



Proposed Budget Workshop

Fiscal Year 2016

City Council Special Meeting May 14, 2015

JAMES MAKSHANOFF

CITY MANAGER

FY 2016 Budget Key Themes

- Long Term Financial Plan and annual budget process contributes to financial sustainability
- Maintain City's AAA credit rating
- Continue process to fund, maintain and improve all City facilities and infrastructure

FY 2016 Budget Focus

Fiscal Responsibility

- Balanced Budget
- Long-Term Sustainability through LTFP
- Maintain Healthy Reserves

Improving Revenue

- Revenues Continue to Recover at a Slow Pace
- Improving Economy

Budget Highlights

Erik Sund, Assistant City Manager



Photograph taken by Will Buddenhagen

FY 2016 Budget Workshop

- Budget Overview
- Department Budget Highlights
- CIP Program Overview
- Review and Address City Council Decision Packages
- Direct Staff

FY 2016 Budget Workshop

- Budget Public Hearing
 - Tuesday, June 2, 2015 at 6:00 PM in Council Chambers
- Budget Adoption
 - Tuesday, June 16, 2015 at 6:00 PM in Council Chambers

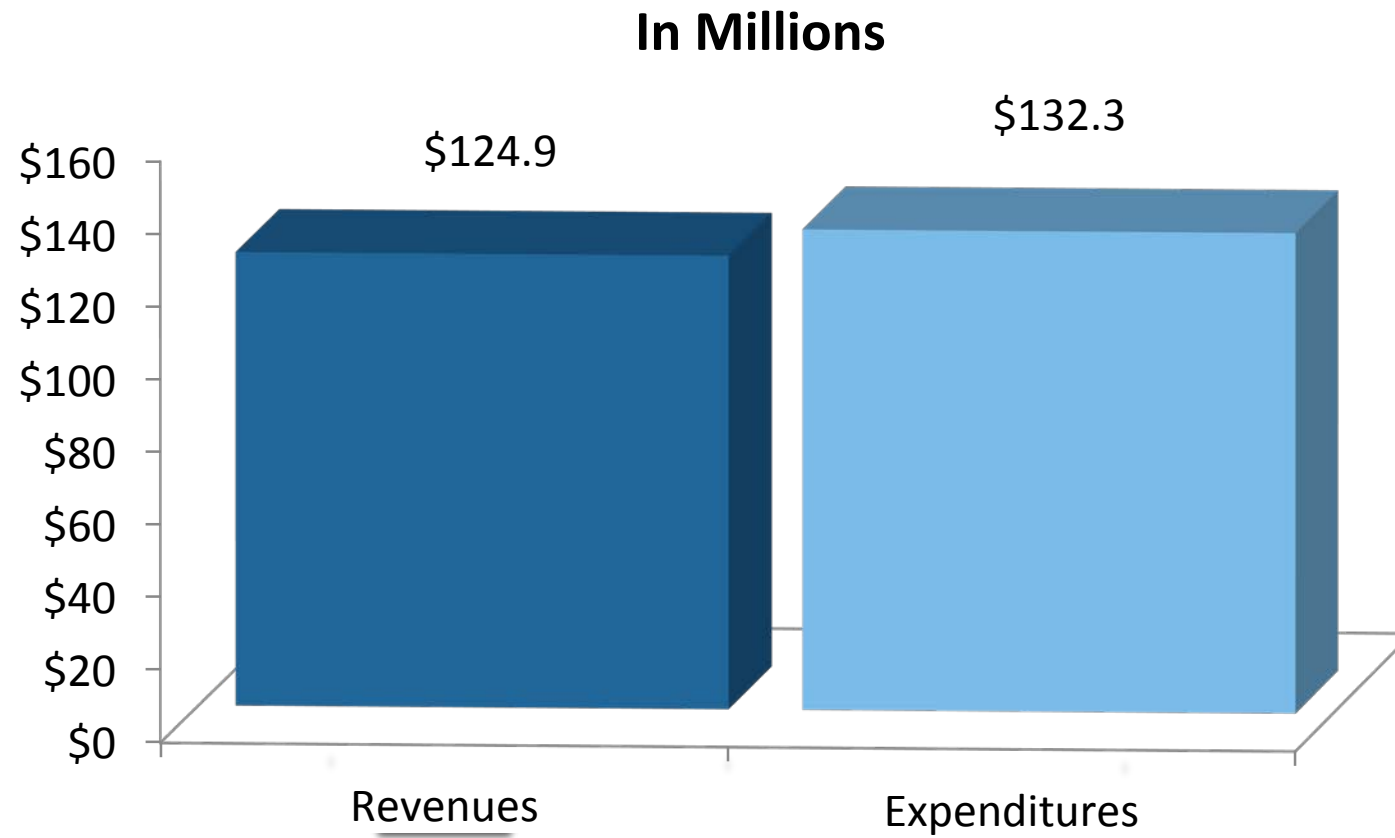
Budget Overview

Judi Vincent, Finance Manager



Photograph taken by Will Buddenhagen

All Funds Summary FY 2016



All Funds Overview

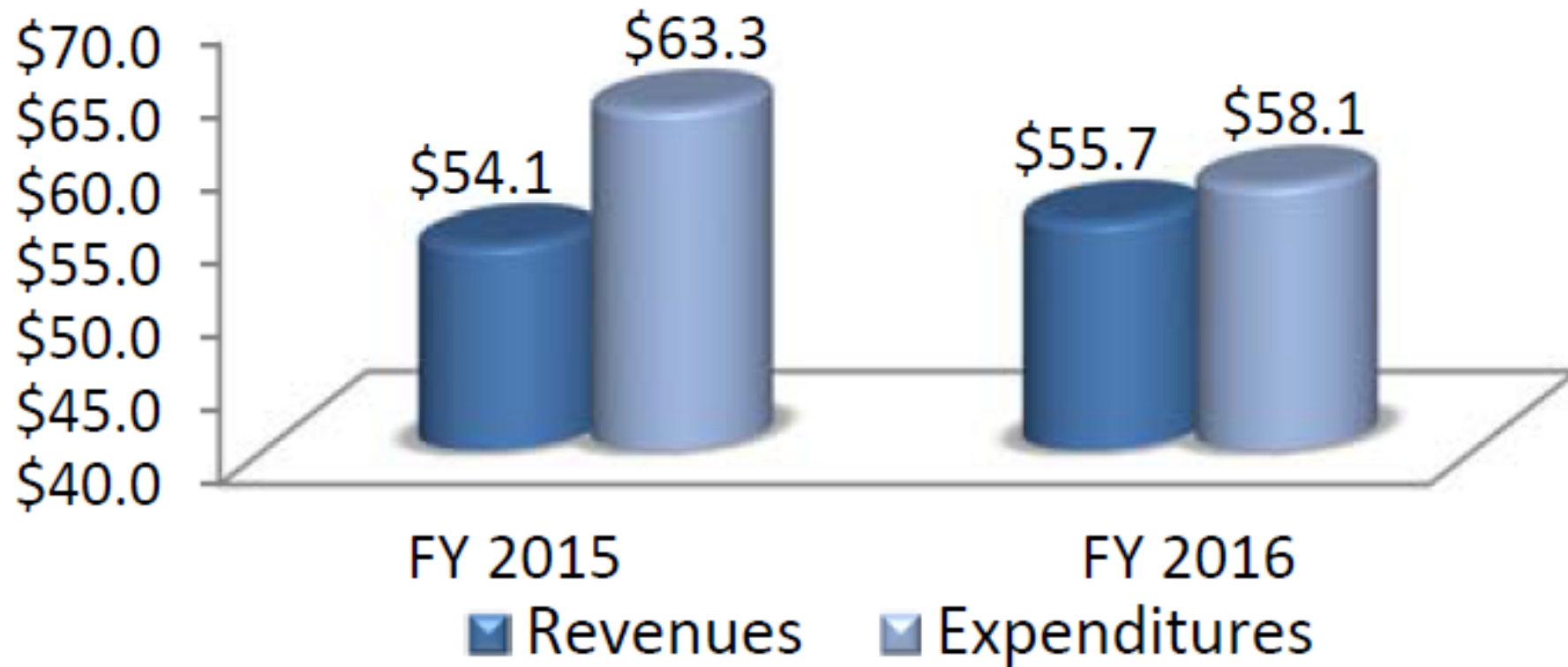
Fund Type	FY 2016
General Fund	\$ 58,053,040
Special Revenue Funds	5,298,060
Capital Project Funds	4,179,260
Debt Service Fund	604,430
Enterprise Funds	52,281,500
Internal Service Funds	11,860,080
<i>Total Spending Plan</i>	<i>\$ 132,276,370</i>

