

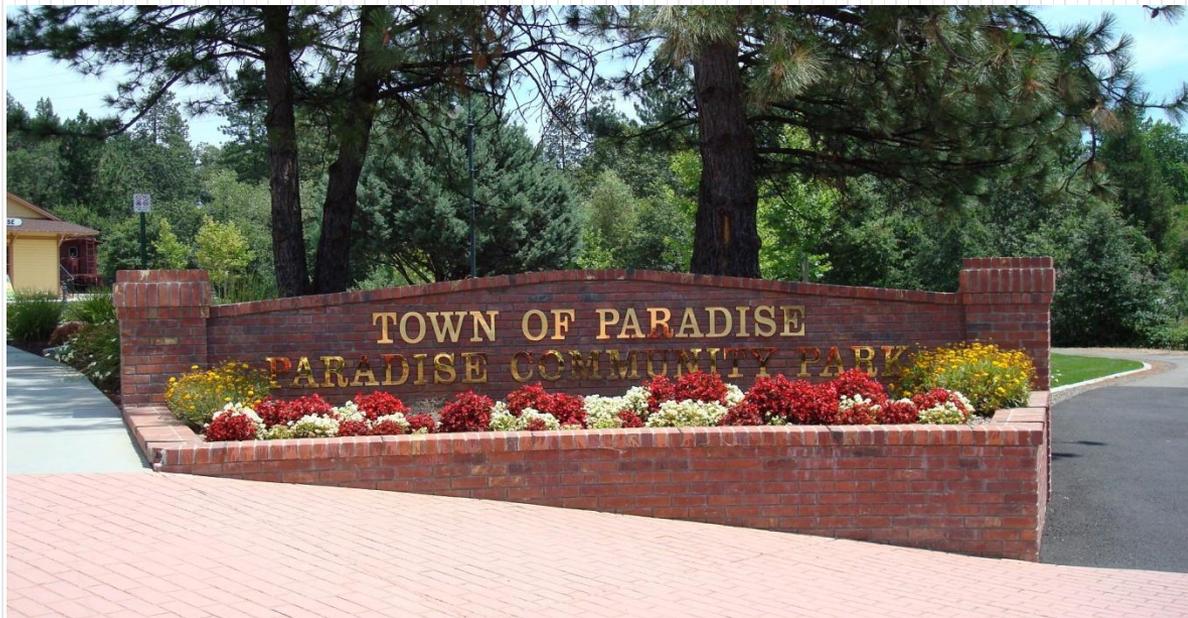
# Measure “C” Citizen Oversight Committee

