

# 2015-2017 Mid-Biennium Budget Update

## June 14, 2016



**CITY OF**  
**LA MESA**  
*JEWEL of the HILLS*

# Mid-Biennium Budget Update 2015-2017

## 2-Year Strategic Planning Process



---

# Mid-Biennium Budget Update 2015-2017

- 2015-2017 Biennial Budget
    - City Council approved on August 11, 2015
    - Detailed the Revenue, Expenditures and Reserve appropriations for fiscal years 2015-2017
    - 2015-2017 Mid-Biennium Budget Update provides updates and changes to 2016-2017 revenues, expenditures and reserve projections based on most current information available
-

---

# Mid-Biennium Budget Update

## 2015-2017

- March 2016 Council Strategic Workshop
    - ❑ Major revenue sources (property tax, sales tax, Prop L sales tax) maintaining moderate and steady growth
    - ❑ Pension costs continue to be fastest rising expenditure
    - ❑ Several one-time General Fund expenditures included in the 2016-2017 forecast
    - ❑ When not including one-time expenditures, General Fund revenues exceeded expenditures
-

# Mid-Biennium Budget Update

## 2015-2017

### General Fund Revenues (Amended Budget) Fiscal Year 2016-2017

	2016-2017 Original Budget	2016-2017 Amended Budget	Increase/ (Decrease)	For Info Only 2016-2017 Forecast
<b>General Fund Revenues</b>				
Property Taxes	\$ 11,868,900	\$ 12,266,400	\$ 397,500	\$ 12,016,400
Property Tax-Tax Increment	187,700	223,600	35,900	223,600
Sales Taxes	12,843,000	12,843,000	-	12,843,000
Prop L Sales Taxes	8,344,400	8,344,400	-	8,344,400
Other Taxes & Franchises	2,996,700	3,106,700	110,000	3,106,700
Licenses & Permits	1,167,300	1,167,300	-	1,167,300
Service Charges	1,997,100	2,032,100	35,000	1,947,100
All Other Revenues	1,747,200	2,108,700	361,500	2,117,200
<b>Total General Fund Revenues</b>	<b>\$ 41,152,300</b>	<b>\$ 42,092,200</b>	<b>\$ 939,900</b>	<b>\$ 41,765,700</b>

---

# Mid-Biennium Budget Update

## 2015-2017

- Amended Budget – General Fund Revenues
    - Estimated assessed valuations for 2016-2017 higher than anticipated, resulting in increased budgeted property tax revenues
    - Other General Fund amended budget revenue increases include tax increment property tax, gas & electric franchise tax, and Heartland JPA reimbursements (all included in Financial Forecast presented in March)
-

---

# Mid-Biennium Budget Update

## 2015-2017

- Amended Budget - All Other Funds Revenues
    - Increase in capital improvement related revenues as a result of increase in capital improvement projects
      - Transnet Funds
      - Revenues from other agencies
-

# Mid-Biennium Budget Update

## 2015-2017

### General Fund Expenditures (Amended Budget) Fiscal Year 2016-2017

	2016-2017 Original Budget	2016-2017 Amended Budget	Increase/ (Decrease)	For Info Only 2016-2017 Forecast
<b>General Fund Expenditures</b>				
Salaries	\$ 20,173,370	\$ 20,460,690	\$ 287,320	\$ 20,173,370
Fringe Benefits	12,034,700	12,038,640	3,940	12,034,700
Personal Expenses	907,250	911,180	3,930	907,250
Materials/Supplies/Svcs	10,239,090	10,667,190	428,100	10,239,090
Capital Outlay	39,320	117,750	78,430	39,320
RDA Pmts-SCO Clawback	-	2,409,060	2,409,060	2,400,000
Retirement Liab Contrib	-	600,000	600,000	600,000
<b>Total General Fund Expenditures</b>	<b>\$ 43,393,730</b>	<b>\$ 47,204,510</b>	<b>\$ 3,810,780</b>	<b>\$ 46,393,730</b>

---

# Mid-Biennium Budget Update

## 2015-2017

- Amended Budget - General Fund Expenditures
    - ❑ Increase in salaries/benefits due to funds for anticipated retirement payouts for long-term employees
    - ❑ Offset by budget savings achieved by reclassifying positions to achieve overall savings while maintaining service levels
    - ❑ Budget does not included any salary adjustments that may arise as a result of negotiations
-

---

# Mid-Biennium Budget Update

## 2015-2017

- General Fund Expenditures, continued
    - Increase in Other Operating Expenditures
      - Administrative Services/City Manager: Downtown marketing/event planning and management, feasibility study for McArthur Park, additional funds for ongoing City marketing and communications plan
      - Police: Additional phone lines for redundant 911 Emergency services, prisoner transport services, parking citation management services
-

---

# Mid-Biennium Budget Update

## 2015-2017

- General Fund Expenditures, continued
    - Increase in Other Operating Expenditures
      - Community Development: Downtown Village Specific Plan document, historic resources inventory, completion of the Climate Action Plan
      - Public Works: Materials for street median work, software licenses and annual maintenance, upgrades to the RCS radios
      - Fire: Increased annual contributions to Heartland Communication Facility Authority
-

