

City of Auburn
Fiscal Year 2020-21
Preliminary Budget



Presentation to City Council
June 22, 2020



FY 2020-21 Preliminary Budget - Discussion Outline -

1. Overview of Budget Development Process to Date
2. Review of FY 2020-21 Citywide Proposed Budget
3. General Fund Revenues and Expenditures
4. General Fund Multi-Year Forecast
5. Enterprise Funds Update
6. Other Special Revenue Funds Update
7. Consider FY 2020-21 Preliminary Budget

FY 2020-21 Preliminary Budget - Budget Development Process -

Budget Development Process to Date:

- Review and update of FY 2019-20 financial activity – mid-year report and budget development overview to City Council – April 13, 2020
- Preparation of a “baseline” budget based on estimated impacts of COVID-19 Pandemic on certain revenue sources in lieu of adopting a “Continuing Resolution”
- Balance General Fund budget with use of reserves where anticipated revenues fall short of baseline expenditures
- Work with department heads to determine capital / outlay needs funded by Enterprise and Special Revenue funds
- Consider update to budget in Fall 2020 once revenue data becomes available

FY 2020-21 Preliminary Budget

- Citywide Budget -

Fund(s)	FY 2019-20 Estimated		FY 2020-21 Preliminary Budget			
	Revenues	Expenditures	Revenues	Percent Change	Expenditures	Percent Change
General Fund	\$ 13,437,125	\$ 13,362,038	\$ 12,411,319	-7.6%	\$ 12,604,225	-5.7%
Airport Enterprise Fund	814,447	489,664	2,082,500	155.7%	2,498,900	410.3%
Sewer Enterprise Fund	6,735,450	4,870,194	6,710,000	-0.4%	11,195,108	129.9%
Special Revenue Funds	8,475,903	9,825,228	2,961,911	-65.1%	3,253,442	-66.9%
Trust and Agency Funds	276,027	322,236	311,856	13.0%	322,656	0.1%
Subtotal - Operating Funds	\$ 29,738,952	\$ 28,869,360	\$ 24,477,586	-17.7%	\$ 29,874,331	3.5%
<i>CDBG / HOME Loan Funds (Spcl. Rev.)</i>	\$ 27,784	\$ 67,450	\$ 25,914	N/A	\$ 34,414	N/A
Total Operating & CDBG / Home Funds	\$ 29,766,736	\$ 28,936,810	\$ 24,503,500		\$ 29,908,745	

FY 2020-21 Preliminary Budget - Citywide Budget -

Citywide Capital Outlay / Projects (<i>Funding Sources</i>)			
General Fund	\$	153,000	Transit Fund
Airport Fund		2,158,000	Transportation Fund
Sewer Fund		6,957,000	Property Seizure Fund
Gas Tax Fund		250,000	
Total Capital Outlay / Projects: \$10,421,398			

- General Fund** Minimal base amount for Police/Fire/Building; Computers / Technology; Wood Chipper
- Airport Fund** East End Hangar Waterline; Helicopter Parking Area; Airport Fencing
- Sewer Fund** Vista del Val LS; Diamond Ridge LS; WWTP Sludge Dewatering; Borland Sewer Realignment
Sewer and Lift Station Repairs
- Transportation Fund** Street Overlay (\$125,000); Cherry & Magnolia EV Chg Stn; Nevada St. Sidewalk
- Gas Tax Fund** Street Overlay (\$250,000) **Transit Fund** Passenger Connect Card
- Property Seizure Fund** Police Vehicle Leases

FY 2020-21 Preliminary Budget

- Citywide Budget -

Citywide Staffing - Full Time Positions (Funded)	
Department	FTE
City Council	5.00
City Manager	1.00
Economic Development	0.00
Planning	1.00
Building	2.00
City Clerk	1.00
Finance / Administrative Services	4.50
Police	28.00
Fire	22.00
Public Works	9.00
Sewer Operations	3.00
Transit Operations	4.00
Citywide Funded FTE:	80.50

FY 2020-21 Staffing

- **7.0 FTE Limited Term Fire Personnel** (*funded in Special Fire Fund*)
- **Permanent Administrative Services Director**
- **Economic Development Director position frozen and defunded**
- **Sewer / Transit Funds 7.00 FTE** (*Transit also has 4 Part Time*)

FY 2020-21 Preliminary Budget - Citywide Reserve Levels -

Reserve Levels – All Funds:

Fund	<i>--Reserve Levels--</i>	
	Designated	Undesignated
General Fund	\$ 5,172,504	(34,249)
Airport Fund	\$ -	1,453,650
Sewer Fund	1,189,120	8,628,612
Gas Tas Fund	\$ -	48,659
Transportation Fund	-	8,117
Transit Fund	-	2,794
CDBG Defederalized Fund	-	15,723
Property Seizure Fund	-	39,371
Special Fire Fund	-	-
HOME FTHB Fund	-	3,683
CDBG Fund	-	370,095
Solid Waste Mgmt Funds	-	(464,615)
State Law Enforcement Fund	-	-
Project Impact Fee Fund	-	706,716
FEP Fund	-	181,908
AUDA RPTTF Trust Fund	-	142,449

Reserve Notes

- **Designated General Fund reserves include a Pension Reserve @ \$2.2 mm / Economic Uncertainty Reserve @ \$2.7 mm**
- **Arts Commission (\$9,745); Police Donations (\$1,804) part of GF Designated**
- **General Fund reserves represent 39% of total General Fund budget (less capital)**
- **Sewer Fund designated reserves include SRF Debt Service Reserve and Connection Fee Reserve**
- **Designated reserves in Impact Fee Fund may only be used for fee-related purposes**

FY 2020-21 Preliminary Budget - General Fund -

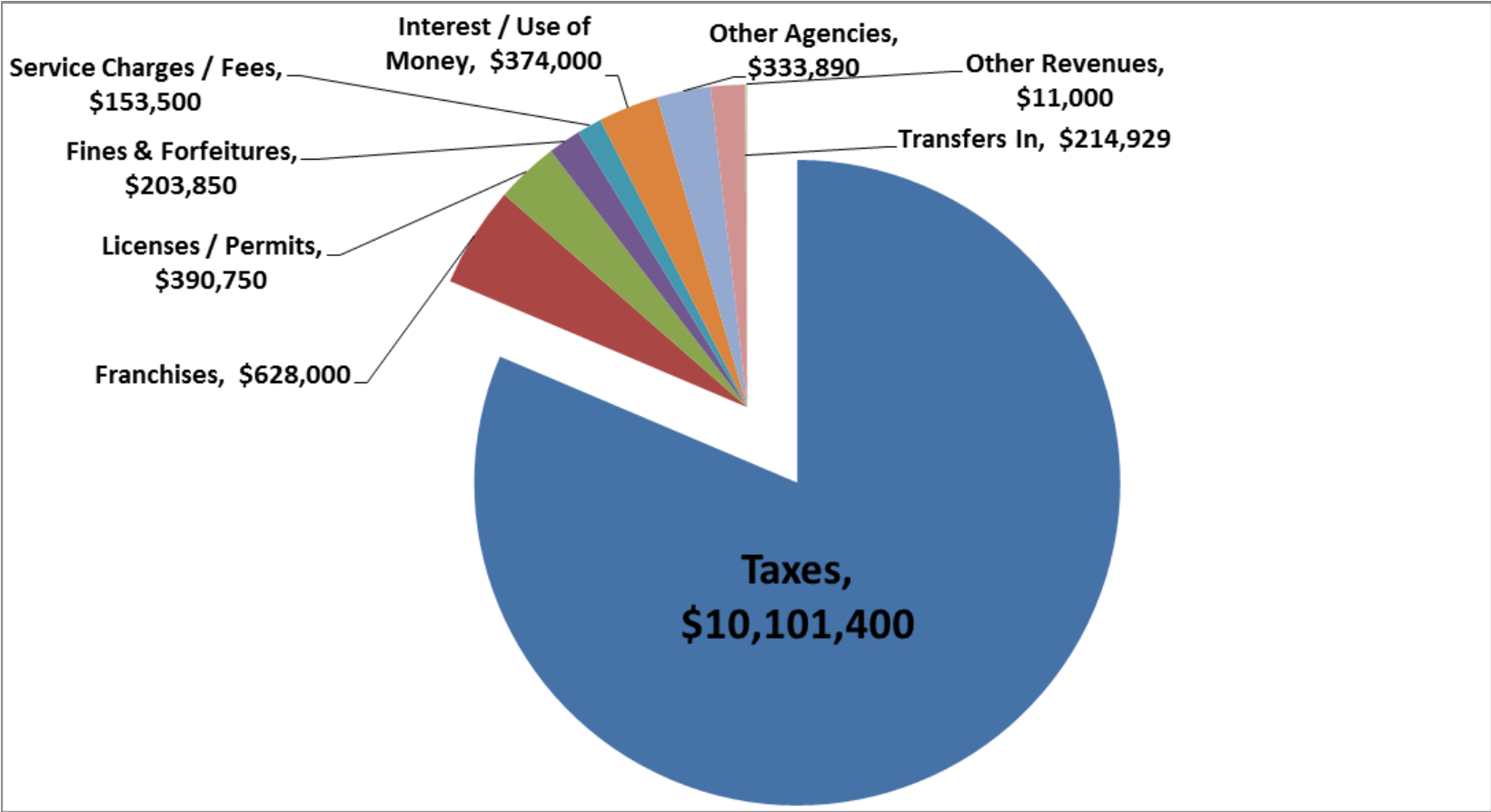
	Revenues	Expenditures
Estimated Amounts @ 6/30/20	\$ 13,437,125	\$ 13,362,038
 <i>FY 2020-21 Preliminary Budget</i>	 \$ 12,411,319	 \$ 12,604,225

