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City of Pleasanton
2013/14FY – 2014/15FY
Two Year Budget

June 4, 2013

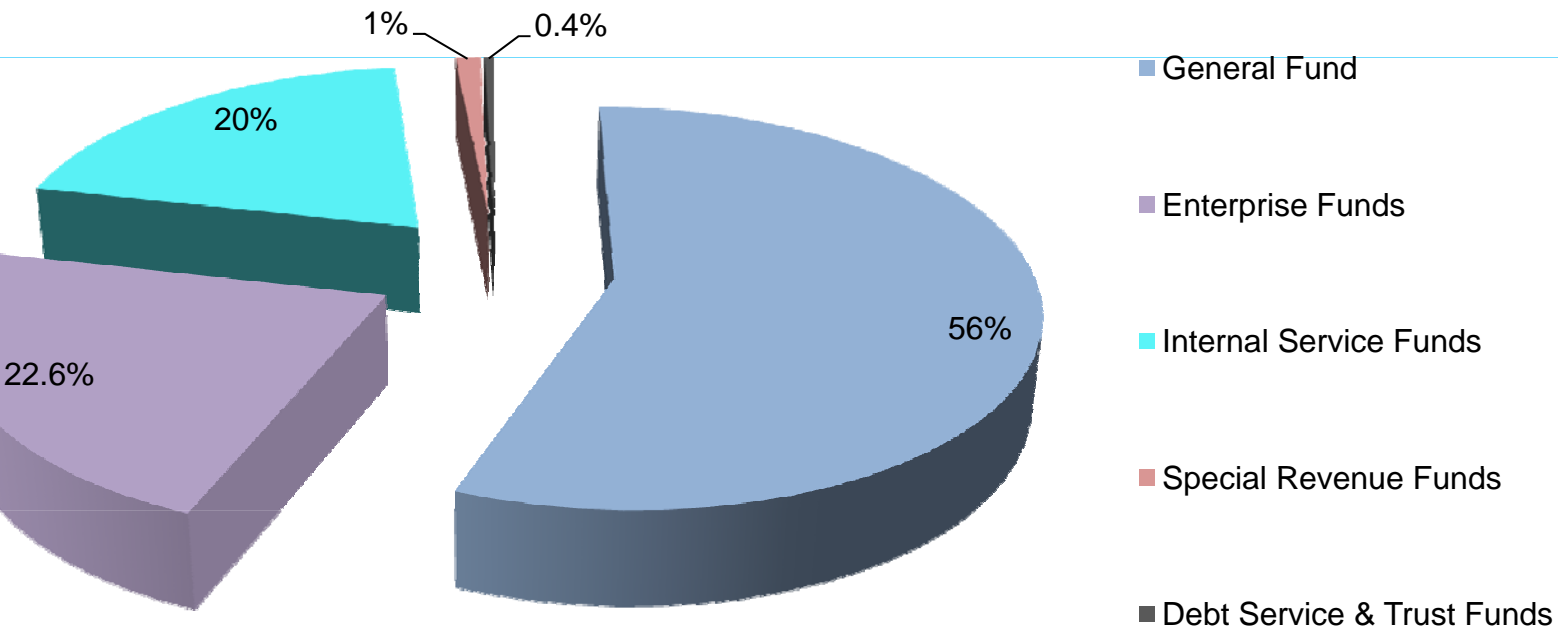
2013/14FY – 2014/15FY Two Year Operating Budget

City Operating Budget Consists of:

- General Fund
 - Police, Fire, Library, Parks & Community Services
- Enterprise Funds
 - Water, Sewer, Golf Course
- Internal Service Funds
 - Self Insurance; Equipment, Vehicle & Facility Replacement
- Special Revenue Funds
 - Grants, Donations, Gas Tax, and other Revenues Restricted for Specific Purposes

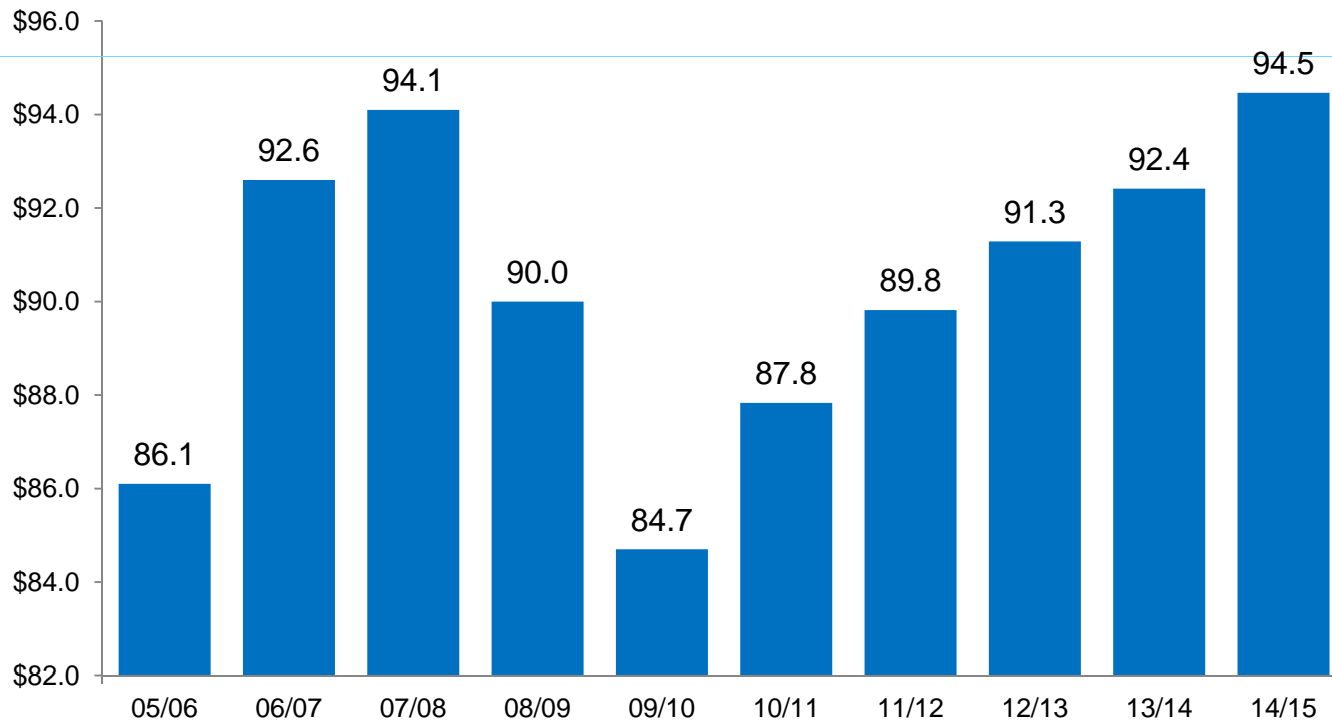
2013/14FY – 2014/15FY Two Year Operating Budget

