

FY 2013-14/FY 2014-15 Updated GF Revenue & Expenditure Projections and Proposed Reduction Package



City Council Presentation

April 15, 2014

(rev)

Background

- | | |
|-------------------------------|--|
| June 25, 2013 | Presented Five-Year GF Forecast as part of FY13-14 Budget Presentation. Noted \$3.8 M structural deficit for FY14-15, increasing in future years |
| December 17, 2013 | Mid-Year Budget Review
Updated Five-Year GF Forecast
Gap for FY 14-15 up to \$5.1 M |
| January 7 & 23, 2014 | Revenue Sub-committee Focus Groups |
| February 11, 2014 | Sales Tax Measure Placed on June Ballot |
| December 2013 –
April 2014 | 16 Community Meetings on City Budget |
| April 2014 | Mailer to 16,259 accounts on City Budget included in City Utility Bill |

Background (*cont'd*)

April 15, 2014

Consideration of Updated GF Cash Flow Projections and Proposed Reduction Package

May 2014

Second Mailer included in Utility Bill re: Updated Budget Projection and Proposed Reductions

Additional Community Outreach Meetings

Phone Survey re: Infrastructure Needs

June 3, 2014

Measure “O” Sales Tax Ballot Measure

June 10 & 24, 2014

Budget Deliberations

July 15, 2014

Consideration of Revenue Measure for November Ballot

General Fund Summary

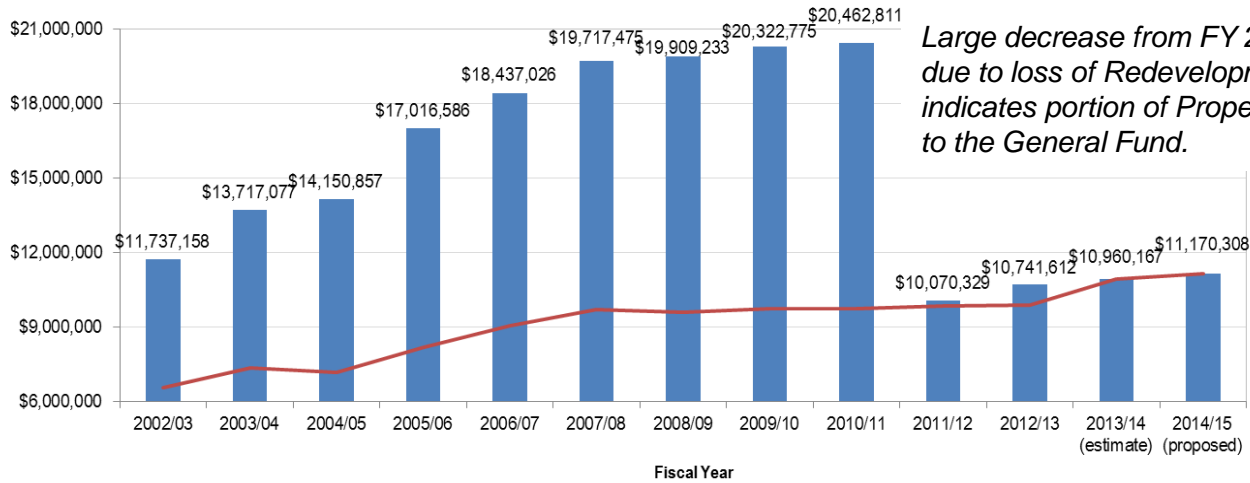
- Updated December General Fund revenue and expenditure forecast.
 - Over five years, revenue increases by 9.82% and expenditures by 11.44%.
 - **No** additional half-cent Sales Tax revenue included (\$2.7 M for 9 months).
 - Proposed reductions **not** included (\$1,164,027)
 - No filled positions included in reduction package.
 - Projected structural imbalance almost the same \$4.99 M vs. \$5.1 M.
- Infrastructure in at \$2.5 M
 - FY 2014-15 **all** funds budget has \$4.7 M infrastructure, including carryover.
 - Total GF amount for FY 2014-15 is \$3,779,000.
- At current rate, fund balance will likely be depleted by end of FY 15-16
 - Budget reductions will continue in future years.
- Even if Sales tax measures passes and proposed reductions accepted by Council, there will still be a structural imbalance of about \$1.1 M

