MINUTES
June 4, 2018

CITY COUNCIL BUDGET WORKSHOP
4:00 p.m.
Council Chambers
311 Vernon Street
Roseville, California

1. CALL TO ORDER

Mayor Susan Rohan called the June 4, 2018 City Council Budget Workshop to order at 4:00 p.m.

2. ROLL CALL

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

Present: Rohan, Gore, Allard, Alvord
Absent: Herman

3. PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was led by Acting City Manager Dominick Casey.

4. MEETING PROCEDURES

Mayor Susan Rohan announced the procedures for addressing Council.

5. PUBLIC COMMENTS

No public comment received.

6. SPECIAL REQUESTS/REPORTS/PRESENTATION

6.1. BUDGET WORKSHOP

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

Acting City Manager Dominick Casey made introduction presentation to Council. Topics of introduction included:

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 FY2018-2019 proposed budget
  - Updates on reserves and other funds

- April 10, 2018 - Service Level Reduction Workshop
  - Reviewed budget process
  - Identified $1.7 M General Fund Shortfall
  - Discussed proposed service level reductions
  - Received Council direction to balance budget

- June 4-5 - 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 Responsibility:

- Balanced budget:
    - Match expenses with revenues
    - 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/Compensation 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 re-class)
$326,000	Fire Turnouts
$947,000	Elimination of Fire Operations Vacancy Factor
$500,000	Increase Fire Operations Overtime
$2,200,000	Subsidize Golf Operations Funds $1.5M Estimated - 6/18 and $700,000 for FY2018-19 ($2M from developer funds)
$4,541,000	Total Increases to budget

Service Level Reductions:

$700,000	Fire Operational Changes
$200,000	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. Establish 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 FY2018-19 (required $1.7M in service level reductions)
2. Public Safety is Council Goal No. 1 (Police and Fire expenditures are 72.2% of 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 environmental 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 $14M dollar deficit)

EngageRoseville Feedback:
- Themes considered in building 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

Chief Financial Officer Jay Panzica made the Financial Summary to the City Council. Topics included:
- Citywide Budget

- Staffing Levels
- General Fund Budget

Citywide Fund Revenue:
Budget FY2015-16 $478.6M
Budget FY2016-17 $495.4M
Budget FY2017-18 $507.5M
Proposed FY2018-19 $526.3M

Operating and Capital Revenues by Fund Type/Citywide:

General Funds	$136.1M
Special District Funds	$ 27.6M
Capital Project Funds	$ 17.1M
Trust Funds	$ 15.7M
Other Funds	$ 7.0M
Permanent Funds	$ 0.4M
Special Revenue Funds	$ 26.9M
Enterprise Funds	$295.5M

Citywide Fund Expenditures:
Budget FY2015-16 $461.7M
Budget FY2016-17 $493.8M
Budget FY2017-18 $507.1M
Proposed FY2018-19 $514.1M

Citywide Expenditures by Resource Category:

Purchased Power and Water	$ 74.9M
Annual & Capital Improvements	$ 86.0M
Special Districts	$ 34.2M
Debt Service Requirements	$ 23.5M
Annexation Payments	$ 5.9M
Capital Outlay	$ 1.5M
Other	$ 1.4M
Salaries, Wages & Benefits	$176.8M
Materials, Supplies & Services	$109.9M

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 (Non-General Fund)	442.4	448.8	541.1	536.5
Total	1,136.4	1,148.7	1150.7	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 reclassification and transfers
- Net decrease of 2.0 positions citywide for FY201819
- 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 (CD 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-General Fund):
    - 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 from 2008 to 2018 were illustrated and discussed and noted a 41% reduction in General Fund staffing in the ten year period.

A change to the General Fund accounting was addressed as follows:

- 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 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
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

FY2018-19 General Fund Revenue:

Franchise Fees	\$ 8.9M
Charges for current services	\$11.2M
Transfers in	\$ 5.3M
Other taxes	\$ 5.6M
Other	\$ 6.4M
Sales tax	\$56.9M
Property tax	\$44.7M

Trends in Sales tax and Property tax were explained.

