



# Fiscal Year 2005/2006 Budget Workshop

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Monday, May 23, 2005

City Council Chambers



# FY 2005/2006 Budget Workshop

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## ◆ Agenda

- Overview of FY 2005/2006 Recommended Budget
- Review of Twenty Year Financial Plans by Fund
- Review of City Projects by Category
  - Funded and Unfunded Projects



# Budget Process

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- ◆ **Projects Budget year**
- ◆ **Second year of two-year Operating Budget**
- ◆ **Revenues, Personnel Costs, Enterprise activities reviewed annually**



# Budget Process

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## ◆ New Budget Service Review Process

- Review one-eighth of all operating programs annually
- Utilities and Utility Billing Programs reviewed by Council on April 2, 2005



# Budget Process

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- ◆ **Public Hearing on June 7, 2005**
- ◆ **Budget Adoption on June 21, 2005**



# Budget Overview

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- ◆ **Citywide Budget - \$227 million**
  - 14% below Revised FY 2004/2005 Budget
  - Due to project budget carryover
- ◆ **Operating Budget - \$170 million**
  - 6% higher than Revised FY 2004/2005 Operating Budget



# Budget Overview

- ◆ **6% Increase in Operations = \$10 million:**
  - Salary costs: \$1 million
  - Retirement costs: \$4 million
  - Medical costs: \$1.4 million
  - Refuse Collection contract: \$1 million
  - Salary savings transferred to enhanced retirement reserve: \$2.6 million



# Budget Overview

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- ◆ **“Bare Bones” Budget**
  - Reflects FY 2003/2004 service reductions
- ◆ **Reserves levels reduced to minimum required by City policy**
- ◆ **Limited flexibility to deal with unplanned expenses**





# Economic Assumptions

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- ◆ **Moderate recovery from economic downturn but several risks that could threaten recovery**
  - **Impact of rising interest rates and high energy costs on spending**
  - **Continued high vacancy rates in commercial and industrial properties**
  - **Continuing State fiscal issues**



# State Budget

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- ◆ **Governor's Proposed Budget**
  - Issued in January
  - Effects on local government:
    - 2<sup>nd</sup> year of ERAF \$2.1 million
    - Mandated Costs – Reimbursement moved from 5 years to 15 years \$500,000
    - Booking Fee Reimbursement eliminated \$90,000



# State Budget

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- ◆ **Governor's May Revise Budget**
  - Released on May 13, 2005
  - State revenues higher than originally estimated by \$4 billion
  - Effects on local government
    - Restores Prop 42 transportation funds in FY 2005/06 \$560,000
    - Repays half of Vehicle License Fee loan



# Revenue Assumptions

- ◆ **Recovery already budgeted**
  - FY 2004/05 was start of upturn
- ◆ **Business cycles for major revenues reviewed**
  - 8 year cycle maintained in most cases
    - High and low points in the cycle moderated for some revenues



# Revenue Assumptions

- ◆ Fees reviewed and increased where necessary to cover costs
  - 3% inflation factor used in general
  - Detailed review of cost recovery methodology for all fees to be conducted during FY 2005/06



# Expenditure Assumptions

## Salary Increase Assumptions

Labor Unit	2005/06	2006/07	2007/08 to 2014/15	2015/16 to 2024/25
SEA/Conf	0.00%	1.00%	3.00%	4.00%
PSOA	3.00%	1.00%	3.00%	4.00%
COA	0.00%	1.00%	3.00%	4.00%
SEIU	0.00%	1.00%	3.00%	4.00%
MGMT	0.00%	1.00%	3.00%	4.00%



# Expenditure Assumptions

- ◆ **Employee Benefit Costs are up 10.6% from FY 2004/05**
  - 1.6% more than the increase of 9% budgeted last year due to increase in retirement costs
- ◆ **Rental Rates are up 2.1% from FY 2004/05**
  - 1.7% less than budgeted last year due to reductions in equipment and reserves and extended replacement schedules



# Projects Budget

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- ◆ **\$20 million budgeted for FY 2005/06**
- ◆ **Reflects “Bare Bones” approach**
  - Majority of projects to maintain city’s existing infrastructure
- ◆ **Full twenty years budgeted**
- ◆ **Unfunded projects list developed**
  - Represents substantial future unfunded liabilities to the City





# Financial Successes

- ◆ **Long Range Infrastructure Plan**
  - Preliminary estimates for full twenty years
  - Update of inventory and costs will be completed in late 2005
- ◆ **Affordable Housing**
  - Increased funds in RDA's Low and Moderate Income Housing Fund
  - \$14 million of Housing Mitigation and HOME funds budgeted over twenty years



# Financial Successes

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## ◆ Sunnyvale's Planning and Management System

- Long range financial planning is key
- Performance budget structure under review
- Update of all administrative polices



# Fiscal Pressures

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- ◆ Library Facility and Programming
- ◆ Community Recreation Subsidy
- ◆ Employee Costs
- ◆ Unfunded Projects
- ◆ Civic Center Replacement or Renovation
- ◆ Investment in the Organization
- ◆ Open Space



