

TO: City Council

FROM: James L. App, City Manager  
Jim Throop, Administrative Services Director

SUBJECT: 2013 - 2017 Financial Forecast Update

DATE: June 18, 2013

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NEEDS: For the City Council to receive and file a financial forecast update for the five fiscal years 2013 - 2017.

- Facts:
1. The Great Recession significantly decreased city revenue.
  2. National, state and local economic forecasts indicate a continued slow recovery.
  3. The General Fund:
    - Provides for police, fire, library, recreation, and other non-utility public services.
    - Cost reduction initiatives to offset revenue losses began four years ago.
    - The annual budget was reduced 29% by cutting staff 34%, freezing wages, reducing employee benefits, implementing 2nd tier retirement plans, and deferring maintenance of City facilities
    - The early and aggressive action to address recession losses, coupled with (marginal) recovery, result in a maintenance of a healthy reserve (i.e., \$10.9 million), balanced budget this fiscal year, and small annual operating surpluses through FY2017.
  4. The Enterprise funds are run like a private business – i.e., no tax support - all costs are recovered from users.
  5. There are four Enterprise funds: Water, Sewer, Transit and Airport.
    - The Water Fund:
      - Water rates were recently adopted and are being phased in over 5 years.
      - Operating deficits are forecast until FY2016.
      - Reserves are currently \$20.9 Million, and will be used to cover debt payments, Phase I water treatment plant construction, operational shortfalls, and if/when possible, repairs & replacements, until the water rates are sufficient to cover all operating costs.

- Future water rate adjustments may be needed to cover operating and Phase II water treatment plant costs.
- The Sewer Fund:
    - New User rates and connection fees have been approved and became effective July 1, 2012.
    - Operates with a small annual surplus.
    - Full rehabilitation of the 50+ year old sewer plant is required. Rehabilitation will cost approximately \$47,000,000. It will be financed with a low interest State loan (1.7%). Construction began in the spring of FY2013 and will take approximately 30 months to complete.
  - The Transit Fund:
    - Approximately 80% of the funding is provided by State and Federal Governments.
    - State and Federal funding has been reduced. Service and fare adjustments have been implemented to offset operating deficits.
    - The bus fleet has exhausted its useful life expectancy. Three new buses were purchased with grant funds, now awaiting their arrival.
    - Ongoing discussions for consolidation of the transit system, in FY2015, with the Regional Transit operator. This would improve customer service and eliminate ongoing City administration costs and impacts.
  - The Airport Fund:
    - Operates primarily off lease revenue, unsecured property taxes, as well as some fuel flowage and aircraft tie-down fees.
    - Excluding the non-cash expense of depreciation, forecasts a small surplus.
    - Has a cash reserve of approximately \$1.8 million.

ANALYSIS &  
CONCLUSION:

**GENERAL FUND**

The City has significantly reduced General Fund (GF) spending by eliminating over 34% of GF jobs, cutting temporary and contract help, trimming contractual services, suspending wage increases, reducing benefits and eliminating some recurring maintenance services.

This forecast is favorable in that it is projecting small, but positive financial results for the next five years. However, there are risks to the forecast including State authorization to use Redevelopment Agency bond proceeds to fund disabled access improvements, FEMA reimbursements, future State appropriation of local revenues, new program or regulatory (spending) mandates, protracted recovery, and unsustainability of current service demand/staffing ratios.

### **WATER FUND**

New water rates have been implemented, beginning in January 2012. The rate will be phased in over 5 years. Regardless, reserves are forecast to decline to approximately \$4.5 million by FY2015.

The first phase of a new water treatment plant will be constructed in 2013/14. Future phases, and increasing operating costs, may require additional water rate adjustments.

### **SEWER FUND**

The current wastewater treatment plant was built in 1954 and does not meet current water quality standards set by the State and Federal government. A comprehensive rehabilitation is required. New rates have been approved to fund plant rehabilitation and operation.

The City received a low-interest loan from the State (1.7%) to build the new treatment plant. With the new rates, rehabilitation of the Plant will begin in FY2013 and take approximately 30 months to complete. With the low interest rate, the current rate structure appears sufficient to cover all operational and debt costs.

### **TRANSIT FUND**

The Transit fund receives 80% of its funding from State and Federal governments. Transit fare revenue is supposed to make up the remaining 20% of revenue requirements. Unfortunately, the costs to operate the system have been increasing yearly. Maintenance costs continue to climb due to the age of the bus fleet. Most of the buses (11 in the fleet) have exhausted useful life-expectancy. Also, the cost of fuel, especially diesel, has remained high for the last year or more. This additional cost has put a burden on the finances of the system.

Due to the financial condition of the Transit Fund service changes were implemented. Dial-A-Ride days and hours have been reduced, fares increased, routes changed and an unfavorable MOU was canceled. These changes have allowed the system to rebound from a farebox recovery ratio (FRR) of approximately 13% to just over 20%, as required by the State.

Plans and discussions are underway for a consolidated regional transit system. This consolidation, into a regional system, could improve customer service and reduce City costs. Consolidation is being actively pursued and may be implemented as early as July 2014.

## AIRPORT FUND

The Airport Fund receives the majority of its operational funding from leases (buildings, hangars), property tax on aircraft, fuel flowage and aircraft tie-down fees. It also receives grant funding through the State and Federal government for airport improvements.

A new Fixed Base Operator, which is now operating at the airport, should help improve overall performance at the Airport.

The Fund is balanced and stable.

POLICY

REFERENCE: Council goals – “Live within our means”; Fiscal Policy – maintain 15% reserve.

FISCAL

IMPACT: **GENERAL FUND**

With the recession over and recovery on the way, this latest forecast projects small, but favorable financial results for each of the next four fiscal years, ending June 30, 2017.

Not included in the forecast are the potential costs for the following:

1. Changes in staffing levels
2. Changes to employee wages
3. Possible \$1.1M RDA payment
4. Possible \$1.0 million payment to FEMA
5. Possible \$250,000 Library roof replacement
6. Future (Fiscal Year 18 and beyond) PERS increases

Also not included in the forecast are other building/facility repair costs – which average \$400,000 per year.

These risks to the City's General Fund are dependent upon the rulings of superior agencies.

Bottom line, projected operating surpluses, and a portion of reserves, may be negatively impacted by these risks.

## WATER FUND

New water rates are being implemented in phases over 5 years beginning January 2012. However, reserves will be drawn down to cover debt and operating obligations. Consequently, major repairs and construction of a required water treatment plant will be deferred until approximately 2014.

### **SEWER FUND**

New rates have been approved and started in July 2012. The new rates are needed to fund ongoing operating deficits and rehabilitation of the treatment plant. Low-interest funding (1.7% rate) has been received and the contract has been let such that construction started in the spring of 2013 and should be completed in approximately 30 months.

### **TRANSIT FUND**

Excluding depreciation costs, which are a non-cash cost, the Fund is forecast to restore balance starting FY2012. Consolidation with RTA may occur in FY2015 improving customer service and reducing costs.

### **AIRPORT FUND**

The Airport Fund has operated with a surplus each year for the past several years (excluding depreciation). Operational costs are covered by current revenues.

The Airport Fund has accumulated approximately \$1.8 million in reserves. The Fund is balanced and appears stable.

- OPTIONS:
- a. Receive and file June 2013 financial forecast report; or
  - b. Amend, modify, or reject the above option

Attachment: Spring 2013 Financial Forecast

# Financial Forecast 2013 – 2017 Spring

## City of Paso Robles

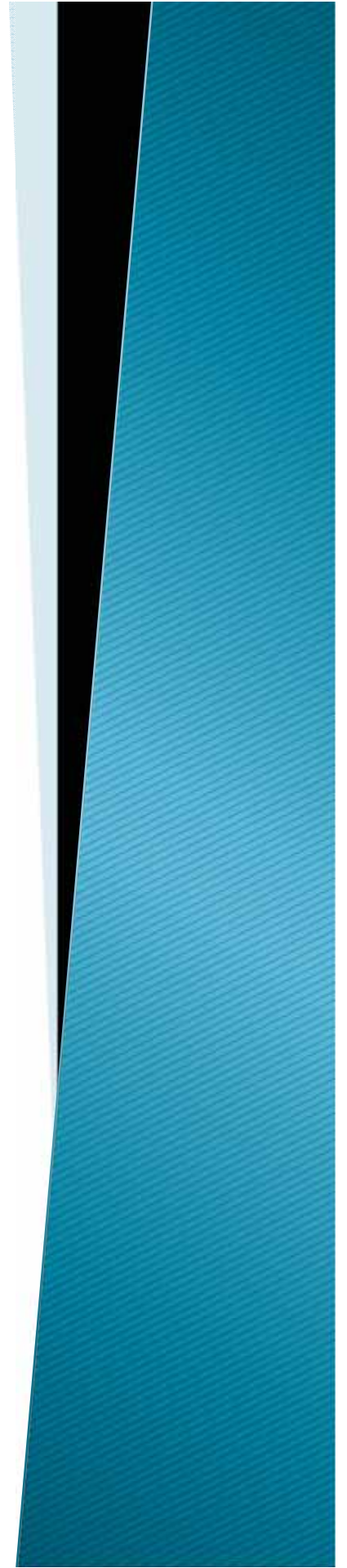


## Where are we now?



- County's economy is seeing solid improvements in labor market.
  - Health Services
  - Building Design & Construction
  - Knowledge & Innovation Services
  - Specialized Manufacturing
  - Uniquely SLO County (wine industry, etc.)
- County's unemployment rate has dropped to 6.8 percent in March 2013.
- Forecasts show County reaching its pre-recession employment peak by 2015.
- Housing market is no longer in decline; industrial/commercial is growing.
  - 18% increase in median housing prices (April 2012 vs April 2013)
- Tourism remains a driving force in the City and County.
- Retail sales are improving.

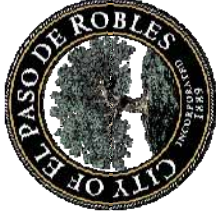
WHAT DO THE NEXT FIVE YEARS LOOK LIKE?





# General Fund

## Financial Plan/Forecast 2013 - 2017



	<u>FY11/12</u>	<u>FY12/13</u>	<u>FY13/14</u>	<u>FY14/15</u>	<u>FY15/16</u>	<u>FY16/17</u>	<u>5 Yr. Total</u>
Revenue	\$24,661,000	\$25,693,000	\$25,874,000	\$26,705,000	\$27,659,000	\$28,479,000	\$134,410,000
Expense	\$23,140,000	\$24,827,000	\$25,531,000	\$26,180,000	\$26,795,000	\$27,414,000	\$129,872,000
Projected Surplus	\$1,521,000	\$866,000	\$343,000	\$525,000	\$864,000	\$1,065,000	\$3,663,000

Note: Approximately \$1.1M more needs to be repaid to GF Reserves for use during the recession.

