

PUBLIC HEARING: FISCAL YEAR 2015/2016 OPERATING AND CAPITAL BUDGET

Presented by: Greg Nyhoff, City Manager

June 16, 2015

KEY MILESTONES TO DATE

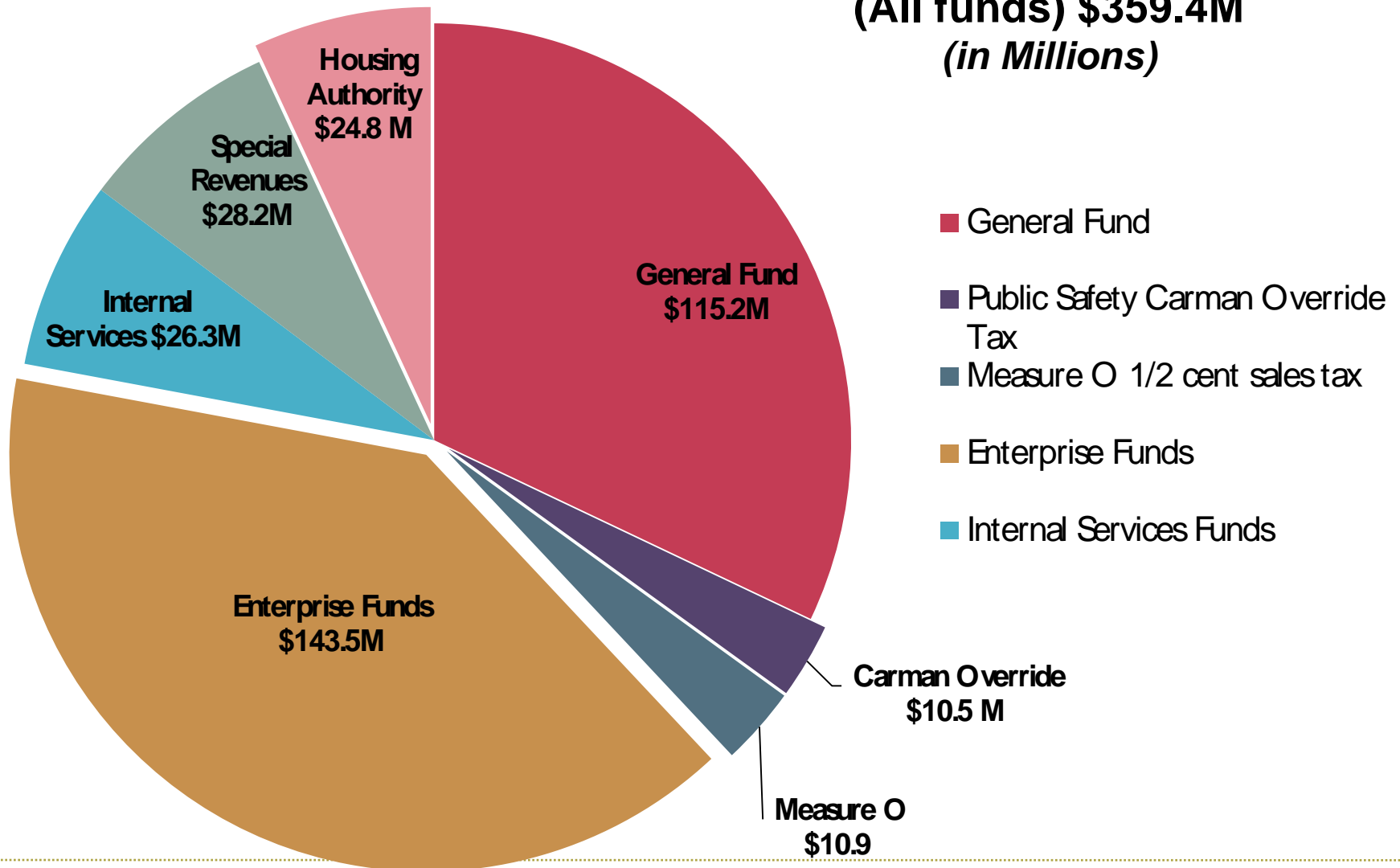
MILESTONES	DATE
Initiated Organizational Assessment	September, 2014
Conducted a Community Forum to Solicit Community Priorities	March, 2015
First Phase of the Internal Services Assessment discussed with Council, along with 129 recommendations	March, 2015
Obtained Council Feedback on Identified Community Priorities	April, 2015
Presented Financial Forecast and Impact of Major Assessment Findings to Council	May, 2015
Conducted Budget Workshops to discuss 5%, 10%, and 15% budget reduction scenarios for Council/Community Feedback	May, 2015
Presentation of Budget	June 9, 2015
Town Hall Meeting	June 11, 2015
Public Hearing	June 16, 2015
Budget Adoption	June 23, 2015

7 KEY POINTS

1. Present a Balanced Budget;
2. Responsible Fiscal Sustainability into the Future;
3. Reductions Across Departments and Partners;
4. Public Safety:
 - No Fire Station Closures;
 - No Firefighter or Police Officer Layoffs;
 - Maintain Patrol Staffing Levels;
 - Maintain Police Emergency Response Times;
5. Strengthening the Foundation (Human Resources);
6. Master Plan (Water and Wastewater);
7. Complete Environmental Resources Transition;

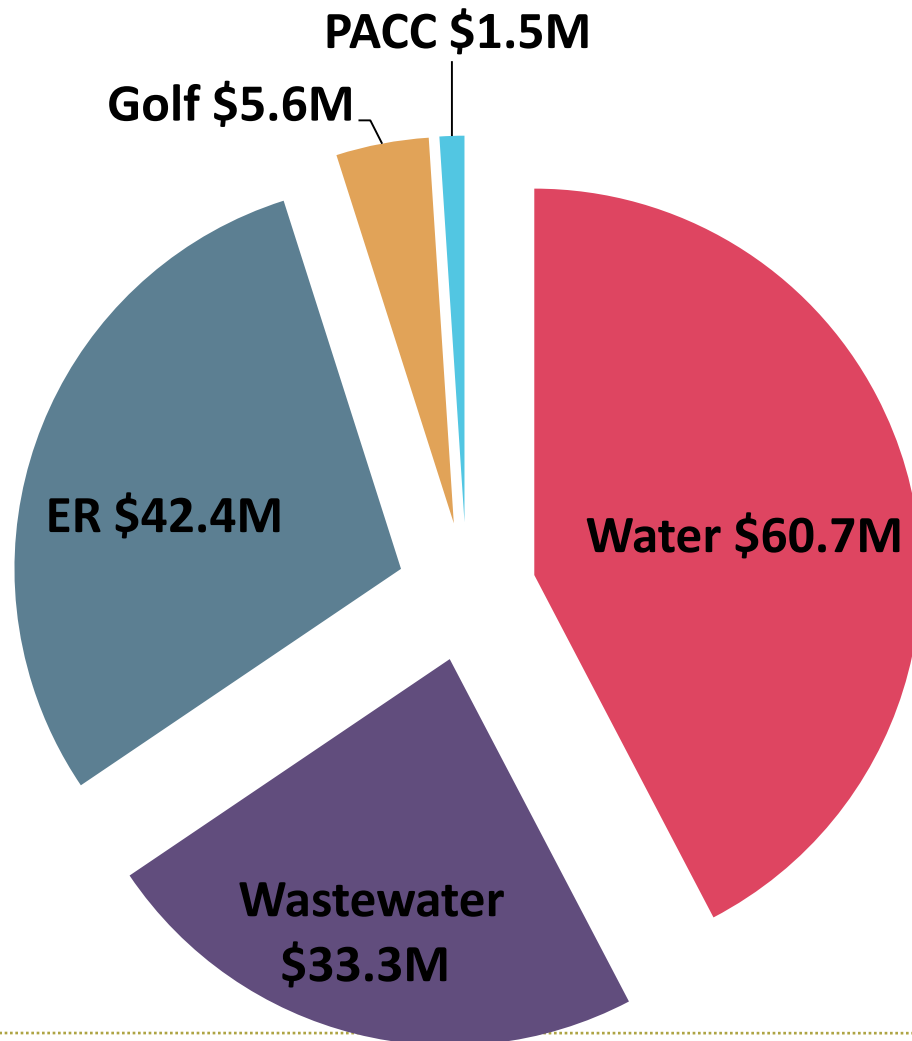
FY 2015/2016 BUDGET OVERVIEW

FY 2015-16 Proposed Budget (All funds) \$359.4M (in Millions)



