

City Manager's Proposed FY 2013-2014 Budget Submittal



*Presentation to City Council
April 9, 2013*



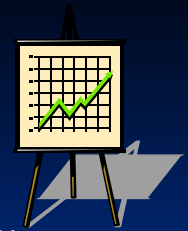
Home Sales



Housing Prices



New Home Construction



Building Permits

The Economy



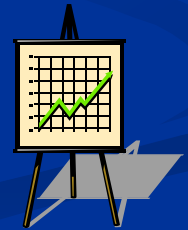
Vehicle Sales



Employment



Consumer Confidence



Consumer Spending

Appropriations by Fund

	FY13 Appropriated	FY14 Proposed
General Fund	\$ 64,123,306	\$ 65,890,132
Enterprise Funds	\$ 36,239,464	\$ 43,182,163
Special Revenue Fund	\$ 15,779,040	\$ 7,159,877
Debt Service Funds	\$ 21,728,919	\$ 18,502,090
Capital Project Funds	\$ 12,538,369	\$ 2,692,526
Internal Service Funds	\$ 15,168,580	\$ 15,565,683
Fiduciary Funds	\$ 16,109,093	\$ 22,778,063
Total:	\$ 181,686,771	\$ 175,770,534

General Fund Budget Overview

Gen Fund FY12-13 Forecast

Revenues:

Property Tax	\$ 17,390,594
Sales Tax	\$ 16,840,648
Transfers In	\$ 9,407,232
Charges for Service	\$ 10,105,036
Intergovernmental	\$ 6,143,487
All Other	<u>\$ 4,827,500</u>
Total:	\$ 64,714,497

Expenditures:

Salaries	\$32,115,013
Benefits	\$14,848,697
O&M	\$15,040,636
Debt & Capital	<u>\$ 2,656,944</u>
Total:	\$64,661,291

