



STAFF REPORT CITY COUNCIL

DATE: February 21, 2017

TO: Honorable Mayor and City Councilmembers

FROM: Christopher L. Foss, City Manager

SUBJECT: Fiscal Year 2016-17 2nd Quarter Financial Review
Prepared by: Colleen Tribby, Director of Administrative Services

EXECUTIVE SUMMARY:

The City Council will receive a financial report through the second quarter of Fiscal Year 2016-17 and consider amendments to the budget.

STAFF RECOMMENDATION:

Receive the report and approve the budget change.

FINANCIAL IMPACT:

Approval of the budget change will result in the addition of \$2,792,400 to the General Fund revenue budget, accounting primarily for increased building permit revenue, and will increase General Fund expenditures \$305,000. Total General Fund reserves are projected at \$109,719,351 by June 30, 2017. This report also contains various budget changes in other funds requiring City Council approval.

DESCRIPTION:

The focus of this report is to update the City Council on the status of the Fiscal Year 2016-17 General Fund Amended Budget, including an overview of all proposed changes and their impacts on total reserves. As a reminder, the Amended Budget includes budget amendments already approved by the City Council since July 1, as well as carry-over budgets from the prior year. The Budget Change Form (Attachment 3) lists all new amendments needing approval in the General Fund as well as in other funds.

Projected General Fund Results (Attachment 1)

General Fund revenues are projected to come in \$2,792,400 higher than the Amended Budget due primarily to development activity (\$1,500,000 more in building permit fees and \$67,400 more in service charges). Additionally, interest income is increasing by an estimated \$375,000 this year, reflecting an improving economy as well as the portfolio

management services provided by Chandler Asset Management. Property Transfer Taxes and Transient Occupancy Taxes are estimated to come in \$100,000 and \$300,000 higher than budget, respectively. Finally, community benefit payment revenue will come in roughly \$450,000 higher than budget, reflecting the inclusion of developer payments made for projects in the Downtown area.

On the expenditure side, the Building Division will spend \$250,000 more on contract services for inspection services and plan checking, and the budget for the City's Animal Control Services contract needs to be increased by \$46,000 to keep in line with the prior year's actual expenditures. Operational expenditures will increase \$9,000 for the upgrade of existing phones and purchase of new cell phones for crime prevention staff in Police Services.

After incorporating those changes, total reserves are projected to increase \$554,325 over the prior year, as illustrated in the table below. Changes to specific reserves are shown in the General Fund Reserves Summary (Attachment 2).

Total Reserves, Compared to FY 2015-16 and FY 2016-17 Amended Budget

	Actual 2015-16	Amended 2016-17	2nd Quarter Projection 2016-17
Revenue	\$ 82,916,416	\$ 79,221,752	\$ 82,014,152
Expenditures	\$ (69,048,878)	\$ (72,373,890)	\$ (72,678,890)
Transfers Out	\$ (2,409,006)	\$ (8,780,937)	\$ (8,780,937)
Year End Reserves	\$ 109,165,026	\$ 106,099,071	\$ 109,719,351
Change to Reserves from Prior Year		\$ (3,065,955)	\$ 554,325

Non-General Fund Items

In addition to the changes to the General Fund, there are various budget amendments in other funds that require City Council approval:

- 1) Appropriate \$25,757.68 in the Dougherty Road Improvements Project (ST0911) by replacing congestion relief grant funding with Measure BB Funding mitigation funds.
- 2) Replace \$430,000 in Gas Tax Funds with Measure BB Funds for the Annual Street Overlay Program (ST5016).
- 3) Close out the Shannon Park Water Play Area Project (PK0713) and release \$24,340.27 in Quimby Act Park In-Lieu Funds.
- 4) Appropriate \$14,397 in the Local Recycling Fund to purchase supplies related to waste collection and sorting for school EcoHeroes program.
- 5) Appropriate \$5,000 in the Equipment Replacement Fund to account for the higher than anticipated cost of network switches.
- 6) Appropriate \$35,000 in the Vehicle Replacement Fund for replacement of the City's pooled vehicle.
- 7) Appropriate \$8,800 in the Cable TV Facilities Fund to cover increased capital contribution to Tri-Valley Community TV.

