

SUPPLEMENTAL INFORMATION

AGENDA ITEM XI.1

Revisions to Fiscal Section of the Staff Report
and a Revised Budget Balancing Spreadsheet

06/11/19



MEMORANDUM

DATE: June 11, 2019

TO: Honorable Mayor and Members of the City Council

SUBMITTED BY: David Biggs, City Manager
Edwin Gato, Director of Finance

SUBJECT: **Supplemental Information** - Public Hearing on Proposed FY 2019-20 City of Hercules Budget Plan including the First Year of the Five Year 2019 – 2024 Capital Improvement Budget-Addendum to the Fiscal Impact Section of the Staff Report

The following are revisions to the fiscal section of the staff report and a revised budget balancing spreadsheet is attached.

FISCAL IMPACT OF RECOMMENDATION:

If adopted as proposed, the General Fund Operating Budget Expenses will be \$15,917,800. This is before any Decision Packages or Budget Referrals are incorporated into the Budget by final action of the City Council. On this basis, there is an operating deficit in the General Fund of about \$480,000 before corrections and addendums; and Decision Packages. After corrections and addendums, the operating deficit is \$414,358; and after recommended Decision Packages, the operating deficit will increase to \$688,000. Available one-time monies would be applied to a variety of one-time purposes including capital investments and meeting other critical expenditure or reserve needs of a one-time nature. In addition, the revised FY 18-19 decision packages carryover amounts are also updated with the current unfinished projects.

In addition, attached is an updated status report on current and prior year Decision Packages. Plus also provided is a summary of the General Fund with revenues broken down into the main categories.

AMENDED ATTACHMENTS:

1. Updated FY 2019-20 Budget Balancing Spreadsheet
2. Decision Package Status Report
3. General Fund Summary with Revenues

**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
Estimated Beginning Available Working Cash July 1, 2016 after Addendums and Correction	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)
One-time: File Server with Drives (Paid for by PEG Fees)	(9,300)		(9,300)
Surplus/(Deficit)	256,342	(414,358)	670,700
Subtotal: Estimated Available Working Cash Before Decision Packages June 30, 2020	1,525,317	(414,358)	1,939,675
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 (Recommended Asset Forfeiture)	0		0
10. DP #20-10: Star Chase	0	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	96,170	(687,927)	784,097
Estimated Available Working Cash After Decision Packages/Budget Referrals June 30,	96,170	(687,927)	784,097

Decision Package Status Update

FY 2018/19

Update

June 11, 2019

Decision Package/ Budget Referral	Amount Appropriated	Status
Prior Year		
Designation for Reusable Bags (remaining)	\$13,987	Additional bags are on order; to be received prior to June 30 th .
DP 16-1 Records Management	50,000	An update of the Records Retention Schedule was approved by the City Council on 4/24/2018. Records destruction pending per that new schedule before determining the scope of the new records management system.
DP 17-9 Former HMU Customer Light Exchange	150,930	Completed.
18-8 Community Center Gym Floor Covers [One-Time]	14,000	This funding was applied to the emergency replacement of basketball hoops and completed.
18-10 Implement Citywide Cash Receipt System & Navaline "Click2Gov" [One-Time]	50,000	Combined with 18-12 below. The training component has been implemented. A new check scanner system has been implemented and other enhancements are being reevaluated as a result.
18-12 Naviline Financial System Enhancement [One-Time]	0	See 18-10 above.
ADP 17-1 Hazard Mitigation Plan Update	40,000	Underway as of 1 st quarter 2019.
BR 17-7 Basketball Court (remaining balance for construction)	18,000	Completed.
BR 17-8 Restroom Facility in Duck Pond Park (remaining balance for construction)	121,000	Completed.
18-6 Comprehensive Class & Comp Study [One-Time]	60,000	Report being finalized.
18-13 Update Traffic Impact Fee Nexus Study/Circulation Element Update Impl [One-Time]	37,750	Completed.
ADP 18-6 Purchase & Install New Aerator Fountains in Refugio Lake (to be funded from Citywide LLAD)	50,000	To be implemented with 18-7 below.
18-7 Dredge Refugio Lake (to be funded from Citywide LLAD)	200,000	Conceptual design and permit applications completed. Permit applications submitted to State & Regional Agencies in early June.
Decision Packages		
19-1 Police Department Over Hire	65,000	On-going.
19-2 Golf Club Fund (including BR#19-18 Contribution)	11,000	Complete, \$1K check sent to HHS Robotics Club in Sept. Portion of \$10K applied to replacement Basketball Hoops. Movie Night licensing and costs to be incurred prior to June 30 th .
19-3 Employee Labor Agreements [On-going \$221,000; One-Time \$281,000]	502,000	Complete, new Pay Plans & Teamster MOU approved 10/23/2018; POA MOU approved 11/13/2018.

