

# Town of Paradise



Fiscal Year 2018/19 Operating and Capital  
Budget Review & Financial Report

March 12, 2019






# **Fiscal Year 2018/19 Budget Update and Financial Review**

# Objectives of the Budget Update and Financial Review


1. Review and approve budget adjustments
2. Approve purchase of three Police Ford Interceptors
3. Approve termination of 2018/19 TRAN
4. Approve reclassification of two Public Works employees
5. Authorize Classification and Total Compensation Study
6. Approve changes to procurement policy
7. Provide direction to schedule a Town Council goal setting workshop to discuss 2019/20 budget priorities



# Background



June 26, 2018  
2018/19 Budget  
Adopted



- “Stay the Course”
- Waiting for  
11/6/18 Election  
for Measure V

November 8, 2018  
Camp Fire



March 2019  
Forming  
Financial  
Recovery  
Plan

- Continuity of  
government
- Restoration
- Opportunities





# 2018/19 Operating and Capital Budget Update

# General Fund



# General Fund Revenues

	2017/18 Estimated Actual	2018/19 Amended Budget	2018/19 Proposed Budget	2018/19 Proposed Budget Adjustments
Measure C	1,368,621	1,382,307	551,675	(830,632)
Non Department	11,306,348	11,577,202	9,645,203	(1,932,000)
Finance	20,340	20,100	10,058	(10,042)
Police	69,427	66,052	81,607	15,555
Fire	203,169	84,876	29,000	(55,876)
Planning	99,031	54,805	23,396	(31,409)
Waste Management	38,316	42,445	17,437	(25,008)
Engineering	32,026	68,831	32,105	(36,726)
Community Park	2,920	2,500	2,500	0
<b>Totals</b>	<b>13,140,199</b>	<b>13,299,118</b>	<b>10,392,981</b>	<b>(2,906,138)</b>



# Property Tax

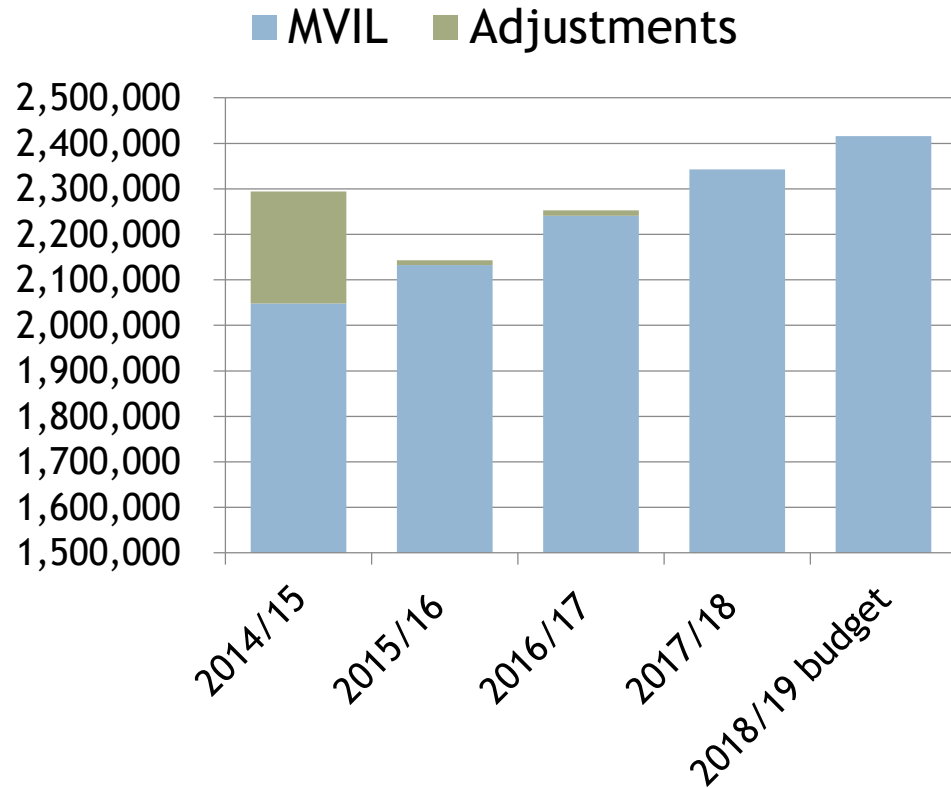
	2017/18 Estimated Actual	2018/19 Amended Budget	2018/19 Proposed Budget	2018/19 Budget Adjustments
Secured	\$4,716,372	\$4,905,026	\$4,905,026	\$0
Unsecured	233,304	235,637	249,183	13,546
RDA Residual	19,544	13,781	0	(13,781)
Supplemental	69,865	71,262	60,000	(11,262)
Homeowners Apportionment	65,294	65,294	65,294	0
<b>Totals</b>	<b>\$5,104,379</b>	<b>\$5,291,000</b>	<b>\$5,279,503</b>	<b>(\$11,497)</b>

- Property owners will pay prorated tax bill for 2018/19
- Assuming 300 - 400 structures are rebuilt each year, it will take 20 to 30 years for the Town to regain tax base
- State likely to backfill property taxes for 3 years
  - Will not make Town whole in all areas





