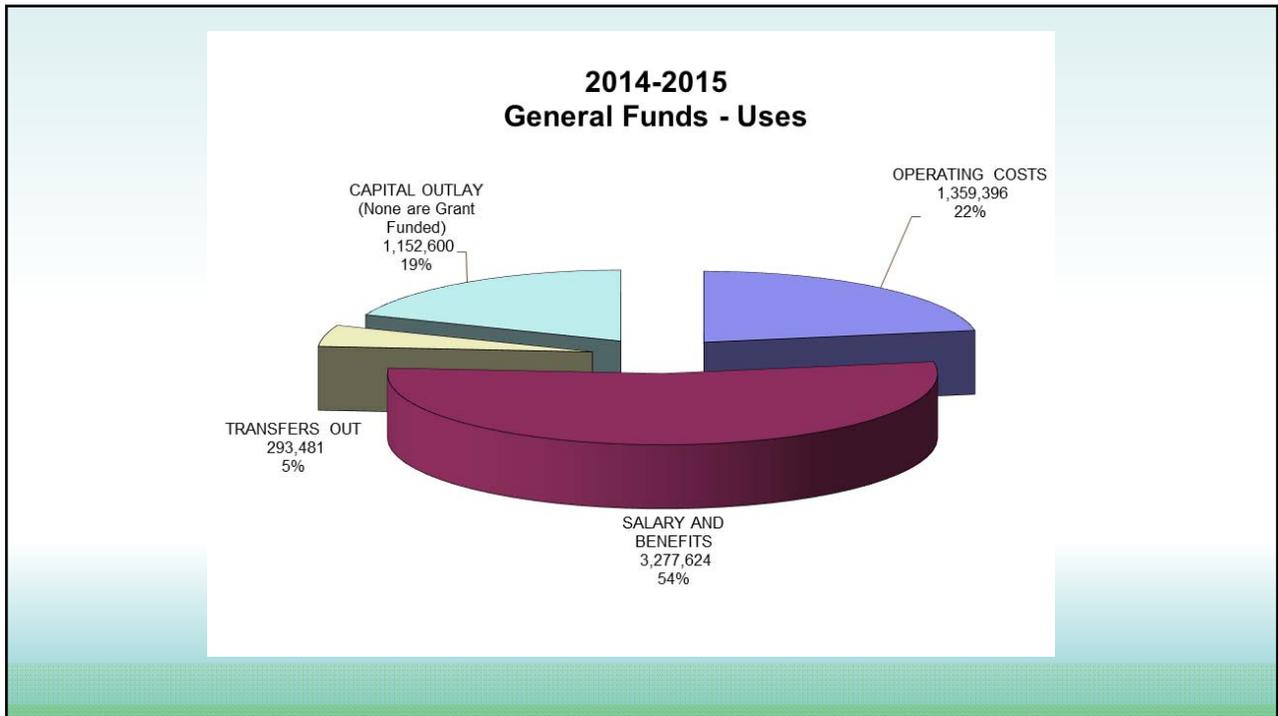
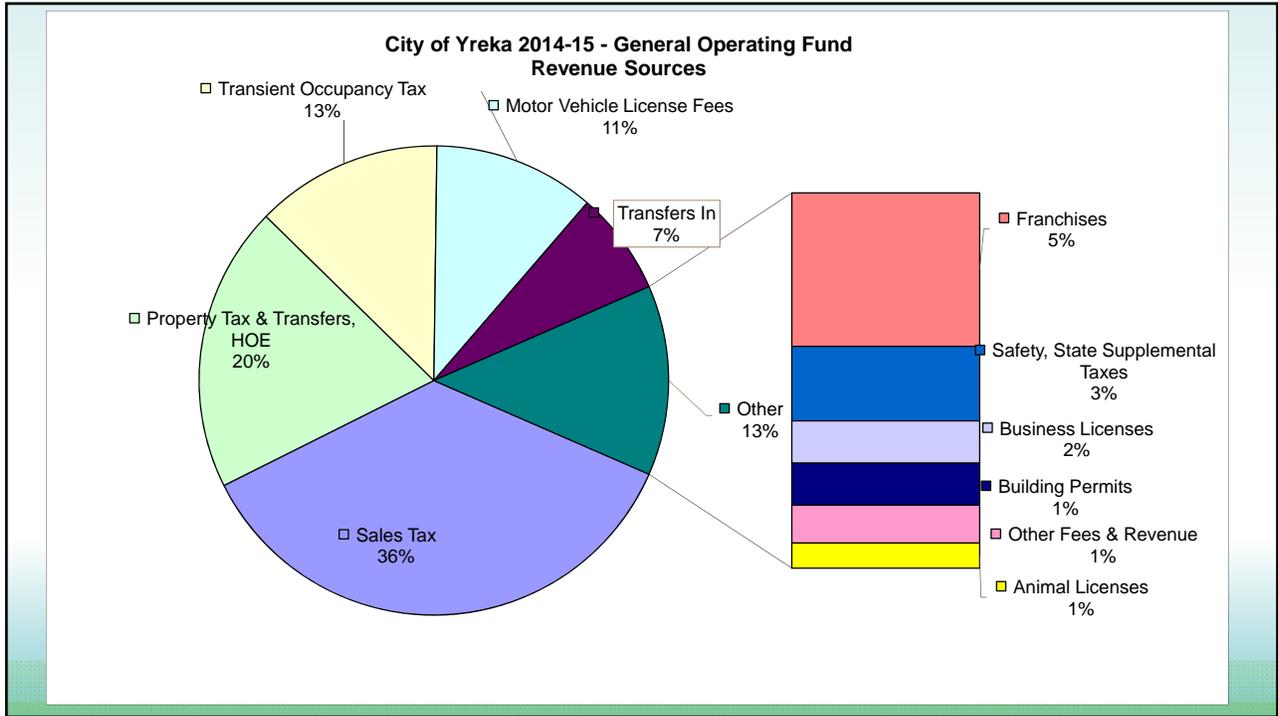


