AGENDA
June 4, 2018

CITY COUNCIL BUDGET WORKSHOP
4:00 p.m.
Council Chambers
311 Vernon Street
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**

4. **MEETING PROCEDURES**

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.

5. **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.

6. SPECIAL REQUESTS/REPORTS/PRESENTATION

6.1. <u>BUDGET WORKSHOP</u>

A. Introduction - Dominick Casey, Acting City Manager

B. Fiscal Overview - Jay Panzica, Chief Financial Officer
Dennis Kaufman, Finance Director

C. Department Overviews

1. Development Services
2. Public Works
3. Parks and Recreation
4. Police
5. Fire
6. Electric
7. Environmental Utilities

CONTACT: Jay Panzica 916-774-5362 jpanzica@roseville.ca.us

7. COUNCIL / STAFF / REPORTS/ COMMENTS

8. ADJOURNMENT

COUNCIL COMMUNICATION

Title:	BUDGET WORKSHOP
Contact:	Jay Panzica 916-774-5362 jpanzica@roseville.ca.us

Meeting Date: 6/4/2018
Item #: 6.1.

ATTACHMENTS:

Description

Power Point presentation

Proposed
FY2018-19 Budgets
June 4, 2018

Dominick Casey, Acting City Manager

CITY OF ROSEVILLE
CALIFORNIA

Tonight's Agenda

- Budget Overview (Casey)
- Financial Summary and Service Departments (Panzica/Kauffman)
- Department Presentations
  - Development Services (Isom)
  - Public Works (Herndon)
  - Parks, Recreation & Libraries (Louthan)
  - Police (Maccoun)
  - Fire (Bartee)
  - Electric (Bertolino)
  - Environmental Utilities (Plecker)

Budget Schedule

October 5, 2017 - Council Goals Workshop

- Maintain core services
- Maintain fiscal responsibility
- Identified additional goals
  - Regional Engagement
  - Culturally Rich Community

March 21, 2018 – Fiscal Update

- General Fund revenue and expenditure trends
- Golf Funds update
- Changes in the FY2018-19 Proposed Budget
- Updates on reserves and other funds

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Budget Schedule (continued)

April 10, 2018 –Service Level Reduction Workshop

- Reviewed budget process
- Identified $1.7 million General Fund budget shortfall
- Discussed proposed service level reductions
- Received Council direction to balance budget

June 4-5, 2018 – Budget Hearings

- Citywide budget presentation
- Current fiscal position and trends
- Department operating budgets

June 20, 2018 – Budget Adoption

Purpose for Budget Hearings

- Define the City's overall fiscal position
  - General Fund
  - Enterprise funds
- Define the City's General Fund fiscal position
  - Revenues
  - Expenses
  - Challenges
  - Trends
- Receive Council confirmation/direction on recommended:
  - Allocation of discretionary General Fund revenues
  - Appropriate service levels
  - Enterprise operations

Council Priorities

- Public Safety
- Fiscal Responsibility
- Economic Development
- Sound and Stable Utilities
- A Great Downtown
- Infrastructure
- Legislative Advocacy
- Civic Engagement
- Core Neighborhoods
- Regional Engagement
- Culturally Rich Community

Fiscal Sustainability

Balanced Budget:

- Match revenues with expenses
- No use of reserve funds
- Establish appropriate emergency reserve funds

Council Adopted Funding Policies:

- General Liability
- Workers' Compensation
- Automotive Replacement
- Other Post-Employment Benefits (OPEB)
- CIP Rehabilitation

Cost Increases to Budget

$	100,000	Fire staffing audit recommended by CPAC
$	125,000	Labor negotiations consultant/comp study
$	100,000	Executive recruitments
$	171,000	New parking garage operating costs
$	22,000	Increased utility and facility costs at leased properties
$	50,000	Additional police dispatcher (partial funding from reclass)
$	326,000	Fire turnouts
$	947,000	Eliminate Fire Ops vacancy factor
$	500,000	Increase Fire Ops overtime
$	2,200,000	Subsidize golf operations fund $1.5 million estimated through June 2018 and $700,000 for FY2018-19 ($2.0 million from developer contributions fund)
$	**4,541,000**	**Total increases to budget**

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Service Level Reductions

$ 750,000	Fire Operational changes
$ 220,000	Eliminate Central Services department director
$ 110,000	Eliminate vacant position in City Manager's Office
$ 130,000	Maidu Museum reductions
$ 450,000	Parks, Recreation & Libraries restructure/defunding
$1,660,000	**Total service level reductions**

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. Reduced full-time General Fund staffing.
5. Moved labor costs to median in market.
6. Performed performance audits of all departments to maximize efficiencies.
7. Contracted out for services where cost savings would be realized.
8. Engaged in State and Federal legislation to protect our interests.

General Fund Budget Findings

1. **Balanced budget for FY18-19**
   - *Required $1.7 million in service level reductions*

2. **Public Safety is Council Goal No. 1**
   - *Police and Fire expenditures are 72.2% of total General Fund revenues from sales and property taxes*

3. **Expenses growing faster than revenues**

4. **Significantly underfunding rehabilitation funds and long term obligations**

5. **Shifting legislative and regulatory environment adds unfunded mandates, cost to City**

6. **Fiscally unsustainable with current service levels**
   - If we were fully funding our obligations, and funding the operational shortfall, it would create a 14- million dollar deficit

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EngageRoseville

Themes considered in building this year's budget:

- ☑ Seek to reduce rather than eliminate services.
- ☑ Prioritize efficient public safety as the cornerstone of City services.
- ☑ Maximize flexibility in staffing levels.
- ☑ Generally, avoid subsidizing services the private sector can provide.
- ☑ Maintain Roseville's competitive edge in the region with desirable neighborhoods and a business-friendly environment.
- ☑ Seek opportunities for increased cost recovery for all City services, where applicable and appropriate.
- ☑ Utilize technology and automation where possible to increase efficiencies and reduce costs.
- ☑ Pursue fund stabilization/revenue enhancement strategies to preserve Roseville's quality of life.
- ☑ Recruit, train and deploy volunteers where appropriate.

Fiscal Year 2018-19 Budget Hearings
Financial Summary
June 4, 2018

Jay Panzica, Chief Financial Officer
Dennis Kauffman, Director of Finance

CITY OF ROSEVILLE CALIFORNIA

Tonight's Agenda

- Citywide Budget
- Staffing Levels
- General Fund Budget
- 5-year General Fund Forecast
- Department Overviews
- Enterprise Funds

There will be a break for questions between each section

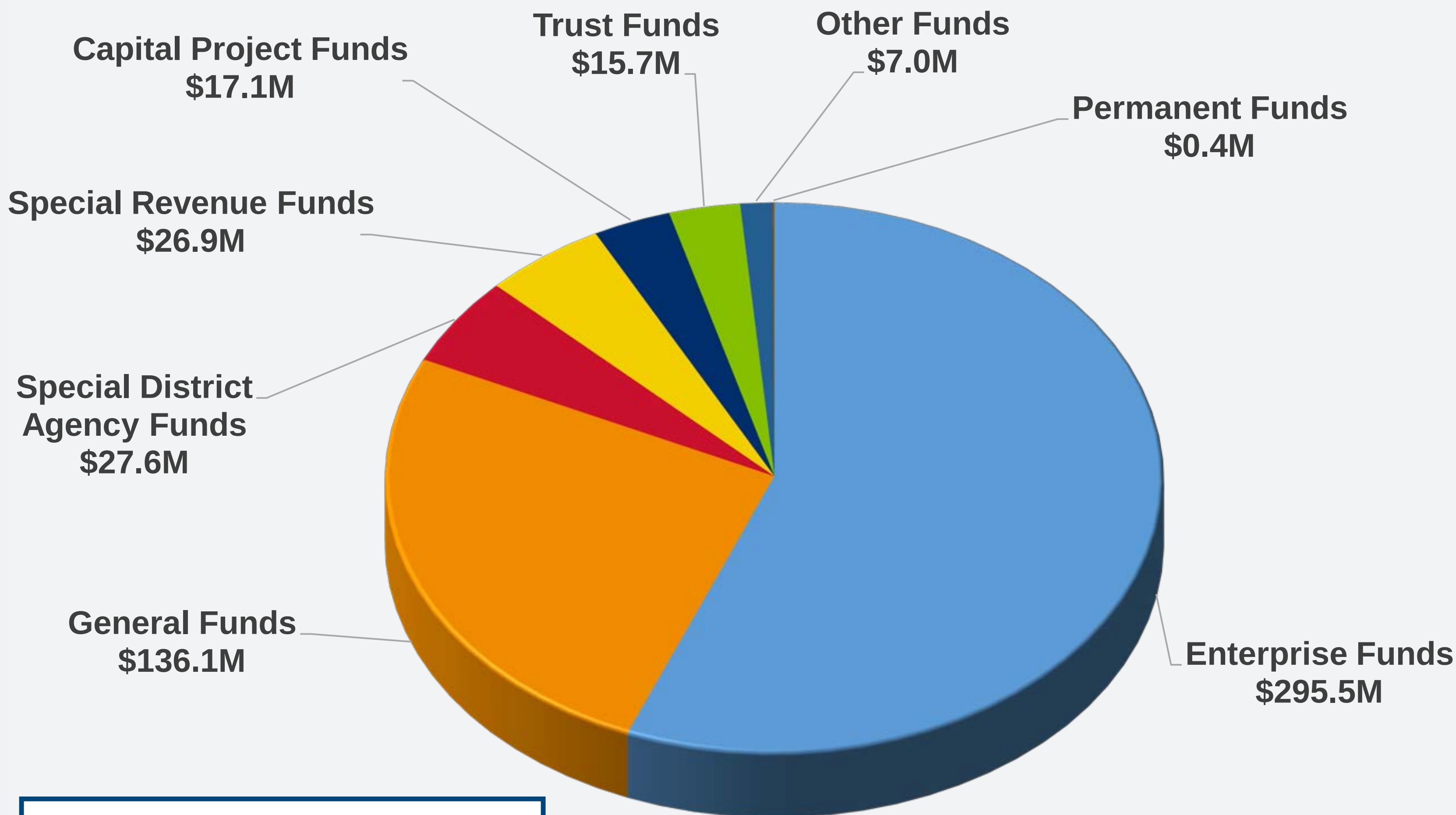
Citywide Budget

Citywide Budget: Revenue

FY2018-19 Citywide Revenue ($ millions)

Fund Type	Budget FY2015-16	Budget FY2016-17	Budget FY2017-18	Proposed FY2018-19
GF Operating GF Non-Operating Less Transfers In GF Net	$135.3 5.5 (25.8) $115.0	$140.4 7.1 (27.3) $120.2	$138.1 8.5 (20.7) $125.9	$139.1 9.7 (12.7) $136.1
Enterprise Funds	260.7	287.9	298.2	295.5
Special Revenue Funds	33.9	17.0	19.1	26.9
Capital Project Funds	15.1	15.2	12.2	17.1
Permanent Funds	0.2	0.5	0.4	0.4
Special District Agency Funds	34.7	31.2	31.9	27.6
Trust Funds	12.7	10.9	11.4	15.7
Other	6.3	12.5	8.4	7.0
Total Revenue	**$478.6**	**$495.4**	**$507.5**	**$526.3**

Operating and Capital Revenues by Fund Type



Citywide Revenue: $526.3 Million

CITY OF ROSEVILLE CALIFORNIA

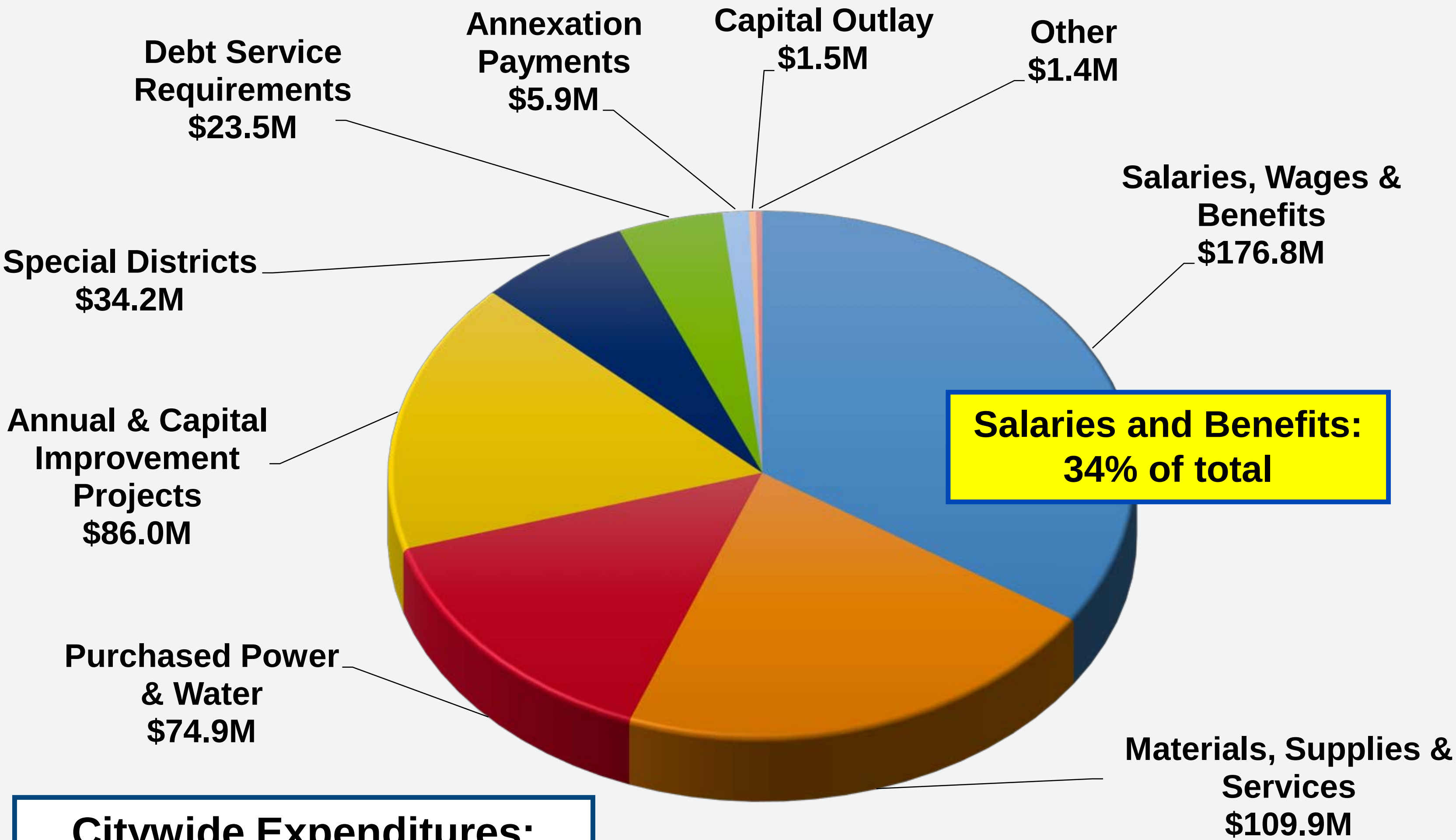
Citywide Budget: Expenditures

CITY OF ROSEVILLE CALIFORNIA

FY2018-19 Citywide Expenditures ($ millions)

Fund Type	Budget FY2015-16	Budget FY2016-17	Budget FY2017-18	Proposed FY2018-19
GF Operating GF Non-Operating Less Transfers In GF Net	$133.1 6.8 (1.7) $138.2	$139.1 8.3 (2.2) $145.2	$137.0 9.6 (2.8) $143.8	$138.4 10.4 (3.2) $145.6
Enterprise Funds	216.2	261.7	281.5	305.1
Special Revenue Funds	32.2	15.8	14.4	16.2
Capital Project Funds	32.8	27.9	25.0	9.2
Permanent Funds	0.2	0.4	0.4	0.4
Special District Agency Funds	32.8	31.8	31.7	27.4
Trust Funds	8.5	9.0	8.9	9.6
Other	0.8	2.0	1.4	0.6
Total Expenditures	**$461.7**	**$493.8**	**$507.1**	**$514.1**

Citywide Expenditures by Resource Category



Salaries and Benefits: 34% of total

Citywide Expenditures: $514.1 million

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Staffing Levels

FY2018-19 Citywide Staffing

Regular Staffing Levels	Year End FY2015-16	Year End FY2016-17	Year End FY2017-18*	Proposed FY2018-19**
General Fund	694.0	699.9	609.6	612.2
Other Funds (Non-General Fund)	442.4	448.8	541.1	536.5
Total	**1,136.4**	**1,148.7**	**1,150.7**	**1,148.7**

* Reflects transfer of utility billing to utility funds and IT and facilities to new internal service funds.
**Takes into consideration all new positions, reclassifications and transfers.

