



City of San Clemente

Annual Budget
Fiscal Year 2017-18

FY 2017-18 Budget Focus

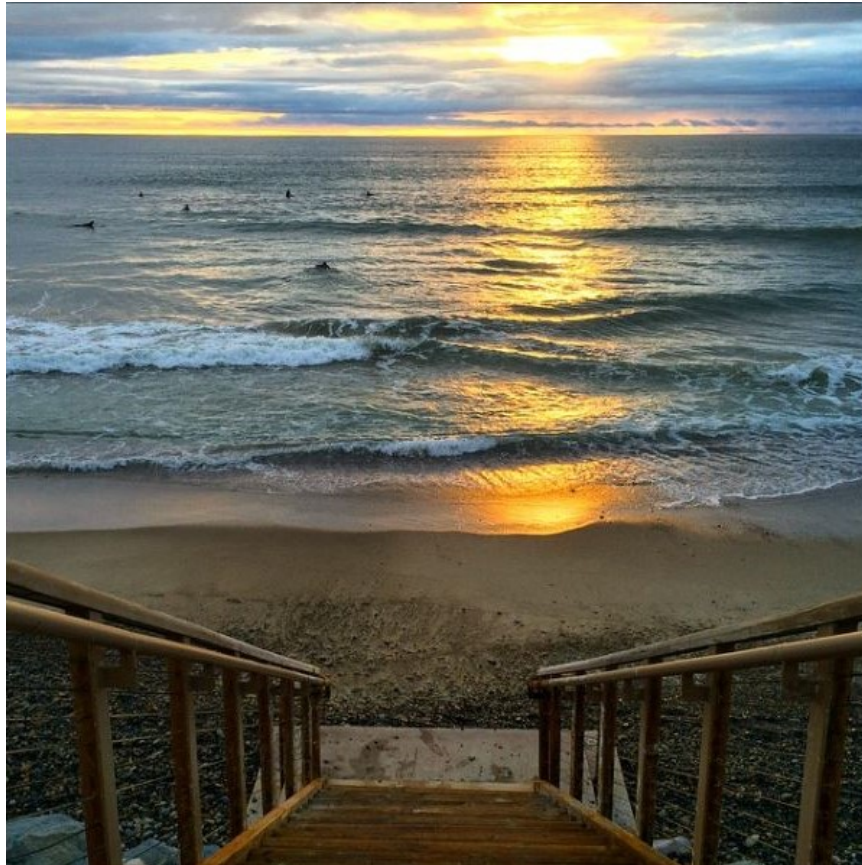
“As we approach future years, it is essential the City do more with less.”

Budget Highlights

Erik Sund, Assistant City Manager



FY 2017-18 Budget Schedule



Budget Workshop/ Public Hearing

- **Monday, May 22, 2017 4:00 p.m.**

Budget Adoption

- **Tuesday, June 6, 2017 6:00 p.m.**

FY 2017-18 Budget Key Themes

- Maintaining a strong financial foundation
 - Long-Term Financial Plan
 - AAA credit rating
- Restructuring to provide services more effectively
 - Public Works reorganization
 - Community Development operations assessment
 - Beaches, Parks, and Recreation reassessment of staffing needs
 - Public Safety Task Force; addition of 4th Firefighter; RFP for ambulance services
- Safeguarding essential technology and infrastructure
 - Continue to fund Infrastructure maintenance and Improvements
 - Information Technology Strategic Plan projects continue
 - \$2.5 million transfer to help fund future City Facility projects

