

Fiscal Year 2020-2021 PROPOSED BUDGET

June 23, 2020



The City of Vacaville

City Manager's Message



- FY2020/21 budget process highlights
 - New level of fiscal uncertainty due to COVID-19.
 - Proactive cost saving measures.
 - Cautious and strategic approach to address both economic impacts and operational needs.
 - Budget augmentations are limited and deliberate
 - Organizational changes.
 - Collaborative team effort reflecting City's Core Values.



City Council Strategic Goals



Strategic Plan Goal #1—Ensure Public Safety

Meet the needs and expectations of all residents and businesses and integrate health and public safety into the fabric of the Vacaville community.

Strategic Plan Goal #2—Strengthen the Local Economy

Our businesses will grow locally through public/private partnerships, create local job growth to support livable wages and a greater tax base to fund services for Vacaville stakeholders.

Strategic Plan Goal #3—Protect Vacaville’s Quality of Life

Promote and protect Vacaville’s quality of life as viewed by a diverse population and their respective needs.

Strategic Plan Goal #4—Maintain Effective and Efficient Services

Within established fiscal constraints of the City, we provide effective and efficient services using outcomes and data as measures of the goal and attainment of it.



FY 2020-2021 Financial Update Recap

- Financial Update-1 (4/28/20)
 - Updated FY 20 & FY 21 GF Projections
 - Revenue & GF Unreserved Fund Balance History
- Financial Update-2 (5/12/20)
 - Alternate Forecast Scenarios (V, W, etc.)
 - Present funding strategies for scenarios



FY 2020-2021 Budget Process Recap

- Budget Study Session-1 (5/26/20)
 - Financial Update, Continued
 - Organizational Changes
 - City Manager's Office and Administrative Services Department
 - Citywide Augmentation Requests
 - Cost-saving Recommendations

- Budget Study Session-2 (6/9/20)
 - General Fund Revenue Overview
 - Operating Budget Summary
 - Measure M Update
 - Five-Year Forecast
 - Capital Improvement Program (CIP) Budget Summary

New Full-Time Positions



Position

- Management Analyst
- IT Cybersecurity Analyst
- IT Technician*
- Recreation Supervisor (ADA)*
- Public Safety Dispatcher
- MW I/II – Field Utilities

Department

City Attorney
Information Technology Division
Information Technology Division
Parks and Recreation
Police
Public Works Maintenance

**Current Non Full-Time funding will be used to partially offset the costs of converting these positions to Full-Time*



Budget Appropriation Overview

General Fund \$ 106,793,954

Special Revenue Funds \$ 35,098,564

Enterprise Funds \$ 59,603,891

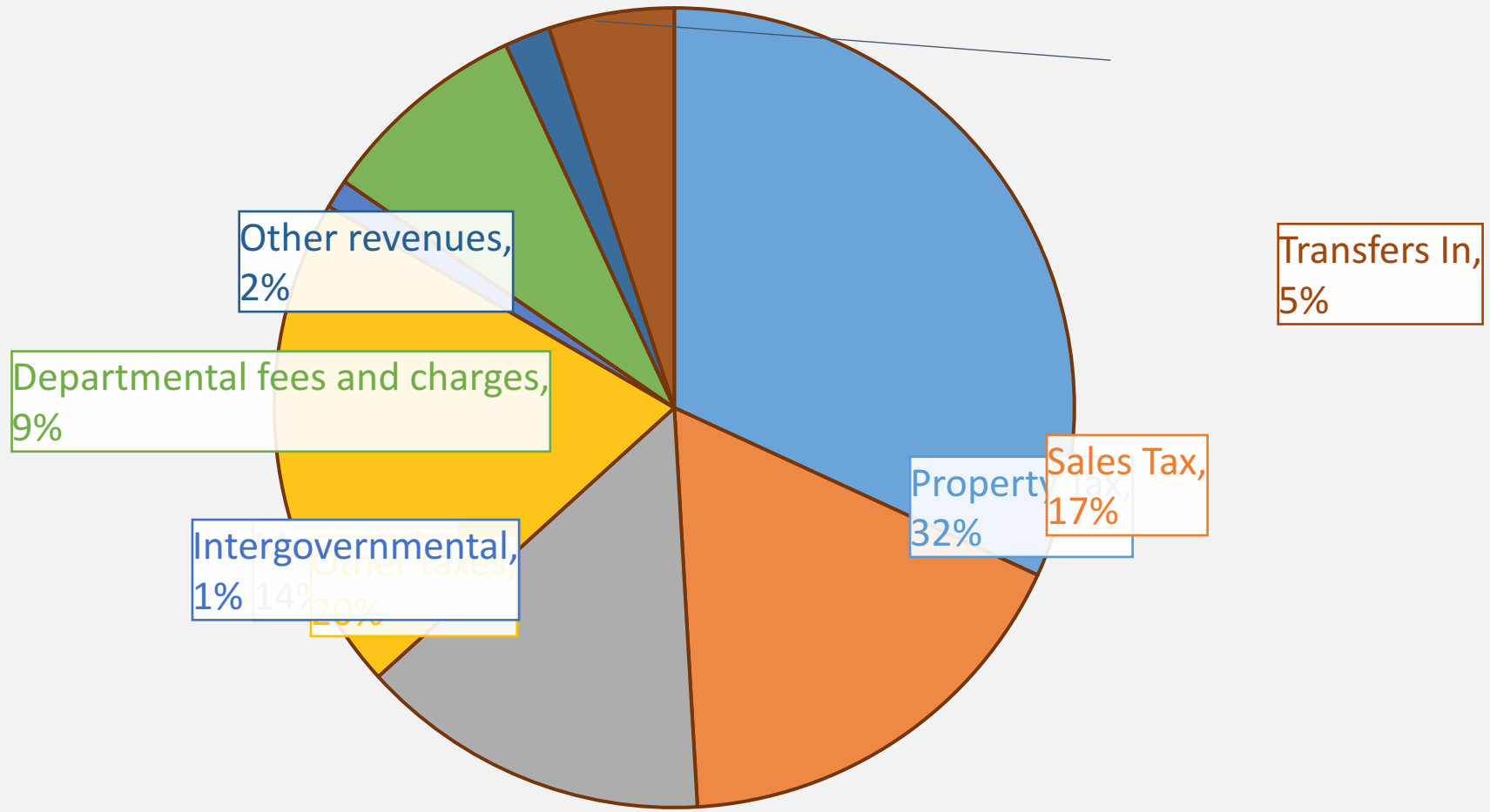
Successor Agency \$ 7,724,058

Total Operating Budget \$ 209,220,467

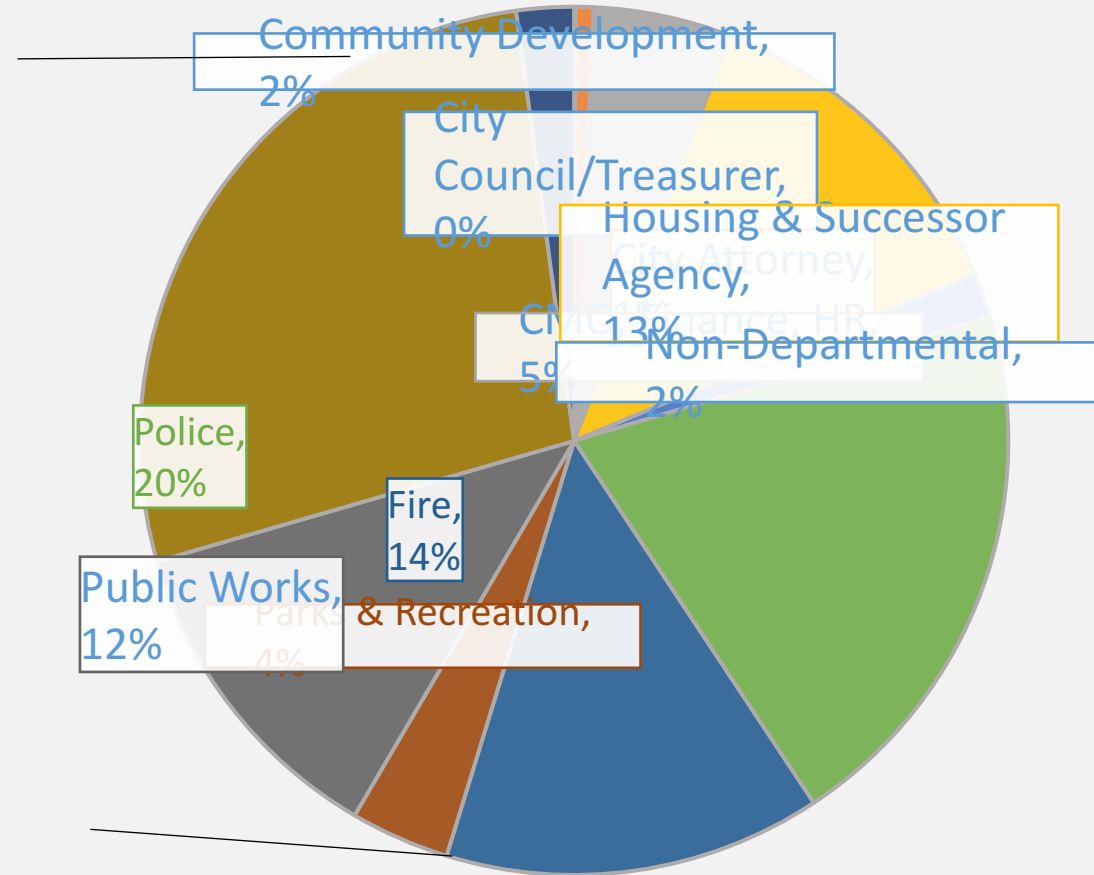
Capital Improvement Budget \$ 35,643,788



