

City of Galt

Budget Workshop

May 9, 2016

Budget Philosophy

- ▶ Budget Preparation is an Opportunity to Analyze the City's Financial Situation
- ▶ Provide Essential Services: Safety, Streets, Drainage
- ▶ Value Employees
- ▶ Become Business Minded
- ▶ Look for Efficiencies
- ▶ Maintain Facilities & Equipment
- ▶ Line up with Strategic Plan

Discussion Topics

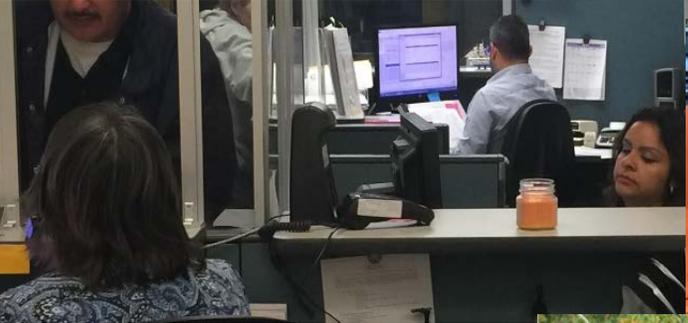
- ▶ It's a Status Quo Budget, But...
- ▶ Personnel Costs - Citywide
- ▶ General Fund Revenues
- ▶ General Fund Operating Expenditures
- ▶ General Fund Structural Deficit
- ▶ What's Included / What's Not Included
- ▶ General Fund Balance
- ▶ Fund 6 - Parks and Recreation
- ▶ Council Direction
- ▶ Funds 32, 33, and 37 - Lighting and Landscaping Districts
- ▶ Council Direction

It's a Status-Quo Budget, But...

- CalPERS employer contribution rates are up
- Workers Compensation Insurance premium costs are up
- Some additional positions need to be funded
- Overall, personnel costs have increased
- Previously deferred Information Technology expenditures must now be made
- Some other one-time items must be procured

There is no fluff, no spending cushions, in any of the proposed budgets.

Personnel Costs - Citywide

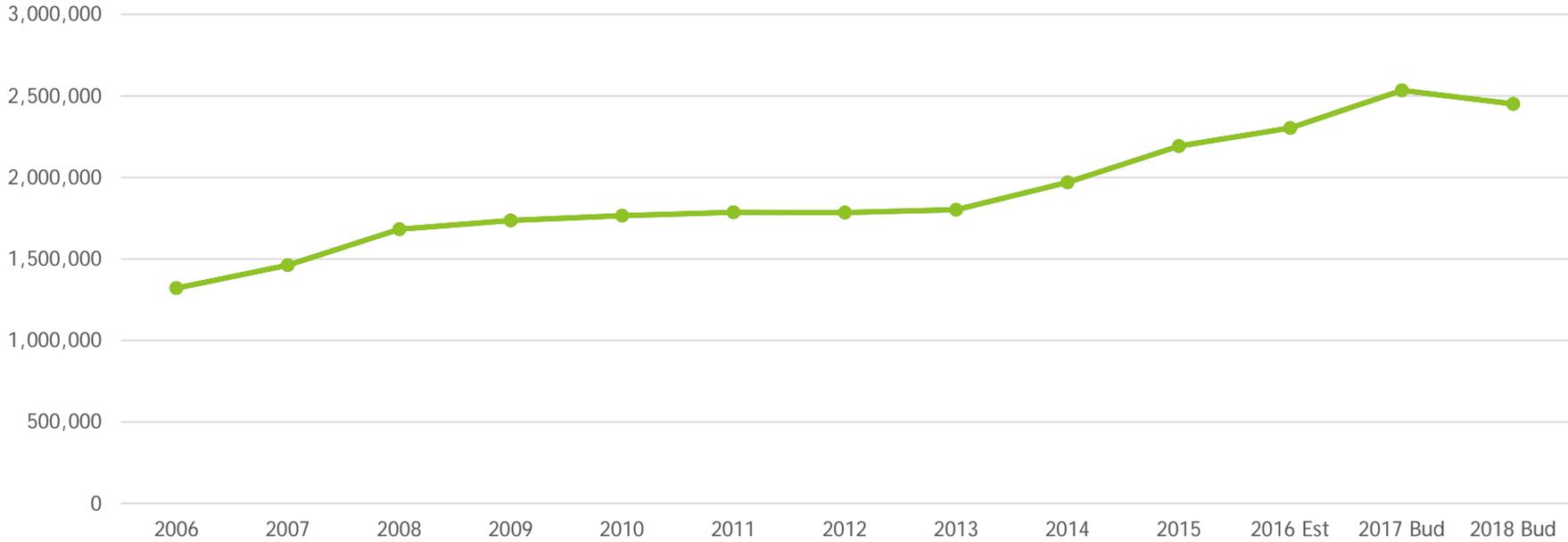


CalPERS Rates

	FY '12 Actual	FY '13 Actual	FY '14 Actual	FY '15 Actual	FY '16 Actual	FY '17 Proposed	FY '18 Proposed
Classic							
Miscellaneous*	17.538%	17.671%	18.731%	20.180%	20.729%	21.512%	17.300%
Safety	34.491%	34.108%	37.003%	38.517%	18.524%	19.536%	19.500%
Safety Unfunded Liability	\$ -	\$ -	\$ -	\$ -	\$ 503,126	\$ 553,012	\$ 619,661
PEPRA							
Miscellaneous	-	12.671%	13.731%	15.180%	15.729%	16.512%	17.300%
Safety	-	11.500%	11.500%	11.500%	11.153%	12.082%	12.100%
Safety Unfunded Liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 82	\$ 232

- *FY '12 - '17 rates include 5% employer paid employee contribution*
- *FY '18 rates drop following discontinuance of City paying 5% employee contribution*
- *Starting if FY '16, CalPERS Safety contributions amounts were split between a percentage of wages and a fixed dollar amount for the unfunded liability*

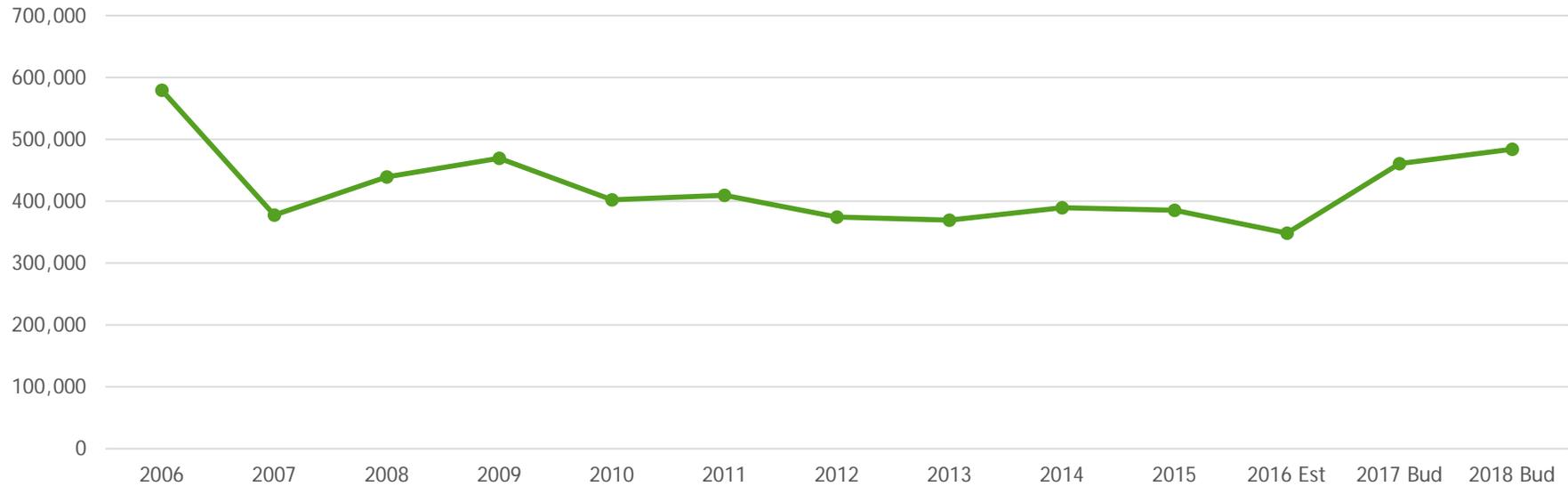
Personnel - CalPERS



	FY2014-15 Actual	FY2015-16 Estimated	FY2016-17 Proposed	FY2017-18 Proposed
Total CalPERS cost	2,204,409	2,255,729	2,533,956	2,451,189
% Change from FY15-16	n/a	n/a	12.3%	8.7%
\$ Change from FY15-16			278,227	195,460

Note - FY '18 CalPERS costs decrease because the City ends 5% employer paid member contributions for Classic Miscellaneous members.

