



Budget Workshop

Fiscal Years

2014-15 & 2015-16

June Overholt
Administrative Services Director/
Deputy City Manager

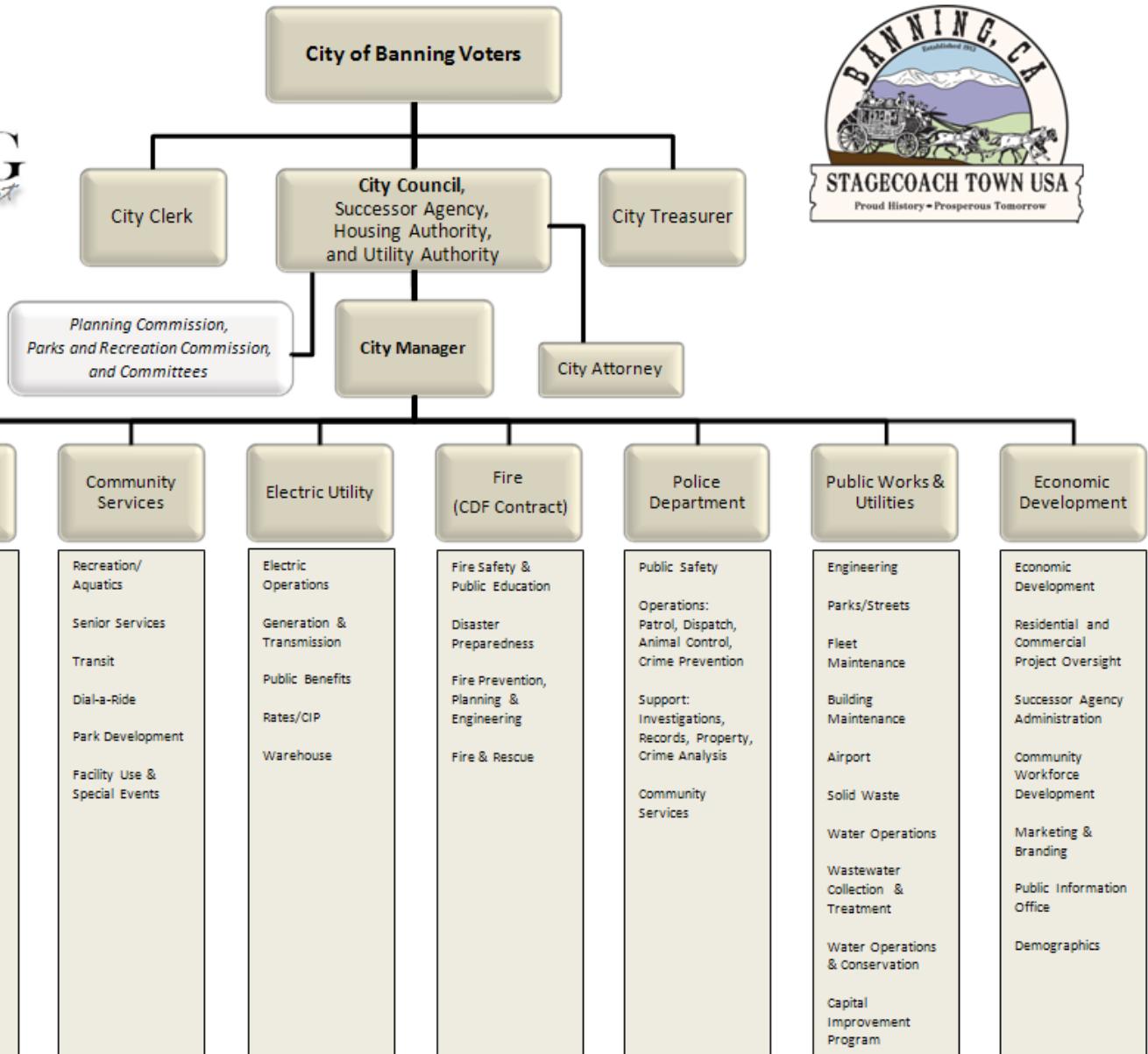
CITY *of* BANNING

Thank you Banning!!

