

# FISCAL YEAR 2012-2013 BUDGET WORKSHOP

City of Lakeport

June 5, 2012

Margaret Silveira, City Manager  
Daniel Buffalo, Finance Director



# Outline

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- The document
- The budget approach: priority-based
- Challenges, opportunities, and strategies
- Highlights
- Restructuring
- Questions

# THE BUDGET DOCUMENT

Format and Content

# Format

- Elements
  - Budget in Brief
  - City Manager's Budget Message
  - Graphs and stats
  - Fund summary
  - Transfers schedule
  - Fund detail
  - Departments
- Navigable electronically

# Content

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- Fund descriptions and activities
  - Including projections
- Department discussion and analysis
  - Function
  - Accomplishments from 2012
  - Priorities
  - Personnel schedule
  - Budget detail

# THE APPROACH

Priority-Based Budgeting

# Purpose of Priority-Based Budgeting

- An effective method of budgeting
  - when a significant gap exists between revenues and expenditures
  - Particularly effective when gap is getting worse
- Helps to reduce costs and maximize service delivery
  - Focus on specific objectives
- Aligns community, Council, and staff objectives
- Forces organization to look closely at costs of service
- Strengthens accountability and performance measurements

# Benefits

- Services in highest demand remain funded
- Costs are reduced while maintaining highest level of service possible
- Efficiencies are discovered
- Resources can be allocated to achieve specific tasks
- Organization better able to meet future challenges
- The organization can move forward

# CHALLENGES AND OPPORTUNITIES

And the Strategies Employed

# Challenges

- Operating expenses continue to rise
  - Personnel costs up 9%
    - Localized in pension and healthcare costs
  - Other fixed costs
- Revenues are slow to pick-up
  - Major sources in general fund up by 2-3%
  - State takes money out of our pockets
    - Redevelopment loss of nearly \$400K (after pass-through's and debt service)
- Burn-out
  - Endless cost-cutting for no purpose other than to reduce
- Changes needed to streamline the organization may be difficult to achieve

# Opportunities

- City understands its current and near-term costs
- The economy is starting to recover
  - But not to return to 2006
  - A “new normal”
- Restructuring for efficiency
- Input from community, council and staff is paramount
- Focus organization on the horizon
  - Purpose
  - Direction
  - Renewed energy

# HIGHLIGHTS

The Big Picture

# The Big Picture

- Conservative revenue estimates
- Three main funds
  - General
  - Water O&M
  - Sewer O&M
- Recommended general fund budget is balanced
  - No use of reserves
  - Closed a 10% gap (\$416,675) in general fund

# The Big Picture (cont)

- Water fund has a projected deficit of (\$76,881)
  - Use of reserves needed
  - Covers fixed costs
  - Minimal staffing
  - No CIP
- Sewer fund expected to realize a surplus
  - Minimal CIP
  - Minimal staffing
- City budget is balanced overall

# The Big Picture (cont)

- Workforce reductions and reassignments

- Eliminated:

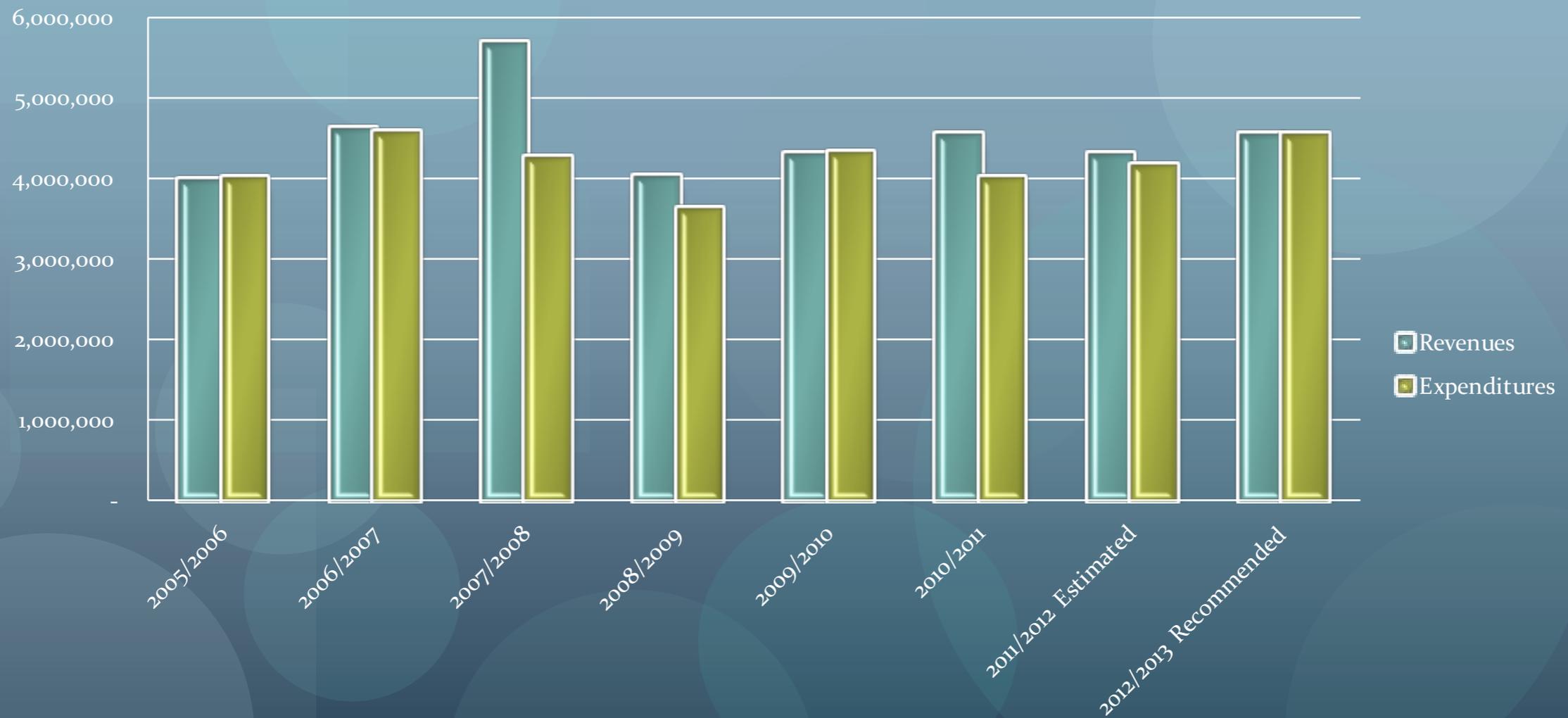
- Housing Specialist (vacant)
- Department Secretary II (vacant)
- Community Services Officer
- Planning Services Manager
- Police Officer (vacant)
- Utilities Director

- Created

- Police Records Assistant (part-time)
- Public Works Director
- Associate Planner/Housing Specialist