General Fund Revenues & Expenditure Comparison

FY 2015 to FY 2016

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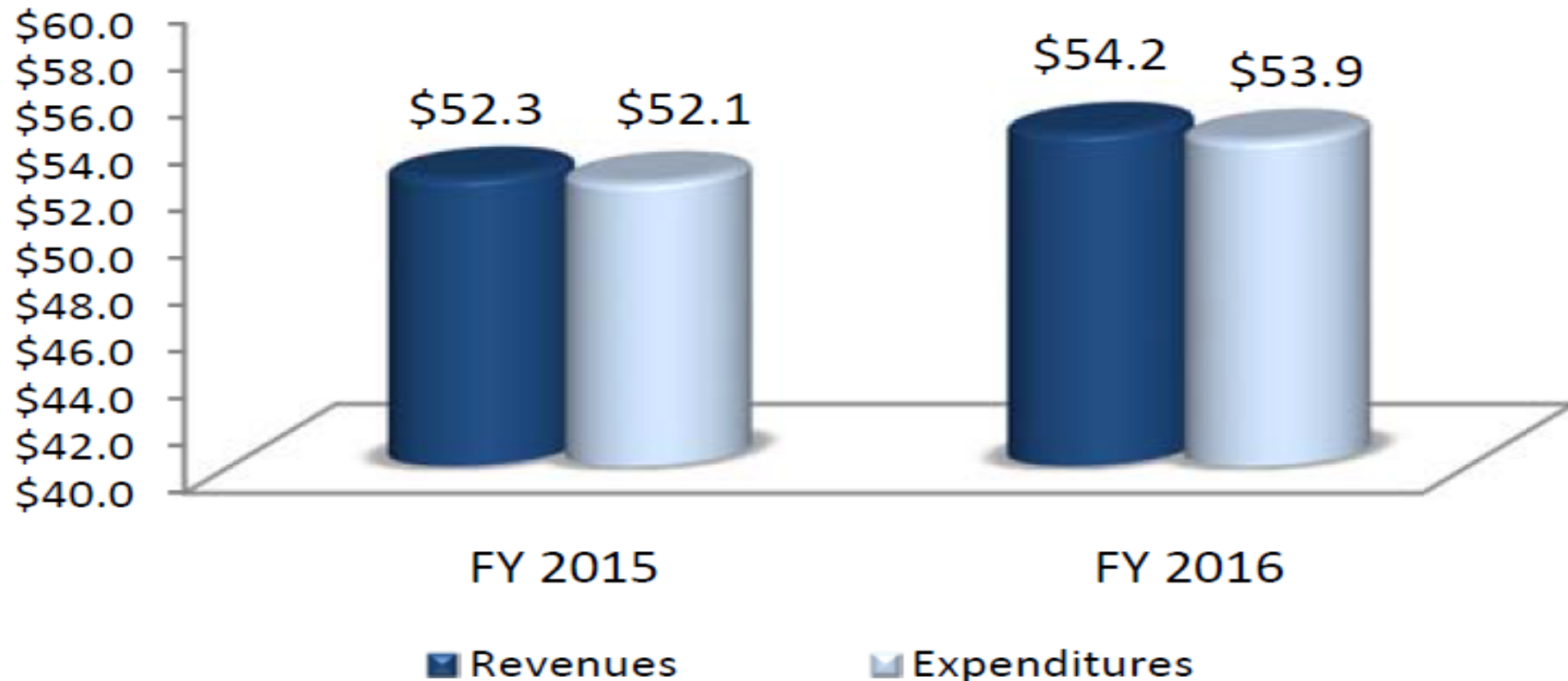
(\$ in millions)



General Fund Operating Budget Comparison FY 2015 to FY 2016

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Excluding Fund Balances, Capital Outlay & Reserve Transfers
(\$ in millions)





General Fund Operating Position


FY 2016:

Operating Revenue	\$ 54,244,011
Operating Expenditures	<u>53,854,490</u>
General Fund Operating Position	\$ 389,521

Total General Fund Revenues FY 2016 - \$55.7 million

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General Fund Revenues by Category



