CITY OF ROSEVILLE CALIFORNIA

MINUTES
May 31, 2022

SPECIAL MEETING
CITY COUNCIL BUDGET WORKSHOP
4:00 p.m.
Council Chambers
311 Vernon Street
Roseville, California
www.roseville.ca.us/CORTV

1. CALL TO ORDER

Mayor Bernasconi called the meeting to order at 4:01 p.m.

2. ROLL CALL

Present: Vice Mayor Bruce Houdesheldt, Councilmember Scott Alvord, Councilmember Pauline Roccucci, Councilmember Tracy Mendonsa, Mayor Krista Bernasconi

3. PLEDGE OF ALLEGIANCE

Councilmember Mendonsa led the Pledge of Allegiance.

4. PUBLIC COMMENTS

Nick Bryant spoke on graffiti on City bus shelters.

5. SPECIAL REQUESTS/REPORTS/PRESENTATION

5.1. Budget Workshop

A. Introduction
B. Fiscal Overview
C. Department Overviews:
- Police
- Fire
- Parks, Recreation & Libraries
- Development Services

- Public Works
- Economic Development

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A. Budget Workshop Introduction

City Manager Dominick Casey provided an overview of the budget to the City Council.

Extensive Process
February 2, 2022
- FY2022-23 Budget Development Calendar
- Long-term Pension and Other Postemployment Benefit Liabilities Updates

February 22-23, 2022
- Council Goals Update Workshop
    - Council goals:
        - Maintain a safe and healthy community
        - Remain fiscally responsible in a changing world
        - Enhance economic vitality
        - Invest in well-planned infrastructure and growth
        - Support community engagement and advocacy
        - Deliver exceptional city services
    - Proposed budget aligns with Council strategic plan

March 28-31, 2022
- City Manager budget review meetings

April 20, 2022
- Utilities budget preview
- Measure B Local Sales Tax Citizens' Oversight Committee Report to Council

May 4, 2022
- Capital Improvement Projects budget preview

May 18, 2022
- Financial policies adopted

May 20, 2022
- Proposed FY2022-23 Budget released to City Council

May 31, 2022
- Budget Workshop
    - Citywide budget presentation
    - Current fiscal position and trends
    - Department operating budgets

June 15, 2022
- Council considers budget for adoption

Awareness

- Budget-in-Brief
- Website
- E-newsletter
- Social media
- Roseville Coalition of Neighborhood Associations
- Sun City Roseville
- Roseville Chamber of Commerce
- City employees

Purpose for Budget Workshop

- Budget overview
  - Revenues
  - Expenditures
  - Staffing
- General Fund budget overview
  - Revenues and Expenditures
  - Challenges
  - Five-Year Forecast
  - Operating department summaries
- Council confirmation of recommendations included in the proposed budget:
  - Maintain service levels in a growing city
  - Address new state/federal mandates
  - Enhance service levels for Council strategic plan goals
  - Maintain reserves, pay down obligations, and accelerate CIP Rehab.

Measure B Priorities

- Maintain essential services
- Maintain added priority services as we grow
  - Fully staff new police beat in West Roseville
  - Additional public safety staffing
  - Maintenance for citywide parks, allowing for construction to occur
- Fiscal health investments
  - Build and maintain Economic Stabilization Reserve Fund
  - Pay down retiree health liability (OPEB)
  - Pay down CalPERS pension obligation, after General Fund reserve targets are met
  - *Allows the City to stabilize continuity of services into the future*

FY2022-23 Budget Summary

- Maintains fiscal responsibility
  - Aligns with mission and City Council strategic plan goals
  - Lives within our means
  - Provides core services
- Concerns
  - Uncertain impacts of inflation and interest rate hikes on the economy
  - Limited room for long-term growth without new sources of revenue
  - Limited resources available for new capital projects
- Measure B Priorities
  - Maintain current priority service levels

- Focus on high-priority new services
- Build and maintain a stabilization reserve fund
- Pay down long-term liabilities to build capacity

B. Fiscal Overview

Assistant City Manager/Chief Financial Officer Dennis Kauffman introduced Budget Manager Scott Pettingell.