FY 2015/2016 BUDGET OVERVIEW

**FY 15-16
Enterprise Funds
\$143.5M
(in Millions)**



■ Water Enterprise

■ Wastewater Enterprise

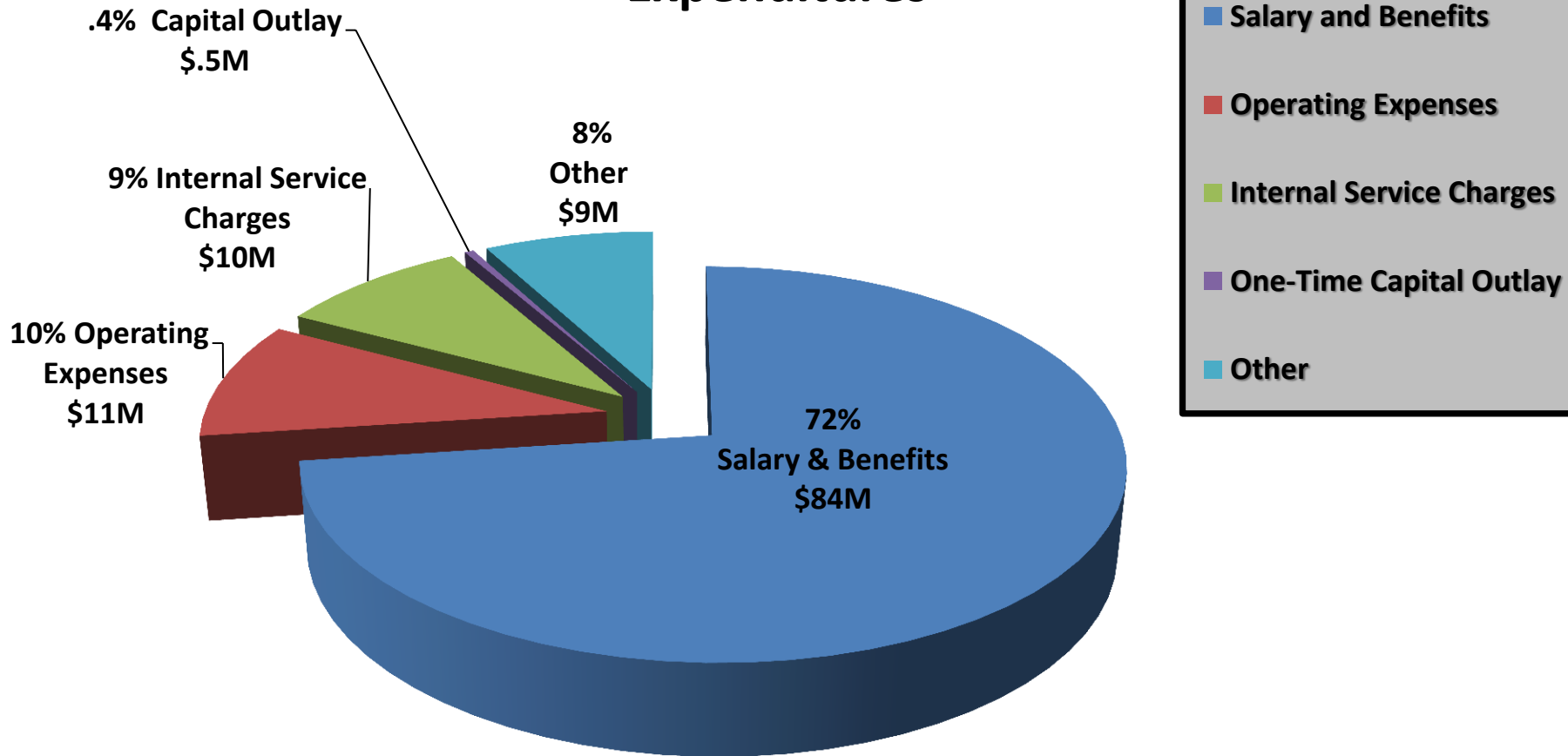
■ Environmental Resources Enterprise

■ Golf Course Enterprise

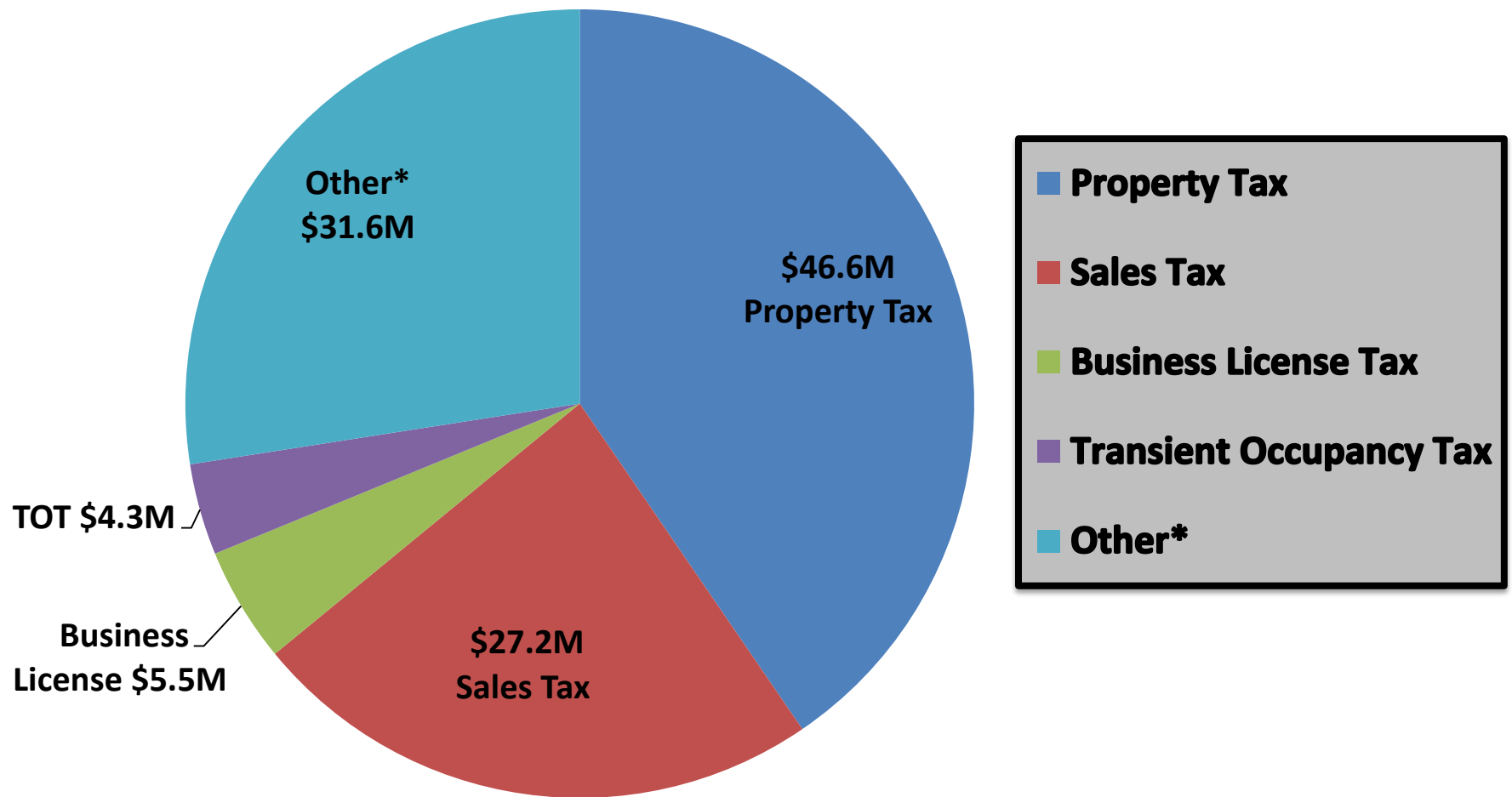
■ Performing Arts and Convention Center

FY 15/16 GENERAL FUND EXPENDITURES

FY 15-16 General Fund Expenditures



FY 15/16 GENERAL FUND REVENUES



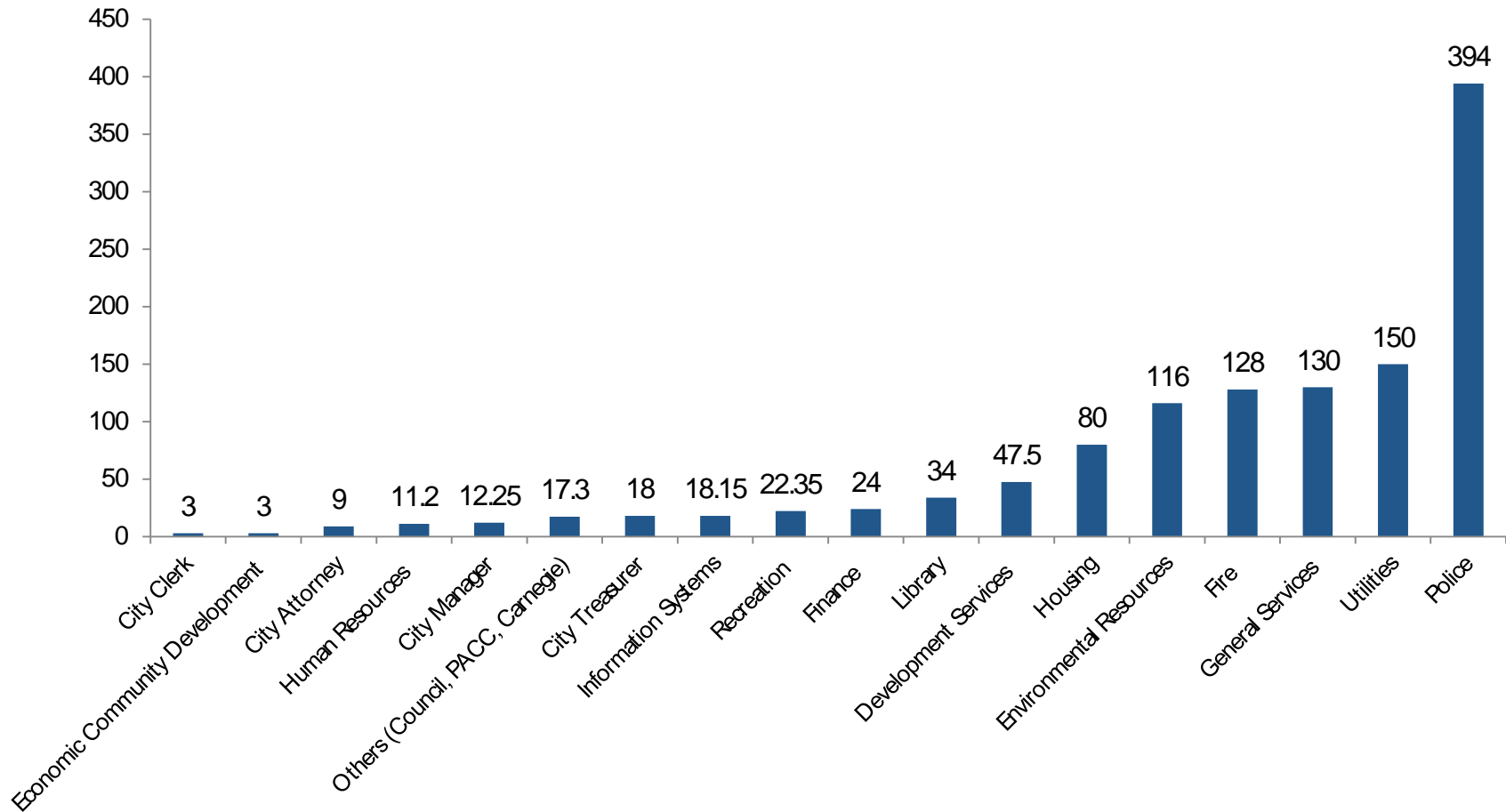
*Other includes Service Fees and Charges, Indirect Cost Reimbursement, Franchises, Infrastructure Use, Fine and Forfeitures, Building Fees and Permits, etc.

FULL-TIME EQUIVALENT (FTE'S) POSITIONS

Adopted FY 2014-2015	1,277.50 FTE Positions
Revised FY 2014-2015	1,279.00 FTE Positions
Proposed FY 2015-2016 Eliminates 61.25 Positions	1,217.75 FTE Positions

1217.75 total FTE's

Staffing Authorized



LIMITED BENEFIT EMPLOYEES...

- Have a long history of contributing to City service levels
- Are “at-will” employees meaning they may be terminated without notice or cause, though will be treated with respect and professional courtesy
- Will be part of the overall budget deficit solution
 - Human Resources is scheduled to meet with department heads in July to:
 - Evaluate and determine appropriate use of LBEs across city;
 - Determine reduction levels & notification process

LIMITED BENEFIT EMPLOYEES BY DEPARTMENT

DEPARTMENT	LBE Count	
RECREATION	380	
GENERAL SERVICES	101	
ENVIRONMENTAL RESOURCES	52	
LIBRARY SERVICES	32	
POLICE DEPARTMENT	25	
HOUSING AUTHORITY	20	
WATER OPERATIONS	6	
CITY TREASURER	4	
DEVELOPMENT SERVICES	4	
CITY MANAGER	3	
ECONOMIC DEVELOPMENT	2	
FIRE DEPARTMENT	2	
CITY ATTORNEY	1	
CITY CLERK	1	
FINANCE DEPARTMENT	1	
GRAND TOTAL	634	

