

TO: City Council

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

SUBJECT: 2013 - 2017 Financial Forecast Update

DATE: February 19, 2013

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 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 33%, 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 F.Y. 2017.
 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 FY2015.
 - 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 begins in 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 FY2014, 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 33% 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 \$5.3 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 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 is the potential for a payoff or paydown in accrued vacation. Current vacation policy allows for unlimited accrual of hours. This policy is being reviewed and likely changes include limits on accumulation and increases to amount of vacation that can be cashed out annually. The cash-out provisions could result in an operating impact of approximately \$200,000 per year.

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

There are additional risks to the General Fund including FEMA (up to \$1 Million) and Redevelopment (up to \$3 Million). In both cases, the City's General Funds 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 will be 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 will start 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 2014 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 February 2013 financial forecast report; or
 - b. Amend, modify, or reject the above option

Attachment: Winter 2012 Financial Forecast

Financial Forecast 2012 - 2017 Winter

CITY OF PASO ROBLES



Where are we now?

- ❖ County's economy is seeing solid improvements in labor market.
- ❖ County's unemployment rate has dropped to 7.5 percent in Sept. 2012.
- ❖ Forecasts show County reaching its pre-recession employment peak by 2015.
- ❖ Housing market is no longer in decline; industrial/commercial is growing.
- ❖ Tourism remains a driving force in the City and County.
- ❖ Retail sales are improving.



WHAT DO THE NEXT FIVE YEARS LOOK LIKE?



Financial Plan/Forecast 2012-2016 – Spring

General Fund

	<u>FY 11/12</u>	<u>FY 12/13</u>	<u>FY 13/14</u>	<u>FY 14/15</u>	<u>FY 15/16</u>	<u>FY 16/17</u>	<u>5 Yr Total</u>
Revenue	\$ 24,661,000	\$ 25,171,000	\$ 25,867,000	\$ 26,664,000	\$ 27,572,000	\$ 28,210,000	\$ 133,484,000
Expense	<u>\$ 23,140,000</u>	<u>\$ 24,601,000</u>	<u>\$ 25,488,000</u>	<u>\$ 26,309,000</u>	<u>\$ 27,068,000</u>	<u>\$ 27,880,000</u>	<u>\$ 131,346,000</u>
Projected Surplus	<u>\$ 1,521,000</u>	<u>\$ 570,000</u>	<u>\$ 379,000</u>	<u>\$ 355,000</u>	<u>\$ 504,000</u>	<u>\$ 330,000</u>	<u>\$ 2,138,000</u>

***Note: Supplemental Sales Tax will be tracked separately, but is currently estimated to be approximately \$3.5M/year**



General Fund Summary of Revenue & Expense 5 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>
<u>GENERAL FUND REVENUE</u>														
Property Tax	8,009,000	8,035,000	8,137,000	8,300,000	8,550,000	8,806,000	41,828,000							
Sales Tax	7,632,000	8,016,000	8,276,000	8,567,000	8,856,000	9,077,000	42,792,000							
Transient Occupancy Tax	3,230,000	3,393,000	3,597,000	3,813,000	4,042,000	4,143,000	18,988,000							
Other Taxes	2,224,000	2,398,000	2,504,000	2,590,000	2,645,000	2,688,000	12,825,000							
Licenses/Fees	870,000	909,000	920,000	943,000	992,000	1,019,000	4,783,000							
Fines/Interest/Other Agency	770,000	608,000	615,000	618,000	624,000	628,000	3,093,000							
Charges for Current Services	858,000	839,000	845,000	860,000	890,000	876,000	4,310,000							
Transfers In/Miscellaneous	1,068,000	973,000	973,000	973,000	973,000	973,000	4,865,000							
Total Revenue	24,661,000	25,171,000	25,867,000	26,664,000	27,572,000	28,210,000	133,484,000							
<u>GENERAL FUND EXPENSE</u>														
Salaries/Wages/Benefits	15,825,000	16,410,000	16,981,000	17,454,000	17,988,000	18,572,000	87,405,000							
Maintenance & Operations	10,506,000	11,110,000	11,771,000	12,104,000	12,329,000	12,557,000	59,871,000							
Transfers/Debt Service/Equip.	562,000	994,000	640,000	661,000	661,000	661,000	3,617,000							
Costs Paid by Enterprise Funds	(3,753,000)	(3,913,000)	(3,904,000)	(3,910,000)	(3,910,000)	(3,910,000)	(19,547,000)							
Total Expense	23,140,000	24,601,000	25,488,000	26,309,000	27,068,000	27,880,000	131,346,000							
Projected Revenue vs Expense	1,521,000	570,000	379,000	355,000	504,000	330,000	2,138,000							

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

NOTE: Assumes no new hiring or retirements.