April Update

- City Department budgets and functions reviewed in March
- December 2013 reduction list updated
 - Proposal to reduce vacant positions and costs by \$1,164,027
- Reviewed options to increase revenues – Master Fee Schedule
- Sales Tax Measure on June ballot
 - Draft preliminary General Fund budget assumes no new revenue from sales tax measure
 - Public presentations and printed information distributed in utility bills and posted on website

Major Revenue Source Trends

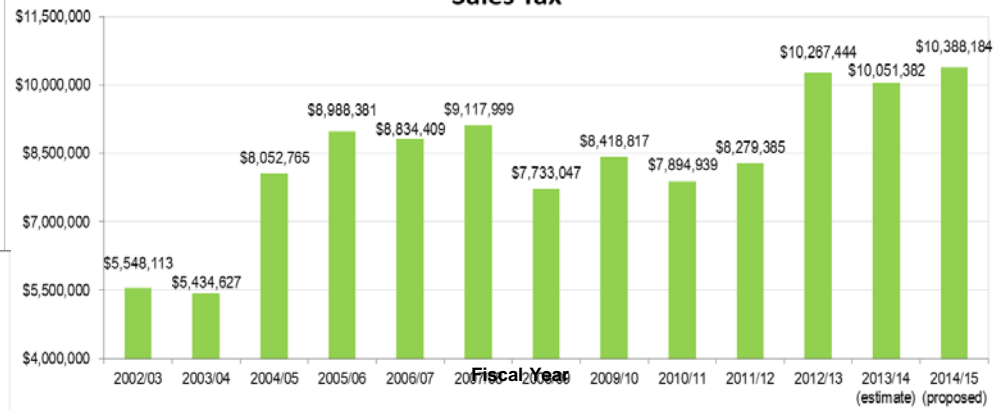
Property Tax



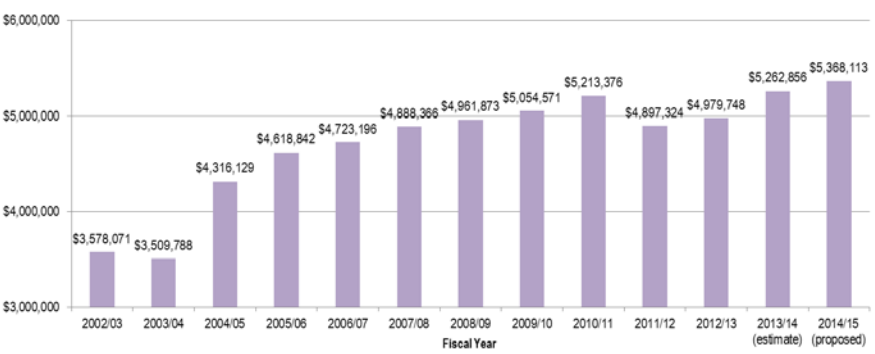
Large decrease from FY 2010/11 to 2011/12 is due to loss of Redevelopment funding. Red line indicates portion of Property Tax which comes to the General Fund.

Triple Flip - .25% Sales Tax is reduced and reimbursed to cities/counties with property tax transfers; ends in 2016

Sales Tax



Motor VLF In-Lieu



Note: FY 2012-2013 Includes one-time funds from manufacturer. New vehicle sales are not anticipated to continue at same rate.

