

**City of San Leandro
General Fund and CIP Biennial
2015-16 and 2016-17
Budget Development**



**City Council Work Session
City Council Chamber
March 23, 2015**

Overview

- 2015 City Council Goals
- Budget considerations
- Biennial Revenue and expenditure highlights and assumptions
- Initial budget summary and forecast
- Unfunded liabilities
- Proposed Capital Improvement Program

City Council 2015 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 Considerations

- Continuing increases in:
 - Unfunded liabilities
 - Service level demands
 - Facility and maintenance needs
 - Community and Social Services programs financial support
 - Fire contract services and equipment
- Maintain reserve levels
- Labor negotiations

General Fund Biennial Budget Summary and Forecast

General Fund Revenue and Reserve Highlights 2014-15 through 2016-17

- Sales tax
 - Represents over 40% of General Fund revenues
 - Measure HH effective 4/1/2015
- Economic conditions improving
 - Unemployment rate declining
 - Housing market improvements
 - Job growth
- City of San Leandro S&P credit rating increase from A+ to AA-
- Ability to maintain Council approved 20% reserve threshold

General Fund Expenditure Highlights

2015-16 through 2016-17

DESCRIPTION	2015-16	2016-17
• Street and road improvements funded by Measure HH	\$ 1,000,000	\$ 1,000,000
• Police Building modifications to South Office building for offices and communications	750,000	1,575,000
• Increased funding for social services, arts and culture, and Project Literacy	181,000	181,000
• Fire engine and fire ladder truck purchases	700,000	1,000,000
• 3 Sworn Officers added to force (2 School Resource Officers and 1 Downtown Bicycle Officer)	443,000	471,000
• Bargaining unit contracts expire in 2015, no estimates included in proposed budget	Unknown	Unknown

General Fund Budget Summary

2014-15 through 2016-17

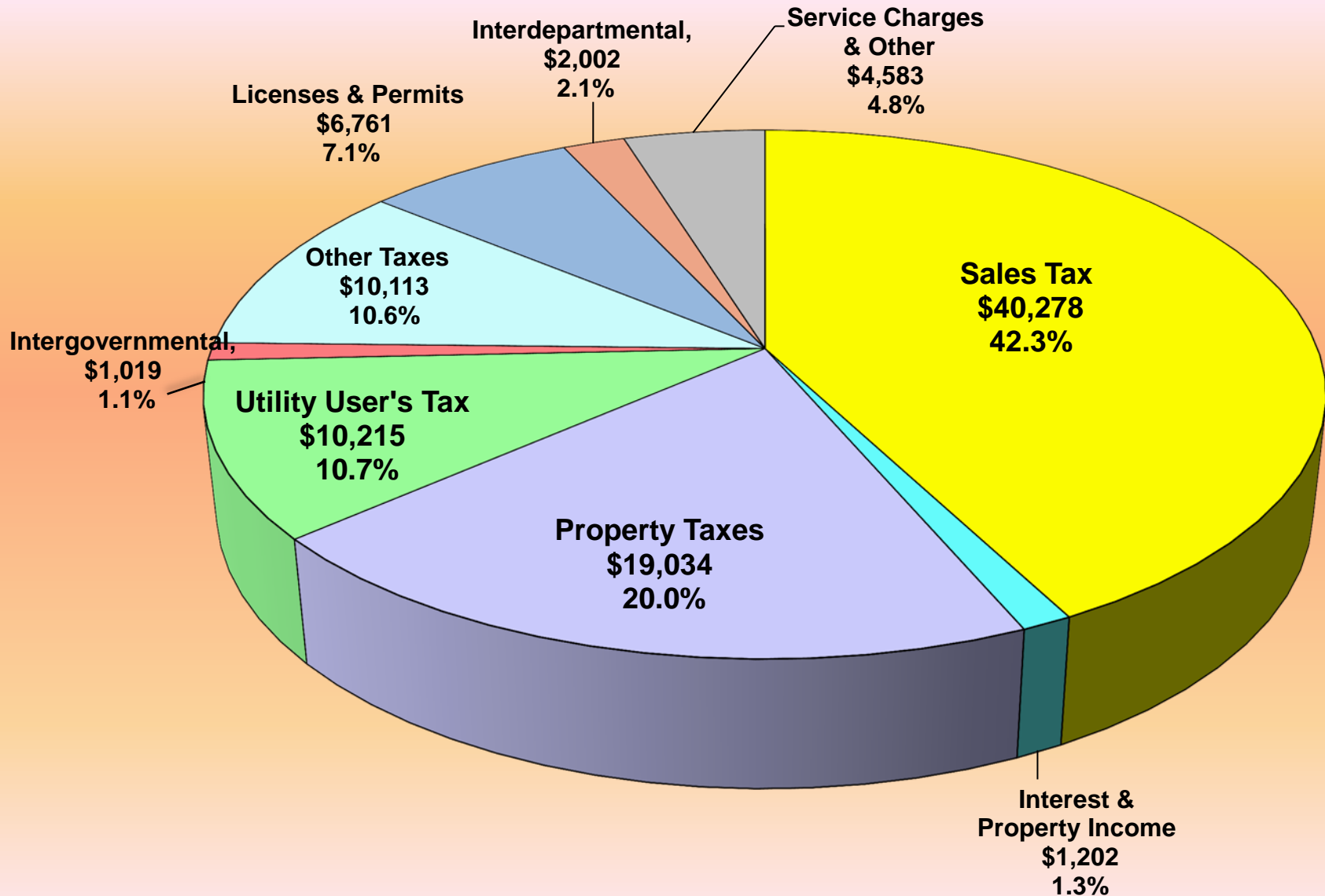
(Dollars in Thousands)

	<u>2014-15 Adopted</u>	<u>2014-15 Projected</u>	<u>2015-16 Proposed</u>	<u>2016-17 Proposed</u>
Operating Revenues	\$ 84,291	\$ 87,474	\$ 95,207	\$ 95,510
Operating Expenditures	<u>(85,178)</u>	<u>(87,313)</u>	<u>(89,175)</u>	<u>(91,211)</u>
Operating Surplus (Deficit)	(887)	161	6,032	4,299
Transfers	(1,138)	(4,084)	(3,807)	(3,563)
Use of Fund Balance	<u>2,025</u>	<u>3,923</u>	<u>-</u>	<u>-</u>
Other Sources (Uses)	887	(161)	(3,807)	(3,563)
Net Revenue/(Expenditures)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,225</u>	<u>\$ 736</u>

