



**Town of Paradise
Council Agenda Summary
Date: April 11, 2017**

Agenda Item:

Originated by: Gina S. Will, Administrative Services Director/Town Treasurer
Approved by: Lauren Gill, Town Manager
Subject: 2016/17 and 2017/18 Operating and Capital Budget Status Update

Council Action Requested:

1. Review the report presented related to the 2016/17 budget and approve the recommended budget adjustments; and,
2. Amend position control and budget appropriation for Animal Control Services; and
3. Consider the reported progress on the 2017/18 budget and provide any necessary staff direction.

Alternatives:

Decline approval of 2016/17 budget adjustments, position control and budget appropriations and provide staff alternative direction.

Background:

On February 14, 2017 the Town Council was presented with a comprehensive mid-year budget review of the 2016/17 operating and capital budget. Budget adjustments were approved based on the trends and projections identified at that time. Now the Town has completed nine months of the 2016/17 fiscal year and staff continues to carefully monitor the budget identifying significant changes in revenues and/or expenses.

The mid-year budget report also starts the next year budget cycle. On March 21, 2017, Town Council identified goals and priorities for the upcoming fiscal year. The goals focus on maintaining quality services and ways to diversity revenues for future sustainability.

Discussion:

Fund 1010 – General Fund

Staff analyzed a General Fund Budget Performance Report to date for the 2016/17 fiscal year in order to review trends or significant swings in revenues and expenses and to identify needed budget adjustments. A copy of this report is attached for review. The following information was derived from this analysis and highlights of the recommended adjustments are summarized below:

Revenues

- Measure C: The 0.50% transaction and use tax approved by the voters, took effect April 1, 2015. The Town has now received seven full quarters of receipts. The most recent quarter reflects receipts from October through December 2016. These receipts were a little higher than the same quarter in 2015/16. To remain conservative staff will assume that the remaining two quarters are equal to the prior year. The receipts to date support an estimate of about \$1.273 million an increase of \$8,923 for 2016/17 as shown below:

	2014/15	2015/16	2016/17
July – Sept		281,981	345,045
Oct – Dec		321,399	329,416
Jan – Mar		298,462	TBD
Apr – June	291,666	334,369	TBD
Totals	291,666	1,236,212	1,272,923

- Real Property Transfer Tax: With eight months of receipts recorded, the trend is about an 11% growth in real property transfer taxes supporting an increase of \$5,327 to \$82,751.
- Franchise Fees: The Town just received the annual notification of the annual franchise fees from Pacific Gas and Electric reflecting growth of 8%. Two quarters of receipts have been recorded for Comcast and Northern Recycling with 4% and 2% growth respectively. In total 4.9% growth is expected an increase of \$21,671 to \$929,830.
- Transient Occupancy Tax: Two quarters of receipts have been recorded with total combined growth of about 2%. However, the Town was recently able to collect three years of back taxes from an assisted living facility who on occasion rents a room to visitors of their tenants. Staff intends to reach out to other assisted living facilities to see if others have similar circumstances. This results in an increase of \$5,050 for a total of \$218,671.

- State Revenues – Other: The State is not releasing state mandated cost reimbursements in 2016/17. \$5,000 was removed at mid-year and staff is recommending to remove another \$5,000 from the budget.
- Motor Vehicle in Lieu – Prior Year: The State released a prior year true-up adjustment in the amount of \$11,745. It is recommended that the budget be increased by that amount bringing total expected receipts to \$2.25 million.

To summarize, the Town is expected to receive \$47,716 more in revenues for 2016/17 than currently budgeted. \$8,923 in Measure C receipts and \$38,793 in other receipts.

Expenses:

- County Election Services: Staff underestimated the cost of the most recent election of Council members. The last election costs were for Measure C and Council elections and it was thought that the costs were split more evenly between the two. The recent election cost \$8,122 more than expected.