FY 2017-18

Budget Workshop/Public Hearing

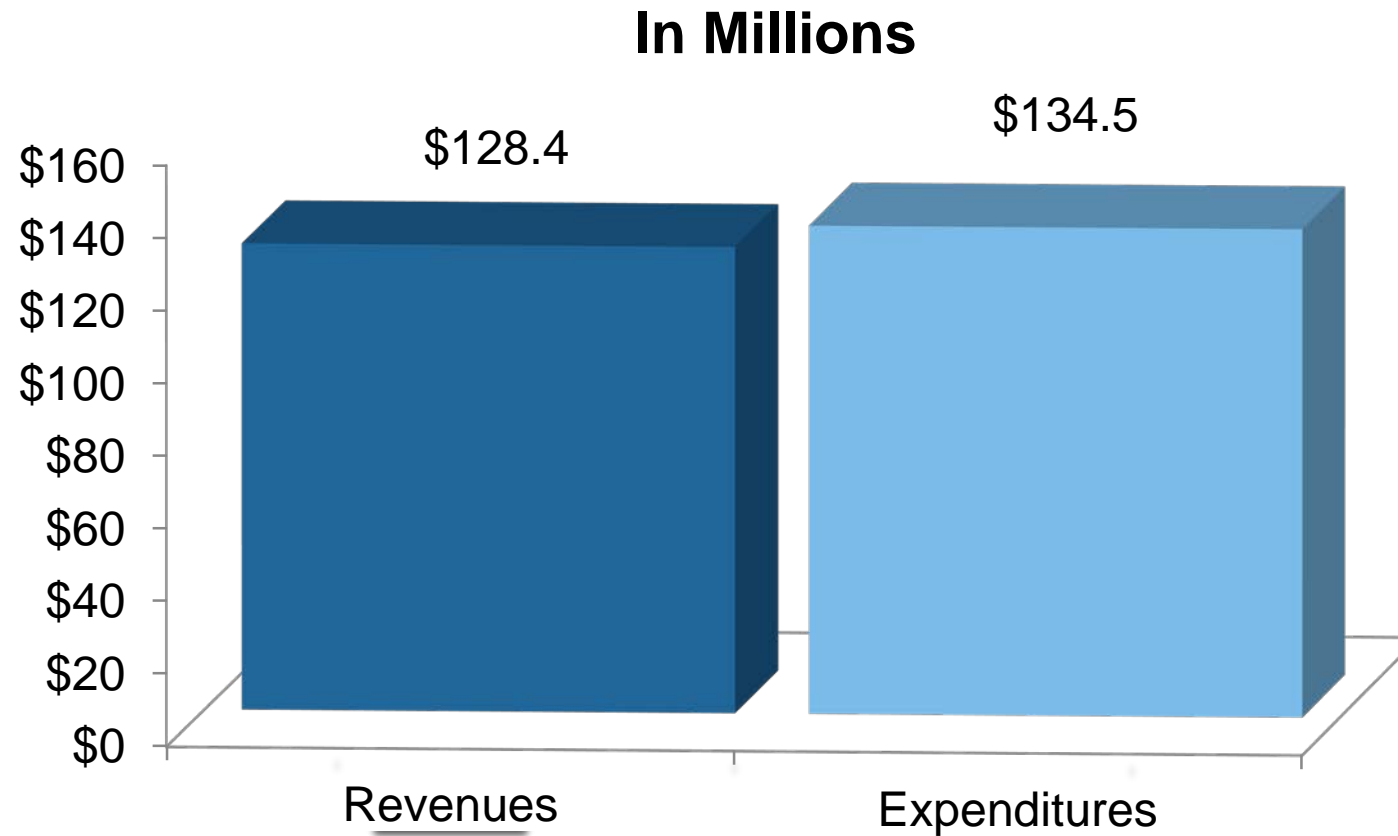
- Budget Overview
- Department Budget Highlights
- CIP Program Overview
- City Council Decision Packages
- Public Hearing
- Questions/Comments

