



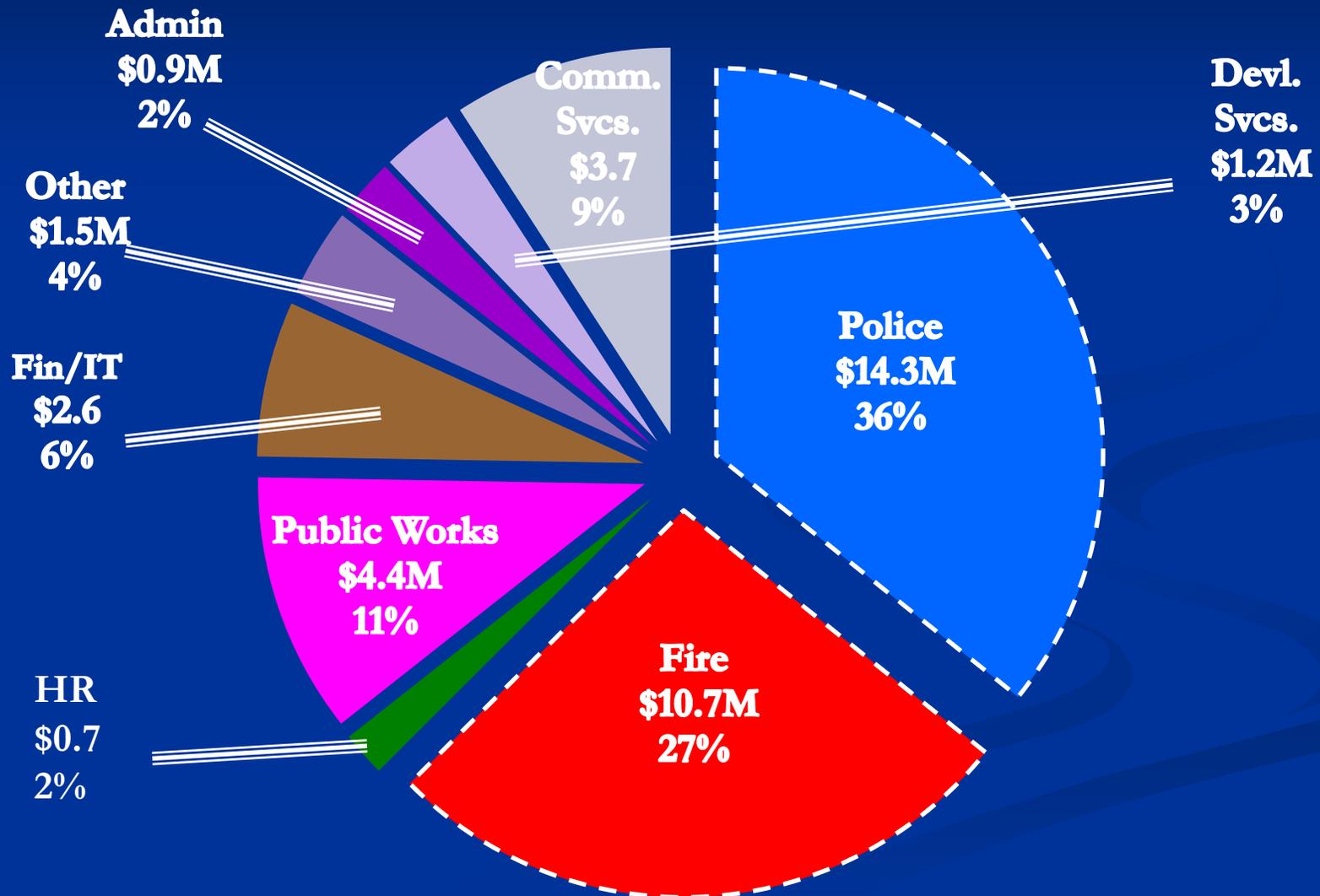
City of Yuba City
FY 16/17 Budget Workshop
May 23, 2016



