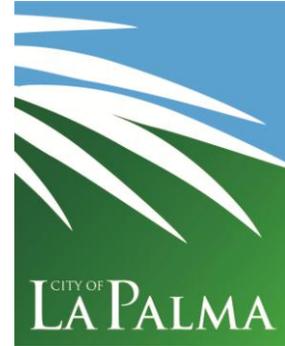


City of La Palma

Agenda Item No. 8



MEETING DATE: February 18, 2014

TO: CITY COUNCIL

FROM: CITY MANAGER

SUBMITTED BY: Donald Pruyn, Interim Finance Director

AGENDA TITLE: Second Quarter Operating Report and Mid Year Budget Adjustments, Fiscal Year 2013-14

PURPOSE:

The purpose of this report is threefold:

1. To provide the City Council, Citizens of La Palma, and Staff a snap shot of the City's finances at the midpoint of the 2013-14 Fiscal Year.
2. To show what progress is being made in achieving City Council established goals for the 2013-14 Fiscal Year.
3. To recommend adjustments to the adopted 2013-14 City Budget.

BACKGROUND:

Staff presents a comprehensive report to Council and the public on the state of City finances and attainment of established goals and measures of success following the completion of each fiscal quarter. The report covering the second fiscal quarter ending December 31 also reviews the need for comprehensive adjustments to the City's adopted budget.

SUMMARY:

Although second quarter financial data renders a much clearer picture of financial status than first quarter numbers, it is far from perfect. In analyzing this financial data it must be kept in mind that the revenue stream is uneven and in many cases does not match up well with expenditures. Expenditure outflows for normal operations tend to be more even, while Capital Expenditures are much less certain. Major sources of revenue have differing payment schedules (i.e. monthly, bi-monthly, semi annually or annually). Making sense of the information requires consideration of the mismatch between Expenditures and Revenue at any given point of the year. Accounting practices require that for many revenue sources including

sales tax and utility users taxes, July and August receipts be recognized in and transferred to the prior fiscal year

General Fund

The General fund began the year on July 1 with a spendable balance of \$14,465,168 and ended the second quarter at \$13,018,491, a decrease of \$1,446,667. General Fund revenues through December totaled \$2,487,867 which was \$611,128 less than the prior year. General Fund expenditures totaled \$4,354,653 through December, which was \$107,010 less than the prior year. General Fund revenues through December 31 equaled 29.8% of the budgeted revenues. General Fund expenditures through December represent 50.5 % of budgeted expenditures when budgeted transfers of \$1,900,000 are removed from the analysis.

General Fund revenue figures for December 31 are misleading in that many of the principal sources represented only four months of income since some July and August collections are credited back to the prior fiscal year. In addition many revenue sources such as property tax payments do not show up until January and later.

General Fund expenses are that of five City departments, which incorporate 33 operating divisions, only 13 had total expenditures which exceeded 50% of Budget:

- Administration & Finance
 - Community Promotion & Intergovernmental Relations (74.7%)
- Police Department
 - Police Reserves (53.4%)
 - Police Investigation (50.4%)
 - Records & Communications Division (84.7%)
- Community Services Department
 - Engineering (61.3%)
 - Lighting & Landscape Parks (59.6%)
 - Lighting & Landscape-Medians (50.4%)
 - Recreation Administration (50.8%)
 - Youth & Development Services (55.9%)
 - Neighborhood & Community Services (71.1%)
 - Health & Wellness (73.7%)
- Community Development
 - Building & Safety (94.6%)
 - Planning (70.7%)

Discussion of apparent overages

- Administration and Finance, Community Promotion and Intergovernmental Relations overage is the result of two factors:
 1. The requirement that the entire contract with the Southeast Area Animal Control be paid in advance during the first two quarters.
 2. Most of the dues and memberships for the City are paid from this division and are paid in the first half of the fiscal year.

- Police Department
 1. Police Reserves overage is the result of:
 - a. Part-time salaries are typically higher through the second fiscal quarter due to summer and fall activities and special events.
 - b. Employee benefits are under budgeted and are recommended for adjustment.
 - a. Overtime was under budgeted based upon last year's experience and is recommended for adjustment
 - b. Professional Services budget did not anticipate the cost of building alarm services. This charge of \$15,000 will be reimbursed by a State AB 69 Grant
 2. Records & Communication is over budget as the result of:
 - a. The costs for the Spillman project were budgeted in the prior year however where not carried over into this year's budget. This will require a significant budget adjustment
 - b. Overtime was under budgeted based upon prior year's experience
 - c. Holiday pay was omitted from the budget

- Community Services Department
 1. The Engineering Division appears to be over budget, but actually is not when the encumbrance for contract services is taken into account
 2. Lighting and Landscaping - Parks. This division's overage is the result of higher than anticipated electrical charges. These charges appear to be the result of higher usage during the summer and fall months.
 3. Lighting and Landscape - Medians apparent overage is the result of the completion of the Tree planting program which was entirely funded during the first half of the year.
 4. Recreation Administration division's overage is the result of:
 - a. Overtime being under budgeted.
 - b. Professional Contract services are running ahead of budget due to the payment of storm water fees for parks in the first half of the year (\$9,584).
 - c. The upfront payment for software licensing fees during the first half of the year.

5. Youth and Development Services appears to be overrunning its budget due to:
 - a. Heavy use of part-time salaries in the spring and fall programs and special events.
 - b. The upfront payment of special compensation during the first half of the year.
 - c. The upfront payment of most entry fees during the first half of the year.
6. Neighborhood and Community Services division is ahead of its budget due to:
 - a. The disproportionate amount of part-time salaries and overtime during the first half of the year.
 - b. Disproportionate need for seasonal use of professional contract services to date.
 - c. Seasonal activities such as 4th of July, La Palma Days, and Halloween, occurring during the first half of the fiscal year.
 - d. Under budgeting of equipment rentals and supplies.
7. Health and Wellness Division appears ahead of its budget due to:
 - a. Heavy use of overtime, employee benefits, and overtime during first half of the year due to summer and fall programs and special events.
 - b. Professional services are in line with budget when the encumbrance of \$14,545 is taken into consideration.

- Community Development Department

1. Building and Safety Division is within its budget when taking into consideration of the encumbrance for professional contract services in the amount of \$65,953.

There are expenses in one operating division of the Police Department that are not over the 50% mark but which never the less deserve mention:

Police Patrol Division is under budgeted for Overtime and will require a mid-year budget adjustment. In addition, there was no provision made in the current budget for Holiday pay even though through December 31 \$33,389 was charged to the 0 balance account. The Holiday Pay account is also recommended for a substantial adjustment to account for this omission.

After having analyzed year to date expenditures and revenues Staff is projecting that General Fund revenue will come in well ahead of currently budgeted revenue and that actual year end expenditures will also exceed currently budgeted expenditures, for the reasons stated immediately above.

Two factors combine to make the current fiscal year a difficult one for the General Fund; those are:

- A onetime deduction of \$700,000 from current sales tax receipts due to a corresponding taxpayer overpayment in the prior year.
- An unbudgeted carryover of the Spillman project totaling \$192,000

Analysis of other Funds

- Streets fund began the year with a spendable balance of \$276,696 and a second Quarter ending Balance of \$405,711. Gas Tax revenue appears to be coming in at budgeted levels or even slightly better while expenditures are at 16% of budget. In January the capital project line items for residential and arterial pavement management projects were fully expended on unbudgeted prior year carryovers from last year's program. Streets funded maintenance activities are all within budget limits. It is intended that all fund balances in the street funds will be used to absorb current year residential and arterial pavement management expenses in an attempt to relieve pressure on the COR Fund.
- Measure M2 Fund began the year with a spendable balance of \$67,229 and ended the second quarter with a negative balance of (\$156,831). Measure M2 Revenue is projected to meet or exceed the budget of \$270,100. Although there were no budgeted expenditures under the Measure M2 Fund, a budget adjustment will be necessary to expend the entire fund balance through the end of the fiscal year. Carryover expenditures for the arterial pavement management program were omitted in the current budget. The use of Measure M2 funds for this purpose will reduce the expenditures for this program under the COR fund.
- Capital Operating Reserve Fund began the fiscal year with a spendable fund balance of \$5,747,709 and ended the second quarter with a balance of \$4,020,161. COR fund budgeted revenue will meet or exceed that contained in the current budget as will expenditures. Expenditures for the residential slurry seal and arterial pavement management programs will significantly exceed budget since large carryover amounts from prior year projects were not placed in this year's budget. The reroofing of the Civic Center currently in the COR budget in the amount of \$535,000 will not be undertaken this year.
- Park Development Fund, Air Quality Fund, Public educational TV Fund, Abandoned Vehicle Fund. These funds experienced little activity through the first half of the year. They began the fiscal year with a combined spendable balance of \$254,056 and ended the second quarter with a balance of \$237,819. There has been negligible activity in these funds during the first half of the year
- Asset Seizure Fund began the year with a spendable balance of \$10,026 and ended the second quarter with a balance of \$4,323. Asset Seizure Fund revenues are expected to significantly exceed budget. Correspondingly, budgeted expenditures are recommended for adjustment to fully account for overtime expenditures that will be fully reimbursed. Revenue account adjustments will include overtime reimbursements estimated at \$72,000 and equitable sharing allocation known to be \$90,699. The overtime expenditure account will need to be adjusted to \$72,000.
- Public Safety Augmentation Fund began the year with a spendable balance of \$66,937 and ended the second quarter with a balance of \$53,576. Both revenues and expenditures are in alignment with the adopted budget.

- Supplemental Law Enforcement Services Fund began the year with a spendable balance of \$-15,993 and ended the second quarter with a balance of \$9,244. Fund revenues and expenditures are in alignment with the adopted budget.
- Successor Agency (SA) Housing Fund. This is a new fund brought into being through the dissolution of the La Palma Community Development Commission (CDC). The SA Housing Fund began the year with a spendable balance of \$351,171 and ended the second quarter with a balance of \$284,250. Housing Fund revenue is running behind projection at quarter end while expenditures are in line with the adopted budget. There are significant changes to this fund recommended and projected for the second half of the fiscal year. Due to the adoption of AB1484 by the Legislature and the City's receipt of a "Finding of Completion" issued by the Department of Finance, it is anticipated that the Housing Fund will begin receiving payment for City loans advanced to the CDC for development of the Seasons Senior Apartments. The first payment is expected in June 2014 in the amount of \$212,142. It will be recommended that the remaining 80% of this payment, \$169,713 be applied to the Insurance Fund in partial repayment of the funds it advanced to the CDC as part of the Seasons project. By law, 20% of the loan repayment amount \$42,428 must stay with the Housing Fund. In addition, the Housing Fund is scheduled to begin receiving payments for the Unisource loan. Funds were advanced by the City's General Fund to the CDC to refurbish the Unisource Company's lease premises in exchange for Unisource's agreement to remain until the loan was fully repaid by sales taxes generated. It is proposed that the loan repayment reimbursement from the RPTTF in the amount of \$132,653 will be received by the Housing Fund and that 80% of this amount \$106,122 be sent to the City's General Fund in partial repayment of the outstanding loan balance, which is currently \$794,683 and that 20% or \$26,530 of the first payment be retained by the Housing Fund as required by law. It is further recommended that \$15,000 in housing funds be used to partially fund the contract code enforcement services which is an eligible cost of the fund. Additional discussion of loan repayment and use will be part of the budget planning discussion for FY 2014-15.

As a caveat, staff notes that the California Department of Finance (DOF), who must approve loan repayments, has not yet applied the repayment formula in AB1484 to any jurisdiction. Their interpretation of the repayment methodology may be different than Staffs'. Thus the actual dollar amounts available for the City loans are subject to change. The DOF must rule on these amounts by June 1, 2014.

