

City Manager's Proposed Biennial Budget 2019-20 and 2020-21



**City Council Meeting
City Council Chambers
May 20, 2019**

Overview

- City Council Goals
- Budget Summary
- General Fund
- All Other funds
 - Special Revenue funds
 - Enterprise funds
 - Internal Service funds
 - Successor Agency funds
 - 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

Budget Summary

- Revenues
 - 2019-20 \$186.5 million and 2020-21 \$190.8 million
 - Budget forecast assumes slight recession starting in 2021 and 2028
- Expenditures
 - 2019-20 \$185.9 million and 2020-21 \$190.8 million
 - Overall expenditure increase of 2.6%
- Staffing
 - 2019-20 432.26 FTEs and 2020-21 432.01 FTEs
- CIP - \$5.3 million for each fiscal year 2019-20 and 2020-21

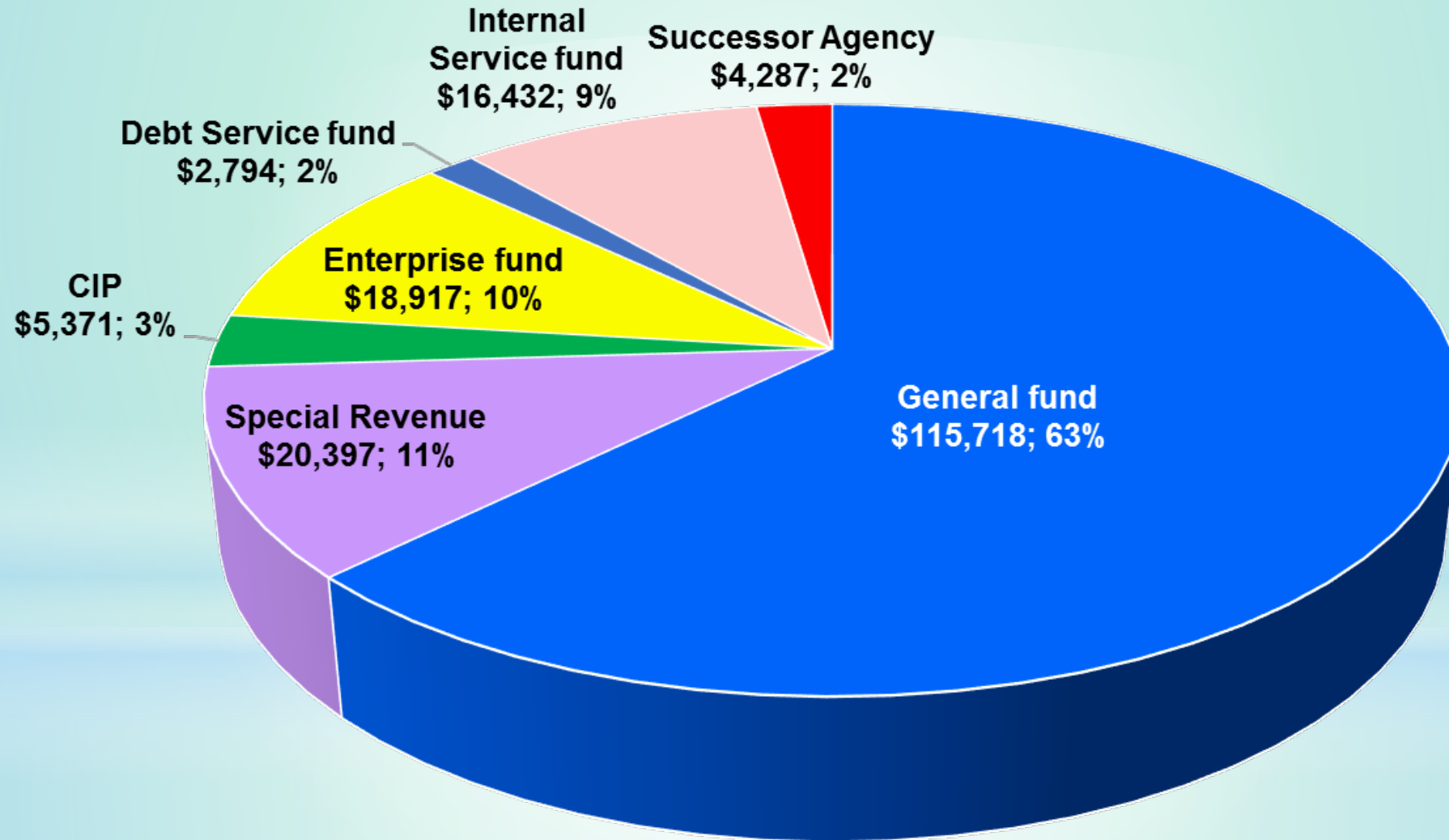


2019-20 and 2020-21 Proposed Budget All Funds

Proposed Revenues by Fund

2019-20 \$186,500,846

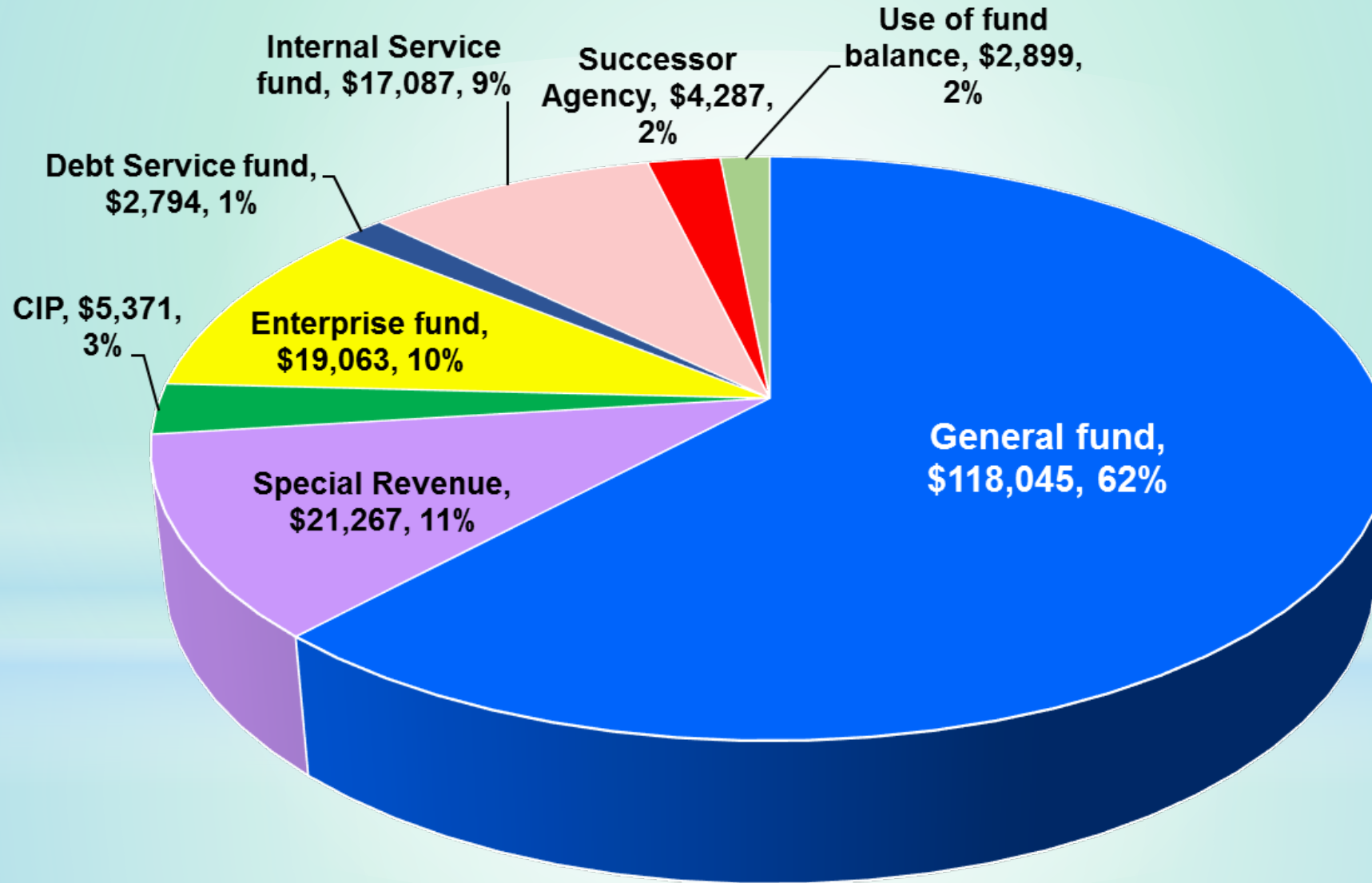
(Dollars in thousands on chart)



Proposed Revenues by Fund

2020-21 \$190,812,170

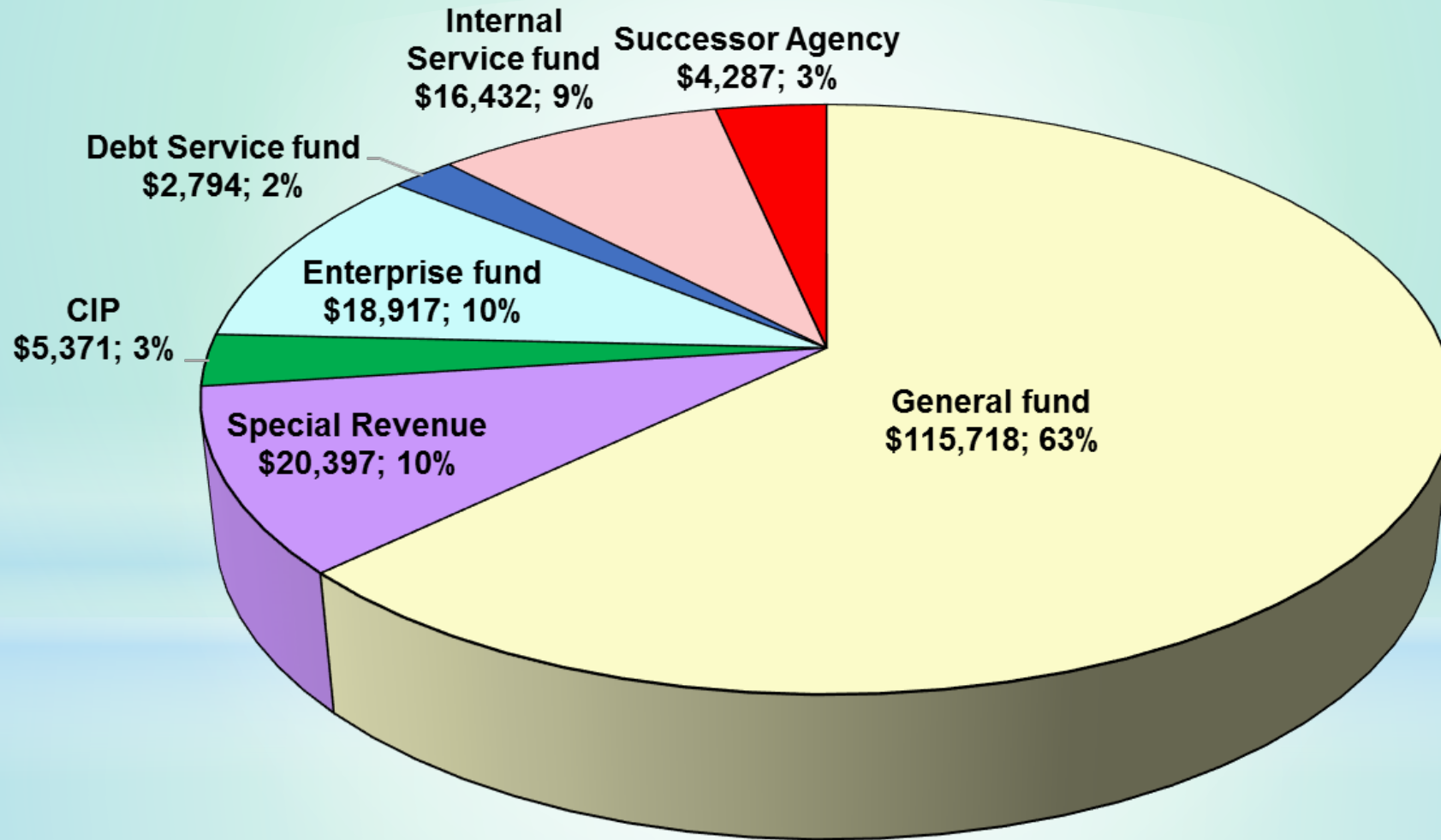
(Dollars in thousands on chart)



