

City of Millbrae

2 Year Operating Budget (Fiscal Year 2019 and Fiscal Year 2020)
Recommended Capital and Special Projects Five Year Plan





Agenda

- Overview
- General Fund Operating Budget
- Recommended Capital and Special Projects Five Year Plan
 - General Fund
 - All Other Funds



Definitions & Guiding Principles

- Operating and Capital Budget
- Balanced budget / Operating Deficit
- Special and Capital Projects
- General Fund / Enterprise Funds / Special Funds

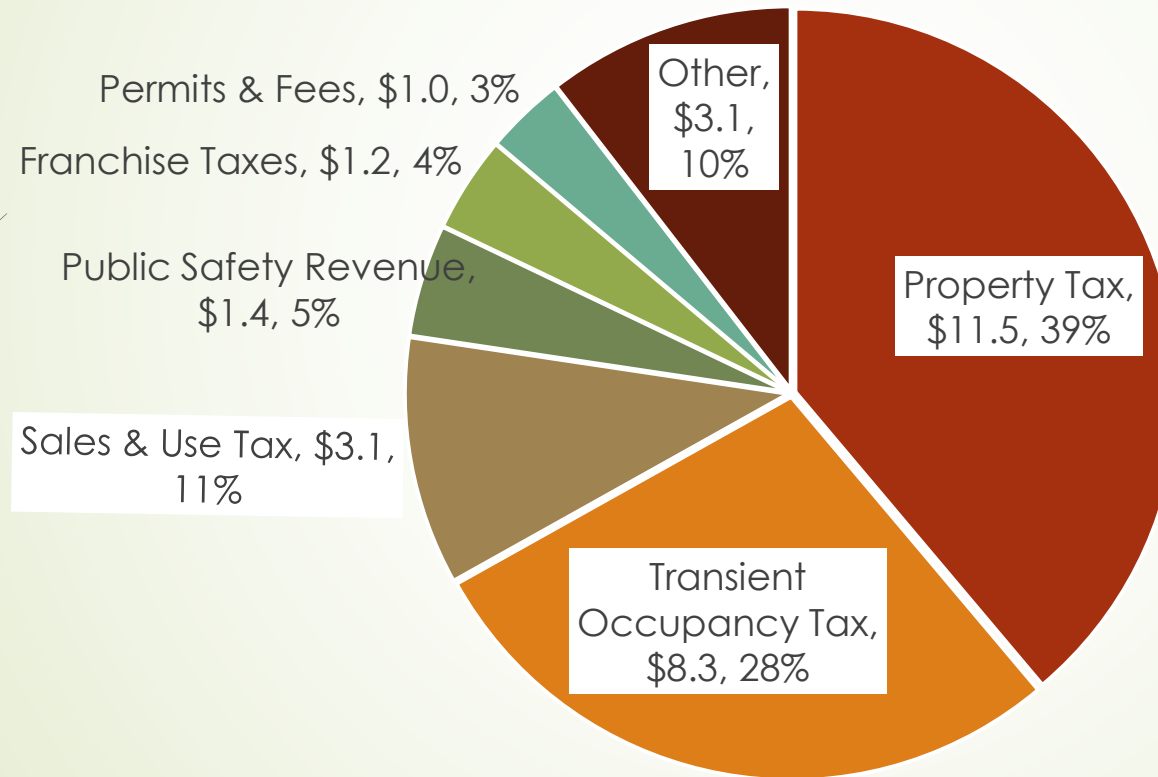


Budget Process

- Meeting with Departments
 - Current year actual expenses and revenues associated with department
 - Known new needs
- Review of Other Funds
 - Required transfers
 - Distribution of Costs where Possible
 - Availability of Restricted or other funds