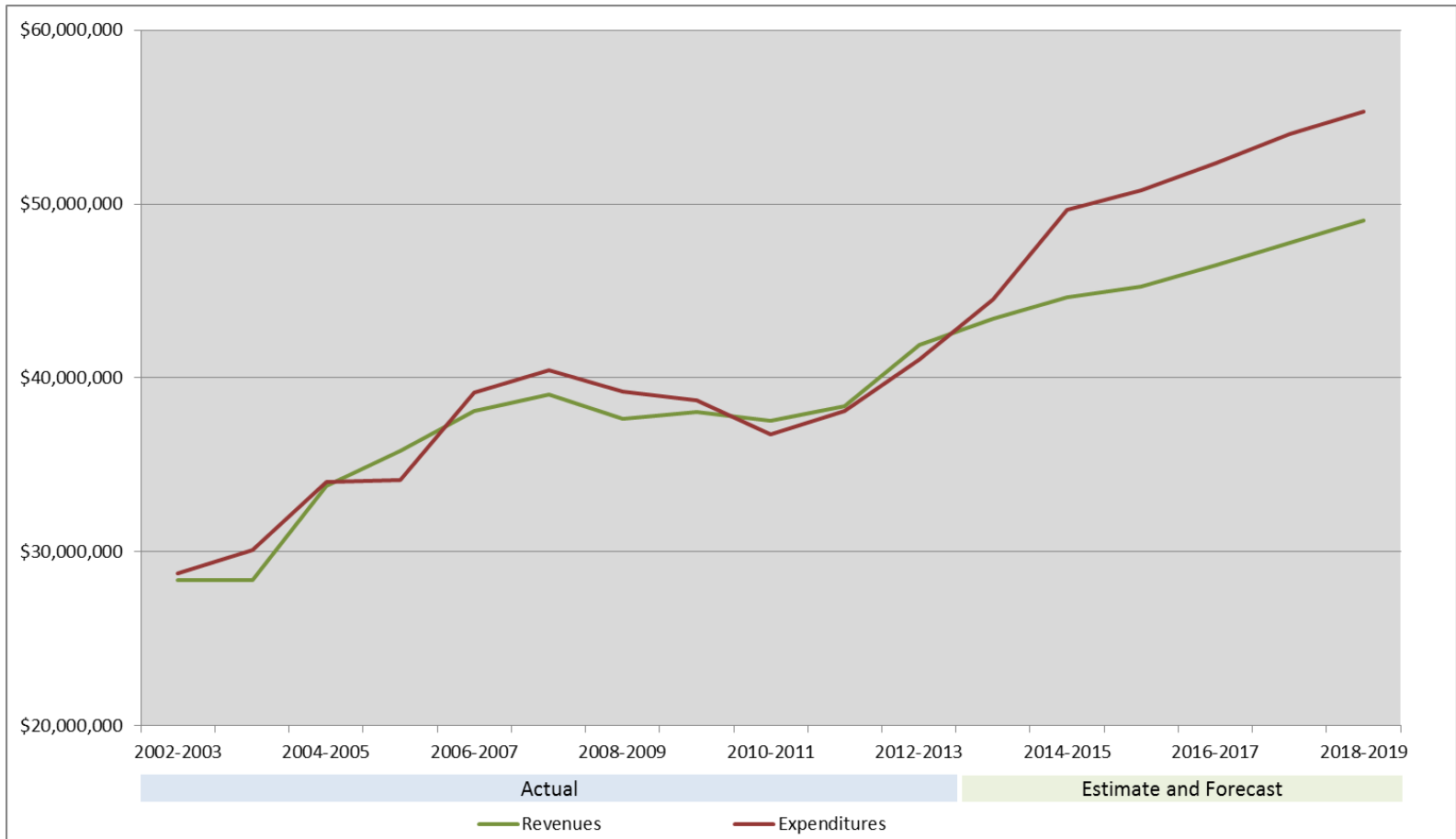
FY2013/14 General Fund Five-year Forecast

(\$ millions)

DECEMBER 2013	Preliminary				
	Budget 2014/15	2015/16	Forecast for Fiscal Year		
	2014/15	2015/16	2016/17	2017/18	2018/19
Begin Fund Balance	\$ 3.68	\$ (1.39)	\$ (7.64)	\$ (14.28)	\$ (21.35)
Revenues	\$ 42.43	\$ 43.43	\$ 44.53	\$ 45.65	\$ 46.82
Expenditures	\$ (47.50)	\$ (49.68)	\$ (51.17)	\$ (52.72)	\$ (53.90)
Ending Fund Balance	\$ (1.39)	\$ (7.64)	\$ (14.28)	\$ (21.35)	\$ (28.43)
Structural Imbalance	\$ (5.07)	\$ (6.25)	\$ (6.64)	\$ (7.07)	\$ (7.08)

APRIL 2014 **Revised**	Preliminary				
	Budget 2014/15	2015/16	Forecast for Fiscal Year		
	2014/15	2015/16	2016/17	2017/18	2018/19
Begin Fund Balance	\$ 5.07	\$ 0.08	\$ (5.46)	\$ (11.36)	\$ (17.66)
Revenues	\$ 44.66	\$ 45.25	\$ 46.48	\$ 47.75	\$ 49.05
Expenditures	\$ (49.65)	\$ (50.79)	\$ (52.38)	\$ (54.05)	\$ (55.33)
Ending Fund Balance	\$ 0.08	\$ (5.46)	\$ (11.36)	\$ (17.66)	\$ (23.94)
Structural Imbalance	\$ (4.99)	\$ (5.54)	\$ (5.90)	\$ (6.30)	\$ (6.28)

History of GF Revenue and Expenditures Actuals and Projected FY 2002-2019



FY 2014/15 General Fund Five-Year Forecast

Assuming \$1.1 M Reductions and ½ percent New Sales Tax
 (\$ millions)

