City of Woodland

REPORT TO MAYOR AND CITY COUNCIL

AGENDA ITEM

TO: THE HONORABLE MAYOR AND CITY COUNCIL

DATE: May 26, 2009

SUBJECT: Fiscal Year 2009/2010 Proposed Operating Budget and 10-Year Financial Plan

Report in Brief

Approximately two months ago staff presented options to reduce the City's General Fund and related issues associated with the development of the FY 2009-10 budget and updated 10-Year Financial Plan. Based on direction provided by the City Council during that meeting, staff has implemented strategies to reduce the impact on the community and City employees, reviewed other expenditure reduction options, refined assumptions and presented a draft Budget and Fiscal Policy. In addition, management staff has initiated negotiations with the City's bargaining units and the threat of the State's proposed raid on local government revenues has re-emerged. While progress has been made on resolving the difficult issues regarding the City's General Fund, there still remains a high level of uncertainty.

In addition to working on the General Fund, staff has also been refining the 2009-10 budget for all other City funds and their associated 10-Year Financial Plans. There are many challenges associated with these funds, especially the Water and Sewer Enterprise Funds that must address new regulatory requirements, reinvestment in existing infrastructure and major initiatives such as the Davis-Woodland Water Supply Project that will require the expenditure of millions of dollars over the next ten years.

Despite the uncertainty and challenge, staff remains committed to submitting a budget to the City Council for adoption on June 16, 2009. In order to meet this commitment, a report summarizing the major assumptions, key issues, program/service reduction options and related information is provided herein for the City Council's consideration and comment.

Staff recommends that the City Council review and comment on the proposed Fiscal Year 2009/2010 (FY 10) operating budget and FY 2009/2010 through FY 2018/20019 10-year Financial Plan and provide direction for changes, if any. The Council's direction will be incorporated into the preliminary FY 10 operating budget and will be presented for adoption at the June 16, 2009 City Council meeting.

Background

On March 31, 2009 staff presented reduction options for the FY 2009-10 General Fund budget for consideration and discussion by the City Council. These options were summarized into three tiers totaling nearly $7 million. Each tier included potential employee related reductions including compensation reductions, as well as the elimination of specific programs and services. The first tier, totaling approximately $5.4 million, would have required further use of the General Fund reserves totaling $838,000. The second tier provided additional options totaling nearly $850,000 and the cumulative impact would have essentially balanced the current $6.3 million structural deficit. The third tier totaled $720,000 in additional options and the cumulative impact would have reduced expenditures by nearly $7 million and added $700,000 to the reserves.

Unfortunately, the level of program/service level reductions was significant, far ranging and nearly intolerable to many members of the community and employees. The reductions would have required the involuntary discharge through layoff of approximately 20 employees and compensation reductions through furloughs and other measures that would have been up to 8.3% for some groups. Many of the Woodland residents and City employees who addressed the City Council in response to these options expressed the need to retain these services and save the jobs that would be impacted by the implementation of the reductions.

Following the March 31 meeting, staff reviewed options to implement the reductions necessary to balance the General Fund budget without requiring the involuntary discharge of employees through layoffs. The best option available is the Retirement Incentive Program offered by Cal PERS often referred to as the Golden Handshake. This program offers retirement eligible employees two years of service credit if they enroll during specific time frames established by the agency. The Golden Handshake does not require a cash contribution from the agency; the cost is factored into future retirement rates that become effective two years after the implementation date and the increase is very manageable. Staff immediately began a process of notifying and educating employees regarding this option and twelve (12) retirement eligible employees enrolled by April 27.

The impact of the enrollment of the employees in the Golden Handshake is certainly favorable from a fiscal standpoint. The annual structural savings resulting from twelve Golden Handshakes is $1,155,537, of which $1,035,295 is from the General Fund. However, the budgeted FY 10 savings resulting from the Golden Handshake is less than this amount. This difference relates to varying retirement dates of the participants and vacation accrual payments owed the employees per labor agreements. In addition, two of the twelve participants were not budgeted in the original submitted base budget provided by departments and presented on March 31. This results in FY 10 savings totaling $848,355, of which $752,271 is from the General Fund.

The total cost to provide this benefit is $467,770 which will be amortized over twenty years starting in 2011. The approximate annual cost, starting in 2011, would be $43,341, of which $20,122 would be charged to the General Fund. The cost to implement the Golden Handshake program would at a minimum financed by cost savings from positions vacated by employees and/or other budget savings measures/revenue sources at the time that the rates increase.

In addition to retirement incentives, management staff is also seeking compensation reductions from the City's bargaining units through the meet and confer process. Concessions from the City's bargaining units in compensation or sharing of benefits will also facilitate significant reductions that could eliminate the involuntary discharge of employees through layoffs and mitigate deeper cuts in programs and services. The City's bargaining unit representatives are currently meeting with the City's labor negotiators and compensation concessions are number one on the priority list. During a meeting with Association Leaders on May 19, the City Manager informed the group that the City needs total compensation reductions of approximately $1.3 million in order to balance the budget for FY 10 and avoid layoffs and deeper reductions in programs and services.

The efforts described herein are focused on achieving total reductions reported on March 31 as $6.3 million which is equivalent to the First and Second Tier levels. This focus reflects staff's belief that the current level of General Fund reserves should not be further diminished. Based on a $38.7 million operating budget, maintaining the reserves at the present level of $5 million will provide the City with a 13% reserve fund balance which is equal to approximately seven weeks of operating costs.

The level of reserves was at the core of a proposed Budget and Fiscal Policy presented to the City Council on May 5. Many residents and employees who commented on March 31 expressed their belief that the current economic conditions merit the use of the reserves in order to preserve programs and jobs. Follow up discussions on the budget with the Chamber of Commerce, Library Board, Parks & Recreation Commission and Commission on Aging have included comments on the appropriate level of reserves. Generally, the City Boards and Commission members are advocates for the programs they represent and urged the City Council and the City Manager to utilize the reserves in order to preserve service levels. Residents, property owners and business representatives who attended two Chamber of Commerce meetings regarding the City's fiscal issues urged the City Manager and City Council to make prudent decisions in order to protect the City's financial stability. All agree that the decisions are difficult and options unpleasant. During the May 5 meeting, the City Council favorably reviewed the Budget and Fiscal Policy and made some very constructive and welcome suggestions for clarifying various elements. These suggestions will be included in the next draft of the Policy which will be presented in June 16 as part of the recommendations to adopt the FY 10 budget.

One of the reasons why the level of reserves is critical is the historically irresponsible actions by the State of California in response to the inability of the legislature and Governor to develop a balanced budget. In response to this lack of performance, the legislature and the Governor look to local government as their cash bank by raiding the revenues generated by and for cities, counties and special districts that provide local services. True to form and in response to the miserable failure of the initiatives to balance the state budget rejected by California voters on May 19, the legislature and the Governor are reviewing the option to borrow under the conditions enacted by the 2004 Proposition 1A an amount equal to 8% of local property tax. For Woodland, the 8% would amount to $1,325,024 or 27% of the $5,000,000 remaining General Fund reserves. Staff believes that the latest potential raid of City revenues should summarily dismiss any further thought that the reserves should be used to support the operation of General Fund programs and services.

In the course of developing revenue and expenditure estimates, Finance staff has consulted with economists and other resources that review local, regional and state wide economic activity and provide data that helps determine the impacts on Woodland. As an example, the City's sales tax consultant, HDL, provides data to several cities and counties throughout California which is used to guide estimates for sales tax. Staff has taken care this year to develop appropriately conservative projections and is confident that the estimates for sales tax take into account the current economy and the increased retail opportunities in Woodland Gateway.

