LAST MINUTE AGENDA INFORMATION
03/06/13 Regular Meeting

(Agenda Related Writings/Documents provided to a majority of the City Council after distribution of the Agenda Packet for the March 6, 2013 Regular meeting.)

ITEM NO.	DESCRIPTION
6.1	**GENERAL FUND BUDGET OVERVIEW – MID-YEAR REVIEW AND FISCAL YEAR 2013-2015 BUDGET REVIEW. (0330-30)** a. General Fund Budget Overview

2013 MAR -5 PM 4:38
CITY MANAGER &
CITY CLERK OFFICES

General Fund Budget Overview

City of Imperial Beach
City Council Meeting
March 6, 2013

Date: 3/6/13 Item No. 6.1
Last Minute Agenda Information

Today's Schedule

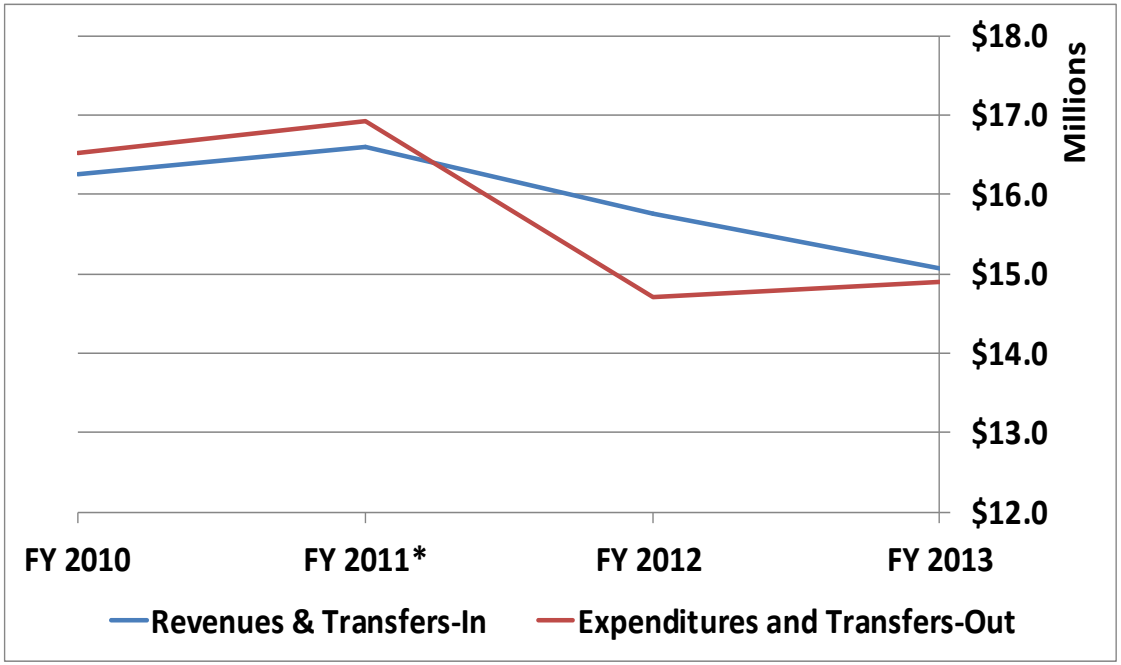
- Looking Back at the Budget
- The Budget Today
- The Budget Going Forward
  - 2-Year Preliminary Budget
  - 5-Year Budget Outlook
  - Other City Needs
- Council Questions

Sound Budget Principles

- ***One-time money should be used for one-time costs.***
- In order to ensure a thriving, livable community, there must be a balance ***between public safety, infrastructure maintenance, and quality of life services***.
- Long-term fiscal health includes ***maintaining appropriate reserves*** to withstand future economic downturns.
- Additional ***revenue sources should be explored,*** in conjunction with expense adjustments.
- City employees are our ***most important asset.***
- The long-term goal is to establish a budget that will ***ensure accountability, internal controls, and long-term financial sustainability***.

Looking Back at the Budget

- Over the past four years, General Fund revenues have been declining
- In response to poor revenue performance, the City took proactive steps to keep its General Fund expenditures within the available resources.

