

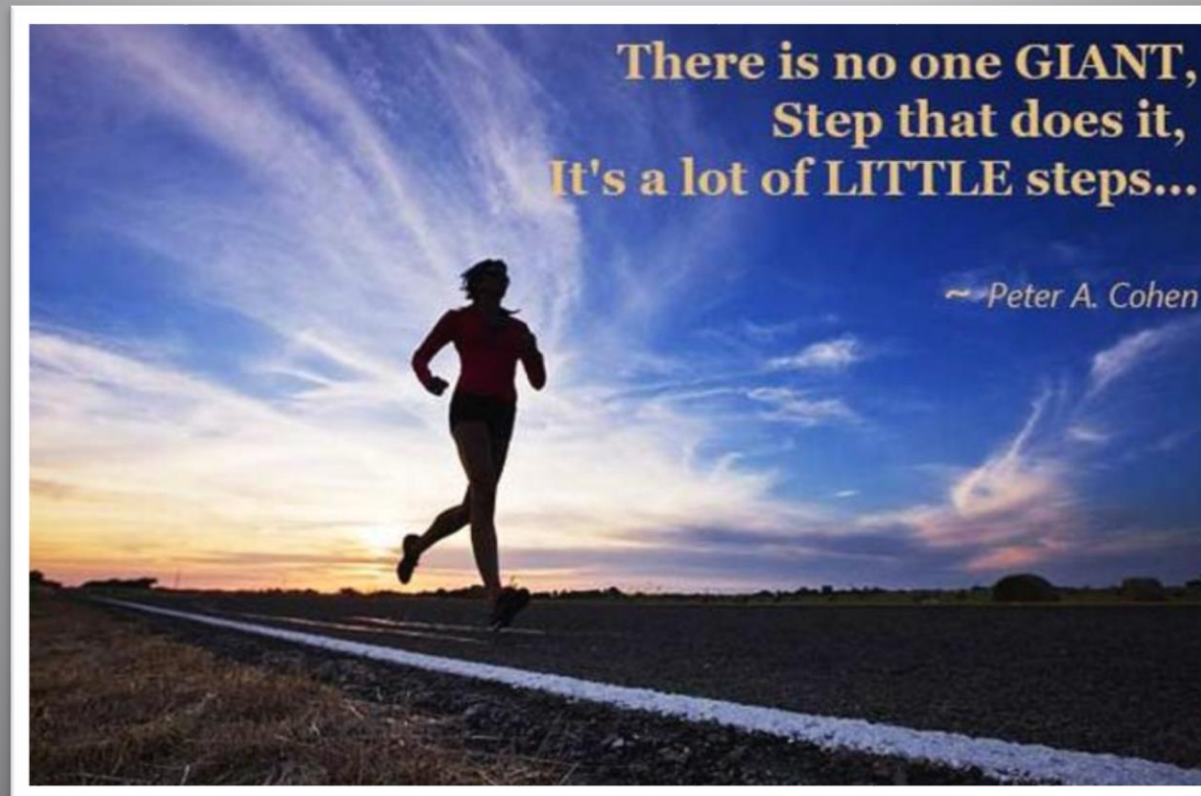
Fiscal Year 2016/17 Operating and Capital Budget
Mid-Year Budget Review
February 14, 2017

Town of Paradise



Fiscal Year 2016/17 Mid-Year Budget

“The Road to Financial Stability is a Marathon not a Sprint”



Objectives of the Mid-Year Budget Report

1. Receive a budget/financial update and approve Mid-Year Budget Adjustments
2. Approve the Fire Prevention Inspector job description and salary pay plan
3. Provide direction to staff for scheduling a Town Council goal setting workshop to discuss 2016/17 budget priorities

General Fund

“With self-discipline,
all things are possible.”