General Fund

Yuba City Budget Allocations

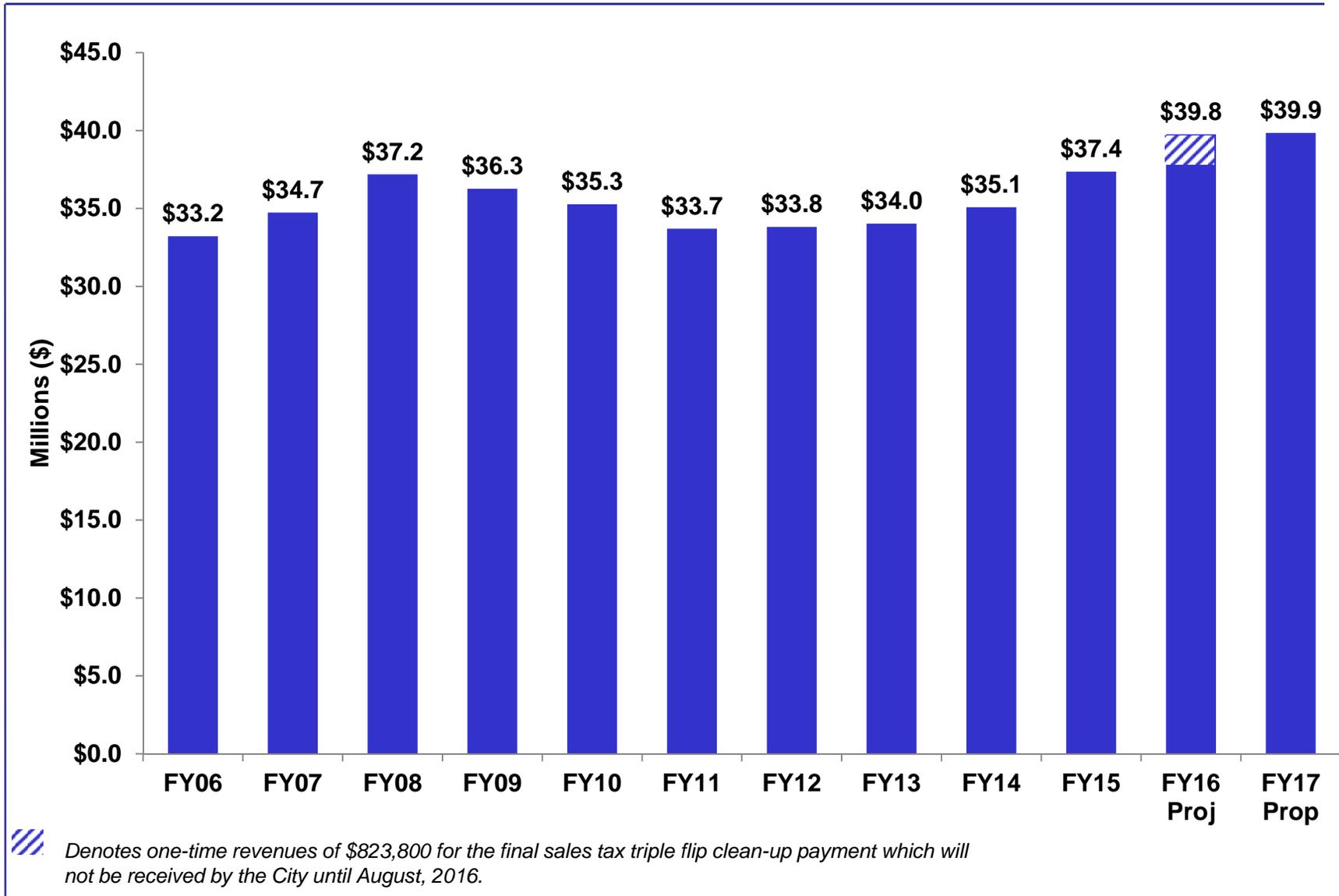
63% Public Safety





Revenues

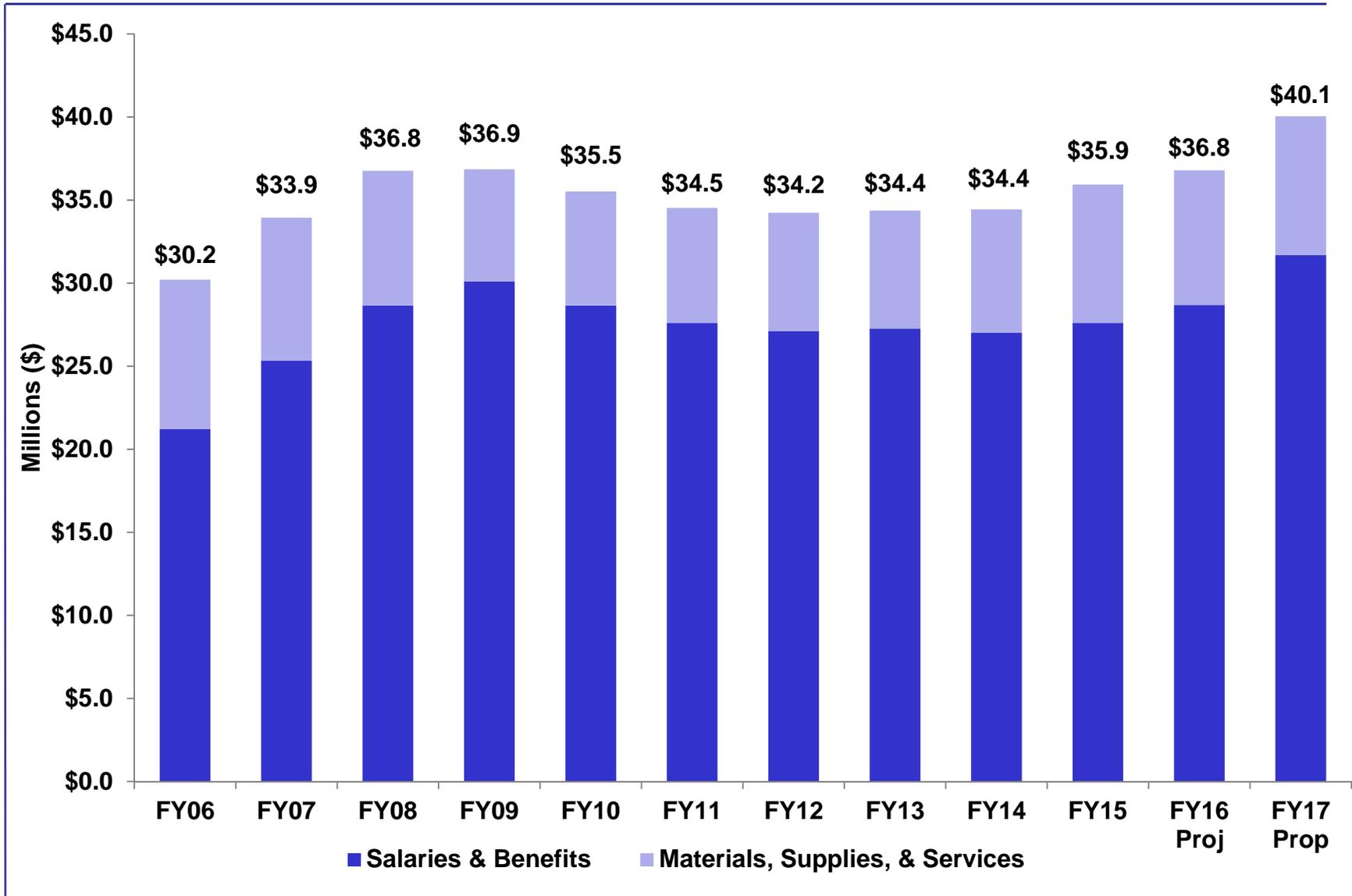
General Fund





Expenses

General Fund





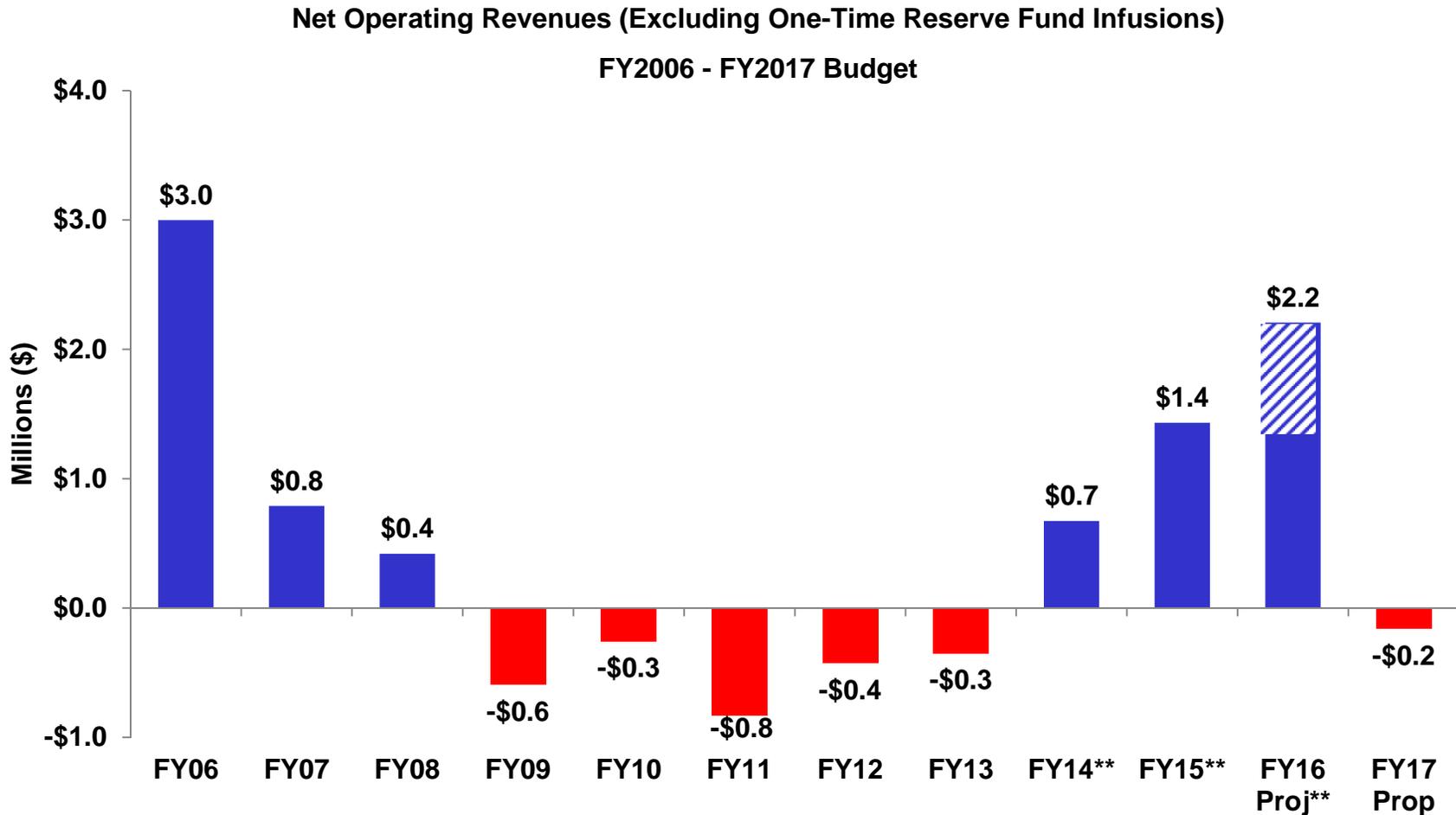
General Fund Summary Changes from FY 15/16 Adopted Budget to FY 16/17 Proposed

	<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

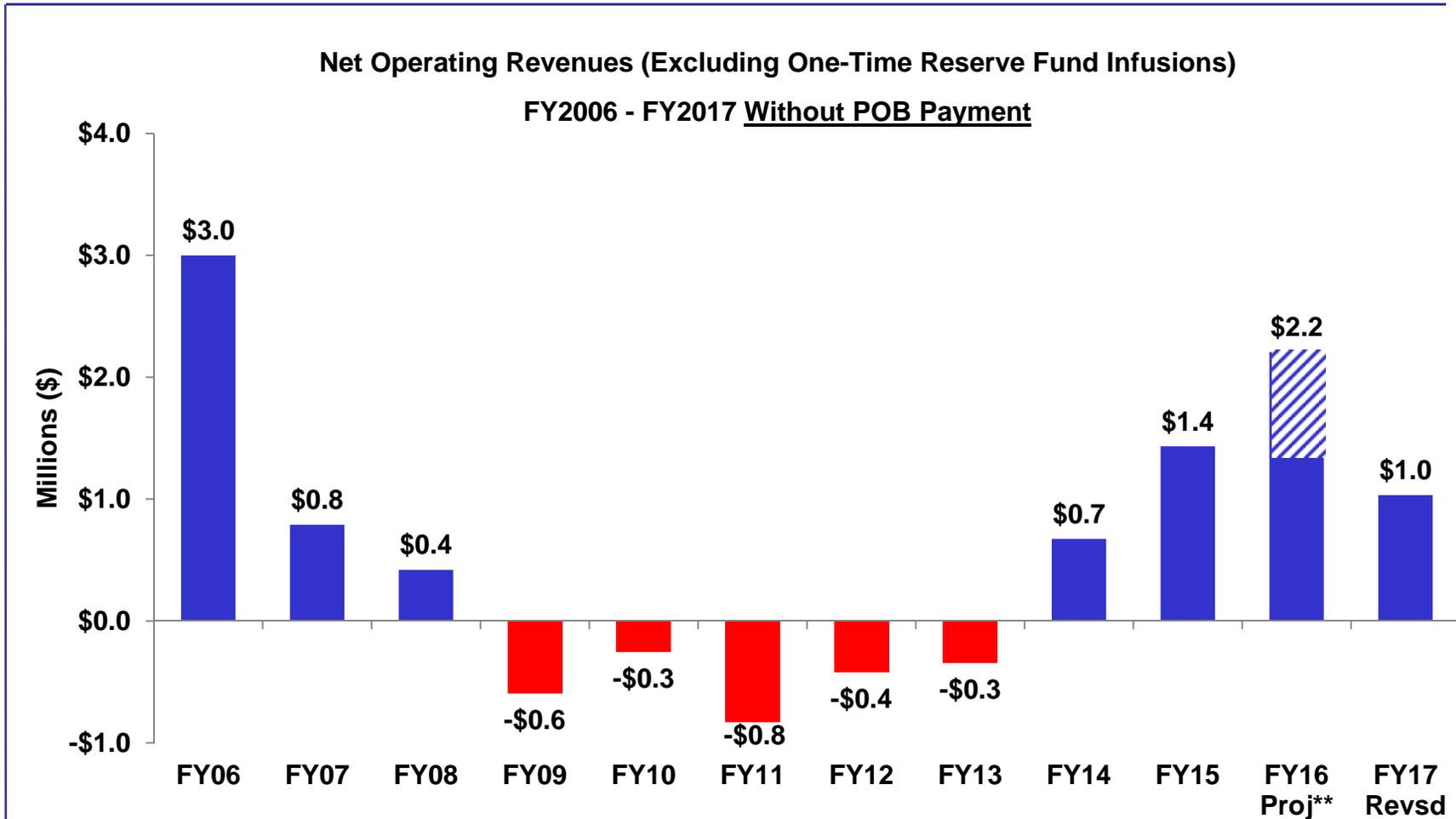


** The FY14, FY15 and FY16 surpluses are due to vacant positions saving approximately \$1.2 million, \$1.6 million, and \$1.9 million respectively. This does not represent on-going savings as recruitments to fill positions are in progress.



