CITY OF ROSEVILLE CALIFORNIA

AGENDA
October 5, 2017

CITY COUNCIL GOALS WORKSHOP
6:30 p.m.
Maidu Community Center Meeting Room
1550 Maidu Drive
Roseville, California

1. **CALL TO ORDER**

2. **ROLL CALL**

Vice Mayor:	**Bonnie Gore**
Councilmember:	**Scott Alvord**
Councilmember:	**Tim Herman**
Councilmember:	**John Allard**
Mayor:	**Susan Rohan**

3. **PLEDGE OF ALLEGIANCE**

NOTICE TO THE PUBLIC

All Items on the agenda will be open for the public comment before final action is taken. Speakers are requested to restrict comments to the item as it appears on the agenda and stay within a five (5) - minute time limit. The Mayor has the discretion of limiting the total discussion time for an item.

4. **PUBLIC COMMENTS**

NOTICE TO THE PUBLIC

Persons may address the City Council on items not on this agenda. Please complete a "Speaker Information Card" and present it to the City Clerk prior to the start of the meeting. Speakers shall restrict their comments to issues that are within the subject jurisdiction of the City Council and limit their comments to three (3) minutes per person. The total time allocated for Public Comment is 25 minutes. The Brown Act, with certain exceptions, does not permit the City Council to discuss or take action on issues that are not listed on the agenda.

5. **GOALS WORKSHOP**

5.1. Review of Previous Workshop

5.2. Fiscal Forecast

5.3. Park and Road Capital Improvement Projects

5.4. Utility Overview

5.5. Council Direction

6. ADJOURNMENT

COUNCIL COMMUNICATION

CC #:
File #:

Title:	Review of Previous Workshop
Contact:	

Meeting Date: 10/5/2017
Item #: 5.1.

ATTACHMENTS:

Description

Power Point presentation

Council Goals Workshop
October 5, 2017

Rob Jensen, City Manager

Agenda

- Meeting Purpose
- Review of Previous Workshop/Priorities
- Review of FY 18 General Fund Budget
- Fiscal Forecast / Fund Balances
- Parks Strategies and CIP’s
- Roadway Strategies and CIP’s
- Utility Overview
- Future Opportunities and Challenges
- Council Direction

Council Priorities

- Public Safety
- Fiscal Soundness
- Economic Development
- Sound and Stable Utilities
- Great Downtown
- Infrastructure
- Legislative Advocacy
- Civic Engagement
- Core Neighborhoods

Council Priorities - FY 18 Direction

- Great Downtown
  - Complete current projects (Fire Station, Parking Structure, Downtown Bridges)
  - Focus on business attraction
- Civic Engagement
  - Engage Roseville/Community Priorities Advisory Committee
- Core Neighborhoods
  - Identify Non-General Fund Opportunities
  - Grants

FY 18 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**

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Actions Taken to Address Budget Issues

1. Live within our means. Match expenses to revenues.
2. Established Policies to fund obligations first.
3. Partnered with labor groups to reduce long term pension costs and other post retirement benefits.
4. Moved labor costs to median in market.
5. Performed performance audits of all departments to maximize efficiencies.
6. Contracted out for services where cost savings would be realized.
7. Engaged in State and Federal legislation to protect our interests.

FY 18 Budget Reductions

- $2.0 million General Fund Deficit
- Required service level reductions in all Depts
  - Eliminated vacant positions
  - Reduced hours at libraries and museums
  - Reduced park maintenance
  - Reduced High School Officer Subsidies
  - Opportunities to reduce Fire Operations Costs

Early FY 19 Forecasts

- Expenses increasing
  - PERS $2,300,000
  - OPEB $787,000
  - Salary and Benefits $983,000

TOTAL $4,070,000

- Sales tax growth rate slowing
- Significantly underfunding rehab/maintenance funds
- Likely budget deficit in FY 19
  - Will require service level reductions

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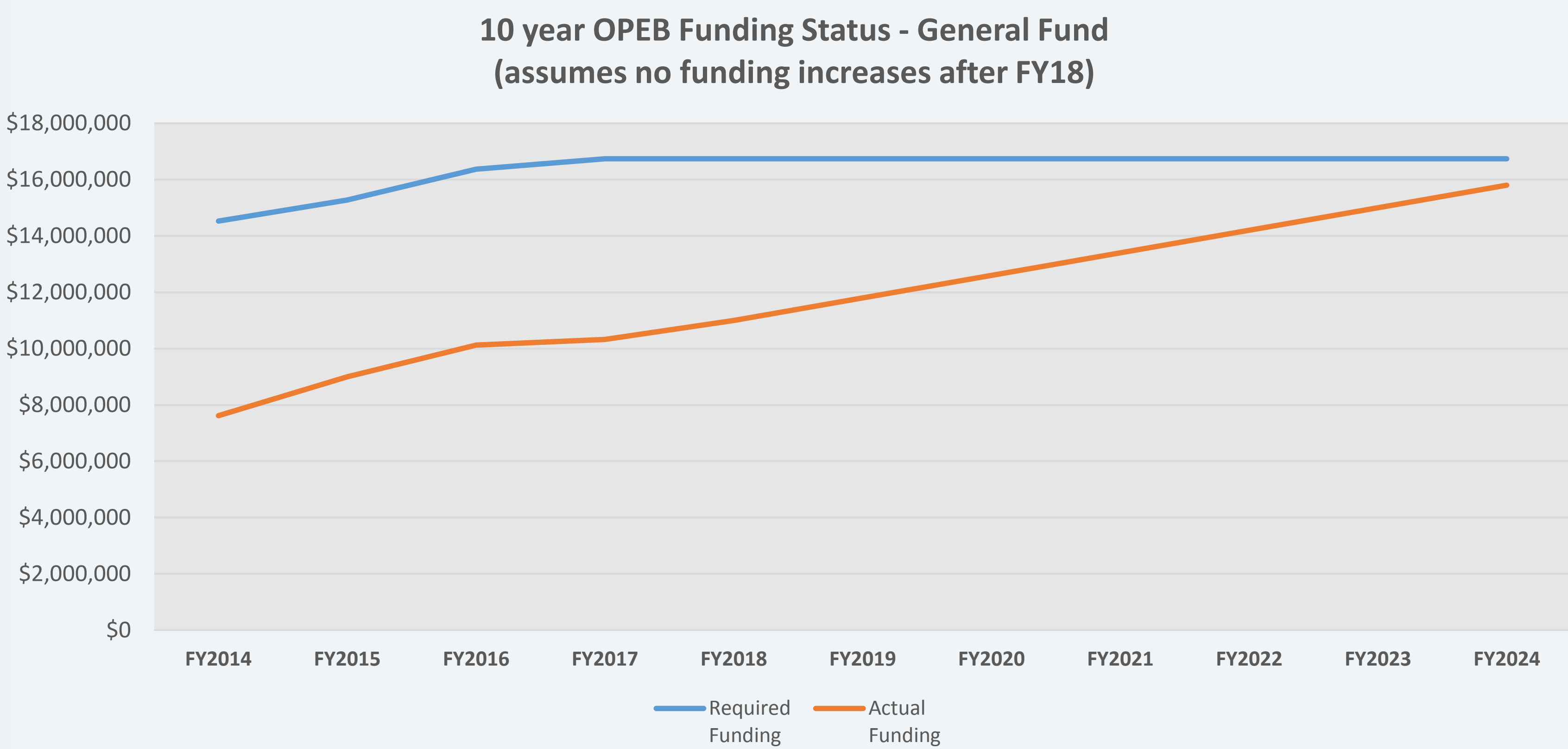
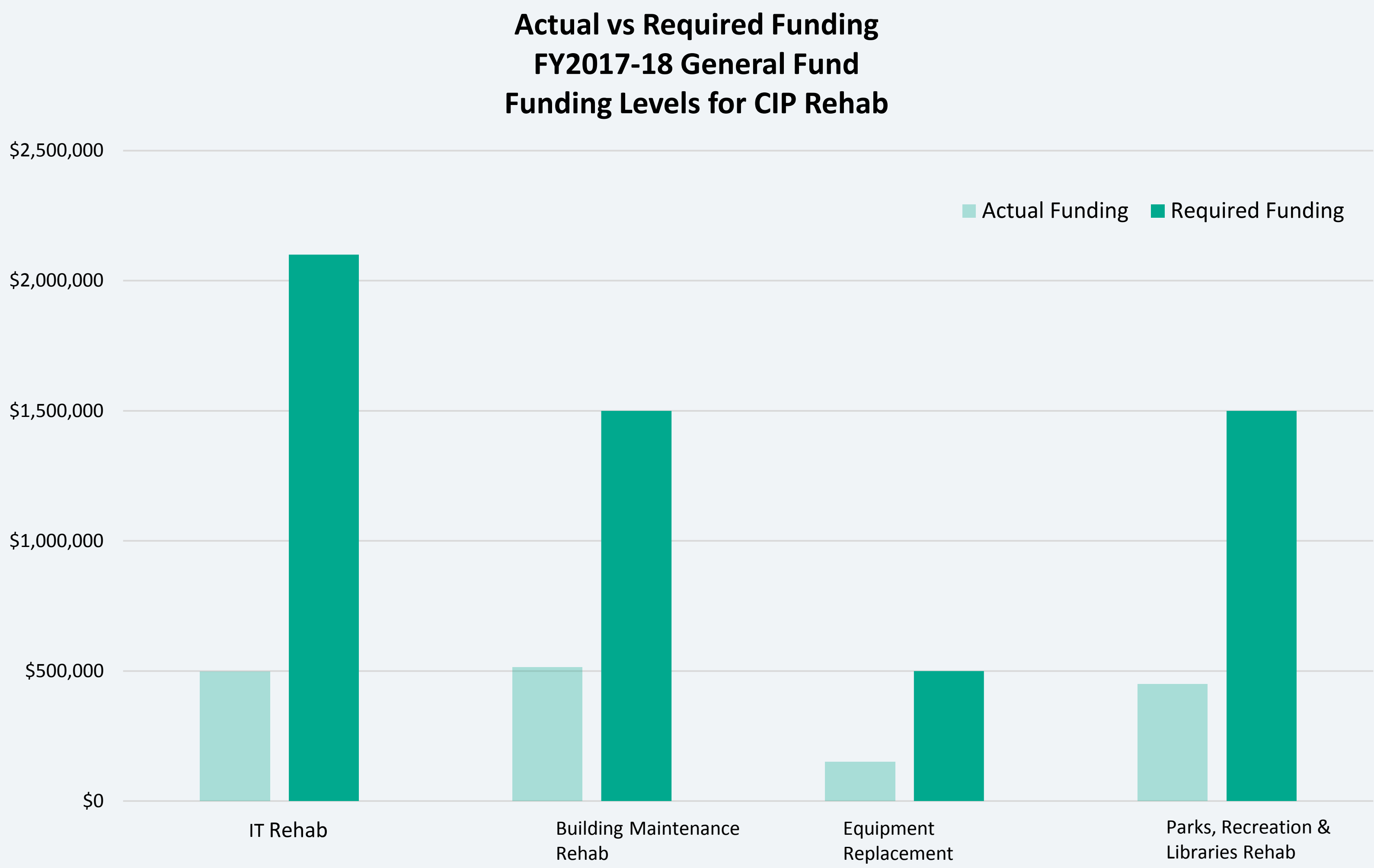
OPEB Funding



CIP Rehab Service Funds



Questions?

