

TOWN OF PARADISE

Fiscal Year 2015/16 Operating and Capital Budget
Status Update and Mid-Year Report

February 9, 2016



Objectives of the Mid-Year Budget Report

1. Receive a budget/financial update and approve Mid-Year Budget Adjustments
2. Provide direction to staff for scheduling a Town Council goal setting workshop to discuss 2016/17 budget priorities

2015/16 Operating and Capital Budget

- The 2015/16 budget was adopted June 29, 2015
- Town Council, Management and Staff have made deep cuts and worked hard to right the Town's financial ship
 - After six years of cuts, depleted reserves, delayed asset replacement and deferred maintenance, the community passed Measure C
 - A six year 0.50% transaction and use tax which took effect April 1, 2015
 - About \$1 million per year for six years will be received
 - The funds will be used to replace police cars, for a detective sergeant, animal control staffing, a fire engine, for street projects and public safety equipment replacement



1010 - General Fund



Newest Police K 9
“Taz”

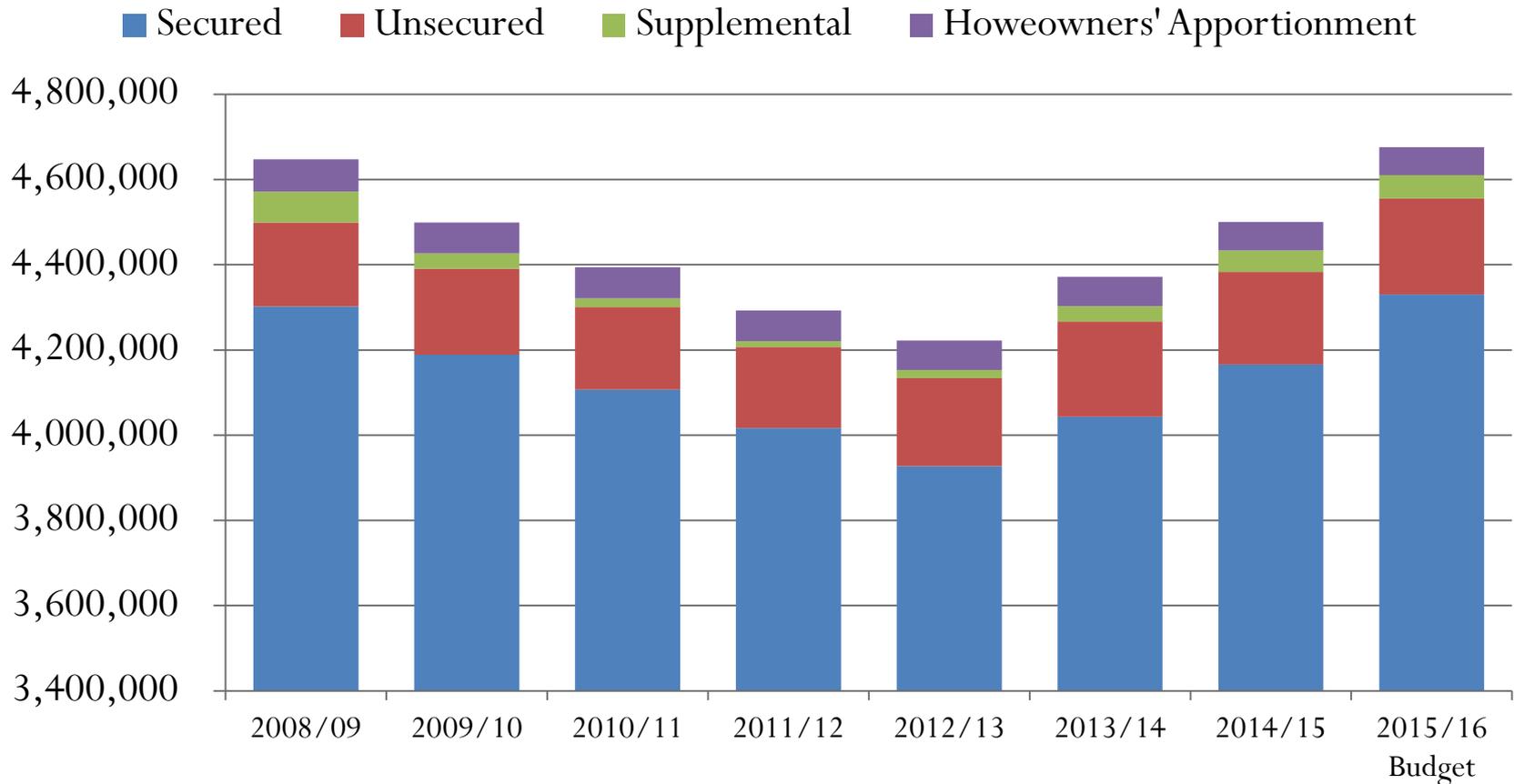
General Fund Revenues

Measure C

Measure C
Temporary 0.50%
Sales & Use Tax
Implemented
4/1/15

- Receipts to date
 - \$291,666 April – June 2015 (4th Quarter)
 - \$281,981 July – September 2015 (1st Quarter)
 - \$144,400 Partial October – December 2015 (2nd Quarter)
- Historically, from highest to lowest, following is the order of sales tax receipts:
 - October – December
 - January – March
 - April – June
 - July – September
- Extrapolating this data to estimate 2015/16, receipts should exceed \$1.1 million
- However, to remain conservative, the estimate has been reduced by 5% to \$1,071,000.
- **Recommended budget adjustment \$72,571**

Property Taxes



Recommended 2015/16 Budget Adjustments:

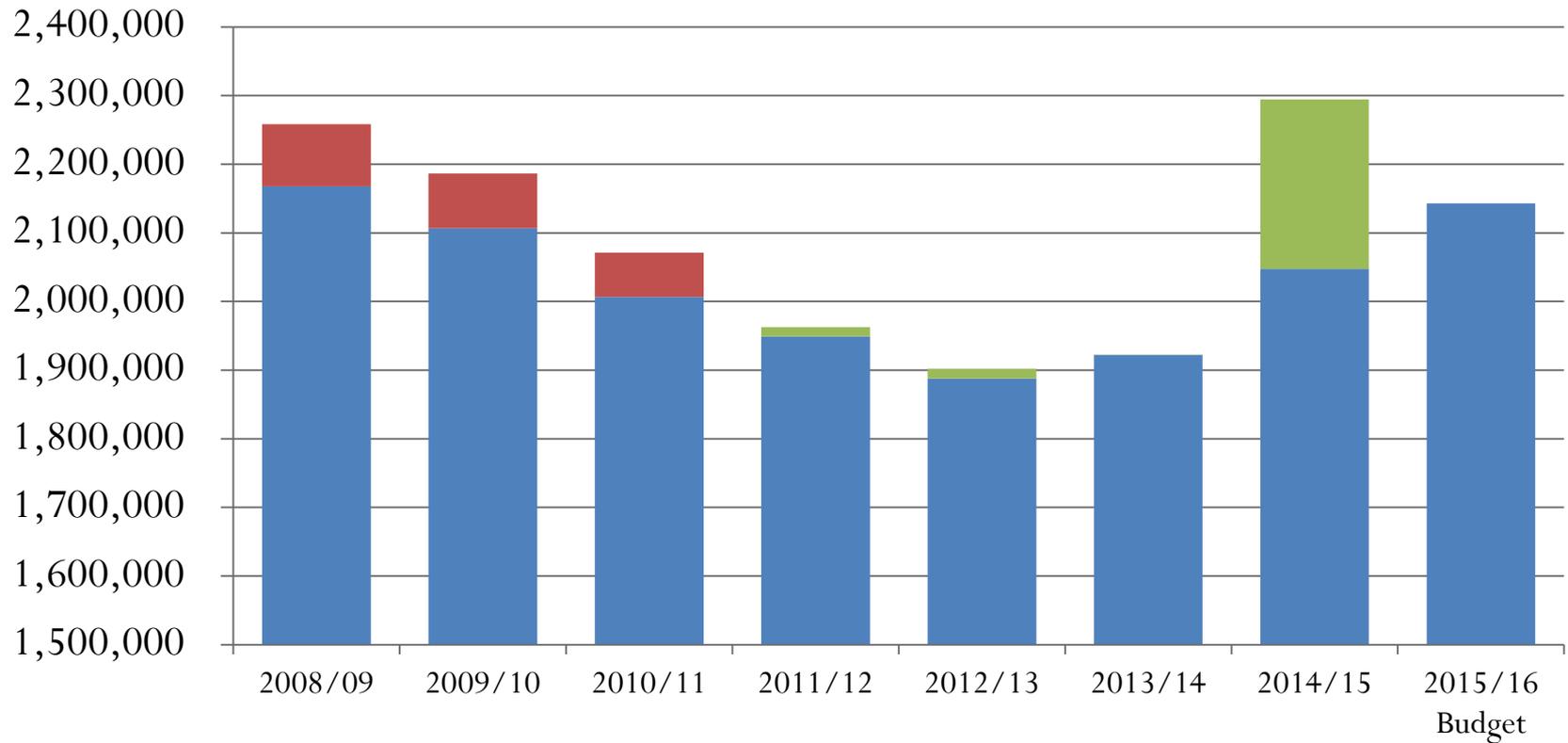
- Increase secured property taxes \$60,480
- Increase unsecured property taxes \$4,112
- Decrease homeowners apportionment \$3,800

