



STAFF REPORT CITY COUNCIL

DATE: April 4, 2017

TO: Honorable Mayor and City Councilmembers

FROM: Christopher L. Foss, City Manager

SUBJECT: Study Session: Fiscal Year 2017-18 Budget Update
Prepared by: Colleen Tribby, Director of Administrative Services

EXECUTIVE SUMMARY:

The City Council will review the Fiscal Year 2017-18 Budget Update, focusing on the General Fund. This is the second year of the City's two-year budget, thus the report highlights changes from budget numbers presented to the City Council in June 2017. Changes to the Five-Year Capital Improvement Program are also noted herein, and an update on Staff's progress towards the City Council's fiscal sustainability initiative is included. There are no significant budget changes in other funds.

STAFF RECOMMENDATION:

Receive the report and provide direction to Staff related to the Budget Hearing scheduled for May 16, 2017.

FINANCIAL IMPACT:

The Budget Update results in an increase to revenues of \$4,242,875 and an increase to expenditures of \$1,821,342 in the General Fund, over the prior year projection. Total General Fund reserves are projected at \$115,657,803, an increase of \$6,375,288, over Fiscal Year 2016-17.

DESCRIPTION:

The City of Dublin utilizes a biennial budget process, in which a comprehensive budget document is prepared that establishes high-level priorities and specific departmental goals for a two-year period. The second year of the cycle is the "Update" year, in which projections are revised and significant changes highlighted, while the original document continues to serve as the guiding financial plan.

In analyzing the Fiscal Year 2017-18 Preliminary Budget, referred to in this report as the "Budget Update," Staff is comparing the updated numbers to the numbers provided in June 2016. As in prior years, this report focuses on the General Fund, as there are no major budgetary changes in other funds. This report discusses updates to the City's

major revenue categories reflecting the most recent information, refines expenditure projections, and highlights changes to the Five-Year Capital Improvement Program. It also updates the City Council on the progress being made toward the goal of fiscal sustainability.

High Level Summary

The Budget Update (Attachment 1) projects an operating surplus in the General Fund (revenues less expenditures) of \$8,815,917, which is \$2,421,533 (37.9%) higher than the prior projection. Revenues increased \$4,242,875 over the projection, due primarily to higher property tax and development-related revenue, but also to incorporating gains in transient occupancy tax and interest income that the City continued to experience into the current year. Expenditures increased \$1,821,342 over prior projections: those changes are explained in the section below.

| | Forecast 2017-18 | Update 2017-18 | \$ Change | % Change |
|-------------------------|---------------------|---------------------|---------------------|--------------|
| Revenue | \$ 79,538,966 | \$ 83,781,841 | \$ 4,242,875 | 5.3% |
| Expenditures | \$ (73,144,582) | \$ (74,965,924) | \$ (1,821,342) | 2.5% |
| Operating Impact | \$ 6,394,384 | \$ 8,815,917 | \$ 2,421,533 | 37.9% |

The following is a summary of the net changes reflected in the Budget Update as compared to the Fiscal Year 2017-18 Forecast (+/- \$200,000):

Revenue Changes

Property Tax - Increased \$1,001,790

The current budget was adjusted upwards \$905,876 in the first quarter to account for higher-than-anticipated growth in citywide assessed values (AV). That growth has been carried into Fiscal Year 2017-18, and added to a revised estimate of the restoration of AV previously reduced via Proposition 8.

Development Revenues - Increased \$2,101,116

The Building, Planning and Engineering Divisions have updated their projections of development-related revenues and expenditures in Fiscal Year 2017-18. These are related to the pace of project activity; as a reminder, accelerated development in the short term corresponds to less revenue in the latter part of the 10-Year Forecast.

Charges for Services - Increased \$486,280

This increase is primarily due to higher revenues expected from aquatics programs offered at The Wave (\$366,413), as well as revenues from family programs (\$66,480). Minor increases have also been applied to sports program revenue and to various development-related fire service charges.

Other Taxes (Transient Occupancy Tax, TOT) - Increased \$400,000

This change reflects actual TOT receipts over the last two years.

Interest - Increased \$410,120

After weathering the recession of 2009, the City has been slowly rebuilding investment income via its contract with Chandler Asset Management. Staff feels comfortable adjusting interest income up to \$876,000 for Fiscal Year 2017-18, which while conservative, is roughly double the income earned in Fiscal Year 2013-14 (\$422,980). While the growth is positive, given the new economic environment, Staff does not expect to return to the high earnings of Fiscal Year 2006-07 (\$2,620,610) in the foreseeable future.

Expenditure Changes

Salaries and Wages - Increased \$443,551

The Budget Update includes a new Plans Examiner position (\$178,074 in the Community Development Department), as well as an increase to the Finance Technician position from 0.75 to 1.0 Full Time Equivalent (minor net increase, as the position was filled at the entry-level grade). In addition, vacant positions are budgeted at the top step in the range, and as there have been a number of vacancies in the current year, the budget reflects an increase.

Benefits - Increased \$296,565

The increased budget for employee benefits is the net result of several changes from the Fiscal Year 2017-18 Forecast. The increases are related to the new and shifted positions described above, but also to a recommended increase of \$485,000 to pension funding, in response to CALPERS' new discount rate (discussed in the Short Term Priorities section below).

Decreases can be primarily attributed to the City paying off the bulk of the PERS Side Fund obligation (which was roughly \$385,000 annually) in the current fiscal year, thus lowering expenditures in Fiscal Year 2017-18. Furthermore, the budget for group insurance is lower than was anticipated last year, as insurance rates stayed relatively flat.

Services and Supplies - Increased \$248,821

The Budget Update includes minor increases in operating supplies and training across departments over prior projections. Larger variances are attributed to recreational operating supplies (increased \$33,821), public liability insurance costs in the Police Services contract (increased \$132,690), an additional budget to cover City insurance claims (increased \$20,000), and increases in vehicle maintenance and repair for Police vehicles as well as City-operated vehicles (increased \$50,000 combined).

