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# City of San Leandro

## City Council Winter Planning Session



Senior Community Center

January 26, 2013



# Financial Overview and City Manager Report

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- Acknowledgements – Community, Council, Employees – Past and Present
- General Fund focus – unfunded liabilities
- Local Economic Conditions
- Historical View – City budget, General Fund
- Mid-year Status - General Fund
- Forecast – General Fund projection through 2018-19
- Services/Infrastructure Trends and Data (see handout)
- Budget Considerations
- Budget Calendar



# General Fund Focus

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## Estimated Short-term unfunded liabilities:

1.	ICFG unbudgeted payment	\$400,000	1 year
2.	Fiber EDA grant match	560,000	1 year
3.	RDA legal fees not covered by ROPs	100,000	1 year
4.	General Plan/Housing Element update	1,000,000	2 years
5.	COPs grant expiration	900,000	1 year
	<b>Total</b>	<b>\$2,960,000</b>	



# General Fund Focus

## Estimated Long-term unfunded liabilities:

1.	Miscellaneous/Safety unfunded OPEB (ARC is \$1,639,000)	\$16,179,000
2.	Miscellaneous unfunded CalPERS (ARC is \$4,893,478)	36,625,000
3.	Safety unfunded CalPERS (ARC is \$3,085,446)	47,597,000
4.	Fire Department unfunded OPEB (ARC is \$1,636,000)	18,418,000
	<b>Total</b>	<b>\$118,819,000</b>



# General Fund Focus

## Estimated Project-based unfunded liabilities:

1.	Burrell Field annual maintenance and field replacement costs (Scenario A)	Annual cost	\$ 146,000*
2.	Marina Boulevard design improvements (Kaiser and Shoreline)	Annual cost (for 2 years)	495,000
3.	Streets and Road improvements (PCI 70)	On-going	80,000,000
4.	Capital Improvements Program (CIP)	On-going	225,000,000
5.	Kaiser overlay plan	One-time	250,000
6.	Community events	Annual	100,000
7.	Historic preservation	Annual	100,000
8.	Neighborhood beautification	Annual	300,000
	* <i>Annual costs paid by whom?</i>		



# Local Economic Conditions on San Leandro's Budget

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- Property tax
  - Assessed values increasing
  - Revenues rebounding, estimated to exceed 2008-09 high-point
- Sales tax
  - Consumer confidence on the rise
  - Revenues increasing and exceeded 2006-07 high-point
  - Measure Z sales tax revenues to end March 31, 2018
- Utility Users tax
  - Unemployment rates declining – customers paying bills
  - Revenues slowly edging back to the 2007-08 level
- Continued fallout from RDA dissolution



## Economic Conditions (cont.)

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- San Leandro overall property assessed values increasing 5%
- Home Foreclosure rates for 2012 (Zillow.com):
  - San Leandro decreased to 99 from a high of 250/year in 2008
  - Alameda County decreased to 2,073 from a high of 4,604/year in 2008
- Unemployment rates for December 2012 (EDD):
  - San Leandro = 8.1%
  - Alameda County = 8.2%
- Compensation increasing in 2014 by 3% and 2015 increasing by 6.5%
- Labor negotiations

