

FREQUENTLY ASKED QUESTIONS FOR FY 2023-24 BUDGET

Dear Reader,

We compiled Frequently Asked Questions based on previous budgets, which are listed in the order of the FY 23-24 Proposed Budget book layout. We hope this will help clarify the City's budget when read along with the budget book. In addition, we will continue to improve this list and address any new questions. If you have a specific question that did not get answered, please feel free to email budget@cityofvallejo.net.

Authorized Full-time Equivalent (FTE) Listing

1. What are the position changes in the proposed budget that did not exist in the FY 22-23 midyear budget?

Response:

Positions added:

- IS Support Tech II (IT)
- Administrative Manager (Police) / Frozen Police Officer position
- Housing Specialist I/II (Housing) / grant funded.

Positions deleted:

- Twelve (12) SAFER funded Firefighter positions that expired on March 10, 2023.

Citywide Budget / Total Revenues

2. Which revenues are included in citywide revenues?

Response:

All the revenues that the City receives are captured on this page. They are allocated based on the type of funds and broken down by which category they are coming into.

The 6 major funds are: General Fund, Enterprise Funds, Economic Development Funds, Public Works Funds, Other Program Funds, and Capital Project Funds.

It is categorized by Departments, Debt Service and "Transfer In".

3. What is the total amount for Citywide revenue?

Response:

Total proposed Citywide revenue from all the Funds is \$297.5M for FY 23-24.

4. Why is debt service revenue?

Response:

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Solano County collects special assessments from property owners in Hiddenbrooke and Northeast Quadrant Districts for the city, which is booked as City revenue. These revenues are used for the repayment of bonds issued by the district's behalf for capital improvements.

5. What is "Transfer In"?

Response:

"Transfer In" refers to the money received from another fund to carry out capital projects or fund debt service and city programs. For example, Capital Project Funds is proposed to receive \$7.2M from General Fund and \$0.8M from Gas Tax Fund to fund streets, facilities maintenance, PD Radio repeaters, IT improvements and Participatory projects.

6. What are the total Citywide reserves currently and in what cases are the reserves utilized?

Response:

Total Citywide beginning 'available fund balance' or 'reserve' for FY 23-24 is projected to be \$147.7M and total ending available fund balance of the FY 23-24 is projected to be \$142.5M.

City utilizes the available fund balance to fund expenditures that are above the current year's revenue budget. For example, the City has built up a reserve for the Water Fund to carry out important projects that are essential to the residents and communities using our City Water. Staff is proposing to use \$22.3M of the beginning reserves to carry out the Council goal of providing safe and clean water to the community.

7. Where does the Build-up Reserves come from?

Response:

Build-up reserve is the excess from proposed total revenues minus the total expenditures. Reserves are established to ensure the continued delivery of city services to fund upcoming big projects, and address emergencies, temporary revenue shortfalls, or provide stability during economic cycles.

Citywide Budget / Total Expenditure

8. How many funds are managed by the City in FY 23-24?

Response:

Currently, the City has 101 funds, which are grouped into General Fund, Enterprise Funds, Economic Development Funds, Public Works Funds, Other Program Funds, and Capital Project Funds.

9. What is the city's total expenditure budget?

Response:

The total proposed Citywide expenditure from all the Funds is \$302.7M for FY 23-24.

10. The listed "Transfer Out" amounts are coming from which fund?

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Response:

Most of the Transfer-out amounts are coming from General Fund. For FY 23-24 the city is proposing for General Fund to “Transfer Out” \$9.1M to fund capital and multi-year projects (\$7.2M), annual debt service payments (\$1.8M) and Mare Island programs (\$0.1M).

11. What is the difference between last year’s total expenditure budget vs this proposed budget?

Response:

Last year’s total adopted expenditure budget was \$290.6M versus the current proposed citywide expenditure budget of \$302.7M. Most of the increase is attributed to the Water Fund, which is proposing an additional expenditure budget of \$12.5M, mostly to fund its proposed capital projects.

12. What does the “Beginning Fund Balance” represent?

Response:

Beginning Fund Balance or “beginning available fund balance/reserves” is the amount each fund has built up over the years. This amount is generally used by the City to balance the budget when the proposed expenditure of a specific fund exceeds its projected revenues.

General Fund / Five Year Forecast

13. What is the beginning available balance for FY 23-24?

Response:

Staff are projecting \$24.3M as a beginning fund balance for FY 23-24. This amount does not include the estimated Measure P revenues of \$4.6M which is estimated to be collected from April to June 2023. The total projected beginning available fund balance including Measure P is \$28.9M.

14. What is the estimated “normal cost” for in the proposed budget?

Response:

The General Fund share of the total pension “normal cost” for the proposed budget is \$9.0M.

15. The unfunded liability is changing. Why is this?

Response:

The decreased costs are primarily due to CalPERS updated actuarial numbers ending June 30, 2021 and higher than expected rates of returns on investments. The City had been paying every year the minimum required contribution for unfunded liability.

This contribution is calculated by CalPERS using a set of actuarial assumptions which can be divided into two categories:

- Demographic assumptions (which includes mortality rates, retirement rates, employment termination rates and disability rates)
- Economic assumptions (which includes future investment earnings, inflation, salary growth rates)

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However, the actual experience is normally different from the actuarial assumptions. For example, the investment earnings at CalPERS have averaged 6.0 percent over the 20 years ending June 30, 2018, yet individual fiscal year returns have ranged from -24.0 percent to +21.7 percent. When CalPERS perform its periodic annual valuation, the difference gets amortized (paid off) over a period and increases or decreases the City's required contributions every year.

16. What is causing the change in Projected Vacancy Savings?

Response:

The proposed projected vacancy savings is based on the history of the city's vacancies from the previous fiscal year. There has been an unusual number of vacancies in the past fiscal year due to high turnover and tight labor market.

Projected vacancy savings for the proposed budget is increasing from \$5.0M to \$7.1M.

