

# **City of Alameda General Fund Proposed Budget April 16, 2015**



# Budget Presentation Outline

- General Fund FY 14-15 Review
- General Fund Budget Overview
- General Fund Budget: Revenue / Expenditure Projections
- Budget Highlights
- Council Direction on Proposed Budget



# General Fund FY14-15 Review

FY14-15 projected to have a surplus at the end of year:  
(in millions)

	Budget (Revised)	End of Current year (Projection)	Change
<b>Beginning Available Fund Balance</b>	\$ 29.1	\$ 29.1	\$ -
<b>Revenues &amp; Transfers In</b>	74.7	80.5	5.8
<b>Expenditures</b>	(70.9)	(68.0)	2.9
<b>Transfers Out</b>	(11.9)	(11.9)	-
<b>Annual Operating Results</b>	(8.1) *	0.6	8.7
<b>Ending Available Fund Balance</b>	\$ 21.0	\$ 29.7	\$ 8.7
% of annual expenditures and transfers out	25%	37%	

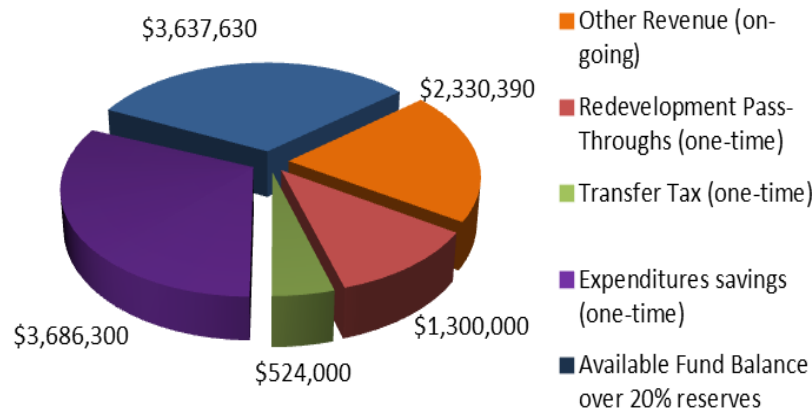
\*\$8.1 million is a result of additional Transfers Out due to surplus in FY 13-14.



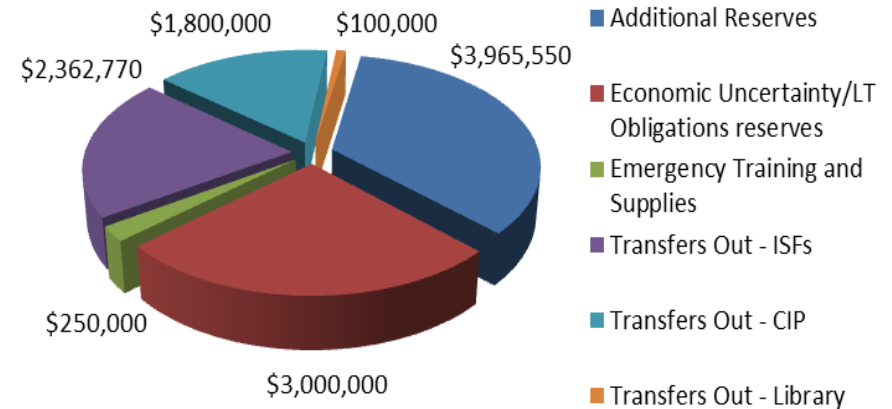
# General Fund FY 14-15 Review (continued)

As a result of better than anticipated revenues, City Council Approved General Fund Budget Amendment of \$11.4 million (December 2014):

**Sources of Funds**



**Uses of Available Funds**



# Proposed General Fund FY 15-16 and FY 16-17 Budget Overview

Staff prepared **initial** budget estimates for FY15-16 through FY19-20:

- Projected surplus of \$1.3 million in FY15-16
- Projects deficits of \$1.1 million in FY 16-17 and \$2.7 to \$5.3 million annually from FY17-18 thru FY19-20
- FY 19-20 projected General Fund Available Balance is at 20%
- Assumes revenue changes from -2 to 10% annually depending on the source
- Incorporates new and projected Miscellaneous/Safety PERS rates, including additional employee contributions for PERS and health costs



# General Fund Budget Overview (continued)

## 5-Year Forecast for FY 15-16 through FY 19-20 (in millions)

	<u>15-16</u>	<u>16-17</u>	<u>17-18</u>	<u>18-19</u>	<u>19-20</u>
<b>Beginning Fund Balance</b>	\$ 29.6	\$ 30.9	\$ 29.9	\$ 27.2	\$ 23.2
<b>Revenues</b>	81.4	81.6	82.8	84.0	85.2
<b>Transfers In</b>	0.5	0.5	0.5	0.5	0.5
<b>Expenditures &amp; Transfers Out</b>	(80.5)	(83.1)	(85.9)	(88.4)	(91.0)
<b>Annual Operating Results</b>	1.3	(1.1)	(2.7)	(4.0)	(5.3)
<b>Ending Fund Balance</b>	<u>\$ 30.9</u>	<u>\$ 29.9</u>	<u>\$ 27.2</u>	<u>\$ 23.2</u>	<u>\$ 17.9</u>
% of annual expenditures and transfers out	38%	36%	32%	26%	20%

