City of Woodland

REPORT TO MAYOR AND CITY COUNCIL

AGENDA ITEM

TO: THE HONORABLE MAYOR AND CITY COUNCIL

DATE: May 13, 2008

SUBJECT: Fiscal Year 2008/2009 Proposed Operating Budget and 10-Year Financial Plan

Report in Brief

The proposed operating budget for FY 2008/2009 and 10-year Financial Plan for FY 2008/2009 through FY 2017/2018 has been prepared for the City Council's review. This budget reflects the fiscal challenges associated with the current economic downturn in the Sacramento region while maintaining balanced City services and incorporating the guiding principles approved by the City Council on December 11, 2007.

Staff recommends that the City Council review and comment on the proposed Fiscal Year 2008/2009 (FY 09) operating budget and FY 2008/2009 through FY 2017/20018 10-year Financial Plan and provide direction for changes, if any. The Council's direction will be incorporated into the preliminary FY 09 operating budget and will be presented for adoption at the June 10, 2008 City Council meeting.

Background

On December 4, 2007, the City Council received an update on the regional economy and the fiscal impacts on the City's FY08 operating and capital budget. At that meeting, staff informed the City Council that the economic impacts related to the real estate market were significantly worse than originally predicted. The reductions in development activity realized in FY07 and projected for FY08 were approximately 50-60% lower than budgeted based on historic trends. Consistent with state and national trends, municipal revenues were being hit hard in the areas of permit fees, service charges, sales and property taxes, and development fee revenues. Based on staff recommendations, the Council approved $2.7 million and $12 million in reductions in the FY 08 general fund budget and FY 08 capital budget, respectively.

On December 11, 2007, the City Council had further discussions about the economy and the fiscal challenges anticipated in FY 09. During this meeting, the City Council adopted guiding principles to be used in the planning and preparation of the FY 09 budget. The following guiding principles were considered as managers from all departments collaborated to develop the FY 2008-2009 budget:

- **Develop operating and capital budgets that have the minimum impact on public services:** The City's first priority is providing responsive, efficient and effective public services. Therefore, the proposed FY 2008-09 budget needs to have the minimum impact on public services. Since it is highly likely that the preparation of a balanced budget will require some level of service reductions, it is staff's responsibility to work toward mitigating these impacts through collaboration or other forms of alternative service delivery, develop alternative revenue sources to offset costs and present a prioritized list of service level reductions that will enable the City Council to review options.

- **Develop operating and capital budgets that have the minimum impact to employees:** Woodland employees are the City's Number One asset. Without City employees, public infrastructure will not be maintained, critical buildings and programs are not adequately staffed and public safety needs unmet. Employees provide their skills, commitment and passion for public service to the City organization. In return, the City should provide a positive and productive work environment, fair compensation, 100% commitment to the current MOUs and open, direct and honest communication. The current status of the City's fiscal condition is a source of concern to City employees. Preparation of the City's budget during uncertain times needs to include assurances to employees that management will take every reasonable step to minimize the impact on the City's workforce. Since significant program and service reductions will likely include staffing reductions, City employees need to know that management will review options such as implementing a planned attrition program that seeks to reduce the workforce over time through retirements and voluntary separation. In turn, employees need to be flexible and consider accepting new work assignments in order to minimize the impact to public services. The development of the FY 2008-09 budget and 10-year Plan needs to include opportunities for employees, employee associations and work units to receive updates and status reports.

- **Develop the FY 2008-09 budget based on the FY 2007-08 Mid-Year Budget Adjustments:** The critical economic issues that generated the need to reduce the City's operating budget by $2.7 million and the capital budget by $12 million will remain in effect during FY 2008-09. Therefore, the Council approved Mid-Year Budget needs to be used as the baseline for the FY09 operating budget.

- **Present a capital and operating budget that is balanced over 10-years:** The City Manager and Senior Staff will work together in order to present a 10-year Financial Plan that is balanced over the entire planning period. This principle recognizes the potential for annual fluctuations and implements strategies to insure that an operating contingency and appropriate balance in all funds is maintained each year of the 10-year planning period.

- **Utilize the 10-year Plan as the basis for making long-term financial planning decisions:** All financial decisions, including the commitment to implement new programs and services, submission of grant applications with fixed-term funding commitments and employee compensation, will have long range impacts on the City's fiscal condition. These decisions need to be evaluated based on ***short-term and long-term*** impacts and factored into the 10-year Financial Plan.

- **Include resources required to maintain and operate all capital improvements commencing in the year the project is completed and continuing through the balance of the 10-year Plan:** All projects that require operating and maintenance funds need to have those funds factored into the 10-year Financial Plan ***before*** a commitment is made to fund the design and construction of the facility or improvement. These resources may include staff, equipment and annual contributions to reserve funds. If the resources are not available when the project is expected to be completed, consideration must be given to delay or cancel the project or reallocate future funds from another program for maintenance and operation.

- **Maintain essential services and existing facilities:** The City's investment in high priority services and established facilities needs to be factored into the 10-year Plan. Services evaluated by Senior Staff and the City Council as no longer essential should not be funded and resources reallocated to other higher priorities. Facilities that no longer meet community needs should be sold, transferred or appropriately disposed.

- **Commit to the future implementation of the Performance Based Budget:** Implementation of a Performance Based Budget will facilitate the City organization's commitment to outcomes and performance measures which will help guide program evaluation. As outlined in the Policy, Management and Leadership Initiatives staff report, the City's commitment to implementing a Performance Based Budget will be one of the primary factors in establishing a data driven, results oriented, customer focused and responsive local government organization.

- **Foster thriving and diverse residential and business communities:** The City's budget priorities need to provide adequate resources to community development activities. These activities have a tremendous impact on the quality of life for all people who live, work, visit and conduct business in Woodland. The City's success in this area also helps to generate the resources that fund City services.

In accordance with Council adopted guiding principles, the FY 08 Mid Year budget was used as the baseline for the FY 09 operating and capital budgets. The proposed FY 09 operating budget is the subject of this staff report; the proposed FY 09 capital budget is covered under a separate staff report.

As reflected in Exhibit 1 (City-wide P&L Statement), most operational costs were covered with respective revenues and relatively minor use of reserve fund balances in all funds except the General Fund. The City's biggest challenge was in balancing the General Fund. After adjusting baseline expenditures (for MOU provisions, externally controlled cost increases, and contractual obligations), and adjusting baseline revenues by further anticipated reductions, the General Fund resulted in a $6.59 million shortfall.

The City's FY09 General Fund shortfall is primarily attributable to the continuing and unprecedented downturn in the real estate market, rising fuel costs and the impacts on consumer spending. The economic impacts related to the real estate market are significantly worse than originally predicted. The reductions in development activity originally budgeted in FY08 is approximately 60% lower than what is budgeted in FY09. Consistent with state and national trends, City sales tax revenues are down approximately 7-8%. A comparison of the original approved FY08 General Fund Budget to current trends highlight the significance of revenue reductions being realized by this City:

- $400,000 reduction in property tax and
- $800,000 reduction in sales tax revenues
- $2 million reduction in permit, planning and subdivision inspection fees/service charges.

Given the anticipated and continued slowdown in the real estate market, staff reduced the FY09 budget for development fee revenues by an additional $500,000. While these projections may seem drastic, staff believes they are appropriately conservative.

The magnitude of the General Fund shortfall made balancing the General Fund a very challenging task. This task required evaluation and analyses of numerous alternatives and significant inter/intra departmental collaboration. The proposed FY09 General Fund budget was balanced through a combination of expenditure reductions and reallocations, organizational realignment, revenue enhancements, and use of one-time monies (e.g. value associated with the transfer of Dubach Park to the Storm Water program).

Staff believes that the proposed balanced operating budget is consistent with Council's adopted guiding principles, reflects prioritization of essential City services with minimal reductions, minimal employee impacts, responsible service levels, and a balance of other desired and demanded City services. This budget represents a phased reduction and realignment of services that is considered fiscally responsible given the needs of this community and the desires of City Council. All of the items discussed in this report are designed to allow the City of Woodland to work toward financial stability while meeting the changing needs of the City's residential and business population.