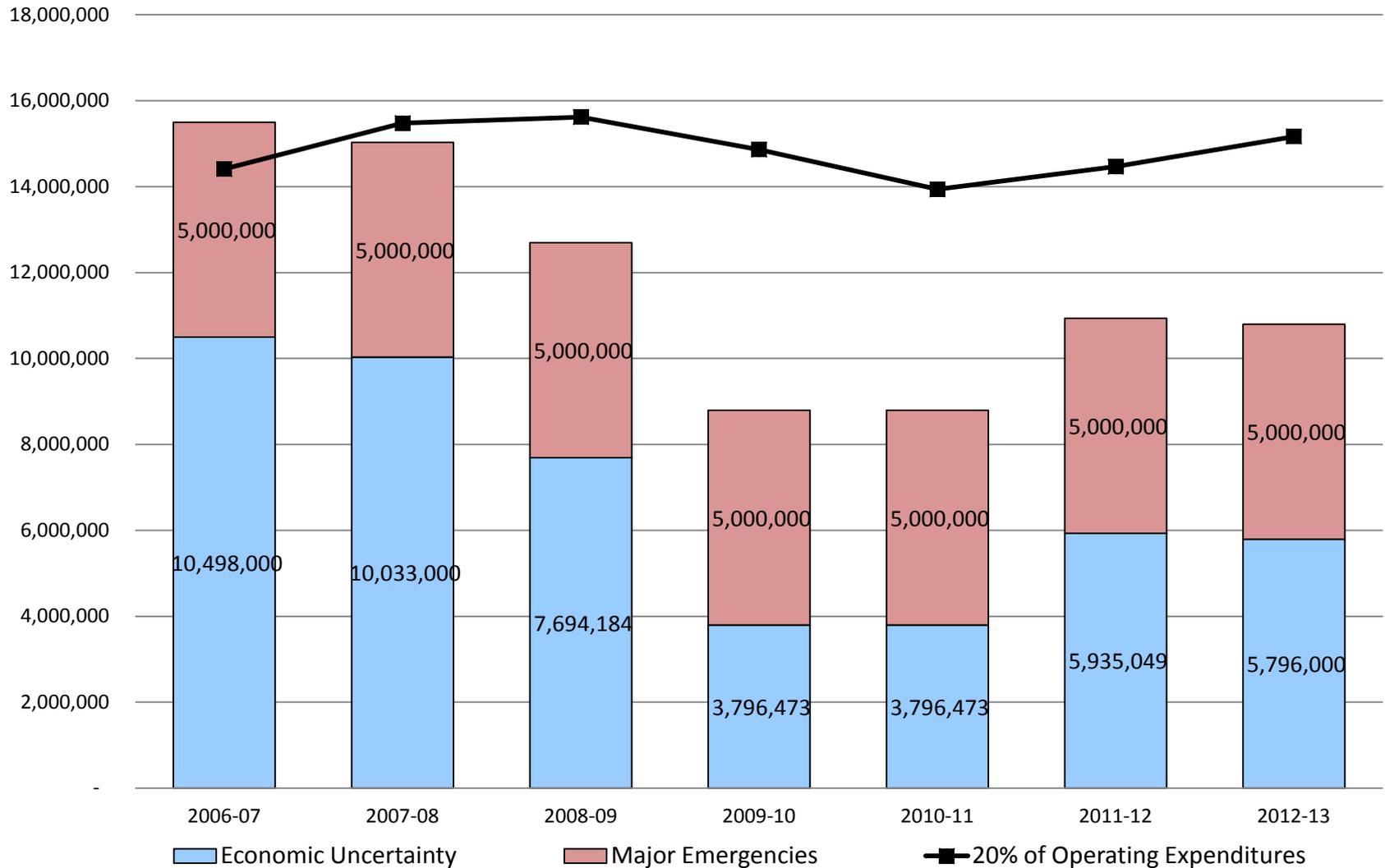


# Historical View City Budget and General Fund



# General Fund Reserves

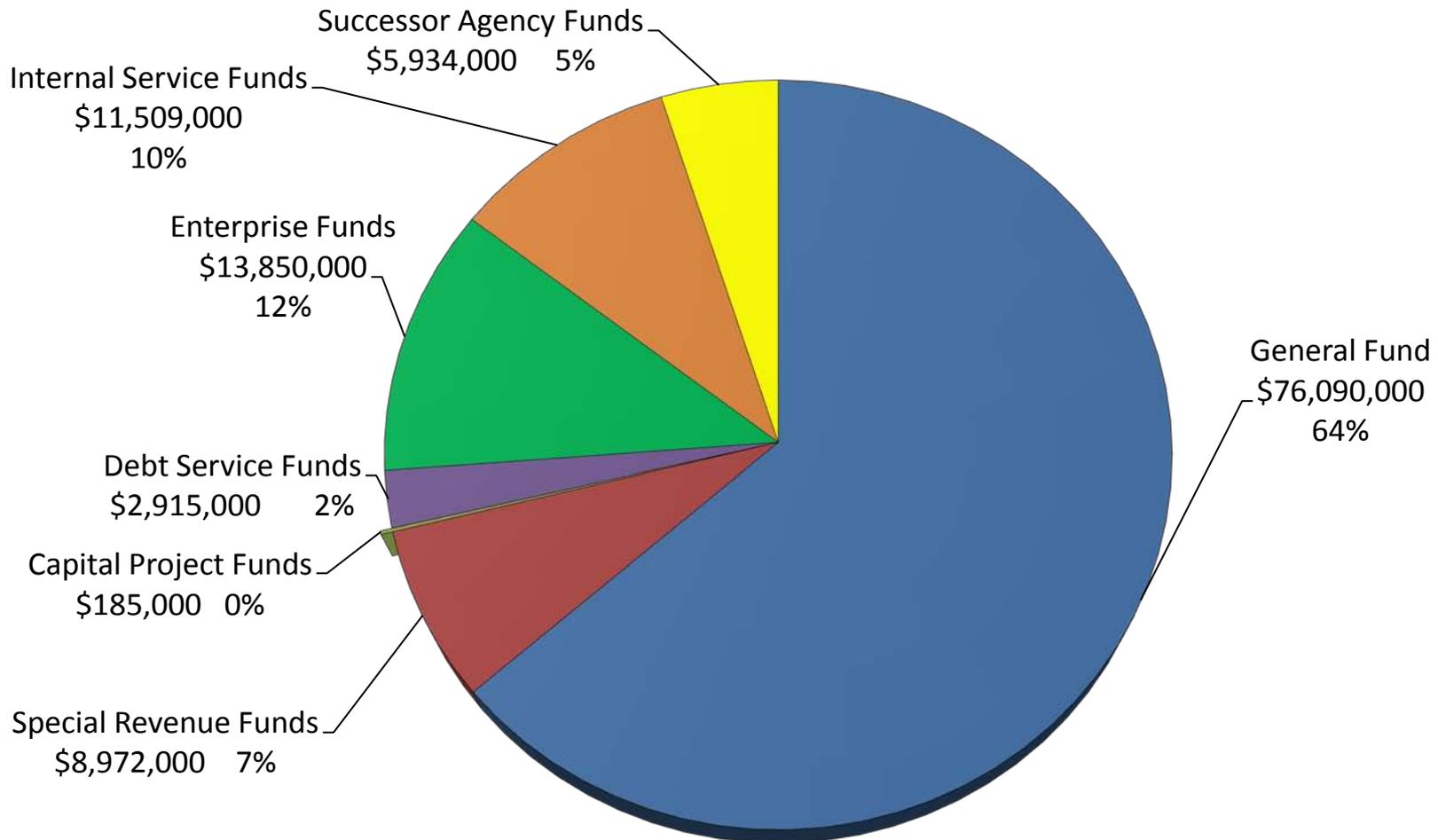
## Historical Data, 2006-07 thru 2012-13