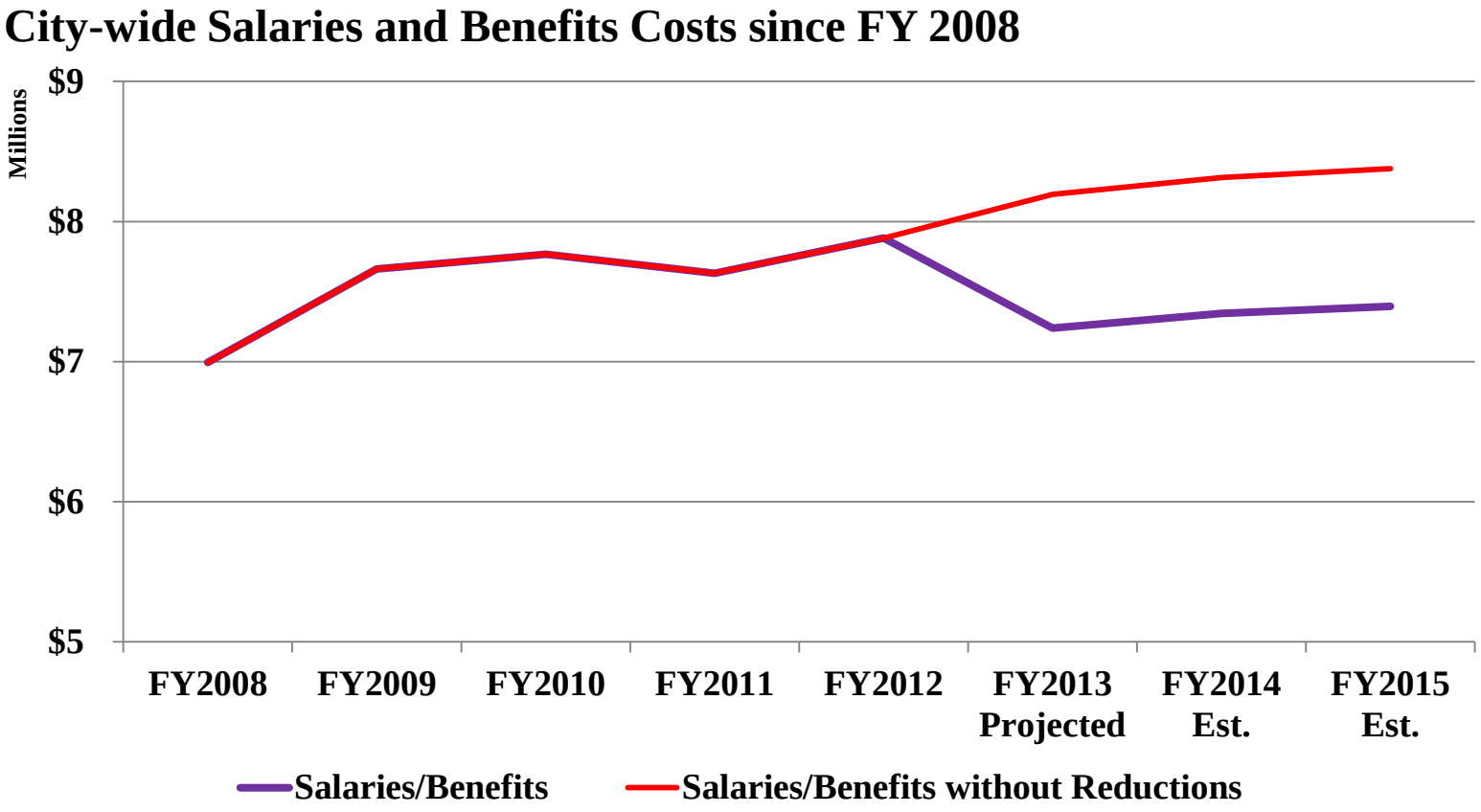


** FY 2011 expenditures includes one-time $1.0 million CalPERS Side fund payment*

Looking Back at the Budget

- Reduced Programs and Services throughout the City
- Froze salary increases and reduced employee benefits
- Eliminated the following 10.5 full-time and 4.0 part time positions, resulting in an annual estimated savings of $950,000:
  - Redevelopment Coordinator
  - Redevelopment Asst. Project Manager
  - Finance Supervisor
  - Human Resources Manager
  - Deputy City Clerk
  - Deputy Building Official
  - Code Compliance Officer (converted to part-time)
  - Community Development Director (merged with Asst City Manager)
  - Public Works Inspector
  - Tidelands Supervisor
  - Recreation Program Coordinator and 4.0 part-time Recreation Assistants

