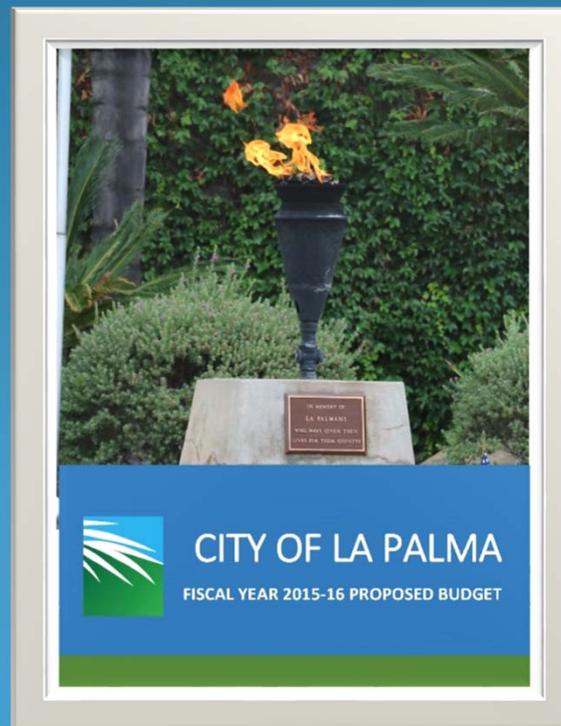


CITY OF LA PALMA

Proposed Budget FY 2015-16



June 16, 2015



Recommendation

- **Open the Public Hearing**
- **Receive the Staff Presentation**
- **Receive Public Input**
- **Close Public Hearing**
- **City Council Comments/Questions**



Recommendation

- **Adopt Resolutions Approving and Adopting a FY 2015-16 Budget and Annual Appropriations Limit**
- **(Alternately, Adopt Continuing Resolution)**

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 and temporary supply issues**
 - **Drop in property tax due to La Palma Intercommunity Hospital (LPIH) move to non-profit**

Background

– Significant Issues

- **Four Drivers** *continued*
 - **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 - \$115,000**
- **Eliminate Maintenance Worker – \$55,300**
- **Eliminate Fit N Fun after school program - \$57,000**
- **Eliminate La Palma Days - \$57,900**

Background – Reductions and Changes through May 19

- **Eliminate Police Interaction with Youth program - \$4,500**
- **Reduce Mosaic from 4 issues a year to 3 issues - \$8,500**
- **Reduce Summer Concerts from 6 to 5**
- **Increase Parking Fines - \$7,800**

Background – Reductions and Changes through May 19

- **Increase Community Development fees (All fees proposed to be increased - \$9,700)**
- **Reduce weekday Park staffing by 2 hours daily - \$12,000**
- **Eliminate Granicus expansion for audio-casting committee meetings - \$4,800**
- **Eliminate SCORE business assistance workshops - \$1,300**

Background – Reductions and Changes through May 19

- **Reduce Police Records Clerk from full time to part time - \$36,000**
- **Reduce City Manager and management team salaries 5% - \$50,000 General Fund, \$65,000 Citywide**
- **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 - \$53,000**
- **Eliminate membership in LOCC and ACC-OC - \$15,300**
- **Reduced City Council meetings and trainings - \$6,000**
- **Eliminated conferences for City Manager and Administrative Services Director - \$3,100**

Background – Reductions and Changes through May 19

- **Reduce City Attorney retainer - \$9,200**
- **Reduce human resources consultant services for policies update - \$4,000**
- **Eliminate lease of blueprint copier - \$4,700**
- **Eliminate conference room furniture - \$13,000**

Background – Reductions and Changes through May 19

- **Reduce median landscape maintenance - \$4,000**
- **Reduce translation costs - \$1,750**
- **Reduce City Clerk and Fiscal Services overtime - \$1,700**