General Fund / Total Revenues

17. What do you see are the biggest differences in the current proposed budget vs past year adopted budget for revenue?

Response:

Table below summarizes the changes in GF revenue proposed:

General Fund Revenues (in Millions)					
	FY 22-23 Adopted	FY 23-24 Proposed	Difference		
			AMT	%	
Property Tax	\$ 24.52	\$ 25.83	\$ 1.31	5%	
Property Tax in-lieu (MVLFF)	12.68	14.12	1.44	11%	
	37.20	39.94	2.75	7%	
Sales Tax	19.08	18.22	(0.86)	(5%)	
Transaction & Use Tax - Measure B	20.85	20.76	(0.09)	(0%)	
Transaction & Use Tax - Measure P	0.00	18.16	18.16	0%	
	39.93	57.14	17.21	43%	
Transient Occupancy Tax	2.40	2.23	(0.16)	(7%)	
Franchise Tax	5.62	5.87	0.25	4%	
Utility User Tax	12.66	13.37	0.72	6%	
Cannabis Tax (Measure C)	3.04	2.40	(0.64)	(21%)	
Business License Tax	1.66	1.67	0.01	1%	
Other *	8.39	9.70	1.31	16%	
Subtotal, General					
Unrestricted Revenues	110.89	132.33	21.43	19%	
Program Revenues	19.71	18.65	(1.07)	(5%)	
Total (Excluding Measure P)	130.61	132.82	2.21	2%	
Total (Including Measure P)	\$ 130.61	\$ 150.98	\$ 20.37	16%	

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Measure P sales tax started April 1, 2023, we will receive our first payment in June 2023 and in FY 23-24 we are projecting revenue of \$18.16M.

Utility User Tax projected increase of \$718K (6%) based on average trend.

Program Revenues decrease of \$1.07M (5%) which was mainly due to:

- Police department: decrease by \$1.76M (40%) predominately due to Federal COPS grants ended in FY 22/23 and Code Enforcement moving to Planning & Development Services.
- Public Works department: decrease by \$678K (22%) in Engineering and excavation fees.

18. What is Measure C?

Response:

Measure C is 7% Marijuana Business License Tax adopted by council and citizen's majority vote to raise revenue for general purpose.

19. What is the tax rate for Transient Occupancy Tax?

Response:

Tax is based on 11% of the Gross Receipts from Room Rate less Exemptions (Over 30+ day renters & Government Officers-Federal, State & Foreign)

20. How much does Discovery Kingdom plan to contribute in revenue to the city during the projected budget year?

Response:

Revenue is projected at \$1.25M for FY 23-24 based on 2.5% of the Gross Ticket Sales

21. Please list what comprises "Other Misc. Revenues"?

Response:

Following is the breakdown that comprises of Other Misc Revenues:

General Fund - Other Revenues			
Description	FY 22-23	FY 23-24	Difference
Sale Of Pet Licenses	\$ 100,992	\$ 95,760	\$ 5,232
SB 90 Mandated Cost	106,765	106,517	248
Misc. Revenues	30,345	30,345	-
Total	\$ 238,102	\$ 232,622	\$ 5,480

22. Who are the top 20 sales taxpayers in the city?

Response:

Top 20 sales tax contributors for calendar year 2022 are (in alphabetical order):

Arco AM PM, Au Energy Shell Station, Autolinx, Avery Greene Honda, Best Buy, Costco Wholesale, Factory OS, Home Depot, Lowes, McDonald's, Ross, Safeway, Safeway Fuel, Six Flags Discovery Kingdom,

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Target, Team Chevrolet Cadillac Mazda Hyundai, Tesla Motors, Texaco Power Market, Toyota Vallejo, and Vallejo Nissan

General Fund / Expenditures by Classification

23. What do you see are the biggest differences in the current proposed budget vs past year’s adopted budget for expenditures?

Response:

(In Millions)	Adopted FY 2022-23	Proposed FY 2023-24	Difference	
			AMT	%
Expenditures				
Salaries & Benefits	\$ 105.39	\$ 103.85	(1.53)	(1%)
Vehicle maintenance/replacement	4.01	5.20	1.19	29.70%
Utilities	2.30	2.34	0.04	1.8%
Services and Supplies	12.50	14.28	1.78	14.2%
Bonds, Leases and Other Costs	1.51	1.84	0.33	22.0%
Maintenance, including streets	6.13	7.16	1.03	16.8%
General Liability	8.38	8.84	0.46	5.5%
Citywide Overhead	(10.53)	(10.74)	(0.21)	2.0%
Total	\$ 129.69	\$ 132.78	\$ 3.09	2.4%

Salaries and Benefits budget is decreasing by \$1.53M compared to the previous year.

- Salaries increased by \$0.8M, CalPERS normal cost by \$0.6M and Workers’ Comp by \$0.2M. The decreases are caused by CalPERS UAL of \$0.4M and Health Benefits of \$1.47M. The decrease in CalPERS UAL is due primarily to CalPERS actuarial numbers higher than expected rates of returns on investments.
- The proposed projected vacancy savings is based on the history of the city’s vacancies from the previous fiscal year. There has been an unusual number of vacancies in the past fiscal year due to high turnover and tight labor market. Projected vacancy savings are increasing from \$5.0M to \$7.1M.

Fleet maintenance and replacement increased by \$1.2M compared to FY 22/23 adopted budget.

Maintenance, including streets are as follows:

- \$1.2M has been proposed for street repair projects
- \$1.95M has been funded for facilities maintenance, of which \$700K is for police department building design
- \$1.37M for Information Technology improvement such as cyber security
- \$975K for PD radio repeaters
- \$500K Participatory Budget
- \$300K for ERP
- \$250K for Causeway bridge
- \$328K for Computer hardware and software used by Departments
- \$286K for General Plan Update and Technology purchases from fees

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General Liability: The City has retained an actuary vendor (Bickmore) to provide funding recommendation for the General liability program. For FY 2023-24, the proposed funding is \$8.8M. Cost charges to the departments are based on the 5-year claims history obtained from the third-party administrator. The increase in costs allocated to the GF is due to the increase in claims, an increase of the staffing for Risk division, and to meet the 80% confidence level.

