



FY 2024-25 Preliminary Budget Workshop with Presentation of Departmental Budget Priorities, Review of the City's Financial Challenges and Projected Structural Deficit, and the City's Budget Allocations by Department and Direction to Staff

*February 13, 2024 City Council Meeting*



# Department Presentations

## Request for One Deputy City Attorney Position

- Complex litigation cases require substantially more time to defend and respond to motions and discoveries, easily taking up all of the time of at least one attorney plus a full-time paralegal.
- Internal personnel investigations and disciplinary actions require careful and specialized legal guidance and assistance.
- Requests for legal services from other departments must be met to meet ongoing City operations.
- Projected cost = \$160,000 (with standard City employee benefits)

## Departmental Priorities for 2024/2025 In Support of Strategic Plan Goal D: Organization Effectiveness

### Fair Political Practices Commission (FPPC) Filings

- Transition to improved financial filing software

***Benefit:*** Simplified and improved experience for filers, greater efficiency for staff, ensure transparency through public access to information, robust customer service for filers.

***Cost:*** Approximately \$7,500 annual/ongoing expense. **(approximate \$2,400 increase over current software, which would be discontinued)**

### Code Publishing – Software / Platform Update / Document Hosting

- Transition to updated platform for online Folsom Municipal Code

***Benefit:*** Simplified and improved experience for users, new ability to track and connect historical legislation.

***Cost:*** Approximately \$12,000 initial cost, with approximately \$2,500 annual/ongoing expense. **(approximate \$1,000 annual increase over current contract)**

## In Support of Strategic Plan Goal D: Organization Effectiveness

### Staffing Needs

- Additional administrative staff needed to maintain increasing workload related to records management, particularly public records requests, contracts, and archival maintenance.
- Ongoing training and continued staff development to support succession planning.

### Elections Administration – November 5, 2024 General Municipal Election

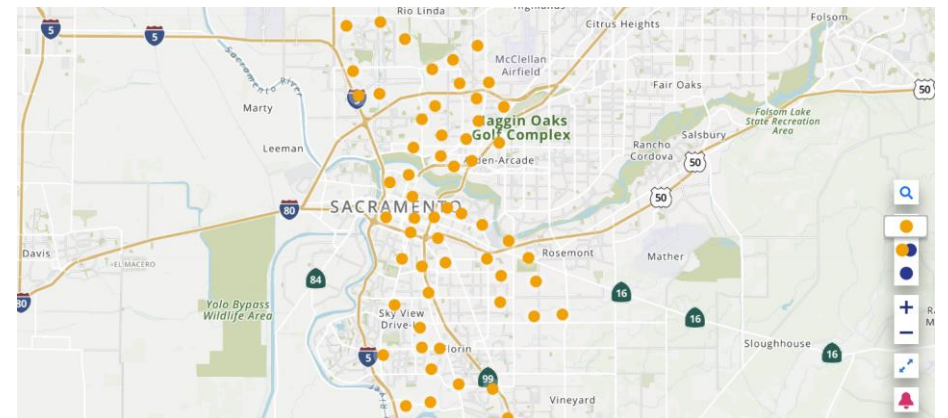
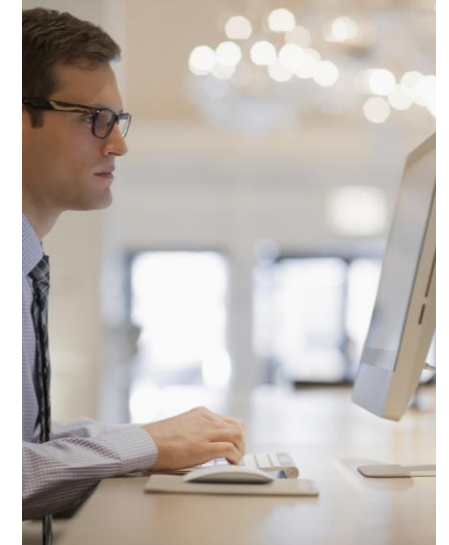
- Budgeting needs of approximately \$61,000 based on preliminary cost estimates from Sacramento County. *This amount may vary depending upon the number of items on the ballot.*
  - \$55,000 for two Council seats
  - potential cost of \$6,000 for ballot measure

# Community Development

Total Cost: ~\$260,000 annually.

## New Staffing and Technology Requests:

1. Conversion to Bluebeam Plan Check Software from ProjectDox
2. New permanent full-time Arborist
3. ComDev Cloud-Based Development and Permitting Software
4. New temporary part-time Records Clerk
5. Agency Counter Software



## New Staffing & Technology Requests

1. Conversion to Bluebeam Plan Check Software from ProjectDox
  - Our current ProjectDox plan check system has end of life in 2025, when it will no longer be supported by the company without upgrading to a much more expensive version. Bluebeam is the preferred and less costly plan check replacement software. Total One-Time Installation Cost: \$23,000; Annual Net Cost = \$7,000 (Server/IT support eliminated).
2. Arborist (New Permanent Full-Time Position)
  - Given the ongoing increased workload for the city's only Urban Forester, we're requesting a new second full-time arborist position to help with the review of all landscape plans and tree permits and to help implement the city's tree policies and programs. Annual cost ~\$140,000 for salary and benefits (replacing temporary part-time arborist contract).
3. ComDev Cloud-Based Development and Permitting Software
  - Upgrading the system from our current server to the cloud will improve services to our customers by allowing outside contract plan check and inspections personnel to access and utilize our system for maximum efficiency and transparency. Total One-Time Installation Cost: \$53,000; Annual Net Cost = \$71,000 (Server/IT support eliminated).

## New Staffing & Technology Requests

### 4. Records Clerk (New Temporary Part Time Position)

- Given ongoing increased public record requests and backlog of scanning and organizing permanent records, we're requesting a new temporary part-time Records Clerk position at a one-time cost of \$25,000 (24 hours a week at a cost of up to \$25/hour).

### 5. Agency Counter Software

- This new software will improve transparency and public access to current permit and project information with a modern, mobile-friendly, web-based mapping service. Ties into Department's ComDev system and updates information daily. Total One-Time Installation Cost: \$25,000; Annual Net Cost = \$40,000 (Server/IT support eliminated, reduces record request).



# Community Development



## Unfunded Requests for FY24-25

CDD Budget Requests (in Priority Order)	First Year Cost	Ongoing Cost
Conversion to Bluebeam Plan Check from ProjectDox	\$23,000	\$7,000
New Permanent Full-Time Arborist	\$140,000	\$140,000
ComDev Cloud-Based Development and Permitting Software	\$53,000	\$71,000
New Temporary Part-Time Records Clerk	\$25,000	
Agency Counter Software	\$25,000	\$40,000
<b>Total</b>	<b>\$266,000</b>	<b>\$258,000</b>



# Fire Department



## Proposed Level of Service Priority List

- |  |  |
|--|--|
| <b>1. Division Chief – Training</b>            | <b>\$335,851</b> (salary & benefits)   |
| <b>2. Nine Firefighters (E35)</b>              | <b>\$1,557,369</b> (salary & benefits) |
| <b>3. Battalion Chief – Administrative</b>     | <b>\$297,843</b> (salary & benefits)   |
| <b>4. Six Firefighters (M34)</b>               | <b>\$1,038,246</b> (salary & benefits) |
| <b>5. Two Type 1 Engines</b>                   | <b>\$2,646,520</b>                     |
| <b>6. Fire Prevention Officer</b>              | <b>\$123,272</b> (salary & benefits)   |
| <b>7. Cardiac Monitors (4)</b>                 | <b>\$162,734</b>                       |
| <b>8. Fire Station 33 Architectural Design</b> | <b>\$130,000</b>                       |



# Fire Department



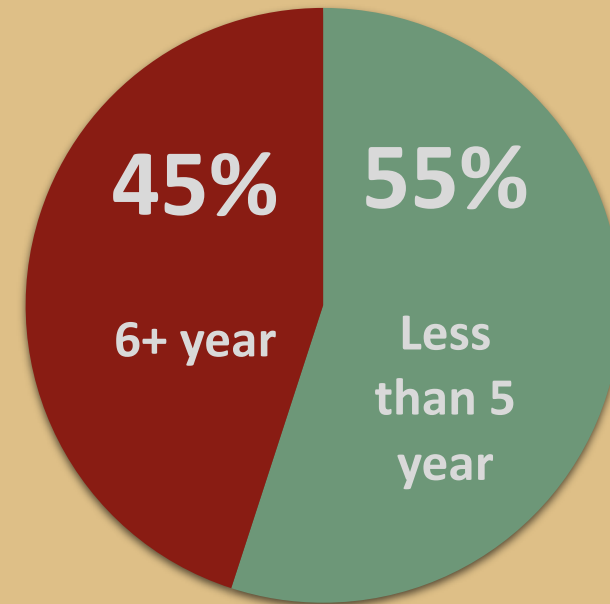
## Division Chief – Training

**(Previously Requested 22/23, 23/24)**

The Training Division Chief involves administrative and supervisory work that includes researching, planning, developing, and coordinating the training of all Folsom Fire Department personnel and ensuring compliance with state and federal guidelines and rules.

**\$335,851** (salary & benefits)

### Years Experience





# Fire Department



## **Nine Firefighters (E35)**

**(Previously Requested 22/23, 23/24)**

**\$1,557,369** (salary & benefits)

To staff Engine 35 at Station 35. There are currently no apparatus with fire suppression capabilities within Station 35's response area in the event of a fire.



## **Six Firefighters (M34)**

To staff Medic 34 at Station 34. Provides additional ambulance services to the community.

**\$1,038,246** (salary & benefits)





# Fire Department



## **Battalion Chief – Admin.**      **\$297,843** (salary & benefits) (Previously Requested 22/23, 23/24)

The Administrative Battalion Chief position is for succession planning in the administrative roles of the Division Chief to supplement the oversight of Training, EMS, and Operations.

Four of the six Chief Officers are currently eligible for retirement.



# Fire Department



## Two Type 1 Engines

(Previously Requested 22/23)

Prices have increased dramatically over the last five years and delivery dates have exceeded a three to four year wait time.

Replace E37 and add E35.

**\$2,646,520**





# Fire Department



## **Fire Prevention Officer**

**(Previously Requested 23/24)**

**\$123,272** (salary & benefits)

The Fire Prevention Officer position provides assistance within the Prevention Division to complete state mandated inspections, annual life-safety inspections, and risk reduction for the community.



# Fire Department



## Cardiac Monitors (4)

**\$162,734**

Cardiac Monitors are relied on to provide advanced life support (ALS). Opening Fire Station 34 will require one cardiac monitor for Engine 34, while the additional three monitors will be utilized as backup replacements over the next three years for the department.





# Fire Department



## Fire Station 33

### Design Development & Review

**\$130,000**

Initiate the preliminary architectural design concept phase and plan development during Fiscal Year 2024/25.

Anticipate Fiscal Year 2025/26 continued architectural design and submittal of plans for construction the following fiscal year (2026/27).