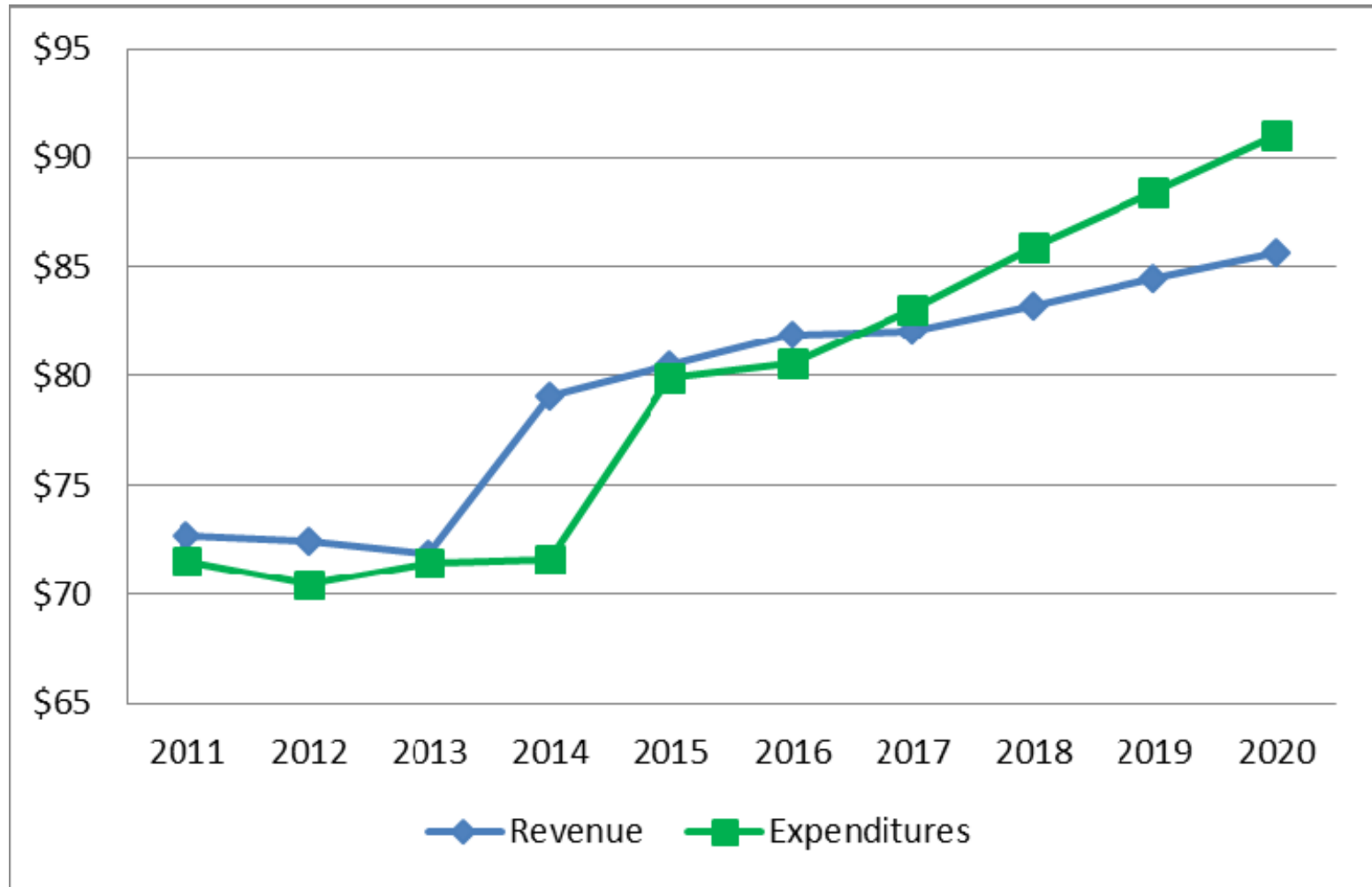
Ending Available Fund Balance assumes **no** cost-saving measures are taken after 15-16.



# General Fund Budget Overview

## Revenue and Expenditure Trends

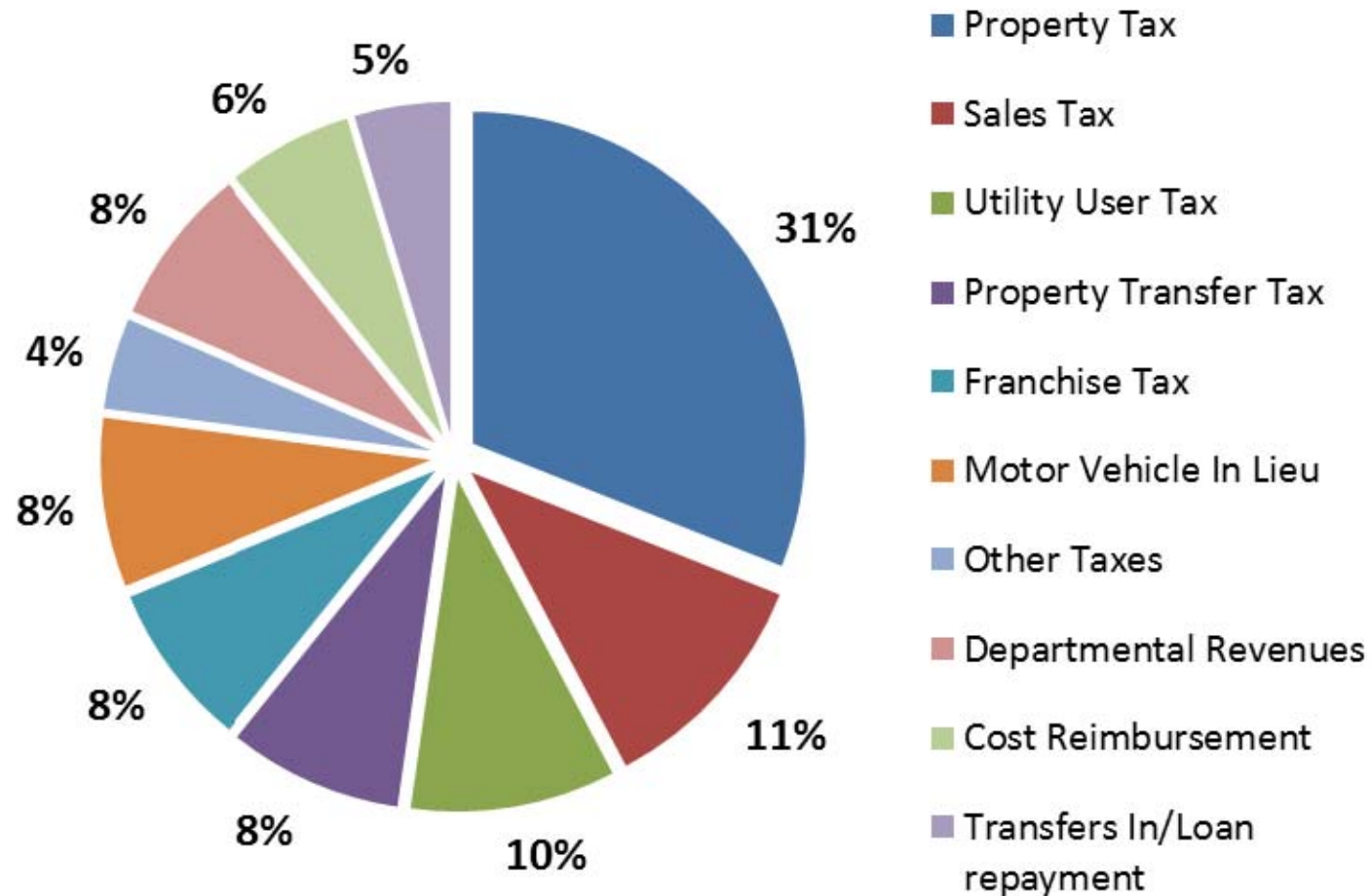
(in millions)