General Fund Revenue Sources

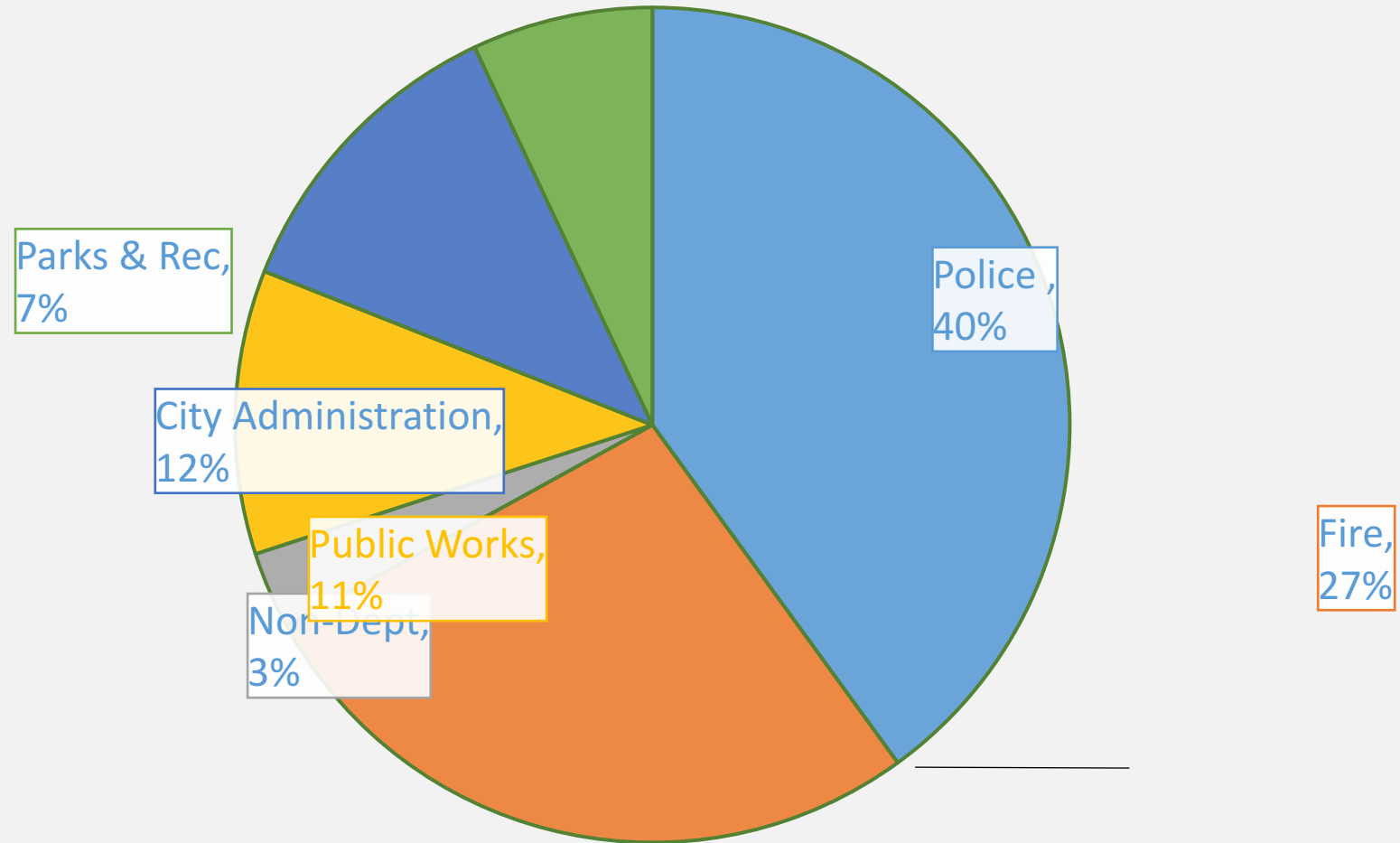


Proposed Operating Budget



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General Fund Breakdown



FY 21 General Fund Projection



Fiscal Year 2020-2021	(In Millions of Dollars)
Operating Revenues & Transfers In	\$92.7
Operating Expenditures & Transfers Out	\$(96.8)
Surplus/(Deficit) w/o Measure M	\$(4.1)
Budget Reserve w/o Measure M	\$21.5
% of Operating Expenditures	23%
Measure M Revenues	\$15.3
Measure M Expenditures	\$(10.5)
Surplus/(Deficit) for Year w/ Measure M	\$0.7
Ending Emergency Reserve (including commitments)	\$38.4
% of Operating Expenditures	39%

PEPRA Requirements



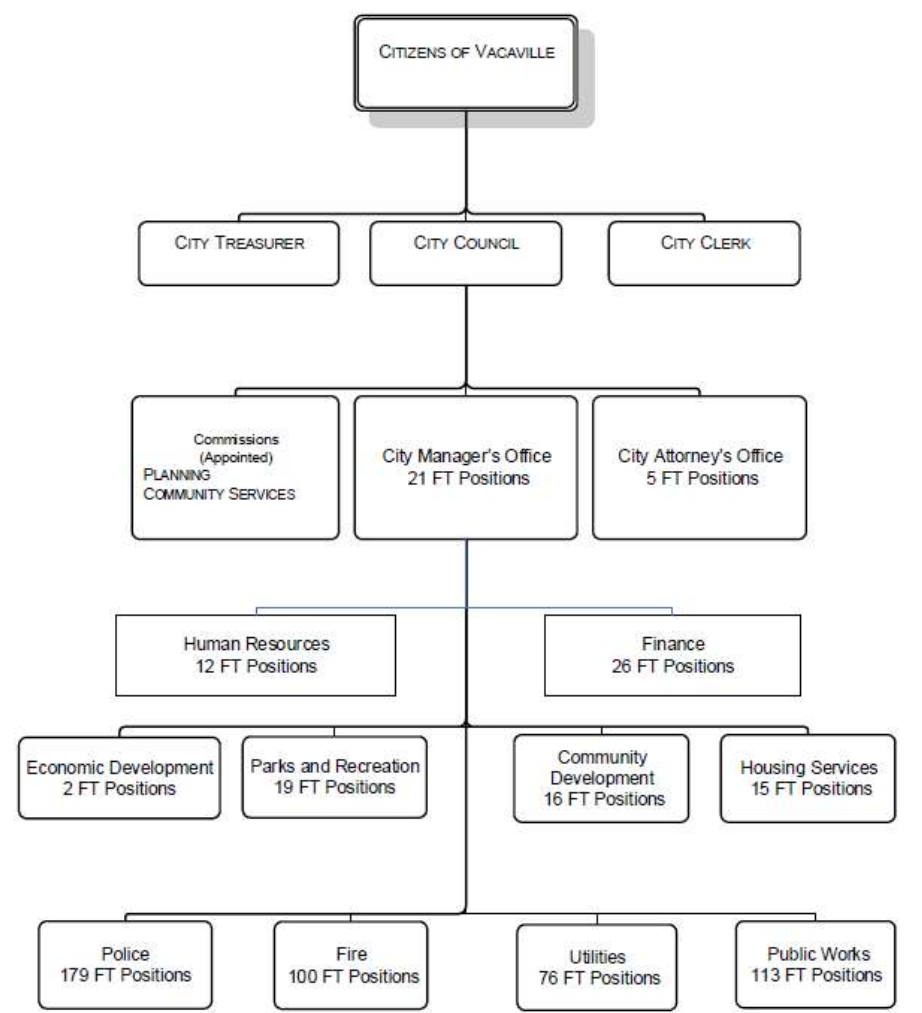
- The Public Employee Pension Reform Act (PEPRA) requires adoption of a publicly available salary schedule
- Additional legislation (SB 1436) requires a callout of executive compensation
- Adoption of salary schedule and the following slide meet all requirements

Executive Salary Schedule



TITLE	STEP 1	STEP 5
Assistant City Manager	190,965.24	232,102.56
City Attorney	220,492.56	267,994.56
City Manager	225,354.12	273,903.24
Director of Community Development	164,966.40	200,503.32
Director of Economic Development Services	144,012.84	175,086.84
Director of Finance	154,362.84	187,609.92
Director of Housing Services	154,362.84	187,609.92
Director of Human Resources	154,362.84	187,609.92
Director of Parks and Recreation	144,012.84	175,086.84
Director of Public Works	175,715.52	213,557.28
Director of Utilities	175,715.52	213,557.28
Fire Chief	192,937.20	234,516.96
Police Chief	197,386.68	239,923.44

Acknowledgements



Acknowledgements – Vacaville Community



- Passage of Measure M



- Approved in 2012
 - Extension in 2016
 - Provides locally controlled funding to preserve essential services that protect safety and quality of life in Vacaville.
 - Allows for new reinvestment into community through new projects, programs and services.
 - Provides additional reserves for General Fund if needed for economic crisis.
- Patience and support during the COVID-19 pandemic crisis
 - Shelter at Home Order
 - Multiple Stages of Business Re-Openings



Acknowledgements – City Council

- Leadership
 - Establishing financial policies and practices to create General Fund reserves.
 - Strategic investment in the organization and the community.
 - Support for needed and deliberate augmentation requests.
 - Strengthens our service delivery to Council, Citizens and the Organization
- Vision
 - Creation of new Council Strategic Goals and Initiatives.
 - Reaffirms our Mission and Vision; establishes our budget priorities for multiple years.
 - Adoption of a diverse General Plan Land Use Map.
 - Provides diversity of land uses = broader economic base = quicker recovery.
 - New private and public development projects /investments planned for the year.