19-4 Comprehensive Class and Comp Study Implementation (Classification Component)	60,000	Report being finalized. Implementation planned for 2019/20.
19-5 Library Extra Hours Funding	27,917	Complete, extra hours implemented.
19-7 Paint Senior Center Exterior	20,000	Completed.
19-8 Re-establish Traffic Enforcement Program	5,000	Complete, Officer assigned.
19-9 Re-establish Detective Sergeant Position	11,000	Complete, Sergeant assigned.
19-10 Samara Terrace Improvements	19,000	Improvements except for painting completed.
19-11 Chairs & Table Replacement Community Center	25,000	Completed.
19-12 Hannah Ranch Kidz Center Improvements	75,000	First step of work completed; final phase to be completed after school but after June 30th.
19-13 Permanent Stage in Gym	30,000	Complete.
19-14 Pool Variable Frequency [\$25,000 One-time Capital Cost; \$50,000 Annual Expense Reduction]	25,000	Complete.
19-15 Update of Personnel Rules	30,000	Special Counsel development of draft personnel rules underway.
19-16 Radio Upgrades & Programming	22,440	Complete
19-17 Cable Broadcast Capital Equipment	39,000	Completed, cable broadcasting resumed.
19-18 Council Chambers Equipment Replacement	6,000	Completed.
19-19 Earthquake Insurance Additional Facilities	32,000	Complete, facilities added to policy and coverage in effect.
19-20 First Responder Vehicle AED's	30,000	Completed.
Alternate Decision Packages		
ADP 19-1 Pension IRS Section 115 Trust Annual Contribution as a % of Payroll [One-Time]	57,074	Complete, contribution made. Continuing contribution of 1% included on an on-going basis in FY 2019/20 budget.
General Fund Balance Decision Packages		
GFDP 19-1 Capital Project Designation	100,000	Complete, designation made.
GFDP 19-2 Reserve For Restricted Planning Funds (Increase)	70,100	Complete, designation increased.
GFDP 19-3 OPEB Trust Contribution	200,000	Complete, contribution made.
GFDP 19-4 Pension IRS Section 115 Trust	1,000,000	Complete, contribution made.
GFDP 19-5 Addition to Fiscal Neutrality Reserve	269,594	Complete, transfer made.
Budget Referrals		
BR 19-2 Modernization of the Teen Center	25,000	Improvements identified, project to be done after June 30 th .
BR 19-3 Increase Minimum Wage for Employees	15,000	To be considered as part of class & comp.
BR 19-4 Police Dept. Addition of Sworn Officers	130,000	Complete, position filled.
BR 19-13 Increase Fiscal Neutrality Fund From 2 to 3 Months	1,228,223	Complete, transfer made.
BR 19-14 Resurface Refugio Park Tennis Courts	140,000	To be undertaken in 2019/20 fiscal year.
BR 19-15 Chairs for the Library	7,500	Completed.

BR 19-16 Enhance Pedestrian Access Walkway	25,000	Contractor selected and contract executed. Work to begin shortly.
BR 19-17 Traffic Calming Improvements	50,000	Hercules Avenue traffic calming contract awarded by City Council in May. Construction should start shortly. Design for Sycamore/San Pablo and Sycamore/Civic underway.



