



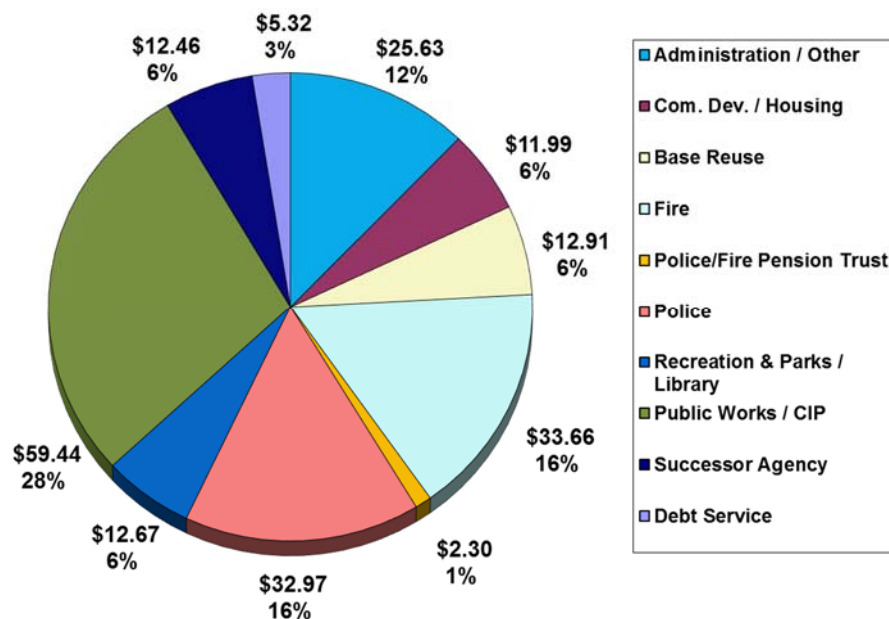
City of Alameda
2263 Santa Clara Avenue
Alameda, California 94501
(511) 747-4881

May 25, 2017

Honorable Mayor and Members of the City Council:

I am pleased to present the City of Alameda's Annual Budgets for Fiscal Years (FY) 2017-18 and 2018-19. The Budget honors the City's commitment to addressing the priorities and maintaining the excellent services our community expects and deserves; represents the City's fiscally responsible and accountable financial plan for the two upcoming fiscal years; provides a transparent, comprehensive statement of the City's organization, operations, projected revenues and estimated expenditures; and serves as a strategic tool in communicating, implementing and monitoring City Council direction related to City operations.

The City's total proposed expenditure budgets (excluding transfers) for FY 2017-18 and 2018-19 are \$209.3 million and \$198.4 million respectively, of which 41% and 43% respectively represents the General Fund, the City's source of unrestricted funds. These proposed budgets fund a total of 434 and 425 full time equivalent positions (excluding positions of Alameda Municipal Power) for FY 2017-18 and 2018-19, respectively. Of these all city funds total proposed budgets, approximately 16% is for Fire, 16% Police, 28% for Public Works, and the remainder for Recreation/Library, Community Development/Base Reuse, Administration and other programs offered by the City, as shown below:



The City's budget for FY 2017-18 and FY 2018-19 represents a two year budget, in which the governing body appropriates and adopts a 24-month fiscal plan as opposed to a plan covering a 12-month period. One of the primary advantages of two-year budgets is the amount of time savings that can be realized by both staff in the preparation of the budget and by the governing body who must review and adopt the

budget. Many jurisdictions use the time saved to develop more robust strategic planning efforts, including additional engagement with the public, which City staff and the City Council is highly committed to.

Overview of the General Fund Proposed Operating Budget for FY 2017-18 and 2018-19

This is the first time in the last five years when the City restored a previously eliminated program: Fire Prevention Bureau. However, as much as our public would like us to enhance our excellent city services, the City is not in a financial position to consider adding new programs. As can be seen in the table below, the General Fund available fund balance is declining in the next five years and is projected to drop below the City's 20% fund balance reserve policy in FY 2019-20, if nothing is done to control the structural imbalance.

The fund balance reserve in FY 2017-18 at 23% is a result of the proposed one-time transfer out of \$11M plus several large one-time items totaling \$14.4 million, such as the acquisition of fire apparatus and radio equipment, investment in technology including the replacement of the City's financial and human resources backbone infrastructure and investment in city-owned building maintenance. FY 2018-19 also includes one-time items totaling \$2.4 million related to acquisition of a fire emergency vehicle, electronic document management, further investment in the City's Geographic Interface System (GIS) and continued City buildings maintenance. These one-time expenditures are proposed to be funded from the FY 2016-17 accumulated General Fund reserve. The percentage of fund balance reserve increases to 27% in FY 2017-18 and 25% in FY 2018-19 without these large one-time transfers out.

