

Proposed Budget Introduction

FY 2019/20

May 28, 2019

Addressing Community Priorities

- ▶ Maintain Financial Stability & Fiscal Accountability
- ▶ Maintain Core Services, including Hercules Police Department
 - Continues Two Grant Funded Police Officers and One Officer added in FY 2018/19
 - Provides additional resources to meet new mandates
 - Addresses succession planning needs
- ▶ Attract Businesses to Hercules/Support Quality Development
- ▶ Continues to Set-aside Funds for High Priority Needs

Transition Years

- ▶ First Development Project generated on-going revenues start to flow in the last quarter of 2019/20 fiscal year.
- ▶ This year and next projected to have an operating deficit in the General Fund as other new revenues come on-line
- ▶ Sufficient one-time monies/fund balance available to cover operating deficit without needing to use reserves.
- ▶ Anticipated that the budgeted Operating Deficit can be reduced as the Fiscal Year progresses by higher revenues and expense control.

Budget Highlights

- ▶ Proposed General Fund Base Budget Before Decision Packages

Revenues: \$15,385,142

Expenditures: \$15,864,500

Operating Deficit \$ 479,358

- ▶ Proposed Total City Budget of \$40.2 million including Capital Projects
- ▶ Emphasis on Identifying On-Going versus One-Time Monies
- ▶ Proposed General Fund Operating Budget with Decision Packages-Ending Available Cash Balance of \$105,470
- ▶ No Transfer from Fiscal Neutrality Fund Necessary
- ▶ One-Time Fund Balance Available to Meet High Priority Needs

Budget Development Process

- ▶ Based on Statement of Financial Principles and Policies
- ▶ Built From FY 2017-18 Year End Actuals
 - Higher Revenues
 - Controlled Expenses
- ▶ FY 2018-19 Year End Projections
- ▶ Status Quo Assumed for FY 2019-20 General Fund Base Budget
 - Revenues Updated
 - Expenditures Modified for Unavoidable Cost Increases/Minor Line Item Adjustments/Planned Changes
 - Higher Retirement Costs based on CalPERS actuarial valuation report
 - Higher Healthcare (3% increase from FY 18-19)
 - 1% of salaries employer paid contribution to the Pension Section 115 Trust
- ▶ Addendums & Corrections Forthcoming

Budget Development Process

- ▶ Carry Over Decision Packages from Prior/Current Years
- ▶ Proposed Changes are Set forth in Decision Packages
 - General Fund Operating Budget Decision Packages
 - General Fund Balance Decision Packages
- ▶ Budget Referrals Respond to City Council Questions/Suggestions
- ▶ City Manager Recommended Budget is Base General Fund Budget and Identified Decision packages
- ▶ Budget Balancing Worksheet Presents City Manager Recommended General Fund Budget

Budget Development Process

- ▶ City Council Reviews Updated Long Term Forecast - April 9, 2019
- ▶ Finance Commission Budget Preview - May 20, 2019
- ▶ Council Budget Introduction - May 28, 2019
- ▶ City Council Budget Public Hearing - June 11, 2019
- ▶ Finance Commission Review - June 17, 2019
- ▶ Council Continued Public Hearing & Budget Adoption - June 25, 2019

Carry Over General Fund Decision Packages

DP16-1	Records Management (OT)	\$50,000
DP 18-10	Implement Citywide Cash Receipt System and Training (OT)	\$25,000
DP 18-12	Naviline Financial System Upgrade (OT)	\$40,000
DP 19-4	Comprehensive Class & Comp Study (OT)	\$60,000
DP 19-14	Upgrade of Personnel Rules (OT)	\$25,000
BR 17-1	Hazard Mitigation Plan and Climate Adaptation Strategy (OT)	\$40,000

General Fund Operating Budget Decision Packages

	<u>TOTAL</u>	<u>ON-GOING</u>	<u>ONE-TIME</u>
1. DP #20-1: Police Department Over Hire	65,000		65,000
2. DP #20-2: Golf Club Fund	10,000		10,000
Revenue Increase	(10,000)		(10,000)
3. DP #20-3: Employee Labor Agreements	511,703	223,023	288,680
4. DP #20-4: AED's for Childcare Sites & Recreation Facilities	15,000		15,000
DP #20-5: Upgrade Patio at Community Center			
5. (Recommended Parks DIF)	-		-
6. DP #20-6: Pool Cover Reel	8,000		8,000
7. DP #20-7: Secure Filing Cabinets for Human Resources	5,000		5,000