General Fund Overview

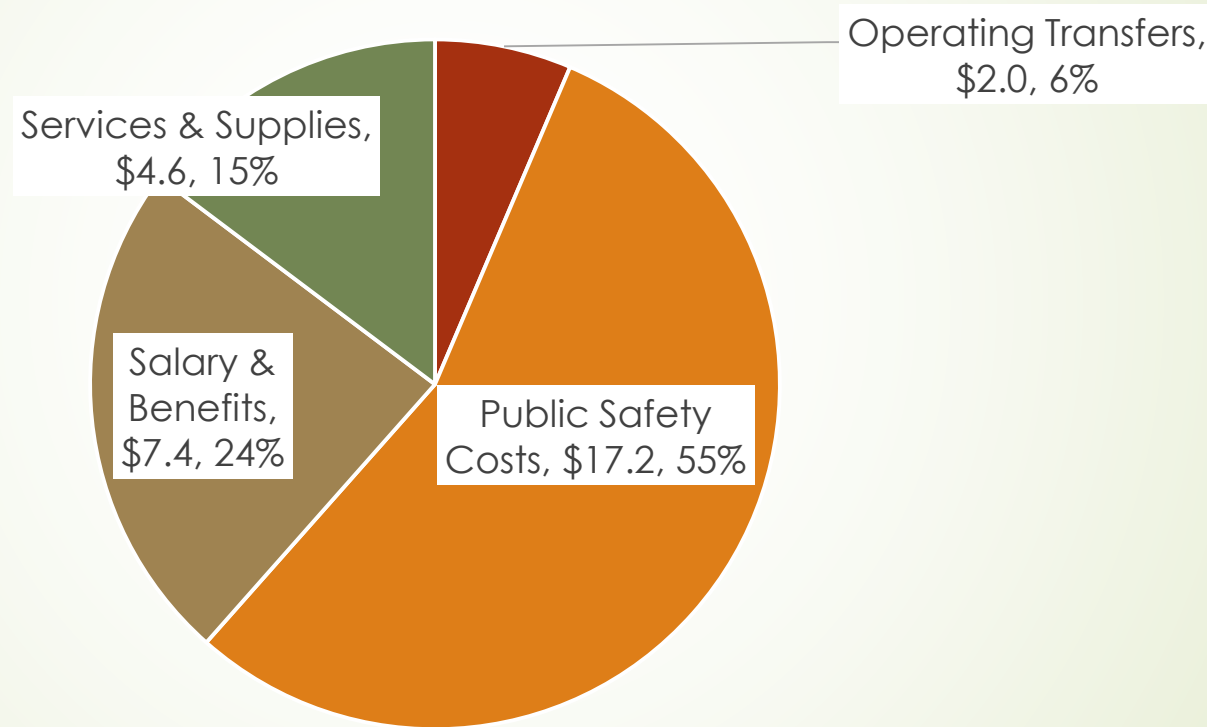
Fiscal Year 2019 General Fund Revenues (in millions) – Total \$29.6 Million



Other Revenues includes: Intergovernmental Revenues, Use of Money and Property, Operating Transfers In, Business License Tax, and Other Miscellaneous Revenue

Budget Overview

Fiscal Year 2019 General Fund Expenses (in Millions) – Total \$31.2 Million



Public Safety Costs include public safety contracts (police and fire), direct salaries for police department, annual payments for pension and OPEB liabilities associated with former police and fire employees of the City.

Budget History – General Fund

Fund	2016 Final Budget	2017 Final Budget	2018 Budget	2019 Budget – PENDING FINAL ADJUSTMENTS	2020 Budget - PENDING FINAL ADJUSTMENTS
General Fund Revenues (in millions)	\$26	\$29	\$28	\$29.6	\$30
General Fund Expenses (in millions)	\$28	\$31	\$30	\$31.2	\$32
Operating Deficit (in millions)	\$2	\$2	\$2	\$1.6	\$2

* Numbers derived from previous financing system and reports and may not reflect final figures.