- TOT / Measure E passed by 83%

CITY of BANNING

Organizational Chart



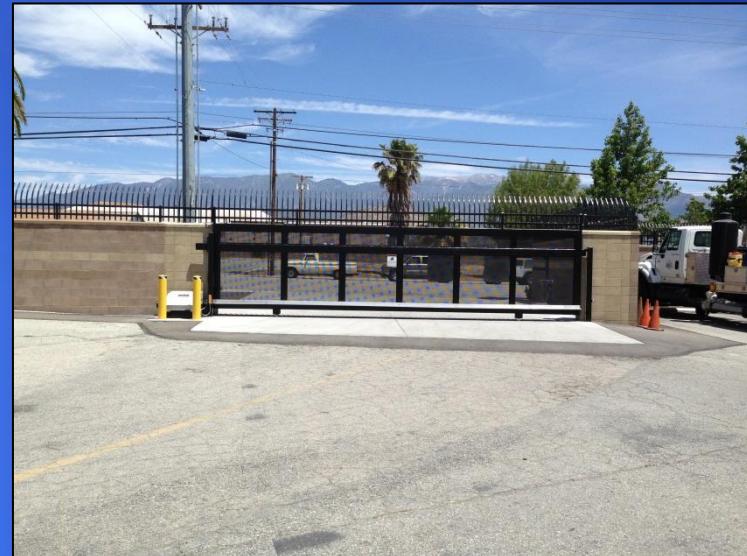
Agenda

- Budget process and document overview
- General Fund
 - Department highlights
- Personnel changes
- Other Funds
 - Department highlights
- Capital Improvement Program

Budget Process & Documents



New Corporate Yard Perimeter Wall



New Corporate Yard Main Gate

Budget Process

- Department submittals
- Interim City Manager & Deputy City Manager review and direction
- Finance review and compilations
- Budget includes...
 - Conservative estimates
 - Revenues – estimates based on trends and/or external information
 - Expenditures – estimates based on trends, savings, or new requests

Budget Content

- Actual activity for FY13
- Revised budget for FY14
 - Includes midyear and other Council actions
- Proposed budget for FY15 & preliminary budget FY16
 - Budget information is based on most current information
 - Midyear review process updates the budget after six months

Budget Document - *Draft*

- Budget Message (being finalized)
- Fund Summaries – All funds
 - Tables & Graphs
- General Fund
 - Overview, Tables and graphs
- Personnel – position control
- Capital Improvement Program
- Supplemental Information
 - Policies, Gann limit, fund descriptions

Supplemental Information

- Gann Limit
- Budget and Fiscal Policies
- Description of Funds
- Glossary of Terms
- Acronyms

General Fund

Budget overview & departmental highlights



Before and After: Water Yard Parking Lot project

General Fund

- Collects the general tax receipts and fee revenue not allocated by law.
- Pays for general services (police, fire, public works, administration)
- Responsible for all other governmental funds that operate at a deficit

General Fund – Proposed Budget FY15

- Balanced budget
 - Revenues \$13,921,923
 - Expenditures \$13,921,923
- Balancing included –
 - Improved revenues
 - Expenditures contained

