



CITY OF STOCKTON

May 15, 2024

Honorable Mayor and Council:

BUDGET MESSAGE

In alignment with the City Council's clear vision and ongoing guidance, we are delighted to introduce the City Manager's proposed budget for the Fiscal Year (FY) 2024-25. The Annual City Budget is a key tool in achieving the City's Objective to "Provide an exceptional level of customer service to the Stockton community through accountable, innovative, efficient, and effective management of City resources to achieve our vision for Stockton".

The annual budget development is guided by our five strategies outlined in the One Page Strategic Plan® (OGSP) which define how we will accomplish the City's Vision, Objective, and Council Priority Goals.



SAFER STREETS



GROWING ECONOMY



HOUSING OPPORTUNITIES FOR ALL



THRIVING AND HEALTHY NEIGHBORHOODS



FISCAL SUSTAINABILITY

The Fiscal Year (FY) 2024-25 Annual Budget was also developed around the City's comprehensive strategic planning efforts and the 20-year Long-Range Financial Plan (L-RFP). The organization is making substantial headway in advancing the City Council's Priority Goals. A selection of the accomplishments from the last year is provided below. An overview of the strategic planning process and FY 2023-24 Performance-to-Date information is included in the "Annual Strategic Planning" section following this message. This revised section serves as a prime illustration of how data analytics have bolstered the City's capacity to communicate accomplishments to the community through public meetings, social media channels, and the City's website.

The strategy planning process is ongoing and evolving as we near the conclusion of the fourth year employing this method. In February 2024, the City Council conducted a priority goal setting

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session to establish updated priorities for the upcoming year. The Council's planning workshop concluded with the reaffirmation and fine-tuning of the core strategic objectives and priority goals for the upcoming year. A summary of the City Council's Strategic Work Plan follows this message. Improving the quality of life, crime reduction in focus areas, addressing homelessness and inclusive economic development continue to be the City Council's focus.

The plans and metrics underpinning these strategies are honed through the yearly strategic planning process. In the forthcoming year, the city is prioritizing a data-driven and performance management-centered approach to achieving City Council priorities and optimizing service delivery. The FY 2024-25 Annual Budget supports these efforts to make Stockton the best city in America to live, raise a family, and grow a business.

The FY 2024-25 Annual Budget and Long-Term Planning

This Budget is sustainable, both short and long-term, and aligned to match the priority goals of the Council. The FY 2024-25 Proposed Budget includes expenditures of \$955 million for all programs, funds, and departments of the City, including \$328 million from the General Fund. Stockton's prudent financial practices and commitment to the Long-Range Financial Plan have positioned us to reliably support current service levels while making targeted investments in the community and the organization. As usual, the total budget requests from our departments surpass the available funding. All the requests are needed and would improve the services provided to our citizens; however, funding is limited. The City Council's priorities have guided efforts in the development of the FY 2024-25 budget.

The focus of this budget is to address the City Council's priorities, while balancing employee recruitment and retention needs, the impact of inflation, and maintaining resiliency against the next economic downturn. Our long-term financial planning and modeling continues to be an example for other communities to emulate. That work has informed our decisions and provided Stockton with a solid foundation for implementing strategic growth opportunities and facing a new set of challenges such as a highly competitive labor market, inflation, and economic uncertainty. The FY 2024-25 Proposed Budget includes expenditures of \$955 million for all programs, funds, and departments of the City, which is an increase of \$43 million or 4.8% from the FY 2023-24 adopted budget.

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Department	FY 2023-24 Budget	FY 2024-25 Budget	Change
<i>Utilities</i>	\$ 204,765,409	\$194,163,014	\$(10,602,395)
<i>Police</i>	168,002,953	186,308,925	18,305,972
<i>Insurance and Benefits</i>	158,404,763	183,403,854	24,999,091
<i>Public Works</i>	67,954,465	76,893,790	8,939,325
<i>Fire</i>	76,083,743	86,144,140	10,060,397
<i>Administration</i>	43,604,770	52,919,382	9,314,612
<i>Capital Projects Funds</i>	54,518,890	25,482,395	(29,036,495)
<i>Community Services</i>	43,762,383	36,713,090	(7,049,293)
<i>Economic Development</i>	33,482,968	38,694,208	5,221,180
<i>Non-Departmental Debt Service Funds</i>	30,313,141	34,521,621	4,208,480
<i>Community Development</i>	18,566,331	19,787,511	1,221,180
<i>Community Development</i>	12,705,158	20,644,274	7,939,116
Total	\$ 912,164,974	\$ 955,676,204	\$ 43,511,230

