

FY 2018-19 Budget Study Session

April 17, 2018

Agenda

- Council Goals and Priorities
- Citywide Proposed Budget Overview
- General Fund Proposed Budget Overview
- FTE Staff Summary
- General Fund Support for Homeless Services and Tenant Landlord Services
- Disaster-Related Project Cost Estimates
- Concluding 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.

City Council Priorities

Near-Term (Six Month) Priorities

- 1 FEMA project worksheet submission
- 2 California Voting Rights Act (CVRA)/district elections
- 3 Rebuild/build downtown and fire areas
- 4 Budget process for FY 2018-19
- 5 Review revenue options
- 6 Purchasing process policy review
- 7 Homelessness

City Council Priorities

Tier 1: Council's Top Priorities – To Receive Greatest Attention

1.1 Recovery/rebuilding

1.2 Comprehensive housing strategy

1.3 Open government task force recommendations

1.4 Downtown housing

1.5 Homelessness

City Council Priorities

Tier 2: Initiatives to Receive Attention as Resources Permit

- | | |
|-----|--|
| 2.1 | Replenish resources |
| 2.2 | Conduct emergency preparedness |
| 2.3 | Focus on employee morale and well-being |
| 2.4 | Plan and implement the Southeast Greenway |
| 2.5 | Create plan to address deferred maintenance throughout the community |
| 2.6 | Implement the Climate Action Plan |
| 2.7 | Explore feasibility of a public bank |
| 2.8 | Explore options for funding Roseland Library |

Other Opportunities for the Future

Explore business improvement districts in neighborhood commercial centers

Adopt living/minimum wage

Obtain a new funding source for the transit system

Develop a strategy for producing/stimulating the production of childcare facilities

Create a transition program for neonicotinoids

Hold a study session on creating a public bank

Explore options for funding free transit rides for K–12 students

Explore paid family leave

Conduct study session on community impact reports

Other Opportunities for the Future, cont.

Attract businesses with well-paying jobs and encourage retention and expansion of existing local companies

Implement participatory budgeting

Increase funding for community advisory board grants and review policies

Increase youth engagement services

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	\$159.4	\$6.3	4.1%
Enterprise Funds	155.5	157.1	1.6	1.0%
Special Revenue Funds	22.8	24.5	1.7	7.5%
Other Funds	5.5	6.0	0.5	9.1%
Housing Authority	29.4	32.5	3.1	10.5%
Successor Agency to RDA	4.1	0.0	-4.1	-100.0%
Total	\$370.4M	\$379.5M	\$9.1M	2.5%