KEY COST DRIVERS

Impact on Ongoing Expenses

PERS/PARS

Assessment
Districts

Repayment of
Measure "O"
Loan

PACC Operating
Deficit

Golf Debt

Animal Shelter
Contract
Increases

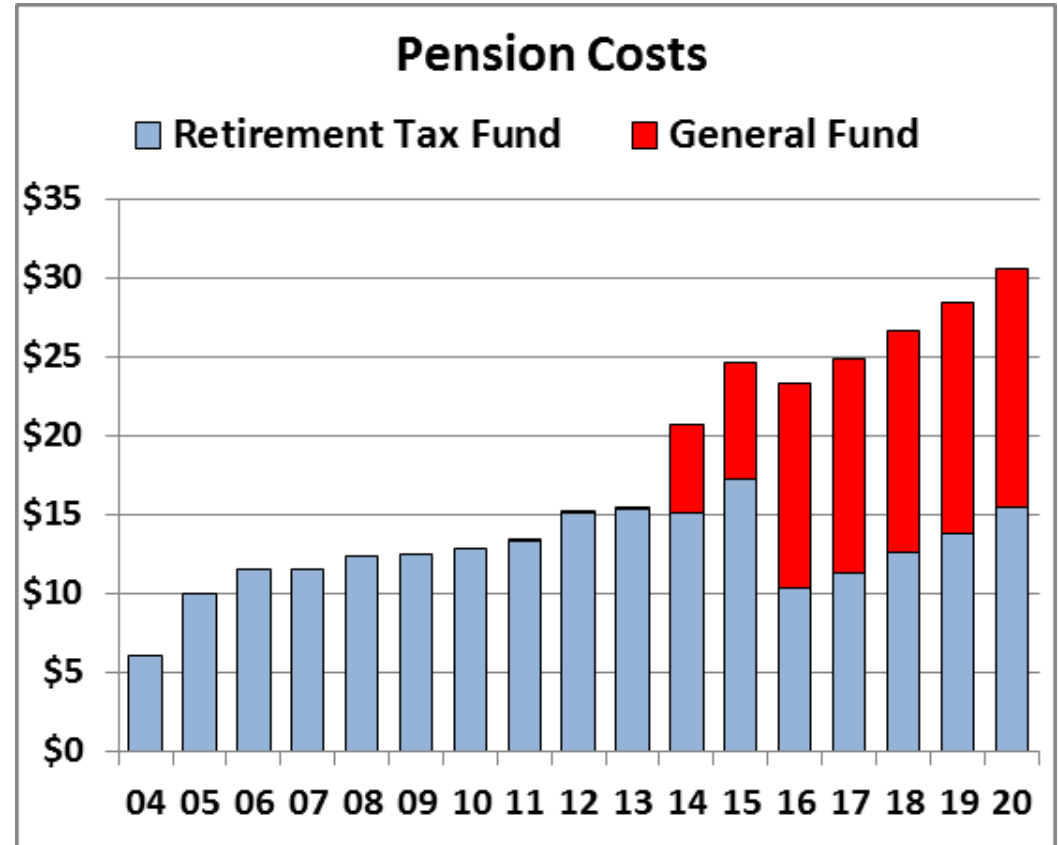
Debt Service on
Development
Service Center

Carman Issue

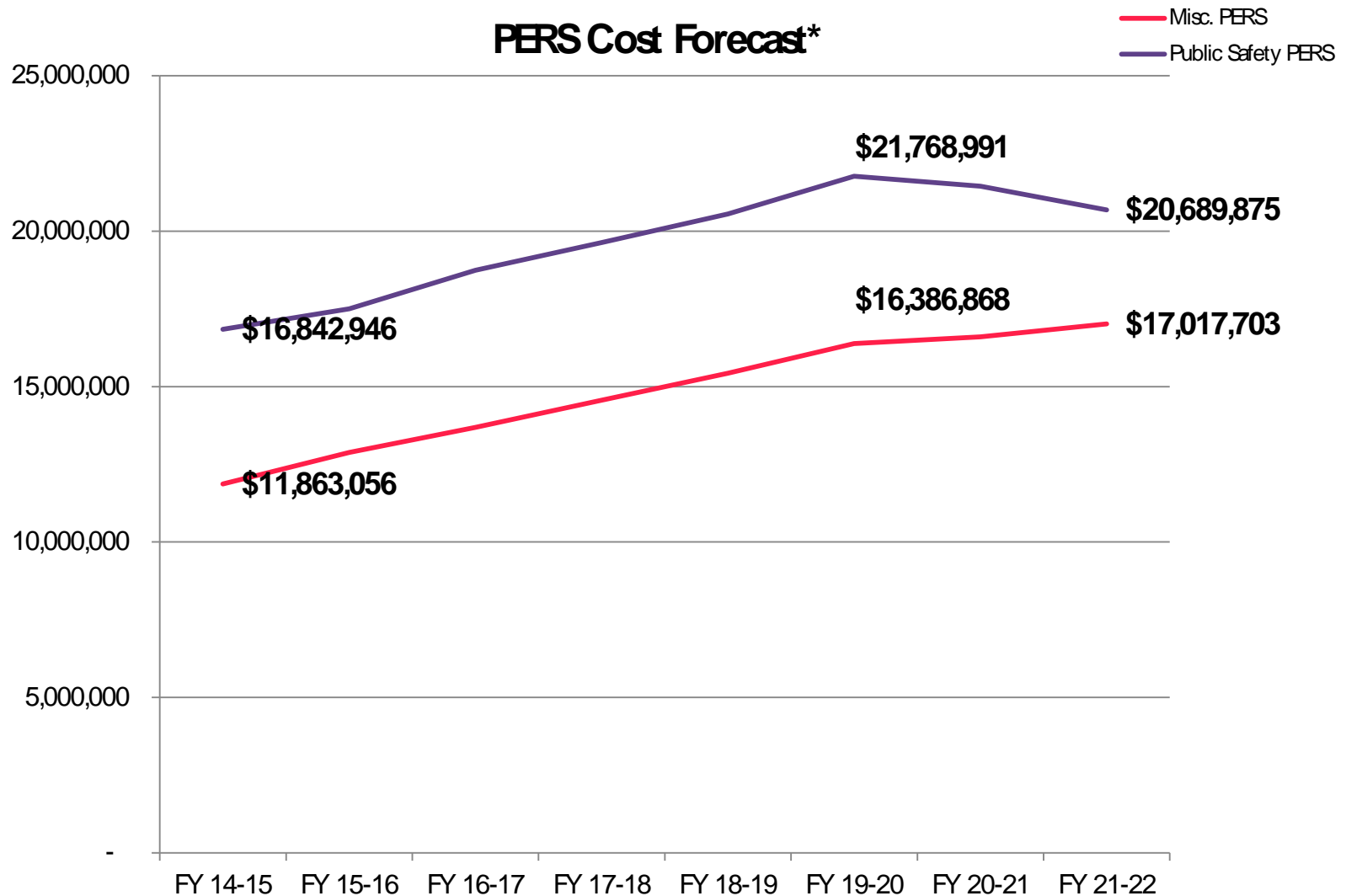
Poor Budgeting
Practices

SUBSTANTIAL GROWTH IN PENSION COSTS

- Pension costs up five-fold since 2004
- General Fund will bear greater share of Safety costs:
 - Costs exceed override tax rate
 - Retirement fund reserves depleted
 - Eligible costs restricted
- This is a long-term problem, which is why my recommendation is to have employees help pay their share