While this budget continues funding appropriate levels of service in all departments, targeted reductions have been made in order to meet reduced tax and development-related revenues resulting from continued downturn in the regional economy. These reduced revenues have mandated the down-sizing of the City organization and impacts all departments. The reductions in expenditures and proposed augmentations in revenue in the General Fund total approximately $6.59 million and are summarized below in the Discussion section. The augmentations represent a phased approach to addressing the shortfall. While the use of one-time funds is not an ideal solution, reductions required to address a shortfall of this magnitude would significantly impact essential services and City employees. Through the implementation of 10-year financial planning, the City will be able to address the shortfall through a long-term approach that will be reviewed every year and updated as needed.

Discussion

This section of the staff report will summarize the proposed General Fund expenditure reductions, revenue increases and use of one time funds for the FY 2008/2009 budget. The section also includes a summary of other options staff considered and decided not to propose due to conflicts with the guiding principles. Finally, the section will summarize the assumptions that are proposed for the General Fund 10-year Financial Plan and the 10-year Financial Plans for the Water and Sewer Enterprise Funds, Street Maintenance Program and Redevelopment Agency (Exhibits 2-6).

Initial General Fund Expenditure Reductions

As stated previously herein, staff was instructed to develop the FY09 General Fund operating budget from the FY08 Mid-Year Budget Adjustment baseline and propose an additional $2 million in reductions. The following is a summary of proposals prepared by each Department to meet the additional $2 million in operating reductions in the General:

Administration - $20,949 in various operating accounts

Community Development - $164,808 in various operating accounts, including consultant service expenses that were no longer needed as development activity declined

Finance - $46,921 in various operating accounts; this reduction was partially offset by an additional $28,260 for the increase in fees associated with the required annual audit

Parks & Recreation - $60,409 in staff reorganization and various expenditure reductions; this reduction was offset by a decrease in initial revenue estimates for Phase II of the Community and Senior Center (sports park and fitness center) of $76,777

Police - $612,164 which includes the following:

- **Reduce Animal Control services to legal mandates ($374,000) –** Limits County Animal Control service to operation of the shelter; does not provide for Animal Control response to stray or injured animals.
- **Cease offering the DARE program ($118,046) –** Reassigns officer responsible for the DARE program to patrol duty; Police Department is seeking grant funding to continue program.
- **Cease providing all Non-POST training ($33,990) –** Limits training activities to programs that are eligible for reimbursement under the Peace Officers Standard Training.
- **Eliminate Police Records Specialist tracking alarm calls ($43,951) –** Does not fund a permanent part time position assigned to tracking false alarms; Police Department will use other resources to continue this task.

- **Miscellaneous Reductions ($42,177)** – Minor reductions in several operating accounts, including an adjustment on Woodland's share for emergency calls/dispatch services.

Fire - $337,632 primarily through a staff reorganization that freezes several positions including the Deputy Fire Chief and an additional Firefighter

Library - $39,199 primarily through the elimination of a temporary Library Page and supplies/materials reductions

Public Works - $105,267 in supplies/materials reductions

Full Utilization of Proposition 172 – covers $278,311 of General Fund costs for public safety

Duplication of Grounds Maintenance - $36,496 reduction to General Fund based on grounds costs that had been budgeted in multiple departments

Additional Allocation of Indirect Costs - $509,593 allocated to Non-General Fund programs, including the Water and Sewer Enterprise Funds and development funds for administrative costs in the Public Works Department

General Fund Subsidy of CDBG Deficit – Requires $63,277 from the General Fund to support the CDBG program for FY 09

Addition of Contribution for "End to Homelessness" - $10,000 contribution recommended which will translate into more points on our Supportive Housing Program grant application and therefore additional dollars for the Yolo Wayfarer Center's homeless program and other Yolo County homeless service providers

Sub-Total Proposed Reductions to the General Fund to meet additional operating reductions requested initially: $2,033,435

Additional Expenditure Reductions

After receiving and reviewing staff proposals for the FY 09 budget and extensively analyzing revenue trends, it was predicted that additional adjustments were required. The FY09 operating deficit (over the FY 08 mid-year adjusted expenditures which were used as a baseline) was forecasted at $6.59 million, and the original $2 million reductions detailed above would not be sufficient to balance the operating budget in the General Fund. Staff reconvened and the following proposals for additional expenditure reductions/revenue enhancements were generated:

Reduce Storm Water Program to Legal Minimum – Saves $331,043 by reducing the program activities to those necessary in complying with mandates (such as testing) and eliminates proactive maintenance (such as televising lines to determine possible failures)

Consolidate Senior Management – Saves $22,984 in the FY 09, and $137,905 in subsequent years, by elimination of the position of Finance Director and consolidation under the Director of Administrative Services; additional responsibility will be shifted to the Assistant Finance Director

Planning and Engineering Restructuring – Transfers two Engineering positions to Non-General Fund sources and saves $157,815. Internal restructuring of planning function saves $101,218

Reduction in Fire Department Contract Services – Saves an additional $107,669 in the General Fund through Firefighters agreement to provide services at Fire Stations as part of their daily operations

Park Maintenance Reduction – Expands contract park maintenance by engaging a private source to mow all turf; reassigns incumbent staff to vacant Non-General Fund positions in Public Works (Streets and Utilities); estimated savings of $122,349

Eliminate Yolano Housing Maintenance and Recreation Programs – Saves $113,541 in current costs to maintain Housing Authority facilities and saves $97,814 by eliminating recreation program provided at the Housing Authority. Incumbent staff will be transferred to vacant Non-General Fund position, and youth will be transported to the Beamer Park program. Boxing program to be conducted as a contract activity and Folklorico class will remain funded

4% Vacancy Factor for Non-Public Safety Staff – Anticipates saving $352,977 through routine attrition during the fiscal year

Sub-Total Additional Expenditure Reduction Strategies: $1,288,795

Recurring Revenues

As stated previously, department managers reviewed revenue generated through user fees and other means to close the $6.59 million gap in the General Fund. The following options are proposed for this purpose:

Increase Business License Fees – Increases current fees to generate additional $203,519; proposed fees will be more comparable to the market.

Increase Building Permit User Fees – Revises fee schedule to increase costs for commercial building projects while reducing small “over the counter” projects; overall 30% increase will generate $214,666

Implement General City Service Charge for Water and Sewer Enterprise Funds – Proposes the establishment of a payment to the General Fund from the Water and Sewer Enterprise Funds to compensate for public safety and general City services. This payment is consistent with similar business models for public enterprises. A total transfer of $871,145 is proposed based on 5% of annual revenues generated by both programs

Adjust Initial Property and Sales Tax Revenue Estimates – Increases original property tax estimate by $10,366 and sales tax estimate by $76,724 based on analysis of FY 08 trends

Sub-Total Recurring Revenue Enhancements: $1,376,420

One-Time Revenues

The final strategy proposed to close the gap is the use of one-time revenue. These funds have been held in reserve accounts for needs such as insurance, public safety and capital projects. Given the magnitude of the shortfall, staff is proposing the following one-time funds as part of the FY 2008/2009 budget:

Transfer of Dubach Park site to the Storm Water Program – Transfers $675,000 from the Storm Drain Development Fund to the General Fund to compensate for the use of Dubach Park for drainage purposes

Proposition 172 Working Capital – Utilizes accumulated savings in Proposition 172 funds totaling $101,270 for public safety costs

Eliminate General Fund Capital – Provides $90,500 in accumulated General Fund savings that have been used for Capital Projects

Recalculation of FY 09 Insurance Contributions and use of Insurance Reserves– Reallocates $101,804 in General Fund contributions to the Insurance Internal Service Fund for insurance costs and applies accumulated reserves of $295,479 to meet the shortfall.