Financial Background and Priorities

March 24, 2015



# Financial Background

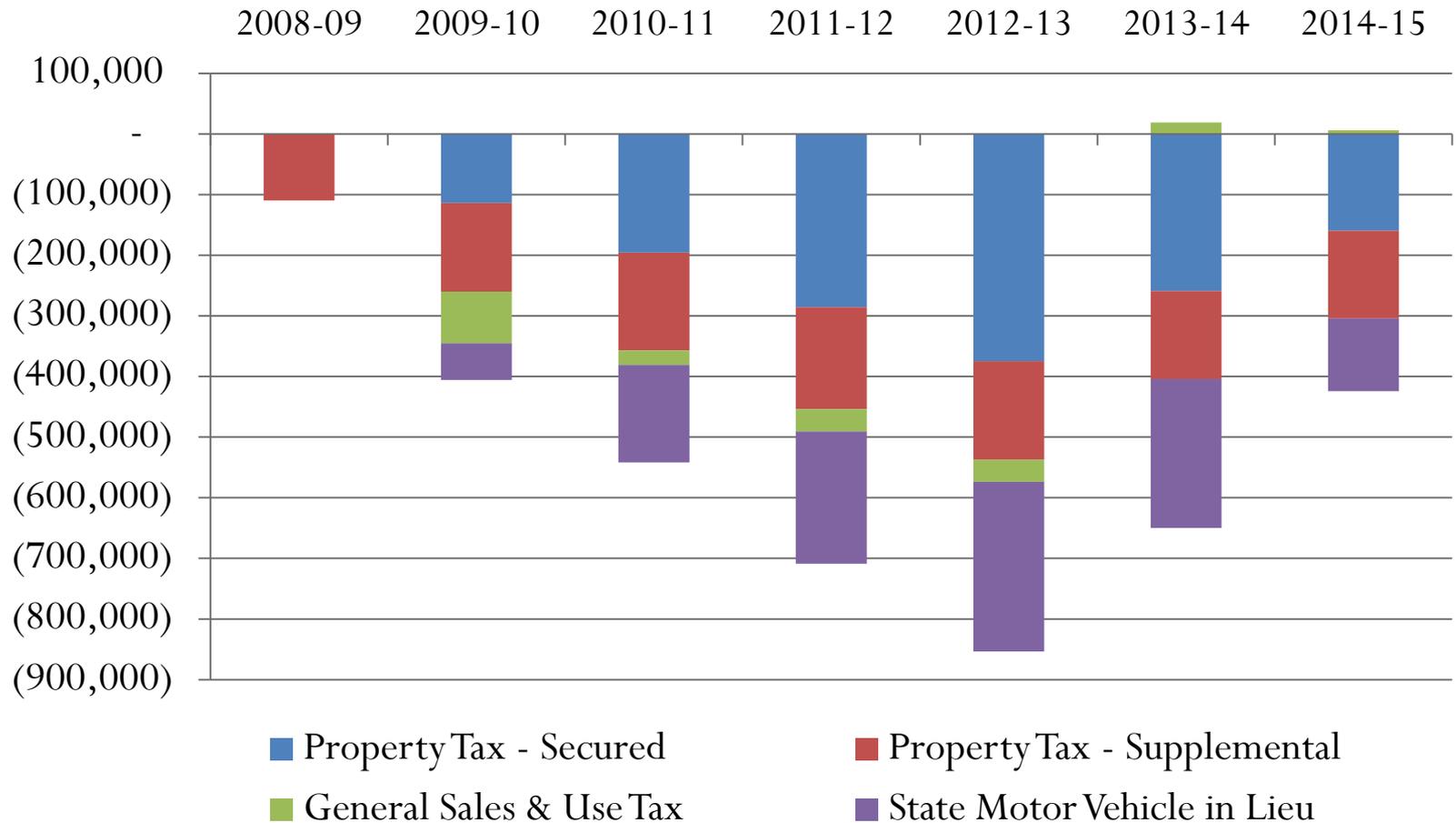


# The Great Recession of 2008 starts the Perfect Storm

- General fund revenues plunge as property values fall.
  - \$3.7 million in revenues lost to date
  - Property taxes, sales taxes and MVIL
- Building and development vanishes
- State cuts and defers revenues to balance their budget
- State abolishes Paradise Redevelopment Agency



# \$3.7 Million In General Fund Property Value Based Revenues Lost – 2008/09 to 2014/15



# Immediate Cuts and Adjustments Made to Balance the Budget

- 25.5% of the workforce cut (43.3% excluding CAL FIRE Contract)
- 5 years of salary and benefit concessions exceeding \$907,000
- Other funds cut so that no general fund subsidy is necessary
  - Building Safety & Waste Management
  - Gas Tax/Streets
  - Animal Control
- Equipment replacement and repairs deferred
- Most training eliminated or deferred

# Unfunded Liability Addressed

- Town reduces OPEB obligation 70.2% from \$45.8 to \$13.6 million by :
  - Capping contributions
  - Tiering benefits
  - Reducing workforce
- Town enacts Pension reform before the State
  - Creates a second tier of benefits for Misc. & Public Safety Employees
  - With State enacted reform, now there are three tiers
  - Is providing immediate savings on new hires

# Celebrate Progress

- The Community, Town Council and Staff fought hard to weather the storm
  - Two years of general fund deficit spending has been cured
  - The local economy is showing slight improvement and revenues are starting to increase
  - Measure “C” was passed which will provide added revenue for the next six years and allow the Town to maintain and rebuild



# Municipal Financial Health Diagnostic Tool

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# Fiscal Health Analysis Overview

- It reinforces the progress made to stabilize finances, but also highlights what is still needed
- The Town is currently graded a C – (It could easily move backward)
- The Town can pay its bills in the short term, but must address longer term obligations and weaknesses to be truly financially “healthy”

# Areas of Fiscal Stability

- ✓ The General Fund is no longer subsidizing other funds
- ✓ Few constraints on budgetary discretion
- ✓ **Not** balancing budget through borrowing
- ✓ **Not** balancing budget by deferring debt service payments
- ✓ **Not** funding operating costs with non-recurring development revenues
- ✓ Town provides timely and accurate financial reports

