

Budget

March 2012

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Topics

- Magnitude of Potential Imbalance caused by State elimination of redevelopment agencies
- Framework for Balancing the Budget

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RDA Elimination Ongoing Impact

	Employee	Total Impact
Tax Increment Funded		
Graffiti Abatement	\$140,000	\$200,000
Housing	\$56,000	\$123,000
Redevelopment	\$164,000	\$576,000
Community Development	\$255,000	\$255,000
Finance	\$125,000	\$125,000
City Manager/Clerk	\$210,000	\$210,000
Subtotal	\$950,000	\$1,489,000
Bond Funded		
CIP Project Mgt	\$128,000	\$128,000
Subtotal	\$1,078,000	\$1,617,000
City Loan Interest Prohibited		
Loan Interest	\$0	\$325,000
Total AB 26 Impacts	\$1,078,000	\$1,942,000

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Step 1: Use Returned Property Tax to Offset Deficit

- Admin Allowance minimum is \$250,000
- Tax Increment return to local jurisdiction after State/County costs, enforceable obligations, and successor agency admin allowance
 - Estimated to be \$550,000

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Step 2: Use Growth in Hotel Tax to Offset Deficit

- RDA Hotel Project: New Seacoast Inn will Generate additional Hotel Tax \$200,000 (9 months pro rated)

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Step 3: Determine RDA Programs That Can Be Reduced or Eliminated

- RDA tax increment provided funding capital improvements and blight elimination.
Programs include:
 - Façade Program
 - Clean & Green
 - Capital Project Delivery
 - Graffiti Abatement
 - Shared Admin/Community Development/Finance Costs

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Step 3: Direct Redevelopment Positions

- RDA Offset Positions
 - Redevelopment Coordinator
 - Assistant Project Manager
 - CIP Manager – 73% RDA Offset
 - Public Works Inspector – 73% RDA Offset
 - Graffiti Program Coordinator
 - Maintenance Worker (Graffiti Program)

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Step 3: Support Redevelopment Positions

- | | |
|----------------------------|------------------------|
| • Community Development | • City Admin |
| – Director: 50% | – City Manager: 50% |
| – City Planner: 50% | – City Clerk: 25% |
| – Assistant Planner: 50% | – Admin Secretary: 45% |
| – Admin Secretary: 50% | – Clerk: 25% |
| • Finance | |
| – Director: 45% | |
| – Finance Supervisor: 30% | |
| – Sr. Accounting Tech: 30% | |

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Addressing the State Caused Impact

	Total Impact
Former RDA Support	(\$1,942,000)
Step 1: AB 26 Allowance	\$250,000
Step 1: Returned Property Tax	\$550,000
Step 1 Subtotal	(\$1,142,000)
Step 2: Add'l Hotel Tax	\$200,000
Step 3: CIP Project Mgt	\$128,000
Step 3: Housing Program	\$123,000
Step 3: RDA Program	\$164,000
Step 3: Graffiti Program	\$200,000
Step 1, 2,3 Subtotal	(\$327,000)

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Additional Hit

- PERS Earnings Assumption Change
– \$120,000 in FY 2013-14

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Step 4: Framework for Balancing

- Cost Savings:
 - Savings \$100,000
- Revenue Increase from Fee/Other
 - \$100,000
- Right Sizing the Organization
 - Potential \$250,000

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Step 4: Revenue and Cost Potentials

- Revenues
 - √ Ball Field Lighting Reimbursement \$12,000
 - √ Vacation Rentals \$40,000
 - √ Advertising Lifeguard Towers
 - Sidewalk Repair \$50,000
 - Edco Franchise Fee
 - Cal Am Franchise Fee
 - Parking Meters
 - Sell Adult School
 - Lien Release
 - City Owned Portable Sign Fee
 - Parking Ticket Collection Revenue

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Step 4: Revenue and Cost Potentials

- Expenses
 - ✓ 4th of July Support \$25,000
 - ✓ Public Relations \$15,000
 - ✓ Park Maintenance Contract \$36,000
 - Subtotal Recommended \$76,000
 - Donovan Prison Work Crew \$55,000
 - Aztec Landscaping Crew \$19,000
 - SR Center \$30,000
 - Recreation \$200,000
 - PW Contract Out
 - Custodial Contract
 - Closed Friday \$175,000

