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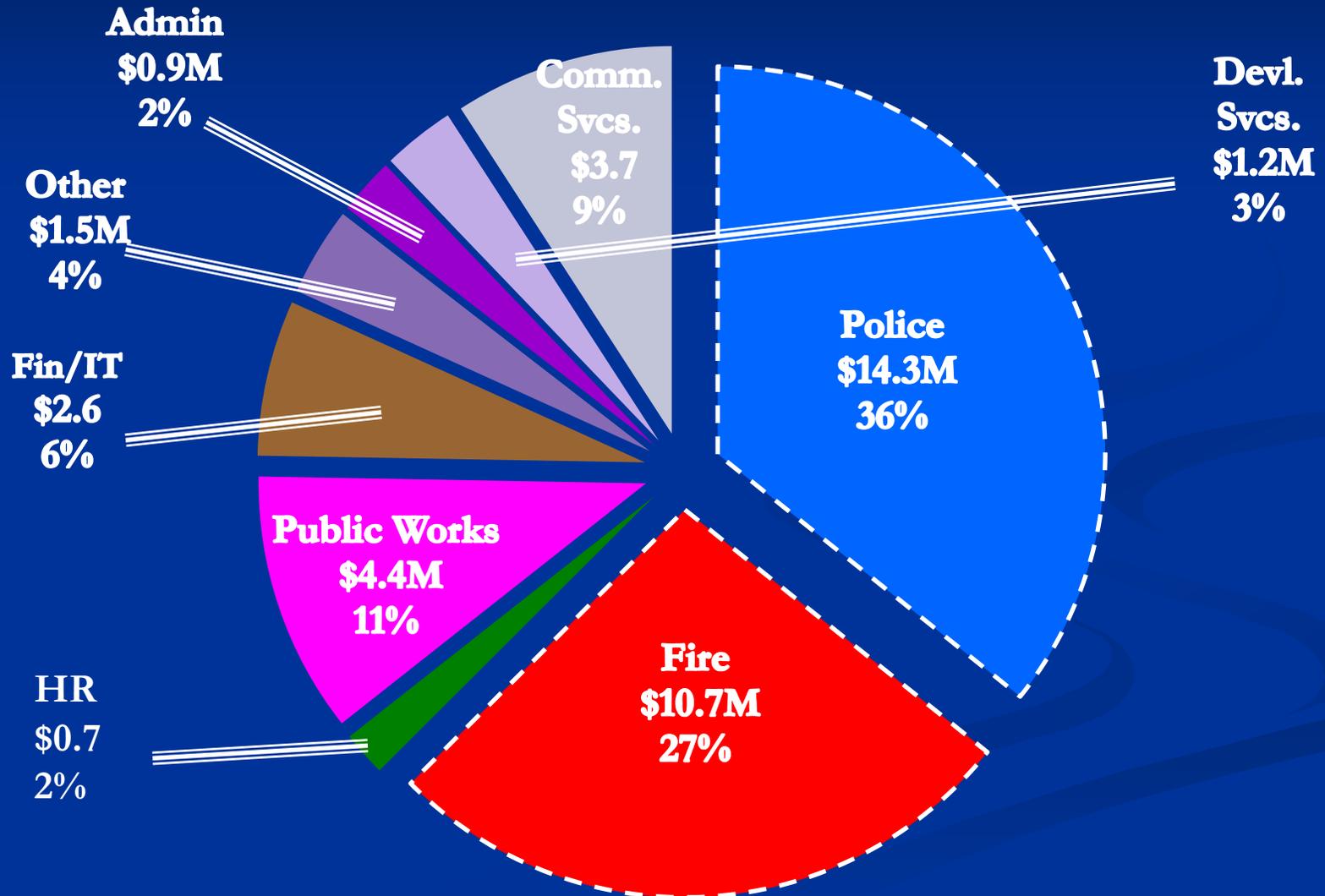
**City of Yuba City**  
**FY 16/17 Budget Workshop**  
**May 23, 2016**