\$3.6 Million In General Fund Property Value Based Revenues Lost – 2008/09 to 2015/16



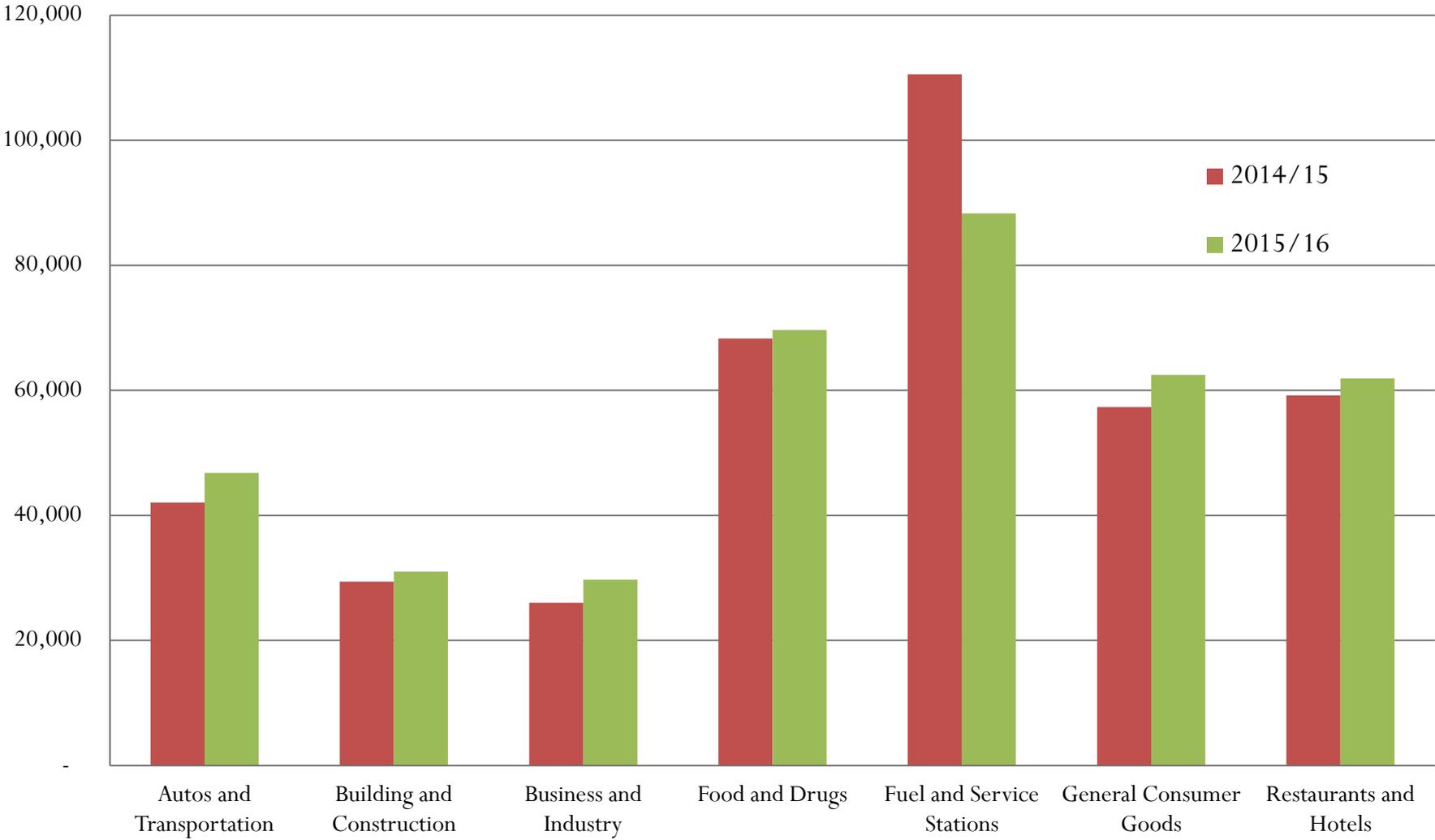
Motor Vehicle in Lieu (MVIL)