Background – Reductions Made

June 2

- **Reduce Source Printing to Bimonthly - \$2,900**
- **Eliminate blue print copier maintenance as well as lease - \$2,000**
- **Neighborhood Watch banquet reduced from dinner to dessert - \$1,500**
- **Eliminate labor relations educational forum - \$600**

Background – Reductions Made June 2

- **Move City Yard Furniture to Capital Budget - \$10,000**
- **Defer Police locker room air conditioning units - \$20,000**
- **Eliminate City's 60th anniversary celebration - \$3,000**

Background – Reductions Made June 2

- **Defer refinishing Recreation cabinets - \$5,000**
- **Defer tennis courts fencing and screening -\$22,500**
- **Defer restroom painting - \$2,500**
- **Defer replacement of basketball rims - \$1,000**

Background – Long Term Outlook

- **Total Reductions/Changes drop the deficit to **\$51,100****
- **Fiscal problems are not a one-year issue**

Background – Long Term Outlook

- Even with reductions made to date, the three year projection is for larger deficits the following two years
- Deficits in years 2 and 3 are slightly higher than prior to the June 2 changes
 - **\$424,200** in FY 2016-17
 - **\$466,600** in FY 2017-18

Background – Position Review Methodology

- **Priority Based Budgeting (PBB) to more fully define “core” services**
 - **Resource Alignment and Prioritization Tool**
 - **Some aspects have been incorporated over the last 2 years; staff continues to work towards more implementation**
 - **As a prioritization tool, it can be adopted to review positions based on prioritization of the programs the positions support**

Priority Based Budgeting Steps

- **Determine Results**
- **Define Results**
- **Identify Programs and Services**
- **Score Programs based upon their Influence on Achieving the Results**
- **Prioritize Programs based on Scores**

Determine Key Results

- **“Why does the City exist? What is it in business to do?”**
 - **Financial Stability/Good Governance**
 - **Security**
 - **Quality of Life/Neighborhoods**
 - **Economic Vitality/Opportunity**
 - **Infrastructure**

Defining Results

- **Other Criteria for evaluation, in addition to the degree of influence of a program/position on each key result include:**
 - **Degree of Mandate**
 - **Degree of Cost Recovery**
 - **Degree of Demand Change**
 - **Degree of Dependence upon the City**

Reviewing Positions Based Upon These Criteria

- **Prepare listing of All Positions with a Brief Summary of Functions/Programs each Supports (Reasons for the Position), total positions for each classification within a department (Attachment 1)**
- **Management Team Review of each Position in their Area, Identify Those With Lower Ratings**

Reviewing Positions Based Upon These Criteria

- **Review Lower Rating Positions as a Team Citywide**
- **Identify Impacts of Reducing or Eliminating Lower Rating Positions (Attachment 2)**
- **Additional impact identification for areas with multiple positions within the classification and which might have different ratings for different FTE levels**



Lower Rating Positions

- **Police Reserves – Prior City Council direction not to eliminate. Impacts overtime costs for full time officers, more time out of the field required for full time officers, loss of supplemental patrol and services, including current support for Neighborhood Watch**
- **Police Services Aide – Also impacts full time officer field time as well as customer service at the Police counter and therefore impacts to dispatch and records functions**



Lower Rating Positions

- **Senior Recreation Leader, Recreation Leader, Recreation Specialist – Positions support specific programs and therefore impacts would be reduction or elimination of the individual programs supported**
- **RNSP Officer – Regional Narcotics Suppression Program participation mandated for eligibility for portion of asset forfeiture funds. Revenues expected to increase and we would lose those if we stopped participating. Recommend to continue to monitor cost/benefit.**

Multiple Positions within a Classification

- **Detective – 3rd position added in Services Division restructure when ASB Officer and Detective Sergeant were eliminated. Caseload requires 3 positions for current level of service. Reduction in FTE would reduce number of lower property crimes that could be investigated (would still take a report).**
- **Senior Office Assistant – 2 FTE in Recreation and took on more non-office work with Community Services restructure. One focuses more on support for classes and one more on social services such as Meals on Wheels. Both provide front counter support which allows Recreation office to be open every Friday vs. other offices with alternate Friday closure and that could not be continued if one position were eliminated.**