Budget Manager Scott Pettingell made the presentation to the City Council.

Revenue by Fund Type - $788 Million
Enterprise Funds (Electric, EU, Transit) 56%
General Fund (Police, Fire, Parks, Libraries, Streets) $28%
Other Funds (Special Districts, Development fees) 16%

Citywide Expenditures by Major Category
Salaries, Wages & Benefits 35%

Materials, Services & Supplies 31%
Annual & Capital Improvement Program 16%
Purchased Power & Supply 10%
Other 8%

Citywide Staffing Levels
New positions
City Attorney - 1
Development Services - 1
Electric - 3.5
Environmental Utilities - 6
Finance - 2
Fire - 1
Information Technology - 4
Police - 12
Parks, Recreation & Libraries - 7
Public Works - 5.5
Total 43

Five-Year Capital Improvement Program

Program Area	FY2022-23	Five-Year CIP
Parks, Recreation & Libraries	$37,620,000	$87,060,000
Roseville Electric	$20,486,000	$106,532,000
Waste Services	$16,674,000	$16,674,000
Wastewater	$12,038,000	$17,212,000
General Govt/IT	$7,249,000	$7,249,000
Public Works	$5,959,000	$111,942,000
Water	$5,200,000	$46,650,000
Total	$105,226,000	$393,319,000

General Fund: Revenue

Assumption: Local economy continues to grow but at a slower pace:

- Bradley-Burns Sales Tax
  - 13.8% recovery in FY2021-22
  - 2.2% estimated modest growth in FY2022-23
  - $7.1 million for FY2022-23
- Measure B Local Sales Tax
  - 14.9% recovery in FY2021-22
  - 28.1 million for FY2022-23
- Property Tax
  - 5.9% estimated growth rate
  - $64.4 million for FY2022-223
  - Portion goes back to County

FY2022-23 General Fund Operating Revenue ($211.4 million)

Sales & Use Tax 35%
Measure B Sales Tax 13%
Property Tax 31%
Charges for Services 7%
Electric Franchise Fees 3%
Other Taxes 3%
Other 6%

Bradley-Burns Sales Tax by Category

Transportation 38%
General Retail 35%
Food Products 31%
Business to Business 10%
Construction 6%
Miscellaneous 1%

General Fund: Expenditures

Operating Expenditures - $212 million

- Police 26%
- Fire 20%
- Parks, Recreation & Libraries 15%
- General Government 6%
- Development Services 5%
- Public Works 5%
- Other 23%

Discretionary Spending

- Some General Fund revenue is collected for specific services provided and is not discretionary ($39 million total). Examples include:
  - Charges for services $13.5 million
  - Electric franchise fee $7.3 million
  - Licenses and permits $3.8 million
- Some General Fund expenditures are contractual obligations, or are based on Council policy decisions ($22 million). Examples include:
  - Annexation Payments $9.9 million

        - Retiree Benefit Payments $5.6 million

<u>General Fund Operating Budget $212 million</u>
Less Revenue Offsets - $39 million
Less Non-Discretionary Spending - $22 million
Less Police & Fire - $77 million
Remaining discretionary funds $74 million

<u>General Fund: Planning for the Future</u>
General Fund Reserves
- Stabilization Reserve Fund
- Emergency Reserve Fund

General Fund Capital Reserve Fund
Pension Reserve Trust
CalPERS Additional Discretionary Payment