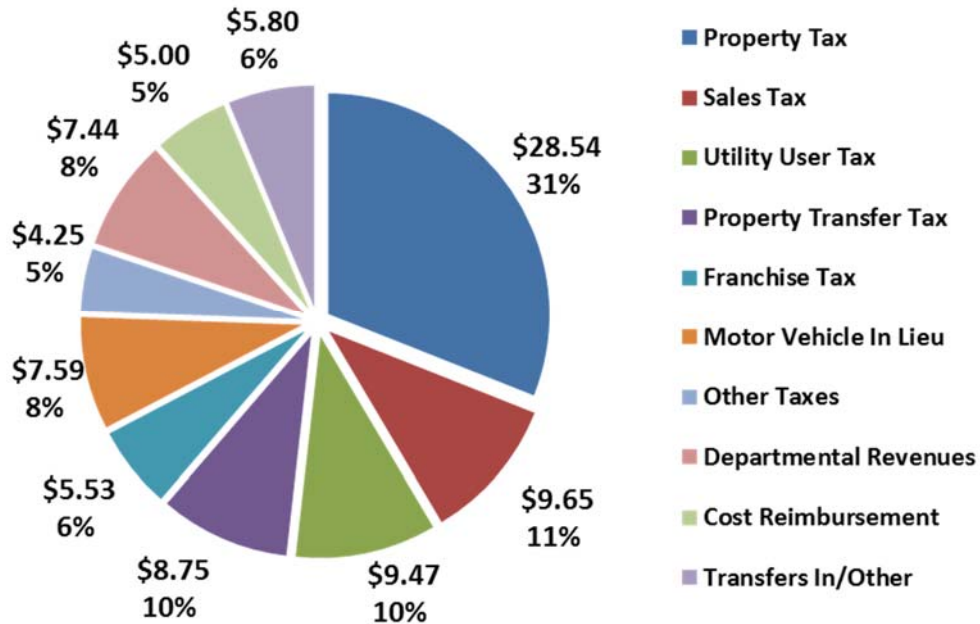
Regardless, the long-term imbalance is a result of a variety of factors including the sharp escalation of pension costs as a result of the California Public Employee Pension System (CalPERS) losses during the great recession and changes in longevity assumptions, as well as a general increase in costs associated with doing business in the Bay Area, without a corresponding increase in revenues. Additional efforts will be needed to achieve balanced budget in the next few years. Staff will continue to closely monitor the fiscal health of the City throughout the next 24 months and beyond, including external dynamics such as economic ebbs and flows, national political or policy changes affecting the funding California cities receive, and opportunities to strengthen and maximize local funding revenue that cannot be seized by the State or Federal governments.

5-Year Forecast for FY 2017-18 through FY 2021-22 (in millions)

	17-18	18-19	19-20	20-21	21-22
Beginning Fund Balance	\$ 21.3	\$ 23.9	\$ 23.4	\$ 18.3	\$ 11.2
Revenues	\$ 87.8	\$ 88.8	\$ 90.2	\$ 91.7	\$ 93.2
Transfers In	\$ 4.2	\$ 4.2	\$ 4.2	\$ 4.2	\$ 4.2
Expenditures & Transfers Out	\$ (103.3)	\$ (95.9)	\$ (99.5)	\$ (103.0)	\$ (107.9)
Annual Operating Results Before Reserves	\$ (11.3)	\$ (2.9)	\$ (5.1)	\$ (7.1)	\$ (10.5)
Use/(Addition) of Committed Reserves	\$ 13.9	\$ 2.4	\$ -	\$ -	\$ -
Use of FY 2017-18 Surplus	\$ -	\$ 0.5	\$ -	\$ -	\$ -
Annual Operating Results	\$ 2.6	\$ (0.0)	\$ (5.1)	\$ (7.1)	\$ (10.5)
Ending Fund Balance	\$ 23.9	\$ 23.4	\$ 18.3	\$ 11.2	\$ 0.7
% of annual expenditures and transfers out	23%	24%	18%	11%	1%
% of annual expenditures and transfers out (excluding one-time costs)	27%	25%			

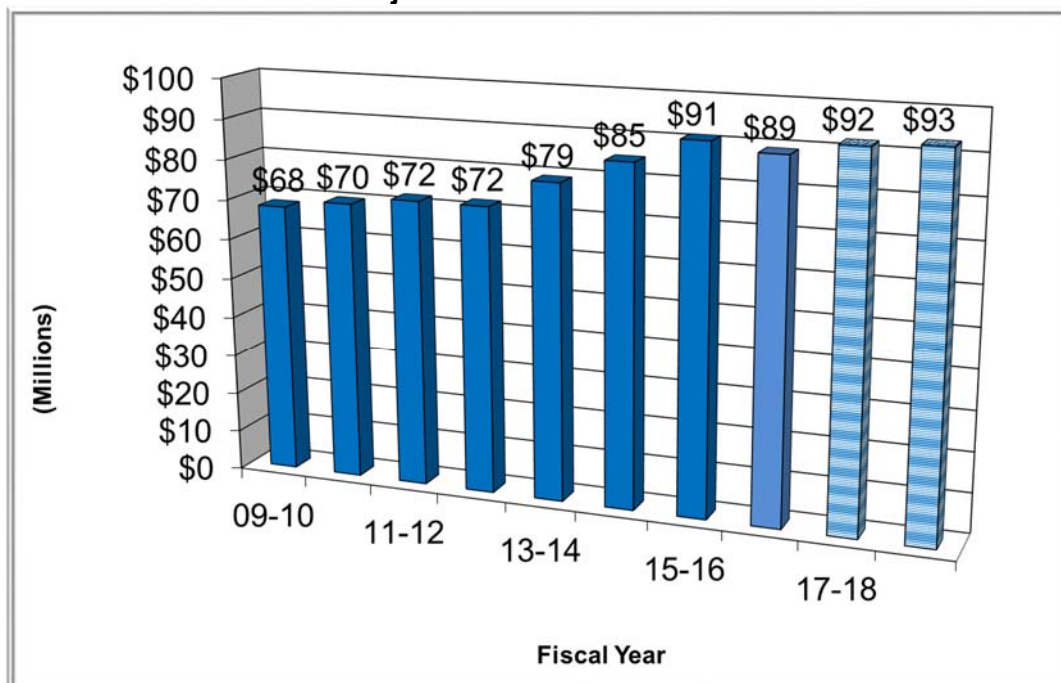
Revenue and Expenditure Forecasts

The General Fund's major revenue sources include Property and Sales Taxes, Utility Users and Franchise Fees, Property Transfer and Vehicle Taxes, hotel and Business License Taxes. Together they comprise 81% of total revenues for FY 2017-18, as shown on the graph below. The remaining 19% includes revenues such as Departmental revenues, cost reimbursements from other funds and interest revenue.