Budget Overview

Judi Vincent, Deputy Administrative Services Director



All Funds Summary FY 2017-18

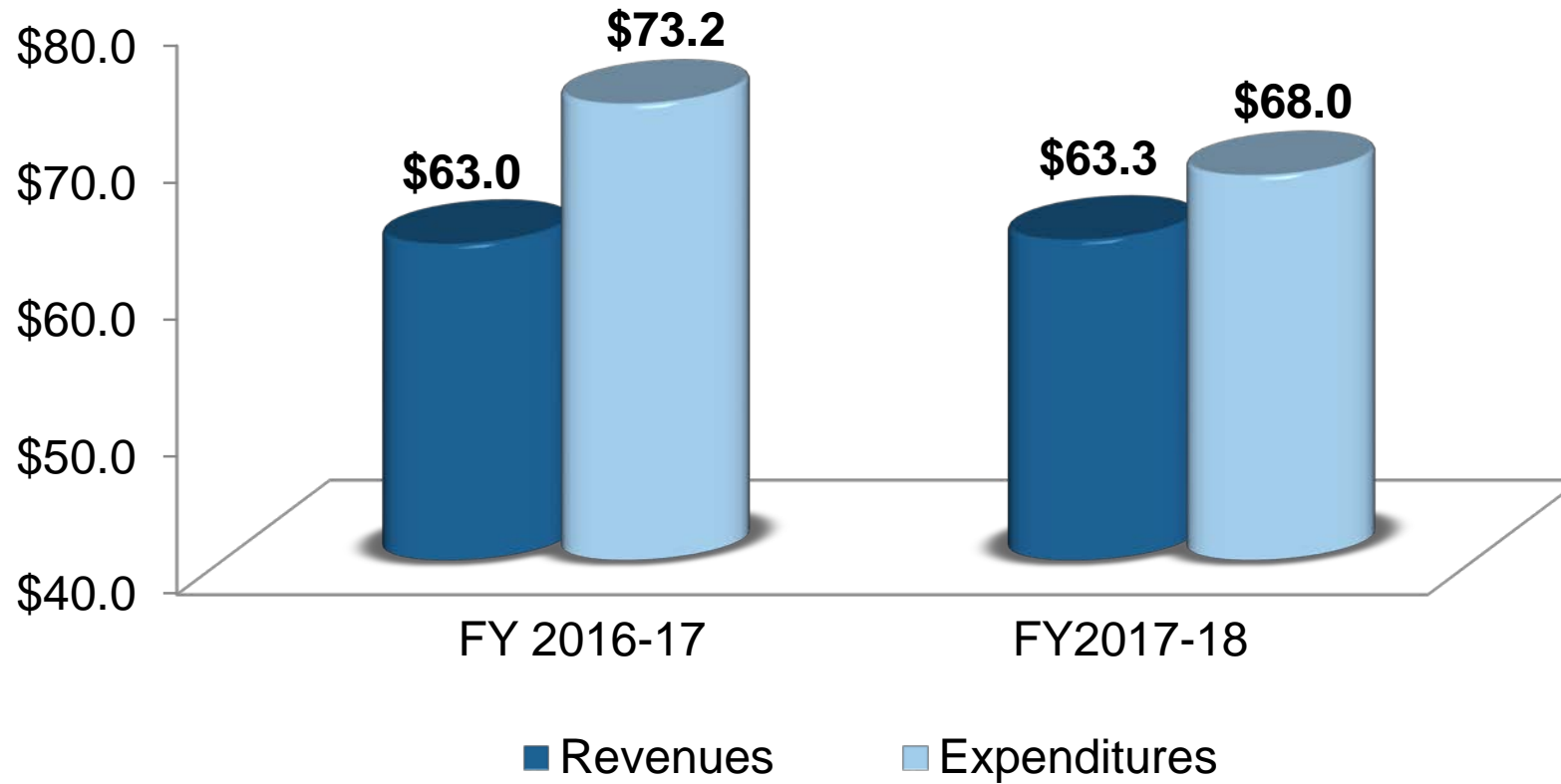


All Funds Overview

Fund Type	FY 2017-18
General Fund	\$ 68,004,260
Special Revenue Funds	6,040,870
Capital Project Funds	3,749,830
Debt Service Fund	137,680
Enterprise Funds	45,670,570
Internal Service Funds	10,850,550
<i>Total Spending Plan</i>	<i>\$134,453,760</i>

General Fund Revenues & Expenditure Comparison FY 2016-17 to FY 2017-18 (\$ in millions)

(Pg. 32)

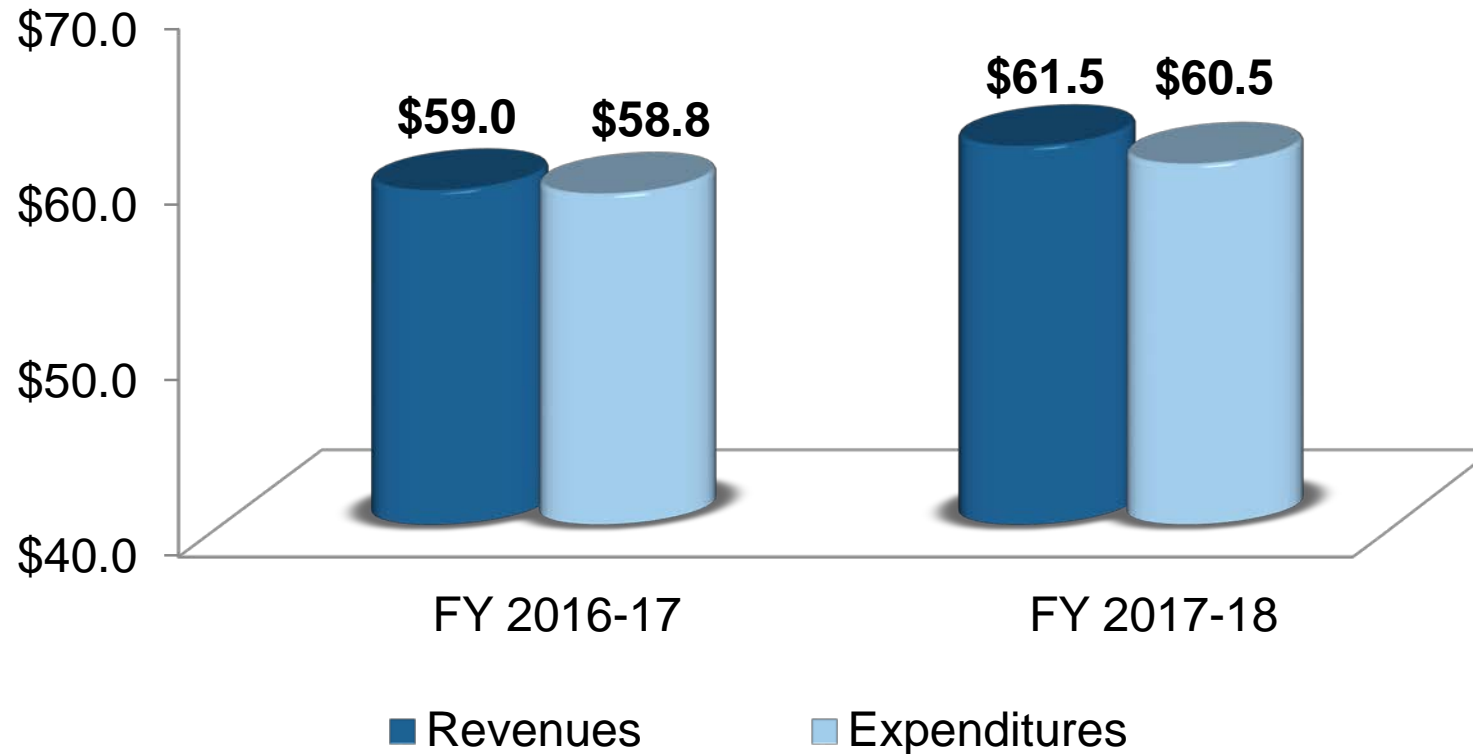


General Fund Operating Budget Comparison

(Pg. 32)

FY 2016-17 to FY 2017-18

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



General Fund Operating Position

FY 2017-18:

Operating Revenue	\$ 61,489,120
Less: Operating Expenditures	<u>(60,472,770)</u>
General Fund Operating Position	\$ 1,016,350

