



DUBLIN
CALIFORNIA

Fiscal Sustainability Task Force

Meeting #1
January 25, 2017

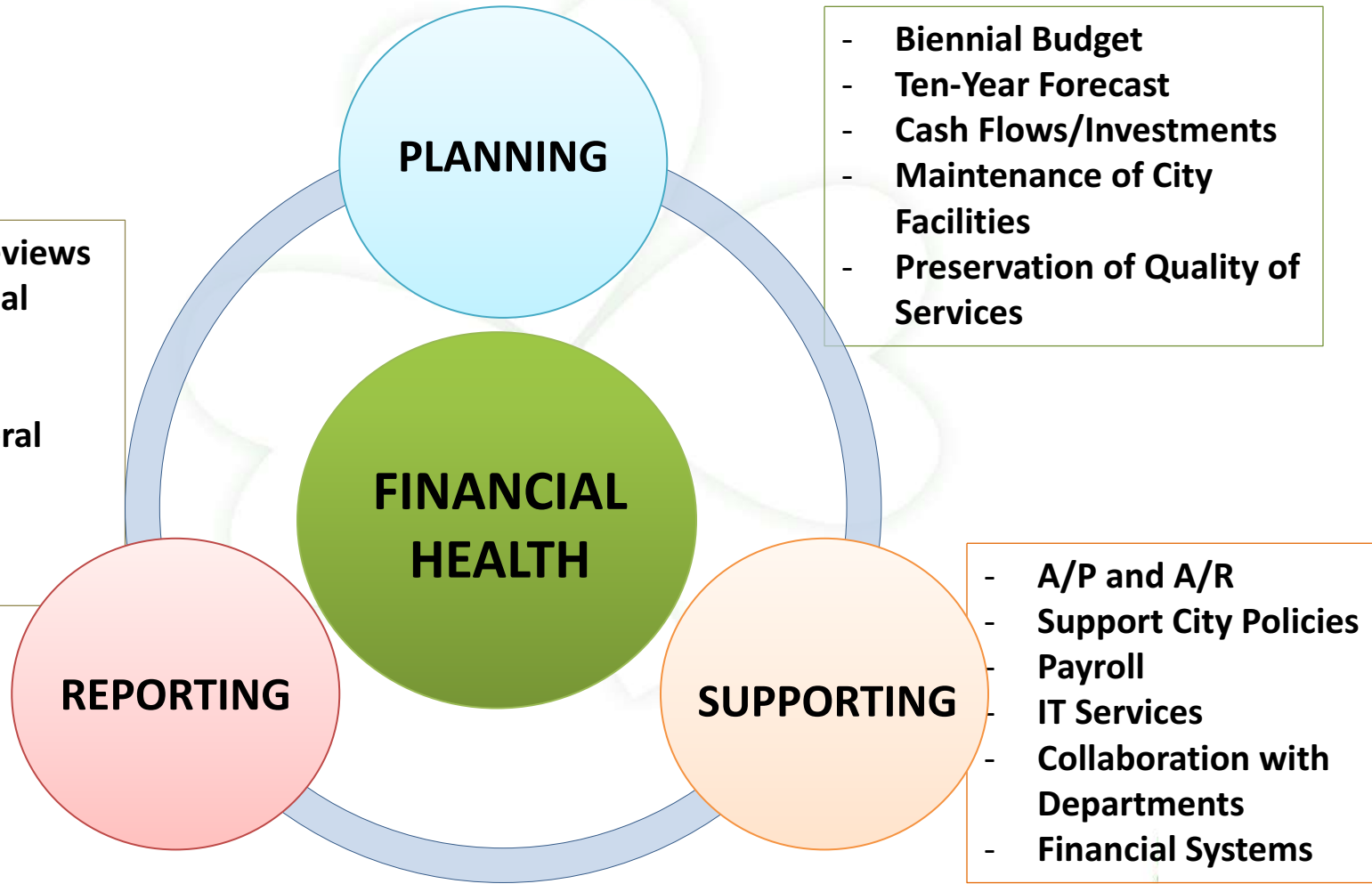
Tonight

- Overview of City General Fund revenues and expenditures
- 10-Year Forecast
 - Assumptions, problem areas, and the good things
- Discuss our existing strategy to address Fiscal Sustainability

Future Meetings

- Discussion of specific departmental / program operations
 - The details

Administrative Services Department



Financial Health

- Cash solvency: ability to meet immediate obligations (i.e., 30-60 days)
- Budgetary solvency: ability to meet all financial obligations during a budget year
- Long-run solvency: ability to meet all financial obligations into the future
- Service level solvency: ability to provide desired level of services to the community

Looking out for Trouble

- Unsustainable **decline** in core revenues
- Uncontrollable, increasing (essential) contract costs
- Unsustainable employee compensation and benefits
- Over-reliance on development revenue
- Narrowing of sales tax market
- Ongoing cost of capital asset investment
- Minimal reserves for contingencies (recession)

