

**BUDGET ADVISORY COMMITTEE  
RIVERBANK CITY HALL NORTH  
COUNCIL CHAMBER  
6707 THIRD STREET  
RIVERBANK CA 95367-2305**

**AGENDA**

**WEDNESDAY, NOVEMBER 4, 2015 6:00 PM**

**CALL TO ORDER: CHAIR ARLENE FIGUEROA**

**ROLL CALL: Chair Arlene Figueroa  
Vice Chair Anthony McKinney  
Committee Member Cindy Fosi  
Committee Member Evelyn Halbert  
Council Member Leanne Jones Cruz**

**There is currently one (1) Committee Vacancy**

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**CONFLICT OF INTEREST**

**Declaration by Committee Members who would have a direct Conflict of Interest on any scheduled item to be considered should be stated at this time.**

**1. PUBLIC BUSINESS FROM THE FLOOR (No action can be taken.)**

At this time, members of the public may comment on any item not appearing on the agenda, and within the subject matter jurisdiction of the Committee.

**2. ACTION & DISCUSSION ITEMS** (These items will be individually discussed prior to Committee action)

**Item 2.1:** Approval of the July 29, 2015 Meeting Minutes

**Recommendation:** Motion to move approval of minutes by Roll Call vote.

**Item 2.2:** 2015 City Council Recommendations

**Recommendation:** Review and Finalize Recommendations to the City Council.

**Item 2.3:** 2015 Financial Forecast

**Recommendation:** Review of 2015 General Fund Five-Year Financial Forecast

**Item 2.4** Fiscal Year 2015-16 1<sup>st</sup> Quarter Financial Report

**Recommendation:** Review of 1<sup>st</sup> Quarter Report

**3. INFORMATIONAL ITEMS** (Informational Only – No action to be taken)

**No Informational Items.**

**4. COMMENTS** (Informational Only – No action to be taken)

**Item 4.1:** Staff Comments.

**Item 4.2:** Council Liaison Comments.

**Item 4.3:** Committee Member Comments.

**5. ADJOURNMENT**

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<b>AFFIDAVIT OF POSTING</b>			
<b>DATE:</b>	October 30, 2015	<b>TIME:</b>	12:00 PM
<b>NAME:</b>	Marisela H. Garcia	<b>TITLE:</b>	Director of Finance

**Notice Regarding Americans with Disabilities Act:**

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the City Clerk's Office at (209) 863-7122. Notification 48-hours before the meeting will enable the Committee to make reasonable arrangements to ensure accessibility to this meeting [28 CFR 35.102.35.104 ADA Title II].

**Notice Regarding Non-English Speakers:**

Pursuant to California Constitution Article III, Section IV, establishing English as the official language for the State of California, and in accordance with California Code of Civil Procedures Section 185, which requires proceedings before any State Court to be in English, notice is hereby given that all proceedings before the Budget Advisory Committee shall be in English and anyone wishing to address the Committee is required to have a translator present who will take an oath to make an accurate translation from any language not English into the English language.

Any documents, not privileged or of a closed session, produced by Budget Advisory Committee staff and distributed to a majority of the Budget Advisory Committee regarding any item on this agenda will be made available at South City Hall, 6617 Third Street, Riverbank, CA.

AGENDA ITEM 2.1  
**BUDGET ADVISORY COMMITTEE**  
**RIVERBANK CITY HALL NORTH**  
**COUNCIL CHAMBER**  
**6707 THIRD STREET**  
**RIVERBANK CA 95367-2305**

**AGENDA**  
**WEDNESDAY, JULY 29, 2015 6:00 PM**

**CALL TO ORDER:**        *Chair Figueroa called the meeting to order at 6:00 pm*

**ROLL CALL:**            *Present: Chair Arlene Figueroa, Vice Chair Anthony McKinney,  
Committee Members Cindy Fosi, and Council Member Leanne  
Jones Cruz.*

*Absent: Committee Member Evelyn Halbert*

*There is currently one (1) Committee Vacancy*

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**CONFLICT OF INTEREST**

*No conflict of Interest was declared.*

**1. PUBLIC BUSINESS FROM THE FLOOR**

*No public business from the floor was received.*

**2. ACTION & DISCUSSION ITEMS**

**Item 2.1:** Approval of the March 18, 2015 Meeting Minutes

*Motion to approve March 18, 2015 meeting minutes as is by Committee Member Fosi,  
2<sup>nd</sup> by Chair Figueroa.*

*Ayes: 3      Noes: 0      Abstentions: 0      Motion Passed 3-0*

**Item 2.2:** Approval of the April 15, 2015 Meeting Minutes

*Motion to approve April 15, 2015 meeting minutes as is by Vice Chair McKinney, 2<sup>nd</sup>  
by Committee Member Fosi.*

*Ayes: 3      Noes: 0      Abstentions: 0      Motion Passed 3-0*

**Item 2.3:** Approval of the May 20, 2015 Meeting Minutes

*Motion to approve May 20, 2015 meeting minutes as is by Committee Member Fosi,  
2<sup>nd</sup> by Vice Chair McKinney.*

*Ayes: 3      Noes: 0      Abstentions: 0      Motion Passed 3-0*

## AGENDA ITEM 2.1

### **Item 2.4:** Review of Fiscal Year 2015-16 General Fund Reserve Status

*Marisela Garcia, Director of Finance, provided an overview of the status of the General Fund as adopted in the FY 2015-16 budget. She also reviewed the All Fund Summary which reflected budgets for Special Revenue Funds, Housing Fund, System Development Fee Funds, Sewer Enterprise and Water Enterprise Funds.*

*A discussion ensued regarding the activities and funding for the Teen Center. From this discussion several recommendations were commented:*

- *Explore grant opportunities to offer a larger variety of teen programs in the Teen Center (such as job searching, college application assistance).*
- *Revisit a membership fee for the Teen Center (for example, \$25 per year) that will help to generate funds to offer more programs. Possibly review a fee based on income. Also review a variety of payment methods to alleviate having to pay it all upfront. Explore opportunity for non-profit organizations to sponsor teens to be able to attend.*
- *Look at possible sponsorships. Advertise sponsorships on the website or some other form.*
- *Evaluate the possibility of renting the Teen Center for small parties or meetings.*

*Mrs. Garcia stated that she would include this discussion as part of the draft recommendations to the City Council.*

### **Item 2.5:** 2015 Budget Advisory Committee Recommendations

*The Committee discussed recommendations that would be drafted and finalized at their next meeting. The recommendations discussed at the time included the following:*

- *An annual review of all Recreation Fees should be done to reflect seasonal adjustments.*
- *A recommendation for the City Council to issue a Request for Proposal for landscaping services in the fall and should be programmed every five years.*
- *Chair Figueroa requested that capital items and large expenditures be brought forward to the Budget Advisory Committee prior to Council approval.*
- *Reviewing (if existing) or developing (if none exists) the City's Vehicle Use Policy to ensure that the city is not exposing itself to any liability and decrease expenses.*

*Marisela Garcia, Director of Finance, stated to the Committee that capital items and expenditure requests will be discussed with the Committee as a standard practice during the Committee meetings. Quarterly updates will be scheduled for review by the Committee.*

## **3. INFORMATIONAL ITEMS** (Informational Only – No action to be taken)

**Item 3.1:** *Discussion regarding setting a date for next Budget Advisory Meeting to discuss the Water & Sewer Rate Proposals. The Committee proposed meeting on Wednesday, August 12, 2015.*