General Fund 2015-16 Proposed Budget

Revenues by Type \$95,207

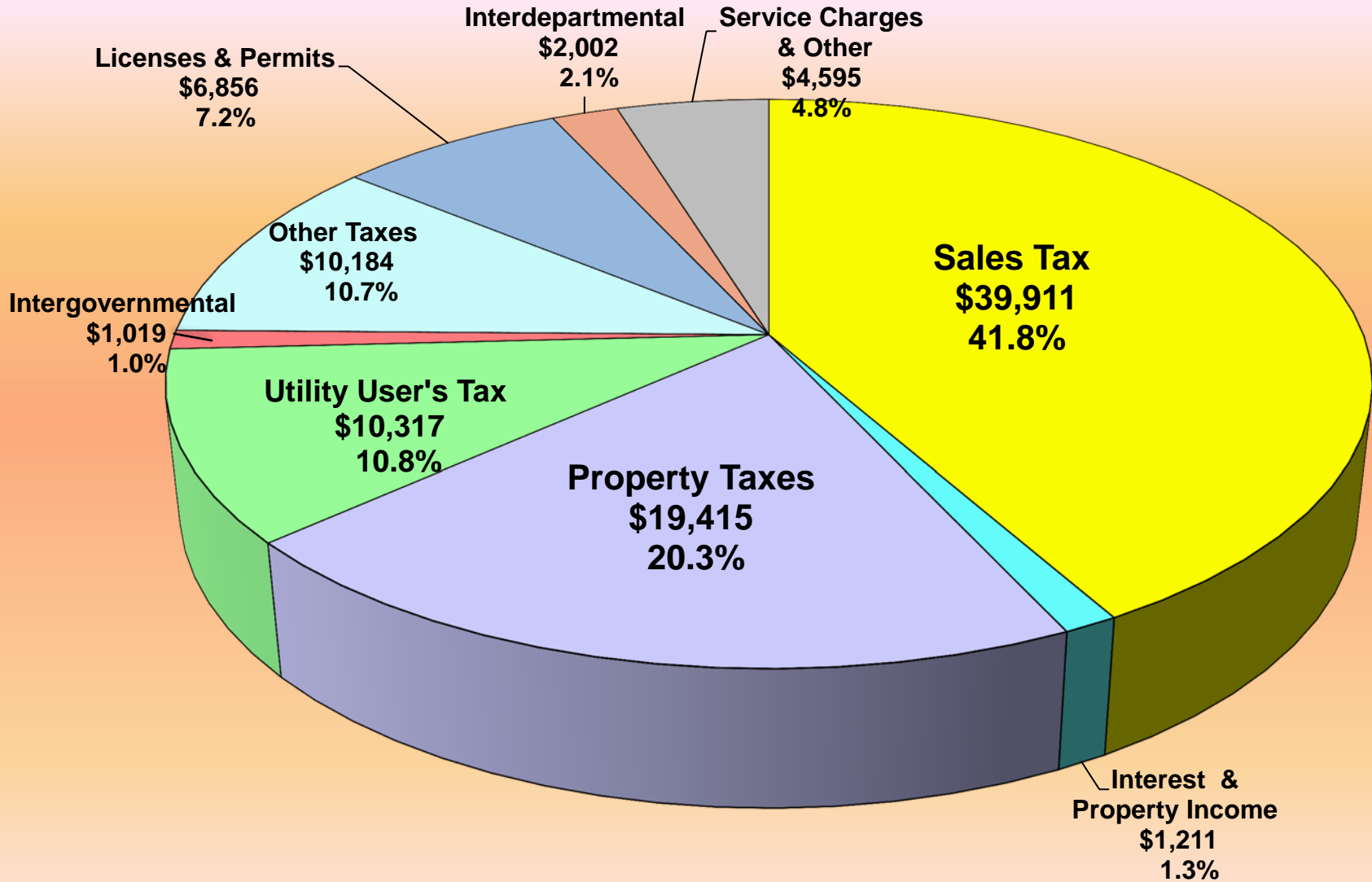
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General Fund 2016-17 Proposed Budget

Revenues by Type \$95,510

(Dollars in Thousands)



General Fund Revenue Assumptions

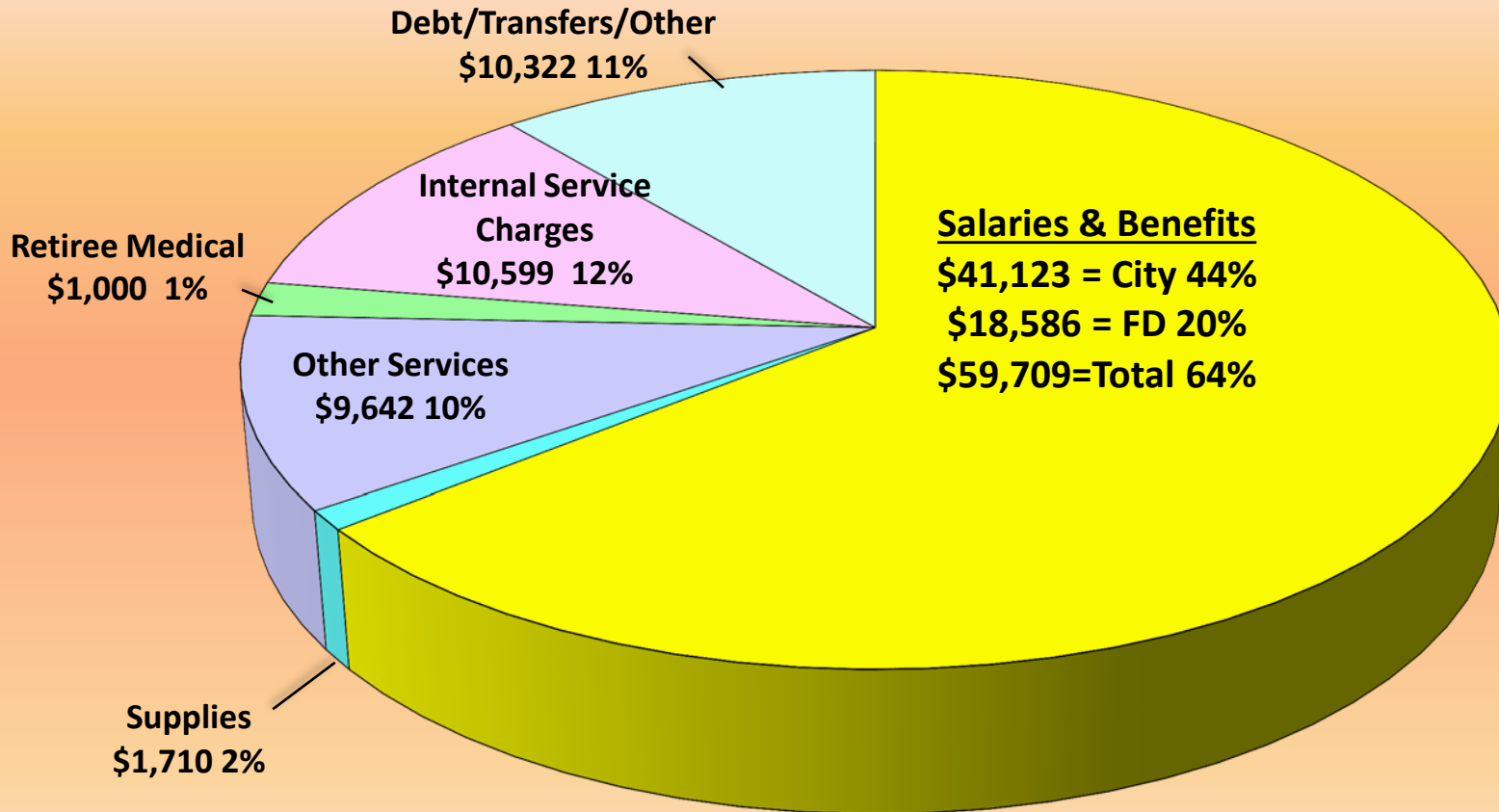
(Dollars in Thousands)

Revenue (change from prior year)	2015-16 \$ Change	2015-16 % Change	2016-17 \$ Change	2016-17 % Change	Assumption
Property tax	\$ 434	2%	\$ 381	2%	Increased assessed values
Real property transfer tax	0	0%	0	0%	Difficult to project
Utility Users and Franchise tax	121	1%	148	1%	Slow economic recovery
911 tax	27	1%	27	1%	Conservative projection
Business license tax	93	2%	95	2%	Based on CPI
Sales & Use tax	3,481	13%	(791)	(3%)	Projection from sales tax consultant; triple flip adjustment in 2015-16 only
Transaction tax (Measure HH)	4,191	68%	404	4%	Measure HH begins 4/1/2015; projection from sales tax consultant
All other revenues	(588)	(4%)	67	0.5%	Extraordinary property sales in prior year

