

City Manager's Proposed FY 2020-21 Operating and Capital Budgets

Presentation to the Folsom City Council
May 12, 2020



CITY OF
FOLSOM

Forecast Assumptions



CITY OF
FOLSOM



STAY-AT-HOME ORDER



PHASED APPROACH
FOR REOPENING



NO RESURGENCE OF
CASES



NO ADDITIONAL STAY-
AT-HOME ORDERS



Revenue Projections – FY20



CITY OF
FOLSOM

	FY 19-20 Budgeted	FY 19-20 Projected	Over/(Under) Budget	% of Budget
Property Tax	\$ 27,851,631	\$ 27,851,631	\$ -	100.0%
Sales Tax	26,349,287	23,892,287	(2,457,000)	90.7%
Transient Occupancy Tax	2,346,299	1,719,693	(626,606)	73.3%
Charges for Services	14,398,625	11,671,967	(2,726,658)	81.1%
Licenses, Permits & VLF	9,842,869	10,864,596	1,021,727	110.4%
Transfers In	7,211,844	6,813,833	(398,011)	94.5%
All other	3,802,201	3,214,636	(587,565)	84.5%
Total Revenue	\$ 91,802,756	\$ 86,028,643	\$ (5,774,113)	93.7%

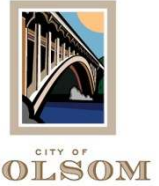
Expenditure Projections – FY 20



CITY OF
FOLSOM

	FY 19-20 Budgeted	FY 19-20 Projected	Over/(Under) Budget	% of Budget
Salaries	\$38,215,462	\$38,621,862	\$406,400	101.1%
Benefits	27,049,277	26,727,827	(\$321,450)	98.8%
O&M	23,082,843	25,439,543	\$2,356,700	110.2%
Capital Outlay	2,545,940	2,758,943	\$213,003	108.4%
Debt Service	909,234	909,234	\$0	100.0%
Adj. for Transit Annexation	-	(2,900,000)	(2,900,000)	-
Total Expenditures	\$91,802,756	\$91,557,409	(\$245,347)	99.7%

Projected Fund Balance - FY 20



	CAFR FY 17-18	CAFR FY 18-19	Projected FY 19-20
Revenue	\$ 86,107,564	\$ 92,260,837	\$ 86,028,643
Expenditures	(85,284,054)	(86,601,533)	(94,457,409)
Adj. for Transit Annexation	-	(2,900,000)	2,900,000
Change in Fund Balance	\$ 823,510	\$ 2,759,304	\$ (5,528,766)
Unassigned Fund Balance	\$15,699,123	\$17,364,046	\$11,835,280
% of Expenditures	18.4%	20.1%	12.5%



CITY OF
FOLSOM

Introduction of FY 20/21 Budget



Balancing the Budget



CITY OF
FOLSOM

	Preliminary FY 20-21	Revenue Reductions	Critical Budget Additions	Expenditure Reductions	One-Time Transfers-In	Proposed FY 20-21
Revenue	\$ 93,462,630	\$ (7,099,613)	\$ -	\$ -	\$ 3,175,457	\$ 89,538,474
Expenditures	(93,462,630)		(3,307,895)	7,232,051	-	(89,538,474)
Difference	\$ -	\$ (7,099,613)	\$ (3,307,895)	\$ 7,232,051	\$ 3,175,457	\$ -

Expenditure Reduction Strategies



CITY OF
FOLSOM

The \$7.2 million reduction in expenditures was achieved through the following mechanisms:

- Reduced temporary staff budgets in all departments by 50%
- No new positions have been added to any department
- Implemented a hiring freeze, except for critical positions
- Reduced all department O&M budgets by 2.3%
- Deferred some non-essential capital purchases, such as vehicles
- Reduced the Parks & Recreation operating budget by about \$1 million, related to closed facilities and reduced operations during the public health emergency

Major Expense Categories



CITY OF
FOLSOM

	FY 17-18	FY 18-19	FY 19-20	FY 20-21		
	Actual	Actual	Budget	Proposed	\$ Change	% Change
Salaries	\$34,111,239	\$37,065,727	\$38,215,462	\$38,725,666	\$510,204	1.3%
Benefits	25,183,199	23,520,220	27,049,277	27,979,564	930,287	3.4%
O&M	18,431,908	22,057,504	23,082,843	19,028,363	(4,054,480)	-17.6%
Capital Outlay	2,050,535	3,053,379	2,545,940	2,900,000	354,060	13.9%
Debt Service	2,193,283	904,703	909,234	904,881	(4,353)	-0.5%
Total Expenses	\$81,970,164	\$86,601,533	\$91,802,756	\$89,538,474	(\$2,264,282)	-2.5%

GF Appropriations by Dept.



