



City of San Leandro City Council Meeting Budget Presentation 2019-20 and 2020-21

City Council Chambers

April 15, 2019



Overview

- City Council Goals
- Local economic conditions
- Budget considerations
- General Fund
- General Fund - CIP
- Budget calendar

City Council Goals

- Place San Leandro on a firm foundation for long-term fiscal sustainability
- Advance projects and programs promoting sustainable economic development, including transforming San Leandro into a center for innovation
- Provide quality public safety service and grow our partnership with the community to keep San Leandro safe
- Maintain and enhance San Leandro's infrastructure
- Support and implement programs, activities and strengthen communication that enhances the quality of life and wellness, celebrates the arts and diversity and promotes civic pride
- Maintain and support a strong positive relationship between the City, schools and the educational community

Local Economic Conditions

- Property tax
 - 2019-20 and 2020-21 project a 3.3% average increase each fiscal year
- Sales tax
 - Overall increase of 2.3% in 2019-20 and 1.1% decrease in 2020-21
 - Revenues increasing but pace of growth has slowed
 - General retail and construction continuing to increase
 - Measure HH sales tax through March 2045
- Utility Users tax
 - Projections show slight increase for 2019-20 of 0.3% and 2020-21 of 0.9%
 - Subsequent years minimal growth of approximately 1% due to Electricity and Gas

Economic Conditions (cont.)

- Unemployment rates for January 2019 (Bureau of Labor Statistics):
 - San Leandro = 3.6% (average a year ago 3.5%)
 - Alameda County = 3.5% (a year ago 3.5%)
- Median home prices decreased from last year, Spring 2019 \$613,500 down from Spring 2018 \$644,000 per Trulia.com
- Forecast for housing units construction:
 - 2017-18 = 85
 - 2018-19 = 126
 - 2019-20 = 248
 - 2020-21 = 400
- 4,080 permits in 2018; 55% greater than 10 year average