2013/14FY OPERATING BUDGET



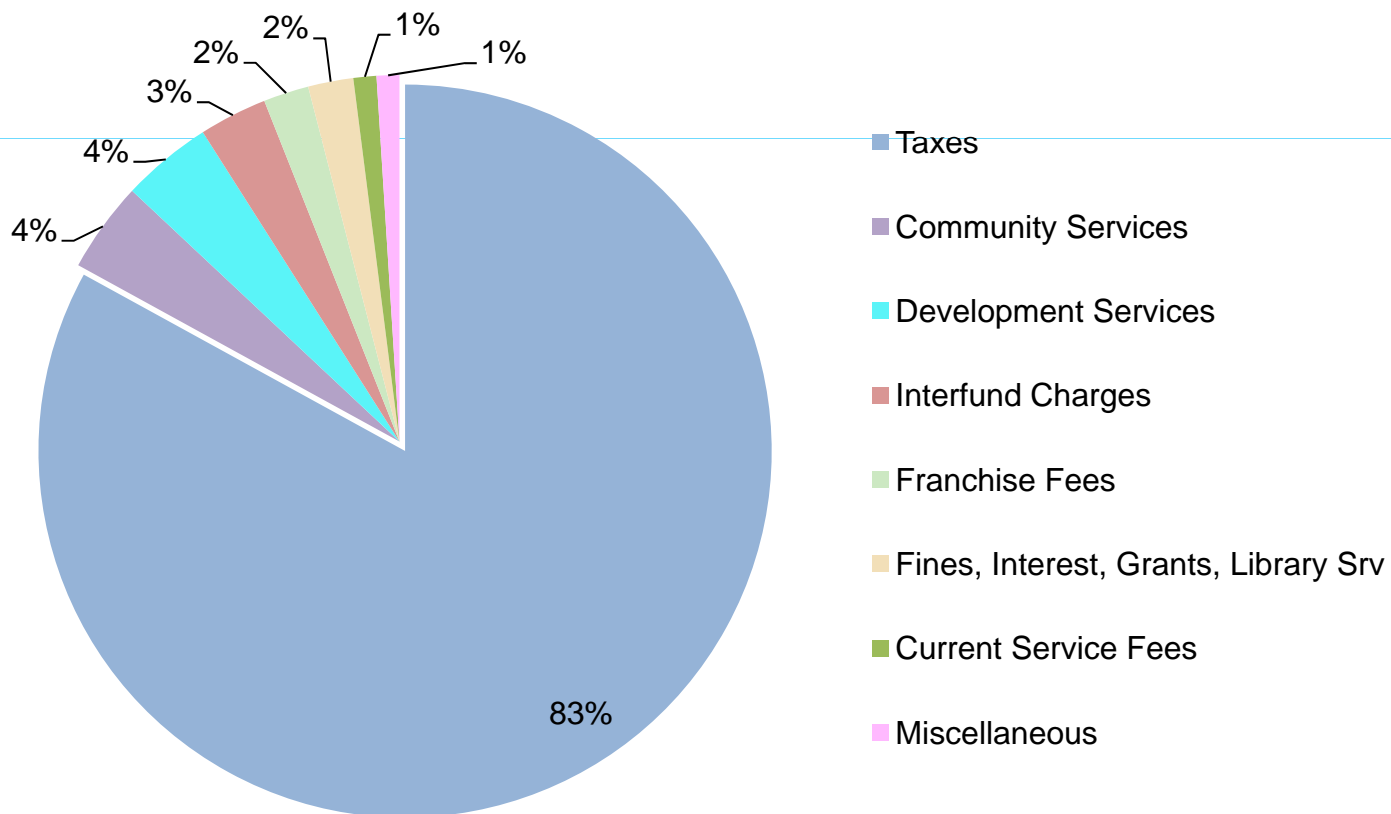
2013/14FY – 2014/15FY Two Year Operating Budget

General Fund Revenue Comparison
(In Millions of Dollars)



2013/14FY – 2014/15FY Two Year Operating Budget

General Fund Revenues



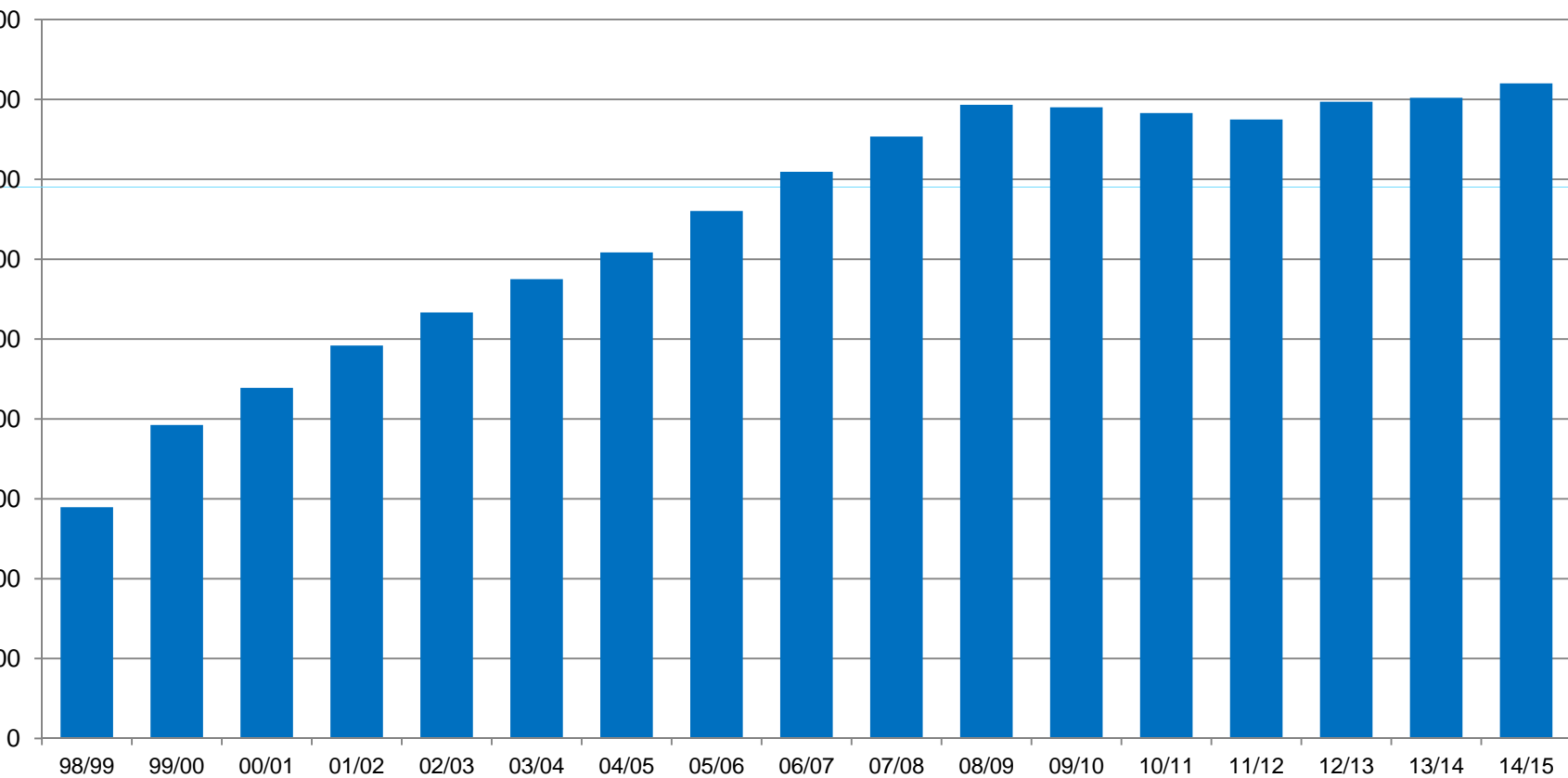
2013/14FY – 2014/15FY Two Year Operating Budget

What Happens to General Fund Revenues During the Two Year Budget?

- Property Taxes, Sales Tax, Hotel/Motel Tax and Business License Tax
 - 83% of Total General Fund Revenues
- Property Tax (\$49.4M)
 - 1.0% Growth in 2013/14FY
 - 2.3% Growth in 2014/15FY

2013/14FY – 2014/15FY Two Year Operating Budget

SECURED PROPERTY TAX



2013/14FY – 2014/15FY Two Year Operating Budget

What Happens to General Fund Revenues During the Two Year Budget?

– Sales Tax (\$19.7M):

- 3.9% Growth in 2013/14FY
- 2.8% Growth in 2014/15FY

– Where is Sales Tax Growth Expected to Occur?

- 5.5% Increase in Business & Industry
- 5.0% Increase in Building & Construction
- 4.5% Increase in Autos & Transportation
- 4.5 % Increase in Restaurants
- 2.5% Increase in Food & Drugs