- Successor Agency Debt Service Fund. The Debt Service Fund exists for the purpose of accumulating resources to make debt service payments on two outstanding tax allocation bonds issued in 1993 and 2001 by the CDC. In addition to annual bond principal and interest payments, the fund is responsible for paying any annual administrative costs of administering the fund such as audit and trustee charges. Normally all the costs borne by this fund will be paid for by the County from the RPTTF. Bond debt service payments are made semiannually in December and June. Unfortunately as part of the redevelopment dissolution process, the (DOF) demanded redistribution of cash assets in excess of the amounts determined by the due diligence review (DDR) to be remaining, leaving the Debt Service fund approximately \$195,000 short of making the June debt service payment. Therefore, a \$195,000 transfer from General Fund reserves will be necessary to cover bond debt service due on June 1, 2014. A budget amendment is provided and recommended to cover this fund shortage.

It must be emphasized this is a onetime occurrence, with future debt service and related costs being funded from RPTTF.

- Water Fund started the year with a spendable balance of \$1,961,514 and ended the quarter with an \$804,982 balance. This decrease in fund balance is the result of a budgeted \$750,000 transfer to the Water Capital Fund. This transfer is \$250,000 larger than last year's transfer and largely explains the \$414,722 decrease in fund balance from one year ago. Water Fund revenues and expenditures overall are in line with the adopted fund budget with the exception of water pumping charges and the repair to a large water well pump. When totaling the three water related funds the one year change in fund balance is a negative (\$8,209). This small decrease can be attributed to an unbudgeted carryover project of \$85,500 and a higher than anticipated cost for emergency well and pump repairs. Assuming no other emergencies occur, no further purchases of water will be required this year.
- Water Replacement Fund began with a spendable balance of \$2,686,926 and ended the second quarter with a balance of \$2,688,472. There was little activity in this fund during the first half of the year, and little is contemplated in the second half.
- Water Capital Fund began the year with a spendable balance of \$462,577 and finished the second quarter with a balance of \$1,132,506. Fund revenues are projected to equal or exceed budgeted levels while projected fund expenditures are expected to be less than budgeted. One carryover capital improvement occurred in the fund that was not included in the budget (i.e. booster station and meter relocation at \$85,500). The water system master plan study, budgeted for \$250,000 was postponed for three years and replaced with a GIS/water system software program with a budget of \$103,000. Budget amendments to reflect these changes are included in this report.
- Sewer Fund started the fiscal year with a \$1,280,739 spendable balance and ended the second quarter with a balance of \$909,665. This decrease in the sewer fund balance was the result of a budgeted transfer of \$375,000 to the Sewer Capital Fund. The aforementioned transfer was much larger than the \$125,000 transfer made in the prior year explaining the one year decrease in the sewer fund balance. Sewer Fund revenue is in line with the adopted budget as are sewer fund expenditures, excepting transfers to the Sewer Capital Fund which was made in full during the second quarter. When the three Sewer related funds are combined, fund balance decreased \$16,227 from the prior year total.
- Sewer Replacement Fund began the year with a spendable Balance of \$2,620,273 and ended the second quarter with a balance of \$2,621,781. There was very little activity in this fund during the first half of the year and little is anticipated in the second half.
- Sewer Capital Fund began the year with a spendable balance of \$276,764 and ended the second quarter with a balance of \$624,264. Sewer Capital fund revenues are in line with the budget as are expenditures.
- Insurance Fund began the fiscal year with a spendable balance of \$821,600 and finished the second quarter with a balance of \$577,079, a decrease of \$244,521. The current fund balance is below the targeted fund balance reserve level of \$1,000,000 by \$355,734. Fund revenue is in line with the adopted budget. Fund expenditures exceed

budget due primarily to higher than anticipated cost for liability and workers compensation insurance premiums and claims, the vast majority of which were paid in the first quarter of the fiscal year. Fund expenditures are expected to exceed budgeted amounts to the end of the Fiscal Year. A budget adjustment and an infusion of cash will be needed to bring this fund to the desired reserve levels. It appears that in the past several years there was a conscious decision to fund the insurance fund at less than 100% of expenses which has led to a decline in the Insurance Fund balance. In addition it should be remembered that several years ago \$600,000 in Insurance Fund balance was loaned to the CDC for purposes of the Seasons Senior Apartment Project. It is now a virtual certainty that this loan will be repaid in full, with payments starting in June of this year. It is Staff's responsibility to end the current annual structural deficit and to fully charge the various funds and departments the necessary amounts to fully recover costs. The receipt of the Seasons loan repayment will largely offset General liability insurance premium surcharges of approximately \$220,000 in each of the next two fiscal years and then help in rebuilding the targeted \$1,000,000 reserve assuming future allocations match anticipated expenditures. Reserve levels for all funds will be part of the budget planning discussion for FY 2014-15.

- Employee Benefit Fund began the year with a spendable balance of \$607,925 and ended the second quarter with a balance of \$231,124, a decrease of \$376,801. Fund revenue was in line with budget excluding the approved \$1.5 million transfer to the OPEB trust fund. Fund expenditures, while excluding the budgeted transfer to the OPEB Trust, are projected to exceed budget due to higher than projected costs for workers compensation premiums and claims as well as higher than anticipated costs for life and health insurance payments. Budget amendments are proposed to account for these overages and to recognize the first annual withdrawal from the OPEB Trust of \$120,000 to reimburse for this year's retiree medical expenses which have been accruing in this Fund. The Employee Benefits Fund's current reserve policy establishes a reserve level equal to total compensated absences as reported in the 2012-13 Comprehensive Annual Financial Report, which was \$605,908. The current spendable fund balance falls short of the targeted reserve level and is projected to do so at year's end. As with the Insurance Fund, the Employee Benefits Fund is experiencing a structural deficit brought about by failure to fully recover expenses from charges to the various funds and departments. It will be staff's responsibility to fully recover ongoing costs in future years while developing a strategy to rebuild and maintain reserves at targeted levels. It should be remembered that the Employee Benefits fund loaned \$1,000,000 to the CDC as part of the Seasons project. The repayment of this loan is now virtually guaranteed and will play a significant role in this fund's reserve strategy.
- Building Maintenance & Replacement Fund began the year with a spendable balance of \$990,719 and ended the second quarter with a \$979,744 balance. Fund revenues are in line with budget and overall so are fund expenditures. The targeted fund balance for this fund is approximately \$450,000, which places the fund balance substantially in excess of target reserve policy levels.
- Vehicle maintenance & Replacement Fund began the fiscal year with a spendable fund balance of \$730,921 and ended the second quarter with a balance of \$818,614, an increase of \$87,693. Fund revenue was in line with budget as were fund expenditures. The target fund reserve balance for this fund is \$490,333, which means that the current fund balance is in conformance with and substantially in excess of current reserve policy.

- Computer Maintenance and Replacement Fund began the year with a spendable balance of \$608,409 and ended the second quarter with a balance of \$612,527. Fund revenues were in line with budget as were fund expenditures. A budget amendment reflecting prior City Council action has been requested to provide an additional \$25,000 to facilitate the purchase and installation of a new VOIP telephone system with three years of support. In addition a budget adjustment is being requested to increase the budget for professional computer contract maintenance by \$20,000 due to the under budgeting of normal operating cost. The targeted fund reserve level has been set at \$596,200, which means that at December 31, 2013, this fund was in compliance with current reserve Policy.

Mid Year Budget Adjustments

Attachment 6 is a list of recommended adjustments to the adopted FY 2013-14 City budget. Those accounts recommended for adjustment are:

- Revenue accounts which are coming in at a higher level than anticipated
- Revenue accounts that are felt to be coming in at a rate that will leave the account short of budget
- Expenditure accounts that are currently over budget
- Expenditure accounts that are currently spent in excess of 50% and are expected to exceed budget at year end
- Expenditure accounts that were for one reason or another under budgeted
- Expenditure accounts that were not budgeted at all and should have been
- Expenditure accounts where additional expenditure of funds are requested
- Expenditure accounts where projects approved and begun in the previous year were not completed in that year, and where no provision was made in the current year's budget for the carryover of the projects.
- Expenditure accounts where it appears to a level of certainty the account will be under spent and/or salary saving achieved
- Expenditure accounts where it is necessary to adjust the budget to be in conformance with policy decisions made subsequent to the adoption of the current budget

Many accounts which appear headed for over budget status are actually not, due to timing issues and front loading of expenses. A good example is dues and subscription expenses as well as equipment items that may appear overspent because those items are purchased at the beginning of the year and are one time purchase items. The Recreation Division is a prime example of seasonal variation in spending with the heaviest expenditures occurring in the summer and fall. These items are not necessary for adjustment.

Many accounts are or appear to be in excess of budget due to a misclassification of expenditures which can be handled through correcting accounting entries rather than budget adjustment.

The recommended budget adjustments listed on attachment 4 have a brief justification alongside each affected account.

Highlights of Goals and Performance

Goals update

Attachment 5 to this report provides a quarterly goals update, which lists the approved 2013 City Council goal(s); the corresponding quarterly progress toward meeting those goals, and the next steps(s) to be undertaken in meeting the corresponding goal(s). It should be noted that this report includes the final reporting for progress on the 2013 City Council Goals and begins reporting on anticipated activity for the new 2014 goals. Some of the highlights of the Quarter Include:

- Diversified Investment portfolio into higher yielding investments
- Implemented the Spillman Computer aided dispatch and records system
- Conducted a number of successful fall events
- Went live with Laserfiche Weblink
- Continued to pursue Contract dispatch services
- Continued to review reserve policies

Attachment 5 also provides an update to the established performance indicators as shown in the budget and prepared by each department. These reports list significant performance measures along with corresponding target performance levels; vision values; City Council approved goals; and quarterly progress toward goal attainment. Some performance highlights include:

- Police response time 2 minutes and 36 seconds or 13% below target level
- Improved crime clearance rate
- Facility rentals up 16%
- Met the goals of graffiti response within 72 hours
- 163 building permits issued
- 416 code enforcement inspections performed

ALTERNATIVES:

The City Council can approve the recommended budget adjustments or direct staff to further review all or specific budget adjustments prior to approval.

FISCAL IMPACT:

Failure to adjust the budget now, in most cases, will merely cause the year end budget to have a large number of over and under expended accounts. Some of the recommended adjustments however are necessary to fulfill certain spending commitments such as bond debt service, or to authorize expenditures for programs or projects authorized subsequent to the adoption of the budget.

RECOMMENDED ACTION:

It is recommended that the City Council take the following actions:

- a) Receive the presentation on the Second Quarter Operating Report
- b) Approve a Resolution amending the Fiscal Year 2013-14 Budget to adjust certain Department and Program budgets.

