

FY 2018-19 Budget Hearing

June 19, 2018

Agenda

- Council Goals
- Citywide Proposed Budget Overview
- General Fund Proposed Budget Overview
- FTE Staff Summary
- Changes from Study Session
- Review Program Cost Estimates and Funding Options
- City Manager's Comments

City Council Goals

- ❖ Ensure financial stability of City government.
- ❖ Effectively implement the recovery and rebuilding of Santa Rosa.
- ❖ Meet housing needs.
- ❖ Attain functional zero homelessness.
- ❖ Invest in and sustain infrastructure and transportation.
- ❖ Provide for community safety, valued City services and open government.
- ❖ Foster neighborhood partnerships and strengthen cultural assets.
- ❖ Promote environmental sustainability.
- ❖ Foster a 21st century city and organization.
- ❖ Foster a strong downtown and overall economic development of the community.

Citywide Proposed Budget Overview

FY 2018-19 Citywide Revenues by Fund (in millions)

Fund Type	2017-18 Adopted Budget	2018-19 Proposed Budget	\$ Change	% Change
General Fund	\$153.1	\$159.6	\$6.5	4.2%
Enterprise Funds	155.5	157.1	1.6	1.0%
Special Revenue Funds	22.8	24.0	1.2	5.3%
Other Funds	5.5	6.0	0.5	9.1%
Housing Authority	29.4	32.9	3.5	11.9%
Successor Agency to RDA	4.1	0.0	-4.1	-100.0%
Total	\$370.4M	\$379.6M	\$9.2M	2.5%

FY 2018-19 Citywide Expenditures by Fund Type (in millions)

Fund Type	2017-18 Adopted Budget	2018-19 Proposed Budget	\$ Change	% Change
General Fund	\$154.3	\$169.2	\$14.9	9.7%
Enterprise (non-CIP)	129.6	127.8	-1.8	-1.4%
Enterprise (CIP)	31.6	73.1	41.5	131.3%
Non-Enterprise (CIP)	15.4	21.0	5.6	36.4%
Special Revenue	12.8	14.1	1.3	10.2%
Other Funds	5.2	5.2	0.0	0%
Housing Authority	32.3	33.6	1.3	4.0%
Successor Agency to RDA	4.1	3.3	-0.8	-19.5%
Total	\$385.3	\$447.3	\$62.0	16.1%
Operations (net of CIP)	\$338.3	\$353.2	\$14.9	4.4%
CIP only	47.0	94.1	47.1	100.2%

Non-General Fund Budget Changes since Study Sessions

Transportation and Public Works:

- Update from State which reduced Gas Tax Revenue by \$617K
 - Reduced CIP 1165-Sidewalk Program by \$52,000
 - Reduced CIP 1211-Street Overlay by \$349,457
 - Reduced CIP 737-Bridge Repairs by \$50,205
 - Reduced CIP 661-Pacific Avenue Reconstruction by \$85,814
 - Reduced CIP 2031-Streetlight Wire Replacement by \$80,000

Non-General Fund Budget Changes since Study Sessions

Recreation & Parks:

- Change for Kids fund increased by \$75,000 for 2 Neighborhood Afterschool Sites in Larkfield-Wikiup
- Offset by Revenue from Burbank Housing

Housing & Community Services:

- Homeless Shelter Operations fund increased by \$90,000 for Samuel Jones Hall Rapid Re-housing
- Offset by Revenue from Sonoma County

General Fund Proposed Budget Overview

FY 2018-19 General Fund Revenues by Category (in millions)

Category	2017-18 Adopted Budget	2018-19 Proposed Budget	\$ Change	% Change
Property Tax	\$26.5	\$25.8	-\$0.7	-2.6%
Sales Tax	48.8	49.6	0.8	1.6%
Utility Users Tax	9.7	9.4	-0.3	-3.1%
Vehicle License Fees	13.6	13.5	-0.1	-0.7%
Other Taxes	23.6	26.0	2.4	10.2%
Permits, Fines & Charges	11.2	12.7	1.5	13.4%
Interfund Charges	12.5	13.3	0.8	6.4%
Recreation Revenues	4.0	3.8	-0.2	-5.0%
Intergov't, Interest & Other	3.2	5.5	2.3	71.9%
Total	\$153.1M	\$159.6M	\$6.5M	4.2%