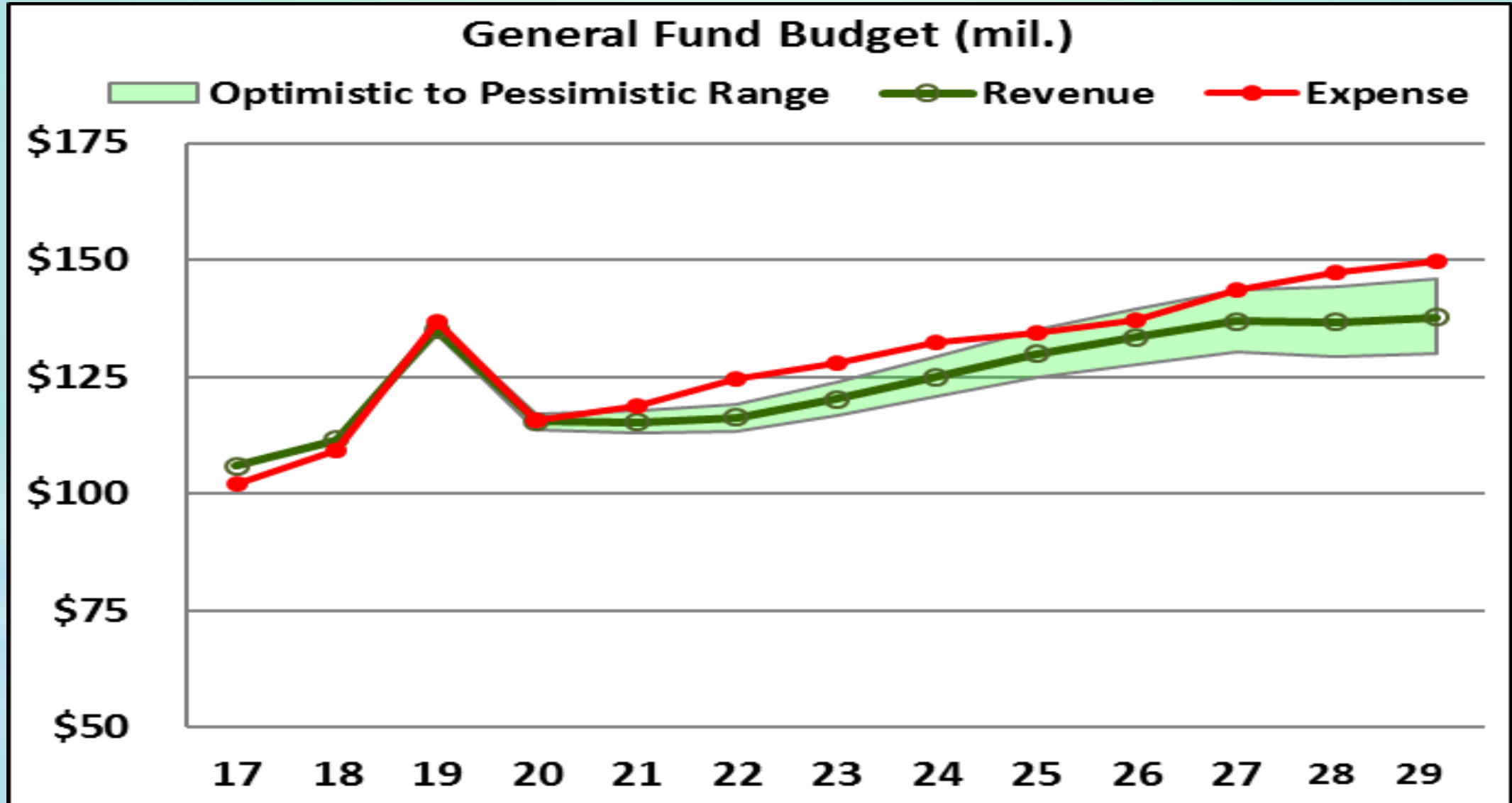
Budget Considerations

- Continuing increases in the following:
 - CalPERS pension benefit costs
 - Service level demands
 - Facility and maintenance needs
 - Streets and roads improvements
 - Unfunded liabilities
 - Fire contract services and equipment

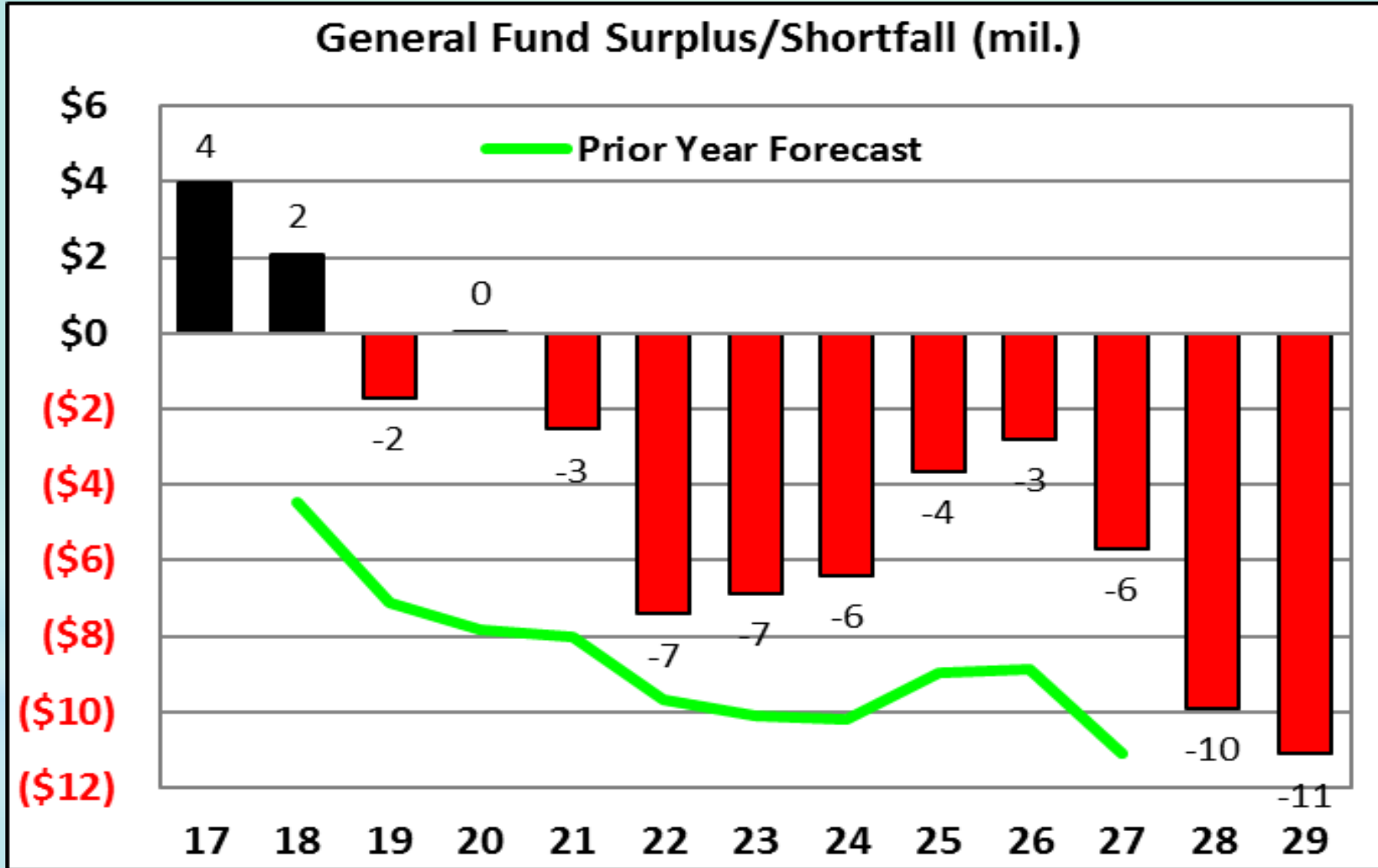
Budget Considerations (cont.)