Including Reductions and New Sales Tax						
	Preliminary		Forecast for Fiscal Year			
	Budget 2014/15	2015/16	2016/17	2017/18	2018/19	
Begin Fund Balance	\$ 5.07	\$ 3.94	\$ 3.19	\$ 2.19	\$ 0.90	
Revenues	\$ 47.36	\$ 48.85	\$ 50.17	\$ 51.53	\$ 52.93	
Expenditures	\$ (48.49)	\$ (49.60)	\$ (51.17)	\$ (52.82)	\$ (54.07)	
Ending Fund Balance	\$ 3.94	\$ 3.19	\$ 2.19	\$ 0.90	\$ (0.24)	
Structural Imbalance	\$ (1.13)	\$ (0.75)	\$ (1.00)	\$ (1.29)	\$ (1.14)	



FY 14/15 Preliminary Budget

***General Fund Five-Year
Forecast***

FY 2014/15 GF Budget Projections

➤ Revenues = **\$44,660,346**

- *Increased \$3.58 million from FY 2013/14 Adopted Budget*
 - *\$1.15 M Property Tax*
 - *\$1 M Sales tax*
 - *\$677,000 Other Taxes (TOT, Business, Municipal Services)*
 - *\$500,000 DWR Franchise Fees*

➤ Expenditures = **\$49,650,615**

- *Increase of \$8.01 million from FY 2013/14 Adopted Budget*
 - *Infrastructure \$2.5M*
 - *Removal of salary (\$447,000) & other operational savings (\$770,000)*
 - *MOU and benefit cost increases \$1.2 M offset by employees picking up more costs as well as changes to retiree health totaling about \$5.2 M over contract period.*
 - *Cost increases: utilities \$94,000, other insurance-fund \$67,500*
 - *First year of Fleet Replacement and Leave Paybacks \$415,000*

FY 2014/15 GF Budget Projections

(cont'd)

- Structural Imbalance = **<\$4,990,269>**
- *Year End Unreserved Fund Balance = \$85,759*
 - *Based on FY13/14 estimate ending fund balance and 14/15 projected structural imbalance*

FY 2014/15 Proposed GF Reductions

Department	Total	Positions
City Manager's Office	\$ 87,000	0.00
Community Development & Sustainability	\$ 152,681	0.00
Administrative Services Division-Finance	\$ 143,451	0.00
Administrative Services Division-Information Systems	\$ 47,600	0.00
Administrative Services Division-Community Services	\$ 65,746	1.75
Administrative Services Division-Human Resources	\$ 44,600	0.00
Administrative Services Division-Parks	\$ 27,000	0.00
Fire	\$ 64,702	0.00
Police	\$ 267,708	1.00
Public Works	\$ 263,539	4.50
City-wide	\$ 1,164,027	7.25

Note: Position reductions are vacant, not filled

FY 2014/15 Preliminary Budget

Summary of Budget Reductions FY 08/09 to Proposed FY 14/15

Budget Year	# of Positions (FTE)	All Funds Reduction	General Fund Reduction
FY 08/09	(2.25)	\$ (807,954)	\$ (358,826)
FY 09/10	(16.75)	(2,451,549)	(1,503,527)
FY 10/11	(29.00)	(2,563,630)	(1,829,301)
FY 11/12	(11.40)	443,597	499,570
FY 12/13	(28.60)	(2,970,258)	(1,207,444)
FY 13/14	(15.25)	(1,403,734)	(1,403,376)
FY 14/15 (Proposed)	(7.25)	(1,154,691)	(1,164,027)
Total All Years	(110.50)	\$ (10,908,220)	\$ (6,966,932)