CITY OF
FOLSOM

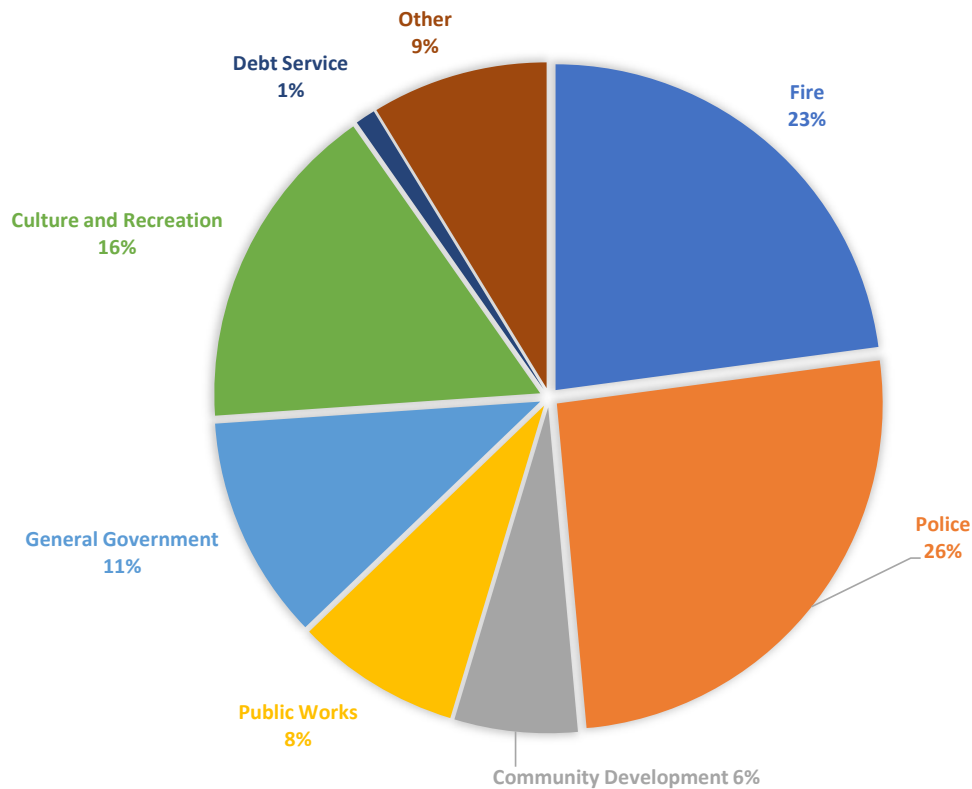
Budget by Category	FY 20 Budget	FY 21 Proposed	\$ Diff	% Diff
Fire	\$21,001,113	\$ 20,615,946	(\$385,167)	-1.8%
Police	23,564,422	24,102,280	537,858	2.3%
Community Development	5,594,298	5,730,003	135,705	2.4%
Public Works	7,504,407	7,390,834	(113,573)	-1.5%
General Government	10,190,295	10,543,757	353,462	3.5%
Culture and Recreation	15,021,087	15,384,369	363,282	2.4%
Debt Service	909,234	904,881	(4,353)	-0.5%
Other	8,017,900	4,866,404	(3,151,496)	-39.3%
Total Appropriations	\$91,802,756	\$89,538,474	(\$2,264,282)	-2.5%

GF Appropriations by Dept.

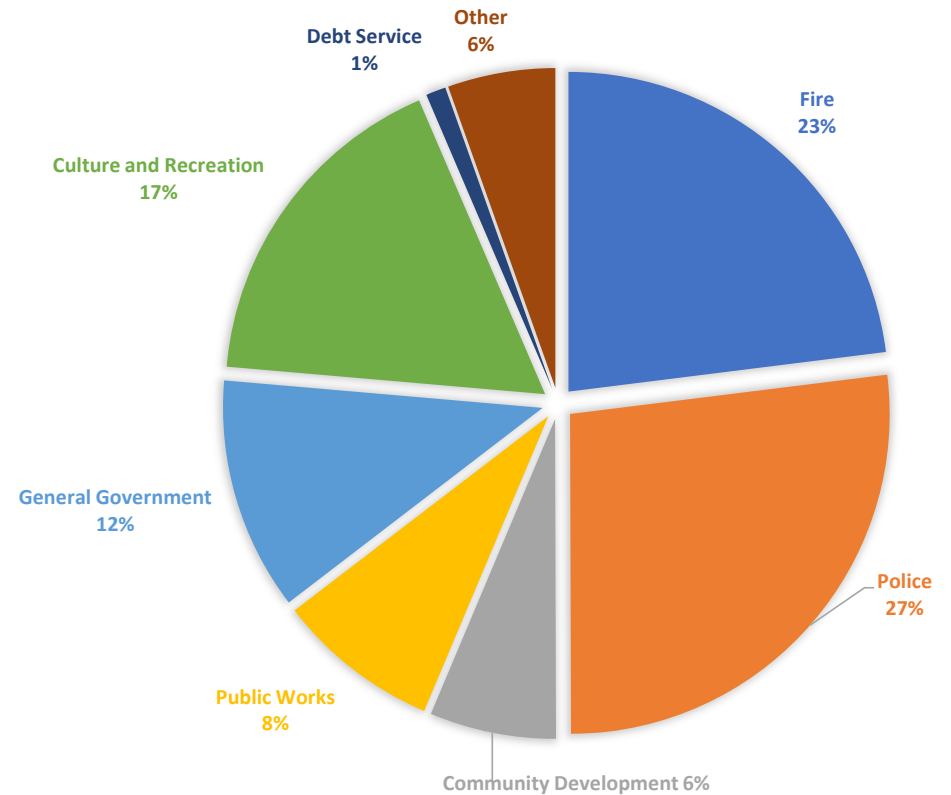


CITY OF
FOLSOM

FY 20



FY 21



Authorized Positions



CITY OF
FOLSOM

	General Fund	Water / Wastewater	Solid Waste	Transit	Total
FY 17-18	333.40	52.50	45.60	14.50	446.00
FY 18-19	351.35	53.25	47.15	15.15	466.90
FY 19-20	351.65	53.25	47.60	0.00	452.50
FY 20-21	351.65	53.25	47.60	0.00	452.50
Change	0.00	0.00	0.00	0.00	0.00

