

**City of San Leandro
General Fund and CIP Biennial
2015-16 and 2016-17
Budget Development**



**City Council Work Session
City Council Chamber
March 23, 2015**

Overview

- 2015 City Council Goals
- Budget considerations
- Biennial Revenue and expenditure highlights and assumptions
- Initial budget summary and forecast
- Unfunded liabilities
- Proposed Capital Improvement Program

City Council 2015 Goals

- Place San Leandro on a firm foundation for long-term fiscal sustainability
- Advance projects and programs promoting sustainable economic development, including transforming San Leandro into a center for innovation
- Provide quality public safety service and grow our partnership with the community to keep San Leandro safe
- Maintain and enhance San Leandro's infrastructure
- Support and implement programs, activities and strengthen communication that enhances the quality of life and wellness, celebrates the arts and diversity and promotes civic pride
- Maintain and support a strong positive relationship between the City, schools and the educational community

Budget Considerations

- Continuing increases in:
 - Unfunded liabilities
 - Service level demands
 - Facility and maintenance needs
 - Community and Social Services programs financial support
 - Fire contract services and equipment
- Maintain reserve levels
- Labor negotiations

**General Fund
Biennial Budget
Summary and Forecast**

General Fund Revenue and Reserve Highlights 2014-15 through 2016-17

- Sales tax
 - Represents over 40% of General Fund revenues
 - Measure HH effective 4/1/2015
- Economic conditions improving
 - Unemployment rate declining
 - Housing market improvements
 - Job growth
- City of San Leandro S&P credit rating increase from A+ to AA-
- Ability to maintain Council approved 20% reserve threshold

General Fund Expenditure Highlights 2015-16 through 2016-17

| DESCRIPTION | 2015-16 | 2016-17 |
|---|--------------|--------------|
| • Street and road improvements funded by Measure HH | \$ 1,000,000 | \$ 1,000,000 |
| • Police Building modifications to South Office building for offices and communications | 750,000 | 1,575,000 |
| • Increased funding for social services, arts and culture, and Project Literacy | 181,000 | 181,000 |
| • Fire engine and fire ladder truck purchases | 700,000 | 1,000,000 |
| • 3 Sworn Officers added to force (2 School Resource Officers and 1 Downtown Bicycle Officer) | 443,000 | 471,000 |
| • Bargaining unit contracts expire in 2015, no estimates included in proposed budget | Unknown | Unknown |

General Fund Budget Summary

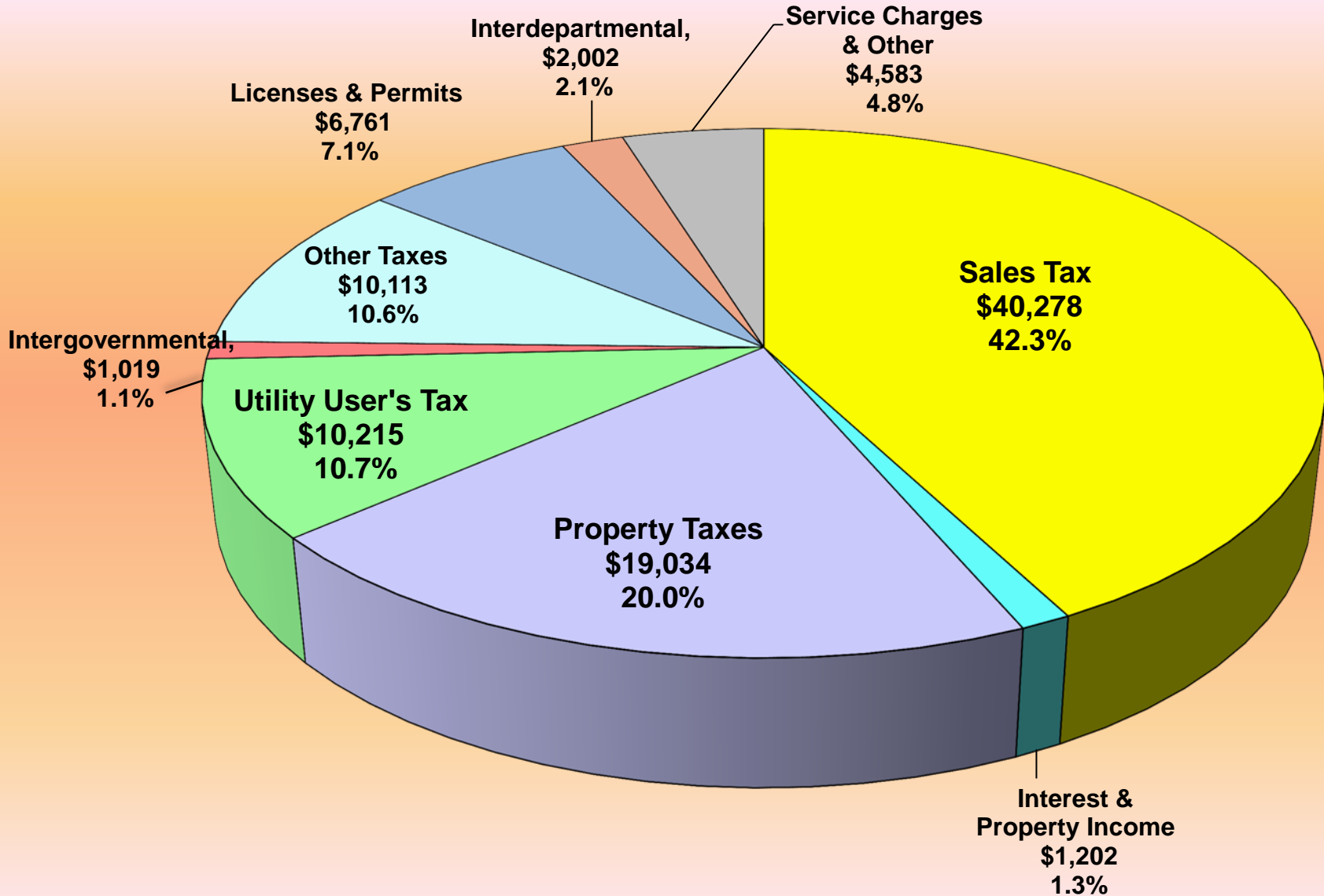
2014-15 through 2016-17

(Dollars in Thousands)

| | <u>2014-15 Adopted</u> | <u>2014-15 Projected</u> | <u>2015-16 Proposed</u> | <u>2016-17 Proposed</u> |
|-----------------------------|----------------------------|------------------------------|-----------------------------|-----------------------------|
| Operating Revenues | \$ 84,291 | \$ 87,474 | \$ 95,207 | \$ 95,510 |
| Operating Expenditures | (85,178) | (87,313) | (89,175) | (91,211) |
| Operating Surplus (Deficit) | (887) | 161 | 6,032 | 4,299 |
| Transfers | (1,138) | (4,084) | (3,807) | (3,563) |
| Use of Fund Balance | 2,025 | 3,923 | - | - |
| Other Sources (Uses) | 887 | (161) | (3,807) | (3,563) |
| Net Revenue/(Expenditures) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 2,225</u> | <u>\$ 736</u> |