NOTE: Supplemental Sales Tax is not included in the forecast, but will be tracked separately. Current revenue estimate is \$3.5M/year.

General Fund Available Funds

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



WATER FUND
Summary of Revenue & Expense
5 Year Summary

	<u>ACTUAL</u>		<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>FY16/17</u>	<u>\$0</u>	
<u>WATER FUND REVENUE</u>								
Fixed Monthly Service Charge	\$1,106,410	\$0	\$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	\$257,000	\$236,000	\$369,000	\$93,000	\$1,309,000	
Total Revenue	<u>\$7,513,577</u>	<u>\$8,858,000</u>	<u>\$10,516,000</u>	<u>\$12,332,000</u>	<u>\$14,073,000</u>	<u>\$15,827,000</u>	<u>\$61,606,000</u>	
<u>WATER FUND EXPENSE</u>								
Utility Billing/Administration	\$440,399	\$623,000	\$641,000	\$660,000	\$680,000	\$701,000	\$3,305,000	
Water Production/Distribution	\$5,202,615	\$4,274,000	\$4,424,000	\$4,574,000	\$5,436,000	\$5,665,000	\$24,373,000	
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	\$5,250,000	\$0	(\$5,250,000)	\$0	\$0	\$0	
Capital Expenditures	\$351,948	\$1,327,000	\$6,355,000	\$8,076,000	\$700,000	\$712,000	\$17,170,000	
Total Expense	<u>\$10,588,931</u>	<u>\$16,848,000</u>	<u>\$16,852,000</u>	<u>\$13,529,000</u>	<u>\$12,466,000</u>	<u>\$13,775,000</u>	<u>\$73,470,000</u>	
Projected Revenue vs Expense	<u>(\$3,075,354)</u>	<u>(\$7,990,000)</u>	<u>(\$6,336,000)</u>	<u>(\$1,197,000)</u>	<u>\$1,607,000</u>	<u>\$2,052,000</u>	<u>(\$11,864,000)</u>	
Projected Water Fund Reserves	\$20,898,765	\$12,908,765	\$6,572,765	\$5,375,765	\$6,982,765	\$9,034,765		

NOTE: Water Fund Reserves are sufficient to cover all annual deficits.

NOTE: Assumes water treatment plant construction begins in FY2014.

