

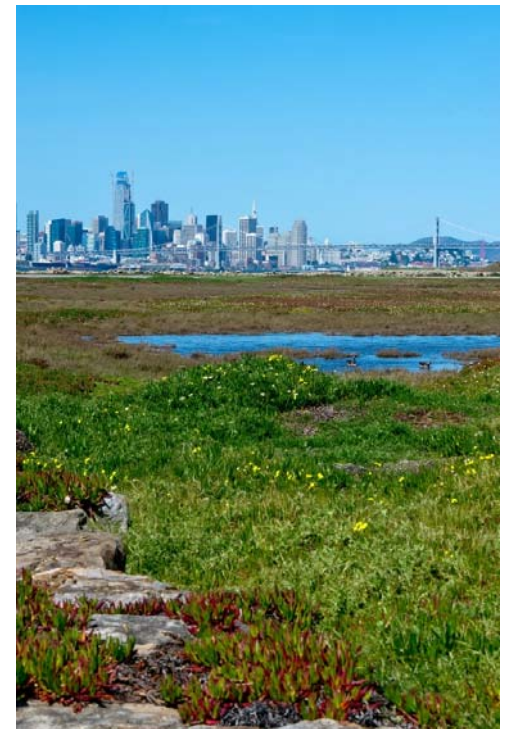
FY 2017-18 & FY 2018-19 Budget Overview and Council Adoption

June 6, 2017



Budget Vision and Goals

- **Vision:** Maintain strong fiscal stewardship and ensure budget reflects community's priorities and desires
- **Goal:** A Transparent, Fiscally-Accountable, and Community-Responsive Budget Process and Structurally Balanced Budget Outcome
- 2016 Quality of Life Survey assessed resident perspectives and priorities
- By virtually a three to one margin (59-22), Alamedans said City is on the right track
 - Very high confidence (over 75%) in the quality of life in our neighborhoods
 - A safe, well-maintained community
 - Fiscal Sustainability, no matter what happens with federal policies



Alameda Budget Challenge

- 1,100+ Users in 3 Weeks
- 8,000+ Budget Priorities Shared
- Popular Choices:
 - Reduce long-term budget shortfall
 - Upgrade emergency equipment
 - Homeless services
 - Mastick Senior Center
 - Library hours and technology
 - Sidewalk repairs
 - Restore historic Carnegie library
 - Maintain existing animal shelter
 - Reduce unfunded liabilities
- alameda.budgetchallenge.org

The screenshot displays the 'City of Alameda Budget Challenge' interface. At the top, a red header reads 'City of Alameda Budget Challenge'. Below this is a navigation menu with options: Overview, Spending, Maintain Fiscal Stability (selected), Public Safety, General Government, Recreation and Parks, Library, Public Works, Upgraded Estuary Crossings, Transportation, Restore Historic City Properties, Animal Shelter, and Pensions. A 'Tell Us' button is located below the menu.

The main content area is titled 'Maintain Fiscal Stability' with a '(choose one)' instruction and a 'Skip' link. It lists five options, each with a radio button and a description:

- Do Not Set Aside One-Time Surplus Funds to Reduce Long-Term Budget Shortfall
- Save \$1 Million to Reduce Long-Term Budget Shortfall
Set aside 20 percent of the one-time surplus to reduce long-term budget deficits
- Save \$2 Million to Reduce Long-Term Budget Shortfall
Set aside 40 percent of the one-time surplus to reduce long-term budget deficits
- Save \$3 Million to Reduce Long-Term Budget Shortfall
Set aside 60 percent of the one-time surplus to reduce long-term budget deficits
- Save \$4 Million to Reduce Long-Term Budget Shortfall
Set aside 80 percent of the one-time surplus to reduce long-term budget deficits
- Save \$5 Million to Reduce Long-Term Budget Shortfall
Set aside all of the one-time surplus to reduce long-term budget deficits

A 'Skip' button is located at the bottom right of the options list. Below the options is an 'About' section titled 'Maintain Fiscal Stability' with the text: 'Alameda faces budget shortfalls in four of the next five years. Rather than increase spending today and have to consider future cuts, this option uses a portion of the current one-time surplus to reduce future gaps between spending and revenues.'