# Fiscal Strategies

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- ◆ **Fiscal Strategies proposed in last year's budget to address structural deficit**
- ◆ **Key to improving City's financial position to meet challenges ahead**
- ◆ **Recommendation to continue focusing on the fiscal strategies**



# Fiscal Strategies Themes

- ◆ **Don't Make Matters Worse**
  - Demand Management and Long-Term Planning
- ◆ **Continue to Emphasize Efficiency of Operations**
- ◆ **Investigate New and Increased Revenue Sources**
- ◆ **Reduce or Eliminate Services or Modify Service Levels**
  - Preserve essential core services but establish appropriate level



# Fiscal Strategies Update

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- ◆ **3 Pronged Approach for pursuing strategies:**
- ◆ **Continuous improvement within the organization**
  - Staff continues to pursue
  - Cost Savings Strategies (Appendix B)



# Fiscal Strategies Update

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## ◆ Service Level Reductions

- \$2.2 million proposed
- Deferred last year, not included in FY 2005/06 Recommended Budget
- To be brought back to Council with the Mid-Year Review



# Fiscal Strategies Update

- ◆ **Revenue Enhancements included in Budget**
  - **Additional Sales Tax revenue from Town Center Mall Development \$1 million**
  - **SMaRT Station Rent \$334,000**
  - **Water Pollution Control Plant Rent \$297,000**





# Fiscal Strategies Update

- ◆ Revenue Enhancements to be pursued (not included in Budget)
  - Emergency 911 Fee – Council provided direction to implement pending resolution of legal issues \$2 million
  - Transient Occupancy Tax \$900,000
  - Business License Tax \$750k - \$1 million
  - Other Revenue Sources



# Fiscal Strategies Update

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- ◆ **Land Banking Policy and Sale of Excess City Land**
  - Several properties identified
  - Recommendation to be made pending results of Open Space and Fiscal Sub-Element revisions
  - Potential one-time revenues from land sales not included in Budget



# Budget Overview

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- ◆ Questions, Comments, Suggestions on Budget Overview Section



# Fund Reviews

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- ◆ **Review of Twenty Year Financial Plans by Fund**
  - Major Changes in Revenues, Expenditures, and Reserves from FY 2004/05 Budget
  - All Funds and Sub-funds will be reviewed in this section



# General Fund Summary

- ◆ **FY 2005/06 Budget - \$106 million**
  - Reflects FY 2003/04 service reductions
- ◆ **Structural Imbalance in first ten years of plan balanced through:**
  - Use of Reserves
  - Use of Other Funding Sources
  - Fiscal Strategies - \$1.1 million needed



# General Fund Revenues

- ◆ Overall Revenues up 0.73% from estimated FY 2004/05 actual
  - \$685K increase
- ◆ FY 2004/05 actual up \$6.2M from FY 2003/04



# General Fund Revenues

- ◆ **Sales Tax shows modest growth**
  - Projections based on four categories
  - Forecast for FY 2005/06 \$700K higher than last year based on actual receipts for current year
  - New additions and identifiable losses are included
  - Eight year business cycle appears to be holding



# General Fund Revenues

- ◆ **Property Tax revenues down \$200K in current year**
  - Substantial declines in Commercial, Industrial, and Unsecured valuations
  - Tempered by robust Residential growth
  - Budget projects decline has ended for Commercial and Industrial property for FY 2005/06





# General Fund Revenues

- ◆ **Transient Occupancy Tax revenue up 5% in FY 2004/05**
- ◆ **Projections for FY 2005/06 up 5%**
- ◆ **Several changes in properties are reflected in forecast**
  - Closing of Woodfin Suites, Best Western
  - Redevelopment of Sheraton Four Points
- ◆ **Eight year business cycle used**



# General Fund Revenues

- ◆ Construction-Related revenue includes Construction Tax, building permits
- ◆ 6% higher than budgeted last year due to high levels of residential development
- ◆ FY 2005/06 forecast 5.4% for permits and licenses, 34% for Construction Tax
  - Effects of Downtown Mall Redevelopment
- ◆ Rolling eight year economic cycle



# General Fund Revenues

## ◆ Vehicle License Fees

- Reflects new allocation method of remaining VLF monies
- FY 2004/2005 forecast \$3.4M
- VLF Loan Receivable Financing reflected
  - City received \$2.1 M
  - Interest earnings \$100K
- FY 2005/2006 budget is \$700K



# General Fund Revenues

- ◆ **Interfund Revenues up 26% in FY 2005/2006**
  - **Repayment from Redevelopment Agency \$1 M higher than FY 2004/2005**
  - **Loan repayments moved up whenever possible**



# General Fund Revenues

- ◆ **Rents and Concessions**
  - Water Pollution Control Plant land rent is new revenue (\$297K)
- ◆ **Library Audiovisual (DVD) fee**
  - Revenue projected at \$300K, will be \$100K
  - Library operating program reduced to achieve same fiscal impact