Personnel - Workers Compensation



	FY2014-15 Actual	FY2015-16 Estimated	FY2016-17 Proposed	FY2017-18 Proposed
Total Workers Comp cost	385,430	348,476	461,141	483,817
% Change from FY15-16	n/a	n/a	32.3%	38.8%
\$ Change from FY15-16	n/a	n/a	112,665	135,341

Worker's compensation cost increases are due to: claims experience, modification of confidence level (reserves), and wage increases.

New Position Funding Requests

Position	Fund(s)	FY2016-17 Proposed	FY2017-18 Proposed
Temporary Parking Enforcement	General Fund	34,902	36,297
Engineering Assistant	General Fund	89,236	94,402
IT Analyst	General Fund	95,816	93,424
Project Management Specialist	Measure R	99,065	101,841
Temporary Analyst	Measure R	30,408	30,460
Police Dispatcher	Measure R	43,838	45,067
Utilities Maintenance Supervisor	Water and Wastewater	98,036	103,745
Total		491,301	505,236

Parking Enforcement to be funded by Abandoned Vehicle Program through the County of Sacramento.

Up to 80% of the Engineering Assistant costs will be recovered through the abatement process.

Project Management Specialist and Police Dispatcher positions are proposed to shift from part-time to full-time. Amounts listed are for increase in costs only.

Positions Needed but Not Included

Dept.	Position	Fund(s)	FY2016-17 Proposed	FY2017-18 Proposed
CDD	Associate Planner	General Fund	--	95,962
CDD	Building Permit Specialist I	General Fund	--	63,872
CDD	Building Inspector	General Fund	--	86,631
IT	IT Analyst	General Fund	95,816	93,424
PD	Police Sergeant	General Fund	113,901	130,970
PW	Assistant Engineer	General Fund	--	119,735
PW	Building Maintenance Worker I	General Fund	62,850	66,019
PW	Parks Worker I	General Fund	22,504	21,779
PW	Parks Worker I	General Fund	22,504	21,779
PW	Public Works Maint. Worker I	Water and Wastewater	--	68,086
	Total		317,575	768,257

Personnel Costs - Citywide

Category	FY2014-15 Actual	FY2015-16 Estimated	FY2016-17 Proposed	FY2017-18 Proposed
Salaries and Wages	10,331,690	10,878,966	11,902,520	12,431,985
Benefits	4,923,797	5,282,326	5,898,322	5,858,175
Total Personnel Costs	15,255,487	16,161,292	17,800,842	18,290,160
<i>% Change over Fiscal Year 2015-16</i>	<i>n/a</i>	<i>n/a</i>	<i>10.1%</i>	<i>13.2%</i>
<i>\$ Change over Fiscal Year 2015-16</i>	<i>n/a</i>	<i>n/a</i>	<i>1,639,550</i>	<i>2,128,868</i>
Less New Position Requests	--	--	(491,301)	(505,236)
Adjusted Personnel Costs	15,255,487	16,161,292	17,309,541	17,784,924
<i>% Change from Fiscal Year 2015-16</i>	<i>n/a</i>	<i>n/a</i>	<i>7.1%</i>	<i>10.0%</i>
<i>\$ Change from Fiscal Year 2015-16</i>	<i>n/a</i>	<i>n/a</i>	<i>1,148,249</i>	<i>1,623,632</i>

Even when new personnel costs are backed out, there is still a significant increase in costs over FY2015-16.

