

KEY GOALS FOR FY 2019-20

- Continue assessment of issues compromising the Town's long-term fiscal health
- Begin development of the 2020-22 Strategic Plan
- Implement new investment strategy in preparation for potential economic downturn
- Continue involvement with Youth Outreach program by the Police and Recreation
- Complete the Serramonte Blvd/Collins Ave Master Plan and other City Council approved capital projects
- Continue to expand and adjust community events and recreation programs to meet the needs of the community

KEY ACCOMPLISHMENTS FOR FY 2018-19

- Completed the Town Hall Campus Renovation and installed new playground equipment at Sterling Park
- Conducted Cemetery and Business outreach programs
- Developed and Council approved the 2019-2024 Five-Year Capital Improvement Plan
- Completed and began implementation of the 2018 Unfunded Liabilities Funding Strategy
- Engaged consultants for Town-wide customer satisfaction survey and public outreach for potential new revenue strategies
- Conducted community meetings for the Serramonte/Collins Master Plan project
- Added Cinema at the Cemetery and expanded on current community based events and programs



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FY 2019-20 Budget At-A-Glance



The full budget document is available at www.colma.ca.gov/documents/current-adopted-budget/

BUDGET HIGHLIGHTS

The 2019-20 Adopted Budget continues to showcase the Town's financial strength and stability. The budget projects \$19.8 million in total revenues, \$18.7 million in operating and debt obligations, and \$1.4 million in capital improvements. By June 30, 2019, the Town's General Fund is expected to have an operating surplus of \$0.8 million, prior to transfers to debt service (\$0.3 million), capital (\$1.3 million), and sewer operations (\$0.2 million). Operating surplus is an important indicator of financial health. It means the Town is operating within its means.

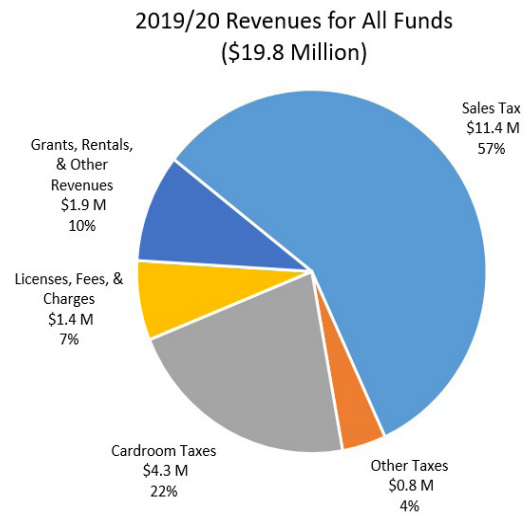
2019-20 Adopted Budget



In addition to the operating budget, the Town plans on investing \$1.4 million in capital improvements. These improvements include three new street and roadway projects, two new storm drain projects, two new facilities improvement projects, and three new technology improvement projects. This is in addition to the five currently active projects in FY 2018-19. Capital improvement budget differ from operating budget in that project budget is set for the life of the project, where as operating budget resets every July 1.

REVENUES

The Town of Colma relies heavily on sales and cardroom tax revenues, with 79 percent of all revenues coming from these sources. The largest contributor of sales tax is the auto industry. This makes the Town’s continued efforts to work with our local businesses vital to the financial strength of the organization. Beginning in FY 2018/19, the Town has hosted meetings with local auto and cemetery industries — the two largest industries in Town. The workgroups provided a line of communication between the Town and the local businesses, improving services to residents and visitors.



With such a heavy reliance on sales and cardroom taxes, the Town has begun the process of diversifying its revenue sources. This included voter-approved 12 percent TOT Tax, newly adopted planning, building, and engineering permit review fees and charges, and the expansion of the Town’s investment strategy to include Brokered Certificate of Deposits. FY 2019/20 will include the implementation of the expanded investment strategy and the exploration of other new revenue sources.

