City of Alameda
General Fund Proposed Budget
April 16, 2015

Budget Presentation Outline

- General Fund FY 14-15 Review
- General Fund Budget Overview
- General Fund Budget: Revenue / Expenditure Projections
- Budget Highlights
- Council Direction on Proposed Budget

General Fund FY14-15 Review

FY14-15 projected to have a surplus at the end of year:

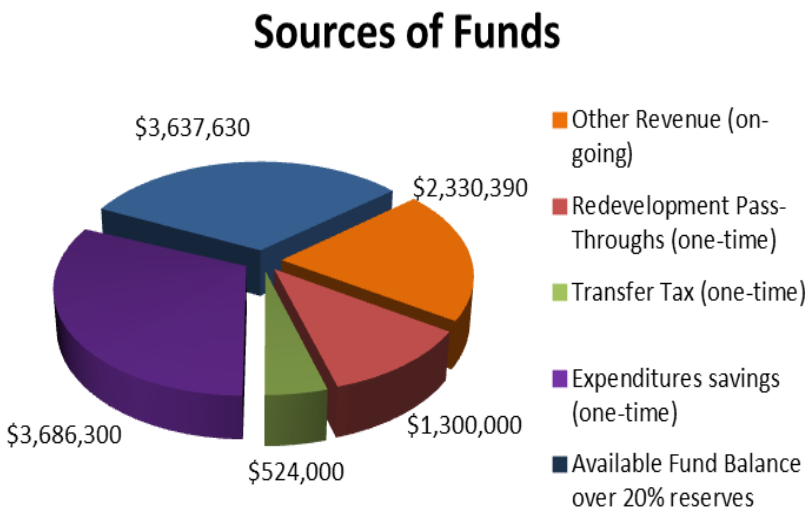
(in millions)

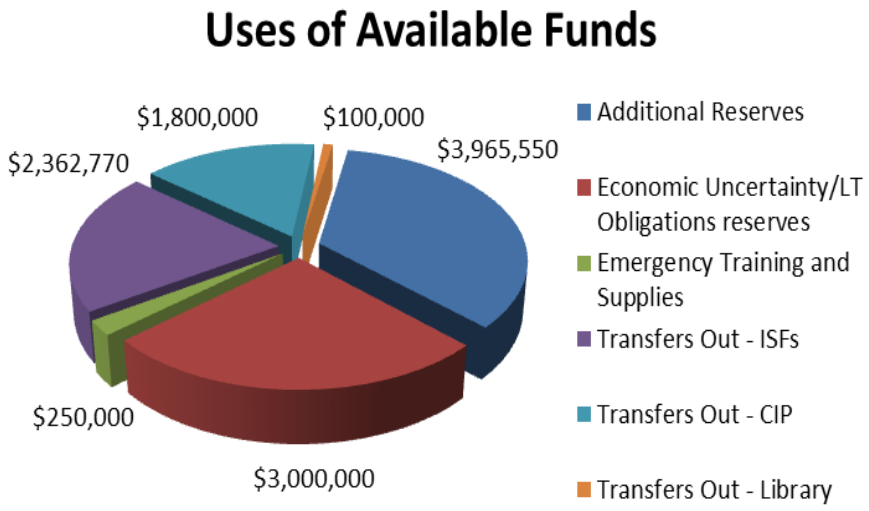
	Budget (Revised)	End of Current year (Projection)	Change
Beginning Available Fund Balance	$ 29.1	$ 29.1	$ -
Revenues & Transfers In	74.7	80.5	5.8
Expenditures	(70.9)	(68.0)	2.9
Transfers Out	(11.9)	(11.9)	-
Annual Operating Results	(8.1) *	0.6	8.7
Ending Available Fund Balance	$ 21.0	$ 29.7	$ 8.7
% of annual expenditures and transfers out	25%	37%	

*$8.1 million is a result of additional Transfers Out due to surplus in FY 13-14.

General Fund FY 14-15 Review (continued)

As a result of better than anticipated revenues, City Council Approved General Fund Budget Amendment of $11.4 million (December 2014):





Proposed General Fund FY 15-16 and FY 16-17 Budget Overview

Staff prepared **initial** budget estimates for FY15-16 through FY19-20:

- Projected surplus of $1.3 million in FY15-16
- Projects deficits of $1.1 million in FY 16-17 and $2.7 to $5.3 million annually from FY17-18 thru FY19-20
- FY 19-20 projected General Fund Available Balance is at 20%
- Assumes revenue changes from -2 to 10% annually depending on the source
- Incorporates new and projected Miscellaneous/Safety PERS rates, including additional employee contributions for PERS and health costs

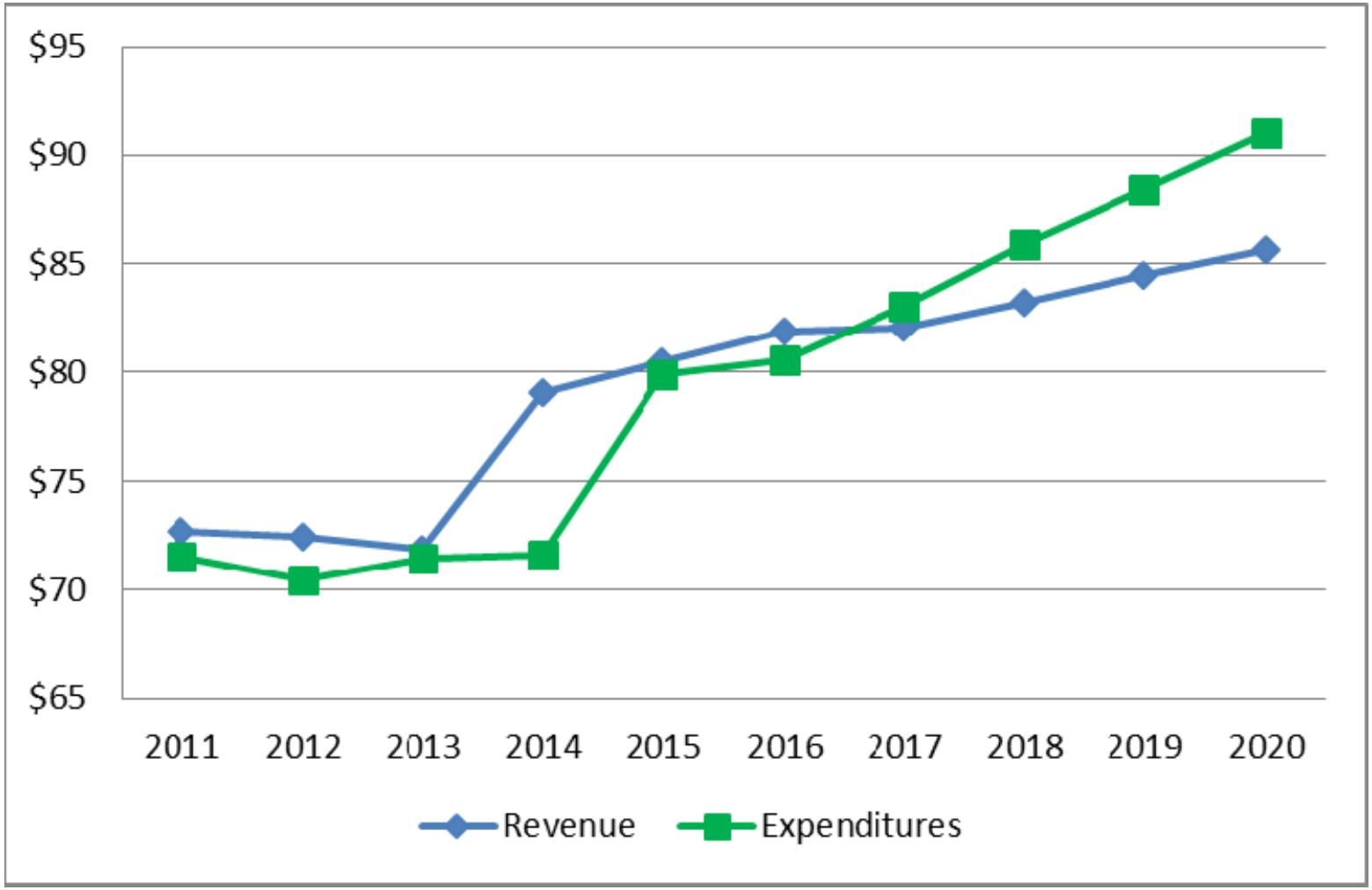
General Fund Budget Overview (continued)