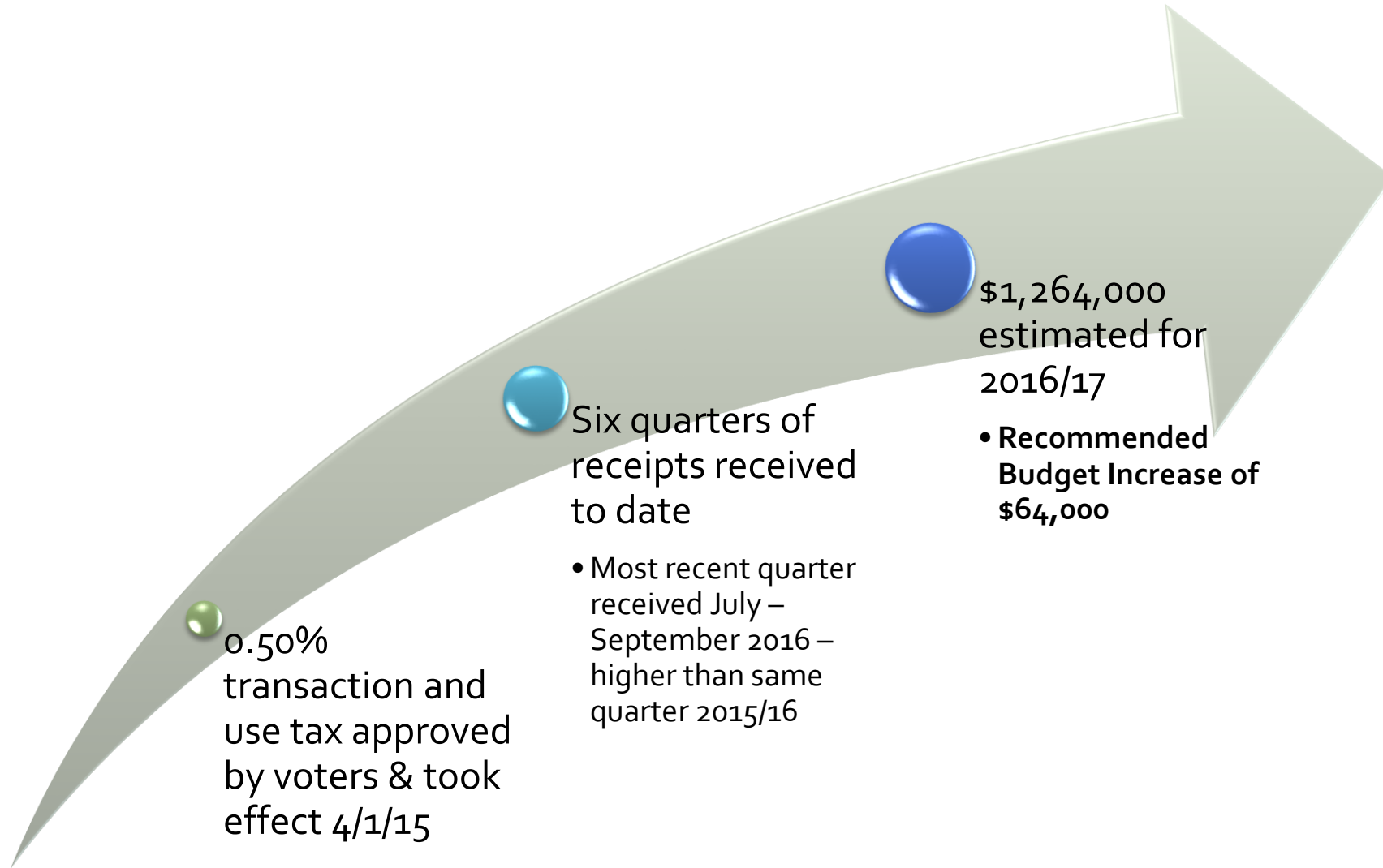
–Theodore Roosevelt



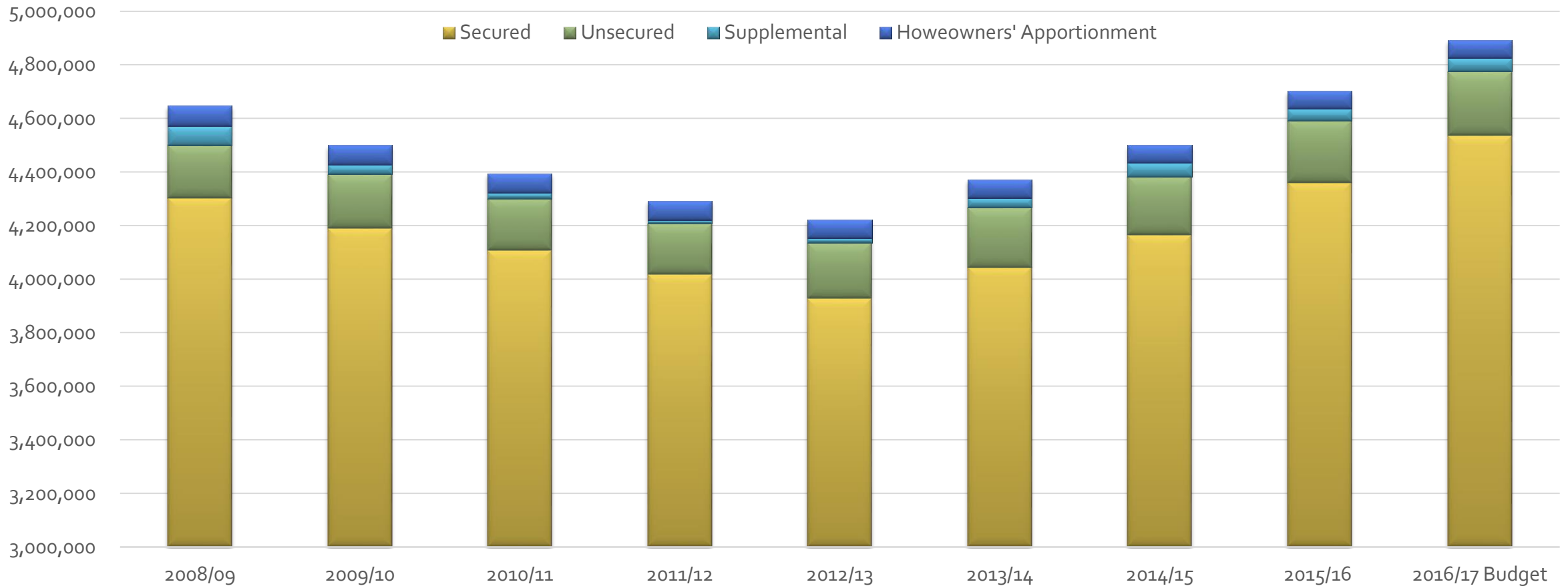
General Fund Revenues

| | 2015/16 Estimated Actual | 2016/17 Amended Budget | 2016/17 Proposed Budget | 2016/17 Budget Adjustments |
|------------------|--------------------------|------------------------|-------------------------|----------------------------|
| Measure C | \$1,236,212 | \$1,200,000 | \$1,264,000 | 64,000 |
| Non Department | 10,468,598 | 10,664,475 | 10,765,763 | 101,288 |
| Finance | 18,849 | 20,100 | 20,100 | 0 |
| Police | 74,511 | 87,387 | 80,012 | (7,375) |
| Fire | 98,873 | 82,670 | 78,828 | (3,842) |
| Planning | 49,515 | 61,421 | 62,235 | 814 |
| Waste Management | 82,896 | 47,032 | 47,032 | 0 |
| Engineering | 34,442 | 37,450 | 29,926 | (7,524) |
| Community Park | 2,590 | 2,750 | 2,625 | (125) |
| Totals | \$12,066,485 | \$12,203,285 | \$12,350,521 | \$147,236 |

Measure C Revenues



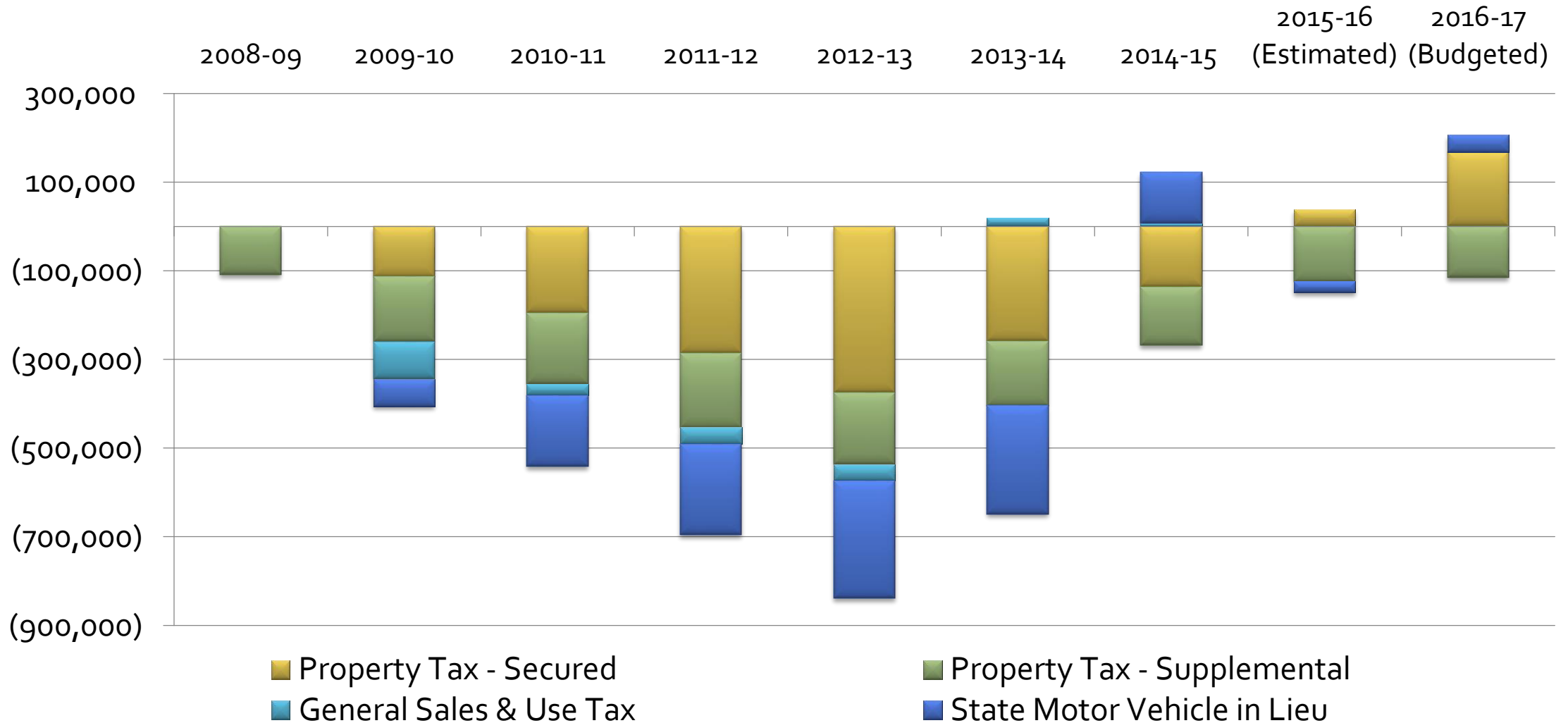
Property Taxes



Recommended 2016/17 Budget Adjustments:

- Increase secured property taxes \$44,844
- Increase unsecured property taxes \$6,704
- Increase homeowners apportionment \$524

\$3.4 Million In General Fund Property Value Based Revenues Lost – 2008/09 to 2016/17



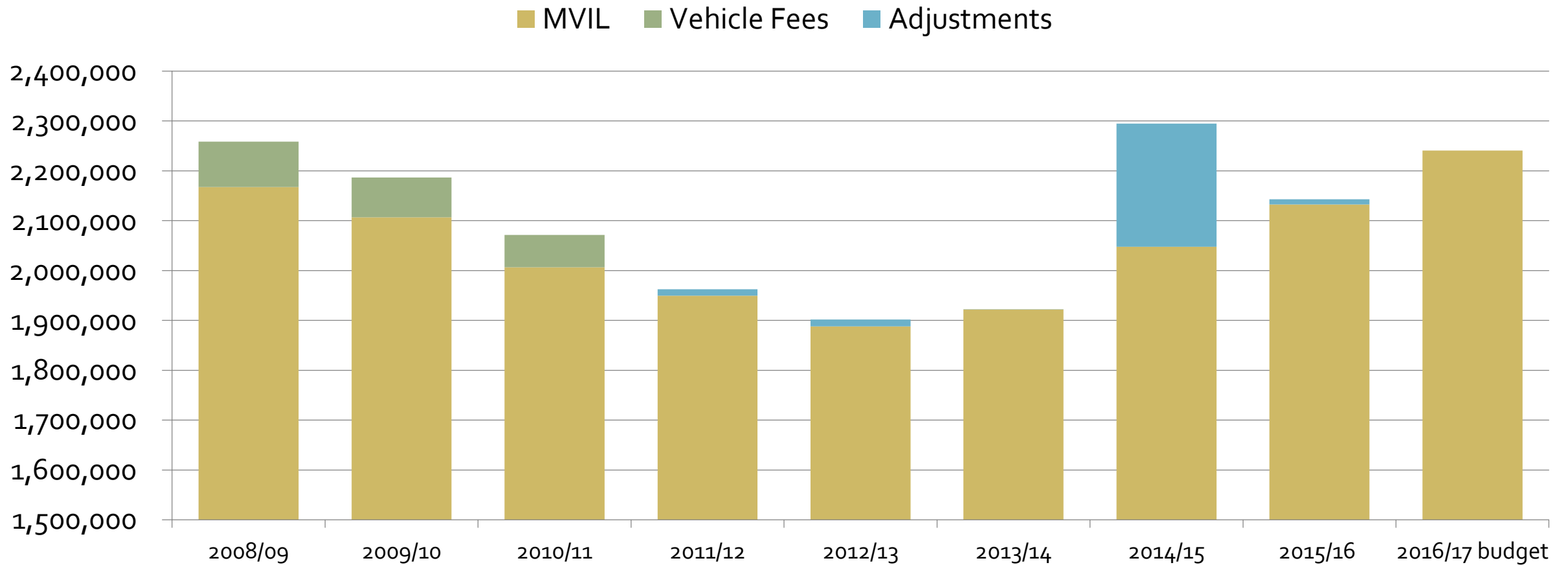
Growth Constrained

44% of General Fund Revenues generated from property taxes

75% of properties constrained by Prop 13 – 25% of properties must grow 9.9% to maintain 4% secured growth