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
- 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
- Roseville receives \$135

Roseville Receives Small Portion of Property Tax:
- California approximate property tax rates: 1%
- Roseville receives 15% of the 1% paid
- Approximate value of all property in Roseville: \$27.7 billion
- Roseville receives: \$42 million

\$750 - Typical Household Tax 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 Service
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 or 40% of costs
- Shortage in funding costs of service: \$1,117

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

General Fund Expense Highlights:

- General Fund contingency continued: $1.88 million 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 Expenditures 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 and Housing	0.6
Total	100.0%

Identification of "Actual" City Council General Fund 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 Police Department, Fire, Parks, Recreation and Libraries ($6.5M)
    - Licenses and Permits ($2.8M)
    - Grants ($0.39)
    - Total of $32.0 not available for discretion

- Some expenses paid by the General Fund are prior or contractual agreements that are not discretionary.
- Examples:
    - Annexation payments ($5.95M)
    - OPEB ($5.7M)
    - 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	$514.1M
Less	Enterprise Funds	(305.1M)
Less	Special Revenue Funds	(16.2M)

Less	Capital Project Funds	(9.2M)
Less	Special District Agency Funds	(27.4M
Less	Trust Funds	(9.6M)
Less	Other	(8.2M)
Equals	General Fund Operating Budget	$138.4M

Council Discretionary Spending ($ millions)

Resource Category	Proposed FY2018-19	
Total	General Fund Operating Expense	$138.4M
Less	Revenue Offsets	(33.0M)
Less	Non-discretionary expenses with off-sets	(12.9M)
Equals	General Fund Discretionary Spending	$ 92.5M
Police and Fire Net Expenditures		$ 59.8M
All other Discretionary Net Expenditures		$ 32.7M

Finance Director Dennis Kaufman made 5-Year Forecast presentation to Council. Topics included:

Impact on the Five Year Forecast:

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

Other Impacts Not Included in Forecast:

- Potential Repeal of Senate Bill 1 funding (-)
- Sales tax on services (+/-)
- Redevelopment replacement (+/-)
- New Federal and State regulations (-)
- New Revenue Sources requiring voter approval (+/-)

General Fund Operating Revenue and Expenditure Forecast was presented denoting base, less favorable and more favorable outcomes from FY2019 to FY2024. Structural deficits were defined as $13M from FY2019 to FY2024 without a new revenue source. Examples were also provided denoting a recession forecast anywhere between FY2019 to FY2024 in the amount of a $25M structural deficit.

General Fund support departments and their budget numbers were outlined.

Elaine Applebaum - Volunteer Docent at Maidu Museum - Spoke to concerns regarding Maidu Museum funding and staffing and requested percentage of cut to museum relative to Parks, Recreation and Libraries budget.

Gary Adams - Spoke to sales tax increase revenue options.

Bruce Houdesheldt - Spoke to staffing levels and inquired on staffing levels over five year forecasting.

City Manager Dominick Casey responded to questions regarding Maidu Museum and possible increase to sales tax and staffing levels in upcoming years.

Emma Snuggs - Spoke to concerns regarding public notification of meeting and details regarding presentation.

Acting Development Services Director Mike Isom made Development Services Department Budget presentation to Council. Topics included:

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

Development Services Budget:

- General Fund Discretionary = $4.0M or 41.7% of department budget
- General Fund Non-Discretionary = $5.6M or 58.3 % of department budget

Total Development Services Operating Expenditures:

Administration	5%
Building Inspection	35%
Business Services	15%
Code Enforcement	7%
Engineering and Land Development	23%
Planning	14%

Service Level Impacts to Development Services:

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

Future Trends in Development Services:

- Projecting 900 single family permits
- Strong commercial development - projection greater than 1M square feet for FY19
- Increased demand for nuisance abatement
- Succession planning
- Fill vacant positions

- Process improvements and efficiencies
- New revenue
- Increase regional engagement

Gary Adams - Inquired on average building permit fees. Acting Development Services Director Mike Isom responded.