5-Year Forecast for FY 15-16 through FY 19-20 (in millions)

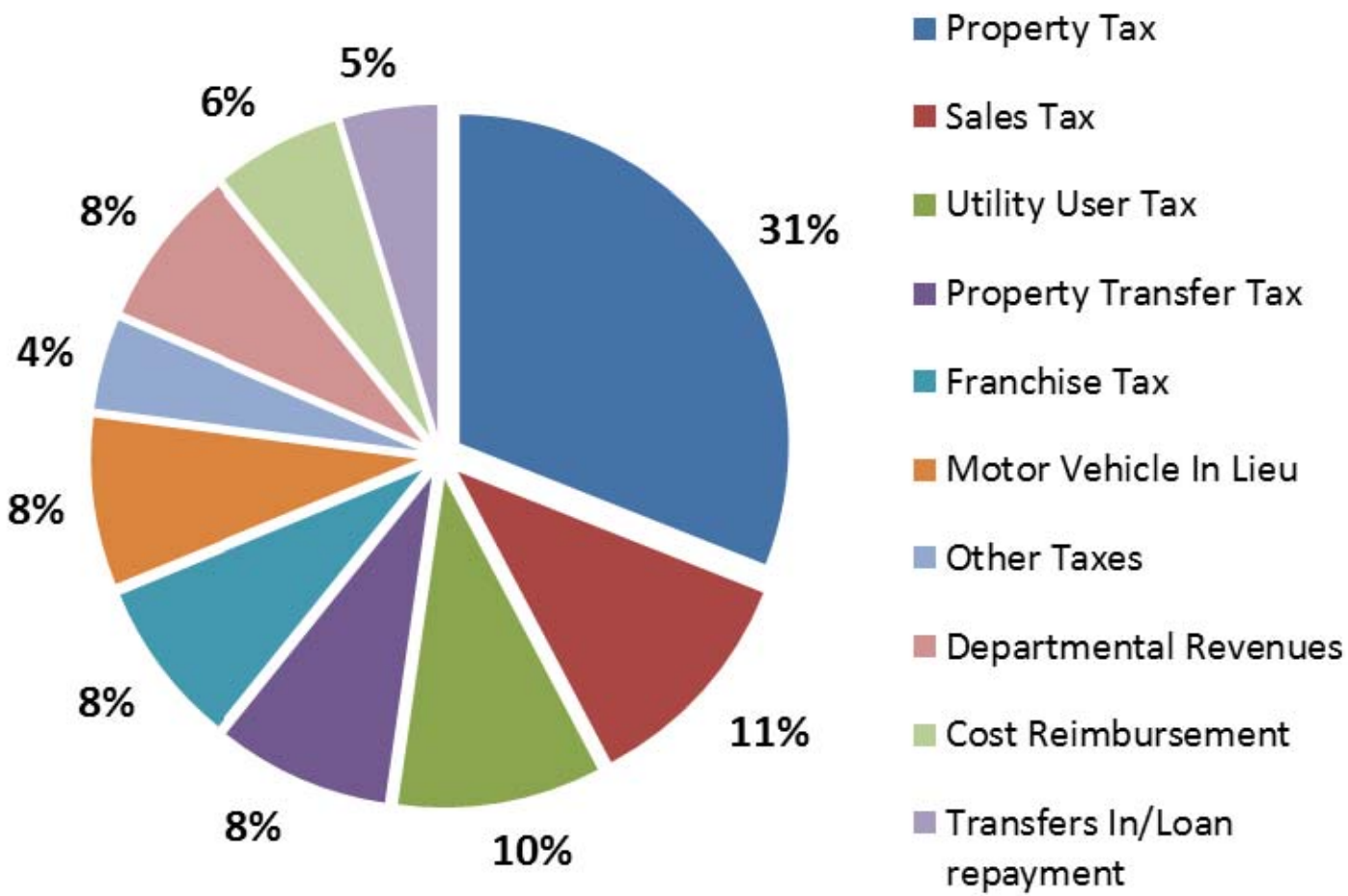
	15-16	16-17	17-18	18-19	19-20
Beginning Fund Balance	$ 29.6	$ 30.9	$ 29.9	$ 27.2	$ 23.2
Revenues	81.4	81.6	82.8	84.0	85.2
Transfers In	0.5	0.5	0.5	0.5	0.5
Expenditures & Transfers Out	(80.5)	(83.1)	(85.9)	(88.4)	(91.0)
Annual Operating Results	1.3	(1.1)	(2.7)	(4.0)	(5.3)
Ending Fund Balance	$ 30.9	$ 29.9	$ 27.2	$ 23.2	$ 17.9
% of annual expenditures and transfers out	38%	36%	32%	26%	20%

Ending Available Fund Balance assumes **no** cost-saving measures are taken after 15-16.