Position Review Summary

- **Given prior staff reductions and current services, no FTE or part time staff reductions are possible without reductions/elimination of services.**
- **Given the level of change already incorporated into the FY 2015-16 Proposed Budget, the upcoming meet and confer and citizen committee processes, the remaining 0.1% deficit in the General Fund is recommended to be filled through fund balance in excess of the target level if required prior to year end.**

Economic Development Program/Function

- **Key Result – Economic Vitality and Opportunity**
- **Economic Development Plan and Action Plan Administration, Redevelopment Dissolution management is mandated**
- **Key Principles of Economic Development:**
 - **Business Retention (Protect what you have)**
 - **Business Expansion (Grow what already works)**
 - **Business Attraction (Diversify and Synergize)**
- **Responsibility – primary staff = Community Development Director, secondary City Manager**

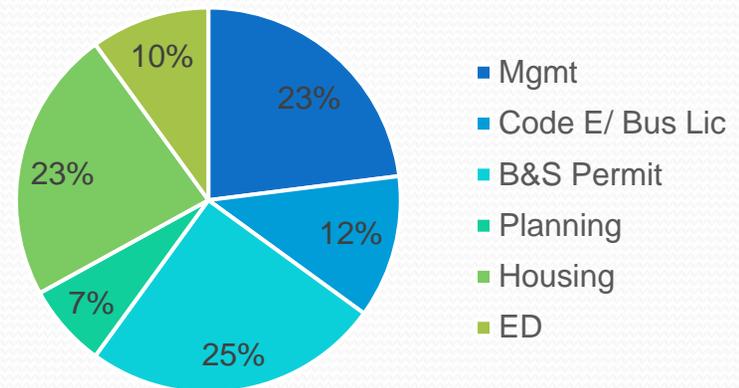
Economic Development

- **Assets – location, safety, size**
- **Liabilities – loss of redevelopment and funding for function**
- **Strategies –**
 - **Maintain single “Point of Contact”**
 - **Capitalize on the 3 assets, freeway frontage, new zoning, health care “cluster”**
 - **Ex. Give personal level of service, access, and speed larger organizations cannot deliver**

Staffing Resources for Economic Development

- Community Development Director in the last year
 - Mandated functions – housing, redevelopment dissolution, regional/advance planning, building and safety permit/inspection

- Position Funding
 - General Fund - 47%
 - Successor Agency/Housing Authority - 53%



- HdI Consultant Resources
 - Retail leads, trends, business tax analysis, comparisons, marketing data

2014-15 Accomplishments

- Results which were impacted in some way by active City involvement

• Business	Est. \$ Yr.	Perm EE
• Bulgogi House (facilitation)	\$22,500	45
• Samsung Chemical (relocation)	\$23,000	8
• McDonald's (influence on design)	\$ 1,200	65
• Gateway Building (entitlement process concurrent with McDonald's)	\$ 7,100	16
• Repurpose vs. sale of "the Hub" (keep full value plus lease revenue vs. 11% of sale proceeds)	\$60,000	2
• Coffee Bean (gathering place desired by community vs. bank, more revenue)	\$9,500	12
• Arcadia Chair (retention/use of ROW)	\$1,500	110
• CD Zodiac (retention, use of ROW)	\$1,000	650

