



MINUTES

April 10, 2018

CITY COUNCIL SPECIAL BUDGET WORKSHOP

5:00 p.m.

Council Chambers
311 Vernon Street
Roseville, California

1. CALL TO ORDER

Mayor Susan Rohan called the April 10, 2018 City Council Special Budget Workshop to order at 5:00 p.m.

2. ROLL CALL

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

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

3. PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was led by Chief Information Officer Jay Panzica.

4. MEETING PROCEDURES

City Manager Rob Jensen and Mayor Susan Rohan announced the procedures for addressing Council.

5. PRESENTATIONS

5.1. FY2018-19 Budget Workshop

Staff recommends the City Council take the following action:

1. Receive a report from staff that provides an update on the budget process and shares recommendations.
2. Provide feedback and direction to staff on potential service level reductions and funding strategies for the FY2018-19 Budget.

Development of the FY2018-19 budget includes increased revenues from user fees consistent with the recommendations from EngageRoseville, but does not include increased tax revenues as those would require voter approval. Even with the increased user fee revenue, combined with expected increases in our property tax and sales tax revenue, a shortfall exists in matching our expenses with our revenues. As such, strategies need to be adopted, including service level reductions, to provide Council with a budget that conforms to the City Charter and Council policies. At the workshop, staff will present more detailed budgetary information along with proposed service level reductions for Council consideration. Staff will also request policy direction from the Council to utilize one-time monies for one-time costs related to previous underfunding, in an effort to lessen the depth of potential reductions. The proposed service level reductions would affect all of the General Fund operational departments including Public Safety, Parks, Recreation and Libraries, Public Works and Development Services.

CONTACT: Rob Jensen 916-774-5362 rjensen@roseville.ca.us

City Manager Rob Jensen introduced the budget overview presentation to Council.

Fiscal Year 2018/19 Budget:

Purpose for budget:

- City Policy Document
- Operationalizes Council Goals

Goals for budget:

- Balanced budget
- Revenues = Expenses (Not able to do during recession)
- No use of reserve funds
- Implement policies to fund long term liabilities (OPEB, CIPs)
- Preserve core service levels
- Consider EngageRoseville recommendations (increasing user fees, reducing service levels, reducing management oversight)

Budget Realities & Trends:

- Revenues up, but revenue growth slowing
- Costs increasing faster than revenue
 - Minimum wage
 - PERS costs (within PERS rules-employee share)
 - State/Federal Mandates

- Material and Supplies (Fuel)
- Jail Fees (Bookings)
- Golf Courses (Debt Service)
- Internal funds significantly underfunded
 - Building Internal Service Funds
 - Information Technologies Internal Service Funds
- Need to evaluate service levels

Past Service Level Reductions:

- As a service organization, people, not products drive our costs. To meet targets since 2010 the City has:
 - Reduced per capita staffing by 32%
 - Eliminated programs and reduced facility hours
 - Implemented memorandums of understanding with labor groups to reduce long term liabilities
 - Moved to contract services where appropriate
 - Complete efficiency audits in all departments

Service Level Reductions 2017/18:

- Eliminated goat grazing in General Fund
- Closed libraries and museum on Fridays
- Eliminated special events, such as 4th of July Fireworks
- Eliminated (6) vacant positions:
 - Community Services Officer
 - Recreation Leader
 - Parks Maintenance Worker
 - Associate Engineers (2)
 - Several part-time positions

Deferred Costs in FY2017/18 Budget:

- Building ISF (\$1.0 M)
- Technology ISF (\$1.7 M)
- Equipment Replacement (\$0.3 M)
- Parks, Recreation, Libraries CIP (\$1.2 M)
- Road Maintenance (\$5.0 M)
- Total Deferments = \$9.5 M

Delayed hiring of needed positions:

- Police, Public Works, Parks, IT, and Building Maintenance

Chief Information Officer Jay Panzica made the Fiscal Update presentation to Council.

Balancing the Budget:

- What is the shortfall?
- Balancing act between needs/wants/revenue
 - Must fund vs. Should fund vs. Would like to fund
- Revenue and Expense forecast independently
- Targets provided to departments for budgeting purposes
- Service level reductions were required to meet the targets
 - Example: reductions in park fertilizations

- Certain necessary costs were added to the budget
- Resulted in further reductions to balance the General Fund budget
- Understand and reaching consensus

FY 2018/19 Budget Development:

- Increases in revenue
 - \$2.2 M - Sales Tax
 - Continued growth, but continued slower growth
 - \$1.6 M - Property Tax
 - Continued strong growth
 - \$0.2 M - User Fees
 - EngageRoseville recommendation
 - \$2.0 M - Use of One Time Money
 - \$0.5 M forecasted plus \$1.5 M accumulated balance
 - General Fund contribution by developers
 - One time contribution to cover potential West Roseville Specific Plan shortfall in initial years
 - Unrestricted - can be used for any General Fund needs
 - \$0.7 M - Other revenue
 - \$6.7 M Total Revenue
- Increases in Expenses:
 - \$1.3 M - PERS
 - \$1.1 M - Salaries
 - Partial Year impact - Step increases
 - Council Policies
 - \$0.6 M - OPEB
 - \$0.5 M - CIPs
 - \$4.5 M - Cost Increases
 - (\$0.19 M) - Other
 - \$7.81 M Total

