

2019-20 Proposed Budget

Budget Format Changes

- Public Works has been split into two departments:
 - Public Works & Planning and Building
 - FY 18-19 Budget and Projected amounts have been restated to reflect the split.
 - On a combined basis, proposed FY 19-20 expenditures have declined \$0.1 million or 2%.
- Routine janitorial and maintenance costs are now being charged to the General fund instead of the Facilities and Maintenance fund
 - Three new accounts have been added:
 - Janitorial Service – Buildings
 - Janitorial Service - Parks
 - Other maintenance
 - Proposed budget for FY 19-20 is \$304,000.
 - Projected Transfers from the General Fund to the Facilities Maintenance Fund have been lowered accordingly.

General Fund Overview

	Projected	Proposed	Change	
	2018-19	2019-20	\$	%
Beginning Balance	\$ 4,653	\$ 4,890		
Revenue	\$ 28,486	\$ 28,500	\$ 14	0%
Expenditures:				
Operating	(23,725)	(24,750)	1,025	4%
Non-Department	(2,460)	(2,617)	157	6%
Operating Transfers	(814)	(488)	(326)	-40%
Capital Transfers	(1,250)	(950)	(300)	-24%
Net Revenue	237	(305)	(542)	
Ending Balance	\$ 4,890	\$ 4,585		
% of Operating Exp	19%	17%		
Expense Drivers:				
Salaries & Benefits	\$ 15,316	\$ 15,694	378	2%
Retirement (CalPERS)	2,212	2,497	285	13%
Retiree Medical	554	700	146	26%

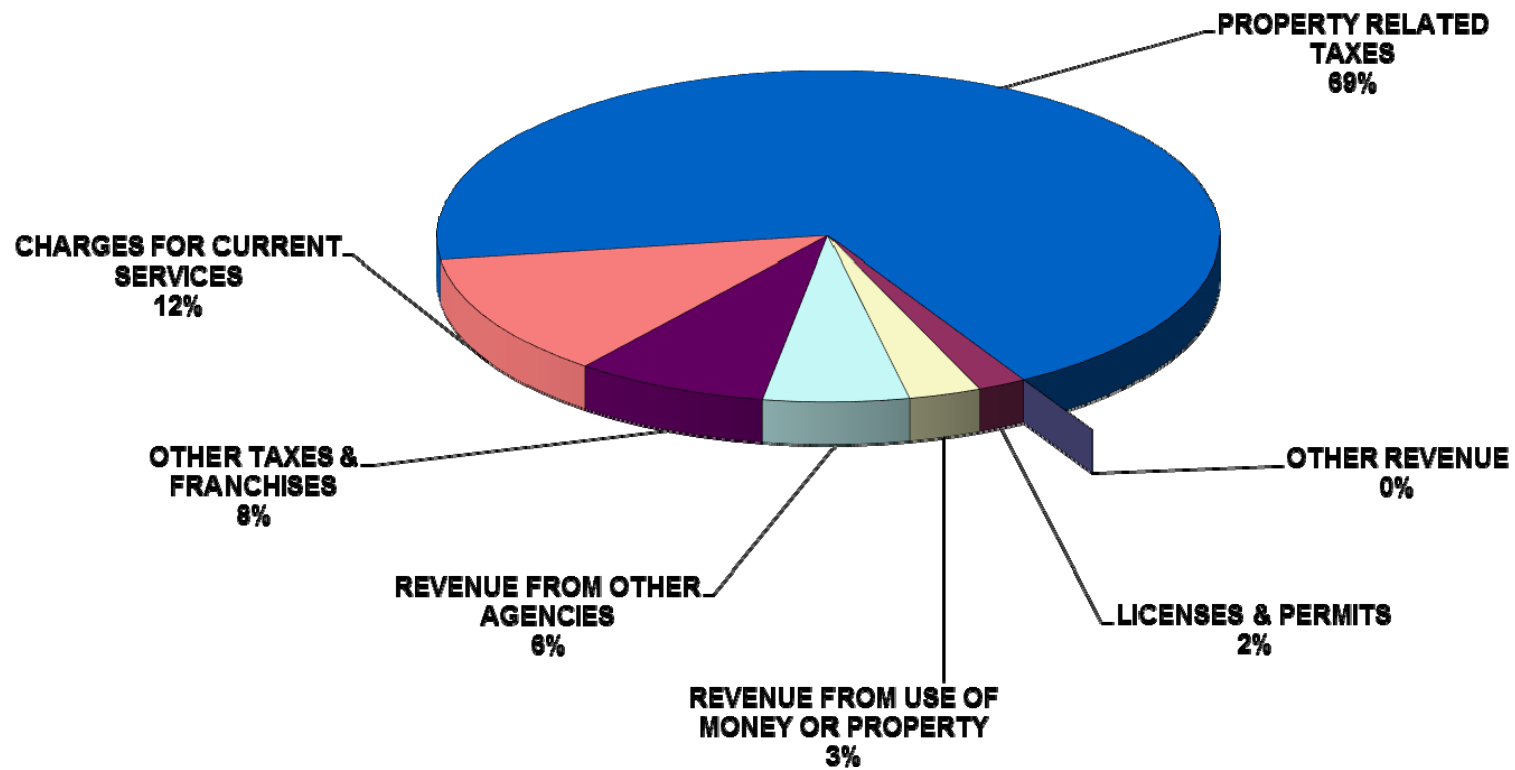
Notes:

- Revenue Flat
- Operating expense increase driven by personnel costs and proposed increases in IT and Safety dept. expenditures.
- Net operating transfers decline due to maturity of side fund debt. Final payment due March 2020.
- Capital Transfers (Equipment\Facilities) decline due solely to removal of janitorial and routine repair costs from the Facilities Maintenance Fund.
- Salaries and Benefits increase driven by 3% COLA increase and budgeted increase in medical premiums, offset by lower expected overtime costs.

