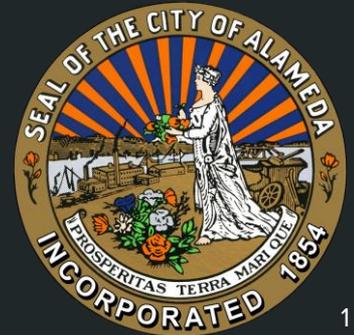


# Mid-Cycle Budget Update 2018-19

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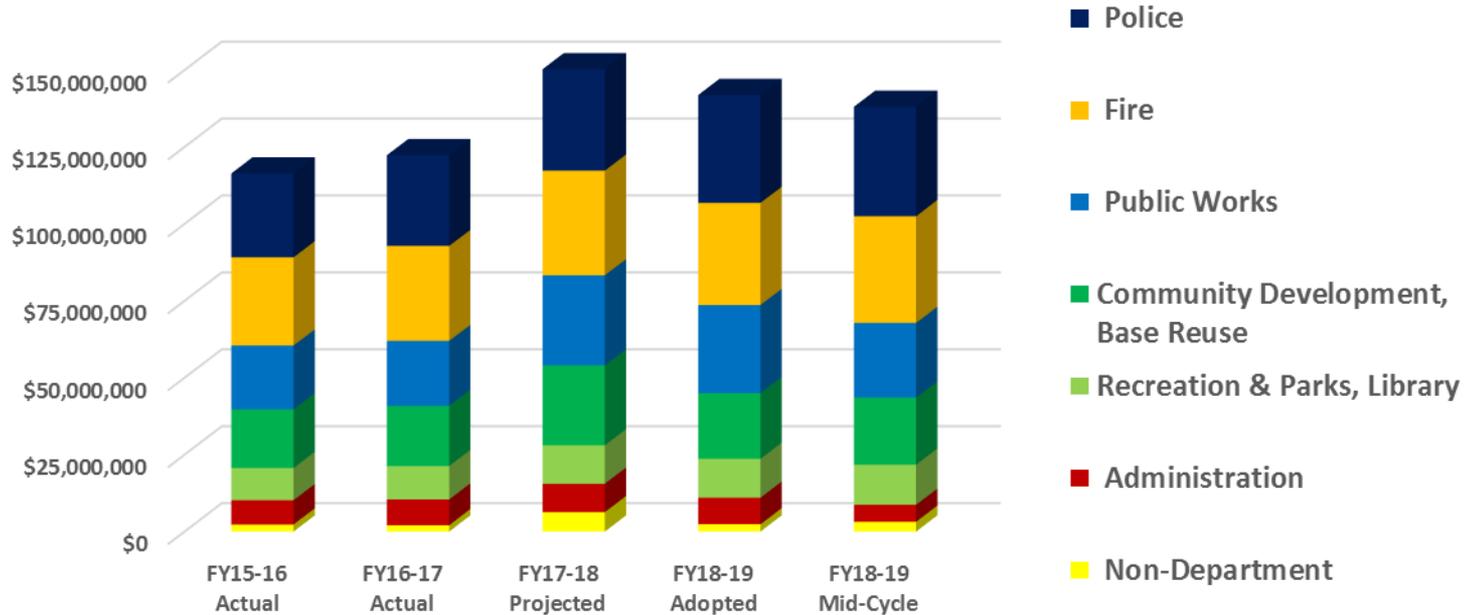
June 19, 2018



# Mid-Cycle Budget Update Objectives

1. All Funds Budget Overview
2. Provide update on current 2-year budget
  - a. Current FY 2017-18 – General Fund
  - b. Upcoming FY 2018-19 – General Fund and Other Funds
3. Look ahead to General Fund 5-year forecast through 2022
4. Next Steps
  - a. Adopt Budget Resolutions

# All Funds Budget Overview



# 2017-18 General Fund Status

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How does the current year look?