# Motor Vehicle in Lieu (MVIL)



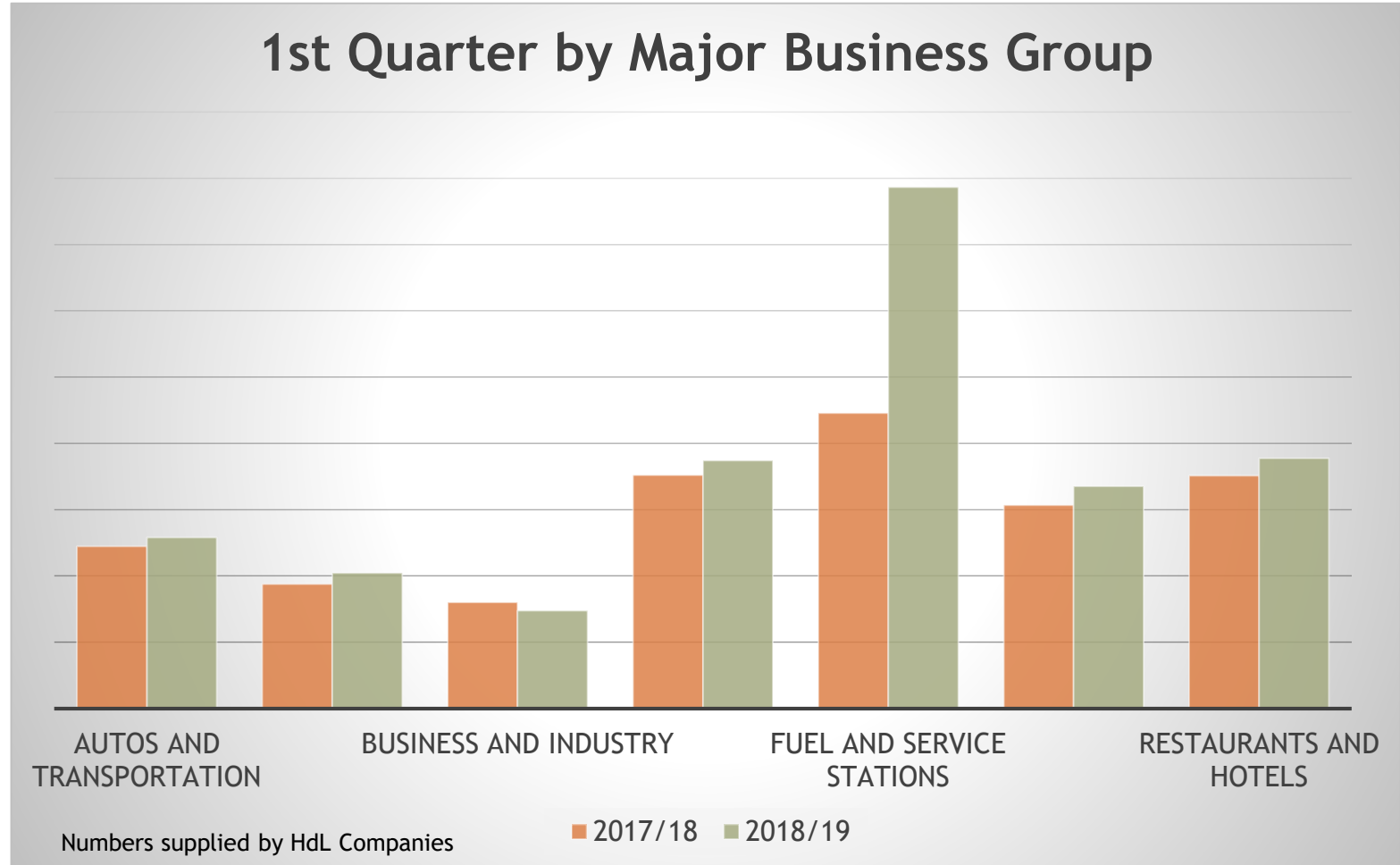
- 2<sup>nd</sup> Largest General Fund Revenue Source
- Paid by the County as a function of property tax values
- State likely to backfill with property taxes for 3 years



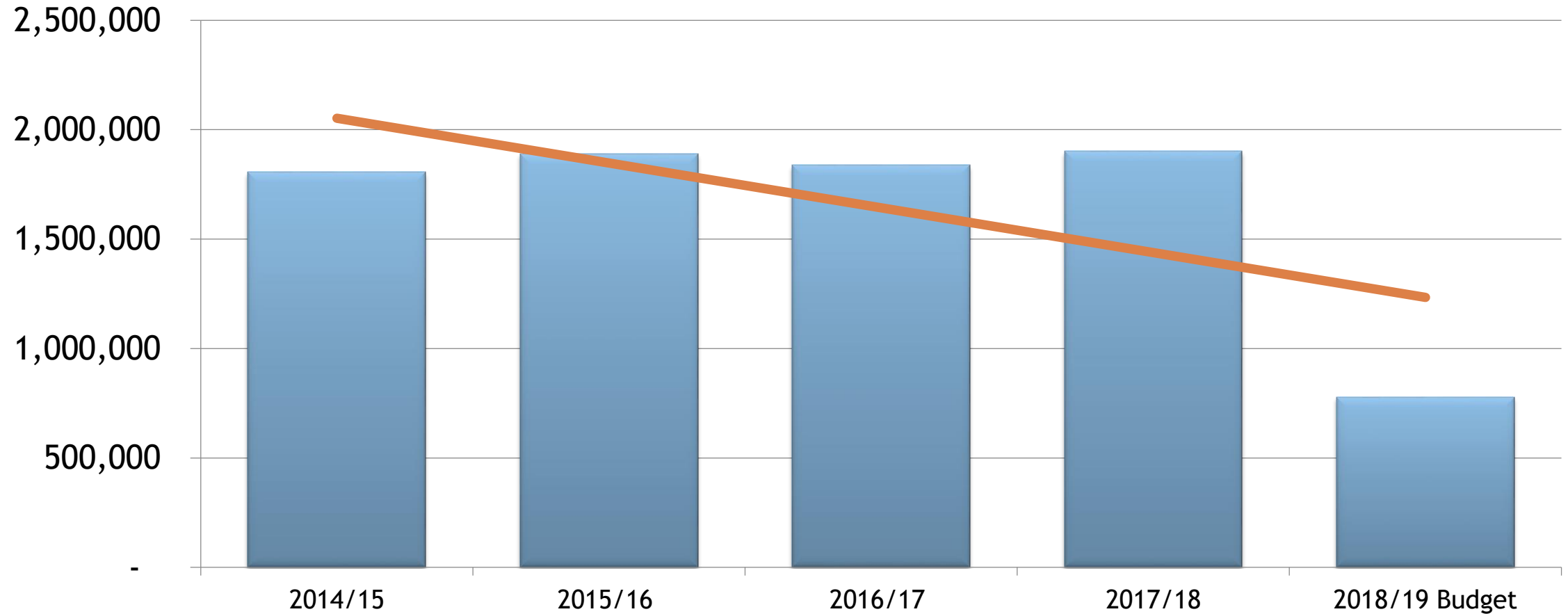
# 1<sup>st</sup> Quarter Sales Tax

Before the Camp Fire

- 6 business groups increasing and 1 decreasing
- Gasoline sales are single largest contributor



# Sales Tax



\$1.15 million decrease



# Other Revenues

## Franchise Fees

One full quarter

Prorated 2<sup>nd</sup> Quarter

**Expect Revenues drop from  
\$1.0 million to \$410,000**

## Transient Occupancy Tax

One full quarter & prorated  
2<sup>nd</sup> Quarter

1 Hotel Standing & may  
reopen Summer 2019

**Budget reduced from  
\$242,000 to \$114,000**



# Department Revenues

## Police Services

- PG&E funded extra security for their workers- \$31,000
  - Offset some other lost service revenue
- **\$15,500 budget increase**

## Fire Services

- Rental Income:
  - 2018/19 \$21,879 received
  - 2017/18 \$187,836
  - 2016/17 \$71,229
  - 2015/16 \$89,635
  - **\$56,000 budget decrease**

