



City of La Palma

Proposed Budget Overview

Fiscal Year 2014-15

May 20, 2014

Tonight's Agenda

- Proposed Budget Overview
 - All Funds
- Department Budget Highlights and Discussion
- City Council direction, questions, requests for additional information

City Manager's Budget Message

- **Balanced Budget**
 - Even with revised revenues; includes reduction in Fit N Fun and management furlough days
- **Implements Sustainable Financial Plan**
 - 6.4% of GF revenues transferred for one-time needs
 - Fully funds ongoing internal service funds through allocations (using some fund balance over target in Facilities Maintenance)
 - Realistic Assumptions required some expenditure reductions, one year only
 - Surplus estimated for FY 2015-16 even with restored services
- 2014 Goals Progress
- Economic Trends
- Challenges, Issues & Opportunities

2014 City Council Goals

- Balanced Budget Plan
 - Implements Sustainable Financial Plan and GF Revenue Policy
 - Includes full ARC payment for retiree health
 - Labor negotiations
- Maintain/Improve Quality of Life
 - Tree City USA
 - Implement new phone, utilities and finance systems
 - Add web master resources to improve communications
 - Continue dialogue re: LP Students/LP Schools
- Adopt General Plan
 - Scheduled for June 17
 - Zoning and Municipal Code Update

Economic Trends

- Property Tax
 - Largest single revenue source (35.2% of GF)
 - Median value still below the peak, but sales volume increasing
 - Impacts permit revenue as well
- Economic Recovery
 - Efforts to diversify retail sales mix for better stability
 - Capitalize on new opportunities such as lease and advertising revenue
- Movement from Bricks and Mortar to On-line Sales
 - Prioritize new sales tax generators such as restaurants
- Investment Returns
 - Interest rates are anticipated to remain low
 - Strategy should continue to generate increased earnings within the constraints of this environment

What's on the Horizon?

- Challenges, Issues and Opportunities
 - Pension Changes
 - Tesoro
 - Lower Vacancy Rates
 - Capital Investment
 - Organizational Efficiencies
 - Health Reform
 - Economic Development Tools
 - Labor
 - Fiscal health

Reason for Optimism

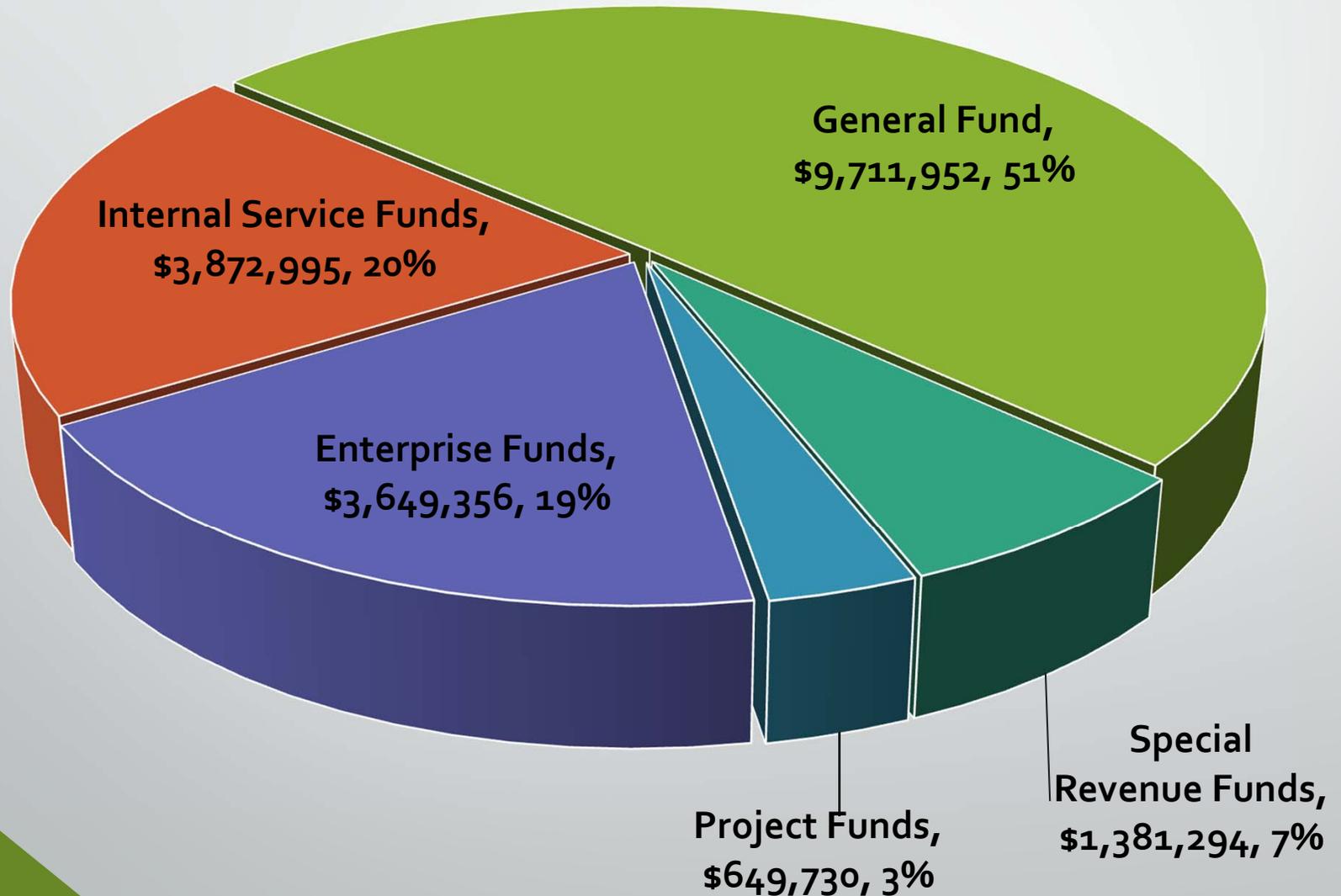
- In Summary – Positive Opportunities
 - Tesoro 20 year operative agreement
 - New development and new businesses continue
 - New and more comprehensive financial sustainability plan/policies
 - Creation and funding of an irrevocable trust for OPEB liabilities and in 2015-16 possible opportunities for dealing with PERS liabilities as well
 - 10 year capital plan including full funding of all planned projects
 - La Palma remains a desirable address for residents and businesses alike