# General Fund Budget Overview

## Major Revenue Sources - \$81.9 Million FY15-16





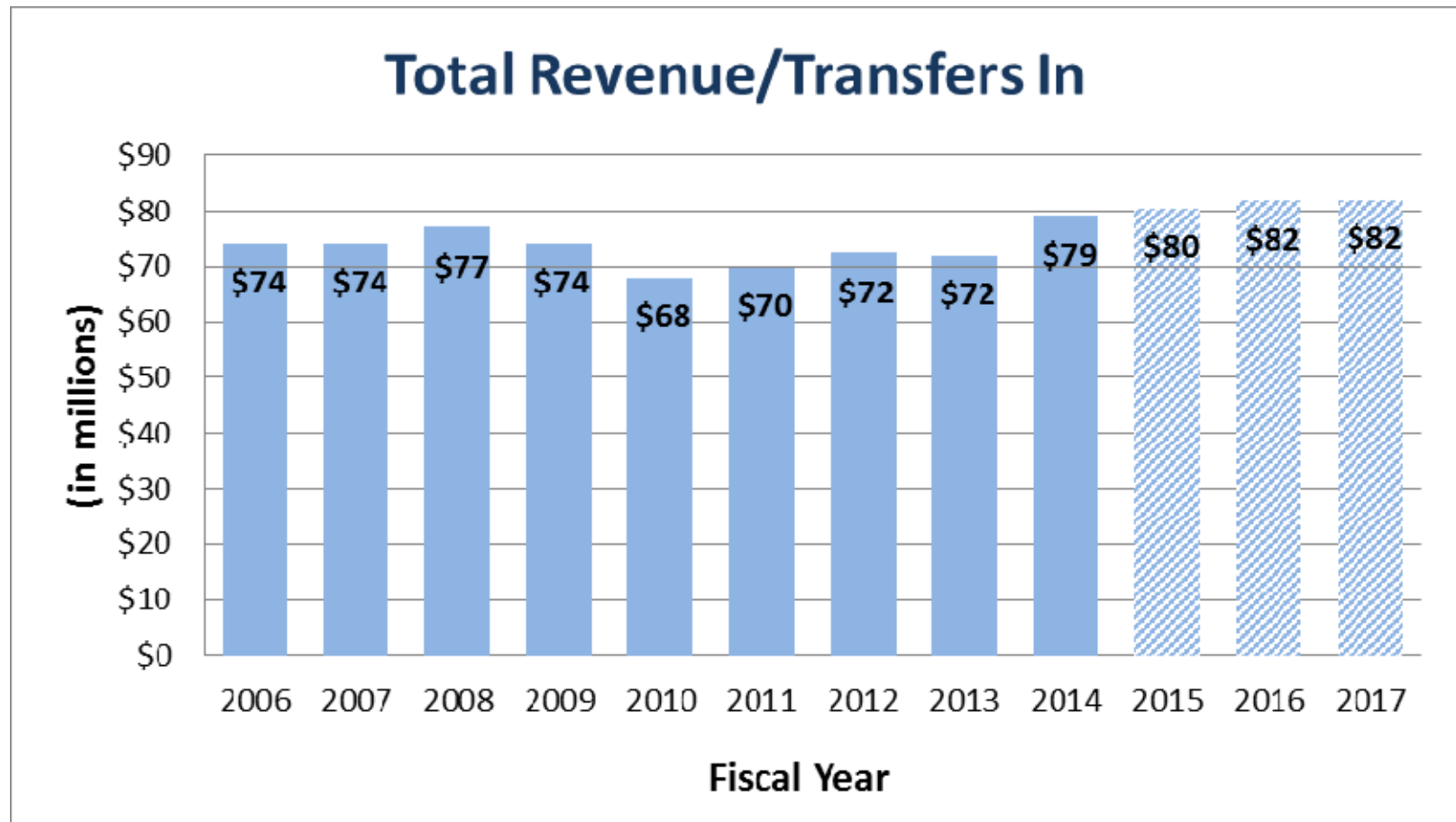
# General Fund Overview

## Revenue Assumptions

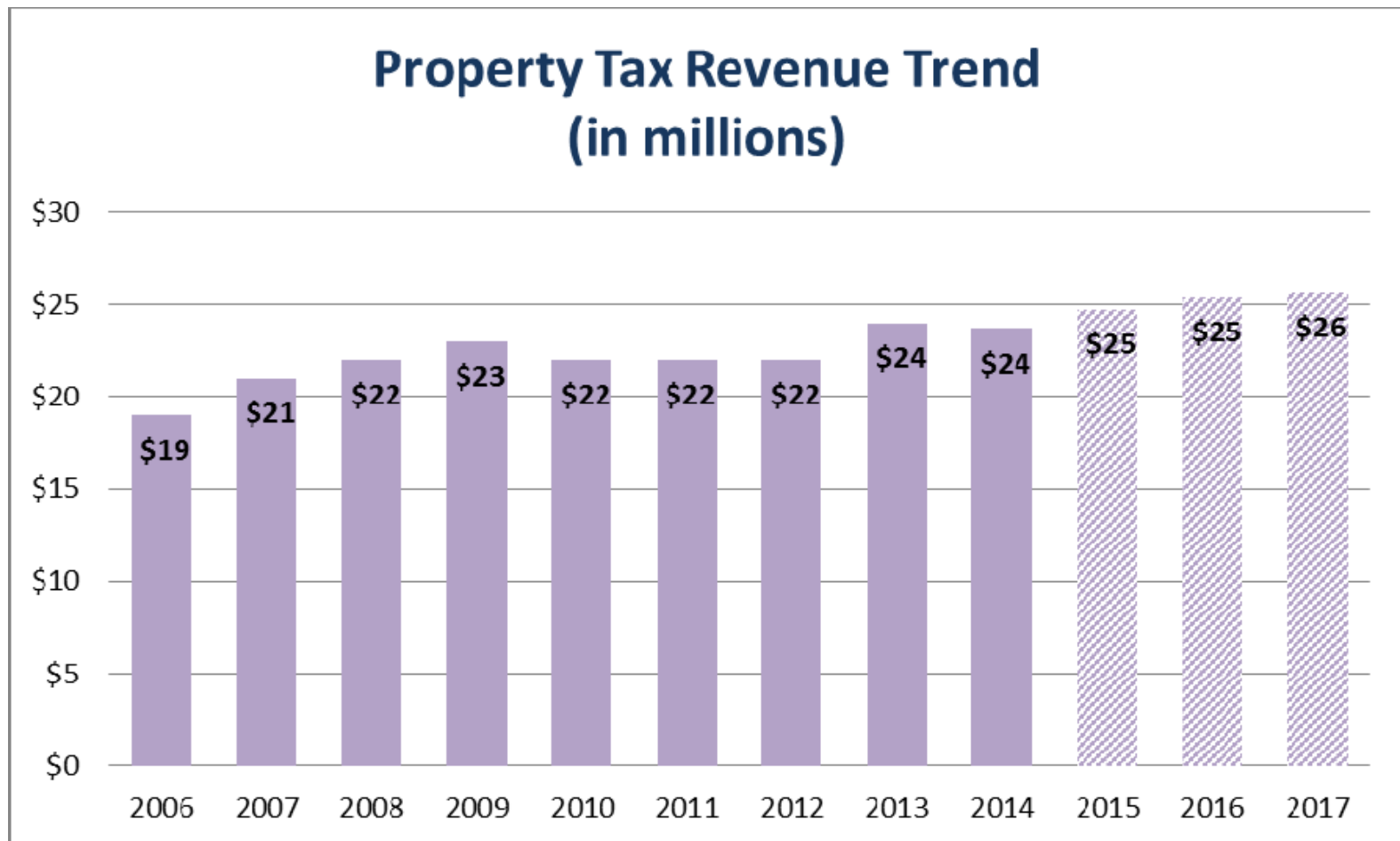
	13-14		14-15		15-16	16-17
	Projected	Actual	Projected	Actual	Projected	Projected
Property Tax	0.4%	10.3%	2.9%	11.9%	2.6%	1.0%
Sales Tax	4.6%	4.7%	4.9%	14.8%	4.0%	2.9%
Utility User Tax	-4.3%	-2.3%	0.0%	-4.0%	-2.1%	-2.1%
Property Transfer Tax	-4.1%	25.7%	1.0%	35.1%	-4.9%	8.0%
Franchise Tax	3.6%	6.4%	1.4%	-0.7%	-12.2%	16.6%
Motor Vehicle In Lieu	2.4%	2.9%	5.2%	3.0%	3.0%	2.2%
Transient Occupancy Tax	5.2%	9.8%	3.0%	7.1%	3.0%	10.2%
Departmental Revenues	8.2%	2.5%	-7.1%	-1.4%	-4.6%	0.1%
Other & Transfers In	16.3%	4.7%	-2.4%	3.2%	21.8%	-20.0%
Total	2.9%	6.9%	-5.5%	7.7%	1.8%	0.2%