## Planning & Engineering

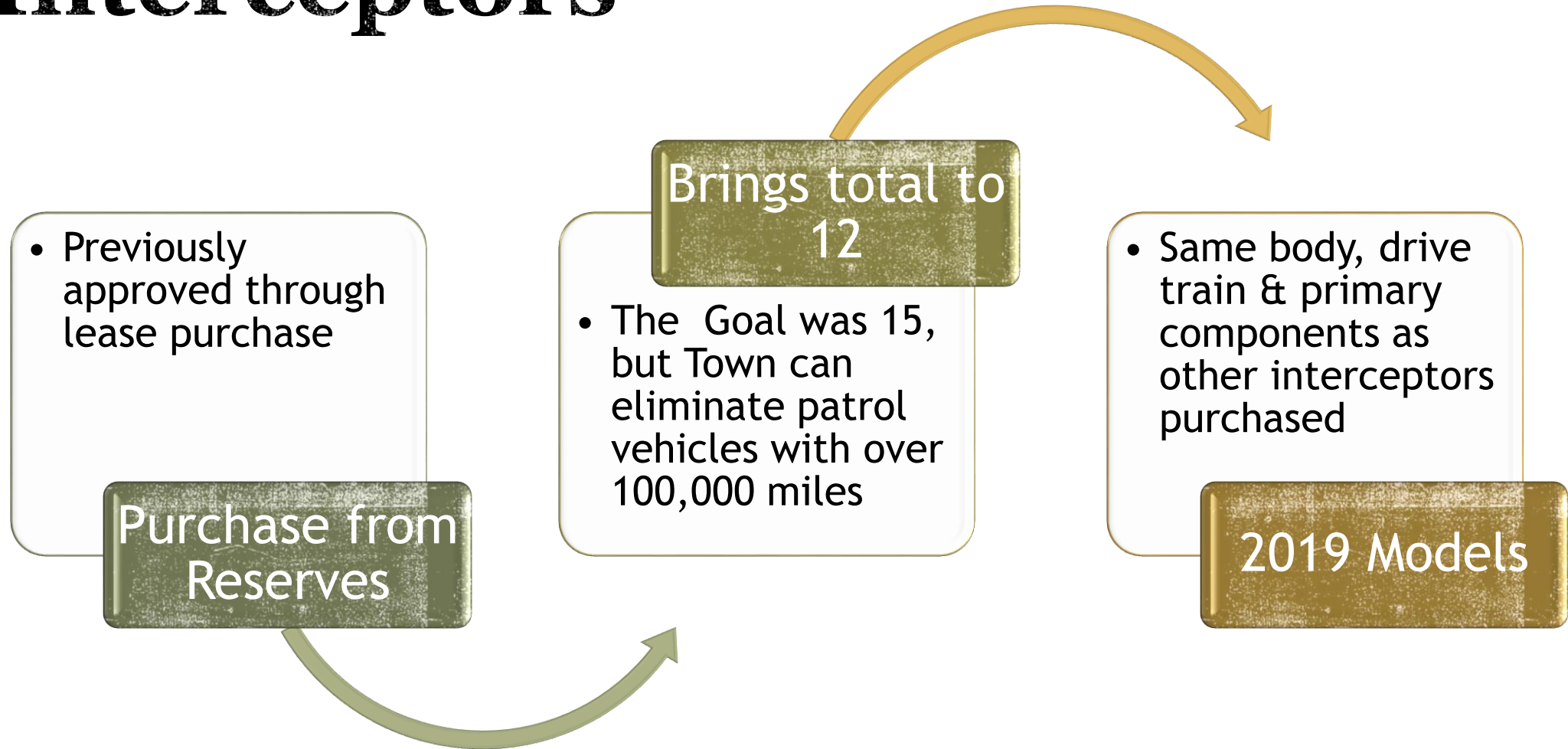
- Focus shift to rebuild efforts
- **Planning \$31,000 budget decrease**
- **Engineering \$36,000 budget decrease**



# 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”*

# Purchase 3 Ford Police Interceptors



# Proposed 2018/19 Measure C Budget

Police Department		2018/19 Amended Budget	2018/19 Proposed Budget	2018/19 Budget Adjustment s
	2 <sup>nd</sup> Investigator	\$172,070	\$85,609	\$(86,461)
	Police Cadets (1)	27,924	27,924	0
	Police Cars	100,000	218,215	118,215
	Body Cameras	5,917	5,917	0
	Department Training	15,000	15,000	0
	K-9 Program	10,005	10,005	0
	<b>Totals</b>	<b>\$330,916</b>	<b>\$362,670</b>	<b>\$31,754</b>





# Proposed 2018/19 Measure C Budget

Animal Control	2018/19 Amended Budget	2018/19 Proposed Budget	2018/19 Budget Adjustments
Concrete Repairs	\$6,200	\$6,200	\$0
Rendering Setup & Maintenance	13,227	13,227	0
Additional Support to Maintain Services	168,806	158,599	(10,207)
Totals	\$188,233	\$178,026	\$(10,207)



# Proposed 2018/19 Measure C Budget

Fire Department		2018/19 Amended Budget	2018/19 Proposed Budget	2018/19 Budget Adjustments
	CAL FIRE Contract	\$250,000	\$120,000	\$(130,000)
	Fire Engines 81 & 82	167,183	167,183	0
	Electrical Panel & Transfer Switch	8,250	8,250	0
	Totals	\$425,433	\$295,433	\$(130,000)



# Proposed 2018/19 Measure C Budget

Public Works	2018/19 Amended Budget	2018/19 Proposed Budget	2018/19 Budget Adjustments
Ponderosa Safe Routes to School	\$36,000	\$0	\$(36,000)
Fleet Bay and Lift	21,357	21,357	0
Totals	\$57,657	\$21,357	\$(36,000)
Measure C Grand Total	\$1,001,939	\$857,486	(\$144,453)



# Measure C Proposed Financial Plan (2015/16 – 2020/21)

Projected Revenues			\$5,059,137
Ongoing Commitments for:	Police		\$1,587,004
	Fire		1,743,013
	Animal Control		666,352
	Public Works		1,062,768
	Reserves	0	(5,059,137)
Net Remaining			\$0