Revenue Recap

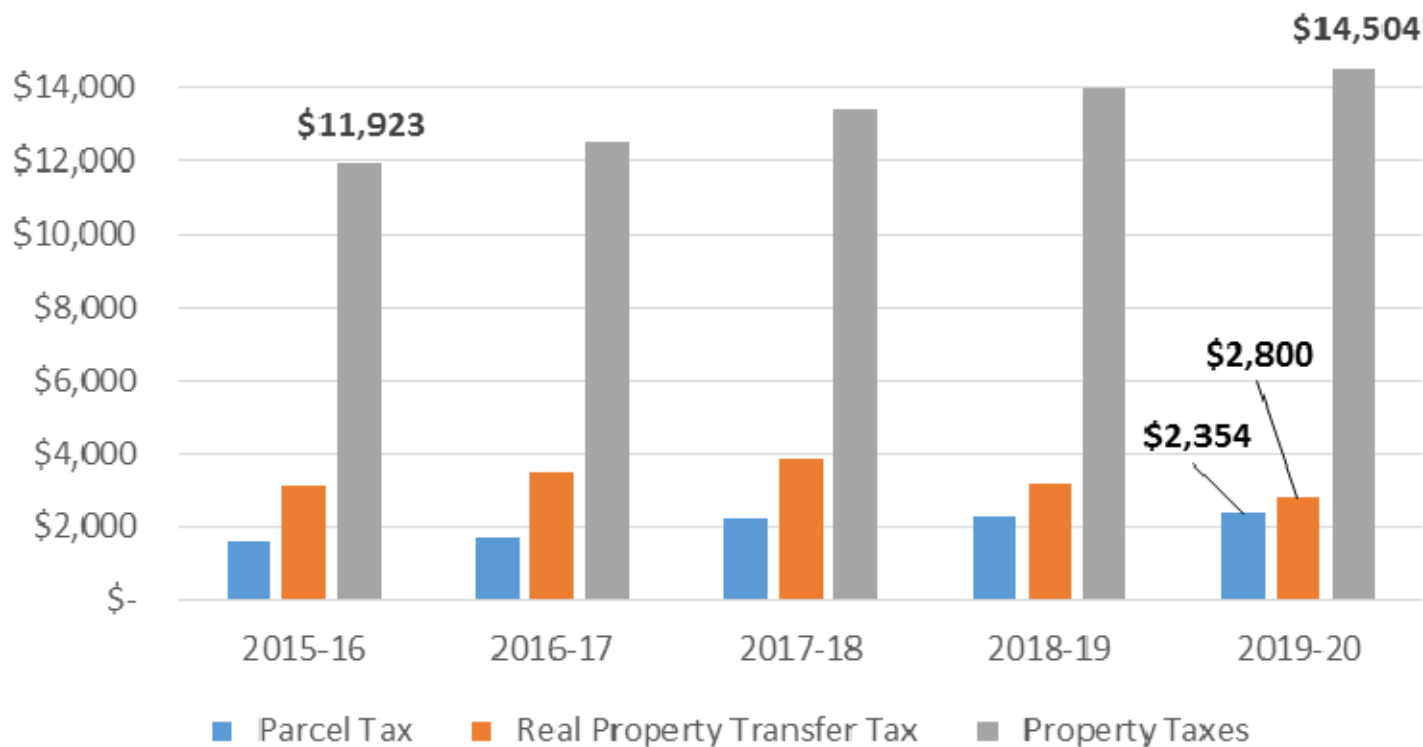
Category	2019-20		2018-19		\$ Change	%
	Proposed Budget	% of Budget	Projected	% of Total		
Property Related Taxes	\$ 19,658,000	69%	\$ 19,430,000	68%	\$ 228,000	1%
Other Taxes & Franchises	2,402,000	8%	2,383,000	8%	19,000	1%
Revenues from Other Agencies	1,568,000	6%	1,921,000	7%	(353,000)	-18%
Charges for Current Services	3,486,000	12%	3,345,000	12%	141,000	4%
Other	1,386,000	5%	1,407,000	5%	(21,000)	-1%
Total	\$ 28,500,000	100%	\$ 28,486,000	100%	\$ 14,000	0%

**GENERAL FUND
PROPOSED REVENUES 2019-20**



Property Related Taxes

Five Year Trend (000's)