- **Net decrease of 2.0 positions citywide for FY2018-19**
- **Input from EngageRoseville was to consolidate functions to maximize efficiencies.**

General Fund Staffing

Net Decrease of 1.5 positions to General Fund

1.5 new positions

- +1.0 Parks Maintenance Worker (CFD funding offset)
- +0.5 Police Dispatcher

3.0 positions eliminated

- -1.0 Central Services Department Director
- -1.0 City Manager's Office Executive Assistant
- -1.0 Maidu Museum Supervisor

Non-General Fund Staffing

Net decrease of 0.5 positions to other funds (Non-GF):

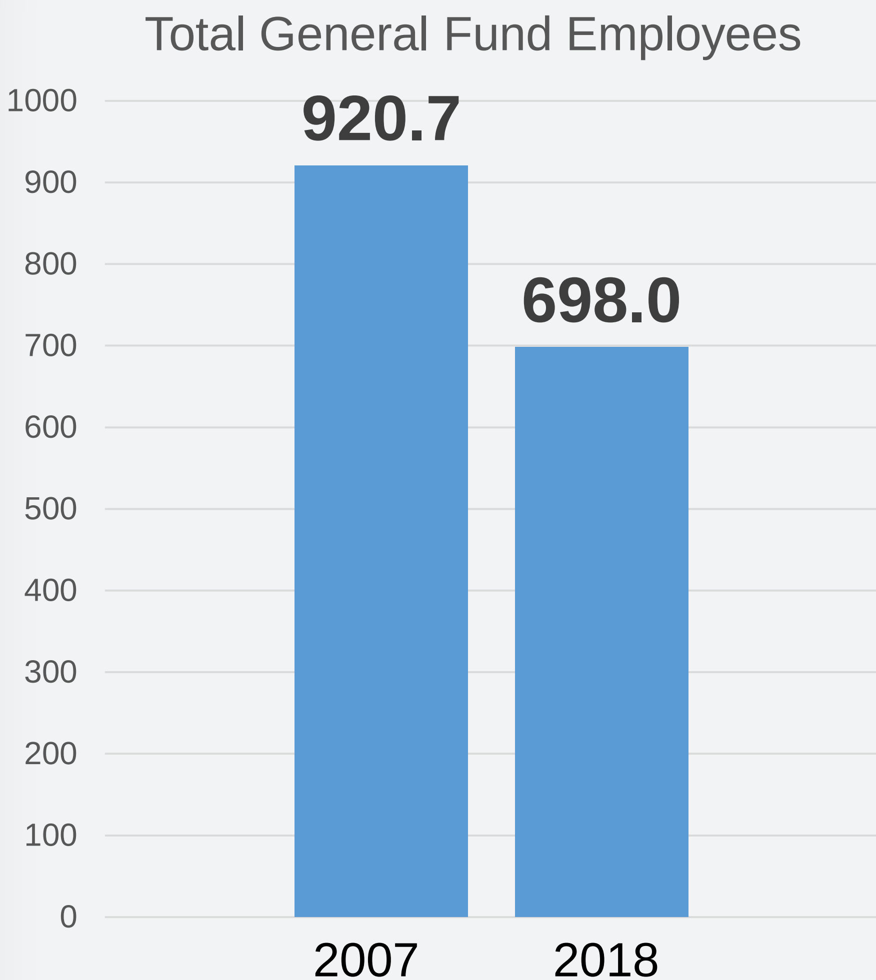
4.0 new positions

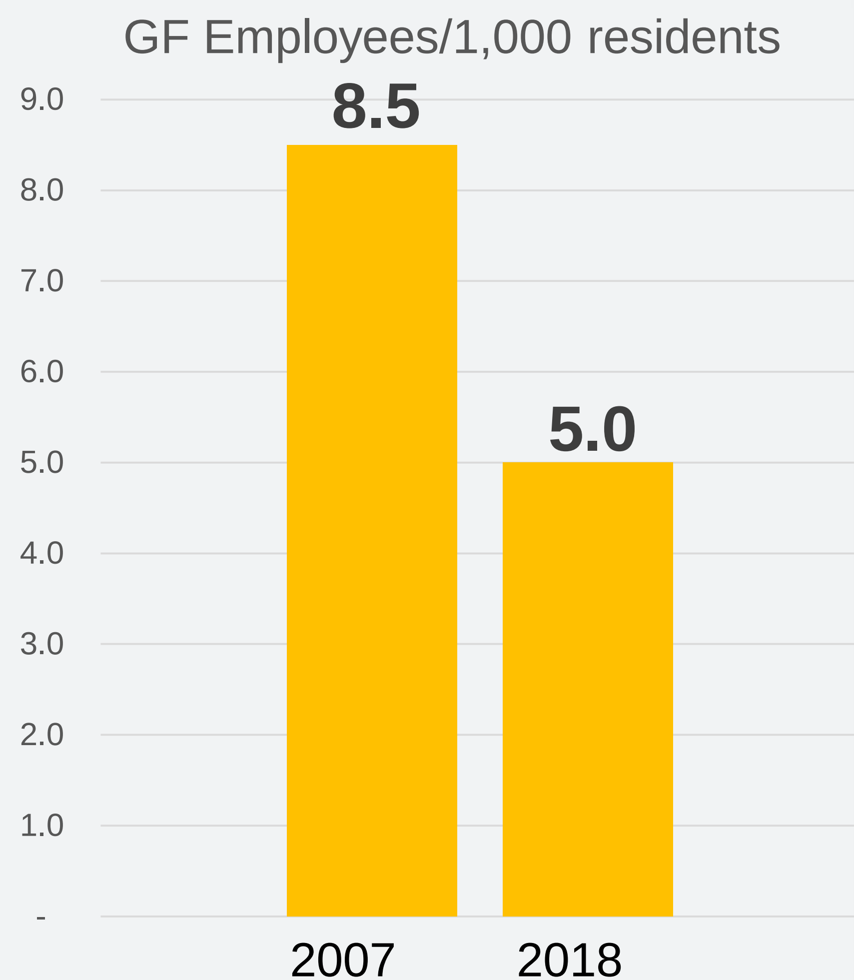
- +1.0 Electrical Engineering Technician (Electric)
- +1.0 Government Relations Administrator (Electric)
- +1.0 Business Systems Analyst (Electric/EU split)
- +1.0 Building Maintenance Supervisor (Facilities ISF)

4.5 positions eliminated

- -1.0 Senior Custodian (Facilities ISF)
- -1.0 Building Maintenance Aide (Facilities ISF)
- -1.5 Meter Readers (Electric/EU split)
- -1.0 Meter Service Worker (Electric/EU split)

Staff Reductions





41% reduction in General Fund staffing

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General Fund

General Fund Accounting Change

- Indirect cost reimbursement change resulting in:
  - Operating revenue/transfers in are down $7.9 million (5.7%)
  - Operating expenses are down $7.9 million (5.7%)
  - No citywide impact, simply an accounting change

General Fund: Revenue

General Fund Revenue Highlights

- Two largest sources of revenue as compared to FY2017-18 amended budgets:
  - Property tax: increase of $1.66 million (3.86%)
  - Sales tax: increase of $2.28 million (4.16%)

FY2018-19 General Fund Revenue

General Fund Revenue Source	% of Total
Sales tax	41.0
Property tax	32.2
Charges for current services	8.0
Franchise fees	6.4
Other revenue	4.6
Other taxes	4.0
Transfers in	3.8
Total	**100.0%**

Over 100 Revenue Line Items

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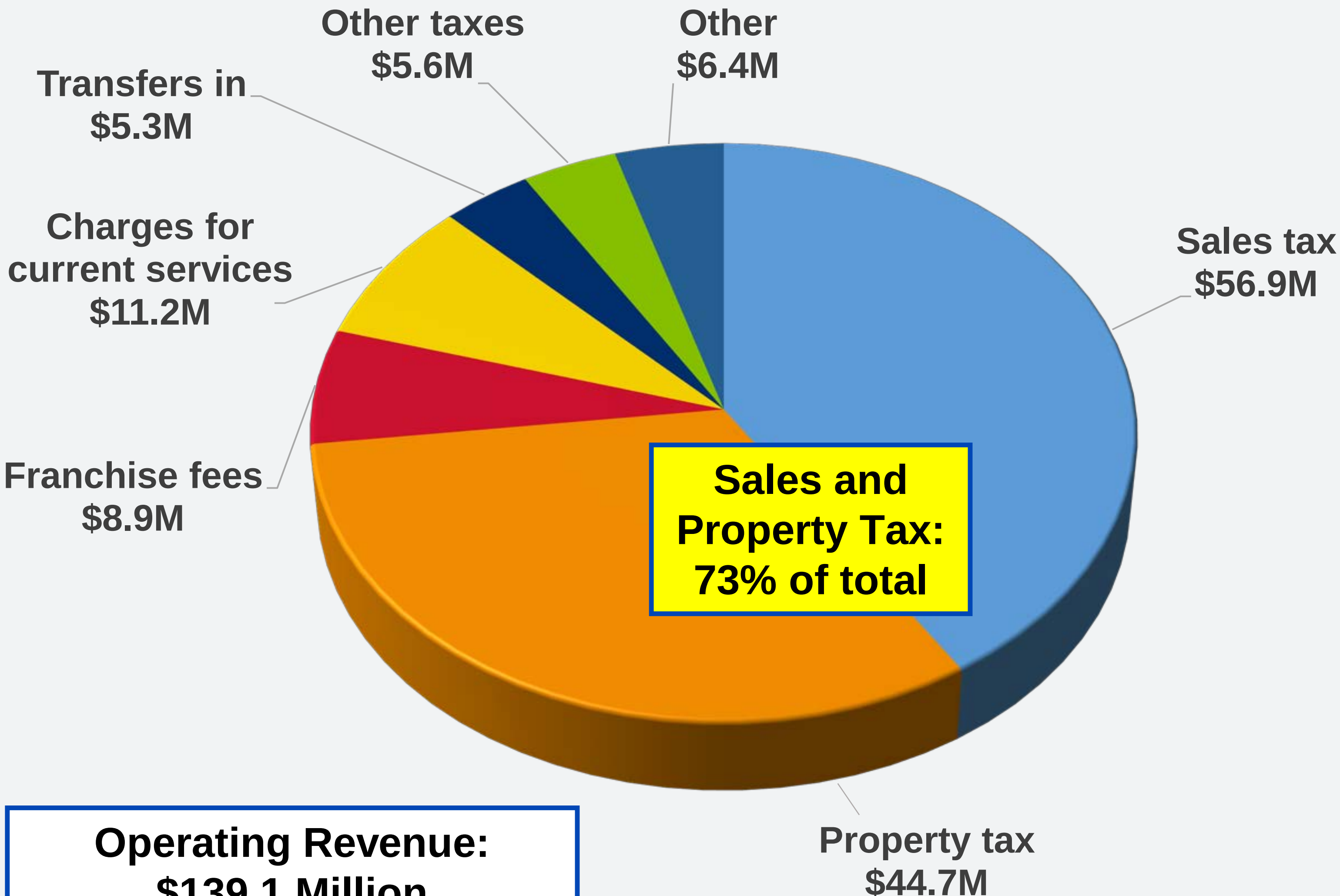
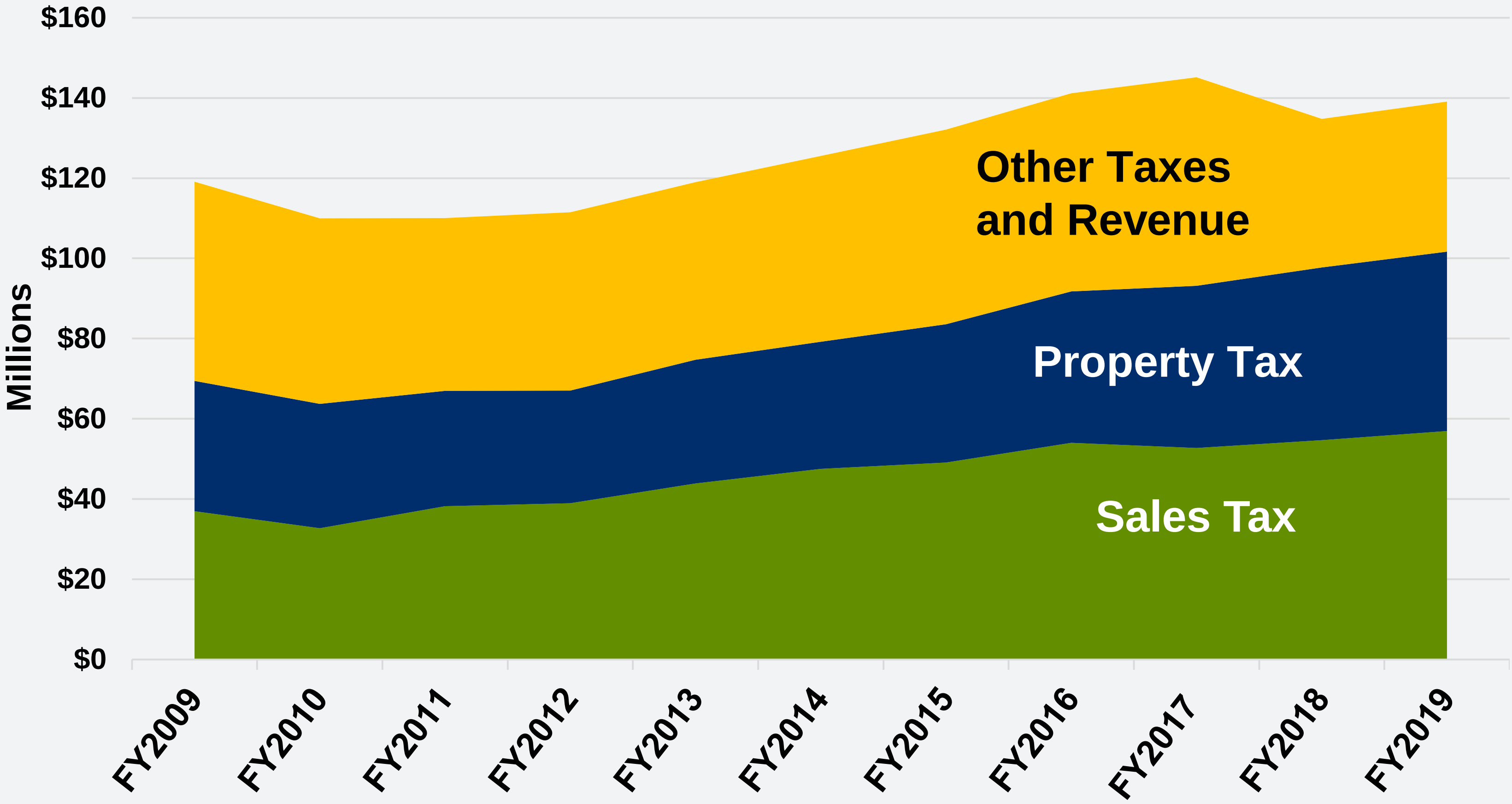
FY2018-19 General Fund Revenue