APPROVED:



Department Director



Finance (if applicable)



City Manager

- Attachments:
- 1. General Fund revenue summary
 - 2. General Fund Expenditure by Department
 - 3. General Fund Expenditures by Category
 - 4. Spendable Fund Balance Summary
 - 5. Goals Report & Performance Measures
 - 6. Proposed Resolution
 - 7. Recommended Mid Year Budget Adjustments (Exhibit A)

**SECOND QUARTER FINANCIAL REPORT
GENERAL FUND REVENUES
FISCAL YEAR QUARTER ENDING DECEMBER 31, 2013**

Revenue Type	FY 2013-14 Annual Adopted Budget	FY 2013-14 Actual Revenue (second Quarter)	FY 2013-14 second Quarter Projected Actual	Variance second Quarter Actual to projected Revenue \$	Year-to-Date Actuals Through 12/31/2013	Prior Year-to- Date Actuals Through 12/31/2012	Variance (Second Quarter) 2014FY vs. 2013FY
Property Tax	\$ 3,268,000	\$ 993,222	\$ 1,634,000	\$ (640,778)	\$ 993,222	\$ 932,772	\$ 60,450
Sales Tax	\$ 1,780,000	\$ 43,941	\$ (116,667)	\$ 160,608	\$ 43,941	\$ 799,996	\$ (756,055)
Utility Users Tax	\$ 1,150,000	\$ 459,273	\$ 479,167	\$ (19,893)	\$ 459,273	\$ 391,426	\$ 67,847
Franchise Fees	\$ 370,000	\$ 61,095	\$ 123,333	\$ (62,238)	\$ 61,095	\$ 31,668	\$ 29,427
Transient Occupancy Tax	\$ 235,000	\$ 79,782	\$ 78,333	\$ 1,449	\$ 79,782	\$ 26,288	\$ 53,494
Business Licenses	\$ 155,000	\$ 149,012	\$ 139,500	\$ 9,512	\$ 149,012	\$ 67,993	\$ 81,019
Permits	\$ 73,600	\$ 52,730	\$ 36,800	\$ 15,930	\$ 52,730	\$ 219,970	\$ (167,240)
Intergovernmental	\$ 16,000	\$ 5,503	\$ 8,000	\$ (2,497)	\$ 5,503	\$ 20,947	\$ (15,444)
Charges for Services	\$ 508,600	\$ 282,270	\$ 254,300	\$ 27,970	\$ 282,270	\$ 221,337	\$ 60,933
Fines and Forfeitures	\$ 161,000	\$ 64,465	\$ 80,500	\$ (16,035)	\$ 64,465	\$ 250	\$ 64,215
Use of Money and Property	\$ 225,800	\$ 142,065	\$ 112,900	\$ 29,165	\$ 142,065	\$ 68,754	\$ 73,311
Other Revenue	\$ 125,800	\$ 12,959	\$ 62,900	\$ (49,941)	\$ 12,959	\$ 66,025	\$ (53,066)
Interfund Transfers	\$ 283,100	\$ 141,550	\$ 141,550	\$ (0)	\$ 141,550	\$ 141,550	\$ (0)
Total Revenues	\$ 8,351,900	\$ 2,487,867	\$ 3,034,617	\$ (546,749)	\$ 2,487,867	\$ 2,988,976	\$ (501,109)

**SECOND QUARTER FINANCIAL REPORT
GENERAL FUND EXPENDITURES, BY DEPARTMENT
FISCAL YEAR QUARTER ENDING DECEMBER 31, 2013**

Department	FY 2013-14 Adopted Budget	FY 2013-14 Actual Expenditures (2nd Qtr)	FY 2013-14 Projected Expenditures (2nd Qtr)	Variance Actual vs. Projected Budget \$	Variance Actual vs. Projected Budget %	Prior Year Actuals Through 12/31/2012	Variance 2014 Projected vs. FY 2013 Actuals Over / (Under)
Administration	1,436,430	723,303	718,215	-5,088	-0.7%	705,773	17,530
Community Development	490,510	166,112	245,255	79,143	32.3%	241,679	-75,567
Police	4,901,005	2,526,760	2,450,503	-76,258	-3.1%	2,456,426	70,334
Financing Uses/Transfers Out	400,000	0	0	0	0.0%	0	0
Recreation and Community Services	1,788,600	938,478	894,300	-44,178	-4.9%	1,057,784	-119,306
Total	\$ 9,016,545	\$ 4,354,653	\$ 4,308,273	\$ (46,381)	-1.1%	\$ 4,461,662	\$ (107,009)

	<u>% Variance</u>
Variance Amended vs. Adopted =>	-1.1%
Variance Projected vs. Adopted =>	-2.5%
Variance Projected vs. Amended =>	NA

Second QUARTER FINANCIAL REPORT
GENERAL FUND EXPENDITURES - BY CATEGORY
FISCAL YEAR QUARTER ENDING DECEMBER 31, 2013

Expenditure Type	FY 2013-14	FY 2013-14	FY 2013-14	Variance	Variance	Prior Year-to-	Variance (second Quarter) 2014 vs. 2013
	Annual Adopted Budget	Actual Expenditures (second Quarter)	second Quarter Projected Actual	Actual vs Projected Budget \$	Actual vs. Projected Budget %	Date Actuals Through 12/31/12	
Personnel Services	\$6,285,300	\$2,989,826	\$3,142,650	-\$152,824	-4.9%	\$3,233,688	-\$243,862
Maintenance and Operations	\$2,319,945	\$1,364,571	\$1,159,973	\$204,598	17.6%	\$1,227,975	\$136,595
Transfers Out/Financing Uses	\$400,000	\$ -	\$ -	\$0		\$ -	\$ -
Capital Outlay/Improvements	\$11,300	\$ 257.65	\$5,650	-\$5,392	-95.4%	\$ -	\$ 257.65
Total Expenditures	\$9,016,545	\$4,354,654	\$4,308,273	\$46,381	1.1%	\$4,461,663	-\$107,009

City of La Palma
2nd Quarter Spendable Fund Balance Variance Report

Attachment 4

Fund #	Fund Title	Balance 6/30/2013	Balance 12/31/2013	First Half Variance
1	General Fund	\$ 14,465,168.02	\$ 13,018,490.69	\$ (1,446,677.33)
11	Streets Fund	\$ 276,696.00	\$ 405,711.62	\$ 129,015.62
12	Measure M2	\$ 67,229.00	\$ (156,831.01)	\$ (224,060.01)
15	Air Quality Fund	\$ 60,917.00	\$ 40,917.14	\$ (19,999.86)
16	PEG Fund	\$ 145,381.00	\$ 149,116.41	\$ 3,735.41
20	Asset Seizure Fund	\$ 10,026.00	\$ 4,323.27	\$ (5,702.73)
21	Public Safety Augmentation Fund	\$ 66,937.00	\$ 53,576.04	\$ (13,360.96)
22	Supplemental Law Enforcement Fund	\$ (15,993.00)	\$ 9,244.30	\$ 25,237.30
23	SVC Authority for Abandoned Vehicles	\$ 25,627.00	\$ 25,641.28	\$ 14.28
33	Park Development Fund	\$ 22,131.00	\$ 22,144.24	\$ 13.24
35	Capital Outlay Reserve Fund	\$ 5,247,709.00	\$ 4,020,161.83	\$ (1,227,547.17)
38	SA Housing Entity Fund	\$ 351,171.00	\$ 284,250.26	\$ (66,920.74)
48	SA Projects Fund	\$ -	\$ -	\$ -
50	Water Fund	\$ 1,961,514.00	\$ 804,981.54	\$ (1,156,532.46)
51	Water Replacement Fund	\$ 2,686,926.00	\$ 2,688,472.35	\$ 1,546.35
55	Water Capital reserve Fund	\$ 462,577.00	\$ 1,132,506.16	\$ 669,929.16
	Subtotal Water Related Funds	\$ 5,111,017.00	\$ 4,625,960.05	\$ (485,056.95)
52	Sewer Fund	\$ 1,280,739.00	\$ 909,665.49	\$ (371,073.51)
53	Sewer Replacement Fund	\$ 2,620,273.00	\$ 2,621,781.14	\$ 1,508.14
56	Sewer Capital Reserve Fund	\$ 276,764.00	\$ 624,264.29	\$ 347,500.29
	Subtotal Sewer Related Funds	\$ 4,177,776.00	\$ 4,155,710.92	\$ (22,065.08)
60	Insurance Fund	\$ 821,600.00	\$ 577,079.00	\$ (244,521.00)
61	Employee Benefit Fund	\$ 607,925.00	\$ 231,124.42	\$ (376,800.58)
62	Building Maintenance & Replacement Fund	\$ 990,719.00	\$ 979,743.55	\$ (10,975.45)
63	Vehicle Maintenance Reserve Fund	\$ 730,921.00	\$ 818,613.74	\$ 87,692.74
64	Computer Maintenance & Replacement Fund	\$ 608,409.00	\$ 612,526.86	\$ 4,117.86
		\$ 33,771,366.02	\$ 29,877,504.61	\$ (3,893,861.41)

Attachment 5

**2013 and 2014 City Council Goals
Quarterly Goals Report and Updated
Second Quarter, Fiscal Year 2013-14**

2013 GOAL	PROGRESS MADE DURING THE QUARTER	NEXT STEPS
<p>Balance Budget</p> <ol style="list-style-type: none"> 1. Reduce personnel costs 2. Reduce General Fund expenditures 3. Finalize City fees 4. Review reserves policy 5. Staff plan in February 6. Develop a plan to fund unfunded liabilities (GASB 45) 7. Increase financial resources 	<p><u>Reduce Personnel Costs:</u></p> <ul style="list-style-type: none"> • Discussion with West Comm and the City of Buena Park regarding potential for contracting dispatch services and potential structure of an agreement. Approved contract for interim Finance Director services while maintaining savings. <p><u>Reduce General Fund Expenditures:</u></p> <ul style="list-style-type: none"> • City Council approval of reserves policy language for remaining funds. • Initiated energy assessment and received results of the Edison valuation for the street light system. • Research into fuel savings card programs. <p><u>Finalize City Fees:</u></p> <ul style="list-style-type: none"> • No review scheduled in the period. <p><u>Review Reserves Policy:</u></p> <ul style="list-style-type: none"> • All reserve policies under review. <p><u>Staff Plan in February:</u></p> <ul style="list-style-type: none"> • Not applicable to this period <p><u>Develop Plan to Fund Unfunded Liabilities:</u></p> <ul style="list-style-type: none"> • City Council approval in October for the OPEB Trust. Signed Trust documents received. <p><u>Increase financial resources</u></p> <ul style="list-style-type: none"> • Diversified investment portfolio into safe but higher yielding Securities. Experience to date is better than estimated. • Work continues on digital billboard placement and revenue, and transfer and leasing of HUB property 	<p><u>Reduce Personnel Costs:</u></p> <ul style="list-style-type: none"> • Utilize Finance Director and Police Captain vacancies for savings until restructures and recruitments complete • Continue discussions on dispatch services with interested agencies • Recommend Police Operations Study to identify additional efficiencies <p><u>Reduce General Fund Expenditures:</u></p> <ul style="list-style-type: none"> • Results of internal service funds allocations review will return to the City Council as part of mid-year and budget planning • Energy assessment results anticipated in the 3rd quarter and will be incorporated into budget planning and street light purchase research continues with analysis of purchase agreement models and PUC process. • Follow up on fuel savings programs and bring a recommendation to the City Council. <p><u>Review Reserves Policy:</u></p> <ul style="list-style-type: none"> • Reserve policies will return to the City Council as part of long term financial planning and budget preparation

Goal	Progress During Quarter	Next Steps
		<p><u>Staff Plan in February:</u> New 2014 Goal adopted relative to a 2014 Plan (see below).</p> <p><u>Develop Plan to Fund Unfunded Liabilities:</u> Transfer of the approved \$1.5 million in 3rd quarter. Put procedures in place for reimbursement of retiree expenses and process mid-year adjustment for both revenue and expenditure.</p> <p><u>Increase financial resources</u> Closely monitor investment program. Continue progress on billboard development Market and develop lease agreement(s) for the HUB Continue implementation of the economic development action plan</p>
<p>Create Proactive Economic Strategies</p> <ol style="list-style-type: none"> 1. Attract and retain businesses to increase revenues and employment opportunities. 2. Create a well-defined Action Plan to achieve the goal. 	<p><u>Attract and Retain Businesses:</u></p> <ul style="list-style-type: none"> • <p><u>Create Well-Defined Action Plan:</u></p> <ul style="list-style-type: none"> • Plan approved by the City Council in October. 	<p><u>Attract and Retain Businesses:</u></p> <p><u>Create Well-Defined Action Plan:</u> Continue to implement and report on progress under the plan.</p>
<p>Maintain High Public Safety Levels</p> <ol style="list-style-type: none"> 1. Maintain critical and frontline services 	<p><u>Maintain critical and frontline services:</u></p> <ul style="list-style-type: none"> • Implemented Spillman Technologies Computer Aided Dispatch Records Management System and went “live” in November 2013. • Completed training with Police Service Aide for parking enforcement. • Organized the City’s participation with California’s Annual 	<p><u>Maintain critical and frontline services:</u></p> <ul style="list-style-type: none"> • The Spillman CAD/RMS will need a minimum of 3-months of data to allow the “Dashboard” feature to be fully operational. • Need to ensure consistent