Contracted Services – Increased \$721,120

The City's three largest single service contracts are for Police Services (40% of total contracted services), Fire Services (27%), and Maintenance Services (11%). These have been kept relatively flat in the Budget Update. It is important to note that while the current proposal for Police Services from the Alameda County Sheriff's Office includes an increase of \$168,674 for personnel costs and a risk management contingency, Staff has not yet concluded budget negotiations. In fact, in response to specific feedback from the community throughout the last year, and moving towards serving a growing population, the City Manager is currently scrutinizing the existing City position allocation plan, including current and expected vacancies, to find the means to expand the Police

Services but contain the overall budget. Staff expects to bring the final Police Services proposal to the City Council at the Budget Hearing in May.

The largest non-safety contracted service change from prior projection is the increase by \$416,158 in the Community Development Department. This is related to contracted development services and is offset by revenues.

Contingency – Decreased \$250,004

The Fiscal Year 2017-18 Projection included a \$500,000 contingency for large-scale, unanticipated maintenance and repairs. Examples of this in the current year were the repair of the City’s fountain (\$130,000) and the repair of the bridge at the Shannon Center (\$40,000). The Budget Update reduces this contingency to \$250,000, as Staff is evaluating the impact of creating a reserve for this purpose, rather than including it as an annual budget item.

Reserves

After transfers out for capital projects, the Budget Update projects a \$6,375,288 increase to General Fund reserves, as shown in the table below. The General Fund Unassigned Cash Flow Reserve is projected at \$48,966,676, before any reserve designations made by the City Council. The General Fund Reserves Summary (Attachment 2) provides a list of all reserve balances. No specific reserve changes are being proposed in the current Budget Update; however, decisions made by the City Council relative to issues discussed in the Short-Term Priorities section below would have impacts on reserves.

| | Actual 2015-16 | Amended 2016-17 | Updated 2017-18 |
|---|---------------------------|----------------------------|----------------------------|
| Revenue | \$ 82,916,416 | \$ 82,047,701 | \$ 83,781,841 |
| Expenditures | \$ (69,048,878) | \$ (73,149,276) | \$ (74,965,924) |
| Transfers Out | \$ (2,409,006) | \$ (8,780,937) | \$ (2,440,629) |
| Year End Reserves | \$ 109,165,026 | \$ 109,282,515 | \$ 115,657,803 |
| Change to Reserves from Prior Year | | \$ 117,489 | \$ 6,375,288 |

Capital Improvement Program (CIP)

The proposed Five-Year CIP project list is provided as Attachment 3. No new projects have been included with the Budget Update; however, projects added or amended during the current fiscal year have been reflected in the new document. The following is a summary of the major changes:

General Improvements

- Civic Center Police Wing Renovation (PROJECT REMOVED): This project, for the design and renovation of the Police Services wing of Civic Center, had a remaining balance of approximately \$2.0 million at the end of Fiscal Year 2015-16. In Fiscal Year 2016-17 this project was replaced by the Public Safety

Complex project. The remaining budget has been maintained in a General Fund reserve for future reallocation.

- IT Infrastructure Improvements (NEW IN 16-17): This project was added to the CIP in Fiscal Year 2016-17, with an approved budget of \$650,000 from the IT Fund.
- Cultural Arts Center: This project was moved from the Future Years category in the CIP into the current five-year time frame. It provides for the design and renovation of 13,200 square feet on the first floor of Civic Center currently occupied by Police Services into a Cultural Arts Center. This project would be funded by the Public Facility Fees Fund and the IT Fund, beginning in Fiscal Year 2018-19.

Parks

- Sean Diamond Park: The budget for this existing project was increased \$659,714 in March 2017 to award the construction contract, and planned construction was moved up one year. The CIP now reflects the total updated budget of \$2,782,875, funded by the Public Facility Fees Fund, and the amended timeline.

Streets

- Amador Valley Blvd Improvements – Wildwood Rd: This project was added to the CIP in Fiscal Year 2016-17 with a budget of \$170,680, funded by Measure B Funds. With improvements substantially complete at the Wildwood intersection, the updated CIP proposes an additional \$91,030 in Measure B funding for similar improvements to be made at the Stagecoach intersection.
- Citywide Signal Communications Upgrades: The existing CIP includes \$40,840 annually, funded primarily by Vehicle Registration Fee funds, to provide for the continued upgrades of the traffic signal communications system. The updated CIP increases annual funding by \$49,280 to provide for the ongoing monitoring of coordinated corridors, the maintenance of newly installed bicycle detection equipment and cameras, and consulting services to assist with the maintenance of and upgrades to the system. The increase would be funded with Measure B funds and would bring the total project budget to \$90,120 per year.
- Dublin Blvd Extension: The updated CIP reflects an additional \$250,000 in this project, approved by the City Council in November 2016, to complete an Environmental Impact Review for the project. Preliminary design of the project started in Fiscal Year 2015-2016. The project is not fully funded; however, City has submitted a project application for inclusion to the Alameda Countywide Transportation Plan (ACTP). Staff anticipates the project will be added to the ACTP capital program for future discretionary Measure BB funding. The total cost of this project is approximately \$79.6 million and is anticipated to be divided among the City of Dublin and the City of Livermore on the basis of street length in each jurisdiction.

- Annual Street Resurfacing: This project comprising citywide slurry seal and overlay projects is now being reflected as an annual project, rather than as a year-by-year add to the CIP. The annual cost is essentially unchanged.

The General Fund contribution to capital projects remains largely unchanged from the prior budget forecast, with \$1,475,072 for the Heritage Cemetery renovation design and construction, and \$108,000 for citywide bicycle and pedestrian improvements.

Short-Term Priorities and Factors

The Fiscal Years 2016-17 and 2017-18 Adopted Budget document included a discussion of short-term goals and considerations that impact the City's ability to continue to provide service in the future. These are listed below, with a description of Staff's progress in these areas, and recommendations for further consideration in the second year of the current budget cycle.