Surplus/(Deficit): \$ 53,206

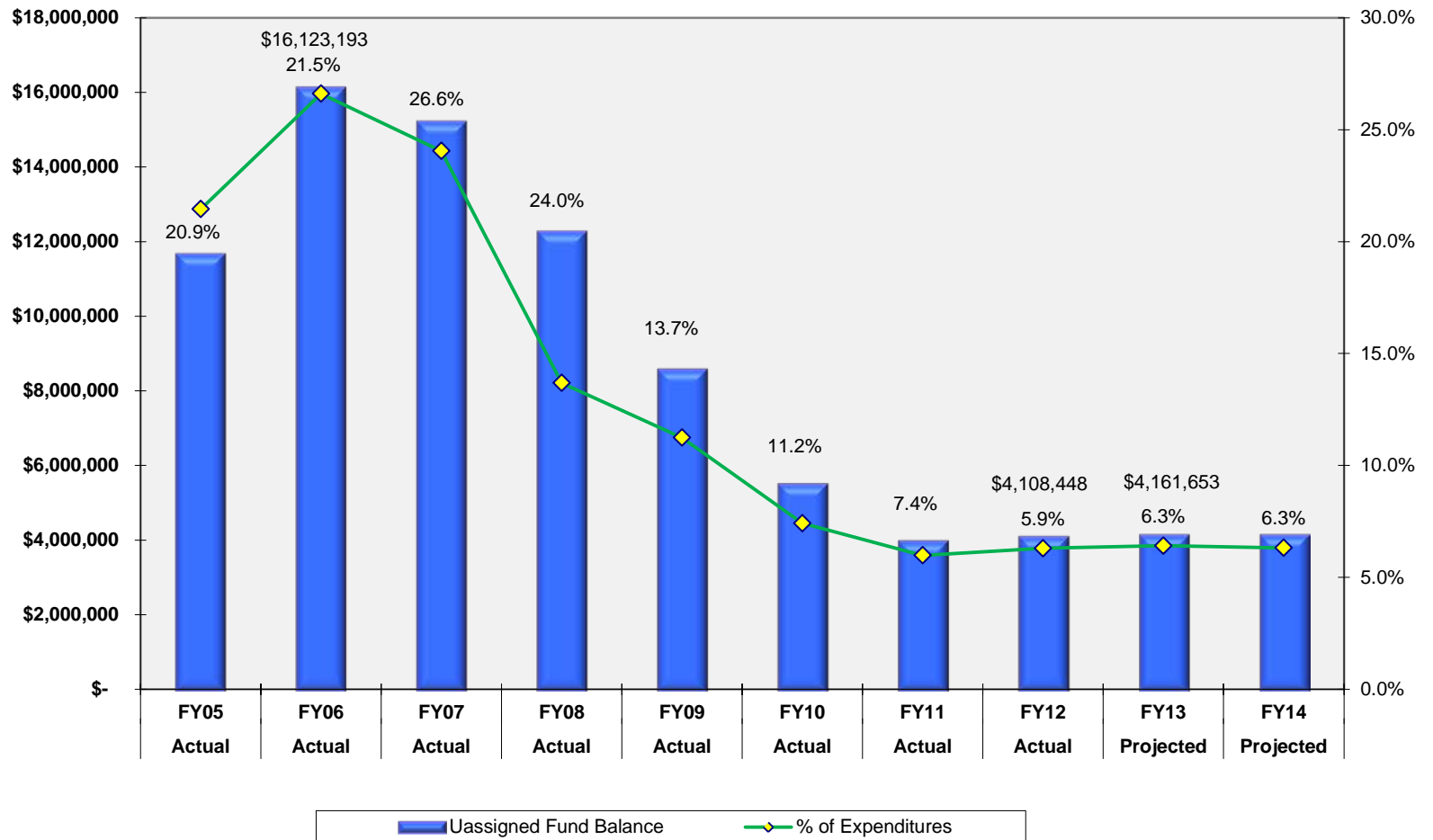
Gen Fund Year-End Forecast FY12-13

■ Unassigned Fund Balance:

As of June 30, 2012 - actual	\$4,108,447
Year End surplus/(deficit)	<u>\$ 53,206</u>
As of June 30, 2013 –projected	\$4,161,653
% of Expenditures	6.3%

Unassigned General Fund Balance

Unassigned General Fund Balance



Folsom's Fiscal Environment

- Some increases in General Fund revenues, including sales tax & property taxes
- Loss of revenue from Risk Mgmt and Other Funds
- Continuing Federal & State actions with negative impact
- Expenses continue to rise faster than revenues
- Increased need to address deferred maintenance and capital needs
- Continuing structural imbalance
- Unresolved Collective Bargaining Issues

The General Fund

FY10 Appropriation	\$70,163,987
FY11 Appropriation	\$67,079,166
FY12 Appropriation	\$65,375,468
FY13 Appropriation	\$64,123,306
FY14 Proposed	\$65,890,132