On the right side of the interface, there is a 'My Budget' section with a vertical bar chart showing a 'Starting Surplus \$5.00M' and a 'Summary' button below it.

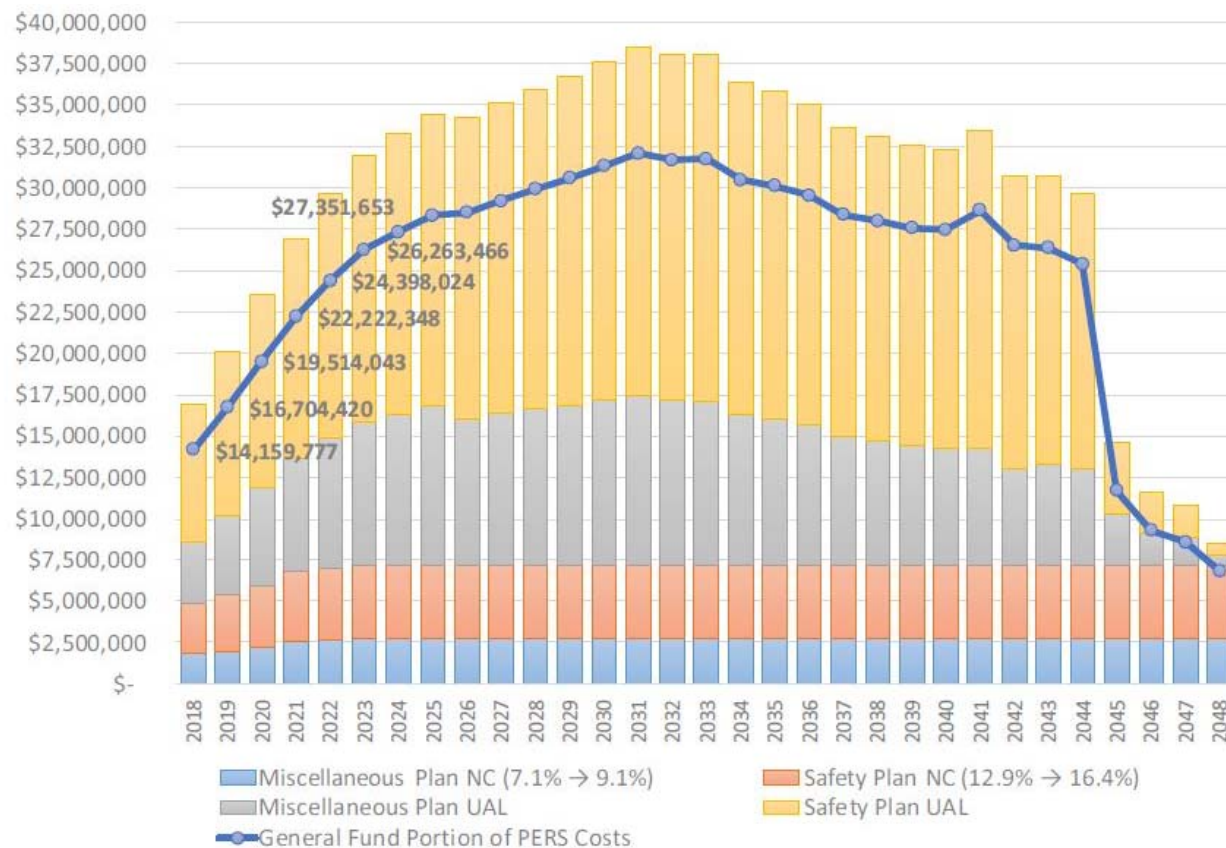
Overview

- May 17 Budget Workshop
 - Baseline budget estimates
 - Impact of PERS and projected costs
 - On-going and one-time funding requests
- Received Council and community direction
- Proposed budget includes:
 - \$240 million for FY 2017-18 (General Fund is \$97 million, 40% of the budget)
 - \$228 million for FY 2018-19
- Proposed Capital Improvement Program (CIP) budget of \$34 million in 2017-18 and \$24 million in 2018-19