# Areas that Must Be Improved to Improve Financial Health

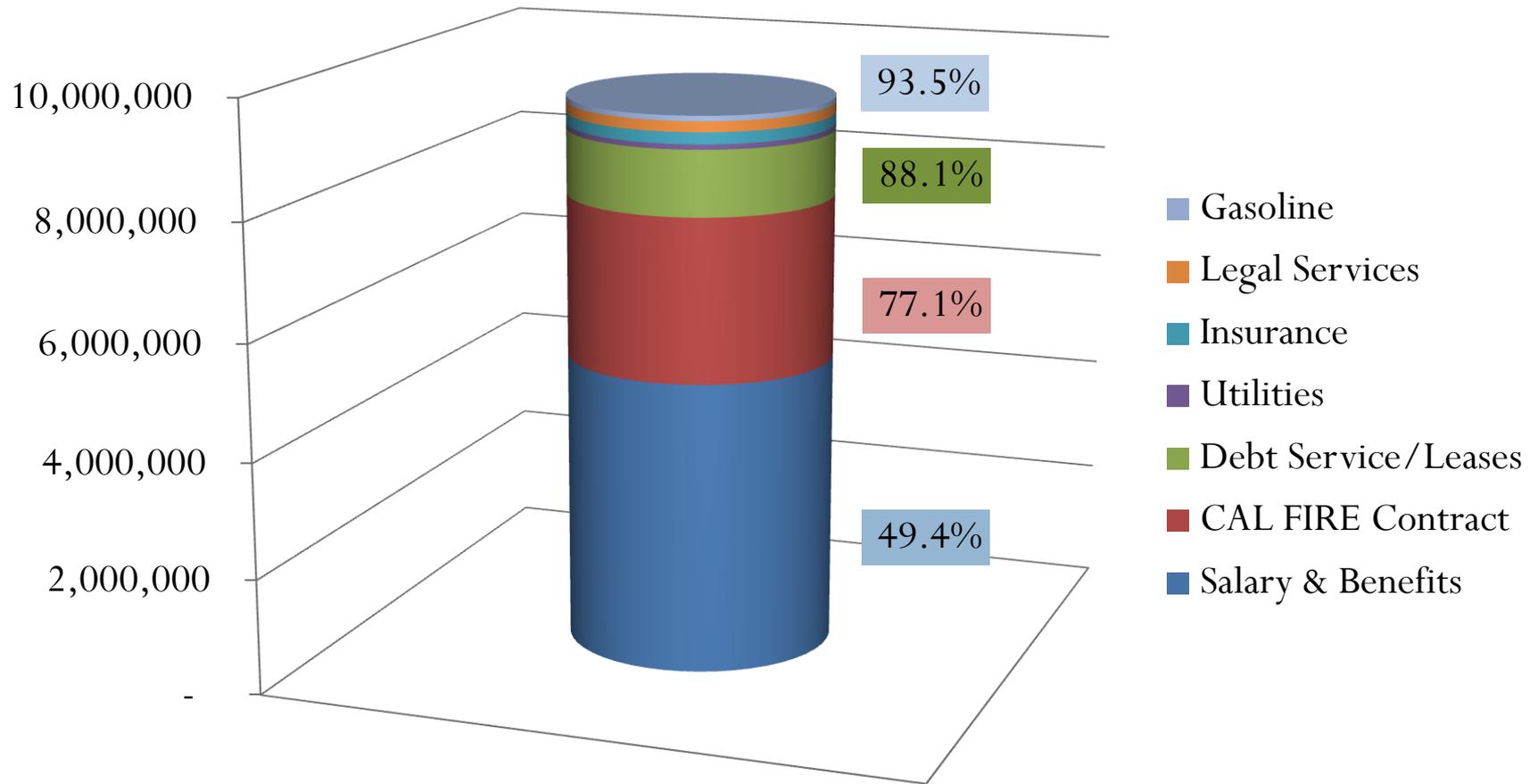
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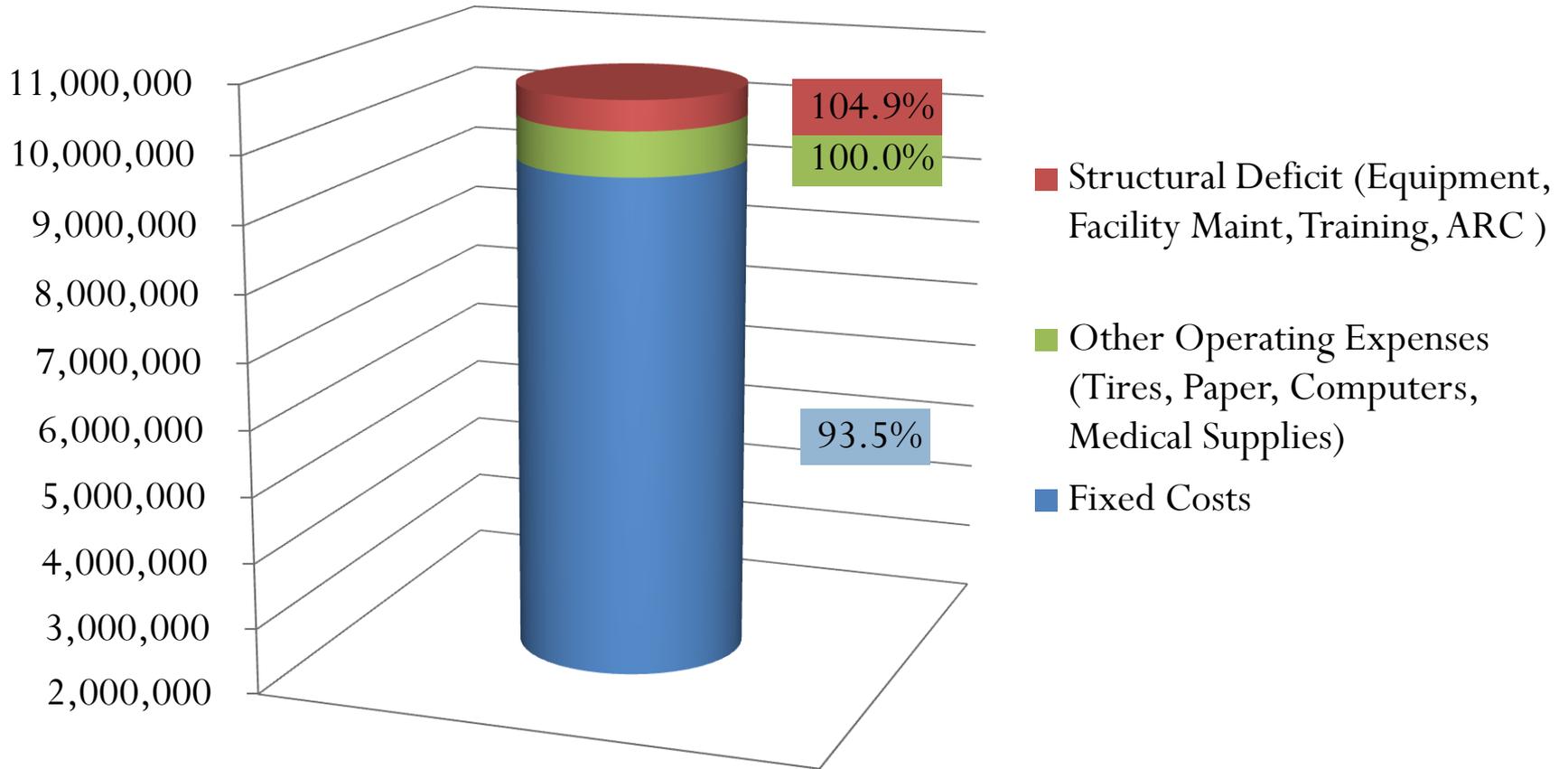
1. Recurring General Fund Operating Deficits
  - **The Town has been cutting \$400,000 - \$450,000 of critical operating expenses to balance**
2. General Fund Reserves (unassigned reserves) are Inadequate
  - **\$148,000 projected for 6/30/15 on a \$10.2 million budget – 1.5% of our total budget. Our goal should be 10%.**
3. Inadequate Cash and Short Term Investments
  - **Eliminating need for \$2.5 million TRAN (short term cash bridge) would save the general fund \$25,000 a year**