Estimates for property tax have also been carefully reviewed. Following the March 31 meeting Finance staff conducted a second review of the FY 10 property tax estimates by consulting with the County Assessor's Office. The purpose of this review was to receive updated information regarding property tax reassessments in response to declining land value. According to the Assessor, the concern regarding reassessments is valid. In response to the updated information provided by the Assessor, staff has reduced Property Tax Revenue by $540,000 and revised the FY 10 estimate to $9,753,750. This is the only change in revenue estimates that staff believes is appropriate and prudent to make at this time. As a result, the reduction target for the FY 10 General Fund budget has increased to $6.8 million. A combination of additional operational savings and some one-time revenue identified since March 31 will offset the revised property tax estimate.

Staff has further refined the General Fund budget since March 31 and the information presented in the Discussion section of the report will provide a department by department summary of the major changes. Due primarily to the impact of the Golden Handshake, some significant changes have occurred. As an example, the proposed reductions to the Library of $450,000 on March 31 have been modified to approximately $200,000. However, there are additional reductions to Parks & Recreation that were not contemplated on March 31. The primary reason for the change is associated with the Golden Handshake: six of the twelve City employees who accepted the Golden Handshake are from Parks & Recreation, while no Library employees accepted the offer. In addition, staff's continual refinement of options for reassigning employees to budgeted enterprise fund positions has further reduced the burden on the General Fund.

The final comment regarding the FY 10 General Fund is the uncertain outcome of the negotiations with the City's bargaining units. Management staff and the City Council certainly understand the difficulty in seeking compensation reductions from employees at this or any time. However, the simple fact remains that the City must achieve a $6.8 million reduction for FY 10 in order to remain financially viable, especially when factoring the threat of the State borrowing as described herein. In addition, the General Fund 10-Year Plan will show that an additional reduction for FY 2010-11 of approximately $2.7 million will be necessary in order to achieve structural balance. In association with the negotiations, if the City does not receive a commitment from the bargaining units that will achieve savings of approximately $1.3 million than a contingency plan must be implemented. The contingency plan will require the involuntary discharge through layoffs of approximately 13 positions by July 31 and deeper reductions in programs and services in order to achieve the necessary savings. Therefore, the Discussion section of this report will include summary information describing the impact of the contingency plan on services, funding and staffing for each department.

The Discussion section will also include summary information for all other City funds and their associated 10-Year Financial Plans. In some cases, there are many challenges associated with these funds, especially the Water and Sewer Enterprise Funds that must address new regulatory requirements, reinvestment in existing infrastructure and major initiatives such as the Davis-Woodland Water Supply Project that will require the expenditure of millions of dollars over the next ten years. The Redevelopment Agency and combined Transportation Funds will also be reviewed. Staff remains committed to advancing long term financial planning by developing 10-Year Plans that will be refined and improved every year as part of the process associated with the City Council's adoption of the annual budget.

Discussion

This section of the staff report will begin with a summary of the proposed General Fund expenditure reductions, revenue increases and use of one time funds for the FY 10 budget. The information will be provided in a department by department summary similar in format to the information presented on March 31. Each department summary will include a separate discussion of the impact of the contingency plan reductions that may be necessary depending on the outcome of the negotiations with the bargaining units. 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, Combined Transportation Funds and Redevelopment Agency (Exhibits x-x).

Community Development Department

Reallocation of Deputy Director Compensation: Reallocates a portion of the Deputy Director's compensation to the Redevelopment Agency to reflect the current project related focus in that area and generate savings of $43,000.

Reduce Planning and Engineering Interns: Reduces one planning and two engineering paid internships to generate savings of $37,187.

Reallocation of an Associate Engineer to Capital Projects: Assigns an Associate Civil Engineer to capital projects; this reassignment will delay processing of development applications in order to generate savings of $68,154.

Reduce Professional Services: Reduces expenses for private sector engineers, architects and similar services to generate savings of $42,000.

Transfer two (2) Administrative Clerk Positions: Reduces administrative support staff responsible for customer service at the CDD public counter and over the telephone. Public hours for the CDD counter would be reduced. This transfer will fill vacant positions in Public Works and Finance, one of which was generated by the Golden Handshake program. The transfer of the two employees will generate savings of $142,373.

Transfer Junior Engineer: Transfers a Junior Engineer to the utility enterprise programs to support infrastructure projects. This position is responsible for supporting grants administration, the traffic safety program and tort/liability claims associated with public infrastructure. Responsibility for these areas would need to be shifted to other remaining staff which would have impacts on a variety of other projects and initiatives. This transfer would generate savings of $56,600.

Transfer Part Time Code Enforcement Officer: Transfers the part time code enforcement officer to the utility enterprise programs in order to assist other staff in water conservation and illicit discharge enforcement. The transfer will limit "proactive" code enforcement activity as the only remaining staff member will be the full time code enforcement officer. This transfer would generate savings of $53,787.

Golden Handshake Retirement: Retirement of the Assistant City Manager which will generate FY 10 savings of $179,239. Leadership and strategic management of Community Development will be shared under an interim plan by the Deputy Director and City Manager. Long term leadership and strategic management will be considered within the context of an overall restructuring plan.

Total savings – Community Development Department: $622,340

Contingency Plan: The following positions would be eliminated under the Contingency Plan.

- Administrative Clerk - $39,802
- Building Inspector - $102,665
- Code Enforcement Officer - $100,698
- Management Analyst - $118,430

The elimination of the above positions would seriously impact the timely processing of development applications, timely inspection of buildings in response to permits and tracking of liability accounts, business license and similar development related revenue. The code enforcement reduction would eliminate the program and require the highest priorities, such as enforcement actions that immediately threaten life and safety, to be reassigned to the Police Department. Staff support for the Planning and Historical Preservation Commissions would be reduced by an unknown amount. These reductions would generate savings of $361,595.

City Manager's Office

Contingency Plan: The following program and position would be eliminated under the Contingency Plan:

- Economic Development - $224,254

The elimination of this program will impact all business retention, recruitment and collaboration. Organized recruitment would be curtailed and coordination of development applications, facilitation of programs such as Tax Credits and infrastructure financing to help businesses meet development impact fee obligations would be severely restricted. City interface with the Chamber of Commerce and various regional and local business associations would be discontinued or held infrequently. The incumbent Economic Development Manager would be returned to the former position in Redevelopment and Housing which would force an involuntary layoff in that program.

Finance

Reallocation of Support Costs: Reallocates Finance related support costs to enterprise and capital funds to reflect changes in operations such as the implementation of monthly utility billing to generate savings of $183,781.

Parks and Recreation

Reduce Park Maintenance Service Levels: Reduces the frequency of various park maintenance tasks such as mowing, edging, litter removal and weed removal. Field preparation service provided to organizations such as Woodland Little League and Woodland High School (Clark Field) would be discontinued and the appearance of all parks would be unfavorably impacted. This reduction would result in the layoff of 15 part time employees to generate savings of $158,663 and the acceptance of three Golden Handshake retirements to generate additional savings as described on the following page.

Reduce Recreation Supervisor – Senior Center: Reduces the Recreation Supervisor position for the Senior Center. This position supported the coordination of outside resources at the Senior Center; these activities will either be eliminated or significantly reduced. This reduction involves a currently vacant position to generate a savings of $74,468.

Reduce Management Analyst: Reduces the Management Analyst position (formerly Administrative Secretary) responsible for providing management support. This reduction involves a currently vacant position to generate savings of $71,834.

Reduce Deputy Director: Reduces a Deputy Director position proposed in the original budget submission as part of a departmental reorganization. This reduction involves a currently vacant position to generate savings of $128,952.

Reduce Administrative Clerk III: Reduces a support staff position primarily assigned to support the Senior Center program. The incumbent employee accepted a Golden Handshake to generate savings of $56,520.

Discontinue the Yolano Recreation Program: Discontinues the programmed recreation activities within the Yolano housing area, including the boxing program and ballet folklorico to generate savings of $86,400.