1. Use the anticipated surplus in the current year and in the Adopted Budget cycle to prepare for a potential forecast deficit

The City has experienced General Fund surpluses over the last several years due to increases in property tax, sales tax, and development revenues. However, as shown in the 10-Year Forecast presented to the City Council in December 2016, increases in ongoing operational expenditures will eventually outpace revenue growth as development declines and City services expand. With this in mind, departmental budget proposals continued to be scrutinized during the Budget Update preparation for their sustainability over time. In addition, Staff is evaluating the use of operating surpluses to pay down current and future obligations and to shore up reserves for future liabilities. The following are considerations for the upcoming budget discussion:

Recommendations for Fiscal Year 2017-18:

A. Reserve for Chevron Energy Lease Payoff

In September 2012, the City entered into a capital lease for solar energy improvements totaling \$6,755,824. At an interest rate of 2.56% and with a 14-year maturity, the City's interest payments will total \$1,346,035 at the final payment in Fiscal Year 2025-26. The City has the option to pay off the lease balance as early as Fiscal Year 2018-19, at an outstanding principal balance of \$4,064,515, plus a prepayment penalty of \$81,290. IF the City paid off the lease balance (and prepayment penalty) in Fiscal Year 2018-19, the result would be a savings of \$410,747 in interest payments (including the penalty), and would restore approximately \$565,000 per year in the General Fund cash flow for the term of the lease.

Staff proposes to set up a reserve in the amount of \$5,238,622, at the end of the current fiscal year, to be used to make the debt service payments for Fiscal Years 2017-18 and 2018-19, and with the intention of paying off the balance thereafter, as shown below:

| | |
|------------------------|---------------------|
| Initial Reserve | \$ 5,238,622 |
| 2017-18 Payment | \$ (581,881) |
| 2018-19 Payment | \$ (510,936) |
| Payoff Principal | \$ (4,064,515) |
| Prepayment Penalty | \$ (81,290) |
| Balance | \$ - |

B. Consider Public Agency Retirement Services' (PARS) Pension Rate Stabilization Plan (Section 115 Trust) to supplement the City's CalPERS Trust

The City of Dublin's pension trust (held by the California Public Employees Retirement System, CalPERS) is funded by contributions from both employees and the City, and by investment earnings on those funds. One of the most critical and volatile factors used in setting agency contribution rates is the rate that CalPERS expects to earn over the long term on its investments (the discount rate) which, until recently, had been set for a number of years at 7.5%.

CalPERS' actual average rate of return has been significantly lower, at 5.08% over the last ten years, and 6.88% over the last three years. In response, and in recognition of a long-term low interest environment, the CalPERS Board voted in December 2016 to lower the discount rate to 7.0% over three years. This reduction will bring CalPERS earnings expectation to its lowest in modern history, and will result in dramatically higher employer contribution rates. For the City of Dublin, the change will increase pension payments by an estimated \$525,000 annually, by Fiscal Year 2022-23.

Because Dublin has historically budgeted conservatively for pension and retiree health increases, the change will have minimal effect to the budget in the short term. Staff had already included \$515,000 in the Fiscal Year 2017-18 Budget Forecast, and annually adjusted in the 10-Year Forecast, for additional pension funding. However, the CalPERS decision is a clear indicator of the new economic environment and raises questions as to whether the discount rate will ultimately be lowered again, or another decision taken that negatively impacts contribution rates.

A recent decision by the IRS allows for public agencies to create a separate trust to pre-fund its PERS unfunded liability. PARS, the City's current provider of retirement benefits for part-time employees, now offers such an opportunity through its Pension Rate Stabilization Plan (PRSP). Essentially, the plan provides agencies with an alternative to sending funds to CalPERS that will provide for greater local control over assets, and portfolio management by a registered investment advisor selected and monitored by the City, with contributions transferred to CalPERS at the discretion of the agency to offset fluctuations in the required annual contributions. Furthermore, PARS is posting higher returns than CalPERS.

Utilizing the PRSP would not change the City's obligation to make contributions to PERS, nor would it remove or replace PERS as the City's retirement benefit provider. It would simply act as another investment tool to supplement annual contributions, should the City experience budgetary constraints. There is no cost

associated with setting up the PRSP fund, and funding timing and levels would be controlled by the City. Should the City Council wish to pursue the PRSP, Staff would bring back this item at a future meeting for consideration before the end of the current Fiscal Year, so that any related funding decisions can be incorporated into the reserves designation discussion in June 2017.

2. Continue work on the action items that support the fiscal sustainability initiative

In March 2015 the City Council identified long-term fiscal sustainability as the City's key strategic initiative and directed Staff to ensure that fiscal sustainability becomes a major factor in future decisions, including future budget proposals. Staff presented a list of specific focus areas within this initiative, and began work on many of them in Fiscal Year 2015-16. In addition, in November 2016 the City Council approved the formation of the City's first Fiscal Sustainability Task Force with the goals of: a) Educating the public and fostering discussion on the City of Dublin's current and projected financial status; and b) Producing an advisory document with future budget options for the City Council to consider. In December 2016, the City Council appointed seven members and four alternates to the Task Force, and as of the production of this report, the group has held three meetings and is on track to present recommendations to the City Council in January 2018.

Below is the list of the action items presented to the City Council in March 2015, with a status update and noted goals for the Fiscal Year 2017-18 Budget period.