FY13-14 Budget Theme

RECOUP REVENUES

REVAMP OPERATIONS

REINVEST FOR OUR FUTURE

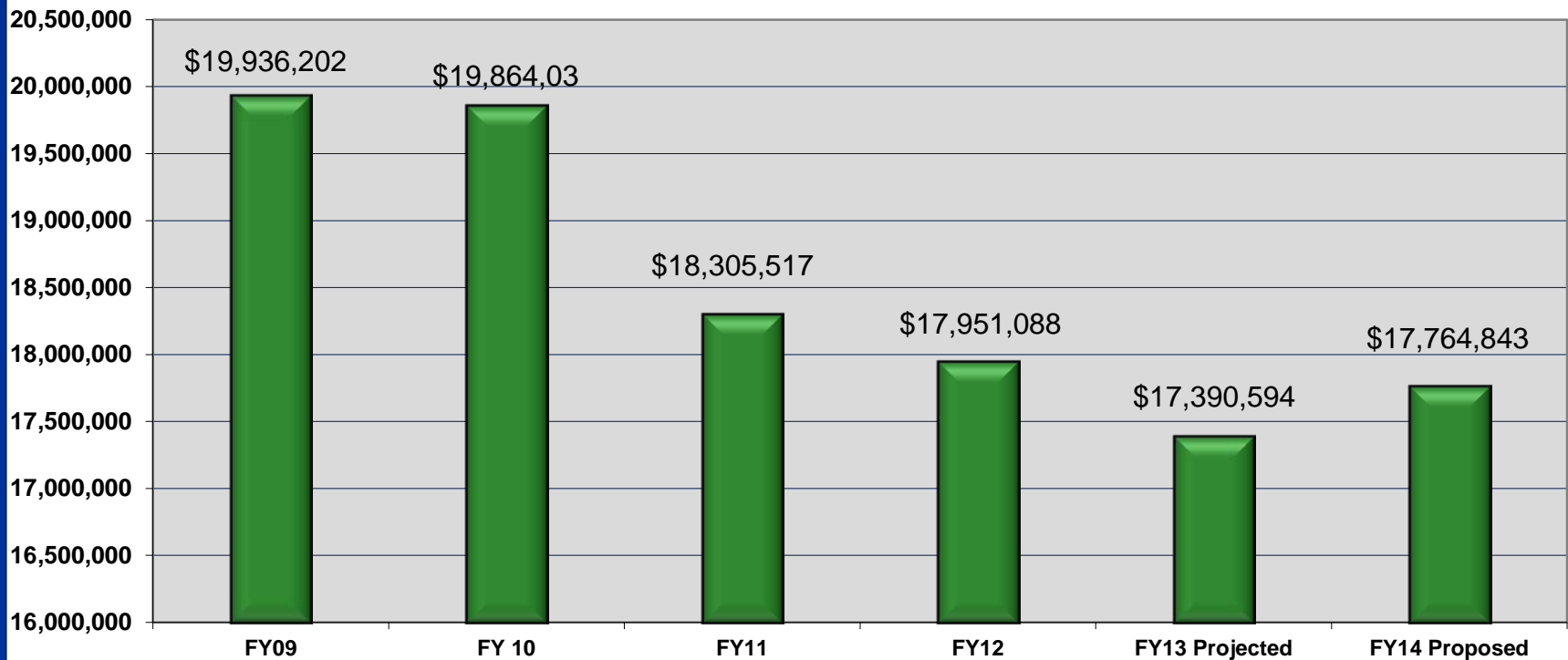
The FY13-14 Proposed Budget

- Is balanced, with \$65,890,132 in anticipated expenditures matching anticipated revenues
- Takes critical steps toward achieving sustainability by reducing dependence on one-time revenues and use of fund balances.
- Allocates and reassigns resources to core activities and customer needs
- Preserves the City's commitment to the "95630" quality of life experience
- Addresses some, but not all, of the maintenance and capital needs of various operations.
- Does *not* draw upon the City's unassigned fund balance
- Includes some restructuring and other cost-effective actions.

