MINUTES
June 3, 2019

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

1. CALL TO ORDER

Mayor John B. Allard II called the June 3, 2019 Budget Workshop to order.

2. ROLL CALL

Present: Allard, Bernasconi, Alvord, Roccucci, Houdesheldt

3. PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was led by Chief Financial Officer Dennis Kauffman.

A moment of silence was recognized for the victims of the shootings at the municipal center in Virginia Beach, Virginia.

4. MEETING PROCEDURES

City Clerk Sonia Orozco announced the procedures for addressing Council.

5. PUBLIC COMMENTS

Brooke Abrames - Blue Line Arts - spoke on the need to add funds to the budget for sponsorship of arts and entertainment to create a vibrant community.

6. SPECIAL REQUESTS/REPORTS/PRESENTATION

6.1. BUDGET WORKSHOP

A. Introduction - Dominick Casey, City Manager

B. Fiscal Overview - Dennis Kauffman, 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

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A. Introduction - City Manager Dominick Casey made the presentation to Council.

City Manager Dominick Casey provided a budget overview and outlined agenda:
- Financial Summary, Support Departments, and Internal Service Funds will be presented by Chief Financial Officer Dennis Kauffman
- Department Presentations
  - Development Services
  - Public Works
  - Parks, Recreation & Libraries
  - Police
  - Fire
  - Electric
  - Environmental Utilities

City Manager Dominick Casey spoke on extensive process in developing budget and spoke to the following dates:

September 4, 2018 - Measure B Goals Workshop
- Council priorities and Engage Roseville
- Review of fiscal trends, forecast, and fund balances
- Budget with/without Measure B
- City Council direction

March 13, 2019 - Budget Workshop
- Unfunded liabilities (including CalPERS/OPEB)
- Budget overview
  - FY2018-19 highlights, Measure B priority
  - FY2019-20 goals and priorities
- General Fund:
  - Revenue highlights
  - Five-year forecast
  - Reserves

March 20, 2019 - Utilities Budget updates

April 17, 2019 - Proposed Capital Improvement Project budget update

May 1, 2019 - Financial Policies update

May 20, 2019 - Proposed Budget released to City Council

June 3, 2019 - Budget Hearing

June 19, 2019 - Council Considers Budget Adoption

Extensive Outreach was also conducted on:

- Website
- E-newsletter
- Social media
- Budget in Brief document
  - Roseville 2019
  - Public counters/libraries
  - City Council
  - Staff
- Video on Measure B spending priorities
- Roseville Coalition of Neighborhood Associations
- Sun City Roseville
- Roseville Chamber of Commerce
- Leadership Roseville
- Quarterly All Managers meeting
- Four citywide staff meetings

Purpose for 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

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 Fun staffing
- Moved labor costs to median in marker
- Performed performance audits of all departments to maximize efficiencies
- Contracted out for services where cost savings would be realized
- Engage in State and Federal legislation to protect our interests

Measure B Priorities:
Services Maintained ($6-9 million deficit otherwise)
- Specialized police and fire services
- Fire engine company
- Recreation and library facilities and programs
- Street maintenance levels
- Job creation and business retention initiatives

Services Restored with Measure B Funds:
- Library hours
- 4th of July fireworks
- Fire training and investigations
- Goat grazing in open space
- Park maintenance standards
- Industry training and development

Services Added with Measure B Funds:
- Starting new police beat in West Roseville with four police officers
- Adding one police traffic officer
- Budgeting for maintenance for citywide parks, allowing for construction to occur

Measure B Priorities:
- Fiscal Health Investments
    - Build Economic Stabilization reserve fund
        - $4 million estimated in FY2018-19
        - $6.8 million in FY2019-20 proposed budget
    - Pay down retiree health liability (OPEB)
    - Pay down CalPERS pension obligation

Budget Summary: Cautious Optimism:
- Maintains fiscal responsibility
    - Aligns with Council priorities
    - Lives within our means
    - Provides core services
- Concerns
    - Limited room for growth without new sources of revenue
    - Limited capital available for new projects
- Measure B Priorities
    - Maintain current priority service levels
    - Focus on high-priority new services
    - Build stabilization reserve fund

Public Comment:
No public comment received.

