MINUTES
June 2, 2020

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

To help minimize the spread of COVID-19, members of the public may not attend in person, but may view the meeting on Comcast channel 14, Consolidated Communications channel 73 and AT&T U-Verse. City Council meetings are also video streamed live and are available on the City's website and YouTube channel. Members of the public may offer public comment by the following means:

Dial in Phone Number: 916-774-5353
Email: publiccomment@roseville.ca.us

If you need a disability-related modification or accommodation to participate in this meeting, please contact Voice: 916-774-5200, TDD: 916-774-5220. Requests must be made as early as possible.

1. CALL TO ORDER

Mayor John B. Allard II called the June 1, 2020 Budget Workshop to order at 4:00 p.m.

2. ROLL CALL

Present: Bernasconi, Alvord, Roccucci, Houdesheldt, Allard

3. PLEDGE OF ALLEGIANCE

Vice Mayor Krista Bernasconi led the Pledge of Allegiance.

4. PUBLIC COMMENTS

No public comment received.

5. SPECIAL REQUESTS/REPORTS/PRESENTATION

5.1. Budget Workshop

A. Introduction - Dominick Casey, City Manager

B. Fiscal Overview - Dennis Kauffman, Assistant City Manager/Chief Financial Officer

C. Department Overviews

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

CONTACT: Dennis Kauffman 916-774-5319 dkauffman@roseville.ca.us

City Manager Dominick Casey presented the budget overview to the City Council.

Extensive Process:

- October 9-19, 2019 - Council Strategic Planning Workshop
  - City strengths, limitations, future challenges and opportunities
  - Mission, Vision, and Values
  - Council goals and specific strategies
    - Remain fiscally responsible in a changing world
    - Support community engagement and advocacy
    - Maintain a safe and healthy community
    - Enhance economic vitality
    - Deliver exceptional city services
    - Invest in well-planned infrastructure and growth
- May 6, 2020
  - COVID-19 FY2020-21 Financial Update
  - FY2020-21 Financial policies
- May 20, 2020
  - Proposed Budget released to City Council
  - Utilities budget updates
  - Proposed CIP budget
- June 1-2, 2020
  - Budget Hearings
    - Citywide budget presentation
    - Current fiscal position and trends
    - Department operating budgets
- June 17, 2020
  - Council considers budget for adoption

Extensive Outreach:

- Website, E-newsletter, social media, Roseville Coalition of Neighborhood Associations, Sun City Roseville, Roseville Chamber of Commerce, Future budget town halls
- Extensive Process + Outreach = Trust
  - Edelman Trust Barometer
    - Government tops the list for the first time in its 20-year history of measuring which institutions Americans (and Californians) trust the most
  - Roseville is the only city in South Placer whose favorable rating increased from 2017 to 2019 from 76% to 78%

Purpose of Budget Hearings:
- Define the City's overall budget
  - General Fund
  - Enterprise Funds
- Define the City's General Fund budget
  - Revenues
  - Expenses
  - Challenges
  - Trends
- Receive Council confirmation/direction on recommended:
  - Allocation of discretionary General Fund revenues
  - Maintaining service levels
  - Enterprise operations

Focus on Fiscal Responsibility:
- Balanced Budget
  - Estimated tax revenue reduced due to COVID-19 impacts
  - Budgeted use of Economic Stabilization Reserve in Proposed Budget
  - Delayed augmentation requests until October evaluation of economic impacts on budget
- Implementing operational efficiencies including:
  - Streamlining positions for efficiency and alignment with priorities
  - Using technology to increase service levels
- Paying down unfunded liabilities to improve the City's financial condition
- Preserving the General Fund Economic Stabilization Reserve to maintain city services

Actions Taken to Live Within Our Means:
- Matched expenses to revenues
- Established policies to fund obligations first
- Partnered with labor groups to reduce long-term pension costs and other post retirement benefits
- Reduced full-time General Fund staffing
- Moved labor costs to median in market
- Performed performance audits of all departments to maximize efficiencies
- Contracted out for services where cost savings would be realized
- Engaged in State and Federal legislation to protect our interests

Fiscal Actions to Address COVID-19:
- Implemented hiring freeze to slow spending

- Paused non-essential spending
- Deferred budget augmentation requests totaling $3.5 million
- Provided regular financial updates to City Council and the community
- Will return to Council in October with a financial update and budget revisions

