

# City of Pittsburg, CA – Budget Workshop

April 15, 2013

# Agenda

1. Proposed Draft FY 2013-14 Budget - Overview
2. Proposed Draft FY 2013-14 General Fund Budget
3. Proposed Allocation of Measure P Funds
4. General Fund 7-year Balancing Plan
5. Proposed Draft FY 2013-14 Internal Services Funds Budgets
6. Proposed Draft FY 2013-14 Enterprise Funds Budgets
7. Proposed Draft FY 2013-14 Special Funds Budgets
8. FY 2013-14 Budget – Next Steps

# Proposed Draft FY 2013-14 Budget - Overview

REVENUES:		2012-13 Amended Budget	2013-14 Proposed Budget	Change from 2012-13
General Fund		30,788,114	33,218,011	2,429,897
Internal Service Funds		7,547,261	9,131,576	1,584,315
Enterprise Funds		31,479,271	31,700,028	220,757
Special Revenue Funds		23,505,962	23,157,296	(348,666)
Capital Project Funds		10,346,222	100,900	(10,245,322)
Debt Service Funds		5,467,438	7,871,403	2,403,965
Successor Agency to RDA Funds	<sup>1</sup>	77,310,514	<sup>1</sup> 72,945,186	(4,365,328)
<b>Total Revenues by Category:</b>		<b>\$ 186,444,782</b>	<b>\$ 178,124,400</b>	<b>\$ (8,320,382)</b>
EXPENDITURES:		2012-13 Amended Budget	2013-14 Proposed Budget	Change from 2012-13
General Fund		31,070,821	33,457,784	2,386,963
Internal Service Funds		8,120,640	9,239,570	1,118,930
Enterprise Funds		43,928,369	27,009,040	(16,919,329)
Special Revenue Funds		28,087,333	24,737,771	(3,349,562)
Capital Project Funds		17,115,384	141,944	(16,973,440)
Debt Service Funds		5,307,543	7,284,964	1,977,421
Successor Agency to RDA Funds	<sup>1</sup>	83,402,701	<sup>1</sup> 73,129,905	(10,272,796)
<b>Total Expenditures by Category:</b>		<b>\$ 217,032,791</b>	<b>\$ 175,000,978</b>	<b>\$ (42,031,813)</b>
1) Includes transfers between funds in the Successor Agency program budget; therefore revenues and expenses appear to be overstated by \$37,299,281 in 2012/13 and \$36,000,118 in 2013/14				

# Proposed Draft FY 2013-14 Budget – General Fund Overview

	<b>Draft Budget 4/15/13</b>
Total Revenues	31,418,011
Total Expenditures	33,457,784
Difference	(2,039,773)
Use of Budget Stabilization Fund per 7-yr Plan	1,800,000
Net Shortfall	(239,773)

# Proposed Draft FY 2013-14 Budget – General Fund Revenues by Department

GENERAL FUND REVENUES	2011-12 Actual	2012-13 Adopted Budget	2013-14 Proposed Budget	Change from 2012-13
Council Services	-	-	-	-
City Manager	750	-	-	-
City Clerk	146	200	500	300
City Attorney	-	-	-	-
Treasurer	-	-	-	-
Human Resources	-	-	-	-
Finance/Accounting	763,740	513,600	533,100	19,500
Finance/Utility Billing	-	1,063,497	1,150,756	87,259
Business Improvement District (BID)	94,000	80,000	<sup>1</sup> -	(80,000)
Planning	140,448	132,050	121,275	(10,775)
Building	823,474	805,500	864,000	58,500
Engineering	454,045	1,021,444	868,115	(153,329)
Recreation Services	420,048	307,450	664,755	357,305
Police Services	1,596,875	1,564,755	3,632,800	2,068,045
Public Works Administration	-	126,250	127,513	1,263
Public Works Graffiti Removal Program	-	-	-	-
Public Works Streets	370,542	1,566,207	1,586,642	20,435
Public Works Solid Waste & Recycling	898,069	-	-	-
Public Works Swim Center Maint.	1,662	-	-	-
Administration Cost Recovery	436,328	1,717,904	1,579,737	(138,167)
Non-Departmental	23,614,630	21,886,442	22,088,818	<sup>1</sup> 202,376
<b>Total General Fund Revenues by Dept.:</b>	<b>\$ 29,614,757</b>	<b>\$ 30,785,299</b>	<b>\$ 33,218,011</b>	<b>\$ 2,432,712</b>