Note: Does not include possible \$1.1M RDA payment

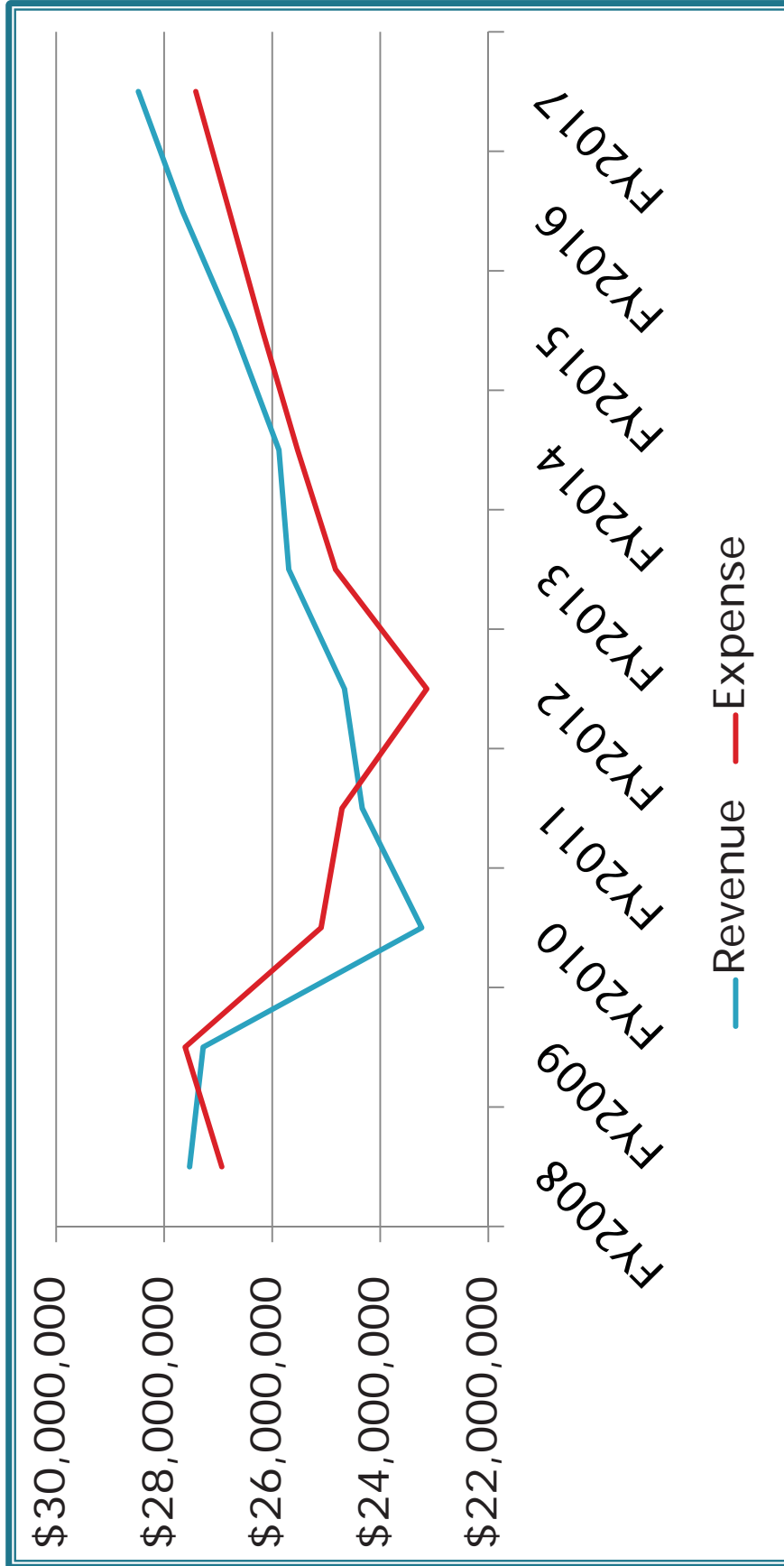
Note: Does not include possible \$1.0M FEMA payment

Note: Does not include possible \$250,000 expense for Library roof.

Note: Does not include future (FY18 and beyond) PERS increases



# General Fund – 2008 - 2017



# General Fund Summary Revenue/Expense Five Year Summary

	<u>ACTUALS</u>					<u>PROJECTED</u>								
	<u>FY11/12</u>	<u>FY12/13</u>	<u>FY13/14</u>	<u>FY14/15</u>	<u>FY15/16</u>	<u>FY16/17</u>	<u>Total 5 Years</u>	<u>FY11/12</u>	<u>FY12/13</u>	<u>FY13/14</u>	<u>FY14/15</u>	<u>FY15/16</u>	<u>FY16/17</u>	<u>Total 5 Years</u>
<b><u>GENERAL FUND REVENUE</u></b>														
Property Tax	8,009,000	8,428,000	8,139,000	8,384,000	8,681,000	8,986,000	42,618,000							
Sales Tax	7,632,000	8,016,000	8,324,000	8,680,000	9,006,000	9,186,000	43,212,000							
Transient Occupancy Tax	3,230,000	3,396,000	3,600,000	3,816,000	4,045,000	4,287,000	19,144,000							
Other Taxes	2,224,000	2,324,000	2,416,000	2,483,000	2,515,000	2,558,000	12,296,000							
Licenses/Fees	870,000	979,000	975,000	1,001,000	1,051,000	1,088,000	5,094,000							
Fines/Interest/Other Agency	770,000	598,000	621,000	623,000	624,000	625,000	3,091,000							
Charges for Current Services	858,000	919,000	861,000	878,000	899,000	911,000	4,468,000							
Transfers In/Miscellaneous	1,068,000	1,033,000	938,000	840,000	838,000	838,000	4,487,000							
<b>Total Revenue</b>	<b><u>24,661,000</u></b>	<b><u>25,693,000</u></b>	<b><u>25,874,000</u></b>	<b><u>26,705,000</u></b>	<b><u>27,659,000</u></b>	<b><u>28,479,000</u></b>	<b><u>134,410,000</u></b>							
<b><u>GENERAL FUND EXPENSE</u></b>														
Salaries/Wages/Benefits	15,825,000	16,491,000	17,509,000	17,920,000	18,436,000	18,974,000	89,330,000							
Maintenance & Operations	10,506,000	11,032,000	11,297,000	11,619,000	11,816,000	12,001,000	57,765,000							
Transfers/Debt Service/Equip.	562,000	1,154,000	640,000	661,000	661,000	661,000	3,777,000							
Costs Paid by Enterprise Funds	<u>(3,753,000)</u>	<u>(3,850,000)</u>	<u>(3,915,000)</u>	<u>(4,020,000)</u>	<u>(4,118,000)</u>	<u>(4,222,000)</u>	<u>(20,125,000)</u>							
<b>Total Expense</b>	<b><u>23,140,000</u></b>	<b><u>24,827,000</u></b>	<b><u>25,531,000</u></b>	<b><u>26,180,000</u></b>	<b><u>26,795,000</u></b>	<b><u>27,414,000</u></b>	<b><u>130,747,000</u></b>							
<b>Projected Revenue vs Expense</b>	<b><u>1,521,000</u></b>	<b><u>866,000</u></b>	<b><u>343,000</u></b>	<b><u>525,000</u></b>	<b><u>864,000</u></b>	<b><u>1,065,000</u></b>	<b><u>3,663,000</u></b>							

Note: Approximately \$1.1M more needs to be repaid to GF Reserves for use during the recession.

Note: Assumes status quo on number of employees.

Note: Supplemental Sales Tax is tracked separately.

Note: Does not include possible \$1.1M RDA payment

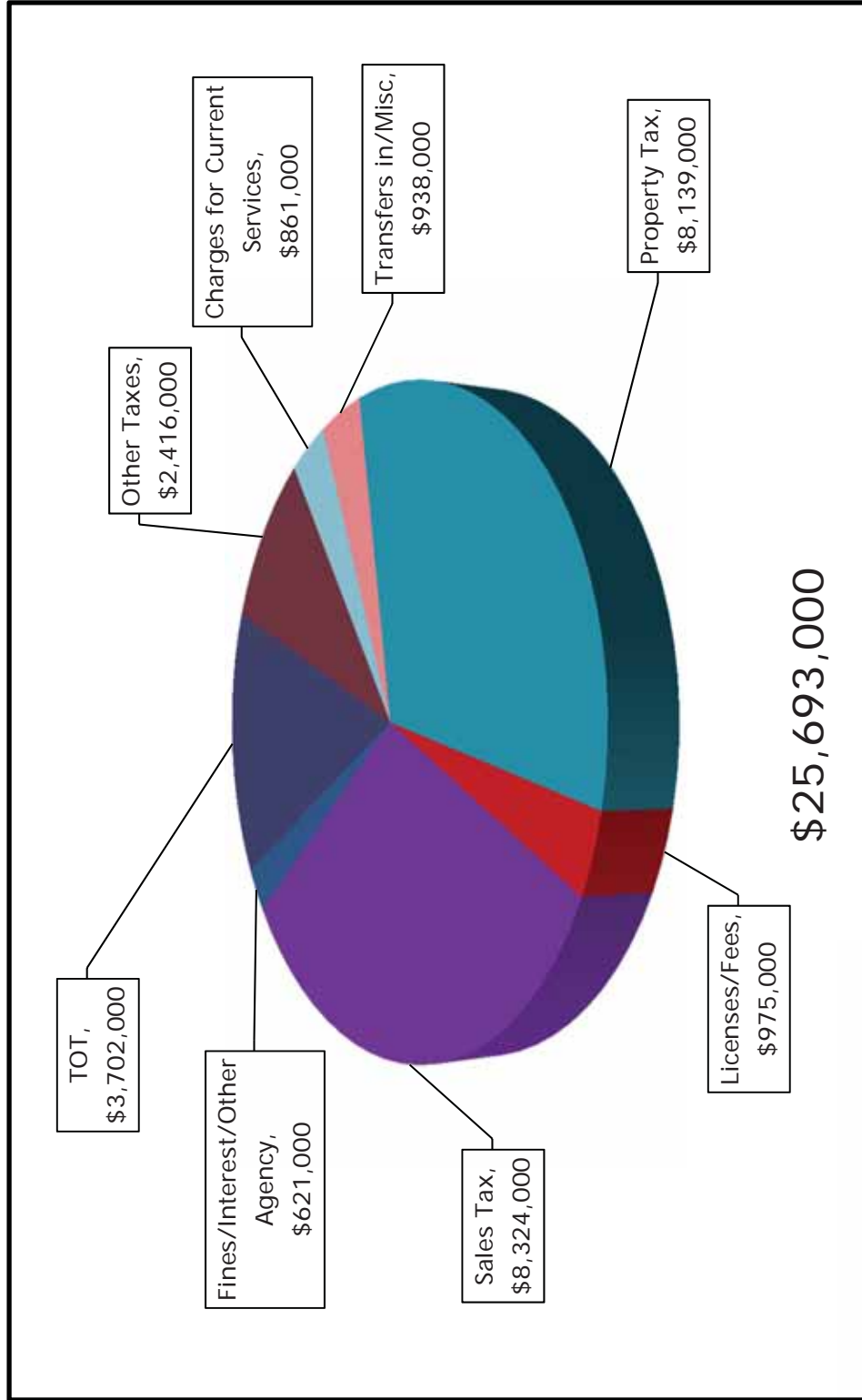
Note: Does not include possible \$1.0M FEMA payment

Note: Does not include possible \$250,000 expense for Library roof.

