



Mid-Year Budget Update 2019-20

City Council
March 3, 2020

Tonight's Objectives

Presentation

- ▶ Receive update on General Fund financial projections
- ▶ Review Pension/OPEB funding status
- ▶ Discuss Mid-Year budget amendments request

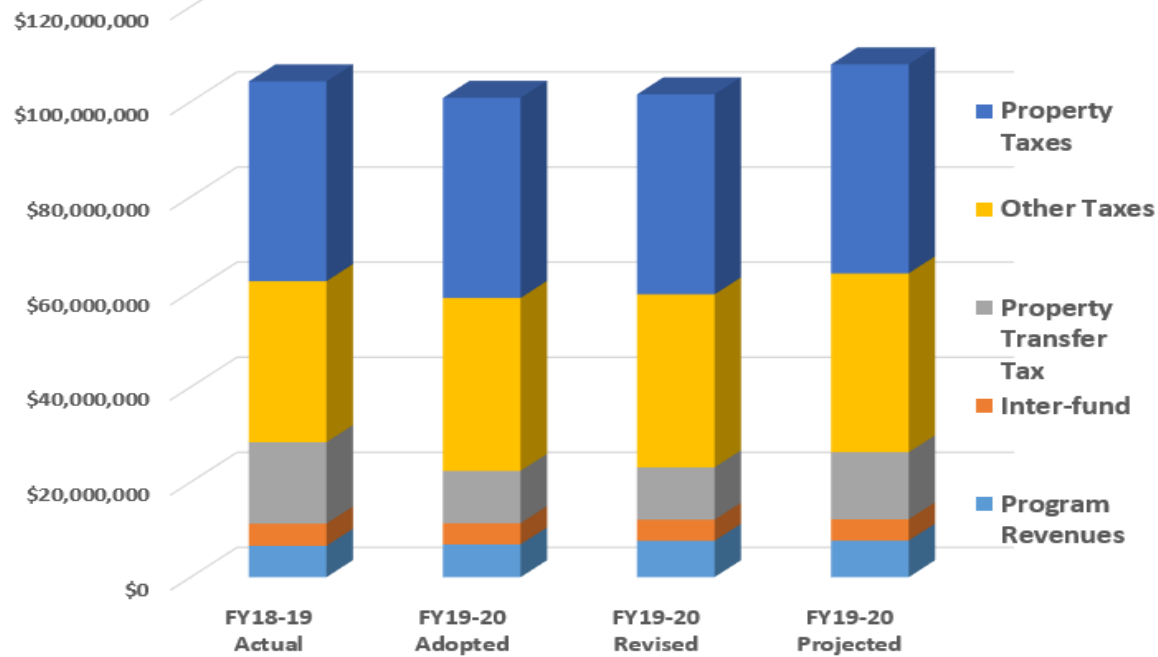
Action

- ▶ Consider resolutions to amend 2019-20 budget and workforce changes

General Fund Highlights

- ▶ Strong revenues and new tax improves City's financial position
 - Transactions and Use Tax higher than expected
 - Transfer Tax continues to deliver revenue
 - Caution: 13% of budget dependent upon real estate sales
- ▶ Mid-Year operating expenditure requests
 - Focused on operations, special programs, and capital expenditures
- ▶ Changing CalPERS/OPEB assumptions
 - CalPERS/OPEB funding policy is reducing unfunded liabilities

General Fund Revenues



- ▶ 2019-20 Mid-Year adds \$7 million vs. Original Budget
- ▶ Total 2019-20 General Fund revenues \$107.8 million

General Fund Revenues

Property Tax

- ▶ 2019-20 Assessed Valuation
+7.7% Annual City-wide growth
- ▶ 2019-20 Budget (Property, Residual TI, MVLF)

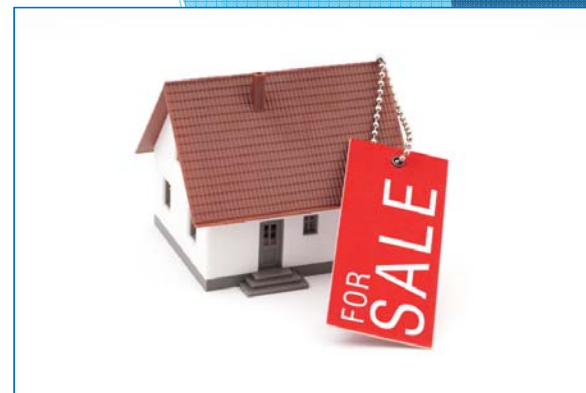
Original Budget	\$42,085,000
Budget Increase	<u>+1,889,000</u>
Mid-Year	\$43,974,000

