Fiscal Year 2022-23
Proposed Budget
May 25, 2022
Key Numbers

- Total Budget: $293 million ($20 million increase from current FY)
- General Fund: $86 million ($7.3 million increase from current FY)

Major cost drivers

- Six new positions and the full-year cost of positions added during the current fiscal year
- General salary and benefit increases
- Operational program and service cost increases
- One-time equipment purchases
- Increased Small Business Incentive Program funding
- New debt service payments associated with City facility improvements and expansion
- Expansion of risk reserves
Balanced Budget

- Balanced budget with fully-funded reserves
  - $20.6 million Reserve for Economic Uncertainty (25%)
  - $4.1 million Opportunity Reserve (5%)
  - Continued contributions to Economic Development and Capital Reserves
Budget Overview

- Maintains and enhances levels of service to Elk Grove’s residents, with continued focused efforts on public safety, affordable housing/homelessness, traffic, and economic development.

- Establishes a structurally-balanced and sustainable fiscal plan.

- Provides funding for and programming of City Council Priority Projects.

- Continues to increase reserves based on the Reserve Policy, reflecting fiscal best practices.
Where the General Fund Comes From

FISCAL YEAR 2022-23 GENERAL FUND REVENUES - $98M

- Sales Tax: 39%
- Property Tax: 17%
- Property Tax In Lieu VLF: 16%
- Other Taxes & Fees: 12%
- Other: 11%
- Program: 5%

Total: $98M
Where the General Fund Goes (By Category)

FISCAL YEAR 2022-23 GENERAL FUND SPENDING BY CATEGORY - $86M

- Compensation: 68%
- Operating: 15%
- Internal Services: 12%
- Transfers Out: 5%
Where the General Fund Goes (By Function)

FISCAL YEAR 2022-23 GENERAL FUND SPENDING BY FUNCTION - $86M

- Police 68.2%
- Governance 10.9%
- Administration 6.5%
- Planning 0.2%
- Non-Departmental 5.8%
- Revenue Neutrality 4.5%
- Community Service Grants 0.5%
- Event Sponsorship 1.1%
- Code Enforcement 2.3%

Total: $86M
Where All the Money Comes From

FISCAL YEAR 2022-23 TOTAL REVENUES - $208M

- Sales Tax: 18%
- Property Taxes: 17%
- Community Facilities Districts/Assessment Districts: 16%
- Other Taxes: 12%
- Development Impact/Building Permit Fees: 14%
- Other Fines/Fees/Investment Income: 8%
- Grants: 9%
- Drainage/Recycling & Waste Services: 5%

TOTAL REVENUES: $208M
Where All the Money Goes (By Category)

FISCAL YEAR 2022-23 TOTAL SPENDING BY CATEGORY - $293M

- Compensation: 25%
- Operating: 29%
- Capital Outlay: 40%
- Debt Service: 7%

TOTAL SPENDING: $293M
Where All the Money Goes (By Function)

FISCAL YEAR 2022-23 TOTAL SPENDING BY FUNCTION - $293M

- Capital Improvement Program: 40%
- Police: 17%
- Development Services: 10%
- Public Works: 12%
- Governance: 8%
- Administration: 6%
- Non-Departmental (Debt Service): 6%
- Governance: 8%
General Fund Five Year Forecast Looks Good...

![Bar chart showing revenues, expenditures, and fund balance for FY 23 to FY 27. The chart includes financial figures in millions of dollars.](chart.png)
But Risks Are Real

• Recession is not anticipated in 5-year budget forecast

• Headwinds include:
  o Historically-high inflation
  o Can the Fed thread the needle?
  o Russia-Ukraine conflict

• Staff has developed recession scenarios to be able to respond to declining revenues

• Staff would present recommended budget adjustments to Council during the fiscal year if needed.
Proposed Fiscal Year 2022-23 Budget Highlights

**Economic Development**

- Zoo
- Project Elevate
- Small Business Incentive Program
- Façade Improvement Program
- 1 new Economic Development Specialist position
- Expansion of Startup program
- Job training/Workforce Development program
- Infrastructure support for Grant Line Business Park
- Wide Open Walls
Proposed Fiscal Year 2022-23 Budget Highlights

**Sustainability Efforts**

- GHG Inventory
- Fleet Electrification Plan
- Environmentally friendly purchasing
- Bike Share Program
- Climate Action Plan Update
- Building Code Update – energy efficiency update
- Regional Cooperation
Proposed Fiscal Year 2022-23 Budget Highlights

**Enhanced Policing Efforts**

- Continued Real Time Information Center enhancements including congressional earmark
- PD campus improvements
- Staffing Study/4 new positions
- Animal Services will offer a low-cost spay/neuter program for Elk Grove residents
- New wellness programs for officers and staff
- Expansion of camera and license plate reader network
- Funding for domestic violence family support
- Increased community engagement efforts (BBQ on the beats)
- New laser scanner for investigation of major collisions and crime scenes
Proposed Fiscal Year 2022-23 Budget Highlights

Capital Projects (separate presentation)

