



FY 2021-22 PROPOSED BUDGET

Jan Mazyck, Chief Financial Officer

June 22, 2021

Agenda

Budget Study Session

FY 2021/22

Revenue Considerations

FY 2021-22 Citywide Budget

FY 2021-22 General Fund Budget

Citywide Staff Summary

Revenue Considerations

The intent of Prop 218 is to:

- *Ensure that all taxes and property charges are subject to voter approval*
- *Curb perceived abuses, i.e., assessment use and property-related fees that are property-related and are used for general government purposes*
- *The result is limited revenue-raising ability*
- *Actively addressing revenue constraints remains a priority*

Active Consideration

- ✓ Re-authorization of Public Safety Special Tax (Measure O)
 - Critical for public safety related services
 - Currently before Long-term Financial Planning and Audit Committee
- ✓ Master Fee Schedule update
- ✓ Cannabis Tax
- ✓ Issuance of pension obligation bonds (“POB”s) to reduce the CalPERS-related amortization for the City’s unfunded actuarial liability

FY 2021-22 Citywide Proposed Budget

FY 2021-22 Citywide Expenditures Budget

Fund Type	2020-21 Adopted Budget	2021-22 Proposed Budget	\$ Change	% Change
General Fund	178,627,854	181,349,898	2,722,044	1.5%
Enterprise (Operating)	128,207,247	132,097,422	3,890,175	3.0%
Enterprise (CIP)	33,175,000	66,287,300	33,112,300	99.8%
Non-Enterprise (CIP)	27,690,725	25,043,578	-2,647,147	-9.6%
Special Revenue	16,454,678	16,593,176	138,498	0.8%
Other Funds	5,208,986	5,275,069	66,083	1.3%
Housing Authority	44,124,137	44,117,345	-6,792	0.0%
Successor Agency to RDA	3,047,301	3,026,638	-20,663	-0.7%
Total	436,535,928	473,790,426	37,254,498	8.5%
Operations (net of CIP)	375,670,203	382,459,548	6,789,345	1.8%
CIP only	60,865,725	91,330,878	30,465,153	50.1%

Enterprise (CIP) \$33M increase attributable to bond funded projects.

Enterprise funds include Parking, Transit, Golf Course, Water, Local Wastewater, Sub-Regional Water, and Storm Water.

Special Rev. funds include Homeless Services, Measure O-Safety, Measure M-streets and parks, Admin Hearing, SR Tourism BIA, etc.

Other Funds include Debt Service, Special Assessment districts, and Trust & Agency funds.

Changes since Study Session

Received updated Gas Tax Revenue estimates for FY 2021-22

- Resulted in Non-Enterprise CIP decreasing by \$395K

General Fund

FY 2021-22 PROPOSED BUDGET

General Fund Revenues: FY 21 Projected vs. FY 22 Forecast Budget

Property Tax & Motor Vehicle License fees

- FY 22 Forecast: 2% increase

Sales Tax

- Increase expected in General Retail and Food Products

Other Taxes:

- FY 22 Forecast:
 - Biz Tax: flat, \$4.5M
 - RPTT: flat, \$3.5M
 - TOT: \$1.2M increase; \$4.5M
 - Cannabis: flat, \$1.8M
 - Franchise fees: flat, \$10.6M

Interfund Charge

- Less than 1% increase

Recreation Revenue

- Assumed FY 21 Adopted Budget with re-opening of community

Intergov't, Interest and Other

- FY 22 Forecast:
 - ✓ Fire Cost Reimbursements lower by \$1.3M
 - ✓ One-time grants in FY21 Projections

Category	2019-20 Actuals	2020-21 Adopted Budget	2020-21 Projected Budget	2021-22 Forecast Budget	\$ change	% change
Property Taxes	30,473,325	30,646,100	31,326,638	31,912,000	585,362	1.9%
Sales Tax	58,435,657	54,298,000	57,282,600	62,520,200	5,237,600	9.1%
Utility Users Tax	10,669,391	9,857,200	10,400,000	10,388,000	(12,000)	-0.1%
Other Taxes	25,522,549	22,247,300	24,283,800	24,968,400	684,600	2.8%
Motor Vehicle License Fees	14,717,349	15,397,000	15,490,256	15,770,200	279,944	1.8%
Permits, Fines, Charges	14,699,071	10,846,780	10,841,360	11,206,800	365,440	3.4%
Rec & Park Revenues	2,229,150	2,501,940	1,047,146	2,501,940	1,454,794	138.9%
Interfund Charges	13,122,944	13,944,430	13,944,430	14,036,100	91,670	0.7%
Intergov't, Interest, Other	16,078,815	4,531,400	7,322,842	5,159,010	(2,163,832)	-29.5%
Total GF Revenues	185,948,252	164,270,150	171,939,072	178,462,650	6,523,578	3.8%
Total One-Time Revenue			103,778,738			
Total Transfer In	2,796,372	2,665,803	2,665,803	2,295,010	(370,793)	-13.9%
Total Revenue & Xfer In	188,744,624	166,935,953	278,383,613	180,757,660	(97,625,953)	-35.1%

