



Revised Operating and Capital Improvement Program Budgets Fiscal Year 2016/17

June 7, 2016

Revised Operating Budget Overview

- ▶ **Fiscal Year 15/16 & 16/17 Two Year Budget adopted June 9, 2015**
- ▶ **Revised Revenues and Expenditures – General Fund**
- ▶ **Five–Year Forecast updated based on new information**
- ▶ **Revenue and Expenditures – Other Funds Summary Update**
- ▶ **Capital Improvement Program (CIP) Update**

Operating Budget Approach

▶ Budget Process as originally adopted:

- Strategic Plan – Strategies and goals set by Council
- Department objectives linked to goals
- Performance measures established
- Accomplishments presented

▶ Revenue Assumptions

- Conservative projections updated
- Consideration of new development

▶ Expenditure Requests

- Based on adopted budget and new requirements

Operating Budget Overview

► Revenue Projections:

- Original adopted budget of \$24,825,900
- Revised Revenues increase of \$696,590
 - Property Tax \$155,700
 - Sales Tax \$57,700
 - Transient Occupancy Tax \$174,500
 - Reimbursements \$270,190
 - Fines and Forfeitures \$40,000
- Revised FY 2016/17 budget of \$25,522,490

Operating Budget Overview


► Expenditure Requests:

- Original adopted budget of \$22,633,195
- Additional requests of \$2,037,052
 - MOU approved in September 2015 \$140,000
 - Mid-Year 2015/16 personnel changes \$330,020
 - New personnel request for FY 2016/17 \$240,680
 - Additional pavement funds \$500,000
 - Additional operating expenditures \$834,172
- Two workshops were held with input from Council
- Revised FY 2016/17 budget of \$24,670,247

General Fund Summary

		Actuals FY 2014/15	Current Budget FY 2015/16	Adopted Budget FY 2016/17	% Change	Revised Budget FY 2016/17	% Change
Operating Revenues	\$	23,376,260	\$ 24,271,600	\$ 24,825,900	2.3%	\$ 25,522,490	5.2%
Operating Expenditures	\$	18,829,365	\$ 23,162,188	\$ 22,116,195	-4.5%	\$ 24,185,247	4.4%
Capital Expenditures	\$	4,434,090	\$ 1,532,223	\$ 517,000	-66.3%	\$ 485,000	-68.3%
Total Expenditures	\$	23,263,455	\$ 24,694,411	\$ 22,633,195	-8.3%	\$ 24,670,247	-0.1%
Net Change	\$	112,805	\$ (422,811)	\$ 2,192,705	618.6%	\$ 852,243	301.6%

General Fund Revenues

 Overall 2.3% at \$24.8 M
as adopted

 Overall 5.2% at \$25.5 M
as revised

General Fund Revenues

TAXES	2014/2015 ACTUALS	2015/16		2016/17		2016/17		Revised Amount Change
		ADOPTED BUDGET	% Change	ADOPTED BUDGET	% Change	REVISED BUDGET	% Change	
Property Tax	5,517,146	5,778,500	4.7%	5,790,300	0.2%	5,946,000	2.9%	167,500
Sales Tax	6,329,870	6,223,600	-1.7%	6,611,500	6.2%	6,669,200	7.2%	445,600
Transient Occupancy Tax	7,807,830	8,149,100	4.4%	8,531,800	4.7%	8,706,300	6.8%	557,200
Franchise Fees	1,272,418	1,266,700	-0.4%	1,297,200	2.4%	1,287,300	1.6%	20,600
Charges for Services	1,700,306	1,953,600	14.9%	1,596,800	-18.3%	1,600,200	-18.1%	(353,400)
Fines and Forfeitures	197,928	197,900	0.0%	211,500	6.9%	251,500	27.1%	53,600
Investment Income	150,161	155,000	3.2%	150,000	-3.2%	155,000	0.0%	-
Other	377,390	531,200	40.8%	620,800	16.9%	890,990	67.7%	359,790
Intergovernmental	23,211	16,000	-31.1%	16,000	0.0%	16,000	0.0%	-
TOTAL	\$ 23,376,260	\$ 24,271,600	3.8%	24,825,900	2.3%	25,522,490	5.2%	1,250,890

General Fund Revenues

Changes from FY 2015/16

- ▶ **Property Tax increase of \$167,500**
 - Assessed valuation increase and new development
- ▶ **Sales Tax of \$445,600**
 - Increase retail in City
- ▶ **Transient Occupancy Tax of \$557,200**
 - Increase in room rates and occupancy
 - Increase in number rooms for new hotel