General Fund 2015-16 Proposed Budget Revenues by Type \$95,207

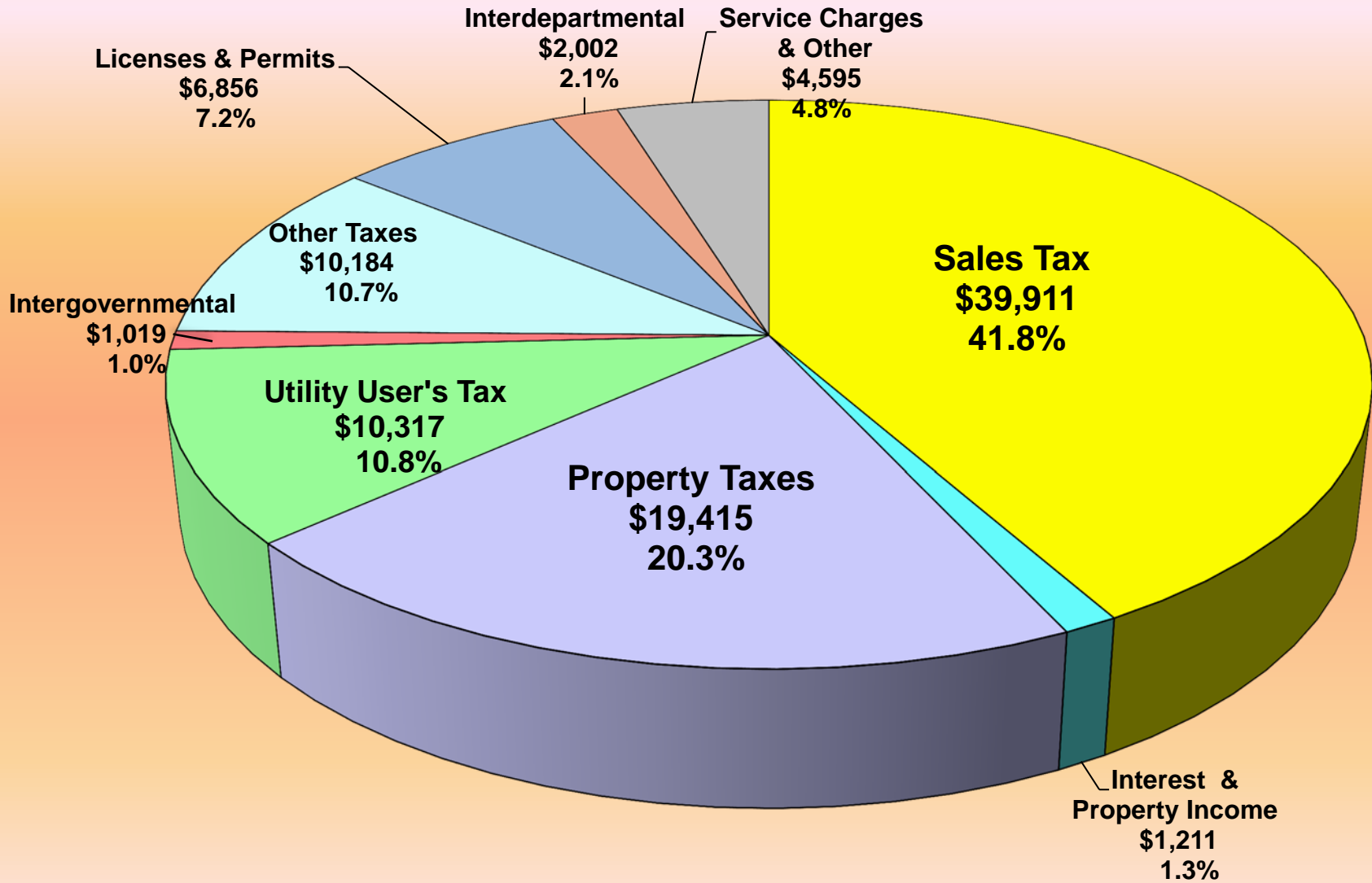
(Dollars in Thousands)



General Fund 2016-17 Proposed Budget

Revenues by Type \$95,510

(Dollars in Thousands)