Reduce Special Events: Discontinues the spring "Egg Extravaganza" event and will likely modify or reduce some of the activities programmed in association with the July 4th celebration; does not impact the fireworks display at Woodland High School. This reduction would generate a savings of $4,500.

General Recreation: Reduces miscellaneous recreation administration support costs to generate savings of $25,442.

Fitness Center Program: Modifies the implementation of the Fitness Center program by utilizing recreation class contract instructors to provide programs on a fee basis. This alternative will eliminate the need to staff the facility under the membership based format. The Parks and Recreation Department's attempt to engage a local fitness business to operate the Fitness Center under a lease agreement was unsuccessful. This reduction would generate savings of $60,000.

Contract Operation of the Youth Center Program: Modifies operation of the Youth Center through a contract with the Yolo County Office of Education (YCOE) that would be funded by a fixed term grant. After completion of the grant, the City and YCOE may not have funds available to restore the operation and the program would not be able to continue. This reduction would result in the elimination of a vacant Recreation Coordinator position to generate savings of $91,587.

Discontinue the Hiddleson Pool Program: Closes the Hiddleson Pool facility, including aquatics programs and maintenance; reduces four part time positions and a vacant Aquatics Coordinator position to generate savings of $162,319.

Eliminate Turf Maintenance Contract Costs: Reduces the projected costs for a turf maintenance contract that was never implemented and is no longer necessary following reorganization of the Parks Division led by the three Park Supervisors to generate savings of $283,290.

Miscellaneous Reductions and Transfers: Identifies savings of $215,731 associated with reductions to various supplies/services accounts, transfer of the Sports Park operation to the Communities Facilities District, reassignment of work hours to specific landscape/lighting districts based on responsibilities and restructuring associated with the Golden Handshake retirements.

Golden Handshake Retirements: Retirement of five Parks & Recreation Department employees, including the following positions which will generate FY 10 savings of $335,345:

- Park Maintenance Workers (3)
- Recreation Superintendent
- Senior Center Manager

The loss of these positions combined with the other reductions in vacant positions and resources described herein will have significant impacts to the administrative, park maintenance and recreation programming elements of the Department. Support for the Commission on Aging, Parks and Recreation Commission and Woodland Recreation Foundation will be reduced, various administrative processes will be delayed and maintenance levels on certain City parks will be significantly reduced. As an example, maintenance levels will likely be limited to mowing/edging, litter pick up and restroom servicing. Some of the smaller neighborhood parks will be limited to infrequent service throughout the year as highly used facilities such as Ferns Park, Christenson Park and Clark Field receive most of the attention within the diminished resources available. Proactive programs to trim park trees, control weeds, repair irrigation lines and replace unserviceable park equipment will be significantly reduced; most of the activity will be on a reactive/emergency basis.

There will be significant impacts to recreation programs and the Community & Senior Center. The remaining program resources will need to be allocated between senior and youth programs and the administrative management of the Community & Senior Center. To illustrate, the retirement of the Senior Center Manager and elimination of the vacant Recreation Supervisor position assigned to senior programs will eliminate both full time, professional positions assigned to the Senior Center. Similarly, the retirement of the Recreation Superintendent leaves a void in the management of the City's new community center. The remaining professional positions are currently assigned to aquatics, youth activities, adult sports and recreation classes. It is impossible to reassign the remaining staff resources in a manner that will maintain the existing service levels in all program areas. As staff considers allocation of the remaining resources, service level reductions are inevitable. Alternatives such as relying on more senior volunteers to initiate Senior Center programs will need to be considered.

As reductions are considered and implemented, it is very possible that advocates such as the Commission on Aging, Parks & Recreation Commission, senior organizations, neighborhood groups and youth associations will seek reconsideration. However, it is important to note that the implementation of the Golden Handshake program removed management staff's ability to control all aspects of the service reduction options. By avoiding the involuntary discharge of employees through layoffs, management staff accepted the potential reduction in areas where impacts were not anticipated on March 31. It is imperative that the City Council accept these impacts and direct the City Manager to mitigate the impacts as much as possible until restructuring options can be developed, alternative service delivery methods are identified and/or the economy improves.

Retirement of the Parks & Recreation Director: In consideration of the staff and service level reductions impacting Parks & Recreation, the Parks & Recreation Director and City Manager have developed a retirement program within the framework of the existing labor agreement for Senior Staff. This action recognizes that the General Fund savings for FY 10 ($60,000) and additional long term structural savings will facilitate consideration of restructuring options. The short term strategy will be to assign the authority for leadership and strategic management of the Parks & Recreation Department to the Chief of Police.

Total savings – Parks & Recreation: $1,814,721

Contingency Plan: In consideration of the significant reductions proposed for the Parks & Recreation Department, there are no further reductions identified at this time.

Police

Discontinue the DARE Program: Discontinues the Drug Abuse Resistance Education program provided to nearly 1,000 Woodland 5th graders. This program has been well supported by students, parents and teachers and studies support its favorable impact on students. The incumbent officer assigned to the program would be reassigned to one of four current officer vacancies to generate savings of $146,871.

Discontinue Youth Diversion: Discontinues the Youth Diversion program staffed by a licensed marriage and family therapist who counsels pre-delinquent youth and their families. In 2008, the diversion counselor opened 229 cases, conducted 404 counseling sessions and worked with 719 total clients. The incumbent employee accepted a Golden Handshake to generate savings of $101,616.

Discontinue Crime Prevention Services: Discontinues community outreach and crime prevention education that facilitated 42 neighborhood watch meetings, distributed 1,200 crime prevention publications and participated in 139 meetings and events last year. This program also assists development services staff with review of development applications, including evaluation of safety/security issues. The Community Service Officers accepted Golden Handshakes to generate savings of $157,785.

Animal Services Contract Reductions: Changes to the Yolo County Sheriff's Department Animal Services contract negotiated by Woodland and other member cities generated $67,095 in savings.

Reduce three Vacant Police Officers: Reduces the number of patrol officers on shifts from the target of six officers plus two K-9 officers to five on certain shifts. In addition, this reduction further reduces "unobligated" patrol time to the point that the two officer response to Priority One calls would be adversely impacted. Finally this reduction would likely generate additional response time to calls for service, including Priority One calls reporting major incidents. Maintaining the current vacancies would generate $278,492 in savings.

Reduce Police Facility Costs: Reduces facility related costs by $25,000.

Transfer Police IS Staff to EIS Project: Reassigns an Information Services staff member to the Enterprise Information System capital project to generate $83,165 in savings. Remaining IS staff will be assigned to support the Police Department.

Programs Returned to Funded Status: Staff recommends returning the following programs that were recommended for elimination to funded status:

- **Graffiti Abatement:** Continues the contract removal of graffiti the Police Department oversees in order to facilitate prompt and consistent graffiti cleanup on City owned property as a community crime prevention strategy. This recommendation stems from community concerns regarding the potential increase in graffiti and would add $43,777 to the FY 10 budget.

- **Strategic Operations:** This program provides the equipment, supplies and training for Police specialty units such as Special Weapons and Tactics (SWAT), Crisis Negotiations Team (CNT), Honor Guard and the K-9 Unit. Supplies, services and equipment such as vehicles necessary to maintain SWAT and CNT in a state of readiness would be included in the budget in order for the units to remain operable. Services necessary to train and re-certify K-9s would be included and the dogs would continue in service. This recommendation stems from concerns regarding officer and public safety and would add $104,670 to the FY 10 budget.

Total net savings – Police Department: $860,024

Contingency Plan: The following positions and programs would be eliminated under the Contingency Plan.