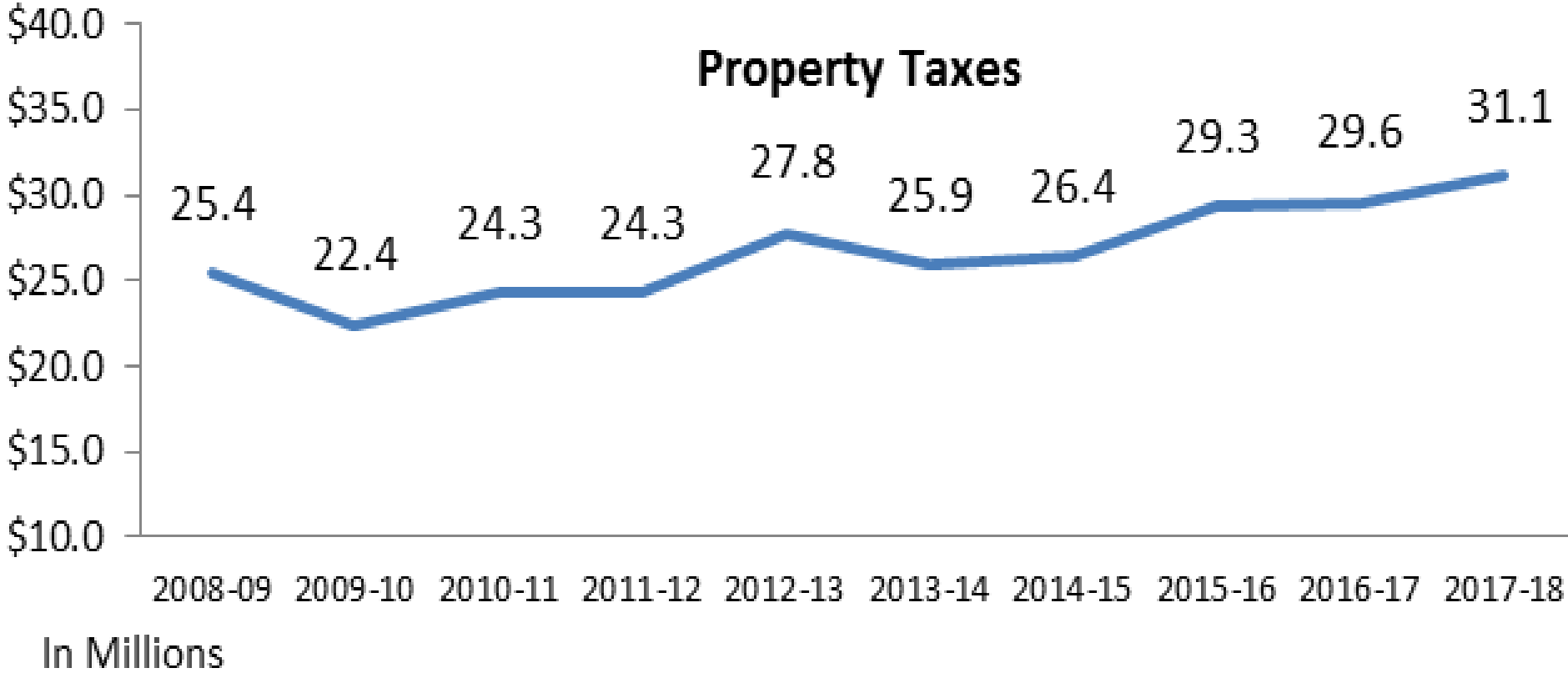
Total General Fund Revenues FY 2017-18 - \$63.3 million

(Pg. 33)

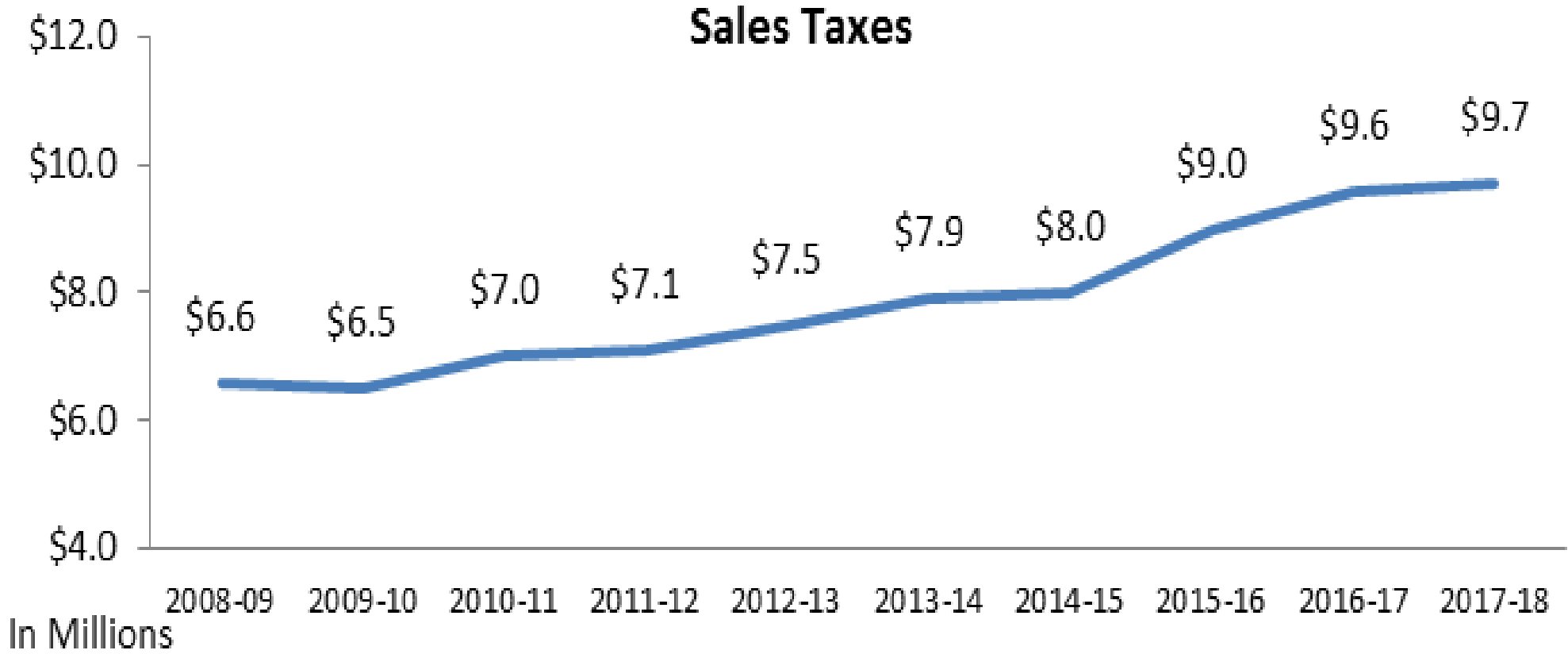
Revenue Categories	FY 2016-17 Adj. Budget	FY 2016-17 Projected	FY 2017-18 Budget	Dollar Change	% Bud 16-17 To Bud 17-18
Taxes	\$45,233,010	\$45,351,450	\$47,058,000	\$1,824,990	4%
Permits & Fees	1,721,130	1,783,900	1,767,770	46,640	3%
Intergovernmental	3,052,980	2,906,210	1,109,750	(1,943,230)	-64%
Service Charges	5,273,040	5,367,800	5,498,370	225,330	4%
Fines	557,000	557,000	562,000	5,000	1%
Interest & Rents	2,178,500	2,308,950	2,873,770	695,270	32%
Miscellaneous	89,750	161,500	71,000	(18,750)	-21%
Interfund Revenue	4,905,570	4,881,270	4,355,290	(550,280)	-11%
Revenue Subtotal	63,010,980	63,318,080	63,295,950	284,970	0%