General Fund – Preliminary Budget FY16

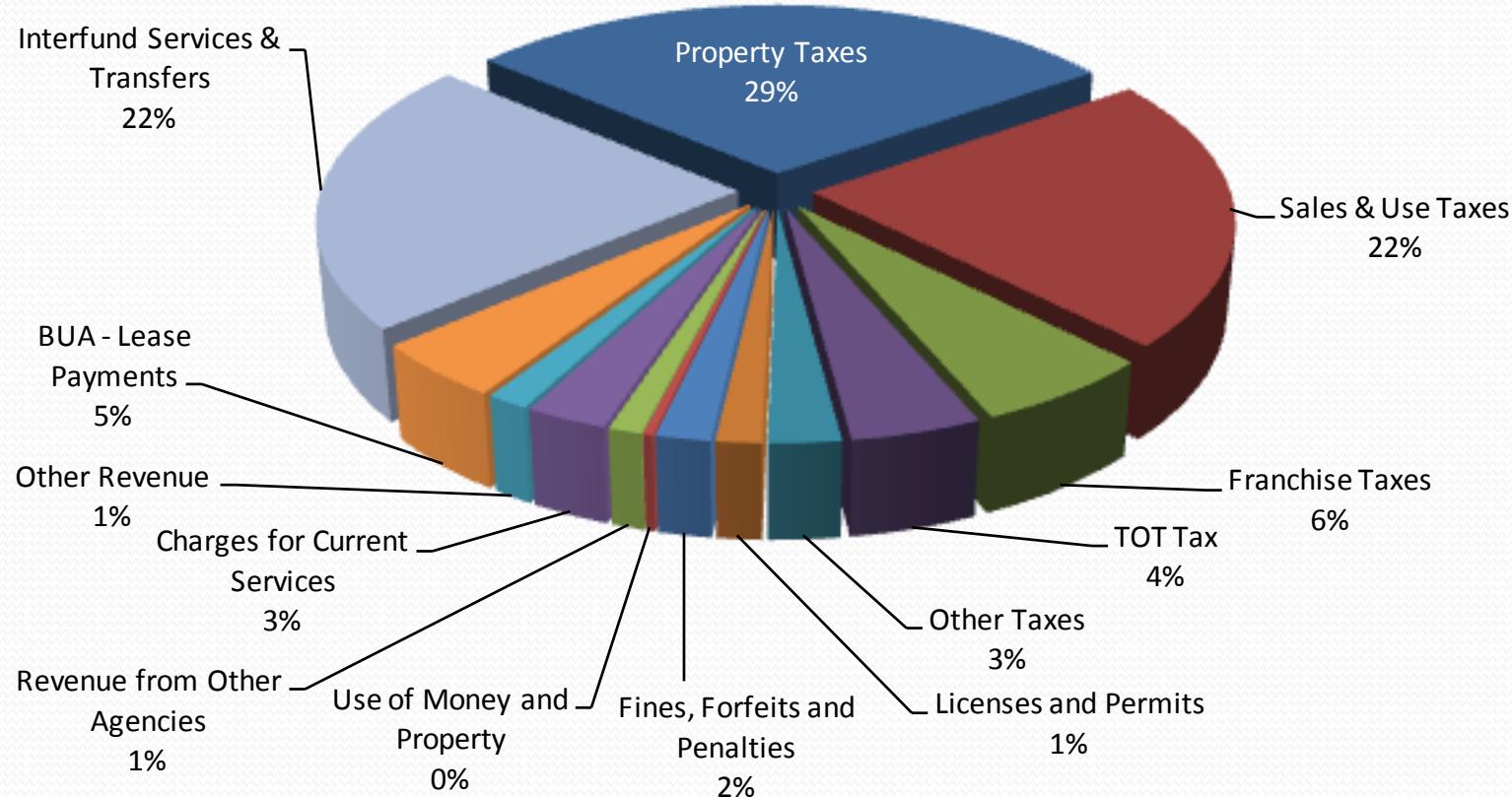
- Budget
 - Revenues \$14,150,397
 - Expenditures \$14,280,764
- Budget challenges
 - On going increases in costs (i.e. pension)
 - Structural deficit should be resolved as development and new businesses expand into the City and new revenues can be verified

GF – Revenues

Description	Actual 2012-13	Revised 2013-14	Projected 2014-15	Projected 2015-16
General Fund Revenues By Category				
Taxes				
Property Taxes	3,794,362	4,015,414	4,085,755	4,146,165
Sales & Use Taxes	2,738,500	2,742,137	2,997,666	3,117,566
Franchise Taxes	813,682	826,000	861,000	861,000
TOT Tax	626,255	590,000	620,000	620,000
Other Taxes	314,838	402,746	341,800	343,800
Taxes	8,287,637	8,576,297	8,906,221	9,088,531
Licenses and Permits	171,406	205,516	213,500	215,500
Fines, Forfeits and Penalties	291,465	261,550	257,950	257,950
Use of Money and Property	40,377	44,227	46,700	46,700
Revenue from Other Agencies	1,732,940	349,585	158,014	158,014
Charges for Current Services	576,580	423,450	369,957	387,957
Other Revenue	136,345	201,578	198,963	200,127
BUA - Lease Payments	651,000	651,000	651,000	651,000
Interfund Services & Transfers	3,032,289	3,142,818	3,119,618	3,144,618
Total	14,920,039	13,856,021	13,921,923	14,150,397