- CARE team recommended roll back to 2017-18 actuals
- 16.67% reserve threshold and Prioritizing Unfunded Liability Liquidation (PULL) Plan
- Council goals and spending priorities are aligned
- Implement projects and priorities established for:
 - Measure BB
 - Measure HH, OO, PP, NN

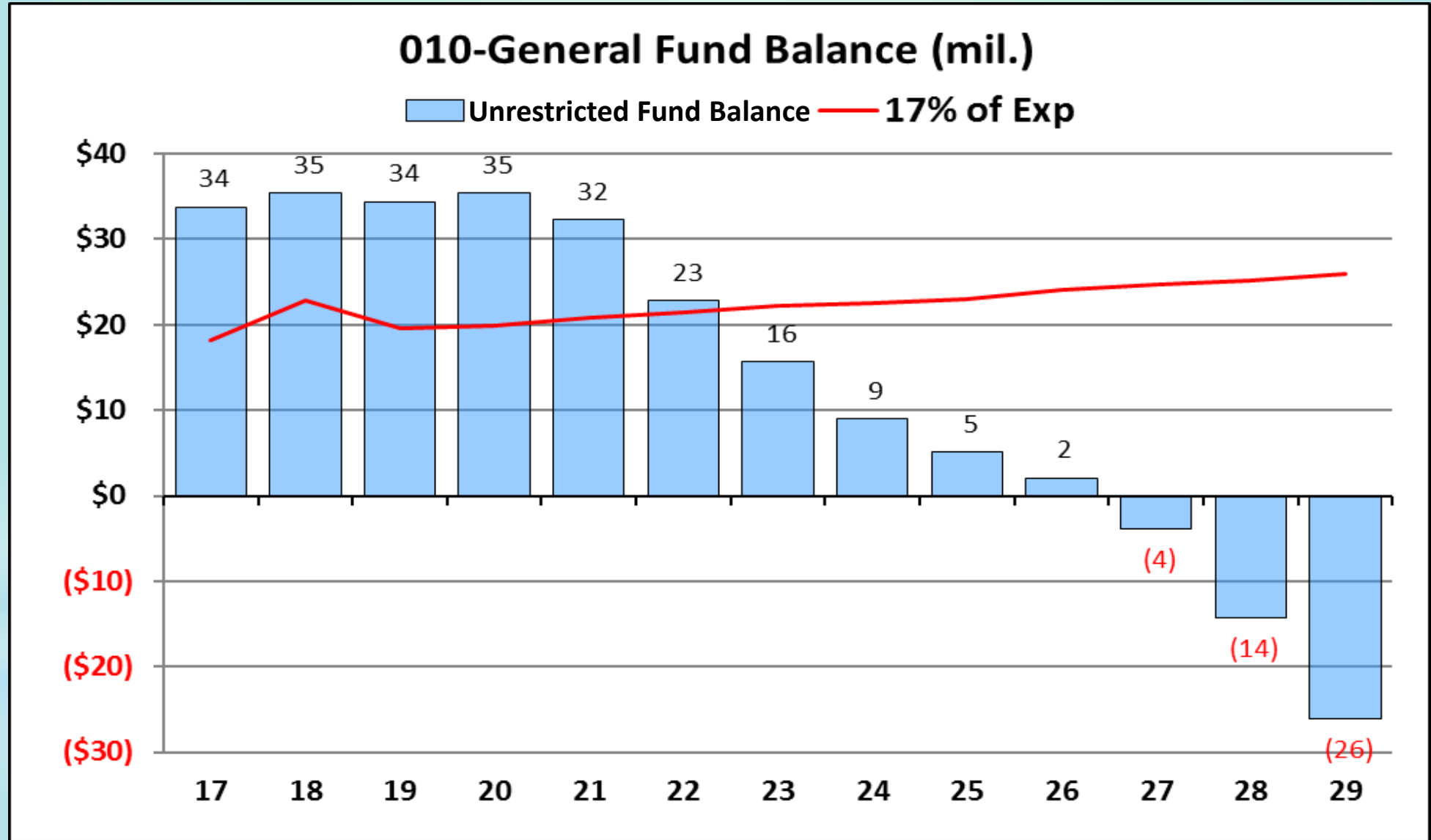
General Fund Forecast 2016-17 thru 2028-29