General Fund Revenues

Transfer Tax

- ▶ Real Estate Sales generate significant tax revenue
 - Highly volatile source for baseline salary/operating costs
- ▶ Updated to account for unpredictable sales of large properties
- ▶ 2019-20 Mid-Year projection

Original Budget	\$ 11,000,000
Budget Increase	<u>3,100,000</u>
Mid-Year	\$14,100,000



General Fund Revenues

Program Revenue Adjustments

▶ Fire:

- ▶ Ambulance fees - \$400,000
- ▶ Mutual Aid - (\$240,000)
- ▶ Fire Alarm Service fees - (\$55,000)
- ▶ Vehicle Accident fees - (\$5,000)

▶ Police

- ▶ Animal License fees - (\$130,000)



General Fund Revenues

Program Revenue Adjustments

▶ 2019-20 Mid-Year projection

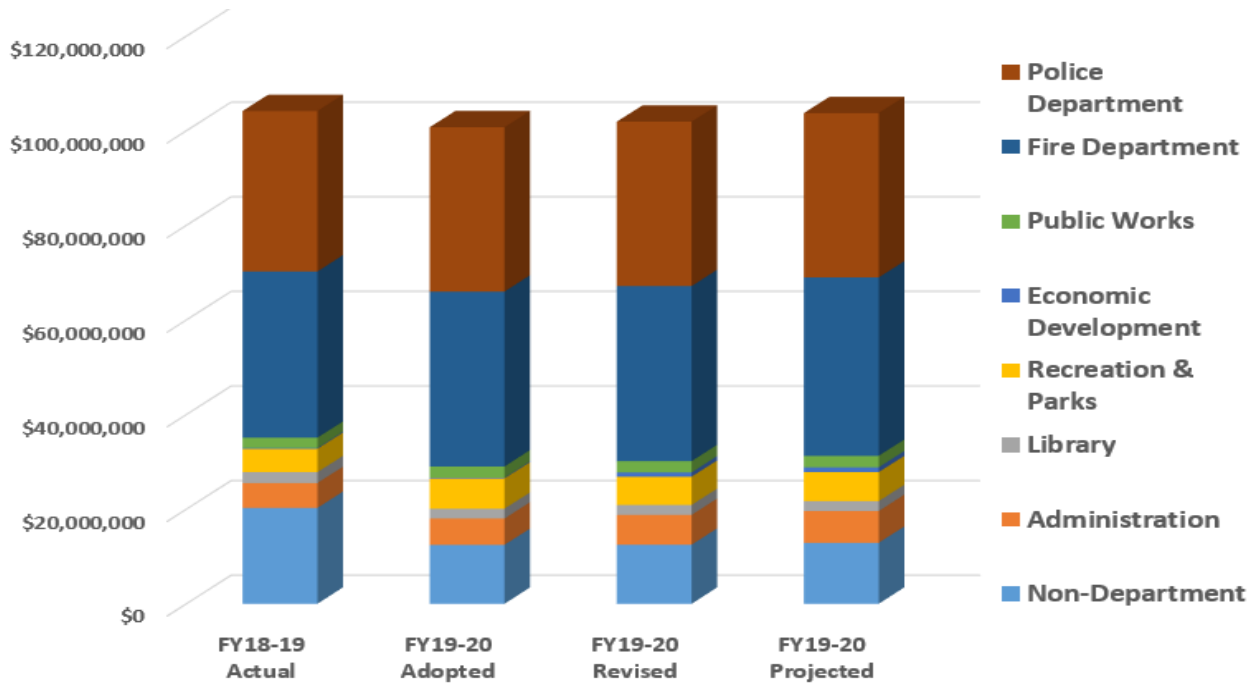
Current Budget	\$7,661,888
Net Budget Decrease	<u>(30,000)</u>
Mid-Year	\$7,631,888

Proposed Mid-Year Budget Amendment

General Fund Revenues

Property and Related Tax	\$1,889,000
Sales Tax	700,000
Transfer Tax	3,100,000
Transactions and Use Tax	900,000
Utility Users Tax	(428,000)
Other, net	101,000
Program revenues	<u>(30,000)</u>
	\$6,232,000