EXPENDITURES

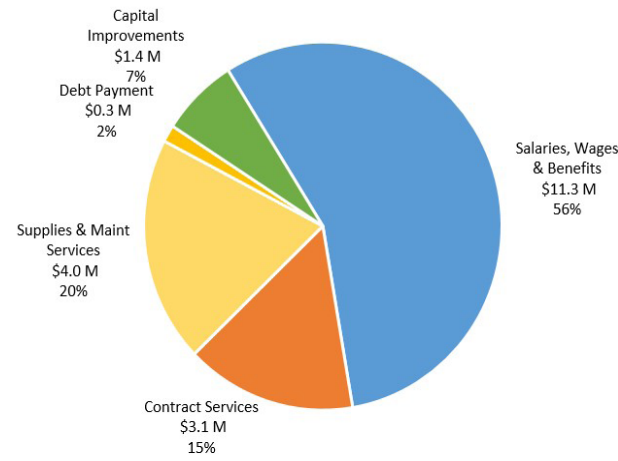
The total expenditures budget for FY 2019-20, including debt and capital spending, is \$20.1 million. As shown in the chart to the right, half of the budget is in Salary, Wages & Benefits (\$11.3 million, in blue), a third is in Supplies, Contract, and Debt Services (\$7.4 million, in yellow and orange), and the remaining in Capital Investments (\$1.4 million, in green).

Change in Budget Explained

The FY 2019-20 budget is \$2.9 million less than the FY 2018-19 Estimated Actual (NOTE: the budget and the analysis was done prior to the close of FY 2018-19 because annual budgets must be approved by the City Council prior to July 1 of each year). A majority of the change is in capital improvement. With the completion of the Town Hall Campus Renovation project, the projected capital expenditure outlay in FY 2019-20 is \$1.4 million, or \$5.0 million less than FY 2018-19 Estimated Actual.

The total operating budget increased by \$2.1 million from the FY 2018-19 Estimated Actuals. The top six contributors of the increase are supplemental contributions to Pension Trust, OPEB Trust and Accrued Leave Payout Reserves as part of the 2018 Unfunded Liabilities Funding Strategy (\$333,500); rise in pension contribution to CalPERS (\$261,700); City Council approved cost of living adjustment and other compensation (\$393,000); restoration of personnel budget to assume all departments are fully staffed (\$208,400) – roughly 1.5 vacancies in FY 2018-19; contingency budgeting for permit review activities in Planning, Building, and Engineering Division (\$149,500); and additional contributions to the vehicle replacement fund based on the vehicle replacement schedule presented as part of the 2019-2024 Capital Improvement Plan.

2019/20 Expenditures for All Funds
(\$20.1 Million)



New Budgetary Items

A key element in developing the Annual Town Budget is a review of the staffing level of each department, as well as unexpected new fees or contract costs. The City Manager reviewed the proposed increases and is recommending the following changes in FY 2019-20 Budget, the net impact of \$128,194:

- New Internship/Student Aide Program.
- Increase to HR Manager hours and offer prorated benefits.
- Staff augmentation in Finance while a member of the Team goes on an extended leave of absence.
- Contribution to the Sea Level Rise program.

RESERVES AND FUTURE CHALLENGES

The FY 2019-20 Budget anticipates the General Fund Reserves to total \$22.8 million at June 30, 2020. This includes the Council’s continuous commitment to set aside 100 percent of the operating expenditure budget into Budget Stabilization reserves. After parsing out the total reserves of \$14.3 million into various rainy day funds, the Town still has \$8.6 million available.

Similar to other cities in California, the Town is facing increased pension and other post retirement costs. The other post retirement costs include

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accrued leave payout and retiree medical coverage. The City Council adopted an Unfunded Liabilities Funding Strategy in FY 2018-19, which included annual contributions to the Town’s pension and OPEB trust, Accrued Leave Payout Reserve, and one-time contribution of \$0.7 million into the Accrued Leave

Payout Reserve, \$1.0 million to the Pension Trust, and \$1.1 million to CalPERS to reduce the Town’s unfunded liabilities.

The City Council has also identified the importance of the local businesses to the stability of the Town’s finances. This includes updating the Town’s General Plan and improving the Town’s public roadways and sewer system to promote economic development.