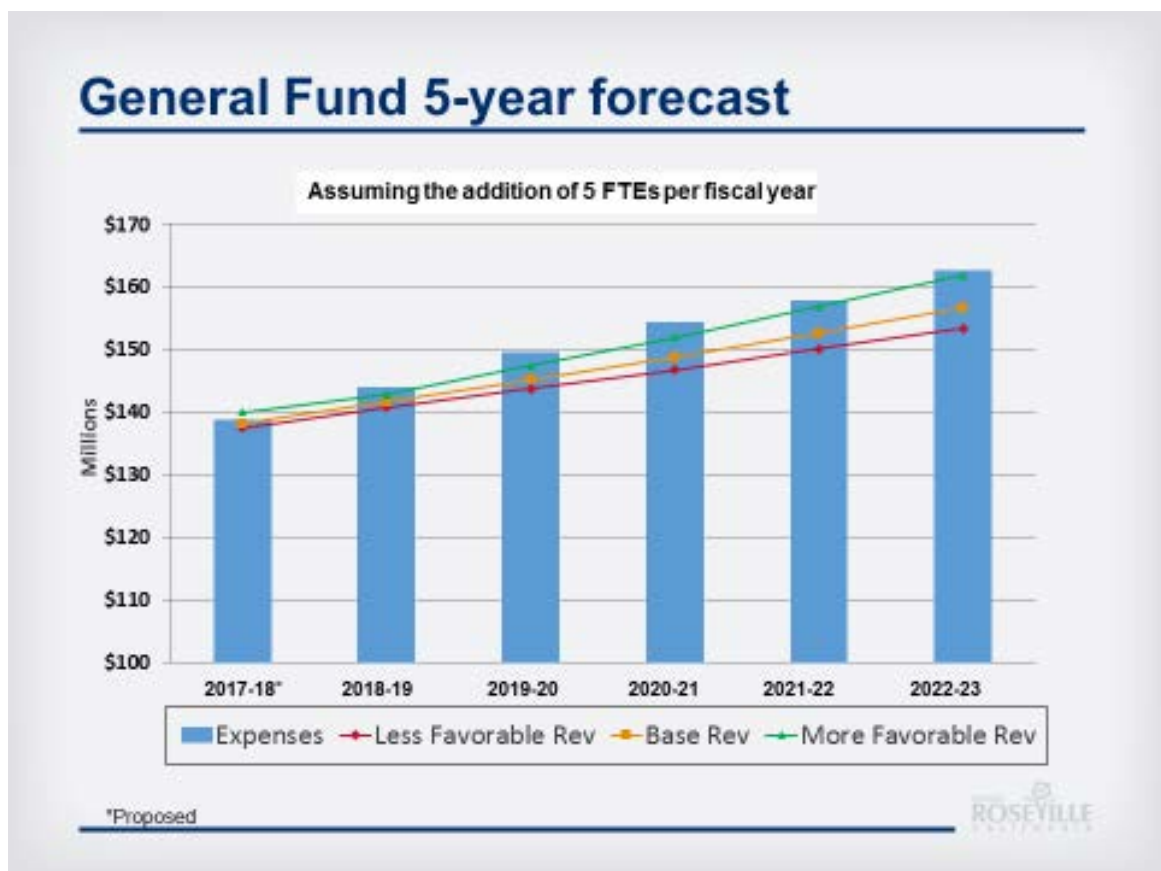


To: Community Priorities Advisory Committee
From: Jay Panzica, Chief Financial Officer
Date: August 23, 2017
Subject: Responses to Additional Committee Questions

1. Can you clarify the amount of the projected budget deficits for each of the next 5 fiscal years?

ANSWER: The projected ongoing, short term operational shortfalls were explained at the July 26th meeting during the discussion of the following chart:



In addition to these short-term shortfalls, the City has the \$14 mill long-term shortfalls there were discussed/distributed at the August 9th meeting (summarized below).

<u>Category</u>	<u>10Yr Average Annual Shortfall</u>
Capital Improvement Plan and Rehabilitation of Assets	\$4-5 million
Streets and Roadways	\$5.0 million
Retiree Health	\$4.4 million

- 2. For years with a projected deficit, is that deficit amount calculated with an assumption that the previous year's deficit is resolved, or do they roll forward?**

ANSWER: All short term operational shortfalls (\$2 to \$4mill range) are assumed to be resolved each year. As per Council policy, the City manager will implement mid-year corrections to reduce spending each year to insure the city is living within its means. All long term shortfalls (\$14 mill range) are rolled forward.