Measure B Priorities:

- Maintain essential services
- Maintain restored services
    - Library hours
    - Goat grazing in open space
    - Park maintenance standards
    - 4th of July ceremonies (Cancelled due to COVID-19)
- Maintain priority services added
    - New police beat in West Roseville with four police officers
    - Additional one police traffic officer
    - Maintenance for citywide parks, allowing for construction to occur
- Fiscal health investments
    - Build Economic Stabilization Reserve Fund
    - Pay down retiree health liability (OPEB)
    - Pay down CalPERS pension obligation, after General Fund reserve targets are met
    - Allows to stabilize continuity of services in the future

Budget Summary: Cautious Optimism:

- Develop a budget that maintains fiscal responsibility
    - Aligns with Council priorities
    - Live within our means
    - Provides core services
- Concerns
    - Uncertain impacts of COVID-19 on economy
    - Limited room for growth without new sources of revenue
    - Limited capital available for new projects
- Measure B Priorities
    - Maintain current priority levels
    - Focus on high-priority new services
    - Build and maintain stabilization reserve fund

Deputy City Manager Megan MacPherson summarized comments received at publiccomment@roseville.ca.us:

Desiree Prudhomme - Requested the police budget should be reduced and funds used for arts and cultural activities for the youth.

Leslie McNeill - Spoke in favor of increasing teachers salaries and reducing city administrator pay.

Assistant City Manager/Chief Financial Officer Dennis Kauffman continued the presentation to the City Council.

Fiscal Year 2020-21 Financial Summary:

- Citywide budget

- Staffing level
- General Fund budget
- Five-year General Fund Forecast
- General Government Departments
- Internal Service Funds

Citywide Revenues were summarized denoting:
- Total revenues = $575.3 million
- General Fund - includes $18.5 million Measure B, property tax up, sales tax flat, non-operating is develop reimbursements for staff work on development projects
- Other revenues include Electric franchise fee, CFD #3 Municipal Service, Utility Reimbursement from Environmental Utilities, $100 from Strategic Improvement Fund for Vernon Street events, and supplemental law enforcement fund
- Enterprise funds for utilities, transit and youth development
- Special revenue funds include landscape and lighting district, gas tax funds for street maintenance and golf
- Refined estimates and reduced the General Fund major tax revenues by $14 million from pre-pandemic forecast
- General Fund revenue: Sales Tax including Measure B
    - $43.3 million - Sales Tax
    - $32.8 million - Property Tax
    - $6.4 million - Charges for current services
    - $5.2 million - Franchise Fees
    - $4.1 million - Other Revenue
    - $2.5 million - Other Taxes
    - $5.7 million - Transfers In
- Proposed budget reflects a $2 million deficit - mitigated by a budget transfer from the Economic Stabilization Reserve Fund

Operating Revenue by Fund Type:
- Of the $575 million amount, more than half is enterprise funds, more than one quarter is General Fund and all of the other funds make up the remaining quarter of the budget

Citywide Expenditures:
- Expenses are $555 million in total
- Of the $555 million in total:
    - 40% of city budget is staff costs to deliver city services
    - 37% is materials, services, and supplies, which included purchased power and water
    - The remaining is primarily capital projects and debt service related to past capital projects
- General Fund Expenditures
    - $29.2 million - Police
    - $21.8 million - Fire
    - $16.6 million - Parks, Recreation and Libraries
    - $12.5 million - Other
    - $8.0 million - General Government
    - $6.4 million - Development Services

    - $5.0 million - Public Works
    - $0.5 million - Economic Development and Housing

  Uses a focused look at vacant positions in the departments and new positions needed as the City continues to grow
- Departments are required to justify and prioritize their need for new position as well as their need to keep vacant positions
- Most position requests were deferred until October when more information will be available about the economic recovery - General Fund positions went up by 3.5 positions, and citywide positions went up by 10.75
- Staffing level in the General Fund is much lower than it was before the Great Recession
- Some work contracted out where is makes sense; the City has grown in population by close to 150,000 in recent years