These adjustments result in a net increase of \$39,594 and improves the General Fund Ending Fund Balance and Cash Flow Reserves as shown below:

	2016/17 Amended Budget	2016/17 Proposed Budget	2016/17 Budget Adjustments
Measure C Revenues	\$1,264,000	\$1,272,923	\$8,923
Measure C Expenses	(1,398,559)	(1,398,559)	(0)
Measure C Net Income	\$(134,559)	\$(125,636)	\$8,923
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GF Revenues	\$11,086,521	\$11,125,314	\$38,793
GF Expenses	(11,068,850)	(11,076,972)	(8,122)
GF Net Income	\$17,671	\$48,342	\$30,671
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Measure C Ending Fund Balance	\$507,985	\$516,908	
GF Ending Fund Balance	3,019,880	3,050,551	
Total Ending Fund Balance	\$3,527,865	\$3,567,459	
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<i>Designated Reserves – Measure C</i>			
Assigned – Final Year	283,274	283,274	
Assigned – Police Vehicles	86,403	86,403	
Unassigned – Contingencies	138,308	147,231	
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<i>Designated Reserves – General Fund</i>			
Non-spendable (RDA & Other)	1,950,203	1,950,203	
Assigned – Abatements	20,000	20,000	
Unassigned – Cash Flow	1,049,677	1,080,348	

Fund 2070 – Animal Control Services

The 2016/17 fiscal year budget includes authorization for the current Animal Control personnel structure. This includes one full-time Animal Control Supervisor for 40 hours per week, one full-time Animal Control Officer for 36 hours per week, one three-quarter time Animal Control Office Assistant for 30 hours per week and two part-time Animal Control Shelter Assistants for 18 hour each per week. Throughout the year the Department has experienced two vacancies in the Shelter Assistant position, the first in August 2016 and the second in February 2017. The Department has been recruiting to fill these positions since the first vacancy occurred, however; for a variety of reasons, the efforts have been unsuccessful and at this time only one candidate remains potentially viable and is undergoing the background process.

During the Town Council Goal Setting meeting on March 21, 2017, the Town Council requested Staff to bring forward a comprehensive operational plan for Animal Control. Staff is currently researching the optimal staffing and operations model to present to Council during the 2017/18 budget process. However, the Department has a current, pressing need to fill vacancies in order to fulfill the basic needs of the operation of the Animal Shelter and Animal Control. Staff is proposing that Council approve the hiring of a 36-hour per week Animal Control Officer in lieu of one of the 18-hour per week Animal Shelter Assistants.

This staffing modification serves three purposes:

1. It allows the Animal Shelter to provide for the daily cleaning and feeding of the animals residing in the Shelter.
2. Provides Animal Control Officer coverage seven days per week instead of the current six days per week.
3. It allows the Animal Control Supervisor to devote a greater percentage of her time to supervising, developing, training and auditing the duties and performance of all Animal Control Services employees.

Revenues:

Continued vacancies in Animal Control correlate to reduced revenues as the focus is shifted to basic shelter functions and less proactive efforts to monitor and address animal control functions. As a result, the following revenues are recommended for reduction:

- Fines and Citations - \$2,500
- Dog Licenses - \$1,000

In addition, Paradise Animal Shelter Helpers (PASH) is reducing their financial support of the shelter. Their members are continuing to volunteer countless hours to the care and comfort of the animals at the shelter. They continue to help with the funding of adoptions and neutering for those in Town that have financial hardship. But, they are choosing to reduce financing to the Town for normal shelter expenses like utilities, rendering and food.

They will continue to financially support veterinary care and medications. As a result the Town should expect \$9,540 less in reimbursements.