<u>General Fund Reserves</u>
- Stabilization Reserve Fund $27 million
    - 15% of General Fund operating expenditures
    - Purpose: address revenue shortfalls caused by an economic downturn
    - $1.4 million added to reserve
- Emergency Reserve Fund
    - 10% of General Fund operating expenditures
    - Purpose: address unanticipated, nonrecurring expenditures during an emergency
    - $1.2 million added to reserve
- General Fund Capital Reserve Fund
    - $10 million transfer to new Capital Reserve Fund to address:
        - Significant General Fund projects in the planning and design phase, including:
            - Roseville Sports Complex
            - Weber Park
            - Station 8
        - Construction cost increases due to inflation, supply chain disruption, labor shortages
- Pension Reserve Trust
    - Pension funding policy updated to establish a pension trust
        - Irrevocably committed for pension contributions/obligations
        - Used as a rate stabilization fund to ease budgetary pressures resulting from significant spikes in employer contribution rates
        - Established with an initial deposit and can contribute more in the future with one-time resources, e.g year-end surplus
    - $8 million recommended in proposed budget
        - $2 million from FY2020-21 year-end General Fund surplus
        - $6 million with FY2022-23 General Fund resource
- CalPERS Additional Discretionary Payments
    - City Council strategy to pay down pension liability after General Fund reserve levels are met
    - Most recent actuarial valuation
        - 64% funded ratio
        - $415 million unfunded liability

        - $53 million annual cost in FY2022-23
    - Benefits of making ADP includes:
        - Pay down unfunded accrual liability
        - Increase funded status of the pension plan
        - Reduce future pension costs by $400,000=/- year for 20 year

General Fund Five-Year Forecast Assumptions
- Factors included
    - Estimated labor costs based on new MOUs
    - Inflation slowing over the forecast
    - Underfunded obligations - pensions, POEB, CIP Rehab
    - Impacts from know state/federal mandates
    - Billboard revenue
- Factors not included
    - Labor market adjustments in new MOUs
    - Extended period of high inflation
    - New federal and state regulations
    - New revenue sources
- General Fund Operating Expenditures Forecast
    - Starting at $212 million and growing to over $250 million over the next six years. The dip in FY24 is due to one-time expenses/funding of reserves in FY23 ($10M to GF Capital Reserve Fund and $8M to Pension Reserve Trust Fund plus $6M ADP) The assumptions for expenditure growth include: FY24: assumes 15 new positions including 9 positions for Fire Department, and six for FY25-FY28: six new positions funded by the General Fund to maintain City service levels while keeping up with growth.

No public comment received.

Police Department Overview:
Captain Kelby Newton and Budget Analyst Mark Peinado made the presentation to the City Council.

Divisions
As part of the department's Strategic Planning process, the Police Department moved from three divisions to four this year:
Operations - Patrol
Investigative Services - Investigations
Community Services - Social Services, School Resource Officers, Traffic
Professional Services - Communications, Records & Property

Operating Expenditures Budget
Patrol 45%
Administration 14%
Investigations 11%
Communications 8%
Records-Property-CSI 6%
Vehicles 5%
Social Services Unit 4%
Traffic 4%

Animal Control 3%

Budget Highlights
Real Time Crime Center Software and Video Integration Devices
Bluetooth integrated Technology Systems (BITS)
LETS Respond Crisis Negotiations Equipment
Flock License Plate Reader
UAS Program Equipment and Maintenance/Streaming Software
LERMS Online Report Writing Interface Update
Community Policing, Engagement, and Communications budget
Procedural Justice and Implicit Bias Program/Investigations training
Training Adds for Administration, Records, and Communications
Brazos Printer Paper rolls

No public comment received.

Fire Department Overview
Fire Chief Rick Bartee made the presentation to the City Council.

Services and Divisions
Fire Administration
Fire & Life Safety
- Fire Inspections and Plan Review
- Public Education and Community Engagement
- Citywide Emergency Preparedness

Fire Operations
- Fire and Emergency Medical Services
- Hazmat and Technical Rescue
- Training

Support Services - Logistics

Operating Expenditures Budget
Fire Operations 82%
Fire Support Services 8%
Fire & Life Safety 5%
Fire Administration 3%
Fire Training & Emergency Preparedness 2%