The Journey So Far...

- Public review and input:
 - Mid-year Adjustments
 - Sustainable Financial Plan Adopted March 18
 - Draft Budget April 15
 - Proposed Budget May 20 and June 3
 - Public Hearing and Adoption June 17

Total Revenues, All Funds

\$19,265,327



Total Expenses, All Funds

\$23,182,849

Special Revenue
Funds,
\$1,450,347, 6%

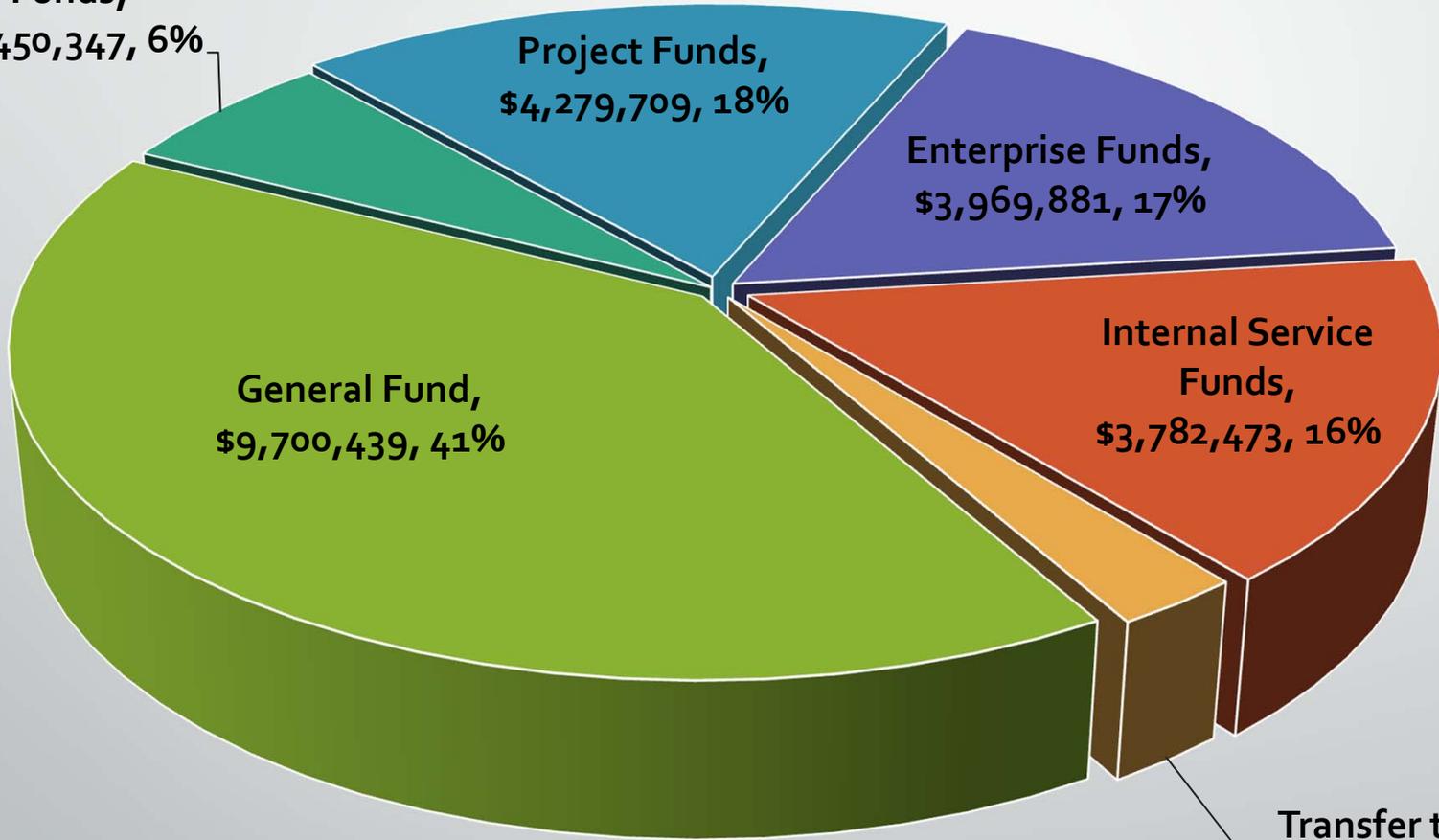
Project Funds,
\$4,279,709, 18%

Enterprise Funds,
\$3,969,881, 17%

Internal Service