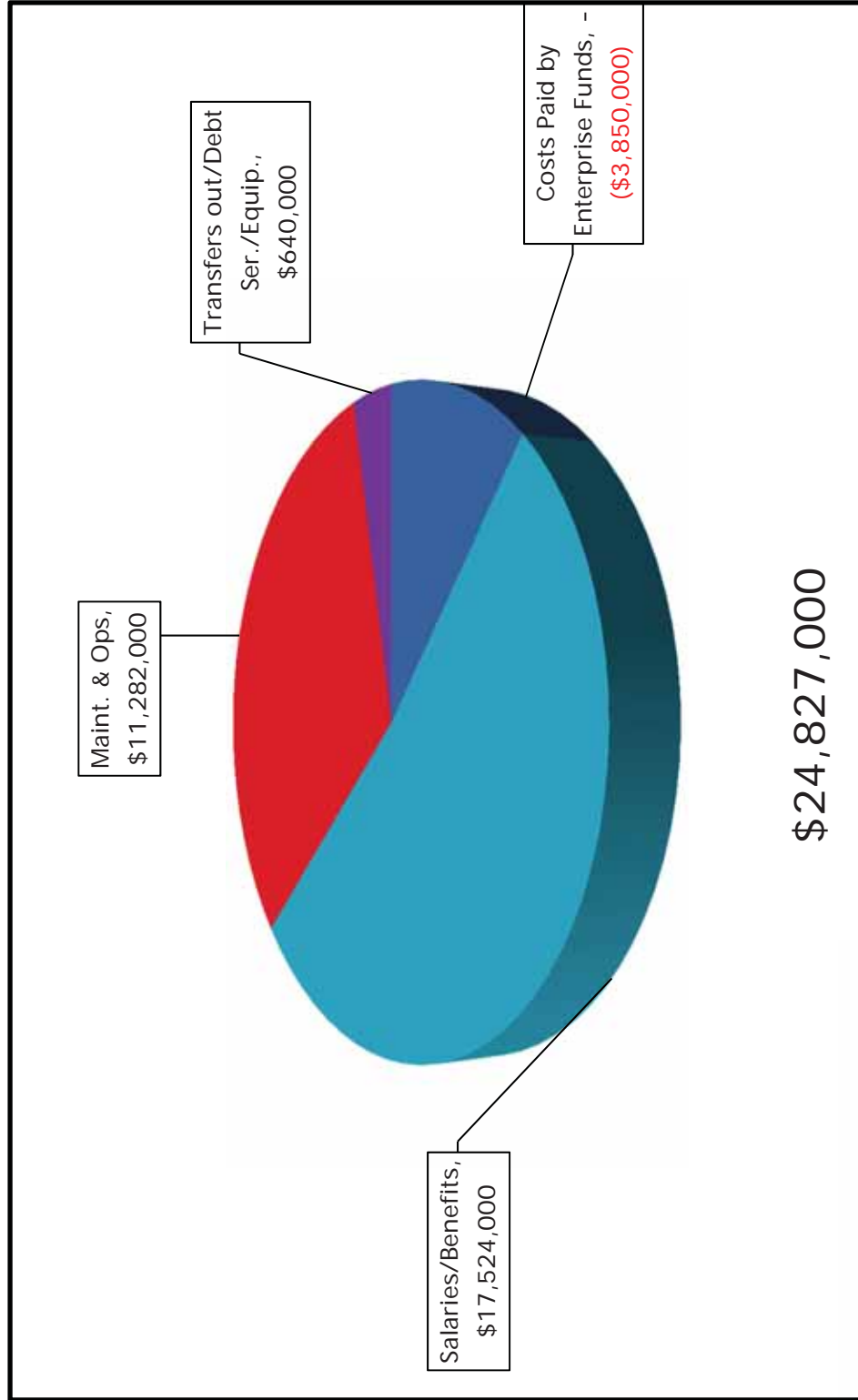
Note: Does not include future (FY18 and beyond) PERS increases

Note: Assumes no new contractual wage increase after July 2012.

# General Fund Revenue – FY2012/2013



# General Fund Expense – FY2012/2013



# General Fund Liquidity

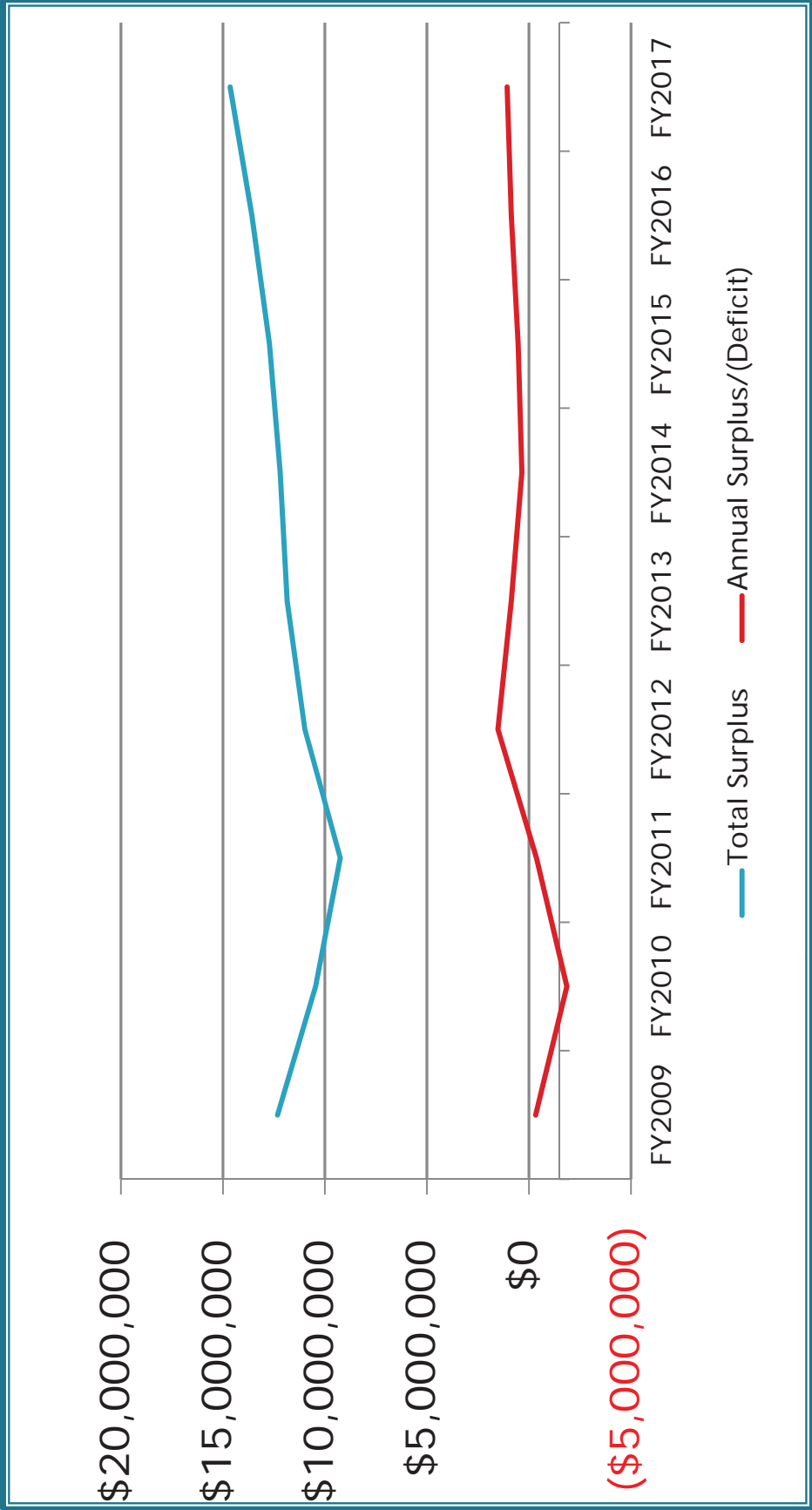
<u>GF Liquidity</u>	<u>FY11/12</u>
General Fund Reserve	\$5,375,000
City Hall Dev. Fund	\$2,329,000
Public Facilities Dev. Fund	\$1,570,000
Veh/Equip. Replacement Fund, Annual Payment	\$886,000
CCCSIF Over Deposit	\$618,000
General Fund Reserve and Contingency	<u>\$203,000</u>
<b>Total Available</b>	<b>\$10,981,000</b>

As of June 30, 2012

Note: Approximately \$1.1M more needs to be repaid to GF Reserves for use during the recession.



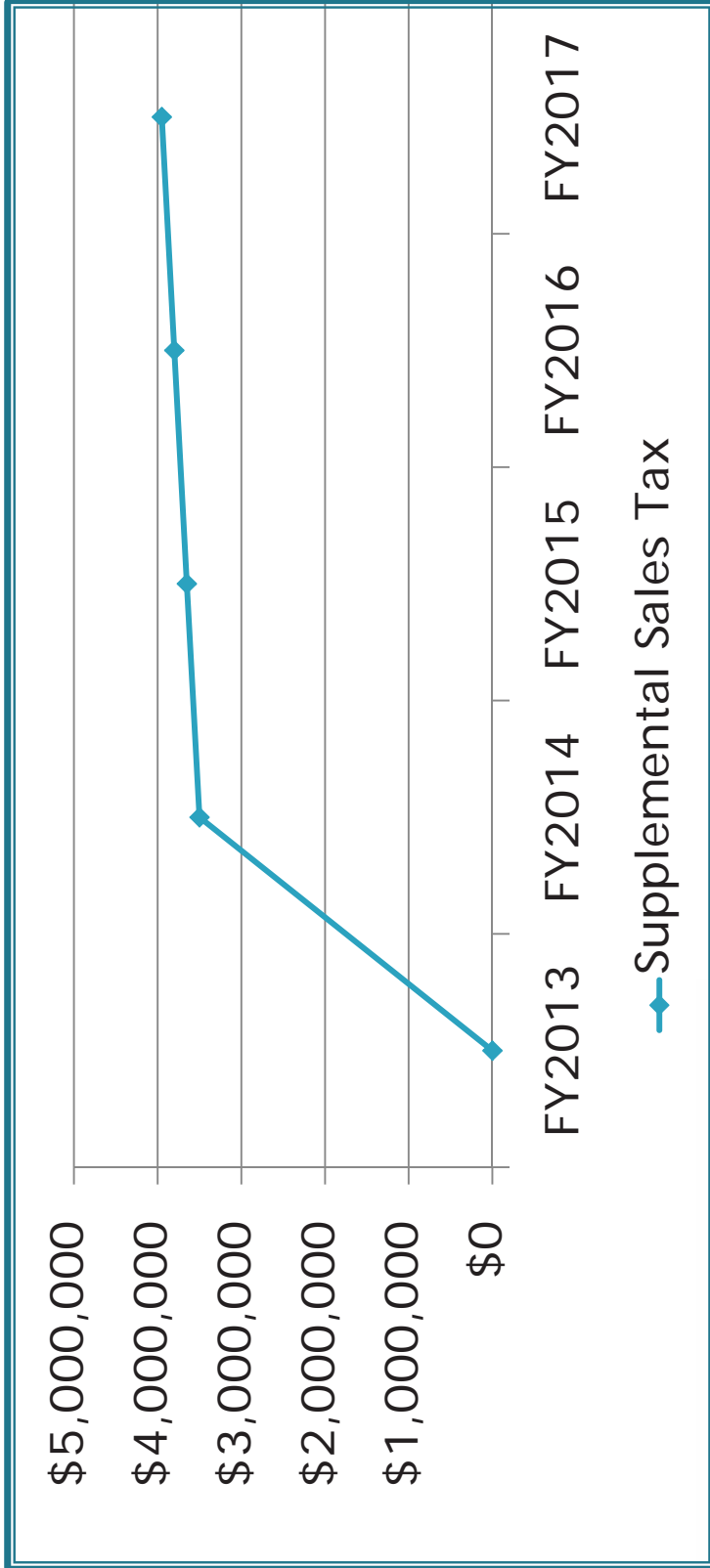
# General Fund Surplus – 2009 - 2017



# Supplemental Sales Tax Estimates

## Five Year Summary

	<u>FY12/13</u>	<u>FY13/14</u>	<u>FY14/15</u>	<u>FY15/16</u>	<u>FY16/17</u>	<u>5 Yr. Total</u>
Revenue	\$0	\$3,500,000	\$3,650,000	\$3,800,000	\$3,950,000	\$14,900,000





