



City of La Palma

Proposed Budget Overview

Fiscal Year 2015-16

May 5, 2015

Tonight's Agenda

- **Proposed Budget Overview**
 - All Funds
- **Significant Issues**
- **Reductions**
- **City Council direction, questions, requests for additional information**

Significant Issues

- Drop in sales tax revenues associated with cheaper oil prices
- Drop in property tax revenues due to the move of a major property owner to non-profit status
 - Also affects the ability of the Successor Agency to repay loans to the City (\$5 million)
- Rise in CalPERS costs over the next five years
 - Actuarial assumption changes
 - Unfunded Liability required payments
- Rising insurance costs for both general liability and workers compensation

April 21 Discussion

- **Two FTE positions eliminated (\$170,300)**
 - Motor Officer Program discontinued; position moved into Patrol
 - Maintenance Worker
- **Fit N Fun eliminated (\$57,000)**
- **Police Interaction with Youth (PIY) eliminated (\$4,500)**
- **Mosaic Publications reduced (\$8,500)**
- **Summer Concerts reduced (\$1,900)**
- **Parking Fines increased - \$20,300**
- **Community Development Fees increased - \$9,800**

\$250,000 Expenditure Reductions

ONGOING REDUCTIONS

	FY 2015-16	FY 2016-17	FY 2017-18
La Palma Days	\$ 57,900	\$ 57,900	\$ 57,900
Park Hour Reduction	\$ 12,000	\$ 12,000	\$ 12,000
Eliminate Granicus Expansion	\$ 4,800	\$ 4,800	\$ 4,800
Eliminate SCORE Workshops	\$ 1,300	\$ 1,300	\$ 1,300
Reduce Records Clerk to Part Time	\$ 36,000	\$ 37,800	\$ 39,700
Pay WC Retrospective Payment from One-Time Funds (Reduces 6 additional years of Payments) - Cost \$252,303	\$ 38,700	\$ 38,700	\$ 38,700
Subtotal Ongoing Savings	\$ 150,700	\$ 152,500	\$ 154,400