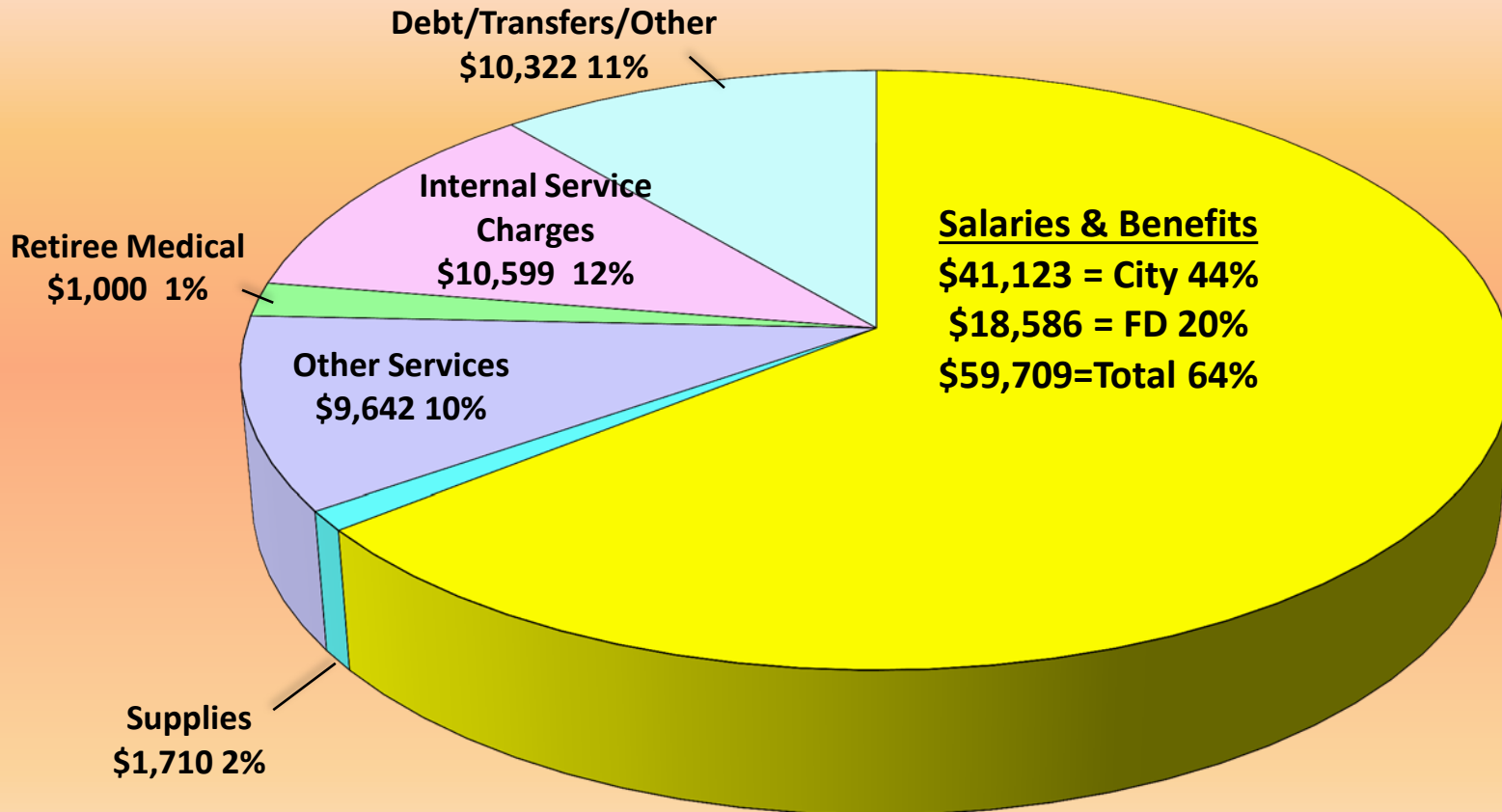


General Fund Revenue Assumptions

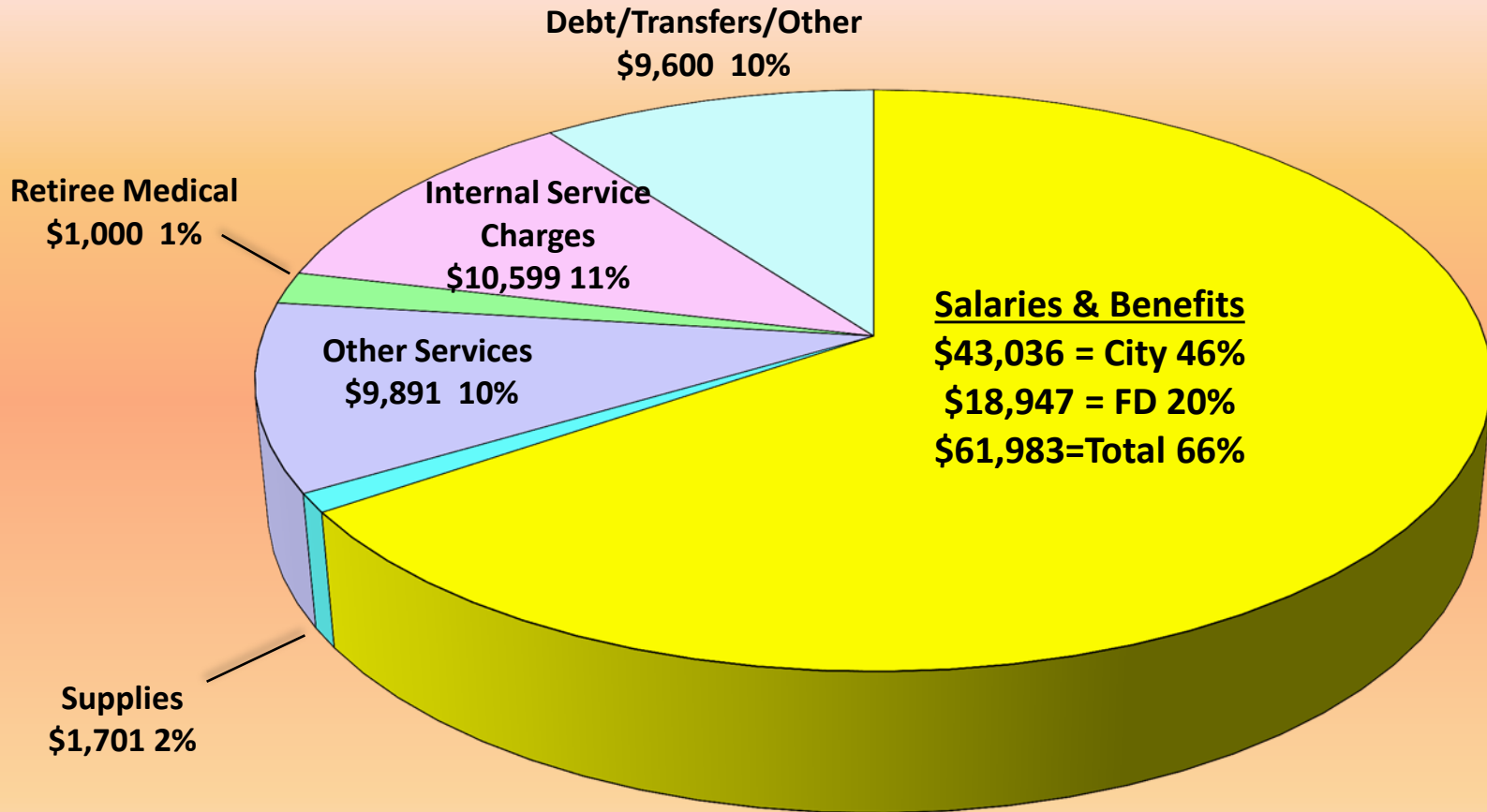
(Dollars in Thousands)

| Revenue (change from prior year) | 2015-16 \$ Change | 2015-16 % Change | 2016-17 \$ Change | 2016-17 % Change | Assumption |
|-------------------------------------|----------------------|---------------------|----------------------|---------------------|--|
| Property tax | \$ 434 | 2% | \$ 381 | 2% | Increased assessed values |
| Real property transfer tax | 0 | 0% | 0 | 0% | Difficult to project |
| Utility Users and Franchise tax | 121 | 1% | 148 | 1% | Slow economic recovery |
| 911 tax | 27 | 1% | 27 | 1% | Conservative projection |
| Business license tax | 93 | 2% | 95 | 2% | Based on CPI |
| Sales & Use tax | 3,481 | 13% | (791) | (3%) | Projection from sales tax consultant; triple flip adjustment in 2015-16 only |
| Transaction tax (Measure HH) | 4,191 | 68% | 404 | 4% | Measure HH begins 4/1/2015; projection from sales tax consultant |
| All other revenues | (588) | (4%) | 67 | 0.5% | Extraordinary property sales in prior year |

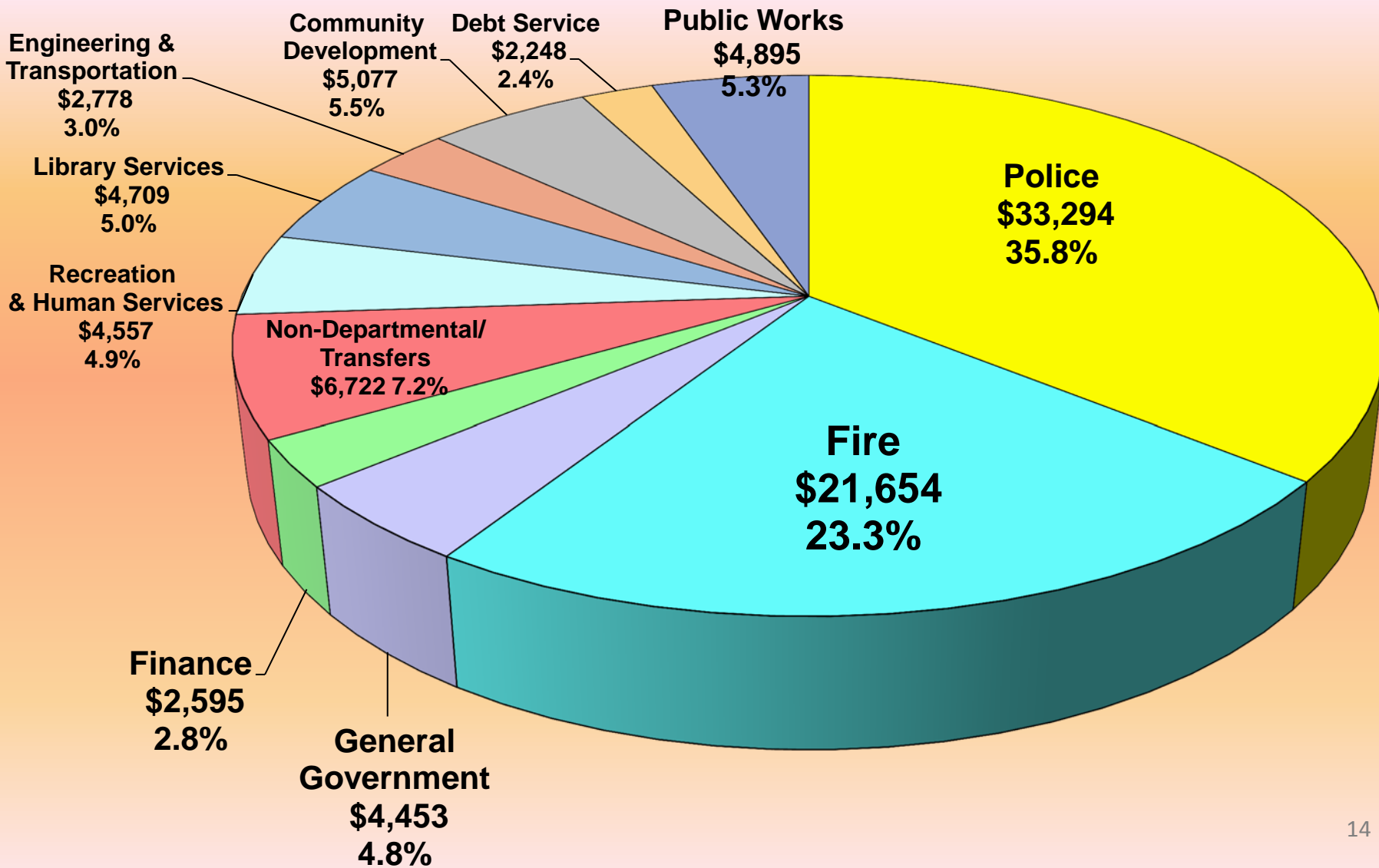
General Fund 2015-16 Proposed Budget Expenditures by Type \$92,982 (Dollars in Thousands)