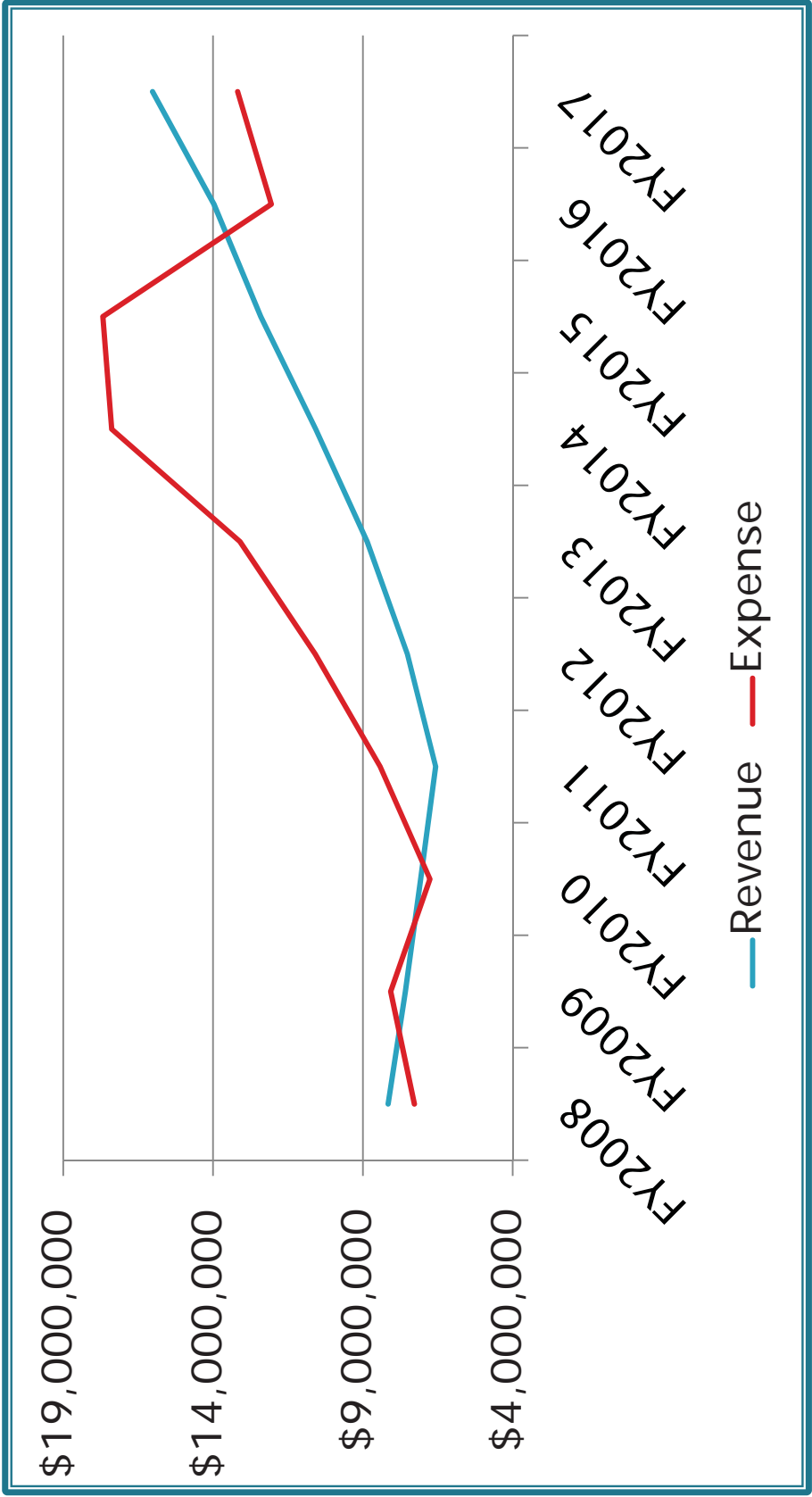
# Water Fund Summary Revenue/Expense Five Year Summary

	<u>PROJECTED</u>						
<u>WATER FUND REVENUE</u>	<u>FY11/12</u>	<u>FY12/13</u>	<u>FY13/14</u>	<u>FY14/15</u>	<u>FY15/16</u>	<u>FY16/17</u>	<u>Total 5 Years</u>
Fixed Monthly Service Charge	\$1,106,410	\$0	\$0	\$0	\$0	\$0	\$0
Consumption Charge	\$5,051,019	\$7,473,000	\$9,084,000	\$10,333,000	\$11,354,000	\$12,209,000	\$50,453,000
Connection Fees	\$999,240	\$1,031,000	\$1,175,000	\$1,763,000	\$2,350,000	\$3,525,000	\$9,844,000
Interest/Misc	\$356,908	\$354,000	\$315,000	\$310,000	\$265,000	\$285,000	\$1,529,000
<b>Total Revenue</b>	<b><u>\$7,513,577</u></b>	<b><u>\$8,858,000</u></b>	<b><u>\$10,574,000</u></b>	<b><u>\$12,406,000</u></b>	<b><u>\$13,969,000</u></b>	<b><u>\$16,019,000</u></b>	<b><u>\$61,826,000</u></b>
<u>WATER FUND EXPENSE</u>	<u>FY11/12</u>	<u>FY12/13</u>	<u>FY13/14</u>	<u>FY14/15</u>	<u>FY15/16</u>	<u>FY16/17</u>	<u>Total 5 Years</u>
Utility Billing/Administration	\$440,399	\$623,000	\$847,000	\$861,000	\$879,000	\$896,000	\$4,106,000
Water Production/Distribution	\$5,202,615	\$4,274,000	\$4,747,000	\$4,779,000	\$4,825,000	\$4,877,000	\$23,502,000
Regional Naci O&M	\$738,500	\$1,174,000	\$1,232,000	\$1,269,000	\$1,450,000	\$1,497,000	\$6,622,000
Naci Pipeline Debt Service	\$3,810,296	\$4,200,000	\$4,200,000	\$4,200,000	\$4,200,000	\$4,200,000	\$21,000,000
Depreciation	\$0	\$0	\$0	\$0	\$0	\$1,000,000	\$1,000,000
Misc/Reserve Requirements	\$45,173	\$1,508,000	\$0	(\$1,508,000)	\$0	\$0	\$0
Capital Expenditures	\$351,948	\$1,327,000	\$6,355,000	\$8,076,000	\$700,000	\$712,000	\$17,170,000
<b>Total Expense</b>	<b><u>\$10,588,931</u></b>	<b><u>\$13,106,000</u></b>	<b><u>\$17,381,000</u></b>	<b><u>\$17,677,000</u></b>	<b><u>\$12,054,000</u></b>	<b><u>\$13,182,000</u></b>	<b><u>\$73,400,000</u></b>
<b>Projected Revenue vs Expense</b>	<b><u>(\$3,075,354)</u></b>	<b><u>(\$4,248,000)</u></b>	<b><u>(\$6,807,000)</u></b>	<b><u>(\$5,271,000)</u></b>	<b><u>\$1,915,000</u></b>	<b><u>\$2,837,000</u></b>	<b><u>(\$11,574,000)</u></b>
<b>Projected Water Fund Reserves</b>	\$20,898,765	\$16,650,765	\$9,843,765	\$4,572,765	\$6,487,765	\$9,324,765	

Note: Water Fund Reserves are sufficient to cover all annual deficits.  
 Note: Assumes Water Treatment Plant construction in FY2014.  
 Note: Expenses include additional staffing needed for new treatment plant.



# Water Fund – 2008 to 2017



# Sewer Fund Summary Revenue/Expense Five Year Summary

	<u>PROJECTED</u>					<u>Total 5 Years</u>
	<u>FY11/12</u>	<u>FY12/13</u>	<u>FY13/14</u>	<u>FY14/15</u>	<u>FY15/16</u>	
<u>SEWER FUND REVENUE</u>						
Fixed Monthly Service Charge	\$4,105,000	\$2,059,000	\$0	\$0	\$0	\$2,059,000
Consumption Charge	\$312,000	\$3,021,000	\$7,395,000	\$8,650,000	\$10,140,000	\$40,050,000
Connection Fees	\$286,000	\$334,000	\$480,000	\$687,000	\$927,000	\$3,834,000
TCSD WW O&M Charges	\$191,000	\$208,000	\$221,000	\$242,000	\$273,000	\$1,239,000
SRF Loan Disbursement	\$0	\$8,850,000	\$18,000,000	\$18,000,000	\$3,000,000	\$47,850,000
Interest/Misc	\$244,000	\$91,000	\$72,000	\$77,000	\$82,000	\$409,000
<b>Total Revenue</b>	<b><u>\$5,138,000</u></b>	<b><u>\$14,563,000</u></b>	<b><u>\$26,168,000</u></b>	<b><u>\$27,656,000</u></b>	<b><u>\$14,422,000</u></b>	<b><u>\$95,441,000</u></b>
<u>SEWER FUND EXPENSE</u>						
WW Collection System	\$1,164,910	\$1,265,000	\$1,426,000	\$1,507,000	\$1,572,000	\$7,411,000
WW Treatment	\$1,734,418	\$2,199,000	\$2,329,000	\$2,558,000	\$2,787,000	\$12,859,000
Industrial Waste/Stormwater	\$311,308	\$373,000	\$387,000	\$401,000	\$550,000	\$2,282,000
Utility Billing/Administration	\$374,300	\$638,000	\$664,000	\$690,000	\$718,000	\$3,456,000
Depreciation	\$1,765,811	\$0	\$1,232,000	\$1,242,000	\$1,256,000	\$5,004,000
Debt Service	\$502,371	\$523,000	\$525,000	\$527,000	\$523,000	\$2,621,000
New Debt Service	\$0	\$0	\$0	\$0	\$0	\$2,900,000
Capital Expenditures	\$898,803	\$7,000,000	\$19,000,000	\$19,000,000	\$4,000,000	\$50,133,000
<b>Total Expense</b>	<b><u>\$6,751,921</u></b>	<b><u>\$11,998,000</u></b>	<b><u>\$25,563,000</u></b>	<b><u>\$25,925,000</u></b>	<b><u>\$11,406,000</u></b>	<b><u>\$86,666,000</u></b>
<b>Projected Revenue vs Expense</b>	<b><u>(\$1,613,921)</u></b>	<b><u>\$2,565,000</u></b>	<b><u>\$605,000</u></b>	<b><u>\$1,731,000</u></b>	<b><u>\$3,016,000</u></b>	<b><u>\$858,000</u></b>
<b>Projected Sewer Fund Reserves</b>	<b>\$3,543,889</b>	<b>\$6,108,889</b>	<b>\$6,713,889</b>	<b>\$8,444,889</b>	<b>\$11,460,889</b>	<b>\$12,318,889</b>

Note: Projections include sewer rate increases.

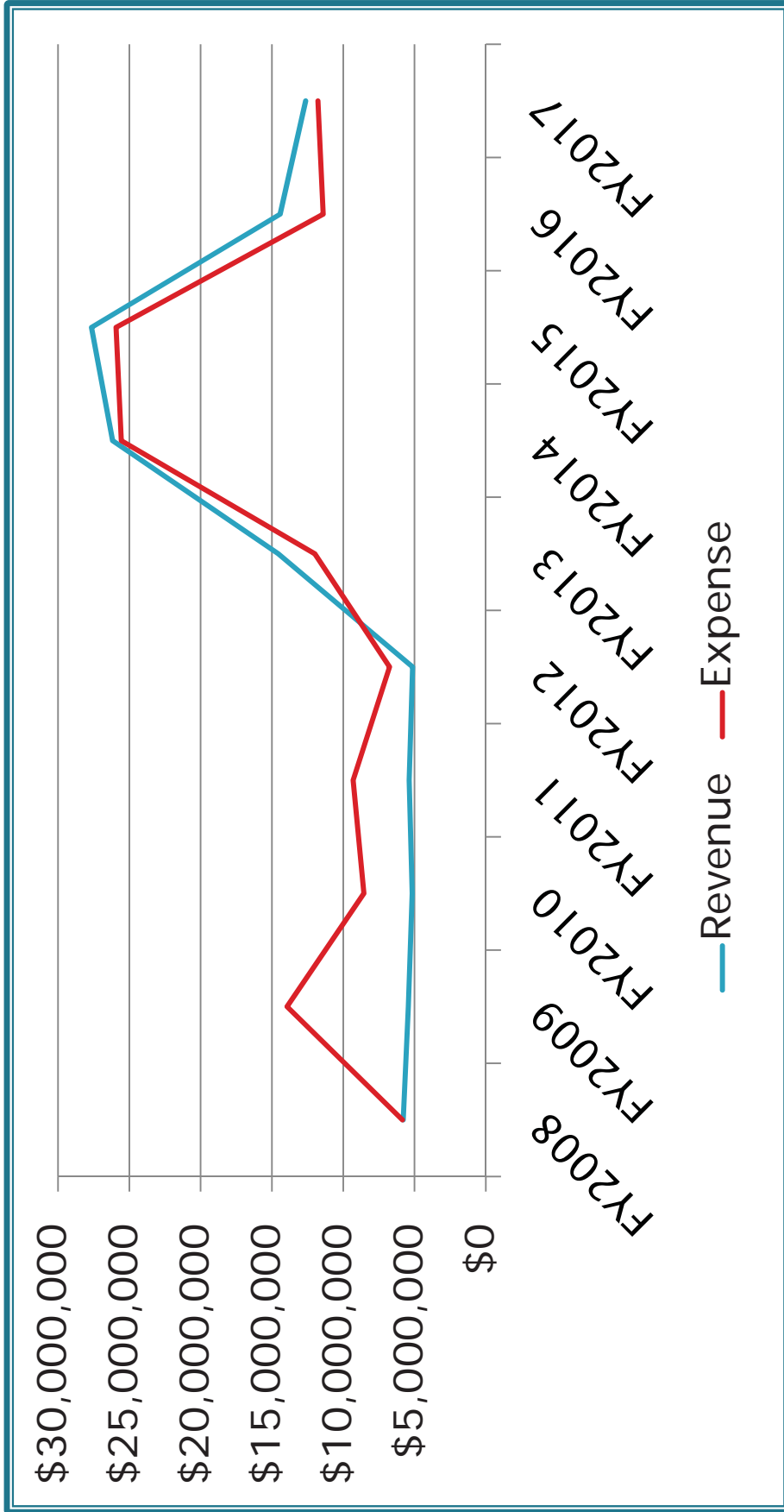
Note: Debt Service payments on bond issue start in FY16/17.