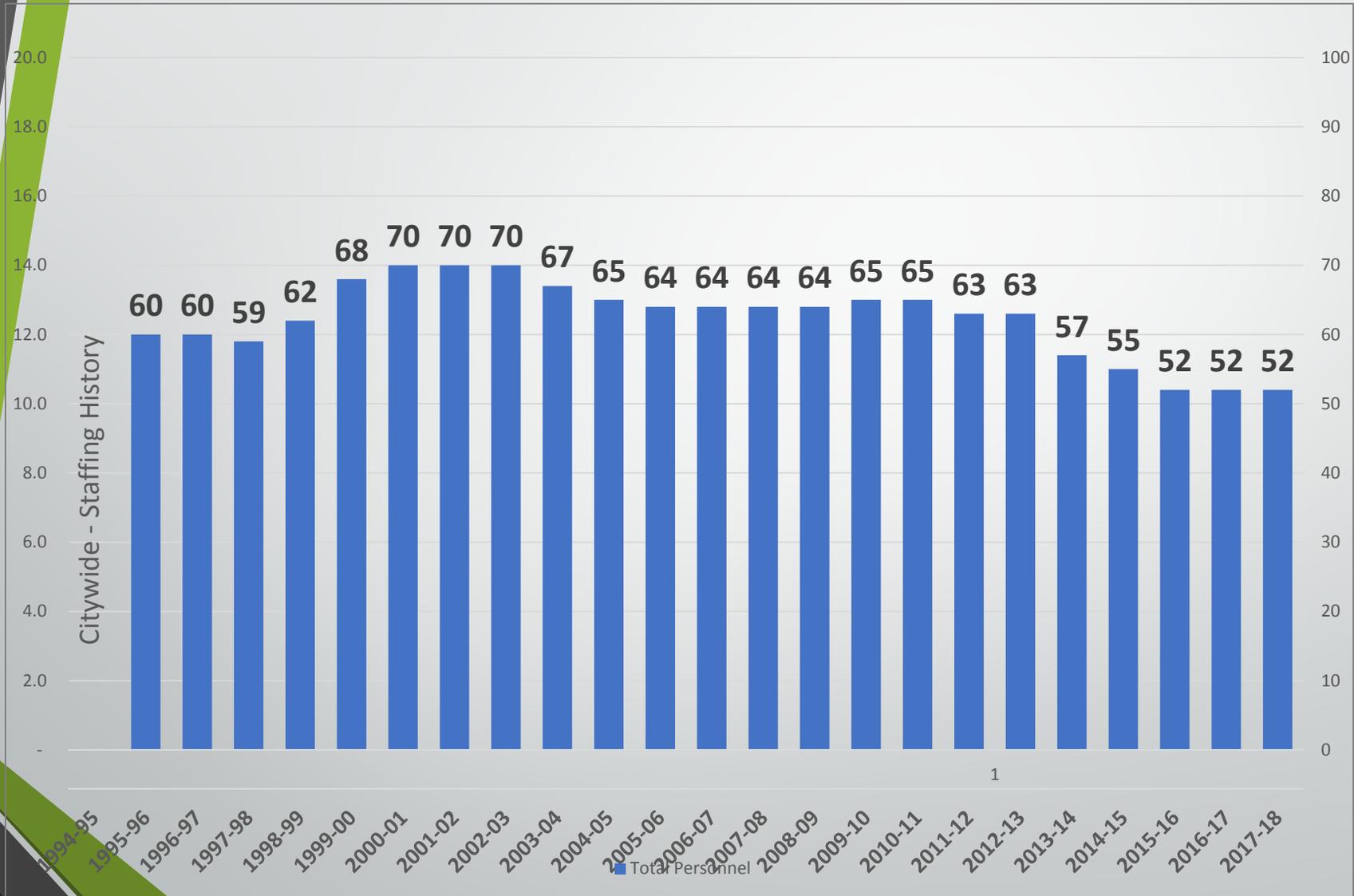
\$250,000 Expenditure Reductions

ONE TIME REDUCTIONS			
	FY 2015-16	FY 2016-17	FY 2017-18
Fund Liability Insurance from One-Time Funds and Insurance Reserves	\$ 142,700		
Remove HVAC from Citywide Maintenance (Duplicated In CIP)		\$ 66,000	
Remove Reservoir Painting from Citywide Maintenance		\$ 50,000	
Remove City Hall Improvements		\$ 59,000	
Subtotal One Time Reductions	\$ 142,700	\$ 175,000	\$ -
Total Reductions	\$ 293,400	\$ 327,500	\$ 154,400
Average Annual Reductions	\$ 258,400		

Labor Negotiations

- **Executive Management**
 - **Effective July 1, 2015, 5% Salary Reduction**
 - **\$65,000 Overall Savings - \$50,000 in General Fund**
- **Other Employees**
 - **Labor Negotiations Pending**
 - **Additional Savings Expected**
- **City Council**
 - **Individual Council Members can reduce or suspend their stipends**

Staffing Levels



Use of One-Time Monies

6.4% TRANSFERS

	FY 2015-16	FY 2016-17	FY 2017-18
Total 6.4% Transfer	\$ 615,300	\$ 636,200	\$ 657,900
To COR	\$ 250,000	\$ 250,000	\$ 250,000
Balance Available	\$ 365,300	\$ 386,200	\$ 407,900
Total Used for Reductions	\$ 352,300	\$ -	\$ -
Balance Forward	\$ 13,000	\$ 386,200	\$ 407,900

Slide 9

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be sure to add explanation regarding the use of one time funds in yr 3

Volmert, Ellen, 5/5/2015

Three Year Outlook

Department Name	FY2015-16	FY2016-17	FY2017-18
	Estimate	Estimate	Estimate
CITY COUNCIL	\$ 78,200	\$ 80,900	\$ 80,000
CITY MANAGER	220,300	223,900	225,400
LEGAL SERVICES	138,600	129,000	144,000
ADMINISTRATIVE SERVICES	159,100	166,100	170,600
CITY CLERK	137,800	157,700	145,500
FISCAL SERVICES	327,200	329,900	335,100
HUMAN RESOURCES <i>(formerly Internal Service)</i>	1,314,600	1,370,800	1,492,500
TECHNOLOGY & COMMUNICATIONS <i>(formerly Internal Service)</i>	330,000	326,700	331,300
Total >	\$ 2,705,800	\$ 2,785,000	\$ 2,924,400