Revenue Summary



CITY OF
FOLSOM

	FY 16-17	FY 17-18	FY 18-19	FY 19-20	FY 20-21
	Actual	Actual	Actual	Projected	Proposed
Property Tax	\$23,301,973	\$24,537,819	\$26,669,899	\$27,851,631	\$29,884,989
Sales Tax	24,721,293	22,294,827	25,359,293	23,892,287	22,784,066
Transient Occupancy Tax	2,160,257	2,197,780	2,377,895	1,719,693	1,255,000
Charges for Services	13,829,099	15,521,751	16,000,415	11,671,967	11,182,205
Licenses, Permits & VLF	8,228,994	9,252,499	9,966,836	10,864,596	10,875,421
All other	4,319,685	4,379,187	4,538,105	3,214,636	3,513,641
Revenue Before Transfers In	\$76,561,301	\$78,183,863	\$84,912,443	\$79,214,810	\$79,495,322
Transfers In	6,063,948	7,923,701	7,348,394	6,813,833	10,043,152
Total Revenue	\$82,625,249	\$86,107,564	\$92,260,837	\$86,028,643	\$89,538,474

Major Revenue Sources



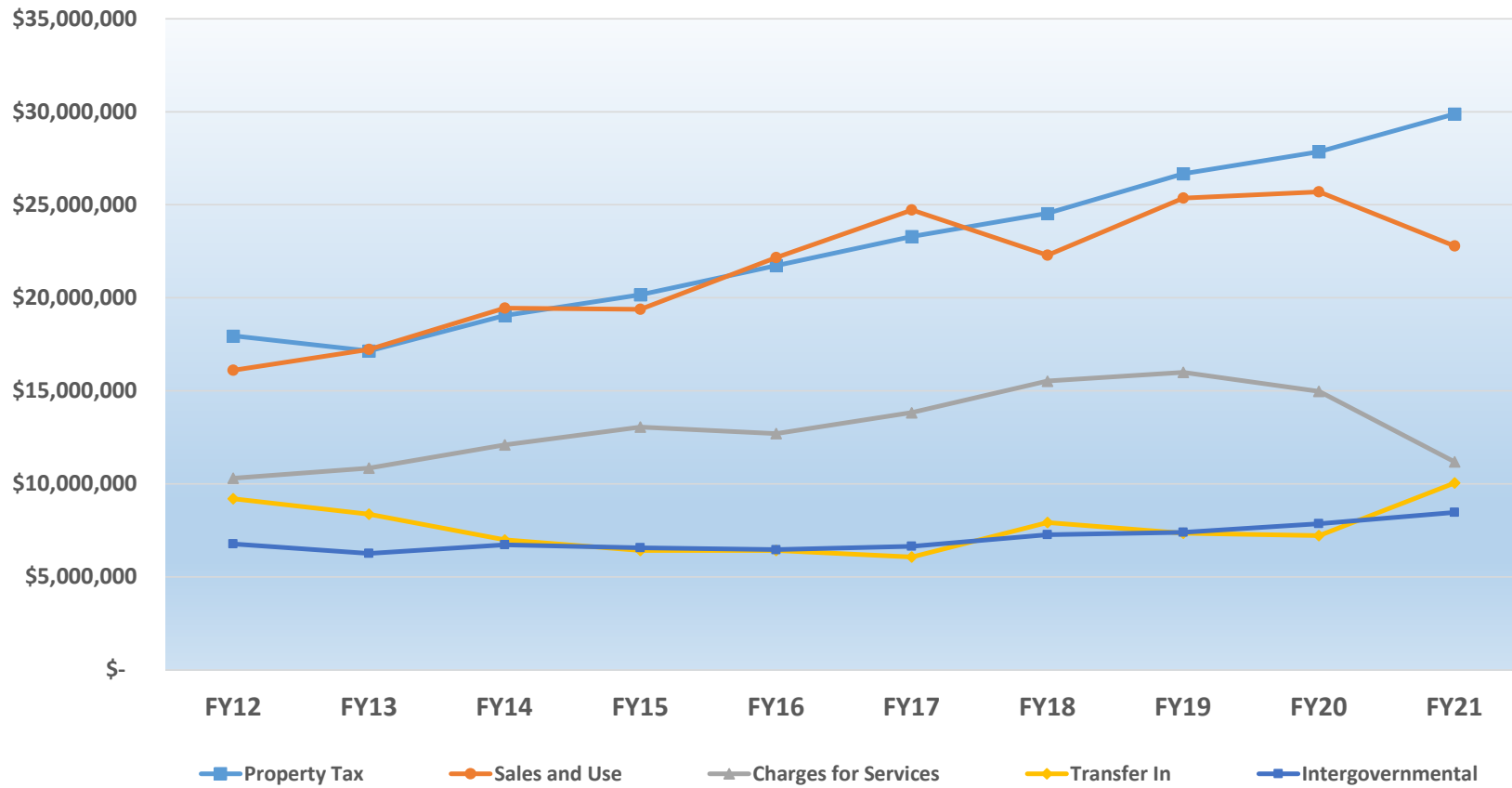
CITY OF
FOLSOM

	FY 19-20 Projected	FY 20-21 Estimates (Pre COVID-19)	FY 20-21 Proposed	\$ Change from FY 19-20	% Change from FY 19-20
Property Tax	\$27,851,631	\$29,884,989	\$29,884,989	\$2,033,358	7.3%
Sales Tax	23,892,287	26,695,581	22,784,066	(1,108,221)	-4.6%
Transient Occupancy Tax	1,719,693	2,480,000	1,255,000	(464,693)	-27.0%
Charges for Services	11,671,967	13,664,930	11,182,205	(489,762)	-4.2%