# Proposed Draft FY 2013-14 Budget – General Fund Expenses by Department

GENERAL FUND EXPENDITURES	2012-13 Adopted		2013-14 Proposed	Change from 2012-13
	2011-12 Actual	Budget	Budget	
Council Services	68,412	70,670	85,985	15,315
City Manager	81,828	104,996	163,104	58,108
City Clerk	323,327	249,965	238,195	(11,770)
City Attorney	477,870	426,770	426,766	(4)
Treasurer	6,643	6,595	6,595	-
Human Resources	536,552	574,026	647,538	73,512
Finance/Accounting	1,076,321	1,024,097	1,093,655	69,558
Finance/Utility Billing	963,367	1,063,497	1,150,756	87,259
Business Improvement District (BID)	94,000	58,000	<sup>2</sup> -	(58,000)
Planning	509,422	572,206	630,503	58,297
Building	787,441	774,783	892,984	118,201
Engineering	1,391,860	1,276,032	1,472,145	196,113
Recreation Services	595,291	617,159	744,811	127,652
Police Services	18,620,784	19,387,036	19,759,657	372,621
Public Works Administration	54,790	90,186	92,139	1,953
Public Works Graffiti Removal Program	-	133,940	123,922	(10,018)
Public Works Streets	1,662,768	1,899,164	1,984,366	85,202
Public Works Swim Center Maint.	39,231	55,881	80,382	24,501
Non-Departmental	2,324,850	2,400,296	3,864,281	<sup>3</sup> 1,463,985
<b>Total General Fund Expenditures By Dept.:</b>	<b>\$ 29,614,757</b>	<b>\$ 30,785,299</b>	<b>\$ 33,457,784</b>	<b>\$ 2,672,485</b>
<b>Surplus/(Deficit)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (239,773)</b>	
1) Includes .05% sales tax increase				
2) Now Part of Economic Development Fund				
3) Includes CCCERA Unfunded Liability Loan Payback, OPEB Unfunded Liability Payment and One Time Revenue Transfer to Budget				

# Proposed Draft FY 2013-14 Budget – General Fund Expenditure Highlights – Non-labor Expenses

Department	Item	FY 2012-13 Budget	FY 2013-14 Draft Budget	Difference	Description
All	CCCERA Water Fund Loan Payment	0	906,605	906,605	Begin repaying principal on Water Fund loan
All	Other Post-employment Benefits (OPEB)	-	342,793	342,793	Pre-fund OPEB Liability
All	Retiree Medical/VacBuyBack/Empl Termination	965,594	1,186,175	220,581	Medical Insurance Rate increase and vacation payouts
All	Insurance - Alloc Chgs	358,573	561,166	202,593	Reduced draw on fund balance
DPW	Building Maintenance	1,023,675	1,213,410	189,735	City Hall Painting. To be funded with one-time revenues
Non-departmental	Sales Tax Share - Ford	0	125,000	125,000	Part of agreement to relocate Ford dealership to Century Plaza from Railroad Avenue. Increased sales tax revenues off-set expense increase
DPW Streets	Other Special Departmental Supplies	190,000	240,000	50,000	Street Signs and paint

## Proposed Draft FY 2013-14 Budget – General Fund Expenditure Highlights – Position Changes

- Shifted 0.95 Full-time Equivalent (FTE) staff allocations from former Redevelopment Agency to General Fund (\$100,000).
- 1.0 new FTE Building Inspector position (\$132,000) off-set by reducing use of seasonal staff
- 1.0 new Maintenance Worker I (\$80,000)
- Allocated 0.50 FTE from Housing Authority to General Fund (\$50,000) off-set by reducing use of seasonal staff.
- Funding 3.0 FTE Police Officer positions that were not funded in FY 2012-13.