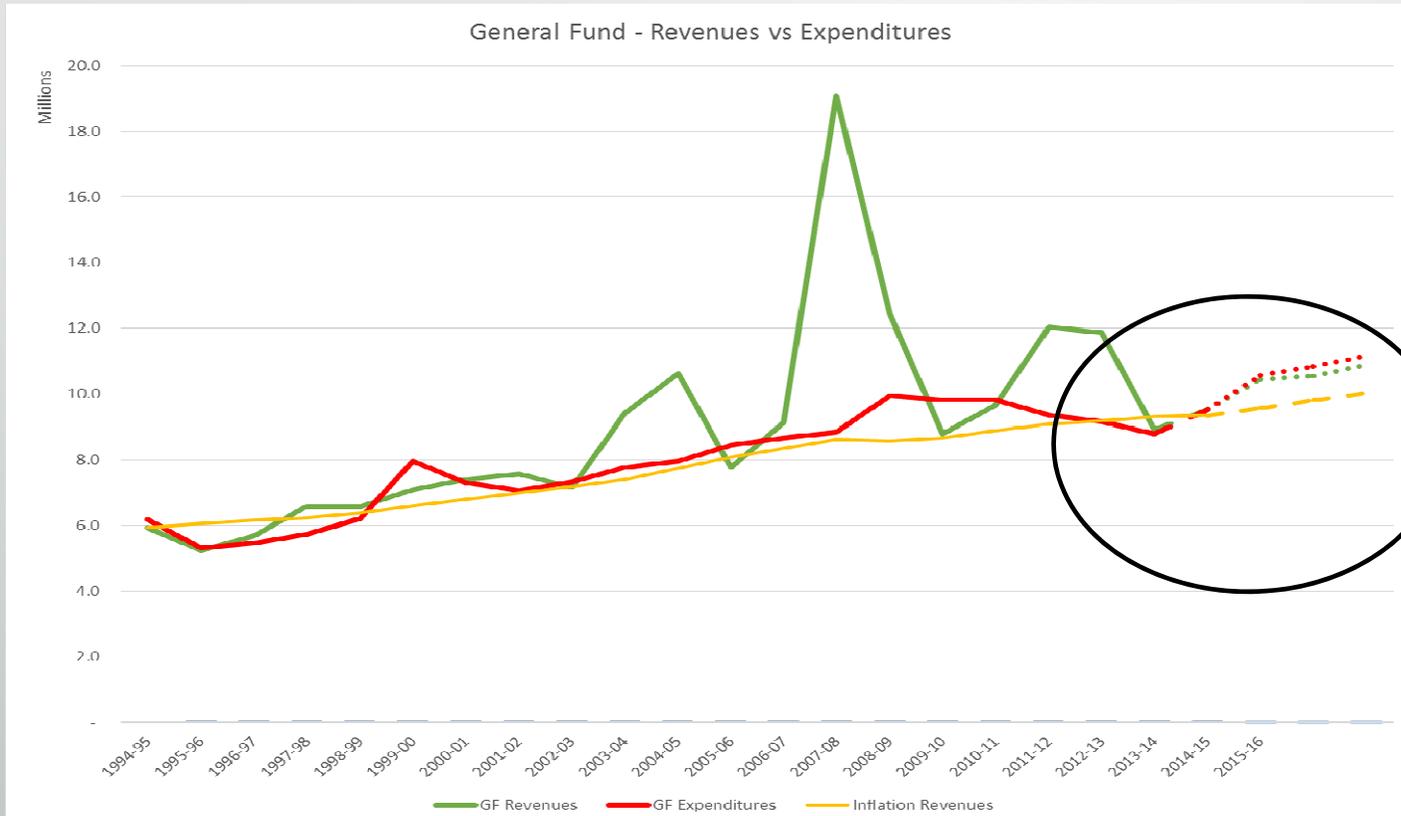
Department Name	FY2015-16	FY2016-17	FY2017-18
	Estimate	Estimate	Estimate
POLICE ADMINISTRATION	\$ 544,700	\$ 557,100	\$ 569,000
OPERATIONS MANAGEMENT	301,400	315,100	317,200
PATROL	2,403,100	2,507,100	2,552,700
SERVICES DIVISION MANAGEMENT	246,700	260,400	267,600
COMMUNITY EDUCATION	66,700	65,800	66,900
INVESTIGATIONS	569,300	589,400	598,000
RECORDS & COMMUNICATIONS	620,200	646,000	658,000
Total >	\$ 4,752,100	\$ 4,940,900	\$ 5,029,400

Three Year Outlook

Department Name	FY2015-16	FY2016-17	FY2017-18
	Estimate	Estimate	Estimate
COMMUNITY SERVICES ADMINISTRATION	\$ 343,000	\$ 355,300	\$ 360,400
HEALTH & WELLNESS	145,100	145,700	\$ 145,900
RECREATION FACILITY OPERATIONS	216,800	229,100	\$ 234,400
SPECIAL EVENTS	125,400	125,600	\$ 126,900
YOUTH & FAMILY	251,800	266,000	\$ 272,700
CITY-WIDE MAINTENANCE <i>(formerly Internal Service)</i>	342,900	317,700	\$ 358,000
ENGINEERING	94,400	88,200	\$ 88,300
PARKS & MEDIANS	372,700	346,300	\$ 353,300
STREETS	147,700	152,100	\$ 153,600
Total >	\$ 2,039,800	\$ 2,026,000	\$ 2,093,500

Department Name	FY2015-16	FY2016-17	FY2017-18
	Estimate	Estimate	Estimate
COMMUNITY DEVELOPMENT ADMINISTRATION	\$ 100,000	\$ 102,900	\$ 104,100
BUILDING AND SAFETY	139,600	135,600	135,600
CODE ENFORCEMENT	97,900	103,200	107,500
PLANNING	116,600	119,500	120,700
Total >	\$ 454,100	\$ 461,200	\$ 467,900