Council Goals Workshop
Financial Overview

Jay Panzica, Chief Financial Officer

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FY19 Budget Goals

Budget Goals FY19

- Maintain fiscal responsibility
  - Implement council priorities
  - Live within our means
  - Budget to remain status quo
  - Provide core services

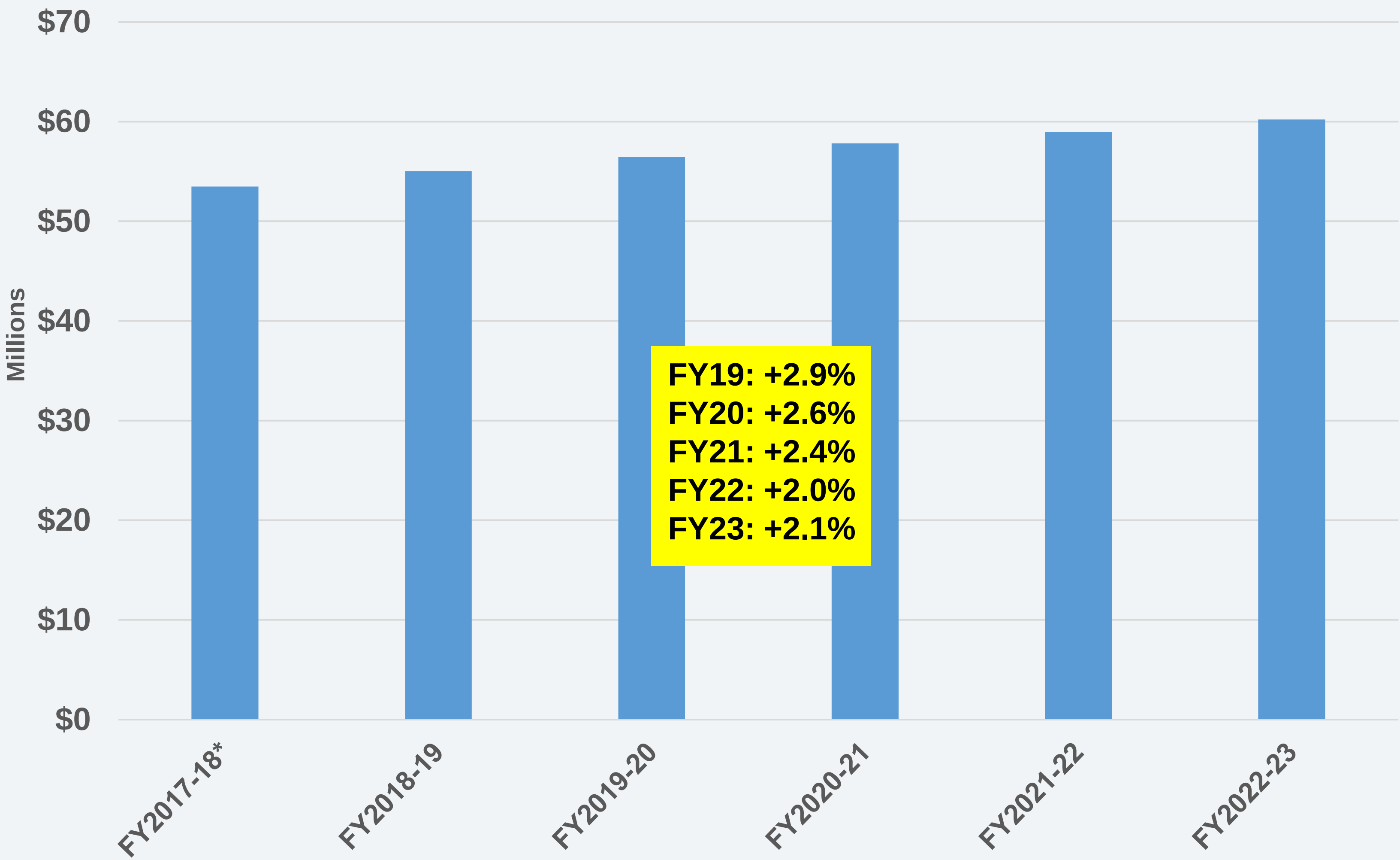
5 yr. General Fund Forecast

Sales Tax

Historical Sales Tax Growth

Fiscal Year	Growth Rate
FY09	(11.93%)
FY10	(11.47%)
FY11	16.77%
FY12	1.95%
FY13	12.66%
FY14	8.29%
FY15	3.32%
FY16	10.01%
FY17	(2.75%)
FY18	1.81%

Sales Tax Forecast



*FY2017-18 budget estimate

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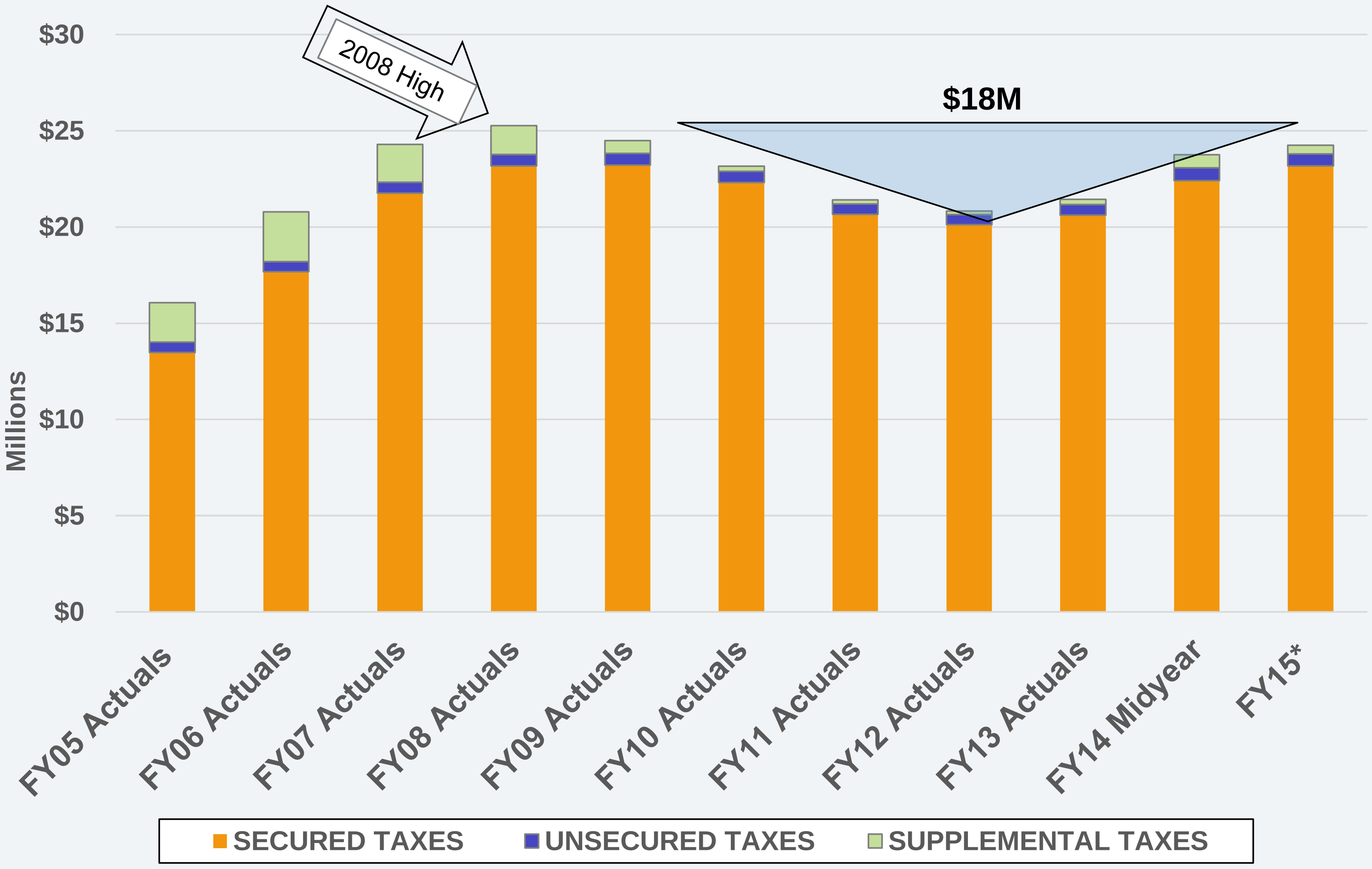
Property Tax