# Proposed Draft FY 2013-14 Budget – General Fund Revenue Highlights

Revenue	FY 2011-12 Actual	FY 2012-13 Projected	FY 2013-14 Budget	Difference	Explanation
Total Property Tax Related Revenues	2,237,231	2,230,807	2,360,000	129,193	3% growth in AV and reduced prior year tax rebates and appeals
Motor Vehicle In-lieu Backfill	3,726,763	3,666,471	3,800,000	133,529	3% growth in AV and rounded up
Sales/Use Tax Pittsburg 0.5% - GF Portion	-	1,475,000	2,231,000	756,000	Muni Services Estimate
Sales and Use Taxes	4,728,090	6,200,000	5,324,800	(875,200)	Muni Services estimates plus Ford dealership. FY 12-13 actual included \$1.5M unexpected one-time monies.
Sales and Use Tax - Backfill	1,440,600	1,491,000	2,190,000	699,000	\$590,000 related to FY 12-13 one-time revenues - transfer-out to BSF
Refuse Related Franchise Fees	1,946,586	2,070,000	2,322,000	252,000	Per Franchise Agreements
Transfer-in from Housing Authority Fund to Cover City Administrative Expenses	194,244	206,820	-	(206,820)	Reduced federal funding of Section 8 Program
Transfer-in from PACF to Cover City Administrative Expenses	50,000	50,662	-	(50,662)	Reduced funding

# Proposed Draft FY 2013-14 Budget – General Fund Shortfall

Assuming \$1.8 million from Budget Stabilization Fund, total estimated shortfall = \$239,773

## Options to Address Shortfall:

- MOUs with ASFME and Teamsters
- Side Letter with POA and PMG for new Health Plan – Pace

# Proposed Allocation of Measure P Funds

Total Estimated Measure P Funds		2,300,000				
Department	Total Proposed FY 2013-14 Budget	Department Revenues	General Fund - Non-departmental Revenues	Proposed Measure P Allocation	Funds as a Percent of Department Budget	Percent of Measure P Revenues
Police Department	20,726,669	2,517,343	16,238,784	1,970,542	10%	86%
Senior Center	291,216	33,000	(2,242)	260,458	89%	11%
Economic Development	417,704	330,704	18,000	69,000	17%	3%
<b>Total</b>	<b>21,435,589</b>	<b>2,881,047</b>	<b>16,254,542</b>	<b>2,300,000</b>	<b>11%</b>	<b>100%</b>

# General Fund 7-year Balancing Plan - Assumptions

Revenue Assumptions		Expenditure Assumptions	
Annual Increase in Operating Revenues:			2% Wage Increase in FY 2015-16
FYs 2013-14 and 2014-15	0.015		
FYs 2015-16 thru 2017-18	0.025		Retiree Health Benefits increase 10% annually
Eliminate Housing Authority and PACF Administrative Support Transfers-in			Misc. Employees Pension and Health Benefits per existing MOUs
FY 2013-14 on-ward	(\$257,482)		
			POA & PMG Pension Pick-up the Same as Current MOU
Total Available Budget Stabilization Fund at 6/30/13	\$9,868,965		Other Expenses - 2% annual cost increase
Community Facility District (CFDs) Public Safety Fees increasing by \$75,000 annually beginning in FY 2014-15			Salary Savings - 3% vacancy average annual rate
			CCCERA New Loan Payment of \$500,000 in FY 2017-18
			OPEB Liability Reduction - \$342,000 annually increased by 5% annually
			Building Maintenance Reserves - \$40,000 annually
<b>Changes Since January 2013 7-year Plan Update</b>			Added One-time Expenses Line