Several More Years to make up \$3.4 Million lost

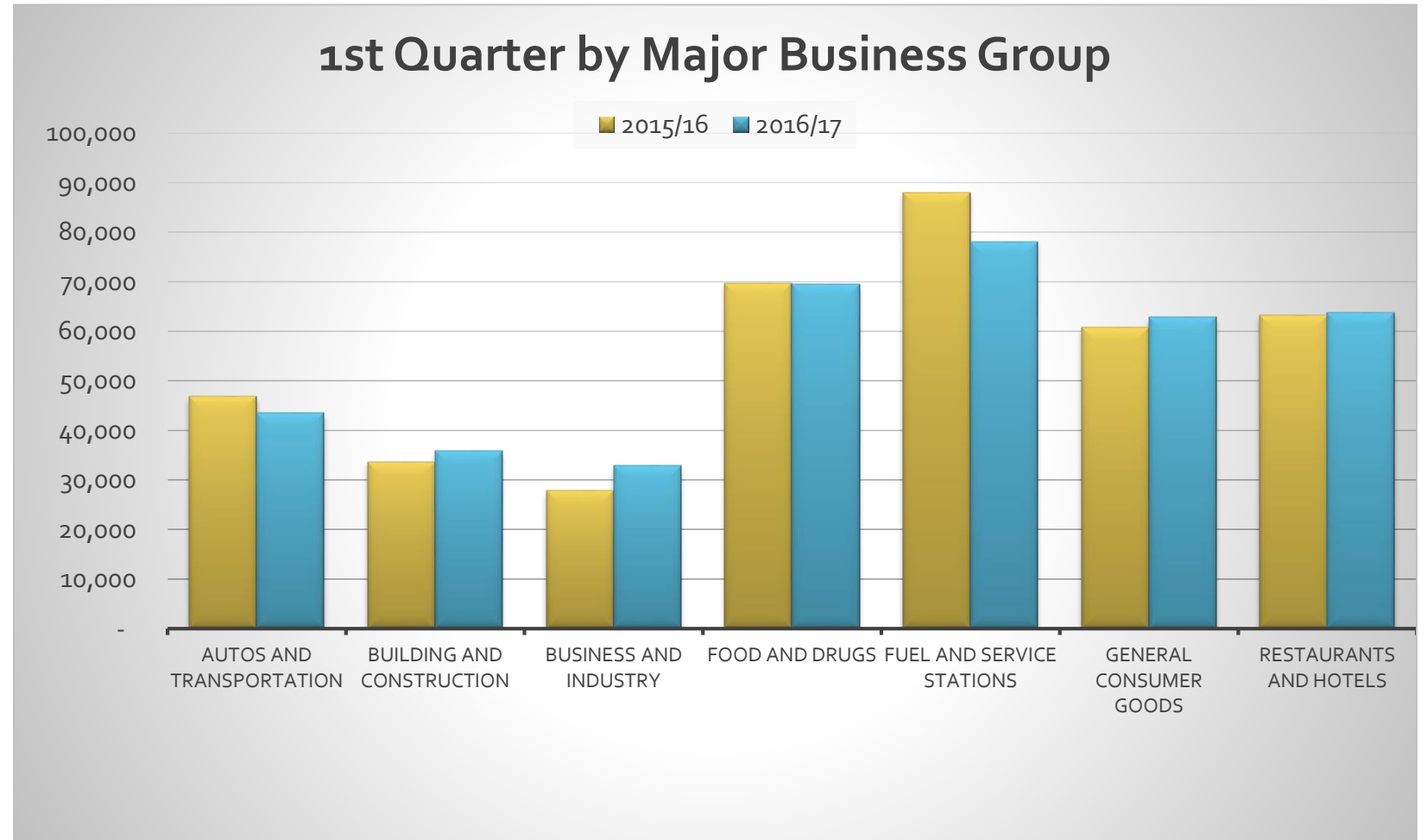
Motor Vehicle in Lieu (MVIL)



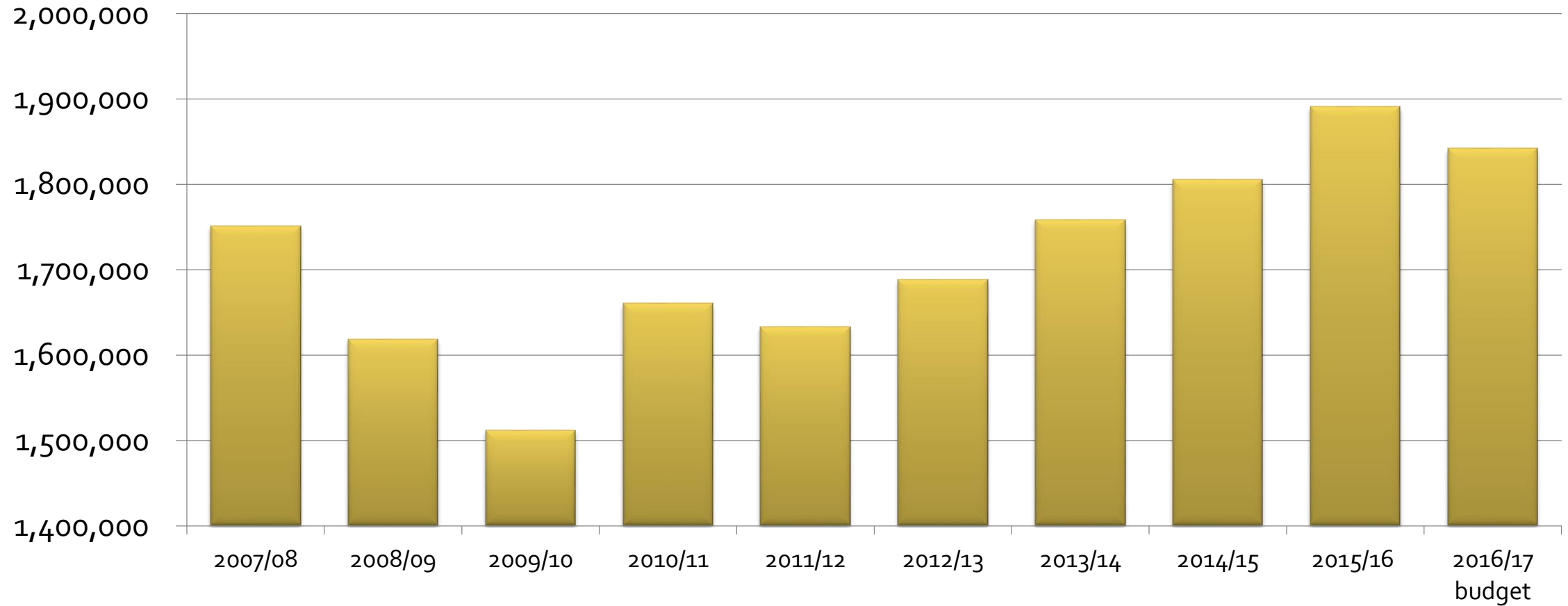
Recommend budget increase \$34,292

1st Quarter Sales Tax

- Gasoline sales are single largest contributor and still declining
- 4 business groups increasing and 3 decreasing



Sales Tax



No recommended adjustment

Other Revenues

Franchise Fees & TOT

Franchise Fees \$908,159

TOT \$213,621

No Adjustment

State Mandated Claims Reimbursements

Paid 2014/15 \$113,500 & 2015/16
\$33,965

\$218,810 still owed

\$9,169 paid in 2016/17

Budget reduction \$10,000

Department Revenues

Police Services

- Staffing correlates to service revenues
- Accounts like fines and DUI accident and arrest processing trending below budget
- **\$2,375 budget reduction**

Fire Services

- Rental Income:
 - 2016/17 \$75,000
 - 2015/16 \$89,635
 - 2014/15 \$174,163
 - 2013/14 \$24,601
 - 2012/13 \$94,085
- \$54,385 received to date – **no adjustment**

Public Works/Engineering

- Trending below budget in accounts like land division, grading checks, and drain plans
- **\$7,524 budget reduction**

General Fund Expenses

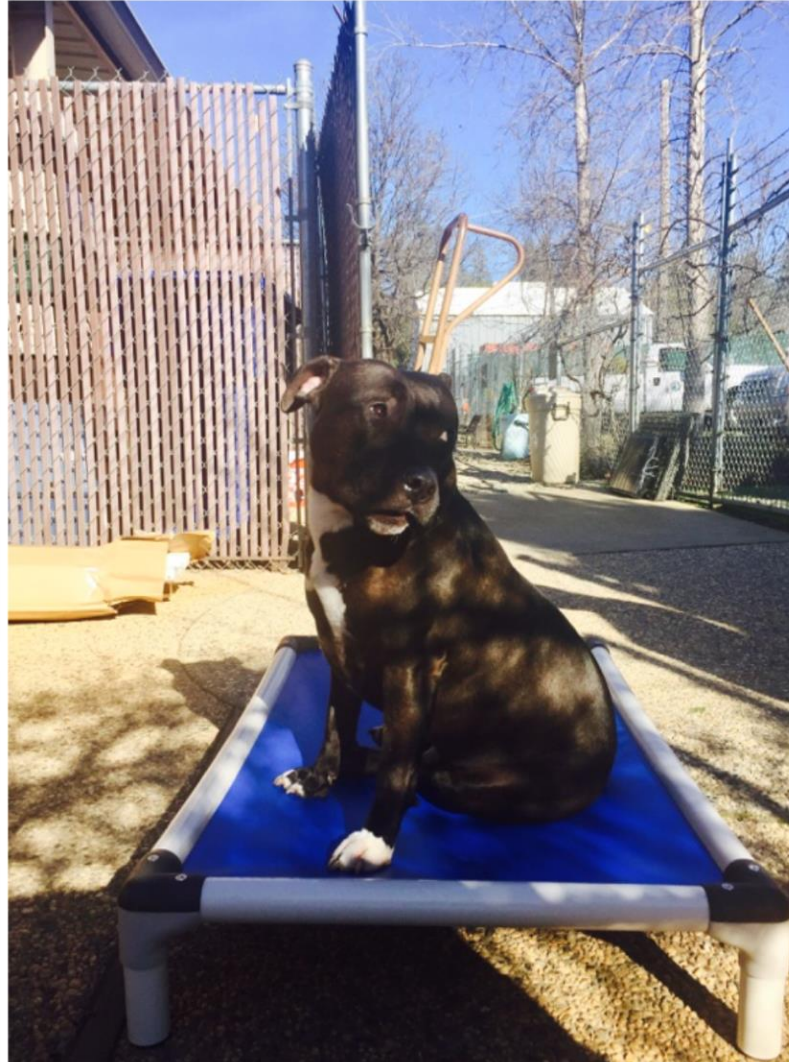
| | 2015/16 Estimated Actual | 2016/17 Amended Budget | 2016/17 Proposed Budget | 2016/17 Budget Adjustments |
|--------------------|--------------------------|------------------------|-------------------------|----------------------------|
| Measure C | \$873,395 | \$1,413,958 | \$1,402,106 | \$(11,853) |
| Non Department | 970,185 | 1,014,301 | 1,013,323 | (978) |
| Administration | 1,567,754 | 1,577,499 | 1,593,077 | 15,578 |
| Police | 4,014,295 | 4,081,530 | 4,154,621 | 73,091 |
| Fire | 3,479,832 | 3,849,476 | 3,823,703 | (25,773) |
| Community Develop. | 173,462 | 193,541 | 194,054 | 513 |
| Public Works | 267,808 | 283,726 | 285,972 | 2,246 |
| Totals | \$11,346,730 | \$12,414,031 | \$12,466,856 | \$52,825 |