Defer Scheduled Vehicle and Equipment Replacement – Saves $508,704 in charges to the General Fund for vehicle and equipment replacements in FY 09

Sub-Total One-Time Revenues: $1,781,757

TOTAL ALL EXPENDITURE REDUCTIONS/REVENUE ENHANCEMENTS: $6,599,022

Other Options

The proposed combination of expenditure reductions, revenue increases and use of one time funds provides a balanced budget for FY 2008/2009. In the course of developing the proposal described herein, staff did consider other options for balancing the budget. The following options were discussed and ultimately not included due to staff's determination that the options were inconsistent with the guiding principles previously approved by Council:

- Close Hiddleson Pool - $125,061
- Close Brooks Swim Center - $331,684 (1 FTE Layoff)

- Reduce Library Service by One Day per Week - $150,000 (1 FTE Layoff)
- Eliminate Code Enforcement Program - $149,027 (1 FTE Layoff)
- Non-Safety Employee Furloughs - $219,871 (Holiday period December 25th through January 1st)
- Defer COLA's for all Employees - $1,210,242
- Defer Step Increases for all Employees - $298,883
- Reduce City Hall Hours through Modified Work Schedule - $20,000
- Defer Medical-in-Lieu and Opt Out Payments - $794,658

Staff determined that the reductions to recreation programs, library services and code enforcement (first four items) would have had a significant impact on public services and employees with three layoffs. The remaining items were not included because of the significant impact on all employees due to changes in compensation. These items would also require the City to meet and confer with all employee associations. However, should economic conditions worsen, a combination of these options would need to be considered.

In addition to the proposed revenue increases described herein, staff also considered the following revenue enhancements:

- Increase Transient Occupancy Tax Rate by 2% for a Total of 13% - $214,845
- Implement a Utility Users Tax - $350,000
- Increase Parking Fines - $100,000
- Implement 9-1-1 Fees - $204,000
- Implement EMS Fees - $60,000
- Reintroduce Storm Drain Fee Increase Initiative - $324,000 (limits increase to operational costs; net estimate based on increasing maintenance program from legal minimum described herein)
- Implement a City-Wide Lighting and Landscaping District - $2,000,000 (based on 14,300 units @ $139.86 per unit)

Of the above options, staff believes that an increase to the Transit Occupancy Tax and reintroduction of a modest Storm Drain Initiative that would be limited to offsetting the existing operational costs would be the most feasible. The other increases would likely not be supported, are under legal challenges in other jurisdictions or conflict with other City goals. As an example, 9-1-1 fees are under legal challenges in two California communities. An increase in parking fees could generate adverse reaction from residents and visitors and negatively impact parking in the downtown area. Finally, staff believes establishment of a City-Wide Lighting and Landscaping District that requires a Proposition 218 election would not be successful. Comments from the City Council regarding the above proposals would be factored into the presentation of the budget scheduled for the June 10 City Council meeting.

10-Year Financial Plans

As part of the budget process, staff has developed 10-year financial plans for major funds. Development of 10-year plans with appropriate assumptions provides a foundation for making decisions that have future impacts. Given the fiscal challenges described herein for the General Fund, the 10-year plan is an essential tool for outlining how the City should move forward under the current economic conditions. The following section will describe each of the 10-year plans for the major City funds.

General Fund. Exhibit 2 is the 10-year plan for the General Fund. The plan includes all General Fund revenue sources **except Measure E** which is included in a separate forecast. The General Fund projections are balanced for each year; however, the projections are based on assumptions that reflect the current economic downturn. These assumptions include:

- 3% annual increase in sales tax and property tax based on modest growth beginning in FY 2008-09 through FY 2010-11, 4% for FY 2011-12, 5% for FY 2012-13 and 6% for the balance of the plan
- Fee increases proportionate to projected slower growth in development through 2010-11 and 3% for the balance of the plan
- 5.6% annual increase for overhead and other revenues
- 5.6% annual increase for salaries and overtime (MOU and Merit increases)
- Annual benefits increase of 8% primarily based on medical costs
- Discretionary operating expenditures held flat beginning in FY 2009-10
- Non-discretionary expenditures held flat through 2009-10 and escalated at 3% thereafter
- Vehicle replacement deferred for first two years and resumed for the balance of the plan
- Assumes storm drain increase is approved and becomes effective in FY 2010-11
- City share of Gateway development fees is deferred until FY 2012-13
- Assumes annual reduction of 5.5 staff (FTE) and/or sharing of benefit costs
- Assumes that Other Post Employment Benefit (OPEB) costs will be met through alternative strategies, such as the sale of surplus City property

The General Fund 10-year plan assumes no growth in City services and the need to marginally reduce City staff through attrition or share the cost of benefits in order to control personnel expenditures. This assumption is based on the impact of the current economic downturn and modest growth in property and sales tax after the projected recovery that is forecasted for 2011-12.

The Guiding Principles approved by the City Council on December 11 included a commitment to address OPEB costs. In addition, staff presented options for meeting the future retiree costs during a Council Study Session on February 25. Staff believes that the best option is to establish an irrevocable trust fund with a qualified investment organization and contribute cash payments that, over time, will generate the income necessary to meet the City's future obligation. This obligation is estimated at approximately $49 million.

Unfortunately, the proposed General Fund budget does not include the resources to fund the OPEB obligation in this manner. However, the City does have other assets that may help address the obligation. These assets include the 126 acre site in the Woodland Park Specific Plan area and the 157 acre Regional Park property east of County Road 102 near the Spring Lake Specific Plan area. Under favorable economic conditions, staff believes both sites would be valuable depending on the type of land use envisioned for each location. Therefore, staff believes it is appropriate to consider options for each site that could generate income for funding OPEB costs as soon as possible. As an example, the 126 acre parcel in the Woodland Park area could be a possible site for commercial development.

The City Council should note that 10-year plan is a projection based on certain assumptions. These assumptions are based on the current economy. Recovery may be faster or generate higher revenues than projected. The assumptions need to be reevaluated every year based on economic trends. In addition, new revenues, such as an increase in the Transit Occupancy Tax, would improve the financial projections. However, staff believes a conservative approach is the more appropriate choice at the present time. If these projections hold, staff will need to develop alternatives to the present business model and new sources of revenue in order to deliver the balance of services desired by the City Council and Woodland residents, businesses and visitors.

Water Fund. Exhibit 3 is the Water Enterprise Fund 10-year plan. This forecast assumes the implementation of the meter program under a phased approach and the capital projects discussed during the April 29 Council Study Session. It does not assume implementation of the Surface Water program. The forecast shows a balanced 10-year plan with the Ending Working Capital at no less than 21% of the operating expenditures. There are years when the Fund reflects an annual net loss due to the timing of significant capital expenditures. However, the combination of an accumulated fund balance and phased rate increases keeps the overall condition of the fund healthy. As shown on top of the plan, the projected rate increases are 14% in the first year, 18.4% in the next three years and 4.7% annually thereafter.

Sewer Fund. Exhibit 4 is Sewer Enterprise Fund 10-year plan. This forecast assumes marginal rate increases and stable operating expenses. The financial plan also assumes capital expenses ranging from $774,000 to over $5.7 million that will replace main trunk lines, lateral lines and elements of the Wastewater Treatment Plant at various times. The Ending Working Capital is maintained at a prudent level throughout the entire 10-year plan.

Combined Transportation Funds. Exhibit 5 is the 10-year plan for the funds that support the maintenance of Woodland's local streets and roads. Staff developed this projection in order to address the diminishing level of Transportation Development Act (TDA) funds that are allocated from the Yolo County Transportation District to the cities and the County. The first priority for the use of TDA funds is transit activities. As Yolo County's population continues to grow, a larger share of these funds will be used for transit purposes, such as expanding bus routes. Based on projections reviewed with YCTD staff, Woodland's share of TDA funds is expected to diminish from the 2009 projected amount of $564,715 to zero by 2018. In order to maintain the present level of road maintenance funding, the City would need to backfill with another source. The 10-year Plan shows the source of the backfill as Measure E funds. As the Council is aware, approval for spending a maximum of $750,000 annually was secured in October 2007. Staff projects that the $750,000 allocation will be fully utilized in FY 2010-11. However, additional backfill funds will be needed beginning in FY 2011-12 and for the remainder of the 10-Year Plan. If Measure E funds are unavailable, staff will need to find an alternative funding source in order to maintain local streets and roads at the current level.

Redevelopment Agency. The Redevelopment Agency (RDA) is included as Exhibit 6. This plan is presented with a summary of projected Tax Increment that will add to the current base amount. The projected Tax Increment is based on various projects that staff expects will be completed over the next ten years. There are no expenses projected for capital projects since staff and Council have not identified a project or projects at this time. However, RDA funds will likely be used for the Court Modernization and Expansion Project and could be considered for other projects. The RDA operating funds would be used as part of a funding package that would include bond proceeds of over $6 million to facilitate a strategic downtown project. Staff anticipates working with the City Council to review options for using all or part of the bond proceeds in association with a project during FY 2008/2009.