- 8) Increase revenue in the Public Facilities Fund by \$506,000 for developer's payment of in-lieu fees.
- 9) Decrease revenue in the Public Facilities Fund by \$1,427,000 to account for Dublin Crossing's pre-payment of fees that occurred in the prior fiscal year.
- 10) Decrease revenue in the Fire Impact Fees Fund by \$35,000 as developers acquired and utilized fire impact fee credits instead of paying the fee.
- 11) Increase revenue in the Traffic Impact Fee Fund by \$570,000 for the reimbursement from Contra Costa County for the traffic impact of new developments on Dougherty Road.
- 12) Appropriate \$232,075 in the Dublin Sports Grounds Renovation Project (PK0416) awarded through a Housing and Community Development grant.

NOTICING REQUIREMENTS/PUBLIC OUTREACH:

None.

ATTACHMENTS:

1. General Fund Summary
2. General Fund Reserves
3. Budget Change Form


Chris Foss, City Manager 2/15/2017

**GENERAL FUND SUMMARY
FY 2016-17 QUARTER 2**

ATTACHMENT 1

	Actual 2015-16	Adopted 2016-17	Amended 2016-17	Quarter 2 Changes	Proposed Amended 2016-17
Revenues					
Property Taxes	33,598,601	35,182,061	36,087,937		36,087,937
Sales Taxes (1)	20,938,826	20,666,260	20,666,260		20,666,260
Development Revenue	10,562,963	8,568,899	9,478,502	1,500,000	10,978,502
Other Taxes	6,606,016	5,465,000	5,465,000	400,000	5,865,000
Licenses & Permits	310,286	292,140	292,140		292,140
Fines & Penalties	116,016	109,932	109,932		109,932
Interest (2)	2,937,978	465,880	465,880	375,000	840,880
Rentals and Leases	1,114,747	1,033,488	1,033,488		1,033,488
Intergovernmental	324,075	198,618	198,618		198,618
Charges for Services	5,396,964	4,838,466	4,838,466	67,400	4,905,866
Community Benefit Payments	424,000	100,000	100,000	450,000	550,000
Other Revenue	585,944	256,344	485,529		485,529
Total Revenues	82,916,416	77,177,088	79,221,752	2,792,400	82,014,152
Expenditures					
Salaries & Wages	9,437,426	11,100,241	11,100,241		11,100,241
Benefits	4,172,485	5,707,982	5,957,982		5,957,982
Services & Supplies	1,875,458	2,946,394	2,922,392	9,000	2,931,392
Internal Service Fund Charges	2,637,354	3,065,342	3,040,284		3,040,284
Utilities	1,723,204	2,248,261	2,234,857		2,234,857
Contracted Services	39,869,473	43,297,583	45,039,822	296,000	45,335,822
Capital Outlay	133,477	719,801	1,120,835		1,120,835
Interest & Other	-	989,112	957,477		957,477
Contribution to OPEB/PERS	9,200,000	-	-		-
Total Expenditures	69,048,878	70,074,716	72,373,890	305,000	72,678,890
Operating Impact	13,867,538	7,102,372	6,847,862	2,487,400	9,335,262
Transfers Out	(2,409,006)	(759,510)	(8,780,937)		(8,780,937)
Impact on Total Reserves	11,458,531	6,342,862	(1,933,075)	2,487,400	554,325
TOTAL RESERVES	109,165,026				109,719,351

- 1) FY 2015-16 Sales Tax included a final triple flip payment
- 2) FY 2015-16 Interest Revenue included \$1.9 million in unrealized gains