Measure C Funds

"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"

Measure C 2016/17 Investments

Raised beds at
animal shelter



Measure C 2016/17 Investments

Improved Police
Department Siding –
Phase I



Measure C 2016/17 Investments

Improved Police
Department Siding –
Phase II



Measure C 2016/17 Investments

Emergency Generator



Proposed 2016/17 Measure C Mid-Year Budget

| Police Department | | 2016/17 Amended Budget | 2016/17 Proposed Budget | 2016/17 Budget Adjustments |
|-------------------|--------------------------------------|------------------------------|-------------------------------|----------------------------------|
| | Lieutenant Transition & Training | \$23,218 | \$23,218 | \$0 |
| | 2 nd Phase Depart. Siding | 50,000 | 50,000 | 0 |
| | Men's Locker Room Floor | 5,000 | 5,000 | 0 |
| | Emergency Generator Replacement | 90,000 | 90,000 | 0 |
| | 2 nd Investigator | 160,964 | 157,714 | (3,250) |
| | Police Cadets (2) | 34,000 | 46,153 | 12,153 |
| | Police Cars | 100,000 | 100,000 | 0 |
| | Body Cameras | 5,917 | 5,917 | 0 |
| | Patrol Cameras and Cases | 3,000 | 3,240 | 240 |
| | Emergency 9-1-1 MIS | 10,000 | 10,000 | 0 |
| | Sawmill Peak Communication Study | 3,000 | 3,000 | 0 |
| | Officer Training | 15,000 | 15,000 | 0 |
| | K-9 Program | 10,000 | 13,758 | 3,758 |
| | Totals | \$510,099 | \$523,000 | \$12,901 |

Proposed 2016/17 Measure C Mid-Year Budget

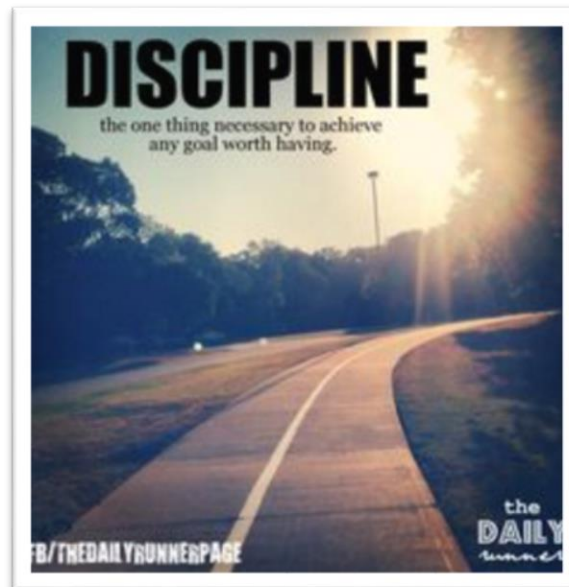
| Animal Control | | 2016/17 Amended Budget | 2016/17 Proposed Budget | 2016/17 Budget Adjustments |
|----------------|-----------------------------------|------------------------------|-------------------------------|----------------------------------|
| | Increased Officer Hours | \$31,056 | \$30,647 | (\$409) |
| | Officer and Supervisor Training | 3,500 | 3,500 | 0 |
| | Awning and Concrete Repairs | 9,500 | 9,500 | 0 |
| | Animal Isolation Units | 7,000 | 7,000 | 0 |
| | Raised Beds, Metal Bowls, AC Unit | 3,300 | 3,300 | 0 |
| | Online Dog Licensing Setup | 10,000 | 10,000 | 0 |
| | Totals | \$64,356 | \$63,947 | (\$409) |

Proposed 2016/17 Measure C Mid-Year Budget

| Fire Department | | 2016/17 Amended Budget | 2016/17 Proposed Budget | 2016/17 Budget Adjustments |
|-----------------|--|------------------------------|-------------------------------|----------------------------------|
| | CAL FIRE Contract | \$150,000 | \$150,000 | \$0 |
| | Future Apparatus Funding | 50,000 | 50,000 | 0 |
| | Storage Wall & Safety Door | 3,470 | 3,470 | 0 |
| | E82; Blower, Gas Monitor, Tool Bracket | 5,500 | 5,500 | 0 |
| | SCBAs Matching Funds | 3,500 | 3,049 | (451) |
| | Fire Engines 81 & 82 | 127,033 | 127,033 | 0 |
| | Totals | \$339,503 | \$339,052 | (\$451) |

Proposed 2016/17 Measure C Mid-Year Budget

| Public Works | 2016/17 Amended Budget | 2016/17 Proposed Budget | 2016/17 Budget Adjustments |
|---|------------------------|-------------------------|----------------------------|
| 2016 Road Rehabilitation (Micro Surface & Markings) | \$500,000 | \$476,107 | (\$23,893) |
| Measure C Grand Total | \$1,413,958 | \$1,402,106 | (\$11,853) |



Measure C Summary

Preliminary Financial Plan (2015/16 – 2020/21)

Town Council will decide on appropriate balance between funding immediate needs now and saving for future contingencies

| | | | |
|--------------------------|---------------------------|-------------|-------------|
| Projected Revenues | | | \$7,236,212 |
| Ongoing Commitments for: | Police | \$2,154,507 | |
| | Fire | 1,858,074 | |
| | Animal Control | 233,064 | |
| | Streets | 725,281 | (4,970,926) |
| Net Total | | | \$2,265,286 |
| Options: | 10% Reserve | \$720,000 | |
| | Maxwell Drive SR2S | 200,000 | |
| | Almond Street Multi-Modal | 388,000 | |
| | Ponderosa SR2S | 193,000 | (1,501,000) |
| Net Remaining | | | \$764,286 |

Administration

- Recommended budget increase \$15,578
 - From changes in staff & retiree health care elections, utility increases, increased LAFCO contributions, computer & equipment replacements, increased transaction fees from online and credit card transactions
 - Town Council (600)
 - Town Clerk (4,749)
 - Town Manager (827)
 - Central Services 13,909
 - Information Technology 5,379
 - HR and Risk Management 166
 - Legal Services (2,010)
 - Finance 3,948
 - Rental Properties 200
 - Emergency Operation Center 162

Police Department

Administration

- Lieutenants transaction complete
 - 2 Lieutenants retired and 2 Lieutenants hired
- Recommended increase \$6,204

Operations

- Increasing Staff Turnover
 - 2013/14 11%
 - 2014/15 16%
 - 2015/16 26%
- Continuing staffing challenges
 - A vacant position costs \$100,000 a year in overtime
 - Town is still 0.5 FTE short in January 2018
- Recommended increase \$66,217
 - Overtime and accrual payoffs partially offset by salary and benefit savings

Fire Department

Administration

- Savings from prevention inspector vacancy (to be filled)
- Recommended decrease \$7,928

Suppression

- Savings from retiree medical, gas prices, and some operating supplies
- Recommended decrease \$11,055

Volunteer Program

- Savings from fewer volunteers
- Recommended decrease \$6,790

Community Development and Public Works

- Minimal net increase recommended of \$2,759

| | |
|---------------------------|---------|
| ■ Planning | 95 |
| ■ Waste Management | 418 |
| ■ Engineering | (1,333) |
| ■ Paradise Community Park | 2,765 |
| ■ Public Facilities | 1,445 |
| ■ Fleet Management | (631) |