General Fund 2015-16 Proposed Budget

Expenditures by Type \$92,982

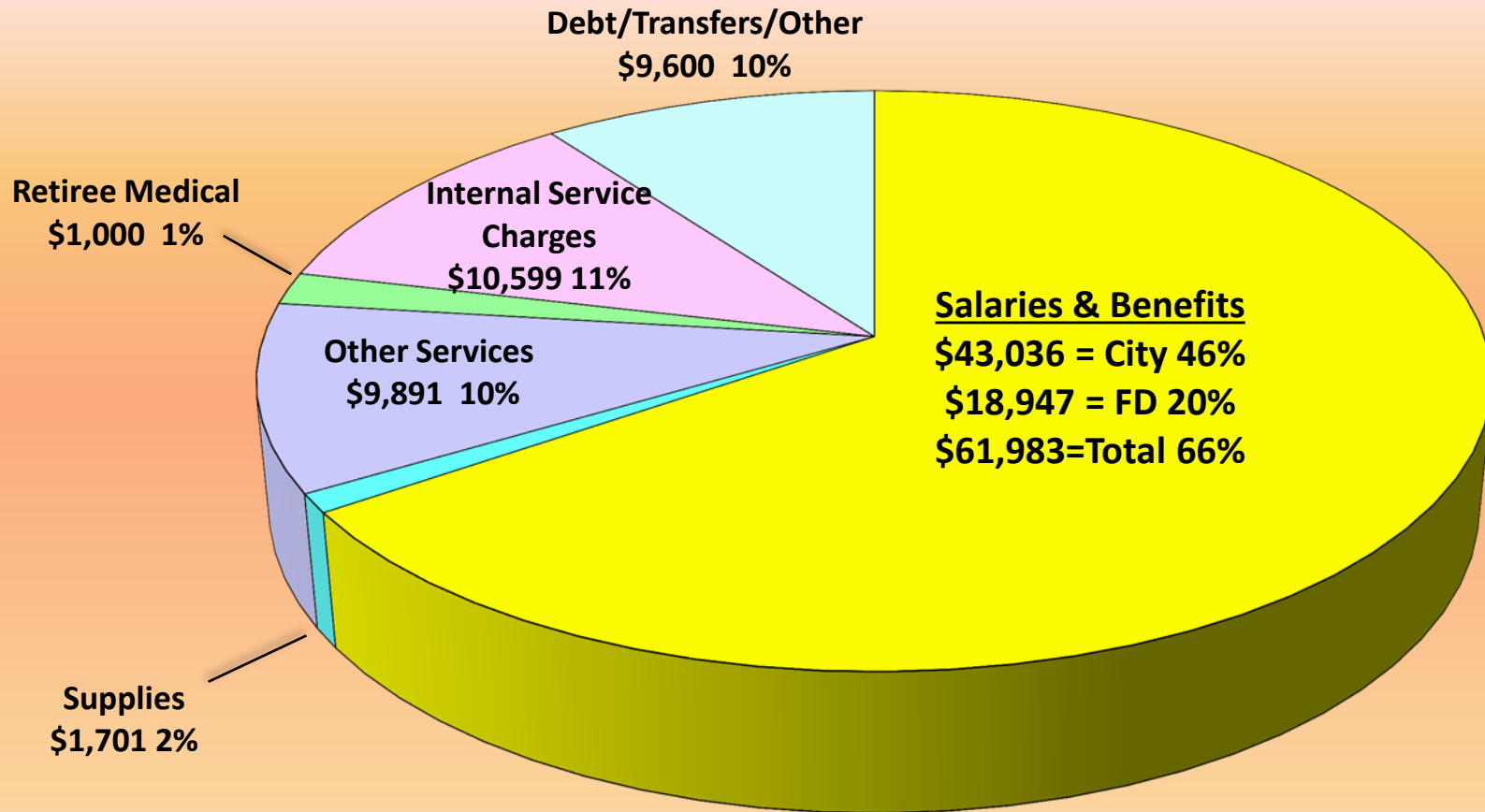
(Dollars in Thousands)



General Fund 2016-17 Proposed Budget

Expenditures by Type \$94,774

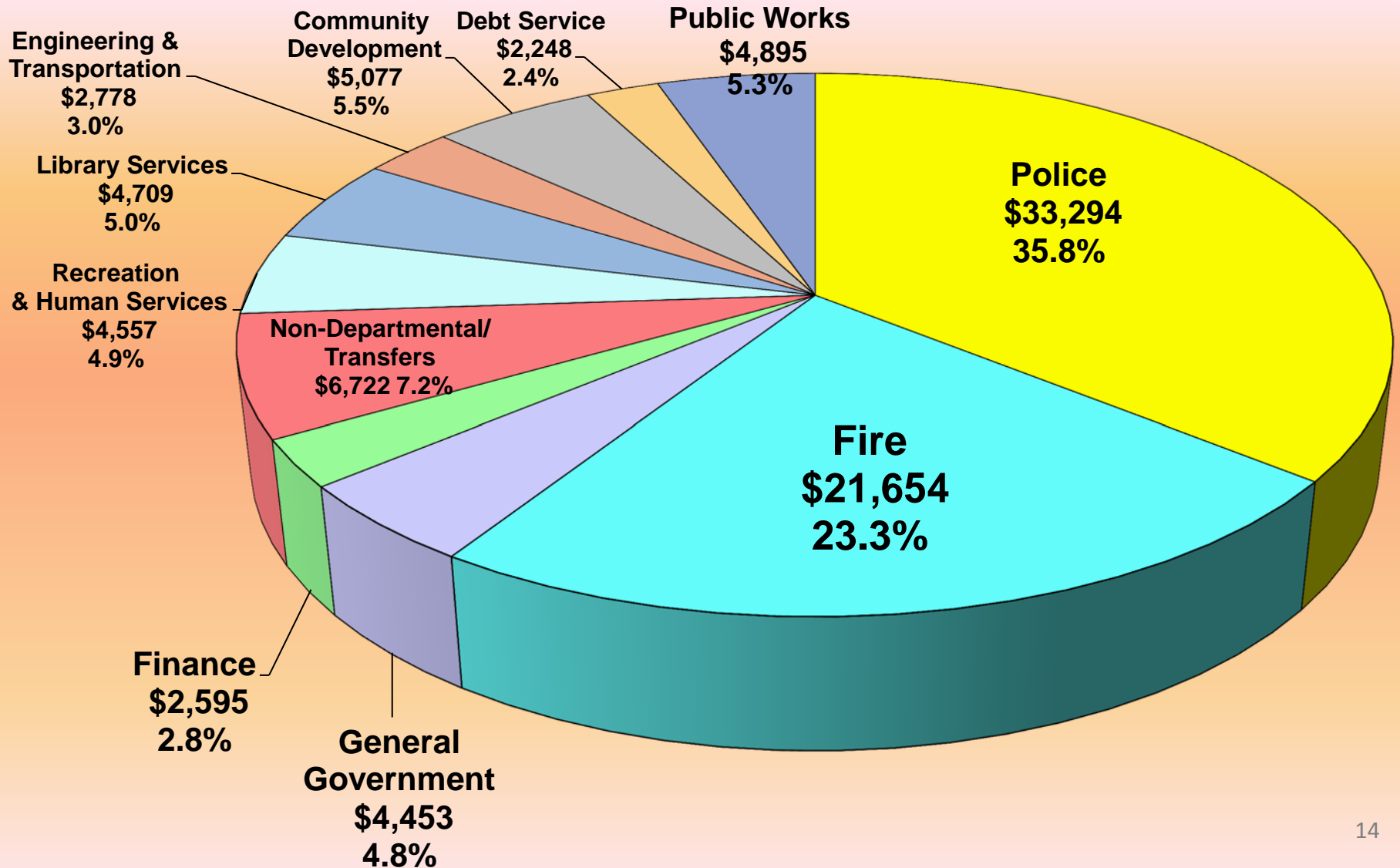
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General Fund 2015-16 Proposed Budget

