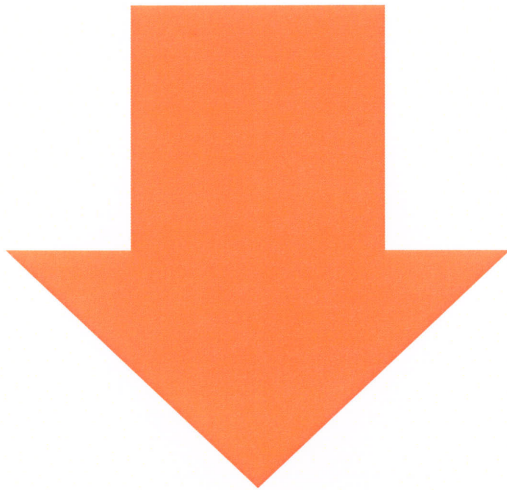




# CREATING LONG-TERM FINANCIAL STABILITY

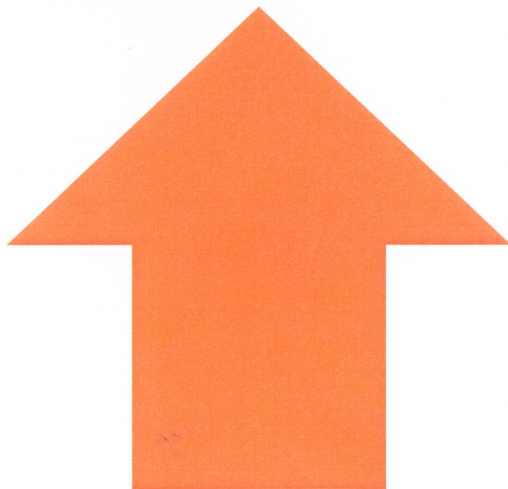
1

# NO LONGER LOOK AT BUDGETS YEAR TO YEAR



## Long-term liabilities

- Pension
- Non-pension benefits
- Vehicles
- Capital Projects
- Building Maintenance
- Debt Service



## Long-term revenues

- Property Tax
- Sales Tax
- Recycling Business License
- Hotel Taxes
- Business License Capital Portion

# Mission

Efficiently providing quality public services, facilities and programs by;

Respecting community values

Applying necessary resources and commitment to meet prospective challenges and the expectations of the citizens and the business community of Brisbane.

# CITY'S BOND RATING

## General Bond Rating

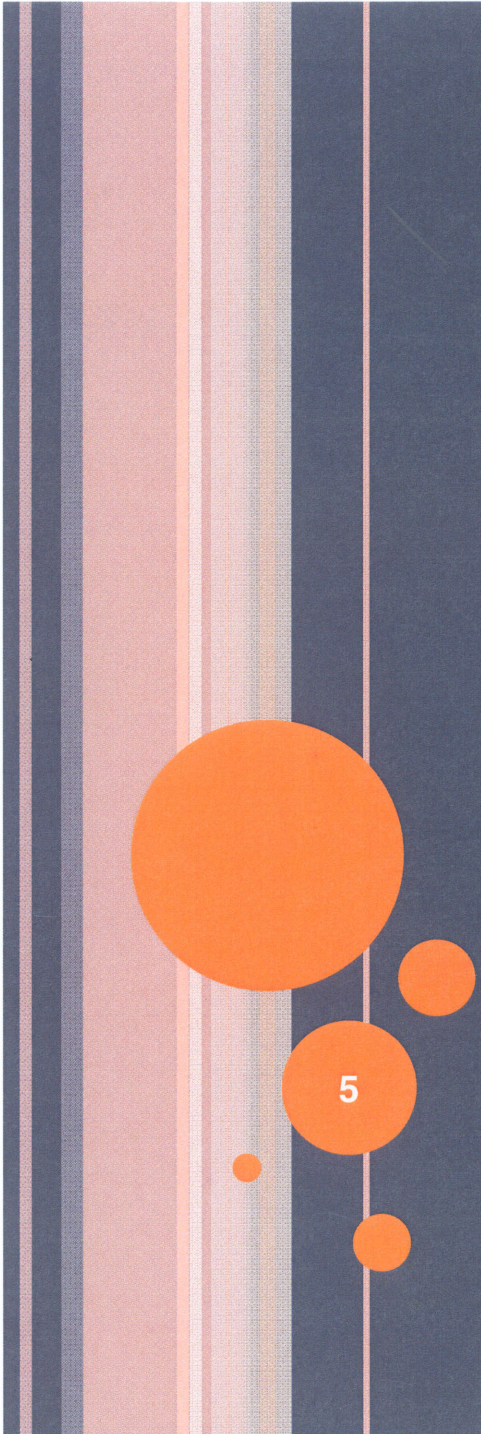
- 2005 A-
- 2015 AA-

## Utility Fund

- 2002 BBB+
- 2015 AA-

## Definition

- **'AA'**—Very strong capacity to meet financial commitments.
- **'A'**—Strong capacity to meet financial commitments, but somewhat susceptible to adverse economic conditions and changes in circumstances.
- **'BBB'**—Adequate capacity to meet financial commitments, but more subject to adverse economic conditions.