# General Fund Revenues

## ◆ Real Property Sale

- FY 2005/2006 Budget reflects \$550,000 new revenue from property sale
- Property at 388 Charles St. rented at below market rate
- Transferred to Housing Mitigation Fund
- Proceeds placed in Land Acquisition Reserve



# General Fund Expenditures

- ◆ **Total Expenditures: \$106 million**
- ◆ **Operating Budget: \$103 million**
  - Increase of 4.7% over FY 2004/05
  - Excluding Retirement costs, Increase is 1.8%
    - Salary Increase for PSOA
    - Increases in health insurance and workers compensation costs



# General Fund Expenditures

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- ◆ **Changes in Operating Budget:**
  - **Reduced Public Safety Recruitment efforts for FY 2004/05 and FY 2005/06**
    - **\$1.5m and \$2.5m in savings**
  - **Additional funds for City elections**
    - **\$170,000 added**





# General Fund Expenditures

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- ◆ **Changes in Operating Budget:**
  - Gas Tax funds supporting larger portion of Pavement Operations Program than budgeted, reducing General Fund expenses
    - Reduction of \$1.9 million for General Fund



# General Fund Expenditures

## ◆ Changes in Projects:

### – Downtown Area Maintenance Project

- Began FY 1997/98
- FY 2004/05 Budget: \$132,793
- Provides additional street cleaning, landscaping services and special events clean up for historic Murphy
- Council direction in the FY 2003/2004 Budget was to fund for two more years (FY 2003/04 and FY 2004/05) with future costs funded through a business improvement district



# General Fund Expenditures

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- ◆ **Contribution to Infrastructure Fund reduced based on updated projects schedule and use of Park Dedication Funds for park related projects**



# General Fund Reserves

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- ◆ **5% Service Level Stabilization Reserve eliminated**
- ◆ **Non-Recurring Events Reserve eliminated**
- ◆ **Land Acquisition Reserve balance eliminated and proceeds from sale of property to Housing Mitigation Fund added**



# General Fund Fiscal Condition

- ◆ **Budget Gap for first 7 years**
- ◆ **Fiscal Strategies (Expenditures)**
  - \$1.1 million starting FY 2006/07 for 7 years



# Housing Fund

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- ◆ **Accounts for Housing Mitigation revenues, Below Market Rate (BMR) receipts and federal HOME grant**
- ◆ **Expands affordable housing in the City**
- ◆ **Three Sub-funds:**
  - **Housing Mitigation**
  - **Other Grant Supported**
  - **HOME Grant**



# Housing Fund

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- ◆ **Housing Mitigation Sub-fund**
  - Accounts for fees imposed on high intensity industrial development
  - Property Acquisition in FY 2005/06 (388 Charles St.) from General Fund
    - Planned to be sold in FY 2009/10
    - Rental income and maintenance costs are included
  - FY 05/06 Reserve \$6.7M vs \$5.1M projected last year



# Housing Fund

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- ◆ **Other Grant Supported Housing Sub-fund**
  - Primarily accounts for Below Market Rate (BMR) activities
  - No Major Changes
- ◆ **HOME Sub-fund**
  - Budget 1 year per City Policy
  - FY 2005/06 allocation: \$747,978
  - Down 3.75% from FY 2004/05



# Community Development Block Grant (CDBG) Fund



- ◆ Accounts for federal CDBG Grant and loan repayments
- ◆ 2 Sub-funds
  - CDBG Sub-fund accounts for annual allocation from HUD
  - CDBG Revolving Loan Sub-fund accounts for loan repayments (program income)

# Community Development Block Grant (CDBG) Fund



## ◆ CDBG Sub-fund

- Budget 1 year per City Policy
- FY 2005/06 CDBG grant \$1,418,817
  - Down 9.4% from FY 2004/05
  - Operating expense reduced by same %
- Outside Group Funding is 22% higher than last year due to higher program income



# Community Development Block Grant (CDBG) Fund

## ◆ CDBG Revolving Loan Sub-fund

- Housing Loan Repayments up by 67%

  - \$5M through FY 2014/15 vs \$3M last year

- Housing Acquisition and Rehab Loans  
Current Portfolio of \$18M

  - Many deferred for short term (5 years) or long term (30 years)

- Reserves

  - \$1.4M in First 10 Years of the Plan

  - \$3.8M by FY 2024/25 vs \$0 last year



# Park Dedication Fund

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- ◆ Fees imposed on high density residential development
- ◆ \$10 million expected in the next 3 years
  - Fee increase to \$75/s.f. in July 2005
  - Revenue projection based on construction development cycle



# Park Dedication Fund

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- ◆ Strategic review of funding sources identified Park Dedication monies for parks related projects
- ◆ Reduces General Fund & Community Recreation Fund support
  - \$8 M in first 10 years; \$12M in second 10 years



