



**Town of Paradise
Council Agenda Summary
Date: September 13, 2016**

Agenda Item: 6e

Originated by: Gina S. Will, Administrative Services Director/Town Treasurer
Approved by: Lauren Gill, Town Manager
Subject: 2015/16 and 2016/17 Operating and Capital Budget Status Update

Council Action Requested:

1. Approve a resolution approving job descriptions and revising the personnel structure for certain Town of Paradise positions for the fiscal year 2016-2017; and
2. Approve a resolution adopting the amended salary pay plan for Town of Paradise Employees for the fiscal year 2016-17; and
3. Approve employment agreement between the Town of Paradise and Shelley M. Hernandez for temporary finance services; and
4. Approve staff recommended budget adjustments for fiscal year 2016-17, or

Alternative:

1. Maintain positions as originally adopted June 20, 2016 for the 2016-17 budget and direct staff to replace officer and Onsite Official in their original capacities forgoing savings; and
2. Maintain the existing salary pay plan as originally adopted June 20, 2016 for the 2016-17 budget; and
3. Decline to approve temporary employment agreement and authorize overtime for the finance department in order to attempt to keep up on critical finance issues; and
4. Approve alternative budget adjustments for fiscal year 2016-17.

Background:

The 2015/16 operating and capital budgets were adopted June 29, 2015, currently about 99% of all related transactions have been recorded. Transactions will continue to be recorded as final invoices for products and services come in and as receipts for revenues earned continue to come in through September 2016.

The 2016-17 operating and capital budgets were recently adopted June 20, 2016. Currently about two months of transactions have been recorded. The General Fund was adopted with a \$34,496 deficit that Town Council has given direction to remain informed on the progress to cure. As of the last Council meeting the deficit was reduced to

\$16,635. In addition, the Gas Tax and Animal Control funds are being extraordinarily scrutinized as both funds are within a few years of unsustainable services from lack of appropriate revenues.

Discussion:

Position Control, Salary Pay Plan and Temporary Employment Agreement

With the recently announced resignations of two employees, the Town has an opportunity to carefully consider the best method of filling those vacancies. While the expertise of those individuals will be missed, there is an opportunity for some savings and potentially improved performance in those divisions with the recommended changes. In addition, at the time of budget adoption, the Town was still negotiating with one employee group. Staff recommends amending the salary pay plan to include the recommended personnel changes and settlement with all employee groups.

- One police officer has announced her resignation and will be leaving the police department soon. She was slated to move to a detective position later this fall. In light of the current Detective Sergeant's impending promotion to Lieutenant, the Town would have no current employee to serve as detective. Further, the department is still struggling to attract laterals or officers with experience do to the high demand statewide for experienced officers.

The Town has found a retired officer who is experienced as a detective. As a retiree, he is limited to working 960 hours a year. The Town proposes to use this expertise as a stop gap measure until another officer can be hired, trained and a more permanent solution can be realized. Staff has included this hourly/part time position on the salary pay plan to allow for the opportunity to move forward. A complete fiscal analysis will be brought forward when more variables are known. In the meantime, there is expected to be some savings with this proposal.

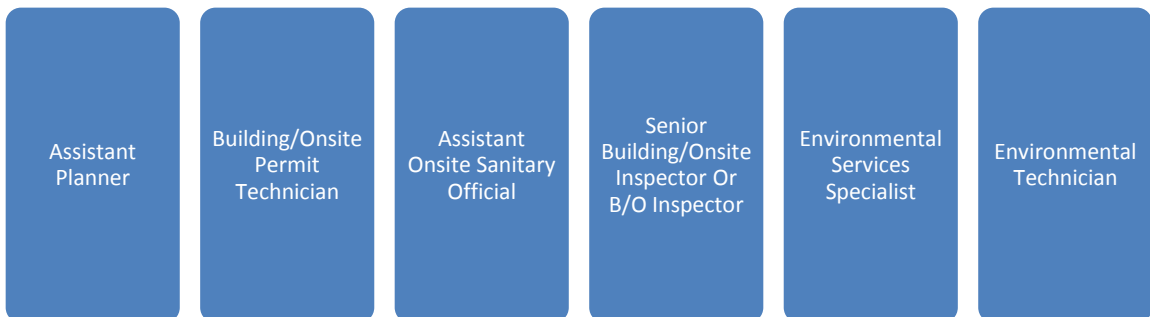
- The Onsite Sanitary Official has also resigned. He and his team have done an admirable job of administering the large onsite wastewater district within the Town with reduced staff. Staffing was cut back in this division at the time of the recession; however, the workload and number of septic systems to monitor remained the same creating a backlog.