Fiscal Impact

A summary of the City-Wide operating budget from the fund level is attached. Details of the General Fund required to meet the $6.59 gap were presented this staff report. In order to further illustrate the collaborative work necessary to meet the challenge of developing the proposed FY09 budget, the following information summarizes the percentage of General Fund reductions provided by each department:

- Administration – 12%
- Community Development – 14.6%
- Finance – 21%
- Parks & Recreation – 9.5%
- Police – 5.8%
- Fire – 9.2%
- Library – 8.2%
- Public Works – 41% (includes General Fund costs transferred to other funds)

As stated previously, the proposed budget and 10-year Plans reflect the current economic conditions, Guiding Principles and balanced services desired by Woodland residents and businesses and the City Council.

Public Contact

Posting of the City Council Agenda. Staff has also met and reviewed the General Fund reductions, revenue enhancements and use of one-time revenues with representatives of all employee associations. Additional discussion with employees will be scheduled following the May 13 Council workshop. Staff also plans to discuss the proposed FY09 budget with community stakeholders such as business and community organizations.

Recommendation for Action

Staff recommends that the City Council review and comment on the proposed Fiscal Year 2008/2009 (FY 09) operating budget, and provide direction for changes, if any. The Council's direction will be incorporated into the preliminary FY 09 operating budget and will be presented to Council for adoption on June 10, 2008.

Prepared by:
Joan Drayton
Director of Finance

Mark G. Deven
City Manager

Exhibit One: City-wide Profit Loss Statement
Exhibit Two: General Fund 10-Year Plan
Exhibit Three: Water Enterprise Fund 10-Year Plan
Exhibit Four: Sewer Enterprise Fund 10-Year Plan
Exhibit Five: Transportation Program 10-Year Plan
Exhibit Six: Redevelopment Agency 10-Year Plan

Exhibit 1

City of Woodland
P&L City-wide Working Capital

		Beginning FY 09 Working Capital	Budgeted as of Revenues	FY09 Projected Operating Expenses	Req Capital Exp	Net Inc (Loss)	Adjustments	Est. Fund Balance
01x	**Internal**							
10	Equip	$ 1,443,308	$ 2,432,883	$ 2,851,118	$ -	$ (418,235)		$ 1,025,073
13	Benefits	$ -	$ 6,067,014	$ 6,066,046	$ -	$ 968		$ 968
15	IS	$ 12,256	$ 1,514,250	$ 1,532,253	$ -	$ (18,003)		$ (5,747)
91	Self Insurance	$ 487,844	$ 641,953	$ 1,041,764	$ -	$ (399,811)		$ 88,033
99	Payroll Clearing	$ -	$ -	$ -	$ -	$ -		$ -
		$ 1,943,407	$ 10,656,100	$ 11,491,181	$ -	$ (835,081)		$ 1,108,326
101	**General Fund**	$ 6,419,716	$ 43,446,983	$ 43,446,983	$ -	$ -		$ 6,419,716
102	**TRANS Debt Service**	$ 33,811	$ -	$ -	$ -	$ -		$ 33,811
103	**SRTD Agency Fund**	$ 0	$ -	$ -	$ -	$ -		$ 0
105	**After School Grants**	$ -	$ -	$ -	$ -	$ -		$ -
2xx	**Enterprise**							
210	Water	$ 6,492,202	$ 21,620,900	$ 5,883,288	$ 10,003,235	$ 5,734,377		$ 12,226,579
220	Sewer	$ 7,143,109	$ 10,802,000	$ 8,223,563	$ 2,114,353	$ 464,084		$ 7,607,193
221	Storm Drain	$ (2,648,147)	$ 361,216	$ 361,216	$ -	$ -		$ (2,648,147)
222	Wastewater	$ 386,764	$ 403,000	$ 391,765	$ -	$ 11,235		$ 397,999
240	Cemetery	$ -	$ 385,251	$ 363,891	$ -	$ 21,360		$ 21,360
241	Dubach Park	$ (411,938)	$ -	$ 24,171	$ -	$ (24,171)		$ (436,109)
250	Recycling	$ 1,656,332	$ 347,000	$ 334,873	$ -	$ 12,127		$ 1,668,459
252 and 253	Const&Demo & Youth Ent	$ 38,486	$ 67,557	$ 82,056	$ -	$ (14,499)		$ 23,987
260	Fire Training	$ -	$ 338,700	$ 335,566	$ -	$ 3,134		$ 3,134
280	Transit	$ -	$ 1,531,132	$ 1,531,014	$ -	$ 118		$ 118
		$ 12,656,807	$ 35,856,756	$ 17,531,403	$ 12,117,588	$ 6,207,765		$ 18,864,572
320	**CDBG**	$ (0)	$ 176,716	$ 176,716	$ -	$ -		$ (0)
323	**Home & Fund 324 and 325**	$ (0)	$ -	$ -	$ -	$ -		$ (0)
3xx	**Special Revenue**							
301	Literacy	$ 9,006	$ 96,800	$ 99,165	$ -	$ (2,365)		$ 6,641
321	Off-Site Afford. Housing	$ 1,362,900	$ 155,100	$ -	$ -	$ 155,100		$ 1,518,000
322	Support Housing Prog	$ 0	$ -	$ -	$ -	$ -		$ 0
349	Local Law Enforce	$ 1,265	$ -	$ -	$ -	$ -		$ 1,265
350	COPS More	$ 7,551	$ -	$ -	$ -	$ -		$ 7,551
351	Transportation	$ 417,500	$ -	$ -	$ -	$ -		$ 417,500
352	COPS Program	$ 39,416	$ 106,000	$ 91,357	$ -	$ 14,643		$ 54,059
353	Prop 172	$ 176,181	$ 435,324	$ 601,737	$ -	$ (166,413)		$ 9,768
354	Trans Dvlp**	$ (0)	$ 1,211,971	$ 1,149,939	$ -	$ 62,032		$ 62,032
355	Gas Tax**	$ 0	$ 1,055,000	$ 1,218,611	$ -	$ (163,611)		$ (163,611)
356	Cemetery Endownment	$ 241,446	$ 20,000	$ -	$ -	$ 20,000		$ 261,446
357	Asset Forfeiture	$ 33,218	$ 8,500	$ 8,100	$ -	$ 400		$ 33,618
358	Housing Monitoring	$ 21,103	$ 13,293	$ 22,427	$ -	$ (9,134)		$ 11,969
359	Fire Suppression District	$ (1,786,036)	$ 46,260	$ 6,814	$ -	$ 39,446		$ (1,746,590)
379	Historic Walking Tour	$ 57	$ -	$ -	$ -	$ -		$ 57
381	Gibson Ranch	$ 399,390	$ 501,500	$ 497,973	$ -	$ 3,527		$ 402,917
382	N Park #6 L&L	$ 1			$ -	$ -		$ 1
383	North Park LL	$ 5,314	$ 26,700	$ 18,668	$ -	$ 8,032		$ 13,346
384	Streng Pond	$ 2,862	$ 14,435	$ 11,043	$ -	$ 3,392		$ 6,254
385	TCRP Road	$ -		$ -	$ -	$ -		$ -
386	Oil Recycling	$ 25,876	$ -	$ 12,581	$ -	$ (12,581)		$ 13,295
387	Woodland West L&L	$ 13,012	$ 18,700	$ 20,043	$ -	$ (1,343)		$ 11,669
389	Spring Lake L&L	$ 397,372	$ 385,800	$ 414,032	$ -	$ (28,232)		$ 369,140
391	Sports Park O&M	$ 67,528	$ 63,500	$ 52,879	$ -	$ 10,621		$ 78,149
		$ 1,434,961	$ 4,158,883	$ 4,225,369	$ -	$ (66,486)		$ 1,368,475
5xx	**Capital Projects**							
501	Capital Projects	$ 90,500	$ 1,200,000	$ 383,889	$ 1,045,705	$ (229,594)		$ (139,094)
502	State Bond Act Parks	$ 0	$ -	$ -	$ -	$ -		$ 0
505	Special Sales Tax Dist	$ 129,842	$ -	$ -	$ -	$ -		$ 129,842
506	Measure E	$ 637,329	$ 4,065,891	$ 781,247	$ 3,588,577	$ (303,933)		$ 333,396
508	Capital Project MGMT	$ -	$ -	$ 1,265,438	$ -	$ (1,265,438)		$ (1,265,438)
510	City Devel Fees	$ 2,396,277	$ 503,615	$ 7,117	$ 1,384,950	$ (888,452)		$ 1,507,825
540	Parks & Rec	$ 3,088,206	$ 2,676,500	$ 2,255,405	$ 961,980	$ (540,885)		$ 2,547,321
541	Park in Lieu Fees	$ 842,416	$ -	$ -	$ -	$ -		$ 842,416
550	Police Develop	$ (4,052,504)	$ 377,782	$ 27,025	$ 136,162	$ 214,595		$ (3,837,909)
560	Fire Development	$ (1,839,512)	$ 537,450	$ 384,738	$ -	$ 152,712		$ (1,686,800)
570	Library Develop	$ 1,053,604	$ 154,634	$ 3,774	$ 85,000	$ 65,860		$ 1,119,464
581	Storm Drain Devel	$ 1,980,619	$ -	$ 1,045,682	$ 416,025	$ (1,461,707)		$ 518,912
582	Road Develop	$ (4,504,089)	$ 2,605,413	$ 465,970	$ 1,892,429	$ 247,014		$ (4,257,075)
583	Tree Reserve	$ 22,042		$ -	$ -	$ -		$ 22,042
584	Water Devel	$ (102,071)	$ 722,041	$ 82,248	$ 2,227,550	$ (1,587,757)		$ (1,689,828)
585	Sewer Devel	$ (9,447,028)	$ 1,675,619	$ 1,406,905	$ 7,680	$ 261,034		$ (9,185,994)
590	SE area	$ 146,191			$ -	$ -		$ 146,191
593	Gibson Ranch Infras.	$ 1,738,686	$ 21,150	$ 2,365	$ -	$ 18,785		$ 1,757,471
		$ (7,819,492)	$ 14,540,095	$ 8,111,803	$ 11,746,058	$ (5,317,766)	$ -	$ (13,137,258)
5xx	**Redevelopment**							
520	Agency	$ 993,332	$ 947,000	$ 967,394	$ 350,000	$ (370,394)	$ -	$ 622,938