*\$ = property tax, sales tax, business license – not one time permit fees

2015-16 Active Staff Work Underway

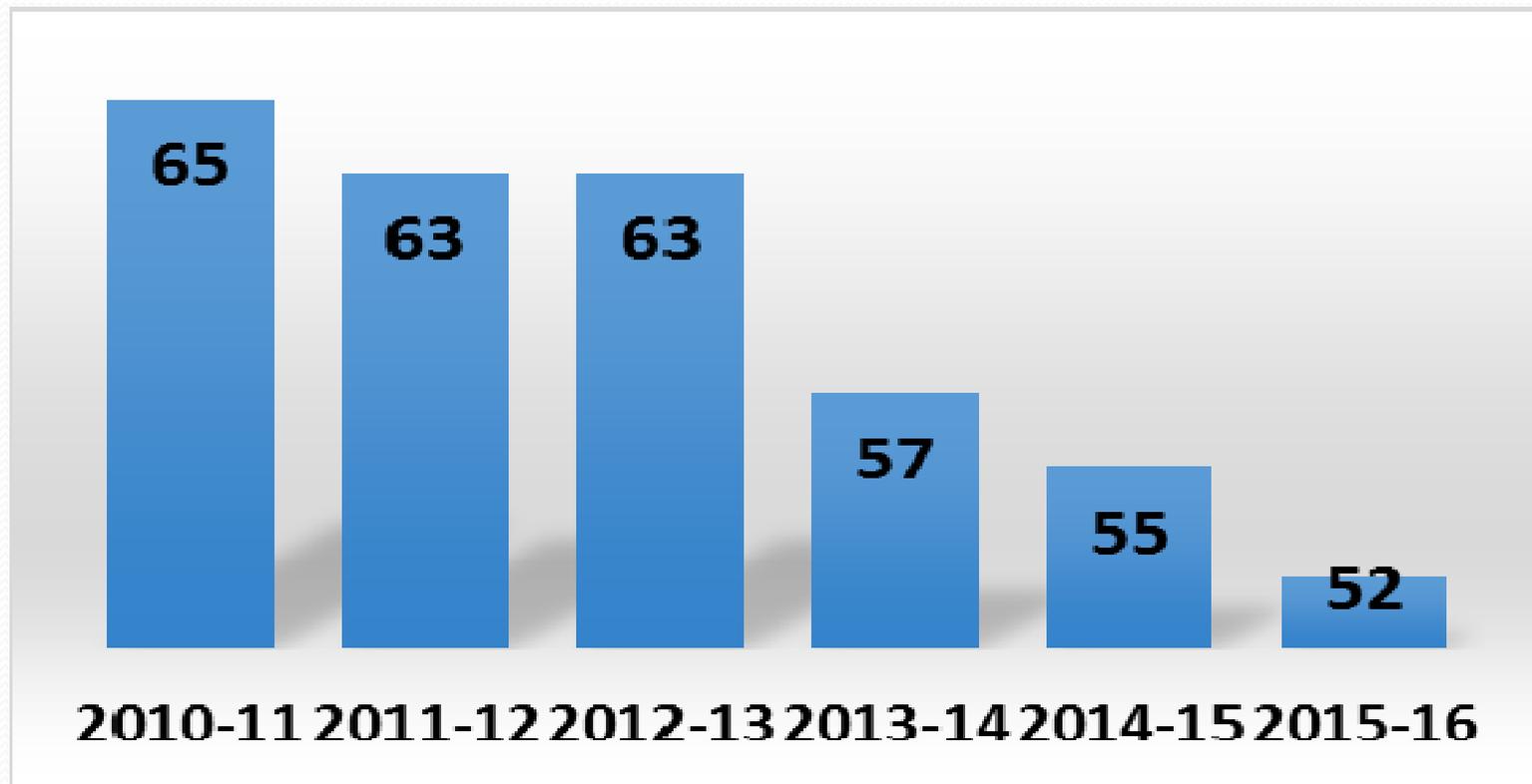
- **Billboards (\$200k+ revenue projected, revenue diversification)**
- **LPIH Non-profit status (working on potential offset solutions)**
- **99 Cent Only Store (tenant improvements, sales tax, jobs)**
- **Orangethorpe/Moody drive-thru restaurant (new construction/sales tax)**

