

CITY OF LOS ALAMITOS

3191 Katella Avenue
Los Alamitos, CA 90720

AGENDA CITY COUNCIL SPECIAL MEETING

Tuesday, February 16, 2016 – 5:00 p.m.

I, Richard D. Murphy, as Mayor of the City of Los Alamitos, do hereby call a special meeting of the City Council of the City of Los Alamitos, to be held at the time and place listed above to discuss the matters listed below



Richard D. Murphy, Mayor of the City of Los Alamitos

NOTICE TO THE PUBLIC

This Agenda contains a brief general description of each item to be considered. Except as provided by law, action or discussion shall not be taken on any item not appearing on the agenda. Supporting documents, including staff reports, are available for review at City Hall in the City Clerk's Office or on the City's website at www.cityoflosalamitos.org once the agenda has been publicly posted.

Each matter on the agenda, no matter how described, shall be deemed to include any appropriate motion, whether to adopt a minute motion, resolution, payment of any bill, approval of any matter or action, or any other action. Items listed as "for information" or "for discussion" may also be the subject of an "action" taken by the City Council at the same meeting.

Any written materials relating to an item on this agenda submitted to the City Council after distribution of the agenda packet are available for public inspection in the City Clerk's Office, 3191 Katella Ave., Los Alamitos CA 90720, during normal business hours. In addition, such writings or documents will be made available for public review at the respective public meeting.

It is the intention of the City of Los Alamitos to comply with the Americans with Disabilities Act (ADA) in all respects. If, as an attendee, or a participant at this meeting, you will need special assistance beyond what is normally provided, please contact the City Clerk's Office at (562) 431-3538, extension 220, 48 hours prior to the meeting so that reasonable arrangements may be made. Assisted listening devices may be obtained from the City Clerk at the meeting for individuals with hearing impairments.

Persons wishing to address the City Council on any item on the City Council Agenda should complete a blue "Request to Speak" card and will be called upon at the time the agenda item is called or during the City Council's consideration of the item and may address the City Council for up to three minutes.

1. **CALL TO ORDER**

2. **ROLL CALL**
 - Council Member Edgar
 - Council Member Grose
 - Council Member Kusumoto
 - Mayor Pro Tem Hasselbrink
 - Mayor Murphy

3. SPECIAL ORDERS OF THE DAY

- A. Online Financial Data Transparency Portal (Administrative Services)**
Discuss the recently-completed online financial data transparency portal that provides users the ability to view and analyze the City's revenues and expenditures directly via the internet.

Recommendation: Receive a presentation of the online financial data transparency portal.

- B. Mid-Year General Fund Budget Review for Fiscal Year 2015/16 and Preliminary General Fund Budget for Fiscal Year 2016/17 (Administrative Services)**

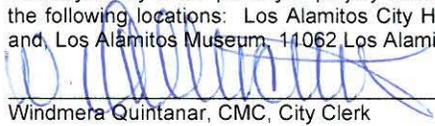
This report provides the City Council with a Mid-Year General Fund budget and financial update for the Fiscal Year 2015/16. The report also makes recommendations for budget amendments for Fiscal Year 2015/16 and provides a preliminary budget for the General Fund for Fiscal Year 2016/17.

Recommendations:

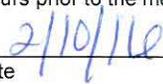
1. Review the mid-year budget and financial update for Fiscal Year 2015/16 and approve the budget amendments to Fiscal year 2015/16 as discussed and recommended in this report; and,
2. Review the preliminary budget for the General Fund for Fiscal Year 2016/17 and direct staff regarding the potential use of reserves and gap closure items.

4. ADJOURNMENT

I hereby certify under penalty of perjury under the laws of the State of California, that the foregoing Agenda was posted at the following locations: Los Alamitos City Hall, 3191 Katella Ave.; Los Alamitos Community Center, 10911 Oak Street; and, Los Alamitos Museum, 11062 Los Alamitos Blvd.; not less than 72 hours prior to the meeting.



Windmera Quintanar, CMC, City Clerk



Date

City of Los Alamitos

Agenda Report Special Orders

February 16, 2016
Item No: 3A

To: Mayor Richard D. Murphy & Members of the City Council

Via: Bret M. Plumlee, City Manager

From: Jason Al-Imam, Administrative Services Director

Subject: Online Financial Data Transparency Portal

Summary: Discuss the recently-completed online financial data transparency portal that provides users the ability to view and analyze the City's revenues and expenditures directly via the internet.

