Wise Compromises in Fiscal Year 2009 Budget

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City Manager W. Craig Robinson

All budgets reflect current economic conditions and this budget is no exception. Rising energy costs, the subprime housing crisis and resultant liquidity issues in the financial markets have shaken consumer confidence, reducing business investment and overall consumer and business spending. The current housing slowdown is affecting development-related revenues and associated property-tax revenues as well. Therefore the fiscal year 2009 budget contains a series of thoughtful cuts to balance expenditures with declining revenues.

The City is cutting expenses in anticipation of a prolonged period of uncertain revenues. In the fiscal year 09 budget, we will de-fund positions and reduce expenditures for materials, supplies, travel and operating capital. In addition, we have reviewed our approach to budgeting salary and benefit costs and where reasonable to do so, we have adjusted these projections. We will also reduce overtime costs and explore outsourcing when fiscally prudent.

As a result of these decisions, General Fund operating expenses drop 2.4 percent—from \$132.2 million in FY 08 to \$129 million in FY 09. If economic conditions do not improve during the budget year, further expenditure reductions will be necessary. Therefore in the year ahead, staff will carefully monitor the budget to maintain the delicate balance between revenues and expenditures.

The FY 09 budget is one of many contrasts. For at the same time that the economy slows, prudent long-term fiscal planning allows the City to move forward with several key projects.

Even as we face economic uncertainty, the City remains committed to its mission to "create and maintain a vibrant community environment and enhance the quality of life for our residents, businesses, customers and partners ... by providing exceptional facilities, programs, and services that our citizens desire in a fiscally responsible manner." The budget overview here shows our plans to do so.

Priorities for fiscal year 2009

The City will focus on the following priorities:

- · Strengthen economic vitality
- Sustain a vibrant, safe, and healthy community
- Improve transportation
- Invest in older commercial and residential neighborhoods
- Ensure quality development and community aesthetics
- Continue delivering exceptional services and programs

Strengthen economic vitality

As the national economy slows, the City will continue to focus on maintaining a healthy business climate while improving its competitiveness. Roseville will be showcased as a premiere destination for businesses, particularly for the nine industries targeted in our Economic Development Strategy. Healthcare, education and renewable energy businesses have high-growth potential and will be a focus of the City's outreach and marketing efforts.

The City has maintained positive job growth despite downsizing in the construction and mortgage industries. Other sectors, such as solar energy, healthcare and retail will not only off-set job losses, but keep us in positive job growth territory. The Kaiser Permanente medical campus alone anticipates adding over 1,300 jobs in 2009 to become Roseville and Placer County's largest employer. Recent changes to the home occupation ordinance will encourage

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the innovative and creative business endeavors of our residents and keep our job growth strong. Roseville continues to enjoy a healthy level of activity in non-residential construction. In 2007 a number of highly visible projects were completed and we began planning new retail, office and housing projects.

The growth of retail in surrounding jurisdictions has affected the Roseville market, but retail was still the strongest sector this past year with over 800,000 square feet of space under construction. Many of the new retail outlets opening in the next year will be unique to the region and will keep Roseville a Northern California retail destination. Retail sales growth has slowed but still remains very strong; the City's total retail sales in 2007 were estimated at \$3.6 billion, placing the city eleventh in the State.

In the office sector, the City issued occupancy permits for over 650,000 square feet of office space. While the amount of office space under construction has decreased as vacancies have risen, several large office and "flex" space projects are in the planning stages. Property owners will be well positioned with product ready once the market rebounds.

Over 200,000 square feet of industrial space was completed in the City this past year. The demand for industrial space remains high, but high land costs and the availability of industrial zoned land keep construction activity at a slow, but steady pace. Flex space is in high demand and with some larger flex projects in the planning stages, industrial activity should remain steady.

With the recent expansion in the West Roseville Specific Plan, Roseville's property values continue to grow; this year we project an increase of \$1.5 million in local property tax revenues. We expect the pace of residential development to slow this year to half of last years number--about 500 single family residential permits will be issued. In response, the City is implementing a new residential fee deferral program to assist homebuilders in a challenging residential market.

The City continues to offer assistance to retail, office and industrial projects as well through non-residential fee deferral programs.