FY 22 GF Expenditures: The Budget remains relatively flat to FY 20/21. Increase in CalPERs unfunded actuarial costs of \$3.0+ million is offset by decreasing salary-related costs & O&M projects

Salaries:		2019-20	2020-21	2021-22	\$ change	% change
		Actual	Adopted Budget	Proposed Budget		
<ul style="list-style-type: none"> Reduced by 16.1 FTEs in FY 22 Police reduced add'l 5.0 FTEs to align with FY 21 Baseline Budget \$567K increase in Fire OT for Strike Teams, offset with reimbursement 	Salary	81,611,714	85,937,071	84,854,390	-1,082,681	-1.3%
	Benefits	49,803,126	52,150,239	55,237,974	3,087,735	5.9%
Benefits	Professional Services	11,622,231	14,356,336	15,440,574	1,084,238	7.6%
	Vehicle Expense	4,788,257	5,557,556	5,443,046	-114,510	-2.1%
<ul style="list-style-type: none"> Unfunded PERS Liability increased by 18% or \$3.3M from FY 21 	Operational Supplies	2,839,706	3,255,991	3,200,041	-55,950	-1.7%
	Utilities	3,890,192	4,344,260	4,566,234	221,974	5.1%
Utilities	Information Technology	4,677,633	5,061,844	5,515,783	453,939	9.0%
<ul style="list-style-type: none"> 6% increase in Electricity 	Liability/Property Insurance	1,790,511	1,915,252	2,440,213	524,961	27.4%
	Other Misc.	2,340,469	2,408,893	2,078,373	-330,520	-13.7%
Information Technology	O&M Projects	10,635,396	3,640,412	2,573,270	-1,067,142	-29.3%
<ul style="list-style-type: none"> Increases in electronic Plan Review software Shifted 1.0 FTE from Fire dept. to IT dept 	TOTAL	173,999,235	178,627,854	181,349,898	2,722,044	1.5%
	O&M Projects					

FY 22 General Fund Forecast Transfers Out : \$9.3M

Fund	Amount	Description
	1,018,631	Sam Jones Hall
	2,305,674	Homeless Services
	<u>315,000</u>	Safe Parking Pilot Program
Homeless Services Fund	3,639,305	
	1,200,000	ADA Settlement-Facilities
	101,194	Luther Burbank Home & Garden Capital Replacement
	50,000	Pre Design Planning
	600,000	LED Street Light Replacement
	662,000	Roseland Pavement Maintenance (offset with revenue)
	250,000	Public Safety Building Boiler Line Replacement
	<u>275,000</u>	Public Safety Buidling Emergency Generator Replacement
CIP Fund	3,138,194	
Art in-Lieu fund	31,382	1% of GF CIP budget
Courthouse Square Debt Service	733,575	
Parking District Fund	1,183,368	Parking Enforcement (offset with violation revenue)
Munipal Transit Fund	30,000	Free Rides for Veterans Program
Fair Housing	36,000	Funded by Real Property Transfer Tax
Affordable Housing	<u>479,038</u>	Funded by Real Property Transfer Tax
Total Transfer Out	9,270,862	

General Fund Actual	Projected FY 20/21*	Proposed FY 21/22
Revenue	171,939,072	178,462,650
Transfers In	2,665,803	2,295,010
Total Revenues and Xfers In	174,604,875	180,757,660
Expenditures	178,627,854	181,349,898
Transfers Out	6,470,475	9,270,862
Total Adj. Exp & Xfers Out	185,098,329	190,620,760
Over/(Under) Performance	(10,493,454)	(9,863,100)

GENERAL FUND PERFORMANCE FY 21 VS PROPOSED FY 22

*** EXCLUDES ONE TIME REVENUES OF \$103,778,738**

FYE 20/21 Projected Reserves

Note: The number presented here represents an unofficial reserve amount. The official reserve amount cannot be fully ascertained until the close of the fiscal year post June 30, 2021.