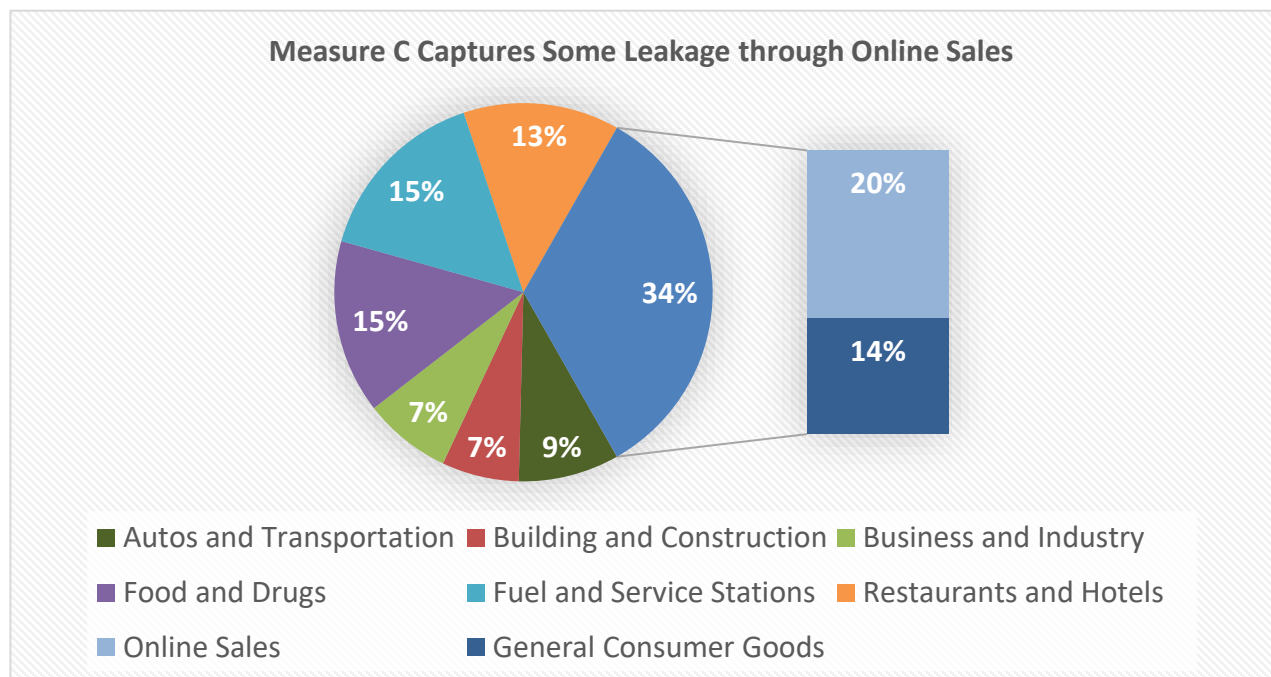
Expenses:

If Town Council approves the recommended position control staffing modifications and hires another Animal Control Officer in lieu of one of the Animal Shelter Assistants, there is still salary and benefit savings of about \$3,403 from the current vacancies for this fiscal year. If approved, the position change will create an ongoing, annual fiscal increase of about \$29,200 starting in 2017/18. As Council knows, the Animal Control Fund is not self-sustaining and is funding its current bare bones budget with the use of several other funding sources including, Measure C, Animal Control Donations and PASH. Staff recommends Measure C to fund these additional costs starting next fiscal year, as it is currently the only viable funding option.

2017/18 Budget Progress

Town staff met with the Measure C Citizen Oversight Committee on March 14, 2017 to start the 2017/18 budget process. The meeting included:

1. Financial background through information from the 2015/16 financial statement audit and information from the 2016/17 mid-year budget report.
2. How helpful Measure C has been to maintaining services and improving infrastructure by the capture of some additional revenues.
3. Town Council's 2017/18 approved goals and priorities.
4. 2017/18 Measure C preliminary budget recommendations.
5. An updated Measure C preliminary financial plan.



Overall the committee is supportive of the direction of Town Council and staff and is comfortable with the items included preliminarily for the 2017/18 Measure C Budget which include:

Revenue**		\$1,272,923
2 nd Police Investigator	\$157,714	
Police Cadet	23,000	
3 Police Cars	100,000	
Replace Police Roof	75,000	
Police Body Camera Payments	5,917	
K9 Program	10,000	
Enhanced Police Training	15,000	
Maintain CAL FIRE Contract	250,000	
Fire Engine 81 & 82	167,435	
Increased Hours for Animal Control Officer	31,000	
Animal Control Operations Support**	29,200	
Maxwell Drive SR2S	80,000	
Bille Overlay (Fern to Oliver)	120,000	1,064,266
Net Total		208,657

** Updated since Measure C committee meeting

Following is how these preliminary budget items impact the Measure C financial plan:

Projected Revenues			\$7,591,904
Ongoing Commitments for:	Police	\$2,253,408	
	Fire	2,257,622	
	Animal Control	335,231	
	Streets	901,388	(5,747,649)
Net Total			\$1,844,255
Options:	10% Reserve	\$752,000	
	Almond Street Multi-Modal	388,000	
	Ponderosa SR2S	193,000	(1,333,000)
Net Remaining			\$511,255

Conclusion:

Staff is continuing in the budget process. Revenues and expenses are being projected and analyzed. Town Council's goals and priorities are being considered in the process. A meeting has been scheduled with the Finance Committee which includes the Mayor and

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Vice Mayor. Finally, short term needs are being carefully weighed against long term stability. Staff as committed, is now requesting feedback or alternative direction from the Council for the 2017/18 budget.