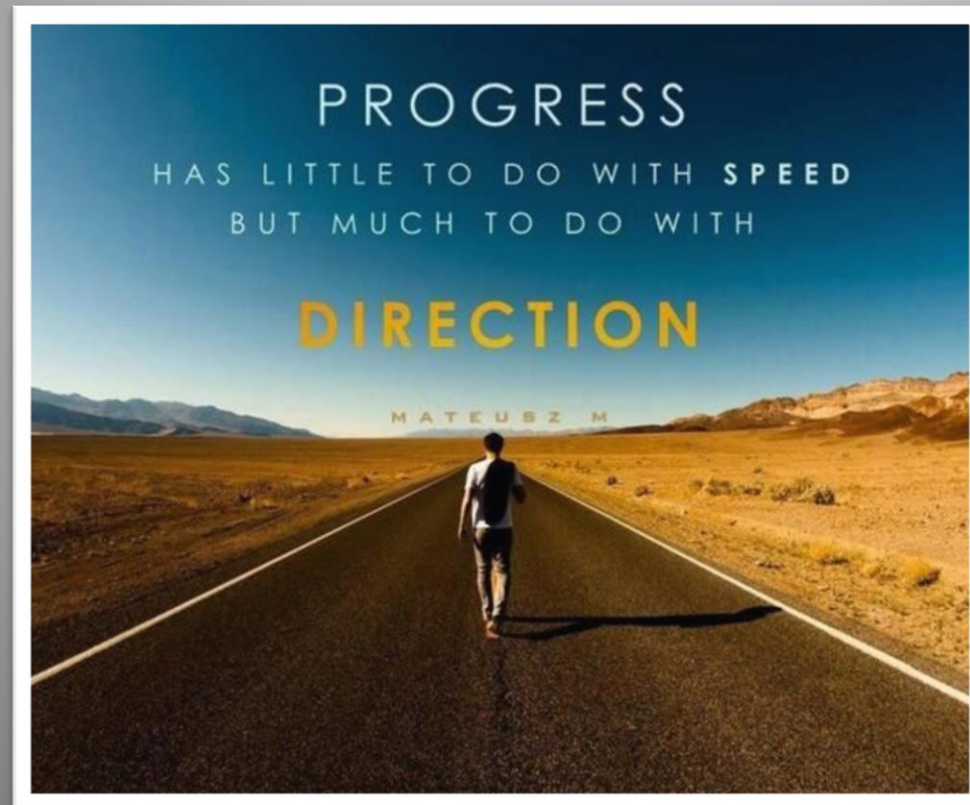
General Fund Summary

| | 2015/16 Estimated Actual | 2016/17 Amended Budget | 2016/17 Proposed Budget | 2016/17 Budget Adjustments |
|-------------------------------|--------------------------------|------------------------------|-------------------------------|-------------------------------|
| Measure C Revenues | \$1,236,212 | \$1,200,000 | \$1,264,000 | \$64,000 |
| Measure C Expenses | (873,395) | (1,413,958) | (1,398,559) | (15,399) |
| Measure C Net Income | \$362,817 | \$(213,958) | \$(134,559) | \$79,399 |
| | | | | |
| GF Revenues | \$10,830,273 | \$11,003,285 | \$11,086,521 | \$83,236 |
| GF Expenses | (10,473,335) | (11,000,073) | (11,064,750) | 64,677 |
| GF Net Income | \$356,938 | \$3,212 | \$21,771 | \$18,559 |
| | | | | |
| Measure C Ending Fund Balance | \$646,091 | \$432,133 | \$507,985 | |
| GF Ending Fund Balance | 2,994,787 | 2,997,999 | 3,016,558 | |
| Total Ending Fund Balance | \$3,640,878 | \$3,430,132 | \$3,524,543 | |

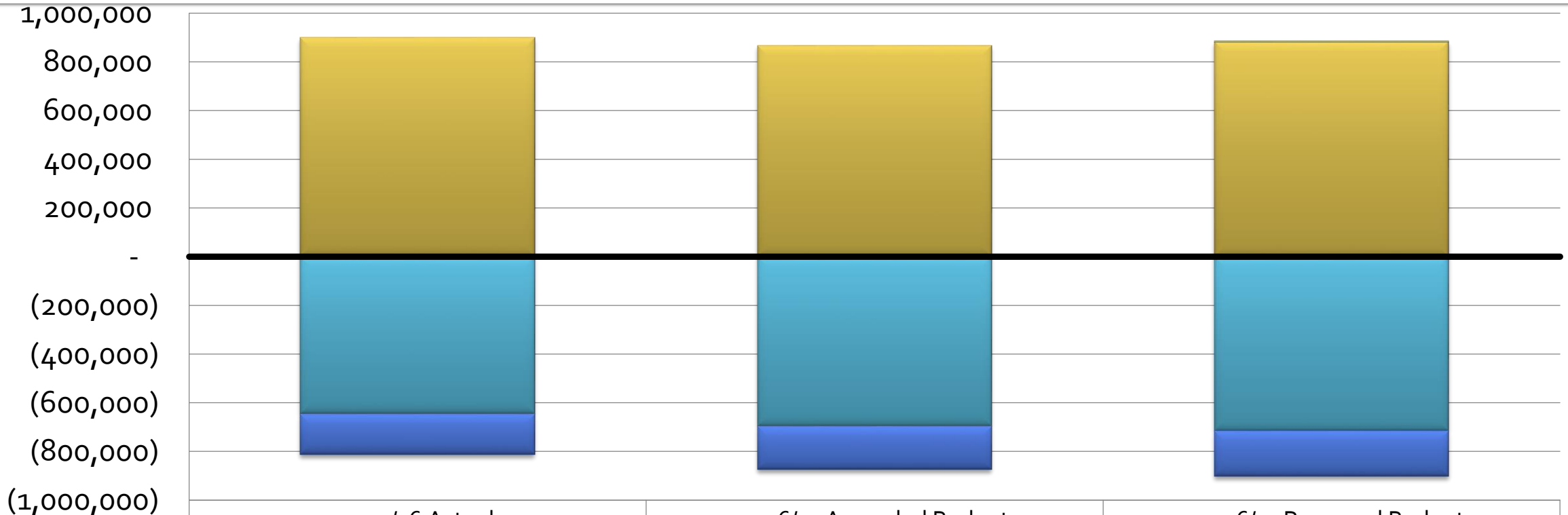
General Fund Reserves

| | 2015/16 Estimated Actual | 2016/17 Amended Budget | 2016/17 Proposed Budget |
|---|--------------------------------|------------------------------|-------------------------------|
| <i>Designated Reserves – Measure C</i> | | | |
| Assigned – Final Year | 283,274 | 283,274 | 283,274 |
| Assigned – Police Vehicles | 86,403 | 86,403 | 86,403 |
| Unassigned – Contingencies | 276,414 | 62,456 | 138,308 |
| <i>Designated Reserves – General Fund</i> | | | |
| Non-spendable (RDA & Other) | 1,978,726 | 1,950,203 | 1,950,203 |
| Assigned – Abatements | 20,000 | 20,000 | 20,000 |
| Unassigned – Cash Flow | 996,061 | 1,027,796 | 1,046,355 |

Building Safety and Wastewater Fund



2030 – Building Safety & Wastewater Services



| | | | |
|-----------------|-----------|-----------|-----------|
| ■ Transfers Out | (165,499) | (179,888) | (188,609) |
| ■ Expenses | (647,201) | (695,409) | (714,907) |
| ■ Transfers In | - | - | 3,322 |
| ■ Revenues | 899,580 | 866,544 | 882,729 |

| | | | |
|---------------------|---------|---------|---------|
| Fund Balance | 473,006 | 464,253 | 455,540 |
|---------------------|---------|---------|---------|

Building Safety and Wastewater Services

Staffing

- Recommend hiring 40 hour Fire Prevention Inspector
 - 1/3 fire hazard abatement (funded by Fire Department)
 - 1/3 fire hydrant maintenance (funded by PID hydrant fund)
 - 1/3 fire prevention inspections (funded by Building Safety and Wastewater)

Revenues

- Stable - 1.5% growth in plan check and building permit fees
- Recommended increase \$19,507

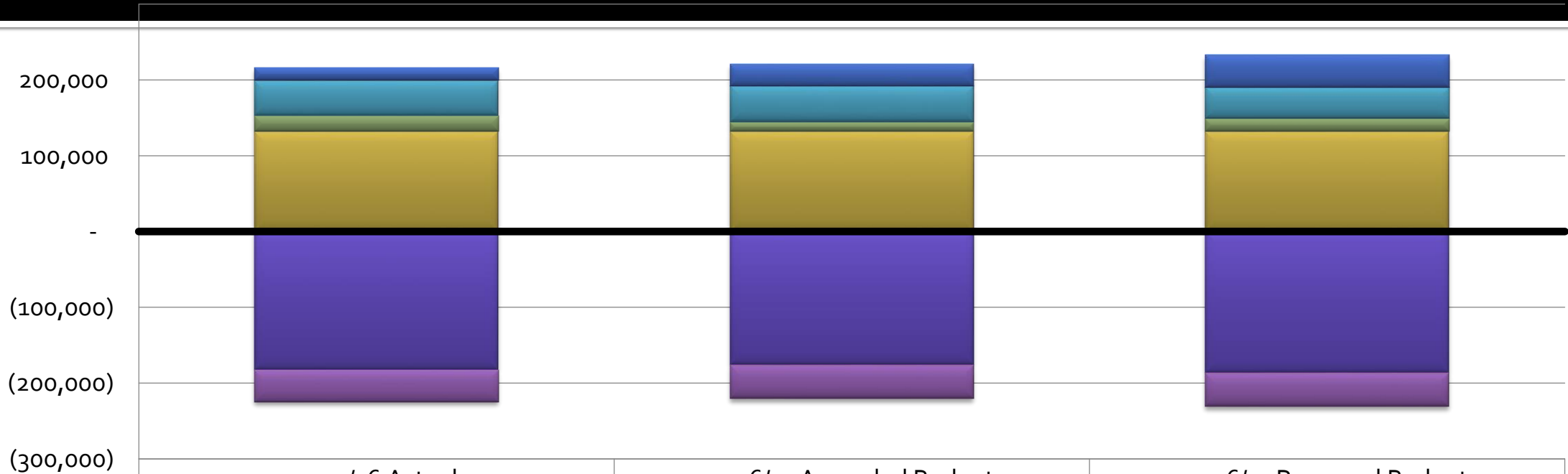
Expenses

- Increased cost from onetime accrual payouts, new Fire Prevention Inspector position and central service allocation costs
- Recommended increase \$28,219