# 5-YEAR GENERAL FUND PROJECTIONS

5

# 5 YEAR PROJECTIONS

|                        | 2015/16        | 2016/17       | 2017/18       | 2018/19       | 2019/20       |
|------------------------|----------------|---------------|---------------|---------------|---------------|
| Revenues               | \$ 15,797,703  | \$ 16,602,475 | \$ 17,384,026 | \$ 18,176,943 | \$ 19,003,645 |
| Expenditures           | \$ 17,301,629  | \$ 17,437,556 | \$ 18,019,098 | \$ 17,835,811 | \$ 18,429,437 |
| Surplus/(Deficit)      | \$ (1,503,926) | \$ (835,080)  | \$ (635,071)  | \$ 341,131    | \$ 574,208    |
| Beginning Fund Balance | \$ 10,400,000  | \$ 8,896,074  | \$ 8,060,994  | \$ 7,425,923  | \$ 7,767,054  |
| Ending Fund Balance    | \$ 8,896,074   | \$ 8,060,994  | \$ 7,425,923  | \$ 7,767,054  | \$ 8,341,262  |
| Required Reserve       | \$ 7,654,967   | \$ 7,702,002  | \$ 7,770,156  | \$ 7,800,638  | \$ 7,871,654  |

## ASSUMPTIONS - REVENUES

- Property Tax – 4% growth a year
- Property Tax from Former RDA – 3% growth a year
- ERAF – Remains flat at \$200,000 a year
- Sales Tax – 3% growth a year
- Transient Occupancy Tax – 3% growth a year
- Recycling Business License – Grow to legally approved limit
- Liquid Storage Facility Business License – Grows by a fixed percentage every year remaining under legal limit
- Truck Haul Fees grow at 2% a year

## ASSUMPTIONS - EXPENDITURES

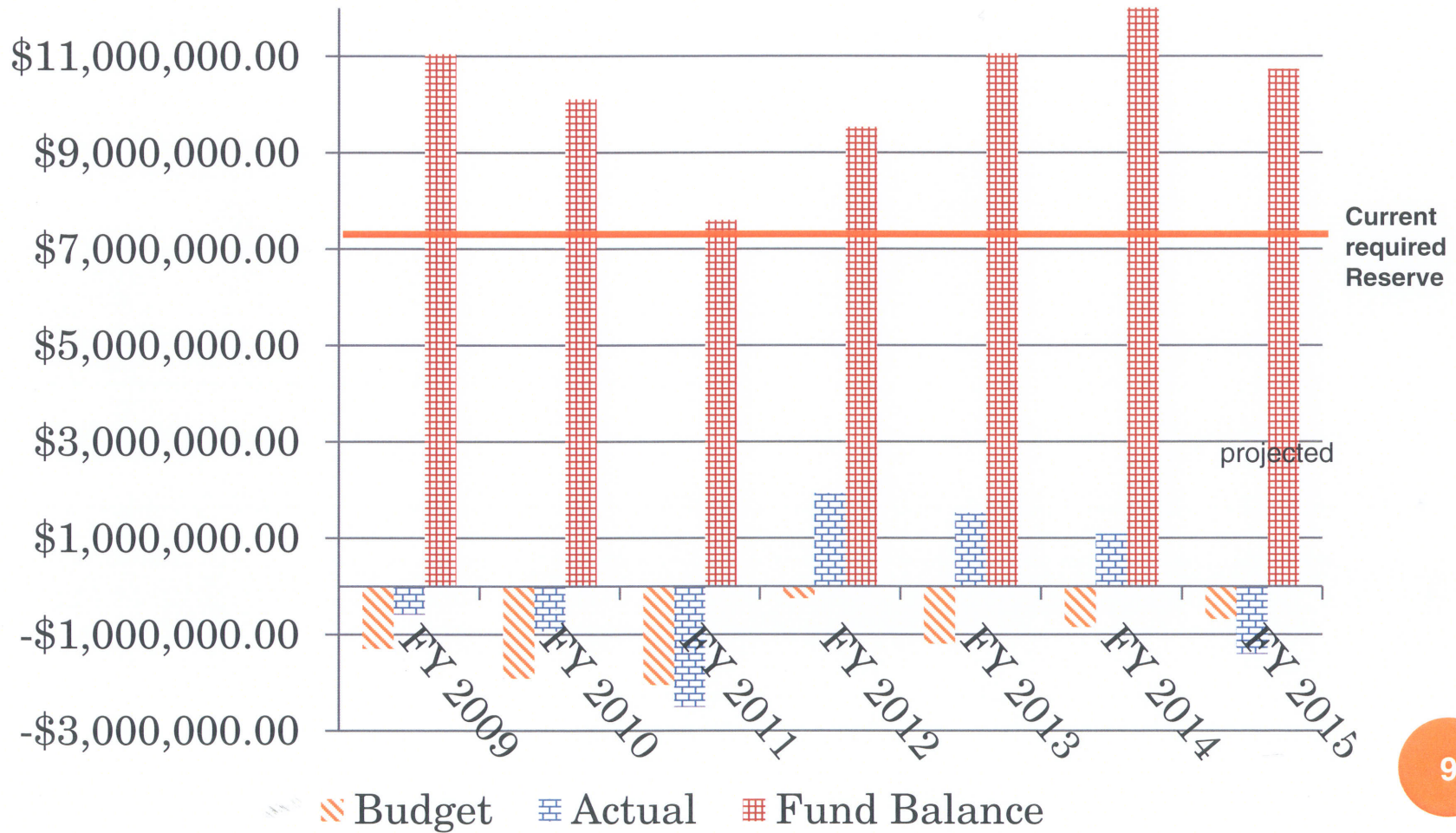
- Supplies and Contract Services grow at 3% a year
- Most One-time projects are not carried forward
  - City Council volunteer projects
  - City Council one-time projects
  - Recruitment funding
- Includes personnel in FY 2015/16 proposed budget and
  - 2 Maintenance Worker II are shifted from the Marina to General Fund functions when dock project – completed – portion offset by savings in contract services
  - Projected increases in salaries and cost of health insurance
  - Use latest Pension estimates for pension costs



# BUDGETED CHANGE IN RESERVES

## ACTUAL ENDING CHANGE IN RESERVES

### ENDING RESERVES





**FY 2015/16 FIRST STEP  
TOWARDS LONG-TERM STABILITY**

10

# FUND TYPES FOR CITY

- Seven Basic Fund Types included in all Funds of City
  - General – Main source of City Expenditures
  - Special – Revenues can only be used for specific purpose for which they are collected.
  - Debt – Used for accounting for all debt paid by the City and the City's subsidiary Brisbane Financing Authority