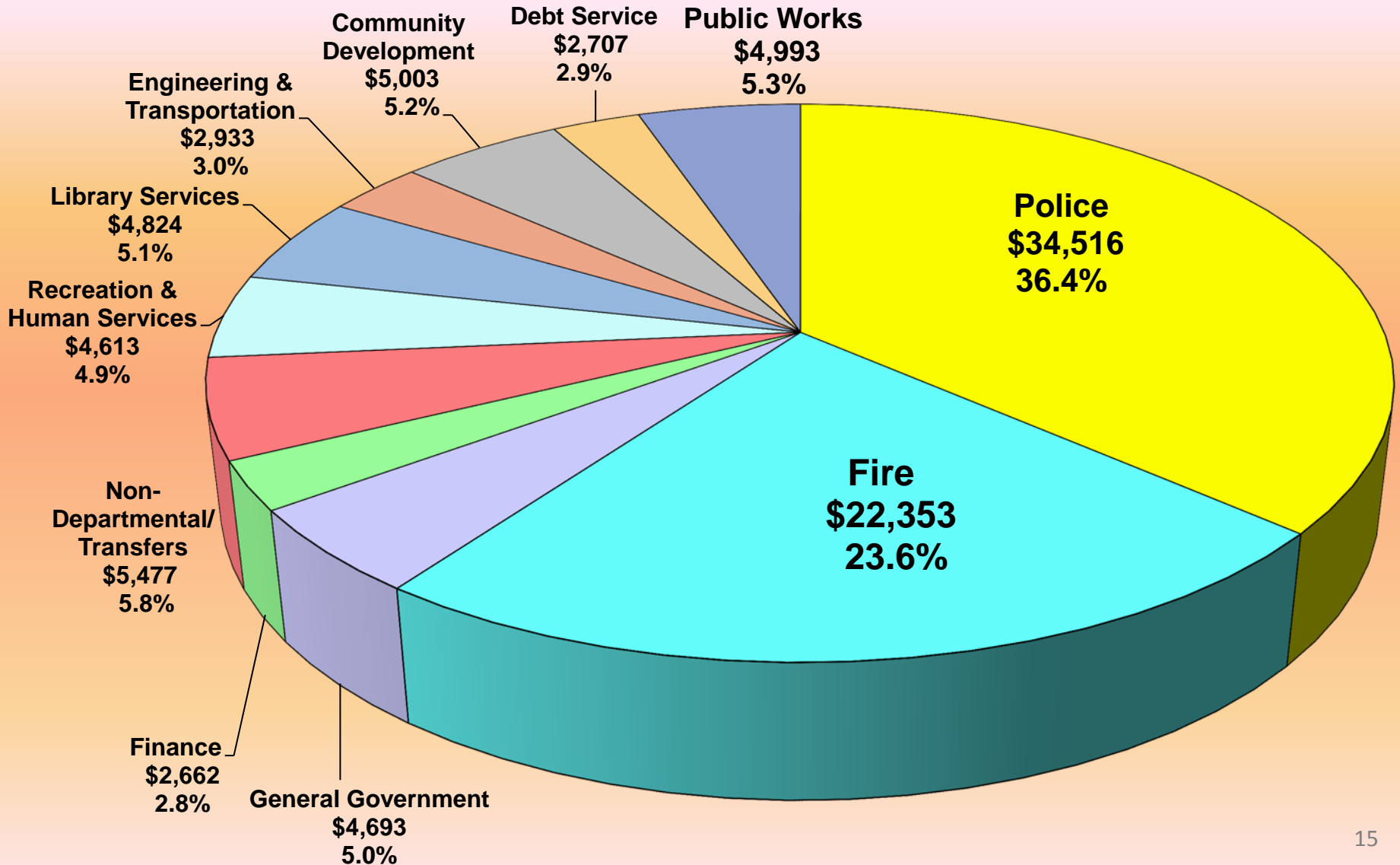
General Fund 2016-17 Proposed Budget Expenditures by Type \$94,774 (Dollars in Thousands)



General Fund 2015-16 Proposed Budget Expenditures by Department \$92,982 (Dollars in Thousands)



General Fund 2016-17 Proposed Budget Expenditures by Department \$94,774 (Dollars in Thousands)