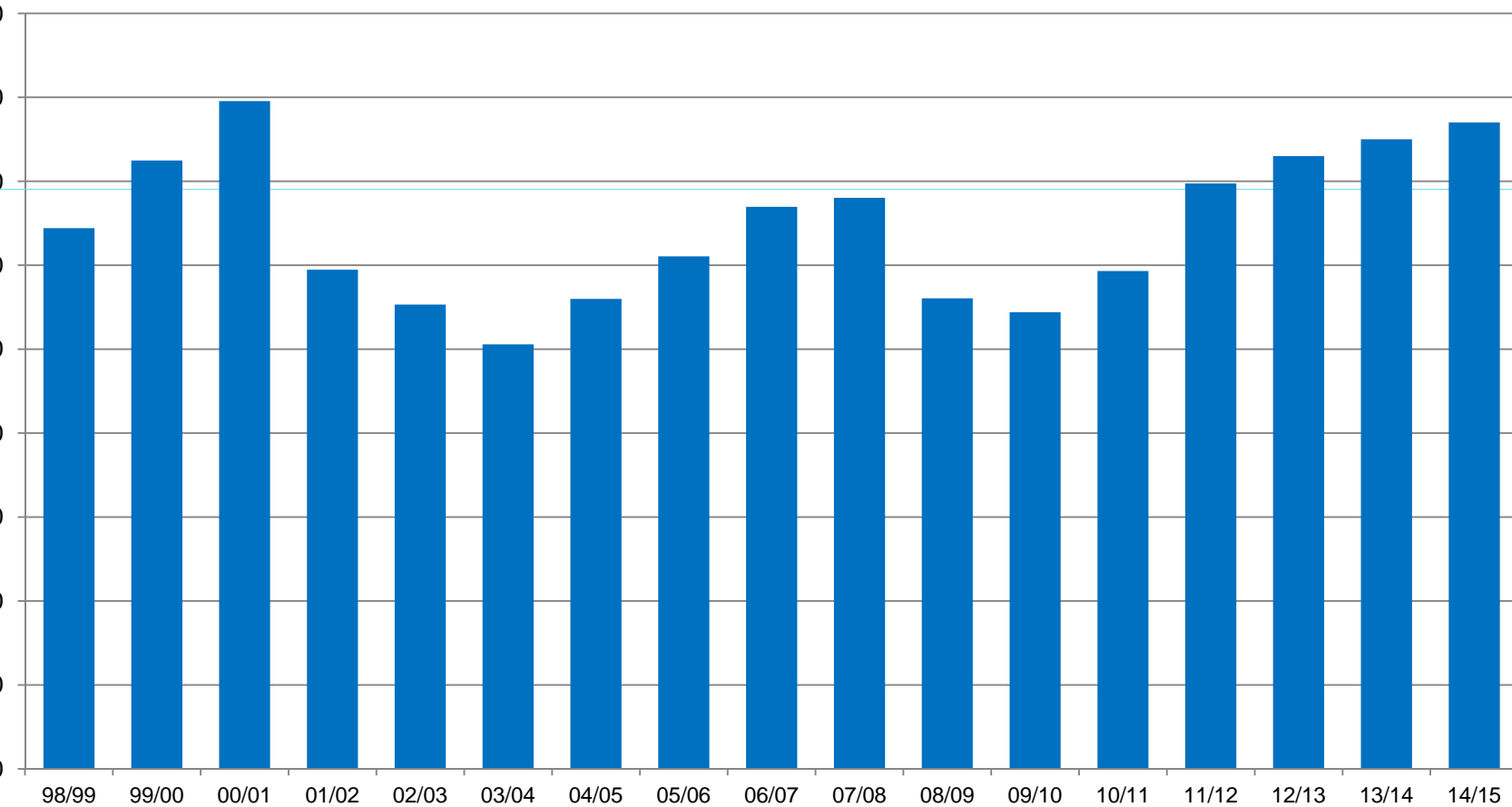
2013/14FY – 2014/15FY Two Year Operating Budget

What Happens to General Fund Revenues During the Two Year Budget?

- Hotel/Motel Tax (\$3.8M)
 - 2.8% Growth in 2013/14FY
 - 2.7% Growth in 2014/15FY

2013/14FY – 2014/15FY Two Year Operating Budget

HOTEL/MOTEL TAX



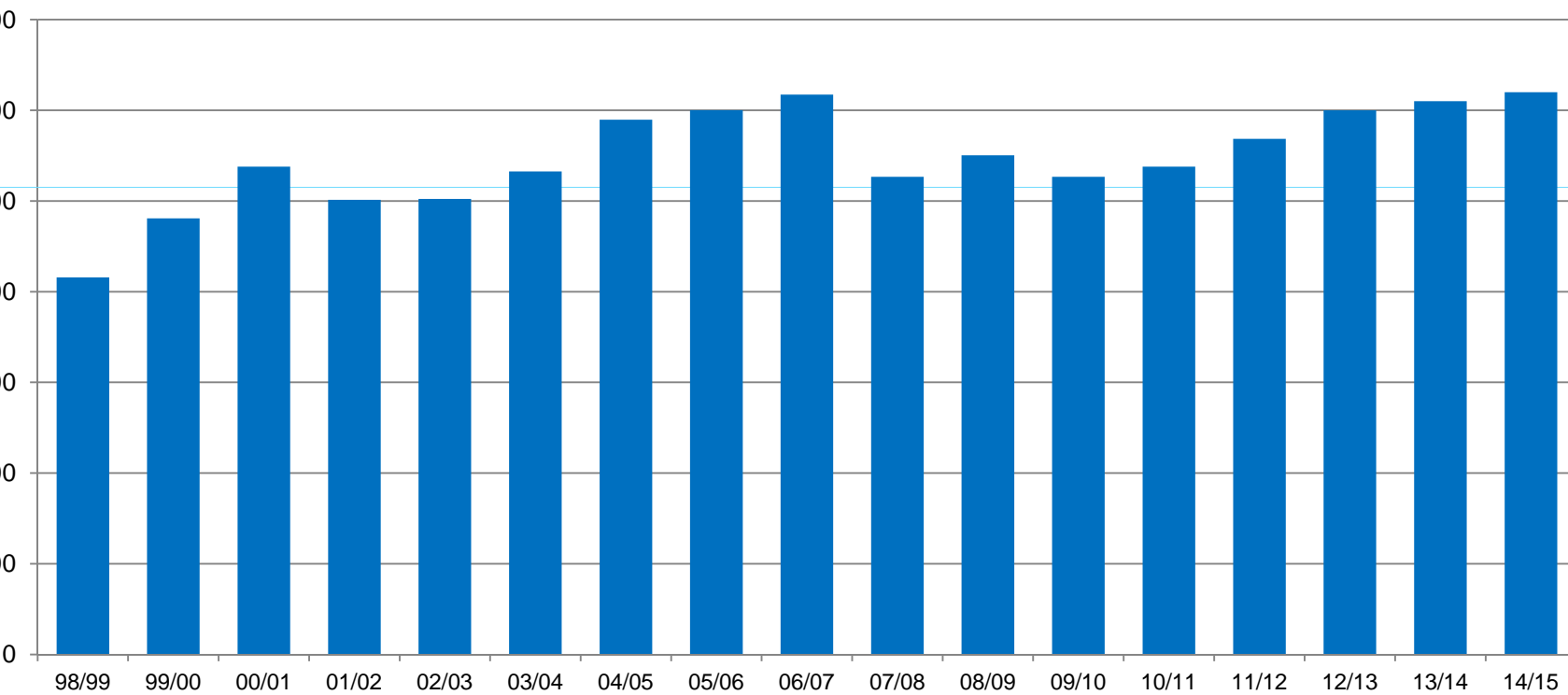
2013/14FY – 2014/15FY Two Year Operating Budget

What Happens to General Fund Revenues During the Two Year Budget?

- Business License Tax (\$3.1M)
 - 1.7% Growth in 2013/14FY
 - 1.7% Growth in 2014/15FY