# 2012-13 Budget – Expenditures for All Funds

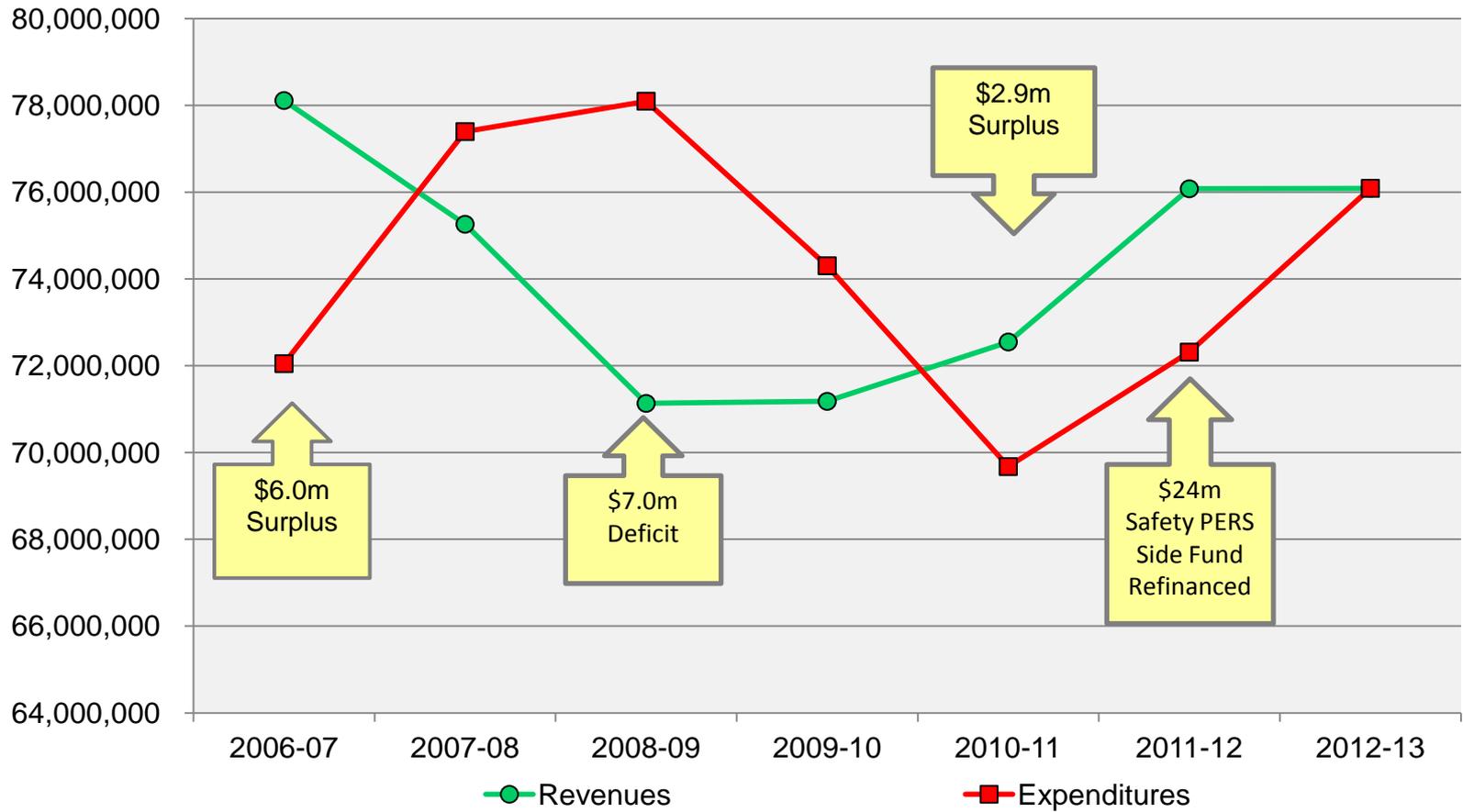
**\$119,455,000**





# General Fund Operating Expenditures and Revenues

## Historical Data 2006-07 through 2012-13



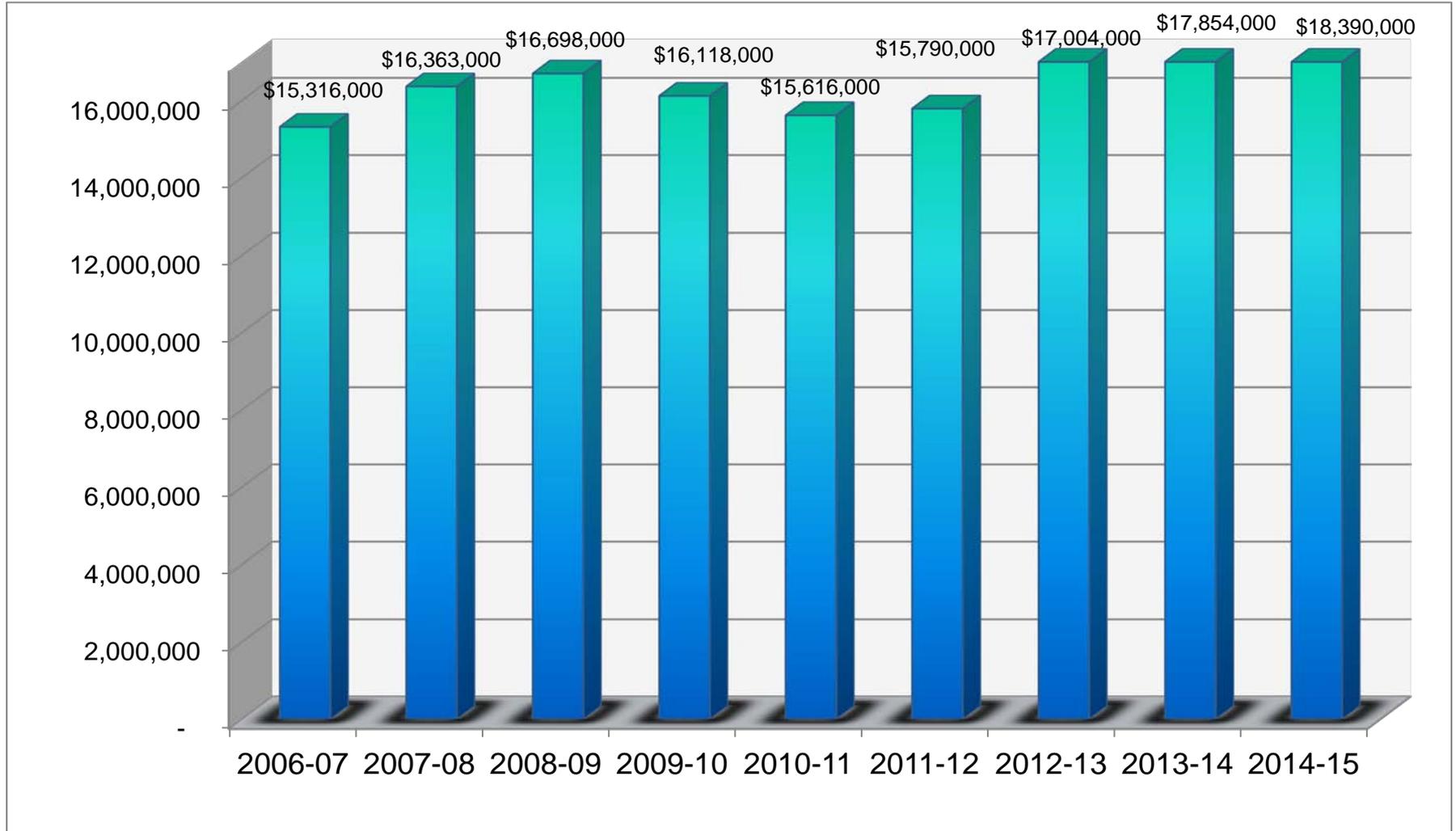
	Actual 2006-07	Actual 2007-08	Actual 2008-09	Actual 2009-10	Actual 2010-11	Actual 2011-12	Adopted 2012-13 *
Revenues	\$ 78,113,000	\$ 75,261,000	\$ 71,133,000	\$ 71,180,000	\$ 72,548,000	\$ 76,079,000	\$ 76,090,000
Expenditures	72,049,000	77,397,000	78,097,000	74,305,000	69,677,000	72,315,000	76,090,000
Net	\$ 6,064,000	\$ (2,136,000)	\$ (6,964,000)	\$ (3,125,000)	\$ 2,871,000	\$ 3,764,000	\$ 0