# Asset Forfeiture Fund

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- ◆ Accounts for monies from drug and other law enforcement activities
- ◆ No new monies anticipated in the plan
- ◆ Use limited to one time expenses for law enforcement services
- ◆ Reserves projected to be depleted in FY 2014/15



# Police Services Augmentation Fund

- ◆ **Accounts for Supplemental Law Enforcement Services (SLES) and Local Law Enforcement Block Grant (LLEBG)**
- ◆ **Funding has declined and reserves will be depleted during FY 2005/06**
- ◆ **Funds support patrol watch commander**
  - **If grants go away, position will be eliminated**



# Employment Development Fund

- ◆ Accounts for grants for workforce development activities
- ◆ FY 2005/06 budget \$10,150,000
  - Budget 1 Year per City Policy
- ◆ Primary funding source is Workforce Investment Act (WIA)
- ◆ Supplement with other Federal, State and grant applications





# Parking District Fund

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- ◆ Provides on-going maintenance of downtown parking lots funded by assessments
- ◆ New operating expense
  - Insurance for the Mozart/Plaza del Sol underground parking structure (\$45K/yr)
- ◆ Service level set by the property owners
  - Current assessment insufficient to maintain service level
  - Reserves used to support operations



# Gas Tax Fund

- ◆ Accounts for gas taxes allocated by the State and spent on maintenance and capital related to public streets and highways
- ◆ Revenue projections show modest growth
- ◆ Fiscal Strategy – Allocate more Gas Tax funds to Pavement Operations
  - Relieves General Fund in the first 10 years
  - 10% increase over last year
  - Reduces reserves to approximately \$100,000 compared to about \$300,000 last year



# Traffic Congestion Relief Fund

- ◆ **State Traffic Congestion Relief Program (TCRP) was passed in the State's FY 2000 Budget.**
  - **Used for the preservation, maintenance and rehabilitation of local street and road systems**
- ◆ **Proposition 42 Transportation Funding for TCRP was approved in March 2002**
  - **Permanently shifts sales tax on gasoline to the State's Transportation Investment Fund**
  - **Payment to cities was suspended in FY 2003/04 and FY 2004/05 due to State budget crisis**



# Traffic Congestion Relief Fund

- ◆ Proposition 42 monies expected in FY 2005/06 per the Governor's May Revised Budget
  - Expect approximately \$560K in FY 2005/06
- ◆ Budgeted ongoing Prop 42 monies of \$600K/yr starting in FY 2007/08
- ◆ Deferred payments for FY 2003/04 and FY 2004/05 projected to start in FY 2007/08
  - Payment spread over 15 years @ 0% interest
- ◆ Supports Pavement Operations
  - Relieves General Fund monies



# Transportation Development Act Fund

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- ◆ Administered by the State through Metropolitan Transportation Commission
- ◆ Use restricted for pedestrian and bicycle facilities and bicycle safety education programs
- ◆ \$80,000 annual funding anticipated



# Youth and Neighborhood Services Fund

- ◆ **Columbia Neighborhood Center revenues and expenditures**
  - Partnership with School District and Counties
- ◆ **School District reimburses portion of operating costs: \$93,455 for FY 2005/06**



# Youth and Neighborhood Services Fund

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- ◆ **Activities include: health center, recreation activities, juvenile diversion programs**
- ◆ **No major changes**
- ◆ **Facility Expansion Project defunded 2 years ago (\$675K)**



# Redevelopment Agency Fund

- ◆ Assumes Agency approves amendment of tax increment cap
  - Reach \$118 million cap in FY 2014/15
  - \$19 million low and moderate housing liability deferred to FY2027/28
  - 20% Housing Fund starting in FY 2016/17 (~\$2M/yr)





# Redevelopment Agency Fund

- ◆ **Town Center Redevelopment**
  - Open in Fall 2007
  - \$4 million additional property taxes
  - Return to developer up to \$4.05 million, plus 50% of any receipts above this
  - Developer to construct public streets and parking
  - Project ends in FY 2026/27



# Redevelopment Agency Fund

- ◆ **4 new Downtown projects**
  - Downtown Wayfinding System (\$300K in FY 2005/06 and FY 2006/07)
  - Directional Signs to Downtown (\$100K in FY 2007/08)
  - Murphy Ave Enhancements Phase I (\$350K in FY 2005/06 and FY 2006/07)
  - Downtown Block 2 Completion (\$695K in FY 2006/07)
- ◆ **Debt Service**
  - Accelerated repayment of the Parking Facility COP (Full repayment in FY 2016/17)



# Patent Library Fund

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- ◆ **SCI3 Program to move to Cogswell College during FY 2005/06**
- ◆ **Council approved up to \$53,000 from the General Fund to assist in transition**
- ◆ **Financial Plan reflects the phase out of operations by end of FY 2005/06**



# Capital Projects Fund

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- ◆ **Accounts for capital projects in governmental funds**
- ◆ **4 Sub-funds**
  - **General Assets – No major changes**
  - **Gas Tax**
  - **Traffic Mitigation**
  - **Traffic Impact Fees**