## **4. COMMENTS** (Informational Only – No action to be taken)

**Item 4.1:** Staff Comments. *No Comments.*

AGENDA ITEM 2.1

**Item 4.2:** Council Liaison Comments.

*Council Member Jones-Cruz requested that a Committee Members be available at the Council meeting to provide a brief report on the activities of the Committee. She also reminded the Committee that although the City is looking at a lower reserve, we should celebrate that we are paying off debt and the more we can take care of those items the better off the City will be in the long run.*

**Item 4.3:** Committee Member Comments.

*Chair Figueroa stated that although we are in a deficit the budget is sound and as long as we are not heading towards bankruptcy, that is a good thing and hopefully the things coming in the future will move the City forward.*

**5. ADJOURNMENT:** *Chair Figueroa adjourned the meeting at 7:19 pm.*

DRAFT

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**BUDGET ADVISORY COMMITTEE**

**MEMORANDUM**

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**TO:** HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL  
**FROM:** BUDGET ADVISORY COMMITTEE  
**SUBJECT:** COMMITTEE RECOMENDATIONS  
**DATE:** AUGUST 12, 2015  
**CC:**

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Honorable Mayor and Members of the City Council,

The Budget Advisory Committee has been meeting on a monthly (and sometimes bi-monthly) basis with the goal of formulating recommendations for Council that should be taken into consideration and that may provide the City with solutions to closing current and future budget deficits.

Having reviewed all of the department budgets over the past several months the Committee has now formulated recommendations that will allow the City to work towards presenting a balanced budget, currently and in the future. The recommendations that are being presented to you hope to create a long-term impact on the City's budget, thereby allowing the City to balance its budget and not depend on reserves to cover on-going expenses. In addition, several of these recommendations are made with the intention that the City be fiscally prudent when procuring services or purchasing equipment from vendors.

**Recommendations**

1. The City of Riverbank should consider performing an annual review of all Recreation Program Fees to reflect seasonal adjustments.

**Rationale:** By reviewing rates on a seasonal basis, the City can ensure that the fees are adequately recouping city costs, including cost increases in utilities and other fixed costs.

## AGENDA ITEM 2.2

2. The City of Riverbank should consider issuing a Request for Proposals (RFP) for Landscape Services for both Parks and Landscape and Lighting Districts in the fall. The City should consider issuing an RFP for this service every five years.

**Rationale:** A request for proposal would ensure that the City is obtaining the best service at a low cost.

3. The City of Riverbank should consider the following proposals related to the Riverbank Teen Center:

- a. Research grant opportunities that would allow the City to offer a larger variety of teen programs in the Teen Center, such as job searching and college application assistance.
- b. Revisit the possibility of assessing a \$25 “membership” fee for the Teen Center that would help to generate revenues to offer programs for our local teens. As part of this review, the City could consider developing different payment options to allow teens to pay their annual fee on a monthly or quarterly basis. The City could also explore the opportunity for non-profit organizations to sponsor the membership teams who may be going through a financial hardship.
- c. Explore the possibility of corporate or business sponsors for the Teen Center. The City could advertise these sponsors through their website or other social media in exchange for their sponsorship.
- d. Evaluate the possibility of renting the Teen Center for small parties or business meetings.

**Rationale:** These recommendations are made with the intent to generate revenue that would help to offset the costs associated with operating the Teen Center. It could provide funding for beneficial programs for our teens.

AGENDA ITEM 2.2

4. The City should review and/or develop a City Vehicle Use Policy to ensure that the City is not exposing itself to any worker's compensation risks or liability by the use of City vehicles to and from the work site. The Vehicle Use Policy should also address the use of the City Vehicle for personal use.

**Rationale:** Reviewing an existing policy or developing a Vehicle Use policy would help the City to avoid unnecessary fueling cost associated with the personal use of City vehicles, and would help to limit the City's exposure to worker's compensation claims and liability issues.

With these recommendations, the Committee hopes to be able to provide the City Council with ideas that will help provide a more balanced budget and will help with the long-term financial stability of the City.

Sincerely,

**The Budget Advisory Committee**

Chair Arlene Figueroa

Vice Chair Anthony McKinney

Committee Member Evelyn Halbert

Committee Member Cindy Fosi

Council Member Leanne Jones-Cruz



## Five-Year Financial Forecast

# 2015

City of Riverbank

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*“The City of Riverbank is committed to providing exceptional municipal services in a fiscally-sound and professionally-responsible manner for our community.”*

*City of Riverbank*

*Mission Statement*

## **Executive Summary**

### **Five-Year Forecast Summary**

Despite an economy that continues to bounce back from the recession, the Forecast reveals that these recovering revenues are not sufficient to cover on-going expenditures. In addition, it will be necessary to review upcoming capital items related to buildings and storm drain in order to assess potential funding.

#### Five-Year Forecast Overview

	<b>FY 2015-16</b>	<b>FY 2016-17</b>	<b>FY 2017-18</b>	<b>FY 2018-19</b>	<b>FY 2019-20</b>
<b>Beginning Reserve</b>	\$901,616	\$707,231	\$507,729	\$452,809	\$352,801
<b>Revenues</b>	8,470,215	8,875,519	9,083,162	9,297,251	9,529,414
<b>Expenditures</b>	8,630,600	8,891,520	9,120,583	9,369,258	9,523,646
<b>Surplus/(Deficit)</b>	<b>(160,385)</b>	<b>(16,001)</b>	<b>(37,421)</b>	<b>(72,008)</b>	3,068
<b>Capital Outlay</b>	34,000	183,500	17,500	28,000	17,500
<b>Ending Reserve</b>	\$707,231	507,729	452,809	352,801	338,370
<b>Reserve %</b>	8.3%	5.7%	5.0%	3.8%	3.6%

## Economic Outlook

In preparing the Fiscal Year 2016 to 2020 General Fund Financial Forecast, key economic indicators and measures available through various publications and reports were reviewed. Overall, the economic outlook for 2016 calls for continued measured optimism even as global economic conditions continue to produce uneven economic growth across regions and sectors.

### U.S. Forecast

Despite the resurgence of the economy from the recession, recent experiences in the U.S. financial markets have reminded everyone how fragile the economy still is. Despite these recent experiences, U.S. economists point to the continued increases in construction, industrial production, and business investment as positive signs of our recovery. Consumer spending continues to grow and unemployment figures are seeing a decrease with the U.S. being on track to add 2.6 million jobs this year. Interest rates continue to remain low, reflecting a positive sign for those looking to purchase a home.

Top **positive trends** that are being noted throughout the U.S. include:

- *Low Commodity Prices*
- *Rebounding Housing Market*
- *Europe*

U.S. Home Sales



U.S. Economists list the following top **negative trends** that need to be closely monitored:

- *Rising Economic Inequality*
- *Mortgage Credit*
- *The Financial Markets*

Dow Jones YTD Performance Chart

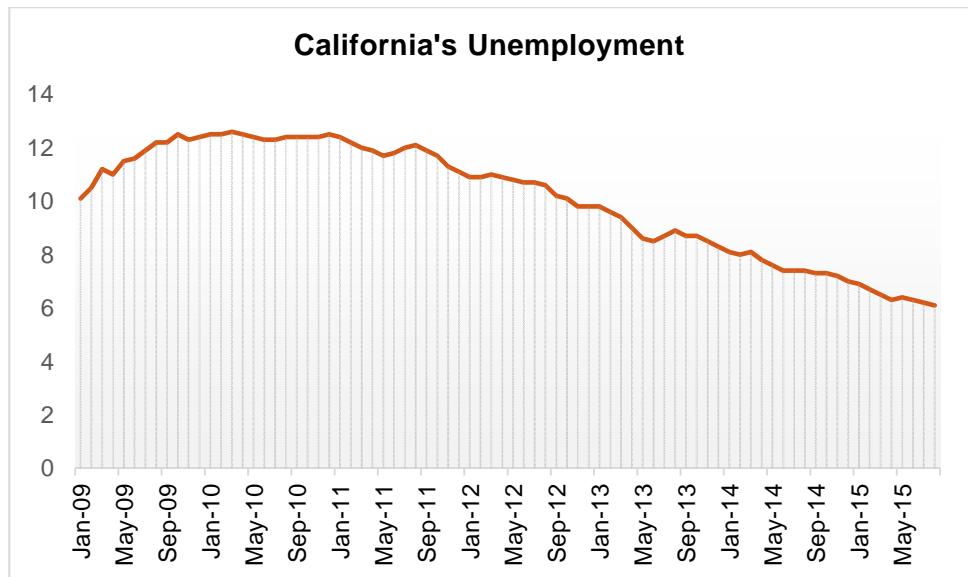


**California's Economy**

As a whole, California's economy has out-performed the nation in terms of job growth and production. Over the past 12 months California has been the 5<sup>th</sup> fastest growing state in the nation and the single largest source of new U.S. jobs with more than 461,000 positions created. The quality of jobs being created, particularly in the Professional, Scientific, and Technical Services sector, have been a great boost to the California economy with over 77,000 new jobs in this category. The average annual wage for workers in California has also been steadily improving with an increase of 3.4% since last year. California economists predict that this income growth will continue through the end of the 2015.

Home sales in California have been steadily increasing, similar to that occurring throughout the U.S. The median prices of a home in California has risen by more than 82% since hitting rock bottom in 2009. This is helping existing homeowners build equity in their homes and give them the ability to resell their homes in the secondary market.

Of concern is the lack of growth in lower wage positions in lower skilled sectors (such as Tourism and Administrative Support). Construction jobs have surged since the end of 2009 across the state. Unfortunately, they have not once again reached their 2009 levels leaving many still unemployed in this area. The positive news is that the Construction and Manufacturing sectors are anticipated to add jobs in 2016.



Fiscal challenges continue to face California. Although Governor Brown has made significant headway in facing head-on the need to address the sustainability of the State's General Fund there continues to be issues that need to be addressed, such as:

- *The State's reliance on Proposition 30:* Proposition 30 was a voter-approved, temporary tax increase for the state's top income earners. A reduction in the tax rate at this time would have short-run effects on the State's ability to finance its General Fund obligations which can result in an extension of these tax measures.
- *Unfunded Pension Obligations:* The underfunded portions of California's CalPERS and CalSTRS programs are estimated at \$150 billion. The economic growths in the stock market have done little to appease the concerns over the funding of this obligation.
- *Infrastructure Investment:* It is estimated that California needs to invest more than \$650 billion in new infrastructure over the next 10 years in order to ensure future growth and development. The new transportation proposal presented to the Governor this year (and which still requires Legislative support as well as voter-approval) would provide \$1.8 billion in funding annually.

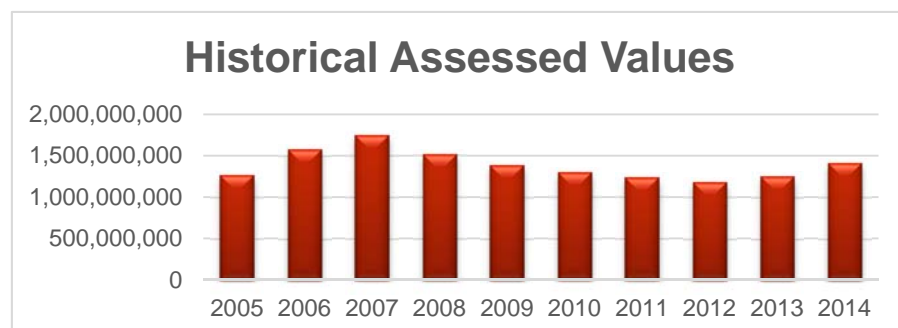
## Riverbank's Economy

Over the past three years, the City Council has placed a strong focus on its Strategic Plan three year goals which include:

- Enhance Public Safety
- Improve & Maintain Infrastructure and Facilities
- Enhance Professionalism & Customer Service
- Achieve & Maintain Financial Stability and Sustainability
- Retain & Attract Business

Three of these goals directly affect our local economy and its ability to provide the City with the funding necessary to continue to provide exceptional municipal services to our residents and business community.

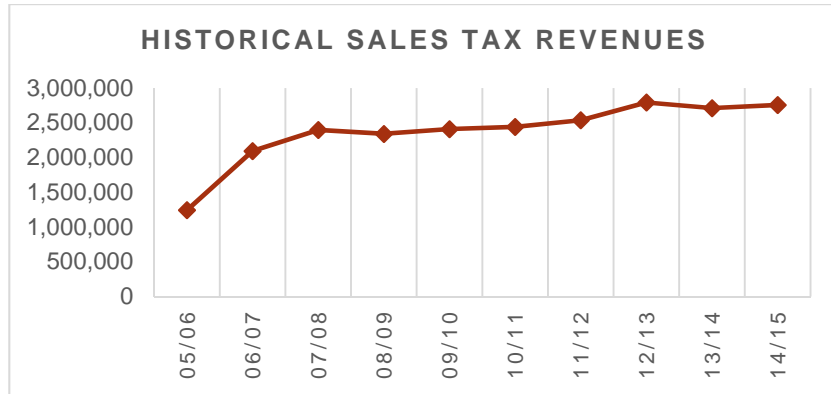
Over the past year, the City has slowly begun to rebound from the effects of the recession. Most hard hit was our housing economy. When the recession began, our community was experiencing high property values, which translated to high property tax revenues for the City.





Crossroads at Riverbank Shopping Center

Despite the decrease in the economy in cities surrounding Riverbank, in the State, and throughout the nation, sales tax experienced only slight decreases. Our strategically-placed Crossroads Shopping Center continued to provide the City with significant sales tax figures despite the failing economy, allowing the City to continue providing services to our residents.



Several key positive indicators in Riverbank's economy include the following:

- Renewed Development Interest:** There is renewed development interest which includes both commercial and residential development. New residential development is on the short-term horizon which would add additional homes to our City that would produce property tax revenue, and sales tax revenue from new residents purchasing in our city. Additional commercial development (known as Crossroads West) is currently in the preliminary planning stages and is slightly farther out in Riverbank's horizon.
- Decreasing Unemployment Rates:** During the peak of the recession, the unemployment rate in Riverbank reached a high of 18.1%. It has taken quite some time for the economy to recover and for residents to find new employment. Construction and manufacturing jobs have begun to increase allowing residents to find employment. This decrease in unemployment leads to consumers having surplus funds to spend in our City. The preliminary unemployment rate as of August 2015 is 8.4%.