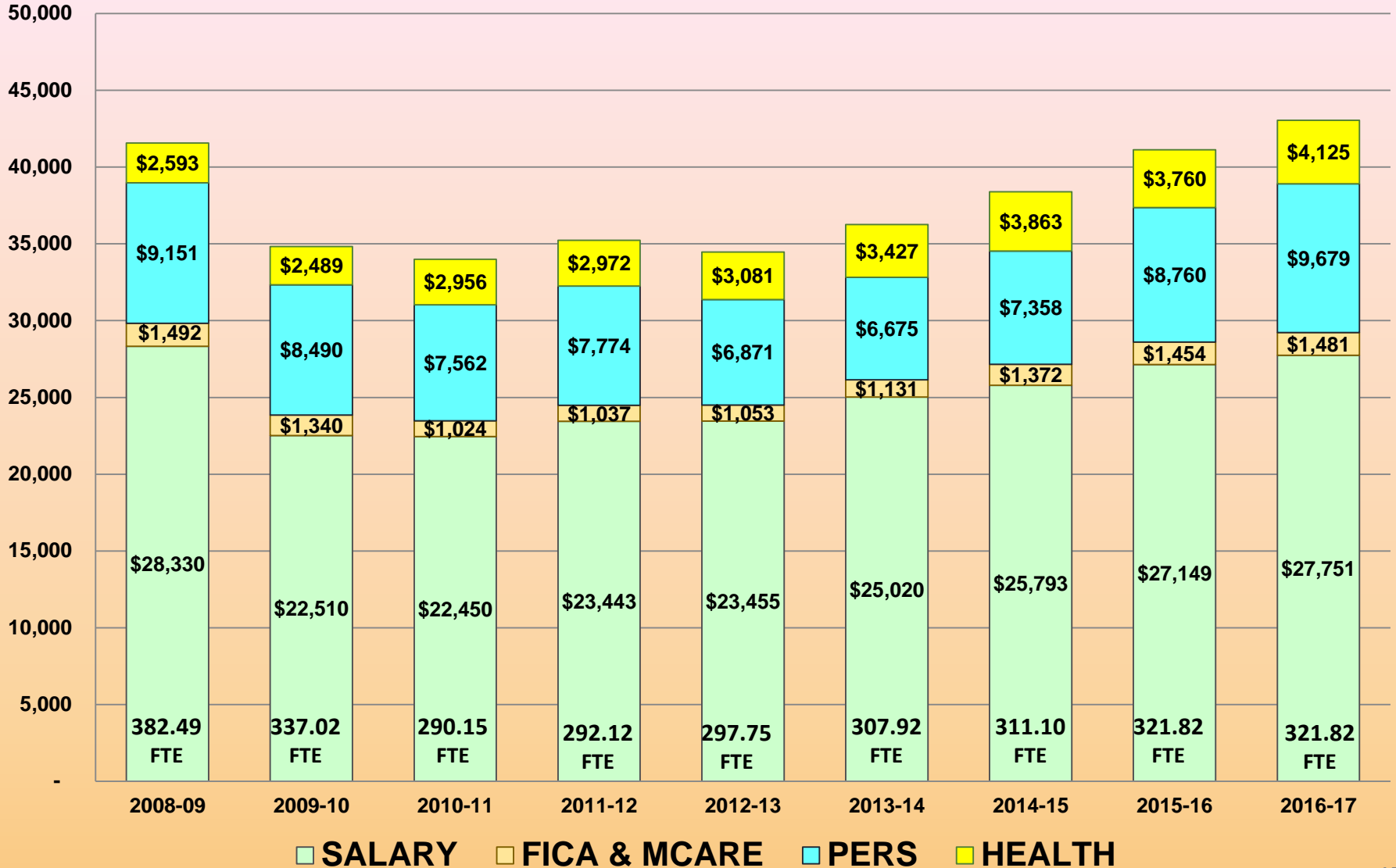


General Fund Expenditure Assumptions

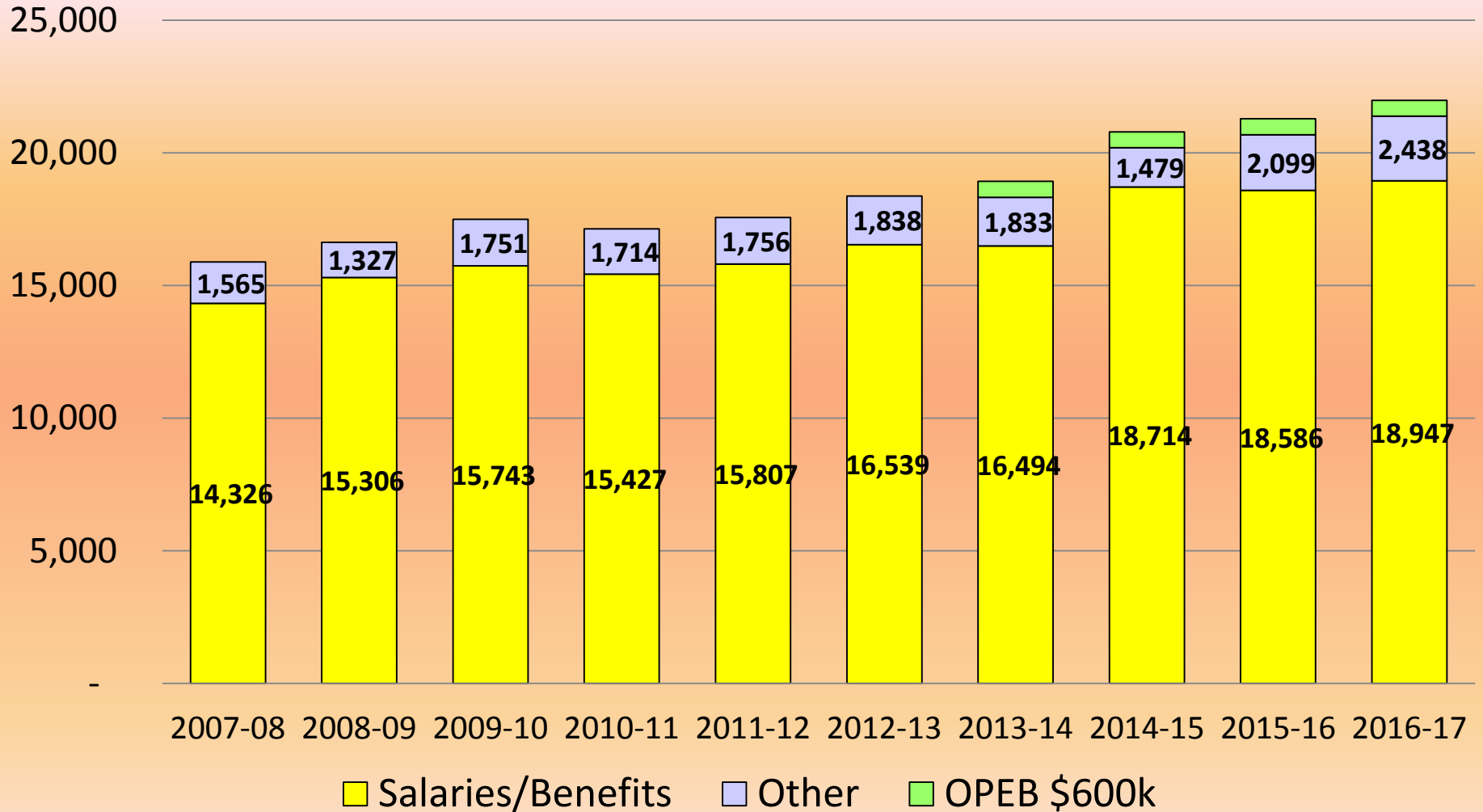
(Dollars in Thousands)

| Expenditure (Change from prior year) | 2015-16 \$ Change | 2015-16 % Change | 2016-17 \$ Change | 2016-17 % Change | Assumption |
|---|----------------------|---------------------|----------------------|---------------------|--|
| Salaries | \$1,355 | 5% | \$603 | 2% | 7.72 FTEs + 3 New officers |
| Benefits | 1,350 | 10% | 1,343 | 9% | PERS misc. rate -2% (EE contribution), PERS safety rate up 37% (CalPERS risk pool modification), health up 10% |
| Consulting | (479) | (17%) | (83) | (3%) | General plan completed in 2014-15 and Next Generation implemented in 2014-15 |
| Fire services | 1,092 | 5% | 700 | 3% | 2% CPI increase; capital: \$700k in 2015-16 & \$1M in 2016-17 |
| Services & Supplies | (826) | (12%) | (50) | (1%) | Elimination of 1-time increased costs from 2014-15, and no election costs in 2015-16 |
| Internal service charges | (423) | (4%) | 0 | 0% | Eliminated 1-time only PD vehicle funding \$300k, and deferred vehicle/equipment replacement |
| Other | (318) | (3%) | (721) | (7%) | Reduced "Transfers Out" of General Fund and final SLH 2015-16 payment |

General Fund Salaries, Benefits and FTEs 2008-09 through 2016-17 (Dollars in thousands)

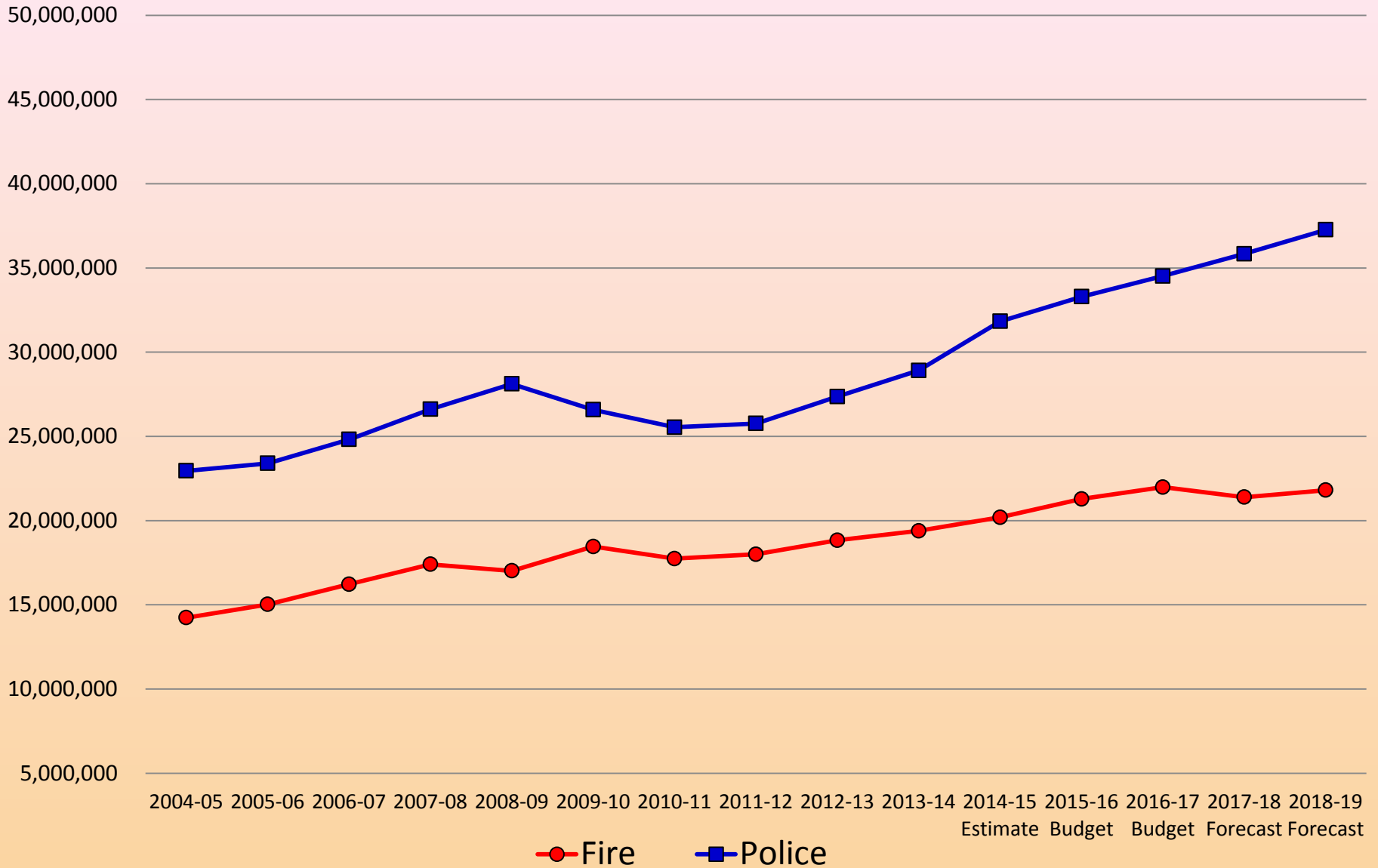


Alameda County Fire Department Estimated Contract Service Costs (Dollars in Thousands)