The Budget

- Estimate of revenues and expenditures for a specific period of time
- Dublin uses a two-year budget format
- Adopted by **City Council** resolution by June 30
 - Fiscal Year is July 1 - June 30
- Amendments happen through the year, by:
 - City Council resolution; or
 - City Manager, where there is a zero net impact.
- Admin Services presents quarterly reports to Council, and recommends amendments

The Budget

- Adopted by **Fund**..
 - Pots of money that have specific rules governing how to collect and spend
- Broken down into **Department** or **Function**..
 - Public Works; Parks and Community Services
- Broken down into **Program**..
 - Engineering; Family Programs
- Broken down into **Line Item**..
 - Salaries, Contract Services, Utilities, Pencils..

Governmental Accounting

There are rules..

- **How do we get it**
- **What do we do with it**
 - **Spend**
 - **Invest**
 - **Save**
- **How do we account for it**

BANKS/FISCAL AGENTS

Cash & Investments

Accounting System

Major Gov'l Funds

Enterprise Funds

Special Rev Funds

Internal Service Funds

- General Fund
- Capital Improvement

- Sewer
- Parking District
- Storm Water
- (Dublin has none)

- Affordable Housing
- Impact Fees
- Gas Tax

- Equip/Vehicle/Bldg Replacement
- Information Technology
- Retiree Health

Agency Funds

- Special Assessment Districts
- Geologic Hazardous Abatement Districts

GF REVENUES

Types of Revenue



- Funding sources vary according to:
 - Geography
 - Character
 - Size
 - Services provided
- \$\$ can be categorized into:
 - Taxes
 - Everything Else
 - User Fees, Charges, Assessments
 - Locally-Raised
 - Intergovernmental

Taxes

- Charge for public services and facilities
- Needs no direct relationship between services and facilities used by individual taxpayer and tax paid
 - Property Tax
 - Sales Tax
 - Hotel Tax
 - Utility Users Tax
 - Business License Tax

Everything Else

- User fees: Charges imposed on individual for services the person chooses to receive
 - Parks and recreation classes
 - Public records copying
- Regulatory Fees: reasonable costs of issuing licenses and permits and performing inspections and enforcement
 - Building permits
 - Health and safety permits
 - Background checks
 - Pet and bicycle licenses

Everything Else

- Rental fees: imposed for entrance to / use of gov. property
 - Facility and field rentals
 - Parking permits
- Fines and penalties: charges for violation of law
 - Parking
 - Code enforcement
 - Late payment / interest

Everything Else

- Development charges: imposed as condition of development
 - Building permits
 - Construction, grading permits
 - Development impact fees
- Assessments: charges for special benefit of property-related services
 - Lighting and landscaping assessments
 - Water and sewer fees

Levying Power



	TAX- General	TAX- Parcel or Special (earmarked)	G.O. BOND (w/tax)	Fee / fine / rent
City / County	Majority voter approval	Two-thirds voter approval	Two-thirds voter approval	Majority of the governing board*
Special District	n/a	Two-thirds voter approval	Two-thirds voter approval	Majority of the governing board*
K-14 School	n/a	Two-thirds voter approval (parcel tax)	55% voter approval**	Majority of the governing board*
State	For any law that will increase the taxes of any taxpayer, two-thirds of each house of the Legislature - or approval of majority of statewide voters.		Statewide majority voter approval	Majority of each house
<p>* Additional procedures apply for property related fees.</p> <p>** Per Proposition 39 (2000), maximum tax rate limits and other conditions apply for a 55% threshold school bond or threshold is two-thirds.</p>				



GF Revenue in Dublin

General Fund Revenue

<u>Major Categories</u>	<u>14-15</u>	<u>15-16</u>	<u>16-17</u>
• Property Tax =	39%	41%	46%
• Sales Tax =	24%	25%	27%
• Development Revenue =	14%	13%	11%
• Other Taxes =	8%	8%	7%
• Charges for Other Services =	7%	7%	6%
• Community Benefit Pymnts =	4%	1%	0%
• All Other (Interest, Rentals) =	4%	5%	3%

Taxes in Dublin

	Rate	City of Dublin	Other Agency	City Revenue 2015-16
Individual Income Taxes	Varies	--	State: 100%	--
Corporate Taxes	Varies	--	State: 100%	--
Property Taxes	1%	0.25%	Schools: 0.26% Spec Dist: 0.17% County: 0.32%	\$33.6 mil
Sales Taxes	9.25%	1%	State: 6.25% Spec Dist: 2.0%	\$20.9 mil
Hotel Taxes	8%	8%	--	\$1.5 mil
Business License	NOT A TAX! Fee: \$50	\$50	--	\$174 k
Franchise Taxes	Garbage: 16.35% Cable: 5% + 1% PEG Gas, Electric: 1%	all	--	\$4.1 mil