Goal	Progress During Quarter	Next Steps
	<p>Earthquake Drill known as the "Great Shakeout."</p> <ul style="list-style-type: none"> 4-Patrol Officers participated in the Urban Area Security Initiative's Active Shooter Exercise 	<p>parking enforcement with PSA or hire a Parking Enforcement Officer.</p> <ul style="list-style-type: none"> Outsource City's Emergency Service Coordination to update Emergency Response Plan and conduct exercises. Organize lockdown exercises with the primary grade schools over the next year as part of our active shooter training/preparations Bring a recommendation to the City Council on a Police Operations Study Continue dispatch contract discussions Sign onto County planning for 800 MHz system upgrade
<p>Maintain Quality of Life</p> <ol style="list-style-type: none"> Continue City Events Analyze school alternatives to allow all La Palma kids to go to La Palma schools and advocate for solutions Funding plan for future streets improvements 	<p><u>Continue City Events:</u></p> <ul style="list-style-type: none"> Conducted many fall events including: Halloween Carnival, La Palma Pageant, La Palma Days, and Tree Lighting. La Palma Days most well attending in many years (event report attached). Began discussions to bring the California State Chili Cook-off to La Palma in July. <p><u>Alternatives for Schools:</u></p> <ul style="list-style-type: none"> Completed data collection along with information back to the City Council on Interest Based Bargaining/Principled Negotiation Process and a summary data report. <p><u>Funding plan for future street improvements:</u></p> <ul style="list-style-type: none"> Not applicable to this period, completed in the 2nd quarter. Part of 14/15 Budget "Work Session for updated plan. 	<p><u>Continue City Events:</u></p> <ul style="list-style-type: none"> Prepare for upcoming events: Arbor Day, Memorial Day Ceremony, Fitness Run For Fun, and Concerts In the Park Pursue beer & wine garden during summer concerts. Finalize details to bring chili cook-off to La Palma, in combination with July 19 concert in the park. <p><u>Alternatives for Schools:</u></p> <ul style="list-style-type: none"> Share data results with school districts and begin problem-solving discussions 2014 Goal continues to emphasize addressing schools issue (see below). <p><u>Funding plan for streets:</u></p> <ul style="list-style-type: none"> Review 10 Year Street Plan

Goal	Progress During Quarter	Next Steps
<p>4. Stronger and more effective code enforcement, identify the need for assistance and connect with resources</p>	<p><u>Stronger and More Effective Code Enforcement:</u></p> <ul style="list-style-type: none"> The City Council approved funding for temporary contracted code enforcement serviced through 2013-2014 fiscal year end at their 2/4/14 meeting. 	<ul style="list-style-type: none"> Include identified funding needs in FY 14/15 Budget Work Session. <p><u>Stronger/More effective code enforcement:</u></p> <ul style="list-style-type: none"> Decision regarding contracting versus in-house personnel still pending discussions for the FY 2014-15 budget.
<p>Communications/Engagement</p> <p>1. Increase involvement from the community by expanding communications and outreach efforts.</p> <p>2. Keep an open dialogue with employees and keep them informed.</p> <p>3. To maintain support and confidence, the process must be open and transparent.</p> <p>4. Implement engagement/outreach plan, re: financial situation</p>	<p><u>Increase involvement from the community by expanding communications and outreach efforts:</u></p> <ul style="list-style-type: none"> “Notify me” feature growth, Facebook “likes” growth, email blasts <p><u>Keep an open dialogue with employees and keep them informed:</u></p> <ul style="list-style-type: none"> Continued quarterly all employee briefings and monthly articles in employee newsletter, met with Team Vision on ways to address employee survey results Held annual employee recognition event <p><u>To maintain support and confidence, the process must be open and transparent:</u></p> <ul style="list-style-type: none"> Laserfiche Weblink went live giving the public 24/7 access and search capability to many City documents <p><u>Implement engagement/outreach plan, re: financial situation:</u></p> <ul style="list-style-type: none"> Quarterly employee briefings continue to highlight budget and financial information. Hits on financial webpage totaled 150 	<p><u>Increase involvement by expanding communications:</u></p> <ul style="list-style-type: none"> 2014 Goal retains emphasis on improving communications with the public 8% increase in Facebook friends 7% increase in Twitter followers <p><u>Keep an open dialogue with employees:</u></p> <ul style="list-style-type: none"> Continue current efforts and explore ways to address survey results and better engage employees <p><u>Maintain process as open and transparent:</u> Granicus Upgrade: audio for traffic safety and development committees scheduled for the 3rd quarter</p> <p><u>Implement outreach re: financial situation:</u> Evaluate financial health diagnostics</p>

Goal	Progress During Quarter	Next Steps
		to provide a comprehensive, simple and visual way to analyze fiscal health and the fiscal impact of various decisions.
2014 GOAL	PROGRESS MADE DURING THE QUARTER	NEXT STEPS
<p>Receive a Staff plan for a balanced 2014/15 budget by the end of February 2014. The Plan should include:</p> <ul style="list-style-type: none"> • All funds including those for infrastructure and facilities; • Recommended policy for the use of Tesoro revenue; • No use of reserves for operations; • Realistic assumptions; • How the plan supports a sustainable future; and, • How labor negotiations will support the goal. 	<p><u>Preliminary budget projections:</u></p> <ul style="list-style-type: none"> • Completed preliminary estimated actual projections for the current fiscal year as well as preliminary expenditure expense and revenue projections for FY 2014-15. 	<ul style="list-style-type: none"> • January 21st approval of CAFR for 2012-2013 • January 21st closed session on labor • February 4 Admin/Finance restructure proposal, police operations study • February 18 – mid-year budget report and 2nd quarter operating report, labor agreements • March 4th Budget Work Session, internal service fund review, general fund revenue policy (Tesoro), reserves and fund planning • Long term capital and streets plan development/update, including seismic survey results • Energy report and recommendations in 3rd Quarter • Report on Community Services reorganization and City Engineer process • Research on financial enterprise software replacement and improvements to reporting and data mining
Maintain and Improve Quality of Life		<ul style="list-style-type: none"> • Prepare for upcoming events:

Goal	Progress During Quarter	Next Steps
<p>through:</p> <ul style="list-style-type: none"> • Beautification; • Continuous improvement of services to the public; • Maintenance of a strong and effective Police Department; • Improvement in communications to the public; and, • Addressing the school district situation (La Palma kids go to La Palma schools). 		<p>Arbor Day, Memorial Day Ceremony, Fitness Run For Fun, and Concerts In the Park</p> <ul style="list-style-type: none"> • Pursue beer & wine garden during summer concerts. • Finalize details to bring chili cook-off to La Palma, in combination with July 19 concert in the park. • Staffing plan for the Administrative Services Bureau in Police (captain vacancy) • Schools survey results distributed to Districts • Granicus upgrade and audio for committee meetings • VOIP contract for phone system replacement • Shared services research for webmaster assistance esp. for economic development
<p>Approve a General Plan by the end of the fiscal year.</p>		

City of La Palma

2013-14 Budget: Second Quarterly Operating Report

PERFORMANCE INDICATORS

Administration

Performance Measure	FY 2013-14 Target / Baseline	Vision Values	City Council / Management Goals / Objectives	Second Quarter Progress
City FTE per 1,000 population	<5	Vision	Balance Budget/Reduce Personnel Costs; Provide efficient and effective customer service	4.37 with vacancies; 4.62 if vacancies filled
Number of Press Releases Issued	>24	Pride & Ownership	Communications/Engagement; Maximize citizen satisfaction with City communications and outreach	Year to Date Through December = 12
Number of E Blasts Issued	> 48			Year to Date Through December = 52
Number of Agendas/Staff Reports Posted to the Web	24/240			Year to Date Through December = 29/142
Number of Sick Leave Hours Used per 1,000 Hours Worked	< 28	Opportunity	Balance Budget/Reduce Personnel Costs, maximize workplace productivity	16.87
Number of Workers Compensation Claims per 100 FTE	<9	Security	Balance Budget/Reduce personnel Costs, reduce average workers compensaiton claims per employee through promotion of a safe workplace	5.8

City of La Palma

2013-14 Budget: Second Quarterly Operating Report

PERFORMANCE INDICATORS

Administration

Performance Measure	FY 2013-14 Target / Baseline	Vision Values	City Council / Management Goals / Objectives	Second Quarter Progress
Percent of Business Licenses Processed On-line	> 50%	Vision	Create Proactive Economic Strategies/Attract and Retain Businesses to increase revenue and employment, increase number of businesses utilizing the on-line business licensing software to increase productivity and to increase participation in on-line business directory	38.50%
Number of Internal Technology Service Requests/Time to Close	< 2 days	Vision	Balance Budget/Reduce costs, provide responsive service for internal information technology needs	Not Available at this time

City of La Palma

2013-14 Budget: Second Quarterly Operating Report

PERFORMANCE INDICATORS

Community Development

Performance Measure	FY 2013-14 Target / Baseline	Vision Values	City Council / Management Goals / Objectives	Second Quarter Progress
Commercial Brokers/Property Owner Outreach	4	Family	Communication/ Engagement	2
Number of Mosaic articles	4	Family	Communication/ Engagement	2
% of "new" business licenses	3	Family	Create Proactive Economic Development Strategies	6.2%
Number of building permits issued	415	Pride & Ownership	Maintain High Public Safety Levels	163
Number of plan checks performed	80	Security	Maintain High Public Safety Levels	52
Number of inspections conducted	1221	Security	Maintain High Public Safety Levels	472
Number of permits finalized	373	Pride & Ownership	Maintain Quality of Life	156
Number of Code Enforcement (CE) inspections performed	450	Pride & Ownership	Maintain Quality of Life	416
Number CD cases opened	200	Pride & Ownership	Maintain High Public Safety Levels	88
% of CE cases receiving administrative citation	1	Opportunity	Maintain Quality of Life	15
% of CE cases initiated by citizen complaint	50	Family	Communication/ Engagement	90
Number of Land Use approvals processed	4	Security	Create Proactive Economic Development Strategies	3
Number of agenda reports prepared	12	Pride & Ownership	Communication/ Engagement	30

City of La Palma

2013-14 Budget: Second Quarterly Operating Report

PERFORMANCE INDICATORS

Community Development

Performance Measure	FY 2013-14 Target / Baseline	Vision Values	City Council / Management Goals / Objectives	Second Quarter Progress
% of plan checks reviewed for zoning w/in 7 working days	100	Pride & Ownership	Maintain High Public Safety Levels	96
% of Development Committee minutes and resolutions prepared by the next meeting	100	Pride & Ownership	Maintain High Public Safety Levels	100

City of La Palma

2013-14 Budget: Second Quarterly Operating Report

PERFORMANCE INDICATORS

Administration

Measure	Target / Baseline	Values	Goals / Objectives	Second Quarter
				Progress
Utilizing Orange County Local Agency Formation Commission (LAFCO) fiscal trends data, maintain current liabilities net of operating revenues below rolling five year average of County of Orange	Maintain current liabilities net of operating revenues below 24%	Vision	Reduce General Fund expenditures	
Promote use of auto pay/credit card payment options for all utility customers	Increase by 10%	Pride and Ownership	Reduce General Fund expenditures	In Process
Implement an "ePayables" invoice payment process	Increase by 50%	Vision	Streamline Payables process	Training Conducted
Project General Fund revenue and expenditures within acceptable tolerance levels of actuals received (i.e., year-end totals)	Project within 2% of projections	Vision		Preliminary budget

City of La Palma

2013-14 Budget: Second Quarterly Operating Report

PERFORMANCE INDICATORS

Police

Performance Measure	FY 2013-14 Target / Baseline	Vision Values	City Council / Management Goals / Objectives	Second Quarter Progress
Meet Federal and State training mandates by ensuring 100% of employees receive mandated training within specified timelines	Develop training plan and matrix for all departmental personnel, train 100% of employees	Security	Maintain High Public Safety Levels, Balance Budget, reduce liability	Based on our training matrix we are on target for complete compliance
Keep response times to critical incidents below 3 minute average	Average response time under 3 minutes	Security	Maintain High Public Safety Levels	Average response time was two minutes and thirty six seconds (2:36) or 13% better than expected
Increase clearance rate for part one crimes	Greater than 23%	Security	Maintain High Public Safety Levels	A combined clearance rate of 34.5% up from 31.7% reported 1st Qtr
Continue to be present in all schools within the community	Programs in all schools	Family/ Security	Maintain High Public Safety Levels, Maintain Quality of Life	Completed Los Coyotes and newly added La Palma Christian School PIY Graduations