Focus Areas

- Development of a Preventative Maintenance Plan: Staff is on track to complete this plan within the current two-year budget cycle.
- Reinvestment in Existing Facilities/Infrastructure: Work on the Shannon Center Parking Lot Resurfacing Project will begin in August 2017 and will be completed in Fiscal Year 2017-18. Bids for the master plan of the Dublin Sports Grounds renovation project were released in March 2017.
- Evaluate Cost Recovery and Pricing Policy for Services/Maintenance: The City has entered into contract with a consultant for a comprehensive Cost Allocation Plan and User Fee Study. The project is expected to be completed in October 2017, with new fees going into effect in 2018. Updates to the Parks and Community Services Pricing Policy were included with the Master Fee Schedule approved by the City Council in June 2016.
- Develop Performance Measures/Metrics: This effort is to understand the "return on investment" (ROI) of all City services and to use that data more effectively to inform policy decisions. Staff is currently evaluating performance measurement and data tools in the marketplace with the goal of having these tools in place during the current budget cycle.
- Reevaluate Internal Service Funds and Fund Balance Priorities: In June 2016 the City Council approved the creation of an Information Technology Fund with an initial General Fund contribution of \$2 million towards IT Master Plan

initiatives. Finance Staff are now reviewing citywide needs related to equipment and building replacement.

- Assess the City's Unfunded Liabilities (Retirement Benefits): In Fiscal Year 2015-16, the City Council took steps to control spending on retiree medical costs, approved changes to increase employee contributions to retirement and contributed a lump sum payment of \$250,000 towards pension and retiree health. In Fiscal Year 2016-17, the City Council approved additional contributions towards the unfunded liabilities: \$8.2 million towards Fire retiree health, and \$1.0 million towards City pension obligations. Because of CalPERS decision to lower the discount rate, the Fiscal Year 2017-18 Preliminary Budget includes a total of \$1.0 million to shore up reserves against future rates increases.
- Discuss Strategies for New/Increased Revenue Streams: In Fiscal Year 2016-17 the City reviewed the feasibility of bringing a sales tax measure to voters in the November 2016 election, to enable residents to determine the level of service they wish to maintain in the community. Staff will continue to monitor this option for future elections. In addition, Staff anticipates that the Fiscal Sustainability Task Force will evaluate increases to revenues in focus areas such as charges for services, parks and recreation fees, and permitting charges.

3. Continue current high standard of maintenance in City parks and facilities

The Fiscal Year 2017-18 Budget Update contains cost estimates set last year by the City's maintenance services provider, MCE, which incorporate new parks and facilities, and includes adjustments to our service levels of maintenance citywide. The updated numbers have not changed.

Additionally, Staff is currently reviewing the first phase of a Preventative Maintenance Plan to understand the true cost of ownership of our assets. The Fiscal Year 2016-17 Budget set aside \$300,000 in the first year and \$750,000 in the second year to cover any impacts the study results may have. These costs ramp up in the forecast to \$1,000,000 annually by Fiscal Year 2018-19. There are no planned changes to this reflected in the Budget Update.

4. Initiate and/or complete key capital improvement projects

The Adopted 2016-2021 CIP Budget includes several large-scale projects that will be significant to the community, and will impact the City's ongoing maintenance and replacement budgets. These are projects expand the City's capacity to serve a growing population, and it is important for the City to utilize a surplus budget position to make these kinds of long-term investments in the community. Below is a brief description and status of these projects. Any changes proposed with the Preliminary Budget are noted.

- The Wave (Emerald Glen Recreation and Aquatics Complex)
Project budget: \$43.8 million, funded by Public Facility Fees and \$3 million from the General Fund.

Status: On track to open in the spring of 2017. Current estimates set the General Fund operating subsidy of this facility at \$953,330, which is in line with prior estimates.

□ Public Safety Complex

Project budget: \$15 million, funded by a Community Benefit Payment, with a portion potentially eligible for coverage by Public Facility Fees.

Status: Project bids are currently being reviewed by Staff.

□ Fallon Sports Park Phase II

Project budget: \$17.8 million, funded by \$15.8 million from Public Facility Fees and a \$2.0 million General Fund contribution.

Status: Construction is expected to be completed in Fiscal Year 2017-18.

□ Dublin Crossing Community Park

Project Budget: \$21.6 million, funded by the developer (\$12.8 million) and Public Facility Fees (\$6.3 million). The remaining \$2.5 million has no funding source currently identified.

Status: The City approved the conceptual plan for the project in the current fiscal year. Phases I and II are currently planned to be completed within the Five-Year CIP timeframe, with construction of Phase III planned for future years.

□ Jordan Ranch Neighborhood Park (4.9 acres)

Project Budget: \$2.3 million, funded Public Facility Fees (\$0.7 million) and built by the Developer (\$1.6 million). The land for the park was dedicated and improved by the developer in exchange for credit against Public Facility Fees, up to \$365,000.

Status: Under construction, with expected delivery date of spring 2017.

□ Sean Diamond Park

Project Budget: \$2.8 million, as discussed in the CIP section above; funded by Public Facility Fees Funds.

Status: Scheduled to be completed in Fiscal Year 2017-18.

□ Dougherty Road Widening and Improvements Project

Project budget: \$22.9 million, funded with Measure B and BB grant funds and various Traffic Impact Fees.

Status: Construction is underway, and expected to be completed in the fall of 2017. Adverse weather conditions may delay the completion date.

□ Dublin Boulevard Improvements Project

Project budget: \$6.9 million, funded by \$3 million in Measure BB grant funds, other Mitigation and Traffic Impact Fee funds, and Rule 20A monies.

Status: Phase one of the project, the undergrounding of the utilities, is anticipated to start in spring 2017.

Next Steps

The Fiscal Year 2017-18 Budget Update will be presented for adoption at the Budget Hearing scheduled for the May 16, 2017 City Council meeting. Staff will update the 10-

Year Forecast with information through March, and present the results as part of the budget adoption. Reserve designations are made at a separate meeting before the close of the current Fiscal Year. Given the information presented in this report, Staff would like direction on the following:

1. Is there any other information or detail about the Budget Update that the City Council would like presented during the Budget Hearing?
2. Are there items the City Council would like removed from and/or included in the operating budget and/or CIP budget numbers for consideration during the Budget Hearing?
3. Does the City Council wish to pursue the reserve for the Chevron energy lease, with the intention of paying off the debt early?
4. Does the City Council wish to discuss the PARS Pension Rate Stabilization Plan at a future meeting?

NOTICING REQUIREMENTS/PUBLIC OUTREACH:

None.