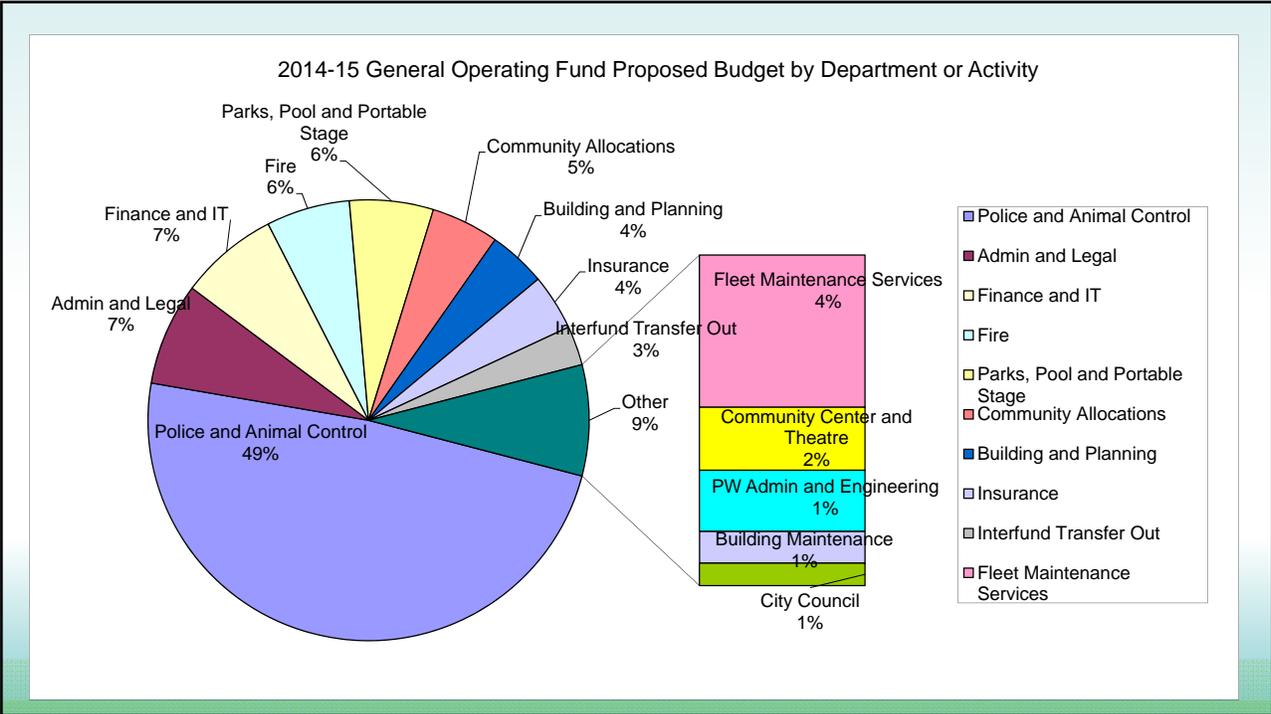
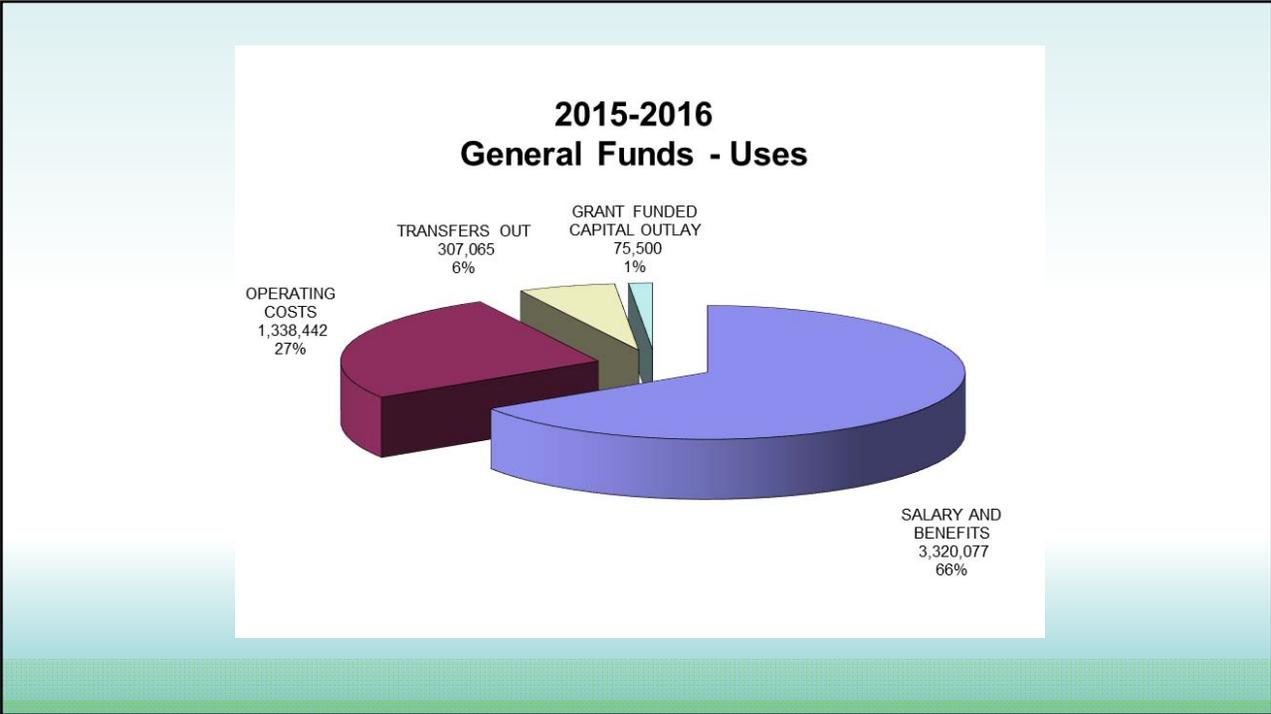
City of Yreka 2014-2016 Budget