FY 2019-20 Estimated surplus: \$75,087

FY 2020-21 Preliminary Budget use of reserves: \$192,906


COVID ADJUSTED

FY 2020-21 Preliminary Budget - General Fund -



FY 2020-21 Preliminary General Fund Revenues - \$12,411,319

FY 2020-21 Preliminary Budget - General Fund -

General Fund Revenues – COVID-19 Impacts:

Revenue Type	FY 2019-20	FY 2020-21
Sales Tax	<i>Reduction - \$745,000</i>	<i>Reduction - \$440,000</i>
Transient Occupancy Tax	<i>Reduction - \$42,500</i>	<i>Reduction - \$45,000</i>
Property Transfer Tax		<i>Reduction - \$15,000</i>
Business Licenses	-	<i>Reduction - \$16,000</i>

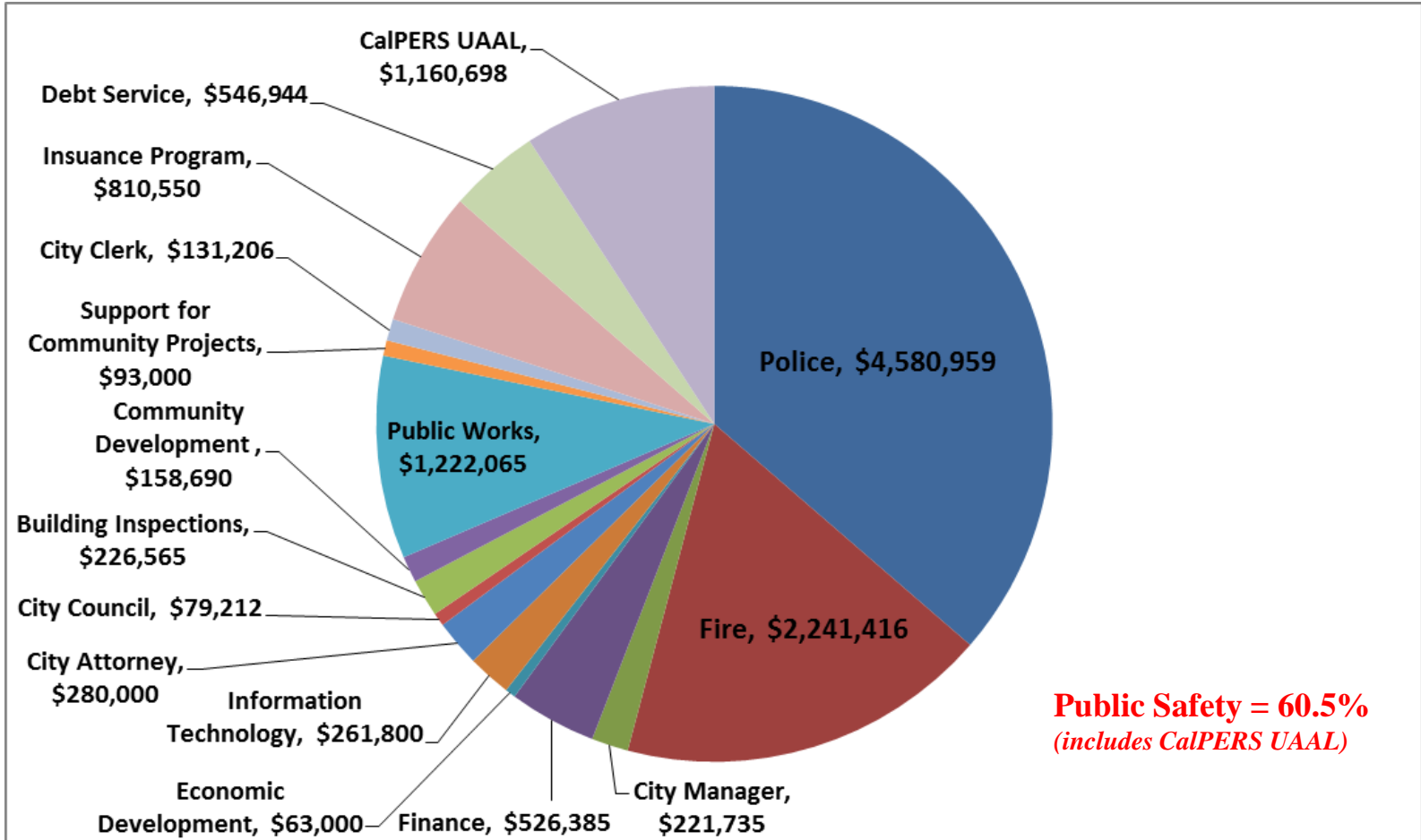
Total Annual Reduction:

\$ 787,500

\$ 516,000

Total Aggregate Reduction: \$1,303,500

FY 2020-21 Preliminary Budget - General Fund -



FY 2020-21 Preliminary General Fund Expenditures - \$12,604,225

FY 2020-21 Preliminary Budget - General Fund -

FY 2020-21 General Fund Notes:

- Preliminary budget includes negotiated salary increases (\$32,000)
- Economic Development Director position frozen / defunded
- Committees and Commissions; Community Contributions - \$63,000
 - ✓ *City Historian - \$2,000*
 - ✓ *Arts Commission - \$35,000*
 - ✓ *Economic Development Commission - \$20,000*
 - ✓ *Endurance Capital Committee - \$8,500*
 - ✓ *SHAAC - \$2,500*
 - ✓ *Note: Also includes ACTV; Library and Undesignated Sponsorships*

FY 2020-21 Preliminary Budget - General Fund Reserves -

General Fund Budget – Recommended Reserves

Recommended Reserve Levels:

• Reserve for Economic Uncertainty	\$ 2,700,000*
• Reserve for Unfunded Liability	\$ 2,200,000*
• Designated Reserve – Prepaid Insurance	\$ 260,955
• Arts Commission Reserve	\$ 9,745
• Police Donations Reserve	\$ 1,804
• Unassigned Reserves	\$ (34,249)*

