



CITY OF STOCKTON
FY 2019-20

BUDGET IN BRIEF



Budget Overview

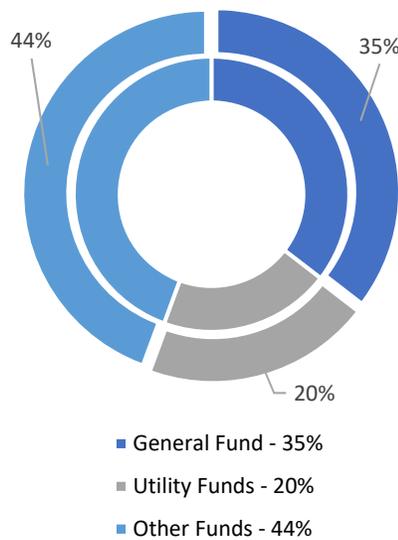
The Fiscal Year (FY) 2019-20 Annual Budget is balanced and reflects the City Council's targets and goals. The FY 2019-20 Annual Budget is \$759.6 million from all funding sources and supports 1,706 full-time positions. This includes \$135.7 million for Police Department operations, \$57.4 million for Fire Department operations, \$62.7 million for Public Works activities, \$182.4 million for water, sewer, and stormwater utility operations and capital projects, and \$321.2 million for all other activities.

As the costs of doing business continue to rise, maintaining existing levels of service is becoming much more expensive. Legally, the budget must be balanced for the 12-month period. Having learned valuable lessons from the past, Stockton's budget is also balanced in the long-term. In addition to the probability of future market corrections that may result in economic downturns, it is particularly important to plan for a series of anticipated cost increases that will cause expenditures to temporarily exceed revenues in the future. This budget meets both the legal and ethical standards of our budgeting process.

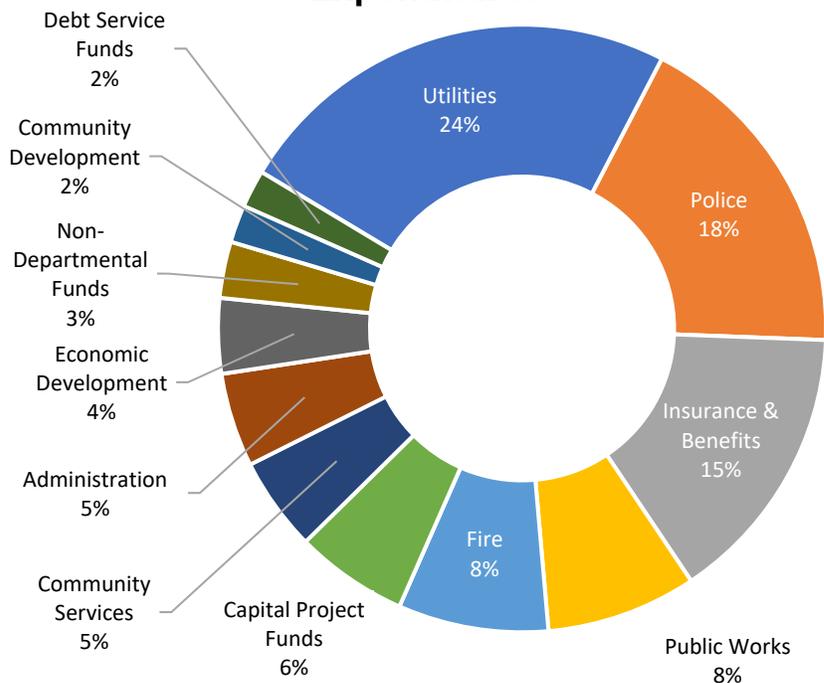
The global foresight and fiscal discipline demonstrated by the Mayor and City Council in recent years has placed the City in a strong financial position. By making so many tough spending decisions, the City has traded short-term discomfort for the long-term stability that ensures against ever returning to the consequences of short-term budgeting.

City of Stockton FY 2019-20 Budget: \$759,613,058

Funding Sources



Expenditures



Budget Process

The budget is a statement of priorities that defines how limited resources are allocated to the various services provided by the City of Stockton. The City's budget process focuses on delivering services using available resources while planning for long-term financial impacts. The process extends over a seven-month period starting with internal budget development. The City Manager's Proposed Annual Budget was released on May 15, 2019. The City Council will hold two Budget Study Sessions on May 30 and 31, 2019 to review the proposed budget prior to adoption.