GF – Revenues FY15

General Fund Revenues Total = **\$13,921,923**

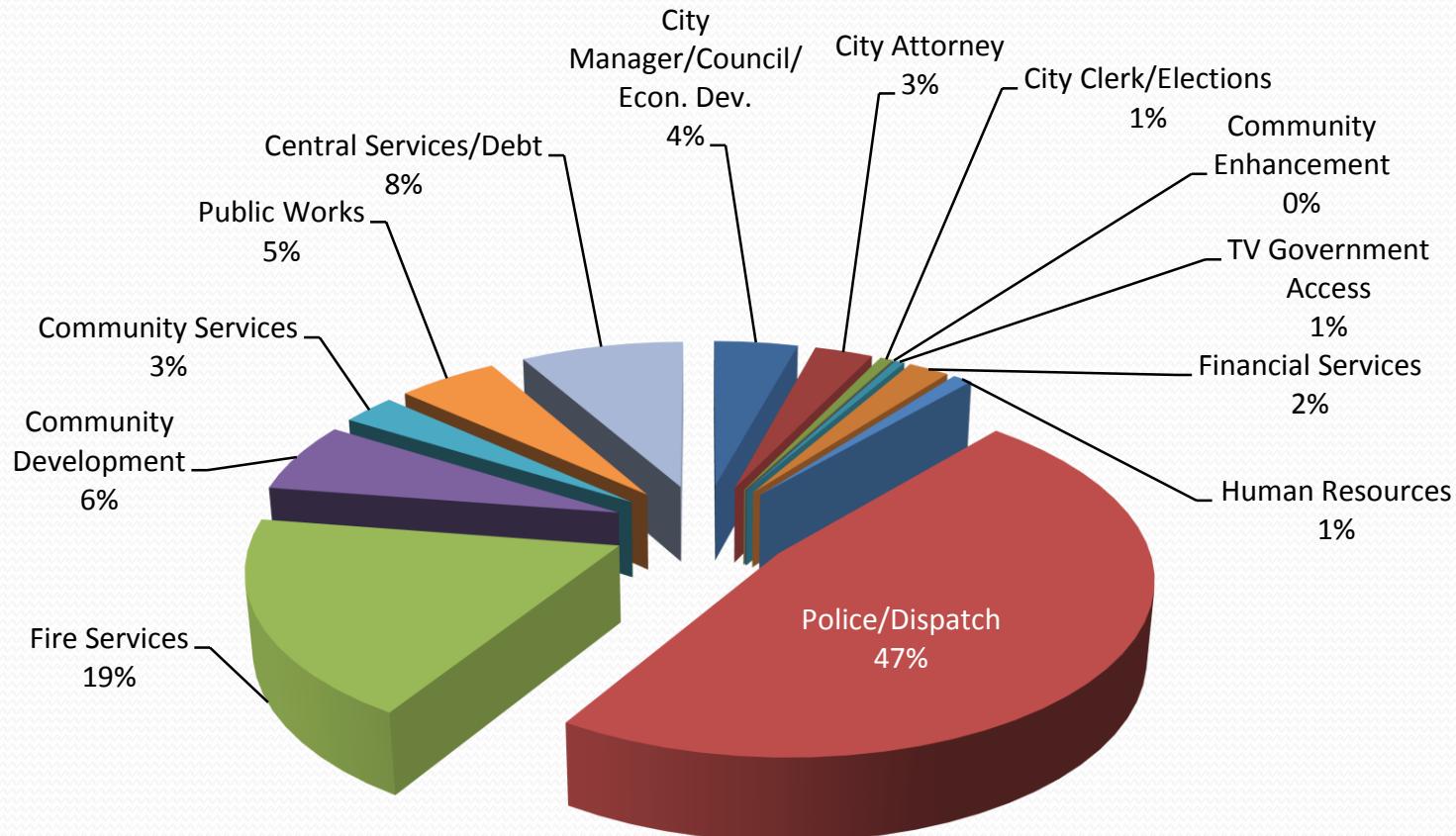


GF – Expenditures by Department

Description	Actual 2012-13	Revised 2013-14	Projected 2014-15	Projected 2015-16
General Fund Expenditures By Department				
City Manager/Council/Econ. Dev.	489,190	631,191	600,280	605,743
City Attorney	315,666	425,897	422,534	422,534
City Clerk/Elections	105,499	93,341	133,412	94,053
Community Enhancement	4,795	7,491	-	-
TV Government Access	16,429	56,800	70,100	70,100
Financial Services	242,834	288,506	292,688	298,672
Human Resources	99,935	215,485	143,021	143,725
Police/Dispatch	6,546,280	6,740,267	6,469,918	6,779,720
Fire Services	2,352,287	2,617,430	2,588,892	2,639,626
Community Development	720,790	876,243	906,608	917,003
Community Services	351,311	374,810	392,148	396,008
Public Works	519,327	726,433	743,256	732,838
Central Services/Debt	1,081,729	1,300,598	1,159,066	1,180,742
Total	12,846,072	14,354,492	13,921,923	14,280,764

GF – Expenditures FY15

General Fund Expenditures Total = **\$13,921,923**



General Fund Reserves FY15

Projected FY15 ending balance \$2,858,705

Note:

- Based on FY14 midyear estimates
- Actual reserves are updated during audit
- Policy goal is 25% of operating budget
- Audit for FY13 reflects full 25% set aside as reserves

Department Highlights & Services

General Fund Services



Airport Fuel Facility Replacement

Council/Manager/Clerk

- Council
 - Policy & direction
 - Committees
 - Lobby for funds
- Manager
 - Oversight City operations
 - Quarterly newsletter
- Clerk
 - Elections
 - Keeper of the Records

Economic Development

- ***Business Retention & Attraction***

- Working with our Existing Companies
- Recruiting New Companies (Talking with Brokers, Investors, Developers, Tenants, and Business Owners)

- ***Workforce Development***

- Helping Local Businesses with their Workforce Needs
- Helping Local Job Seekers to Find Work

- ***Encouraging Public-Private Partnerships***

- Bridging Conversations Between Local Property Owners & Potential Investors
- Eliminating Under-Developed & Blighted Properties

- ***Marketing & Branding***

- Highlighting Banning as a Place to Do Business
- Increasing the Awareness of our Development Activities & Opportunities

- ***Former RDA Related Responsibilities***

- Overseeing the Banning Oversight Board & Related State Mandates

Economic Development – Highlights

- ***Employment “JOB” Resource Fair***
 - 35 companies & over 500 job seekers (September 2013)
- ***Banning Business Center***
 - Under new ownership with improvements being proposed
- ***New Businesses***
 - 64 new businesses in town & 25 new home based businesses since June 2013
- ***Diamond Hills Automotive***
 - Over \$500,000 in façade and building improvements underway
- ***Sales Tax***
 - Up 6.2% Year to Date
- ***Former Deutsch Property***
 - New owner and tenant (Brands On Sale) on-site with plans to open a Museum of Pinball
- ***Successor Agency***
 - State continues to approve all Banning related items
 - Coyne property scheduled to close escrow in June 2014 & move forward with expansion project
- ***Measure E***
 - Successfully passed on June 3, 2014 (by 82.75%)

Administrative Services

- ***Fiscal Services***
 - Accounting, payroll, accounts receivable, accounts payable, purchasing, business licenses
 - Audits, budget, compliance reporting
- ***Human Resources***
 - Recruitments, benefits, employee relations, negotiations, risk management, wellness program, training, compliance reporting
- ***Technology***
 - TV, maintenance – workstation, software, and network, projects
- ***Utility Billing***
 - Billing – Wastewater, Water, Electric, and Refuse, Cashiering for citywide transactions

Administrative Services – Highlights

- New phone system installed
- Upgrade to Council chambers sound system
- Audit of Utility accounts with Waste Management
- Clean Financial Audit
- Employee Benefits fair, Safety Training, Wellness classes

Police – Highlights

- Implementation of COPlogic online reporting system
- Another successful year of BPAL program
- Shop with a Hero program
- Implementation of Volunteer program to monitor City cameras
- Police Department lobby hours expanded to four days from two
- Police Department's radio system was upgraded to provide additional coverage for officers in the field
- Continued participation in the Disaster Preparedness Expo
- ***Core Services***
 - Patrol, Dispatch, Investigations, Records, Community Outreach

Fire Department – Highlights

- EOC grant received – to purchase equipment
- EOC training, procedures and manuals being updated
- *2013 Statistics*
 - 4121 response calls
 - 78.5% were medical response (3236 calls)
- *Core Services*
 - Fire, Medical, Traffic Collisions, Hazmat, and False Alarms

Community Development

- ***General Plan***
 - Blueprint for growth and development of the City
- ***Zoning***
 - Regulations of uses of land and building in the City for residential, commercial, and industrial.
 - California Environmental Quality Act (CEQA)
- ***Building Code***
 - Specific standards regarding building constructions to make sure that it is safe for people to occupy including when earthquake happens.

Community Development - Highlights

- Approval of Coyne Powersports new 10,000 square feet showroom building at 2301 W. Ramsey Street.
- Approval of a 24-unit industrial work lofts on a parcel on East Lincoln Street near the Airport.
- Adoption of four (4) general plan amendments
- Processing Pre-Applications with 23 potential developers and business owners
- Active Major development projects:
 - Rancho San Gorgonio Specific Plan (849-acre property)
 - St. Boniface School Site (a 65-acre property). 172 single-family residential plan.
 - Red Lion Inn Hotel/Restaurant at the northwest corner of Hargrave and Ramsey Street.
- Total Number of all permits issued during the last 12 months was 646 for a total valuation of \$6,229,970.00.

