

City of San Leandro  
2012-13 City Manager's  
Proposed Budget



City Council Meeting  
May 21, 2012

# Overview

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- Budget overview and process
- City Council goals
- One-time needs expenditures
- Total City budget
- General fund budget
- RDA and Successor Agency
- Special Revenue, Enterprise, and Internal Service funds
- Capital Improvement Program
- Next Steps

# Budget Overview and Process

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- Budget – based on estimates, projections, fluid plans
- Public Process
  - Began in October
  - Finance Committee - November through May
  - City Council retreat in February
  - City Council work sessions March and April
    - Strategies addressing one-time needs
    - Services funded through the budget
  - Mid-year review – budget adjustments

## Budget Overview (cont)

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- Considerations
  - Hold the line on staffing and in general, expenditures
  - Maintain existing service levels
  - Dissolution of RDA

## Budget Overview (cont)

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- Focus on sustainable budget
  - Conservative revenue projections
  - Contribution to General Fund reserves
  - Labor negotiations
  - Balancing future fund deficits
  - Measure Z sunsets in 2018
- World economic impact, i.e. European debt crisis
- For 2012-13, State deficit of \$15.7 billion, Alameda County of \$88 million

# City Council Goals

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- Place the City on a firm foundation for long-term fiscal sustainability
- Work with the community and all stakeholders towards completing major projects and programs for sustainable economic development
- Provide quality public safety services and work in partnership with the community to keep San Leandro safe
- Maintain and enhance City's infrastructure
- Support programs, activities and communication that enhance quality of life in San Leandro and promote sense of community and civic pride
- Maintain and support strong positive relationship between the City and schools

# One-time Needs Expenditures

## 2011-12 Fund Balance

2012-13 City Council Goals	One-Time Need	Proposed Funding
Foundation for long-term fiscal sustainability	✓Transfer to Economic Uncertainty reserve	\$ 600,000
Complete projects for sustainable economic development	✓Leverage for grant application(s) for economic development	50,000
Provide quality public safety keeping community safe	✓Crime analysis/information sharing software	50,000
Maintain and enhance infrastructure	✓Building Capital Improvement projects	540,000
	✓ADA compliance plan	75,000
	✓Fiber optic loop project	60,000
Enhance the quality of life and promote sense of community and civic pride	✓Library book budget challenge, includes community matching program	50,000
	✓Community assistance grant, restore 15% CDBG reduction	15,000
	✓Project literacy, includes matching program	40,000
Strong positive relationship between City and schools	✓San Leandro Museum and Art Gallery – school tours	25,000
Additional one-time funding from City Manager Contingency	✓TBD (See handout)	50,000
<b>Total</b>		<b>\$1,555,000</b>

# Every Year's Budget Uniquely Challenging

## 2012-13

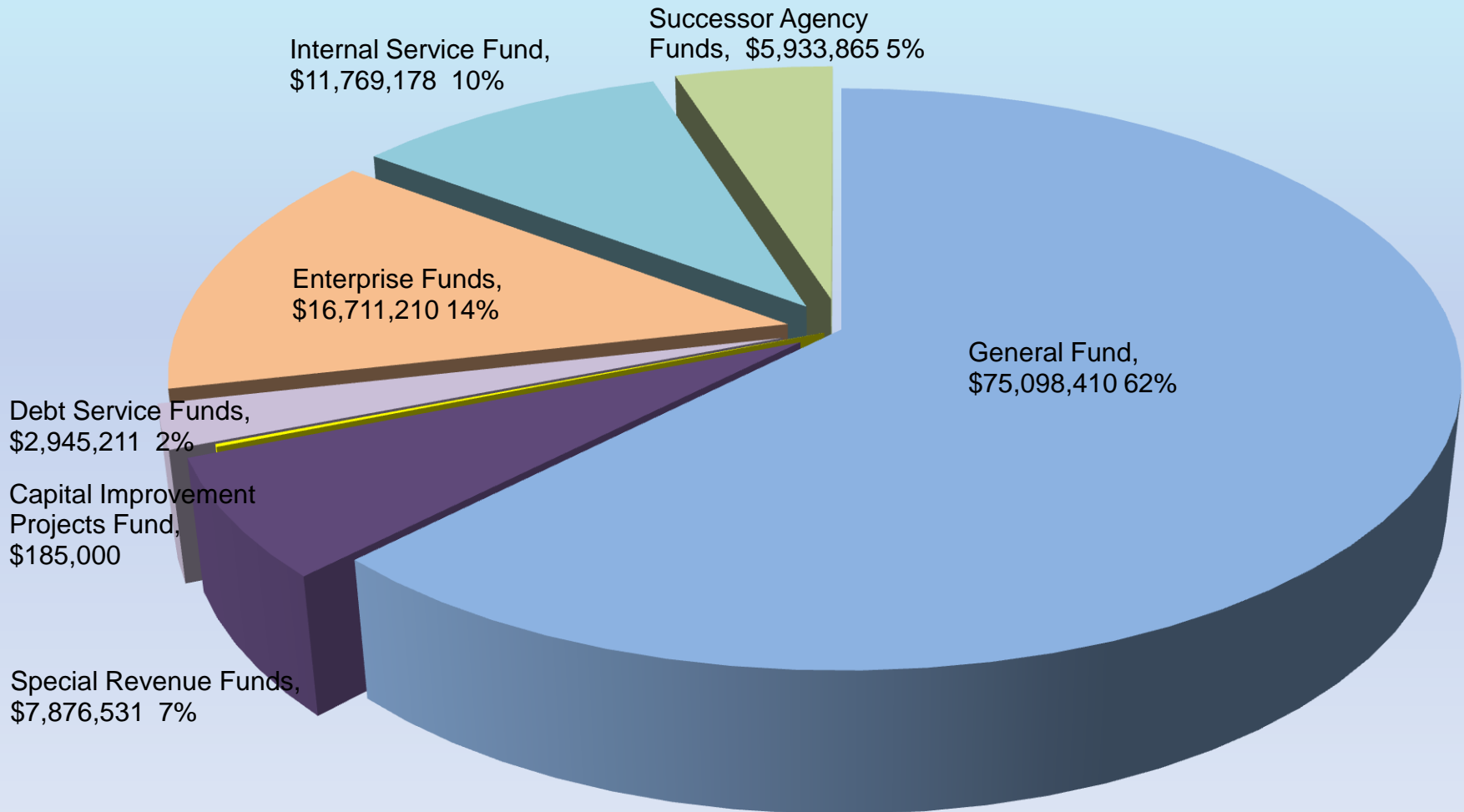
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- Unwinding redevelopment
- Affects of Great Recession continue
- Labor negotiations
- Measure Z sunsets 5 years from March 2013
- Even with Measure Z, total revenues remain below 2006-07