**City of Santa Rosa
FYE 2021 Projected Reserves**
(in millions)

Reserves at June 30, 2020		\$ 21.9
Net Current Year Appropriations*	\$ (9.0)	
Estimated Reserves at June 30, 2021		<u>\$ 12.9</u>
Council Commitment of PGE Funds	\$ 40.0	
Revised Projected Reserves at June 30, 2021		<u>\$ 52.9</u>
General Fund Reserve Policy amount of 15%		\$ 27.4

Notes:

* Net Current Year (FY 21) Appropriations:

SJH Annex (for social distancing bed capacity)	\$ (2.6)
Bipolar ionization air purifier	\$ (0.5)
Childcare pilot program	\$ (2.0)
Fire Recovery Center - Bureau Veritas	\$ (1.0)
COVID-19 Non-Congregate Sheltering	\$ (2.2)
Energy Audit	\$ (0.3)
Citywide Equity Consultant	\$ (0.4)
	<u>\$ (9.0)</u>

City-wide Staff Summary

FY 2021-22 PROPOSED BUDGET

City-wide Summary by Department

- Reduced by total 15+ positions or 1.2% of total full-time positions

DEPARTMENT	FY 2020-21	change	FY 2021-22	% change
City Attorney	15.90	-	15.90	-
City Manager	8.00	1.00	9.00	12.5%
Communications & Intergovernmental Relations	7.00	-	7.00	0.0%
Finance	92.85	(3.25)	89.60	-3.5%
Fire	151.00	(3.00)	148.00	-2.0%
Housing & Community Services	24.00	-	24.00	0.0%
Human Resources	21.00	-	21.00	0.0%
Information Technology	29.00	1.00	30.00	3.4%
Planning & Economic Development	69.00	(1.00)	68.00	-1.4%
Police	260.00	(9.00)	251.00	-3.5%
Recreation & Community Engagement	42.00	(1.10)	40.90	-2.6%
Transportation & Public Works	287.00	(1.00)	286.00	-0.3%
Water	247.50	1.00	248.50	0.4%
Total FTE Positions	1,254.25	(15.35)	1,238.90	-1.2%

General Fund Proposed Reductions

Police Department

- The reduction of 5.0 FTE positions reflects the City Council's FY 21 decision to reduce the department's budget to baseline
- Reductions were intended to reduce budget to accommodate / pay for certain reforms
- 1.0 FTE Reduction for FY 22

Dept	Reduction	FTE	Amount	% of Total GF	% of Total GF Dept budget
Police	3.0 Police Officers	-3.0	585,000		
Police	1.0 Communications Dispatcher	-1.0	130,000		
Police	1.0 Police IT Supervisor	-1.0	165,000		
Police	1.0 Police Officer	-1.0	195,000		
	Total	-6.0	1,075,000	0.59%	1.68%
Fire	5.0 Firefighters	-5.0	945,000	0.52%	2.07%
PED	1.0 Administrative Technician	-1.0	100,240		
PED	Professional Services		307,760		
PED	Training		10,000		
	Total	-1.0	418,000	0.23%	2.74%
Rec	0.5 Recreation Specialist	-0.5	48,035		
Rec	0.6 Recreation Specialist	-0.6	55,964		
Rec	Temp Services		7,930		
Rec	Finley Aquatic Concession closure		39,610		
Rec	Service & Supplies		18,461		
	Total	-1.1	170,000	0.09%	1.76%
TPW	4.0 Skilled Maintenance Workers	-4.0	412,800		
TPW	1.0 Electrician	-1.0	136,400		
TPW	2.0 Groundskeeper	-2.0	183,200		
	Total	-7.0	732,400	0.40%	2.48%
Finance	1.0 Field Collection Representative	-1.0	123,300	0.07%	1.12%
Total General Fund		-21.1	3,463,700	1.91%	

General Fund: FTE Changes

Dept.	Position	FTE
CMO	Limited Term Administrative Technician (mid-year)	1.00
Finance	Senior Customer Service Rep (0.75 to 1.0)	0.25
Fire	Limited Term Fire Inspector (mid-year)	2.00
Fire	Limited Term Buildings Plan Examiner (mid-year)	1.00
Fire	Department Application Specialist (to IT)	-1.00
TPW	Admin. Support Supervisor to Sr. Admin Assistant	-
TPW	Safety & Training Coordinator	1.00
TPW/Water	Associate Real Estate Associate	1.00
Police	Sr. Admin Assistant to Admin Technician	-

Non-General Fund: FTE Changes

Dept.	Position	FTE
Finance	Limited Term Meter Technician (Water funds)	-1.00
Finance	Parking Operations Coordinator (Parking funds)	-0.50
Finance	Senior Administrative Assistant (Parking funds)	-1.00
IT	Technology Application Specialist (from Fire)	1.00
TPW	Associate Civil Engineers (CIP funds)	4.00
TPW	Parks Planner (Meas. M-Parks funds)	1.00
Police	Police Officers (Meas. O funds)	-3.00



