



AGENDA ITEM

Item Number:

1

TO: CITY COUNCIL

FROM: CITY MANAGER *ew*

Submitted By:

Ellen Volmert, City Manager *ew*
Michael Solorza, Finance Director *MS*

Meeting Date:

January 28, 2013

Subject: Study Session: Fiscal Year 2013-14 General Fund Budget Planning

RECOMMENDATION:

It is recommended that the City Council take the following actions:

- a) Receive the Staff presentation and overview on FY 2012-13 General Fund projected expenditures, revenues and fund balance.
- b) Receive the Staff presentation on the FY 2013-14 preliminary General Fund budget.
- c) Receive the Staff plan for balancing the FY 2013-14 General Fund budget.
- d) Provide direction on the Staff plan for balancing the FY 2013-14 General Fund budget, with direction on which revenues, expenditure reductions, revisions to service, and use of reserves recommendations to continue exploring in order to develop a draft FY 2013-14 budget to be presented to the City Council on May 7, 2013.

SUMMARY:

The City is currently facing a projected, permanent loss of two million dollars in sales tax revenue beginning in Fiscal Year 2013-14. This study session is being held to present a staff plan for dealing with this budget gap. Furthermore, Staff is seeking direction on the various recommended methods for developing a balanced Fiscal Year 2013-14 General Fund budget. The expected outcome of the study session is for Staff to receive direction from the City Council on the continued development of a proposed budget. There are no decisions being made in advance of a draft budget being presented for City Council consideration in May.

Preliminary estimates put the FY 2013-14 deficit at approximately \$1.461 million. The Staff Plan outlined in this report uses reductions in services and revisions to operations to close 84% of this gap (\$1.222 million). Only 9% of the estimated deficit for next fiscal year is proposed to be closed using new revenue. Finally, the Staff plan assumes \$100,000 of

reserves would be utilized in FY 2013-14 in order to balance the operating budget and fund necessary projects identified in the CIP. It should be noted that the Staff plan maintains the City's General Fund reserves above the 100% level through FY 2013-14.

BACKGROUND:

The City of La Palma, for the past several fiscal years, has undertaken numerous cost containment efforts in order to keep ongoing revenue in line with ongoing, operating expenditures. Operating expenditures in all departments have been reduced considerably over the past three fiscal years, as can be seen with each adopted budget. Most significantly, new employee contracts (effective July 1, 2011) have significantly cut personnel costs by: increasing the amount employees contribute towards retirement, creating a second tier retirement program, and placing a moratorium on cost of living adjustments and tying future cost of living adjustments to revenue outcomes. All of these reductions have been accomplished without a significant reduction in services to residents.

However, in July 2012, La Palma was informed that a major sales tax provider would be moving out of the City; taking along with it point of sales transactions utilized to apportion sales tax to the City. The provider was retained through December 2012 as part of an operative agreement approved by City Council in September 2012. The six month loss of sales tax is estimated at one million dollars in FY 2012-13. The ongoing, annual, permanent loss of sales tax is estimated at two million dollars.

The City Council acted to address the near-term loss of revenue by approving over \$400,000 in expenditure reductions for FY 2012-13, as recommended by Staff (on September 18 and November 20, 2012). In addition, the City's Utility Users Tax (UUT) was returned to the voter approved 5% rate, effective January 1, 2013 (the approved rate had previously been 4%), adding a projected \$95,000 in additional revenue for FY 2012-13. The City's General Fund also benefited from the dissolution of redevelopment agencies, by realizing \$100,000 in property tax revenue above original estimates. It should also be noted that City Council budget amendments maintained the transfer of funds to the Capital Outlay Reserve (COR) at the budgeted amount of \$1,700,000 for FY 2012-13.

The primary response to the loss of revenue was through appropriation reductions in the current fiscal year. The majority of the reductions were realized by holding vacant positions open and removing them from the budget. In addition, reductions to Maintenance and Operations appropriations were made affecting every department by cutting the amounts available for various services and supplies (see Attachment 1). As with prior years, these reductions were accomplished without having a major impact on residents.

As planning begins for the FY 2013-14 budget, it is clear that more significant reductions must be made, and that these reductions will have an impact on the services and events provided to La Palma's residents. The following pages, along with the attachments to this report, will provide a General Fund overview of the following items:

- FY 2012-13 projected expenditures, revenue and ending fund balance
- Staff plan addressing the projected FY 2013-14 budget gap with recommendations of service reductions, operational revisions, and revenue enhancements
- Staff plan outlining potential one-time investment of reserves for infrastructure and technology improvements
- Overview of potential expenditures required to accomplish adopted City Council goals in FY 2013-14

FISCAL IMPACT:

FY 2012-13 Overview

The FY 2012-13 budget has been reduced through City Council actions on September 18 and November 20, 2012 (see Attachment 1). In addition, revenue projections have been adjusted to incorporate additional property tax and UUT revenue. Also, with the issuance of the City’s Comprehensive Annual Financial Report (CAFR), an audited June 30, 2012 ending fund balance amount is available. Each of these amounts is presented in Figure 1 below:

Figure 1

FY 2012-13 BUDGET AND FUND BALANCE PROJECTIONS			
GF Fund Balance, 06/30/2012 CAFR	\$ 14,746,953		
Nonspendable	\$ (915,758)		
Assigned	\$ 4,541,983		
Unassigned	\$ 9,289,212		
Total Available Fund Balance	\$ 13,831,195		
GF FY 2012-13 Projected Revenue	\$ 9,302,600		
GF FY 2012-13 Projected Expenditures*	\$ (9,138,680)		
Transfer to COR	\$ (1,700,000)		
Variance Surplus / (Deficit)	\$ (1,536,080)		
Projected GF Fund Balance 06/30/2013	\$ 12,295,115		
06/30/2013FB as % of Expend	134.5%		
"Surplus" FB over 100%	\$ 3,156,435		

**FY 2012-13 projected expenditures include additional savings, based on 6 month YTD review by Finance*

The projected revenue and expenditure amounts are based on six months worth of data (through December 2012). General Fund projected expenditures are approximately \$505,520 lower than the adopted FY 2012-13 budget of \$9,707,600. This amount includes the reductions from September 18 and November 20, as well as some additional savings

estimated based on year to date expenditures (a more detailed treatment of FY 2012-13 expenditures will be available as part of the mid-year budget presentation in February).

On the revenue side, the projected loss of \$1.0 million in sales tax dollars is offset by an increase of \$800,000 in “triple-flip” sales tax apportionments. As part of the FY 2003-04 State budget deal, economic recovery bonds were floated in order to close the State’s budget gap. These bonds were backed by $\frac{1}{4}$ cent of sales tax. Hence, local agencies only receive $\frac{3}{4}$ of each sales tax dollar as part of their monthly and quarterly apportionments. The State then estimates the remaining $\frac{1}{4}$ of sales tax and “true-up” the actual amounts twice each year (January and May). In some years, the State underestimates the $\frac{1}{4}$ amount agencies are to receive, and therefore the following year a positive “true-up” is seen. This situation is what occurred in La Palma for FY 2012-13, leading to an additional \$800,000 in sales tax revenue the City did not anticipate when the current budget was adopted.

In addition to this one-time bump in revenue, the City is also receiving additional property tax. The additional property tax received in FY 2012-13 is both one-time and ongoing, and is due to the dissolution of redevelopment per AB1X26/AB1484.

In the ongoing category, the City is receiving \$100,000 more in property tax than originally estimated. This additional property tax comes from the “water-fall” of funds disbursed twice each year as part of the redevelopment dissolution. The \$150,000 in total residual property tax estimated for the current fiscal year will be an ongoing amount the City will receive for the foreseeable future, and is part of preliminary FY 2013-14 budget projections.

As for the one-time property tax revenue, it is estimated that \$700,000 will flow back to the City in FY 2012-13 as part of the dissolution of redevelopment. This one-time influx of funds is due to the requirement in AB1484 that each Successor Agency (SA) conduct “due diligence reviews” (DDR) of their former redevelopment funds. The point of the DDRs is to determine how much unencumbered cash each agency has that can be remitted to the State, and disbursed to affected taxing entities.

