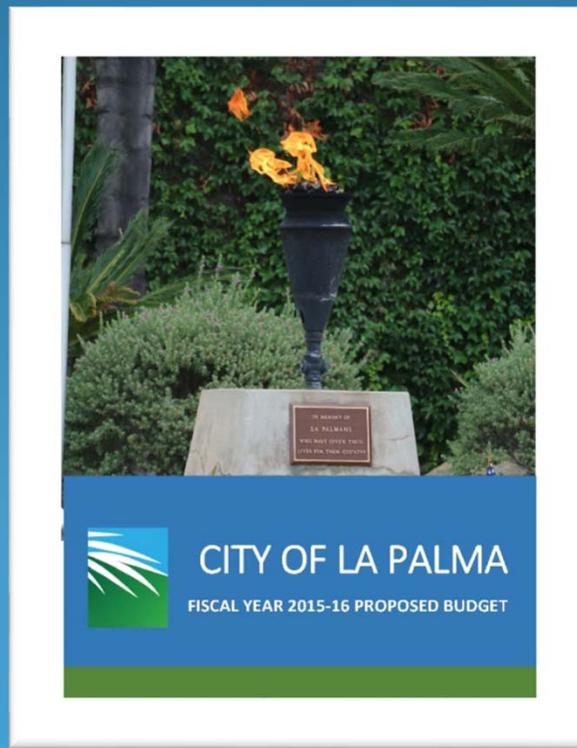


# CITY OF LA PALMA

Proposed Budget FY 2015-16



June 2, 2015



# Recommendation

- **Receive the Staff Presentation**
- **Provide direction prior to the June 16 Public Hearing**



# Background – Significant Issues

- **Budget gives consideration to balancing core City services and needs with increasing costs and declining revenues**
- **Four Drivers**
  - **Significant drop in sales tax due to decline in oil prices**
  - **Drop in property tax due to La Palma Intercommunity Hospital (LPIH) move to non-profit**

# Background – Significant Issues

- **Four Drivers**

- **Rise in unfunded obligations to CalPERS for employee and retiree retirement costs**
- **Rise in insurance costs which is expected to continue for the foreseeable future**

# Background – Reductions and Changes through May 19

- **Eliminate Motor Officer Program – Police**
- **Eliminate Maintenance Worker – Community Services**
- **Eliminate Fit N Fun after school program**
- **Eliminate La Palma Days**

# Background – Reductions and Changes through May 19

- **Eliminate Police Interaction with Youth program**
- **Reduce Mosaic from 4 issues a year to 3 issues**
- **Reduce Summer Concerts from 6 to 5**
- **Increase Parking Fines**

# Background – Reductions and Changes through May 19

- **Increase Community Development fees**
- **Reduce weekday Park staffing by 2 hours daily**
- **Eliminate Granicus expansion for audio-casting committee meetings**
- **Eliminate SCORE business assistance workshops**

# Background – Reductions and Changes through May 19

- **Reduce Police Records Clerk from full time to part time**
- **Reduce City Manager and management team salaries 5%**
- **Use monies reserved for one-time projects for insurance retrospective payments**
- **Projection changes and corrections for revenues and expenditures**

# Background – Reductions and Changes through May 19

- **Increased utilization of Asset Forfeiture to relieve General Fund**
- **Eliminate membership in LOCC and ACC-OC**
- **Reduced City Council meetings and trainings**
- **Eliminated conferences for City Manager and Administrative Services Director**

# Background – Reductions and Changes through May 19

- **Reduce City Attorney retainer**
- **Reduce human resources consultant services for policies update**
- **Eliminate lease of blueprint copier**
- **Eliminate conference room furniture**

# Background – Reductions and Changes through May 19

- **Reduce median landscape maintenance**
- **Reduce translation costs**
- **Reduce City Clerk and Fiscal Services overtime**

## Background – Options for Dealing with the Remaining **\$122,100**

- Recommend use of GF fund balance over the target balance level to close the new gap
- If Council wishes to cover the new gap with reductions, recommendation is:
  - **Eliminate Police Reserves**
  - **Eliminate Source printing**