Looking Back at the Budget



Looking Back at the Budget

- Pension reforms
  - In FY 2011 City paid-off the $1.33 million "side fund" (the unfunded pension liability as of June 30, 2010)
  - Established 3rd PERS retirement tier (2% at 60)
  - Eliminated City contributions for employee portion of pensions
    - *Employee paid contributions are 8% of annual earnings (9% for safety employees)*
- CalPERS city contribution rates are:

Employer Contribution Rates; Percent of "PERSable" earnings					
Pension Plans	**FY 2013 rate**	**FY 2014 rate**	**% Increase**	**FY 2015 est. rate***	**% Increase**
Miscellaneous	15.178%	15.685%	3.340%	16.6%	5.834%
Fire	24.706%	26.149%	5.841%	28.0%	7.079%
Lifeguards	20.084%	20.742%	3.276%	22.0%	6.065%

** FY 2015 estimate rate provided by CalPERS.*

Looking Back at the Budget

- According to the San Diego Taxpayers Association, Imperial Beach has:
  - the lowest per household unfunded pension liability, and
  - the lowest per household annual pension costs.
- Other pension facts:
  - Total unfunded pension liability = $4.45 million as of 6/30/11;
  - Funded ratio (avg. for all three pension City plans): 86.5%
  - Total FY 2014 pension costs = $786,000 all City funds (General Fund portion $679,000)

City	FY 2014 Unfunded Liability Per Household	FY 2014 Annual Pension Cost Per Household
Del Mar	$ 3,331	$ 573
National City	$ 3,059	$ 419
Coronado	$ 2,992	$ 565
El Cajon	$ 2,664	$ 313
Escondido	$ 2,431	$ 353
Carlsbad	$ 2,129	$ 363
Chula Vista	$ 1,850	$ 276
Oceanside	$ 1,822	$ 312
La Mesa	$ 1,422	$ 215
San Marcos	$ 1,310	$ 205
Encinitas	$ 1,193	$ 169
Poway	$ 1,053	$ 185
Vista	$ 976	$ 179
Solana Beach	$ 814	$ 158
Santee	$ 789	$ 146
Lemon Grove	$ 558	$ 116
Imperial Beach	**$ 489**	**$ 92**

Sources: 2010 Census and FY 2011 Actuarial Valuations

The Budget Today

FY 2013 Estimated Revenues

General Fund Revenue Categories	FY 2012 Actual Revenues	FY 2013 Projected Revenues	% Change
Business Licenses	362,092	360,000	-1%
Charges for Services	258,979	330,300	28%
Fines & Forfeitures	271,689	261,500	-4%
From Other Agencies	859,070	317,565	-63%
Investments / Rental Income	589,023	430,000	-27%
Licenses & Permits	442,109	427,000	-3%
Other Revenues	1,945,008	961,963	-51%
Franchise Fees	1,791,100	1,866,000	4%
Port Authority Revenue	3,847,397	4,381,000	14%
Property Tax	2,329,971	2,929,500	26%
Sales Tax	718,596	860,000	20%
Transient Occupancy Tax	230,942	231,000	0%
Vehicle in Lieu	2,053,022	2,070,000	1%
Net Allocations & Transfers	68,450	(346,303)	
TOTAL REVENUES & ALLOCS	**$ 15,767,448**	**$ 15,079,525**	**-4%**

