



**Town of Paradise  
Council Agenda Summary  
Date: November 12, 2014**

**Agenda Item: 7**

**Originated by:** Lauren Gill, Town Manager  
Gina S. Will, Finance Director/Town Treasurer

**Subject:** Town 2014/15 Operating and Capital Budget Status Update

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**Council Action Requested:**

Approve the following budget adjustments; or,

**Alternatives:**

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

**Background:**

The 2014/15 Operating and Capital Budget was adopted June 25, 2014. Each month staff will complete analysis of the financial transactions recorded to date and additional information received to identify the potential impact to the 2014/15 budget. Monthly a report will be brought forward to Town Council updating them on the status of the budget and recommending appropriate budget adjustments.

**Discussion:**

**Fund 1010 – General Fund**

Staff ran and analyzed a General Fund Budget Performance Report to date for the 2013/14 fiscal year and 2014/15 budget in order to review trends or significant swings in revenues and expenses. A copy of this report is attached for review. The following information was derived from this analysis:

**Revenues**

- Sales tax receipts for the 2013/14 fiscal year have been finalized and reflect year over year growth of 4.1%. This was about \$26,000 less than expected. With a relatively flat ending to the 2013/14 receipts and with two receipts posted for the 2014/15 fiscal year which are trending lower than budget, staff recommends decreasing the current budget by \$8,771. This will reduce expected receipts to \$1,805,347.

- Conversely, Transient Occupancy Taxes (TOT), with one quarter of receipts recorded, are currently trending about \$9,828 better than the current 2014/15 budget. Staff recommends making this adjustment which will bring the TOT budget to \$182,953.
- The State of California recently released some old mandate reimbursement claim monies. Some of these reimbursement claims dated as far back as 1995/96. Many of these mandates were related to police department activities. As such, the state reimbursement account under the police department reflects receipts that exceed the budget by \$11,402. The State still currently owes the Town over \$453,000 in old mandate reimbursement claims. Of the \$453,000, \$103,000 is specifically for animal control operations. Receipt of this money for Animal Control would go a long way in sustaining those services. It is expected that as long as the State budget remains healthy, the State will continue over the next several years to release some of these old mandate claim monies.

Expenses:

*Police Department*

The Police Department is making ground in filling some open and budgeted police officer positions. Two laterals will be sworn in on November 10, 2014 which leaves one officer vacancy remaining with an individual currently in “background” review. To date these vacancies are providing about \$40,000 in salary savings; however, about \$35,000 in additional overtime has been generated in order to maintain minimum staffing levels.

Also, there is currently one budgeted dispatch position vacancy. A new pool of candidates is needed to fill the position, so the next written test is schedule for November 13, 2014. As it is expected to take a couple months to fill this position, it is estimated that there is about \$15,000 worth of salary savings in the current budget. Overtime for this division is currently holding at budgeted levels. A complete personnel cost analysis will be completed at mid-year or as soon as these remaining positions are filled.

*Fire Department*

CAL FIRE has recently reached agreement with an employee group which will provide salary increases to the personnel assigned to the Town of Paradise contract. The agreement calls for a 4% increase for most fire personnel and a 6.1% increase for its firefighter II’s effective January 1, 2015. Staff estimates the added costs at about \$40,000 for this 2014/15 fiscal year and about \$80,000 annually. As the Town has entered into a “not to exceed” agreement, it will not impact the Town’s budget this fiscal year, but may add to the number of days that CAL FIRE provides a reduced level of service to the Town. For example there may be fewer personnel on a fire engine during certain times of the year.

The Town’s insurance claim for water damage at fire station 81 has been approved. The

Town will be responsible for a \$5,000 deductible as well as \$8,888 for mold abatement not incurred as part of the water damage.

*Fleet Management*

The Town's only fleet management employee is currently out on a two to three month leave of absence. As a result, all vehicle repairs and maintenance are being temporarily outsourced in order to maintain those vehicles for operations. Staff recommends, based on related fiscal analysis, that the budget be increased by \$3,000 to cover those additional expenditures. Further, staff shopped options for repairing or replacing the transmission of Fire Engine 82, and the most economical means for correction is to purchase a rebuilt transmission for about \$6,000.

**Fund 2030 – Building Safety and Waste Water Services**

With 33% of the 2014/15 fiscal year completed through October 31, 2014, four of the fund's revenue accounts continue to trend well above budgeted levels. This is a good sign that development is improving in the community. Staff recommends making the following conservative budget adjustments:

	2013/14 Estimated Actual	2014/15 Adopted Budget	YTD Receipts	% of Budget Achieved	2014/15 Proposed Budget
Plan Check Fees	\$76,949	\$41,358	\$19,784	48%	\$50,000
Construction Review/Bldg Permit	\$189,638	\$158,553	\$85,317	54%	\$185,000
Onsite Repairs to Maintain Use	\$73,406	\$65,000	\$28,697	44%	\$70,000
Onsite Escrow Clearance	\$41,395	\$38,000	\$15,449	41%	\$41,000

**Conclusion:**

Following are the recommended 2014/15 budget adjustments:

1010 – General Fund		
<b>Beginning Fund Balance</b>		1,840,767
<b>Revenues</b>		9,791,853
Recommended Adjustments		
1.	00.0000.3130.325	(8,771) Sales tax receipts
2.	00.0000.3185.340	9,828 TOT receipts
3.	30.0000.3345.100	11,402 Mandate reimbursement

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<b>Adjusted Revenues</b>			9,804,312
<b>Transfers In</b>			427,483
<b>Total Resources</b>			10,231,795
<b>Expenditures</b>			
			10,111,524
	Recommended Adjustments		
4.	30.4550.5203.100	6,000	Rebuilt transmission for engine 82
5.	30.4550.5214.100	3,000	Temporary outsourcing of vehicle repairs
6.	35.4610.5303	13,888	Insurance deductible & mold abatement
<b>Adjusted Expenditures</b>			10,134,412
<b>Net Income</b>			97,383
<b>Projected Ending Fund Balance</b>			1,938,150

2030 – Building Safety & Waste Water			
<b>Beginning Fund Balance</b>			194,075
<b>Revenues</b>			739,528
	Recommended Adjustments		
1.	40.4730.3401.301	8,642	Plan check fees
2.	40.4730.3401.302	26,447	Construction review/building permit
3.	40.4730.3404.117	5,000	Onsite repairs to maintain system
4.	40.4730.3404.125	3,000	Onsite escrow clearance
<b>Adjusted Revenues</b>			782,617
<b>Total Resources</b>			782,617
<b>Expenditures</b>			
			756,696
	Recommended Adjustments		
<b>Adjusted Expenditures</b>			756,696
<b>Net Income</b>			25,921
<b>Projected Ending Fund Balance</b>			219,996

**Fiscal Impact Analysis:**

These current adjustments decrease the General Fund net income and decrease the General Fund ending fund balance by \$10,429.