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

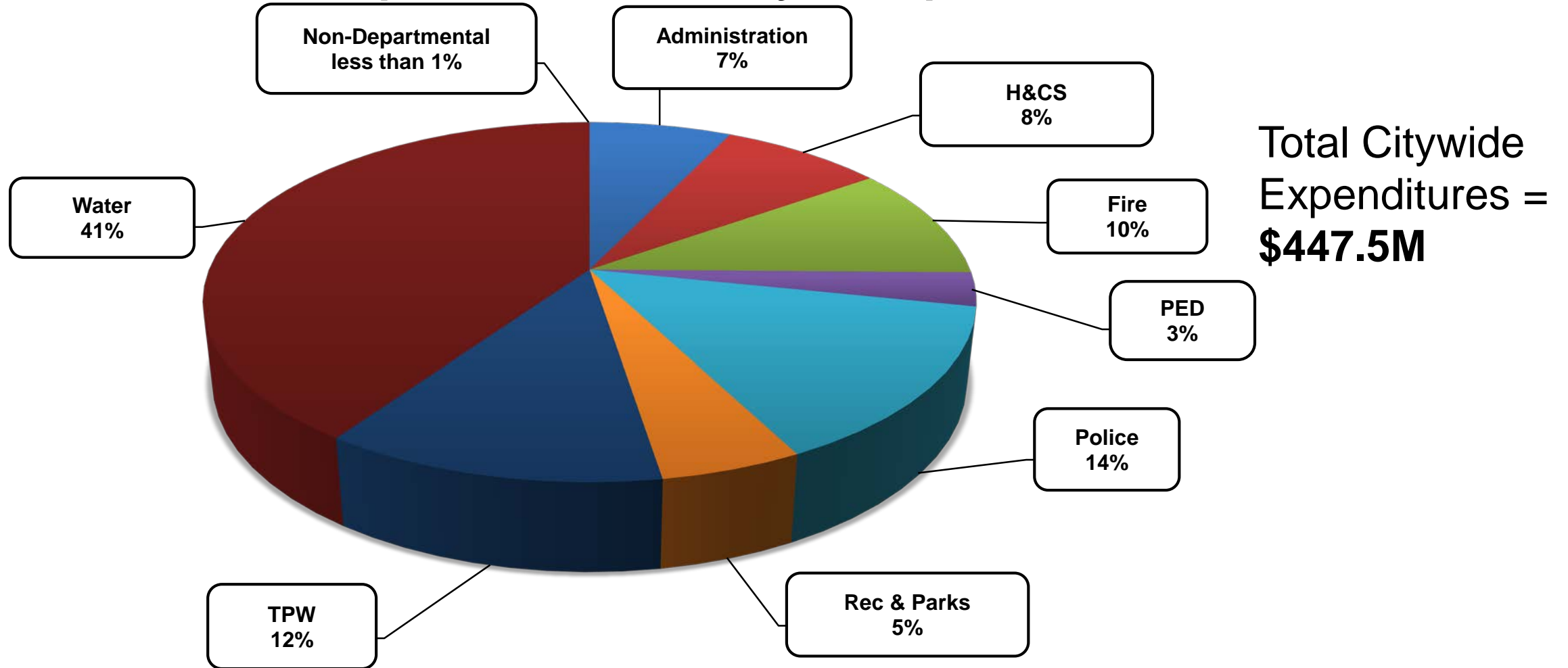
Fund Type	2017-18 Adopted Budget	2018-19 Proposed Budget	\$ Change	% Change
General Fund	\$154.3	\$169.2	\$14.9	9.7%
Enterprise (non-CIP)	129.6	127.8	-1.8	-1.4%
Enterprise (CIP)	31.6	73.1	41.5	131.3%
Non-Enterprise (CIP)	15.4	21.6	6.2	40.3%
Special Revenue	12.8	14.0	1.2	9.4%
Other Funds	5.2	5.2	0.0	0%
Housing Authority	32.3	33.3	1.0	3.1%
Successor Agency to RDA	4.1	3.3	-0.8	-19.5%
Total	\$385.3	\$447.5	\$62.2	16.1%
Operations (net of CIP)	\$338.3	\$352.8	\$14.5	4.3%
CIP only	47.0	94.7	47.7	101.5%

FY 2018-19 Citywide Expenditures by Department (in millions)

Department	General Fund	Other Funds	Total
Administration*	\$22.3	\$11.3	\$33.6
Housing & Community Services	1.8	36.4	38.2
Fire	40.1	3.6	43.7
Planning & Economic Development	13.3	0.5	13.8
Police	59.3	4.8	64.1
Recreation & Parks	16.4	5.9	22.3
Transportation & Public Works	21.3	30.6	51.9
SR Water	0.6	180.4	181.0
Non-Departmental	-5.9	4.8	-1.1
Total FY 2018-19 Proposed Budget	\$169.2M	\$278.3M	\$447.5M
Total FY 2017-18 Adopted Budget	\$154.3M	\$231.0M	\$385.3M