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

SEWER FUND
Summary of Revenue & Expense
5 Year Summary

	<u>ACTUAL</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>
<u>SEWER FUND REVENUE</u>														
Fixed Monthly Service Charge	\$4,105,000	\$2,059,000	\$0	\$0	\$0	\$0	\$2,059,000	\$0	\$0	\$0	\$0	\$0	\$0	\$2,059,000
Consumption Charge	\$312,000	\$3,021,000	\$7,275,000	\$8,531,000	\$10,020,000	\$10,723,000	\$39,570,000	\$10,020,000	\$10,020,000	\$10,020,000	\$10,020,000	\$10,723,000	\$39,570,000	
Connection Fees	\$286,000	\$334,000	\$383,000	\$617,000	\$927,000	\$1,406,000	\$3,667,000	\$927,000	\$927,000	\$927,000	\$927,000	\$1,406,000	\$3,667,000	
TCSD WW O&M Charges	\$191,000	\$208,000	\$221,000	\$242,000	\$273,000	\$295,000	\$1,239,000	\$221,000	\$242,000	\$273,000	\$295,000	\$295,000	\$1,239,000	
SRF Loan Disbursement	\$0	\$8,850,000	\$18,000,000	\$18,000,000	\$3,000,000	\$0	\$47,850,000	\$18,000,000	\$18,000,000	\$18,000,000	\$18,000,000	\$0	\$47,850,000	
Interest/Misc	\$244,000	\$91,000	\$189,000	\$225,000	\$295,000	\$409,000	\$1,209,000	\$189,000	\$225,000	\$295,000	\$409,000	\$409,000	\$1,209,000	
Total Revenue	\$5,138,000	\$14,563,000	\$26,068,000	\$27,615,000	\$14,515,000	\$12,833,000	\$95,594,000	\$26,068,000	\$27,615,000	\$14,515,000	\$12,833,000	\$95,594,000		
<u>SEWER FUND EXPENSE</u>														
WW Collection System	\$1,164,910	\$1,265,000	\$1,426,000	\$1,507,000	\$1,572,000	\$1,641,000	\$7,411,000	\$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	\$2,986,000	\$12,859,000	\$2,199,000	\$2,558,000	\$2,787,000	\$2,986,000	\$2,986,000	\$12,859,000	
Industrial Waste/Stormwater	\$311,308	\$373,000	\$387,000	\$401,000	\$550,000	\$571,000	\$2,282,000	\$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	\$746,000	\$3,456,000	\$638,000	\$664,000	\$690,000	\$718,000	\$746,000	\$3,456,000	
Depreciation	\$1,765,811	\$0	\$1,232,000	\$1,242,000	\$1,256,000	\$1,274,000	\$5,004,000	\$1,765,811	\$0	\$1,232,000	\$1,242,000	\$1,274,000	\$5,004,000	
Debt Service	\$502,371	\$523,000	\$525,000	\$527,000	\$523,000	\$523,000	\$2,621,000	\$502,371	\$523,000	\$525,000	\$527,000	\$523,000	\$2,621,000	
New Debt Service	\$0	\$0	\$0	\$0	\$0	\$2,900,000	\$2,900,000	\$0	\$0	\$0	\$0	\$2,900,000	\$2,900,000	
Capital Expenditures	\$898,803	\$7,000,000	\$19,000,000	\$19,000,000	\$4,000,000	\$1,133,000	\$50,133,000	\$898,803	\$7,000,000	\$19,000,000	\$19,000,000	\$1,133,000	\$50,133,000	
Total Expense	\$6,751,921	\$11,998,000	\$25,563,000	\$25,925,000	\$11,406,000	\$11,774,000	\$86,666,000	\$6,751,921	\$11,998,000	\$25,563,000	\$25,925,000	\$11,774,000	\$86,666,000	
Projected Revenue vs Expense	(\$1,613,921)	\$2,565,000	\$505,000	\$1,690,000	\$3,109,000	\$1,059,000	\$8,928,000	(\$1,613,921)	\$2,565,000	\$505,000	\$1,690,000	\$1,059,000	\$8,928,000	
Projected Sewer Fund Reserves	\$3,543,889	\$6,108,889	\$6,613,889	\$8,303,889	\$11,412,889	\$12,471,889		\$3,543,889	\$6,108,889	\$6,613,889	\$8,303,889	\$11,412,889	\$12,471,889	

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 note receivable.
NOTE: Expenses include additional staffing needed for new treatment plant

TRANSIT FUND
Summary of Revenue & Expense
5 Year Summary

	<u>ACTUAL</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>
TRANSIT FUND REVENUE														
Fares	\$175,226	\$176,000	\$177,000	N/A	N/A	N/A	\$353,000							
Federal/State Funding	\$1,486,709	\$1,486,000	\$1,490,000	N/A	N/A	N/A	\$2,976,000							
Interest/Misc	\$1,876	\$2,000	\$2,000	N/A	N/A	N/A	\$4,000							
Total Revenue	<u>\$1,663,811</u>	<u>\$1,664,000</u>	<u>\$1,669,000</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$3,333,000</u>							
TRANSIT FUND EXPENSE														
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							
Total Expense	<u>\$1,587,925</u>	<u>\$1,755,000</u>	<u>\$1,836,000</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$3,591,000</u>							
Projected Revenue vs Expense	<u>\$75,886</u>	<u>(\$91,000)</u>	<u>(\$167,000)</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>(\$258,000)</u>							
Projected Surplus w/o Depreciation	\$203,726	\$69,000	\$8,000	N/A	N/A	N/A	\$77,000							
Projected Transit Fund Reserves excluding Depreciation	\$133,804	\$202,804	\$210,804	N/A	N/A	N/A	\$413,608							

*NOTE: Federal/State Funding excludes regional funds that pass through to SLOCOG/SLORTA
*NOTE: Federal/State Funding sources are unpredictable and may change rapidly
*NOTE: Assumes Transit consolidation starting beginning of FY2015