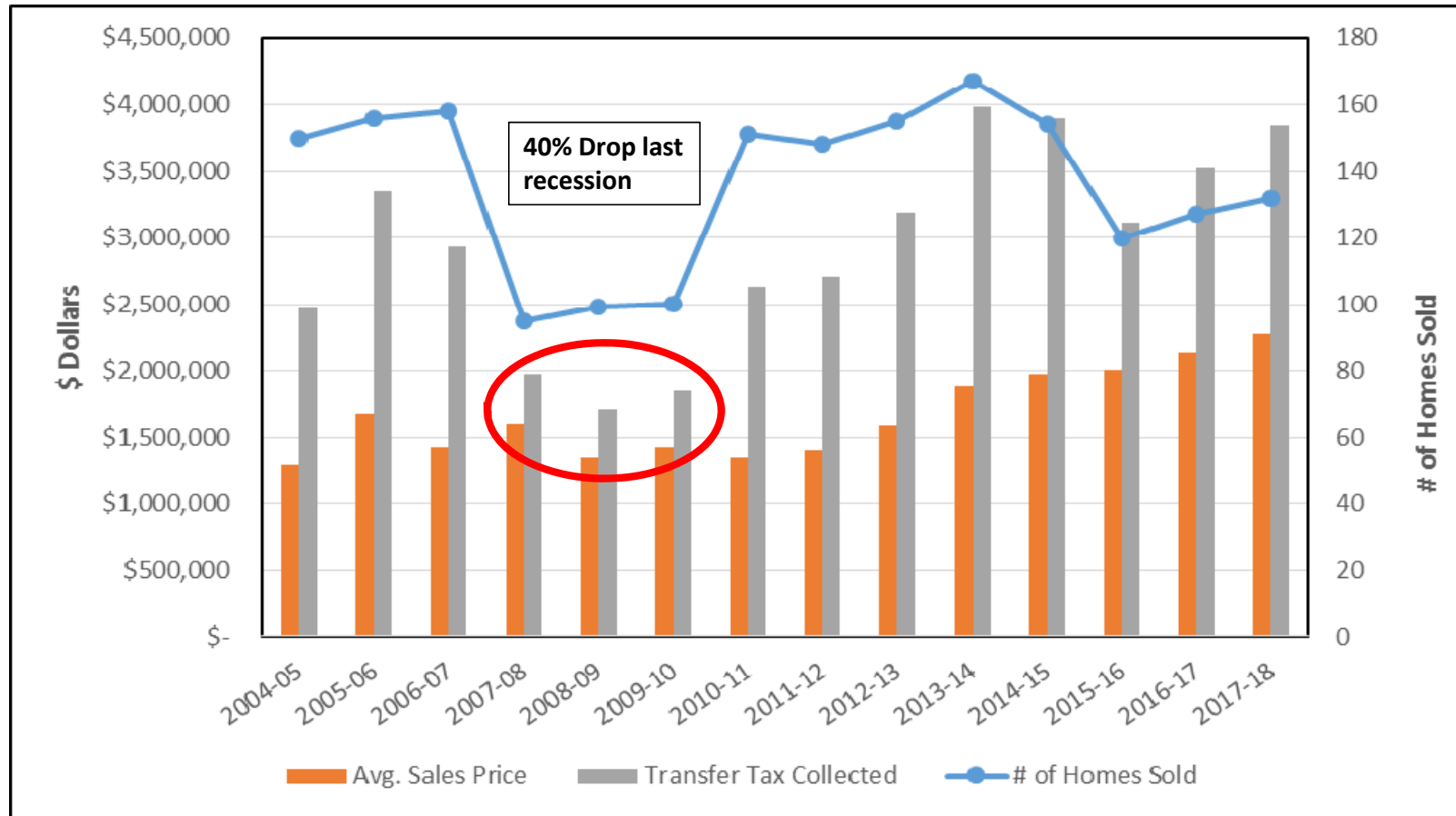
Ten Year Growth Rate

Property Tax	4.5%
Transfer Tax	7.9%

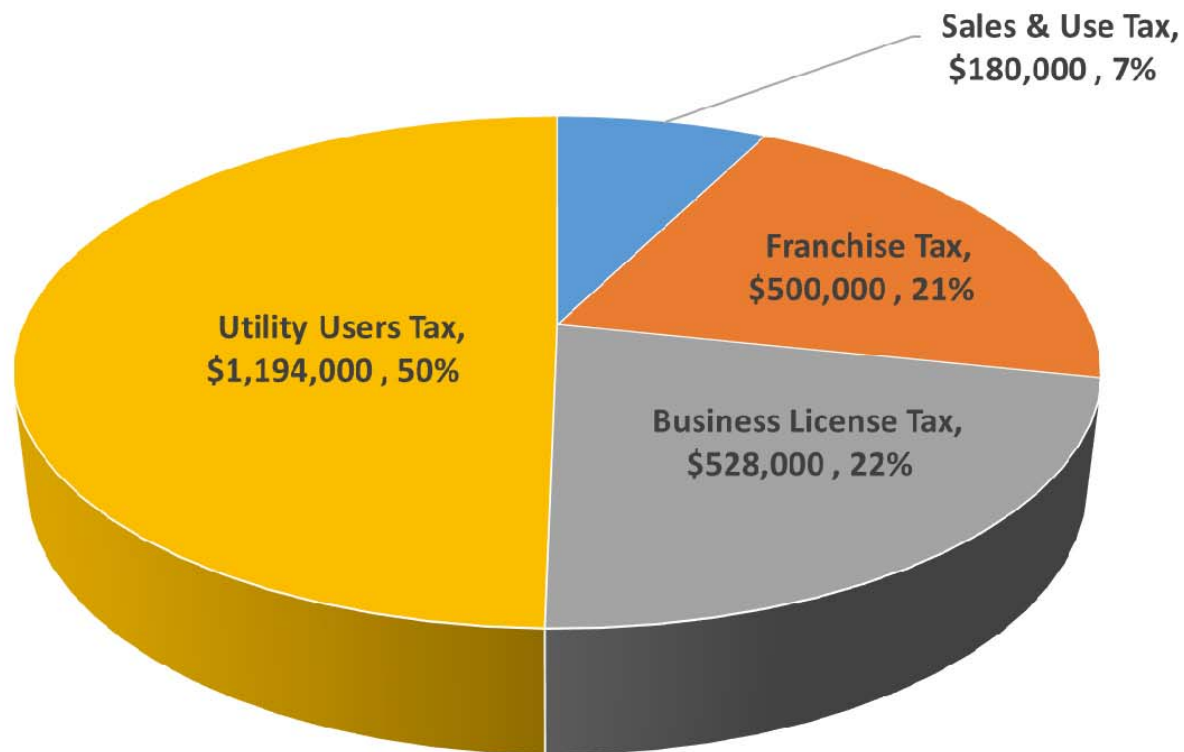
Note : 15 year Transfer tax growth rate drops to 2.7% due to 2008 recession.

Through FY 20-21, Parcel Tax limited to annual increase of lower of CPI or 4.0%.