City of Vacaville General Plan

Adopted August 11, 2015
Resolution No. 2015-074
General Plan Land Use

Residential

- Rural Residential (RR) (0.1 - 0.4 units/acre)
- Residential Estate (RE) (0.6 - 3.0 units/acre)
- Residential Golf Course (RG) (1.0 - 2.0 units/acre)
- Residential Low Density (RL) (2.1 - 6.0 units/acre)
- Residential Low Medium Density (RLM) (6.1 - 8.0 units/acre)
- Residential Medium Density (RM) (8.1 - 14.0 units/acre)
- Residential Medium High Density (RMH) (14.1 - 20.0 units/acre)
- Residential High Density (RH) (20.1 - 24.0 units/acre)
- Residential Manufactured Home Park (MHP) (6 - 10 units/acre)

Commercial

- Mixed Use (MU) (10.0-60.0 units/acre)
- Commercial General (CG)
- Commercial Neighborhood (CN)
- Commercial Service (CS)
- Commercial Highway (CH)
- Commercial Office (CO)

Business/Industrial

- Technology Park (TP)
- Business Park (BP)
- Industrial Park (IP)

Other

- Urban Reserve (UR)
- Public/Institutional (PI)
- School (Existing - E,MS, HS; Proposed - e,ms, hs)
- Public Park (PK)
- Private Recreation (PR)
- Public Open Space (OS)
- Agriculture (AG)
- Agricultural Buffer (AB)
- Hillside Agriculture (HA)

Boundaries

- Urban Growth Boundary
- Existing Sphere of Influence (August 11, 2015)
- Planned Spheres of Influence
- City Limits
- Downtown
- Vacaville Community Separator

Circulation

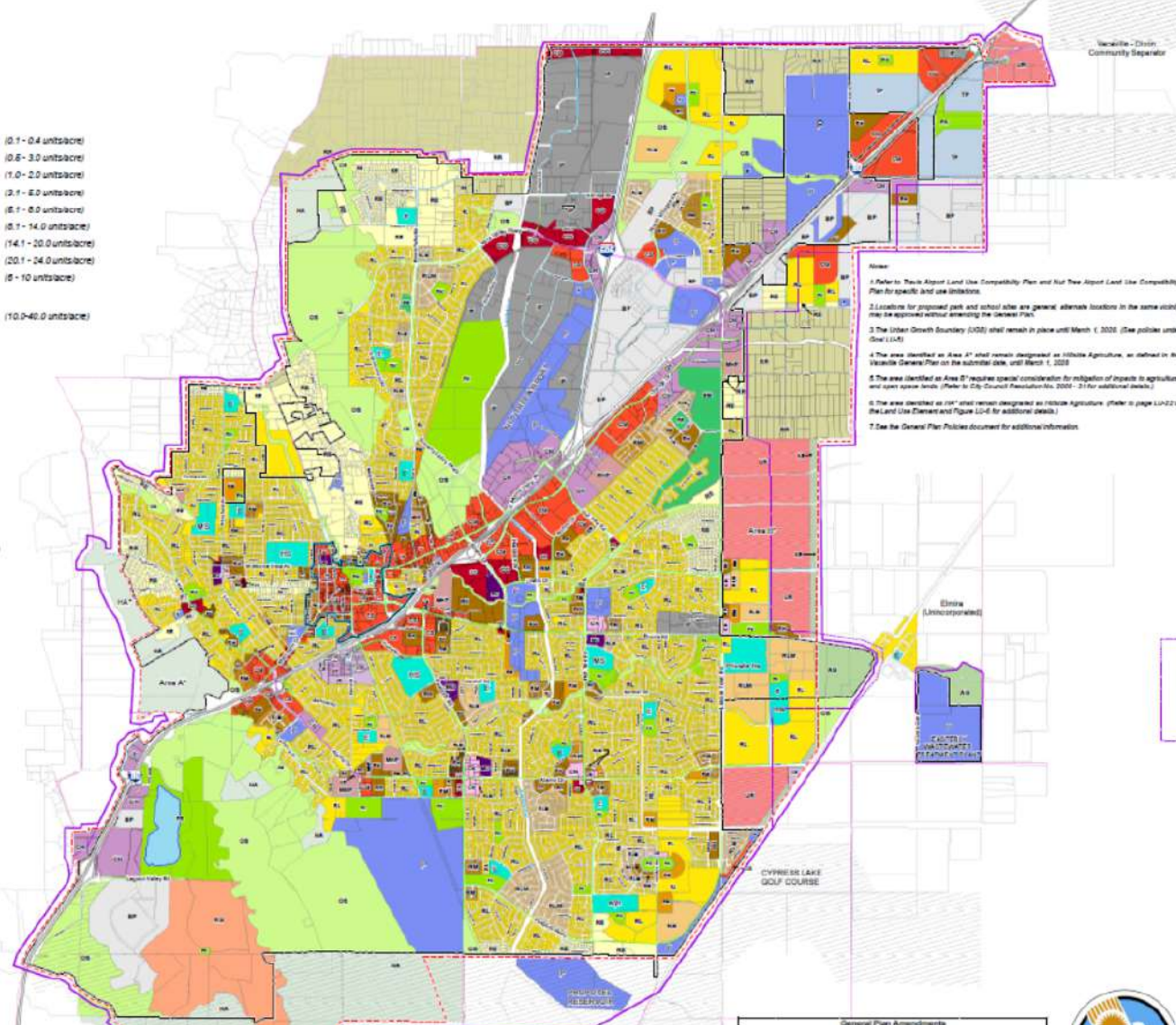
- Freeway
- 6 Lane Arterial (Divided or Undivided)
- 4 Lane Arterial (Divided or Undivided)
- 2 Lane Arterial
- 2 Lane Collector
- Rural Arterial
- Rural Collector



City of Vacaville Disclaimers:

This is a plan for the City of Vacaville. It is not a contract. The City of Vacaville does not guarantee, warrant, or represent that the information contained herein is accurate, complete, or that the City of Vacaville is not liable for any damages, including consequential damages, arising from the use of this information. The City of Vacaville is not responsible for any errors or omissions in this plan. The City of Vacaville is not responsible for any damages, including consequential damages, arising from the use of this information. The City of Vacaville is not responsible for any errors or omissions in this plan. The City of Vacaville is not responsible for any damages, including consequential damages, arising from the use of this information. The City of Vacaville is not responsible for any errors or omissions in this plan.

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Miles



- Notes:
1. Refer to Vacaville Airport Land Use Compatibility Plan and Van Ness Airport Land Use Compatibility Plan for specific land use designations.
 2. Locations for proposed park and school sites are general alternate locations in the same vicinity may be approved without amending the General Plan.
 3. The Urban Growth Boundary (UGB) shall remain in place until March 1, 2020. (See policies under Goal 1.1A.)
 4. The area identified as Area A1 shall remain designated as Hillside Agriculture, as defined in the Vacaville General Plan on the submitted date, until March 1, 2020.
 5. The area identified as Area B1 requires special consideration for mitigation of impacts to agricultural and forest resource lands. (Refer to City Council Resolution No. 2005 - 21 for additional details.)
 6. The area identified as Area C1 shall remain designated as Hillside Agriculture. (Refer to page L10-22 in the Land Use Element and Figure L10-6 for additional details.)
 7. See the General Plan Policies document for additional information.

General Plan Amendments				
Date	Resolution No.	Title	Description	
5/12/2018	2018-026	Baytown Landing, Lateral Street	Amend Planned SU1	



City of Vacaville
Community Development
Department





New Community/Economic Growth

- New private and public development projects/investments planned for the next year(s) include:
 - Nearly 2.5 million s.f. of Light Industrial space planned west of Hwy 505
 - Continued residential development activity increasing
 - SFD Permits up from 239 last year to 369 this year
 - Additional subdivisions in various stages of development will add another 275 lots for permit.
 - New multi-family project(s) planned for construction this year.
 - Other development opportunities coming soon:
 - Lower Lagoon Valley Master Planned Community
 - Green Tree Master Planned Community
 - Downtown Specific Plan
 - Biotech Manufacturing Strategic Plan
 - Multiple investment opportunities being presented and explored



Budget Summary

- FY 2020/21 budget reflects cautious yet strategic approach.
- City is currently well positioned to weather immediate impacts due to COVID-19.
- Financial forecasts illustrate a 2-3 year window of opportunity.
- New development projects should expedite financial recovery.
- Budget has been aligned with Council's new Strategic Goals and Initiatives.
- Quarterly fiscal updates will be provided to Council and Community to track progress and make adjustments as needed.