## Background – Options for Dealing with the Remaining **\$122,100**

- **Eliminate blue print copier maintenance as well as lease**
- **Neighborhood Watch banquet reduced from dinner to dessert**
- **Eliminate labor relations educational forum**
- **Defer refinishing Recreation cabinets**

# Background – Options for Dealing with the Remaining **\$122,100**

- **Defer purchasing City Yard furniture**
- **Defer Police locker room air conditioning units**
- **Eliminate City's 60<sup>th</sup> anniversary celebration**
- **Defer tennis courts fencing and screening**

# Background – Options for Dealing with the Remaining **\$122,100**

- **Defer restroom painting**
- **Defer replacement of basketball rims**

# Background – Long Term Outlook

- **Fiscal problems are not a one-year issue**
- **Even with reductions made to date, Three year projection is for larger deficits the following two years**
  - **\$411,200 in FY 2016-17**
  - **\$442,600 in FY 2017-18**

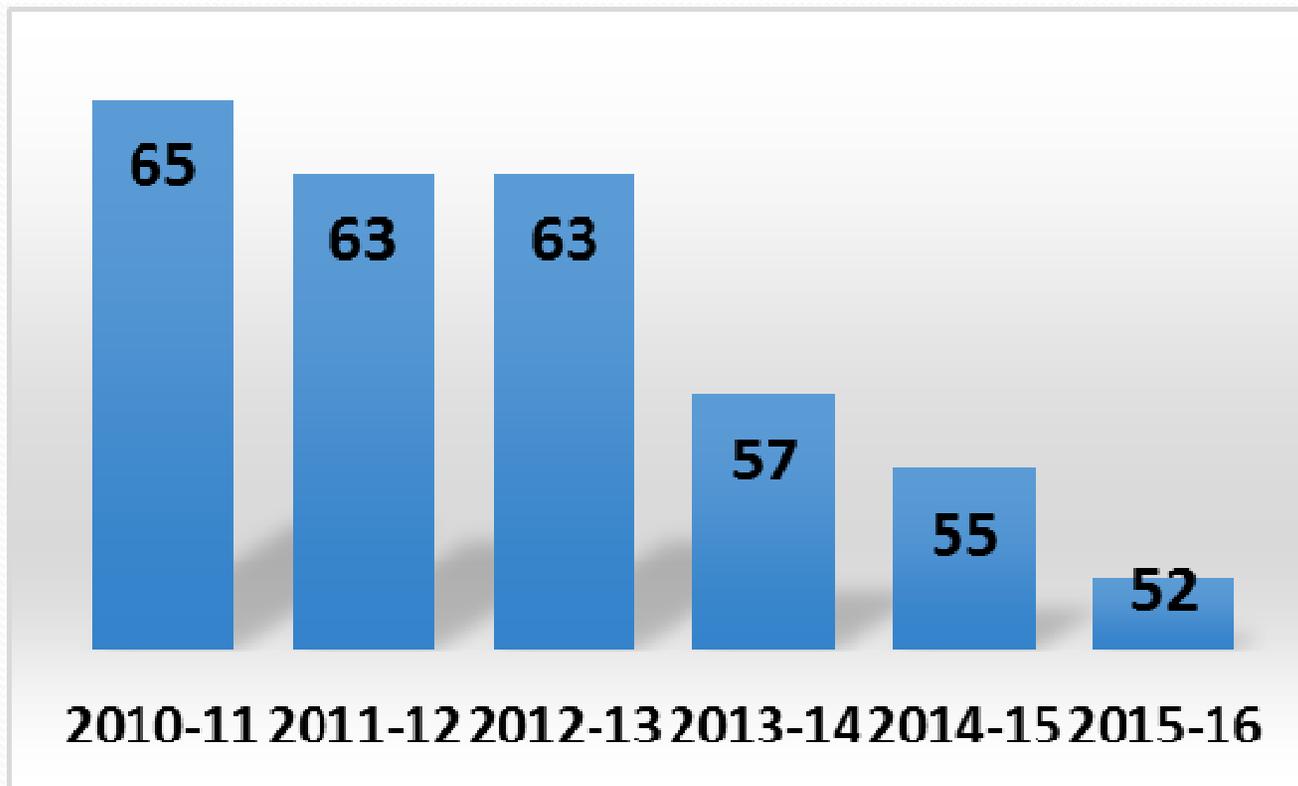


## Background – Long Term Outlook

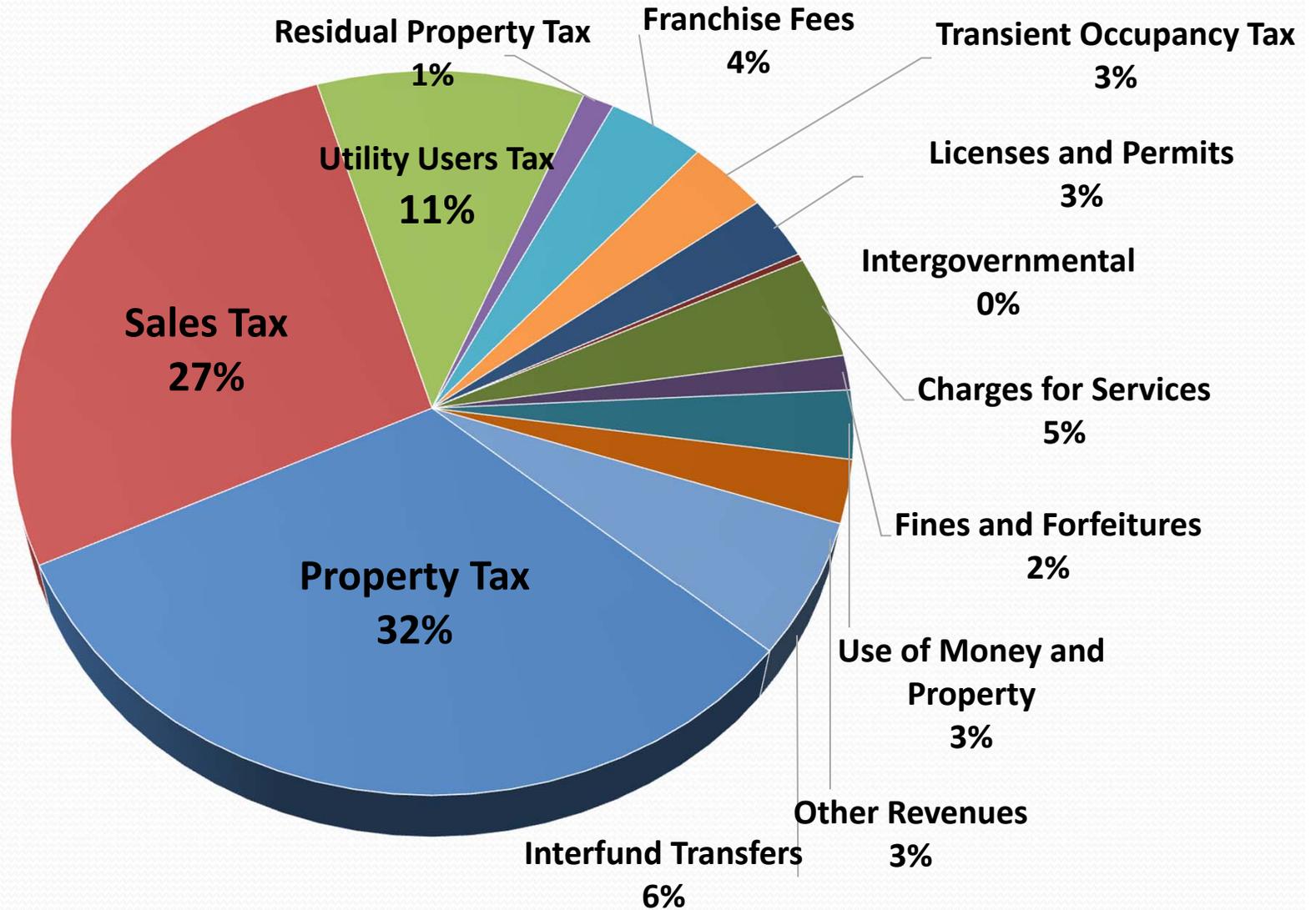
- **Citizens Committee recommendations due in February**
- **Could need to balance through existing fund balance and Revenue Volatility Reserves**
- **Without action, City faces long-term structural deficit**