Historical Property Tax Revenues

Prepared 9-21-2014



*Adopted Budget

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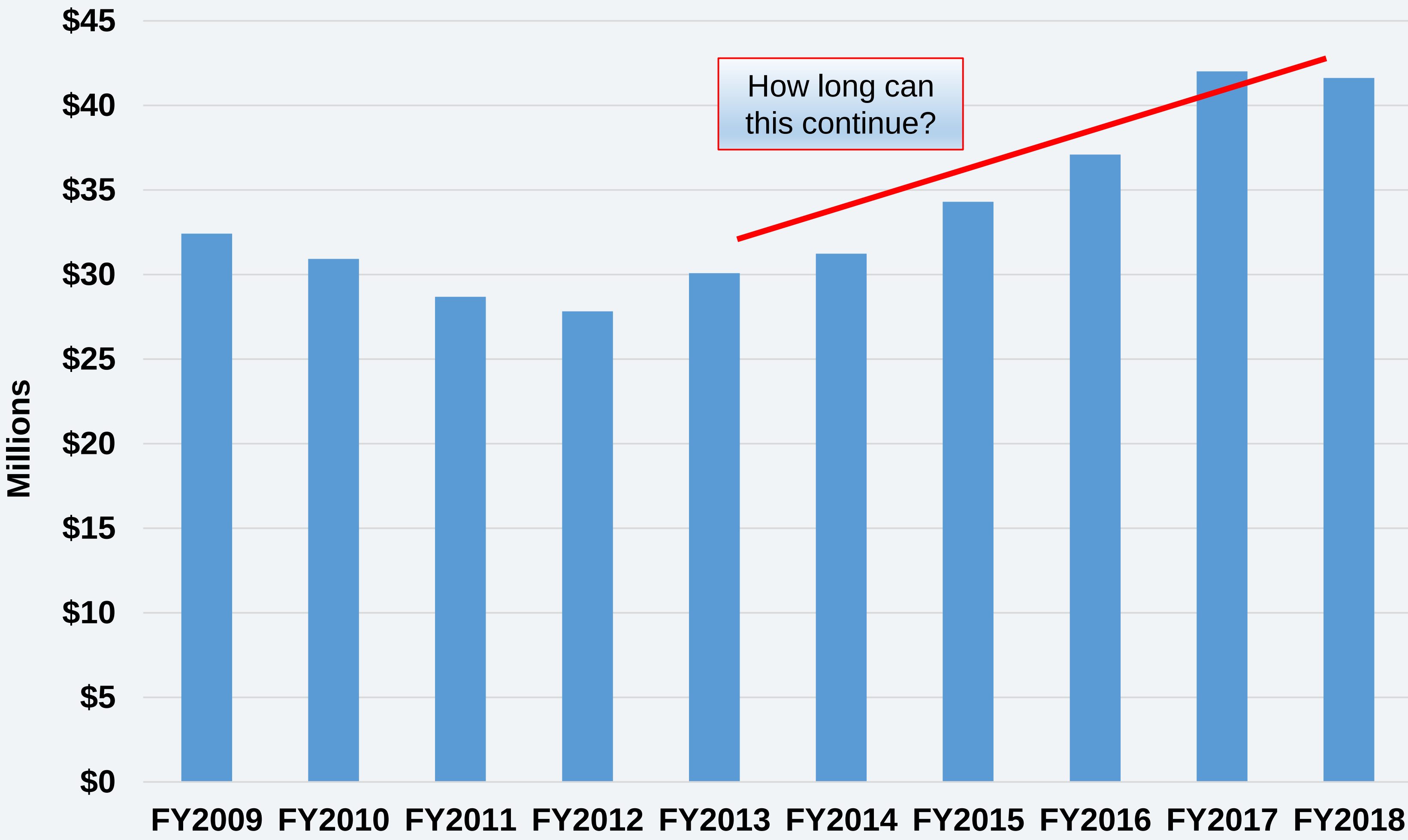
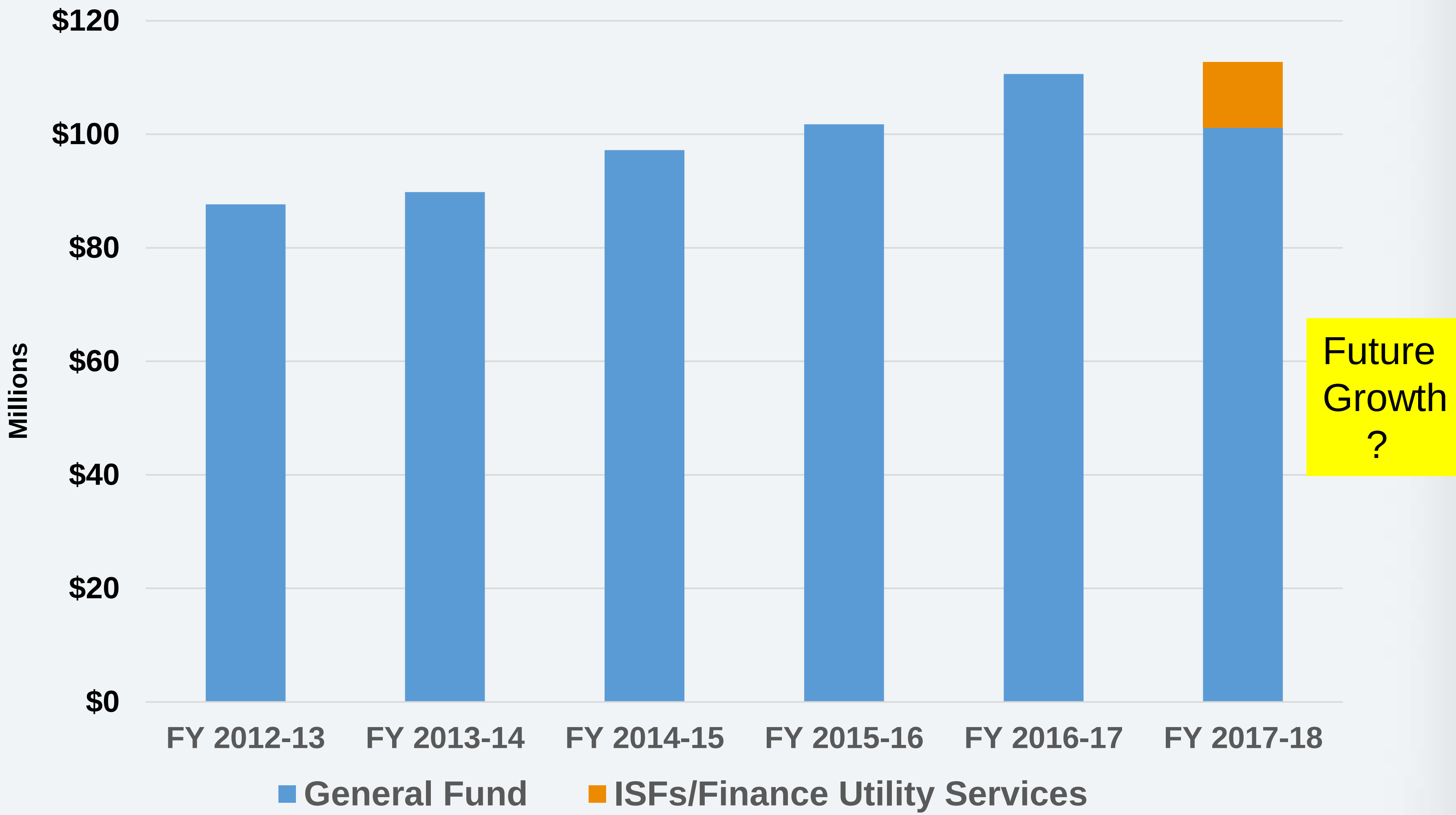
Continued Property Tax Growth