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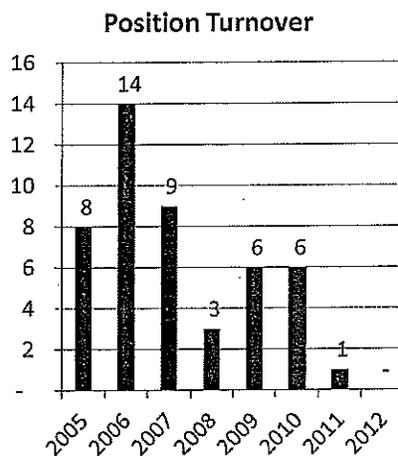
Step 4: Right Sizing Adjustment

- If Redevelopment Goes Away
 - Few major developments
 - No RDA projects: Façade, Affordable Housing agreements, Clean & Green
 - Less Financial Analysis: CIP analysis, no redevelopment analysis, no bonds issued
 - Less Admin support needed: Human Resources, Attorney, Financial Accounting, RDA reporting
- Need to Right Size the Organization

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Current Staffing

- Currently no vacancies
- Only 1 resignation in last 12 months
- Limited Flexibility for reassignment



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Proposing Voluntary Separation Incentive Program to Create Vacancies

- Incentive potentially allows for:
 - Release of built up normal turnover
 - Allows for the potential to reassign staff impacted by State RDA elimination
 - Creates opportunities for the remaining workers
- If Incentive Program is not successful in addressing deficit or reassignment of impacted positions
 - Potential involuntary separation

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Step 4: Framework Summary

	<u>Total Impact</u>
Previous Imbalance	(\$330,000)
PERS Discount Rate	(\$120,000)
Subtotal	(\$450,000)
Cost Savings	\$100,000
Revenue Adjustments	\$100,000
Right Sizing Organization	\$250,000
Subtotal	\$0

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Potential Additional Hits

- Sheriff Contract
 - Potential 3 Year Contract increase of \$1 million
- Port Contract
- Capital Improvements
 - Facilities
 - Streets
 - Equipment
 - Vehicles, Fire Engines, IT Replacement Costs

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Public Safety Considerations

- Fire has held one Firefighter position vacant (\$78,500)
Fire Overtime reduced (\$20,000)
- Sheriff's current proposal is:
 - 3 year contract
 - 5.5% caps each year
 - City to pay any negotiated increases awarded during negotiations with the DSA effective the third year of the contract.
- Over the next four years, Imperial Beach budget for Sheriff remains at \$5.7M, with no increases during the life of the proposed contract
 - 1st Year: Requires \$415K reduction to meet budget
 - 2nd Year: Requires an additional \$314 Reduction to meet budget, and an unknown, potentially substantial increase to adjust for cost shifts related to opening Rancho San Diego station (RSD)
 - 3rd Year: Requires an additional \$314K to reduction to meet budget, and an unknown, potentially substantial increase to adjust for costs related to Deputy Sheriff Association (DSA) labor negotiations.

Public Safety Considerations

- FY 2013 Target (1st year of the contract)
 - Sheriff's Contract Increase \$415K
 - Eliminate Traffic Deputy (Motorcycle) \$158,000
 - Eliminate School Resource Officer \$ 84,000
 - Eliminate Admin Sergeant \$117,000
 - Reduce one Community Service Officer (CSO) \$ 70,000
 - Total Reductions: \$430,000
 - Notes: Reductions exceed target, because the City cannot make partial position adjustments. 2 traffic deputies remain, SRO estimate is the net impact including loss of \$60K expense & revenue from Sweetwater Union High School District, Admin Sergeant is the City share of a shared resource with the county, 3 CSO's remain.

Public Safety Considerations

- FY 2014 Target – 2nd year of the contract
(Not including RSD Impacts)

Savings Target \$315,000

- Eliminate Detective \$151,000
- Reduce two CSOs \$142,000
- Eliminate Department Aide \$ 26,000

Total Reductions: \$319,000

Notes: Reductions exceed target because the City cannot make partial position adjustments. 2 detectives remain, 1 CSO remains

Public Safety Considerations

- FY 2015 Target - 3rd year of the contract
(Not including DSA Negotiations)

Savings Target \$315,000

- Eliminate Detective/Traffic Sergeant \$116,000
- Eliminate two Special Purpose Officers \$288,000

Total Reductions: \$404,000

Notes: Actions leave 1 Lieutenant, 1 Sergeant (Admin/Det/Traffic), 12 Patrol Deputies, 2 Traffic Deputies, 2 Detectives, 1 CSO
As a result of the cuts, Law Enforcement for Imperial Beach will have shifted from a combination of proactive and reactive responses, to only reactive responses.