Expenditures by Department \$92,982

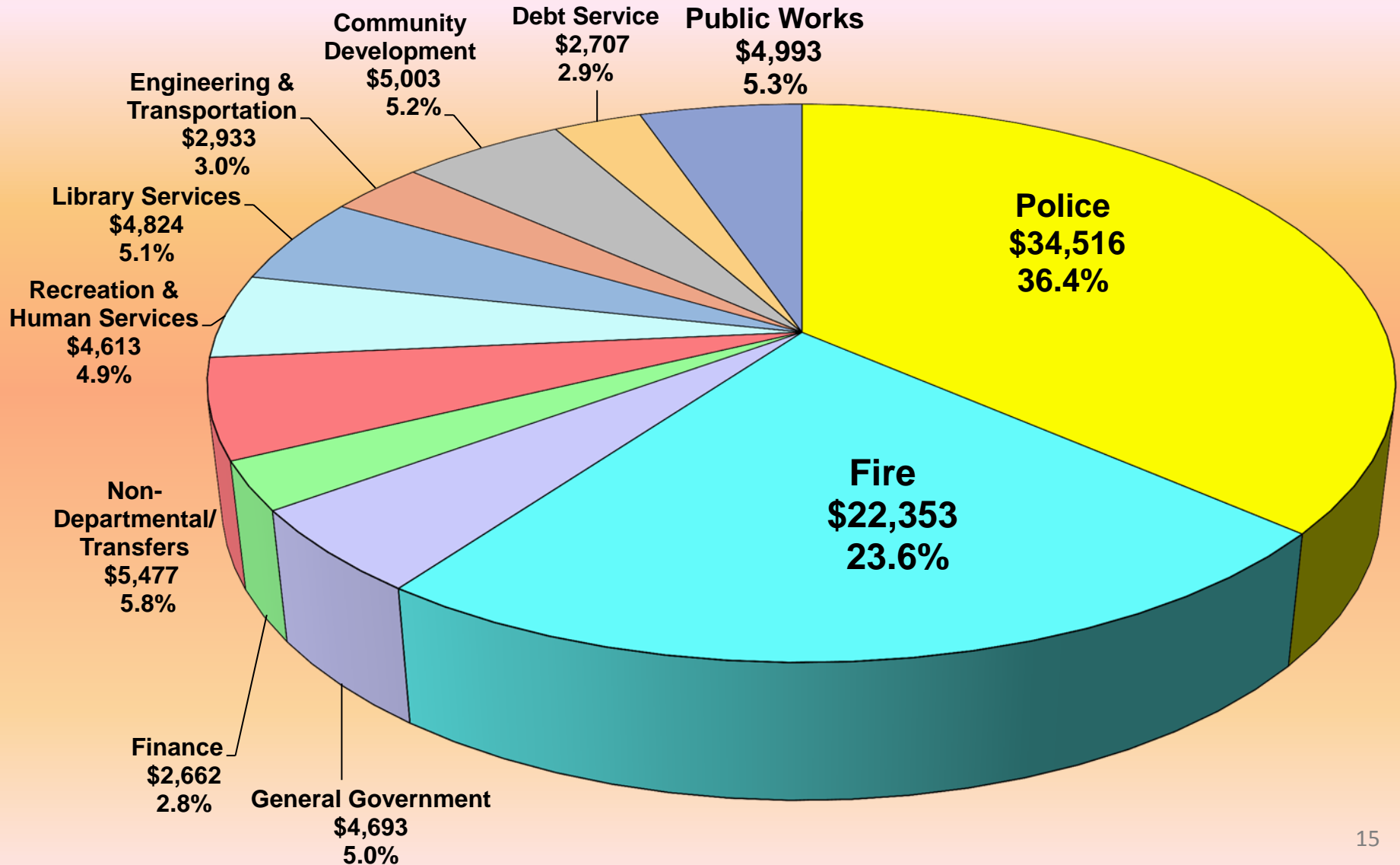
(Dollars in Thousands)



General Fund 2016-17 Proposed Budget

Expenditures by Department \$94,774

(Dollars in Thousands)



General Fund Expenditure Assumptions

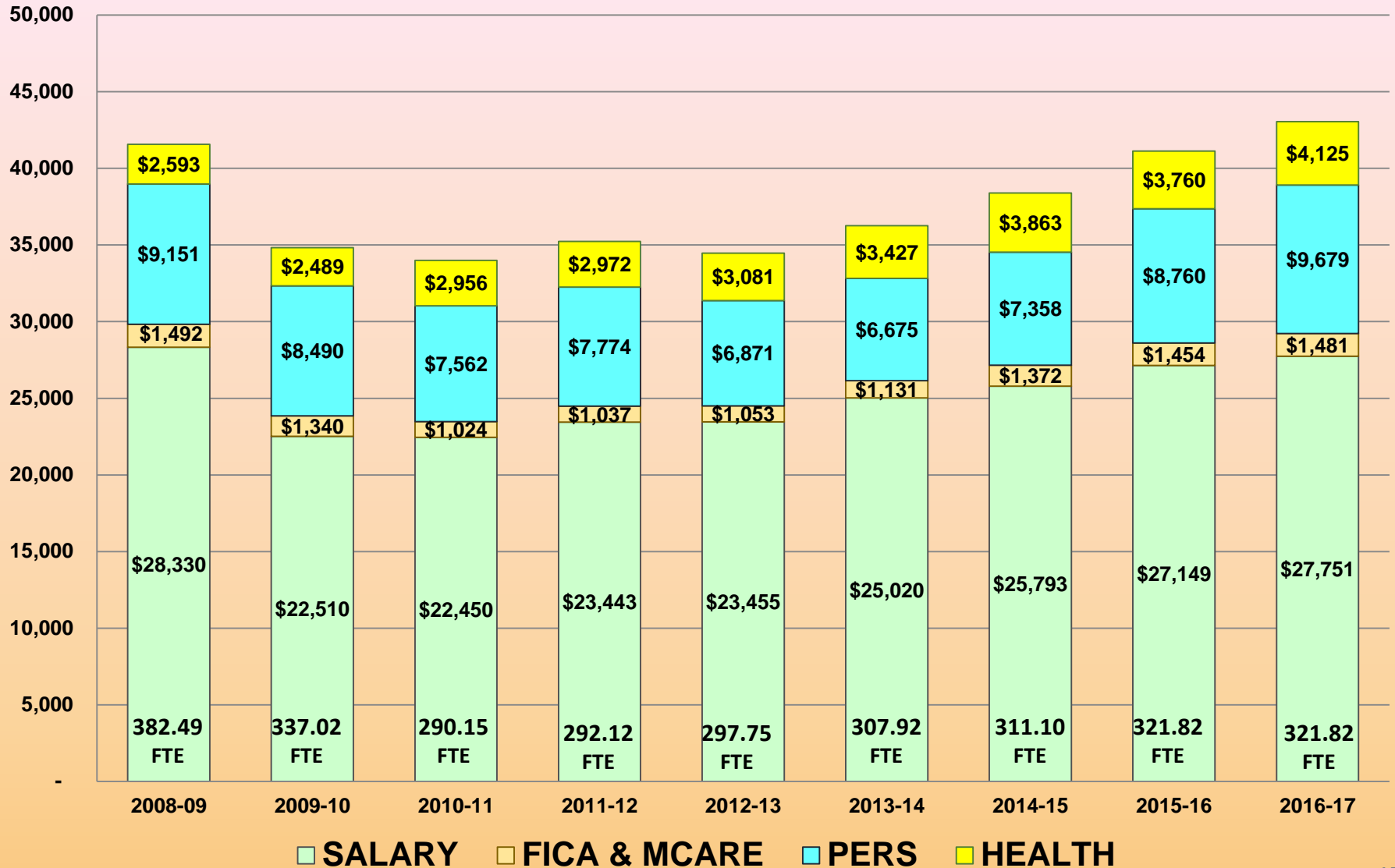
(Dollars in Thousands)