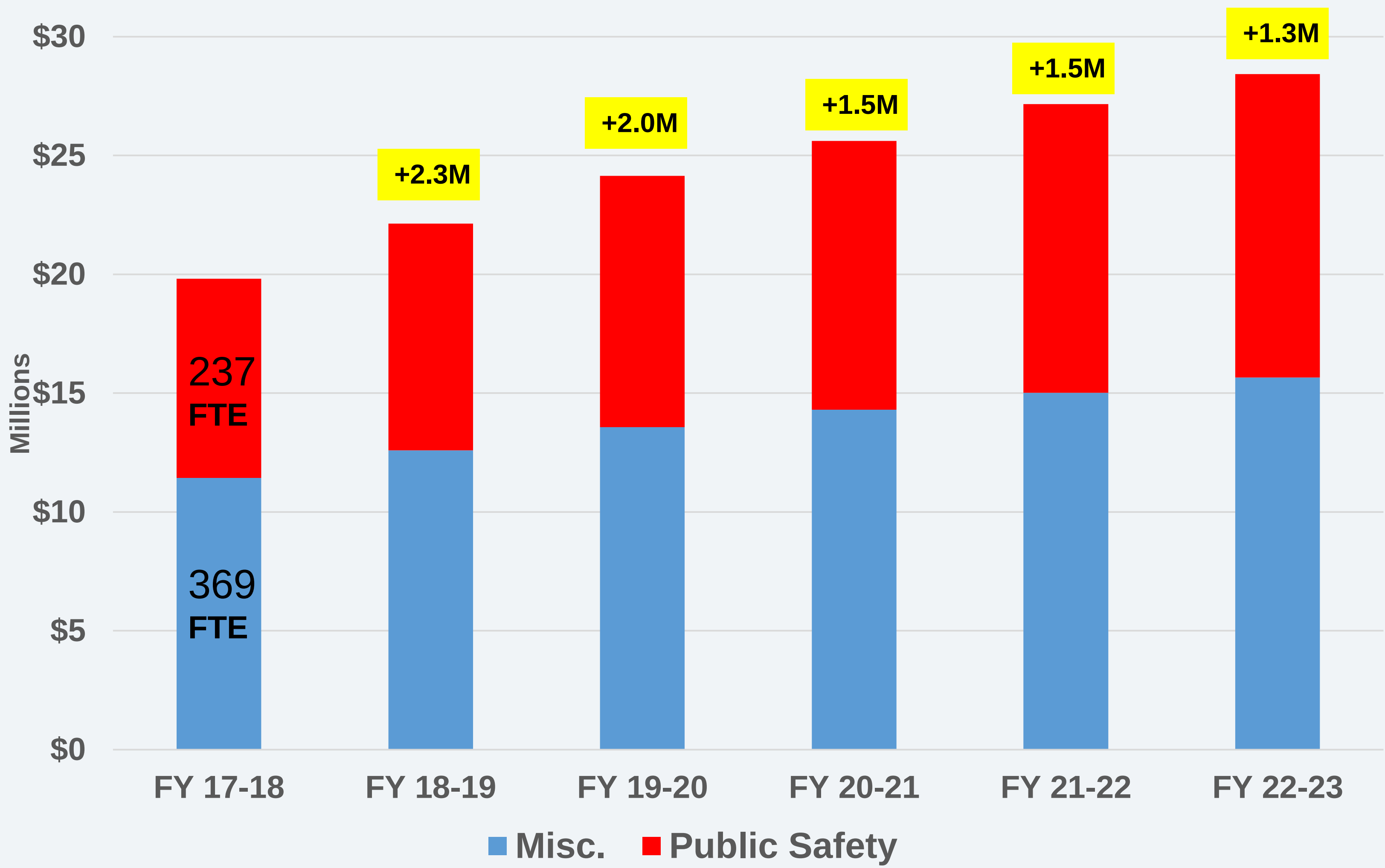


Wages, Salaries and Benefits

Salaries/Wages/Benefits



General Fund PERS forecast



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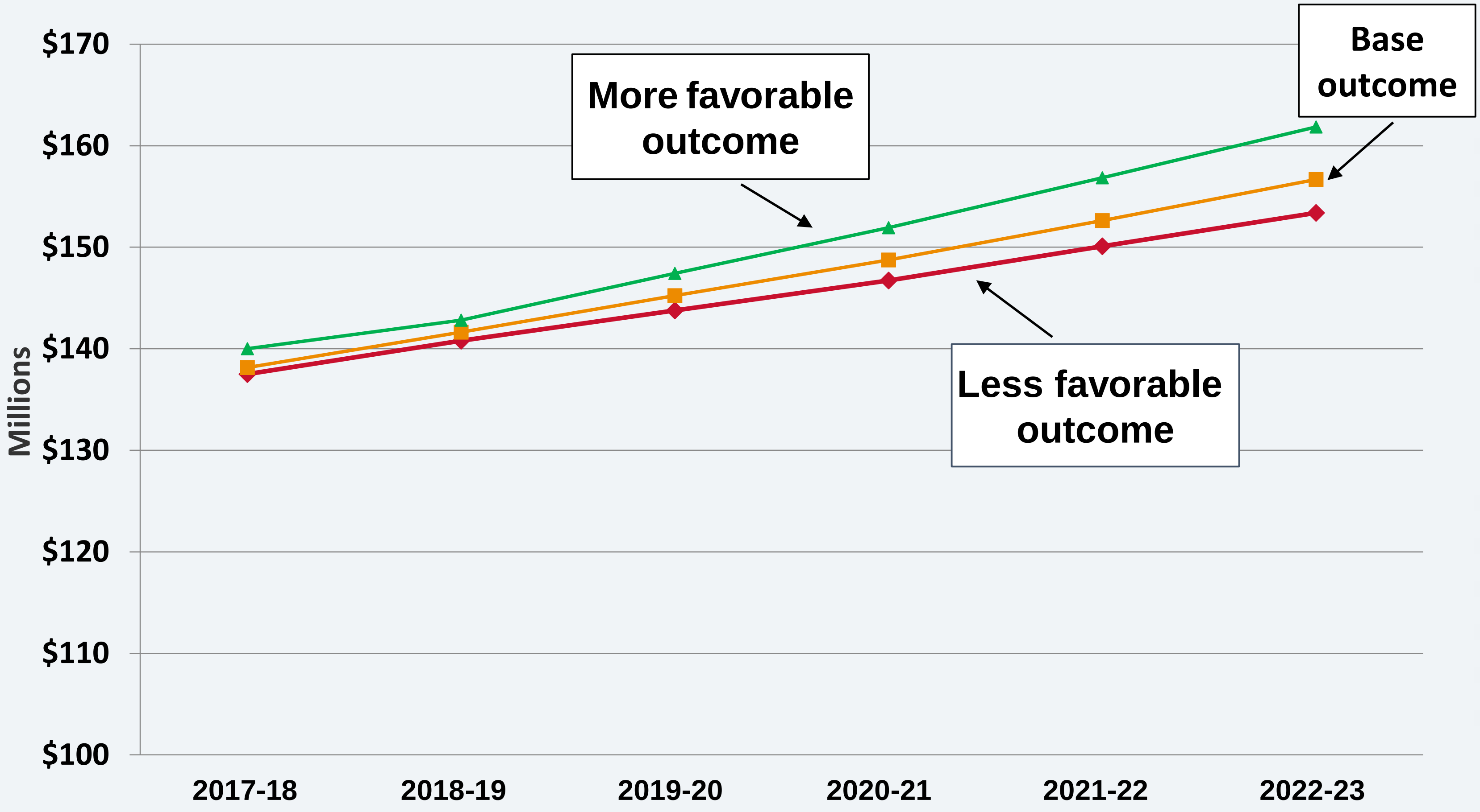
General Fund Forecast Summary

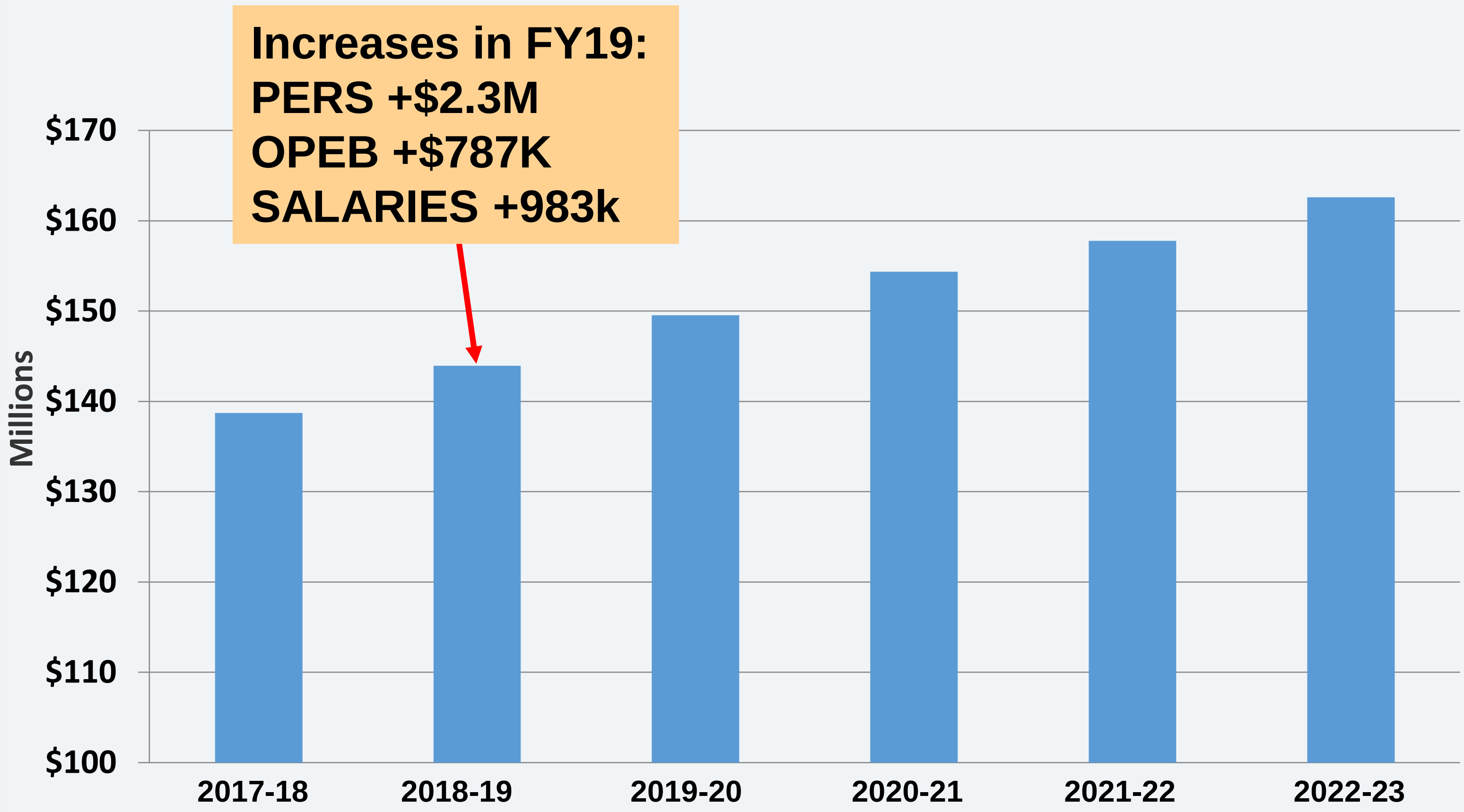
5 year Budget Forecast Summary

- Forecast assumes moderate growth of revenue
- Identifies known operational expenses
  - New staffing and increased contributions to OPEB, PERS and CIP Rehab
- Revenue and expenses related to current service levels estimated to grow at similar rates
- Revenue does not cover all expenses nor build capacity to absorb next recession
- Without new revenue sources, challenges to increase service levels will continue

General Fund Operating Revenue Forecast



General Fund Operating Expenditures Forecast



Assumes known increases and 5 new FTE's per year.