---

# Mid-Biennium Budget Update

## 2015-2017

- General Fund Expenditures, continued
    - Increase in Capital Equipment
      - Carry-forward 2015-2016 appropriations for technology projects not yet expended or completed
      - New requests for computer technology in Public Works and office equipment in Community Services
-

---

# Mid-Biennium Budget Update

## 2015-2017

- General Fund Expenditures, continued
    - One-time Expenditures
      - Approximately \$2.4 million for repayment of the State Controller's Office Asset Transfer Review findings
      - Contribution to City's Section 115 Trust Fund (\$600,000) for offsetting future pension unfunded liability
-

---

# Mid-Biennium Budget Update

## 2015-2017

- Amended Budget - All Other Funds Expenditures
    - Capital Improvement Program
      - Carry forward projects in the amount of \$16,619,010 originally budgeted in fiscal year 2015-2016 but not yet completed
      - Total new projects in the amount \$5,271,480 (including \$2,314,500 originally budgeted plus \$2,956,980 in additional new projects) funded by revenues from other agencies added to fiscal year 2016-2017
-

---

# Mid-Biennium Budget Update

## 2015-2017

- Amended Budget - Inter-fund Transfers
    - Amended Final Budget includes one-time transfer from the Risk Liability Internal Service Fund to the General Fund
    - Reductions in transfers to the General Fund for support services from other funds (Downtown Parking and Environmental Services)
    - New transfer from the Downtown Parking Fund to the General Fund for annual downtown enhancements related to the Downtown marketing and event plan
-

---

# Mid-Biennium Budget Update

## 2015-2017

- General Fund Reserves – Fiscal Year 2015-2016
    - Estimated Reserves at June 30, 2016 (Current Year)
      - Original Budget: \$20,481,330 (48 percent)
      - Financial Forecast: \$24,423,220 (56 percent)
      - Revised Estimate: \$25,916,923 (59 percent)
    - Decrease in projected expenditures for fiscal year ending June 30, 2016 results in a higher than anticipated ending reserve balance going into the 2016-2017 budget year
-

---

# Mid-Biennium Budget Update

## 2015-2017

- General Fund Reserves – Fiscal Year 2016-2017
    - Estimated Reserves at June 30, 2017
      - Original Budget: \$19,470,900 (45 percent)
      - Financial Forecast: \$21,485,090 (46 percent)
      - Revised Estimate: \$ 23,117,914 (49 percent)
-

---

# Mid-Biennium Budget Update

## 2015-2017

### ■ Proposition L Benchmarks

- ❑ The General Fund's major revenue sources are property taxes and sales taxes and are the primary funding sources for the City's vital services.
  - ❑ Proposition L Sales Tax Measure was approved by voters in November 2008 to help maintain City vital services.
  - ❑ Proposition L sales tax revenues are being used to preserve vital City services and the General Fund's reserves
-

# Mid-Biennium Budget Update 2015-2017

## ■ Proposition L Benchmarks

### General Fund Vital Services Benchmarks

	Actuals				Original Budget	FY 15-16		FY 16-17
	FY 11-12	FY 12-13	FY 13-14	FY 14-15		6-YR Forecast	Revised Estimate	Amended Budget
Ending Reserves	11,519,459	14,495,701	20,531,305	24,345,022	20,481,330	24,423,220	25,916,923	23,117,914
Reserves as % of Operating Expenditures	29.4%	36.0%	53.3%	56.9%	47.9%	55.9%	59.4%	49.0%
Reserves:								
Property Sale (Police Station)	3,050,000	3,050,000	3,050,000	3,050,000	2,350,000	2,350,000	2,350,000	2,350,000
Property Sale (Other land)	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000
Proposition L Revenues	4,469,459	7,445,701	7,982,194	7,891,852	8,101,400	8,101,400	8,101,400	8,344,400
Reserves from Operations	-	-	5,499,111	9,403,171	6,029,930	9,971,820	11,465,523	8,423,514
<b>Total Ending General Fund Reserves</b>	<b>11,519,459</b>	<b>14,495,701</b>	<b>20,531,305</b>	<b>24,345,022</b>	<b>20,481,330</b>	<b>24,423,220</b>	<b>25,916,923</b>	<b>23,117,914</b>

---

# Mid-Biennium Budget Update 2015-2017

## ■ Conclusions

- ❑ General Fund revenues for the 2016-2017 Amended Budget remain at levels projected at the March 2016 workshop
  - ❑ General Fund expenditures for the 2016-2017 Amended Budget include several one-time expenses and necessary increases to operating costs
  - ❑ When not including one-time expenditures, the 2015-2017 Mid-Biennium Update presents a balanced budget
-

## ■ Budget Includes Targets for Action Items

- Downtown Marketing/Event Planning and Management
- Feasibility study for MacArthur Park Master Planning
- Downtown Specific Plan completion
- Climate Action Plan completion
- Seek funding for Urban Trails implementation in older neighborhoods
- Flag Day Parade underwriting
- Upgrades to University Avenue and Alvarado Creek
- Design for Junior High Drive

Mid-Biennium Budget Update  
2015-2017



CITY OF  
**LA MESA**  
*JEWEL of the HILLS*

Questions/Comments