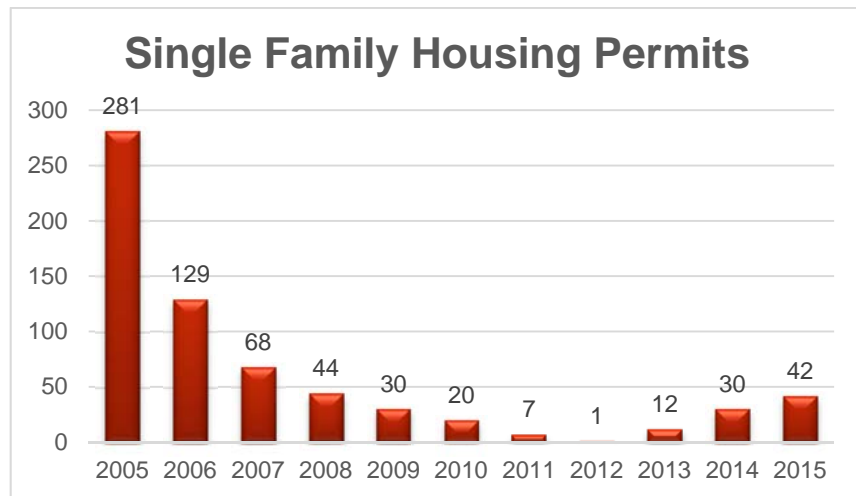


Crossroads Pad C



KB Homes

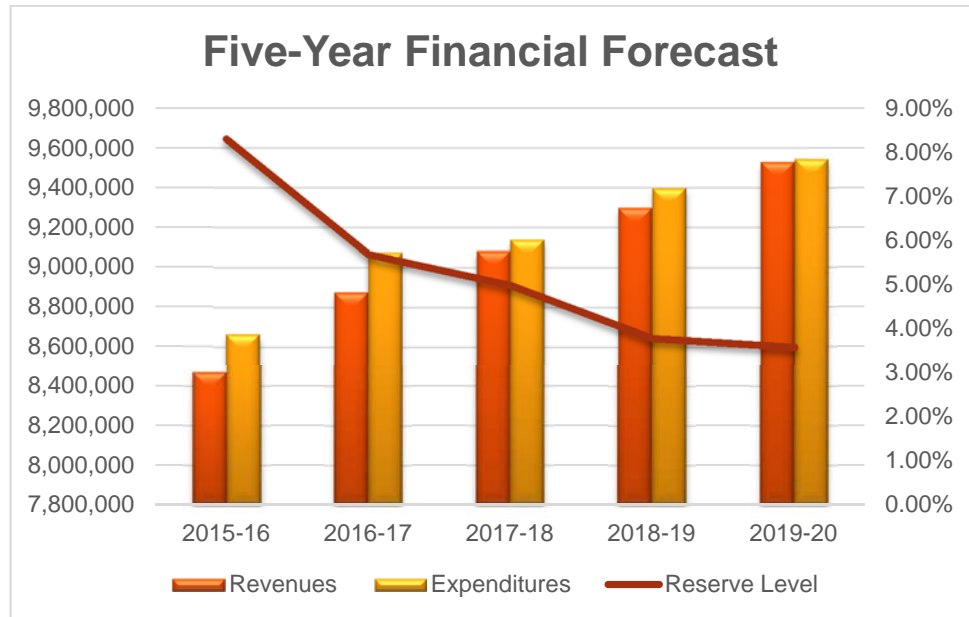
- Continuing Commercial Construction:** The Crossroads Shopping Center continues its infill construction of new retail and restaurant space. In the upcoming months, the City will see the opening of Panda Express, Dickey’s Barbeque, Chipotle, and AT&T. This will generate additional sales tax revenue for the City’s General Fund.
- Rebounding Housing Market & New Home Construction:** The rebound of the housing market from the recession has spearheaded new home construction within Riverbank. Calendar years 2014 and 2015 have seen an upswing in the issuance of new single-family home construction permits as KB Homes completes one of the final residential phases of the Crossroads community. This new home construction will lead to increased property values and result in property tax revenue increases to the City.



## Five-Year Financial Forecast

### The Next Five Years

Overall, although the next five years for the City of Riverbank continues to reflect the stabilization of Riverbank's revenues, General Fund expenditures continue to outpace this growth. These on-going structural deficits will lead to a significant decrease in the General Fund Reserve, which will remain at **below** the required 10% reserve level unless there are positive changes to the City's economic landscape. Over the next five years, the Reserve level is anticipated to range between a high of 8.3% to a low of 3.6%.



Quarterly monitoring during this time will be important in order to ensure that the Reserve levels do not continue to fall. A review of current operating expenditures, salary and benefits, and capital costs should be undertaken to determine any potential areas for cost savings.

Between fiscal years 2017-2020, an operating structural deficit of \$122,400 is anticipated. This structural deficit does not include proposed one-time capital expenditures of \$246,500.

Five-Year Structural Deficit Overview

<b>FY 2017-2020 Operating Revenues</b>	<b>\$36,785,300</b>
<b>FY 2017-2020 Operating Expenditures</b>	<b>\$36,907,700</b>
<b>Structural Deficit</b>	<b>\$122,400</b>

## General Fund Revenues

General Fund revenues over the past fiscal year have been steadily increasing. This trend is expected to continue in the upcoming five years. The economic drivers of low unemployment, robust business activity, and demand for residential and commercial property are resulting in increased tax receipts.

### Five-Year Revenue Estimates

Revenue and Other Sources	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Sales Tax	\$2,787,115	\$2,897,650	\$2,955,603	\$3,014,715	\$3,075,009
Property Tax	1,301,600	1,366,680	1,435,014	1,506,765	1,582,103
Property Tax in Lieu of VLF	1,624,800	1,657,296	1,690,442	1,724,251	1,758,736
PILOT	29,700	30,000	30,000	30,000	30,000
Real Property Transfer Tax	41,600	42,432	43,281	44,146	45,029
Other Taxes	28,800	29,532	30,283	31,054	31,846
<b>Subtotal: Taxes</b>	<b>5,813,615</b>	<b>6,023,590</b>	<b>6,184,623</b>	<b>6,350,931</b>	<b>6,522,723</b>
Franchise Fees	537,500	548,250	559,215	570,399	581,807
Grants	100,000	100,000	100,000	100,000	100,000
Police Service Fees	140,300	147,315	150,261	153,267	156,332
Building and Planning Fees	172,300	180,915	184,533	188,224	191,988
Other Revenue	179,500	189,389	190,010	190,636	191,269
<b>Subtotal: Non-Tax Revenue</b>	<b>1,129,600</b>	<b>1,165,869</b>	<b>1,184,019</b>	<b>1,202,526</b>	<b>1,221,396</b>
Operating Transfers In	1,527,000	1,686,060	1,714,520	1,743,794	1,785,295
<b>Total Sources of Funds</b>	<b>8,470,215</b>	<b>8,875,519</b>	<b>9,083,162</b>	<b>9,297,251</b>	<b>9,529,414</b>

The table above highlights the annual revenue estimates for this Forecast. Compared to FY 2015 actuals, FY 2016 revenues are estimated to decrease by approximately \$350,000 or 3.9%, primarily due to a decrease in one-time revenues such as grants and reimbursements. Based on the economic analysis presented in the previous section of this report, revenue estimates, which are primarily linked to the performance of the regional and local economy, are reflective

## General Fund Revenues

of increased consumer spending, continued rise in home prices, and new residential and commercial construction.

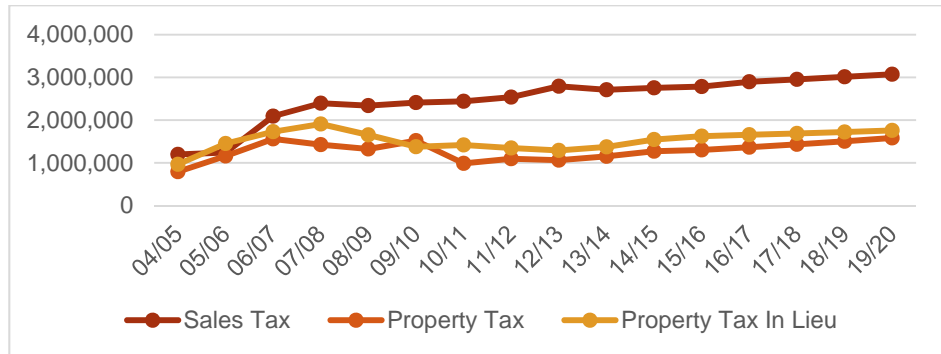
The table below illustrates the steady growth projected for the General Fund's revenue streams, by percentage, from FY 2016 through FY 2020.