# Fire Department



# Estimated cost of the additional FY 2024-25 Proposed Level of Services **\$5,151,401**

Tentative List of additional Proposed Level of Services for FY 2024-25

Battalion Chief EMS	Thermal Imaging Cameras	10 Mattresses	Tethered Aerial Drone	Exterior Paint (ST 35, 36, & 37)
Administrative Assistant	MCT Conversion to iPad	Gas Detector Equipment	Equipment/PPE Decon Machine	SCBA Compressor (ST 34)
Deputy Chief Operations	Departmental Supplies Budget Increase	Multiband Portable 800mhz Radios	PPE Inspection	Fuel System Upgrade (ST 35)
9 Additional FF (OT reduction)	Equipment Maintenance Budget Increase	SRT Tech Rescue Compliment	2 Full Size 4WD SUVs	Admin Security Cameras (ST 35)
Mechanic II	Small Equipment Budget Increase	Wildland Nozzle Replacement	Type 3 Engine	Key Card Access (ST 35)
Inventory Clerk	Training & Education Budget Increase	Stormstick Scene Decon Stick	Staff Passenger Van	Administrative Office
Division Chief Prevention	Fitness Equipment	Boat Sonar (ST 35 & ST 36)	Stake Side Truck (with lift gate)	Fence and Gate (ST 36)
Admin. Assistant Reclassification	10 Battery Powered Scene Lights	4 Laptop Computers	Storage Facility	HVAC Repair (ST 37)

## New Staff Request: **(1) Human Resources Technician**

	Salary	Benefits	Total
<b>HR Technician</b>	\$79,782	\$59,837	<b>\$139,619</b>

Current HR Department: 6 employees

- (1) HR Director
- (2) HR Analysts
- (2) HR Technicians
- (1) Administrative Assistant

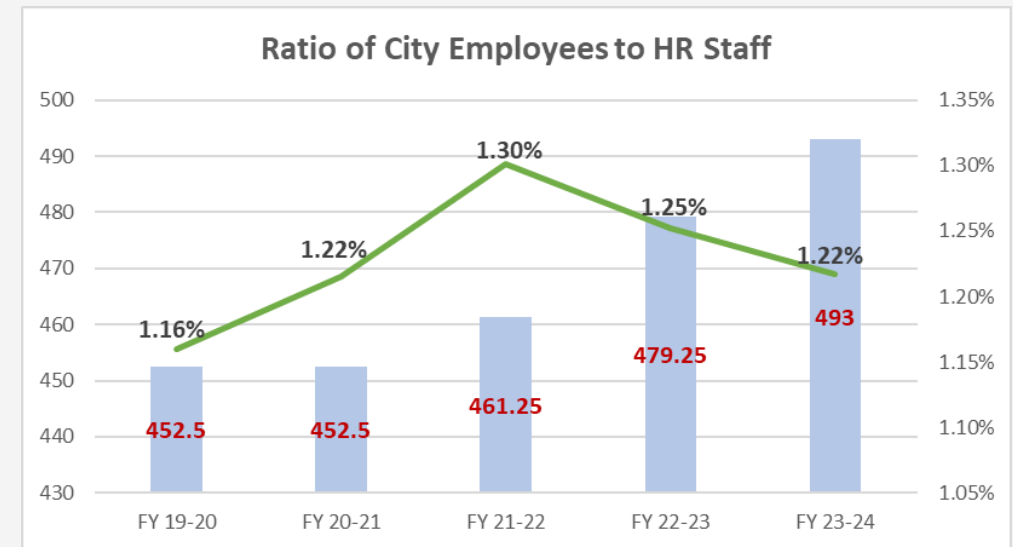
### Main Functions of the HR Department

- Recruitment and Talent Acquisition
- Performance Management
- Employee and Labor Relations
- Classification, Compensation, and Benefits
- Workers' Compensation and Disability Leaves
- Safety and Risk Management
- Training and Development

## New Staff Request: **(1) Human Resources Technician** 5 previous Fiscal Years

- Upward trend in city-wide staffing levels.
- Upward trend in the workforce eligible for retiree medical insurance.
- Increase of City Employee per HR staff.

	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24
# of HR Staff	5.25	5.50	6.00	6.00	6.00
# of Budgeted Positions	452.50	452.50	461.25	479.25	493.00
# of Retirees w/Med. Ins.	337	354	369	383	422
<b>TOTAL</b>	789.50	806.50	830.25	862.25	915.00
<b>Year-over-Year Increase</b>		<b>+17.00</b>	<b>+23.75</b>	<b>+32.00</b>	<b>+52.75</b>





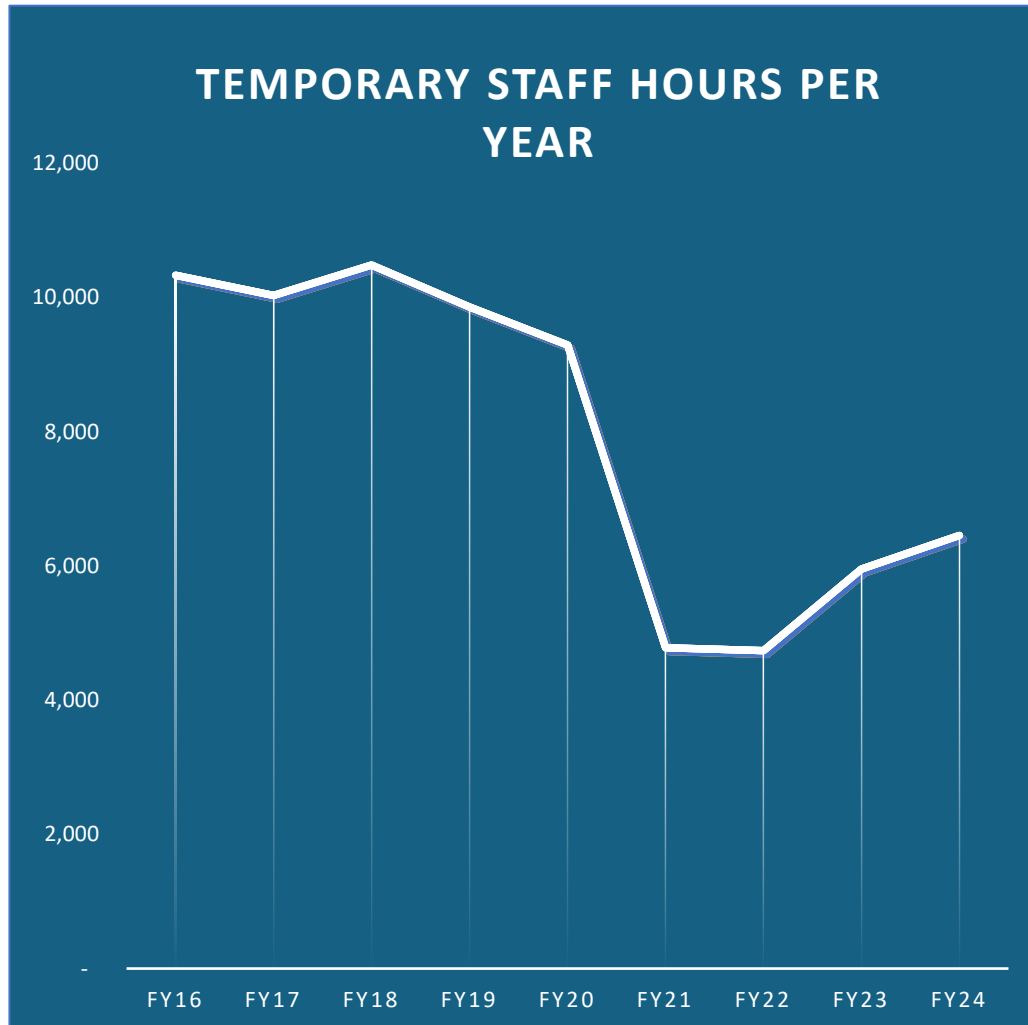
## Replace Lighting Control System

- The Library's lighting control system has begun to fail. Some circuits have already failed and have been hardwired to stay permanently on, signaling the impending demise of the remaining circuits.
- Estimated cost: \$30,000



## Replace HVAC Control System

- The Library's HVAC controller is no longer functioning correctly. Some zones no longer receive or can adjust their airflow, and the system as a whole has difficulty balancing airflow across the building.
- Estimated cost: \$20,000



## Reopen Library to 6 Days of Service (Repeat)

- Staff is seeking the restoration of the library's on-call funding to pre-pandemic levels, enabling it to reopen for 6 days per week.
- Estimated additional annual cost: \$40,000/year



## Replace aging wallpaper (repeat)

- After more than 16 years, the library's wallpaper has become discolored, stained, scuffed, and is peeling.
- Staff request replacing wallpaper and adding a new Giving Tree feature for donors.
- Estimated cost: \$50,000





## Replace Malfunctioning Doors

- The Library's main sliding doors malfunction in wet or very hot temperatures, causing hazardous conditions and reducing accessibility.
- When they are operating correctly, the closed doors leave a sizeable gap along their edges, allowing weather and vermin into the library.
- Estimated cost: \$50,000



## Repair Aging Infrastructure (Repeat)

- Replace restroom sensors & fixtures: \$20,000
- Convert fluorescent to LED lighting: \$200,000

## Begin to save for...

- Plan to repair exterior stucco.
- Plan to replace existing HVAC units.
- Plan to replace roof.
- Plan for the unexpected.

## **Information Systems:**

Information Systems Technician Position- \$126,000

Network Storage Refresh - \$70,000

Microsoft Office Contract Increase - \$40,000

## **Finance:**

GASB 96 Accounting Software - \$25,000



## Kids Play Park

- The play structure at Kid's Play Park was installed in 1996 as part of a community-supported build project.
- The structure has reached the end of its effective useful life.
- If not replaced soon, it will need to be taken out of service.

**Kid's Play Year 1 Request:  
\$450,000**

# Parks and Recreation



## Park Renovation 12 Parks Poor – Very Poor

### Lembi/Lions City Park

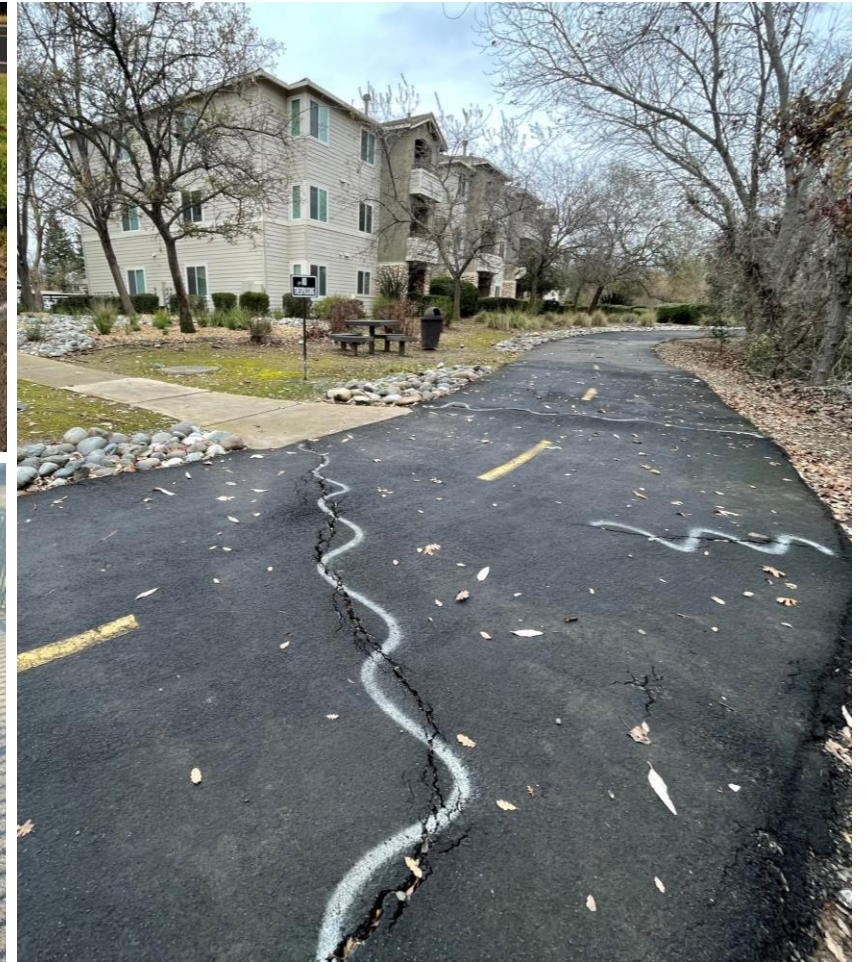
- The site furnishings, benches, tables, and pavilion lighting
- The baseball and softball fields require renovation.
- Playground Structure.

**Other Parks Renovation  
Funding Year 1 Request:  
\$880,000**

## Trail Maintenance

- Over 100 trail lifts needing \$2.5M in safety repairs.
- Every year we postpone, the situation gets worse. New issues develop, and the cost of repairs escalates.
- Repairs need to be completed by experts in the field for liability and insurance reasons.

**Year 1 Request: \$860,000**



## Landscape Maintenance Contract Funding

- In the past 10-15 years, the number of acres of parkland and open space maintained has doubled.
- Costs of goods and services continue to rise, while the expectation for the level of maintenance remains the same.
- If not funded, parks and trails will rapidly fall into a state of disrepair.