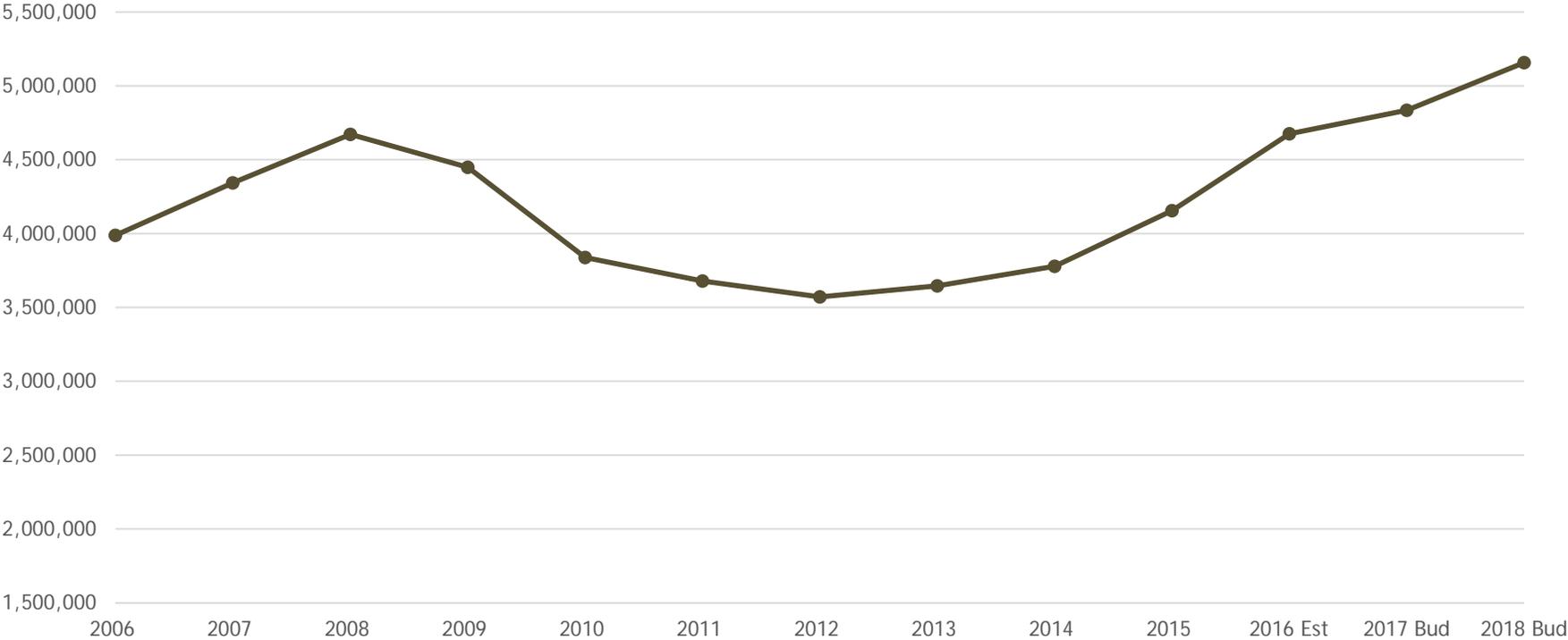
General Fund



General Fund Revenues – The Good News

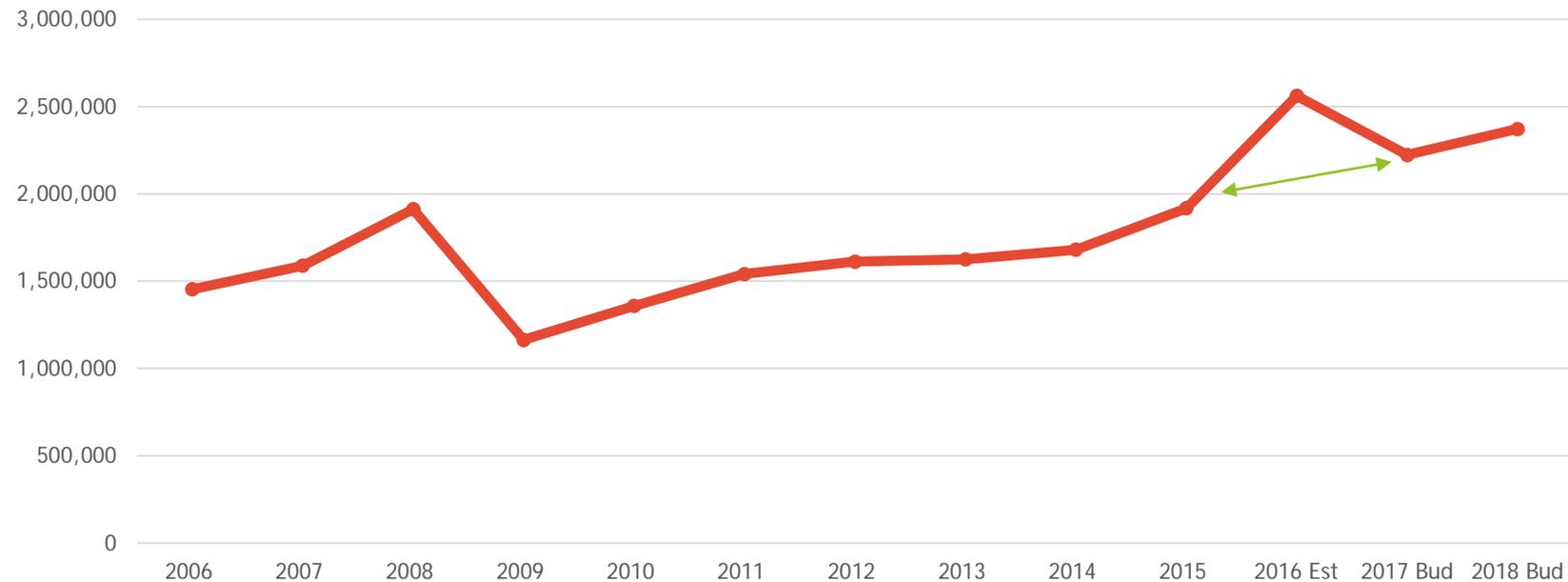
Revenue Source	FY2014-15 Actual	FY2015-16 Estimated	FY2016-17 Proposed	FY2017-18 Proposed
Property Tax	4,155,020	4,674,944	4,835,400	5,156,818
Sales & Use Tax	1,917,004	2,561,370	2,222,942	2,371,391
Transient Occupancy Tax	215,363	231,141	235,765	240,480
Franchise Taxes	521,317	513,680	522,300	527,700
Total Taxes	6,808,704	7,981,135	7,816,407	8,296,389

Property Taxes



Uptick in property taxes due to increased assessed valuations and Prop 8 adjustments along with reinvigorated development in residential and commercial properties.

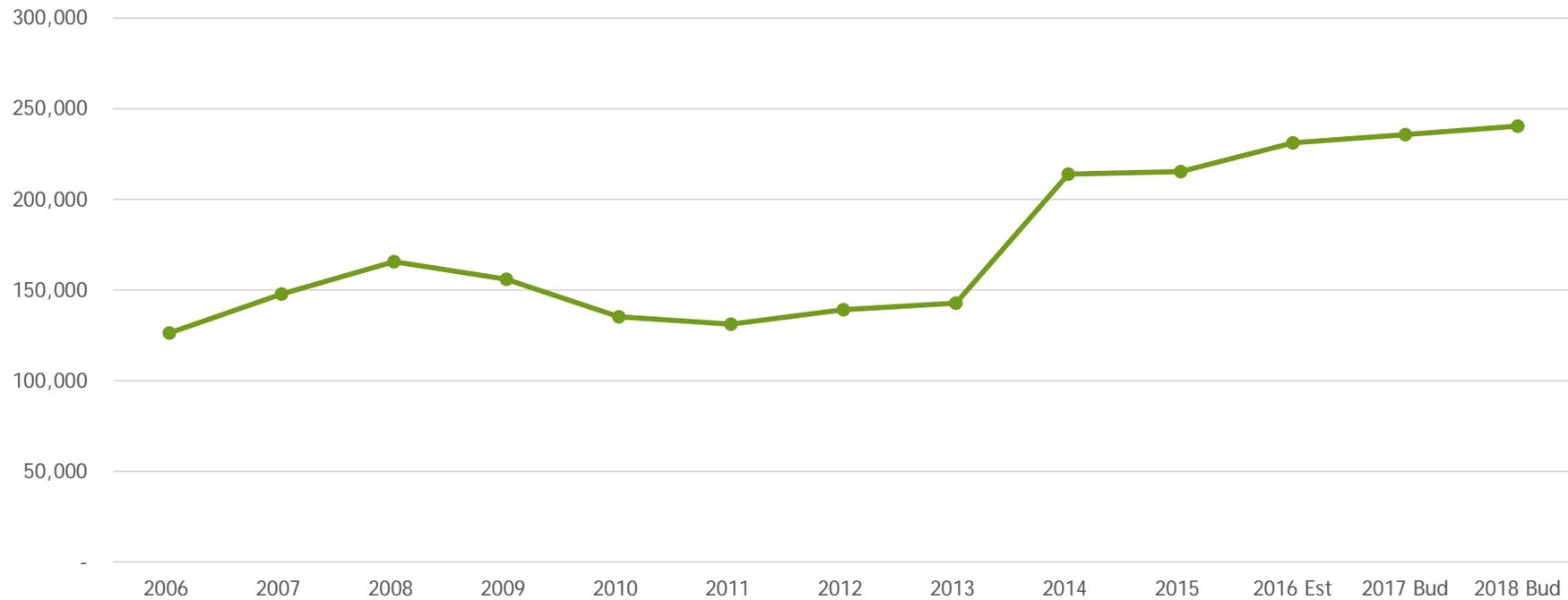
Sales & Use Taxes



Spike in revenues is attributable to an accounting methodology change in FY2015-16. Green arrow shows leveling of revenue anomaly and indicates steady increases in sales tax overall.

Walmart opened in June 2014, followed by increases in sales tax revenue.

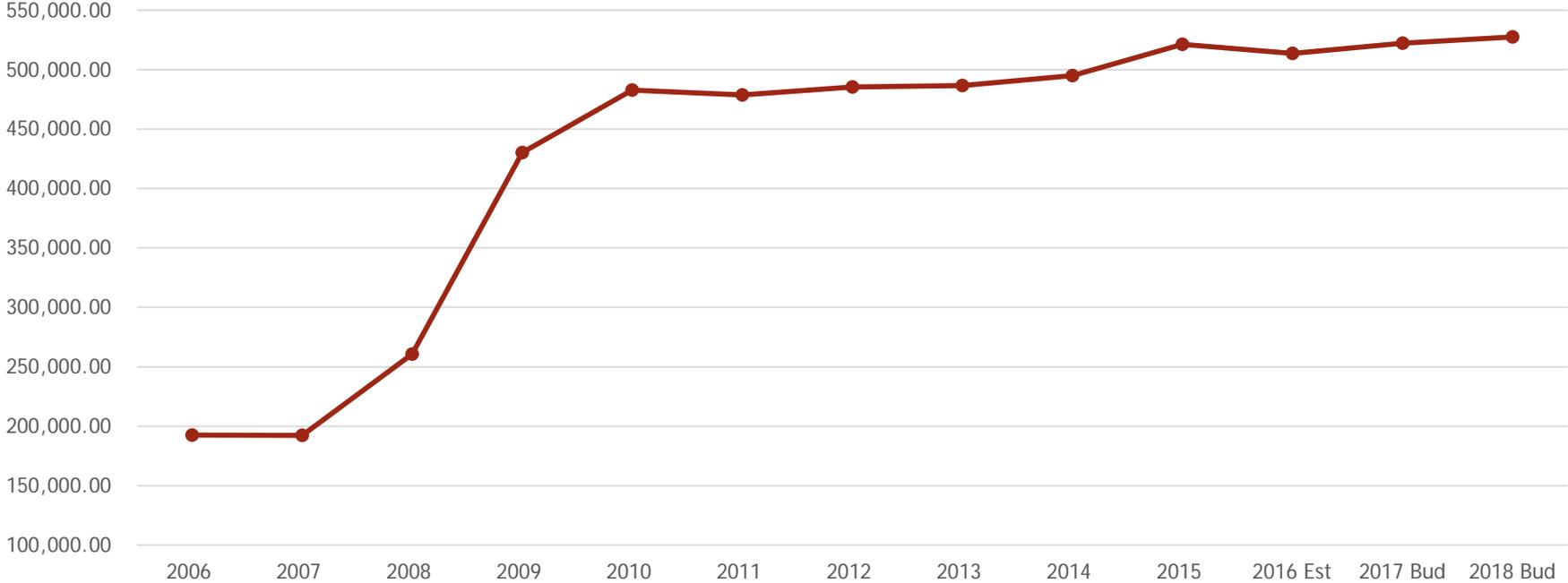
Transient Occupancy Taxes



Factors that may have contributed to the increase in TOT:

- *Between 2012 and 2015 sports tournaments increased by 92.8% causing more people to come to town*
- *Increases in development activity brings workers to stay in local hotels*
- *Closure of the Royal Delta may have led to transient customers moving to other hotels with higher room rates*

Franchise Taxes



Refuse franchise fee contract was revised in 2008, resulting in a doubling of refuse franchise taxes during the period from 2008 through 2010.

General Fund Revenues - All

Revenue Source	FY2014-15 Actual	FY2015-16 Estimated	FY2016-17 Proposed	FY2017-18 Proposed
Total Taxes	6,808,704	7,981,135	7,816,407	8,296,389
Charges for Services and Other Revenues	2,265,900	2,547,046	2,393,837	2,065,953
Abatements	3,889,290	4,222,288	4,216,138	4,216,138
Total Revenues	12,963,894	14,750,469	14,426,382	14,578,480
One-time anomalies	--	(571,900)	--	--
Adjusted Revenue Totals	12,963,894	14,178,569	14,426,382	14,578,480
% Change from Fiscal Year 2015-16	n/a	n/a	1.7%	2.8%
\$ Change from Fiscal Year 2015-16	n/a	n/a	247,813	399,911

**Sales tax spike in FY15-16 is due to an accounting methodology change.*

One-time anomalies includes \$347,900 due to sales tax accounting methodology change and \$224,000 property tax pass-thru revenues.

Decrease in Charges for Services and Other Revenues is due to lower RDA/Successor Agency admin fees.

General Fund Operating Expenditures

With Subsidies to P&R and L&L's

Expenditure Category	FY2014-15 Actual	FY2015-16 Estimated	FY2016-17 Proposed	FY2017-18 Proposed
Personnel	9,574,193	9,987,464	10,833,614	11,100,651
M&O	2,281,488	4,164,034	2,778,325	2,559,941
Minor Capital	272,770	334,022	237,400	205,650
Total Expenditures	12,128,451	14,485,520	13,849,339	13,866,242
RDA DDR Payment	-	(1,094,086)	-	-
Subsidy to Culture & Recreation Fund	608,457	677,727	767,571	527,777
Subsidy to Lighting & Landscaping Funds	396	54,116	319,876	262,379
Adjusted Total Expenditures	12,737,304	14,123,277	14,936,786	14,656,398
% Change from Fiscal Year 2015-16	n/a	n/a	5.8%	3.8%
\$ Change from Fiscal Year 2015-16			813,509	533,121

Operating expenditures and minor capital only; does not include Capital Improvement Projects.

General Fund Operating Expenditures

Without Subsidies to P&R and L&L's

Expenditure Category	FY2014-15 Actual	FY2015-16 Estimated	FY2016-17 Proposed	FY2017-18 Proposed
Personnel	9,574,193	9,987,464	10,833,614	11,100,651
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Minor Capital	272,770	334,022	237,400	205,650
Total Expenditures	12,128,451	14,485,520	13,849,339	13,866,242
RDA DDR Payment	-	(1,094,086)	-	-
Adjusted Total Expenditures	12,128,451	13,391,434	13,849,339	13,866,242
% Change from Fiscal Year 2015-16	n/a	n/a	3.4%	3.5%
\$ Change from Fiscal Year 2015-16			457,905	474,808

Operating expenditures and minor capital only; does not include Capital Improvement Projects.

General Fund Structural Deficit

With Subsidies to P&R and L&L's

- ▶ Defined: A budget deficit that results from a fundamental imbalance in receipts and expenditures, as opposed to one-time or short-term factors.
- ▶ Expenditures are growing faster than revenues

	FY2015-16 Estimated	FY2016-17 Proposed	FY2017-18 Proposed
Revenue	14,178,569	14,426,382	14,578,480
<i>% Change from Fiscal Year 2015-16</i>	<i>n/a</i>	<i>1.7%</i>	<i>2.8%</i>
<i>\$ Change from Fiscal Year 2015-16</i>	<i>n/a</i>	<i>247,813</i>	<i>399,911</i>
Expenditures	14,123,277	14,936,786	14,656,398
<i>% Change from Fiscal Year 2015-16</i>	<i>n/a</i>	<i>5.8%</i>	<i>3.8%</i>
<i>\$ Change from Fiscal Year 2015-16</i>	<i>n/a</i>	<i>813,509</i>	<i>533,121</i>
Net - Revenues minus Expenditures	55,292	(510,404)	(77,918)

Operating expenditures and minor capital only; does not include Capital Improvement Projects.

General Fund

Without Subsidies to P&R and L&L's

- ▶ Expenditures are still growing faster than revenues
- ▶ However, without subsidies there is a positive net revenue

	FY2015-16 Estimated	FY2016-17 Proposed	FY2017-18 Proposed
Revenue	14,178,569	14,426,382	14,578,480
<i>% Change from Fiscal Year 2015-16</i>	<i>n/a</i>	<i>1.7%</i>	<i>2.8%</i>
<i>\$ Change from Fiscal Year 2015-16</i>	<i>n/a</i>	<i>247,813</i>	<i>399,911</i>
Expenditures	13,391,434	13,849,339	13,866,242
<i>% Change from Fiscal Year 2015-16</i>	<i>n/a</i>	<i>3.4%</i>	<i>3.5%</i>
<i>\$ Change from Fiscal Year 2015-16</i>	<i>n/a</i>	<i>457,905</i>	<i>474,808</i>
Net - Revenues minus Expenditures	787,135	577,043	712,238

Operating expenditures and minor capital only; *does not include Capital Improvement Projects.*

General Fund - What's Included

Description	FY2016-17 Proposed	FY2017-18 Proposed
CW Cost Allocation Study	40,000	--
IT Analyst (new position)	95,816	93,424
IT Network Attached Storage	55,000	55,000
IT PC/Laptop/Tablet Replacements & UPS units	52,000	15,500
IT Replacement Parts (routers, switches, etc.)	29,300	29,400
IT Replacement Servers - Hardware & Software	105,000	89,000
IT Website Enhancement	35,000	--
PD Parking Enforcement (new position)	34,902	36,297
PD Replacement Printers	3,100	--
PD Tasers	10,000	10,000
PW Engineering Assistant (new position)	89,236	94,402
Total	549,354	423,023

Discretionary Spending

- ▶ Annual Event Costs - City-Wide (work in progress):
 - ▶ Hard Costs (accounts payable) \$ 22,275
 - ▶ Soft Costs (personnel costs) 54,300
 - ▶ Total Costs for Annual Events \$ 76,575
 - ▶ Less Revenues - Independence Day Celebration (16,500)
 - ▶ Net General Fund costs for Events \$ 60,075

- ▶ Non-Profit Rentals - Lost Revenues (Culture & Recreation):
 - ▶ Calendar Year 2016 \$11,150
 - ▶ Calendar Year 2015 \$12,250
 - ▶ Calendar Year 2014 \$11,000

