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**Office of the
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To: Lemoore City Council **Item # 5**
From: Janie Venegas, Administrative Secretary *JV*
Cheryl Silva, Finance Director *CS*
Date: January 14, 2014
Subject: 2013-2014 Mid-Year Budget Adjustments

Discussion:

Staff has reviewed the current status of 2013-2014 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 Laws have reviewed and analyzed all revenue for the past six months and recommend the following adjustments based on material changes:

**Proposed Budget Adjustments
 Mid-Year 2013 2014**

General Fund	Budget 2013-14	Proposed Budget Estimates	Budget Adjustments
3010A Secured Property Taxes - RDA	285,000	950,000	665,000
3022 Sales Tax	1,960,000	2,000,000	40,000
3681 Recreation Fees	250,000	275,000	25,000
3778A Incentive/Rebates	60,000	40,000	-20,000
3779 Reimbursement	20,965	90,965	70,000
3850 Interest	50,000	75,000	25,000
3861 Police Dept. Misc.	18,000	8,000	-10,000
3862 Police Dept. Fees	1,600	3,000	1,400
3872 School Impact Fees	5,000	10,000	5,000
3880 Miscellaneous	13,000	223,000	210,000
3900 Transfer In (CNG Grant)	0	52,335	52,335
Ongoing Difference	2,663,565	3,727,300	941,400
One Time Difference	0	0	122,335
Total Difference	\$ 2,663,565	\$ 3,727,300	\$ 1,063,735

Water Fund

	Budget 2013-14	Proposed Budget Estimates	Budget Adjustments
3900 Transfer In (CNG Grant)	0	20,000	20,000

Non Salary/Benefit Expenditures

Staff is recommending an increase in the City Council (4211) Professional Contract Services (4310) of \$8,000 for legal fees. The Department has had more than anticipated legal expenses.

Staff is recommending an increase in the City Manager (4213) Printing and Publication (4330) of \$16,500. This is due to the zoning code update.

Staff is recommending a decrease in Finance (4215) Professional Contract Services (4310) of \$7,000. This is due to over estimating the Audit fees during the budget cycle. In addition, an increase of \$25,000 is recommended in Bank Fees (4389) due to the change in procedure for recording bank fees and offsetting with interest earned.

Staff is recommending a one-time increase in Planning (4216) in Training (4360) of \$10,000 in order for the new Planning Commissioners to attend the Planning Commission Conference.

Staff is recommending a one-time increase in Maintenance (4220) in Repair/Maintenance Services (4230) of \$8,700 for the Veteran Hall kitchen upgrade. A one-time increase of \$10,000 is also recommended in Rental/City Owned Equipment (4300) as vehicle maintenance expenses are higher due to damage/extensive repairs. In addition, a one-time increase of \$70,000 is recommended in Professional Contract Services (4310) for associated Soil/Brownfield Clean-up expenses. The Soil/Brownfield Clean-up will have revenue to offset.

Staff is recommending a one-time increase in Police (4221) Operating Supplies (4220) of \$13,000 for SWAT related supplies. In addition, a one-time increase of \$3,000 is also recommended in Meetings and Dues (4320) for the Basic SWAT course. A one-time increase is recommended in P.D. Trainee (4361) of \$4,960 for the police cadets who were on payroll prior to their graduation and employment. Also, a one-time increase in Vehicles/Asset Replacement (4840AR) of \$28,800 for a Chief of Police vehicle along with a one-time increase of \$37,188 for the additional fees associated with receiving the CNG Grant. This grant has offsetting revenue of \$32,335.

Staff is recommending a one-time increase in Building Inspections (4224) Professional Contract Services (4310) of \$19,500 for Multi-Family and Industrial Plan Review services. Staff is also recommending an increase in Printing and Publication (4330) of \$700 for the PDF version of the 2013 California Codes.

Staff is recommending an increase in Public Works (4230) Operating Supplies (4220) of \$5,500 for postage costs; an increase in Printing and Publications (4330) of \$1,000 for public notices; an increase in Utilities (4340) of \$1,200 for phone expenses and an

increase in Rentals and Leases (4380) of \$2,600 for copier lease/usage expenses. All of the above increases are associated with planning activities. In addition, a one-time increase in Vehicles/Asset Replacement (4840AR) of \$21,000 for the additional fees associated with receiving the CNG Grant. This grant has offsetting revenue of \$20,000.