General Fund Operating Budget Decision Packages

	<u>TOTAL</u>	<u>ON-GOING</u>	<u>ONE-TIME</u>
DP #20-8: Replace Chairs in City Hall Conference			
8. Room (Not Recommended)	0		0
DP #20-9: Police Department Cell Phones Pool Cover			
9. Reel (Recommended Asset Forfeiture)	0		0
10. DP #20-10: Star Chase	0		0
DP #20-11: Police Support Specialist (Recommended			
11. as P/T)	34,000	34,000	
12. DP #20-12: Traffic Enforcement Motorcycle	40,000		40,000
DP #20-13: Police Executime Advanced Scheduling			
13. Module	23,910	2,705	21,205
14. DP #20-14: Police Administrative Commander	13,841	13,841	

General Fund Balance Decision Packages

1.	Capital Projects Designation	\$0
2.	Reserve for Restricted Planning Funds	\$125,826
3.	OPEB Trust Contribution	\$100,000
4.	Pension IRS Section 115 Trust	\$250,000
5.	Addition to Fiscal Neutrality Reserve	\$238,055

Budget Referrals

- ▶ No Budget Referrals Included at Introduction
- ▶ Additional Budget Referrals to be provided
- ▶ City Council to consider at Budget Adoption

Budget Balancing Worksheet

- ▶ City Manager Recommended Decision Packages Reflected.
- ▶ Will be Used to Reflect City Council Decisions as Made to Ensure a Balanced Budget.

FY 19/20 BUDGET BALANCING SPREADSHEET				
AS APPROVED BY CITY COUNCIL ON JUNE 28, 2019				
		TOTAL	ON-GOING	ONE-TIME
Estimated Beginning Working Cash July 1, 2019 General Fund and Fiscal Neutrality Fund				
	General Fund Working Cash	3,273,949		
	Fiscal Neutrality Fund Working Cash	3,797,650		
Estimated Beginning Working Cash July 1, 2019 General Fund and Fiscal Neutrality		7,071,599		
	Reserve for Economic Uncertainty in 25% target	(3,797,650)		
	Reserve for Earthquake Insurance Deductible	(500,000)		
	Reserve for Capital Projects	(450,000)		
	Reserve for Planning	(699,174)		
	Reserve for Building	(21,800)		
	Reserve for Reusable Bags (remaining)	(19,000)		
	Reserve for PEG Fees	(70,000)		
	Carryover prior year decision packages:			
	DP #16-1: Record Management	(50,000)		
	DP #18-10: Implement a Citywide Cash Receipt System and Training	(25,000)		
	DP #18-12: Naviline Financial System Upgrade	(40,000)		
	DP #19-4: Comprehensive Class & Comp Study Implementation	(60,000)		
	DP #19-14: Update of Personnel Rules	(30,000)		
	DP #17-1: Hazard Mitigation Plan and Climate Adaptation Strategy	(40,000)		
Estimated Beginning Available Working Cash July 1, 2019		1,268,975		1,268,975
	Add: Revenue After Addendums and Corrections	16,109,142		
	On-Going		15,385,142	
	One-Time: Sales Tax			200,000
	One-Time: RPTTF City Pass-Through			389,000
	One-Time: Successor Agency Administration			135,000
	One-Time: Safeway (One Quarter Sales Tax)	65,000		65,000
	Subtract: Expense After Addendums and Corrections	(15,864,500)		
	On-Going		(15,864,500)	
	One-time: City Manager Contract	(44,000)		(44,000)
	Surplus/(Deficit)	265,642	(479,358)	745,000
Subtotal: Estimated Available Working Cash Before Decision Packages June 30, 2020		1,534,617	(479,358)	2,013,975
Recommended Decision Packages				
1.	DP #20-1: Police Department Over Hire	65,000		65,000
2.	DP #20-2: Golf Club Fund	10,000		10,000
	Revenue Increase	(10,000)		(10,000)
3.	DP #20-3: Employee Labor Agreements	511,703	223,023	288,680
4.	DP #20-4: AED's for Childcare Sites & Recreation Facilities	15,000		15,000
5.	DP #20-5: Upgrade Patio at Community Center (Recommended Parks DIF)	0		0
6.	DP #20-6: Pool Cover Reel	8,000		8,000
7.	DP #20-7: Secure Filing Cabinets for Human Resources	5,000		5,000
8.	DP #20-8: Replace Chairs in City Hall Conference Room (Not Recommended)	0		0
9.	DP #20-9: Police Department Cell Phones Pool Cover Reel (Recommended Asset Forfeiture)	0		0
10.	DP #20-10: Star Chase	0		0
11.	DP #20-11: Police Support Specialist (Recommended as P/T)	34,000	34,000	
12.	DP #20-12: Traffic Enforcement Motorcycle	40,000		40,000
13.	DP #20-13: Police Executime Advanced Scheduling Module	23,910	2,705	21,205
14.	DP #20-14: Police Administrative Commander	13,841	13,841	
General Fund Balance Decision Packages				
1.	GFDP #20-1: Capital Projects Fund	-		
2.	GFDP #20-2: Reserve for Restricted Planning Funds	125,826		125,826
3.	GFDP #20-3: OPEB Trust Contribution	100,000		100,000
4.	GFDP #20-4: Pension IRS Section 115 Trust	250,000		250,000
5.	GFDP #20-5: Contribution to Fiscal Neutrality	236,867		236,867
Total: Decision Packages		1,429,147	273,569	1,155,578
Surplus/(Deficit) After Decision Packages/Budget Referrals		105,470	(752,927)	858,397
Estimated Available Working Cash After Decision Packages/Budget Referrals June 30, 2020		105,470	(752,927)	858,397