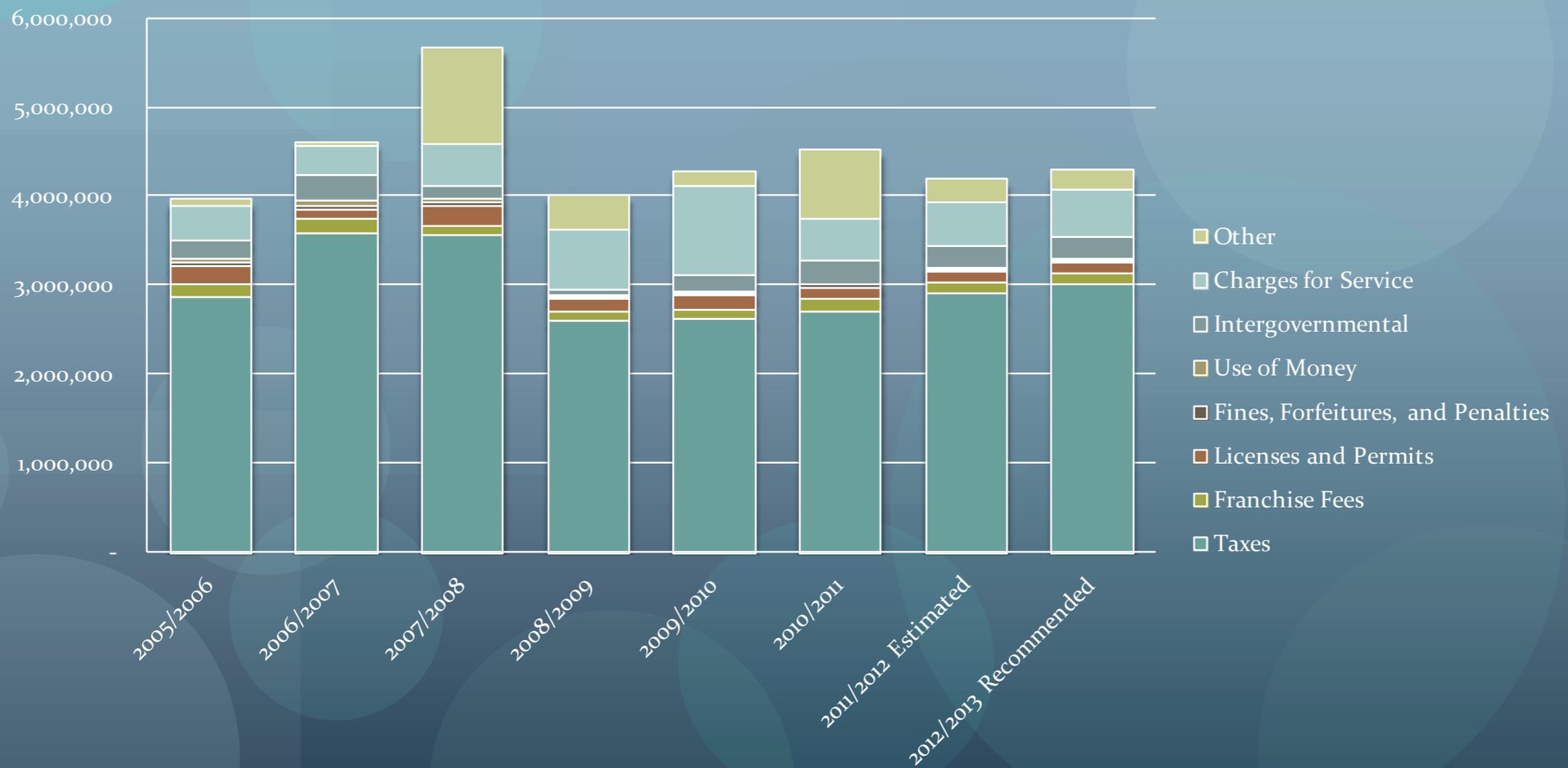
# The Big Picture (Analyzed)