Funds,
\$3,782,473, 16%

General Fund,
\$9,700,439, 41%

Transfer to
Project Funds,
\$621,565, 2%



General Fund Summary

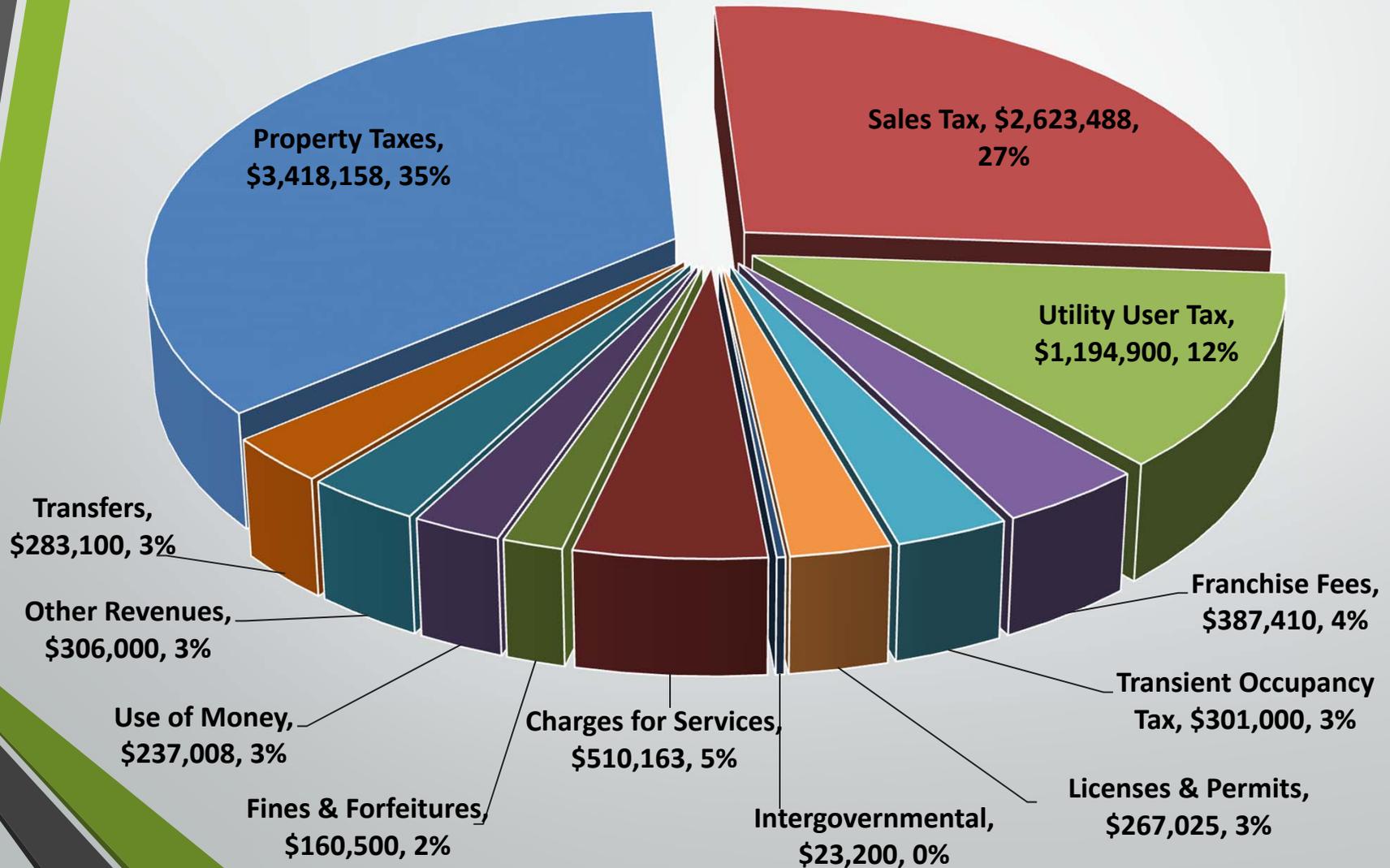
Projected Revenues	\$9,711,952
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Proposed Expenditures	\$9,700,439
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<i>Estimated Surplus / (Deficit)</i>	<i>\$11,513</i>
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General Fund Revenues

