

P-4: Tiered Budget Based on Forecast / P-6: Establish Base Year with Annual Inflation Thereafter

Overview

The following is a high level overview of the City's Budget process.

1. The City utilizes a baseline budget to start the budget process, in that the current year adjusted budget becomes the new budget. The budget is then adjusted based on the following:
 - Salary and Benefit increases
 - Projected contractor workload
 - Inflationary Factors – (i.e. increase in utility costs)
 - Contract proposals (Public Safety and MCE)
2. Next City Council initiatives and priorities are included. This can result in a myriad of increases, (i.e., staffing – adding a planner or contracted services, or adding a deputy).
3. Departments are then able to request additional funds that can include both one-time costs and/or new on-going costs.

The City's current practice for budgeting does not include any single inflationary factor. The Urban Consumers Price index for the San Francisco area has increased by an average of 2.8% over the past five years, while City revenues has increased by approximately 5.0%.

Within the Budget Document presents all new costs as well as a detailed description of all the assumptions and increase/decreases in costs and revenue are provided.

Items for Consideration – P-4

Recommend a tiered budget Policy Statement where actions should be taken when benchmarks are hit. Actions would correlate with the severity of the benchmarks hit.

Items for Consideration – P-6

Recommend the City tie budget increases to a general inflationary factor.

P-5 – Require Budget offsets for new/increased services

Overview

The City currently does not require new costs to be offset by the reduction of costs in another area. The City does ensure funding is currently available for any new costs and also incorporates those cost into the City's 10-year forecast. The effects of the additional cost in the years in which the City is running a deficit play a large role in determining whether a new cost is brought forward to the City Council. An example of this can be seen in the City's hiring of limited term staff when filling vacancies and the use of contractors instead of adding City staff.

Items for Consideration

Recommend a Policy Statement requiring that future cost of new/increased services are clearly identified for the City Council in Staff Reports and the Budget.

Recommend a Policy Statement requiring new costs are offset with cost reduction.

N-1: Downtown Renovation

Overview

The City Council set aside \$1 million in a General Fund reserve for Downtown Public Improvement projects. To date, the City has spent a portion of funds on Amador Plaza pedestrian improvements and Downtown Wi-Fi access.

The City Council recently approved a consultant to begin work on a Downtown Streetscape Master Plan. Funding for the consultant will come from this General Fund reserve. The costs associated with the public improvements will come from community benefit payments as a result of the Downtown Specific Plan Development Pool.

Items for Consideration

Recommend reallocating the remaining reserve funds.

Consider alternate uses of / ongoing contributions to this reserve.

P-1: Plan for Appropriate Police Services Growth/ P-2: Consider Non-Sworn Support

Overview

As part of the FY 2017-18 Budget, the City of Dublin added two Deputies to the Dublin Police Services, bringing the total allocated positions to 63.

City Support Staff	4
Contracted Positions	59

With the addition of the 2 deputies, the projected General Fund cost for Dublin Police Services over the next 8 years is:

	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
Police Contract	18,259,770	19,333,784	20,397,142	21,518,985
City Support	2,048,625	2,110,084	2,173,386	2,238,588
Total	20,308,395	21,443,868	22,570,528	23,757,573

	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
Police Contract	22,702,529	23,951,168	25,268,482	26,658,249
City Support	2,305,745	2,374,918	2,446,165	2,519,550
Total	25,008,275	26,326,086	27,714,648	29,177,799

All costs have been included into the City's Forecast.

The costs are based on the following assumptions:

- No new staff being added
- Contract costs increasing 5.9% in FY 2018-19 and 5.5% annually beginning FY 2019-20
- Support staff costs increasing 3% annually

In addition to the projected costs the City has set aside an additional \$1 million in a General Fund Reserve to provide future funding of four officers.

Non-Sworn Support

The City currently does not have Reserve Police or Volunteer Police, although the Sheriff's Department does utilize Non-Sworn support at various Dublin events.

Items for Consideration

Staff is providing this as an informational item.

E-4: Across the Board Reductions (1-5%)

Overview

The Task Force is exploring the impact of potential tiered cuts to all operating departments. Please note that any across the board reduction would include a reduction to the maintenance (MCE) budget and, therefore (E-4) Across the Board Reduction and (E-2) Decrease Park Maintenance Costs cannot be considered as separate savings.

The FY 2017-18 General Fund operating budget is \$74,786,921. Assuming all things being equal, if every department were to make a 1% - 5% reduction to their budget, the resulting savings would be:

Operating Budget (Total)	1%	2%	3%	4%	5%
\$74,786,920	747,869	1,495,738	2,243,608	2,991,477	3,3739,346

Due to Dublin's unique set-up, many of the services and associated costs are contracted out including Public Safety, the City's biggest expense. Therefore an across the board reduction to all departments is not possible and in some cases not practical. Reduction calculations should exclude Public Safety.

Operating Budget (w/o Public Safety)	1%	2%	3%	4%	5%
\$41,101,137	411,011	822,022	1,233,034	1,644,045	2,055,057

The City has three revenue generating Departments: Community Development, Parks and Community Services and Public Works. While each of these departments has the availability to cut costs, because they do generate revenue they, as a general rule, would not want to cut a cost that is revenue offset. To capture this, all costs that have revenue off-sets should be removed from the calculation.

Operating Budget (w/o Public Safety or revenue offsets)	1%	2%	3%	4%	5%
\$25,713,915	257,139	514,278	771,417	1,028,556	1,285,695

The remaining cost cuts would be borne by supporting departments. Preliminarily, should departments need to cut 1% or 2% from their budgets, this could be absorbed without reducing staff. Higher than 3% departmental reductions would require a reduction in Staff.

Items for Consideration

How could a tiered cost-cutting approach be used in actuality?