General Funds Group

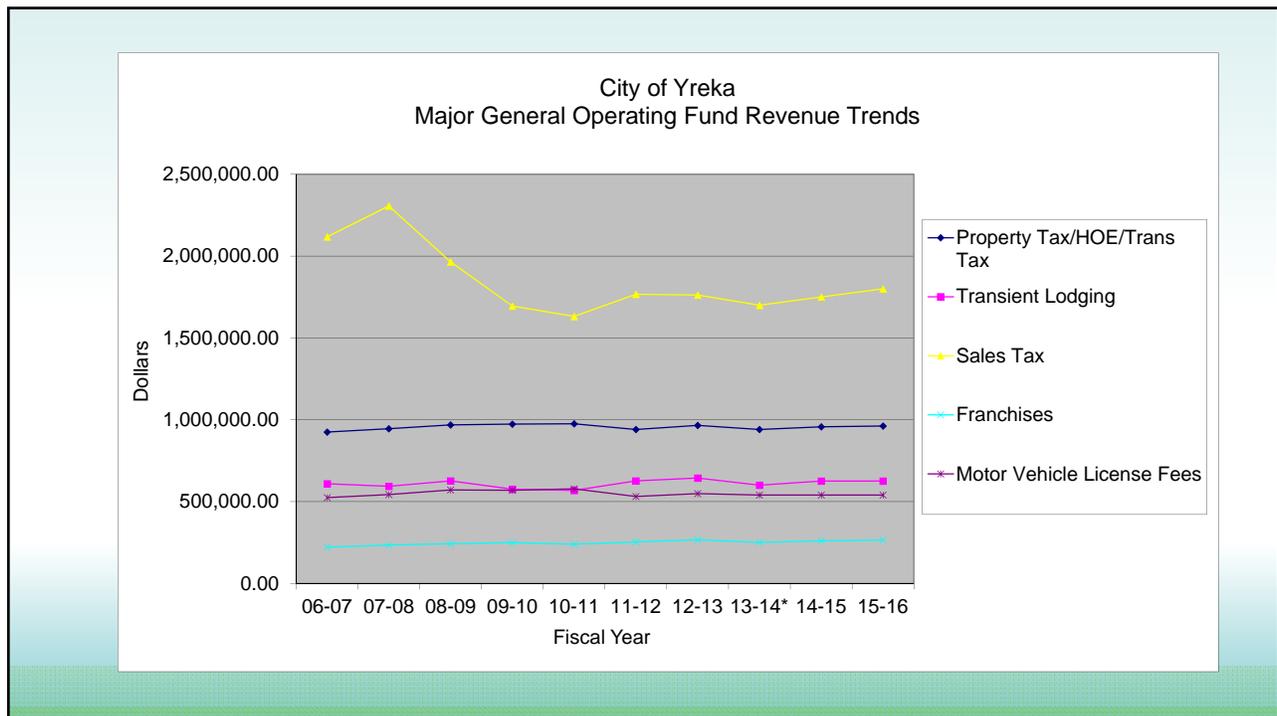
- General Operating Fund (01)
- Donated Funds (02) and YVFD Donated Accounts (03)
- Crandall and Stewart Funds (04)
- Operating Reserves (08)
- Capital Reserves (09)
- General Fund Capital Outlay (10)
- General Building Acquisition Fund - YPD Building and Rehab (11)