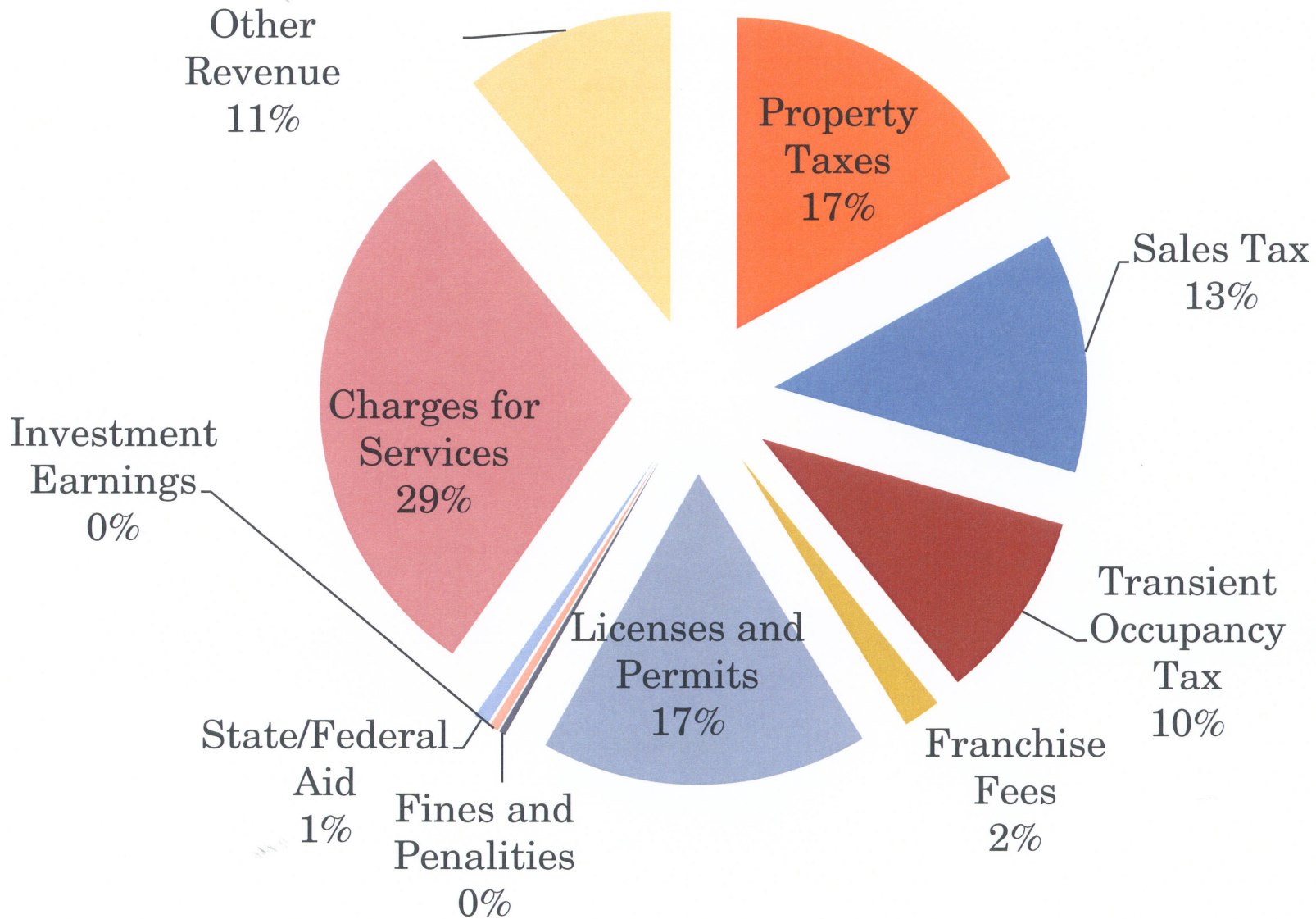
# FUND TYPES FOR CITY

- Enterprise – Operations within the City which operate more like a business (Water, Sewer, and Marina)
- Internal – Used for internal bookkeeping to ensure proper accounting of costs. These include City's Liability and Workers Compensation Costs, Dental Insurance, Flexible Spending Account (Health Care), Motor Vehicle Replacement Fund

# FUND TYPES FOR CITY

- Trust – These are Funds which account for money held by the City in trust for specific purposes
- Agency – These are non-City funds held by the City as a fiduciary.

