



**Town of Paradise  
Council Agenda Summary  
Date: June 14, 2016**

**Agenda Item: 6f**

**Originated by:** Gina S. Will, Finance Director/Town Treasurer  
**Approved by:** Lauren Gill, Town Manager  
**Subject:** 2015/16 Operating and Capital Budget Status Update and 2016/17 Operating and Capital Budget Planning

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**Council Action Requested:**

Review and file the financial information provided by staff concerning:

1. The 2015/16 Operating and Capital Budget Update
2. Measure C Citizen Oversight Committee recent meeting
3. Budget planning process for fiscal year 2016/17

**Alternatives:**

Refer the matter back to staff for further development and consideration.

**Background:**

The 2015/16 operating and capital budget was adopted June 29, 2015, so at this point, the Town has nearly 83% of all related transactions recorded. The budget report provided to Council in May 2016 indicated that most budget projections were in-line with original estimates and that some show modest improvement.

On February 25, 2016, a special Town Council Meeting was held to determine Council's priorities for the 2016/17 fiscal year budget. The following list was created as part of that process and in order of priority:

1. CAL FIRE Contract Renewal
1. Northern Recycling and Waste Services Franchise Agreement
1. Paradise Sewer Project
1. Town-wide Personnel Structure
2. Business Identification/License
3. Master Fee Schedule
4. Facilities Best Use/Deferred Maintenance
5. Tourism/Economic Development
6. Increased Traffic Enforcement
7. Review Code Enforcement and Animal Control Processes
8. \$175,000 for Animal Shelter Addition

These priorities were considered and the process for adopting the 2016-17 operating and capital budget is in its final stages. Departments have completed their budget requests and the preliminary budget has been compiled, drafted and provided to Town Council for review. Staff met with the Measure C Citizen Oversight Committee several times and the committee is supportive of the preliminary Measure C budget. Further, after many years of salary concessions and no COLA since 2007, management has reached tentative agreement through negotiations with four of the five employee groups and has included those numbers in the preliminary budget.

**Discussion:**

***General Fund (1010):***

Outside of Measure C resources, the General Fund is expected to end the 2015/16 fiscal year with revenues exceeding expenditures (net income) of a modest \$129,380. The Town continues to budget conservatively and management continues to look for operating efficiencies and fiscal controls over spending. For perspective 1% of the budget is equal to about \$106,000. The following shows the evolution of the General Fund Net Income for 2015/16:

Adopted Budget	\$1,237
1 <sup>st</sup> Quarter Amended Budget	(\$14,228)
Mid-Year Amended Budget	\$16,364
3 <sup>rd</sup> Quarter Amended Budget	\$105,300
Estimated Actual	\$129,380

As has been projected, there will be moderate increases to revenues in 2016/17. This increase will be fully consumed by increases in expenses and the need to provide a COLA for employees. As a reminder, employees gave several years of salary and benefit concessions and the last across the board COLA was in 2007. The preliminary budget includes a deficit of \$35,213. The Town will dip into its unassigned cash flow reserves for this amount. With its practice of conservative budgeting and strong fiscal controls, staff is optimistic that this deficit can be cured by the end of the 2016/17 fiscal year.

**Measure C Citizen Oversight Committee**

At the May 24, 2016, meeting, the Measure C committee discussed at length Council's priorities and the items recommended by departments and management for the 2016/17 Measure C budget. They recognized that there are many unmet needs and conflicting priorities. Because of the timing of an approved capital improvement project and increased revenue projections, Measure C will end the fiscal year with about \$213,226 in unassigned/contingency funds; however, the proposed budget will use a good portion of that and reduce this amount to \$109,669 by the end of the 2016/17 fiscal year.