Revenue Categories	2015 Budget	2015 Projected	2016 Budget	Dollar Change	% Bud 15 To Bud 16
Taxes	\$39,365,250	\$39,370,480	\$41,960,100	\$2,594,850	7%
Permits & Fees	1,749,180	1,734,180	1,942,530	193,350	11%
Intergovernmental	1,013,230	999,370	343,000	(670,230)	-66%
Service Charges	5,266,070	5,279,110	4,822,180	(443,890)	-8%
Fines	789,000	789,000	706,000	(83,000)	-11%
Interest & Rents	1,695,850	1,776,960	1,775,420	79,570	5%
Miscellaneous	121,100	132,130	71,000	(50,100)	-41%
Interfund Revenue	4,053,410	3,960,410	4,077,610	24,200	1%
General Fund Revenue	\$54,053,090	\$54,041,640	\$55,697,840	1,644,750	3%

Total General Fund Expenditures FY 2016 - \$58.1 million



Expenditure Categories	FY 2015 Adj Budget	FY 2015 Projected	FY 2016 Budget	Dollar Change	% Bud 15 To Bud 16
Personnel	\$17,160,290	\$16,556,690	\$17,632,860	\$472,570	3%
Supplies	1,117,620	1,066,590	1,212,530	94,910	8%
Contractual Services	28,285,320	28,085,210	28,351,690	66,370	0%
Other Charges	1,057,040	1,068,910	1,026,780	(30,260)	-3%
Capital Outlay	9,562,990	9,533,390	3,194,500	(6,368,490)	-67%
Interdepartmental Charges	3,865,370	3,821,370	4,026,460	161,090	4%
Interfund Transfers	1,880,550	1,861,940	2,111,590	231,040	12%
Debt Service	388,650	388,650	496,630	107,980	28%
Expenditure Subtotals	63,317,830	62,382,750	58,053,040	(5,264,790)	-8%

Personnel Budget

- SCCEA MOU – Effective FY 2015, 2016, & 2017
 - Salaries increases 2.775% in July each year
 - Offset by Employee pickup of retirement costs each July
 - City Paid portion of Health Insurance increases 2nd and 3rd year
- Ongoing Step Increases

Staffing Changes

- Classification and Compensation Study completed FY 2015
- Eliminate 2 frozen (unfunded) positions :
 - Business Relations Officer (Business Services)
 - Senior Communications Technician (Maintenance Services)

Budget Enhancements:

- Reclassify 1 Associate Planner to Senior Planner
- Increase Code Enforcement Specialist Hours
 - Benefitted Part-Time position increases from 30 to 36 hours per week



Pension Costs

- General Employees:
 - Overall 4% pension cost reduction for FY 2016
 - Pension administration transferred to CalPERS – June 2014
 - Stable pension rate for 2 years
 - Retired/Inactive employees remain with Great West
- Public Safety Employees:
 - Safety Lifeguard – increase of \$12,820 (12%)
 - Retired/Inactive Police & Fire – increase of \$107,980 (28%)

Pension Unfunded Liabilities

<u>Type of Liability</u>	<u>Unfunded \$</u>	<u>% Funded</u>	<u>As of date</u>	<u>Plan to Address Liability</u>	<u>Timeline</u>
Great West (Misc.)	(\$9,695,000)	66.9%	7/1/2014	Continue current schedule	20 years
CalPERS (Misc.)	(7,801,761)	77.5%	8/31/2013	Continue current schedule	20 years
CalPERS (Lifeguard)	(1,153,149)	76.6%	7/1/2013	Continue current schedule	22-30 years
CalPERS (Safety)	(9,025,016)	76.7%	7/1/2013	Continue current schedule	24-30 years
Retiree Medical	(1,861,276)	0.0%	7/1/2014	Establish Irrevocable Trust Reassess Liability in a year	24-30 Years
TOTALS	(\$29,536,202)	73.0%			

Total General Fund Expenditures FY 2016 by Department



Departments	FY 2015 Adj Budget	FY 2015 Projected	FY 2016 Budget	Dollar Change	% Bud 15 To Bud 16
General Government*	\$7,263,190	\$7,195,680	\$7,321,550	\$58,360	1%
Finance & Admin Services	3,341,690	3,220,890	3,126,680	(215,010)	-6%
Police Services	13,118,090	13,109,310	13,355,400	237,310	2%
Fire Services	8,177,340	8,159,620	8,490,810	313,470	4%
Community Development	5,156,480	4,943,240	4,766,070	(390,410)	-8%
Public Works	16,344,600	15,949,220	15,038,490	(1,306,110)	-8%
Beaches, Parks & Rec.	9,916,440	9,804,790	5,954,040	(3,962,400)	-40%
Expenditure Subtotal	63,317,830	62,382,750	58,053,040	(5,264,790)	-8%