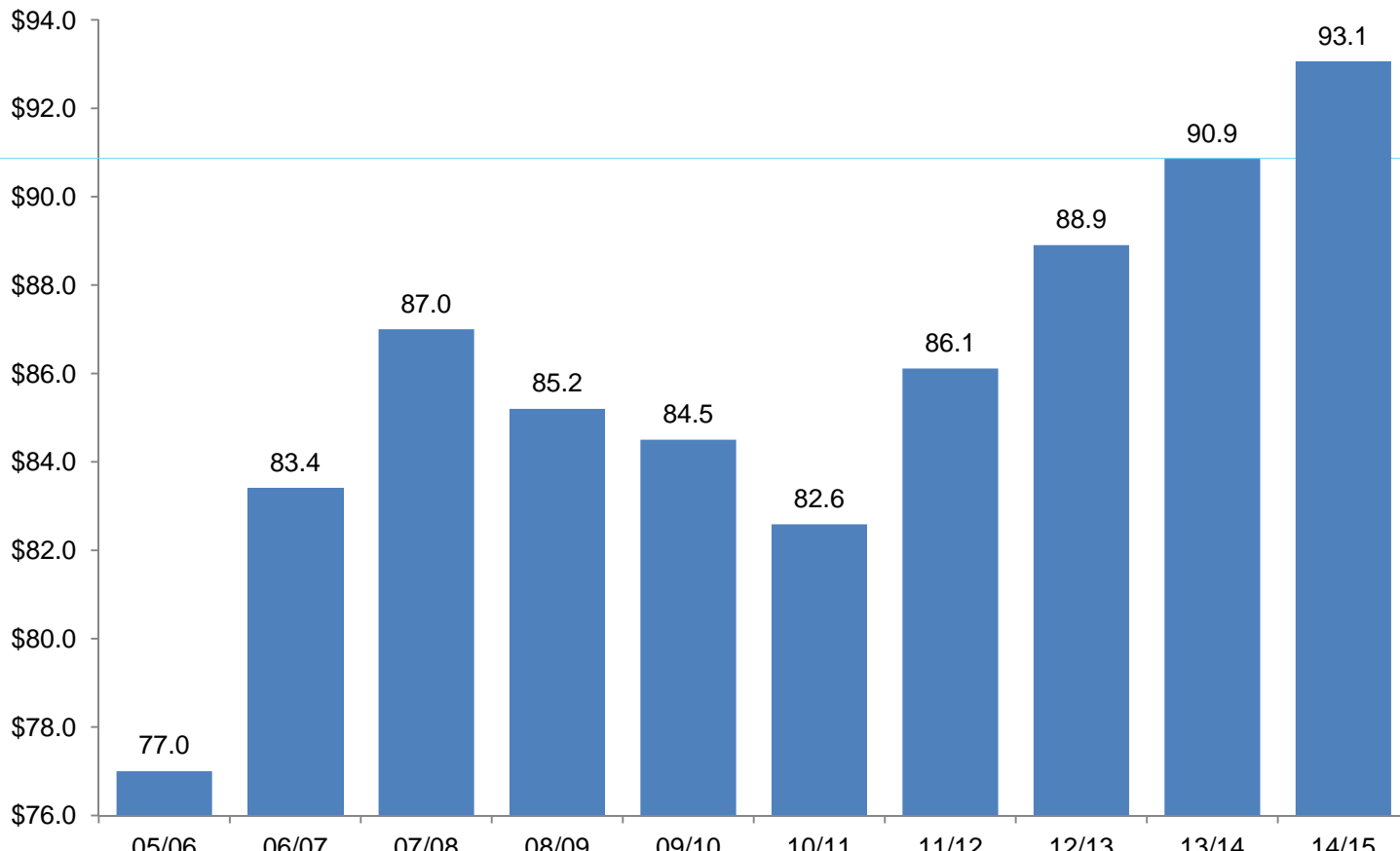
2013/14FY – 2014/15FY Two Year Operating Budget

BUSINESS LICENSE TAX



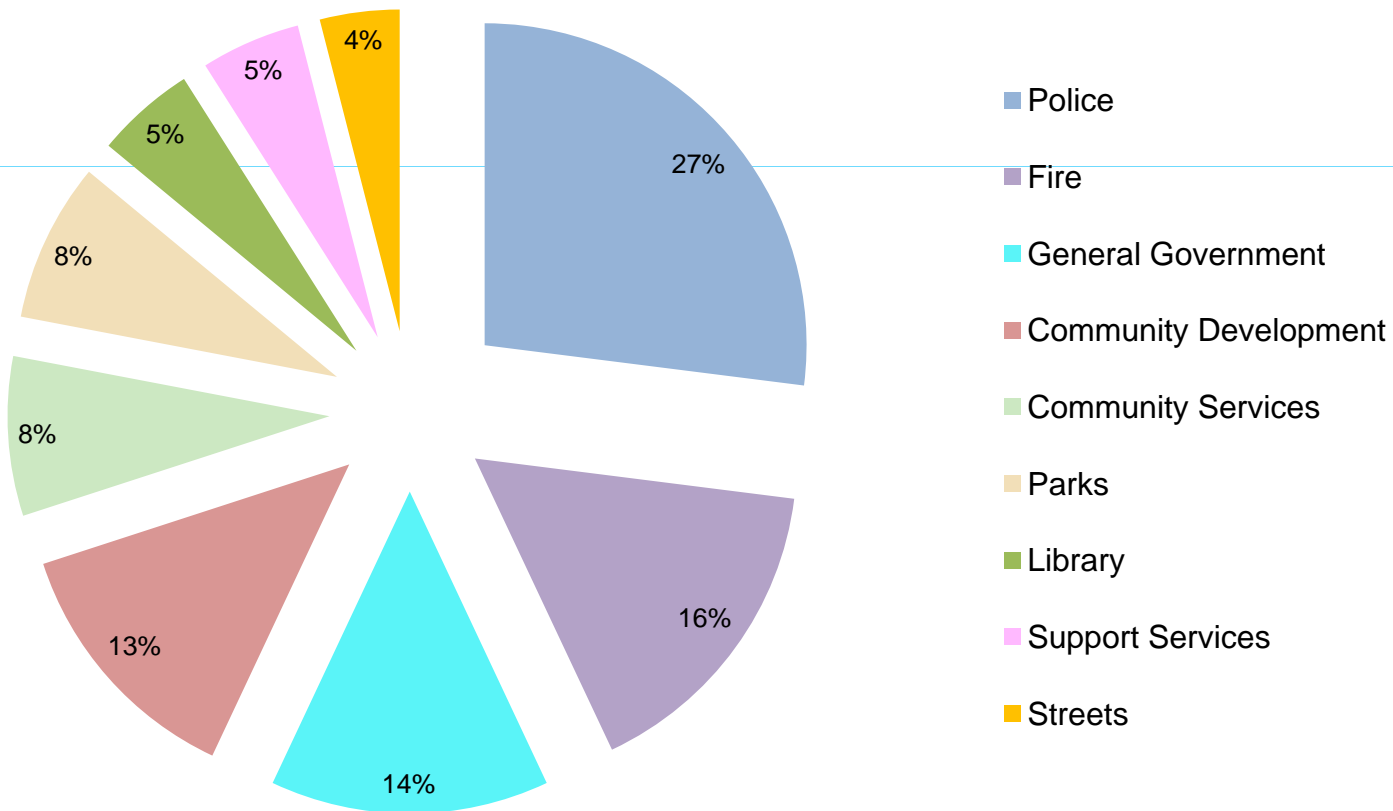
2013/14FY – 2014/15FY Two Year Operating Budget

General Fund Expenditure Comparison
(In Millions of Dollars)



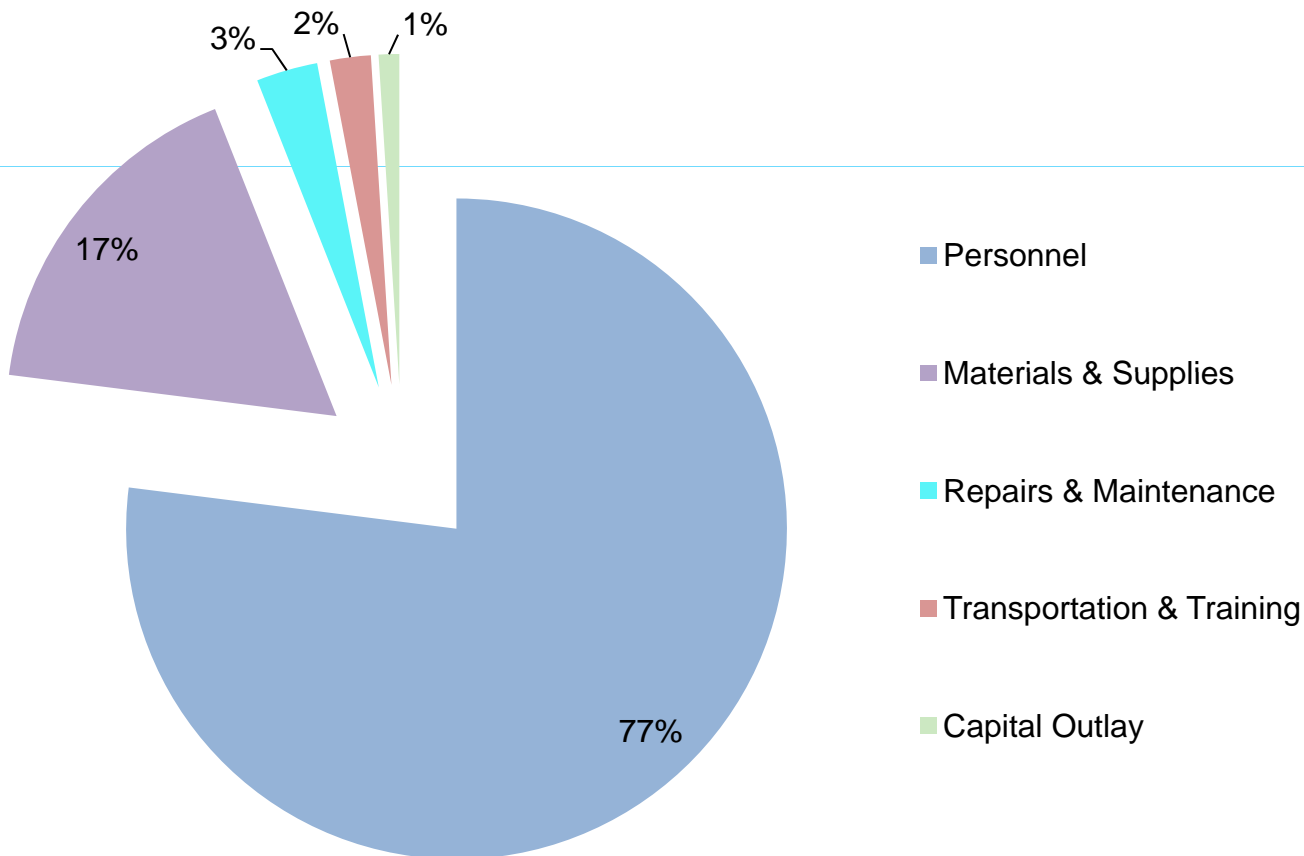
2013/14FY – 2014/15FY Two Year Operating Budget

