



## ***2016-17 Proposed Budget***

***City Council Workshops  
May 2016***

## **What Is The Issue?**

The City of Fountain Valley is proud of its quality of life services and its strong fiscal accountability. However, like most other California cities, Sacramento continues to raid city coffers to balance its own budget.

Sacramento has taken over \$116 million from Fountain Valley residents.

The 2016-2017 City Budget will face a \$1.7 million dollar structural budget deficit.



# Budget Update

Did you know that the City of Fountain Valley has been running a deficit 6 out of the last 8 years?

- The 2015-2016 City Budget had a \$1.2 million gap
- The 2016-2017 City Budget is projected to have a \$1.7 million gap
- By the 2020 -2021 fiscal year the budget deficit could be over \$4.4 million



## What Has the City Done to Tighten Its Own Belt?

The City Council has taken numerous steps to cut costs including:

- Reducing the City workforce
- Reduce healthcare subsidies for City employees
- Implementing a 3-tiered retirement system in 2012
- Requiring all City employees to contribute to their own retirement



## Potential City Services that could be cutback or eliminated

Should Fountain Valley not be able to find other sources of revenue, the City will have to start cutting actual vital city services. Unfortunately, as police and fire services are such a significant portion of the City's general fund budget, the following maybe considered:

- Closing Fire Station #2
- Cutting the current level of firefighter personnel
- Restructuring police services
- Increasing fees even further for city recreation and other services

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## City Priorities

In a recent community survey, Fountain Valley residents identified the following priorities for the City:

- Maintain 9-1-1 emergency response times
- Repair local storm drain systems to prevent flooding
- Maintain local fire services
- Repair streets and potholes
- Maintain neighborhood police patrols
- Increase Vietnamese-language training for City police and firefighters
- Maintain anti-gang and anti-drug programs
- Maintain programs to attract businesses and create jobs





# 2016-17 Proposed Budget

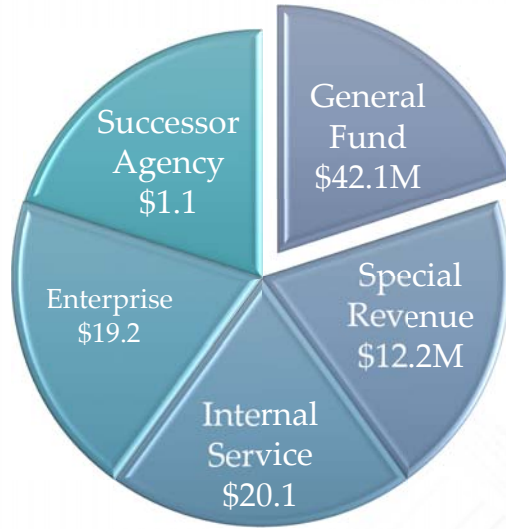
## 2016-17 Budget Challenges Most costs out of City's control

- Carryover Structural Deficit (RDA dissolution)
- Depletion of Asset Seizure Funds –GF funding more of the Public Safety costs
- Second year of CalPERS increases
- Full costing of OPEB pay-go expense
- Fire Apparatus ISF funding (3 units)
- CAJPIA Liability Insurance / Claims
- OC 800 MHz Upgrade
- Increase in O&M costs not controlled by City
- Funding Public Improvements (Parks/Roads)
- Funding ISF Reserve Requirements



