

City of San Leandro City Council Planning Session



San Leandro Main Library
January 30, 2016



Overview

- Acknowledgements – Community, Council, Employees – Past and Present
- City Council Goals
- Local economic conditions
- General Fund focus
 - Forecast
 - Measure HH
- Budget considerations
- Budget calendar

City Council Goals 2015-16

- 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 and 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

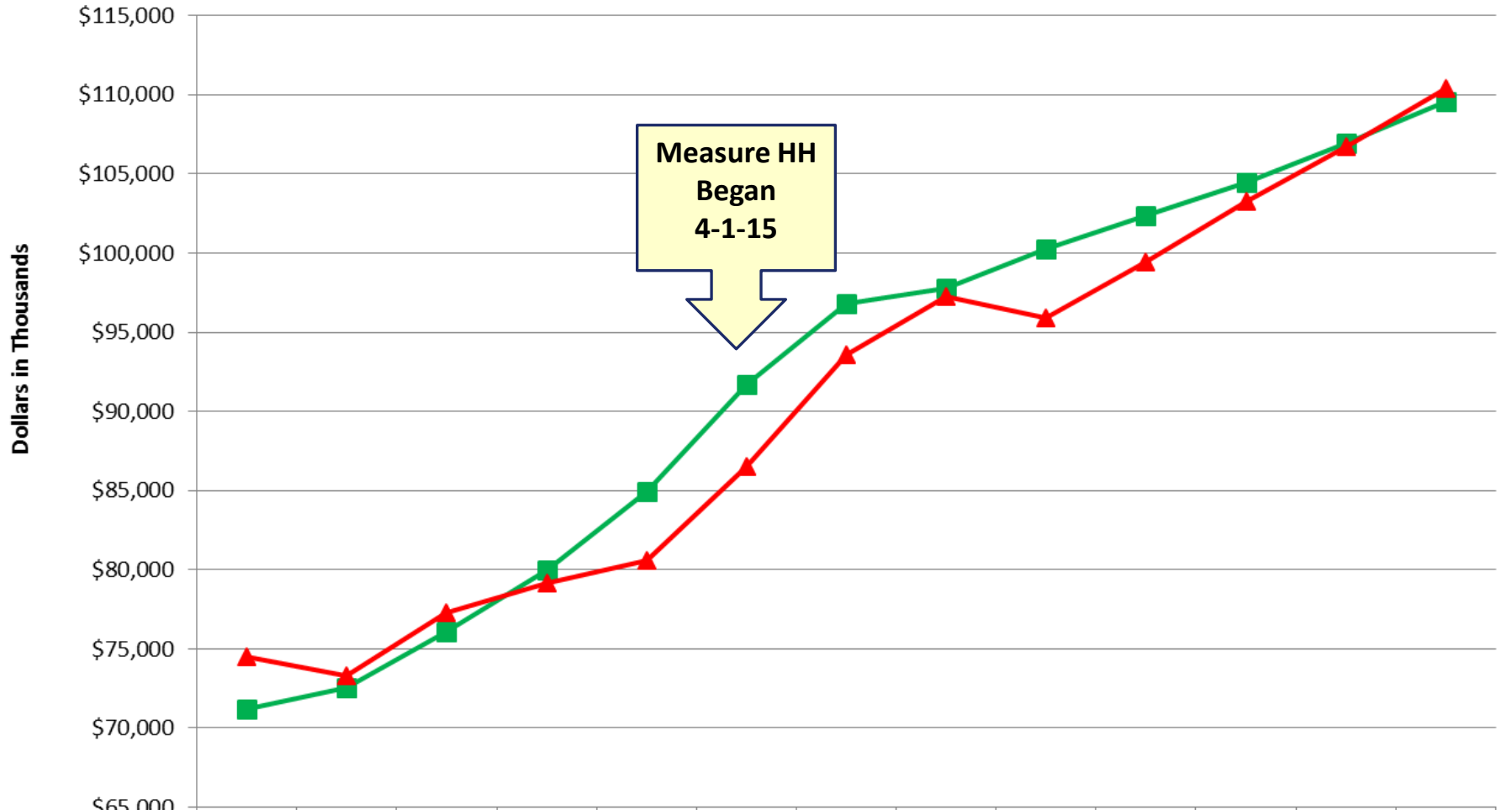
Local Economic Conditions on San Leandro's Budget

- Property tax
 - 2015-16 budget reflects the 7% increase; assume 2% increase for subsequent years
- Sales tax
 - Increased 13% in 2014-15 (10% growth without HH)
 - Revenues increasing due to low interest rates and full employment
 - Measure HH sales tax through March 2045
- Utility Users tax
 - Increased by 2% in 2014-15, expected to increase in future
- RDA dissolution ongoing

Economic Conditions (cont.)