General Fund Revenues Changes from FY 2015/16

- ▶ **Franchise Fees increase of \$20,600**
- ▶ **Charges for Services decrease of \$353,400**
- ▶ **Other Revenues of \$359,790**
 - CIP reimbursement for staff costs
 - RDA (Successor Agency) administrative costs reimbursement

General Fund Expenditures

↓ Overall 8.3% at \$22.63 M
as adopted

↓ Overall 0.1% at \$24.6 M
as revised

General Fund Department Expenditures

Department	2014/2015 ACTUALS	ADOPTED		ADOPTED		PROPOSED	REVISED	AMOUNT CHANGE
		2015/16 BUDGET	% CHANGE	2016/17 BUDGET	% CHANGE	2016/17 BUDGET	% CHANGE	
General Government	4,436,641	5,698,749	28.4%	5,079,904	-10.9%	5,684,955	-0.2%	(13,794)
Finance	567,486	736,015	29.7%	759,925	3.2%	835,385	13.5%	99,370
Planning & Env. Review	2,765,726	3,652,121	32.0%	2,750,158	-24.7%	3,160,210	-13.5%	(491,911)
Public Works	2,388,763	4,083,917	71.0%	4,230,198	3.6%	4,925,028	20.6%	841,111
Neighborhood Services	1,234,549	1,178,108	-4.6%	1,211,851	2.9%	1,407,210	19.4%	229,102
Public Safety	7,396,307	7,756,628	4.9%	8,025,809	3.5%	8,115,809	4.6%	359,181
Non-Departmental	39,893	56,650	42.0%	58,350	3.0%	56,650	0.0%	-
Capital Improvement Projects	4,434,090	1,532,223	-65.4%	517,000	-66.3%	485,000	-68.3%	(1,047,223)
TOTAL	23,263,455	24,694,411	6.2%	22,633,195	-8.3%	24,670,247	-0.1%	(24,164)

Personnel Changes

- ▶ **Current Full Time Equivalents (FTEs) 64**
 - 2 new positions recommended
 - Revised FTEs 66
- ▶ **Types of Personnel Changes**
 - New positions
 - Modifications of vacant positions

Personnel Changes - Recommendations

▶ **New positions – 2.00**

- Planning (Current) – Management Analyst 1.00
- Neighborhood Services – Parks and Recreation Manager 1.00

▶ **Modifications – 2.00**

- Management Assistant from Sr. Office Spec. 1.00
- Management Analyst from Sr. Mgmt. Analyst 1.00

Expenditures – General Government

► City Council

- Support to Other Agencies includes \$490,154
- Grant Sub Committee reviewed new requests on April 27th and Council considered the following requests:
 - New Train Depot \$13,300 (one-time)
 - New South Coast Task Force on Youth Safety \$22,854
- City Grant program includes \$76,535

Expenditures – General Government

► City Manager

- Management Audit \$65,000
- Nexus Study for DIF \$90,000

► City Clerk

- Election costs increase of \$50,100
- Code codification increase of \$8,000

Expenditures – General Government

▶ City Attorney

- ADA Self Evaluation & Transition Plan \$81,100
- Part-time Law Clerk position \$20,000

▶ Support Services

- IT Strategic Plan \$45,000
- HR Support and Services \$15,000
- City Hall Lease and Facility Costs \$120,000

Expenditures – Finance

► Finance

- User Fee Study \$35,000

Expenditures – Planning and Environmental Review

▶ Current Planning

- Salaries – Management Analyst \$80,850
- Professional Services –
 - Implementation of Zoning Ordinance \$50,000

▶ Advance Planning

- Permit software implementation \$108,240
- Professional Services –
 - Beach hazards cleanup \$20,000

▶ Sustainability Program

- Sustainability Plan \$20,000

Expenditures – Public Works

▶ Facilities Maintenance

- Capital Improvement Program \$250,000

▶ Parks and Open Space

- Parks Master Plan \$50,000 moved to Neighborhood Services
- Vehicle \$33,000
- Capital Improvement Program \$100,000

▶ Capital Improvement Program

- Recovery of costs for salaries and benefits programmed at 75% in reimbursement revenues

▶ Street Maintenance

- Pavement Management program increase of \$500,000

Expenditures – Neighborhood Services

▶ Neighborhood Services

- Salaries – Park and Recreation Manager \$105,870
- Parks Master Plan \$50,000 (moved from Public Works)
- Banner Program \$25,000
- Special Event Response \$20,000
- Miscellaneous (studies/appraisals) \$20,000