Property Tax

- 25% of 1% of Assessed Valuation
- Factors that effect AV
 - Annual inflation (maximum 2%)
 - Property Sales
 - Appeals
 - Proposition 8
- We apply separate assumptions to each of those factors

Alameda County AV

Growth 14/15 – 15/16

2014/15 To 2015/16 Net Taxable Assessed Value Change

City	2015/16 Net Value	Value Change	% Change
Dublin	12,597,236,146	1,483,240,520	13.346%
Emeryville	4,717,251,323	495,671,393	11.741%
Oakland	48,052,008,352	3,838,948,072	8.683%
Union City	9,118,434,296	696,677,428	8.272%
Piedmont	3,845,936,400	293,516,735	8.262%
Berkeley	16,045,093,244	1,152,853,961	7.741%
Fremont	41,063,719,809	2,942,442,278	7.719%
San Leandro	11,295,832,496	771,433,585	7.330%
Livermore	15,809,072,924	1,037,681,352	7.025%
Albany	2,317,829,690	149,105,627	6.875%
Newark	6,923,600,653	399,034,854	6.116%
Alameda	11,155,282,233	623,697,623	5.922%
Hayward	18,671,939,018	1,026,065,042	5.815%
Pleasanton	19,853,532,240	1,084,660,801	5.779%

Alameda County AV

Growth 15/16– 16/17

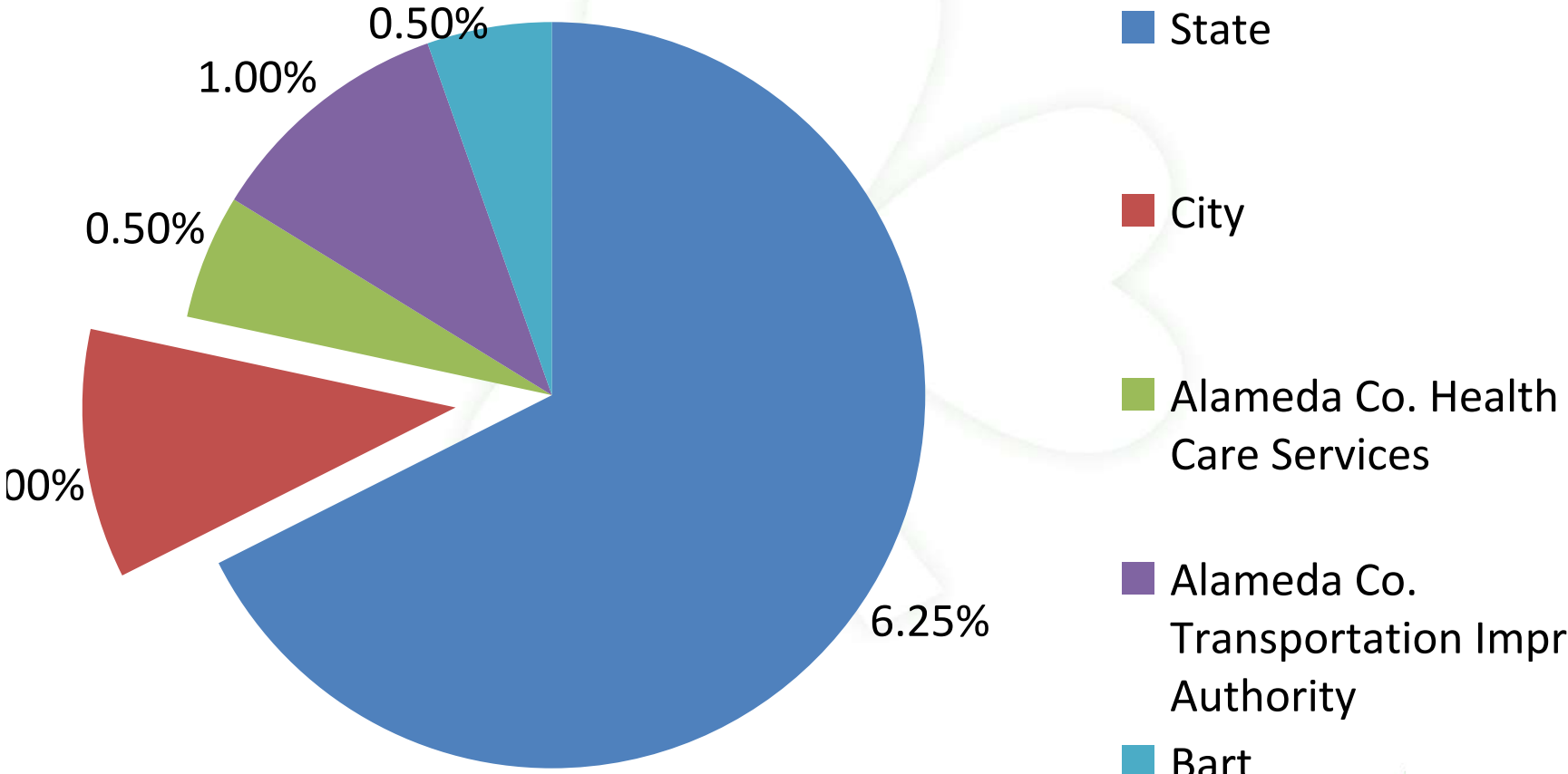
2015/16 To 2016/17 Net Taxable Assessed Value Change