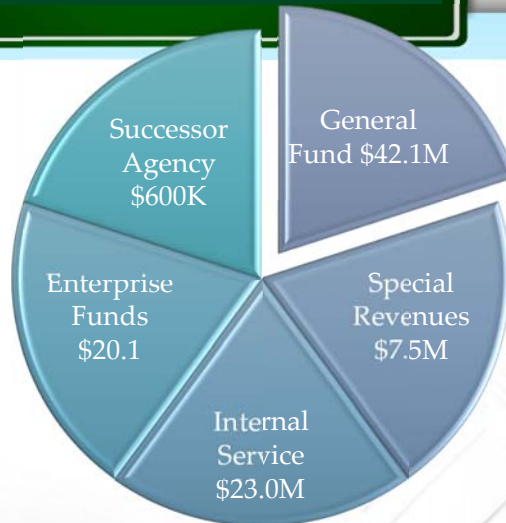
# 2016-17 Projected Revenues

All Funds Revenues  
\$94.7M



# 2016-17 Projected Expenditures

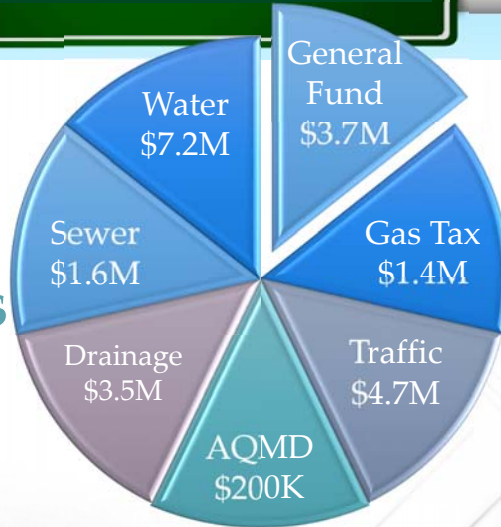
All Funds Operating Expenditures  
\$93.4M



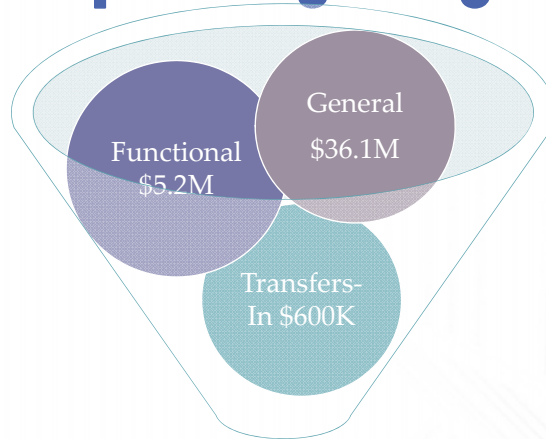


# 2016-17 CIP Projects

All Funds –  
Capital  
Improvements  
\$22.3M



# 2016-17 Proposed Revenue General Fund Operating Budget



**FUNDING**  
next exit ↗

**Total = \$41.9M**

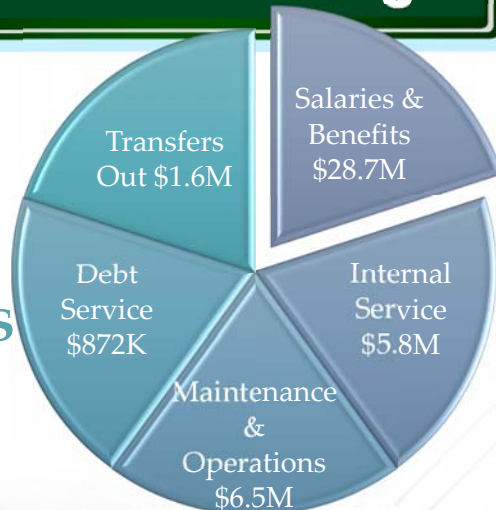


# 2016-17 Proposed Revenue General Fund Operating Budget



# 2016-17 Proposed General Fund Expenditure Budget

Total GF  
Operating  
Expenditures  
\$43.6M





## 2016-17 Supplemental Budget Requests

Total Supplemental Requests \$3.2M

GF Approved \$2.4M

**GF Denied \$778K**



## 2016-17 Proposed GF Expenditure Budget

CaPERS /  
OPEB

\$2.4M

CAJPIA  
Liability

ISF (Fire  
Apparatus /  
Equip)

Grant  
Funded:  
Electric  
Cars /  
Dispatch /  
Traffic  
Survey

O&M Legal  
/ Election /  
Fire Equip.  
Maint. /  
Recreation

Animal  
Shelter

Orange  
County  
800 MHz  
Upgrade





## 2016-17 General Fund Proposed Operating Budget

Revenues \$41.9M

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Expenditures \$43.6M

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Structural Deficit **\$1.7M**