Community Services

- *Recreation*

- Sports leagues and Leisure Classes
- Aquatics
- Facility Rentals
- Special events

- *Senior services*

- Classes, Activities & Special Events
- Referral agency for legal, medical & financial assistance
- “Fill the Cupboard” food program

Community Services - Highlights

- ***Recreation***

- Provided or facilitated youth sports programs
 - 1,400 participants in Basketball, Football, Baseball and Tennis
- Held annual Halloween Fest with attendance of approximately 500
- Added several leisure classes for both adults and youth

- ***Aquatics***

- Provided Learn-to-Swim Lessons for 562 participants
- Increased opportunities for the community to use the Aquatics Center by adding Family Night Swims on Tuesdays and Thursdays.

- ***Senior Services***

- Painted and carpeted interior of the Senior Center
- Opened a computer lab with four work stations
- Funding from Sun Lakes Charities donations

Public Works - Highlights

- ***Core Services***

- Street & Park Maintenance
- Engineering plan review & permitting for development on private property
- Building Maintenance

- ***Highlights***

- Initiated 5 day Parks & Street Maintenance program
- Worked with Community Services on development projects

Personnel Changes

Personnel Changes - Citywide

Authorized positions for FY14 159.02

FT – Reclassifications (Police & Streets) 1.00

FT – Additions (Transit & Electric) 6.00

PT – Reclassifications, additions, reductions 0.38

All authorized positions for FY15 166.40

(includes part time and elected positions)

Personnel Changes by Fund

Personnel Changes		<u>Full Time</u>	<u>Part Time</u>	<u>Total FTE</u>
001	General Fund	1.00	(0.17)	0.83
600	Aiport	-	(0.35)	(0.35)
610	Transit	1.00	0.90	1.90
670	Electric Operations	5.00	-	5.00
Net Changes in Postions >>>		7.00	0.38	7.38

Personnel Changes by position

FY2013-14 Budgeted Positions				159.02
FY2014-15 Full-Time (FT) Position Changes				
001	Police	Police Assistant I	<i>PT position upgraded to FT</i>	1.00
100	Streets	Executive Secretary	<i>Position reclassified to PW Analyst</i>	(1.00)
100	Streets	Public Works Analyst	<i>Position reclassified from Exec Secretary</i>	1.00
610	Transit	Transit Manager	<i>New position</i>	1.00
670	Electric	Powerline Technicians	<i>New position (underfill w/apprentice)</i>	5.00
			Net	7.00
FY2014-15 Part-Time (PT) Position Changes				
001	Police	Part-Time Exec Secretary	<i>Position Eliminated</i>	(0.25)
001	Police	Part-Time Police Assistant I	<i>PT position upgraded to FT</i>	(0.60)
001	Code Enforcement	Part-Time Code Compliance Officer	<i>New position</i>	0.45
001	Recreation	Recreation Leaders	<i>Hours increased</i>	0.21
001	Aquatics	Lifeguards	<i>Hours increased</i>	0.02
600	Airport	Airport Attendant	<i>Hours decreased</i>	(0.35)
610	Transit	Part-Time Bus Drivers	<i>Hours increased</i>	0.90
			Net	0.38
			<i>Total Changes to Budgeted Positions</i>	7.38
Total FY2014-15 Budgeted Positions				166.40

Other City Funds

& Citywide perspective



Before and After: Water Yard Parking Lot project.

Citywide Overview

Revenues

Funds	Actual 2012-13	Revised 2013-14	Projected 2014-15	Projected 2015-16
General Fund	14,920,039	13,856,021	13,921,923	14,150,397
Special Revenue	3,145,217	4,711,897	3,067,403	3,139,811
Capital Improvement	272,914	2,640,747	6,705	6,705
Banning Utility Authority	16,621,453	19,047,753	17,301,524	19,841,217
Enterprise*	4,810,136	6,713,769	5,477,416	5,217,375
Electric	33,364,190	33,512,410	33,261,017	34,568,619
Internal Service	5,705,684	5,907,020	5,902,405	6,037,751
Successor Agency	7,004,254	7,627,937	6,598,520	6,650,515
Total	85,843,887	94,017,554	85,536,913	89,612,390