City	2016/17 Net Value	Value Change	% Change
Newark	7,605,225,527	681,624,874	9.845%
Dublin	13,742,624,059	1,145,387,913	9.092%
Fremont	44,695,061,356	3,631,341,547	8.843%
Oakland	51,853,937,194	3,835,152,623	7.987%
Livermore	16,824,627,281	1,015,554,357	6.424%
Alameda	11,858,309,875	703,027,642	6.302%
Emeryville	5,013,447,958	296,196,635	6.279%
Berkeley	17,029,208,422	984,115,178	6.133%
Albany	2,456,826,665	138,996,975	5.997%
Piedmont	4,065,039,032	219,102,632	5.697%
Pleasanton	20,978,446,417	1,124,914,177	5.666%
Hayward	19,721,782,831	1,049,843,813	5.623%
Union City	9,622,453,139	504,018,843	5.527%
San Leandro	11,795,463,763	499,631,267	4.423%

AV and Property Tax

	\$ Net Taxable AV	\$ Change	% Change	Total Revenue	\$ Change	% Change	SFR Median Price	% Change
04-05	5,553,452,954			16,660,359			533,000	
05-06	6,357,991,211	804,538,257	14.5%	19,073,974	2,413,615	14.5%	610,000	14.4%
06-07	7,422,313,156	1,064,321,945	16.7%	21,110,970	2,036,996	10.7%	630,000	3.3%
07-08	8,202,896,929	780,583,773	10.5%	23,049,521	1,938,551	9.2%	584,000	-7.3%
08-09	8,638,686,162	435,789,233	5.3%	24,256,034	1,206,513	5.2%	460,000	-21.2%
09-10	8,341,462,340	(297,223,822)	-3.4%	23,214,561	(1,041,473)	-4.3%	440,000	-4.3%
10-11	8,190,747,208	(150,715,132)	-1.8%	22,857,898	(356,663)	-1.5%	460,000	4.5%
11-12	8,363,640,410	172,893,202	2.1%	23,313,924	456,026	2.0%	410,000	-10.9%
12-13	8,790,788,955	427,148,545	5.1%	23,232,830	(81,094)	-0.3%	435,000	6.1%
13-14	9,643,278,030	852,489,075	9.7%	26,695,530	3,462,700	14.9%	565,000	29.9%
14-15	11,113,995,626	1,470,717,596	15.3%	30,921,769	4,226,239	15.8%	648,500	14.8%
15-16	12,597,236,146	1,483,240,520	13.3%	35,178,713	4,256,944	13.8%	736,750	13.6%
11-Year Total Change		7,043,783,192	126.8%		18,518,354	111.2%	203,750	38.2%

Sales Tax Breakdown



Sales Tax Notes

- Maximum Tax in CA = 9.75%
- Some agencies passed measures to increase the rate to fund local programs
 - Albany (2012 - 9.75%)
 - Hayward (2014 – 9.75%)
 - San Leandro (2014 – 9.75%)
 - Union City (2010 – 9.75%, ext 2014)
 - Newark (2016 – 9.75%)

Top Sales Tax Generators

- Bed Bath & Beyond
- Best Buy
- Carl Zeiss Ophthalmic Systems
- Dublin
Buick/Cadillac/Chevrolet/GMC/Kia
- Dublin Honda
- Dublin Hyundai
- Dublin Mazda
- Dublin Nissan
- Dublin Toyota
- Dublin Volkswagen
- Epicor Software
- Fallon Gateway Chevron
- General Motors Leases
- Graybar Electric
- Lowes
- Nordstrom Rack
- REI
- Safeway
- Safeway Gas
- Shell Service
- Stoneridge Chrysler/Jeep/Dodge
- Target
- Tesla Motors
- Toys R Us
- Winn Kia