Animal Control Services Fund



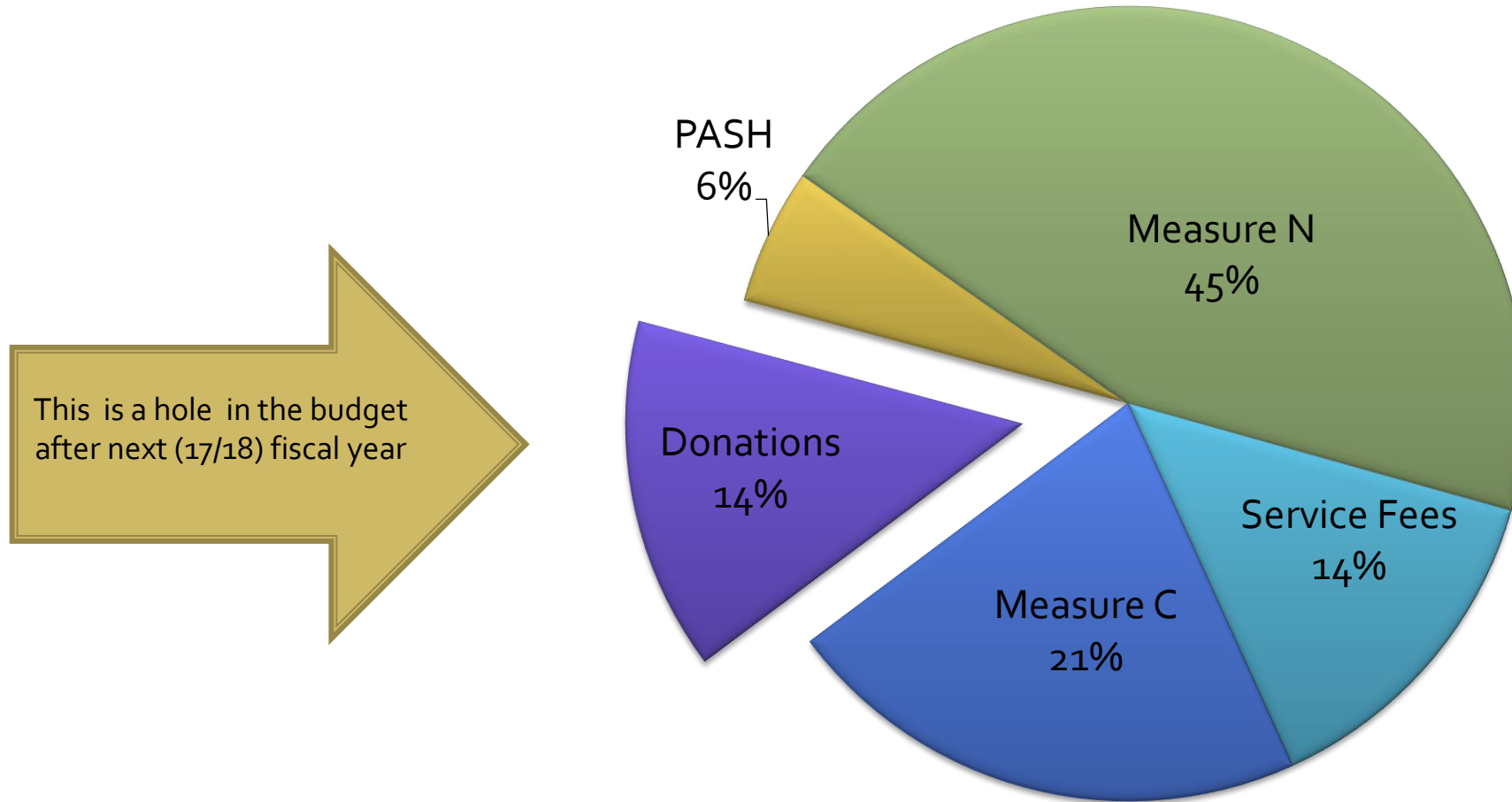
2070 – Animal Control Services



| | 2015/16 Actual | 2016/17 Amended Budget | 2016/17 Proposed Budget |
|----------------|----------------|------------------------|-------------------------|
| Transfers Out | (41,515) | (44,439) | (44,495) |
| Expenses | (183,185) | (176,393) | (186,354) |
| Transfers In | 16,908 | 28,874 | 42,697 |
| Other Revenues | 46,394 | 47,696 | 41,167 |
| PASH Support | 20,593 | 11,900 | 16,540 |
| Measure "N" | 132,292 | 132,362 | 132,362 |

| | | | |
|---------------------|----------------|----------------|----------|
| Fund Balance | (1,917) | (1,917) | - |
|---------------------|----------------|----------------|----------|

Animal Control 2016/17 Funding Sources



Animal Control Services Highlights

Revenues

- Citation receipts, dog licenses & impound fees trending less than budget
- PASH will provide support of \$16,500

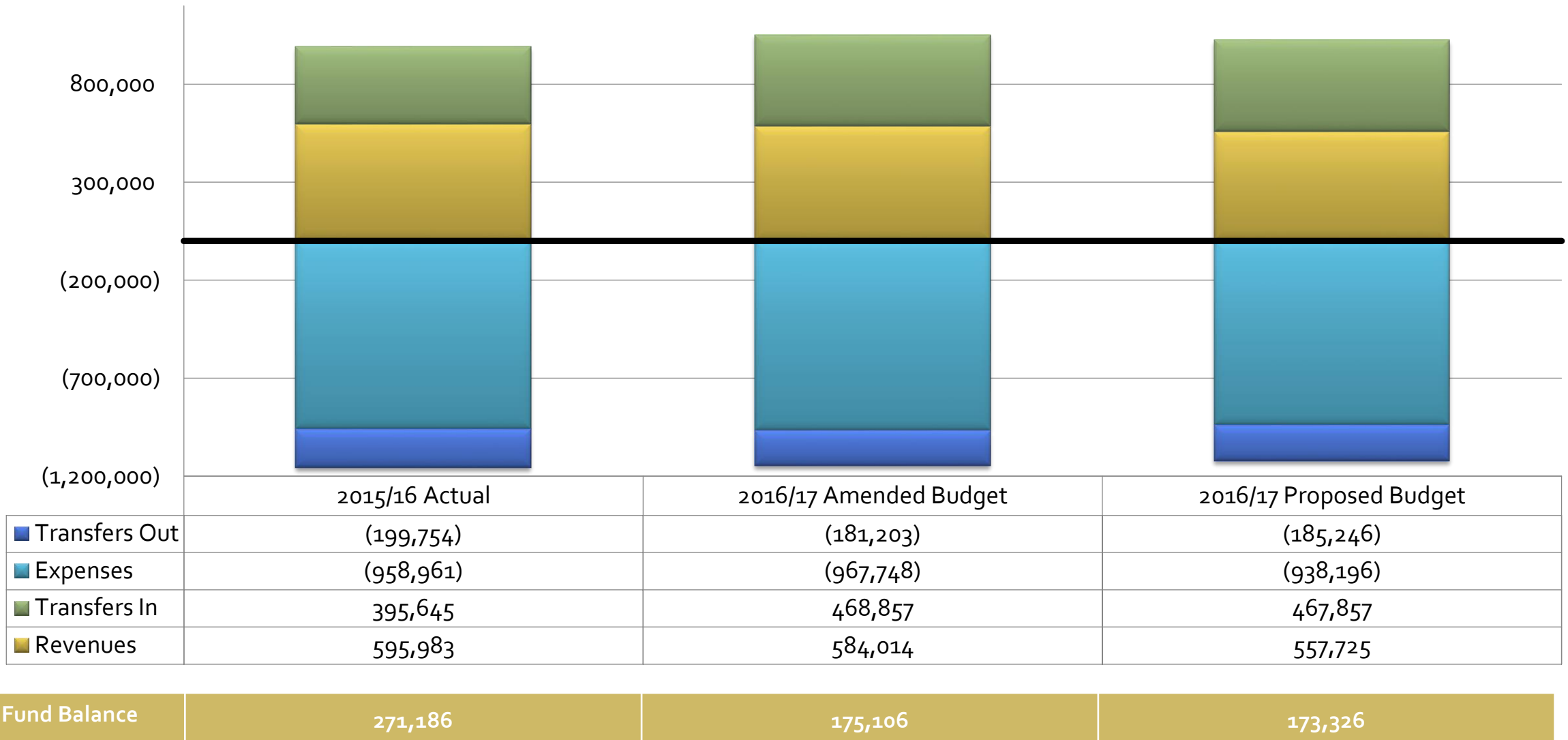
Expenses

- Animal rendering costs have more than tripled
- Town is now accounting for all animal shelter costs previously paid by PASH

Gas Tax/Street Maintenance Fund



2120 – Gas Tax/Street Maintenance Services



Gas Tax/Street Maintenance Highlights

Revenues

Gas tax receipts declining
\$24,500 < budget
\$36,500 < 2015/16

Governor is proposing
increased funding;
amount still unknown

Expenses

\$25,500 savings expected
from employee benefit
elections, utilities, and
debt service

