out – ALL (FS-4)

- Transfer to Private Development and Subdivision Funds
- Transfer to other Funds
- Transfer to Airport Fund
- Transfers to Fleet, Facilities and IT Replacement

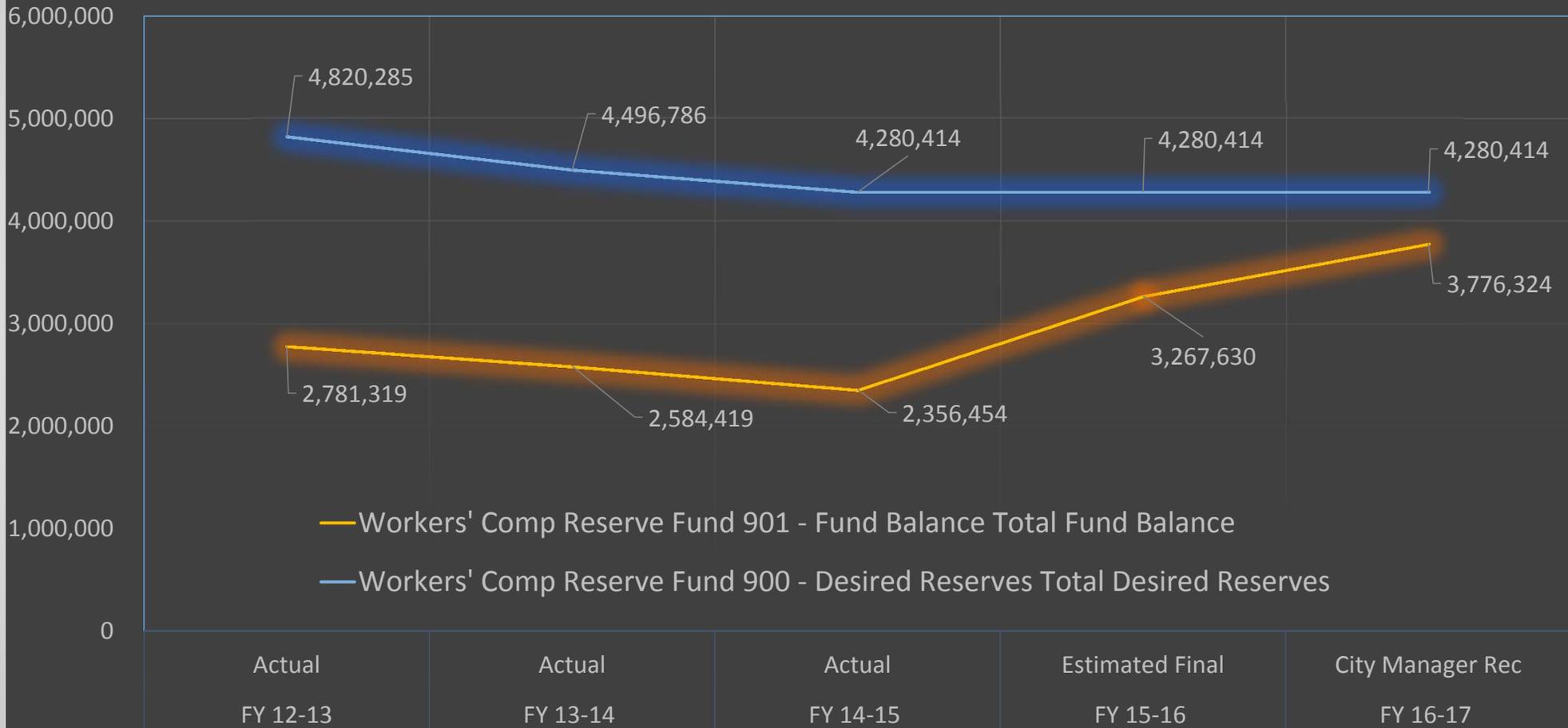


CITY RISK FUNDS
Liability Fund 900
Workers' Comp Fund 901

General Liability Reserve Fund 900 - Fund Balance vs. Desired Reserves (FS-67)



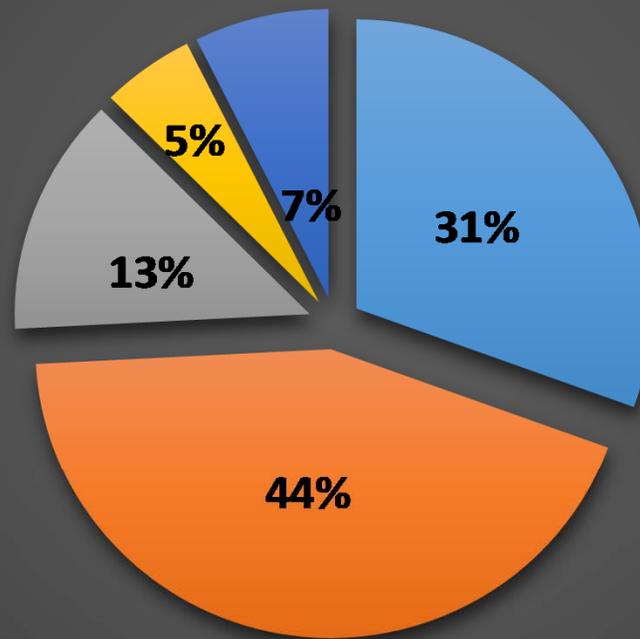
Workers' Comp Reserve Fund 901 - Fund Balance vs. Desired Reserves (FS-68)



GENERAL FUND REVENUE

(FS 1 – 2)