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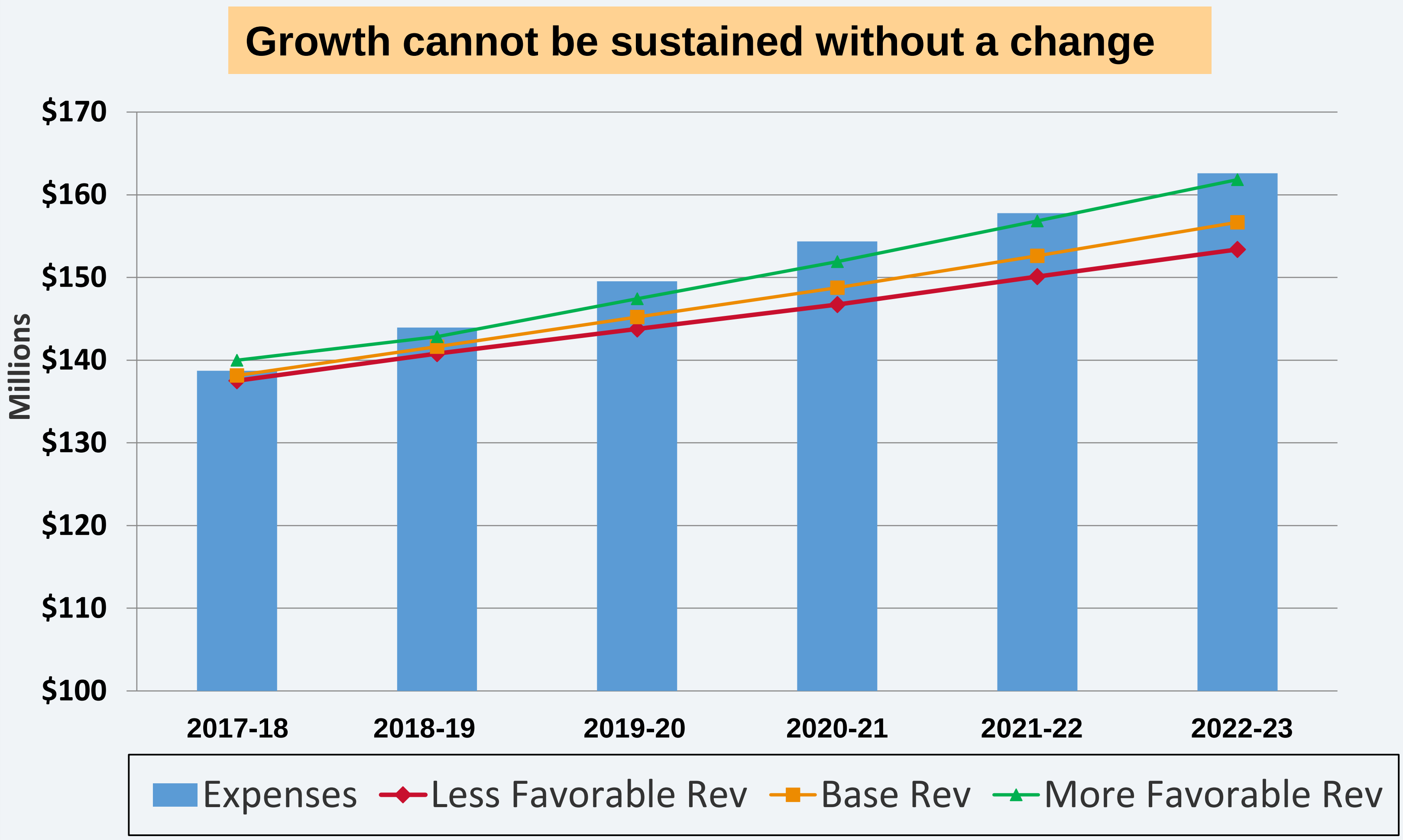
General Fund 5-Year Forecast



FY2018 General Fund Expenditures

General Fund Expenditure by Service Area	% of Total
Police	28.9
Fire	21.4
Parks, Recreation, & Library	17.1
General Government	10.9
Other	9.1
Development Services	6.5
Public Works	5.3
Economic Development & Housing	0.8
Total	**100.0%**

*New ISF policy changed the allocation from the prior years

Emergency Reserve

GF Emergency Reserve

- Current fund balance= $14.1m
  - 10% of General Fund operating expenses
- Long term goal to have 3 months or 25% of operating expenses reserved (GFOA best practice)
  - No short term plans to increase
- Provides financial security
- Will help City achieve AAA bond rating

Fund Balance Discussions

Strategic Improvement Fund

- Purpose of the SIF
  - Improve property values
  - Generate sales tax and property tax
  - Provide a community benefit

- Revenue Sources
  - Community Benefit Fee
    - Impact fee built into Development Agreements
    - Avg. receipts ~ $800k per year

Strategic Improvement Fund

Allowable Expenditures

- Support Council approved strategies related to land acquisition
- Strategic capital improvement projects
- Support projects that would eventually generate revenue for the General Fund

Goal is to achieve a return on our investment!

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Strategic Improvement Fund History

Funding strategic land acquisitions

- Post Office Site
- Washington Blvd. Site

Funded Infrastructure projects

- Historic Old Town
- Riverside Project
- Town Square and downtown infrastructure

- **Funded**
  - SPCA
  - Loans to past RDA efforts, 316 Vernon and parking garage
  - Fire Station #1

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Strategic Improvement Fund

- Fund Balance
  - FY18 estimated beginning balance $7.6M
- Plus
  - FY18 estimated fees $0.6M
  - PFF Loan repayment (316 Vernon) $0.4M
  - FFF Loan repayment (FS#1) $1.7M
  - Interest $0.1M
- Less
  - Remaining SPCA ($3.6M)
  - East radio site relocation ($1.0M)
  - North Central CFD refund ($1.6M)
  - 316 Tenant Improvements ($0.5M)
  - Other operating expenses ($0.2M)

- Estimated FY18 ending balance $3.5M

Future growth of $800k per year (shown later)

Public Facilities Fund

- Source of Revenue
  - Impact fees at the time a building permit is pulled based on a nexus study

- Allowable Expenditures
  - New development obligations to construct public facilities serving residents and employees in the city

Will be reanalyzing fee this fiscal year

Public Facilities Fee Projects

- New projects approved as a result of last nexus study (July 2015)
  - Oak Street Parking Garage (underway)
  - Animal control facility (underway)
  - East site communication tower (underway)
  - Citywide park and community facilities
  - IT facility infrastructure

- Completed projects
  - West Roseville Middle School gym upgrade
  - Mike Shellito Pool
  - 316 Vernon Street

Public Facilities Fund

- Fund Balance
  - FY18 estimated beginning balance $0.9M
- Plus
  - FY18 estimated fee revenue $1.8M
  - Tech Replacement Loan Repayment $0.1M
  - Interest $0.2M
- Less
  - 316 Vernon Debt Service ($0.9M)
  - SIF Loan Repayment (316 Vernon) ($0.4M)
- Estimated FY18 ending balance $1.7M

Future growth net $1.7M per year

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Fire Facilities Fund

- Source of Revenue
  - Fee applies to new growth areas and replaces the Fire Service Facilities Tax that expired in 2009

- Allowable Expenditures
  - Funding for capital fire facilities and related equipment

Fire Facilities Fund

- Fund Balance
  - FY18 estimated beginning balance $1.0M
- Plus
  - FY18 estimated fees $0.9M
  - Interest $0.1M
- Less
  - SIF Loan Repayment (FS#1) ($1.7M)
- Estimated FY18 ending balance $0.3M

Future growth of $1.2M per year (shown later)

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Downtown Benefit Fee

- No budgeted revenue in FY18
  - Negotiated fee $5,000 per unit for 1,600 units (SPA 3)
  - Will provide $8.0m funding for future downtown related projects
  - $4.07m lien on future fee collections to repay:
    - Auto Repl Fund: $0.60m and
    - SIF: $3.47m

Funds at a Glance

Funding Source	FY2018 Estimated Ending Fund Balance	FY2019 Estimated Ending Fund Balance	FY2020 Estimated Ending Fund Balance	FY2021 Estimated Ending Fund Balance
Strategic Improvement Fund	**$3.5M**	**$4.3M**	**$5.1M**	**$5.9M**
Public Facilities Fund	**$1.7M**	**$3.4M**	**$5.1M**	**$6.8M**
Fire Facilities Fund	**$0.3M**	**$1.5M**	**$2.7M**	**$3.9M**
Downtown Benefit Fee	**No balance today, but any revenue will be used to pay back current loans first**			
TOTALS	**$5.5M**	**$9.2M**	**$12.9M**	**$16.6M**

Summary

- Maintain fiscal responsibility
  - Implement council priorities
  - Live within our means
  - Provide core services
- Concerns
  - Limited room for growth without new sources of revenue
  - Limited capital available for new projects

Questions?