# 2017-18 General Fund Status

- Actions at March 2018 mid-year report
  - Revenues: +\$7 million (including large transfer tax pick up)
  - Expenditures: included \$16 million pension reserve payments (December \$11 million, March \$5 million)
  - Baseline revenues covered baseline expenditures
- Update: June 2018 projection
  - Revenues: +\$1 million (transfer tax from Site A, mutual aid/GEMT)
  - Expenditures: on track
  - Budget amendment: +\$88k homelessness
  - Employment settlement agreement: +\$950k
  - Baseline expenditures are greater than baseline revenues, \$100k deficit

# 2017-18 General Fund Status

	<u>FY17-18 Mid-Year</u>	<u>June 2018 Updates</u>	<u>FY17-18 Projected</u>	
<b>Revenues</b>				
Baseline Revenues	\$ 95,126,000	\$ 482,848	\$ 95,608,848	Taxes; Fire Mutual Aid; GEMT
Large Transfer Taxes	3,900,000	750,000	4,650,000	Sale of Site A
	<u>99,026,000</u>	<u>1,232,848</u>	<u>100,258,848</u>	
<b>Expenditures</b>				
Baseline Expenditures	94,671,869	1,037,899	95,709,768	Homelessness, and Legal Settlement expenditures
Pension/OPEB Reserve	16,360,068	-	16,360,068	
	<u>111,031,937</u>	<u>1,037,899</u>	<u>112,069,836</u>	
<b>Net Annual Activity</b>				
Baseline Operations	\$ 454,131	\$ (555,051)	\$ (100,920)	
With Large Transfer Taxes	\$ 4,354,131	\$ 194,949	\$ 4,549,080	
With Pension/OPEB Reserve	\$ (12,005,937)	\$ 194,949	\$ (11,810,988)	
<b>Available Fund Balance</b>				
25% Operating Reserve	\$ 23,667,967		\$ 23,927,442	
50% of Surplus above 25% target	6,804,937		6,772,674	
	<u>\$ 30,472,904</u>		<u>\$ 30,700,116</u>	
<b>Pension/OPEB Reserve</b>				
50% of Surplus above 25% target	\$ 6,804,937		\$ 6,772,674	

# 2017-18 General Fund Status

## General Fund Budget Overview (continued)

5 Year Projections for FY13-14 through 17-18 (in millions)  
Without proposed changes

	13-14	14-15	15-16	16-17	17-18
Revenues	\$72.8	\$73.9	\$75.0	\$ 76.3	\$ 77.7
Expenses	76.3	79.1	81.7	83.8	86.0
Deficit For Year	<b>\$(3.5)</b>	<b>\$(5.2)</b>	<b>\$(6.7)</b>	<b>\$( 7.5)</b>	<b>\$( 8.3)</b>
Ending Available Fund Balance	\$18.5	\$13.3	<b>\$ 6.6</b>	<b>\$( 0.9)</b>	<b>\$( 9.2)</b>
% of Expenses	24%	17%	8%	-1%	-11%

Ending Available Fund Balance assumes **no** cost-saving measures are taken.



# 2018-19 General Fund Update

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How does next year look?

2nd year of the 2-year budget

# 2018-19 General Fund Revenues

	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>
	<u>Actual</u>	<u>Projected</u>	<u>Projected</u>
Property Taxes	36,090,128	37,894,000	39,229,000
Property Transfer Tax	10,333,813	14,500,000	10,385,000
Sales Tax	10,094,100	10,250,000	10,444,000
UUT	9,061,296	9,308,000	9,494,000
Franchise	5,345,930	5,319,000	5,319,000
Transient Occupancy Tax	2,126,612	2,100,000	2,100,000
Business License	2,087,317	2,220,000	2,220,000
Program Revenues	6,087,048	6,186,848	5,938,000
Cost Allocation Reimbursements	7,032,897	6,642,000	
Sale of Property	1,514,513		
Other	1,250,587	1,620,000	1,598,000
Transfers In	3,289,000	4,219,000	4,340,000
Total	<b><u>\$ 94,313,241</u></b>	<b><u>\$ 100,258,848</u></b>	<b><u>\$ 91,067,000</u></b>