AIRPORT FUND Summary of Revenue & Expense 5 Year Summary

	<u>ACTUAL</u>					<u>PROJECTED</u>					<u>Total 5 Years</u>
	<u>FY10/11</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>FY16/17</u>	<u>Total 5 Years</u>		
<u>AIRPORT FUND REVENUE</u>											
Property Taxes - Aircraft	\$44,905	\$44,812	\$45,000	\$45,000	\$45,000	\$45,000	\$45,000	\$45,000	\$45,000	\$225,000	
Rental - Airport Property	\$375,315	\$432,551	\$466,000	\$475,000	\$484,000	\$494,000	\$504,000	\$504,000	\$2,423,000		
Rental - Farm	\$20,972	\$16,125	\$18,000	\$18,000	\$18,000	\$18,000	\$18,000	\$18,000	\$90,000		
Federal Airport Aid	\$399,886	\$458,120	\$0	\$0	\$500,000	\$0	\$0	\$0	\$500,000		
Flowage Fees	\$22,525	\$38,221	\$40,000	\$41,000	\$42,000	\$43,000	\$44,000	\$44,000	\$210,000		
Landing/Tie Down Fees	\$27,281	\$32,469	\$33,000	\$33,000	\$33,000	\$33,000	\$33,000	\$33,000	\$165,000		
Day Receipts	\$3,365	\$603	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$5,000		
Interest/Misc	\$19,480	\$17,526	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$75,000		
Total Revenue	\$913,729	\$1,040,427	\$618,000	\$628,000	\$1,138,000	\$649,000	\$660,000	\$660,000	\$3,693,000		
<u>AIRPORT FUND EXPENSE</u>											
Salaries/Benefits	\$188,407	\$196,154	\$200,000	\$202,000	\$204,000	\$205,000	\$206,000	\$206,000	\$1,017,000		
Operating & Maintenance	\$155,289	\$153,621	\$220,000	\$220,000	\$220,000	\$220,000	\$220,000	\$220,000	\$1,100,000		
Depreciation	\$332,340	\$329,415	\$342,000	\$342,000	\$342,000	\$342,000	\$342,000	\$342,000	\$1,710,000		
Capital Expenditures	\$88,065	\$845,594	\$0	\$0	\$500,000	\$0	\$0	\$0	\$500,000		
Total Expense	\$764,101	\$1,523,784	\$762,000	\$764,000	\$1,266,000	\$767,000	\$768,000	\$768,000	\$4,327,000		
Projected Revenue vs Expense	\$149,628	(\$483,357)	(\$144,000)	(\$136,000)	(\$128,000)	(\$118,000)	(\$108,000)	(\$108,000)	(\$634,000)		
Projected Annual Surplus w/o Depreciation	\$481,968	(\$153,942)	\$198,000	\$206,000	\$214,000	\$224,000	\$234,000	\$234,000	\$1,076,000		
Projected Airport Fund Reserves	\$1,603,788	\$1,584,767	\$1,782,767	\$1,988,767	\$2,202,767	\$2,426,767	\$2,660,767	\$2,660,767	\$13,710,000		

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 \$228,150.

QUESTIONS



Recovery Service Additions

Service Addition	FY12/13	FY13/14	FY14/15	FY15/16	FY16/17	Total Addition
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 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>
Total Additions	<u>\$850,000</u>	<u>\$660,000</u>	<u>\$580,000</u>	<u>\$580,000</u>	<u>\$580,000</u>	<u>\$3,250,000</u>

**Portion of total employment cost (\$30K) is allocated against the Enterprise funds, such that the net to General fund is \$70K.



Recession Adjustments – Staffing*

<u>General Fund - Department</u>	<u>Budget</u>	<u>Current</u>	<u>Variance Amount</u>	<u>Variance Percent</u>
City Manager's Office	15.0	11.0	(4.00)	-26.67%
Administrative Services	6.0	5.0	(1.00)	-16.67%
Community Development	9.0	5.0	(4.00)	-44.44%
Emergency Services	31.5	25.0	(6.50)	-20.63%
Library & Recreation Services	17.0	9.2	(7.80)	-45.88%
Police	59.0	42.0	(17.00)	-28.81%
Public Works	<u>45.0</u>	<u>23.4</u>	<u>(21.60)</u>	<u>-48.00%</u>
Subtotal General Fund	182.5	121.6	(60.90)	-33.37%
Enterprise Staffing	<u>49.0</u>	<u>33.0</u>	<u>(16.00)</u>	<u>-32.65%</u>
Total Staffing	<u>231.5</u>	<u>153.6</u>	<u>(77.90)</u>	<u>-33.65%</u>



*As of 1/13/2013. Assumes no retirements or additions.

All Staff Comparison*

FY1991 vs FY2012

	<u>FY1991</u>	<u>FY2012</u>	<u>FY1991</u>	<u>FY2012</u>
	FTE per 1,000			
	<u>Population</u>			
Non-Public Safety	115	99.6	5.74	3.30
Police	31	30	1.55	0.99
Fire	<u>4</u>	<u>24</u>	<u>0.20</u>	<u>0.79</u>
Total	<u>150</u>	<u>153.6</u>	<u>7.49</u>	<u>5.08</u>
Population			20,034	30,225

* As of January 13, 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.