# General Fund

# Yuba City Budget Allocations

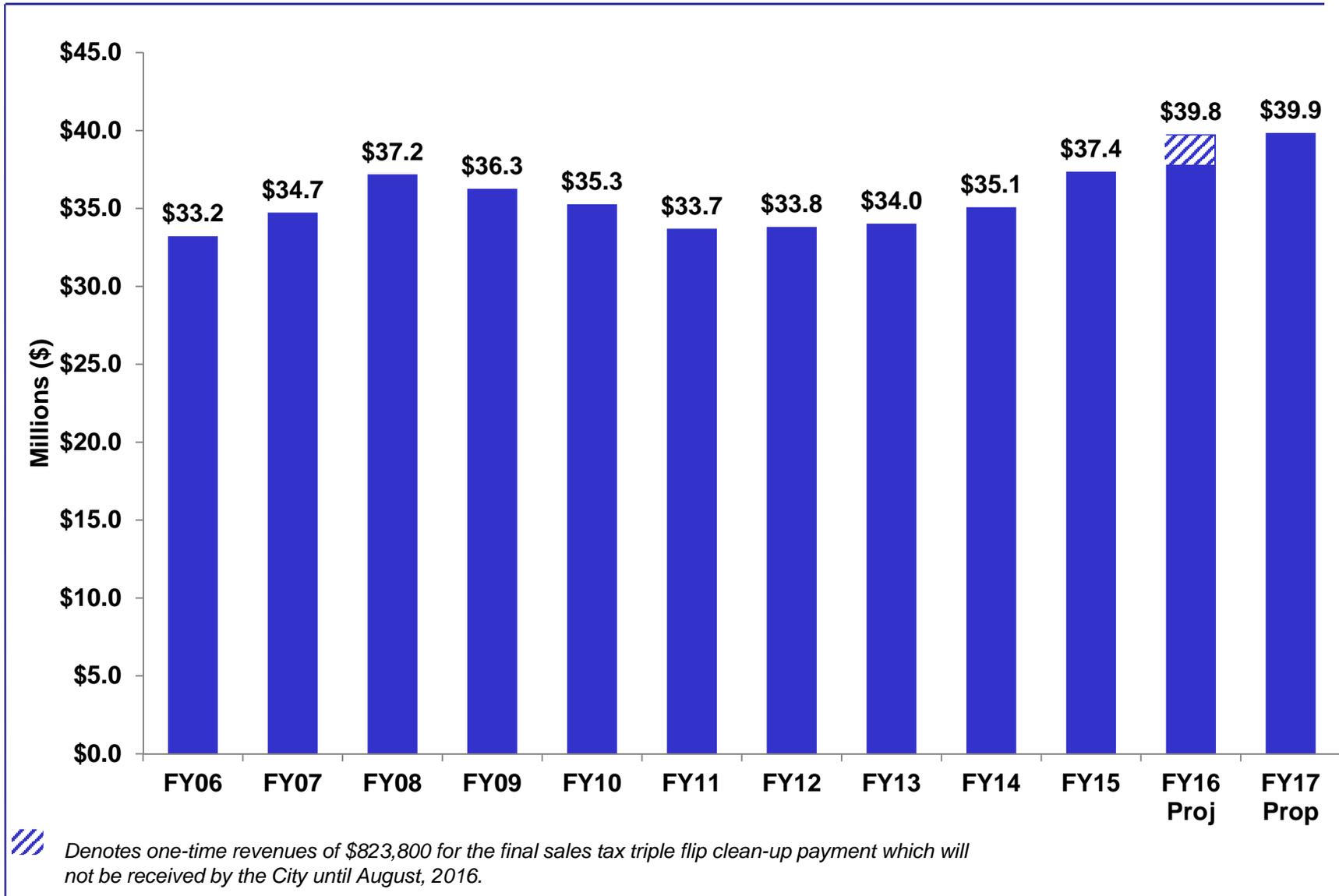
## 63% Public Safety





# Revenues

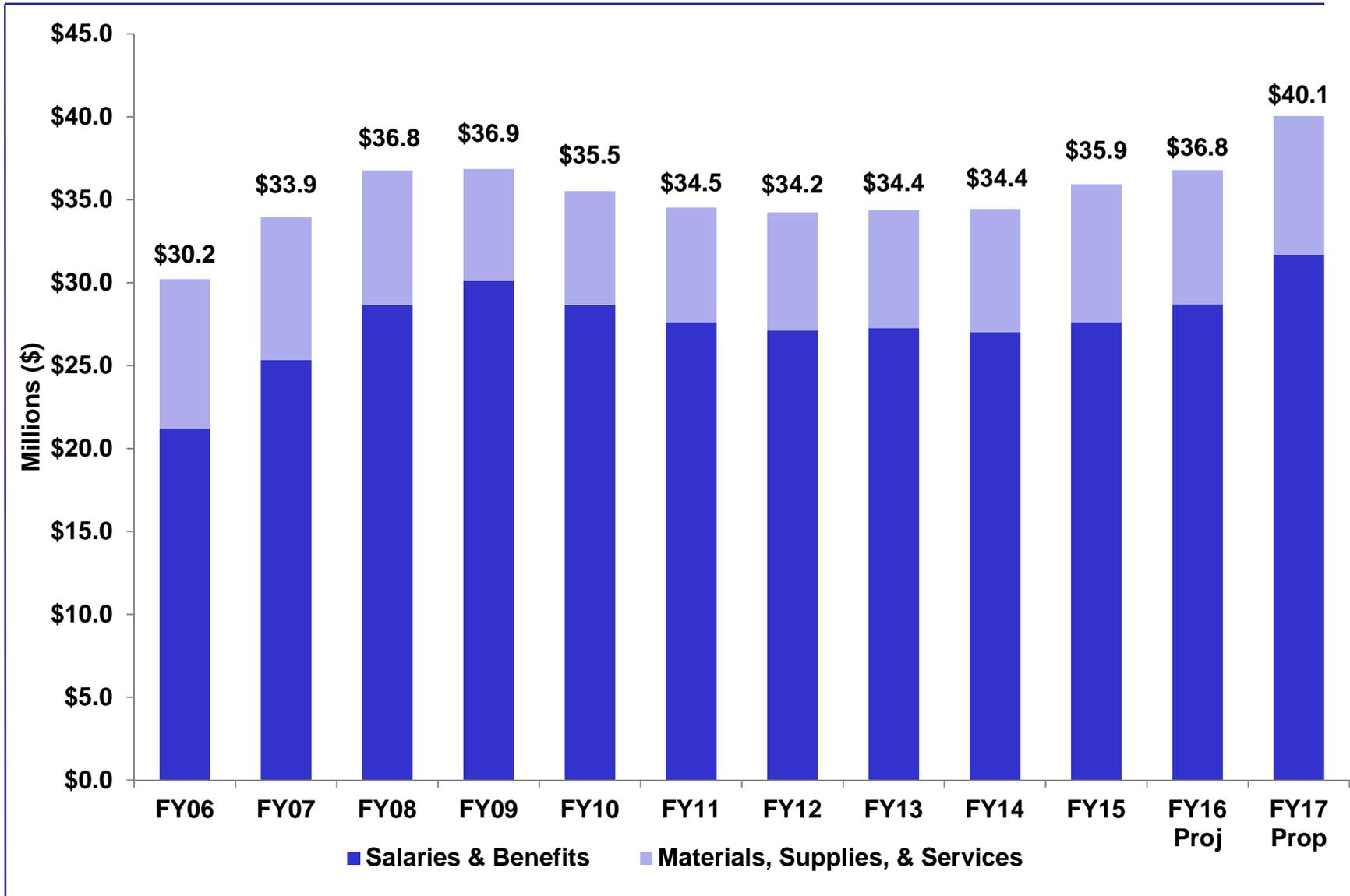
## General Fund





# Expenses

## General Fund





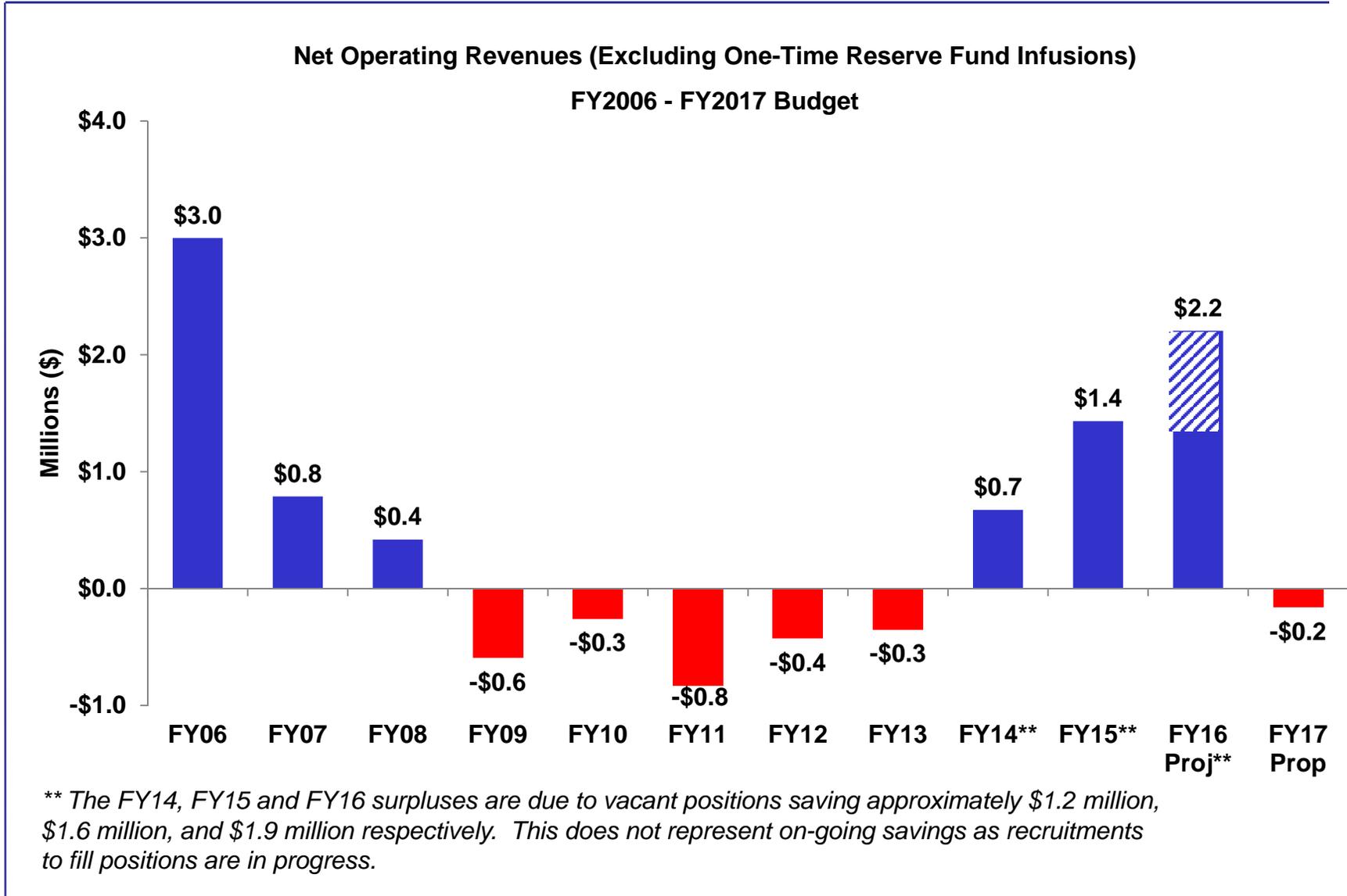
## General Fund Summary Changes from FY 15/16 Adopted Budget to FY 16/17 Proposed

	<u>In Millions</u>
Deficit Carried Over from FY 15-16	\$ (0.18)
Revenue Increases	2.61
Salary & Benefit Increases	(2.25)
Materials, Supplies & Services Increases	(0.38)
Proposed Operating Budget Deficit FY 16-17	<u>\$ (0.20)</u>



# Net Operating Surplus or Deficit

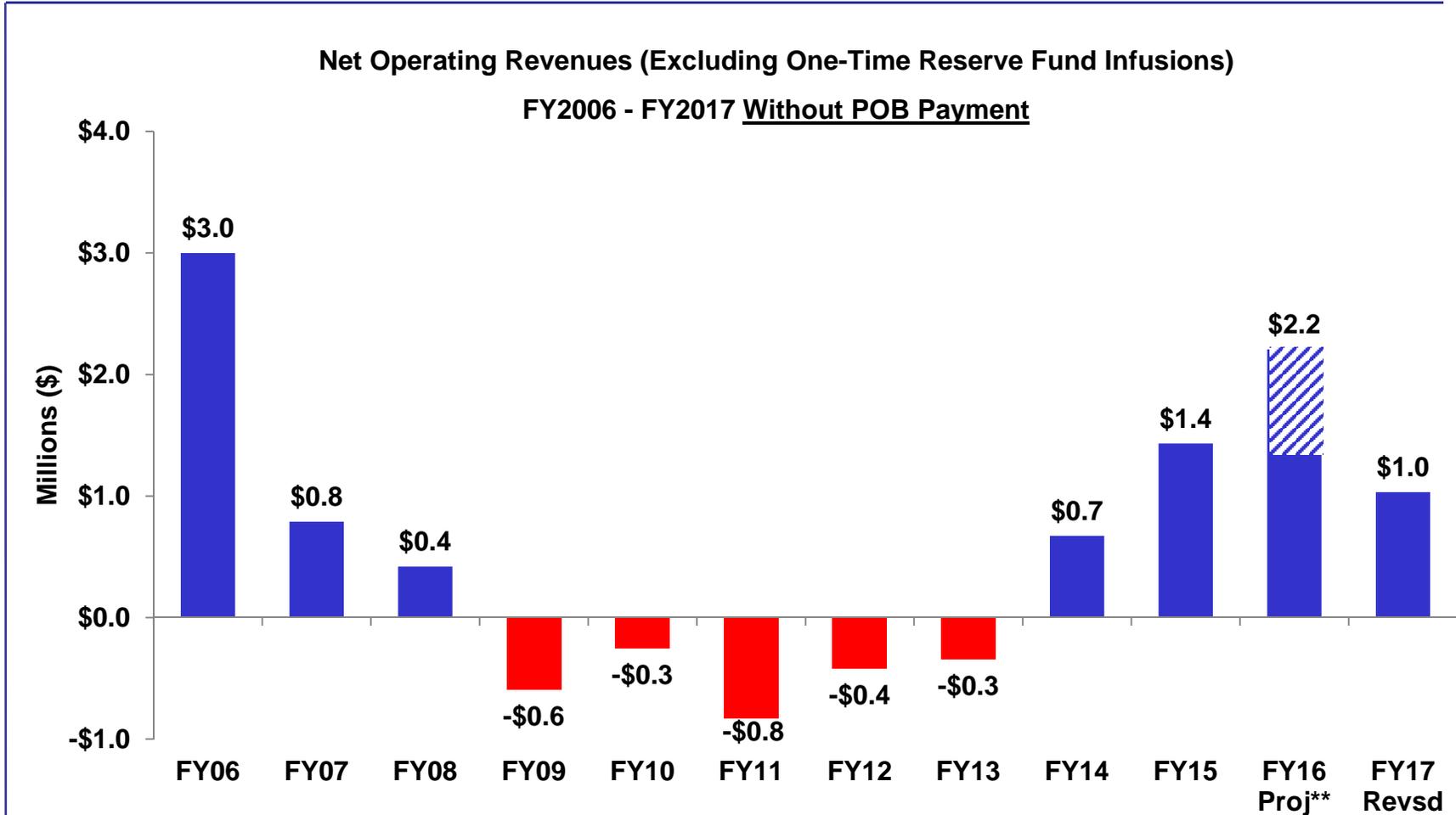
## General Fund Revenues Less Expenses





# Net Operating Surplus or Deficit

## General Fund Revenues Less Expenses



\*\* The FY14, FY15 and FY16 surpluses are due to vacant positions saving approximately \$1.2 million, \$1.6 million, and \$1.9 million respectively. This does not represent on-going savings as recruitments to fill positions are in progress.  
NOTE: The FY17 Revised shows what FY17 net budget would look like without the POB debt service, as FY 16-17 is the final year of payment.



## Unmet Financing Needs

- \* CalPers Unfunded Liability
- \* Deferred Infrastructure Maintenance & Replacement
- \* Beat 6 Start-Up Costs for Police Services
- \* Construction of Park Facilities in Tierra Buena Area
- \* Economic Development Initiatives



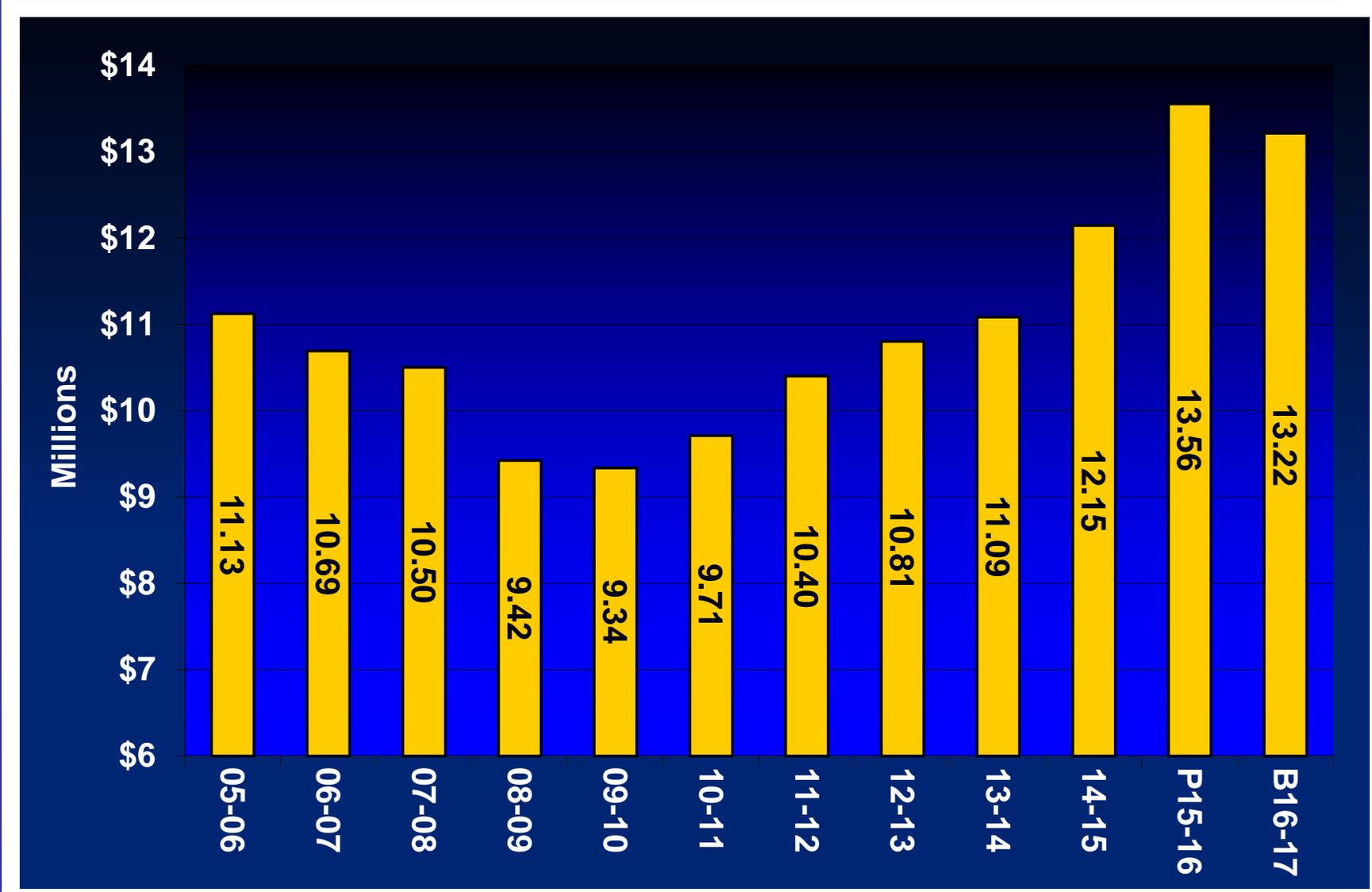
## Largest Revenue Changes

	In Thousands
Property Taxes	\$ 391
Sales Taxes	295
Building Permits	330
Property Tax in Lieu of VLF	242
Franchise Fee Revenues	205
Hotel/Motel Surcharge	116
Parks Charge to LMD's Cost Allocation Increase	69
Plan Check & Inspection-Engineering	55
Other Items	93
SAFER Grant-Fire Department Staffing	809
<b>NET INCREASES IN REVENUE FY 16/17</b>	<b>\$ 2,605</b>

Note: Pink Highlight indicates this item affects both revenues and expenditures.