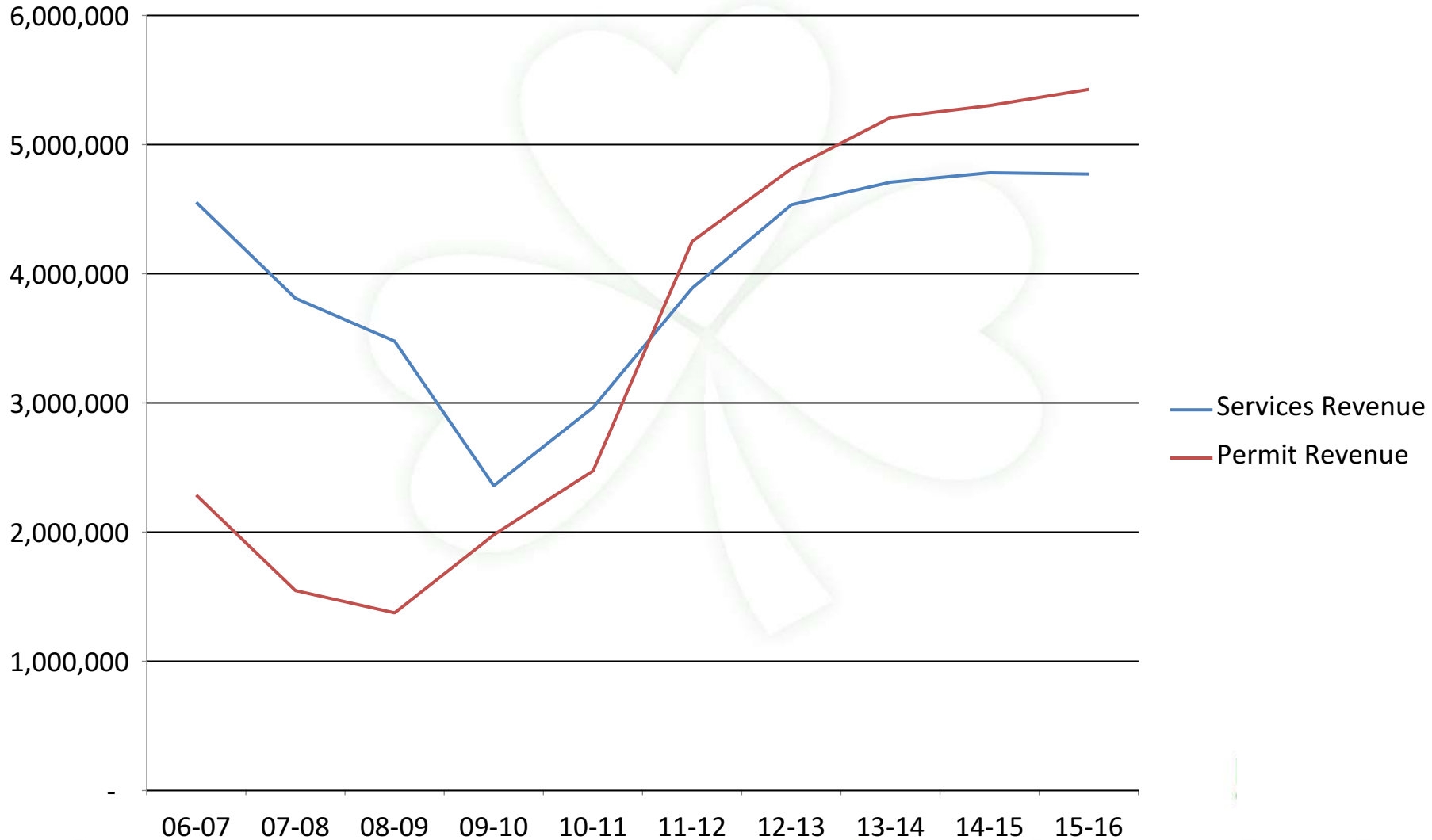
Development Revenue

- **Services Revenue**
 - Engineering, Planning Division plan check services performed by City Staff or contracted out
 - Reimbursed at rate determined by User Fee Study
 - Includes overhead (roughly 44%)
 - \$1 in services = \$1.44 in reimbursement
- **Permit Revenue**
 - Building Division services to issue permits
 - Set at rate by valuation of project
 - Not 1-1

Development Revenue

- Finite # of projects left in Dublin
- When development slows and we near build out...
 - Baseline development revenue related to home improvement
 - What is reduction in revenue?
 - What level of services will we retain?
- On the horizon
 - New User Fee Study beginning Feb/March
 - Nature of business changes (new technology)
 - Doing business from home

Development Revenue



Last Recession

- We lost:
 - \$1.2 million in Property Tax
 - \$2.2 million in Sales Tax
 - \$2.5 million in Development Revenue
 - \$250k in TOT and Franchises (Garbage)
 - \$2.2 million in interest income (over 7 years)