GENERAL FUND EXPENDITURES BY DEPARTMENT



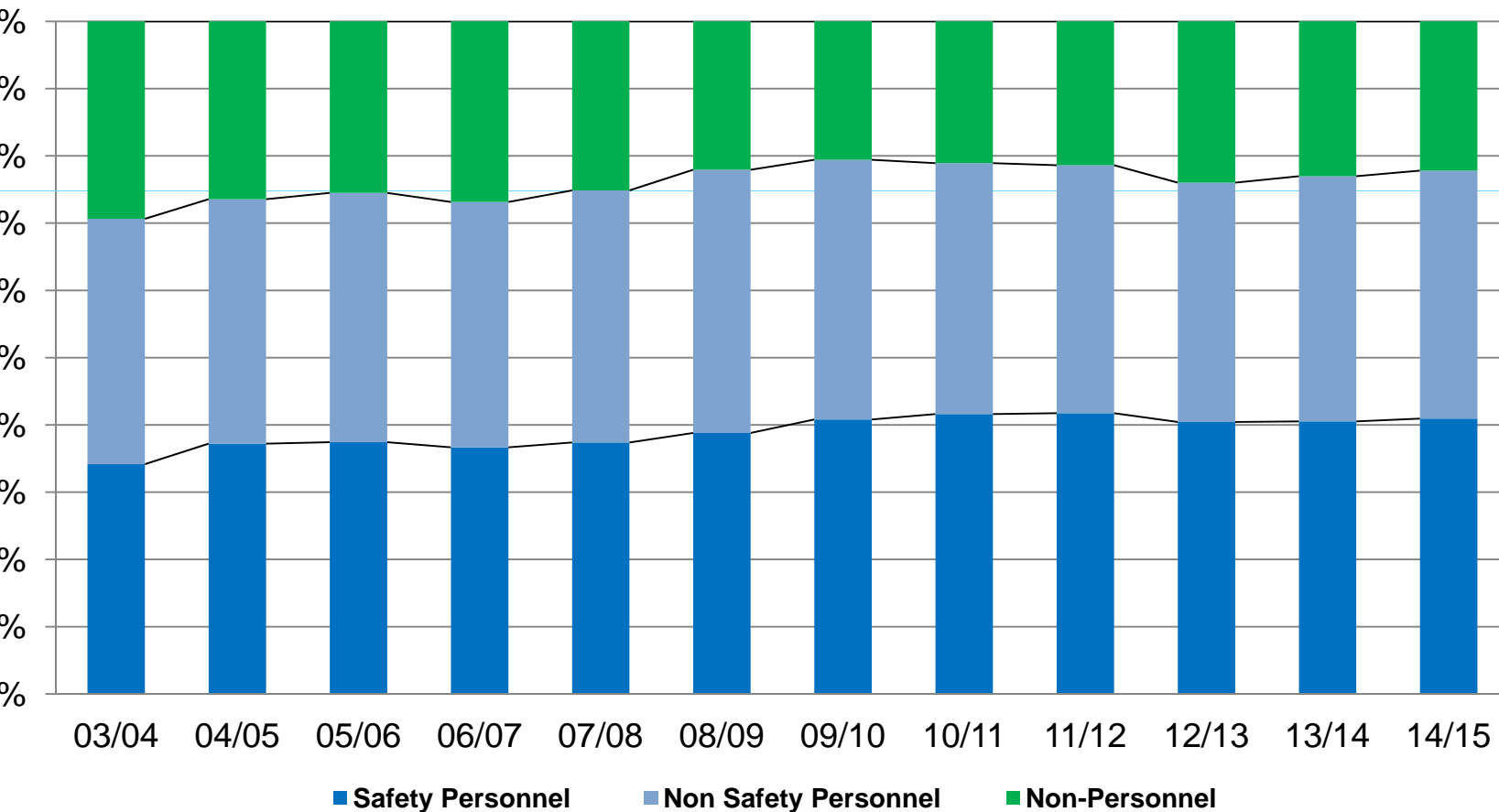
2013/14FY – 2014/15FY Two Year Operating Budget

GENERAL FUND EXPENDITURES BY CATEGORY



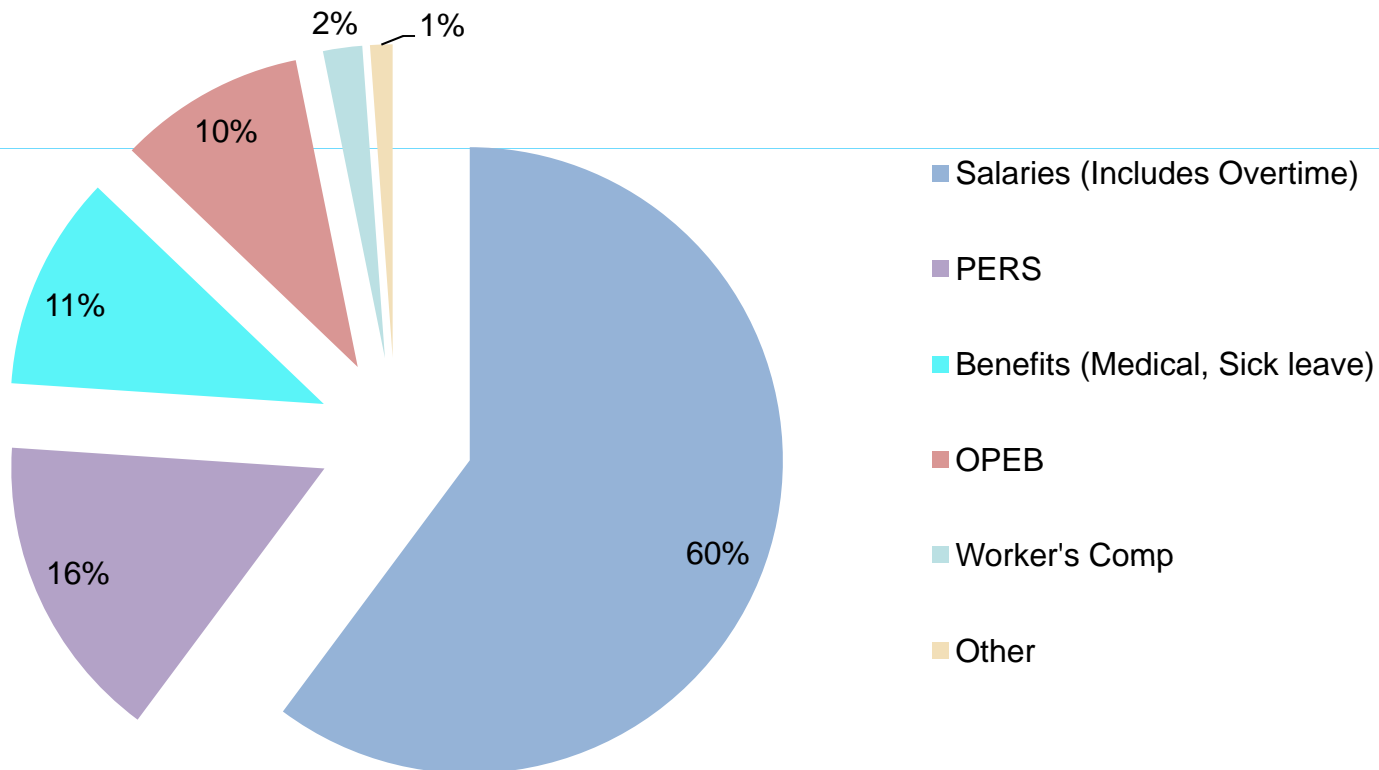
2013/14FY – 2014/15FY Two Year Operating Budget

General Fund Expenditure History



2013/14FY – 2014/15FY Two Year Operating Budget


General Fund Personnel Costs - 77% of General Fund Budget



2013/14FY – 2014/15FY Two Year Operating Budget

Personnel Costs are 77% of the General Fund Budget and
Consist of:

	2013/14FY
	<u>(In Millions of Dollars)</u>
– Salaries (includes overtime)	\$41.7M
– PERS (Retirement Costs)	11.0
– Benefits (medical, dental, Medicare)	8.3
– OPEB (Retiree Medical)	6.7
– Worker's Comp	1.4
– Other	<u>0.8</u>
	\$69.9M



2013/14FY – 2014/15FY Two Year Operating Budget

What Happens to General Fund Expenditures During the Two Year Budget?