Expenditure (Change from prior year)	2015-16 \$ Change	2015-16 % Change	2016-17 \$ Change	2016-17 % Change	Assumption
Salaries	\$1,355	5%	\$603	2%	7.72 FTEs + 3 New officers
Benefits	1,350	10%	1,343	9%	PERS misc. rate -2% (EE contribution), PERS safety rate up 37% (CalPERS risk pool modification), health up 10%
Consulting	(479)	(17%)	(83)	(3%)	General plan completed in 2014-15 and Next Generation implemented in 2014-15
Fire services	1,092	5%	700	3%	2% CPI increase; capital: \$700k in 2015-16 & \$1M in 2016-17
Services & Supplies	(826)	(12%)	(50)	(1%)	Elimination of 1-time increased costs from 2014-15, and no election costs in 2015-16
Internal service charges	(423)	(4%)	0	0%	Eliminated 1-time only PD vehicle funding \$300k, and deferred vehicle/equipment replacement
Other	(318)	(3%)	(721)	(7%)	Reduced "Transfers Out" of General Fund and final SLH 2015-16 payment

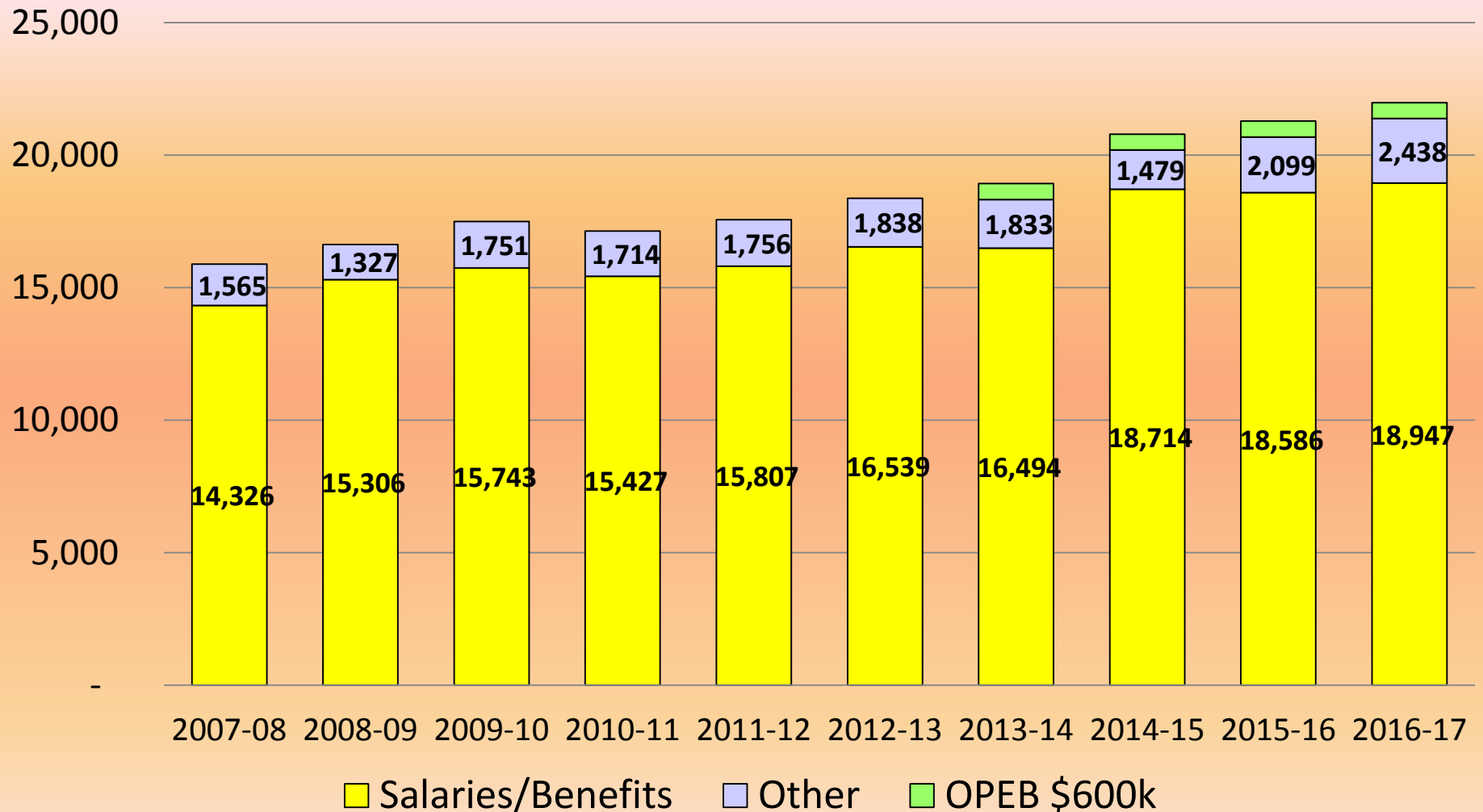
General Fund Salaries, Benefits and FTEs

2008-09 through 2016-17

(Dollars in thousands)

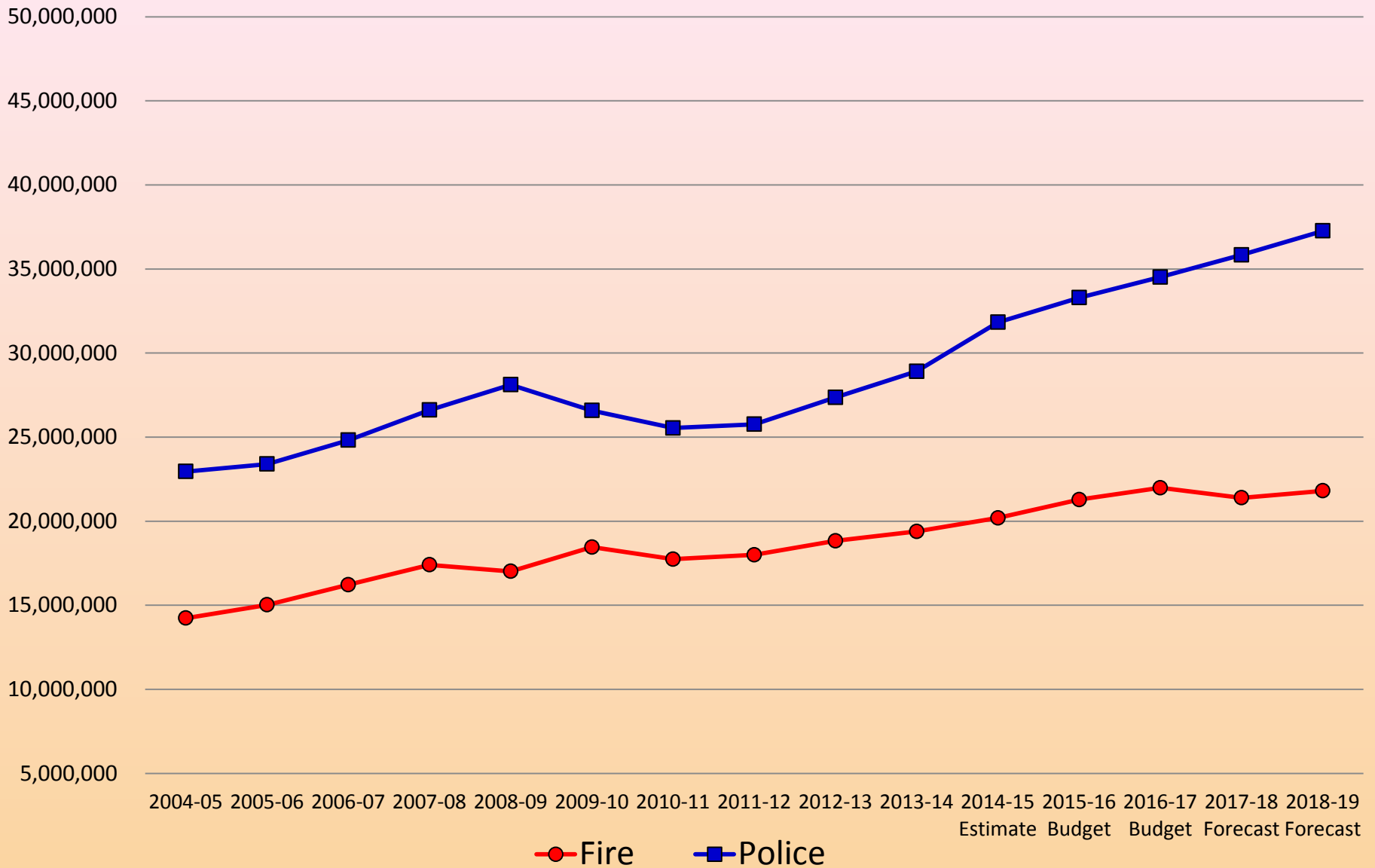


Alameda County Fire Department Estimated Contract Service Costs (Dollars in Thousands)