4. Fixed & Personnel Costs Exceed 80% of Operating Expenditures
  - **Town fixed costs hover over 90% of the budget leaving insufficient monies for equipment replacement and maintenance.**
5. Budget Balanced by Deferring Asset Maintenance
  - **The Town has been deferring maintenance and replacement for over 5 years.**
6. Pension Liabilities or Post-Employment Benefit Funding Deferred
  - **Town should be funding \$150,000 - \$200,000 a year toward future benefits. We are currently funding zero.**

# Budgeted Use of 2014/15 General Fund Resources



# 2014/15 General Fund Requirements



# General Fund Summary and Reserves



# General Fund Summary

	2013/14 Audited	2014/15 Adopted Budget	2014/15 Amended Budget	2014/15 Mid-Year Adopted Budget
Revenues	\$10,055,695	\$10,036,524	\$10,285,651	\$10,555,236
Expenses	(9,484,609)	(10,036,524)	(10,142,359)	(10,193,063)
Net Difference	\$571,086	0	\$143,292	\$362,173
<u>Designated Reserves</u>				
Non-spendable (RDA loan)	\$2,015,945	\$2,015,945	\$2,015,945	\$2,006,863
Projected Measure "C" Rev.	0	0	0	148,000
<b>Unassigned (spendable)</b>	<b>(81,449)</b>	<b>(81,449)</b>	<b>61,843</b>	<b>141,806</b>
Total Reserve	\$1,934,496	\$1,934,496	\$2,077,788	\$2,296,669