# General Fund Expenses

	2017/18 Estimated Actual	2018/19 Amended Budget	2018/19 Proposed Budget	2018/19 Budget Adjustments
Measure C	\$1,140,659	\$1,001,939	\$857,486	(\$144,453)
Non Department	1,333,762	1,087,054	1,053,787	(33,267)
Administration	1,607,715	1,699,871	1,711,712	11,841
Police	4,196,298	4,496,396	4,091,534	(404,862)
Fire	3,946,792	4,115,870	3,275,977	(839,893)
Community Develop.	210,842	214,466	213,795	(671)
Public Works	330,157	319,886	315,157	(4,729)
<b>Totals</b>	<b>\$12,766,225</b>	<b>\$12,935,482</b>	<b>\$11,519,448</b>	<b>\$(1,416,034)</b>



# Non Department

Terminate  
TRAN credit  
line

Save \$29,000 in  
interest and fees

Postpone  
OPEB (GASB  
45) Trust  
Contributions

Saves \$17,500 in  
General Fund  
and \$5,000 in  
Building Safety &  
Wastewater Fund



# Administration

Recommended budget increase  
\$11,841 - primarily from

- \$22,500 less from technology replacement surcharge
- Offset by \$10,000 in November 2018 election cost savings

✓ Town Council	(295)
✓ Town Clerk	(10,035)
✓ Town Manager	9
✓ Central Services	(2,399)
✓ Information Technology	23,071
✓ HR and Risk Management	(55)
✓ Legal Services	0
✓ Finance	392
✓ Rental Properties	(1,346)
✓ Emergency Operation Center	2,499



# Police Department

## Administration

- Postpone filling 2<sup>nd</sup> Lieutenant vacancy
- Postpone purchasing some equipment on lease purchase
- **Recommend decrease \$120,000**

## Operations

- Evolving operations
- Lost some officers with more to follow
- **Recommend decrease \$175,000**

## Communications

- Additional staffing vacancies expected
- Operations housed at Butte County Sheriff temporarily - can be performed at either location
- **Recommend decrease \$109,000**



# Fire Department

## Administration

Utility savings  
from Station 82

**Recommend  
decrease \$4,812**

## Suppression

Temporary  
reduced staffing  
from 6 to 4 per  
shift

Requesting State  
to absorb CAL  
FIRE contract  
temporarily

**Recommend  
decrease  
\$830,000**

## Volunteer Program

Program reduced  
to 2

**Recommend  
decrease \$4,300**



# Community Development and Public Works

✓ Planning	558
✓ Waste Management	(1,229)
✓ Engineering	953
✓ Paradise Community Park	(656)
✓ Public Facilities	0
✓ Fleet Management	(5,026)

In total adjustments are insignificant with increases and decreases to accommodate changing operational needs



# General Fund Summary

	2017/18 Estimated Actual	2018/19 Amended Budget	2018/19 Proposed Budget	2018/19 Budget Adjustments
Measure C Revenues	\$1,368,621	\$1,382,307	\$551,675	\$(830,632)
Measure C Expenses	1,140,659	1,001,939	857,486	(144,453)
Measure C Net Income	\$227,962	\$380,368	\$(305,811)	\$(686,179)
GF Revenues	\$11,771,578	\$11,916,811	\$9,841,306	\$(2,075,506)
GF Expenses	11,625,566	11,933,543	10,661,962	(1,271,581)
GF Net Income	\$146,012	\$(16,732)	\$(820,657)	\$(803,925)
Measure C Fund Balance	\$900,760	\$1,281,128	\$594,949	
GF Fund Balance	2,864,236	2,847,504	2,026,847	
Total Fund Balance	\$3,764,996	\$4,128,632	\$2,621,796	



# General Fund Reserves

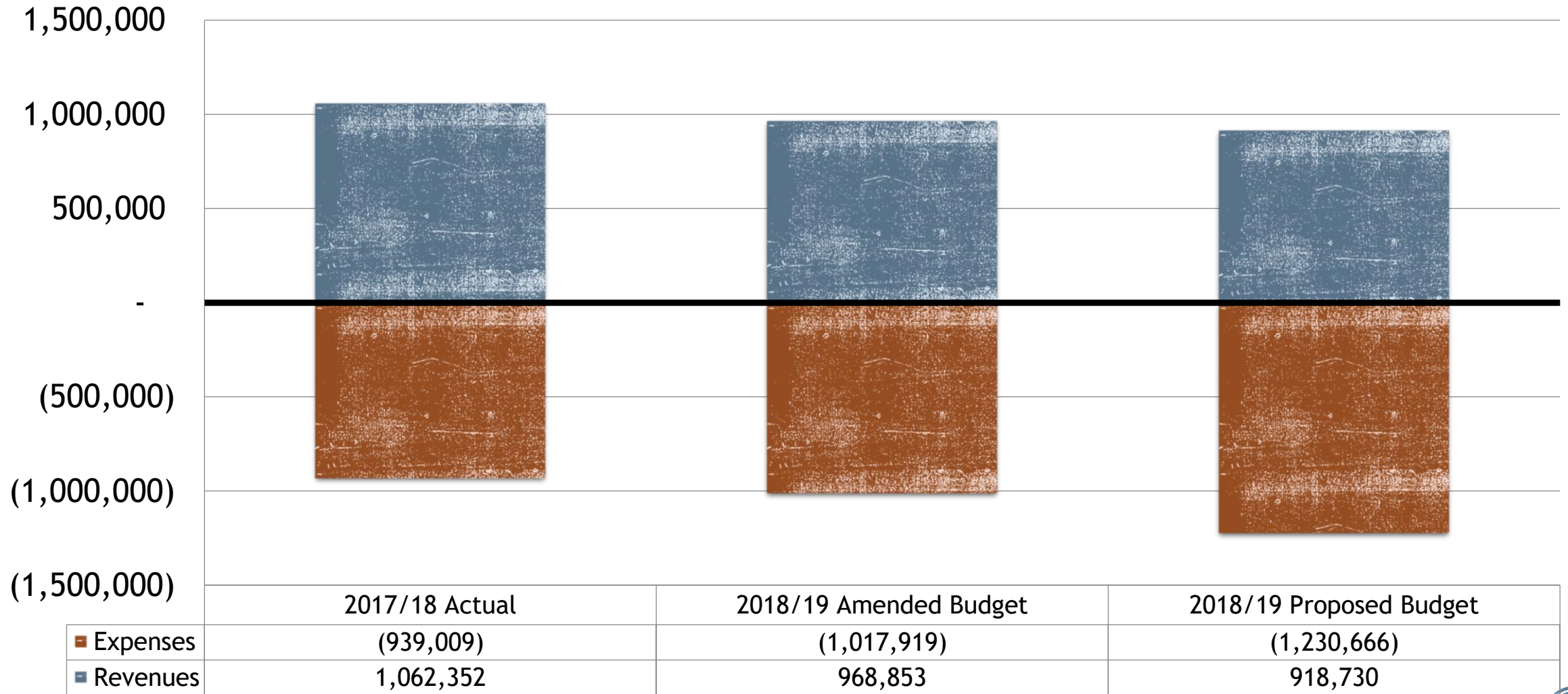
	2017/18 Estimated Actual	2018/19 Amended Budget	2018/19 Proposed Budget
Designated Reserves - Measure C			
Police Vehicle Payments	174,637	177,454	20,637
Fixed Reserve	203,711	407,422	407,422
Contingencies	522,412	696,252	166,890
Designated Reserves			
Nonspendable	1,351,510	1,311,643	1,311,643
Property Abatements	20,000	20,000	20,000
Cash Flow	1,492,726	1,515,861	695,205