Total General Fund revenues for FY 2017-18 are projected to be approximately \$92.0 million, with a slight projected increase to \$93.0 million in FY 2018-19. The City continues to benefit from the current expanding economy as can be seen on the next page. The revenue projections are based on staff's analysis of local conditions and reflect information received from a number of sources, including the City's Sales and Property Tax consultant as well as the County Assessor's and State Controller's offices.

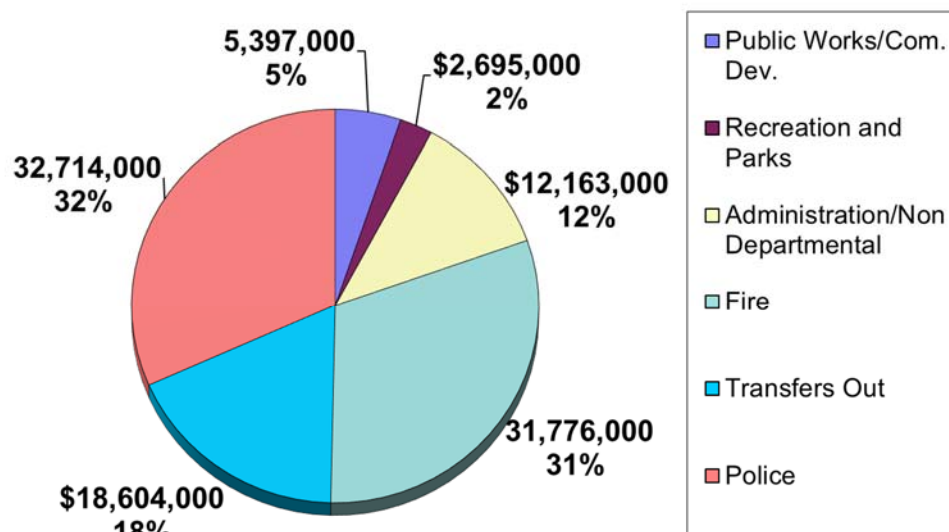
Total Projected General Fund Revenues



General Fund expenditures are projected to increase to \$103.3 million in FY 2017-18 and decrease to \$95.9 million in FY 2017-18. The growth in ongoing expenditures is due primarily to contractual salary increases and rise in retirement and health insurance rates. Contracts for non-safety employees are due to expire in December 2018 and for safety employees in December 2021.

Like most California cities, a significant portion of General Fund expenditures goes towards Public Safety (32% for Police, 31% for Fire), with the balance allocated for a portion of Recreation and Parks, Public Works, administrative functions, and transfers out for retiree benefits and other payouts, capital and maintenance projects, a portion of library operations, and debt service on existing bonds, as summarized on the pie chart below. While Public Safety represents the lion's share of General Fund dollars, it should be noted that other Departments, such as Recreation, Public Works, and the Library have other sources of dedicated funds other than the General Fund, that are the primary sources of support for those functions.

Projected General Fund Expenditures



Projected Shortfall in Fiscal Year 2018-19

Excluding one-time expenditures in FY 2018-19, staff projects an annual shortfall of \$0.5 million, as discussed above. Because this amount represents less than one percent of the year's General Fund total expenditures and transfers out budget, staff's recommendation is to use FY 2017-18 surplus to balance the FY 2018-19 budget. As a result, at the end of FY 2018-19 General Fund reserves are projected to be approximately \$23.4 million or 24% of annual expenditures and transfers out, which is still consistent with the City's tradition of careful, responsible fiscal stewardship and in excess of the 20% Council policy. Staff will be diligently monitoring and evaluating the City's General Fund and overall fiscal health throughout this cycle and will act decisively and responsibly to address necessary changes.