City of Woodland
P&L City-wide Working Capital

Exhibit 1

		Beginning FY 09 Working Capital	Budgeted as of Revenues	FY09 Projected Operating Expenses	Req Capital Exp	Net Inc (Loss)	Adjustments	Est. Fund Balance
521	LM Housing	$ 724,602	$ 272,000	$ 305,659	$ -	$ (33,659)		$ 690,943
		$ 1,717,934	$ 1,219,000	$ 1,273,053	$ 350,000	$ (404,053)		$ 1,313,881
6xx	SLIF							
594	Springlake CFD	$ 35,780,408	$ -	$ 127,848	$ -	$ (127,848)		$ 35,652,560
601	Springlake Admin	$ 703,790	$ 242,520	$ 333,715	$ -	$ (91,195)		$ 612,595
640	SLIF Parks & Rec Fee	$ 2,258,456	$ 1,625,448	$ 716,799	$ -	$ 908,649		$ 3,167,105
681	SLIF Storm Drain	$ (3,636,788)	$ -	$ -	$ -	$ -		$ (3,636,788)
682	SLIF Street Improvement	$ (8,191,531)	$ -	$ -	$ -	$ -		$ (8,191,531)
684	SLIF Water Fund	$ (1,978,919)	$ -	$ -	$ -	$ -		$ (1,978,919)
685	SLIF Sewer Fund	$ (1,215,368)	$ -	$ -	$ -	$ -		$ (1,215,368)
		$ 23,720,047	$ 1,867,968	$ 1,178,362	$ -	$ 689,606		$ 24,409,653
9xx	Trust Agency							
915	Recreation	$ 58,598	$ 110,000	$ 85,733	$ -	$ 24,267		$ 82,865
917	Library	$ 105,406	$ 172,400	$ 294,016	$ -	$ (121,616)		$ (16,210)
940	Recreation Found.	-	$ -	$ -	$ -	$ -		$ -
		$ 164,003	$ 282,400	$ 379,749	$ -	$ (97,349)		$ 66,654
	All City-wide	$ 40,271,194	$ 112,204,901	$ 87,814,619	$ 24,213,646	$ 176,636	$ -	$ 40,447,830
8xx	Debt Service							
810	Library Lease	$ -	$ -	$ -	$ -	$ -		$ -
815	2002 LRB	$ 945,198	$ 1,371,395	$ 1,370,831	$ -	$ 564		$ 945,762
820 and 821	RDA Debt Svs	$ 6,315,576	$ 589,746	$ 588,746	$ -	$ 1,000		$ 6,316,576
830	SEA Debt Service	$ 1,515,823	$ 1,385,000	$ 1,345,129	$ -	$ 39,871		$ 1,555,694
831	SEA Reserve	$ 195,507	$ -	$ -	$ -	$ -		$ 195,507
840	Beamer/Kentucky AD	$ 400,656	$ 363,500	$ 354,307	$ -	$ 9,193		$ 409,849
841	BKAD Interest Reserve	$ 3,022	$ -	$ -	$ -	$ -		$ 3,022
850	East Main AD	$ 237,029	$ 1,292,000	$ 1,281,350	$ -	$ 10,650		$ 247,679
851	East Main Reserve	$ 74,277	$ -	$ -	$ -	$ -		$ 74,277
860	1978 SP Assmst	$ -	$ -	$ -	$ -	$ -		$ -
881	2007 LRB	$ 10,053,155	$ 1,149,085	$ 1,149,085	$ -	$ -		$ 10,053,155
870	Springlake CFD	$ 4,211,668	$ 2,488,000	$ 2,447,709	$ -	$ 40,291		$ 4,251,959
880	2005 Cap Projects	$ 1,045,618	$ 2,053,075	$ 1,643,984	$ -	$ 409,091		$ 1,454,709
885	WWTP Revenues Bonds	$ 290,587	$ 851,468	$ 851,567	$ -	$ (99)		$ 290,488
								$ -
		$ 25,288,116	$ 11,543,269	$ 11,032,708	$ -	$ 510,561		$ 25,798,677
	Total DRSR	$ 65,559,310	$ 123,748,170	$ 98,847,327	$ 24,213,646	$ 687,197		$ 66,246,507

** City staff budgets included in these funds will be direct charged to prep-work completed on MSE projects as appropriate.

Exhibit 2

City of Woodland
General Fund
Ten Year Forecast

Revenues By Source

Revenue Source	Proposed 2008-09	Projections 2009-10	2010-11	2011-12	2012-13
Taxes (Excludes Measure E) - 1					
Property	$ 10,536,431	$ 11,032,524	$ 11,178,100	$ 11,625,224	$ 12,206,485
Sales	$ 10,361,148	$ 10,843,560	$ 10,992,142	$ 11,431,828	$ 12,003,419
TOT	$ 767,175	$ 790,190	$ 813,896	$ 846,452	$ 888,774
Doc Stamp Taxes	$ 292,000	$ 300,760	$ 309,783	$ 322,174	$ 338,283
Fees - 2	$ 4,380,219	$ 5,615,441	$ 6,614,989	$ 6,813,439	$ 7,017,842
Fines - 2	$ 663,927	$ 677,206	$ 690,750	$ 704,565	$ 718,656
Service Charges - 2	$ 947,533	$ 966,484	$ 985,813	$ 1,005,530	$ 1,025,640
Revenue from other Sources - 2	$ 4,739,938	$ 4,834,737	$ 4,931,431	$ 5,030,060	$ 5,130,661
Use of Money & Property	$ 79,000	$ 100,000	$ 100,000	$ 100,000	$ 100,000
Other Misc. (includes Indirects) - 3	$ 4,811,778	$ 5,081,238	$ 5,365,787	$ 5,666,271	$ 5,983,582
General City Service Charge (Enterprise Funds)	$ 871,145	$ 962,148	$ 1,054,101	$ 1,152,805	$ 1,227,875
Sales & Donations - 2	$ 15,000	$ 15,300	$ 15,606	$ 15,918	$ 16,236
Transfers	$ 866,770	$ -	$ -	$ -	$ -
Prior Year Savings to Offset FY 08 Deficit					
Total Revenues	$ 39,332,064	$ 41,219,587	$ 43,052,398	$ 44,714,264	$ 46,657,454

