



**Town of Paradise  
Council Agenda Summary  
Date: November 14, 2017**

**Agenda Item: 6\_\_**

**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

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**Council Action Requested:**

1. Review and file the financial information provided by staff concerning the 2016/17 and 2017/18 operating and capital budgets, and
2. Approve staff recommended budget adjustments, and
3. Approve resolution of the Town Council of the Town of Paradise, California, approving the revision of the Salary Pay Plan for certain Town of Paradise positions, and
4. Appoint two Town Council delegates to the Animal Control Funding Committee.

**Alternative:**

Direct staff to make alternative budget adjustments, or decline to approve the resolution.

**Background:**

The 2016/17 operating and capital budgets were adopted June 20, 2016, currently all related transactions have been recorded. Independent auditors will be present the week of November 14<sup>th</sup> to audit transactions. The related financial statements and independent auditors report will be issued late December or early January.

The 2017/18 operating and capital budgets were adopted June 27, 2017. Currently about three months of transactions have been recorded. The General Fund was adopted with a balanced budget, which staff will closely monitor. Other budget highlights include:

- ✓ The use of Measure C funds to maintain services and replace equipment
- ✓ Personnel considerations including replacement of the Police Chief and the renewed CAL FIRE agreement
- ✓ Infrastructure investment through 15 capital improvement projects
- ✓ Efficiency and sustainability improvements with added general fund cash flow reserves, a \$25,000 OPEB contribution, and improved gas tax funding

The weaknesses, which staff will both monitor and attempt to remedy, include Animal Control Services sustainability, rising CalPERS pension contributions, general fund cash flow reserves less than 10%, and the expiration of Measure C in 2020/21.

**Discussion:**

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 Town's code enforcement program continues to make slow but steady progress on addressing blighted and hazardous properties for citizens of the Town of Paradise. The former Carousel Motel, off lower Skyway, has been renovated into a small quality apartment complex. Police calls for service have diminished and property values in the area are increasing.

Code enforcement has recently focused on large outdoor marijuana grows within the Town. Most have now been eliminated. Administrative citations were issued to motivate code compliance. \$13,000 was budgeted for public nuisance and hazards citations (including marijuana) and \$26,525 have been received to date. Staff recommends increasing the budget to \$28,000.

- With welcome rains, another deadly and dangerous fire season has just concluded in Butte County and across the State of California. Whenever possible and appropriate, the Town rented equipment to the State to aid in firefighting efforts. Even Engine 81, which the Town is selling to replace with a new more properly sized engine, was rented out and parked in a nearby Fire Facility to act as a reserve engine during fire season.

\$75,000 was budgeted for rental income and \$98,794 has been recorded to date. The Fire Chief estimates that at least another \$25,000 in receipts is expected. Thus, staff recommends increasing the reimbursements budget to \$125,000. Further, as committed during the budget process, any receipts over \$75,000 will be transferred to the Asset Sales Proceeds Fund (7615) to be used for future apparatus replacement. Therefore, staff recommends a transfer out of \$50,000.

Staff has continued efforts to sell Engine 81. The \$135,000 in 2016/17 CAL FIRE contract savings and the \$50,000 in rental income has replaced the cash flow reserves used to finance the new fire engine.

**Measure C:**

On October 24, 2017, the quarterly Measure C Citizens Oversight Committee meeting was held in which the final 4<sup>th</sup> quarter 2016/17 report and the 1<sup>st</sup> quarter 2017/18 to date was approved. 2016/17 concluded with receipts of \$1,355,070 as compared to

the amended budget of \$1,272,923. This is a 9.6% increase in receipts from the prior fiscal year. \$1,328,363 was used during the year to maintain public safety services and replace essential operating equipment.

The roof and windows replacement project for the police department has been completed just in time for the rainy season. \$75,000 was budgeted and \$46,670 has been spent to date.

Staff introduced some potential budget adjustments and the resulting revised financial plan. The potential 2017/18 budget adjustments include:

- Increasing the revenues budget from \$1,335,000 to \$1,368,621. This assumes a 1% increase from 2016/17.
- Decreasing the K9 program support budget from \$13,000 to \$11,000. \$9,514 was spent in 2015/16 and \$10,516 was spent in 2016/17.
- Decreasing the roof replacement budget from \$75,000 to \$47,000 as the project is complete and total expenditures to date total \$46,670.
- Increase budget by \$60,000 in order to construct a fleet repair facility and purchase another large equipment lift. Currently there are no facilities large enough to repair fire engines or other large equipment in a semi-climate controlled environment.
- Increase the reserve requirement for 2017/18 to \$203,710 from \$188,000. This adjustment is to align Town Council's request for a 10% fixed reserve with revised projected revenues.