General Fund Budget Overview
Revenue and Expenditure Trends
(in millions)



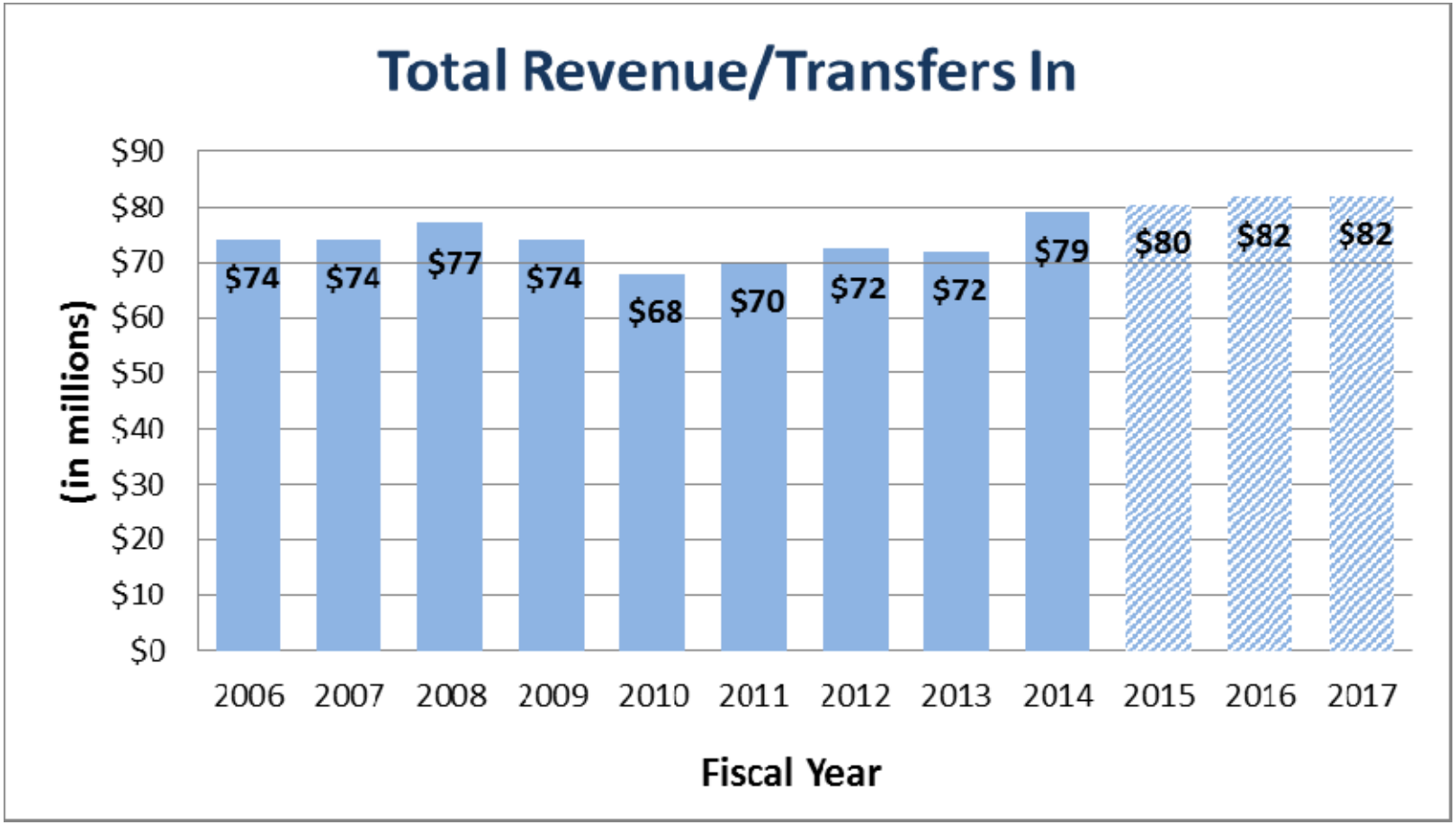
General Fund Budget Overview
Major Revenue Sources - $81.9 Million FY15-16



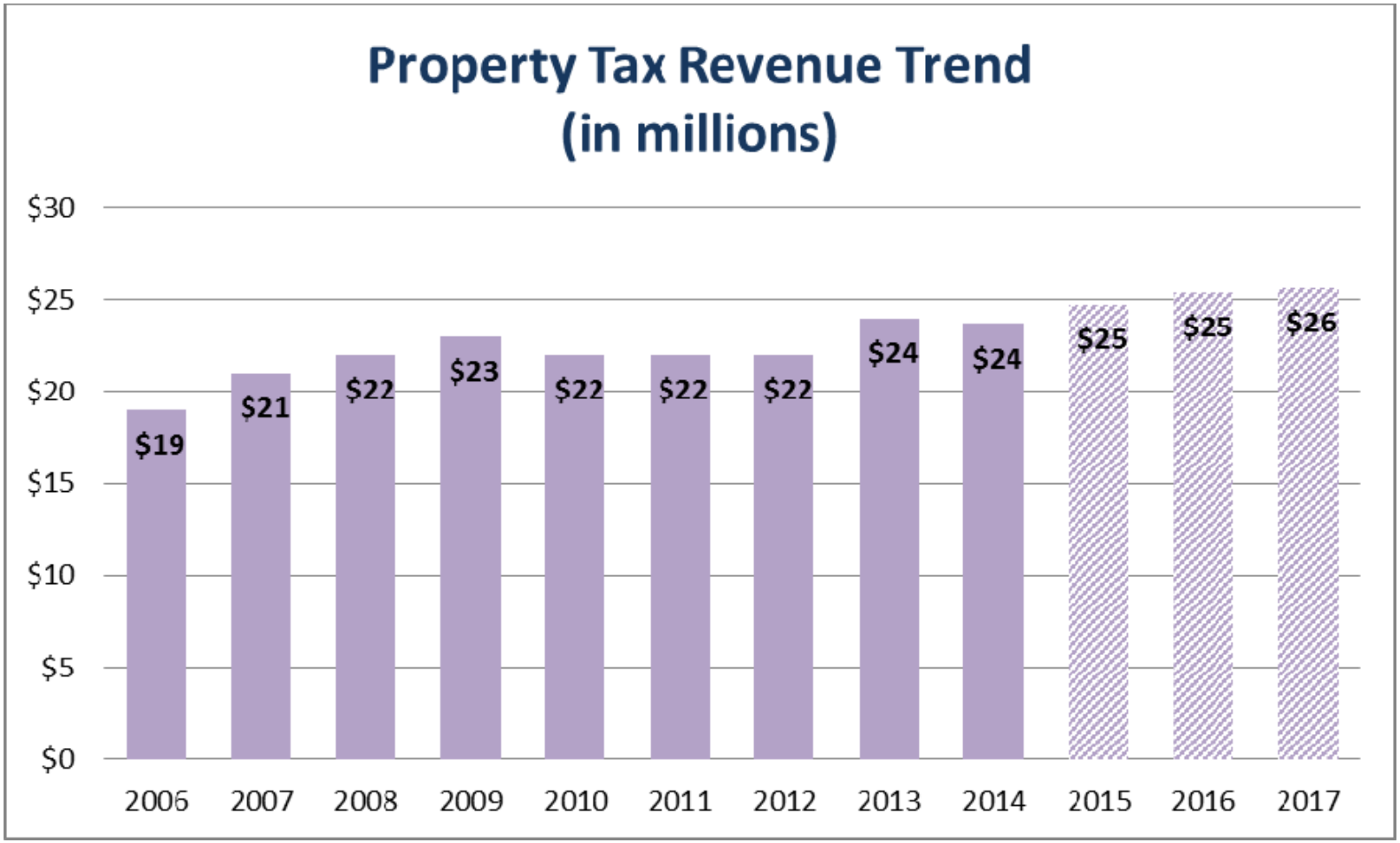
General Fund Overview
Revenue Assumptions