# General Fund Budget Overview



# General Fund Budget Overview



# General Fund Budget Overview (continued)

## Use of One-Time Funds

- In FY 15-16 General Fund received from Alameda Municipal Power (AMP) a repayment of a prior interfund loan of \$2.2 million.
  - This loan repayment is offset by reduction of Franchise Fees of \$1.0 million creating net surplus to General Fund of \$1.2 million.
- In FY 16-17 AMP Franchise Fee returns to normal.



# General Fund Budget Overview (continued)

## Transfers In From Other Funds

(in millions)

	<u>Projected</u>
Parking Meter	\$ 0.38
Bayport Municipal Services District	0.05
Assessment District - CFD1	<u>0.06</u>
Total	<u>\$ 0.49</u>



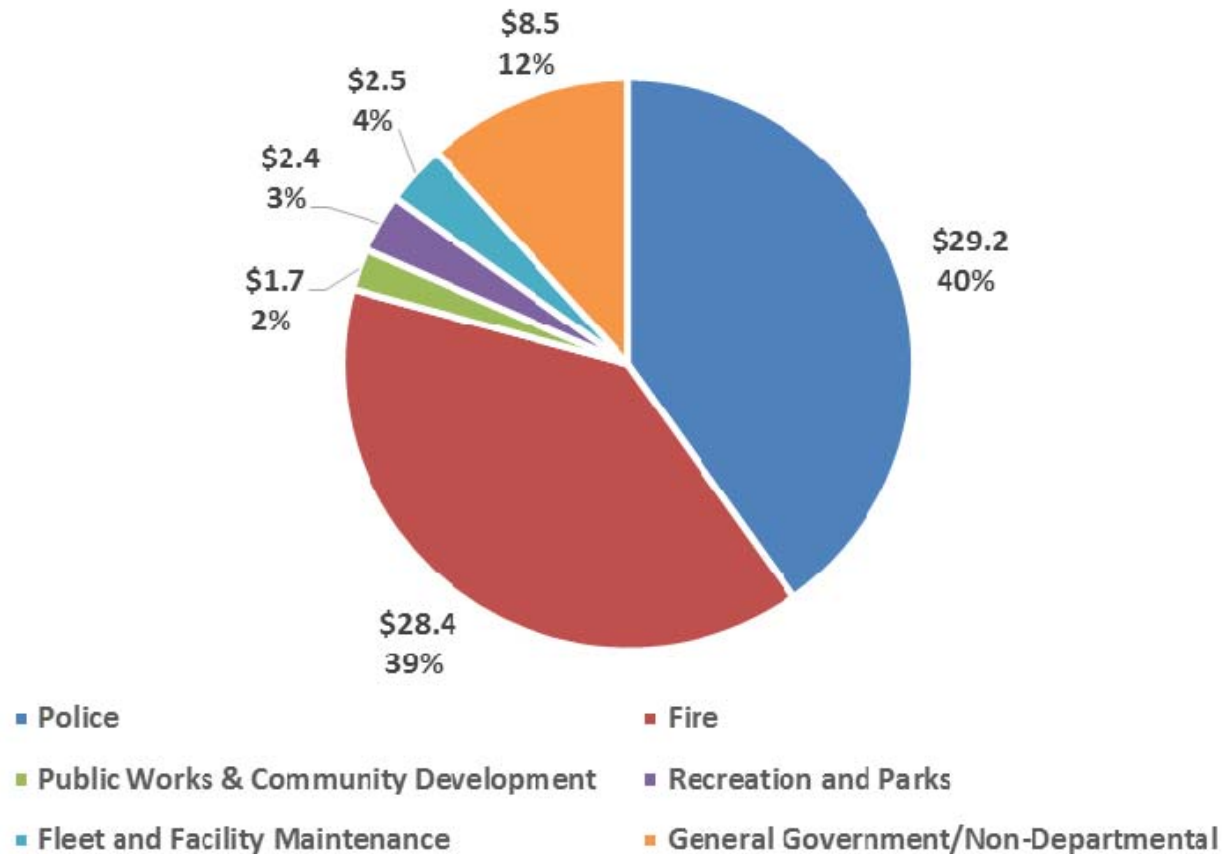
# General Fund Budget Overview

## Major Expenditures Assumptions

- Assumes health increases of 4% in 15-16 and 3% in 16-17, (incorporating cost sharing provisions of MOUs);
- Assumes departmental OPEB contributions to OPEB internal service fund increase 7% in FY 15-16 and stay flat in FY 16-17;
- Incorporates PERS smoothing increases based on most recent CalPERS annual valuation
- Incorporates other provisions of current MOU agreements, estimates salary increases based upon the increase in BRI (2% for 2016 and 2% for 2017)
- Assumes no inflation increases for all non-personnel expenses in all years unless existing contracts allow for it.
- Reflects filling vacancies on a realistic time line. This is a change from past assumption of funding full staffing as of July 1<sup>st</sup>.