Revenue and Other Sources	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Sales Tax	1.1%	4.0%	2.0%	2.0%	2.0%
Property Tax	2.1%	5.0%	5.0%	5.0%	5.0%
Property Tax in Lieu of VLF	5.0%	2.0%	2.0%	2.0%	2.0%
PILOT	-3.6%	1.0%	0.0%	0.0%	0.0%
Real Property Transfer Tax	-38.4%	2%	2.0%	2.0%	2.0%
Other Taxes	2.5%	2.5%	2.5%	2.5%	2.6%
<b>Subtotal: Taxes</b>	<b>1.5%</b>	<b>3.6%</b>	<b>2.7%</b>	<b>2.7%</b>	<b>2.7%</b>
Franchise Fees	-6.4%	2.0%	2.0%	2.0%	2.0%
Grants	-73.5%	0.0%	0.0%	0.0%	0.0%
Police Service Fees	10.4%	5%	2.0%	2.0%	2.0%
Building and Planning Fees	-21.4%	5.0%	2.0%	2.0%	2.0%
Other Revenue	-35.4%	5.5%	0.3%	0.3%	0.3%
<b>Subtotal: Non-Tax Revenue</b>	<b>-28.3%</b>	<b>3.2%</b>	<b>1.6%</b>	<b>1.6%</b>	<b>1.6%</b>
Operating Transfers In	1.4%	10.4%	1.7%	1.7%	2.4%
<b>Total Sources of Funds</b>	<b>-3.9%</b>	<b>4.8%</b>	<b>2.3%</b>	<b>2.4%</b>	<b>2.5%</b>

### Top Three General Fund Tax Revenues

The graph below depicts a historical and projected view of the three major General Fund tax revenues, including 10 years of actual revenue history and projections for FY 2016 - FY 2020. The City's top three revenue sources include Sales Tax, Property Tax, and Property Tax in Lieu of VLF.

## General Fund Revenues



The following section is a detailed discussion of General Fund tax revenue and other major revenue sources by category.

### Sales Tax

Sales tax within the City of Riverbank has been steadily increasing over the past 10 years. Despite the recession sales tax continued to grow as the Crossroads Shopping Center, the Riverbank Industrial Complex and other commercial development continued to occur within the City limits. The next five years continues this trend as commercial development expands with new retail and restaurants. In addition, the Galaxy Theater is making a significant investment with the addition of an IMAX Theater. It is anticipated that the theater will draw additional visitors to Riverbank who will support local restaurants and stores thus generating additional sales tax. Factors that may affect sales tax in the future is the potential growth of retail internet sales which are anticipated to increase during the holiday season.



#### Sales Tax Revenue Estimates by Fiscal Year

Revenue	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
<b>Sales Tax</b>	\$2,787,115	\$2,897,650	\$2,955,603	\$3,014,715	\$3,075,009

The state has terminated its “Triple Flip” program resulting in the City receiving more timely payments of its sales tax receipts. This primarily affects cash flows, but may end up resulting in slightly better interest earnings for the General Fund.

### Property Tax

Since the “end” of the recession, property values have risen significantly. This increase has been caused by several sources including the reversal of Proposition 8 reductions by the County

Assessor’s Office and the renewed turnover in the single-family housing market. Estimates for the current 2015-16 Fiscal Year are based on the 2015/2016 Assessment Roll figures.

**Property Tax Revenue Estimates by Fiscal Year**

Revenue	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
<b>Property Tax</b>	1,301,600	1,366,680	1,435,014	1,506,765	1,582,103

**Property Tax In Lieu of Vehicle License Fees**

This revenue source accounts for the 1.35% Property Tax received from the State, which is in lieu of receiving the full 2% vehicle license fee. The State first began allocating this revenue source during the 2004-2005 fiscal year. Because it is classified as a “property tax” the calculation of this revenue source is dependent on the assessed values of the properties located within the City. Similar to the property tax estimates discussed above, this revenue source will continue to grow based on assessed values.

**Property Tax in Lieu Revenue Estimates by Fiscal Year**

Revenue	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
<b>Property Tax in Lieu of VLF</b>	1,624,800	1,657,296	1,690,442	1,724,251	1,758,736

**Franchise Fees**

Franchise fees are collected from solid waste, electric, gas, telephone, and cable service providers operating within City limits for the use of public right-of-way and property easements.

Over the past 10 years, the City has seen its franchise fee revenue increase by over 33%. Franchise fees collected from Gilton Solid Waste are based on a percentage of the billings collected from customers in the City. As the number of customers grow, so will the amount of franchise fees collected. In addition, a five-year rate increase (implemented in 2014) is also cause for an increase in franchise fees.



Franchise fees collected from electric, gas, and cable companies such as PG&E, MID, Charter, and AT&T have fluctuated based on the economy. These fees are assessed on users of these services and as the number of customers increases (or decreases as seen during the recession) the amount of revenues collected fluctuates. In the upcoming five years, it is anticipated that the

franchise fees collected will continue to grow as new residential and commercial development occurs and as solid waste rates increase.

**Franchise Fee Revenue Estimates by Fiscal Year**

Revenue	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
<b>Franchise Fees</b>	537,500	548,250	559,215	570,399	581,807

**Building and Planning Fees**



Building and Planning Fee revenue is highly dependent upon new development (residential and commercial) as well as on a resident’s disposable income and their willingness to invest in upgrades in their homes such as pools and, more recently, the installation of solar panels. Over the past fiscal year the City has experienced an increase in the issuance of single-family home permits, particularly for the KB Homes development and continued commercial growth. In addition, the issuance of solar permits has skyrocketed with over 300 permits issued over the past 2.5 years. In the future, it is anticipated that single-family home construction will increase with the development of Diamond Bar West and Hayes Development on the east side of Riverbank and the Monterosso development on Claus Rd.

**Building and Planning Fee Revenue Estimates by Fiscal Year**

Revenue	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
<b>Building and Planning Fees</b>	172,300	180,915	184,533	188,224	191,988

**Operating Transfers In**

Approximately 70% of this category is General fund administrative cost plan charges to the Enterprise (Water and Sewer) and Internal Service Funds. The increase in charges that has been projected is attributable to increased salary and benefit costs. The forecast includes increases each year based primarily on assumed increases in benefits. No salary increases beyond those that have been currently negotiated (through Fiscal Year 2016-17) have been included. **Operating Transfers In Revenue Estimates by Fiscal Year**

Revenue	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
<b>Operating Transfers In</b>	1,527,000	1,686,060	1,714,520	1,743,794	1,785,295

**General Fund Expenditures**

As part of developing the 2015 Expenditure Forecast, the General Fund expenditure categories have been adjusted by updating major cost elements such as law enforcement services contract costs, salary and benefit costs, and legal settlement costs. One-time capital outlay costs have been removed in order to provide an accurate depiction of on-going annual costs. Proposed capital outlay will be discussed in the next section.