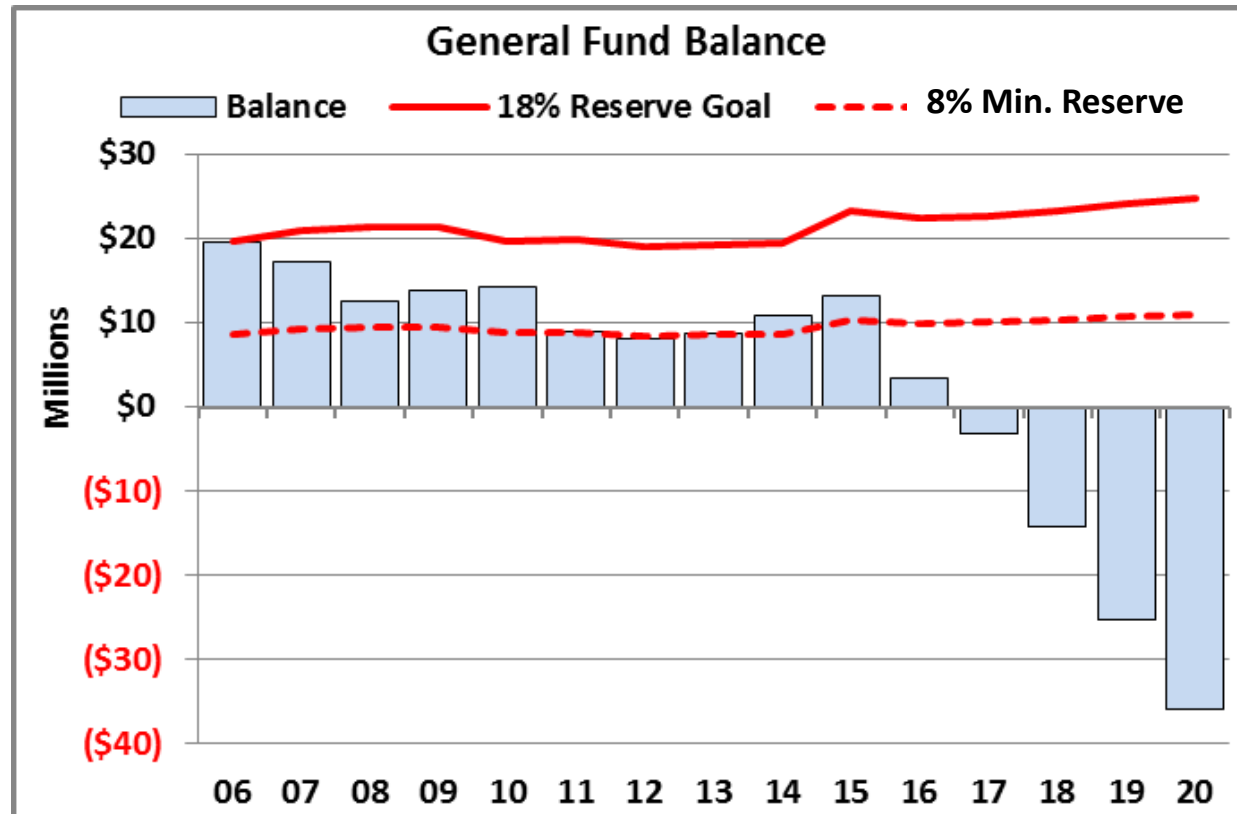
SUBSTANTIAL GROWTH IN PENSION COSTS



*All Funds (General Fund, Enterprise Funds, Grant Funds, Retirement Tax Fund, Etc.)

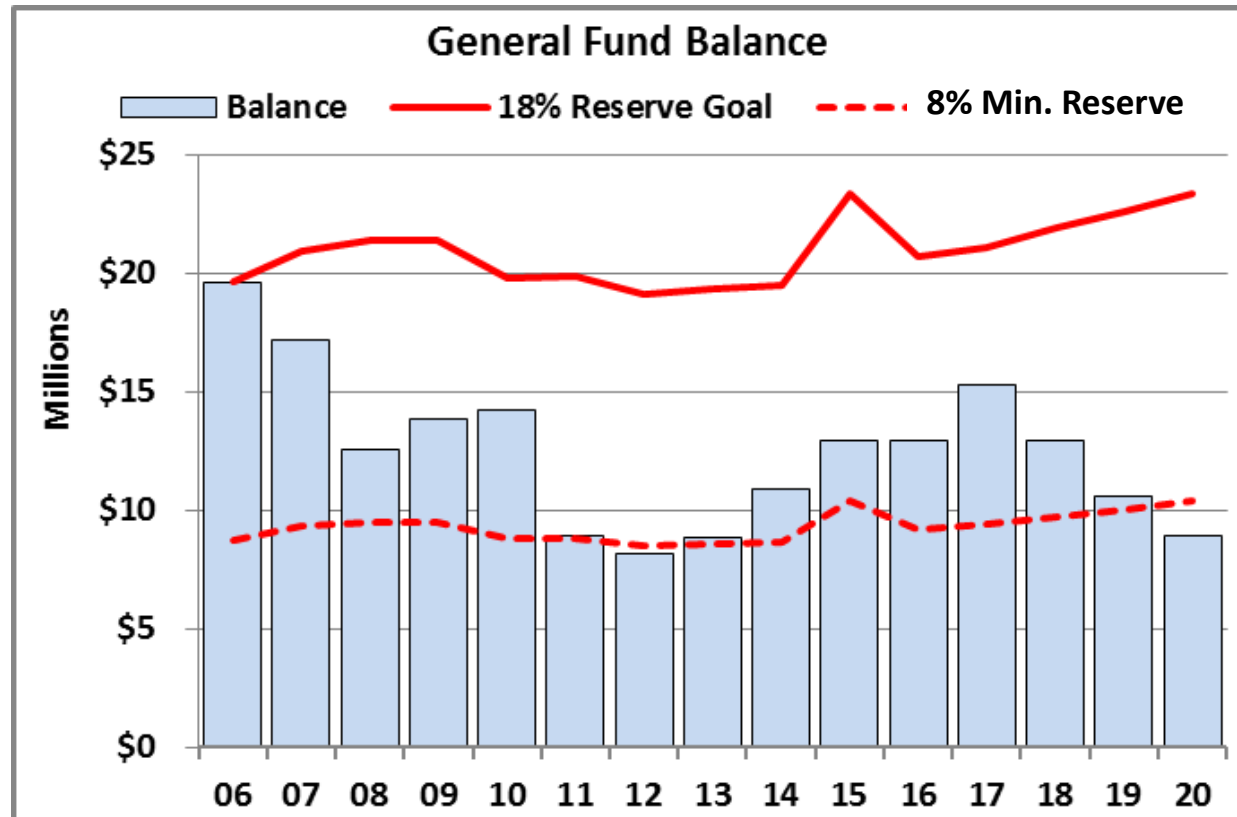
GENERAL FUND BALANCE HISTORICAL OVERVIEW & FORECAST

If we do nothing.....



GENERAL FUND BALANCE HISTORICAL OVERVIEW & FORECAST

With Budget Adjustments.....



GENERAL FUND PROFORMA

	FISCAL YEAR 14-15 Adopted	FISCAL YEAR 14-15 Revised	FISCAL YEAR 15-16 PROPOSED	% Changes FY 14-15 Revised to 15-16 Proposed
Beginning Fund Balance, July 1	10,864,119	10,864,119	12,944,421	19%
REVENUES:				
Property Tax	43,891,000	45,010,294	46,613,567	4%
Sales Tax	27,619,000	30,188,731	27,195,810	-10%
Other Revenues	41,595,159	40,732,119	41,414,599	2%
Loans from Measure O		16,000,000	-	-100%
TOTAL REVENUES	113,105,159	131,931,144	115,223,976	(0)
EXPENSES:				
City Attorney	(1,504,794)	(1,510,898)	(1,820,181)	20%
City Clerk	(427,814)	(427,482)	(442,266)	3%
City Council	(351,397)	(355,122)	(350,655)	-1%
City Manager	(1,992,437)	(2,579,130)	(2,747,644)	7%
City Treasurer	(1,300,082)	(1,353,242)	(1,364,180)	1%
Development Services	(6,681,225)	(6,882,206)	(6,281,439)	-9%
Economic Community Development	(1,456,269)	(1,181,652)	(1,397,082)	18%
Finance	(3,106,223)	(3,197,533)	(3,301,554)	3%
Fire	(15,699,560)	(16,519,141)	(15,393,683)	-7%
General Services	(9,563,186)	(9,484,572)	(9,471,280)	0%
Housing	(198,391)	(259,824)	(397,088)	53%
Human Resources	(894,844)	(1,974,583)	(2,039,165)	3%
Library	(4,359,651)	(4,454,940)	(4,263,233)	-4%
Police	(50,157,632)	(50,119,154)	(53,625,848)	7%
Recreation	(5,544,312)	(5,143,145)	(4,822,356)	-6%
Utilities Construction Eng & Adm.	(1,134,937)	(1,451,358)	(571,985)	-61%
Non-Departmental	(7,577,299)	(6,508,911)	(1,496,846)	-77%
Transfer Out to Assesment Districts	(250,000)	(3,119,432)	(612,969)	-80%
Transfer Out to PACC	(905,106)	(2,758,604)	(886,049)	-68%
Transfer Out to Impact Fees		(7,443,600)	(511,898)	-93%
Transfer Out to Golf		(3,126,313)	(1,066,328)	-66%
Loan Payment to Measure O		-	(1,875,688)	
One-Time Capital Outlay		-	(484,560)	
TOTAL EXPENSES	(113,105,159)	(129,850,842)	(115,223,976)	-11%
NET CHANGE IN FUND BALANCE				
Ending Fund Balance, June 30	10,864,119	12,944,421	12,944,421	0%
% of Fund Balance	10%	10%	11%	
Mandatory Reserve Level	18%	18%	18%	
Projected Cash Reserve Over/(Under) Mandatory Reserve	-8%	-8%	-7%	