TOTAL \$8.35 million

GF EXPENDITURES

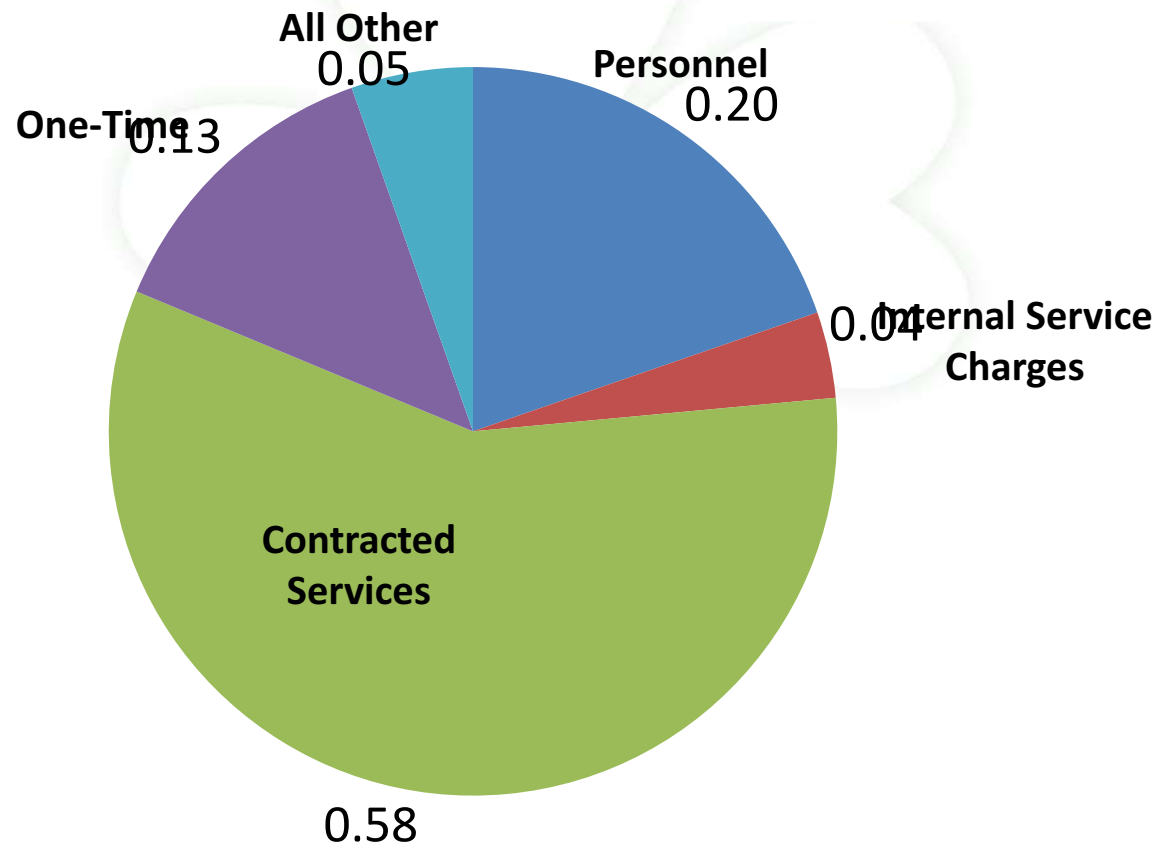
Types of Expenditures

- Operating / Program
 - Personnel
 - Salaries; Benefits for actives and retirees
 - Contracted services
 - Supplies
 - Internal Service Charges
- Capital Expenses
 - Capital Outlay
 - Construction and improvements (CIP)
- Other Uses
 - Debt service, transfers between funds