# Total City Budget Revenues

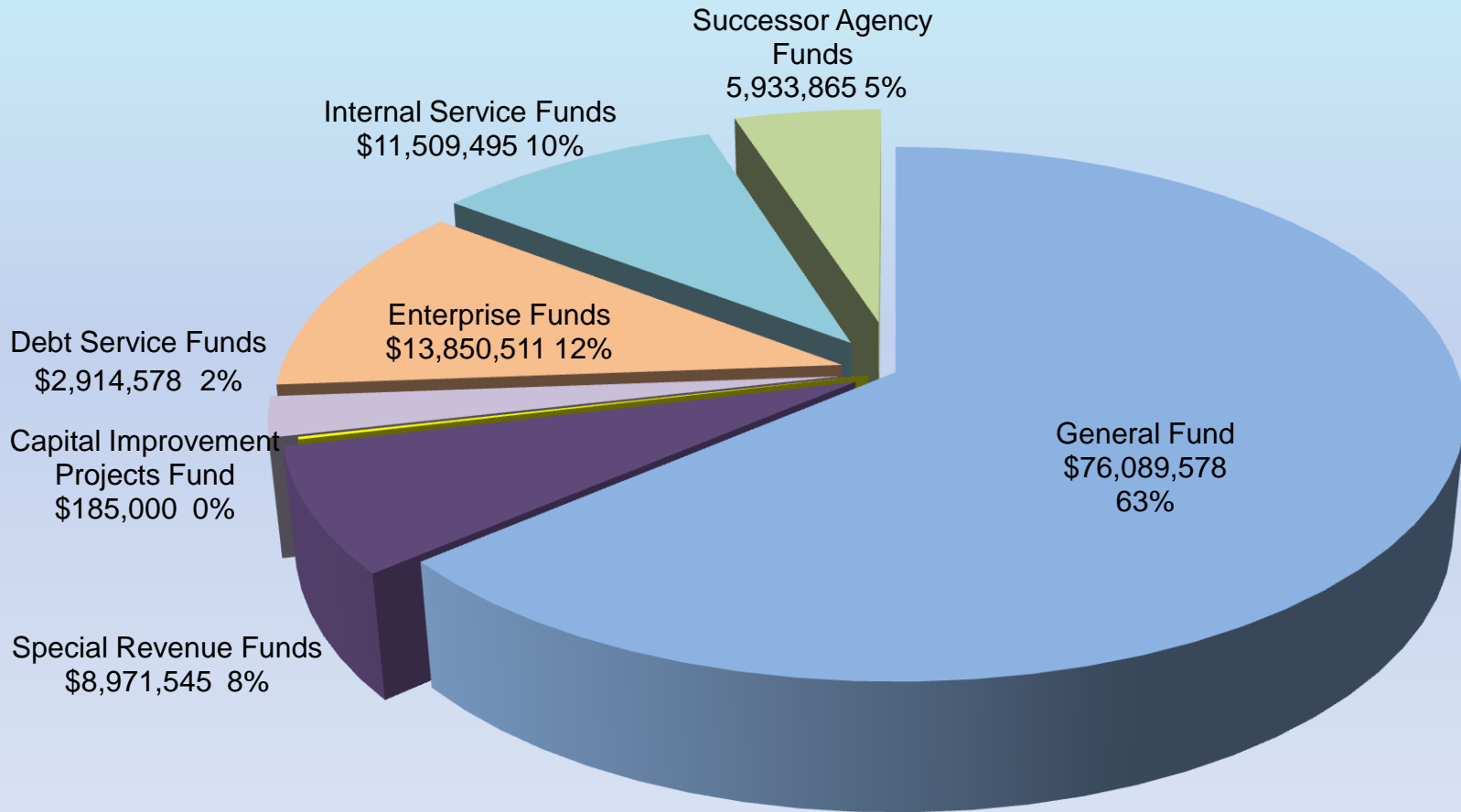
\$120,519,405



# Total City Budget Expenditures

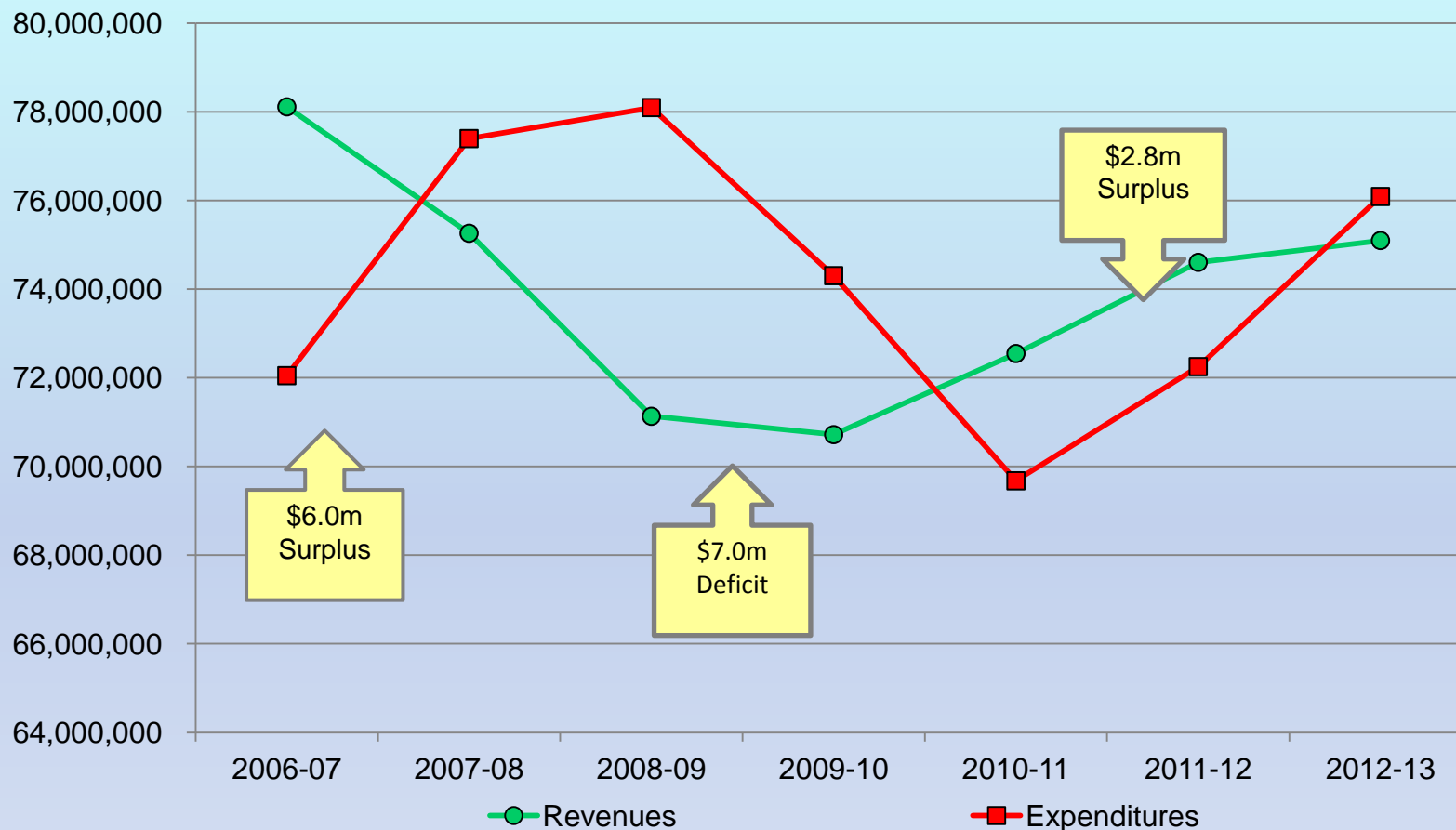
\$119,454,751

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# General Fund Annual Expenditures and Revenues

## Historical Data, 2006-07 thru 2012-13



	Actual 2006-07	Actual 2007-08	Actual 2008-09	Actual 2009-10	Actual 2010-11	Projected 2011-12	Proposed 2012-13
<b>Revenues</b>	\$ 78,113,000	\$ 75,261,000	\$ 71,133,000	\$ 70,718,000	\$ 72,548,000	\$ 74,605,000	\$ 75,098,000
<b>Expenditures</b>	72,049,000	77,397,000	78,097,000	74,305,000	69,677,000	72,252,000	76,090,000
<b>Net</b>	\$ 6,064,000	\$ (2,136,000)	\$ (6,964,000)	\$ (3,587,000)	\$ 2,871,000	\$ 2,353,000	\$ (992,000)