While the City of La Palma attempted to retain the majority of cash in its low-moderate income housing fund (LMIHF), the State Department of Finance (DOF) ruled against the City’s claim and demanded \$3.065 million be remitted. Since the City is an affected taxing entity, 11% of this amount flowed back as part of the process, with the city receiving an unexpected \$389,000 in January 2013. It is anticipated that, once the DDR process of the non-housing funds is completed the City will need to remit another three million plus to the State. Hence, the City will again receive 11% of this amount by the end of FY 2012-13 (approximately \$320,000).

These one-time funds will increase the audited, June 30, 2013, fund balance. As part of the FY 2013-14 Staff plan, there are suggested one-time investments of reserves for upgrading infrastructure and technology that will result in ongoing operating savings. The influx of property tax from the DDR process could be restricted, and utilized to offset a portion of these infrastructure and technology investments.

The City ended FY 2011-12 having a very favorable fund balance position. The \$13,831,195 in available/spendable fund balance equals 148% of total General Fund expenditures, well above the City Council 100% policy amount. As Figure 1 shows, after the \$1,700,000 transfer to the Capital Outlay Reserve (COR), the projected June 30, 2013, fund balance will remain well above the 100% level (135%), or approximately \$3.156 million dollars.

FY 2013-14 Overview

As part of developing a status quo budget for FY 2013-14, numerous assumptions have been made in order to estimate the gap (deficit) which must be addressed. Those assumptions are as follows:

- All currently vacant and eliminated positions (4.0 FTE) remain out of the budget
- The majority of reductions made in FY 2012-13 will remain in place for next fiscal year (see Attachment 1)
- The impact of employees picking up their full share of retirement costs will be realized, netting additional savings in personnel costs above those seen in FY 2012-13, even with an assumption of a 1.24% COLA effective July 1, 2013 per current MOUs
- Recently released PERS rates (November 2012) are utilized for FY 2013-14, with PERS estimates used for FY 2014-15 planning purposes
- Recently provided sales tax projections (per the City's consultants and adjusted accordingly by Staff) are being used, showing the loss of sales tax from the City's primary retail outlet
- Overall revenue growth in all areas (except for sales tax) will be modest:
 - 2.0% in secured property tax
 - Assumption that the UUT will remain at 5% for FY 2013-14
 - Holding other revenue flat (charges for services, license and permits, fines and forfeitures, etc.).
- Assumption of "residual" property tax from dissolution of redevelopment remains at FY 2012-13 levels (i.e., \$150,000)

The table below shows the projected gap for the status quo FY 2013-14 budget, based on the assumptions outlined above:

GENERAL FUND PRELIMINARY GAP ANALYSIS		
	EXPENDITURES	9,344,830
	REVENUE	7,883,800
	VARIANCE	(1,461,030)

FY 2013-14 Staff Plan

Staff has put together a plan to address this FY 2013-14 budget deficit. The plan incorporates the Four R’s approach: Reductions in services, Revisions in operations, Revenue enhancements, and use of Reserves. Each Department has provided recommendations regarding where they could eliminate, reduce, or otherwise streamline existing services, and a preliminary estimate for the amount of savings those changes would bring (see Attachment 2 for a detailed description of each proposed reduction in service and Attachment 3 for an analysis of revisions to operations).

In fact, of the estimated \$1.461 million gap in FY 2013-14, the Staff plan uses reductions in services and revisions to operations to close 84% of this gap (\$1.222 million). Only 9% of the estimated deficit for next fiscal year is proposed to be closed using new sources of revenue. Finally, the Staff plan assumes reserves would be utilized only to supplant 20% of the recommended COR transfer amount (\$100,000 of the \$500,000 needed) in addition to using reserves for one-time expenditures such as investments to infrastructure and technology.

The Staff plan also keeps in mind City Council goals and shows preliminary estimates for new spending needed – where appropriate – to achieve these goals (see Attachment 5). Staff is seeking City Council feedback regarding which of the suggested approaches should be studied and developed further as part of preparing the FY 2013-14 draft budget.

The FY 2013-14 staff plan does not include projections of personnel savings from changes that could be realized through labor contract negotiations but does includes changes that must be brought before each labor group prior to implementation but which do not require reopening existing contracts. The Staff plan therefore does not assume a reopener of current MOUs However, with the expiration of current MOUs on June 30, 2014, there is the possibility for additional savings through the negotiation process of new contracts which could be realized in FY 2014-15 and beyond.

The FY 2013-14 Staff plan includes estimates on the revenue side (increases) which are within the City Council’s discretion: updating the City’s master fee schedule (set for City Council discussion on February 11), finding additional sources of revenue, and investing available cash in a more diverse (low risk) manner. The additional new revenue – estimated at \$135,300, or 9% of the FY 2013-14 deficit – would help close the FY 2013-14 gap in conjunction with reductions/revisions to services and operations.

Finally, several items representing one-time expenditures of reserves have been identified (see Attachment 4). These one-time expenditures of approximately \$2.630 million would primarily be designed to lower ongoing operating expenditures through increased automation (updating technology) and more efficient energy use (energy audits and infrastructure updates). Other proposed one-time use of reserves would be for start up costs for 2013 City Council goals, studies to identify needed operating changes, purchase of SCE street lights and other similar projects. The intent is to utilize reserves to realize ongoing, long-term operating savings. As described above, the City will realize an additional \$700,000 in property tax revenue in FY 2012-13 that could be utilized to offset the infrastructure and technology investments as well as the additional spending related to City Council goals.

In addition to the items outlined in Attachment 4, the FY 2013-14 Staff plan includes a transfer to the Capital Outlay Reserve (COR) of \$400,000. The contribution to COR is an annual appropriation which the Staff plan proposes to use \$100,000 of reserves on a one-time bridging basis for FY 2013-14. The Staff plan also proposes reserving \$325,000 in anticipation of an "over-allocation" of sales tax due to the triple-flip sales tax apportionment process.

It should be noted that the City's General Fund reserves are projected to remain above the 100% level through FY 2013-14, even with the proposed one-time use of reserves identified above and in Attachment 4. In fact, if all of the recommendations of the Staff plan were put in place as part of a proposed FY 2013-14 budget, preliminary estimates show General Fund reserves would be at 110% of expenditures as of June 30, 2014.

La Palma has prudently accumulated reserves over the last several years in an effort to cushion the shock to operations in the event of a large loss of revenue, such as what occurred in FY 2012-13. Given the projected loss of sales tax revenue, and the assumption that the City has limited labor cost options in advance of contract negotiations next year, it seems prudent that part of the budget balancing strategy for FY 2013-14 should involve utilizing a very limited portion of the accumulated rainy day funds. Utilizing this bridge would allow additional time for Staff to have a clearer picture of what future, ongoing revenue will be in FY 2013-14 and beyond.

Figure 2 below presents a summary of the Staff plan, divided into each Four R's strategy. Additional schedules attached to this agenda report show line-item detail of the proposed Reductions to services, Revisions to operations, Revenue enhancements, and use of Reserves (Attachments 2, 3, and 4).