- Strategic Operations - $104,670
- Graffiti Abatement - $43,777
- Additional Police Officer - $91,501
- Police Records Specialist - $61,187
- Police Sergeant - $114,434

The elimination of the above positions and programs would seriously impact Police Department operations. As mentioned previously, Strategic Operations provides critical support and specialty functions such as SWAT, K-9 and Crisis Negotiations Team. The loss of an additional police officer would further impact patrol activities, response times and tactics for responding to Priority One calls. The loss of a Police Records Specialist will impact the Woodland Police Department and other regional law enforcement agencies that depend on regional organizations to provide timely information on warrants associated with suspects. The Contingency Plan reductions would generate $371,791 in additional savings.

Fire

Reduce Current Vacant Firefighter Positions: Reduces up to nine (9) vacant or anticipated to be vacant firefighter positions. This reduction would cause the Fire Department to be staffed at the minimum level for a low hazard structure fire of 12 firefighters and a Chief Officer that was set by the National Fire Protection Association (NFPA) in 2005. In the event of a high hazard structure fire or simultaneous calls, outside resources would be necessary or off duty firefighters would need to be called in. In 2009, the NFPA set new minimum levels of 17 firefighters and a Chief Officer; therefore, the Fire Department would be operating below the standard recognized by a national association. In addition, the lower staffing level would be inconsistent with the General Plan and Fire Service Master Plan. Maintaining minimum staffing could generate more overtime to cover for training, vacation and sick leave. The reduction would generate $983,275 in savings.

The above reduction is based on the assumption that three fire engineers would retire by June 30, 2009 and firefighters would be promoted to fill the vacancies. One of the three fire engineers is planning to retire; the remaining two have not announced their retirement. Therefore, as an alternative, staff proposes to reduce Fire Department overtime by $232,583 in order to offset the carrying of two additional firefighters over the level anticipated on March 31 if the fire engineers remain with the organization. The Fire Chief has indicated his willingness to work with the reduced level of overtime. Therefore, the savings associated with seven (7) vacant positions is $750,692.

Implement Fire Cost Recovery Program: This strategy would engage an outside agency to bill insurance companies for the Fire Department's response to incidents such as motor vehicle accidents, structure fires, hazardous material spills and similar emergency calls. In most cases, the emergency call is due to an incident wherein a party is at fault. Based on the incident report, the outside agency will bill the insurance company of the at fault party based on rates that cover a small percentage of the total cost. This strategy would generate estimated revenues of $167,000.

Discontinue Weed Abatement: Discontinues proactive enforcement of weed abatement and would save $1,200.

Discontinue Firefighter Reserve Program: Discontinues the compensation paid to reserve firefighters; participants would remain covered under workers compensation while participating in Fire Department activities. This reduction would generate $1,500 in savings.

Reduce Heavy Rescue Equipment Costs: Reduces by 10% the annual equipment cost for the Heavy Rescue Team to generate $6,000 in savings.

Reduce Emergency Management Costs: Reduces annual supply cost for the Emergency Operations Center to generate $7,500 in savings.

Discontinue Public Education: Discontinues the education program for first grade students and the Fire Prevention Open House. This reduction would save the annual supply costs for stickers, posters, educational materials and similar items and the funds to pay for the Honor Guard's participation at formal events to save $6,250.

Reduce Safety Equipment Costs: Reduces the funds required to purchase new Personal Protective Equipment to generate savings of $28,399.

Total net savings – Fire Department: $1,201,124

Contingency Plan: The following positions would be eliminated under the Contingency Plan.

- Administrative Clerk - $66,250
- Fire Prevention Specialist - $89,451

The elimination of the above positions would have a significant impact on Fire operations and programs. Reduction of the Administrative Clerk will impact customer contact in the Fire Administration Office, assistance to Fire management staff, processing of invoices and similar duties. The reduction of this position would likely require the periodic closure of the Fire Administration office. Reduction of the Fire Prevention Specialist will impact inspection and other services associated with fire prevention services. The Contingency Plan reductions would generate $155,701 in additional savings.

Library

Modify Library Services: Following the March 31 meeting, the Library Board and Library staff developed an operating plan that focused on the highest priority services associated with the Library's mission. This process generated a program that would offer services to over 158,000 visitors, 22,000 computer uses, 184 programs and 7000 program participants. The Library would be staffed by seven (7) full time employees working approximately 280 weekly hours to supervise and operate the 36 hour per week schedule. The revised plan, already implemented by Library staff at the direction of the Library Board, eliminated non-core services including exam proctoring and obituary research and closed the Leake Community Center and Conference Room. Although the Library has offered meeting space to the community since 1989, it is not one of the core services supporting the mission of the facility. It is rated last in importance by Library patrons in a survey of recommended service priorities. Consideration for offering the space on a cost recovery basis resulted in a determination by Library staff and the Board that the fees required for achieving the minimum annual savings of $25,000 would be prohibitive. The Library Board and staff feel it is important to focus the remaining limited resources on the primary mission of the Library.

Woodland Public Library has carefully examined patron priorities and statistics in order to provide core services such as free access to books and library materials, staff assistance in locating information, public computer access, as well as children and adult programming on a reduced basis. Therefore, the staff and the Library Board believe that the services described above can be provided with a General Fund allocation of $1,130,789 which would generate $209,100 in annual savings. This amount is $241,000 over the $450,000 reduction discussed on March 31.

Contingency Plan: The following positions would be eliminated under the Contingency Plan.

- Three (3) Library Technicians - $220,309

This reduction would leave the Library with four (4) full time employees which could provide 160 weekly work hours. At this level the Library staff and Board have estimated that public hours would be reduced to 20 hours per week with corresponding reductions in programs and attendance.

Public Works

Redirect Waste Management Recycling Fee to General Fund: Redirects 1% of the Waste Management Franchise Fee from the Recycling Fund to the General Fund. The 1% contribution to the recycling program was per Council direction. If implemented, the redirection would redirect the entire 10% Waste Management Franchise Fee to the General Fund to generate additional revenue of $102,224.

Delay Replacement of Linoleum Floor: Delays replacement of flooring in the Engineering Division offices to save $15,000.

Reallocate Management Analyst Compensation: Reallocates 5% of the Department's Management Analyst time to the Spring Lake Lighting and Landscape District to accurately reflect responsibilities to manage District finances. This reallocation saves $5,528.

Discontinue Concrete Replacement Program: Discontinues replacement of failed and cracked sidewalk concrete. Safety issues would still be addressed through asphalt patches. This reduction would save $47,000.

Reduce Vacant Tree Trimmer Position: Reduces a currently vacant position that will delay proactive/programmed tree trimming and some emergency trims. This reduction will generate $64,032 in savings.

Facility and Custodial Contract Adjustments: Modifies custodial and building component maintenance contracts to achieve minimal savings of $3,500.

Total net savings – Public Works: $237,284

Non-Departmental Savings or Revenue

Additional Golden Handshake Savings: The interest of City staff in the Golden Handshake suggests that additional employees may be interested if the City Council were to approve a second offering of the program. Given the need for additional savings in FY 10 and FY 11 and overall restructuring of the organization, staff believes a second offering would be an appropriate strategy. Therefore, a very conservative estimate of $100,000 in compensation savings is assumed for FY 10.

Sale of City Land for Enterprise Programs: The Public Works Director has proposed that the Water Enterprise Fund purchase land currently used for Parks & Recreation purposes for the elevated water tank, ground level storage tank and water wells. A conservative revenue estimate for the transfer of this property from the General Fund to the Water Enterprise Fund is $250,000. This proposed strategy was reviewed by the City Attorney.

Extension of Franchise Agreement: Waste Management has notified the City of their interest in extending their franchise agreement. The conditions assumed for the extension and the timing generates a conservative estimate of $85,000 in additional revenue.

Other Impacts

Vacation/Leave Buyouts – Retired Employees: Finance and Human Resources staff estimate that $90,455 will be expended to compensate the retired employees for unused vacation/leave time. This represents an additional expense.