- Kammerer Road Widening/Extension
- Laguna Creek Inter-Regional Trail System
- City Facility Improvements
- Citywide Traffic Signal Enhancements and Congestion Relief Project
Enhanced Services - Public Works

• Operation Improvements
  o In-House Street Sweeping Services (2 FTE)
    ▪ 2 Street Sweeper Operators & Equipment
    ▪ $400,000 Annual Savings (after conversion)
    ▪ Equivalent Service, with opportunity for enhanced/reactive services
  o Enhanced Storm Drain Cleaning Services (4 FTE)
    ▪ Staff & Equipment
      • 1 Senior Maintenance Technician
      • 3 Maintenance Technicians I/II
      • Vactor Truck
      • TVI Van
    ▪ $500,000 Annual Savings City Staff vs Contractor
    ▪ Improved Cleaning and Inspection Program
    ▪ Crew Performs Additional Services
      • Storm Response, Catch Basin & Cross-Culvert Cleaning
Street Sweeping Services – Public Works

• Benefits of In-House Street Sweeping
  o Department of Industrial Relations Findings
    ▪ Street Sweeping now Prevailing Wage
    ▪ Costs doubled
      • Approximately $425,000 to $900,000
  o Conversion to City Operation
    ▪ Estimate saving $2.2 million in the drainage fund in the first 5 years
    ▪ Improve operational control
    ▪ Existing level of service maintained
    ▪ Flexible Equipment and Response
      • Catch Basin Cleaning
Storm Drain Maintenance Program – Public Works

• Storm Drain Cleaning and Inspection
  ○ Current Program
    ▪ 44-Year Cycle
    ▪ Increasing Street Flooding
    ▪ Pipe Failures (less than 30 years)
      • $1,500 to $2,500 a linear foot
    ▪ Excessive Trash & Debris
  ○ Proposed Program
    ▪ 10-Year Cycle
      • $1.2 Million if contracted
    ▪ Reduced Street Flooding
    ▪ Relining vs Full Replacement
      • $200 to $300 a linear foot
    ▪ Reduced Trash & Debris
Position Management – Public Works

• Enhanced Services
  o Increase Service Level
  o Improve Maintenance Efficiencies
  o Reduce Maintenance Costs
  o Maintenance Staff Flexibility
  o Reduced Local Flooding and Future Capital Costs
Proposed Fiscal Year 2022-23 Budget Highlights

CalPERS liabilities

• Prepayments made annually since FY 2015-16, $11 million to date
• City plans are over 87% funded compared to statewide PERS funded at 71%
• $900k in additional payments budgeted in FY 23
• Every $1 paid in advance saves the City nearly a $1 in interest
## New Positions

<table>
<thead>
<tr>
<th>Department</th>
<th>Position(s)</th>
<th>Funding Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>City Manager</td>
<td>Community Event Specialist</td>
<td>General Fund</td>
</tr>
<tr>
<td>City Manager</td>
<td>Economic Development Specialist</td>
<td>General Fund</td>
</tr>
<tr>
<td>Development Services</td>
<td>Administrative Analyst I/II (affordable housing/homelessness)</td>
<td>Housing Funds</td>
</tr>
<tr>
<td>Police</td>
<td>2 Community Service Officers</td>
<td>General Fund</td>
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<tr>
<td>Police</td>
<td>Records Supervisor</td>
<td>General Fund</td>
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<tr>
<td>Police</td>
<td>Lieutenant</td>
<td>General Fund</td>
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<tr>
<td>Public Works</td>
<td>Administrative Analyst I*</td>
<td>Public Works Admin Fund</td>
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<tr>
<td>Public Works</td>
<td>Administrative Assistant*</td>
<td>Public Works Admin Fund</td>
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<tr>
<td>Public Works</td>
<td>3 Maintenance Technicians I/II*</td>
<td>Drainage Fund</td>
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<tr>
<td>Public Works</td>
<td>Senior Maintenance Technician*</td>
<td>Drainage Fund</td>
</tr>
<tr>
<td>Public Works</td>
<td>2 Street Sweeping Operators*</td>
<td>Drainage Fund</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>15 FTE</strong></td>
<td></td>
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</tbody>
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An “*” to the right of a position title indicates that the position is being converted from Contract staff to City staff.
Assessing Community Priorities

• Current Community Engagement Efforts: Accountable and Responsive Planning
• City has been asking and listening to resident’s feedback on long-term community needs and priorities

• For future planning, impacts for which this current budget doesn’t fully encompass:
  o Full Police Staffing Study
  o Street Maintenance deficit
  o Comprehensive Homelessness strategies
  o Other community priorities

• Outreach has included:
  o 31 community meetings completed or scheduled- more to follow
  o Community survey in December
  o Mailer to residents to encourage feedback

• Provide your feedback at www.elkgrovelife.com
Recommendation

• Ask questions and receive public comment
• Further details on the budget will be presented at the June 8 Council meeting for consideration and possible adoption.
• Public Hearing notice will be sent 10 days in advance.
• Agenda item will be promoted on social media platforms.