FY 2018-19 General Fund Expenditures by Category (in millions)

Category	2017-18 Adopted Budget	2018-19 Proposed Budget	\$ Change	% Change
Salaries	\$78.6	\$85.2	\$6.6	8.4%
Benefits	42.7	48.9	6.2	14.5%
Professional Services	11.3	11.2	-0.1	-0.9%
Vehicle Expense	4.4	4.9	0.5	11.4%
Operational Supplies	3.2	3.3	0.1	3.1%
Utilities	4.0	3.9	-0.1	-2.5%
Information Technology	4.5	4.8	0.3	6.7%
Liability/Property Insurance	1.5	1.6	0.1	6.7%
Other Miscellaneous	1.0	1.0	-	0%
Capital Outlay	0.1	0.2	0.1	100.0%
CIP and O&M Projects	3.0	4.2	1.2	40.0%
Total	\$154.3M	\$169.2M	\$14.9M	9.7%

FY 2018-19 General Fund Expenditures by Department (in millions)

Department	2017-18 Adopted Budget	2018-19 Proposed Budget	\$ Change	% Change
Administration*	\$19.8	\$22.3	\$2.5	12.6%
Housing & Community Services	1.3	1.8	0.5	38.5%
Fire	38.5	40.1	1.6	4.2%
Planning & Economic Develop.	10.4	13.3	2.9	27.9%
Police	53.9	59.3	5.4	10.0%
Recreation & Parks	15.4	16.4	1.0	6.5%
Transportation & Public Works	19.7	21.3	1.6	8.1%
SR Water (Storm Water GF only)	0.3	0.6	0.3	100.0%
Non-Departmental	-5.0	-5.9	-0.9	18.0%
Total	\$154.3M	\$169.2M	\$14.9M	9.7%

*Administration includes: City Council, City Manager's Office, Office of Community Engagement, City Attorney's Office, Human Resources and Finance.

FY 2018-19 General Fund Summary

(in millions)

Transfers IN	
Gas Tax	\$1.88M
Measure M	\$235K
Traffic Safety	\$400K
Consumer Protection Acct-Trust Fund	\$248K
Various	~\$42K
Total Transfers IN	\$2.8M
Transfers OUT	
CIP	\$2.51M
Parking Enforcement	\$1.18M
Homeless Services	\$2.20M
Real Property Transfer Tax-Homeless Svc & Aff Housing	\$713K
CHSQ Debt Service	\$730K
Various	~\$61K
Total Transfers OUT	\$7.4M

	Proposed Budget 2018-19
Revenue	\$159.6
Transfers In	2.8
Total	\$162.4
Expenditures	\$169.2
Transfers Out	7.4
Total	\$176.6
Surplus/(Deficit)	(\$14.2M)

Status of General Fund Reserves

General Fund Appropriations

3% COLA	\$3.01M
Roseland Annexation	\$303K
Cannabis Program	\$931K
Misc. Use of Reserves	\$646K
Total GF Reserve Appropriations	\$4.9M

Disaster-Related Appropriations

Fire Recovery Center	\$4.6M
E&Y Recovery Contract	\$500K
Net EOC Costs (estimated)	\$4.3M
Total Disaster-Related Appropriations	\$9.4M

	Amount	Reserve Percentage
FY 2016-17 Ending Reserves	\$37.3M	25.1%
FY 2017-18 Budget Deficit	-5.9M	
Council Approved Appropriations from Reserves	-4.9M	
Disaster-Related Appropriations from Reserves	-9.4M	
FYE 2017-18 Estimated Reserves	\$17.0M	11.5%
<i>Policy-Mandated Reserve Requirement</i>	<i>\$22.3M</i>	<i>15%</i>
Over/(Under) Council Policy	(\$5.3M)	