24. Where can we find the breakdown of the vehicle maintenance/replacement expenditure from the general fund? Why is the expenditure going up?

Response:

The General Fund portion of the vehicle replacement and maintenance is going from \$4.0M of previous year to \$5.2M for the proposed Fiscal Year. General Fund allocation to Fleet Maintenance budget (Fund 501) increased \$250K, to \$3.0M, while the Fleet Replacement budget (Fund 502) increased \$955K, to \$2.2M. \$2.2M for the fleet replacement budget includes the \$850K set aside for the Bank of America loan repayment, which is being brought for council approval on Jun 13th, 2023.

Due to the increased cost of parts and supplies, and additional units added to fleet, additional budget is needed to keep up with required inspections, service, and repairs. The cost of fuel and oil supplies has nearly doubled in recent years, and prices continue to be high.

The Fire Department is currently operating with 5 engines that have more than 100K miles (3 are 20 years or older, two are 11 years old) and one engine that has nearly 100K miles on it (as of early 2022). Six engines out of the nine currently in service have significant age and mileage, which require more maintenance and are prone to frequent and longer out-of-service times.

25. How much is funded using general fund for infrastructure/capital maintenance?

Response:

Approximately \$6.69M has been proposed for infrastructure/capital maintenance.

A complete list of all the capital projects proposed to be funded by the General Fund can be found in the Capital Projects section.

General Fund / Police Department

26. What are the major changes in the Police Department budget?

Response:

The most significant change is Code Enforcement Division moving to the Planning and Development Services Department. Additionally, 2020 COPS grant, which ends the 3-year grant revenue for 8 COPS police officers' positions, is ending. City is obligated to keep the limited 8 police officers' position for an additional year per grant requirement. City is currently working with the COPS Office requesting a grant extension.

27. What is meant by the description "Interfund General Liability Allocation"?

Response:

The City's cost to purchase insurance policies covering general liability, real property, cyber and the cost to manage the liability program is controlled by the General Liability Fund (Fund 508) and the cost is

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allocated to city programs. This allocation of cost is based on the 5-year claims history obtained from the third-party administrator. The increase in the cost allocated to the police department is due to the increase in claims attributed to the department.

28. What is the source of revenue for the Police Department?

Response:

Police Department receives various grants, such as COPS grant. Also, Police Department receives reimbursement from Kaiser, Six Flags, or School district for the dispatch of the Police Officers to those locations. There has been a decline in the revenue due to the movement of Code Enforcement Division to Planning and Development Services Department. The Police Department also receives allocation from the Mare Island based on the population Police Department is serving.

29. How many positions addition/deletion can the city expect within the Police Department?

Response:

Administrative Manager position is proposed to manage and supervise civilian staff in Professional Standards. Duties will also include collaborating and assisting representatives with Department of Justice, Point of Contact for Independent Police Auditor, handling all urgent requests from PSD Lieutenant, and completing all reports related to In Custody Death, URSUS (UOF), and SB90 (Police Mandates). One police officer position is being frozen to fund this proposed new position.

General Fund / Fire Department

30. What are the changes to the Fire Department budget?

Response:

There were 12 positions funded by SAFER grant which ended in March 2023. City's grant revenue and expenditure for these 12 positions decreased in the proposed budget. There is an increase of \$486K for vehicle maintenance and replacement budget, which is primarily to fund proposed Fire department's purchase of a ladder truck and 2 Type 1 apparatus.

31. What is the source of revenue for the Fire Department?

Response:

The Fire Department's major source of revenue is Mare Island allocation, which is based on the square footage of protection supported by the Fire Department. Additional information on the Fire Department revenues can be found in the General Fund Five Year Revenue Forecast.

32. How many position changes can the city expect within the Fire Department?

Response:

12 expired SAFER funded positions for Fire were removed from the proposed budget.

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General Fund / Public Works (PW) Department

33. What are the major changes in the Public Works Department budget?

Response:

Expenditures are increasing by about 4% from \$10.0M to 10.4M, revenues are dropping by over 22%, from \$3.1M adopted budget of FY 22-23 to \$2.4M for the current proposed budget.

34. Why has the Public Works' department's proposed program revenues decrease? What changed?

Response:

Public Works departmental revenue projections are based on prior year actuals received and forecasted economic conditions. Should forecasts improve and revenue actuals increase during the first half of the new fiscal year, adjustments to the revenue budget will be made during the FY 23-24 mid-year budget process.

The main source of the Public Works departmental revenues are the development related fees that the City collects from permit applicants. Additional information on the Public Works Department revenues can be found in the General Fund Five Year Revenue Forecast.

35. The Public Works department's proposed budget shows an Interfund Other Allocation. What is this?

Response:

The PW Maintenance inter-fund allocations are reimbursements to the General Fund from other funds for services rendered by PW Maintenance staff for the costs such as staff time, parts/supplies, and equipment. For example, when PW Streets Maintenance staff perform street repair work in support of Water operations (after main breaks, etc.), the Water Fund reimburses the General Fund for the costs to perform those services.

36. Why is the allocation for Public Works for vehicle & maintenance going up?

Response:

The Fleet Maintenance budget allocations are based on the prior fiscal year actual maintenance and repair expenditures for the fleet units of each department. The percentage of the total Fleet Maintenance budget spent to maintain/repair the fleet of each department is calculated based on actual expenditures. The percentage is then used to determine the allocation amount for the next fiscal year. Vehicle maintenance and replacement budget is going up \$300K, to 1.1M.

37. What is the new Service and Supplies budget that has been added this year in the Public Works Recycling Division?

Response:

AB1985 phases in SB1383 organic waste rules for local governments to procure a population-based quantity of compost, mulch or biogas. On or after January 1, 2024, the City of Vallejo needs to procure a quantity of recovered organic waste products that meets or exceeds 65% (6,128.2 tons) of organic waste

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product procurement target of 9,428 tons. The new budget is needed to cover this mandated expense. The City will be required to meet the procurement target of 9,428 tons in FY 24-25 (calendar year 2025).