**Year 1 Request: \$853,000**

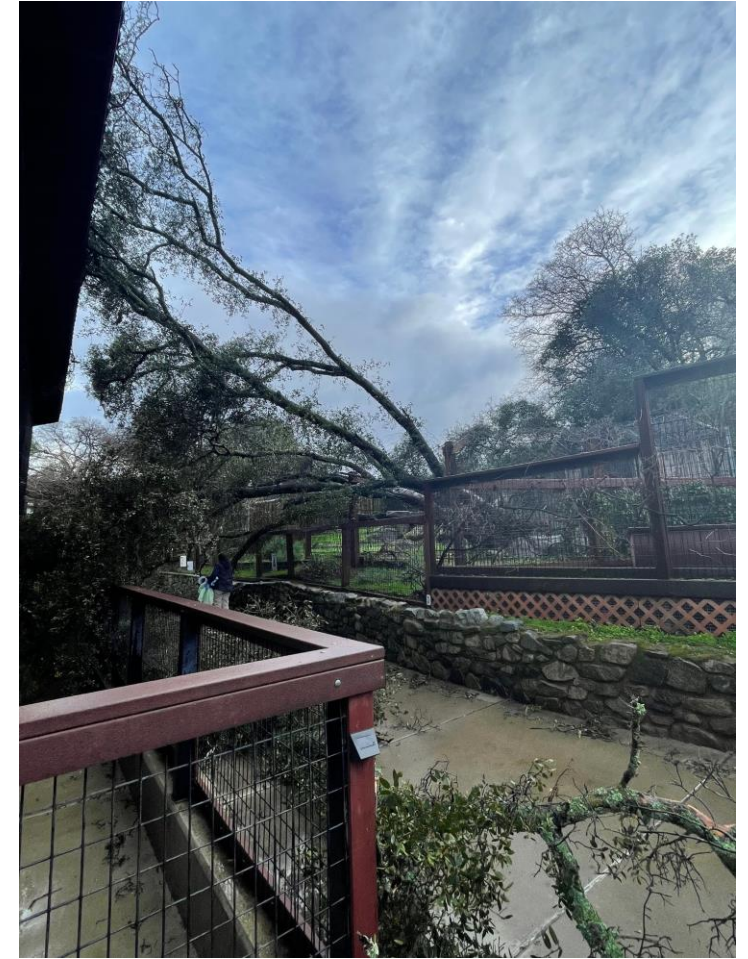




## Hazard Tree Mitigation

- Each year, tree limbs fall on walking paths, near parking lots, and on private fencing and structures.
- Routine pruning will minimize branch failures in adverse weather conditions.

**Year 1 Request: \$160,000**







## Irrigation Controllers

- 20 park locations were built pre-2000 irrigation controllers.
- New irrigation controllers will reduce staff time and create water use efficiencies.

**One-Time Request: \$558,000**

# Parks and Recreation

## Folsom Plan Area Positions

Park Planner II

Sr. Maintenance Worker

Maintenance Worker (x2)

Recreation Coordinator II

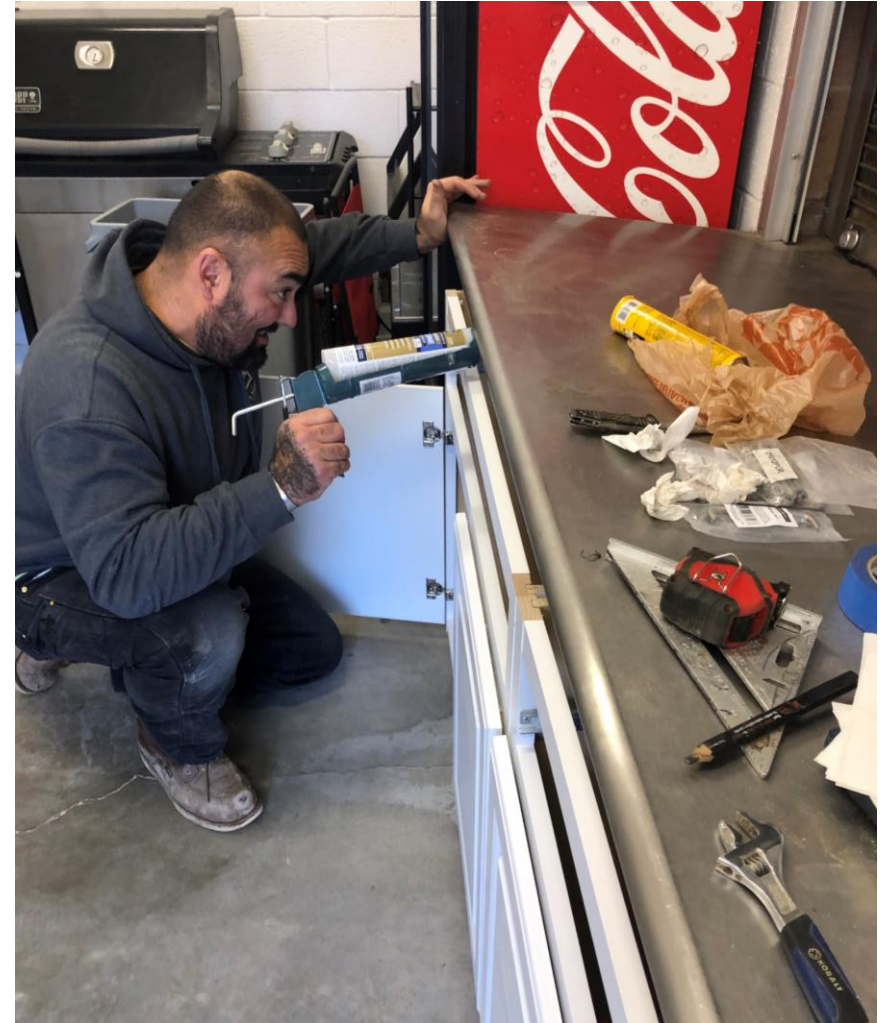
**Total Request: \$564,000 in salaries & benefits**



## Building Maintenance Positions

Building Trades Worker I

**Total Request: \$94,000 in salaries & benefits**



## Community Center

- Kitchen equipment, HVAC and tables and chairs are original to the Community Center (1991).
- Tables and chairs are showing significant signs of wear and damage.
- Some kitchen equipment is not repairable. Some existing equipment is no longer needed in modern commercial kitchens.

**HVAC One-Time Request: \$1.5M**

**Kitchen Equipment, Tables & Chairs One-Time Request: \$603,000**



## Other Facility Renovations

25+ Community & City Owned Facilities

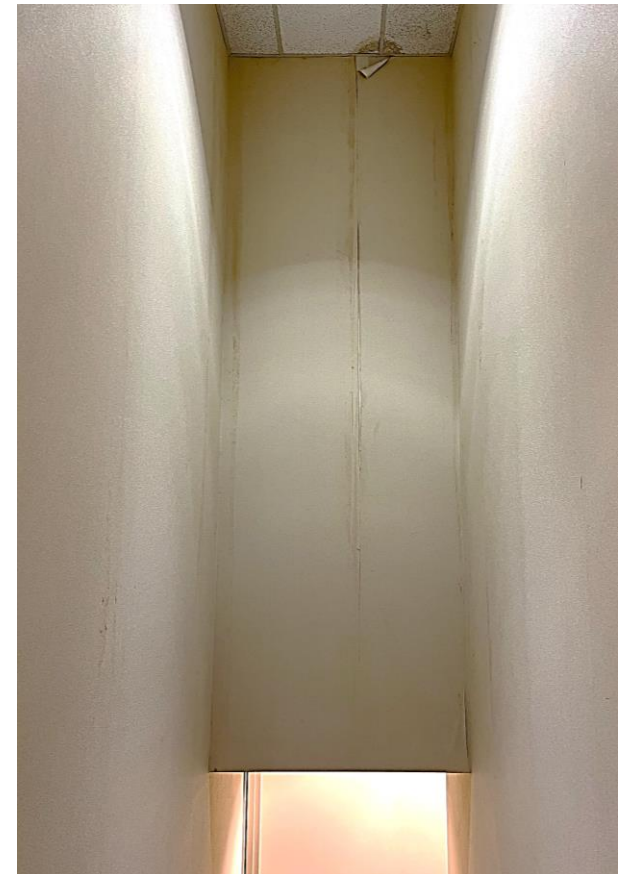
### Other Facility Renovations Year 1

**Request: \$500,000**

#### City Hall

- The wall finishes and floor coverings
- The entry doors and hardware require replacement.
- Exterior concrete and tile walkways repairs.

**Total City Hall: \$1,400,000**



## Other Facility Renovations

### Steve Miklos Aquatic Center

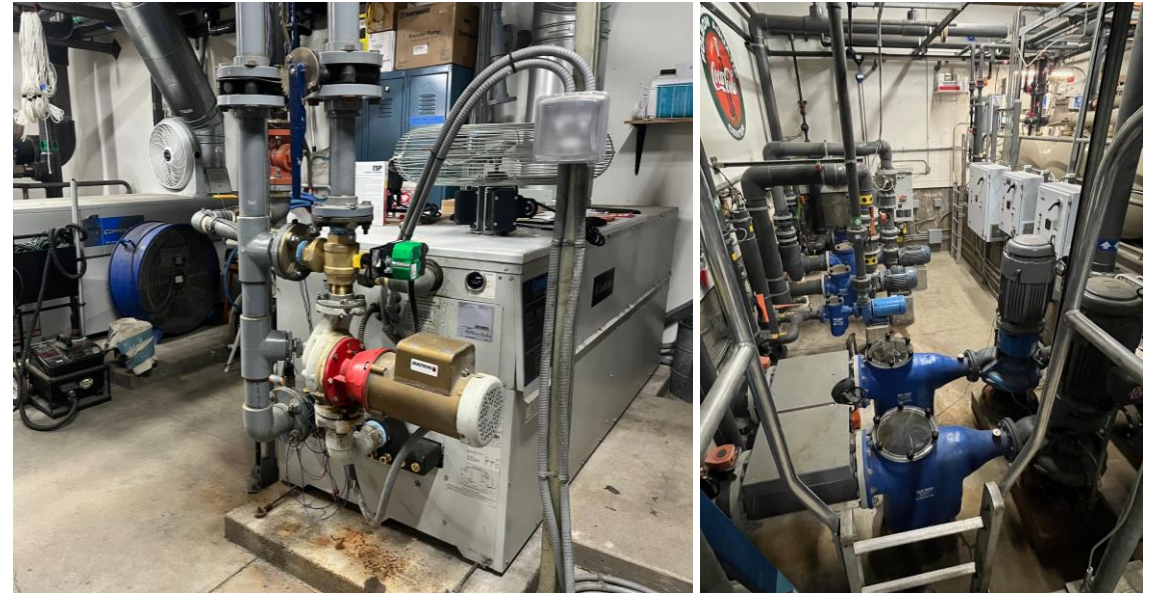
- 2 pool heaters
- 12 pool sand filters.
- 4 pool motors and pumps.
- Loss of revenue and program cancelation.

***Total Aquatic Center: \$655,000***

### Andy Morin Sports Complex

- 5 Roof-top HVAC units

***Total Sports Complex: \$310,000***



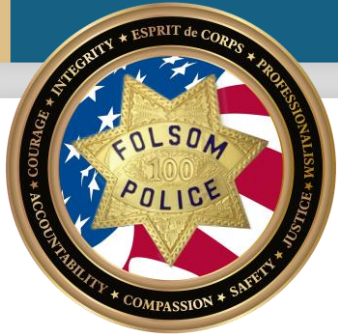


## Synthetic Turf Fields

- 2 synthetic turf soccer fields and 2 synthetic turf volleyball courts at Kemp Park
- Safety issues will begin to arise
- If not replaced, the fields will need to be taken offline, and we will see a loss in participation and revenue.

**Year 1 Request: \$2,600,000**

# Police 24/25 Budget Requests



## Proposed Level of Service Priority List for Police

1. Seven Police Officers	\$1,069,124
2. Two Police Corporals	\$326,606
3. One Police Sergeant	\$185,486
4. Purchase 8,000sf building	\$5,000,000
5. One Records Technician	\$89,055
6. Vehicle Replacement	\$930,000
7. Two Dispatchers	\$236,936
8. One Dispatch Supervisor	\$155,662
9. One Inventory Clerk	\$79,207



# Police 24/25 Budget Requests



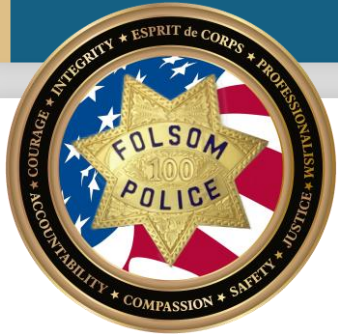
## Police Priority #1 Seven Police Officers - \$1,069,124

### City Council Goal B: Increase Police Department Staffing

The Department seeks to implement a Homeless Outreach Team of four officers, one corporal, and one sergeant to provide seven-day-a-week coverage to address the community's concern over the growing impacts of homelessness in Folsom.