Status of General Fund Reserves

Estimated Reserves after Fire Related Costs and FY 2017-18 Additional Appropriations	\$17.0M
FY 2017-18 Not Budgeted Revenue estimates	
Cannabis Industry Tax and Permitting Revenue	est. \$1.2M
Fire Recovery Permitting Revenue	est. \$2.0M
FEMA Reimbursement for Initial Disaster Costs	est. \$5.3M
Estimated Reserves at June 30, 2018	\$25.5M
FY 2018-19 Budget Deficit	(\$14.2M)
Estimated Reserves at June 30, 2019	\$11.3M
Policy-Mandated Reserve Requirement (15% of \$169.2M)	\$25.4M
Over/(Under) Council Policy	(\$14.1M)

Long Range Financial Forecast

(in millions)

	Budget FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25	FY 25-26	FY 26-27	FY 27-28
Revenue	\$159.6	\$161.9	\$165.5	\$169.4	\$173.4	\$177.6	\$181.8	\$185.8	\$187.1	\$182.3
Transfers In	2.8	2.8	2.7	2.6	2.6	2.6	2.6	2.6	2.6	2.6
Total	\$162.4	\$164.7	\$168.2	\$172.0	\$176.0	\$180.2	\$184.4	\$188.4	\$189.7	\$184.9
Expenditures	169.2	174.9	181.0	186.7	192.1	196.8	201.4	204.7	208.2	211.8
Transfers Out	7.4	7.5	7.6	7.6	7.7	7.8	7.9	8.0	8.0	8.0
Total	\$176.6	\$182.4	\$188.6	\$194.3	\$199.8	\$204.6	\$209.3	\$212.7	\$216.2	\$219.8
Surplus / (Deficit)	-\$14.2	-\$17.7	-\$20.4	-\$22.3	-\$23.8	-\$24.4	-\$24.9	-\$24.3	-\$26.5	-\$34.9

FTE Staff Summary

Authorized FTE Staff Summary

Dept.	FY 14-15	FY 15-16	FY 16-17	FY 17-18	FTE Change	FY 18-19
CMO	14.00	17.00	11.00	13.00	--	13.00
CAO	12.90	12.90	14.90	15.90	1.00	16.90
Comm Engage	-	-	7.00	7.00	--	7.00
Finance	62.35	64.35	97.35	98.85	3.50	102.35
Fire	147.75	147.75	147.75	148.75	1.00	149.75
EDH	65.00	60.00	--	--	--	--
H&CS	-	-	30.75	33.00	2.50	35.50
HR	19.00	20.00	21.00	21.00	--	21.00

Authorized FTE Staff Summary

Dept.	FY 14-15	FY 15-16	FY 16-17	FY 17-18	FTE Change	FY 18-19
IT	25.00	26.00	28.00	29.00	1.00	30.00
CD	34.50	37.75	--	--	--	--
PED	-	-	50.00	51.00	7.50	58.50
Police	258.75	256.75	256.50	264.50	2.00	266.50
TPW	275.50	270.50	277.50	274.50	-0.50	274.00
R&P	85.15	93.15	74.00	74.00	--	74.00
Water	239.50	243.50	249.50	253.50	-1.00	252.50
Total FTE's	1,239.40	1,249.65	1,265.25	1,284.00	17.00	1,301.00

FY 2018-19 General Fund Position Change Detail

Dept.	Position Title	FTE
Multiple	Approved Mid-Year 2017-18 positions	14.00
Cannabis Initiative Related Positions:		
CAO	Assistant City Attorney	1.00
Fire	Fire Inspector	1.00
HCS	Code Enforcement Officer	1.00
HCS	Sr. Administrative Assistant	0.50
PED	City Planner	1.00
PED	Building Inspector	1.00
PED	Associate Civil Engineer	0.50
Cannabis Initiative Related Positions Total		6.00

FY 2018-19 General Fund Position Change Detail

Dept.	Position Title	FTE
All Other Positions:		
TPW	Reclass Assistant Engineer to Associate Civil Engineer	--
TPW	Reclass Sr. Maintenance Worker to Facilities Crew Supervisor	--
Total General Fund FTE Changes		20.00