Proposed Budget Context:
- Status quo or baseline expenditure budget
- Includes know operational expenses
    - Increases for CalPERS costs
    - Increases for services/supplies to maintain services
- Included only critical augmentations, including:
    - School Resource Officer for new high school
    - Police Dispatcher
- Most department budget augmentation requests are deferred until October when staff will return to Council to revisit the FY2020-21 budget with updated information
- Major tax revenues estimated before the pandemic has been reevaluated

General Fund Reserves:
- Economic Stabilization Reserve
    - $15.9 million
    - Target is 15% of General Fund revenue
    - Purpose: address revenue shortfalls caused by an economic downturn
- Emergency Reserve
    - $15.0 million
    - Purpose: address unanticipated, nonrecurring expenditures during an emergency
- Proposed Budget Without Measure B
    - The estimated shortfall would be $20.5 million
    - Economic Stabilization Reserve wouldn't be available to mitigate reductions in the short-term
    - Essential services and programs would have faced significant reductions in the current year and in the proposed budget for the next year

General Fund Restricted Revenues:
- Some revenue received by General Fun is reimbursement for services provided and is not discretionary. Examples:
    - $12.6 million - Charges for current services
    - $ 6.2 million - Electric Franchise fees fund Police, Fire and Parks, Recreation and Libraries
    - $ 3.1 million - Licenses and Permits

    - $.33 million - Grants
    - $34 million is restricted
- Some expenditures paid by the General Fund are contractual obligations or are based on current Council policy decisions - Annexation payments = $8.2 million; Retiree Benefit Payments = $5.3 million; Total of $18.8 million non-discretionary spending

General Fund Five-Year Forecast:

- Current assumptions for COVID-19 recession
- Wayfair decision's effect on sales tax revenue
- Labor costs (first two years)
- Unfunded liabilities
    - PERS & OPEB contributions
    - CIP rehabilitation
- Known State/Federal mandates
- Revenue from Measure B
- Other Impacts Not Included in Forecast
    - Labor market adjustments in year 3 and beyond
    - Possible revenue from sales tax on services
    - Redevelopment replacement
    - New federal and state regulations
    - New revenue sources
    - Five-year forecast only includes revenues and expenditures based on current law and policy

General Government Departments and Internal Service Funds:

- Reductions are only a reflection of the cost plan reimbursements
- All General Government department variances are affected in some way by changes in the indirect cost plan reimbursements

Police Chief James Maccoun continued the budget presentation to the City Council.

Divisions/Services:

- Administration
- Records/Property/Crime Scene Investigations
- Communications
- Social Services
- Patrol
- Investigations
- Traffic
- Animal Control
- Vehicles
- $46.4 million - Total Operating Budget

Paused Projects and Activities:

- Rapid adjustments through teamwork
    - With onset of pandemic, agency moved to protect critical infrastructure throughout the City, and switched to a highly visible deterrent force
    - Low-level property crime reporting, with no suspect information, was moved to on-line reporting

    - Most non-injury collisions are now handled by having parties exchange information and contact insurance companies
    - Biggest "pause" is proactive policing/intentionally reducing arrests "Zero bail" statewide order except for violent offenders; strict medical screening at jail; court closures, with case backlogs certain
    - In person community meets/events cancelled and moved to online platforms
    - Impact to specific units due to several professional staff vacancies - Positions are pending review in the fall
    - Minimize disease transmission risk, and speed officer response to in progress calls
    - Major revision to animal licensing ordinance paused
    - Priority Dispatch ProQA EMD software implementation pause
    - Restructuring of the Placer Law Enforcement Agency annual award banquet paused
    - Plan to equip four CSI vehicles with mobile computers for increased efficiency deferred
    - Cancelled/adjusted out-of-town training to control expenses

- Budget Highlights:
    - Two new positions are included in the proposed budget
        - Dispatcher to address increasing call volume and the city grows
        - School Resource officer jointly funded with the school district for the new high school
        - Budget also includes funding for purging police records to comply with state law
        - Funding from supplemental law enforcement funds for several new projects and initiatives, as well as training and the Mobile Family Crisis Team which are budgeted with offsetting reimbursements

Fire Chief Rick Bartee continued the budget presentation to the City Council.