Event Costing - Work in Progress

<u>Events</u>	<u>Revenue</u>	<u>Hard Costs</u>	<u>Soft Costs</u>	<u>Total Costs</u>	<u>Net Program Costs</u>	<u>Started</u>
Eggstravanza	-	(1,100)	(4,961)	(6,061)	(6,061)	2010
Heritage Festival	-	(50)	(2,164)	(2,214)	(2,214)	2015
IDC	16,500	(13,800)	(11,354)	(25,154)	(8,654)	2012
Lighting of the Night	-	(2,500)	(11,385)	(13,885)	(13,885)	
Strawberry Festival	-	(825)	(3,299)	(4,124)	(4,124)	1996
Tiny Smiles	-	-	(3,126)	(3,126)	(3,126)	2012
Volunteer Lunch	-	(3,000)	-	(3,000)	(3,000)	2013
Chamber Food Truck Events	-	-	(307)	(307)	(307)	2015
GHS BEST 5K	-	-	(919)	(919)	(919)	2014
LRHS Homecoming Parade	-	-	(1,072)	(1,072)	(1,072)	2012
GHS Homecoming Parade	-	-	(1,072)	(1,072)	(1,072)	25+ years
Shop Local Summer Markets	-	-	(65)	(65)	(65)	
National Night Out	-	(200)	(10,694)	(10,894)	(10,894)	25+ years
Shred-It	-	(600)	(106)	(706)	(706)	2013
Kiwanis Dog Show	-	-	-	-	-	2008
GHS Every 15 Minutes	-	(200)	(3,776)	(3,976)	(3,976)	15+ years*
Total	16,500	(22,275)	(54,300)	(76,575)	(60,075)	

General Fund - What's Not Included

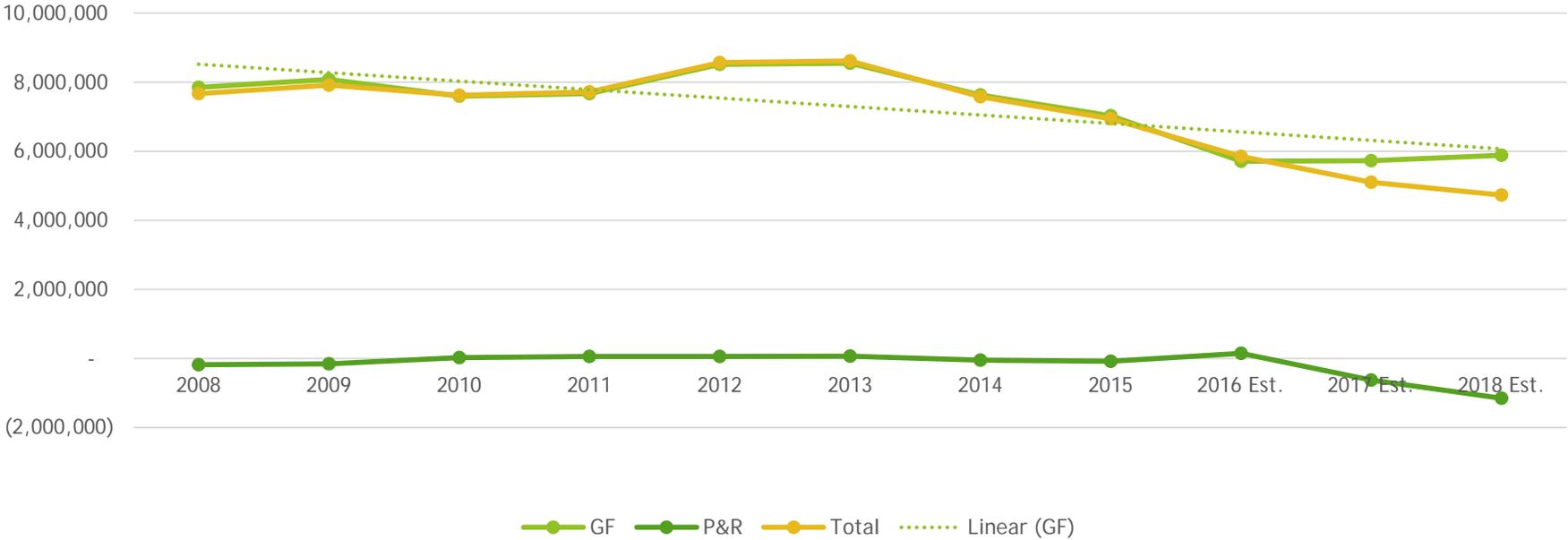
General Fund	FY2016-17 Proposed	FY2017-18 Proposed
Replacement Printers	9,500	3,400
Replacement Copiers (FD, CDD, PW, & Clerk)	50,000	--
Replacement Vehicles	228,000	175,000
CDD - Trakit	13,500	13,500
IT Consulting Services	65,000	--
Cognos HTE Reporting upgrade	23,000	8,000
FD - Folder/Sealer	5,250	650
Executime -Automated Time Sheets	50,000	16,000
Total	444,250	216,550

City Facilities – Deferred Maintenance

Facility	FY2016-17 Proposed	FY2017-18 Proposed	FY2018-19 Estimated
City Hall	53,500	45,000	25,000
Littleton Center	25,000	59,000	246,000
Chabolla	153,000	42,000	17,000
Aquatic Center	21,000	14,000	9,600
PR Admin	4,200	40,000	6,000
Police	49,250	166,250	34,000
PW Corp Yard	2,800	13,500	7,000
MSC	16,000	32,000	13,000
Community Park / Shade Structure	900	13,000	2,000
Meadowview Park	18,650	9,000	--
Sports Complex	800	17,000	10,000
Park Restrooms	28,500	15,250	7,600
Total	373,600	466,000	377,200

3-Year Total = \$1,216,800

Fund Balance - General Fund and P&R



General Fund Balance Reserve Requirement

2003 Policy:	
Working Capital	10% of Appropriations
Economic Uncertainty	20% of Revenue
Exposures	1% of Appropriations
Equipment Replacement	20% of Assets
Future Capital	10% of Revenue
Compensated Absences	20% of Compensated Absences

2014 Policy:	
Economic Uncertainty	
Minimum	10% of GF and Fund 6 Appropriations
Maximum	20% of GF and Fund 6 Appropriations

2014 Policy results in a smaller required reserve.

General Fund Reserves Policy Comparisons

Fiscal Year	Required Under 2003 Policy	Required Under 2014 Policy *	Required Under Proposed 25% Policy
FY2014-15	5,137,285	2,984,836	3,744,832
FY2015-16	5,841,186	3,411,660	4,264,575
FY2016-17	5,715,186	3,336,169	4,170,212
FY2017-18	5,789,186	3,353,105	4,191,382

**2014 Calculated at 20% maximum*

Proposed 25% Policy - 25% of General Fund and Culture & Recreation Fund appropriations

General Fund Fund Balance Projections

Fiscal Year	Projected Fund Balance *	2014 Policy		Proposed 25% Policy	
		Reserve Requirement	Excess over Reserve	Reserve Requirement	Excess over Reserve
2015-16	5,710,576	3,411,660	2,298,916	4,264,575	1,446,001
2016-17	4,784,984	3,336,169	1,448,815	4,170,212	614,772
2017-18	5,094,754	3,353,105	1,741,649	4,191,382	903,372

* FY2016-17 and FY2017-18 Projected Fund Balance are after subsidies to P&R and L&L's.

