



Legislation Text

File #: 16-137, **Version:** 1

Staff Report for a Resolution Approving City Manager Recommended Amendments to the City of San Leandro Budget for Fiscal Year 2016-17 (amends the General Fund, Special Revenue Funds, Enterprise Funds, Internal Service Funds and Successor Agency Fund budget)

SUMMARY AND RECOMMENDATIONS

Staff recommends that the City Council review and approve the City Manager recommended amendments to the 2016-17 Budget.

BACKGROUND

The City Council approves annual budgets based on the best revenue and expenditure information available several months prior to the actual adoption of budget appropriations. As a result, budget adjustments are periodically necessary for changes that arise and require additional budget appropriations or re-appropriations between budget line items and fund reserves. The City Council originally approved the 2016-17 Budget on June 1, 2015.

Discussion

As a result of the January 30, 2016 City Council Winter Planning Session and Council's direction communicated in subsequent Council meetings, the City Manager proposes increases to the new fiscal year 2016-17 budget, not originally considered during the biennial budget process.

Revenues:

The general fund revenue increase is mostly attributed to five revenue sources:

- Property tax revenues \$1.9 million - assessed property values increased
- Sales tax revenues \$1.2 million - economy stronger than projected
- Utility Users' tax revenues \$1.3 million - electricity and gas rates increased
- Business license tax revenues \$0.5 million - increased estimate based on actuals
- 9-1-1 tax revenues \$0.1 million - increased estimate based on actuals

Special revenue fund amounts have decreased mostly due to the State Highway Users Gas Tax and the Alameda County Transportation Commission Vehicle Registration Fee decreasing.

Use of fund balance increased due to increased CIP funding of \$973,650 for eight new projects and increased vehicle and equipment replacement of \$760,938 for 24 items, for a total increase of \$1,734,588 for 2016-17.

Internal Service fund revenues increased to reflect increase in insurance reimbursements.

The following is a summary of revenues, by fund and the respective change:

Fund	Adopted	Projected	Change	% Change
General Fund	\$95,509,510	\$100,518,448	\$5,008,938	5.2%
Special Revenue Funds	12,466,028	12,403,429	-62,599	-0.5%
Capital Project Funds	3,260,000	3,550,000	290,000	8.9%
Debt Service Funds	2,948,319	2,948,319	0	0.0%
Enterprise Activities	17,545,121	17,545,121	0	0.0%
Internal Services	13,376,418	13,977,532	601,114	4.5%
Successor Agency Fund	<u>4,613,081</u>	<u>4,613,081</u>	<u>0</u>	<u>0.0%</u>
Total Operating Revenues	\$149,718,477	\$155,555,930	\$5,837,453	3.9%
Use of Fund Balance	<u>1,514,559</u>	<u>3,249,147</u>	<u>1,734,588</u>	<u>114%</u>
Total Revenues	<u>\$151,233,036</u>	<u>\$158,805,077</u>	<u>\$7,572,041</u>	<u>5.0%</u>

Expenditures:

There are over fifty line items that total \$7,572,041 in expenditure increases for 2016-17. The following is a list of highlights of the proposed amendments:

- Update the adopted budget labor costs by \$1.6 million for the City Council approved Memorandum of Understanding for all bargaining unit groups except for the Police Officers' Association

The remaining \$6 million increased costs are associated with the following highlights:

- Climate Action Plan and Sustainability program implementation
- Increased fire services contract by \$1.8 million (contract is 90% labor costs); this increase is offset by the elimination of the 2016-17 Other Post Employment Benefit (OPEB) set aside amount of \$870,000
- Increased community beautification endeavors such as:
 - Increased median landscape maintenance
 - Weed abatement
 - Graffiti abatement
 - Façade improvement program increase
 - New banners
- Increased use of high school and college interns, as well as various staffing changes to accommodate increased customer needs
- Digital library subscriptions and 40 chrome books for after school "Dub Club" program
- Expanded recreation programs such as:
 - Senior programs
 - Continue Older Adult Education classes in partnership with SLUSD
 - Continue Teen Takeover summer program
- Increased costs resulting from new and current grants, such as, Cal Recycle grant, Frontline grant, Community Policing development grant
- Replacement of vehicles and equipment that have been delayed for the last few years
- Increased Capital Improvement Projects \$2.5 million

The proposed expenditure amendments for 2016-17 are summarized below:

Department	Adopted	Projected	Change	% Change
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General Government	\$ 4,855,587	\$5,134,012	\$278,425	5.7%
Finance	2,680,759	2,745,830	65,071	2.4%
Police	32,077,487	32,727,587	650,100	2.0%
Fire	22,623,423	23,562,461	939,038	4.2%
Community Development	6,102,021	6,708,870	606,849	9.9%
Engineering and Transportation	3,024,019	3,037,253	13,234	0.4%
Public Works	7,651,363	7,917,570	266,207	3.5%
Recreation and Human Services	5,163,927	5,405,332	241,405	4.7%
Library	4,926,005	5,079,582	153,577	3.1%
Non-Department	4,403,977	4,403,977	0	0%
Successor Agency	4,593,650	4,596,105	2,455	0.05%
Enterprise Activities	13,289,376	13,471,088	181,712	1.4%
Internal Services	13,662,662	15,342,496	1,679,834	12.3%
Capital Improvements	11,082,716	13,576,850	2,494,134	22.5%
Debt Service	8,515,001	8,515,001	0	0%
Transfers to Other Funds	<u>3,695,782</u>	<u>3,695,782</u>	<u>0</u>	<u>0.0%</u>
Total Department Expenditures	<u>\$148,347,755</u>	<u>\$155,919,796</u>	<u>\$7,572,041</u>	<u>5.1%</u>

Fiscal Impact

The total amendments for 2016-17 increase operating revenues by \$5,837,453 plus additional use of fund balance of \$1,734,588 for a total revenue increase of \$7,572,041 (a 5.0% increase) and an increase in expenditures of \$7,572,041 (a 5.1% increase). Staff is requesting approval to appropriate fund balance of an additional \$1,734,588 for 2016-17.

ATTACHMENT

None.

PREPARED BY: David Baum, Finance Director, Finance Department