# Capital Projects Fund

## ◆ Gas Tax Sub-fund

- Funds streets and transportation projects
- Leverage Federal, State and County grants
- Major Projects:
  - Borregas Avenue Bicycle Corridor (\$1.4M)
  - Roadway Rehabilitation on Various Streets (\$1.3M)
  - Transportation Grant Matching Funds (\$165K/year ongoing)



# Capital Projects Fund

- ◆ **Traffic Mitigation Sub-fund**
  - No new revenues beyond FY 2007/08
  - Funds \$5.5 M in projects between FY 2005/06 to FY 2014/15
  - Reserves depleted in FY 2014/15
  - Replaced by Traffic Impact Fees Sub-Fund



# Capital Projects Fund

## Traffic Impact Fees Sub-fund

- Transportation Strategic Program adopted on Nov 11, 2003
- Began collecting fees on Jan 1, 2004
- Revenues based on construction development cycle
  - \$8.5M from FY 2004/05 to FY 2014/15
  - \$9.9M from FY 15/16 to FY 2024/25
- Funds projects identified in the Land Use and Transportation Element of the General Plan



# Water Supply and Distribution Fund

- ◆ FY 2005/2006 total operating costs = \$19.3 Million
- ◆ Purchased Water Costs = \$11.8 Million (61% of total operating costs)
- ◆ Current and new capital and infrastructure projects = \$39.7 million over 20 years.
- ◆ FY 2005/2006 Adopted rate increase is 4.5%, half a percent lower than the rate projected last year for FY 2005/2006.





# Solid Waste Management Fund

- ◆ **FY 2005/2006 Total Operating Costs = \$29.8 million.**
- ◆ **Solid Waste Collection Contract up \$1 million from previous projection.**
  - **total contract costs = \$15.8 million or 53% of operating costs**



# Solid Waste Management Fund

- ◆ **SMaRT Station is a joint venture between three cities, Sunnyvale, Mountain View and Palo Alto**
- ◆ **Share of operations costs is defined by the SMaRT Station Memorandum of Understanding and is based on tons delivered to the facility.**



# Solid Waste Management Fund

- ◆ Sunnyvale's SMaRT Station Expense Share and cost of landfill disposal = \$7.8 million or 26% of total fund operating costs.
- ◆ SMaRT Station Materials Recovery Equipment Replacement project to save the fund \$11 Million through FY 2021.
- ◆ FY 2005/2006 Adopted rate increase is 5.5% one percent higher than projected.



# Wastewater Management Fund

- ◆ **FY 2005/2006 Total Operating Costs = \$16.8 million.**
- ◆ **\$73.8 million investment in infrastructure over the 20 year plan.**
- ◆ **\$7.5 million investment in capital over the 20 year plan.**
- ◆ **FY 2005/2006 Adopted rate increase is 5.5%, half a percent higher than projected last year.**



# Residential Rate Comparison

## Projected Average Monthly Residential Utility Bill (FY 2005/2006)

<u>Community</u>	<u>Average Monthly Bill</u>
Los Altos Hills	\$162.30
Los Altos	116.27
Cupertino	110.42
Palo Alto	106.07
San Jose	101.78
Mountain View	89.57
Sunnyvale	72.42
Milpitas	72.32
Santa Clara	67.26
Average (All Cities)	99.93
Average (Excluding Sunnyvale)	103.37



# Commercial Rate Comparison

<u>Community</u>	<u>Water (ccf)</u>	<u>Sewer (ccf)</u>	<u>Garbage**</u>
Los Altos Hills	2.95	47.53*	221.21
Los Altos	1.92	31.30*	217.69
San Jose	1.99	1.81	150.00
Cupertino	1.99	1.62	166.86
Palo Alto	4.03	4.17	243.10
Mountain View	2.69	2.47	191.85
Milpitas	2.95	1.91	146.67
<b>Sunnyvale</b>	<b>2.05</b>	<b>2.04</b>	<b>199.88</b>
Santa Clara	1.74	1.00	145.38
Average of all cities	2.48	2.15	186.96
Avg excl Sunnyvale	2.53	2.16	185.35

\*Cities charge flat monthly rate

\*\*Comparison based on 3 cubic yard bin picked up one time per week.