Proposed Expenditures by Fund

2019-20 \$185,888,244

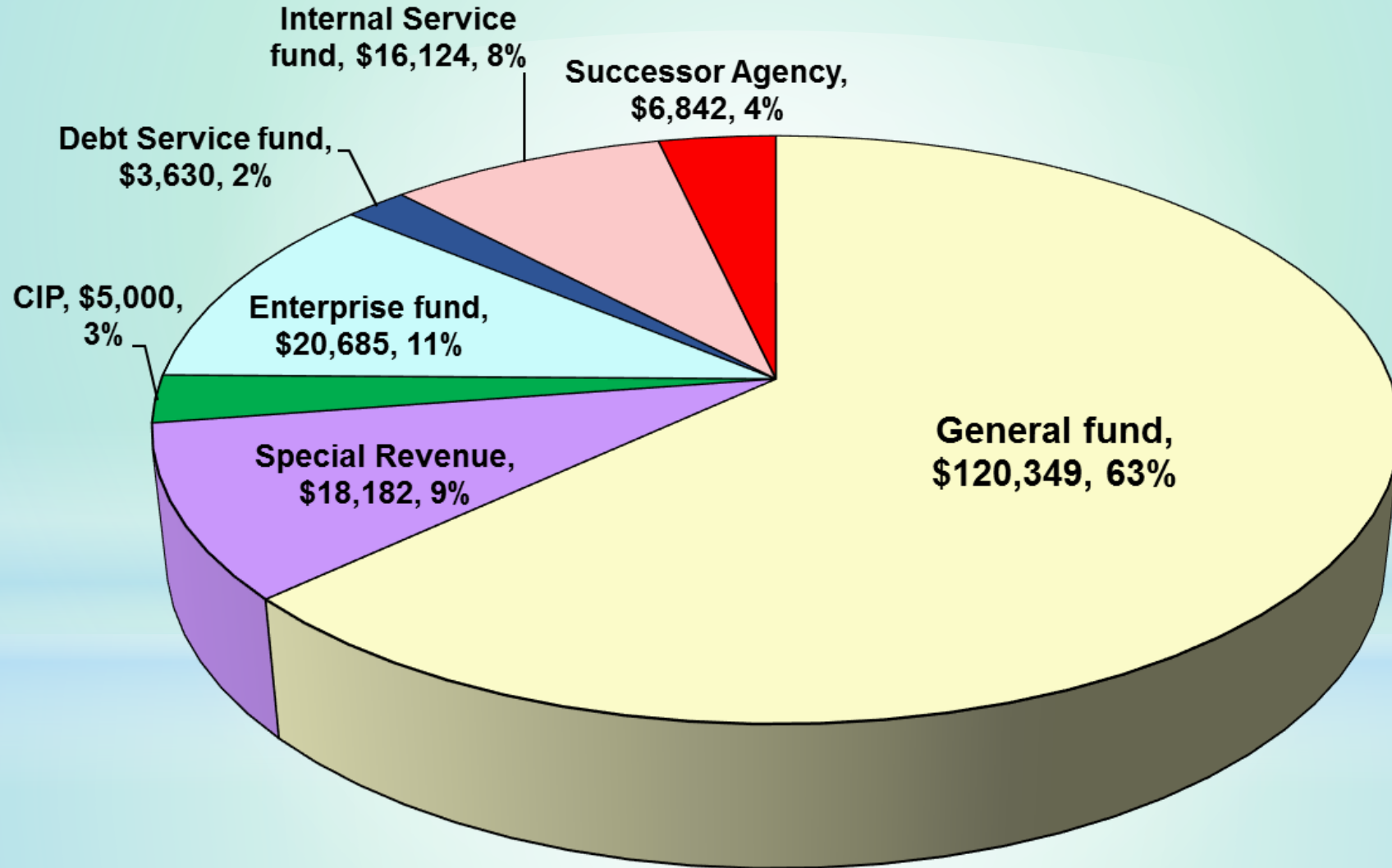
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Proposed Expenditures by Fund