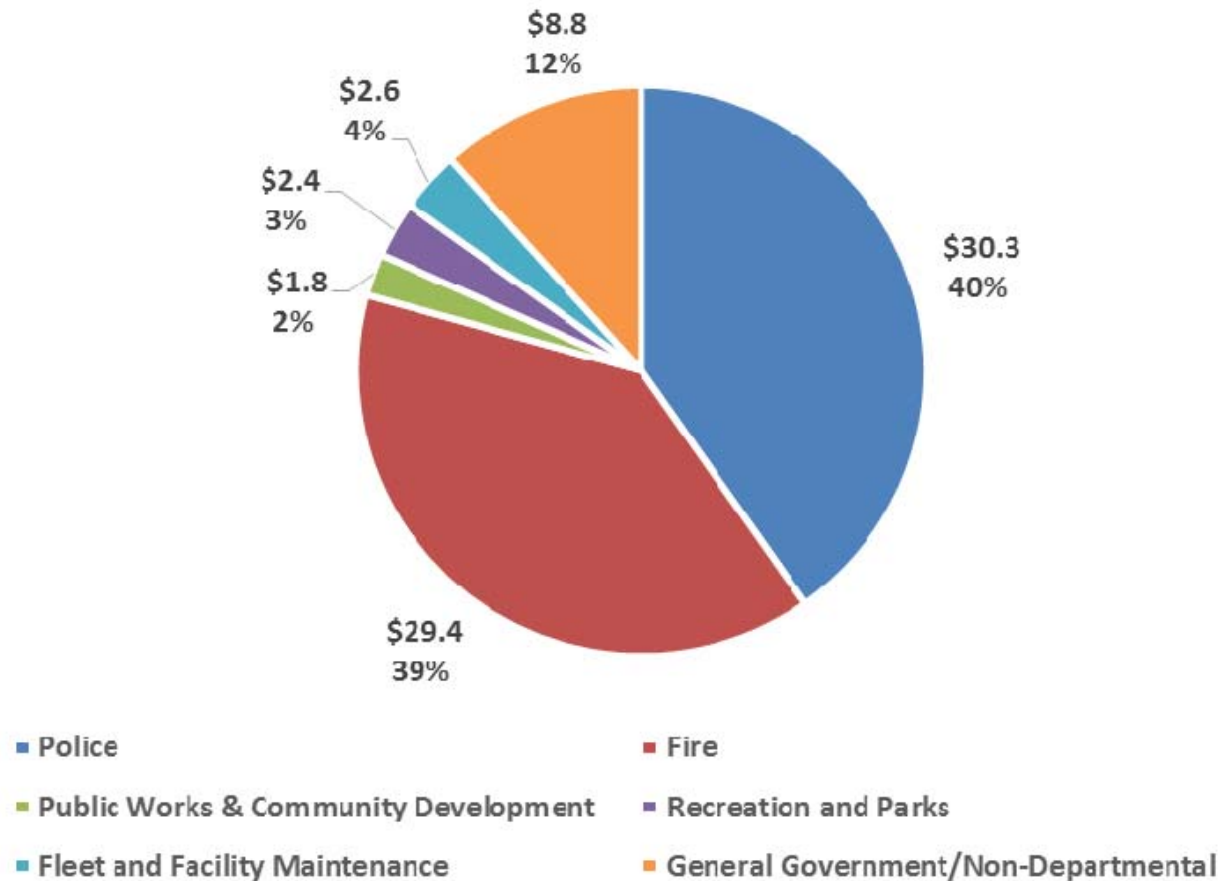


# General Fund Proposed Expenditures Budget by Department FY15-16 (in millions)

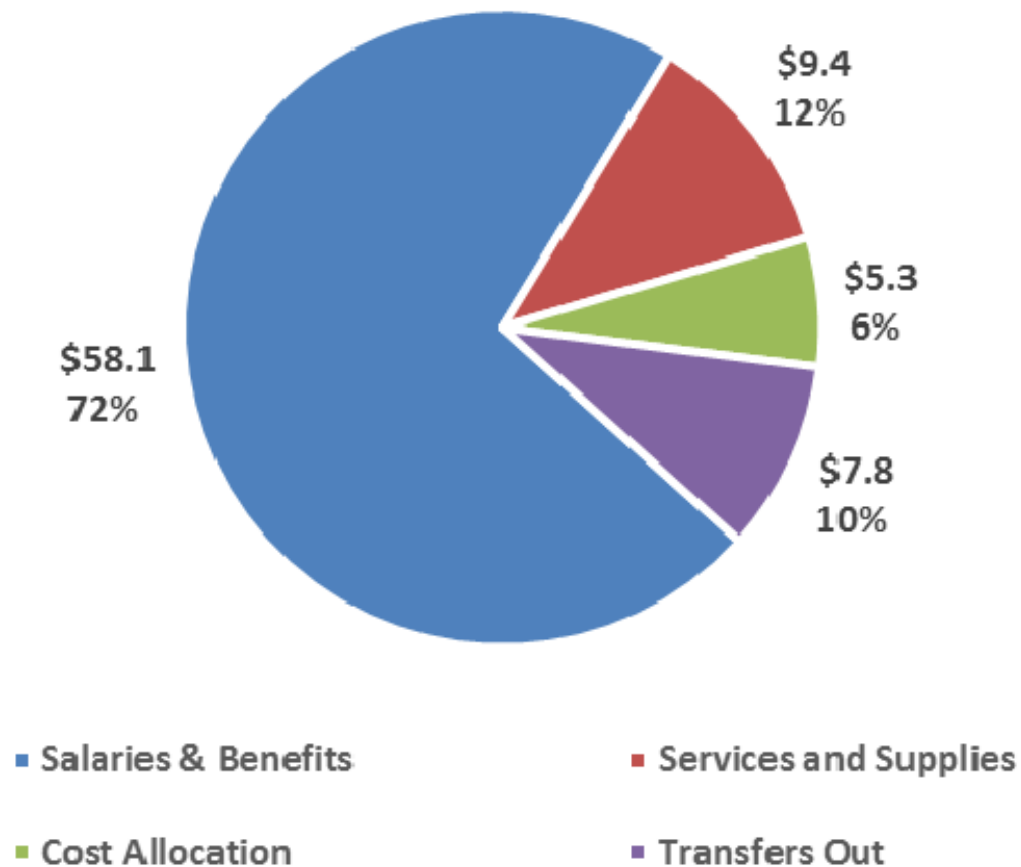




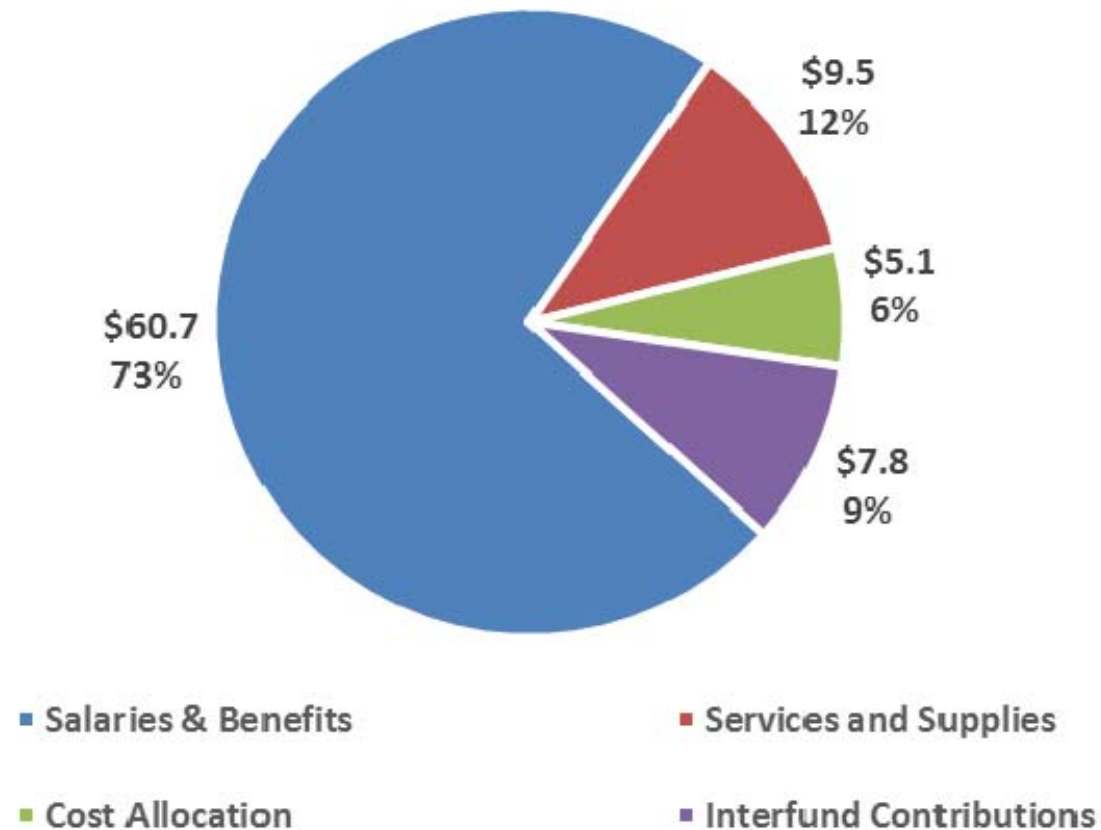