# General Fund 7-year Balancing Plan

City of Pittsburg 7-year General Fund Budget Balancing Plan			Projected				
<b>Model:</b>	YE Actuals FY 2011-12	Budget FY 2012-13	DRAFT Budget FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18
Annual Revenues (taxes, fees, fines & interest earnings)	22,094,111	21,970,116	23,272,301	23,621,386	24,211,920	24,817,218	25,437,649
One-time revenues	618,905		590,000				
Transfers-in from other City Funds to fund administration and other General Fund services (except Budget Stabilization Fund monies)							
1% annual growth rate	6,601,741	5,179,341	<b>4,916,710</b>	4,965,877	5,015,536	5,065,691	5,116,348
New Transfer Station Franchise Fees	300,000	357,000	408,000	510,000	520,200	530,604	541,216
New Sales Tax (Measure P)	-	1,500,000	2,231,000	2,264,465	2,321,077	2,379,104	1,853,322
<b>Total Annual Revenues</b>	<b>29,614,757</b>	<b>29,006,457</b>	<b>31,418,011</b>	<b>31,361,728</b>	<b>32,068,733</b>	<b>32,792,617</b>	<b>32,948,535</b>
<b>Potential New Revenues</b>							
Community Facility District (CFD) Public Safety Fees Related to Anticipated New Development				75,000	150,000	225,000	300,000
Increased Landfill Fees from expanded capacity (3,500 to 4,900 tons per day (40% increase) current revenues = \$1,010,000)				300,000	400,000	400,000	400,000
<b>Total Potential New Revenues</b>		-	-	<b>375,000</b>	<b>550,000</b>	<b>625,000</b>	<b>700,000</b>
<b>Total Revenues</b>	<b>29,614,757</b>	<b>29,006,457</b>	<b>31,418,011</b>	<b>31,736,728</b>	<b>32,618,733</b>	<b>33,417,617</b>	<b>33,648,535</b>

# General Fund 7-year Balancing Plan

<u>Annual Expenses</u>	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18
Salaries - Misc	4,218,074	4,739,355	4,974,152	4,974,152	<b>5,073,635</b>	5,073,635	5,073,635
Salaries - Sworn	6,624,687	6,784,758	7,033,051	7,033,051	<b>7,173,712</b>	7,173,712	7,173,712
Salaries - Part-time	715,027	833,059	607,384	607,384	607,384	607,384	607,384
Salaries - Overtime	869,443	935,423	966,730	966,730	966,730	966,730	966,730
Salaries - Step Increases				258,348	258,348	258,348	258,348
Pension - Non-sworn (combined)	636,357	620,737	640,569	816,368	816,368	816,368	816,368
Pension - Sworn	2,354,715	2,272,927	2,153,866	2,062,788	2,062,788	2,062,788	2,062,788
Health Care (combined)	1,961,829	2,237,672	2,569,916	2,724,111	2,887,558	3,060,811	3,244,460
FICA & Medicare (combined)	475,291	539,386	537,961	548,967	559,972	570,978	581,983
Expected Salary Savings at 3% Vacancy Rate			(537,285)	(552,534)	(564,971)	(570,499)	(576,339)
Add'l Police Department Attrition Savings			(80,000)	-	-	-	-
Pension Bonds & CCCERA Loan Payment	2,012,695	1,658,639	<b>2,520,655</b>	<b>3,424,774</b>	3,524,594	3,459,988	3,123,015
OPEB Liability Reduction			342,793	359,933	377,929	396,826	416,667
Building Maintenance Reserves				40,000	40,000	40,000	40,000
Retiree Health	725,858	768,443	867,001	953,701	1,049,071	1,153,978	1,269,376
EBRCSA Costs			104,000	104,000	104,000	104,000	104,000
One-time Expenses			590,000				
Other Expenses	8,916,799	9,394,901	10,166,991	10,370,331	10,577,738	10,789,293	11,005,079
Subtotal Annual Expenses	29,510,775	30,785,299	33,457,784	34,692,105	35,514,856	35,964,340	36,167,207