2020-21 \$190,812,170

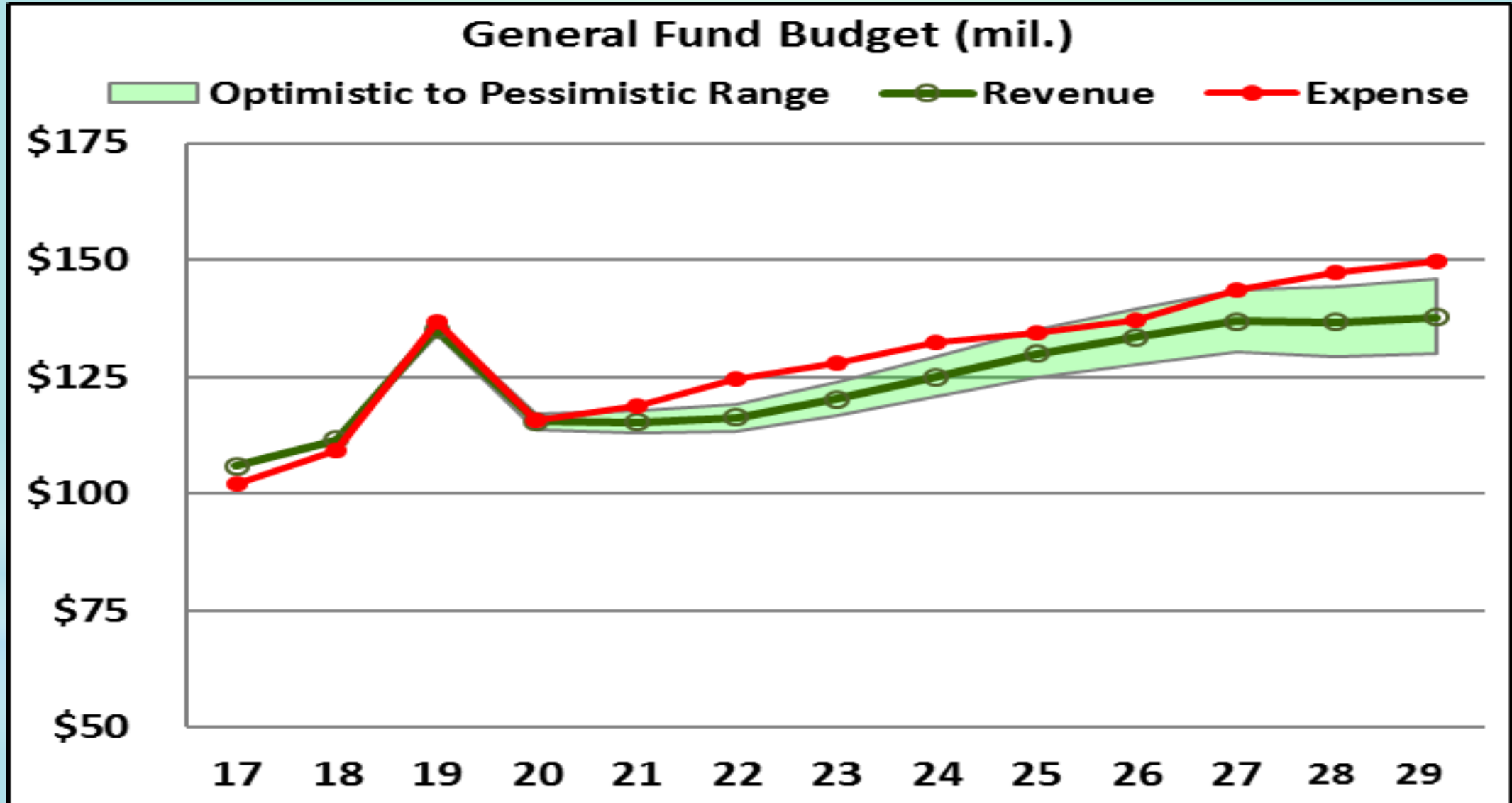
(Dollars in thousands on chart)