- 3. How far out do you forecast budgets?**

ANSWER: Five years

- 4. Do budget forecasts include any assumptions of salary growth? If so, are these just for raises already encumbered by labor agreements, or do they include assumptions of potential labor agreements?**

ANSWER: Yes, the forecasts include assumptions of salary growth. The forecast includes all negotiated agreements and an assumption of growth for the remaining term of the 5 year forecast.

- 5. Does the city count on ending fund balances (dollars budgeted but not spent in the previous fiscal year) to develop budgets and budget forecasts?**

ANSWER: Any remaining funds at year end are treated as one-time money and are not considered in balancing the next year's budget. These one-time monies are allocated to one-time expenditures as per Council direction.

- 6. Does the city have an Ending Fund Balance policy?**

ANSWER: During the recession, any available ending fund balances were utilized to help General Fund operations, thus resulting in the fiscal situation that exists today. Policies have been, and will continue to be created, to avoid this situation again in the future, such as with the Workers Comp fund and auto replacement fund.

- 7. Do you (or can you) track your budget broken down by personnel vs. non-personnel costs in each department?**

ANSWER: Yes, this breakdown is an integral part of the budget process, and is broken down by department in the annual budget document.

- 8. Do your budget forecasts include the CalPERS projections for increased unfunded liability debt payments as reported in the annual CalPERS Actuarial Valuation Reports?**

ANSWER: Yes, the budget incorporates all information we have available at the time the budget was developed, for each of the revenue and expense lines.

- 9. If so, does Roseville do any sensitivity analysis to these projected payments to determine additional positive or negative impacts to the budget forecasts?**

ANSWER: The 5-year forecast includes a sensitivity of increased/decreased revenue levels.

- 10. For Mello Roos/CDF districts: do the residents payments of these fees provide a higher level of service than other areas of the city, or do these dollars supplant general fund dollar expenditures in those areas?**

ANSWER: It depends.

CFD's that were formed for the specific purpose of maintaining neighborhood parks and landscape corridors provide those plan areas higher service levels, based on this funding. It should be noted that in those areas, the General Fund provides no financial support for those services. These funds are restricted and can only be used for the identified services.

In addition to the CFD's noted above, some plan areas have a CFD for services that includes additional funding for public safety. These CFD's were required by the City when the plan area was approved to ensure that the plan area was fiscally neutral with respect to costs and to ensure that the plan area enjoyed the same service levels as the balance of the City. These funds are restricted and can only be used for the identified services.

- 11. Are Mello Roos/CDF funds subject to restricted uses or additional accounting?**

ANSWER: Yes, the Mello-Roos/CDF funds are very restricted and require additional accounting.

- 12. For the numerous funds that are used in the budget process that are restricted use, has the city done an analysis of the level of the restriction (i.e Federal, State, City Council Policy, Grant Requirements, etc.) to determine if those restrictions can be modified?**

ANSWER: Yes, on a regular basis staff is reviewing all sources of revenue to maximize their utilization.

- 13. Does the city publish a Budgeted Funds Guide like some cities that provides information for each budgeted fund including the purpose, authority, common revenue sources, and Proposition 218 and other use of funds restrictions?**

ANSWER: The City does not publish a separate document; the information is supplied in the Budget Book.

- 14. There was several mentions of core city services. Has the city looked at the labeling of services to draw a distinction between core city services and essential city services? If so, what are the distinctions in the definitions between the two?**

ANSWER: This will be an expected outcome of the CPAC meetings.

- 15. There was discussion of sales tax overrides. It is common for counties to have countywide sales tax overrides. Do you have a list of cities that have independent sales tax**

overrides? For independent city sales tax overrides, are there any reports available that discuss the economic impacts of those overrides compared to adjacent cities who do not have overrides?

ANSWER: City staff has not engaged in an analysis of sales tax overrides at this time, thus no list has been created. Should the CPAC recommend the City pursue this avenue, staff will begin working on it.