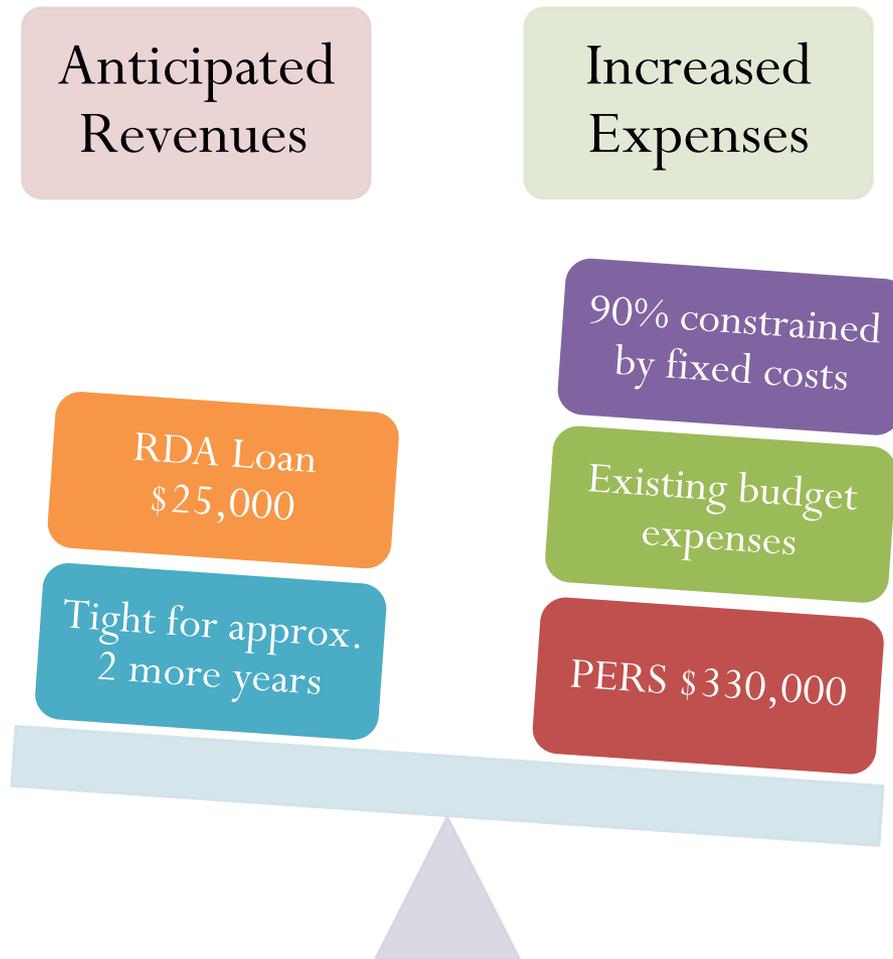
# Future Outlook



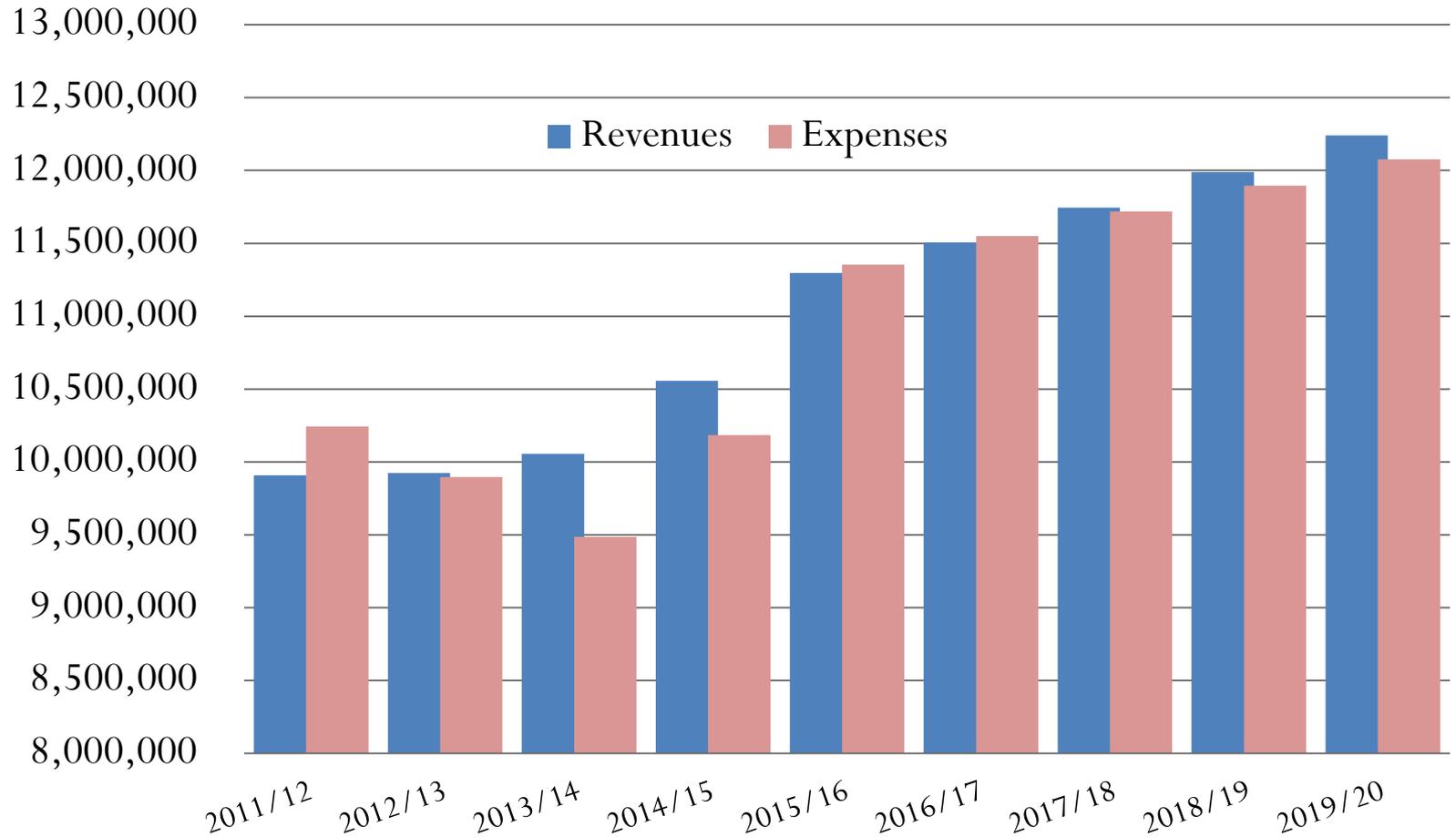
# General Fund 5 Year Projection

- Measure “C” will add funds to allow the Town to maintain services and do some equipment replacement and repairs.
- The majority of the general fund revenues are still constrained and it isn't until 2017/18 that property value based revenues are back to prerecession levels.
- Town starts receiving RDA repayments of about \$25,000 a year
- Expenses do not have the same constraints and will grow or outpace revenues if not kept in check
  - CalPERS contributions will grow about \$330,000 per year with the new GASB 68 requirement in 2015/16

