



STAFF REPORT CITY COUNCIL

DATE: November 7, 2017

TO: Honorable Mayor and City Councilmembers

FROM: Christopher L. Foss, City Manager

SUBJECT: Fiscal Year 2017-18 1st Quarter Financial Review
Prepared by: Colleen Tribby, Director of Administrative Services

EXECUTIVE SUMMARY:

The City Council will receive a financial report through the first quarter for Fiscal Year 2017-18 and consider amendments to the Fiscal Year 2017-18 Budget via a budget change. The City Council will also receive an update to the City's 10-Year Forecast.

STAFF RECOMMENDATION:

Receive the report, including the update to the 10-Year Forecast, and approve the budget change.

FINANCIAL IMPACT:

Approval of the budget change will result in the addition of \$1,930,000 to the General Fund revenue budget, and will increase General Fund expenditures \$5,500. Total General Fund reserves are projected at \$125,324,931 by June 30, 2018, representing 5.8 months of the projected Fiscal Year 2018-19 budget. This report also contains a brief update of the 10-Year Forecast.

DESCRIPTION:

The focus of this report is the Fiscal Year 2017-18 General Fund Amended Budget, including updated revenue and expenditure estimates, as well as an update to the 10-Year Forecast. 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 Fiscal Year 2016-17. The Budget Change Form (Attachment 1) lists all new amendments needing City Council approval.

FY 2017-18: Projected Results (Attachment 2)

General Fund revenues are projected to come in \$1,930,000 higher than the Amended Budget due to the following:

1. Property tax revenue increased \$1,230,000 over the budget, based on the most recent information provided by Alameda County and the City's property tax consultant. This change reflects growth in overall assessed valuation (AV) by 7.702% (\$1,058,471,523) over last year. This was the second-highest AV growth of cities in Alameda County, following Newark's 14.945% growth.
2. Other Taxes (Property Transfer Tax) is anticipated to increase \$250,000 over the budget, which trends closer to last year's number and ties to the increase in property tax revenue.
3. Interest income is also expected to come in close to last year's number, adding \$450,000 in revenue over budget.

On the expenditure side, the City's contract for actuarial services for the retiree health provision to the Dougherty Regional Fire Authority is increasing \$5,500 over the original estimate.

After incorporating those changes, total reserves are projected to increase \$2,902,840 from the prior year, as illustrated in the table below. Reserve details are shown in the General Fund Reserves Summary (Attachment 3).

Total Reserves, Compared to FY 2016-17 and FY 2017-18 Amended Budget

	Actual 2016-17	Amended 2017-18	Q1 Change	New Amended 2017-18
Revenue	83,950,420	83,355,652	1,930,000	85,285,652
Expenditures	(66,244,975)	(76,329,909)	(5,500)	(76,335,409)
Transfers Out	(5,542,414)	(6,047,403)		(6,047,403)
One Time Accrual Adjustment	1,069,534			-
Year End Reserves	\$122,416,591	\$123,394,931	\$41,793,973	\$125,319,431
Change to Reserves from Prior Year		\$978,340		\$2,902,840

10-Year Forecast

The City maintains an ongoing 10-Year Forecast of revenues and expenditures and provides detailed assumptions in the annual budget document. However, throughout the year, Staff monitors these factors and updates the forecast to reflect major changes that will have long term effects.

Based on the information provided in this report, the City's long-term forecast is being adjusted. The General Fund has its last breakeven year in Fiscal Year 2021-22 (one year later than the last Forecast), with a \$1.5 million deficit projected in Fiscal Year 2022-23.

This information will be presented to the City Council's appointed Fiscal Sustainability Task Force at its next meeting on November 15.

NOTICING REQUIREMENTS/PUBLIC OUTREACH:

None.

ATTACHMENTS:

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


Chris Foss, City Manager 10/31/2017

**CITY OF DUBLIN
FISCAL YEAR 2017-18
BUDGET CHANGE FORM**

Budget Change Reference #:

City Council's Approval Required

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

OPERATING EXPENDITURES

General Fund - DRFA - DRFA Obligations

1001.2405.64061	\$5,500.00	Higher consulting services cost for DRFA O to GASB 75 implementation, cost is shared of Dublin and San Ramon
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REVENUES

General Fund - Property Tax

1001.0000.411xx	\$1,230,000.00	Updated number from Property Tax consult.
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General Fund - Other Taxes - Property Transfer Tax

1001.0000.42201	\$250,000.00	Linked to property sales.
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General Fund - Interest Income

1001.0000.46101	\$450,000.00	Higher interest income in FY 2016-17 carried over to current year.
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As Presented at the City Council Meeting

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

Posted By: _____

Date: _____



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PEB update due
between cities