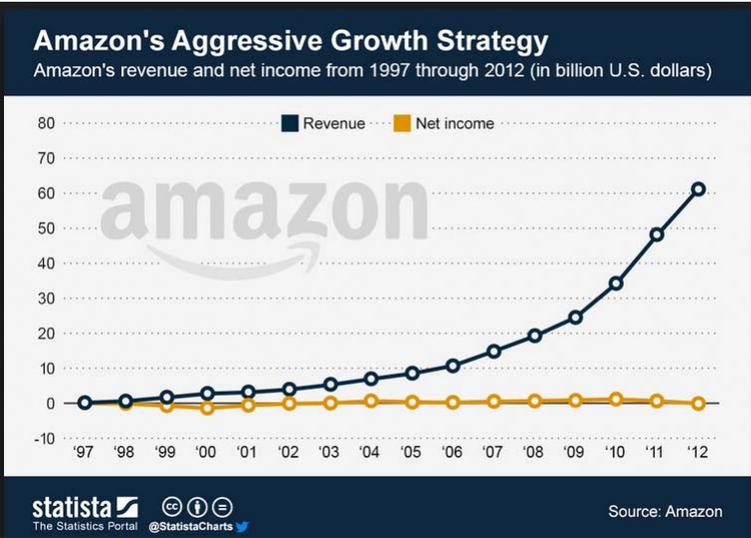


	2013-14* Estimated Closing Fund Balance	Excess of Revenue over Expense (Adopted Budget)	2014-15 Budgeted Fund Balance
Unreserved and Undesignated			
General Operating Fund - 01	2,259,348	(36,887)	2,222,461
Assigned			
Donated - 02	26,893	(200)	26,693
Yreka Volunteer Fire - 03	60,225	-	60,225
Pension, Insurance, Grants - 08*	923,462	(63,089)	860,373
Capital Reserves -09	599,253	(52,730)	546,523
Capital Outlay -10	73,625	-	73,625
Capital Building Acquisition -11	948,000	(948,000)	-
Reserved			
Crandall Trust - Restricted - 04*	500,235	(79,000)	421,235
	<u>5,391,041</u>	<u>(1,179,906)</u>	<u>4,211,135</u>

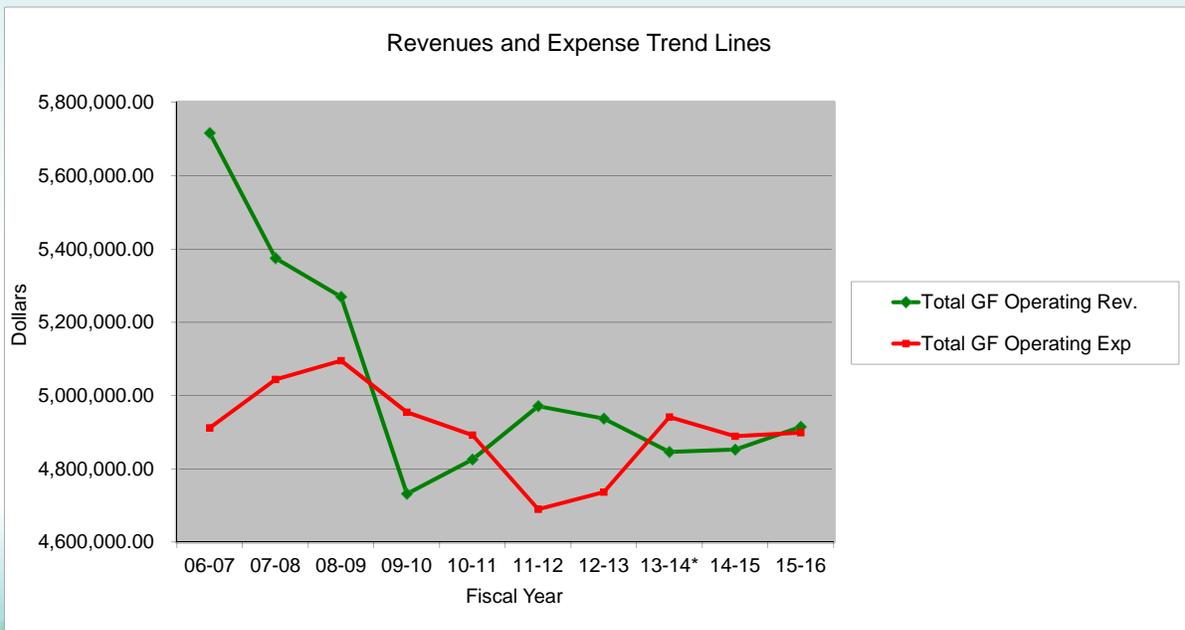
*Reflects updates from draft budget document on reserve transfers for Capital Building Fund.