**GENERAL FUND RESERVES
FY 2016-17 QUARTER 2**

ATTACHMENT 2

	Actual 2015-16	Increase 2016-17	Decrease 2016-17	NET CHANGE	Actual 2016-17
Reserve Balances					
Non-Spendable	717,698	-	(469,937)	(469,937)	247,761
Prepaid Expenses	27,080			-	27,080
Cemetery Endowment	60,000			-	60,000
Advance to Public Facility Fees	-			-	-
Advance to Fire Impact Fee	80,672		(80,672)	(80,672)	0
Advance to PERS Side Fund	549,946		(389,265)	(389,265)	160,681
Restricted	579,000	-	-	-	579,000
Heritage Park Maintenance	500,000			-	500,000
Developer Contr - Nature Pk	60,000			-	60,000
Developer Contr - Heritage Pk	19,000			-	19,000
Committed	38,928,756	80,672	(6,577,163)	(6,496,491)	32,432,265
Economic Stability	8,000,000			-	8,000,000
Downtown Public Impr	1,000,000			-	1,000,000
Economic Development	1,000,000			-	1,000,000
Emergency Communications	741,000			-	741,000
Fire Svcs OPEB	3,004,000	80,672		80,672	3,084,672
Innovations & New Opport	2,122,785			-	2,122,785
One-Time Initiative	1,341,408			-	1,341,408
Specific Committed Reserves					
Emerald Glen Aquatic Complex	3,000,000		(3,000,000)	(3,000,000)	-
Maintenance Facility	215,101		(215,101)	(215,101)	-
Cemetery Expansion	5,272,210			-	5,272,210
Fallon Sports Park	2,000,000		(1,800,000)	(1,800,000)	200,000
Civic Ctr Expansion	27,773		(27,773)	(27,773)	-
Storm Drain Capture	546,878		(546,878)	(546,878)	-
Shannon Center Parking Lot	987,410		(987,410)	(987,410)	-
Utility Undergrounding	1,170,190			-	1,170,190
Advance to Public Facility Fee	6,000,000			-	6,000,000
Dublin Sports Ground	2,500,000			-	2,500,000
Assigned	39,053,695	-	(2,840,487)	(2,840,487)	36,213,208
Accrued Leave	988,708			-	988,708
Operating Carryovers	1,612,658		(1,612,658)	(1,612,658)	-
CIP Carryovers	1,227,829		(1,227,829)	(1,227,829)	-
Non-Streets CIP Commitments	3,879,516			-	3,879,516
Catastrophic Loss	11,368,531			-	11,368,531
Service Continuity	3,000,000			-	3,000,000
Pension & OPEB	10,614,353			-	10,614,353
Fiscally Responsible Adj	325,000			-	325,000
Municipal Regional Permit	2,225,000			-	2,225,000
HVAC Replacement	1,000,000			-	1,000,000
Relocate Parks Dept	250,000			-	250,000
Specific Assigned Reserves					
Civic Ctr Renovation-Police	1,962,100			-	1,962,100
Contribution to ISF	-			-	-
Fire Equipment Replacement	600,000			-	600,000
Unassigned	29,885,877	9,887,587	473,653	10,361,241	40,247,118
Unassigned-Unrealized Gains	(2,197,354)			-	(2,197,354)
Unassigned (Available)	32,083,231				42,444,471
TOTAL RESERVES	109,165,026	9,968,259	(9,413,934)	554,326	109,719,351

**CITY OF DUBLIN
FISCAL YEAR 2016-17
BUDGET CHANGE FORM**

Budget Change Reference #: _____

City Council's Approval Required

From Un-Appropriated Reserves X Budget Transfer Between Funds _____
 From Designated Reserves _____ Other _____