The increase in the city budget is attributable to several factors including the cost of salaries and benefits. After the adoption of the FY 2023-24 budget, successor labor agreements approved salary increases for non-safety employees ranging from 4% to 8% in FY 2023-24 along with cost of living and market adjustments in FY2024-25. In addition to salary increases, the cost of retirement benefits for safety employees increased to \$0.84 for every \$1 of employee salary. There also continues to be increased costs associated with maintenance and supplies from ongoing inflation and supply chain issues.

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The FY 2024-25 Budget incorporates thirty-one additional full-time positions for a total full-time authorized staffing level of 1,773. All requests for new full-time positions were reviewed to evaluate increased workload needs and cost impacts to the city. The new positions needed to improve departments' efficiency and accomplish Council priorities include:

- 5 Fire Department positions to staff the reopening of Fire Station No. 7
- 1 Public Works positions supporting Capital Improvement Program tracking and delivery
- 1 Community Development position focused on review and issuing of permits
- 8 Municipal Utilities positions supporting water systems and plant maintenance
- 5 Police Department positions working in dispatch, animal services and an American sign language translator
- 1 Office of Violence Prevention position for service navigation, efficient onboarding, and leveraging resources
- 4 Administrative Services positions to support budget, procurement and administration
- 3 Community Services positions focused on improving recreation and library services
- 3 Information Technology positions focused on cybersecurity and systems support

Approved mid-year positions are twelve new positions; including seven firefighters and four grant-funded positions in the Sustainability Office and one position in the Office of Performance and Data Analytics, along with the reprogramming of sixty Police Department positions.

Staffing levels are a substantial factor in advancing City Council goals. Similar to other sectors, local governments are experiencing worker shortages, intensifying competition for talent. New and innovative methods of attracting and retaining good employees are a high priority for the city. Enhancing retention and recruitment through competitive wages was a key focus during the collective bargaining negotiations with the City's five miscellaneous labor units. A Retention and Recruitment Plan was developed and implemented in FY 2023-24. The city is continuing to monitor and assess the success of the various incentives implemented throughout the year.

The FY 2024-25 Proposed Budget supports Council strategic targets and priorities through ongoing operations and new expenditure allocations. Public safety is the highest priority in the General Fund budget, with 54% allocated to the Police Department and 20% to the Fire Department. In addition to ongoing operating costs, there is a continual demand to grow General Fund programs and services. Another priority is concluding the City's move to the New City Hall estimated to be completed during FY 2024-25. Several needs to complete the project were identified and are outlined below. The requests for additional funding were reviewed based on Council priorities and operational urgency.

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Dept.	New Item	Description of Request	One time or Ongoing	General Fund Adds	Other Funds
All Strategy Areas					
City Manager	Power BI	Software program to analyze and visualize City data for the OPDA site for staff and community members.	One-time	60,000	-
Fiscal Sustainability					
Information Technology	Backup Data Center	Implement a second Data Center reducing risk providing business continuity	One-time	-	600,000
Healthy & Thriving Neighborhoods					
Economic Development	Banner Island Ball Park Upgrades	Construction improvements required by MLB standards for all minor league baseball facilities	One-time	2,500,000	3,500,000
Public Works	Parks Maintenance	Additional funding to maintain parks	One-time	1,066,463	-
Community Services	Part time staffing for City Pools	Increased staffing for all City pools allowing increased use by citizens	Ongoing	-	690,655
Community Services	Maya Angelou Library Refresh	Refresh of library space for enhanced patron experience	One-time	-	300,000
Community Services	Teen Enrichment Services Program	Part time staff, supplies, meals and transportation for teen programs	Ongoing	-	273,124
Information Technology	IT Student Interns-College Students	IT Student Intern Program, operates year-round with ten rotating part-time internship positions. The strategy is to expose local college students to government	One-time	-	252,997
Economic Development	Civic Auditorium	additional maintenance funding to support Civic auditorium continued use	One-time	170,410	-
Public Works	CIP Project Tracking Software Maintenance	New Capital Project Tracking to increase efficiency in monitoring and delivering projects	Ongoing	170,000	-
Public Works	Debris & Homeless Cleanup	Addition of contracted services 5 days a week to assist the City's efforts to address trash cleanup	One-time	150,000	-