FY 2018-19 Non-General Fund Position Change Detail

Dept.	Position Title	FTE
IT	GIS Analyst (Mid-Year 2017-18 transfer from TPW)	1.00
IT	Reclass GIS Analyst to GIS Coordinator	--
OCE	Community Outreach Specialist (Limited term exp. 9/30/19)	--
Finance	Parking Enforcement Officer	0.50
TPW	Reclass Assistant Engineer to Associate Civil Engineer	--
TPW	Equipment Mechanic II	-3.00
TPW	Equipment Service Worker	-0.50
Water	Senior Buyer	1.00
Water	Deputy Director – Engineering Resources	1.00
Water	Senior Administrative Assistant	-1.00
Water	Electrical Technician	-1.00
Water	Environmental Specialist	-1.00
	Total Non-General Fund FTE Changes	-3.00

Questions / Comments

Program Cost Estimates and Funding Options

Program Cost Estimates

Request	One-Time Cost	On-Going Cost	Revenue Offset	FY 2018/19 Cost
CAB – Grants		\$35,000		\$35,000
CAB – Program Administration		\$3,500		\$3,500
Sunshine Ordinance – Non-English Speaking Language Accessibility	\$25,000			\$25,000
Downtown Housing		\$293,000	(\$43,000)	\$250,000
Express Permits		\$188,000	(\$188,000)	\$0
Parking Assets – Downtown Development	\$75,000			\$75,000
Portland Loo	\$250,000	\$24,000		\$250,000
Housing First		\$852,000		\$852,000
Non Discrimination Ordinance		\$10,000		\$10,000
Total FY 2018/19 General Fund Cost				\$1,500,500

General Fund Position Changes Related to Programs

Dept.	Position Title	FTE
CMO	Associate Right of Way Agent – 2 yr. Limited Term	1.00
PED	Civil Engineering Technician	2.00
PED	Sr. Administrative Assistant	1.00
PED	Associate Civil Engineer	0.50
PED	Development Review Coordinator	1.00

Citywide FTE = 1,306.50

Funding new Programs may cause General Fund Baseline issues.

Options:

- Add FY 2018/19 GF Budget to the Fire dept. and VPP
- 6 Affirmative votes to fund under Baseline

Baseline Calculation		FY 2018-19	% of Total GF
Total GF Exp. before new Programs		\$169.2M	
POLICE	Baseline	\$58.0M	34.3%
	Adopted Budget	\$59.3M	
	Over/(Under) Baseline	\$1.3M	
FIRE	Baseline	\$40.1M	23.7%
	Adopted Budget	\$40.1M	
	Over/(Under) Baseline	--	
VPP	Baseline	\$706K	0.4%
	Adopted Budget	\$708K	
	Over/(Under) Baseline	\$2K	

Funding Option A

Dept.	Program Description	Expenditure Reductions	Updated FY 18/19 Budget
CMO	City Manager Contingency	(150,000)	50,000
TPW	LED Lights - CIP	(300,000)	300,000
TPW	ADA Improvements - CIP	(200,000)	1,000,000
TPW	Release FY 17/18 Transit transfer to GF Reserves	(884,529)	-
	Budget Reductions	(1,534,529)	

Funding Option B - Reductions allocated Citywide

Dept.	Program Description	Expenditure Reductions
CMO	City Manager Contingency	(150,000)
TPW	LED Lights - CIP	(300,000)
TPW	ADA Improvements - CIP	(200,000)
CC	various	(7,910)
CAO	various	(18,813)
HR	various	(12,931)
Finance	various	(59,043)
HCS	various	(9,761)
PED	various	(71,017)
Police	various	(317,374)
R&P	various	(87,525)
SR Water	various	(3,142)
CE	various	(4,566)
Fire	various	(214,591)
IT	various	(43,828)
	Budget Reductions	(1,500,500)