Five-Year Forecast

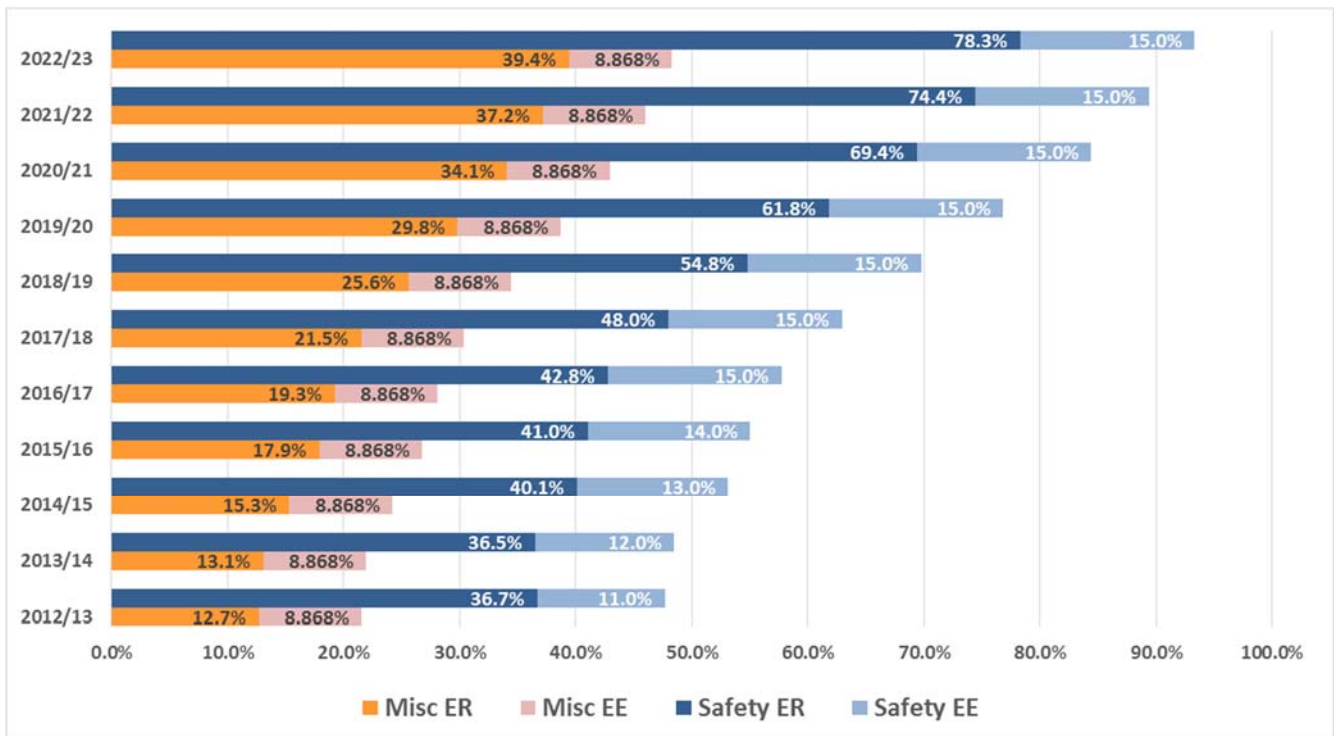
In the five-year forecast and as discussed in the May Budget Workshop, projected General Fund shortfalls range from approximately \$5.1 to \$10.5 million annually beginning in FY 2019-20 primarily due to the PERS issues discussed above. Absent proactive, corrective actions to secure additional locally-controlled funding sources, the City's available reserves will be reduced to approximately \$0.7 million or 1% of projected expenditures by FY 2021-22.

The five-year forecast includes the following assumptions, several of which are highly important to maintaining City services:

- Annual growth in various revenue sources is projected to be 0% to 3%, with an overall average annual growth of 1.5%.
- Three General Fund funded positions (Maintenance Supervisor, Maintenance Worker II and Maintenance Foreperson) have been included in this budget cycle in the Recreation and Parks and Public Works Departments to address the addition of 14 acres of new, active park land and to operate and maintain over 6,000 street lights, projects of significant importance to our residents.
- Agreed upon salary adjustments for safety employees (with a minimum of 2.0% for 2018, 0% for 2019 and 3% for 2020) based upon increases realized in specified tax revenues of the General Fund.
- Agreed upon salary adjustments for miscellaneous employees (with a minimum of 3.0% in 2018) based upon increases realized in specified tax revenues of the General Fund. The miscellaneous employees' contracts expire in December 2018. Impact from renegotiation of those contracts are not included in the five-year forecast.
- New Miscellaneous and Safety PERS rates, which include the effect of the changes made by CalPERS to (1) lower assumed rate of return on investments, which will be in phased in over three year period beginning in the FY 2018-19 and amortized over 20 years instead of 30 year period and (2) changes to their Amortization and Smoothing Policies, which were utilized to level rate fluctuations over a five instead of a fifteen year period. CalPERS began implementing these changes in FY 2015-16, as shown on the next page.

These rates are based on assumptions that CalPERS will earn a 7.5% rate of return on its investments in FY 2017-18, 7.375% in FY 2018-19, 7.25% in FY 2019-20 and 7.0% in years after. If future rates of return are lower further, the City will see additional increases to its contribution rates for both Safety and Miscellaneous employees. For the rates shown on the next page, miscellaneous employees pay 8.868% of the total percentage toward their retirement plan; whereas, public safety employees pay 15.0% of the total percentage toward their retirement plan.

Projected Percent Increase in CalPERS Costs by Public Safety and Miscellaneous Employees Employer Contribution and Employee Contribution



- Health and Other Post-Employment Benefits (OPEB) are projected to increase on average 3% and 3%, respectively, per year. Current safety and miscellaneous employees contribute 50% of the annual health increase in the Kaiser Premium rate. The City's unfunded OPEB liability as of January 2015 was approximately \$113 million, which is approximately 6.2% funded as of March 2017.

It bears noting that over the past several years, in collaboration with employees, the City has worked hard to successfully enact Pension and OPEB reform. Those efforts include limiting retiree health care to former employees-only (spouses and families are now excluded), significant employee financial contributions to both pension and retirement health care benefits, and raising the age of retirement as a result of the State's own pension reform efforts. In addition to these actions, the City Council recently adopted a Pension Rate Stabilization and OPEB Funding Policy (Policy) that directs annual contributions to a Trust which restricts funds so they can only be used to address these long term obligations. One notable feature of the Policy is to direct any unspent funds of the City's closed legacy pension plans (1079/1082 Pension Plans) toward the Trust which will also help fund these obligations.