Note: Reserve balance is increased above the reported amount by a \$6M receivable.

Note: Expenses include additional staffing needed for new treatment plant.



# Wastewater Fund – 2008 to 2017



# Transit Fund Summary Revenue/Expense Five Year Summary

	<u>ACTUAL</u>					<u>PROJECTED</u>				
<u>TRANSIT FUND REVENUE</u>	<u>FY11/12</u>	<u>FY12/13</u>	<u>FY13/14</u>	<u>FY14/15</u>	<u>FY15/16</u>	<u>FY16/17</u>	<u>Total 5 Years</u>			
Fares	\$175,226	\$176,000	\$166,000	N/A	N/A	N/A	\$342,000			
Federal/State Funding	\$1,486,709	\$1,486,000	\$1,742,000	N/A	N/A	N/A	\$3,228,000			
Interest/Misc	\$1,876	\$2,000	\$16,000	N/A	N/A	N/A	\$18,000			
<b>Total Revenue</b>	<b><u>\$1,663,811</u></b>	<b><u>\$1,664,000</u></b>	<b><u>\$1,924,000</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$3,588,000</u></b>			
<u>TRANSIT FUND EXPENSE</u>	<u>FY11/12</u>	<u>FY12/13</u>	<u>FY13/14</u>	<u>FY14/15</u>	<u>FY15/16</u>	<u>FY16/17</u>	<u>Total 5 Years</u>			
Salaries/Benefits	\$140,443	\$155,000	\$156,000	N/A	N/A	N/A	\$311,000			
Professional Services	\$734,349	\$800,000	\$850,000	N/A	N/A	N/A	\$1,650,000			
Maintenance/Fuel	\$412,699	\$420,000	\$425,000	N/A	N/A	N/A	\$845,000			
Depreciation	\$127,840	\$160,000	\$175,000	N/A	N/A	N/A	\$335,000			
Capital Expenditures	\$172,594	\$200,000	\$210,000	N/A	N/A	N/A	\$410,000			
Misc Expense	\$0	\$20,000	\$20,000	N/A	N/A	N/A	\$40,000			
<b>Total Expense</b>	<b><u>\$1,587,925</u></b>	<b><u>\$1,755,000</u></b>	<b><u>\$1,836,000</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$3,591,000</u></b>			
<b>Projected Revenue vs Expense</b>	<b><u>\$75,886</u></b>	<b><u>(\$91,000)</u></b>	<b><u>\$88,000</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>(\$3,000)</u></b>			
<b>Projected Surplus w/o Depreciation</b>	<b>\$203,726</b>	<b>\$69,000</b>	<b>\$263,000</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>\$332,000</b>			
<b>Projected Transit Fund Reserves w/o Depreciation</b>	<b>\$133,804</b>	<b>\$202,804</b>	<b>\$465,804</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>\$668,608</b>			

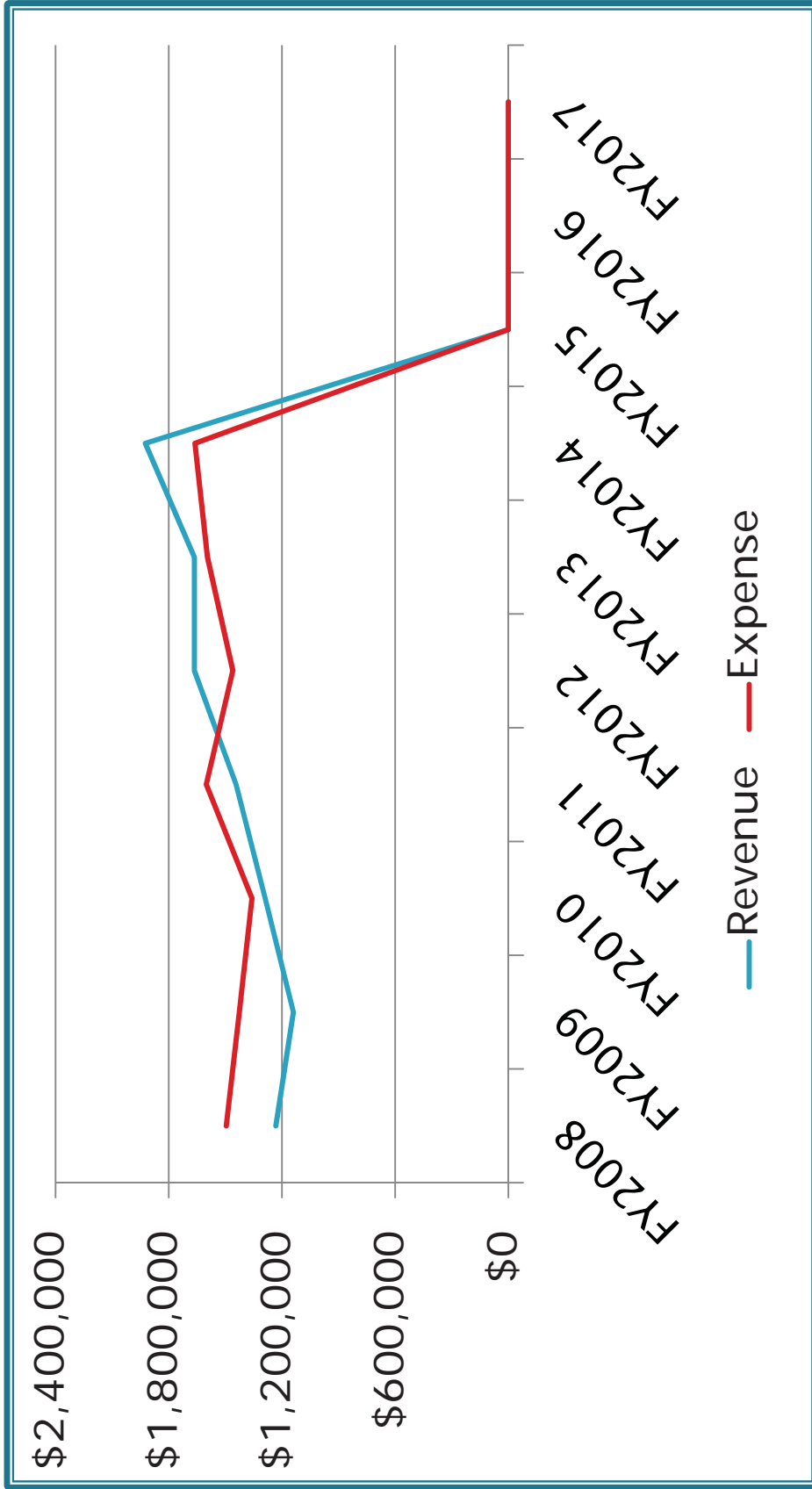
Note: Fed/State Funding excludes regional funds that pass thru to SLOCOG/SLORTA.

Note: Fed/State funding sources are unpredictable and may change rapidly.

Note: Assumes Transit consolidation beginning FY2015.