# 2018-19 General Fund Updates

## Revenue

- Total
  - +\$4.0 million from adopted budget
  - +\$0.5 million from March 2018 projection (mid-year report)
- Property related taxes, including MVLF
  - Includes residual tax increment flowing through Successor Agency (“waterfall funds”)
  - +\$2 million from adopted budget 4% growth vs. prior year
- Other taxes
  - +\$0.6 million Sales Tax, 2% growth vs. prior year
  - +\$1.4 million Transfer Tax, from \$9 to \$10.4 million

# 2018-19 General Fund Updates

## Expenditures

- Salary changes
  - +\$0.5 million - Other (mutual aid OT, pension rates, BRI)
- Benefit changes
  - \$(1.0) million - pension reserve payment savings
- Net changes
  - \$(0.5) million decrease in expenditures

# 2018-19 General Fund Projection (Baseline)

	<b>Adopted Budget</b>	<b>Revenue/ Salary Updates</b>	<b>Cost Plan Net Impact</b>	<b>New Mid-Cycle Budget Requests</b>	<b>Mid-Cycle Projection</b>
<b>Revenues</b>	\$ 92,993,000	\$4,043,000	\$ (5,969,000)		\$ 91,067,000
<b>Expenditures</b>	95,863,000	(557,000)	(5,263,000)	1,032,000	91,075,000
<b>Net Annual Activity</b>	(2,870,000)	4,600,000	(706,000)	(1,032,000)	(8,000)
<b>Available Fund Balance</b>					
25% Operating Reserve	23,965,750				22,768,750
50% of Surplus above 25% target	(521,542)				3,961,683
	<u>\$ 23,444,208</u>				<u>\$ 26,730,433</u>
<b>Pension/OPEB Reserve</b>					
50% of Surplus above 25% target					<u>\$ 3,961,683</u>

# 2018-19 New Program Requests

## General Fund Summary

Police	\$ 430,159
Fire	231,617
Community Development	170,000
Administration	154,979
Parks	45,000
	<hr/>
	<b>\$ 1,031,755</b>
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## 2018-19 New Budget Requests (General Fund)

Requesting Department	Description	Cost	Comment
Fire	Dive Rescue Program	\$ 130,000	Currently AFD is not equipped or trained for Dive Rescue
Fire	Outside Vehicle Repairs	\$ 100,000	Increase based on recent year trend
Fire	Other Operating Cost Augmentations	\$ 50,200	CPR Devices / Microfiche Services / Inspection Reports
Fire	Community Paramedicine Grant	\$ 60,000	Local Match for Community Paramedicine Grant - Funding through November 2018
Fire	Dispatch Services	\$ 52,959	County Communications Center Contract / Based on Alameda Call Volume
Fire	Emergency Operations Center (EOC)	\$ 37,000	25% Share of Emergency Operation Center

## 2018-19 New Budget Requests (General Fund)

Requesting Department	Description	Cost	Comment
Police	Police	\$ 138,617	Recruitment costs, Tests, Uniforms, Firearm Supplies, Part-time Animal Control Officer
Police	Maintenance Contracts	\$ 56,000	East Bay Regional Communications System Authority reprogramming of PD radios
Police	Emergency Operations Center (EOC)	\$ 37,000	25% Share of EOC
Recreation & Parks	Park Maintenance	\$ 45,000	Removing trees posing safety hazards / Specialized Arborist reports
Community Development	Homelessness Programs	\$ 120,000	Mobile Outreach Contract / In the field support / Approved by City Council March 2018
Community Development	County Impact Grant	\$ 50,000	Homeless Outreach Team / Paid from County grant - no net budget impact
Administration	City Council / City Clerk / City Manager	\$ 54,979	City-wide Communications Plan, Communications Training, Promotion and Advertising Materials
Administration	City Attorney	\$ 100,000	Legal Aid for Renters