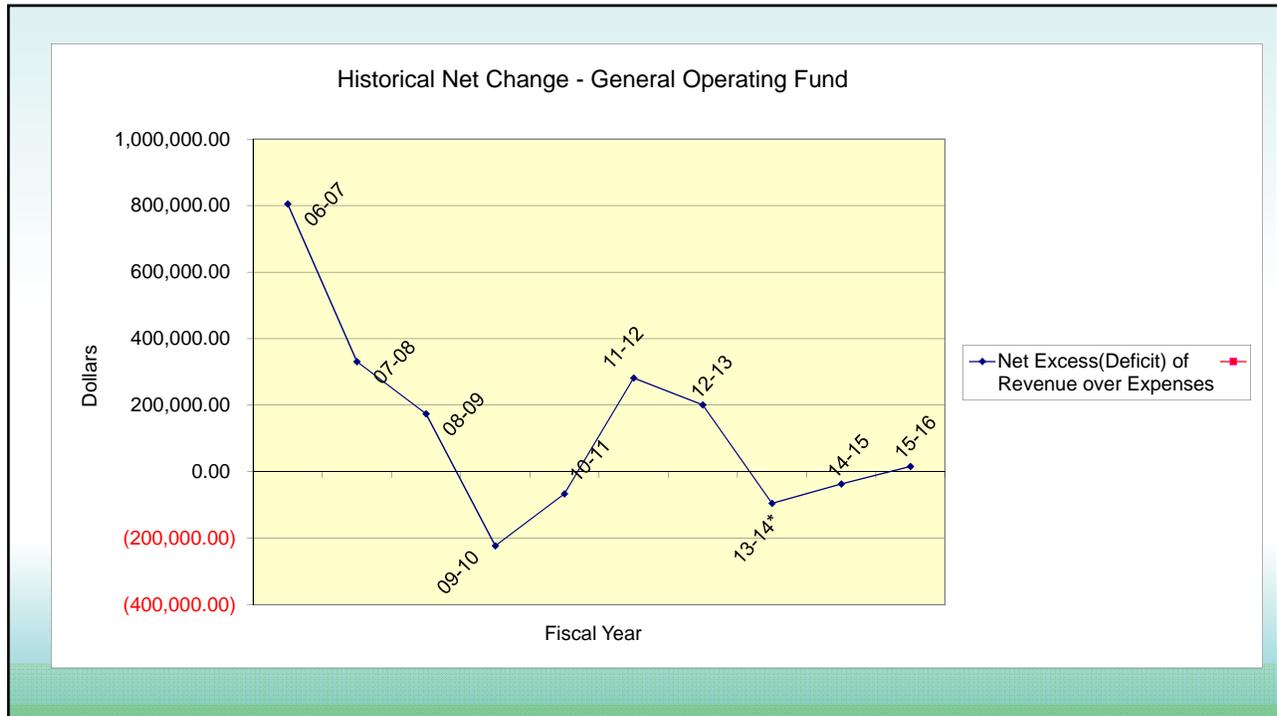


Will Local Sales Tax volume rebound?



- How do Americans shop?
- Growth trend from 2005 to 2012 for online commerce?
- Is the City relying on an old model of revenue to support or grow out of its budgetary woes?





