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City Manager**

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To: Lemoore City Council
From: Brooke Austin, Executive Secretary
Cheryl Silva, Finance Director and
JP Prichard, Administrative Analyst
Date: February 8, 2013
Subject: 2012-2013 Mid-Year Budget Adjustments

Item # 6

Discussion:

Staff has reviewed the current status of 2012-2013 Operations and Maintenance Budget. Based on that review staff is forwarding the following budget adjustments for Council consideration:

Revenues

Finance Director Silva and City Manager Britz have reviewed and analyzed all revenue for the past seventh months and recommend the following adjustments based on material changes:

**Proposed Budget Adjustments
Mid Year 2012 2013**

	Adopted Budget 2012-13	Proposed Budget Changes	+/- Difference
3010 Secured Property Taxes	960,000	1,100,000	140,000
3010A Secured Property Taxes - RDA	0	155,000	155,000
3010A Secured Property Taxes - RDA (One Time)	0	1,478,000	1,478,000
3022 Sales Tax	1,900,000	1,925,000	25,000
3024 Property Transfer Tax	33,000	46,000	13,000
3040 Building Permits	70,000	113,000	43,000
3045 Plumbing Permits	8,000	10,000	2,000
3045 Plumbing Permits (One Time)	0	14,000	14,000
3050 Electrical Permits	6,000	9,000	3,000
3055 Mechanical Permits	1,600	2,600	1,000
3060 Plan Check Fees	35,000	40,000	5,000
3200 Public Improvement Plan Check Fee	35,000	55,000	20,000
3290 Other Permits	6,000	9,500	3,500
3630 General Plan Update Fee	8,000	12,000	4,000
3635 Technology Fee	3,000	5,000	2,000
3681 Recreation Fees	213,000	243,000	30,000
3777 Booking Fee Reimbursement	18,000	16,000	(2,000)

3780	DUI Cost Recovery	7,000	10,000	3,000
3796	AB109 - Police Funding	0	37,000	37,000
3815	Abandoned Vehicle Abatement	15,000	10,000	(5,000)
3861	Police Dept. Misc.	10,000	15,000	5,000
3862	Police Dept. Fees	1,000	1,500	500
3870	Contributions-Lemoore Housing Authority	138,000	0	(138,000)
3872	School Impact Fees	5,000	9,500	4,500
3880	Miscellaneous	12,750	14,000	1,250
3882	RMA Reimbursements (One Time)	88,000	100,700	12,700
3900	Transfer In-Gen Facilities Impact Fees (One Time)	0	60,400	60,400
	Ongoing Difference	3,485,350	3,838,100	352,750
	One Time Difference	88,000	1,653,100	1,565,100
	Total Difference	\$3,573,350	\$5,491,200	\$1,917,850

Non Salary/Benefit Expenditures

Staff is recommending an increase in the City Manager (4213) Professional Contract Services (4310) of \$15,265 for ongoing Successor Agency legal fees and \$50,000 for one-time Successor Agency legal fees related to litigation. Successor Agency legal fees were originally requested on the Recognized Obligation Payment Schedule, but were denied.

Staff is recommending a decrease in Finance (4215) Professional Contract Services (4310) of \$10,000. This is due to the Redevelopment Agency audit being paid for by the Successor Agency.

Staff is recommending a decrease in Planning (4216) Professional Contract Services (4310) of \$10,000. The Department has had fewer than anticipated engineering and legal expenses.

Staff is recommending a one-time increase in Maintenance (4220) in Repair/Maintenance Services (4350) of \$4,800 due to additional repairs to the water features at "D" Street and Rotary Plaza Parks. However, staff is also recommending a decrease of Equipment/Asset Replacement (4825AR) of \$1,075 to account for one-time savings from the Rotary Park Water Feature Improvement.

Staff is recommending a one-time transfer of \$9,900 from Police (4221) Uniform Allowance (4317) to Operating Supplies (4220) to account for the non-payroll related uniform costs. In addition, a one-time increase of \$20,000 is recommended in Operating Supplies (4220), which includes \$10,000 for K-9 related expenses and \$10,000 in additional uniforms needed for new hires. An increase of \$17,000 is also recommended in Professional Contract Services (4310) for a one-time upgrade to the RIMS Software. This upgrade will allow citizens the ability to self-report minor incidents for which they desire to have a police report. Finally, an increase to Equipment/Asset Replacement (4825AR) of \$10,000 is recommended for the purchase of a new (replacement) K-9. It is important to note that \$27,000 will be offset with AB109 funds.