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

FY 2018-19 Citywide Expenditures by Department



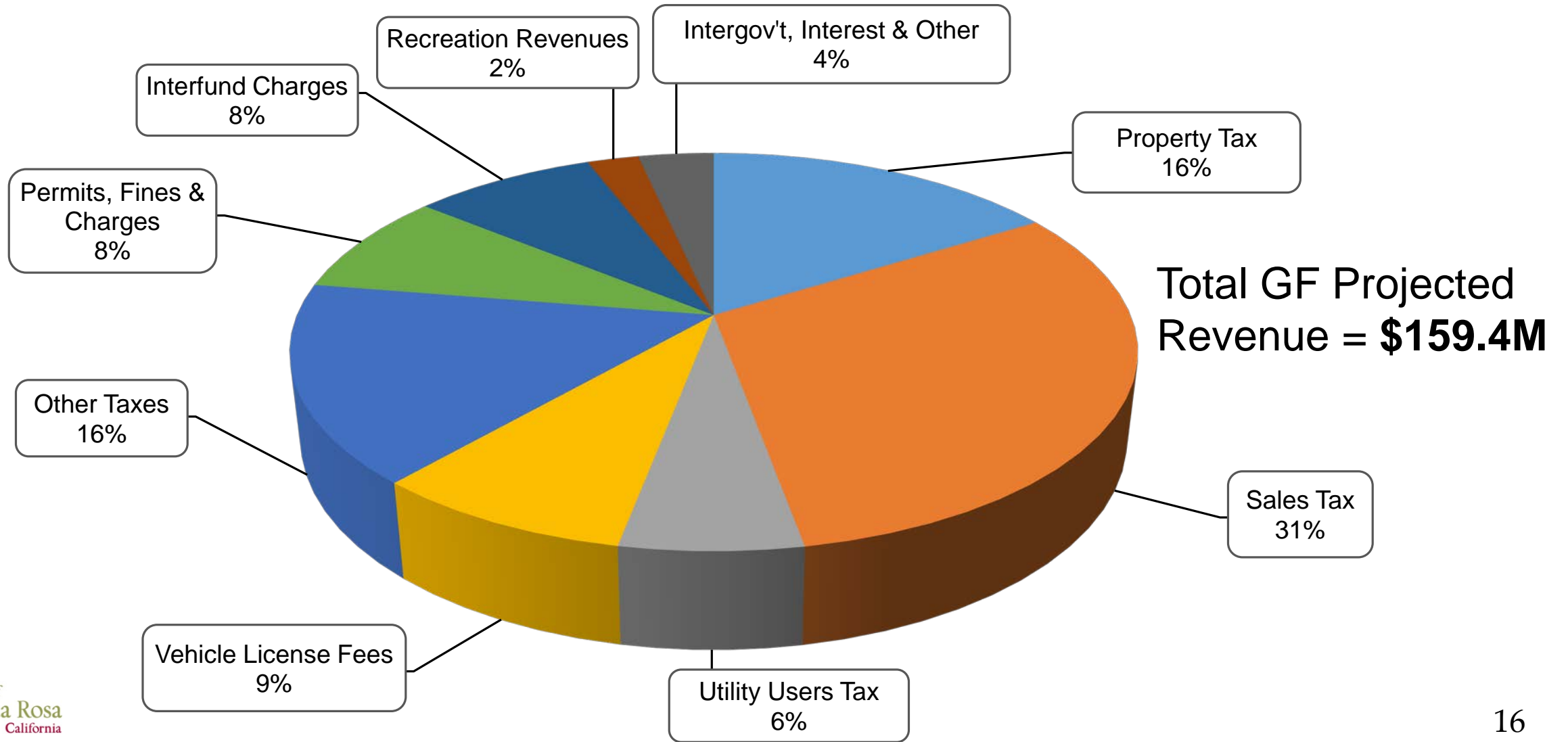
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General Fund Proposed Budget Overview

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	25.8	2.2	9.3%
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	\$159.4M	\$6.3M	4.1%