Additionally, three more police officer positions are needed to solidify 24/7/365 patrol coverage of the area south of Highway 50.

# Police 24/25 Budget Requests



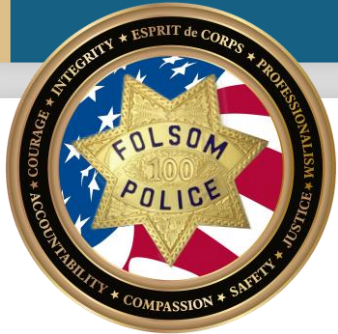
## Police Priority #2 **Two Police Corporals - \$326,606**

### **City Council Goal B: Increase Police Department Staffing**

The Department seeks to implement a Homeless Outreach Team of four officers, one corporal, and one sergeant to provide seven-day-a-week coverage to address the community's concern over the growing impacts of homelessness in Folsom.

Over the past few years, we have added officers but not supervisors to our staffing. One police corporal addition is required for the Patrol Division to maintain appropriate supervisor-to-officer ratios.

# Police 24/25 Budget Requests



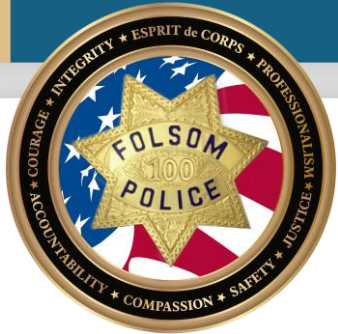
## Police Priority #3

**One Police Sergeant - \$185,486**

### **City Council Goal B: Increase Police Department Staffing**

The Department seeks to implement a Homeless Outreach Team of four officers, one corporal, and one sergeant to provide seven-day-a-week coverage to address the community's concern over the growing impacts of homelessness in Folsom.

# Police 24/25 Budget Requests



## Police Priority #4

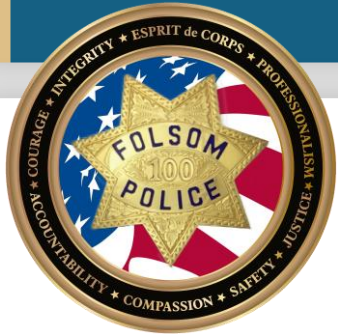
### Police Substation Purchase - \$5,000,000

#### City Council Goal B: Public Safety and Infrastructure

In FY 23-24, the City Council funded rental space for Police personnel assigned to the Neighborhood Services Division. The current request calls for the purchase of an 8,100 sf building on Natoma Street to permanently locate approximately twenty-five personnel assigned to Neighborhood Services and Investigations. This estimate includes the cost to purchase and renovate a building as well as renovate the Communications area of the current facility.



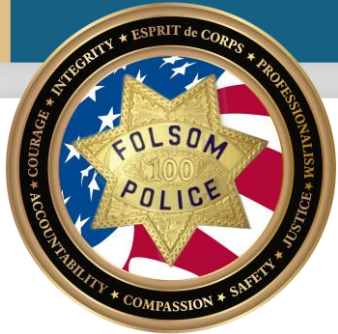
# Police 24/25 Budget Requests



## Police Priority #5 **Records Technician - \$89,055**

Among some of the responsibilities of a Police Records Technician are processing reports, greeting the public, responding to Public Records Act (PRA) requests, and reviewing and disseminating body-worn and traffic cameras. From July 2023 through the end of the year, just over 1200 PRA's. 812 of those were handled by the PD Records Unit, which is over 600 more than the next highest department. Along with a higher number of reports processed, the small unit of four full-time and two part-time staff is in need of one more full-time Records Technician.

# Police 24/25 Budget Requests

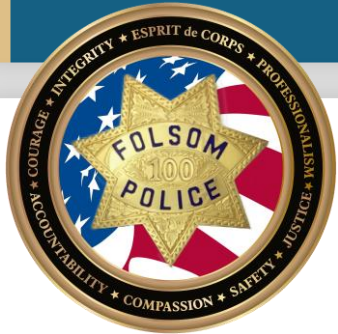


## Police Priority #6 Fleet Replacement - \$930,000

The police department fleet replacement plan cycles patrol vehicles out of service at 75,000 miles, a point when most patrol vehicle maintenance and repair begin outweighing the vehicle's value. A police vehicle costs approximately \$58,000 (2023 Ford Interceptor Utility). A radio, computer, and other accessories average \$35,000, bringing the cost of one marked patrol vehicle to roughly \$93,000. Ten police vehicles are in need of replacement.



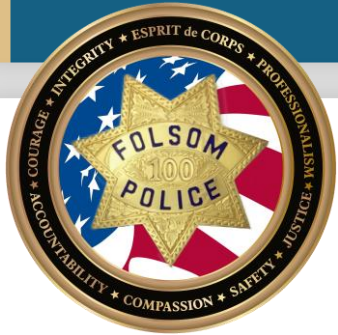
# Police 24/25 Budget Requests



## Police Priority #7 **Two Dispatchers - \$236,936**

The Department is seeking to institute an increase in Dispatcher staffing, bringing the minimum number of dispatchers to three at any time of the day. Call volume in the Communication Center continually increases, necessitating more staffing to maintain a quick answer rate for 911 and emergency calls.

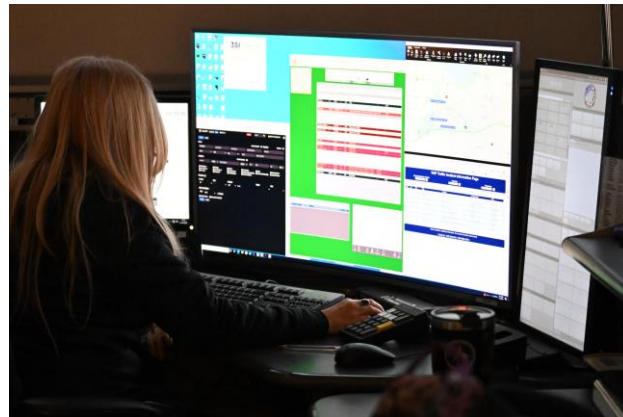
# Police 24/25 Budget Requests



## Police Priority #8

### One Dispatch Supervisor - \$155,662

An increase of one Dispatch Supervisor will bring the total number of supervisors in the Communications Center to four, allowing for continuity of supervision in the 24/7/365 workspace.





# Police 24/25 Budget Requests



## Police Priority #9 One Inventory Clerk - \$79,207

The Police Department has 85 vehicles in its fleet. A police lieutenant manages the fleet's purchasing, equipping, and maintenance, taking time away from their watch commander responsibilities. This added position would allow a non-safety employee to maintain the fleet readiness, freeing up the lieutenant for other, more appropriate duties.



# Public Works (Engineering/Streets/Fleet)



No.	Division	Category	Item	Amount
1	Admin/Eng	Programs	Stormwater Fee Rate Study	\$175,000
2	Admin/Eng	Facilities	New Corporation Yard site planning/environmental <sup>ACF</sup>	\$200,000
3	Fleet	Personnel	Fleet Compliance Officer <sup>ACF</sup>	\$200,000
4	Fleet	Equipment	Fleet Management Software <sup>ACF</sup>	\$100,000
5	Fleet	Equipment	Equipment replacement (lifts, washer, lathe)	\$130,000
6	Fleet	Facilities	Light duty vehicle shop roof replacement	\$300,000
7	Streets/Signals	Personnel	6x Maintenance Worker I/II (Signs, Stormwater, Streets)	\$733,200
8	Streets/Signals	Equipment	Vehicle Replacement (3 pickups, 2 flatbeds) <sup>ACF</sup>	\$1,500,000
9	Admin/Eng	Personnel	2x Associate Civil Engineer	\$385,000
10	Streets/Signals	Personnel	Traffic Operations Supervisor	\$188,400
			Total:	\$3,911,600

ACF: Related to Advanced Clean Fleets mandate to some extent.

# Long-Term Impacts of State's Clean Fleets Mandate (Light Duty only)



No.	Department	Category	Item	Amount
1	EWR	Equipment	EV Charging Stations at Water Treatment Plant	\$680,000
2	Fire	Equipment	EV Charging Stations at each Fire Station	Exempt
3	Parks	Equipment	EV Charging Stations at: <ul style="list-style-type: none"> <li>Maintenance Yard (Stafford)</li> <li>Maintenance Yard (Clarksville)</li> </ul>	\$330,000 \$710,000
4	Police	Equipment	EV Charging Stations at Police Dept. <ul style="list-style-type: none"> <li>Stage 1 (standard)</li> <li>Stage 2 (fast)</li> </ul>	\$780,000 \$3,600,000
5	Unassigned	Equipment	EV Charging Stations at City Hall	\$710,000
6	Public Works	Equipment	EV Charging Stations at Corporation Yard	\$1,300,000
7	Public Works	Facilities	Shop Upgrade /equipment retooling or EV Repairs	\$2,500,000
			Total:	\$10,785,000

# Public Works (Waste & Recycling)



No.	Fund\Division	Description	Amount	
1	Collections (540.3501)	Electric Vehicle Infrastructure & Chargers	\$1,300,000	
<b>2</b>	<b>Collections (540.3501)</b>	<b>Low-Income Assistance Program</b>	<b>\$44,352/year</b>	
3	Collections (540.3501)	Landfill Disposal Increase	\$69,000	
4	Recycling (540.3502)	Recycling Facility Increases	\$173,000	
5	Collections (540.3501)	Vehicle Maintenance Increase	\$100,000	
6	Collections (540.3501)	Residential Collection Vehicles	\$890,000	
7	Recycling (540.3502)	Advertising	\$50,000	
8	Collections (540.3501)	New Capital Account for Collection Vehicles*	\$3,009,000	
9	Collections (540.3501)	New Account for Corporation Yard Design*	\$1,000,000	
10	Collections (540.3501)	Two Covered Rolloff Dumpsters	\$24,000	
*Request is to earmark funds for specified use, not necessarily to spend in fiscal year 2024-25.			<b>Total:</b>	<b>\$6,659,352</b>

# Environmental and Water Resources



Description	Division	Fund	Salary	Benefits	Uniform	Vehicle	Computer	Contract	Cert/Lic	Total
Wastewater Collection Technician III	Wastewater Collections	530	\$94,341	\$75,274	\$1,075	\$80,000	\$2,600		\$400	\$253,690
Wastewater Collection Technician III	Utility Maintenance - WW	530	\$94,341	\$75,274	\$1,075	\$0	\$2,600		\$400	\$173,690
WTP Generator Replacement	Water Treatment	520						\$500,000		\$500,000
WTP Chemicals and Utilities	Water Treatment	520						\$462,000		\$462,000
Increase WC Contracts	Water Conservation	520						\$130,000		\$130,000
Water Meter Infrastructure (REPEAT)	Water Meters	520						\$229,900		\$229,900
Temporary salaries - WWC	Wastewater Collections	530	\$25,000							\$25,000
Temporary salaries - WC	Water Conservation	520	\$40,000							\$40,000