Council Goals Workshop

Park CIP’s

Dion Louthan, Parks, Recreation, and Libraries Director

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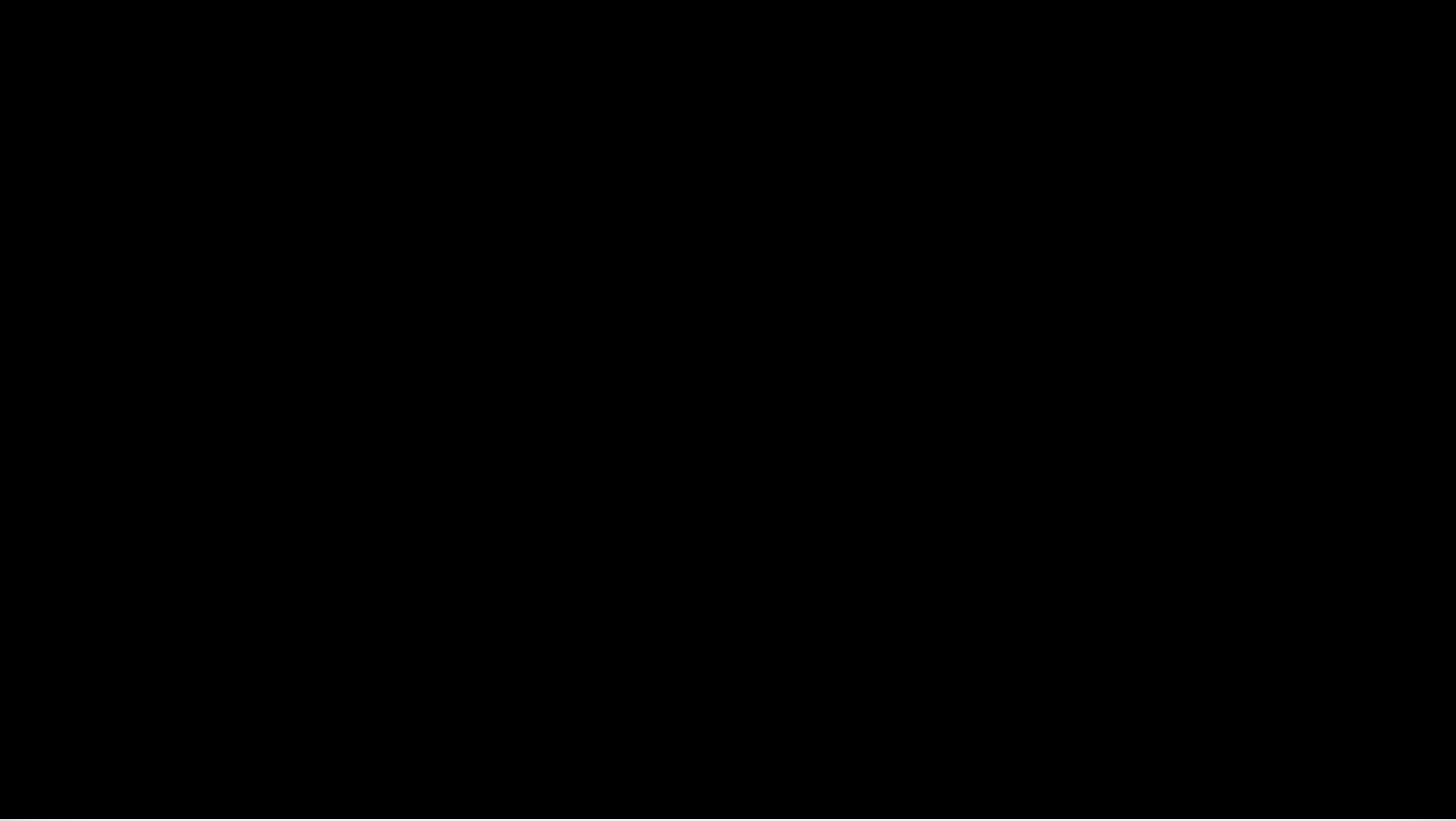
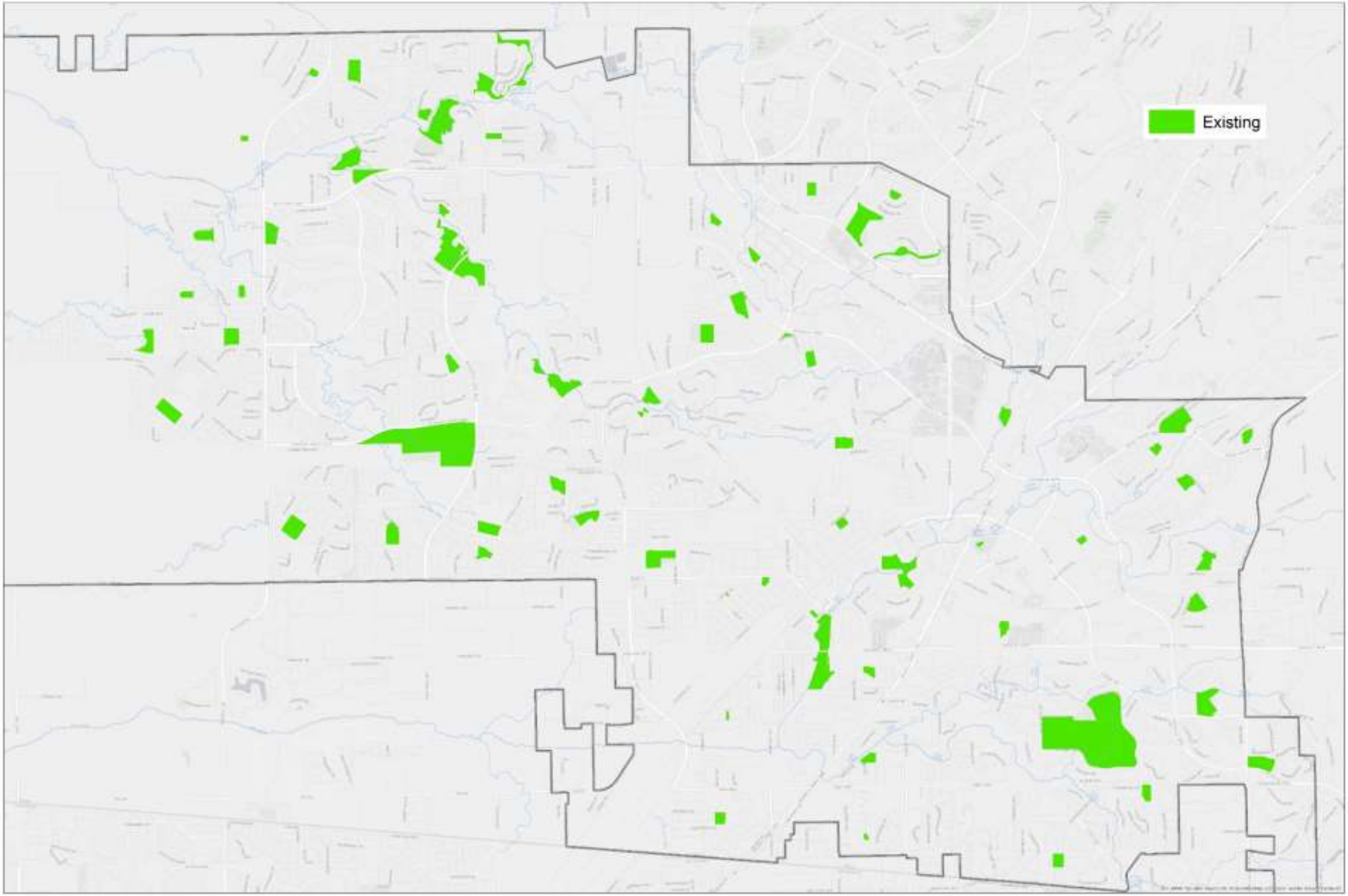
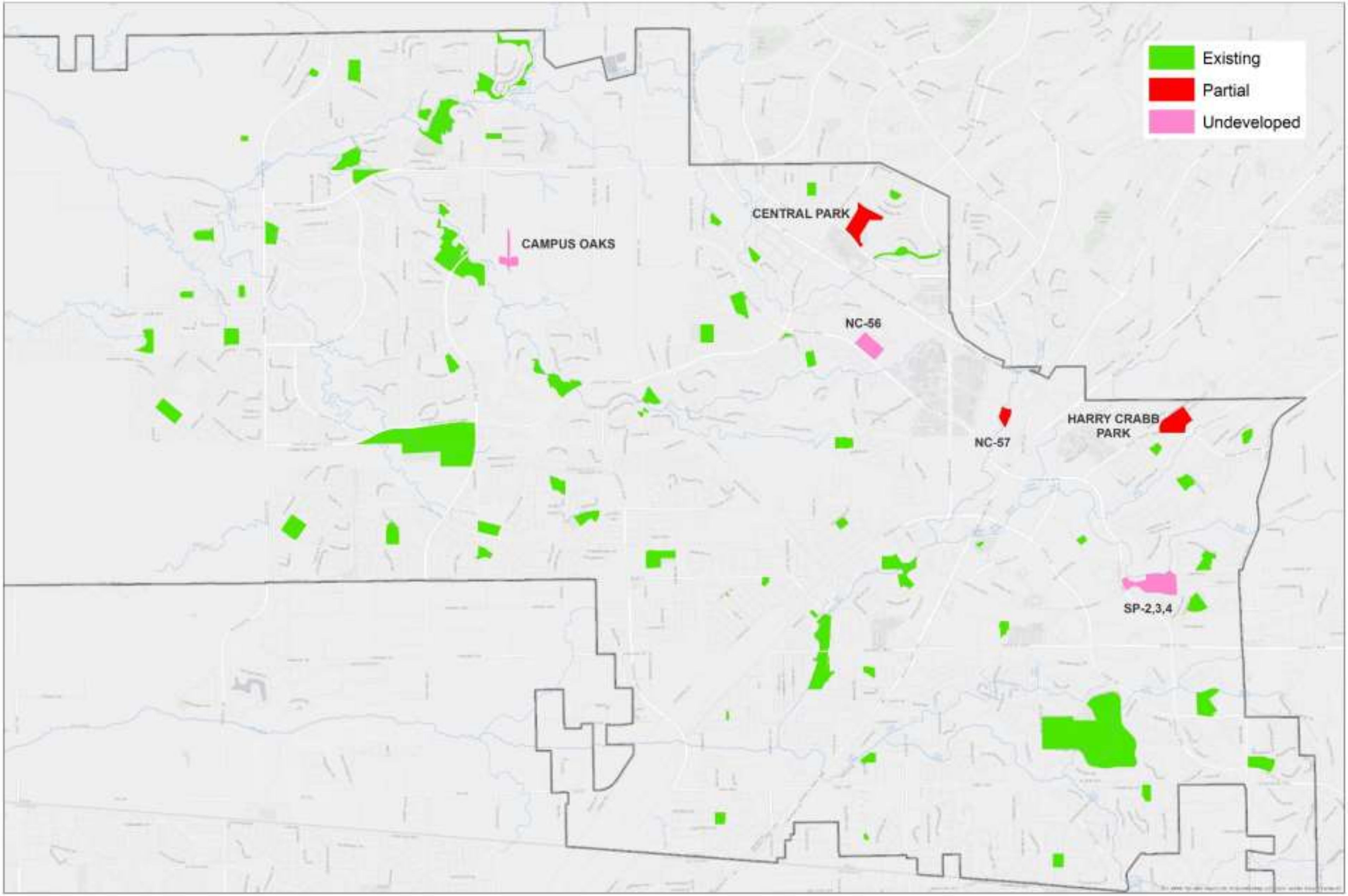