# Community Recreation Fund

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- ◆ **Contains the City's recreation activities: golf courses, tennis center, classes**
- ◆ **Changing golf market place has lead to declining revenues**
  - Long term projections have been decreased by \$500,000 annually
  - Reduces financial support for subsidized recreation services



# Community Recreation Fund

- ◆ Council has reviewed several issues that staff is continuing to address:
  - Senior Lunch Program
    - \$25,000 added to FY2005/06 budget while short and long term solutions developed
  - Fee Waiver Program
    - FY 2004/05 - \$76,000 added for one year to cover demand and increased admin costs





# Community Recreation Fund

- ◆ Interest earnings of \$11,000 transferred from Dorolou Swirsky Youth Opportunity Fund
  - Used for fee waiver program and youth recreation programs
- ◆ Funding for Infrastructure projects moved to Park Dedication Fund based on review of funding sources
  - \$6.2 million over twenty years



# Community Recreation Fund

- ◆ **General Fund subsidy held to previous level of \$3.2 million annually**
- ◆ **Structural Imbalance**
  - \$650,000 starting in FY 2006/07 is budgeted as Fiscal Strategies to balance the Fund
- ◆ **Staff reviewing several Fiscal Strategies and will bring to Council during FY 2005/06**



# General Services Fund

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- ◆ Provides support services to programs within the City
- ◆ Funding recovered through rental rates charged to benefiting program operating budgets
- ◆ Rental rate may include cost of replacement for depreciable equipment as well as operations



# General Services Fund

## ◆ 8 Sub-Funds:

- Fleet Services
- Facilities Management
- Sunnyvale Office Center
- Technology and Communication Services
- Sewer Equipment
- Public Safety Equipment
- Parks and Recreation Equipment
- Project Management



# General Services Fund

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- ◆ **Aggregate rental rate increase 2.1%**
  - Reflects decrease from last year:  
3.8% forecast last year for FY 2005/06
- ◆ **Savings identified through:**
  - Reductions in equipment inventory
  - Changing replacement schedules
  - Analysis of reserve levels and reducing where appropriate



# General Services Fund

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## ◆ Fleet Services Sub-fund

– Significant rise in fuel costs

- Increase of \$137,000 for FY 2005/06

## ◆ Facilities Mgmt Services Sub-fund

– Significant increase in electricity costs in recent years

- \$200,000 increase in FY 2003/04



# General Services Fund

## ◆ Facilities Mgmt Services Sub-fund (cont.)

- Total rental rate reduced by 1% (\$33,343) due to decrease in rental for furniture replacement
- Interfund loan repayment schedule accelerated
- Reserves reduced based on historical expenditures for equipment replacement
  - \$980,000 over the twenty years



# General Services Fund

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- ◆ **Sunnyvale Office Center Sub-fund**
  - Sunnyvale Office Center (SOC) purchased with variable rate Certificates of Participation (COPs)
  - Because the property is impacted by the land banking policies and the new civic center plans are on hold, SOC is shown operating for entire 20-year planning period
  - Interest rate for COPs increased for FY 2005/06





# General Services Fund

- ◆ **Technology and Communication Services Sub-fund**
  - **Technology equipment costs reduced 10%**
    - **continued decline in hardware acquisition costs**
    - **anticipated reductions in equipment levels**
    - **extended replacement schedules**
  - **General Fund loan repayment schedule accelerated**



# General Services Fund

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- ◆ **Sewer Equipment Sub-fund**
  - Rental rate decreased based on reducing equipment and extending equipment replacement schedule
- ◆ **Public Safety Equipment Sub-fund**
  - No major changes
  - Detailed inventory of all equipment to be conducted in FY 2005/06
  - General Fund loan repayment schedule accelerated



# General Services Fund

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- ◆ **Parks and Recreation Equipment Sub-fund**
  - No major changes
- ◆ **Project Management Sub-fund**
  - No major changes



# Infrastructure Fund

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- ◆ Funds renovation and replacement of City's physical infrastructure
- ◆ 3 Sub-funds:
  - General
  - Community Recreation
  - Multi-Funded Assets



# Infrastructure Fund

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- ◆ **Projects reviewed and replacement schedules revised during budget process**
- ◆ **Long Range Infrastructure Plan will be updated in FY 2005/06 and reflected in FY 2006/07**



# Infrastructure Fund

- ◆ **67 projects in the 20 year plan (\$60M)**
  - 21 projects in FY 05/06
  - 15 new projects over the plan period
- ◆ **Parks related projects are funded by Park Dedication Fees**
  - Reduced contributions from the General Fund and Community Recreation Fund



# Employee Benefits Fund

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- ◆ Mechanism to cover expenditures related to employee related costs
- ◆ Additive rate charged to staff salaries wherever personnel hours are budgeted
- ◆ 4 Sub-funds: Leaves Benefit, Retirement Benefits, Workers' Compensation, and Insurance and Other Benefits



# Employee Benefits Fund

- ◆ **Total expenditures up \$5.2 million from FY 2004/05 = 10.6% increase**
- ◆ **Significant fiscal issues**
  - Retirement costs
  - Workers Compensation Costs
  - Retiree Medical Costs





# Employee Benefits Fund

## ◆ Leaves Sub-fund

- Higher vacation leave accruals estimated for next three years due to delay in retirements
- Reserve for unused leave eliminated since budget reflects all earned leave and therefore redundant



# Employee Benefits Fund

- ◆ **Retirement Benefits Sub-fund**
  - Significant Increases in employer rate over last several years:

CalPERS Plan Employer Rate	FY 2003/04 (actual)	FY 2004/05 (actual)	FY 2005/06 (actual)	FY 2006/07 (est.)
<b>Safety (3% @ 50)</b>	<b>16.9%</b>	<b>29.6%</b>	<b>32.9%</b>	<b>32.5%</b>
<b>Miscellaneous (2% @ 55)</b>	<b>0.6%</b>	<b>6.6%</b>	<b>11.4%</b>	<b>11.2%</b>



# Employee Benefits Fund

- ◆ **Retirement Sub-fund (cont.)**
  - Impact of changes in employer rate from last year's budget = \$20 million over the 20-year financial plan
  - Benefit increase for miscellaneous employees: from 2% @55 to 2.7% @55 effective FY 2007/08
    - Funded through salary savings, transferred from various operating programs. \$2.6 million for FY 2005/06



# Employee Benefits Fund

- ◆ **Workers' Compensation Sub-fund**
  - Sharply rising costs in recent years
  - Staff is focusing on controllables:
    - Injury prevention training
    - Increased usage of light duty program
    - Better management and follow-up
  - Goal is to reduce costs by 25% in FY 2005/06 and additional 25% over next 5 years for a total of 50% (\$1.3M)



# Employee Benefits Fund

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- ◆ **Insurance/Other Benefits Sub-fund**
  - Medical insurance premiums up 14.9% for 2005, as budgeted
  - Due to new SEA MOU, City's share of health premiums increased
    - Funded through budgeted salary savings - \$562K for FY 2005/06



# Employee Benefits Fund

- ◆ **Insurance/Other Benefits Sub-fund**
  - Retiree medical costs expected to increase substantially
    - Number of retirees expected to grow by 23% in next four years
    - Current additive rates cannot fully fund over long term – additional \$2.2M budgeted annually in last ten years



# Liability and Property Insurance Fund

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- ◆ **City participates in risk pool administered by California Joint Powers Risk Management Authority**
- ◆ **Funded through transfers from dependent funds**
- ◆ **No major changes**



# Fiduciary Funds

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- ◆ **Maintains principal and expends interest for specific purposes**
- ◆ **2 Funds:**
  - **Fremont Trust**
  - **Dorolou Swirsky Youth Opportunity Fund**





# Fiduciary Funds

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- ◆ **Fremont Pool Trust Fund (principal \$813,533)**
  - Interest transferred to the Community Recreation Fund for Fremont Pool operations
  - \$1M interest projected over the 20 year plan
    - Offsets ~27% of Fremont Pool operations cost



# Fiduciary Funds

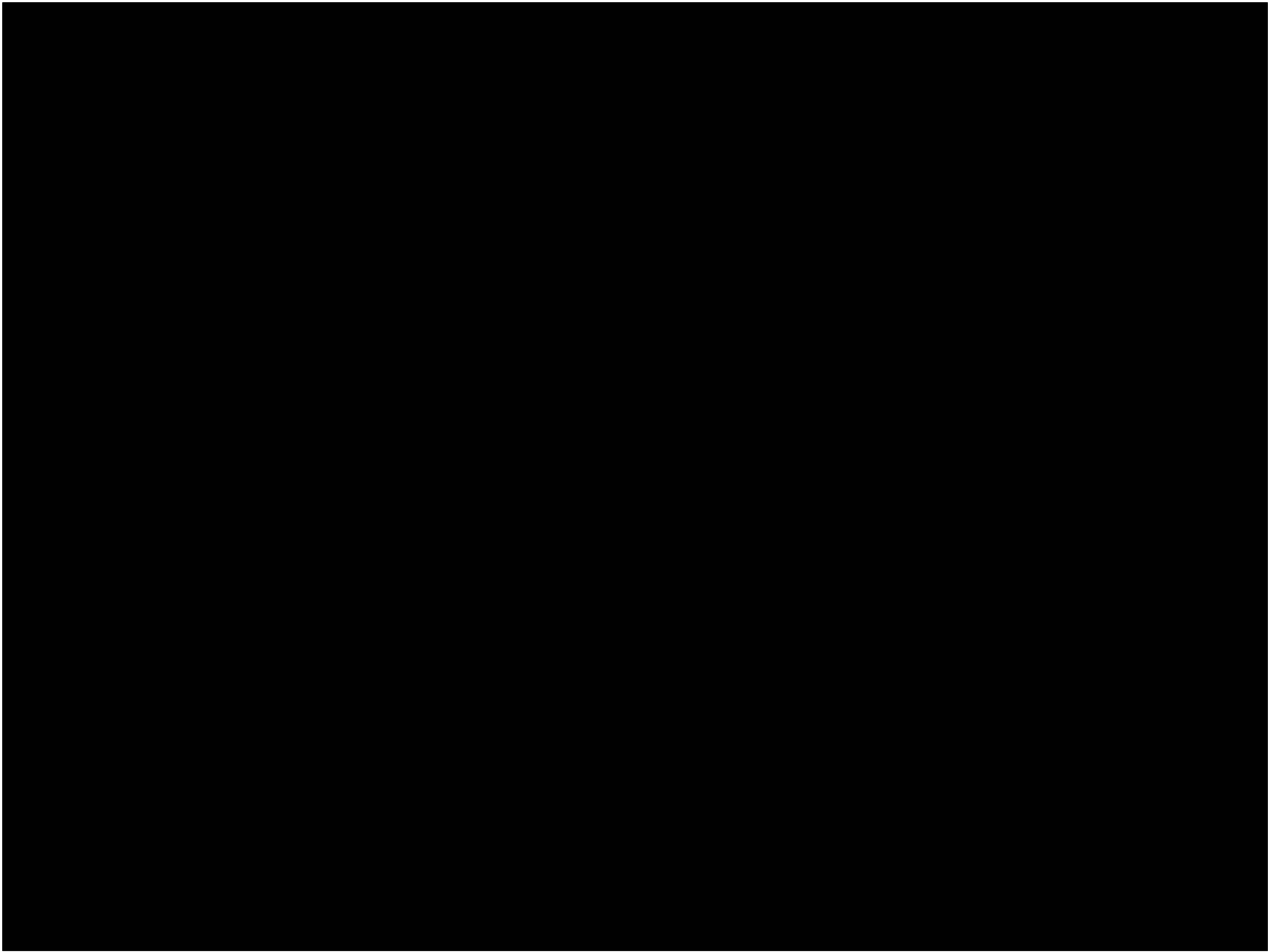
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- ◆ **Dorolou Swirsky Youth Opportunity Fund (Principal \$526,635)**
  - **Interest transferred to the Community Recreation Fund**
    - **1/3 for summer recreational equipment**
    - **2/3 for Mobile Recreation Program or equivalent City Programs (\$536K over 20 years)**



