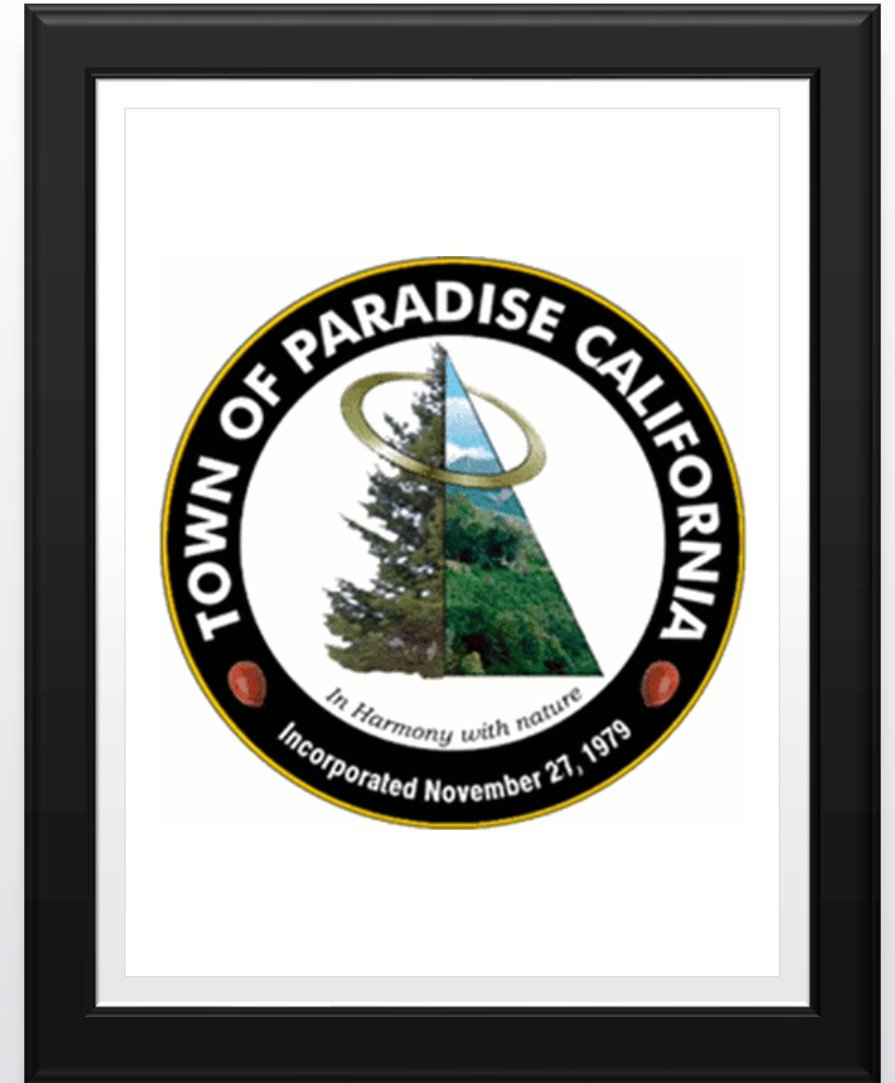




Town of Paradise

Fiscal Year 2019/20 Operating and Capital Budget
Review & Financial Report

February 11, 2020





November 8, 2018

Camp Fire



August 13, 2019

2019/20 Capital and
Operating Budget
Adopted

Financial Impacts of Camp
Fire required additional
time to adopt meaningful
budget



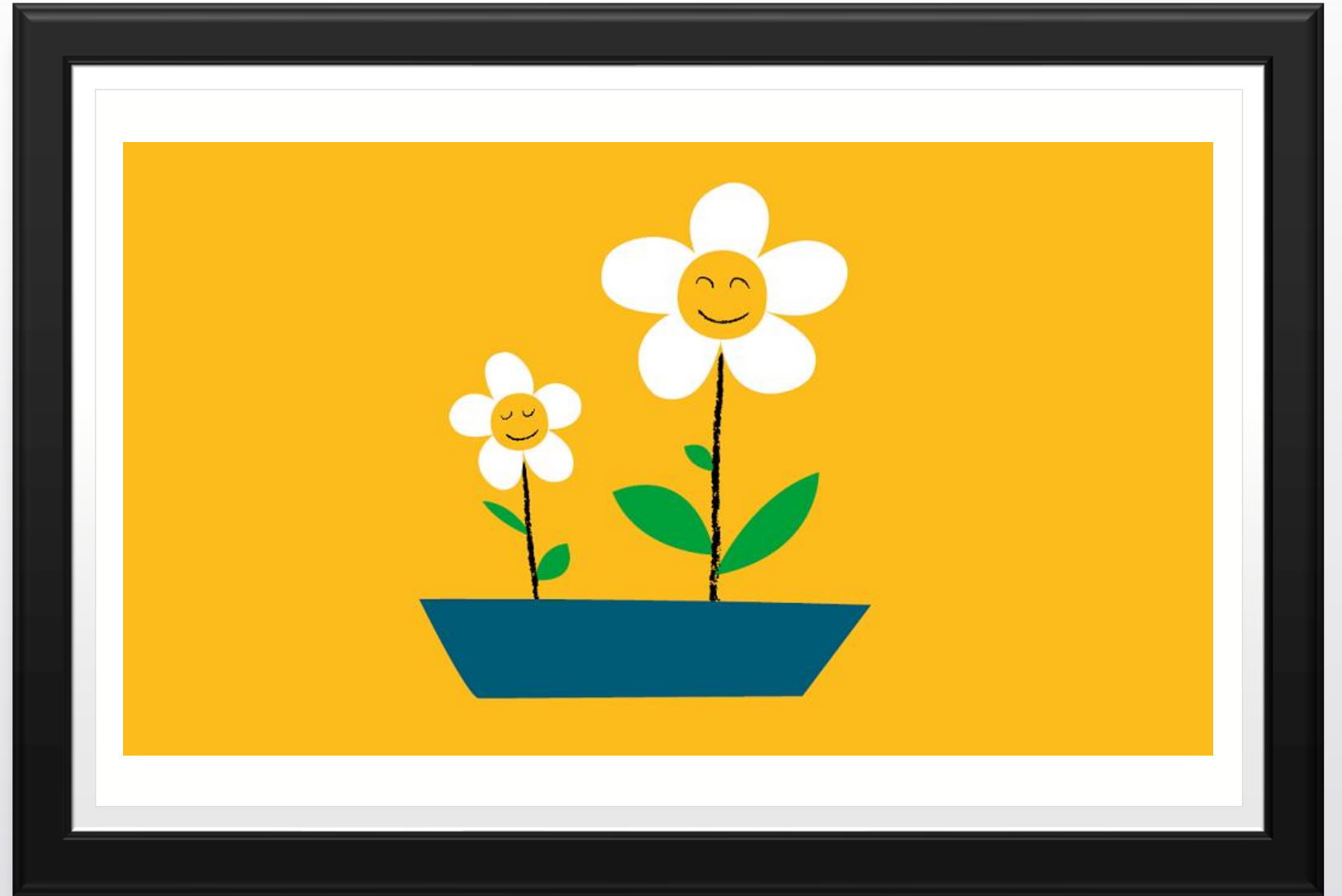
February 11, 2020

15 months after the Camp
Fire

- Tremendous progress made with patient, positive & persistent staff
- Finances & budget still very dynamic
- The mid-year budget is updated with the best estimates & assumptions currently known



Personnel Update



Status of Authorized Vacant Positions

Filled Positions

- Public Works Director/Town Engineer
- Senior Mechanic
- Maintenance Worker II (2/24/20)

Police Operations

- Officers – 1 Filled; 1 in Academy; 1 to Recruit
- Sergeants – 1 Filled; 1 in Background

Recruitment Closed & Interviews Scheduled

- Associate Planner
- Housing Program Technician
- Management Analyst
- Procurement Officer