General Fund Surplus/Shortfall 2017-18 thru 2028-29



General Fund Reserves 2017-18 thru 2028-29



General Fund Forecast Assumptions – Revenues

2017-18 to 2028-29

(\$ in 000)	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>	<u>2024-25</u>	<u>2025-26</u>	<u>2026-27</u>	<u>2027-28</u>	<u>2028-29</u>
Property Tax	\$22,994	\$23,985	\$24,441	\$25,243	\$25,607	\$26,215	\$27,298	\$28,427	\$29,603	\$30,584	\$31,595	\$32,056
% change	10.2%	4.3%	1.9%	3.3%	1.4%	2.4%	4.1%	4.1%	4.1%	3.3%	3.3%	1.5%
Sales Taxes	42,990	44,039	45,061	44,556	44,777	47,126	49,598	52,199	53,762	55,372	54,261	54,528
% change	3.0%	2.4%	2.3%	-1.1%	0.5%	5.2%	5.2%	5.2%	3.0%	3.0%	-2.0%	0.5%
Utility Users Tax	10,318	10,414	10,441	10,534	10,629	10,726	10,826	10,927	11,030	11,135	11,242	11,352
% change	-2.5%	0.9%	0.3%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	1.0%	1.0%	1.0%
Other Taxes/Franchise	21,126	21,696	22,272	22,290	22,436	23,189	23,970	24,781	25,299	25,830	25,630	25,810
% change	4.0%	2.7%	2.7%	0.1%	0.7%	3.4%	3.4%	3.4%	2.1%	2.1%	-0.8%	0.7%
Other Revenue	14,017	35,122	15,517	14,413	14,497	14,805	15,125	15,458	15,683	15,914	15,868	15,965
% change	12.5%	150.6%	-55.8%	-7.1%	0.6%	2.1%	2.2%	2.2%	1.5%	1.5%	-0.3%	0.6%
Total Revenues	111,446	135,255	117,731	117,035	117,946	122,061	126,816	131,791	135,378	138,834	138,596	139,711

General Fund Forecast Assumptions - Expenditures 2017-18 to 2028-29

(\$ in 000)	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>	<u>2024-25</u>	<u>2025-26</u>	<u>2026-27</u>	<u>2027-28</u>	<u>2028-29</u>
Salaries/Wages	27,295	30,704	31,829	32,779	33,686	34,580	35,497	36,436	37,396	38,376	39,381	40,411
% change	8.0%	12.5%	3.7%	3.0%	2.8%	2.7%	2.7%	2.6%	2.6%	2.6%	2.6%	2.6%
Overtime	2,454	2,503	2,566	2,630	2,696	2,763	2,832	2,903	2,975	3,050	3,126	3,204
% change	10.6%	2.0%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Retirement	10,398	12,718	14,528	15,974	17,831	19,431	20,610	21,836	22,378	23,435	24,442	25,458
% change	18.8%	22.3%	14.2%	9.9%	11.6%	9.0%	6.1%	6.0%	2.5%	4.7%	4.3%	4.2%
Health Insurance	4,460	4,777	4,965	5,162	5,367	5,580	5,802	6,033	6,274	6,525	6,786	7,058
% change	1.6%	7.1%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Vacancy Savings	-	(2,044)	(2,131)	(2,203)	(2,264)	(2,325)	(2,387)	(2,450)	(2,515)	(2,582)	(2,650)	(2,720)
% change			4.2%	3.4%	2.8%	2.7%	2.7%	2.7%	2.7%	2.6%	2.6%	2.6%
Subtotal Personnel	49,001	53,082	56,435	59,091	62,139	64,929	67,330	69,813	71,642	74,019	76,383	78,794