Figure 2

CLOSING THE GAP, USING THE FOUR "R's"			
REVENUE CHANGES			
Increased interest earnings	\$ 10,000		
AB 939/Refuse Fee	\$ 24,500		
Increased Corporate Connection funding	\$ 6,000		
Fee revisions	\$ 50,000		
Summer Concerts Food Trucks/Beer and Wine	\$ 5,000		
Additional advertising/alternative advertising	\$ 40,000		
	\$ 135,500		
REDUCTIONS TO SERVICES/REVISED OPERATIONS - DEPARTMENT SPECIFIC AND CITYWIDE			
<i>Department Specific</i>			
Administration	\$ (7,600)		
Community Development	\$ (44,650)		
Finance	\$ (2,000)		
Police	\$ (294,000)		
Public Works	\$ (26,800)		
Recreation and Comm Services	\$ (203,800)		
	\$ (578,850)		
<i>Citywide</i>			
Suspension of Merit Increases	\$ (32,400)		
Energy Savings	\$ (150,000)		
	\$ (182,400)		
REVISED OPERATIONS - INTERNAL SERVICE FUNDS			
<i>One-Time reduction of ISF allocations</i>			
Building Maintenance	\$ (145,800)		
Vehicle Maintenance/Replacement	\$ (211,200)		
Computer Maintenance/Replacement	\$ (104,100)		
	\$ (461,100)		
USE OF RESERVES			
Reserve for triple-flip over allocation	\$ (325,000)		
<i>One-Time Use of Reserves</i>			
Purchase of Street Lights from SCE	\$ (600,000)		
Replace City Hall/Police Roof	\$ (500,000)		
Energy Capital Projects**	\$ (1,280,000)		
Technology Upgrades (Police)	\$ (190,000)		
City Council 2013 Goals (Start-up Expend)	\$ (60,000)		
	\$ (2,630,000)		
**Estimated cost of solar panel installation, replace City Hall HVAC, upgrade City Hall climate control systems and replace Central Park lighting with more energy efficient LED lighting			

Attachment 2 provides detailed descriptions of the amounts listed in the "Department Specific and Citywide" section in Figure 2 above, showing the citywide and Department specific cuts.

Under the “Internal Services Funds” section, Attachment 3 provides details on an important component of this portion of the Staff plan, the use of “excess” internal service fund balances to reduce allocations needed from departments. In short, the City has accumulated reserves in three of its five internal service funds that are beyond the prudent advisable level. The intent of internal service funds is not to hold allocation amounts contributed by other funds beyond a time period which is needed to reasonably fulfill their intended purpose.

As a one-time savings proposal, the allocations to the Building Maintenance, Vehicle Maintenance/Replacement and Computer Maintenance funds can be reduced in FY 2013-14, generating considerable General Fund savings. Internal service fund best practices suggest a model based on “self-sufficiency.” That is, they should not accumulate large fund balances since the intent is to allocate enough each year to pay for ongoing costs, while putting aside just enough to cover any contingencies. Even with a one-time reduction to allocations, each fund shown on Attachment 3 would retain sufficient fund balance to cover annual costs for FY 2013-14 as well as any unforeseen contingencies which might arise. No reductions to the Insurance or Employee Benefits internal service fund allocations are suggested, since those funds require maintenance of a higher fund balance given their intended purposes.

Attachment 4 is a detailed treatment of the proposed one-time use of reserves for items that are intended to provide long-term, ongoing, operating savings. For example, Staff is investigating various infrastructure improvement projects that would provide considerable energy savings on an annual basis. There are also proposed technology enhancements that would provide annual savings as well.

Figure 3 below is a reconciliation of the FY 2013-14 status quo budget. It shows the impact on the deficit and fund balance of the proposed reductions and revenue enhancements included in the Staff plan. The net effect of the reductions, increases to revenue and one-time reduction in the transfer to COR completely closes the \$1.461 million estimated deficit in FY 2013-14.

Figure 3 shows the transfer to the Capital Outlay Reserve (COR) of \$400,000 as part of the City’s commitment to infrastructure maintenance. The \$325,000 amount labeled “triple-flip over-allocation” is an estimate of the over apportionment of sales tax the City will receive in FY 2013-14 based on FY 2012-13 receipts. Since the triple-flip is based on prior year actuals, it is prudent to account for the six months of sales tax received in the current fiscal year which will not be received once the City’s primary sales tax producer ceases operations. Reserving this amount will help smooth the effects in FY 2014-15.

The net effect of using reserves for the transfer to COR, setting aside funds for the triple-flip over-allocation, investing in energy savings projects, and funding City Council goal projects, is a General Fund reserve balance of 110% of expenditures. This reserve percentage equates to \$817,585 above projected FY 2013-14 expenditures. Even if this \$817,585 were to be utilized, the City would still have General Fund reserves over 100%.

Figure 3

FY 2013-14 GENERAL FUND PRELIMINARY GAP ANALYSIS		
Total Expenditure Reductions	\$ (1,222,350)	<= FROM REDUCTIONS/REVISIONS
Total Revenue Enhancements	\$ 135,500	
One-Time Use of Reserves ("Bridge Amount")	\$ 103,230	
Estimated FY 2013-14 GF Expend	\$ 8,122,530	<= FROM STATUS QUO BASE
Estimated FY 2013-14 GF Revenue	\$ 8,019,300	
Variance	\$ -	
Transfer to COR	\$ (400,000)	
Triple-Flip Over-Allocation	\$ (325,000)	
One-time Use of Reserves	\$ (2,630,000)	
Projected GF Fund Balance 06/30/2014***	\$ 8,940,115	
06/30/2014 FB as % of Expend	110.1%	
Dollar Amount Reserves above 100%	\$ 817,585	
***Using projected 06/30/2013 fund balance, net of COR transfer, triple-flip over-allocation reserve, and deficit of operating (expenditures over revenue for FY 2013-14)		

CONCLUSIONS:

Staff is seeking direction on the recommended Staff plan, as summarized in Figures 2 and 3 above and shown in detail in Attachments 2, 3, 4 and 5.

Questions for the City Council include:

1. Revenue Questions

- a) Should staff continue to assume a Utility Users Tax (UUT) rate of 5% for FY 2013-14 revenue projections and budget development?
- b) Should staff study revising the City municipal code and entering into a contract for placement of bus shelters/benches with an advertising company and expanding other advertising opportunities in City publications and websites?
- c) Should staff continue to explore food trucks and beer/wine gardens at Summer Concerts to make these events more self-supporting?
- d) Should staff work with the City's waste management contractor to pass along a \$0.45 per customer charge for special waste that is currently being funded utilizing AB939 set-a-side funds?
- e) Should any/all of the additional property tax now returning to the City on an on-going basis from the dissolution of redevelopment be reserved for economic

development or infrastructure purposes (vs. including as a general fund unrestricted revenue as currently shown)?

2. Reduction in Service Questions

- a) Should staff continue to include the FY2012-13 budget reductions and restorations as indicated on Attachment 1 as part of the assumptions utilized to build the FY 2013-14 budget?
- b) Should staff continue to include and explore projected new costs associated with implementation of the City Council 2013 goals?
- c) Are there any reductions in services identified in the staff plan which the City Council wishes to take off the table for further consideration and development?

3. Revised Operations Questions

- a) Does City Council want to refer proposals for contracting out and/or reductions in staffing to staff for further study and for input from the prospective employee organizations?
- b) Are there any revisions to operations identified in the staff plan which the City Council wishes to take off the table for further consideration and development?
- c) Is the use of internal service fund excess fund balance amounts for FY 2013-14 operations an acceptable strategy to bridge to FY 2014-15?

4. Use of Reserves Questions

- a) Is the use of reserves over the amount specified by policy off the table?
- b) Should staff continue seeking refined cost proposals for using reserves for one-time investments in energy capital projects at outline in Attachment 4?
- c) Is it acceptable to use reserves for one-time expenses (part of COR contribution) to help bridge for one year (FY 2013-14) until labor negotiations and updated revenue projections are available?
- d) Is it acceptable to use reserves for first year costs (start up) for new City Council goals in 2013?

Next Steps:

1. Staff receives direction at the January 28, 2013, study session on all aspects of the Staff Plan and the recommended methods for addressing the deficit for FY 2013-14.
2. Staff begins budget development for FY 2013-14 immediately following this study session, incorporating City Council guidance on each element of the Staff plan.
3. Staff presents to City Council on April 16, 2013, a proposed FY 2013-14 through FY 2018-19 Capital Improvement Plan (CIP) and preliminary General Fund Budget.
4. Staff presents a draft City budget to the City Council on May 7, 2013.
5. Public hearings are held to discuss, review and modify the draft budget on May 21 with anticipated adoption of the FY 2013-14 budget on June 4.