Other Budget Highlights for Fiscal Year 2017-18

A. Recreation and Parks

In response to the community's commitment to Parks, the City is developing two additional parks: Estuary Park - a 14 acre lighted synthetic field and Jean Sweeney Open Space Park - 26 acres of open space and community gathering areas, both of which will require significant maintenance that current staff will be unable to absorb. In addition, the Park Maintenance Division is continuing its reorganization to create more depth of knowledge, experience and opportunity in its staffing. This reorganization will enhance overall service to the community for parks and recreational facility maintenance. The Parks Maintenance II position will greatly improve customer service for our youth and adult athletic organizations with an increased response time and quality of field maintenance as well as create cost efficiencies with supply management. The Park Supervisor will be out in the field with staff, managing training and certifications

and providing improved staff oversight. It will also enhance customer service to address residents' issues and concerns and manage smaller park maintenance projects, all of which improve the quality of life for all generations of Alamedans.

B. Public Works Department Efforts

Streetlights: As a part of the Utility Modernization Act (UMA) passed by Alamedans in November 2016 the value of the in-kind work performed by AMP for the operation, maintenance and replacement of street lights was valued at \$900,000 and included in the total annual transfer from AMP to the City. The ownership of more than 6,000 street lights is also being transferred from AMP to the City. While the City is currently evaluating how street light maintenance work will be performed as a result of the pending transfer, the Public Works budget includes annual expenditures of \$600,000 for street light maintenance. Additionally, a capital project will be initiated with an annual budget of \$300,000 to develop and implement the first year of a 10-20 year master plan for street light replacement and renewal.

Facility maintenance: Public Works will spend \$5.25 million in facility repairs over the next two years. These repairs follow Alameda's first ever ten-year facility maintenance plan and, while not fully eliminating our city buildings' deferred maintenance, this investment will make a significant dent in the \$12 million in urgent repairs recommended by a third-party expert.

Stormwater funding: Alameda's stormwater infrastructure, which protects our community from flooding and helps keep our San Francisco Bay clean, requires updating. Yet the City's stormwater fee has not been updated since the early 2000s and no longer raises enough money to fund necessary operations or capital costs. This leaves Alameda with stormwater pump stations at the end of their useful life, and vulnerable to hefty fines from new, complex State and regional regulatory requirements. Staff is researching funding options for this important function.

C. Rent Stabilization Program

While acknowledging that the housing crisis is a Regional problem, the City has taken significant steps to address the issue in Alameda. Following the City Council's adoption of the Rent Review, Rent Stabilization and Limitations on Evictions Ordinance 3148 (Ordinance) in March 2016, the City also placed the Ordinance on the November 2016 ballot. The Alameda residents confirmed the Ordinance with the passage of Measure L1. The Ordinance expands the City's existing rent review program, provides for limitations on certain evictions, and requires payment of relocation benefits for certain evictions. The Housing Authority is administering the Ordinance through a staffing services agreement with the City. It is proposed that the program be funded through a fee that both property owners and tenants pay.

D. Fire Prevention Bureau Reinstatement

At the start of Fiscal Year 2009-10, in response to declining revenue during the economic downturn and in order to achieve a balanced budget, the City made significant cuts in staffing throughout the organization. Included in this was the reduction in staffing at the Fire Department achieved by reducing the Fire Prevention Bureau from seven positions (four sworn and three non-sworn) to two non-sworn positions. There have been a number of negative impacts on the City, as well as its residents and businesses, as a result of the reduction of the Fire Prevention Bureau. These impacts include:

- Inability to complete the full scope of fire prevention work;
- Increased potential liability to the City due to a decreased inspection completion rate;
- Decrease in service to residents, contractors, and businesses needing construction or event permit inspections or complaint follow up;
- Decrease in ability to provide Fire Prevention Safety Education to the public; and
- Increased hazards to firefighters due to built-up of unsafe conditions in uninspected structures.



In an effort to ensure the safety of the community, the City Council approved reinstatement of the Fire Prevention Bureau in April 2017. Three sworn positions at the firefighter and apparatus operator level were added at an estimated cost of \$800,000 annually. The increase in staffing will allow the Fire Department to maintain records, inspect buildings as required, provide fire education, issue and enforce code violations, and review plans. It will also allow unsafe conditions to be corrected before they lead to fires. With this service, the City also anticipates \$350,000 in new Fire Inspection Fees.

E. Animal Shelter Funding, Ensuring Continued Humane Care

In June 2011, during the height of the recession, the Alameda City Council approved its annual budget, which included steep spending cuts in all Departments in order to close a \$7.5 million budget deficit. The Police Department was reduced by five percent of its total budget (at that time), which included, among other reductions, outsourcing the Alameda Animal Shelter to another community or non-profit organization. At the time, the Friends of the Alameda Animal Shelter (FAAS) and the Humane Society of Alameda (HSA) expressed a strong interest in taking over the Shelter. For the past four years, FAAS has been operating the shelter and reporting to the City Council annually on its audited financials, per the contract. In early 2016, four years into the contract, FAAS approached the City indicating they were having financial difficulties and asked if the City could provide additional funding. After months of discussions, staff presented a proposed contract with FAAS that meets both the City's and FAAS' objectives at a first year not to exceed amount of \$804,300.