General Government - Highlights

- Interfund Transfers total \$2.1 million, including:
 - \$900,000 to the General Liability Fund
 - \$756,290 to the Street Improvement Fund
 - \$370,000 to Reserve Funds
- \$1.5 million in General Liability Insurance charges (up \$271k)
- \$717,400 City contribution to CASA Animal Shelter (up \$18k)
- DBA Funding included at \$38,000
- Council Contingency funded at \$100,000 for FY 2016

Finance & Administrative Services - Highlights

- RSVP administration moved from Police Services to Human Resources
- ADA Improvements for FY 2016 included in Capital Project budgets
- Reductions due to several studies budgeted in prior year
- Budget Enhancements:
 - Payment Processing System and Utility Billing Intelligent Voice Response (IVR) (ITSP project)

Public Safety - Highlights

- Public Safety total funding = \$23.3 million
- Fire Services
 - OCFA base contract increases \$248,000 (3.25%)
 - OCFA total contract costs increase by \$317,000 (3.9%)
 - Seasonal Ambulance Service continues for 2nd year (began May 1, 2015)
- Marine Safety (budgeted in BPR)
 - Junior Lifeguard Education Program expanding



Public Safety – Highlights

- Police Services

- OCSD contract costs increase by \$323,000 (2.6%)
- Contract changes include cost savings from defunding 2 positions:

Crime Prevention Specialist (vacant)	\$ 91,800
Deputy II - Motorcycle (vacant)	246,000
Less: Revenue Reduction (Fines)	(70,000)
Administrative “Extra Help” (vacant)	<u>40,000</u>
NET ANNUAL SAVINGS	\$ 307,800

Community Development - Highlights

- Contractual Services reductions from General Plan related projects budgeted in prior year
- Reductions in Contractual Plan Check and Inspection Services
- Budget for Parking Lot Leases moved to General Government/Economic Development
- Budget Enhancements:
 - Planning Intern Program (one-time/annual review)
 - Integration of GIS with Trak-It System (ITSP project) (pgs. 103-109)
 - Two GIS Workstations (ITSP project)
 - Replace/Upgrade Customer Queing System (ITSP project)
 - Replace IVR for Building Inspection Requests (ITSP project)