Budget Highlights
Increase in projected revenue from First Responder Fee
- Offset the cost of providing EMS services (61% increase)
  - Projected revenue $1,200,000
  - Projected expenses $223,583
  - Projected net revenue $966,417

New position - Administrative Battalion Chief
- Support Emergency Medical Services First Responder Fee
- Provide additional support for department logistics, facilities, fleet, safety and strategic planning

Grants Summary
Grant Award Summary (2019-2021) $348,451.00

AFG - regional Award of SCBA's	$46,797.27
AFG-S - COVID PPE	$34,864.13
EMS FUND - SSV Two EMS Lucas Devices	$134,964.00
SHSGP - Haz Mat Technician and Specialist Training	$658,000.00
UPRR - Donation Railcars FTC Prop	$39,624.00
Total 2019-2021	$1,260,000.40

Grant Award Summary (2022 to date)

03/16/22 EMS FUND - SSV LUCAS Devices-Donation	$128,015.00
04/06/22 SHSGP SCBA-Placer OES	$51,200.00
04/20/22 UASI-Sacramento Personal Thermal Imaging Cameras	$40,317.00
Total	$219,532.00

No public comment received.

Parks, Recreation & Libraries Department Overview
Parks, Recreation & Libraries Director Jill Geller made the presentation to the City Council.

Divisions
Parks
Recreation
Libraries
Includes:

- 79 developed parks
- 4,000 acres of open space
- 3 libraries
- 3 swimming pools
- 2 golf courses 2 recreation centers
- Maidu Museum & Historic Site
- 19 Adventure Club sites

Operating Expenditures Budget
Parks 34%
Youth Development 19%
Recreation 18%
Libraries & Maidu Museum 13%
Administration 10%
Golf Course Operations 6%
Total Operating Budget $43.4 Million

Budget Highlights
Recommended positions

- Agronomics Technician
- Parks Maintenance Worker (3)
- Sr. Tree Trimmer
- Park Project Technician
- Librarian
- Recreation Leader

Add requests

Backflow Inspect/Test/Repair
Park Amenity Replacement
MMHS Exhibit Planning
MMHS Programming
Historic District Parking Lot Maintenance
Downtown Library Security

City Council Strategic Plan

Remain fiscally responsible in a changing world
- Create new programs and events to generate increased revenues
- Evaluate program fees
- Seek partnerships and grant opportunities
- Expand use of volunteers

Support community engagement and advocacy
- Engage residents through communications
- Conduct public workshops (virtual and in person)

Maintain a safe and healthy community
- Everything we do makes a healthier you!

Enhance economic vitality
- Construct quality sports venues to draw regional participation
- PRL is an economic drive
  - promotes tourism
  - increases home values
  - improves air/water quality
  - attracts talented workers and new residents

Deliver exceptional City services
- Strategic Master Plan to guide decision making
- Ensure department organizational structure to ensure efficiency and effective delivery of exceptional city services
- Optimize the use of technology and data to improve operations

Invest in well-planned infrastructure and growth
- Strategic Master Plan will help guide future decision making
- Reinvest in aging infrastructure
- Develop new parks in growth areas
- Effectively manage open spaces, preserves and streetscapes

Strategic Master Plan outreach findings
- Residents appreciate our services - they want more
- 88% of residents agree that PRL improves their physical health and wellness
- 87% of residents agree that PRL improves their mental health
- 89% of residents agree that PRL makes Roseville a more desirable place to live

No public comment received.

Development Services Department Overview

Development Services Director Mike Isom made the presentation to the City Council.

Divisions
Building, Permit Center, & Code Enforcement
Business & Administrative Services
Engineering - Land Development
Planning

Operating Expenditures Budget
Building Inspection 43%
Business Services 14%
Engineering 13%
Planning 11%
Administration 10%
Code Enforcement 9%
Total $11.9 Million

Budget Highlights
Increased expenses due to ISF, fuel/fleet, new FTE, graffiti abatement contract
$54,654 add to General Fun Materials, Supplies and Service budget
3% increase in budgeted secondary labor cost recovery
One full-time Code Enforcement Inspector position
$100k for graffiti abatement - third party vendor contract

No public comment received.