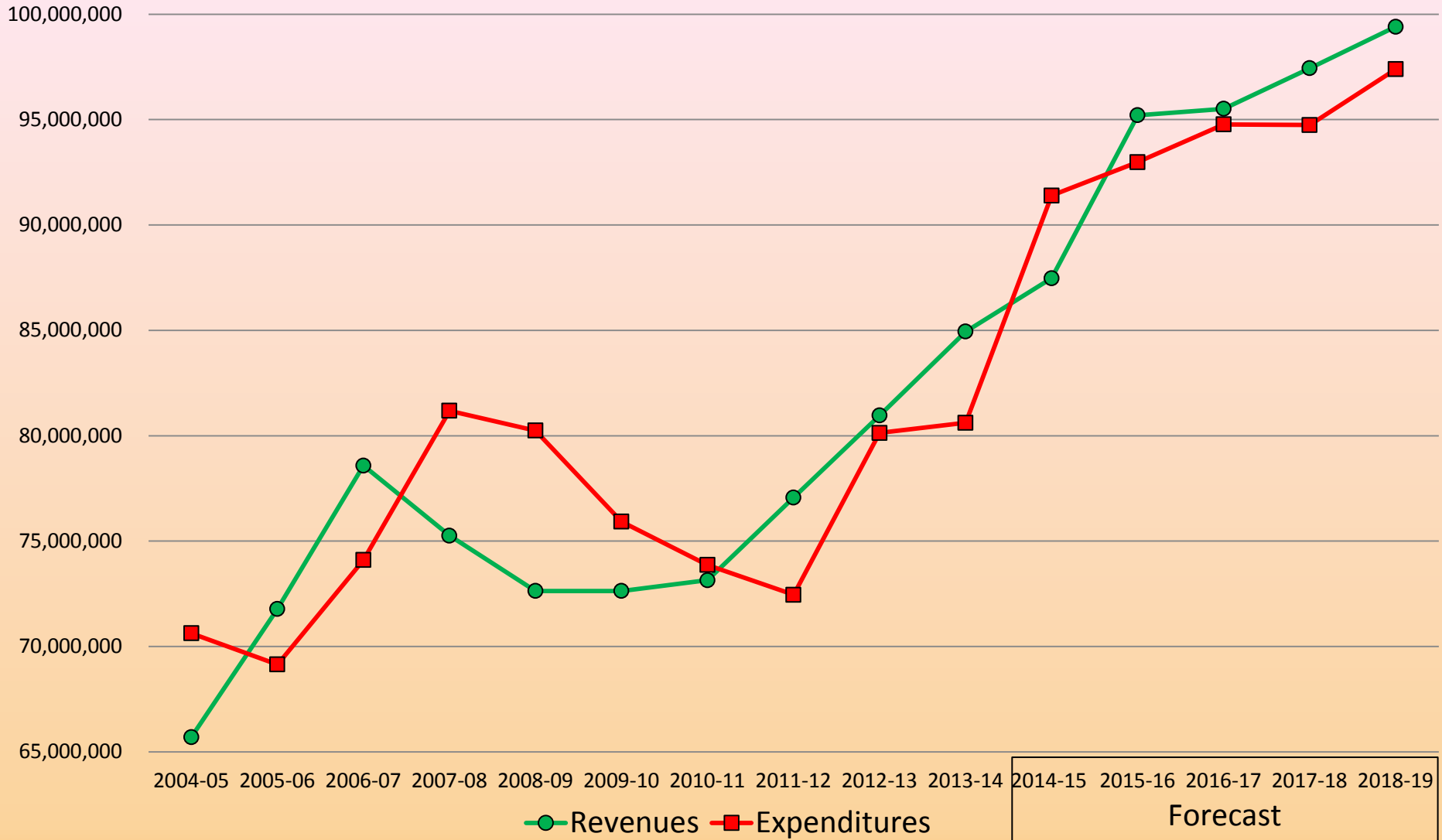
Public Safety

Actuals and Forecast Expenditures



General Fund

Actuals and Forecast Revenues & Expenditures



Unfunded Liabilities

| | <u>Description</u> | <u>2015-16</u> | <u>Overall</u> |
|---|---|----------------|----------------|
| 1 | Miscellaneous unfunded CalPERS (ARC = \$5.3M) | \$5.3M | \$70.3M |
| 2 | Safety unfunded CalPERS (ARC = \$3.1M) | 3.1M | 53.1M |
| 3 | Miscellaneous/Safety unfunded OPEB (ARC = \$1.4M) | 1.4M | 14.6M |
| 4 | Fire department unfunded OPEB (ARC = \$1.8M) | 1.3M | 19.8M |
| | Total | \$11.1M | \$157.8M |

**Proposed
Capital Improvement Program
2015-2017**

Introduction

- Current Projects Update
- Capital Improvement Program Process
- Unfunded High Priority Projects
- Two Year CIP Program Overview
- Proposed Projects

Current Funded Projects

| Projects | Estimated Cost | Planned Completion |
|---|-------------------|---------------------|
| WPCP Rehabilitation | \$54,000,000 | 2015 |
| East 14 th St Utility Undergrounding (150th to Blossom Way) | \$8,400,000 | 2017 |
| East 14 th St./Hesperian Blvd./150 th Ave. Intersection Impr. | \$6,800,000 | 2021 |
| Siempre Verde Park Rehabilitation | \$3,500,000 | 2016 |
| Fiber Conduit for Broadband Network | \$2,600,000 | 2015 |
| San Leandro Blvd Pavement Rehabilitation Williams to Hudson | \$1,500,000 | 2015 |
| Annual Street Sealing 2014-15 Pavement Management Area 4 | \$1,400,000 | 2015 |
| SS Point Repair 2012-13 | \$1,000,000 | 2015 |
| W. Juana Streetscape and BART Bike Lockers | \$870,000 | 2015 |
| WPCP Repaving | \$860,000 | 2016 |
| Annual Street Overlay/Rehab 2014-15 - Residential Streets | \$670,000 | 2015 |
| PD HVAC Fan and Coil Replacement | \$640,000 | 2015 |
| Sidewalk Program 2014-15 | \$600,000 | 2015 |
| SL Ballpark Restroom Remodel | \$590,000 | 2015 |
| | 20 other projects | \$5,380,000 |
| | Total | \$88,810,000 |