General Fund Revenue Trends



CITY OF
FOLSOM



Budget Enhancements



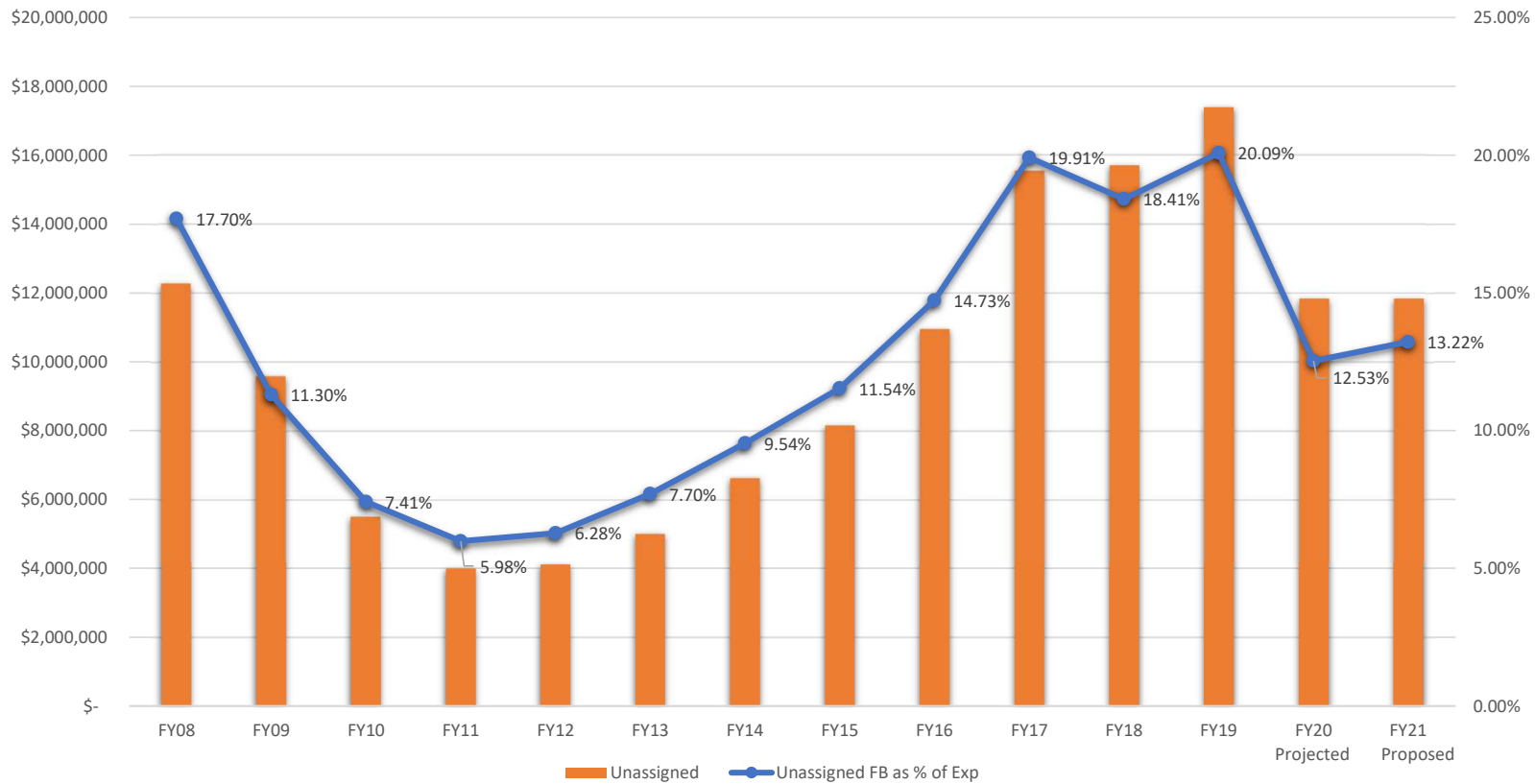
CITY OF
FOLSOM

- \$1,600,000 Aquatic Center Pool Re-plaster
- \$1,561,920 Fire Station #38 Remodel
- \$830,000 Police Station Remodel – Phase 1
- \$350,000 Aquatic Center Pool Activity Structure
- \$310,000 Community Development Permit Counter Redesign
- \$150,000 Community Center Roof Replacement
- \$120,000 Park Renovation and Maintenance Projects
- \$35,000 Funding for Light Rail Station Cameras in Historic District