General Fund / Planning and Development Services Department (P&DS)

38. What are the changes in P&DS Department budget?

Response:

The most significant change is the Economic Development Division moving out and becoming a department of its own, and Code Enforcement Division moving in from the Police Department.

39. Why is the allocation for Planning & Development Services for vehicle & maintenance going up?

Response:

Since the Code Enforcement division is being transferred to Planning & Development, the budget required to maintain and/or replace/purchase Code Enforcement units are now included in the Planning & Development budget. Maintenance budget allocations are based on the prior fiscal year's actual maintenance and repair expenditures for the fleet units of each department. The percentage of the total Fleet Maintenance budget spent to maintain/repair the fleet of each department is calculated based on actual expenditures. The percentage is then used to determine the allocation amount for the next fiscal year. The allocation increase for Planning & Development in FY23-24 is also attributed to the increased cost of services provided for the department's fleet in the prior fiscal year.

40. What are the revenues generated by P&DS Department?

Response:

Main source of the revenue are the development related fees that the City collects from permit applicants for Building and Planning. The Department also receives fees from citations and fines by the Code Enforcement Division.

Revenue for FY 23-24 is increasing for the Department, mostly due to Code Enforcement moving from the Police Department.

41. What is the "Transfer Out" – capital funds?

Response:

The bulk of the amounts are the fee collected for two projects, General Plan Update (EDVGPU) and Technology Purchase (TECHNO). The funds in EDVGPU are being used to pay for General Plan related projects, one of which is the General Plan update consultant. Technology fee surcharges are used to fund various technology expenditures.

Computer hardware and software related costs have been transferred to project # IT000, to better track City's computer hardware and software-related expenditures.

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General Fund / Administration

42. What are the changes in the Administration budget?

Response:

Economic Development and Information Technology have been moved from the P&DS and Executive sections to their own Department.

City added two new Boards and Commissions: Police Oversight & Accountability Board & Measure P Oversight Committee

43. What are the significant changes in services and supplies for the Administration Department compared to the previous year?

Response:

Elections budget of \$250K has been decreased since elections are held biannually. Budget is increase in each election year.

City Manager's Office is reallocating its budget used for Special Events to Citywide – 'Programs to support community', increasing the budget to \$462K.

44. How many position adjustments can the city expect within the Administration Department?

Response:

The Information Technology Department is proposing to add one IS Support Tech II position.

45. What are the significant changes in the Economic Development Department budget?

Response:

The Economic Development Department is staying relatively flat except for the increase in salary, which is based on the MOUs approved by the Council.

46. What is the main source of revenue for the Economic Development Department?

Response:

Major sources of the Economic Development Department's revenue are from Downtown Improvement District assessments and Vallejo Tourism Business Improvement District assessment (VTBID). For VTBID, hotels with more than 40 rooms remit \$2 per occupied room per night and for hotels with 40 rooms or less remit \$1 per occupied room per night. Assessments and VTBID are both passthrough funding, that is, all the revenues received are remitted to Downtown Vallejo Property and Business Improvement District (PBID) and Vallejo Tourism Improvement District (VTBID).

General Fund / Citywide

47. What is the difference between Humane Society of North Bay and the County of Solano Animal Sheltering & Control?

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Response:

Humane Society of the North Bay operates the City's own animal shelter over on Sonoma Boulevard. They care for the animals in our local shelter, take in lost Vallejo animals and hold them until their owners can retrieve them, run adoption programs/events to get animals new homes, provide medical/vaccine/spay-neuter services to the community, etc. They also use Participatory Budget funds each year to coordinate programs for local pets and feral cat colonies. They are our local animal shelter care provider.

Solano County does 2 things for the City through the Sheriff's Office:

- They provide the Animal Control Officers, with equipment and vehicles to respond to calls when residents report lost or dangerous animal concerns.
- They are overseeing the County's Fairfield animal shelter. Animals that are rejected by the Humane Society (for instance if the local shelter is full, or the animal seems too uncontrollable/dangerous) they get transported to stay at the County shelter in Fairfield.

In a way, the Fairfield shelter and HSNB services do overlap a lot. Both provide Animal Sheltering & some safety/medical care. The big difference is convenience and location for Vallejo residents and the programs HSNB runs locally in the City.

48. There is an increase in the general fund for infrastructure/capital maintenance, including streets. How much of that is for street repair and how much of that is for infrastructure. Just what infrastructure will experience the increase?

Response:

In FY 23-24, \$3.15M of the General Fund budget is proposed to be allocated to various infrastructure/capital maintenance projects as detailed in the Capital improvement Plan. Of this, \$965K is allocated to street repair, specifically to project PWC109. A total of \$4.1M is being allocated to projects that are specifically for road repair and improvement through a combination of General Fund Capital Outlay, Gas Tax, SB1/RMRA, and grant funding.

Details related to street related projects are reported separately as part of the Capital Improvement Programs in the CIP book.

General Fund / American Rescue Plan Act (ARPA)

49. How is ARPA revenue being used? What expenditures have been assigned?

Response:

American Rescue Plan Act revenue of \$25,727,736 is allocated into 32 different projects, approved by council, listed in the budget book.

General Fund / Measure B/V – Transaction Use Tax

50. How is Measure B/V revenue being allocated?

Response:

Projected revenue for Measure B/V is \$20.7M and it is proposed to support 7 areas listed in the budget book narrative.

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General Fund / Measure P – Transaction and Use Tax

51. How is Measure P revenue being allocated?

Response:

Projected revenue for Measure P is \$18.2M and NO expenditure has been budgeted. The council has created a new commission called “Measure P Oversight Committee” to assist with the allocation to 9 areas previously approved.

Enterprise Funds

52. What are the sources for the Enterprise Funds?

Response:

Enterprise Funds are comprised of Water Funds, Fiber Fund, Marina Fund, Golf Course Fund and Vallejo Station Parking Fund. These funds are established to function as self-supporting operations wherein expenditures are entirely offset by fees or charges for services.