	13-14		14-15		15-16	16-17
	Projected	Actual	Projected	Actual	Projected	Projected
Property Tax	0.4%	10.3%	2.9%	11.9%	2.6%	1.0%
Sales Tax	4.6%	4.7%	4.9%	14.8%	4.0%	2.9%
Utility User Tax	-4.3%	-2.3%	0.0%	-4.0%	-2.1%	-2.1%
Property Transfer Tax	-4.1%	25.7%	1.0%	35.1%	-4.9%	8.0%
Franchise Tax	3.6%	6.4%	1.4%	-0.7%	-12.2%	16.6%
Motor Vehicle In Lieu	2.4%	2.9%	5.2%	3.0%	3.0%	2.2%
Transient Occupancy Tax	5.2%	9.8%	3.0%	7.1%	3.0%	10.2%
Departmental Revenues	8.2%	2.5%	-7.1%	-1.4%	-4.6%	0.1%
Other & Transfers In	16.3%	4.7%	-2.4%	3.2%	21.8%	-20.0%
Total	2.9%	6.9%	-5.5%	7.7%	1.8%	0.2%

General Fund Budget Overview



General Fund Budget Overview



General Fund Budget Overview (continued)

Use of One-Time Funds

- In FY 15-16 General Fund received from Alameda Municipal Power (AMP) a repayment of a prior interfund loan of $2.2 million.
  - This loan repayment is offset by reduction of Franchise Fees of $1.0 million creating net surplus to General Fund of $1.2 million.

- In FY 16-17 AMP Franchise Fee returns to normal.

General Fund Budget Overview (continued)

Transfers In From Other Funds

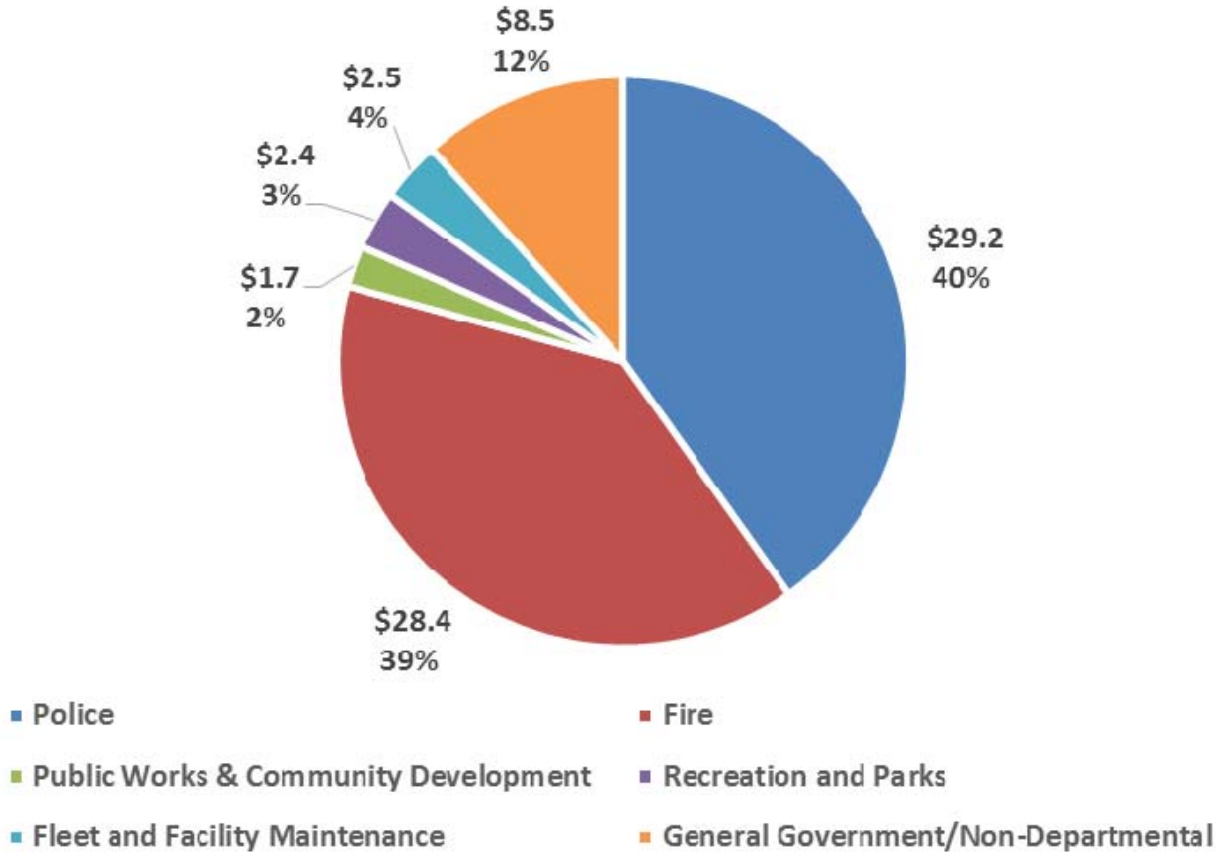
(in millions)

	Projected
Parking Meter	$ 0.38
Bayport Municipal Services District	0.05
Assessment District - CFD1	0.06
Total	$ 0.49