GENERAL FUND REVENUE SOURCE % FOR 2016-17



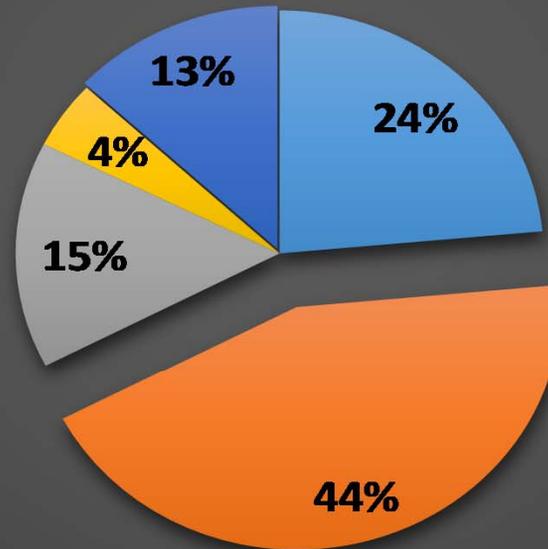
■ Property Taxes

■ Sales and Use Taxes

■ Utility Users Tax

■ Transient Occupancy Tax ■ Other

GENERAL FUND REVENUE SOURCE % FOR 2007-08



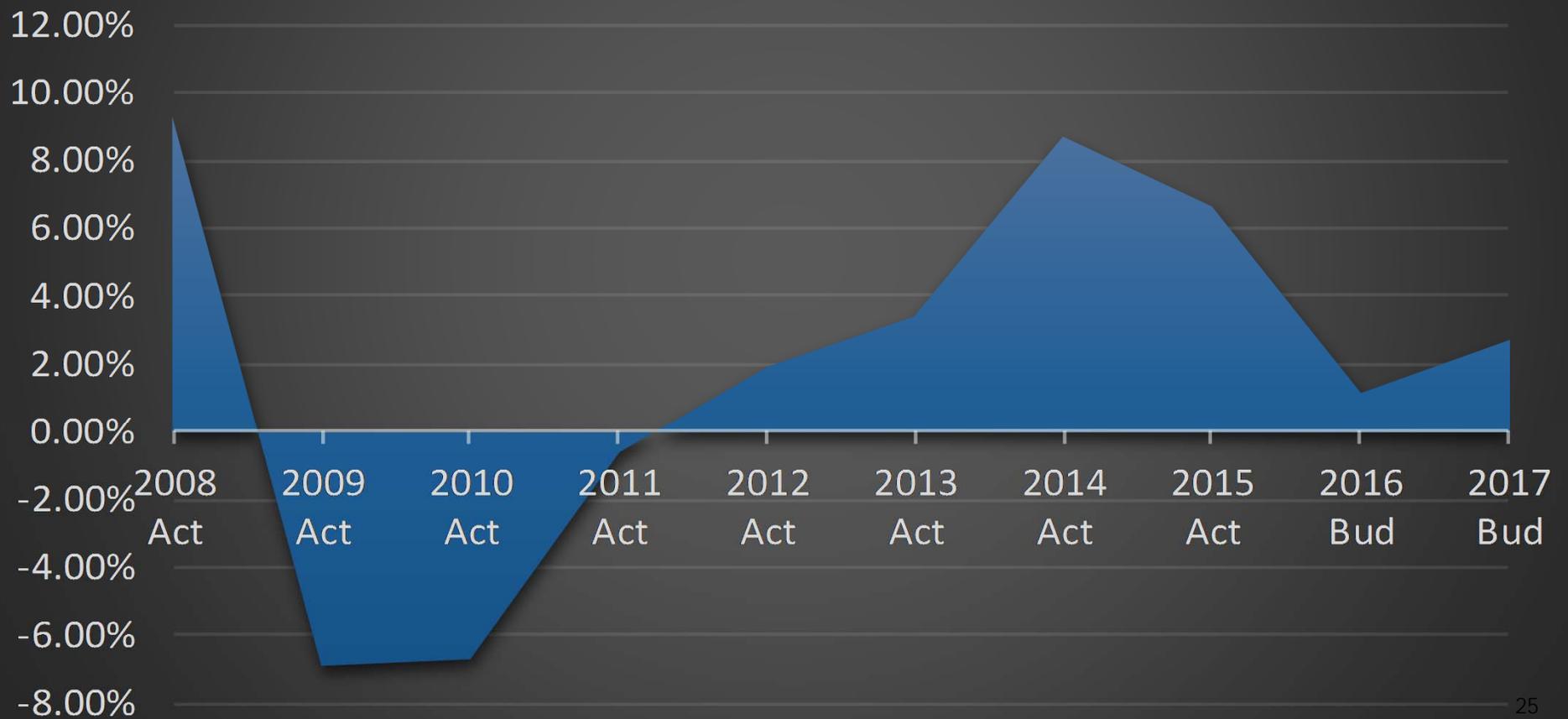
■ Property Taxes

■ Sales and Use Taxes

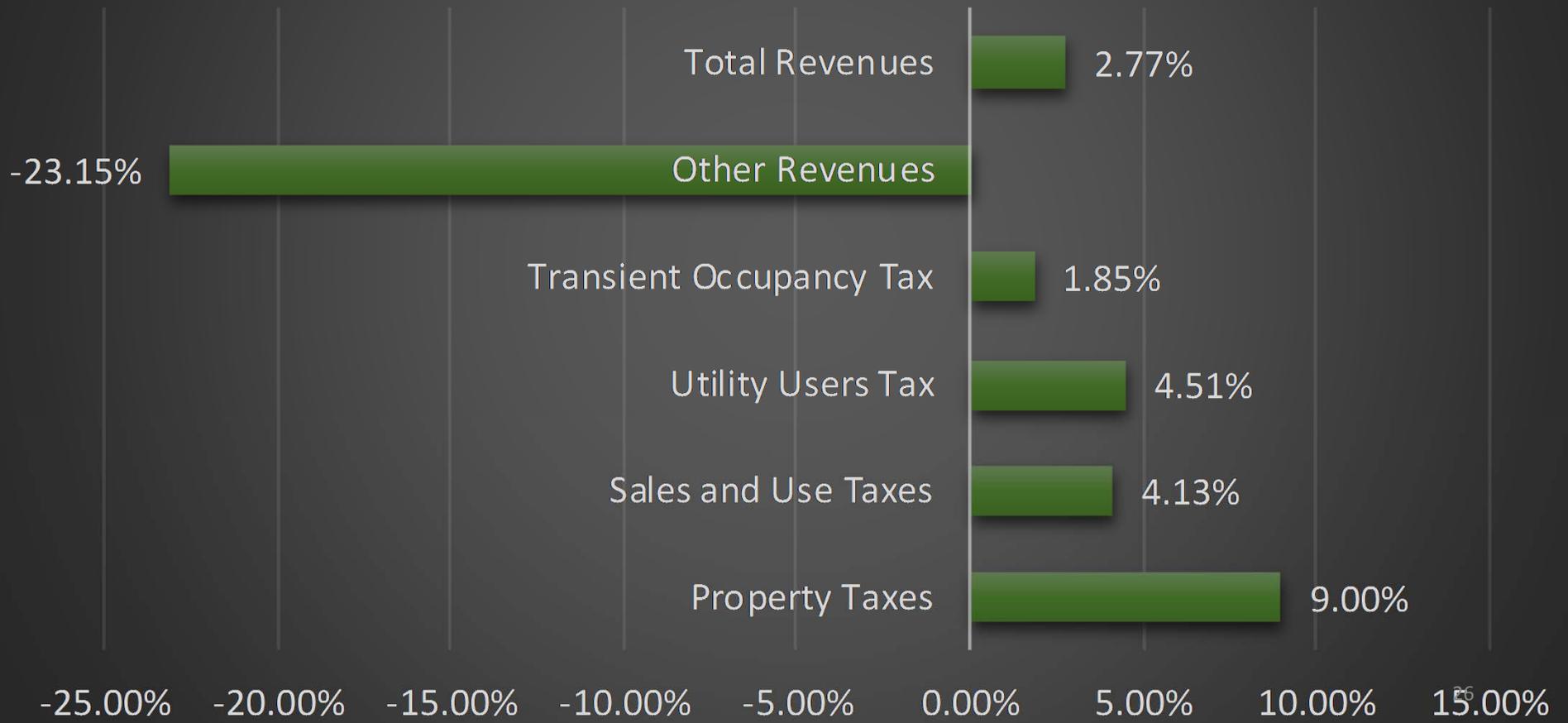
■ Utility Users Tax

■ Transient Occupancy Tax ■ Other

GENERAL FUND REVENUE CHANGES BY % FROM YEAR TO YEAR

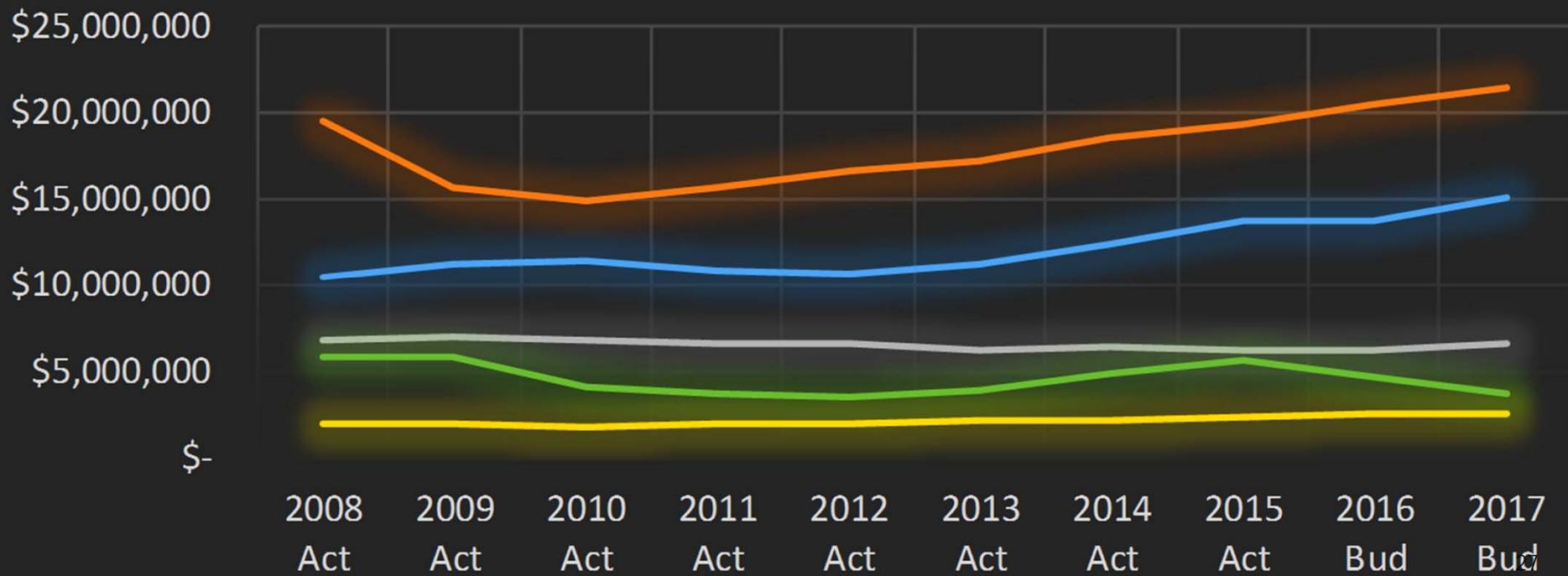


PROJECTED REVENUE % CHANGE FROM 2015-16 TO 2016-17



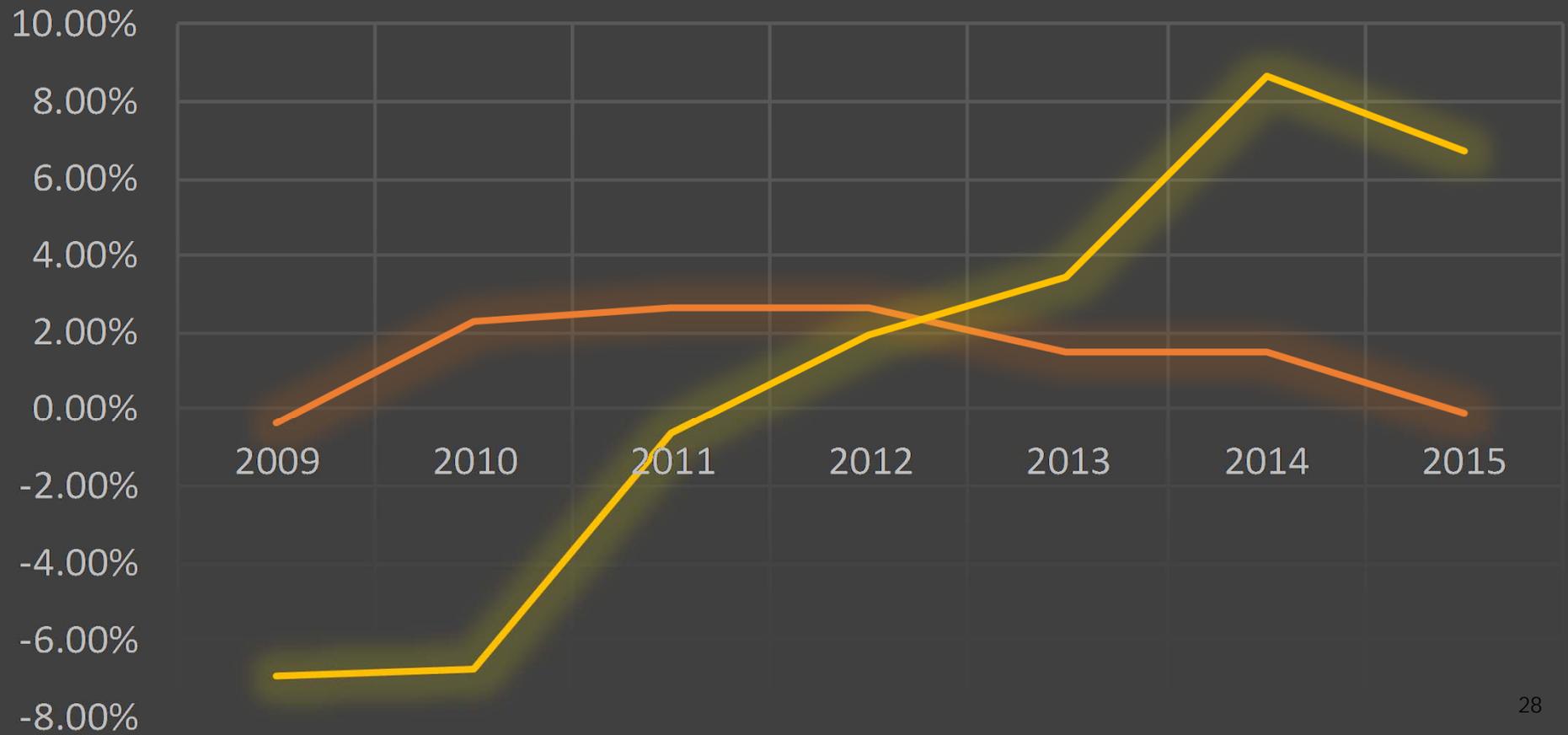
GENERAL FUND REVENUE TRENDS

- Property Taxes
- Sales and Use Taxes
- Utility Users Tax
- Transient Occupancy Tax
- Other