**Five-Year Operating Expenditure Forecast**

Expenditures and Other Uses	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Salary & Benefits	2,974,850	3,197,391	3,273,317	3,353,690	3,447,388
Operating Costs	1,533,350	1,594,830	1,577,274	1,662,282	1,638,482
Law Enforcement Contract	3,531,500	3,619,788	3,692,183	3,766,027	3,841,347
Housing Authority Assessment	23,000	23,460	23,929	24,408	24,896
Legal Settlement	0	0	87,000	87,000	87,000
ED Bank Loan	124,900	0	0	0	0
General Fund Subsidies (Operating Transfers Out)	443,000	456,051	466,880	475,851	487,233
<b>Total Use of Funds</b>	<b>8,630,600</b>	<b>8,891,520</b>	<b>9,120,583</b>	<b>9,369,258</b>	<b>9,526,346</b>

Expenditures	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Salary & Benefits	11.7%	7.5%	2.4%	2.5%	2.8%
Operating Costs	-25.6%	2.5%	2.0%	2.0%	2.0%
Law Enforcement Contract	2.3%	2.5%	2.0%	2.0%	2.0%
Housing Authority Assessment	2.0%	2.0%	2.0%	2.0%	2.0%
Legal Settlement	-100.0%	0.0%	100.0%	0.0%	0.0%
ED Bank Loan	24.9%	-100.0%	0.0%	0.0%	0.0%
General Fund Subsidies (Operating Transfers Out)	10.9%	2.9%	2.4%	1.9%	2.4%
<b>Total Use of Funds</b>	<b>4.0%</b>	<b>3.0%</b>	<b>2.6%</b>	<b>2.7%</b>	<b>1.7%</b>

**Salary and Benefits**

The table above depicts the salaries and benefit costs for the next five years. Over the Forecast period, we see significant increases in the first two years due to the negotiated labor contracts with the Miscellaneous Employees Unit, the Riverbank Mid-Management Employees Unit, and the Executive Management Team. In years three through five we see gradual cost increases based on anticipated increases to benefits. In the current fiscal year salaries and benefits represent 35% of the budget. Over the course of the Five-Year Forecast period, salaries and benefits are projected to increase by 15.9%. The following sections describe the assumed increases in salary and benefit costs.

**Salary**

The Forecast takes into consideration Salary Adjustments in accordance with applicable Memoranda of Understanding (MOU) between the City and its labor groups. The Forecast also assumes merit increases for all eligible employees as well as longevity pay based on existing MOU language. No other assumed general salary increases, other than those mentioned, have been included in this Forecast.

The programmed salary increases for FY 2016 and FY 2017 were approved by the City Council as a result of the meet-and-confer process with the City's labor groups. The City's current contracts with its labor groups will end as of June 30, 2017. Labor negotiations will commence in January 2017 in order to have a contract in place as of July 1, 2017.

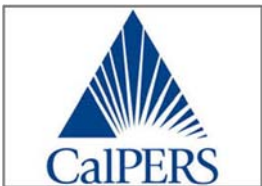
For Fiscal Years 2016 and 2017, the following Salary Adjustments were included:

<b>FY 2016</b>	1.5%
<b>FY 2017</b>	1.5%

**Benefits**

**Pension**

The Forecast includes the pension rates from CalPERS as of the June 30, 2013 valuation for the City's Miscellaneous Plan. These valuations take into consideration the CalPERS approved actuarial mortality assumption changes; the smoothing and amortization policies; as well as the initial set of employee who receive the Tier 3 or Public Employees' Pension Reform Act (PEPRA) pension benefit levels.



## General Fund Expenditures

As shown in the table below, the FY 2017 pension contribution rates for the three Miscellaneous Plans increased from the current fiscal year (2016).

Pension Plan	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
<b>Tier I</b>	16.113%	18.113%	20.130%	22.130%	24.130%
<b>Tier II</b>	6.709%	9.000%	10.000%	11.000%	12.000%
<b>Tier III (PEPRA)</b>	6.237%	7.250%	8.250%	9.250%	10.250%

The table below reflects the unfunded pension liability and funding status for the Miscellaneous plans. The funding status has improved slightly for the Tier I and Tier II Plans, whereas the Tier III (PEPRA) Plan reflects a super-funded ratio (over 100%) due to investment returns made and the lack of employees who have retired under this Tier. Overall, the City's combined Unfunded Liability stands at approximately \$3.4 million, with the majority of the liability pertaining to Tier I employees. CalPERS has begun to collect for this unfunded liability at an approximate cost of \$250,000 per year. The Finance Department allocates a percentage of this cost to each employee within the Tier I pension plan. As employees retire from the Tier I plan this cost is spread amongst a smaller pool of employees, thus increasing costs.

	Tier I		Tier II		Tier III (PEPRA)	
	06/30/2012	06/30/2013	06/30/2012	06/30/2013	06/30/2012	06/30/2013
<b>1. Present Value of Projected Benefits</b>	18,917,801	19,825,527	376,729	631,903	0	35,679
<b>2. Normal Accrued Liability</b>	15,897,879	16,961,885	10,591	67,870	0	139
<b>3. Market Value of Assets</b>	11,995,358	13,532,299	8,453	57,225	0	186
<b>4. Unfunded Liability [(2)-(3)]</b>	3,902,521	3,429,586	2,138	10,645	0	(47)
<b>5. Funded Ratio [(3)/(2)]</b>	75.5%	79.8%	79.8%	84.3%	0%	133.8%

### Healthcare

The City receives medical insurance benefits under the San Joaquin Valley Insurance Association, which is a consortium of various cities. Currently, the City's contribution towards medical costs for all full-time employees is 100% for both the HMO and HSA plans. The Forecast assumes that this contribution level will continue through FY 2020. An annual health care cost inflator of 7% has been included in the forecast.

### Operating (Non-Staffing Costs)

This category includes general operating expenditures such as costs for travel and meetings, telephone, city utilities, as well as office supplies and materials. Election costs are an operating expense that has been added during the Fiscal Years 2017 and 2019. These election costs assume a transition from at-large elections to district elections. A determination on this transition to district elections may be made as early as November 2016. Over the five year forecast, operating expenses are projected to increase by 6.9%.

### Law Enforcement Contract

Since 1995, the Riverbank has contracted with the County of Stanislaus to perform law enforcement services. The current contract runs through June 30, 2020. The contract currently funds 18 sworn positions (including the Chief of Police) and 4 non-sworn positions. A 2.5% annual growth inflator has been included in the budget FY 2016-17 budget with subsequent 2% increases in the years thereafter. These increases take into consideration negotiated adjustments to labor contracts negotiated with Sheriff Department labor groups.



Currently, the City does not compensate the County for administrative costs such as property and records management, crime scene identification, administration, information technology, background checks, internal affairs, human resources, payroll, financial and specialized training. Although the County is not at this time requesting the City to pay administrative costs, the County anticipates budgeting issues may require it to capture those additional costs in the future.

### Legal Settlement

Legal settlement costs reflected in the Forecast are the result of the judgment for the *Barham Construction, Inc. Et. Al. v. City of Riverbank* (Superior Court Case No. 350298). The judgment called for the City to pay \$622,857.16 to Barham Construction. The City has submitted its request to pay this judgment over the course of 10 years (at a 7% interest rate). Should this request be approved, the City would be making annual payments of approximately \$87,000 annually for 10 years. The City currently has funds in the System Development Fee Parks & Recreation Fund and in the General Liability Internal Fund which were reserved for this particular matter. These funds are sufficient to make payments in FY 2016 and FY 2017. The Forecast reflects that General Fund revenues will need to be used to make payments beginning in FY 2018 and forward with payments ending in FY 2025.