City of La Palma

2013-14 Budget: Second Quarterly Operating Report

PERFORMANCE INDICATORS

Police

Performance Measure	FY 2013-14 Target / Baseline	Vision Values	City Council / Management Goals / Objectives	Second Quarter Progress
Reduce the number of injury traffic accidents	Under 58 injury traffic accidents	Security	Maintain High Public Safety Levels	1st Qtr = 15 and 2nd Qtr = 18 (14% above targeted goal)

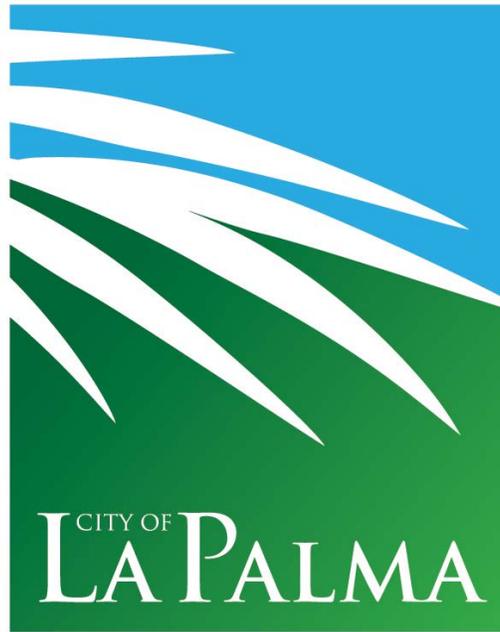
City of La Palma

2013-14 Budget: Second Quarterly Operating Report

PERFORMANCE INDICATORS

Community Services

Performance Measure	FY 2013-14 Target / Baseline	Vision Values	City Council / Management Goals / Objectives	Second Quarter Progress
Respond to and eradicate 95% of graffiti complaints within 72 hours of receiving notice	Minimum 95%	Pride & Ownership	Maintain Quality of Life	95%
Identify and apply for at least one grant award funding source for a street repair project by June 30, 2014	Minimum 1	Vision	Balance Budget	0
Minimize annual Utility Rate Increases to less than or equal to 3%	3% or less	Security	Balance Budget	0
Continuously improve the overall pavement condition Citywide and minimize claims to the city due to damaged infrastructure	Minimum overall PCI = 78	Pride & Ownership	Maintain High Public Safety Levels	85
Increase Number of Volunteer Hours	Increase by 15%	Pride & Ownership	Communication/Engagement	-4.4%
Increase Number of Facility Rentals	Increase by 10%	Family/ Opportunity	Maintain Quality of Life	16%
Increase the number of participants for water safety and fitness classes	Increase by 15%	Security	Maintain High Public Safety Levels	43%
Implement Customer Satisfaction Survey for programs and facilities	85% Satisfaction Rate	Family	Maintain Quality of Life	NA



COMMUNITY SERVICES

FALL REPORT

September – December, 2013

The Community Services Departments quarterly report includes projects, meetings, training, goals, and objectives each of the divisions have been working on. Here's what we've done during the Fall:

MAINTENANCE & ENGINEERING

Public & Internal Work Orders Completed

OCT	NOV	DEC	TOTAL
25	27	9	38

Quarter

NPDES Program Effectiveness –Staff monitored and submitted monthly reports indicating no spills or response during the quarter.

ST-325 Residential Paving Project – Residential Pavement Zone 6 was completed during the quarter.

ST-324 La Palma Avenue Rehabilitation – La Palma Avenue pavement rehabilitation from the West City Limits to Moody Street, in partnership with the City of Cerritos, was completed during the quarter.

Traffic Signal, Street Light, and Irrigation System Survey- 3 monthly citywide traffic signal, street light and irrigation system surveys were performed.

Graffiti Removal – 200 square feet of graffiti was removed.

Street Tree Damage – 3 street trees were damaged in minor traffic collisions and were removed pending replacement.

Edison Right-of-Way – 24,000 Doggie Bags were distributed along the ROW for dog waste.

Operations Employee of the Year

December 11, 2013

Engineering Technician Larry Baldwin was recognized as the Operations (Maintenance & Water) Employee of the Year. Larry was recognized for his dedication and work ethic to ensure that the City's many CIP projects are completed. Larry is a 15 year employee of the City regularly demonstrates his commitment to the community.

October

Central Park Tree Pruning –145 trees were pruned and 3 diseased trees were removed from within Central Park.

November

Annual Sewer Line Maintenance – Annual sewer lateral maintenance of City facilities was performed.

Quarterly Sewer Line Maintenance – 3,465 feet of City sewer mains requiring quarterly cleaning were maintained.

Orange County Waste Discharge Requirements Meetings – Maintenance Division staff attended the Bi-Monthly General Meeting.

Traffic Signal Outages – 4 traffic signal outages (3 due to power outages and 1 due to a traffic collision) were responded to by Maintenance Division staff.

December

Bi-Annual Sewer System Cockroach Treatment – 673 citywide sewer manhole structures were treated with INSECTA, an insecticidal latex coating for sewer roach control.

Crack Sealing of City Hall Parking Lot – To prolong the life of the aging City Hall parking lot, the contractor sealed the significant cracks prior to the rainy season.

Civic Center Turf Renovation – Turf renovation and fertilization was performed at City Hall, Police Department and Library facilities.

WATER

October

Water Service Leak Repair @ 4711 Windsong – October 8 - 14, 2013
Replacement of water service line at 4711 Windsong

Orange County Pump Reinstalls Well Pump – October 28 - 30, 2013
Installation of new pump for Meadowlark Well

Miscellaneous – October, 2013

Water Quality Calls	0
Leak Investigations	22
Loss of Water / Pressure	2
Shut Off / Restore Service	4
Broken Box / Sidewalk	2
Replace Meter / Register	0
Digalert Response	48
Hydrants Flushed	0
Valves Exercised	0
Service Line Leaks	1

November

Water Service Leak Repair @ 4591 Cambury – November 8, 2013
Replacement of water service line at 4591 Cambury Drive

Water Service Leak Repair @ 8121 Regency – November 12, 2013
Replacement of water service line at 8121 Regency

Late Notice Delivery – November 15, 2013

Water Division and Maintenance Division staff delivered 280+ late notices.

Delta Motor to Rebuild Booster Pump Motor – November 19, 2013

Delta Motor rebuilds the booster pump motor at City Yard Booster Station

BESST Technologies Performs Well Evaluation – November 19 - 21, 2013

BESST Technologies perform water quality and production evaluation on Meadowlark Well.

Miscellaneous – November, 2013

Water Quality Calls	3
Leak Investigations	1
Loss of Water / Pressure	0
Shut Off / Restore Service	28
Broken Box / Sidewalk	0
Replace Meter / Register	0
Digalert Response	45
Hydrants Flushed	2
Valves Exercised	0
Service Line Leaks	2
Water Main Breaks	1

December

Water Service Worker I/II Interviews – December 4, 2013

First round of water service worker interviews with external panel.

Buena Park Lead Water Technician Interview Panel – December 9, 2013

Supervisor James Tsumura served on the oral interview panel for the City of Buena Park.

Inspection of Caterpillar Electrical Generator – December 19, 2013

Water Supervisor Tsumura inspected the new Caterpillar electrical generator purchased by the City for installation at the City Yard facility.

Miscellaneous – December, 2013

Water Quality Calls	2
Leak Investigations	2
Loss of Water / Pressure	3
Shut Off / Restore Service	32
Broken Box / Sidewalk	0
Replace Meter / Register	0
Digalert Response	76
Hydrants Flushed	2
Valves Exercised	0
Service Line Leaks	0
Water Main Breaks	0

RECREATION

La Palma Community Services Department's many services, programs, and facilities are the tools we use to produce long-lasting and positive change within our community for our residents. We use these tools to accomplish these objectives:

- **Strengthen a sense of community**
- **Create and enhance places for people to gather Improve health and well-being**
- **Foster youth development**
- **Promote cultural harmony**
- **Encourages citizen involvement**



Strengthening a Sense of Community

Fall Home Spotlight Award

In an effort to strengthen community pride and sense of community, CAB's ongoing Home Spotlight Award recognizes a homeowner each quarter that has improved or maintained their home in an effort to keep La Palma beautiful. The Fall Home Spotlight was awarded to Gerald and Jean Takaki of 4842 Elben Drive. The Takaki Family was pleased to find out they won the Fall Home Spotlight award!



Creating and Enhancing Places for People to Gather

Facility Permits

This fall we issued numerous permits for our indoor and outdoor facilities:

<i>Facility</i>	<i>Number of Uses</i>	<i>Number of People</i>	<i>Number of Hours Rented</i>
Community Center	43	2,782	168
Pavilion	10	1,010	39
Gazebo	10	535	36
Softball/Soccer Field	102	1,855	230
The Hub	39	477	68.5
Total	204	6,659	541.50

The Hub

Three Older Adult Karaoke events were held at The Hub on the 3rd Friday of every month. In December, The Hub users were notified that beginning in January they would need to relocate to other facilities due to the sale of the property. Supervisor Robinson offered assistance to the nonprofit groups in finding a new location for their meetings; two of the groups accepted the assistance of Community Services in procuring space at one of our local schools to hold their meetings.

Teen Dances

These special events are a great way to bring 7th and 8th graders together into a safe environment while promoting physical fitness. Staff from both La Palma and Cypress had the support from the La Palma/Cypress Youth Action Committee members to promote and maintain a safe environment during these events. On November 16, we held the Thanksgiving Dance with 77 teens, in attendance. This is the second dance of the school year with a low number of teens attending than from previous years. Typically there would be an average of 200 teens per dance. There are a few factors staff has taken in consideration for the low attendance for this school year teen dances along with brainstorming ways to bring the attendance back up.

Teen Scary Movie Night

October 25, 2013

This event provided teens with a safe atmosphere in the evening to hang out with their friends and get into the Halloween spirit. Forty teens from local schools including ten Youth Action Committee members came to watch *MAMA* at The Hub.

Halloween Carnival

October 31, 2013

The 43rd Annual Halloween Carnival was held from 6:00 p.m. to 8:30 p.m. at Central Park with help from various volunteer groups such as, high school groups from John F. Kennedy High School and the Youth Action Committee members. Over 1,000 participants enjoyed activities including the costume contest judged by the 2013 La Palma Pageant Contestants, over 25 carnival games, and the Goblin Gulch area for kids under 5. The "Hollywood Maze of Terror!" was a success! There were food and drinks sold throughout the night by the La Palma Kiwanis Club.

Contract Classes

123 various classes (not including Aquatics) were offered targeting areas such as fitness, skill enhancement, art and dance. This fall we added an academic enrichment class, which has been proven to be popular. Total enrollment for the quarter is 796 participants.

La Palma Days

November 3-9, 2013

As this is La Palma's biggest event, volunteers and staff began meeting and planning in June. As is tradition, the festivities kicked off with the La Palma Pageant on Sunday, November 3rd at the Walter D. Ehlers Community Recreation Center-Heritage Hall. Seven contestants competed for the title of Miss La Palma, who is expected to serve as the City's Ambassador. In addition to the competition segments which are interviews, speeches, evening wear, talents and short answers, each girl chose a cause that was important to them. Approximately 150 people attended the event consisting of local courts, dignitaries and families. Mayssa Maring, Kennedy High School Senior, was crowned as La Palma's 2013-2014 Ambassador. As Ambassador, Mayssa will attend Business Grand Openings,

City functions and Community Events. The Contestants each choose a cause to dedicate their year of service to. Mayssa has chosen to call teens into action and to join Community events through volunteering, in order for them to give back to their Community. Mayssa Maring and her court La Palma Princess Christine Munar and Asia Scott will now serve as the Ambassadors of the City of La Palma for this coming year.