# Transit Fund – 2008 to 2017



# Airport Fund Summary Revenue/Expense Five Year Summary

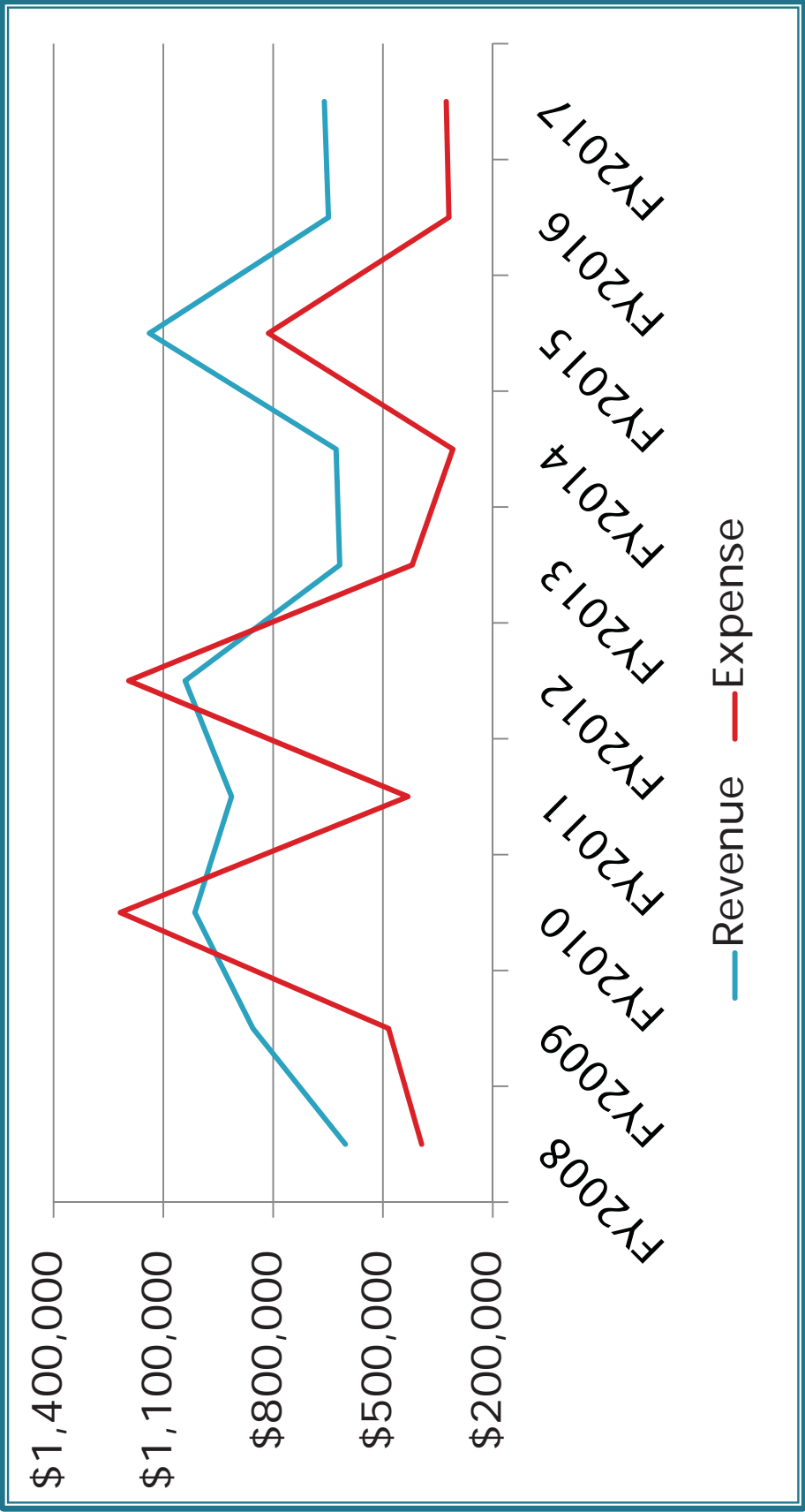
	<u>PROJECTED</u>					
	<u>FY12/13</u>	<u>FY13/14</u>	<u>FY14/15</u>	<u>FY15/16</u>	<u>FY16/17</u>	<u>Total 5 Years</u>
<b><u>AIRPORT FUND REVENUE</u></b>						
Property Taxes - Aircraft	\$44,812	\$45,000	\$45,000	\$45,000	\$45,000	\$225,000
Rental - Airport Property	\$432,551	\$475,000	\$484,000	\$494,000	\$504,000	\$2,423,000
Rental - Farm	\$16,125	\$18,000	\$18,000	\$18,000	\$18,000	\$90,000
Federal Airport Aid	\$458,120	\$0	\$500,000	\$0	\$0	\$500,000
Flowage Fees	\$38,221	\$41,000	\$42,000	\$43,000	\$44,000	\$210,000
Landing/Tie Down Fees	\$32,469	\$33,000	\$33,000	\$33,000	\$33,000	\$165,000
Day Receipts	\$603	\$1,000	\$1,000	\$1,000	\$1,000	\$5,000
Interest/Misc	\$17,526	\$15,000	\$15,000	\$15,000	\$15,000	\$75,000
<b>Total Revenue</b>	<b><u>\$1,040,427</u></b>	<b><u>\$628,000</u></b>	<b><u>\$1,138,000</u></b>	<b><u>\$649,000</u></b>	<b><u>\$660,000</u></b>	<b><u>\$3,693,000</u></b>
<b><u>AIRPORT FUND EXPENSE</u></b>						
Salaries/Benefits	\$195,154	\$203,000	\$207,000	\$214,000	\$221,000	\$1,045,000
Operating & Maintenance	\$153,621	\$106,000	\$106,000	\$106,000	\$106,000	\$644,000
Depreciation	\$329,415	\$342,000	\$329,000	\$329,000	\$329,000	\$1,658,000
Capital Expenditures	\$845,594	\$0	\$500,000	\$0	\$0	\$500,000
<b>Total Expense</b>	<b><u>\$1,523,784</u></b>	<b><u>\$638,000</u></b>	<b><u>\$1,142,000</u></b>	<b><u>\$649,000</u></b>	<b><u>\$656,000</u></b>	<b><u>\$3,847,000</u></b>
<b>Projected Revenue vs Expense</b>	<b><u>(\$483,357)</u></b>	<b><u>(\$10,000)</u></b>	<b><u>(\$4,000)</u></b>	<b><u>\$0</u></b>	<b><u>\$4,000</u></b>	<b><u>(\$154,000)</u></b>
<b>Projected Annual Surplus w/o Depreciation</b>	<b><u>(\$153,942)</u></b>	<b><u>\$198,000</u></b>	<b><u>\$325,000</u></b>	<b><u>\$329,000</u></b>	<b><u>\$333,000</u></b>	<b><u>\$1,504,000</u></b>

Note: Operating deficit due to depreciation expense. Removing this non-cash expense reveals annual surplus in all years.

Note: Gross Airport Reserves are increased by Airport Terminal Repair Fund of \$228,000.



# Airport Fund – 2008 to 2017





Questions?

# Recovery Service Additions

<u>Service Addition</u>	<u>FY12/13</u>	<u>FY13/14</u>	<u>FY14/15</u>	<u>FY15/16</u>	<u>FY16/17</u>	<u>Total Additions</u>
Emergency Services Training	\$35,000	\$35,000	\$35,000	\$35,000	\$35,000	\$175,000
Narcotics Task Force Officer	\$125,000	\$125,000	\$125,000	\$125,000	\$125,000	\$625,000
HR/Risk Specialist	\$70,000	\$70,000	\$70,000	\$70,000	\$70,000	\$350,000
P/T Library/Sr. Center Staffing	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$300,000
Street Maintenance	\$190,000	\$190,000	\$190,000	\$190,000	\$190,000	\$950,000
Finance System	<u>\$370,000</u>	<u>\$180,000</u>	<u>\$100,000</u>	<u>\$100,000</u>	<u>\$100,000</u>	<u>\$850,000</u>
<b>Total Additions</b>	<b>\$850,000</b>	<b>\$660,000</b>	<b>\$580,000</b>	<b>\$580,000</b>	<b>\$580,000</b>	<b>\$3,250,000</b>

# Recession Adjustments – Staffing\*

<u>General Fund - Dept</u>	<u>Budget</u>	<u>Current</u>	<u>Variance</u>	
			<u>Amount</u>	<u>Percent</u>
City Manager's Office	15.0	11.0	(4.00)	(26.67)%
Administrative Services	6.0	6.0	0.00	0.0%
Community Development	9.0	4.0	(5.00)	(55.55)%
Emergency Services	31.5	24.0	(7.50)	(23.81)%
Library & Recreation Services	17.0	9.6	(7.40)	(43.53)%
Police	59.0	42.0	(17.00)	(28.81)%
Public Works	<u>45.0</u>	<u>22.4</u>	<u>(22.60)</u>	<u>(50.22)%</u>
<b>SUBTOTAL GENERAL FUND</b>	182.5	119.0	(63.50)	(34.79)%
Enterprise Staffing	<u>49.0</u>	<u>33.0</u>	<u>(16.00)</u>	<u>(32.65)%</u>
<b>TOTAL CITY STAFFING</b>	231.5	152.0	(79.50)	(34.34)%

\*As of 5/17/2013. Assumes no retirements or additions.

# All Staff Comparison\*

FY1991 vs FY2013

<u>Staffing Group</u>	<u>FY1991</u>	<u>FY2013</u>	<u>FTE Per 1,000 Population</u>	
			<u>FY1991</u>	<u>FY2013</u>
Non-Public Safety	115	100.6	5.74	3.30
Police	31	31	1.55	1.02
Fire	<u>4</u>	<u>23</u>	<u>0.20</u>	<u>0.75</u>
Total	150	152	7.49	4.98
Population			20,034	30,500

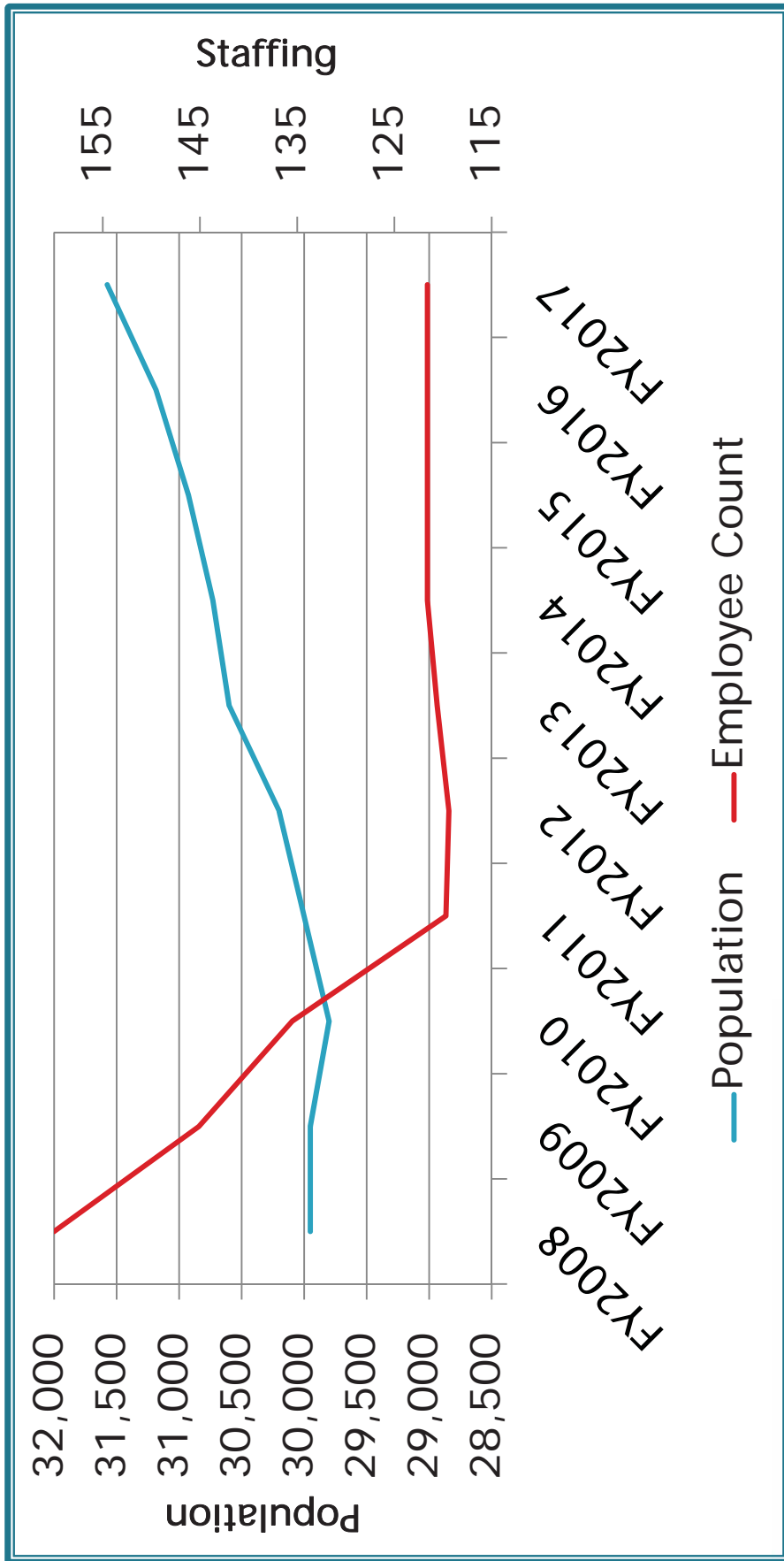
\*As of May 17, 2013

Note: "Non-Public Safety" includes all non-sworn General Fund and Enterprise Employees (Water, Sewer, Transit and Airport)

Note: Police includes only SWORN Officers. Fire includes only CERTIFIED safety employees.