Revenues from fees or charges are accounted for in separate enterprise funds and can only be used to pay for expenses related to those services.

Total Enterprise Funds proposed revenue budget including transfers in is \$62.7M and proposed expenditure budget is \$84.5M. The difference of \$21.8M, mostly attributed to the Water Fund, is due to the usage of the beginning available fund balance.

Enterprise Funds / Water Funds

53. What are Funds 401 and 404?

Response:

These are Water’s “City System” (Greater Vallejo) operating and capital funds (as opposed to Travis Air Force Base or the Lakes Water System funds)

Fund 401 – City System Operating Fund & Fund 404 – City System Capital Fund

54. Why was there an operating reserve for Water Rate Stabilization (Fund 412)?

Response:

The Water Rate Stabilization Fund was established in FY 15-16 with \$4M from the City Water System Operating Fund (Fund 401) which could be used to help meet the City’s legal covenant (125% debt to bond ratio).

In FY 15-16, \$1.5M was transferred back to Fund 401 to augment annual revenues and meet the required debt service coverage. The Water Rate Stabilization Fund balance has been maintained at \$2.5M since FY 2015-16.

55. Why is there a negative amount in the Lake System Fund (Fund 403 and 411)?

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Response:

The Lakes Water System's ongoing negative balance is due in part to the sunset of the Lakes Water System Surcharge, as well as the need to make transfers from operating funds to capital funds for required water system projects. There is a structural imbalance in the Lakes Water System budget resulting from rate revenues being insufficient to cover the operating costs of the Lakes Water System. Lakes Water System water rates are significantly higher than Vallejo System rates, since the system operating, and capital costs must be spread across a relatively small number of customers.

Fund 403 – Operating fund & Fund 411 – Capital fund

56. How essential is the requirement to replace the water mains in the proposed budget, or can those replacements be deferred to a later year?

Response:

The City of Vallejo has many old and undersized pipelines (some installed in the late 1800s), many of which are past their useful life and result in costly repairs. All water main replacements (and all Water-related capital projects) have no impact on the City's General Fund, as they are funded by the Water Capital Fund through rate revenues.

The pipeline replacement Capital Improvement Project responds to an earlier City Council goal to address the City's failing infrastructure. The goal was affirmed by the City Council Ad Hoc Water Rate Committee and the Citizen Water Rate Working Group and shaped the approach to the current rate plan approved unanimously by Council.

The water system is comprised of approximately 600 miles of pipelines. At the current replacement rate, it would take 450 years to replace all City pipelines. (The useful life of a pipe is 70-100 years.) The intent is to bring this replacement cycle down to approximately every 100 years (the recommended industry standard). Overall, the City aims to move from a reactive approach to its water main replacement program driven by emergency repairs, to a more proactive and cost-effective strategy. Over the long term, continuing to operate in a reactive mode will be costlier to the City than it would be to invest now to replace these aged pipelines. In addition, replacing undersized pipelines to today's standards will aid in the long-term economic development of the City, and support water quality, water pressure, and fire suppression.

Enterprise Funds / Fiber Fund

57. How is the City receiving revenue for Fiber?

Response:

Retail internet services are provided through the telecom partners' contractors, for which City receives 40% of all gross revenues generated through the City fiber infrastructure asset.

58. When will Fiber Fund start to pay back the loan from General Fund?

Response:

Based on current projections, it is estimated that the Fiber Fund will generate enough revenue to resume repayment of General Fund loan starting FY 24-25.

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Enterprise Fund / Marina Fund

59. What is the source of the Marina Fund “Other Operating Revenues”?

Response:

Fuel sales, dock box rental fees, guest dock rental fees and laundry facility use fees.

60. How is the Marina facility being funded?

Response:

General maintenance of the Vallejo Municipal Marina is funded through the Marina Fund operating budget managed by F3 Marina, the City’s marina operator. A few projects for the marina are being funded by General Fund capital outlay in FY 23-24, from the previously allocated budget in existing capital improvement projects.

Enterprise Fund / Golf Course Fund

61. What is the proposed budget for golf fund?

Response:

General maintenance of the Blue Rock Golf Course is funded through the Golf Fund operating budget managed by Touchstone, the City’s Golf course operator. The proposed revenue budget is \$4.6M, and the proposed expenditure budget is \$200K higher, which is \$4.8M. Touchstone, through Staff, is proposing to use \$200K from \$1.8M beginning available balance to fund the \$461K in capital expenditures.

62. What is the source of the “other Income” for the golf course?

Response:

It consists of concession stand sales less cost of sales.

63. At the projected rate of payment, when will the debt service for the golf course be completely paid if there are no changes in the amount that the debt is currently being paid?

Response:

The debt will be fully paid on January 1, 2042.

Enterprise Funds / Vallejo Station Parking Fund

64. Why is the Expenditure budget for Parking fund far less than previous budgets?

Response:

The Parking Fund has additional \$1.3M expenditure budget in MYOP Project # MY2331, funded from American Rescue Plan Act (ARPA), to fully cover its operational costs. Any unexpended appropriations remaining from these funds will be available for spending in FY 23-24.

**FREQUENTLY ASKED QUESTIONS
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65. It appears that Vallejo Station parking fund is finally seeing a positive projection this year. How is the parking fund managed by the City since there are no positions assigned to the fund?

Response:

The Parking program is currently managed by the Public Works Transportation Superintendent (whose position is funded by the General Fund), with the periodic assistance of extra help/temporary staff.

Economic Development Fund / Successor Agency

66. What is this fund and what is its purpose?

Response:

This fund was established to help facilitate the wind-down process of the former Redevelopment Agency, make payments on enforceable obligations, and dispose of the Agency's assets and properties.

Economic Development Funds/ Mare Island Programs

67. Where can I find the amount of revenues produced by Mare Island?

Response:

Revenues are recorded in the Economic Development Fund section, under Fund # 112.