Unassigned General Fund Balance



CITY OF
FOLSOM





CITY OF
FOLSOM

Enterprise Funds

Revenue and Proposed Appropriations



Enterprise Fund - Water



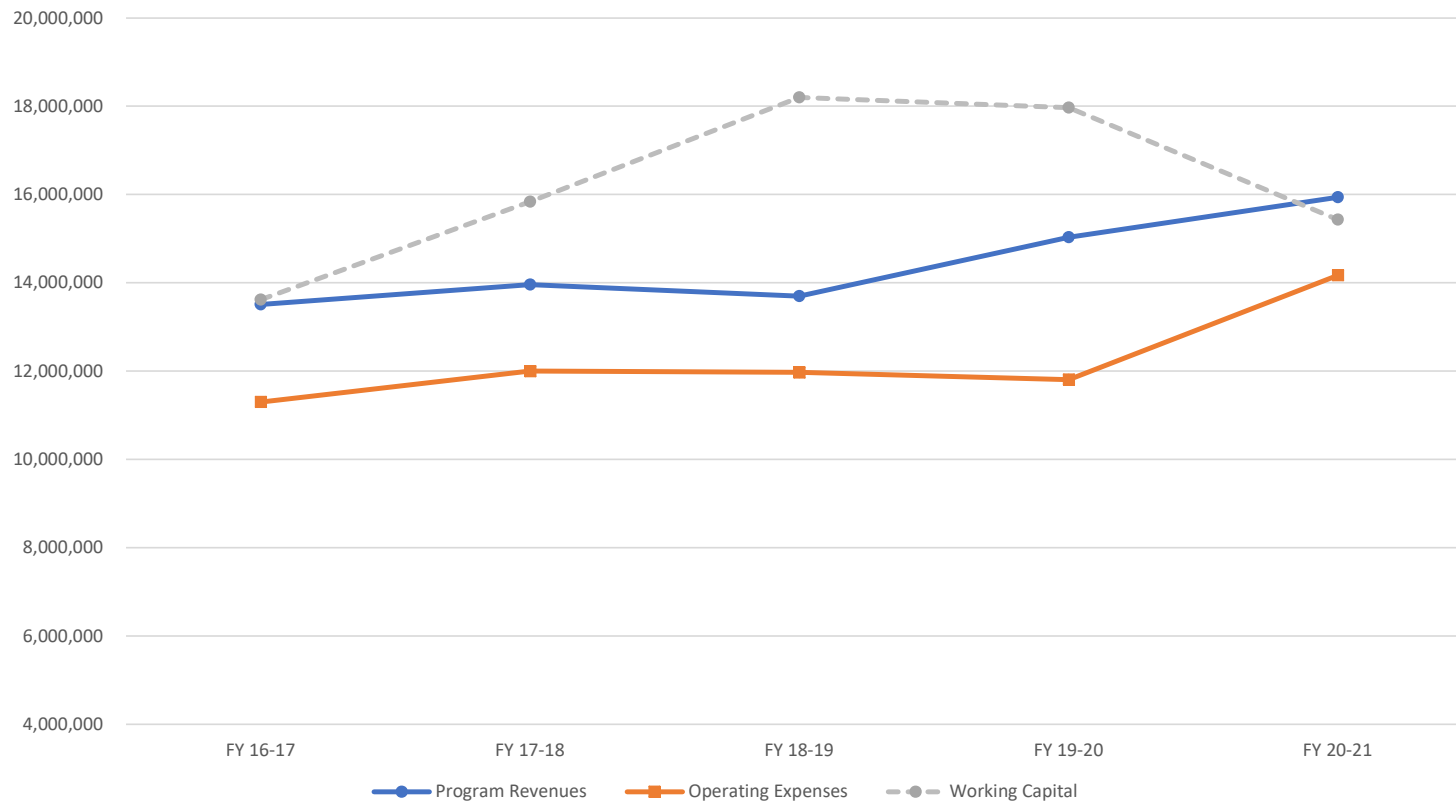
CITY OF
FOLSOM

	Actual FY 18-19		Projected FY 19-20		Proposed FY 20-21	
Program Revenues	\$	13,700,829	\$	15,030,047	\$	15,936,000
Salaries	\$	2,751,335	\$	2,895,195	\$	3,158,943
Benefits		1,359,369		2,104,143		2,296,088
Operating Expenses		4,870,200		3,995,185		5,950,568
Transfers Out		919,163		800,472		870,231
Debt Service		2,070,691		2,012,158		1,891,604
	\$	11,970,758	\$	11,807,153	\$	14,167,434
Capital Expenses	\$	860,099	\$	3,455,535	\$	4,303,505
Working Capital	\$	18,198,366	\$	17,965,725	\$	15,430,786