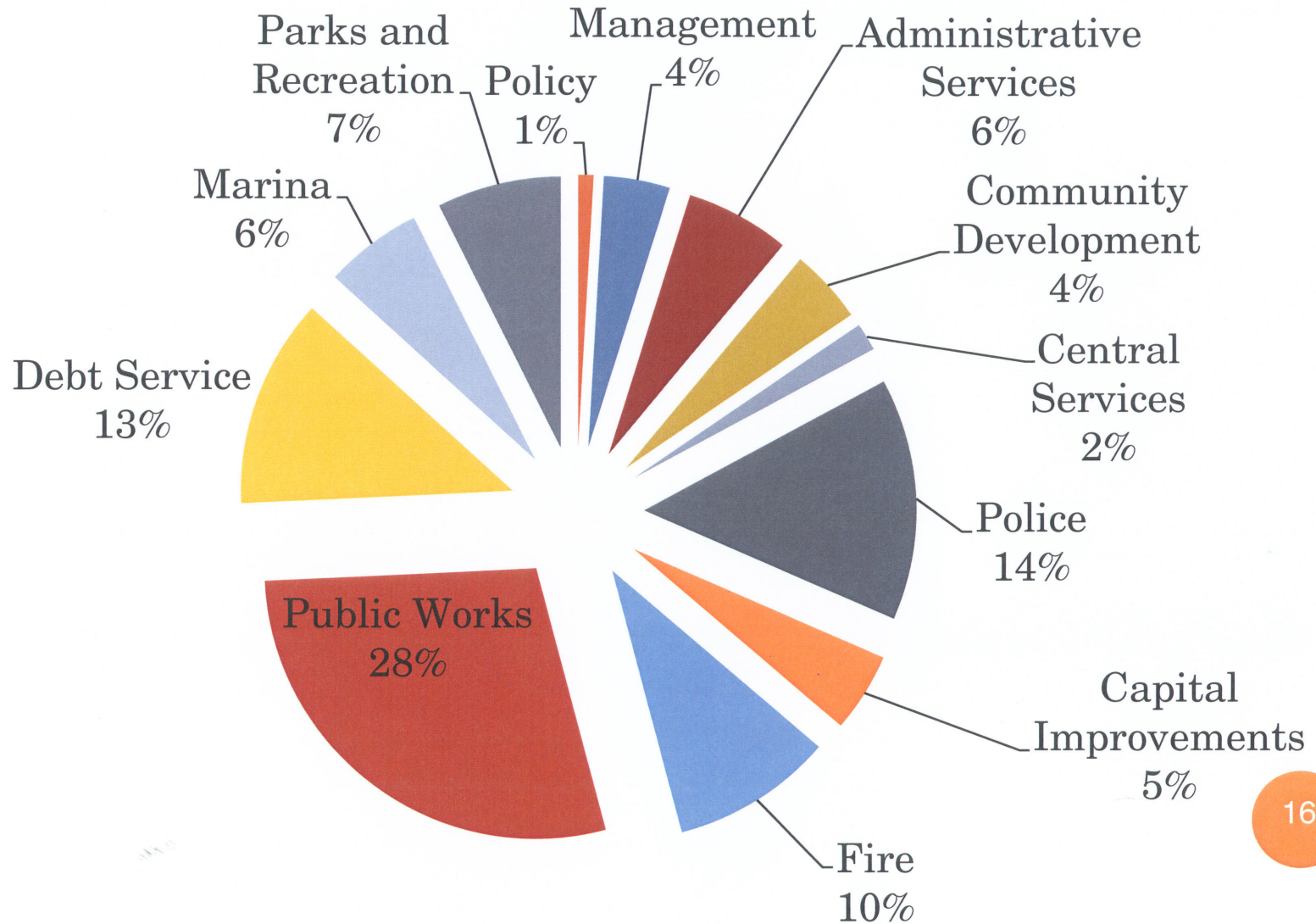
# ALL FUNDS – REVENUES 2015/16



## ALL FUNDS REVENUES BY CATEGORY

|                                                                                                         |                     |
|---------------------------------------------------------------------------------------------------------|---------------------|
| Property Taxes                                                                                          | \$4,306,100         |
| Sales Tax                                                                                               | \$3,182,000         |
| Transient Occupancy Tax                                                                                 | \$2,500,000         |
| Franchise Fees                                                                                          | \$495,116           |
| Licenses and Permits<br>Business Licenses, Recycling License, Fuel Storage License, and Truck Haul Fees | \$4,325,800         |
| Fines and Penalties                                                                                     | \$84,200            |
| Investment Earnings                                                                                     | \$119,000           |
| State/Federal Aid                                                                                       | \$193,700           |
| Charges for Services<br>Water, Sewer, Marina, Parks and Recreation                                      | \$7,455,064         |
| Other Revenue                                                                                           | \$2,796,019         |
| <b>Total</b>                                                                                            | <b>\$25,557,000</b> |