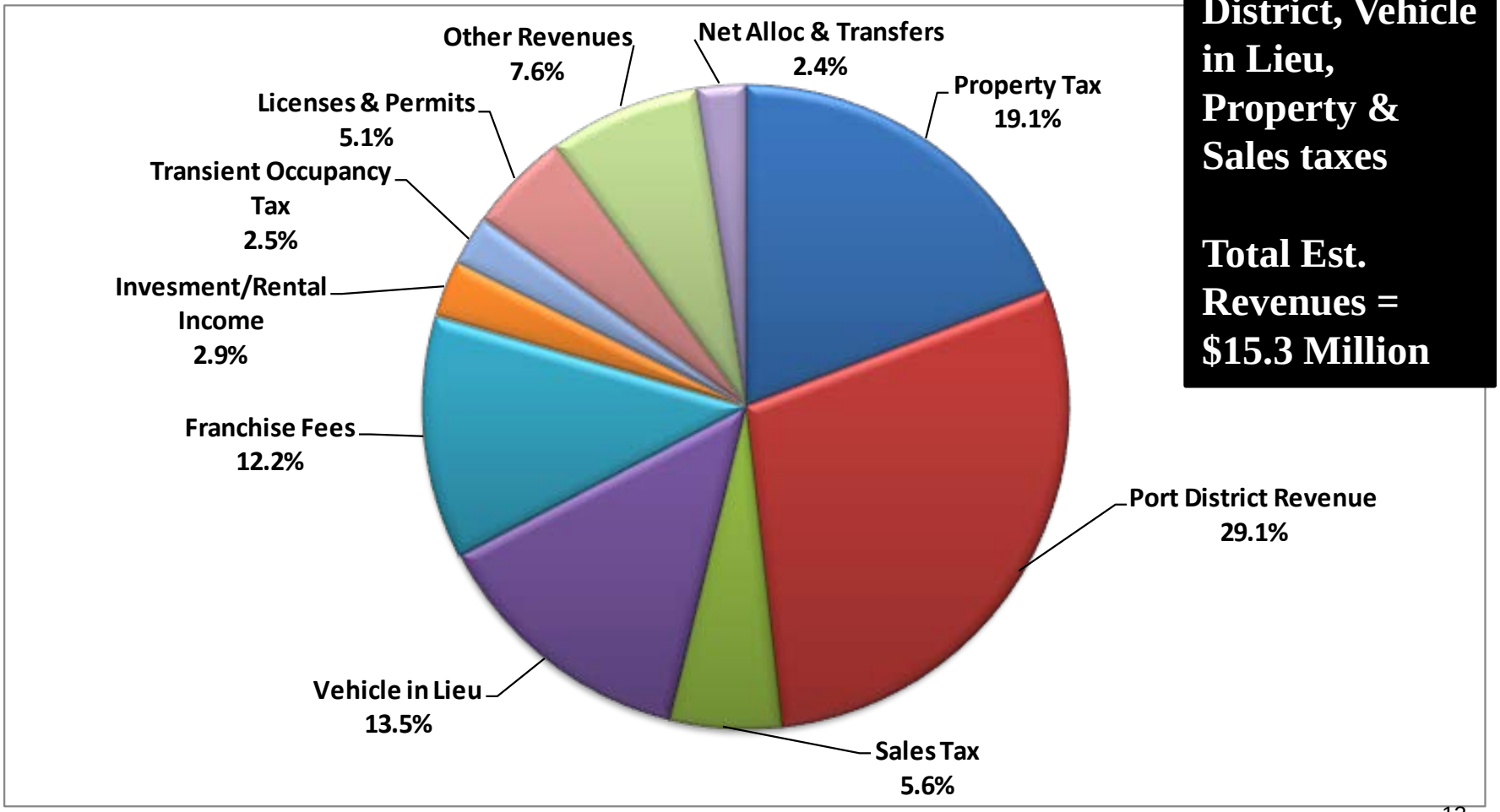
FY 2013 Estimated Expenditures

General Fund Revenue Categories	FY 2012 Actual Expenditures	FY 2013 Projected Expenditures	% Change
General Government	1,653,460	1,995,465	21%
Community Development	777,965	878,360	13%
Sports Park & Senior Services	221,432	154,530	-30%
Law Enforcement - Sheriff	5,608,721	5,891,561	5%
Public Safety - Other	2,870,413	3,112,095	8%
Public Works	2,490,403	2,542,156	2%
One-Time Projects/Costs	1,089,398	330,000	-70%
TOTAL EXPENDITURES	**$ 14,711,792**	**$ 14,904,167**	**1%**
Available Fund Balance/Reserve	**$ 9,725,829**	**$ 9,901,187**	