F. Technology Upgrades

In Fiscal Year 2016-17, the City established an Information Technology Department with the hiring of the Information Technology Director. This was done to address severe shortage of IT resources as well as address the City's outdated information technology infrastructure. In the past, the City focused on efforts to upgrade and support technology systems that directly benefited the community and improved customer service. However, there was limited investment in internal technology needs so that financial and other backbone systems that support City-wide operations were up to date. To continue to meet City's own high standards and to provide efficient service internally as well as externally, the proposed biennial budget includes investment of \$3.2 million for the technology upgrades and replacement. These upgrades are intended to improve operational efficiencies.

G. Library

As noted above, during the height of the recession, the Alameda City Council approved its annual budget, which included steep spending cuts and for the Library hours at the West-End and Bay Farm Island branches were reduced. Staff is pleased to re-instate those hours which will result in both branches receiving one full additional day of service. In addition to more hours, the proposed budget includes an allocation of funding of \$98,000 for equipment upgrades at the Main Library. Funding for the additional day at each branch Library will cost of approximately \$44,000 in both FY 2017-18 and 2018-19.

H. Pension and OPEB Long-Term Obligations Contributions

In March 2017, the City Council approved establishment of the Public Agency Retirement Services (PARS) Post-Employment Benefits Trust. At that time, the City Council also approved a funding policy that establishes requirements for annual contributions as well as withdrawal of funds for the newly established Trust. In an ongoing effort to responsibly address pension and OPEB costs and unfunded liabilities, the FY 2017-18 budget includes General Fund appropriations of \$11 million to be used toward funding these obligations. The City is working with a financial expert to evaluate the best method to allocate and use these funds among the two types of long-term obligations as well as the most favorable vehicle that would provide the most benefit for the amount contributed. Funding of these obligations enforces fiscal prudence and promotes long-term strategic sustainability for the City.

I. Proposed Non General Fund Staffing Changes

In addition to the staffing changes proposed for the General Fund, other non-General Fund programs proposed to add new positions as described below.

Community Development Department	
Combination Building Inspector (2-year limited term)	1.00
Information Technology Department	
Systems Analyst (75% allocated to Comm. Development)	1.00
Total	2.00

Departmental Goals for FY 2017-18 and 2018-19

The City's Departments have a number of significant goals planned for FYs 2017-18, 2018-19 and beyond.

City Council

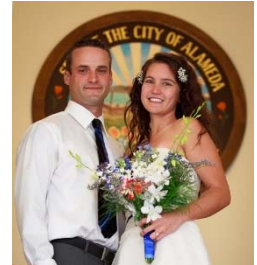
- Establish work-plan priorities for Charter Officers (City Manager, City Attorney and City Clerk) that address community needs and organizational priorities;
- Direct policy initiatives, as necessary, that focus on the fiscal health of the City to ensure long term financial viability;
- Provide proper stewardship to ensure rapid response Public Safety;
- Create the proper climate to facilitate the redevelopment of Alameda Point as well as other sites such as the Northern Waterfront.
- Provide direction that will ensure and promote Alameda's Quality of Life including support for Parks, Recreation, Library, Public Works, and other services that touch the lives of those in our community;
- Ensure residents can travel on and off island in a safe and convenient manner using different modes of transportation including cars, public transit and bicycle and walking;
- Develop policy alternatives that address the wide scope of housing and homeless issues facing the City and the Region.
- Continue stewardship of the environment and develop policies that protect Alameda and can serve as a model for other communities in the Region.
- Adopt an annual legislative program to guide City advocacy efforts regarding the State budget, fiscal reform, transportation funding, and employee relations.
- Represent the City's interests with regional government agencies, including the Alameda County Transportation Commission, the Water Emergency Transportation Authority, the Association of Bay Area Governments, The League of California Cities, and the Waste Management Authority.

City Attorney

- Provide high-quality, cost-effective legal services that are responsive to the needs of the legislative bodies and staff of the City of Alameda;
- Continue resolution of pending litigation matters at lowest possible costs to the City, while maintaining a strong City legal defense strategy; and
- Offer legal and risk management services necessary to minimize City liability and exposure.

City Clerk

- Ensure compliance with the Sunshine Ordinance, Brown Act, Elections Code, Fair Political Practices Commission regulations and the Public Records Act;
- Provide accurate and impartial election information to candidates, campaign committees and the public;
- Promote the highest level of customer service; and
- Generate revenue from civil marriage ceremonies and acceptance of passport applications.



City Manager

- Provide leadership in the development of solutions to the current fiscal challenges, including reducing costs, streamlining the organization, fostering economic development, exploring new revenue sources, and promoting interdepartmental cooperation;
- Support opportunities for the City Council to play a leadership role at the regional, state and national level on issues of importance to the community;
- Promote interagency relationships with other public entities to ensure efficient and effective service delivery;
- Ensure that information requests made by residents, businesses, Council members and other local stakeholders are addressed promptly and thoroughly; and
- Foster effective working relationships with the business community, school districts and residents.

Finance

- Manage the financial resources of the City consistent with financial policies and budget principles established by the City Council and our high standards of accountability to the public;
- Provide timely budget and financial reports to City departments to assist in meeting departmental missions;
- Ensure sound budget and expenditure control oversight and reporting of the City's funds to protect the fiduciary interest of the community;
- Administer City expenditures in conformance with municipal code requirements for contracts and payables;
- Begin the process of updating the City's Finance and Human Resources technology infrastructure to gain efficiencies; and
- Update or establish written documentation for various finance policies and procedures.