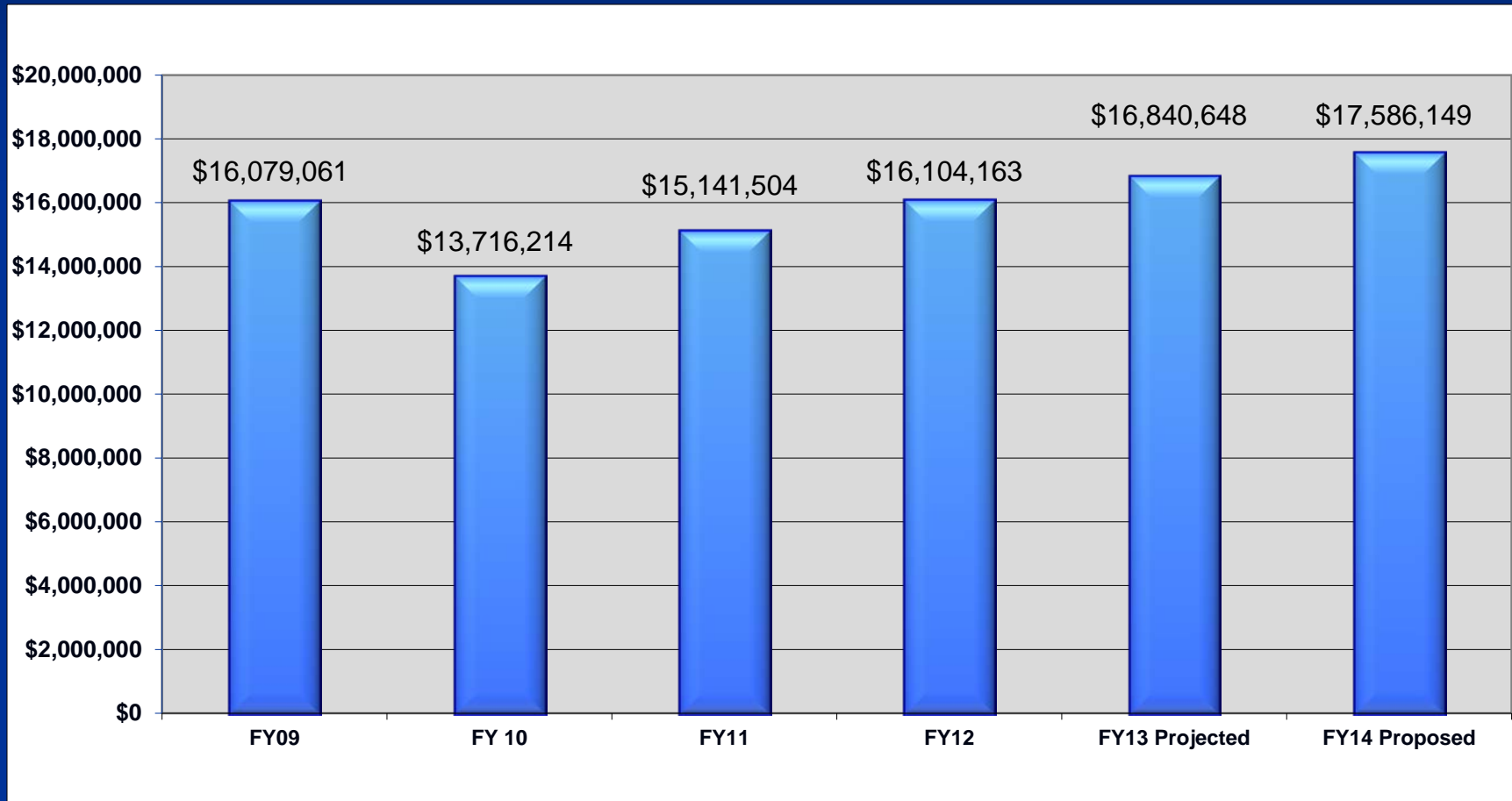
Summary of Revenues by Source

	FY12 Actual	FY13 Estimate	FY14 Proposed
Property Tax	\$ 17,951,088	\$ 17,390,594	\$ 17,764,843
Sales and Use Tax	16,104,163	16,840,648	17,586,149
Charges for Services	10,306,709	10,105,036	10,416,096
Intergovernmental	6,774,148	6,143,487	5,881,961
Licenses and Permits	1,388,807	1,663,341	1,610,300
Transient Occupancy	1,235,171	1,200,000	1,273,119
Franchise Fees	741,146	735,000	758,600
Other Taxes	315,201	350,000	655,000
Fines and Forfeitures	326,735	283,919	329,835
Real Property Transfer	256,630	250,000	275,000
Interest Earnings	110,471	94,600	81,800
Misc	401,535	250,640	352,757
Transfers In	9,569,365	9,407,232	8,904,672
Total Revenue	\$ 65,481,169	\$ 64,714,497	\$ 65,890,132

Property Tax Revenue



Sales Tax Revenue



Sales Tax Revenue

	FY12 Actual	FY13 Estimate	FY14 Proposed
Point of Sale	\$ 13,934,681	\$ 14,556,633	\$ 15,276,149
Annexation Tax Sharing	\$ -	\$ 150,000	\$ 160,000
State & County Pool	\$ 1,921,638	\$ 1,835,000	\$ 1,900,000
Less: SBOE	\$ (152,746)	\$ (175,000)	\$ (180,000)
Triple Flip	\$ (3,964,080)	\$ (3,746,604)	\$ (4,294,037)
Tax Comp	\$ 3,935,931	\$ 3,762,313	\$ 4,244,037
Total	\$ 15,675,424	\$ 16,382,342	\$ 17,106,149
Prop 172	\$ 428,739	\$ 458,306	\$ 480,000
Grand Total	\$ 16,104,163	\$ 16,840,648	\$ 17,586,149

Charges for Services

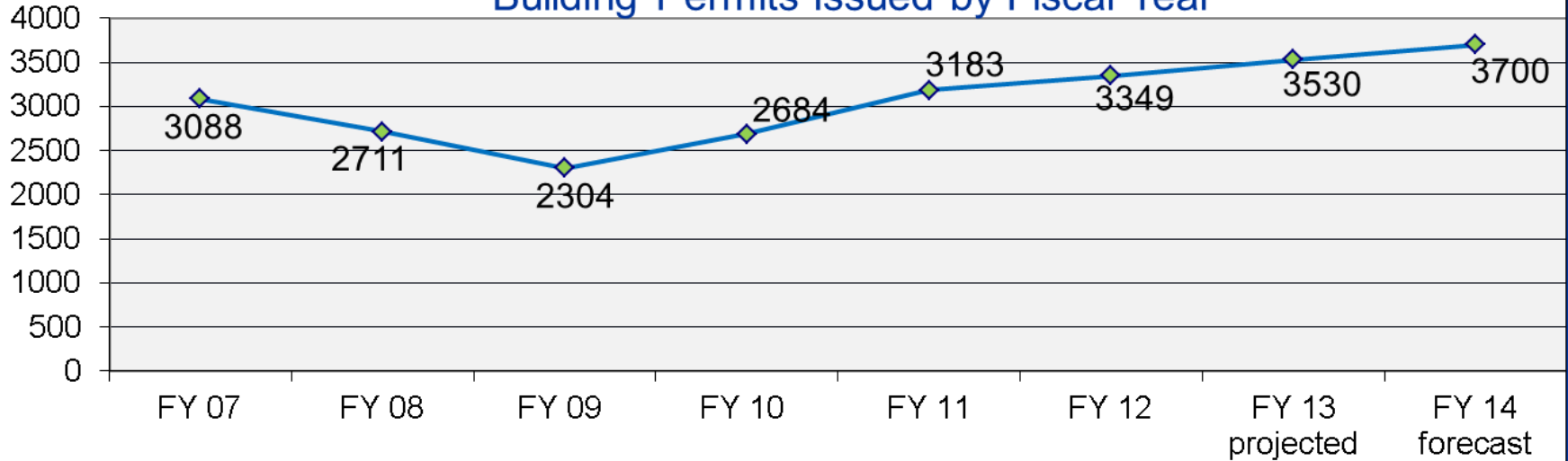
	FY12 Actual	FY13 Estimated	FY14 Proposed
Parks and Rec	\$ 4,609,432	\$ 4,524,030	\$ 4,898,891
Fire	\$ 2,284,353	\$ 2,836,408	\$ 2,465,200
Community Dev	\$ 906,360	\$ 1,127,389	\$ 1,508,701
General Gov	\$ 931,435	\$ 363,447	\$ 366,534
Library	\$ 4,654	\$ 7,650	\$ 5,400
Public Works	\$ 1,492,668	\$ 1,183,354	\$ 1,079,770
Police	\$ 77,807	\$ 62,758	\$ 91,600
Total	\$ 10,306,709	\$ 10,105,036	\$ 10,416,096