Expenditures By Function (Excluding Measure E Transfer)

Function	Proposed 2008-09	Projections 2009-10	2010-11	2011-12	2012-13
Salaries - 4	$ 15,699,711	$ 16,873,895	$ 17,818,833	$ 18,816,687	$ 19,870,422
Vacancy/Frozen Position Credit	$ (352,977)	$ -	$ -	$ -	$ -
Benefits - 5	$ 10,075,089	$ 10,881,096	$ 11,751,584	$ 12,691,711	$ 13,707,048
Overtime - 4	$ 1,077,893	$ 1,138,255	$ 1,201,997	$ 1,269,309	$ 1,340,390
Reduction in Benefits, Staff, or Combo- 11		$ (806,007)	$ (1,451,397)	$ (2,091,142)	$ (2,795,960)
Subtotal	*$ 26,499,716*	*$ 28,087,239*	*$ 29,321,017*	*$ 30,686,565*	*$ 32,121,900*
Discretionary Expenditures					
Professional/Contractual Svcs - 6	$ 2,127,624	$ 2,127,624	$ 2,127,624	$ 2,127,624	$ 2,127,624
Meetings / Education - 6	$ 553,318	$ 553,318	$ 553,318	$ 553,318	$ 553,318
Supplies and Services - 6	$ 2,825,915	$ 2,825,915	$ 2,825,915	$ 2,825,915	$ 2,825,915
Subtotal	*$ 5,506,857*	*$ 5,506,857*	*$ 5,506,857*	*$ 5,506,857*	*$ 5,506,857*
Non-Discretionary Expenditures					
YECA Contract - 7	$ 1,526,337	$ 1,526,337	$ 1,572,127	$ 1,619,291	$ 1,667,870
Utilities - 7	$ 1,027,577	$ 1,027,577	$ 1,078,956	$ 1,132,904	$ 1,189,549
Other Operational - 7	$ 2,076,131	$ 2,076,131	$ 2,138,415	$ 2,202,567	$ 2,268,644
Information Technology Replacement - 7	$ 1,019,949	$ 1,019,949	$ 1,077,066	$ 1,137,382	$ 1,201,075
Vehicle/Equipment Replacement/Maint. - 8	$ 1,060,213	$ 1,060,213	$ 1,607,019	$ 1,655,230	$ 1,704,887
Transfers (not including SD Subsidy) - 7	$ 429,068	$ 729,068	$ 750,940	$ 773,468	$ 796,672
Storm Drain Subsidy - 9	$ 186,216	$ 186,216	$ -	$ -	$ -
Gateway Subsidy - 10	$ -	$ -	$ -	$ -	$ 200,000
Subtotal	*$ 7,325,491*	*$ 7,625,491*	*$ 8,224,523*	*$ 8,520,842*	*$ 9,028,697*
Total Expenditures	$ 39,332,064	$ 41,219,587	$ 43,052,397	$ 44,714,264	$ 46,657,454
Revenues Over (Under) Expenditures	$0	$0	$0	$0	$0

Exhibit 2

City of Woodland
General Fund
Ten Year Forecast

Revenues By Source

Projections				
2013-14	2014-15	2015-16	2016-17	2017-18
$ 12,938,874	$ 13,715,206	$ 14,538,119	$ 15,410,406	$ 16,335,030
$ 12,723,624	$ 13,487,042	$ 14,296,264	$ 15,154,040	$ 16,063,282
$ 942,101	$ 998,627	$ 1,058,545	$ 1,122,057	$ 1,189,381
$ 358,580	$ 380,095	$ 402,900	$ 427,074	$ 452,699
$ 7,228,377	$ 7,445,229	$ 7,668,585	$ 7,898,643	$ 8,135,602
$ 733,029	$ 747,690	$ 762,643	$ 777,896	$ 793,454
$ 1,046,153	$ 1,067,076	$ 1,088,418	$ 1,110,186	$ 1,132,390
$ 5,233,275	$ 5,337,940	$ 5,444,699	$ 5,553,593	$ 5,664,665
$ 100,000	$ 100,000	$ 100,000	$ 100,000	$ 100,000
$ 6,318,663	$ 6,672,508	$ 7,046,168	$ 7,440,754	$ 7,857,436
$ 1,273,666	$ 1,320,884	$ 1,369,851	$ 1,416,723	$ 1,475,174
$ 16,561	$ 16,892	$ 17,230	$ 17,575	$ 17,926
$ -	$ -	$ -	$ -	$ -
$ 48,912,902	**$ 51,289,188**	**$ 53,793,422**	**$ 56,428,947**	**$ 59,217,039**

Expenditures By Function (Excluding Measure E Transfer)

Projections				
2013-14	2014-15	2015-16	2016-17	2017-18
$ 20,983,166	$ 22,158,223	$ 23,399,083	$ 24,709,432	$ 26,093,160
$ -	$ -	$ -	$ -	$ -
$ 14,803,612	$ 15,987,901	$ 17,266,933	$ 18,648,287	$ 20,140,150
$ 1,415,452	$ 1,494,717	$ 1,578,421	$ 1,666,813	$ 1,760,154
$ (3,144,761)	$ (3,539,502)	$ (3,984,347)	$ (4,488,026)	$ (5,042,185)
$ 34,057,468	***$ 36,101,339***	***$ 38,260,091***	***$ 40,536,507***	***$ 42,951,280***
$ 2,127,624	$ 2,127,624	$ 2,127,624	$ 2,127,624	$ 2,127,624
$ 553,318	$ 553,318	$ 553,318	$ 553,318	$ 553,318
$ 2,825,915	$ 2,825,915	$ 2,825,915	$ 2,825,915	$ 2,825,915
$ 5,506,857	***$ 5,506,857***	***$ 5,506,857***	***$ 5,506,857***	***$ 5,506,857***
$ 1,717,906	$ 1,769,443	$ 1,822,526	$ 1,877,202	$ 1,933,518
$ 1,249,026	$ 1,311,478	$ 1,377,051	$ 1,445,904	$ 1,518,199
$ 2,336,704	$ 2,406,805	$ 2,479,009	$ 2,553,379	$ 2,629,981
$ 1,268,335	$ 1,339,362	$ 1,414,367	$ 1,493,571	$ 1,577,211
$ 1,756,033	$ 1,808,714	$ 1,862,976	$ 1,918,865	$ 1,976,431
$ 820,572	$ 845,190	$ 870,545	$ 896,662	$ 923,562
$ -	$ -	$ -	$ -	$ -
$ 200,000	$ 200,000	$ 200,000	$ 200,000	$ 200,000
$ 9,348,577	***$ 9,680,992***	***$ 10,026,474***	***$ 10,385,583***	***$ 10,758,902***
$ 48,912,902	**$ 51,289,188**	**$ 53,793,422**	**$ 56,428,947**	**$ 59,217,039**
$0	**$0**	**$0**	**$0**	**$0**

Assumptions:

1 3% Annual Increase for Taxes through 2010-11, 4% for 2011-12, 5% for 2012-13, 6% thereafter
2 Fee increases proportionate to projected growth in development in 2010/11, 3% thereafter
3 5.6% Annual Increase for Overhead and Other Revenues
4 5.6% Annual Increase for Salaries and Overtime (MOU & Merit Increases)
5 Benefits increase annually 8%
6 Discretionary expenses held flat starting 2009/10
7 Non-Discretionary held flat for 2009/10, 3% thereafter
8 Vehicle/Equipment replacements deferred in 2008/09 and 2009/10, resumed thereafter
9 Assumes storm drain rate increase approved in 2010/11
10 Gateway subsidy deferred until 2012/13
11 Assumes staff reduction of approx. 5.5 FTE each year **OR** keeping benefits costs flat (average fully benefited cost of an employee in 2008/09 is approx. $95,000)
OPEB proposed to be addressed with alternate funding source