# Sales Tax



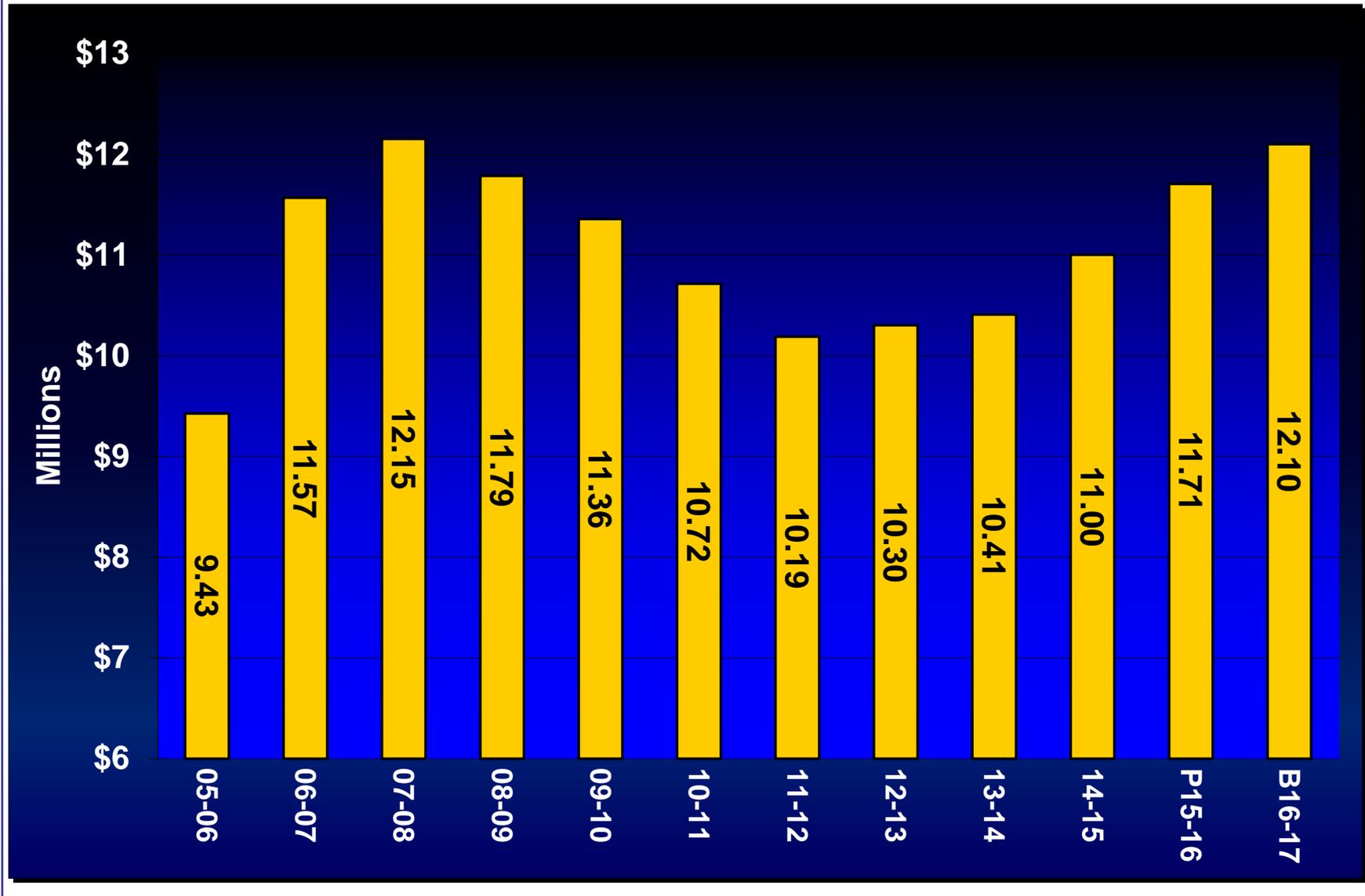


## Large Sales Tax Increase

	<i><b>% Increase</b></i>
1st Quarter 14/15	10.7%
2nd Quarter 14/15	7.4%
3rd Quarter 14/15	9.9%
4th Quarter 14/15	13.1%
Average Increase for Year	10.275%
Less: Budgeted Increase %	-3.5%
% Increase in Excess of Budgeted	<u>6.775%</u>
Multiplied by FY 13-14 Revenue	\$ 11,084,841
Excess Revenue over \$ Budgeted	\$ 750,998

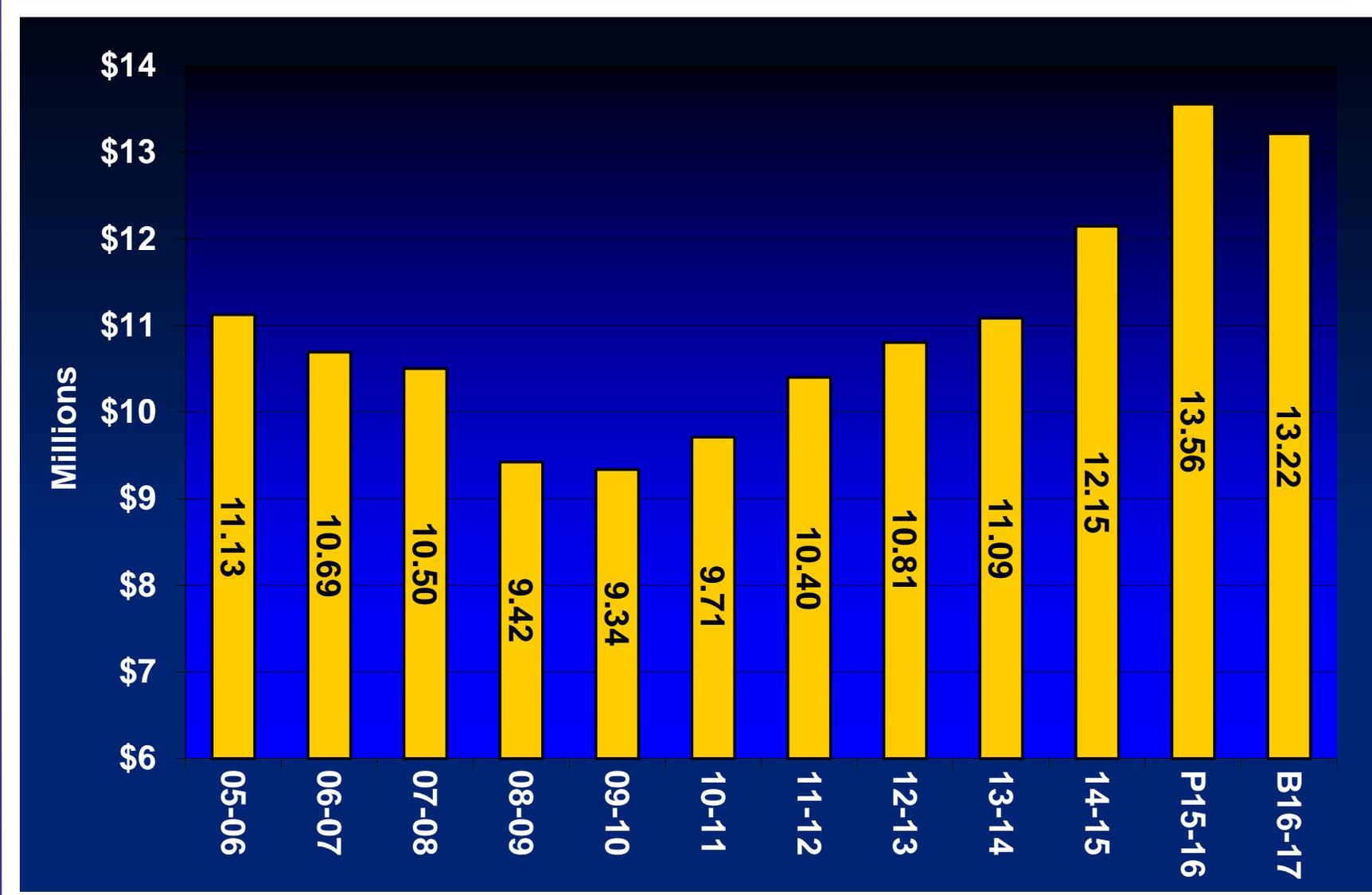


# Property Taxes





# Sales Tax





## Largest S&B Expenditure Changes

	In Thousands
Fire Staff Added (SAFER Grant Funded)	\$ 809
Negotiation Contract Changes	633
Personnel Changes Requested	555
Backfilling Vacancies - Lower Step & PEPRA	(544)
Retirement Cost Increase	485
Healthcare Cost Increase	274
Vacant Positions - Funded at Step 3	(146)
Worker's Compensation Cost Increase	108
Merit/Step Increases	105
Misc. Other S & B Changes	(29)
<b>Total S &amp; B Personnel Cost Changes</b>	<b>\$ 2,250</b>



# Personnel Changes and Additions

## ***Reclassifications:***

<b>Department</b>	<b>Old Position</b>	<b>New Position</b>
Human Resources	Administrative Analyst I	Administrative Analyst II
Development Services	Community Devl. Technician	Assistant Planner
Public Works	Assistant Civil Engineer	Senior Engineer
Community Services	Parks, Rec. & Facilities Mgr.	Parks and Grounds Superintendent
Community Services	Recreation Supervisor II	Recreation Supervisor III

## ***New Positions Added:***

<b>Department</b>	<b>Position</b>
Finance	Information Technician I/II
Development Services	Chief Building Official
Fire	Deputy/Division Fire Chief
Animal Control	Animal Control Officer I
Water/Wastewater	Regulatory Compliance Administrator



## Largest MS&S Expenditure Changes

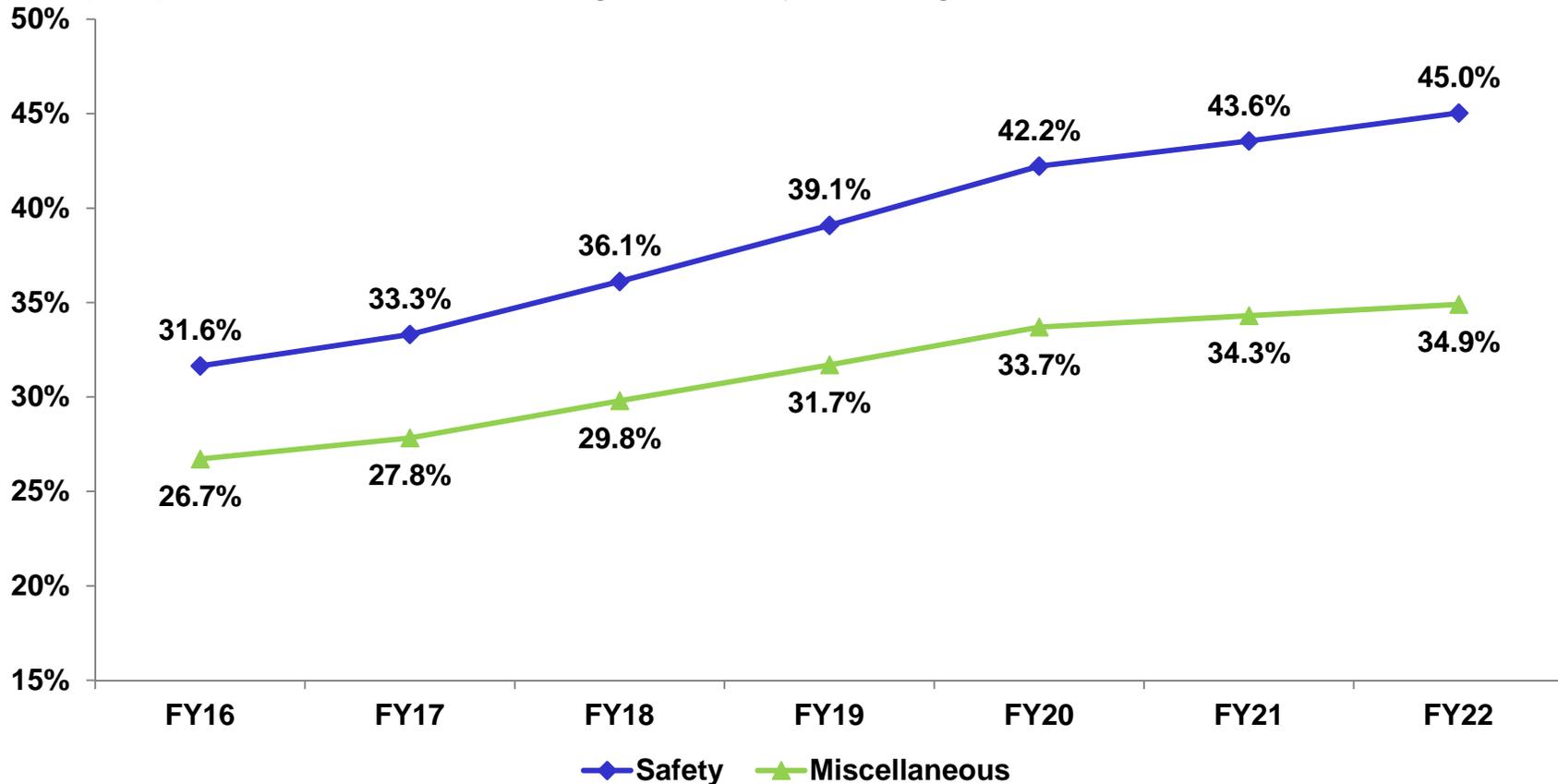
	In Thousands
Vehicle Replacement Fund ISF Charge	\$ 238
Special MS&S Requests (\$90K=One-Time)	221
Animal Control Cost Increase	91
Fuel ISF Savings-Reduced Fuel Prices	(81)
Gauche Debt Service Reduction-Refunding Svgs.	(60)
Other MS&S Changes	(31)
<b>NET INCREASE IN MS&amp;S COSTS</b>	<b><u>\$378</u></b>



# CalPERS Pension Expenses on the Rise

## Employer Cost as a Percentage of Payroll

- The CalPERS employer contribution rate for Yuba City is projected to increase significantly through FY22.