# General Fund Proposed Expenditures Budget by Department FY 16-17 (in millions)



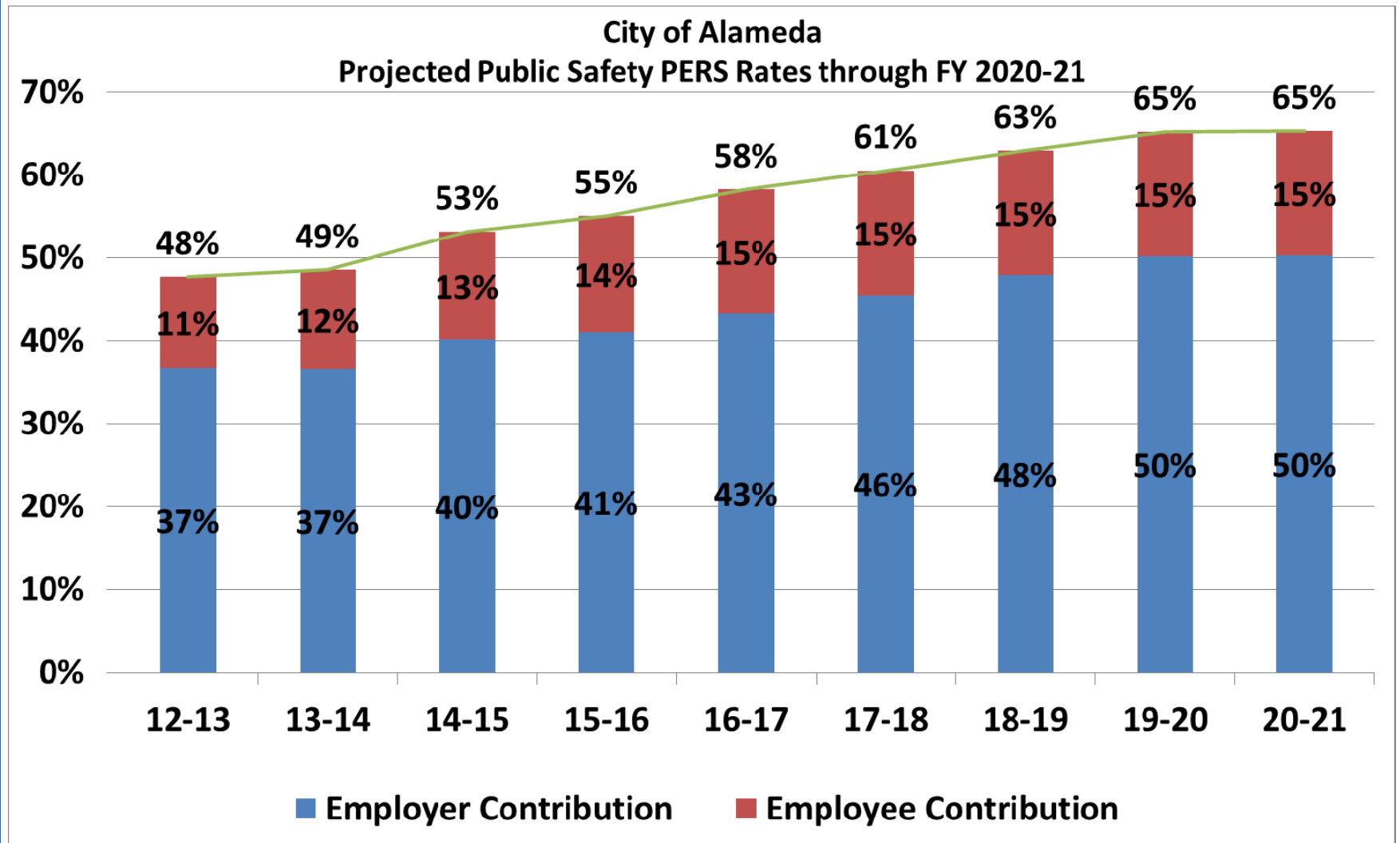
# General Fund Budget Major Expenditure Categories FY15-16