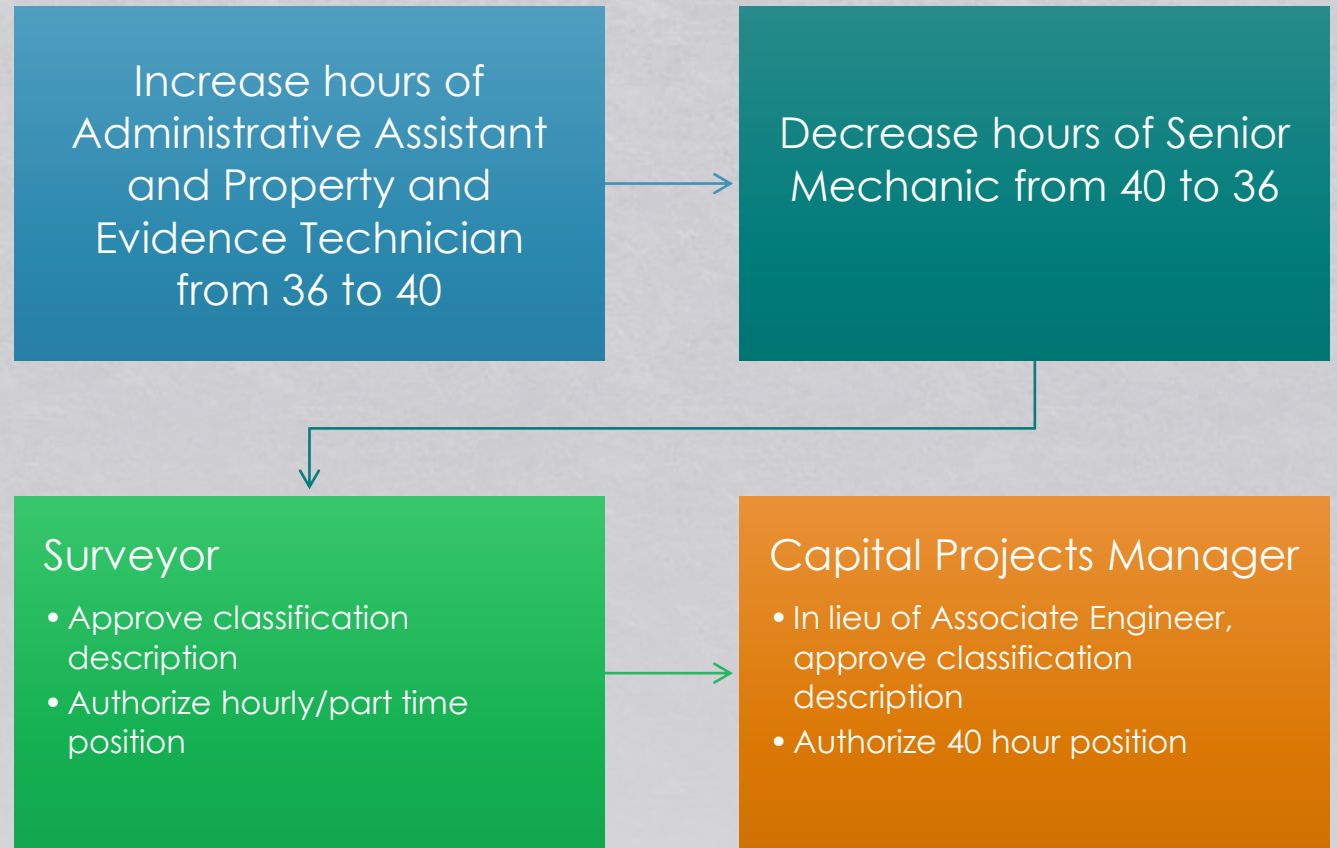
Internal Recruitments

- Administrative Assistant (Police)
- Property & Evidence Technician

Recruitment Started

- Disaster Recovery Director (Interim in place)
- Grant Administrator

Position Control Updates through Salary Pay Plan





Grant Award





Grant for Grants Administrator Position



Position to pursue & administer grants



\$226,883 100% 1st Year 50% 2nd & 3rd Year



Recommend Conditional Acceptance

Accept 1st Year
Conditionally Accept 2nd & 3rd Year



North Valley Community Foundation & the Butte Strong Fund are Vested in Town Recovery



They can be approached for additional funding if match can't be funded



2019/20 Operating and Capital Budget Update





Patience
is a practice
in trust.
— jim

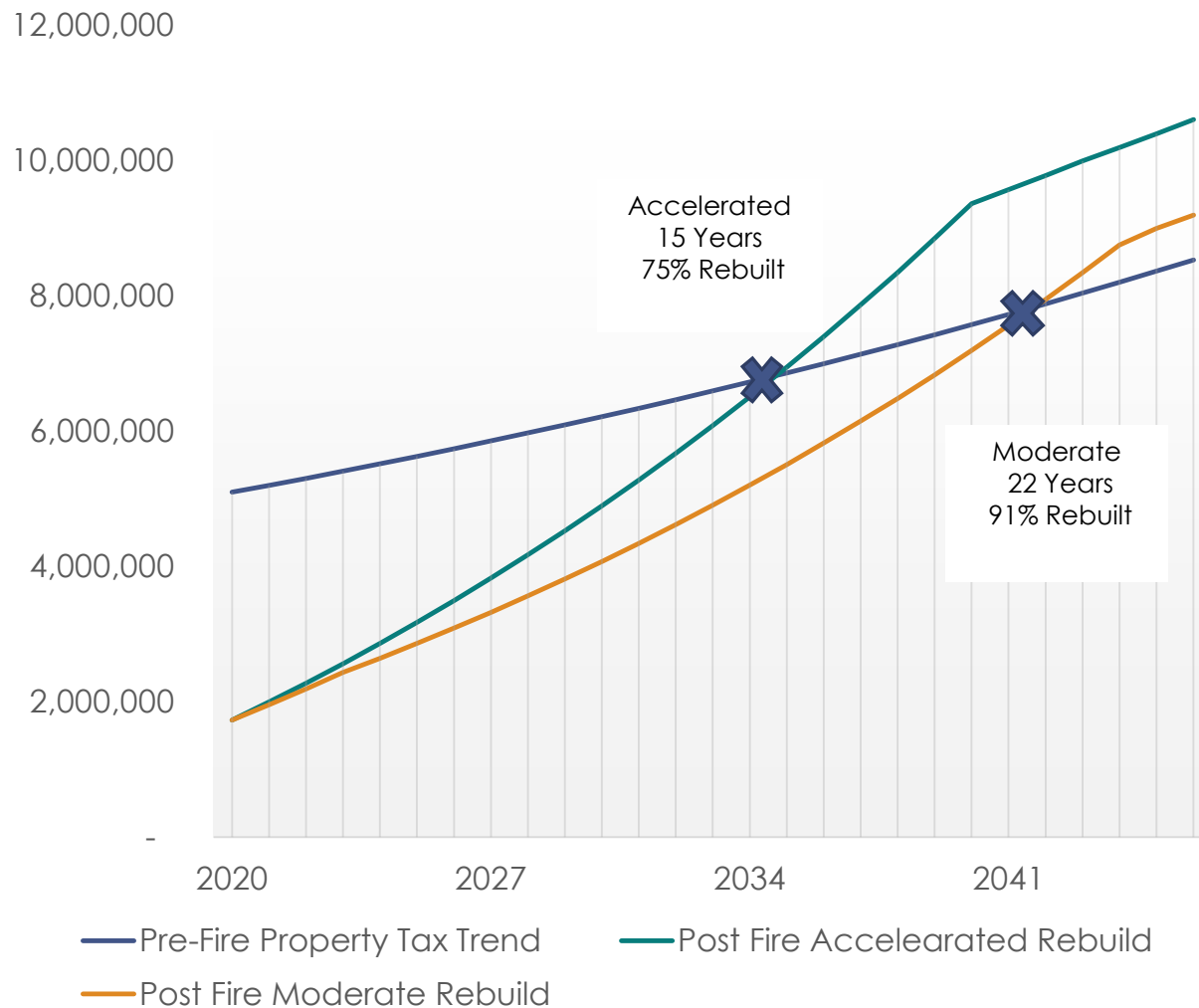
General Fund

General Fund Revenues

	2018/19 Estimated Actual	2019/20 Amended Budget	2019/20 Proposed Budget	2019/20 Proposed Budget Adjustments
Measure C	1,382,632	750,000	750,000	0
Non Department	10,649,673	12,104,550	11,744,763	(359,787)
Finance	8,918	0	220	220
Police	101,944	49,076	41,330	(7,746)
Fire	39,899	302,059	291,031	(11,028)
Planning	56,400	55,770	101,950	46,180
Waste Management	21,754	8,294	10,657	2,363
Engineering	61,598	133,283	165,648	32,365
Community Park	2,333	2,500	2,500	0
Totals	12,325,152	13,405,532	13,108,099	(297,433)

Secured Property Taxes

- 2nd of 3 Years State Backfill
- \$1.73 Million from remaining structures & land
- \$3.36 Million from Backfill
- Possible Rebuild Outcomes
 - Accelerated 500 structures per year & ½ new owners – 15 Years & 75% Rebuild
 - Moderate 400 structures per year & ¼ new owners – 22 Years & 91% Rebuild