■ MVIL ■ Vehicle Fees ■ Adjustments

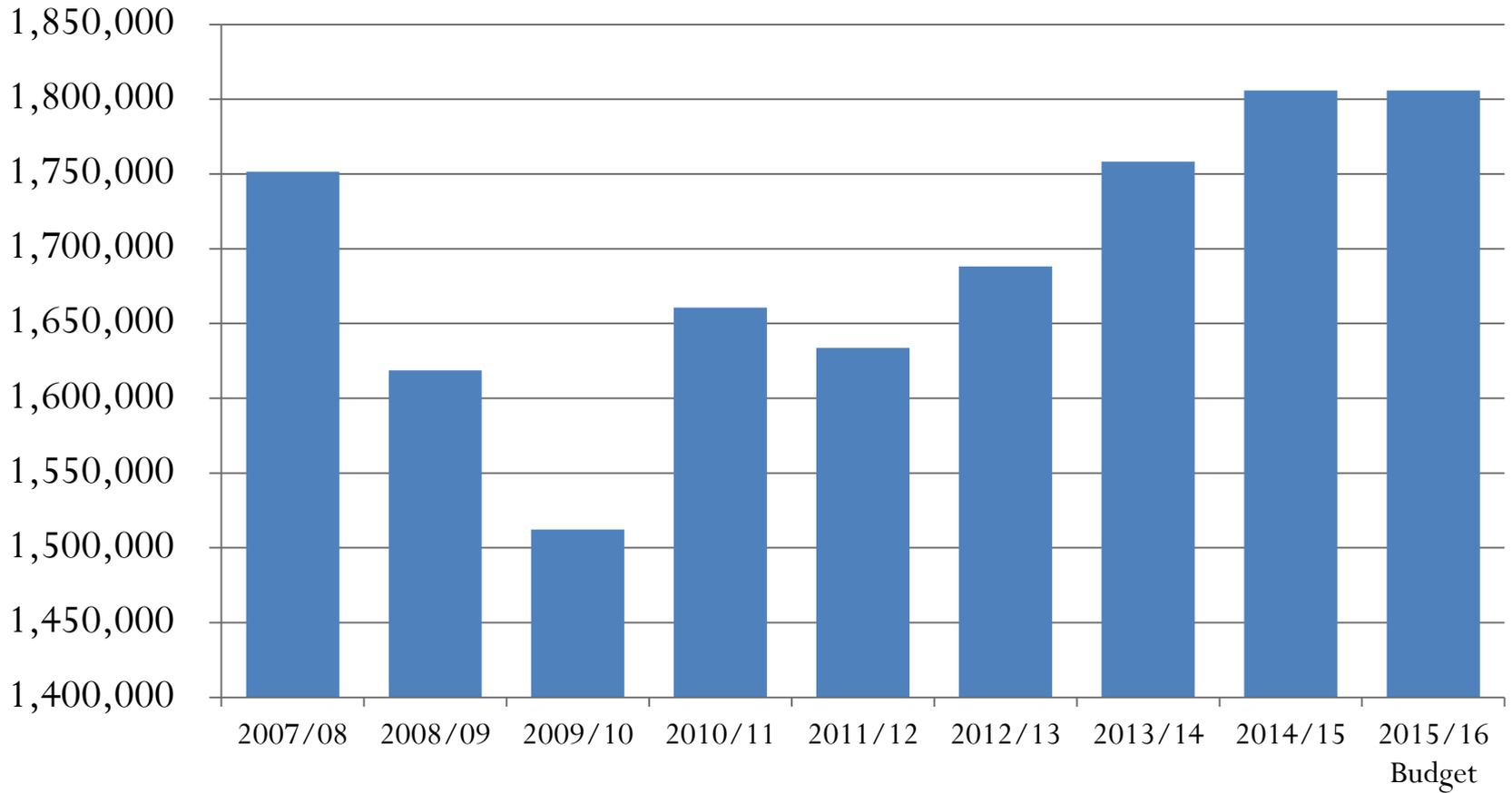


Recommend decreasing budget \$55,976

Sales Tax – 1st Quarter by Major Business Group

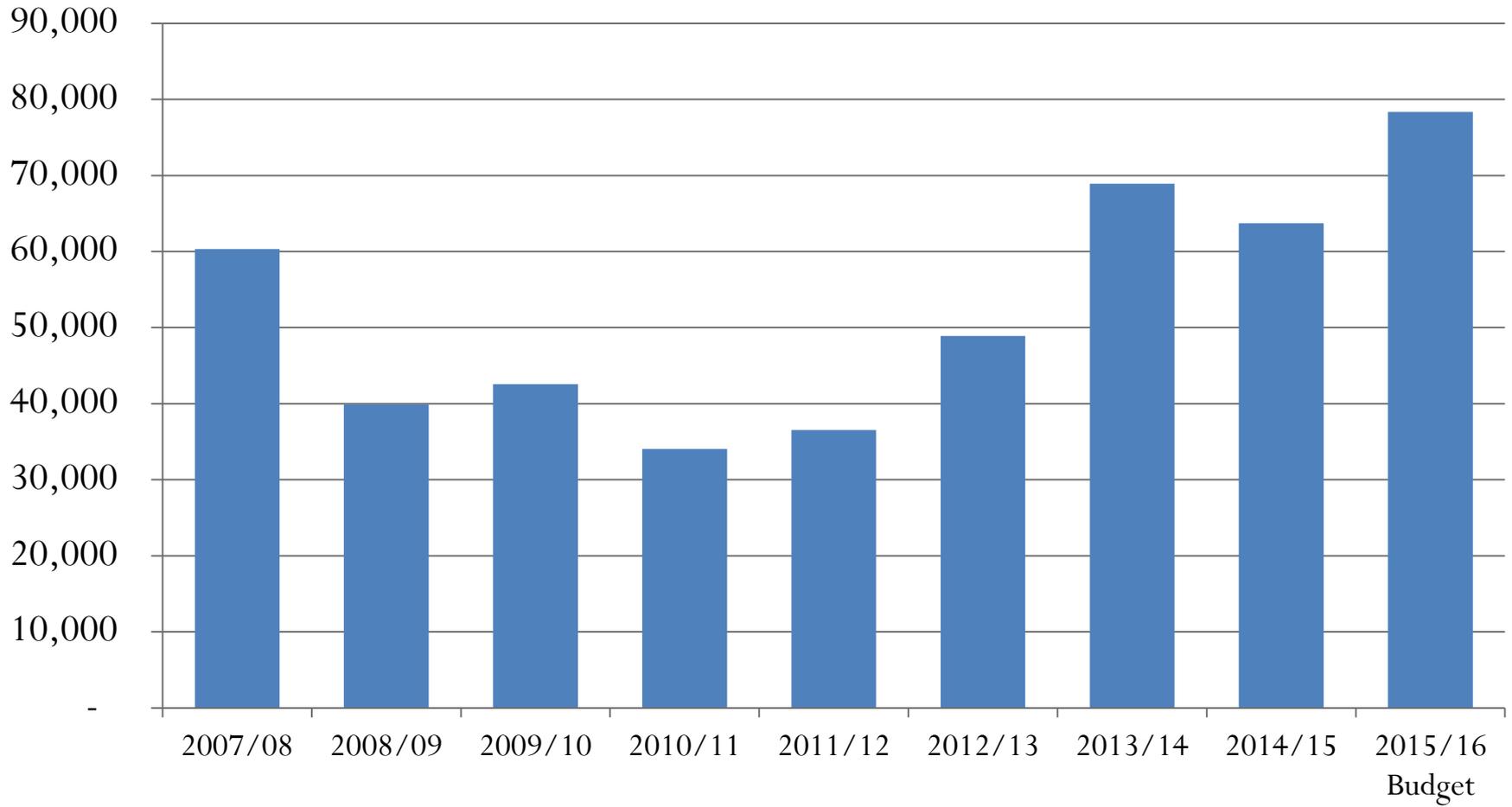


Sales Tax



Recommend decreasing budget by \$10,059

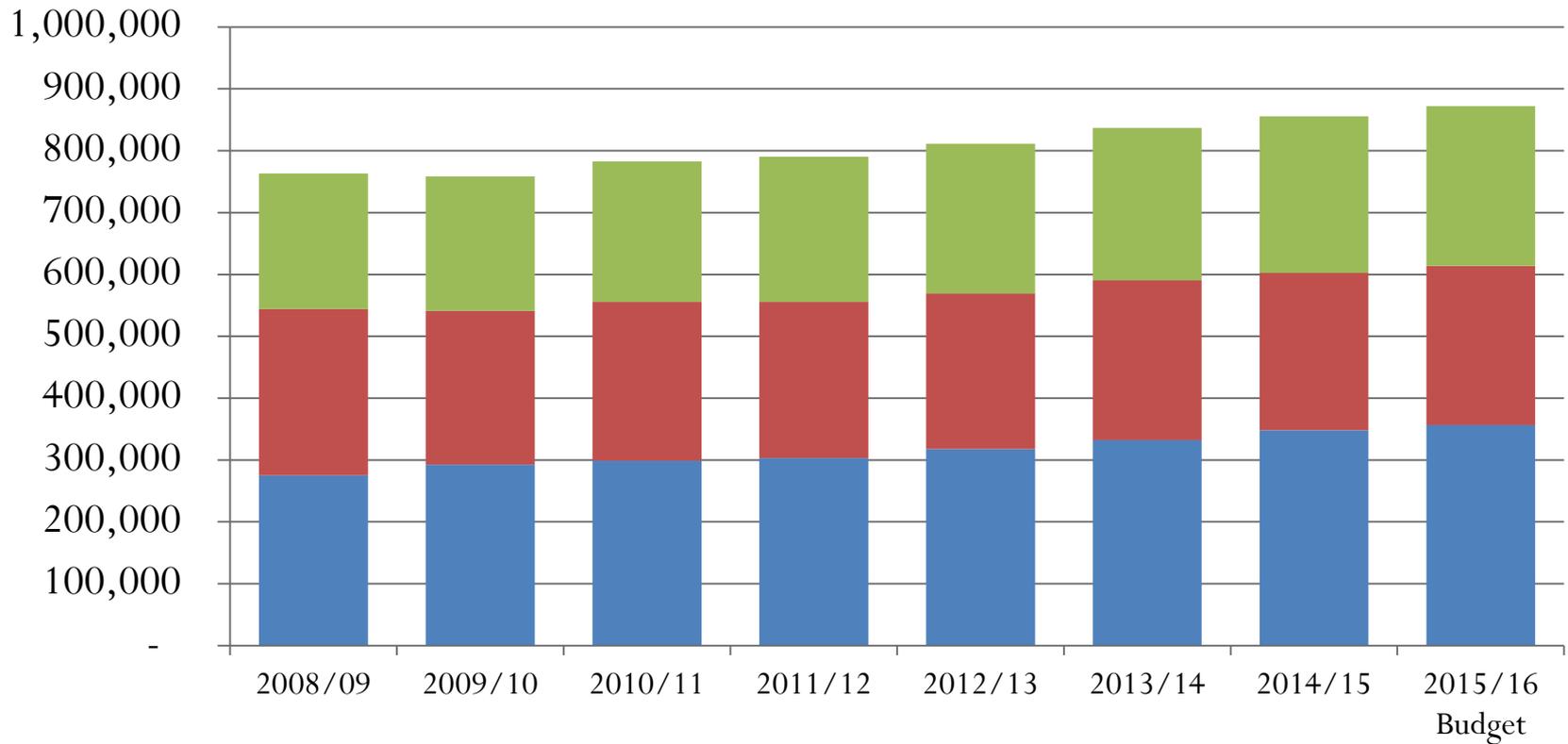
Property Transfer Tax



Recommend increasing budget \$15,093

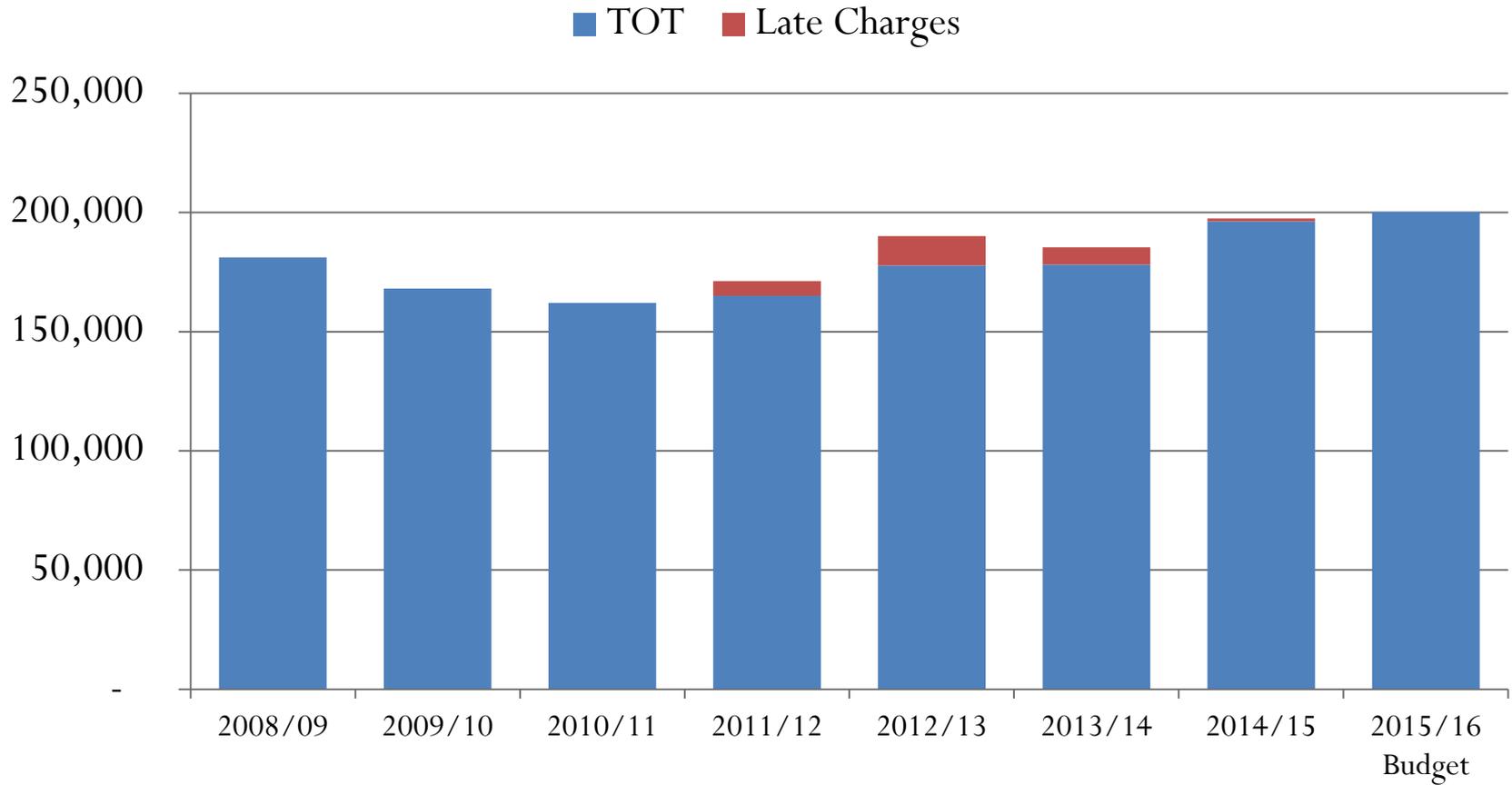
Franchise Fees

■ Comcast ■ PG&E ■ Northern Recycling



Recommend increasing budget \$1,814

Transient Occupancy Taxes (TOT)



Recommend decreasing budget \$194

Other Revenues