Transfer Tax History

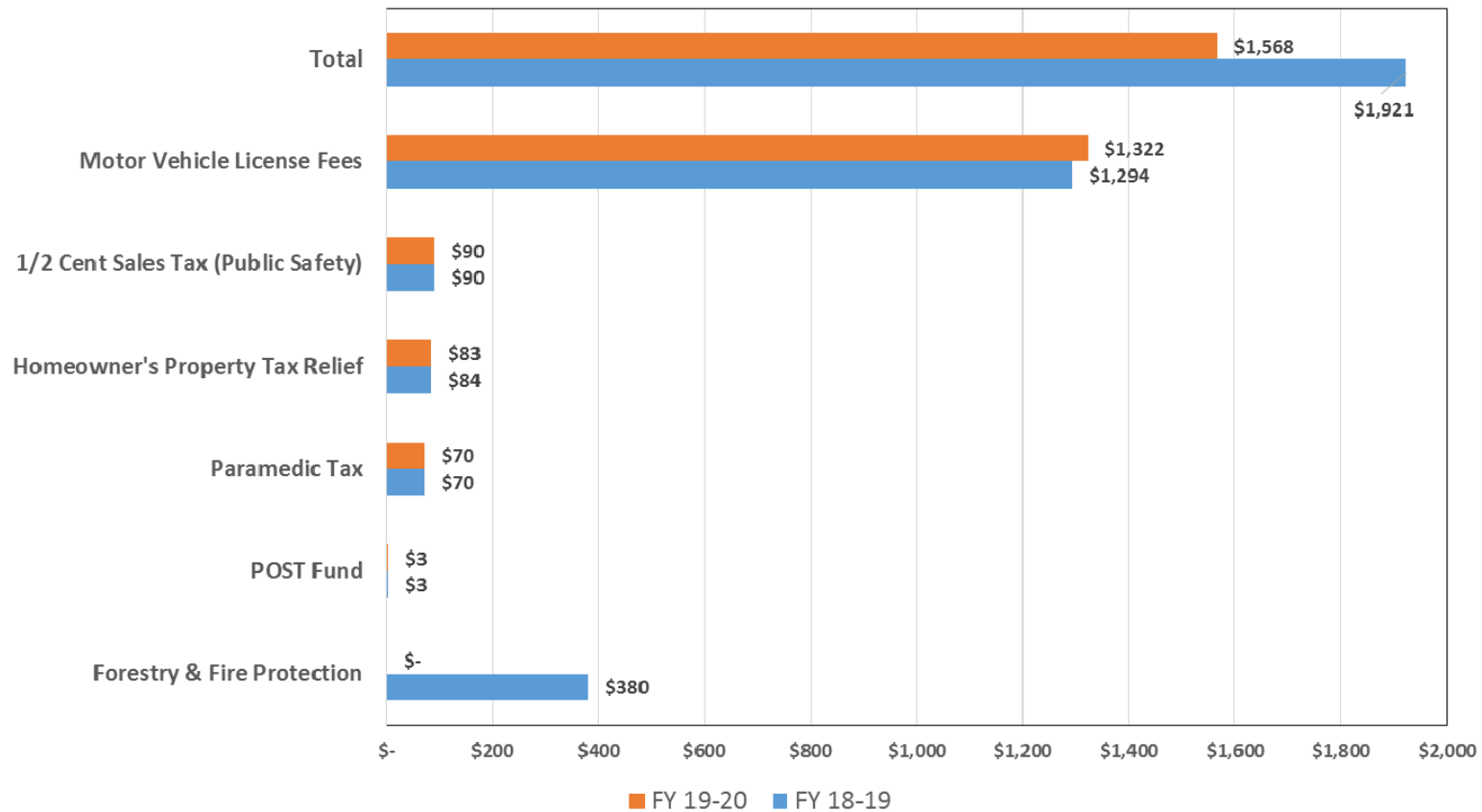


Other Taxes and Franchise



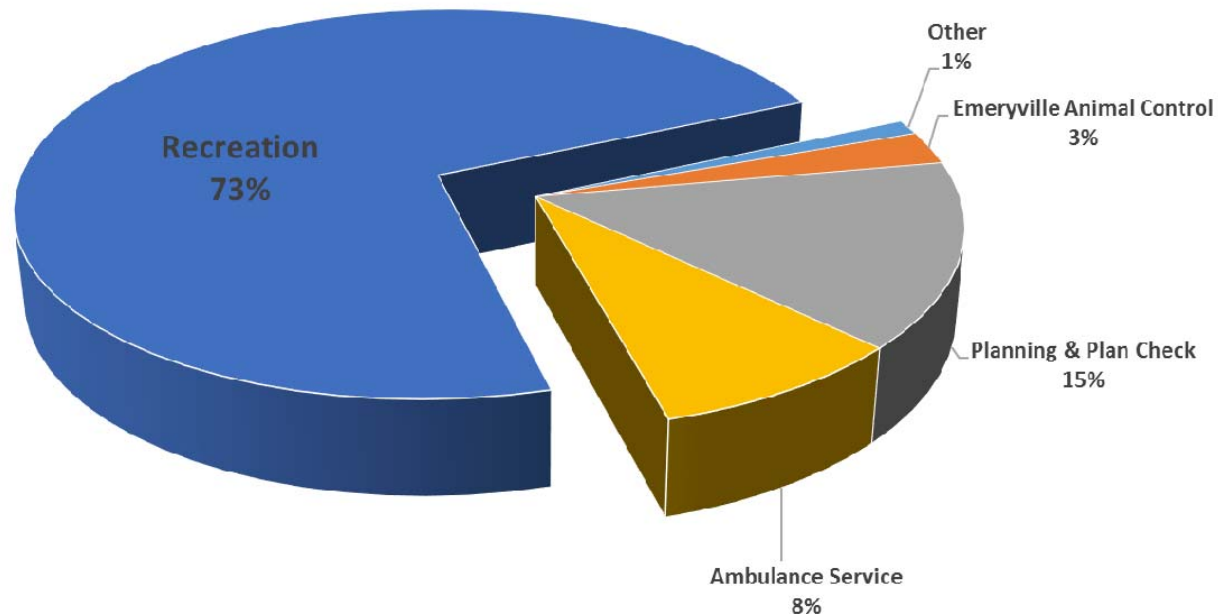
- Relatively stable revenue stream
- Proposed revenue increase of 1%
- Internet sales tax law changes went into effect April 2019. Minimal impact +\$5,000.

Revenue from Other Agencies (000's)



- Forestry & Fire (Wildfire Strike Teams) – Zero budget due to unpredictability. Accounts for the 18% overall decline in this category
- Motor Vehicle License Fee – 2.2% increase

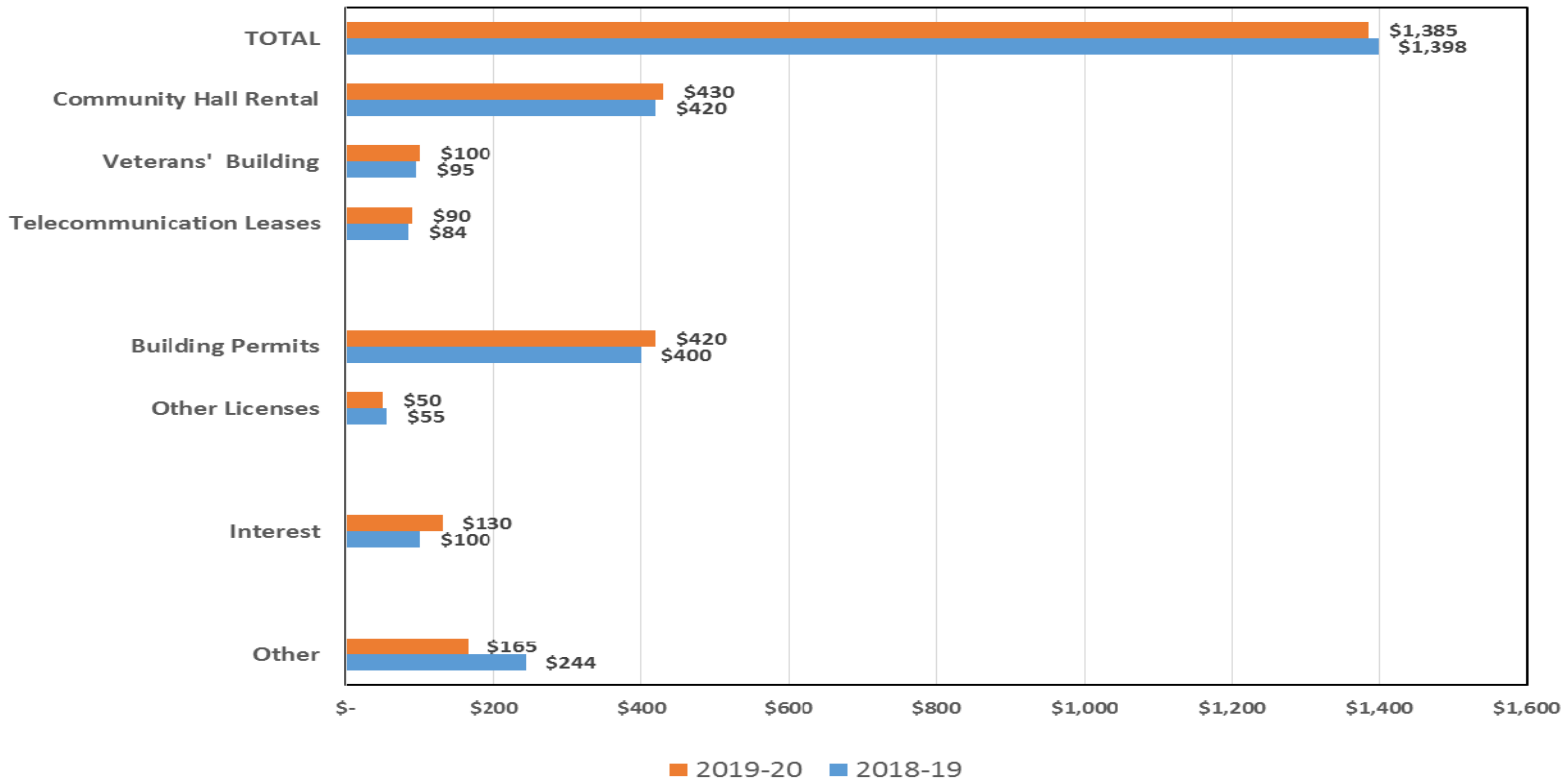
Charges for Current Services



Total 2019-20 revenue is \$3.5 Million, an increase of \$141,000 (4%) over FY 18-19 driven by:

- Recreation projected to increase \$121,000, primarily due to shortfall in 18-19 revenue caused by program cancellations (unsafe conditions, construction)
- Planning fees up due to CPI increase and new plan maintenance & records management fee.

Other Revenue (000's)



Small \$ increases in all categories except “other”:

- Other consists of OPEB employee contributions, Republic Services reimbursements for consumer outreach and other misc. items.
- FY 2018-19 includes expected hazard mitigation grant.