Personnel Costs

- Increase 3.5% - 2013/14FY
- Increase 3.5% - 2014/15FY; cumulative increase of 7.0%

2013/14FY – 2014/15FY Two Year Operating Budget

	<u>13/14FY</u>	<u>14/15FY</u>
Labor Cost Increases per existing MOU's		
– Police - POA	1.0%	0.0% ⁽¹⁾
– Fire - IAFF	4.0%	0.0% ⁽¹⁾
– PCEA	5.0% ⁽²⁾	2.0% ⁽³⁾

POA's labor contract expires May 31, 2014. IAFF's labor contract expires June 30, 2014. No allowance is included in the Operating Budget for increases to labor costs in 2014/15FY after the expiration of these MOUs.

PCEA increases were phased in as follows: 2% as of May 2013; 2% as of December 2013; and 1% as of April 2014.

PCEA increase of 2% in April 2015. PCEA contract expires March 31, 2016.

2013/14FY – 2014/15FY Two Year Operating Budget

	<u>13/14FY</u>	<u>14/15FY</u>
PERS Employer Contribution Increases*		
– Police	5.8%	7.1%
– Fire	6.8%	5.2%
– Miscellaneous & Management	<u>9.7%</u>	<u>4.9%</u>
\$ Increase	\$985,000	\$622,000

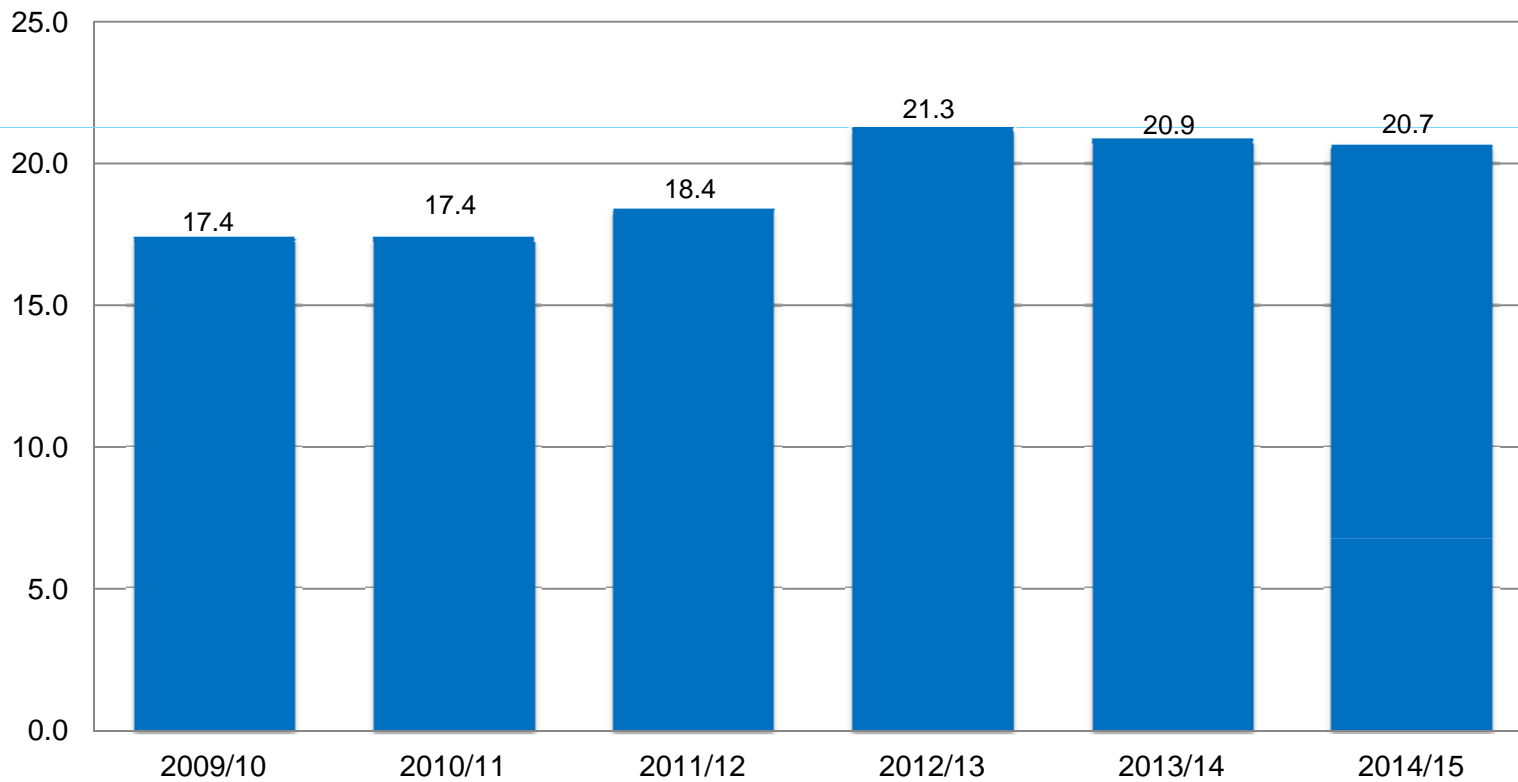
These increases were offset partially by the continued pick-up by the employees of the Employer Paid Member Contribution (EPMC). As of December 1, 2013, the employees are picking-up 100% of the EPMC

2013/14FY – 2014/15FY Two Year Operating Budget

	<u>13/14FY</u>	<u>14/15FY</u>
Increases in Health Insurance Premiums	14.0%	10.0%
Increase in Retiree Medical Reserves	\$166,000	\$163,000
Increase in Worker's Compensation Reserves	\$280,000	\$320,000

2013/14FY – 2014/15FY Two Year Operating Budget

General Fund Non-Personnel Costs - 23% of General Fund Budget
(In Millions of Dollars)