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



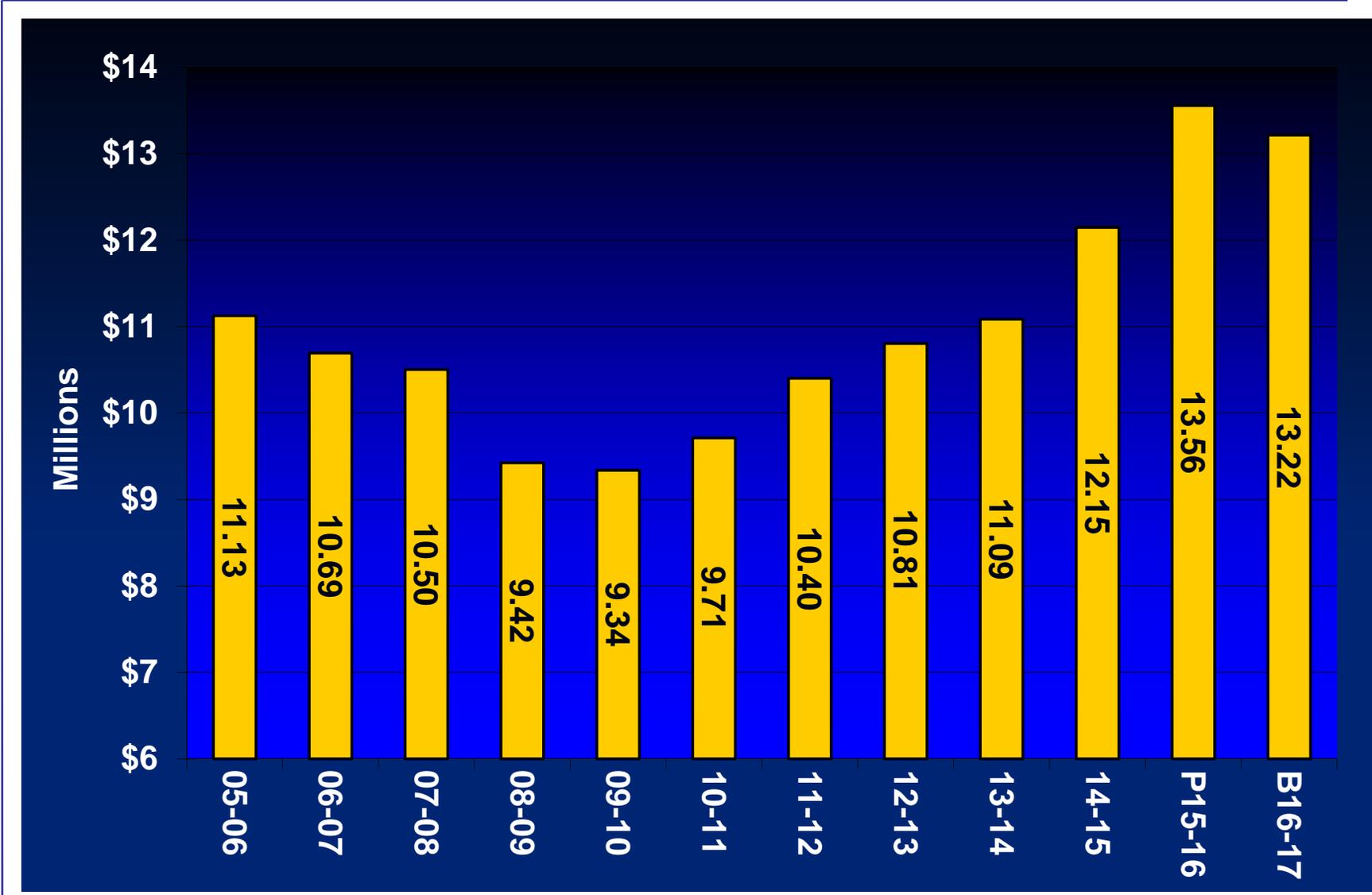
Largest Revenue Changes

	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
NET INCREASES IN REVENUE FY 16/17	\$ 2,605

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



Sales Tax



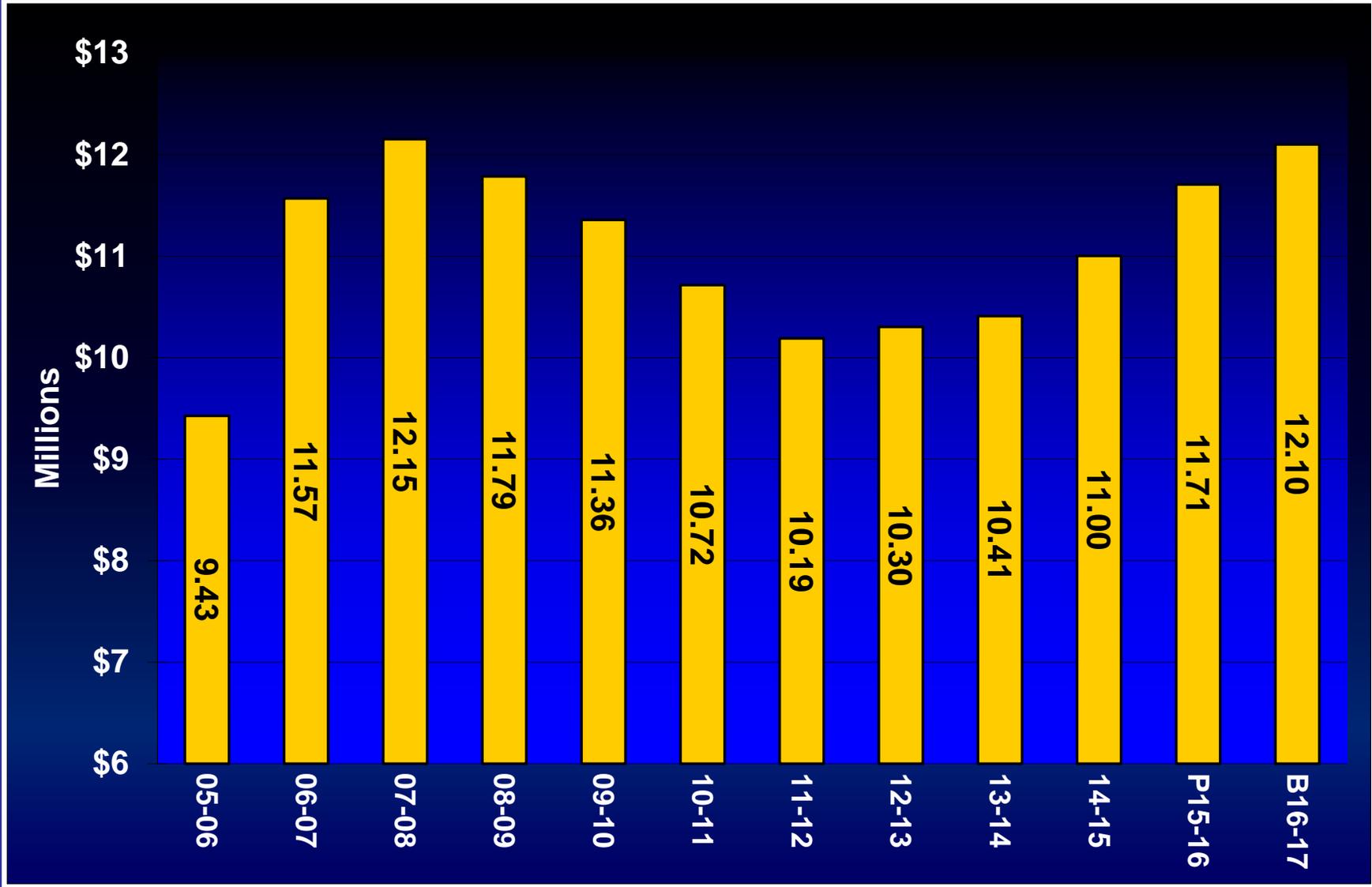


Large Sales Tax Increase

	<i>% Increase</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





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)
Total S & B Personnel Cost Changes	\$ 2,250



Personnel Changes and Additions

Reclassifications:

Department

Human Resources
Development Services
Public Works
Community Services
Community Services

Old Position

Administrative Analyst I
Community Devl. Technician
Assistant Civil Engineer
Parks, Rec. & Facilities Mgr.
Recreation Supervisor II

New Position

Administrative Analyst II
Assistant Planner
Senior Engineer
Parks and Grounds Superintendent
Recreation Supervisor III

New Positions Added:

Department

Finance
Development Services
Fire
Animal Control
Water/Wastewater

Position

Information Technician I/II
Chief Building Official
Deputy/Division Fire Chief
Animal Control Officer I
Regulatory Compliance Administrator



Largest MS&S Expenditure Changes

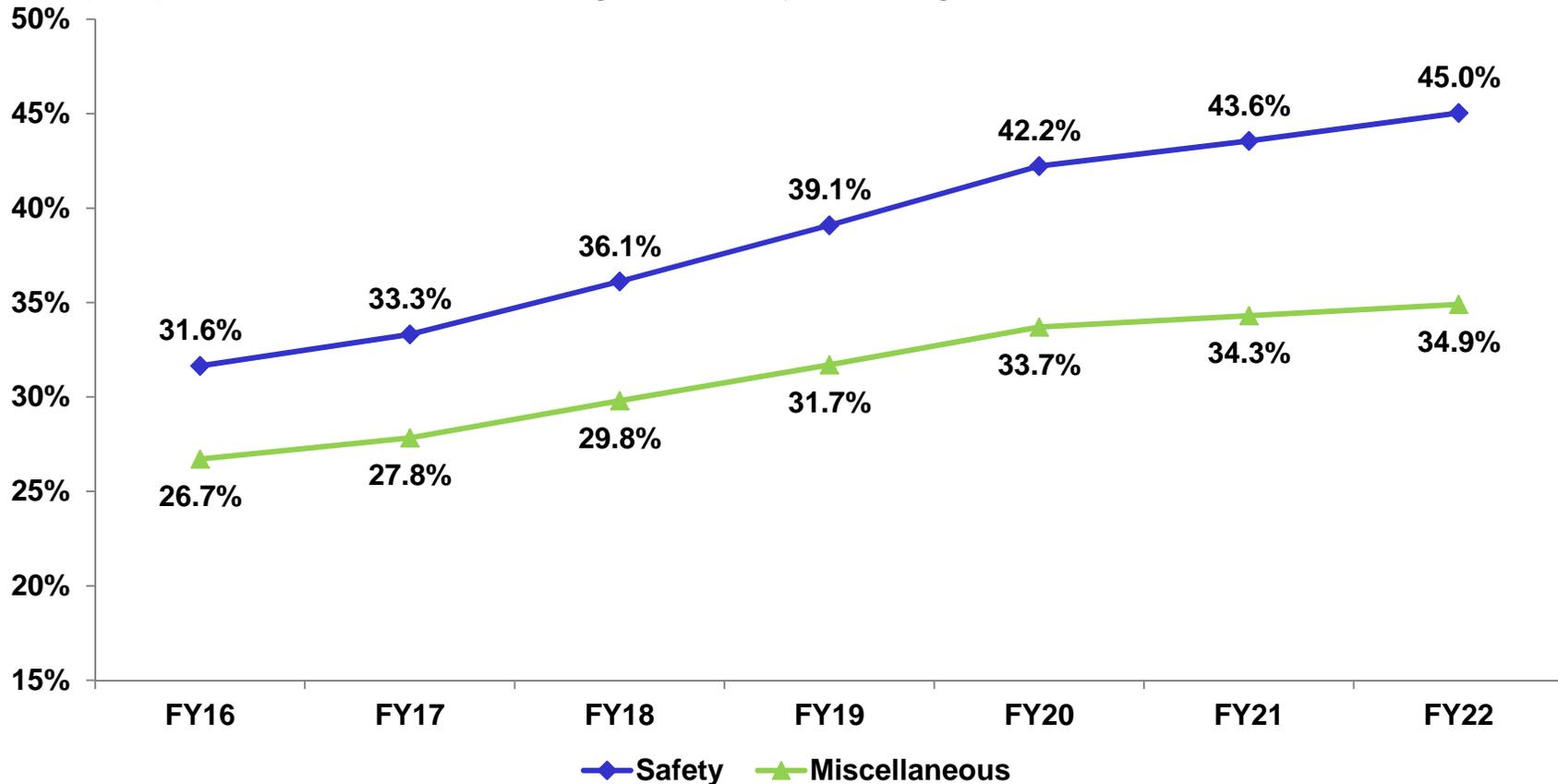
	In Thousands
Vehicle Replacement Fund ISF Charge	\$ 238
Special MS&S Requests (\$90K=One-Time)	221
Animal Control Cost Increase	91
Fuel ISF Savings-Reduced Fuel Prices	(81)
Gauche Debt Service Reduction-Refunding Svgs.	(60)
Other MS&S Changes	(31)
NET INCREASE IN MS&S COSTS	<u>\$378</u>



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.