Proposed Budget

- Proposed FY 2017-18 budget structurally balanced
 - Maintains \$24 million GF fund balance, 24% of expenditures including all 'transfers out' and 27% exclusive of one-time 'transfers out' for pension obligations, technology, and other one-time expenditures.
- Beyond this 2-year budget Five-year forecast indicates shortfalls from \$5.1 to \$10.5 million annually beginning in FY 2019-20, absent proactive, corrective actions.
- Next Steps include transparent and thorough pension and post employment benefit analyses by financial experts

Benefit Analysis: Estimated Pension Costs



Initially Proposed Workforce Changes

FTE	Department/ Position	Funding Source	Amount
1.0	Community Development/Combination Building Inspector*	CDD Fund	\$218,000
1.0	Community Development/Permit Tech III	CDD Fund	\$191,000
1.0	Fire Department/Division Chief (2018-19)	General Fund	\$306,000
1.0	Recreation and Parks/Maintenance Supervisor	General Fund	\$284,000
1.0	Recreation and Parks/Maintenance Worker II	General Fund	\$184,000
-	City Manager/Assistant City Manager (unfunded, vacant)	General Fund	\$580,000
1.0	Information Technology/Systems Analyst	CDD/IT Fund	\$295,000
1.0	Information Technology/Office Assistant	IT Fund	\$191,000
1.0	Public Works/Maintenance Foreperson	General Fund	\$34,000
1.0	Public Works/Intermediate Clerk	Streetlights/Fleet/SDA	\$166,000
9.0	Total		\$2,449,000

Revised Workforce Changes

FTE	Department/ Position	Funding Source	Amount
1.0	Community Development/Combination Building Inspector*	CDD Fund	\$218,000
1.0	Community Development/Permit Tech III	CDD Fund	\$191,000
1.0	Fire Department/Division Chief (2018-19)	General Fund	\$306,000
1.0	Recreation and Parks/Maintenance Supervisor	General Fund	\$284,000
1.0	Recreation and Parks/Maintenance Worker II	General Fund	\$184,000
-	City Manager/Assistant City Manager (unfunded, vacant)	General Fund	\$580,000
1.0	Information Technology/Systems Analyst	CDD/IT Fund	\$295,000
1.0	Information Technology/Office Assistant	IT Fund	\$191,000
1.0	Public Works/Maintenance Foreperson	General Fund	\$34,000
1.0	Public Works/Intermediate Clerk	Streetlights/Fleet/SDA	\$166,000
5.0	Total		\$1,015,000

Initially Proposed Vehicle Acquisition

Department	Vehicle Count	Funding Source	Amount
Police	8	Vehicle Replacement Fund	\$308,000
Fire	5	General Fund	\$1,514,544
Public Works	21	Sewer and Vehicle Replacement Fund	\$1,118,000
Recreation & Parks	4	Vehicle Replacement Fund	\$106,000
Community Development	2	CDD Fund and Vehicle Replacement Fund	\$54,000
Total	40		\$3,100,544

Revised Vehicle Acquisition

Department	Vehicle Count	Funding Source	Amount
Police	8	Vehicle Replacement Fund	\$308,000
Fire	2	General Fund	\$1,308,000
Public Works	21	Sewer and Vehicle Replacement Fund	\$1,118,000
Recreation & Parks	4	Vehicle Replacement Fund	\$106,000
Community Development	2	CDD Fund and Vehicle Replacement Fund	\$54,000
Total	37		\$2,894,000

Initially Proposed Capital Program Funding

Department	Project	Funding Source	Amount
Information Technology	Citywide Wi-Fi	General Fund	\$200,000
Information Technology	System and Information Technology Infrastructure Replacement	General Fund	\$1,500,000
Information Technology	Electronic Document Management/GIS	General Fund	\$1,500,000
Public Works	Building Maintenance	General Fund	\$2,000,000
Public Works	Sidewalk Maintenance	Gas Tax/Construction Improvement Fee	\$1,000,000
Total			\$6,200,000