Three Year Outlook

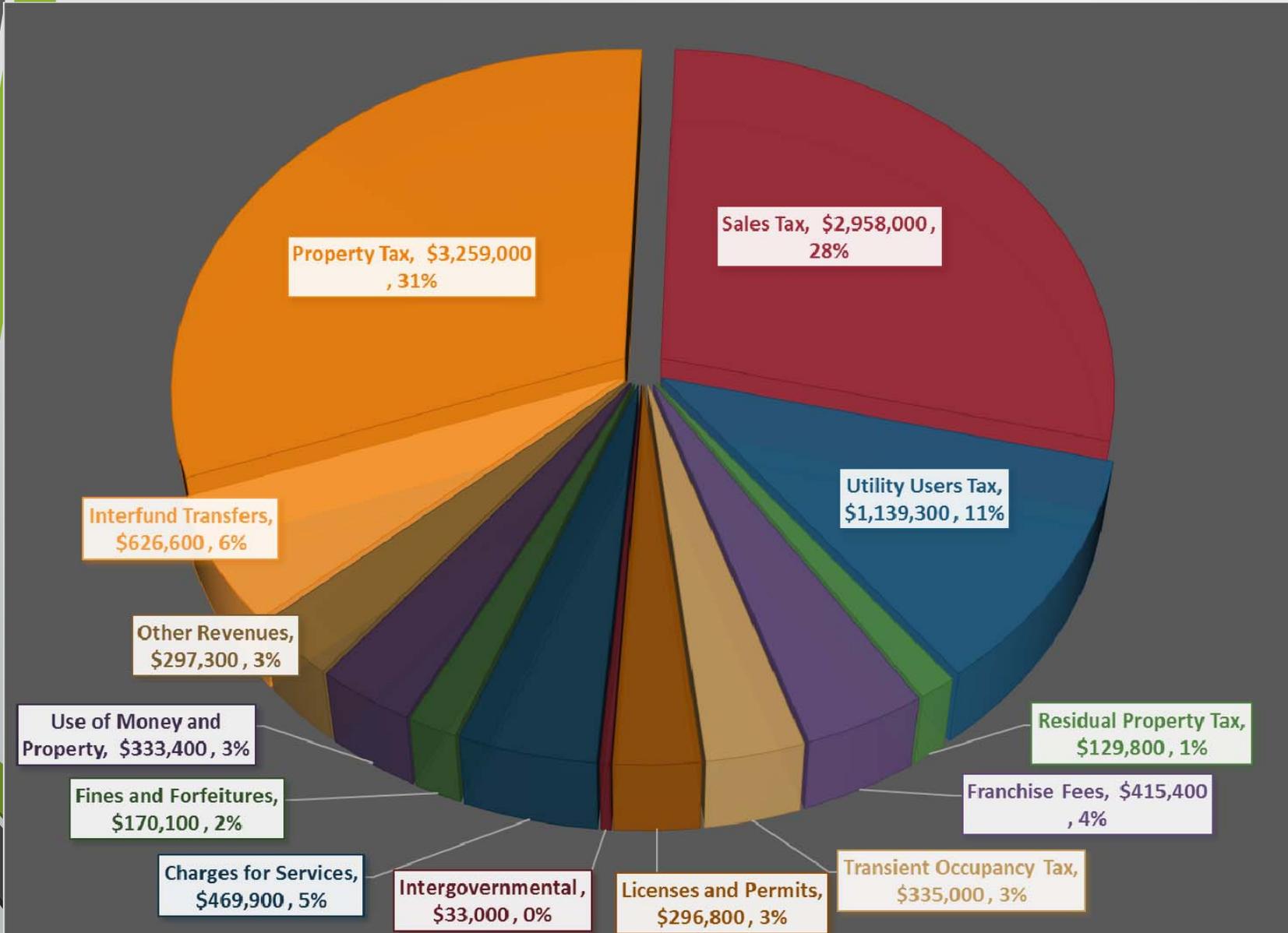


	FY2015-16	FY2016-17	FY2017-18
	Estimate	Estimate	Estimate
Expenditure Subtotal Before Transfer Out >	\$ 9,951,800	\$ 10,213,100	\$ 10,515,200
Adjusted for changes in			
Transfer Out >	\$ 615,300	\$ 636,200	\$ 657,900
EXPENDITURE GF TOTAL >	\$ 10,567,100	\$ 10,849,300	\$ 11,173,100
Projected GF Revenues >	\$ 10,463,600	\$ 10,545,800	\$ 10,892,800
Surplus(Deficit)	\$ (103,500)	\$ (303,500)	\$ (280,300)