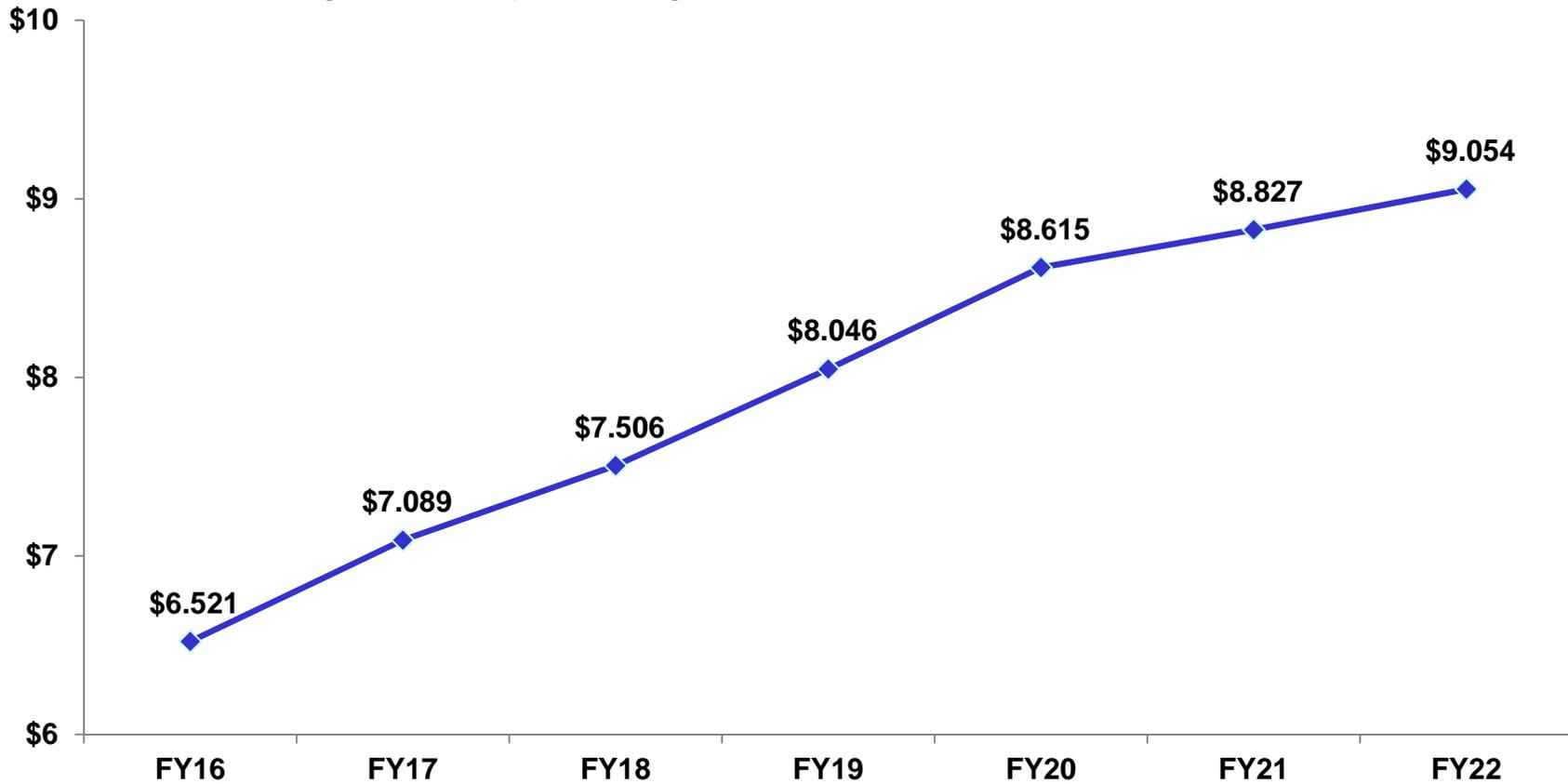
Sources: CalPERS, Miscellaneous Actuarial Valuation Reports, June 30, 2014; CalPERS, Safety Tier 1, 2, 3 & PEPRAs, Actuarial Valuation Reports, June 30, 2014. The Safety estimated rate is based on a composite rate of all tiers. Safety rate does not include Pension Obligation Bond payment rate of 11.69%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



CalPERS Pension Expenses on the Rise

Employer Cost in total dollars

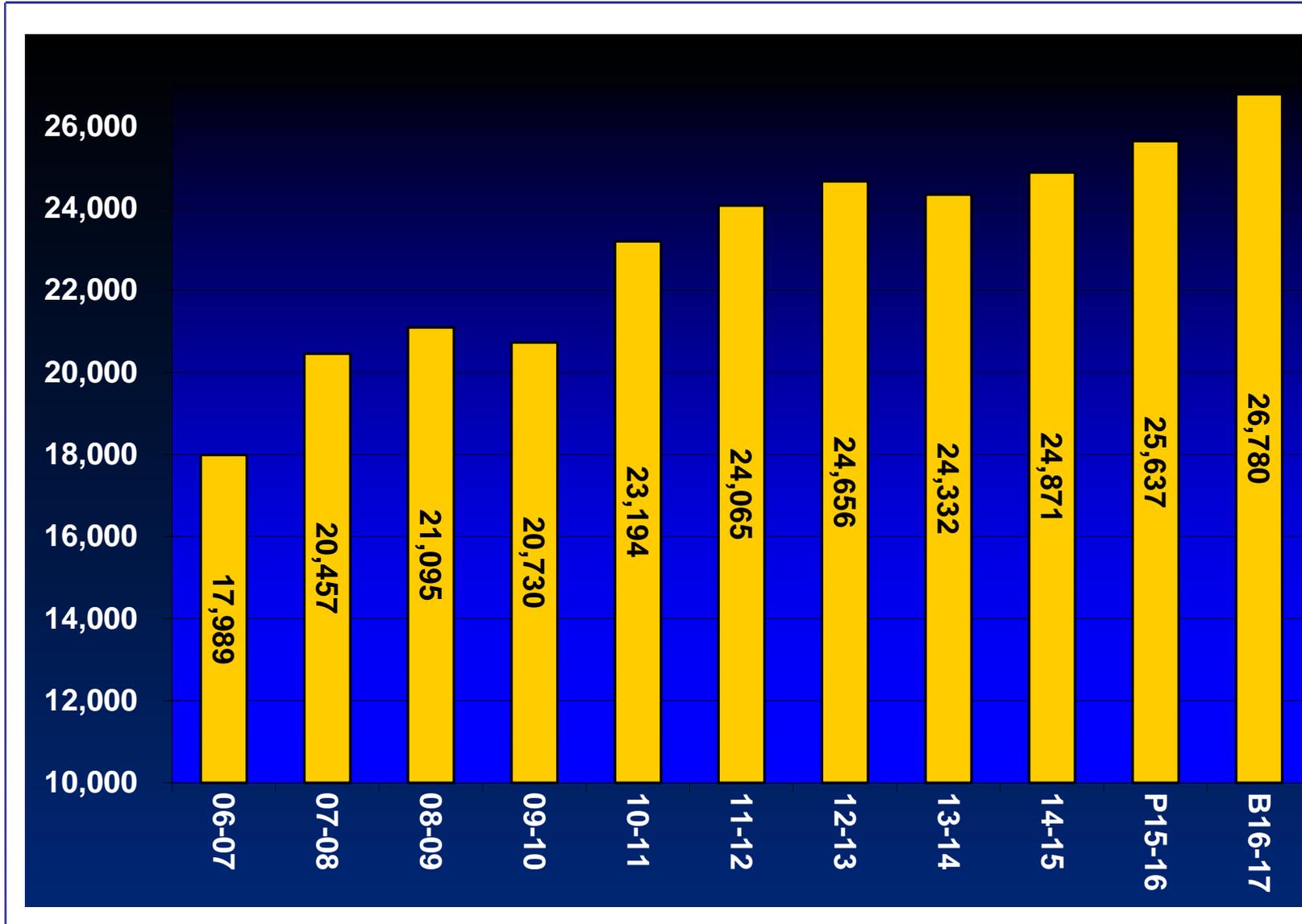
- The CalPERS employer contribution for Yuba City is projected to increase significantly through FY22 in total dollars as well.