B. Financial Overview - Chief Financial Officer Dennis Kauffman made the presentation to Council.

Chief Financial Officer Dennis Kauffman reported on FY2019-20 Citywide

Revenue outlining operating and capital revenues by fund type and citywide budget expenditures by resource category.

FY2019-20 Citywide Staffing and General Fund Staffing Statistics were presented with a net +9.00 Full-time staffing allocations added for FY19/20. Other Funds Staffing was also presented for Enterprise funds with a net +21 Full-time staffing allocations added for FY19/20.

General Fund Revenue Highlights:

- Two largest sources of revenue as compared to FY2018-19 budgets:
  - Sales Tax:
    - Increase of $16M for Measure B
    - Decrease of $600,000 (Bradley-Burns)
    - Net increase of $15.4M
  - Property Tax
    - Increase of 4.2% (1.6M) over projected FY2018-19 revenue

FY2019-20 General Fund Revenue:

General Fund Revenue Source	% Of Total
Sales Tax (includes Measure B)	45.4
Property Tax	30.7
Charges for Current Services	6.7
Franchise	5.5
Other Revenue	4.4
Other Taxes	3.5
Transfers In	3.8
Total	100%

General Fund Restricted Revenues

- Some revenue received by the General Fund is reimbursement for services provided and is not discretionary. Examples:
  - Charges for Current Services ($13.0M)
  - Electric Franchise Fees fund Police, Fire & Parks, Recreation & Libraries ($6.3M)
  - Licenses and Permits ($2.8)
  - Grants ($0.29M)
- Total of $32.0M is restricted

Council Non-Discretionary Spending:

- Some expenses paid by the General Fund are contractual or based on current Council policy decisions. Examples:
  - Annexation payments ($6.7M)
  - Retiree Benefit Payments ($5.3M)
  - Transfer to Stabilization Reserve $6.8)
- Total of $23.4M non-discretionary spending

Citywide Budget ($ Millions)

	Major Service Area	Proposed FY2019-20
Total	Citywide Budget	$553.9
Less	Enterprise Funds	(312.6)

Less	Special Revenue Funds	(20.0)
Less	Capital Project Funds	(20.2)
Less	Permanent Funds	(0.4)
Less	Special District Agency Funds	(29.3)
Less	Trust Funds	(10.3)
Less	Other	(3.1)
Equals	General Fund Operating Budget	$157.9

Council Discretionary Spending ($ Millions)

	Resource Category	Proposed FY2019-20
Total	General Fund Operating Expenses	$157.9
Less	Revenue Offsets	(32.0)
Less	Non-discretionary expenses with offsets	(23.4)
Equals	General Fund Discretionary Spending	$102.3
	Police and Fire Net Expenditures	$64.0
	All Other Discretionary Net Expenditures	$38.3

General Fund Emergency Reserve:

- Current fund balance: $14.3M
- Proposed budget: $15.0M
- 10% of General Fund operating expenses
- For significant short-term issues such as declared emergencies
- Provides financial security
- Helps City achieve higher bond rating
- Council policy requires approval of at least four City Council members to appropriate from the reserve

General Fund Stabilization Reserve:

- Current fund balance: $0
- Build economic stabilization reserve fund:
  - $4M estimated in FY2018-19
  - $6.8M in FY2019-20 proposed budget
  - Target of 15% of General Fund operating expenses (approximately $22.5M)
  - For addressing significant revenue shortfalls that occur during an economic downturn
  - Goal: 3 months (25% of annual operating expenses) in reserves
  - Provides financial stability
  - Helps City achieve higher bond rating
  - Council Policy requires approval of at least four City Council members to appropriate from the reserve

General Fund Five-Year Forecast:

- Factors Included in Five-year Forecast
  - Continued shifts in consumer habits
  - Healthy property tax
  - 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:

- Possible revenue from sales tax on services
- Wayfair decision's effect on sales tax revenue
- Redevelopment replacement
- New federal and state regulations
- New revenue sources
- Labor market adjustment in year 3 and beyond
- Potential recession

Public Comment:
Wendy Gerig - Roseville Chamber of Commerce - Requested statistics regarding online shopping and information on sales tax revenue potential.