Expenditure Recap

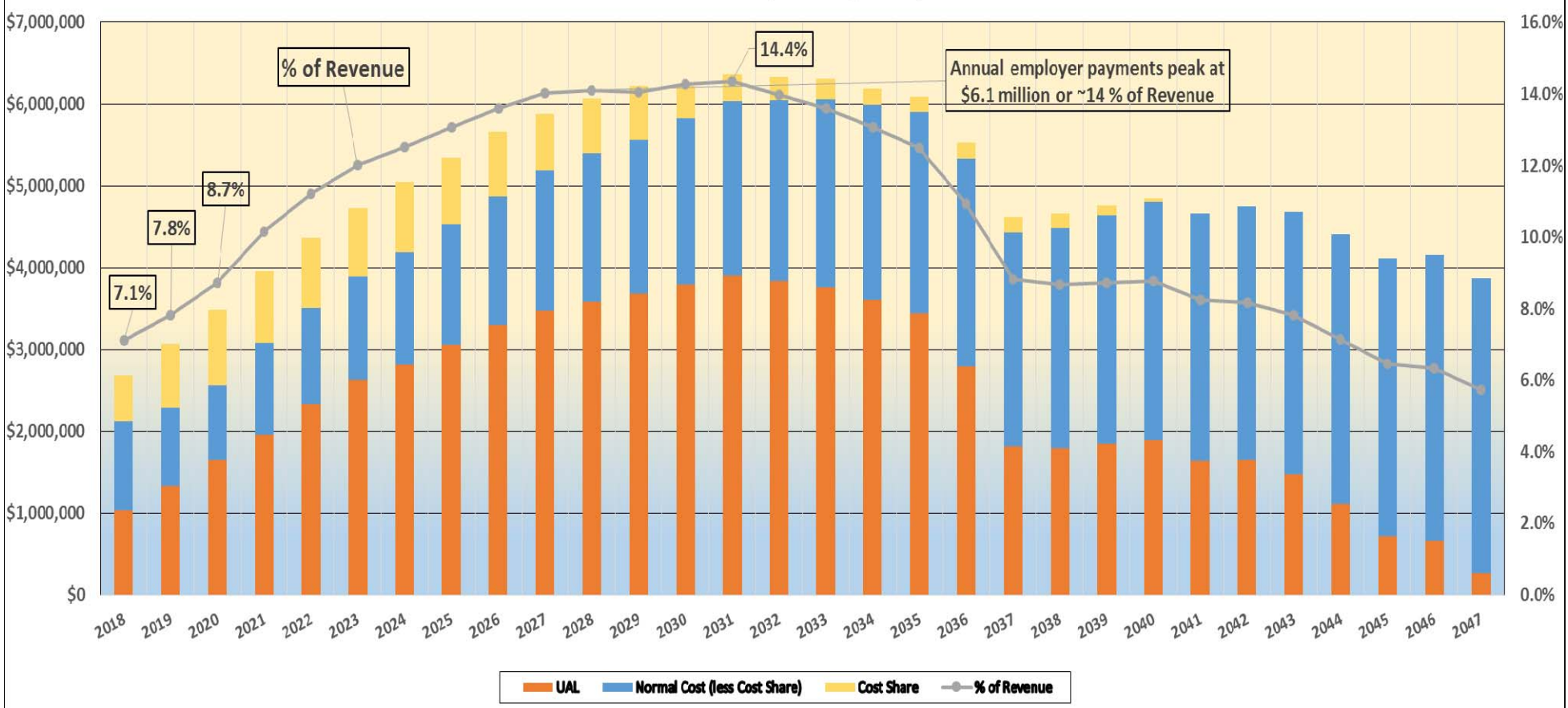
Category	2019-20		2018-19		\$ Change	%
	Proposed Budget	% of Budget	Projected	% of Total		
Personnel Costs	\$ 18,190,600	66%	\$ 17,529,200	67%	\$ 661,400	4%
Maintenance & Operations	6,537,221	24%	6,169,598	24%	367,623	6%
Capital Outlay	22,000	0%	26,000	0%	(4,000)	-15%
Non-Departmental	2,616,671	10%	2,460,471	9%	156,200	6%
Total	<u>\$ 27,366,492</u>	<u>100%</u>	<u>\$ 26,185,269</u>	<u>100%</u>	<u>\$ 1,181,223</u>	<u>5%</u>

Personnel Costs

Category	2019-20		2018-19		\$ Change	%
	Proposed Budget	% of Budget	Projected	% of Total		
Salaries	\$ 13,003,000	71%	\$ 12,830,000	73%	\$ 173,000	1%
Health Insurance	1,906,300	10%	1,720,500	10%	185,800	11%
Retirement	2,496,500	14%	2,212,200	13%	284,300	13%
Other Benefits	784,800	4%	766,500	4%	18,300	2%
Total	<u>\$ 18,190,600</u>	<u>100%</u>	<u>\$ 17,529,200</u>	<u>100%</u>	<u>\$ 661,400</u>	<u>4%</u>

- Salaries increase due to 3% COLA increase per MOU offset by lower expected overtime. Overtime was inflated in FY 18-19 due to several vacant positions and injuries (workers comp).
 - One additional full time position is proposed in Recreation which will take the place of two part time positions.
 - Lisa Argue promoted to Assistant City Clerk
- Health insurance - 11% increase due to budgeted premium increase of 7% and expectation of full staffing.
- The rise in retirement costs of \$284 K reflects increases imposed by CalPERS.

City of Piedmont CalPERS - Projected Payments



Maintenance and Operating Costs

Category	2019-20		2018-19		\$ Change	%
	Proposed Budget	% of Budget	Projected	% of Total		
Administration	\$ 1,728,860	26%	\$ 1,518,360	25%	\$ 210,500	14%
Public Works	1,619,773	25%	1,791,263	29%	(171,490)	-10%
Planning & Building	270,500	4%	290,455	5%	(19,955)	-7%
Recreation	1,433,000	22%	1,364,586	22%	68,414	5%
Police	877,088	13%	760,684	12%	116,404	15%
Fire	608,000	9%	444,250	7%	163,750	37%
Total	<u>\$ 6,537,221</u>	<u>100%</u>	<u>\$ 6,169,598</u>	<u>100%</u>	<u>\$ 367,623</u>	<u>6%</u>