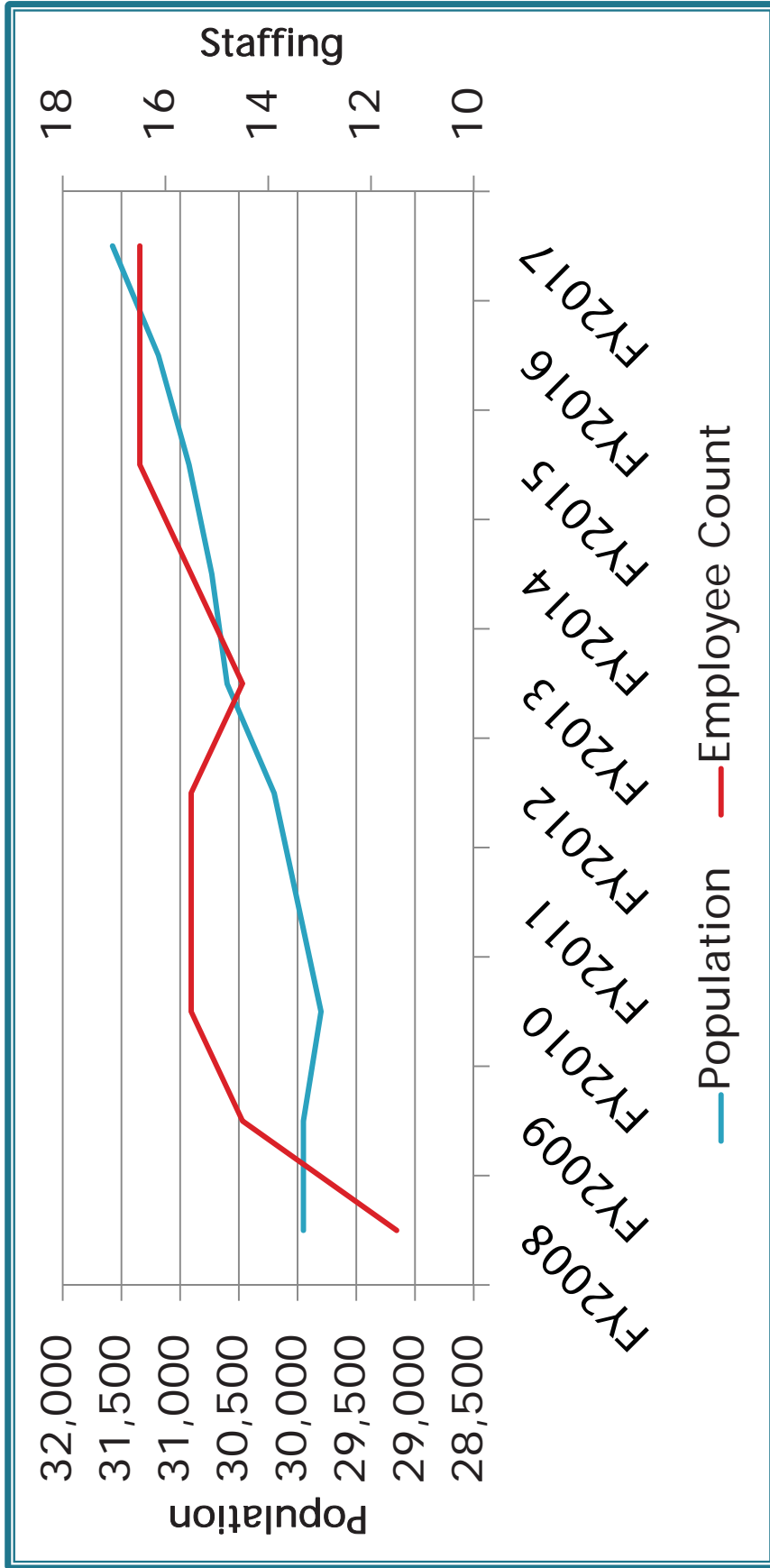


# General Fund Staffing vs Population



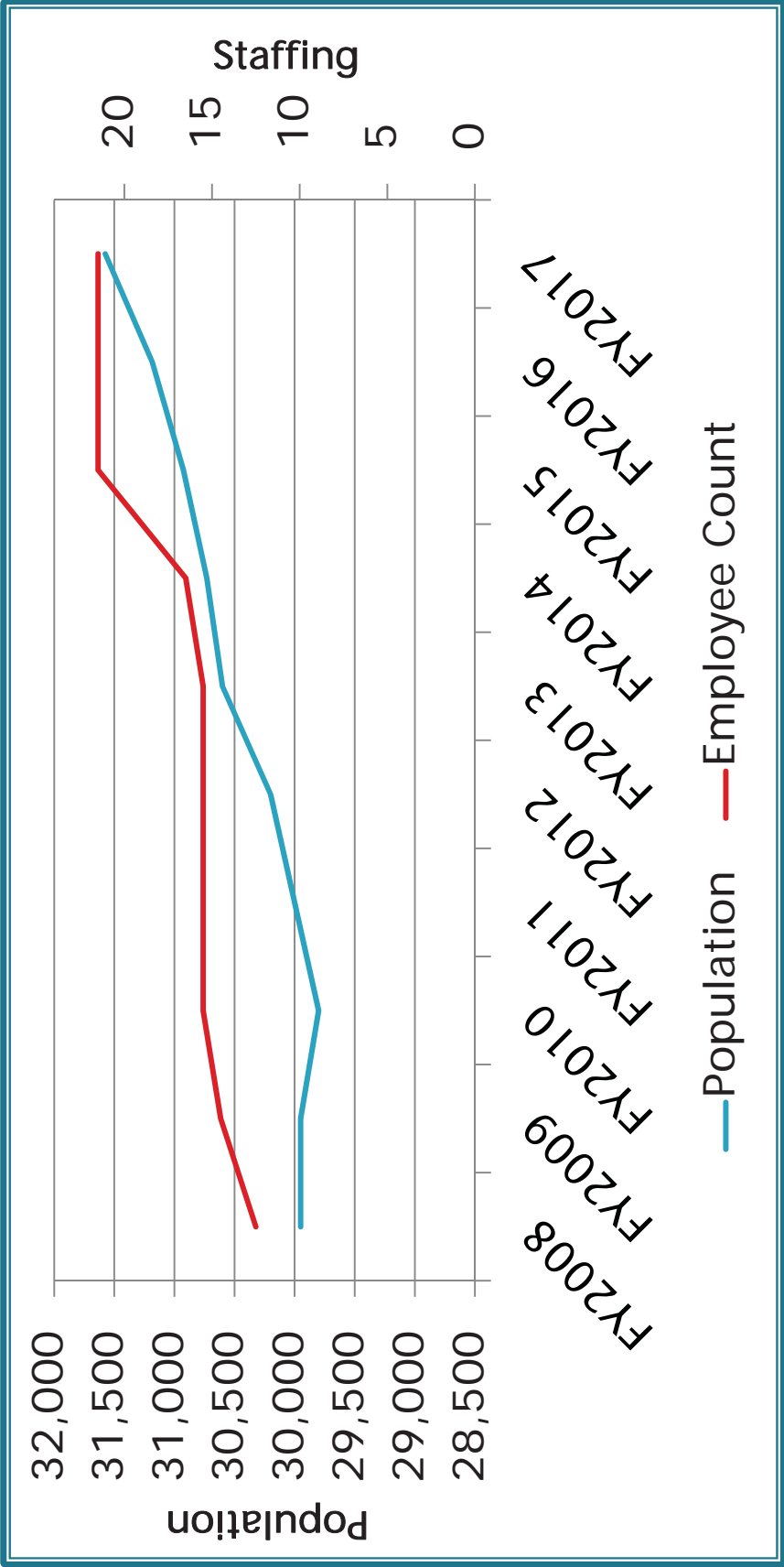


# Water Fund Staffing vs Population



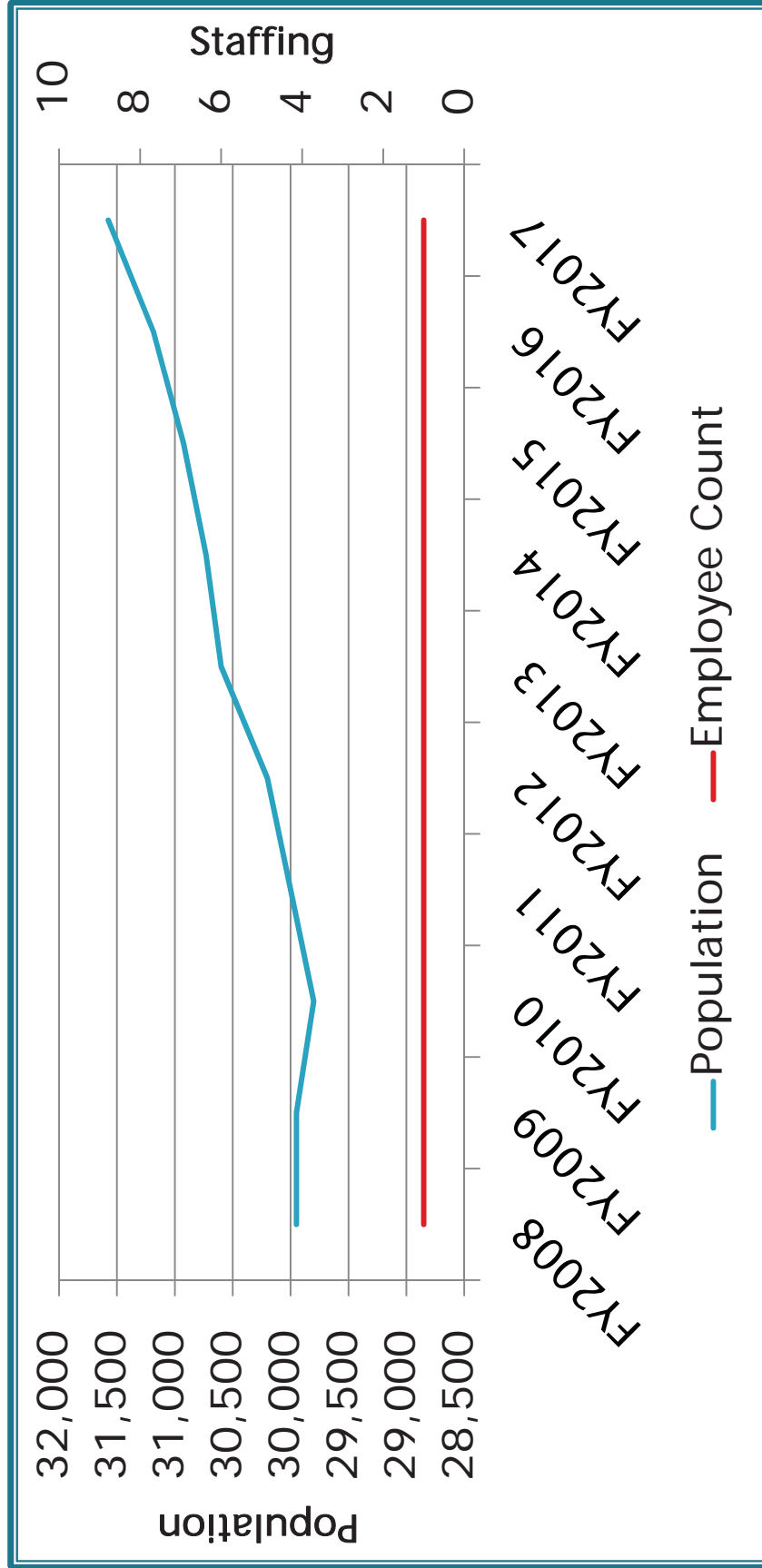


# Wastewater Fund Staffing vs Population





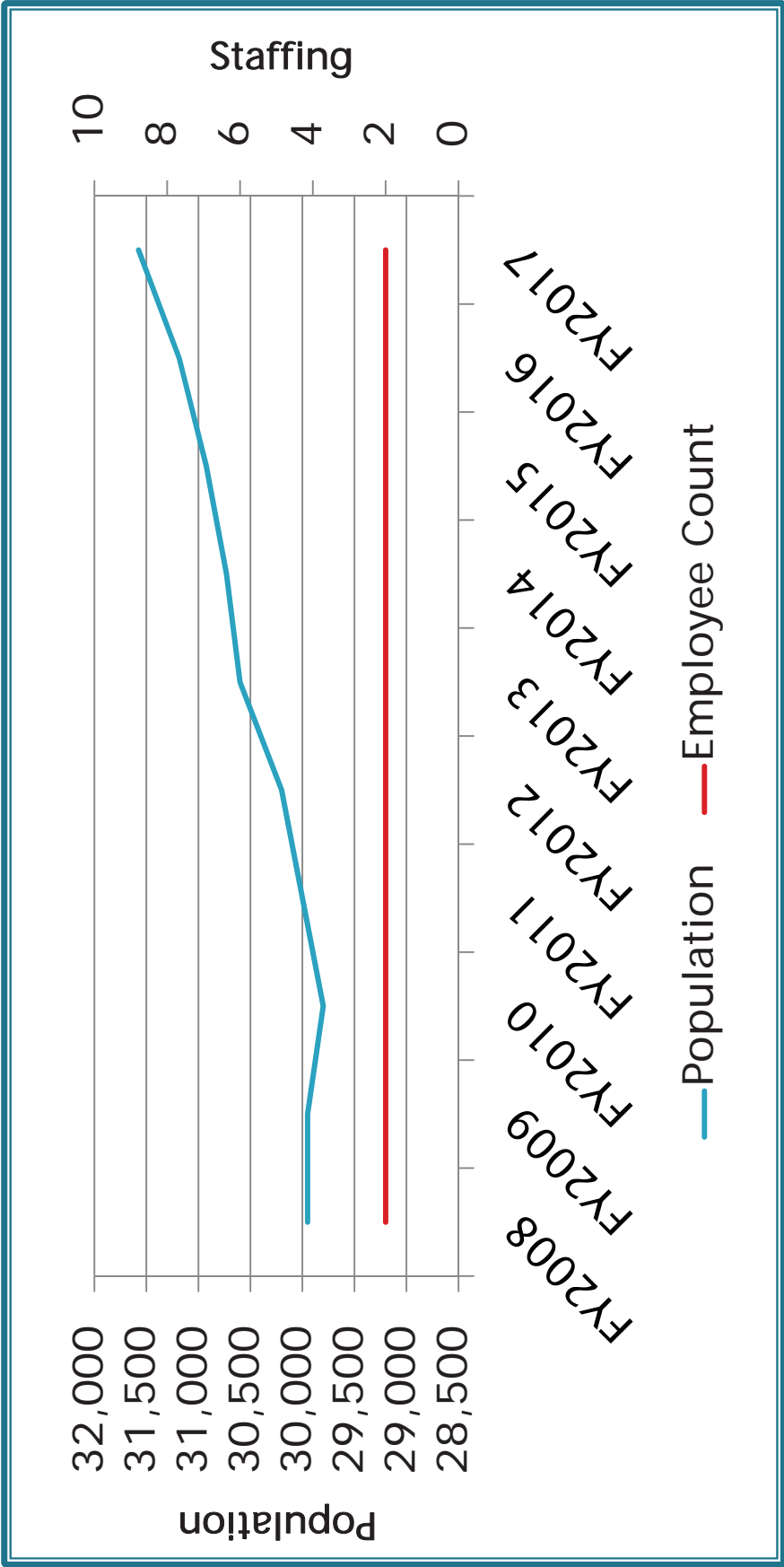
# Transit Fund Staffing vs Population







# Airport Fund Staffing vs Population



# City-Wide Fund Balance Summary

<b>Summary of Funds</b>				
<u>Fund #</u>	<u>Fund Name</u>	<u>6/30/2011</u>	<u>6/30/2012</u>	<u>Fund Description</u>
<b>Unrestricted Funds*</b>				
100	General Fund	\$4,028,303	\$5,524,855	General reserve funds
110	General Reserve & Contingency Fund	\$364,674	\$202,914	Contingency funds
121	City Hall Development Fund	\$2,411,682	\$2,328,524	General Revenue funds for new/expanded city hall
224	Public Facilities Development Fund	\$1,555,625	\$1,569,177	RDA repayment for Library
	<b>Subtotal Unrestricted Funds</b>	<b>\$8,360,284</b>	<b>\$9,625,470</b>	
<b>Restricted Funds</b>				
<b>General Operation Funds</b>				
112	Equipment Replacement Fund - Technology	\$1,290,333	\$1,509,513	Annual depreciation for purchase of new equipment
111	Capital Projects Fund	\$421	\$0	Grant revenue
116	City/School Facility Improvements Fund	\$29,067	\$34,419	Agreement with PRSD for maintenance/repair
119	City Facility Repair Fund	\$114,050	\$124,904	Funds generated by recreation surcharge
120	Capital Improvement Fund	\$231,056	\$70,144	Grant revenue
125	Equipment Replacement Fund - Vehicle	\$2,210,350	\$2,688,034	Vehicle replacement funds
126	Public Works Grants - Various	\$0	\$644	Grant revenue
228	Borkey Specific Plan Fund	\$138,509	\$156,693	Funds related to specific plan
230	Youth Scholarship Fund	\$31,096	\$25,550	To assist recreation participants
234	Oak Tree Preservation Fund	\$8,185	\$9,985	Oak Tree Replacement
236	Olsen/Beechwood Specific Plan Fund	\$0	\$0	Funds related to specific plan

# City-Wide Fund Balance Summary

308	Landscape and Lighting Dist #1 Fund		\$391,250	\$582,578	Assessment District
310	CFD Community Facilities District Fund		\$0	\$0	Assessment District
320	Art in Public Places Fund		\$599	\$599	For public art work
612	Solid Waste Contingency Fund		\$838	\$838	To assist with landfill closure/operations
	<b>Subtotal General Operation Funds</b>		<b>\$4,445,754</b>	<b>\$5,203,901</b>	
	<b>Impact Fee Funds</b>				
219	Public Meeting Facility Development Fund		\$371,036	\$374,116	Impact Fee Revenue
222	Aquatics Facility Development Fund		\$384,831	\$391,196	Impact Fee Revenue
223	Library Expansion Facility Development Fund		\$909,092	\$936,632	Impact Fee Revenue
231	City Hall/General Government Facility Development Fund		\$2,559,916	\$2,638,778	Impact Fee Revenue
113	Electronic Archiving Fees Fund		\$128,091	\$145,134	Fees charged during permitting
114	Building Education Fund		\$121,303	\$126,305	Fees charged during permitting
122	Permit Automation Fee Fund		\$176,615	\$198,279	Fees charged during permitting
124	Police Grants		\$44,518	\$0	Grant revenue
123	Community Development Nexus Study Fund		\$5,165	\$6,218	Fees charged during permitting
213	Streets, Traffic Signal, Bridge Development Fund		\$689,937	\$1,772,345	Impact Fee Revenue
215	Bridge Development Fund		\$82,843	\$0	Impact Fee Revenue
225	Union/46 SP Development Fund		\$281,836	\$340,813	Impact Fee Revenue
237	Bike & Pedestrian Path Facilities		\$56,132	\$63,143	Impact Fee Revenue
211	Law Enforcement Facility Development Fund		\$119,488	\$122,595	Impact Fee Revenue
212	Fire Protection Facility Development Fund		\$1,528,920	\$1,564,677	Impact Fee Revenue

# City-Wide Fund Balance Summary

216	Park/Land & Open Space Acquisition Development Fund		\$2,071,046	\$1,890,576	Impact Fee Revenue
217	Storm Drainage Development Fund		\$293,956	\$313,378	Impact Fee Revenue
238	Downtown Parking In-Lieu Fee Fund		\$538,172	\$543,984	Impact Fee Revenue
	<b>Subtotal Impact Fee Funds</b>		<b>\$10,362,897</b>	<b>\$11,428,169</b>	