## 2018-19 New Budget Requests (Non-General Fund)

Requesting Department	Description	Cost	Comment
Fire	SAFER Grant	\$ 493,000	Paid from Federal Grant Funds - Six positions with Grant Extension until October 2018
Fire	Community Paramedicine Program	\$ 258,000	Paid from Grant Funds - Three positions with Grant Extension until November 2018
Police	State COPS Grant	\$ 70,023	Various Safety Equipment
Library	Electricity/Building Improvements	\$ 73,700	Annualized billing correction / West End HVAC / Paid from Library Fund Reserves
Base Reuse	Leasing Operations	\$ 525,000	Infrastructure and Environmental / Small Capital Projects
Base Reuse	Maintenance	\$ 377,500	AMP Infrastructure Upgrades / PG&E Infrastructure Upgrades / Improved Backflow Prevention Program / Cost Recovery
General Liability	Claim Settlements	\$ 500,000	Significant litigation matters

## 2018-19 New Budget Requests (Non-General Fund)

Requesting Department	Description	Cost	Comment
Community Development	CDBG	\$ 1,066,434	Housing and other services for low- and moderate-income persons
Community Development	Public Art	\$ 282,500	Award for Public Art Projects
Community Development	Cannabis	\$ 150,000	Planning / Building Cannabis Program
Community Development	Tidelands	\$ 75,000	Lease Negotiation / Documents
Community Development	Façade Grants	\$ 75,000	Grants to business and property owners to improve and enhance retail districts
Community Development	Planning	\$ 13,000	Operating Costs/Credit Card Fees
Community Development	HOME	\$ 9,865	Updated Fund Balance
Public Works	Facilities Maintenance Fund	\$ 316,895	City-wide Janitorial Contract
Public Works	Fleet / Equipment Replacement Fund	\$ 120,000	Correction to PD Vehicle Replacement Budget / No change in replacement schedule / Paid from Fund Reserves

## 2018-19 New Budget Requests (Non-General Fund)

Requesting Department	Description	Cost	Comment
Recreation & Parks	Golf Course Capital Project	\$ 500,000	Parking Lot Improvement / Greenway Gold lease amendment / Paid from Capital Projects Fund Balance Reserve
Capital Projects	Mastick Senior Center Capital Project	\$ 100,000	Front Entry Improvements / Paid from Mastick Advisory Board Reserves
Capital Projects	Seaplane Lagoon Ferry Terminal	\$ 7,500,000	Accelerates existing Project - Paid from Developer Contribution
Capital Projects	Jean Sweeney Cross Alameda Trail	\$ 110,000	Interim Bikeway & Pedestrian Improvements / Connection for Sherman Park users / Paid from Measure B/BB Reserves
Capital Projects	Seaplane Lagoon Ferry Terminal (New)	\$ 2,000,000	Accelerates existing Project - Paid from Base Reuse and Tidelands
Capital Projects	Jean Sweeney Park (New)	\$ 223,000	Jean Sweeney Park Project / Paid from Recreation Fund and Sweeney Park Foundation Donations