Street Funds – what do they pay for

- Paving, pothole repairs
- Curbs, Gutters, Sidewalks
- Street Sweeping
- Storm drains
- Traffic signs, street markings
- Right of Ways
- Weed Control



Street Funds – what do they pay for

Sources of Funds- Operating	09-10	10-11	11-12	12-13	13-14*	14-15	15-16
Investment Earnings	7,893.64	3,699.17	2,390.90	1,338.45	956.52		
Gas Tax/Use Tax/2010 Swap	205,650.58	191,721.08	232,620.44	211,548.91	232,815.87	232,000.00	232,000.00
Other (Insurance)	425.00	4,568.00	6,305.01	1,998.10	533.73	-	-
Street Sweeping Fee Revenue	6,988.06	4,830.83	7,333.04	7,137.78	4,602.95	-	-
LTC Streets (excludes transit)			1,129.00	56,557.39	57,520.00	-	-
Fines, Traffic Safety	40,266.80	45,810.13	36,326.98	28,356.04	27,792.72	25,000.00	25,000.00
Transfer In LTC Reserves	99,539.76	112,088.37	30,015.85	30,000.00	83,750.00	198,390.63	ZERO
Transfers In GF Operating	30,945.81	45,993.12	39,313.16	133,978.35	163,047.54	240,751.39	226,106.22
<i>subtotal</i>	391,709.65	408,710.70	355,434.38	470,915.02	571,019.33	696,142.02	483,106.22
<hr/>							
Sources of Funds - Capital							
Transfers in GF Capital Reserves				52,000.00	275,000.00		
Transfer LTC to Capital Grants		20,902.74	114,000.00	20,000.00		13,625.00	18,828.00
Transfers in GF Capital Res to Grants					30,000.00	52,729.94	80,958.35
<i>subtotal</i>	-	20,902.74	114,000.00	72,000.00	305,000.00	66,354.94	99,786.35
<hr/>							
Total Streets	<u>391,709.65</u>	<u>429,613.44</u>	<u>469,434.38</u>	<u>542,915.02</u>	<u>876,019.33</u>	<u>762,496.96</u>	<u>582,892.57</u>

Street Funds

- HUTA = Highway users tax (tax at the gas pump)
- Traffic Safety – Fines
- Local Transportation Allocation - uncertain, LTC is focused on mass transit e.g. STAGE
- Current strategy = use street reserves, the reserves will be zero in 2015/16, and then what?
 - Contribution from General Fund, that would result in more cuts to GF
- Other options for funding sources?
 - Local tax
 - Lighting districts
 - Storm drain utility funds

Highway User Tax

- The “**gasoline tax**” and “diesel fuel tax” imposed on the use of vehicle fuels at the rate of \$0.13 per gallon for diesel fuel and \$0.18 per gallon for gasoline, which includes the \$0.09 per gallon rate added by Proposition 111 (1994)
- The “**use fuel tax**” is imposed on vendors and users of motor vehicle fuels that are not taxed under either the gasoline or diesel fuel tax, such as liquefied petroleum gas, ethanol, methanol and natural gas (both liquid and gaseous) for use on state highways. Use Fuel Tax rates vary depending on the type of fuel.
- Beginning with the 2010-11 fiscal year, Section 2103 was added to allocate funds from a new motor vehicle fuel excise tax that replace previous city and county allocations from the Prop. 42 sales tax on gasoline. This is the change known as the “**fuel tax swap of 2010.**” Section 2103 funds are allocated to cities on a per capita basis and to counties 75% based on the proportion of registered vehicles and 25% based on the proportion of maintained county road miles.



Street Funds

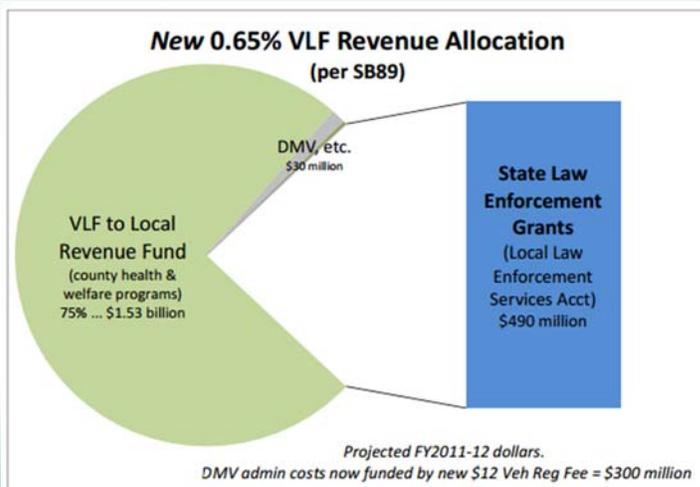
- “Where o where has the funding gone?”
- A study by the [University of Southern California](#) estimates that with adjustment for inflation, the state’s [gas tax](#) is worth much less than 50 percent of what it was in 1970, even with some [rate increases](#) during the period.
- Read more here: <http://www.sacbee.com/2014/06/19/6497868/dan-walters-californias-deteriorating.html#storylink=cpy>

Street Funds

- California's vehicular travel has doubled during the last 30 years, but [fuel consumption](#) has risen by only one-third – good news overall but bad news for our battered highways.
- A long-standing tax system based on fuel volume has become obsolete as autos have become more fuel-efficient.
- Meanwhile, electric vehicles bypass tax-collecting fuel pumps altogether, even though they add to congestion and highway wear.
- Inflation compounds the crisis.