Attachments:

1. Adopted FY 2012-13 Appropriation Adjustments Detail; Annotated to Show Ongoing vs. One-time Reductions
2. Proposed FY 2013-14 Expenditure Reductions, Detail by Department and Citywide
3. Proposed FY 2013-14 Internal Service Fund Allocation Revisions
4. Proposed Infrastructure/Technology Investments, FY 2013-14 Use of Reserves Project Detail
5. City Council Goals 2013, Estimated Expenditures to Accomplish Goals for FY 2013-14

Attachment 1

City of La Palma
FY 2012-13 ADOPTED Budget Amendments
Detail by Department
Consolidated Accounting of 09/18 and 11/20 Adopted Amendments*

*Less internal service fund reductions taken as part of 11/20/2012 action

**If reduction is to be restored, but not full amount, the amount to be restored is in this column

Department / Description	Division / Program	Service / Community Impacts	Account	MAINTAIN OR RESTORE?	Reduction Amount	Partial Restore Amount**	Total Dept Reduction
ADMINISTRATION							
Eliminate Refreshments for Closed Session Meetings	City Council	None	001-100-620	R	\$ 900	\$ 450	
Reduce selected Training/Workshops	City Manager	Certain specialized training unavailable for staff development	001-102-620	R	\$ 2,500	\$ 1,000	
Eliminate paid Intern Program (e.g., Intern Stipends)	City Manager	Reduced ability to utilize interns for special projects	001-102-510	M	\$ 13,200		
Scanning of documents	City Clerk	Reduces ease of searching for historical documents	001-103-600	M	\$ 3,000		
Suspend selected Training/Workshops	City Clerk	Certain specialized training unavailable for staff development	001-103-620	R	\$ 2,200	\$ 1,200	
Holiday Decorations	Community Promotion/Intergovernmental	Holiday Lights on City facilities would be eliminated	001-105-600	M	\$ 5,100		
Suspend for Training/Workshops and associated mileage	Community Promotion/Intergovernmental	Certain specialized training unavailable for staff development	001-105-620 and 621	M	\$ 600		
Annual Brochures and Graphic Design	Community Promotion/Intergovernmental	Annual Brochure would be available electronically only	001-105-654	M	\$ 1,500		
Student Scholarships	Community Promotion/Intergovernmental	Four (4) High School and one (1) College Student would not receive a \$500 scholarship	001-105-740	M	\$ 2,500		
Community Event Expenses	Community Promotion/Intergovernmental	Funding would not be available for unplanned community celebrations	001-105-733	M	\$ 1,000		
Neighborhood Grant Program	Community Promotion/Intergovernmental	Funding would not be available for neighborhood projects - last year three \$100 grants and one \$300 grant were awarded	001-105-733	M	\$ 1,500		
						\$ 34,000	

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*Less internal service fund reductions taken as part of 11/20/2012 action

**If reduction is to be restored, but not full amount, the amount to be restored is in this column

Department / Description	Division / Program	Service / Community Impacts	Account	MAINTAIN OR RESTORE?	Reduction Amount	Partial Restore Amount**	Total Dept Reduction
City Council	City Council Travel	Council Members will be unable to attend as many meetings throughout the year	001-100-620	M	\$ 2,500		
City Council	Cypress College Foundation Americana Awards	Loss of City Support for Civic Awardees	001-100-620	M	\$ 2,500		
Legal Services	Reduce City Attorney Expenses	Risk of lawsuits	001-101-601	M	\$ 1,000		
City Manager	Salary Savings (actual vs. budgeted)		001-102-501	M	\$ 10,000		
City Manager	Office Supplies		001-102-650	M	\$ 500		
City Manager	Personnel - Reduce OT by 1/2		001-102-530	M	\$ 600		
City Manager	City Manager doesn't attend LOCC New Council Member Forum		001-102-620	M	\$ 1,500		
	<i>Personnel - Shift 10% of AS to Water Fund</i>						
City Clerk			001-103-501	M	\$ 8,100	<i>Shift to Fund 050-373 510.000</i>	
City Clerk	Personnel - Reduce OT by 26 hours		001-103-530	M	\$ 660		
Community Promotions	Personnel - Reduce OT by 1/3		001-105-530	M	\$ 430		
						\$ 27,790	
							\$ 61,790
COMMUNITY DEVELOPMENT							
Various training, supplies, printing, advertising expenses	Community Development	Certain specialized training unavailable for staff development	001-4xx-xxx	M	\$ 2,500		
						\$ 2,500	
Community Development - Admin	Community Relations	Remove remaining lunch w/Mayor	001-510-739.000	M	\$ 250		
Community Development - Planning	P/T Salaries	Eliminate Development Committee stipends	001-520-510.000	M	\$ 1,300		
						\$ 1,550	
							\$ 4,050

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*Less internal service fund reductions taken as part of 11/20/2012 action

**If reduction is to be restored, but not full amount, the amount to be restored is in this column

Department / Description	Division / Program	Service / Community Impacts	Account	MAINTAIN OR RESTORE?	Reduction Amount	Partial Restore Amount**	Total Dept Reduction
FINANCE							
Reduce some training/workshops	Finance	Some necessary accounting and financial updates would be unavailable to staff	001-104-620	M	\$ 1,000		
Reduce printing of annual budget and CAFR	Finance	Financial documents would only be available on-line to the public and staff	001-104-654	M	\$ 1,000		
						<u>\$ 2,000</u>	
Finance	Eliminate scanning of documents (3rd party)	Access to payroll, AP, other Finance documents more difficult (paper vs. scanned and on the network)	001-104-600	M	\$ 6,000		
						<u>\$ 6,000</u>	
							<u>\$ 8,000</u>
POLICE							
Management Analyst position - hold vacant	Administrative Support Bureau	Reduced capacity to participate in County and regional disaster/emergency preparation exercises; general administrative assistance unavailable	001-218-5xx	M	\$ 100,100		
Stop printing "Source" (Neighborhood Watch newsletter)	Administrative Support Bureau	Would only be available electronically/on-line	001-218-654	M	\$ 10,000		
Decrease Police Reserve hours	Police Reserves Unit	Potential for increased overtime costs due to using full-time personnel (personnel)	001-206-510	R	\$ 10,000		
						<u>\$ 120,100</u>	
Administration		Legal Services	001-200-601.000	R	\$ 2,000		
Administration		Meetings and Training	001-200-620.000	R	\$ 1,000		
Administration		Office Supplies	001-200-650.000	R	\$ 1,000		
Police Operations/Management		Meetings and Training	001-201-620.000	R	\$ 1,500		
Police Operations/Management		Printing and Reproduction	001-201-654.000	R	\$ 2,000		
Patrol		<i>Parking enforcement officer charged FULL YEAR to SAAV fund</i>	001-202-510.000	R	\$ 10,000		<i>Shift to Fund 023-260- 510.000</i>
Patrol		<i>Charge Phoenix group prof service fees to SAAV fund</i>	001-202-600.000	R	\$ 3,000		<i>Shift to Fund 023-260-600.00</i>
Patrol		<i>Use ASSET FORFEITURE MONEY TO Replace Ballistic Vests (Liability Issues)</i>	001-202-733.000	M	\$ 12,000		<i>Shift to Fund 020-230-733.000</i>
Patrol		Professional Contract Serv	001-202-600.000	R	3,300		
Patrol		Police Range	001-202-741.000	R	3,000		

City of La Palma
FY 2012-13 ADOPTED Budget Amendments
Detail by Department
Consolidated Accounting of 09/18 and 11/20 Adopted Amendments*