Recommendation: Receive a presentation of the online financial data transparency portal.

Background

Recognizing that easy access to the City's financial data is of increasing importance today, the City undertook a project to evaluate options to increase the transparency and availability of the City's revenues and expenditures. A company known as OpenGov has developed an online platform that is used by over 500 governmental agencies nationwide, which provides financial data via the web in the form of interactive charts and graphs where users can evaluate 'big picture' trends and perform multi-year analysis at the click of a mouse.

Discussion

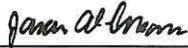
The portal contains six years of revenue and expenditure data, which can be viewed and analyzed in a number of ways. The City is very excited about this new service made available to the public via the City's website. Citizens and other interested parties such as bondholders and rating agencies will now be able to directly access and evaluate the City's revenues and expenditures by using this new easy-to-use interactive tool.

Staff will provide a demonstration of the portal at the City Council meeting so that the full functionality can be illustrated.

Fiscal Impact

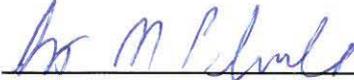
There is no fiscal impact associated with this report. The existing budget contains sufficient funds to cover the annual cost associated with the financial data transparency portal, which cost \$3,400 and includes a one-time implementation fee of \$700.

Submitted By:



Jason Al-Imam
Administrative Services Director

Approved By:



Bret M. Plumlee
City Manager

City of Los Alamitos

Agenda Report Special Orders

February 16, 2016
Item No: 3B

To: Mayor Richard D. Murphy & Members of the City Council

Via: Bret M. Plumlee, City Manager

From: Jason Al-Imam, Administrative Services Director

Subject: Mid-Year General Fund Budget Review for Fiscal Year 2015/16 and Preliminary General Fund Budget for Fiscal Year 2016/17

Summary: This report provides the City Council with a Mid-Year General Fund budget and financial update for the Fiscal Year 2015/16. The report also makes recommendations for budget amendments for Fiscal Year 2015/16 and provides a preliminary budget for the General Fund for Fiscal Year 2016/17.

Recommendations:

1. Review the mid-year budget and financial update for Fiscal Year 2015/16 and approve the budget amendments to Fiscal year 2015/16 as discussed and recommended in this report; and,
2. Review the preliminary budget for the General Fund for Fiscal Year 2016/17 and direct staff regarding the potential use of reserves and gap closure items.

Background

It is customary to conduct a thorough analysis of all estimated revenues and appropriations at the end of the first six months of the fiscal year. This process updates the City Council on the fiscal status of the City's General Fund at the midpoint of the fiscal year and provides a forum to address potential budget amendments or adjustments.

Discussion

Fiscal Year 2015/16 General Fund Budget Overview

The original adopted budget for fiscal year 2015/16 projected a balanced General Fund budget with an operating surplus of \$101,632. Revenues were budgeted at \$13,196,647 and operating expenditures were budgeted at \$13,095,015 (excluding capital expenditures of \$300,000 and \$54,066 of funds that were encumbered against the prior year budget). \$100,000 was budgeted for the purchase of parking meter equipment, which was to be funded from the operating surplus of \$101,632 resulting in a net budget surplus of \$1,632. \$200,000 was budgeted from reserves for the Los

Alamitos Boulevard Rehabilitation Project. Below is an overview of the amended budget and projected revenues, expenditures and fund balance.

	2015/16 Amended Budget	2015/16 Projected	Budget Variance
Beginning Fund Balance	7,469,886	7,469,886	-
Add: Prior Year Carry-Forward	54,066	54,066	-
Add: Revenue and Transfers In	13,196,646	12,902,035	(294,611)
Less: Operating Expenditures/Transfers Out	(13,149,081)	(12,892,967)	256,114
Less: Capital Expenditures	(300,000)	(200,000)	100,000
Ending Fund Balance	7,271,517	7,333,020	61,503
Change in Fund Balance	\$ (198,369)	\$ (136,866)	\$ 61,503

A budget surplus of approximately sixty-two thousand is currently projected which would result in \$7,333,020 of General Fund balance at the end of the year. The forecast is based on the most likely projected scenario, which is based on a number of assumptions. As the year unfolds staff will continue to monitor the General Fund revenues and expenditures and will provide the City Council with an update later in the fiscal year.