Fund 520 total \$1,361,900

Fund 530 total \$452,380

The highlighted rows were included in the most recent rate study

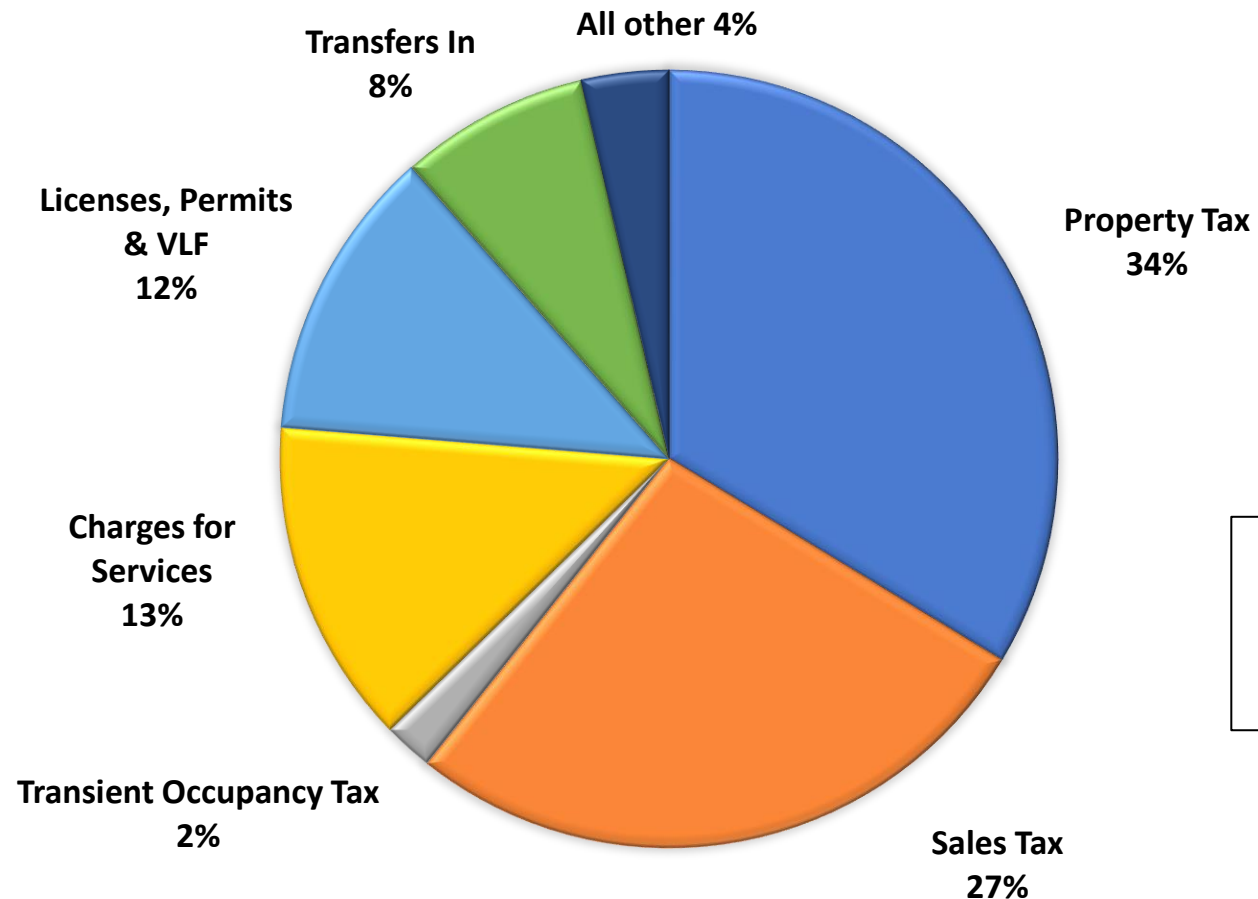
- **Small Water Meter Testing Program**
- **Lead and Copper Sampling**
  - Increased sampling required.
  - Sampling for schools now required on-site.
  - Develop web-based map for customers.
- **Water Use Efficiency**
  - Develop plan to comply with water use targets adopted by the State Water Resources Control Board.
  - Complete plan and study to comply with non-functional turf mandate.

- Water and wastewater infrastructure replacement
  - Water Storage Tanks
  - Pumps
  - Backup Generators
  - Pipelines and Appurtenances
  - Wastewater Pump Stations
  - Treatment Process Infrastructure
  - Electrical Upgrades

# FY2024-25 Budget: Brief Review of Challenges



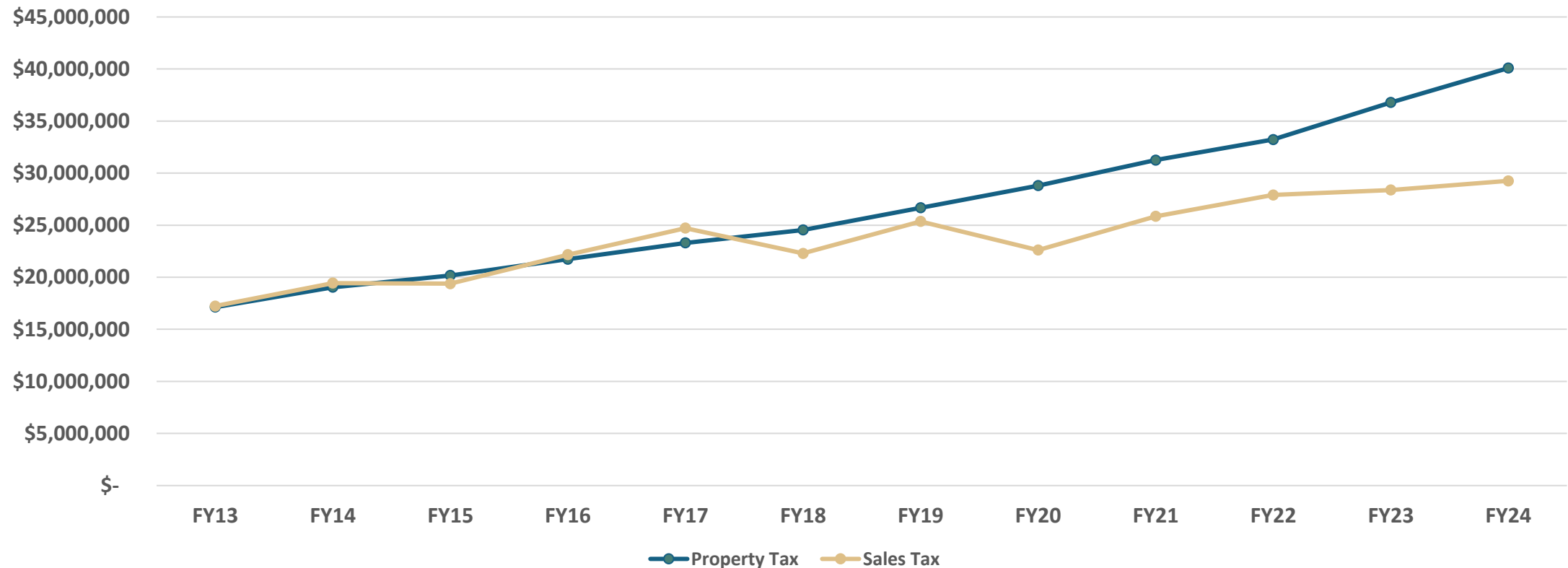
# General Fund Revenue



**Property and Sales Tax:  
61% of Total General  
Fund Revenue**

# Flattening Sales Tax Trend

## Revenues by Type

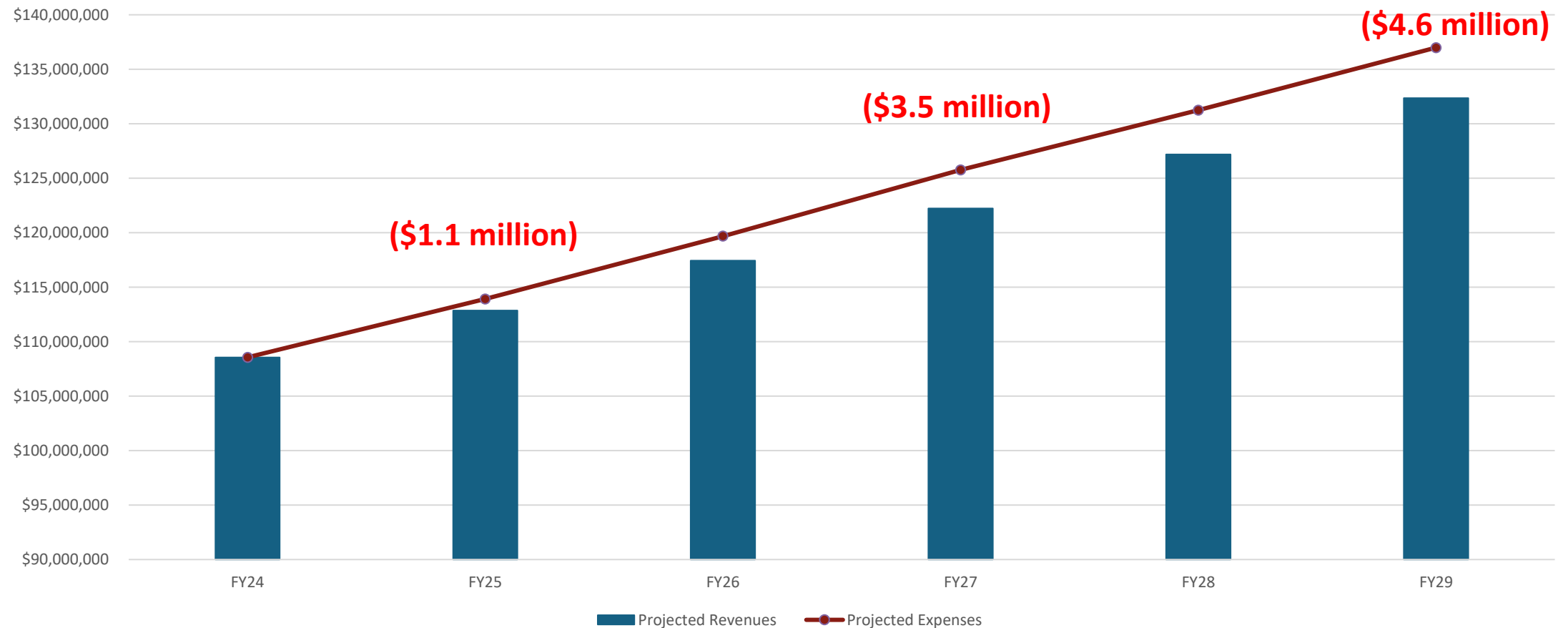


# General Fund Property Tax



- Property tax growth trends are projected to continue to be steady at about 7% per year.
- We can do very little to influence our property tax growth. Proposition 13 passed by the voters mandates that unless a property is sold, assessed values on properties increase only by the change in the Consumer Price Index or two percent, whichever is less.
- Property tax revenue from growth South of 50 is not an unexpected windfall; these tax increases were expected and factored into projections.
- Planned expenses to provide services for that area are also factored into expense projections.
- This creates a zero-net effect on the General Fund.
- There are growing service level needs in the Folsom Plan Area, and we have to be planning for those in future budgets. We can't depend on property tax growth to support current General Fund operations.

# Structural Deficit



# A Bit About Assumptions...



## **Sales Tax Revenue:**

- Expert Sales Tax Consultants' Advice
- Financial and Municipal Resources/Tracking
- Lookback says that our drop in sales tax revenue growth is established.

## **Property Tax Revenue:**

- Careful Tracking of Folsom's Property Valuation
- County Assessor Data (Fed into the City's Property Tax Model)

## **Expenses:**

- Labor Union Agreements
- Health Care Benefits (double-digit increases at times)
- CalPERS: Wild Card!
- Software Packages
- Maintenance Contracts

# But Wait: It's Sometimes Off!

## ***YES. This not an exact science.***

That said, there are very good reasons why our numbers didn't always hit projections historically:

- Post-recession, the Council was proactively taking excess revenue and refilling the reserve
- Contingency line item – we put it in, but we don't know if we'll use it
- COVID uncertainties
- American Rescue Plan Act: We can't recognize those funds in the Budget until the expenditure happens (and that might be in the next fiscal year)
- Encumbrances (approved in one Budget, but spent in the next)
- Community Development Department

***Better to be able to buy something extra, rather than have to cut...***

# Tighten Your Belts...

Over the last 10 years, the City has:

- Significantly reduced staffing levels (remained flat for the past 4 years – added staff only for the Folsom Plan Area) - all departments doing more with less
- Used part-time or contract employees when feasible
- Increased employees' contribution towards retirement (employees pay their entire share)
- Eliminated retiree health benefits for new employees
- Increased employees' required contribution to health benefits
- Restructured education incentive pay for cost savings
- Extended the number of steps in pay ranges to have smaller annual pay increases
- Eliminated longevity pay for new employees
- Capped accrued leaves balances and cash-out amounts