Special & Enterprise Fund Budget Highlights

1. Landscape & Lighting Districts

The City Council elected to ballot in 2019 in Zone 1 to eliminate cumulative deficit and to finance the replacement of streetlights over 10 years, and Zone 7 to replace the balance of the streetlights with a 10 year repayment schedule.

2. Capital Projects Fund

3. Storm Water Fund

Continues to see increased costs due to State mandates. Recycling related revenue is being used to offset a portion of its operating deficit. Remaining deficit is covered by the General Fund.

4. Vehicle Replacement

Six new vehicles are proposed to replace existing vehicles that are way passed their useful life.

Capital Improvement Project Highlights

1. Parks and Open Space

- ▶ Refugio Lake Dredging - \$320,000
- ▶ Resurface Refugio Park Tennis Courts - \$140,000

2. Streets and Sidewalks

- ▶ Annual Sidewalk Replacement Program - \$50,000
- ▶ Annual Street Maintenance - \$690,000
- ▶ Pedestrian Enhancement at Sycamore & San Pablo - \$20,000
- ▶ Repair to Local Street from Garbage Truck Impacts - \$100,000
- ▶ Pedestrian Enhancements at Sycamore & Civic - \$92,200
- ▶ John Muir Parkway Sidewalk - \$100,000
- ▶ Willow/Palm Sidewalk - \$116,600

Capital Improvement Project Highlights

2. Street and Sidewalk (Cont'd)

- ▶ LLAD 83-2 Zone 1 Hercules by The Bay Streetlight Replacement - \$310,000
- ▶ LLAD 83-2 Zone 7 Refugio Heights Streetlight Replacement - \$408,000
- ▶ Business Park Landscaping Improvements - \$381,000

3. Waste Water

- ▶ Repair Infiltration and Inflow- \$350,000
- ▶ Upgrade/Expand Pinole/Hercules Wastewater Treatment Plant - \$6,000,000
- ▶ Rehabilitate Lift Stations - \$250,000
- ▶ Replace/Repair 24" Sewer Main Line -\$8,000,000
- ▶ Parallel 12" Force Main Industrial Lift Station - \$150,000

Capital Improvement Project Highlights

1. Facilities

- ▶ Awning for Corporation Yard Modular Building - \$14,000

2. Intermodal Transit Center - \$1,396,000

Questions & Comments

As appropriate, questions and comments will become budget referrals