## 2016-17 General Fund Structural Deficit – Why?

- Carry over of the \$1.2 million gap due to RDA dissolution
- Second year of CalPERS fixed charges / off-set by lower side-fund costs (POB)
- Full cost allocation of OPEB pay-go expense
- Liability / 800 MHz / Legal / Operating



## 2016-17 Impacts to Cash

Use of unrestricted fund balance of \$1,044,397 & Budget Stabilization of \$664,939 to cover budget shortfall

Use of ISF reserves to pay CAJPIA liability loss \$587,715 (\$478,421 last year)

Reduction in ISF Equipment Replacement funding of \$287,022

Prior years use of fund balance to pay one-half of OPEB pay-go payment (not allocated via ISF)



## 2017-18 & Beyond Known Impacts

- CalPERS fixed cost increase in 2017-18 \$1,174,750 & 2018-19 \$755,615
- Full P&I for POB – additional \$550k in 2019-20
- OPEB ARC funding \$1.2M going forward
- Replace ISF Equipment funding (\$300k)
- Replenish ISF Reserves – Employee Benefit (\$1.2M) and Insurance (\$400K)



# 2017-18 & Beyond Known Impacts

- Purchase of 800 MHz radios (\$780,000) and backbone partnership payment (\$339,253) using CIP reserves
- Replenish Budget Stabilization fund - \$2.7M
- Cash requirement for two fire apparatus in 2022-23 (current funding plan does not fund both)
- Minimum Wage Increases - \$264k over five years / Compaction of FT and PT Ranges
- **Failure to address the problem = City will run out of cash**



## Questions?





# 2016-17 Not Proposed In Budget

- Police Cadet Part-time personnel
- Park improvements & equipment replacement
- City Security Camera update
- Senior Center roof preventative maintenance
- Repair of City Hall / Library fountains
- Backup Cardiac Monitor
- GF funding of citywide street maintenance

## Supplemental Budget Requests

**DENIED \$778k**

See detail behind tab #3



## Next Meeting – May 17

What we are doing . . . .  
Capital Projects

What we are not doing  
– due to lack of funds

Tell us what is  
important . . .



Budget Supplement Items – Not Funded	Program	Cost
Police Cadets (PT)	Public Safety	\$60,000
Fire Department Staffing (Aide/EMS)	Fire	\$17,063
Back-up Cardiac Monitor	Paramedic	\$13,600
Upgrade Security Cameras / Locks	PD/PW	\$90,000 plus
GF contribution to street maintenance	Streets	\$150,000
Senior Center Roof – Preventative	ISF	\$10,000
Helm Park Light Pool Replacement	Parks	\$30,000
Playground Surface Maintenance	Parks	\$12,000
Resurface play ground surface	Parks	\$46,500
Annual Park Improvements	Parks	\$200,000
Fountains (CH/Library)	ISF	\$85,570
Residential Median Turf Conversion	Water	\$130,000
SCADA Fiber Optic Redundancy	Water	\$150,000
Other O&M requests (less than \$10k)	Various	\$63,000



Prior Supplements and Current Needs - Not Funded	Program	Cost
Two Additional Police Officers	Public Safety	\$220,000
Security Cameras & Access System Recreation / Senior Center / City Hall / balance of PD	Various	\$255,000 plus
Recreation Center Rehabilitation	PW	\$600,000
GF Funding Balance of Citywide street maintenance program	PW	\$200,000
Fully fund Capital Equipment Fund	ISF	\$287,022
Associate Planner - Promote high quality development	Planning	\$99,800
Completion of Entry Monument Signs	PW	\$160,000
Landscape of Senior Center Medians	PW	\$40,000
CH Chamber HVAC (air handlers)	CH	\$55,000
Universally Accessible Playground	Parks	\$100,000
Other Identified citywide Capital Replacement needs	Various	\$2,845,000
NPDES Program – Reasonable Assurance Study	PW	\$10,000