Annual Youth in Government Day High School Council Meeting

Budget in Brief

This "Budget in Brief" provides highlights on the City's Annual Budget for Fiscal Year (FY) 2019-20 from July 1, 2019 to June 30, 2020. The Budget is presented in two documents: the FY 2019-20 Annual Budget and the 2019-2024 Capital Improvement Plan (CIP). These documents are available on the City's website at: www.stocktonca.gov/budget.

City Council Targets and Goals

The Mayor and City Council developed a work plan with guiding principles and strategic targets at the beginning of 2019.

The guiding principles are:

- Follow our long-term financial plan to ensure financial stability and sustainability.
- Operate in a transparent and open manner to earn and keep trust of our community.
- Create a long-term vision while focusing on meeting day-to-day challenges and taking care of the "small things" that matter to the community.
- Maintain and expand relationships with partner agencies, private sector and organizations to extend capacity in carrying out and funding priority projects.
- Support the professional development of our employees with a focus on continuous improvement in all that we do.
- Measure successes and communicate them to the community.
- Implement voter-approved decisions on taxes and other laws fully with integrity: *honor voter intent*.



The Strategic Target areas are:

- Public Safety
- Fiscal Sustainability
- Economic Development
- Infrastructure

More information on the City Council's strategic work plan is available in the FY 2019-20 Annual Budget and at www.stocktonca.gov/councilgoals.

Sales Tax Measures

Measure W

Measure W was approved by voters in 2004 to fund Police and Fire services. Budgeted revenues for the FY 2019-20 are projected to be \$10.8 million from the ¼ cent sales tax. The Police Department utilizes 50% of Measure W tax proceeds to fund 24 officers and equipment. The remaining 50% of the proceeds are used by the Fire Department to fund 25 firefighter positions, purchase three washer extractors, and fire station maintenance.



Measure A

Measure A is a general transaction and use tax approved by voters on November 5, 2013 adding ¾ cent to the sales tax effective April 1, 2014. Revenue from Measure A sales tax is part of the General Fund. A separate advisory measure was approved by voters and provided guidance to use the additional sales tax to pay for law enforcement services, costs associated with emerging from bankruptcy, and restoration of other City services. Budgeted revenues for Measure A for the FY 2019-20 are \$32.5 million. Of total Measure A revenues, \$27.6 million (85%) is budgeted to be spent on Police services and the Office of Violence Prevention for Marshall Plan related activities.

Strong Communities - Measure M

In 2016, voters approved a ¼ cent transaction and use tax for Library & Recreation services. The initiative went into effect on April 1, 2017. FY 2019-20 tax revenues of \$10.8 million will be used to continue expanded hours and services at Libraries and Recreation Centers. The FY 2019-20 budget also includes \$10.9 million for the Northeast Library and Community Center.



Capital Improvement Program (CIP)

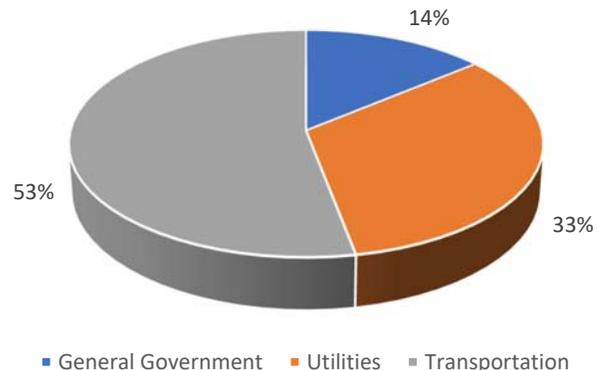
The Capital Improvement Plan is a five-year plan of the projects necessary to maintain and improve the City's physical properties. The first year of the plan funds a total of \$141.3 million in capital projects.

The CIP includes a list of projects with a total value of \$1.1 billion over 5 years, including municipal utility projects of \$407.6 million, transportation projects of \$330.4 million, and other City-wide projects of \$381.8 million.

