



Community Priorities Advisory Committee Purpose and Charge Presented July 12, 2017

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THANK
YOU

Agenda

- General Fund challenges
- Overview of City Funds
- Overview of General Fund
- Actions taken to reduce General Fund costs
- Engage Roseville Process
 - City's staffs role and responsibilities
 - Committee's role and responsibilities
- Desired outcomes

General Fund Challenges

1. Expenses growing faster than revenues
2. Deferred costs during recession resulted in \$14 million annual budget deficit
 - Meeting minimum obligations, but long term obligations remain (funding at 30%)
 - PERS
 - OPEB
 - CIP Rehabilitation
3. Instability of revenue sources
 - Retail growth slowing
4. Federal / State Mandates
 - Affordable Care Act on contract services
 - Minimum Wage impacts on contract services
 - AB 109
 - Storm Water
 - ???????

RESULT: Service level reductions of \$2.0 million in FY 17-18

City Funds

- City has over 100 funds
 - Restricted Funds– *legally required for specific purpose*
 - Un-restricted Funds – *Council has discretion on how they can be allocated*
- Examples of restricted funds:
 - Enterprise funds – *Utilities, Adventure Club, Transportation, etc.*
 - Impact fees – *Water, Traffic, Wastewater, Parks, Public Facilities, etc.*
 - Various taxes and fees – *Gas Tax, CFD Funding, User Fees, etc.*
 - Others – *Citizen’s Benefit Trust Fund, OPEB, etc.*
- Examples of un-restricted funds:
 - General Fund – Provides funding for majority of City services (Public Safety, Parks, Public Works, Development Services, etc.)
 - Strategic Improvement Fund – Developer paid fees and General Fund transfers. One time money.

General Fund Budget Policies

Balanced Budget:

- Pay obligations first
- Match expenses with revenues
- Restrict use of reserve funds
- Establish appropriate Emergency Reserve Fund levels



General Fund Revenue Sources

City of Roseville:

- Sales Tax - unrestricted
- Property Tax – unrestricted
- Transient Occupancy Tax (TOT) -unrestricted
- Internal Service Charges - restricted
- User Fees - restricted
- Franchise Fees – it depends

Additional Revenues for Other Cities:

- Sales Tax Override
- Utility User Tax
- First Responder Fee
- Special Districts



General Fund Budget Overview

	Actual FY 15-16	Approved FY 16-17	Proposed FY 17-18
Operating Revenues	\$141,155,700	\$143,271,750	\$138,149,453
Operating Expenses	\$133,576,436	\$141,149,771	\$137,030,721
Non Operating Revenue	\$6,594,650	\$13,022,883	\$8,456,446
Non Operating Expenses	\$7,615,451	\$14,664,500	\$9,575,178
Balance	\$6,558,463	\$480,362	\$0

GF Operating Expenses

	Actual FY 15-16	Approved FY 16-17	Proposed FY 17-18
Operating Obligations	\$10,128,034	\$10,175,806	\$11,270,032
Department Expenses	\$123,448,402	\$130,095,106	\$124,560,689
Contingency	\$0	\$878,859	\$1,200,000
Total Operating Expenses	\$133,576,436	\$141,149,771	\$137,030,721

Operating Expenses Definitions

Total Operating Revenue	\$137,030,721 
Obligated Operational Expenses	(\$11,270,032)
▪ Annexation Payments	
▪ Other Post Employment Benefits	
▪ Storm Water	
Non Discretionary Department Expenses	(\$38,284,089)
▪ Indirect Costs	
▪ CFD Funding	
▪ Gas Tax	
▪ User Fees	
▪ Grants	
▪ Franchise Fees	
▪ Prop 172	
General Fund Contingency	<u>(\$1,200,000)</u>
Discretionary Department Expenses	\$86,276,600 

FY 2017-18 Department Expenses

	Total Operating Expense	Revenue Offsets	Net-Discretionary General Fund Expense
Police	\$39,565,603	\$6,606,772	\$32,958,831
Fire	\$29,314,651	\$4,860,739	\$24,453,912
Parks, Recreation & Libraries	\$23,411,923	\$7,950,089	\$15,461,834
Development Services	\$8,960,729	\$4,768,018	\$4,192,711
Public Works	\$7,200,082	\$4,039,930	\$3,160,152
Other Departments	\$16,107,701	\$10,058,541	\$6,049,160
TOTAL	\$124,560,689	\$38,284,089	\$86,276,600