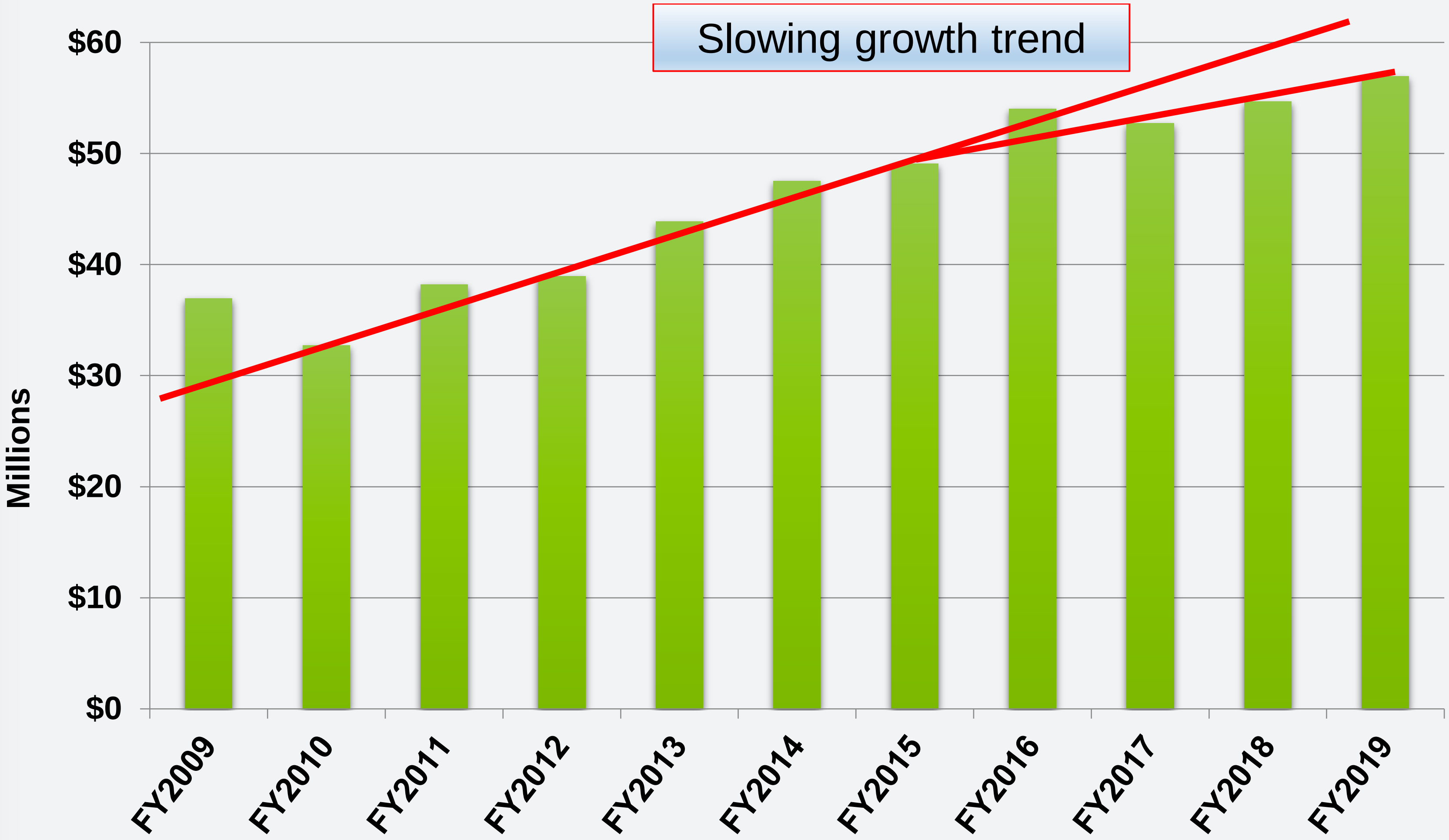


Operating Revenue:
$139.1 Million

General Fund Revenue

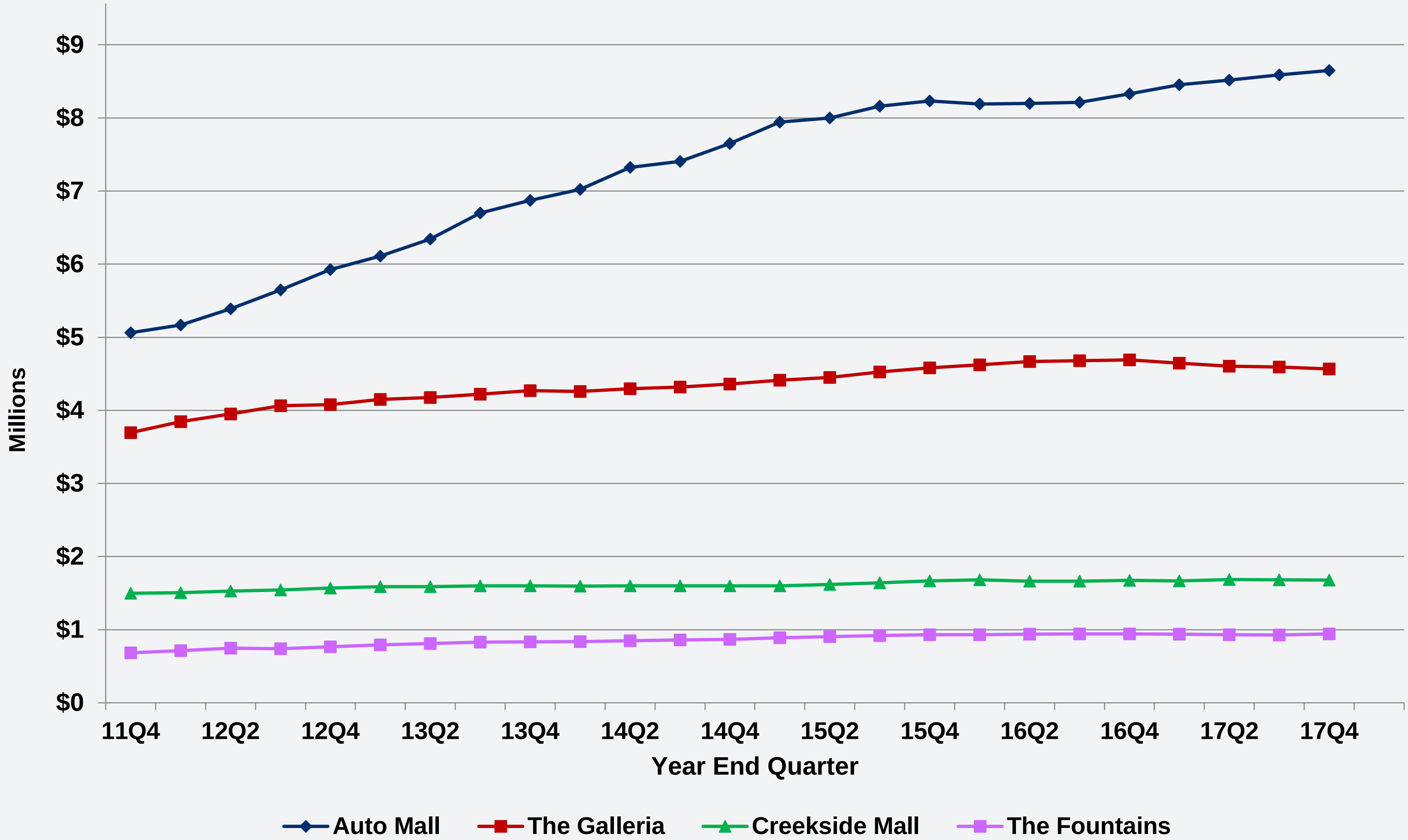


Sales Tax

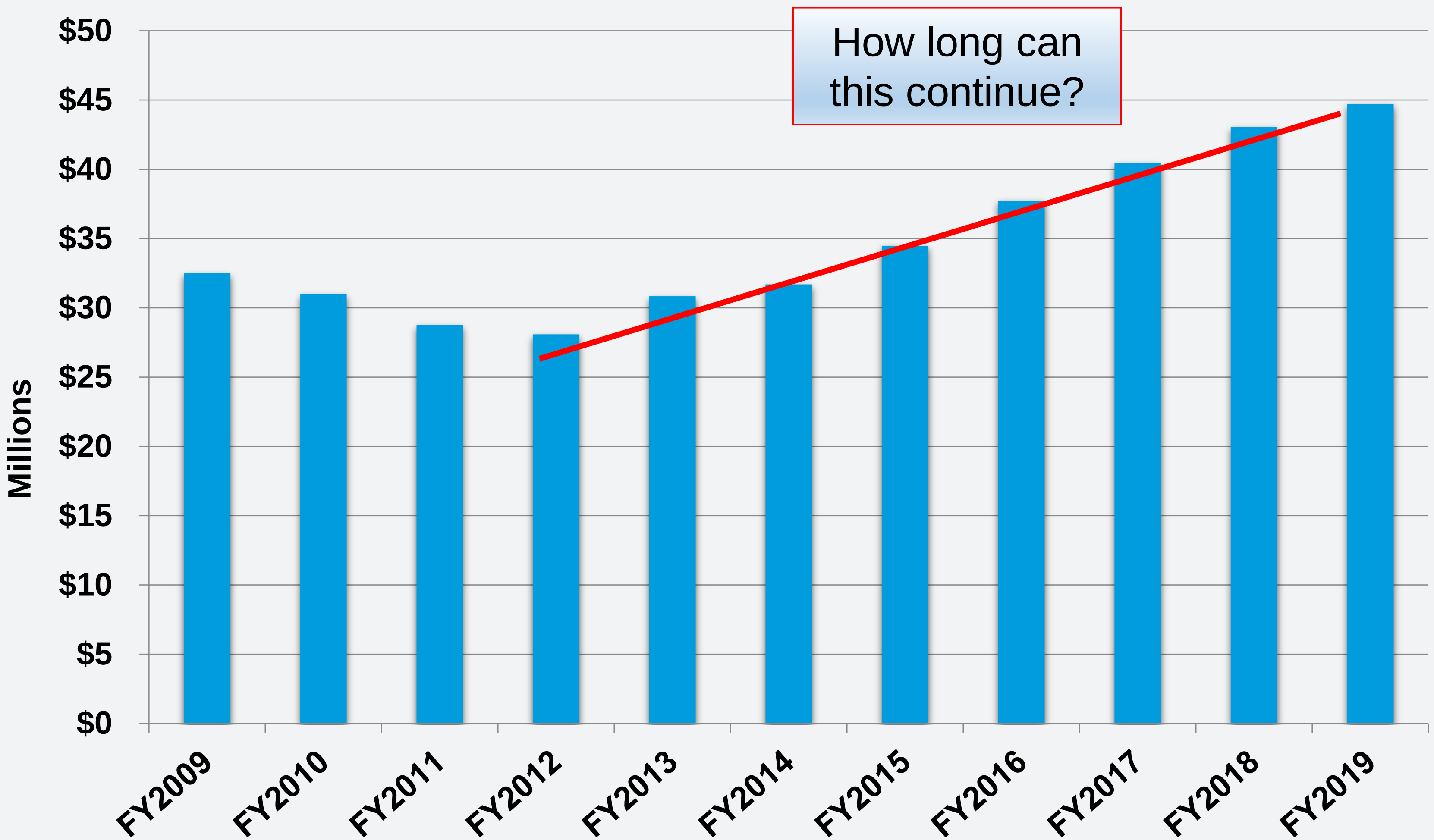


Slowing growth trend
$60
$50
$40
$30
$20
$10
$0
Millions
FY2009
FY2010
FY2011
FY2012
FY2013
FY2014
FY2015
FY2016
FY2017
FY2018
FY2019

Historical Sales Tax by Geographic Area



Property Tax



Roseville Receives Small Portion of Sales Tax

- 7.25% sales tax rate in Roseville
  - The state minimum
- Roseville receives 1¢ of the 7.25¢ paid per dollar spent
  - Majority goes to State and County
- Approximate annual taxable sales in Roseville: $5.4 billion
- Sales tax generated: $392 million
- Roseville receives: $54 million

$135 - Typical Household Sales Tax to Roseville

Roseville typical household spending

- About $78,446 annual household income
- About 23% of income, or $18,043 spent on taxable items
- About 75% of the taxable spending, or $13,532 is spent in the City
- This generates $981 in sales tax in the City
- Roseville receives $135

Roseville Receives Small Portion of Sales Tax

Galleria at Roseville

- Generates about $500 million in sales
- Equates to $36 million in sales tax
- Roseville receives $5 million of this amount
- $5 million is **3.5%** of General Fund revenue

Roseville Receives Small Portion of Property Tax

- California approximate property tax rate: 1%
- Roseville receives 15% of the 1% paid

- Approximate value of all property in Roseville: $27.7 billion
- Property tax receipts generated: $277 million
- Roseville receives: $42 million

$615 - Typical Household Property Tax to Roseville

- Assume an average house value in Roseville is valued at $410,000
- This generates $4,100 in property tax
- Roseville receives $615

$750 - Typical Household Taxes to Roseville

The combined tax receipts received by the City of Roseville by a typical residence:

Sales Tax:	$135
Property Tax:	$615
Total Tax	**$750**

$1,117 - Shortage of Household Taxes to Cover Cost of Services

Assumptions:

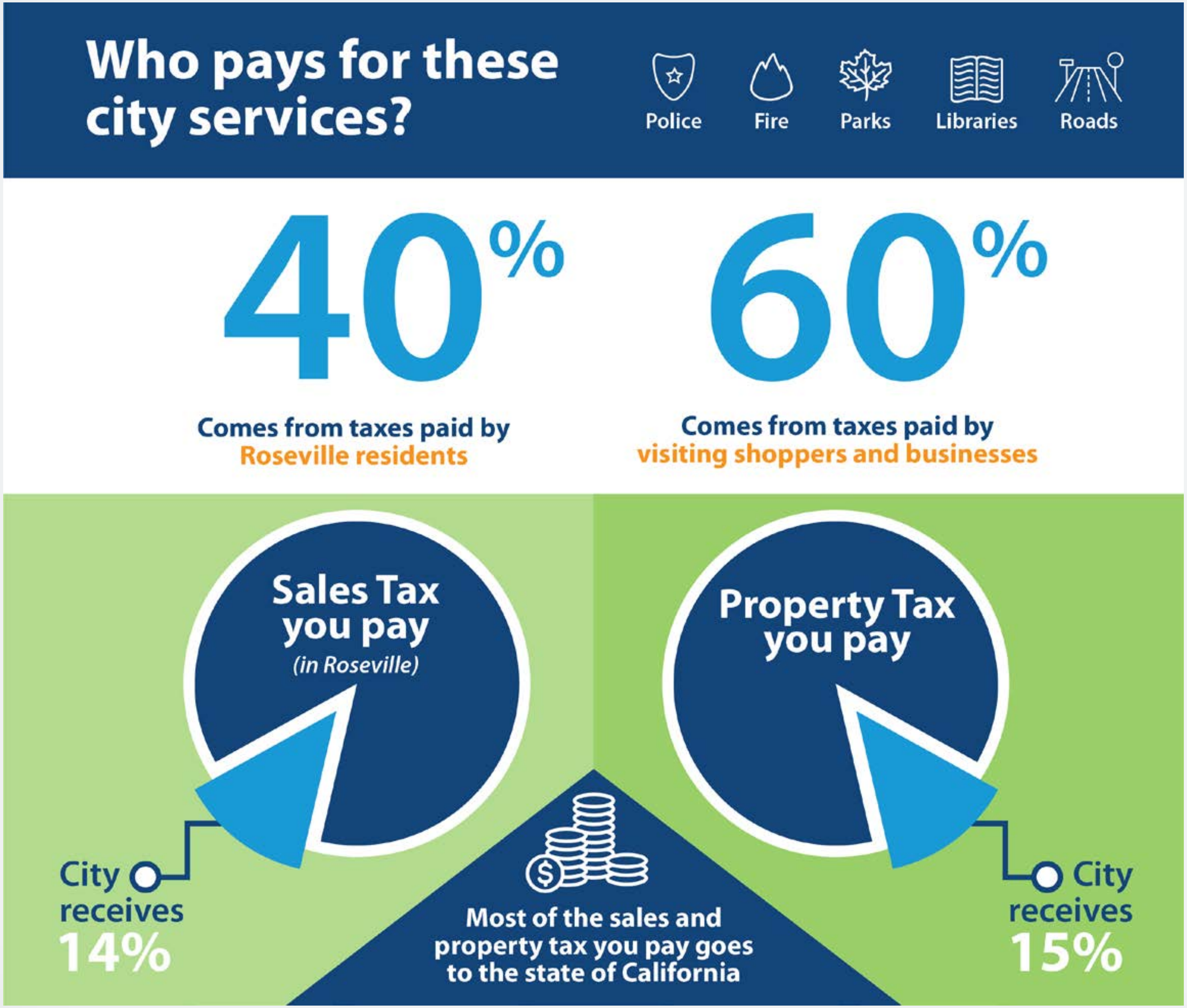
- $100 million sales tax and property tax received by Roseville
- 136,000 residents
- 2.54 residents per household
- Cost of city services funded by taxes: $1,867
- Tax income received: $750 (40% of costs)

- Shortage in funding costs of services: $1,117

How is the Shortfall Funded?