Information Technology

- Implement recommendations from the Information Technology Strategic Master Plan to rebuild the City's technology infrastructure and advance city operations through workforce and workplace efficiencies;
- Provide critical desktop computer support to City staff; and
- Maintain, support and protect hardware and software applications to ensure availability and reliability for customers and internal staff.

Human Resources

- Assist the Executive Management Team to plan, manage, and coordinate changes to the City organization that make it more adaptable to changing circumstances;
- Provide excellent and responsive customer service to City Departments in meeting the challenges and demands of workforce planning;
- Assist with the competitiveness of the City for attraction and retention of qualified staff;
- Review requirements of federal and State mandates to ensure that the City is in compliance; and
- Create an environment where employees feel supported, understand expectations and continue to grow.

Central Services

- Maintain City facilities in a secure, clean, and acceptable condition, as resources allow;
- Maintain City facilities at a level to prevent any interruptions of occupancy; and
- Ensure City vehicles are maintained to prevent any service interruptions.

Library

- Provide a broad and diverse collection of books and other library materials to meet the varied interests and needs of the community;
- Promote collaboration among staff to attain high-performance and customer-focused library;
- Use new technology to optimize the development and delivery of library services; and
- Provide library programs and publications to educate, enrich and inform library users.



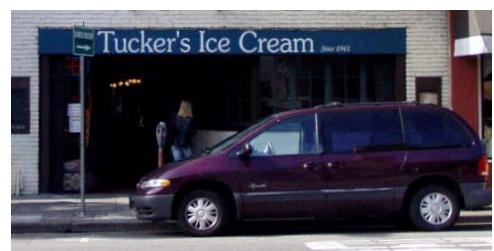
Recreation and Parks

- Provide flexible recreation activities that address the diversity of community needs;
- Provide innovative, inclusive and accessible programs to youth, teens and seniors that encourage positive personal growth in the areas of social, educational and health enrichment; and
- Improve park maintenance services and project management through efficient staff management.



Community Development

- Prepare amendments to the Alameda Municipal Code to:
- Facilitate and require Universal Design (i.e. buildings and environments that are accessible to older people, and people with and without disabilities) in all new residential projects
- Increase the amount and type of affordable housing in each residential project
- Preserve economic development opportunities in all mixed-use zoned properties;
- Facilitate redevelopment of vacant and underutilized waterfront sites on the Northern Waterfront and Alameda Point;
- Continue work on the Economic Development Strategic Plan and actively promote a business-friendly environment.
- Continue to streamline the building permit process and strive for outstanding customer service to those building, remodeling and upgrading structures in Alameda.



Base Reuse

- Facilitate the transfer, reuse and development of former federal lands by effectively implementing planning and contractual development documents for Alameda Point;
- Administer an efficient commercial and residential leasing program for Alameda Point; and
- Facilitate the construction and development of parcels and the backbone infrastructure as approved and permitted within the NAS Alameda Community Reuse Plan
- Facilitate the planning and implementation of multimodal complete streets plans and designs to improve safety for all modes and to provide more transportation options.

Housing

- Administer the City's various affordable housing funds to maintain and expand the supply of affordable housing;
- Implement the Five-Year Affordable Housing Pipeline plan, which calls for the development of over 200 units of housing affordable to very low-, low- and moderate-income families;
- Manage the Down Payment Assistance Program and Inclusionary Housing Program to provide ownership opportunities to first-time homebuyers; and
- Maintain policies and procedures for effective and efficient operation of the CDBG and HOME programs.



Fire

- Protect and preserve the lives and property of Alameda's residents and business community during emergencies;
- Develop and implement strategies to navigate economic challenges and to sustain viable fire and emergency medical services;
- Enhance efficient service delivery through the use of new technology, improved training methods, and regional and community partnerships;
- Analyze and develop solutions to enhance emergency medical service delivery within the city; and
- Implement the reestablishment of the Fire Prevention Bureau.



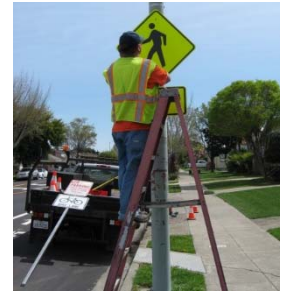
Police

- Respond to Priority One and non-emergency calls for service within designated time frames;
- Enhance efficient service delivery through the use of technology;
- Recruit, hire and develop qualified men and women from a diverse community to maintain high levels of service to the community;
- Increase efforts in traffic enforcement to reduce the number of pedestrian-related accidents;
- Continue the School Resource Officer Program, providing law enforcement liaison services to public high schools and middle schools; and
- Continue to work with the Friends of the Alameda Animal Shelter to ensure high quality delivery of animal services



Public Works

- Provide cost-effective planning, design, construction, and maintenance of public infrastructure and facilities that minimizes or reduces future operating costs and liabilities;
- Pursue local, regional, state and federal funding opportunities to address deferred maintenance needs;
- Support City operations with a safe, functional and reliable facility and fleet; and
- Support planning and engineering for transportation projects.