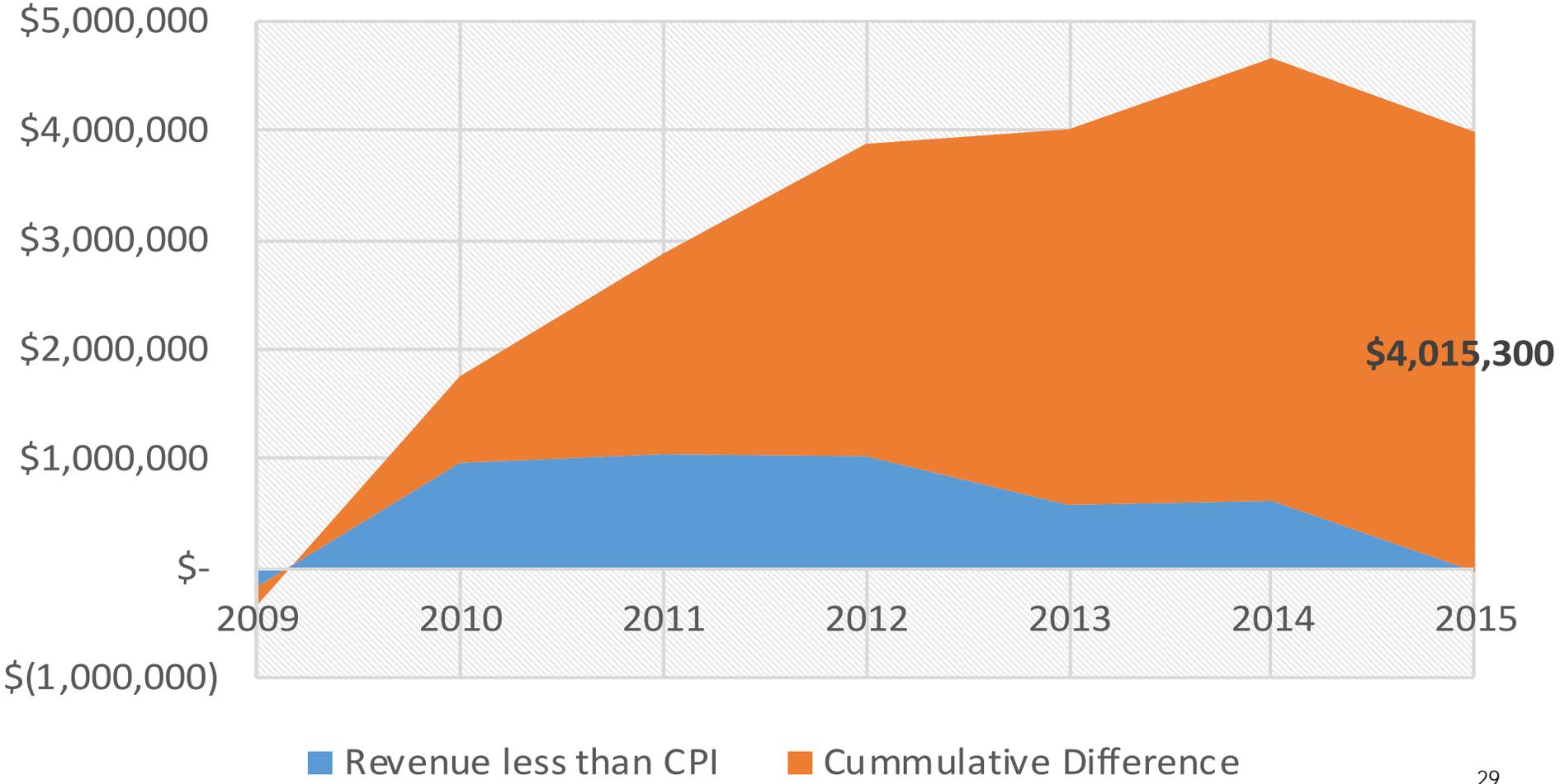


CPI vs. ACTUAL REVENUES GROWTH RATE

— CPI % — Actual Revenue Growth %



KEEPING UP WITH INFLATION?