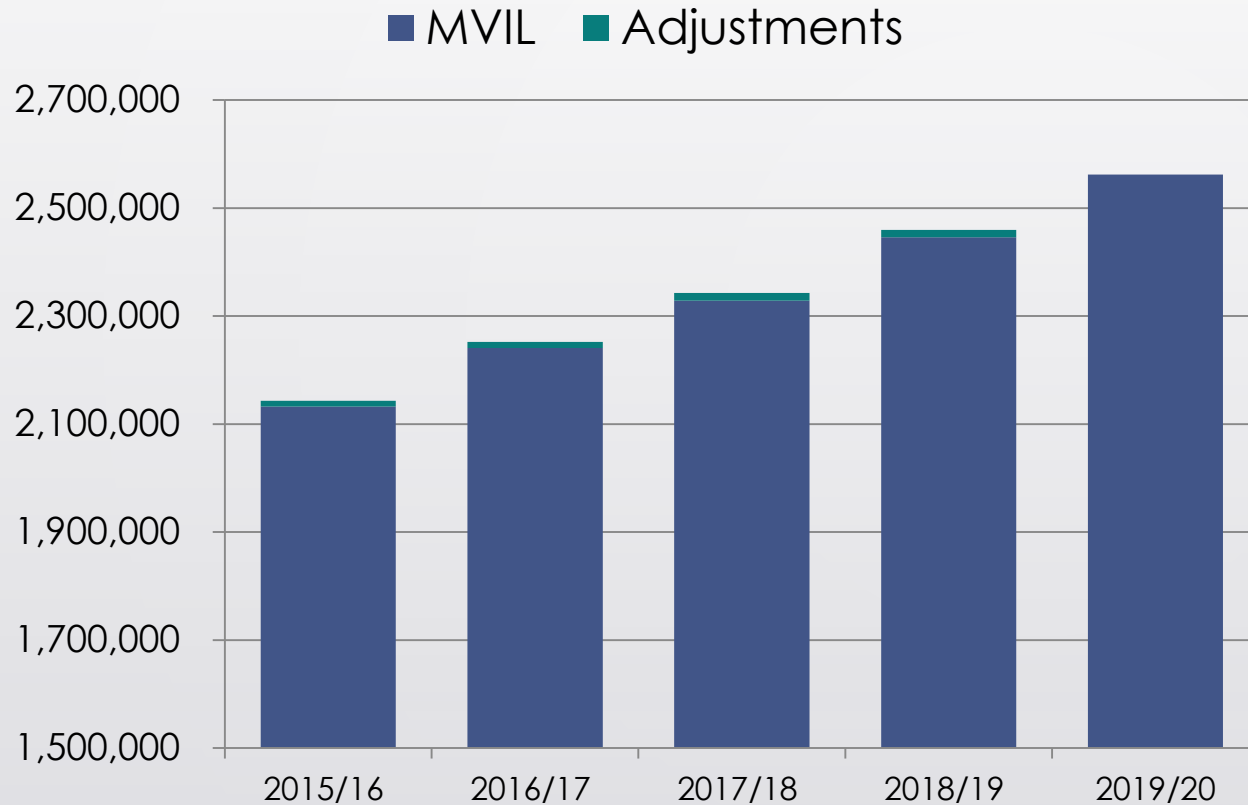


	2018/19 Estimated Actual	2019/20 Amended Budget	2019/20 Proposed Budget	2019/20 Budget Adjustments
Secured	\$4,955,483	\$5,064,469	\$5,095,000	\$30,531
Unsecured	254,740	100,000	135,000	35,000
RDA Residual	25,919	0	2,682	2,682
Supplemental	65,766	40,000	40,000	0
Homeowners Apportionment	64,553	55,000	23,676	(31,324)
Totals	\$5,366,461	\$5,259,469	\$5,296,358	\$36,889

Property Taxes

Secured and unsecured are backfilled, but others are not

Motor Vehicle in Lieu (MVIL)

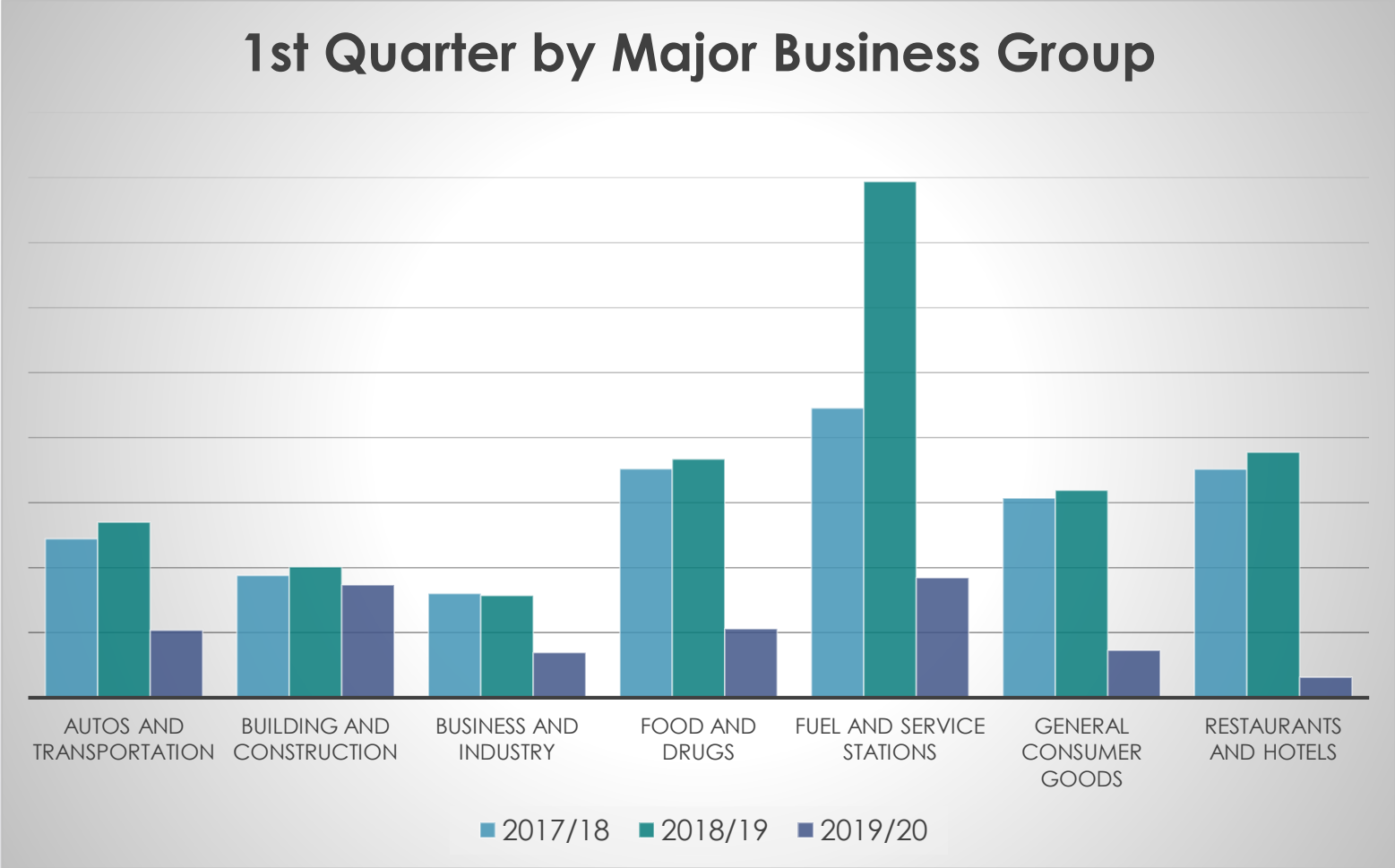


- 2nd Largest General Fund Revenue Source
- Paid by the County as a function of property tax values
- 2nd of 3 Years of Backfill
- Current Budget \$2.49 Million; Proposed Budget \$2.65 Million

1st Quarter Sales Tax



- Before & after the Camp Fire, Gasoline largest contributor
- Building and Construction near pre-fire levels



Numbers supplied by HdL Companies

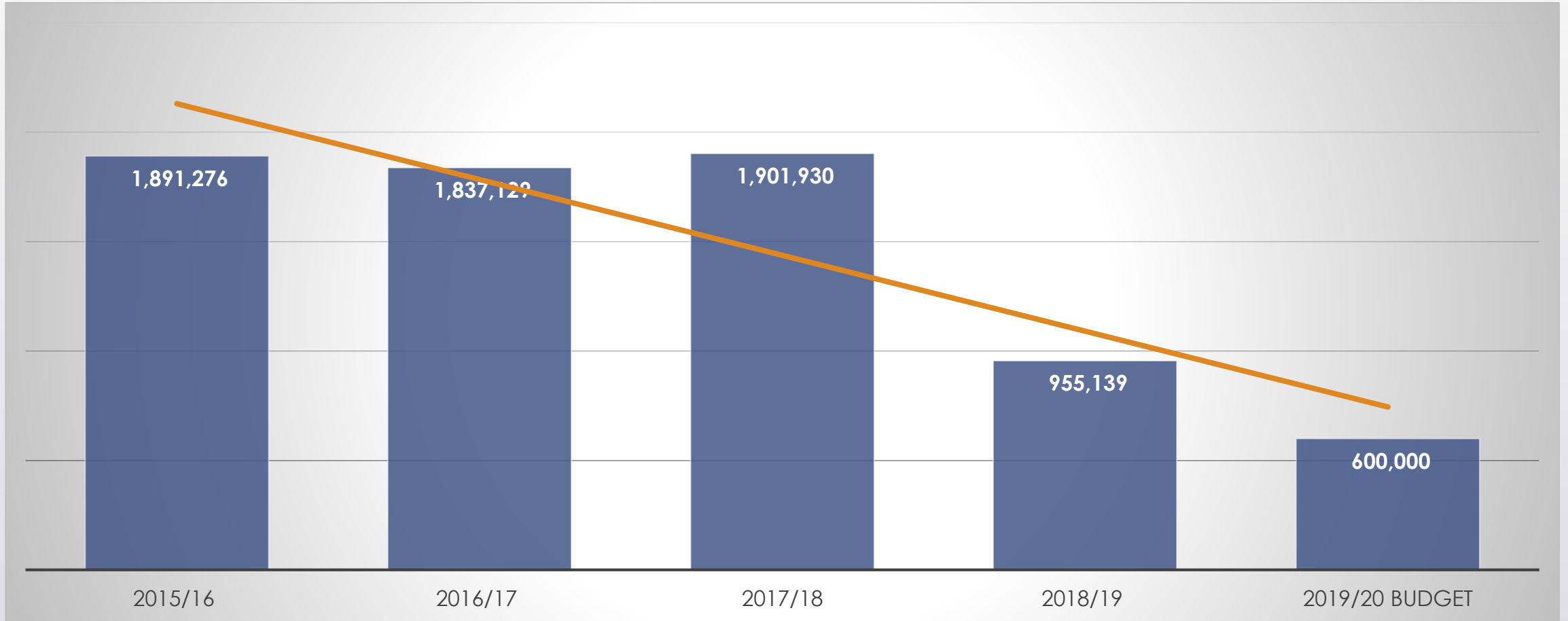


Sales Tax Receipts by Quarter

Quarter ended	2016/17	2017/18	2018/19	2019/20
09/30 – 1st	456,419	473,283	541,661	177,928
12/31 – 2 nd	469,546	497,021	233,937	54,889*
03/31 – 3 rd	433,289	402,550	68,662	
06/30 – 4th	477,875	529,075	110,879	
Totals	1,837,129	1,901,930	955,139	*to date