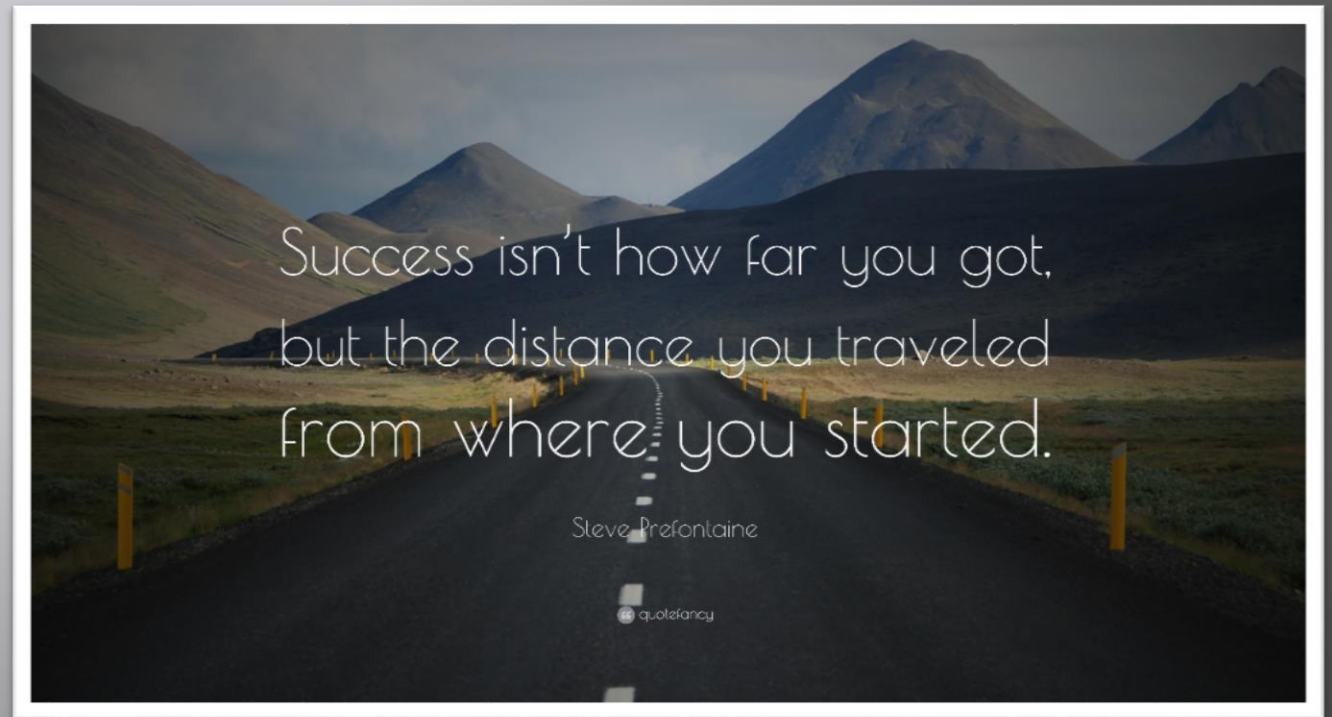
Sustainability

Fund will use \$97,860 of
reserves this year

Only leaves 1.7 years
before reserves are
exhausted

League of California Cities Municipal Financial Health Diagnostic Tool

The Town continues to make progress on its financial health. Liquidity and cash flow has improved from increasing cash flow reserves. This improves the overall indicators from a score of 2.2 to 2.3. Still a grade of C-.



Financial Health Weaknesses

| | 2015/16 | 2016/17 | Rating Change |
|--|---------------------------|-----------------------------|---------------|
| 1. Recurring Operating Deficits | Temporarily Cured | Temporarily Cured | Same |
| 2. Unassigned Reserves | \$996,061 – Less than 10% | \$1,046,355 – Less than 10% | Same |
| 3. Inadequate Cash & Short Term Investment | \$453,669 | \$669,091 | Improved |
| 4. Fixed & Personnel Costs Exceed 80% | 87.72% | 87.34% | Same |
| 5. Asset Maintenance Deferred | Temporarily Cured | Temporarily Cured | Same |
| 6. Pension or OPEB Contributions deferred | \$25,000 Contribution | \$25,000 Contribution | Same |

General Fund Five Year Projection



General Fund 5 Year Projection Assumptions



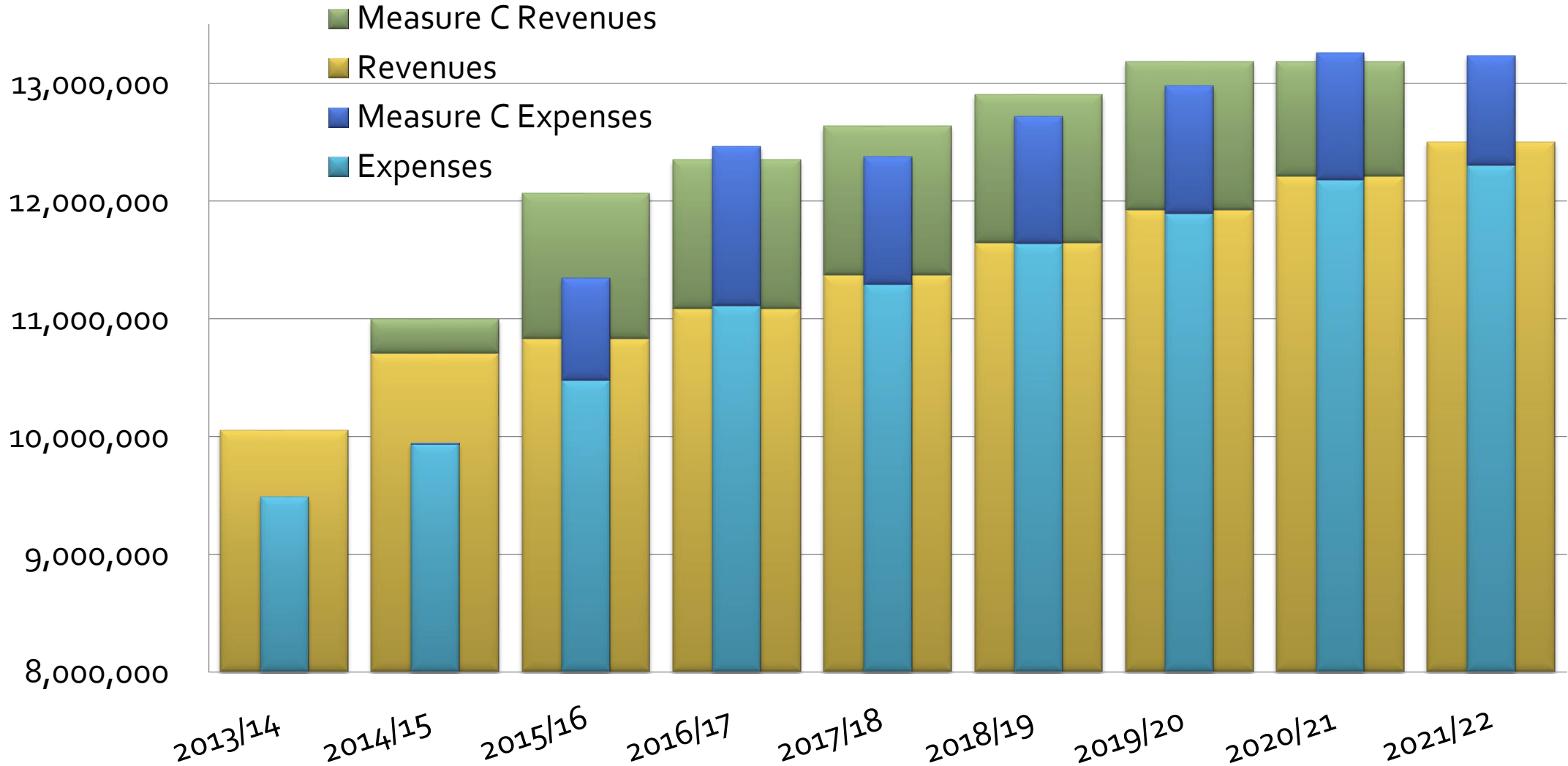
With conservative assumptions and including CalPERS increases, Bond increases, contracted COLA's and lease payoffs – Revenues exceed Expenses \$7,600 to \$200,000



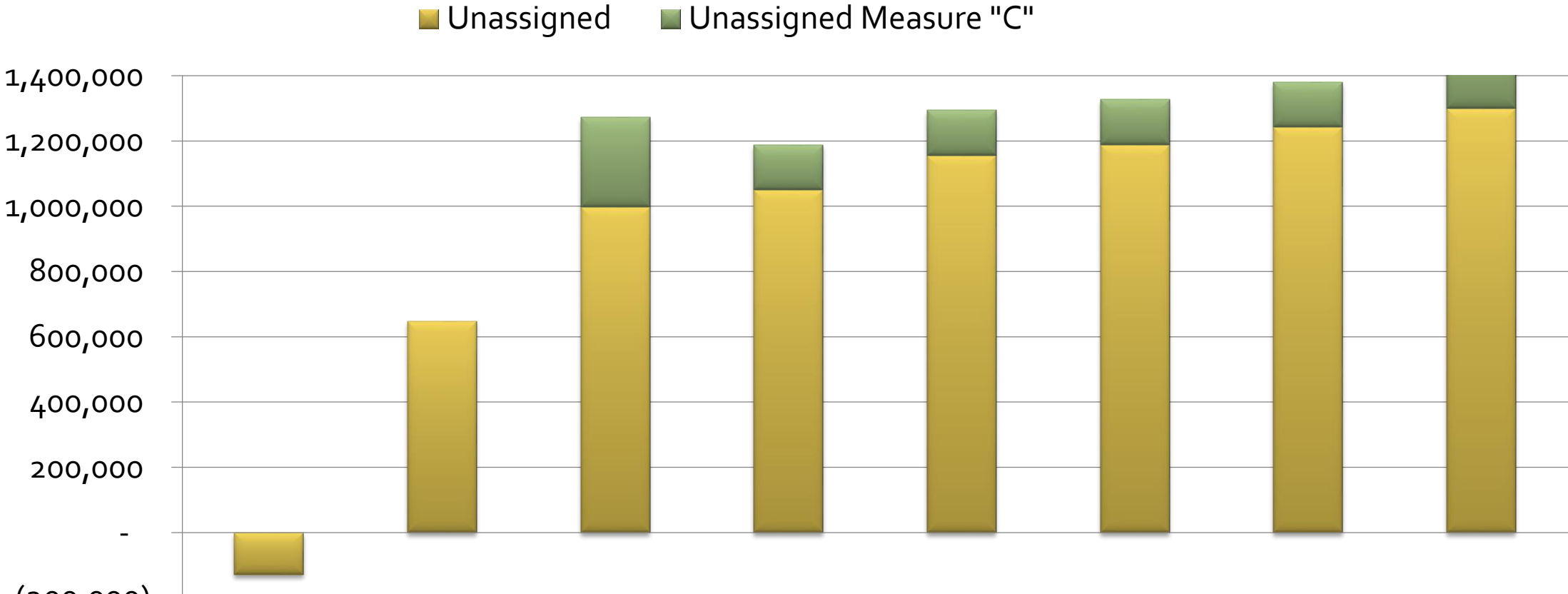
However ...