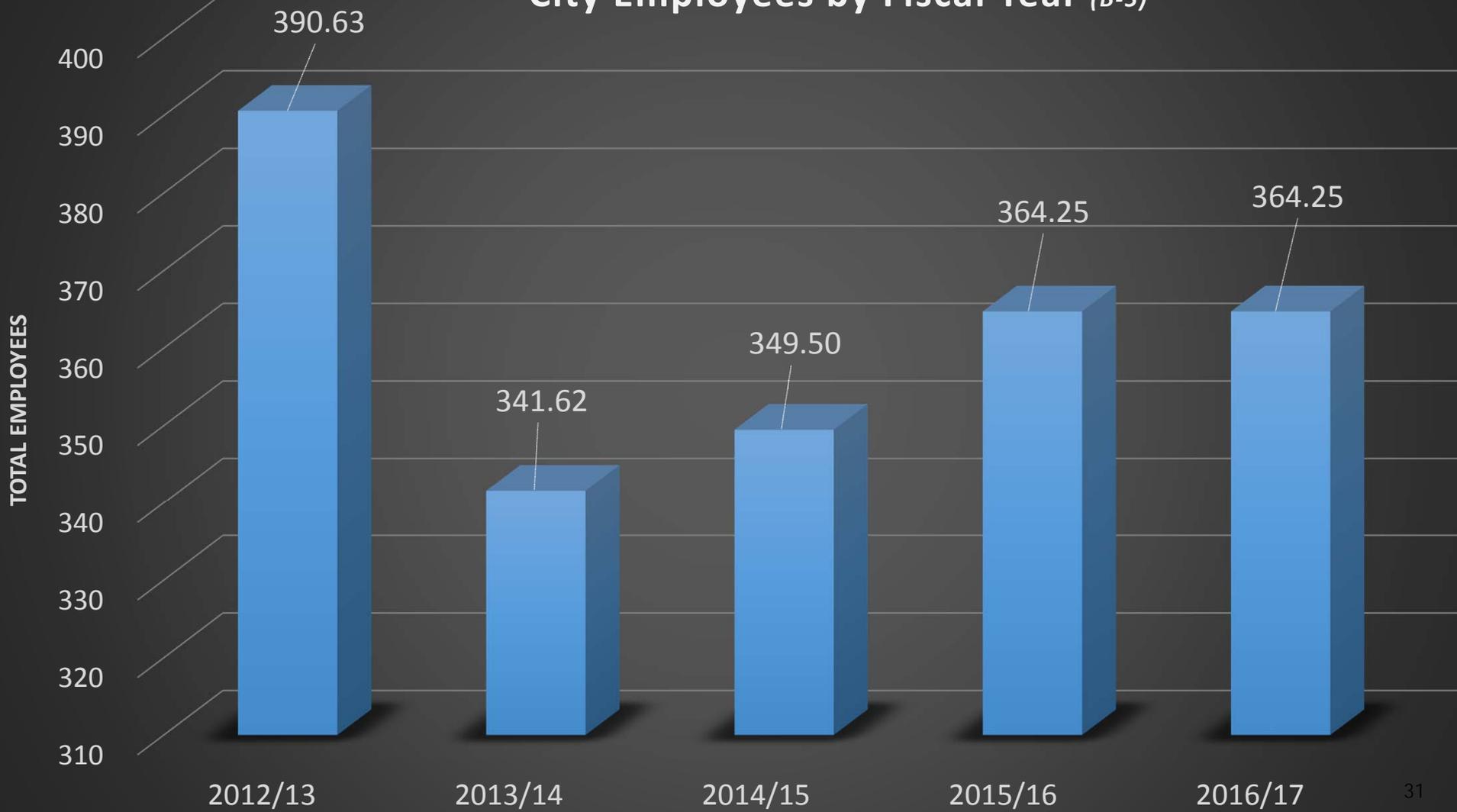


City Staffing Levels

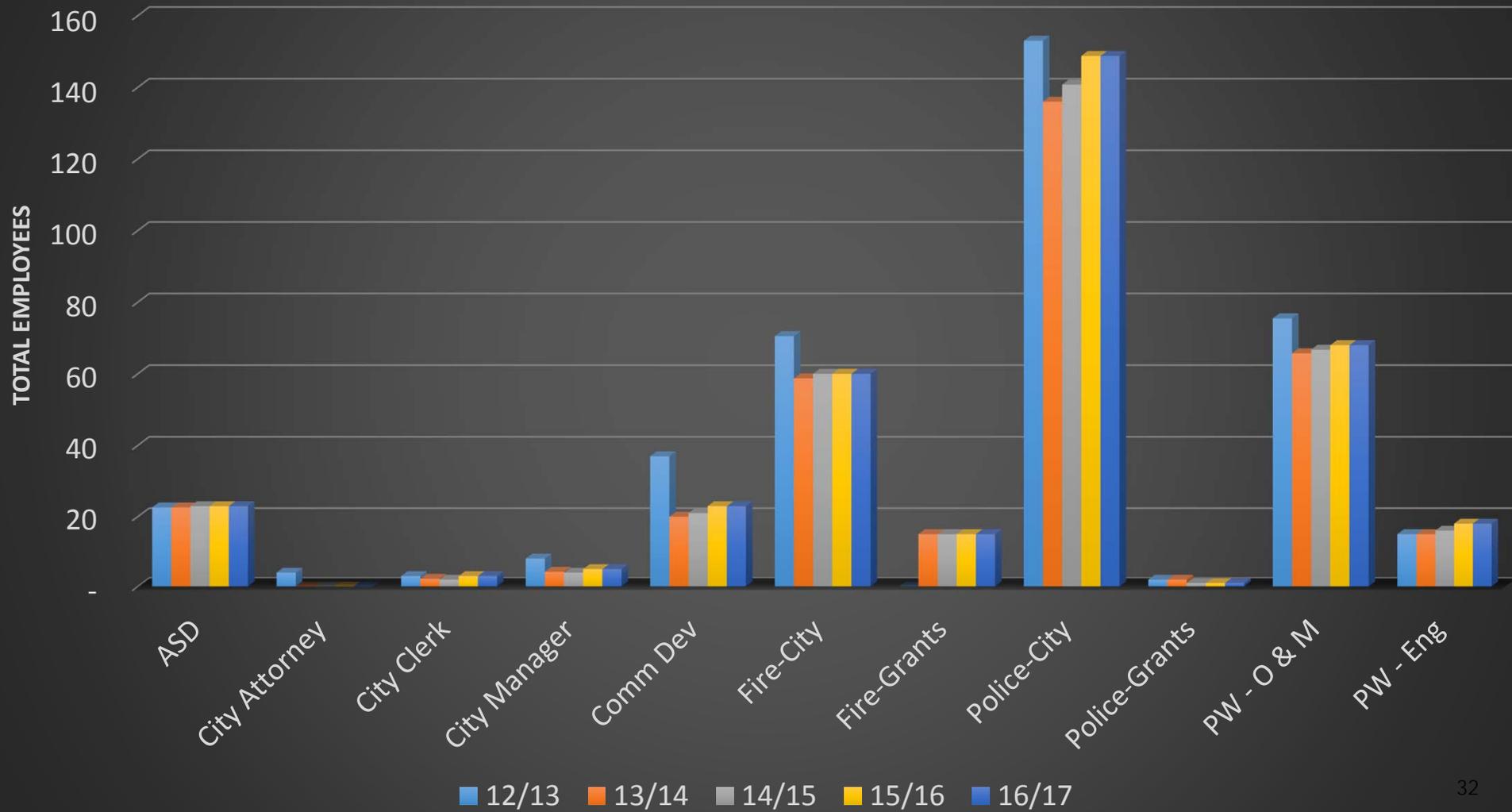
Operating Department Summaries

- Admin Services
- City Attorney
- City Clerk
- City Manager
- Fire
- Police

City Employees by Fiscal Year (B-5)



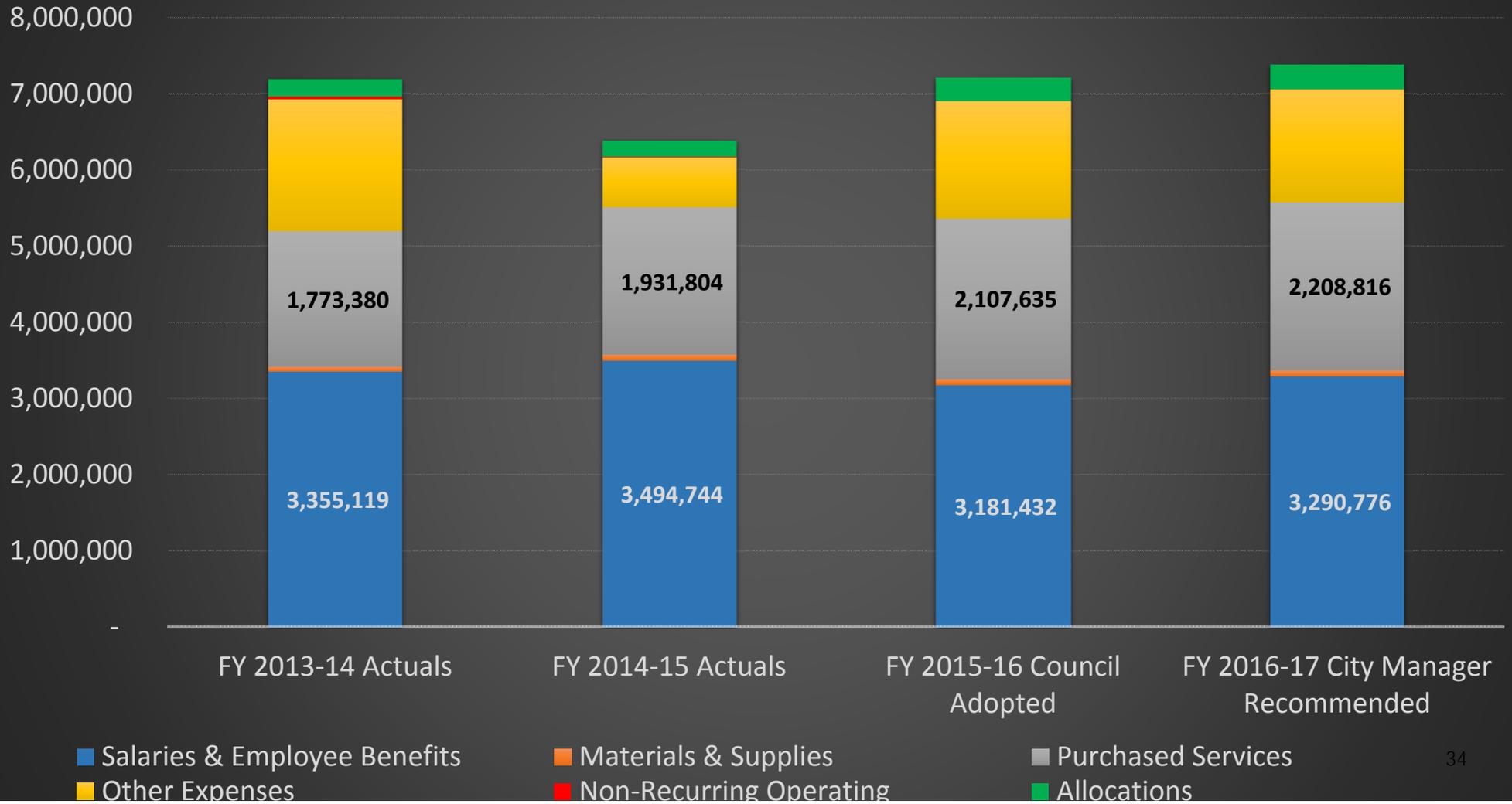
Employee Count by Department (B-5)