2019-20 and 2020-21 Proposed Budget General Fund

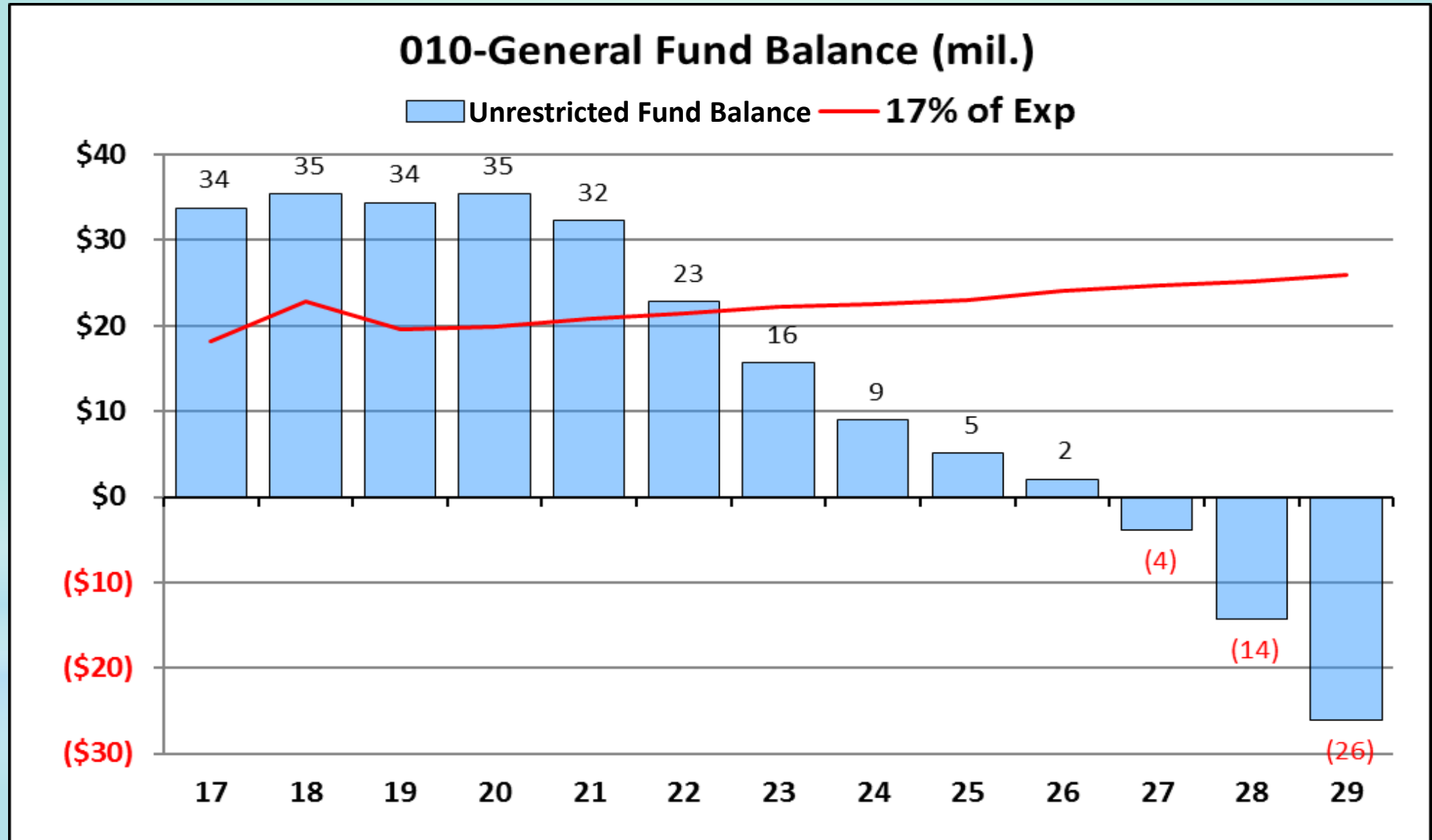
General Fund Forecast 2016-17 thru 2028-29



Proposed General Fund 2019-20 and 2020-21 *(Dollars in thousands)*

	2016-17 <u>Actual</u>	2017-18 <u>Actual</u>	2018-19 <u>Projected</u>	2019-20 <u>Proposed</u>	2020-21 <u>Proposed</u>
Total Operating Revenues	\$105,953	\$111,446	\$135,255	\$116,867	\$118,045
Total Operating Expenditures	91,824	99,173	106,065	111,440	114,999
Transfers Out	10,173	10,206	29,048	5,350	5,350
Total Expenditures	101,997	109,379	135,113	116,790	120,349
Net Revenue (Expenditure)	\$3,955	\$2,067	\$142	\$77	(\$2,304)
ACFD OPEB Reserve	\$870	\$1,004	\$995	\$1,071	\$969

General Fund Reserves 2017-18 thru 2028-29



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 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 (Increases as compared to 2017-18 Actuals)

#	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
Proposed Budget
All Other Funds**

Other Funds

- Special Revenue funds
- Capital Improvement Projects (CIP)
- Enterprise funds
- Internal Service funds
- Successor Agency fund

Special Revenue Funds

- Park Development Fees Fund
 - Park development fee assessments levied for partial funding of park development needs associated with residential growth
- Parking Fund
 - Parking meters, Parking structure, parking violations and lot fees for parking facility operation and maintenance
- Asset Seizure Fund
 - Funds received from asset forfeiture, used for public safety purposes
- Heron Bay Maintenance Fund
 - Special assessment funding for ongoing maintenance of public facilities at the Heron Bay Development
- Cherrywood Maintenance Fund
 - Special assessment funding for ongoing maintenance of public facilities at the Cherrywood Development
- Grants Fund (90% associated with Capital Improvement Projects)

Special Revenue Funds (cont.)

- Community Development Block Grant (CDBG)
 - Annual federal grant for public services, affordable housing, capital improvements and economic development
- HOME Grant Housing Fund
 - Annual federal grant (via Alameda County) for affordable housing
- Housing In Lieu Fund
 - Assessments toward funding of low/moderate housing projects
- Affordable Housing Asset Fund
 - Assets received from affordable housing activities/programs from the former RDA Low/Moderate Housing fund and acts as its Successor agency
- Business Improvement District Fund (BID)
 - Service fees charged to business owners for the LINKS shuttle service from Downtown BART to the West San Leandro industrial area
- Public Education & Government (PEG) Fund
 - User fees charged to cable television customers and is used to fund public education on government programs