Two significant sources sources:

- Roseville is a net importer of sales tax
- This results in significant sales tax is generated from non-Roseville residents
- Property tax from commercial property



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General Fund: Expenditures

General Fund Expense Highlights

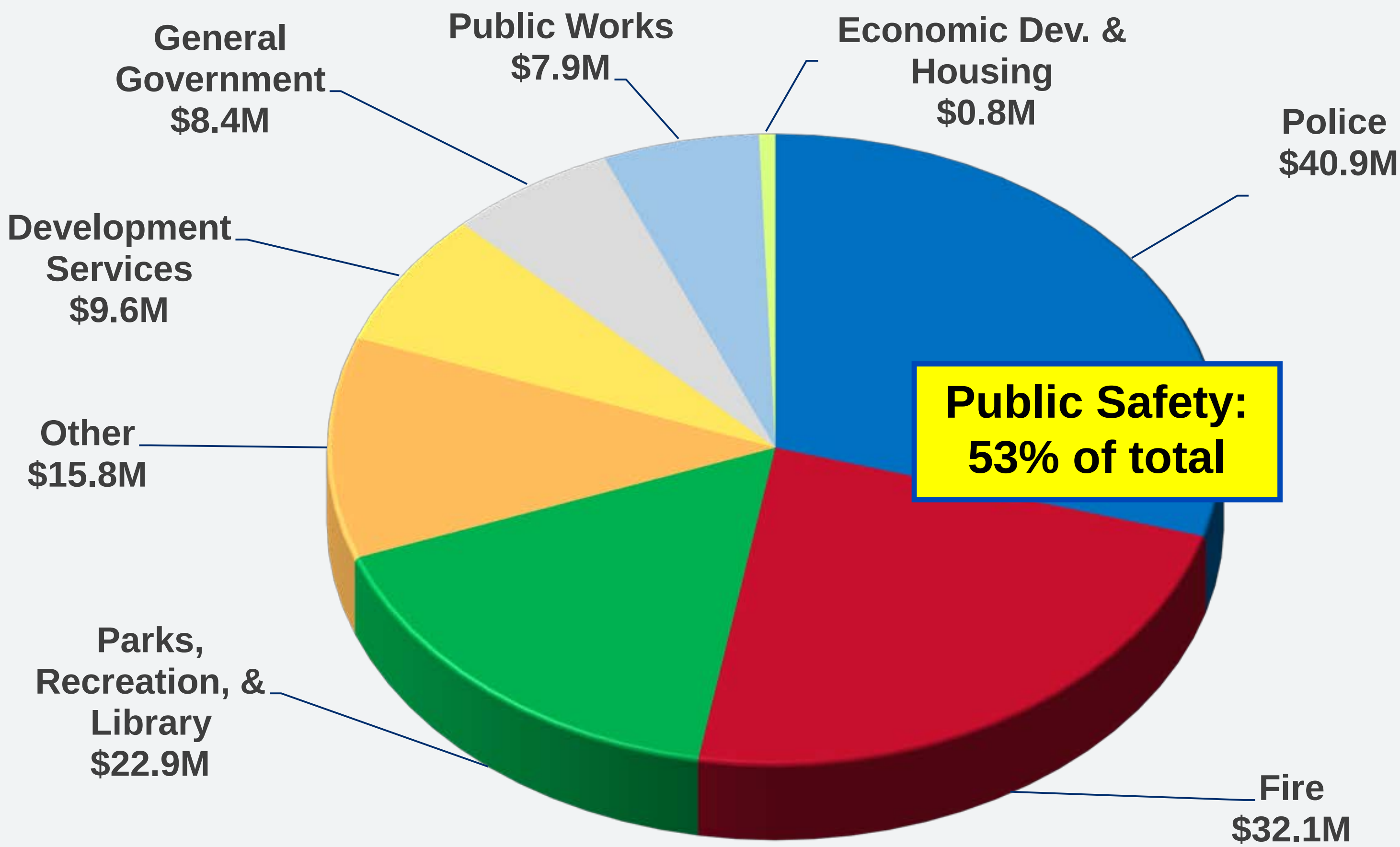
- General Fund contingency continued: $1.88M set aside as funding resource for unforeseen needs
- Some vacant positions de-funded
- Salary vacancy factor continued: 4% of salary and benefits removed from budgets

Budget balanced with service level impacts

FY2018-19 General Fund Expenditures

General Fund Expenditure by Service Area	% of Total
Police	29.5
Fire	23.2
Parks, Recreation, & Libraries	16.6
Other	11.4
Development Services	6.9
General Government	6.1
Public Works	5.7
Economic Development & Housing	0.6
Total	**100.0%**

FY2018-19 General Fund Expenditures



Operating Expenditures: $138.4 Million

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Identification of ‘Actual’ City Council General Fund Discretionary Spending

Council Discretionary Spending

- Some revenue received by the General Fund is reimbursement for services provided and is not discretionary. Examples:
  - User Fees ($13.6M)
  - Electric Franchise Fees fund PD, FD & PRL ($6.5M)
  - Licenses and Permits ($2.8M)
  - Grants ($0.39M)
- Total of $32.0M not available for discretion

Details Begin on Page A-20 in Budget Book

Council Discretionary Spending

- Some expenses paid by the General Fund are prior or contractual agreements that are not discretionary. Examples:
  - Annexation payments ($5.95M)
  - OPEB ($5.70M)
  - Stormwater ($0.67M)
- Total of $13.6M not available for discretion

Council Discretionary Spending ($ millions)

Major service area	Proposed FY2018-19
Total City Wide Budget	$514.1
Less Enterprise Funds	(305.1)
Less Special Revenue Funds	(16.2)
Less Capital Project Funds	(9.2)
Less Special District Agency Funds	(27.4)
Less Trust Funds	(9.6)
Less Other	(8.2)
Equals General Fund Operating Budget	**$138.4**

Council Discretionary Spending *($ millions)*

Resource category	Proposed FY2018/19
Total General Fund operating expenses	$138.4
Less revenue Offsets	(33.0)
Less non-discretionary expenses with offsets	(12.9)
Equals General Fund Discretionary Spending	$92.5
Police and Fire net expenditures	$59.8
All other discretionary net expenditures	$32.7

Questions on General Fund budget?

General Fund: 5-Year Forecast

Impacts on the Five-year Forecast

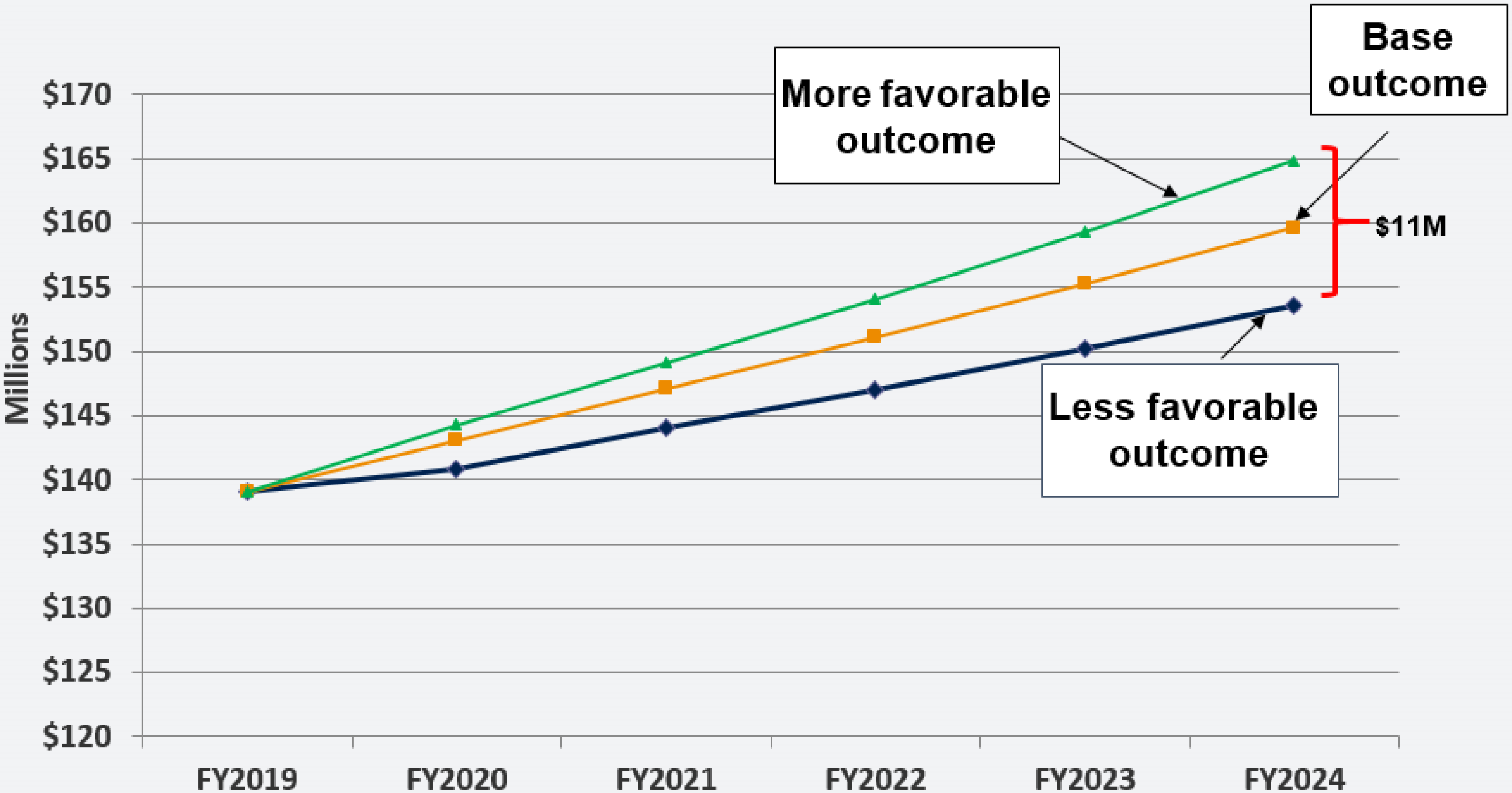
- Shifts in consumer habits (-)
- Healthy property tax (+)
- MOU agreements (+/-)
- Unfunded Liabilities
  - PERS & OPEB contributions (-)
  - CIP rehab(-)
- State/Federal mandates(-)
- Increasing public expectations (-)

Other Impacts Not Included in Forecast

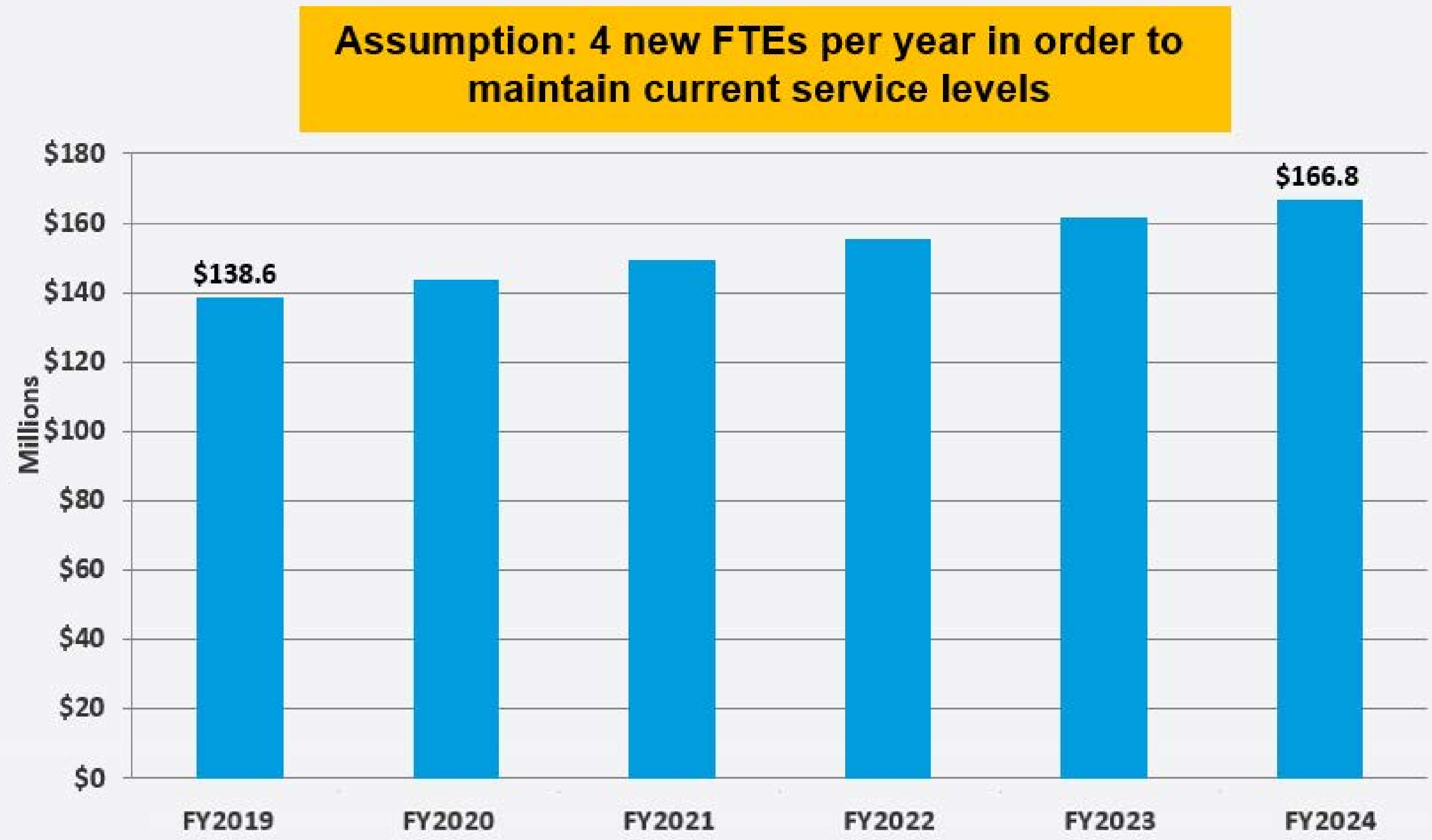
- Potential repeal of SB1 funding (-)
- Sales tax on services (+/-)
- Redevelopment replacement (+/-)
- New federal and state regulations (-)
- New revenue sources requiring voter approval (+/-)

