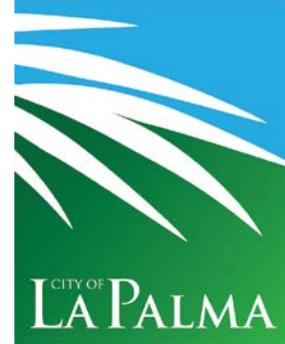


City of La Palma

Agenda Item No. 16



MEETING DATE: May 21, 2013
TO: CITY COUNCIL
FROM: CITY MANAGER
SUBMITTED BY: Ellen Volmert, City Manager
AGENDA TITLE: Discussion of Proposed Fiscal Year 2014-15 Budget and Approval of Carryovers

PURPOSE:

To provide an opportunity for the City Council and residents of La Palma to review, discuss, and comment on the proposed Fiscal Year 2014-15 budget and to provide for the carryover of Fiscal Year 2013-14 budget appropriations for projects that will not be completed prior to the fiscal year end.

BACKGROUND:

The purpose of this agenda item is to provide for an open discussion of the proposed FY 2014-15 Budget by the City Council and to allow for City Council Members and the public to ask questions as they review the proposed budget document. The scheduled public hearing for June 17, 2014, where the proposed FY 2014-15 Budget will be reviewed further, provides for adoption of the budget at that time. A copy of the May 20, 2014, staff report and materials relating to the introduction of the Proposed Budget are attached.

Additionally, staff is bringing forward carryover of Fiscal Year 2013-14 budget appropriations for projects that will not be completed prior to the fiscal year end for a more formalized and transparent carryover process. Carryover items are listed below:

MIG/Hogle Ireland Consultant Services	\$ 36,000
City Manager Moving Expenses	\$ 10,000
Granicus Upgrade Project	\$ 3,900
Pavement Rehabilitation-Project ST 331	\$ 575,000
Replacement Recreation Utility Vehicle	\$ 25,974
ADA Pedestrian Ramps/Curb, Gutter & Sidewalk Project ST-330	\$ 173,000
Community Center Floor Renovation	\$ 77,785
Phone System Project	\$ 42,744
Business License Software	\$ 27,390
Finance System Project	<u>\$ 125,000</u>
Total Carryovers	<u>\$1,096,793</u>

FISCAL IMPACT:

There is no fiscal impact at this time. Carryover items have already been approved by the City Council and funds have been appropriated in the current fiscal year. The City Council may include or not include any specific carryover items, depending on contractual agreements, at the time of formal budget adoption.

RECOMMENDED ACTION:

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

- a) Conduct an open discussion on the general content of the Proposed Fiscal Year 2014-15 Budget and provide direction for preparation of the final budget document; and,
- b) Approve the carryover of certain items from the FY 2013-14 Budget to be included in the FY 2014-15 Budget for action on June 17, 2014.

APPROVED:



Administrative Services
Director (if applicable)



City Manager

Attachment: 1. May 20, 2014 Proposed Budget Report and materials

City of La Palma
Attachment 1
Agenda Item No. 8



MEETING DATE: May 20, 2014
TO: CITY COUNCIL
FROM: CITY MANAGER
SUBMITTED BY: Ellen Volmert, City Manager
Laurie A. Murray, Administrative Services Director
AGENDA TITLE: Presentation of Proposed Fiscal Year 2014-15 Budget

PURPOSE:

To provide an overview of the Proposed Fiscal Year 2014-15 Budget and allow for City Council and community review and discussion of the budget.

BACKGROUND:

The FY 2014-15 Proposed Budget has been developed with an eye both to the community's Vision and the 2014 City Council Goals. Because this year's budget process is occurring in a continuing dynamic financial environment, estimates and projections have shifted significantly more than usual. This year's mid-year budget update was extensive and provided updates on expenditures and revenues from which early budget projections were based. Since that February discussion, considerable new information has become available and is largely responsible for the differences between the early Draft Budget and this Proposed Budget.

This Proposed Budget includes reductions and revisions to the City's labor force that require a meet and confer process which is not yet complete. The latest Staff plan includes the proposed reduction of the City's full-time equivalent (FTE) count from 57.0 (FY 2013-14 Adopted Budget) to 55.0 (FY 2014-15 Proposed Budget), continuing the trend to fewer full time positions.

Some assumptions in the Sustainable Financial Plan will not be realized until later years, leading to sustainability over the longer term, but not assisting with balancing the Proposed Budget for FY 2014-15. Therefore, while the Proposed Budget maintains services with very few reductions, that balance is achieved through revisions which are largely temporary in nature and not sustainable in the long term, such as management furlough days. The temporary nature of this situation is confirmed by looking at the differences between the Proposed Budget for FY 2014-15 and the Estimated Budget for FY 2015-16.