The City also recognizes the importance of relationships with local and regional partners in economic development and will continue strengthening these partnerships. One example of the value of such partnerships is the alliance formed between the City, Sierra College and local solar companies to secure a \$500,000 grant to help train solar installers and building inspectors in photovoltaic technology. This grant will help to add high paying jobs back into one of the few growing areas in the construction industry.

Sustain a vibrant, safe and healthy community

Roseville is widely recognized for its outstanding parks and recreation facilities and programs, and we will work hard to expand open space, paseos and bike trails. Last year the City was honored by the National Parks and Recreation Association for having the best aquatics program in a city of our size. ICMA presented an award to Roseville for the Kids Health and Fitness Expo, an innovative program demonstrating a commitment to improving our community quality of life. Canines can play here too; our new Bear Dog Park was listed as one of the Top 10 dog parks in the U.S by Dog Fancy Magazine.



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As 2007 closed, we celebrated the opening of the new Martha Riley Community Library. Eager readers are already boosting overall library attendance by 18.5 percent. At the neighboring Utility Exploration Center, dedicated volunteers are helping our young residents learn how to reduce, reuse and recycle. Volunteers are our unsung heroes; in 2007 our 1,355 volunteers City wide donated 61,000 hours, valued at over \$1.1 million.

In 2009, the City will open three community parks, thus operating and maintaining fifty eight parks. These parks will be the first in Placer County to be smoke free, earning a California Clean Air Projects award. We will add two miles of new off road bike trails bringing our total to 27 miles. The City will inventory trees in our 4,100 acres of open space and plant over 1000 new trees to enhance our native oak tree habitat.

Public safety personnel continue to maintain front-line staffing, find new ways to fight crime, invest in youth and incorporate safety into community design. Police data show that robberies and motor vehicle theft both declined by over 25 percent last year. Fire employees continue to



protect public safety, opening Fire Station 7 and establishing a new Emergency Operations Center while marking the department's centennial of service. Keeping Roseville healthy and safe remains a high priority.

Providing reliable power is a vital public service for Roseville. We were pleased this year that Roseville Electric received its seventh consecutive Reliability One Award. By bringing the Energy Park online, we expect to continue to offer reliable power at the lowest rates in region. Renewable sources are also important; Roseville Electric's current portfolio contains 11 percent renewable energy from small hydro, geothermal, wind and solar. Citizens are "going green"; 2,000 customers

have joined the City's Green Roseville Program to improve our environment by using 100 percent renewable energy. By June 2009, we hope to reduce peak demand by 5 megawatts, equivalent to the electricity demand at the Galleria shopping mall.

The City is also demonstrating its commitment to sustainability. Launched in 2007, the BEST Homes program goal was for 10 to 20 percent of all new homes to use design criteria to substantially reduce home electricity use. Since inception, homebuilders have added 1,200 new solar homes and received \$1.2 million in rebates for rooftop solar systems and these highly energy efficient homes. The BEST Homes program has exceeded its program participation goals, earning the Community Service/Resource Efficiency Award from the California Municipal Utility Association.

Our Environmental Utilities (EU) Department is also thinking and acting green as it manages wastewater, recycling and solid waste disposal. EU helped Roseville's residents and businesses recycle 66 percent of its solid waste, exceeding the State requirements by 16 percent. To keep packing foam out of the landfill, it initiated the first in the region recycling program for this material.

Water service reliability is at the forefront of utility operations. At build out, the City estimates using more than 14,000 acre feet of recycled water per year regionally for landscape irrigation of parks, schools, golf courses and various commercial sites. The City is already utilizing recycled water for cooling at the new Roseville Energy Park. More than \$30 million has been invested in the City's recycled water program. Using recycled water helps to preserve potable water for drinking rather than for landscapes. On the potable water side, we recently completed an extensive Aquifer Storage and Recovery pilot test to increase water system reliability.

The Citywide Green Team is continuing to explore and implement the City's Sustainability Initiatives to make further progress in these important areas.