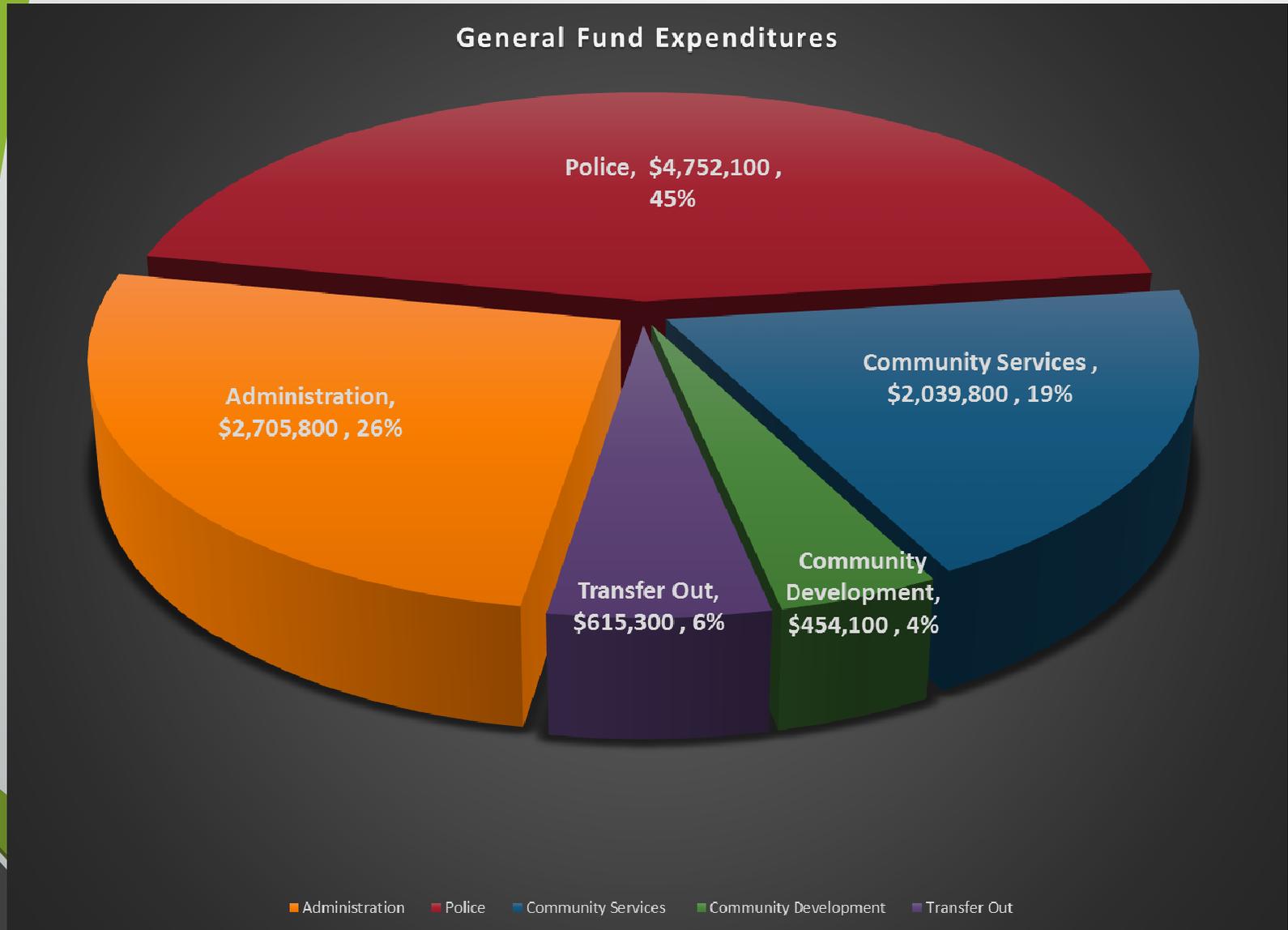
General Fund Summary

Projected Revenues	\$10,463,600
Proposed Expenditures	\$10,567,100
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<i>Estimated Surplus / (Deficit)</i>	<i>(\$103,500)</i>