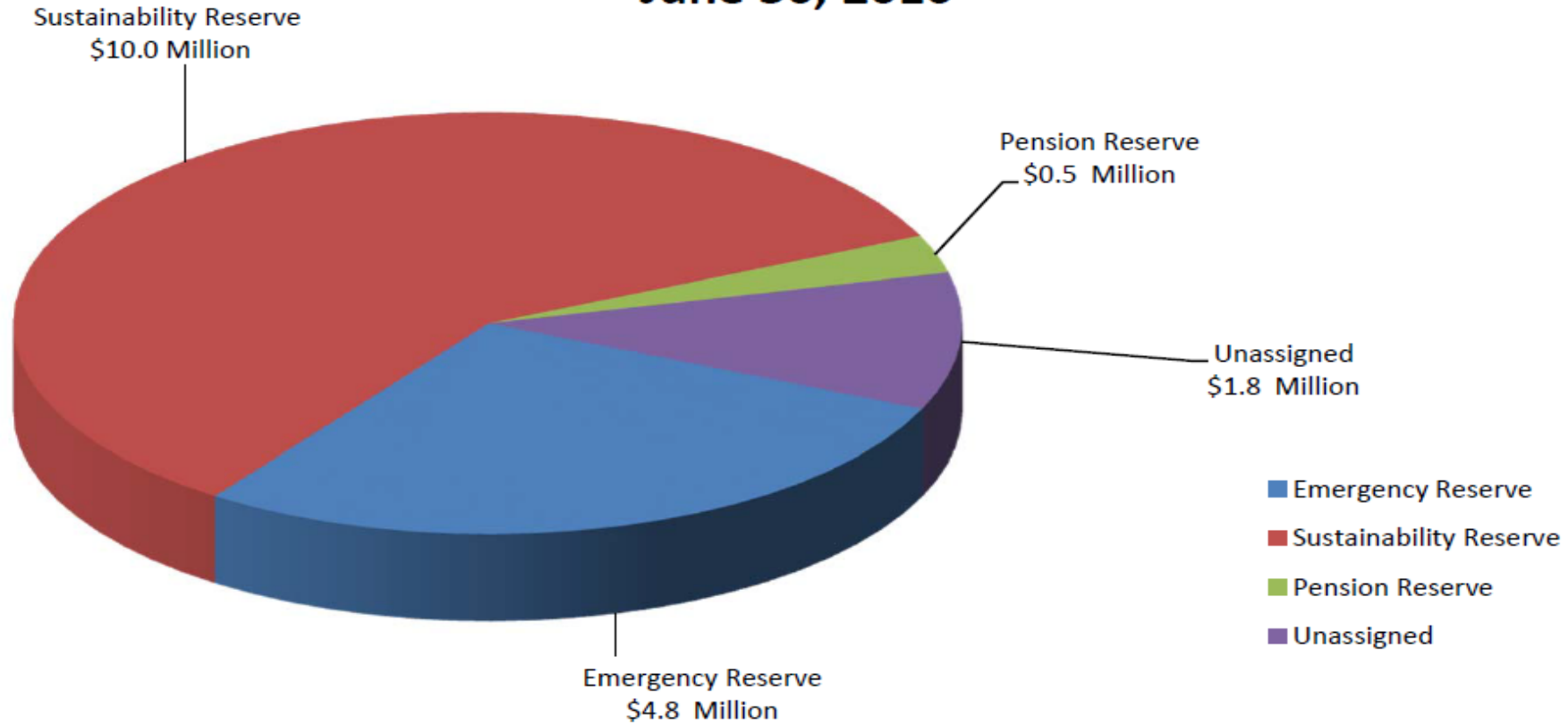
Public Works - Highlights

- Beaches and Parks Maintenance Divisions moved from BPR to Public Works
- Park Planning and construction management of Parks and Recreation projects moved to Public Works
- Budget includes new costs related to maintenance of the new Marblehead Parks and Trails
- Budget Enhancements:
 - T-Zone Bench Replacement and Bulb-out Maintenance (ongoing)
 - Chain Link Fence Repair (ongoing)
 - Emergency Operations Center (EOC) Laptop Replacements-80% grant funded (one-time)
 - Conversion of Liberty Park Tennis Court Lighting (one-time)

Beaches, Parks, & Recreation - Highlights

- Beaches and Parks Maintenance Divisions moved to Public Works Department
- Park Planning and project construction management moved to Public Works Department
- Contractual Services and Staffing added for part-year for OHBC opening (est. Spring 2016)
- Budget Enhancements:
 - Expansion of Playschool Kids Club Program (ongoing /revenue generating)
 - Start-up Equipment, Furnishings and Supplies for OHBC opening (one-time)

Fund Balance June 30, 2016



<i>Fund Balance</i>	<i>Beginning</i>	<i>Increase</i>	<i>Decrease</i>	<i>Ending</i>	<i>% Chg</i>
<i>Reserve amounts</i>					
Sustainability Reserve	10,000,000	-	-	10,000,000	0%
Emergency Reserve	4,693,000	154,000	-	4,847,000	3%
VHSP Reserve	202,171	-	(202,171)	-	-100%
Pension Reserve	500,000	-	-	500,000	0%
<i>Subtotal</i>	<i>15,395,171</i>	<i>154,000</i>	<i>(202,171)</i>	<i>15,347,000</i>	<i>0%</i>
<i>Unassigned</i>	<i>4,091,028</i>	<i>-</i>	<i>(2,307,029)</i>	<i>1,783,999</i>	<i>-56%</i>
Total	19,486,199	154,000	(2,509,200)	17,130,999	-12%

General Fund – Five-Year Forecast

Forecast Operating Position	2016	2017	2018	2019	2020
Operating Revenues	\$54.2M	\$56.3M	\$57.5M	\$58.7M	\$59.9M
Operating Expenditures	53.8M	55.6M	57.0M	58.4M	59.8M
Projected surplus/deficit	\$ 0.4M	\$ 0.7M	\$ 0.5M	\$ 0.3M	\$0.1 M