Divisions/Services:

- Fire Administration
- Fire & Life Safety
    - Fire inspections and Plan Review
    - Public Educations and Community Engagement
    - Citywide Emergency Preparedness
- Fire Operations
    - Fire and Emergency Medical Services
    - HazMat and Technical Rescue
- Support Services - Logistics
- $34.6 million - Total Operating Budget

Paused Projects and Activities:

- Annual department multi-company training
- Annual occupational (OSHA) physicals of Fire personnel at Kaiser and Sutter
- Fire & Life Safety mandated annual inspections due to business closures
- School public safety training presentations due to school closures

- Budget Highlights:
    - Continue to enhance capabilities of the Fire Training Center becoming a regional resource through grant funded training - generating revenue for the city while bringing public safety professionals from throughout California to Roseville
    - With calls for service increasing at a rate of about 5% a year - Fire will seek technology improvements and policy updates to improve response times after dispatch notification, "turn-out time" - getting companies out the door and responding more efficiently

Parks, Recreation and Libraries Director Jill Geller continued the budget presentation to the City Council.

Divisions:
- Parks
- Recreation
- Libraries
- 77 developed parks
- 4,000 acres of open space
- 3 Libraries, 3 Swimming Pools
- 2 Championship Gold Courses
- Roseville Sports Center, Maidu Community Center, Maidu Museum and Historic Site
- 19 Adventure Club sites
- $36.3 million - Total Operating Budget

Paused Projects and Activities:
- Parks Stabilization
- Department Strategic Plan
- Additional Security Recommendations
- Library Print Services
- Positions
    - Administrative Technician
    - Manager
    - Department PIO
- Projects
    - Mahany Shade Structure
    - Maidu Skate Park
    - Royer Play Structure
- Paused Activities
    - Parks and Facilities Closed
    - Programs and Events Cancelled

Budget Highlights:
- Approved positions
    - Parks and Maintenances Worker
    - Child Care Site Coordinator
- Approved adds
    - Citywide Parks Maintenance
    - Music in the Park

- Provide Quality Programs & Facilities with new safety measures
    - Virtual programming
    - Lower Program maximums
    - Facility modifications
- Measure B Funds
    - Library, parks & events stabilization
    - Goat grazing
    - Unsheltered camp clean up
    - Maintenance for new city-wide parks

Development Services Director Mike Isom continued the budget presentation to the City Council.

Divisions/Services:

- Development Services Administration
- Business and Administrative Services
- Building Inspection and Permit Center
- Code Enforcement
- Land Development Engineering
- Planning
- $10.1 million - Total Operating Budget

Paused Projects and Activities:

- Single family dwelling building permit extension
- All land use entitlements and grading plans extended for 12 months per urgency ordinance
- All other projects and programs remain status quo for now

- Budget Highlights
    - Two new, limited-term Building Inspector I positions

Public Works Director Jason Shykowski continued the budget presentation to the City Council.

Divisions/Services:

- Public Works Administration
- Engineering
    - Road, Bridge, Bike Trail, Traffic Signal, and City Facility Design and Construction
    - Road Resurfacing
    - Floodplain Management and 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 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 and manage City Fleet
- Facility Services
    - City facility cleaning and maintenance
    - City facility improvements and modifications
- $35 million - Total Operating Budget

Deferred Add Requests:

- Position requests related to increasing workload;
    - Assistant Engineer - Engineering
    - Administrative Technician - Alternative Transportation
    - Community Relations Analyst - Alternative Transportation
    - Office Assistant - Facilities
    - Building Maintenance Worker - Facilities
- Paused Projects
    - Training for new staff
    - SRTS and Crossing Guard Program
    - Bike, Ped, and Bus Education
    - Pleasant Grove Widening
    - Roseville Parkway Widening
    - Vernon Roundabout
    - Fleet Electrification Leadership

- Budget Highlights:
    - Training for new and promoted staff
    - Paving cost increase
    - Sign material cost increase
    - Add Mechanic

Electric Utility Director Michelle Bertolino continued the budget presentation to the City Council.