Property Tax



Sales Tax



Total General Fund Expenditures FY 2017-18 - \$68 million



Expenditure Categories	FY 2016-17	FY 2016-17	FY 2017-18	Dollar	% Bud 16-17
	Adj. Budget	Projected	Budget	Change	To Bud 17-18
Personnel	\$17,533,590	\$16,090,630	\$18,086,600	\$553,010	3%
Supplies	1,360,540	1,293,190	1,300,800	(59,740)	-4%
Contractual Services	34,293,520	33,979,770	33,189,240	(1,104,280)	-3%
Other Charges	1,119,040	1,195,720	1,189,830	70,790	6%
Capital Outlay	9,470,350	9,001,910	4,534,600	(4,935,750)	-52%
Interdepartmental Charges	4,208,920	4,208,920	4,813,310	604,390	14%
Interfund Transfers	4,597,540	4,597,540	3,850,880	(746,660)	-16%
Debt Service	594,310	593,000	1,039,000	444,690	75%
Expenditure Subtotals	73,177,810	70,960,680	68,004,260	(5,173,550)	-7%



Personnel Budget

- SCCEA MOU – New agreement effective July 1, 2107
 - 3 year agreement – through June 30, 2020
 - Salaries increases 3.1% in July each year
 - Offset by 1.1% increase each year in Employee pickup of retirement costs (full employee pickup by FY 2019-20)
 - Annual increase to City Paid portion of Health Insurance
- Ongoing Step Increases also included in FY 2017-18 budget

Staffing Changes - Highlights

Total Position Changes – FY 2017-18:

Total – 0.25 FTE DECREASE (All Funds)

- Decrease 0.75 FTE – General Fund
- Decrease 0.50 FTE – Golf Fund
- Increase 1.00 FTE – Utilities Funds

Frozen (Unfunded) Positions Remaining:

- 1.0 FTE Water Quality Code Compliance Officer (Clean Ocean Fund)
 - Pending Direction – City Council Decision Package

Staffing Changes - Highlights

Public Works Department and Utilities Department: {Retirement of Long-Term Public Works Director}

- **Split Public Works into 2 Departments:**
 - **Public Works Department (restructured) and Utilities Department**
 - Add 1.0 FTE - New Utilities Director
 - Add 1.0 FTE - Management Analyst I
 - Eliminate 2.0 FTE - 2 Deputy Directors
 - Reclassify Utilities Operations Supervisor to Manager
 - Increase 3 Flex-Fill positions to Level II
- Net -0- FTE staffing increase in FY 2017-18 budget

Staffing Changes - Highlights

Community Development Department: {Matrix Operational Assessment Study Completed}

- **Planning:** Reclassify Associate Planner to Senior Planner
- **Building:** Reclassify Community Dev. Spec. to Plans Examiner
- **Code Compliance:** Change allocations from Limited-Term to Regular Full-Time for 2 positions

- Net -0- FTE staffing increase in FY 2017-18 budget

- Reminder: Mid-Year Council Action March 2017
 - Added 2.25 FTE in Code Compliance and Planning

Staffing Changes - Highlights

Beaches, Parks, and Recreation (BPR):

{Reassessment after opening of Ole Hanson Beach Club}

- **Recreation and Aquatics:**

- Add 1.75 FTE - Customer Service Specialist II positions
- Add 1.00 FTE - Recreation Coordinator
- Decrease 0.50 FTE – Eliminate 2 benefitted part-time positions and restructure 3 others to full-time
- Reclassify Recreation Supervisor to Aquatics Supervisor