The complete detailed amended Measure C Financial Plan is included with the agenda material, and following is a summary:

<b>Projected Revenues</b>			<b>\$8,148,431</b>
<b>Commitments for:</b>	<b>Police</b>	<b>\$2,343,028</b>	
	<b>Fire</b>	<b>2,240,849</b>	
	<b>Animal Control</b>	<b>411,741</b>	
	<b>Public Works</b>	<b>1,575,940</b>	
	<b>10% Fixed Reserve</b>	<b>814,840</b>	
	<b>Contingency Reserve</b>	<b>762,033</b>	<b>(8,148,431)</b>
<b>Net Remaining</b>			<b>0</b>

With increased projected revenues, the contingency reserve has also increased. Planned reserves now total \$1,576,873. In the 3<sup>rd</sup> of 6 years of Measure C, public safety services are being maintained by Measure C including:

- ✓ A Second Investigation Position
- ✓ Police Cadet sponsorship
- ✓ The K9 program
- ✓ Enhanced officer and dispatch training
- ✓ Maintenance of the CAL FIRE contract
- ✓ Support for two Animal Control Officers

Not discussed, but needed, is additional support for Animal Control operations, which is described more completely under the Animal Control fund below.

General Fund Fiscal Impact:

With a financially responsible administration and conservative budget practices, revenues should generally exceed expenditures once all transactions have been recorded each fiscal year. The 2016/17 fiscal year is no exception. Revenues exceeded original revenue projections by a small margin and expenditure controls kept accounts from exceeding budget limits. Following is a summary of the current General Fund position:

	<b>2016/17 Estimated Actual</b>	<b>2016/17 Revised Estimated Actual</b>	<b>2017/18 Amended Budget</b>	<b>2017/18 Proposed Budget</b>
<b>Resources</b>				
General Fund	11,095,321	11,144,816	11,453,207	11,518,207
Measure C	1,272,923	1,355,070	1,335,000	1,335,000
<b>Total Resources</b>	<b>12,368,244</b>	<b>12,499,886</b>	<b>12,788,207</b>	<b>12,853,207</b>
<b>Financial Uses</b>				
General Fund	10,991,146	10,817,317	11,444,865	11,494,865
Measure C	1,343,907	1,328,364	1,172,776	1,172,776
<b>Total Uses</b>	<b>12,335,053</b>	<b>12,145,681</b>	<b>12,617,641</b>	<b>12,667,641</b>
<b>Net Income</b>				
General Fund	104,175	327,499	8,342	23,342
Measure C	(70,984)	26,707	162,224	162,224
<b>Total Net Income</b>	<b>33,191</b>	<b>354,206</b>	<b>170,566</b>	<b>185,566</b>

<b>Designated Reserves</b>				
Nonspendable (RDA & Other)	1,964,939	1,943,326	1,930,018	1,930,018
Assigned - Abatements	20,000	20,000	20,000	20,000
Unassigned – Cash Flow	938,717	1,358,960	1,380,610	1,395,610
<b>Designated Reserves – Measure C</b>				
Assigned – Final Year	283,274	283,274	283,274	283,274
Assigned – Vehicle Payments	150,149	150,149	150,149	150,149
Assigned Fixed Reserves			188,000	188,000
Unassigned - Contingencies	141,684	239,375	213,599	213,599

With these pre-audit numbers, the General fund has achieved an unassigned cash flow reserve going into the 2017/18 fiscal year of 10.7%. With the 10% goal achieved of restoring some general operating cash flow reserves, it is time to implement a policy to protect the reserve and address other financial goals. Staff will bring forward a recommendation as part of the comprehensive mid-year budget and financial report.

***Animal Control Services (2070):***

Despite administration and police leadership efforts, Animal Control continues to have operating challenges. One of the most chronic challenges has been unfilled employment vacancies. The division has been trying to fill an Animal Control Officer position since May 2017. After exhausting all previous applicants, the division needs to start the process over and go out again for applications. Staff spent some time analyzing the situation and has reached some conclusions:

- An Animal Control Officer is a representative of the Town in delicate situations. They are responding to calls for service when dangerous or aggressive dogs are present. They are issuing citations for unleashed and unlicensed dogs. They are utilizing judgement in determining when dog barking has become excessive. They are witnesses in hearings and can be called to testify in court.
- A vacancy in the Animal Control division draws resources from both police and administrative service departments. A Police Lieutenant spends more time at Animal Control addressing operating issues when a vacancy exists. Finance and Human Resources also spend additional time addressing various issues when a vacancy exists.
- The Town’s salary pay plan for this position is the lowest in the area with arguably more responsibilities:

City	Position Title	Hourly Min	Hourly Max
Chico	Animal Control Officer I	\$ 15.41	\$ 21.28
Chico	Animal Control Officer II	\$ 17.02	\$ 23.47
Butte Co.	Animal Control Officer	\$ 15.63	\$ 20.94

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Butte Co.	Sr. Animal Control Officer	\$ 20.00	\$ 26.81
Yuba City	Animal Control Officer I	\$ 16.09	\$ 19.55
Yuba City	Animal Control Officer II	\$ 17.64	\$ 21.43
	<b>AVERAGE</b>	<b>\$ 16.97</b>	<b>\$ 22.25</b>
<b>Paradise</b>	Animal Control Officer	\$ 14.20	\$ 18.12

While increasing the salary pay plan does not guarantee a larger pool of qualified applicants, it does increase the chance that a quality individual may apply that otherwise would not. Staff recommends increasing the range of the Animal Control Officer to \$16.00 through \$20.42 to make it more competitive with the area and to compete with the salaries of other private enterprise positions.