On Saturday, November 9th the Parade and Band Review kicked off the day marching down Walker Street featuring 30 bands, community groups and local dignitaries. At the awards presentation later in the day, Barstow Junior High School was awarded the Jr. High School Music and Band Sweepstakes Award, Chino High School took home the Band and Music Sweepstakes Award, Katella High School Army JROTC was awarded the JROTC Sweepstakes, the Theme Trophy was presented to the La Palma Christian Center, and Los Coyotes Elementary School received the Chris O’Neal Spirit Award. The festival in Central Park featured culturally diverse entertainment and food booths, interactive activities, and a historical and cultural area which highlighted the history of La Palma. Estimated attendance for the day is 9,000.

The La Palma Days Financial Report is at the end of this report.



Improving Health & Wellness

Fit N Fun

Fit N Fun is an after-school drop-in program for children in grades 1st – 6th at George B. Miller Elementary School, Los Coyotes Elementary School and Luther Elementary School. Recreation staff continues to go to each school site three times per week. Fit N Fun focuses on youth development, which results in safe and resilient youth, an increase in health and wellness, and a connection to the community.

To encourage a healthy lifestyle, we provide snacks purchased through our local school districts for the children two days per week. Fit N Fun staff process the importance of the nutritional content in the snacks through games and other activities.

	George B. Miller	Steven Luther	Los Coyotes
October	75	79	75
November	60	83	60
December	53	72	53

Aquatics Program at the La Palma Intercommunity Hospital Indoor Pool

In collaboration with the Anaheim Family YMCA, La Palma Recreation offered aquatic classes at the La Palma Intercommunity Hospital (LPIH) indoor therapeutic pool. In addition to water safety classes, this facility allows us to offer a unique, shallow-water workout for older adults, which includes aerobic training; muscle conditioning; and stretching to promote flexibility and reduce stress and tension. Our water safety/beginning swim class for children ages six months to eight years had 108 registrants. Our water fitness for older adults continues to be a sought after activity with total enrollment of 49 the quarter.

USDA Commodities Distribution

This monthly food distribution program allows low income La Palma residents to supplement their food pantries with items from the Second Harvest Food Bank of Orange County. USDA commodity distribution is scheduled for the third Tuesday of every month at 3:00 p.m. The following is the monthly breakdown for the quarter.

Month	Number of Households	Number of Individuals
October	10	20
November	16	38
December	12	31

Meals on Wheels

In conjunction with La Palma Intercommunity Hospital, this program provides lunch and dinner to La Palma residents who are unable to prepare meals for themselves. Community volunteers deliver the meals Monday through Friday and offer a much needed social connection for the clients. This fall we provided service to 5 clients with an average of 103 meals served per month. As this is a need based program, the number of participants fluctuates with that need.



Fostering Youth Development

Tiny Tots

The leaves changed this fall and so did the growing Tiny Tots! The students worked on letters A-P, and learned all about themselves and how special they are. In October Specialist Terry and Turner took the participants to visit the Pumpkin Patch at Irvine Railroad Park, where the class enjoyed a train ride around the park and choose a pumpkin of their own. In the classroom they then had an opportunity to weigh and measure pumpkins and gourds. On November 9th the classes, along with the alumni, participated in the 29th Annual La Palma Days Parade. Also in November the class learned about the fall season through nature walk around Central Park. To show our holiday spirit Tiny Tots performed holiday songs for the Holiday Tree Lighting Ceremony, and the annual Tiny Tot holiday party. The classes also went on a walking excursion to the La Palma Library where they enjoyed a winter themed story time with Librarian, Mrs. Campbell.

Fall 1st Session (9/16-11/1)

M/W/F 23 Students

T/TH 14 students

Fall 2nd Session (11/4-12/19)

M/W/F 24 students

T/TH 17 students



Promoting Cultural Harmony

Tree Lighting Ceremony –Songs of the Season December 4, 2013

The Community Activities and Beautification Committee hosted the 27th Annual Holiday Tree Lighting Ceremony. Local schools: Miller, Luther, Kennedy High School and the La Palma Tiny Tots program assisted in ushering in the Holiday Season and lighting our 13’ tree. A variety of traditional songs were sung in front of approximately 700 people. Participates could visit with Santa; write a letter to Santa and soldiers, and made holiday crafts. Donations for Toy for Tots were collected. The Maintenance Division supported the event by putting up the 13 foot tree among other things and the Police Department assisted in parking the cars and creating a safe environment. The department appreciates their continued support with this event.



Encouraging Citizen Involvement

Volunteer Opportunities

This fall we provided a number of opportunities for citizens to become involved in their community by volunteering for these events and programs:

<i>Program/Event</i>	<i>Number of Volunteers</i>	<i>Number of Hours Served</i>
Meals on Wheels	54	54
Halloween Carnival	94	300
La Palma Days	80	850
Holiday Tree Lighting	4	14
CAB	6	24
Teen Events	14	53
Total	252	1295

Corporate Connection

In its seventh year, the program successfully raised \$35,700, which is an increase of \$6,550 from 2012 sponsorships. The Corporate Connection is an annual sponsorship program connecting La Palma’s business community to local government and its residents through their sponsorship of the various events that La Palma hosts every year. For their support, businesses receive a chance to showcase themselves as active partners of our community through promotional materials, banners & signs, and invitations to participate in the events.

2013 Sponsors	Amount	Sponsorship Level
La Palma Intercommunity Hospital	\$ 8,000	Annual Platinum Sponsor
Wal-Mart	\$ 5,500	Annual Gold Sponsor
BP America	\$ 5,000	Annual Gold Sponsor

ADP West	\$ 3,500	Run For Fun - Platinum
EDCO – Park Disposal	\$ 3,000	Annual Silver Sponsor
Rosendin Electric	\$ 3,000	Annual Silver Sponsor
Care Ambulance Services, Inc.	\$ 2,000	Annual Bronze Sponsor
A&E Consultants	\$ 100	State of the City -Bronze
AKAL Consultants	\$ 100	La Palma Days- Silver
Empire Pipe Cleaning & Equipment, Inc.	\$ 150	Memorial Day – Bronze La Palma Pageant – Bronze Holiday Tree Lighting - Bronze
Flame Broiler	\$ 2,300	Fitness Run for Fun – Bronze Concerts in the Par- Bronze Halloween Carnival – Bronze La Palma Pageant- Silver La Palma Days- Silver
General Pump	\$ 300	Memorial Day- Silver Halloween Carnival- Silver
iCan	\$ 500	State of the City- Platinum
Michele Steggell (ERA)	\$ 100	State of the City- Bronze
Multi-Sales Company	\$ 250	Memorial Day –Silver La Palma Pageant- Silver Holiday Tree Lighting- Bronze
MJC Construction	\$ 150	State of the City – Silver
Rutan & Tucker	\$ 1,000	Concerts in the Park -Silver
Wal-Mart Neighborhood Market	\$ 550	State of the City –Silver Memorial Day- Platinum
West Coast Arborists, Inc.	\$ 200	State of the City - Bronze Memorial Day - Silver Holiday Tree Lighting - Bronze
Total		\$ 35,700



Miscellaneous

September

Pigskin Picks

In an effort to promote a stronger connection between departments and employees, the Recreation & Community Services Department produced this annual employee contest, the Pigskin Picks. Approximately 25 employees, from all departments, participated, with Crystal Wilkerson (aka Drop Kick) taking the top spot as Quarterback!

Ribbons Cutting for Shade Structure at Miller Elementary School - September 3

Director Belknap and Supervisor Robinson attended Miller Elementary Schools ribbon cutting for the new shade structure. District, school and city employees are excited to have an area that the children can sit without being in the sun.

CPRS District 10 General Membership Meeting

September 18, 2013

Supervisor Robinson attended the California Park & Recreation Society District 10's General Membership Meeting. It was intended to give the members at large an opportunity to find out more information about the district and upcoming activities. In addition it was a free training to all members to discuss the tips and tricks to moving up in the field of Recreation.

October

Recreation Leader Training Consortium

October 5, 2013

Senior Recreation Leaders and Recreation Leaders attended the California Parks & Recreation Society's Fall Training held at the City of Irvine, University Community Park highlighting youth programming. Each attended session on topics such as arts & crafts and adapted recreation programming. Currently Coordinator Adams along with other professional from CPRS District 10 serves on the Training Committee. They are designed on the focus on training that the younger professional will need to be successful in the programs they work.

SMP Roundtable

October 8

Supervisor Robinson attended the Orange County Transportation Association's roundtable on senior transportation. In 2014 the Community Services Department will be putting together a transportation program (funded by OCTA) to assist seniors in getting to their doctors, grocery stores, etc.

December

Recreation Employee of the Year

December 11, 2013

Senior Recreation Leader Michael Vela was recognized as Recreation Employee of the Year. Mike has been a member of the Community Services Department for many years and has worked, with enthusiasm, all the programs that the department has offered, from Tiny Tots to senior events.

2013 LA PALMA DAYS FINANCIAL REPORT

	FY 13/14 Adopted Expenditures	FY 13/14 Actual Expenditures	Variance	FY 13/14 Adopted Revenue	FY 13/14 Actual Revenue	Variance
<u>ENTERTAINMENT</u>						
600 Contract Services <i>(Sound Included)</i>	\$ 6,000.00	\$ 4,650.00	\$ (1,350.00)			
Subtotals:	\$ 6,000.00	\$ 4,650.00	\$ (1,350.00)			
<u>PARADE/BAND REVIEW</u>						
				\$ 4,000.00	\$6,000.00	\$ 2,000.00
600 Contract Services						
SCSBOA Judges	\$ 3,200.00	\$ 3,150.00	\$ (50.00)			
Percussion Judge		\$ 300.00				
Transportation	\$ 500.00	\$ -	\$ 500.00			
713 Facility/Equipment Rental						
Portable Toilets	\$ 600.00	\$ 646.67	\$ 46.67			
Sound (Parade Route)		\$ -				
Sound	\$ 700.00	\$ 600.00	\$ (100.00)			
Electrical	\$ 600.00	\$ 600.00	\$ -			
Club Cart Rentals	\$ -	\$ 561.00	\$ 561.00			
733 Supplies						
VIP Reception						
Food, Drinks, Supplies	\$ 300.00	\$ 230.16	\$ (69.84)			
Flowers	\$ 300.00	\$ -	\$ (300.00)			
Driver's/Judges Reception	\$ 225.00	\$ 230.00	\$ 5.00			
Street Signs Repair/Replacement	\$ 200.00	\$ -	\$ (200.00)			
Car Signs	\$ 600.00	\$ 675.34	\$ 75.34			
Miscellaneous	\$ 300.00	\$ 460.99	\$ 160.99			
740 Awards		\$ -				
Trophies/Ribbons/Percussion	\$ 2,600.00	\$ 2,090.22	\$ (509.78)			
Subtotals:	\$ 10,125.00	\$ 9,544.38	\$ (580.62)	\$ 4,000.00	\$6,000.00	\$ 2,000.00