\$9,711,952



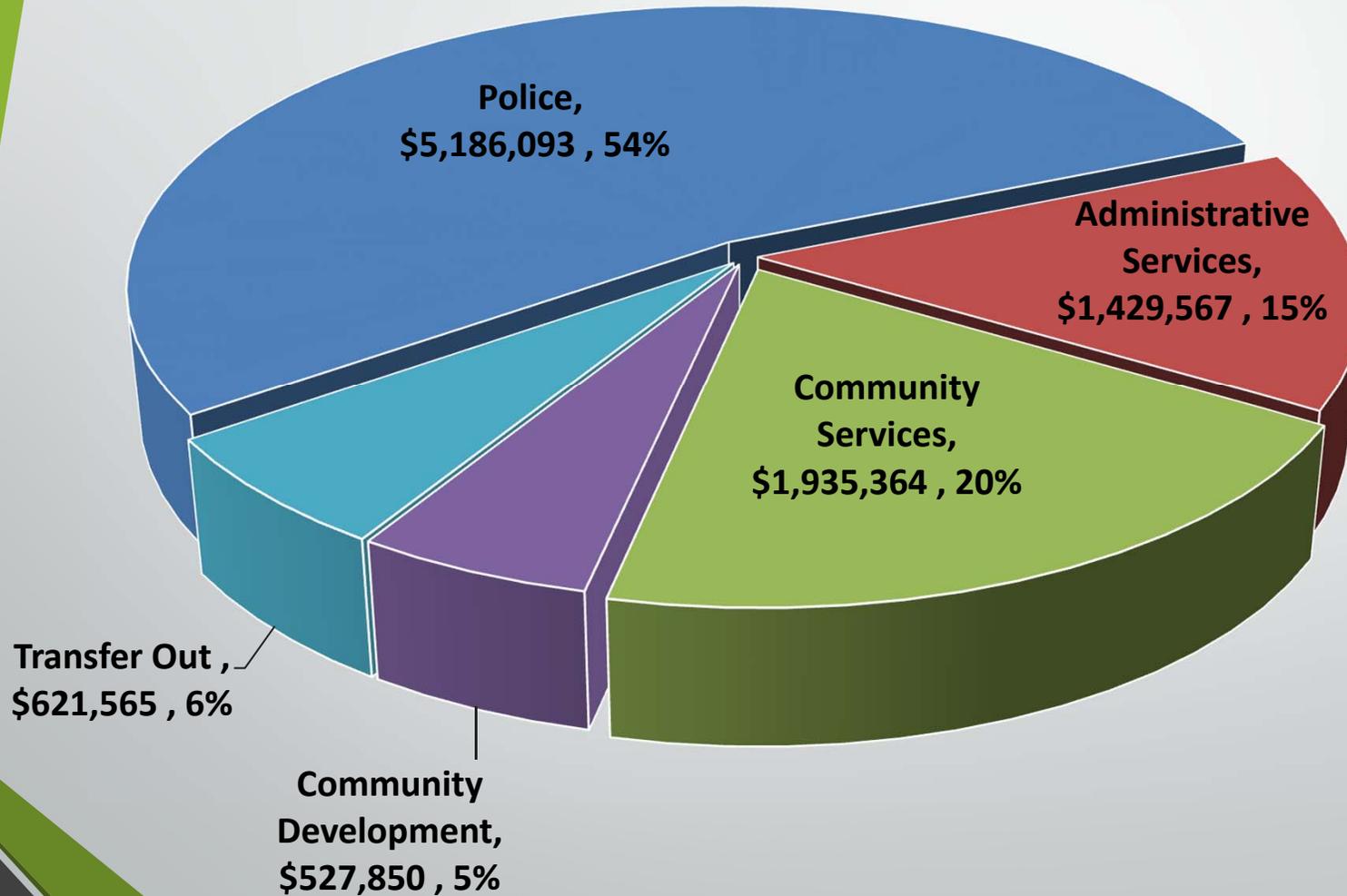
Revenue Changes Since Draft Budget

- Revenues

- Property Tax - \$6,000 for anticipated development
- Utility Users Tax - \$15,000 additional for exceptionally hot summer weather
- Transient Occupancy Tax - \$26,000 trending higher in 2013-14

General Fund Expenditures

\$9,700,439



Expenditure Reductions Since Draft Budget

Fit n Fun Reduced by 1 Day per Week	\$ 6,000
Management Team Furlough (3 Days)	\$ 12,700
Cal Poly SLO Land Use Plan moved to 2015-16	\$ 15,000
Delayed Recruitments for Current Vacancies/Salary	\$ 22,000
ACC-OC	\$ 7,800
Spend Down Facilities Maintenance Budget to Reserve	\$ 19,500
Use of Risk Management Reserve Funds for \$80,000	
Surcharge for 2013-14 Claims	\$80,000
Leibert Cassidy Whitmore Consortium Training	\$ 2,900
Training and Conferences Citywide	\$ 13,900
Postpone lease of Blueprint Copier to 2015-16	\$ 5,800
Meetings and Trainings Agencywide	\$ 14,000
Miscellaneous Expenses - printing, office supplies, etc.	\$ 2,300
	\$201,900

Staffing Changes

- 2.0 FTE eliminated / proposed for elimination
 - FY 2013-14 Adopted Budget: 57.0 FTE
 - FY 2013-14 Amended Budget: 57.0 FTE
 - FY 2014-15 Proposed Budget: 55.0 FTE
 - Increased inter-departmental collaboration
- Reduction in 1.0 FTE Administrative Services with restructure, increased consultant services and part time
- Reduction 1.0 FTE Police Services Division restructure, increased part time