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11/7/2017



**GENERAL FUND SUMMARY
FY 2017-18 1st QUARTER**

ATTACHMENT 2

	Actual 2016-17	Adopted 2017-18	Amended 2017-18	Q1 Change	New Amended 2017-18
Revenues					
Property Taxes	36,964,785	37,971,147	37,971,147	1,230,000	39,201,147
Sales Taxes	20,001,379	20,296,801	20,296,801		20,296,801
Development Revenue	12,350,738	9,798,859	9,998,369		9,998,369
Other Taxes	6,834,545	5,947,000	5,947,000	250,000	6,197,000
Licenses & Permits	318,981	309,096	309,096		309,096
Fines & Penalties	94,205	111,432	111,432		111,432
Interest Earnings	1,286,942	876,000	876,000	450,000	1,326,000
Rentals and Leases	1,117,593	1,081,672	1,081,672		1,081,672
Intergovernmental	258,508	198,618	198,618		198,618
Charges for Services	5,274,724	6,092,717	6,092,717		6,092,717
Community Benefit Payments	699,000	200,000	200,000		200,000
Other Revenue	910,561	259,235	272,800		272,800
Subtotal Revenues	86,111,961	83,142,577	83,355,652	1,930,000	85,285,652
Unrealized Gains/Losses	(2,161,541)				-
Total Revenues	83,950,420	83,142,577	83,355,652	1,930,000	85,285,652
Expenditures					
Salaries & Wages	10,387,331	12,422,136	12,422,136		12,422,136
Benefits	5,409,898	6,298,523	6,298,523		6,298,523
Services & Supplies	2,077,805	3,252,530	3,226,975		3,226,975
Internal Service Fund Charges	3,040,296	3,049,881	3,049,881		3,049,881
Utilities	1,793,538	2,830,310	2,830,310		2,830,310
Total Contracted Services *	42,600,147	46,004,428	46,318,255	5,500	46,323,755
Capital Outlay	935,960	469,112	523,612		523,612
Contingency	-	460,000	420,000		420,000
Subtotal Expenditures	66,244,975	74,786,920	75,089,692	5,500	75,095,192
Carryovers from Prior Year			1,240,217		1,240,217
Total Expenditures	66,244,975	74,786,920	76,329,909	5,500	76,335,409
Operating Impact	17,705,444	8,355,657	7,025,743	1,924,500	8,950,243
One Time Adjustment for Accruals	1,069,534				
Transfers Out	(5,542,414)	(2,440,629)	(6,047,403)		(6,047,403)
Impact on Total Reserves	13,232,565	5,915,028	978,340		2,902,840
TOTAL RESERVES	122,416,591				125,319,431

	Actual 2016-17	Adopted 2017-18	Amended 2017-18	Q1 Change	New Amended 2017-18
* Contracted Services Detail (1)					
Police Services	16,245,666	18,259,770	18,872,121		18,872,121
Fire Services	11,788,015	12,402,322	12,402,322		12,402,322
Maintenance Services (MCE)	4,484,851	4,829,511	4,829,511		4,829,511
Development (Reimbursable)	2,700,966	2,626,655	2,938,088		2,938,088
Development (Not Reimbursable)	4,649,928	4,959,491	5,246,068		5,246,068
Development	7,350,894	7,586,146	8,184,156		8,184,156
Other Contracted Services	2,730,721	2,926,679	3,223,541	5,500	3,229,041
Total Contracted Services	42,600,147	46,004,428	47,511,652	5,500	47,517,152

(1) Contracted Services Detail includes carryovers from FY 2016-17 totaling \$1,193,397.

**GENERAL FUND RESERVES SUMMARY
FY 2017-18 DESIGNATIONS**

ATTACHMENT 3

	Actual 2016-17	Increase 2017-18	Decrease 2017-18	NET CHANGE	Projected 2017-18
Reserve Balances					
Non-Spendable	198,875	-	(159,613)	(159,613)	39,262
Prepaid Expenses	39,262				39,262
Advance to Public Facility Fees	-				-
Advance to Fire Impact Fee	-				-
Advance to PERS Side Fund	159,613		(159,613)	(159,613)	-
Restricted	1,762,000	-	-	-	1,762,000
Heritage Park Maintenance	750,000				750,000
Cemetery Endowment	60,000				60,000
Developer Contr - Downtown	873,000				873,000
Developer Contr - Nature Pk	60,000				60,000
Developer Contr - Heritage Pk	19,000				19,000
Committed	36,213,716	-	-	-	36,213,716
Economic Stability	8,000,000				8,000,000
Public Safety Reserve	1,600,000				1,600,000
Downtown Public Impr	452,170				452,170
Economic Development	2,000,000				2,000,000
Emergency Communications	741,000				741,000
Fire Svcs OPEB	3,334,672				3,334,672
Innovations & New Opport	1,813,408				1,813,408
One-Time Initiative	1,341,408				1,341,408
Specific Committed Reserves					
Maintenance Facility	76,033				76,033
Cemetery Expansion	5,272,210				5,272,210
Fallon Sports Park	200,000				200,000
Civic Ctr Expansion	22,746				22,746
Storm Drain Trash Capture	722,198				722,198
Shannon Center Parking Lot	967,680				967,680
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	50,126,808	-	-	-	50,126,808
Accrued Leave	998,235				998,235
Operating Carryovers	1,240,217				1,240,217
CIP Carryovers	1,739,331				1,739,331
Non-Streets CIP Commitments	3,879,516				3,879,516
Catastrophic Loss	13,918,531				13,918,531
Service Continuity	3,150,000				3,150,000
Pension Rate Stabilization Plan	2,000,000				2,000,000
Chevron Debt Payoff	5,238,622				5,238,622
Pension & OPEB	10,614,353				10,614,353
Fiscally Responsible Adj	325,000				325,000
Municipal Regional Permit	1,870,030				1,870,030
HVAC Replacement	2,000,000				2,000,000
Relocate Parks Dept	250,000				250,000
Specific Assigned Reserves					
Civic Ctr Renovation-Police	1,962,100				1,962,100
Façade Improvement Grants	250,000				250,000
Contribution to ISF	500,000				500,000
Fire Equipment Replacement	190,873				190,873
Unassigned	34,115,192	159,613	2,902,840	3,062,453	37,177,646
Unassigned-Unrealized Gains	(3,860,531)				(3,860,531)
Unassigned (Available)	37,975,723				37,975,723
TOTAL RESERVES	122,416,591	159,613	2,743,228	2,902,840	125,319,431