Proposed Special Revenue Funds

	Beginning Balance	Revenue 2019-20	Expenditures 2019-20	Ending Balance	Revenue 2020-21	Expenditures 2020-21	Ending Balance
Park Development Fees	(\$3,331,546)	\$1,000,000	\$0	(\$2,331,546)	\$1,000,000	\$0	(\$1,331,546)
Parking	198,440	505,000	(623,711)	79,729	555,000	(627,646)	7,083
Asset Seizure	1,324,501	160,000	(237,224)	1,247,277	160,000	(197,224)	1,210,053
Heron Bay	949,721	365,000	(275,710)	1,039,011	375,000	(286,021)	1,127,990
Cherrywood Maint.	420,997	4,000	0	424,997	4,000	0	428,997
Grants	2,280,421	1,937,900	(719,291)	3,499,030	1,957,900	(731,186)	4,725,744
CDBG	385,787	400,000	(420,862)	364,925	400,000	(427,494)	337,431
Home Grant Housing	545,825	154,000	(8,561)	691,264	154,000	(9,413)	835,851
Housing In Lieu	242,948	3,000	0	245,948	3,000	0	248,948
Affordable Housing Asset Fund	2,221,115	200,000	(2,999)	2,418,116	200,000	(2,999)	2,615,117
Business Improvement District	126,372	697,530	(695,530)	128,372	697,530	(695,530)	130,372
Public Education & Govt	908,419	232,000	(67,122)	1,073,297	232,000	(67,122)	1,238,175

Park Development Fees Fund 6-Year Forecast

	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Park Development Fund 122	Actual	Actual	Projected	Projected	Projected	Projected	Projected	Projected	Projected
Beginning Fund Balance	449,017	1,071,450	332,699	(3,331,547)	(2,331,547)	(1,331,547)	(331,547)	678,453	1,698,553
Revenues									
Development Fees	719,540	212,032	700,000	1,000,000	1,000,000	1,000,000	1,010,000	1,020,100	1,020,100
Interest Income/Other Revenue	(4,160)	6,785	3,700	-	-	-	-	-	-
Total Revenues	715,381	218,817	703,700	1,000,000	1,000,000	1,000,000	1,010,000	1,020,100	1,020,100
Expenditures									
Personnel	5,991	-	-	-	-	-	-	-	-
Non-Personnel	86,957	957,567	4,367,946	-	-	-	-	-	-
Total Expenditures	92,948	957,567	4,367,946	-	-	-	-	-	-
Annual Surplus/(Shortfall)	622,433	(738,750)	(3,664,246)	1,000,000	1,000,000	1,000,000	1,010,000	1,020,100	1,020,100
Ending Fund Balance	1,071,450	332,699	(3,331,547)	(2,331,547)	(1,331,547)	(331,547)	678,453	1,698,553	2,718,653

- Park development fees fund are assessments paid by new housing development projects
- Housing developments were temporarily delayed, now moving forward
- If there are no revenues, expenditures will be deferred in order to avoid a negative fund balance
- FY 2018-19 will not have a negative fund balance – YTD actual expenditures \$46,000

Parking Fund 6-Year Forecast

	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Parking Fund 132	Actual	Actual	Projected	Projected	Projected	Projected	Projected	Projected	Projected
Beginning Fund Balance	(114,508)	(127,546)	271,221	198,440	79,729	7,083	(3,556)	23,346	61,355
Revenue									
Parking Fees	249,154	222,554	243,000	305,000	305,000	325,150	347,255	357,672	368,402
Parking Violations	-	-	-	200,000	250,000	300,000	325,000	334,750	344,793
Other Income	149	601,943	2,400	-	-	-	-	-	-
Total Revenues	249,303	824,497	245,400	505,000	555,000	625,150	672,255	692,422	713,195
Expenditures									
Personnel	90,321	119,051	123,950	99,106	103,041	104,981	108,260	110,954	113,779
Non-Personnel	172,020	306,679	194,231	524,605	524,605	530,808	537,092	543,459	549,909
Total Expenditures	262,341	425,730	318,181	623,711	627,646	635,789	645,352	654,413	663,689
Annual Surplus/(Shortfall)	(13,038)	398,767	(72,781)	(118,711)	(72,646)	(10,639)	26,902	38,009	49,506
Ending Fund Balance	(127,546)	271,221	198,440	79,729	7,083	(3,556)	23,346	61,355	110,861

- Effective 7/1/2019 parking enforcement performed by SP Plus with Police department oversight
- Revenues estimated conservatively in collaboration with Community Development
- Expenditures include \$243,000 per fiscal year starting in 2019-20 for contract services
- \$600,000 was transferred to the Parking Fund from the 2008 Tax Allocation Bonds to implement the Downtown Parking Management Plan in FY 2017-18

Special Revenue Funds (Streets)

- Street/Traffic Improvement Fund (DFSI) - Development fee assessments for street/traffic improvements
- Underground Utility Fees
 - Funds utility conversion project for placement of overhead utilities placed underground
- Gas Tax Fund
 - Road Repair and Accountability Act of 2017 requires 12 cents/gallon tax for road rehabilitation
 - Allocation from State for street maintenance performed by Public Works
- Gas Tax (Section 2103) - Allocation from State for street reconstruction (CIP)
- Measure B
 - City share of ½ cent sales tax administered by the Alameda County Transportation Commission (ACTC) for streets, construction and maintenance; used for streets capital projects
- Measure BB
 - City share of additional ½ cent transportation sales tax approved by voters November 4, 2014 and administered by the Alameda County Transportation Commission (ACTC) for streets, construction and maintenance for 30 years beginning April 1, 2015
 - Fix roads, increase bicycle and pedestrian safety, reduce traffic congestion and improve air quality
- Measure F
 - City share of proceeds on a \$10 increase in vehicle registration fees approved by voters in November 2010; funds used for projects to reduce traffic congestion and vehicle related pollution

