



CITY COUNCIL STAFF REPORT

DATE: MARCH 2, 2016 NEW BUSINESS

SUBJECT: PRELIMINARY OVERVIEW OF THE FISCAL YEAR 2016-17 GENERAL FUND BUDGET

FROM: David H. Ready, City Manager

BY: Department of Finance and Treasury

SUMMARY

The City Manager is presenting a preliminary Fiscal Year 2016-17 General Fund Budget to the City Council for its first review. Included are initial estimates for revenues/expenditures of a basic "carry over" budget, with the exception of included personnel-related mandated cost adjustments (e.g. PERS retirement, health care, etc.) and projected increases in supplies, materials and contracts.

Staff will be presenting a full budget at the City Council Meeting of April 20, 2016, including recommended new personnel positions and capital expenditures. Additionally, the Council Finance and Budget Subcommittee (Mayor Moon/Councilmember Kors) will be holding "town hall" type meetings to receive public input on the budget in April – and the full City Council will be discussing budget recommendations in May. Adoption of the new budget will take place at a Public Hearing scheduled for June 1, 2016.

RECOMMENDATION:

Direct the City Council Finance and Budget Subcommittee and City Staff as appropriate.

STAFF ANALYSIS:

A preview of the Fiscal Year 2016-17 General Fund budget is presented to City Council as a preliminary overview. The information being presented represents the best estimates of the Finance Department for the revenues and expenditures based upon a "roll-over" budget, including personnel-related cost adjustments and projected increases in supplies, materials and contracts—at a time when only 49% of the current fiscal year revenue has been collected.

Current Year (FY 2015-16) Overview

For the current fiscal year, the Finance Director is projecting a General Fund surplus of \$557,388 and a projected cash balance of \$15,542,992, which as discussed on February 17, 2016, at mid-year budget review, results in a General Fund Reserve Equivalency of 18%.

FY 2016-17 Revenue Overview

Total General Fund Revenue is projected at \$102,524,097, which is a 3.76% increase from the previous fiscal year. However, a decrease in projected sales tax revenue is included due to a \$1.3 million one-time payment in sales taxes received from the State in the current Fiscal Year, as a State repayment to the City of the “borrowed triple flip” revenue during the State’s budget crisis several years ago.

An increase of revenue from “All Other Sources” is based on fully realizing all Development Services fee increases approved by the City Council last year.

FY 2016-17 Expenditure Overview

Total General Fund Expenses and Transfers is projected at \$102,219,225, which is a 4.04% increase from the previous fiscal year, including \$2.7 million for the following Capital Projects:

Fire Station No. 4 Renovation	\$ 700,000
Street Repairs	\$ 1,000,000
Miscellaneous Capital	\$ 1,000,000

The \$700,000 for Fire Station No. 4 is to supplement the existing \$600,000 in the current budget reserved for the complete renovation of the station which is currently underway.

Staff is recommending \$1,000,000 to continue the City Council priority of street repairs. Additionally, \$1,000,000 is recommended for an unallocated capital projects account to address several facilities maintenance projects.

FY 2016-17 Surplus/Reserves Overview

The Finance Director is projecting a preliminary surplus of \$304,872 resulting in a projected fund balance of 15,847,864, and a General Fund Reserve of 18%.

Next Steps


This introductory overview includes only the General Fund. Details of the General Fund Budget (including additional personnel requests), as well as the various Enterprise

Funds, Internal Service Funds, and other funds, will be presented at the City Council Meeting of April 20, 2016.

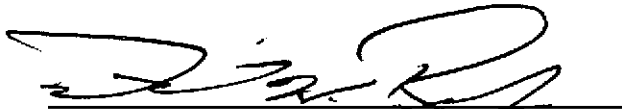
The City Council Finance and Budget Subcommittee (Mayor Moon/Councilmember Kors) is proposing to host two Town Hall meetings to accept public comment and further study the budget in greater detail, in order to make recommendations to the City Council. The proposed meetings are scheduled for April 11 and April 12, 2016, from 6:00 to 8:00 p.m. in the Council Chamber at City Hall. The full City Council will conduct a Budget Study Session on Wednesday, May 11, 2016, in addition to the budget remaining on the regular meeting agendas for May 4 and May 18, 2016.

At the direction of City Council, Staff has developed an application process for special event sponsorships and program funding. Each organization and/or agency will be required to complete an application to be eligible for such — regardless of whether they have received prior funding. This application and notice will be advertised and available this week.

As required by City Charter, Staff is scheduling the public hearing on the budget for June 1, 2016. At the conclusion of the public hearing, the City Council may adopt the budget or request additional information from Staff for adoption of the budget at the June 15, 2016, City Council meeting.