APPENDICES

BASELINE CALCULATION

PUBLIC SAFETY SPECIAL TAX (MEASURE O)

REAL ESTATE PROPERTY TRANSFER TAX

ADDITIONAL NEEDS REQUESTS: FUNDED

RESERVES HISTORY

Baseline Calculation Public Safety Special Tax (Measure O)

Ordinance establishes the % of funding that should be committed to public safety

- Police: \$1.7 million over baseline
- Fire: \$2.7 million over baseline
- Violence prevention: at baseline

Total GF Budget	\$ 181,349,898
Police	
Baseline - 34.3%	62,228,910
Budget	63,914,326
Over/ (Under)	1,685,416
Fire	
Baseline - 23.70%	43,006,378
Budget	45,752,767
Over/ (Under)	2,746,389
Violence Prevention	
Baseline - 0.40%	757,729
Budget	757,791
Over/ (Under)	62

***Real Property
Transfer Tax
used for
Homeless
Services and
Affordable
Housing***

	FY 2017-18 Actuals	FY 2018-19 Actuals	FY 2019-20 Actuals	FY 2020-21 Budget	FY 2021-22 Budget
RPTT Revenue	4,406,434	3,849,649	3,431,689	2,713,200	3,500,000
Homeless/ Affordable Housing Support per Council Policy	<i>25%</i>	<i>25%</i>	<i>30%</i>	<i>35%</i>	<i>40%</i>
Total	1,101,609	962,412	1,029,507	949,620	1,400,000
Affordable Housing - RPTT	881,287	749,000	749,000	286,469	515,038
Homeless Services - RPTT	220,322	220,000	413,800	663,151	884,962
Additional General Fund Support for Homeless Services	1,491,525	2,663,600	2,467,700	2,679,780	2,754,343
Total General Fund & RPTT Support	2,593,134	3,632,600	3,630,500	3,629,400	4,154,343

- *In 2018, Council passed a resolution to increase RPTT support to Homeless Services & Affordable Housing by 5% each year until reaching 100%*
- *In FY 21, the stated policy amount of \$949.6K was exceeded by an additional \$2.4 million reflecting expenditures for the HOST contract and Sam Jones Hall Homeless Shelter.*
- *HOST – Homeless Outreach Services Team is run by Catholic Charities. The City funds approximately \$1M annually.*

General Fund: additional needs requests identified are included in Proposed Budget: \$2.2M

		One-time Cost	On-going Cost	Revenue or Exp Offset	* American Rescue Plan	* CDGB- CV	PG&E Settlement
CC	Re-districting costs	200,000		-			X
CC	Spanish Translation		164,000	-			
CC	Charter Review (offset Community Promotions)	TBD		105,000			X
CC	Community Empowerment (offset Community Promotions)	20,000		20,000			
CMO/Homeless	Sam Jones Hall Sprung Structure	713,000		713,000		X	
CMO/Homeless	Safe Parking Pilot Program		315,000	315,000	X		
Finance	Banking Services	-	100,000	-			
Non-dept	Broadband proposals	200,000		200,000	X		
TPW	1.0 Safety and Training Coordinator		134,000	-			
TPW	4.0 Civil Engineering Technicians (charge to CIP)		720,000	720,000			
TPW	Real Estate Project		325,000	-			
TPW/Water	1.0 Associate Real Estate Agent (charges to RE project)		-	-			
HCS	Legal Aid (\$87K base)		5,000	5,000		X	
Police	Mental Health Collaborative		1,100,000	-			
Police	Radio Infrastructure Software upgrade		253,000	-			X
Total		1,133,000	3,116,000	2,078,000			
Net Total Costs		2,171,000					

* Staff is to utilize all non-General Fund sources of funding, to lessen the burden on the General Fund.

General Fund Reserves: 6-year history

Reserve for Contingencies and Appropriations From FY 2015 to FY 2020

	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019	6/30/2020
Expenditures GAAP Basis B2 Financial Statement	\$ 125,107,647	\$ 135,391,902	\$ 148,582,028	\$ 161,556,065	\$ 168,730,956	\$ 172,108,485
9848 - Reserve for Future Contingencies	\$ 34,291,448	\$ 36,750,319	\$ 35,823,110	\$ 26,036,253	\$ 30,302,909	\$ 21,905,073
15% Expenditures reflected on B2	\$ 18,766,147	\$ 20,308,785	\$ 22,287,304	\$ 24,233,410	\$ 25,309,643	\$ 25,816,273
Percentage of Reserves for Contingencies	27.41%	27.14%	24.11%	16.12%	17.96%	12.73%
Amount Over/(Under) 15% Policy	12.41%	12.14%	9.11%	1.12%	2.96%	-2.27%