FY 2018-19 General Fund Revenues by Category

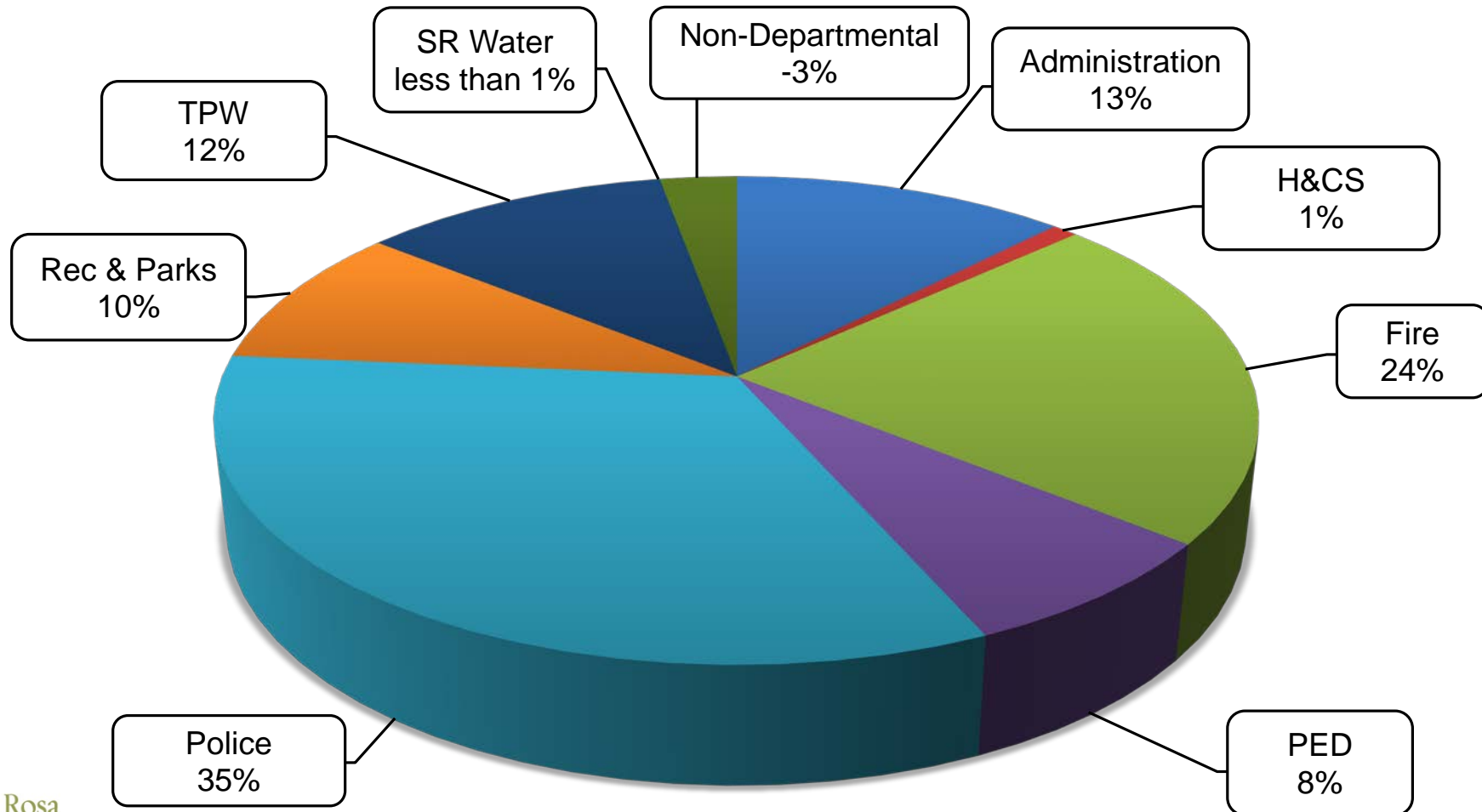


FY 2018-19 General Fund Expenditures by Department (in millions)