Exhibit 3

City of Woodland
Water Enterprise Funds
Ten Year Forecast (Phased Meter Program; No Surface Water Project): Phased Rate Increase 14% (1yr), 18.4% (3yrs), 4.7% thereafter

	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Beginning Working Capital	**$6,492,202**	**$12,588,010**	**$5,528,760**	**$2,302,963**	**$2,857,042**	**$1,600,099**	**$2,634,157**	**$2,188,383**	**$1,924,640**	**$1,954,766**
Revenues										
Utility Service Charges	$6,620,900	$6,845,630	$7,096,044	$7,374,311	$7,662,346	$7,961,072	$8,270,869	$8,592,133	$8,925,274	$9,270,717
Operating Expenditures	($5,283,284)	($5,912,753)	($6,396,969)	($6,726,881)	($7,278,135)	($7,590,148)	($8,060,141)	($8,681,381)	($8,848,281)	($9,243,740)
Net Operating Revenue	$1,337,616	$932,877	$699,075	$647,430	$384,211	$370,924	$210,728	($89,248)	$76,993	$26,977
Cum. Rate Inc (Meters Proposal A)	$361,427	$1,308,707	$2,514,211	$3,785,632	$4,540,244	$4,681,781	$4,823,352	$4,970,407	$5,121,885	$5,277,908
Capital Program										
Bond Proceeds	$15,000,000									
Less Debt Service $15MM	(600,000)	(1,194,418)	(1,194,083)	(1,193,083)	(1,196,398)	(1,193,648)	(1,194,853)	(1,194,903)	(1,193,753)	(1,191,358)
Less 1st Phase Capital	($10,003,235)	($8,106,416)	($4,245,000)	($1,685,900)	($1,985,000)	($2,825,000)	($1,285,000)	($1,450,000)	($1,275,000)	($1,339,240)
2nd Phase Capital Projects			($1,000,000)	($1,000,000)	($3,000,000)		($3,000,000)	($2,500,000)	($2,700,000)	($2,000,000)
Net Capital Budget	$4,758,192	($7,992,127)	($3,924,872)	($93,351)	($1,641,154)	$663,133	($656,501)	($174,496)	($46,868)	$747,310
Net Income (Loss)	**$6,095,808**	**($7,059,250)**	**($3,225,797)**	**$554,079**	**($1,256,942)**	**$1,034,057**	**($445,773)**	**($263,743)**	**$30,126**	**$774,287**
Ending Working Capital	$12,588,010	$5,528,760	$2,302,963	$2,857,042	$1,600,099	$2,634,157	$2,188,383	$1,924,640	$1,954,766	$2,729,053

Note:
A ten-year forecast was prepared using a stabilized rate increase of 10% per year for 7 years and this approach resulted in a deficit in working capital beginning in 2011-12.
This forecast uses the preliminary / gross rate increases necessary to meet debt coverage ratios and implement respective capital projects within required implementation dates.
The rate increase reflected above simply represents initial preliminary estimates; the final rate increase will be subject be significant review and discussion over the coming months with varying alternatives being presented to the infrastructure committee, Council, and the Community.

Assumptions:
5.6% annual increases for salaries and indirect cost allocation
3% annual increases for all other operating
Includes staff augmentations to support on-going operations
Includes funding for OPEB
Includes General City Service Charge beginning in 2007-08 based on 5% of revenues

Exhibit 4

City of Woodland
Sewer Enterprise Fund
Ten Year Forecast (Starting FY9/ 10)

	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Beginning Working Capital	**$7,143,109**	**$7,621,412**	**$6,190,367**	**$5,997,321**	**$6,937,957**	**$7,863,369**	**$6,009,580**	**$3,255,982**	**$1,607,808**	**$4,056,933**
Revenues										
Utility Service Charges	$10,802,000	$11,165,719	$11,568,612	$12,013,936	$12,474,740	$12,952,425	$13,447,588	$13,960,849	$14,492,848	$15,044,247
Operating Expenditures	($8,209,344)	($8,860,859)	($9,237,068)	($9,668,712)	($9,274,738)	($10,031,625)	($10,426,597)	($10,834,434)	($11,269,134)	($11,723,741)
Net Operating Revenue	$2,592,656	$2,304,860	$2,331,544	$2,345,224	$3,200,002	$2,920,799	$3,020,991	$3,126,415	$3,223,714	$3,320,506
Capital Budget	($2,114,353)	($3,735,905)	($2,524,589)	($1,404,589)	($2,274,589)	($4,774,589)	($5,774,589)	($4,774,589)	($774,589)	($824,089)
Net Income (Loss)	$478,303	($1,431,045)	($193,045)	$940,635	$925,413	($1,853,790)	($2,753,598)	($1,648,174)	$2,449,125	$2,496,417
Ending Working Capital	**$7,621,412**	**$6,190,367**	**$5,997,321**	**$6,937,957**	**$7,863,369**	**$6,009,580**	**$3,255,982**	**$1,607,808**	**$4,056,933**	**$6,553,350**

Assumptions:
3% annual increase for rates (utility service charges)
5.6% annual increases for salaries and indirect cost allocation
3% annual increases for all other operating
Includes staff augmentations to support on-going operations
Includes funding for OPEB
Includes General City Service Charge beginning in 2007-08 based on 5% of revenues

Exhibit 5

Combined Transportation Tax Funds (FUNDS 354, 355 & Prop. 42)
10-year Projections

	Bud. Request 2008-09	Projected 2009-10	Projected 2010-11	Projected 2011-12	Projected 2012-13	Projected 2013-14	Projected 2014-15	Projected 2015-16	Projected 2016-17	Projected 2017-18
Revenues (5% annual Inc)										
Net TDA Revenue	$ 564,715	$ 288,558	$ 264,466	$ 236,473	$ 204,195	$ 167,217	$ 125,086	$ 77,314	$ 23,371	$ (37,315)
Gas Tax Revenues	$ 1,055,530	$ 1,076,640	$ 1,098,173	$ 1,120,136	$ 1,142,539	$ 1,165,390	$ 1,188,698	$ 1,212,472	$ 1,236,721	$ 1,261,456
Prop 42 (3% inc)	$ 520,413	$ 545,145	$ 577,854	$ 595,190	$ 613,045	$ 631,437	$ 650,380	$ 669,891	$ 689,988	$ 710,688
Available Streets	**$ 2,140,658**	**$ 1,910,343**	**$ 1,940,493**	**$ 1,951,799**	**$ 1,959,780**	**$ 1,964,043**	**$ 1,964,163**	**$ 1,959,676**	**$ 1,950,080**	**$ 1,934,828**
Expenditures										
Salaries/benefits	$ 1,081,216	$ 1,141,764	$ 1,205,703	$ 1,273,222	$ 1,344,523	$ 1,419,816	$ 1,499,326	$ 1,583,288	$ 1,671,952	$ 1,765,581
Prof / Contract Svs	$ 117,893	$ 121,430	$ 125,073	$ 128,825	$ 132,690	$ 136,670	$ 140,770	$ 144,994	$ 149,343	$ 153,824
Supplies & Services 52xx	$ 343,562	$ 353,869	$ 364,485	$ 375,420	$ 386,682	$ 398,283	$ 410,231	$ 422,538	$ 435,214	$ 448,271
Utilities	$ 239,050	$ 248,612	$ 258,556	$ 268,899	$ 279,655	$ 290,841	$ 302,475	$ 314,573	$ 327,156	$ 340,243
Vehicles										
Fixed	$ 46,491	$ 47,886	$ 49,322	$ 50,802	$ 52,326	$ 53,896	$ 55,513	$ 57,178	$ 58,893	$ 60,660
Variable	$ 155,647	$ 160,316	$ 165,126	$ 170,080	$ 175,182	$ 180,438	$ 185,851	$ 191,426	$ 197,169	$ 203,084
Lease Payments	$ 88,636	$ 91,295	$ 94,034	$ 96,855	$ 99,761	$ 102,753	$ 105,836	$ 109,011	$ 112,281	$ 115,650
DP Charges	$ 58,698	$ 60,459	$ 62,273	$ 64,141	$ 66,065	$ 68,047	$ 70,088	$ 72,191	$ 74,357	$ 76,588
Education & Training 53xx	$ 19,363	$ 19,944	$ 20,542	$ 21,158	$ 21,793	$ 22,447	$ 23,120	$ 23,814	$ 24,528	$ 25,264
Machinery & Equipment	$ 30,000	$ 15,450	$ 15,914	$ 31,391	$ 31,883	$ 17,389	$ 47,911	$ 18,448	$ 19,002	$ 19,572
Indirect Expenditures 56xx	$ 187,994	$ 198,522	$ 209,639	$ 221,379	$ 233,776	$ 246,867	$ 260,692	$ 275,291	$ 290,707	$ 306,986
Total	**$ 2,368,550**	**$ 2,459,546**	**$ 2,570,666**	**$ 2,702,171**	**$ 2,824,335**	**$ 2,937,447**	**$ 3,101,813**	**$ 3,212,752**	**$ 3,360,603**	**$ 3,515,722**
MSE Contributions	**$ 227,892**	**$ 549,203**	**$ 750,000**	**$ 750,000**	**$ 750,000**	**$ 750,000**	**$ 750,000**	**$ 750,000**	**$ 750,000**	**$ 750,000**
Add'l MSE/Expend. Reduc.				**$ 371**	**$ 114,555**	**$ 223,404**	**$ 387,649**	**$ 503,076**	**$ 660,523**	**$ 830,894**
Net Surplus (Loss)	(0)	(0)	119,827	(0)	0	0	(0)	0	(0)	(0)