Divisions/Services:

- Resources & Generation
    - Power Supply
    - Generation
    - Operational Technology
    - Advance Metering
- Engineering & Operations
    - Engineering
    - Operations
    - Risk & Compliance
- Customer & Government Relations

    - Customer Solutions and Key Accounts
    - Government Relations
    - Communications and Marketing
    - Finance
- $160.1 million - Total Operating Budget

Deferred Add Requests:

- Position requests related to increasing workload
    - Power Plant Operator/Technician
    - Senior GIS Analyst
    - Line Technician
    - Power Plant Engineer
- Paused Projects and Activities
    - Reassess funding and timing of capital projects
    - New and replacement vehicles
    - Filling vacant positions
    - Business customer satisfaction survey
    - Disconnections for non-payment
    - Hydroelectric surcharge adjustment delayed three months

- Budget Highlights:
    - Balanced Budget
        - Focus on essential services
        - Energy sales are declining
        - Compliance with financial policies and metrics
    - Prudent investment in infrastructure and technology
    - Assumes no base rate increases
        - No base rate increase for 7 years
        - New rate study later this year

Strategic Plan Alignment:

- Deliver exceptional city services
    - Provide a safe and efficient workforce
    - Safety program
- Remain fiscally responsible in a changing world
    - Deliver high service at competitive rates
    - New rate study
- Evolve utility structure and processes
    - Energy imbalance market
    - Power plant upgrades
    - Advanced meters
- Maintain a safe and healthy community
    - Drive solutions that enhance the community
        - Electric vehicle program

Environmental Utilities Director Rich Plecker continued the budget presentation to the City Council.

Division:

- Administration
- Utility Services

- Water
- Wastewater
    - Recycled Water
    - South Placer Wastewater Authority (SPWA)
- Waste Services
    - Stormwater
- Utility Exploration Center (UEC)
- $106.8 million - Total Operating Budget

Impacts of COVID-19:
- No delayed projects or activities
- Close monitoring of
    - Business disruption/changes and how to respond
    - Waste tonnages
    - No shut-offs for non payment (impact to revenue)

Deferred Add Requests:
- Marketing and Communications Analyst
- Senior EU Business Analyst
- Materials Technician

- Budget Highlights:
    - ASR Groundwater Program
    - Downtown Water Mains Replacement
    - PGWWTP Expansion and Energy Recovery
    - Organics SB 1383 Implementation
    - Mobile Fleet Customer Service Optimization
    - Compressed Natural Gas Infrastructure
    - Staffing changes
        - 1 - Water Conservation Worker II
        - 1 - Plant and Equipment Maintenance Worker II
        - 1 - Wastewater Collection Supervisor
        - 1 - Wastewater Treatment Plant Operator Grade IV
        - 1 - Refuse Supervisor
        - 0.25 - Office Assistant

Strategic Plan Alignment:
- Remain fiscally responsible in a changing world
    - Balance utility operating costs to maintain competitive rates
        - EU rate cases study
    - Deliver exceptional city services
        - Align staff resources for efficiency and effectiveness
            - Mobile fleet customer service optimization
    - Invest in well-planned infrastructure and growth
        - Reinvest in aging infrastructure
            - Downtown water mains replacement
        - Plan for targeted development
            - PGWWTP expansion and energy recovery

City Manager Dominick Casey made closing remarks on the budget presentation.

No public comment received.

Item for information only. No official action taken.

6. COUNCIL REPORTS / PUBLIC COMMENTS

No public comment received.

Quarterly Placer County/City of Roseville Meeting - Councilmember Bruce Houdesheldt and Councilmember Pauline Roccucci reported on attendance.

Sites Reservoir Board Meeting - Councilmember Bruce Houdesheldt reported on attendance.

Critical Planning Commission Items - Councilmember Bruce Houdesheldt spoke to important items scheduled to be held virtually.

Northern California Power Agency Meeting - Councilmember Pauline Roccucci reported on on-line meeting she participated in with Mayor John B. Allard II.

Fire Mutual Aid - Councilmember Pauline Roccucci acknowledged the efforts of all fire personnel.

Balanced Budget in Difficult Times - Vice Mayor Krista Bernasconi acknowledged staff and spoke on communicating to residents this important fact.

COVID-19 Opportunities - Vice Mayor Krista Bernasconi spoke on the civic engagement that can be accomplished which aids in running businesses and households.

Community Thanks - Mayor John B. Allard II thanked residents for pulling together and doing their part during these unusual times and spoke to the "We Are Roseville" spirit.

7. ADJOURNMENT

Motion by Scott Alvord, seconded by Pauline Roccucci, to adjourn the meeting at 6:20 p.m.. The Motion Passed.

Roll call vote: Ayes: Allard II, Alvord, Bernasconi, Houdesheldt, Roccucci