# ALL FUNDS – EXPENDITURES 2015/16

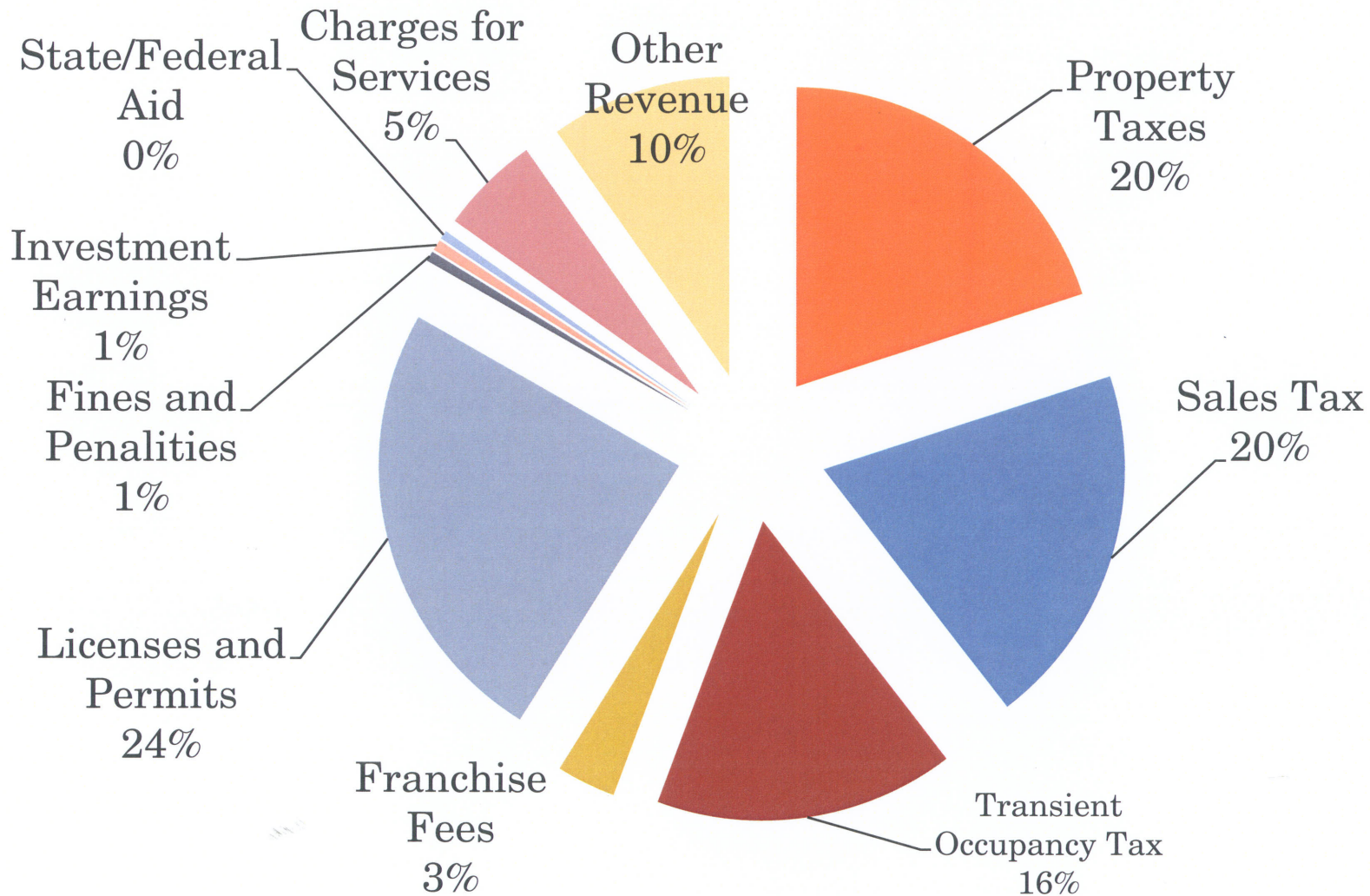




## ALL FUNDS EXPENDITURES BY CATEGORY

|                         |                     |
|-------------------------|---------------------|
| Policy                  | \$249,212           |
| Management              | \$1,080,686         |
| Administrative Services | \$1,700,811         |
| Community Development   | \$1,214,485         |
| Central Services        | \$454,176           |
| Police                  | \$3,967,874         |
| Capital Improvements    | \$1,300,000         |
| Fire                    | \$2,639,632         |
| Public Works            | \$7,799,651         |
| Debt Service            | \$3,436,414         |
| Marina                  | \$1,603,401         |
| Parks and Recreation    | \$2,031,762         |
| <b>Total</b>            | <b>\$27,478,104</b> |

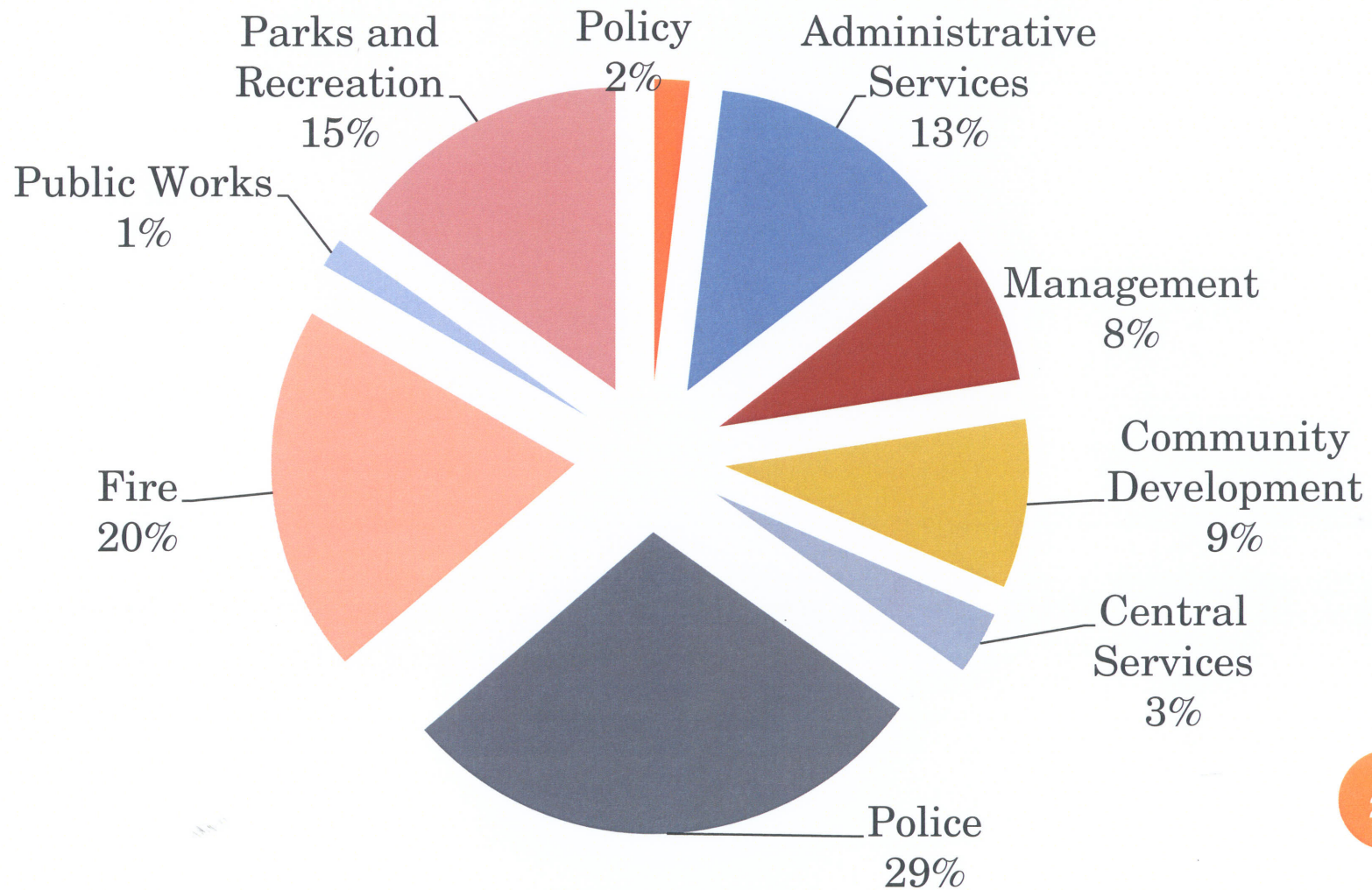
# GENERAL FUND - REVENUES FY 2015/16



## GENERAL FUND REVENUES BY CATEGORY

|                                                                                                            |                     |
|------------------------------------------------------------------------------------------------------------|---------------------|
| Property Taxes                                                                                             | \$3,090,300         |
| Sales Tax                                                                                                  | \$3,032,000         |
| Transient Occupancy Tax                                                                                    | \$2,500,000         |
| Franchise Fees                                                                                             | \$495,116           |
| Licenses and Permits<br>Business Licenses, Recycling License, Fuel<br>Storage License, and Truck Haul Fees | \$3,770,800         |
| Fines and Penalties                                                                                        | \$84,200            |
| Investment Earnings                                                                                        | \$90,000            |
| State/Federal Aid                                                                                          | \$71,500            |
| Charges for Services                                                                                       | \$829,610           |
| Other Revenue<br>Indirect Costs                                                                            | \$1,515,093         |
| <b>Total</b>                                                                                               | <b>\$15,704,000</b> |