PROPOSED BUDGET REDUCTIONS

FY 2015-16 Proposed Budget Reductions	(Millions)
Eliminating Vacant Positions	\$4.2
Service Reductions	\$4.4
Capital Outlay Increase	(\$0.5)
Efficiency Savings	\$0.6
Proposed Employee Concessions	\$4.0
Net Budget Corrections	\$12.8

PROPOSED REDUCTIONS BY DEPARTMENT

Guiding Principles and Themes

- Prioritize Services and Minimize Service Reductions to the Public
- Public Safety is a Top Priority
- Ongoing Revenues = Ongoing Expenditures
- Identify Efficiency Savings
- Cost Savings Must Be Real
- Tough Decisions Must be Made
- Respect Our Employees

SUMMARY OF PROPOSED INCREASES/REDUCTIONS

DEPARTMENT/ PROGRAM	PROPOSED INCREASES	PROPOSED REDUCTION	CHANGES	PERCENT REDUCTION
Carnegie Art Museum	-	(\$ 40,469)	(\$ 40,469)	-10%
City Attorney	\$253,800	(\$ 141,712)	\$ 112,088	6.16%
City Clerk	-	(\$ 7,989)	(\$ 7,989)	-1.81%
City Manager's Office	\$368,570	(\$ 429,153)	(\$ 60,583)	-2.20%
City Treasurer	\$ 80,000	(\$ 98,640)	(\$ 18,640)	-1.37%
Convention and Visitors Bureau	-	(\$ 70,000)	(\$ 70,000)	-10%
Development Services	\$202,500	(\$ 590,000)	(\$ 387,500)	-6.17%
Economic Community Development	\$ 5,000	-	\$ 5,000	.36%
Fire	\$419,000	(\$1,510,960)	(\$1,091,960)	-7.09%
General Services	-	(\$ 672,382)	(\$ 672,382)	-7.10%
Human Resources	\$486,954	(\$ 14,723)	\$ 472,231	23.16%
Library	-	(\$ 259,098)	(\$ 259,098)	-6.08%
Non-Departmental	-	(\$ 120,000)	(\$ 120,000)	-10.91%
Performing Art Center Contribution	-	(\$ 172,898)	(\$ 172,898)	-19.51%
Police	\$1,356,685	(\$2,508,655)	(\$1,151,970)	-2.15%
Recreation & Community Services		(\$ 981,597)	(\$ 981,597)	-20.36%
General Fund Total (+/-)	\$3,172,509	(\$7,626,276)	(\$4,453,767)	

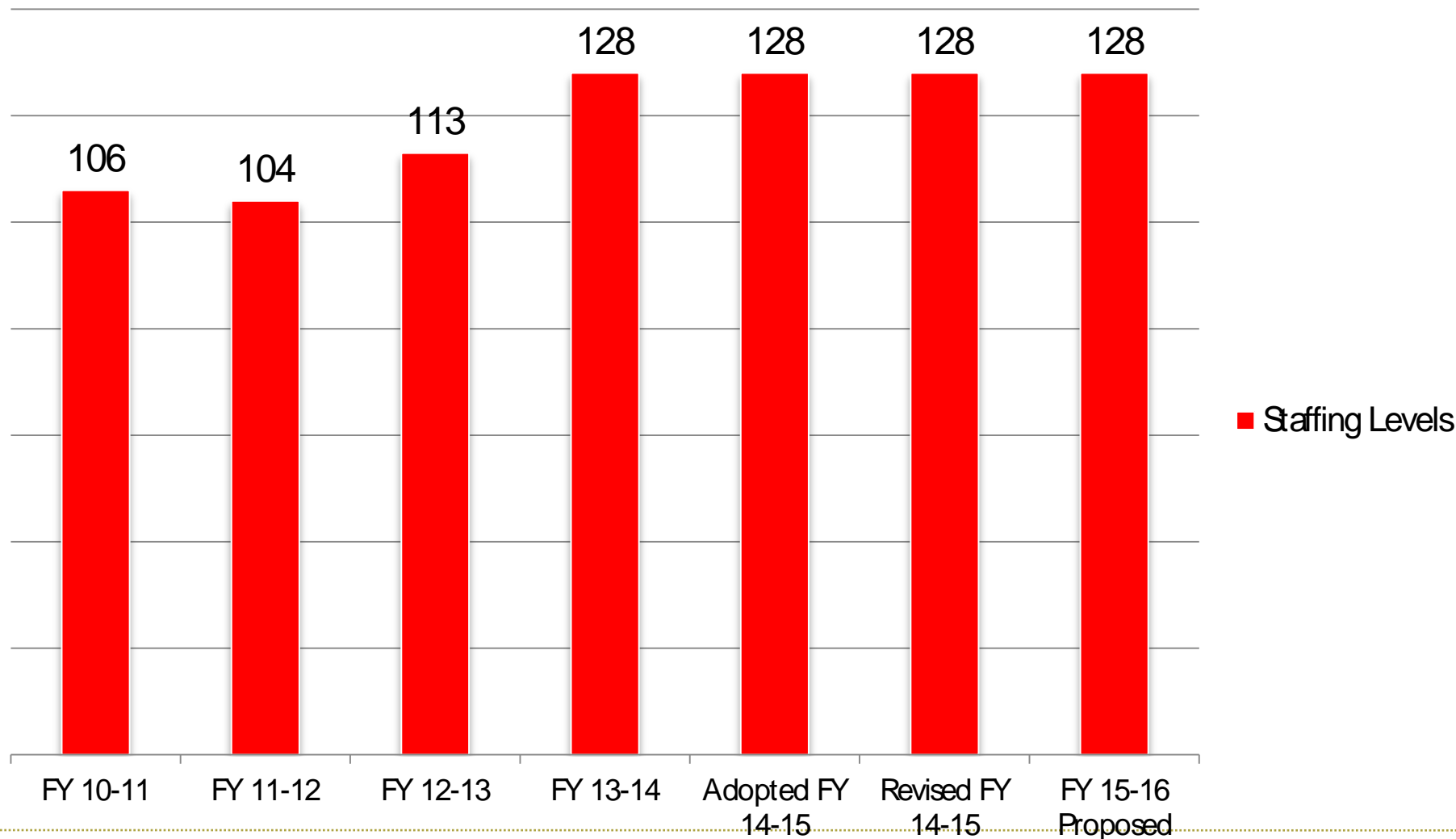
FY 2015-2016 PROPOSED DEPARTMENT REDUCTIONS

DEPARTMENTS	VACANT	ATTRITION	LAYOFF	TOTAL FTEs
City Attorney	0	0	1	1
City Clerk	0	0	0	0
City Manager	1	0	2.4	3.4
City Treasurer	0	0	0	0
Development Services	0	2	0	2
Economic Community Development	0	0	0	0
Fire	0	0	0	0
General Services	0	0	0	0
Human Resources	0	0	0	0
Library	0	1	0	1
PACC	0	0	0	0
Police	(2)	(9)	(4)	(15)
Recreation	0	0	.6	.6
Facilities (ISF)	1	0	2	3
Information Systems	1	0	2	3
Total Positions	5	12	12	29