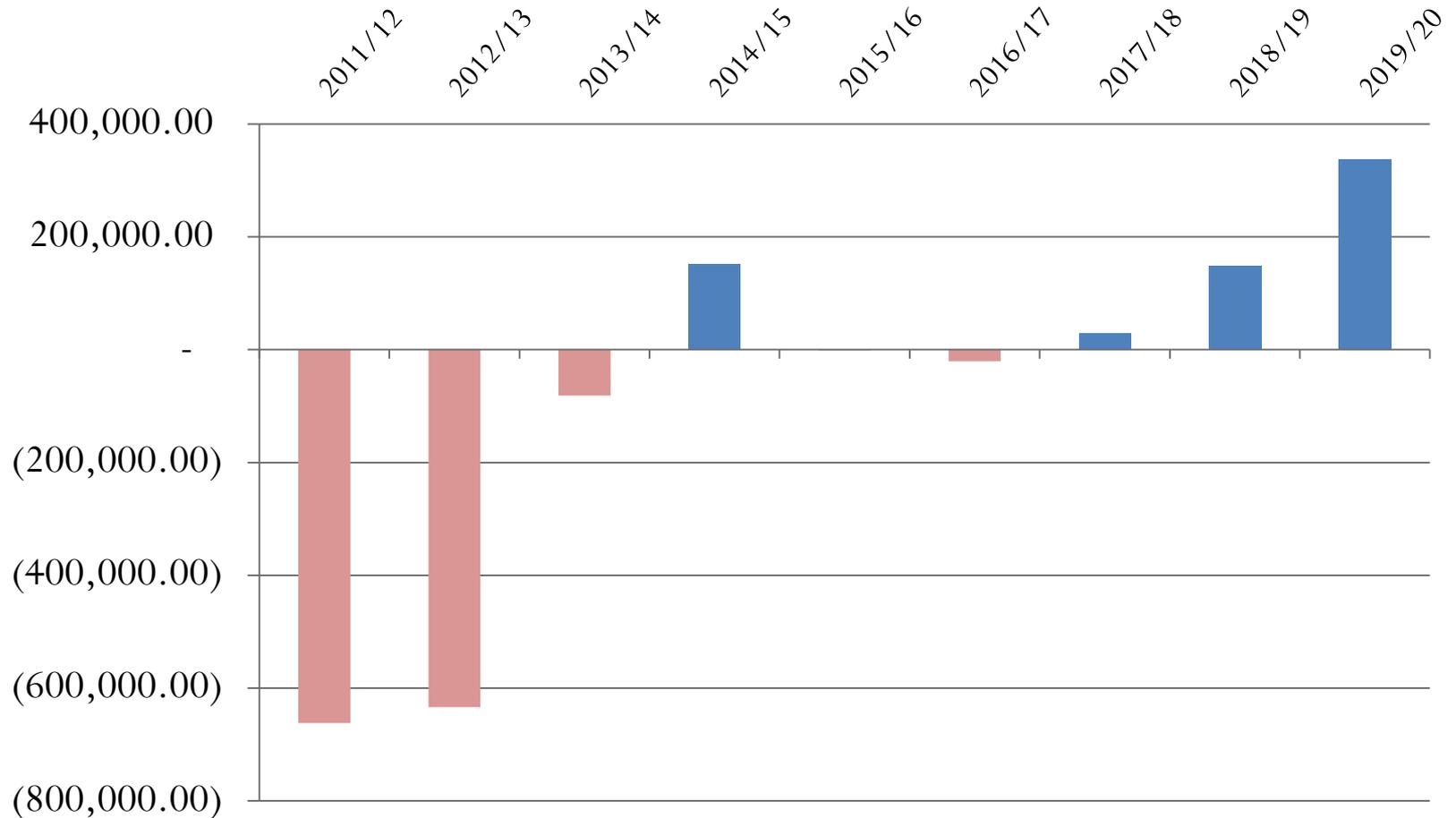
# Balancing the Budget will still be a Challenge the next Two Years