General Fund Operating Revenue Forecast

Assuming there is no recession in the next 5 years



General Fund Operating Expenditures Forecast



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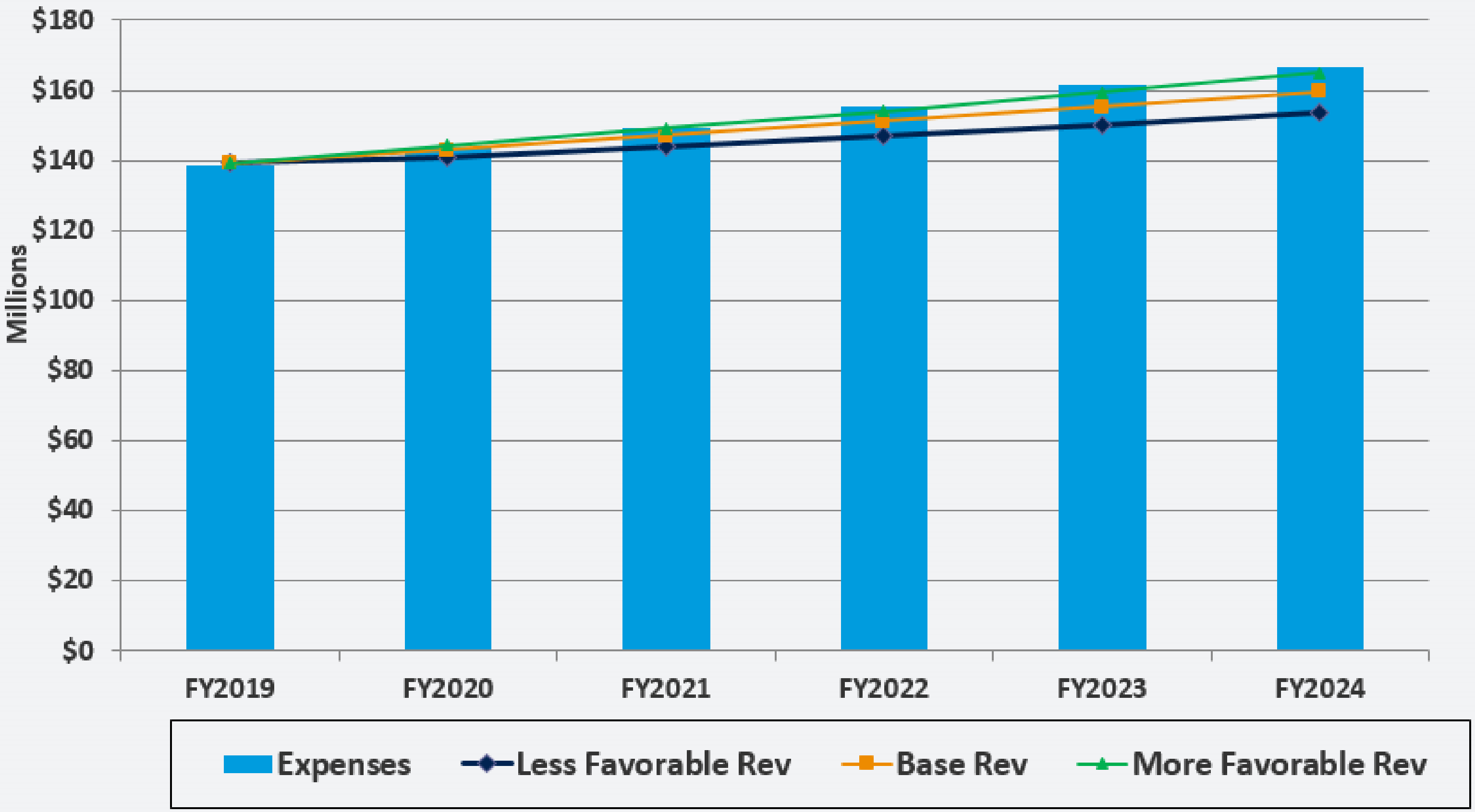
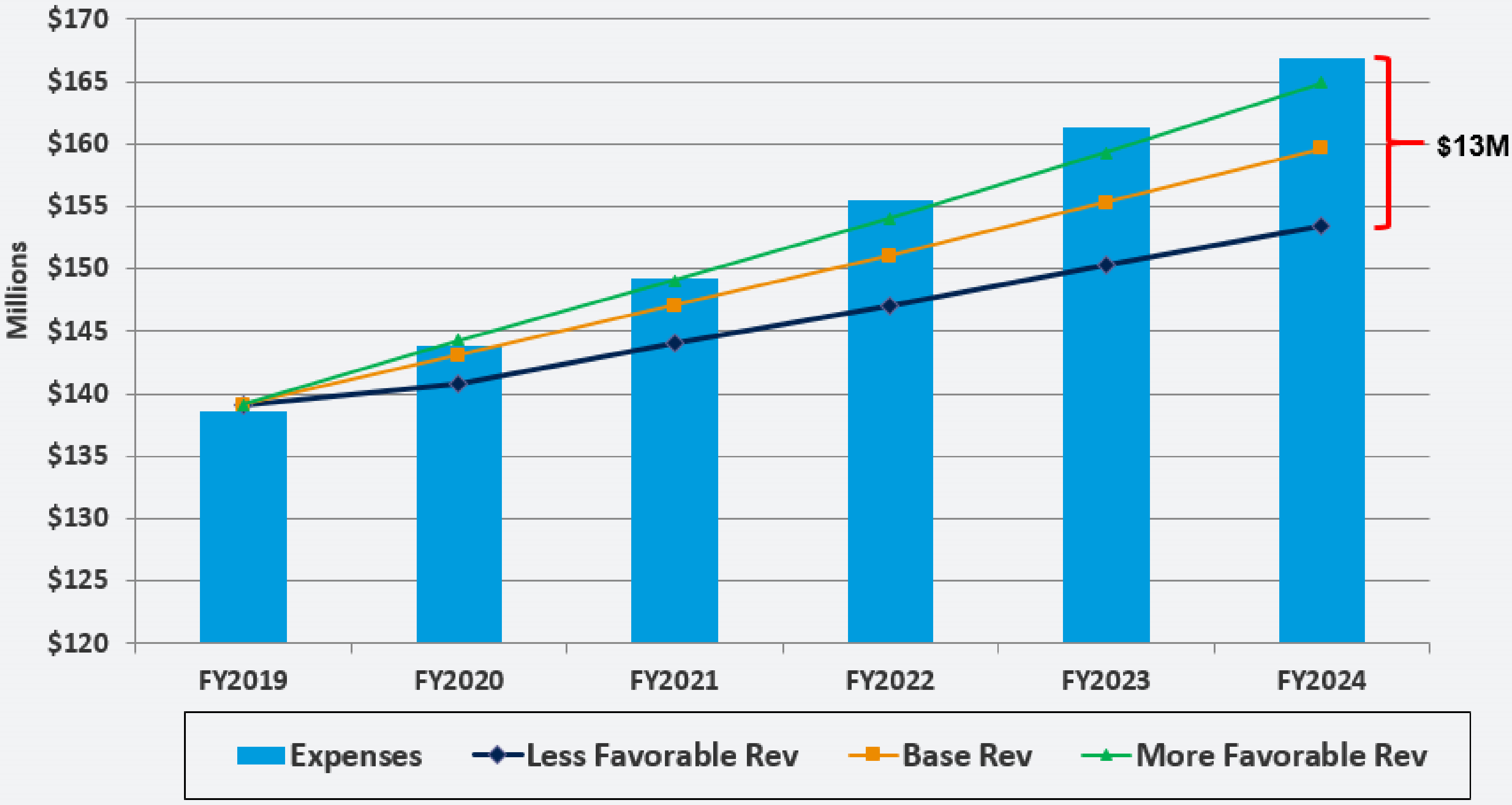
5-Year Forecast

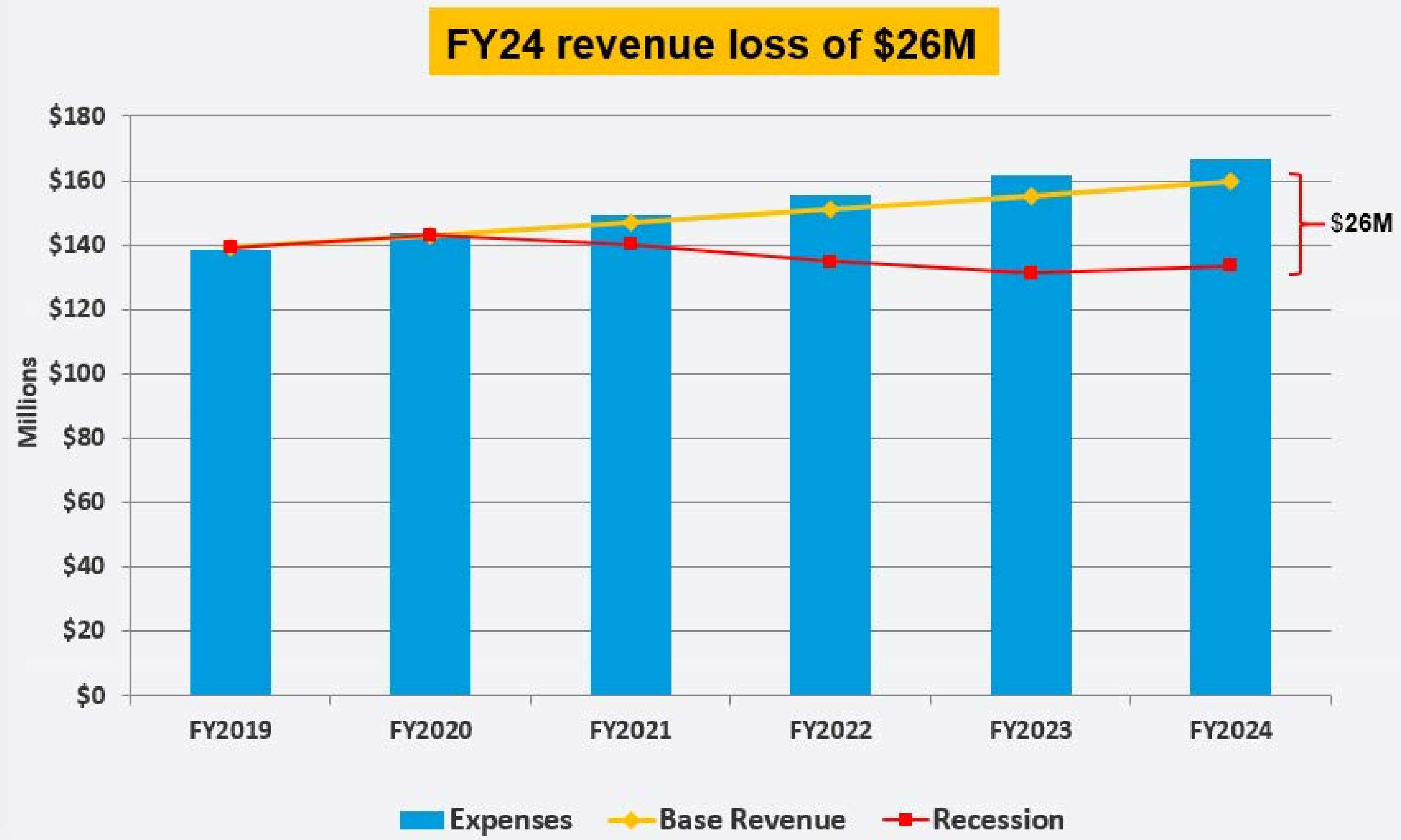
Structural deficits forecasted over 5 year period



5-Year Forecast



Example Recession Forecast



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General Fund Support Departments

Support Departments

- City Council
- City Manager
- City Clerk
- City Attorney
- Finance
- Information Technology
- Human Resources
- Public Affairs & Communications

Support Departments ($ thousands)

Department	Actuals FY2016-17	Amended Budget FY2017-18	Proposed Budget FY2018-19	Variance from FY2017-18
City Council	$379	$256	$229	($27)
City Manager	$1,703	$1,101	$1,288	$187
City Clerk	$999	$618	$1,025	$407
City Attorney	$1,824	$1,555	$1,677	$122
Finance	$6,983	$2,467	$2,208	($259)
Information Technology	$7,442	-	-	-
Human Resources	$2,008	$1,241	$1,598	$357
Public Affairs & Comm.	$723	$506	$408	($98)
Central Services	$4,914	$986	-	($986)
Total Expenditures	**$26,974**	**$8,730**	**$8,433**	**($297)**

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Questions?

FY19 Development Services Budget

Mike Isom

Acting Development Services Director

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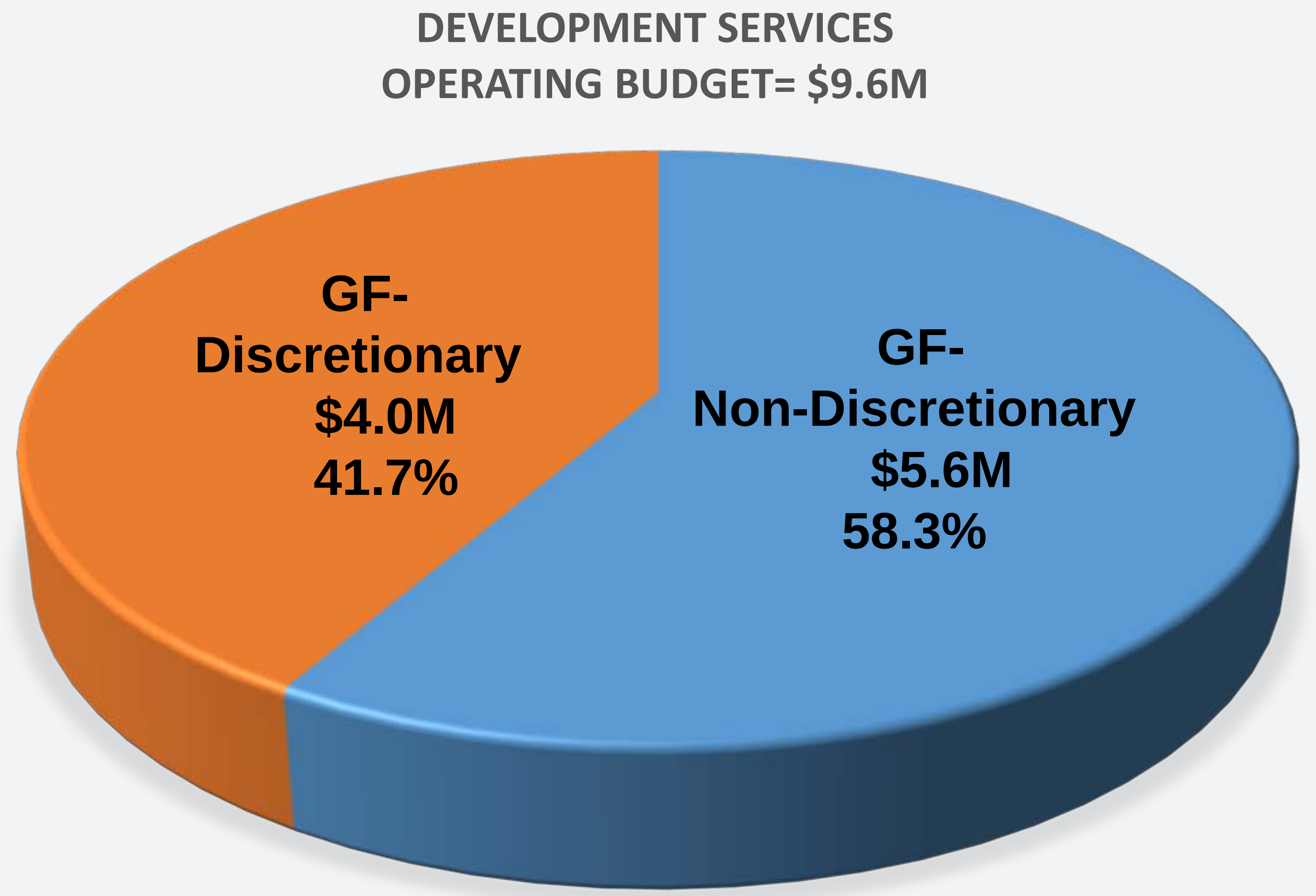
Development Services Divisions

- Six budgeted divisions (77 employees)
  - Administration
  - Building and Permit Center
  - Business Services
  - Code Enforcement
  - Engineering Land Development
  - Planning

Development Services Budget



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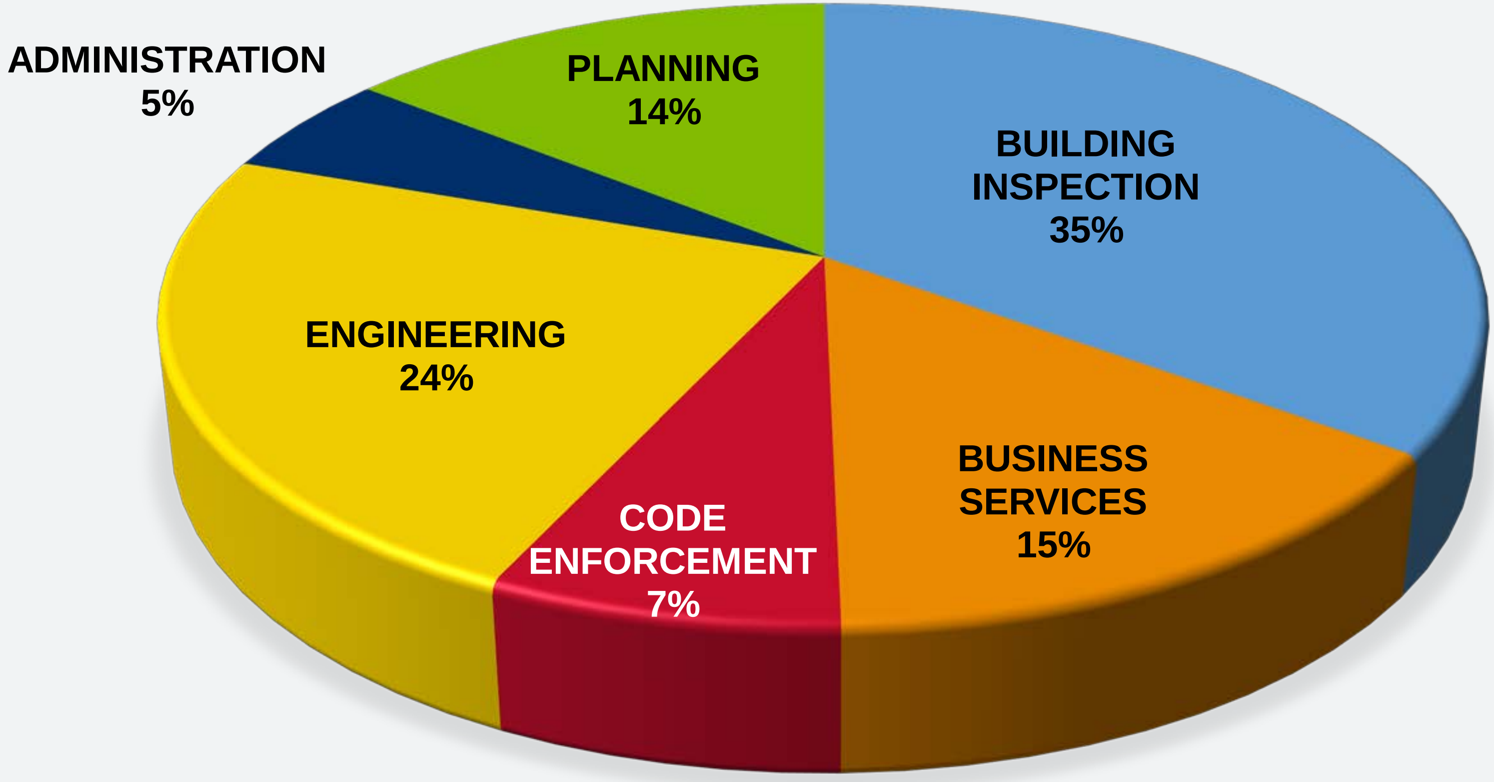
Development Services

TOTAL DEVELOPMENT SERVICES
OPERATING EXPENDITURES BUDGET=$9.6M



Service Level Impacts

- Operating with reduced full time staff
- Increased reliance on contract services (e.g. plan review)
- Reactive vs. proactive
- Delays in updating and maintaining reports and databases

Future Trends

- Projecting 900 single family permits
- Strong commercial development - projecting greater than 1 million sq ft for FY19
- Increased demand for nuisance abatement
- Succession planning
- Fill vacant positions
- Process improvements and efficiencies
- New revenue
- Increased regional engagement

Questions?