Proposed Special Revenue Funds (Streets)

2019-20 and 2020-21

	Beginning Balance	Revenue 2019-20	Expenditures 2019-20	Ending Balance	Revenue 2020-21	Expenditures 2020-21	Ending Balance
Street/Traffic Improv (DFSI)	\$1,894,172	\$400,000	(\$420,000)	\$1,874,172	\$400,000	(\$100,000)	\$2,174,172
Underground Utility Fees	2,731,856	325,000	0	3,056,856	325,000	0	3,381,856
Gas Tax	734,006	2,985,057	(3,427,253)	291,810	2,887,500	(3,171,770)	7,540
Gas Tax (Section 2103)	1,092,200	754,598	(1,000,000)	846,798	754,598	(1,000,000)	601,396
Measure B	2,708,006	1,976,000	(1,870,050)	2,813,956	2,021,000	(1,876,295)	2,958,661
Measure BB	1,043,058	8,634,000	(8,583,194)	1,093,864	8,684,000	(8,589,439)	1,188,425
Measure F	821,194	446,000	(400,000)	867,194	456,000	(400,000)	923,194
Proposition IB	13,270	100	0	13,370	100	0	13,470

Gas Tax Fund 6-Year Forecast

	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Gas Tax Fund 140	Actual	Actual	Projected	Projected	Projected	Projected	Projected	Projected	Projected
Beginning Fund Balance	784,570	584,341	276,933	734,006	291,810	7,540	(326,287)	(734,575)	(1,209,495)
Revenue									
Gas Tax	1,428,889	1,926,802	2,832,118	2,884,272	2,885,500	2,885,500	2,885,500	2,885,500	2,885,500
Interest Income/Transfers	239,685	389,929	534,118	100,785	2,000	2,000	2,000	2,000	2,000
Total Revenues	1,668,574	2,316,731	3,366,236	2,985,057	2,887,500	2,887,500	2,887,500	2,887,500	2,887,500
Expenditures									
Personnel	979,493	1,236,601	1,432,850	1,529,681	1,615,010	1,641,785	1,693,074	1,736,134	1,781,236
Non-Personnel	889,309	1,387,538	1,476,313	1,897,572	1,556,760	1,579,541	1,602,714	1,626,286	1,650,263
Total Expenditures	1,868,802	2,624,139	2,909,163	3,427,253	3,171,770	3,221,326	3,295,788	3,362,420	3,431,500
Annual Surplus/(Shortfall)	(200,229)	(307,408)	457,073	(442,196)	(284,270)	(333,826)	(408,288)	(474,920)	(544,000)
Ending Fund Balance	584,341	276,933	734,006	291,810	7,540	(326,287)	(734,575)	(1,209,495)	(1,753,495)

- Effective 11/1/2017 the Road Repair and Accountability Act of 2017 (SB1) requires 12 cent per gallon tax for road maintenance rehabilitation
- Revenues estimated \$1.45 million per fiscal year from SB1
- Revenue projections to remain flat and will update as the new program continues
- Maintenance of effort requirement met by General Fund streets and road repairs projected expenditures

CIP

	Beginning Balance	Revenue 2019-20	Expenditures 2019-20	Ending Balance	Revenue 2020-21	Expenditures 2020-21	Ending Balance
Capital Project Funds:							
Capital Improvements	\$43,069,972	\$5,370,600	(\$5,300,000)	\$43,140,572	\$5,370,600	(\$5,000,000)	\$43,511,172
CFD #1 Cherrywood	497,875	0	0	497,875	0	0	497,875
SL Hillside Abatement (GHAD)	14,148	0	0	14,148	0	0	14,148
Total Capital Project Funds	\$43,581,995	\$5,370,600	(\$5,300,000)	\$43,652,595	\$5,370,600	(\$5,000,000)	\$44,023,195

Enterprise Funds

- Water Pollution Control Plant
- Environmental Services
- Shoreline
- Storm Water

Enterprise Fund Summary

	Beginning Balance	Revenue 2019-20	Expenditures 2019-20	Ending Balance	Revenue 2020-21	Expenditures 2020-21	Ending Balance
Water Pollution Control	\$49,384,788	\$13,859,612	(\$14,247,989)	\$48,996,411	\$14,159,612	(\$15,958,687)	\$47,197,336
Environmental Services	1,148,858	1,088,682	(1,254,648)	982,892	1,085,682	(1,291,472)	777,102
Shoreline Fund	1,362,749	2,966,212	(2,007,678)	2,321,283	2,815,607	(2,046,747)	3,090,143
Storm Water	(691,243)	1,002,000	(1,355,093)	(1,044,336)	1,002,000	(1,388,433)	(1,430,769)
Total Enterprise Funds	\$51,205,152	\$18,916,506	(\$18,865,408)	\$51,256,250	\$19,062,901	(\$20,685,339)	\$49,633,812

- Revenue projections be relatively flat with slight decreases in Environmental Services and Shoreline funds
- Rate study being conducted for WPCP to present to voters in 2020
- WPCP transfers \$132,782 per fiscal year to the Environmental Services fund for pretreatment activities