Public Works Director Rhon Herndon made Public Works Department Budget presentation to Council. Topics included:

- Services:
  - Public Works Administration
  - Capital Improvement Projects
    - Roadways
    - Bike trails
    - Transit
    - Bike and pedestrian bridges
    - City building
  - Traffic Operations
  - Floodplain Management
  - Roadway Maintenance
  - Drainage Systems Maintenance
  - Traffic Signs & Pavement Markings
  - Traffic Signal Maintenance
  - Street Sweeping
  - Fall Leaf Pickup
  - Roseville Transit
  - Transportation System Management Program
  - Safe Routes to School
  - Fleet and Building Maintenance
  - Regional Project Coordination

Public Works Operating Budget:

Facilities Maintenance Internal Service Funds	$ 4.5M
GF-Discretionary Traffic, Floodplain, CIP Management	$ 5.15M
Transportation Development Alternative Transportation	$ 8.6M
EU-Street Sweeping	$ 1.34M
Electric - Traffic Signals	$ 2.2M
Gas Tax - Street Maintenance	$ 1.2M
Franchise Fees - Street Maintenance	$ 1.5M
Fleet Internal Service Funds	$ 7.4M

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

Public Works Future Needs/Trends:
- Roadway maintenance will be challenging despite approval of Senate Bill 1
- Traffic congestion on highways (SR 65 and I-80) will continue to worsen without additional funding for capacity improvements

No public comment received.

Parks, Recreation & Libraries Director Dion Louthan made Parks, Recreation and Libraries Department Budget presentation to Council. Topics included the following:

Parks, Recreation and 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 and Libraries Operating Budget:

Non-General Fund	\$8.9M	27.9%
General Fund Non - Discretionary	\$8.1M	25.5%
General Fund - Discretionary	\$14.6M	46.6%
Total	\$31.8M	

Parks, Recreation and Libraries Expenditures Budget:

Recreation	18%
Golf Courses	7%
Libraries & Museum	16%
Youth Development	21%
Administration	11%
Parks	27%

Parks, Recreation and Libraries Reductions & Service Level Impacts:
- Reduced playground maintenance
- Reduced park pruning schedule
- Reduced turf and bed maintenance
- Reduced library databases
- Removed portable restrooms
- Reduced Vernon Street Town Square lighting and décor

- Increased user fees
- Going forward:
  - Reduce Maidu Museum hours
  - Reduce staff and service levels

Parks, Recreation and Libraries Future Trends/Needs:
- Reactive vs. Proactive
- Defer maintenance and Capital Improvement Program and rehabilitation
- Minimum wage increases
- Management strategies for escalating contract costs
- Unfunded State and Federal mandates
- Growing Department Demands

Terra Casteneda - CSUS Assistant Professor and Department of Anthropology Museum Director - spoke to concerns regarding budget impacts to Maidu Museum.

Mona Zents Maggio - spoke to concerns regarding budget impacts to Maidu Museum requesting Council re-evaluate funding in order to provide low cost education and activities for residents, visitors and children.

Vanessa Esquivido Meza - UC Davis graduate student in Cultural Studies - spoke in support of Maidu Museum partnership and in support of funding for continued education in cultural studies, showcasing artwork and for the city to recognize the value of indigenous community and the programs and community gatherings currently offered.

Emma Snuggs - Departmental Scholar of American Indian Studies at UCLA - spoke to transparency and urged Council to not forgot the importance of the value of the programs offered and understanding the importance of impacting the Museum and at looking at solutions for increased funding.

Elaine Applebaum - Volunteer Docent at the Maidu Museum - spoke to concerns regarding budget funding for Maidu Museum and inquired on the amount of fiscal impact in other parts of the Parks, Recreation and Libraries budget and spoke to programs offered.

Pauline Roccucci - spoke to Excel Roseville and use of the Maidu Museum.

Ricky Prows - spoke to opportunities to support Maidu Museum.

The workshop recessed at 7:00 p.m.

The workshop reconvened at 7:05 p.m.

Police Chief James Maccoun made Police Department Budget presentation to Council. Topics included the following:

Police Department Services/Divisions:
- Law Enforcement
- Public Safety Dispatch

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

Police Department Operating Budget:

Non - General Fund	$ 0.1M	0.2%
General Fund - Non Discretionary	$ 7.5M	18.3%
General Fund - Discretionary	$33.4M	81.5%
Total	$41.0M	

Police Department Expenditures Budget:

Patrol	43%
Investigations	8%
Animal Control	3%
Traffic	4%
Vehicles	5%
Administration	15%
Records - Property	5%
Communications	8%
Community Services	5%
Social Services Unit	4%

Police Department Materials, Supplies and Services Expenditures:

Fleet and Fuel	$2,136,384	28%
General Liability/Workers Compensation	$1,679,445	22%
SPCA Contract (Budgeted)	$ 830,975	11%
Facility Services ISF	$ 508,914	7%
Equipment Replacement	$ 56,997	1%
Information Technology ISF	$2,396,892	31%

- No budget reductions to meet target for FY19 due to projected revenue increases
- .5 increase in personnel to create one FTE dispatcher position
- 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 FTE's
- Reductions/Impacts

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

Future trends for Police Department:

- 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 an 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 incarcerations or parole. This will make monitoring offenders and additional police priority.