Revised Property Tax Estimate: As stated previously, staff has revised the property tax revenue by reducing the estimate to $9,753,750 a decrease of $540,000.

Summary

The net impact of the strategies and revised estimates described herein on the General Fund is total reductions of $5,493,647. Factoring in the revised property tax estimate, the reduction target to balance the FY 10 General Fund budget is $6,796,187. **If compensation reductions of approximately $1.3 million are agreed to by the City's bargaining units, the strategies described herein will balance the General Fund for FY 10 without the involuntary discharge of a single City employee.**

If compensation concessions are not agreed to by the City's bargaining units, up to thirteen (13) City employees will be discharged through layoffs and there will be deeper reductions in programs and services in order to achieve the necessary savings to balance.

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 #1 is the 10-year plan for the General Fund. The plan includes all General Fund revenue sources. The General Fund projections are balanced for each year; however, the projections are based on resolution of the current structural fiscal imbalance and assumptions that reflect the current economic downturn. These assumptions include:

- Expenditure reductions of approximately $6.8 million are included in the adopted FY 10 budget to maintain the 13% reserve fund balance

- Additional reductions of approximately $2.25 million are included in the FY 11 budget to fully correct the structural imbalance and maintain the 13% reserve fund balance
- 2% annual increase in property tax based on modest growth beginning in FY 11; 4% for FY 12; 5% for FY 13; 3% for FY 14 through FY 16; and 3% beginning in FY 17 for the balance of the plan
- 3% annual increase in sales tax in FY 11; 9% in FY 12 to reflect economic recovery; 6% in FY 13 and FY 14; 7% in FY 15; and 5% beginning in FY 16 through the balance of the plan
- Fee increases proportionate to projected slower growth in development through FY 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 6%, reduced from previous estimates of 8% to reflect management's belief that collaboration with bargaining units is necessary to share the cost of retirement and medical benefits in the future
- Discretionary operating expenditures held flat beginning in FY 11
- Non-discretionary expenditures held flat through FY 11 and escalated at 3% thereafter
- Vehicle replacement deferred for FY 10 and resumed for the balance of the plan
- Assumes storm drain increase is approved and becomes effective in FY 11
- City share of Gateway development fees is deferred until FY 13
- 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 maintain the reduced work force and expenditures that will be achieved through the strategies described herein beginning in FY 10. In addition, the plan assumes "full correction" of the structural imbalance primarily through expenditure reductions of $2.25 million that will be proposed for FY 11. This assumption is based on the impact of the current economic downturn and modest growth in property and sales tax prior to the projected recovery that is forecasted with a 9% sales tax increase in FY 12. The development of strategies to achieve the FY 11 expenditure reduction will be the focus of an employee task force that will be convened sometime after July 1.

It is important to note that the General Fund is balanced over the entire 10-year Plan as the 13% contingency is maintained. However, a structural problem begins to emerge during the last two years of the Plan as expenditures begin to exceed revenues. This imbalance occurs because staff assumes a slow down in economic activity during the last four years to reflect historical trends. Understanding the emergence of a projected imbalance is intended to transmit the need to exercise caution when considering present and future expenditures.

The key assumptions that allowed the General Fund 10-year Plan to balance is the 9% bump for sales tax in FY 12 and the 2% reduction in the annual escalation of benefit costs. Without these assumptions, the General Fund would have required annual reductions of up to $500,000 to balance. Such a scenario is impractical and does not consider historical trends. To illustrate, the US economy has historically bounced back after periodic recessions as was the case in the mid-1990's and in

2003-2006 following September 11, 2001. In fact, Woodland's sales tax increased at a higher rate in FY 2004 and 2005 than the forecast in the 10-year Plan. If the increase does not happen, than staff will need to consider additional reductions. Economic trends need to be studied as staff prepares the FY 11 budget to determine if the recovery will occur as projected in the Plan.

Reducing annual increases in benefits costs will require a determined effort by management and the bargaining units to look at cost sharing and cost containment strategies. The annual cost of the City's benefits is now over 62% of the cost for salaries. Simply stated, the City cannot afford to continue funding benefits at the current level without cost sharing and containment.

The Guiding Principles previously approved by the City Council 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, 2008. 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, on a schedule to 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. Staff is currently engaged in negotiations for the sale of the 126 acre parcel with the proceeds dedicated to starting the irrevocable trust for the OPEB obligation.

The City Council should note that 10-year Plan is a projection based on certain assumptions. These assumptions factor the impacts of the current recessionary economy. Recovery may be slower than anticipated and additional expenditure reductions beyond the $2.25 million for FY 11 may be necessary. In addition, the looming threat of the State's borrowing of 8% of the City's property tax needs to be resolved. This unacceptable strategy should be opposed by every Woodland tax payer. The conditions associated with the potential borrowing need to be clarified in order for staff to develop a strategy for addressing the loss of revenue.

In contrast to the current recessionary economy, recovery could also be faster or generate higher revenues than projected. Should this occur staff will develop a plan to facilitate the Council's consideration to add back programs and services. However, caution would certainly be advised even under the most optimistic economic recovery conditions. The unforeseen decline in economic activity has had a significant and lasting impact on the City organization. Instead of relying on increased revenues from an economic recovery, staff believes that funding to add back services should be generated where possible through restructuring and more efficient work practices. Maintaining the commitment to the Budget and Fiscal Policy presented to the City Council on May

5, implementing Performance Based Budgeting and continuing 10-Year financial Plans will help staff and the City Council identify resources to meet present and future needs.

Water Fund. Exhibit #2 is the Water Enterprise Fund 10-year plan. There are significant changes occurring in the Water Enterprise Fund over the course of the plan. The balance of the bond financing approved in 2009 will be issued in FY 2010, resulting in an addition of $9 million for capital projects. Staff is currently working with a consultant on a draft water rate study that will address metered billing, capital needs, and changes in operating requirements. Based on this draft, the plan assumes annual rate increases of 20% beginning in FY 2010-11 through FY 2013-14 and 6% thereafter. Three (3) years of both financing and expenditures related to the Davis Woodland Water Supply Project have been included in this plan; future costs associated with this project will need to be addressed through rate increases and additional financing and are therefore not included in this plan.

Staff is working on alternatives to mitigate the rate increases such as seeking grants and using development impact fees to reduce the impact to existing rate payers. However, the commitment to the Surface Water Project and the other reinvestment in the City's water distribution system will require fee significant increases as shown in the 10-year Plan. It would be appropriate for staff and the Council to consider a public education/information process to explain to Woodland residents the justification for the fee increases.

Sewer Fund. Exhibit #3 is the Sewer Enterprise Fund 10-year plan. This forecast assumes rates currently adopted by Council, adjusted annually by a CPI factor, and stable operating expenses. The financial plan also assumes capital expenses that will replace main trunk lines, lateral lines and elements of the Wastewater Treatment Plant at various times. The forecast assumes $11 million in bond funds in FY 10 in order to address crucial infrastructure that might otherwise be delayed because of pooled cash issues. Calculations indicate that this financing would be well within both the bonding capacity of the Sewer Enterprise Fund and the current sewer rates in place. The Ending Working Capital is maintained at a prudent level throughout the entire 10-year plan. Staff believes that bonding for these improvements is acceptable given the long term nature of the reinvestment in the infrastructure and the impact of the pooled cash which would have severely restricted if not stopped all capital projects.

Combined Transportation Funds. Exhibit #4 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. 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 2010 projected amount of $764,276 to $183,526 by 2019.