James Thompson
Chief of Staff/City Clerk



David H. Ready, Esq., Ph.D.
City Manager

Attachments:
General Fund FY 2016-17 Budget Overview

**BUDGET PREVIEW
GENERAL FUND
FY 2016-2017**



March 2, 2016

City of Palm Springs

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BUDGET CALENDAR

April 11 & 12, 2016	Budget Town Hall Meetings
April 20, 2016	All Funds Preliminary Budget
May 4, 2016	Continued Budget Discussion
May 11, 2016	Budget Study Session
May 18, 2016	Continued Budget Discussion
June 1, 2016	Public Hearing

CASH BALANCES GENERAL OPERATING FUND

AVAILABLE CASH BALANCE, 7/01/15		<u>\$14,985,654</u>
FISCAL YEAR 2015-2016 Projections		
Revenue & Transfers-In	\$98,806,250	
Expenditures & Transfers-Out	<u>(98,248,912)</u>	
Projected 2015-2016 Surplus/(Deficit)	\$557,338	
Projected Available Cash Balance, 6/30/2016		<u>\$15,542,992</u>
FISCAL YEAR 2016-2017 Projections		
Revenue & Transfers-In	\$102,524,097	
Expenditures & Transfers-Out	<u>(102,219,225)</u>	
Preliminary 2016-2017 Surplus/(Deficit)	\$304,872	
Projected Available Cash Balance, 6/30/2017		<u><u>\$15,847,864</u></u>
General Fund Reserve Equivalency		<u><u>18%</u></u>
Short-Term Loan Repayment from Measure J Fund:		
Police Department Remodel Loan		\$1,000,000
Adjusted Projected Available Cash Balance, 6/30/2017		<u><u>\$16,847,864</u></u>
Adjusted General Fund Reserve Equivalency		<u><u>19%</u></u>

MAJOR REVENUE FUNDS

CATEGORY	FY 15-16 Projected	FY 16-17 Preliminary	% Change FY 16-17
Property Taxes	18,895,000	19,937,098	5.52%
Transient Occupancy	25,750,000	26,450,000	2.72%
Sales and Use Taxes	12,409,733	11,948,077	-3.72%
Utility Users Tax	7,250,000	7,500,000	3.45%
Franchise Fees	3,000,000	3,000,000	0.00%
Vehicle In-Lieu Fees	4,190,282	4,200,000	0.23%
Medical Cannabis	1,200,000	1,300,000	8.33%
Administrative Charges	1,949,796	2,126,798	9.08%
Business Licenses	900,000	900,000	0.00%
Building Permits	1,100,000	1,100,000	0.00%
CRA Residuals (One-Time)	2,049,295	2,548,456	N/A
All Other Sources	8,473,939	10,074,624	18.89%
Subtotal	87,168,045	91,085,053	4.49%
Transfers In	887,500	887,500	0.00%
Measure J Transfers In	12,800,000	13,100,000	2.34%
TOTAL	\$98,806,250	\$102,524,097	3.76%

EXPENDITURES

CATEGORY	FY 15-16 Adopted	FY 16-17 Preliminary	% Change FY 16-17
General Government	11,091,043	11,351,780	2.35%
Community Econ Dev	1,299,914	1,363,794	4.91%
Planning Services	1,674,432	1,732,684	3.48%
Building & Code Enforcement	2,747,517	2,905,400	5.75%
Recreation / Golf	4,024,147	4,083,765	1.48%
Library	2,595,604	2,598,117	0.10%
Police	25,240,715	25,983,364	2.94%
Fire / Paramedic	13,098,975	13,355,627	1.96%
Public Works/Streets	5,013,595	5,387,970	7.47%
Maintenance / Facilities	4,122,156	4,254,654	3.21%
Tourism/CVB/Convention Center	10,154,825	10,257,648	1.01%
Special Events & Contributions	767,500	767,500	0.00%
Subtotal	81,830,423	84,042,303	2.70%
Transfers Out	3,618,489	2,376,922	-34.31%
Capital Transfers	0	2,700,000	N/A
Measure J Transfers Out	12,800,000	13,100,000	2.34%
TOTAL	\$98,248,912	\$102,219,225	4.04%

Capital Transfers:

Fire Station #4 Renovation	700,000
Street Repairs	1,000,000
Miscellaneous Capital	1,000,000
TOTAL	\$2,700,000

Employee Related Expenses (Increases) and Savings:

	16-17 Compared to 15-16 Projections
MOU Contract COLAS	(\$132,767)
MOU Salary Step Movement	(43,708)
CalPERS Rate Increase (Safety +4.728%, Misc. + 1.628%)	(968,620)
Employee Health Benefits	(140,797)
Retiree Health Benefits	(34,267)
Workers' Comp (+5% est.)	(150,000)
Total Employee Related Cost Increases	(\$1,470,159)