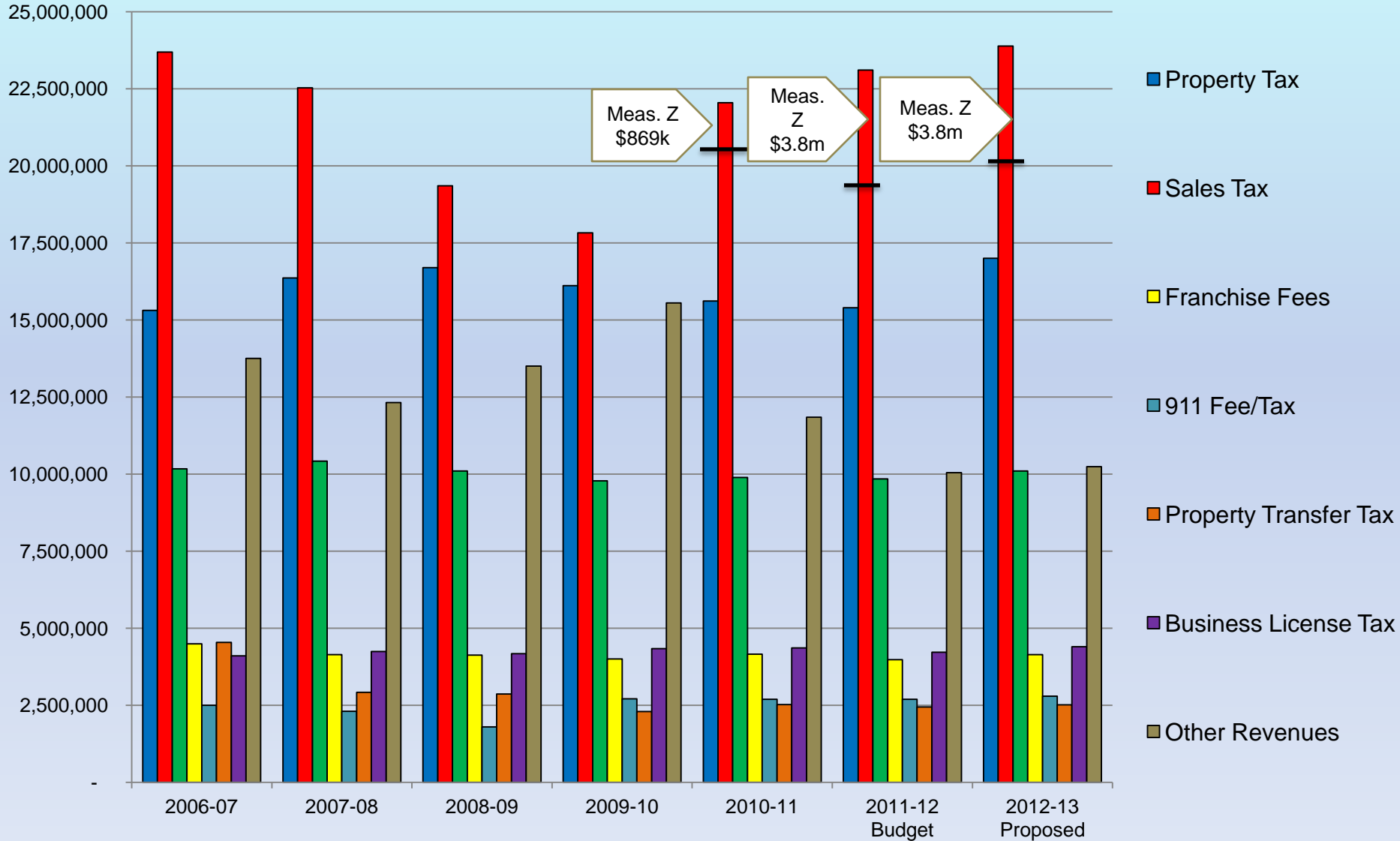
## Why General Fund Revenue Challenge?

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- San Leandro residential property value decline, secured property assessed value dropped
- San Leandro residential foreclosures still at historical levels
  - 20 per month in 2008-09 down to 13 per month in 2011-12
- San Leandro unemployment at 10.7%; Alameda County at 9.3%
- Development and construction declined
  - City building permits down by 41% since 2006-07
  - Valuation down 39%

# General Fund Annual Revenues

## 2006-07 through 2012-13



# General Fund Expenditure Summary

- Hold the line budget, no additional department reductions
  - One full-time position restored

## Increased Costs:

• Employee furlough termination	\$ 666,000
• Fire services contract	603,000
• RDA - transfer positions from RDA (revenue offset)	533,000
• PERS rates - miscellaneous employees	509,000
• General liability claim costs	478,000
• RDA - transfer services from RDA (revenue offset)	439,000
• PERS rates - public safety employees	323,000
• Other ISF allocation	245,000
• Human Resources manager position	192,000
• CIP operating transfer	185,000
• Employee health benefits	111,000
• Municipal election	110,000
• Other service and supply costs	108,000
• Additional vehicle replacements	66,000
• Legal services and other consulting	62,000

## Expected Savings:

• Refinancing public safety pension	(300,000)
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Total increase in General Fund expenditures	<u><u>\$ 4,330,000</u></u>
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# Budget Balancing Strategies