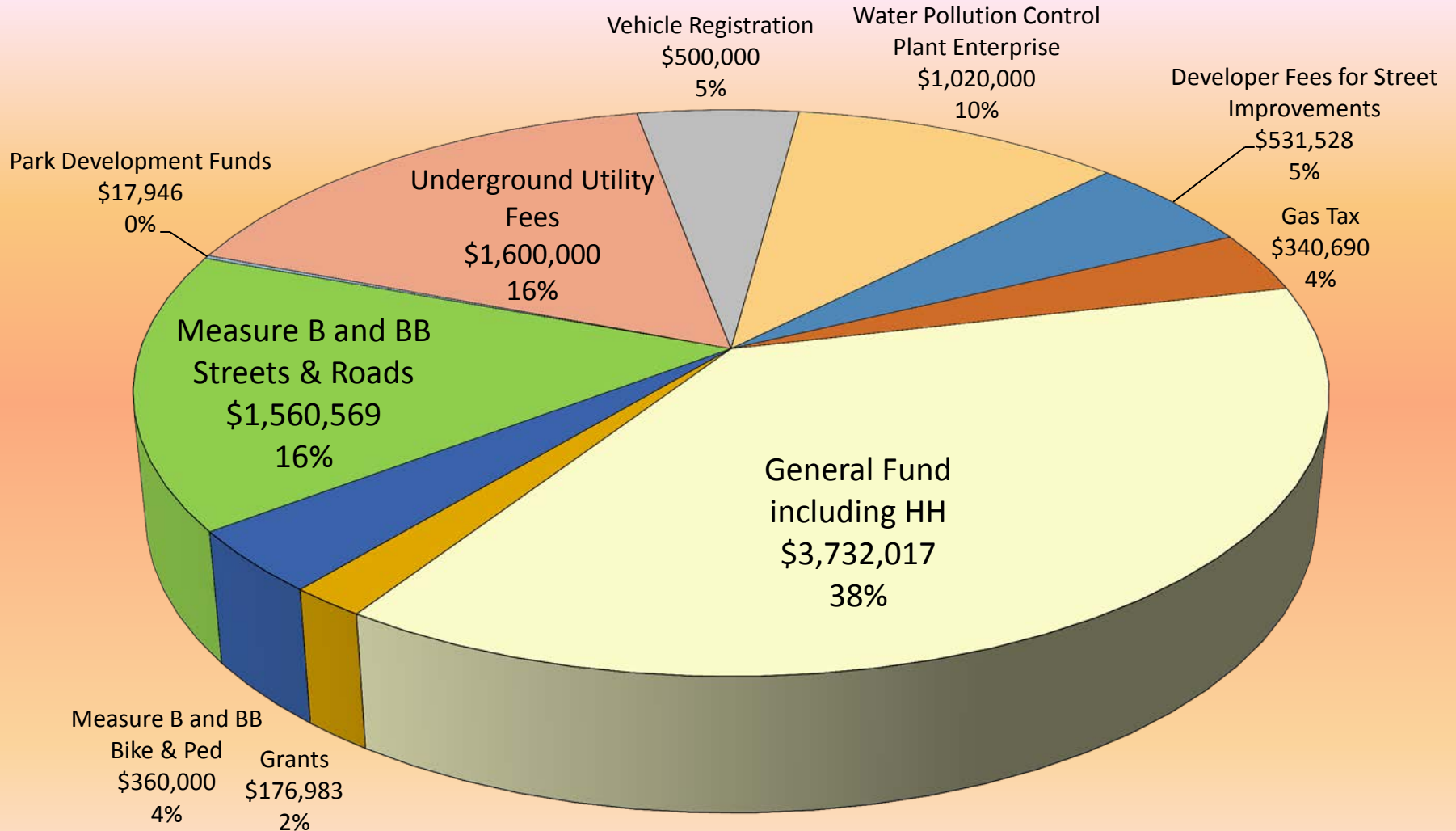
Capital Improvement Program Process

- ✓ Project Requests Submitted
- ✓ List of Unfunded Projects Updated
- ✓ CIP Committee Ranking and City Manager Review
- ✓ Council Prioritization
- ✓ Detailed Scope of Work & Cost Estimating (top 50)
- ✓ Facilities committee review
- ✓ Determination of Available Funding
- ✓ Distribution of Available Funds Based on Priority
- Presentation of Tentative CIP to City Council
- Completion of the CIP Budget Document
- City Budget Adoption/Approval of CIP

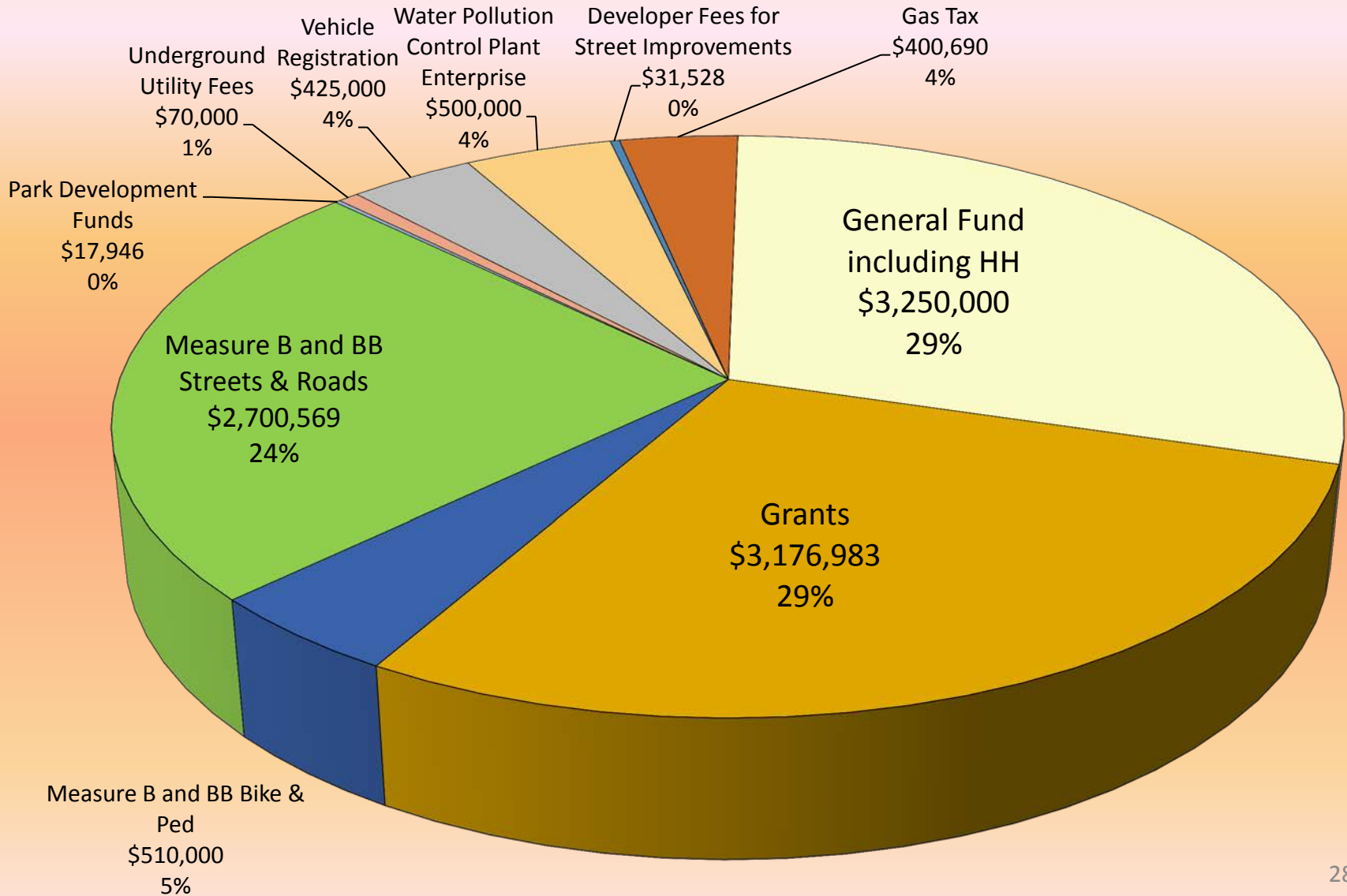
Funding Summary by Year

| FUNDING SOURCE | 2015-16 | 2016-17 |
|--|--------------------|---------------------|
| Developer Fees for Street Improvements | \$531,528 | \$31,528 |
| Gas Tax | \$340,690 | \$400,690 |
| General Fund (Includes Measure HH) | \$3,732,017 | \$3,250,000 |
| Grants | \$176,983 | \$3,176,983 |
| Measure B and BB Bike & Ped | \$360,000 | \$510,000 |
| Measure B and BB Streets & Roads | \$1,560,569 | \$2,700,569 |
| Park Development Funds | \$17,946 | \$17,946 |
| Underground Utility Fees | \$1,600,000 | \$70,000 |
| Vehicle Registration | \$500,000 | \$425,000 |
| Water Pollution Control Plant Enterprise | \$1,020,000 | \$500,000 |
| Total | \$9,839,733 | \$11,082,716 |
| Number of Projects | 16 | 10 |
| Council Top 10 Projects | 8 | 1 |

2015-16 Funding Distribution



2016-17 Funding Distribution



Unfunded High Priority Projects

- Street Overlay / Rehabilitation and Street Sealing
 - Street condition is lowest in Alameda County. Funding for FY 16 is insufficient to maintain current condition. Additional \$4.3M is needed to maintain condition at current level.
- Marina Community Center AV for Thunderbolt Room
 - Funding for Titan Room AV is included in budget. Additional \$80,000 needed to add AV to the Thunderbolt Room.
- Marina Boulevard Streetscape Phase 1 and 2
 - Funding for concept plan is included in budget. Cost of Improvements can't be determined until concept is developed.
- Police Building / South Office Modifications
 - Funding for design plus 1/4 of construction is included in budget. \$4.1M funding for improvements still required.
- Downtown Smart Parking System
 - Parking study is underway. Cost of improvements can't be determined until study is complete.