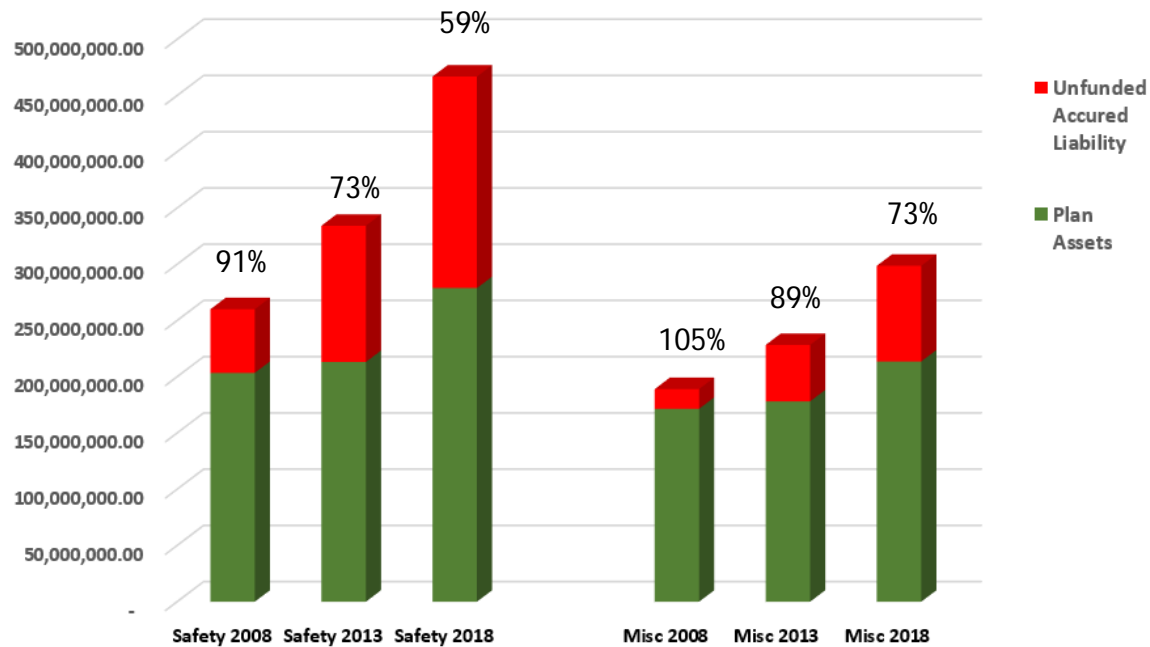
General Fund Expenditures



- ▶ 2019-20 Mid-Year adds \$1,087,200 in operating expenditures and \$461,500 to capital projects
- ▶ 2019-20 Mid-Year sets budget for Pension/OPEB reserve policy payments
- ▶ 2019-20 General Fund operating expenditures \$103.5 million; with pension payment \$110.8 million

CalPERS Pension Funding Status

→ June 2018 CalPERS Actuary Report



<u>June 2018</u>	<u>Safety</u>	<u>Miscellaneous</u>	<u>Total</u>	<u>General Fund</u>
Accrued Liability	\$ 466,937,250	\$ 298,673,668	\$ 765,610,918	\$ 548,024,156
Plan Assets	278,904,072	213,616,419	492,520,491	336,898,787
Unfunded	188,033,178	85,057,249	273,090,427	211,125,368
General Fund % of Total				77%

General Fund Pension/OPEB Funding Policy

Policy

- ▶ 50% of prior year Available Fund Balance in excess of 25% of Operating Expenditures committed to Pension/OPEB Reserve
- ▶ Contribute surplus from closed pension plans 1079/1082 as plans wind down

2019-20 Budget

Original Budget Projection (not budgeted)	\$1,430,125
Mid-Year (based on FY 2018-19 actuals)	\$7,376,650

2019-20 Operating Projections

June 2020 Estimated Pension Reserve \$5.3 million

Estimate will be updated after 2019-20 audit for 2020-21 Implementation

CaIPERS / OPEB Contributions and Account Balances Since Inception

CaIPERS Contributions	\$16,837,052
PARS IRC Section 115 Trust:	\$21,586,159
Pension	
City	\$5,612,189
Net Investment Earnings	\$584,717
OPEB Contributions	
City	\$10,075,000
Employees	\$2,185,210
Net Investment Earnings	\$3,129,043