Shoreline Fund 6-Year Forecast

Shoreline Enterprise Fund 597	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
	Actual	Actual	Adopted	Projected	Projected	Projected	Projected	Projected	Projected
Beginning Fund Balance	(778,770)	97,119	1,053,153	1,362,745	2,321,280	3,090,138	3,155,927	3,208,632	3,246,789
Revenue									
Rents & Concessions	1,518,484	1,569,374	1,285,000	1,525,000	1,525,000	1,125,000	1,125,000	1,125,000	1,125,000
Berthing/Boat Launch Fees	431,798	424,466	374,200	327,200	313,200	4,000	4,000	4,000	4,000
Transient Occupancy Tax	629,411	806,392	845,630	887,912	932,307	960,276	989,085	1,018,757	1,049,320
Other Revenues/Interest	51,038	108,981	53,000	226,100	45,100	40,050	40,050	35,050	35,050
Total Revenues	2,630,732	2,909,212	2,557,830	2,966,212	2,815,607	2,129,326	2,158,135	2,182,807	2,213,370
Expenditures									
Personnel	628,998	569,954	681,885	680,122	719,203	715,318	736,160	753,946	772,513
Non-Personnel/Transfers	1,125,845	1,383,225	1,566,353	1,327,555	1,327,546	1,348,219	1,369,269	1,390,704	1,412,530
Total Expenditures	1,754,842	1,953,178	2,248,238	2,007,677	2,046,749	2,063,537	2,105,430	2,144,649	2,185,043
Annual Surplus/(Shortfall)	875,890	956,034	309,592	958,535	768,858	65,789	52,705	38,158	28,327
Ending Fund Balance	97,119	1,053,153	1,362,745	2,321,280	3,090,138	3,155,927	3,208,632	3,246,789	3,275,117

- Transient Occupancy Tax (TOT) rate increased from 10% to 14% effective January 1, 2017
- Berth rental fees increased by CPI; Berth renters decreasing due to Shoreline development
- Rents and concession revenues slightly decrease due to temporary disruption caused by expected new construction of mixed use project

Storm Water Fund 6-Year Forecast

	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Storm Water Fund 598	Actual	Actual	Adopted	Projected	Projected	Projected	Projected	Projected	Projected
Beginning Fund Balance	87,341	65,124	(290,439)	(691,244)	(1,044,337)	(1,430,769)	(1,833,992)	(2,265,184)	(2,720,505)
Revenue									
Storm Water Service Fees	1,081,116	1,053,829	1,100,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Interest Income	2,680	2,865	500	2,000	2,000	2,000	2,000	2,000	2,000
Total Revenues	1,083,796	1,056,694	1,100,500	1,002,000	1,002,000	1,002,000	1,002,000	1,002,000	1,002,000
Expenditures									
Personnel	633,179	744,309	786,860	735,419	768,758	782,838	808,070	829,434	851,820
Non-Personnel/Transfers	472,834	667,948	714,445	619,674	619,674	622,385	625,122	627,887	630,680
Total Expenditures	1,106,013	1,412,257	1,501,305	1,355,093	1,388,432	1,405,223	1,433,192	1,457,321	1,482,500
Annual Surplus/(Shortfall)	(22,217)	(355,563)	(400,805)	(353,093)	(386,432)	(403,223)	(431,192)	(455,321)	(480,500)
Ending Fund Balance	65,124	(290,439)	(691,244)	(1,044,337)	(1,430,769)	(1,833,992)	(2,265,184)	(2,720,505)	(3,201,005)

- No significant revenue increases projected
- Fund in deficit beginning 2017-18
- Operating expenditures continue to increase due to salary and benefit cost increases
- Unable to provide for all maintenance and reporting activities, and fund regulatory required capital improvements – long-term capital funding option needed

Internal Service Funds

- Building Maintenance
- Information Technology
- Self Insurance
- Equipment Maintenance

Internal Service Fund Summary

	Beginning Balance	Revenue 2019-20	Expenditures 2019-20	Ending Balance	Revenue 2020-21	Expenditures 2020-21	Ending Balance
Building Maintenance	\$2,345,047	\$3,388,214	(\$3,525,504)	\$2,207,757	\$3,388,214	(\$3,584,606)	\$2,011,365
Information Technology	1,557,570	4,377,473	(4,428,874)	1,506,169	4,377,473	(4,824,734)	1,058,908
Self Insurance	2,346,190	5,528,474	(5,369,340)	2,505,324	5,528,474	(5,397,070)	2,636,728
Equipment Maintenance	6,836,492	3,793,038	(2,925,454)	7,704,076	3,793,038	(2,317,453)	9,179,661
Total Internal Service Funds	\$13,085,299	\$17,087,199	(\$16,249,172)	\$13,923,326	\$17,087,199	(\$16,123,863)	\$14,886,662

- Building Maintenance projects include includes contract janitorial services and general maintenance for approximately 50 City buildings, and also includes smaller CIP projects that do not require engineering services.
- Information Technology fund includes new Innovation Technology Analyst
- Self Insurance fund includes:
 - \$2.3 million for Workers' Compensation claims
 - \$1.7 million for General Liability claims
 - \$750,000 for the PULL program
- Equipment Maintenance Fund is responsible for the repair and replacement of the City's equipment and vehicle fleet.

Successor Agency Fund Summary

Recognized Obligation Payment Schedules and Successor Agency Administration

	Revenue 2019-20	Expenditures 2019-20	Revenue 2020-21	Expenditures 2020-21
Successor Agency to the Redevelopment Agency	\$5,710,661	(\$6,297,472)	\$5,710,661	(\$6,841,518)
Total Private Purpose Trust Fund	\$5,710,661	(\$6,297,472)	\$5,710,661	(\$6,841,518)

- Project Areas for Recognized Obligation Payment Schedules (ROPS) and Successor Agency Administration:
 - Joint Project Area
 - Plaza Project Area
 - West San Leandro Project Area

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 – Adopt Taxes & Master Fee Schedule
- May 14, 2019 Budget Binders 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