Staff is recommending an increase in Recreation (4242) Professional Contract Services of \$30,000 associated with growing programs. This expense is expected to be fully

offset by additional recreation revenue. In addition, staff is recommending an increase of \$700 in Meeting and Dues (4320) to account for the auto allowance provided to the Director, which was erroneously left out of the originally prepared budget.

Staff is recommending an increase in the Water Division (4250) Operating Supplies (4220) of \$28,000 due to unexpected expenses for street and sidewalk repairs due to water leaks and meter replacement jobs, extra water meter registers for meter change-out work, and more than budgeted hypochlorite used for arsenic blending. An increase of \$9,000 is recommended in Repair/Maintenance Supplies (4230) for the purchase of fire hydrants and fire hydrant parts for unexpected repairs and replacements in the field. Finally, a one-time increase to Repair/Maintenance Services (4350) of \$15,500 is recommended due to unexpected repairs to two well motors, a booster pump, a well sensor and a booster sequencer.

Staff is recommending an increase in the Sewer Division (4260) Equipment/Asset Replacement (4285AR) of \$29,900. This includes \$7,000 for the replacement of the pump at the lift station, \$20,000 for a major repair to the storm drain pump and \$2,900 for the replacement of a submersible pump. All of these were unexpected repairs and not originally budgeted for.

Salary and Benefit Expenditures

There have been several events impacting ongoing salary and benefit budgets citywide. CalPERS health insurance premiums were slightly over-budgeted, which has been corrected based on actual premium costs. There were also minor changes to City-paid life insurance premiums, Social Security wage base, State unemployment insurance, and State disability insurance.

One-time savings were realized due to periods of vacancy in several positions throughout the City. Additionally, there have been adjustments to recognize payoffs of leave for exiting employees, and previously unbudgeted increases to retirement benefits for part-time employees that qualify for CalPERS retirement. In addition, employees hired after January 1st, are calculated at the new lower CalPERS rates.

The most significant increase was in the Maintenance Division, which experienced an increase of \$81,268. This is due to employees hired for the Cinnamon Municipal Complex remodel. However, \$60,400 will be offset with revenue received from Capital Improvement Funds for this project. In addition, an adjustment was needed to correct the costs associated with a full-time employee that was allocated in the approved budget, but whose salary costs were not correctly budgeted.

Altogether, staff recommends reducing salary and benefit budgets (per the attached detail) by approximately \$56,659 for General Fund departments, and \$54,221 for Enterprise and Internal Service Fund departments.

Staff will be available to answer questions that may arise on Tuesday night.

Budget Impact:

The General Fund revenue budget adjustment for fiscal year 2012-2013 includes a one-time increase of \$1,565,100 and an ongoing increase of \$352,750. The General

Fund non-salary expenditures include a one-time increase of \$92,445, an ongoing increase of \$25,965, and a one-time increase to Asset Replacement of \$8,925. The Enterprise and Internal Service Fund expenditures increase by \$82,400. The General Fund salaries and benefits decrease by \$56,659, and Enterprise and Internal Fund salaries and benefits decrease by \$54,221. The net effect to the General Fund for all recommended adjustments is \$1,843,319 to the positive. The net effect to the Enterprise and Internal Service Fund for all recommended adjustments is \$28,179 to the negative.

	+/-
	Difference
GENERAL FUND	
One Time Revenues	1,565,100
Ongoing Revenues	352,750
TOTAL GENERAL FUND REVENUES	1,917,850
One-Time Non-Salary Expenditures	96,300
Ongoing Non-Salary Expenditures	25,965
One-Time Expenditures Asset Replacement	8,925
Salary and Benefits	(56,659)
LESS TOTAL GENERAL FUND EXPENDITURES	(74,531)
NET EFFECT TO GENERAL FUND (Including Asset Replacement)	<u>\$1,843,319</u>
ENTERPRISE AND INTERNAL SERVICE FUND	
Non-Salary Expenditures – Water	52,500
Salary and Benefits – Water	(8,665)
NET EFFECT TO WATER FUND	(43,835)
Salary and Benefits – Refuse	(3,933)
NET EFFECT TO REFUSE FUND	3,933
One-Time Expenditures Asset Replacement – Sewer	29,900
Salary and Benefits – Sewer	(44,504)
NET EFFECT TO SEWER FUND (Including Asset Replacement)	14,604
Salary and Benefits – LLMD	3,371
Salary and Benefits – PFMD	(1)
NET EFFECT TO LLMD/PFMD FUND	(3,370)
Salary and Benefits – Fleet	(489)
NET EFFECT TO FLEET FUND	489
NET EFFECT TO ENTERPRISE AND INTERNAL SERVICE FUND (Including Asset Replacement)	<u>(\$28,179)</u>

Recommendation:

That the City Council, by motion, approve the above described recommended budget adjustments.