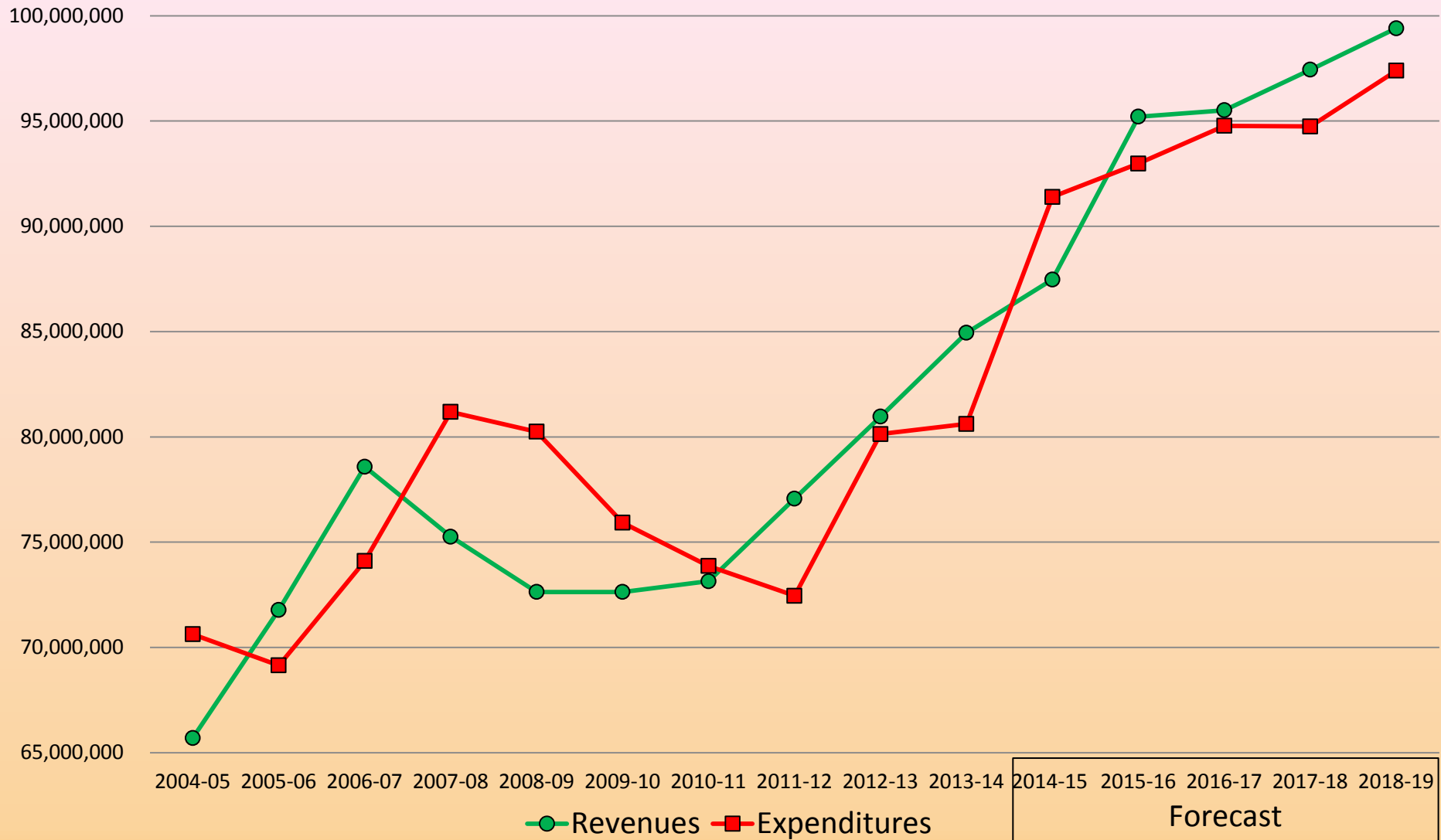
Public Safety

Actuals and Forecast Expenditures



General Fund

Actuals and Forecast Revenues & Expenditures



Unfunded Liabilities

	<u>Description</u>	<u>2015-16</u>	<u>Overall</u>
1	Miscellaneous unfunded CalPERS (ARC = \$5.3M)	\$5.3M	\$70.3M
2	Safety unfunded CalPERS (ARC = \$3.1M)	3.1M	53.1M
3	Miscellaneous/Safety unfunded OPEB (ARC = \$1.4M)	1.4M	14.6M
4	Fire department unfunded OPEB (ARC = \$1.8M)	1.3M	19.8M
	Total	\$11.1M	\$157.8M

Proposed Capital Improvement Program 2015-2017

Introduction

- Current Projects Update
- Capital Improvement Program Process
- Unfunded High Priority Projects
- Two Year CIP Program Overview
- Proposed Projects

Current Funded Projects

Projects	Estimated Cost	Planned Completion
WPCP Rehabilitation	\$54,000,000	2015
East 14 th St Utility Undergrounding (150th to Blossom Way)	\$8,400,000	2017
East 14 th St./Hesperian Blvd./150 th Ave. Intersection Impr.	\$6,800,000	2021
Siempre Verde Park Rehabilitation	\$3,500,000	2016
Fiber Conduit for Broadband Network	\$2,600,000	2015
San Leandro Blvd Pavement Rehabilitation Williams to Hudson	\$1,500,000	2015
Annual Street Sealing 2014-15 Pavement Management Area 4	\$1,400,000	2015
SS Point Repair 2012-13	\$1,000,000	2015
W. Juana Streetscape and BART Bike Lockers	\$870,000	2015
WPCP Repaving	\$860,000	2016
Annual Street Overlay/Rehab 2014-15 - Residential Streets	\$670,000	2015
PD HVAC Fan and Coil Replacement	\$640,000	2015
Sidewalk Program 2014-15	\$600,000	2015
SL Ballpark Restroom Remodel	\$590,000	2015
20 other projects	\$5,380,000	
Total	\$88,810,000	

