

City of San Leandro
2012-13 City Manager's
Proposed Budget



City Council Meeting
May 21, 2012

Overview

- Budget overview and process
- City Council goals
- One-time needs expenditures
- Total City budget
- General fund budget
- RDA and Successor Agency
- Special Revenue, Enterprise, and Internal Service funds
- Capital Improvement Program
- Next Steps

Budget Overview and Process

- Budget – based on estimates, projections, fluid plans
- Public Process
 - Began in October
 - Finance Committee - November through May
 - City Council retreat in February
 - City Council work sessions March and April
 - Strategies addressing one-time needs
 - Services funded through the budget
 - Mid-year review – budget adjustments

Budget Overview (cont)

- Considerations
 - Hold the line on staffing and in general, expenditures
 - Maintain existing service levels
 - Dissolution of RDA

Budget Overview (cont)

- Focus on sustainable budget
 - Conservative revenue projections
 - Contribution to General Fund reserves
 - Labor negotiations
 - Balancing future fund deficits
 - Measure Z sunsets in 2018
- World economic impact, i.e. European debt crisis
- For 2012-13, State deficit of \$15.7 billion, Alameda County of \$88 million

City Council Goals

- Place the City on a firm foundation for long-term fiscal sustainability
- Work with the community and all stakeholders towards completing major projects and programs for sustainable economic development
- Provide quality public safety services and work in partnership with the community to keep San Leandro safe
- Maintain and enhance City's infrastructure
- Support programs, activities and communication that enhance quality of life in San Leandro and promote sense of community and civic pride
- Maintain and support strong positive relationship between the City and schools

One-time Needs Expenditures

2011-12 Fund Balance

| 2012-13 City Council Goals | One-Time Need | Proposed Funding |
|--|---|--------------------|
| Foundation for long-term fiscal sustainability | ✓Transfer to Economic Uncertainty reserve | \$ 600,000 |
| Complete projects for sustainable economic development | ✓Leverage for grant application(s) for economic development | 50,000 |
| Provide quality public safety keeping community safe | ✓Crime analysis/information sharing software | 50,000 |
| Maintain and enhance infrastructure | ✓Building Capital Improvement projects | 540,000 |
| | ✓ADA compliance plan | 75,000 |
| | ✓Fiber optic loop project | 60,000 |
| Enhance the quality of life and promote sense of community and civic pride | ✓Library book budget challenge, includes community matching program | 50,000 |
| | ✓Community assistance grant, restore 15% CDBG reduction | 15,000 |
| | ✓Project literacy, includes matching program | 40,000 |
| Strong positive relationship between City and schools | ✓San Leandro Museum and Art Gallery – school tours | 25,000 |
| Additional one-time funding from City Manager Contingency | ✓TBD (See handout) | 50,000 |
| Total | | \$1,555,000 |

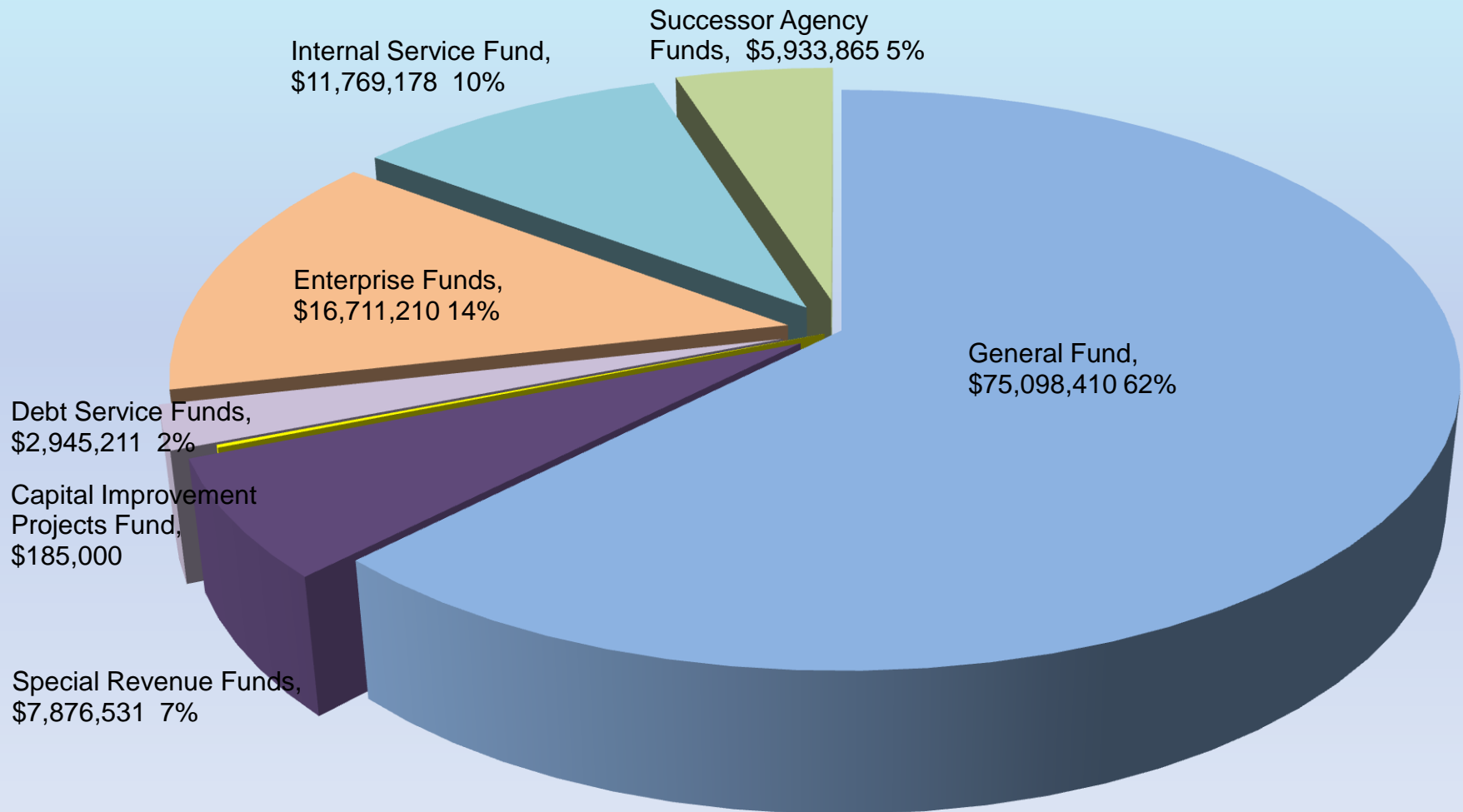
Every Year's Budget Uniquely Challenging