FY 19-20 Proposed Budget General Fund - Budget Summary

	FY 16/17	FY 17/18	FY 18/19	FY 18/19	FY 19/20	FY 19/20
	Actuals	Actuals	Mid-Year Updated	Projections	Baseline Budget	Proposed Budget (with Addendum and Decision Packages)
Beginning Available Balance			\$ 4,660,327	\$ 4,660,327	\$ 1,268,975	\$ 1,268,975
Revenues						
Taxes						
Utility User Tax	3,576,052	3,783,731	3,631,881	3,631,881	3,704,600	3,704,600
Sales Tax	3,324,807	3,206,095	3,277,775	3,277,775	3,096,000	3,096,000
Property Taxes	1,278,659	1,324,553	1,441,258	1,441,258	1,470,000	1,470,000
Franchise Fees	878,574	862,946	815,047	815,047	831,000	831,000
Business Licenses	131,240	187,710	194,125	194,125	200,000	200,000
Transfer Tax	136,467	123,134	120,572	120,572	123,000	123,000
Transient Occupancy Tax	8,128	9,651	9,180	9,180	9,500	9,500
Increase in tax revenues on new developments					125,867	190,867
Intergovernmental	2,227,808	2,314,222	1,866,203	1,866,203	2,104,400	2,104,400
Fines & Forefeitures	47,824	48,579	35,000	35,000	35,000	35,000
Program Revenues						
Community Development	609,261	1,058,212	294,450	294,450	222,660	222,660
Parks and Recreation	1,693,195	1,740,774	1,652,527	1,652,527	1,654,150	1,654,150
Police	403,221	424,703	452,500	452,500	497,000	497,000
Public Works	4,390	40,463	21,000	21,000	44,750	44,750
Other	26,068	556,503	14,518	14,518	48,850	48,850
Use of Money & Property	237,325	405,093	332,010	332,010	335,000	335,000
Cost allocated to other funds	276,501	404,587	805,880	805,880	617,599	617,599
Transfers In	100,000	100,000	100,000	100,000	265,766	265,766
	14,959,520	16,590,956	15,063,926	15,063,926	15,385,142	15,450,142
Expenditures						
Police	6,021,830	6,414,593	6,603,729	7,002,809	7,233,907	7,233,907
Public Works	213,999	473,545	338,027	333,919	369,584	369,584
Community Development	512,151	438,620	707,924	733,446	677,339	677,339
Parks and Recreation	1,883,159	2,076,523	2,236,790	2,314,299	2,397,149	2,397,149
City Council	189,397	211,301	340,316	342,344	333,602	333,602
City Manager	260,011	269,758	367,953	376,598	382,458	382,458
Legal	398,516	400,574	350,000	350,000	360,000	360,000
Administrative Services	477,252	671,372	691,337	766,266	884,951	884,951
Finance	1,160,532	879,733	1,282,013	1,312,294	1,093,697	1,093,697
Workers Comp/General Liability	667,710	699,134	866,510	821,921	992,604	992,604
Non-Department	870,251	1,363,516	1,341,361	772,064	260,000	260,000
On-Going Decision Packages				-	-	273,569
Transfers Out	-	71,387	163,387	163,387	879,209	879,209
	12,654,808	13,970,056	15,289,347	15,289,347	15,864,500	16,138,069
Net Annual Activity						
Baseline Operations	\$ 2,304,712	\$ 2,620,900	\$ (225,421)	\$ (225,421)	(479,358)	(687,927)
One-time Revenues: Successor Agency Administration			265,000	265,000	135,000	135,000
One-time Revenues: RPTTF City Pass-Through				409,000	389,000	389,000
One-time Revenues: Sales Tax					200,000	200,000
One-time: City Manager Contract						(44,000)
One-time: File Server with Drives (Paid for by Peg Fees)						(9,300)
Increase Fiscal neutrality reserve			(1,497,817)	(1,497,817)		(236,867)
OPEB Trust Contribution			(200,000)	(200,000)		(100,000)
Pension Contribution (Section 115 Trust)			(1,000,000)	(1,000,000)		(250,000)
One-time Decision Packages			(1,142,114)	(1,142,114)		(568,711)
Ending Available Balance			\$ 859,975	\$ 1,268,975	\$ 1,513,617	\$ 96,170
General Fund Operating Reserve						
Reserve	2,176,150	2,176,150	2,299,833	2,299,833	3,797,650	3,797,650
Deposit		123,683	1,497,817	1,497,817	-	236,867
Draw on reserve	-					
Reserve balance	2,176,150	2,299,833	3,797,650	3,797,650	3,797,650	4,034,517
% of Expenditures	17%	16%	25%	25%	24%	25%