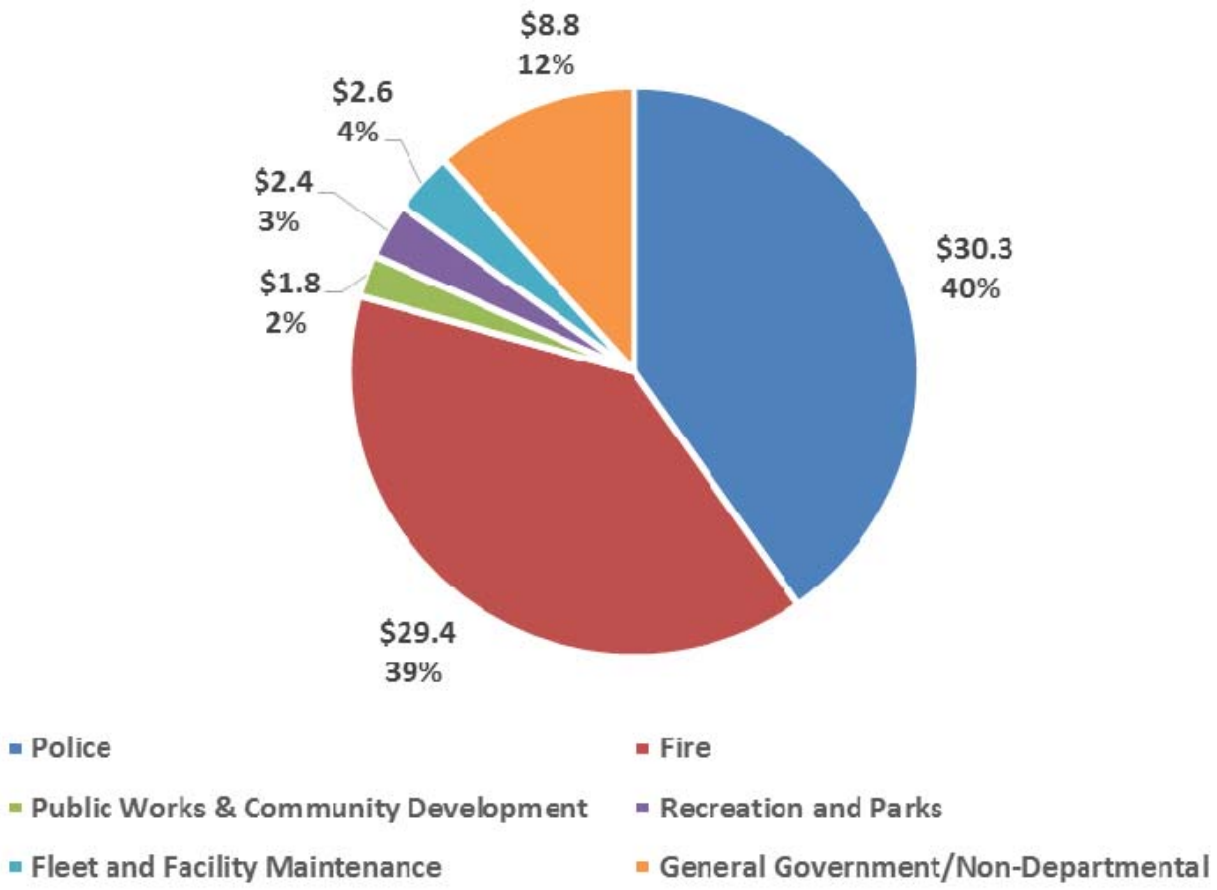
General Fund Budget Overview
Major Expenditures Assumptions

- Assumes health increases of 4% in 15-16 and 3% in 16-17, (incorporating cost sharing provisions of MOUs);
- Assumes departmental OPEB contributions to OPEB internal service fund increase 7% in FY 15-16 and stay flat in FY 16-17;
- Incorporates PERS smoothing increases based on most recent CalPERS annual valuation
- Incorporates other provisions of current MOU agreements, estimates salary increases based upon the increase in BRI (2% for 2016 and 2% for 2017)
- Assumes **no** inflation increases for all non-personnel expenses in all years unless existing contracts allow for it.
- Reflects filling vacancies on a realistic time line. This is a change from past assumption of funding full staffing as of July 1st.

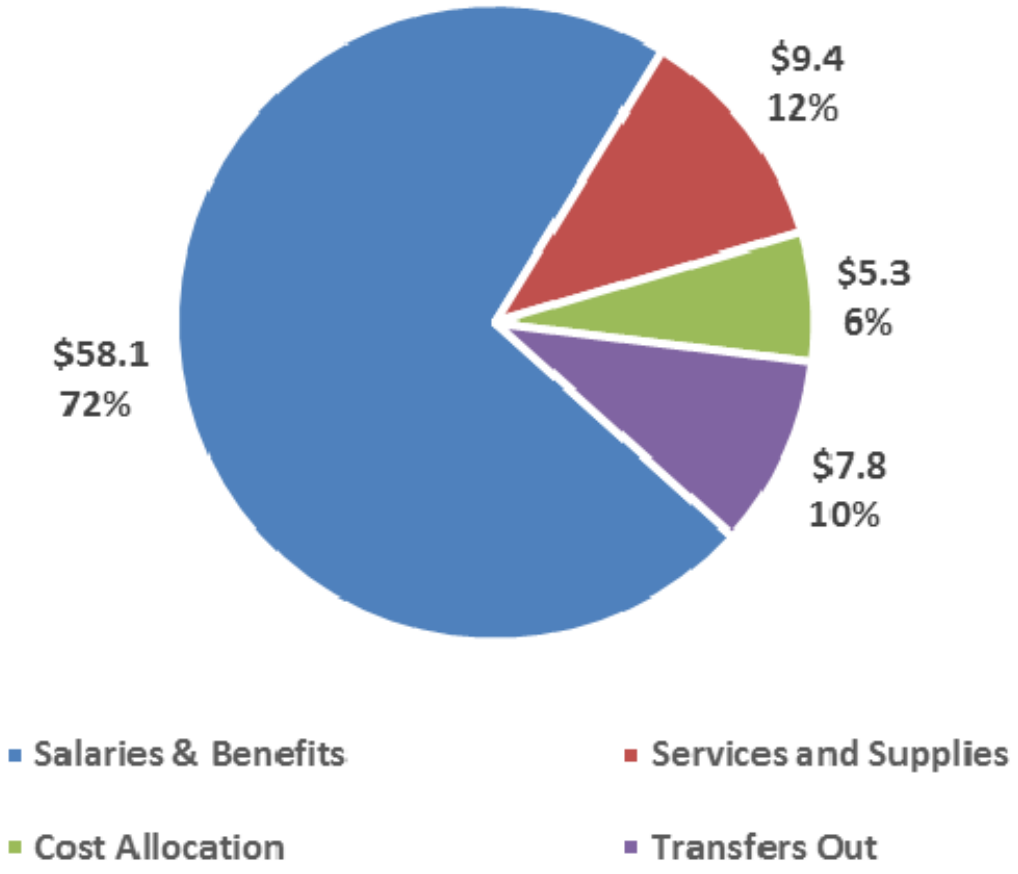
General Fund Proposed Expenditures Budget by Department FY15-16
(in millions)