2015-16 Active Staff Work Underway

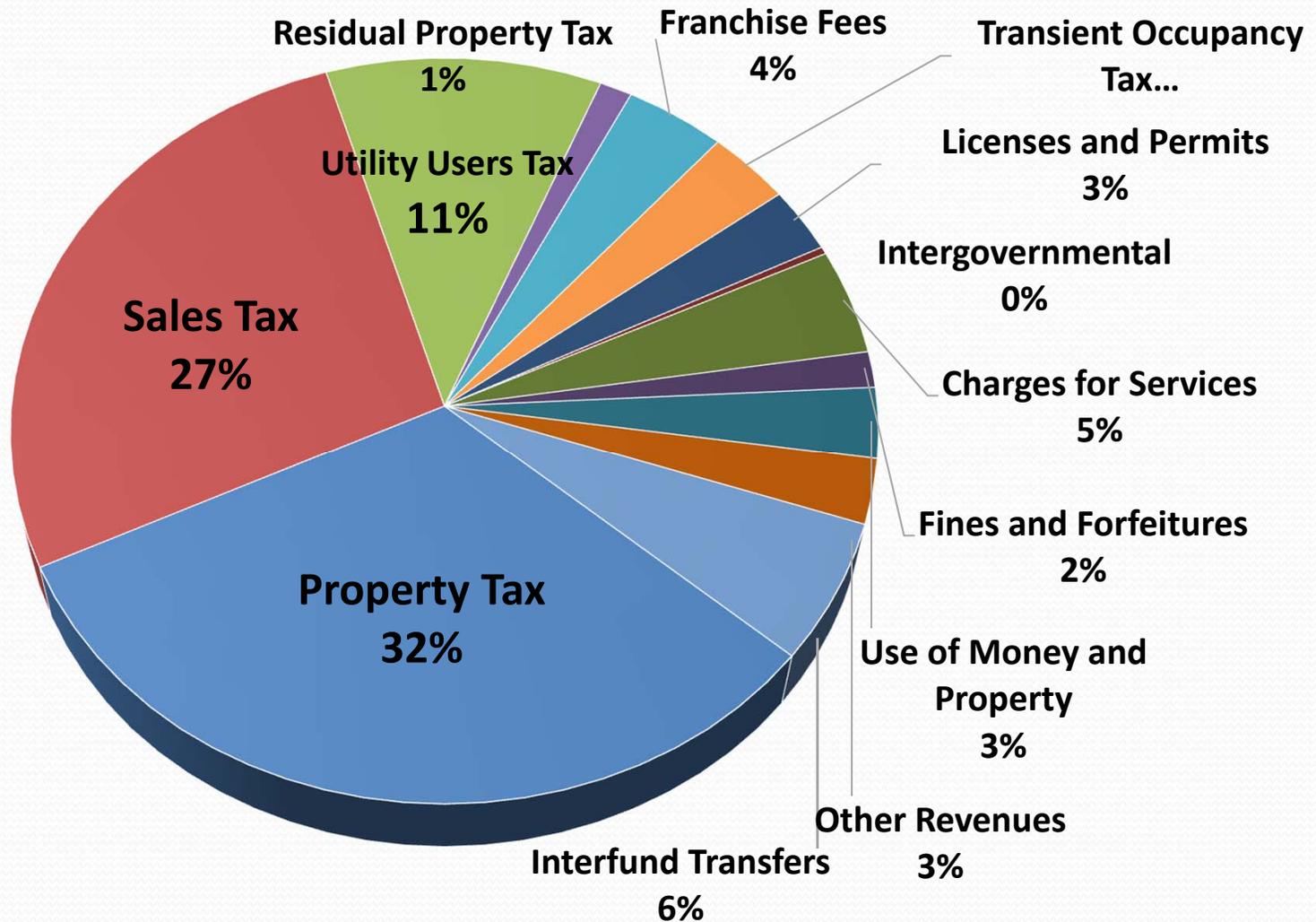
- **7872 Walker – re-purpose building with a high vacancy rate (revaluation from sale/remodel)**
- **5022 Crescent (guide appropriate development – new property tax and permit revenue)**
- **N of Orangethorpe Rezone Area (very new, interest so far limited to property owners where leases are coming due - potential property tax, sales tax, business license, permit revenues and jobs)**
- **12 Centerpointe – (2 story vs. 1 story, permit revenue, jobs, sales tax potential, property tax)**