Because the increase then exasperates the compaction of the Animal Control Supervisor, the supervisor salary was also compared:

City	Position Title	Salary Min	Salary Max
Chico	Animal Services Manager	\$ 30.15	\$ 38.48
Butte Co.	Animal Control Supervisor	\$ 18.75	\$ 25.15
Butte Co.	Animal Control Program Manager	\$ 30.00	\$ 40.20
Yuba City	Animal Services Manager	\$ 38.23	\$ 46.46
	<b>AVERAGE</b>	<b>\$ 29.28</b>	<b>\$ 37.57</b>
<b>Paradise</b>	Animal Control Supervisor	\$ 17.00	\$ 21.69

In order to retain the current Supervisor and to attract a future Supervisor (if needed), staff proposes to increase the range to \$19.00 through \$24.26 that is still well below average for the area.

This will increase costs in the division about \$15,400 annually. The estimated salary savings for 2017/18 from the current vacancy is about \$23,000, so there will actually be net salary savings for Measure C in the current fiscal year. A revised salary pay plan is attached for Town Council's consideration and approval effective November 27, 2017.

Staff recognizes that Animal Control is already underfunded and this only perpetuates the problem. However, staff cannot properly identify and address all the other operating needs while these chronic vacancies exist. This is another step in the plan to create sustainable operations for the division.

With the salary adjustments, the funds dedicated (including Measure C) for animal control and shelter operations total about \$325,000 a year. This provides 112 hours of animal control services each week and 20 hours a week that the shelter is open to the public. In comparison, Oroville contracts with Northwest SPCA and for about

\$301,000 a year. They receive a limited 40 hours of animal control service and 45.5 hours of public shelter operations.

Animal Control is at least the same, if not more important, to safety of the citizens of the Town of Paradise then shelter operations. Staff manage the disposal of over one hundred deer each year. They are involved in over 30 hearings a year for dangerous and code violating animals. They enforce State law, which prevents the spread of rabies. Dispatch records indicate that about 1,000 Animal Control incidents are reported each year ranging from dogs running loose to animal cruelty.

Staff have been in continuing contact with Butte Humane Society since about June 2017. While they are at least initially receptive to the idea of providing sheltering services, they currently are not interested nor have the capacity to provide Animal Control services.

As Town Council is well aware. Measure N, the \$12 per parcel annual assessment for Animal Control Services only provides \$132,362 of needed funding. This means that over \$190,000 is needed from fees for services or other funding sources to maintain a minimum level of service now that donation funds have been depleted.

Finally, the Town Manager proposes to convene a committee of stakeholders to continue the discussion and options for Animal Control funding. The discussion will include the merits of continued use of Measure C funds, Measure N funds, fundraising and any grant opportunities. Essential to the discussions would be two members of Town Council, two members of the Measure C committee, Paradise Animal Shelter Helpers (PASH) representatives, Police Department, and Administrative Services.

**Capital Improvement Projects (2100):**

Final transactions have been recorded for financial statement reporting of Capital Improvement Projects for the 2016/17 fiscal year. The financial statements will reflect progress of \$2.3 million in projects as follows:

9367 Clark Road Safety Enhancements	8,306.82
9368 Cypress Curve Realignment	75,960.97
9370 Pearson Rd Shoulder	410,212.56
9371 Pearson SR2S	601,037.23
9372 Maxwell SR2S	25,691.02
9376 Paradise Sewer Project	292,604.40
9377 Almond St Multi-Modal Improvements	144,317.97
9378 Memorial Trailway Enhancements	10,720.03
9379 Downtown Paradise Equal Mob	57,489.51
9380 Ponderosa SR2S	112,830.12
9381 2016 Road Rehab Project	500,913.53
9382 Skyway/Black Olive Signal	68,884.87
9383 Pearson Road Bike-Ped Improvements	1,349.68
9384 Paradise Systemic Safety Analysis	479.51

9388 Greenwood Drive FEMA	672.70
Total	2,311,470.92

Another \$5.3 million is budgeted for the current 2017/18 fiscal year, and the current Capital Improvement Plan spanning several years, projects a total of \$15.6 million.

**Conclusion:**

In conclusion, the General Fund budget remains balanced, and cash flow reserves have been restored to a functional 10%. Challenges remain however, as Measure C is currently funding some ongoing expenses, and fixed costs. Personnel expenses make up a large portion of the budget and are on the rise.

Animal Control sustainability remains an ongoing concern and is a priority for Town consideration.