# Building Safety and Wastewater Fund



# 2030 – Building Safety & Wastewater Services



<b>Fund Balance</b>	606,583	557,517	294,647
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# Building Safety and Wastewater Services

## Revenues

- Rebuild is in stage of infancy
- Most revenues will decrease
- Collecting annual onsite permit fees a concern in future years
- **Recommend decrease \$50,000**

## Expenses

- Continued vacancy of Building Official/Fire Marshal
- Propose Community Development Staffing Contract
- **Recommended increase \$213,000**

## Fiscal Impact

- Will use \$312,000 of reserves this fiscal year.
- Will leave \$295,000
- Need to carefully find balance between sustaining services and affordability
  - Exploring insurance and grant funding

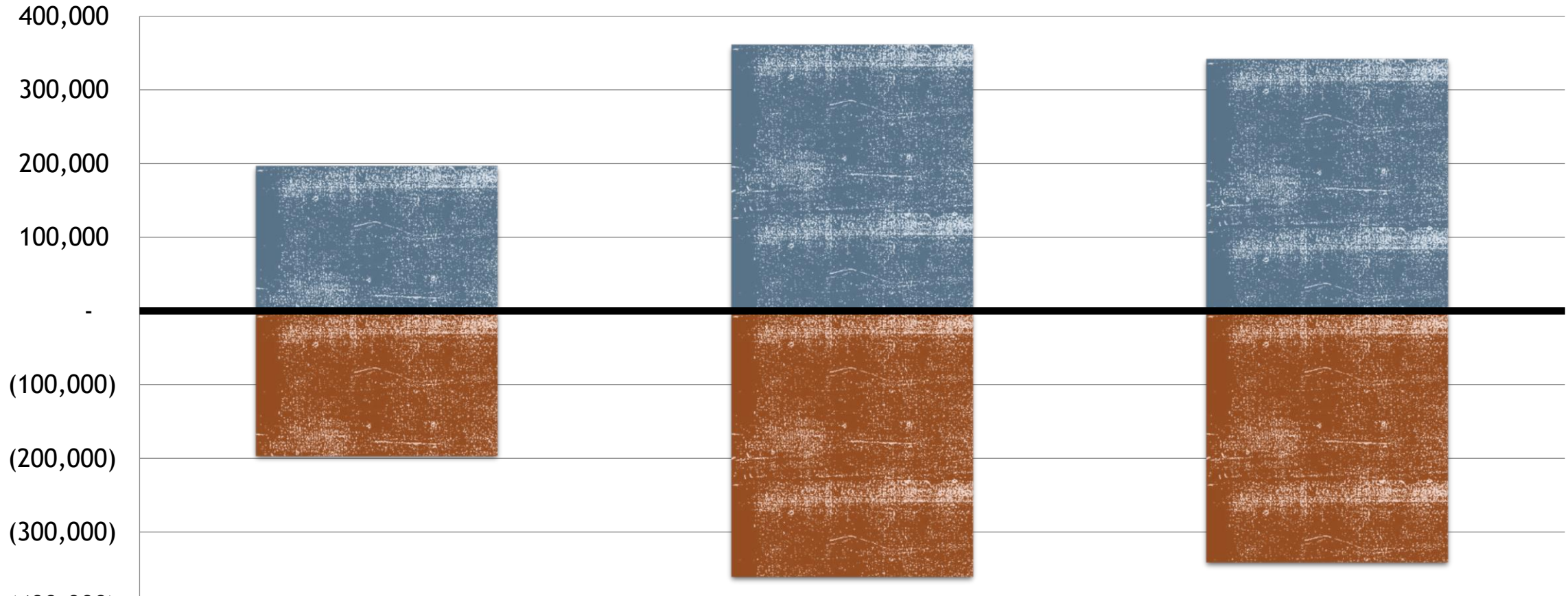


# Animal Control Services Fund





# 2070 – Animal Control Services



	2017/18 Actual	2018/19 Amended Budget	2018/19 Proposed Budget
Expenses	(198,107)	(362,470)	(343,057)
Revenues	197,900	362,470	343,264

Fund Balance	(207)	(207)	-
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# Animal Control Services Highlights

## Revenues

- Expect reductions in citations and dog licenses
- Measure C contribution reduced \$10,000
- Will use \$20,000 of donations to balance fund (leaves \$27,000)

## Expenses

- Salary savings from part time shelter assistant
- Postpone training
- Propose decrease of about \$19,000

## Fiscal Impact

- Measure N at \$12 per parcel per year funds \$132,000 of funding for a \$340,000 operation



# Camp Fire 2018 Fund



# 2090 – Camp Fire 2018



	2017/18 Actual	2018/19 Amended Budget	2018/19 Proposed Budget
Expenses			(2,138,664)
Revenues			6,500,000

<b>Fund Balance</b>	<b>0</b>	<b>0</b>	<b>4,361,336</b>
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# Camp Fire 2018 Highlights

## Revenues

- \$1.5 million insurance advance
- \$5 million advance against public assistance FEMA/Cal OES program

## Expenses

- \$1.1 million spent to date on emergency response, tree removal, culvert repairs, and facilities repairs
- Expect incurred expenses of \$2.1 million by end of 2018/19
- Deductibles apply to insurance and matching requirements for public assistance