2012-13

- Unwinding redevelopment
- Affects of Great Recession continue
- Labor negotiations
- Measure Z sunsets 5 years from March 2013
- Even with Measure Z, total revenues remain below 2006-07

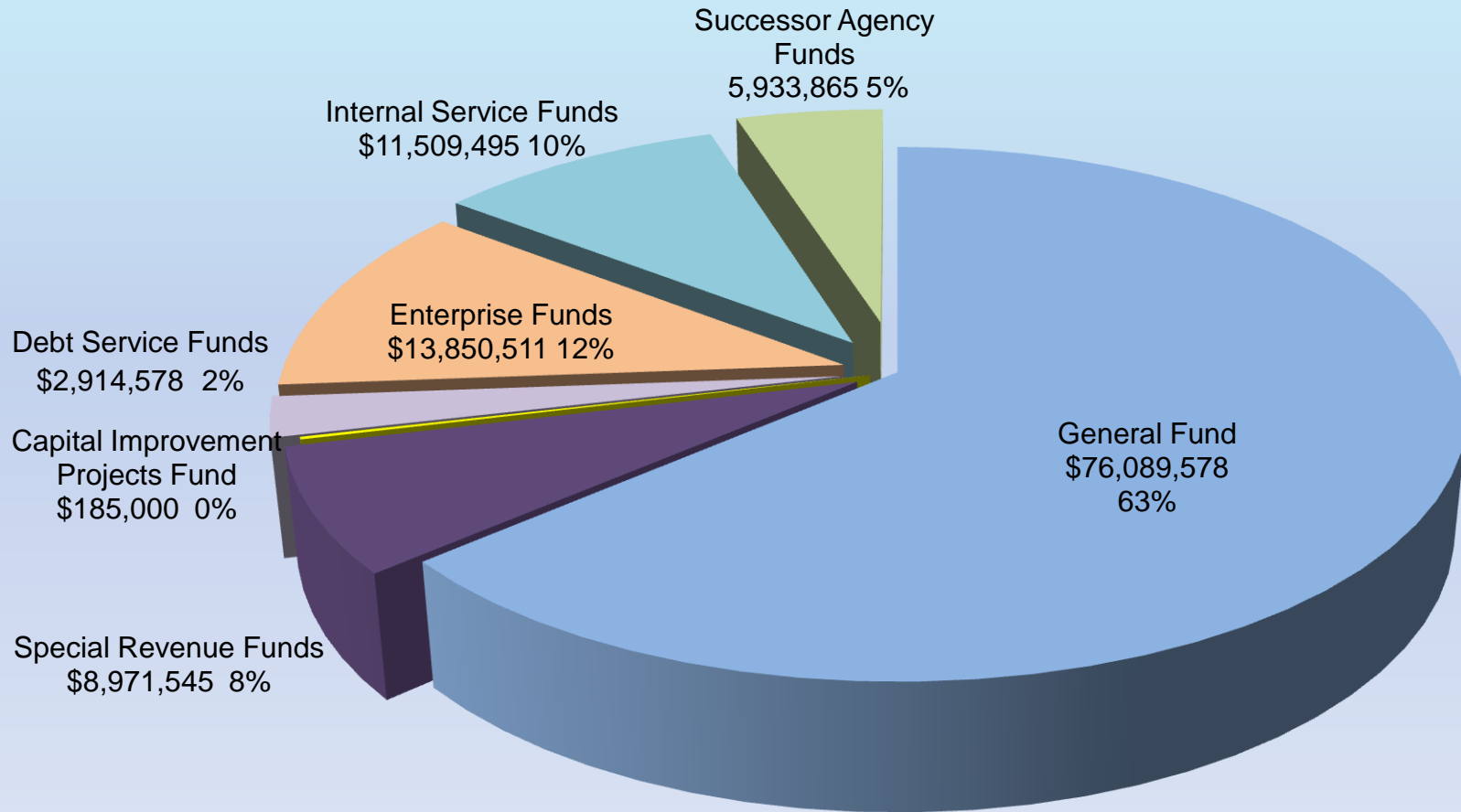
Total City Budget Revenues

\$120,519,405



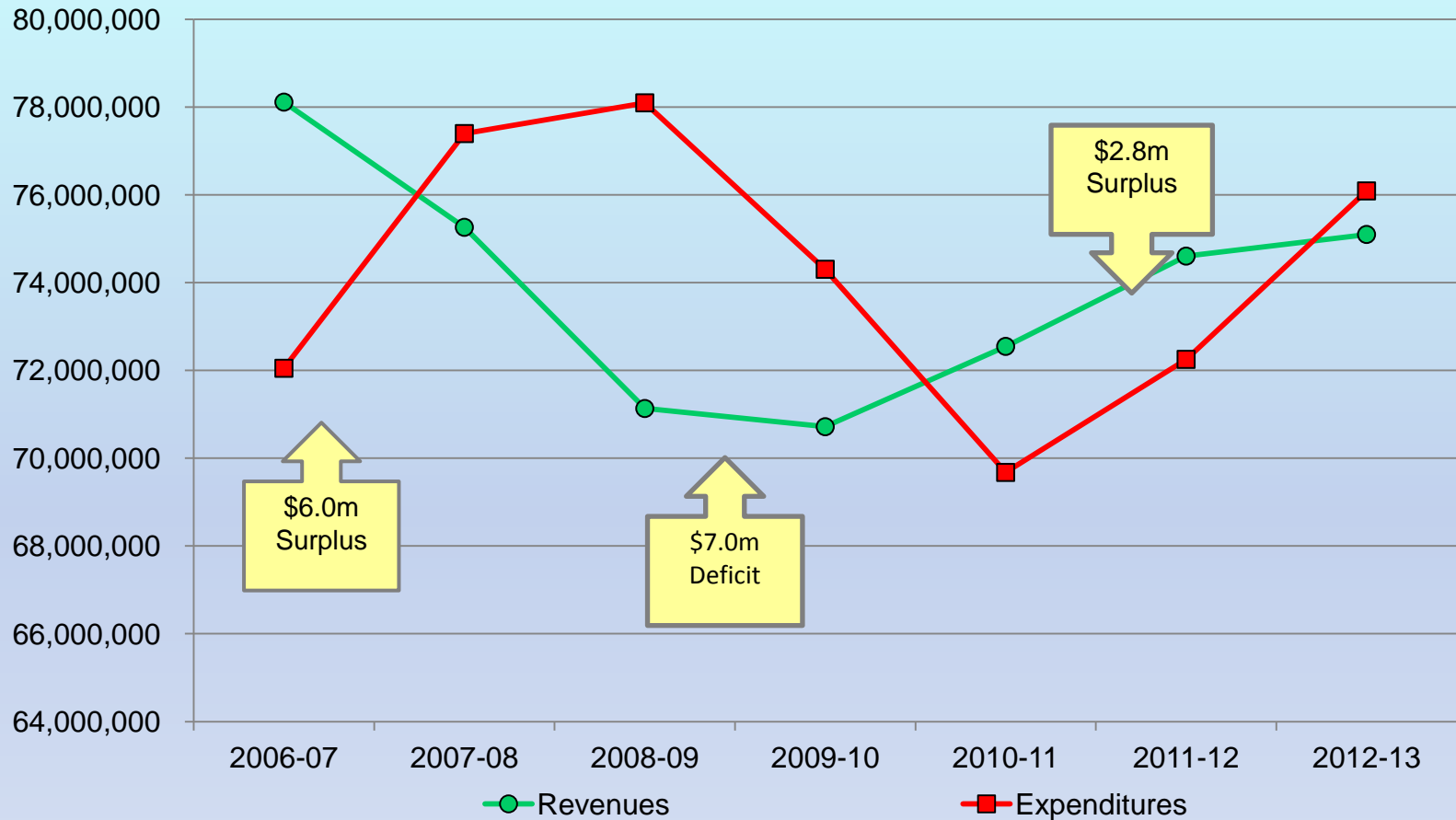
Total City Budget Expenditures

\$119,454,751



General Fund Annual Expenditures and Revenues

Historical Data, 2006-07 thru 2012-13



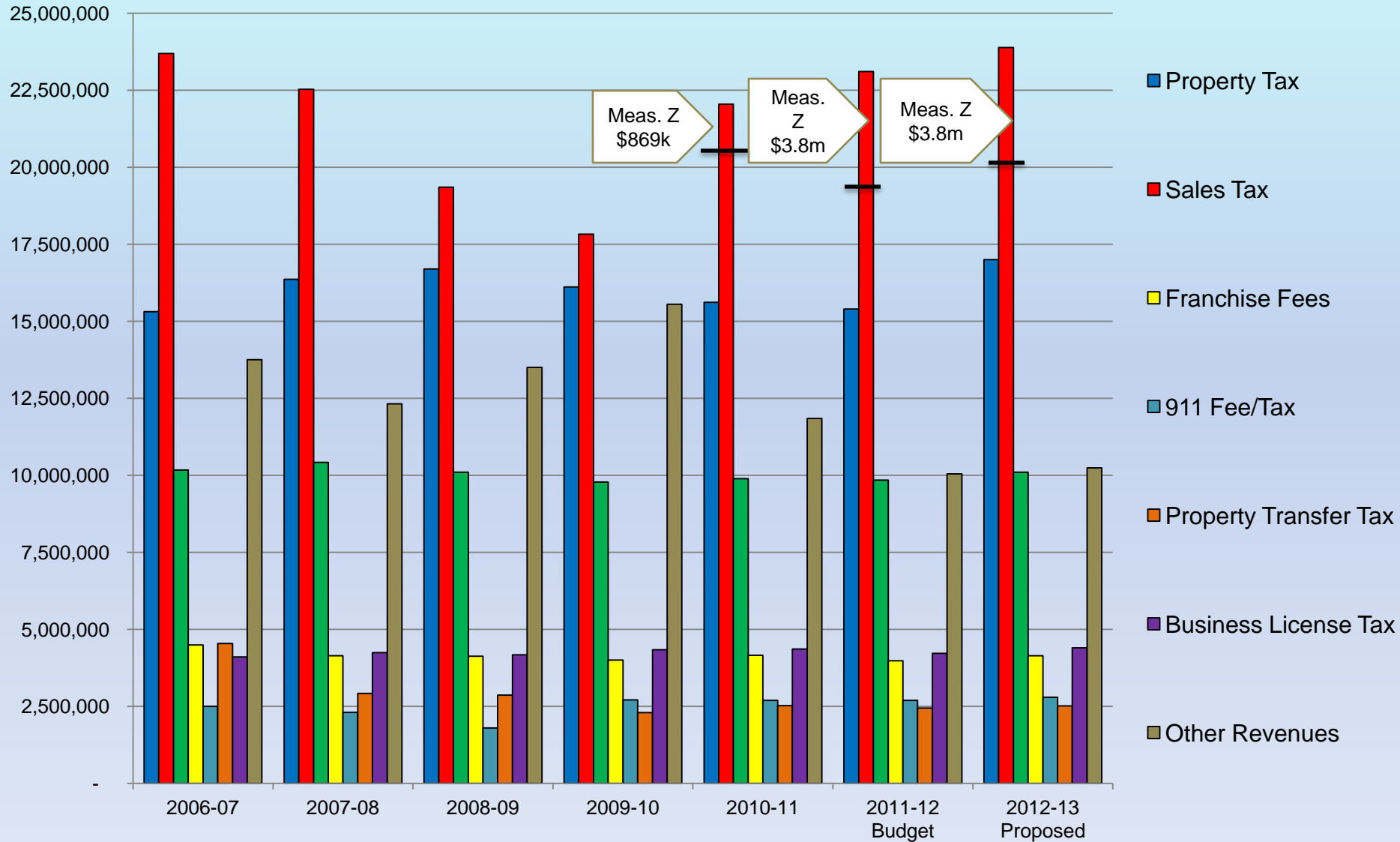
| | Actual 2006-07 | Actual 2007-08 | Actual 2008-09 | Actual 2009-10 | Actual 2010-11 | Projected 2011-12 | Proposed 2012-13 |
|--------------|-------------------|-------------------|-------------------|-------------------|-------------------|----------------------|---------------------|
| Revenues | \$ 78,113,000 | \$ 75,261,000 | \$ 71,133,000 | \$ 70,718,000 | \$ 72,548,000 | \$ 74,605,000 | \$ 75,098,000 |
| Expenditures | 72,049,000 | 77,397,000 | 78,097,000 | 74,305,000 | 69,677,000 | 72,252,000 | 76,090,000 |
| Net | \$ 6,064,000 | \$ (2,136,000) | \$ (6,964,000) | \$ (3,587,000) | \$ 2,871,000 | \$ 2,353,000 | \$ (992,000) |

Why General Fund Revenue Challenge?