## 2012-13

Increase Sales Tax revenue estimate, adjusting forecast to factor in 2011-12 increases	\$ 267,000
Appropriate portion of building permit revenue to match 2012-13 expenditure requirement	300,000
Appropriate Community Impact payment (20%) without offsetting transfer increasing reserves	300,000
Use 2011-12 carryover Fund Balance for limited duration (first of five years) fire apparatus lease payment	207,000
Department reorganizations, limited hiring freeze and extended vacancy duration prior to recruitment, eliminating summer interns from E&T and directly impact capital improvement projects (same as 2011-12)	244,000
<b>Total</b>	<b><u>\$ 1,318,000</u></b>

# General Fund Budget Summary

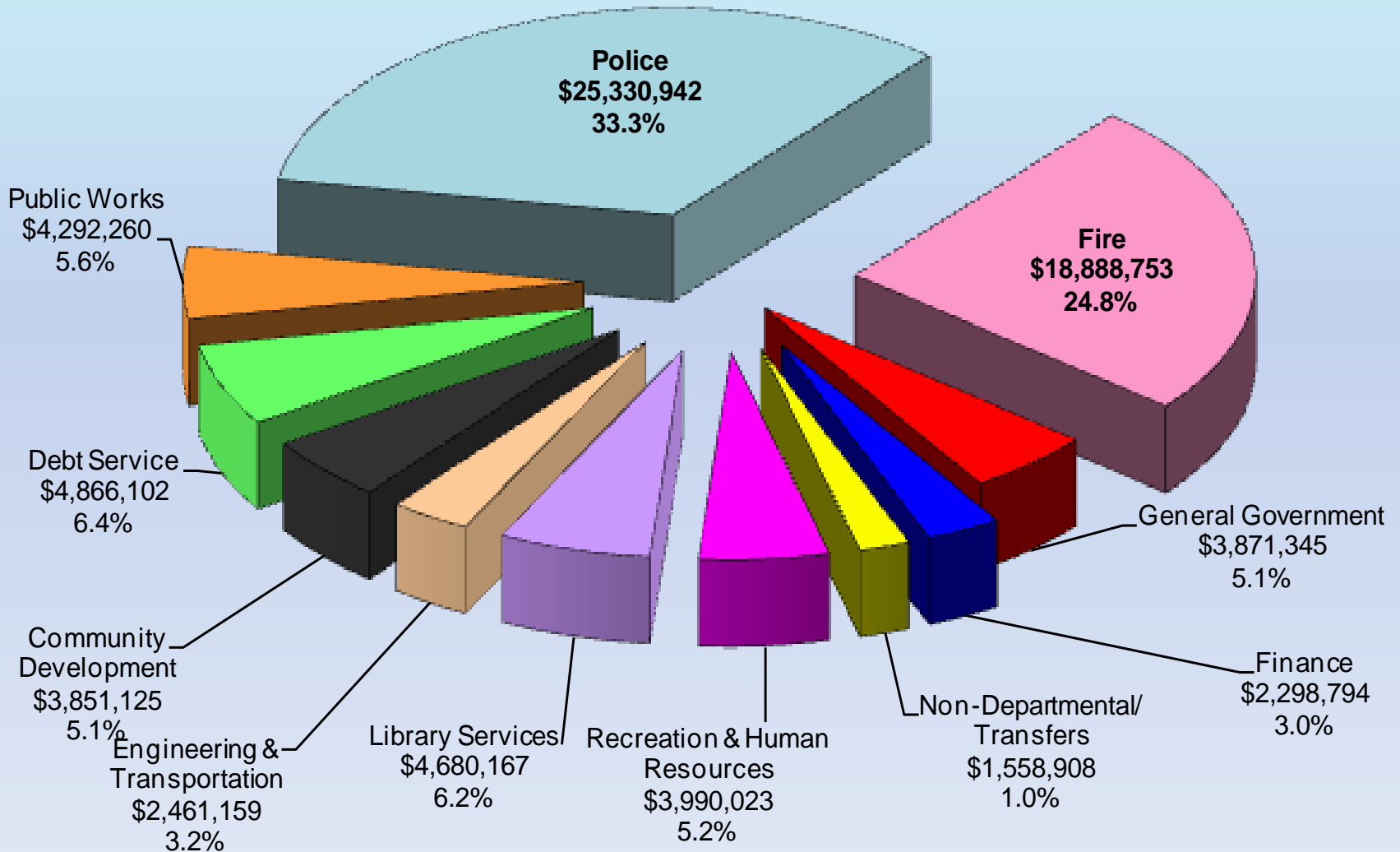
## 2011-12 and 2012-13

	2011-12 Adopted	2011-12 Projected	2012-13 Proposed
Beginning fund balance	\$ 468,000	\$ 2,468,000	\$ 2,821,000
Operating revenues	71,760,000	74,605,000	75,098,000
Operating expenditures	(71,692,000)	(72,003,000)	(75,833,000)
Operating transfers	(68,000)	(249,000)	(257,000)
Total expenditures	(71,760,000)	(72,252,000)	(76,090,000)
Operating surplus/deficit	-	2,353,000	(992,000)
Other sources/(uses)	-	(2,000,000)	-
Ending fund balance	\$ 468,000	\$ 2,821,000	\$ 1,829,000
Use of fund balance:			
Building permit revenue			\$ 300,000
Community impact designation			300,000
Fire apparatus lease payment			207,000
Capital improvements			185,000
			<u>\$ 992,000</u>