Read more here: <http://www.sacbee.com/2014/06/19/6497868/dan-walters-californias-deteriorating.html#storylink=cpy>

So what happened to Motor Vehicle License Fees –
Now a general tax "In Lieu Property Tax" State Swap

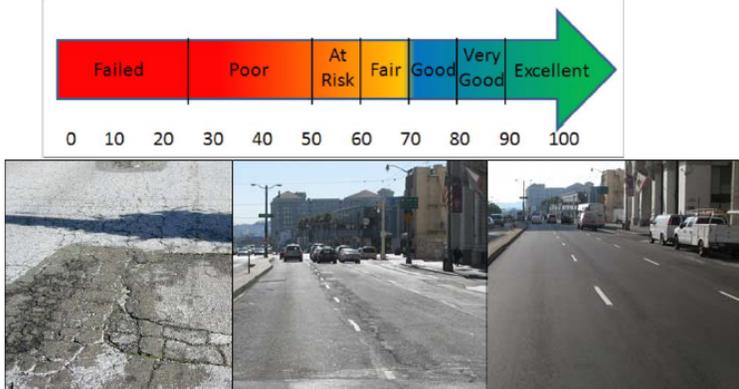


- <http://www.californiacityfinance.com/VLFCOPS110705.pdf>
- Credit, Michael Coleman, California City Finance

Street Funds

Renewal Needs

Street Renewals: Pavement Condition Index

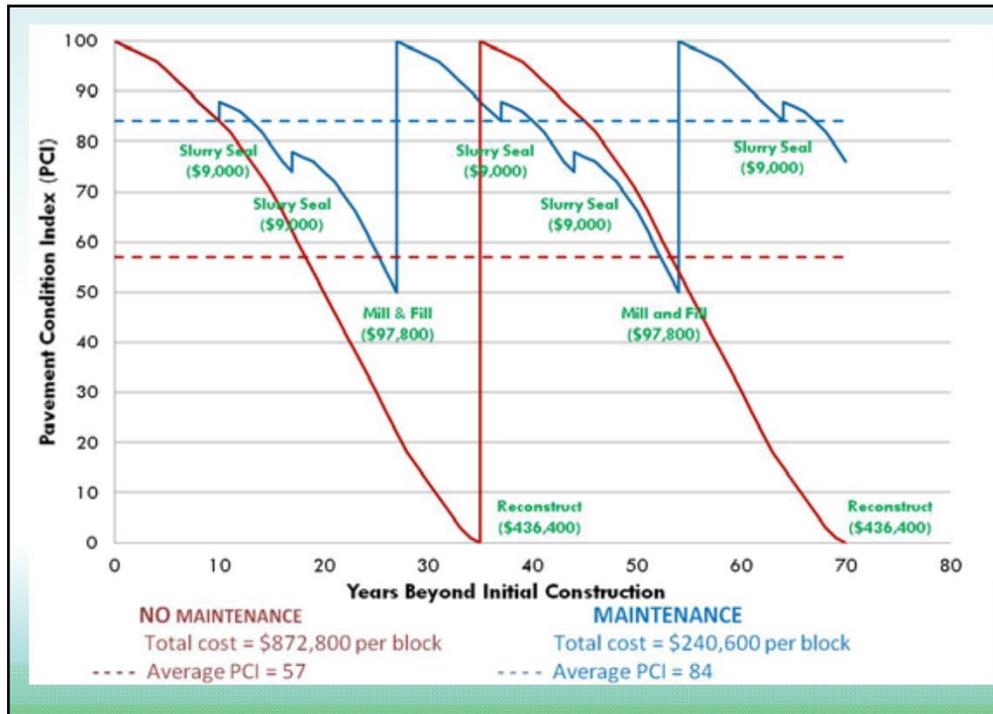


0 10 20 30 40 50 60 70 80 90 100

GOVERNMENT FINANCE OFFICERS ASSOCIATION

Assessment of pavement condition

- Project is underway, the City is collaborating on a county-wide effort through the Local Transportation Council
- Prioritize condition, where repair can maintain, versus roads nearing failure