The Budget Going Forward

- 2-Year Preliminary Budget
- 5-Year Budget Outlook
- Other City Needs

FY 2014 Revenues – Preliminary Estimates



67% Port District, Vehicle in Lieu, Property & Sales taxes

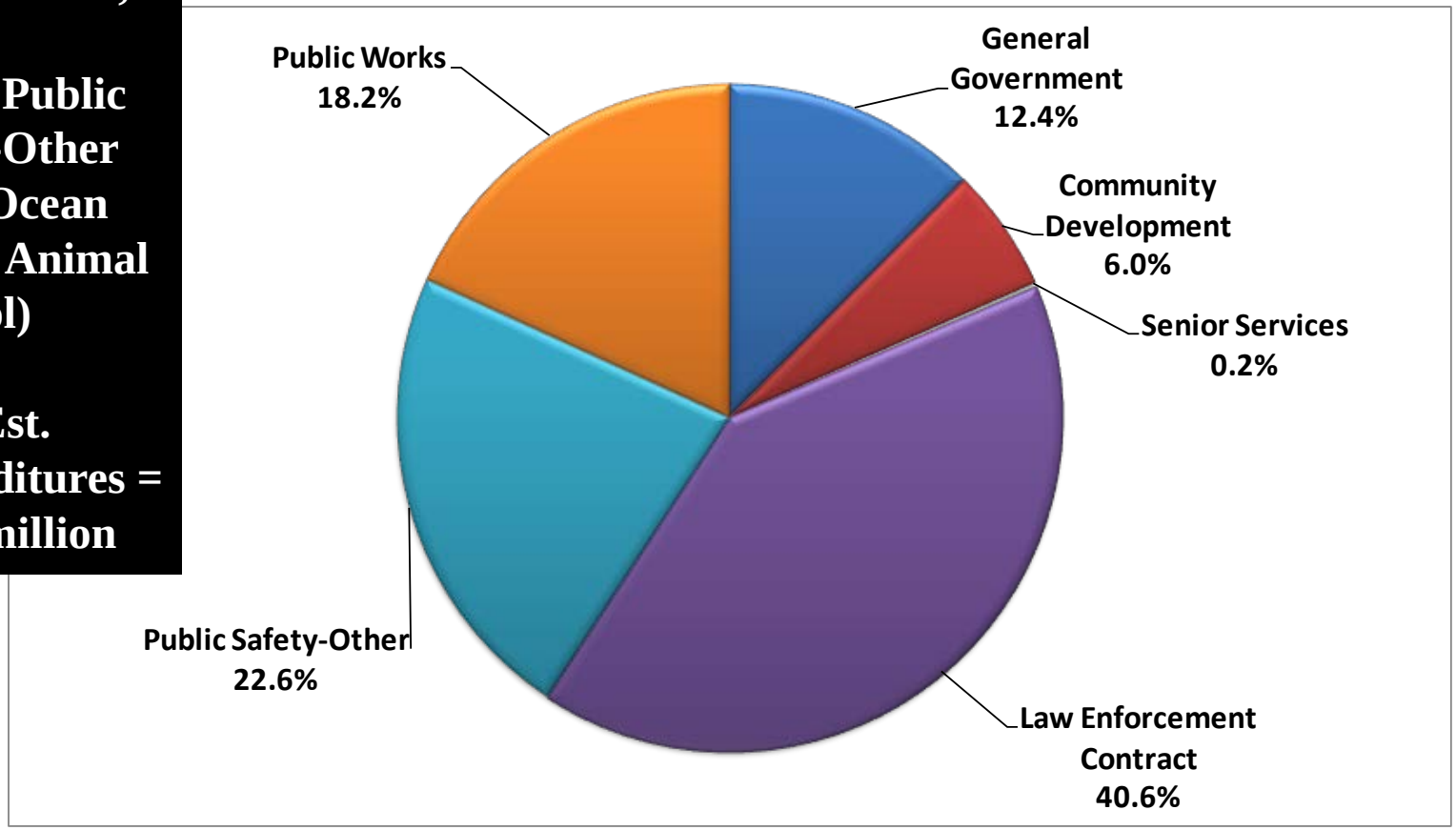
Total Est. Revenues = $15.3 Million

FY 2014 Expenditures – Preliminary Projections

40.6% Law Enforcement,

22.6% Public Safety-Other (Fire, Ocean Safety, Animal Control)