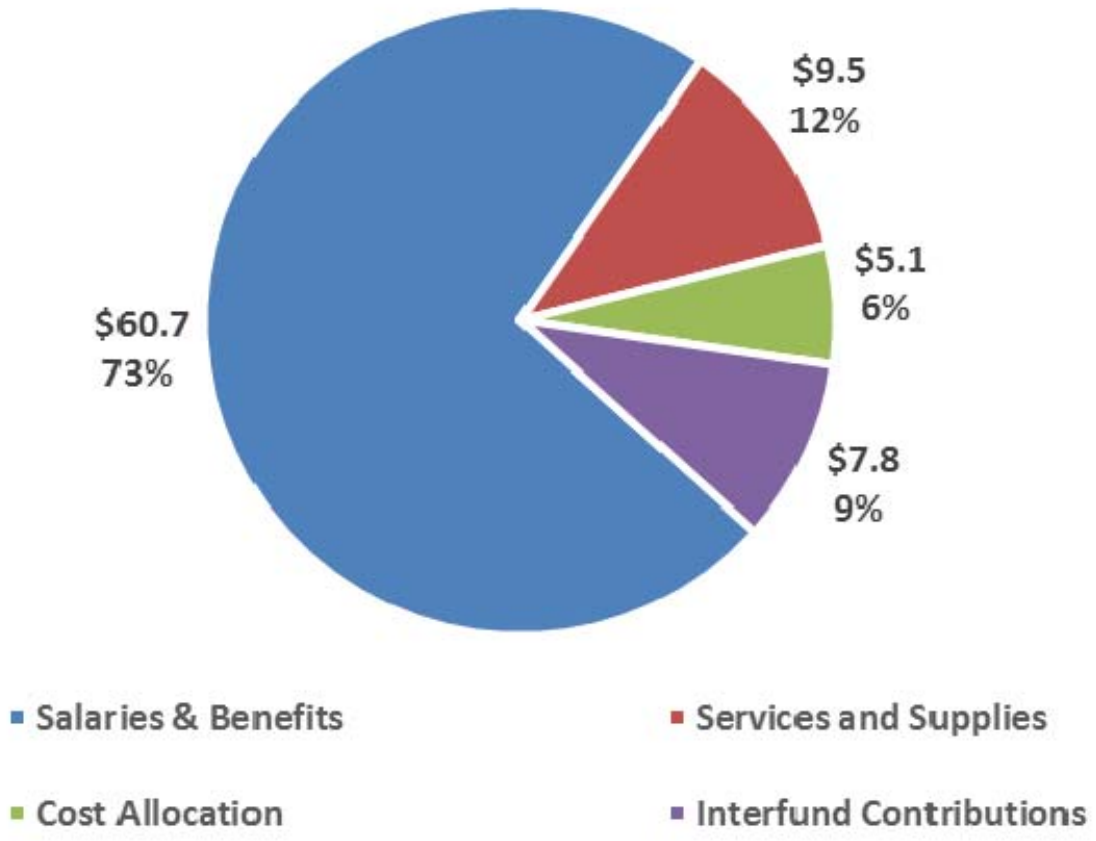
General Fund Proposed Expenditures Budget by Department FY 16-17
(in millions)



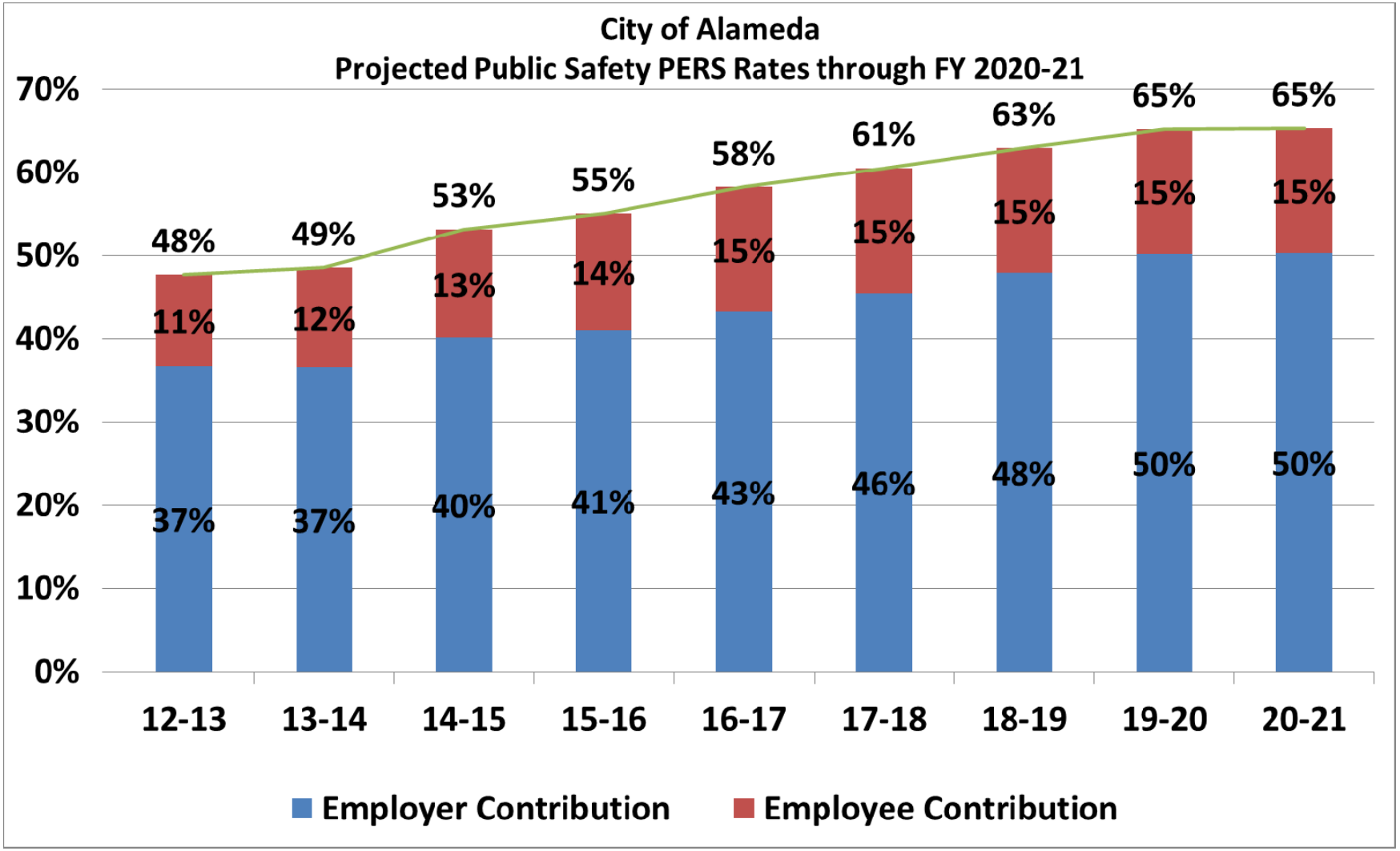
General Fund Budget
Major Expenditure Categories FY15-16