Mike Garabedian - President of Placer County Sierra Club President - Spoke to shifting of sales tax revenue on vehicles

Chief Financial Officer Dennis Kauffman made the General Fund Administrative Services presentation to Council.

General Government Departments ($ thousands):

Department	Actuals FY2017-18	Amended Budget FY2018-19	Proposed Budget FY2019-20	Variance From FY2018-19
City Council	$193	$245	$308	$63
City Manager	$799	$1,294	$1,151	(143)
City Clerk	$574	$1,034	$1,500	466
City Attorney	$1,559	$1,677	$1,786	109
Finance	$1,860	$2,281	$4,846	$2,565
Human Resources	$912	$1,631	$1,548	(83)
Public Affairs & Communications	$513	$416	$582	$166
Central Services (Merged with Finance)	$887			
Total Expenditures	$7,297	$8,578	$11,721	$3,143

Internal Service Funds ($ thousands)

Fund	Actuals FY2017-18	Amended Budget FY2018-19	Proposed Budget FY2019-20	Variance From FY2018-19
Automotive Replacement	$3,324	$6,269	$10,160	$3,891
Automotive Services	$7,401	$8,107	$9,113	$1,006
Facility Rehabilitation	$871	$1,398	$1,171	(227)
Facility Services	$3,895	$4,519	$4,578	159
General Equipment Replacement	$162	$491	$300	(191)
Information Technology (IT) Operations	$9,181	$9,441	$10,138	$697
IT Replacement	$799	$1,150	$1,208	58
General Liability	$2,546	$2,646	$2,643	(3)
Workers' Compensation	$3,966	$3,565	$4,108	$543

Public Comment:
No public comment received.

C. Department Overviews:
1. Development Services - Development Services Director Mike Isom made the presentation to Council.

Development Services Divisions:
- Development Services Administration
- Building Inspection
  - Permit Center
- Business and Administrative Services
- Code Enforcement
- Land Development Engineering
- Planning

Total Operating budget: $9.4M

Budget Priorities:
- Service levels preserved by Measure B
  - Permit Center customer service
  - Expedited plan check and concurrent review
  - 24 hour timeframe for building inspections
  - Weekend code enforcement
  - Regional engagement
- Materials, services and supplies augmented for:
  - Code Book update

Efficiencies/Innovation Projects:
- Electronic Document Review
- Electronic file archival
- Over-the-counter permit approval
- Streamlined residential permit approvals
- Code enforcement staffing

Future Trends/Needs:
- Steady residential 7 commercial activity in FY20
- Steadily increasing demand for nuisance abatement as city grows
- Process improvements for cost and position reduction where appropriate
- RFP for contract plan check and inspection services to ensure best value to customers
- Maintain technology fee to eliminate GF cost to support enterprise permitting system and future replacement cost
- Staff turnover/recruitment challenges

Public Comment:
No public comment received.

2. Public Works - Acting Public Works Director Jason Shykowski made the presentation to Council.

Public Works Divisions:
- Administration
- Fleet Services
- Engineering, Traffic & Floodplains
- Street Maintenance
- Alternative Transportation
- Facility Services

Total Operating budget: $33.8M

Budget Priorities:
- Service levels preserved by Measure B:
  - Placer County Flood Control District membership
  - FEMA Community Rating System
  - Review of traffic control plans
  - Street maintenance

Efficiencies/Innovation Projects:
- Roller Compacted Concrete
- Battery electric buses
- Flood alert maintenance and monitoring
- On-call consultant contracts
- Trench repair for Environmental Utilities

Future Trends/Needs:
- Studying regional roadway funding opportunities to address traffic issues
- Expectations of timely, relevant communications
- Recruiting and retaining qualified staff
- Staff development due to retirements/promotions
- Aging bus fleet
- Zero-emission vehicle requirements
- Funding for facility and infrastructure repair and maintenance
- Changes to state and federal funding for infrastructure
- SB 1 boosted street maintenance funding but more is needed to fully fun the maintenance program

Public Comment:
No public comment received.