As leadership of Building Safety and Wastewater is strong and development is increasing in the Town, the function needs employees to move projects through the process. Staff proposes the following changes which are reflected in the salary pay plan and job description revisions:

1. **Fire Marshal/Building & Onsite Sanitary Official** – 2.5% Increase
Add oversight of onsite division
2. **Assistant Onsite Sanitary Official** – 5% Increase
Primary technical advisor for onsite issues

3. **Building/Onsite Inspector or Senior Building/Onsite Inspector**
Proposed to advertise for both positions and hire one depending (as reflected in salary pay plan) on applicant pool to assist with inspections
4. **Environmental Technician**
Restore position to assist in maintaining wastewater district and eliminating backlog.

Fire Marshal/Building & Onsite Sanitary Official



Staff recommends approving these proposed personnel changes and resulting budget adjustment which includes the addition of one full time equivalent employee and reduced costs of about \$18,478 for the 2016/17 fiscal year.

The Finance Supervisor retired August 24, 2016. As of the writing of this agenda summary, the replacement position of Senior Accountant has not been filled. The finance department having been reduced from five to three as a result of the recession, and with this vacancy now being reduced to two, is struggling to maintain services, prepare for the upcoming annual financial audit, and prepare and reconcile various grant submissions. Staff recommends hiring the Senior Accountant back on a short term as needed basis from now until December 31, 2016 in order to stabilize the department and not jeopardize future funding. CalPERS allows for the hire of a retired annuitant prior to the 180 day waiting period with certification from the governing body that this person has special skills and critically needed on a short term basis to prevent stoppage of public business.

The original budget and most recent budget adjustment pertaining to this replacement included some overlap between the positions, so this is not expected to increase costs

in the department. Another financial analysis and budget adjustment will be included as part of the mid-year process as more of the variables are determined. Staff recommends approving the attached employment agreement.

2015/16 and 2016/17 Budget Status Update and Budget Adjustments

A budget performance report was ran and analyzed on all key funds. A few changes and developments have been identified which are described more completely below:

General Fund (1010):

- The final true-up receipt was received for the unwind of the sales tax triple flip. It resulted in about \$43,000 more in sales tax revenues for 2015/16 than expected. With the unwind now complete and the trend of sales tax in general being relatively flat, staff does not presently recommend a budget adjustment for 2016/17.
- The final quarter of 2015/16 transient occupancy taxes were recorded and reflect receipts about \$7,224 more than expected. One of the hotels in Town was sold during the last quarter. As much of the increase results from that hotel, and as the hotel may have generated additional business in order to encourage the sale, staff does not currently recommend a budget adjustment for 2016/17.
- The property at 1433 Bille Road has progressed through the receivership process. The majority of the expenses for administering the cleanup of this property were incurred during the 2015/16 fiscal year, but the reimbursement was received and will be accounted for in 2016/17. A \$15,000 budget adjustment for the administration and an \$8,500 budget adjustment for the payment of long standing citations is recommended for the receipt of these funds in 2016/17.
- Similarly, the Town has received a couple years of reimbursement from Peace Officer Standards and Training (POST) during 2016/17. The Town budgeted to receive \$11,000 and has received \$17,417. A budget adjustment for 2016/17 of \$6,400 is recommended for this receipt.

Animal Control Services (2070)

Recently the Town was notified that the local rendering plant will no longer allow the Town to dispose of the majority of deer it clears for the community. The Town picks up and disposes of about 125 deer a year due to the wild land/urban interface. Disposal is a unique problem for our community because not only do we have a large population of deer in the community; we also have relatively dense population without a lot of open space to allow nature to dispose of the deer without intervention.

Staff has explored many options for disposal including landfill, burial, and incineration. The solution currently (while staff is still researching other options) is to share in the City of Chico's solution. Chico is currently allowing the Town to drop deer at their facility and

a disposal company is picking them up. Chico was having the company come every other week but because of the increased volume brought by the Town, they have requested the company come once a week. In fairness they have asked the Town to pick up the increased cost of more frequent disposal. Unless another solution is identified, this will increase costs for Animal Control of about \$400.00 per month or about \$4,000 for the remainder of the fiscal year. Staff will request a budget adjustment once a solution is formalized.

Fiscal Impact:

The additional sales tax and transient occupancy tax revenues for 2015/16 will increase the general fund cash flow reserves to about \$950,000 or about 9% of operating expenses.

The recommended 2016/17 general fund budget adjustments will increase revenues \$29,900. This will eliminate the general fund deficit and create a small surplus of about \$13,265.