Enterprise Fund - Water



CITY OF
FOLSOM



Enterprise Fund - Wastewater



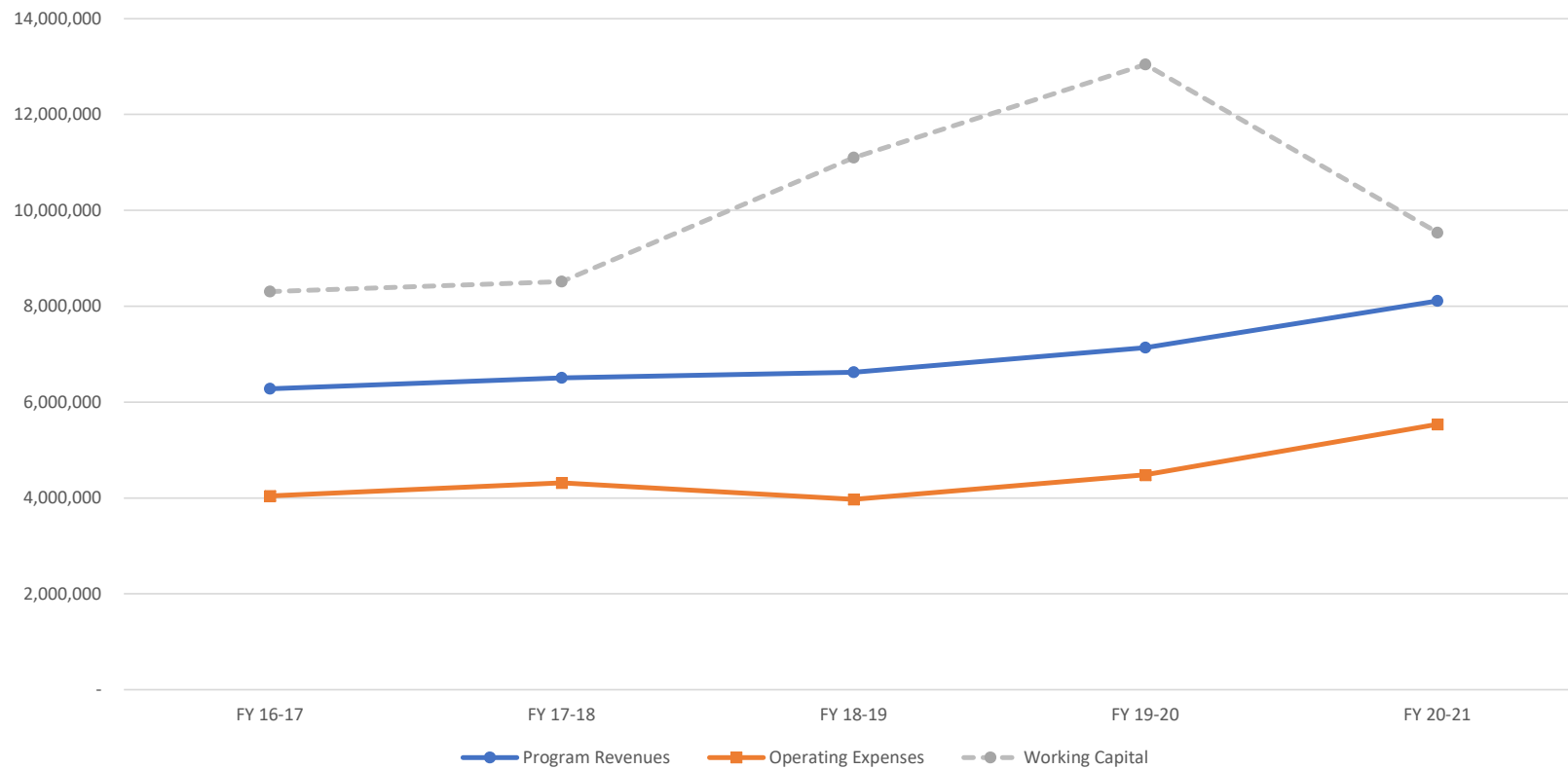
CITY OF
FOLSOM

	Actual FY 18-19		Projected FY 19-20		Proposed FY 20-21	
Program Revenues	\$	6,619,794	\$	7,134,114	\$	8,112,200
Salaries	\$	1,408,834	\$	1,372,431	\$	1,601,114
Benefits		884,793		1,070,780		1,238,988
Operating Expenses		1,006,683		1,453,822		1,983,322
Transfers Out		673,077		584,163		713,805
Debt Service		-		-		-
	\$	3,973,387	\$	4,481,196	\$	5,537,229
Capital Expenses	\$	504,733	\$	708,399	\$	6,083,444
Working Capital	\$	11,100,895	\$	13,045,414	\$	9,536,941