	<b>Water Funds</b>				
600	Water Operations Fund		\$6,657,511	\$4,169,853	Water User Fees
220	Water Connections Fund		\$1,763,268	\$2,120,810	Impact Fee Revenue
229	Nacimiento Water Treatment Fund		\$10,976	\$123,064	Planning of treatment plant
606	Nacimiento Water - Enterprise Fund		\$11,107,686	\$12,345,164	Monthly fixed fee of \$18.
226	Nacimiento Water Project Fund		\$3,505,001	\$2,139,875	Impact Fee Revenue
	<b>Subtotal Water Funds</b>		<b>\$23,044,442</b>	<b>\$20,898,766</b>	
	<b>Sewer Funds</b>				
221	Sewer Connections Fund		\$2,144,671	\$2,258,127	Impact Fee Revenue
601	Sewer Operations Fund		\$1,308,217	\$1,286,002	Sewer User Fees
	<b>Subtotal Sewer Funds</b>		<b>\$3,452,888</b>	<b>\$3,544,129</b>	
	<b>Airport Funds</b>				
602	Airport Operations Fund		\$1,603,788	\$1,584,767	User Fees
603	Airport Terminal Repair Fund		\$228,150	\$198,163	Funding reserved for repair of airport terminal
	<b>Subtotal Airport Funds</b>		<b>\$1,831,938</b>	<b>\$1,782,930</b>	
	<b>Transportation Funds</b>				
200	Gas Tax 2106 Fund		\$484,956	\$613,865	Revenue for transportation projects only
201	Gas Tax 2107 Fund		\$0	\$0	Revenue for transportation projects only
202	Gas Tax 2107.5 Fund		\$0	\$0	Revenue for transportation projects only

# City-Wide Fund Balance Summary

203	Gas Tax 2103		\$0	\$646,571	Revenue for transportation projects only
204	AB 2928 Traffic Congestion Relief Fund		\$247,315	\$0	Revenue for transportation projects only
205	TDA Article 8A Fund		\$19,798	\$40,337	Revenue for transportation projects only
206	TDA Article 8C Fund		\$6,989	\$133,804	Transit System Revenue
207	Prop 1B Public Transportation Fund		\$2,365	\$720,322	Revenue for transportation projects only
210	Gas Tax 2105 Fund		\$0	\$0	Revenue for transportation projects only
	<b>Subtotal Transportation Funds</b>		<b>\$761,423</b>	<b>\$2,154,899</b>	
	<b>Trustee Funds</b>				
	<b>RDA/CDBG</b>				
227	Community Development Block Grant Fund		\$398,848	\$330,134	Federal funding for low-income housing and/or blighted areas
700/710	Redevelopment Agency Operations Fund		\$0	\$0	RDA operations
701/711	Redevelopment Agency Housing Fund		\$47,174	\$0	20% set aside required for all RDA's
702/712	Redevelopment Agency Debt Service Fund		\$7,017,419	\$6,764,518	Debt Service
704/714	Cuesta College Fiscal Agreement Fund		\$450,575	\$497,396	Agreement between City and College
705/715	SLO County Schools Fiscal Agreement Fund		\$244,699	\$272,206	Agreement between City and County
	<b>Subtotal RDA/CDBG Funds</b>		<b>\$8,158,715</b>	<b>\$7,864,254</b>	
	<b>Other Trustee Funds</b>				
233	Cal Home Loan Fund		\$25,865	\$96,607	Trustee Fund
401	Senior Citizens Trust Fund		\$204,461	\$201,868	Trustee Fund
402	Hospital District Trust Fund		\$105,554	\$101,631	Trustee Fund
405	Business Improvement Association Trust Fund		\$6,546	\$7,206	Trustee Fund

# City-Wide Fund Balance Summary

406	Customer Deposits Fund		\$643,834	\$719,036	Trustee Fund
410	Tourism & Lodging BID		\$66,156	\$64,643	Trustee Fund
404	Other Post Employment Benefits Fund		\$0		Federal/State requirements
611	Landfill Closure/Post Closure Fund		\$1,840,221	\$1,933,856	Federal/State requirements
117	Citizens Option Public Safety Fund		\$75,591	\$124,124	To account for State AB3229 funds.
	<b>Subtotal Other Trustee Funds</b>		<b>\$2,968,228</b>	<b>\$3,248,971</b>	
	<b>Subtotal Trustee Funds</b>		<b>\$11,126,943</b>	<b>\$11,113,225</b>	
	<b>Debt Service Funds</b>				
505	Library/City Hall Debt Service Fund		\$419,274	\$427,006	Debt Service
506	1998 Measure D GO Bonds Fund		\$7,058,529	\$6,657,764	Debt Service
	<b>Subtotal Debt Service Funds</b>		<b>\$7,477,803</b>	<b>\$7,084,770</b>	
	<b>Total Reserve All Funds</b>		<b>\$70,864,372</b>	<b>\$72,836,259</b>	
	*NOTE: Gross "Unrestricted Reserves" are increased by the following:				
	1. CCCSIF Over-deposit = \$618,000				
	2. Equip. Rep. Fund Annual Payment = \$886,000				