*Less internal service fund reductions taken as part of 11/20/2012 action

**If reduction is to be restored, but not full amount, the amount to be restored is in this column

Department / Description	Division / Program	Service / Community Impacts	Account	MAINTAIN OR RESTORE?	Reduction Amount	Partial Restore Amount**	Total Dept Reduction
Police Service Dog		Special Departmental Supplies	001-203-733.000	M	2,300		
Police Service Dog			001-203-620.000	M	500		
Police Service Dog			001-203-600.000	M	200		
Services Division Management		Professional Contract Serv	001-207-600.000	R	\$ 2,000		
Investigations		Professional Contract Serv	001-208-600.000	R	\$ 3,000		
Records and Communications		Meetings and Training	001-209-620.000	M	\$ 500		
Administrative Support Bureau	Elimination of Services to Community	Reduction in Community based programs	001-218-620.000	M	\$ 1,500		
Administrative Support Bureau	Small Tools	Limited replacement of tools	001-218-725.000	M	\$ 500		
Administrative Support Bureau	Departmental Supplies (PIY, RRW)	Supplies eliminated for above programs	001-218-733.000	M	\$ 19,000		
Administrative Support Bureau			001-218-654.000	M	\$ 2,000		
Administrative Support Bureau			001-218-739.000	M	\$ 2,000		
Administrative Support Bureau	Community Relations	Reduction in Community outreach/programs	001-218-740.000	M	\$ 2,000		
						\$ 74,300	
							\$ 194,400

PUBLIC WORKS

Conferences/training	Public Works	Training opportunities/Conferences for Engineering licenses for the Public Works Director/City Engineer	001-300-620	R	\$ 2,000		
						\$ 2,000	
							\$ 2,000

RECREATION AND COMMUNITY SERVICES

Frozen position - Less time to devote to citywide marketing and social media outreach efforts	Administration	Less time to devote to citywide marketing & social media outreach	001-400-501	M	\$ 57,200		
Misc Prof Services, Reduction - only used as necessary	Administration	None	001-400-600	M	\$ 1,000		
Reduced training	Administration	Reduced training opportunities for staff	001-400-620	M	\$ 1,500		
Reduce supplies	Administration	None	001-400-733	M	\$ 500		
Eliminates year end celebration (Fit n Fun)	Youth and Family Services	No program impact	001-410-600	M	\$ 600		
Youth Basketball Program, eliminates use of Walker Gym	Youth and Family Services	Program to be conducted entirely outdoors, could have fewer participants	001-410-600	M	\$ 1,000		
Reduced translation - fewer flyers translated	Youth and Family Services	Fewer flyers translated	001-410-600	M	\$ 500		
Reduced training	Youth and Family Services	Reduced training opportunities for staff	001-410-620	M	\$ 1,300		
Reduction - purchasing less expensive staff shirts	Youth and Family Services	None	001-410-623	M	\$ 1,500		
Teens Special Supplies	Youth and Family Services	Reduce supplies	001-410-733.311	M	\$ 900		

City of La Palma
FY 2012-13 ADOPTED Budget Amendments
Detail by Department
Consolidated Accounting of 09/18 and 11/20 Adopted Amendments*

*Less internal service fund reductions taken as part of 11/20/2012 action

**If reduction is to be restored, but not full amount, the amount to be restored is in this column

Department / Description	Division / Program	Service / Community Impacts	Account	MAINTAIN OR RESTORE?	Reduction Amount	Partial Restore Amount**	Total Dept Reduction
Tiny Tots Special Supplies	Youth and Family Services	Reduce supplies	001-410-733.312	M	\$ 300		
Day Camp Reduce supplies	Youth and Family Services	Reduce supplies	001-410-733.313	M	\$ 500		
Sports, Reduce supplies for Pee Wee Banquet, prolong use of equipment	Youth and Family Services	Reduce supplies	001-410-733.316	M	\$ 600		
Fit n Fun Supplies	Youth and Family Services	Prolong use of supplies/equipment	001-410-733.317	M	\$ 800		
Eliminates installation of City Hall Tree; will need to receive and store tree at City Yard	Neighborhood and Community Services	One Holiday Tree at Central Park Only; Seasons Greeting Sign at City Hall to be used	001-420-600	M	\$ 1,200		
Halloween Carnival Balloon Artist, Eliminates; carnival can continue without this add-on	Neighborhood and Community Services	Minimal impact	001-420-600	M	\$ 400		
LP Days Parade Coordinator Eliminates	Neighborhood and Community Services	Staff will coordinate in-house	001-420-600	M	\$ 4,500		
Reduced translation	Neighborhood and Community Services	Fewer flyers translated	001-420-600	M	\$ 500		
Misc. Contract Services	Neighborhood and Community Services	None	001-420-600	M	\$ 700		
LP Days Shirts	Neighborhood and Community Services	Reuse 2011 shirts	001-420-623	M	\$ 2,000		
July 4 Postage, Using City postage account	Neighborhood and Community Services	None - using City postage account	001-420-652	M	\$ 200		
LP Days Advertising,	Neighborhood and Community Services	Eliminates OC Register printed insert - will continue online advertising	001-420-653	R	\$ 2,000	\$ 500	
LP Days Letterhead	Neighborhood and Community Services	Use City letterhead	001-420-654	M	\$ 400		
CAB Tree Lighting	Neighborhood and Community Services	Reduced supplies	001-420-733.36	M	\$ 500		
CAB concerts	Neighborhood and Community Services	Reduced supplies	001-420-733.36	M	\$ 100		
Eliminate CAB Community Projects	Neighborhood and Community Services	New program hasn't been implemented yet; City Council goal not met	001-420-733.36	M	\$ 3,000		
Eliminate CAB Memorial Day Art/Essay	Neighborhood and Community Services	Little participation by students	001-420-740	M	\$ 300		
Eliminate, have seen participation dwindle last year (CAB Fine Arts)	Neighborhood and Community Services	Further reduction of arts program for students	001-420-746	M	\$ 5,700		
Older Adult/Intergenerational Classes	Health and Wellness	Eliminate due to lack of participation	001-430-600	M	\$ 400		
The Hub,	Health and Wellness	Prolong use of supplies/equipment	001-430-733.37	M	\$ 500		
Older Adult/Intergenerational Special Supplies	Health and Wellness	Reduce to lack of participation	001-420-733.36	R	\$ 1,600	\$ 500	

City of La Palma
FY 2012-13 ADOPTED Budget Amendments
Detail by Department
Consolidated Accounting of 09/18 and 11/20 Adopted Amendments*

*Less internal service fund reductions taken as part of 11/20/2012 action

**If reduction is to be restored, but not full amount, the amount to be restored is in this column

Department / Description	Division / Program	Service / Community Impacts	Account	MAINTAIN OR RESTORE?	Reduction Amount	Partial Restore Amount**	Total Dept Reduction
Graphic Services,	Facility Operations and Resources	Create graphics internally	001-440-600	M	\$ 800		
Misc contract services	Facility Operations and Resources	None	001-440-600	M	\$ 1,500		
Reduced training	Facility Operations and Resources	Reduced training opportunities for staff	001-440-620	M	\$ 2,000		
Publications and Dues Reduction	Facility Operations and Resources	None	001-440-622	M	\$ 200		
Uniforms, purchasing less expensive staff shirts	Facility Operations and Resources	None	001-440-623	M	\$ 1,500		
Reduce supplies	Facility Operations and Resources	Prolong use of supplies/equipment	001-440-733	M	\$ 2,000		
						\$ 100,200	
Youth & Family / Neighborhood & Comm Services / Health & Wellness	Do not fill vacant Recreation Coordinator position	Impacts on remaining staff in short term, long term sustainability uncertain	001-410/420/430-510/550	M	\$ 35,750		
Facility Operations & Resources	Part-Time Staff Meetings	Eliminate weekly meetings, to be held bi-weekly	001-440-510.000	M	\$ 8,500		
Facility Operations & Resources	Furniture and fixtures	Reduce equipment expenditures, prolong life of equipment	001-440-802.000	M	\$ 4,000		
						\$ 48,250	
							\$ 148,450