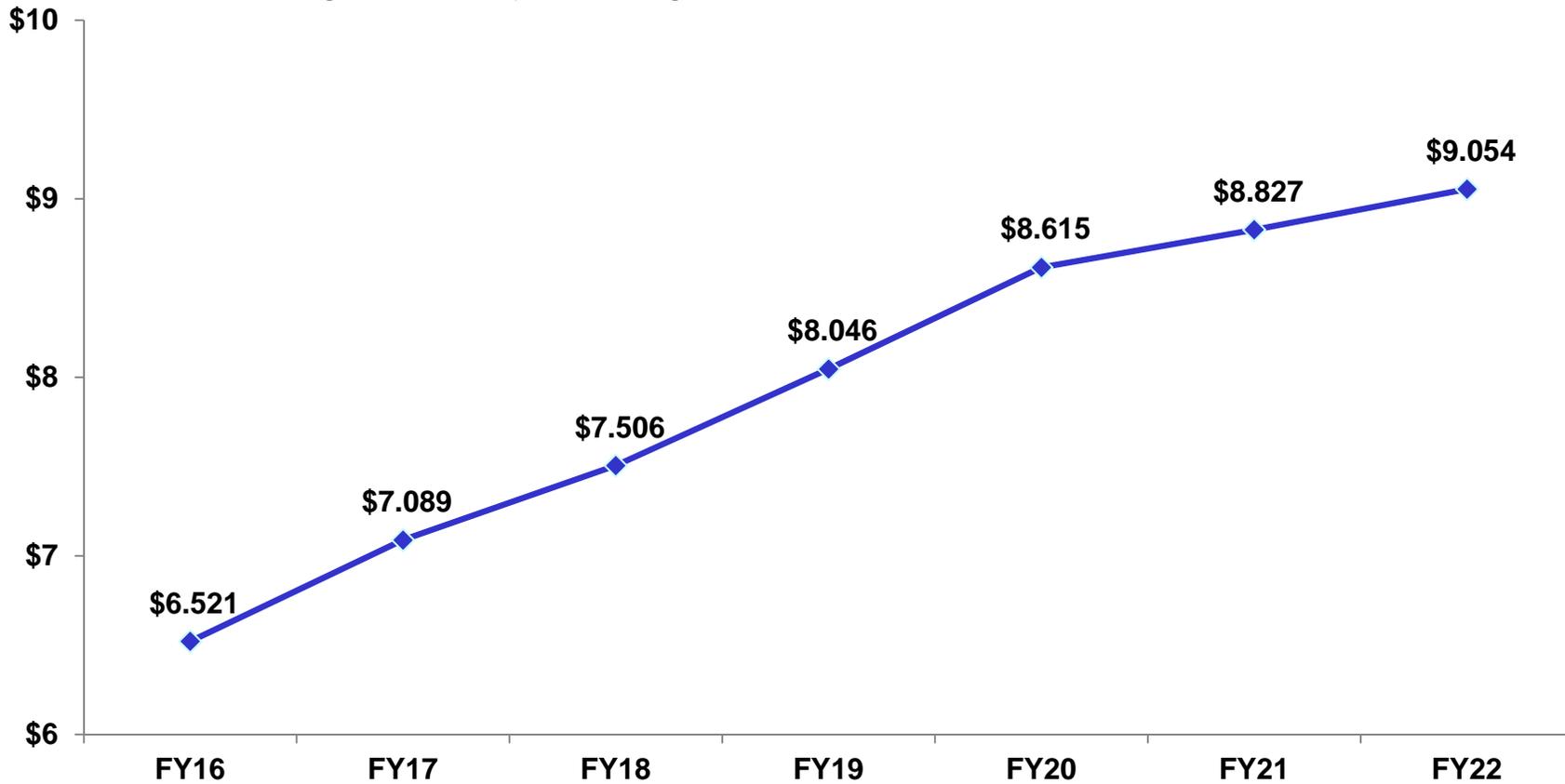
Sources: CalPERS, Miscellaneous Actuarial Valuation Reports, June 30, 2014; CalPERS, Safety Tier 1, 2, 3 & PEPRAs, Actuarial Valuation Reports, June 30, 2014. The Safety estimated rate is based on a composite rate of all tiers. Safety rate does not include Pension Obligation Bond payment rate of 11.69% of payroll in addition to CalPERS rates.



# CalPERS Pension Expenses on the Rise

## *Employer Cost in total dollars*

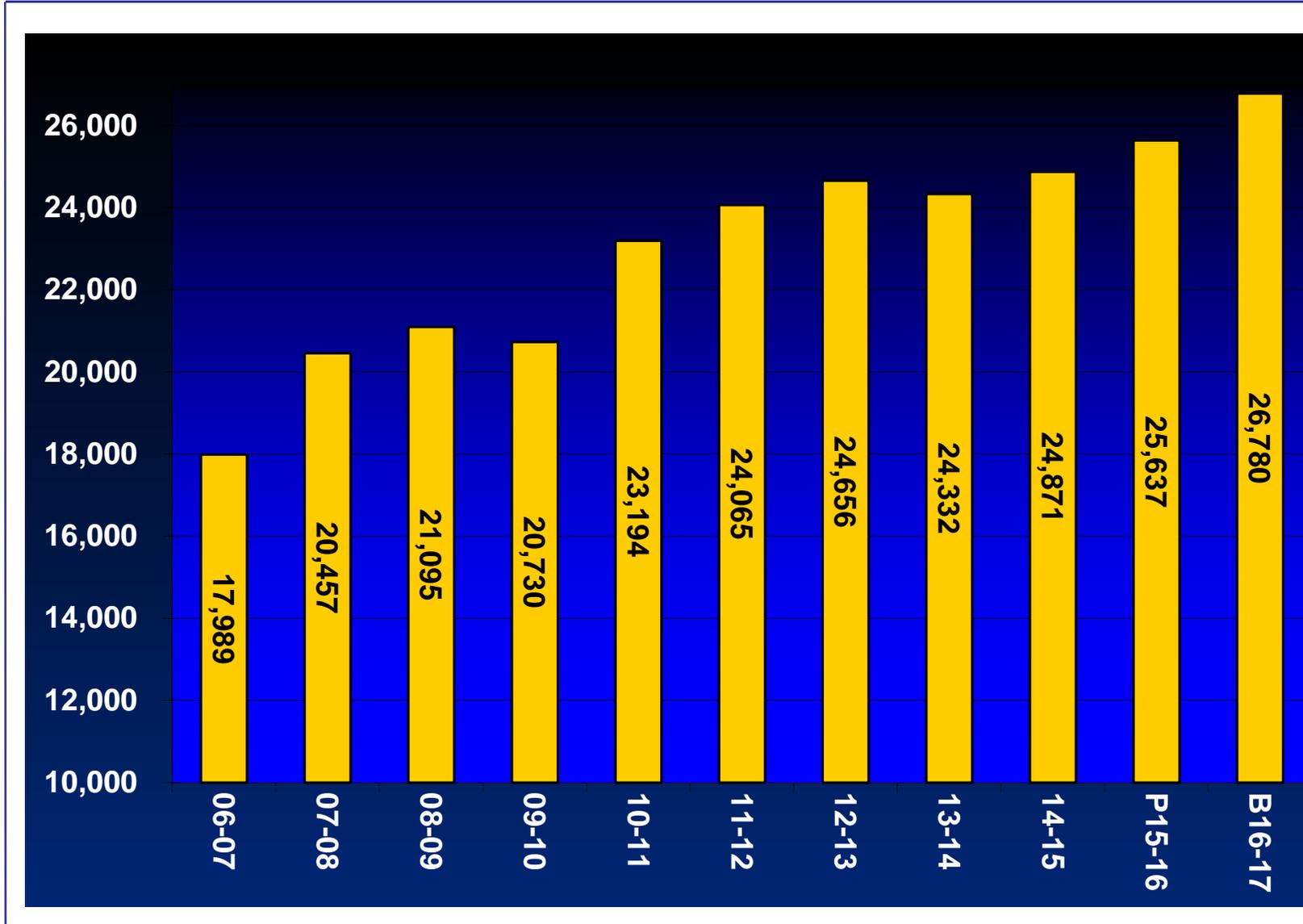
- The CalPERS employer contribution for Yuba City is projected to increase significantly through FY22 in total dollars as well.



Sources: CalPERS, *Miscellaneous Actuarial Valuation Reports, June 30, 2014*; CalPERS, *Safety Tier 1, 2, 3 & PEPRAs, Actuarial Valuation Reports, June 30, 2014*. The total cost does not include the Pension Obligation Bond payment of approximately \$1.2 million (final payment occurs in FY 16-17).



## Retirement - Average Cost / Employee

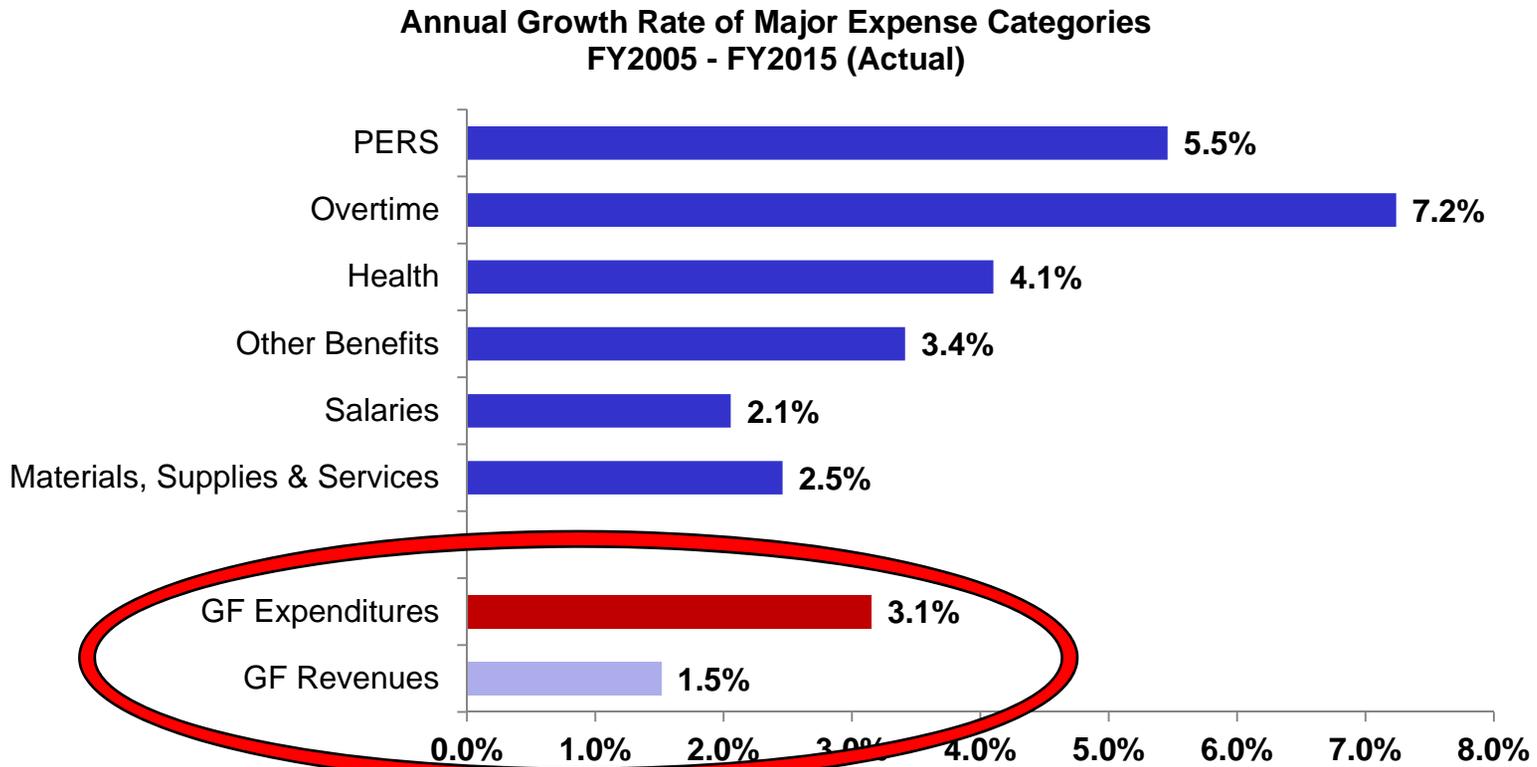




# 10-Year Expense Growth Rate by Category

## *Pension & Overtime as Key Drivers*

- Pension and overtime costs are key drivers of General Fund expenditure growth over the last 10 years measured from FY05 to FY15 actual.
- Over this same time period, expenses grew 3.1% while revenues grew just 1.5%, highlighting the structural budget imbalance.