\* Net transfers of \$734 ,000



# Property Tax Revenue

## 2006-07 through 2014-15





# Allocation of Property Tax Collected in San Leandro (Per Dollar)

Schools 46¢

Special  
Districts  
17¢

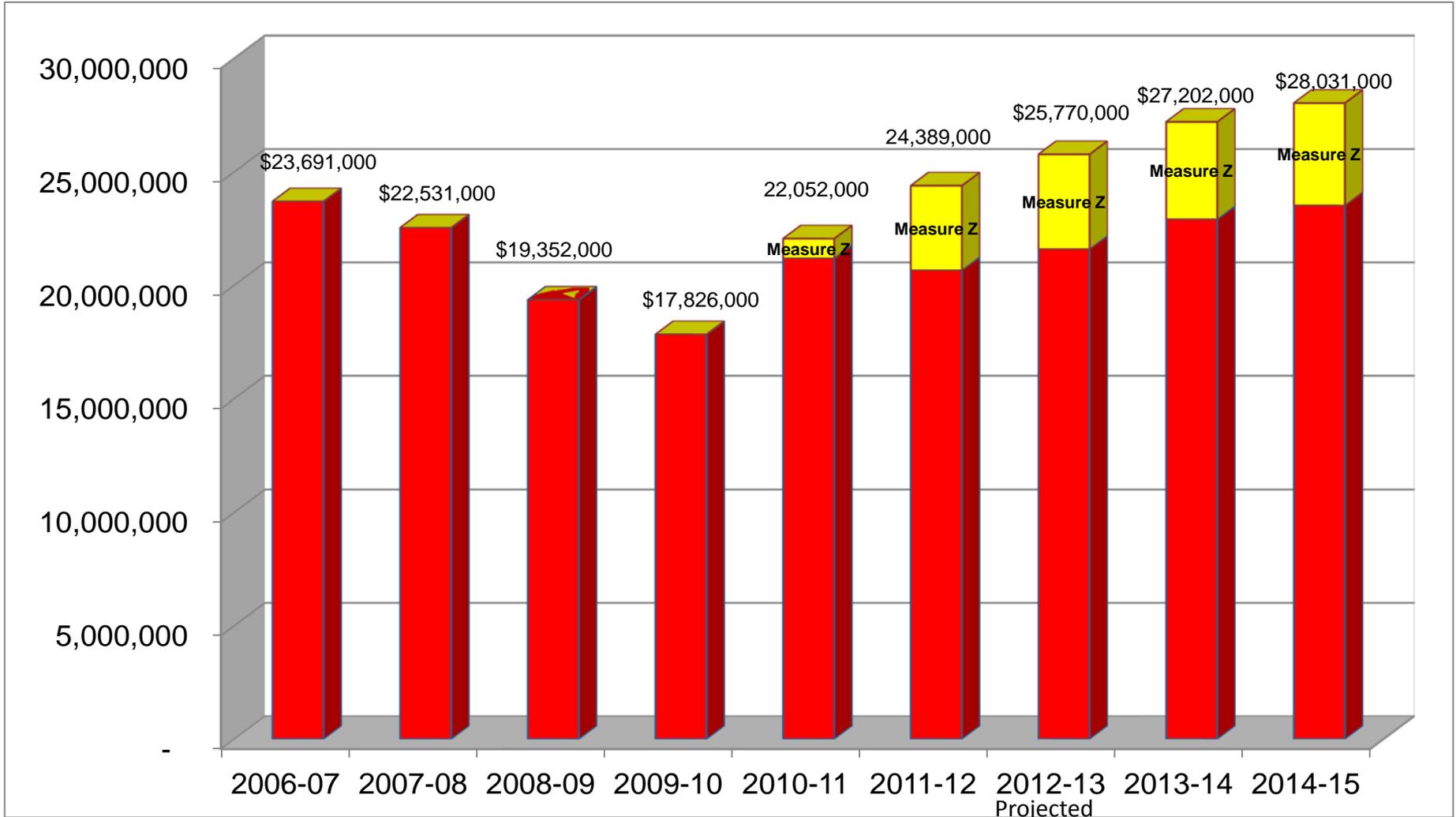
City of  
San  
Leandro  
12¢

County General  
Fund  
25¢





## Sales and Use Tax Revenue 2006-07 through 2014-15





# Distribution of Sales Tax Collected in San Leandro (Per Dollar)

State of California  
66.5¢

City of  
San  
Leandro  
11¢+3¢

Alameda  
County  
19.5¢



Measure Z

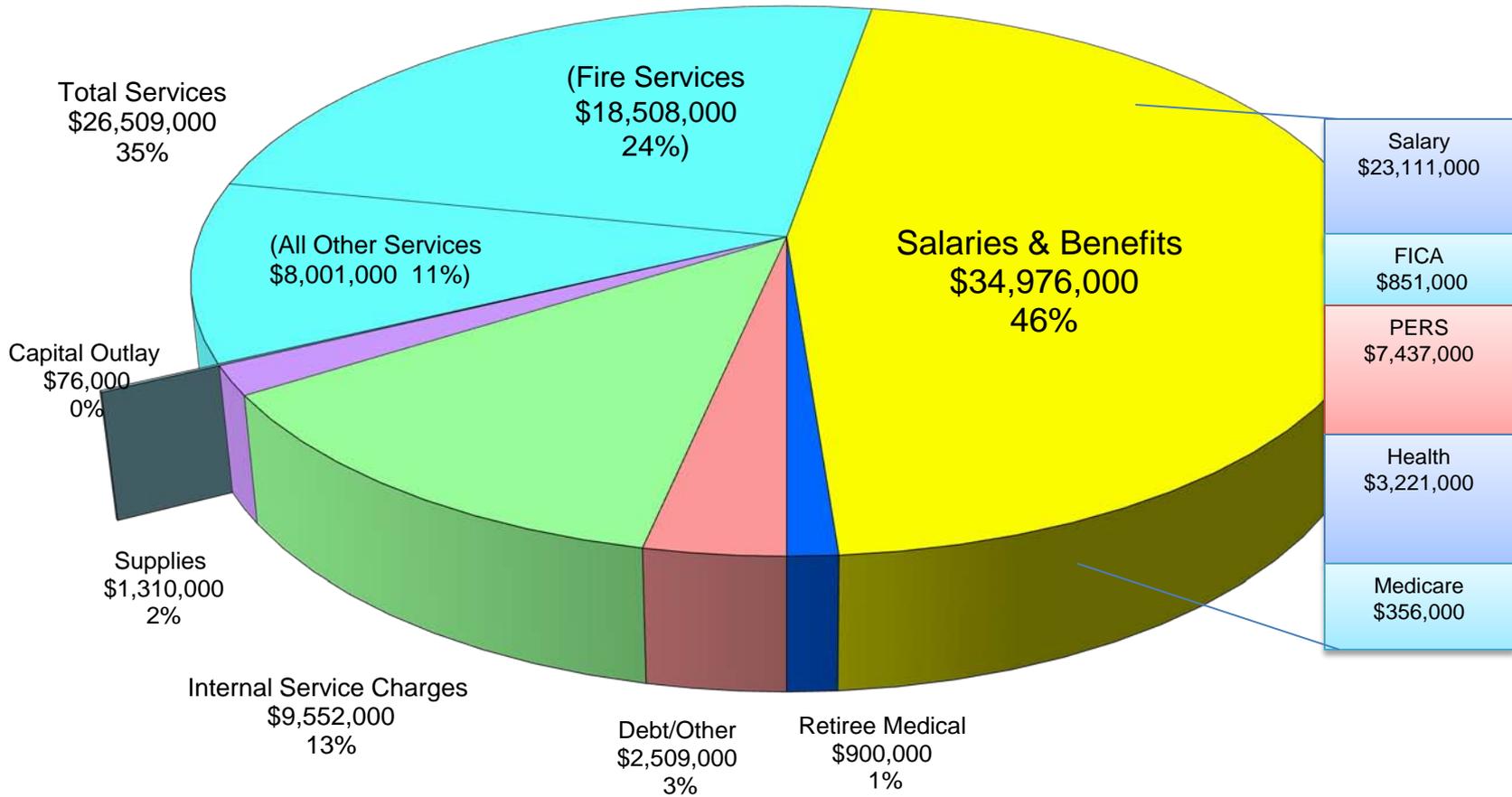
Measure B

BART



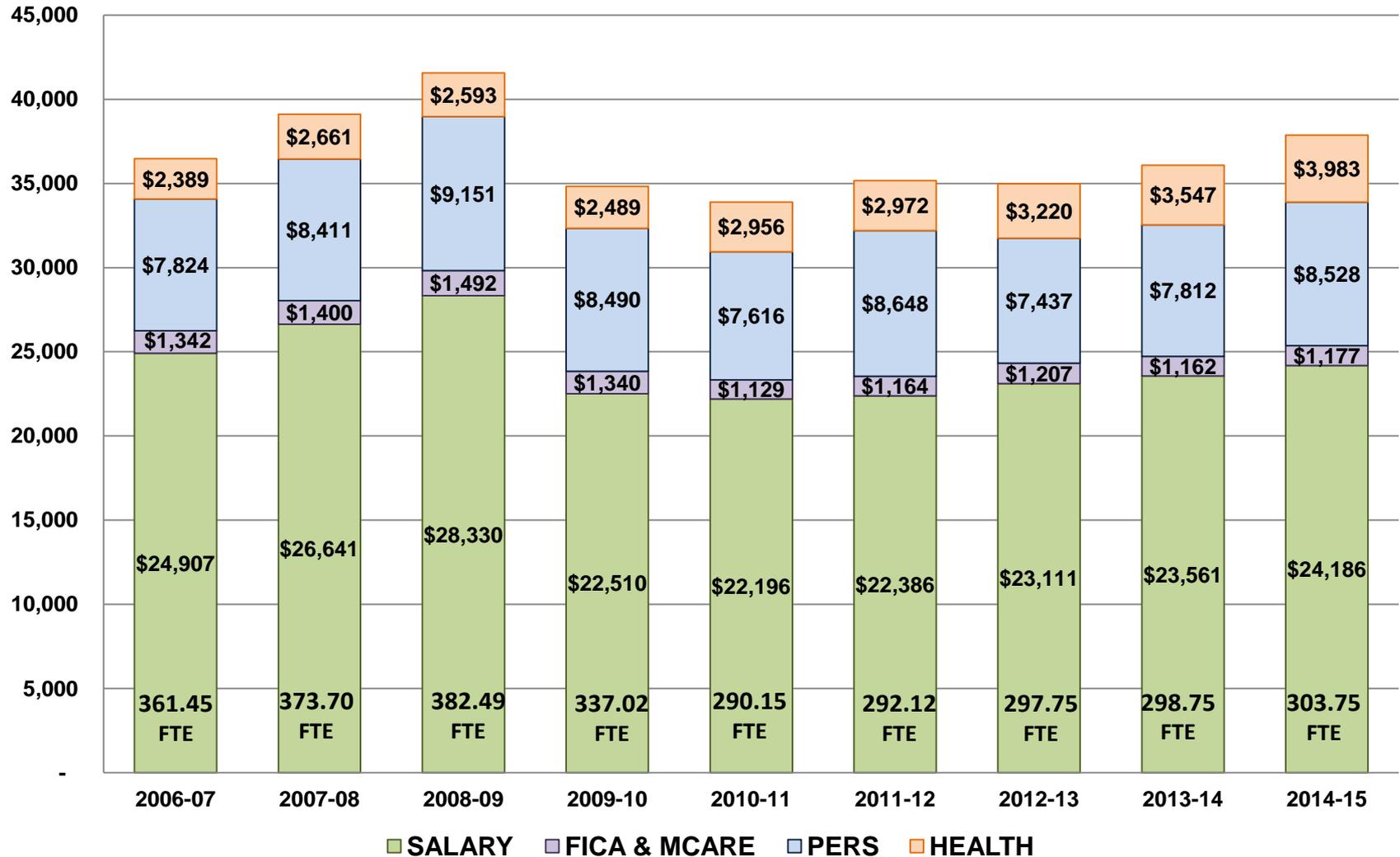
# General Fund Budget Expenditures by Type 2012-13