Licenses and Permits

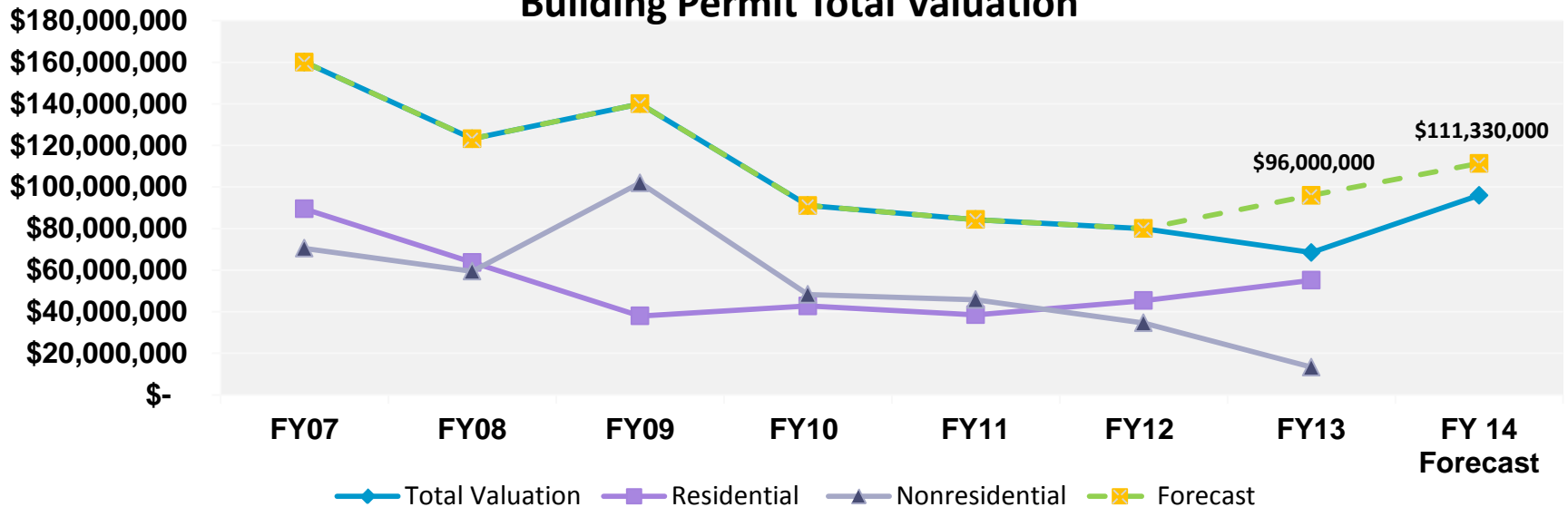
	Actual <u>FY12</u>	Estimated <u>FY13</u>	Proposed <u>FY14</u>
■ Building Permits	\$ 743,450	\$1,039,338	\$1,001,000
■ Business Licenses	\$ 529,794	\$ 536,262	\$ 543,500
■ Other Permits	\$ 115,563	\$ 87,741	\$ 65,800
■ Total	<u>\$ 1,388,807</u>	<u>\$ 1,663,341</u>	<u>\$ 1,610,300</u>

Building Permits

Building Permits Issued by Fiscal Year



Building Permit Total Valuation



Major Expense Factors

reflected in all departments

- PERS rate increase of approximately 10%
 - Increase of \$365,000
- No use of Risk Mgmt reserves
 - Increase of \$800,000
- Increase allocation to comp absences fund deficit
 - Increase of \$500,000
- Lack of collective bargaining agreements

FY14 General Fund Proposed Appropriations

Department	FY13 Appropriation	FY14 Proposed
City Council	\$ 97,868	\$ 103,670
City Manager	\$ 879,463	\$ 882,679
City Clerk	\$ 416,017	\$ 408,568
City Attorney	\$ 787,560	\$ 813,509
Finance	\$ 3,151,750	\$ 3,301,595
Human Resources	\$ 655,604	\$ 672,633
Fire	\$ 13,370,953	\$ 13,796,923
Police	\$ 16,905,655	\$ 17,532,080
Animal Control	\$ 164,108	\$ 178,943
Library	\$ 1,247,940	\$ 1,374,721
Parks and Recreation	\$ 10,673,160	\$ 10,736,078
Community Development	\$ 3,426,906	\$ 3,389,661
Public Works	\$ 6,425,371	\$ 6,092,315
Non-Departmental	\$ 5,920,951	\$ 6,606,757
Total Proposed	\$ 64,123,306	\$ 65,890,132

