



City of Pleasant Hill, CA
Budget Proposal Factsheet
 Fiscal Year 2014/2016



City Budget

The City of Pleasant Hill operates on a two-year (biennial) budget. Through the budget, the City Council authorizes City staff to collect revenues and make expenditures.

The City Council will adopt the next biennial budget, for fiscal year (FY) 2014/2016 (July 1, 2014 through June 30, 2016), by June 30, 2014.

The budget adoption process has the following main steps:

1. The City Council adopts its goals;
2. City staff forecasts the revenues and expenditures that it expects over the next two years;
3. City staff creates a proposed budget based on Council priorities and presents the budget to the Budget Committee; and
4. The Council gathers public input, deliberates, and adopts the budget.

City Council Goals

The City Council revisits and updates its goals for the City on a semi-annual basis. The Council held its most recent goal setting community workshop in September 2013 in preparation for the new budget. The City Council's five goals are for a City that:

- Is safe
- Is financially sound
- Is attractive, well planned and maintains a small town atmosphere
- Provides a high quality of life for its residents
- Has enhanced public service

More information on the Council's goals can be found on the City Council webpage:

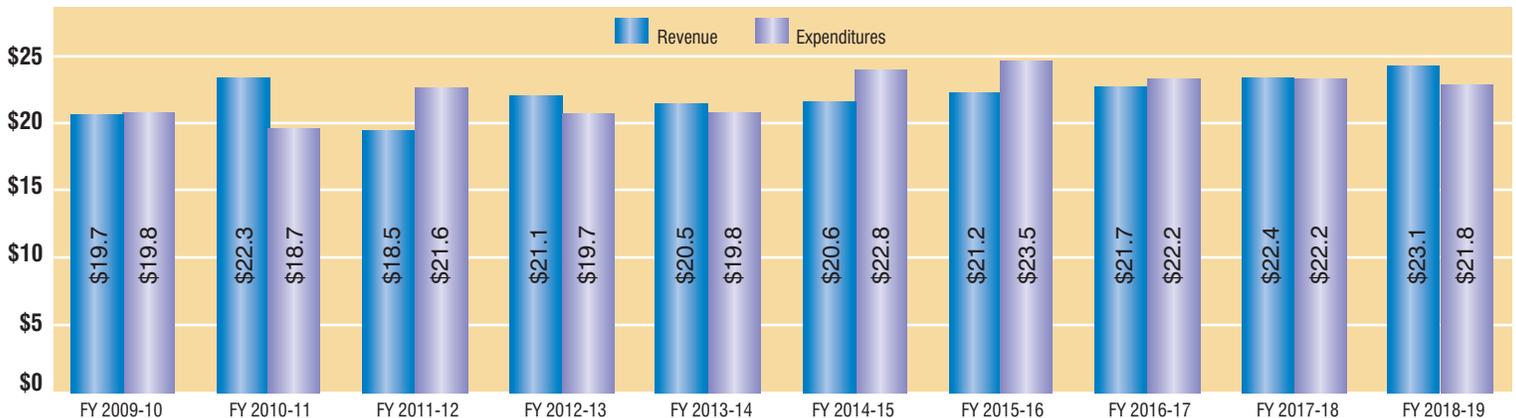
www.pleasant-hill.net/goals

Revenue and Expenditure Forecast

To create the Proposed FY 2014/2016 Budget, City staff first forecasted revenues and identified the expenditures that would be required to maintain "baseline" (status quo) levels of public services and staffing.

As described in detail in the Budget Condition Factsheet (www.pleasant-hill.net/factsheet), General Fund revenues are expected to grow by approximately 2.5% annually over the next five years, whereas expenditures are expected to grow by approximately 1.3% annually. Note that during this period cost increases due to normal inflationary growth will be significantly offset by cost reductions due to the retirement of two debts (a loan to pay off some public safety pension liability and bonds for construction of City Hall and the Police Station).

Actual and Forecasted Revenues and Expenditures
 Fiscal Years 2009–2019 (\$ millions)





► Proposed Fiscal Year 2014/2016 Budget

Staff combined information on expected revenues and expenditures (and savings) with the Council's priorities to create the Proposed FY 2014/2016 Budget, which was issued on May 2, 2014. The modestly increasing revenues, relatively high level of savings, and the City's continuing efforts to manage costs enable the City to now afford some limited new spending on priority items while maintaining a prudent level of reserves.

The main elements of the Proposed FY 2014/2016 Budget are the following:

- Modest but consistent revenue growth;
- Modest inflationary growth for most expenditures;
- Continuation of status quo levels of public services and staffing;
- Investment of additional \$1.0 million over two years for street repair work (one-time funding to maintain the City's streets in their current condition while the City identifies a new long-term mechanism to fully fund street repair work);
- Investment of additional \$612,000 over two years to ensure that the Pleasant Hill library is open 43 hours/six days per week (one-time funding while the City identifies a new long-term mechanism to fund expanded library hours);
- Investment of \$495,000 for retail marketing incentive program and facade improvement grants and loans, of which \$470,000 is unspent prior year funds; and
- Investment of \$275,000 in Gateway Capital Improvement Project.

Adoption of the proposed budget will require the City to tap its savings to cover modest operating shortfalls in FY 2014/2015 and FY 2015/2016. The City's savings would nonetheless continue to meet their required levels and be replenished through modest operating surpluses beginning in FY 2017/2018. The full Proposed FY 2014/2016 Budget can be found online at the following location: www.pleasant-hill.net/2014budget.

Proposed General Fund Forecast Revenues, Expenditures, and Fund Balance Fiscal Years 2014–2019 (\$ thousands)

	Proposed Budget FY 14-15	Proposed Budget FY 15-16	Forecast FY 16-17	Forecast FY 17-18	Forecast FY 18-19
Fund Balance, beginning	13,568	11,386	9,092	8,635	8,802
Ongoing Revenue	20,584	21,166	21,745	22,370	23,134
Ongoing Expenditures	21,390	22,254	22,051	22,151	21,730
Special Expenditures	1,376	1,205	151	52	53
<i>Total Expenditures</i>	22,766	23,450	22,202	22,203	21,783
Ongoing Surplus/(deficit)	(806)	(1,088)	(306)	219	1,404
Special Expenditures Surplus/(Deficit)	(1,376)	(1,206)	(151)	(52)	(53)
<i>Total Surplus/(Deficit)</i>	(2,182)	(2,294)	(457)	167	1,351
Fund Balance, ending	11,386	9,092	8,635	8,802	10,153

Full Time Equivalent (FTE) Employees Fiscal Years 2014–2019

	Proposed Budget FY 14-15	Proposed Budget FY 15-16	Forecast FY 16-17	Forecast FY 17-18	Forecast FY 18-19
Full-time Equivalents	119.80	119.80	119.80	119.80	119.80

► Challenges and Uncertainty

Even with the modest economic recovery and stability, there are still challenges and uncertainty ahead that must be kept in mind during the budget adoption process, primarily the following:

- Labor negotiations on expiring contracts;
- Pension costs;
- Healthcare costs; and
- Deferred capital maintenance.

► Next Steps in Budget Adoption

The City Council's Budget Committee and the Council itself will hold a number of public meetings in May and June to seek community input on the budget and to deliberate. More information on these meetings can be found by following the Meetings Calendar link on the City's homepage (www.pleasant-hill.net/meetings).



Additional Information

For further information regarding the City's budget, please contact:

Mary McCarthy, Finance Manager, at (925) 671-5231

or visit the City's Budget & Financial Information web page:

www.pleasant-hill.net/budget