Fiscal Year 2015/16 Budget Amendments

It is recommended that the General Fund revenue budget be decreased by \$294,611 to \$12,902,035 with offsetting decreases to budgeted expenditures as outlined below:

Department	Increase/ (Decrease)
City Attorney	\$ (50,000)
Police	(120,000)
Development Services	(42,111)
Recreation and Community Services	(105,000)
Parking Meters	(100,000)
Non-Departmental	122,500
	<u>\$(294,611)</u>

Fiscal Year 2015/16 General Fund Projected Revenues

The adopted fiscal year 2015/16 budget forecasted revenues for the General Fund totaling \$13.2 million. For the reasons outlined on the following pages, the mid-year forecast of General Fund revenue is \$12.9 million.

Revenues and Transfers In	2015/16	2015/16	Budget
	Amended Budget	Projected	Variance
Property Taxes	\$ 3,303,617	\$ 3,372,412	\$ 68,795
Sales & Use Taxes	3,272,000	3,289,579	17,579
Utility Users Taxes	2,291,943	2,101,672	(190,271)
Transient Occupancy Tax	120,000	145,000	25,000
Franchise Fees	687,600	677,705	(9,895)
Licenses & Permits	746,915	775,203	28,288
Fines & Forfeitures	660,000	715,300	55,300
Investment Earnings	57,000	57,000	-
Revenue From Other Agencies	122,330	101,401	(20,929)
Charges for Services	1,494,074	1,178,972	(315,102)
Miscellaneous Revenues	75,500	122,124	46,624
Interfund Transfers	365,667	365,667	-
Total Revenues and Transfers In	\$ 13,196,646	\$ 12,902,035	\$ (294,611)

Material variances from the amended budget are as follows:

- ❖ **Utility users tax (UUT) revenue** for water, telecommunications and natural gas has declined every year for the past 3 years as reflected in the following table.

	2013-14	2014-15	2015-16 Budget	2015-16 Projected
Electric	1,162,252	1,241,097	1,263,033	1,255,991
Natural Gas	178,020	168,132	188,861	154,059
Telecommunications	557,901	532,640	543,953	482,891
Water	<u>290,262</u>	<u>267,604</u>	<u>296,096</u>	<u>208,731</u>
	2,188,435	2,209,473	2,291,943	2,101,671

The large reduction in water revenue in the current year is primarily due to the drought and related State-mandated restrictions on water usage. Golden State Water has reported that water usage from June 2015 to January 2016 was reduced by 21.7%.

Telecommunication revenue has also shown steady declines year over year, which is largely due to market competition. For example, telecommunication carriers have cut prices on standard voice plans while raising prices on data plans, which are exempt from the City's UUT by virtue of the Federal Internet Freedom Act.

- ❖ **Charges for Services** revenue is projected to be \$315,102 less than budgeted largely due to the loss of parking meter revenue, which was budgeted at \$187,500 for 2015/16. In addition, user group pool rental fees are projected to be approximately \$93,000 less than budgeted due to the expiration of the pool lease agreement. The City will no longer receive revenue from user groups for

use of the pool. However, the City will no longer be responsible for the repair or maintenance of the pool nor will the City be responsible for utility costs or lifeguards. Based on the current proposal from the Joint Forces Training Base (JFTB), the City will lease the pool on an hourly basis at \$5.44 per lane. Recreation plans to continue providing swimming lessons, which will operate on a break-even basis. The reduction in pool-related revenues are offset with expenditure savings in Recreation's departmental budget.

Fiscal Year 2015/16 General Fund Projected Expenditures

Department	2015/16		Budget Variance
	Amended Budget	2015/16 Projected	
City Council	\$ 75,415	\$ 73,415	\$ 2,000
City Manager/City Clerk	556,473	544,532	11,941
City Attorney	156,000	100,000	56,000
Administrative Services	715,456	714,514	942
Police	5,927,947	5,785,781	142,166
Development Services	2,545,834	2,488,245	57,589
Recreation and Community Services	1,903,322	1,795,367	107,955
Non-Departmental	1,083,434	1,205,913	(122,479)
Interfund Operating Transfers	185,200	185,200	-
Total Operating Expenditures and Transfers	\$ 13,149,081	\$ 12,892,967	\$ 256,114
Capital Expenditures			
Los Alamitos Blvd. Project	\$ 200,000	\$ 200,000	\$ -
Parking Meters	100,000	-	100,000
Total Capital Expenditures	\$ 300,000	\$ 200,000	\$ 100,000