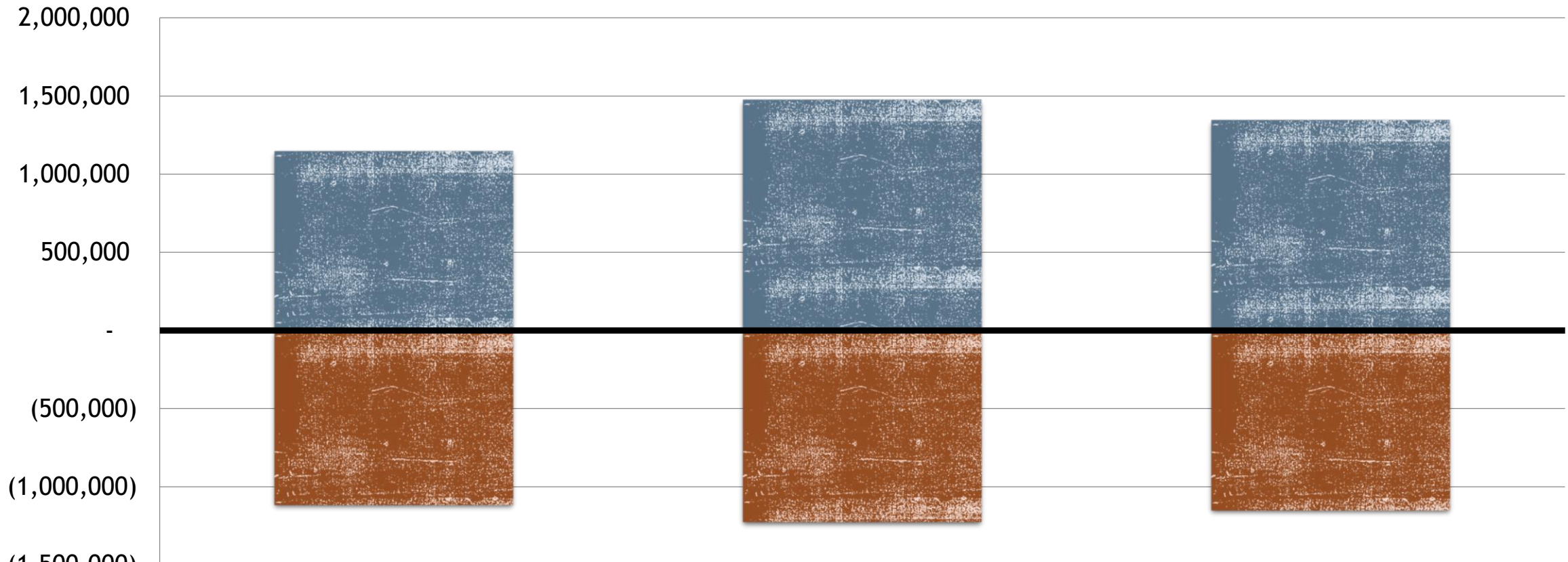
## Fiscal Impact

- Will seek additional advances from insurance and State as needed

# Gas Tax/Street Maintenance Fund



# 2120 – Gas Tax/Street Maintenance Services



	2017/18 Actual	2018/19 Amended Budget	2018/19 Proposed Budget
Expenses	(1,125,971)	(1,235,103)	(1,157,239)
Revenues	1,152,979	1,480,319	1,349,009

Fund Balance	117,997	363,213	309,767
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# Gas Tax/Street Maintenance Highlights

## Revenues

Revised estimate results in less than expected funding

Postponed CIP projects results in less salary reimbursed

Funding protected until 2021 and advocating for continued protection

**Propose decrease \$131,000**

## Expenses

Propose reclassification of 2 Maintenance I workers to Maintenance II (Current vacancy offsets cost)

Expect savings in repair and maintenance accounts

**Propose decrease \$78,000**

## Fiscal Impact

Will add \$53,000 less to reserves than expected

Trying to built reserves for CIP grant match

Ending reserves \$310,000





# Personnel Classification and Total Compensation Study

# Alarming Trend



# Fewer employees with increased workload

114 positions in 2009

72 positions (at time of RFQ) in 2019

Duties already combined and reallocated

Camp Fire has added exponentially to already heavy workloads



# Request for Qualifications (RFQ)

- In an effort to attract and retain qualified employees, at the direction of Town Council, an RFQ was issued for a classification and compensation study (with optional organizational structure review)
- It is undocumented when last town-wide study was completed
- The Town has adjusted positions and created new classifications over the years as needed

Employee Type	Number of Active Classifications	Approved Headcount
Management	5	5
Police Mgt & Mid-Mgt	2	3
Confidential & Mid-Mgt	11	11
Police Officers Association	4	27
General Employees Unit	17	21
Part-time, no group, no benefits	4	5
ALL GROUPS TOTAL	45	72



# Classification and Compensation Study

RFQ sent to five recommended firms

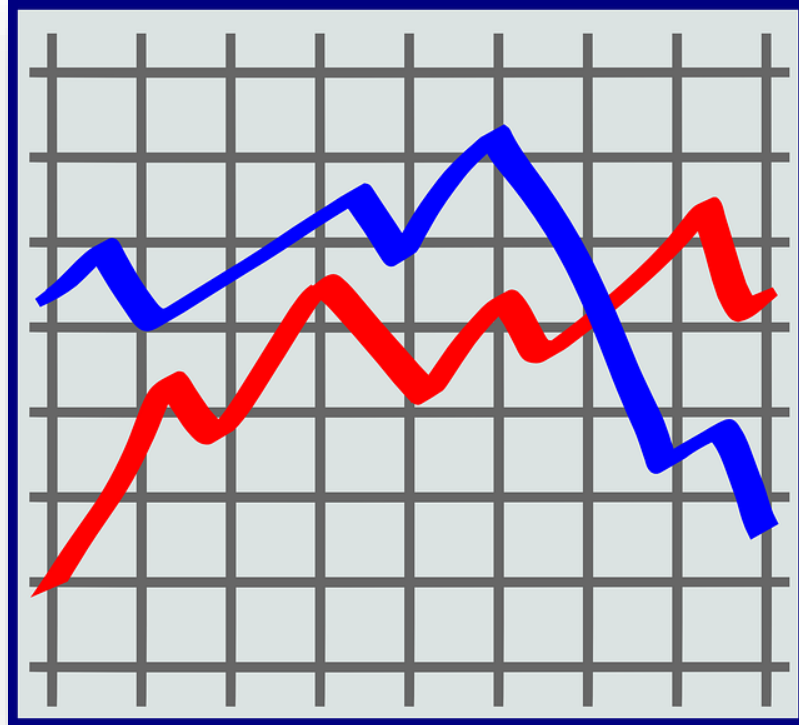
Deliverables include

- Classification plan with updated job descriptions
- Compensation comparisons, benchmarking, internal alignment and recommendations
- Organizational comparison and considers disaster recovery
- Final report and presentation to Town Council