Following is the preliminary 2016/17 Measure C budget (additions/changes are highlighted):

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		<b>Totals</b>
<b>Animal Control</b>		
Fund increased hours for Animal Control Officer	\$30,617	
Advanced training for Animal Control Officer	1,500	
Leadership course for Animal Control Supervisor	1,000	
Animal control system (Chameleon) Training	1,000	
Plastic raised beds for dogs and cats	2,700	
Metal dog bowls	200	
Protective cover for washing machines	1,500	
Air conditioner unit	400	
<b>Four Animal Isolation Units</b>	<b>7,000</b>	
Online dog licensing	10,000	
Infrastructure – concrete repair	8,000	\$63,917
<b>Fire Department</b>		
Maintain current staffing levels for CAL FIRE contract	\$150,000	
Type 1 Fire Engine – Yr 2 of 6	86,632	
Apparatus replacement fund contribution	50,000	
Matching funds for SCBA replacements	3,500	
<b>Multi-Gas Monitor</b>	<b>2,000</b>	
<b>Station 81 Storage Wall</b>	<b>1,470</b>	
<b>Station 82 Safety Door Replacement</b>	<b>2,000</b>	
Blower for engine 82	1,500	
Tool bracket fabrication for engine 82	2,000	\$299,102
<b>Police Department</b>		
2 <sup>nd</sup> Detective (Includes salary and benefits)	\$160,584	
Purchase three police cars with future funding	100,000	
Body cameras and hardware – Yr 2 of 5	5,917	
Officer Training	15,000	
K-9 Program training, food and veterinary costs	10,000	
Lieutenant Transition Plan	15,000	
<b>Sponsor 2 trainees through police academy ((1) Jan-June &amp; (1) July – Dec)</b>	<b>34,000</b>	
<b>Emergency 9-1-1 MIS</b>	<b>10,000</b>	
<b>Patrol Cameras w/ durable cases (20)</b>	<b>3,000</b>	
<b>Training for new lieutenants</b>	<b>6,575</b>	
<b>RIMS conference for Lieutenant</b>	<b>1,425</b>	
Sawmill Peak communication study	3,000	
<b>Facility Repair – men’s locker room floor</b>	<b>5,000</b>	
2 <sup>nd</sup> Phase of Siding Replacement	40,000	\$409,501

<b>Public Works</b>		
2016 road rehabilitation (asphalt overlay and striping) of many main roads	\$500,000	
Road and drainage improvements on Pearson Road (2015/16 carry forward)	200,000	700,000
<b>Grand Total</b>		\$1,472,520

**Building Safety and Wastewater Services (2030):**

The trend continues of improved development in the community. The fund will end the fiscal year with a good healthy reserve of \$457,288. However, the 2016/17 budget shows that the fund will use about \$39,731 of the reserve to operate. The revenues for this fund are budgeted very conservatively given the inability to identify develop projects during budgeting. Staff will look carefully at the need for replacing staffing reduced during the recession at mid-year, but as staff has made some key technological enhancements to services this fiscal year, it wants some additional time to study where and when this staffing is needed.

**Animal Control Services (2070):**

A permanent funding solution has still not been found to maintain Animal Control Services in the long run. PASH is generously contributing about \$12,000 annually toward shelter operations, and Measure C is also contributing toward operations and facility issues. Over \$14,000 will be transferred from the Animal Control donation fund this 2015/16 fiscal year and over \$28,000 is needed for the 2016/17 fiscal year. This leaves one more year of funding for 2017/18 operations as they currently exist.

**Gas Tax/Street Maintenance (2120):**

As Council is aware, reduced gasoline prices have negatively impacted the resources available for street maintenance operations within the Town. The Town will use about \$135,626 of reserves this 2015/16 fiscal year to maintain operations and contribute some to capital improvement projects. To maintain adequate reserves for the future, the 2016/17 budget has completely removed capital improvement project contributions. The next few years or until gas tax revenues increase, funds to leverage capital improvement project grants will need to be funded by Measure C or available transit funds. The fund will use \$96,080 in reserves for 2016/17 operations. This leaves a reserve of \$206,567 or 18%.

**Conclusion:**

In conclusion, the Town continues to be fiscally conservative and prudent in its ongoing operations and financial practices. Measure C is the lifeline that allows the Town to

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move cautiously forward with critical replacements, repairs and service maintenance and enhancements. The 2015/16 fiscal year will end principally as expected with no major positive or negative surprises. A modest amount will be added to the general fund cash flow reserves for 2015/16 but a small portion will be used to balance the 2016/17 budget. The finances for Animal Control and Gas Tax/Street Maintenance funds will be carefully monitored during 2016/17 and until permanent long term financing stabilizes for these funds.