**General Fund Subsidies (Operating Transfers Out)**

The General Fund currently subsidizes two funds: Recreation (134) and Neighborhood Improvement (117). Although these funds generate revenue (i.e. Pool Revenue, Contract Program Revenue, Fines, and Abandoned Vehicle Abatement Fees) these revenues are not sufficient to cover the operating costs to run the various programs. Annual increases to these subsidies include salary and benefit adjustments for the staff within these departments. In addition, the General Fund provides a subsidy of approximately \$15,000 to the Community Center Fund (118) for costs associated with rental fee waivers.

**Future Operating Costs to Consider**

The Forecast has taken into consideration “known” costs that currently affect the City’s budget. Future items to take into consideration include the following:

- Storm Drain related expenditures as a result of the City’s MS4 Permit
- Costs associated with the expansion of the Riverbank’s Sphere of Influence
- Legal Expenses
- Sheriff Department Administrative Costs



## Capital Outlay

### Proposed Capital Expenditures

Capital expenditures over the next five years were limited to those immediately necessary. The City makes annual on-going capital outlay allocations in the amount of \$12,000 for computer upgrades and park playground equipment. This forecast has also considered the funding of a four-year program to replace old HVAC systems throughout our City buildings as well as the replacement of the pool heater as follows:

Fiscal Year	Capital Outlay	Projects
<b>2016</b>	\$34,000	Finance Software Storm Drain Property Purchase
<b>2017</b>	\$183,500	7 <sup>th</sup> Street Storm Drain Repair HVAC-Museum Pool Heater
<b>2018</b>	\$17,500	HVAC-Police Services
<b>2019</b>	\$28,000	HVAC-Community Center
<b>2020</b>	\$17,500	HVAC-Police Services
<b>Five-Year Total</b>	<b>\$280,500</b>	

Funding for these items is requested to be made via the General Fund Reserve.

### Capital Items Not Included

Not included within this Forecast are costs associated with the following capital projects:

- Rehabilitation and upgrades to the Community Center
- Rehabilitation of the Pool Locker Rooms
- ADA Improvements as per the City’s Draft ADA Transition Plan



Seventh Street Storm Drain Repairs

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## Conclusion

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### Summary

Despite operating revenues that continue to reflect increases due to the recovering economy, operating expenditures continue to outpace these increasing revenues. This will require the City to continue to review its operations and service delivery options in an effort to decrease on-going expenditures. The City will need to review its cost recovery levels for services currently provided to the community, particularly in the Building Division. In addition, the City will need to review future salary and benefit levels for all employee bargaining units. This will help ensure the on-going sustainability of the City's General Fund.

In order to continue to provide exceptional municipal services, the City will also need to increase revenues over time. While the situation is challenging the City of Riverbank has more options than most with the opportunity to encourage the fulfillment of the following economic development potential throughout the City consistent with the City's Strategic Plan:

- Continue to work with the private development team throughout the processing of the application for the project known as Crossroads West, which includes plans for additional retail and housing opportunities with a proposed annexation of land just outside the City's southwestern limits at Oakdale and Claribel Roads.
- Encourage private investment in the downtown specific plan area and the Paterson Road commercial corridor to leverage the success of the Galaxy Theater and the potential associated with the future redevelopment of the Cannery site.
- Proceed with the work related to the expansion of the City's planning sphere of influence at the south easterly border to facilitate compatible industry with the existing Riverbank Industrial Complex and maximize the enhanced connectivity potential of the proposed North County Corridor, which would require an expansion of the City's planning sphere of influence outside of the City's existing limits to the southeast.

Over the next three months, staff will continue to monitor revenue sources as well as update expenditures, as applicable, based on newly available information. This updated information will be reflected in the FY 2016 Mid-Year Budget Review which will be presented to the City Council in February 2016.

*“The City of Riverbank will be recognized as a premier community where individuals, families, and businesses thrive in a safe and beautiful environment”*

*City of Riverbank*

*Vision Statement*





# City of Riverbank

## 1<sup>st</sup> Quarter Financial Status Report – Fiscal Year 2015-2016

As of September 30, 2015

### CURRENT FINANCIAL CONDITION

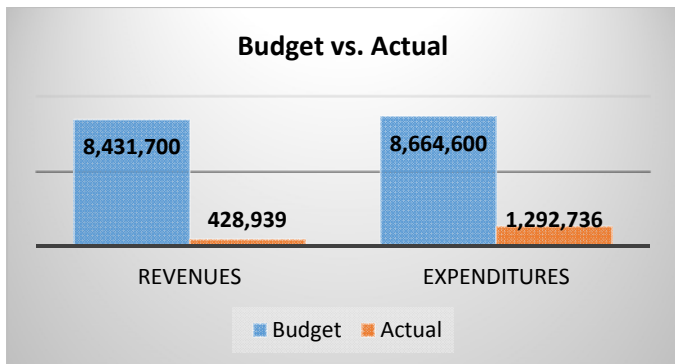
The City's fiscal condition as of the end of the 1<sup>st</sup> quarter has been historically precarious. General Fund revenue sources are currently on target to meet or exceed budget projections but timing differences in the receipt of certain revenue sources affect the quarter ending balances. In those cases where revenues will be anticipated to be less than budgeted, reduced expenditures will be required in order to result in positive reserve balances by year-end. Expenditures in all funds are currently less than the anticipated 25% that is to be expected after the end of the 1<sup>st</sup> quarter.

The approved Sewer and Water Rate increases will have a positive impact on revenues. An updated projection will be provided during the preparation of the mid-year budget.

### GENERAL FUND


The City's General Fund is currently experiencing an operating deficit with actual revenues received of \$430,459 or 5.1% of the budgeted revenues. Several General Fund Revenues have timing differences and are not recorded as revenues until they are received. Expenditures of \$1,290,609 are at 14.9% of the budget, well below the expected 25% quarter-end level.


The ending Reserve as of June 30, 2016 is projected to end at \$668,716 or 7.93%, well below the required 10% established by the City Council. With this outlook, City Departments are asked to continue to be prudent in their spending in order to secure funds for the anticipated expenditure increases in FY 2016-17.




### GENERAL FUND REVENUES


Revenues by Category	Budget	YTD Actual	%
Property Taxes	2,983,600	19,229	0.6%
Sales Tax	2,748,600	202,401	7.4%
Franchise Fees	537,500	73,549	13.7%
Police Services	140,300	13,105	9.3%
Service Charges	56,100	33,348	59.4%
Permits & Licenses	222,300	73,414	33%
Other Taxes	42,900	0	0%
Intergovernmental	100,000	4,847	4.8%
Fines	31,500	5,309	16.8%
Interest	41,900	3,737	8.9%
Inter-fund Transfers	1,527,000	0	0%
<b>Total</b>	<b>8,431,700</b>	<b>428,939</b>	<b>5.1%</b>


➤ **Property Taxes:**  As of the end of the quarter, the City has received only Property Transfer Tax which is payable upon the sale of a home. Timing accounts for the lack of other property tax revenues received to date. One half of the City's property tax is received in the months of December and January. Property Tax revenue sources are highly dependent on property values which have continued to increase due to Prop 8 reversals by the County and increasing values due to home sales.


➤ **Sales Tax:**  Sales tax revenues to date are at 7.4% of the budgeted amount. Sales tax activity throughout the County and the State continues to rebound from the economic crisis that began in 2008. Revenues are received from the state and lags two months behind, which is why the account is currently under budget. Sales Tax is anticipated to be on budget.