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

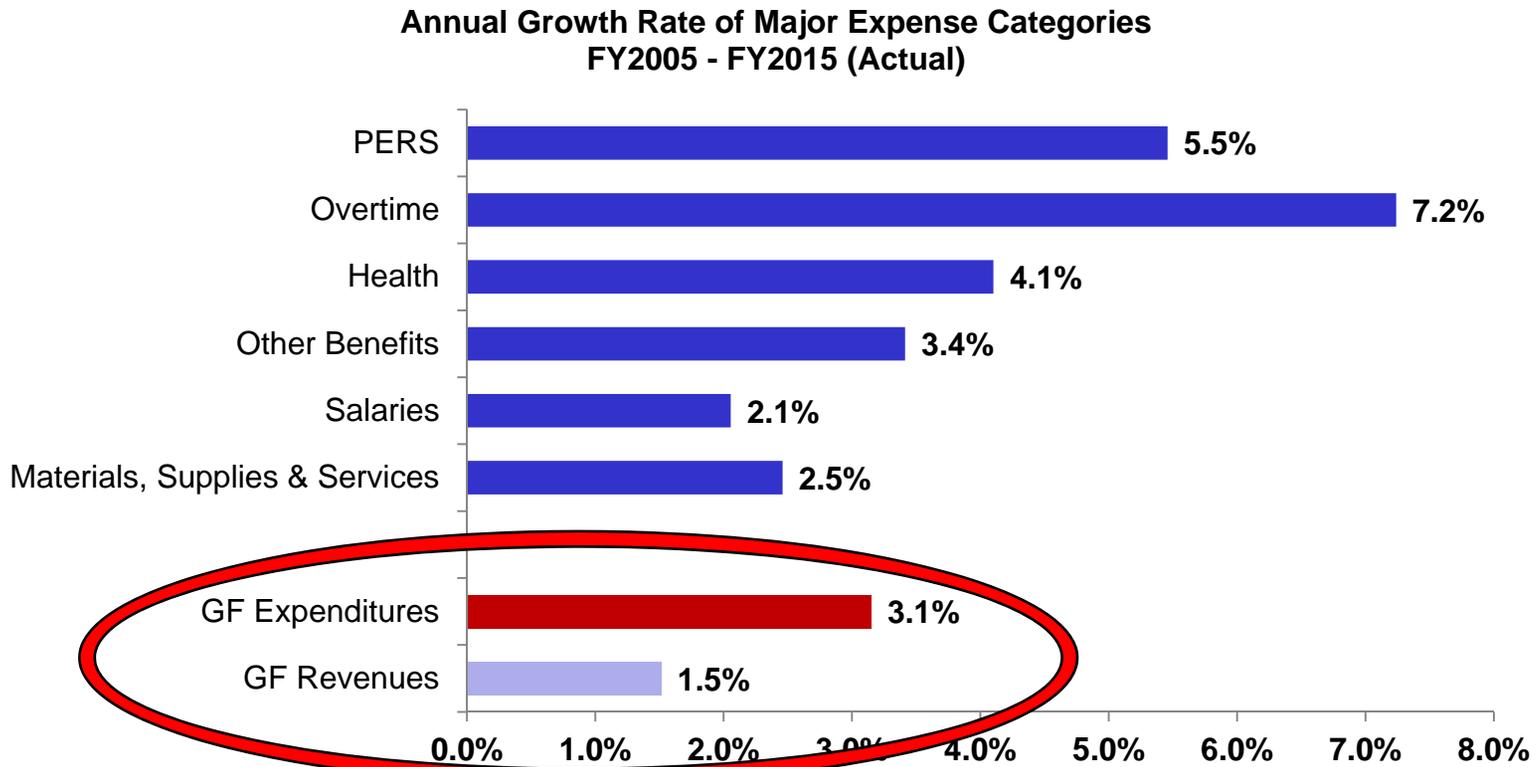




10-Year Expense Growth Rate by Category

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.

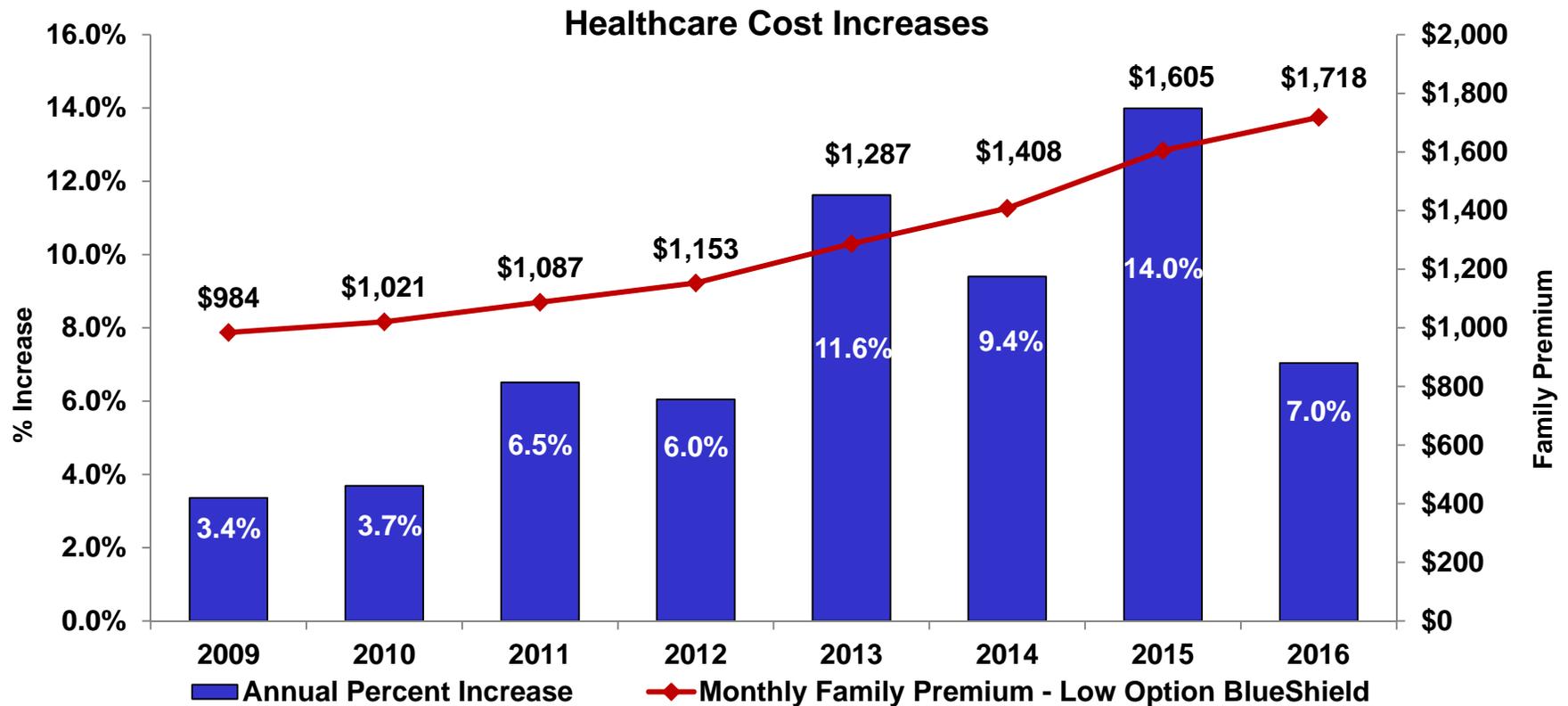




Health Expenses on the Rise

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
Total General Fund Reserves	\$ 10,407