Parks & Recreation



Parks & Recreation Revenues

Revenue Source	FY2014-15 Actual	FY2015-16 Estimated	FY2016-17 Proposed	FY2017-18 Proposed
Galt Market	2,817,617	2,812,219	2,813,500	2,813,500
Other Programs	744,164	771,876	756,757	745,338
Intergovernmental	60,258	317,910	33,510	33,510
Transfers In	166,560	145,685	134,331	134,331
Total Revenue	3,788,599	4,047,690	3,738,098	3,726,679

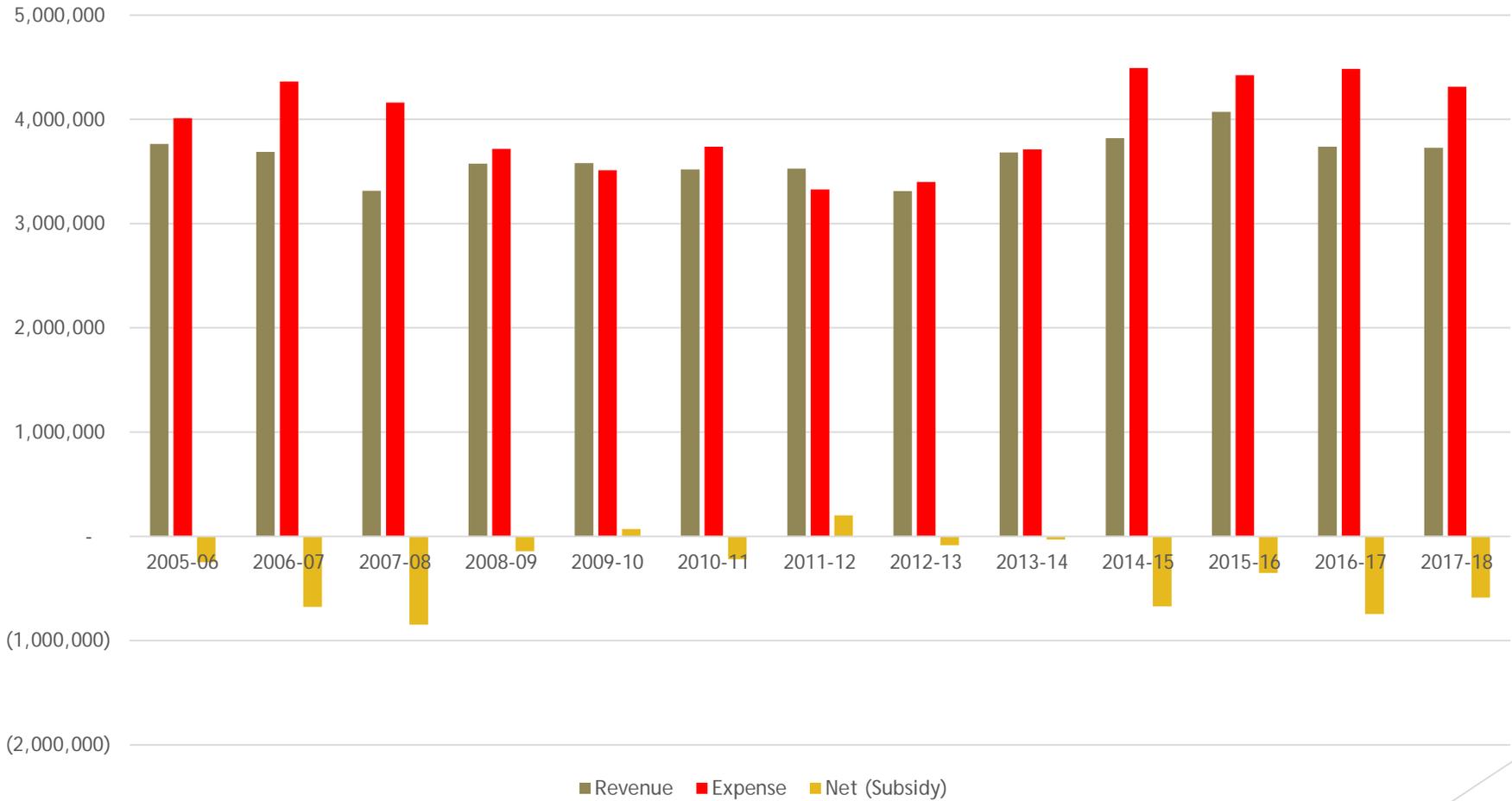
Parks & Recreation Expenditures

Expenditure Category	FY2014-15 Actual	FY2015-16 Estimated	FY2016-17 Proposed	FY2017-18 Proposed
Personnel	2,036,105	2,129,459	1,992,596	2,071,992
M&O	1,032,393	1,007,814	1,076,310	1,032,943
Minor Capital	94,070	73,268	243,240	14,500
Transfers Out	1,234,488	1,218,919	1,135,021	1,135,021
CIP	--	295,957	58,500	--
Total Expenditures	4,397,056	4,725,417	4,505,667	4,254,456

Parks & Recreation - Net

Description	FY2014-15 Actual	FY2015-16 Estimated	FY2016-17 Proposed	FY2017-18 Proposed
Revenue	3,788,599	4,047,690	3,738,098	3,726,679
Expenditure	(4,397,056)	(4,725,417)	(4,505,667)	(4,254,456)
Net	(608,457)	(677,727)	(767,569)	(527,777)

Parks & Recreation - History



Parks & Recreation – What’s Included

Included	FY2016-17 Proposed	FY2017-18 Proposed
Class Software Replacement	100,000	--
2 Replacement Trucks	46,200	--
New Blowers for Market clean-up	7,500	7,500
Refurbish Market Trash Bins	7,010	--
Replace Shade Fabric	7,000	7,000
Total	167,710	14,500

Parks & Recreation – What’s Not Included

Included	FY2016-17 Proposed	FY2017-18 Proposed
Sign for Chabolla Center	5,939	--
Wood Chipper	7,600	--
Rodent Control	5,500	--
New Pack Mule Cart	11,000	11,000
New Gate / grading & asphalt	9,100	--
Total	39,139	11,000

Note - budgeted amounts include an increase to ensure that employees are paid at least minimum wage; however, compaction issues have not been addressed and adjustments are pending a class compensation study.

Council Direction

Staff Recommendations:

- ▶ Bring back General Fund Reserve Policy change to 25% of annual appropriations in General Fund and Parks & Recreation Fund.
- ▶ Use General Fund Balance in Excess of Reserves to cover Parks & Recreation Fund for FY2016-17 and FY2017-18.
- ▶ Conduct Cost Allocation Study and bring back to the City Council for discussion.
- ▶ Develop a Business Plan for Parks & Recreation; evaluate revenues versus expenditures and programs. Bring back to the City Council for discussion.

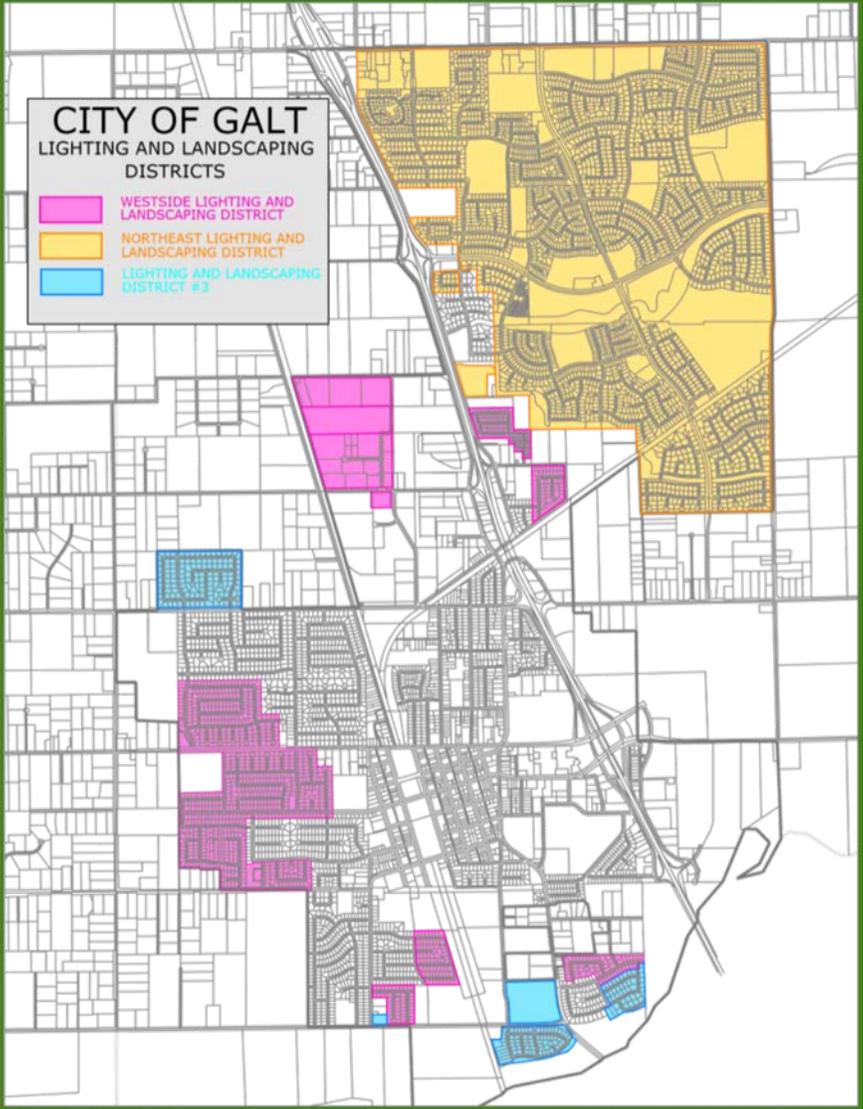
Council Direction (cont.)