- Sales taxes are paid 3 months in arrears
- Forecasting difficult with State system of advances and true-ups
- 2018/19 and 1st Q 2019/20 Final, but 2nd Q 2019/20 in progress
- Proposed budget \$600,000

Sales Tax



Other Revenues

Franchise Fees

- From PG&E, Comcast & NRWS
- 2018/19 \$545,209
- 2019/20 Current Budget \$144,865
- **2019/20 Proposed Budget \$157,500**

Transient Occupancy Tax

- A couple hotels have made progress toward reopening
- No Receipts Yet
- **Proposed Budget reduced from \$80,000 to \$40,000**



Insurance Lost Tax Revenue

- Town has received \$3.2 Million of \$5 Million from insurance for lost tax revenue
- It is estimated to use \$447,355 less than budgeted in 2019/20 in order to maintain cash flow reserves

\$5,000,000	Lost Tax Insurance
(434,884)	Used in 2018/19
(2,418,650)	Estimated use in 2019/20
<hr/>	
\$2,146,466	Remaining Balance

Department Revenues



Planning

Services increasing especially for temporary use permits, site plan & design reviews

Proposed budget \$102,000; increase of \$46,000



Engineering

Services increasing for lot merger and drain plan reviews

Proposed Budget \$165,600; increase of \$32,365

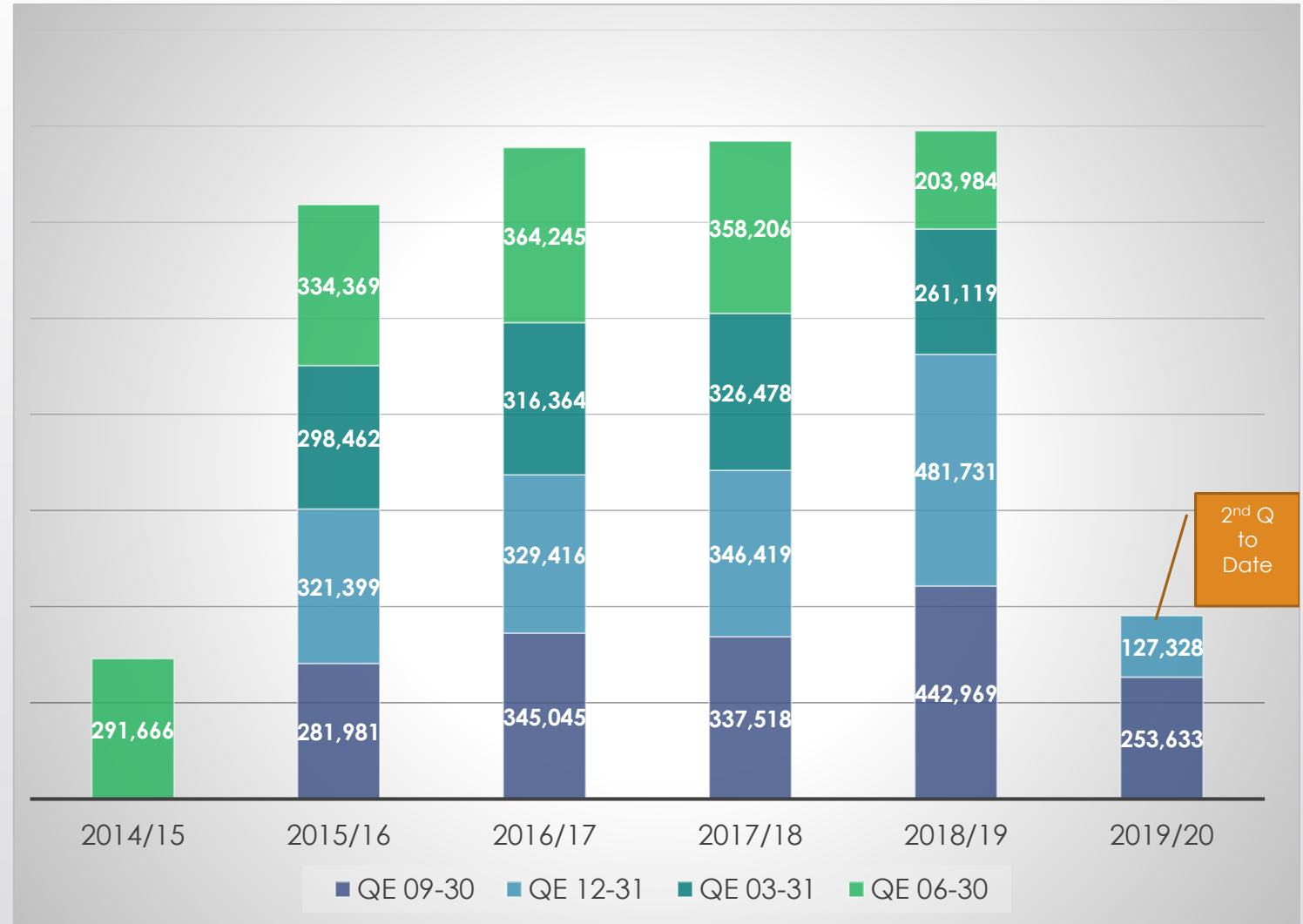


Measure C Funds

*“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 Quarterly Receipts

- Measure C, 0.50% transaction & use tax took effect April 1, 2015 and expires March 31, 2021
- Measure V extends tax 10 years until March 31, 2031
- Vehicle purchases & online sales maintained revenues in 2018/19
- The Proposed 2019/20 budget is \$750,000



Measure C Proposed 2019/20 Budget



	<u>2019/20</u> <u>Amended</u> <u>Budget</u>	<u>2019/20</u> <u>Proposed</u> <u>Budget</u>	<u>2019/20</u> <u>Budget</u> <u>Adjustments</u>
Police Department			
Police Cadets (2.5)	67,710	80,889	13,179
Police Cars	87,067	87,067	0
Body Cameras	5,917	5,917	0
K-9 Program	10,005	16,805	6,800
	170,699	190,678	19,979
Animal Control			
Support to Maintain Services	247,142	232,330	(14,812)
	247,142	232,330	(14,812)
Fire Department			
CAL FIRE Contract	250,000	250,000	0
Fire Engines 81 & 82	167,183	167,183	0
	417,183	417,183	0
Total	835,024	840,191	5,167



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

Projected Revenues			\$6,953,872
Commitments for:	Police	\$1,802,505	
	Fire	2,215,184	
	Animal Control	800,046	
	Public Works	1,187,154	(6,004,889)
Net Remaining Reserves			948,983

- Measure C continues to support Police, Fire & Animal Control
- Police personnel, except for cadets, funded through department budget
- Recommended to maintain reserves for grant matching for now

General Fund Expenses

	2018/19 Estimated Actual	2019/20 Amended Budget	2019/20 Proposed Budget	2019/20 Budget Adjustments
Measure C	\$991,650	\$835,024	\$840,191	\$5,167
Non Department	1,049,908	1,069,134	1,441,816	372,682
Administration	1,640,680	1,999,126	1,871,277	(127,849)
Police	4,304,982	4,808,119	4,586,333	(221,786)
Fire	3,505,519	4,265,032	4,265,036	4
Community Develop.	192,374	187,050	186,186	(864)
Public Works	283,262	387,387	357,463	(29,924)
Totals	11,968,375	13,550,872	13,548,302	(2,570)

Non Department



Purchase 5631 Black Olive

Next to Police Department & Near Fire
Station 81 & Fleet Shop

Opportunity to consolidate most services
in central location in future

Cost \$350,012



Additional Banking Costs

Increased Town Services and Activities
create additional costs

Proposed budget \$33,000



Governance & Administration Budget Adjustments

- Collectively budget decrease \$127,849
- Most divisions are support functions, so cost allocations are adjusted based on usage
- Numbers include refined hiring estimates
- Overhead costs kept down, especially IT – now time to replace IT infrastructure

✓ Town Council	(1,605)
✓ Town Clerk	(1,509)
✓ Town Manager	82,596
✓ Central Services	(9,524)
✓ Information Technology	(200,000)
✓ HR and Risk Management	852
✓ Legal Services	(10)
✓ Finance	1,351

Police Department



Administration

- Vacancy of Administrative Assistant & postponement of public safety radio system
- **Recommend decrease \$43,423**