Unwind Economic Stabilization Reserve

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



General CIP Fund Reserves

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



Vehicle Replacement Fund Reserves

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



FY 15-16 Budget vs. Estimated Actual Difference

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



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>



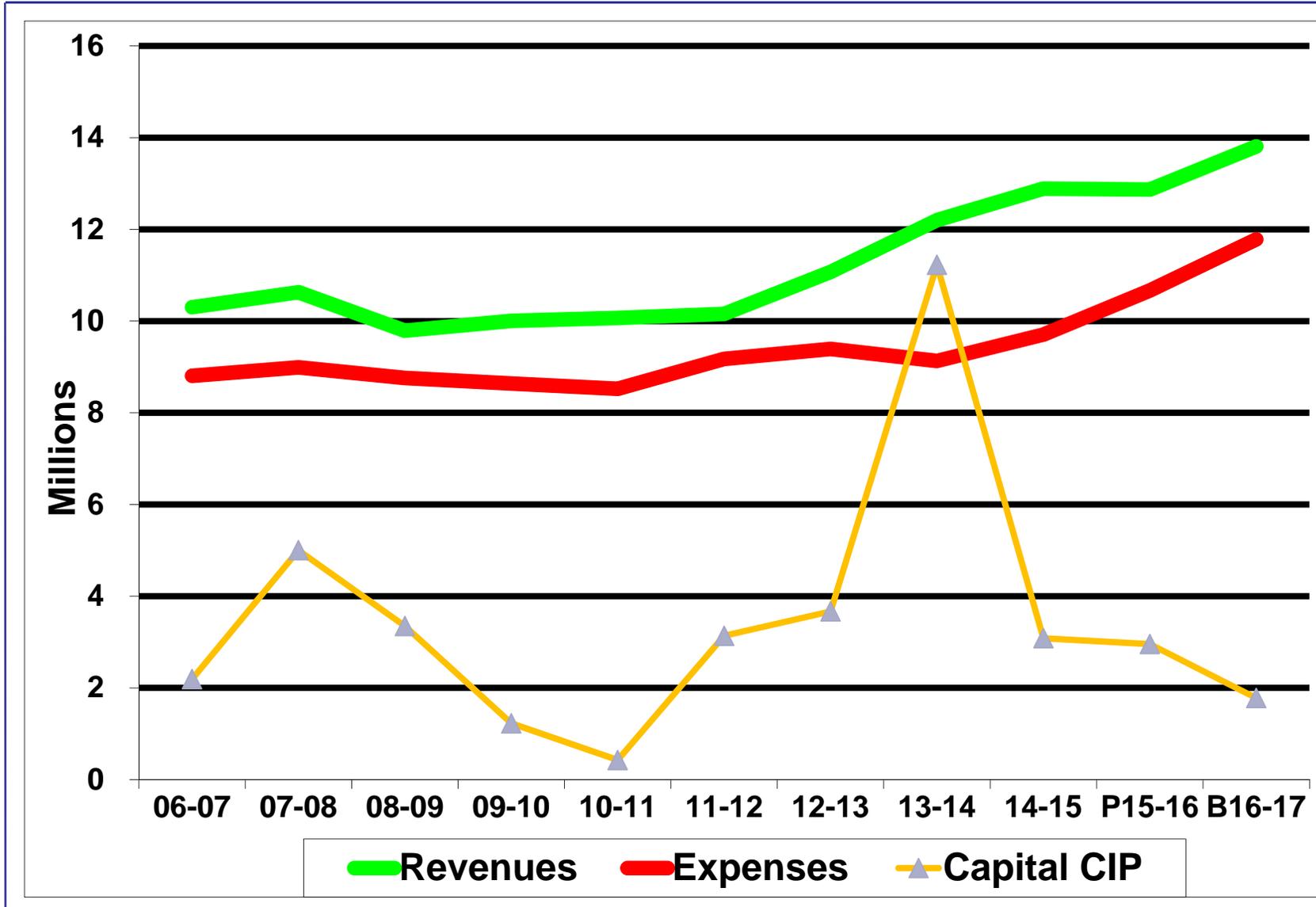
Utility Enterprise Funds

Wastewater

Water

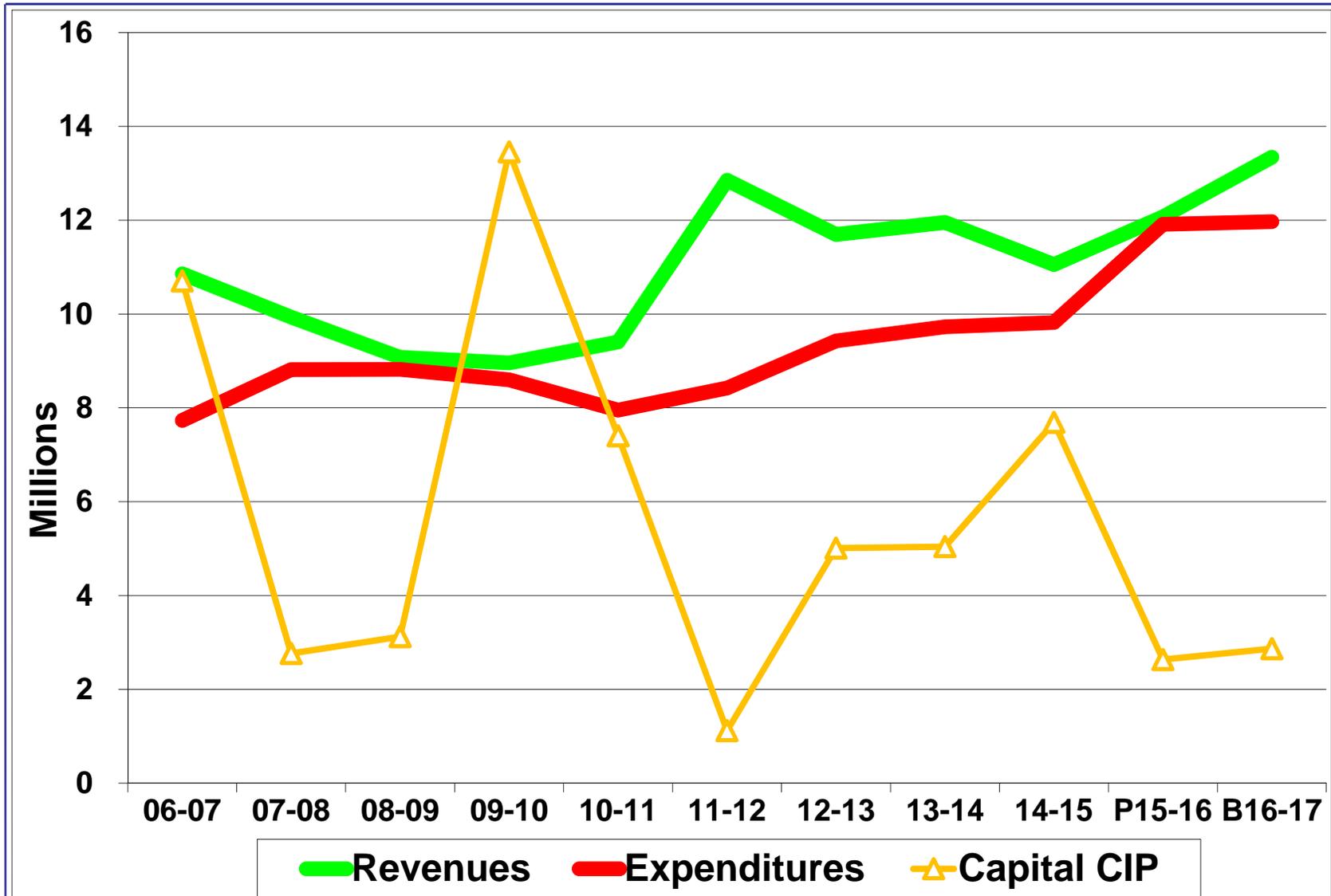