Grand Total, FY 2012-13 Reductions ==> \$ 418,690

MAINTAIN	\$	362,040
RESTORE	\$	56,650
	\$	418,690

City of La Palma FY 2013-14 PROPOSED EXPENDITURE REDUCTIONS Detail by Department

Service / Task / Program to be Reduced or Eliminated DESCRIPTION	Division / Program	Impacts (External and Internal)	REDUCTION in Service or REVISION to Operations?	Mandated Service?	FTE Reductions / Impacts?	Reduction Amount	Total Dept Reduction
CITYWIDE REDUCTIONS							
Moratorium on merits, all bargaining units	All Departments (dollar savings reflected is General Fund portion only)	Potential reduced employee morale and related effects	Revision	No	No	\$ 32,400	
Energy savings (annual savings would be predicated on approval of one-time infrastructure expenditures)	Citywide	Depending on the proposal, savings could be generated if the City purchased street lights from SCE, with anticipated savings from lower electricity (tariff) rates; additional proposals could include savings from the installation of photovoltaic cells (solar energy), installation of a "green roof" on City Hall/Police building, upgrade of the HVAC and climate control savings	Revision	No	No	\$ 150,000	
							\$ 182,400
ADMINISTRATION							
Revised City Attorney Contract	Legal	4% savings on Miscellaneous Services	Revision	no	no	\$ 2,500	
Eliminate Minutes Clerk	City Clerk	No minutes clerk at City Council meetings; reduced service to the public, City Manager, and City Council from Administrative Services Manager at meetings; minutes are strictly action only and formatted differently	Reduction	Yes	no	\$ 1,500	
City Council savings from members declining the stipend	City Council	Individual Council members have declined the stipend	Revision	no	no	\$ 3,600	
FY 2013-14 Council supplies are lower assuming no new Councilmembers	City Council	\$2400 is budgeted in election years but only \$900 in non-election years	Revision	no	no	\$ 1,500	
Added labor attorney costs for contract negotiations year	Legal	all 3 employee MOU's are up for negotiation in 2013/14	Revision	no	no	\$ (15,000)	
City Tiles not ordered in FY 2013-14	Community Promotions Administration/	10 year supply ordered in 2012-13	Reduction	no	no	\$ 4,000	
Eliminate one time Wi-Fi costs	CMO		Reduction			\$ 6,500	
Civic Expo	Community Promotions	Eliminate tents and advertising	Revision	no	no	\$ 3,000	
							\$ 7,600

City of La Palma
FY 2013-14 PROPOSED EXPENDITURE REDUCTIONS
Detail by Department

Service / Task / Program to be Reduced or Eliminated DESCRIPTION	Division / Program	Impacts (External and Internal)	REDUCTION in Service or REVISION to Operations?	Mandated Service?	FTE Reductions / Impacts?	Reduction Amount	Total Dept Reduction
COMMUNITY DEVELOPMENT							
Eliminate Admin. Secretary/Permit Technician	Admin Sec/Permit Te	Limited staffing would lead to fewer building counter hours, limiting ability for "walk-in" servicing of building and planning customers at front counter; proposal would be to eliminate one Full-time position, new Full-time position created to meet shared work capacity with Recreation and Community Services	Reduction	No	Yes	\$ 82,000	
Create New FT Position	CDD	New FT position shared with Recreation for customer service/counter duties	Revision	No	Yes	\$ (38,000)	
Training/Meetings	Code Enforcement	California Building Officials Annual Conference	Revision	No	No	\$ 250	
Uniforms	Code Enforcement	No longer provide uniform allowance for C.E. Officer	Revision	No	No	\$ 400	
							\$ 44,650
FINANCE							
Reduce training	Finance	Decreased opportunity for staff to receive annual updates on GASB changes/pronouncements, payroll tax changes, and other related matters; potential for service impacts should critical/vital updates be missed and Staff is unaware of important changes to accounting, tax or labor laws/policies	Revision	No	No	\$ 1,000	
Reduction in printing	Finance	Fewer "hard copies" of City's budget and CAFR available to staff and the public; require increased use of web available version	Revision	No	No	\$ 1,000	
							\$ 2,000

City of La Palma
FY 2013-14 PROPOSED EXPENDITURE REDUCTIONS
Detail by Department

Service / Task / Program to be Reduced or Eliminated DESCRIPTION	Division / Program	Impacts (External and Internal)	REDUCTION in Service or REVISION to Operations?	Mandated Service?	FTE Reductions / Impacts?	Reduction Amount	Total Dept Reduction
POLICE							
Eliminate Crossing Guard Contract with All Cities	Operations/Management (001-201-600)	Primary, Middle and High School students will be have to cross arterial streets unescorted or controlled by trained crossing guards and traffic signals. This is not a mandated requirement of the police department or the City and should be part of the individual impacted school's safety plan for routes to and from school. At one time, this service was provided by schools but with their budget reductions, the City took over the service. Increases potential liability to the City as there is an established past practice and assumption of responsibility and funding by the police department.	Reduction	No	Contract Services no reduction in actual FTE's	\$ 56,000	
Eliminate the Administrative Support Bureau	Admin Services Bureau (001-218-733)	The elimination of the necessary supplies and staff to conduct a formal crime prevention program: no officer in the schools presenting the Police Interaction with Youth program (PIY), cease to host a Red Ribbon Week, no longer participate in the National Night Out program, unable to provide a liaison or resources to participate in Prom/Grad Night DUI programs, reduction or elimination of Neighborhood Street Rallies, no longer a Cadre Member on West County (CERT) to represent the City of La Palma, R.A.C.E.S coordinator position eliminated, eliminate employee, volunteer, and citizen recognition, shutdown the VIP program and Explorer Post 437, unable to staff the City's Fitness Fun Run, or La Palma Days Parade and festivities without volunteer staff or mutual aid.	Reduction	No-Crime Prevention is not mandated nor are volunteer development programs	No reduction in FTE; officer would rotate back to Patrol. Any previous assignments would have to be a collateral assignment for patrol officer incurring Overtime costs	\$ 16,500	
Contract Police Dispatch Services*	Records-Communications (001-208-501)	All calls for service would go to an outside agency police dispatcher (i.e. Buena Park PD, West Cities Communications, La Habra PD, etc) and not directly to La Palma PD, potential for delayed response times. Current dispatchers crossed trained and perform records functions, their absence would create a need to hire a second fulltime records clerk to maintain work flow and accuracy in reporting crimes per DOJ mandates and OCDA's filing requirements. The front counter would be closed for 4 hours Monday-Thursday (and every working Friday) and completely closed every other (Dark) Friday and every weekend. Vehicle and property releases and other normal business transactions would not occur on off hours. Citizens would have to utilize a "callbox" located outside the police department to initiate a call for service and an officer would have to be dispatched to the front counter	Revision	Police Communications is required for all police agencies whether in-house or outsourced	(4) Non-Sworn FTE	\$ 215,000	

*Approximately 150,000 in personnel costs; plus, if a new CAD/RMS was purchased there could be an additional net savings 65,000.00 in annual service fee; for a total estimated savings of \$215,000

City of La Palma
FY 2013-14 PROPOSED EXPENDITURE REDUCTIONS
Detail by Department

Service / Task / Program to be Reduced or Eliminated DESCRIPTION	Division / Program	Impacts (External and Internal)	REDUCTION in Service or REVISION to Operations?	Mandated Service?	FTE Reductions / Impacts?	Reduction Amount	Total Dept Reduction
Continue suspension of Police Services Dog assignment/program	Police Services Dog (001-203-xxx)	Police Services Dog program suspended in FY 2012-13 when the handler's 3 year rotation ended, proposal is to keep program suspended through FY 2013-14	Reduction	No	No	\$ 6,500	<u><u>\$ 294,000</u></u>