- San Leandro residential property value decline, secured property assessed value dropped
- San Leandro residential foreclosures still at historical levels
 - 20 per month in 2008-09 down to 13 per month in 2011-12
- San Leandro unemployment at 10.7%; Alameda County at 9.3%
- Development and construction declined
 - City building permits down by 41% since 2006-07
 - Valuation down 39%

General Fund Annual Revenues

2006-07 through 2012-13



General Fund Expenditure Summary

- Hold the line budget, no additional department reductions
 - One full-time position restored

Increased Costs:

| | |
|--|------------|
| • Employee furlough termination | \$ 666,000 |
| • Fire services contract | 603,000 |
| • RDA - transfer positions from RDA (revenue offset) | 533,000 |
| • PERS rates - miscellaneous employees | 509,000 |
| • General liability claim costs | 478,000 |
| • RDA - transfer services from RDA (revenue offset) | 439,000 |
| • PERS rates - public safety employees | 323,000 |
| • Other ISF allocation | 245,000 |
| • Human Resources manager position | 192,000 |
| • CIP operating transfer | 185,000 |
| • Employee health benefits | 111,000 |
| • Municipal election | 110,000 |
| • Other service and supply costs | 108,000 |
| • Additional vehicle replacements | 66,000 |
| • Legal services and other consulting | 62,000 |

Expected Savings:

| | |
|-------------------------------------|-----------|
| • Refinancing public safety pension | (300,000) |
|-------------------------------------|-----------|

Total increase in General Fund expenditures

\$ 4,330,000

Budget Balancing Strategies

2012-13

| | |
|--|----------------------------|
| Increase Sales Tax revenue estimate, adjusting forecast to factor in 2011-12 increases | \$ 267,000 |
| Appropriate portion of building permit revenue to match 2012-13 expenditure requirement | 300,000 |
| Appropriate Community Impact payment (20%) without offsetting transfer increasing reserves | 300,000 |
| Use 2011-12 carryover Fund Balance for limited duration (first of five years) fire apparatus lease payment | 207,000 |
| Department reorganizations, limited hiring freeze and extended vacancy duration prior to recruitment, eliminating summer interns from E&T and directly impact capital improvement projects (same as 2011-12) | 244,000 |
| Total | <u>\$ 1,318,000</u> |