2013 LA PALMA DAYS FINANCIAL REPORT

	FY 13/14 Adopted Expenditures	FY 13/14 Actual Expenditures	Variance	FY 13/14 Adopted Revenue	FY 13/14 Actual Revenue	Variance
<u>ACTIVITIES/GAMES</u>				\$ 5,000.00	\$ 3,772.50	\$ (1,227.50)
<i>713 Facility/Equipment Rental</i>						
Activities	\$ 16,100.00	16,138.00	\$ 38.00			
Subtotals:	\$ 16,100.00	\$ 16,138.00	\$ 38.00	\$ 5,000.00	\$ 3,772.50	\$ (1,227.50)
<u>CULTURAL & HISTORICAL</u>				0	0	0
<i>733 Special Supplies</i>						
Cultural Exhibit & Displays	\$ 500.00	\$ 474.54	\$ (25.46)			
Subtotals:	\$ 500.00	\$ 474.54	\$ (25.46)	0	0	0
<u>LA PALMA PAGEANT</u>				\$ 4,000.00	\$ 970.00	\$ (3,030.00)
<i>600 Contract Services</i>	\$ -	\$ -	\$ -			
<i>654 Printing & Reproduction</i>	\$ 200.00	\$ 262.44	\$ 62.44			
<i>713 Facility/Equipment Rental</i>						
Facility	\$ -	\$ 49.56	\$ 49.56			
<i>733 Supplies</i>						
Judges	\$ 150.00	\$ 139.31	\$ 10.69			
Decorations	\$ 300.00	\$ 112.32	\$ (187.68)			
Flowers	\$ 400.00	\$ 126.88	\$ (273.12)			
Gifts	\$ 200.00	\$ 228.96	\$ 28.96			
Miscellaneous	\$ 300.00	\$ 82.32	\$ (217.68)			
<i>740 Awards</i>						
Scholarship	\$ 1,000.00	\$ 1,000.00	\$ -			
Trophies/Plaques	\$ 300.00	\$ 299.16	\$ (0.84)			
Sashes	\$ 300.00	\$ 172.97	\$ (127.03)			
Subtotals:	\$ 3,150.00	\$ 2,473.92	\$ (676.08)	\$ 4,000.00	\$ 970.00	\$ (3,030.00)

2013 LA PALMA DAYS FINANCIAL REPORT

	FY 13/14 Adopted Expenditures	FY 13/14 Actual Expenditures	Variance	FY 13/14 Adopted Revenue	FY 13/14 Actual Revenue	Variance
LOGISTICS				\$ 7,000.00	\$ 6,994.00	\$ (6.00)
510 Part Time Staff	\$ 3,400.00	\$ 2,731.22	\$ (668.78)			
530 Overtime - Comm. Svcs.	\$ 6,800.00	\$ 6,584.89	\$ (215.11)			
Personnel - Police <small>(In Police Budget)</small>	\$ 9,000.00	\$ 8,828.64	\$ (171.36)			
600 Contract Services						
Security Services	\$ 600.00	\$ 538.00	\$ (62.00)			
Flyer, Logo, Poster Design	\$ -	\$ -	\$ -			
623 Uniforms	\$ -	\$ -	\$ -			
653 Advertising	\$ 1,400.00	\$ 1,392.00	\$ (8.00)			
654 Printing & Reproduction						
Brochures/Posters	\$ 1,000.00	\$ 37.80	\$ 962.20			
713 Facility/Equipment Rental						
Booth Rentals	\$ 4,000.00	\$ 4,000.00	\$ -			
Hot/Cold Sinks	\$ 800.00	\$ 800.00	\$ -			
Electrical & Sound Rental	\$ 3,000.00	\$ 3,100.00	\$ 100.00			
Rental Supplies/Photos	\$ 300.00	\$ -	\$ (300.00)			
Portable Radio Rental	\$ 200.00	\$ 135.96	\$ (64.04)			
Restroom- Portables	\$ 1,800.00	\$ 1,200.00	\$ (600.00)			
733 Supplies		\$ -				
Banner Changes/Giveaways	\$ 200.00	\$ 27.00	\$ (173.00)			
Miscellaneous	\$ 225.00	\$ 359.59	\$ 134.59			
Subtotals:	\$ 32,725.00	\$ 29,735.10	\$ (2,989.90)	\$ 7,000.00	\$ 6,994.00	\$ (6.00)
 GRAND TOTALS	 \$ 68,600.00	 \$ 63,015.94	 \$ (5,584.06)	 \$ 20,000.00	 \$ 17,736.50	 \$ (2,263.50)
	<i>Revenue</i>	<i>\$ (20,000.00)</i>	<i>\$ (17,736.50)</i>			
NET EXPENDITURES	\$ 48,600.00	\$ 45,279.44	\$ (3,320.56)			

RESOLUTION NO. 2014-____

**A RESOLUTION OF THE CITY COUNCIL OF
THE CITY OF LA PALMA AMENDING THE
FISCAL YEAR 2013-14 ADOPTED BUDGET**

WHEREAS, the City Manager did on February 18, 2014, present to the City Council an update of estimated revenues and expenditures for Fiscal Year 2013-14; and

WHEREAS, the City Council did receive information about various adjustments needed to Department and Program budgets in order to align projected expenditures and revenues with appropriations; and

WHEREAS, the proposed amendments to the Fiscal Year 2013-14 budget are enumerated in Exhibit A to this resolution; and

WHEREAS, the adopted Fiscal Year 2013-14 Budget will be revised so as to reflect each and all of the amendments which the City Council, up to the time of adoption of this Resolution, believes should be made as per Exhibit A; and

NOW, THEREFORE, The City Council of the City of La Palma does hereby resolve as follows:

SECTION 1. The amendments for the Fiscal Year 2013-14 adopted budget as so amended, modified, revised, and corrected including those changes directed by the City Council at the February 18, 2014, Council Meeting, are approved and adopted. In adopting said budget amendments, the City Council hereby approves and instructs the City Manager to implement the distribution of the salary detail, supplies and services detail, capital outlay and improvements detail, policy revisions, and contractual arrangements as necessary.

SECTION 2. The budget amendments for the Fiscal Year 2013-14 as now before this City Council and as enumerated in Exhibit A, and as amended, modified, revised, and corrected by the City Council and staff, in open session, shall be placed on file in the office of the City Clerk, shall be open to public inspection, and are expressly incorporated in this Resolution and made a part hereof.

SECTION 3. The City Manager is hereby authorized and instructed to take all steps necessary to implement this resolution.

SECTION 4. The City Manager, for the purpose of administrative necessity in implementing the budget, shall have the authority to transfer monies to the appropriate item, account, program, or fund to cover expenditures which have been approved by the

City Council, except where such transfer is expressly prohibited in a resolution or ordinance approved by the City Council such as utility replacement funds.

APPROVED AND ADOPTED by the City Council of the City of La Palma at a regular meeting held on the 18th day of February 2014.

Steven Shanahan
Mayor

ATTEST:

Laurie A. Murray, CMC
City Clerk

STATE OF CALIFORNIA)
COUNTY OF ORANGE) SS.
CITY OF LA PALMA)

I, LAURIE A. MURRAY, City Clerk of the City of La Palma, California, DO
HEREBY CERTIFY that the foregoing Resolution was adopted by the City Council of said
City at a regular meeting of said City Council held on the 18th day of February 2014, and
that it was so adopted by called vote as follows:

AYES:

NOES:

Laurie A. Murray, CMC
City Clerk

City of La Palma
FY 2013-14 Mid-Year Budget Adjustments

Attachment 7

Exhibit A

Item Description	Adopted Budget	Budget Adjustment	Amended Budget	Justification
General Fund				
<u>Revenue</u>				
Secured Supplemental Roll	\$ 35,000	\$ 15,000	\$ 50,000	Trending Higher
Property Tax Transfer	\$ 55,000	\$ (15,000)	\$ 40,000	Trending lower
Redevelopment Residual	\$ 150,000	\$ 60,000	\$ 210,000	Estimate discussed with HDL
Triple Flip	\$ 382,500	\$ 512,075	\$ 894,575	HDL Estimate
Franchise Fees Refuse	\$ 85,000	\$ 15,000	\$ 100,000	Trending Higher
Hotel In Lieu Tax	\$ 235,000	\$ 25,000	\$ 260,000	Trending Higher
Business Licenses	\$ 155,000	\$ 16,000	\$ 171,000	Trending Higher
Building Permits	\$ 41,500	\$ 8,500	\$ 50,000	Trending Higher
Plumbing Permits	\$ 8,100	\$ 3,900	\$ 12,000	Trending Higher
Electrical Permits	\$ 12,300	\$ 12,700	\$ 25,000	Trending Higher
Street Inspection Fees	\$ 10,000	\$ 7,000	\$ 17,000	Trending Higher
Recreation Contract Fees	\$ 120,000	\$ (14,000)	\$ 106,000	Trending Lower
Prop 69 Grant	\$ -	\$ 15,000	\$ 15,000	Police Department
Expense Reimbursements	\$ 8,000	\$ (3,000)	\$ 5,000	Trending Lower
RPTTF Administrative Reimbursement	\$ 40,300	\$ 125,000	\$ 165,300	1/2 of Year/under budgeted
Unisource Loan Repayment	\$ -	\$ 106,122	\$ 106,122	State DOF action/ROPS
Miscellaneous Revenue	\$ 52,000	\$ (29,500)	\$ 22,500	Trending lower
		\$ 859,797		
<u>Expenditures</u>				
Administration & Finance				
City Attorney				
Professional Contract Services/Retainer	\$ 37,500	\$ 58,500	\$ 96,000	Funding Switch
Legal Services/Non Retainer	\$ 90,000	\$ (58,500)	\$ 31,500	Funding Switch
Legal Services/Successor Agency	\$ -	\$ 5,000	\$ 5,000	Omitted from Budget
City Manager				
Employee Benefits	\$ 113,100	\$ 10,000	\$ 123,100	Moving allowance not carried over
Publication & Dues	\$ 2,000	\$ 300	\$ 2,300	Chamber of commerce Membership

City of La Palma
FY 2013-14 Mid-Year Budget Adjustments

Exhibit A

Item Description	Adopted Budget	Budget Adjustment	Amended Budget	Justification
City Clerk				
Advertising	\$ 7,500	\$ (3,200)	\$ 4,300	Budget shift no net effect
Meetings & Training	\$ 1,500	\$ 800	\$ 2,300	Budget shift no net effect
Professional Contract Services	\$ 16,300	\$ 2,400	\$ 18,700	Budget shift no net effect
Community Promotions				
Community Events	\$ 6,700	\$ (1,200)	\$ 5,500	Budget shift no net effect
Professional Contract Services	\$ 71,500	\$ 1,000	\$ 72,500	Budget shift no net effect
Meetings & Training	\$ -	\$ 200	\$ 200	Budget shift no net effect
Finance				
Salaries-Full-time	\$ 233,100	\$ (96,416)	\$ 136,684	Elimination of Director position
Employee Benefits	\$ 95,300	\$ (44,912)	\$ 50,388	Elimination of Director position
Professional Contract Services	\$ 50,800	\$ 66,720	\$ 117,520	Contract Director & accounting
Printing & Reproduction	\$ 1,000	\$ 500	\$ 1,500	Under budgeted
Subtotal Administration & Finance		\$ (58,808)		
Police Department				
Police Administration				
Overtime	\$ -	\$ 500	\$ 500	Participation in 5-k Run
Patrol				
Overtime	\$ 233,000	\$ 52,000	\$ 285,000	Under budgeted/backfill vacancies
Holiday Pay	\$ -	\$ 52,604	\$ 52,604	Omitted from Budget
Patrol Reserves				
Employee Benefits	\$ 1,400	\$ 1,600	\$ 3,000	Under budgeted
Investigations				
Professional Contract Services	\$ 3,400	\$ 15,000	\$ 18,400	Reimbursed by AB69
Services Division Management				
Salaries-Full-time	\$ 140,800	\$ (26,000)	\$ 114,800	Salary Saving Captain Vacancy