Total General Fund revenues including Mare Island is \$152.9M, Mare Island portion is \$1.9M. The net of the Mare Island revenues is \$151M which is reported as the General Fund revenue proposed for the new fiscal year.

68. How are the CFDs calculated?

Responses:

The Mare Island CFD budgets are managed by the Economic Development Department, in cooperation with the Public Works Department, and the Finance Department. The City develops the individual CFD budgets based on which Goodwin Consulting Group calculates the CFD taxes with the approved methodology for each CFD.

The Fire department's \$2.46M expenditure represents the Fire costs allocated to the Mare Island 2002-1 CFD. This allocation is based on the total residential and non-residential square footage Citywide versus the total square footage on Mare Island excluding buildings anticipated to be demolished such as most the buildings on North Mare Island. The Police department's \$835K represents the Police cost allocated to the Mare Island 2002-1 CFD, which is based on the population served.

69. What are the charges under "non departmental" shown on the Mare Island Programs?

Response:

These are expenditures for City's staff cost allocation.

**FREQUENTLY ASKED QUESTIONS
FOR
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70. What is the “Transfer In” shown under the Mare Island Base Reuse Fund (Fund 107)?

Response:

The City’s General Fund has subsidized \$100K for the short fall in Mare Island’s revenue.

71. What is Fund 107, Mare Island Base Reuse Fund supposed to do?

Response:

Fund 107 traditionally covered the City’s marketing, development, and oversight costs for Mare Island. Once the Fund 107 reserves are depleted, the City’s General Fund is anticipated to fund most of these costs except for costs related to the Environmental Cleanup that are funded through the Mare Island Conversion Fund 106.

72. Touro owns many more buildings on Mare Island. How is the amount that Touro is required to pay for those buildings determined?

Response:

Touro University pays the 2002-1 CFD tax based on their approximately 500K square feet site.

73. What is Mare Island Community Facilities District # 2002-1 Fund (Fund 112)?

Response:

The 2002-1 CFD was formed at Mare Island to enable the City to meet the increased demands placed on the City services as a result of private reuse on Mare Island. The CFD includes residential and commercial properties, the Mare Island Golf Course, Touro University and City-owned property. It is a services-only 939-acre district that funds the municipal services costs on the Island. The district receives an allocation of all tax revenues generated on Mare Island and assesses property owners a special tax for the balance of funds needed to support approximately \$4-5M in annual services. As development expands, tax revenues are expected to increase, and the special tax requirement is expected to decrease.

74. Does CFD 2002-1 cover the MI Bridge and causeway, and how is that fund funded?

Response:

Yes, as the bridge is a facility being maintained to serve the CFD, the operating costs of the bridge are paid for through the 2002-1 CFD. However, acknowledging the high costs, the City continues to grant a subsidy of \$250K towards the CFD bridge costs (equal to approximately 50% of the O&M costs).

The CFD (Fund 112) covers approximately half of the cost to operate the bridge. Staff are proposing to continue with the \$250K budget for the coming fiscal year which will be subsidized by the General Fund.

Public Works Funds

75. Where are the sources of revenue for Public Works?

Response:

PW Funds are comprised of Fleet Maintenance Replacement Funds, Landscape Maintenance Districts funds, and Gas Tax Fund.

FREQUENTLY ASKED QUESTIONS FOR FY 2023-24 BUDGET

Total Public Work funds proposed revenue budget is \$18M and proposed expenditure budget is \$16.1M. The difference of \$2.0M will be rolled into the fund balance, to build up reserves.

Public Works Funds / Fleet Maintenance and Replacement Fund

76. What department and what vehicles are being proposed to be purchased this budget year with the proceeds of Fleet Maintenance/Replacement Fund (Fund 501 and 502)?

Response:

Following is a list of scheduled vehicles and departments:

General Fund:			Budget	Expected
Department/Division	Unit	Description	Appropriated in FY 23-24	Purchase Contract
CITY MANAGER	TBD-CM1	SUPPLY TRAILER	\$ 10,000	Cooperative
PLANNING/CODE	TBD-CE1	FORD F150	\$ 40,000	State
PD-OPS	124	FORD INTERCEPT (U)	\$ 45,000	State
PD-OPS	139	FORD INTERCEPT	\$ 50,000	State
PD-OPS	141	FORD INTERCEPT	\$ 50,000	State
PD-OPS	160	FORD INTERCEPT	\$ 50,000	State
PD-OPS	178	FORD INTERCEPT	\$ 50,000	State
PD-OPS	189	FORD INTERCEPT	\$ 50,000	State
PD-OPS	191	FORD INTERCEPT	\$ 50,000	State
PD-OPS	777	MOTORCYCLES	\$ 50,000	Ironsteed
PUBLIC WORKS	302	FORD F150	\$ 40,000	State
PUBLIC WORKS	306	FORD ½ TON PICKUP	\$ 55,000	State
PUBLIC WORKS	307	FORD F350	\$ 60,000	State
PUBLIC WORKS	308	FORD F350	\$ 60,000	State
PUBLIC WORKS	317	FORD F350 XL	\$ 65,000	State
PUBLIC WORKS	512	FORD F350	\$ 60,000	State
PUBLIC WORKS	533	FORD RANGER	\$ 30,000	State
PUBLIC WORKS	TBD-GR1	AEBI TT211 MOWER	\$ 210,000	State
GENERAL FUND UNITS		ACCESSORIES & CONTINGENCY	\$ 141,242	
		Total General Fund	\$ 1,166,242	

Other Funds:			Estimated	Expected
Department/Division	Unit	Description	Cost	Purchase Contract
GAS TAX	334	STREET SWEEPER	\$ 250,000	
FLEET	669	FORKLIFT	\$ 45,000	
		Total Other Funds	\$ 295,000	

Water Fund:			Estimated	Expected
Department/Division	Unit	Description	Cost	Purchase Contract
WATER-BILLING	415	FORD F150	\$ 35,000	State
WATER-DIST-REPAIRS	422	FORD F450	\$ 95,000	Cooperative
WATER-DIST-METERS	448	FORD F350	\$ 65,000	State
WATER-ADMIN	530	FORD F150	\$ 35,000	State
WATER FUND UNITS		ACCESSORIES & CONTINGENCY	\$ 75,000	
		Total Water Fund	\$ 305,000	

Fund 501 is the fleet maintenance budget. The maintenance, service, and repairs to all City fleet, including PD and Fire, are funded by Fund 501.

