



CITY OF STOCKTON
FISCAL YEAR 2018-19

BUDGET IN BRIEF

Budget Overview

The Fiscal Year (FY) 2018-19 Annual Budget is balanced and reflects the City Council’s targets and goals. The FY 2018-19 Annual Budget is \$709 million from all funding sources and supports 1,705 full-time positions. This includes \$221 million for General Fund operations, \$136 million for water, sewer, and stormwater utility operations and capital projects, and \$352 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 in recent years, the City has traded short-term discomfort for the long-term stability that ensures against ever returning to the consequences of short-term budgeting.

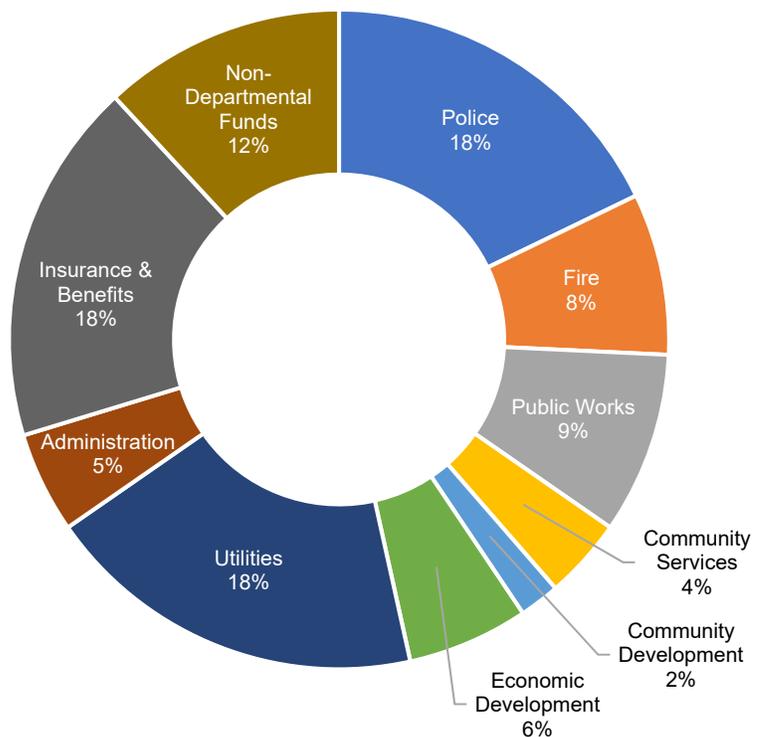
City of Stockton FY 2018-19 Budget: \$709,419,235

Funding Sources



- General Fund 36%
- Enterprise Funds 22%
- Other Funds 42%

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, 2018 and the City Council held a Budget Study Session on May 23, 2018 to review the proposed budget. The FY 2018-19 Annual Budget was adopted by City Council following a Public Hearing on June 5, 2018.



Budget in Brief

This "Budget in Brief" provides highlights on the City's Annual Budget for Fiscal Year (FY) 2018-19, which runs from July 1, 2018 to June 30, 2019. The Budget is presented in two documents: the FY 2018-19 Annual Budget and the 2018-2023 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 strategic work plan with guiding principles and strategic targets at the beginning of 2018.

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 2018-19 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 2018-19 are projected to be \$10.6 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 fire fighter positions and equipment.



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 and is intended 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 2018-19 are \$31.4 million. Of total Measure A revenues, \$24.6 million 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 sales transaction and use tax for Library & Recreation services. The initiative went into effect on April 1, 2017. FY 2018-19 revenues of \$10.5 million will be used to expanded hours and services at Libraries and Recreation Centers. The FY 2018-19 budget also includes \$5.3 million for capital improvements at soccer complexes, libraries, and aquatics facilities.



Capital Improvement Program (CIP)

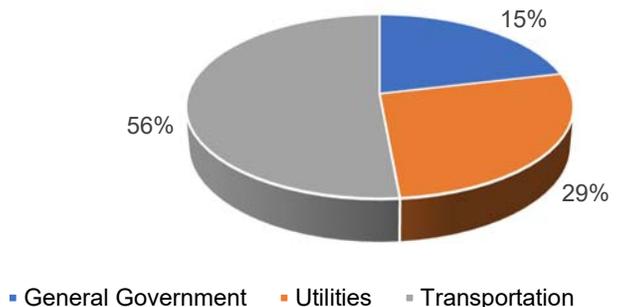
The Capital Improvement Plan is a five-year plan of the projects necessary to maintain and improve the City's physical properties. The first year of the plan funds a total of \$70.3 million in capital projects.