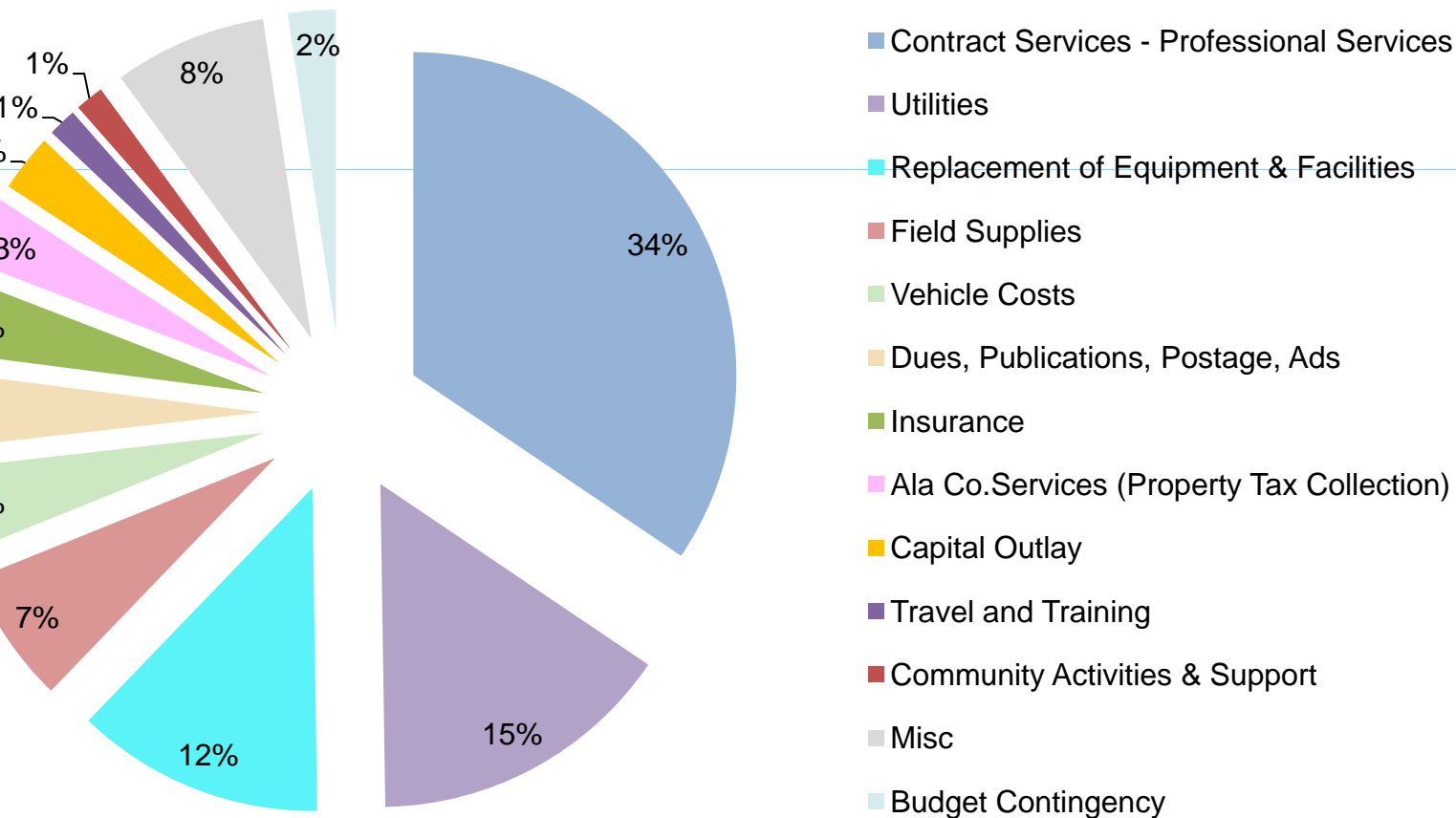


2013/14FY – 2014/15FY Two Year Operating Budget

Expenditures	2013/14FY (In Millions of Dollars)
Contract Services - Professional Services	\$7.2
Utilities	3.2
Replacement of Equipment & Facilities	2.6
Field Supplies	1.4
Vehicle Costs	0.9
Dues, Publications, Postage, Ads	0.8
Insurance	0.8
Ala Co.Services (Property Tax Collection)	0.7
Capital Outlay	0.6
Travel and Training	0.3
Community Activities & Support	0.3
Misc	1.6
Budget Contingency	0.5
	<hr/>
	\$20.9

2013/14FY – 2014/15FY Two Year Operating Budget

Non-Personnel Costs for Two Year Budget



2013/14FY – 2014/15FY Two Year Operating Budget

What Happens to General Fund Expenditures During the Two Year Budget?

Non-Personnel Costs – 23% of the Operating Budget

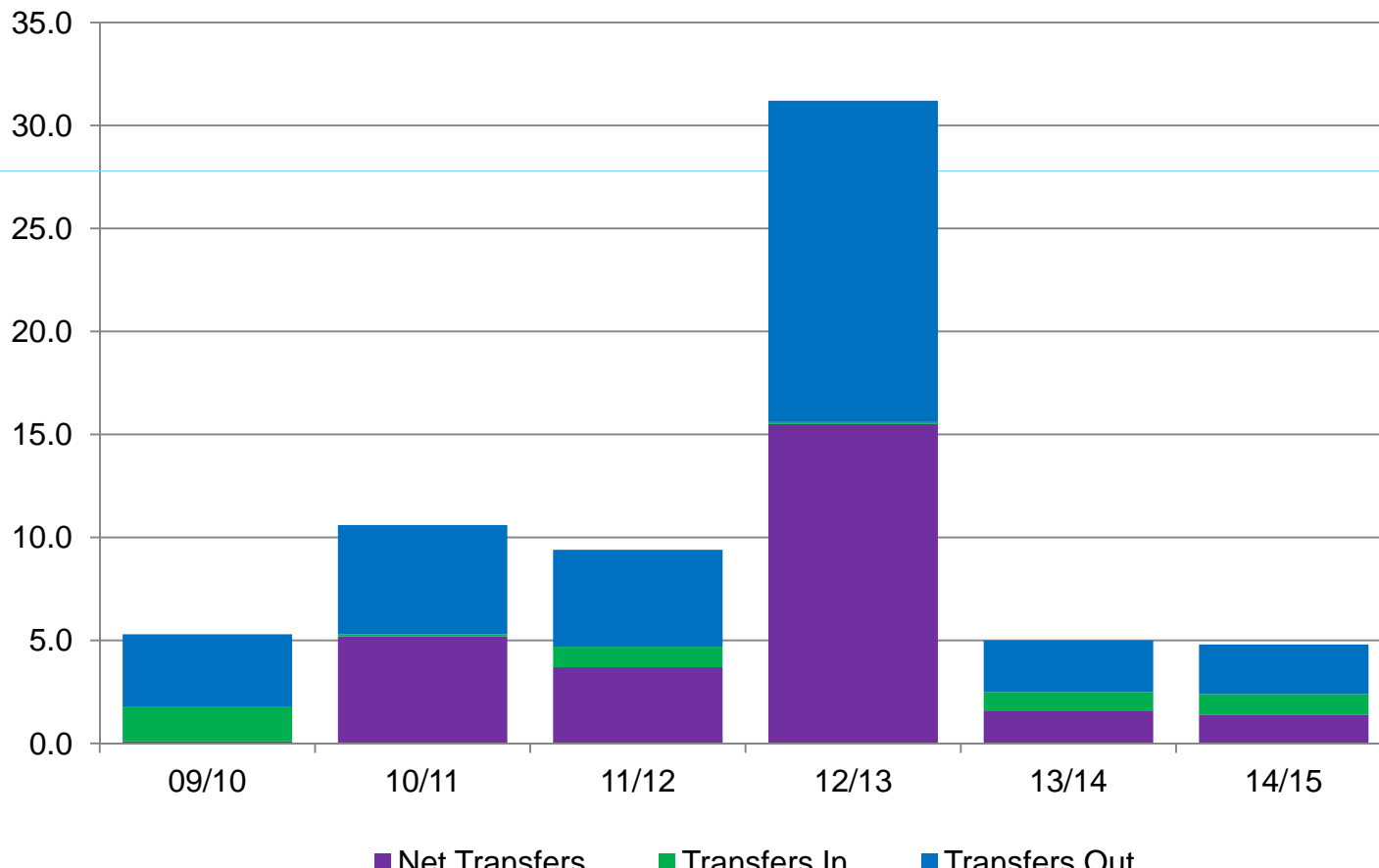
– Decrease 1.9% - 2013/14FY

– Decrease 1.3% - 2014/15FY; cumulative decrease 3.2%

	<u>13/14FY</u>	<u>14/15FY</u>
No election in the 2013/14FY Budget	(\$325,000)	-
Reduction in fees charged by Alameda County for collection of property tax	(\$100,000)	-
Reduction in reimbursable expenditures due to the anticipated completion of the East Pleasanton Specific Plan Study	-	(\$195,000)
Reduction in Professional Services due to the anticipated completion of the Parks and Recreation Master Plan and the Cultural Plan Update	-	(\$65,000)
TOTAL:	<u>(\$425,000)</u>	<u>(\$260,000)</u>

2013/14FY – 2014/15FY Two Year Operating Budget

General Fund Transfers
(In Millions of Dollars)



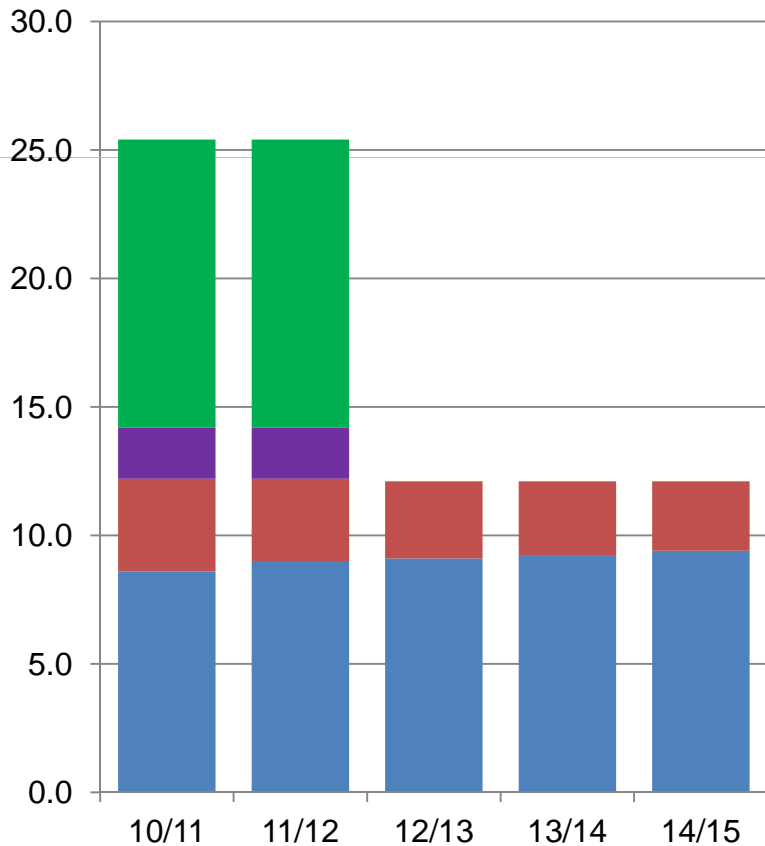
2013/14FY – 2014/15FY Two Year Operating Budget