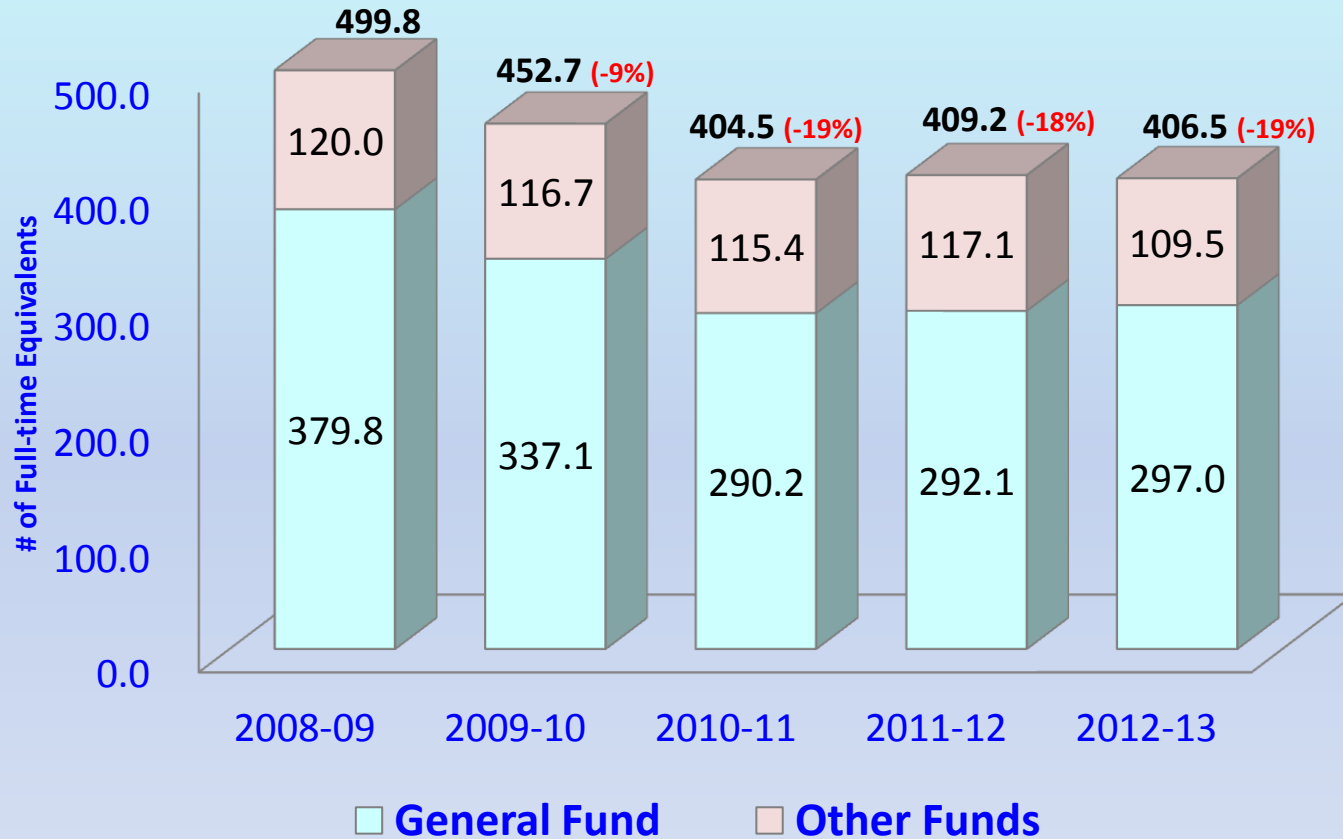


# General Fund Budget

\$76,089,578



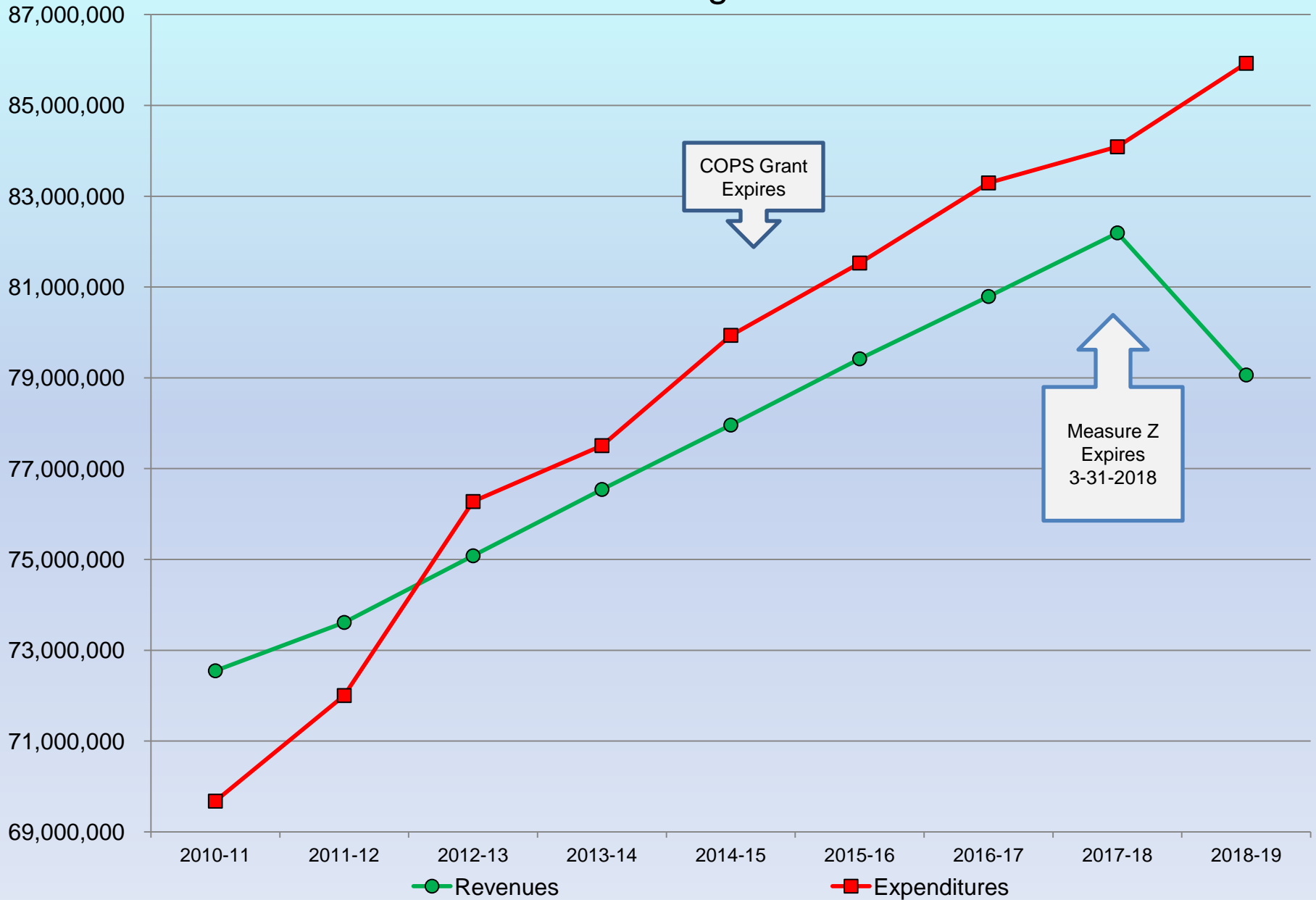
# Total City Staffing



- 2012-13 decrease