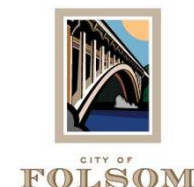
Enterprise Fund - Wastewater



CITY OF
FOLSOM



Enterprise Fund – Solid Waste

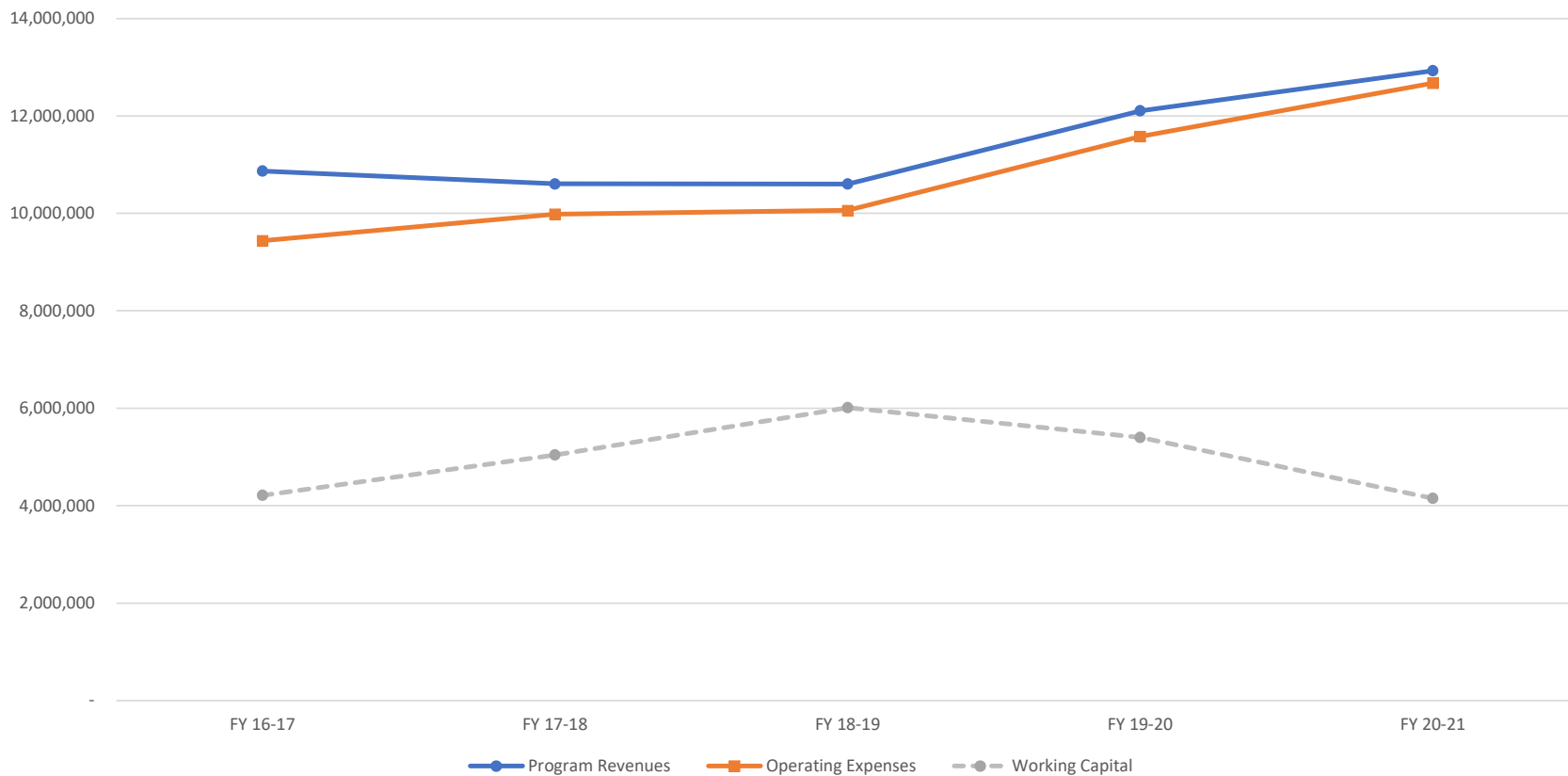


	Actual FY 18-19		Projected FY 19-20		Proposed FY 20-21	
Program Revenues	\$	10,602,033	\$	12,105,370	\$	12,928,607
Salaries	\$	2,840,308	\$	3,000,921	\$	3,281,185
Benefits		1,759,684		2,352,293		2,609,912
Operating Expenses		4,120,630		4,837,922		5,277,692
Transfers Out		1,338,972		1,384,685		1,473,555
Debt Service		-		-		-
	\$	10,059,594	\$	11,575,821	\$	12,642,344
Capital Expenses	\$	245	\$	1,138,882	\$	1,500,000
Working Capital	\$	6,009,927	\$	5,400,594	\$	4,186,857

Enterprise Fund – Solid Waste



CITY OF
FOLSOM



Appropriations by Fund



CITY OF
FOLSOM

	FY 20 Adopted Budget	FY 21 Proposed Budget
General Fund	\$91,367,726	\$89,538,474
Enterprise Funds	42,345,251	46,420,394
Special Revenue Funds	10,355,153	12,044,170
Debt Service Funds	13,446,858	13,070,864
Capital Project Funds	13,447,129	10,968,101
Internal Service Funds	19,151,171	22,516,693
Fiduciary Funds	19,327,933	18,604,968
Total	\$209,441,221	\$213,163,664

Capital Improvement Plan



CITY OF
FOLSOM

Plan Overview



CIP – Major Projects FY 20-21



CITY OF
FOLSOM

• Water Treatment Plant Capacity Upgrade	\$6,139,675
• Sewer Evaluation & Capacity Assurance Plan	\$5,628,400
• Capital SE Connector Project	\$5,550,000
• Benevento Family Park	\$5,400,000
• FPA Neighborhood Park #3	\$5,209,780
• Natoma Alley Rehab and Replacement	\$3,019,932
• Street Overlay/Pavement Management	\$2,694,191
• Greenback Sewer & Lift Stn Improvements	\$2,653,786
• Fire Station #38 Remodel	\$1,861,920
• Water System Rehab Project #2	\$1,705,000
• Aquatic Center Pool Renovation	\$1,600,000
• Willow Creek Estates Storm Drain Lining	\$1,427,191

CIP – Project Funding Sources



CITY OF
FOLSOM

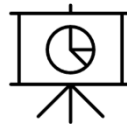
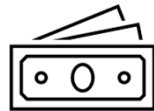
Category	Funding Source				Total
	Enterprise	Loans/Grants	Impact Fees	Other	
Culture and Recreation	\$ -	\$ -	\$ 590,000	\$ -	\$ 590,000
Drainage	-	-	700,000	1,000,000	1,700,000
General Services	-	-	532,500	350,000	882,500
Open Space and Greenbelts	-	-	500,000	-	500,000
Streets	-	-	1,560,000	2,480,000	4,040,000
Transportation	-	-	2,675,000	50,000	2,725,000
Wastewater	5,868,443	-	475,000	-	6,343,443
Water	4,088,505	-	686,011	-	4,774,516
	\$9,956,948	\$ -	\$7,718,511	\$3,880,000	\$ 21,555,459

5-Year Budget Forecast



CITY OF
FOLSOM

Looking Ahead: FY 2022-2026



Economic Outlook

FY 2020-2021



CITY OF
FOLSOM

U.S. GDP Growth: FY 20 - 1.9%
FY 21 - .1%

U.S. Unemployment Rate: FY 20 - 14.7%
FY 21 - 5%

C.A. Unemployment Rate: FY 20 - 20%
FY 21 - 4%

Expect Home prices to remain stable

Expect Building permit activity to remain stable

5-Year Budget Forecast



CITY OF
FOLSOM

Major Financial/Budgetary Pressures from FY22 - FY26:

- CalPERS rate increases - uncertainty due to economic downturn
- Building the Capital Investment Fund for current and future needs
- Sales Tax and TOT revenue
- Non-tax revenue growth
- Active and retiree health care costs

Future Trend of CalPERS Contribution



CITY OF
FOLSOM

CalPERS contribution growth due to Actuarial Assumption changes:

Fiscal Year	Total Contribution	\$ Increase	% Increase
FY 17-18	\$11,153,501		
FY 18-19	13,657,309	2,503,808	22.4%
FY 19-20	16,874,661	3,217,352	23.6%
FY 20-21	17,832,148	957,487	5.7%
FY 21-22	19,012,717	1,180,569	6.6%
FY 22-23	20,091,987	1,079,270	5.7%