No public comment received.

Fire Chief Rick Bartee made Fire Department Budget presentation to Council. Topics included:

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:

General Fund - Discretionary	$26.4M	82.3%
Non-Discretionary	$ 5.7M	17.7%
Total Operation Budget	$32.1M	100%

Fire Department Expenditure Budget:

Fire Operations	78%
Fire and Life Safety	6%
Fire Support Services	11%
Fire Training & Emergency Preparedness	3%
Fire Administration	2%

Budget Reductions to Meet Target:

- Met adjusted target for Materials, Services and Supplies at $2,223,247

    - Remained flat
    - Targeted Operational and Training needs
    - Shifted funds from Support Services, Fire and Life Safety
- Renegotiated and 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 and 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 and Needs for the Fire Department:

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

Bruce Houdesheldt - spoke on clarification of pilot program and inquired on CPAC recommendation for fire study. Acting City Manager Dominick responded.

Dena Webster - spoke to Maidu Museum and was referred to Parks, Recreation and Libraries Director Dion Louthan as the Fire Department was the topic being discussed.

Electric Utilities Director Michelle Bertolino made Electric Department Budget presentation to Council. Topics included the following:

Electric Department Overview:

- Revenues are up $1M
- Expenses are down $1M
- Large capital improvements planned
- $5M transfer to Rate Stabilization Fund
- No planned Rate Increase through 2019

Electric Department Revenues:

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

Excludes greenhouse gas related revenues and hydroelectric surcharge

Electric Department Expenditures:

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

Excludes greenhouse gas related expenditures

Key Trends for the Electric Department:
- Legislative and regulatory uncertainty
- Utility business model is changing, very quickly
  - Renewable energy
  - Batteries
  - Electric Vehicle
- New and evolving energy markets
- Aging infrastructure
- Recruitment and retention
- Next rate case

No public comment received.

Environmental Utilities Director Rich Plecker made Environmental Utilities Department Budget presentation to Council. Topics included the following:

Environmental Utilities:
- Water Utility
- Wastewater Utility
- Solid Waste Utility
- Associated Support Services
  - Recycled Water
  - Stormwater

Environmental Utilities Highlights:
- Budgets consistent with rate model assumptions
- Scheduled Water, Wastewater and Solid Waste rate increases in FY2019
- Reorganizing select areas:
  - Retirement/succession planning
  - Efficiency
  - Better alignment citywide

Environment Utilities Operating Revenue:

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

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

Environmental Utilities Operating Expenditures:

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

Utility Reserve Funds:

Utility	FY2019 Budget	Fiscal Policy Reserve Goals
Water	66%	75%
Wastewater	46%	75%
Solid Waste	15%	25%

Environmental Utilities FY2019 Efforts:

- Integrated Resources Plan
- Groundwater Investigation(s)
- Forecasting tools
- Ongoing technology projects (ERP, AMI)

Bruce Houdesheldt - spoke regarding specific transfers in account and spoke on conservation of water.

Mayor Susan Rohan announced Council would consider budget adoption at the June 20 2018 City Council meeting.

7. COUNCIL / STAFF / REPORTS/ COMMENTS

Stormwater Informational Summary - Councilmember Scott Alvord requested overview. Environmental Utilities Director Rich Plecker responded and provided overview.

Clarification of Previous Comment - Councilmember Scott Alvord offered correction stating the City Council would not be approving new revenue; rather the City Council would consider requesting the voters approve new revenue.

Complements to Budget Staff - Mayor Susan Rohan spoke to budget package and thanked Finance staff.

8. ADJOURNMENT

Motion by Bonnie Gore, seconded by Scott Alvord, to adjourn the workshop to June 5, 2018 at 6:56 p.m. The Motion Passed.

Roll call vote: Ayes: Allard, Alvord, Gore, Herman, Rohan