# Five Year General Fund Projection Revenue & Expenses



# Five Year General Fund Projection Unassigned (Spendable) Reserves

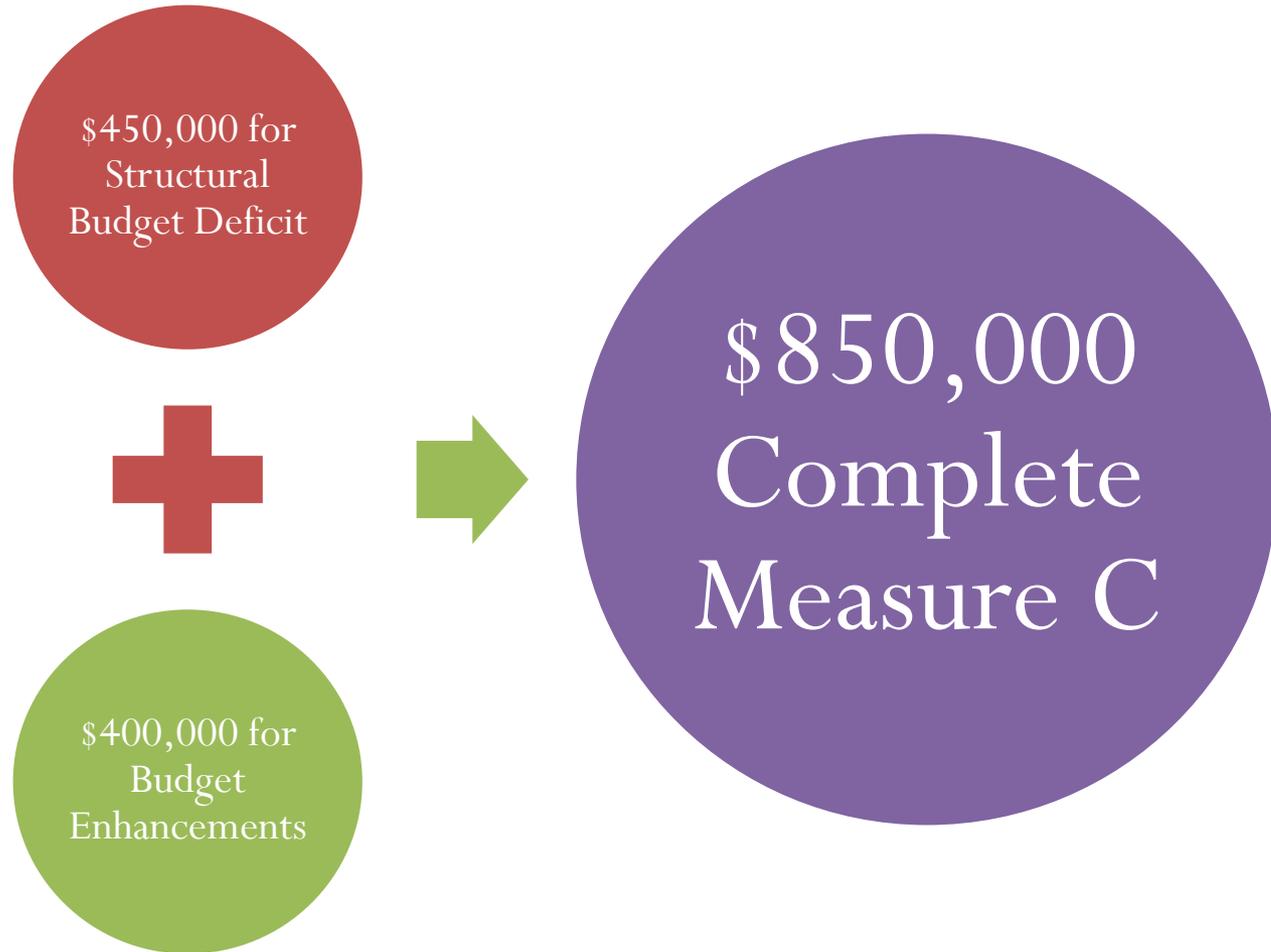


## Measure “C” Funds

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*“a temporary sales tax increase of 0.50% that automatically expires in six years, and that establishes a citizen oversight committee to ensure that funds are used to preserve public services such as police protection, fire suppression, street maintenance, animal control and other services for the Town of Paradise”*