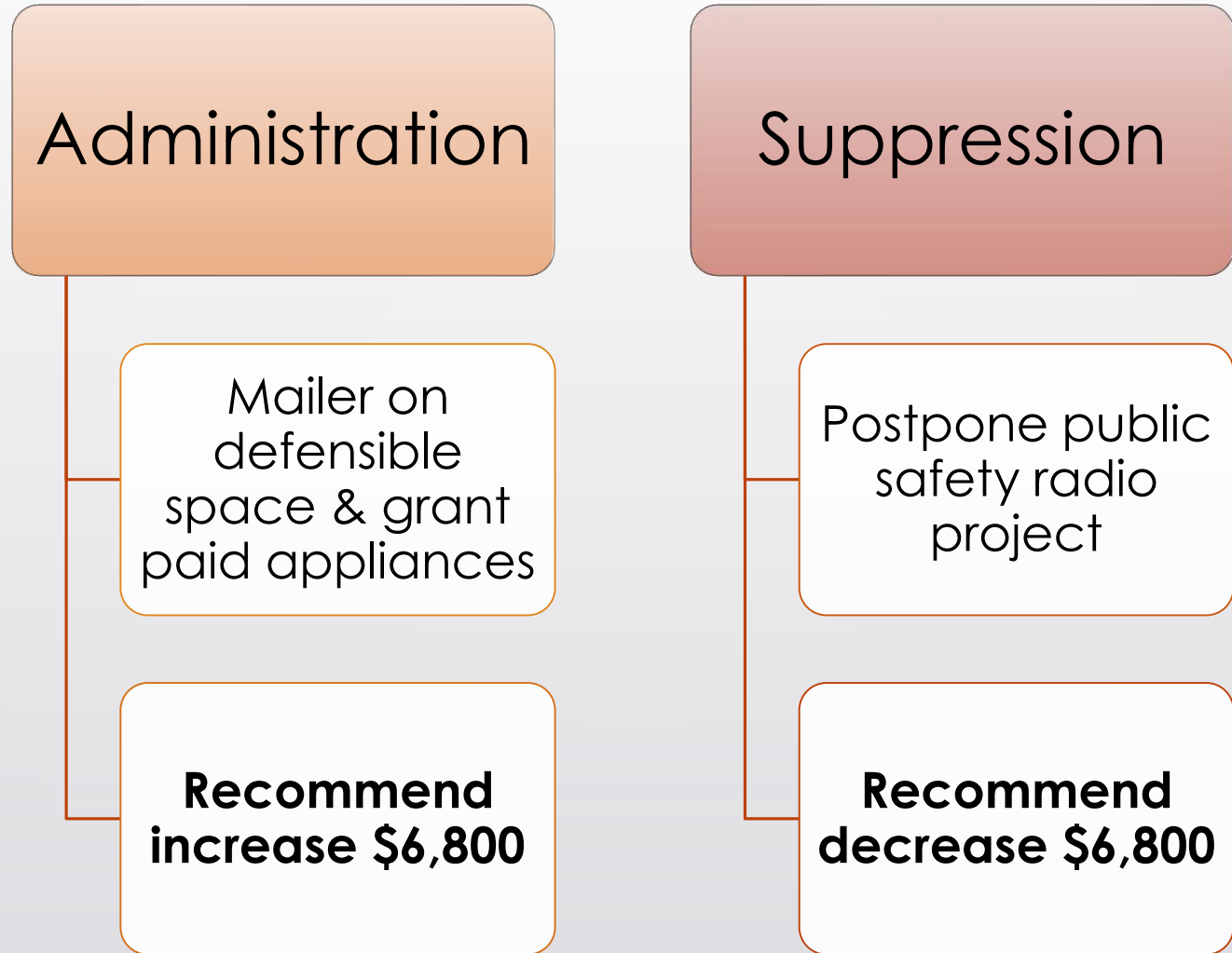
Operations

- Great Progress in Stabilizing Staffing
- Officers: 1 returning; 1 cadet graduating in June; 1 to recruit – 11 authorized; 8 FTE expected
- Sergeants: 1 internal promotion; 1 in background – 5 authorized; 3.9 FTE expected
- **Recommend decrease \$169,000**

Communications

- Changed assumptions about how department will move employees around to fill existing vacancies
- **Recommend decrease \$9,400**

Fire Department



Public Works

Engineering

- Public Works Dir/Town Engineer rehired
- Recommend to hire Capital Projects Manager to support Director
- Recommend converting contract surveyor to part time hourly surveyor
- Job classifications for review and approval
- Increased cost estimates for outside engineering support is offset by salary and benefit savings
- **Proposed savings \$18,000**

Community Park & Public Facilities

- Utility and supply savings
- **Proposed savings of \$5,200 and \$3,000 respectively**

General Fund Summary

	2018/19 Estimated Actual	2019/20 Amended Budget	2019/20 Proposed Budget	2019/20 Budget Adjustments
Measure C Revenues	1,382,632	750,000	750,000	0
Measure C Expenses	991,650	835,024	840,191	5,167
Measure C Net Income	390,982	(85,024)	(90,191)	(5,167)
GF Revenues	10,942,520	12,655,532	12,358,099	(297,433)
GF Expenses	10,976,725	12,715,848	12,708,111	(7,737)
GF Net Income	(34,205)	(60,316)	(350,012)	(289,696)
Measure C Fund Balance	1,291,742	1,206,718	1,201,551	
GF Fund Balance	2,830,030	2,769,714	2,480,018	
Total Fund Balance	4,121,772	3,976,432	3,681,569	

General Fund Reserves

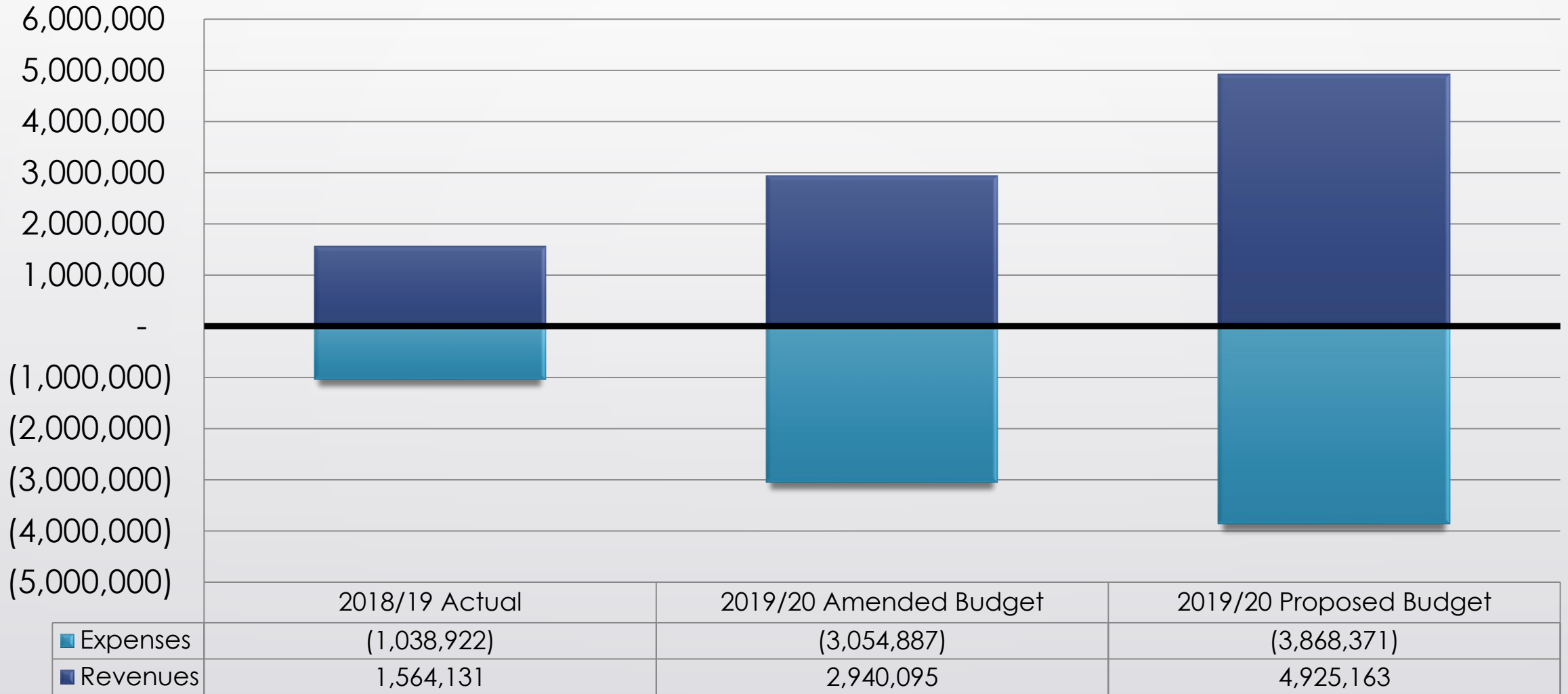
	2018/19 Estimated Actual	2019/20 Amended Budget	2019/20 Proposed Budget
Designated Reserves – Measure C			
Police Vehicle Payments	20,637	20,637	20,637
Contingencies	1,271,105	1,186,081	1,180,914
Designated Reserves			
Nonspendable	1,255,934	1,255,934	1,255,934
Property Abatements	20,000	20,000	20,000
Cash Flow	1,554,096	1,493,780	1,204,084



Building Safety and Wastewater Fund



2030 – Building Safety & Wastewater Services



Fund Balance	1,131,791	1,016,999	2,188,583
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Building Permit Grants

\$1.47 million to offset the cost of permit fees



1/2 of permit fees up to \$3,500 per household

As of 1/30/20 Residents have used \$915,012 for 517 permits

Building Safety and Wastewater Services



Revenues

Exciting momentum behind rebuild

768 building applications received, 529 building permits issued, 40 homes with certificate of occupancy (and counting)

Increased plan checks, building permits, onsite repairs, and fire code inspections

Recommend increase \$1.99 million



Expenses

Increased costs for 4Leaf hired to support staff in building services

Recommended increase \$813,000



Fiscal Impact

Carefully managed & contained overhead expenses

Additional facilities & equipment to maintain long term after grant monies are fully used

Development interest could change quickly & contract obligations remain

Estimated ending fund balance \$2.19 million



Animal Control Services Fund



2070 – Animal Control Services



■ Expenses
■ Revenues

Fund Balance	0	0	0
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Animal Control Services Highlights