2015-16 Project list

| | |
|--|------------------|
| Annual Overlay/Rehabilitation 15-16 | \$ 2,340,000 |
| Marina Community Center Audio Video Titan Room | 220,000 |
| Police Bldg & South Office Modifications | 750,000 |
| ADA Transition Plan Construction 15-16 | 150,000 |
| Storm Water Trash Capture Phase 1 | 317,000 |
| Main Library - Recarpeting | 542,000 |
| PWS Maintenance Projects 15-16 | 100,000 |
| Main Library - Audio Visual Equipment | 270,000 |
| Casa Peralta Renovation Phase 1 | 500,000 |
| Sanitary Sewer Replacement/Repair 15-16 | 500,000 |
| Davis St San Sewer Manhole & Pipe Rehab | 520,000 |
| East 14th St Underground Utility Phase 2.1 | 1,600,000 |
| Traffic Studies & Signal Equipment 15-16 | 20,000 |
| Adaptive Traffic Control Signal System Upgrade | 500,000 |
| Annual Sidewalk Repair 15-16 | 420,000 |
| Annual Street Sealing 15-16 | 1,000,000 |
| Internal Service Charges | 90,733 |
| Total | 9,839,733 |

2016-17 Project list

| | |
|--|-------------------|
| Annual Overlay/Rehabilitation 16-17 | \$ 5,965,000 |
| Police Bldg & South Office Modifications | 1,574,983 |
| Marina Blvd. Streetscape Improvements, Conceptual Design | 542,000 |
| ADA Transition Plan Construction 16-17 | 150,000 |
| PWS Maintenance Projects 16-17 | 100,000 |
| Sanitary Sewer Replacement/Repair 16-17 | 500,000 |
| East 14th St Underground Utility Phase 2.2 | 70,000 |
| Traffic Studies & Signal Equipment 16-17 | 20,000 |
| Annual Sidewalk Repair 16-17 | 570,000 |
| Annual Street Sealing 16-17 | 1,500,000 |
| Internal Service Charges | 90,733 |
| Total | 11,082,716 |

ADA Transition Plan Construction

- Meet ADA requirements for City facilities in accordance with adopted 15 year plan
- Estimated Cost – \$150,000/year
- Funding (2015-16):
 - \$116,983 Grant (CDBG)
 - \$33,017 General Fund
- Funding (2016-17):
 - \$116,983 Grant (CDBG)
 - \$33,017 General Fund

Adaptive Traffic Control Signal System Upgrade

- Install intelligent (adaptive) traffic signal controllers at 9 intersections along Fairway Dr. and Hesperian Blvd.
- Estimated Cost: \$500,000
- Funding (2015-16):
 - \$500,000 Developer Fees for Street Improvements

Annual Overlay / Rehabilitation Program

- Remove and replace asphalt surfacing on various streets
- Estimated Cost: \$6.0M/year to maintain status
- Funding (2015-16) – \$2,340,000 (total)
 - \$1,000,000 Measure HH
 - \$510,000 Measure BB Streets and Roads
 - \$510,000 Measure B Streets & Roads
 - \$320,000 Gas Tax
- Funding (2016-17) – \$5,965,000 (total)
 - \$3,000,000 Grant (Measure BB project)
 - \$1,000,000 Measure HH
 - \$1,275,000 Measure BB Streets and Roads
 - \$310,000 Measure B Streets & Roads
 - \$380,000 Gas Tax

Annual Street Sealing Program

- Apply various pavement coatings depending on street condition
- Estimated Cost \$1.5M/year to maintain status
- Funding (2015-16) – \$1,000,000 (total)
 - \$500,000 Measure B Streets and Roads
 - \$500,000 Vehicle Registration Fees
- Funding (2016-17) – \$1,500,000 (total)
 - \$1,075,000 Measure B Streets and Roads
 - \$425,000 Vehicle Registration Fees

Annual Sidewalk Repair Program

- Inspect and repair sidewalks, repair curb and gutter, and construct Americans with Disabilities Act (ADA)-compliant ramps
- Estimated Cost \$600,000/year
- Funding (2015-16) - \$420,000 (total)
 - \$60,000 Grant (TDA)
 - \$95,000 Measure B Bicycle & Pedestrian
 - \$265,000 Measure BB Bicycle & Pedestrian
- Funding (2016-17) - \$570,000 (total)
 - \$60,000 Grant (TDA)
 - \$285,000 Measure B Bicycle & Pedestrian
 - \$225,000 Measure BB Bicycle & Pedestrian

Casa Peralta Renovation Phase 1

- Maintain, repair, and improve Casa Peralta building and grounds. Work to generally include painting, floor refinish, tile work, landscaping, exterior lighting, paving, and security gates.
- Estimated Cost \$500,000
- Funding (2015-16)
 - \$500,000 General Fund

Davis Street Sanitary Sewer Manhole and Pipe Rehab

- Rebuild manhole in Davis Street adjacent to headworks and line pipe to headworks
- Estimated Cost \$520,000
- Funding (2015-16)
 - \$520,000 WPCP Enterprise fund

East 14th Street Underground Utilities

- Underground Utilities from 150th Ave to Thornton
- Estimated Cost \$1,700,000 (additional)
- Funding (2015-16)
 - \$1,600,000 Underground utility fees
- Funding (2016-17)
 - \$70,000 Underground utility fees

Main Library Audio Visual Equipment

- Install new AV system in Karp and Estudillo Rooms of the Main Library
- Estimated Cost \$270,000
- Funding (2015-16)
 - \$270,000 General Fund

Main Library Carpet Replacement

- Install new carpet throughout the Main Library except at the lecture hall, 2nd floor staff area, and history room.
- Estimated Cost \$542,000
- Funding (2015-16)
 - \$542,000 General Fund

Marina Boulevard Streetscape – Conceptual Design

- Conceptual design for streetscape improvements on Marina Boulevard west of Merced.
- Estimated Cost \$542,000
- Funding (2016-17)
 - \$542,000 General Fund

Marina Community Center Audio Visual Titan Room

- Install new AV system in Titan Room of the Marina Community Center
- Estimated Cost \$220,000
- Funding (2015-16)
 - \$220,000 General Fund

Police Building / South Office Modifications

- Design and construction improvements to Police Building and South Office building to expand offices and communication center and rectify electrical deficiencies.
- Estimated Cost \$6,400,000
- Funding (2015-16)
 - \$750,000 General Fund
- Funding (2016-17)
 - \$1,574,983 General Fund

Public Works Services Maintenance Projects

- Fund maintenance of existing improvements such as parks.
- Estimated Cost \$100,000/year
- Funding (2015-16)
 - \$100,000 General Fund
- Funding (2016-17)
 - \$100,000 General Fund

Sanitary Sewer Line Replacement / Repair

- Repair or replace segments of the sanitary sewer collection system based on condition inspections
- Estimated Cost: \$500,000/year
- Funding (2015-16):
 - \$500,000 Water Pollution Control Enterprise Funds
- Funding (2016-17) :
 - \$500,000 Water Pollution Control Enterprise Funds

Storm Water Trash Capture Phase 1

- Install devices to capture trash in the storm system as required to meet NPDES permit
- Estimated Cost: \$317,000
- Funding (2015-16):
 - \$317,000 General Fund

Misc. Traffic Studies, Advanced Planning, and Safety Signal Equipment

- Fund speed surveys, traffic counts, and planning for traffic-related projects to improve safety and/or reduce congestion
- Estimated cost: \$20,000/year
- Funding (2015-16):
 - \$20,000 Developer Fees for Street Improvements
- Funding (2016-17):
 - \$20,000 Developer Fees for Street Improvements

Questions