**\$75,832,000**



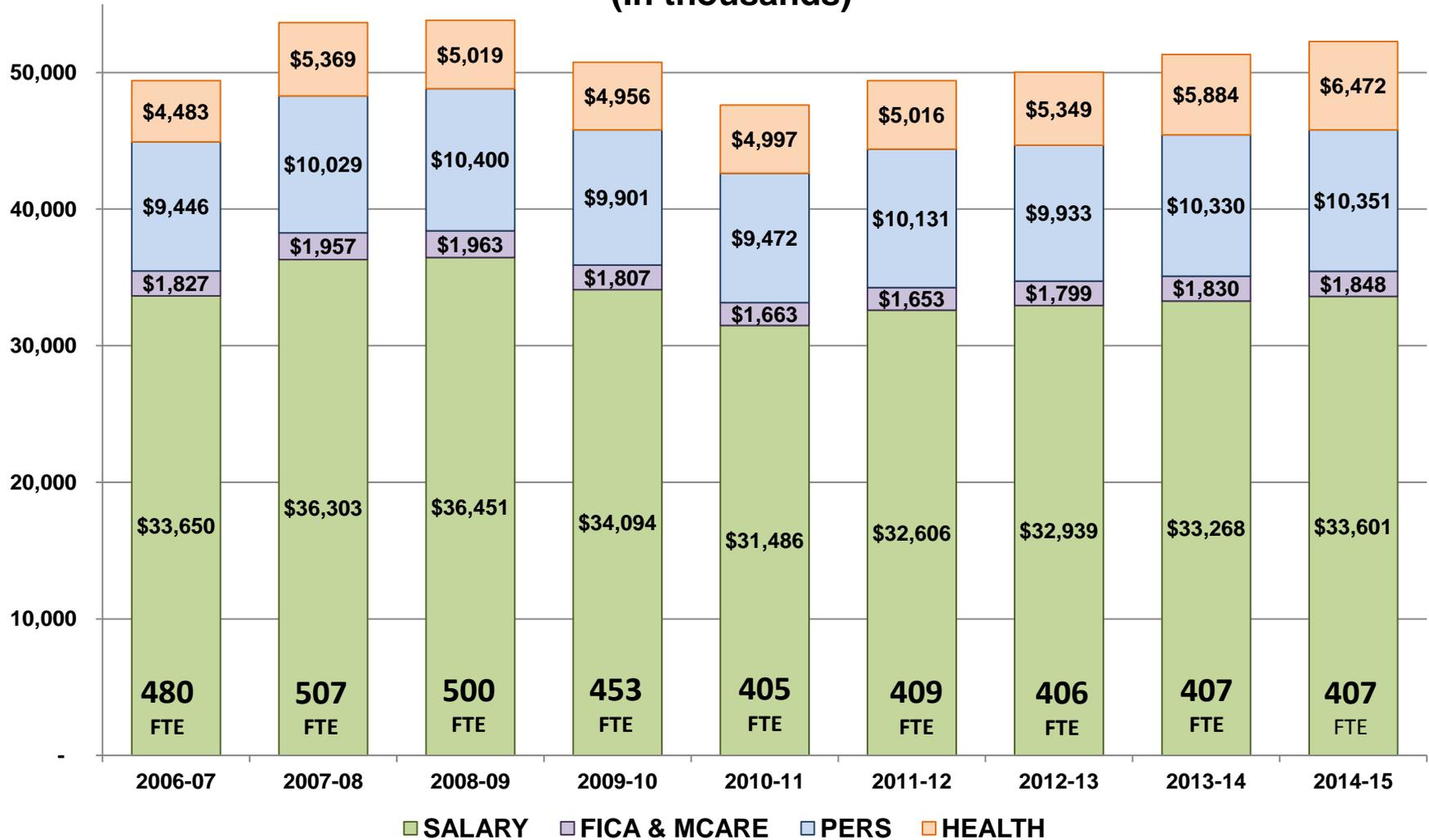


# General Fund Salary & Benefit Costs and FTEs 2006-07 through 2014-15 (In thousands)





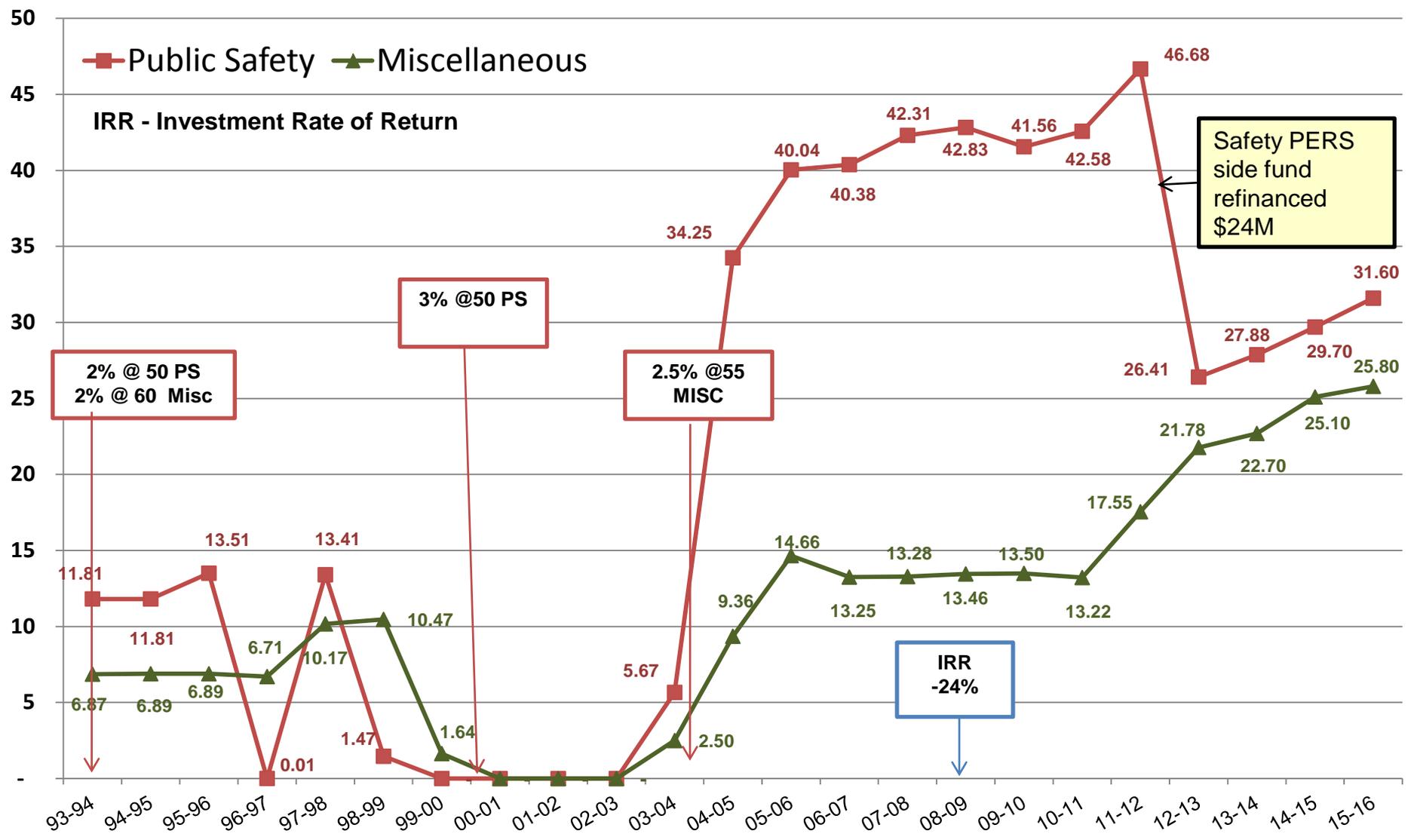
# All Funds Salary & Benefit Costs and FTEs 2006-07 thru 2014-15 (In thousands)



Cost per FTE in 2006-07 \$103,000/year increased to \$128,000/year over 9 years averaging 2.67% increase per year.



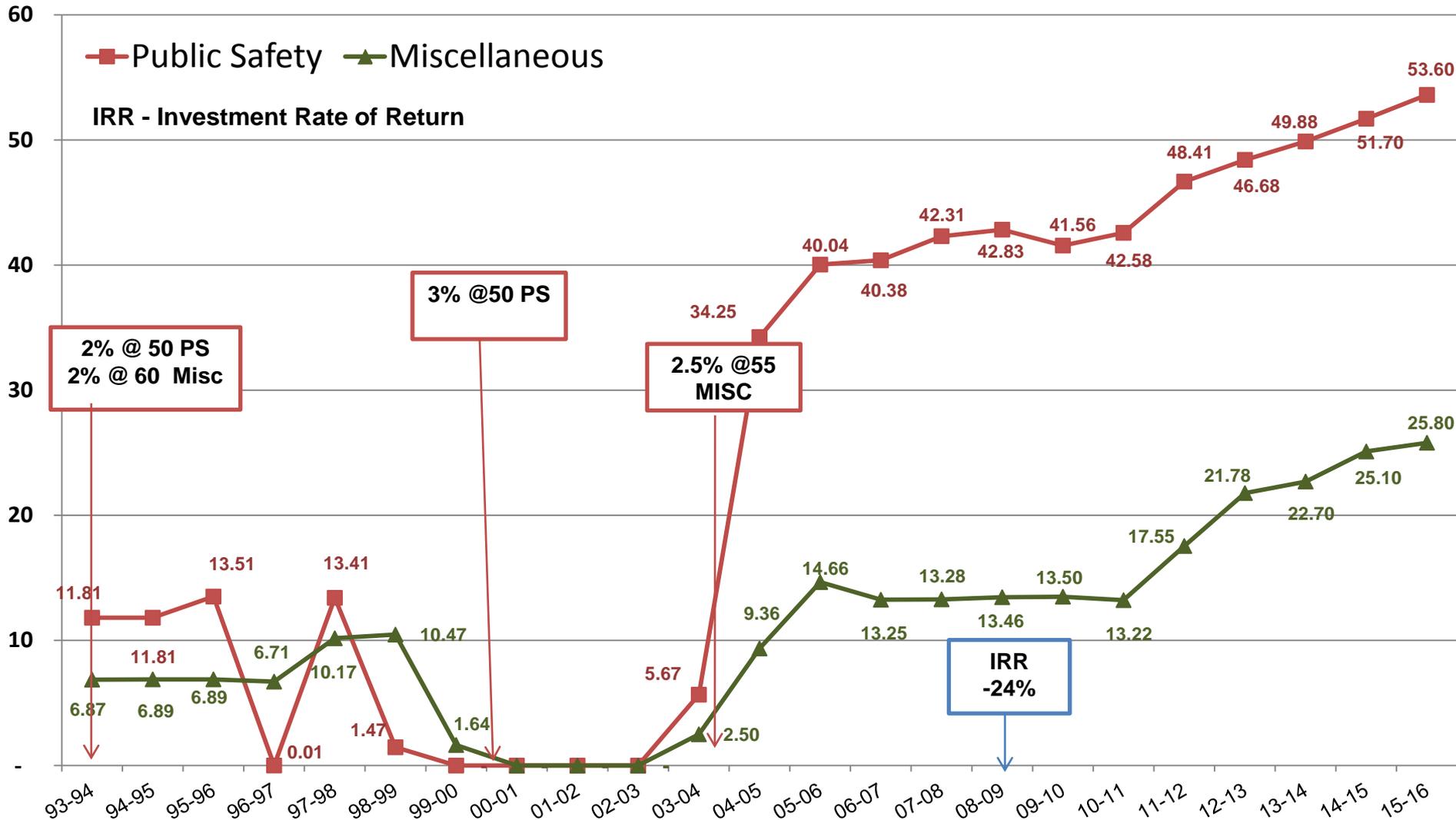
# Public Employees Retirement System (PERS) Rates Historical Data, 1993-94 Thru 2015-16





# Public Employees Retirement System (PERS) Rates

## Historical Data, 1993-94 Thru 2015-16





# New Pension Reporting GASB 67 and 68

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- New pension reporting requires governments providing defined benefit pensions to:
  1. Recognize long-term obligation as liabilities on balance sheet for the first time
  2. Measure annual pension benefit costs more comprehensively and comparably
  3. Enhance pension plans note disclosures and required supplementary information
- GASB 67 implementation in 2013-14
- GASB 68 implementation in 2014-15