Note: Excludes Part-time wages, FICA and Medicare

Net Post Employment Liabilities

	Description	% of ARC	Annual Required Contribution (ARC)	Overall
1	Miscellaneous unfunded CalPERS	100%	\$9.1M	\$ 87.6M
2	Safety unfunded CalPERS	100%	8.3M	83.0M
3	Miscellaneous/Safety unfunded OPEB	156%	1.06M	4.6M
4	Fire Department unfunded OPEB * City's portion, ACFD pays difference	45%	2.37M	27.13M
	Total		\$20.83M	\$202.33M

General Fund Forecast Assumptions – Expenditures (cont.) 2017-18 to 2028-29

(\$ in 000)	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>	<u>2024-25</u>	<u>2025-26</u>	<u>2026-27</u>	<u>2027-28</u>	<u>2028-29</u>
Fire Contract	21,687	23,709	24,057	25,388	26,880	28,026	29,231	30,488	31,799	33,166	34,593	36,080
<i>% change</i>	-1.1%	9.3%	1.5%	5.5%	5.9%	4.3%	4.3%	4.3%	4.3%	4.3%	4.3%	4.3%
Internal Services	13,313	13,313	12,608	12,608	12,820	13,036	13,257	13,481	13,711	13,944	14,182	14,425
<i>% change</i>	26.8%	0.0%	-5.3%	0.0%	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%
Services & Supplies	9,055	12,195	11,991	10,225	10,435	10,649	10,868	11,093	11,323	11,559	11,801	12,048
<i>% change</i>	-3.8%	34.7%	-1.7%	-14.7%	2.0%	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%
Debt Service	4,748	5,474	6,406	6,481	6,551	6,629	6,716	3,597	3,597	3,588	3,588	2,713
<i>% change</i>	-1.4%	15.3%	17.0%	1.2%	1.1%	1.2%	1.3%	-46.5%	0.0%	-0.3%	0.0%	-24.4%
Capital/Fire Equip	1,369	141	837	423	1,053	54	55	1,057	58	2,059	1,561	62
<i>% change</i>	345.6%	-89.7%	493.7%	-49.4%	148.7%	-94.9%	2.5%	1813.8%	-94.5%	3450.5%	-24.2%	-96.0%
Transfers Out	10,206	29,048	5,350	5,350	5,483	5,618	5,758	5,900	6,046	6,196	6,403	6,707
<i>% change</i>	0.3%	184.6%	-81.6%	0.0%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	3.3%	4.8%