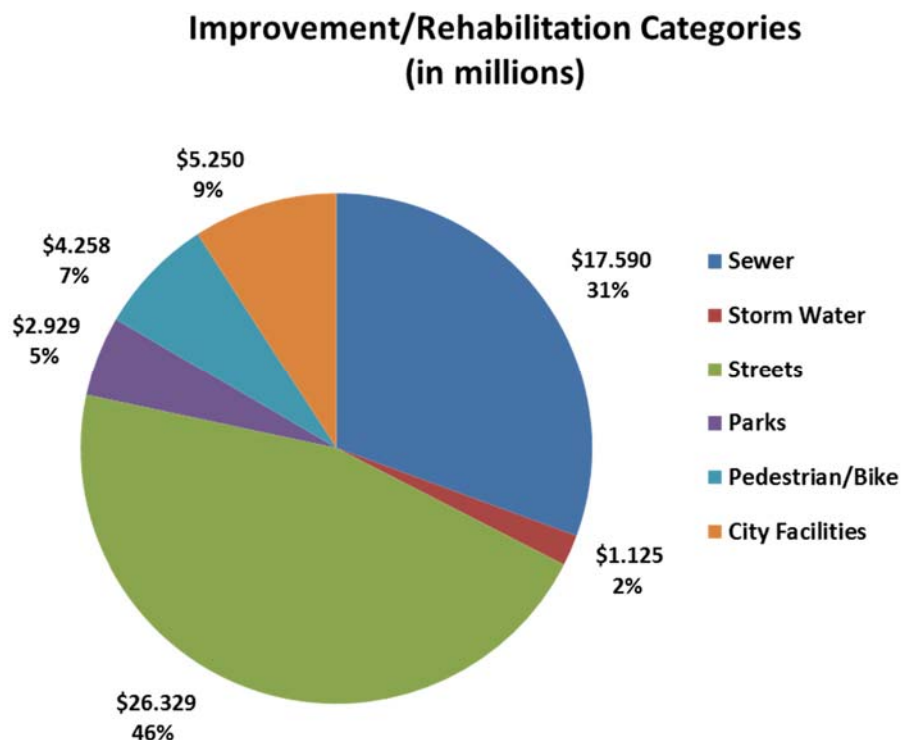
Capital and Maintenance Projects Proposed for FY 2017-18 and 2018-19

The proposed capital projects budget for FY 2017-19 totals approximately \$57.5 million, as summarized on the chart below. Two main categories of the capital projects relate to streets and streets related rehabilitation (46%) and sewer rehabilitation (31%). The General Fund is scheduled to contribute \$2.4 million over the two year period toward the capital and maintenance projects program. Some of the major projects proposed include the following (amounts represent two year totals):

Proposed Capital and Maintenance Projects

Category	Name of Project	FY 2017-19 Budget
Sewer	Rehabilitation	\$12.2 million
Sewer	Pump Stations	\$5.4 million
Streets	Traffic signals, calming and systems	\$2.6 million
Streets	Streets reconstruction and improvement	\$3.5 million
Streets	Pavement Management Program	\$8.1 million
Streets	Sidewalk rehabilitation	\$2.5 million
Streets	Urban Forest maintenance	\$2.6 million
Streets	Seaplane Lagoon Ferry Terminal	\$2.5 million
Streets	All other	\$4.6 million
Pedestrian/Bike	Cross Alameda Trail (Main St. to Constitution Way)	\$3.4 million
Pedestrian/Bike	Cross Alameda Trail (Jean Sweeney)	\$0.9 million
Storm Water	Rehabilitation	\$1.1 million
City Facilities	Rehabilitation	\$5.3 million
Parks	Jean Sweeney Open Space Park	\$2.1 million
Parks	Playground replacement and Public Art	\$0.8 million

A summary of the projects by improvement and rehabilitation categories is shown below:



Despite ongoing investment in public infrastructure, the City still has a significant amount of deferred maintenance and unfunded capital projects. The Public Works Department is working with a consultant who will provide more accurate estimates of the deferred maintenance costs and priority order of addressing it.

Summary

The City is able to present a balanced budget for the General Fund for FY 2017-18 and 2018-19 through use of limited carryover of projected budget savings from FY 2016-17 and the City's careful, conservative fiscal management.

The City Council and City staff have worked together to develop a balanced budget while meeting the City's operational needs and addressing the quality of life priorities our community wants addressed, such as 911 public safety and response services, excellent parks, recreation and libraries, disaster preparedness, and responsible maintenance of infrastructure such as streets and potholes. In particular, thanks are due to members of the City's Executive Management Team, the City Manager's Office and Finance staff who produced the budget document and contributed critical insights and countless hours of dedicated work to this major undertaking, and members of the public who have provided their input year-round, and most recently through our Budget Challenge engagement process. Every manager in the organization was involved in a significant way in helping to develop a responsible and balanced approach putting together this budget. We also thank those residents who have partnered in these efforts by taking the time to comment either through the Budget Challenge, by email, or in person.

We are all committed to preserving Alameda as a safe, well-maintained community where people can raise their families. Recent national changes mean our City must continue to maintain its financial stability and quality of life -- no matter what happens with federal policies that potentially affect Alameda and other California cities.

On behalf of all City employees, staff looks forward to working with the City Council and the community on the implementation of this policy document, which honors our commitment to maintaining the quality of life for every resident. The result of the City's efforts will be a continuing commitment to providing high-quality services to the Alameda community, maintaining facilities and infrastructure, and proactively responding to changing fiscal realities so that we maintain local control over our own financial health.

With the City Council's leadership and the help of our community, we can continue to maintain strong fiscal stewardship while ensuring our budget and financial policies reflect spending consistent with the community's priorities and desires.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "Jill Keimach". The signature is fluid and cursive, with a large, stylized "J" and "K".

Jill Keimach
City Manager