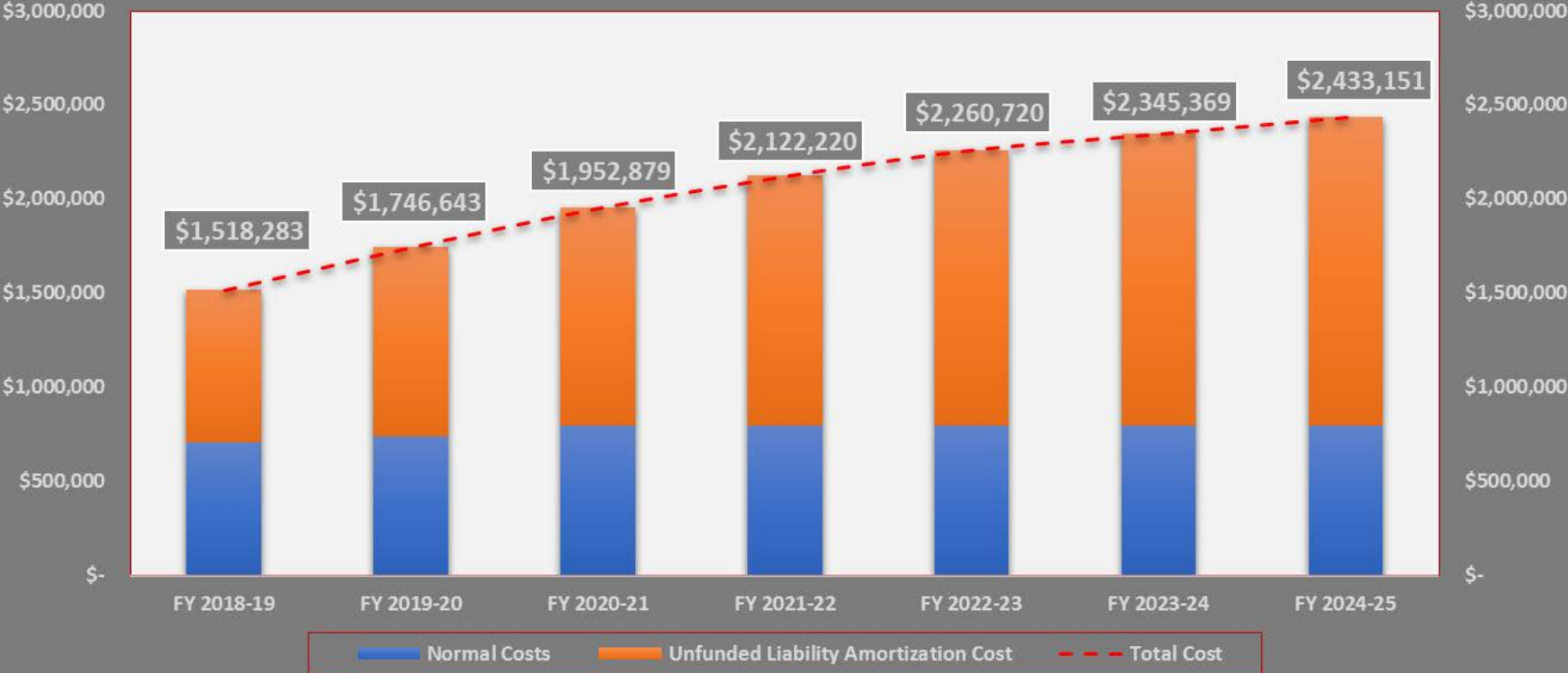
Total General Fund Reserves – June 30, 2021 \$ 5,138,255