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 one of the sources of the backfill as Measure E funds which Council approved utilizing a maximum of $750,000 annually through FY 14 and then utilizing $800,000 annually beginning in FY 15. However, additional backfill funds will be needed beginning in FY 15 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 #5. 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. Redevelopment is planning on contributing tax increment to several City capital improvement projects which are included in the CIP. These projects include the Downtown Specific Plan, the East Street Specific Plan, the Downtown Parking Facility, Main Street Streetscape Improvements, and pre-engineering and planning for other redevelopment projects which total slightly more than $1 million. The priority project is the Court Modernization and Expansion project. The Agency will be assisting in acquiring land needed for parking to support the facility. The acquisition and construction costs for the garage are likely to absorb the bond funds received in 2007 of about $6 million. The provision of parking will also support other proposed Agency projects such as the 221 unit City Center Lofts mixed use project and a possible new theater complex. Agency efforts are directed toward re-energizing and revitalizing downtown by encouraging higher density development to attract new residents and businesses.

Fiscal Impact

The information described herein summarizes the proposed operating expenditures for the City's General Fund, Water Enterprise Fund, Sewer Enterprise Fund, Transportation Program and Redevelopment Agency. The FY 10 proposed expenditures for each of the financial plans described herein are summarized as follows:

General Fund - $38,240,091

Water Enterprise Fund - $12,075,514

Sewer Enterprise Fund - $12,796,798

Transportation Program - $2,570,848

Redevelopment Agency – $1,377,916

Public Contact

Posting of the City Council Agenda. The information presented herein regarding the General Fund was extensively reviewed during the following public meetings:

- March 31 Council workshop on General Fund reduction options

- April 9 Chamber of Commerce luncheon
- April 16 Woodland Sunrise Rotary Club meeting
- April 20 Library Board meeting
- April 21 Chamber of Commerce meeting
- April 27 Joint meeting of the Parks & Recreation and Commission on Aging

Staff also discussed the budget at several City-wide employee meetings and meetings with Association Leaders.

Recommendation for Action

Staff recommends that the City Council review and comment on the proposed Fiscal Year 2009/2010 (FY 10) operating budget, and provide direction for changes, if any. The Council's direction will be incorporated into the preliminary FY 10 operating budget and will be presented to Council for adoption on June 16, 2009.

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Mark G. Deven
City Manager

Exhibit One: General Fund 10-Year Plan
Exhibit Two: Water Enterprise Fund 10-Year Plan
Exhibit Three: Sewer Enterprise Fund 10-Year Plan
Exhibit Four: Transportation Program 10-Year Plan
Exhibit Five: Redevelopment Agency 10-Year Plan

City of Woodland
General Fund
Ten Year Forecast

Revenues By Source

Estimated Beginning Fund Balance	$ 5,000,000	$5,000,000	$5,044,719	$5,410,304	$5,614,215	$5,963,867	$6,582,421	$7,242,461	$7,557,397	$7,486,232

Revenue Source	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Taxes (Excludes Measure E) - 1										
Property - 1a	9,562,500	9,753,750	10,143,900	10,651,095	11,290,161	11,967,570	12,685,625	13,066,193	13,458,179	13,861,924
Sales - 1b	9,242,000	9,519,260	10,375,993	10,998,553	11,658,466	12,474,559	13,098,287	13,753,201	14,440,861	15,162,904
Special Dist Sales Tax (Measure E) - 1b	4,001,000	4,121,030	4,285,871	4,500,165	4,725,173	4,961,432	5,209,503	5,469,978	5,743,477	-
TOT	541,123	557,357	579,651	608,634	645,152	683,861	724,892	768,386	814,489	863,358
Doc Stamp Taxes	353,000	353,000	353,000	353,000	353,000	353,000	353,000	353,000	353,000	353,000
Fees - 2	3,469,741	3,504,438	3,574,527	3,681,763	3,792,216	3,905,982	4,023,162	4,143,857	4,268,172	4,396,218
Fines - 2	623,329	635,796	648,511	661,482	674,711	688,206	701,970	716,009	730,329	744,936
Service Charges - 2	894,785	912,681	930,934	949,553	968,544	987,915	1,007,673	1,027,827	1,048,383	1,069,351
Revenue from other Sources - 2	4,546,415	4,637,343	4,730,090	4,824,692	4,921,186	5,019,610	5,120,002	5,222,402	5,326,850	5,433,387
Use of Money & Property	59,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Other Misc. (includes Indirects) - 3	4,796,778	4,326,198	4,568,465	4,824,299	5,094,459	5,379,749	5,681,015	5,999,152	6,335,104	6,689,870
Sales & Donations - 2	12,042	12,283	12,528	12,779	13,035	13,295	13,561	13,832	14,109	14,391
Transfers	138,378	138,378	138,378	138,378	138,378	138,378	138,378	138,378	138,378	138,378
Economic Contingency										
Total Revenues	38,240,091	38,571,513	40,441,850	42,304,392	44,374,481	46,673,556	48,857,068	50,772,215	52,771,333	48,827,718

Expenditures By Function (Excluding Measure E Transfer)

Function	Requested 2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Salaries - 4	16,606,444	17,536,405	18,518,444	19,555,476	20,650,583	21,807,016	23,028,209	24,317,788	25,679,584	27,117,641
Reduction in Benefits, Staff, or Combo	(6,796,635)	(7,102,484)	(7,422,095)	(7,756,090)	(8,105,114)	(8,469,844)	(8,850,987)	(9,249,281)	(9,665,499)	(10,100,446)
Additional Reductions Needed		**(2,250,000)**	**(2,351,250)**	**(2,457,056)**	**(2,567,624)**	**(2,683,167)**	**(2,803,909)**	**(2,930,085)**	**(3,061,939)**	**(3,199,726)**
Benefits - 5	10,306,736	10,925,140	11,580,649	12,275,487	13,012,017	13,792,738	14,620,302	15,497,520	16,427,371	17,413,014
Overtime - 4	1,034,735	1,092,680	1,153,870	1,218,487	1,286,722	1,358,779	1,434,870	1,515,223	1,600,076	1,689,680
Subtotal	*21,151,280*	*20,201,742*	*21,479,617*	*22,836,305*	*24,276,585*	*25,805,522*	*27,428,485*	*29,151,165*	*30,979,593*	*32,920,162*
Discretionary Expenditures										
Professional/Contractual Svcs - 6	2,900,070	2,900,070	2,900,070	2,900,070	2,900,070	2,900,070	2,900,070	2,900,070	2,900,070	2,900,070
Meetings / Education - 6	568,511	568,511	568,511	568,511	568,511	568,511	568,511	568,511	568,511	568,511
Supplies and Services - 6	912,322	912,322	912,322	912,322	912,322	912,322	912,322	912,322	912,322	912,322
Subtotal	*4,380,903*	*4,380,903*	*4,380,903*	*4,380,903*	*4,380,903*	*4,380,903*	*4,380,903*	*4,380,903*	*4,380,903*	*4,380,903*
Non-Discretionary Expenditures										
YECA Contract - 7	1,366,621	1,407,620	1,449,848	1,493,344	1,538,144	1,584,288	1,631,817	1,680,771	1,731,195	1,783,130
Utilities - 7a	1,049,748	1,102,235	1,157,347	1,215,215	1,275,975	1,339,774	1,406,763	1,477,101	1,550,956	1,628,504
Other Operational - 7	3,500,999	3,606,029	3,714,210	3,825,636	3,940,405	4,058,617	4,180,376	4,305,787	4,434,961	4,568,010
Information Technology Services - 4	835,140	881,908	931,295	983,447	1,038,520	1,096,677	1,158,091	1,222,944	1,291,429	1,363,749
Vehicle/Equipment Replacement/Maint. - 8	1,148,425	1,697,878	1,748,814	1,801,279	1,855,317	1,910,976	1,968,306	2,027,355	2,088,175	2,150,821
Debt Service	210,140	210,140	210,140	210,140	210,140	210,140	210,140	210,140	210,140	210,140
Transfers (not including SD Subsidy) - 7	4,416,835	4,858,340	5,004,090	5,154,213	5,308,839	5,468,105	5,632,148	5,801,112	5,975,145	410,923
Storm Drain Subsidy - 9	180,000	180,000	-	-	-	-	-	-	-	-
Gateway Subsidy - 10	-	-	-	200,000	200,000	200,000	200,000	200,000	200,000	200,000
Subtotal	*12,707,908*	*13,944,150*	*14,215,744*	*14,883,273*	*15,367,341*	*15,868,578*	*16,387,640*	*16,925,211*	*17,482,001*	*12,315,276*
Total Expenditures	38,240,091	38,526,794	40,076,264	42,100,481	44,024,828	46,055,002	48,197,028	50,457,279	52,842,498	49,616,341
Revenues Over (Under) Expenditures	$0	$44,719	$365,586	$203,911	$349,652	$618,554	$660,040	$314,936	($71,165)	($788,624)
Contingency (13%)	$4,971,212	$5,014,297	$5,257,440	$5,499,571	$5,768,682	$6,067,562	$6,351,419	$6,600,388	$6,860,273	$6,347,603
Unrestricted Fund Balance	28,788	30,422	152,864	114,644	195,185	514,859	891,042	957,009	625,959	350,005
Ending Fund Balance	5,000,000	5,044,719	5,410,304	5,614,215	5,963,867	6,582,421	7,242,461	7,557,397	7,486,232	6,697,608