Enterprise Funds - Highlights

- **Water Fund**
 - Proposed Budget includes water rate increase (4%)
 - Funding added for Drought Cost of Service Analysis
 - Purchased water increase projected at 4.4% (94% of potable water is imported)
 - Temporary Part-time hours added in Water Conservation
 - Budget Enhancements: 5 year Urban Water Management Plan update
- **Sewer Fund**
 - No sewer rate increase proposed for FY 2016
 - Budget Enhancements: Electric Carts for Water Reclamation Plant (one-time)
- **Clean Ocean**
 - Budget Enhancements: Water Quality Code Enforcement Mobile Office (one-time)

Special Revenue Funds - Highlights

- **Street Improvement Fund**
 - Measure M2 Funds provide on-going revenue source
 - General Fund annual transfer of \$756,290 continues for FY 2016
- **Miscellaneous Grants Fund**
 - \$150,000 for sidewalk improvements - CDBG Program initiative for FY 2016
- **Air Quality Improvement Fund**
 - Includes funding for Traffic Calming Program (\$80,000) and Downtown Circulator/Trolley Update (\$40,000)
- **Police Grants Fund**
 - Portion of one deputy position continues to be funded by State COPS grant

Internal Service Funds - Highlights

- **General Liability Fund**
 - City continues to participate in the California Joint Powers Insurance Authority (CJPIA)
 - CJPIA Liability Insurance Premium budgeted at \$2.1 million for FY 2016
 - Retrospective payments of \$1.4 million due July 1, 2015
- **Fleet Replacement Fund**
 - 22 pieces of fleet equipment are budgeted for replacement in FY 2016 - \$886,480
- **Central Services Fund**
 - Budget Enhancements: Electronic Data Storage and EDMS Search Enhancements (ITSP projects)
- **Information Technology Fund**
 - Budget Enhancements: Telephone System Replacement (ITSP Project)

Debt Service Fund - Highlights

- **Negocio Debt Service Fund**
 - General Fund transfer suspended in FY 2014
 - Lease income covers the building's operational costs and debt service payments

Capital Improvement Program

Ken Knatz, Principal Civil Engineer



Photograph taken by Will Buddenhagen

Questions?

City Council Decision Packages



Council Decision Items – General Fund

Detail after page 48

Operating (General Fund):

Good Neighbor Funding	\$ 8,000
Lucity CMMS Administrator (30%-General Fund)	35,200
Code Compliance Officer – Unfreeze Senior Position	71,140
Code Compliance Technician – Unfreeze Officer Position	63,290
Building Division – On-Call Emergency Staffing	<u>12,650</u>
	\$190,280

FY 2016 General Fund Operating Position - \$389,521

Council Decision Items – General Fund

Detail after page 48

One-Time (General Fund):

Additional Downtown Business Association (DBA) support	\$ 20,400
General Fund Fee Update	50,000
City Office Space Needs Assessment	50,000
Mitigation Fee Study	50,000
Beach Trail Bridges Recoating-CIP	150,000
Citywide Tree Inventory-CIP	80,000
Marblehead/N. ECR Sidewalk-CIP (60%-General Fund)	<u>160,000</u>
	\$560,400

FY 2016 General Fund Unassigned Fund Balance - \$1,783,999

Council Decision Items – Other Funds

Detail after page 48

Operating (Other Funds):

Lucity CMMS Administrator (70%-Utility Funds)	\$ 86,300
Recycled Water Specialist-Limited Term (Water Fund)	<u>99,172</u>
	\$185,472

One-Time (Other Funds):

Marblehead/N. <u>ECR</u> Sidewalk-CIP (40%-Air Quality Fund)	\$100,000
Cable TV Equipment Replacement (Special Rev. Fund)	<u>225,000</u>
	\$325,000

FY 2016 Budget Schedule



Photograph taken by Will Buddenhagen

Budget Presentation

- Tuesday, May 5, 2015 6:00 p.m.



Budget Workshop

- Thursday, May 14, 2015 4:00 p.m.

Budget Public Hearing

- Tuesday, June 2, 2015 6:00 p.m.

Budget Adoption

- Tuesday, June 16, 2015 6:00 p.m.

Resources

All information pertaining to the City's Budget is located at:

<http://san-clemente.org/about-us/city-finances/city-transparency>