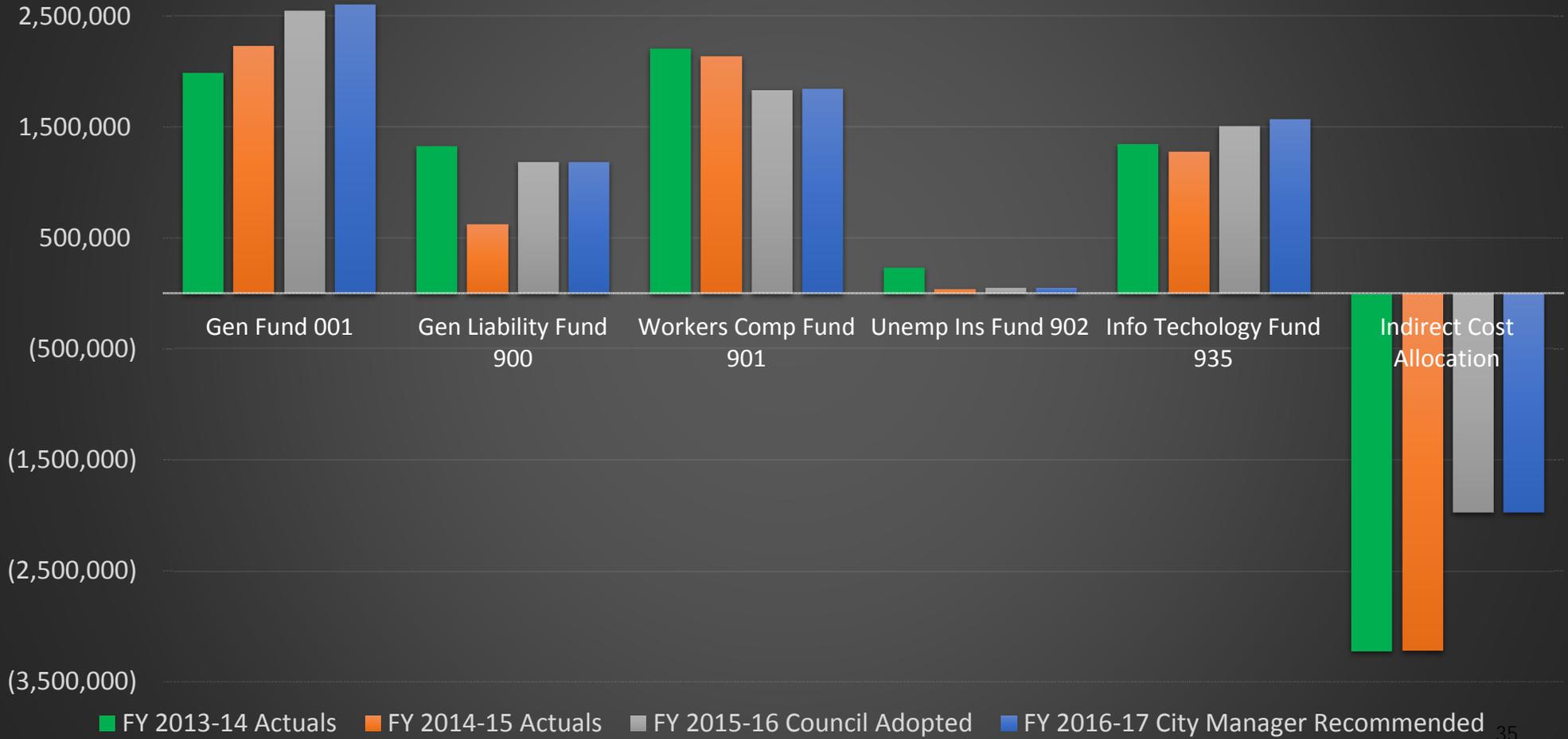
Administrative Services *(B-4 Pg 1)*



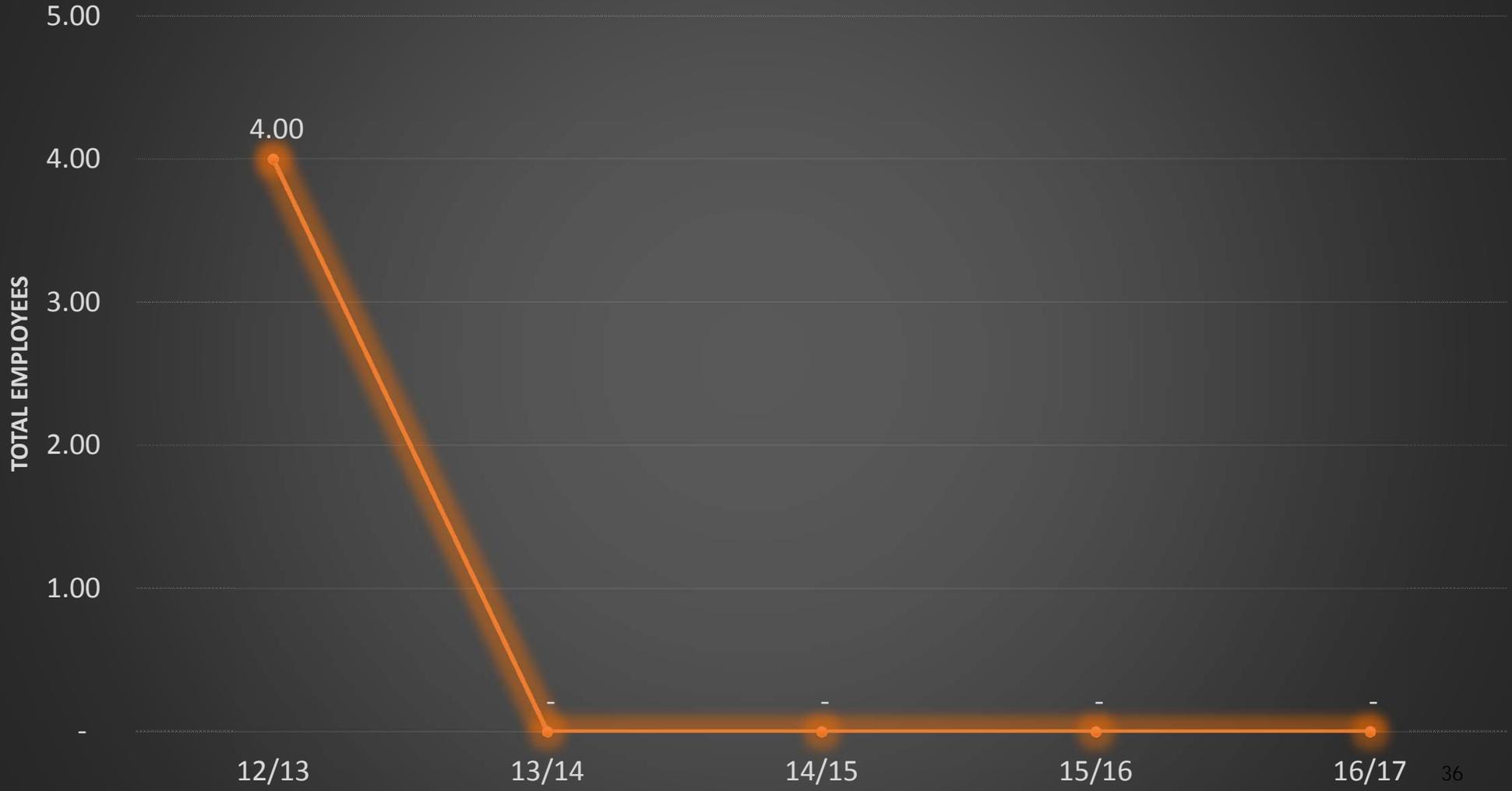
Administrative Services – By Exp Category



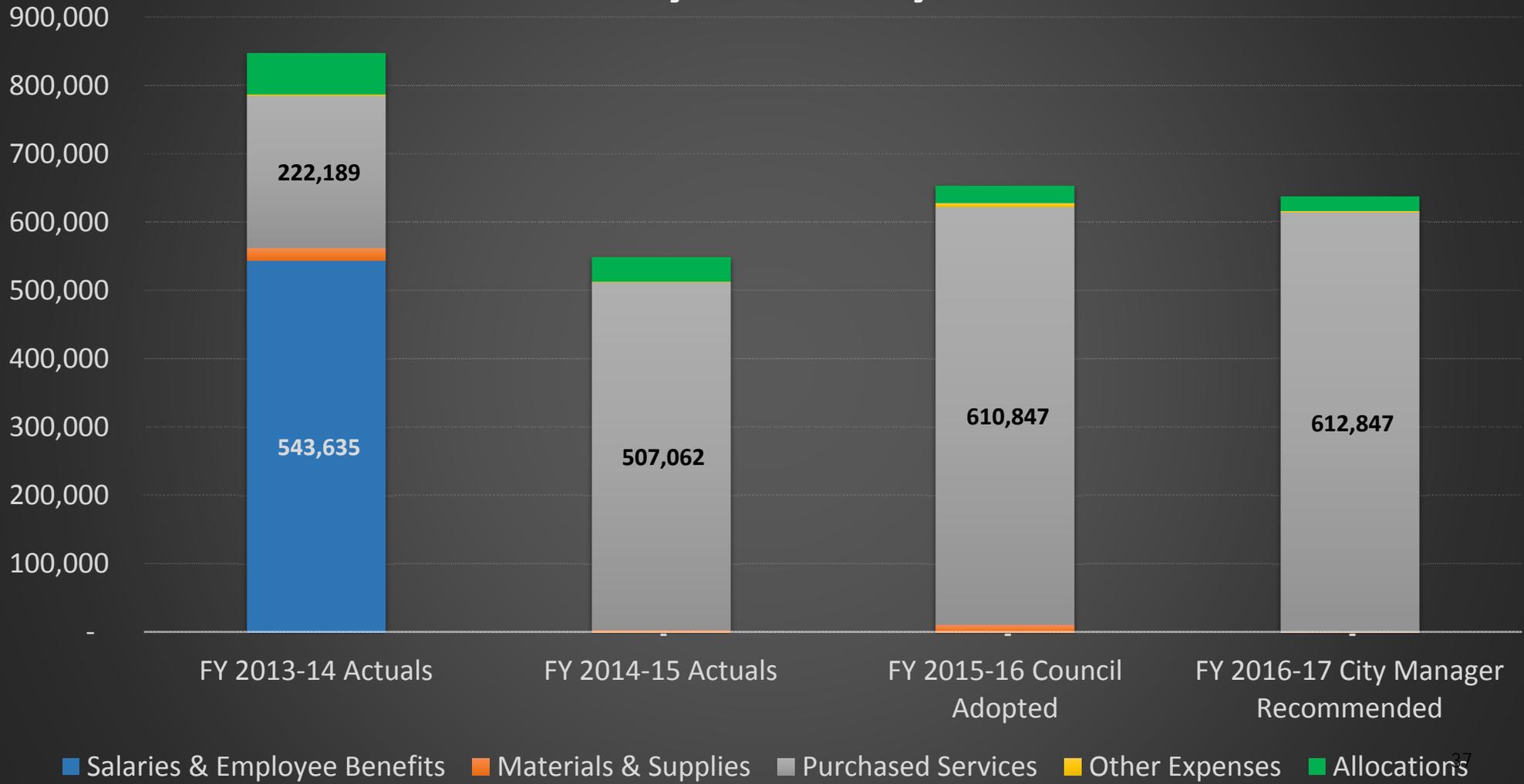
Administrative Services - By Fund



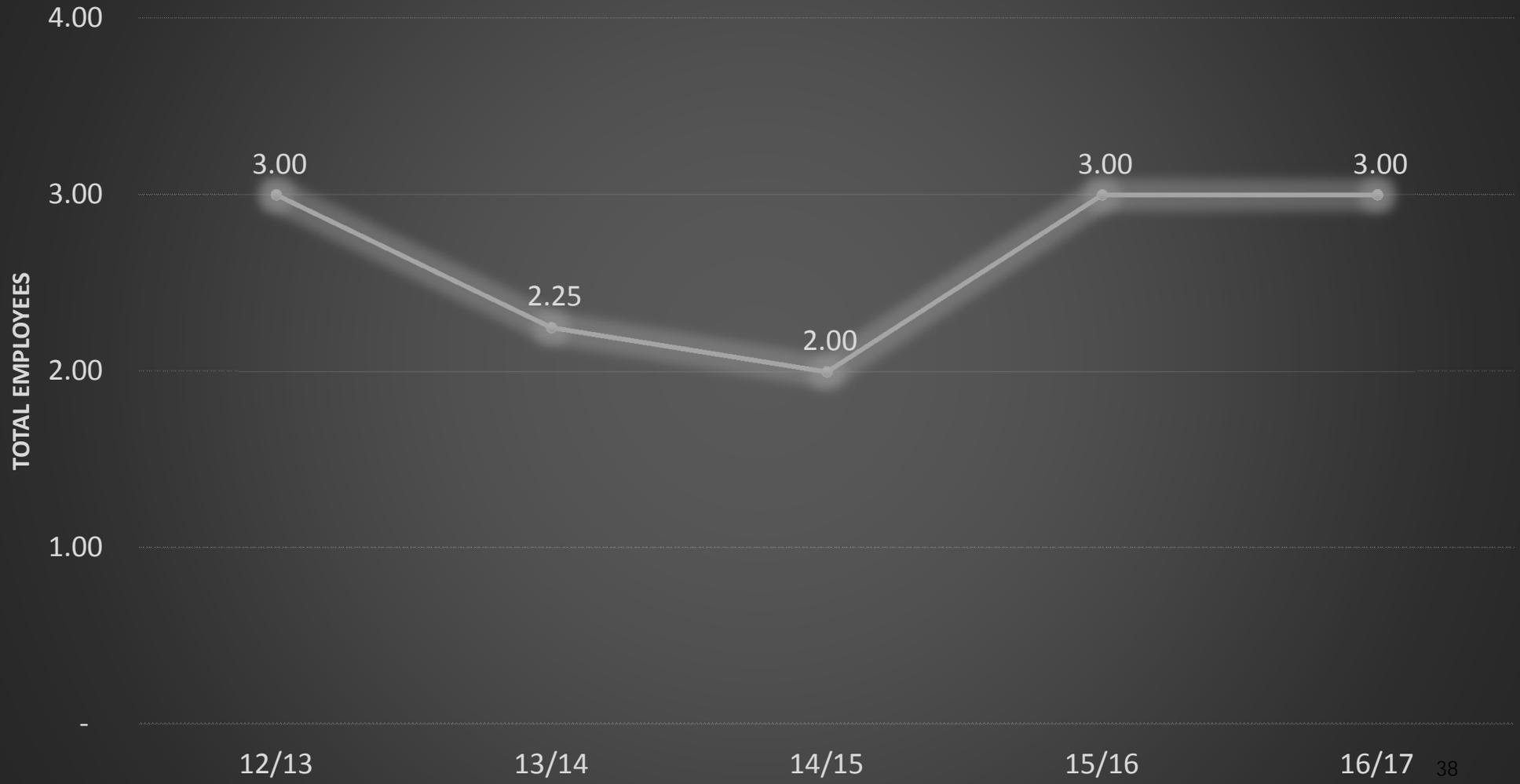
City Attorney (B-5)