ATTACHMENTS:

1. General Fund Summary, FY 2017-18 Budget Update
2. General Fund Reserves, FY 2017-18
3. 2016-2017 Capital Improvement Program


Chris Foss, City Manager 3/29/2017

GENERAL FUND SUMMARY
FY 2017-18 BUDGET UPDATE - PRELIMINARY

ATTACHMENT 1

| | Actual 2015-16 | Adopted 2016-17 | Amended 2016-17 | Forecast 2017-18 | Update 2017-18 | Change From Forecast | Change % |
|---------------------------------|--------------------|--------------------|--------------------|---------------------|--------------------|----------------------------|--------------|
| Revenues | | | | | | | |
| Property Taxes | 33,598,601 | 35,182,061 | 36,087,937 | 36,969,357 | 37,971,147 | 1,001,790 | 2.7% |
| Sales Taxes (1) | 20,938,826 | 20,666,260 | 20,666,260 | 21,111,118 | 20,996,940 | (114,178) | -0.5% |
| Development Revenue | 10,562,963 | 8,568,899 | 10,978,502 | 7,697,743 | 9,798,859 | 2,101,116 | 27.3% |
| Other Taxes | 6,606,016 | 5,465,000 | 5,865,000 | 5,547,000 | 5,947,000 | 400,000 | 7.2% |
| Licenses & Permits | 310,286 | 292,140 | 292,140 | 295,496 | 309,096 | 13,600 | 4.6% |
| Fines & Penalties | 116,016 | 109,932 | 109,932 | 109,932 | 111,432 | 1,500 | 1.4% |
| Interest (2) | 2,937,978 | 465,880 | 840,880 | 465,880 | 876,000 | 410,120 | 88.0% |
| Rentals and Leases | 1,114,747 | 1,033,488 | 1,033,488 | 1,141,916 | 1,081,672 | (60,244) | -5.3% |
| Intergovernmental | 324,075 | 198,618 | 198,618 | 198,618 | 198,618 | - | 0.0% |
| Charges for Services | 5,396,964 | 4,838,466 | 4,905,866 | 5,745,562 | 6,231,842 | 486,280 | 8.5% |
| Community Benefit Payments | 424,000 | 100,000 | 550,000 | - | - | - | - |
| Other Revenue | 585,944 | 256,344 | 519,078 | 256,344 | 259,235 | 2,891 | 1.1% |
| Total Revenues | 82,916,416 | 77,177,088 | 82,047,701 | 79,538,966 | 83,781,841 | 4,242,875 | 5.3% |
| Expenditures | | | | | | | |
| Salaries & Wages | 9,437,426 | 11,100,241 | 10,502,206 | 11,990,533 | 12,434,084 | 443,551 | 3.7% |
| Benefits | 4,172,485 | 5,707,982 | 5,692,982 | 5,992,648 | 6,289,213 | 296,565 | 4.9% |
| Services & Supplies | 1,875,458 | 2,946,394 | 2,913,392 | 3,013,709 | 3,262,530 | 248,821 | 8.3% |
| Internal Service Fund Charges | 2,637,354 | 3,065,342 | 3,040,284 | 2,988,764 | 3,051,124 | 62,360 | 2.1% |
| Utilities | 1,723,204 | 2,248,261 | 2,243,857 | 2,657,341 | 2,830,310 | 172,969 | 6.5% |
| Total Contracted Services * | 39,869,473 | 43,297,583 | 45,385,822 | 45,208,233 | 45,929,352 | 721,120 | 1.6% |
| Capital Outlay | 133,477 | 719,801 | 800,598 | 293,152 | 419,112 | 125,960 | 43.0% |
| Contingency | - | 989,112 | 957,477 | 1,000,203 | 750,199 | (250,004) | -25.0% |
| Contribution to OPEB/PERS | 9,200,000 | - | - | - | - | - | - |
| Subtotal Expenditures | 69,048,878 | 70,074,716 | 71,536,618 | 73,144,582 | 74,965,924 | 1,821,342 | 2.5% |
| Prior Year Carryovers | | | 1,612,658 | | | | |
| Total Expenditures | 69,048,878 | 70,074,716 | 73,149,276 | 73,144,582 | 74,965,924 | 1,821,342 | 2.5% |
| Operating Impact | 13,867,538 | 7,102,372 | 8,898,426 | 6,394,384 | 8,815,917 | 2,421,533 | 37.9% |
| Transfers Out | (2,409,006) | (759,510) | (8,780,937) | (2,317,520) | (2,440,629) | | |
| Impact on Total Reserves | 11,458,531 | 6,342,862 | 117,489 | 4,076,864 | 6,375,288 | | |
| TOTAL RESERVES | 109,165,026 | | 109,282,515 | | 115,657,803 | | |

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

| | Actual 2015-16 | Adopted 2016-17 | Amended 2016-17 | Forecast 2017-18 | Update 2017-18 | Change From Forecast | Change % |
|-------------------------------------|-------------------|--------------------|--------------------|---------------------|-------------------|----------------------------|-------------|
| * Contracted Services Detail | | | | | | | |
| Police Services | 15,868,735 | 17,055,970 | 17,170,881 | 18,026,019 | 18,194,693 | 168,674 | 0.9% |
| Fire Services | 11,063,248 | 11,982,959 | 11,982,959 | 12,358,802 | 12,426,576 | 67,774 | 0.5% |
| Maintenance Services (MCE) | 3,997,800 | 4,296,214 | 4,296,214 | 4,829,512 | 4,829,512 | - | 0.0% |
| Community Development | 2,516,339 | 2,431,193 | 3,386,627 | 2,326,813 | 2,742,971 | 416,158 | 17.9% |
| Public Works | 2,181,918 | 2,615,945 | 2,639,682 | 2,791,639 | 2,771,161 | (20,478) | -0.7% |
| Parks & Community Services | 2,087,606 | 2,107,531 | 2,571,602 | 2,246,167 | 2,107,214 | (138,954) | -6.2% |
| Economic Development | 37,511 | 234,697 | 512,540 | 157,709 | 157,709 | - | 0.0% |
| City Attorney | 876,229 | 800,746 | 800,746 | 800,746 | 896,180 | 95,434 | 11.9% |
| Administrative Departments | 1,240,087 | 1,772,328 | 2,024,571 | 1,670,825 | 1,803,336 | 132,511 | 7.9% |
| Total Contracted Services | 39,869,473 | 43,297,583 | 45,385,822 | 45,208,233 | 45,929,352 | 721,120 | 1.6% |