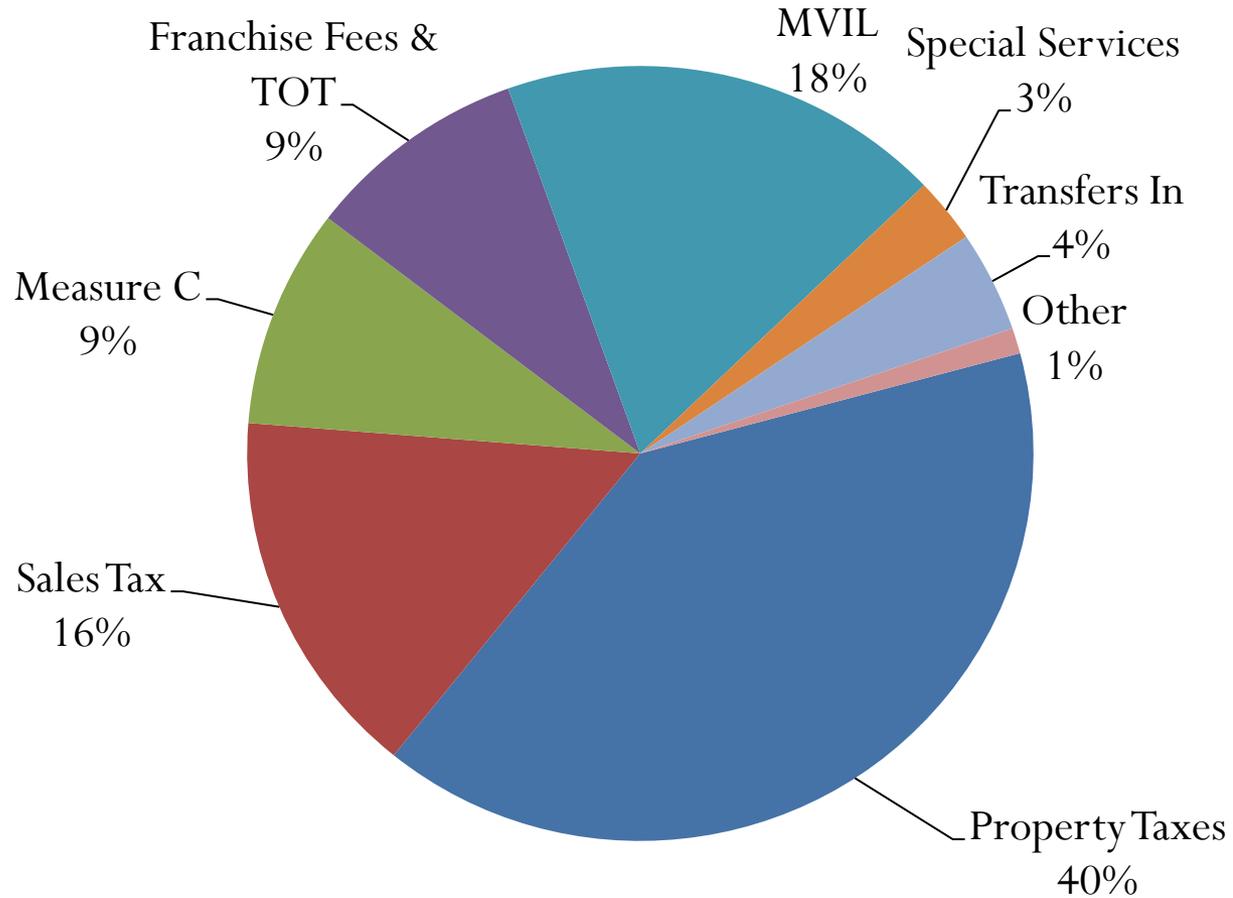
- State Mandated Claim Reimbursements
 - The State released another \$10,867 in interest in 2015/16
 - \$218,810 is still owed
 - **Staff recommends increasing the 2015/16 budget by \$10,867**
- State Fire Assistance
 - The Town lends resources whenever possible to the state. 2014/15 resulted in higher than usual rental income as shown by recent historical receipts below:
 - 2014/15 \$174,163
 - 2013/14 \$24,601
 - 2012/13 \$94,085
 - 2011/12 \$5,609
 - 2010/11 \$0
 - **Staff recommends increasing the budget by \$10,000 as \$78,237 has already been received for 2015/16.**