FY 2017-18 Department Expenses

	Total Operating Expense	Revenue Offsets	Net-Discretionary General Fund Expense
Finance	\$4,389,665	\$3,922,947	\$466,718
Central Services	\$2,435,590	\$2,194,133	\$241,457
Human Resources	\$2,283,995	\$1,125,058	\$1,158,937
City Attorney	\$1,961,931	\$453,433	\$1,508,498
Econ Development	\$1,142,599	\$633,360	\$509,239
City Manager	\$1,077,633	\$522,589	\$555,044
City Clerk	\$1,017,465	\$547,046	\$470,419
Public Affairs and Communication	\$779,700	\$315,460	\$464,060
Development Operations	\$560,391	\$114,905	\$445,486
City Council	\$458,732	\$210,971	\$247,761
TOTAL	\$16,107,701	\$10,058,541	\$6,049,160



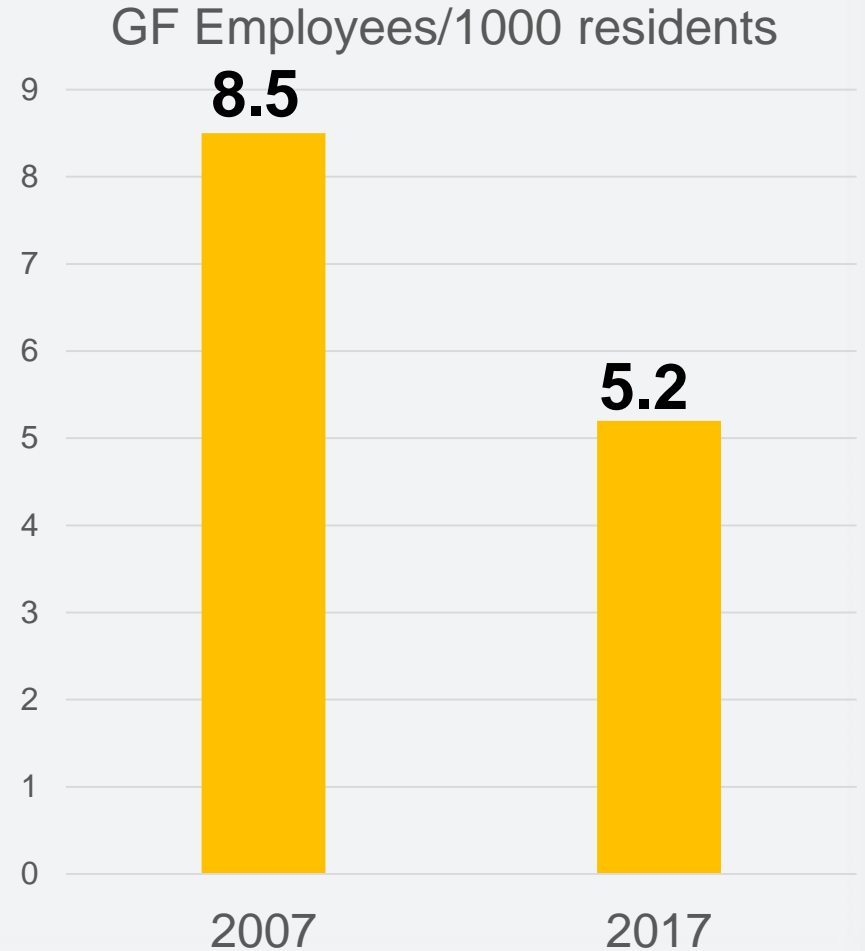
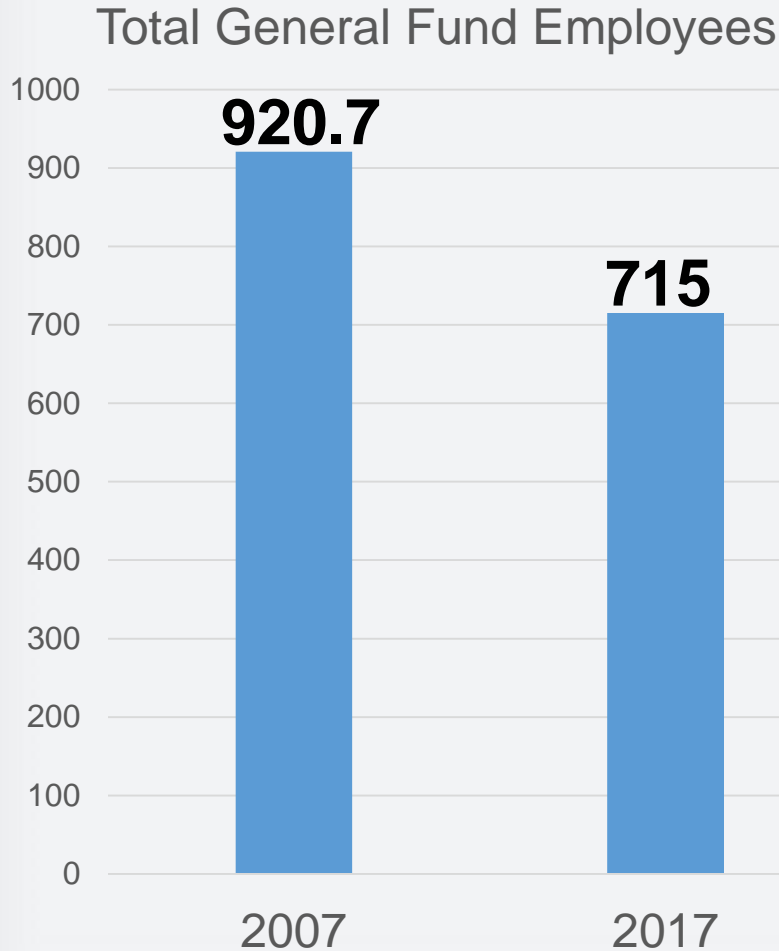
City Response to Challenges