Received response from Koff & Associates by deadline

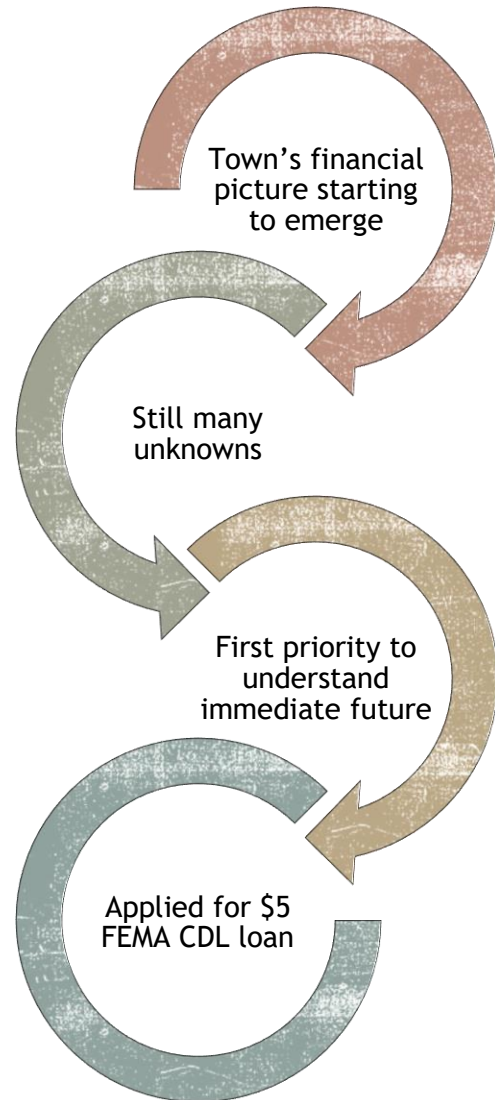
- Highly recommended
- Not to exceed \$58,424 for classification and compensation study
- Not to exceed \$19,296 for organizational study
- Will seek reimbursement through “Extra Expense” provision of insurance claim





# General Fund Projections

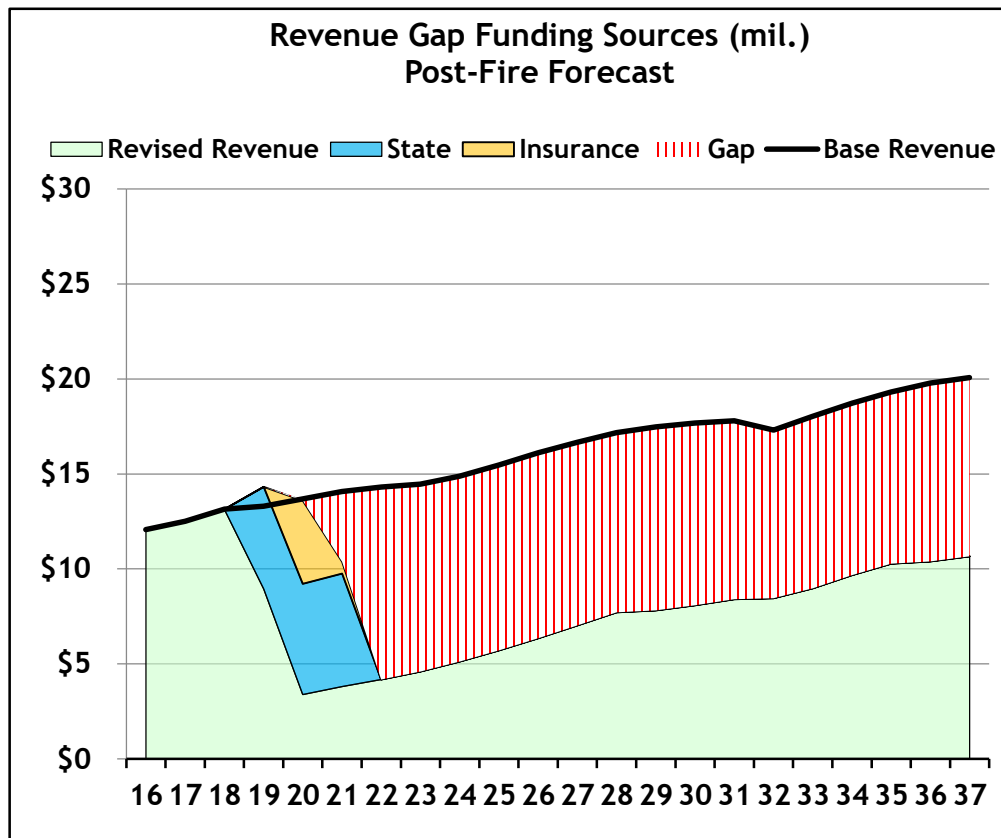
# General Fund 2019/20 Budget Projection



- Assumes property taxes included MVIL are backfilled from the State, 59% of the budget remains whole
- Assumes that most other major revenues (sales tax, Measure C, Franchise Fees, TOT) drop substantially
- Assumes attrition of five police officers and 2<sup>nd</sup> police lieutenant remains vacant
- Assumes CAL FIRE contract remains reduced by 1/3.
- Revenues are estimated at \$9.2 million and expenses at 11 million
- Assumes expenses will exceed revenues by \$1.8 million