General Fund Revenues

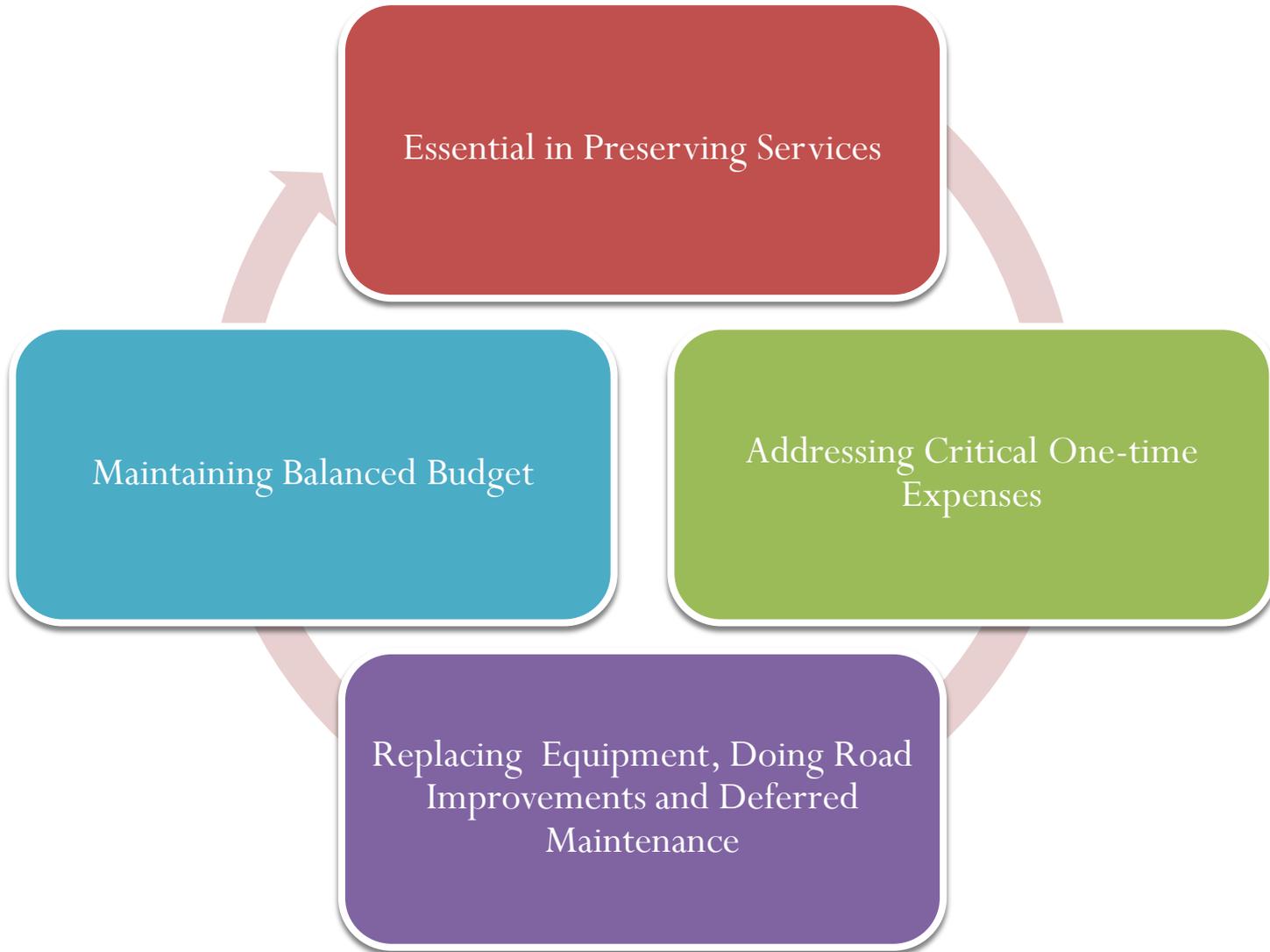
	2014/15 Audited Actual	2015/16 Amended Budget	2015/16 Proposed Budget	2015/16 Budget Adjustments
Measure C	\$291,666	\$998,429	\$1,071,000	\$72,571
Non Department	10,230,048	10,285,524	10,307,233	21,709
Finance	13,454	20,100	20,100	0
Police	125,505	73,221	78,351	5,130
Fire	182,925	83,465	92,808	9,343
Planning	50,325	56,479	57,325	846
Waste Manage	60,640	50,373	50,593	220
Engineering	42,263	39,500	38,260	(1,240)
Community Park	2,670	2,500	2,500	0
Totals	\$10,999,496	\$11,609,591	\$11,718,170	\$108,579

General Fund Revenues by Source



General Fund Expenses

Measure C



Measure C - Police Department

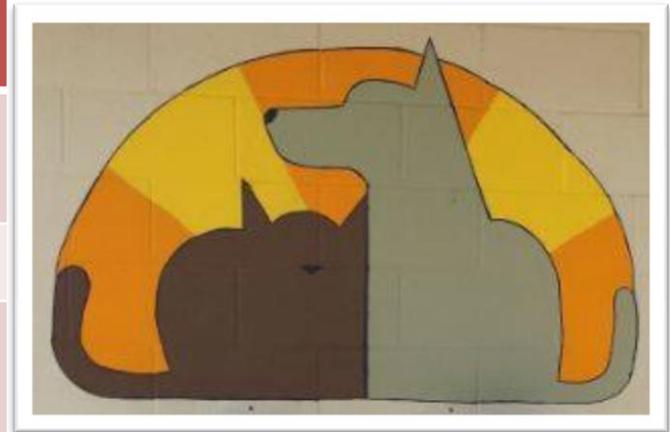
	2015/16 Proposed Budget	2015/16 Mid-Year Adjustments
Lieutenant Reinforcement	\$13,439	\$13,439
Sergeant Detective	111,619	13,805
Police Cadets (3)	51,563	6,563
Police Cars	100,000	0
Body Cameras	14,034	0
LiveScan Machine	11,670	(330)
Station Repairs	96,000	51,000
Officer Training	15,000	0
K-9 Program	10,000	0



Police Station
Restoration Complete

Measure C – Animal Control Services

	2015/16 Proposed Budget	2015/16 Mid-Year Adjustments
Increased Officer Hours	\$23,751	(\$1,041)
Officer Training	3,000	0
Pressure Washer/ Sanitation Unit	5,200	200



Measure C – Fire Department

	2015/16 Proposed Budget	2015/16 Mid-Year Adjustments
CAL FIRE Contract	\$150,000	\$0
Exhaust System	20,511	0
4 SCBAs	25,000	0
Fire Engine	94,132	5,100



Similar Fire Engine to be delivered in May 2016

Measure C – Public Works

	2015/16 Proposed Budget	2015/16 Mid-Year Adjustments
Pedestrian Safety Crossings	\$25,000	\$0
Pearson Road Improvement	200,000	0



Pearson Road and
Drainage Improvements
to begin late spring 2016

Measure C Updated

	2015/16 Amended Budget	2015/16 Proposed Budget	2015/16 Budget Adjustments
Revenues	\$998,429	\$1,071,000	72,571
Expenditures	(881,183)	(969,919)	(88,736)
Unassigned Reserve	117,246	101,081	(16,165)
Assigned Reserve	283,274	283,274	0

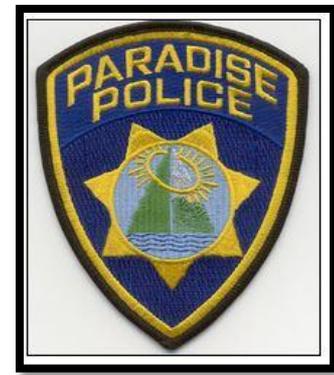
Non Department Specific and Administrative Expenses

- Recommend increasing non department specific expenses \$9,009
 - Additional bank fees and housing fund transfers
- Collectively administrative divisions are expected to increase \$13,239 for equipment, utilities, benefit changes and legal matters

✓ Town Council	(500)
✓ Town Clerk	(2,619)
✓ Town Manager	1,038
✓ Central Services	4,117
✓ Information Technology	5,128
✓ HR and Risk Management	724
✓ Legal Services	2,300
✓ Finance	3,051



Police Department



Administration

Savings \$13,448

Pending Lieutenant Retirements

Leaves Budget Room for Recruitment, Training and Accrual Payouts

Operations

Savings \$18,134

Gasoline and Four Vacant Positions

Public Safety Communications

Savings \$11,324

Retiree Medical Savings from One Less Retiree

Hire One Position to Replace Vacant Part Time Positions

Fire Department

Savings \$2,209

Retiree
Medical &
Gasoline

CAL FIRE is on track
to achieve \$96,884
budgeted savings



Community Development and Public Works

Planning

Increase \$4,902

Health benefit elections

Fleet Management

Increase \$22,666

Aged fleet maintenance & repair supplies

2015/16 Proposed budget \$13,000 less than prior year

One of three new police vehicles funded by Measure C



General Fund Expenses

	2014/15 Audited Actual	2015/16 Amended Budget	2015/16 Proposed Budget	2015/16 Budget Adjustments
Measure C	\$8,392	\$881,183	\$969,919	\$88,736
Non Department	929,836	967,726	976,735	9,009
Administration	1,755,969	1,545,301	1,558,540	13,239
Police	3,587,252	4,084,261	4,042,069	(42,192)
Fire	3,463,198	3,639,083	3,636,874	(2,209)
Comm Develop	164,317	168,540	173,442	4,902
Public Works	38,174	220,479	243,145	22,666
Totals	\$9,947,138	\$11,506,573	\$11,600,725	\$94,152

General Fund Summary

	2014/15 Audited Actual	2015/16 Amended Budget	2015/16 Proposed Budget	2015/16 Budget Adjustments
Total Revenues	\$10,299,035	\$10,126,131	\$10,154,424	\$28,293
Measure "C" Receipts	291,666	998,429	1,071,000	72,571
Transfers In	408,795	485,031	492,746	7,715
Total Resources	\$10,999,496	\$11,609,591	\$11,718,170	\$108,579
Total Expenditures	\$9,938,746	\$10,607,890	\$10,609,740	1,850
Measure "C" Expenditures	8,392	881,183	969,919	88,736
Transfers Out	0	17,500	21,066	3,566
Total Financial Uses	\$9,947,138	\$11,506,573	\$11,600,725	\$94,152
General Fund Net Income	\$1,052,358	\$103,018	\$117,445	\$14,427