The CIP includes a list of projects with a total value of \$1.1 billion over 5 years, including municipal utility projects of \$249 million, transportation projects of \$327 million, and other City-wide projects of \$468 million.

FY 2018-19 Spotlight Projects

- Weber Point Event Center Fountain Filtration
- McNair and Stockton Soccer Complex
- Aquatic Facilities Renovation and Replacement
- Neighborhood Traffic Calming Program
- Miner Avenue Complete Streets Improvement Phase III
- French Camp Road and McDougald Blvd. Traffic Signal
- Raised Medians on Pacific Ave.
- Bridge Rehabilitation and Replacement
- Sewer Line Rehabilitations

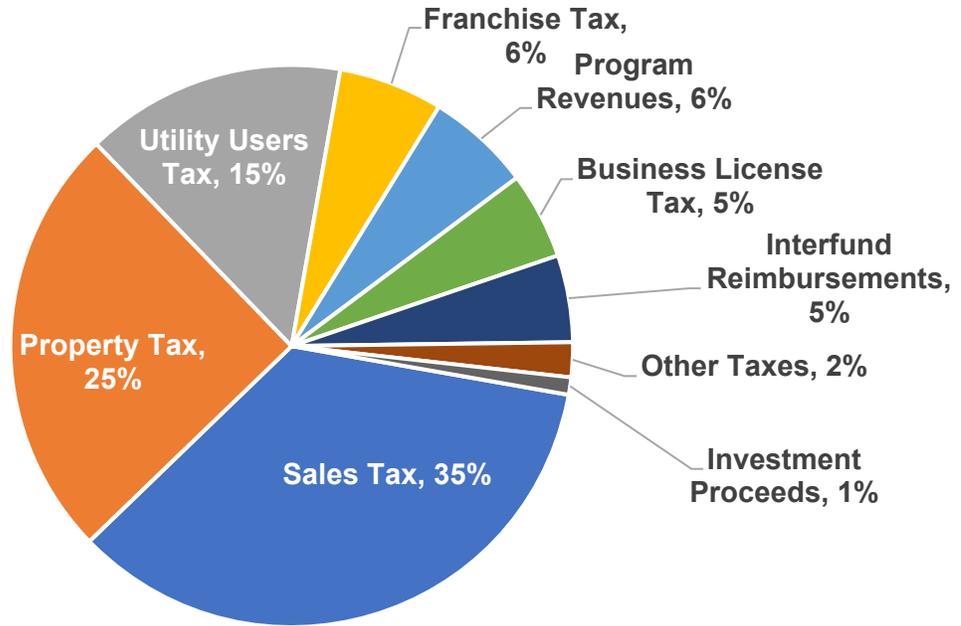
FY 2018-19 CIP funding by category totaling \$70.3 million



FY 2018-19 General Fund Budget

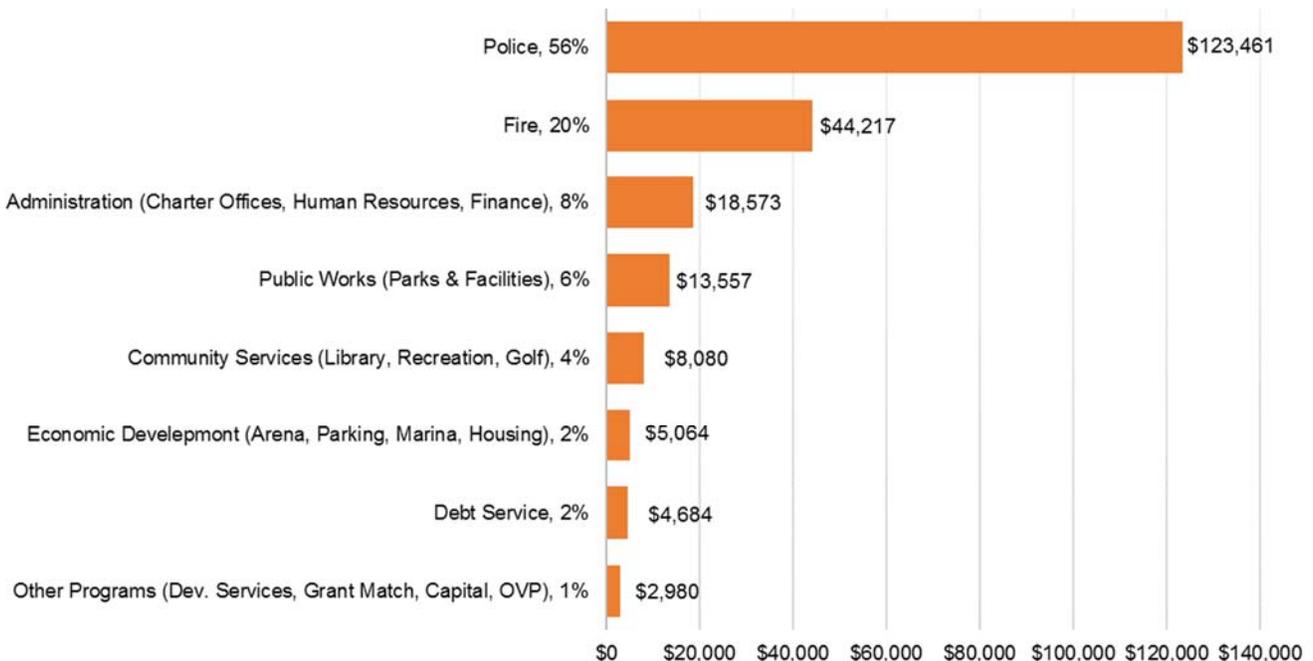
General Fund Expenditure Budget: \$220,615,124