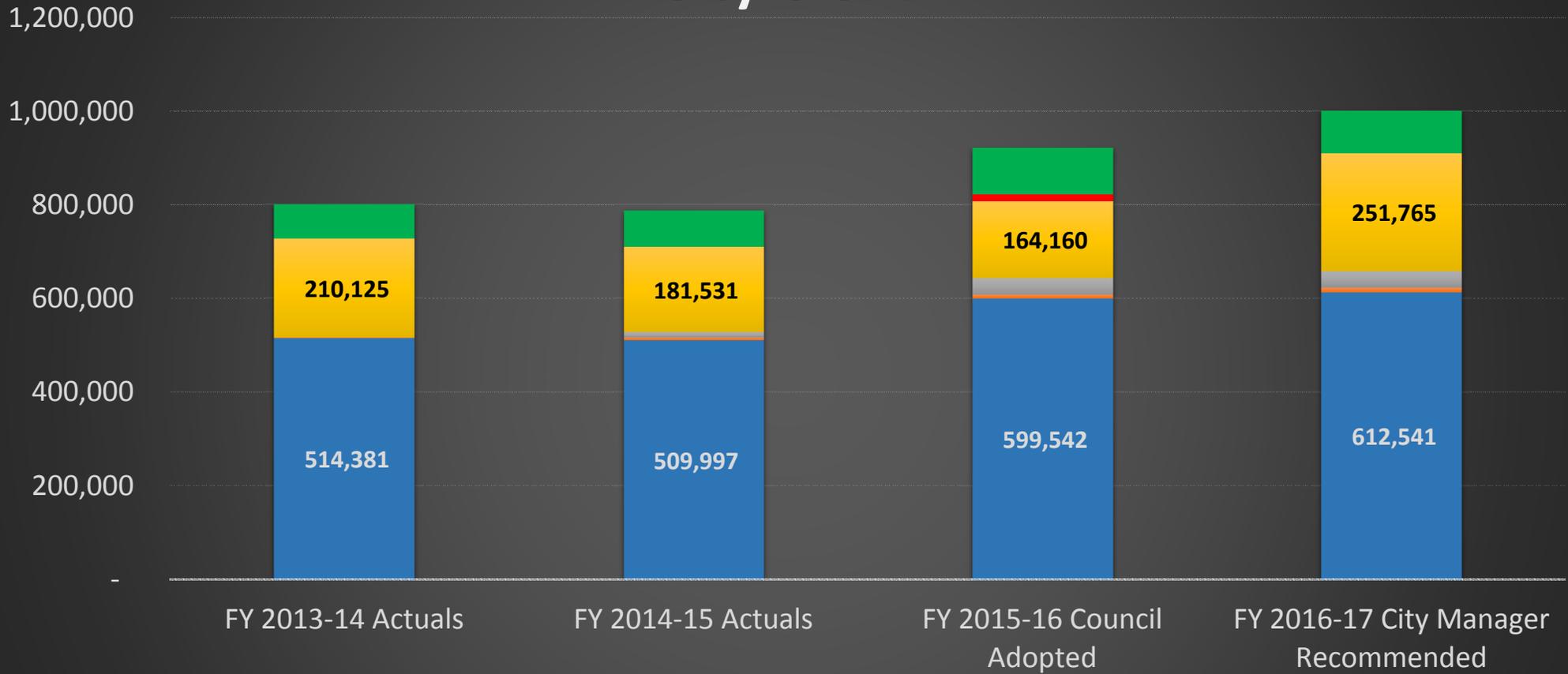
City Attorney



City Clerk (B-4 Pg 1)