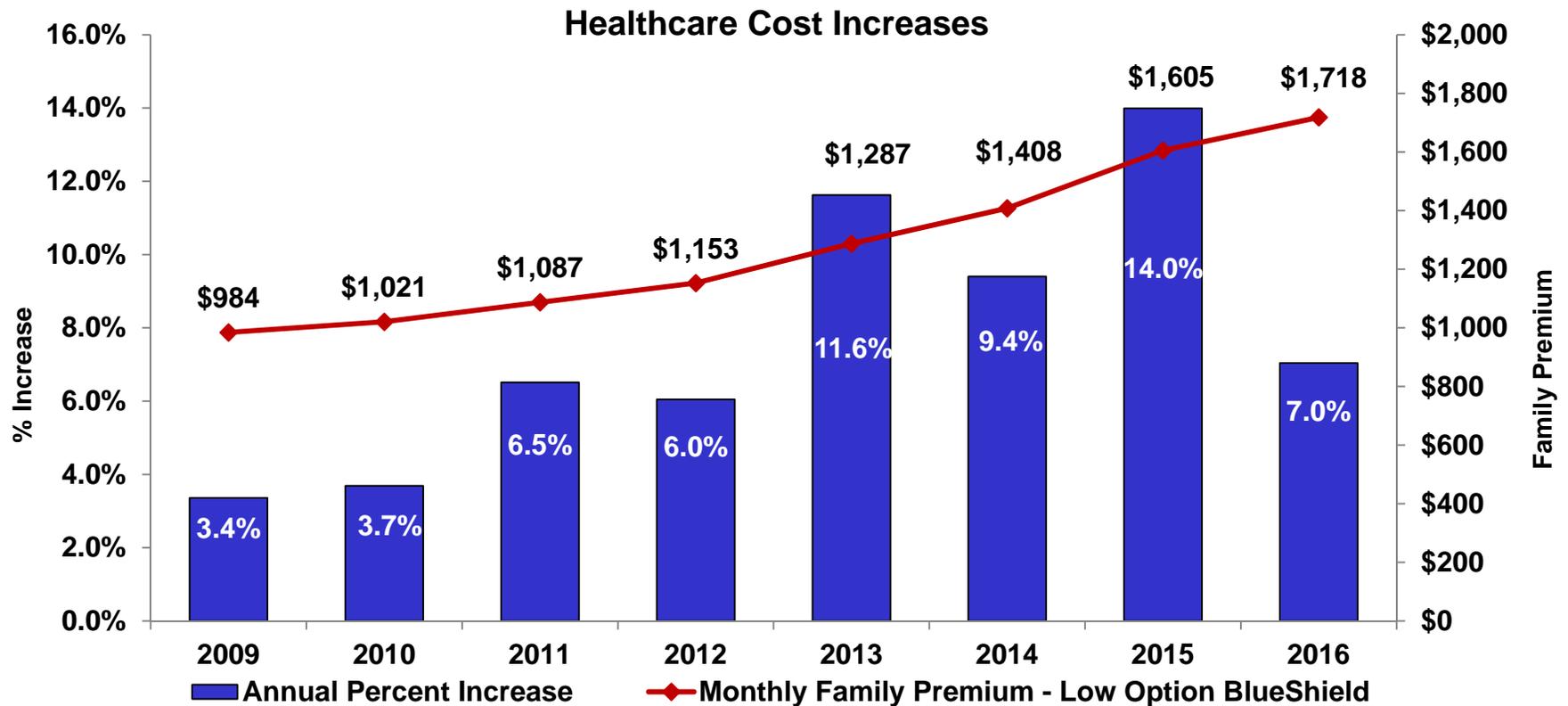




# Health Expenses on the Rise

## Annual Expense Growth

- **Health premiums** continue to pressure Yuba City's budget, growing faster than inflation. Premiums forecast to grow an additional \$1.5 million by FY21.



Source: Yuba City, Human Resources Department



# General Fund Reserves



## General Fund Reserves

	In Thousands
Healthy Cities Reserve (15%)	\$ 5,548
ESR Balance 7/1/15	4,542
One-Time Money Designation	318
<b>Total General Fund Reserves</b>	<b>\$ 10,407</b>



## Unwind Economic Stabilization Reserve

	In Thousands
<b>ESR Balance Available 7/01/15</b>	<b>\$ 4,542</b>
<b>Recommended Transfer Back to VRP</b>	<b>(2,542)</b>
<b>Recommended Contribution to Pension Trust</b>	<b>(2,000)</b>
<b>Recommended ESR Balance 7/01/16</b>	<b>\$ -</b>



## General CIP Fund Reserves

	In Thousands
<b>Total General CIP Funds Available</b>	<b>\$ 5,854</b>
<b>Already Allocated to Projects</b>	<b>(2,322)</b>
<b>Designated for Debt Service</b>	<b>(1,196)</b>
<b>Proposed General Fund CIP Projects FY 16/17</b>	<b>(764)</b>
<b>General CIP Fund Unallocated Remaining</b>	<b><u>\$ 1,572</u></b>



## Vehicle Replacement Fund Reserves

	In Thousands
<b>General Fund Share 7/01/16</b>	<b>\$ 4,996</b>
<b>Contributions from Budget FY 16/17</b>	<b>800</b>
<b>Proposed Capital Acquisition Purchases FY 16/17</b>	<b>(348)</b>
<b>Estimated General Fund Share VRP 6/30/17</b>	<b><u>\$ 5,448</u></b>



## **FY 15-16 Budget vs. Estimated Actual Difference**

	In Thousands
<b>Original Adopted Budget Deficit FY 15-16</b>	<b>\$ (176)</b>
<b>Supplemental Appropriations during FY 15-16</b>	<b>(1,080)</b>
<b>Revised Budget Deficit FY 15-16</b>	<b><u>\$ (1,256)</u></b>
<b>Projected Year-End Surplus FY 15-16</b>	<b><u>\$ 2,091</u></b>
<b>Net Change Budgeted vs. Estimated Actual</b>	<b><u>\$ 3,347</u></b>



## Why do we expect a Surplus for FY16 when we had a budget deficit? What changed?

	In Thousands
Salary & Benefit Savings	\$ 1,869
Materials, Supplies & Services Savings Overage	(274)
Sales Tax Revenues	682
Building Permit Revenues	290
Franchise Fees and Hotel/Motel Surcharge	288
Property Tax Revenues	239
All Other Revenues in Excess of Budget	253
Differences in Budget/Actual Creating Surplus	<u>\$ 3,347</u>



## Projected S & B Savings FY16

	In Thousands
Administration	\$ 28
Finance/IT	110
Human Resources	63
Development Services	447
Police	704
Fire (incl.Strike Team O/T)	(392)
Public Works	543
Community Services	366
General Fund S&B Savings FY16	<u>\$ 1,869</u>



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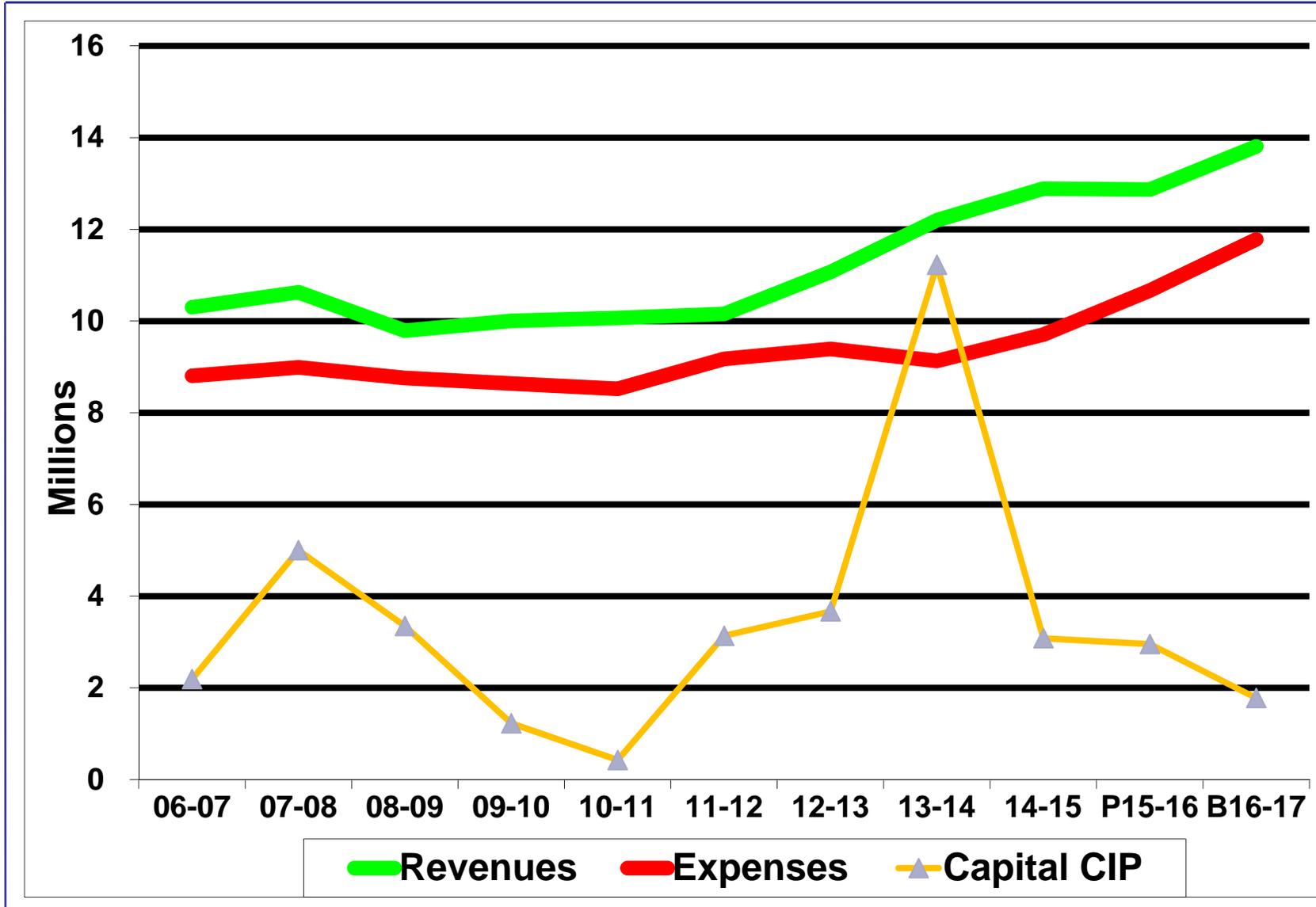
# **Utility Enterprise Funds**