## REVENUES AND EXPENDITURES COMPARED General Fund



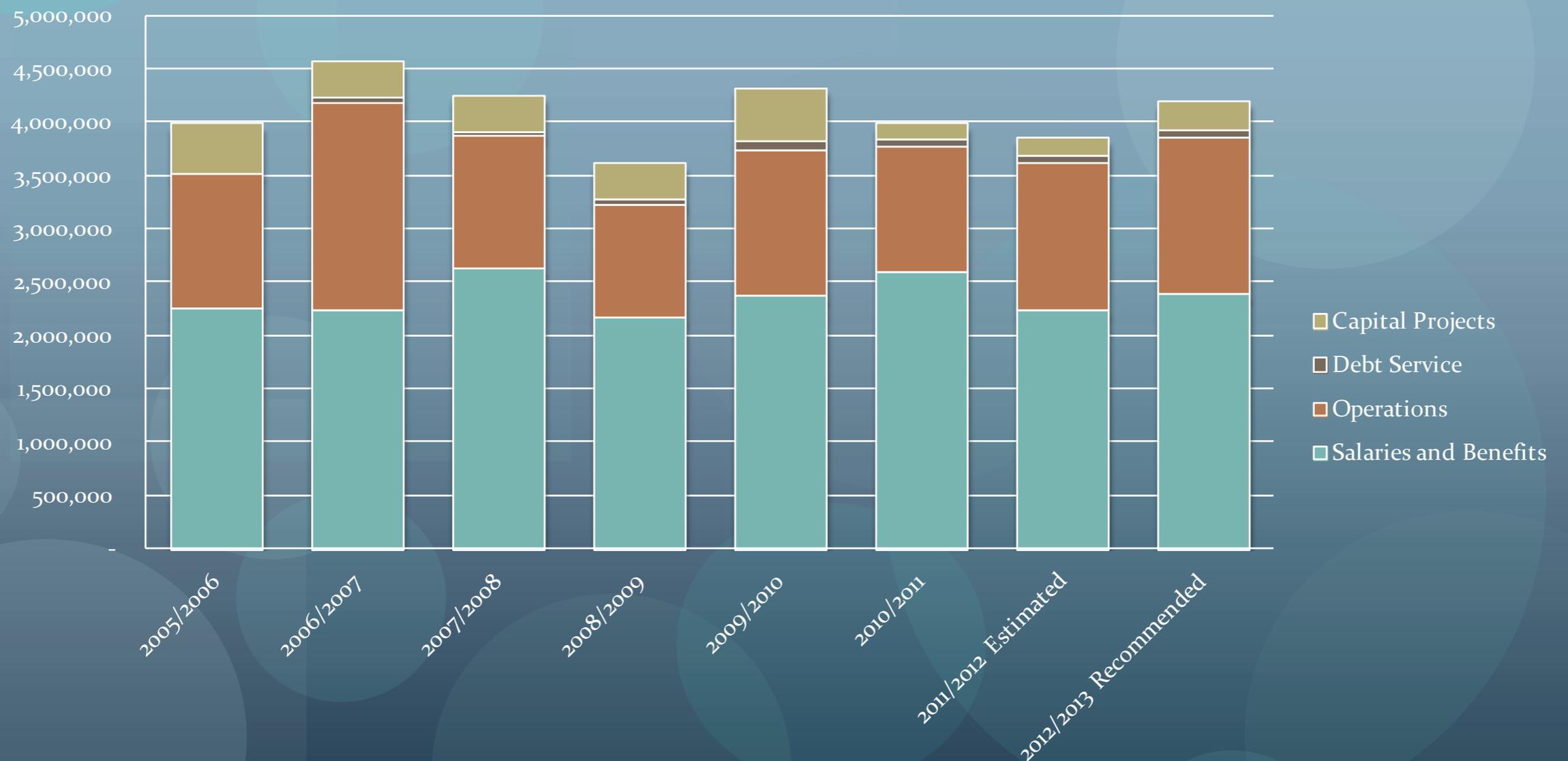
# The Big Picture (Analyzed)

## REVENUE COMPOSITION OVER TIME



# The Big Picture (Analyzed)

## EXPENDITURE COMPOSITION OVER TIME



# The Big Picture (cont)

## The General Fund

		General Fund		
		FY 2011-2012 Budget	FY 2012-2013 Requested	FY 2012-2013 Recommended
<b>Revenue Sources</b>				
7000	Taxes	2,729,690	3,000,277	3,000,277
7100	Franchises	134,253	126,664	126,664
7200	Licenses	68,989	71,065	71,065
7300	Permits	50,660	50,919	50,919
7400	Fines, Forfeitures, and Penalties	24,916	30,381	30,381
7500	Use of Money and Property	11,530	15,412	15,412
7600	Income from Other Agencies	49,793	31,735	31,735
7650	Federal Funding	80,942	91,880	91,880
7660	State Funding	169,989	129,989	120,889
7700	Charges for Service	466,227	520,544	520,544
7800	Other Revenue	252,133	229,609	229,609
A13	Transfers	249,599	125,000	239,473
<b>Total Revenue</b>		<b>4,288,721</b>	<b>4,423,475</b>	<b>4,528,848</b>
<b>Expenditures</b>				
Salaries and Benefits		2,506,100	2,540,514	2,384,828
Operations		1,460,316	1,611,827	1,465,564
Debt Service		73,000	71,509	71,509
Capital Outlay/CIP		281,704	301,300	275,900
Transfers Out		300,000	315,000	331,047
<b>Total Expenditure</b>		<b>4,621,120</b>	<b>4,840,150</b>	<b>4,528,848</b>
<b>Funding - Use</b>				
<b>Surplus (Deficit)</b>		<b>(332,399)</b>	<b>(416,675)</b>	<b>-</b>