Where does the General Fund money come from?



How does the City spend General Fund money?

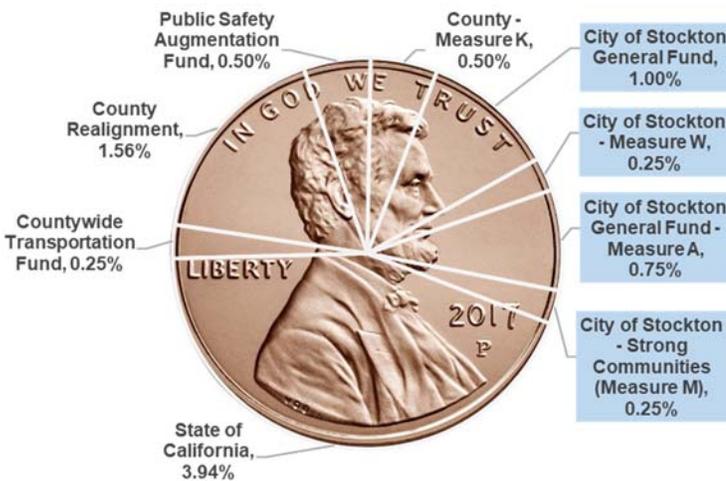
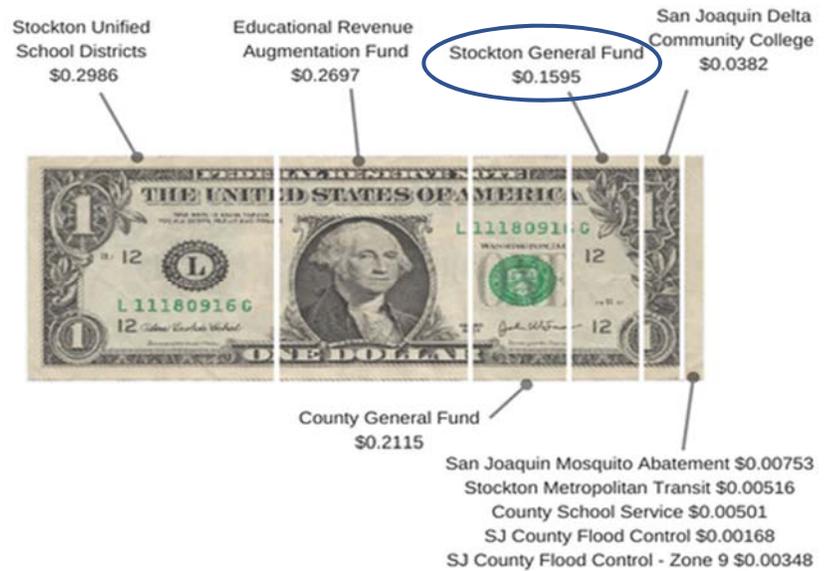
General Fund Expenditures (In Thousands)



General Fund Revenues 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 2018-19. 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 2018-19 Annual Budget projects revenues of \$57.6 million which is a 3.0% increase in overall property taxes compared to the FY 2017-18 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 \$79.8 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 2018-19 Annual Budget. Understanding 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 2018-19 Annual Budget and supporting documents can be found 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.