primarily due to RDA dissolution
- 2008-09 baseline year for comparison

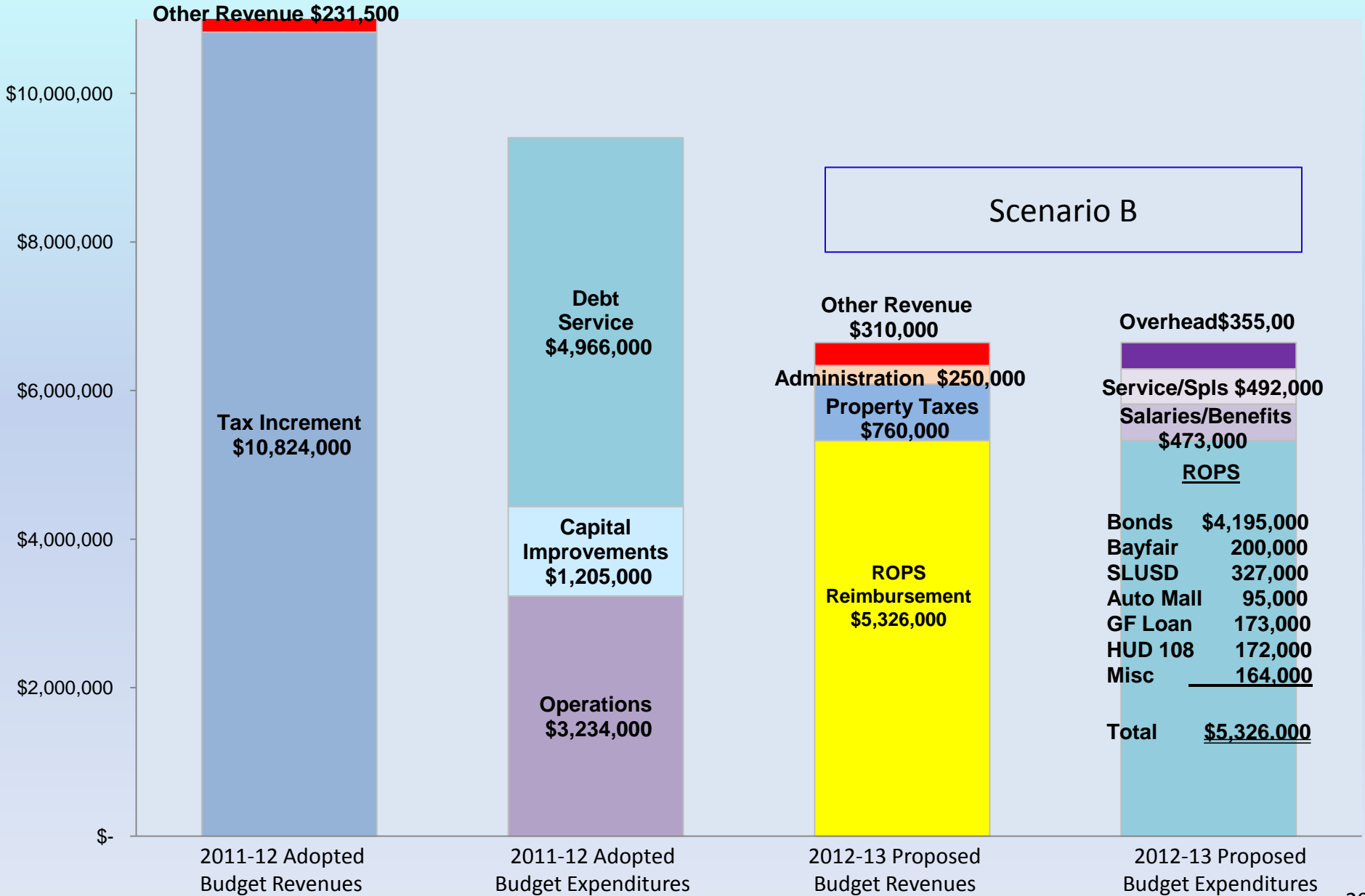
# Seven Year Forecast, General Fund Revenues and Expenditures