General Fund Reserves

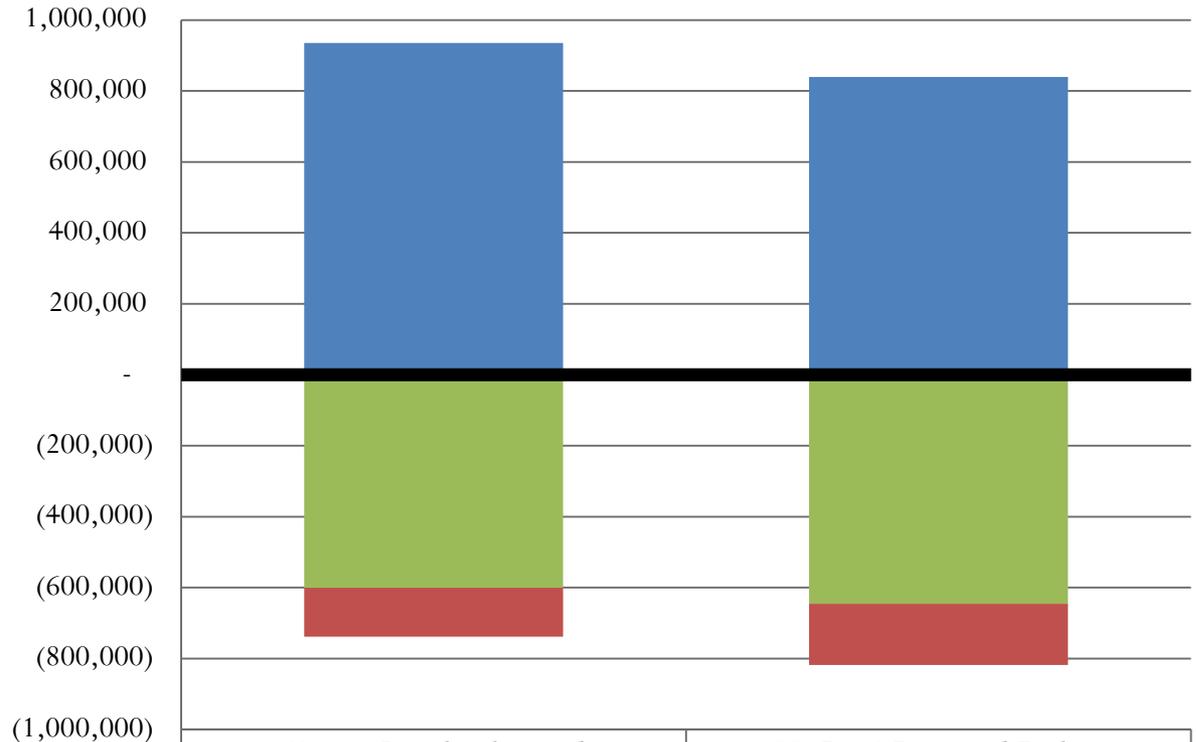
	2014/15 Audited Actual	2015/16 Amended Budget	2015/16 Proposed Budget
Designated Reserves			
Nonspendable (RDA and Other Loans)	\$2,008,233	\$1,974,731	\$1,983,233
Assigned to Measure "C" 2020-21	283,274	283,274	283,274
Unassigned Measure "C"	0	117,246	101,081
Unassigned	646,852	666,126	688,216
Ending Fund Balance	\$2,938,359	\$3,041,377	\$3,055,804

Other Funds



2030 – Building Safety & Wastewater Services

- 2014/15 building permits reach 2007/08 levels at \$243,733
- **Recommend increasing building permits \$10,178 and plan check fees \$11,920**
- Budget remains conservative
- Will maintain healthy reserve for next economic downturn & equipment replacement

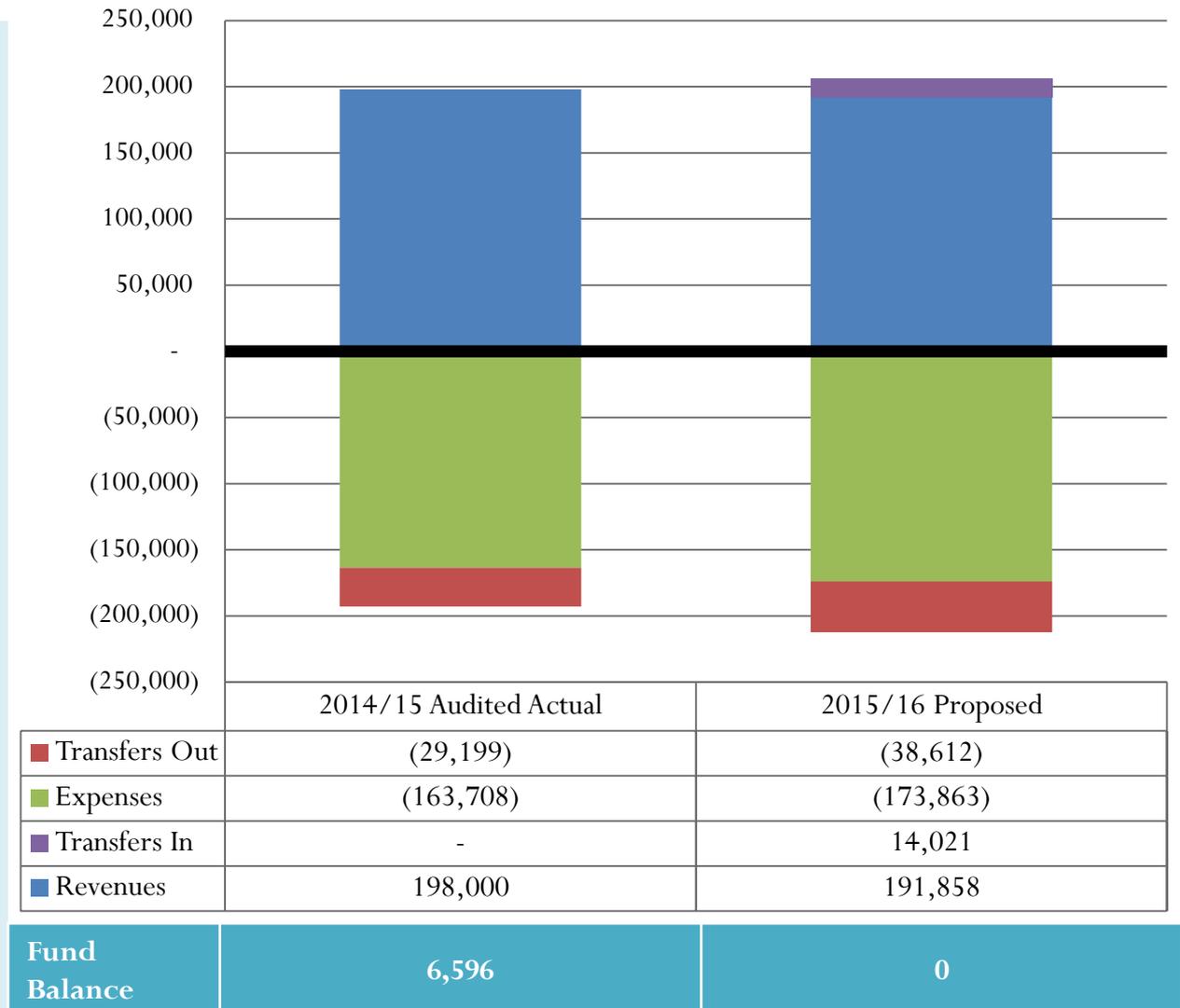


	2014/15 Audited Actual	2015/16 Proposed Budget
■ Transfers Out	(137,713)	(172,982)
■ Expenses	(600,775)	(645,556)
■ Transfers In	-	-
■ Revenues	935,539	839,830

Fund Balance	391,125	412,417
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2070 – Animal Control Services

- Revenues and expenses will conclude in 2015/16 about as expected
- Will receive \$11,900 in PASH donations for various shelter expenses
- A transfer from the Animal Donation fund of \$14,021 will be needed to balance the fund; \$48,000 will remain in the donation fund
- At current levels, services are sustainable for another 3.5 years