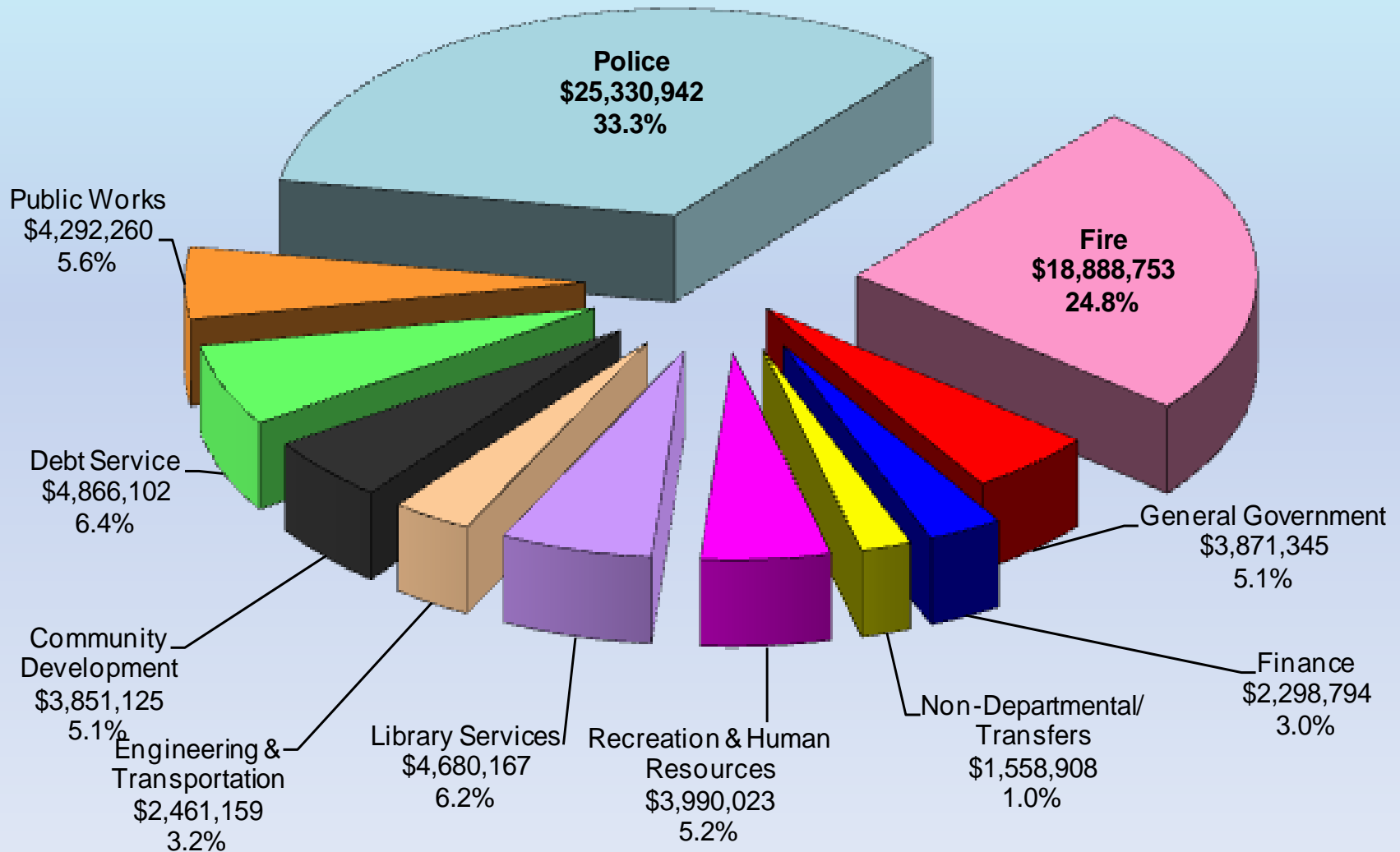
General Fund Budget Summary

2011-12 and 2012-13

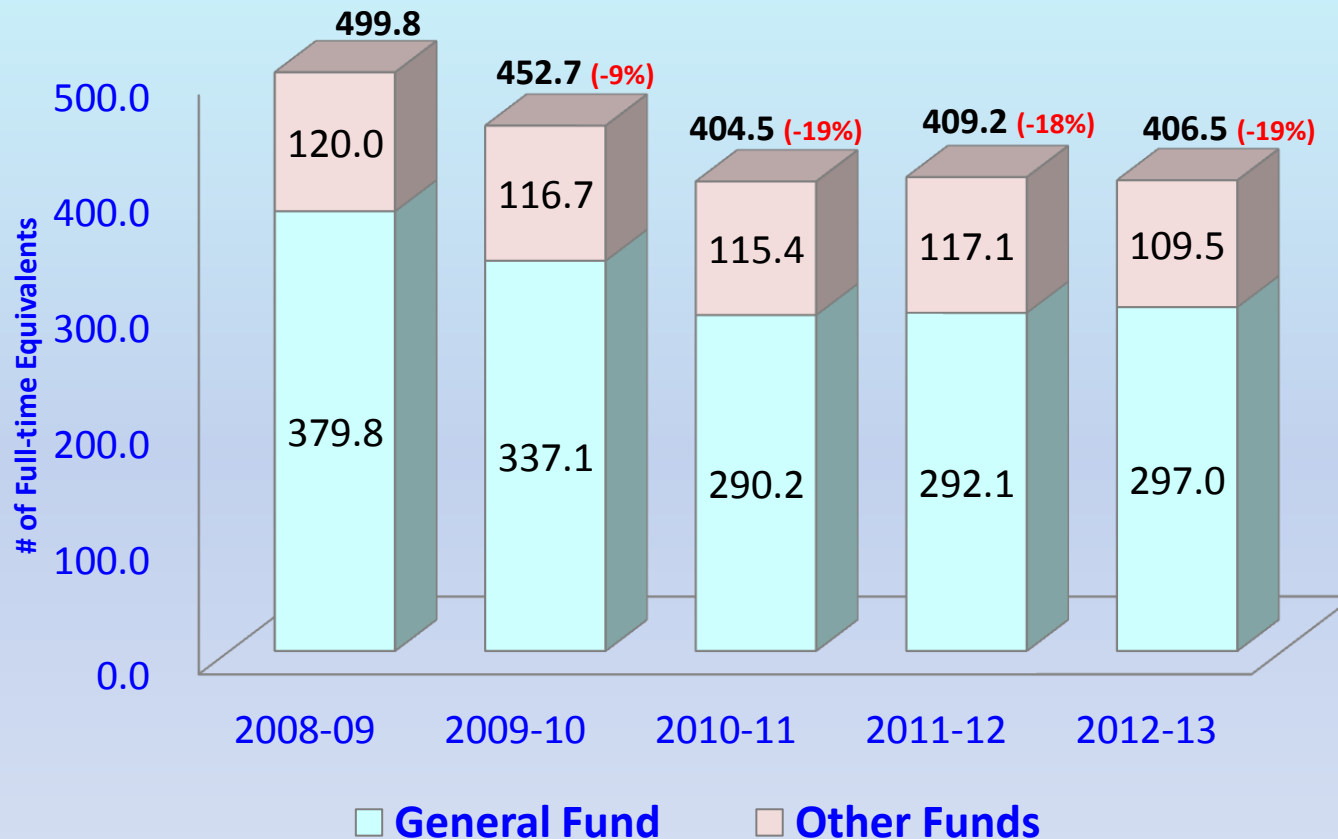
| | 2011-12 Adopted | 2011-12 Projected | 2012-13 Proposed |
|------------------------------|--------------------|----------------------|---------------------|
| Beginning fund balance | \$ 468,000 | \$ 2,468,000 | \$ 2,821,000 |
| Operating revenues | 71,760,000 | 74,605,000 | 75,098,000 |
| Operating expenditures | (71,692,000) | (72,003,000) | (75,833,000) |
| Operating transfers | (68,000) | (249,000) | (257,000) |
| Total expenditures | (71,760,000) | (72,252,000) | (76,090,000) |
| Operating surplus/deficit | - | 2,353,000 | (992,000) |
| Other sources/(uses) | - | (2,000,000) | - |
| Ending fund balance | \$ 468,000 | \$ 2,821,000 | \$ 1,829,000 |
| Use of fund balance: | | | |
| Building permit revenue | | | \$ 300,000 |
| Community impact designation | | | 300,000 |
| Fire apparatus lease payment | | | 207,000 |
| Capital improvements | | | 185,000 |
| | | | <u>\$ 992,000</u> |