Department	2017-18 Adopted Budget	2018-19 Proposed Budget	\$ Change	% Change
Administration*	\$19.8	\$22.3	\$2.5	12.6%
Housing & Community Services	1.2	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	-4.9	-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 Expenditures by Department



Total GF Expenditures = **\$169.2M**

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	11.0	-0.3	-2.7%
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	1.2	0.2	20.0%
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 Year over Year Change

Category	Year over Year Change	\$ Change
Salaries	3% COLA (17-18 & 18-19)	\$6.10M
Benefits	PERS Retirement	1.16M
Benefits	PERS Unfunded Liability	2.77M
Sal/Ben/S&S	Cannabis (13 FTEs); \$2.6M revenue offset	1.82M
Sal/Ben/S&S	Roseland Annex (16 FTEs); \$500K revenue offset (\$1.39M in 17-18)	1.20M
O&M Projects	Fire Recovery (PED); 100% revenue offset	1.40M
S&S	Election Year Costs (CC)	0.44M
	Total GF Change from FY 2017-18 to FY 2018-19	\$14.9M

General Fund Baseline Calculation

	FY 2018-19	% of Total GF Expenditures
Total General Fund Expenditures	\$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	--	
VIOLENCE PREVENTION		
Baseline	\$706K	0.4%
Adopted Budget	\$708K	
Over/(Under) Baseline	\$2K	

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	\$159.4
Transfers In	2.8
Total	\$162.2
Expenditures	\$169.2
Transfers Out	7.4
Total	\$176.6
Surplus/(Deficit)	(\$14.4M)

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)	

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	\$159.4	\$161.7	\$165.3	\$169.2	\$173.2	\$177.3	\$181.5	\$185.6	\$189.7	\$193.9
Transfers In	2.8	2.8	2.7	2.6	2.6	2.6	2.6	2.6	2.6	2.6
Total	\$162.2	\$164.5	\$168.0	\$171.8	\$175.8	\$179.9	\$184.1	\$188.2	\$192.3	\$196.5
Expenditures	169.2	174.8	180.9	186.6	192	196.7	201.3	204.7	208.1	211.7
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	\$182.3	\$188.5	\$194.2	\$199.7	\$204.5	\$209.2	\$212.7	\$216.1	\$219.7
Surplus / (Deficit)	-\$14.4	-\$17.8	-\$20.5	-\$22.4	-\$23.9	-\$24.6	-\$25.1	-\$24.5	-\$23.8	-\$23.2

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	--
	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
OCE	Community Outreach Special (Limited term exp. 6/30/19)	--
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

General Fund Support for Homeless Services and Tenant Landlord Services

Homeless Services General Fund

FY 2017/18 General Fund adopted budget \$1,711,847

- Winter Shelter (50-beds Nov-March); Sam Jones Hall 138-beds (not housing-focused); HOST; HCA; Homeless Svc Pilot Program; Admin

Programs/services added in 2017/18 with one-time funding:

- Consolidate Winter Shelter/Sam Jones Hall - 188-bed year-round housing-focused shelter
- Expand Homeless Service Center hours
- Add 25 beds at SJH (total 213)- Homeless Encampment Cleanup Pilot Program + Rapid Rehousing (SoCo partnership)
- Housing First Fund

Homeless Services General Fund

FY 2018/19 \$2,199,600

Sam Jones Hall (138 beds, non-housing focused) + Winter Shelter (50 beds)	\$338,303
Continue 188-bed year-round, housing-focused shelter	\$496,911
Retain additional 25 beds at SJH (HEAP)	\$189,617
Total Sam Jones Hall - 213-bed, year-round, housing-focused shelter	\$1,024,831

Continuum of Care and Annual Homeless Count	\$67,900
HCA Program Admin	\$60,000
HOST	\$466,450
Continue expanded hours and Homeless Services Center	\$100,000
City Admin	\$480,419
Total Admin and Programming	\$1,174,769