FY19 Public Works Department Budget

Rhon Herndon

Public Works Director

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Public Works

Services:

- PW Administration
- CIPs: Roadways, bike trails, transit, bike/ped bridges, City buildings
- Traffic Operations
- Floodplain Management
- Roadway Maintenance
- Drainage Systems Maintenance
- Traffic Signs & Pavement Markings

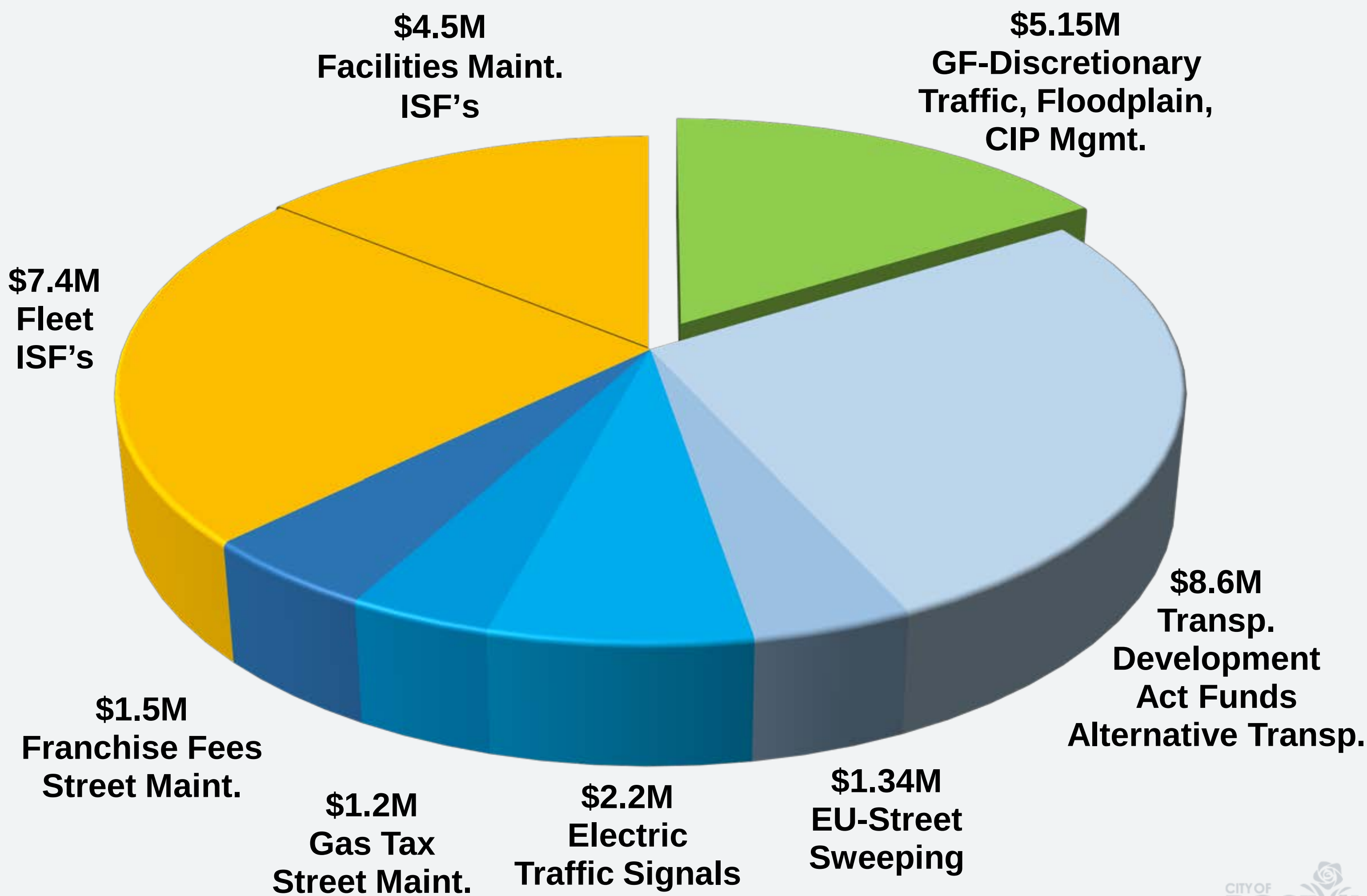
Public Works

Services:

- Traffic Signal Maintenance
- Street Sweeping
- Fall Leaf Pickup
- Roseville Transit
- Transportation System Management Program
- Safe Routes to School
- Fleet & Building Maintenance
- Regional Project Coordination

Public Works Operating Budget

Total Public Works Operating Budget = $32.1M



Public Works

Budget Reductions:

Elimination of:

- One department director position due to department consolidation
- One Senior Custodian position
- One Building Maintenance Aide

No other reductions due to Senate Bill 1 “Maintenance of Effort” requirement

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Public Works

Future Needs/Trends:

Roadway maintenance will continue to be a challenge despite approval of Senate Bill 1

Traffic congestion on highways (SR65 and I-80) will continue to worsen without additional funding for capacity improvements

Questions?

FY 19 Parks, Recreation & Libraries Budget

Dion Louthan, Parks, Recreation & Libraries Director

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Parks, Recreation & Libraries

Divisions

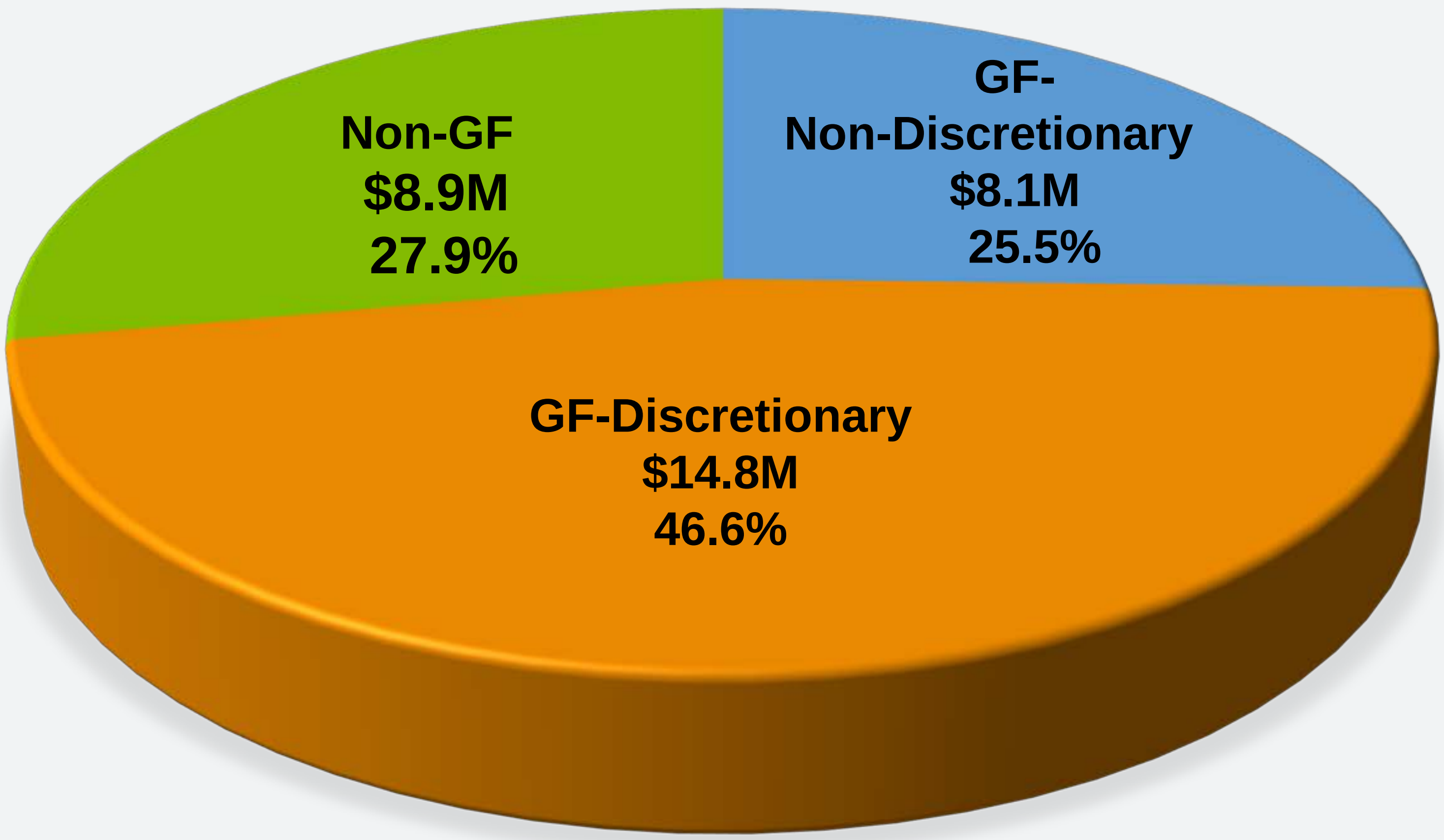
- Parks
- Recreation
- Libraries

Overview

- 75 developed parks and facilities
- 4,400 acres of open space
- 2 championship golf courses
- 18 Adventure Club programs
- 3 libraries
- Maidu Museum & Historic Site

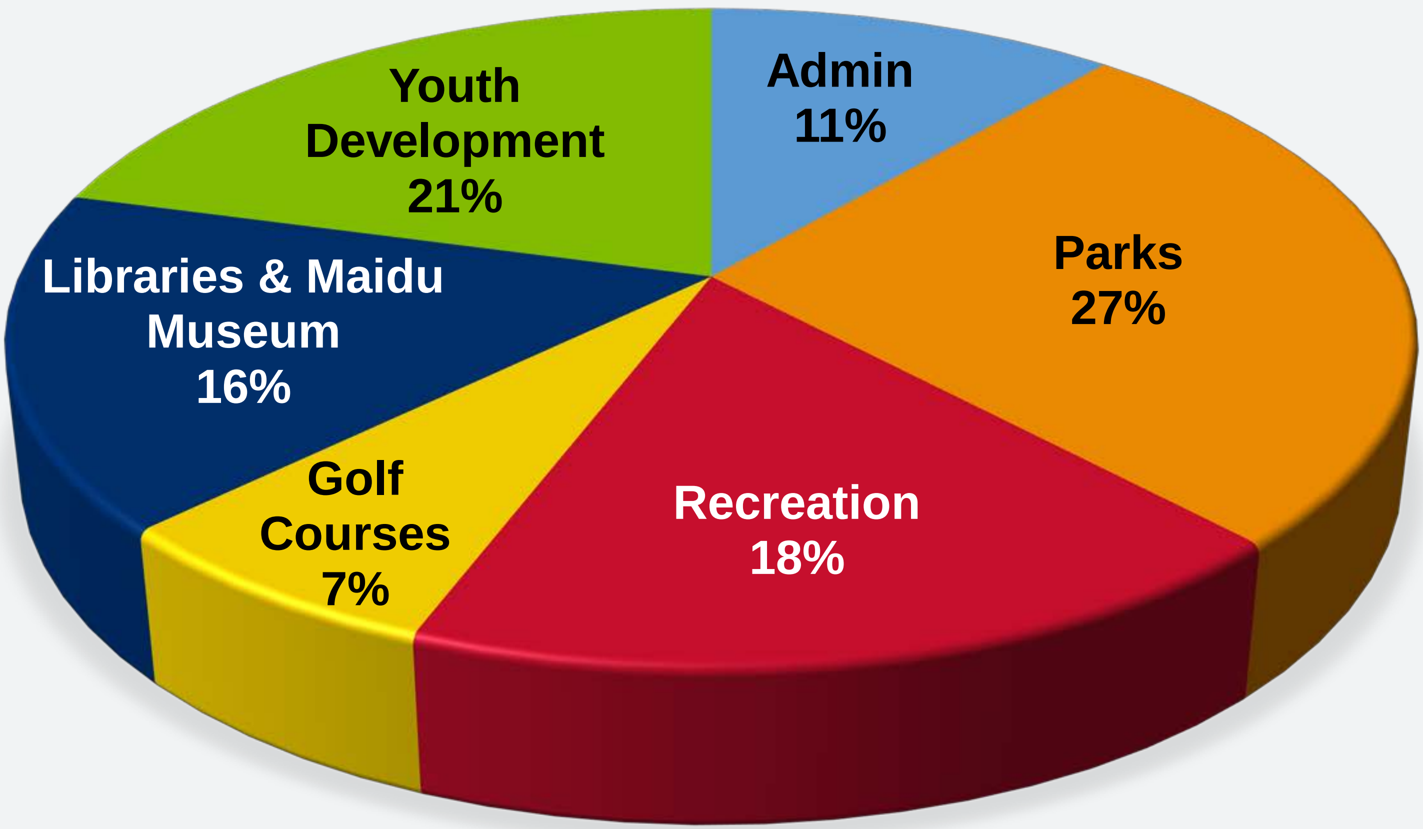
Parks, Recreation & Libraries

TOTAL PARKS, RECREATION & LIBRARIES
OPERATING BUDGET = $31.8M



Parks, Recreation & Libraries

TOTAL PARKS, RECREATION & LIBRARIES
OPERATING EXPENDITURES BUDGET=$31.8M



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Reductions & Service Level Impacts