Total Est. Expenditures = $14.8 million



FY 2014 & FY 2015 Estimated Revenues

General Fund Revenue Categories	FY 2013 Projected Revenues	FY 2014 Proposed Revenues	% Change from FY 2013 Actuals	FY 2015 Proposed Revenues	% Change from FY 2014 Actuals
Business Licenses	360,000	360,000	0%	360,000	0%
Charges for Services	330,300	298,790	-10%	298,790	0%
Fines & Forfeitures	261,500	261,500	0%	261,500	0%
From Other Agencies	317,565	27,000	-91%	27,000	0%
Investments / Rental Income	430,000	437,000	2%	437,000	0%
Licenses & Permits	427,000	423,100	-1%	423,100	0%
Other Revenues	961,963	574,500	-40%	603,500	5%
Franchise Fees	1,866,000	1,866,000	0%	1,866,000	0%
Port District Revenue	4,381,000	4,455,477	2%	4,531,220	2%
Property Tax	2,929,500	2,929,500	0%	2,929,500	0%
Sales Tax	860,000	860,000	0%	860,000	0%
Transient Occupancy Tax	231,000	380,000	65%	430,000	13%
Vehicle in Lieu	2,070,000	2,070,000	0%	2,070,000	0%
Net Allocations and Transfers	(346,303)	374,635		376,315	0%
TOTAL REVENUES & ALLOCS	**$ 15,079,525**	**$ 15,317,502**	**2%**	**$ 15,473,925**	**1%**

FY 2014 & FY 2015 Estimated Expenditures

General Fund Revenue Categories	FY 2013 Projected Expenditures	FY 2014 Proposed Expenditures	% Change from FY 2013 Actuals	FY 2015 Proposed Expenditures	% Change from FY 2014 Actuals
General Government	1,995,465	1,840,546	-8%	1,838,696	0%
Community Development	878,360	888,501	1%	893,035	1%
Sports Park & Senior Services	154,530	34,809	-77%	34,834	0%
Law Enforcement	5,891,561	6,036,716	2%	6,236,799	3%
Public Safety - Other	3,112,095	3,351,404	8%	3,385,044	1%
Public Works	2,542,156	2,703,923	6%	2,728,629	1%
One-Time Projects/Costs	330,000	-		-	
TOTAL EXPENDITURES	**$ 14,904,167**	**$ 14,855,899**	**0%**	**$ 15,117,037**	**2%**
Available Fund Balance/Reserve	**$9,901,187**	**$10,362,789**		**$10,719,678**	

Estimated Fund Balance Reserve

GENERAL FUND	FY 2012-13	FY 2013-14	FY 2014-15
numbers in 000's	Revised Budget	Prelim Budget	Prelim Budget
Revenues	$ 15,426	$ 14,943	$ 15,098
Expenditures	14,904	14,856	15,117
Net Alloc &Transfers	(346)	375	376
Net Change	**$ 175**	**$ 462**	**$ 357**
Reserve, Start of Year	9,726	9,901	10,363
Reserve, End of Year	$ 9,901	$ 10,363	$ 10,720

Budget Highlights

- Maintains acceptable service levels
- Modest increase for law enforcement
- Added Lifeguard staffing, offset by Port District revenues
- New City Marketing Program
- Sports Park operations not funded
- Allows for employee compensation adjustments

A LOOK at the BUDGET

Other City Needs

- Annual costs needing funding source:
  - Streets/Pavement Improvement Plan
  - City Facility Maintenance/Repair (Major)
  - Fleet Replacement
  - Employee Compensation
  - Capital Projects

Potential Budget Uncertainty

- CalPERS contribution rates
- Port District revenue future adjustments
- Federal budget uncertainty's impact on the regional/local economy
- Sequestration impact on fire engine CDBG funding
- Sheriff's contract and upcoming labor negotiations
- Energy and healthcare cost increases
- State Budget situation and potential threats to local revenues
- Employee retention and recruitment concerns
- Global economic stress
- Redevelopment dissolution

Budget Process – Next Steps

- ✓ *Department requests: December through January*
- ✓ *Revenue analysis: February*
- ✓ *City Manager preliminary review: February*
- ✓ *Preliminary Budget Presentation: March 6th*
- ☐ Examine additional funding needs: March through mid-May
- ☐ Review revenue estimates: April
- ☐ City Manager's Budget Presentation to Council: May 15th
- ☐ Council adoption: June 5th

Council Questions