# Reduce Spending...

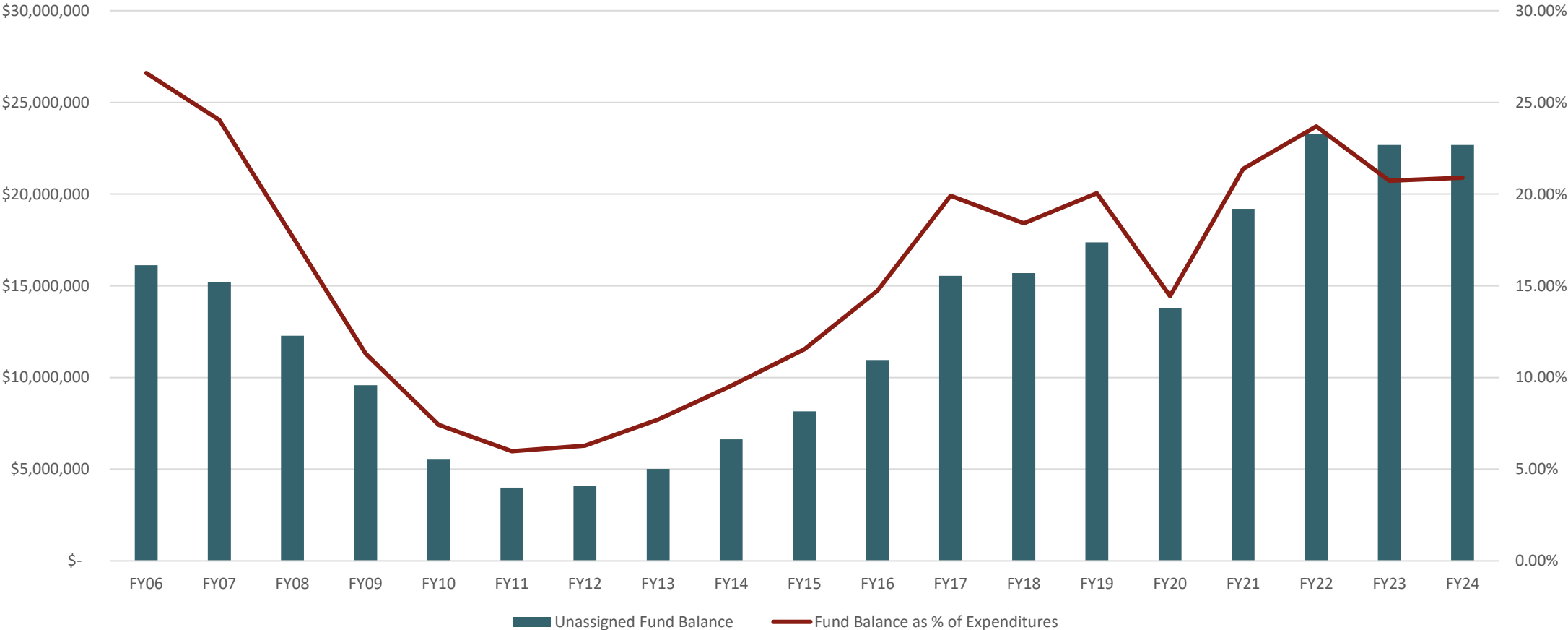
- We have staff shortages in nearly every General Fund department, even as our population and community expectations continue to rise.
- We are concerned about employee recruitment and retention issues.
- The cost of doing business has gone up significantly.
- We are lean.



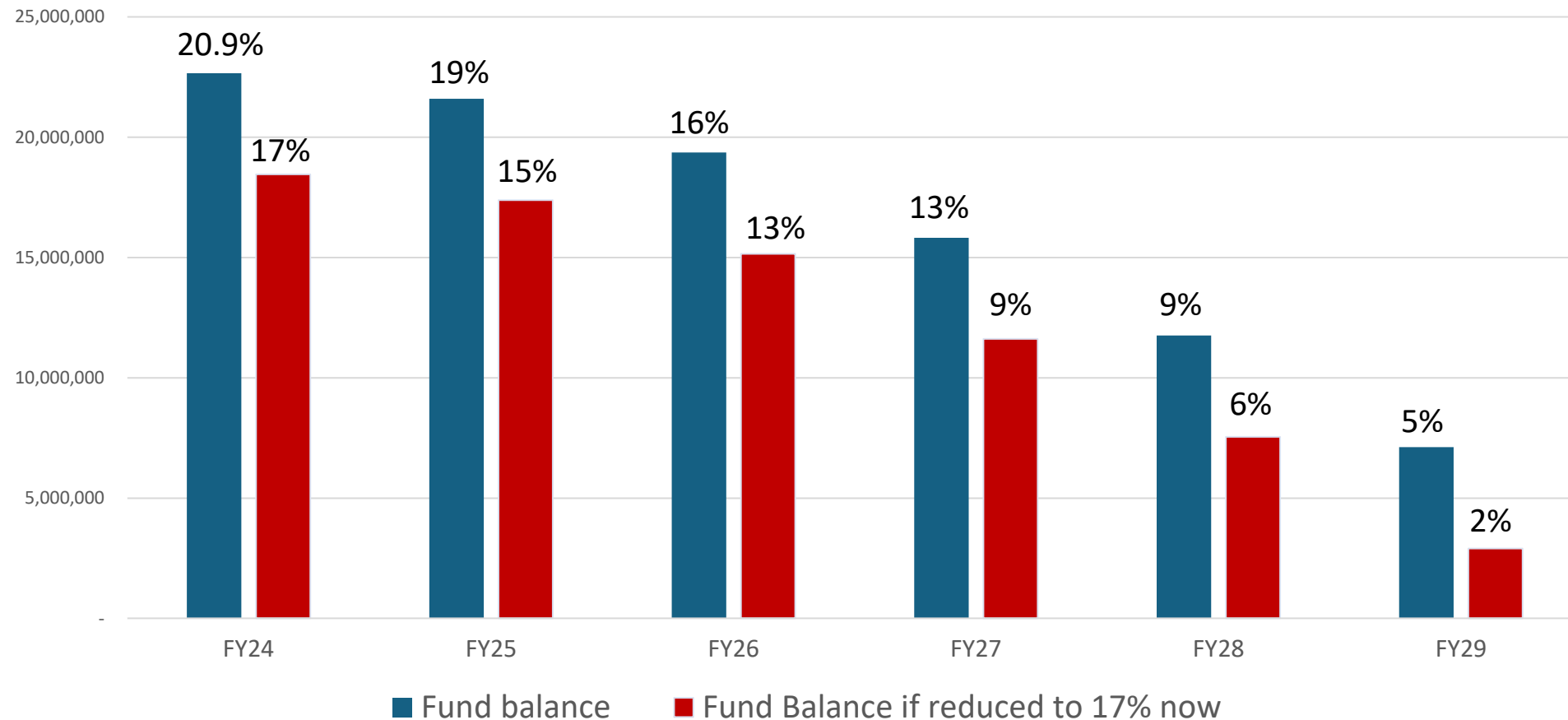
# Use the City's Reserve...

- Even drawing from it to fix the shortfall only allows us to continue to do what we're doing right now, ***not to add additional services or personnel.***
- The reserve is meant for ***emergencies***, and careful attention has been given by prior City Council to keep re-feeding that critical reserve.
- Why? Because cities need their reserve when times are tough, and so you want to be really careful when you start pulling dollars out.
- This is not a recession or a financial (or other) emergency where the use of the reserve is warranted.
- This is simply service costs outgrowing the means to provide those services – a situation that cannot be fixed with one-time dollars.

# Unassigned General Fund Balance

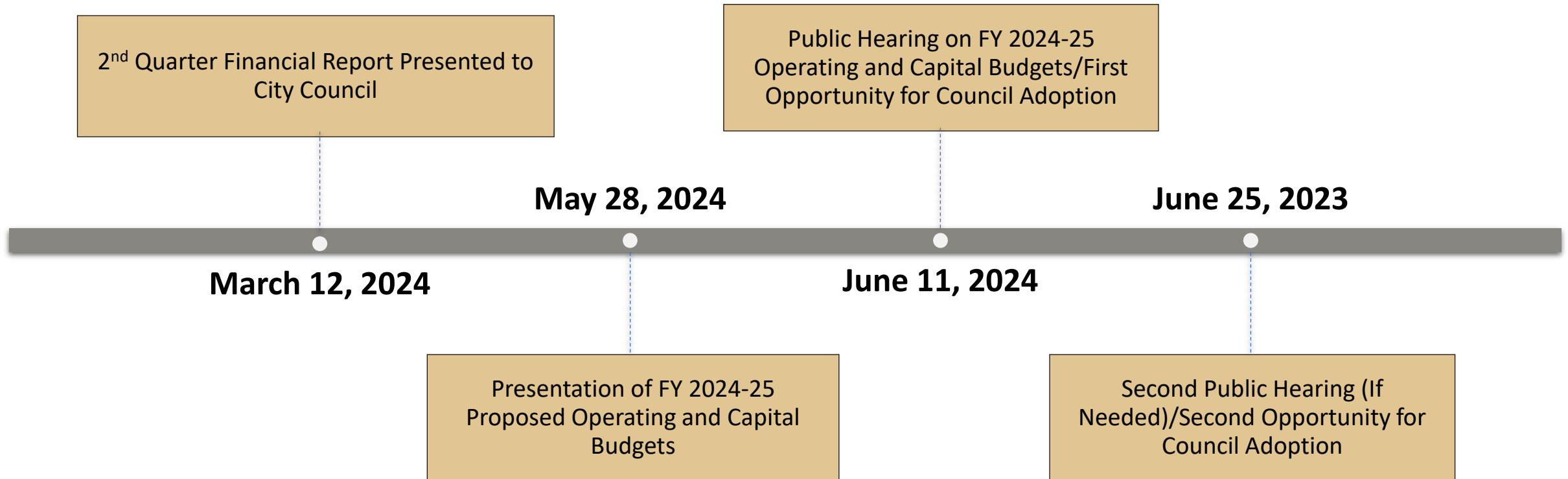


# Projected Unassigned Fund Balance If Used to Cover Annual Budget Shortfalls



# FY2024-25 Budget: Process

# Preliminary Budget Calendar



# Budget Development Roles/Process

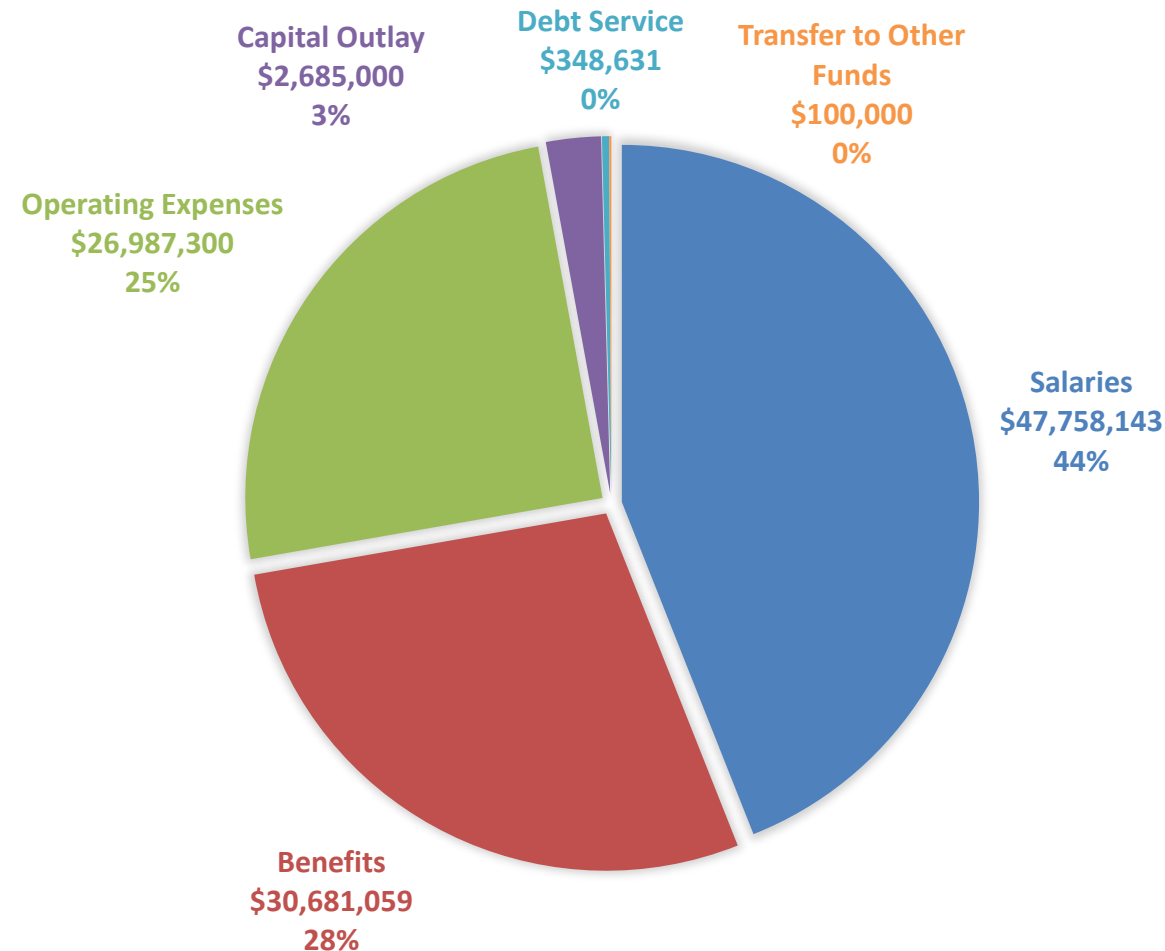


- The City Manager develops the Preliminary Budget that fits within the Council-adopted pie; it must be a balanced budget.
- The Council deliberates and ultimately votes on the Budget – it can remain unchanged from the Preliminary Budget or it can be changed by consensus as the Council sees fit.
- The City Manager does not vote on the allocation pie or the Budget.
- Adopting the Budget is the Council’s biggest job.
- For the current fiscal year, the allocation pie as well as the Budget itself were adopted unanimously this City Council.
- If the City Council does not adopt by June 30<sup>th</sup>, the Preliminary Budget becomes the City’s FY2024-25 Budget.