General Fund Budget

\$76,089,578



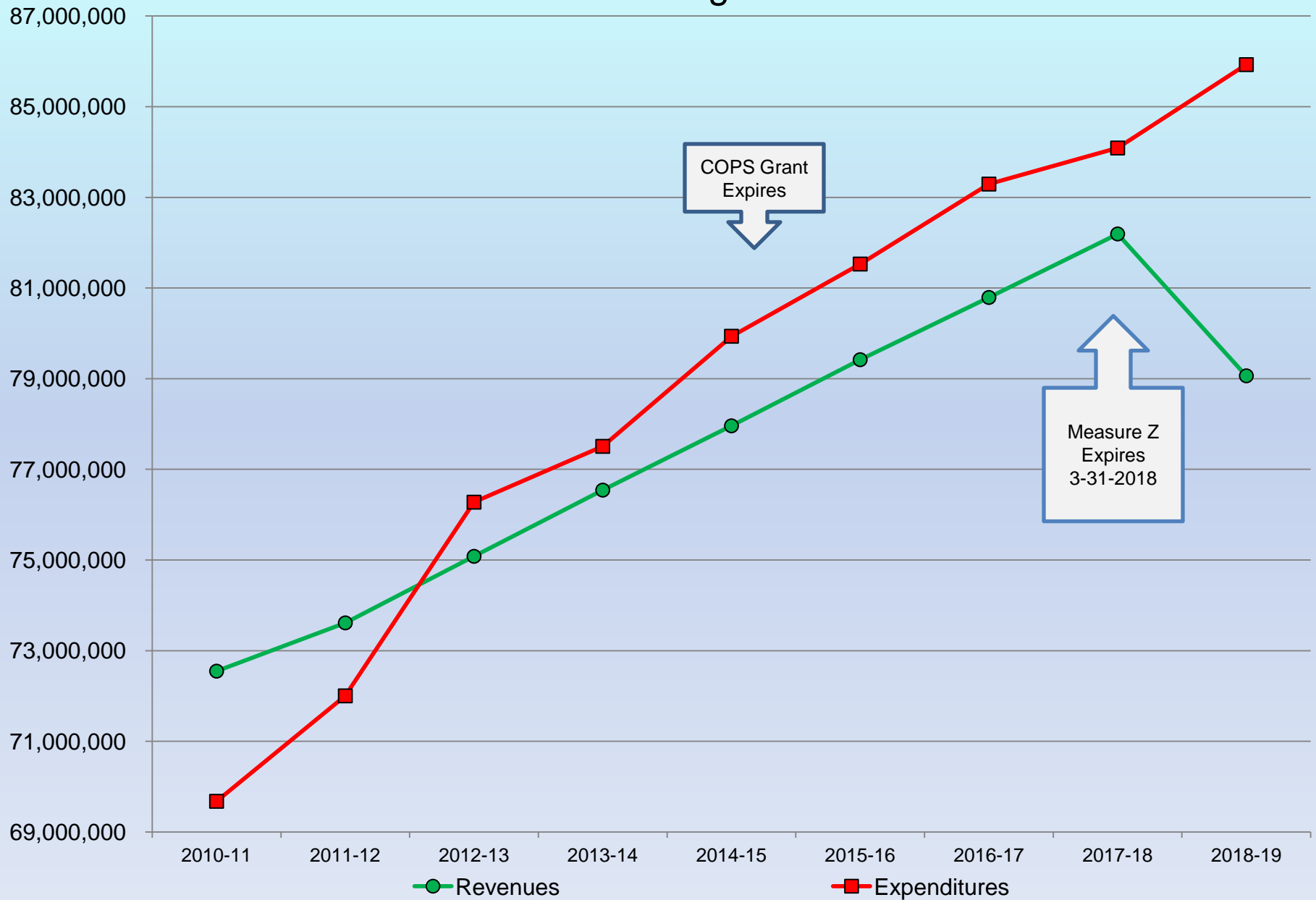
Total City Staffing



- 2012-13 decrease primarily due to RDA dissolution
- 2008-09 baseline year for comparison

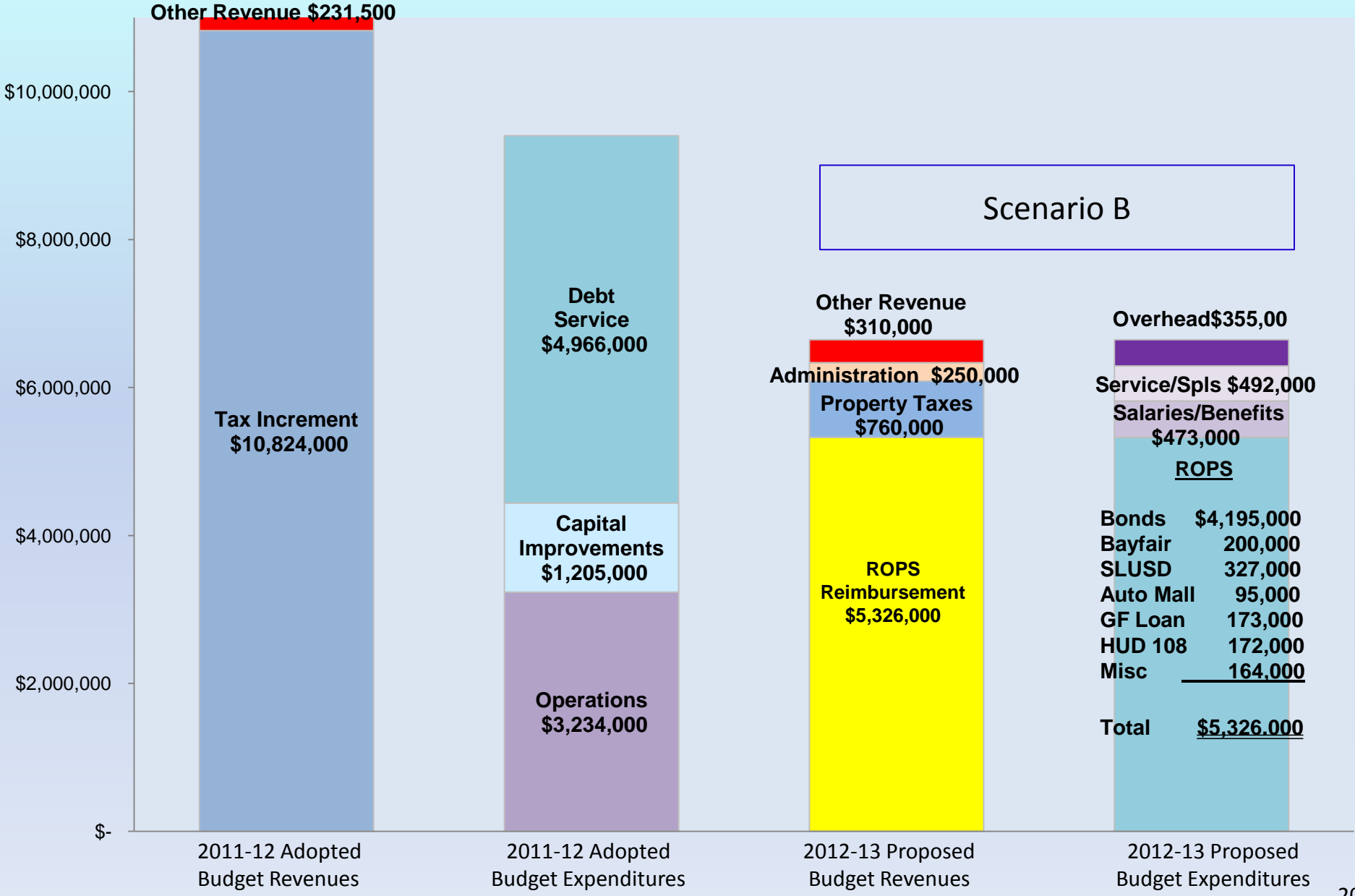
Seven Year Forecast, General Fund Revenues and Expenditures