City Clerk

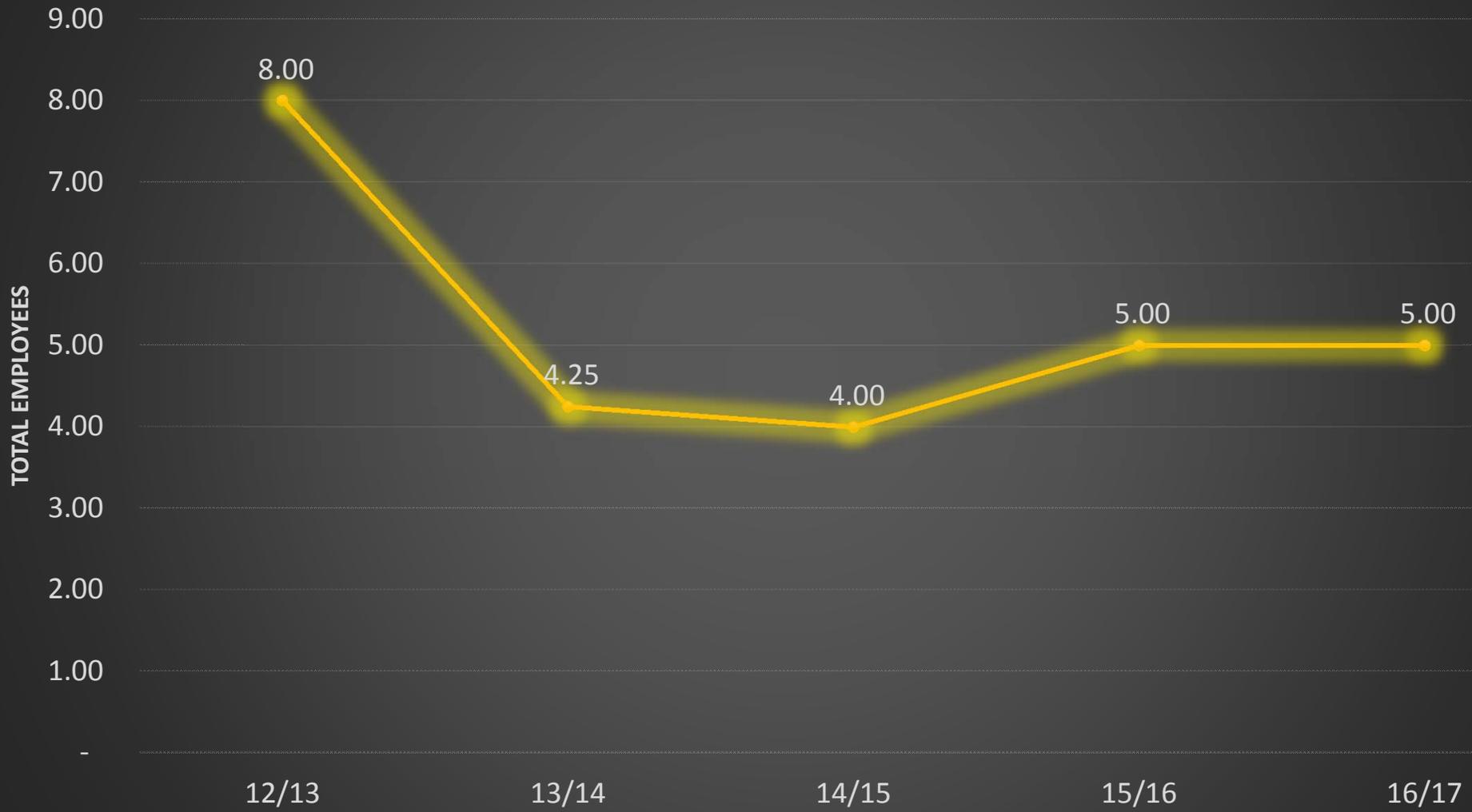


Salaries & Employee Benefits
Other Expenses

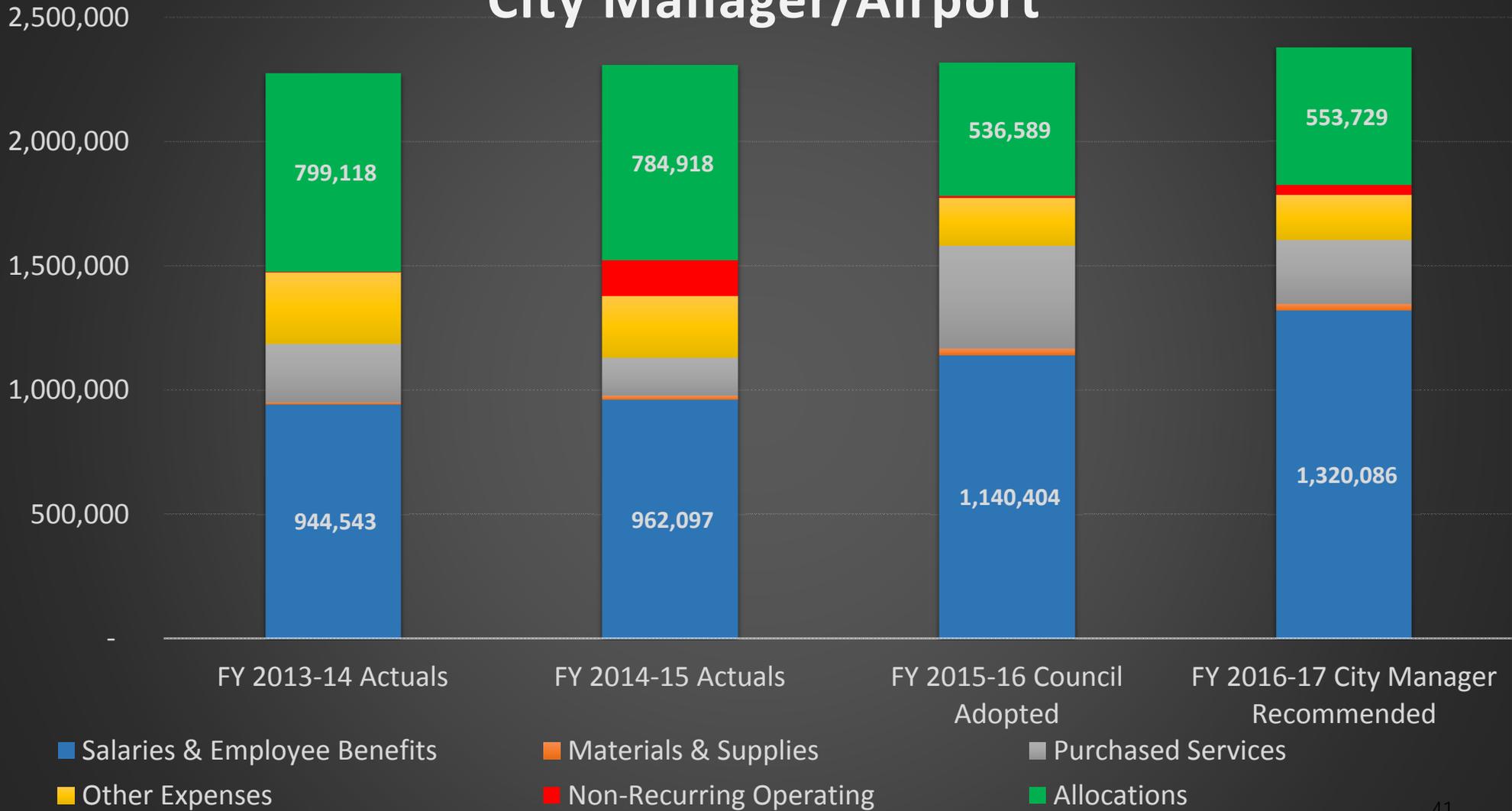
Materials & Supplies
Non-Recurring Operating

Purchased Services
Allocations

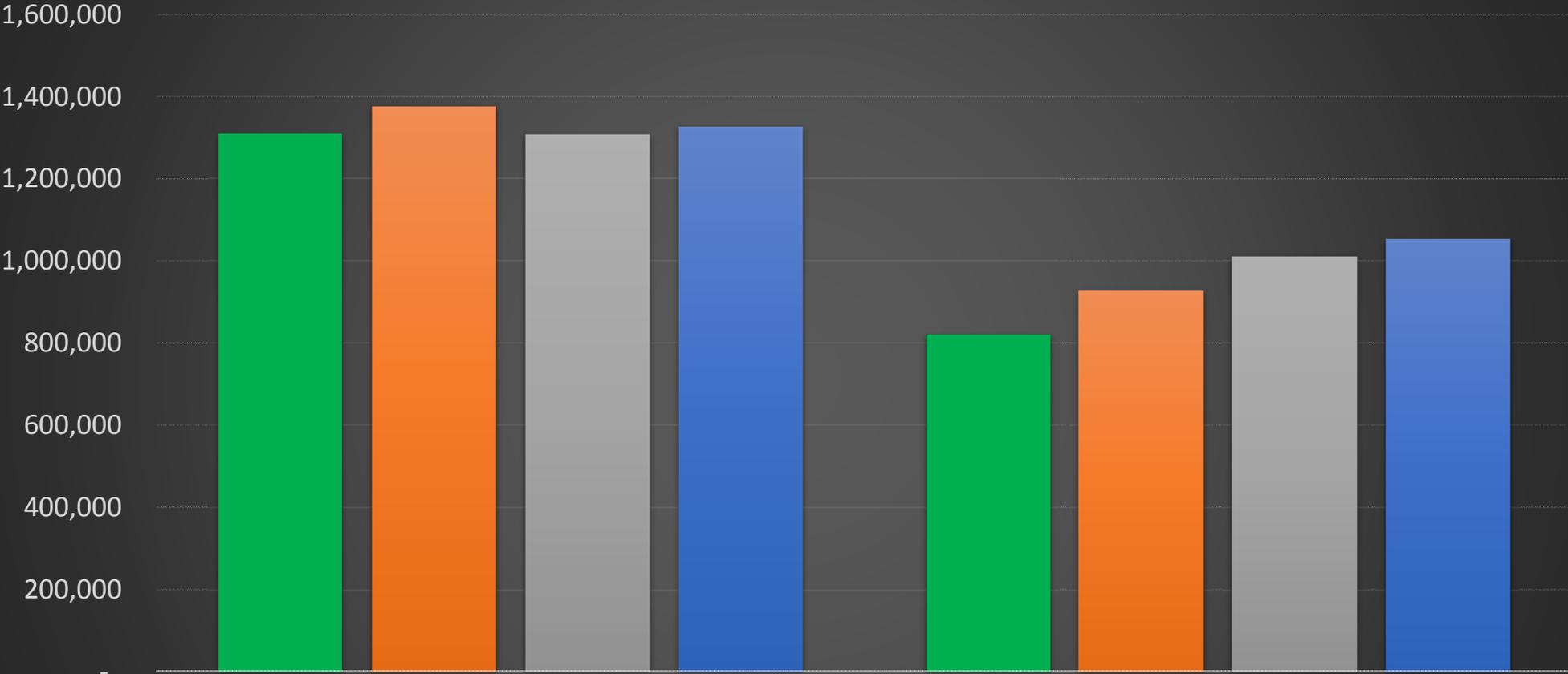
City Manager/Airport *(B-4 Pg 1)*



City Manager/Airport



City Manager/Airport



General Fund 001

Airport Fund 856

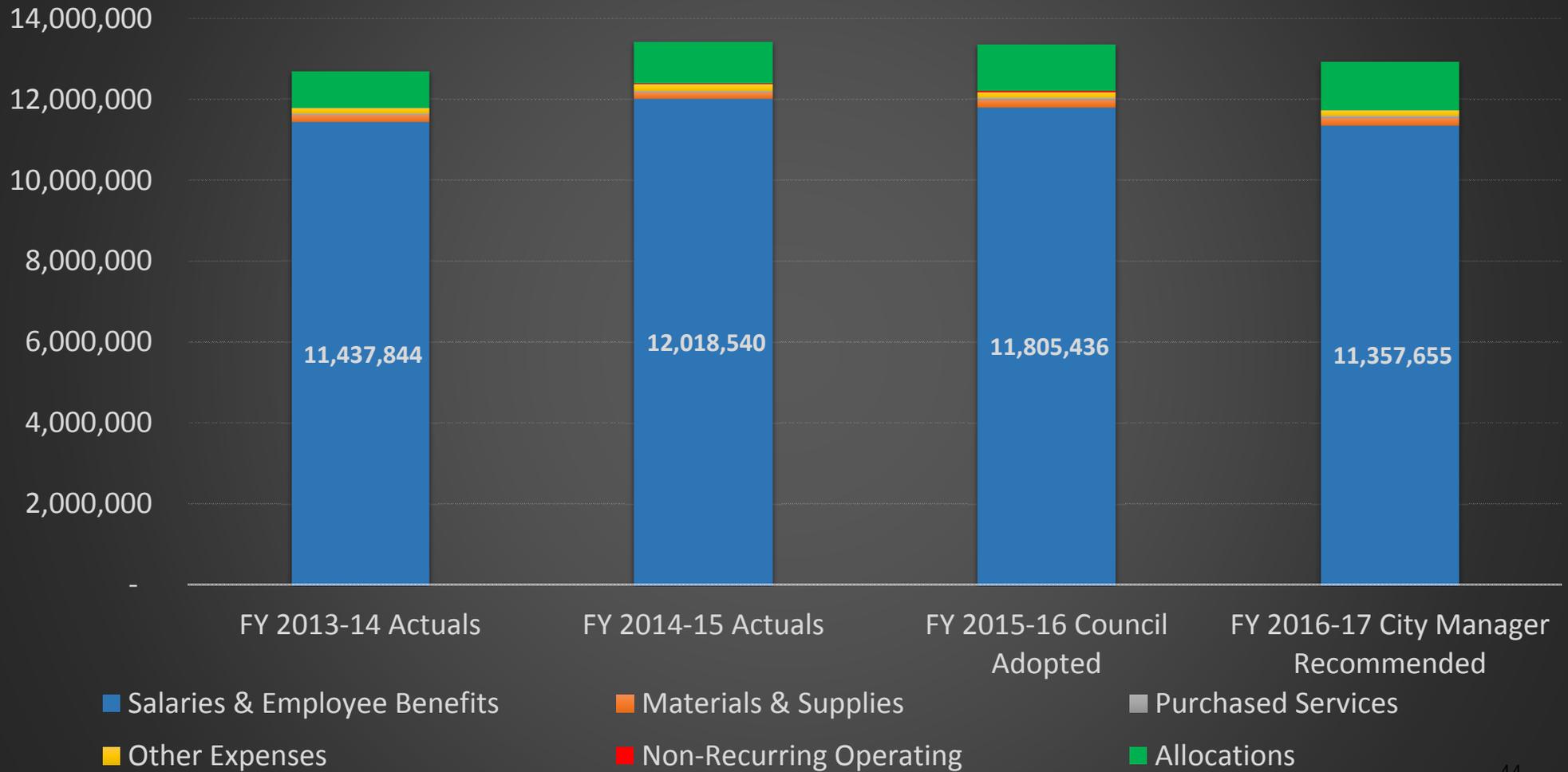
FY 2013-14 Actuals
FY 2015-16 Council Adopted