City of Woodland
Water Enterprise Fund
Ten Year Forecast

	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Beginning Working Capital	**$4,825,667**	**$9,183,153**	**$4,273,707**	**$3,532,487**	**$3,125,791**	**$8,390,366**	**$12,521,955**	**$16,957,855**	**$17,428,503**	**$20,030,192**
Revenues										
Utility Service Charges	$6,800,000	$8,894,400	$10,673,280	$12,807,936	$15,369,523	$16,291,695	$17,269,196	$18,305,348	$19,403,669	$20,567,889
Bond Proceeds	$9,633,000	$633,000	$15,667,000							
Operating Expenditures	($5,067,524)	($6,157,721)	($6,160,023)	($6,905,220)	($6,698,221)	($7,172,654)	($7,736,844)	($8,529,275)	($8,973,180)	($9,445,005)
Debt Service	($1,620,326)	($1,666,125)	($2,884,477)	($2,889,412)	($3,006,727)	($3,127,452)	($3,116,452)	($2,975,425)	($2,965,800)	($2,954,325)
Net Operating Revenue	$9,745,150	$1,703,554	$17,295,780	$3,013,304	$5,664,575	$5,991,589	$6,415,900	$6,800,648	$7,464,689	$8,168,559
Capital Budget	($5,387,664)	($6,613,000)	($18,037,000)	($3,420,000)	($400,000)	($1,860,000)	($1,980,000)	($6,330,000)	($4,863,000)	($7,850,000)
Net Income (Loss)	$4,357,486	($4,909,446)	($741,220)	($406,696)	$5,264,575	$4,131,589	$4,435,900	$470,648	$2,601,689	$318,559
Ending Working Capital	**$9,183,153**	**$4,273,707**	**$3,532,487**	**$3,125,791**	**$8,390,366**	**$12,521,955**	**$16,957,855**	**$17,428,503**	**$20,030,192**	**$20,348,751**

Assumptions:

20% rate increase per year for 4 years starting in 2010-11

6% rate increase each year thereafter for life of 10 year plan

$9,000,000 in bond proceeds for 2009-10 (second issue of 2008 series for capital projects)

$633,000 in bond proceeds for 2009-10 and 2010-11, and $15,667,000 in 2011-12 for Surface Water Project

3 years of Surface Water Expenses included in capital budget (2009-10 through 2011-12)

City of Woodland
Sewer Enterprise Fund
Ten Year Forecast

	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Beginning Working Capital	**$10,754,531**	**$20,123,282**	**$20,600,409**	**$19,817,066**	**$17,721,767**	**$14,016,147**	**$10,396,124**	**$7,394,856**	**$9,392,269**	**$11,588,091**
Revenues										
Utility Service Charges	$11,165,719	$11,568,612	$12,013,936	$12,474,740	$12,952,425	$13,447,588	$14,492,848	$15,043,576	$15,615,232	$16,208,611
Bond Proceeds	$11,000,000									
Operating Expenditures	($6,911,960)	($7,294,241)	($7,734,971)	($8,274,413)	($8,857,667)	($9,265,897)	($9,694,355)	($10,144,093)	($10,616,222)	($11,387,153)
Debt Service	($2,752,621)	($2,758,344)	($2,760,719)	($2,028,641)	($2,025,789)	($2,027,125)	($2,025,172)	($2,027,481)	($2,028,599)	($2,029,210)
Net Operating Revenue	$12,501,138	$1,516,027	$1,518,246	$2,171,686	$2,068,969	$2,154,566	$2,773,321	$2,872,002	$2,970,411	$2,792,248
Capital Budget	($3,132,387)	($1,038,900)	($2,301,589)	($4,266,985)	($5,774,589)	($5,774,589)	($5,774,589)	($874,589)	($774,589)	($1,000,000)
Net Income (Loss)	$9,368,751	$477,127	($783,343)	($2,095,299)	($3,705,620)	($3,620,023)	($3,001,268)	$1,997,413	$2,195,822	$1,792,248
Ending Working Capital	**$20,123,282**	**$20,600,409**	**$19,817,066**	**$17,721,767**	**$14,016,147**	**$10,396,124**	**$7,394,856**	**$9,392,269**	**$11,588,091**	**$13,380,339**

Assumptions:

3.8% growth in revenues for each of the 10 years

$11,000,000 in bond proceeds for 2009-10 related to capital projects

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

	Projected 2010	Projected 2011	Projected 2012	Projected 2013	Projected 2014	Projected 2015	Projected 2016	Projected 2017	Projected 2018	Projected 2019
Revenues (3% annual Inc)										
Net TDA Revenue	$ 764,276	$ 726,219	$ 682,750	$ 633,410	$ 577,703	$ 515,094	$ 445,011	$ 366,838	$ 279,914	$ -
Gas Tax Revenues	$ 950,000	$ 1,050,000	$ 1,071,000	$ 1,092,420	$ 1,114,268	$1,136,554	$ 1,159,285	$ 1,159,285	$ 1,159,285	$ 1,159,285
Prop 42 (3% inc)	$ 528,436	$ 579,034	$ 596,405	$ 614,297	$ 632,726	$ 651,708	$ 671,259	$ 691,397	$ 712,139	$ 733,503
Available Streets	**$ 2,242,712**	**$ 2,355,253**	**$ 2,350,155**	**$ 2,340,128**	**$ 2,324,697**	**$2,303,355**	**$ 2,275,555**	**$ 2,217,520**	**$ 2,151,337**	**$ 1,892,788**
Expenditures										
Salaries/benefits	$ 1,275,858	$ 1,347,306	$ 1,422,755	$ 1,502,429	$ 1,586,566	$1,675,413	$ 1,769,236	$ 1,868,314	$ 1,972,939	$ 2,083,424
Prof / Contract Svs	$ 117,222	$ 120,739	$ 124,361	$ 128,092	$ 131,934	$ 135,892	$ 139,969	$ 144,168	$ 148,493	$ 152,948
Supplies & Services 52xx	$ 355,893	$ 366,570	$ 377,567	$ 388,894	$ 400,561	$ 412,578	$ 424,955	$ 437,703	$ 450,835	$ 464,360
Utilities	$ 239,050	$ 248,612	$ 258,556	$ 268,899	$ 279,655	$ 290,841	$ 302,475	$ 314,573	$ 327,156	$ 340,243
Vehicles										
Fixed	$ 45,324	$ 46,684	$ 48,084	$ 49,527	$ 51,013	$ 52,543	$ 54,119	$ 55,743	$ 57,415	$ 59,138
Variable	$ 145,390	$ 149,752	$ 154,244	$ 158,872	$ 163,638	$ 168,547	$ 173,603	$ 178,811	$ 184,176	$ 189,701
Lease Payments	$ 97,745	$ 100,677	$ 103,698	$ 106,809	$ 110,013	$ 113,313	$ 116,713	$ 120,214	$ 123,820	$ 127,535
DP Charges	$ 73,181	$ 75,376	$ 77,638	$ 79,967	$ 82,366	$ 84,837	$ 87,382	$ 90,003	$ 92,704	$ 95,485
Education & Training 53xx	$ 19,858	$ 20,454	$ 21,067	$ 21,699	$ 22,350	$ 23,021	$ 23,711	$ 24,423	$ 25,156	$ 25,910
Machinery & Equipment	$ 13,333	$ -	$ -	$ -	$ -	$ -	$ 13,333	$ -	$ -	$ -
Indirect Expenditures 56xx	$ 187,994	$ 198,522	$ 209,639	$ 221,379	$ 233,776	$ 246,867	$ 260,692	$ 275,291	$ 290,707	$ 306,986
Total	**$ 2,570,848**	**$ 2,674,691**	**$ 2,797,609**	**$ 2,926,566**	**$ 3,061,871**	**$3,203,852**	**$ 3,366,188**	**$ 3,509,244**	**$ 3,673,401**	**$ 3,845,729**
MSE Contributions	$ 328,136	$ 319,439	$ 447,454	$ 586,438	$ 737,174	$ 800,000	$ 800,000	$ 800,000	$ 800,000	$ 800,000
Add'l MSE/Alternative Funds.	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 100,497**	**$ 290,633**	**$ 491,724**	**$ 722,063**	**$ 1,152,941**
Net Surplus (Loss)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