CIP		
Street CIP - Dougherty Rd Improve - Sierra Ln		
ST0911.9400.9401 (Improve. - Not Bldg)	\$25,757.68	Utilization of mitigation funds collected for specific CIP and additional Measure BB grant funding for the project
3600.9601.49999 - Transfers In	\$25,757.68	
ST0911.4309 (4309.9601.89101) - Transfers Out - Mitigation Contribution	\$20,270.68	
ST0911.2208 (2208.9601.89101) - Transfers Out - Congestion Management Agency Fund	(\$621,513.00)	
ST0911.2217 (2217.9601.89101) - Transfers Out - Measure BB Grant	\$627,000.00	
Street CIP - Annual Street Overlay Program		
ST5016.2201 (2201.9601.89101) Transfers Out - Gas Tax	(\$165,000.00)	Replace Gas Tax with Measure BB Bike & Ped fund for the project
ST5016.2204 (2201.9601.89101) Transfers Out - Measure B Local Streets	(\$265,000.00)	
ST5016.2214 (2201.9601.89101) Transfers Out - Measure BB Local Streets	\$230,000.00	
ST5016.2215 (2215.9601.89101) Transfers Out - Measure BB Bike & Ped	\$200,000.00	
Parks CIP - Dublin Sports Grounds Renovation		
4201.0000.47261	\$232,075.00	Award 2015 HCD Housing Related Park Grant
PK0416.2904 (2904.9501.89101) Transfers Out - HCD Housing Related Park Grant	\$232,075.00	Funding from 2015 HCD Housing Related Park Grant for Dublin Sports Grounds Renovation
3500.9501.49999 - Transfers In	\$232,075.00	
PK416.9400.9401 (Improve. - Not Bldg)	\$232,075.00	
Parks CIP - Shannon Park Water Play Area		
PK0713.2201 (4109.9501.89101) Transfers Out - Quimby Act Park In-lieu Fund	(\$24,340.27)	Project Complete
3500.9501.49999 - Transfers In	(\$24,340.27)	
PK0713.9200.9205 (Inspections)	(\$401.11)	
PK0713.9500.9503 (Printing)	(\$907.58)	
PK0713.9500.9504 (Legal Notices)	(\$279.14)	
PK0713.9500.9505 (Postage)	(\$74.50)	
PK0713.9400.9401 (Improve. - Not Bldg)	(\$22,677.94)	
OPERATING EXPENDITURES		
Local Recycling Fund - Environmental Services - Contract Services		
2304.5201.64001	\$14,397.00	To purchase supplies related to waste collection and sorting for school EcoHeroes program

**FISCAL YEAR 2016-17
BUDGET CHANGE FORM**

Budget Change Reference #: _____

City Council's Approval Required		
ISF Equipment Replacement Fund - Non-dept - Equipment ISF 6305.1905.72102	\$5,000.00	Higher than anticipated network switches replacement cost
ISF Vehicle Replacement Fund - Non-dept - Vehicle Replacement 6105.1905.72108	\$35,000.00	Replacement of the City's pooled vehicle
Cable TV Facilities - Community TV - Contract Services 2811.7101.64001	\$8,800.00	Higher than estimated capital contribution to Tri-Valley Community TV
General Fund - Building & Safety - Contract Services 1001.8102.64001	\$250,000.00	1st increase in rates for consultants and plan check workload is higher than anticipated
General Fund - Police Ops Support - Cell Phone 1001.2111.63102	\$9,000.00	Additional cell phones issued to crime prevention staff and phone upgrade
General Fund - Animal Control 1001.2701.64014	\$46,000.00	True up of Animal Control budget to reflect prior year costs
REVENUES		
Public Facilities Fund - Developer Contributions		
4101.0000.49161 (Community Parkland)	\$470,000.00	Developers opted to pay in-lieu fee instead of acquiring parkland credits
4102.0000.49161 (Neighborhood Parkland)	\$18,000.00	Developers opted to pay in-lieu fee instead of acquiring parkland credits
4102.0000.49161 (Civic Center)	(\$1,427,000.00)	Dublin Crossing prepaid 1600 units in FY 15-16
4110.0000.49161 (Community Nature Parkland)	\$18,000.00	Developers opted to pay in-lieu fee instead of acquiring parkland credits
Fire Impact Fee Fund - Developer Contributions		
4201.0000.49161	(\$35,000.00)	Developers acquired and utilized fire impact fee credits instead of paying the fee
Traffic Impact Fee Fund - Dougherty Valley TIF		
4305.0000.49161	\$570,000.00	Reimbursement from Contra Costa County for the traffic impact of new developments on Dougherty Road
General Fund Revenues		
1001.8102.44231 (Building Permits)	\$1,500,000.00	
1001.2402.48301 (Fixed System)	\$32,000.00	
1001.2402.48302 (Sprinkler / Underground)	\$24,500.00	Higher than anticipated development activities
1001.2402.48305 (Fire Plan Check)	\$10,900.00	
1001.0000.46101 (Interest)	\$375,000.00	Higher investment earnings
1005.0000.49151	\$450,000.00	Community benefit payments related to development.
1001.0000.42201	\$100,000.00	Property Transfer Tax
1001.0000.42301	\$300,000.00	Transient Occupancy Tax

As Presented at the City Council Meeting 2/21/2017

*****Finance Use Only*****

Posted By: _____

Date: _____