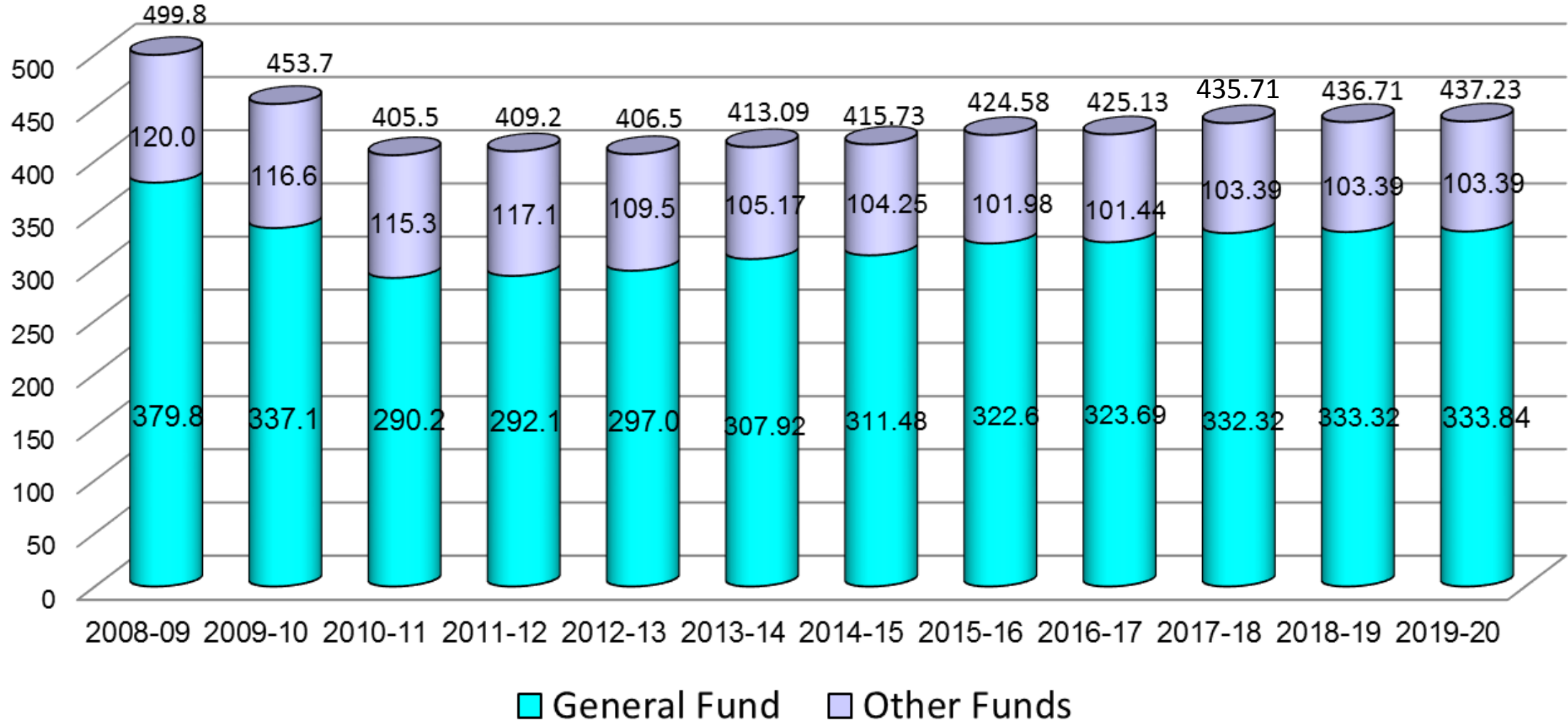
Services & Supplies includes other expenses