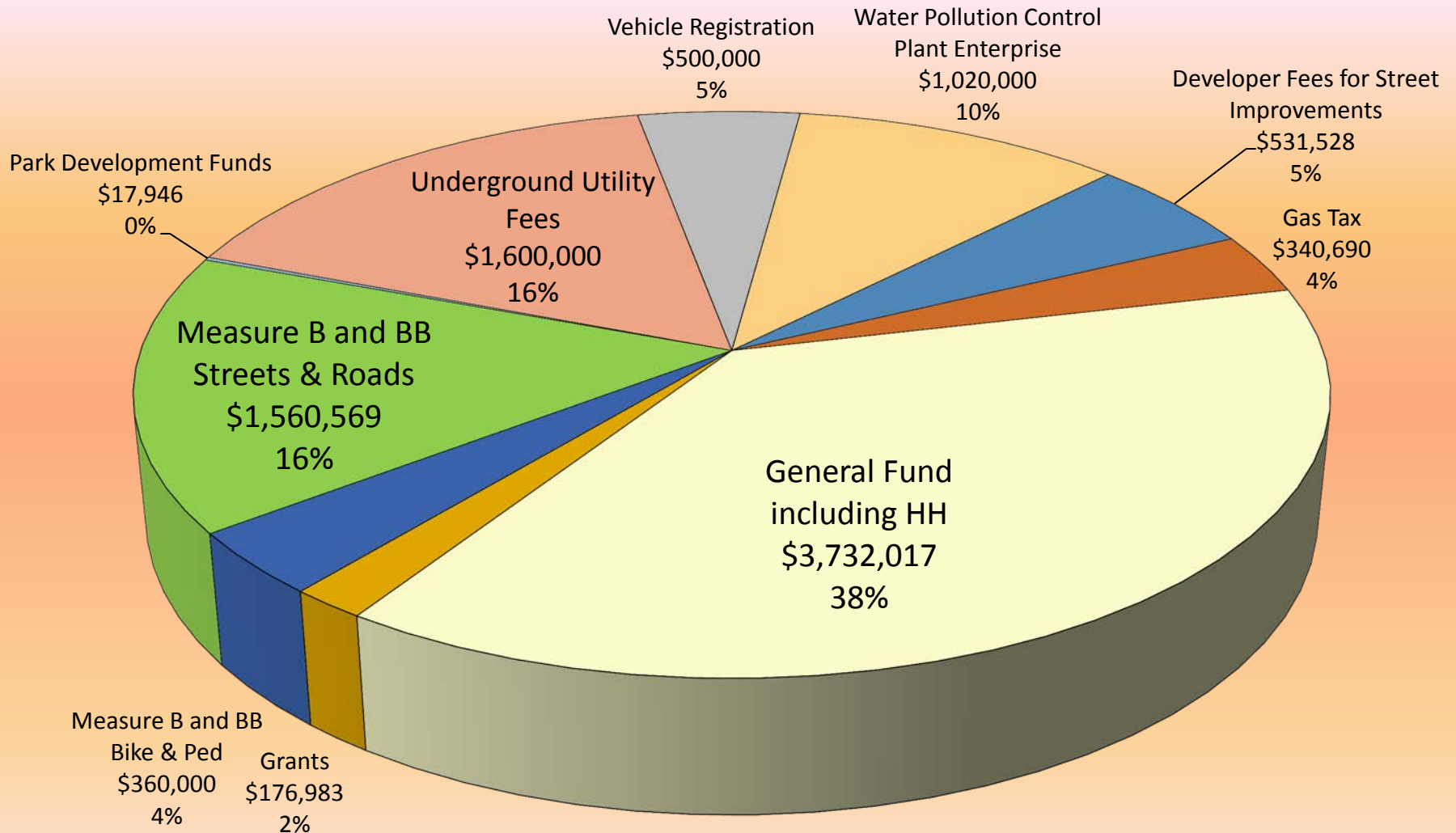
Capital Improvement Program Process

- ✓ Project Requests Submitted
- ✓ List of Unfunded Projects Updated
- ✓ CIP Committee Ranking and City Manager Review
- ✓ Council Prioritization
- ✓ Detailed Scope of Work & Cost Estimating (top 50)
- ✓ Facilities committee review
- ✓ Determination of Available Funding
- ✓ Distribution of Available Funds Based on Priority
- Presentation of Tentative CIP to City Council
- Completion of the CIP Budget Document
- City Budget Adoption/Approval of CIP

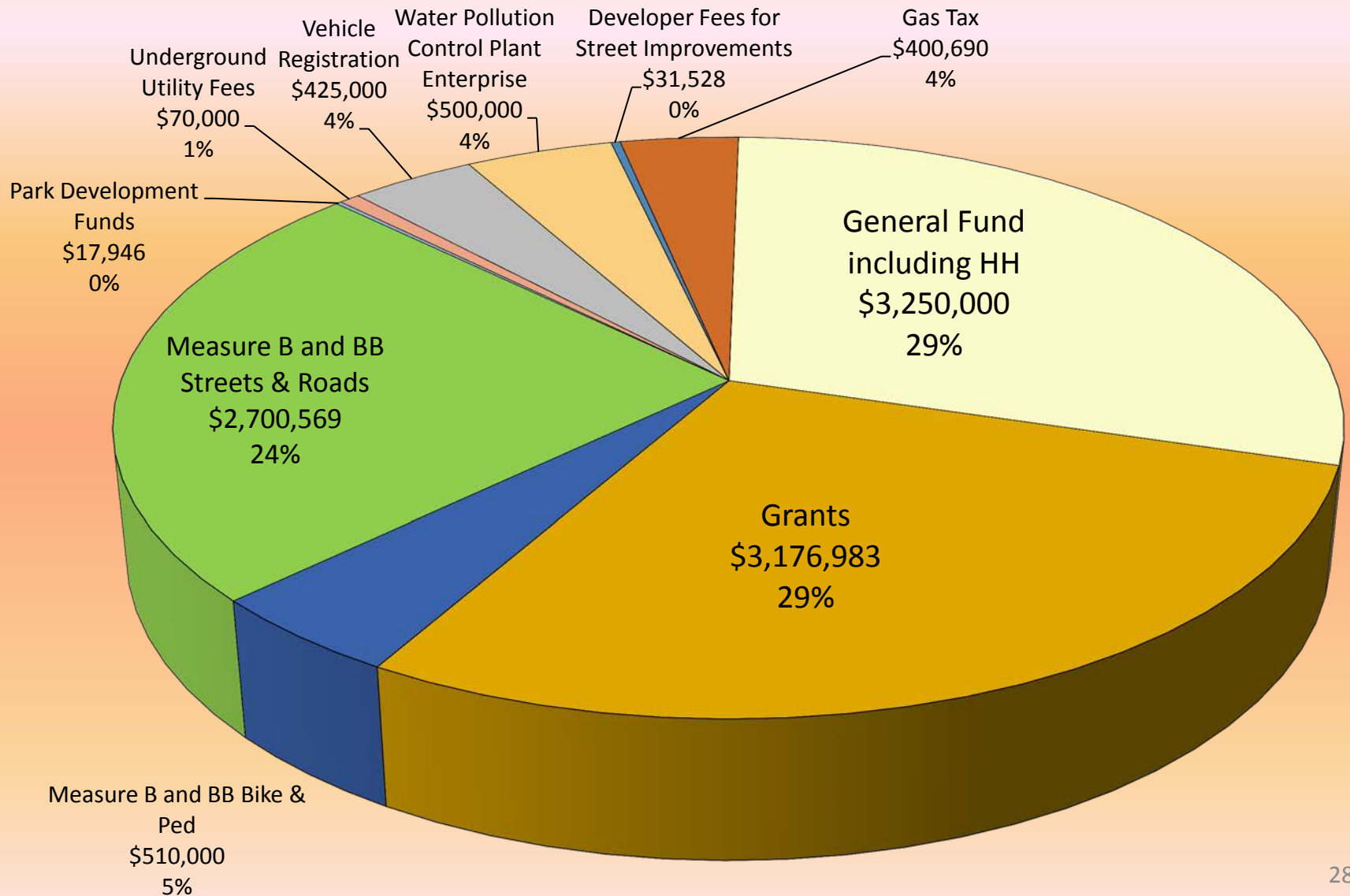
Funding Summary by Year

FUNDING SOURCE	2015-16	2016-17
Developer Fees for Street Improvements	\$531,528	\$31,528
Gas Tax	\$340,690	\$400,690
General Fund (Includes Measure HH)	\$3,732,017	\$3,250,000
Grants	\$176,983	\$3,176,983
Measure B and BB Bike & Ped	\$360,000	\$510,000
Measure B and BB Streets & Roads	\$1,560,569	\$2,700,569
Park Development Funds	\$17,946	\$17,946
Underground Utility Fees	\$1,600,000	\$70,000
Vehicle Registration	\$500,000	\$425,000
Water Pollution Control Plant Enterprise	\$1,020,000	\$500,000
Total	\$9,839,733	\$11,082,716
Number of Projects	16	10
Council Top 10 Projects	8	1

2015-16 Funding Distribution



2016-17 Funding Distribution



Unfunded High Priority Projects

- Street Overlay / Rehabilitation and Street Sealing
 - Street condition is lowest in Alameda County. Funding for FY 16 is insufficient to maintain current condition. Additional \$4.3M is needed to maintain condition at current level.
- Marina Community Center AV for Thunderbolt Room
 - Funding for Titan Room AV is included in budget. Additional \$80,000 needed to add AV to the Thunderbolt Room.
- Marina Boulevard Streetscape Phase 1 and 2
 - Funding for concept plan is included in budget. Cost of Improvements can't be determined until concept is developed.
- Police Building / South Office Modifications
 - Funding for design plus 1/4 of construction is included in budget. \$4.1M funding for improvements still required.
- Downtown Smart Parking System
 - Parking study is underway. Cost of improvements can't be determined until study is complete.