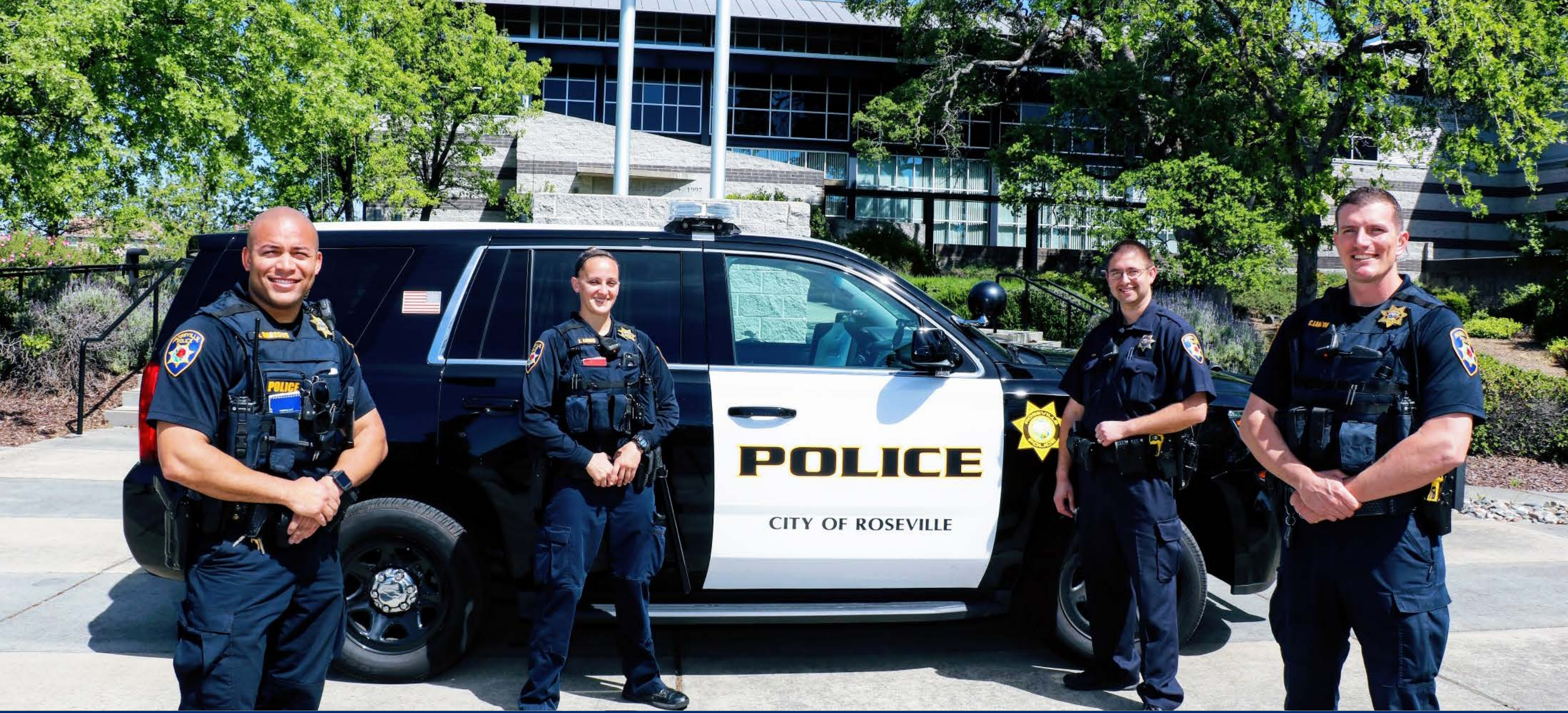
- Reduced playground maintenance
- Reduced park pruning schedule
- Reduced turf & bed maintenance
- Reduced library databases
- Removed portable restrooms
- Reduced Vernon Street Town Square lighting & décor
- Increased user fees

Reductions & Service Level Impacts

- Reduce Maidu Museum hours
- Reduce staff and service levels

Future Trends/Needs

- Reactive vs Proactive
- Defer maintenance & CIP rehabilitation projects
- Minimum wage increases
- Management strategies for escalating contract costs
- Unfunded state/federal mandates
- Growing department demands



FY19 Police Department Budget

Chief James Maccoun

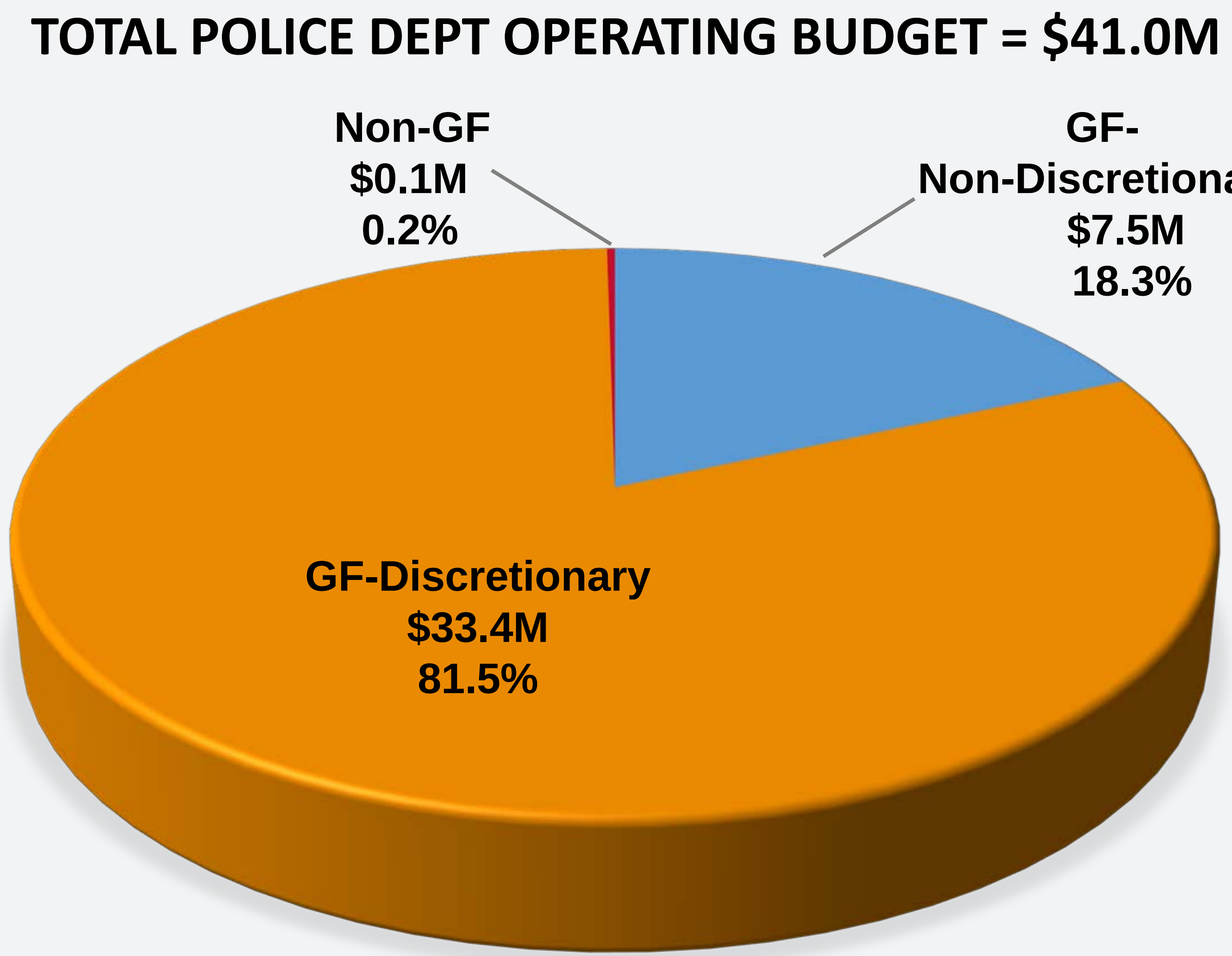
CITY OF ROSEVILLE CALIFORNIA

Services/Divisions

The Roseville Police Department provides all law enforcement services and public safety dispatching within the City.

- Police Administration
- Records/Property/Evidence
- Communications
- Community Services
- Social Services
- Patrol
- Investigations
- Animal Control
- Traffic
- Vehicles

Police Department



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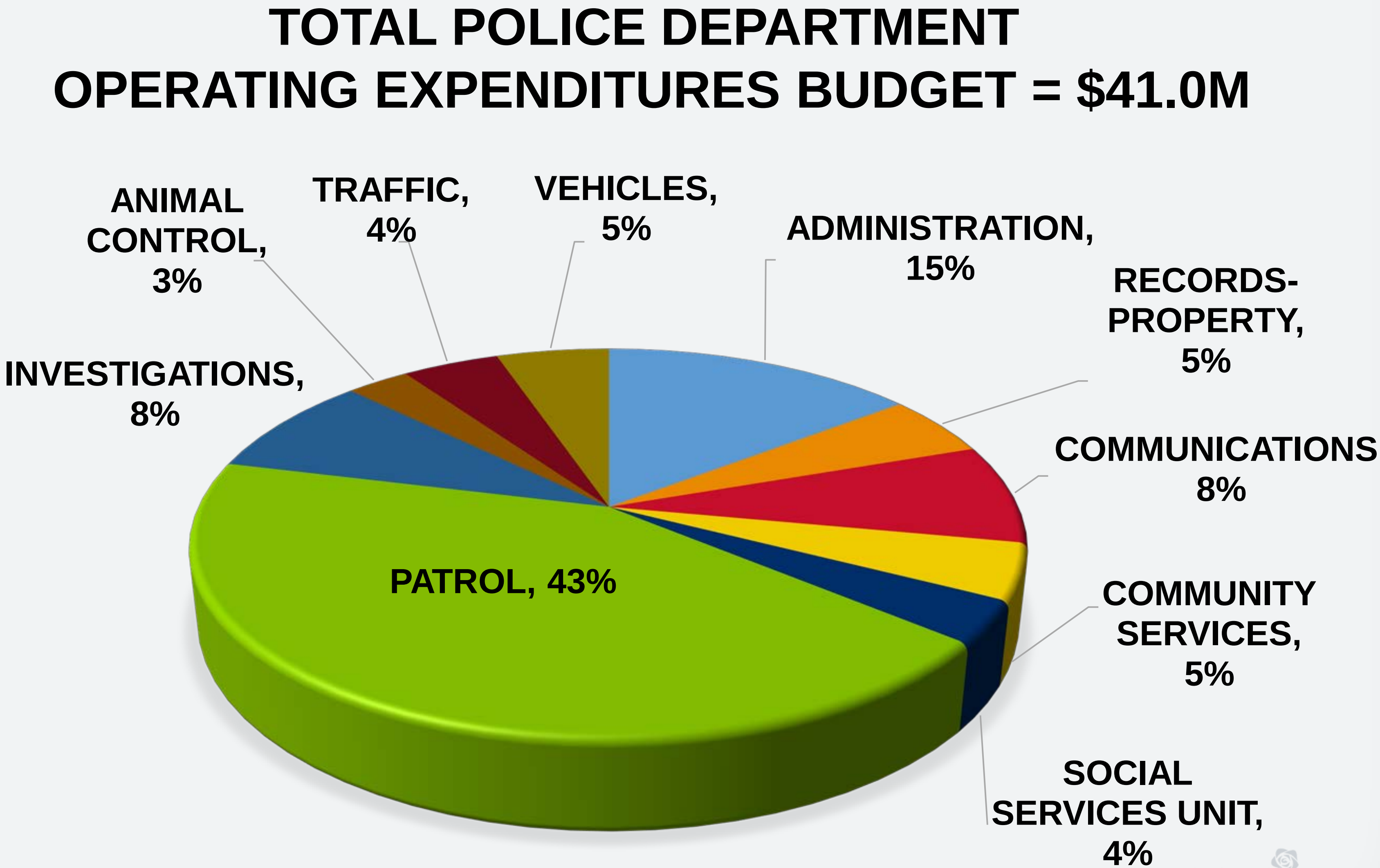
Police Department



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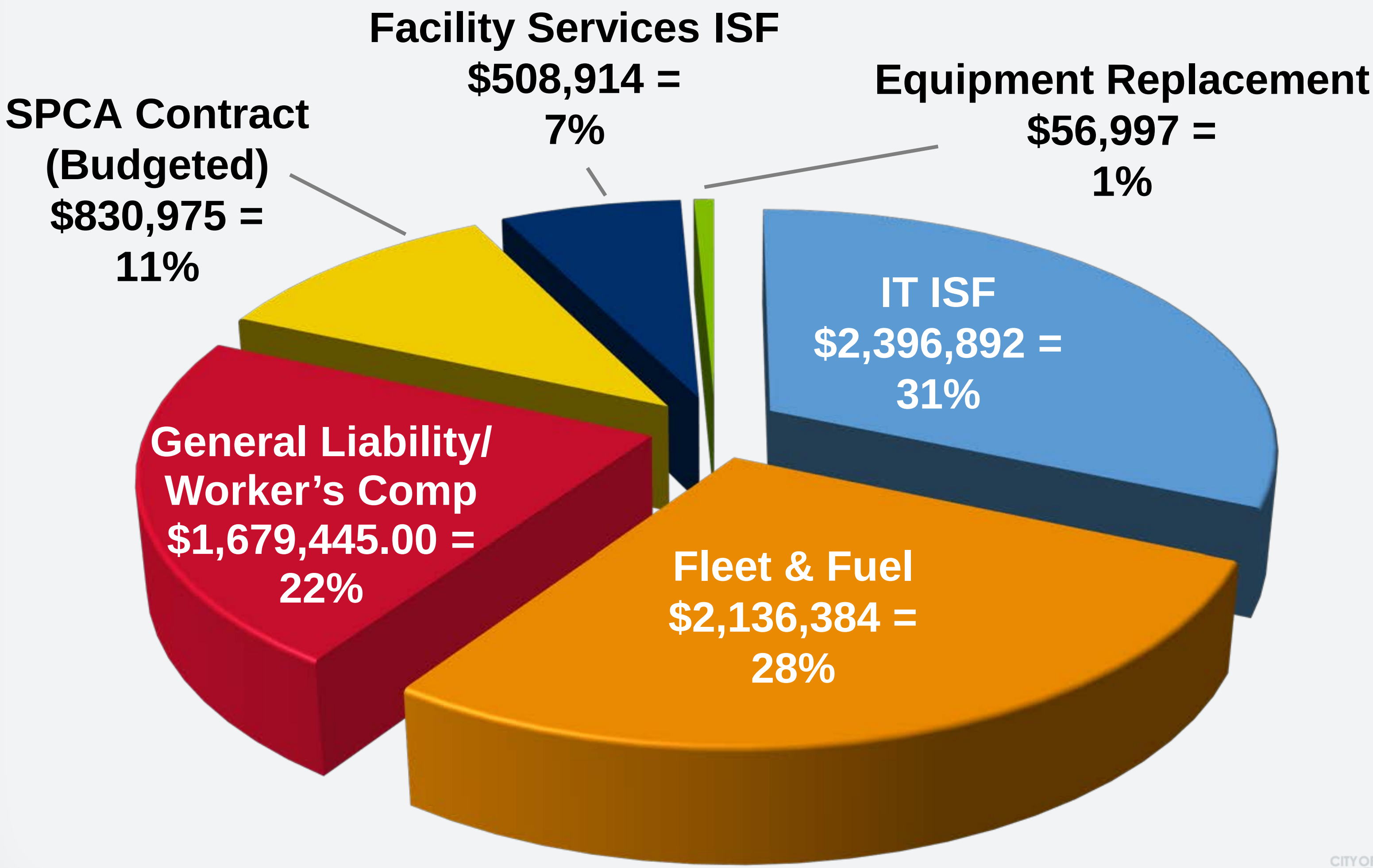
Police Department

Materials, Supplies, Services



- No budget reductions, to meet target for FY19, due to projected revenue increases

- .5 increase in personnel to create 1 FTE dispatcher position

- A tentative cost sharing agreement has been reached with the Roseville Joint Union High School District.

- 2016 Matrix Consulting Group staffing audit
  - Analyzed short/ long term staffing needs
  - Identified immediate need for personnel
  - 10 year projected need for a staff increase of 20%, or 38 FTEs

- Reductions/ Impacts
  - Insufficient revenues prevent staffing increases/ staff have absorbed increasing service demands
  - Without increased resources, the result will be future service level reductions

Police Department Budget Reductions/Service Level Impacts

CITY OF ROSEVILLE CALIFORNIA

Future Trends for Police

- Increasing costs due to the increasing reliance on technology and services for law enforcement purposes.

- Calls for service and the needs of both the homeless and mentally ill will continue to require more staff time and resources.

- Approximately 27% of Roseville residents are under the age of 18. Services to prevent youth offenses, victimization, and the assistance to those with emotional disorders will likely increase.

- Convicted offenders will continue to be sentenced to community placement with minimal supervision, instead of incarceration or parole. This will make monitoring offenders an additional police priority.