Staff Recommendations (cont.):

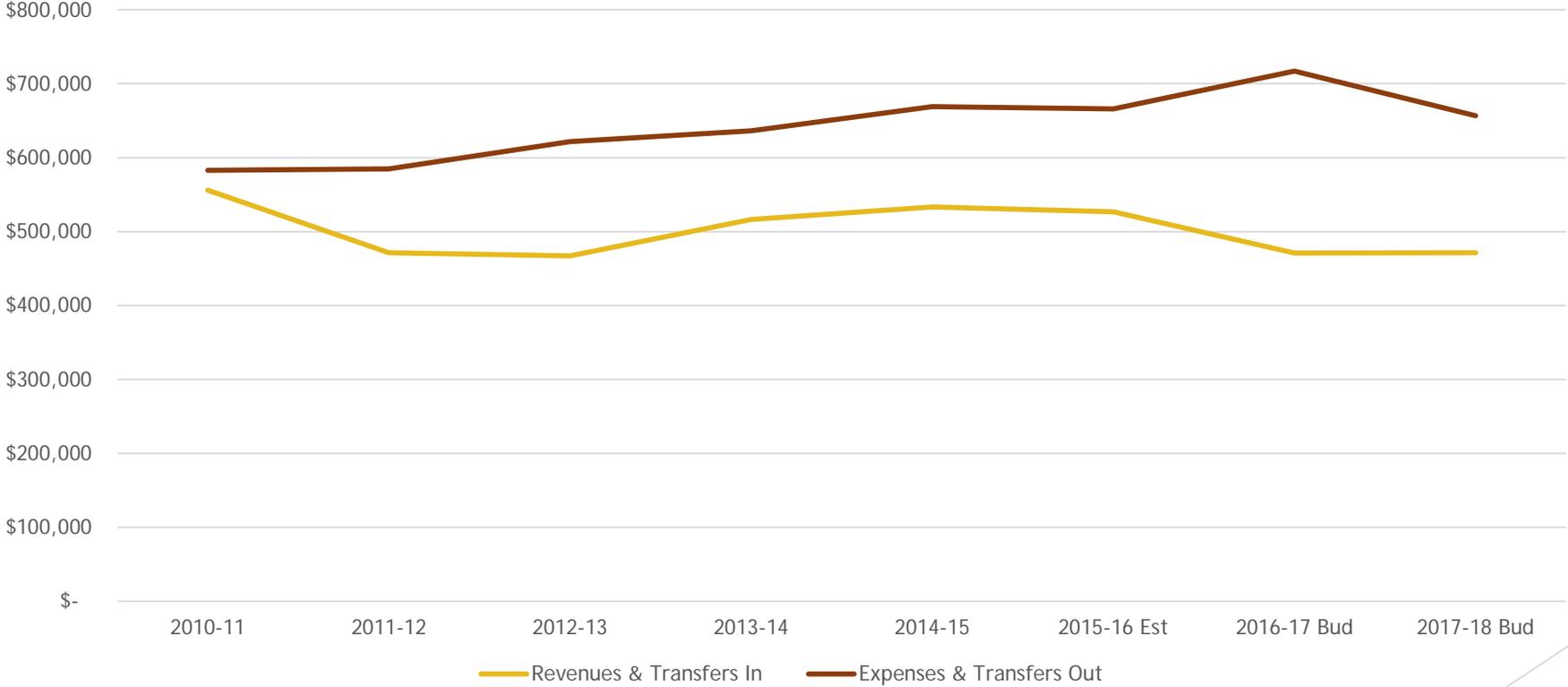
- ▶ Develop Internal Service Funds proposals (will need “seed” money to set up these funds):
 - ▶ Vehicle Replacement
 - ▶ Building Maintenance
 - ▶ Information Technology
- Bring back information to City Council regarding Discretionary Spending, i.e. events and others

- ▶ Alternatives: Cut new/unfrozen positions and one-time expenditures from the budget, resulting in continued deferral of essential technology improvements, purchases of necessary supplies, and potential cutbacks in services due to staffing shortages.