Cost Increases to Budget:

- \$100 K - Fire Staffing Audit recommended by Community Priorities Advisory Committee
- \$125 K - Labor negotiations consultant/compensation study
- \$100 K - Executive recruitments for retiring staff
- \$171 K - New parking garage operating costs
- \$ 22 K - Increased utility and facility costs at leased properties
- \$ 50 K - Additional police dispatcher (partial funds from re-class)
- \$326 K - Fire Department turnouts
- \$947 K - Eliminate Fire Operations vacancy factor
- \$500 K - Increase Fire Operations overtime
- \$2.20 M - Subsidize Golf Operations fund \$1.5 M estimated through June 2018 and and \$700 K for FY 2018/19 (\$2.0 M from West Roseville Specific Plan Development Agreement fund)
- \$4.5 M - Total

General Fund Contingency:

- \$1.2 M - Base Level
- \$0.675 M - Salaries

- Potential costs as a result of any adjustments due to goal of being at median
- Actual amount will be identified in the fall
- \$1.9 M = Total Contingency

FY 2017/28 Budget Development:

- Increased Revenue = \$6.07 M
- Increased Expenses = \$7.81 M
- Contingency Increase=\$0.68 M
 - Total= (\$1.79 M)

Additional Service Level Reductions Required = \$1.79 M

Wendy Gerig - spoke on CPAC recommendations and on questions on fire department overtime containment.

John Mason - spoke on consideration of conducting research on least cost method on delivery EMS service.

John Speight - spoke on revenue shortfalls and on service level reduction forecasting.

Bruce Houdesheldt - spoke to dynamic nature of budget and on nine recommendations made by CPAC and in support of a smaller version of CPAC members be kept to go forward.

Assistant City Manager Dominick Casey made the Level of Service Impacts presentation to Council.

Additional Proposed Service Level Reductions:

\$750 K - Fire Operational Changes

\$220 K - Elimination of Central Services Director

\$110 K - Eliminate vacant Executive Assistant in City Manager's Office

\$130 K - Youth School Office (Either new revenue or eliminate and move Police Officer to patrol)

\$130 K - Maidu Museum Reductions

\$450 K - Parks, Recreation, Libraries restructure/defunding (reductions = playground maintenance, pruning schedule, turf maintenance, Library Data Base, removal of portable restrooms, increased user fees, staff and service level reductions)

\$1.79 M Reductions

Other General Fund Departments:

- Reduced service levels in all departments
- Reduced safety consultant contract
- Adjusted employee recognition program and reduced from 2 to 1 employee appreciations lunches

Unfunded Needs 2018/19:

- No net increase in General Fund positions
 - Result: Continued reduction in service levels

- Deferred Maintenance in FY2019 = \$9.2 M
 - Carry Over funded \$4.0 M
 - Net FY 2017 Deferred Maintenance = \$5.2 M
- Deferred Maintenance in FY2018 = \$5.7 M
 - Reduced \$3.0 M from FY2017 due to Senate Bill 1 funding
 - Reduced \$0.5 M from FY2017 due to Council policy to increase CIP rehab fund
- Total deferred in FY2017 and FY2018 = \$10.9 M

Budget Development Schedule:

- Week of May 21, 2018 - City Council Receives budget
- June 4 & 5, 2018 - Budget hearings
- June 20, 2018 - Budget adoption

City Manager Rob Jensen concluded the presentation to Council.

Council direction requested:

- Approve the used on one time monies to fund golf course debt service
- Approve service level reductions as proposed by staff to balance FY2018/19 budget

Erica Crumley - thanked Council for their part in making Roseville a great place to live and spoke to development of botanical garden as revenue source.

Mike Garabidi - spoke to public safety culture and inquired in City has adopted a "public safety culture."

Bruce Houdesheldt - spoke to service levels and inquired on what's at stake if City doesn't meeting budget goals.

Mayor Susan Rohan stated the special budget workshop is being held to give staff direction and clarity on the development of the budget.

City Manager Rob Jensen stated very visible service level reductions will appear in the upcoming budget. Staff will continue to look for opportunities for reductions and revenues over the next five years.

Councilmembers made inquiries and comments on the following:

- Thanks to Community Priorities Advisory Committee
- Probable that new revenue options are needed
- Cuts to service levels are forthcoming
- Costs for annual new parking garage costs including security (utilities, graffiti abatement, painting)
- Golf course remedies due to declining revenues and debt service
- Restoration of revenue reserves (helpful if list is provided on reserve account balances)
- Examine selling parcels of the golf course that would not interfere with the operation of the golf course (much of property around the golf course is designated as preserve areas)
- Concern on further cutting Parks, Recreations and Libraries budgets
- Look to costs of public safety systems

- Look to sell other city owned properties rather than selling parcels around golf course

City Council consensus to move forward with level of service reductions as presented.

6. PUBLIC COMMENTS

No additional public comments received.

7. COUNCIL / STAFF / REPORTS/ COMMENTS

No Council/Staff/Reports made.

8. ADJOURNMENT

Motion by Bonnie Gore, seconded by Tim Herman, to adjourn the meeting at 6:24 p.m. The Motion Passed.

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