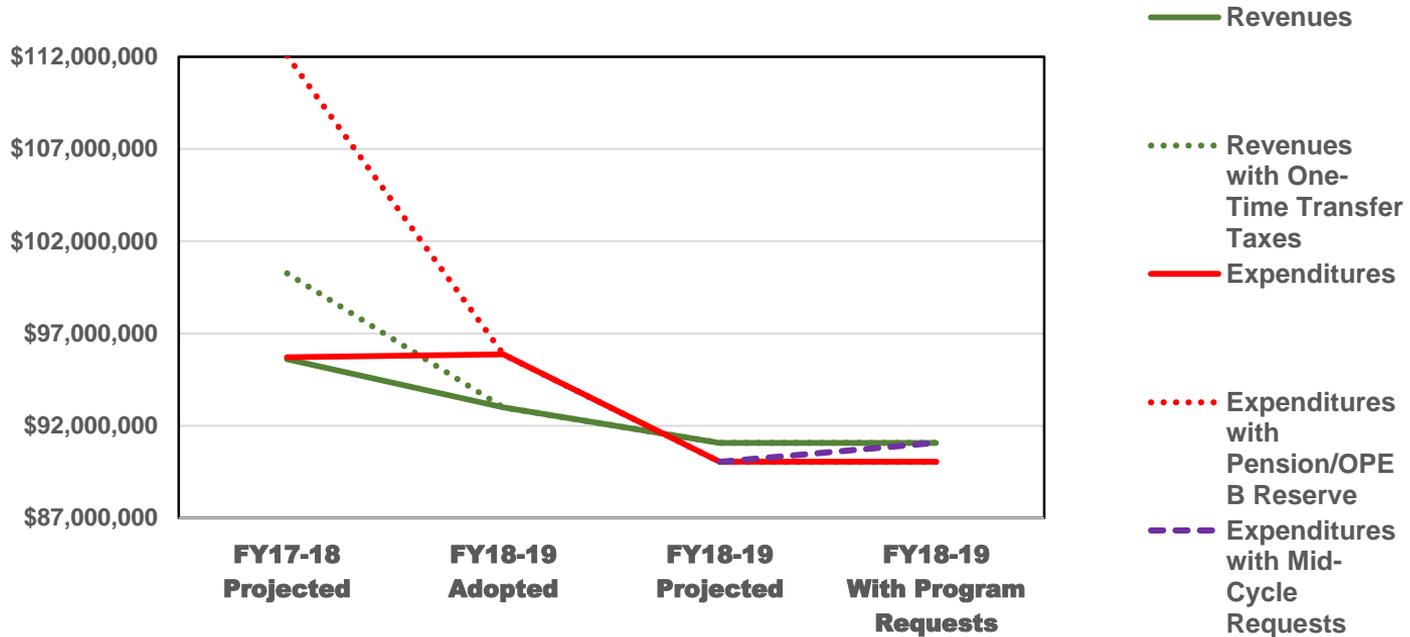
# 2018-19 Workforce Changes

Department	Description	Comment
<b><u>General Fund</u></b>		
Fire	Position Reclassification	From Administrative Technician II to Fire Information and Billing Specialists to reflect the highly technical work being performed by the position
<b><u>Other Funds</u></b>		
Fire	Six Firefighter positons	Paid by the SAFER grant through October 2018
Fire	Two Firefighters and One Division Chief	Paid by the Community Paramedicine grant through November 2018
Base Reuse	Title Change	From Director of Base Reuse to Director of Base Reuse and Transportation Planning
Community Development	Removal of 2-Year limited term	Due to the significant and long-term construction activity involved at Site A

# 2018-19 General Fund Projection (With New Program Requests)

	Adopted Budget	Mid-Cycle Updates	Cost Plan Net Impact	Mid-Cycle Projection
<b>Revenues</b>	<u>\$ 92,993,000</u>	<u>\$ 4,043,400</u>	<u>\$ (5,969,000)</u>	<u>\$ 91,067,000</u>
<b>Expenditures</b>				
Baseline Expenditures	95,863,000	(543,000)	(5,263,000)	90,043,000
Program Requests				1,032,000
	<u>95,863,000</u>	<u>(543,000)</u>	<u>(5,263,000)</u>	<u>91,075,000</u>
				-
<b>Net Annual Activity</b>				
Baseline Operations	<u>\$ (2,870,000)</u>	<u>\$ 4,586,400</u>	<u>\$ (706,000)</u>	<u>\$ (8,000)</u>
<b>Available Fund Balance</b>				
25% Operating Reserve	23,965,750			22,768,750
50% of Surplus above 25% target	(521,542)			3,961,683
	<u>\$ 23,444,208</u>			<u>\$ 26,730,433</u>
<b>Pension/OPEB Reserve</b>				
50% of Surplus above 25% target				<u>\$ 3,961,683</u>