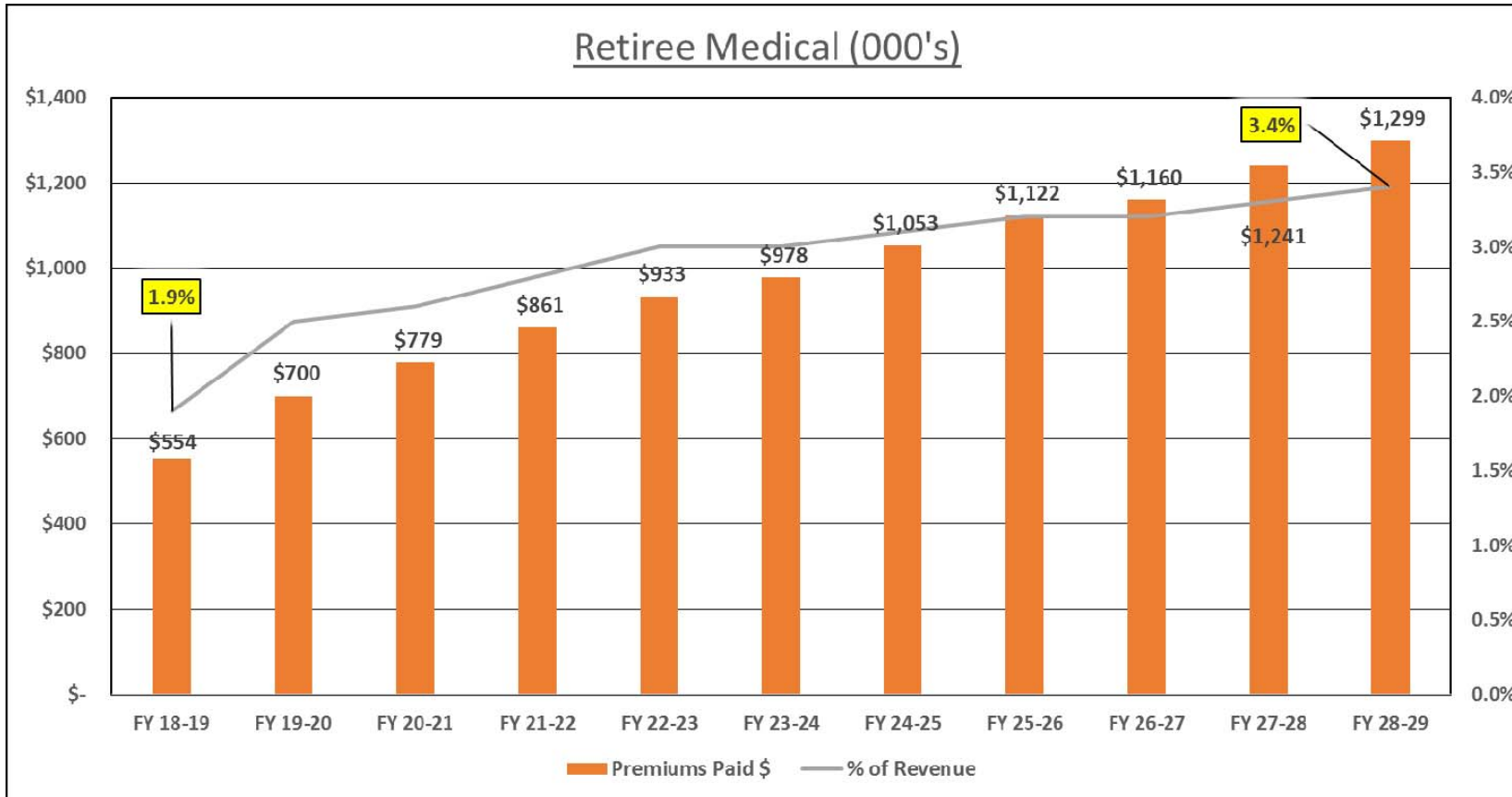
- Administration - Increase driven by costs related to IT system upgrades and enhancements and labor negotiation costs (Safety MOU's expire 6/30/2020).
- Fire – Higher costs due primarily to proposed outsourcing of dispatch, enhanced emergency preparedness items, and certain service contracts will no longer be paid by the County.
- Police – Increased training, crossing guard and communication costs (internet, phone).

Non-Departmental Costs

Category	2019-20		2018-19		\$ Change	%
	Proposed Budget	% of Budget	Projected	% of Total		
Insurance	\$ 1,475,000	56%	\$ 1,446,000	59%	\$ 29,000	2%
Retiree Medical Premiums	700,000	27%	554,000	23%	146,000	26%
Library	350,471	13%	350,471	14%	0	0%
OPEB Fund Contribution	91,200	3%	110,000	4%	(18,800)	-17%
Total	\$ 2,616,671	100%	\$ 2,460,471	100%	\$ 156,200	6%

- Insurance - Increase in liability premiums (115 K) expected to be almost fully offset by lower workers compensation claims as FY 18-19 was unusually high.
- Retiree Medical – 26% increase due to seven retirements in FY 18-19 and higher budgeted premium rates.
- OPEB Fund – Consists entirely of contributions by employees hired prior to May 2018 (Date on which new plan was adopted). Decline due to employee terminations.

Retiree Medical Projection



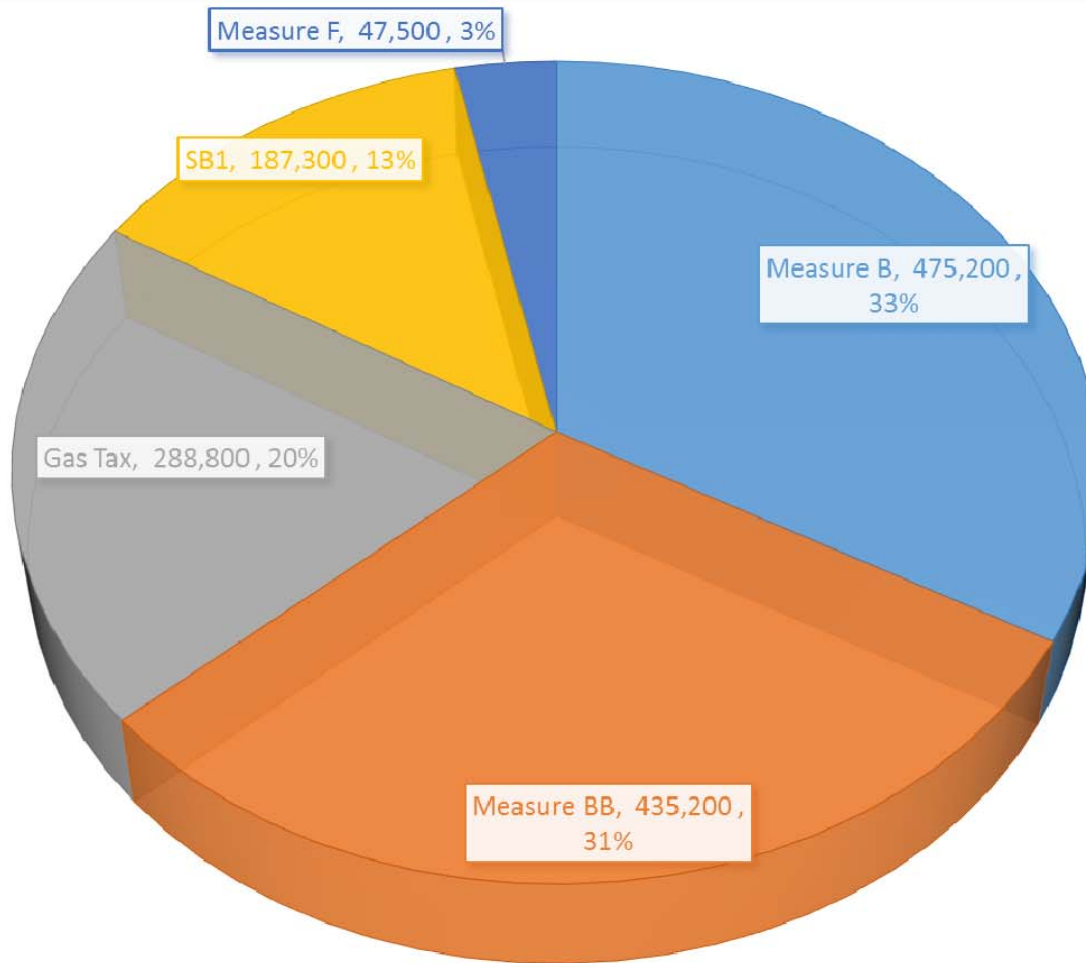
- Steadily increases from 1.9% to 3.4% of revenue
- 75 current employees eligible for “Tier 1” benefits.
- Average annual increase for the next 10 years is 9%.
- Annual increase expected to be in the 1-3% range starting in 2034