Staffing Changes - Highlights

Beaches, Parks, and Recreation (BPR):

{Reassessment after opening of Ole Hanson Beach Club}

BPR Administration:

- Reclassify Assistant BPR Director to Recreation Manager
- Decrease 2.0 FTE -Eliminate 2 previously frozen (unfunded) positions (BPR Director and Management Analyst II)

Golf:

- Decrease 0.50 FTE – Eliminate vacant Office Specialist II
- Net 0.25 FTE staffing decrease in FY 2017-18 budget

10 Year Staffing Levels – FTE's All Funds

	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Full-Time	204.11	200.11	194.11	191.11	188.11	188.11	187.11	186.11	189.86	195.11
Benefited P/T	9.68	9.68	8.93	8.43	9.68	9.93	10.68	10.83	11.68	8.43
Total FTE's	213.79	209.79	203.04	199.54	197.79	198.04	197.79	196.94	201.54	203.54

Pension Costs – General Fund

General Employees:

- Overall \$120K (6%) decrease for FY 2017-18
- CalPERS Miscellaneous Plan:
 - FY 2016-17: 8.476% vs. FY 2017-18: 8.124% (4% decrease)
 - Addition of \$169k for Unfunded Liability Payment
- Empower Plan (Retired/Inactive employees):
 - 8% Unfunded Liability Increase (\$57k)
 - City will transition from Empower in FY 2017-18

Retired/Inactive Public Safety Employees:

- Required Contribution increases \$445k (75%) increase

Total General Fund Expenditures FY 2017-18 by Department



Departments	FY 2016-17 Adj Budget	FY 2016-17 Projected	FY 2017-18 Budget	Dollar Change	% Bud 16-17 To Bud 17-18
General Government*	\$11,314,650	\$10,900,540	\$11,815,550	\$500,900	4%
Finance & Admin Services	3,717,230	3,596,650	3,493,230	(224,000)	-6%
Police Services	14,524,180	14,520,430	14,892,830	368,650	3%
Fire Services	9,031,050	9,017,350	9,457,920	426,870	5%
Marine Safety	1,686,890	1,638,250	1,705,630	18,740	1%
Community Development	5,985,030	5,158,580	5,422,010	(563,020)	-9%
Public Works	21,988,480	21,329,530	16,440,380	(5,548,100)	-25%
Beaches, Parks & Rec.	4,930,300	4,799,350	4,776,710	(153,590)	-3%
Expenditure Subtotal	73,177,810	70,960,680	68,004,260	(5,173,550)	-7%

General Government - Highlights

- Interfund Transfers total \$3.9 million, including:
 - \$580,000 to Reserve Funds – per LTFP
 - **Additional \$2.5 million to Facilities Maintenance Reserve**
 - \$756,290 to the Street Improvement Fund
- \$815,410 -- City contribution to CASA Animal Shelter up \$73k
- Payments to fund insurance and claims increases \$470k
- DBA Funding included -- \$30,000
- Community Grants -- \$68,910
- Council Contingency -- \$100,000 for FY 2017-18

Finance & Administrative Services - Highlights

(Pgs.109-114)

- Overall Reduction due to one-time studies budgeted in prior year
- Budget Enhancements:
 - Extend Limited-Term Revenue Analyst to end of FY 2017-18
 - (projected revenue mostly offsets cost)

Public Safety - Highlights

Public Safety Total Funding = \$26.1 million

(44% of General Fund Operating Budget)

- Police Services Total Funding = \$14.9
- Fire Services Total Funding = \$ 9.5 million
- Marine Safety Total Funding = \$1.7 million
 - Budget moved from Beaches, Parks, and Recreation Department to consolidate Public Safety budgets

Public Safety – Highlights

Police Services - \$14.9 million

- OCSD contract costs increase by \$415,729 (2.98%)
- Full-time staffing levels remain the same
- Defund \$35,000 for vacant half-time Investigator (extra help)
- Increases mainly due to labor contract negotiations
 - FY 2016-17 mid-year contract adjustment = \$260,627 (1.9%)
 - Contract increase over original FY 2016-17 contract = \$676,356 (4.93%)

Public Safety – Highlights

Police Services – (continued)

- Police Operations assessment study completed in FY 2016-17
- Public Safety Task Force established per City Council direction
- FY 2017-18 OCSD Contract to City Council on June 6, 2017

Public Safety - Highlights

Fire & Ambulance Services - \$9.5 million

- OCFA base contract increases \$356,000 (4.5%)
- OCFA contract also includes one full-time ambulance (actual cost)
- Budget includes funding second full-time ambulance with private ambulance transport provider
- Ambulance Services RFP in process

Public Safety - Highlights

Fire & Ambulance Services (continued)

- OCFA recommends adding 4th Firefighter on Engine 50
- Years 1 and 2 - Funded by OCFA (no City budget impact)
- Cost phased in to the City for Years 3 through 7
 - Begin with 3 overtime positions
 - Phase in to 3 regular positions by Year 8
- City would bear all costs starting year 8
- Letter Agreement to City Council on June 6, 2017

Public Safety - Highlights

Year	Fiscal Year	OCFA Cost Share		San Clemente Cost Share	
1+	March 2017-June 2018	Three OT Positions	\$610,385	None	
2	2018/19	Three OT Positions	\$477,209	None	
3	2019/20	Two OT Positions	\$323,123	One OT Position	\$161,562
4	2020/21	One OT Position	\$164,593	Two OT Positions	\$329,186
5	2021/22	None		Three OT Positions	\$503,655
6	2022/23	None		Two OT, one regular position	\$592,394
7	2023/24	None		One OT, two regular positions	\$683,567
8	2024/25	None		Three regular positions	\$778,980
Total*		OCFA	\$1,575,310	San Clemente	\$3,049,344

*Costs are based on current salary/benefits per MOU terms that run through August 2020; costs beyond 2020 are estimated using a 2% salary/benefit inflator.