## 2012-13 through 2018-19



# RDA Elimination

## Revenues and Expenditures



# Scenario B Administrative/Program and Overhead Expenditures

<u>Expenditure Description</u>	<u>Proposed</u>
Salaries and Benefits	\$ 438,770
Administration and Operating Programs:	46,500
Chamber support	\$ 10,000
Stepping Stones	22,000
Downtown sidewalk cleaning	20,000
Downtown PBID	40,000
Farmer's Market	9,000
Downtown Business Assoc. support	5,000
Incentives (façade, broadband, etc)	180,000
Downtown holiday lights	5,000
Everyone Home	6,000
Fair Housing Program	10,000
Mortgage credit certificate	1,000
DSFRC Affordable housing	11,000
Single Family Rehab	55,000
First Time Home Buyer	35,000
Project financial analysis	20,000
Marketing	30,000
Memberships	23,500
Total Programs	482,500
Overhead Costs (ISF)	103,006
RDA O/H costs redistributed to Gen Fund depts	249,224
Total Scenario B Expenditures	<u>\$ 1,320,000</u>

# Special Revenue Fund Summary

Fund Description	Revenues	Expenditures	Operating Surplus/Deficit
CDBG	\$ 561,000	\$ (539,000)	\$ 22,000
HOME Grant Housing	141,000	(141,000)	0
Housing In Lieu	0	0	0
Business Improvement District	299,000	(297,000)	2,000
Parking	275,000	(320,000)	(45,000)
Park Development Fees	31,000	(18,000)	13,000
Heron Bay Maintenance	330,000	(438,000)	(108,000)
Cherrywood Maintenance	22,000	0	22,000
Asset Seizure	6,000	0	6,000
Grants	1,891,000	(1,927,000)	(36,000)
Public Education & Government (PEG)	150,000	(149,000)	1,000

## 2012-13 Enterprise Fund Summary

Fund Description	Beginning Fund Balance	Revenues	Expenditures	Ending Fund Balance
Water Pollution Control Plant	8,287,000	12,340,000*	(9,176,000)	11,451,000
Environmental Services	\$ 1,205,000	\$ 1,167,000	\$ (1,404,000)	\$ 968,000
Shoreline	(136,000)	2,130,000	(2,116,000)	(122,000)
Storm Water	242,000	1,075,000	(1,155,000)	162,000

\* Includes \$260,000 loan repayment for Public Safety Retirement Side Fund refinancing

# Internal Services Revenue Funds Summary

Fund Description	Revenues	Expenditures	Operating Surplus/Deficit
Building Maintenance	\$ 2,864,000	\$ (2,864,000)	\$ 0
Information Services	3,674,000	(3,674,000)	0
Self Insurance	3,500,000	(3,240,000)	260,000
Equipment Repairs and Maintenance	1,731,000	(1,731,000)	0



# Capital Improvement Program Summary

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- ▶ 17 Projects (\$5.335 million)
- ▶ Projects are maintenance and safety related
- ▶ 4 of the City Council Top 10 projects are funded (12 of the top 25)
- ▶ Funding Summary:

• Developer Fees for Street Improvements	\$ 91,528
• General Fund	185,000
• Park Development Fees	17,946
• Gas Tax (Section 2103)	931,112
• Measure B	2,184,356
• Heron Bay Maintenance Assessment District	100,000
• Special Grants	496,202
• Community Development Block Grant (CDBG)	86,139
• Water Pollution Control Plant Enterprise fund	1,243,000
Total Capital Improvement Program Funding	<hr/> <b>\$ 5,335,283</b>

## Next Steps

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- Public Hearing – City Council meeting June 4, 2012
- Published Adopted Budget will be available in August
- Adopted budget available via
  - City’s website
  - City’s libraries
  - Senior community center
- Budget in Brief available in July

**Questions?**