5-Year Forecast – General Fund



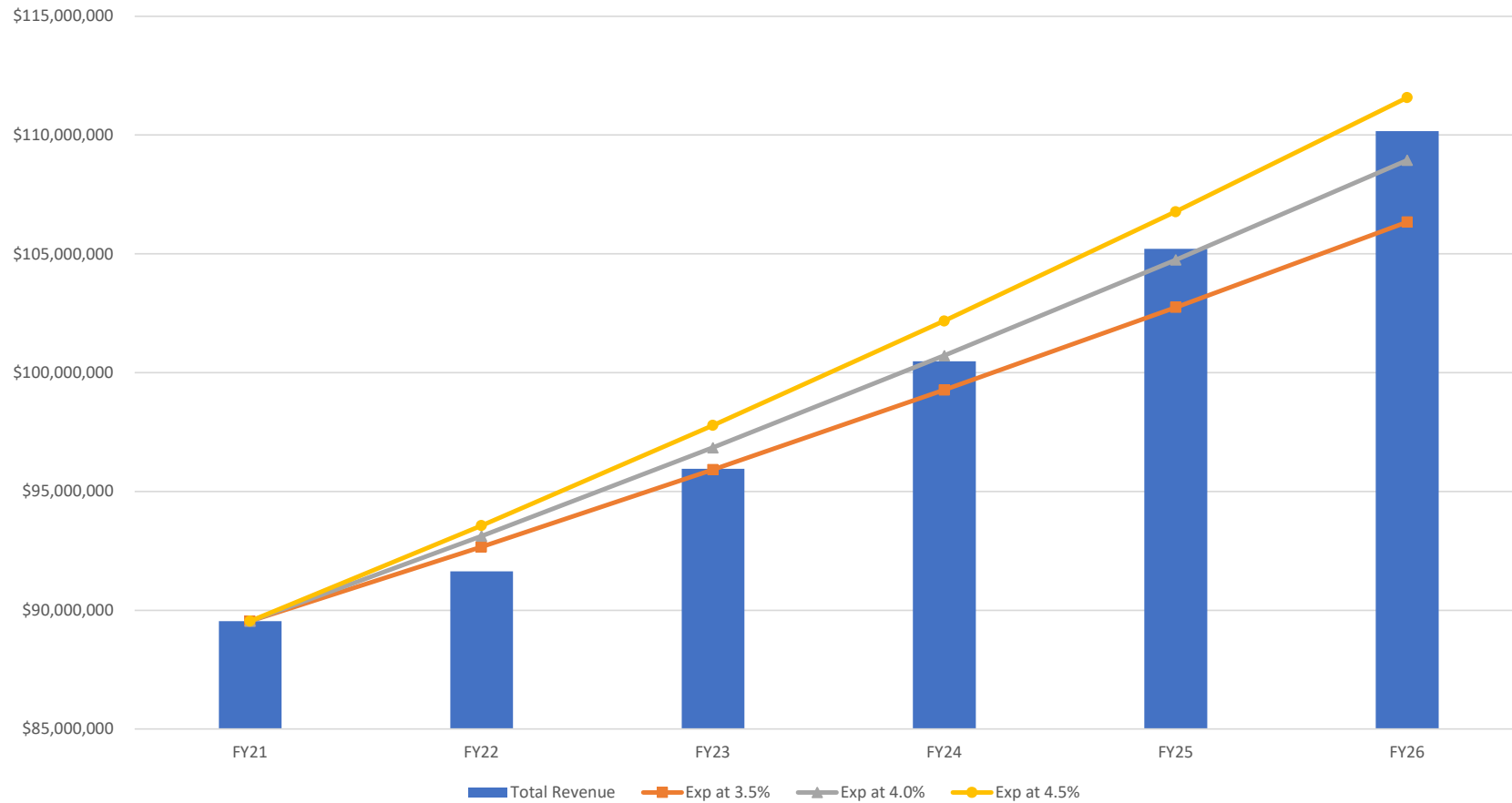
CITY OF
FOLSOM

	FY 21	FY 22	FY 23	FY 24	FY 25	FY 26
Tax Revenue projected growth	\$ 55.6	\$ 58.9	\$ 61.9	\$ 65.0	\$ 68.2	\$ 71.6
Non-Tax Revenue projected growth	23.9	25.7	26.8	28.1	29.3	30.6
Transfers In projected growth	10.0	7.0	7.2	7.4	7.6	7.9
Total Revenue	\$ 89.5	\$ 91.6	\$ 95.9	\$ 100.5	\$ 105.2	\$ 110.2
Expenditures at 3.5%	\$ 89.5	\$ 92.6	\$ 95.9	\$ 99.2	\$ 102.7	\$ 106.3
Expenditures at 4.0%	\$ 89.5	\$ 93.1	\$ 96.8	\$ 100.7	\$ 104.7	\$ 108.9
Expenditures at 4.5%	\$ 89.5	\$ 93.5	\$ 97.7	\$ 102.1	\$ 106.7	\$ 111.5

5-Year Forecast – General Fund



CITY OF
FOLSOM



5-Year Forecast – Cautions



CITY OF
FOLSOM

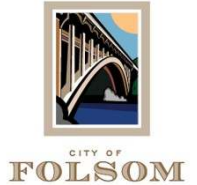
Revenue enhancement options are limited and economy dependent

Non-tax revenue must be continuously monitored and addressed

Sustainability depends on managing staffing costs

Limited financial options for growth in capital investments and general levels of maintenance

FY 20-21 Budget Summary



Budget is balanced, with expenditure reductions and use of one-time revenue sources



Maintains our ability to provide essential services



Maintains our workforce, with no changes to permanent staffing levels



Despite many challenges, budget still accomplishes many top priorities

Conclusion



CITY OF
FOLSOM

- Discussion, questions and direction to staff