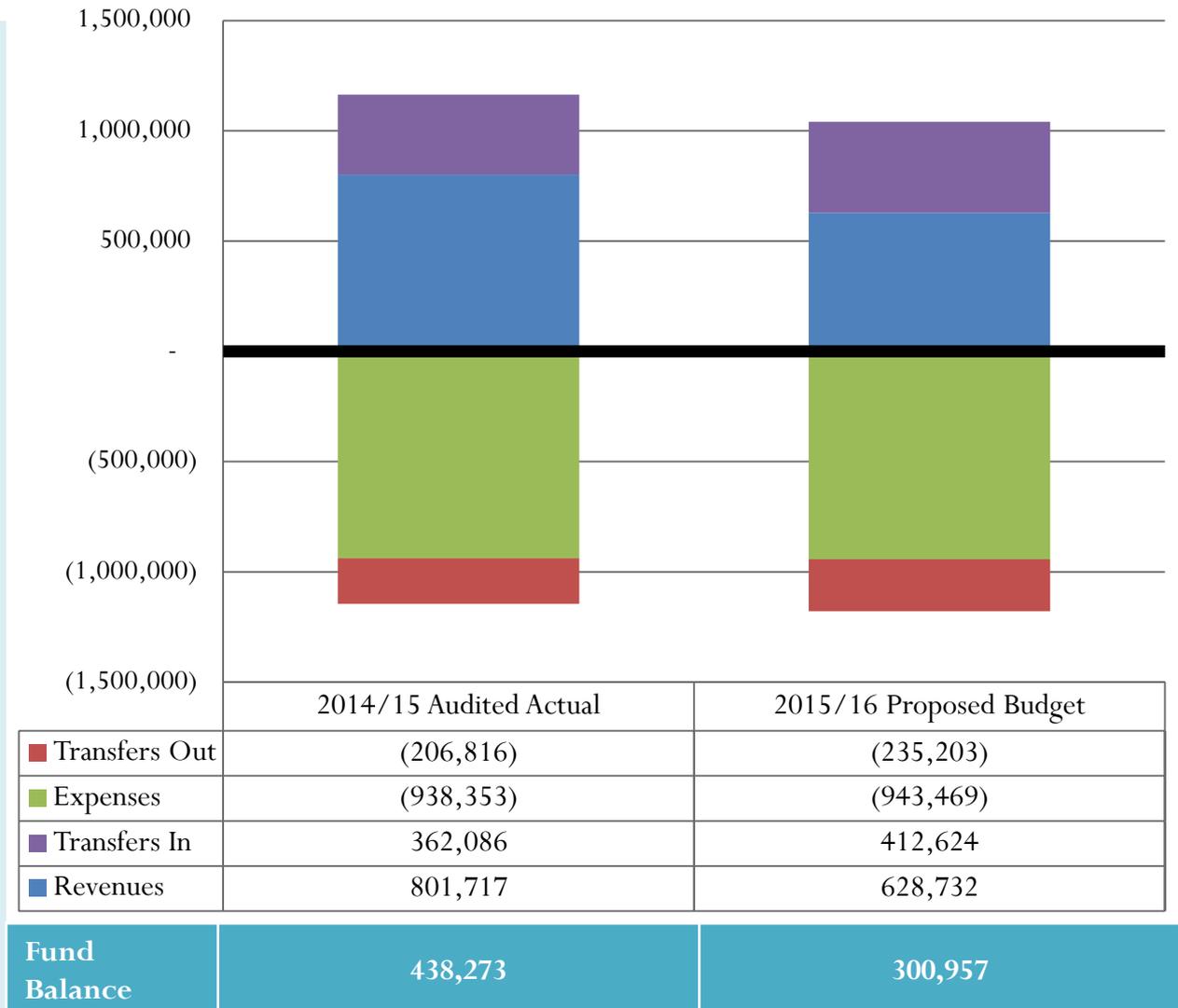


2120 – State Gas Tax (Street Maintenance)

➤ Gas tax revenues are expected to be down 22% in 2015/16 due to lower gas prices

➤ There is legislation pending that may provide funding for roads statewide

➤ Staff is anxiously watching trend of decreasing revenues because a healthy fund balance is important to maintain services and leverage grants



Fiscal Health Analysis

Town's Fiscal Health for 2015/16



The Town will remain at a “C-” status for overall financial health. In order to improve this grade, we need to continue to address depleted reserves, long-term obligations, diminished assets and also look for ways to diversify our revenue stream.

The good news: We are on the right track and will improve our financial stability if we continue to make good financial decisions.

1. Recurring General Fund Operating Deficits
 - **Measure C has temporarily cured the General Fund Operating Deficit.**
2. General Fund Reserves (unassigned reserves) are Inadequate
 - **A 5.9% unassigned reserve is projected. The diagnostic tool recommends at least an 8% unassigned reserve, and the Town has a goal of 10%.**
3. Inadequate Cash and Short Term Investments
 - **The Town still had to borrow \$2.7 million to build a cash flow bridge this fiscal year. The TRAN will cost \$31,000 in interest and issuance costs.**

4. Fixed & Personnel Costs Exceed 80% of Operating Expenditures

- **Town's fixed costs as a percent of Operating Expenditures are 89% for budget 2015/16.**

5. Budget Balanced by Deferring Asset Maintenance

- **Measure C has allowed the Town to budget asset replacement and maintenance in 2015/16; however, Measure C only lasts 5 more years.**

6. Pension Liabilities or Post-Employment Benefit Funding Deferred

- **The Town has another 15 years to pay on the Pension Obligation Bond and CalPERS is amortizing current pension liability over 20 + years. The Town can only afford to contribute \$25,000 to OPEB this fiscal year.**