Revenues

- Only minor adjustments in service fees
- Will use less Measure C to balance fund
- **Recommended decrease \$17,658**

Expenses

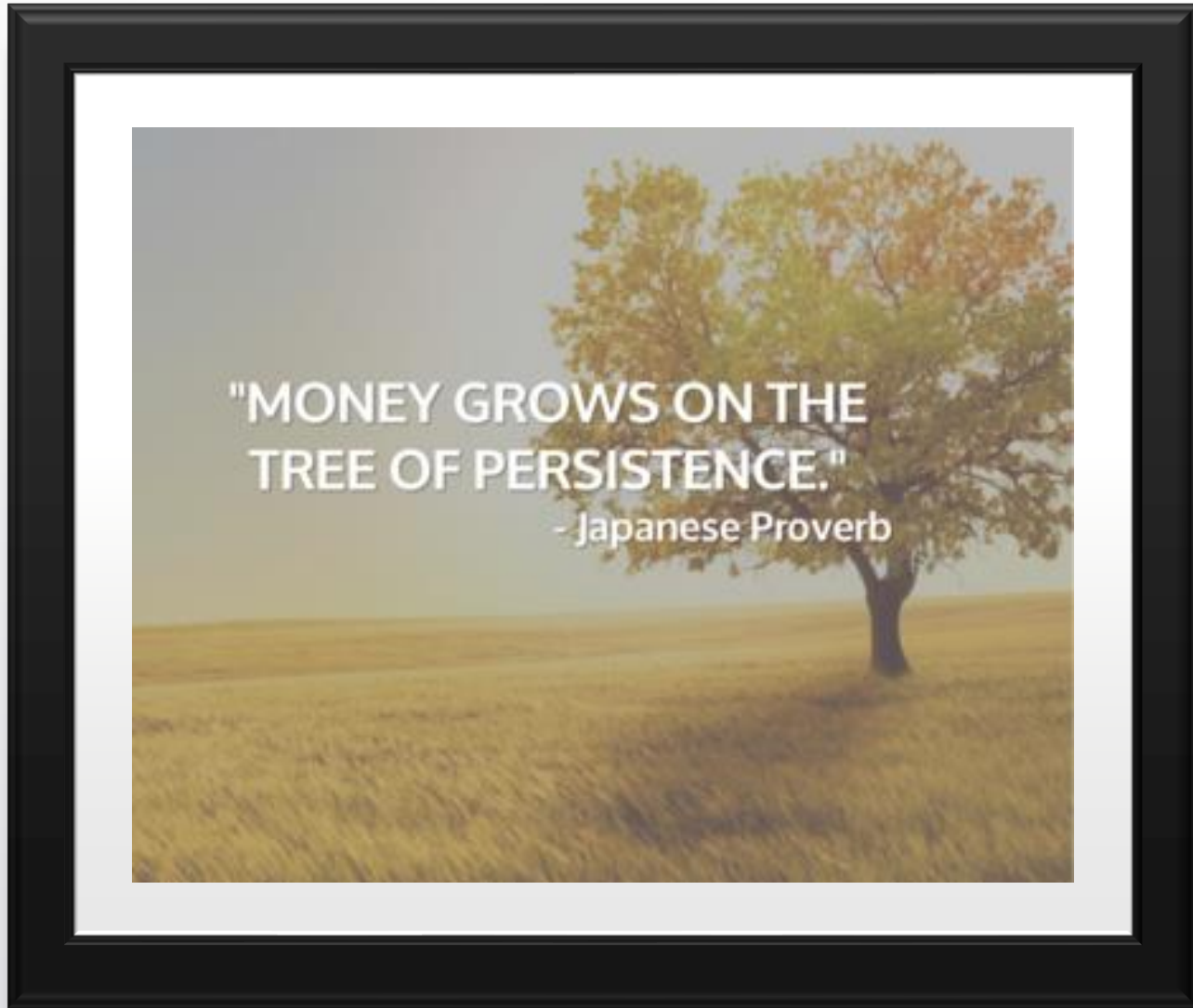
- Stable staffing
- Less overtime, supplies, contract time, training & central service cost allocation
- **Propose decrease of \$17,658**

Fiscal Impact

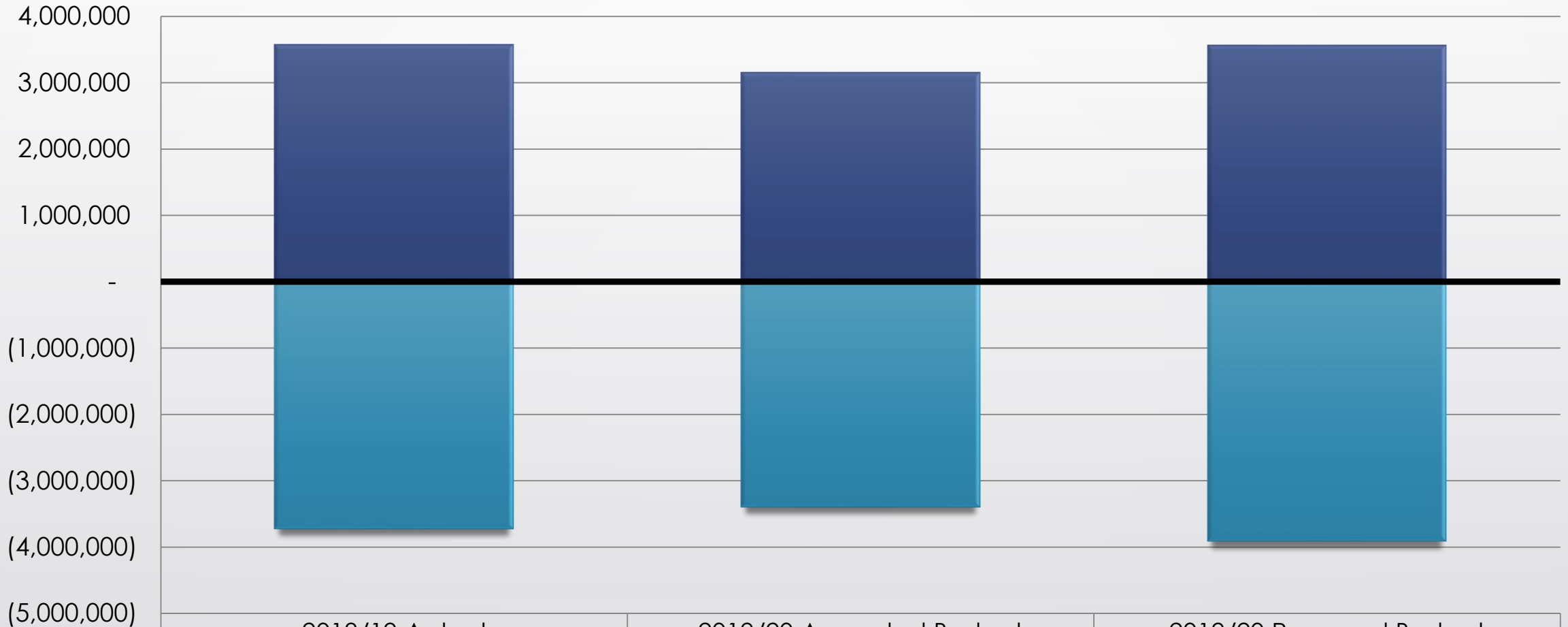
- Measure N at \$12 per parcel per year funds \$132,000 of funding for a \$400,000 operation



Camp Fire 2018 Fund



2090 – Camp Fire 2018



■ Expenses
■ Revenues

Fund Balance	(148,819)	(385,180)	(498,819)
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Camp Fire 2018 Highlights

Revenues

- Revenue is recognized from insurance and FEMA PA advances as eligible expenses are incurred
 - \$1.16 million from FEMA PA
 - \$2.14 million from Insurance
 - \$267,000 from grants & other donations

Expenses

- Deductibles apply to insurance
- Matching requirements for Public Assistance
 - For emergency response & debris removal 90% FEMA and 75% of remainder State – leaves 2.5% as match