Public Works Department Overview
Public Works Director Jason Shykowski made the presentation to the City Council.

Divisions/Services
Public Works Administration
Engineering
- Road, Bridge, Bike Trail, & Traffic Signal, Design & Construction
- Road Resurfacing
- Floodplain Management & Flood Alert
- Traffic Operations & ITS
- Traffic Studies
- Traffic Signal Maintenance

Street Maintenance
- Road & Drainage System Maintenance
- Crack Seal and Minor Road Paving
- Pothole Repair
- Street Sweeping
- Traffic Signs & Pavement Markings
- Traffic Study Improvements
- Traffic Study Improvements
- Traffic Control
- Fall Leaf Pickup

Alternative Transportation
- Roseville Transit

South Placer Transit Information Center
Bike & Pedestrian Facilities
Transportation System Management
Safe Routes to School/Crossing Guards

Fleet Services
Maintain & Manage City Fleet

Facility Services
City Facility Cleaning & Maintenance
Planning, Design, and Construction of City Buildings
City Facility Improvements & Modifications

Operating Expenditures Budget
Fleet 41%
Street Maintenance 18%
Alternative Transporation 17%
Facility Maintenance 12%
Public Works Engineering 12%
Public Works Administration 1%
Total $55.4 Million

<u>Budget Highlights and City Council Strategic Plan</u>

Maintain a safe and healthy community
Flood alert system maintenance $11,000

Invest in well-planned infrastructure and growth
Street maintenance cost increases $145,000

Deliver Exceptional City Services
Graffiti Abatement $100,000
Convert temporary PT Office Assistant to regular PT $20,497
Add Project Coordinator $112,966
Add Traffic Signal Maintenance Worker $123,718
Add Building Maintenance Worker $77,215
Add Custodian $63,762
Reclassifying Parts Buyer position to Supervisor $46,552
Add Fleet Mechanic $107,506
Total $808,216

No public comment received.

Economic Development Department Overview
Economic Development Director Melissa Anguiano made the presentation to the City Council.

<u>Divisions</u>
Economic Development
Housing
Roseville Housing Authority

<u>Operating Expenditures Budget</u>

Housing 72%
Community/Grants/REACH 15%
Economic Development 13%
Total 44.1 Million

Budget Highlights and City Council Strategic Plan
Enhance Economic Vitality
- Digital Billboard Revenues - $450k bonus @ start of operations & 680k for year 1
- Surplus Properties Sales Revenues - Approximately $10.5M
- Roseville Industrial Park; 505 Royer Street; 401 & 403 Oak Street
- Growth Factory Roseville: Venture Lab rent approximately $16k for year 1

Maintain a Safe and Healthy Community & Invest in Well-Planned Infrastructure and Growth
- Local Housing Trust Fund (LHTF) State March and $7.5M in loans to 3 projects
- Housing Authority Budget $7.6M, mainly Housing Choice Voucher Program

Enhance Economic Vitality
- Entrepreneurship and Small Business:Leverage of Growth Factory Roseville: Venture Lab activities
- ED Strategy Implementation: Projects, Programs, Marketing Efforts:
  - Workforce Development (Industry)
  - Sports Tourism and Entertainment
  - Storytelling
  - Utility-specific ED Programs and Solutions (Industry)
  - Strategic Initiative Fund and other funding opportunities
- Industry Growth: attraction, Retention & Expansion Efforts (Penumbra, TSI, Sutter, Kaiser)
- Affordable Housing Development: Creative and competitive funding opportunities
- Developments: City Surplus Sites: Post Office, 401 Oak, 505 Bridge, Roseville Industrial Park
- Affordable Housing: Mercy, Bridge, and Hampstead
- Corridor Specific Plans

No public comment received.

For information only. No action required.

6. ADJOURNMENT

Mayor Bernasconi adjourned the meeting at 6:09 p.m.