Thank You ...



- To all of the City Department Heads and their staff for their high level of collaborative involvement and contributions.
- To our Budget Team:
 - Dawn Leonardini, Assistant City Manager
 - Leslie Hoover, Assistant to the City Manager
 - Ken Matsumiya, Finance Division Manager

For all of their tireless work preparing this budget under the extremely challenging circumstances associated with COVID-19.

Recommendation



By simple motion, adopt the four subject resolutions:

- Resolution of the City Council of the City of Vacaville adopting the City of Vacaville Operating Budget for Fiscal Year 2020-21; and
- Resolution of the City Council of the City of Vacaville, acting in its capacity as governing board of the Successor Agency to the former Redevelopment Agency, adopting the City of Vacaville Successor Agency Operating Budget for Fiscal Year 2020-21; and
- Resolution of the City Council of the City of Vacaville adopting the Fiscal Year 2020-21 City of Vacaville Capital Improvement Program Budget for \$35,643,788; and finding it consistent with the Capital Improvement Program, General Plan and environmental considerations report; and
- Resolution of the City Council of the City of Vacaville approving the current pay schedule per Government Code Section 20636.



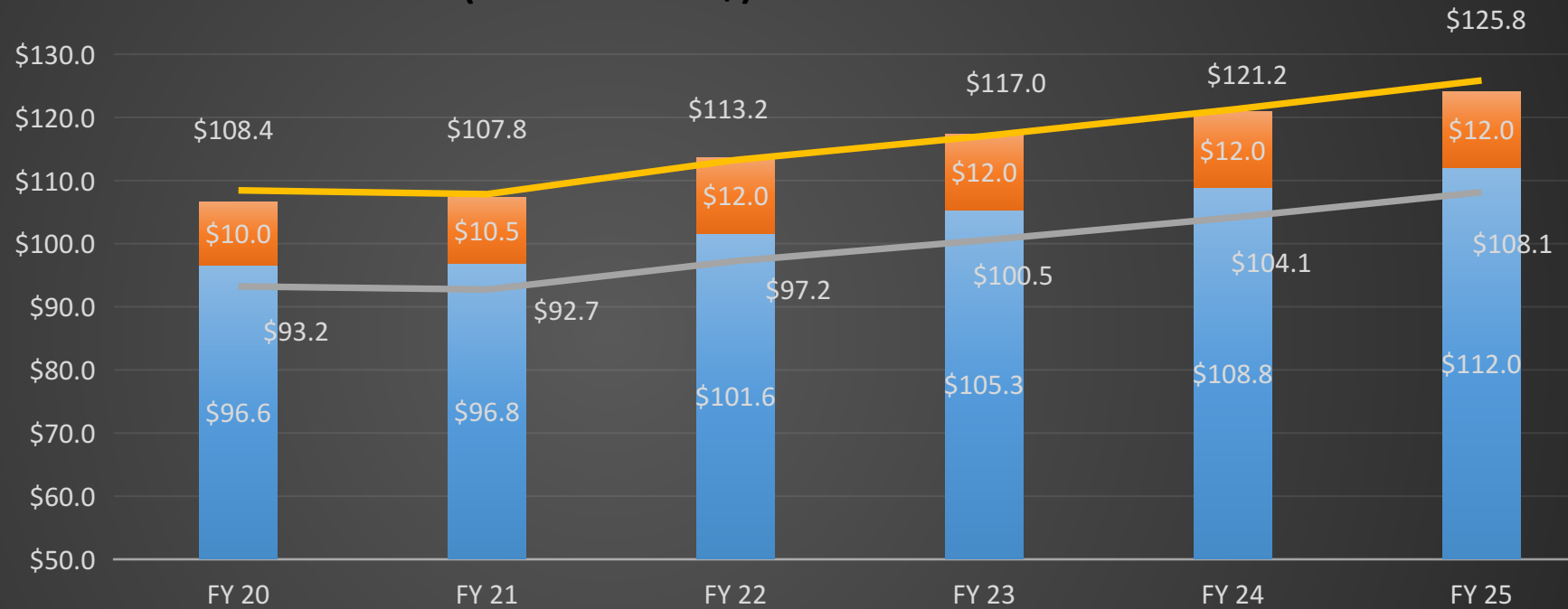
Questions?



Five-Year Forecast



General Fund Five Year Forecast
(In millions of \$)





Notes on the Five Year Forecast

Revenues

- Shelter at home through May; COVID-19 impacts felt through the rest of the calendar year.
- Moderate recovery follows; similar to the “swoosh” logo.
- Sales tax doesn’t bounce fully back to FY 19 highs until FY 25.
- Property tax minimally impacted.
- Parks & Rec, TOT revenues don’t recover to FY 19 levels until FY 22.

Expenditures

- 2% Salary growth assumption
- PERS pension investment earnings for FY 20 = 0%; impact on contributions starting FY 23.
- Full funding of OPEB ADC
- 2.5% Services & Supplies growth assumption
- Capital funding (Technology, CIP, Vehicle) resume in FY 22.

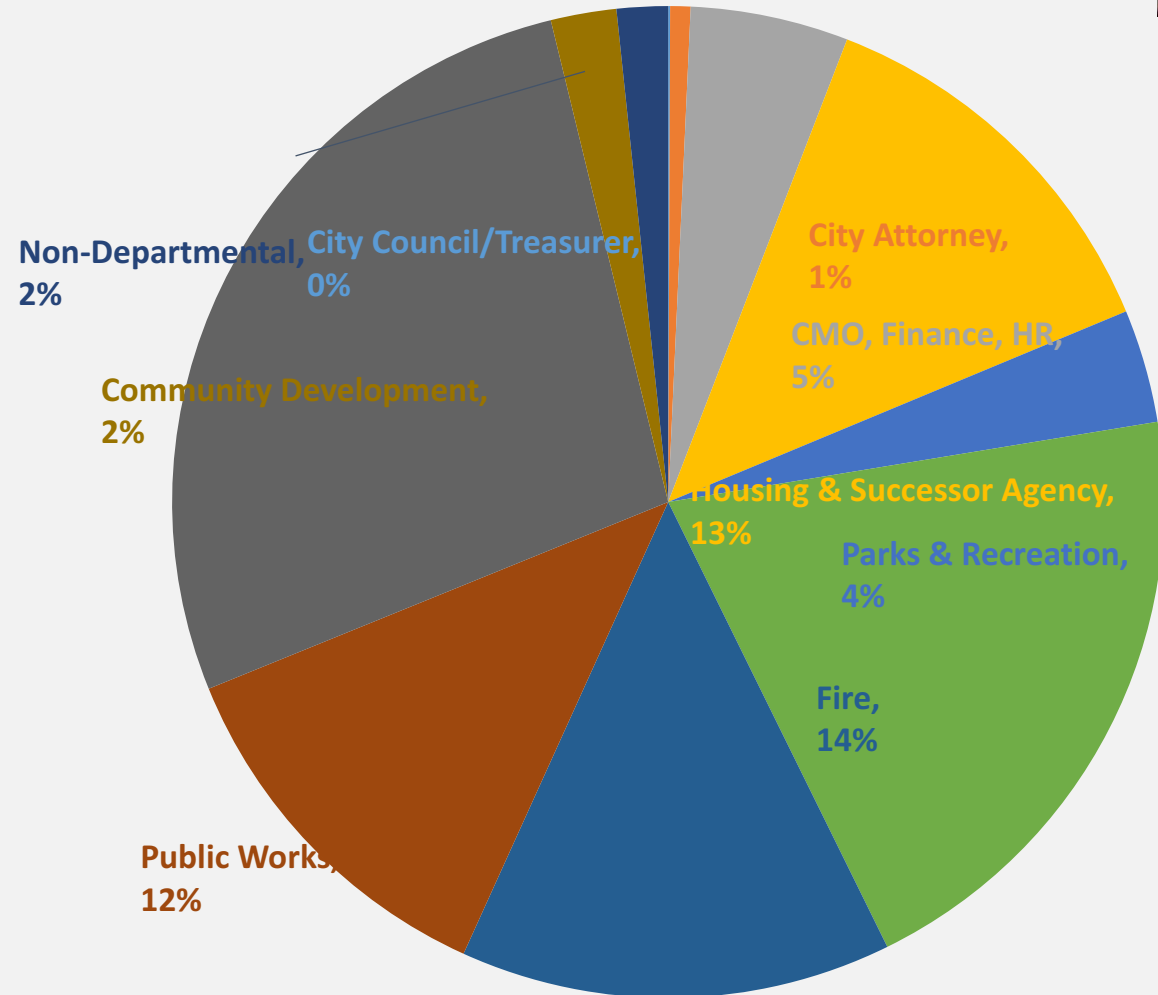
Operating Budget Summary





FY 2020-2021 Budget Summary

- City's Operating Budget = **\$201,496,409**
- Successor Agency's Operating Budget = **\$7,724,058**
- Capital Improvement Budget = **\$35,643,788**