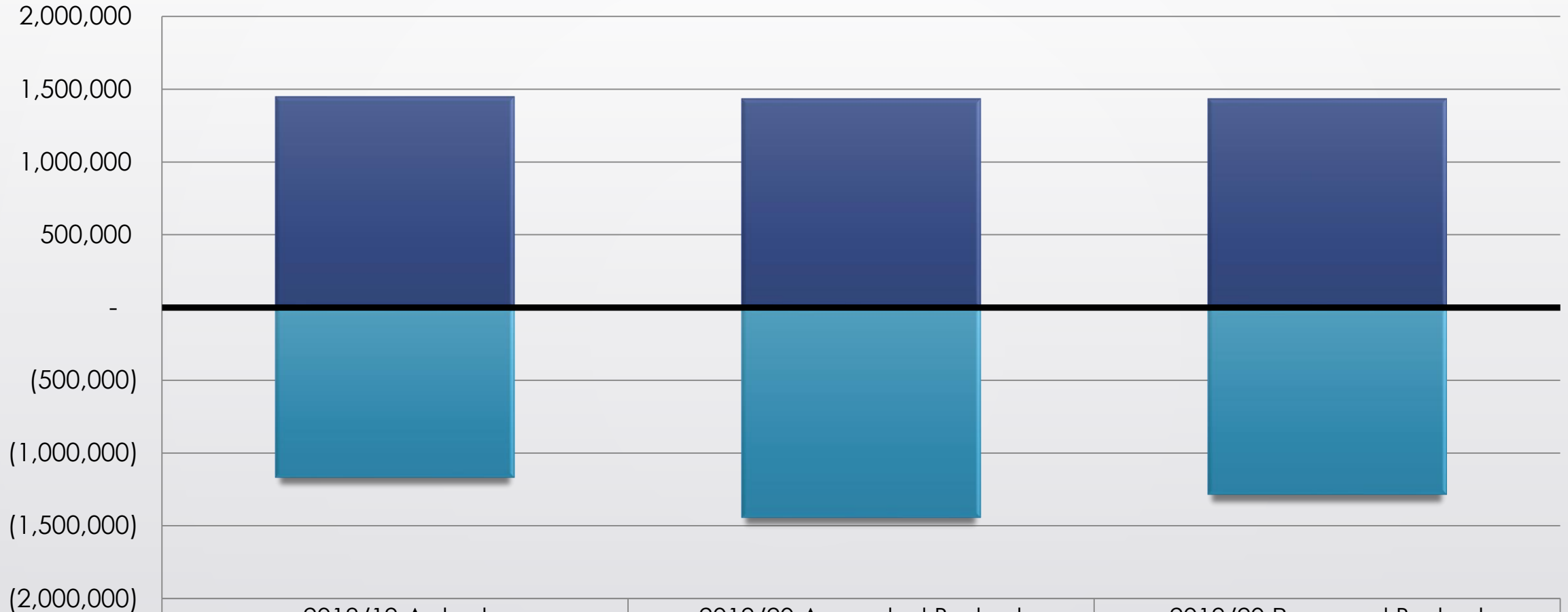
Fiscal Impact

- Negative ending fund balance from preparation of hazard mitigation grants by Ernst and Young that haven't yet been approved
 - Costs grant eligible upon approval



Gas Tax/
Street
Maintenance
Fund

2120 – Gas Tax/Street Maintenance Services



	2018/19 Actual	2019/20 Amended Budget	2019/20 Proposed Budget
Expenses	(1,167,830)	(1,443,462)	(1,288,583)
Revenues	1,447,220	1,435,212	1,436,532

Fund Balance	397,387	389,137	545,336
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Gas Tax/Street Maintenance Highlights

Revenues

Estimated little net change in revenues

Funding protected until 2021 and advocating for continued protection

Propose increase \$1,320

Expenses

Delayed hiring of vacant positions creates savings

Reallocate public works staff time for work on Building Resource Center

Utility, supply & cost allocation savings

Propose decrease \$155,000

Fiscal Impact

Will add \$156,000 to reserves from savings

Reserves for CIP grant match

Ending reserves \$545,000

A framed poster with a black border and a white mat. The background of the poster is a gradient from light blue at the top to orange at the bottom. The text is in bold, black, uppercase letters, arranged in four lines. At the bottom left of the poster, there is a small URL.

**PATIENCE IS NOT
THE ABILITY TO WAIT,
BUT THE ABILITY TO
KEEP A GOOD ATTITUDE
WHILE WAITING.**

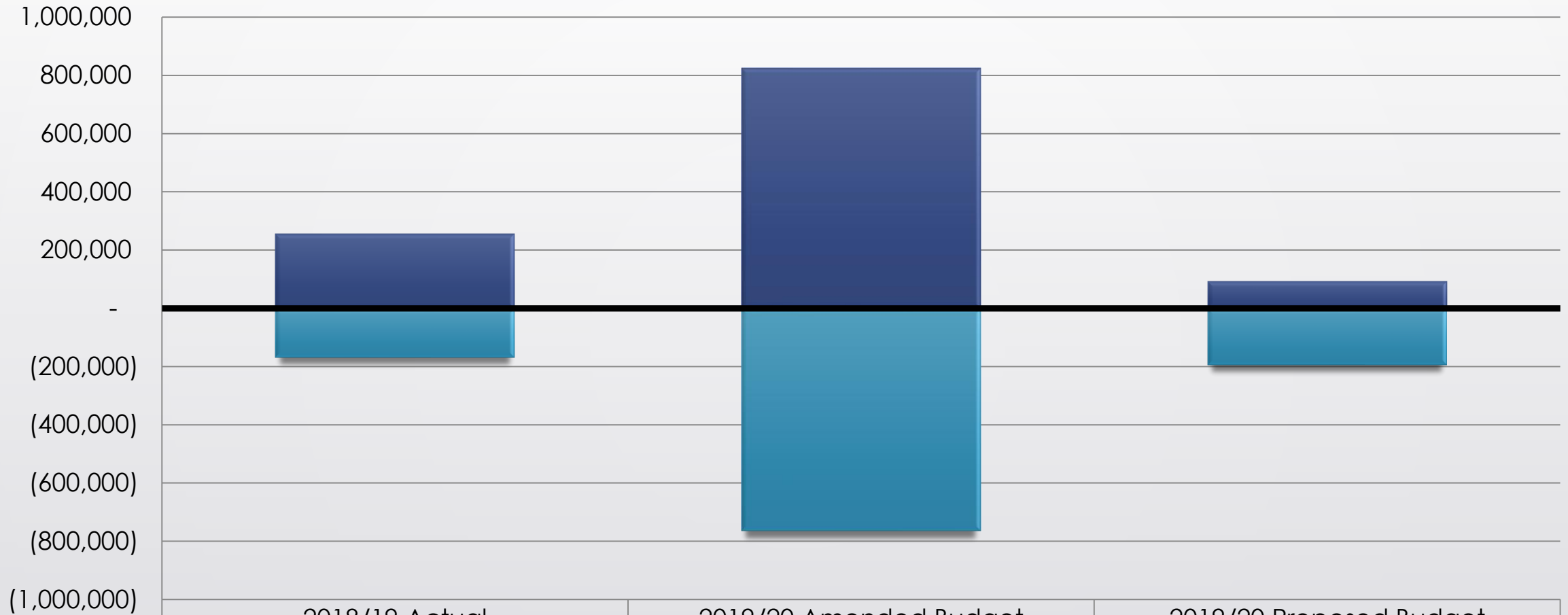
-author unknown

clumsycraftyhappy.blogspot.com



Business and Housing

2160 – Business and Housing



	2018/19 Actual	2019/20 Amended Budget	2019/20 Proposed Budget
Expenses	(168,590)	(764,949)	(193,691)
Revenues	255,739	824,613	93,313

Fund Balance	139,519	199,183	39,141
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Business and Housing Highlights

Revenues

- Most Camp Fire loan payoffs have been processed
- New loans are not occurring quickly
- \$23.5 million Cal Home DA grant postponed
- **Estimated Revenue Reduction \$731,000**

Expenses

- Recalculated based on expected activity
- **Recommend Expense Reduction \$571,000**

Fiscal Impact

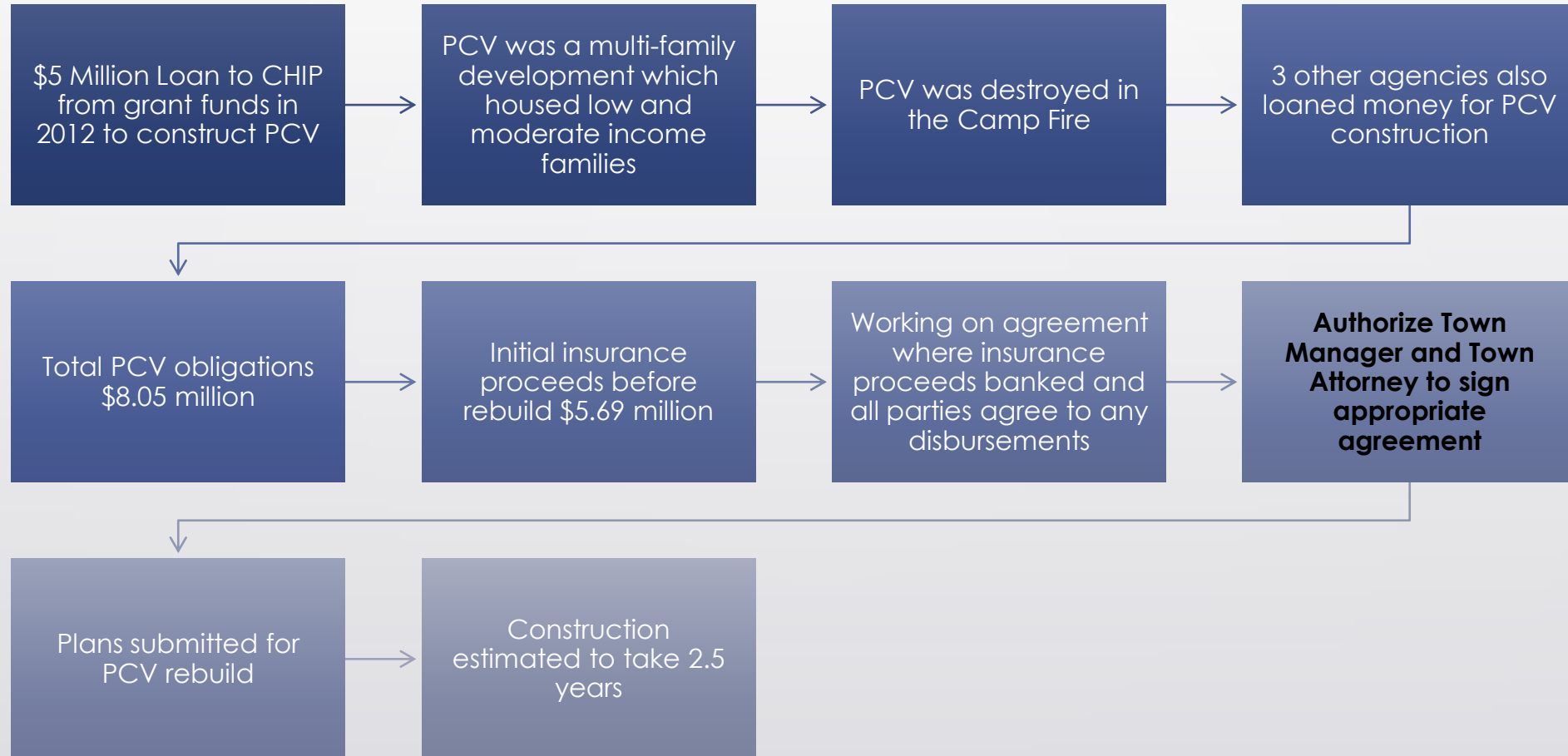
- \$2.4 million available in BHS programs from loan payoffs
- **Estimated reserves \$39,000**



