

City of La Palma

Agenda Item No. 1



MEETING DATE: April 25, 2017
TO: CITY COUNCIL
FROM: CITY MANAGER
SUBMITTED BY: Sea Shelton, Administrative Services Director
AGENDA TITLE: Fiscal Year 2017-18 Budget Workshop

RECOMMENDATION:

It is recommended that the City Council receive the Staff presentation on the Proposed FY 2017-18 Budget and Capital Improvement Program (CIP) and provide direction for the preparation of the budget document.

BACKGROUND:

After years of budget cuts and continual cost containment efforts, the City will finally have some financial relief with the added revenue from passage of the new Transaction and Use Tax. Although the City has received revenue estimates from its tax consultant and anticipates the additional revenue will be substantial enough to provide more financial flexibility than the City has experienced in several years, without any past Transaction and Use Tax revenue history to firmly back up estimates and the need to develop a plan to address the City's unfunded retirement obligation with CalPERS, the Proposed FY 2017-18 Budget has been developed with consideration given to balancing core City services while continuing to be fiscally conservative. Because the budget is still in the early development stages, revenue and expenditure estimates can change as Staff receives updated estimates from various funding sources and vendors. Staff will continue to refine the numbers between now and when the Proposed Budget comes before the City Council for adoption on June 6.

Estimated FY 2017-18 General Fund revenues are \$11,508,300, which is a 12.6% increase over projected FY 2016-17 revenues. Likewise, General Fund Expenditures are estimated at \$10,675,400, which is 4.6% higher than estimated FY 2016-17 expenditures. The projected surplus is estimated at \$832,900. Included for discussion is the five-year Capital Improvement Plan in which first-year expenditures total \$3,217,000 across the Capital Outlay Reserve, Gas Tax, Measure M, CDBG Grant, Water and Sewer funds. For reference purposes, the ten-year Capital Improvement Schedule is also attached. While the City Council received a very broad overview of the FY 2017-18 Budget on April 18, this is the first opportunity for the City Council to discuss the budget at the department, division, and line item level.

The following updates have been made to the attached Proposed FY 2017-18 Budget since the draft budget was provided at the April 18 Council Meeting:

- Transfers of excess fund balance were made from the Vehicle Replacement and Technology Funds to the Risk Management Fund to bring all Internal Service Fund balances to their respective target balances
- The Police Services budget has been updated to eliminate funding for Worker's Compensation Claims which are not anticipated for the upcoming fiscal year
- Other Projects 5-Year Summary added along with the 5-Year Capital Improvement Plan Project Summary
- Fund Summaries page updated to reflect above changes

SUMMARY:

The FY 2017-18 Proposed Budget is scheduled to be presented at the May 2 meeting and is on the Agenda for discussion on May 16. A public hearing is scheduled for June 6, when it is anticipated that the City Council will approve a final budget document for FY 2017-18.

The City Manager's Budget Message and other additional detail will be provided with the complete budget document prior to the June 6 Public Hearing and the final document will reflect input received from the City Council and public. The City Manager's Budget Message provides a detailed and comprehensive overview of the Proposed Budget, the challenges facing the City, significant trends to watch, and the many accomplishments achieved and anticipated for the organization. Questions or requests for additional information this evening will become part of future informational materials.

FISCAL IMPACT:

General Fund Revenues are proposed to be \$11,508,300 with proposed expenditures at \$10,675,400. A surplus of \$832,900 is forecasted for FY 2017-18. The estimated FY 2016-17 year-end unassigned fund balance is \$1,004,000. Any appropriations of the estimated FY 2016-17 year-end unassigned fund balance will be discussed during the workshop and any changes will be made in the proposed budget document accordingly.

APPROVED:



Administrative Services Director



City Manager

Attachments: Please see following page for attachments



**Due to the LARGE Size of the Attachments,
Separate links have been created below.
Please click on the link you are interested in viewing
to be redirected to the attachment.**

Attachment 1

Proposed FY 2017-18 Budget and
Five-Year Capital Improvement Program Plan

Attachment 2

Ten Year Capital Improvement Schedule