Homeless Services General Fund Pending Initiatives

Housing First Fund	\$534,000
Housing First – Homeless Service Center	\$218,000
Housing First - Family Support Center	\$100,000
TOTAL	\$852,000

Tenant Landlord Legal Services General Fund

FY 2017/18 - \$92K one-time funding

- Tenant/landlord education; eviction defense; Section 8 assistance; habitability; eviction defense for qualifying landlords
 - \$87K contract with Legal Aid (10/1/17 – 9/30/18)
 - \$5K admin

FY 2018/19 - \$64K included in the budget

- \$62.3K funding for contract (10/1/18 – 6/30/19)
- \$1.7K admin
- Elimination/reduction in funding means reduction to above services

Questions / Comments

Disaster-Related Project Costs

Disaster Projects – Public Assistance

Category	Description	Total Cost	Local Share
A	Debris Removal	\$8,468,878	\$211,722
B	Emergency Protective Measures	\$7,324,587	\$306,188
C	Bridges and Roads	\$9,239,559	\$577,475
D	Water Control Facilities	\$1,655,151	\$103,447
E	Buildings and Equipment	\$5,971,861	\$373,421
F	Utilities	\$52,842,096	\$3,255,803
G	Recreation and Parks	\$7,623,783	\$288,986
	Total Public Assistance Projects	\$89,376,665	\$5,116,860

Hazard Mitigation Projects - Approved

Project Description	Total Cost	Local Share
Public Safety Building Backup Generator	\$3,764,600	\$933,650
Hoehn Avenue Embankment Repair	\$1,630,000	\$407,500
Traffic Signal Retrofit including Battery Backup	\$1,500,000	\$500,000
Seismic and Water Supply Improvements to Reservoirs	\$2,600,000	\$650,000
Backup Generators at Water/Wastewater Facilities	\$3,734,600	\$933,650
Water Treatment Facility Flooding Mitigation	\$14,201,000	\$9,201,000
Water/Wastewater SCADA Systems	\$4,069,500	\$1,017,375
Rehabilitate Carley and Peter Springs Emergency Wells	\$5,000,000	\$1,250,000
Fireproof Water/Wastewater Facilities	\$11,439,500	\$6,439,500
Total Approved Projects	\$47,909,950	\$21,333,425

Hazard Mitigation Projects - Preliminary

Project Description	Total Cost	Local Share
Courthouse Square Fortification	\$584,000	\$146,000
Dam Flood Inundation Maps	\$150,000	\$37,500
Emergency Well – Place to Play	\$3,000,000	\$750,000
Fountaingrove Emergency Traffic Improvement	\$225,000	\$56,250
Storm Drain Master Plan	\$1,400,000	\$350,000
Chipper Program	\$525,000	\$131,250
Siren Program – Santa Rosa	\$2,125,000	\$531,250
Study – Increase Water Supply in Fountaingrove	\$300,000	\$75,000
Total Preliminary Projects	\$8,309,000	\$2,077,250

Local Share – Potential Funding Sources

Potential Funding Source	Local Share Amount
General Fund	\$3,189,551
Water/Wastewater Capital Funds	\$23,610,578
Other Funds (Gas Tax, Storm Water, etc.)	\$1,727,406
Total Local Share Funding (PA and Mitigation)	\$28,527,535

Significant Projects Costs Not Included:

- Private Property Debris Removal Cost
- 53 Miles of Road/Sidewalk Rehabilitation
- Fire Station 5 – relocation and enhanced building

Funding to Come from Reserves or by Reprioritizing CIP

Questions / Comments

Concluding Comments

Budget Strategies

Broader Long-Term Focus

- Departments Strategizing Operational Budget Reductions
 - Focus on On-Going, Sustainable Cuts
- Revenue Strategies
 - Opinion Research on Revenue Options Due in May

New Programs

- Council May Direct Staff to do Analysis on New Programs or Projects
- Analysis Presented at May Study Session
- Potential Inclusion in Final Budget Based on Council Direction