Assumptions:

Revenues based on historical averages and conservative projections on future growth

Net TDA revenues represent that portion that is available to cities after Transit use. Staff worked with YCTD on future projections and adjusted net City revenues to be consistent with their strategic long term plans.

Salaries, benefits, and indirect charges adjusted annually by 5.6% (historical average for City)

Utilities are adjusted annually by 4%

Other expenses adjusted by 3%

Council approved using up to $750,000 of MSE to support the City's road program

N:\FinShare\Admin\BUDGET\2008 - 2009\Exhibits for May 13th Operating Budget CC.xlsCombined Trans 10 Year

Exhibit 6

City of Woodland
Redevelopment Agency (Fund 520)
Ten Year Forecast (Starting FY9/ 10)

	Budget 2007-08	Bud. Request 2008-09	Projected 2009-10	Projected 2010-11	Projected 2011-12	Projected 2012-13	Projected 2013-14	Projected 2014-15	Projected 2015-16	Projected 2016-17	Projected 2017-18
Beginning Working Capital	$1,538,425	$1,682,789	$1,507,879	$1,393,942	$1,349,080	$1,697,890	$2,047,578	$2,396,952	$2,756,585	$3,249,146	$3,740,776
Revenues											
Projected Tax Increment (1)	$1,052,000	$1,073,000	$1,094,000	$1,116,000	$1,139,000	$1,162,000	$1,185,000	$1,209,000	$1,233,000	$1,258,000	$1,283,000
Additional Expected Revenue	$68,000										
Additional Project Increment	$0	$0	$68,056	$155,417	$571,325	$582,752	$594,407	$622,295	$776,341	$791,868	$807,705
Projected Interest Income Revenues	$30,769	$33,656	$30,158	$27,879	$26,982	$33,958	$40,952	$47,939	$55,132	$64,983	$74,816
Total Available	**$1,150,769**	**$1,106,656**	**$1,192,214**	**$1,299,296**	**$1,737,307**	**$1,778,710**	**$1,820,359**	**$1,879,234**	**$2,064,473**	**$2,114,851**	**$2,165,521**
Staffing Expenditures											
Staff Salaries/Benefits	$74,452	$307,768	$325,003	$343,203	$362,423	$382,719	$404,151	$426,783	$450,683	$475,921	$502,573
Supplies & Services 52xx (2)	$204,788	$94,961	$97,810	$100,744	$103,766	$106,879	$110,086	$113,388	$116,790	$120,294	$123,903
Education & Training 53xx	$9,325	$7,750	$7,983	$8,222	$8,469	$8,723	$8,984	$9,254	$9,532	$9,817	$10,112
Indirect Expenditures 56xx	$139,357	$282,341	$298,152	$314,849	$332,480	$351,099	$370,761	$391,523	$413,448	$436,602	$461,051
Debt Service 59xx (3)	$578,483	$588,746	$577,203	$577,140	$581,359	$579,603	$577,003	$578,653	$581,459	$580,587	$579,212
Project Expenditures*											
Total	**$1,006,404**	**$1,281,567**	**$1,306,150**	**$1,344,158**	**$1,388,497**	**$1,429,022**	**$1,470,984**	**$1,519,601**	**$1,571,912**	**$1,623,221**	**$1,676,851**
Annual Projected Surplus	**$144,364**	($174,911)	($113,937)	($44,862)	**$348,810**	**$349,688**	**$349,375**	**$359,633**	**$492,561**	**$491,630**	**$488,670**
Ending Working Capital	**$1,682,789**	**$1,507,879**	**$1,393,942**	**$1,349,080**	**$1,697,890**	**$2,047,578**	**$2,396,952**	**$2,756,585**	**$3,249,146**	**$3,740,776**	**$4,229,446**

*** To be evaluated and determined by Redevelopment Agency and C ouncil in FY 2008/09.**

Sutter Street	$57,600	$0	$0	$0	$57,600	$58,752	$59,927	$61,126	$62,348	$63,595	$64,867
UPRR	$141,600	$0	$0	$0	$0	$0	$0	$0	$141,600	$144,432	$147,321
Bush Street	$14,000	$0	$0	$14,000	$14,280	$14,566	$14,857	$15,154	$15,457	$15,766	$16,082
DT Second floor	$24,000	$0	$0	$24,000	$24,480	$24,970	$25,469	$25,978	$26,498	$27,028	$27,568
City Center Lofts	$233,200	$0	$0	$0	$233,200	$237,864	$242,621	$247,474	$252,423	$257,472	$262,621
Capitol Hotel	$10,504	$0	$10,504	$10,714	$10,928	$11,147	$11,370	$11,597	$11,829	$12,066	$12,307
Porter Hotel	$16,000	$0	$16,000	$16,320	$16,646	$16,979	$17,319	$17,665	$18,019	$18,379	$18,747
Ice House	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Matmor	$122,000	$0	$0	$0	$122,000	$124,440	$126,929	$129,467	$132,057	$134,698	$137,392
Spring Lake Trust Fund Proj.	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Tovar 304 Main	$27,680	$0	$27,680	$28,234	$28,798	$29,374	$29,962	$30,561	$31,172	$31,796	$32,432
Multi-plex	$48,000	$0	$0	$48,000	$48,960	$49,939	$50,938	$51,957	$52,996	$54,056	$55,137
Country Drug B & B	$2,400	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
TANA	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Cult.Center/State Theater	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Oak Court Live Work	$136,435	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Rite Aid	$13,600	$0	$13,872	$14,149	$14,432	$14,721	$15,015	$15,316	$15,622	$15,935	$16,253
Armfield	$16,000	$0	$0	$0	$0	$0	$0	$16,000	$16,320	$16,646	$16,979
Total Project Related Tax Increment	$863,019	$0	$68,056	$155,417	$571,325	$582,752	$594,407	$622,295	$776,341	$791,868	$807,705

Notes
(1) Projected TI as calculated by Fraser & Associates. An additional $68k of revenues is projected for FY08 due to one time revenues received from negotiations with County.
(2) Excludes $610k budgeted for Project related expenditures for Façade Improvements.
(3) Excludes $186k budgeted for RDA TAB debt which was paid off with new debt issuance.
(4) Includes one (1) new Housing Analyst position.
(5) Includes a salary adjustment to the Redeveloper Manager position.
(6) Excludes interest earned revenue (Working Capital and Bond).
(7) Indirect Expense is subject to change - a likely reduction.
(8) Does not include project expenditures.

Bond Proceeds Note: (Fund 821)
In FY08, there is currently $5.9 million in bond proceeds available for projects which is required to be fully expended within three years by July 2010.