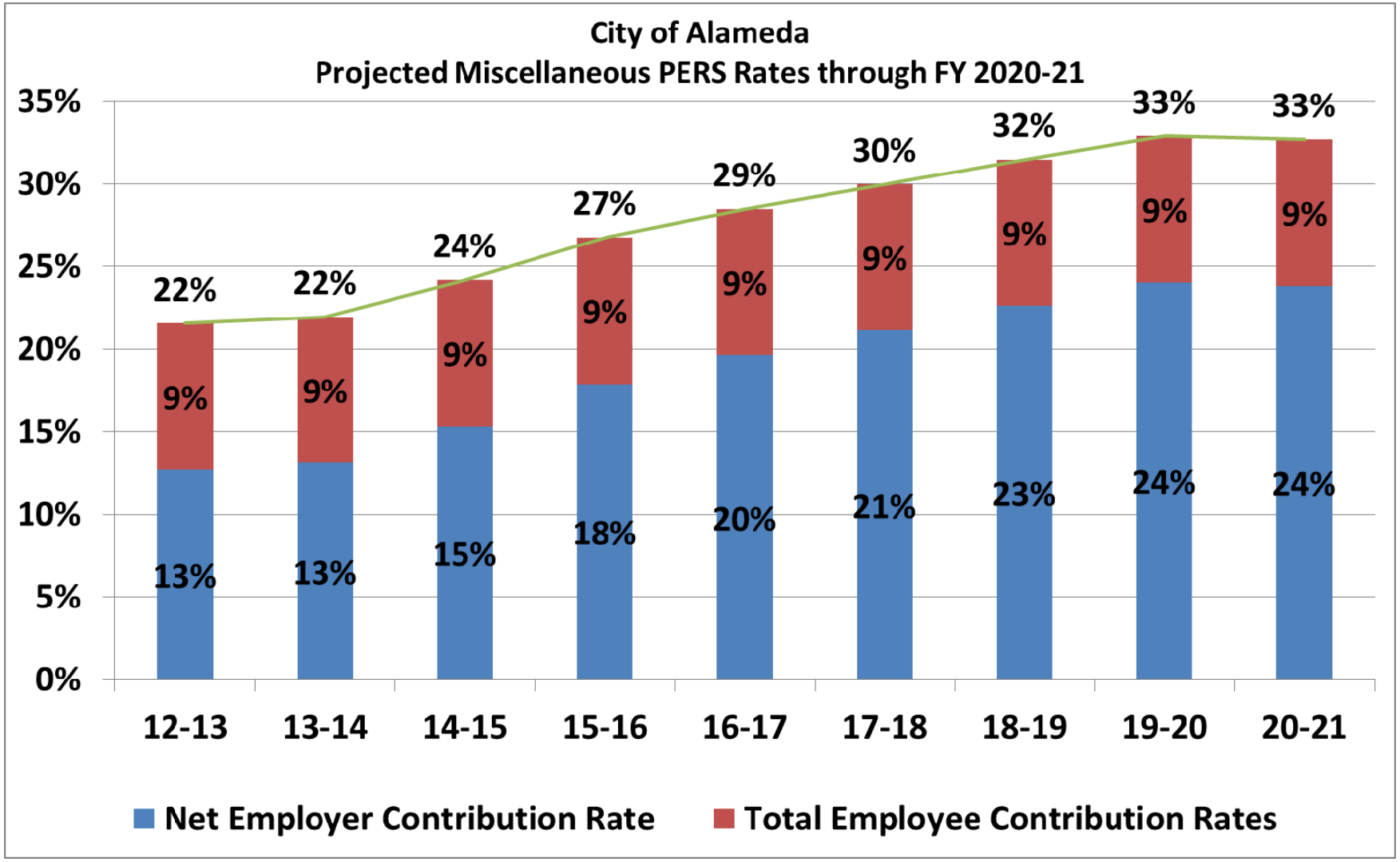
General Fund Budget
Major Expenditure Categories FY16-17