Wastewater



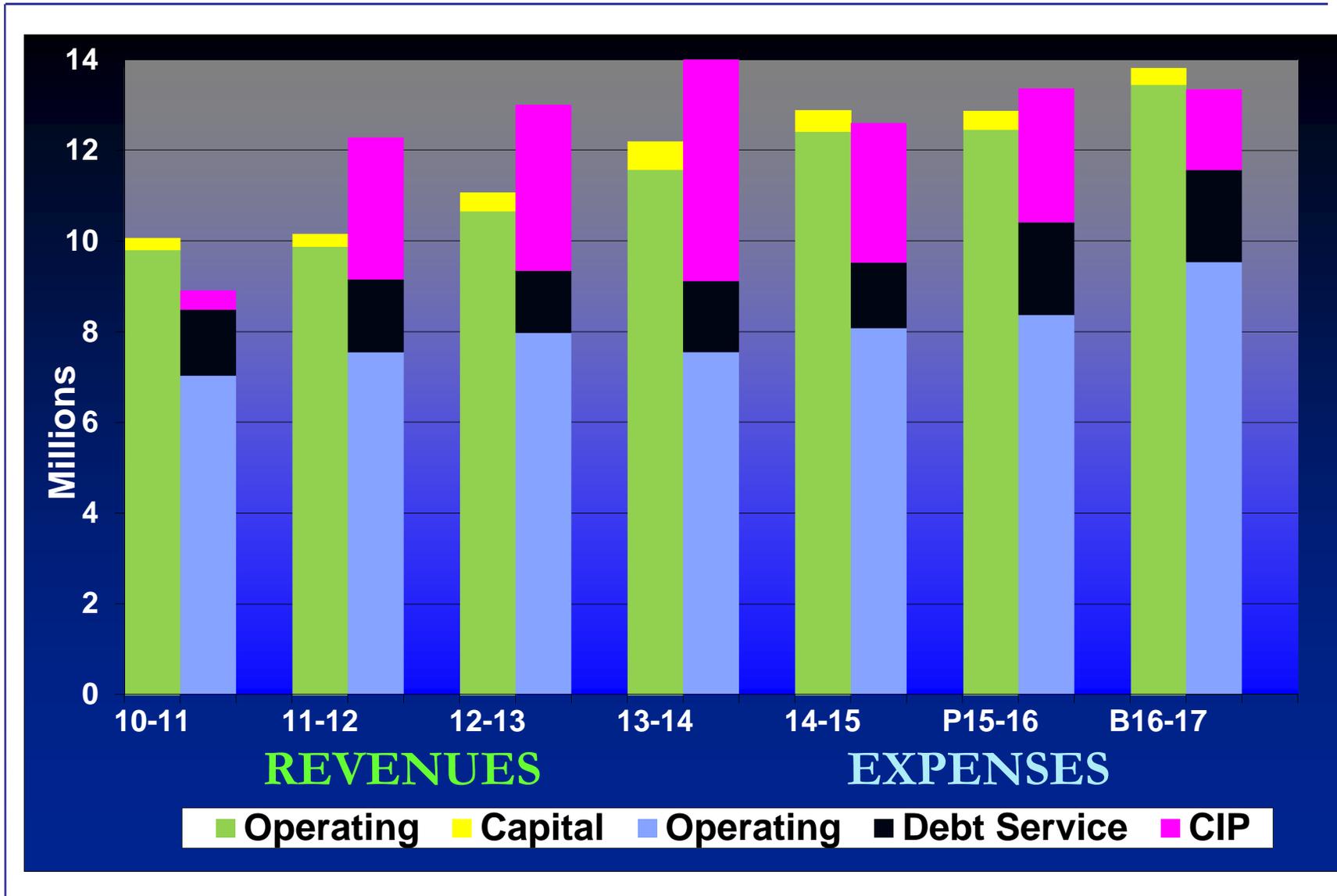


Water



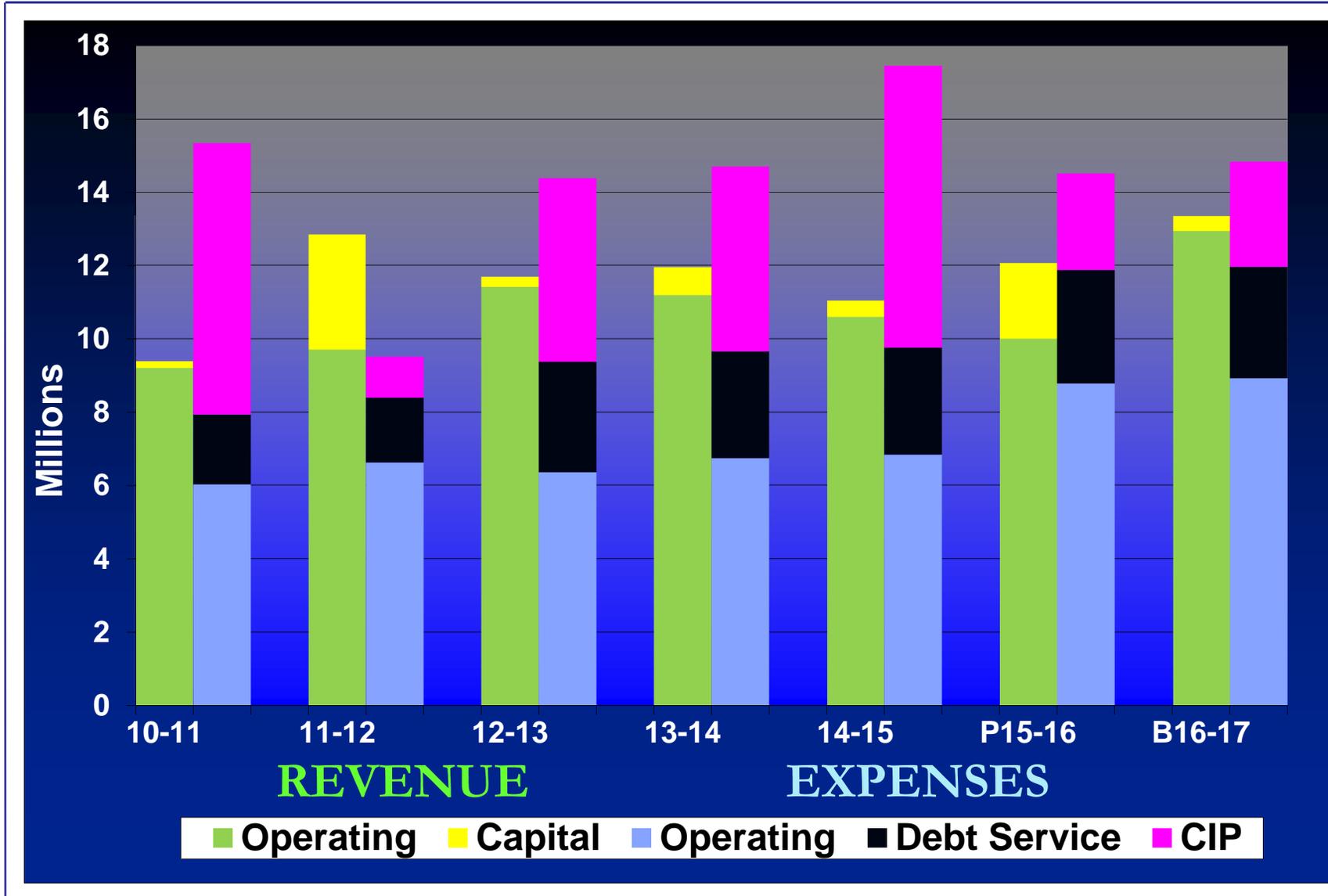


Wastewater



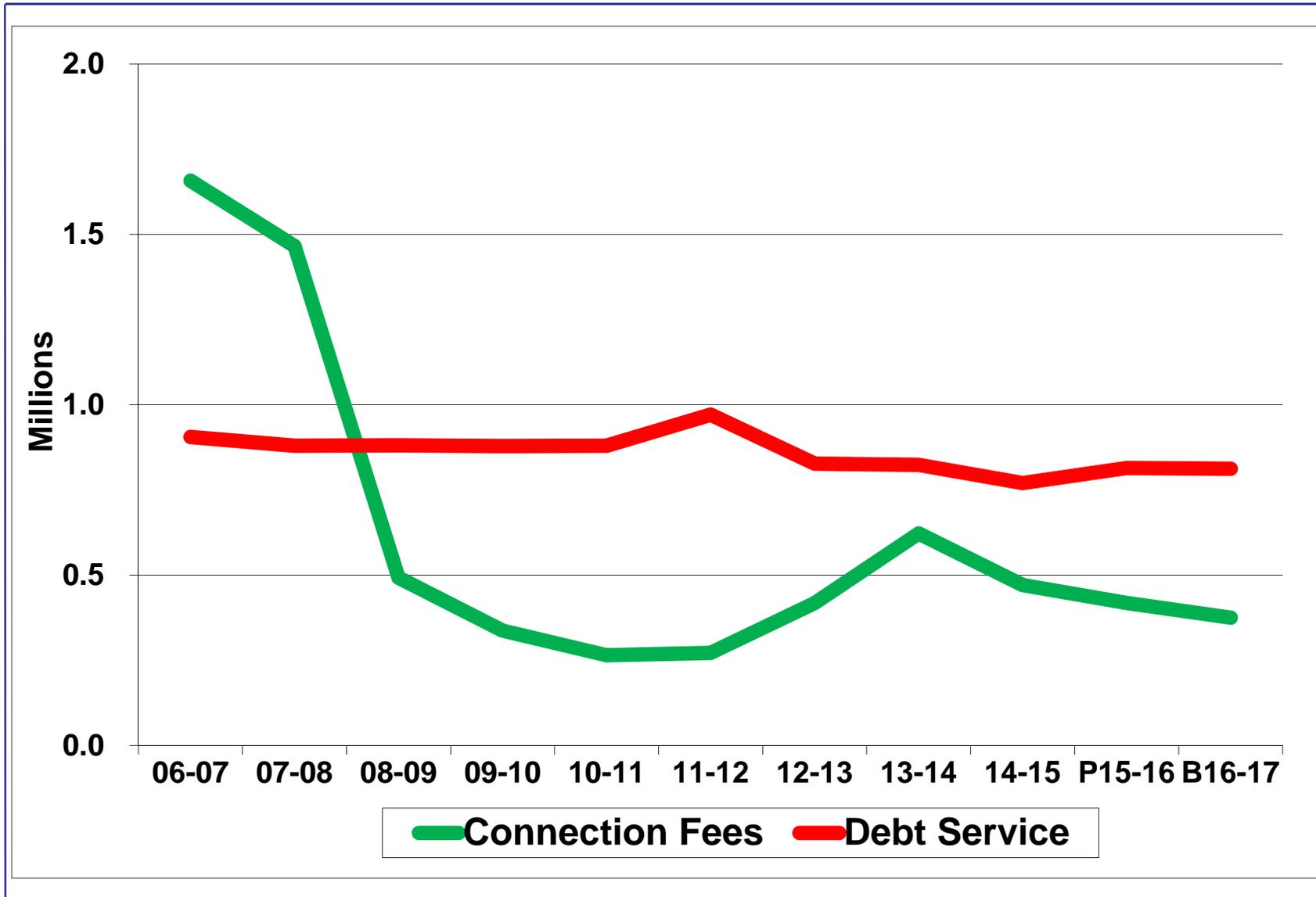


Water



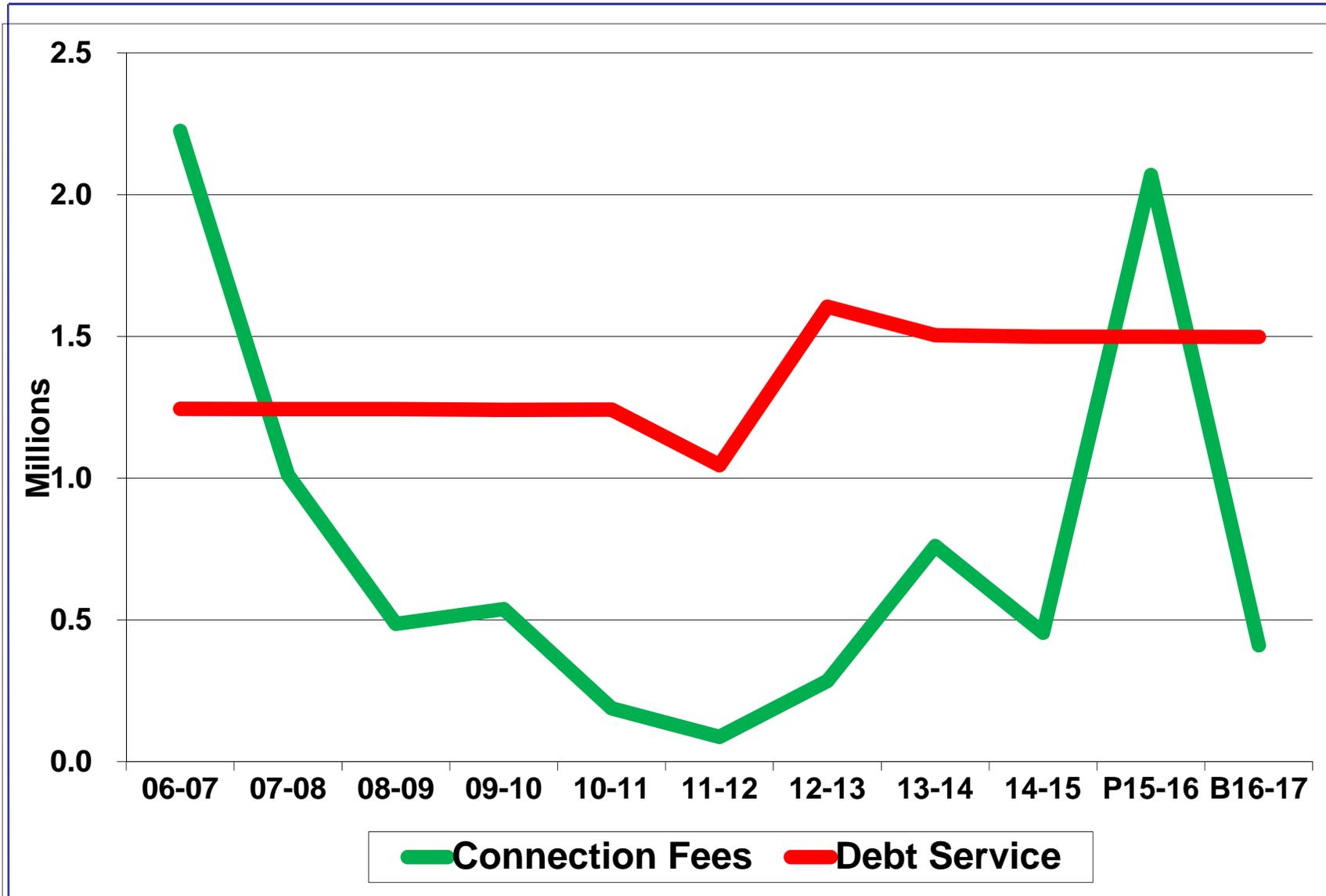


Wastewater Connection Fees vs. Debt Service





Water Connection Fees vs. Debt Service





Debt Coverage Calculation-Wastewater

	Actual FY 13/14	Actual FY 14/15	Projected FY 15/16	Budgeted FY 16/17
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
<i>Coverage Ratio</i>	<i>2.97</i>	<i>3.32</i>	<i>2.20</i>	<i>2.10</i>