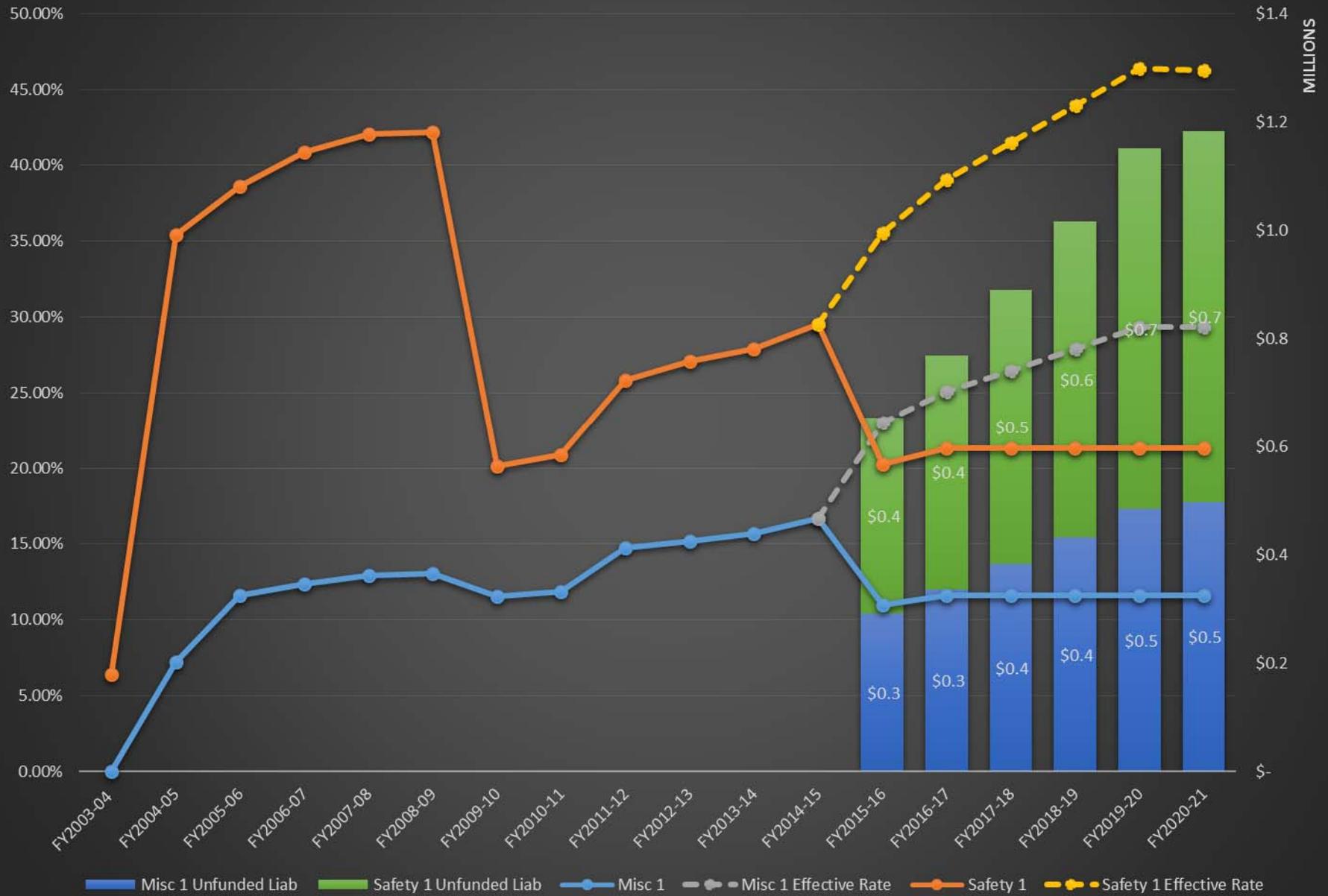
General Fund Revenues - \$10,463,600



General Fund Expenditures - \$10,567,100



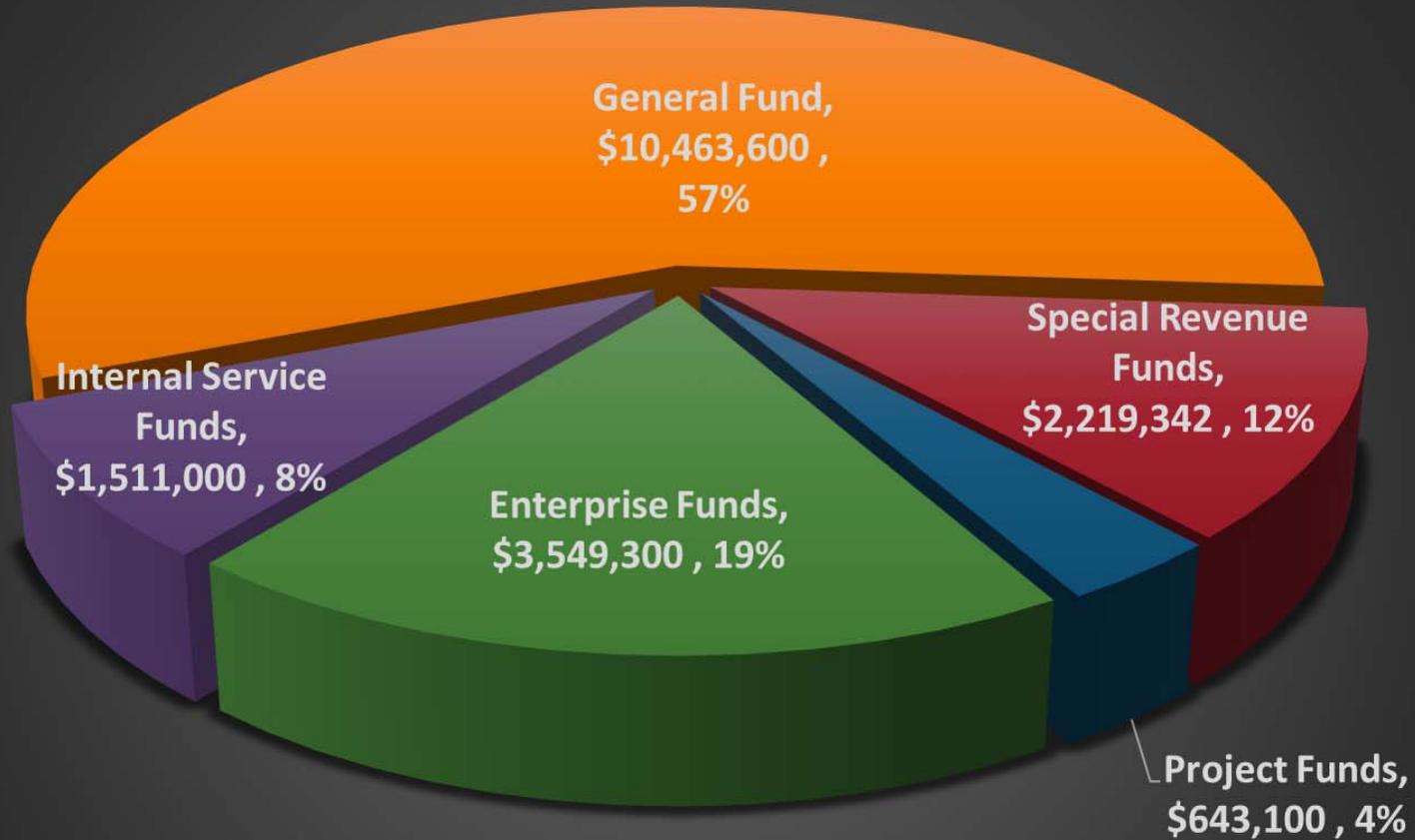
CalPERS Tier 1 Rates History & Projections