General Fund Transfers Out (In Millions of Dollars)

	10/11 Actual	11/12 Actual	12/13 Adjusted	13/14 Projected	14/15 Projected
PERS Rate Stabilization Fund	\$ 1.000	\$ 1.000	\$ -	\$ -	\$ -
Water Discounts	0.220	0.227	0.220	0.235	0.244
Sewer Discounts	0.110	0.094	0.110	0.100	0.105
Transit Subsidy	0.320	0.330	0.374	0.383	0.396
Storm Drain Subsidy	0.330	0.330	-	0.330	0.330
Cemetery Subsidy	0.030	0.030	0.030	0.030	0.030
Golf Debt	1.320	1.330	1.320	-	-
Debt Service 2003 COP's	0.405	0.407	-	-	-
Debt Service 2003 COP's (payoff)	-	-	13.170	-	-
Debt Service 2004 COP's	0.386	0.386	0.386	0.380	
Park CIP	-	0.561	-	1.000	1.300
	<u>\$ 4.121</u>	<u>\$ 4.695</u>	<u>\$ 15.610</u>	<u>\$ 2.458</u>	<u>\$ 2.405</u>


2013/14FY – 2014/15FY Two Year Operating Budget

General Fund Reserves Comparison
(In Millions of Dollars)



13/14FY

■ Temporary Recession	0
■ Golf Debt Service	0
■ Undesignated Reserve	3.035
■ Economic Uncertainties (10%)	<u>9.128</u>
	\$12.163



2013/14FY – 2014/15FY Two Year Operating Budget

What happens to General Fund Reserves During the Two Year Budget?

Reserves will be called upon only

- If economy worsens unexpectedly
- If State takes monies from local government to balance State budget
- If State causes increase in City's Budget as the State realigns services to reduce its budget

2013/14FY – 2014/15FY Two Year Operating Budget

What Happens To General Fund Reserves During The Two Year Budget?

- Staff recommends the Reserves be combined for a 13% Reserve for Economic Uncertainties
- Staff recommends a long-term goal of a 20% Reserve (approximately \$20M)

2013/14FY – 2014/15FY Two Year Operating Budget

Water Operations and Maintenance (O&M)					
Water (O&M)	2012/13FY Midyear	2013/14FY Projected	% Change	2014/15FY Projected	% Change
Beginning Fund Balance	\$ 6,029,352	\$ 5,762,456		\$ 5,670,347	
es	20,975,483	21,252,357	1.3%	21,934,519	3.2%
es					
7 Purchased Water	13,620,000	13,800,000	1.3%	14,300,000	3.6%
ner expenses	5,792,289	5,713,754	-1.4%	5,861,122	2.6%
penses	19,412,289	19,513,754	0.5%	20,161,122	3.3%
nsfer In/Out	(1,830,090)	(1,830,712)		(1,815,284)	
ome	\$ (266,896)	\$ (92,109)		\$ (41,887)	
0, Ending Fund Balance	\$ 5,762,456	\$ 5,670,347		\$ 5,628,460	

2013/14FY – 2014/15FY Two Year Operating Budget

Water Operating Fund Highlights:

– Water Sales

- Increase approximately 1.3% in 2013/14FY and 3.2% in 2014/15FY
 - Majority of increase due to anticipated Zone 7 rate increases (1.3% in 2013/14FY and 3.6% in 2014/15FY on 80% of the City's water supply)
 - Addition of Annual Backflow Prevention Program fees of \$180,000
 - Fees have existed for over ten years
 - With updated Utility Billing system, the City is now able to bill customers

– Water Expenses

- Increase approximately 0.5% in 2013/14FY and 3.3% in 2014/15FY
 - Mainly due to an increase in Zone 7 wholesale water rates
 - City receives 80% of its water supply from Zone 7; 20% from City owned and operated wells
 - Addition of the Assistant Director of OSC position to be funded 50% by Water Fund

2013/14FY – 2014/15FY Two Year Operating Budget

Sewer Operations and Maintenance (O&M)					
Sewer (O&M)	2012/13FY Midyear	2013/14FY Projected	% Change	2014/15FY Projected	% Change
Beginning Fund Balance	\$ 3,823,903	\$ 3,900,444		\$ 3,900,480	
es	12,809,545	13,009,616	1.6%	13,429,616	3.2%
es					
SD	8,986,000	9,100,000	1.3%	9,400,000	3.3%
ner expenses	2,657,004	2,825,573	6.3%	2,854,348	1.0%
xpenses	11,643,004	11,925,573	2.4%	12,254,348	2.8%
nsfer In/Out	(1,090,000)	(1,084,007)	-0.5%	(1,075,925)	-0.7%
ome	\$ 76,541	\$ 36		\$ 99,343	
0, Ending Fund Balance	\$ 3,900,444	\$ 3,900,480		\$ 3,999,823	

2013/14FY – 2014/15FY Two Year Operating Budget

Sewer Operating Fund Highlights:

- Sewer Revenues

- Increase approximately 1.6% in 2013/14FY and 3.2% in 2014/15FY
 - Increases are due to anticipated CPI (Consumer Price Index) increase in local City sewer fees
 - Growth in number of customers

- Sewer Expenses

- Increase approximately 2.4% in 2013/14FY and 2.8% in 2014/15FY
 - Slight increase in chemicals and supplies
 - Increase in energy costs (pumping costs)
 - Addition of the Assistant Director of OSC position to be funded 50% by Sewer Fund

- A majority (70%) of a customer's sewer bill is the DSRSD regional fees

- DSRSD Fees – regional sewage treatment costs at the DSRSD facility on Johnson Drive
- No allowance has been assumed for a rate increase in DSRSD fees

2013/14FY – 2014/15FY Two Year Operating Budget

Golf Course Operating Fund					
Golf Operations	2012/13FY Midyear	2013/14FY Projected	% Change	2014/15FY Projected	% Change
Beginning Fund Balance	\$ 1,190,949	\$ 4,338		\$ 4,338	
Revenues	4,135,755	4,049,325	-2.1%	4,114,207	1.6%
Expenses	3,780,356	3,679,364	-2.7%	3,745,202	1.8%
Income from Operations	355,399	369,961		369,005	
Transfer In - Transfer From General Fund	1,320,000	-	-100.0%	-	NA
Transfer Out - Equipment Replacement	80,000	80,000	0.0%	80,000	0.0%
Capital Fund Loan Repayment	-	289,961	NA	289,005	-0.3%
Capital Fund COP Payoff	1,192,611	-	-100.0%	-	NA
Capital Fund COP - Debt Service Payment	1,589,399	-	-100.0%	-	NA
Ending Fund Balance	\$ 4,338	\$ 4,338		\$ 4,338	

2013/14FY – 2014/15FY Two Year Operating Budget


Golf Course Fund Highlights:

- **Golf Revenues**

- Based on 58,000 rounds of play in 2013/14FY and 59,100 rounds in 2014/15FY
- Revenues are projected to decrease by 2.1% in 2013/14FY as compared to the 2012/13FY Budget and increase 1.6% in 2014/15FY
 - Based on number of rounds to be played
 - Increase in price of goods sold

- **Golf Expenses**

- Decrease by 2.7% in 2013/14FY and increase by 1.8% in 2014/15FY
 - Based on number of rounds to be played
 - Paid off 2003 COPs in June 2013
 - No subsidy from General Fund in Two Year Budget
 - Golf will transfer net operating income of approximately \$289,000 to General Fund to repay outstanding loan



2013/14FY – 2014/15FY Two Year Operating Budget

Next Steps

- June 18 – Council Adoption of Budget
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2013/14FY – 2014/15FY
Two Year Operating Budget



QUESTIONS