Community Development - Highlights

- Assessment of Code Enforcement services and Planning Counter operations completed in FY 2016-17
- Mid-Year staffing changes added 2.25 FTE
- Variety of Staffing Reclassifications for FY 2017-18
- Efforts continue on abating residential and commercial nuisances

- Budget Enhancements:
 - Track-It System upgrade (ITSP project)
 - Mobile Access to Trak-IT for Field Staff (ITSP project)

Public Works - Highlights

- Reorganized Department
- New Capital projects in CIP total \$13.4 million
- New Maintenance projects in CIP total \$5.1 million
 - Ongoing annual funding continues for minor maintenance projects: FY 2017-18 = \$250,000
- Budget Enhancements:
 - Beach/Pier Concrete Picnic Tables
 - Addition of 1.0 FTE for Management Analyst

Beaches, Parks, & Recreation - Highlights

- Marine Safety now included with Public Safety
- Several staffing changes in BPR Department
- Budget Enhancements:
 - Variety of Staffing Changes with Aquatic Emphasis
 - Annual Halloween/Fall Special Event
 - North Beach Farmer's Market/Art Fair
 - Fencing for Special Events (one-time purchase)

Ole Hanson Beach Club

Beaches, Parks, and Recreation/Recreation

Ole Hanson Beach Club (Summer Hours)

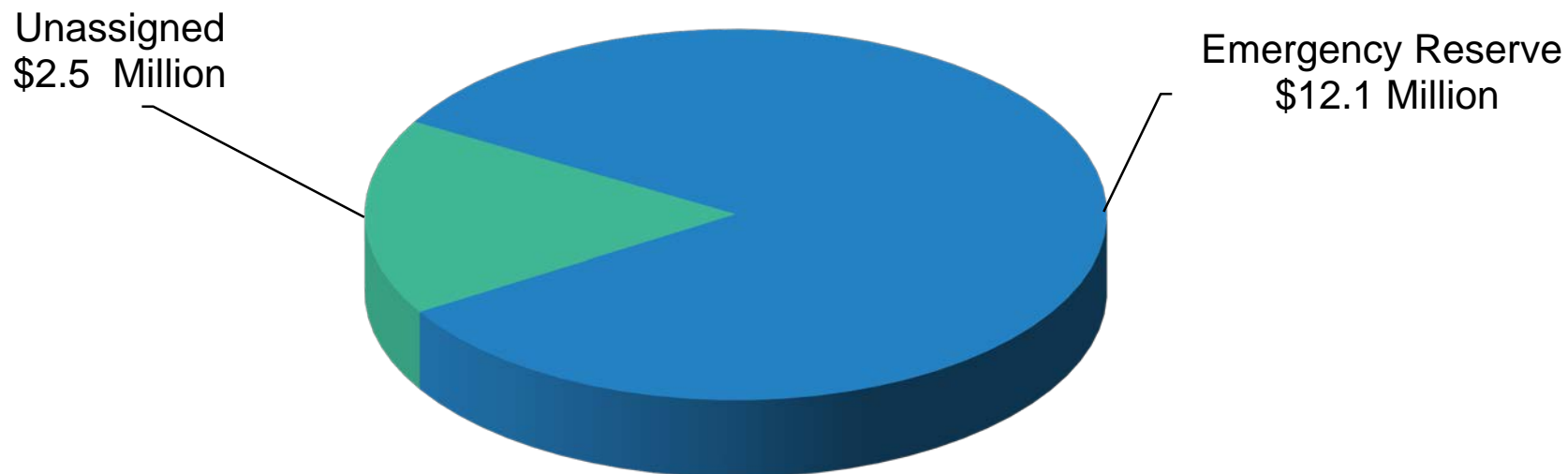
- Monday - Thursday: 10 a.m. – 6 p.m.
- Friday - Sunday: 10 a.m. – 2 p.m.
- Total Summer: **44 hours per week**
- **Total Fall/Winter: Anticipated 27 hours per week**
- **Total Spring: Anticipated 30 hours per week**

San Clemente Aquatics Center

- Monday-Thursday: 5:30 a.m. – 8 p.m.
- Friday (school year): 12 p.m. – 6 p.m.
- Friday (summer): 8 a.m. – 6 p.m.
- Saturday, Sunday: 12 p.m. – 4 p.m.
- Total: **72-76 hours per week**

**Each of the buildings and pools will also continue to be used for reservations outside of normal operating hours and will be staffed accordingly, but will not be open for the public.*

Fund Balance June 30, 2018



Fund Balance	Beginning	Increase	Decrease	Ending	% Chg
<i>Restricted amounts</i>					
Emergency Reserve	11,401,000	694,000	-	12,095,000	6%
Subtotal	11,401,000	694,000	-	12,095,000	6%
Unassigned	7,939,179	-	(5,402,310)	2,536,869	-68%
Total	\$ 19,340,179	\$ 694,000	\$ (5,402,310)	\$ 14,631,869	-24%