The FY 2014-15 Proposed Budget includes a full fiscal year of net sales tax revenue from Tesoro's operations and other new sales tax sources such as partial year receipts from a new Bulgogi House restaurant. We also anticipate a sales tax reduction from the anticipated

construction down time for the Mc Donald's restaurant rebuild. The FY 2014-15 budget includes setting aside \$455,000 in projected General Fund ongoing revenue to be used for capital projects as called for in the Sustainable Financial Plan. In accordance with the Sustainable Financial Plan, additional funds would be transferred for other one-time uses so that the total transfer equals 6.4% of ongoing revenues. With the exception of a slight draw down in Facilities fund balance to reach the target level, the allocations funding internal service funds are also consistent with the Plan and represent a considerable departure from past budgets.

Since the Draft Budget was presented to the City Council, staff reviewed projected revenues and expenditures, making adjustments as necessary. After the revenues and expenditures were thought to be finalized for the Proposed Budget document, staff received information that caused a reduction in revenue estimates for FY 2014-15 of approximately \$242,000 due to a forecast of reduced sales tax dollars from a variety of areas. Staff reviewed the proposed revenues and expenditures again to bring a balanced budget to the City Council. Due to the lateness of this information, the Proposed Budget document is not attached to this staff report, but will be posted and available for review by Monday, May 19. It is important to note that this reduction in revenues is believed to be temporary and that the FY 2015-16 Estimated Budget—after restoring the short-term cuts made in the FY 2014-15 Proposed Budget—is forecast with a sizeable surplus (after the 6.4% transfer called for in the Sustainable Financial Plan).

The Proposed Budget is also on the June 3 Agenda for discussion and public input prior to the public hearing scheduled for June 17, when it is anticipated that the City Council will approve a final budget document for FY 2014-15

SUMMARY:

The Proposed FY 2014-15 Budget differs from the Draft Budget document presented to the City Council on April 15 due to the reduction in revenues. Proposed expenditures include: reductions to meetings and trainings across all budgets; a one day per week reduction to the Fit n Fun program for FY 2014-15 only; elimination of the ACC-OC membership for FY 2014-15; and 3 days of unpaid furlough for the Management Staff (City Manager, Department Directors, Police Captains) for FY 2014-15 only. Revenues across all funds are proposed to be \$19,174,259, with proposed expenditures at \$23,004,067. The draw on reserves is primarily due to the cost of capital projects in the Capital Outlay Reserve (COR), Water and Sewer and Facilities funds where funds have been accumulated for these purposes. The table "Summary of Resources and Requirements by Fund" included in the Proposed Budget provides detail on projected revenues, expenditures, and ending fund balances for FY 2014-15 and estimates for FY 2015-16.

The General Fund provides a small surplus of \$15,017 (after the 6.4% transfer to capital projects and other onetime use funds. General Fund Revenues are proposed to be \$9,711,956 with proposed expenditures at \$9,696,939. The proposed budget provides additional detail for each department as well as the various programs/divisions.

The City Manager's Budget Message provides a detailed and comprehensive overview of the Proposed Budget, the challenges facing the City, and the many accomplishments achieved and

anticipated for the organization. The presentation by each Department and the discussion scheduled for June 3 will provide additional opportunity for review and discussion of the budget plan. Questions or requests for additional information this evening will become part of the June 3 informational materials. Staff will also be bringing any necessary carryover adjustments to the City Council on June 3.

ALTERNATIVES:

At this point, since this item represents the first presentation of the Proposed FY 2014-15 Budget, there are no alternatives to receiving the document and presentation and providing an opportunity for public and Council Member comment.

FISCAL IMPACT:

As the Sustainable Financial Plan is based on average anticipated changes to revenues and expenditures over the long term and the Proposed Budget is based on actual projections for one given year in the short term, there are differences between the two. In general, the FY 2014-15 Proposed Budget has been prepared in accordance to the adopted Sustainable Financial Plan policies and shows a surplus of \$15,017. The estimated FY 2015-16 budget shows a surplus of \$153,359. These surpluses are after the target transfers are made for one-time projects and capital funding. Sufficient fund balance exists in all of the funds and progress towards target fund balances is maintained.

RECOMMENDED ACTION:

It is recommended that the City Council receive the Staff presentation on the Proposed FY 2014-15 Budget and provide direction for additional materials or information needed for the study session scheduled for next week.

APPROVED:



Administrative Services
Director



City Manager

Attachments: 1. Proposed Fiscal Year 2014-15 Budget to be posted on Monday, May 19, 2014

Attachment 1:

Proposed Fiscal Year 2014-15 Budget to be
posted on Monday, May 19, 2014

This file is large and may
take a while to upload.