Total General Fund Allocations by Function

	FY11-12	FY12-13	FY13-14
General Government	9.0%	9.4%	9.4%
Public Safety	48.6%	47.4%	47.8%
Community Development & Public Works	14.2%	15.3%	14.3%
Cultural & Recreation	18.8%	18.5%	18.3%
Non-Departmental	8.5%	9.3%	10.0%

Total General Tax Allocations by Function

	FY11-12	FY12-13	FY13-14
General Government	7.0%	8.35%	8.57%
Public Safety	64.29%	63.66%	63.50%
Community Development & Public Works	3.77%	4.49%	3.07%
Cultural & Recreation	14.72%	14.42%	13.81%
Non-Departmental	9.5%	9.3%	10.8%

Departmental Summaries

General Government

	<u>Actual</u> <u>FY12</u>	<u>Appropriated</u> <u>FY13</u>	<u>Proposed</u> <u>FY14</u>
Appropriation	\$5,954,960	\$5,988,262	\$6,182,654
% of Gen Fund	9.0%	9.4%	9.4%
General Taxes	\$3,013,640	\$3,552,003	\$3,786,195
% of Gen. Taxes	7.00%	8.35%	8.57%
Program Rev	\$ 648,764	\$ 560,240	\$ 612,662
Other Funds	\$ 2,292,556	\$ 1,876,019	\$1,783,797
Auth Positions	48.00	43.25	41.25

General Government

- Continuing to provide internal and external service and support while reducing costs through:
 - Reorganization of administrative support positions
 - Elimination of 1 Info Services technician
- Reinvestment of \$120,000 in IT hardware and support

Police

	<u>Actual</u> <u>FY12</u>	<u>Appropriated</u> <u>FY13</u>	<u>Proposed</u> <u>FY14</u>
Appropriation	\$17,222,045	\$16,905,655	\$17,532,080
% of Gen Fund	26.32%	26.56%	26.61%
General Taxes	\$16,114,022	\$16,285,644	\$16,911,476
% of Gen Taxes	38.08%	38.27%	38.27%
Auth Positions	102.50	97.50	97.50

Police

- Preserve current sworn staffing position levels
- Reinvest in capital needs by adding \$100,000 for the purchase of vehicles.
- Continuing to provide quality, necessary training but reducing costs by use of online POST Learning Portal
- Must plan for further reinvestment in capital needs such as vehicles, IT upgrades, and radio replacement

Fire

	Actual <u>FY12</u>	Appropriated <u>FY13</u>	Proposed <u>FY14</u>
Appropriation	\$14,219,988	\$13,370,953	\$13,796,923
% of Gen Fund	21.73%	21.02%	20.95%
General Taxes	\$11,619,387	\$10,735,435	\$11,154,091
% of Gen Taxes	25.68%	25.29%	25.24%
Auth Positions	64.00	63.00	63.00

Fire

- Maintain core emergency fire response services:
 - 4 stations; 3 engine and 1 truck companies
 - Improve inspection services with 2 inspector positions
- Continue to revamp emergency medical response services by alignment with needs:
 - Maintain 2 medic units during peak customer hours of 8:00 a.m. to 8:00 p.m.
 - Maintain dynamic staffing from 8:00 p.m. to 8:00 a.m.

Fire - continued

- Overtime appropriation increased by \$200,000 to better align allocations to actual costs. Overtime expense to be addressed in collective bargaining.
- Increase base Ambulance Fee from \$1355 to \$1615
 - Residents already paying more to other providers
 - Rates match MetroFire rates and are within regional norm
 - Increase in revenue by \$200,000
- Future years will need to address capital requirements for vehicles, radios, and equipment.

Library

	Actual <u>FY12</u>	Appropriated <u>FY13</u>	Proposed <u>FY14</u>
Appropriation	\$1,434,780	\$ 1,247,940	\$ 1,374,721
% of Gen Fund	2.19%	1.96%	2.09%
General Taxes	\$1,360,331	\$ 1,291,277	\$ 1,313,737
% of Gen Taxes	3.16%	3.04%	2.97%
Auth Positions	12.00	11.00	11.00

Library

- Maintain existing staffing and hours
- No State revenue is assumed in revenue estimates
- Continued investment in volume expansion
- Maintain high circulation level

Parks and Recreation

	<u>Actual</u> <u>FY12</u>	<u>Appropriated</u> <u>FY13</u>	<u>Proposed</u> <u>FY14</u>
Appropriation	\$10,780,561	\$10,145,160	\$10,736,078
% of Gen Fund	16.55%	15.94%	16.29%
General Taxes	\$ 4,975,414	\$ 4,828,719	\$ 4,789,352
% of Gen. Taxes	11.55%	11.35%	10.84%
Program Rev	\$ 5,041,836	\$ 4,655,104	\$ 5,210,130
Other Funds	\$ 797,166	\$ 689,337	\$ 736,596
Auth Positions	52.80	43.00	43.40

Parks and Recreation

- Reinvest Gen Fund resources on Park Maintenance and Renovation by:
 - Obtaining full cost recovery for sports programs thru the completion of fee adjustments approved last year for adult sports, and
 - Increasing participation in community programs thru increased public awareness and popularity due to quality programming and increased marketing efforts. (increase marketing staff from 0.5 to 0.8)

Parks and Recreation - continued

Resulting in:

- General tax support being reduced from 47.6% to 44.6%
- Reinvestment of \$55,000 in parks and facilities in order to maintain the value of our physical assets for our customers:
 - Repair of root damage to Trails
 - Add shade cover over bleachers at Aquatic Center
 - Install Community Center restroom partitions
- Reinvestment in Park Maintenance vehicles with purchase of small pick-up truck with dump capacity.