Proposed Cost Savings

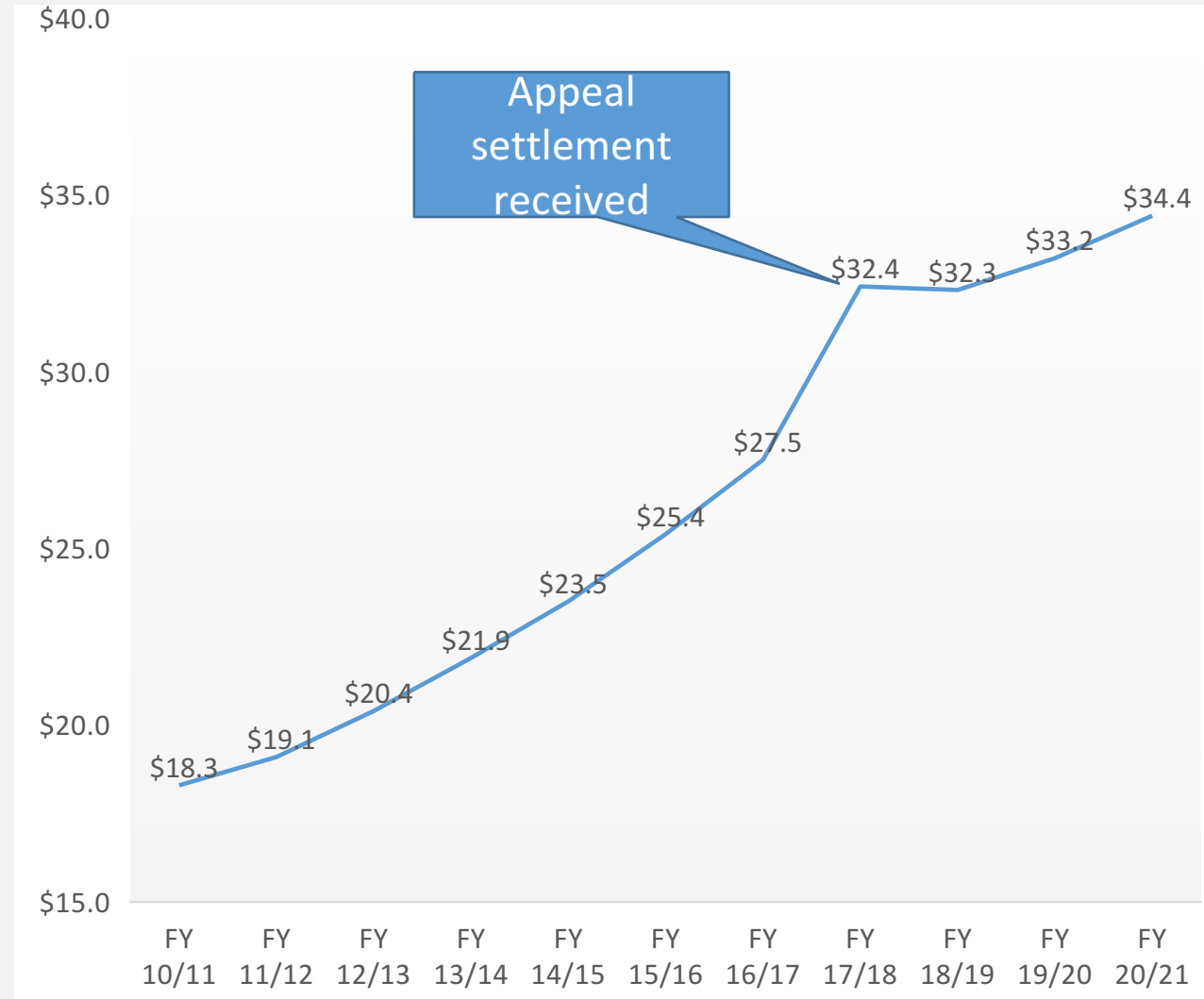


Area	Strategy	General Fund Savings Achieved
Operations	Reduction in Travel/Training, Consultant, etc.	\$580K
Operations	Reduction in Part-time Staff (Parks & Rec)	\$230K
Capital	Deferral of Transfer to GF CIP Fund	\$1.5M
Capital	Reduction in Technology Replacement ISF	\$500K
Capital	Reduction in Transfer to Vehicle Replacement ISF	\$280K
Debt	Explore Debt Refinancing Opportunities	\$35K
TOTAL COST SAVING REDUCTION TO GENERAL FUND		\$3.1m



Property Tax

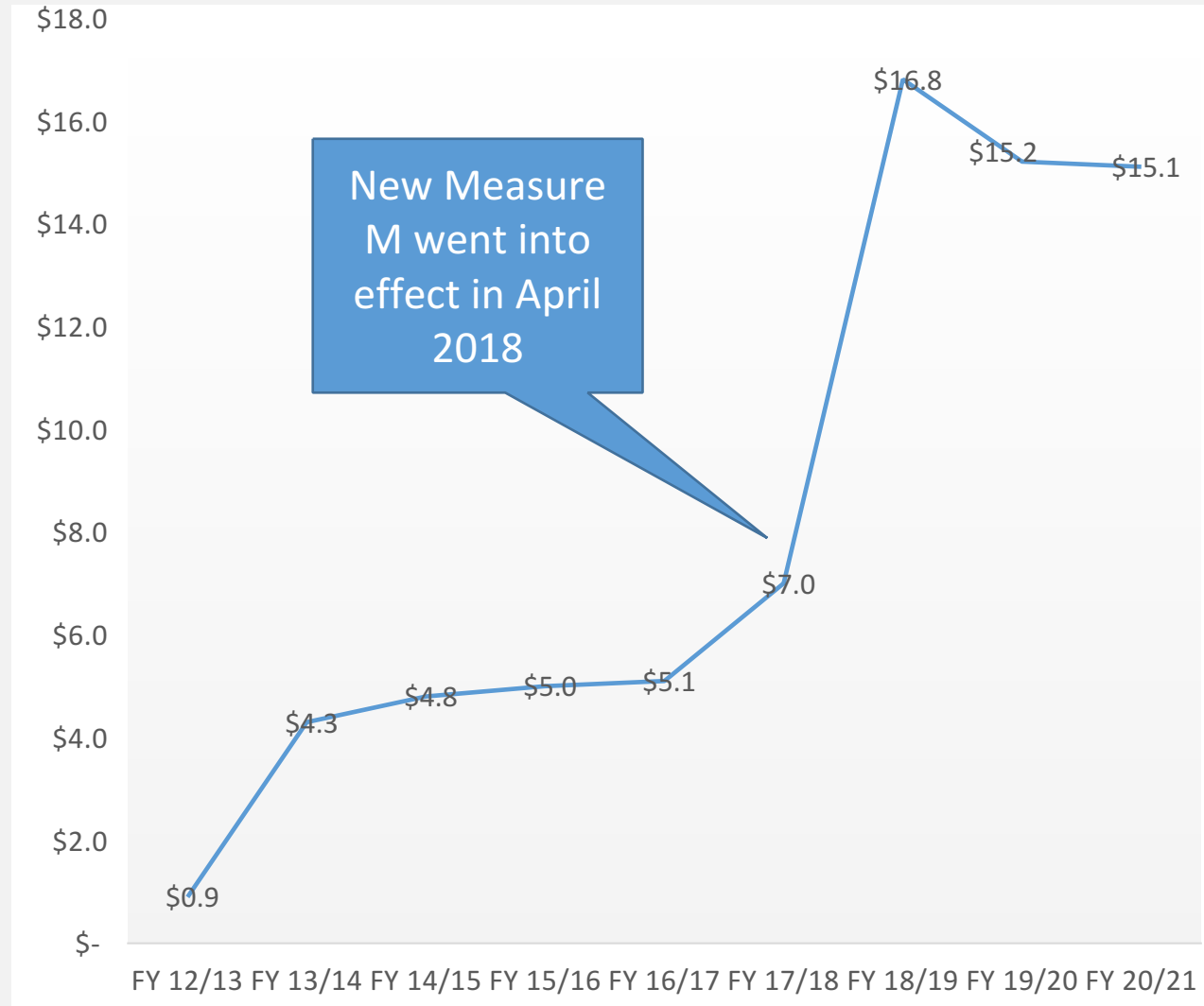
- \$34.4 million in 2020/21
- Includes Property tax, VLF and residual balance & pass through payments.
- 3.6%+ growth as forecasted by HDL; minimal impact from pandemic.
- Does not include commercial properties on appeal