- Measure C items go unfunded in 4 years
- Employee contracts are up for renewal in 3 years
- CAL FIRE services vulnerable to State action
- Underfunding OPEB obligation

Five Year General Fund Projection Revenue & Expenses



Five Year General Fund Projection Cash Flow/Contingency Reserves



| | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2020/21 |
|------------------------|-----------|---------|---------|-----------|-----------|-----------|-----------|-----------|
| Unassigned Measure "C" | | | 276,414 | 138,308 | 138,308 | 138,308 | 138,308 | 216,319 |
| Unassigned | (129,944) | 647,523 | 996,061 | 1,049,677 | 1,155,247 | 1,187,844 | 1,241,735 | 1,299,057 |

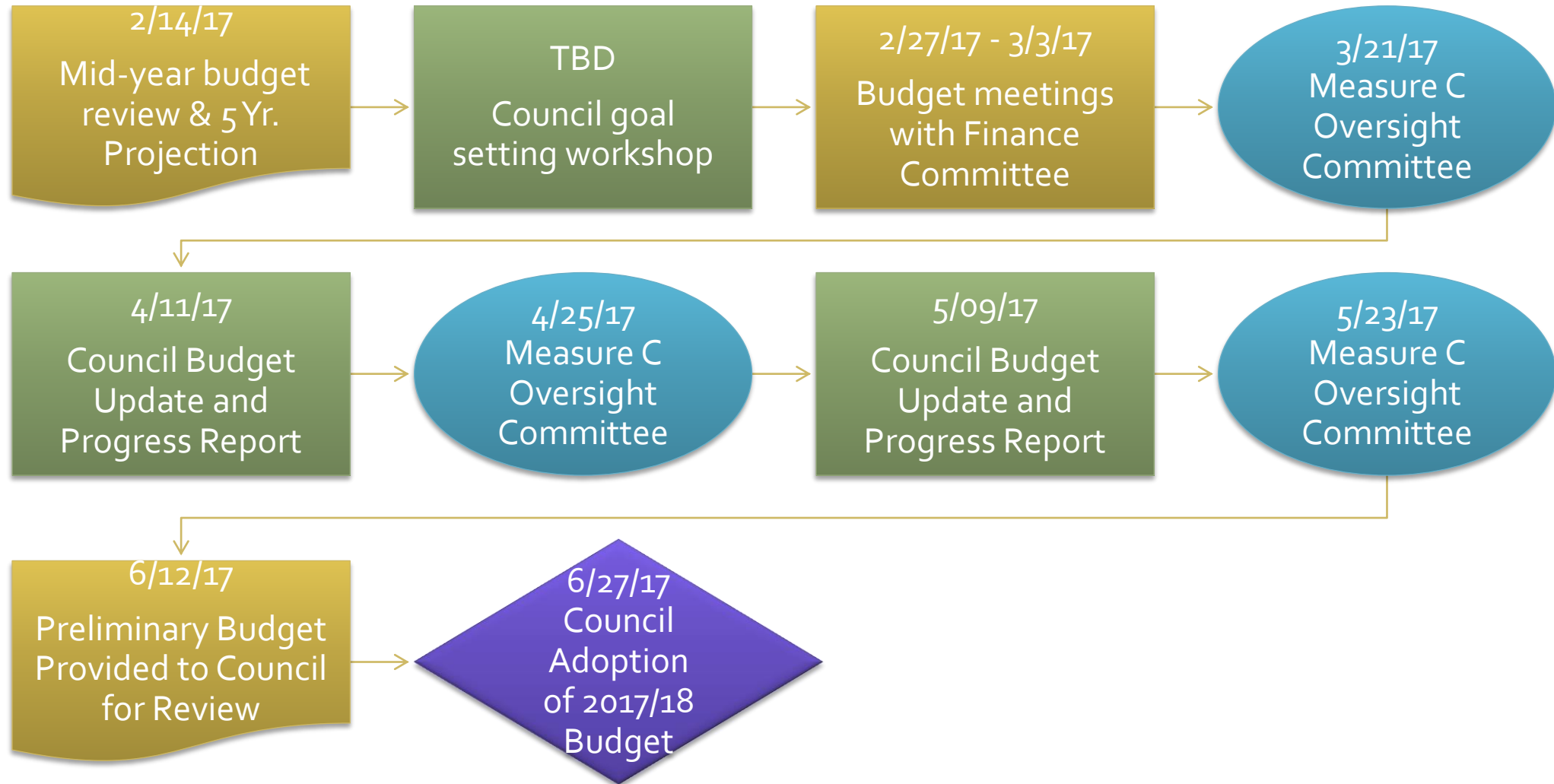
2017/18 Budget Adoption



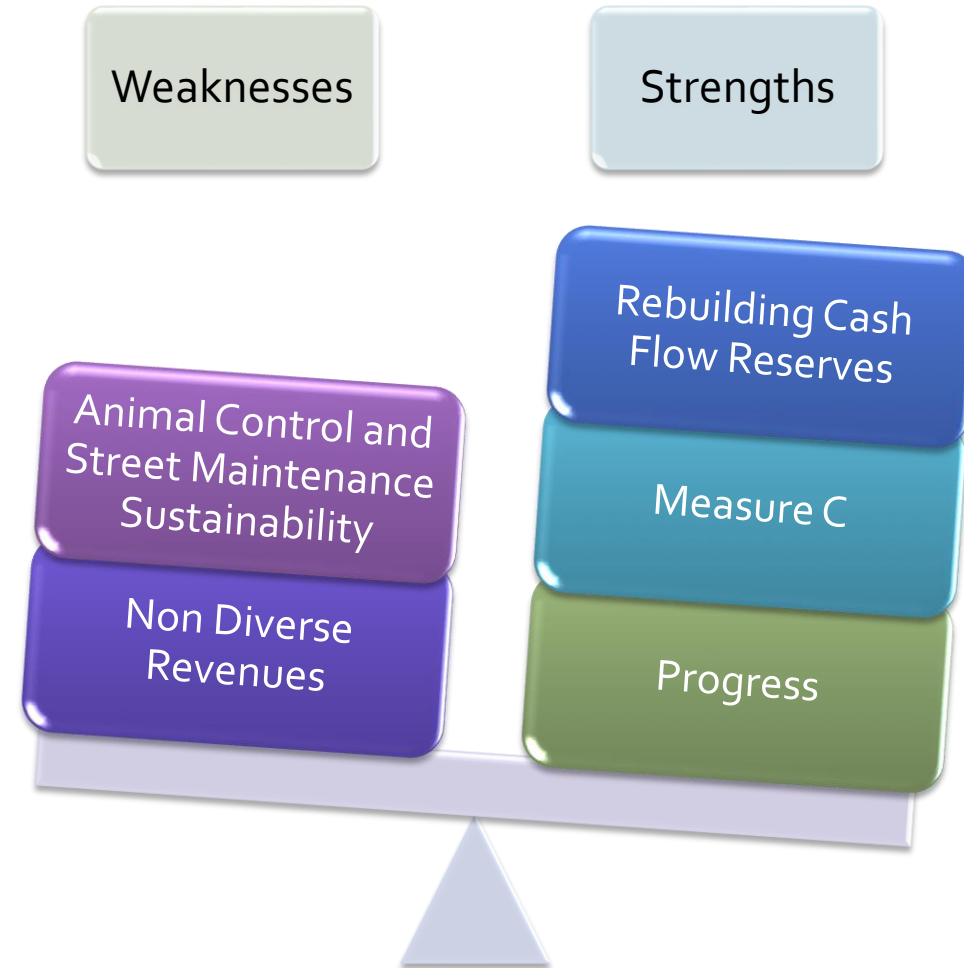
Status of 2016/17 Priorities

| Priority | Completion Date |
|---|---------------------------|
| 1 CAL FIRE Contract Renewal | April 2017 |
| 2 Northern Recycling & Waste Services Franchise Agreement | February 2017 |
| 3 Paradise Sewer Project | Ongoing – Draft Feb. 2017 |
| 4 Town-wide Personnel Structure (Phase I) | July 2016 |
| 5 Business Identification/License | February 2017 |
| 6 Master Fee Schedule Update | Deferred to July 2017 |
| 7 Facilities Best Use/Deferred Maintenance | Deferred to 2017/18 |
| 8 Tourism/Economic Development | Ongoing |
| 9 Increased Traffic Enforcement | Deferred |
| 10 Review Code Enforcement & Animal Control Processes (Phase I) | March 2016 |
| 11 \$175,000 for Animal Shelter Addition | Deferred |

2017/18 Budget Adoption Timeline



Conclusion



Questions