** General Fund discretionary reserves account for 39% of non-capital expenditures*

FY 2020-21 Preliminary Budget

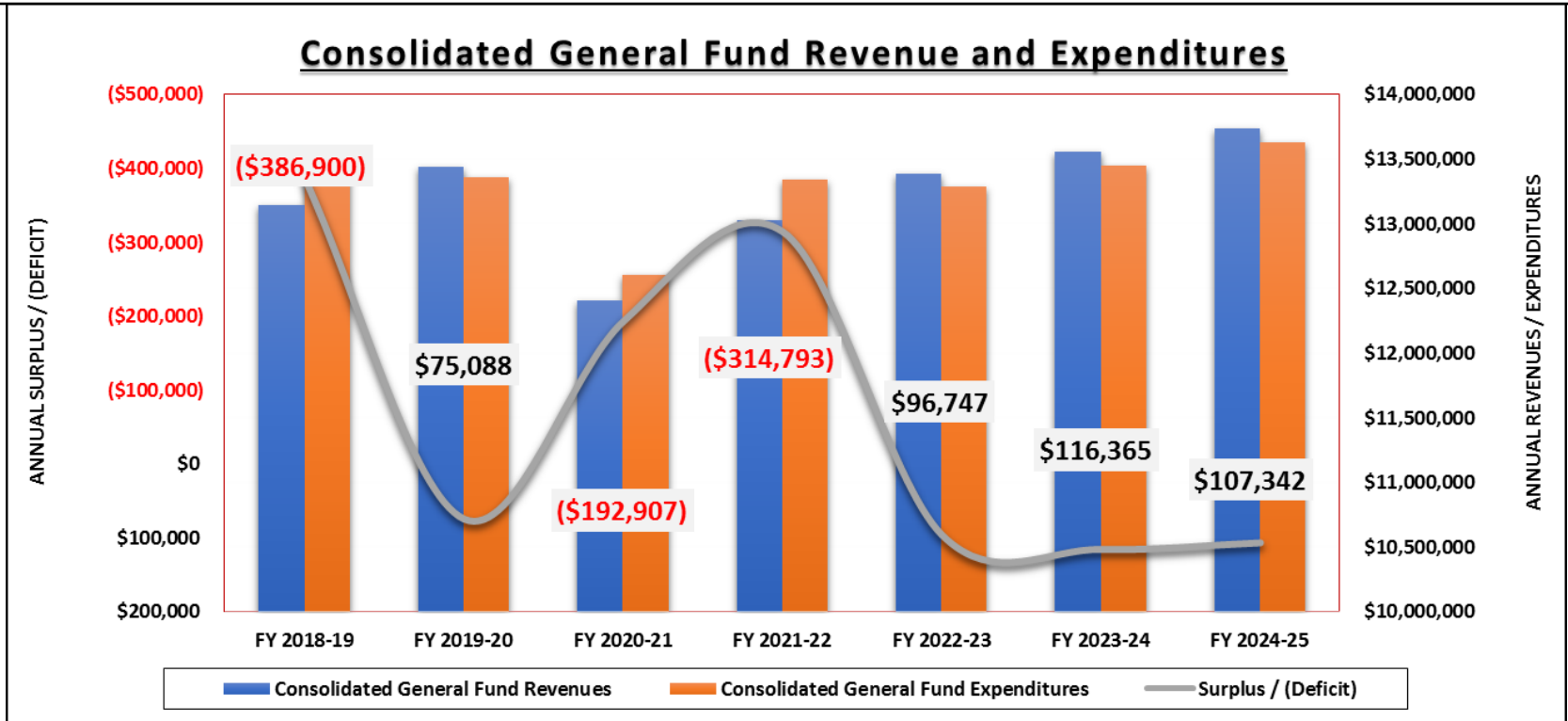
- General Fund Multi-Year Forecast -

CalPERS Employer Costs



FY 2020-21 Preliminary Budget

- General Fund Multi-Year Forecast -



	----- General Fund Forecast -----					
	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
Base Revenues	\$ 13,437,125	12,411,319	13,024,895	13,387,364	13,562,523	13,740,861
Base Expenditures	13,362,037	12,604,226	13,339,688	13,290,617	13,446,159	13,633,519
Base Surplus / (Deficit)	\$ 75,088	(192,907)	(314,793)	96,747	116,365	107,342

FY 2020-21 Preliminary Budget - Enterprise Funds -

Airport Fund

	<u>Revenues</u>	<u>Expenditures</u>
Estimated Amounts – 06/30/20	\$ 817,447	\$ 489,664
FY 2020-21 Preliminary Budget	\$2,082,500	\$ 2,498,900

Projected Airport Fund Balance @ 6/30/21: \$ 1,453,650

Airport Fund Budget Notes:

- FAA Entitlement funding of \$1.30 million provided for certain capital projects
- \$2.16 million capital program carried over from previous year, with the addition of Airport Fencing Project (\$590,000 for all phases)
- Operating margin before considering capital: \$440,600

FY 2020-21 Preliminary Budget - Enterprise Funds -

Sewer Fund

	<u>Revenues</u>	<u>Expenditures</u>
Estimated Amounts – 06/30/20	\$ 6,735,450	\$ 4,870,194
FY 2020-21 Preliminary Budget	\$ 6,710,000	\$ 11,195,108

Projected Sewer Fund Balance @ 6/30/21: \$ 9,817,732 *Note: \$1,189,120 reserved*

Sewer Fund Budget Notes:

- No sewer service rate increase for FY 2020-21
- Many capital projects carried over from previous year – Sludge Dewatering is largest project (\$3.6 million)
- New Capital Project: Borland Sewer Realignment - \$250,000
- SRF debt service for Oxidation Ditch continues – Last year of SRF debt service for prior projects
- Operating margin before considering capital: \$2.44 million

FY 2020-21 Preliminary Budget - Other Special Revenue Funds -

Gas Tax Fund

	<u>Revenues</u>	<u>Expenditures</u>
Estimated Amounts – 06/30/20	\$ 583,436	\$ 930,000
FY 2020-21 Preliminary Budget	\$ 595,317	\$ 550,000

Projected Gas Tax Fund Balance @ 6/30/21: \$48,659

Gas Tax Fund Budget Notes:

- 250,000 earmarked for Overlay Program
- Funds streetlight maintenance & utilities costs
- Funds some street maintenance staff costs (street sweeping)
- COVID-19 impacts built in

FY 2020-21 Preliminary Budget - Other Special Revenue Funds -

Transportation Fund

	<u>Revenues</u>	<u>Expenditures</u>
Estimated Amounts – 06/30/20	\$ 5,723,016	\$ 6,265,652
FY 2020-21 Proposed Budget	\$ 364,207	\$ 795,398