Measure M Tax

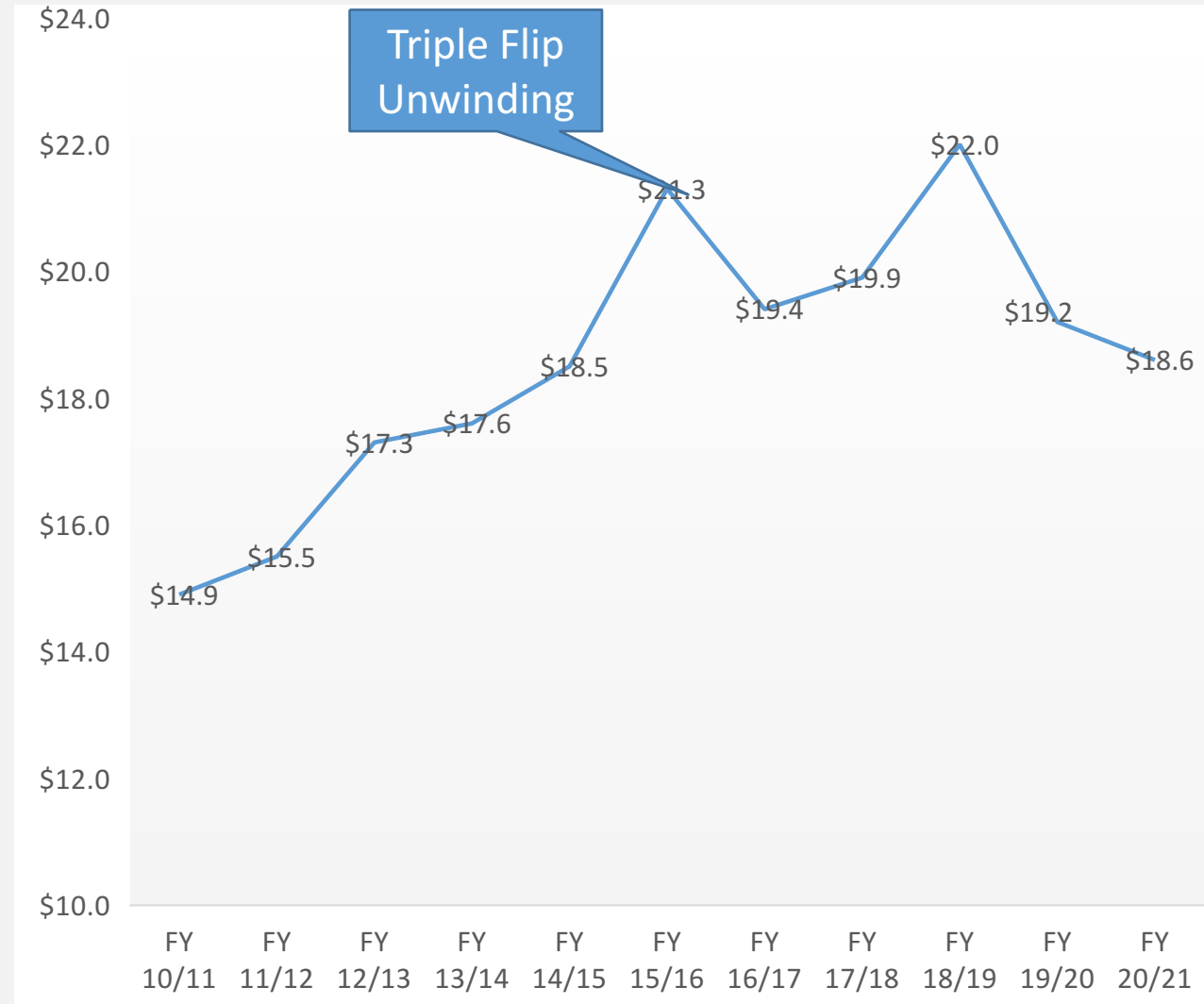
- \$15.1 million in 2020/21
- Decline of 1% from 2019/20
- $\frac{3}{4}$ cent tax rate went into effect in April 2018





Sales Tax

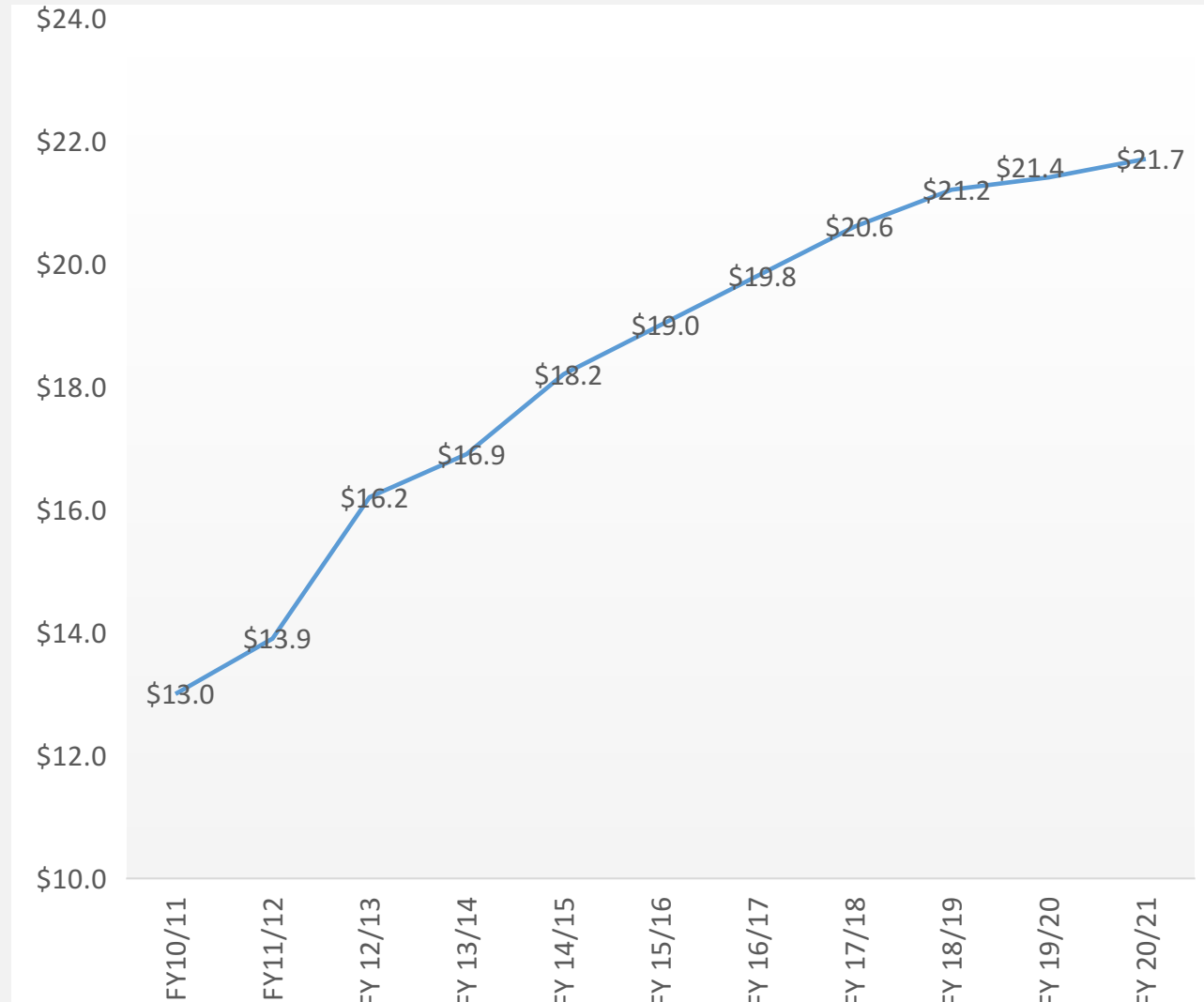
- \$18.6 million in 2020/21
- Decline of 3% from 2019/20
- Negative impacts of COVID-19 felt into end of calendar year; moderate recovery follows.
- Recoveries by industry group will vary.
- Positives = Wayfair, AB 147