Staff is recommending a one-time increase in the Water Division (4250) Operating Supplies (4220) of \$55,000 due to a 20% increase in water pumping and Hypo use in addition to replacement water meters; a one-time increase in Professional Contract Services (4310) of \$30,000 due to increased testing costs and State review fees; a one-time increase in Repair/Maintenance Services (4350) of \$75,000 due to unexpected well issues; a one-time increase in Equipment (4825) of \$1,5000 for training panel components and a one-time increase in Vehicles/Asset Replacement of \$3,000 for the different in actual vehicle amount compared to bid. In addition, a one-time increase in Vehicles (4840) of \$21,000 for the additional fees associated with receiving the CNG Grant. This grant has offsetting revenue of \$20,000.

Staff is recommending an increase in the Sewer Division (4260) Utilities (4340) of \$25,000 for the increase in utilities based on Leprino outflow. An increase is also recommended in Equipment/Asset Replacement (4825AR) of \$10,000 for the replacement of the Leprino pump.

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.

Altogether, staff recommends reducing salary and benefit budgets (per the attached detail) by approximately \$92,350 for General Fund departments, and \$46,222 for Enterprise and Internal Service Fund departments.

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

The following staff allocation changes are required in order to more accurately reflect the staffing levels of the following departments:

Position Allocation Changes

<u>DEPT</u>	<u>FROM</u>		<u>TO</u>	
4213	Admin Assistant/City Clerk	0.75	City Clerk/Admin Secretary	1.00
	Office Assistant I/II	0.50	Office Assistant I/II	1.00

4222	Administrative Assistant	0.25	0	0.00
	Office Assistant I/II	0.00	Office Assistant I/II	0.25
4230	Office Assistant I/II	0.50	Office Assistant I/II	0.75
4256	Maintenance Worker I/II	5.00	Maintenance Worker I/II	4.00
	Senior Maintenance Worker	0.00	Senior Maintenance Worker	1.00

Budget Impact:

The General Fund revenue budget adjustment for fiscal year 2013-2014 includes a one-time increase of \$122,335 and an ongoing increase of \$941,400. The General Fund non-salary expenditures include a one-time increase of \$155,660, an ongoing increase of \$32,700, and a one-time increase to Asset Replacement of \$86,988. The Enterprise and Internal Service Fund expenditures increase by \$119,278. The General Fund salaries and benefits decrease by \$92,350, and Enterprise and Internal Fund salaries and benefits decrease by \$46,222. The net effect to the General Fund for all recommended adjustments is \$880,737 to the positive. The net effect to the Enterprise and Internal Service Fund for all recommended adjustments is \$127,428 to the negative.

	Budget Adjustment
GENERAL FUND	
One Time Revenues	122,335
Ongoing Revenues	941,400
TOTAL GENERAL FUND REVENUES	1,063,735
One Time Non-Salary Expenditures	155,660
Ongoing Non-Salary Expenditures	32,700
One Time Expenditures Asset Replacement	86,988
Salary and Benefits	(92,350)
LESS TOTAL GENERAL FUND EXPENDITURES	182,998
NET EFFECT TO GENERAL FUND (Including Asset Replacement)	880,737
ENTERPRISE AND INTERNAL SERVICE FUND	
One Time Revenues - Water	20,000
Non-Salary Expenditures - Water	185,500
Salary and Benefits - Water	(46,222)
NET EFFECT TO WATER FUND	(119,278)
Salary and Benefits - Refuse	15,059
NET EFFECT TO REFUSE FUND	(15,059)
One Time Expenditures Asset Replacement - Sewer	35,000
Salary and Benefits - Sewer	(41,909)
NET EFFECT TO SEWER FUND (Including Asset Replacement)	6,909
NET EFFECT TO ENTERPRISE AND INTERNAL SERVICE FUND (Including Asset Replacement)	(127,428)

Recommendation:

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