# Fund Reviews

- ◆ Questions, Comments, Suggestions on Fund Reviews Section





# Projects Budget Review Process

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- ◆ **Projects proposed for funding are reviewed extensively by the Projects Review Committee and City Manager based on 13 criteria**
  - E.g. Impact on public health and safety, legal requirements, and public support



# Projects Budget Review Process

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- ◆ **Budget includes City Manager's recommendations for funded and unfunded projects**
- ◆ **City Council provide final direction on project funding decisions**



# 20 Year Projects Budget Summary

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- ◆ **344 projects recommended**
  - \$20 million for FY 2005/06
  - \$145 million in first 10 years
  - \$114 million in the second 10 years
  - 85 new projects



# FY 2005/06 Projects Budget

<b>Capital Projects</b>	<b>\$4,900,418</b>
<b>Special Projects</b>	<b>\$7,808,035</b>
<b>Infrastructure Projects</b>	<b>\$7,105,093</b>
<b>Outside Group Funding</b>	<b>\$553,934</b>
<b>Total</b>	<b>\$20,367,480</b>





# Unfunded Projects Budget

## ◆ 62 Unfunded Projects

- \$49 million in the first 10 years
  - \$13.8 million for Corporation Yard Master Plan
- \$394 million in the second 10 years
  - \$213 million for Civic Center Redevelopment
  - \$100 million for VTP 2030 Local Streets and County Roads project

# Outside Group Funding Recommended General Fund Supported Only



<u>Outside Groups</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005 Request</u>	<u>HHSC Recommended</u>		<u>Staff Recommended</u>	
						<u>CDBG</u>	<u>GENERAL</u>	<u>CDBG</u>	<u>GENERAL</u>
<b>Sunnyvale Comm Svcs</b>	0	0	0	0	<b>98,339</b>	<b>65,552</b>	<b>32,787</b>	<b>65,552</b>	<b>32,787</b>
<b>Euphrat Art Program</b>	12,298	12,298	12,298	12,300	<b>12,298</b>	0	<b>12,298</b>	0	<b>12,298</b>
<b>Family &amp; Child Services</b>	0	0	30,000	30,000	<b>31,100</b>	<b>21,100</b>	<b>10,000</b>	<b>21,100</b>	<b>10,000</b>
<b>Junior Achievement</b>	10,000	10,000	10,000	10,000	<b>11,165</b>	0	<b>11,165</b>	0	<b>11,165</b>
<b>Leadership Sunnyvale</b>	5,000	5,000	5,000	7,000	<b>10,000</b>	0	<b>8,000</b>	0	<b>10,000</b>
<b>Live Oak/ Adult Services</b>		44,881	30,000	28,000	<b>29,400</b>	<b>19,400</b>	<b>10,000</b>	<b>19,400</b>	<b>10,000</b>
<b>Bill Wilson Center</b>	15,227	15,227	15,000	16,750	<b>32,000</b>	<b>17,000</b>	<b>7,500</b>	<b>17,000</b>	<b>7,500</b>
<b>India Comm Center</b>	0	0	0	0	<b>25,000</b>	<b>8,792</b>	<b>2,000</b>	<b>8,792</b>	<b>3,708</b>
<b>TOTAL</b>	81,000	85,000	118,000	124,000					<b>97,458</b>