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Fire Department

Fire Chief Rick Bartee

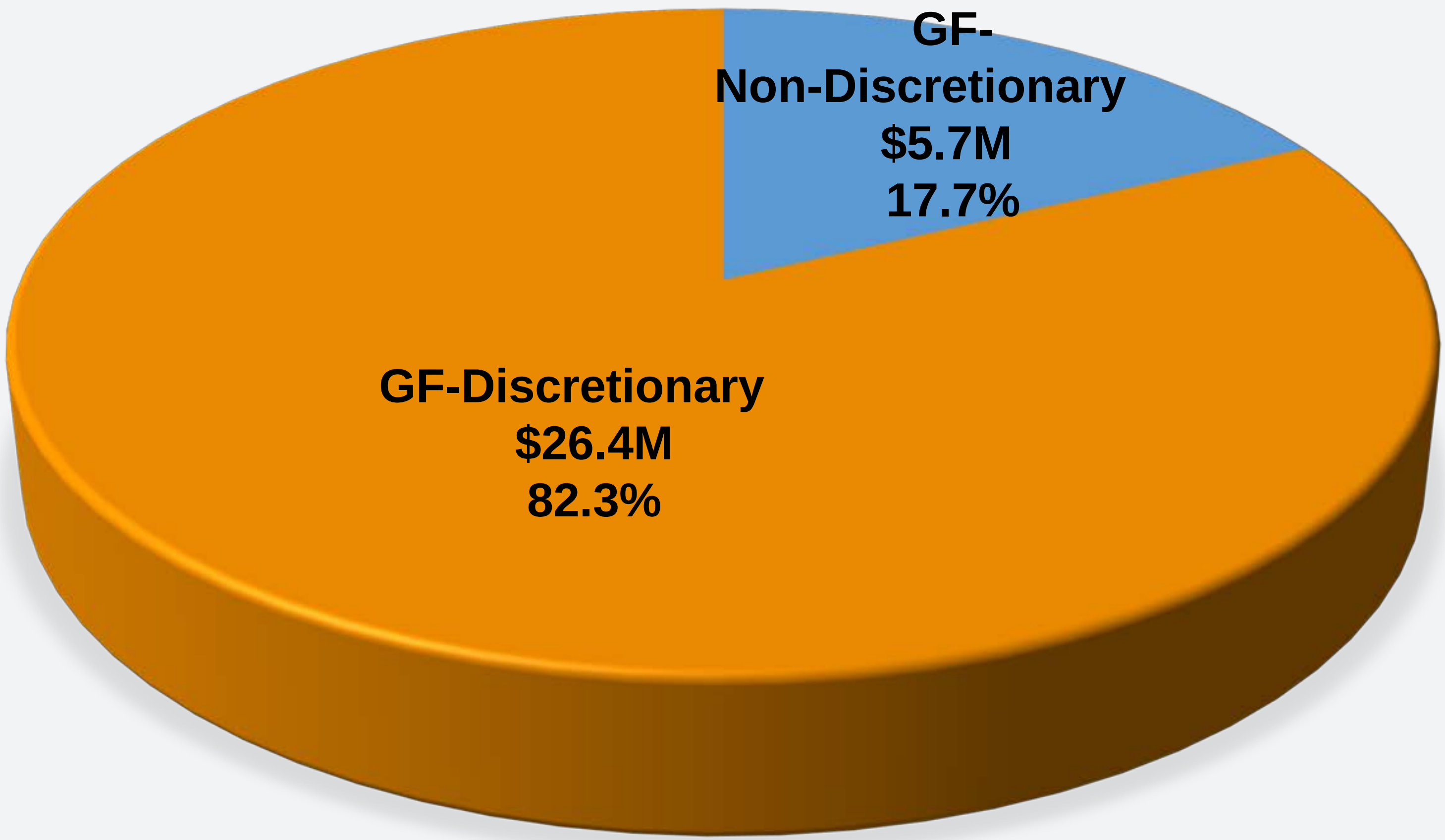
CITY OF ROSEVILLE CALIFORNIA

Services and Divisions

- **Administration**
- **Operations**
  - Fire and EMS
  - Hazmat and Technical Rescue
- **Training**
- **Support Services**
  - Logistics
- **Fire and Life Safety**
  - Fire Inspections and Plan Review
  - Public Education and Community Engagement
- **Citywide Emergency Preparedness**

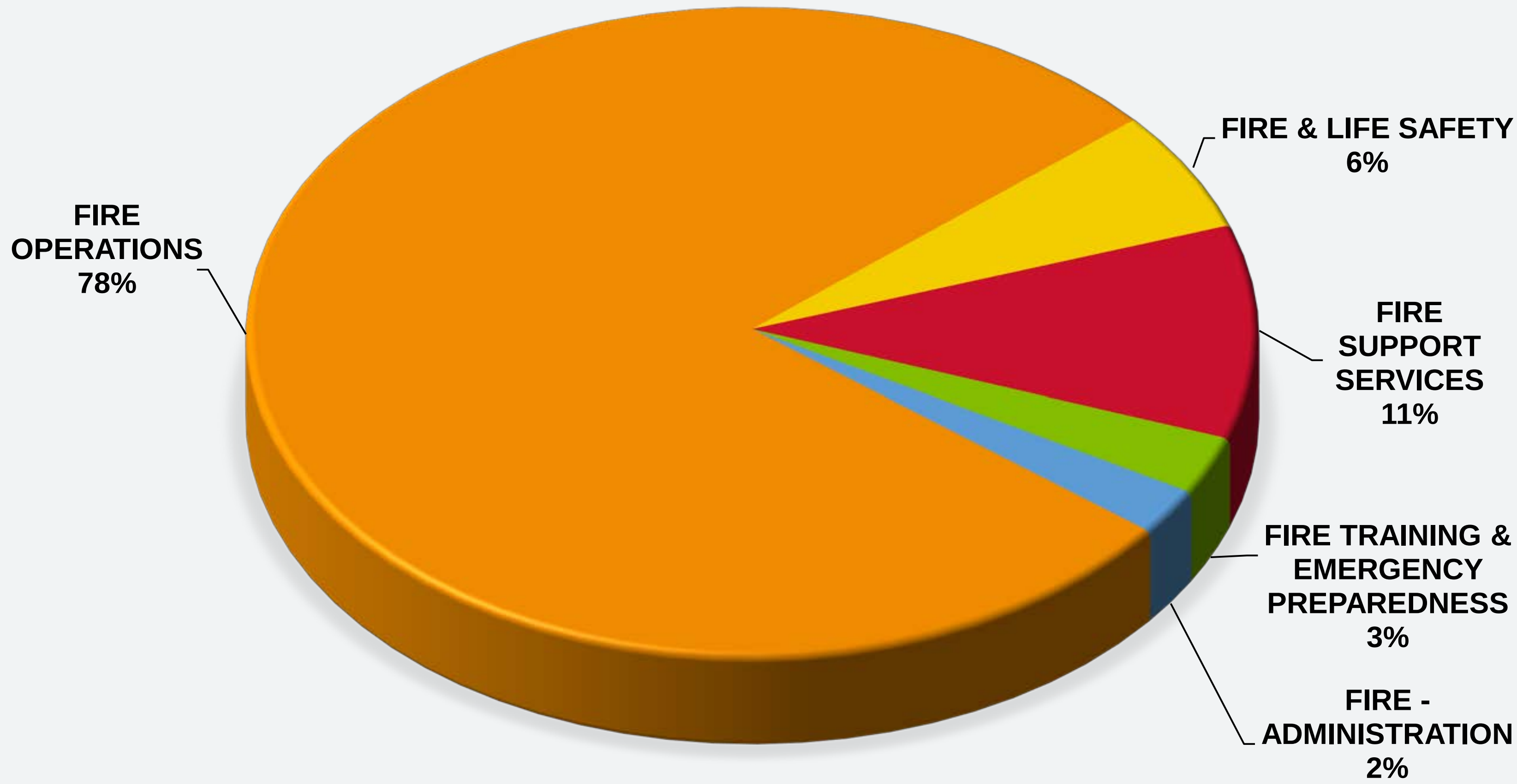
Fire Department Operating Budget

TOTAL OPERATING BUDGET=$32.1M



Fire Department

TOTAL FIRE DEPARTMENT OPERATING EXPENDITURES BUDGET=$32.1M



CITY OF ROSEVILLE CALIFORNIA

Budget Reductions to meet Target

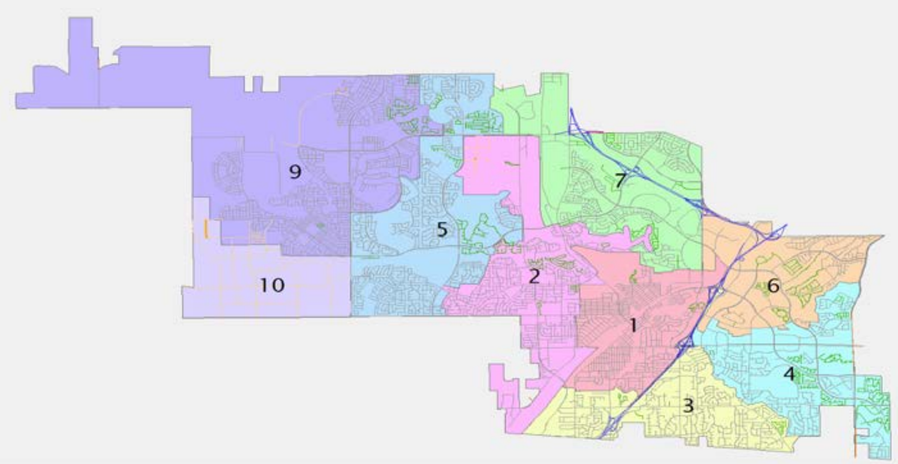
- Met adjusted target for Materials Services and Supplies $2,223,247:
    - Remained flat
    - Targeted Operational and Training needs
    - Shifted funds from Support Services, Fire and Life Safety
- Renegotiated & eliminated some vendor contracts
- Reduced travel
- Reduced funding of programs such as Public Education Outreach
- Increased fees in Fire and Life Safety Code Enforcement

Service Level Impacts

- Proposal to pilot an emergency response operational change in daily staffing of the two Ladder Trucks from 4 personnel to 3
- Continue to be challenged to meet required proficiency training on-duty and maintain response reliability
- Reduction in Emergency Management Team training opportunities to one exercise a year rather than two per year
- Reduction in part-time temporary employee hours in Public Education

Future Trends/ Needs for the Department

- Calls for service are increasing at a rate of about 5% a year. Fire stations need to be built in the west and northwest areas of the City, response times to those areas of service tend higher than the rest of the City
- Exploring advantages of Regionalization of Fire/Emergency Medical services or appropriate Mutual Aide responses and consolidation of Fire Dispatch Centers in the South Placer Region
- Enhancing capabilities of the Regional Fire Training Center to generate additional revenue through use agreements, cost recovery, hosted training and tuition fees.



FY19 Electric Utility Budget

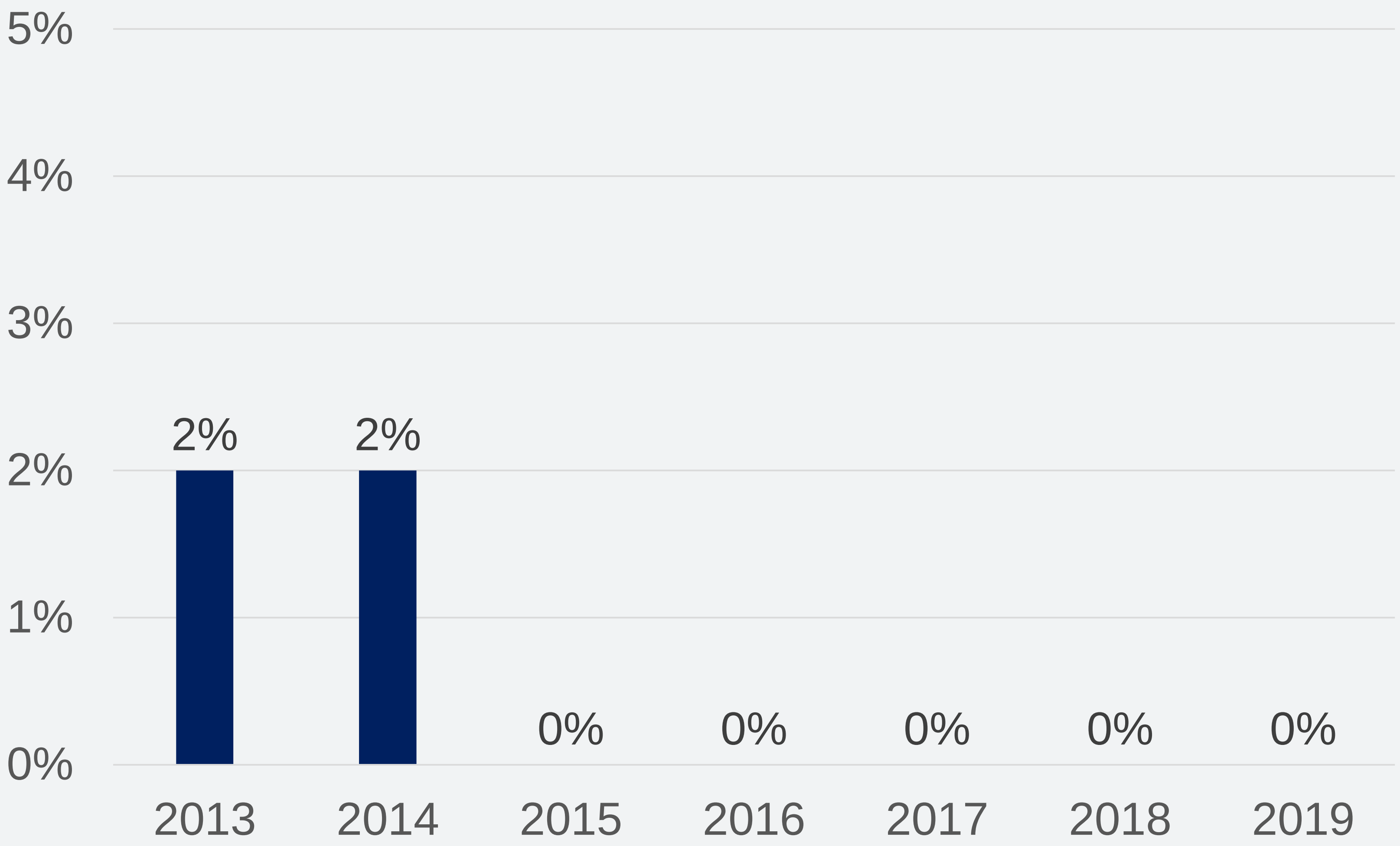
Michelle Bertolino, Utility Director

CITY OF ROSEVILLE CALIFORNIA

Budget overview

- Revenues are up $1 million
- Expenses are down $1 million
- Large capital improvements planned
- $5 million transfer to Rate Stabilization Fund

No Planned Rate Increases



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Financial Policies

Metric	Adopted Policy	FY19 Proposed
Days Cash On Hand	>250	368
Debt Service Coverage Ratio	>2.00	2.58
Rate Stabilization Fund	40%-90%	41.8%

Electric Revenues
($ millions)

	Actual FY2017	Estimated FY2018	Proposed FY2019
Energy Sales	$161	$162	$163
Other	$9	$7	$7
Total	**$170**	**$169**	**$170**

(Excludes greenhouse gas related revenues and Hydroelectric surcharge)

CITY OF ROSEVILLE CALIFORNIA

Electric Expenditures
($ millions)

	Actual FY2017	Estimated FY2018	Proposed FY2019
Operating	$124	$134	$129
Capital/Debt	$31	$35	$39
Total	**$155**	**$169**	**$168**

(Excludes greenhouse gas related expenditures)

Key Trends and Issues

- Legislative and regulatory uncertainty
- Utility business model is changing, very quickly
    - Renewable energy
    - Batteries
    - Electric vehicles
- New and evolving energy markets
- Aging infrastructure
- Recruitment and retention
- Next rate case

Environmental Utilities Budget Overview FY2018-19

Richard Plecker, EU Director

CITY OF ROSEVILLE CALIFORNIA

What is Environmental Utilities?

- Water Utility
- Wastewater Utility
- Solid Waste Utility
- Associated Support Services
  - Recycled water
  - Stormwater

Regional entity, owned and operated by the City of Roseville

FY19 EU Highlights

- Budgets consistent with rate model assumptions
- Scheduled Water, Wastewater, and Solid Waste rate increases in FY19
- Reorganizing select areas:
  - Retirements/succession planning
  - Efficiency
  - Better alignment citywide

Environmental Utilities Operating Revenues

($ millions)

Utility	Approved Budget FY2017	Approved Budget FY2018	Proposed Budget FY2019*
Water	$27.7	$34.3	$30.9
Wastewater	$35.8	$36.1	$38.4
Solid Waste	$21.9	$22.4	$23.3

* Reflects a change in how transfers are now accounted for as reimbursed costs

Environmental Utilities Operating Expenditures

($ millions)

Utility	Approved Budget FY2017	Approved Budget FY2018	Proposed Budget FY2019*
Water	$27.2	$26.6	$28.3
Wastewater	$36.4	$38.9	$39.6
Solid Waste	$23.7	$24.2	$25.9

* Reflects a change in how transfers are now accounted for as reimbursed costs

CITY OF ROSEVILLE CALIFORNIA

Utility Reserve Funds

Utility	FY19 (Budget)	Fiscal Policy Reserve Goals
Water	66%	75%
Wastewater	46%	75%
Solid Waste	15%	25%

Major FY19 Efforts

-Integrated Resources Plan

-Groundwater investigation(s)

-Forecasting tools

-Ongoing technology projects (ERP, AMI, etc.)

CITY OF ROSEVILLE CALIFORNIA

Questions?