GF Expenditures in Dublin

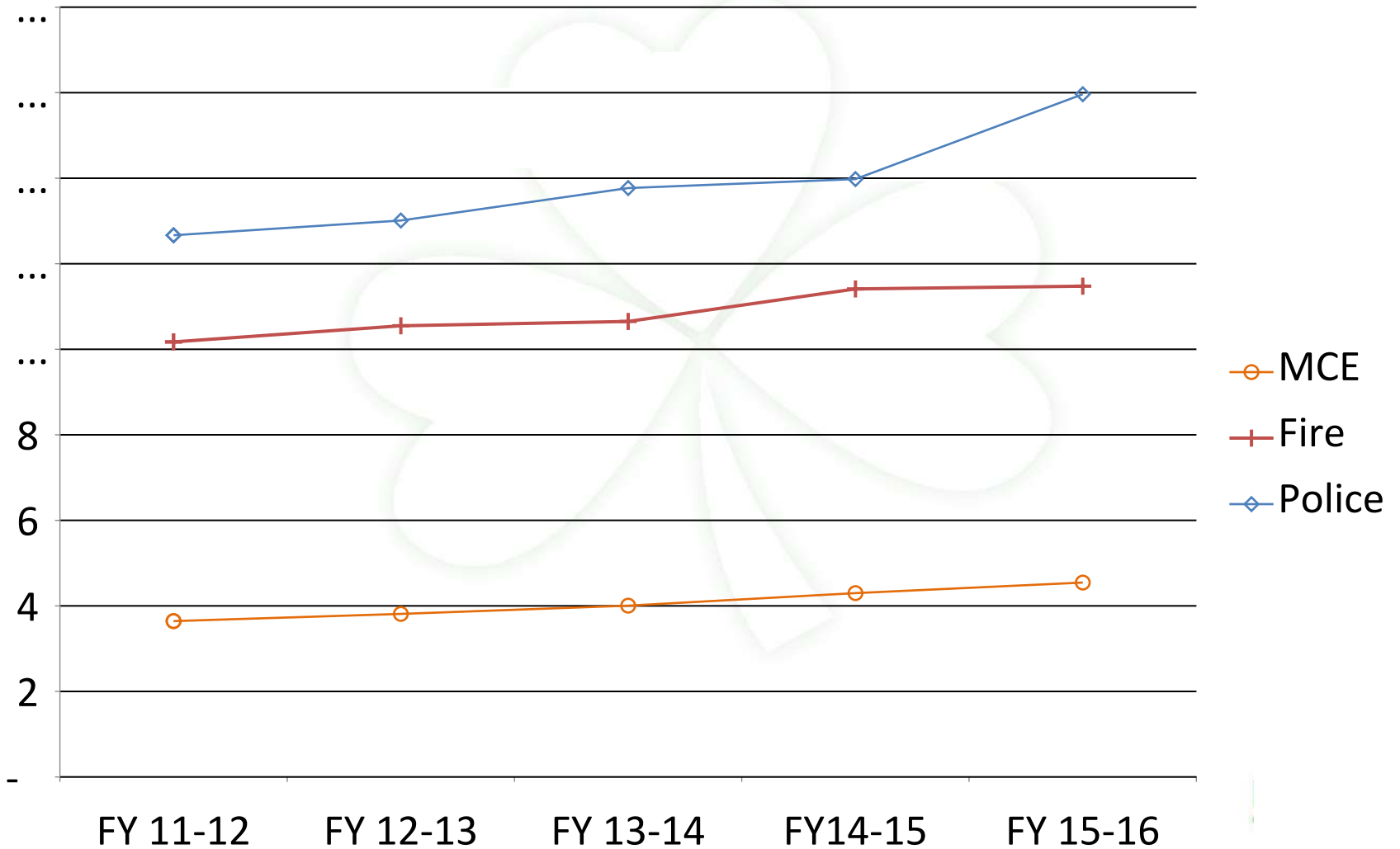
GF Expenditure Breakdown: FY 15-16



Contracted Services

- Public Safety and Maintenance
 - Costs rise 3% - 6% per year
 - FY 16-17 includes a new deputy (roughly \$225,000)
 - New facilities added \$1.1 million to maintenance contract over two years