- Housing prices improving - inventories low
- Median price \$505,000 per Trulia.com
- Unemployment rates for November 2015 (EDD):
 - San Leandro = 4.8% (a year ago 4.9%)
 - Alameda County = 4.4% (a year ago 5.0%)

General Fund Forecast 2009-10 thru 2021-22



	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
■ Revenues	71,180	72,548	76,079	79,988	84,942	91,707	96,820	97,783	100,234	102,330	104,462	106,968	109,551
▲ Expenditures	74,466	73,271	77,289	79,159	80,618	86,517	93,547	97,285	95,891	99,432	103,284	106,697	110,417
✕ Income/(Loss)	(3,286)	(723)	(1,210)	829	4,324	5,190	3,272	498	4,342	2,897	1,179	271	(866)

General Fund Forecast Assumptions 2015-16 to 2021-22

REVENUES

Description	PROJECTIONS <i>(Dollars in thousands)</i>						
	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Sales Tax	29,944	29,960	31,184	31,993	32,802	33,951	35,140
Transaction tax	10,335	10,582	11,032	11,530	12,052	12,593	13,158
Total sales tax	40,279	40,542	42,216	43,523	44,854	46,544	48,298
Total sales tax %		1%	4%	3%	3%	4%	4%
Property tax	20,239	20,642	21,055	21,476	21,906	22,344	22,791
Property tax %		2%	2%	2%	2%	2%	2%
UUT	10,215	10,318	10,421	10,525	10,630	10,737	10,844
UUT %		1%	1%	1%	1%	1%	1%
Business license	5,150	5,253	5,358	5,465	5,574	5,686	5,800
Business license %		2%	2%	2%	2%	2%	2%
All Other revenues	20,937	21,029	21,184	21,341	21,499	21,658	21,819
All Other revenues %		0%	1%	1%	1%	1%	1%

General Fund Forecast Assumptions 2015-16 to 2021-22

EXPENDITURES

Description	PROJECTIONS						
	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Salary adjustments	4.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%
Medical rates	10%	10%	10%	10%	10%	10%	10%
CalPERS rates:							
Safety	42.5%	48.4%	50.8%	53.2%	55.6%	58.0%	60.4%
Miscellaneous	27.0%	29.4%	31.5%	33.6%	35.7%	35.8%	36.5%
Retiree medical *	\$ 1M	\$ 1M	\$ 1M	\$ 1M	\$ 1M	\$ 1M	\$ 1M
Services & supplies	1%	1%	1%	1%	1%	1%	1%
Consulting	2%	2%	2%	2%	2%	2%	2%
Legal fees	3%	3%	3%	2%	2%	2%	2%
Fire service fees	2.5%	3%	3%	3%	3%	3%	3%
OPEB trust account *	\$ 750k	\$ 750k	\$ 750k	\$ 750k	\$ 750k	\$ 750k	\$ 750k

** The ARC is \$1,377,000 per year and is fully funded in the Retiree Medical and OPEB trust accounts.*

Budget Considerations

- Continuing increases in the following:
 - Negotiating labor contracts
 - Service level demands
 - Facility and maintenance needs
 - Health benefits and CalPERS
 - Streets and roads deterioration
 - Unfunded liabilities
 - Fire contract services and equipment
- 16.67% reserve threshold and PULL Program
- Goals and priorities alignment
- Implement projects and priorities established for:
 - Measure BB
 - Measure HH

General Fund Focus

(Dollars in thousands)

Ideas for use of Measure HH funding:

1.	Streets and Road improvements (\$2M per year for 5 years)	Ongoing	\$ 10,000
2.	Public Safety building improvements (South Office)	One-time	6,800
	Total		\$16,800

General Fund Focus

(Dollars in thousands)

Potential requests for funding:

	Description	Estimated cost	
1.	Child Care at Marea Alta	\$800	1 year
2.	Pull Program funding OPEB Trust	5,000	PULL
3.	Traffic Calming	TBD	Ongoing
4.	Multilingual Outreach	TBD	Ongoing
5.	Social Services/Art and Culture	TBD	Ongoing
6.	Sustainable Environment/Disaster Preparedness	TBD	Ongoing
7.	Public Safety Enhancements	TBD	Ongoing
8.	Quality of Life	TBD	One-Time

“PULL” - Prioritizing Unfunded Liability Liquidation

General Fund Focus

Estimated Long-term unfunded liabilities at 6/30/15:

1.	Miscellaneous/Safety unfunded OPEB (ARC is \$1,377,000)	\$14,576,000
2.	Miscellaneous unfunded CalPERS (ARC is \$6,121,991)	67,781,576
3.	Safety unfunded CalPERS (ARC is \$4,854,750)	48,381,880
4.	Fire Department unfunded OPEB (ARC is \$1,814,000)	19,796,000
	Total	\$150,535,456

2016-17 Budget Calendar