# General Fund 7-year Balancing Plan

<b>Proposed Adjustments (Increased by 3% annually to reflect cost escalation that would have otherwise occurred)</b>							
	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18
FY 2012/13 Cuts and/or New Revenues Not Yet Identified			-	-	-	-	-
FY 2013-14 Cuts and/or New Revenues Not Yet Identified			(239,773)	(246,966)	(254,375)	(262,006)	(269,867)
FY 2014-15 Cuts and/or New Revenues Not Yet Identified				(800,000)	(824,000)	(848,720)	(874,182)
FY 2015-16 Cuts and/or New Revenues Not Yet Identified					(700,000)	(700,000)	(700,000)
FY 2016-17 Cuts and/or New Revenues Not Yet Identified						(600,000)	(618,000)
Subtotal Proposed Adjustments	-	-	(239,773)	(1,046,966)	(1,778,375)	(2,410,726)	(2,462,048)
Total Annual Expense + Proposed Adjustments	29,510,775	30,785,299	33,218,011	33,645,138	33,736,481	33,553,613	33,705,158
<b>Surplus/(Deficit) (Revenues - Expenditures)</b>	<b>103,982</b>	<b>(1,778,842)</b>	<b>(1,800,000)</b>	<b>(1,908,411)</b>	<b>(1,117,748)</b>	<b>(135,996)</b>	<b>(56,624)</b>
Use of Budget Stabilization Fund - to Balance Budget		1,778,842	1,800,000	1,908,411	1,117,748	135,996	56,624
Net Surplus/(Deficit)	103,982	-	-	-	-	-	-
<b>Indicates significant decrease in revenues or increase in costs</b>							
<b>Total available Budget Stabilization Fund = \$9,868,965. Fiscal Sustainability Ordinance requires a minimum of \$2 million.</b>							
<b>Proposed use of \$6,797,621 would leave a balance of \$3,071,344</b>							

# General Fund 7-year Balancing Plan – Options to Balance FYs 2014-15 and 2015-16

- Shift costs to employees as part of MOUs.
- Revenues, particularly property taxes, could grow greater than 1.5% and 2.5% annually.
- Lay-offs



# Proposed Draft FY 2013-14 Budget – Internal Services Funds

	Total Proposed Operating Revenues	Total Proposed Operating Expenditures	Revenue Over/(Under) Expenditures	Use of Fund Balance
<b>INTERNAL SERVICE FUNDS</b>				
Information and Communication Systems	1,093,216	1,101,370	(8,154)	8,154
Fleet Maintenance	1,990,360	1,988,193	2,167	(2,167)
Building Maintenance	1,452,529	1,452,596	(67)	67
Other Post-Employment Benefits (OPEB)	2,025,925	2,025,925	-	-
Fringe Benefits	1,711,918	1,722,358	(10,440)	10,440
Liability Insurance	857,628	949,128	(91,500)	91,500
<b>Total Internal Service Funds</b>	<b>\$ 9,131,576</b>	<b>\$ 9,239,570</b>	<b>\$ (107,994)</b>	<b>\$ 107,994</b>

Proposed Draft FY 2013-14 Budget – Significant  
Changes to Internal Services Funds