Primary Causes of Increases General Fund Budget

- Increase in Retirement Costs: Unfunded Actuarial Liability or UAL
 - \$975,000 increase in UAL for Fiscal Year 2019 in General Fund
 - \$725,000 for former Public Safety Employees
 - \$250,000 for Miscellaneous Employees
 - Total City Cost: \$4.4 Million UAL All Funds (\$3.4 Million in General Fund)
- Increase in Public Safety Contract Costs for Fiscal Year 2019
 - San Mateo County Sheriff (Police Services): \$150,000 (total cost \$5.9 Million)
 - Central County Fire (Fire Services): \$520,000 (total cost \$6.9 Million)
 - Primarily associated with increase in pension costs



Outstanding Options to Balance General Fund Operating Budget

- ▶ Note: Initial department recommended budget included deficit of \$3 Million
 - ▶ After first department recommended budget, staff reduced deficit to \$2 Million through refinements of revenue estimates and modifications to expenses.
- ▶ \$2 Million Deficit remains – Options to reduce include:
 - ▶ Transfer expenses for staff associated with capital projects to Capital Project Funds: \$300,000
 - ▶ Unfund Vacant Positions: \$250,000
 - ▶ Identify other savings in departments with vacant positions: up to \$500,000 (including funds receiving operating transfer)
 - ▶ Use of OPEB Trust Fund to pay OPEB costs for Fiscal Year 2019: \$900,000
 - ▶ Reduce Operating Transfers
 - ▶ Use of Available Fund Balance in Storm Drain Fund: \$400,000
 - ▶ Update of Recreation Fees pending comprehensive Master Fee Schedule Update: \$50,000
 - ▶ Comprehensive review of Recreation Programs



Next Steps:

General Fund Operating Budget

- Staff to implement proposed options to reduce deficit and report back at June 12, 2018 Council meeting with budget book and balanced operating budget.
- If possible, an interim fee schedule update will be provided to recover additional costs of some programs, especially Recreation.
- Throughout Fiscal Year 2019, staff will initiate activities to reduce the structural budget imbalance.



Five Year Recommended General Fund Capital and Special Project Plan

- Zero Based Budget - \$14 Million Available in General Fund
- Prior budgets did not indicate funding available
- Considerations / Basis for Recommendations:
 - City Council Strategic Goals confirmed on May 5, 2018,
 - Completion of previous initiatives that have already been started,
 - Health and Safety of the City and its constituents,
 - Federal and State Mandates, and
 - Long Term Sustainability



Five Year Recommended General Fund Capital and Special Project Plan

Overview of Special and Capital Projects

➤ Administration

- Document Management Program: \$100,000 in FY 2019

➤ Finance / Information Technology

- Master Fee Study (including Development Impact Fees, Cost Allocation Plan, and Revenue Study): \$350,000 in FY 2019
- Finance System Upgrade: \$300,000 in FY 2019
- Information Technology Upgrades: \$200,000 in FY 2019



Five Year Recommended General Fund Capital and Special Project Plan

Overview of Special and Capital Projects

► Community Development

- Business Improvement District Formation: \$100,000 in FY 2019
- Housing Element Implementation: \$150,000 in FY 2019
- Multimodal Comp Station Area Access Plan: \$100,000 in FY 2019
- TDA Active Transportation: \$50,000 in FY 2019
- Update Zoning Code: \$250,000 in FY 2019
- Commitment to Affordable Housing Project (Development Agreement): \$2.8 Million



Five Year Recommended General Fund Capital and Special Project Plan

Overview of Special and Capital Projects

- ▶ Community Development

- ▶ Prior year incomplete projects proposed to be deferred pending development of Economic Development Plan by new Project Manager: Economic Development & Housing

- ▶ Downtown Improvements

- ▶ Economic Development Implementation

- ▶ SFO Projects



Five Year Recommended General Fund Capital and Special Project Plan

Overview of Special and Capital Projects

➤ Public Works | Engineering

➤ Prior year incomplete projects proposed to be deferred pending identification of funding sources:

➤ Study: City Hall Electronic Message Board

➤ ADA Transition Plan (pending available funding in facilities program)