FY 2019-20 Spotlight Projects

- Regional Wastewater Control Facility Modifications Project
- Main Police Facility Renovations
- Northeast Library and Community Center
- Neighborhood Traffic Management Program
- Veterans' Affairs Medical Center Off-Site Improvements
- Local Street Resurfacing – SB1
- Sidewalk, Curb and Gutter Repair – SB1
- Bridge Rehabilitation and Replacement
- Bicycle and Pedestrian Paths
- Miner Avenue Street Improvements

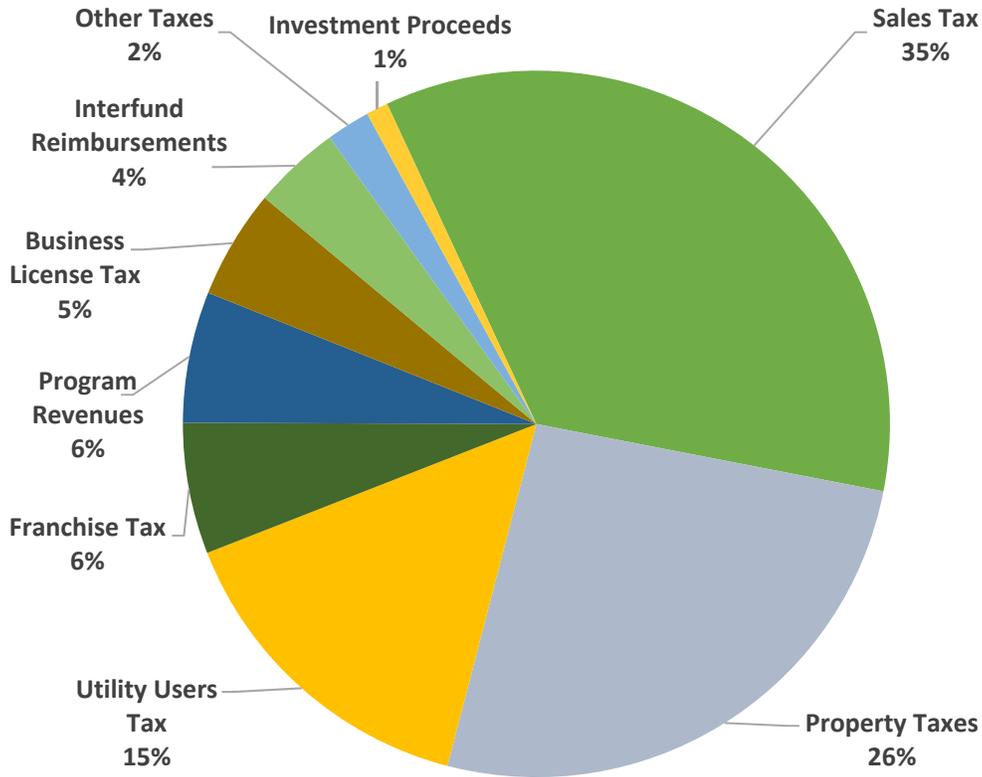
FY 2019-20 CIP funding by category totaling \$141.3 million



FY 2019-20 General Fund Budget: \$230,070,905

General Fund Revenues

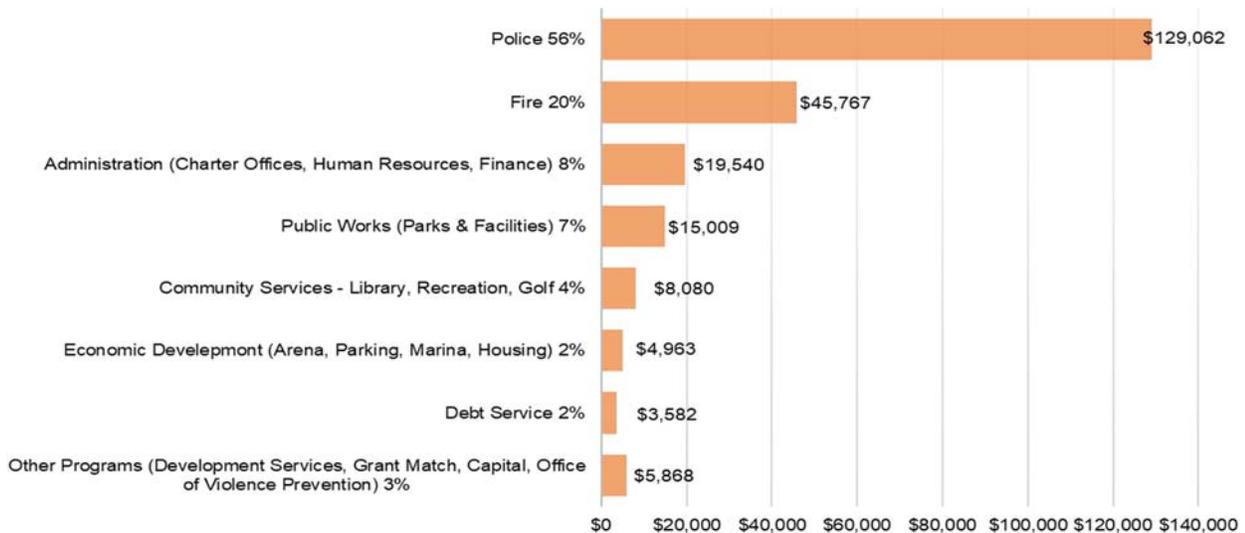
Where does the General Fund money come from?



