



Paradise, California
2015-16 Town Manager's Budget Message

Honorable Mayor and Town Council:

It is a pleasure to once again submit a balanced budget to the Town Council for consideration and approval. It is especially exciting that, due to the passage of Measure C, we are able to present a budget that allows us to maintain and improve many of our services to the community. With wise counsel and prudent financial planning the Town Council is leading the way towards a much more stable financial future. Your dedicated, professional staff is very proud to be of service to the Council and the community during this exciting time in our road to economic recovery.

A special thank you is in order for the Measure C Oversight Committee, who spent many hours reading department reports, discussing and learning about the critical financial needs of the Town, and deliberating and collaborating on a final recommendation to the Town Council, which is included in this preliminary budget.

Measure C Oversight Committee Members:

Kelly Wells, Chairperson
Kirk Trostle, Vice-Chairperson
Chris Buzzard
Dean Fender
Dan Hansen
Nicki Jones
Molly Knappen
George Morris
Jim Ratekin

The first year of Measure C funds will provide for a sergeant detective position in the police department and add additional hours to the animal control officer position. Both of these actions alleviate pressure on the police department and ultimately provide more hours of police service to the community. Measure C funds will also help us to maintain the current level of fire service we enjoy in our community. Our contract with Calfire for fire services does not include facilities and equipment, which has a big impact on the General Fund. This year, Measure C will also fund the purchase of a fire engine and breathing apparatus. Additionally, Measure C will also leverage grant funds for road projects. The community will benefit in very tangible and measurable ways with the passage of Measure C.

Steps to Financial Success:

Throughout the past several years, Council and staff has poured over Town budgets and strategized on how best to make ends meet while providing vital life and property saving operations on a 24/7 basis. Council has made

some tough decisions that allowed our Town government to continue to function and improve. The Council has given direction that can be summed up as follows:

1. Continue to live within our means
2. Provide a high level of professional service to the community
3. Follow sound financial practices to ensure financial stability now and in the future

This organization has struggled deeply in the past with widespread cuts and budget deficits. We are now focusing on strategically rebuilding the organization, which will require us to continue to monitor operations and expenses to ensure we are optimizing our resources. As a part of that focus, the Town Council asked staff to perform a financial health management exercise prepared by the League of California Cities. At the conclusion of the exercise we were left with clear direction on ways to improve our financial situation. Although there were areas where the Town is performing well, the following list highlights steps toward a more stable financial future:

- Continue to cure recurring general fund operating deficits
- Continue to build General Fund unassigned reserves to 10% or about \$1.1 Million
- Increase cash and short-term investments
- Reduce fixed and personnel costs to 80% of budget
- Discontinue deferring asset maintenance and replacement
- Fund pension benefits and other post employment benefits

How Does a Sound Budget Help to Provide Services to Town Residents?

A budget is a year-long work plan, committing people and resources to fulfill a mission. For a municipality, the mission is a dynamic and challenging effort. It is important for a government agency to adopt a budget that includes a prudent contingency fund or reserve to cover pre-planning, training and readiness for unforeseen emergencies. We are now starting to build a small reserve that will provide us with the necessary cash flow to cover our monthly expenses and to handle unforeseen emergencies. The following list accounts for the services that we provide to the citizens of Paradise:

- Police protection, education and enforcement;
- Fire protection, prevention, and medical assistance;
- Building development and planning services required to bring about development projects that provide goods and services to the community;
- Engineering services dedicated to leveraging local funds and bringing new money into the community to build and maintain our streets for the public's safety and welfare;
- A high level of public works/street maintenance services;
- Animal control services for the safety and protection of domestic animals, rabies control, and animal shelter;
- Coordination with Butte County Association of Governments to provide transit services within the Town and throughout the region.
- Administration of a housing program that provides assistance to first-time home buyers through the Community Development Block Grant Program, while supporting local non-profit agencies,
- Information, communication and direct citizen involvement to the democratic process.

In addition to the daily workload listed above, the staff is dedicated to working with the Council, other agencies, businesses and residents to continue to move toward financial stability community-wide. This entails looking for

ways to cooperate with partners in the community—businesses, non-profits, other government agencies and districts to make improvements that benefit our Town. We will continue to look for ways to promote economic development; seek ways to improve the aesthetics of our Town for the betterment of our community; continue to work to get the Animal Control/Shelter self-sustaining; continue to look for grants to provide safe streets, walking/bike paths; and, equally important, address the lack of wastewater infrastructure specifically in the downtown and commercial areas.

What is the Town's Fiscal Outlook for the 2015-16 Fiscal Year?

The residents of the Town of Paradise stepped up at a critical time and passed a .50% sales tax, which will end in six years. This act of goodwill and forethought prevented a dangerous financial backslide for the Town—especially in areas of police and fire services. It will also allow us to apply for more grant funding to improve our roads and pedestrian walkways/bikeways. With that, we are happy to report that the preliminary 2015/16 general fund budget is balanced, but as stated above, we must continue to live within our means and monitor our operations and expenses to stay on a sound financial course.

Revenues

Upon reviewing the County Assessor's projected property tax estimates, we have concluded a 2.5% increase in overall property value based revenues. Early estimates from the State Board of Equalization on our sales and use tax estimates cause us to project a 2% general growth pattern. Our estimate of \$850,000 for Measure C funds is still being used as a projection for the next fiscal year. Modifications will be made throughout the year as updates become available. TOT is estimated to increase 2% and Motor Vehicle in-lieu tax will increase by 2.5%. The total General Fund revenue is \$11,468,422, an increase of 7.6% (this includes Measure C.)

In looking to economic indicators to gauge the overall health of the economy, a western states (smaller communities) Consumer Price Index reported a 2.4% increase from April 2014 to April 2015.

Expenditures

Our biggest hit this year came from a PERS increase related to unfunded liability (GASB 68,) \$440,000 of which is attributed to the General Fund. Since a large portion of our expenditures are personnel, this caused our personnel expenditure projections to increase 16.2% in the General Fund and 13.9% for all funds collectively. The Gas Tax fund is going to take a 17.6% hit next year due to low gasoline prices. Our Building Services fund is projected to remain somewhat steady. Even though we are seeing an increase in building activity, it is too early to gauge our budget impact. We are trying to build a small reserve in all funds to weather future economic downturns and to cover expenses.

The bottom line

The bottom line is that the 2015-16 budget picture is hopeful but requires us to carefully and strategically keep on a sound financial path. Town staff is committed to function at a high level and live within our means, faithfully serving our community to the best of our ability, as we continue down the road to a better financial future.

A special thank you to Gina Will, Finance Director and Town Treasurer for the Town of Paradise. Her expertise, wisdom, and sound financial practices have helped guide us through these past budgetary difficulties. Also, thank you to department directors for keeping the costs down and the morale high. Especially, thank you to all

Paradise Town employees for giving salary and benefits over the past several years, while staying committed to a very worthy cause.