3. Parks & Recreation - Assistant City Manager Dion Louthan made the presentation to Council.

Parks, Recreation & Libraries Divisions:
- Parks
- Recreation
- Libraries
- Strategic Support

Overview:
- 80 developed parks and facilities
- 4,400 acres of open space

- 2 championship golf courses
- 18 Adventure Club programs
- 3 libraries
- Maidu Museum & Historic Site

Reorganization:
- Focus of organizational transformation
- Reduction of three General Fund positions
- Streamline managerial and supervisory roles
- Merged/blende divisions

Total Operating budget: $34.0M

Budget Priorities:
- Service levels preserved by Measure B:
    - Avoided lowering park-maintenance levels
    - Avoided additional cuts to library hours
    - Special events not eliminated
    - Adult and senior programs saved
    - Johnson Pool remains open
- Services restored
    - Vegetation/fire fuel management - goat grazing
    - Park service-level stabilization
    - Library hours an materials increased
    - Unsheltered camp cleanups
    - Grid pruning of trees
    - Special events support
- Materials, services and supplies increased for:
    - Park and landscape maintenance costs
    - Routine and non-routine tree pruning
    - Open space contract
    - Park restroom security services
    - Library materials
    - Unsheltered camp cleanup

Efficiencies/Innovation Projects:
- Department reorganization
- Adventure Club staffing
- Parks & landscape maintenance contract
- Outsourcing library phone calls
- Unsheltered camp cleanups
- On-call contracts

Future Trends/Needs:
- Unfunded state/federal mandates
- Park development and maintenance
- Deferred maintenance & CIP rehab projects
- Staffing needs
- Strategies for escalating contract costs
- Growing department demands

Public Comment:
Mike Garabedian - President of Placer County Sierra Club President - Spoke on request to have Earth Day event restored within the budget.

4. Police - Police Chief James Maccoun made the presentation to Council.

Police Department Divisions:

- Administration
- Records/Property/Crime Scene Investigations
- Communications
- Social Services
- Patrol
- Investigations
- Animal Control
- Traffic

Total Operating budget: $44.5M

Budget Priorities:

- Service levels preserved by Measure B:
    - Community Service Officers (CSOs)
    - Crime Suppression Team
    - Other critical positions
- Services added/restored:
    - 4 police officers to start Beat 7
    - 1 police officer on traffic patrol
- Materials, services and supplies augmented for:
    - Mental health threat assessment training
    - Management training
    - Exercise equipment replacement
    - Additional K9 costs

Efficiencies/Innovation Projects:

- Partnership with Rocklin PD for SWAT and EOD
- Brazos electronic citation system
- Partnership with Sierra College for training
- Active participation in State Office of Emergency Services grant opportunities
    - EOD robot
    - Anti-vehicle barricades
    - Unmanned aircraft systems
    - Tactical medical training
- Mobile crisis team with Placer County

Future Trends/Needs:

- Unmanned Aircraft System Team (UAS)
- Increased forensic exams
- Reduction in asset forfeiture fund balances
- Increase staffing - Beat 7
- In-car and body-worn cameras
- Revenue source to fund additional Animal Control Officer and to offset rising

cost of SPCA contract now over $900,000 annually

Public Comment:
No public comment received.

5. Fire - Fire Chief Rick Bartee made the presentation to Council.

Fire Department 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
- Support Services - Logistics

Total Operating budget: $34.2M

Budget Priorities:
- Service levels preserved by Measure B
  - Avoided closing a fire station or taking an engine out of service
  - Avoided reducing specialty services - Hazmat and Rescue
  - Avoided reducing fire investigation services
- Materials, services and supplies augmented for:
  - Fire investigation training
  - Fire Station equipment/appliance repair/replacement

Efficiencies/Innovation Projects:
- Fire & Life Safety Division
  - Staffing
  - Electronic inspection records
- Hazardous Material Technician classes at the Fire Training Center
- Active participation in State Office of Emergency Services grant opportunities