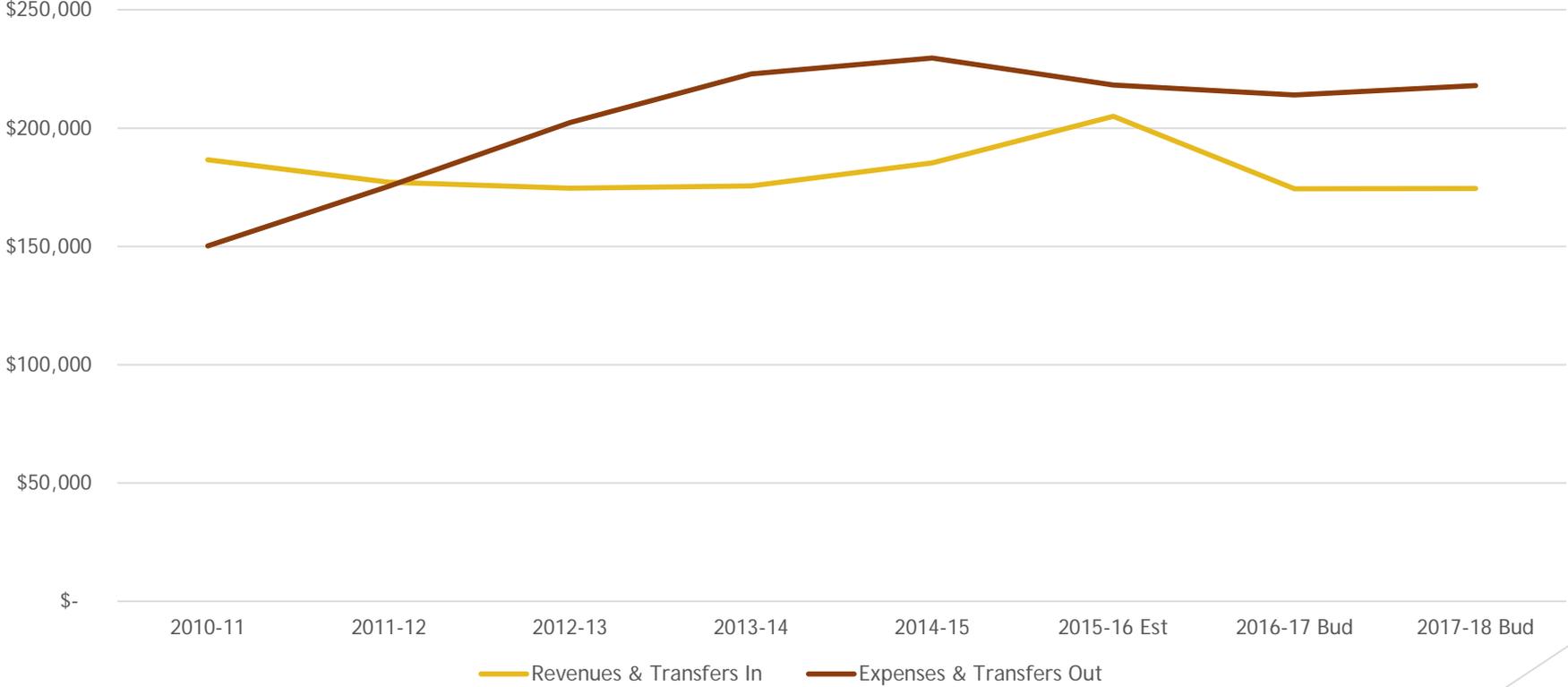
Lighting & Landscaping Districts



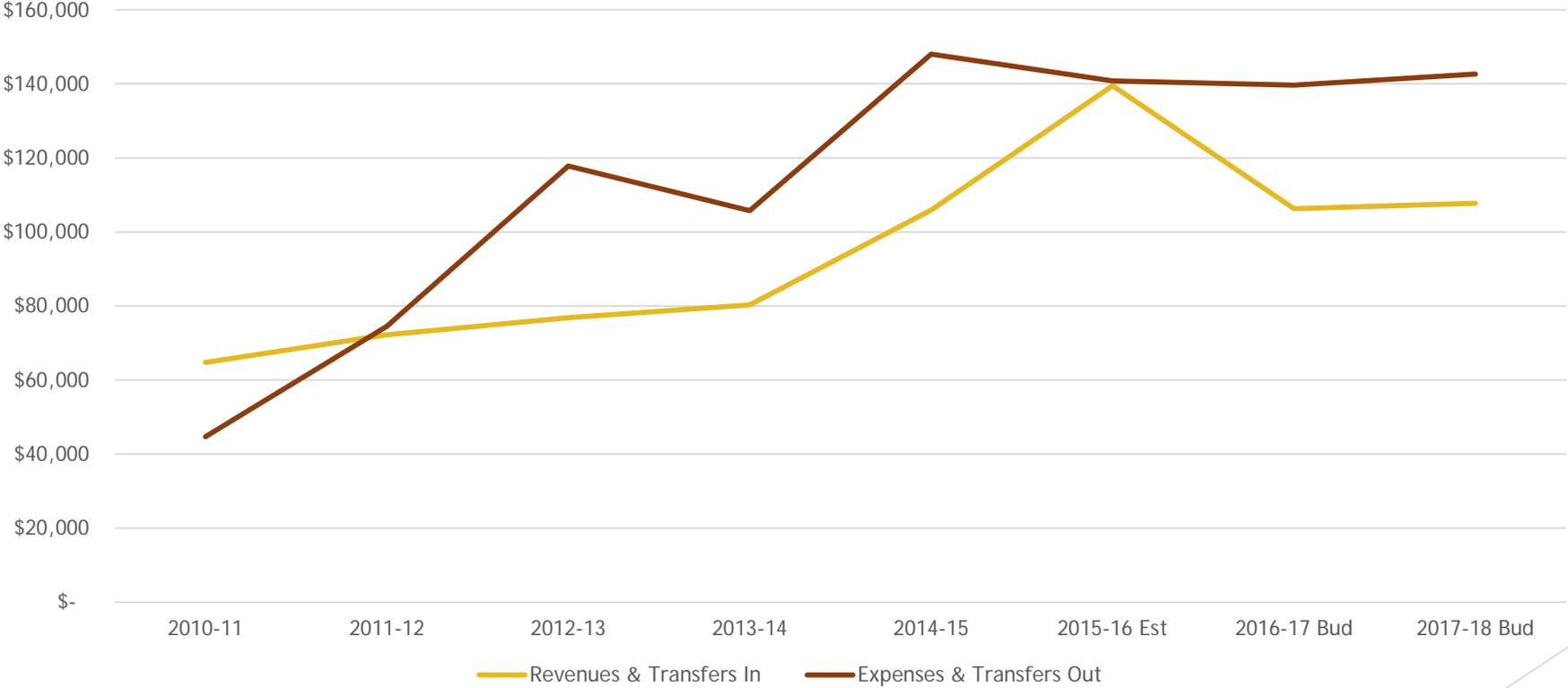
Lighting & Landscaping - Northeast (32)



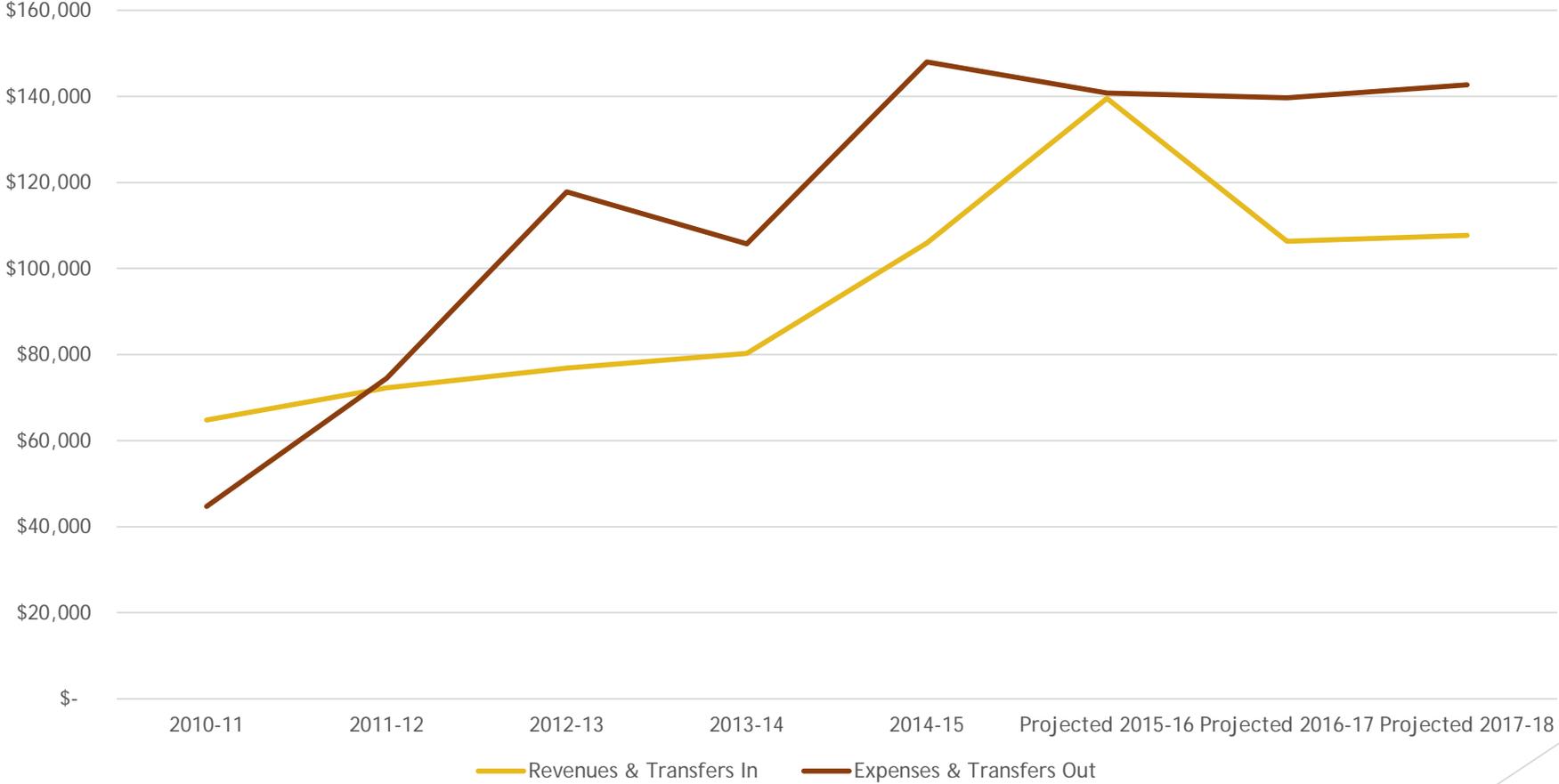
Lighting & Landscaping - Westside (33)



Lighting & Landscaping - Other (37)



Lighting & Landscaping - Other (37)



Council Direction

Staff Recommendations:

- Allow General Fund to cover deficits in these funds for FY2016-17 and FY2017-18.
- Complete Fiscal/Engineering Study to determine appropriate assessment levels.
- Pursue change in assessment levels in accordance with study results.

Alternative: Reduce services to Lighting and Landscaping Districts by turning off selected street lights and reducing landscaping services.

QUESTIONS?