OTHER FUNDS

	Recreation	School- mates	Aquatics	Total
PROJECTED 2018-19				
Revenues	\$ 2,926,000	\$ 793,000	\$ 540,000	\$ 4,259,000
Expenses:				
Salary & Benefits	1,773,000	605,700	509,700	2,888,400
Other	1,385,586	130,181	272,200	1,787,967
Less: July 4th & Harvest	(26,569)			(26,569)
Total Expenses	3,132,017	735,881	781,900	4,649,798
Revenues less Expenses	\$ (206,017)	\$ 57,119	\$ (241,900)	\$ (390,798)
Cost Recovery %	93%	108%	69%	92%
BUDGET 2019-20				
Revenues	\$ 3,062,000	\$ 797,000	\$ 535,500	\$ 4,394,500
Expenses:				
Salary & Benefits	1,812,800	631,300	572,800	3,016,900
Other	1,455,000	114,000	311,800	1,880,800
Less: July 4th & Harvest	(28,500)			(28,500)
Total Expenses	3,239,300	745,300	884,600	4,869,200
Revenues less Expenses	\$ (177,300)	\$ 51,700	\$ (349,100)	\$ (474,700)
Cost Recovery %	95%	107%	61%	90%

- Recreation – Improve cost recovery from 93% to 95%. Driven by 5% revenue increase as FY 18-19 was hampered by program cancellations due to unsafe conditions and local construction.
- Schoolmates is projected to have a positive cost recovery in FY 18-19 due to a 5% revenue increase and a lower cost personnel structure. FY 19-20 will be comparable.
- Aquatics projected to decline to a 61% cost recovery as maintenance costs continue to rise as revenues flatten.

Street Related Funds



- Total revenue projected for street related funds is \$1.4 million, an increase of approximately \$50,000 over LY.
- Entire pool to be used for Street, Sidewalk, Bike & Ped improvements.

Equipment Replacement Fund

	Fiscal	Begin	Planned			End
	Year	Balance	Funding	Interest	Expenditures	Balance
17/18	17/18	\$ 3,937,414	\$ 517,193		\$ (651,165)	\$ 3,803,442
18/19	18/19	3,803,442	400,000	54,000	(1,500,000)	2,757,442
19/20	19/20	2,757,442	400,000	54,000	(1,579,500)	1,631,942
20/21	20/21	1,631,942	400,000	40,799	(829,800)	1,242,941
21/22	21/22	1,242,941	892,497	31,074	(985,914)	1,180,597
22/23	22/23	1,180,597	767,059	29,515	(721,142)	1,256,029
23/24	23/24	1,256,029	559,802	31,401	(928,385)	918,846
24/25	24/25	918,846	519,559	22,971	(735,643)	725,734
25/26	25/26	725,734	596,332	18,143	(340,916)	999,294

Includes purchase of a Fire engine (\$715 K), 2 Police vehicles and a Public Works Truck and trailer.

- Planned funding begins three years prior to estimated purchase date for items under \$200,000, five years for items over \$200,000.
- \$600,000 of the balance shown above is restricted for the loan to the sewer fund

FY 2019-20 Proposed Purchase Plan

Description	\$ Amount
<u>Administration:</u>	
Station Renovation (KCOM)	\$ 250,000
<u>Public Works:</u>	
Pickup Truck	65,000
Street Sweeper	300,000
<u>Recreation:</u>	
Automobile: Van	34,000
<u>Police:</u>	
Motorcycle	35,000
Automated License Plate Readers	60,000
<u>Fire:</u>	
Cardiac EKG Monitor	40,000
<u>IT:</u>	
Applications & Systems	567,500
Infrastructure & Operations	155,000
Hardware	73,000
Total Proposed Expenditures	\$ 1,579,500

Sewer Fund – 5 Year Projection

SEWER FUND	Projected 2018-19	Proposed Budget 2019-20	Projected			
			2020-21	2021-22	2022-23	2024-25
Beginning Balance	\$1,578,266	\$ 2,520,739	\$ 2,406,949	\$ 2,919,762	\$ 2,689,198	\$ 2,451,840
Sewer Service Charges \ Interest	2,570,233	2,685,640	2,757,225	2,830,720	2,906,176	2,983,645
Loan Proceeds	975,946	0	3,601,612	0	0	4,287,342
Total Revenue	3,546,179	2,685,640	6,358,837	2,830,720	2,906,176	7,270,987
Operating Costs	(1,621,424)	(1,659,793)	(1,725,432)	(1,794,104)	(1,865,909)	(1,940,955)
Capital Costs:						
General Sewer Replacement	(84,602)	(86,861)	(91,204)	(95,764)	(100,552)	(105,580)
Phase V	(210,718)	0	0	0	0	0
Phase VI	(125,000)	(250,000)	(3,226,612)	0	0	0
Phase VII	0	0	0	(150,000)	(300,000)	(3,837,342)
Debt Service	(561,963)	(802,776)	(802,776)	(1,021,415)	(877,073)	(877,073)
Total Expenditures	(2,603,707)	(2,799,430)	(5,846,024)	(3,061,283)	(3,143,535)	(6,760,950)
Ending Balance	\$ 2,520,739	\$ 2,406,949	\$ 2,919,762	\$ 2,689,198	\$ 2,451,840	\$ 2,961,877

Facilities Maintenance Fund

- As noted previously, we have removed janitorial services and routine maintenance costs which allows us to focus the fund on Repairs, Scheduled Major Maintenance and Capital Projects.
- We have developed a working plan which details by year these three components
- Although we are making significant progress in developing this plan, it is still a work in progress.
- The plan will be monitored and updated on an annual basis in conjunction with the budget process

FACILITIES MAINTENANCE FUND ACTIVITY						
Fiscal Year	Begin Balance	Planned Funding	Interest	Additional Funding	Expenditures	End Balance
19/20	4,829,456	550,000	100,000		(2,016,730)	3,462,726
20/21	3,462,726	550,000	69,255	800,000	(2,369,100)	2,512,881
21/22	2,512,881	500,000	50,258		(991,560)	2,071,578
22/23	2,071,578	450,000	41,432		(1,006,442)	1,556,568
23/24	1,556,568	400,000	31,131		(1,036,635)	951,065
24/25	951,065	400,000	19,021		(1,067,734)	302,352
25/26	302,352	400,000			(1,099,766)	(397,414)
26/27	(397,414)	400,000			(1,132,759)	(1,130,174)
27/28	(1,130,174)	400,000			(1,166,742)	(1,896,915)
28/29	(1,896,915)	250,000			(1,201,744)	(2,848,660)

Summary Fund Flow is presented above. Support schedules follow.