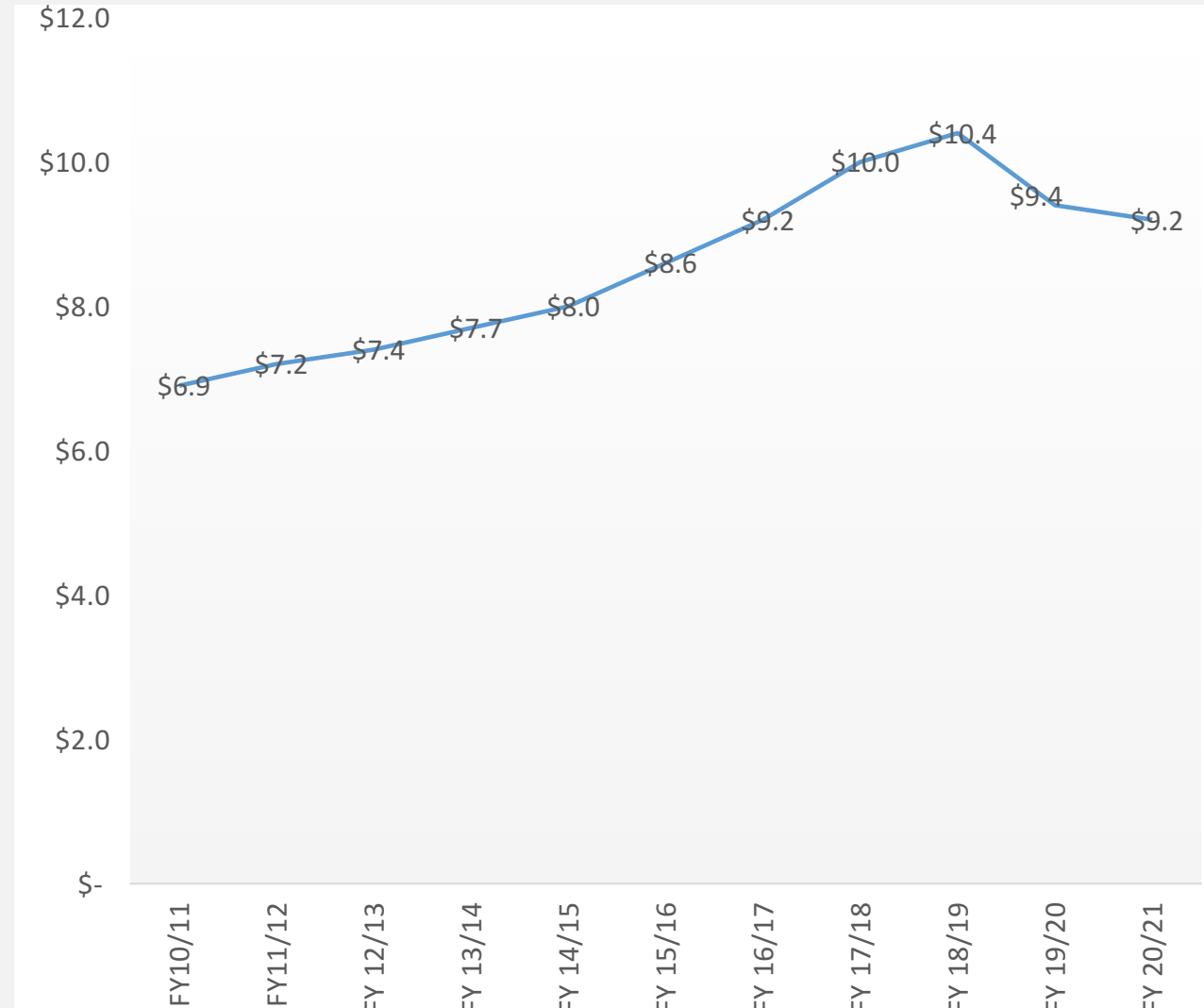
Other Taxes

- \$21.7 million in 2020/21
- Increase of 1.4% from 2019/20
- Category includes the following taxes:
 - Franchise, Paramedic, TOT, Excise, Business license, etc.
- Impact of the pandemic on the taxes will vary.
 - Paramedic tax revenue will increase.
 - TOT revenue will decrease.



Department Charges & Fees

- \$9.2 million in 2020/21
- Decrease of 2.5% from 2019/20
- Decrease of 11%+ from 2018/19
- Parks & Rec and Paramedic fees are the main revenues in this category.





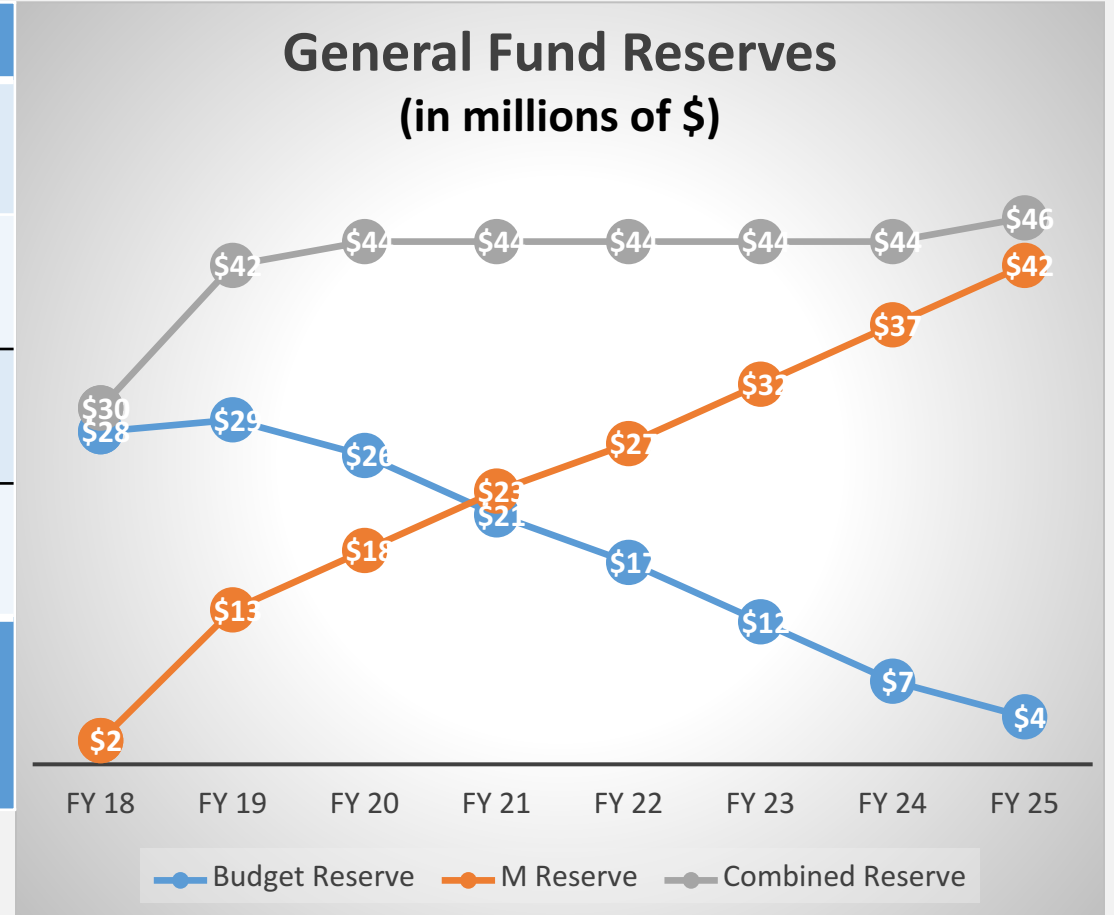
Intergovernmental & Other Revenues

- **\$8.7** million in 2020/21; 7% decrease from 2019/20
- Intergovernmental - \$1.2M
 - GEMT and Partnership Health Transport Reimbursement for emergency medical services
 - Grants, mandated cost reimbursements, homeowners subvention
- Other Revenue - \$2.0M
 - Wireless site lease revenue
 - Investment income
 - Animal license fee
- Transfers - \$5.5M
 - CFD and traffic safety fines

Five-Year Forecast



	FY 20	FY 21	FY 22	FY 23	FY 24	FY 25
Budget Reserve (\$)	\$26M	\$21M	\$17M	\$12M	\$7M	\$4M
Budget Reserve (%)	28%	23%	17%	12%	7%	3%
Measure M Reserve (\$)	\$18M	\$23M	\$27M	\$32M	\$37M	\$42M
Combined Reserve (\$)	\$44M	\$45M	\$44M	\$44M	\$44M	\$46M
Combined Reserve (%)	46%	45%	43%	41%	40%	40%