Total Revenues, All Funds

\$18,386,300

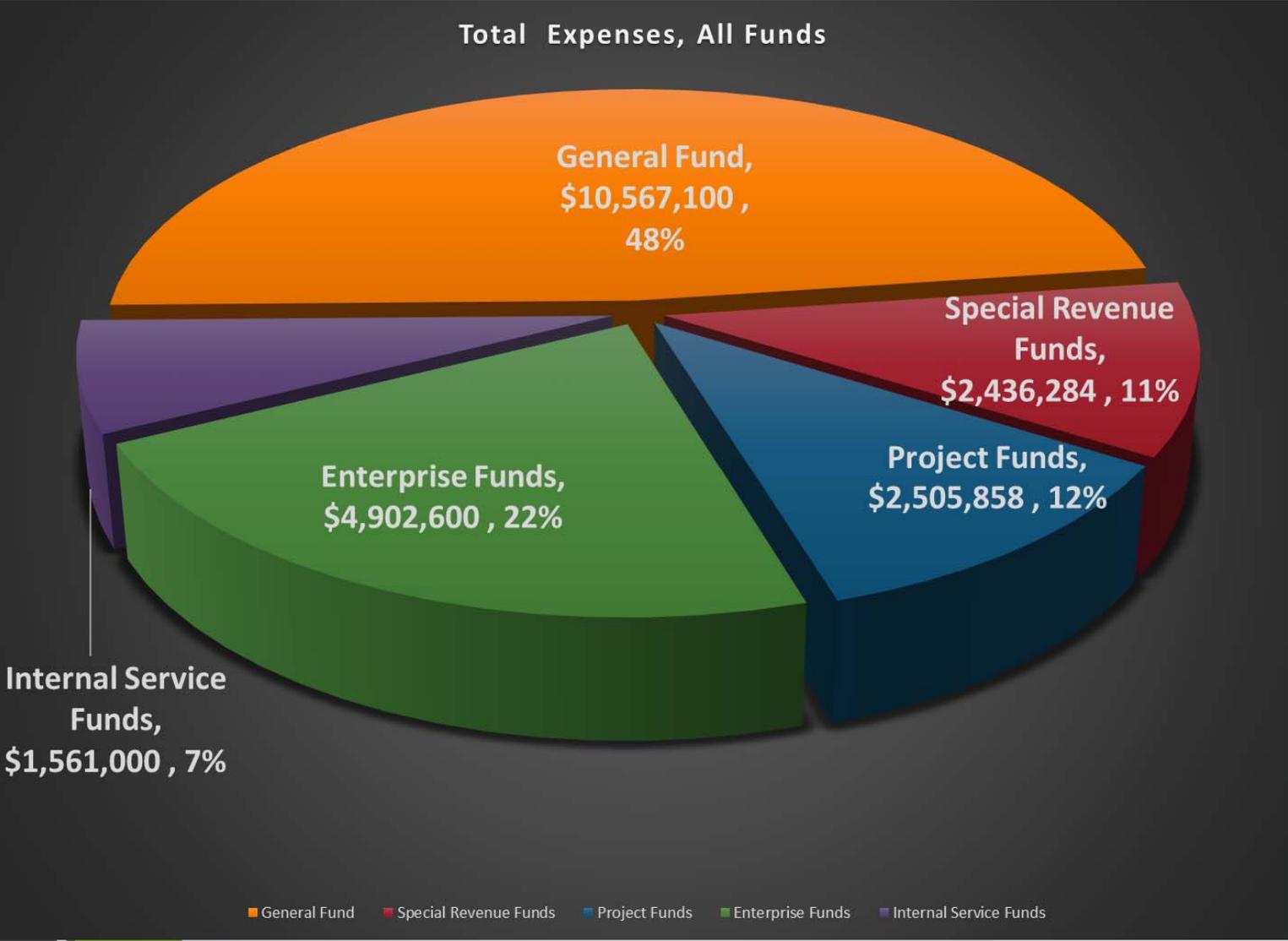
Total Revenue, All Funds



■ General Fund ■ Special Revenue Funds ■ Project Funds ■ Enterprise Funds ■ Internal Service Funds

Total Expenses, All Funds

\$21,694,800



Fund Balances

Special Revenue Funds:	Projected Beginning Unassigned Fund Balance	Revenues and Transfers In	Expenditures and Transfers Out	Contribution to (Draw from) Fund Balance	Estimated Ending Unassigned Fund Balance
Gas Tax/Highway Users Tax	376,175	351,474	399,200	(47,726)	328,449
Measure M	48,022	327,068	278,042	49,026	97,048
Air Quality Improvement/AB 2766	75,765	20,500	-	20,500	96,265
Public, Educational, and Government (PEG)	178,349	17,100	-	17,100	195,449
Public Safety Augmentation (Proposition 172)	53,845	176,800	172,200	4,600	58,445
Asset Seizure (Asset Forfeiture)	8,954	107,600	107,000	600	9,554
Supplemental Law Enforcement Services	55,303	100,200	100,700	(500)	54,803
Service Authority for Abandoned Vehicles	22,248	200	-	200	22,448
Park Development	62,249	200	-	200	62,449
Successor Agency Housing Authority	359,505	265,600	231,100	34,500	394,005
Successor Agency Debt Service	-	852,600	870,000	(17,400)	(17,400)
Total Special Revenue Funds	1,240,415	2,219,342	2,158,242	61,100	1,301,515

Fund Balances

	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 (Target Balance \$2,000,000 at end of 10 Year Planning Period; Fund owed additional \$500,000 from former RDA)	5,751,844	277,800	2,487,258	(2,209,458)	3,542,386
One-Time Projects	556,296	365,300	18,600	346,700	902,996
Economic Development	250,000	-	-	-	250,000
Total Project Funds	6,558,140	643,100	2,505,858	(1,862,758)	4,695,382