Staffing Trends

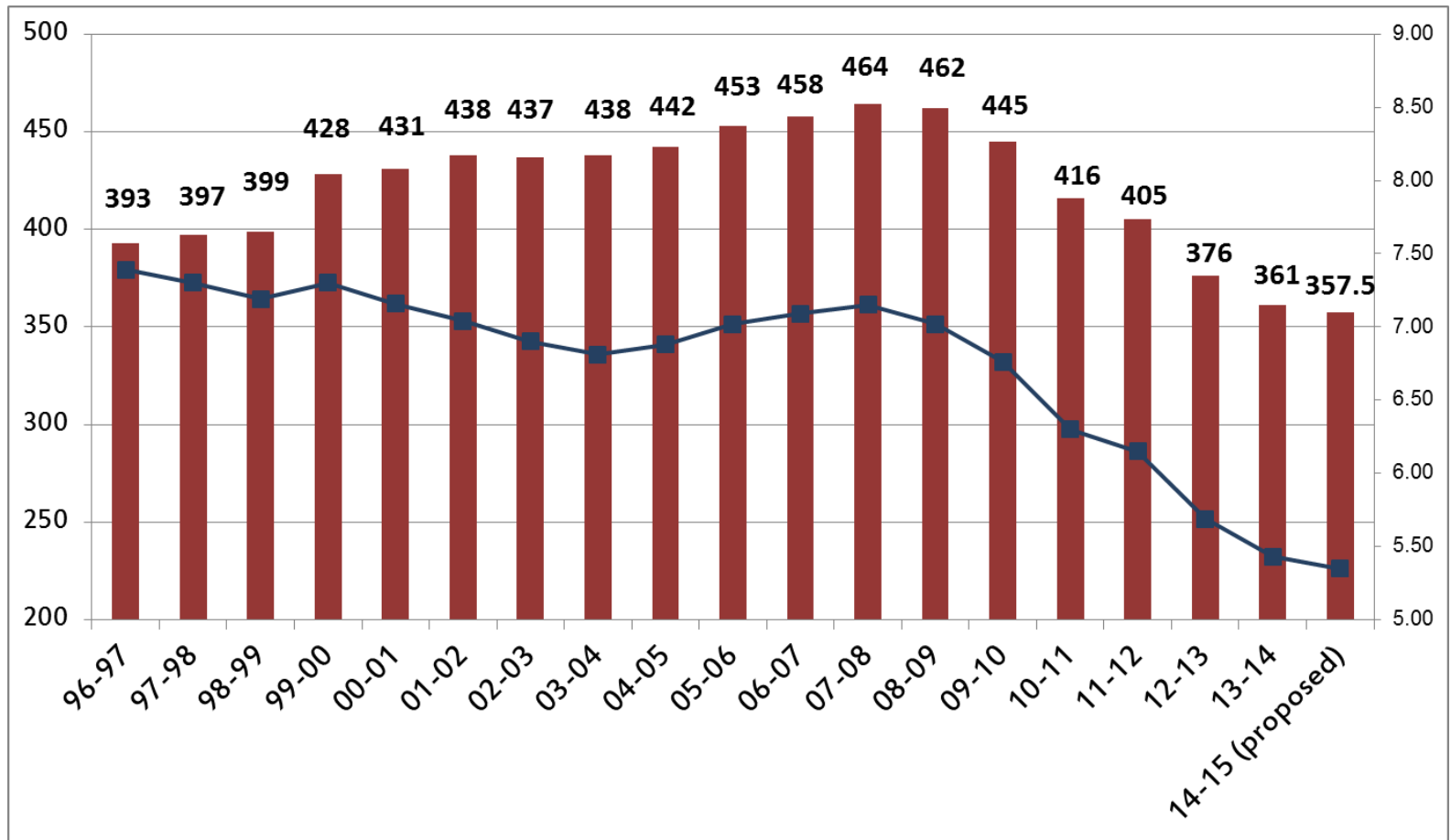
Permanent Employees (FTE) – Regular Authorized Positions

Reduction of 22.95% from FY07-08 to FY14-15 (prop)

Employees per capita:

7.39 in FY 96-97

5.35 in FY 14-15 (prop)