General Fund Reserves

<i>Projected General Fund Balance 06/30/2014</i>	\$	607,834
<i>Post CAFR Fund Balance Transfer</i>	\$	(357,834)
<i>General Fund Balance per SFP</i>	\$	250,000
Estimated FY 2014-15 General Fund Revenues	\$	9,711,952
Estimated FY 2014-15 General Fund Expenditures	\$	9,078,874
Variance (Deficit) / Surplus	\$	633,078
6.4% Ongoing Revenue Use		
Transfer to COR	\$	(455,000)
Transfer to One-time Projects Fund	\$	(166,565)
TOTAL (Deficit)/Surplus	\$	11,513
<i>Projected General Fund Balance 06/30/2015</i>	\$	261,513

Fund Balances

Fund	Projected Beginning Unassigned Fund Balance	Proposed Fiscal Year 2014-15			Estimated Ending Unassigned Fund Balance
		Revenues and Transfers In	Expenditures and Transfers Out	Contribution to (Draw from) Fund Balance	
General Fund*	\$ 607,834	\$ 9,711,952	\$ 9,700,439	\$ 11,513	\$ 619,347
*When CAFR is adopted, funds in excess of \$250,000 will be transferred from General Fund Unassigned Fund Balance to the COR or One Time Projects Funds					
Special Revenue Funds:					
Gas Tax/Highway Users Tax	45,419	415,037	413,215	1,822	47,241
Measure M	-	289,232	288,732	500	500
Air Quality Improvement/AB 2766	55,817	20,335	20,000	335	56,152
Public, Educational, and Government (PEG)	153,364	16,319	-	16,319	169,683
Public Safety Augmentation (Proposition 172)	59,662	172,357	193,400	(21,043)	38,619
Asset Seizure (Asset Forfeiture)	142,389	107,538	220,600	(113,062)	29,327
Supplemental Law Enforcement Services	31,988	100,190	56,200	43,990	75,978
Service Authority for Abandoned Vehicles	25,662	154	-	154	25,816
Park Development	22,162	132	-	132	22,294
Successor Agency Housing Authority	333,449	260,000	258,200	1,800	335,249
Total Special Revenue Funds	869,912	1,381,294	1,450,347	(69,053)	800,859

Fund Balances

Fund	Projected Beginning Unassigned Fund Balance	Revenues and Transfers In	Expenditures and Transfers Out	Contribution to (Draw from) Fund Balance	Estimated Ending Unassigned Fund Balance
Project Funds:					
Capital Outlay Reserve	5,102,233	483,165	4,213,153	(3,729,988)	1,372,245
One-Time Projects	844,500	166,565	61,306	105,259	949,759
Economic Development	250,000	-	5,250	(5,250)	244,750
Total Project Funds	6,196,733	649,730	4,279,709	(3,629,979)	2,566,754
Enterprise Funds:					
Water	\$ 1,688,205	\$ 2,914,112	\$ 3,018,095	\$ (103,983)	\$ 1,584,222
Water Replacement		-	-	-	-
Sewer	994,709	255,958	251,786	4,172	998,881
Sewer Replacement		-	-	-	-
Water Capital Reserve	3,451,895	383,470	425,000	(41,530)	3,410,365
Sewer Capital Reserve	2,743,037	95,816	275,000	(179,184)	2,563,853
Total Enterprise Funds	8,877,846	3,649,356	3,969,881	(320,525)	8,557,321