**GENERAL FUND RESERVES
FY 2017-18 BUDGET UPDATE**

ATTACHMENT 2

| | Projected 2016-17 | Increase 2016-17 | Decrease 2016-17 | NET CHANGE | Update 2017-18 |
|------------------------------------|----------------------|---------------------|---------------------|---------------|-------------------|
| Reserve Balances | | | | | |
| Non-Spendable | 247,761 | - | (160,681) | (160,681) | 87,080 |
| Prepaid Expenses | 27,080 | | | - | 27,080 |
| Cemetery Endowment | 60,000 | | | - | 60,000 |
| Advance to Public Facility Fees | - | | | - | - |
| Advance to Fire Impact Fee | 0 | | | - | 0 |
| Advance to PERS Side Fund | 160,681 | | (160,681) | (160,681) | (0) |
| 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 | 31,494,194 | - | - | - | 31,494,194 |
| Economic Stability | 8,000,000 | | | - | 8,000,000 |
| Downtown Public Impr | 461,929 | | | - | 461,929 |
| Economic Development | 1,000,000 | | | - | 1,000,000 |
| Emergency Communications | 741,000 | | | - | 741,000 |
| Fire Svcs OPEB | 3,084,672 | | | - | 3,084,672 |
| Innovations & New Opport | 1,722,785 | | | - | 1,722,785 |
| One-Time Initiative | 1,341,408 | | | - | 1,341,408 |
| Specific Committed Reserves | | | | | - |
| Emerald Glen Aquatic Complex | - | | | - | - |
| Maintenance Facility | - | | | - | - |
| Cemetery Expansion | 5,272,210 | | | - | 5,272,210 |
| Fallon Sports Park | 200,000 | | | - | 200,000 |
| Civic Ctr Expansion | - | | | - | - |
| Storm Drain Capture | - | | | - | - |
| Shannon Center Parking Lot | - | | | - | - |
| 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 | 36,213,208 | 515,000 | - | 515,000 | 36,728,208 |
| Accrued Leave | 988,708 | | | - | 988,708 |
| Operating Carryovers | - | | | - | - |
| CIP Carryovers | - | | | - | - |
| 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 | 515,000 | | 515,000 | 11,129,353 |
| 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 | 40,748,352 | 160,681 | 5,860,288 | 6,020,970 | 46,769,323 |
| Unassigned-Unrealized Gains | (2,197,354) | | | - | (2,197,354) |
| Unassigned (Available) | 42,945,706 | | | | 48,966,676 |
| TOTAL RESERVES | 109,282,515 | 675,681 | 5,699,607 | 6,375,289 | 115,657,803 |

2016-2021 CAPITAL IMPROVEMENT PROGRAM - GENERAL IMPROVEMENTS

| Project Description | PRIOR YEARS | 2016-2017 | 2017-2018 | 2018-2019 | 2019-2020 | 2020-2021 | ESTIMATE FUTURE YEARS | TOTALS |
|---|--------------------|-------------------|------------------|------------------|------------------|------------------|----------------------------------|-------------------|
| Annual ADA Transition Plan | | 23,833 | | | | | | 23,833 |
| Civic Center Modification Design and Construction | 3,650,735 | 627,556 | | | | | | 4,278,291 |
| Cultural Arts Center | | | | 335,796 | 5,264,204 | | | 5,600,000 |
| IT Infrastructure Improvement | | 650,000 | | | | | | 650,000 |
| Maintenance Yard Facility Improvements | 9,765,631 | 215,102 | | | | | | 9,980,733 |
| Public Safety Complex - Police Services Building | 519,527 | 14,480,473 | | | | | | 15,000,000 |
| TOTAL COSTS | 13,935,893 | 15,996,963 | | 335,796 | 5,264,204 | | | 35,532,857 |

| FINANCING | PRIOR YEARS | 2016-2017 | 2017-2018 | 2018-2019 | 2019-2020 | 2020-2021 | FUTURE YEARS | TOTALS |
|--|--------------------|-------------------|------------------|------------------|------------------|------------------|---------------------|-------------------|
| Cable TV Facilities | 13,217 | 599,783 | | | | | | 613,000 |
| Dublin Crossing Development Fee | 519,527 | 14,480,473 | | | | | | 15,000,000 |
| General Fund | 8,484,432 | 266,708 | | | | | | 8,751,140 |
| Internal Service Fund - Facilities Replacement | 3,082,856 | | | | | | | 3,082,856 |
| IT Fund | | 650,000 | | | 600,000 | | | 1,250,000 |
| Public Facilities Fee | 1,835,861 | | | 335,796 | 4,664,204 | | | 6,835,861 |
| TOTAL FINANCING | 13,935,893 | 15,996,963 | | 335,796 | 5,264,204 | | | 35,532,857 |

2016-2021 CAPITAL IMPROVEMENT PROGRAM - COMMUNITY IMPROVEMENTS

| Project Description | PRIOR YEARS | 2016-2017 | 2017-2018 | 2018-2019 | 2019-2020 | 2020-2021 | ESTIMATE FUTURE YEARS | TOTALS |
|---------------------------------------|--------------------|------------------|------------------|------------------|------------------|------------------|----------------------------------|----------------|
| Annual Sidewalk Safety Repair Program | 708 | 104,217 | | | | | | 104,925 |
| San Ramon Road Landscape Renovation | 405 | 238,660 | | | | | | 239,065 |
| TOTAL COSTS | 1,113 | 342,877 | | | | | | 343,990 |

| FINANCING | PRIOR YEARS | 2016-2017 | 2017-2018 | 2018-2019 | 2019-2020 | 2020-2021 | ESTIMATE FUTURE YEARS | TOTALS |
|------------------------|--------------------|------------------|------------------|------------------|------------------|------------------|----------------------------------|----------------|
| General Fund | 1,113 | 342,877 | | | | | | 343,990 |
| TOTAL FINANCING | 1,113 | 342,877 | | | | | | 343,990 |