# GENERAL FUND – EXPENDITURES FY 2015/16



## GENERAL FUND EXPENDITURES BY CATEGORY

|                       |                     |
|-----------------------|---------------------|
| Policy                | \$249,212           |
| Administration        | \$2,700,811         |
| Management            | \$1,074,277         |
| Community Development | \$1,214,485         |
| Non-Departmental      | \$454,176           |
| Police                | \$3,867,874         |
| Fire                  | \$2,639,632         |
| Public Works          | \$2,111,986         |
| Parks and Recreation  | \$2,031,762         |
| <b>Total</b>          | <b>\$15,344,215</b> |

# RECOMMENDED BUDGET

- Continuing to support services and facilities already approved
- Adding staff for mandated services
- Catching up on deferred items
- Addressing unfunded liabilities as previously approved

# REVENUES STABILIZING

- Property Tax Revenues – 6% increase based on information from Assessor's Office
- Sales Tax - \$3,000,000 based on 2014/15 revenues and projections from MuniServices (Sales Tax Auditor)
  - Doesn't include potential one-time funds from triple flip ending
- Transient Occupancy Tax - \$2,500,000
  - Based on current revenues of \$2,450,000 and next year having Super Bowl 50

# REVENUES STABILIZING

- Business license for Liquid Storage Tanks continues at \$135,000
- ERAF (Educational Revenue Augmentation Fund) – Projected to decrease to \$200,000
  - Received \$279,700 in FY 2014/15



# NEW BUDGETED POSITIONS

- 1/2-time Support for Finance
  - Restructuring of Department due to retirements and changes in workload
- Regulatory Compliance Manager
  - Requirements from Regional Water Quality Control Board (NPDES), Compliance with Bay Area Air Quality Management District, County Environmental Health , Occupational Safety and Health Administration
- Maintenance Worker II – NPDES
  - Reduction of contract work to allow for a full-time employee for routine maintenance

Reporting

Physical

## TEMPORARY POSITION IN BUDGET

- 1 Police Officer

## REGULATORY COMPLIANCE ISSUES

|                                                                                                                    |                  |
|--------------------------------------------------------------------------------------------------------------------|------------------|
| Supplemental Storm Drain<br>Cleaning                                                                               | \$90,000         |
| Actuarial Study Governmental<br>Accounting Standards Board<br>(GASB) 45 (Other Post<br>Employment Benefits (OPEB)) | \$20,000         |
| Actuarial Study GASB 68<br>(PERS)                                                                                  | \$5,500          |
| Maintenance Worker II NPDES<br>Program – <i>Last year spent<br/>\$68,000 on contract services</i>                  | \$106,000        |
| Regulatory Compliance Manager<br>– full-time                                                                       | \$143,000        |
| <b>Total</b>                                                                                                       | <b>\$364,000</b> |

## NEW LONG-TERM COSTS – GENERAL FUND

| Long term payments                                                      | 2015/16 Payment  | 2014/15 Payment  |
|-------------------------------------------------------------------------|------------------|------------------|
| Retiree Health (OPEB)                                                   | \$290,459        | \$249,000        |
| Vehicle Replacement Fund                                                | \$114,169        | \$0              |
| Pension (PERS) Minimum Required Contribution Towards Unfunded Liability | \$498,368        | \$380,000        |
| <b>Total</b>                                                            | <b>\$902,996</b> | <b>\$629,000</b> |

## RECOMMENDED ONE-TIME PROJECTS IN BUDGET

|                                                         |                  |
|---------------------------------------------------------|------------------|
| Volunteer Projects                                      | \$10,000         |
| Skateboard Park                                         | \$50,000         |
| Bike, Trail, Pedestrian Master Plan                     | \$50,000         |
| Eucalyptus Removal                                      | \$20,000         |
| Recruitment for Finance Manager                         | \$25,000         |
| Southeast Crocker Park Precise Plan                     | \$200,000        |
| Firearms/Holster Replacement                            | \$15,500         |
| Retroreflecting Signs                                   | \$15,000         |
| Public Facilities Condition Assessment                  | \$50,000         |
| Handrail installation on alleyway stairs below Alvarado | \$15,000         |
| Safe Route to Schools                                   | \$50,000         |
| Fiber Optic Implementation Consultant                   | \$25,000         |
| Contract Maintenance for Recreation Facilities          | \$40,000         |
| Public Arts Implementation Guidelines                   | \$20,000         |
| Chairs and Tables at Mission Blue                       | \$20,000         |
| Chairs at Community Center                              | \$9,000          |
| Slope Repair San Bruno Avenue and Gladys                | \$20,000         |
| Lane Lines for Pool                                     | \$2,500          |
| Painting Pool Office                                    | \$7,800          |
| <b>Total</b>                                            | <b>\$639,800</b> |

# NEW/ADDITIONAL EXPENSES IN BUDGET

| <b>Additional Expenses on Existing Programs</b>        |                  |
|--------------------------------------------------------|------------------|
| Annual Yard Waste Clean Up                             | \$4,000          |
| Open Space Vegetation Management                       | \$15,000         |
| Financial Software Maintenance                         | \$20,000         |
| Lipman After School Programs                           | \$10,000         |
| <b>New Expenses</b>                                    |                  |
| ½ time Office Specialist Finance                       | \$34,000         |
| Computer Maintenance                                   | \$25,000         |
| Police Officer                                         | \$141,000        |
| Anti-virus software (Police Communications)            | \$1,900          |
| Net Motion License Fee                                 | \$1,300          |
| Plotter and Large Scanner Rental                       | \$3,300          |
| Median Walkway Weeding                                 | \$10,000         |
| Recreation Manager                                     | \$162,000        |
| <b>Parks and Recreation Commission Requested Items</b> |                  |
| <b>Alleyway Improvements</b>                           | <b>\$10,000</b>  |
| <b>Day in the Park</b>                                 | <b>\$10,000</b>  |
| <b>Fire Hydrant Photo Show</b>                         | <b>\$2,300</b>   |
| <b>Total</b>                                           | <b>\$449,800</b> |