Proposed Mid-Year Budget Amendment

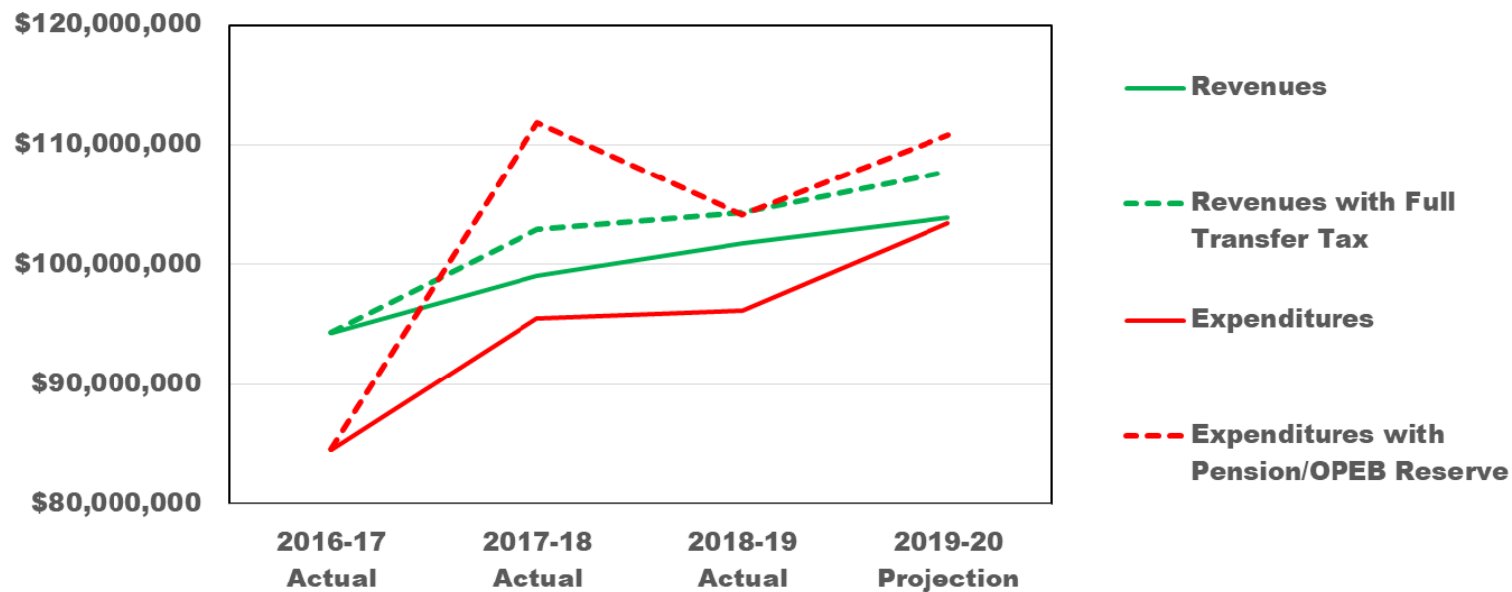
General Fund Expenditures

Fire	\$447,600
Administration	415,000
Community Development	91,000
Public Works	65,000
Recreation & Parks	48,600
Non-Departmental Transfers	20,000
Capital Projects Contributions	<u>461,500</u>
	\$1,548,700
Pension/OPEB Reserve Contribution	<u>7,376,650</u>
	\$8,925,350

General Fund 2019-20 Mid-Year Projection

	Adopted Budget	Previous Adjustments	Mid-year Adjustments	Mid-year Projection
Revenues				
Baseline	\$ 100,821,364	\$ 756,524	\$ 2,316,400	\$ 103,894,288
Large parcel tax receipts			3,915,600	3,915,600
With Full Transfer Tax	100,821,364	756,524	6,232,000	107,809,888
Expenditures				
Operations	100,699,944	1,208,841	1,548,700	103,457,485
Pension/OPEB Reserve			7,376,650	7,376,650
	100,699,944	1,208,841	8,925,350	110,834,135
Net Annual Activity				
Operations	121,420	(452,317)	4,683,300	4,352,403
With Pension/OPEB Reserve	121,420	(452,317)	(2,693,350)	(3,024,247)