# The Big Picture (Analyzed)

## General fund compared

Fiscal Year 2012-2013 General Fund			
Account Class	Fiscal Year Ended		
	2011 Actual	2012 (Estimated) Actual	2013 Recommended
<b>Revenue</b>			
Taxes	2,700,617	2,901,247	3,000,277
Franchise Fees	132,673	123,731	126,664
Licenses	86,600	68,353	71,065
Permits	48,921	50,919	50,919
Fines, Forfeitures, Penalties	28,977	27,561	30,381
Use of Money and Property	16,195	15,412	15,412
Other Agencies	51,894	34,281	31,735
Federal Funding	77,552	80,942	91,880
State Funding	129,390	126,402	120,889
Charges for Service	478,077	502,382	520,544
Other	773,505	249,838	229,609
Transfers In	1,045,280	100,000	239,473
<b>Total</b>	<b>5,569,681</b>	<b>4,281,068</b>	<b>4,528,848</b>
<b>Expenditures</b>			
Salaries and Benefits	2,590,402	2,231,724	2,384,828
Operations	1,176,213	1,382,405	1,465,564
Debt Service	71,509	71,509	71,509
CIP	147,681	162,150	275,900
Transfers Out	869,861	300,000	331,047
<b>Total</b>	<b>4,855,666</b>	<b>4,147,788</b>	<b>4,528,848</b>
<b>Surplus (Deficit)</b>	<b>714,015</b>	<b>133,280</b>	<b>-</b>

# The Big Picture (cont)

## Measure I

<b>Estimated Revenue</b>	<b>FY 2012/2013</b>
Measure I: Transaction and Use Tax	\$724,157

<b>Fiscal Year 2012/2013 Adopted Uses and Projects</b>	<b>Cost</b>	<b>Other General Fund Share</b>	<b>Other Financing Sources</b>	<b>Recommended Measure I Share</b>	<b>Final Identified Measure I Share</b>	<b>Total Funding</b>
Hartley Street, SR2S	\$ 555,000	\$ -	\$ 500,000	\$ 55,000	\$ -	\$ 555,000
Lakeshore Storm Damage Repair	569,000	-	494,000	75,000	-	569,000
Public Works: Streets	690,714	558,542	-	132,172	-	690,714
Public Works: Parks	319,390	14,000	-	305,390	-	319,390
Westshore Pool	125,586	-	40,500	85,086	-	125,586
Police Vehicle Lease	71,509	-	-	71,509	-	71,509
	<b>\$ 2,331,199</b>	<b>\$ 572,542</b>	<b>\$ 1,034,500</b>	<b>\$ 724,157</b>	<b>\$ -</b>	<b>\$ 2,331,199</b>

# The Big Picture (cont)

## Water O&M

	Water Fund		
	FY 2011-2012 Budget	FY 2012-2013 Requested	FY 2012-2013 Recommended
<b>Revenue Sources</b>			
Interest Earnings	4,590	4,590	4,590
Loan/Grant Proceeds	700,000	-	-
Water Service Charges-Inside	1,233,326	1,270,326	1,270,326
Water Service Charges-Outside	1,000	11,078	11,078
Water Service Misc. Fees	105,000	117,041	117,041
Water Service Connection Charge	500	500	500
Sundry Revenues	100	1,000	1,000
Transfers In	-	10,000	10,000
<b>Total Revenue</b>	<b>2,044,516</b>	<b>1,414,535</b>	<b>1,414,535</b>
<b>Expenditures</b>			
Salaries and Benefits	663,940	706,933	667,463
Operations	545,418	566,096	524,569
Debt Service	254,069	253,884	253,884
Capital Outlay/CIP	372,073	500	500
Transfers Out	42,000	45,000	45,000
<b>Total Expenditure</b>	<b>1,877,500</b>	<b>1,572,413</b>	<b>1,491,416</b>
<b>Funding - Use</b>			
<b>Surplus (Deficit)</b>	<b>167,016</b>	<b>(157,878)</b>	<b>(76,881)</b>