Gen Tax Support of P&R Program Areas

	Actual <u>FY12</u>	Appropriated <u>FY13</u>	Proposed <u>FY14</u>
Sports	4.26%	5.13%	0.0%
Aquatic Center	20.50%	15.79%	14.05%
Com & Cul Svs	38.94%	27.28%	18.63%
Zoo	43.07%	38.96%	39.43%
Muni Landscaping	48.88%	45.88%	45.75%
Facility Svs	96.70%	92.24%	93.04%
Park Maintenance	98.03%	98.00%	94.39%

Community Development

	Actual <u>FY12</u>	Appropriated <u>FY13</u>	Proposed <u>FY14</u>
Appropriation	\$3,087,215	\$3,426,906	\$3,389,661
% of Gen Fund	4.74%	5.34%	5.15%
General Taxes	\$ 1,157,622	\$ 1,003,251	\$ 455,305
% of Gen. Taxes	2.69%	2.36%	1.03%
Program Rev	\$1,784,309	\$2,042,208	\$2,583,376
Other Funds	\$ 140,000	\$ 381,447	\$ 350,980
Auth Positions	21.50	22.00	20.40

Community Development

- Reduced General Tax support due to anticipated increase in program revenues and consolidation with Public Works (eliminating 0.6 of Director position charge)
- Preserves the capacity to deliver economic development programs by ensuring timely development processes and community services:
 - Preserving Code Enforcement function through restructuring and eliminating 1.0 Code Enforcement Officer (vacant)
 - Continuing accelerated small tenant improvement review process (FASTIR program)

Public Works

	Actual <u>FY12</u>	Appropriated <u>FY13</u>	Proposed <u>FY14</u>
Appropriation	\$6,321,401	\$6,425,371	\$6,092,315
% of Gen Fund	9.66%	10.09%	9.25%
General Taxes	\$ 463,504	\$ 901,821	\$ 902,547
% of Gen. Taxes	1.08%	2.12%	2.04%
Program Rev	\$1,515,661	\$ 64,598	\$ 88,467
Other Funds	\$4,342,236	\$5,458,952	\$5,101,302
Auth Positions	55.50	51.00	46.90

Public Works

- Budget based on a four-year planned use of Gas Tax fund balance.
- Propose cost-effective realignments by
 - the elimination of 1.0 Streets Senior Maintenance Worker (vacant) and the transfer of 1.0 Traffic Maintenance Specialist to Streets division
 - The replacement of 1.0 Senior Mgmt Analyst (vacant) with an Accounting Tech
 - The elimination of 1.0 Mechanic (vacant)
 - The elimination of an Assistant Civil Engineer (vacant)
 - The elimination of a Construction Inspector (vacant)

Public Works - staffing

	<u>FY12</u>	<u>FY13</u>	<u>FY14</u>
Admin/Engineering	11.5	11.5	9.4
Streets Div	11.0	10.0	10.0
Traffic Div	10.0	9.0	8.0
Fleet Div	9.5	7.1	6.1
Transit	<u>13.5</u>	<u>13.4</u>	<u>13.4</u>
Total:	55.50	51.00	46.90

Public Works Future Funding

	Proposed <u>FY14</u>	Forecast <u>FY15</u>	Forecast <u>FY16</u>	Forecast <u>FY17</u>
Gas Tax	\$2,445,000	\$2,075,000	\$1,875,000	\$1,675,000
Measure A	\$ 710,000	\$ 760,000	\$ 810,000	\$ 860,000
Trans Tax	\$ 251,000	\$ 200,000	\$ 100,000	\$ 0
Trans Imp	\$ 715,000	\$ 715,000	\$ 715,000	\$ 715,000
Other Funds	\$1,068,769	\$1,100,000	\$1,100,000	\$1,100,000
General Fund	<u>\$ 902,775</u>	<u>\$1,200,000</u>	<u>\$1,500,000</u>	<u>\$1,800,000</u>
■ Total	\$6,092,544	\$6,050,000	\$6,100,000	\$6,150,000

Non-Departmental

	Actual <u>FY12</u>	Appropriated <u>FY13</u>	Proposed <u>FY14</u>
Appropriation	\$5,528,167	\$5,920,951	\$6,606,757
% of Gen Fund	8.5%	9.3%	10.0%
General Taxes	\$4,122,676	\$3,959,444	\$4,781,866
% of Gen Taxes	9.5%	9.3%	10.8%