Staffing

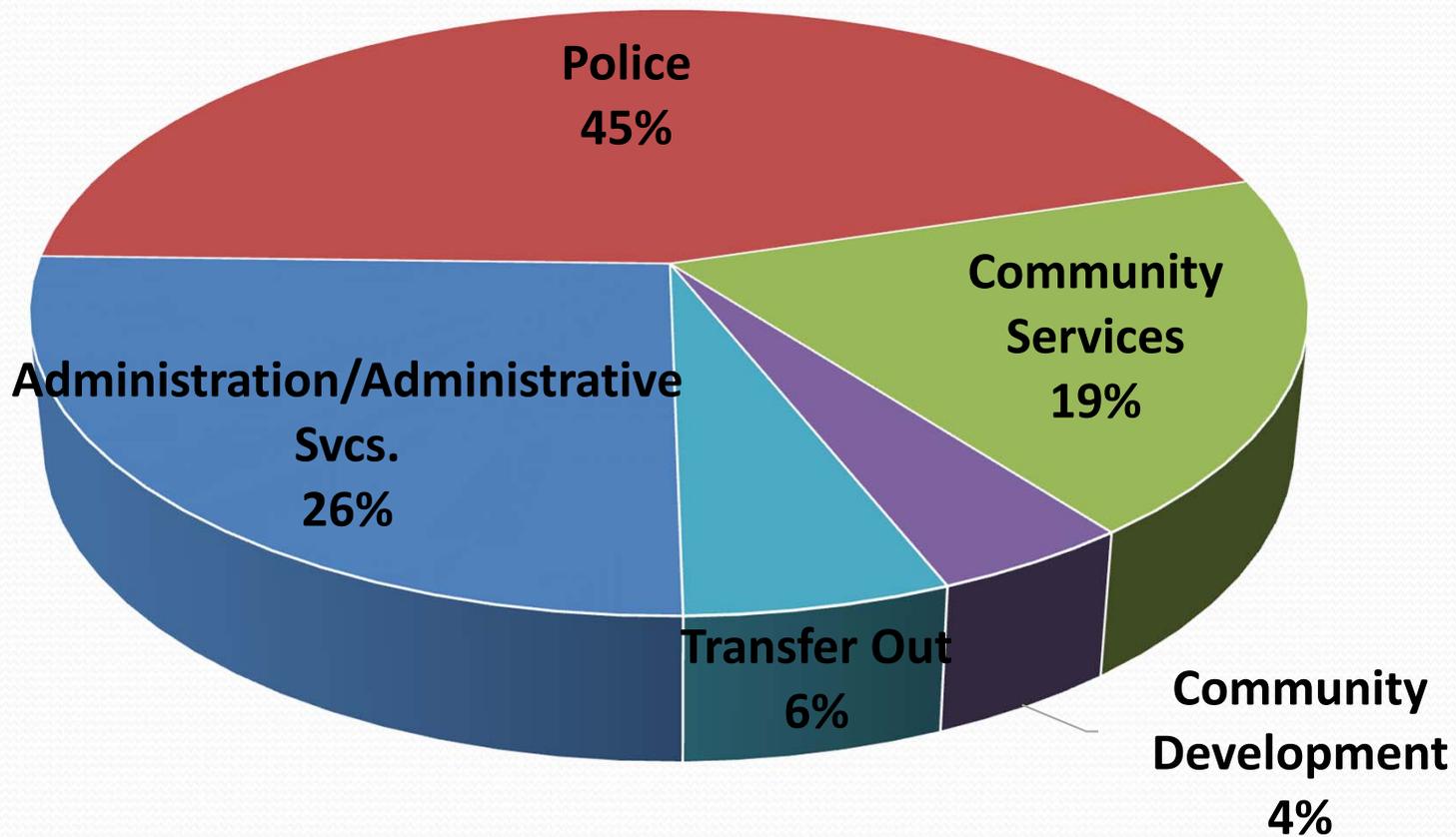
- **Proposed Budget eliminates 3 full time positions continuing downward trend from 55 to 52**