# FY2024-25 Budget: General Fund Pie Allocation

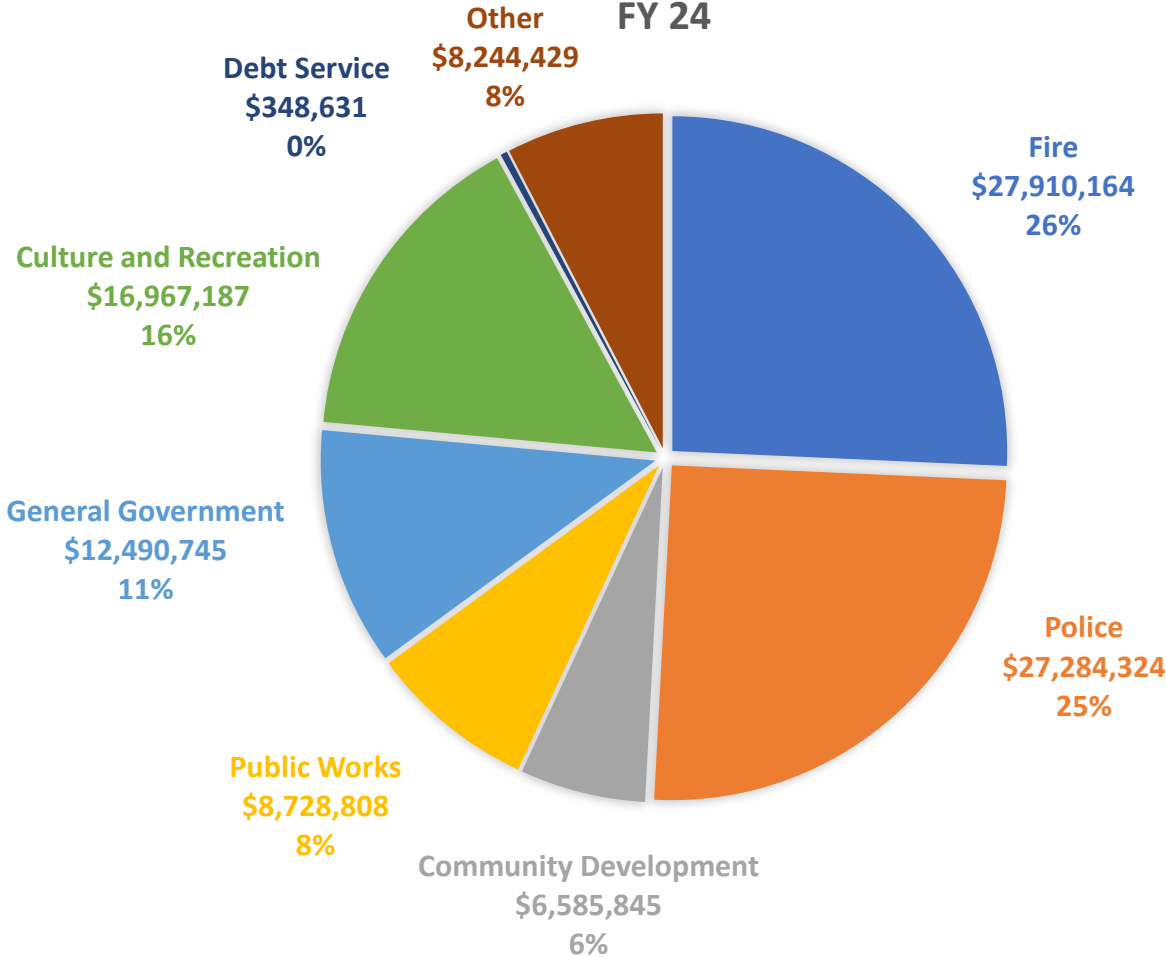
# General Fund Expenses

## GENERAL FUND EXPENDITURES - FY 2023-24 BUDGET

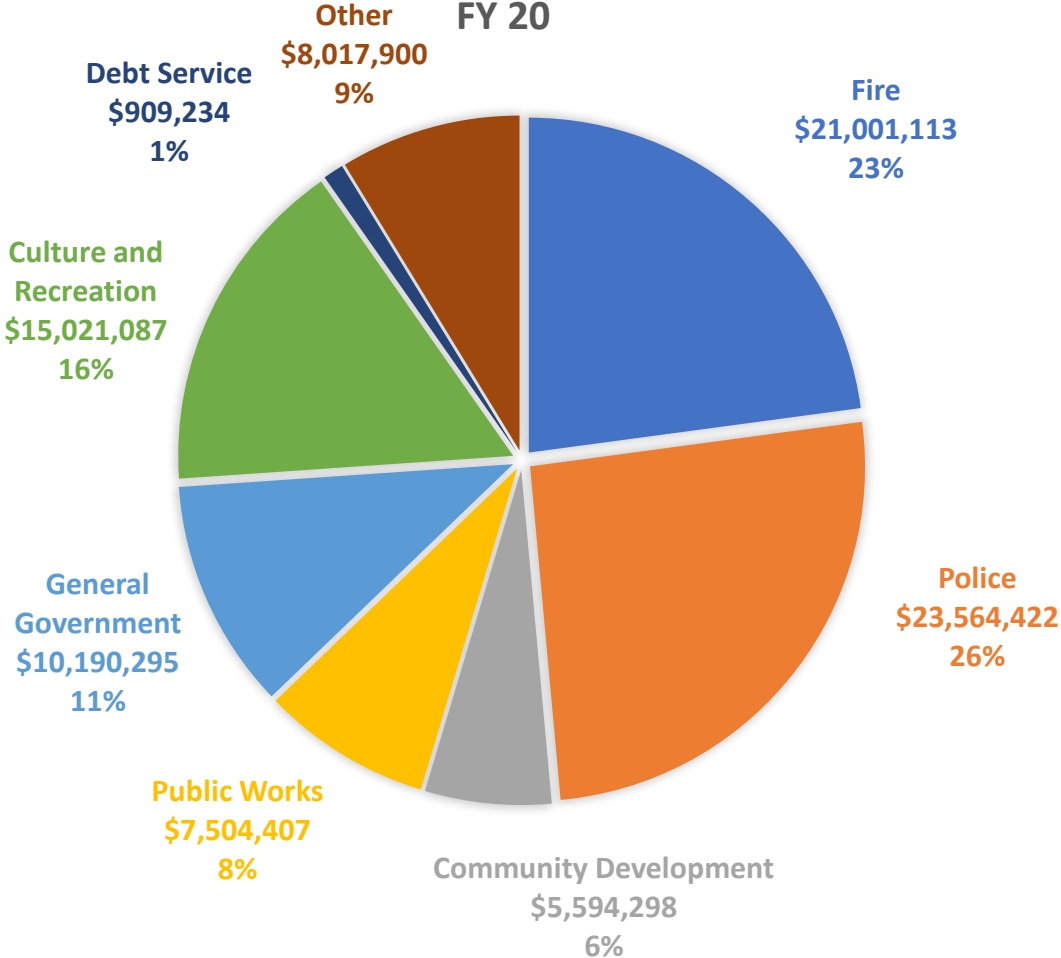




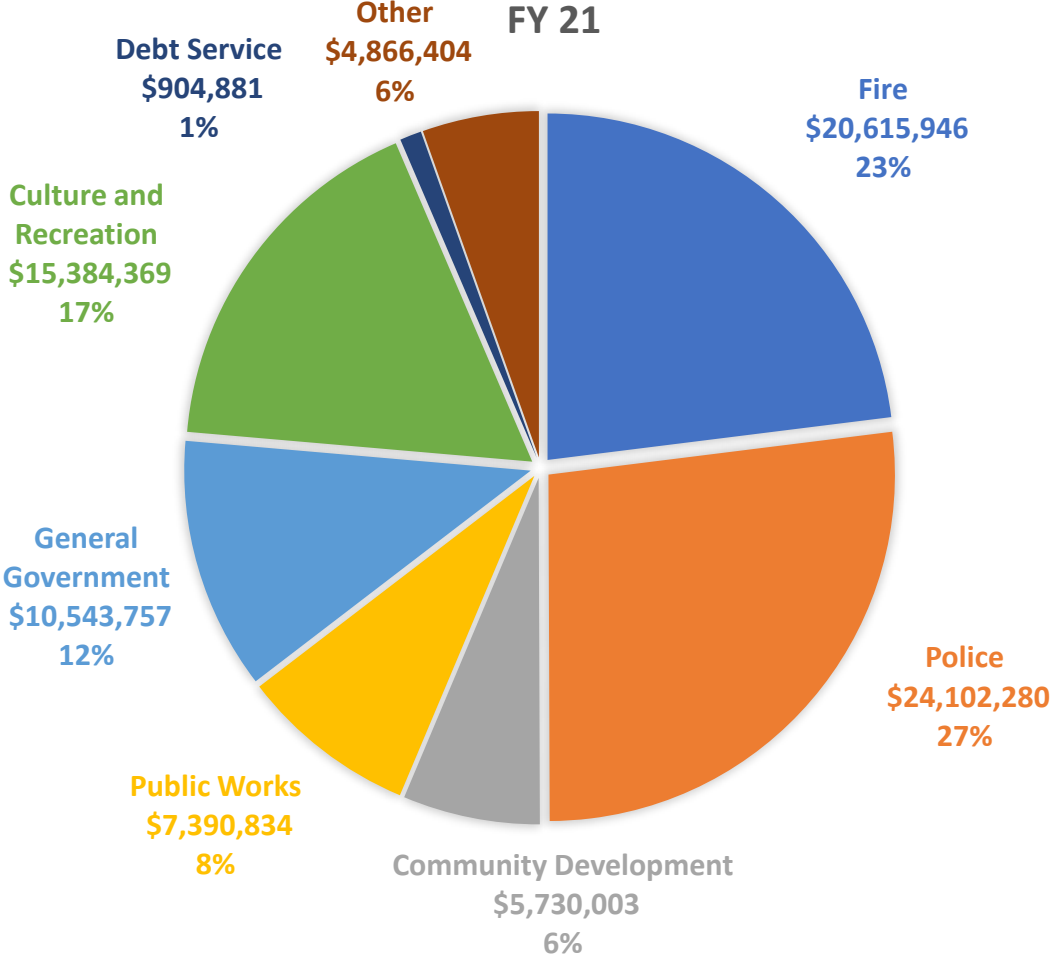
# FY 2023-24 Approved Budget



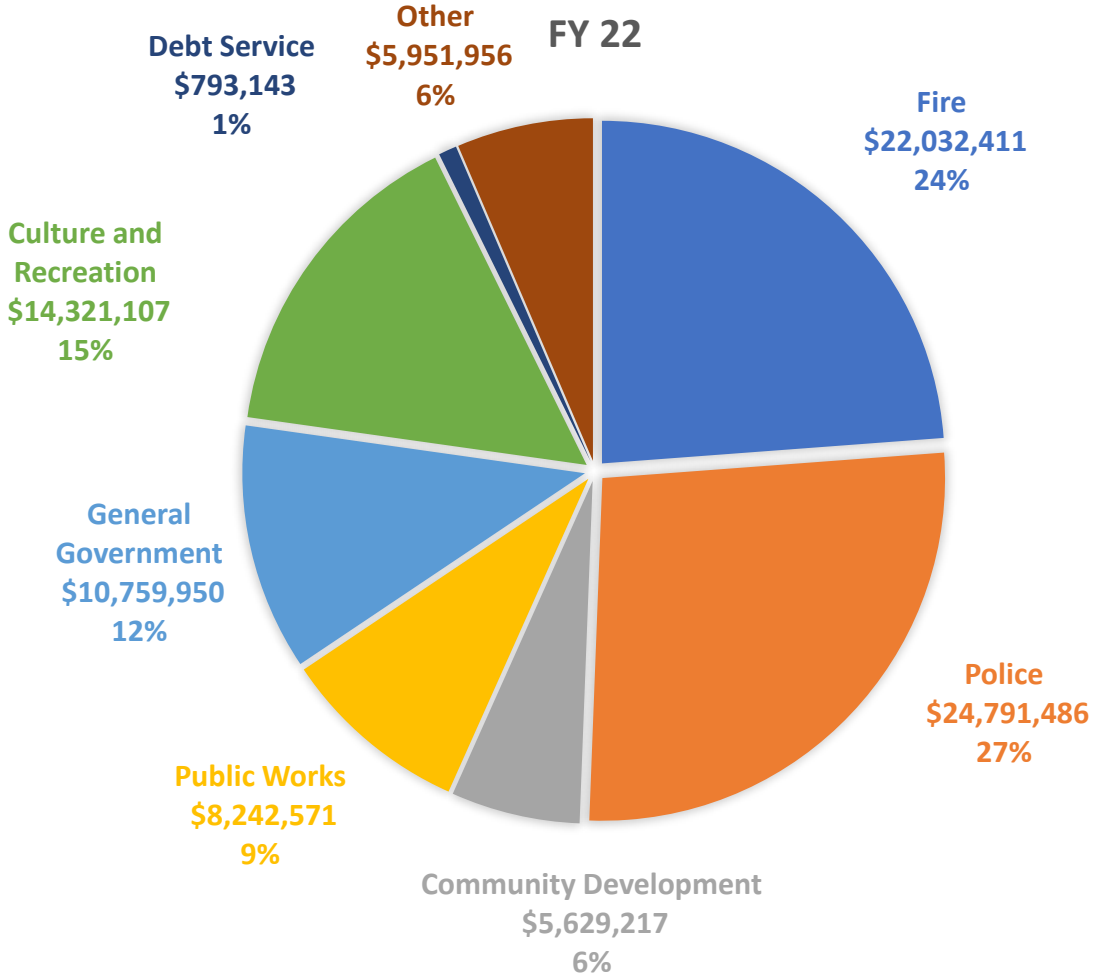
# FY 2019-20 Approved Budget



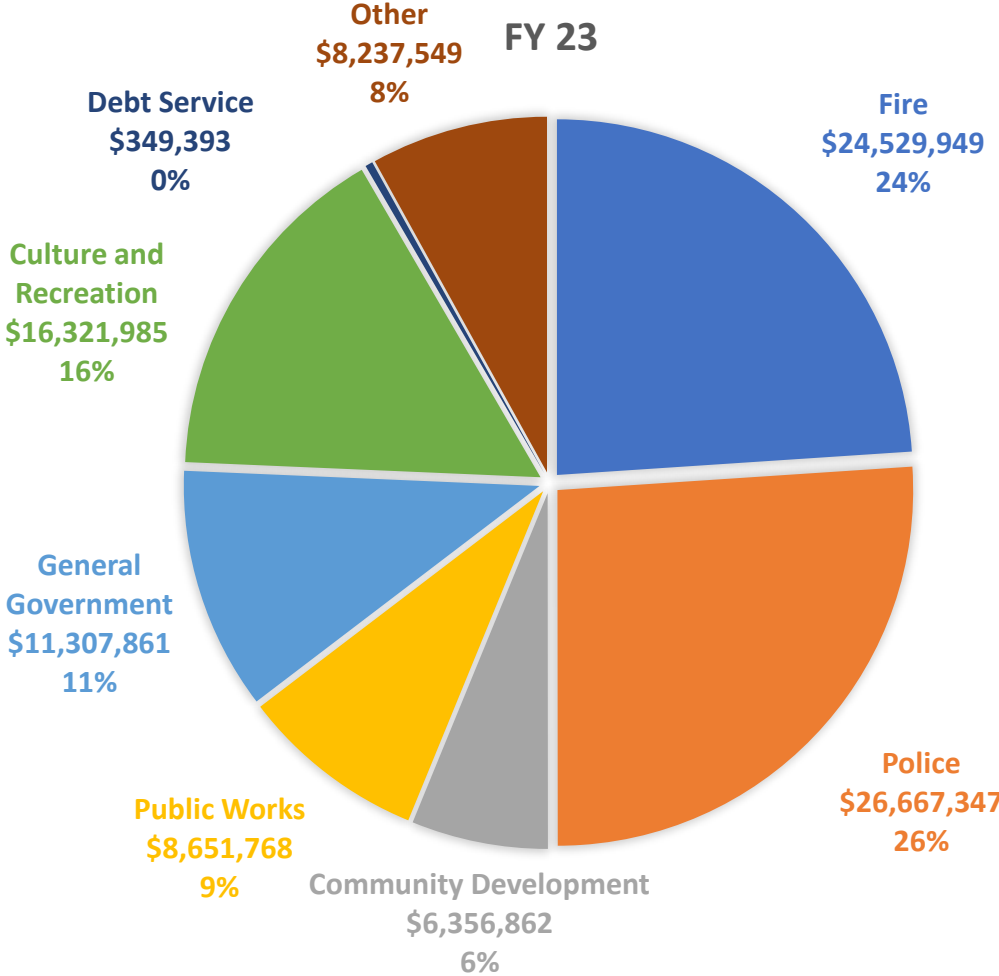