Fund 502 is for fleet replacement.

Public Works Funds / Landscape Maintenance Districts

77. The Landscape Maintenance Districts (LMDs) revenue exceeds expenditures. What is the long-term plan for the accumulated fund balance?

FREQUENTLY ASKED QUESTIONS FOR FY 2023-24 BUDGET

Response:

Within the Maintenance Districts, upon original construction and installation of the approved landscaping, the responsibility for ongoing maintenance, repairs, upgrades and replacement becomes the Public Works-LMD. We hold rehabilitation funds in reserve to cover the replacement cost.

Typically landscaping and irrigations systems have an average useful life span of 15-20 years. Public Works completes rehab projects based on need and environmental impacts. We plan and completes larger CIP replacement projects as landscaping exceeds its useful life and adequate funds have accumulated.

Examples:

- Rehab project / repair, upgrade irrigation and replant center median for Springs Rd. and Columbus is \$5K
- CIP-PWL002 / Glen Cove Parkway - phase 1- remove, replace and upgrade irrigation system, replant vegetation, replace monument sign and lighting is \$600K (near completion)
- CIP-PWL001 / Hiddenbrooke Parkway project remove, replace and upgrade irrigation system, replant vegetation along entire parkway is \$2.1M (in construction)

Public Works Funds / Gas Tax Fund

78. What is the reason for the “Transfer Out” of the Gas Tax Fund to the Capital Project Fund (Fund 219)? Are Gas Tax funds permitted to be used for anything other roads or actual transportation projects such as buses?

Response:

\$769K is being transferred to capital improvement project PWC109 for ongoing Street Overlay / Preservation projects managed by Public Works.

The use of local Motor Vehicle Fuel Tax funds is restricted by Article XIX of the California State Constitution and by Streets and Highways Code Section 2101. All Motor Vehicle Fuel Tax funds allocated from the Highway Users Tax Account must be expended for the following:

- The research, planning, construction, improvement, maintenance, and operation of public streets and highways (and their related public facilities for nonnotarized traffic), including the mitigation of their environmental effects, the payment for property taken or damaged for such purposes, and the administrative costs necessarily incurred in the foregoing purposes.
- The research and planning for exclusive public mass transit guideways (and their related fixed facilities), the payment for property taken or damaged for such purposes, and the administrative costs necessarily incurred in the foregoing purposes.
- The construction and improvement of exclusive public mass transit guideways (and their related fixed facilities), including the mitigation of their environmental effects, the payment for property taken or damaged for such purposes, the administrative costs necessarily incurred in the foregoing purposes, and the maintenance of the structures and the immediate right-of-way for the public mass transit guideways.
- The payment of principal and interest on voter-approved bonds issued for the purposes specified above.

FREQUENTLY ASKED QUESTIONS FOR FY 2023-24 BUDGET

79. Is the state gas tax appropriation likely to be decreased due to the state’s reduction in its pending budget? If so, what expenditure from Gas Tax Fund (Fund 133) will be reduced?

Response:

Due to actual revenues being lower than State projections in the past, the FY 23-24 revenue is budgeted less than the HUTA revenue projections provided in January. Further, \$200k of the revenue budgeted has been placed in a contingency account. Updated revenue projections are expected by the end of May 2023. Should projections come in lower and budget cuts be needed, the contingency budget will be decreased. A reduction to the transfer-out to the capital improvement project, PWC109, would be considered next if additional cuts be needed. Should projections come in higher, the revenue and expenditure budget will be adjusted at mid-year. The snapshot below is from the January 12, 2023 HUTA and RMRA projections report discussing the revenue expectations of the State of California.

The full report can be found at <http://www.californiacityfinance.com/LSR2301.pdf>

Looking Ahead: Long Term Estimates of Local Streets and Roads Funding

With the recovery from the COVID-19 pandemic of 2020, we can expect stable, modest year over year growth in local streets and roads revenues in future years. While fuel consumption may remain flat or in slight decline, annual cost of living adjustments will help to maintain revenues.

Due to complicated statutory transfers from these revenues before the city and county allocations are made (including the \$1.7 billion transfer for state transportation debt service), actual growth in funding allocated to cities and counties varies somewhat among the various categories of local streets and roads allocations and will not exactly mirror total tax collections. Taking all these factors into account, for the purposes of long-term transportation program planning, we estimate transportation allocations to cities and counties will increase in outyears at the following growth rates:

Estimated Annual Revenue Growth Rate over prior year				
	<u>2024-25</u>	<u>2025-26</u>	<u>2026-27</u>	<u>Beyond</u>
HUTA 2103	3.6%	-0.1%	0.0%	1.2%
HUTA 2104	1.4%	1.1%	0.6%	1.0%
HUTA 2105	1.4%	1.1%	0.6%	1.0%
HUTA 2106 county	1.2%	0.8%	0.3%	0.8%
HUTA 2106 city	1.5%	1.2%	0.7%	1.1%
HUTA 2107	1.4%	1.1%	0.6%	1.0%
RMRA	6.9%	6.2%	6.7%	6.6%

80. What is the city currently allocating for streets?

Response:

In FY 23-24, \$3.15M of the General Fund budget is allocated to various infrastructure/capital maintenance projects as detailed in the Capital improvement Plan. Of this amount, \$965K is allocated to street repair, specifically to project PWC109. A total of \$4.1M is being allocated to projects that are specifically for road repair and improvement through a combination of General Fund Capital Outlay, Gas Tax, SB1/RMRA, and grant funding. Additional information is available in the Capital Improvement Program book.