# FY 2015/16 RECOMMENDED GENERAL FUND BUDGET

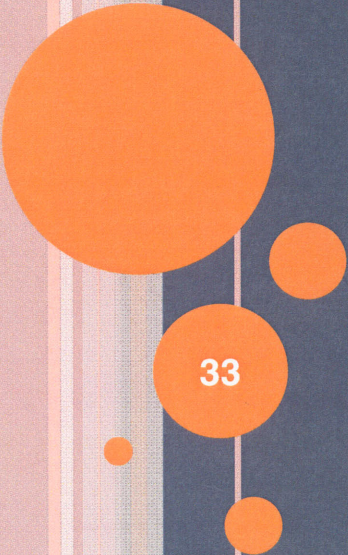
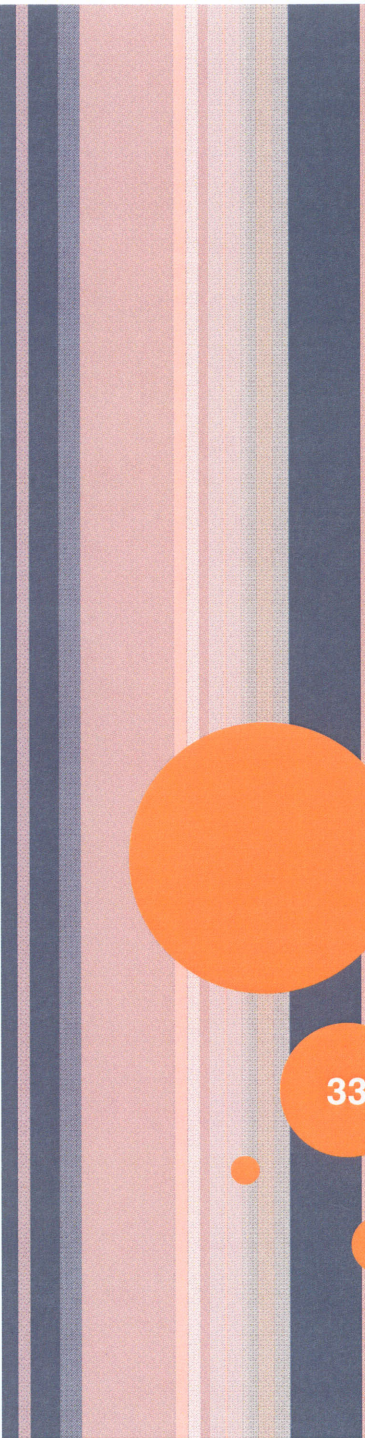
- \$15,798,000 Revenues plus transfers in
- \$17,302,000 Expenditures plus transfers out
- **-\$1,504,000** Net Impact to Fund Balance
- \$8,896,000 Remaining Fund Balance
- \$7,655,000 Required Reserves

## GENERAL FUND RESERVES AS OF 7/1/2015

\$10,400,000

- Loans Receivable \$1,988,000
  - Housing for Department Heads \$ 788,000
  - Loan to Successor Agency \$1,200,000
- Advances to Other Funds \$1,390,000
  - Utility Fund \$540,000
  - Capital Improvement \$850,000
- Fire Sinking Fund \$150,000
  
- **Cash** **\$6,872,000**





# LONGER TERM PLANNING ISSUES

33

# BUDGETED ANNUAL DEBT SERVICE

| <b>General Fund</b>               |                     |                                   |                                            |
|-----------------------------------|---------------------|-----------------------------------|--------------------------------------------|
| <b>Bond</b>                       | <b>Pay Off Year</b> | <b>Outstanding as of 7/1/2015</b> | <b>Annual Payment</b>                      |
| Pension Obligation                | 2021                | \$2,060,000                       | \$619,000<br>reducing to<br>\$150,000      |
| Pension Obligation                | 2023                | \$1,521,000                       | \$120,000<br>increasing to<br>\$393,500    |
| City Hall Remodel                 | 2035                | \$5,220,000                       | \$378,000                                  |
| City Hall Remodel<br>(Completion) | 2029                | \$1,785,000                       | \$188,000                                  |
| <b>Total</b>                      |                     | <b>\$10,586,000</b>               | <b>2015/16<br/>payment<br/>\$1,305,000</b> |

# BUDGETED ANNUAL DEBT SERVICE

| <b>Other Funds</b>                 |                     |                                   |                                                    |
|------------------------------------|---------------------|-----------------------------------|----------------------------------------------------|
| <b>Bond</b>                        | <b>Pay Off Year</b> | <b>Outstanding as of 7/1/2015</b> | <b>Annual Payment</b>                              |
| Water and Sewer                    | 2035                | \$8,805,000                       | \$600,000<br>reducing to<br>\$336,000              |
| Water and Sewer                    | 2018                | \$223,200                         | \$107,000                                          |
| Marina                             | 2027                | \$4,350,000                       | \$440,000<br>increasing to<br>\$485,000            |
| <b>Total Non General Fund Debt</b> |                     | <b>\$13,378,200</b>               | <b>\$1,047,000</b><br>current year<br>debt payment |
| <b>Total All City Debt</b>         |                     | <b>\$23,964,200</b>               | <b>\$2,352,000</b><br>current year<br>debt payment |