# Staffing

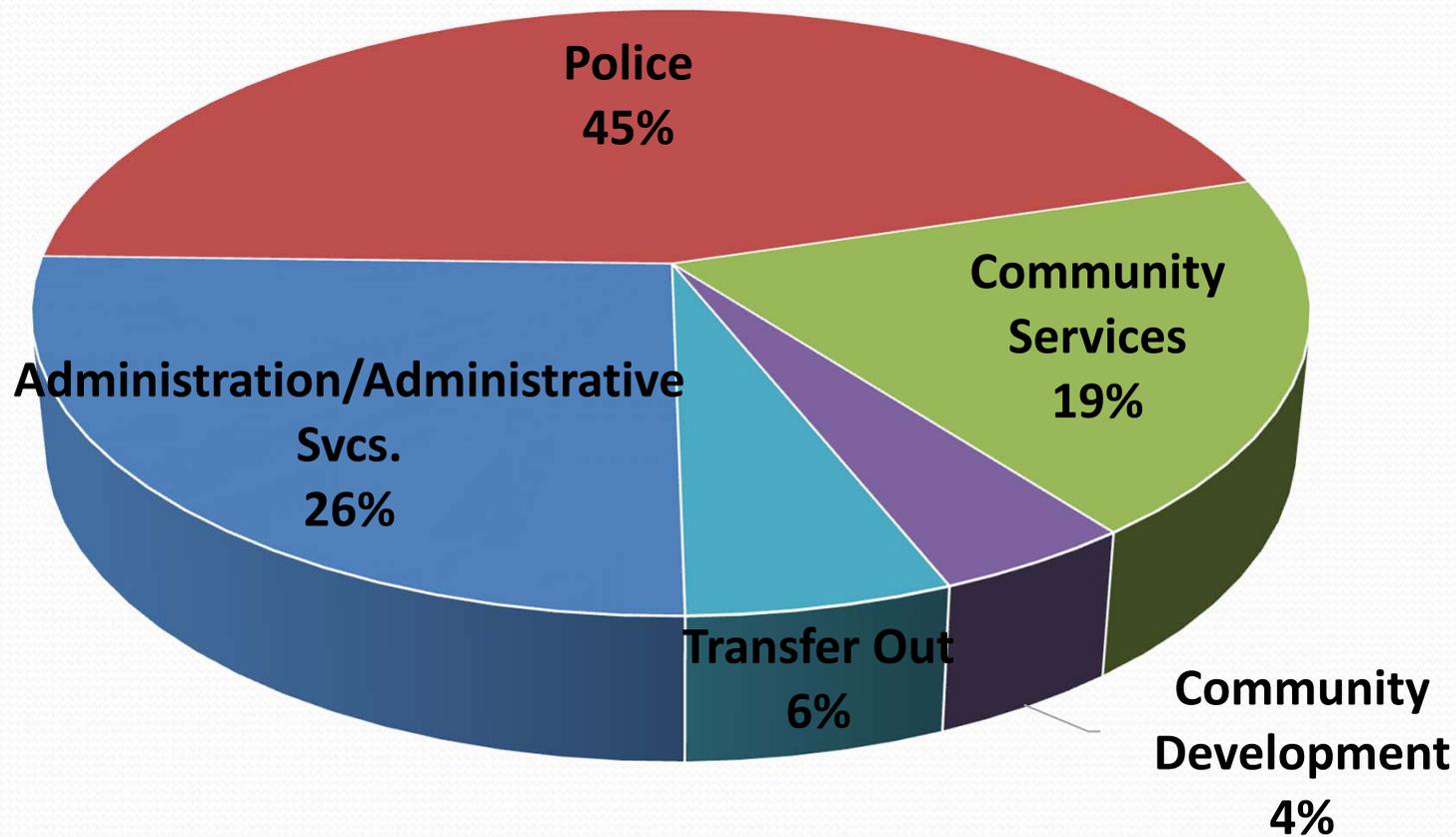
- **Proposed Budget eliminates 3 full time positions continuing downward trend from 55 to 52**