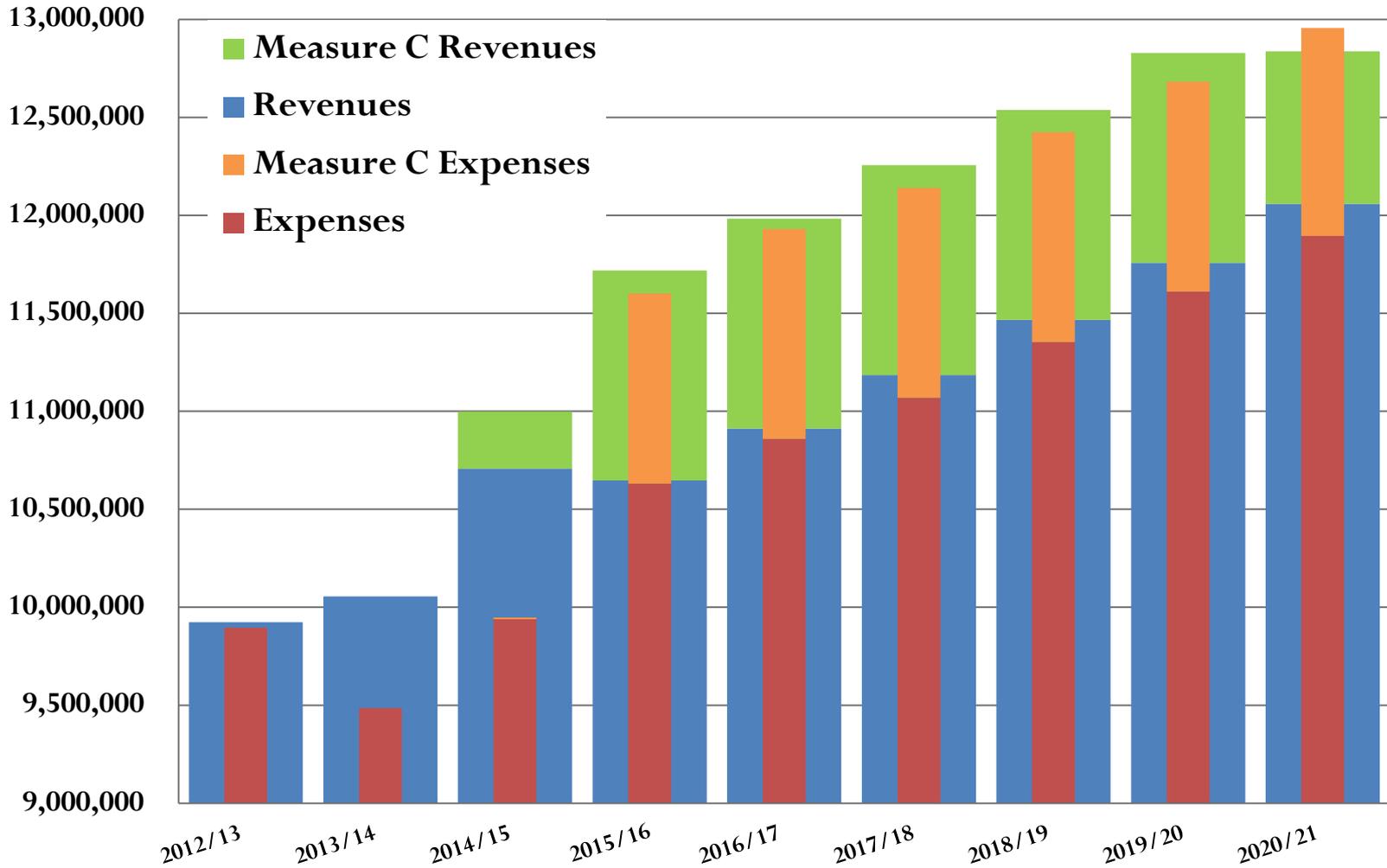
General Fund Five Year Projection



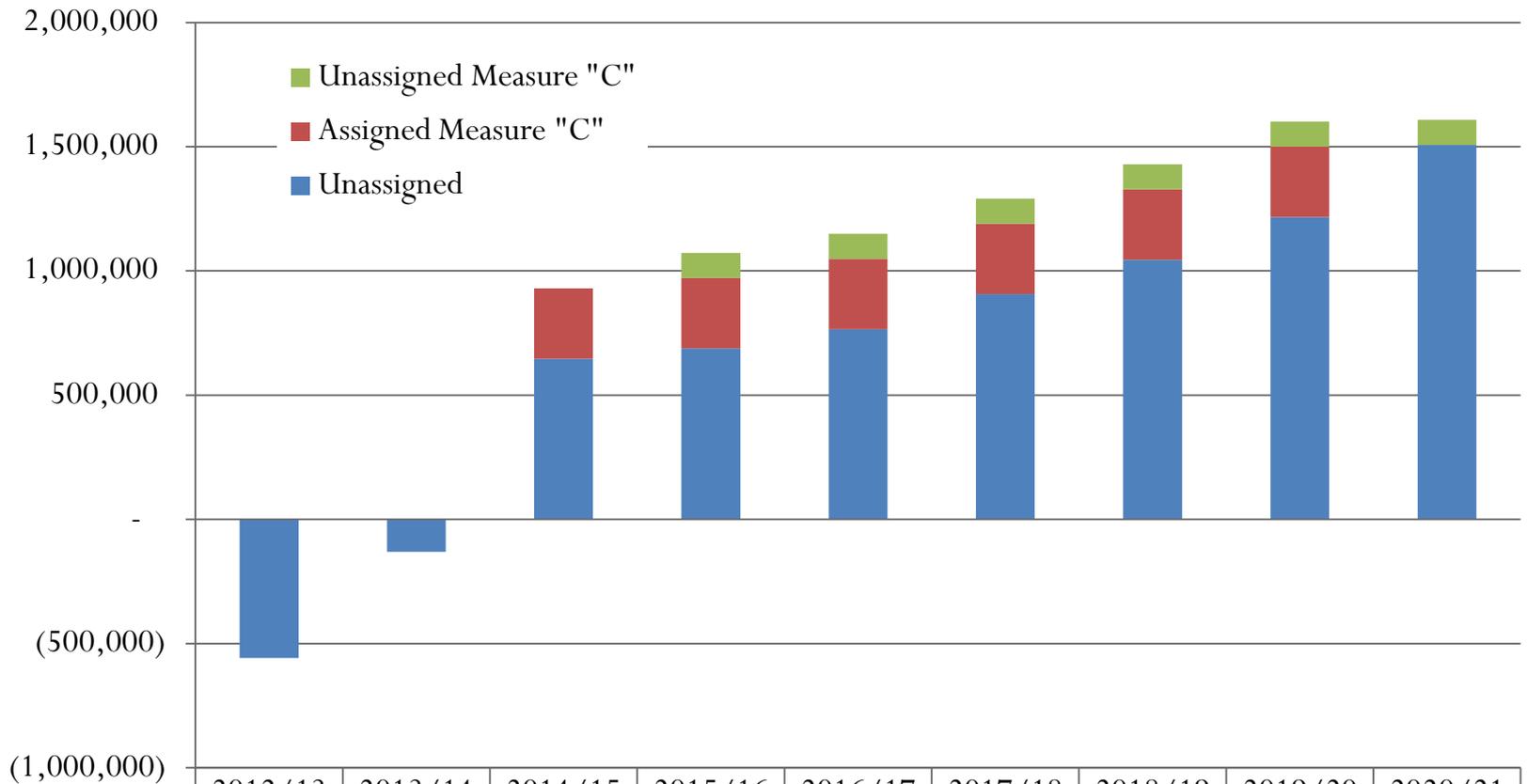
General Fund Five Year Projection

- Includes conservative assumptions about revenue and expenditure growth for the next 5 years including:
 - CalPERS pension contribution increases
 - Pension Obligation Bond increases
 - CAL FIRE contract increases
 - Lease purchase payoffs
- Revenues will exceed expenditures in a range from \$50,000 to \$150,000 per year
- **Challenge will be to prioritize items that still require funding**

Five Year General Fund Projection Revenue & Expenses



Five Year General Fund Projection Usable Reserves



	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Unassigned Measure "C"				101,081	101,081	101,081	101,081	101,081	101,081
Assigned Measure "C"			283,274	283,274	283,274	283,274	283,274	283,274	
Unassigned	(557,554)	(129,944)	646,848	688,213	765,466	906,458	1,044,861	1,216,773	1,506,993

Future Funding Requirements

Employee COLA's

- Over 7 Years since last COLA
- CPI 8.6% in the 7 years
- Employee Health Benefit Contributions growing

Measure C is Temporary

- Town must wean itself off of support for:
 - Sergeant Detective & Animal Control Officer
 - CAL FIRE contract
 - Training and K-9 Program

CAL FIRE Contract Renewal

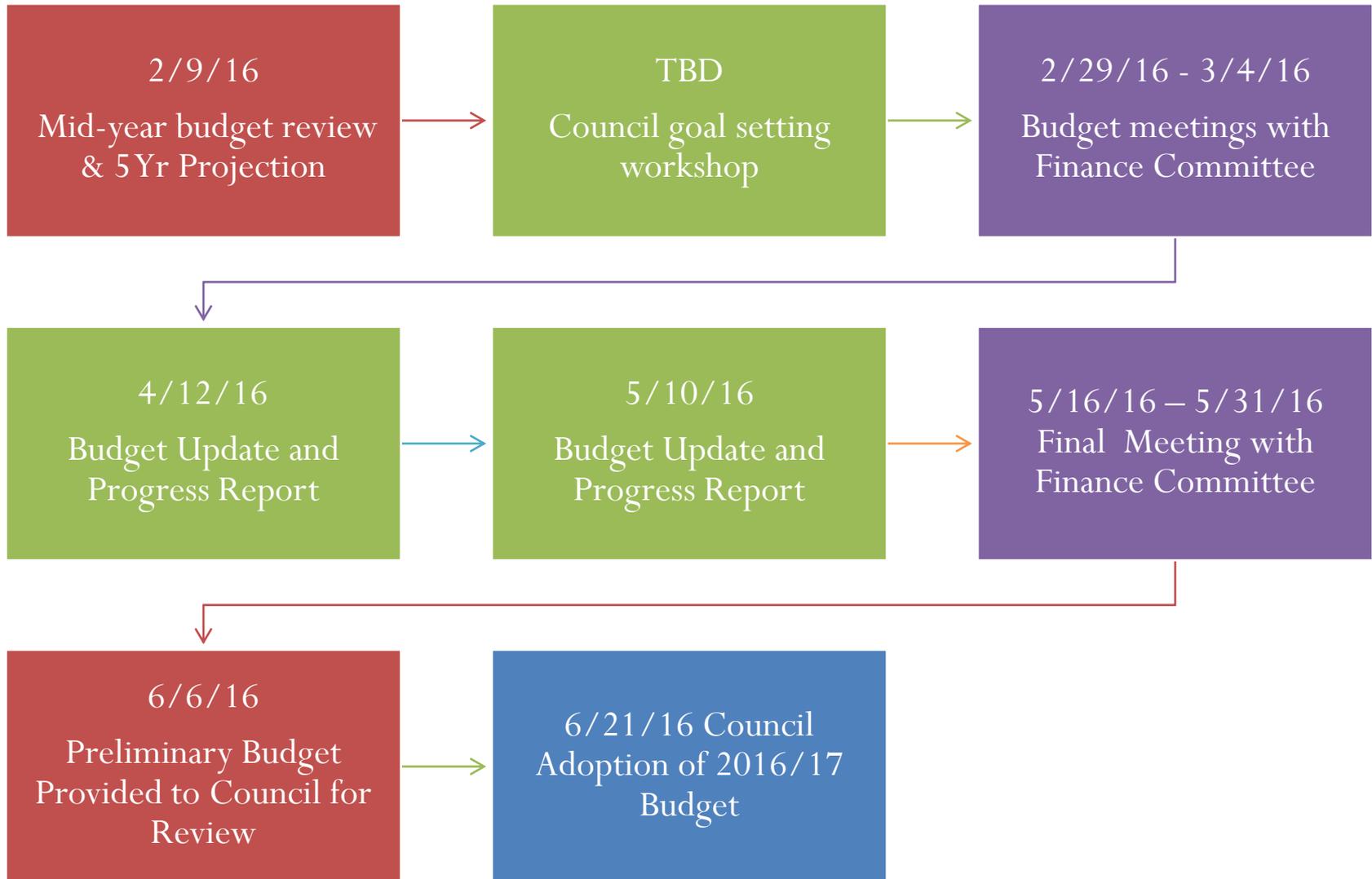
- Five year contract expires June 2017
- 5% escalator totaling about \$150,000/year
- Town's may not grow 5% per year

OPEB Contributions

- Underfunding – Annual contributions should be \$150,000
- 2015/16 Contribution \$25,000

2016/17 Budget Adoption

2016/17 Budget Adoption Timeline



Conclusion

Weaknesses

Strengths

Little diversity to
revenues

Long term
obligations

Funds being
carefully monitored

Sustainable
expenses in budget

Measure C being
used wisely



Questions & Direction