Non-Departmental - continued

■ Total Budget Increase \$685,806

Cost Changes:

■ Folsom Tourism Bureau +\$305,000

■ Retiree Health Costs +\$140,671

■ Legal Fees +\$100,000

■ Tax Sharing Agreements +\$ 97,715

■ Debt Service (\$ 2,278)

■ PBID transfer from ReDev +\$ 65,000

■ All Other (\$ 20,302)

Authorized Funded Positions

	<u>Actual FY12</u>	<u>Authorized FY13</u>	<u>Proposed FY14</u>
General Government	48.0	43.3	41.3
Public Safety	167.5	160.5	160.5
Community Svcs	82.0	73.0	67.3
Cultural & Recreation	64.8	54.0	54.4
Utilities	<u>89.0</u>	<u>90.3</u>	<u>88.6</u>
Total	451.3	421.1	412.0
Total Gen Fund	362.3	331.5	323.4

Budget Overview of Enterprise Funds

Utilities - Water

	<u>Actual</u> <u>FY12</u>	<u>Appropriated</u> <u>FY13</u>	<u>Proposed</u> <u>FY14</u>
Operations	\$10,252,570	\$11,899,839	\$11,960,777
Capital Improve	\$ 278,349	\$ 2,000,000	\$ 6,000,000
Program Revenue	\$12,630,001	\$13,163,912	\$13,050,000
% of Operations	123.1 %	110.6%	109.1%
Use of Fund Balance	(\$2,901,626)	\$ 0	\$ 3,643,777
Auth Positions	25.00	30.00	29.00

Utilities – Water

- Revamp operations and eliminate 1 Construction Inspector (vacant)
- Reinvest in capital projects with an planned increase from \$2m to \$6m in projects:
 - Willow Hill Pipeline Rehab
 - Extension of water line south of US-50
 - Sludge removal at the treatment plant

Utilities – Waste Water

	<u>Actual FY12</u>	<u>Appropriated FY13</u>	<u>Proposed FY14</u>
Operations	\$3,478,184	\$4,551,720	\$4,785,592
Capital Imp	\$ 542,780	\$3,000,000	\$5,120,000
Program Revenue	\$5,971,558	\$6,176,200	\$6,171,200
% of Operations	171.7 %	135.7%	128.9%
Use of Fund Balance	(\$ 326,715)	\$1,330,520	\$3,674,392
Auth Positions	15.00	14.00	14.00

Wastewater

- Keep rates among the lowest in the region while building our capacity to initiate capital projects.
- Reinvest in capital projects with a planned increase from \$3m to \$5m in projects:
 - Upgrade of Oak Ave pump station
 - Replace Baldwin Dam Road sewer line
 - Replace Natoma Alley sewer line
 - Extension of sewer line and facilities south of US-50

Utilities – Solid Waste

	<u>Actual</u> <u>FY12</u>	<u>Appropriated</u> <u>FY13</u>	<u>Proposed</u> <u>FY14</u>
Operations	\$8,750,472	\$8,956,219	\$9,271,525
Capital Outlay	\$ 997	\$1,160,000	\$2,030,000
Program Revenue	\$ 10,078,119	\$10,057,219	\$11,085,500
% of Oper & Cap	115.2 %	99.4%	98.1%
Use of Fund Balance	(\$1,454,573)	\$ 0	\$ 96,025
Auth Positions	37.00	38.50	38.30

Utilities – Solid Waste

- Complete FY12 program of investment in new vehicles in Solid Waste
- Continue to revamp services in order to provide the most cost-effective service in area

Looking Ahead

What Needs to be Done

- Recoup funding for Public Works
- Reinvest in facilities and parks renovation program
- Reinvest in important equipment and computer infrastructure needs:
 - Apparatus replacement program (\$1.0 million vs. \$2.5 million)
 - Computer infrastructure (\$400,000 for new server and \$150,000 annually)
 - New radio system by 2018 (est \$1.2 million)
- Plan for and install major infrastructure south of US-50
- Grow the unassigned fund balance
- Fully fund GASB 45 commitment (\$150,000 vs. \$1 million)
- Continue to revamp operations to improve cost-effectiveness

How Are We Positioned for the Next Fiscal Year (FY15) and the Future?

FY15 Anticipated Revenues

Gain of \$500,000 in property tax
Gain of \$500,000 in sales tax
Gain of \$100,000 in program funds
Loss of \$600,000 in other funds

\$1,100,000 increase

FY15 Anticipated Expenses

Increase of \$500,000 in salaries
Increase of \$850,000 in benefits
Increase of \$400,000 in O&M
Increase of \$600,000 in capital expenses

\$2,350,000 increase

Estimated \$1.25 Million Future Challenge

Questions/Comments?