Future Trends/Needs:
- Fire Station 8 (Capital Improvement Project/Fire Facilities Fund)
- Emergency Response Apparatus replacement (rent and replacement funding, maintaining operational interoperability, clean cab and reliability)
- Self Contained Breathing Apparatus (SCBA), regional grant and associated costs
- Accreditation
- Fire/Rescue Emergency Medical Services (EMS) Public/Private partnership cost reimbursement with American Medical Response (AMR) opportunities for medical responses
- First Responder Fee $TBD (Council direction to look at this fee)
- Council direction to look at lift assist fees for assisted living/residential care facilities

Public Comment:
No public comment received.

6. Electric - Electric Director Michelle Bertolino made the presentation to Council.

Electric Department Divisions:
- Operations
    - Engineering and New Services
    - Distribution
- Resources & Generation
    - Energy Purchases
    - Power Plants
- Business Services
    - Financial Services
    - Advanced Meters
    - Risk and Compliance
    - Customer Solutions

Budget Overview:
- Strong projected operating results
    - Revenues exceed expenses
    - Energy sales flat
    - Power supply expenses flat
    - Strong cash balance
    - Compliance with financial policies
- Continued investment in infrastructure and technology
- 6th year without a rate increase
- High customer-satisfaction rating

Total Operating budget: $171.6M

Budget Priorities:
- Safely provide highly reliable and affordable electricity services, while ensuring:
    - Excellent customer service
    - Highly motivated, talented, and skilled employees
    - Strong financial results

Efficiencies/Innovation Projects:
- Customer experience
    - Meter upgrades
    - Improved outage management
    - New streetlights
    - New energy service
- Economic Development
- Efficiencies
    - Strategic innovations
    - Share services

Future Trends/Needs:
- Recruitment and retention

- Legislative and regulatory uncertainty
- Transportation electrification
- Time-of-day rates
- Vernon substation expansion
  - Replace 30-year-old equipment
  - Expand capacity to meet downtown growth
- 100% carbon-free electricity by 2045

Public Comment:
No public comment received.

7. Environmental Utilities - Environmental Utilities Director Richard Plecker made the presentation to Council.

Environmental Utilities Divisions:
- Administration
- EU The Services
- Water
- Wastewater
  - Recycled Water
- Solid Waste
  - Stormwater

Budget Overview:
- Growing, progressive, and customer-focused
  - 10-year financial planning and forecasting
  - Highest value, not necessarily lowest cost
  - Customer satisfaction: 98%
- Funded by user fees; not taxes
  - Rate adjustments smaller/more frequent
  - Significant reimbursements to General Fund
- Focused on continued service, reliability, and rehabilitation
- Budgets are consistent with the assumptions in the rate models
- Rate increases in FY2019-20 and FY2020-21
- Organizational realignment:
  - Strategic thinking
  - Efficiency
  - Succession planning

Total Operating budget: $83.9M

Operating Revenue:($ millions)

Utility	Actual FY2018	Amended Budget FY2019	Proposed Budget FY020
Water	$32.0	$33.5	$32.6
Wastewater	$35.3	$38.7	$40.4
Solid Waste	$25.1	$23.8	$26.2

Staffing Changes were reported:

Water 8 positions*
Wastewater 7 positions*
Solid Waste 2 positions
Utility Services 1 position
*Funding was included in the FY19 budget for seven of these positions that were not filled
Note: Costs for all positions were included in the FY18, FY19, and FY20 rate cases

Future Trends/Needs:
- Unfunded Mandates
- Resource Portfolio
- Workforce Development

Public Comment:
No public comment received.

City Manager Dominick Casey made closing presentation to Council.

7. COUNCIL / STAFF / REPORTS/ COMMENTS

Thanked Budget Staff for Work on Budget and Department Heads for Presentations - Councilmembers Pauline Roccucci, Bruce Houdesheldt, Scott Alvord, Vice Mayor Krista Bernasconi and Mayor John B. Allard II thanked staff.

8. ADJOURNMENT

Mayor John B. Allard II adjourned the meeting at 7:08 p.m.