1. Significantly reduced staffing levels.
2. Contracted out for certain City services
3. Increased employee contributions towards retirement.
 - Employees fully funding their share of retirement.
4. Changed retiree health benefits from defined benefit to defined contribution.
5. Reduced pay scales to market median.
6. Performed efficiency audits for all department.
 - Evaluated performance measures
 - Appropriate staffing levels
 - Benchmarked with other agencies

Findings: Limited ability to reduce service costs. Absent increased revenues, elimination of city services will be required.



General Fund staff reductions



39% reduction in General Fund staffing

General Fund Budget Findings

- 1. Balanced budget for FY17-18**
 - *Required \$2.0 million in service level reductions.*
- 2. Expenses growing faster than revenues**
 - *Absent revenue growth, service level reductions will be required next FY*
- 3. Significantly underfunding rehabilitation funds**
 - *Funding at 30 percent level*
- 4. Overall we are underfunding long term obligations by \$14 million annually.**
 - *Fiscally unsustainable with current service levels*
- 5. Shifting legislative and regulatory environment adds unfunded mandates, cost to City**

Next Steps – Engage Roseville

Council direction to initiate community process to evaluate General Fund operations, expenses, and revenues; This would include:

- Providing opportunities for community participation
- Informing residents about City's fiscal situation (revenues, expenses & challenges)
- Gathering feedback about quality of life services important to the community
- Highlighting tradeoffs associated with allocating limited resources
- Supporting continued transparency of decision-making process

Outcomes:

- *Align resources with community's priorities*
- *Balance fiscal stability, long-term obligations, and valued services*
- *Inform City Council about the type of community residents want and services they value*

Next Steps – Community Priorities Advisory Committee (CPAC)

City Staff Role:

1. Information providers
2. Provide support to the Committee
3. Present fiscal overview of City finances
4. Present operational information for five service departments
 - Police
 - Fire
 - Parks, Recreation, Libraries
 - Public Works
 - Development Services
5. Identify potential service reductions for consideration
6. Provide the CPAC Committee any additional information that may help in the Committee in achieving the desired outcome.

Next Steps – Community Priorities Advisory Committee (CPAC)

CPAC Committee Role:

1. Recognize that all services are a priority to someone
 - Work together to gain consensus
2. Ask questions
3. Engage in the discussion
4. Through consensus, identify and prioritize core City services
5. Identify service reductions that should be considered over next 5 years
 - Target goal reduction of 15% of discretionary General Fund revenue (\$13 million)
6. Align expenses with revenues based on priorities

Outcome: Prepare final report with recommended actions for Council consideration.

Questions?