Funding Option C - Reductions allocated Citywide excluding the Fire department

Dept.	Program Description	Expenditure Reductions
CMO	City Manager Contingency	(150,000)
TPW	LED Lights	(300,000)
TPW	ADA Improvements	(200,000)
CC	various	(10,580)
CAO	various	(25,162)
HR	various	(17,294)
Finance	various	(78,967)
HCS	various	(13,055)
PED	various	(94,982)
Police	various	(424,474)
R&P	various	(117,060)
SR Water	various	(4,202)
CE	various	(6,107)
IT	various	(58,617)
	Budget Reductions	(1,500,500)

City Attorney's Office

Option B (\$18,813) and C (\$25,162)

- Reduction: Defer the Recruitment for the Assistant City Attorney for Cannabis resulting in salary/benefit savings.

Impacts:

- Option B -Position would remain unfilled for 1.5 months.
- Option C -Position would remain unfilled for 2 months.

Human Resources

Option B (\$12,931) and C (\$17,294)

- Reduction in Professional Services for consultants
- Impact: Delays in HR work getting completed

Finance

Option B (\$59,043) and C (\$78,967)

- Reduction – Eliminate 1.0 FTE Accountant position (\$123,000)
- Impact:
 - Delays in the Year-End Close and Production of Financial Statements for Annual Audits
 - Ability to assist with Financial Reporting requirements for new programs (RED, Special Tax Districts, Debt Issues)
 - Lose ability to expand Internal Audit program beyond current staff of one position

Housing & Community Services

Option B (\$9,761) and C (\$13,055)

- Reduction of the General Fund transfer of Real Property Transfer Tax
- Impact: Hold vacant the Program Specialist II position in the Housing Trust pending work demand from inclusionary housing units and/or new resources to Santa Rosa such as the potential of a Housing Bond, CDBG-DR, or tax increment financing.

Planning & Economic Development

Option B (\$71,017) and C (\$94,982)

- Reduction of \$120,000 for 1 FTE salary/benefits
- Impacts:
 - Reduced development opportunities in housing, manufacturing, and cannabis sectors
 - Constraint on recruitment, expansion, and retention of manufacturing sector and like-industries
 - Potential loss in revenue and work-force

Police Department

Option B - \$317,374

- Eliminate 1.0 Sergeant position (\$196,914)
- Eliminate 1.0 Police Officer position (\$171,658)
- Impact: This elimination will increase span of control for supervisors, decrease time in the field for the sergeant to provide field supervision, decrease core services, and increased overtime costs.

Police Department

Option C – \$424,474

- Eliminate 1.0 Sergeant position (\$196,914)
- Eliminate 1.0 Police Officer position (\$171,658)
- **Eliminate 1.0 Community Services Officer (\$91,023)**
- Impact: Elimination of these positions will result in decreased field supervision on patrol decreased core services, increased overtime, and increased waiting time for some reports to be taken.

Recreation & Parks Department

Option B – \$87,525

- Consolidate Senior Services at Person Senior Wing/Close Bennett Valley Senior Center
- Eliminate 0.5 FTE Groundskeeper position (\$33,500)
- Impact:
 - Transfer all senior programs and rentals to the Person Senior Wing/Steele Lane; consolidate staff and eliminate BVSC temporary staffing
 - Deferral of non-safety park repairs

Option C – \$117,060, includes the above and

Increased to Eliminate 1.0 FTE Groundskeeper position (\$67,000)

Water Department (Storm Water)

Option B (\$3,142) and C (\$4,202)

- Reduction in Equipment Repair & Maintenance and Supplies
- Impact: There are very few services using General Fund in the Storm Water division leaving very few opportunities to reduce. Outside of labor, a reduction in vehicle maintenance budget would require additional budget in future years. Operational supplies were reduced from last year but would be reduced further to accommodate additional required reduction.