Assessment of pavement condition

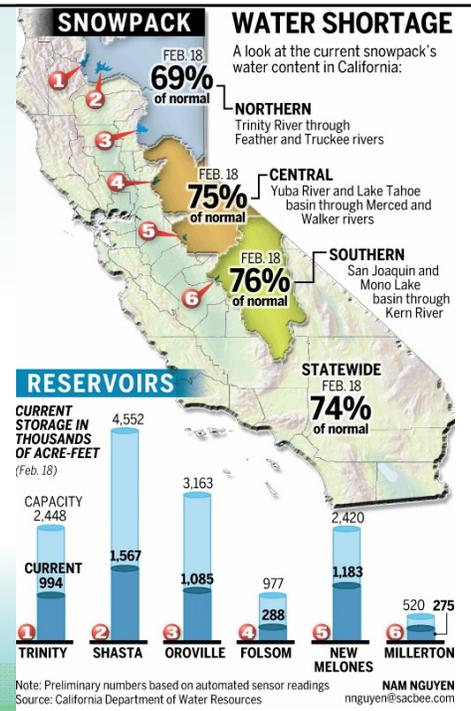
- High price (cost) of deferred maintenance
- PER BLOCK
- PCI = pavement condition assessment

Slide Source:GFOA



What are Yreka's headlines?

- Promote the value of the City's utilities and how those services add value for each resident and the community
- Explain why in the long run, effectively run utilities benefit the community and economy. There is value of a well maintained and efficiently operated system.
- It takes time, effort, and commitment to the long term investment to maintain those systems
- The utilities are capital extensive, hence expensive system to support throughout the town and water source.
- Access to clean water basic right or a privilege of organized community.



Water – Horizon Issues

- State Water Resource Control Board (SWRCB), who has historically had more of an environmental perspective for best use of water, recently acquired more authority. The SWRCB is a regulatory and permitting agency for water rights, is now responsible for drinking water programs, taking over this from the California State Public Health, an agency that had an aid and assist mission.
- Urban Water Management Plan requires a 20% consumption reduction by the year 2020 compliance
- City is reliant on sole source of water, the main distribution line, Fall Creek pipeline.
- Dam removal and relocation of the Fall Creek pipeline
- Almost no growth to the customer base which would allow the City to distribute fixed costs of providing water
- State of Emergency – drought compliance measures, and what agencies must do for compliance.

Wastewater – Horizon Issues

- USDA loan and use of the City's fee reserves will complete nearly \$6 million of work for the wastewater collection and treatment system improvements
- Condition assessment: includes systematic review of collection system pipes
- SSO Plan implemented and on the ready

WORLD
TOILET DAY
11/19/2014



- Did you know?
- More people in the world have a mobile phone than a toilet. Of the world's seven billion people, six billion have mobile phones. However, only 4.5 billion have access to toilets or latrines – meaning that 2.5 billion people, mostly in rural areas, do not have proper sanitation.

City of Yreka 2014-2016 Capital Budget



City of Yreka Strategic Plan Integrates

- Capital Planning → Capital Budget →
Priority Ranking → Financing Strategies
- Master Plans
- Operating Budget
- Asset Management
- Rate Models

Capital Budget – Why should we have a plan, budget and policy

- Accountability
 - Managing the money Stewardship of Public Assets
 - Promises made = promised kept What gets measured gets done
- Transparency
 - Building Public Trust in the Process Good government
 - Managing Expectations Establishes Basis for Decision Making
- Sustainability
 - Service Level Sustainability Infrastructure Sustainability
 - Fiscal Sustainability Sustainable Growth - Balance

Capital Improvement Planning A Communication Tool

- Staff Communicating Needs with Management
- Management Communicating Plans with Elected Officials
- Councilmember communicating policies to management and the public
- Communication with the Public *Where their Tax Dollars are Spent*
- Referendum model - Quality of Life ballot initiative
- Economic Development – Businesses, developers and growth, Industrial Park

Capital Budget – Balancing Needs vs Wants

- Revenue based model – General taxes, one time money with one time expenses
- Need based model – define the needs solve the funding
- Citizen based model – What residents want, Red Scarf, Madrone
- Core service model- Yreka PD
- Rate based model – Water and wastewater
- Referendum model - Quality of Life ballot initiative
- Economic Development – Businesses, developers and growth, Industrial Park

City of Yreka Activity Management Alternative Method for Capital Planning

- Defines activity with associated Levels of Service and Service or Performance Failure)
- Links levels of service to cost
- Focus is on the activity, providing water 24/7/365 and not just the assets
- Sets performance targets with associated costs to achieve

City of Yreka – Capital Planning

A Capital Plan is Part of a Financial Plan:

- Establishes a Multi-Year Spending Plan
- Establishes a Multi-Year Debt Plan
- Establishes a Basis for Five-Ten Year Financial Projections
- Establishes a Basis for Maintenance Effort/Expenditures
- A Capital Plan is an Internal Control
- Provides an Appropriation Basis for Capital
- Provides Assurance Projects are within "Scope"
- Provides Accountability to the Public for Project Timing
- Ensures Projects will get Done



Next steps:

- +Capital Plans
- +Timelines
- +Estimates
- +Prioritization
- +Financing
- +Know the cost and risk asset of failure