Other Funds / Housing and Community Development Department

81. What is the breakdown of the operating grants and contribution for the Housing funds?

Response:

**FREQUENTLY ASKED QUESTIONS
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The \$25.4M is the sum of all grants (revenues) received from HUD to fund Section 8 Voucher program \$21.7M, Section 8 Administration costs \$2.1M, CDBG programs \$1.0M and HOME programs \$562K.

82. Housing Capital Funds “Transfer in”, where is it coming from and what is it used for?

Response:

The \$120K represents 20% of the ROPS 2023-24 Successor Agency loan repayments to City. Per Health and Safety Code Section 34191, the City is required to set aside 20% of revenues received from the dissolved Redevelopment Agency to the Housing Successor Agency Fund (Affordable Housing Fund# 126) for affordable housing projects.

Other Funds / Self-Insurance Fund

83. What is the projection of the amounts the city will need to allocate to Risk funds for the current fiscal year?

Response:

The City has retained an outside actuary (Bickmore) to provide funding recommendation for the General liability and Workers’ Compensation program. For FY 2023-24 the proposed funding is \$9.5M for General Liability and \$5.9M for Workers’ Comp. This aligns with the actuarial liability at 80% confidence level based on Bickmore’s report from FY 21-22.

Other Funds / Police Grants

84. Why is there no funding for Police Grant Fund 146 and 149?

Response:

Revenue and Expenditure for Fund 146 and 149 will be proposed when there is a new grant that the City is approved for, which staff will then present to the Council before the budget allocation.

85. What is the funding used for Fund 151 Supplemental Law Enforcement Grant?

Response:

The money is being drawn down and is currently being used to fund the citywide Flock Safety camera project and other frontline equipment needs.

Other Funds / Debt Service Funds

86. What is 1999 COPS Fund # 303?

Response:

This fund is used to account for the accumulation of resources for, and the payment of principal and interest related to the 1999 Certificates of Participation. Additional information on this loan can be found in the Appendix section – Debt/Limit Obligation.

87. What is COPS Fund #309? How much is still owed to Union Bank Loan A, Fund #309, and why was the loan created? When will it be paid off in full?

**FREQUENTLY ASKED QUESTIONS
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Response:

This fund is used to account for the accumulation of resources for, and the payment of principal and interest related to the General Fund share of UBOC Tranches A and B loan. Additional information on this loan can be found in the Appendix section – Debt/Limit Obligation.

Capital Project Funds

88. What capital projects are slated to be completed in FY 22-23, and what new projects are starting in FY 23-24?

Response:

Projects expected to be completed in FY 2022-23 and fully closed out in FY23-24.

Public Works:

- PW9408 Electric Vehicle Chargers at Vallejo Station Parking Garage (project is fully complete, only waiting -to receive the final retention of the reimbursement amount being held by the grant agency who are waiting for- a fully completed analysis report a full year after the project is completed. This is anticipated to be completed within the upcoming fiscal year.)
- PW9729 Sacramento Street Road Diet (project is in process of being completed and will be fully closed out in FY23-24)
- PW9798 Sacramento Street Bridge Replacement Project (project has been completed with the bridge opening in FY22-23 and will be fully closed out in FY23-24.)

New projects effective FY 2023-24:

Public Works:

- PWC114 Solar Street Lights
- PWL007 Glen Cove Parkway-Phase II
- PWL008 Old Glen Cove Bike Trail
- PW9446 Hiddenbrooke Overpass Improvement Project
- PW9728 Sacramento Street Road Diet – Phase II

Water:

- WT7141 Swanzy Reservoir Improvements
- WT7142 Fleming Hill Pipe and pump Replacement Project
- WT7143 Fleming Hill Storage and Office Upgrades
- WT7144 Cordelia Pump Station Upgrade
- WT7145 Terminal Reservoir Pump Station Improvements

Please also refer to the proposed Capital Improvement Program book for additional information.

89. What are the expenditures for the Capital Outlay Fund #201?

Response:

**FREQUENTLY ASKED QUESTIONS
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Capital Outlay - Fund #201	
Expenditures	Amount
Building	\$1.95M
Street	\$1.20M
General Plan Update	\$0.10M
TECHNO	\$0.18M
IT-PEG	\$0.25M
ERP	\$0.30M
IT for Departments	\$0.33M
IT Improvement	\$1.37M
PD- RAD	\$0.98M
Causeway Bridge	\$0.25M
400 MI Building maintenance	\$0.35M
PARTICIPATORY BUDGET	\$0.50M
Total	\$ 7.76M

90. What are the eligible expenditures for Capital Project Funds from the gas tax Sec 2103, Fund #219?

Response:

The use of local Motor Vehicle Fuel Tax funds is restricted by Article XIX of the California State Constitution and by Streets and Highways Code Section 2101. All Motor Vehicle Fuel Tax funds allocated from the Highway Users Tax Account must be expended for the following:

- The research, planning, construction, improvement, maintenance, and operation of public streets and highways (and their related public facilities for nonnotarized traffic), including the mitigation of their environmental effects, the payment for property taken or damaged for such purposes, and the administrative costs necessarily incurred in the foregoing purposes.
- The research and planning for exclusive public mass transit guideways (and their related fixed facilities), the payment for property taken or damaged for such purposes, and the administrative costs necessarily incurred in the foregoing purposes.
- The construction and improvement of exclusive public mass transit guideways (and their related fixed facilities), including the mitigation of their environmental effects, the payment for property taken or damaged for such purposes, the administrative costs necessarily incurred in the foregoing purposes, and the maintenance of the structures and the immediate right-of-way for the public mass transit guideways.
- The payment of principal and interest on voter-approved bonds issued for the purposes specified above.

**FREQUENTLY ASKED QUESTIONS
FOR
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91. What is the proposed expenditure budgeted for 400 MI building?

Response:

The proposed expenditure is \$ 351K which is budgeted based on projected revenues from the lease of 400 Mare Island Building. The lease is collected from the Department of Veterans Affairs, which the current lease is set to expire on September 30, 2027.