Expenditures

Funds	Actual 2012-13	Revised 2013-14	Projected 2014-15	Projected 2015-16
General Fund	12,846,072	14,354,492	13,921,923	14,280,764
Special Revenue	3,096,394	6,022,080	3,298,102	3,504,860
Capital Improvement	1,809,379	526,232	180,000	-
Banning Utility Authority	15,631,772	25,560,094	16,672,027	22,895,398
Enterprise*	4,506,624	6,708,514	5,379,471	5,156,345
Electric	33,973,043	41,205,822	37,825,940	36,689,275
Internal Service	5,315,262	5,956,272	5,892,143	5,985,399
Successor Agency	10,453,978	8,893,941	6,361,753	6,427,798
Total	87,632,524	109,227,447	89,531,359	94,939,839

Special Revenue Funds

- Includes funds that are restricted in use. Examples include:
 - Riverside /Police MOU
 - Gas Tax
 - Measure A
 - CDBG & other Grants
 - CFDs and LMDs

FY15 - Total Adjusted Revenues	\$ 3,067,403
FY15 - Total Adjusted Expenditures	\$ 3,298,102

Capital Improvement Funds

- Includes funds that are restricted in use.
 - i.e. Development impact funds, major capital projects
- Projects will be budgeted when presented to Council

FY15 - Total Adjusted Revenues \$ 6,705

FY15 - Total Adjusted Expenditures \$ 180,000

Highlights

- Completed City Hall bathroom
- Assisted the County in the commencement of the construction of the Sunset Grade Separation Project

Enterprise Funds

- Includes funds that are considered to be like a business. Examples include:
 - Airport
 - Transit – Bus services & Dial a ride
 - Refuse

(Electric will be discussed separately)

FY15 - Total Adjusted Revenues	\$ 5,477,416
FY15 - Total Adjusted Expenditures	\$ 5,379,471

Airport - Highlights

- Completed the design of the Taxiway Relocation Project
 - Received a \$193,922 grant from the FAA
- Completed the design of the Fuel Facility Relocation Project
 - Received a \$93,600 grant from the FAA
- Completed the construction of the Fuel Facility Relocation Project
 - Received a \$558,225 grant from the FAA
 - Received a \$27,911 grant from the DOT

Transit - Highlights

- 147,747 unlinked passenger trips, representing an increase of 8% in ridership from previous year
- Dial-A-Ride provided 9,244 unlinked trips during the year, showing a slight increase in ridership
- Purchased a new Dial-A-Ride Vehicle – delivered in April.

Internal Service Funds

- Include funds that provide services to other City operations.
 - Risk Management (worker's compensation, general liability, unemployment, city attorney)
 - Fleet
 - Information services
 - Utility billing services

FY15 - Total Adjusted Revenues	\$ 5,902,405
FY15 - Total Adjusted Expenditures	\$ 5,892,143

Water Funds

<u>Water Funds</u>		<u>Revenues</u>	<u>Expenditures</u>	<u>Projected balance</u> <u>@ 6/30/2015</u>
660	Water Operations	10,669,000	9,879,065	8,724,207
661	Water Capital Facility Fee	26,964	200,000	1,448,598
663	BUA Water Capital Project Fund	2,900	300,000	1,547,991
669	BUA Water Debt Service Fund	2,290,087	2,291,187	83,253
Combined Fund Balance >>>		\$ 12,988,951	\$ 12,670,252	\$ 11,804,049

Core Functions

- Water Production, Distribution and Transmission
- Engineering and Capital Improvements

Highlights

- Completed parking lot improvements at Water Department yard
- Installed new SCADA radios & Telemetry system
- Completed repairs to Well M-3

Wastewater Funds

<u>Wastewater Funds</u>		<u>Revenues</u>	<u>Expenditures</u>	<u>Projected balance</u>
				<u>@ 6/30/2015</u>
680	Wastewater Operations	3,212,104	3,189,143	1,022,290
681	Wastewater Capital Facility Fees	34,644	115,000	9,836,890
683	BUA WWtr Capital Project Fund	1,300	-	2,730,029
685	State Revolving Loan	301,275	299,882	772,106
689	BUA Wastewater Debt Service Fund	398,250	397,750	90,151
Combined Fund Balance >>>		\$ 3,947,573	\$ 4,001,775	\$ 14,451,466

Core Functions

- Sewer Collections and Treatment
- Engineering and Capital Improvements

Highlights

- Replaced 8" sewer main on Florida Street
- Replaced primary sludge pumps at Treatment Plant

Reclaimed Water Funds

<u>Reclaimed Water</u>		<u>Revenues</u>	<u>Expenditures</u>	<u>Projected balance</u>
				<u>@ 6/30/2015</u>
662	Irrigation Water	2,500	-	2,500
682	Wastewater Tertiary	362,500	-	2,556,690
Combined Fund Balance >>>		\$ 365,000	\$ -	\$ 2,559,190