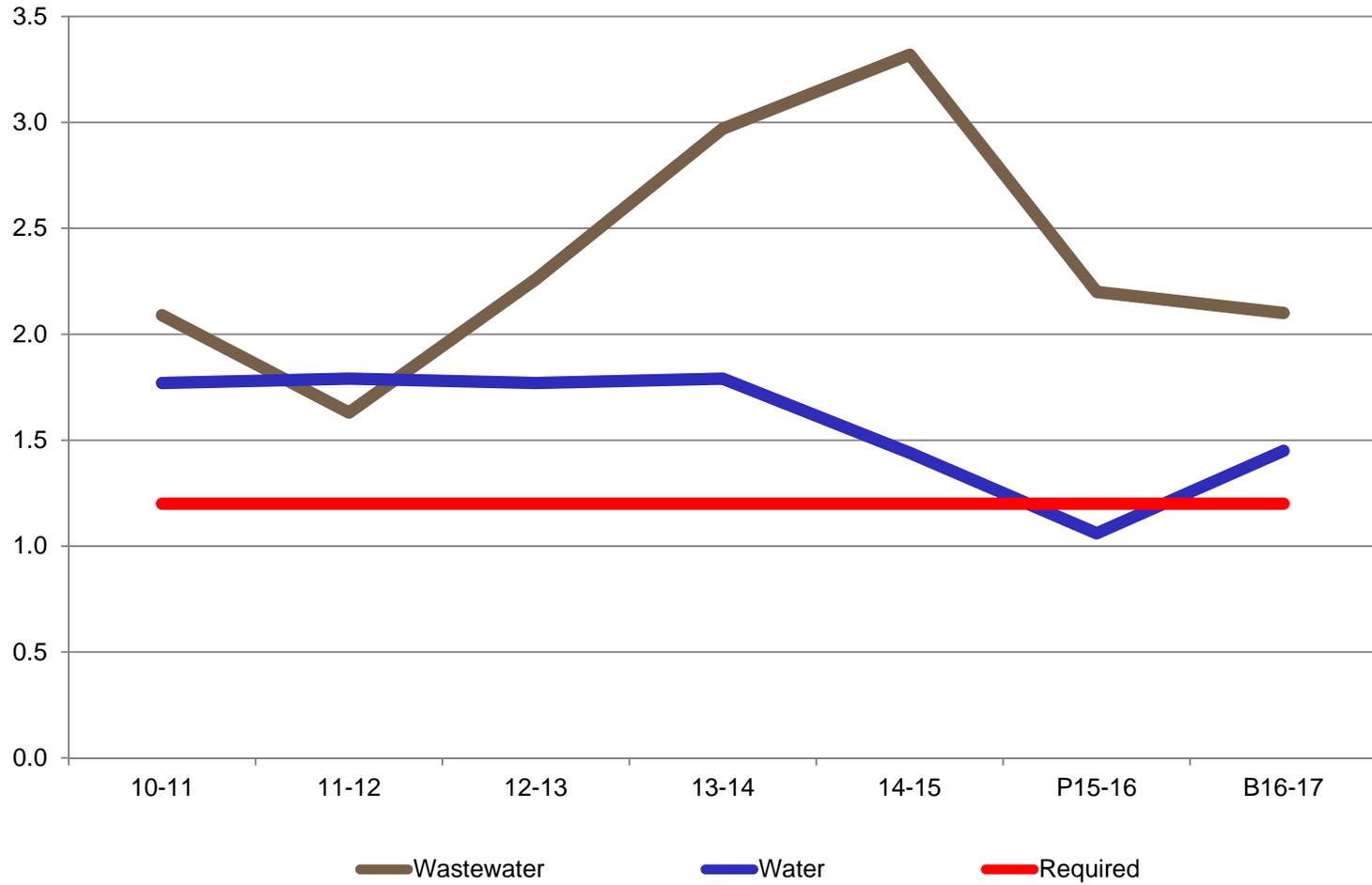


Debt Coverage Calculation-Water

	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
Coverage Ratio	1.79	1.44	1.06	0.54	1.45



Debt Coverage Ratios





Capital Fund Debt Service Cash Available

In Millions

<i>FY 15-16 Budget</i>	Wastewater	Water
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

<i>FY 16-17 Budget</i>	Wastewater	Water
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 \$

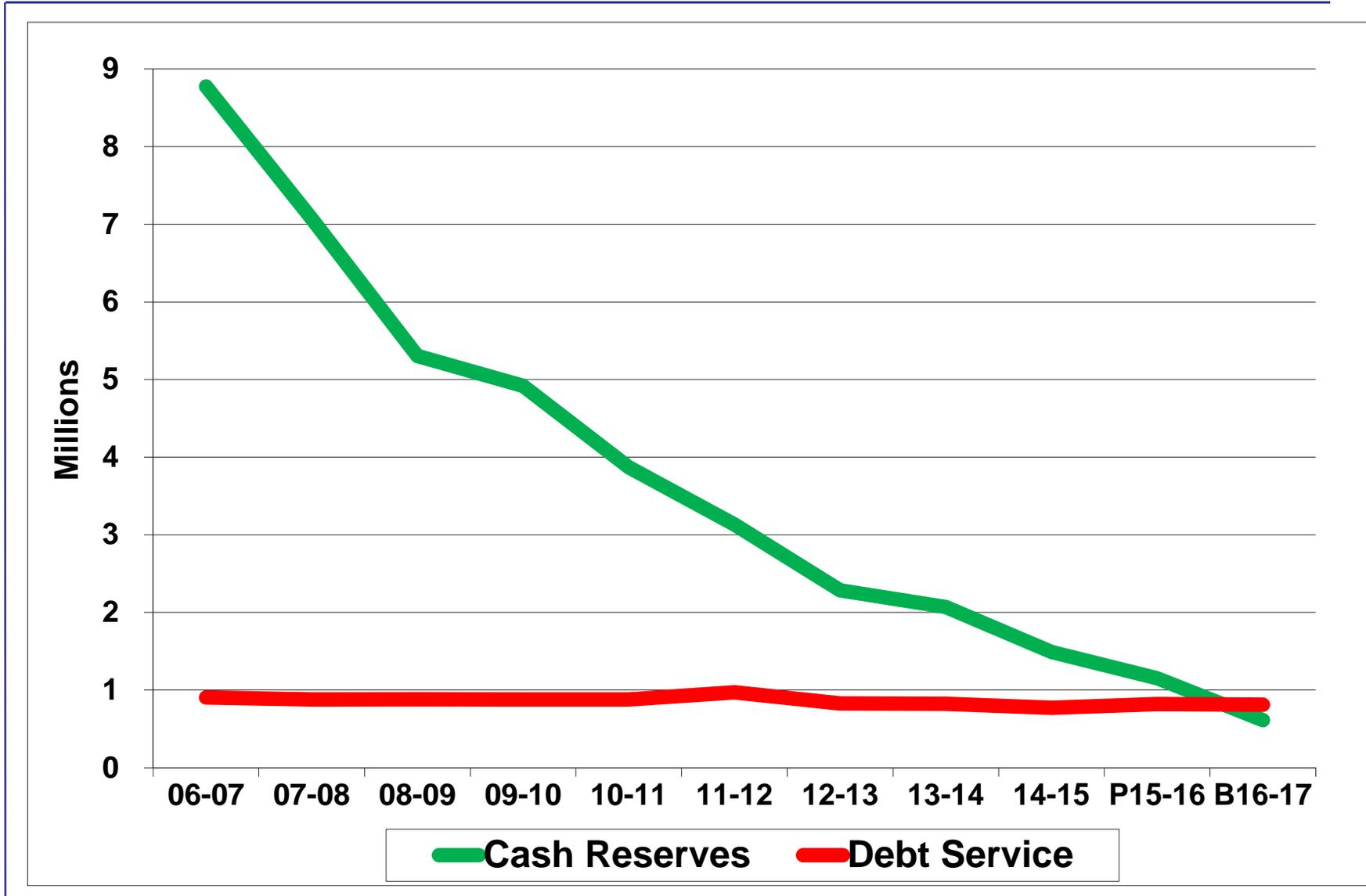
In Millions

<i>FY 15-16 Budget</i>	Wastewater	Water
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

<i>FY 16-17 Budget</i>	Wastewater	Water
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

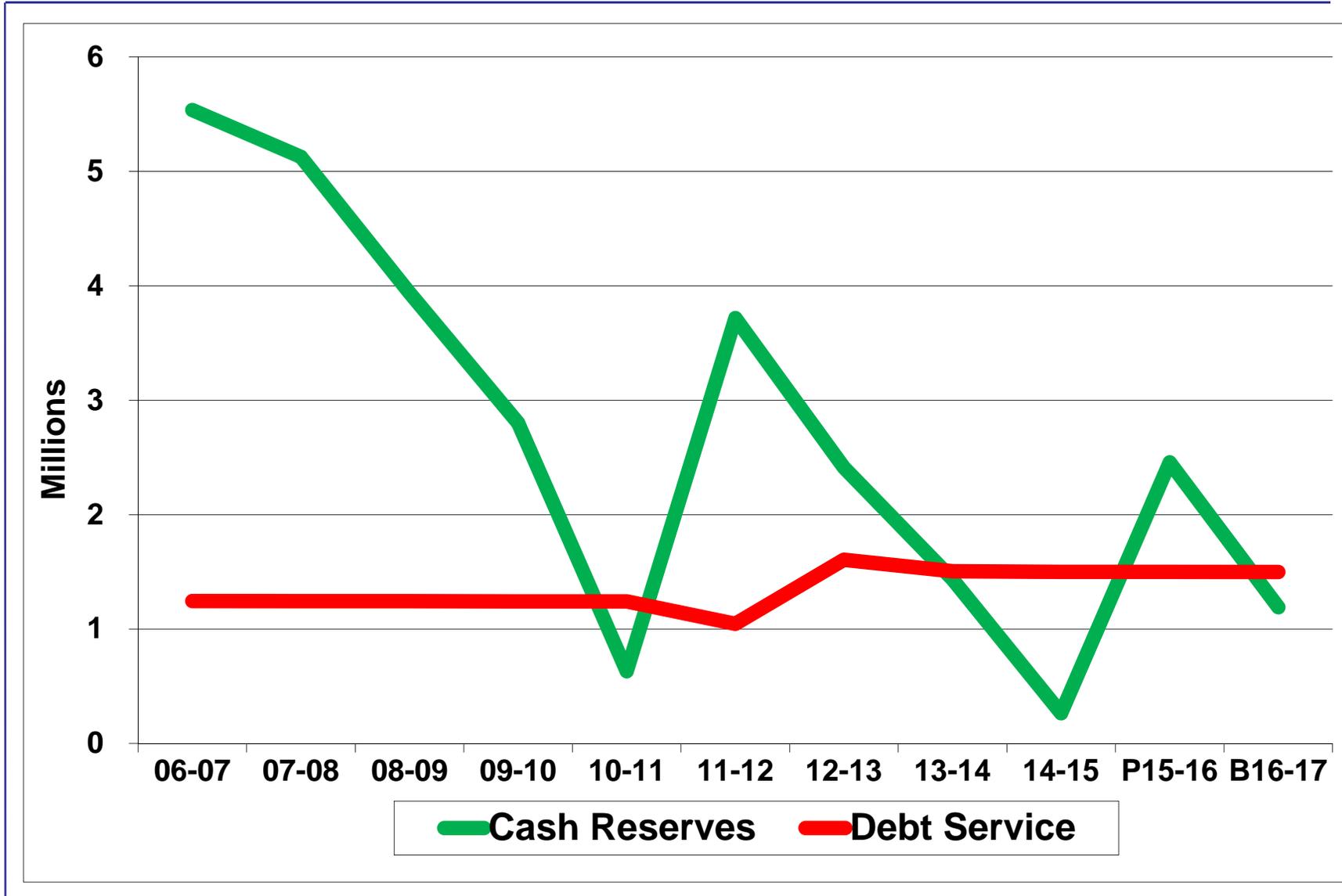


Wastewater Debt Service vs. Connection Fee Capital Cash Reserves





Water Debt Service vs. Connection Fee Capital Cash Reserves





Questions?