# Mid-Year Status General Fund



## 2012-13 Financial Status Report As of December 31, 2012

### GENERAL FUND

Description	Adopted Budget	YTD 12/31/12	% of Budget
<b><u>Revenues - Taxes:</u></b>			
Property tax	\$ 17,004,000	\$ 8,860,000	52%
Sales tax	20,073,000	8,499,000	42%
Transaction & Use tax (Meas Z)	3,819,000	1,548,000	41%
Utility Users tax	10,100,000	3,879,000	38%
Franchise Fees	4,141,000	1,029,000	25%
Property Transfer tax	2,519,000	1,329,000	53%
Emergency Communication Access tax (911)	2,800,000	918,000	33%
Business license tax	4,425,000	675,000	15%
Other taxes	303,000	109,000	36%
Total Taxes	\$ 65,184,000	\$26,846,000	41%



## 2012-13 Financial Status Report As of December 31, 2012 (cont.)

### GENERAL FUND

Description	Adopted Budget	YTD 12/31/12	% of Budget
<u>Revenues - Other:</u>			
Charges for services	\$ 2,661,000	\$ 1,238,000	47%
Interest & Property income	1,051,000	330,000	31%
Fines, Fees & Forfeitures	1,240,000	413,000	33%
Intergovernmental	917,000	755,000	82%
Licenses & Permits	1,596,000	782,000	49%
Interdepartmental	2,002,000	1,001,000	50%
Other/Transfers	447,000	178,000	40%
Total Other Revenues	<u>\$ 9,914,000</u>	<u>\$ 4,697,000</u>	<u>47%</u>
Total Revenues	<u>\$ 75,098,000</u>	<u>\$ 31,543,000</u>	<u>42%</u>



## 2012-13 Financial Status Report As of December 31, 2012 (cont.)

### GENERAL FUND

Description	Adopted Budget	YTD 12/31/12	% of Budget
<u>Expenditures:</u>			
General Administration (Council, Clerk, City Attorney, City Manager & Human Resources)	\$ 3,871,000	\$ 1,742,000	45%
Finance	2,299,000	1,097,000	48%
Police	25,331,000	12,728,000	50%
Fire	18,889,000	7,799,000	41%
Recreation & Human Services	3,990,000	2,013,000	50%
Engineering & Transportation	2,461,000	1,233,000	50%
Library	4,680,000	2,217,000	47%
Public Works	4,292,000	2,005,000	47%
Community Development	3,851,000	1,645,000	43%
Non-Departmental	1,302,000	649,000	50%
Debt Service	4,866,000	2,119,000	44%
Transfers	257,000	817,000	318%
Total Expenditures	\$ 76,089,000	\$ 36,064,000	47%



# Forecast General Fund



# General Fund Seven Year Forecast Assumptions 2012-13 thru 2018-19

## REVENUES (in thousands)

Description	2012-13 Projected	2013-14 Budget	2014-15 Budget	2015-16 Budget	2016-17 Budget	2017-18 Budget	2018-19 Budget	Notes
Sales tax	16,153	16,956	17,563	18,233	18,961	19,754	20,544	used MuniServices optimistic scenario
Sales tax backfill	5,437	5,948	5,953	6,140	6,367	6,535	6,714	used MuniServices optimistic scenario
Transaction tax	4,180	4,299	4,515	4,692	4,876	3,822	-	ends 3/31/18; used optimistic scenario
Property tax		5.0%	3.0%	3.0%	2.0%	2.0%	2.0%	2013-14 reflects increase in assessed values from 2011-12 to 2012-13 published July 2012
Utility user's tax		1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	based on actual increases over the past 3 years
Business License		3.0%	2.0%	2.0%	2.0%	2.0%	2.0%	CPI + businesses closing & opening
All other revenues		1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	conservative approach



# General Fund Seven Year Forecast Assumptions 2012-13 thru 2018-19

## EXPENDITURES

Description	2012-13 Budget	2013-14 Budget	2014-15 Budget	2015-16 Budget	2016-17 Budget	2017-18 Budget	2018-19 Budget	Notes
Salary adjustments	0.5%	0.5%	0.5%	2.5%	2.5%	2.5%	2.5%	step increases and possible adjustments
Medical rates	5.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	estimated health care cost increases
<u>PERS rates:</u>								
Safety (refinanced 2012)	35.40%	40.20%	42.20%	44.20%	46.20%	48.20%	20.70%	} based on 10/2012 CalPERS forecast; } estimated 2017, 2018 & 2019. 1/1/18 50/50 } employees share EE portion
Miscellaneous	29.78%	33.45%	35.75%	36.50%	38.50%	40.50%	25.10%	
Retiree Medical *	\$900k	\$950k	\$1,000k	\$1,000k	\$1,000k	\$1,000k	\$1,000k	increase in retiree's and medical costs
Services and supplies	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	
Consulting		2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	
Legal fees	3.0%	2.8%	3.0%	3.0%	3.0%	3.0%	3.0%	CPI
Fire service fees	3.8%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	CPI
OPEB trust account *	\$250k	\$750k	\$750k	\$500k	\$500k	\$500k	\$500k	increased trust account to average \$500k per year