City of La Palma
FY 2013-14 Mid-Year Budget Adjustments

Exhibit A

Item Description	Adopted Budget	Budget Adjustment	Amended Budget	Justification
Records & Communication				
Salaries-Part-time	\$ 26,000	\$ 4,000	\$ 30,000	backfill Vacancies
Professional Contract Services	\$ 20,500	\$ (20,500)	\$ -	Spillman operations not needed
Overtime	\$ 55,000	\$ 10,000	\$ 65,000	Spillman training & Implementation
Holiday Pay	\$ -	\$ 6,400	\$ 6,400	Omitted from budget
Computer Software Support (Spillman)	\$ 2,000	<u>\$ 192,400</u>	\$ 194,400	unbudgeted Carryover-Spillman
Subtotal Police Department		\$ 288,004		
Community Services Department				
Engineering				
Professional Contract Services	\$ 36,500	\$ (10,000)	\$ 26,500	amount charged to Water & Sewer
Street Maintenance-Storm Drains				
Salaries-Full-time	\$ 41,900	\$ (3,000)	\$ 38,900	Salary saving 6 months
Street Maintenance-Block Walls				
Salaries-Full-time	\$ 25,800	\$ (2,700)	\$ 23,100	Salary saving 6 months
Street Maintenance-Concrete				
Salaries-Full-time	\$ 20,100	\$ (4,700)	\$ 15,400	Salary saving 6 months
Lighting & Landscape- Parks				
Overtime	\$ 5,000	\$ 2,000	\$ 7,000	Under Budgeted actual 6k last year
Property Lease	\$ 17,300	\$ 400	\$ 17,700	increase not budgeted
Lighting & Landscape-Medians				
Salaries-Full-time	\$ 21,500	\$ (3,350)	\$ 18,150	Salary saving 6 months
Recreation Administration				
Overtime	\$ 300	\$ 700	\$ 1,000	Under Budgeted
REC ON LINE	\$ 3,500	\$ 1,500	\$ 5,000	higher use & Cost than anticipated
Other Awards	\$ 200	\$ 300	\$ 500	under budgeted

City of La Palma
FY 2013-14 Mid-Year Budget Adjustments

Exhibit A

Item Description	Adopted Budget	Budget Adjustment	Amended Budget	Justification
Neighborhood & Community Svcs.				
Uniforms	\$ 5,000	\$ 600	\$ 5,600	costs higher than anticipated
Equipment & Rental Supplies	\$ 28,900	\$ 2,500	\$ 31,400	costs higher than anticipated
Health & Wellness				
Salaries-Full-time	\$ 15,500	\$ 3,000	\$ 18,500	costs higher than anticipated
The HUB	\$ -	\$ 5,000	\$ 5,000	Utility charges/purchased from SA
Professional Contract Services	\$ 80,700	\$ 13,800	\$ 94,500	Increased participation/offset by fees
Facility Operation & Resources				
Salaries-Part-time	\$ 103,400	<u>\$ (15,000)</u>	\$ 88,400	Salary saving 6 months
Subtotal Community Services		\$ (8,950)		
Community Development				
Code Enforcement				
Salaries-Full-time	\$ 54,900	\$ (54,900)	\$ -	funding for code officer eliminated
Employee Benefits	\$ 13,700	\$ (13,700)	\$ -	funding for code officer eliminated
Professional Services Contract	\$ 6,500	<u>\$ 54,600</u>	\$ 61,100	Code Enf contract extended 6 months
		\$ (14,000)		
Subtotal General Fund Operations Adjustments		\$ 206,246		
Transfers Out				
Transfers to 800 Mhz Fund	\$ -	\$ 819,500	\$ 819,500	Previously directed by Council
Transfer to Successor Agency Debt Service Fund		<u>\$ 195,000</u>	\$ 195,000	to cover Debt Service deficiency
Subtotal Transfers		\$ 1,014,500		
Total General Fund Expenditure Adjustments		<u>\$ 1,220,746</u>		

City of La Palma
FY 2013-14 Mid-Year Budget Adjustments

Exhibit A

Item Description	Adopted Budget	Budget Adjustment	Amended Budget	Justification
Streets Fund				
<u>Expenditures</u>				
Street Maintenance Repairs				
Salaries-Full-time	\$ 49,300	\$ (9,500)	\$ 39,800	Salary Saving 6 months
Overtime	\$ 2,100	\$ 3,900	\$ 6,000	Under budgeted
Traffic Signals				
Overtime	\$ 1,000	\$ 1,700	\$ 2,700	Under budgeted
Traffic Control				
Overtime	\$ 200	\$ 500	\$ 700	Under budgeted
Capital Projects				
Arterial Pavement Management	\$ 150,000	<u>\$ 53,971</u>	\$ 203,971	to remove burden on COR
Total Streets Fund Expenditure Adjustments		\$ 50,571		
Measure M2 Fund				
<u>Expenditures</u>				
Arterial Pavement Management	\$ -	\$ 337,329	\$ 337,329	To fully expend fund/under budgeted
Asset Seizure Fund				
<u>Revenue</u>				
Overtime Reimbursement	\$ -	\$ 72,000	\$ 72,000	Omitted from Budget
Asset Seizures	\$ 25,000	<u>\$ 65,996</u>	\$ 90,996	Additional Revenue to be received
		\$ 137,996		
<u>Expenditures</u>				
Overtime	\$ -	\$ 72,000	\$ 72,000	Omitted from Budget

City of La Palma
FY 2013-14 Mid-Year Budget Adjustments

Exhibit A

Item Description	Adopted Budget	Budget Adjustment	Amended Budget	Justification
Capital Outlay Reserve Fund				
<u>Expenditures</u>				
Residential Pavement Management	\$ 400,000	\$ 635,361	\$ 1,035,361	Carryover
Arterial Pavement Management	\$ 225,000	\$ 275,000	\$ 500,000	Carryover
Storm Drain Improvements	\$ -	\$ 1,500	\$ 1,500	Carryover
Valley View Median Rehabilitation	\$ -	\$ 37,391	\$ 37,391	Carryover
Crescent Avenue Overlay	\$ -	\$ 214,495	\$ 214,495	Carryover
Miller Elementary Shade Shelter	\$ -	\$ 15,000	\$ 15,000	Carryover
Civic Center re-roof	\$ 535,000	\$ (535,000)	\$ -	Project Postponed
Subtotal COR expenditure adjustments		\$ 643,747		
Successor Agency Housing Fund				
<u>Revenue</u>				
Interest Senior Housing Loan (RPTTF)	\$ -	\$ 344,795	\$ 344,795	Not previously in budget
Rental Income (Seasons)	\$ 300,000	\$ (50,000)	\$ 250,000	Trending Lower
Subtotal Housing Fund Revenue adjustment		\$ 294,795		
<u>Expenditures/Transfers</u>				
Loan Payment Insurance Fund Seasons(80%)	\$ -	\$ 169,713	\$ 169,713	Not previously in Budget
Loan Repayment General Fund-Unisource (80%)	\$ -	\$ 106,122	\$ 106,122	Not previously in Budget
Ground Lease Payment to City	\$ -	\$ 110,000	\$ 110,000	Not previously in Budget
Property Tax Auditing (HDL)	\$ -	\$ 5,000	\$ 5,000	Not previously in Budget
Professional Services (Code Enforcement)	\$ -	\$ 15,000	\$ 15,000	Not previously in Budget
Subtotal Housing Fund Expenditure Adjustments		\$ 405,835		

City of La Palma
FY 2013-14 Mid-Year Budget Adjustments

Exhibit A

Item Description	Adopted Budget	Budget Adjustment	Amended Budget	Justification
Successor Agency Debt Service Fund				
<u>Revenue</u>				
Transfer from General Fund	\$ -	\$ 195,000	\$ 195,000	Needed to cover projected shortfall
RPTTF Reimbursement	\$ -	\$ 165,431	\$ 165,431	Not previously in budget
Interest Earnings	\$ -	<u>\$ 5,000</u>	\$ 5,000	Not previously in budget
Subtotal Debt Service Fund Revenue adjustments		\$ 365,431		
<u>Expenditures</u>				
Professional Contract Services	\$ -	\$ 7,475	\$ 7,475	Not Previously in Budget
Meeting & Training	\$ -	\$ 250	\$ 250	Not Previously in Budget
Bond Debt Service	\$ -	<u>\$ 862,662</u>	\$ 862,662	Not Previously in Budget
Subtotal Debt Service Fund Expenditure Adjustments		\$ 870,387		
Water Fund				
<u>Revenue</u>				
Water Sales	\$ 2,968,000	\$ (68,000)	\$ 2,900,000	Trending lower
<u>Expenditures</u>				
Water Administration				
Community Events	\$ 3,000	\$ 1,000	\$ 4,000	additional events
Water Production				
Salaries-Full-time	\$ 78,800	\$ (7,400)	\$ 71,400	Salary savings 6 months
Pump & Well Repair	\$ 20,600	\$ 37,335	\$ 57,935	Repairs to well exceeded budget
Water Transmission				
Salaries-Full-Time	\$ 77,200	\$ (6,600)	\$ 70,600	Salary savings 6 months
Overtime	\$ 7,500	\$ 2,500	\$ 10,000	backfill vacancy
	\$ 35,000	<u>\$ 10,000</u>	\$ 45,000	emergency repairs higher/Pavement
Subtotal Water Fund Expenditure Adjustments		\$ 36,835		

City of La Palma
FY 2013-14 Mid-Year Budget Adjustments

Exhibit A

Item Description	Adopted Budget	Budget Adjustment	Amended Budget	Justification
Water Capital Reserve Fund				
<u>Expenditures</u>				
Water System Master Plan	\$ 250,000	\$ (250,000)	\$ -	put off three years
GEO Data/Water Utility Software	\$ -	\$ 103,000	\$ 103,000	Previously Approved by City Council
MCC @CY Booster Station Relocate Meter	\$ -	\$ 84,500	\$ 84,500	Unbudgeted Carryover
Subtotal Water Capital Expenditure Adjustments		\$ (62,500)		
Sewer Fund				
<u>Expenditures</u>				
Salaries-Full-time	\$ 76,600	\$ (5,100)	\$ 71,500	Salary savings 6 months
Insurance Fund				
<u>Revenues</u>				
Season Loan Repayment (RPTTF)(80%)	\$ -	\$ 169,713	\$ 169,713	Not previously budgeted
<u>Expenditures</u>				
Liability Insurance & Claims	\$ 301,600	\$ 94,800	\$ 396,400	Under budgeted
Employee Benefits Fund				
<u>Revenue</u>				
Charges to Housing Authority	\$ -	\$ 55,700	\$ 55,700	eliminate duplicate account
Charges to Housing Authority	\$ 55,700	\$ (55,700)	\$ -	eliminate duplicate account
OPEB Annual Trust withdrawal	\$ -	\$ 120,000	\$ 120,000	omitted from Budget due to OPEB
Subtotal Employee Benefit Fund Revenue Adjustments		\$ 120,000		

City of La Palma
FY 2013-14 Mid-Year Budget Adjustments

Exhibit A

Item Description	Adopted Budget	Budget Adjustment	Amended Budget	Justification
Expenditures				
Workers Compensation Insurance & Claims	\$ 210,000	\$ 18,000	\$ 228,000	Under budgeted
Unemployment Claims	\$ 10,000	\$ (5,000)	\$ 5,000	Trending lower
Tuition Reimbursement	\$ 7,000	\$ 5,500	\$ 12,500	under budgeted
Life & Health Insurance-Retirees	\$ -	\$ 120,000	\$ 120,000	omitted from the budget
		\$ 138,500		
 Building Maintenance & Replacement Fund				
<u>Expenditures</u>				
Maintenance & Repair Materials	\$ 45,300	\$ (4,700)	\$ 40,600	Trending lower
Maintenance & Repair Equipment	\$ 2,000	\$ 500	\$ 2,500	under budgeted
Special Assessment Taxes	\$ 16,000	\$ 6,770	\$ 22,770	Assessment increases Orange County
Park Improvements	\$ 193,000	\$ (135,000)	\$ 58,000	Project Reductions/postponements
Subtotal Building Fund Expenditure Adjustments		\$ (132,430)		
 Computer & Technology Fund				
<u>Expenditures</u>				
Professional Contract Services	\$ 119,600	\$ 20,000	\$ 139,600	Under budgeted
Office Equipment Maintenance	\$ 1,500	\$ 1,000	\$ 2,500	Under budgeted
Office Equipment	\$ 190,400	\$ 38,800	\$ 229,200	Previously Approved by City Council
Subtotal Technology Fund Expenditure Adjustments		\$ 59,800		
 800 Mhz Fund				
<u>Revenue/Transfers In</u>	\$ -	\$ 819,500	\$ 819,500	Previously Approved by City Council