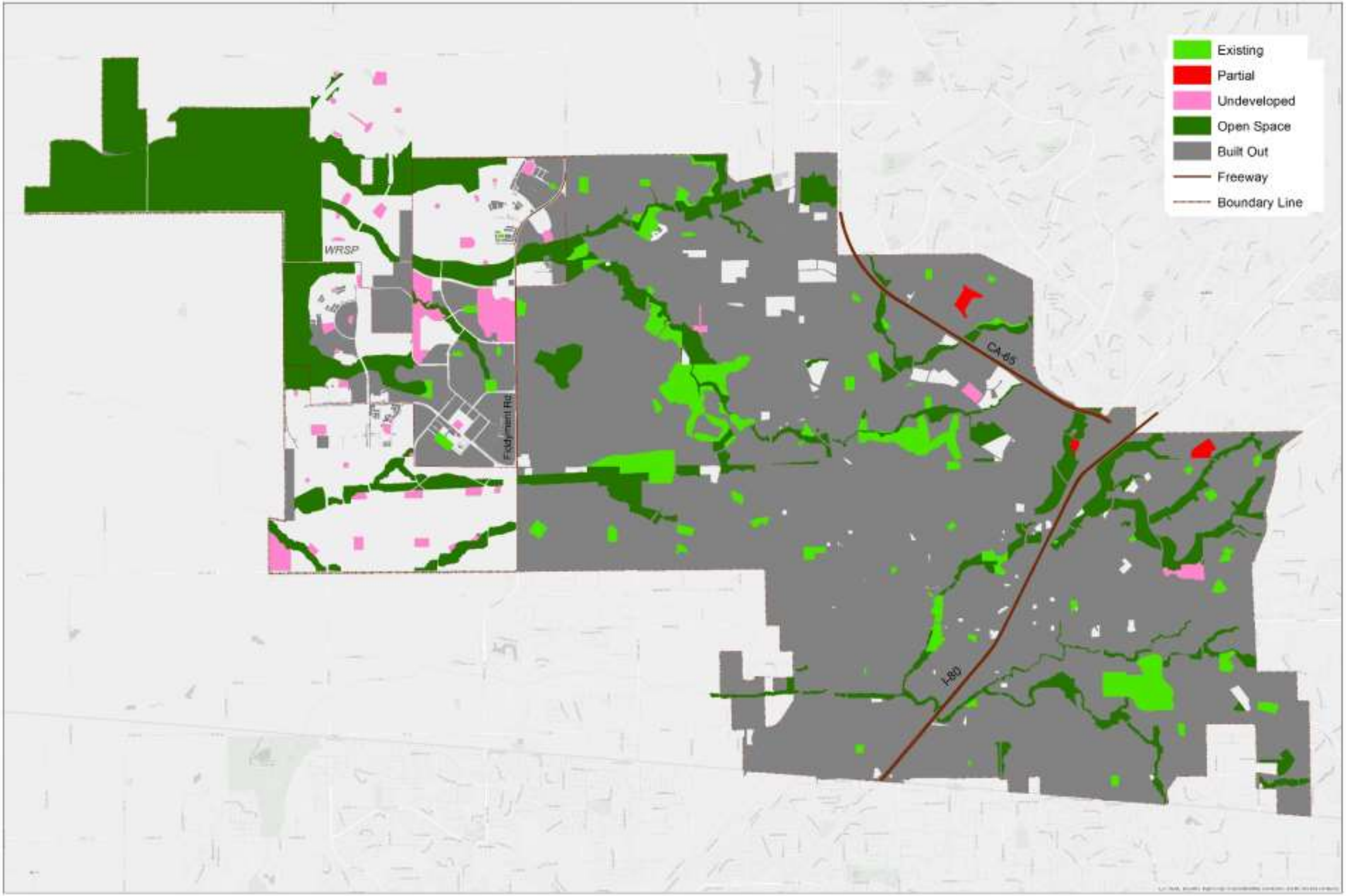
Building our parks

Planning & development

- Last 3 -5 years
  - 4-6 new parks/year
  - Avg. $500,000 annual rehab projects
  - Avg. 30 on-demand projects/year
- Maintenance funding for parks
  - 52 – General Fund
  - 13 – CFD for Services


Existing


Existing
Partial
Undeveloped
CAMPUS OAKS
CENTRAL PARK
NC-56
NC-57
HARRY CRABB PARK
SP-2,3,4



Existing
Partial
Undeveloped
Open Space
Built Out
Freeway
Boundary Line
WRSP
Fiddyment Rd
CA-65
I-80

FY 2017/18

- Design
  - F-56 (CW)
  - F-54 (CW)
  - F-52 (N)
  - W-51 (N)
  - F-95 (PP)
- Construction
  - Stizzo Park (F-50)
  - Sierra Crossing Park (SP)
  - Astill Park (N)
  - Village Green Park (W-54)

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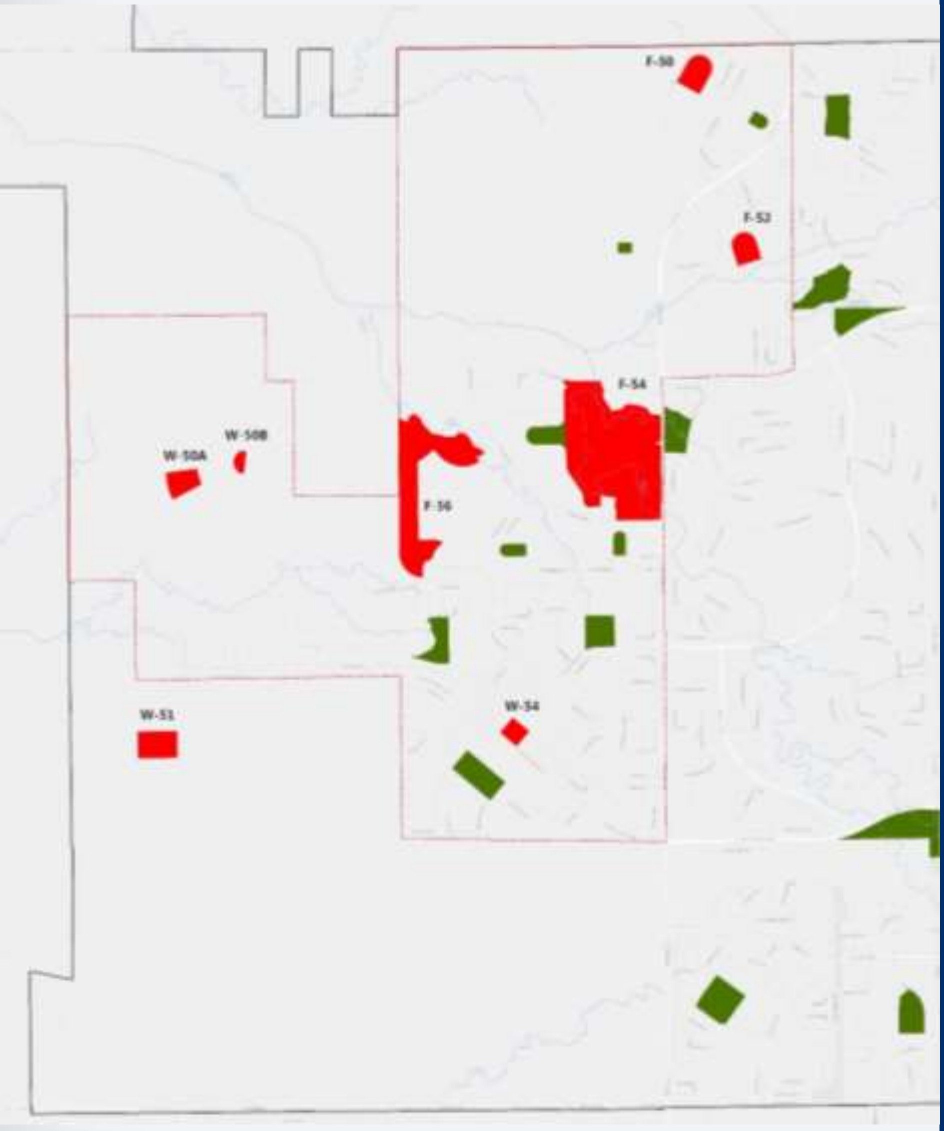

FY 2017/18

- Green = existing parks
- Red = slated for FY 2017/18

FY2018/19

- Design
  - W-50C (N)
  - Gibson (MP)
  - Campus Oaks (TK)
- Construction
  - F-52 (N)
  - W-51 (N)
  - F-95 (PP)
- Construction Ready
  - F-56 – Phase 1 (CW)
  - F-54 – Phase 1 (CW)

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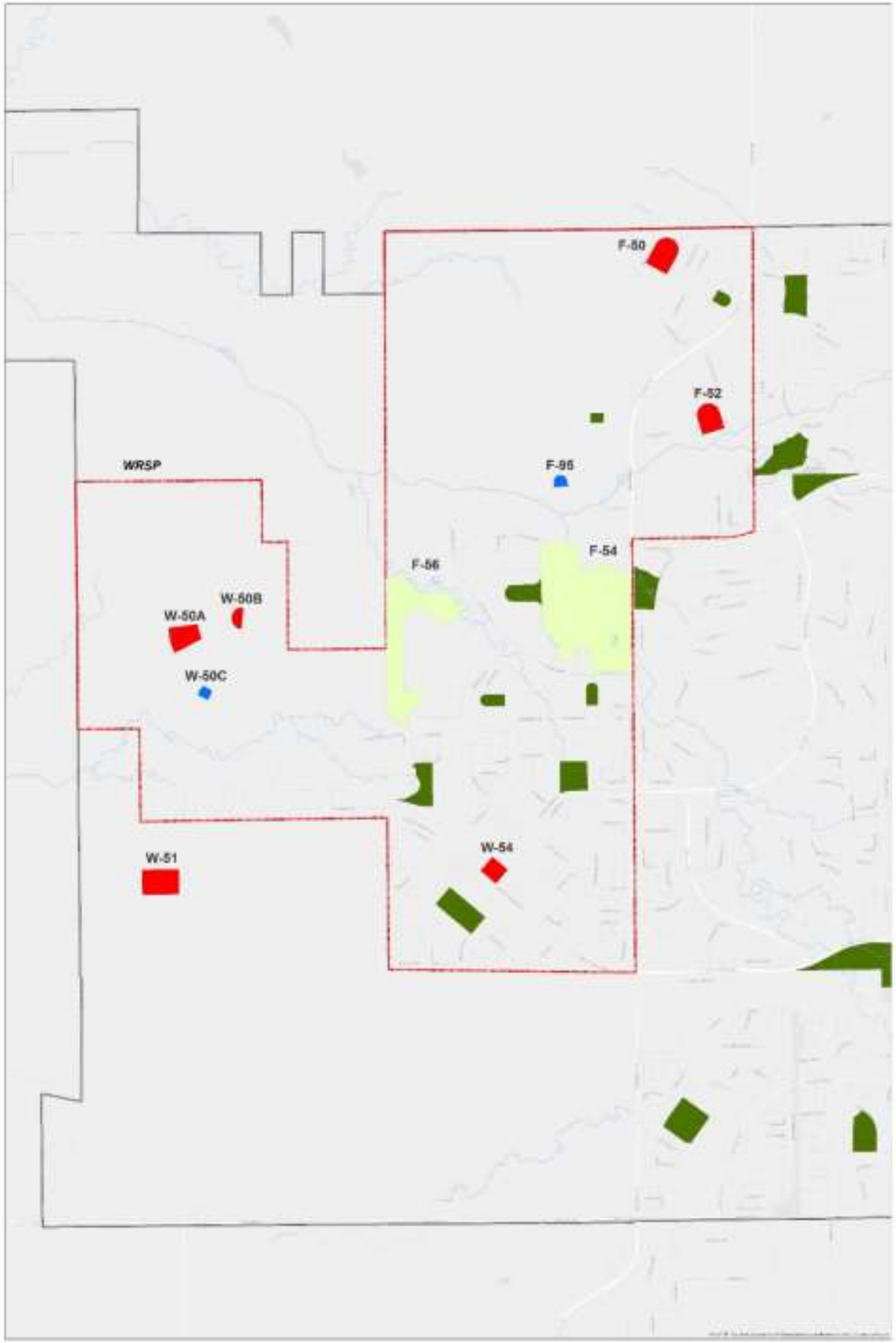

FY 2018/19

- Green = existing parks
- Red = slated for FY 2018/19
- Yellow = citywide parks requiring GF maintenance

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Park planning process

Steps	Estimated Times
Public workshops	2-3 months
Master plan approvals	2 months
Design development/ construction documents	3-4 months
Citywide approvals	3-4 months
Bid & award	1-2 months
Construction	8 months
Establishment	3-4 months
Dedication	
Total time	24 months ±

Questions?