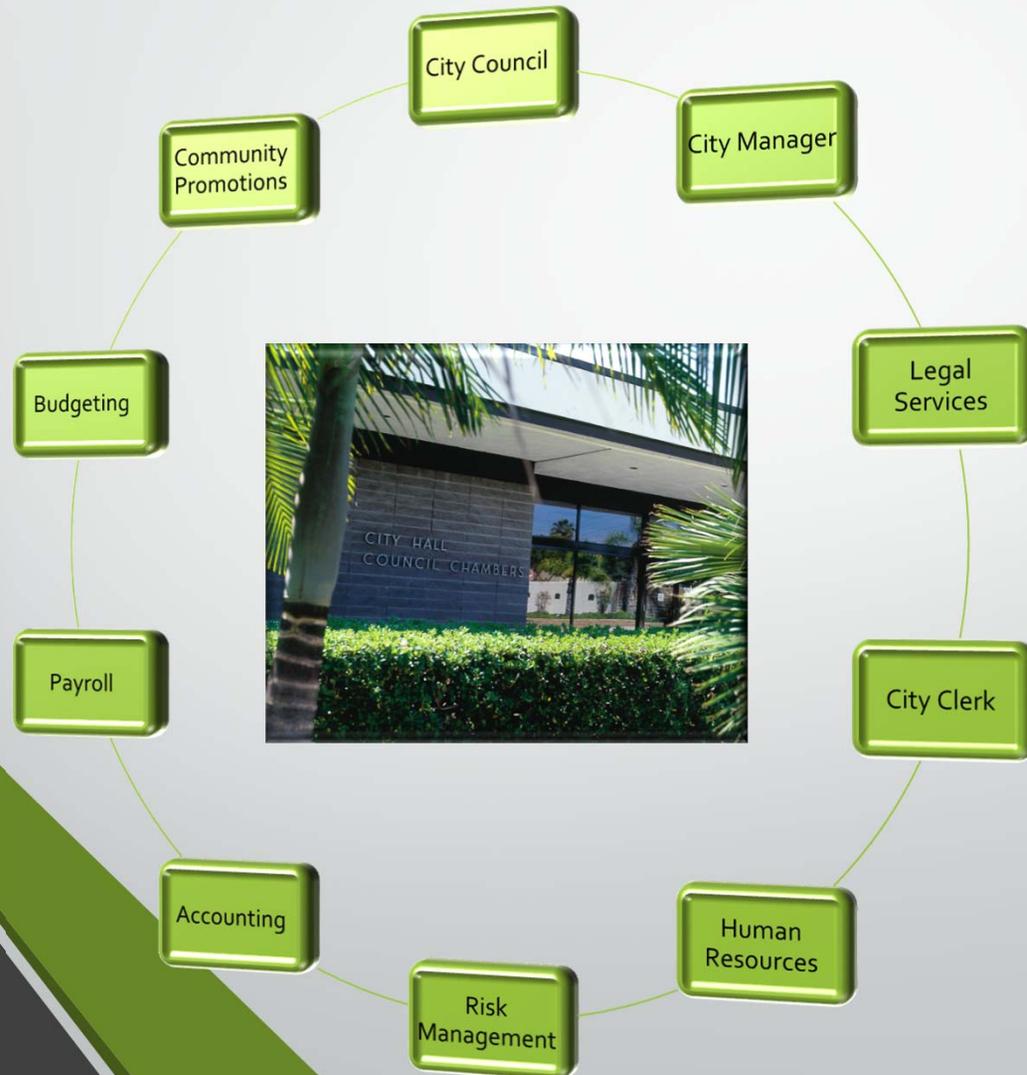
Fund Balances

Fund	Projected Beginning Unassigned Fund Balance	Revenues and Transfers In	Expenditures and Transfers Out	Contribution to (Draw from) Fund Balance	Estimated Ending Unassigned Fund Balance
Internal Service Funds:					
Insurance	678,150	668,175	574,776	93,399	771,549
Employee Benefits	423,700	2,393,820	2,407,347	(13,527)	410,173
Facility Maintenance	69,986	351,420	370,900	(19,480)	50,506
Vehicle Replacement	827,297	168,377	154,000	14,377	841,674
Technology Maintenance and Replacement	501,287	291,203	275,450	15,753	517,040
Total Internal Service Funds	2,500,420	3,872,995	3,782,473	90,522	2,590,942
Reserve Funds:					
Revenue Volatility	1,000,000	-	-	-	1,000,000
Emergency Reserve	9,000,000	-	-	-	9,000,000
Total Reserve Funds	10,000,000	-	-	-	10,000,000
Citywide Total	\$ 29,052,745	\$ 19,265,327	\$ 23,182,849	\$ (3,917,522)	\$ 25,135,223



Department Budget Highlights and Overviews

Administrative Services



Administrative Services Functional Tasks

- **City Manager**
 - Organization-wide Management
 - Oversee City Budgets
 - Monitor Legislative Activities
- **City Council Support**
 - Support City Council Activities
- **City Clerk**
 - Manage Legislative and Business License Processes
 - Conduct Municipal Elections
 - Public Records and Brown Acts
- **Legal Services**
 - Oversee City Attorney and Labor Attorney services
- **Human Resources**
 - Labor-Management Relations
 - Benefits, Recruitment, Classification, Performance Management
 - Training
- **Risk Management**
 - Protect the Assets of the City Through Proactive Activities & Policies
 - Manage Claims Against the City
 - Identify Risk Hazards/Promote Safety

Administrative Services Functional Tasks

- **Budget and Financial Services**
 - Ensure fiscal stability through long-term financial planning
 - Analyze projected expenses to ensure adequate cash flow
 - Fulfill all State Controller and Grand Jury requests for payroll data/reports
- **Accounting**
 - Provide internal financial support to all City functions
 - Ensure accounting and financial rules followed
 - Oversee internal controls
- **Utility Billing**
- **Payroll**
- **Provide full spectrum of utility billing customer service**
- **Information Technologies**
 - Manage Citywide Technology Infrastructure and Equipment
- **Community Promotions**
 - Intergovernmental Relationships

Administrative Services Performance Measures

- # of City Employees per 1,000 Population (<5)
- # of Agendas/Staff Reports Posted to Website (24/240)
- # of Workers Compensation Claims per 100 FTE (<9)
- Utilize LAFCO fiscal trends data, maintain current liabilities net of operating revenues below rolling five year average of Orange County (<24%)
- Project General Fund Revenue and expenditures within acceptable tolerance levels of actuals received (2%)

Administrative Services FY 2014-15 Budget Highlights

- Phone System Upgrade (carried over from FY 2013-14)
- Labor Negotiations as current MOU's expire June 30, 2015
- Implement new Financial Enterprise Software
- Information Technology RFP