2016-2021 CAPITAL IMPROVEMENT PROGRAM - PARKS

| Project Description | PRIOR YEARS | 2016-2017 | 2017-2018 | 2018-2019 | 2019-2020 | 2020-2021 | ESTIMATE FUTURE YEARS | TOTALS |
|---|-------------------|-------------------|------------------|------------------|------------------|------------------|--------------------------|--------------------|
| Clover Park & Sunrise Park | | 1,781,358 | | | | | | 1,781,358 |
| Dublin Crossing Community Park | 139,845 | 1,420,889 | 6,126,806 | 998,198 | 6,101,606 | 654,260 | 6,099,646 | 21,541,250 |
| Dublin Heritage Park Cemetery Improvements | 6,928 | | 1,475,072 | | | | | 1,482,000 |
| Dublin Sports Grounds Renovation | 332,495 | 498,605 | | | | | | 831,100 |
| Emerald Glen Recreation & Aquatic Complex - Phase I | 26,524,866 | 17,306,079 | | | | | | 43,830,945 |
| Fallon Sports Park - Phase II | 2,688,607 | 15,090,270 | | | | | | 17,778,877 |
| Jordan Ranch Neighborhood Park | 559,679 | 1,739,233 | | | | | | 2,298,912 |
| Library Improvement - Center for 21st Century Skills | 37,208 | 239,750 | | | | | | 276,958 |
| Moller Ranch Neighborhood Square | | | 510,440 | | | | | 510,440 |
| Public Art - Clover Park & Sunrise Park | | 35,600 | | | | | | 35,600 |
| Public Art - Dublin Crossing Community Park | | 176,446 | 250,993 | 325,310 | | | | 752,749 |
| Public Art - Emerald Glen Recreation and Aquatics Complex | 127,944 | 249,990 | 5,035 | | | | | 382,969 |
| Public Art - Fallon Sports Park | 100,011 | 179,923 | | | | | | 279,934 |
| Public Art - Jordan Ranch Neighborhood Park | | | 46,980 | | | | | 46,980 |
| Public Art - Moller Ranch Neighborhood Square | | | 10,000 | | | | | 10,000 |
| Public Art - Public Safety Complex - Police Services Building | | 300,000 | | | | | | 300,000 |
| Public Art - Sean Diamond Park | | | 48,000 | | | | | 48,000 |
| Sean Diamond Park | 155,655 | 2,782,875 | | | | | | 2,938,530 |
| Shannon Center Parking Lot Improvements | 87,590 | 987,410 | | | | | | 1,075,000 |
| Shannon Park Water Play Area | 693,951 | | | | | | | 693,951 |
| Wallis Ranch Community Park | | | | | | 6,358,155 | | 6,358,155 |
| TOTAL COSTS | 31,454,779 | 42,788,428 | 8,473,326 | 1,323,508 | 6,101,606 | 7,012,415 | 6,099,646 | 103,253,708 |

| FINANCING | PRIOR YEARS | 2016-2017 | 2017-2018 | 2018-2019 | 2019-2020 | 2020-2021 | ESTIMATE FUTURE YEARS | TOTALS |
|----------------------------------|-------------------|-------------------|------------------|------------------|------------------|------------------|--------------------------|--------------------|
| Community Benefit Payment (GF) | | 1,800,000 | | | | | | 1,800,000 |
| Developer Built | | 3,398,415 | 3,662,841 | 712,824 | 3,522,490 | 640,376 | 3,594,938 | 15,531,884 |
| Dublin Crossing Development Fee | 99,290 | 1,008,823 | | | | | | 1,108,113 |
| General Fund | 94,518 | 4,086,905 | 1,475,072 | | | | | 5,656,495 |
| Housing-Related Parks Grant Fund | 332,495 | 498,605 | | | | | | 831,100 |
| Measure D | | 80,000 | | | | | | 80,000 |
| Public Art Fund | 227,955 | 941,959 | 361,008 | 325,310 | | | | 1,856,232 |
| Public Facilities Fee | 30,700,521 | 30,973,721 | 2,974,405 | 285,374 | 2,579,116 | 6,372,039 | | 73,885,176 |
| Unidentified | | | | | | | 2,504,708 | 2,504,708 |
| TOTAL FINANCING | 31,454,779 | 42,788,428 | 8,473,326 | 1,323,508 | 6,101,606 | 7,012,415 | 6,099,646 | 103,253,708 |