## **Wastewater**

### **Water**

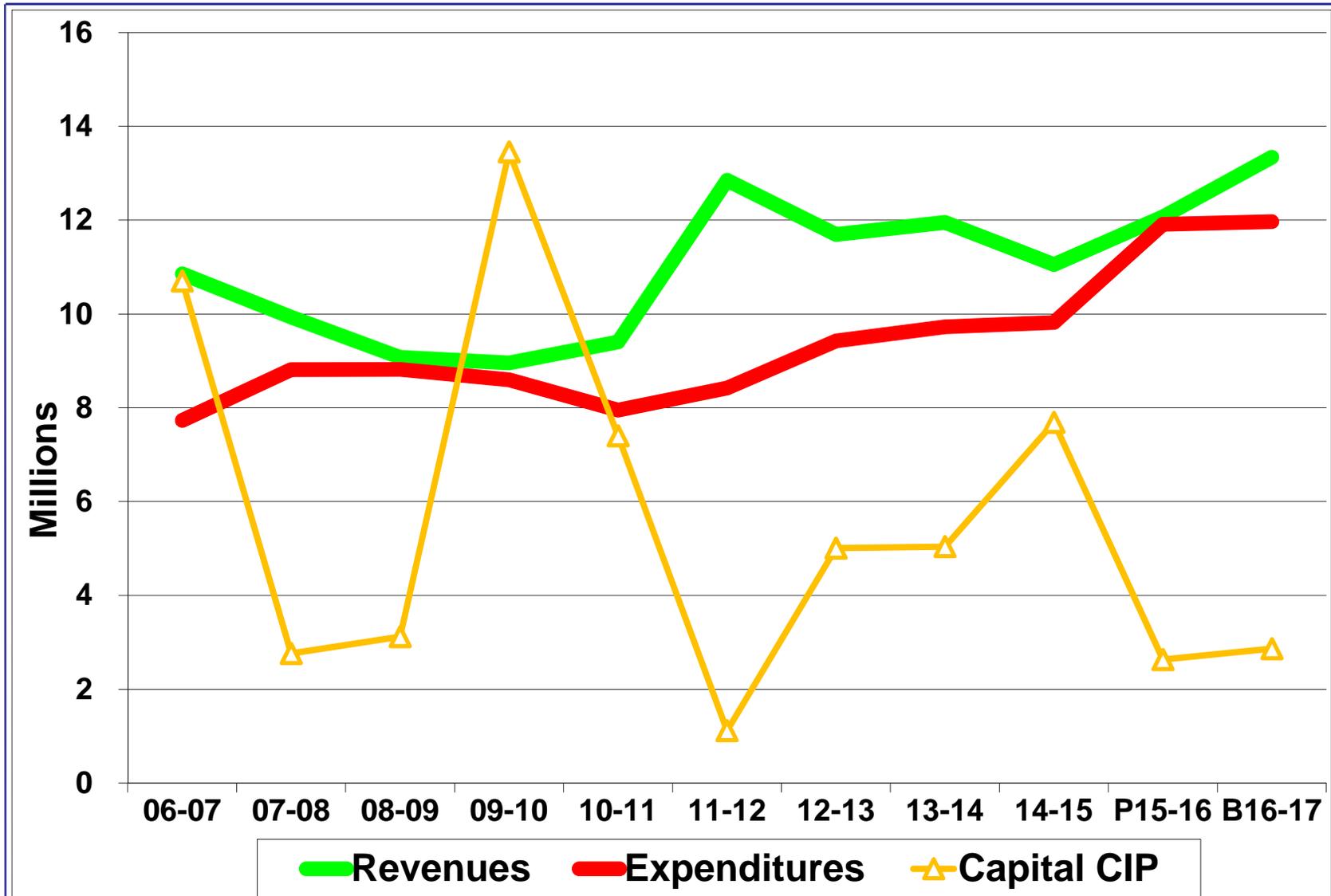


# Wastewater



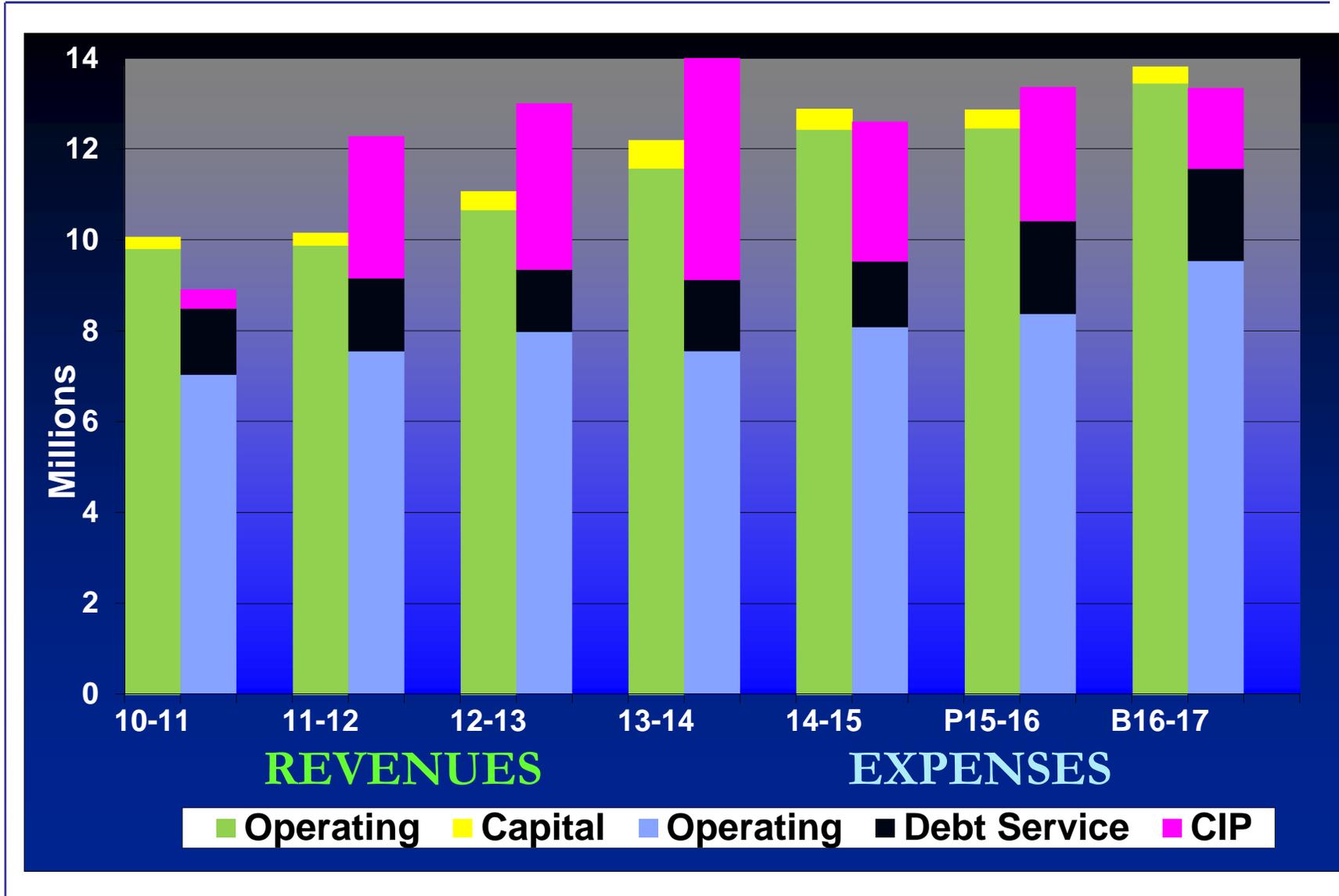


# Water



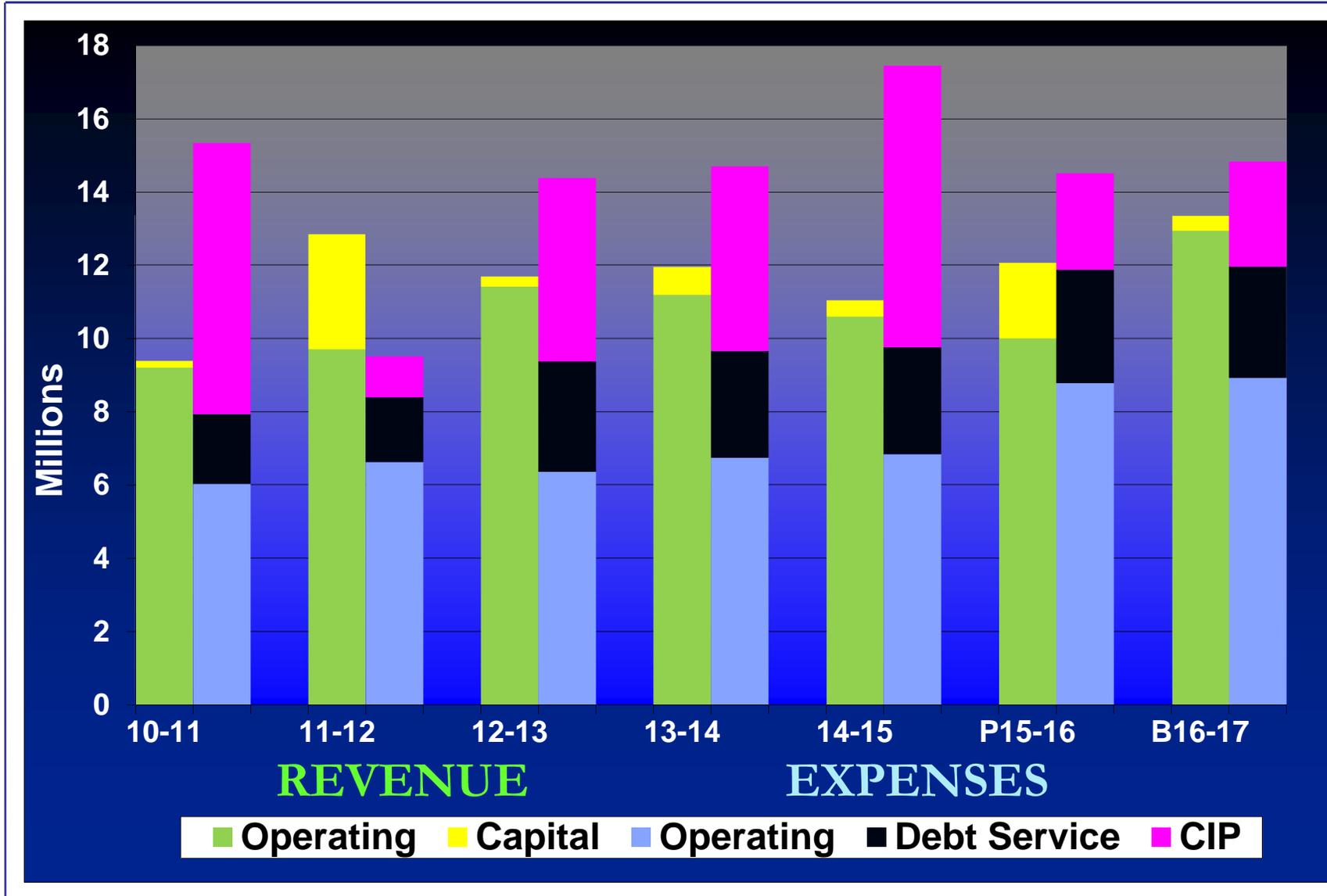


# Wastewater



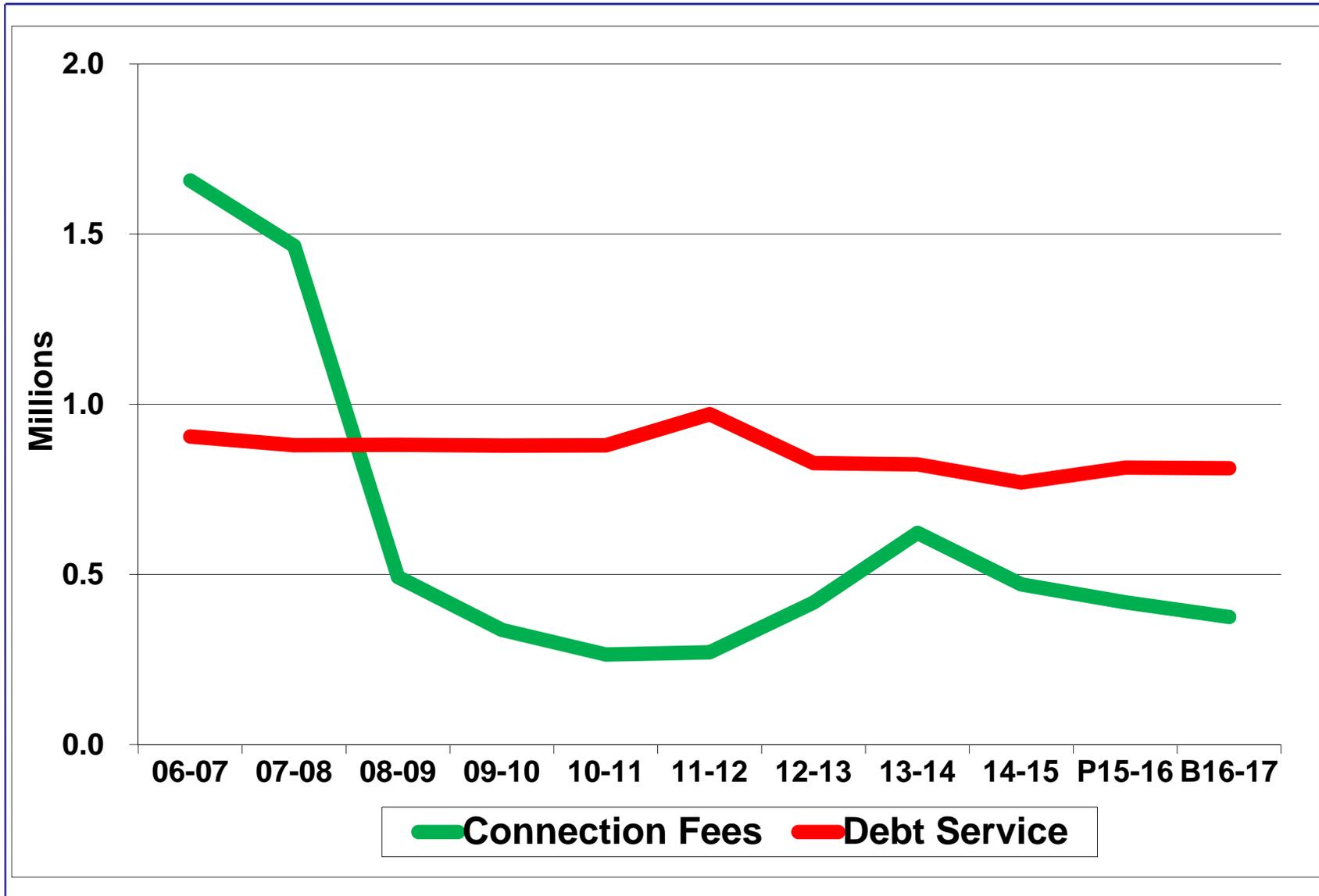


# Water



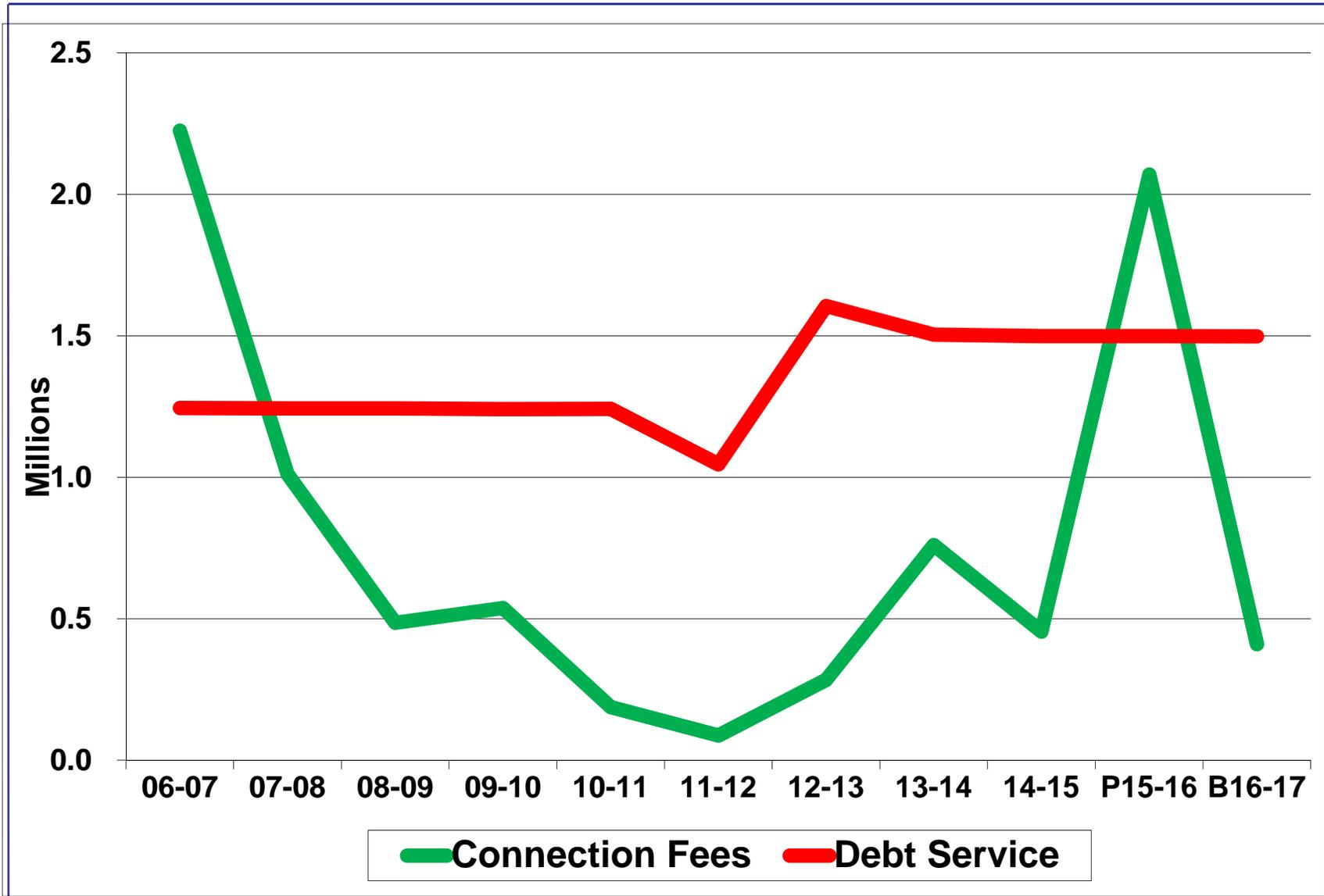


## Wastewater Connection Fees vs. Debt Service





## Water Connection Fees vs. Debt Service





## Debt Coverage Calculation-Wastewater

	<b>Actual FY 13/14</b>	<b>Actual FY 14/15</b>	<b>Projected FY 15/16</b>	<b>Budgeted FY 16/17</b>
Revenue	\$12.200	\$12.886	\$12.868	\$13.810
Expenses	\$7.552	\$8.081	\$8.373	\$9.537
Net	\$4.647	\$4.805	\$4.495	\$4.273
Debt Service	\$1.567	\$1.446	\$2.043	\$2.033
<b><i>Coverage Ratio</i></b>	<b><i>2.97</i></b>	<b><i>3.32</i></b>	<b><i>2.20</i></b>	<b><i>2.10</i></b>

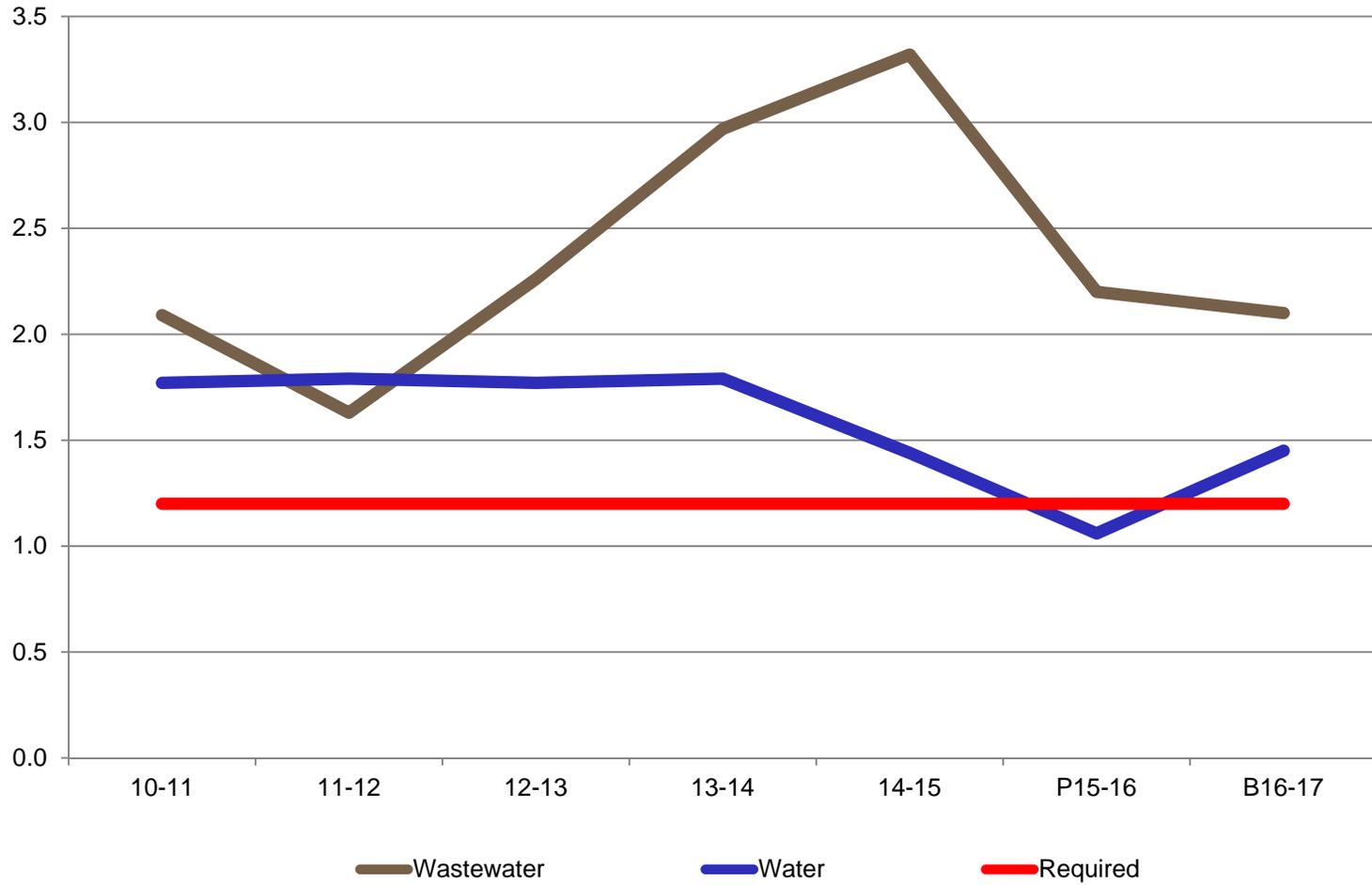