General Fund Expenditures (in Thousands)

How does the City spend General Fund money?

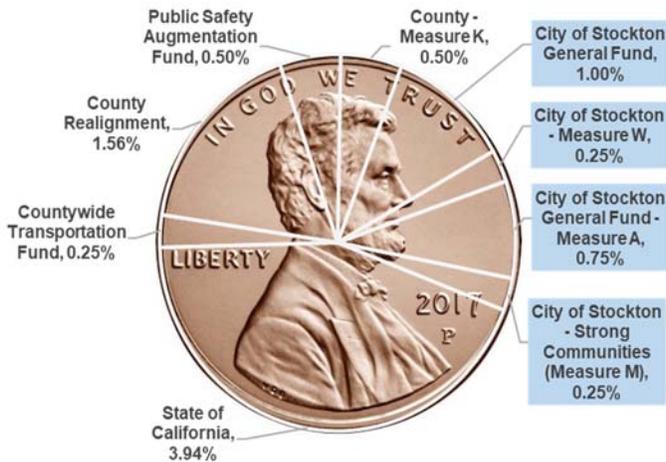
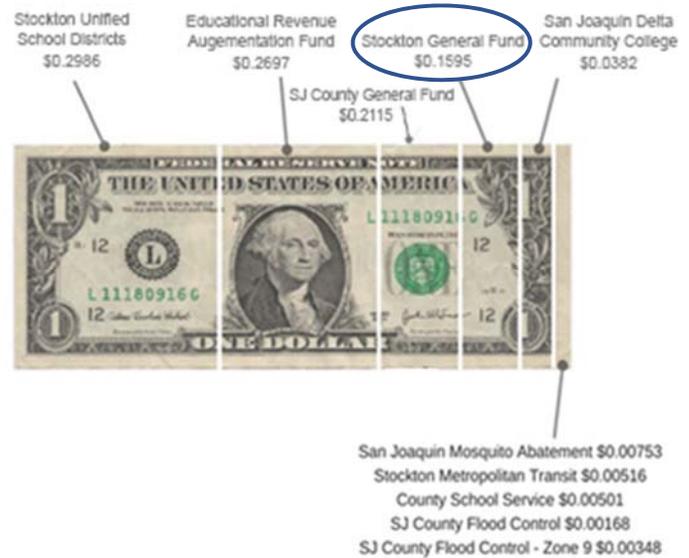
GENERAL FUND EXPENDITURES (IN THOUSANDS)



Property Tax Dollar Breakdown

Property taxes are a significant source of funds for Stockton. Property tax revenues are based, in part, on assessed valuation from new construction, resale of existing properties, and property improvement projects. Under Proposition 13, the assessed valuation of properties held by the same owner from year-to-year is adjusted each year by the lesser of 2% or the percent change in the California Consumer Price Index. The 2% inflator will be used in FY 2019-20. Property tax revenues are increasing based on higher assessed values from new construction and increased market values on residential and commercial properties sold or transferred. The FY 2019-20 Annual Budget projects revenues of \$60.4 million which is a 4% increase in overall property taxes compared to the FY 2018-19 revenue projection.

Each property tax dollar is shared by multiple entities as shown in the graphic below.



Sales Tax Rate Breakdown

Sales tax revenues are the largest source of funding in the General Fund at \$82.8 million. Sales tax revenues in the General Fund are from a 1.0% Bradley Burns tax and 0.75% Measure A transaction and use tax. Stockton also receives Measure W and Measure M sales tax revenues.

In Stockton, the sales tax rate is 9%. The chart shows how the 9% is shared by the State of California, County of San Joaquin and the City of Stockton.

The purpose of this “Budget in Brief” is to give the citizens an overview of the City of Stockton’s Fiscal Year 2019-20 Annual Budget. The City’s official budget documents are several hundred pages. We hope this “Budget in Brief” will make the City’s financial plan more accessible and understandable. More budget information including the complete FY 2019-20 Annual Budget and supporting documents, are available on the City’s website at: www.stocktonca.gov/budget

If you have question regarding the City budget, please contact the City of Stockton Administrative Services Department at 209-937-8460.