Revised Capital Program Funding

Department	Project	Funding Source	Amount
Information Technology	Citywide Wi-Fi	General Fund	\$200,000
Information Technology	System and Information Technology Infrastructure Replacement	General Fund	\$1,500,000
Information Technology	Electronic Document Management/GIS	General Fund	\$1,500,000
Public Works	Building Maintenance	General Fund	\$1,000,000
Public Works	Sidewalk Maintenance	Gas Tax/Construction Improvement Fee	\$500,000
Total			\$4,700,000

Other Revised Items

Department	Description	Funding Source	Amount
Community Development	Public Arts Part-Time Support	General Fund	\$20,000
Fire	Emergency Radios	General Fund	\$179,000
Non-departmental	Homeless Assistance	General Fund	\$61,000
Non-departmental	Pension/OPEB Obligations	General Fund	\$5,100,000
Community Development	Sister City	FISC	\$20,000
Community Development	Quonset Hut Project (carryover)	FISC	\$125,000
Library	Open Each Branch an Extra Day	Library	\$88,000
Library	Technology Upgrade	Library	\$98,000
Recreation & Parks	Mastick Center Improvements	Mastick Center	\$215,000
Recreation & Parks	Computer and Kitchen Equipment Replacement	Adams Street (Bequest)	\$65,000
Total			\$5,971,000

Five-Year Forecast of General Fund Dollars

(in millions)

	17-18	18-19	19-20	20-21	21-22
Beginning Fund Balance	\$ 21.3	\$ 23.9	\$ 23.4	\$ 18.3	\$ 11.2
Revenues	\$ 87.8	\$ 88.8	\$ 90.2	\$ 91.7	\$ 93.2
Transfers In	\$ 4.2	\$ 4.2	\$ 4.2	\$ 4.2	\$ 4.2
Expenditures & Transfers Out	\$ (103.3)	\$ (95.9)	\$ (99.5)	\$ (103.0)	\$ (107.9)
Annual Operating Results Before Reserves	\$ (11.3)	\$ (2.9)	\$ (5.1)	\$ (7.1)	\$ (10.5)
Use/(Addition) of Committed Reserves	\$ 13.9	\$ 2.4	\$ -	\$ -	\$ -
Use of FY 2017-18 Surplus	\$ -	\$ 0.5	\$ -	\$ -	\$ -
Annual Operating Results	\$ 2.6	\$ (0.0)	\$ (5.1)	\$ (7.1)	\$ (10.5)
Ending Fund Balance	\$ 23.9	\$ 23.4	\$ 18.3	\$ 11.2	\$ 0.7
% of annual expenditures and transfers out	23%	24%	18%	11%	1%
% of annual expenditures and transfers out (excluding one-time costs)	27%	25%			

Request

- Adopt Resolutions (1) Approving and Adopting the City of Alameda **Operating and Capital Budget for Fiscal Years (FY) 2017-18 and 2018-19** and (2) Approving and Adopting the Successor Agency to the **Community Improvement Commission Budget for FY 2017-18 and 2018-19**;
- Adopt Resolution Approving **Workforce Changes** in the Recreation and Parks Department, Public Works Department, Community Development Department and Information Technology Department;
- Amend the Pension Rate Stabilization Program and Other Post-Employment Benefits Funding Policy (**50% fund balance to prefund pension/benefit obligations**);
- Direct the City Manager or Designee to Deposit \$6.043M plus \$5.1M for a total of **\$11.143M into the Public Agencies Retirement Services (PARS) Post-Employment Benefits Trust** to Used for Prefunding of Pension and Other Post-Employment Benefits Obligations.

Summary

- Through careful, conservative fiscal management, the proposed FY 2017-18 and 2018-19 budget is balanced
- Proposed budget meets the City's operational needs and addresses the quality of life priorities our community wants addressed
- Staff looks forward to implementing this document which honors our commitment to maintaining the quality of life for every resident