- Expenditures include Annual Repairs and Maintenance, Scheduled Major Maintenance and Capital Projects.
- Does not include major renovations needed for the Community Pool, Recreation Building and Veterans Hall.

Annual Repairs and Maintenance

Project Name	FY '2018-19	FY 2019-20	FY '2020-21	FY '2021-22	FY '2022-23
General Facilities Maintenance	\$ 25,000	\$ 27,500	\$ 28,875	\$ 30,319	\$ 31,228
Administration/KCOM	5,000	5,500	5,775	6,064	6,246
City Hall/120 Vista Ave.	50,000	55,000	57,750	60,638	62,457
Fire Department/120 Vista Ave.	15,000	16,500	17,325	18,191	18,737
Recreation Center	15,000	16,500	17,325	18,191	18,737
Veterans Hall - 401 Highland Ave.	10,000	11,000	11,550	12,128	12,491
Police Department - 403 Highland	15,000	16,500	17,325	18,191	18,737
Community Hall	50,000	55,000	57,750	60,638	62,457
PCA & East Wing - 801 Magnolia	5,000	5,500	5,775	6,064	6,246
Corp Yard - 898 Red Rock Rd.	5,000	5,500	5,775	6,064	6,246
Parks & Triangles	25,000	27,500	28,875	30,319	31,228
Walkways & Stairs	10,000	11,000	11,550	12,128	12,491
Public Restrooms (Free Standing)	10,000	11,000	11,550	12,128	12,491
Schoolmates	10,000	11,000	11,550	12,128	12,491
Tennis Courts	5,000	5,500	5,775	6,064	6,246
Pied Playschool - 401 Hampton	5,000	5,500	5,775	6,064	6,246
TOTALS	\$ 260,000	\$ 286,000	\$ 300,300	\$ 315,315	\$ 324,774

Scheduled Major Maintenance

BUILDINGS	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25	FY 25-26	FY 26-27	FY 27-28	FY 28-29
CITY HALL	-	152,000	265,000	15,000	-	-	40,000	-	-	75,000	-
FIRE DEPT.	-	60,000	25,000	-	-	-	-	-	12,000	-	-
RECREATION CENTER	-	157,000	-	-	-	-	-	-	-	-	-
VETERANS HALL	50,000	-	-	-	150,000	50,000	-	-	-	-	-
POLICE DEPT.	-	30,000	-	-	-	-	50,000	-	-	-	-
COMMUNITY HALL	-	20,000	-	-	25,000	75,000	-	30,000	100,000	-	-
AQUATICS BUILDING	(pending decision on future)										
AQUATICS FACILITIES	(pending decision on future)										
CARRAIGE HOUSE	(pending decision on future)										
801 MAGNOLIA AVE. - EAST WING	-	-	-	-	-	-	-	53,000	-	-	30,000
CORPORATION YARD	(pending decision on Coaches Field Master Plan)										
SCHOOLMATES - Beach	-	-	-	18,000	15,000	16,000	-	-	25,000	15,000	-
SCHOOLMATES - Wildwood	(pending PUSD decision regarding existing building)										
SCHOOLMATES - Havens	-	2,500	-	17,500	-	-	-	-	-	-	-
HAMPTON PLAY SCHOOL	-	-	-	-	-	-	-	25,000	20,000	25,000	-
TEA HOUSE	-	-	-	17,500	-	10,000	-	-	-	25,000	50,000
TOTAL BUILDINGS	50,000	421,500	290,000	68,000	190,000	151,000	90,000	108,000	157,000	140,000	80,000
PARKS	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25	FY 25-26	FY 26-27	FY 27-28	FY 28-29
BLAIR PARK	-	-	-	-	-	-	-	-	-	-	-
COACHES FIELD	(pending decision on Coaches Field Master Plan)										
CROCKER PARK	-	27,500	27,500	27,500	-	20,000	-	-	-	-	-
DRACENA PARK	-	40,000	25,000	35,000	25,000	36,000	40,000	-	-	12,000	-
HAMPTON PARK	-	-	-	-	-	-	-	100,000	25,000	40,000	220,000
LINDA BEACH FIELD & PARK	(pending decision on Linda Beach Park Master Plan)										
MAIN PARK	-	30,000	57,000	75,000	25,000	25,000	200,000	42,500	-	-	-
TOTAL PARKS	-	97,500	109,500	137,500	50,000	81,000	240,000	142,500	25,000	52,000	220,000
TOTAL SCHEDULED COSTS	50,000	519,000	399,500	205,500	240,000	232,000	330,000	250,500	182,000	192,000	300,000

Capital Projects

- Consists of Deferred Maintenance, Consulting Services, and Capital Projects:

Description	2019/20 Estimated Costs
City Hall Fuel Tank Decommission	25,000
City Hall - Lobby Flooring	25,000
City Hall - Planning and Building Files	200,000
Recreation Center Tennis Courts Improvements	250,000
Fire Department - Living Quarters Update	50,000
Police & Vets Hall Exit Signs & Egress Lighting	20,000
Corporation Yard - Dry Rot Repairs	25,000
Corporation Yard - Restroom Update	40,000
Park Tennis Courts Resurfacing	100,000
TOTAL DEFERRED MAINTENANCE PROJECTS	\$ 735,000
Dracena Park - Dog Signage	56,730
Hampton Park - Storage Sheds	30,000
City Hall Restroom Renovation	10,000
Corporation Yard Back-Up Generator	80,000
Fire Dept. Vehicle Exhaust System	50,000
Fire Dept. Emergency Alert System	50,000
TOTAL CAPITAL PROJECTS	\$ 276,730
Engineer Service - Coastland	10,000
Project Management	10,000
City Hall Master Plan	70,000
Police Dispatch Center	30,000
Police Dept. Master Plan	30,000
Retaining Walls - San Carlos & Oakland - Design Phase only	50,000
TOTAL CONSULTING SERVICES	\$ 200,000

Pension Related Funds

- Side Fund – CalPERS

- In May 2014 the City issued \$7,305,000 in pension obligation bonds carrying a 2.79% interest rate to pay off the “side fund”.
- The debt matures in 2020 and our final payment is due on March 31, 2020, lowering debt service costs by \$300 K in FY 19-20 compared to the prior year.
- This refinancing saved the City approximately \$1.2 million over the past six years.

- Pension Rate Stabilization Fund (PARS)

- Established in April 2018 to reserve funds now to pay future pension costs which are projected to almost triple over the next 10 years.
- Projected balance at June 30, 2019 is approximately \$2.8 million.

Trust Funds

- OPEB (Other Post Employment Benefits)

- In May 2018 the City through collective bargaining restructured retiree health benefits, which results in savings we will begin to realize in ~15 years.
- As noted earlier costs will continue to rise at a rapid pace until then.
- At June 30, 2019 our unfunded liability for OPEB as calculated by Bartel (our actuary) is estimated at \$18.5 million.

- Police and Fire Legacy Pension Plan

- This fund is estimated to be over funded by \$11.0 million at June 30,2019.
- Based on projections developed with the help of Bartel, we are estimating the overage in this fund will cover the shortfall in the OPEB trust around 2036.
- Monies in this fund cannot be used for another purpose until all benefits have been paid, which is estimated to be around 2048.

Questions ?

Applause !