City of La Palma
FY 2013-14 PROPOSED EXPENDITURE REDUCTIONS
Detail by Department

Service / Task / Program to be Reduced or Eliminated DESCRIPTION	Division / Program	Impacts (External and Internal)	REDUCTION in Service or REVISION to Operations?	Mandated Service?	FTE Reductions / Impacts?	Reduction Amount	Total Dept Reduction
PUBLIC WORKS							
Eliminate maintenance of block wall vines	PW-St Trees & Medians	Vines on block walls would no longer be maintained by contractor and will need to be removed as they die off (reduction estimate does not include water usage, which is currently not metered or monitored)	Reduction	NO	NO (\$5,600 labor-worker to be assigned to other duties)	\$ 12,200	
Eliminate maintenance frequency of trees	PW-St Trees & Medians	Public street tree maintenance and median maintenance frequency to be reduced by 1/2 (annual total is \$29,200)	Reduction	NO	NO	\$ 14,600	
						\$ 26,800	

RECREATION AND COMMUNITY SERVICES

Administration

Eliminate Sr. Office Assistant	501	Eliminate FT position, new FT position created to meet shared work capacity with Community Development; reduction of public counter customer service, longer wait times to register for classes or reserve facilities; phone assistance limited or delayed	Reduction	N	Y	\$ 68,500	
Create New FT Position	501	New FT position shared with Community Development for customer service/counter duties	Revision	N	Y	\$ (38,000)	
Eliminate overtime	530	No authorized overtime	Revision	N	N	\$ 500	
Reduce Training	620	Less external training available to FT staff	Revision	N	N	\$ 1,000	
	621	No use of mileage, employees must use City vehicles	Revision	N	N	\$ 200	
Reduce office supplies	650	Extend use of office supplies	Revision	N	N	\$ 1,500	
Reduce supplies	733	Extend use of current supplies No authorized overtime	Revision	N	N	\$ 400	

City of La Palma
FY 2013-14 PROPOSED EXPENDITURE REDUCTIONS
Detail by Department

Service / Task / Program to be Reduced or Eliminated DESCRIPTION	Division / Program	Impacts (External and Internal)	REDUCTION in Service or REVISION to Operations?	Mandated Service?	FTE Reductions / Impacts?	Reduction Amount	Total Dept Reduction
<u>Youth & Family Services</u>							
Reduce Day Camp PT staff hours	510	Reduce Day Camp staff to meet enrollment demands	Reduction	N	N	\$ 3,000	
		No drop-in facility for older adults and teens afterschool; older adult advanced computer classes eliminated unless contracted out; Teen special events/dances maintained; non-profit evening meetings maintained until the property is sold due to					
Close The Hub	510	Redevelopment elimination; eliminates 1 PT Recreation Specialist	Reduction	N	Y	\$ 30,200	
Reduce PT staffing at Fit N Fun	510	Reduce FNF staff to meet enrollment demands	Reduction	N	N	\$ 2,600	
		Program not provided by PT staff, will attempt to contract out (estimated \$4,000 needed to pay for contractor)					
Eliminate Pee Wee Sports			Reduction	N	N	\$ 4,200	
Reduce overtime	530	Scheduled or emergency overtime only	Revision	N	N	\$ 1,800	
		No snacks provided during program; charge snack fee or encourage participants to provide own					
Eliminate Fit N Fun Snacks	600	Less external training available to FT staff	Revision	N	N	\$ 5,000	
Reduce Training	620	Limited access to professional organization and dues	Revision	N	N	\$ 1,200	
Reduce publications & dues	622	Reduce costs, no impact to participants	Revision	N	N	\$ 700	
Reduce cost of Day Camp program t-shirts	623	extend use of current supplies; ask participants to bring in supplies or charge	Revision	N	N	\$ 600	
Reduce Tiny Tot Supplies	733.312	supply fee	Reduction	N	N	\$ 500	
		extend use of current supplies; ask participants to bring in supplies or charge					
Reduce Day Camp Supplies	733.313	supply fee	Reduction	N	N	\$ 700	
		extend use of current supplies; ask participants to bring in supplies or charge					
Reduce Fit N Fun Supplies	733.317	supply fee	Reduction	N	N	\$ 400	
Reduce costs of Day Camp excursions	746	Go to less expensive venues for day camp excursions or implement an excursion surcharge for expensive locations	Reduction	N	N	\$ 6,000	
<u>Neighborhood & Community Services</u>							
Reduce PT hours for events	510	Less staff for events	Revision	N	N	\$ 2,600	
Reduce overtime	530	Overtime for July 4th only	Revision			\$ 3,100	
		Eliminate Volunteer Recognition, volunteers to be acknowledged during or at end of					
Eliminate Volunteer Recognition	600/733.318/740	service, program, or event by each department	Reduction	N	N	\$ 5,100	
Reduce Concerts In The Park to 6 (currently 8)	600	Shorter concert season	Reduction	N	N	\$ 3,700	
Eliminate rental services for tree lighting	600	No rental of sleigh or special chair for Santa's photo area	Revision	N	N	\$ 400	
		Eliminate one day event to preserve programs which have greater long-term impact on the community					
Eliminate La Palma Days		Lost revenue if La Palma Days Cancelled	Reduction	N	N	\$ 77,500	
La Palma Days Revenue			Reduction	N	N	\$ (18,000)	
Reduce printing	654	Reduce Concerts in the Park program printing,	Revision	N	N	\$ 200	
Arbor Day, Concerts in the Park, Memorial Day, Tree Lighting reduced supplies	733.360	Extend life of supplies, and/or solicit donations for supplies	Revision	N	N	\$ 1,300	
Halloween Carnival reduced supplies	733.355	Extend life of supplies, and/or solicit donations for supplies	Revision	N	N	\$ 500	
Eliminate Halloween Carnival Costume Contest Awards	740.000	Little impact, contests could still be held with donated awards	Revision	N	N	\$ 200	
Reduce expense of Fitness Run Awards	740.000	Provide less expensive award to participants	Revision	N	N	\$ 1,300	

City of La Palma
FY 2013-14 PROPOSED EXPENDITURE REDUCTIONS
Detail by Department

Service / Task / Program to be Reduced or Eliminated DESCRIPTION	Division / Program	Impacts (External and Internal)	REDUCTION in Service or REVISION to Operations?	Mandated Service?	FTE Reductions / Impacts?	Reduction Amount	Total Dept Reduction
<u>Health & Wellness</u>							
Eliminate overtime	530	No authorized overtime	Revision	N	N	\$ 500	
Reduce Training	620	Less external training available to FT staff	Revision	N	N	\$ 300	
Eliminate publications & dues	622	Limited access to professional organization and dues	Revision	N	N	\$ 300	
Reduce supplies	733	Eliminate Hub Supplies (transfer utilities to Facilities Maintenance until sold)	Revision	N	N	\$ 6,000	
<u>Facility Operations</u>							
Central Park Hours: Park Office open 1 hour less (3-10pm Sept-May), 1 PT shift eliminated M-F (year round), reduced training hours,		Both: small impact to community as FT staff available; reduced available works 510 hours for pt staff	Reduction	N	N	\$ 18,600	
Reduction in overtime	530	Facility emergencies overtime only	Revision	N	N	\$ 1,000	
Eliminate use of helium	600	External - no use of helium balloons at city programs & events	Revision	N	N	\$ 1,000	
Employee Training	620	Less external training available to FT and PT staff	Revision	N	N	\$ 1,000	
Eliminate graphic service, periodical publications	622	More use of online publications and royalty free graphics/photos	Revision	N	N	\$ 1,300	
Reduce community center quarterly refrigeration inspection/services to bi-annual	707	Reduces preventative maintenance	Revision	N	N	\$ 400	
Reduce Central park supplies	733	extend use of current supplies	Revision			\$ 1,500	
Reduce furniture & fixture replacement	802	extend use of current furniture	Revision	N	N	\$ 3,000	
							\$ 203,800

GRAND TOTAL, PROPOSED FY 2013-14 REDUCTIONS => \$ 761,250

City of La Palma FY 2013-14 PROPOSED INTERNAL SERVICE FUND REVISIONS Detail by Internal Service Fund