General Fund Budget Projection 2019-20 and 2020-21

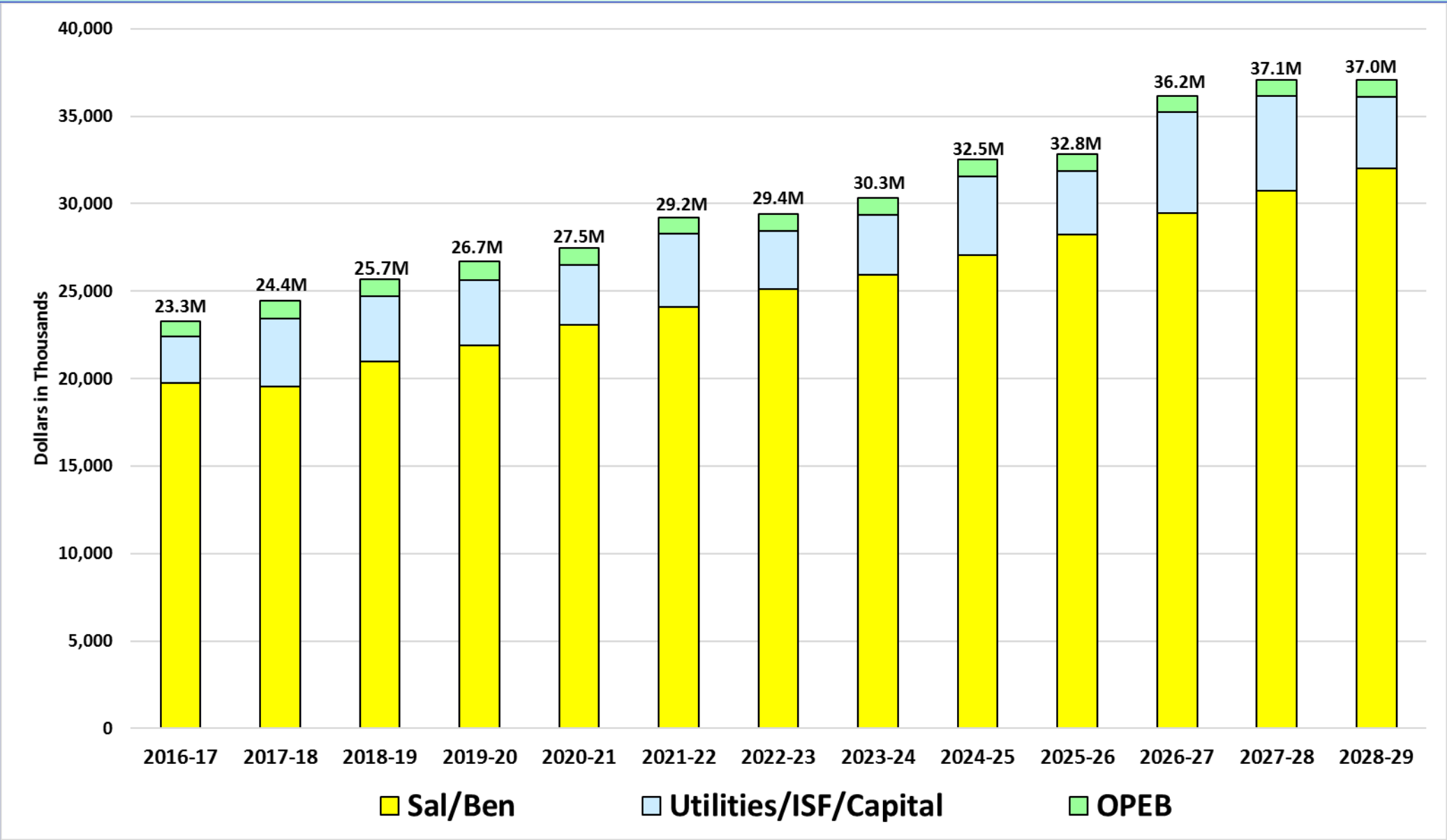
(Dollars in thousands)	2016-17	2017-18	2018-19	2019-20	2020-21
Revenues:	<u>Actual</u>	<u>Actual</u>	<u>Projected</u>	<u>Projected</u>	<u>Projected</u>
Property Tax	\$20,858	\$22,994	\$23,985	\$24,441	\$25,243
Sales Tax	41,728	42,990	44,039	45,061	44,556
Utility Users Tax	10,581	10,548	10,414	10,441	10,534
Real Property Transfer Tax	5,459	5,176	5,000	5,000	5,000
All Other Revenue	27,327	29,737	51,818	32,788	31,702
Total Operating Revenues	105,953	111,446	135,255	117,731	117,035
Expenditures:					
Salaries & Benefits	44,863	49,001	53,082	56,435	59,091
Services and Supplies	9,079	8,758	11,309	10,919	9,339
Fire Services Contract	21,925	21,687	23,709	24,057	25,388
Fire Equipment	-	1,260	-	384	372
Capital Outlay	307	109	141	453	51
Debt Service	4,814	4,748	5,474	6,406	6,481
Internal Service Fund Charges	10,499	13,313	13,313	12,608	12,608
Other	337	297	886	1,072	886
Transfers Out	10,173	10,206	29,048	5,350	5,350
Total Operating Expenditures	101,997	109,379	136,963	117,683	119,566
Net Revenue (Expenditure)	3,955	2,067	(1,708)	48	(2,531)