# 2018-19 General Fund Mid-Cycle Projection (With New Program Requests)



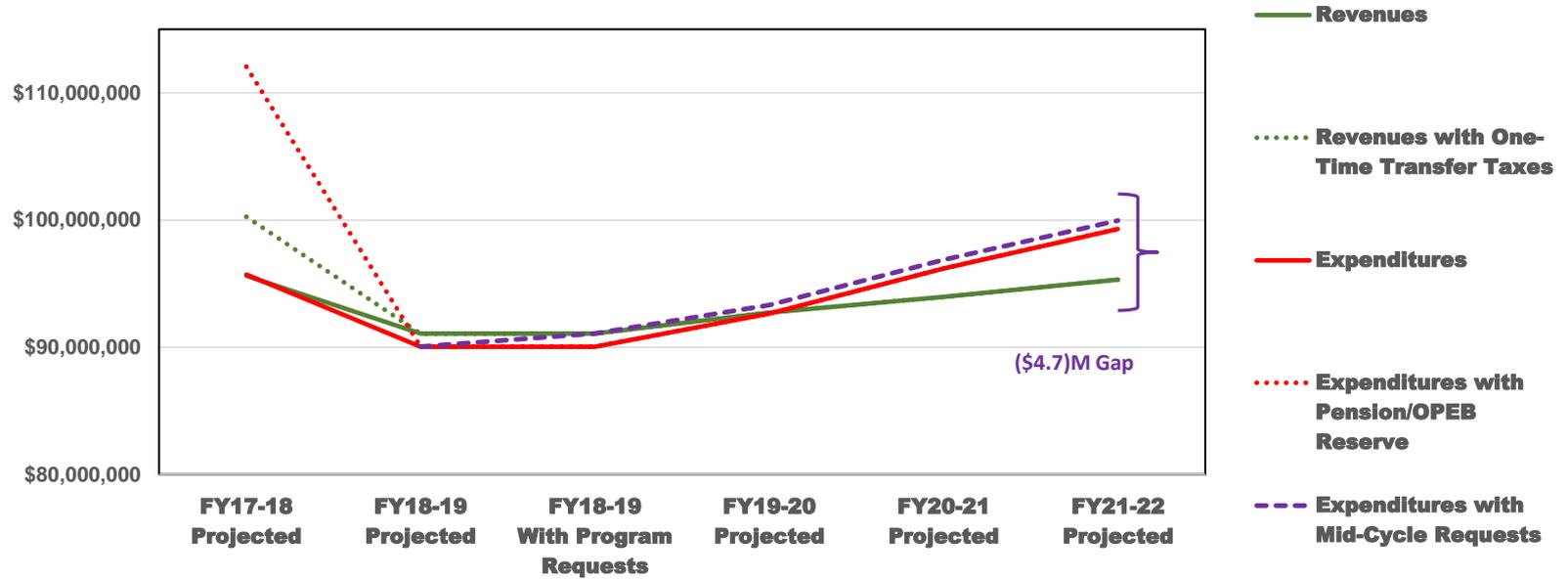
# General Fund 5-Year Forecast

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What is the future trend?