Office of Community Engagement

Option B – \$4,566

- \$2,138 from Professional Services reducing to \$5,872
 - This reduction will impact the availability of promotional and outreach materials, translation, interpretation, evaluation services, and other consulting needs. For example, it may be necessary to forgo language interpretation at community meetings and events (e.g. Merit Awards).
- \$428 from Other Outside Services reducing to \$6,428
 - Funds the AmeriCorps VISTA Member fee (\$6,000 – fixed amount) and supports services. With the VISTA fee the largest expense in this line item, the \$428 leaves no budget for community events and meetings expenses.
- \$2,000 from Subrecipient Funding reducing to \$3,000
 - Reduces the Roseland Cinco de Mayo sponsorship from \$5,000 to \$3,000.

Option C – \$6,107, includes the above and

- \$1,541 from CAB Grants reducing to \$33,459
 - Reduces the amount available for the Community Advisory Board's Community Improvement grants program.

Information Technology Department

Option B (\$43,828) and C (\$58,617)

- Reduction in software licenses
- Impacts:
 - Will invest IT resources towards consolidation of several software applications into the City's GIS software system.
 - One time investment of existing IT resources to accomplish the software migration. Increased reduction in software usability due to the consolidation.

Fire Department

Option B – \$214,591

- Reduction in Overtime by eliminating the 4th Firefighter on Engine 6 across all three shifts (half the year). The Firefighters would be placed back into the staffing plan to be used to reduce overtime for vacation, sick and other time-off.
- The 4th Firefighter was placed on Engine 6 due to the loss of Station 5 to reduce effective firefighting force assembly times and “Two-in / Two-out” times in the eastern response areas.

Fire Department

- Impact :
 - Reduction of one firefighter per shift will decrease the efficiencies of normal operations on Engine 6.
 - Reduction of the 4th Firefighter may delay interior fire attack due to the requirements of “Two-in / Two-out” regulations. This delay is exacerbated by the travel distance of second and third due resources to District 6.
 - Reduction of the 4th Firefighter on Engine 6 may extend the time required to assemble an effective firefighting force in accordance with NFPA 1710.
 - Any reduction in expenditures will cause the Fire dept. to fall below baseline

Funding Option A

Dept.	Program Description	Expenditure Reductions	Updated FY 18/19 Budget
CMO	City Manager Contingency	(150,000)	50,000
TPW	LED Lights - CIP	(300,000)	300,000
TPW	ADA Improvements - CIP	(200,000)	1,000,000
TPW	Release FY 17/18 Transit transfer to GF Reserves	(884,529)	-
	Budget Reductions	(1,534,529)	

Funding Option B - Reductions allocated Citywide

Dept.	Program Description	Expenditure Reductions
CMO	City Manager Contingency	(150,000)
TPW	LED Lights - CIP	(300,000)
TPW	ADA Improvements - CIP	(200,000)
CC	various	(7,910)
CAO	various	(18,813)
HR	various	(12,931)
Finance	various	(59,043)
HCS	various	(9,761)
PED	various	(71,017)
Police	various	(317,374)
R&P	various	(87,525)
SR Water	various	(3,142)
CE	various	(4,566)
Fire	various	(214,591)
IT	various	(43,828)
	Budget Reductions	(1,500,500)

Funding Option C - Reductions allocated Citywide excluding the Fire department

Dept.	Program Description	Expenditure Reductions
CMO	City Manager Contingency	(150,000)
TPW	LED Lights	(300,000)
TPW	ADA Improvements	(200,000)
CC	various	(10,580)
CAO	various	(25,162)
HR	various	(17,294)
Finance	various	(78,967)
HCS	various	(13,055)
PED	various	(94,982)
Police	various	(424,474)
R&P	various	(117,060)
SR Water	various	(4,202)
CE	various	(6,107)
IT	various	(58,617)
	Budget Reductions	(1,500,500)

Future Program Requests

Not to be included in FY 2018/19 Budget

Renewal Enterprise District:

- Estimated cost \$250,000
- Staff will reviewing possible Grant options
- Move to future Study Session

Rental Inspection:

- Estimated cost \$1,100,000 with revenue offset
- Staff will work on start-up of new program
- Move to future Study Session

City Manager's Closing Comments

Questions?