Council Goals Workshop

Roadway CIPs

Rhon Herndon, Public Works Director

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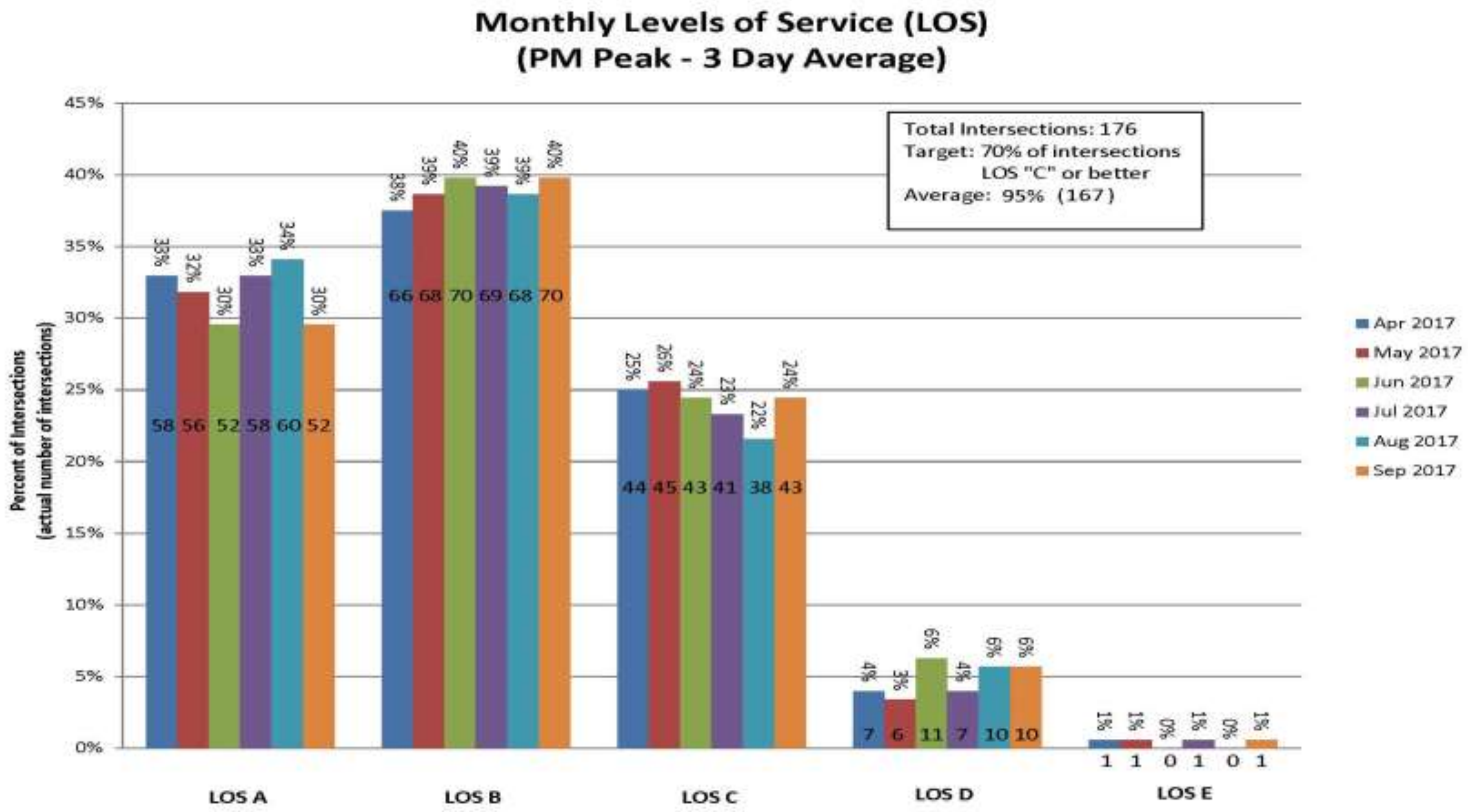
Roadway CIPs - Agenda

- Strategy since 1989
- Current Council-directed projects
- Moving forward – CIP Update w/sensitivity analysis

Strategy since 1989

- **Key pressure points**
  - Sunrise/Douglas
  - Cirby/Riverside
  - Roseville Pkwy/I-80 Overcrossing
- **Outside funding**
  - Eureka/I-80/Taylor
  - Fiddyment
  - Blue Oaks
  - Roseville Road



Intersection Level of Service

Current Council direction

- Atlantic/Eureka/I-80 Onramp
- Washington/Andora

Atlantic/Eureka/I-80 On-ramp

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Washington/Andora Widening

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Moving forward

- **CIP Update – long term 2035**
  - Land use updates
  - CIP project cost updates

- **Sensitivity Analysis – 5 years out**
  - Land devel over next 5 years
  - CIP projects w/max benefit
  - Estimated TMF revenues

Questions?

Environmental Utilities focus areas in 2018

Rich Plecker, Environmental Utilities Director

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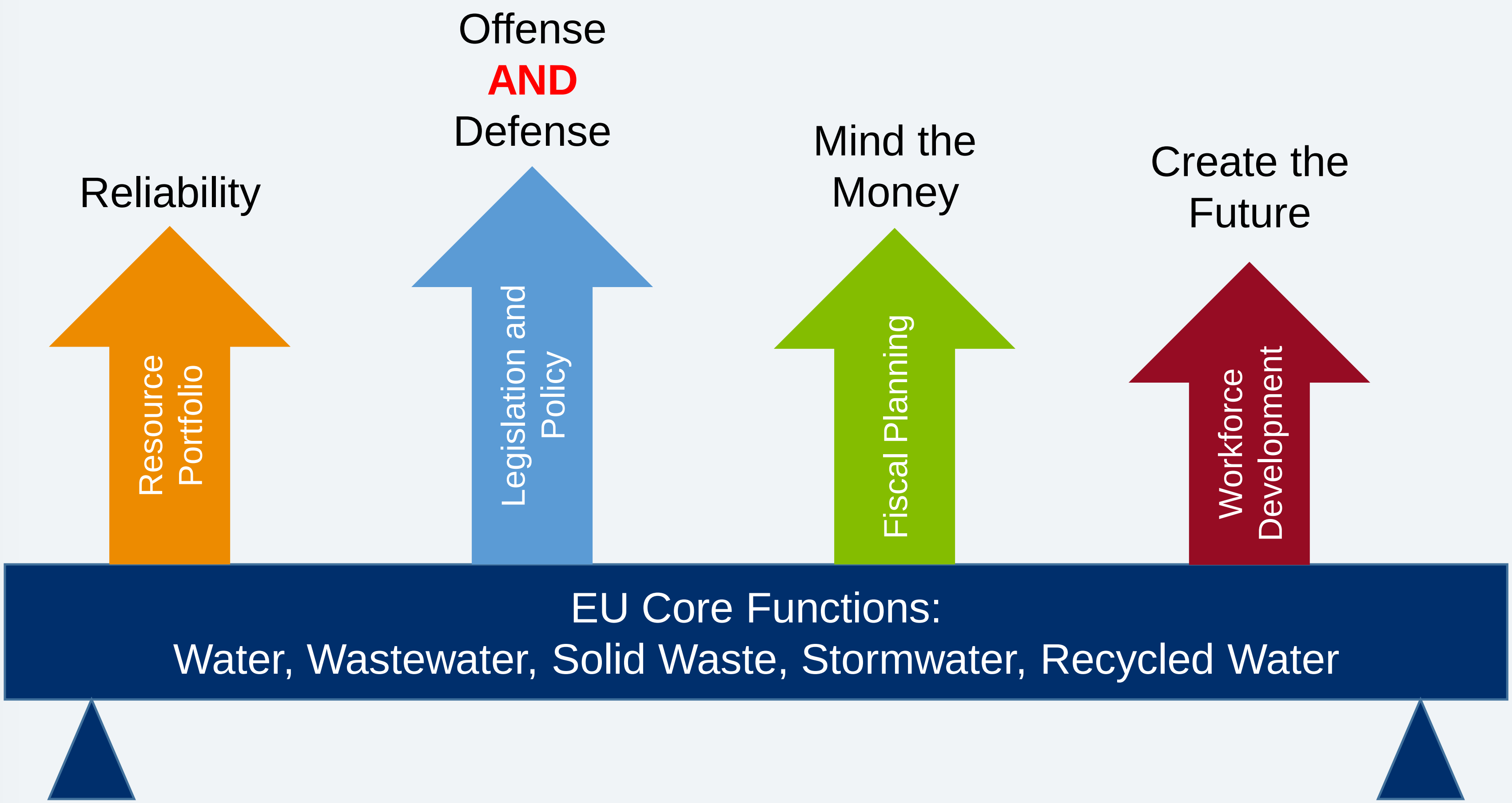
EU Focus Areas for 2018



Questions?

Roseville Electric focus areas in 2018

Michelle Bertolino, Electric Utility Director

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Electric Utility Key Initiatives

- Community solar pilot project
- Advanced meters
- Sierra Vista substation
- REP steam turbine replacement
- Electric distribution dispatch center and technology roadmap
- Efficiency improvements – potential for shared utility services

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Electric Utility: Areas to Watch

- Regulatory Uncertainty
  - 100% renewable energy
  - New federal regulatory commission
  - Private communication (small cell) attachments to power poles, streetlights, traffic signals
  - Regionalization of CA electric grid
- Electrification of transportation
- Staff turnover, vacancies and shortages

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Questions?

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Summary - Challenges

- Fiscal Challenges
  - Golf Course Debt Service
  - Engage Roseville Process
- Regional Participation
  - Required resources (staffing)
- Limited land for job growth
  - Rezones
  - Future of Retail

Summary - Opportunities

- Sale of City Property
  - Post Office
- Revenue Enhancements
  - First Responder Fee
  - Utility User Tax
  - Sales Tax
  - Parks Assessment

Council Direction