➤ Public Works | Facilities

➤ City Hall Campus Program: \$350,000 in FY 2019

➤ Facilities Master Plan: \$100,000 in FY 2019

➤ Fire Station Projects: \$225,000 in FY 2019

➤ Reroof facilities: \$55,000 in FY 2019



Five Year Recommended General Fund Capital and Special Project Plan

Overview of Special and Capital Projects

► Public Works | Parks

- El Camino Median Improvements and Water Wise Landscape: \$100,000 in FY 2019
 - **CONCEPTUAL PLAN ONLY.** Insufficient funding identified for implementation.
- Landscape Improvements: \$100,000 in FY 2019
- Parks Master Plan Implementation: \$250,000 in FY 2019
- Millbrae Transit Center to Spur Trail: \$200,000 in FY 2019
 - Partially Funded by TDA Article 3 Grant



Five Year Recommended General Fund Capital and Special Project Plan

Overview of Special and Capital Projects

► Public Works | Parks

- Prior year incomplete projects proposed to be deferred pending identification of funding sources:
 - Additional Big Belly Trash Receptacles
 - ADA Transition Plan (pending available funding in facilities program)
 - Spur Trail Wood Railing
 - Additional Tree Grates
 - Central Park Playground



Five Year Recommended General Fund Capital and Special Project Plan

Overview of Special and Capital Projects

► Public Works | Streets

- Sidewalk program: \$500,000 in FY 2019
- Street Reconstruction / Resurfacing: \$1 Million in FY 2019
 - \$3 Million from Gas Tax and Measure A Funds
- Slurry Seal: \$1 Million in FY 2019
- Prior year incomplete projects proposed to be deferred until funding identified:
 - Millbrae Avenue Bike Bridge
 - Rule 20A Undergrounding



Five Year Recommended General Fund Capital and Special Project Plan

Overview of Special and Capital Projects

- ▶ Public Works | Contributions to Other Funds
 - ▶ Storm Drain Capital Projects: \$1.5 Million in FY 2019
 - ▶ Transfer to Garage: \$365,000 in FY 2019 for vehicle / equipment replacement primarily associated with storm drain activities



Five Year Recommended Enterprise Fund Capital and Special Project Plan

Overview of Special and Capital Projects

Funding for Capital Projects is typically identified through financial plans tied to rate studies. This financial plan may include issuance of bonds or other debt instruments.

- Public Works | Sanitation / Collection
 - GIS / System Mapping
 - Lift Station Improvements
- Public Works | Sanitation / Sewer Modernization Program
 - CCTV Inspection | Flow Monitoring | Smoke Testing
 - Sewer Later & Main Replacements (Reduce Inflow & Infiltration I & I)
 - Pump Station, Force Main, & Capacity Improvements



Five Year Recommended Enterprise Fund Capital and Special Project Plan

Overview of Special and Capital Projects

- ▶ Public Works | Sanitation / WPCP
 - ▶ Co-Gen System Replacement
 - ▶ Study: Reclaimed Water
 - ▶ Mechanical Thickener Evaluation



Five Year Recommended Enterprise Fund Capital and Special Project Plan


- ▶ Public Works | Storm Water / Storm Drain
 - ▶ *Subsidized by General Fund*
 - ▶ Cowan Canal Pump Station Rehab (with Burlingame)
 - ▶ Millbrae Ave Storm Culvert Design
 - ▶ Green Infrastructure
 - ▶ GIS Mapping / Inventory
 - ▶ Trash Capture
 - ▶ Tide Gates Study & Inventory



Five Year Recommended Enterprise Fund Capital and Special Project Plan

Overview of Special and Capital Projects

- ▶ Public Works | Water
 - ▶ Studies: GIS, Drought Response, Water Main Assessment
 - ▶ Pump Station Rehab
 - ▶ Transfer to Garage: New Equipment



Next Steps: Capital Budget

- Staff will continue to refine proposed recommendations, take in Council comments, and report back at June 12, 2018 Council meeting with Five Year Capital Plan.



Next Steps: Sustainable Financial Plan

- ▶ Long term financial projection
 - ▶ Focused on unfunded liabilities including pension and other post-employment benefit costs.
- ▶ Master Fee Study, Cost Allocation Plan, Development Impact Fee Study, and Revenue Study