



City of Wheatland

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June 14, 2016

Honorable Mayor and Members of the City Council

Subject: 2016-2017 Annual Operating Budget

Attached for Council consideration is the Proposed Annual Operating Budget for the 2016-2017 fiscal year. The General Fund portion of this budget anticipates to have a year-end reserve in excess of \$1,400,000. This amount is projected to include an amount of \$780,000 of Contingent Transaction Tax revenue that has been set aside pending clarification of the appropriate allocation of this tax and that there are no other unanticipated adjustments generated by the adoption of the state budget. The levels of service to the citizens of Wheatland will remain at the level of staffing that the City had in this past year. This budget includes funds to provide a cost-of-living adjustment to all employees of 3.0% effective July 1, 2016. However, as of the date of preparation of this budget for adoption, the City has not reached an agreement for a successor memorandum of understanding with any of the employee units.

This budget will maintain a basic O & M program at the level experienced by the City for the past five years. While economic indicators are mixed in the prediction of development activity there has been no indication from the developers of the entitled properties in the City that there will be any significant building activity occurring this upcoming fiscal year.

Revenues

General Fund revenues are projected to be up by 5.4% from the prior year. Based on experience this past year, Property taxes are projected to increase by 9.2% based on normal resale activity. Sales tax is projected to increase 6.5% based on Board of Equalization forecasts. The Transactions tax provided a significant revenue in 2015-2016 of \$460,000 which includes \$280,000 that has been classified as contingent revenue. Transaction Tax revenue that was classified as Contingent more than three years ago has been reclassified as available for use in 2016-2017 in the amount of \$240,000. Overall we are projecting \$78,100 more in General Fund revenue in 2016-2017 than was actually received last year. We are assuming that we will continue to receive \$100,000 in SLESF funds to be used for Police salaries. We are also anticipating receiving \$30,000 in funds from the Bureau of State and Community Corrections to cover increased demand for services in the law enforcement area.

The Admissions Fee revenues generated by users at Bishop's Pumpkin Farm continues to generate more revenue than was anticipated and that projection has been included in this budget.

Personnel

This budget includes the level of sworn staffing in the Police Department at five officers, one sergeant, one corporal and the chief. The budget also reflects two reserve officer positions working variable hours. This budget reflects the creation of a full-time Police Administrative Assistant position in the Department.

There is no change in the staffing level in the Public Works Department.

There is no change in the staffing level in the Administrative Departments.

Capital Outlay

The City is completing two Safe-Routes-To-School Projects that will carry-over into the 2016-2017 fiscal year. The funds were obtained several years ago. Capital expenditures in the Police Department include one patrol unit replacement (\$50,000), hand held radio replacements (\$10,000) and tenant improvements in the Police facility (\$50,000). Major Capital Projects in the Public Works Division include rehabilitation of Well 8 (\$40,000), renovation of the Forest Glen sewage lift station (\$35,000), acquisition of camera and monitoring equipment to inspect the sewer lines (\$35,000), install of a storm drain manhole on Main Street (\$10,000) and the renovation of the Highway 65 Retention Pond Pumps and related equipment (\$10,000).

Other Significant Projects

This budget carries forward the funding to contract with the California Public Employees Retirement System to conduct an actuarial study to determine the costs of providing PERS retirement benefits to the Wheatland employees. The completion of the application has been a very cumbersome process and is proceeding slowly. The records storage facility was acquired this past year and we are in the process of developing a records retention program. The geo-based parcel system is in process and is very near being available for staff use and training.

Conclusion

Through prudent fiscal control, the City of Wheatland continues to provide service to its citizens at an acceptable level while maintaining reasonable fund reserves. While the General Fund reserve has improved, it is still subject to many decisions made at the state and federal level that could have significant negative impacts. This proposed budget reflects prudent fiscal control for the coming year.

Respectfully submitted,

Greg Greeson, City Manager