Projected Transportation Fund Balance @ 6/30/21: \$ 8,117

Transportation Fund Budget Notes:

- Nevada Street Project completed during fiscal year
- Transportation Fund contribution towards overlay = \$125,000. Total citywide overlay funding @ \$375,000 (includes Gas Tax Fund contribution)
- City staff overlay funding @ \$50,000 (ongoing)
- New Project – Cherry & Magnolia EV Charging Station (funded by grants and other transfers in) - \$98,398

FY 2020-21 Preliminary Budget - Other Special Revenue Funds -

Transit Fund

	<u>Revenues</u>	<u>Expenditures</u>
Estimated Amounts – 06/30/20	\$ 874,100	\$ 1,060,552
FY 2020-21 Preliminary Budget	\$ 909,264	\$ 730,119

Projected Transit Fund Balance @ 6/30/21: \$ 2,794

Transit Fund Budget Notes:

- Receives majority of LTF allocation to balance fund
- New capital includes Passenger Connect Cards

FY 2020-21 Preliminary Budget - Other Special Revenue Funds -

CDBG Defederalized Funding Fund

	<u>Revenues</u>	<u>Expenditures</u>
Estimated Amounts – 06/30/20	\$ 61,966	\$ 32,157
FY 2020-21 Preliminary Budget	\$ 25,914	\$ 40,000

Projected Transit Fund Balance @ 6/30/21: \$ 15,723

Defederalized Fund Budget Notes:

- Receives funding from CDBG business loan repayments < \$35,000 annually
- Can be used for any discretionary purpose
- Expenditures include business development loan administrative costs (not currently reimbursed by CDBG) to forward use of other Program Income
 - *Fund 66 has \$374,000 in loanable funds*

FY 2020-21 Preliminary Budget - Other Special Revenue Funds -

Special Fire Fund

	<u>Revenues</u>	<u>Expenditures</u>
Estimated Amounts – 06/30/20	\$ 364,864	\$ 617,197
FY 2020-21 Preliminary Budget	\$ 605,709	\$ 605,709
Projected Special Fire Fund Balance @ 6/30/21: <u>\$ -</u>		

Special Fire Fund Budget Notes:

- Funds 7.0 FTE Limited-Term Fire personnel as part of Fire Wildland Urban Interface Strategic Plan implementation
- Revenue sources include State of CA “Pre-Positioning” reimbursements, Strike Team reimbursements and Fuel Break and other grants
- To the extent revenues do not materialize, transfer-in from General Fund is required (note – General Fund is expected to transfer \$111,217 in FY 2019-20).

FY 2020-21 Preliminary Budget - Other Special Revenue Funds -

Solid Waste Management (Closed Landfill) Fund

	<u>Revenues</u>	<u>Expenditures</u>
Estimated Amounts – 06/30/20	\$ 197,000	\$ 637,647
FY 2020-21 Preliminary Budget	\$ 228,400	\$ 245,000

Projected Closed Landfill Fund Balance @ 6/30/21: **(\$ 464,615)**

Closed Landfill Fund Budget Notes:

- Accounts for Closed Landfill Operations
- New SWRCB requirements likely to result in significant future compliance costs
- Anticipated revenues of \$245,000 only cover annually recurring costs (insurance / monitoring / utilities / wastewater fees)
- FY 2019-20 expenditures include some compliance costs incurred to date
- Analysis of future requirements and ultimate costs currently underway

FY 2020-21 Preliminary Budget - Other Special Revenue Funds -

Facilities and Equipment Replacement (FEP) Fund

	<u>Revenues</u>	<u>Expenditures</u>
Estimated Amounts – 06/30/20	\$ 20,950	\$ 41,303
FY 2020-21 Proposed Budget	\$ 26,500	\$ 42,216

Projected FEP Fund Balance @ 6/30/21: \$ 181,908

FEP Fund Budget Notes:

- Expenditures include a transfer out towards the Cherry & Magnolia EV Charging Station Project
- Funds may be used for any City building repairs and maintenance and other capital activity



FY 2020-21 Preliminary Budget

- Recommended Action -

1. Adopt revenue estimates and expenditure appropriations for all City Funds for Fiscal Year 2020-21 as summarized in the fund schedules presented with the Fiscal Year 2020-21 Preliminary Budget
2. Establish a General Fund Cash Reserve in the amount of \$5,138,255 for Fiscal Year 2020-21

Questions?