Public Safety Considerations

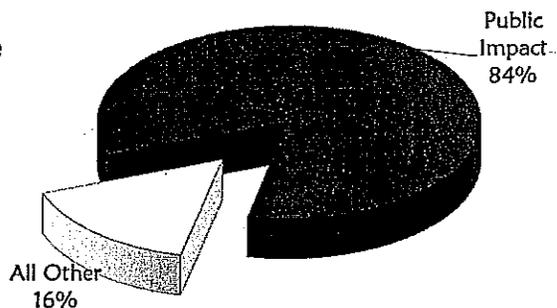
- Port of San Diego
 - Potentially similar cost recovery levels, with minimal increases
 - Goal to establish a service district for the port as a basis for all Public Safety services
 - Conflicts with service levels likely to surface with anticipated City cuts to Sheriff services may result in a loss of \$300K of revenue
 - Unknowns include:
 - Level of service desired by the Port
 - Define a coverage area
 - Create a Service District for Sheriff, Fire/EMS, Animal Control

Step 5: Long Term Framework

- Long Term Cost for Public Safety increases strain annual resources
 - Sheriff contract is the single largest payment in the General Fund
 - Public Safety is 76% of net General Fund resources
 - Current Tax base has limited potential
- Long Term funding for Capital Program

Step 5: General Fund Tax Supported Programs: Direct Public Impact

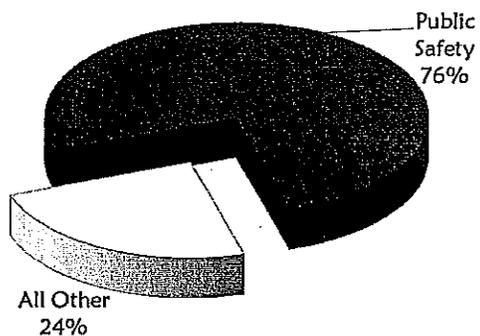
- Programs that directly impact the Public represents 84% of the discretionary General Fund Budget



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Step 5: General Fund Tax Supported Programs: Public Safety

- Public Safety represents 76% of the discretionary General Fund Budget



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Budget Savings

- Payoff of PERS Side Loan - \$110,000/yr.
- PARS part-time position savings \$35,000/yr.
- Lower copying cost \$21,000 over 5 yrs.
- Eliminating unneeded phone lines \$1,800/yr.
- Future Labor Savings \$176,000
- City Clerk reorganization savings \$20,000
- Assistant City Manager/Consultant savings \$90,000
- Transient Occupancy Tax Audits - \$8,500
- Fire Position Vacancy net \$40,000

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What You Have Done to Balance - Historical

- ✓ Staff reductions in Fire, Finance, CM Office, Sr. Center
- ✓ Conservative labor negotiations
- ✓ No salary raises in FY 05-06 and FY 06-07 for miscellaneous employees
- ✓ Reduced contribution from General Fund to CIP projects
- ✓ Master fee study
- ✓ AMR reimbursement for paramedic services
- ✓ AMR rent of fire station space for ambulance personnel
- ✓ Increase in parking citation fines
- ✓ Reduction in Public Relations budget
- ✓ Reduction in City Newsletter budget
- ✓ Sheriff increases limited to 4.34%, 5%, 5%
- ✓ Continuation of unfunded Firefighter/Paramedic position
- ✓ Workers compensation self insurance
- ✓ Favorable Risk Management and Workers Comp claims loss history
- ✓ Activity based costing

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Step 5: Long Term Framework

- Long Term Resources
 - Utility Users Tax
 - Parcel Tax
 - TOT / Other

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Requested

- Direction on overall framework
- Discussion of items not to be considered in balancing the budget
- Direction on separation incentive program
- Direction on initial Revenue Adjustments and Cost Reduction Measures (Check Marked on slide 12-13)
- Further Discussion on UUT, Parcel Tax, Other

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Next Steps

- Prepare new FY 2012-13 Budget within Framework for release in May

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