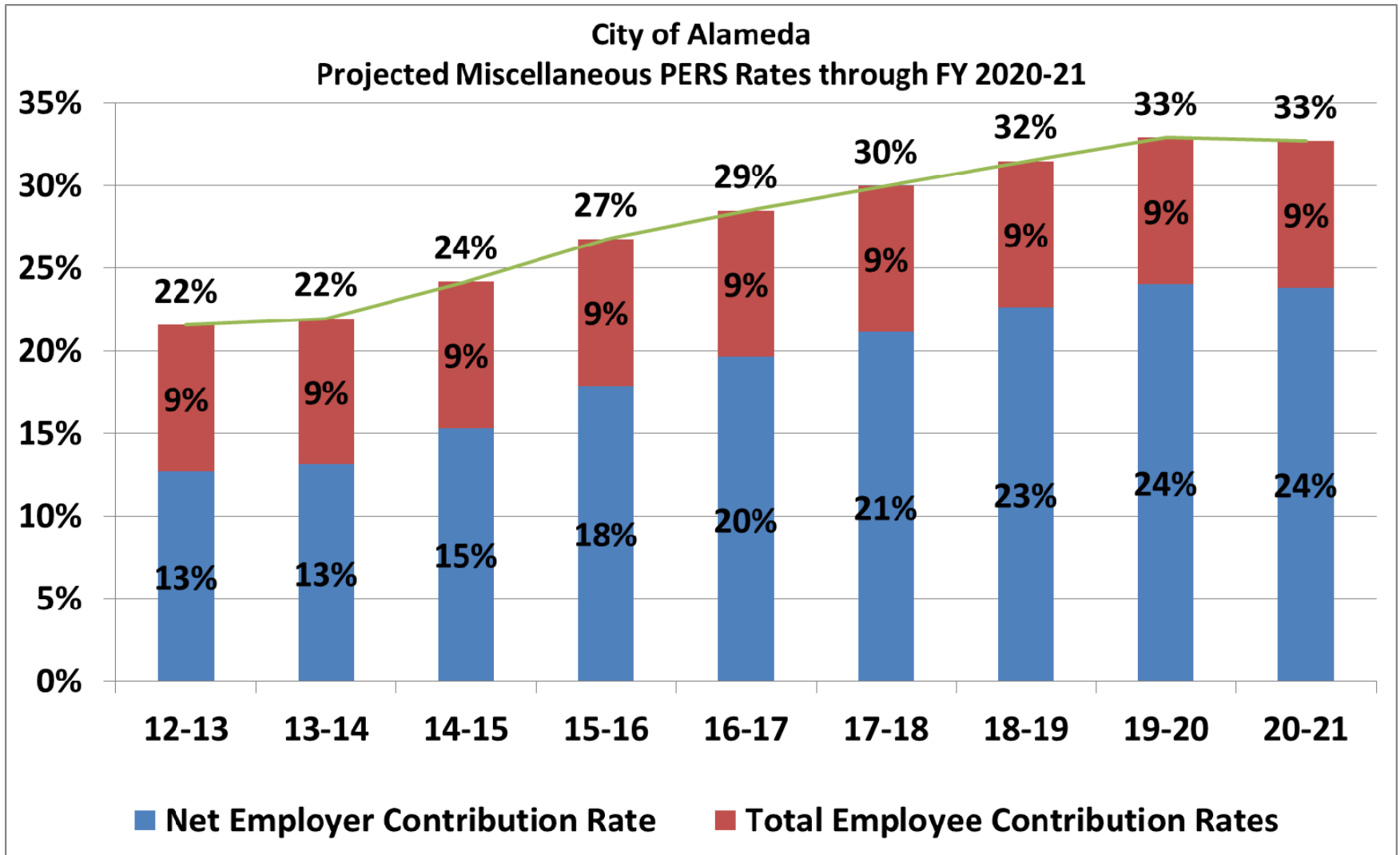
# General Fund Budget Major Expenditure Categories FY16-17



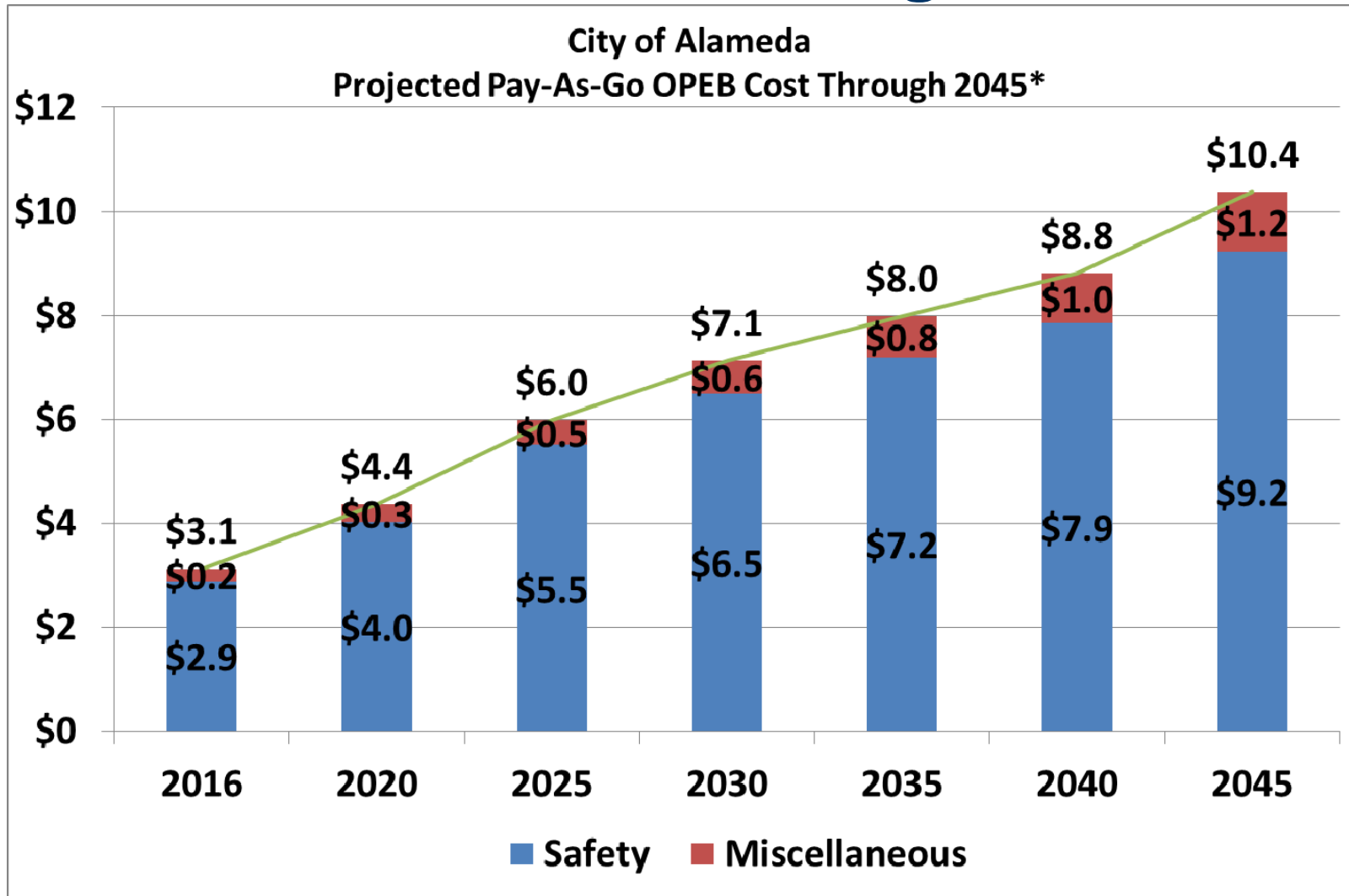
# General Fund Budget



# General Fund Budget



# General Fund Budget



\* Without amended labor contracts



# General Fund Budget

## Infrastructure and Deferred Maintenance

- Sidewalks - \$10.5 million
- Streets - \$13 million “good” condition and \$60 million “very good” condition
- Buildings/City Facilities – \$10 - \$20 million
- Stormwater - \$45 million