General Fund – Five-Year Forecast

<u>Forecast Operating Position</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>
Operating Revenues	\$61.5M	\$63.2M	\$65.0M	\$66.7M	\$68.6M
<u>Operating Expenditures</u>	<u>60.5M</u>	<u>63.0M</u>	<u>65.3M</u>	<u>67.7M</u>	<u>70.2M</u>
<u>Projected surplus/deficit</u>	<u>\$ 1.0M</u>	<u>\$ 0.2M</u>	<u>\$ (0.3M)</u>	<u>\$ (1.0M)</u>	<u>\$(1.6M)</u>

Enterprise Funds - Highlights

Water & Sewer Funds

- Proposed Budget includes anticipated rate increase for Water (12%)
- Water & Sewer Cost-of-Service studies estimated to be completed FY 2017-18
- New Water rates expected to land October 2017
- Continue implementation of Lucity Computerized Maintenance Management System (CMMS)
- Budget Enhancements:
 - Staffing Adjustments
 - Portable Diesel Pump Replacement
 - Electronic Message Board for Construction and Repair projects
 - Cold Planer attachment for CAT Skid-Steer Loader
 - Electric Cart for Water Reclamation Plant

Enterprise Funds - Highlights

Clean Ocean Fund

- \$3.1 million total operating budget
- Peer Understory Bird Deterrent project budgeted for \$375,000 from Clean Ocean Improvement Reserve

Golf Fund

- Budget Enhancements:
 - Replacement of Tractor

Special Revenue Funds - Highlights

- **Street Improvement Fund**
 - Measure M2 Funds provide ongoing revenue source, but they are decreasing
 - General Fund annual transfer of \$756,290 continues for FY 2017-18
- **Miscellaneous Grants Fund**
 - \$330,000 for West Avenida Palizada Sidewalk improvements - CDBG Program initiative for FY 2017-18
- **Gas Tax Fund**
 - Three projects totaling \$1.4 million included in FY 2017 budget
 - \$700,000 for Arterial Street Pavement Maintenance

Special Revenue Funds - Highlights

- Air Quality Improvement Fund
 - Budget for San Clemente Trolley Operation \$120k
 - Traffic Calming Program Budget of \$80k

- 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 \$1.9 million for FY 2017-18
- **Fleet Replacement Fund**
 - 9 pieces of fleet equipment are budgeted for replacement in FY 2017-18 - \$164,740
- **Information Technology Fund**
 - Budget Enhancements: ITSP Projects: Upgrade/Replacement of Data Storage System; Upgrade/Replacement of Telephone System; Contract and Insurance Management Program; Conference Room Technical Improvements; Secondary Internet Service Connection, Replacement and Maintenance of Cameras.

Debt Service Fund - Highlights

- Negocio Debt Service Fund
 - General Fund transfer suspended in FY 2014
 - Rents cover operational costs and debt service
- Remaining Debt Repaid FY 2016-17
- Budgets for Rental Income and Operational Costs transferred to the General Fund in FY 2017-18

Questions/Comments



Capital Improvement Program

Ken Knatz, Principal Civil Engineer/Asset Manager



City Council Decision Packages



City Council Decision Packages

General Fund:

Reclass Park Planner position to Assoc. Civil Engineer	\$ 8,893
Increase Time-base of Emergency Planning Coord. L/T	-0-
Portable Outdoor Stage for Special Events	8,000
Transportation Strategic Plan	100,000

Utilities:

Reestablish Water Quality Code Compliance Officer L/T	64,298
Environmental Program Intern	15,702

COUNCIL DECISION ITEM

Reclassify Park Planner position to Associate Civil Engineer

General Fund – Public Works

- Ongoing Item
- Park Planner position currently vacant
- Total additional Cost = \$8,833

COUNCIL DECISION ITEM

Increase Time-Base of Emergency Planning Coordinator

General Fund – Public Works

- Full-time position would be Limited-Term
- Offset by Grant Revenues(S.O.N.G.S. grant)
- Net Cost -0-

COUNCIL DECISION ITEM

Portable Outdoor Stage for Special Events

General Fund – Beaches, Parks, and Recreation

- One-time item
- Small stage for popular family events
- Total Cost = \$8,000

COUNCIL DECISION ITEM

Transportation Strategic Plan

General Fund – Public Works

- One-time item
- Review Transportation impacts and options in the City
- Total Cost \$100,000

COUNCIL DECISION ITEM

Reestablish Water Quality Code Compliance Officer – Limited-Term

Utilities

- Reestablishes previously frozen position
- Limited-Term through FY 2019-20
- Administrative Citation Revenue offsets some cost
- Total Net Cost - \$64,298

COUNCIL DECISION ITEM

Environmental Program Intern

Utilities

- One-Time Cost
- Total Cost = \$15,702

Public Hearing



City Council Decision Packages – Final Direction

General Fund:

Reclass Park Planner position to Assoc. Civil Engineer	\$ 8,893
Increase Time-base of Emergency Planning Coordinator	-0-
Portable Outdoor Stage for Special Events	8,000
Transportation Strategic Plan	100,000

Utilities:

Reestablish Water Quality Code Compliance Officer L/T	64,298
Environmental Program Intern	15,702

Resources

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

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

FY 2017-18 Budget Schedule



Budget Workshop/ Public Hearing

- Monday, May 22, 2017 4:00 p.m.



Budget Adoption

- **Tuesday, June 6, 2017 6:00 p.m.**