Internal Service Fund	Projected 06/30/2013 Fund Balance	Estimated FY 2013-14 Expenditures	FY 2013-14 Revenue, Full Allocation	Projected 06/30/2013 Fund Balance	FY 2013-14 Revenue, Partial Allocation	Projected 06/30/2013 Fund Balance
Fund 062, BUILDING MAINT	\$ 953,292	\$ (1,130,400)	\$ 325,000	\$ 147,892	\$ 179,200 <1>	\$ 2,092
Fund 063, VEHICLE MAINT/REPLACEMENT	\$ 687,761	\$ (230,000)	\$ 322,200	\$ 779,961	\$ 111,000 <2>	\$ 568,761
Fund 064, COMPUTER MAINT/REPLACEMENT	\$ 326,200	\$ (244,700)	\$ 210,600	\$ 292,100	\$ 124,000 <3>	\$ 205,500
Proposed General Fund Savings:						
Fund 062, BUILDING MAINT	\$ 145,800					
Fund 063, VEHICLE MAINT/REPLACEMENT	\$ 211,200					
Fund 064, COMPUTER MAINT/REPLACEMENT	\$ 104,100					
	\$ 461,100	<= One-Time General Fund Savings for FY 2013-14				

<1> Proposal would be a one-time decrease in General Fund allocations of 50%

<2> Proposal would be a one-time suspense of General Fund allocations

<3> Proposal would be a one-time decrease in General Fund allocations of 70%

City of La Palma
FY 2013-14 PROPOSED ONE-TIME USE OF RESERVES
Use of Reserves Project Details: Infrastructure and Technology Investments / City Council 2013 Goals Start-up Costs

Energy Savings Projects

Project	Scope	Justification	One-Time Cost	On-going Cost	Annual Projected Savings
Purchase of Street Lights from SCE	City would own majority of 900 street lights located within city limits	City charged lower "tariff" rate for electricity (LS2 vs. LS1)	\$ 600,000	To Be Determined	\$ 50,000
Installation of photovoltaic panels (solar) in Civic Center	Lower cost of solar energy lowers electric bills for Civic Center (City Hall and Police buildings); energy audit by Chevron identified potential placement areas for solar panels	Assumption is electrical needs of Civic Center satisfied by energy supplied by solar panels	\$ 1,190,000	Minor, regular maintenance	<1>
Installation of "cool roof" at Civic Center	Project currently budgeted as part of Facilities Master Schedule for FY 2013-14; recent "energy audit" by Chevron provides information on host of energy conservation projects	Potential to combine this project with other energy conservation projects to generate annual energy savings	\$ 500,000	Minor, regular maintenance	<1>
Replacement of HVAC system at Civic Center	Project was budgeted for FY 2012-13, deferred in order to possible combine with other energy conservation projects to maximize energy savings; recent "energy audit" by Chevron provides information on host of	Annual savings in energy from more efficient HVAC system	\$ 15,000	Minor, regular maintenance	<1>
Energy Management System at City Hall	Recent "energy audit" by Chevron provides information this project; possibility to combine with other energy savings projects to maximize annual savings	Annual savings in energy from more efficient climate control system	\$ 25,000	Minor, regular maintenance	<1>
Lighting upgrade at Central Park	Upgrade lights at Central Park (parking lot, softball field, etc.) to more energy efficient LED lights	Electricity savings would be realized (lower bills) as well as better lighting (safer environment)	\$ 50,000	Minor, regular maintenance	\$ 100,000 <1>
			<u>\$ 2,380,000</u>		

Technology Investment Projects

Project	Scope	Justification	One-Time Cost	On-going Cost	Annual Projected Savings
Upgrade Police communications and records system ("Spillman")	Change provider of records and communication's system from West Covina to Spillman	Better product offering upgraded services and data for crime reporting, analysis, tracking and related functions	\$ 190,000	\$ 20,000	\$ 65,000 <2>

\$ 190,000

City Council 2013 Goals Start Up Costs

Project	Scope	Justification	One-Time Cost	On-going Cost	Annual Projected Savings
Update and Implement Economic Development Plan	As part of the City Council's goal to attract and retain business, update the Economic Development plan	City Council Goal: Attract and Retain Businesses to increase revenues and employment opportunities	\$ 44,000	None	Potential for additional sales and/or property tax
Conduct a statistically valid resident survey	As part of the City Council's communication and outreach goal, conduct a resident survey to help gauge priorities and attitudes while having data to compare to similar cities across the nation	City Council Goal: Implement engagement /outreach plan re: financial situation	\$ 16,000	None	Potential for new cost savings ideas
			<u>\$ 60,000</u>		

Total Proposed One-time Reserves Expenditures ==> \$ 2,630,000

- <1> The initial estimate of energy savings plans from Chevron indicates \$100,000 in annual electricity savings if the solar panels, roof, HVAC system, climate control system and lighting upgrades projects were all completed.
- <2> Currently the City contracts with West Covina for the provision of its records system at approximately \$85,000/annually. The new Spillman software would cost \$20,000/annually, hence the net savings of \$65,000/annually.

**City of La Palma
FY 2013-14 CITY COUNCIL GOALS
Estimated Goal Accomplishment Expenditures**

GOAL STATEMENTS	ACTIVITY/TASK NEEDED TO ACCOMPLISH GOAL	ESTIMATED FY 2013-14 COST
Create Proactive Economic Strategies		
Attract and Retain Businesses to increase revenues and employment opportunities	City Membership in Western Orange County Chamber of Commerce; implementation of economic development plan	\$44,000 <1>
Create a well-defined Action Plan to achieve the goal		
Communication/Engagement		
Increase involvement from the community by expanding communications and outreach efforts	See citizen survey below; improve way we utilize existing assets	\$0
Keep an open dialogue with employees and keep them informed	Efforts involve increased staff time involved in providing update, but there are no additional direct costs	\$0
To maintain support & confidence, the process must be open and transparent	Cost associated with web based and accessible Laserfiche already paid for with contract savings in FY 2012-13 and included in FY 2013-14 Budget at no additional cost. Will require additional staff time to maintain on a timely basis - some time savings will be found through efficiencies in other areas	\$0
Implement engagement /outreach plan re: financial situation	Primary expense is for a statistically valid community survey (\$15,000) plus misc. related expenses	\$16,000 <1>
Maintain Quality of Life		
Continue City events	Identify/Implement new revenue streams to offset event costs; no additional costs anticipated	
Analyze school alternatives to allow all La Palma kids to go to La Palma schools and advocate for solutions	Possible expenses associated with trips to Sacramento	\$1,000 <2>
Funding plan for future streets improvements		
Stronger and more effective code enforcement, identify the need for assistance and connect with resources	No reduction in code enforcement staffing; review low priority code enforcement areas and consider Municipal Code changes - no direct cost	
Maintain High Public Safety Levels		
Maintain critical and frontline services	Plan proposes no reductions to patrol or investigations frontline services	

City of La Palma
FY 2013-14 CITY COUNCIL GOALS
Estimated Goal Accomplishment Expenditures

GOAL STATEMENTS	ACTIVITY/TASK NEEDED TO ACCOMPLISH GOAL	ESTIMATED FY 2013-14 COST
Balance Budget		
	Reduce personnel cost	Increased labor attorney costs associated with contract negotiations included in operating budget
		\$15,000 <2>
	Reduce General Fund Expenditures	Proposed FY 2013-14 budget includes \$1.3 million in ongoing and one-time reductions to expenditures through reducing services or revising operations
	Finalize City fees	February 11 study session with City Council will provide additional direction on finalizing City Fees; no additional costs and potential additional revenue for FY 2013-14 and beyond depending on City Council direction/decisions
	Review reserves policy	Effort can be done in-house by Finance Department
	Staff plan in February	Being presented at January 28 study session
	Develop a plan to fund unfunded liabilities (GASB45)	Proposed OPEB/GASB 45 plan will be presented to City Council by April, 2013. Any costs associated with this will depend on which option City Council chooses to address the OPEB liability.
		TBD, will be presented to City Council by April 2013

<1> The costs associated with these particular Goals are proposed to be covered by one-time expenditure of reserves

<2> These projected costs are included in the FY 2013-14 Staff plan preliminary budget