Summary of FTEs

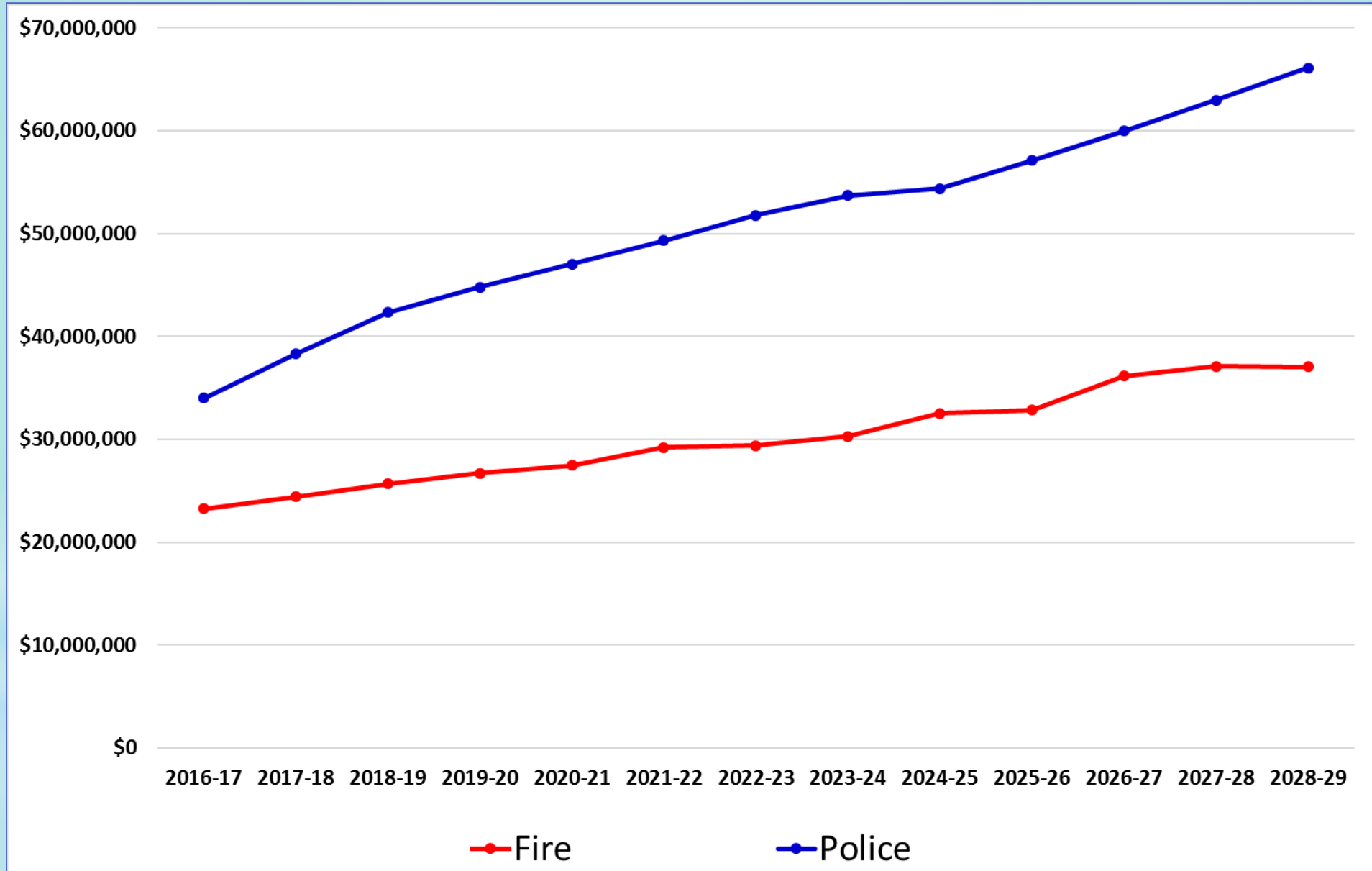
Historical City Staffing



Alameda County Fire Department – Projected Contract Costs



Public Safety – Actual and Projected Expenditures



General Fund Capital Improvement Projects

Description	2019-20	2020-21
ADA transition plan	\$35,000	\$35,000
Chabot Park Playground and Amphitheater Installment 2	100,000	0
City Park Major Maintenance	475,000	475,000
City Building Major Maintenance	600,000	600,000
Farrelly Pool Replacement Installment 3	1,100,000	0
Financial Software System Installment 1	0	300,000
Fire Station 13 Replacement Installment 1	0	200,000
Main Library Restroom Renovation	0	750,000
Pedestrian Crossing Improvements	80,000	200,000
Police Dept Range Upgrade Installment 2	50,000	0
Street Overlay / Rehabilitation	2,260,000	2,140,000
Street Sealing	600,000	600,000
Total General Fund CIP	\$5,300,000	\$5,300,000

General Fund Major Service Initiatives

#	Description	Amount
1	ACFD contract service increase	\$2,619,911
2	ACFD equipment replacement	384,484
3	Consulting service Planning third party review	307,119
4	Body Camera contract and replacement increase	281,472
5	City Attorney legal fee increase	199,660
6	Consulting service Building third party review	193,598
7	Consulting service increase for investments, audits, licensing	155,000
8	Economic Development business incentives	77,169
9	Tree trimming services	77,043
10	Homeless prevention and Eden I&R	64,968
	Total Major Service Initiatives	\$4,360,424

2019-20 and 2020-21 Budget Calendar

- January 28, 2019 City Council Work Session: Financial Forecast Model
- February 2, 2019 City Council Winter Planning Session
- February 19, 2019 City Council Work Session: CIP
- April 15, 2019 City Council Budget Presentation
- May 6, 2019 City Council – Proposed Taxes & Master Fee Schedule
- May 14, 2019 Budget Binders to be Delivered to City Council
- May 20, 2019 City Council – Proposed Biennial Budget Presentation
- June 3, 2019 City Council – Public Hearing and Adoption of Proposed Biennial Budget