# 2018-19 General Fund 5-Year Forecast

## June 2018 (With New Budget Requests)



# 2018-19 General Fund 5-Year Forecast

## June 2018 (With New Budget Requests)

	FY 17-18 Projection	FY18-19 Projected	FY19-20 Projection	FY20-21 Projection	FY21-22 Projection
<b>Revenues</b>	\$ 100,258,848	\$ 91,067,000	\$ 92,736,000	\$ 93,952,000	\$ 95,307,000
<b>Expenditures</b>					
Baseline Expenditures	95,709,768	90,043,000	92,640,000	96,198,000	99,295,000
Mid-Cycle Budget Requests		1,032,000	672,000	672,000	672,000
	95,709,768	91,075,000	93,312,000	96,870,000	99,967,000
<b>Net Annual Activity</b>	<b>\$ 4,549,080</b>	<b>\$ (8,000)</b>	<b>\$ (576,000)</b>	<b>\$ (2,918,000)</b>	<b>\$ (4,660,000)</b>
<b>Available Fund Balance</b>					
Operating Reserve	23,927,442	22,768,750	23,328,433	21,823,433	17,163,433
Ending Balance Above 25% Reserve	6,772,674	3,961,683	1,413,000		
	<b>\$ 30,700,116</b>	<b>\$ 26,730,433</b>	<b>\$ 24,741,433</b>	<b>\$ 21,823,433</b>	<b>\$ 17,163,433</b>
<b>% of Expenditures (25% per Policy)</b>	<b>25%</b>	<b>25%</b>	<b>25%</b>	<b>23%</b>	<b>17%</b>
<b>Draw on Operating Reserve</b>	-	-	-	\$ (2,394,067)	\$ (5,434,250)

# General Fund 5-Year Forecast Assumptions

## Revenue

- +2-3% assessed values
- Increased residual tax flow from successor agency (with Site A)
- New development projects in pipeline provide additional growth potential; but not included in this forecast
- +1% growth Transfer Tax 2019-22
- Sales Tax, UUT, Franchise Fee 0-2%

# General Fund 5-Year Forecast Assumptions

## Expenditures

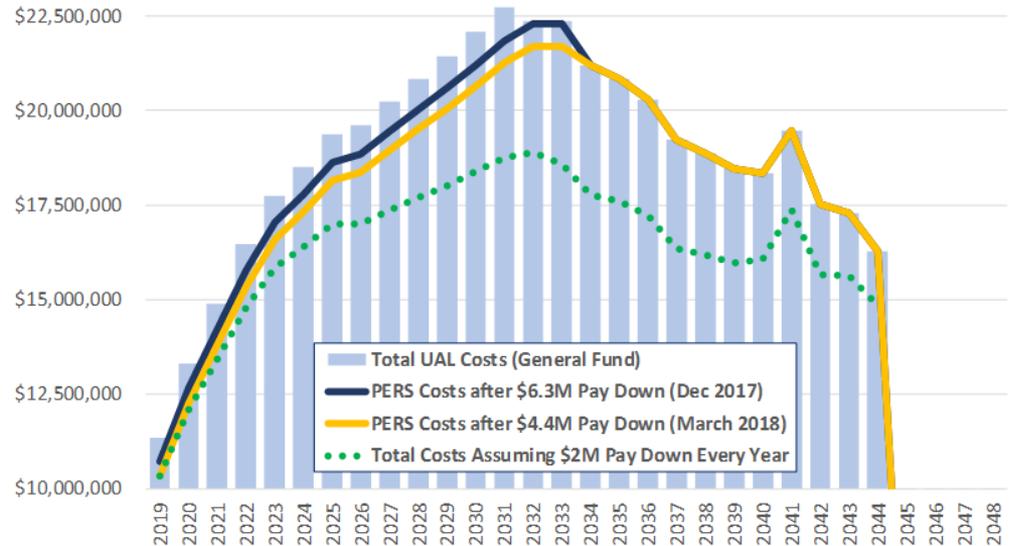
- Salaries and benefits
  - Cost of living +1-2% per year
  - Medical +3% per year
  - PERS +15% average growth per year

# General Fund Annual CalPERS Payments

## June 2016 Actuary Report

- Without action, payments double in 5 years
- Proactive funding policy is providing 18-19 budget relief
- \$1 million + annual CalPERS savings
- \$25 million: 15 year savings from combined 17-18 \$16 million CalPERS and 115 Trust investment

### Unfunded Liability for Past Service Cost



## Next Steps:

- Adopt proposed Mid-Cycle (FY 2018-19) Budget Changes
  - Workforce Changes Resolution
  - Amendment of ACEA Salary Schedule and EXME Compensation Plan
  - City Budget Resolution
  - Successor Agency to the Community Improvement Commission Budget Resolution