Assumptions

(1) Revenues based on historical averages; and conservative projections on future growth

(2) 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

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

(4) Utilties are adjusted annually by 4%

(5) Other expenses adjusted by 3%

(6) Council approved using up to $750,000 of MSE to support the City's road program, which increases to $800k beginning in FY2015.

Redevelopment Agency (Fund 520)

		Budgeted 2009	Bud. Request 2010	Projected 2011	Projected 2012	Projected 2013	Projected 2014	Projected 2015	Projected 2016	Projected 2017	Projected 2018	Projected 2019
Beginning Working Capital		$1,600,012	$1,600,418	$1,560,122	$1,427,940	$1,290,461	$1,156,613	$1,026,144	$893,594	$756,684	$620,315	$483,398
Revenues												
Projected Tax Increment		$947,000	$965,940	$985,259	$1,004,964	$1,025,063	$1,045,565	$1,066,476	$1,087,805	$1,109,561	$1,131,753	$1,154,388
Working Capital Interest Earned		$32,000	$32,008	$31,202	$28,559	$25,809	$23,132	$20,523	$17,872	$15,134	$12,406	$9,668
Additional Expected Revenue		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Bond/Project Increment Interest		$116,800	$111,355	$11,365	$16,782	$26,514	$36,439	$46,564	$57,211	$70,902	$84,868	$99,113
Total Available		**$2,695,812**	**$2,709,721**	**$2,587,949**	**$2,478,245**	**$2,367,847**	**$2,261,749**	**$2,159,707**	**$2,056,482**	**$1,952,281**	**$1,849,342**	**$1,746,567**
Staffing Expenditures												
Staff Salaries/Benefits		$171,471	$273,490	$292,634	$313,118	$335,037	$358,489	$383,584	$410,434	$439,165	$469,906	$502,800
Supplies & Services 52xx (2)		$234,961	$124,928	$124,928	$124,928	$124,928	$124,928	$124,928	$124,928	$124,928	$124,928	$124,928
Education & Training 53xx		$7,750	$8,875	$8,875	$8,875	$8,875	$8,875	$8,875	$8,875	$8,875	$8,875	$8,875
Indirect Expenditures 56xx		$92,466	$92,466	$92,466	$92,466	$92,466	$92,466	$92,466	$92,466	$92,466	$92,466	$92,466
Debt Service 59xx (3)		$588,746	$588,746	$577,140	$581,359	$579,603	$577,003	$578,653	$581,459	$580,587	$579,212	$579,212
Contingency (15% of the sum of Salary and Supplies/Svc/Education Trng.)		$0	$61,094	$63,966	$67,038	$70,326	$73,844	$77,608	$81,636	$85,945	$90,556	$95,490
Total		**$1,095,394**	**$1,149,599**	**$1,160,009**	**$1,187,785**	**$1,211,234**	**$1,235,605**	**$1,266,113**	**$1,299,798**	**$1,331,966**	**$1,365,944**	**$1,403,771**
Annual Projected Surplus		**$1,600,418**	**$1,560,122**	**$1,427,940**	**$1,290,461**	**$1,156,613**	**$1,026,144**	**$893,594**	**$756,684**	**$620,315**	**$483,398**	**$342,796**
Revenue - Beginning Balance (Includes Bond Funds)		$5,840,000	$5,567,768	$568,272	$839,122	$1,325,682	$1,821,974	$2,328,191	$2,860,533	$3,545,122	$4,243,402	$4,955,648
Additional Project Increment		$10,290	$10,504	$300,850	$486,560	$496,292	$506,217	$532,342	$684,589	$698,280	$712,246	$726,491
Total Available		**$5,850,290**	**$5,578,272**	**$869,122**	**$1,325,682**	**$1,821,974**	**$2,328,191**	**$2,860,533**	**$3,545,122**	**$4,243,402**	**$4,955,648**	**$5,682,139**
Project Expenditures:												
Façade Grant		$85,000	10,000	30,000								
Garage Land Acquisition, Contract Services, Other Costs, Etc.			$5,000,000									
Appraisal Services		$50,000										
Sewer Calibration Model		137,522										
CCL Architectural Loan		10,000										
Balance		**5,567,768**	**568,272**	**839,122**	**1,325,682**	**1,821,974**	**2,328,191**	**2,860,533**	**3,545,122**	**4,243,402**	**4,955,648**	**5,682,139**
Project List:												
Sutter Street	$57,600	$0	$0	$0	$57,600	$58,752	$59,927	$61,126	$62,348	$63,595	$64,867	$66,164
UPRR	$141,600	$0	$0	$0	$0	$0	$0	$0	$141,600	$144,432	$147,321	$150,267
Bush Street	$14,000	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
DT Second floor	$24,000	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
City Center Lofts	$233,200	$0	$0	$228,536	$233,200	$237,864	$242,621	$247,474	$252,423	$257,472	$262,621	$267,873
Capitol Hotel	$10,504	$10,290	$10,504	$10,714	$10,928	$11,147	$11,370	$11,597	$11,829	$12,066	$12,307	$12,553
Porter Hotel	$16,000	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Ice House	$0	$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	$140,140
Spring Lake Trust Fund Project	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	
Tovar 304 Main	$27,680	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Multi-plex Theater	$48,000	$0	$0	$48,000	$48,960	$49,939	$50,938	$51,957	$52,996	$54,056	$55,137	$56,240
Country Drug B & B	$2,400	$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	$0	$13,600	$13,872	$14,149	$14,432	$14,721	$15,015	$15,316	$15,622	$15,935
Armfield	$16,000	$0	$0	$0	$0	$0	$0	$16,000	$16,320	$16,646	$16,979	$17,319
Total Project Related Tax Increment	863,019	$10,290	$10,504	$300,850	$486,560	$496,292	$506,217	$532,342	$684,589	$698,280	$712,246	726,491