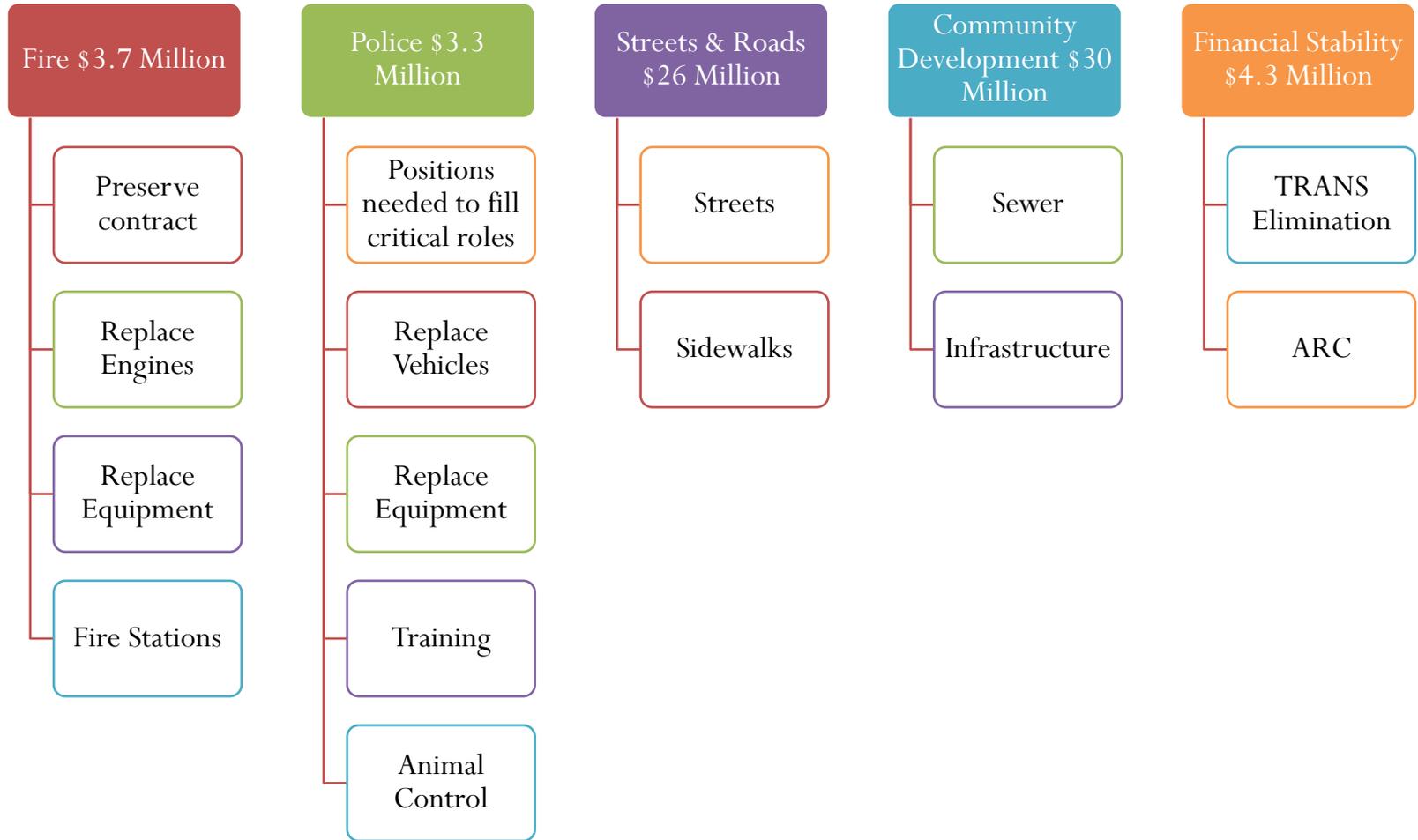
# Total Measure “C” Funds



# Timing of Measure “C” Funds

- Revenues Effective April 1, 2015 – March 31, 2021
  - First payment June 2015
  - All 2014/15 Measure “C” monies will be held for the 2015/16 year so that there is a full six fiscal budget years
    - Approximately \$150,000 for 4/1/15 – 6/30/15 (\$200,000 receipts less \$50,000 in BOE setup costs)
- Expenditures Effective July 1, 2015 – June 30, 2021

# Measure “C” Can’t Fund Every Need



# Budget Priorities

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# Town Council's Overall Budget Priorities from Priority Setting Session 2/24/15

## Fire Department

- SCBA's
- Fire Engine
- Contract Maintenance
- Fire Station 82 Location

## Police Department

- Police cars
- Equipment
- Body Cameras
- Personnel

## Public Works

- Street Sweeper
- Materials Only Projects
- Road Improvement

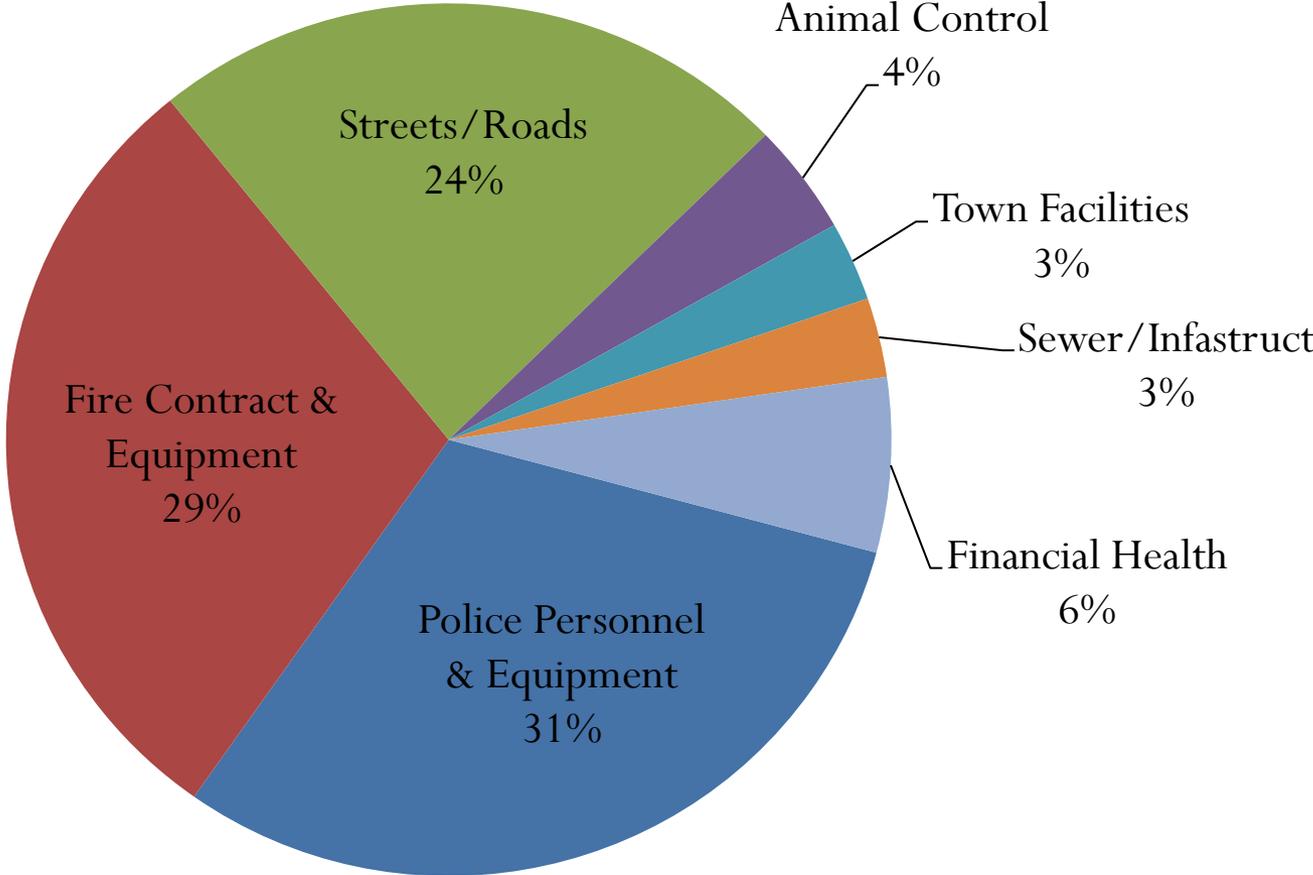
## Community Development

- Downtown Sewer
- Accela Implementation

## Town Health

- Reserve
- ARC
- Facilities

# Possible Measure C Investment Plan Based on Departments' Critical Needs and Council Priorities



# Questions

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