▶ Economic Development

- Bus Benches \$60,000
- Public Parking Lease \$8,000

▶ Police

- Contract rate increase of 3.5% (included as adopted)
- Parking Enforcement Officer \$105,000

General Fund Projected Reserve Activity FY 2016/17

CLASSIFICATION	FY 2014/15	FY 2015/16	FY 2016/17
	Ending Balance	Increase (Decrease)	Projected Ending Balance
Contingency	\$ 7,439,284	\$ 667,799	\$ 8,107,083
Public Facilities	\$ 2,110,000	\$ 500,000	\$ 2,610,000
Capital Equipment	\$ 500,000	\$ -	\$ 500,000
Compensated Leave	\$ 151,925	\$ -	\$ 151,925
Building Maintenance	\$ 50,000	\$ (50,000)	\$ -
Risk Management	\$ 200,000	\$ -	\$ 200,000
OPEB/CALPERS UAL	\$ 333,500	\$ -	\$ 333,500
CIP Project Funding	\$ 941,312	\$ (941,312)	\$ -
Encumbrances	\$ 417,369	\$ (417,369)	\$ -
Street Maintenance	\$ 720,000	\$ -	\$ 720,000
Litigation Defense	\$ 300,000	(200,000)	100,000
Prepays and Deposits	\$ 410,866	\$ -	\$ 410,866
Unassigned FB	\$ 415,529	\$ 18,071	\$ 433,600
	\$ 13,989,785	\$ (422,811)	\$ 13,566,974

Five-Year Forecast

- ▶ **Revenues over Expenditures each year**
 - Pending future obligations
- ▶ **Revenues Assumptions**
 - Conservative forecasting for most revenues
 - New hotels programmed in years 1 and 2
- ▶ **Expenditures**
 - Salaries adjusted for limited-term staff
 - Operating costs adjusted for one-time contracts

Revenue Neutrality Agreement

- ▶ Allocates funding to the County for Sales Tax at 30% of the 1% revenues and Property Tax shared equally
- ▶ FY 2016/17 payments = \$5.6 million
 - Sales Tax \$2.9 million
 - Property Tax \$2.7 million
- ▶ Historical payments projected through FY 2016/17 = \$103.4 million

Other Funds

▶ Gas Tax– Operating Budget

- Decrease in funding of \$25K for a total of \$640K
- Additional \$220K of fund balance programmed, for total expenditures of \$861K

▶ Measure A – Operating Budget

- \$1.5M in revenues, an increase of 0.6%
- \$1.1M in operating expenditures
- Balance of funds to be programmed to CIP

▶ Solid Waste – Operating Budget

- \$567K of revenues, an increase of 16.2%
- \$647K of expenditures, an increase of 0.5%

Other Funds

- ▶ **Library DIF**
 - \$60K funding for books
- ▶ **Library Services Fund – Special Tax**
 - \$253.1K in revenue an increase of 1.1%
- ▶ **Street Lighting – Special Tax**
 - \$273.4K in revenue

CIP Budget Overview

▶ CIP Budget Process – Approach

- Revenue estimates updated
- Project costs revised
- Comparison of revenues and costs re-evaluated

CIP Budget Approach

► Total Revenue Estimated \$126.55 M

- Five-Year timeframe to include General Fund monies
- Special revenues such as Measure A, DIF and Grants identified
- Forecasted DIF by development activity
- Revisions to estimates will be made annually
- Unfunded category for projects or portions of projects without identified funding at this time

CIP Budget Approach

▶ **Project Costs Projected at \$119.41 M**

- Project sheets updated by department staff
- Descriptions, status and timing revised
- Cost estimates revised
- Funding sources identified
- Projects to be revised annually

▶ **Revenue and Cost Comparisons**

- Funding by source compared to costs and timing
- Net available funds identified by year
- Reconciliation of Fund Balance to all funds for adoption

CIP Projects

► Total Projects: 45

- Traffic/Circulation Improvements: 29
 - Traffic Improvement Projects: 14
 - Sidewalk Projects: 6
 - Crosswalk Projects: 3
 - Bike Path Projects: 6
- Park Facility Projects: 10
- Other Projects: 6

Recommended Council Actions Adopt Resolutions

- ▶ **Adopt the revised Operating and Capital Improvement Program Budget Plans for FY 2016/17**
- ▶ **Adopt the City's GANN Limit for FY 2016/17**
- ▶ **Adopt the revised Salary Schedule and Classification Plan and Schedule of Authorized Positions for FY 2016/17**

Questions?