➤ **Franchise Fees:**  Franchise Fees are collected on a monthly basis from Gilton Solid Waste for refuse collection services. The City also collects franchise fees from AT&T, Charter Communications, PG&E and MID. All franchise fees are based on consumer activity. The City has received 13.7% of budgeted revenues with fees received from Gilton. Fees collected from other utilities are typically received after quarter-end and after calendar year-end.


➤ **Police Services:**  Fees collected for citations issued by the Riverbank Police Services via Vehicle Releases and Parking Citations are at a stable level.


➤ **Service Charges:**  Fees charged for plan check services are currently over anticipated quarter-end levels. Fees in this category are only collected based on services requested by customers. Other service fees are lower than anticipated as of the quarter-end.


➤ **Permits & Licenses:**  Permits and licenses, primarily from building construction permits, are over budget as a result of new construction. The majority of the revenues within this category were received from the renewed new home construction in the Crossroads subdivision as well as commercial construction in the Crossroads Shopping Center. Building Permit fees are currently over budget with 43.6% of fees received in the first quarter. Other fees, such as business license fees, are received primarily in December and January when license renewals are distributed.

➤ **Other Taxes:**  Other tax revenues include unitary taxes, Motor Vehicle in Lieu taxes, Payment in Lieu of Taxes (PILOT), and SB 813 Supplemental taxes. To date no revenues from these sources have been received.

➤ **Intergovernmental:**  Revenues received in this category include the COPS allocation received from the State of \$100,000. COPS funds are allocated quarterly, after quarter-end.

➤ **Fines:**  Fines are applied bi-monthly to delinquent garbage bills. Fines for this fiscal year are at 16.8% of the anticipated budget with only one penalty billing having been processed during the quarter.

➤ **Interest Revenue:**  The City is receiving more revenue than prior fiscal years due to several new investments of surplus cash that were made. Interest revenue is received semi-annually based on the date of the investment.

➤ **Inter-Fund Transfers:**  Reimbursements received from other funds for salary expenditures allocated in the General Fund are processed twice a year during mid-year and end-of-year.

**GENERAL FUND EXPENDITURES** 

Expenditure by Type	Budget	YTD Actual	%
Salaries	1,971,200	435,451	22.1%
Benefits	1,003,650	216,817	21.6%
Supplies	399,250	152,354	38.2%
Contractual Services	4,684,100	445,187	9.5%
Utilities	117,400	24,004	20.4%
Capital Outlay	46,000	18,923	41.1%
Inter-fund Transfer	443,000	0	0%
<b>Total</b>	<b>8,664,600</b>	<b>\$1,292,736</b>	<b>14.9%</b>

Expenditure by Dept	Budget	YTD Actual	%
City Council	97,150	9,554	9.8%
City Manager	240,100	49,061	20.4%
Finance	700,400	162,053	23.1%
Legal Services	217,300	16,615	7.6%
Planning/Building	627,300	116,379	18.6%
Admin Services	684,100	140,838	20.6%
Police Services/CC	4,037,500	339,280	8.4%
Development Services	708,650	149,663	21.1%
Economic Dev.	134,900	140,304	104%
Bldg Main, Parks & Rec	1,217,200	168,989	13.9%
<b>Total</b>	<b>\$8,664,600</b>	<b>\$1,292,736</b>	<b>14.9%</b>

Total Expenditures are under the expected spending level with 14.9% of the budget expended. Several large expenditures, such as law enforcement services and legal expenditures, have not been billed for August and September which accounts for the departments being under the anticipated budget.

A mid-year adjustment will be made to reflect a revised beginning reserve for the fiscal year. This beginning reserve was calculated at the end of the closure of the FY 2014-15 financial records. This revision was positive with an additional \$44,166 in the beginning balance. The City's General Fund is anticipated to end with a 7.93% reserve as of June 30, 2016.

In the future, should revenues continue to remain stable (rather than increase), they will not be sufficient to compensate for increasing expenditures. In order to continue current service levels, the City must seek out additional revenue sources in order to avoid using reserve funds.

**General Fund** 

Working Capital	Budget	YTD Actual	%
Revenue	8,431,700	428,939	5.1%
Expenses	8,654,100	1,292,736	36%
Balance Start of Year	857,450	901,616	-----
<b>Balance, YTD</b>	<b>\$635,050</b>	<b>\$37,819</b>	<b>6.0%</b>



**ENTERPRISE FUNDS**

Enterprise funds are designed so that user fees will be sufficient to recoup the operating and capital expenditures required to provide services to customers.

The following tables summarize the operating revenues, operating expenses, and changes in operating fund working capital for the Water and Sewer enterprise funds.

**Water Fund** 

Working Capital	Budget	YTD Actual	%
Revenue	1,756,700	349,127	21%
Expenses			
Operating	1,753,700	260,031	15%
Reserve Start of Year	1,158,900	1,158,900	-----
<b>Reserve, YTD</b>	<b>\$1,161,900</b>	<b>\$1,247,996</b>	<b>71%</b>

Water Fund year-to-date revenues are near the anticipated budget with 19.9% of the budget having been received as of the end of the first quarter.

Expense levels are at 15% of the budget. This is due to prudent spending practices of the Water Division. The Water Fund was anticipated to end the fiscal year with a 61% reserve as of the preparation of the final budget in June.

After a successful Proposition 218 process, on November 21, 2015 new water rates will become effective. Finance will re-evaluate the budget based on revised revenue and expenses incorporated into the water rate forecast. Mid-year revisions will be proposed as appropriate.

**Sewer Fund** 

Working Capital	Budget	YTD Actual	%
Revenue	2,148,300	328,072	15%
Expenses			
Operating	2,331,300	292,340	13%
Reserve Start of Year	570,100	570,100	-----
<b>Reserve, YTD</b>	<b>\$387,100</b>	<b>\$605,832</b>	<b>28%</b>

Sewer Fund revenues to date are at 15% of the anticipated budget. Sewer fund expenditures are currently under budget with 13% expended as of the end of the quarter.

The Sewer Fund will also experience an increase in rates on November 21, 2015 as a result of the Proposition 218 process. Finance will re-evaluate the budget based on the revised revenue estimates and proposed projects for the fiscal year.

**SPECIAL REVENUE FUNDS**

Special Revenue Funds are funds that are legally restricted either through law or through bond covenants. These funds must be tracked separately from other City funds and may only be used for the specific purpose dictated in the law.

**Gas Tax Fund** 

Working Capital	Budget	YTD Actual	%
Revenue	666,100	78,715	12%
Expenses			
Operating	840,000	132,638	16%
Reserve Start of Year	404,800	404,800	-----
<b>Reserve, YTD</b>	<b>\$230,900</b>	<b>\$350,877</b>	<b>53%</b>

Gas Tax revenues for the current fiscal year will be lower than the prior fiscal year due to changes in the gas tax rate paid by customers. Also affecting revenues are the development of fuel efficient vehicles and an increase in the purchase of electric vehicles by consumers. Revenues will be closely monitored in order to ensure that operations and maintenance of our streets and roads is able to be accomplished with existing funds.

**WHAT'S NEXT**

- **January 2016** – Staff to “kick-off” the FY 2016-17 budget preparation season.
- **February 2016** – Mid-Year Budget Review
- **May 2016** – 3<sup>rd</sup> Quarter Budget Review
- **May/June 2016** – City Council Budget Workshop
- **June 2016 – Public Hearing & Budget Adoption:** Regular City Council meeting to conduct a public hearing and formally adopt a preliminary operational budget for the 2016-17 fiscal year.