FY 2014-15 Actuals
FY 2016-17 City Manager Recommended

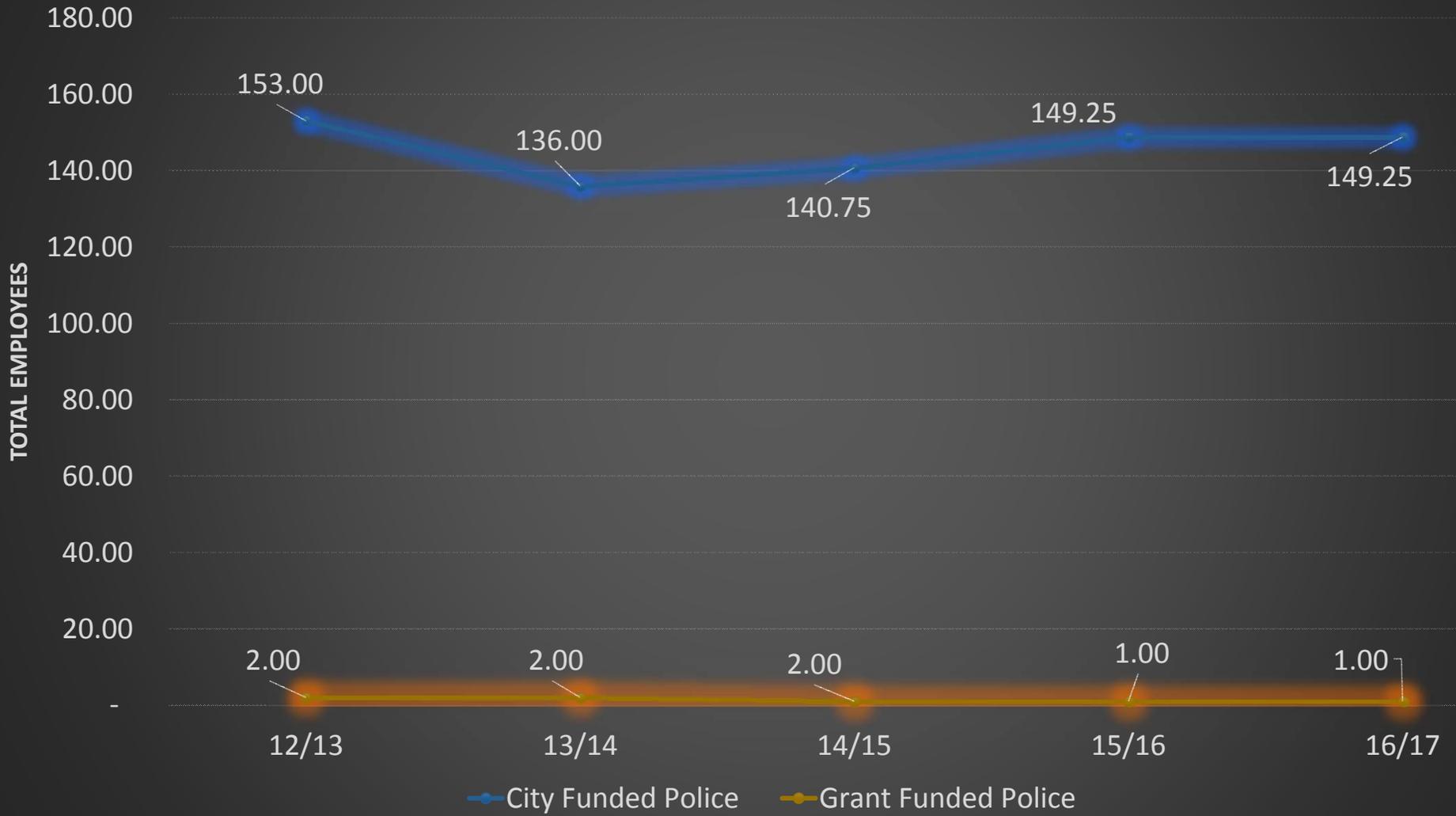
Fire (B-4 Pg 3)



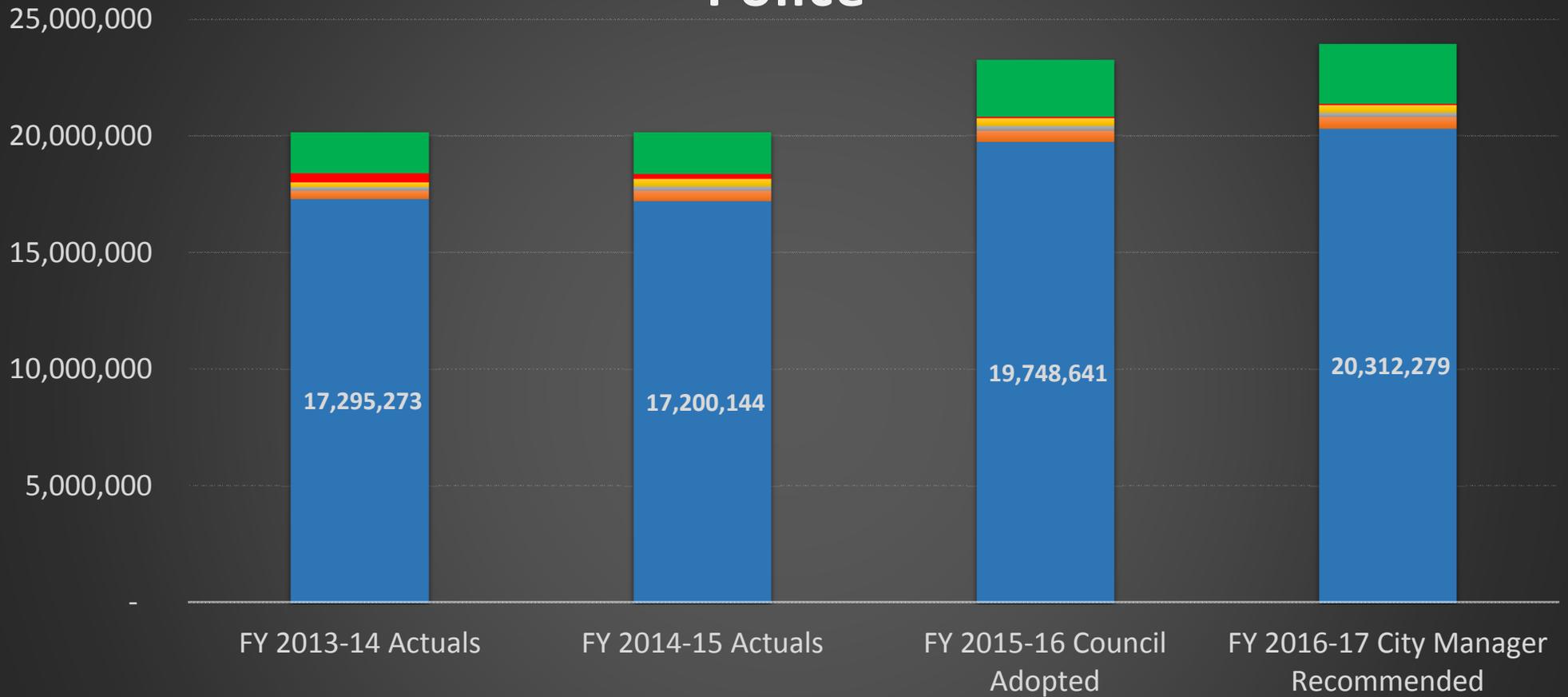
Fire



Police (B-4 Pg 4)



Police



Salaries & Employee Benefits
Other Expenses

Materials & Supplies
Non-Recurring Operating

Purchased Services
Allocations

CAPITAL PROJECTS

(Capital Section Summary - Sorted by Fund Pg 1 & Unfunded Projects Summary Pg 1)

CAPITAL PROJECTS

FUNDED PROJECTS

FY 15-16 – Currently \$3.7M in capital projects (some pending approval) including:

- CAD/RMS - \$1.4M
- CHP Property Acquisition - \$300K
- Sycamore Pool Reconstruction - \$150K

CAPITAL PROJECTS

FUNDED PROJECTS

FY 16-17 – Draft Proposed includes approx. \$1M in capital expenditures including:

- Bancroft - \$200K/year ongoing thru FY 18-19
- Tiller truck lease - \$144K year ongoing thru FY 24-25
- PD Vehicles (New) - \$220K
- Parks related - \$230K

CAPITAL PROJECTS

UNFUNDED PROJECTS

FY 16-17 – Draft Proposed includes approx. \$28M in unfunded projects including:

- \$20.5M Police Radio System
- \$ 6.2M Animal Shelter Facility
- \$ 1.3M Police – Misc Projects

NEXT UP: DEPARTMENTAL UPDATES

May 3, 2016 - COUNCIL MEETING, BUDGET PART 2
- PUBLIC WORKS AND COMM DEVELOPMENT

May 17 & June 7 Council – Add'l Budget as Needed

June 21, 2016, COUNCIL MEETING, PRESENTATION
OF PROPOSED BUDGET FOR ADOPTION
(Focus on Long-Term Forecasts)

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QUESTIONS?

ADMINISTRATIVE SERVICES:

Finance

Human Resources

Risk Management

Information Technology

CITY ATTORNEY

CITY CLERK

CITY MANAGER

POLICE

Chief Michael O'Brien

(Separate PP)

FIRE

Interim Chief Bill Hack

(Separate PP)