City-wide Fund Balance Summary

Summary of Funds

Fund #	Fund Name	9/30/2011	9/30/2012	Fund Description
Unrestricted Funds*				
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
	Subtotal Unrestricted Funds	\$8,360,284	\$9,625,470	
Restricted Funds				
General Operation Funds				
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	\$6,185	\$9,985	Oak Tree Replacement
308	Landscape and Lighting Dist #1 Fund	\$391,250	\$582,578	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
	Subtotal General Operation Funds	\$4,445,754	\$5,203,901	
Impact Fee Funds				
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
	City Hall/General Government Facility Development Fund	\$2,559,916	\$2,638,778	Impact Fee Revenue
231	Electronic Archiving Fees Fund	\$128,091	\$145,134	Fees charged during permitting
113	Building Education Fund	\$121,303	\$126,305	Fees charged during permitting
114	Permit Automation Fee Fund	\$176,615	\$198,279	Fees charged during permitting
122	Police Grants	\$44,518	\$0	Grant revenue
124	Community Development Nexus Study Fund	\$5,165	\$6,218	Fees charged during permitting
123	Streets, Traffic Signal, Bridge Development Fund	\$689,937	\$1,772,345	Impact Fee Revenue
213	Bridge Development Fund	\$82,843	\$0	Impact Fee Revenue
215	Union/46 SP Development Fund	\$281,836	\$340,813	Impact Fee Revenue
225	Bike & Pedestrian Path Facilities	\$56,132	\$63,143	Impact Fee Revenue
237	Law Enforcement Facility Development Fund	\$119,488	\$122,595	Impact Fee Revenue
211	Fire Protection Facility Development Fund	\$1,528,920	\$1,564,677	Impact Fee Revenue
212	Park/Land & Open Space Acquisition Development Fund	\$2,071,046	\$1,890,576	Impact Fee Revenue
216	Storm Drainage Development Fund	\$293,956	\$313,378	Impact Fee Revenue
217	Downtown Parking In-Lieu Fee Fund	\$538,172	\$543,984	Impact Fee Revenue
238	Subtotal Impact Fee Funds	\$10,362,897	\$11,428,169	

City-wide Fund Balance Summary

Summary of Funds

<u>Fund #</u>	<u>Fund Name</u>	<u>6/30/2011</u>	<u>6/30/2012</u>	<u>Fund Description</u>
<u>Water Funds</u>				
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
	Subtotal Water Funds	\$23,044,442	\$20,898,766	
<u>Sewer Funds</u>				
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
	Subtotal Sewer Funds	\$3,452,888	\$3,544,129	
<u>Airport Funds</u>				
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
	Subtotal Airport Funds	\$1,831,938	\$1,782,930	
<u>Transportation Funds</u>				
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
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
	Subtotal Transportation Funds	\$761,423	\$2,154,899	
<u>Trustee Funds</u>				
<u>RDA/CDBG</u>				
227	Community Development Block Grant Fund	\$398,848	\$330,134	Federal funding for low-income housing and/or blighted areas
700710	Redevelopment Agency Operations Fund	\$0	\$0	RDA operations
701711	Redevelopment Agency Housing Fund	\$47,174	\$0	20% set aside required for all RDA's
702712	Redevelopment Agency Debt Service Fund	\$7,017,419	\$6,764,518	Debt Service
704714	Cuesta College Fiscal Agreement Fund	\$450,575	\$497,396	Agreement between City and College
705715	SLO County Schools Fiscal Agreement Fund	\$244,699	\$272,206	Agreement between City and County
	Subtotal RDA/CDBG Funds	\$8,158,715	\$7,864,254	

City-wide Fund Balance Summary

		<u>Summary of Funds</u>			
<u>Fund #</u>	<u>Fund Name</u>	<u>6/30/2011</u>	<u>6/30/2012</u>		<u>Fund Description</u>
<u>Other Trustee Funds</u>					
233	Cal Home Loan Fund	\$25,865	\$96,607		Trustee Fund
401	Senior Citizens Trust Fund	\$204,461	\$201,368		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
406	Customer Deposits Fund	\$643,834	\$719,036		Trustee Fund
410	Tourism & Lodging BID	\$66,156	\$64,643		Trustee Fund
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.
	Subtotal Other Trustee Funds	\$2,968,228	\$3,248,971		
	Subtotal Trustee Funds	\$11,126,943	\$11,113,225		
<u>Debt Service Funds</u>					
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
	Subtotal Debt Service Funds	\$7,477,803	\$7,084,770		
	Total Reserve All Funds	\$70,864,372	\$72,836,259		

*NOTE: Gross "Unrestricted Reserves" are increased by the following:

1. CCSJIF Over-deposit = \$618,000
2. Equip. Rep. Fund Annual Payment = \$886,000