Fund Balances

Enterprise Funds:	Projected Beginning Unassigned Fund Balance	Revenues and Transfers In	Expenditures and Transfers Out	Contribution to (Draw from) Fund Balance	Estimated Ending Unassigned Fund Balance
Water (Water and Water Capital Reserve are required to have a combined minimum balance of \$3,331,800; Fund owed additional \$500,000 from former RDA)	1,068,800	2,974,600	2,960,800	13,800	1,082,600
Sewer (Sewer and Sewer Capital Reserve are required to have a combined minimum balance of \$2,238,700; Fund owed additional \$500,000 from former RDA)	955,700	246,800	244,500	2,300	958,000
Water Capital Reserve	3,935,800	252,300	1,256,000	(1,003,700)	2,932,100
Sewer Capital Reserve	2,608,600	75,600	441,300	(365,700)	2,242,900
Total Enterprise Funds	8,568,900	3,549,300	4,902,600	(1,353,300)	7,215,600

Fund Balances

	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 (Cash Balances):					
Insurance (Target Balance \$1,000,000; Fund owed additional \$600,000 by former RDA)	684,727	1,261,400	1,289,500	(28,100)	656,627
Employee Benefits (Target Balance \$309,000; Fund owed additional \$1,000,000 by former RDA)	277,903	2,200	-	2,200	280,103
Facility Maintenance (Target Balance \$50,000; Fund owed additional \$500,000 by former RDA)	50,000	400	-	400	50,400
Vehicle Replacement (Target Balance \$717,400; Fund owed additional \$400,000 by former RDA)	833,139	161,400	121,500	39,900	873,039
Technology Maintenance and Replacement (Target Balance \$564,800)	720,651	85,600	150,000	(64,400)	656,251
Total Internal Service Funds	2,566,420	1,511,000	1,561,000	(50,000)	2,516,420
Reserve Funds:					
Revenue Volatility (Target Balance \$1,000,000)	1,000,000	-	-	-	1,000,000
Emergency Reserve (Target Balance \$9,000,000; Fund owed an additional \$988,900 from former RDA)	9,000,000	-	-	-	9,000,000
Total Reserve Funds	10,000,000	-	-	-	10,000,000

Long Term Financial Forecast

10 Year Financial Forecast - With Actions Taken to Date



	FY2016-17	FY2017-18	FY2018-19	FY2019-20	FY2020-21	FY2021-22	FY2022-23	FY2023-24	FY2024-25	
GF Expenditures Before Transfer	\$9,911,800	\$10,218,100	\$10,819,800	\$11,098,800	\$11,849,600	\$11,797,100	\$12,114,100	\$12,824,500	\$13,051,100	\$13,408,100
Transfer Out (5.4%)	\$818,900	\$898,200	\$657,900	\$879,800	\$701,700	\$717,700	\$724,100	\$780,800	\$798,000	\$788,600
Total GF Operating Expenses	\$10,687,100	\$10,949,300	\$11,178,200	\$11,618,600	\$12,091,300	\$12,474,800	\$12,848,200	\$13,368,800	\$13,719,100	\$14,196,700
GF Revenues	\$10,483,600	\$10,543,800	\$10,882,800	\$11,240,400	\$11,588,300	\$11,844,400	\$12,106,900	\$12,378,100	\$12,649,700	\$12,890,900
Fund Surplus/(Deficit)	\$103,800	\$103,500	\$103,400	\$173,200	\$48,000	\$100,400	\$74,900	\$110,100	\$108,400	\$129,800

Past Actions

- **2011 Labor Contract Changes to reduce costs and unfunded liabilities including higher employee contributions and lower tier retirement benefits for new employees**
- **Proactive economic development even with the dissolution of redevelopment contributing to new businesses such as Tesoro, Samsung, CJ Foods, Walmart Neighborhood Market, Coffee Bean & Tea Leaf, 99 Cent Only Store**

Past Actions

- **Completion of pavement rehabilitation throughout the city which will reduce future costs**
- **Return to full UUT levy of 5%**
- **Investment Policy changes for higher returns**
- **Creation of a post-employment benefits Trust to lower unfunded liability**
- **Reduction in staffing to pre—1986 levels**
- **Restructure of departments and divisions; lowering management staff and maintaining as many front line positions as possible**

Past Actions

- Significant investment in new technology to improve efficiency and service
- Significant investment in other systems such as energy conservation which brings down operating costs, including street light purchase
- Revision of the General Plan to create more economic opportunities north of Orangethorpe including the new Freeway Overlay Zone for digital billboards

Capital Improvement Program

- 5.43 million proposed for FY 2015-16:
 - Street Light Purchase
 - Arterial Rehabilitation projects
 - Water and Sewer improvements
 - City Yard Improvements
 - ADA Improvements
- Measure M, Gas Tax, Water Fund, Sewer Fund, and Capital Outlay Reserve (COR) funding sources
 - COR funded with \$250,000 transfer from General Fund

CIP Summary by Project Type

FY 2015-16 and FY 2016-17

Project	FY 2015-16	FY 2016-17
Arterial Streets	\$2,215,000	\$750,000
ADA Arterial Improvements	246,000	0
Street Lights	781,800	0
Residential Streets	155,000	125,000
Water Improvements	1,256,000	195,000
Sewer Improvements	441,300	450,000
City Yard Improvements	204,700	0
City Hall Improvements	135,000	1,045,000
Total:	\$5,434,800	\$2,565,000

Budget Schedule

- Long Term Financial Plan Presentation: April 21
- Introduction of Proposed Budget: May 5
- Budget Workshop: May 11
- Budget Question and Answers + Carryovers: May 19
- Public Hearing and Anticipated Budget Adoption: June 2



City Council and Public Comments and Questions