## Debt Coverage Calculation-Water

	Actual FY 13/14	Actual FY 14/15	Projected FY 15/16	As Modified FY 15/16	Budgeted FY 16/17
Revenue	\$11.952	\$11.054	\$12.072	\$10.446	\$13.342
Expenses	\$6.748	\$6.843	\$8.784	\$8.784	\$8.926
Net	\$5.204	\$4.211	\$3.287	\$1.662	\$4.416
Debt Service	\$2.915	\$2.920	\$3.099	\$3.099	\$3.041
<b>Coverage Ratio</b>	<b>1.79</b>	<b>1.44</b>	<b>1.06</b>	<b>0.54</b>	<b>1.45</b>



# Debt Coverage Ratios





## Capital Fund Debt Service Cash Available

In Millions

<b><i>FY 15-16 Budget</i></b>	<b>Wastewater</b>	<b>Water</b>
Cash Balance 7/01/15	\$1.491	\$0.263
Annual D/S from connection fees	\$0.820	\$1.499
# of years of coverage available	1.82	0.18

<b><i>FY 16-17 Budget</i></b>	<b>Wastewater</b>	<b>Water</b>
Estimated Balance 7/01/16	\$1.153	\$2.456
Annual D/S from connection fees	\$0.812	\$1.498
# of years of coverage available	1.42	1.64