**New Fund - Other Post Employment  
Benefits (OPEB) \$2,025,925**

Current Retiree Health

Benefits - \$1,359,170

Reduce Long-term Retiree Health Benefit  
Liability – \$666,755

# Proposed Draft FY 2013-14 Budget – Enterprise Funds

	Total Proposed Operating Revenues	Total Proposed Operating Expenditures	Revenue Over/(Under) Expenditures	Use of Fund Balance
<b>ENTERPRISE FUNDS</b>				
Water Plant & Lines	18,089,900	16,084,110	2,005,790	(2,005,790)
Water Facility Reserve Funds	676,050	298,000	378,050	(378,050)
Sewer Operating	4,506,000	2,827,138	1,678,862	(1,678,862)
Sewer Facility Reserve Funds	7,380	-	7,380	(7,380)
Golf Course	16,200	15,000	1,200	(1,200)
Water Front Operation	596,247	594,750	1,497	(1,497)
Marina	2,073,669	2,014,195	59,474	(59,474)
Island Energy	4,077,517	3,686,623	390,894	(390,894)
Pittsburg Power	1,657,065	1,489,224	167,841	(167,841)
<b>Total Enterprise Funds</b>	<b>\$ 31,700,028</b>	<b>\$ 27,009,040</b>	<b>\$ 4,690,988</b>	<b>\$(4,690,988)</b>

## Proposed Draft FY 2013-14 Budget – Enterprise Funds

- \$4.6 million surplus operating revenues will be appropriated to capital projects.

# Proposed Draft FY 2013-14 Budget – Special Revenue Funds

	Total Proposed Operating Revenues	Total Proposed Operating Expenditures	Revenue Over/(Under) Expenditures	Use of Fund Balance
<b>SPECIAL REVENUE FUNDS</b>				
Budget Stabilization	390,000	1,800,000	(1,410,000)	1,410,000
Economic Development	385,600	417,704	(32,104)	32,104
Traffic Congestion Relief	-	-	-	-
Gas Tax	1,877,000	1,102,560	774,440	(774,440)
Measure J Fund	663,968	654,649	9,319	(9,319)
Citywide Lighting & Landscape	3,312,542	3,368,256	(55,714)	55,714
Oak Hills Lighting & Landscape	34,600	52,624	(18,024)	18,024
NPDES - Stormwater Fund	786,700	811,416	(24,716)	24,716
Geological Abatement (GHAD)	621,000	597,052	23,948	(23,948)
San Marco CFD 2004-01	425,175	541,692	(116,517)	116,517
Solid Waste Fund	443,600	590,523	(146,923)	146,923
Park Maintenance CFD 2007-01	56,646	61,968	(5,322)	5,322
Vista Del Mar CFD 2005-2	116,550	153,587	(37,037)	37,037
Public Safety CFD 2005-1	240,560	271,733	(31,173)	31,173
Asset Seizure Fund	1,200	-	1,200	(1,200)
Marina Vista Field Replacement Fund	41,200	-	41,200	(41,200)
Hillview Jr. High Athletic Field	40,200	-	40,200	(40,200)
Public, Education & Gov't Fees (PEG)	140,100	150,500	(10,400)	10,400
Housing Rehabilitation	850	-	850	(850)
Community Development Block Grant	496,808	526,668	(29,860)	29,860
Veterans Affairs Supportive Housing	1,233,215	1,194,960	38,255	(38,255)
Housing Authority - Section 8	11,611,235	12,251,029	(639,794)	639,794
City Housing Fund	235,145	176,764	58,381	(58,381)
Neighborhood Stabilization Program	560	-	560	(560)
CalHome Program	360	-	360	(360)
COPS Hiring Recovery	-	-	-	-
Environmental Affairs Grants	682	14,086	(13,404)	13,404
Police/Recreation/HR Grants	1,800	-	1,800	(1,800)
<b>Total Special Revenue Funds</b>	<b>\$ 23,157,296</b>	<b>\$ 24,737,771</b>	<b>\$ (1,580,475)</b>	<b>\$ 1,580,475</b>

# FY 2013-14 Budget – Next Steps

- Finalize ASFME and Teamsters MOU Negotiations
- Measure P Oversight Committee Report (May 20, 2013 City Council Meeting)
- Approve Final Budget – June 17, 2013 City Council Meeting