Community Development Department



Economic
Development
Successor
Agency



Code
Enforcement
Business
Licensing



Building
and
Safety



Affordable
Housing



Planning
Land Use

Responsibilities

Community Development Functional Tasks

- Administration
 - Manage Contract Personnel
 - Oversee Housing Programs
 - Implement ED Action Plan
 - Dept. Budgeting
 - Successor Agency
- Building and Safety
 - Plans examination
 - Permit issuance
 - Construction Inspection
 - Certificate of Occupancy
- Code Enforcement
 - Investigate Code Violations
 - Issue NOV and Citations
 - Business Licensing
 - FOG Program
- Planning
 - Land use approvals
 - Entitlement processing
 - CEQA compliance
 - General Plan Maintenance

Community Development Performance Measures

- Administration
 - # of broker contacts made
 - # of Articles published
 - % of new B/L's
- Building and Safety
 - # of Plan checks performed
 - # of Permits issued
 - # of Inspection conducted
- Code Enforcement
 - # of Inspections conducted
 - # of Cases closed
- Planning
 - # of entitlements processed
 - # of reports prepared
 - % of Plan checks in 7 days



Community Development FY 2014-15 Budget Highlights

- Status quo budget with exception of:
 - Refilling frozen Code Enforcement position and adding business licensing responsibilities
 - Reduction in contract expenses in Planning
 - Increase in contract expenses for Building and Safety



Community Services

Maintenance

Engineering

Storm Drains

Block Walls

Concrete

Parks
Maintenance

Street Trees &
Medians

Street Lighting

Recreation

Administration

Youth & Family

Neighborhood &
Community
Services

Health &
Wellness

Facility
Operations

Water

Administration

Production

Transmission

Billing

Internal Service

Sewer

Facility
Maintenance

Vehicle
Replacement

Billing

Capital
Improvement

Community Services Functional Tasks

- Maintenance

- Block Walls, Sidewalks, Graffiti, Parks, Street Trees and Medians, and Street Lighting maintenance
- Street Repairs, Traffic Signals, and Traffic Control maintenance
- Facilities Maintenance
- Private Development Review
- Project Management of CIP
- Construction Inspection
- Utility Management and Inspection (SCE, Time Warner, So Cal Gas, etc.)
- NPDES Compliance
- Traffic Safety Committee Support

- Sewer

- Management of the sewer maintenance contract services
- Management and Inspections of contract services

● Recreation

- Recreation programming for youth, teens, & families
- Teen job training
- Water safety classes
- Citywide special events
- Volunteer recruitment, training, and retention
- Community Activities & Beautification Committee Support
- Education, Safety, and Recreation contract classes
- Social Services (USDA, Meals On Wheels)
- Safe and Attractive spaces and activities for recreation, sports, meetings, etc.



● Water

- Treatment
- Distribution
- Water Billing
- Customer Service Inquiries

● Internal Service

- Facility Maintenance
- Vehicle Replacement
- Capital Improvement Projects (Streets, Facilities, etc.)



Community Services Performance Measures

- Respond to and eradicate 95% of graffiti complaints within 72 hours of receiving notice
- Identify and apply for at least one grant award funding source for a street repair project by June 30, 2015
- Respond to Water Quality Complaints within 24 hours of receiving notice
- Continuously improve the overall pavement condition Citywide and minimize claims to the City due to damaged infrastructure
- Number of volunteer hours
- Number of facility rentals
- Number of water safety/fitness class participants

Capital Improvement Program

- 5.29 million proposed for FY 2014-15:
 - Arterial and Residential Rehabilitation projects
 - Water and Sewer improvements
 - Civic Center Seismic Retrofit Set Aside (\$1.1 million)
 - ADA Improvements
- Measure M, Gas Tax, Water Fund, Sewer Fund, and Capital Outlay Reserve (COR) funding sources
 - COR funded with \$455,000 transfer from General Fund



CIP Summary by Project Type FY 2014-15 and FY 2015-16

Project	FY 2014-15	FY 2015-16
Arterial Streets	\$1,750,000	\$1,000,000
Residential Streets	425,000	125,000
Water Improvements	425,000	342,500
Sewer Improvements	275,000	284,000
Community Center and Parks Facilities	263,000	0
Total:	\$5,294,100	\$2,065,000

Community Services

FY 2014-15 Budget Highlights

- Part-Time Minimum Wage Increase
- 30th Annual La Palma Days
- Concerts In the Park Beer & Wine Garden
- Service Reduction
 - 1 Day of Fit N Fun
- Final Year of 7-year Residential Street Rehabilitation