General Fund Net Annual Activity



- ▶ 2019-20 includes one-time transfer tax revenue and Pension/OPEB contributions
- ▶ Revenue/expenditure gap for 2019-20 is +\$4.4 million
 - ▶ With Pension/OPEB Reserve, gap is (\$3.0 million)

Proposed Mid-Year Budget Amendment Other Funds/Programs

▶ HOME		
Grant Revenue/Contractual Services		\$78,200
▶ Human Services		
Grant Revenue/Contractual Services		\$135,000
▶ Community Development		
Cannabis Program Fees/Administration		\$90,000
▶ Public Art		
General Fund Transfer/Administration		\$10,000

Proposed Mid-Year Budget Amendment

Other Funds/Programs

▶ FISC Lease Revenue

General Fund Transfer/Admin (Sister Cities)	\$10,000
Accounting Technician	6,800

▶ Tidelands

Accounting Technician	\$6,800
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▶ Base Reuse

Surplus Lands Act	\$71,000
Accounting Technician	13,400

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Proposed Mid-Year Budget Amendment

Other Funds/Programs

▶ Development Impact Fee - Public Safety Ambulance purchase	\$400,000
▶ Transportation Services Transportation Planning	\$101,000
▶ Sewer Service Smart manhole lids	\$150,000
Payment In Lieu of Taxes	756,000
Vehicle replacement	795,000

Proposed Mid-Year Budget Amendment

Internal Service Funds

▶ Information Technology Operations	
Identity Services Engine network traffic cop	\$20,000
▶ Facility Maintenance	
Mold abatement and testing	\$175,000
▶ Closed Pension Funds (Police & Fire)	
Contribution to Pension Reserve Fund	\$240,000
▶ Pension Stabilization Fund	
Contribution to CalPERS/PARS Trust	\$5,157,500
▶ OPEB	
Contribution to PARS Trust	\$500,000

Proposed Mid-Year Budget Amendment

Capital Projects Funds

- ▶ Woodstock Park \$111,500
General Fund funded playground rebuild/contractual services
- ▶ RESHAP Project \$350,000
General Fund funded infrastructure design/contractual services
- ▶ Pavement Management \$75,000
Developer's Contribution
- ▶ Traffic Signals and Systems \$75,000
Developer's Contribution

Proposed Mid-Year Budget Amendment

Capital Projects Funds

- ▶ Shoreline Park Pathway Lighting Replacement \$155,500
Re-appropriation of FY 15-17 City Buildings funding
- ▶ Modular Restroom at Alameda Point Gym \$259,000
Re-appropriation of FY 15-17 City Buildings funding

Proposed Mid-Year Workforce Changes

New Positions

- City Manager's Office
 - Add Sustainability and Resilience Manager
 - Estimated annual cost is \$164,000. Position will be funded by the General Fund. No additional funding requested in FY 2019-20.

- Community Development
 - Add Accounting Technician
 - Estimated annual cost is \$102,000. Estimated cost of \$27,000 for the last quarter of FY 2019-20. Position will be funded by Base Reuse, Tidelands, and FISC Lease Revenue funds.

Proposed Mid-Year Workforce Changes

New Positions

➤ Police

- Add Lead Parking Technician and Parking Technician positions
- Estimated annual cost of \$94,000 and \$115,000, respectively. Positions will be funded by the General Fund and citation revenue. No additional funding requested in FY 2019-20.

➤ Alameda Municipal Power

- Add Electrical Equipment Superintendent
- Delete vacant System Operations and Field Services Superintendent and Line Superintendent positions.

Proposed Mid-Year Workforce Changes

- ▶ New Part-Time Classifications in City Attorney's Office
 - Law Fellow
 - Staff Counsel
 - Special Counsel
- ▶ Equity Adjustment
 - Senior Combination Building Inspector classification
 - Estimated annual cost is \$6,600 and will be funded by planning and building fees. No additional funding requested in FY 2019-20.

CaIPERS Compliance

- ▶ Language cleanup to provisions in APOA and AFCA memoranda of understanding

Wrap Up

▶ Questions?

▶ Requested City Council Action

Consider Resolution to Amend 2019-20 Budget

Consider Resolution for Workforce Changes

Consider Resolution to Amend Salary Schedules