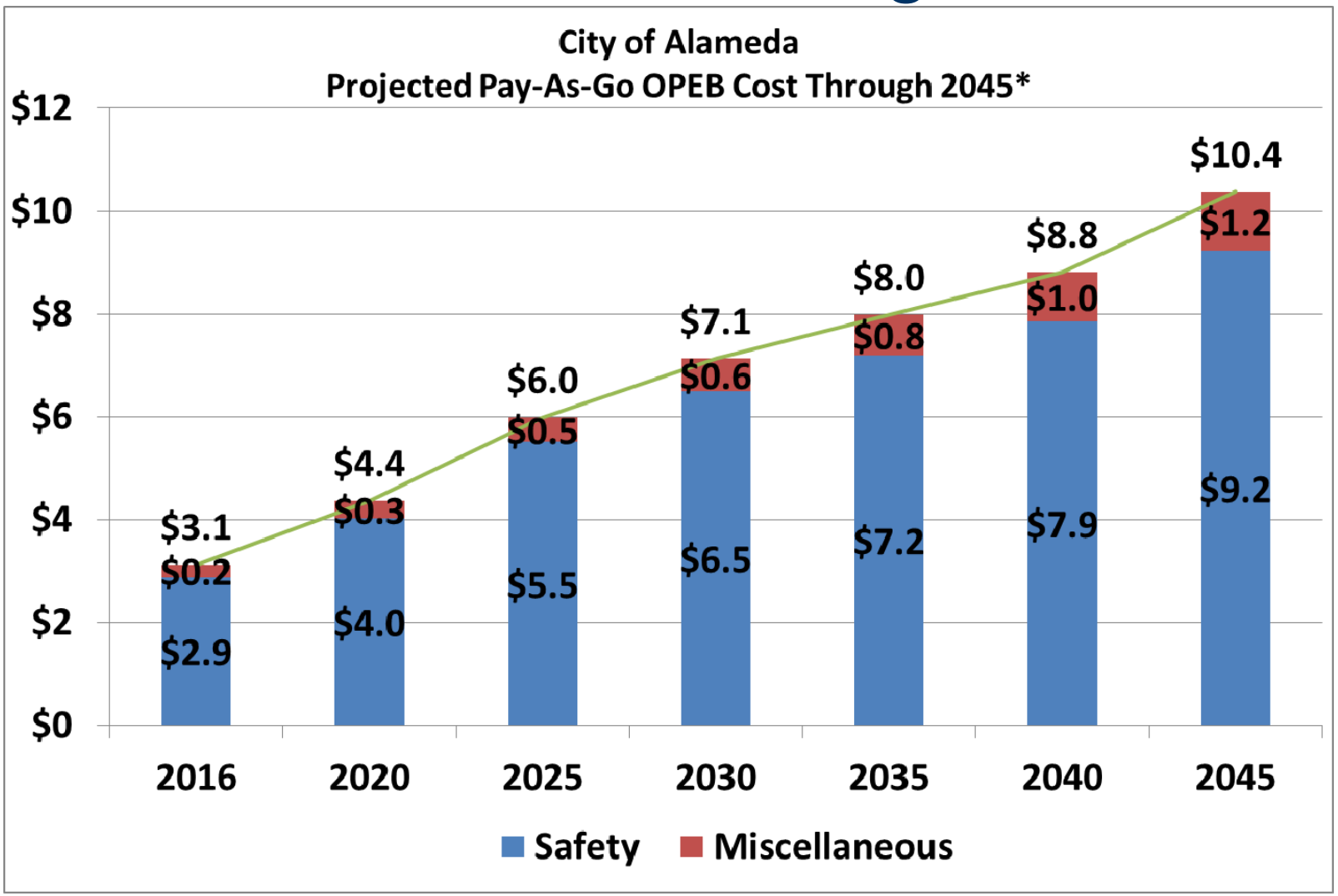
General Fund Budget



General Fund Budget



General Fund Budget



* Without amended labor contracts

General Fund Budget
Infrastructure and Deferred Maintenance

- Sidewalks - $10.5 million
- Streets - $13 million “good” condition and $60 million “very good” condition
- Buildings/City Facilities – $10 - $20 million
- Stormwater - $45 million

General Fund Budget Overview
Infrastructure and Deferred Maintenance

Proposed Funding:

(in millions)

	FY 15-16	FY 16-17	Sources
Sidewalks	$ 1.5	$ 1.5	Gas Tax, Construction Improvement Tax, General Fund
Streets	5.0	5.0	Measure B/BB, Vehicle Registration Fees, Gas Tax, Sewer Fund
Buildings/Facilities	0.8	0.8	Departmental allocations
Stormwater	3.1	3.1	Stormwater Fee
Total	**$ 10.3**	**$ 10.3**	

General Fund Budget
Transfers Out

- Capital Projects / Maintenance – $520K 15-16 and $465K 16-17
- Recreation Fund - $1.6 million in 15-16 and 16-17
- Library - $2.0 million in 15-16 and 16-17
- Vacation payouts - $0.25 million in 15-16 and 16-17
- Police/Fire Pension Plans (1079 & 1082) - $1.9 mil 15-16 and $2.0 mil 16-17
- Debt Service Payments - $1.0 mil 15-16 and $1.0 mil 16-17
  - Includes 2013 COPS for Emergency Operations Center
- Other Transfers Out - $0.5 mil in 15-16 and 16-17

General Fund Budget
Authorized Positions Additions

New positions in FY 15-16:

- Director of Technology and Innovation*
- Information Technology Services Coordinator*
- Administrative Services Coordinator - Resiliency

* Positions are equally shared between General Fund and Alameda Municipal Power (AMP)

General Fund Budget Overview

5-Year Forecast for FY 15-16 through FY 19-20 (in millions)

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Expenditures & Transfers Out	(80.5)	(83.1)	(85.9)	(88.4)	(91.0)
Annual Operating Results	1.3	(1.1)	(2.7)	(4.0)	(5.3)
Ending Fund Balance	$ 30.9	$ 29.9	$ 27.2	$ 23.2	$ 17.9
% of annual expenditures and transfers out	38%	36%	32%	26%	20%

Ending Available Fund Balance assumes **no** cost-saving measures are taken after 15-16.

Closing the Gap for 16-17 Proposed Solutions

- Use a portion of the General Fund balance reserve over 25% to assist with funding of PERS 5-year projected smoothing
- Increase/expand outdated Utility User Tax (UUT) in 2016 election
- Reduce General Fund contributions to Equipment Replacement Fund
- Request departments to cut 1.4% of the budget
- Delay hiring and use vacancy savings to reduce annual deficit
- Reduce labor budgets for part-time staffing and overtime costs
- Potential savings of $0.25 million in Fire Department overtime budget upon approval of SAFER grant

Other Budget Considerations

- Expired SAFER Grant funding for 6 firefighters (2015); waiting for results of grant award (Fall 2015); absent the award Fire Department overtime budget will be $0.5 million
- Funding of OPEB costs and proposed contracts
- Funding pension (PERS) smoothing costs
- Continuing decline of Utility User Tax
- Contribution to deferred maintenance (city-wide issue)
- Non-safety labor contracts due to expire in December 2015
- Increased cross-departmental maritime demands without expertise and resources to address

Budget Good News

- FY 13-14 and FY 14-15 outperformed all expectations
- General Fund maintains or exceeds City Council's 20% reserve policy for the next five years
- No significant decrease in direct services to the community

General Fund Budget Overview
(continued)

5 Year Projections for FY11-12 through 15-16
(In Millions)

	11-12	12-13	13-14	14-15	15-16
Revenues	$ 67.3	$ 68.6	$ 70.7	$ 72.8	$ 75.0
Expenses	73.5	74.9	78.6	80.9	83.4
Deficit For Year	**$ (6.2)**	**$ (6.3)**	**$ (7.9)**	**$ (8.1)**	**$ (8.4)**
Ending Available Fund Balance	**$ 8.9**	**$ 2.6**	**$ (5.3)**	**$ (13.4)**	**$ (21.8)**

Ending Available Fund Balance assumes no cost-saving measures are taken.

General Fund Budget Overview

5-Year Forecast for FY 15-16 through FY 19-20 (in millions)

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Council Direction on Proposed Budget

- Proposed expenditure reductions in FY 16-17
- Potential use of a portion of FY 15-16 surplus in FY 16-17
- Other Cost Savings/Revenue Enhancements

Next Steps

April 7, 2015	1st Council Budget workshop on OPEB (Completed)
April 16, 2015	2nd Council Budget workshop Preliminary General Fund Budget, CIP and deferred maintenance
April 29, 2015	3rd Council Budget workshop Departmental presentations
May 12, 2015	4th Council Budget workshop Departmental presentations
June 2, 2015	Council Budget adoption

Questions?