# General Fund Budget Overview

## Infrastructure and Deferred Maintenance

### Proposed Funding:

(in millions)

	<u>FY 15-16</u>	<u>FY 16-17</u>	<u>Sources</u>
<b>Sidewalks</b>	\$ 1.5	\$ 1.5	Gas Tax, Construction Improvement Tax, General Fund
<b>Streets</b>	5.0	5.0	Measure B/BB, Vehicle Registration Fees, Gas Tax, Sewer Fund
<b>Buildings/Facilities</b>	0.8	0.8	Departmental allocations
<b>Stormwater</b>	3.1	3.1	Stormwater Fee
<b>Total</b>	<u>\$ 10.3</u>	<u>\$ 10.3</u>	



# General Fund Budget Transfers Out

- Capital Projects / Maintenance – \$520K 15-16 and \$465K 16-17
- Recreation Fund - \$1.6 million in 15-16 and 16-17
- Library - \$2.0 million in 15-16 and 16-17
- Vacation payouts - \$0.25 million in 15-16 and 16-17
- Police/Fire Pension Plans (1079 & 1082) - \$1.9 mil 15-16 and \$2.0 mil 16-17
- Debt Service Payments - \$1.0 mil 15-16 and \$1.0 mil 16-17
  - Includes 2013 COPS for Emergency Operations Center
- Other Transfers Out - \$0.5 mil in 15-16 and 16-17



# **General Fund Budget Authorized Positions Additions**

New positions in FY 15-16:

- ❖ Director of Technology and Innovation\*
- ❖ Information Technology Services Coordinator\*
- ❖ Administrative Services Coordinator - Resiliency

\* Positions are equally shared between General Fund and Alameda Municipal Power (AMP)



# General Fund Budget Overview

5-Year Forecast for FY 15-16 through FY 19-20  
(in millions)

	15-16	16-17	17-18	18-19	19-20
<b>Beginning Fund Balance</b>	\$ 29.6	\$ 30.9	\$ 29.9	\$ 27.2	\$ 23.2
<b>Revenues</b>	81.4	81.6	82.8	84.0	85.2
<b>Transfers In</b>	0.5	0.5	0.5	0.5	0.5
<b>Expenditures &amp; Transfers Out</b>	(80.5)	(83.1)	(85.9)	(88.4)	(91.0)
<b>Annual Operating Results</b>	1.3	(1.1)	(2.7)	(4.0)	(5.3)
<b>Ending Fund Balance</b>	\$ 30.9	\$ 29.9	\$ 27.2	\$ 23.2	\$ 17.9
% of annual expenditures and transfers out	38%	36%	32%	26%	20%

Ending Available Fund Balance assumes **no** cost-saving measures are taken after 15-16.



# Closing the Gap for 16-17

## Proposed Solutions

- Use a portion of the General Fund balance reserve over 25% to assist with funding of PERS 5-year projected smoothing
- Increase/expand outdated Utility User Tax (UUT) in 2016 election
- Reduce General Fund contributions to Equipment Replacement Fund
- Request departments to cut 1.4% of the budget
- Delay hiring and use vacancy savings to reduce annual deficit
- Reduce labor budgets for part-time staffing and overtime costs
- Potential savings of \$0.25 million in Fire Department overtime budget upon approval of SAFER grant



# Other Budget Considerations

- Expired SAFER Grant funding for 6 firefighters (2015); waiting for results of grant award (Fall 2015); absent the award Fire Department overtime budget will be \$0.5 million
- Funding of OPEB costs and proposed contracts
- Funding pension (PERS) smoothing costs
- Continuing decline of Utility User Tax
- Contribution to deferred maintenance (city-wide issue)
- Non-safety labor contracts due to expire in December 2015
- Increased cross-departmental maritime demands without expertise and resources to address



# Budget Good News

- ❖ FY 13-14 and FY 14-15 outperformed all expectations
- ❖ General Fund maintains or exceeds City Council's 20% reserve policy for the next five years
- ❖ No significant decrease in direct services to the community





# General Fund Budget Overview

## (continued)

### 5 Year Projections for FY11-12 through 15-16 (In Millions)

	11-12	12-13	13-14	14-15	15-16
<b>Revenues</b>	\$ 67.3	\$ 68.6	\$ 70.7	\$ 72.8	\$ 75.0
<b>Expenses</b>	73.5	74.9	78.6	80.9	83.4
<b>Deficit For Year</b>	<b>\$ (6.2)</b>	<b>\$ (6.3)</b>	<b>\$ (7.9)</b>	<b>\$ (8.1)</b>	<b>\$ (8.4)</b>
<b>Ending Available Fund Balance</b>	<b>\$ 8.9</b>	<b>\$ 2.6</b>	<b>\$ (5.3)</b>	<b>\$ (13.4)</b>	<b>\$ (21.8)</b>

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



# General Fund Budget Overview

5-Year Forecast for FY 15-16 through FY 19-20  
(in millions)

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<b>Ending Fund Balance</b>	\$ 30.9	\$ 29.9	\$ 27.2	\$ 23.2	\$ 17.9
% of annual expenditures and transfers out	38%	36%	32%	26%	20%

Ending Available Fund Balance assumes **no** cost-saving measures are taken after 15-16.



# Council Direction on Proposed Budget

- Proposed expenditure reductions in FY 16-17
- Potential use of a portion of FY 15-16 surplus in FY 16-17
- Other Cost Savings/Revenue Enhancements



# Next Steps

April 7, 2015

1<sup>st</sup> Council Budget workshop  
on OPEB (Completed)

April 16, 2015

2<sup>nd</sup> Council Budget workshop  
Preliminary General Fund Budget,  
CIP and deferred maintenance

April 29, 2015

3<sup>rd</sup> Council Budget workshop  
Departmental presentations

May 12, 2015

4<sup>th</sup> Council Budget workshop  
Departmental presentations

June 2, 2015

Council Budget adoption





## Questions?