Core Functions

- Engineering and Capital Improvements in order to have Collection, Distribution and Transmission System

Highlights

- Completed Section A of the Recycled Water Line

Electric Funds

<u>Electric Funds</u>		<u>Revenues</u>	<u>Expenditures</u>	<u>Projected balance</u> <u>@ 6/30/2015</u>
670	Electric Operations	29,773,000	29,110,905	10,285,222
672	Rate Stability	10,000	-	6,022,169
673	Electric Improvement	15,141	415,000	6,524,450
674	2007 Elec Rev Bond Project Fund	5,350	4,850,000	1,588,955
675	Public Benefit Fund	784,250	776,959	312,025
678	2007 Elec Rev Bond Debt Service	2,673,276	2,673,076	297,270
Combined Fund Balance >>>		\$ 33,261,017	\$ 37,825,940	\$ 25,030,091

Core Activities

- Generation, Distribution and Transmission System

Highlights

- Completed Phase 1 & 2 of the Downtown UG
- Started installing the decorative streetlights
- Completed Phase 1 and part of 2 of the Sunset Grade Separation
- Continue upgrading system: the 4kV – 12kV work in preparation of rebuilding and upgrading the Alola and Airport Substations

Electric – Capital Projects

- ***Distribution Infrastructure***

- Downtown Undergrounding & Decorative Lights
- Sunset Grade Separation
- 4kV – 12kV Conversion
- Rebuild/Upgrade Alola and Airport Substations

- ***Facilities***

- Replace Electric Warehouse and Operations Building (Corporate Yard Building)
- Rebuild Hydro Generating Units in the Canyon

Electric - Challenges

- *Succession Planning – Personnel Challenges*
 - 50% of the Electric Utility personnel are eligible for retirement over the next five years
 - Many affected positions are in the Powerline Technician series (Technician – Crew Supervisor – Operations Mgr)
 - Utilizing Apprentice Program to backfill positions and prepare for retirements
 - Recruitments will be challenging due to a number of issues: Geography, Pay Scale, and Retirement Plan

Electric - Regulatory

- Renewable Energy Mandates
- Greenhouse Gas Emissions Reductions
- Cap & Trade Program
- Environmental Protection Agency (EPA) Clean Air/ Emission Reduction Mandates
- More stringent Title 24 Building Requirements make it difficult to meet Energy Conservation Mandates
- New Cal-OSHA Safety Requirements

All of these mandates increase the Utility's operating costs

Capital Improvement Plan



Before and After: Florida Street Sewer Main Replacement

Capital Improvement Program

- Five year plan FY14/15 to FY18/19
- Program includes:
 - Projects in progress
 - Projects from Plans reported to other agencies. For Example:
 - Measure A
 - Transit
 - Airport
 - Projects from other planning tools
 - Master Plans
 - Studies

Capital Improvement Program – Funding Summary

Project to date (as of June)	9,308,621
Budget Carryforward (as of June)	17,761,350
FY15	8,369,132
FY16	9,544,132
FY17	6,587,000
FY18	21,529,000
FY19	<hr/> 17,936,000
Total Capital Improvement Program	\$ 91,035,235

Completed CIP Projects

- City Hall bathroom
- Corporate yard perimeter wall
- Parking lot improvements at Water Department yard
- Installed new SCADA radios for water system
- Replaced 8" sewer main on Florida Street
- Replaced primary sludge pumps at Treatment Plant
- Section A of the Irrigation Water Line
- Completed plans for new Corporate yard building

Conclusion

Concluding Thoughts

- Budget relies on continuing improvements in economy
- Departments containing costs
 - Extraordinary events not included
 - Example: litigation and settlements

Future Challenges

- *General Fund (and other funds)*
 - PERS rates continuing to increase
 - Unfunded pension liability reporting (GASB 68 & GASB 71)
 - Deferred maintenance & equipment replacement
 - Aging fleet
 - Example: Fire apparatus ($\$500,000 \times 2$) by 2024
 - General Plan update by 2021
 - Estimated cost \$500,000 to \$ 1 million
 - End of Successor Agency funding of \$250,000

Future Challenges

- Regulatory compliance (State and Federal mandates)
- *Upcoming Workshops*
 - Airport use
 - Water - compliance with chromium 6/ drought impacts & recommendations for Banning

End of Presentation

- Request for adoption of budget will be presented during the regular Council meeting – June 24th