**\* The ARC is \$1,639,000 per year and is partially funded in the Retiree Medical and OPEB trust accounts.**

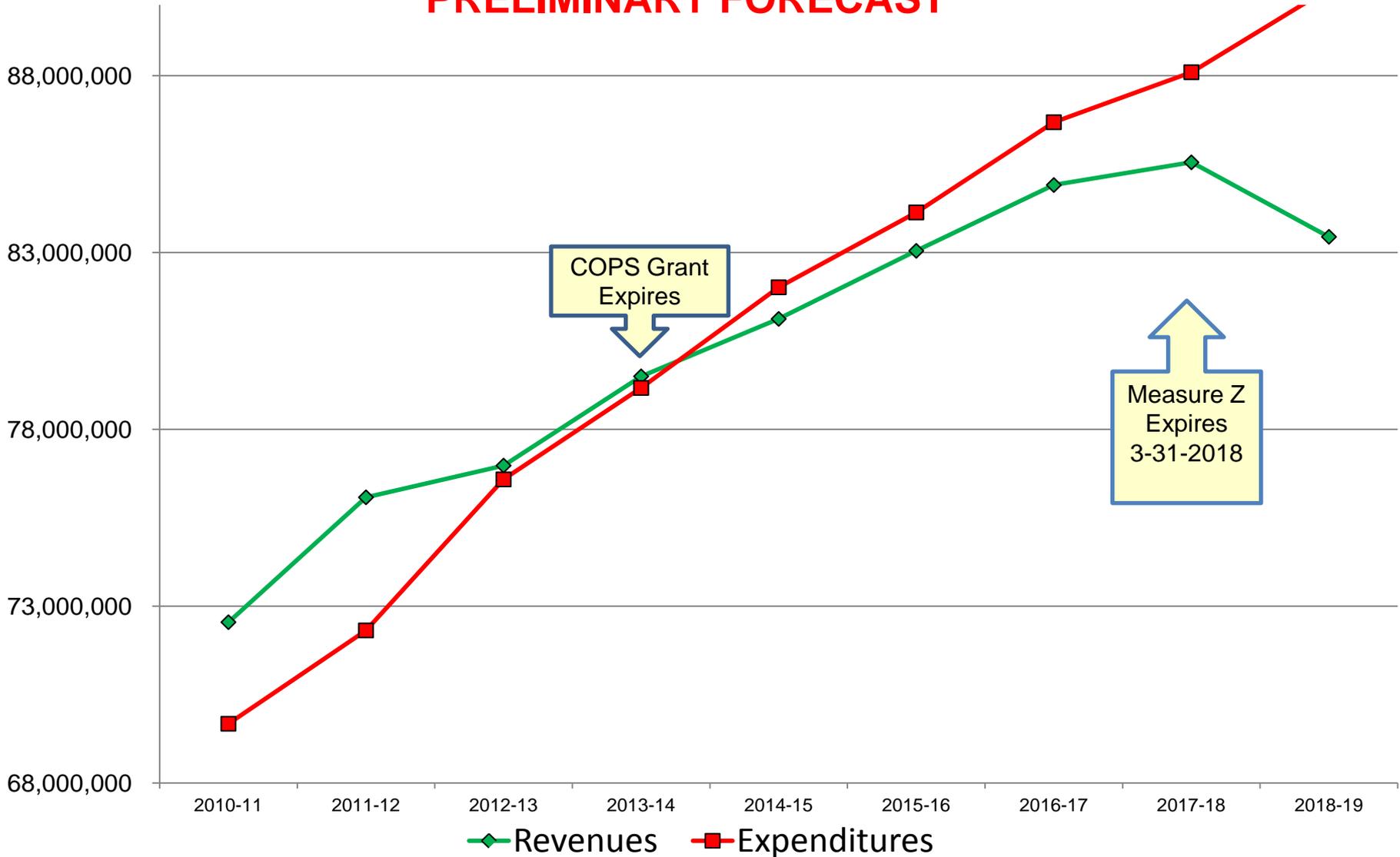


# General Fund Seven Year Forecast Assumptions 2012-13 thru 2018-19

	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	
Description	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Notes
<b>Transfers/Other:</b>								
Refuse contract	\$72k	\$72k	\$72k	\$72k	\$72k	\$72k	\$72k	oversight of refuse contract (#594-41-206)
To economic uncertainty	\$300k	\$300k	\$300k	0	0	0	0	Community impact funds end in 2014-15
SLUSD loan	\$1,500k	0	0	0	0	0	0	
<b>Debt service:</b>								
COP refinancing savings	0	\$ (637)k	\$ (407)k	\$ (497)k	\$ (191)k	\$ (5)k	\$ (1)k	COP 2003 refinancing savings (in thousands)
Fire Dept. OPEB refinancing	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	placeholder for discussion purposes

# Seven Year Forecast, General Fund Revenues and Expenditures 2012-13 thru 2018-19

**PRELIMINARY FORECAST \***



\* Forecast does NOT include proposed budget changes from City departments for 2013-14 and 2014-15. 30



# Budget Considerations

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- Two-year budget cycle
- Continuing increases in the following:
  - Service level demands
  - Facility and maintenance needs
  - Health benefits and CalPERS
  - Streets and roads deterioration
  - Unfunded liabilities
  - Fire contract services and equipment
  - Technology requests/needs
- Labor negotiations



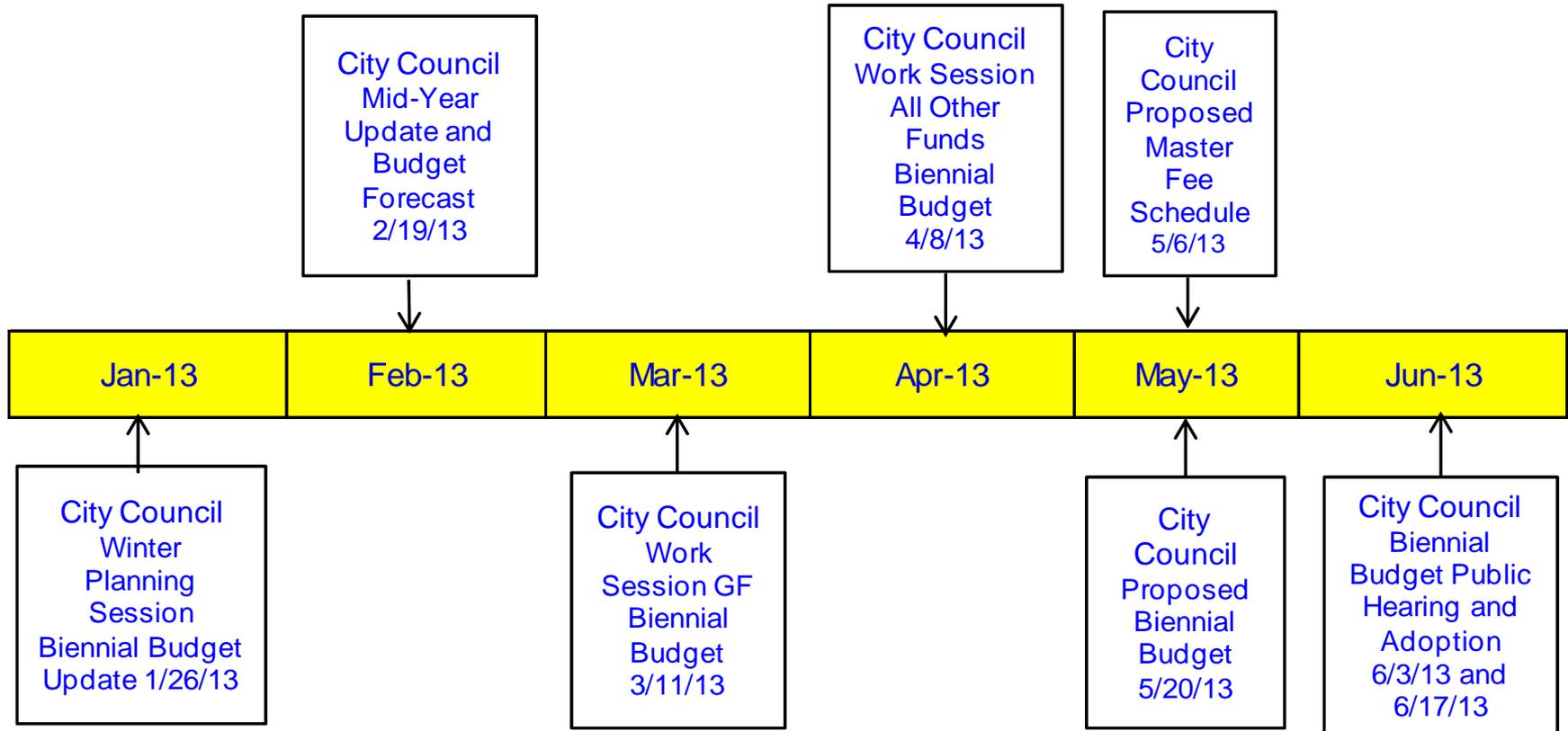
# Budget Considerations (cont.)

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- 20% reserve threshold
  - Staff recommends review of policy
- Sustainability strategy and plan beyond Measure Z
  - Process improvements/efficiency
  - Grants
  - Innovation
  - Revenue enhancement
  - Organizational participation
- Goals and priorities alignment



# Biennial Budget Calendar



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# Questions?

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