2012-13 through 2018-19



RDA Elimination

Revenues and Expenditures



Scenario B Administrative/Program and Overhead Expenditures

| Expenditure Description | Proposed |
|---|---------------------|
| Salaries and Benefits | \$ 438,770 |
| Administration and Operating Programs: | 46,500 |
| Chamber support | \$ 10,000 |
| Stepping Stones | 22,000 |
| Downtown sidewalk cleaning | 20,000 |
| Downtown PBID | 40,000 |
| Farmer's Market | 9,000 |
| Downtown Business Assoc. support | 5,000 |
| Incentives (façade, broadband, etc) | 180,000 |
| Downtown holiday lights | 5,000 |
| Everyone Home | 6,000 |
| Fair Housing Program | 10,000 |
| Mortgage credit certificate | 1,000 |
| DSFRC Affordable housing | 11,000 |
| Single Family Rehab | 55,000 |
| First Time Home Buyer | 35,000 |
| Project financial analysis | 20,000 |
| Marketing | 30,000 |
| Memberships | 23,500 |
| Total Programs | 482,500 |
| Overhead Costs (ISF) | 103,006 |
| RDA O/H costs redistributed to Gen Fund depts | 249,224 |
| Total Scenario B Expenditures | <u>\$ 1,320,000</u> |

Special Revenue Fund Summary

| Fund Description | Revenues | Expenditures | Operating Surplus/Deficit |
|-------------------------------------|------------|--------------|---------------------------|
| CDBG | \$ 561,000 | \$ (539,000) | \$ 22,000 |
| HOME Grant Housing | 141,000 | (141,000) | 0 |
| Housing In Lieu | 0 | 0 | 0 |
| Business Improvement District | 299,000 | (297,000) | 2,000 |
| Parking | 275,000 | (320,000) | (45,000) |
| Park Development Fees | 31,000 | (18,000) | 13,000 |
| Heron Bay Maintenance | 330,000 | (438,000) | (108,000) |
| Cherrywood Maintenance | 22,000 | 0 | 22,000 |
| Asset Seizure | 6,000 | 0 | 6,000 |
| Grants | 1,891,000 | (1,927,000) | (36,000) |
| Public Education & Government (PEG) | 150,000 | (149,000) | 1,000 |

2012-13 Enterprise Fund Summary

| Fund Description | Beginning Fund Balance | Revenues | Expenditures | Ending Fund Balance |
|-------------------------------|------------------------|--------------|----------------|---------------------|
| Water Pollution Control Plant | 8,287,000 | 12,340,000* | (9,176,000) | 11,451,000 |
| Environmental Services | \$ 1,205,000 | \$ 1,167,000 | \$ (1,404,000) | \$ 968,000 |
| Shoreline | (136,000) | 2,130,000 | (2,116,000) | (122,000) |
| Storm Water | 242,000 | 1,075,000 | (1,155,000) | 162,000 |

* Includes \$260,000 loan repayment for Public Safety Retirement Side Fund refinancing

Internal Services Revenue Funds Summary

| Fund Description | Revenues | Expenditures | Operating Surplus/Deficit |
|-----------------------------------|-----------------|---------------------|----------------------------------|
| Building Maintenance | \$ 2,864,000 | \$ (2,864,000) | \$ 0 |
| Information Services | 3,674,000 | (3,674,000) | 0 |
| Self Insurance | 3,500,000 | (3,240,000) | 260,000 |
| Equipment Repairs and Maintenance | 1,731,000 | (1,731,000) | 0 |

Capital Improvement Program Summary

- ▶ 17 Projects (\$5.335 million)
- ▶ Projects are maintenance and safety related
- ▶ 4 of the City Council Top 10 projects are funded (12 of the top 25)
- ▶ Funding Summary:

| | |
|---|--------------------|
| • Developer Fees for Street Improvements | \$ 91,528 |
| • General Fund | 185,000 |
| • Park Development Fees | 17,946 |
| • Gas Tax (Section 2103) | 931,112 |
| • Measure B | 2,184,356 |
| • Heron Bay Maintenance Assessment District | 100,000 |
| • Special Grants | 496,202 |
| • Community Development Block Grant (CDBG) | 86,139 |
| • Water Pollution Control Plant Enterprise fund | 1,243,000 |
| Total Capital Improvement Program Funding | <hr/> \$ 5,335,283 |

Next Steps

- Public Hearing – City Council meeting June 4, 2012
- Published Adopted Budget will be available in August
- Adopted budget available via
 - City's website
 - City's libraries
 - Senior community center
- Budget in Brief available in July

Questions?