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Dept.	New Item	Description of Request	One time or Ongoing	General Fund Adds	Other Funds
Community Services	Flooring replacements	Arnold Rue Activity Room, Seifert Room 1. Sand and paint Arnold Rue Gym and Stribley Gym	One-time	145,000	-
Safer Streets					
Information Technology	Radio Replacements	Funding for planned radio replacement schedule	One-time	-	552,939
Fire	Emergency Medical Services (EMS) Program	Tuition costs for paramedic training (Seven students per FY).	One-time	112,500	-
Fire	HazMat Program	HazMat Technician training course	One-time	168,318	-
Fire	Wildland Fire Program	Replace 120 wildland fire shelters that have exceeded the 10-year mark	One-time	-	79,000
Fire	Background Investigations	Pre-employment background investigation services	Ongoing	60,500	-
Fire	Fire Suppression Operations	Portable multi gas monitors for all frontline suppression apparatus	One-time	56,000	-
Fire	Fire Suppression Operations	Replace cradle point routers on all fire apparatus	One-time	50,000	-
Fire	Fire Suppression Operations	Mobile solution for incident command and response.	Ongoing	26,000	-
Police	Animal Shelter	Animal Shelter medical supplies	Ongoing	100,000	-
Police	Animal Shelter	Onsite Vet Services contract increase, Hazardous waste disposal Services, added Security Guard Services	Ongoing	278,239	-
Police	Animal Shelter	Continuing contracting to Imperial Cleaning Services to assist in kennel cleaning	Ongoing	278,652	-
Police	Recruiting	Additional staffing and travel costs for Police Officer recruitment.	One-time	200,000	-
Police	Recruiting	SPD marketing items to be distributed at community events, job fairs, and outreach programs	One-time	50,000	-

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Dept.	New Item	Description of Request	One time or Ongoing	General Fund Adds	Other Funds
New City Hall					
Public Works	Utilities	Funding for electricity, gas, water and security	Ongoing	700,000	-
Public Works	Maintenance	Funding for elevators, janitorial services, and roofing	Ongoing	200,000	-
City Wide	Furniture and Moving	Costs associated with furniture and moving employees	One-time	880,700	31,500
Information Technology	Network Connection	Funding for new routers and fiber connections	One-time	-	462,000
Grand Total				7,672,782	6,792,215

Progress Toward City Council Goals

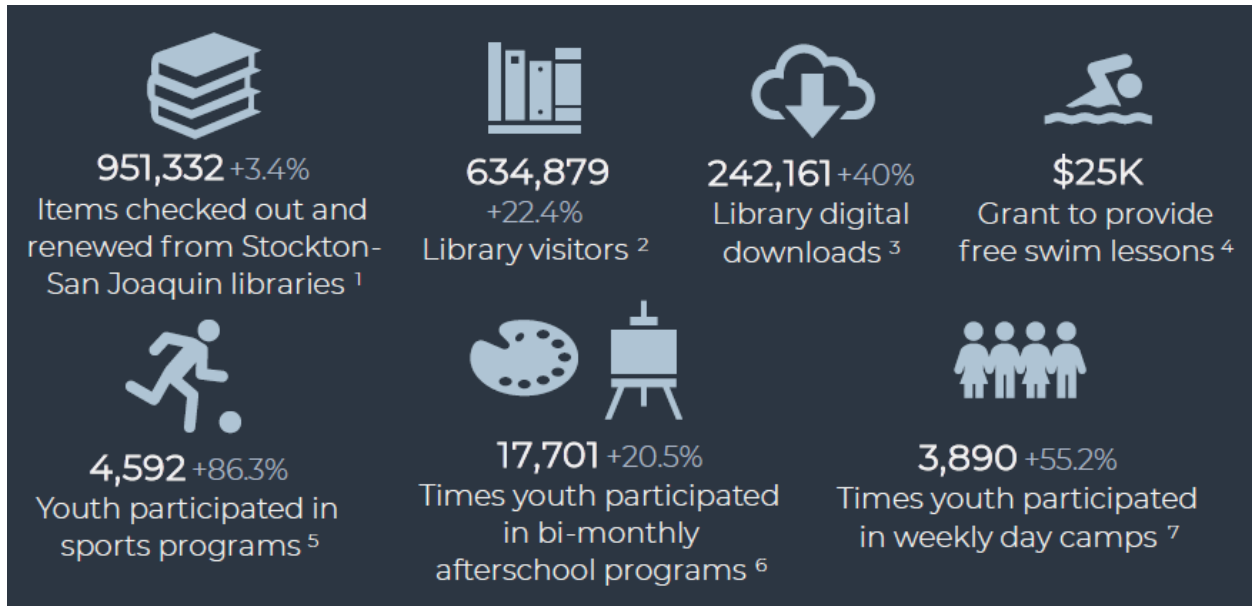
In 2023, the city has operated with a focus on:

1. Work with partners to improve quality of life, increase literacy, develop the workforce, and expand youth programming.
2. Prioritize inclusive economic development to grow the local economy and create employment opportunities for residents.
3. Develop solutions to address homelessness, including increasing the affordable housing supply.
4. Leverage City and partner resources in impacting overall public health, community wellbeing, and community resiliency.
5. Focus on crime reduction in focus areas.

There were numerous accomplishments in each of these areas. Significant highlights are included below.

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Improving Quality of Life-

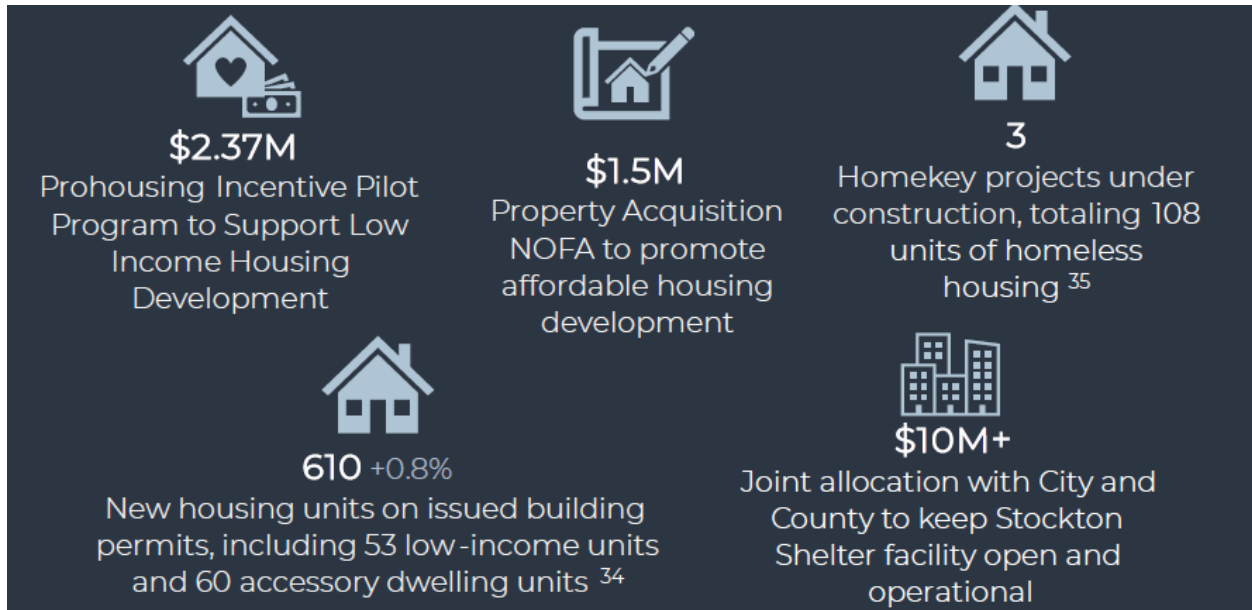


Inclusive Economic Development –

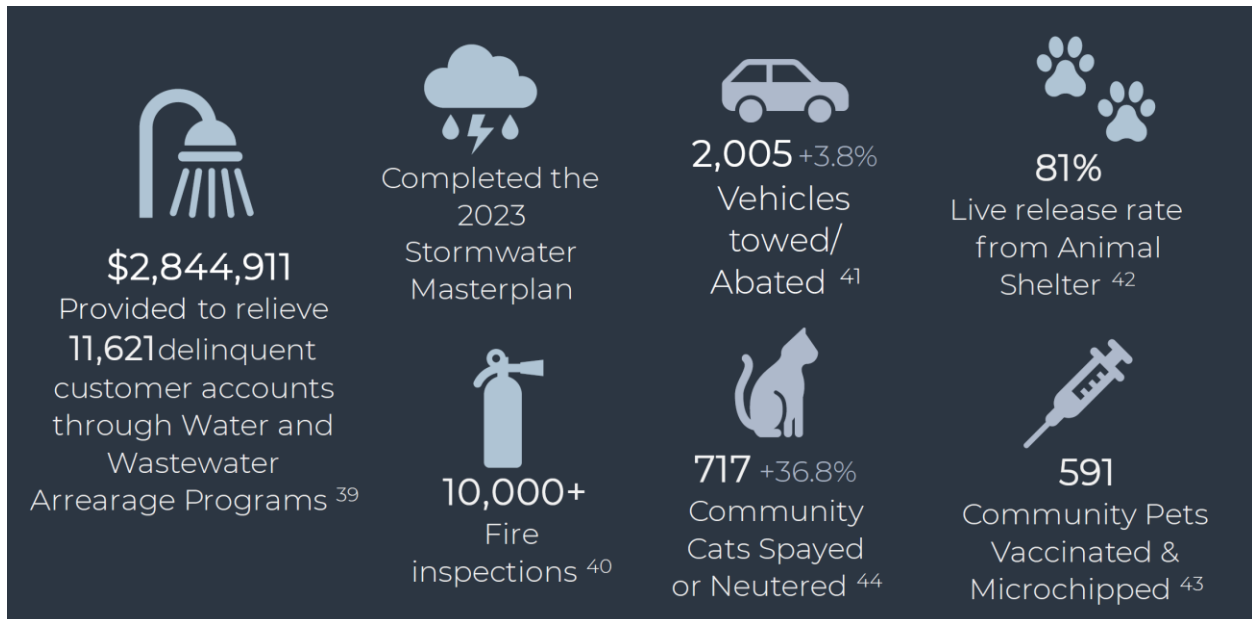


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Homelessness and Affordable Housing –



Community Wellbeing-



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Focus on Crime Reduction in Focus Areas-



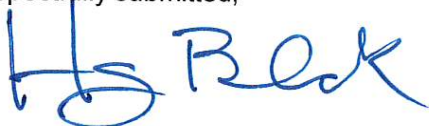
CONCLUSION

As shown above, the FY 2024-25 Annual Budget backs the Council's priority objectives while cautiously addressing potential impacts of inflation and an impending recession on our finances. We will closely monitor both revenue and spending throughout the year for any signs of economic downturn. In alignment with the City Council's goals, this budget maintains the City's financial stability while ensuring continued provision of essential services to our community.

Looking ahead, our focus remains on improving conventional services and maximizing the community benefits of one-time funding. City resource allocation will still be guided by strategic planning and long-term financial goals. The budget fulfills our duty to secure the City's financial stability for the future, not just the immediate term. Despite economic uncertainties, Stockton has not only sustained essential services but also implemented targeted enhancements.

We extend gratitude to our Department Heads for their diligent management of limited resources, always prioritizing the welfare of Stockton residents. Thanks also to all employees whose daily decisions reflect a commitment to maximizing the value of every taxpayer dollar. Lastly, we thank the City Council for their dedication to providing a Strategic Plan that has guided the delivery of exceptional services to Stockton's citizens.

Respectfully submitted,



Harry Black
 City Manager