# General Fund Revenues = \$10,365,600

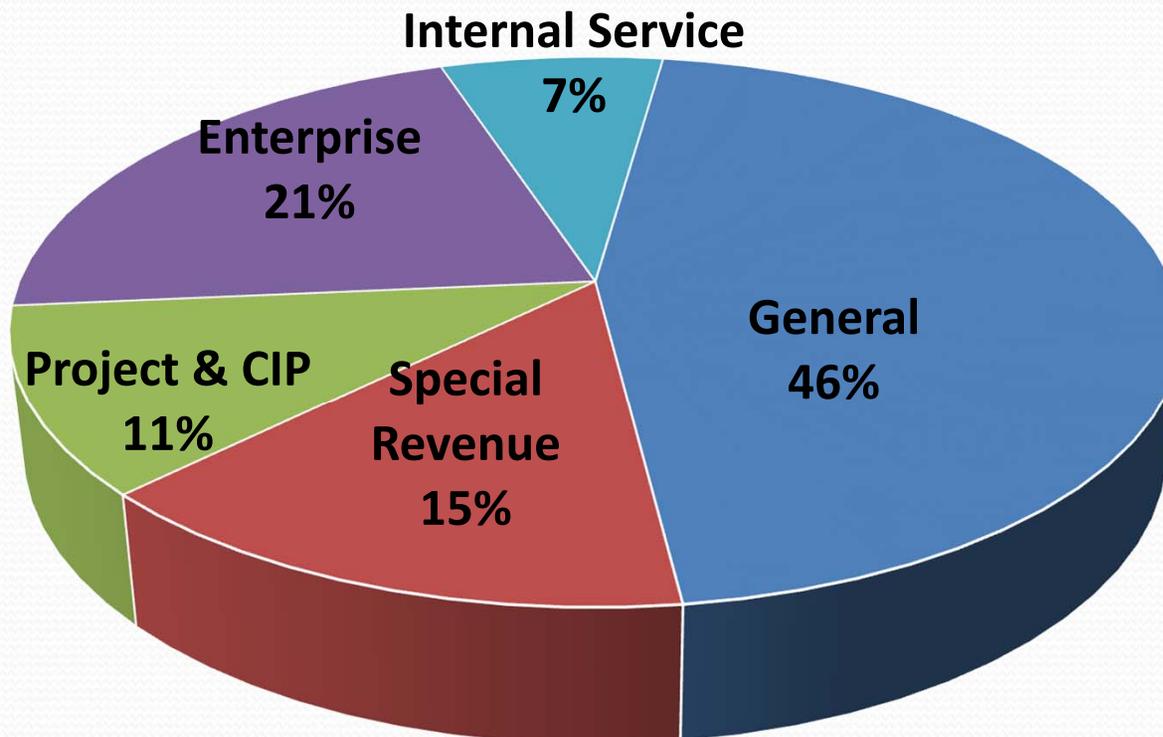


# General Fund Expenditures = \$10,487,700



# All Funds

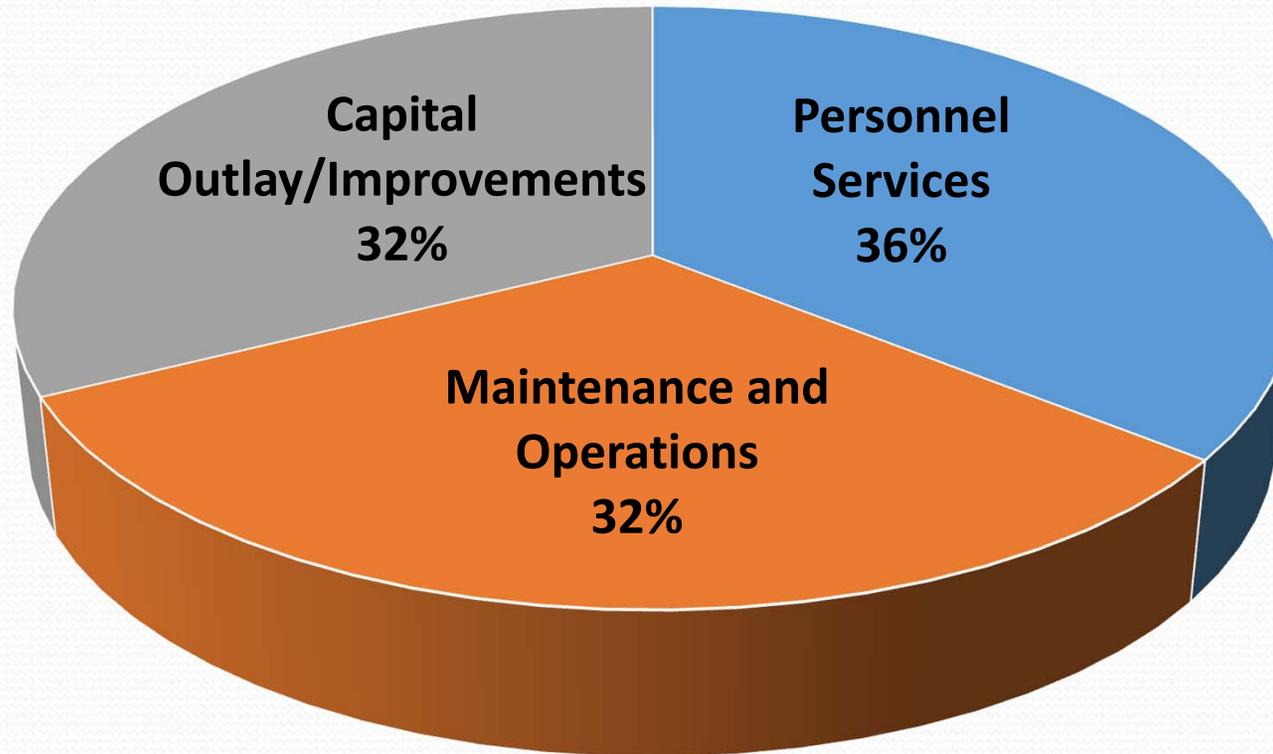
- Revenues across all funds = **\$18,183,400**
- Expenditures across all funds = **\$22,901,200**



# All Funds

Revenues across all funds = **\$18,183,400**

Expenditures across all funds = **\$22,901,200**





# Summary

- **Draw on fund balance for some funds including GF, Special Revenues, COR, Water and Sewer Funds, Facilities Fund, Vehicle Replacement Fund, and Technology Replacement Fund**
- **Risk Management and Employee Benefits Funds will be below target fund balances**



# Summary

- **Budget Document is Greatly Changed, continuing towards greater ease of use, accuracy, and transparency**
  - **Restructuring of Internal Service Funds**
  - **New Budget in Brief**
  - **New Community Profile**
  - **Easier to read department and division narratives**



# Summary

- **More document changes**
  - **Inclusion of the fee schedule**
  - **New department detail section**
  - **Inclusion of financial policies and chart of accounts**
  - **Change to portrait format**
  - **Better use of color and graphics**
  - **Abbreviated City Manager's Budget Message**



# What's Next

- **Public Hearing June 16**
- **Meet and Confer process required on some of the reductions and revisions currently included**

# Fiscal Impact

- **General Fund Expenditures, including the 6.4% ongoing GF revenue transfer = **\$10,365,600****
- **Represents a **\$122,100** deficit for FY 2015-16**
- **Additional savings following conclusion of labor negotiations will require a budget amendment at that time**

# Fiscal Impact

- **6.4% transfer = \$609,000** which includes \$250,000 transferred to COR and \$359,000 to Risk Management Fund
- **RM Fund transfer provides \$138,700 in relief to GF for FY 2015-16 and \$38,700 per year to GF for the following six years**

# Questions, Discussion, Insights