CITY OF VACAVILLE
MEASURE M 5 YEAR FORECAST - As of December 2019

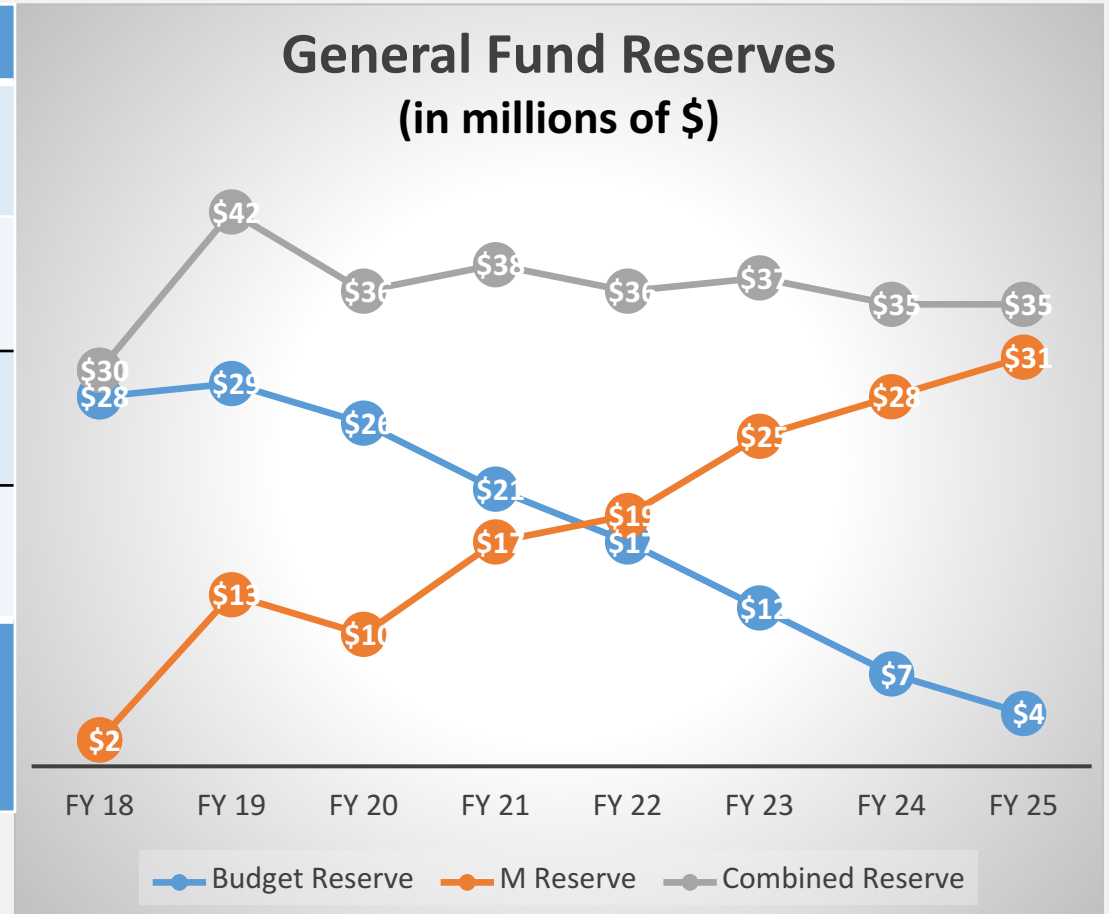
Project	Actuals 2019	2020	2021	2022	2023
Projected Revenues	16,821,446	15,692,048	15,836,040	16,073,581	16,314,684
Interest	97,645	56,928	56,218	59,506	61,429
ONGOING -					
Police Officers	\$ 1,282,234	1,783,956	1,855,314	1,929,527	2,006,708
Parks Beautification Program	150,886	225,000	225,000	225,000	225,000
Street Maintenance Program	234,902	2,000,000	2,000,000	2,000,000	2,000,000
Vehicles and Equipment Program	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Staffing Ambulance at Station #73	-	1,200,000	1,330,272	1,420,220	1,506,147
Measure M Staff	76,852	284,673	293,214	302,010	311,070
	\$ 3,744,875	\$ 7,493,629	\$ 7,703,800	\$ 7,876,757	\$ 8,048,925
ONE-TIME -					
East Monte Vista Pavement repair	\$ 1,512,407				
Update City Development Code	133,795				
Grass Field Complex (design yr 1)	58,977	5,000,000	5,000,000	2,000,000	
Renovate 3 Oaks (design yr 1)	164,688			6,000,000	6,000,000
Dog parks	328,289		500,000	-	
Station #73 remodel (design yr 1)	-	2,500,000	2,000,000		
Downtown alley reconstruction	4,082				
Public Works maintenance building	-	500,000	250,000		
Keating Park parking lot repairs	4,359				
Orchard Park Path	7,484				
Setback & Median Landscape Restoration	-	350,000			
	\$ 2,214,079	\$ 8,350,000	\$ 7,750,000	\$ 8,000,000	\$ 6,000,000
Net Operating	5,958,954	15,843,629	15,453,800	15,876,757	14,048,925
Increase (decrease) for the year	10,960,137	(94,654)	438,458	256,330	2,327,188
Beginning Fund Balance	2,405,330	13,365,466	7,495,680	7,934,138	8,190,468
18/19 Committed Projects	-	(5,775,132)	-	-	-
Projected Fund Reserve	13,365,466	7,495,680	7,934,138	8,190,468	10,517,656
Assigned FB	5,775,132				
Unassigned/Set-a-side FB	7,590,334	7,495,680	7,934,138	8,190,468	10,517,656

- Fund in FY 22
- Fund in FY 23
- Fund in FY 24
- Fund in FY 25

Five-Year Forecast (factoring in M commitments)



	FY 20	FY 21	FY 22	FY 23	FY 24	FY 25
Budget Reserve (\$)	\$26M	\$21M	\$17M	\$12M	\$7M	\$4M
Budget Reserve (%)	28%	23%	17%	12%	7%	3%
Measure M Reserve (\$)	\$10M	\$17M	\$19M	\$25M	\$28M	\$31M
Combined Reserve (\$)	\$36M	\$38M	\$36M	\$37M	\$35M	\$35M
Combined Reserve (%)	37%	39%	35%	35%	32%	30%





VOTE YES ON M FOR AN OUTSTANDING QUALITY OF LIFE IN VACAVILLE

Vote YES on M to MAINTAIN SAFE NEIGHBORHOODS AND OUTSTANDING QUALITY OF LIFE IN VACAVILLE.

In 2012, following consecutive years of state funding takeaways and millions in cuts to city services and staff, over 70% of Vacaville voters approved Measure M, a modest increase to our local sales tax rate.

For the past four years, Measure M has provided locally-controlled funding to preserve essential services that protect our safety and quality of life in Vacaville. **THIS LOCAL FUNDING IS SET TO EXPIRE** and Vacaville will again face multi-million dollar budget deficits affecting police, fire, street repair and other essential services.

Voting YES on M will renew and enhance locally-controlled funding in Vacaville to:

- Protect rapid 9-1-1 emergency response times
- Repair and renovate Vacaville's aging community centers, fire stations, parks and athletic facilities
- Maintain programs to keep local youth away from gangs and drugs
- Maintain police programs to curb domestic violence, child abuse and elder abuse
- Retain police officers who enforce probation violations to keep dangerous criminals off our streets
- Expand pothole repair and street maintenance
- Repair or replace aging fire trucks, firefighting equipment, police cars and other essential vehicles
- Maintain reserve funds to protect Vacaville in an emergency or future economic downturn



Measure M protects Vacaville taxpayers by:

- Keeping Vacaville's sales tax rate lower than in neighboring communities
- Ensuring visitors who shop in Vacaville and use our roads and services pay their share
- Adding just 50¢ to a \$100 purchase with purchases of food and medicine exempted
- Requiring annual audits to ensure funds are spent properly
- Keeping our dollars in Vacaville – Measure M funds cannot be taken by Sacramento



Join Vacaville's most respected leaders and vote **YES on M!**

www.YesOnMforVacaville.org



Five Year Sales Tax & Measure M Forecast



Industry Group	FY 2018-19	FY 2019-20		FY 2020-21		FY 2021-22		FY 2022-23		FY 2023-24		FY 2024-25	
	Actuals	Projection	%	Projection	%	Projection	%	Projection	%	Projection	%	Projection	%
Autos & Transportation	3,894,732	3,282,532	-15.7%	3,023,650	-7.9%	3,295,779	9.0%	3,361,694	2.0%	3,428,928	2.0%	3,497,507	2.0%
Building & Construction	1,882,962	1,627,577	-13.6%	1,640,044	0.8%	1,804,049	10.0%	1,894,251	5.0%	1,988,964	5.0%	2,088,412	5.0%
Business & Industry	1,187,123	820,303	-30.9%	670,528	-18.3%	687,291	2.5%	704,473	2.5%	722,085	2.5%	740,137	2.5%
Food & Drugs	753,811	755,334	0.2%	770,441	2.0%	785,849	2.0%	801,566	2.0%	817,598	2.0%	833,950	2.0%
Fuel & Service Stations	1,674,077	1,290,187	-22.9%	1,289,027	-0.1%	1,353,478	5.0%	1,394,083	3.0%	1,435,905	3.0%	1,478,982	3.0%
General Consumer Goods	7,401,802	6,264,582	-15.4%	6,032,491	-3.7%	6,334,116	5.0%	6,460,798	2.0%	6,590,014	2.0%	6,721,814	2.0%
Restaurants & Hotels	2,455,226	1,913,709	-22.1%	1,788,585	-6.5%	1,913,786	7.0%	2,009,475	5.0%	2,109,949	5.0%	2,215,447	5.0%
Transfers & Unidentified	4,679	6,502	39.0%	6,502	0.0%	6,502	0.0%	6,502	0.0%	6,502	0.0%	6,502	0.0%
State & County Pools	2,952,110	3,357,502	13.7%	3,602,193	7.3%	3,818,325	6.0%	4,047,424	6.0%	4,290,270	6.0%	4,547,686	6.0%
Total	22,206,521	19,318,228	-13.0%	18,823,461	-2.6%	19,999,175	6.2%	20,680,268	3.4%	21,390,215	3.4%	22,130,437	3.5%
Administration Cost	(216,391)	(209,715)		(244,705)		(259,989)		(268,843)		(278,073)		(287,696)	
Total	21,990,131	19,108,513	-13.1%	18,578,756	-2.8%	19,739,186	6.2%	20,411,424	3.4%	21,112,142	3.4%	21,842,741	3.5%
Pre Advance for 3Q18	(134,400)												
CDTFA Allocation Adjustment	(1,506)											0	
With Accrual	21,854,225	19,108,513	-12.6%	18,578,756	-2.8%	19,739,186	6.2%	20,411,424	3.4%	21,112,142	3.4%	21,842,741	3.5%
Measure M revenues (based on 80.0% of 1% Local Tax)	16,832,259	15,177,000	-9.8%	15,059,000	-0.8%	15,999,000	6.2%	16,544,000	3.4%	17,112,000	3.4%	17,704,000	3.5%



Fiscal Year 2020-2021 Proposed Operating Budget

June 23, 2020