General Fund Revenues = \$10,365,600

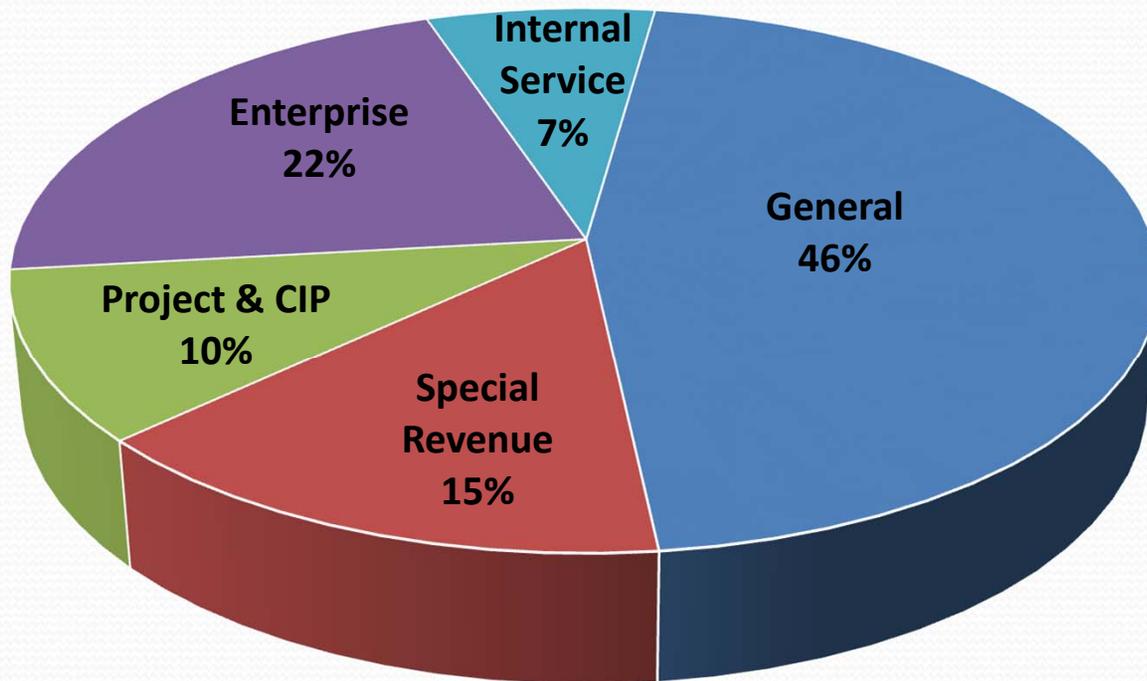


General Fund Expenditures = \$10,416,700



All Funds

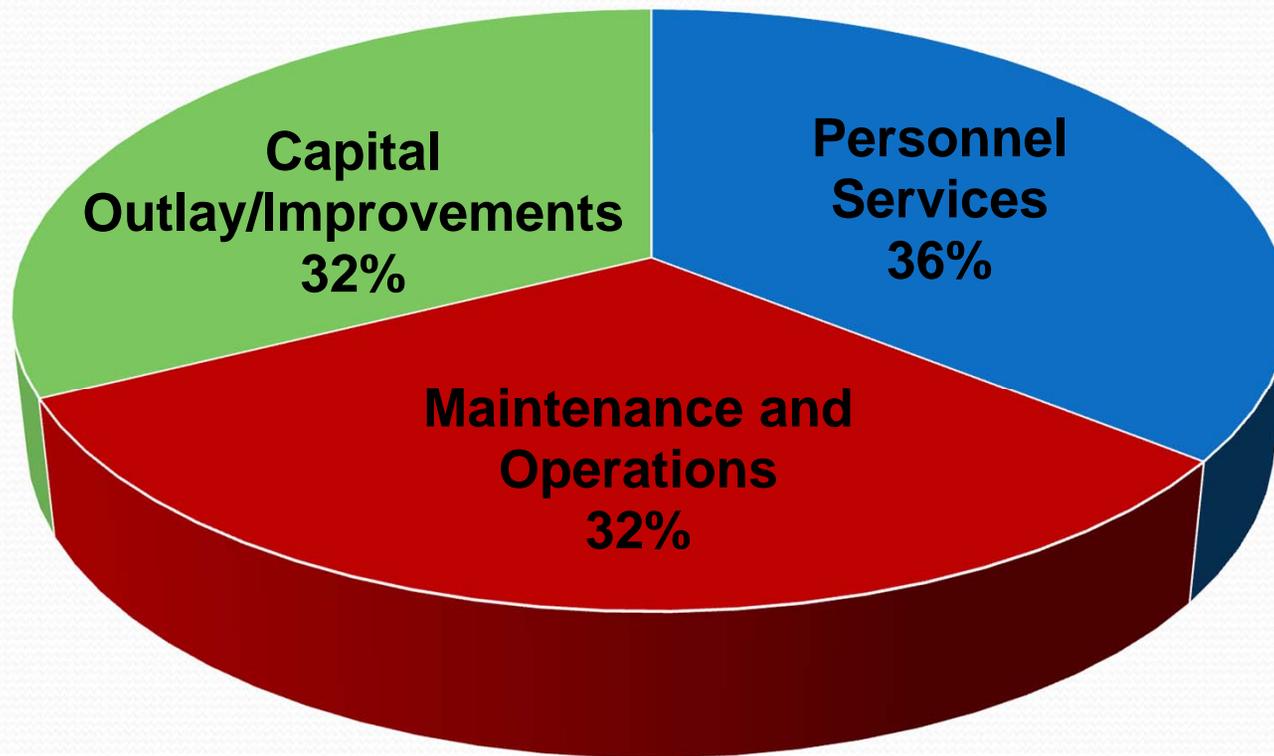
- Revenues across all funds = **\$18,183,400**
- Expenditures across all funds = **\$22,619,600**



All Funds

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

Expenditures across all funds = **\$22,619,600**



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**

What's Next

- **Meet and Confer process required on some of the reductions and revisions currently included**
- **Legal Deadline of June 30 without a Continuing Resolution**
- **No date between June 16 and 30 was identified that would allow all City Council members to be present**
- **Next regular meeting July 7**

Fiscal Impact

- **General Fund Expenditures, including the 6.4% ongoing GF revenue transfer = \$10,416,700**
- **Represents a \$51,100 deficit for FY 2015-16**
- **Additional savings following conclusion of labor negotiations will require a budget amendment at that time**
- **If discussions with school districts and others result in funding for PIY or Fit N Fun, those would also come back as a budget amendment**

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**

Recommendation/Consensus

- **What is consensus?**
 - **I believe that you understand my point of view and I understand yours.**
 - **Whether or not I prefer this solution, I support it because:**
 - **It was reached fairly and openly, and**
 - **It is the best solution this group can reach at this time.**
 - **No one gives in; no one gets all they want.**
 - **Not always a compromise; but the best solution for us at this time.**

Discussion