# FY 2020-21 Approved Budget



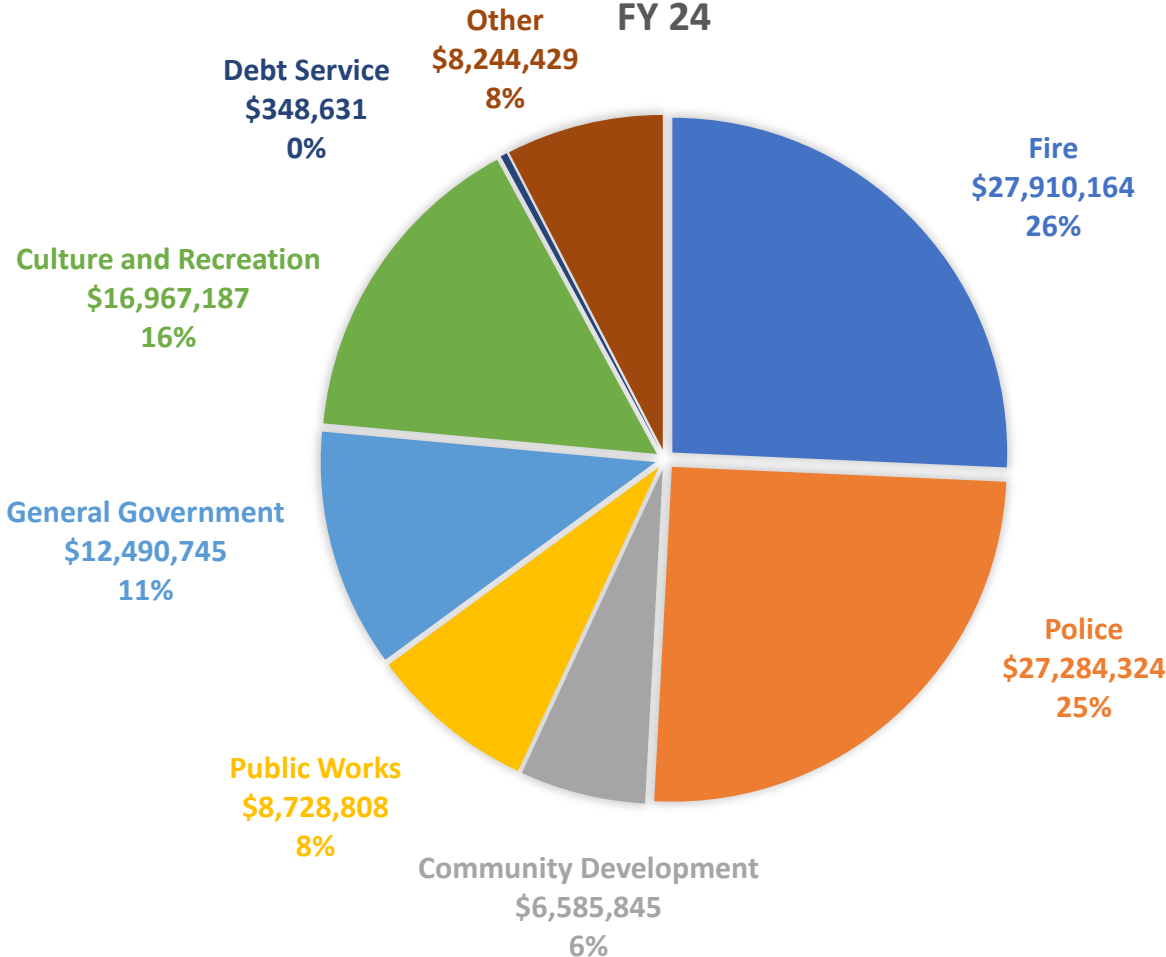
# FY 2021-22 Approved Budget



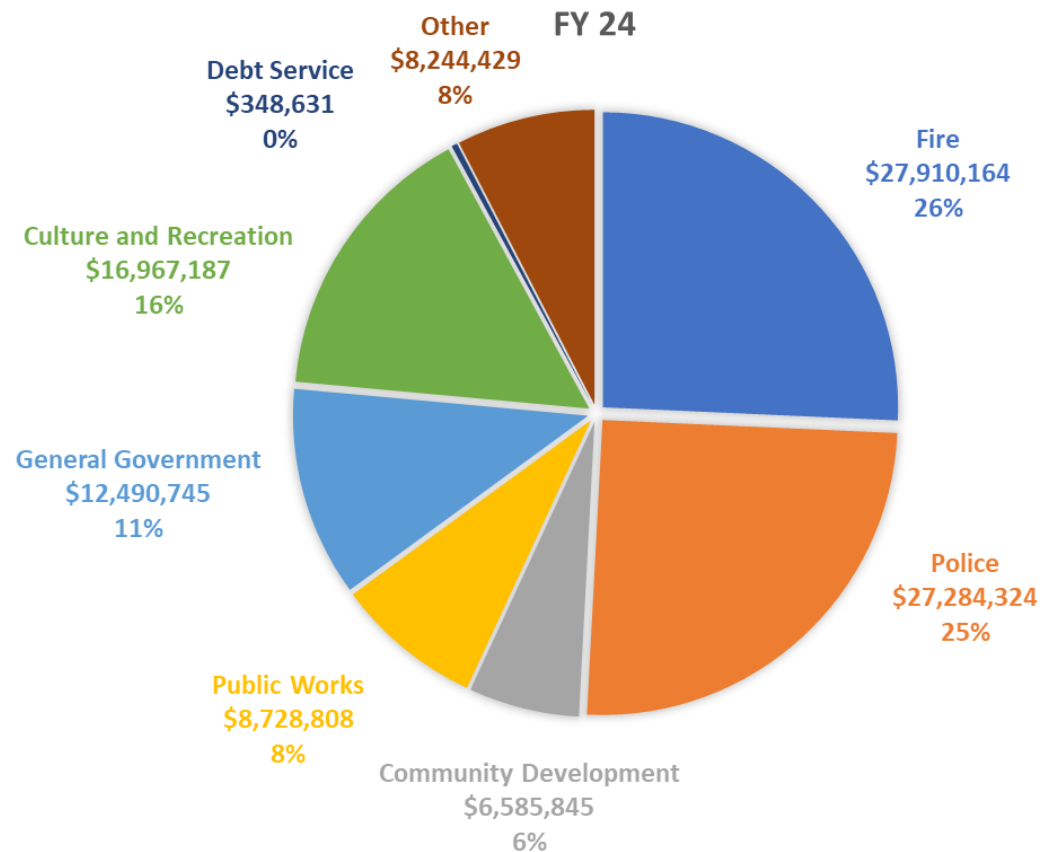
# FY 2022-23 Approved Budget



# FY 2023-24 Approved Budget



# Council Direction, Please



**1.**  
Does the City Council want the FY 2024-25 Preliminary Budget to reflect a similar allocation of funds?

**2.**  
And if there is a desired change, which pie piece(s) should shrink or grow and by about how much?