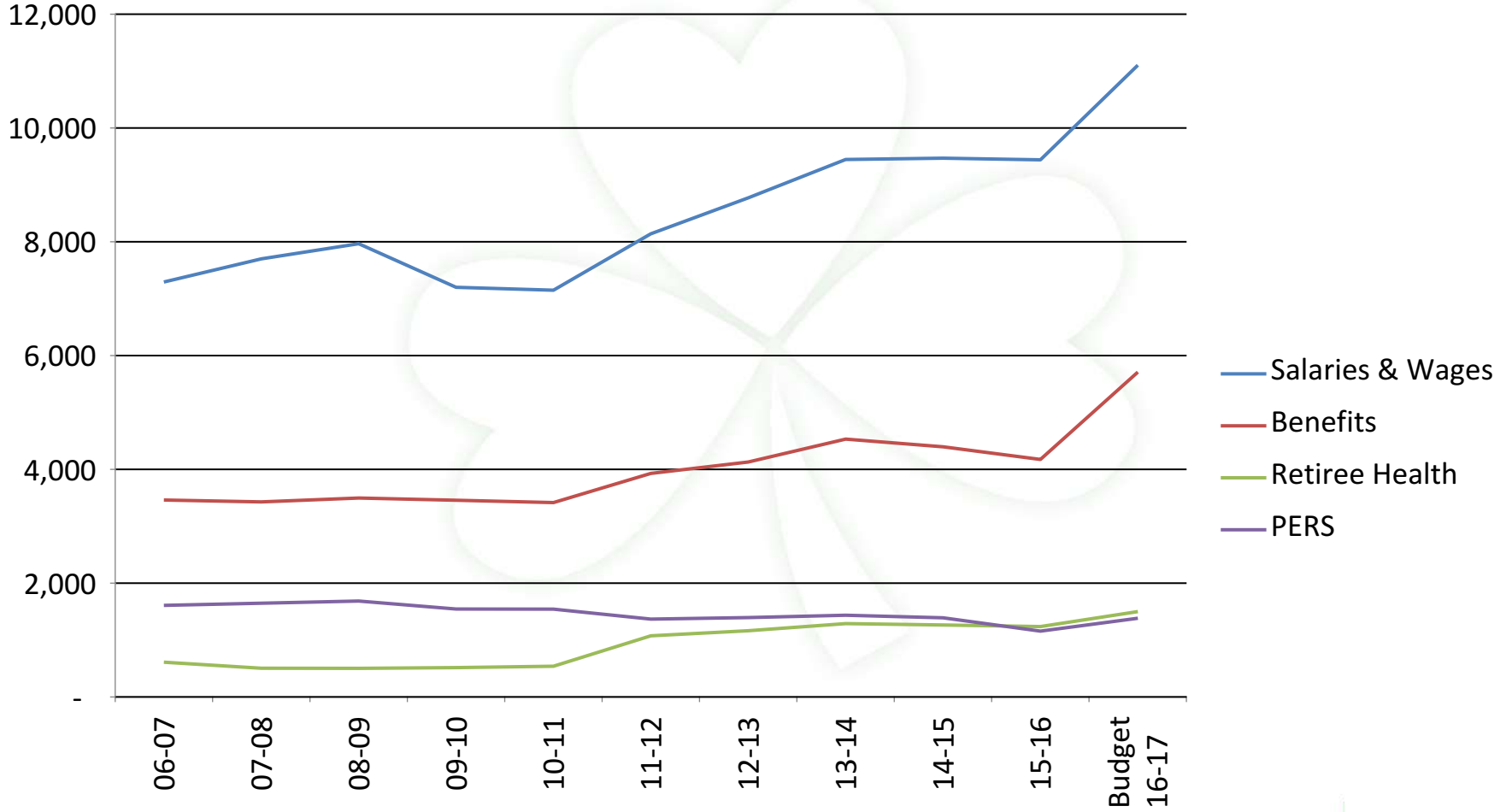
Contracted Services



Personnel

- 93.75 FTE funded by the General Fund
 - Salaries: \$9.4 million
 - Benefits: \$4.2 million (45% of salaries)
 - The Wave will bring on roughly 120 PT/seasonal employees and 1.0 FTE (\$750k per year)
- Budget Balancing Actions:
 - Employees pay 15% of salary to PERS (8% + 7% of City's share)
 - Minimum retiree health benefits to new employees
 - Lump sum pre-funding (\$9.2 mil / \$500k annually)
 - Unfunded Liabilities have been contained (thus far)

Personnel



	FY 09-10	FY 10-11	FY 11-12	FY 12-13	FY 13-14	FY 14-15	FY 15-16	Adopted FY 16-17
Revenues								
Property Taxes	22,141	↓ 21,918	22,246	23,590	25,286	29,438	→ 33,599	35,182
Sales Tax	↓ 12,183	12,969	→ 14,997	→ 15,359	17,821	18,300	20,939	20,666
Other Taxes	3,201	3,799	4,296	5,054	5,428	6,192	10,563	8,585
Development Permits	2,090	2,578	↑ 4,351	↑ 5,069	↑ 5,787	↑ 5,860	↑ 5,829	4,241
Development Services	2,358	2,964	↑ 3,888	↑ 4,534	↑ 4,708	4,782	↑ 4,734	4,344
Other Licenses & Permits	170	175	170	186	187	195	310	292
Fines & Penalties	145	125	126	133	112	125	116	110
Interest	↓ 759	536	707	(525)	788	550	2,938	466
Rentals & Leases	380	502	548	565	708	1,002	1,115	1,033
Intergovernmental	521	497	↑ 197	209	192	483	324	199
Charges for Services	2,970	3,469	↑ 3,801	4,543	4,491	5,527	5,397	4,822
Other Revenue	927	560	745	4,374	302	432	586	256
Community Benefit Payment	737	2,796	1,108	4,154	2,109	2,965	424	100
Total Revenues	\$ 48,582	\$ 52,887	\$ 57,181	\$ 67,247	\$ 67,918	\$ 75,851	\$ 86,873	\$ 80,298
Expenditures								
Salaries & Wages	7,198	↓ 7,146	→ 8,138	→ 8,770	→ 9,443	→ 9,466	→ 9,437	→ 11,100
Benefits	3,456	3,415	3,928	4,128	4,530	4,395	4,172	5,708
Services & Supplies	1,734	1,459	1,538	1,992	2,133	1,585	1,875	2,946
Internal Service Fund Charges	1,197	1,066	1,249	1,459	1,722	1,763	2,637	3,065
Utilities	1,197	1,317	1,439	1,577	1,785	1,724	1,723	2,248
Contracted Services	28,371	→ 29,855	→ 33,074	→ 33,988	→ 35,100	→ 37,401	→ 39,869	→ 43,298
Capital Outlay	123	153	241	370	212	174	133	720
Contingency & Contributions	3,000	2,000	18	120	364	69	9,200	989
Total Expenditures	\$ 46,276	\$ 46,411	\$ 49,624	\$ 52,404	\$ 55,289	\$ 56,577	\$ 69,049	\$ 70,075
OPERATING BUDGET IMPACT								
SURPLUS / (DEFICIT)	\$ 2,306	\$ 6,476	\$ 7,556	\$ 14,843	\$ 12,629	\$ 19,274	\$ 17,824	\$ 10,223