# General Fund Long Range Projection

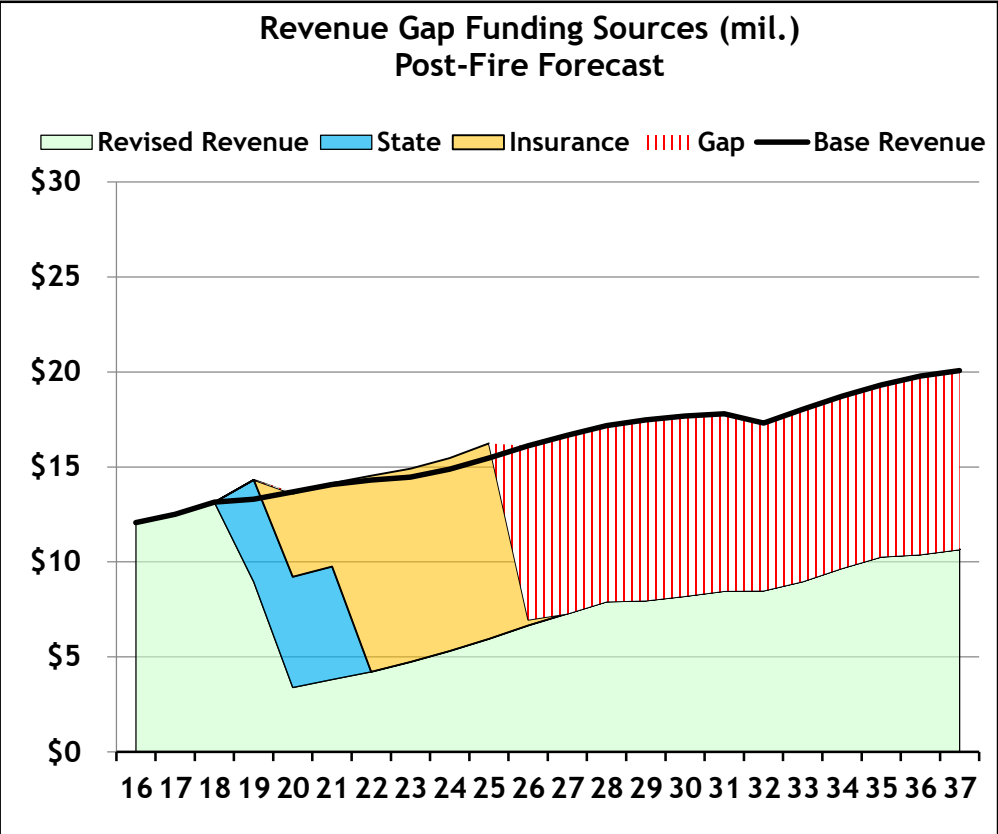


- Robert Leland of Management Partners donated a financial projection tool for modeling recovery from Camp Fire
- Missing piece to the Town's financial outlook is the insurance settlement for lost tax revenue
- This projection assumes State property tax backfill for 3 years and \$5 million insurance settlement
- Leaves gap of \$156 million over 18 years





# General Fund Long Range Projection



- This projection assumes State property tax backfill for 3 years and \$50 million insurance settlement
- Leaves gap of \$111 million over 18 years
- Obviously the bigger the settlement the smaller the funding gap





# Beginning of Town of Paradise Financial Recovery Plan

## Continuity of Government

Insurance Claim for Lost Tax Revenue and Extra Expenses

FEMA Catastrophic Disaster Loan (forgivable after 5 years)

### Legislative Requests

- Property, Sales and Gas Tax backfills - 3 Yr . Property Tax backfill proposed
- Absorb CAL FIRE contract

## Restoration

### Insurance

- Restore and Repair Facilities
- Repair or Replace Equipment and Vehicles
- Restore and Repair Infrastructure

### FEMA Public Assistance

- Picks up where insurance leaves off
- Debris and Tree Removal
- Restore Roads

## Opportunities

### Hazard Mitigation Programs

- Build Fire Station at Pentz and Pearson
- Early Warning System
- Improved Culverts
- Road improvements

Sewer



# Purchasing Supplies & Services

# Recommend Amendment to Purchasing Policy (Ordinance 341)

- Camp Fire has increased procurement frequency
- Policy has not been updated for over 18 years
- Current policy inefficient and costly
- Recommend changes to sections 2.45.080 and 2.45.090

	Micro-purchase	Small purchase	Large Purchase
	Reasonable purchasing	Informal bid process - at least 3 quotes	Formal bid process - Formal notice and Town Council approval
Federal guidelines	< \$10,000	\$10,000 - \$250,000	> \$250,000
Town Currently	< \$500	\$500 - \$5,000	> \$5,000
<b>Town Proposed</b>	<b>&lt; \$1,000</b>	<b>\$1,000 - \$25,000</b>	<b>&gt; \$25,000</b>





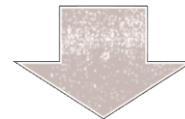
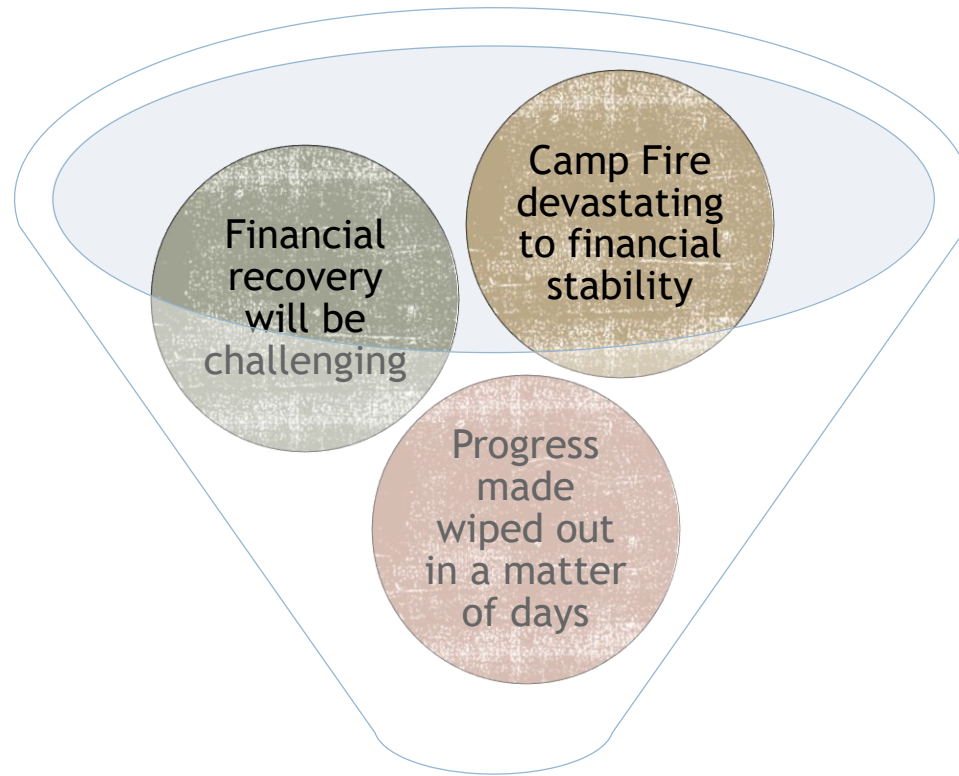
# 2019/20 Budget Adoption

# 2019/20 Budget Adoption Timeline

- March 2019 - Town Council goal setting workshop
- Early April 2019 - Budget Discussions with Finance Committee
- Early April 2019 - Budget Packages to Departments
- April and May - Town Council and Measure C Citizens Oversight Committee Budget Updates
- Late May 2019 - Budget Discussions with Finance Committee
- Early to mid June 2019 - Preliminary Budget Provide to Town Council for Review
- Late June 2019 - Adoption of 2019/20 Budget



# Conclusion



Opportunity for stronger  
and more resilient Paradise





# Recommendations

1. Review and approve budget adjustments
2. Approve purchase of three Police Ford Interceptors
3. Approve termination of 2018/19 TRAN
4. Approve reclassification of two Public Works employees
5. Authorize Classification and Total Compensation Study
6. Approve changes to procurement policy
7. Provide direction to schedule a Town Council goal setting workshop to discuss 2019/20 budget priorities





**Questions**