2016-2021 CAPITAL IMPROVEMENT PROGRAM - STREETS

| Project Description | PRIOR YEARS | 2016-2017 | 2017-2018 | 2018-2019 | 2019-2020 | 2020-2021 | ESTIMATE FUTURE YEARS | TOTALS |
|--|--------------------|-------------------|------------------|------------------|------------------|-------------------|----------------------------------|--------------------|
| Amador Plaza Road Bicycle and Pedestrian Improvements | 341,255 | 1,072,393 | | | | | | 1,413,648 |
| Amador Valley Blvd - Wildwood Road and Stagecoach Intersections Im | | 170,680 | 91,030 | | | | | 261,710 |
| Annual Street Overlay Program | 111,259 | 2,229,030 | | | | | | 2,340,289 |
| Annual Street Resurfacing | | 1,700,000 | 1,697,100 | 1,697,100 | 1,697,100 | 1,697,100 | | 8,488,400 |
| City Irrigation Improvements | 121,974 | 80,080 | | | | | | 202,054 |
| Citywide Bicycle and Pedestrian Improvements | | 609,600 | 620,380 | 425,380 | 407,580 | 407,580 | | 2,470,520 |
| Citywide Signal Communications Upgrade | 501,185 | 70,339 | 90,120 | 90,120 | 90,120 | 90,120 | | 932,004 |
| Citywide Street Storm Drain Condition Assessment | 492,462 | 502,947 | | | | | | 995,409 |
| Dougherty Road Improvements Sierra Lane to North City Limit | 3,873,196 | 18,943,479 | 89,836 | | | | | 22,906,511 |
| Dublin Boulevard Extension | | 650,000 | 396,450 | 653,450 | 1,003,350 | 1,003,450 | 59,834,000 | 63,540,700 |
| Dublin Boulevard Improvements - Sierra Court to Dublin Court | 483,473 | 2,439,007 | 4,013,554 | | | | | 6,936,034 |
| Dublin Ranch Street Light Improvements | | 351,450 | 37,480 | 37,480 | 37,480 | 37,480 | | 501,370 |
| Dublin Ranch Street Light Pole Painting Project | 23,251 | 12,634 | | | | | | 35,885 |
| Saint Patrick Way - Regional Street to Golden Gate Drive | 848,939 | 4,303 | | | | | | 853,241 |
| San Ramon Road Arterial Management | | 267,480 | | | | | | 267,480 |
| San Ramon Road Trail Improvements | 71,858 | 101,603 | | | | | | 173,461 |
| Storm Drain Bypass San Ramon Road | 1,015,035 | 197,471 | | | | | | 1,212,506 |
| Storm Drain Trash Capture Project | 69,872 | 546,877 | | | | | | 616,749 |
| Tassajara Road Realignment & Widening | 4,389 | 315,611 | 200,760 | 401,080 | 2,448,380 | 8,263,380 | 32,015,000 | 43,648,600 |
| Traffic Sign Inventory and Safety Review | 35,931 | 97,992 | | | | | | 133,923 |
| Village Parkway and Brighton Traffic Signal Upgrade | 14,571 | 181,909 | | | | | | 196,480 |
| TOTAL COSTS | 8,008,649 | 30,544,885 | 7,236,710 | 3,304,610 | 5,684,010 | 11,499,110 | 91,849,000 | 158,126,974 |

2016-2021 CAPITAL IMPROVEMENT PROGRAM - STREETS

| FINANCING | PRIOR YEARS | 2016-2017 | 2017-2018 | 2018-2019 | 2019-2020 | 2020-2021 | ESTIMATE FUTURE YEARS | TOTALS |
|--|--------------------|-------------------|------------------|------------------|------------------|-------------------|----------------------------------|--------------------|
| Eastern Dublin Traffic Impact Fee - Category 1 | 4,389 | 642,611 | 497,210 | 854,530 | 2,005,730 | 1,306,830 | | 5,311,300 |
| Eastern Dublin Traffic Impact Fee - Category 2 | | 1,648,316 | 1,103,390 | | | | | 2,751,706 |
| Energy Efficient Capital Lease | 121,974 | 80,080 | | | | | | 202,054 |
| General Fund | 634,192 | 1,984,447 | 108,000 | 108,000 | 108,000 | 108,000 | | 3,050,639 |
| Internal Service Fund - Equipment | 89,474 | 5,426 | | | | | | 94,900 |
| Local Recycling Programs | | 86,000 | | | | | | 86,000 |
| Measure B Grants | 410,440 | 5,856,560 | | | | | | 6,267,000 |
| Measure B Sales Tax - Bike & Pedestrian Fund (ACTC) | | 292,940 | 285,630 | 19,600 | | | | 598,170 |
| Measure B Sales Tax - Local Streets Fund (ACTC) | 111,259 | 991,298 | 485,000 | 810,000 | 810,000 | 810,000 | | 4,017,556 |
| Measure BB Grants | | 11,400,000 | 3,100,000 | 200,000 | 1,446,000 | 7,960,000 | | 24,106,000 |
| Measure BB Sales Tax - Bike & Pedestrian Fund (ACTC) | | 228,000 | 117,780 | 17,780 | 19,580 | 19,580 | | 402,720 |
| Measure BB Sales Tax - Local Streets Fund (ACTC) | | 853,600 | 545,000 | 200,000 | 200,000 | 200,000 | | 1,998,600 |
| Mitigation Contributions | 1,963,349 | 221,780 | | | | | | 2,185,129 |
| Noise Mitigation Fund | | 90,000 | | | | | | 90,000 |
| Other | | 1,000,000 | | | | | | 1,000,000 |
| State Gas Tax | | 2,284,219 | 917,100 | 917,100 | 917,100 | 917,100 | | 5,952,619 |
| Storm Water Management | 1,015,035 | 44,964 | | | | | | 1,059,999 |
| Street Light District East Dublin 1999-1 | 23,251 | 364,084 | 37,480 | 37,480 | 37,480 | 37,480 | | 537,255 |
| Traffic Impact Fee - Category 3 | 1,159,000 | | | | | | | 1,159,000 |
| Traffic Impact Fee - Dougherty Valley | 1,644,081 | 1,366,648 | | | | | | 3,010,729 |
| Traffic Impact Fee - Downtown | 369,992 | 612,746 | | 100,000 | 100,000 | 100,000 | | 1,282,738 |
| Traffic Safety | 35,931 | 97,992 | | | | | | 133,923 |
| Transportation for Clean Air | 14,571 | 192,914 | | | | | | 207,485 |
| Unidentified | | | | | | | 91,849,000 | 91,849,000 |
| Vehicle Registration Fee (ACTC) | 411,711 | 200,260 | 40,120 | 40,120 | 40,120 | 40,120 | | 772,451 |
| TOTAL FINANCING | 8,008,649 | 30,544,885 | 7,236,710 | 3,304,610 | 5,684,010 | 11,499,110 | 91,849,000 | 158,126,974 |