FY 2014/15 GF Reductions 12.5%

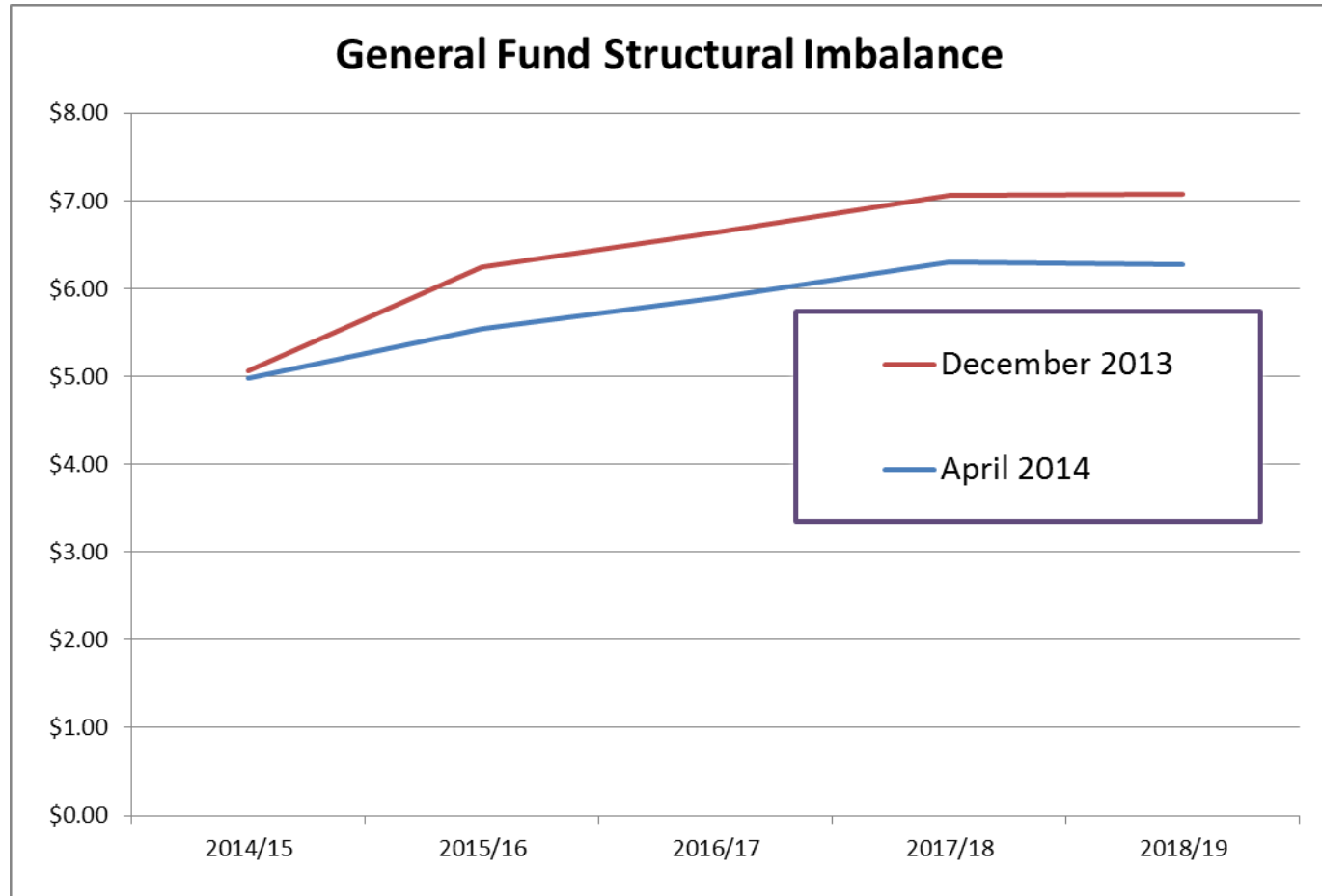
Department	Total	Positions
City Manager's Office	\$ 259,305	0.80
Community Development & Sustainability	\$ 269,113	0.90
Administrative Services Division-Finance	\$ 215,162	0.75
Administrative Services Division-Information Systems	\$ 134,053	1.50
Administrative Services Division-Community Services	\$ 486,458	5.09
Administrative Services Division-Human Resources	\$ 85,314	0.50
Administrative Services Division-Parks	\$ 590,337	6.00
Fire	\$ 959,421	4.75
Police	\$ 1,689,486	14.63
Public Works	\$ 650,681	5.60
City-wide	\$ 5,339,330	40.52

FY 2014/15 GF Reductions 25%

(Public Safety Held Harmless)

Department	Total	Positions
City Manager's Office	\$ 565,862	2.55
Community Development & Sustainability	\$ 457,446	2.40
Administrative Services Division-Finance	\$ 445,733	3.25
Administrative Services Division-Information Systems	\$ 324,238	4.25
Administrative Services Division-Community Services	\$ 944,260	8.09
Administrative Services Division-Human Resources	\$ 143,265	1.00
Administrative Services Division-Parks	\$ 1,194,814	12.50
Public Works	\$ 1,452,849	13.35
City-wide	\$ 5,528,467	47.39

FY 2014/15 General Fund Structural Imbalance Forecast (\$ millions)



Next Steps

- ***Direction to staff regarding proposed reductions***
- ***Continue outreach***
 - ***Billing inserts and other materials***
- ***Return June 10th with FY 2014-14 Proposed Budget***