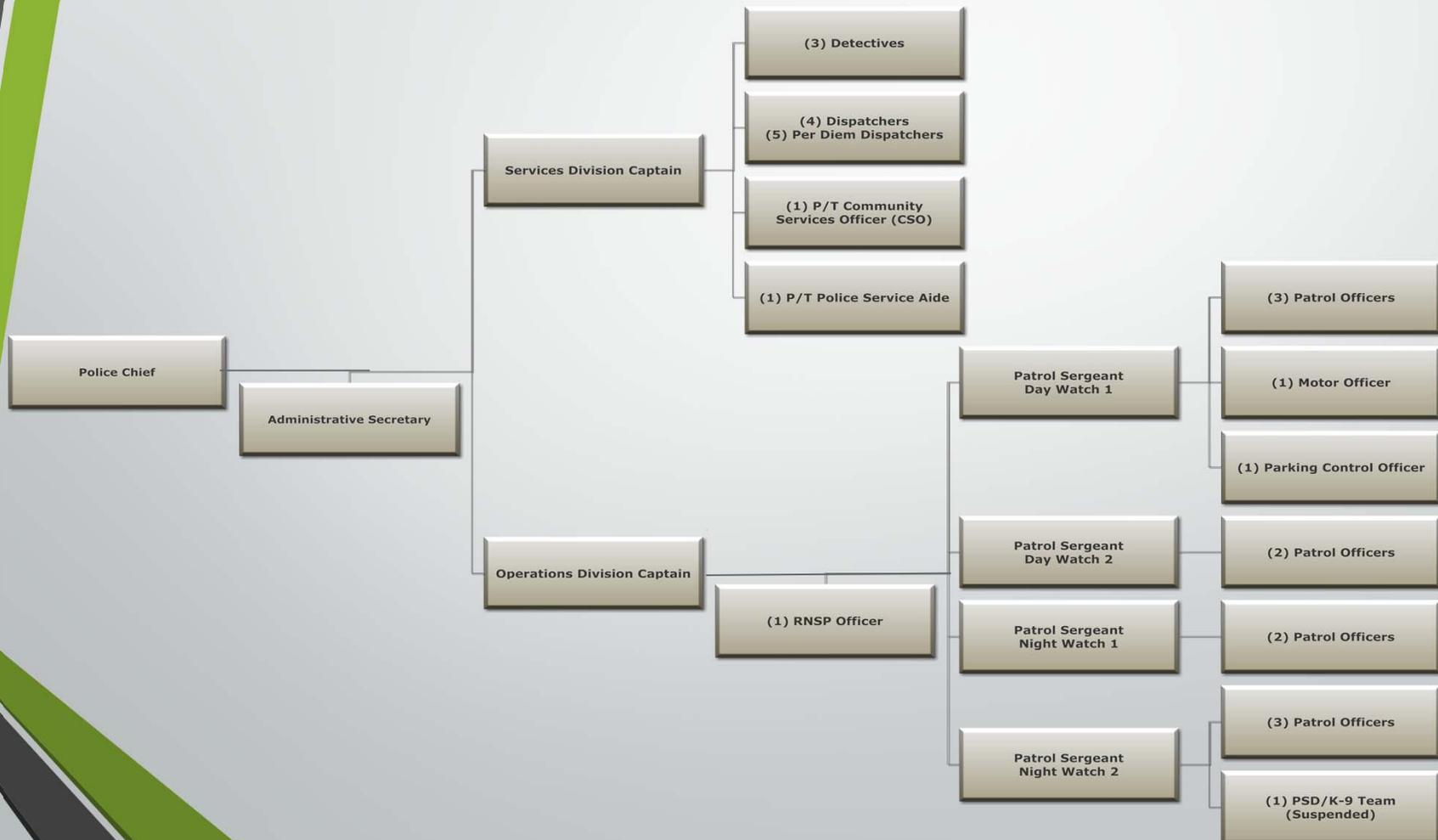


Police Department



Police Department FTE Org Chart

FY 2014/2015



Police Functional Tasks

- Patrol
- Investigations
- Traffic Enforcement/Accident Investigations
- Communications and Records
- Citywide Disaster Preparedness
- Quality of Life Programs and Service



Police Performance Measures

- Response Times to Priority 1 Calls for Service (**2:45**)
- Part I Crimes Reported (**337**, *10 violent & 327 property*)
- Case Closure Rates Crimes (**32.7%**)
- Number of Total Arrests (**959**, *762 misdemeanor & 197 felony*)
- Injury Traffic Accidents ()
- Citizen/Internal Complaints (**5** – all officers cleared)
- Overtime Costs: Currently at **\$289,269**
 - *30% sick relief & 20% court time – monitored monthly*
 - *Originally budgeted \$333,000 and increased to \$395,000*
 - *On track for \$358,000 by end of current fiscal year*



Police

Changes and Impacts FY 2014-15

- Completion of Spillman Project-Addition of CompStat Dashboard
- Reorganization Elimination of Det. Sgt, Reassign ASB Ofc back to Patrol, Addition of 3rd Detective to DB, Return of PCO, and creation of Community Service Ofc (CSO)
- Continued Suspension of K-9 Program-Increased reliance on Mutual Aid
- Filling Operations Captain vacancy



Police

FY 2014-15 Budget Highlights

- Reduction in Crossing Guard Contract Costs
 - Shared costs: \$2,000-AUHSD, \$2,000-Centralia, Cypress-\$2,000
 - Entering into a formal agreement to incremental increase shared costs over a 4 year period up to 50%
- Reduction in CAD RMS Maintenance Fees (\$65,000)
- Realization of RNSP Asset Seizure Funds
 - Est.\$60,000 for FY 2014-15



Budget Schedule

- Adoption of Sustainable Financial Plan: March 18
- Introduction of Draft Budget: April 15
- Introduction of Proposed Budget: May 20
- Budget Question and Answers + Carryovers: June 3
- Public Hearing and Anticipated Budget Adoption: June 17



City Council and Public Comments and Questions



City of La Palma

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