## Capital Fund Debt Service Cash Available Without Grant \$

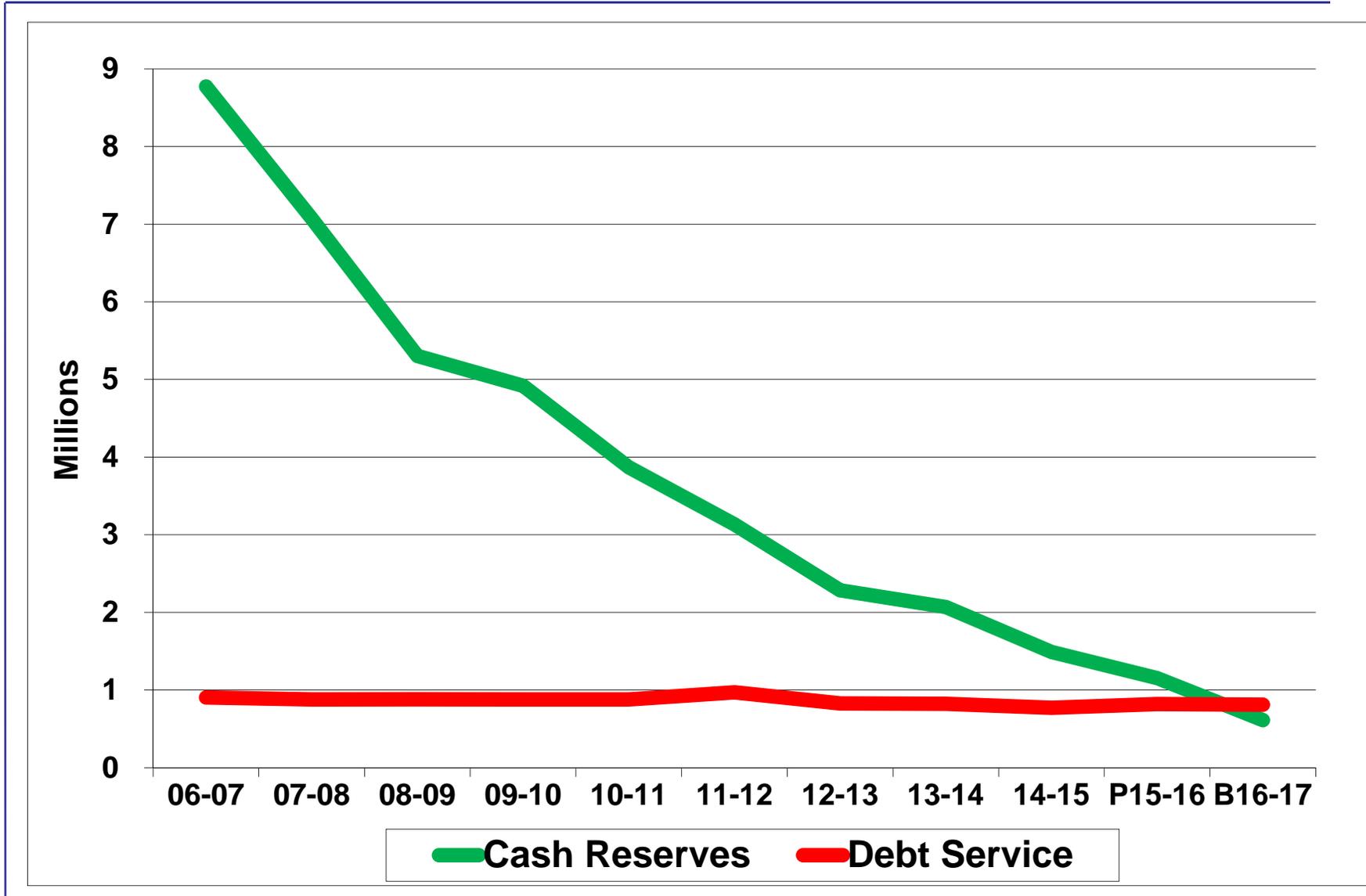
In Millions

<b><i>FY 15-16 Budget</i></b>	<b>Wastewater</b>	<b>Water</b>
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Annual D/S from connection fees	\$0.820	\$1.499
# of years of coverage available	1.82	0.18

<b><i>FY 16-17 Budget</i></b>	<b>Wastewater</b>	<b>Water</b>
Estimated Balance 7/01/16	\$1.153	\$0.831
Annual D/S from connection fees	\$0.812	\$1.498
# of years of coverage available	1.42	0.55

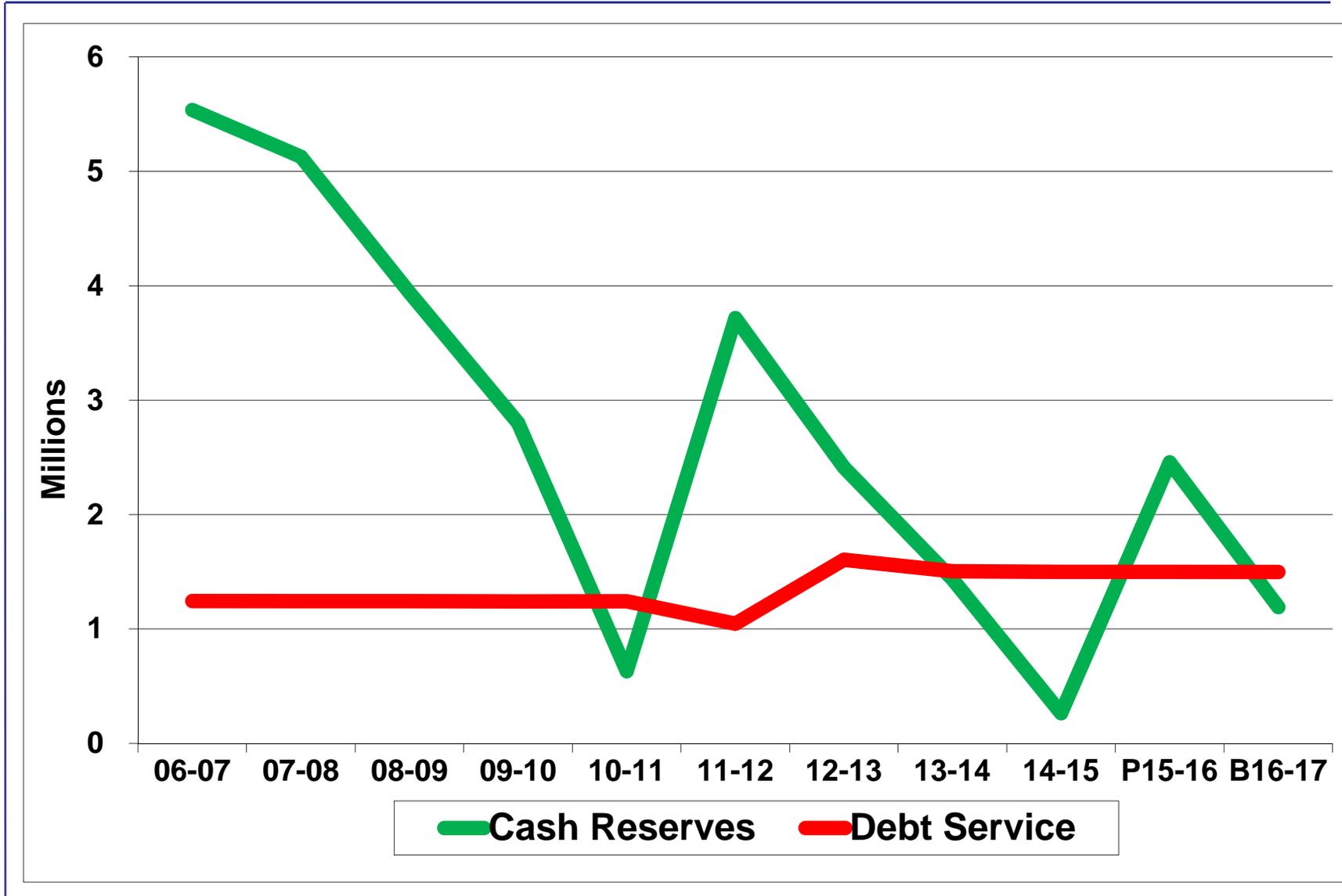


# Wastewater Debt Service vs. Connection Fee Capital Cash Reserves





## Water Debt Service vs. Connection Fee Capital Cash Reserves





**Questions?**



# **Council Study Session - FY 2016/17 Capital Improvement Program**

May 23, 2016

Presented By: Diana Langley

# Streets and Roads Projects



- Current Projects

Project Name	FY 2016/17 Budget Amount
Fifth Street Bridge Replacement	Use Carryover Funds
Bogue Road Rehabilitation	Use Carryover Funds
Garden Highway Improvements – Winship Rd to Lincoln Rd	\$866,000
SR 20 Median Improvement Project	\$200,000
Bridge Street Widening	\$752,000
Franklin Road Pedestrian Improvements – Harding Rd to Walton Ave	Use Carryover Funds
Citywide Traffic Model Update	Use Carryover Funds

# Streets and Roads Projects



- FY 2016/17 Projects

Project Name	FY 2016/17 Budget Amount
Striping and Markings	\$100,000
Drainage Improvements	\$200,000
Road Rehabilitation	\$600,000
Residential Road Rehabilitation	\$200,000
ADA Sidewalk Improvements	\$190,000
SR 99/SR 20 Intersection Project Study Report	\$350,000

# Water Projects



- Current Projects

Project Name	FY 2016/17 Budget Amount
Replacement and Major Maintenance of Water Lines	\$300,000
Replace Water Service or Meter	\$300,000
Recoating Water Storage Reservoirs	\$400,000
Groundwater Well Abandonments	\$118,000
Second Groundwater Well/Aquifer Storage Recovery	Use Carryover Funds
WTP Security Improvements	Use Carryover Funds

# Water Projects



- FY 2016/17 Projects

Project Name	FY 2016/17 Budget Amount
WTP Electrical & Instrumentation Improvement	\$370,000
WTP Fluoride System Refurbishing	\$200,000
Carbon Feed System Replacement	\$500,000
Water Storage Improvements	\$100,000
Water Model Update	\$150,000

# Wastewater Projects



- Current Projects

Project Name	FY 2016/17 Budget Amount
Recurring Plant Projects	\$150,000
Collection System Rehabilitation/ Replacement	\$210,000
Lift Station Improvements	\$150,000
Advanced Treatment & Water Recycling Opportunities Evaluation	\$100,000
New Outfall Diffuser	Use Carryover Funds
Digester Improvements	Use Carryover Funds
Barscreen Rehabilitation/Replacement	Use Carryover Funds
Digested Sludge Dewatering Improvements	Use Carryover Funds
West Chlorine Contact Basin Rehabilitation	Use Carryover Funds
Secondary Clarifier No. 4	Use Carryover Funds

# Wastewater Projects



- FY 2016/17 Projects

Project Name	FY 2016/17 Budget Amount
Electrical & Instrumentation System Evaluation	\$100,000

Questions?



## City Council Priorities

- **Public Safety** -
- **Develop Our Economy** -
- **Maintain and Improve Our Infrastructure** -
- **Develop Our Organization** -
- **Prepare For Growth** -
- **Enhance Our Image and Reputation** -



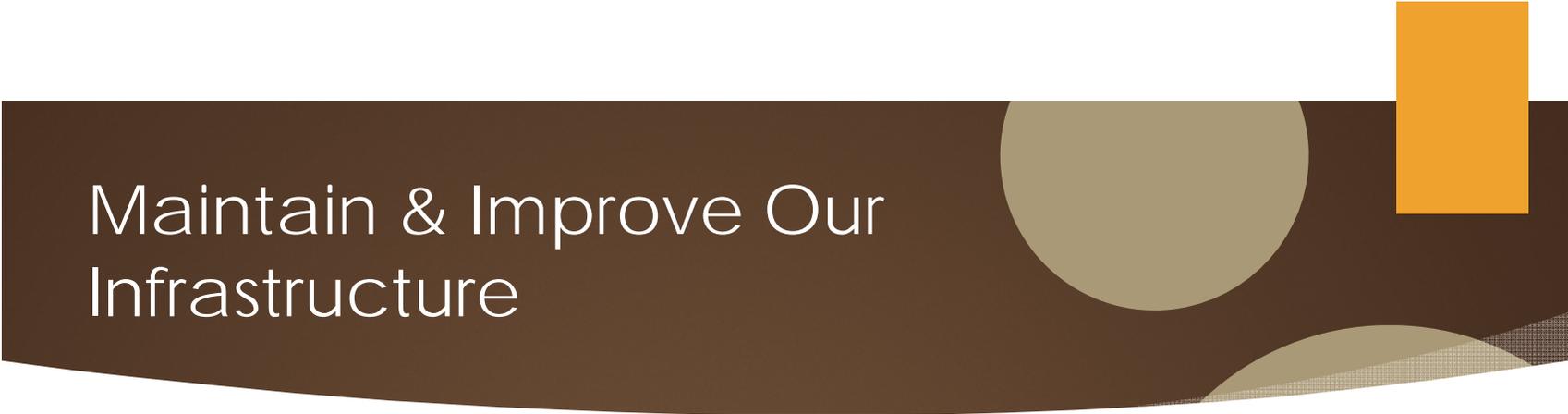
# Public Safety

- ▶ Police Services to All Residents
- ▶ Nine Additional Fire Positions
- ▶ Levee Improvements



# Develop Our Economy

- ▶ Work Force Study
- ▶ Tourism Based Improvement District



## Maintain & Improve Our Infrastructure

- ▶ 5<sup>th</sup> Street Bridge
- ▶ Park Development in Underserved Areas
- ▶ Bridge Street Improvements
- ▶ Transportation Workshop
- ▶ Utility Workshop



# Develop Our Organization

- ▶ Customer Service Team
- ▶ Leadership Programs
- ▶ Value Based Hiring
- ▶ New Employee Orientation



# Prepare for Growth

- ▶ Infrastructure Expansion Study
- ▶ El Margarita Master Plan
- ▶ Newkom Ranch



# Enhance Our Reputation

- ▶ Website Improvements and E-Services
- ▶ Code Enforcement
- ▶ Water-wise Garden
- ▶ Sign Code Update

# YUBA CITY