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Improve transportation

Years of advocacy for federal funds to widen I-80 have produced tangible results: improved commuter travel times and 10 to 20 percent reduction in congestion on adjacent surface streets. Our system of bike trails has grown, providing a healthy means to get around. Installation of Intelligent Transportation Systems (ITS) technology and other capital improvements helped drivers move more efficiently this year, saving money and improving air quality. For example, by reducing delay and vehicle idling, the duel left turn lanes at the Sunrise and Cirby intersection save drivers 140,000 gallons of gas and keep over 1,200 metric tons of greenhouse gases out of our air each year. Engineering and police enforcement also keep people moving safely; from 2004-2007 total collisions declined by 7 percent even as our population grew by 10 percent.

In addition to expanding use of commuter and alternative transportation options, we will continue to improve traffic circulation. The City will invest \$120 million dollars in local roadway improvements. The City's highest priority is continuing to improve I-80. Phase 2 of the I-80 widening project began in May with additional HOV and Auxiliary lanes both east and westbound from the Placer County Line to Eureka Road. Other important improvements will

Cirby Way

Riverside Ave.

Improvements to the Cirby Corridor will begin this year funded by Developer Impact Fees.

be made to the Galleria-Highway 65 interchange and the Cirby Corridor (Foothills to Riverside). These projects are possible now because they are primarily funded through Developer Impact Fees collected on all new development.

Invest in older commercial and residential neighborhoods

This year's revitalization investments are encouraging enjoyment of our Downtown and Historic Districts. The City's Redevelopment Agency finished a \$13 million Historic Old Town renovation project complete with turn of the century street enhancements and infrastructure upgrades. Major renovations of utilities, streets, landscaping and lighting and the recently completed parking garage make it easy to visit the Historic and Downtown districts and the intriguing Blue Line Gallery provides another incentive to do so.

Riverside Avenue will receive a \$9 million facelift next budget year as we begin the streetscape renovation project. The Downtown Specific Plan will be presented to the City Council for approval in the fall. All these projects serve as both catalysts and guides to future revitalization Downtown.

Ensure quality development and community aesthetics

In March 2007, Community Design Guidelines were updated to ensure quality development in Roseville. The City now has design guidelines for compact residential development, and is working on incentives to encourage this development to meet the needs of changing demographics. Design standards for other types of development now require enhanced landscaping and elements that incorporate pedestrian and public amenities. The City will also invest \$530,000 to landscape medians and enhance the City's overall aesthetics.

Next year, Community Development staff will present the

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Sierra Vista, Creekview and Placer Ranch Specific Plans for Council consideration. The City Council has also authorized a letter of intent to study annexing the Brookfield area to establish the City's western border. When fully developed, all four areas will add approximately 21,500 units of housing, more than 600 hundred acres of bike trails, open space, paseos and parks. Development impact fees will contribute to funding Placer Parkway, expanding Highway 65 and constructing other regional roadway improvements to keep goods and services moving. Placer Ranch will provide a 350 acre site for a four year public university and 9 million square feet of industrial development.



As new housing projects are planned, the City will uphold its commitment to attainable housing. In 2007, 44 families were able to purchase homes with the help of the City's Affordable Housing Program. Our Housing Authority assisted another 562 families with rental assistance and was recognized by the U.S. Department of Housing and Urban Development (HUD) as a "High Performing Housing Authority."

Continue delivering exceptional services and programs

In every fiscal climate, Roseville is a well-administered City. Roseville's Building Department was the first in the State to achieve national accreditation. For the fourth year in a row, our Finance Department received an award for Excellence in Financial Reporting. The IT Department won a Digital Government Achievement Award for Technology Governance and Project Portfolio Management and with the Police Department converted systems to receive local 911 calls from cell phones. The City Clerk, Human Resources and Communications Departments integrated new technology to help work "smarter" and the City's website won the Press-Tribune's "Readers Choice Award" for best local website. The Association of State Floodplain Managers also commended Roseville's achievements. These departments are less visible, but their "behind the scenes" support ensures that citizens receive exceptional service.

As we approach our City's Centennial in 2009, our goal is to keep the City of Roseville on course for another 100 successful years. Our long term viability depends on making some tough choices now, but we will make them wisely and with citizen's interests foremost in mind.

Respectfully,

W. Craig Robinson,

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City Manager