Paradise Community Village



Paradise Community Village Update



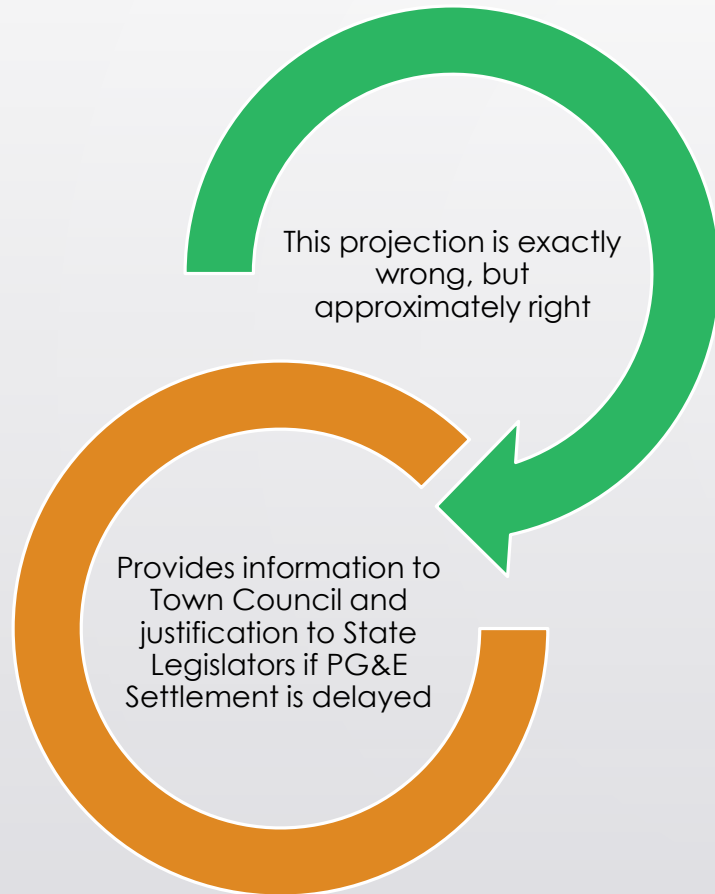


General Fund Projections



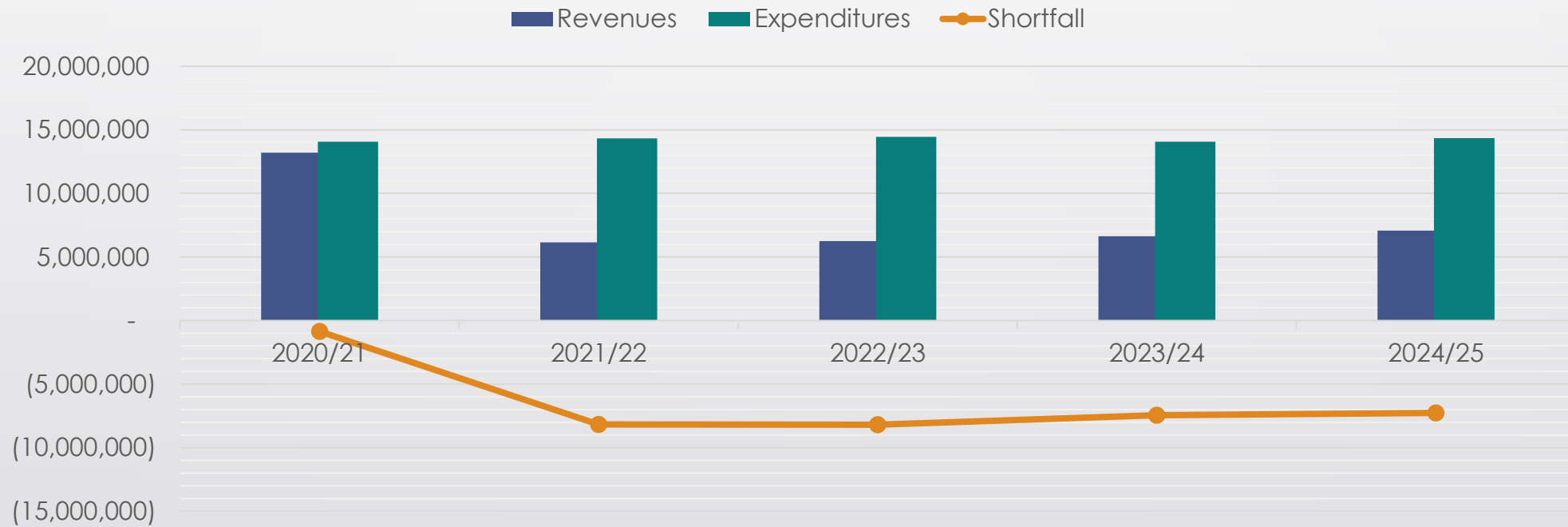


General Fund 5 Year Budget Projection

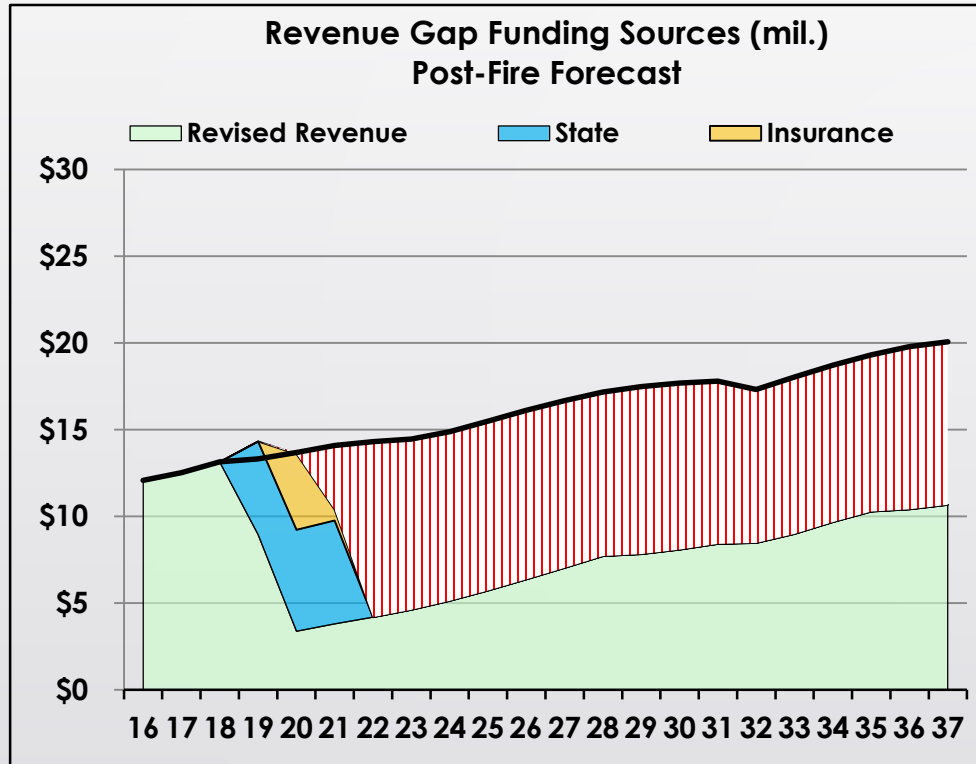


- Nearly 100% funded in 2020/21 from final year of property tax backfill and remaining lost revenue insurance proceeds
- The next four years the Town will be short funding between \$8.2 million to \$7.2 million each year
- The shortfall is expected to decrease each year as housing is restored

General Fund 5 Year Projection



General Fund Long Range Projection



- Robert Leland of Management Partners donated a financial projection tool that is still relevant
- This projection assumes State property tax backfill for 3 years and \$5 million insurance settlement
- Inline with staff's estimate of property tax restoration between 15 and 22 years
- Leaves gap of \$156 million over 18 years



2020/21 Budget Adoption



2020/21 Budget Adoption Timeline



Summary



15 months after Camp Fire, tremendous progress made in understanding financial position & creating financial recovery plan



Still many unknowns and staff learns more everyday



Staff remains positive, persistent and patient



Committed to keeping Town Council and Community informed of each opportunity to further recovery



Recommendations

1. Review and approve budget adjustments
2. Approve recommended personnel changes
3. Approve job classifications for Capital Projects Manager and Surveyor
4. Approve updated salary pay plan with revised position control
5. Conditionally approve North Valley Community Foundation grant for Grants Administrator
6. Authorize the Town Manager and Town Attorney to enter into an agreement with CHIP related to insurance proceeds for Paradise Community Village



BE POSITIVE. BE PATIENT. BE PERSISTENT.



www.shonettecharles.com

Questions