# SUCCESSOR AGENCY

| Debt                                   | Pay Off Year | Outstanding as of 7/01/2015 | Annual Payment                      |
|----------------------------------------|--------------|-----------------------------|-------------------------------------|
| Completion of Marina                   | Unknown      | \$2,295,996                 | Based on Available Water fall money |
| Deferred Housing Set Aside             | Unknown      | \$4,099,278                 | Based on Available Water fall money |
| SERAF Payment from State Take-away     | Unknown      | \$1,115,528                 | Based on Available Water fall money |
| 2005 Lease Revenue Bond                | 2018         | \$596,607                   | \$213,000                           |
| 1986 TABS shortfall Advanced from City | Unknown      | \$1,293,108                 | Based on Available Water fall money |
| 2013 Tax Allocation Bond               | 2027         | \$15,615,000                | \$1,700,000 reducing to \$91,000    |
| <b>Total</b>                           |              | <b>\$25,015,517</b>         |                                     |

## UNFUNDED LIABILITIES

| Unfunded Liability    | Total Estimated Outstanding                                      | Projected Pay Off Period                                    |
|-----------------------|------------------------------------------------------------------|-------------------------------------------------------------|
| Retiree Health (OPEB) | \$5,500,000                                                      | 20 Years                                                    |
| CalPERS (Pension)     | \$12,932,042                                                     | 20-30 Years (per CalPERS Schedule)                          |
| Equipment Replacement | Unknown Dollars – Needs Further Study                            | When Dollar Amount Determined will Develop pay off strategy |
| Building Maintenance  | Unknown Dollars – Contract for Consultant part of 2015/16 Budget | When Dollar Amount Determined will Develop pay off strategy |

# CAPITAL PROJECTS

| Project                                                        | Projected Cost   |                                                            |
|----------------------------------------------------------------|------------------|------------------------------------------------------------|
| <b>PROJECTS INCLUDED IN BUDGET</b>                             |                  |                                                            |
| Street Projects                                                | \$165,000        | Paid for from Dedicated Funds                              |
|                                                                |                  | Business License Taxes (\$195,000)                         |
|                                                                |                  | City Council One-time Projects (\$50,000)                  |
|                                                                |                  | Grant (\$5,000)                                            |
| Skate Board Park                                               | \$286,000        | Donations (\$36,000)                                       |
| <b>PROJECTS NOT INCLUDED IN BUDGET</b>                         |                  |                                                            |
| Alvarado to Tulare Stairway, Phase A (Alvarado to Santa Clara) | \$225,000        | Unfunded (\$100,000 for sewer line, \$125,000 for walkway) |
| City Entryway                                                  | \$100,000        | Unfunded                                                   |
| Ornamental Turf Replacement                                    | \$300,000        | Unfunded                                                   |
| <b>Lipman Fields Bathroom</b>                                  | <b>\$100,000</b> | <b>Unfunded</b>                                            |
| <b>Quarry Road Lighting</b>                                    | <b>\$40,000</b>  | <b>Unfunded</b>                                            |
| <b>Dog Park Lighting</b>                                       | <b>\$10,000</b>  | <b>Unfunded</b>                                            |
|                                                                |                  | <b>Parks and Recreation Commission Recommended</b>         |

# CAPITAL PROJECTS - FUNDING

- Potential Method for Funding
  - Place projects in priority order
  - Review in February 2016 as part of Mid-year update when FY 2014/15 Ending Fund Balance is known and an updated on FY 2015/16 can be provided
  - Allocate any additional fund balance between reducing unfunded liabilities (OPEB, building maintenance) and unfunded capital projects

# NATIONAL POLLUTANT DISCHARGE ELIMINATION SYSTEM (NPDES)

|                                                            |                  |
|------------------------------------------------------------|------------------|
| Anticipated Overall Cost of Program per Recommended Budget | \$536,000        |
| <b>Funding Sources</b>                                     |                  |
| Assessments                                                | \$52,000         |
| Grants                                                     | \$22,000         |
| Garbage Franchise Fee                                      | \$170,000        |
| <b>Total Available Funding</b>                             | <b>\$244,000</b> |
| <b>Shortfall paid for by General Fund</b>                  | <b>\$292,000</b> |

The transfer from the General Fund will grow as additional requirements are placed on the city without offsetting revenue sources.





# SUBCOMMITTEE RECOMMENDATIONS

41

# BUDGET SUBCOMMITTEE PROPOSED REDUCTIONS

| Proposed Change                                                                           | Impact to Deficit |
|-------------------------------------------------------------------------------------------|-------------------|
| Delays in Hiring Recreation Manager, Regulatory Compliance Manager, Maintenance Worker II | \$100,000         |
| Volunteer Projects in City Council Budget                                                 | \$10,000          |
| Southeast Crocker Precise Plan in Community Development                                   | \$200,000         |
| Fiber Optic Consultant in Public Works                                                    | \$25,000          |
| Public Arts Implementation Guidelines in Parks and Recreation                             | \$25,000          |
| Chairs at Community Center in Parks and Recreation                                        | \$9,000           |
| Lane Lines for Pool in Parks and Recreation                                               | \$2,000           |
| Painting of Office at Pool in Parks and Recreation                                        | \$7,800           |
| Increase in Day in the Park Funding in Parks and Recreation                               | \$10,000          |
| <b>Total</b>                                                                              | <b>\$388,800</b>  |

# UPDATED CHANGE TO DEFICIT

- \$15,798,000 Revenues plus transfers in
- \$16,913,200 Expenditures plus transfers out based on Budget Subcommittee Recommendations
- **-\$1,115,200** Net Impact to Fund Balance
- \$9,284,800 Remaining Fund Balance
- \$7,636,000 Required Reserves

## ADDITIONAL ITEMS FOR FURTHER DISCUSSION

|                                                                |                                                  |
|----------------------------------------------------------------|--------------------------------------------------|
| Public Facilities Condition Assessment                         | \$50,000                                         |
| Bike, Trail, and Pedestrian Master Plan                        | \$50,000                                         |
| Alvarado to Tulare Stairway, Phase A (Alvarado to Santa Clara) | \$100,000 Utility Fund<br>\$125,000 General Fund |

## ADDITIONAL AREAS FOR STUDY

- Equipment Replacement
- Technology Replacement
- Building Maintenance and Upkeep
- NPDES Funding