2015-16 Project list

Annual Overlay/Rehabilitation 15-16	\$ 2,340,000
Marina Community Center Audio Video Titan Room	220,000
Police Bldg & South Office Modifications	750,000
ADA Transition Plan Construction 15-16	150,000
Storm Water Trash Capture Phase 1	317,000
Main Library - Recarpeting	542,000
PWS Maintenance Projects 15-16	100,000
Main Library - Audio Visual Equipment	270,000
Casa Peralta Renovation Phase 1	500,000
Sanitary Sewer Replacement/Repair 15-16	500,000
Davis St San Sewer Manhole & Pipe Rehab	520,000
East 14th St Underground Utility Phase 2.1	1,600,000
Traffic Studies & Signal Equipment 15-16	20,000
Adaptive Traffic Control Signal System Upgrade	500,000
Annual Sidewalk Repair 15-16	420,000
Annual Street Sealing 15-16	1,000,000
Internal Service Charges	90,733
Total	9,839,733

2016-17 Project list

Annual Overlay/Rehabilitation 16-17	\$ 5,965,000
Police Bldg & South Office Modifications	1,574,983
Marina Blvd. Streetscape Improvements, Conceptual Design	542,000
ADA Transition Plan Construction 16-17	150,000
PWS Maintenance Projects 16-17	100,000
Sanitary Sewer Replacement/Repair 16-17	500,000
East 14th St Underground Utility Phase 2.2	70,000
Traffic Studies & Signal Equipment 16-17	20,000
Annual Sidewalk Repair 16-17	570,000
Annual Street Sealing 16-17	1,500,000
Internal Service Charges	90,733
Total	11,082,716

ADA Transition Plan Construction

- Meet ADA requirements for City facilities in accordance with adopted 15 year plan
- Estimated Cost – \$150,000/year
- Funding (2015-16):
 - \$116,983 Grant (CDBG)
 - \$33,017 General Fund
- Funding (2016-17):
 - \$116,983 Grant (CDBG)
 - \$33,017 General Fund

Adaptive Traffic Control Signal System Upgrade

- Install intelligent (adaptive) traffic signal controllers at 9 intersections along Fairway Dr. and Hesperian Blvd.
- Estimated Cost: \$500,000
- Funding (2015-16):
 - \$500,000 Developer Fees for Street Improvements

Annual Overlay / Rehabilitation Program

- Remove and replace asphalt surfacing on various streets
- Estimated Cost: \$6.0M/year to maintain status
- Funding (2015-16) – \$2,340,000 (total)
 - \$1,000,000 Measure HH
 - \$510,000 Measure BB Streets and Roads
 - \$510,000 Measure B Streets & Roads
 - \$320,000 Gas Tax
- Funding (2016-17) – \$5,965,000 (total)
 - \$3,000,000 Grant (Measure BB project)
 - \$1,000,000 Measure HH
 - \$1,275,000 Measure BB Streets and Roads
 - \$310,000 Measure B Streets & Roads
 - \$380,000 Gas Tax

Annual Street Sealing Program

- Apply various pavement coatings depending on street condition
- Estimated Cost \$1.5M/year to maintain status
- Funding (2015-16) – \$1,000,000 (total)
 - \$500,000 Measure B Streets and Roads
 - \$500,000 Vehicle Registration Fees
- Funding (2016-17) – \$1,500,000 (total)
 - \$1,075,000 Measure B Streets and Roads
 - \$425,000 Vehicle Registration Fees

Annual Sidewalk Repair Program

- Inspect and repair sidewalks, repair curb and gutter, and construct Americans with Disabilities Act (ADA)-compliant ramps
- Estimated Cost \$600,000/year
- Funding (2015-16) - \$420,000 (total)
 - \$60,000 Grant (TDA)
 - \$95,000 Measure B Bicycle & Pedestrian
 - \$265,000 Measure BB Bicycle & Pedestrian
- Funding (2016-17) - \$570,000 (total)
 - \$60,000 Grant (TDA)
 - \$285,000 Measure B Bicycle & Pedestrian
 - \$225,000 Measure BB Bicycle & Pedestrian

Casa Peralta Renovation Phase 1

- Maintain, repair, and improve Casa Peralta building and grounds. Work to generally include painting, floor refinish, tile work, landscaping, exterior lighting, paving, and security gates.
- Estimated Cost \$500,000
- Funding (2015-16)
 - \$500,000 General Fund

Davis Street Sanitary Sewer Manhole and Pipe Rehab

- Rebuild manhole in Davis Street adjacent to headworks and line pipe to headworks
- Estimated Cost \$520,000
- Funding (2015-16)
 - \$520,000 WPCP Enterprise fund

East 14th Street Underground Utilities

- Underground Utilities from 150th Ave to Thornton
- Estimated Cost \$1,700,000 (additional)
- Funding (2015-16)
 - \$1,600,000 Underground utility fees
- Funding (2016-17)
 - \$70,000 Underground utility fees

Main Library Audio Visual Equipment

- Install new AV system in Karp and Estudillo Rooms of the Main Library
- Estimated Cost \$270,000
- Funding (2015-16)
 - \$270,000 General Fund

Main Library Carpet Replacement

- Install new carpet throughout the Main Library except at the lecture hall, 2nd floor staff area, and history room.
- Estimated Cost \$542,000
- Funding (2015-16)
 - \$542,000 General Fund

Marina Boulevard Streetscape – Conceptual Design

- Conceptual design for streetscape improvements on Marina Boulevard west of Merced.
- Estimated Cost \$542,000
- Funding (2016-17)
 - \$542,000 General Fund

Marina Community Center Audio Visual Titan Room

- Install new AV system in Titan Room of the Marina Community Center
- Estimated Cost \$220,000
- Funding (2015-16)
 - \$220,000 General Fund

Police Building / South Office Modifications

- Design and construction improvements to Police Building and South Office building to expand offices and communication center and rectify electrical deficiencies.
- Estimated Cost \$6,400,000
- Funding (2015-16)
 - \$750,000 General Fund
- Funding (2016-17)
 - \$1,574,983 General Fund

Public Works Services Maintenance Projects

- Fund maintenance of existing improvements such as parks.
- Estimated Cost \$100,000/year
- Funding (2015-16)
 - \$100,000 General Fund
- Funding (2016-17)
 - \$100,000 General Fund

Sanitary Sewer Line Replacement / Repair

- Repair or replace segments of the sanitary sewer collection system based on condition inspections
- Estimated Cost: \$500,000/year
- Funding (2015-16):
 - \$500,000 Water Pollution Control Enterprise Funds
- Funding (2016-17) :
 - \$500,000 Water Pollution Control Enterprise Funds

Storm Water Trash Capture Phase 1

- Install devices to capture trash in the storm system as required to meet NPDES permit
- Estimated Cost: \$317,000
- Funding (2015-16):
 - \$317,000 General Fund

Misc. Traffic Studies, Advanced Planning, and Safety Signal Equipment

- Fund speed surveys, traffic counts, and planning for traffic-related projects to improve safety and/or reduce congestion
- Estimated cost: \$20,000/year
- Funding (2015-16):
 - \$20,000 Developer Fees for Street Improvements
- Funding (2016-17):
 - \$20,000 Developer Fees for Street Improvements

Questions