# The Big Picture (cont)

## Sewer O&M

	Sewer Fund		
	FY 2011-2012 Budget	FY 2012-2013 Requested	FY 2012-2013 Recommended
<b>Revenue Sources</b>			
CLMSD M & O Tax	3,000	30,000	30,000
Tax Increment Pass-Through	-	2,474	2,474
Interest Earnings	1,500	1,500	1,500
Property Leases	25,000	30,000	30,000
CLMSD Service Charges	1,538,455	1,666,901	1,666,901
CLMSD Service Misc Fees	100	500	500
CLMSD County Service Charges	75,000	114,668	114,668
CLMSD Service Connection Charges	1,000	1,000	1,000
CLMSD Basin 2000	90,000	93,038	93,038
Sundry Revenues	100	500	500
Bond Proceeds	-	60,000	60,000
Transfers In	-	10,000	10,000
<b>Total Revenue</b>	<b>1,734,155</b>	<b>2,010,581</b>	<b>2,010,581</b>
<b>Expenditures</b>			
Salaries and Benefits	689,664	803,232	790,309
Operations	828,194	789,621	787,689
Debt Service	187,260	190,560	190,560
Capital Outlay/CIP	40,825	88,800	88,800
Transfers Out	45,000	50,000	50,000
<b>Total Expenditure</b>	<b>1,790,943</b>	<b>1,922,213</b>	<b>1,907,358</b>
<b>Funding - Use</b>			
<b>Surplus (Deficit)</b>	<b>(56,788)</b>	<b>88,368</b>	<b>103,223</b>

# The Big Picture (cont)

## Departments

FY 2012-2013  
Expenditure Summary by Department

Name	No.	Uses				Total
		Salaries and Benefits	Operations	Debt Service	Capital Outlay	
Non-Departmental	0000	400,000	20,500	652,277	-	1,072,777
City Council	1010	57,227	37,024	-	-	94,251
Administration	1020	331,269	58,644	-	850	390,763
City Attorney	1030	82,814	18,128	-	500	101,442
Finance	1041	329,250	109,789	-	1,000	440,039
Community Development						
Planning	1050	151,912	68,486	-	-	220,398
Building	1051	196,362	24,687	-	250	221,299
Housing	1053	-	331,261	-	-	331,261
Economic Development	1054	-	340,450	-	1,932,166	2,272,616
Engineering and Information Technology	1052	213,010	45,353	-	200	258,563
Police	2010	1,223,362	330,429	71,509	-	1,625,300
Public Works						
Streets and Infrastructure	3020	424,921	328,218	-	1,262,426	2,015,565
Parks, Buildings & Grounds	3030	163,153	112,286	-	35,000	310,439
Solid Waste	3040	-	445,000	-	-	445,000
Westshore Pool	3050	62,081	44,662	-	1,600	108,343
Water	3060	384,532	576,038	253,884	-	1,214,454
Sewer	3070	439,682	828,605	190,560	88,300	1,547,147
<b>Total</b>		<b>4,459,575</b>	<b>3,719,560</b>	<b>1,168,230</b>	<b>3,322,292</b>	<b>12,669,657</b>

# RESTRUCTURING

Aligning Resources with Service Demands

# The Plan

- Two large departments merge
  - Utilities + Public Works = PUBLIC WORKS (redux)
  - Six divisions
    - Roads and Infrastructure
    - Parks, Buildings and Grounds
    - Solid Waste Management
    - Westshore Pool
    - Water Operations and Maintenance
    - Sewer Operations and Maintenance
- One department head
- Shared services and resources
- Improved efficiency and responsiveness

# FORWARD

Questions and the Steps Ahead

# Moving forward

- Review the document
- Formulate questions
- Budget adoption, tentatively June 19th



# Management Team

**City Manager**

Margaret Silveira 263.5615, ext. 32

**City Clerk**

Janel Chapman 263.5615, ext. 12

**City Attorney**

Steve Brookes 263.5615, ext. 44

**Administrative Services Director**

Kelly Buendia 263.5615, ext. 30

**Finance Director**

Daniel Buffalo 263.5615, ext. 16

**Community Development Director**

Richard Knoll 263.5615, ext. 43

**Chief of Police**

Brad Rasmussen 263.5615, ext. 13

**City Engineer/IT Director**

Scott Harter 263.5615, ext. 11

**Public Works Director**

Mark Brannigan 263.263.3578, ext. 104