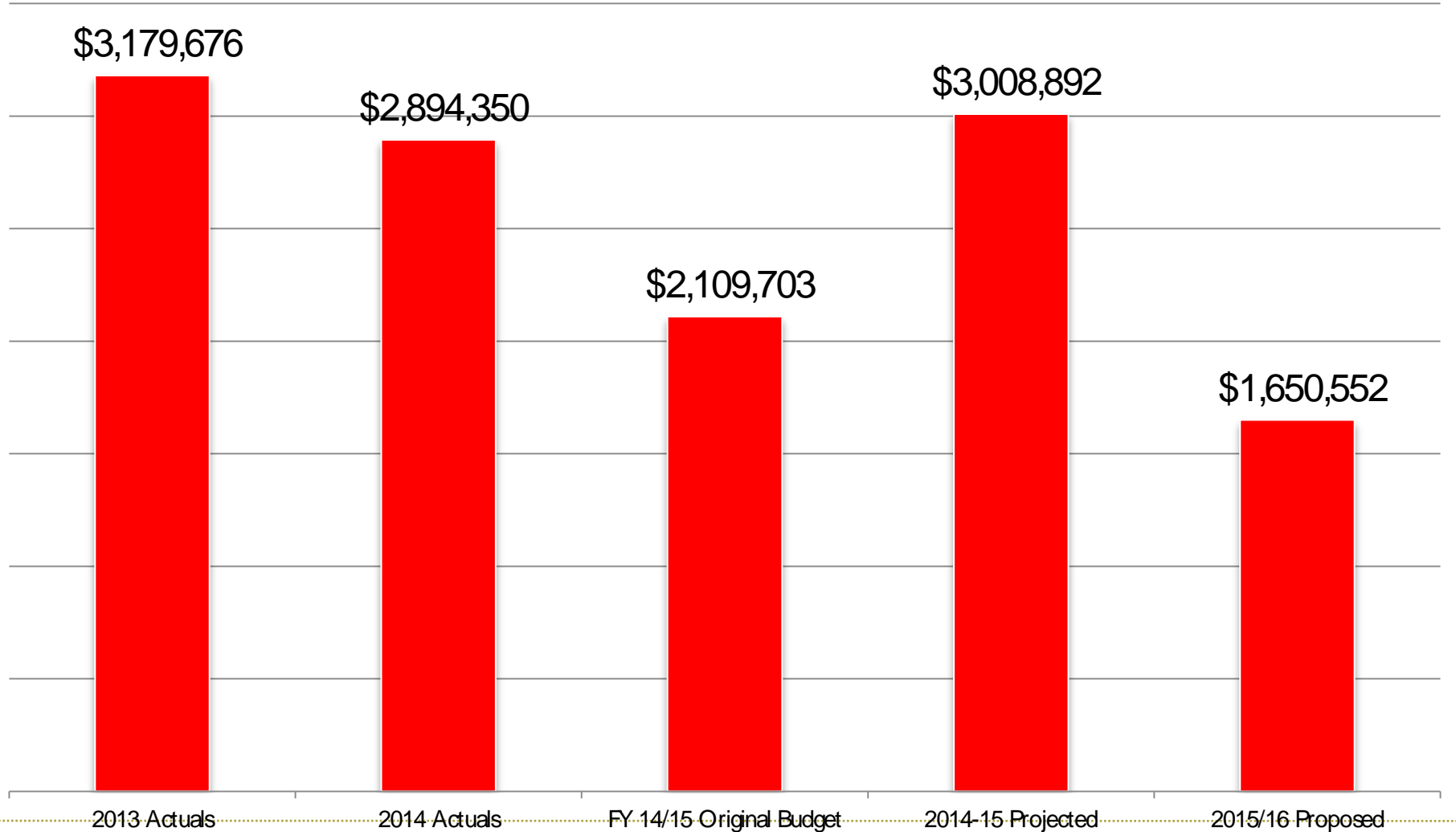
SERVICE LEVEL IMPACTS - POLICE

DEPARTMENT	SERVICE LEVEL IMPACTS	TOTAL REDUCTION
Police	<ul style="list-style-type: none">• Reduction of Six Detectives (42 to 36)- Workload to be spread amongst remaining detectives• Reduction in Code Compliance Inspectors (11-9)- Workload to be spread amongst remaining staff• Reduction of commander / sergeant- Management and supervision span of control spread further• Reduction of Police Service Officers (9-7)- Holding Facility closed during slow periods-• Downtown Security Reduction by Half• Elimination of Gang Injunction Agreement	\$1,151,970

Historic Staffing Levels



Historic Overtime Expenditures



SERVICE LEVEL IMPACTS - FIRE

DEPARTMENT	SERVICE LEVEL IMPACTS	TOTAL REDUCTION
Fire	<ul style="list-style-type: none">• Reduction of Station Coverage- Absences Will Not Always be Filled with Overtime• Reduction of Overtime• Reduced Community Presentations / Conferences	\$1,091,960

SERVICE LEVEL IMPACTS – GENERAL SERVICES

DEPARTMENT	SERVICE LEVEL IMPACTS	TOTAL REDUCTION
General Services	<ul style="list-style-type: none">• Turf in Parks Mowed Every 4 Weeks (6 LBEs)• Lower Level of Park Maintenance• Reduced Service to Landscape Maintenance Districts (3.5 LBEs)• Facilities/ Fleet Reductions in Equipment, Maintenance Supplies (6 LBEs)• Overtime Reduction• Reduction in Internal Facilities Maintenance	\$672,382

SERVICE LEVEL IMPACTS – DEVELOPMENT SERVICES

DEPARTMENT	SERVICE LEVEL IMPACTS	TOTAL REDUCTION
Development Services	<ul style="list-style-type: none">• Same day and next day inspections will not be guaranteed• Reduced counter service• Phone requests for inspection may be eliminated• Increased outsourcing of services• Delay in document imaging of backlog	\$387,500

SERVICE LEVEL IMPACTS - RECREATION

DEPARTMENT	SERVICE LEVEL IMPACTS	TOTAL REDUCTION
Recreation	<ul style="list-style-type: none">• Reduction in senior award grants;• Reduction in amount of youth served at youth center;• Reduction in LBE staff;• Reduction in youth coaching and PAL opportunities;• Reduction to size and availability of summer camps;• Programs will be restructured to create additional efficiency;• Relocate to 305 W. 3rd Street building;	\$981,597

SERVICE LEVEL IMPACTS – LIBRARY

DEPARTMENT	SERVICE LEVEL IMPACTS	TOTAL REDUCTION
Library	<ul style="list-style-type: none">• Approximate 7% reduction in new library materials, including reference materials• Reduction of open hours for library branches• Delay re-shelving books• Passports by appointment only	\$259,098

SERVICE LEVEL IMPACTS – CITY MANAGER / CITY CLERK / CITY TREASURER / I.T.

DEPARTMENT	SERVICE LEVEL IMPACTS	TOTAL REDUCTION
City Manager	<ul style="list-style-type: none">• Reorganization of Leadership Team• Eliminating 3 Management Positions and Replacing with 2	\$60,583
City Clerk	<ul style="list-style-type: none">• Reduction in Temporary Labor	\$7,989
City Treasurer	<ul style="list-style-type: none">• Reallocation of Utility Costs from General Fund to Enterprise Funds	\$18,640
Information Technology	<ul style="list-style-type: none">• Reduced Internal Support for Information Technology	\$484,828

SERVICE LEVEL INCREASES – HUMAN RESOURCES AND CITY ATTORNEY

DEPARTMENT	SERVICE LEVEL IMPACTS	TOTAL INCREASES
Human Resources	<ul style="list-style-type: none">• Increase Responsiveness and Internal Support• Prioritize and Resolve the 40 Organizational Audit Findings• Increase focus on staff training & development	\$ 472,231
City Attorney	<ul style="list-style-type: none">• Reduced Administrative Support• Increased Contract Attorney Services	\$ 112,088

PARTNER REDUCTIONS

DEPARTMENT	TOTAL REDUCTIONS
Carnegie Art Museum	\$40,469
Convention and Visitor's Bureau	\$70,000
Performing Arts and Convention Center	\$172,898
Housing Authority	\$8,000
Golf	\$77,000
Total Reductions	\$368,367

MEASURE O: ESTIMATED CASH AVAILABLE

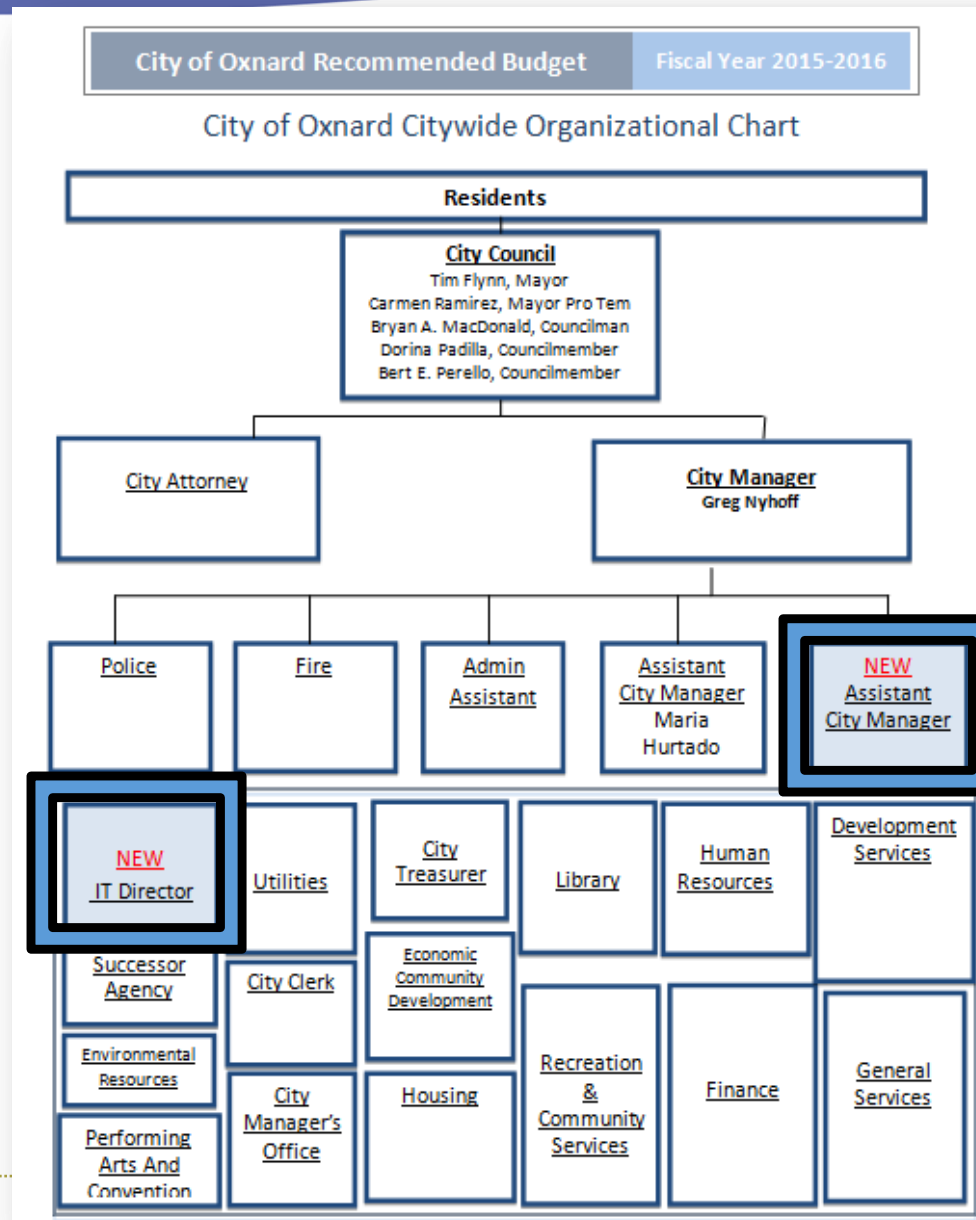
Estimate of Measure O Cash Available for General Fund Loan June 30, 2015

Cash at June 30, 2014	\$17,173,908
Estimated Fiscal 2014-2015 Revenue	<u>13,210,403</u>
Total Available	30,384,311
Estimated Fiscal 2014-2015 Expenditures	<u>-14,268,567</u>
Estimated Cash at June 30, 2015	16,115,744
General Fund Loan	<u>-16,000,000</u>
Estimated Cash after loan	<u>\$115,744</u>
Estimated Unexpended Appropriation Balance at June 30, 2015	<u><u>\$7,260,201</u></u>

FY 15-16 MEASURE O PROPOSED ONGOING EXPENDITURES

Operational / Debt	Programs	FY15-16 Proposed Budget
	FIRE STATION8 LEASE DEBT	683,524
	2014 LEASEREV STREET BOND	1,626,225
	FIRE TRUCK LEASE 2013	169,182
Debt Total		2,478,931
	EAST VILLAGE PARK	180,000
	LIBRARY INTEGRATED SYSTEM	50,000
	ENHANCE COMMUNITY POLICE	1,992,495
	CAD/RMS OPERATIONAL Total	787,947
	ITS ANNUAL MAINT	100,000
	COMMUNITY BASED ORG CONTRIBUTION	150,000
	FIRE STATION 8 OPERATIONAL	3,041,942
	SPANISH LANG INTP-CC MTGS	50,000
	HMWORK CTR MAIN LIBRARY	30,000
	LIBRARY WI-FI OPERATIONAL	2,000
	COLLEGE PARK MEAS.O MAINT	466,527
Operational Total		6,850,911
	PAL OPERATIONAL	147,602
	COLLEGE PARK PROGRAMS MO	160,000
	CITI CORPS TOWNKEEPER	550,000
	PRESCHOOL TO YOU	135,000
	SR NUT PROG ENHANCEMNT	40,000
	DAY AT PARK-SPEC NEEDS	12,000
	MOBILE ACT CENTER SVCS	30,000
Operational - Rec Total		1,074,602
	ALLEY & ROADWAY REPAIR	500,000
Operational - Streets Total		500,000
Grand Total		10,904,444
	FY15-16 Projected Revenues	13,534,454
	FY15-16 General Fund Loan Repayment	1,875,688
	FY15-16 Measure O Revenues	15,410,142
Estimated Carryover cash balance (net of \$16M loan in FY14-15)		115,743
FY15-16 Estimated Cash Balances		4,377,132

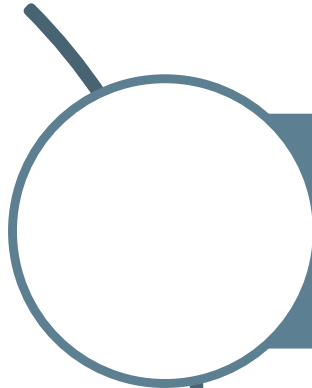
PROPOSED ORGANIZATIONAL CHART



FOCUS IN FY 2015/2016

- 1 • Development of a Performance Priority-Based Budget
- 2 • Implement Recommendations from Organizational Assessment
- 3 • Improve Relationships with Neighborhoods
- 4 • Downtown Revitalization with \$6.15 Million Settlement
- 5 • \$9.8 Million Redevelopment Proceeds (HERO/Ormond Beach/Southwinds)
- 6 • Complete AWP PF Hueneme Road Pipeline & ASR Well # 1
- 7 • Complete Utilities Master Plan
- 8 • Local Street Paving Projects

STAFF RECOMMENDATION



Hold Public Hearing



Return on June 23rd for FY
15/16 Budget Adoption

CITY OF OXNARD TEAM