Material variances from the amended budget are as follows:

- ❖ **Police** - savings primarily due to temporary vacancies that resulted from the retirement of the Police Chief, Support Services Manager and a Police Captain.
- ❖ **Development Services** - savings largely associated with a vacancy in the park maintenance division.
- ❖ **Recreation and Community Services** – savings is largely due to the expiration of the pool lease agreement, which has an offsetting budget variance for user fee revenues associated with the pool.
- ❖ **Non-Departmental** – \$120,000 was budgeted for salary savings in non-departmental, which were achieved by the vacancies in the Police Department. In addition, credit card fees are projected to be higher than what was budgeted, which is due to the new online business license portal that allows businesses to pay for their business license online using a credit card.

Fiscal Year 2016/17 General Fund Budget

The preliminary General Fund budget for Fiscal Year 2016/17 projects a preliminary deficit of \$250,189.

Fiscal Year 2016/17 General Fund Preliminary Budget

Beginning Fund Balance	7,333,020
Add: Revenue and Transfers In	12,908,552
Less: Operating Expenditures/Transfers Out	(13,158,741)
Ending Fund Balance	7,082,831
Change in Fund Balance	\$ (250,189)

As shown below, revenues are projected to increase by approximately \$6,517 to \$12,908,552.

Revenues and Transfers In	2015/16 Amended Budget	2016/17 Preliminary Estimate	Increase/ (Decrease)
Property Taxes	\$ 3,372,412	\$ 3,480,970	\$ 108,558
Sales & Use Taxes	3,289,579	3,233,579	(56,000)
Utility Users Taxes	2,101,672	2,129,441	27,769
Transient Occupancy Tax	145,000	150,000	5,000
Franchise Fees	677,705	677,705	-
Licenses & Permits	775,203	789,220	14,017
Fines & Forfeitures	715,300	720,000	4,700
Investment Earnings	57,000	57,570	570
Revenue From Other Agencies	101,401	96,870	(4,531)
Charges for Services	1,178,972	1,063,668	(115,304)
Miscellaneous Revenues	122,124	161,862	39,738
Interfund Transfers	365,667	347,667	(18,000)
Total Revenues and Transfers In	\$12,902,035	\$12,908,552	\$ 6,517

* 2015/16 Amended Budget includes aforementioned recommended budget amendments.

The changes in revenues over the prior year are primarily due to the following:

- ❖ **Property Taxes** are projected to increase approximately 3% based on consultant's projected increase in assessed valuations.
- ❖ **Sales & Use Taxes** are projected to increase approximately 4% on an economic (or full-accrual basis). However, year over year cash receipts from the State for sales tax will be down \$56,000 due to a timing difference

associated with payments made by the State in Fiscal Year 2015/16 which was owed to the City from previous years. Approximately \$193,000 was received in Fiscal Year 2015/16 due to the wind down of the triple-flip.

- ❖ **Charges for Services** revenue is projected to be lower partly due to the loss of user group pool rental fees, which is offset with expenditure savings in Recreation’s aquatics budget. In addition, special event donation revenue has been decreased so that Recreation staff has more time to devote to administering programs and special events versus fundraising.

As shown below, expenditures are projected to increase by approximately \$258,337 to \$13,158,741.

Department	2015/16	2016/17	Increase/ (Decrease)
	Amended Budget	Preliminary Estimate	
City Council	\$ 75,415	\$ 77,429	\$ 2,014
City Manager/City Clerk	556,473	605,533	49,060
City Attorney	106,000	106,000	-
Administrative Services	691,453	732,867	41,414
Police	5,807,947	6,017,408	209,461
Development Services	2,503,723	2,530,487	26,764
Recreation and Community Services	1,798,322	1,750,643	(47,679)
Non-Departmental	1,175,871	1,123,374	(52,497)
Interfund Operating Transfers	185,200	215,000	29,800
Total Operating Expenditures and Transfers	\$ 12,900,404	\$ 13,158,741	\$ 258,337

* 2015/16 Amended Budget includes aforementioned recommended budget amendments and also excludes encumbrances (\$54,066) carried-over from the prior year.

**2016/17 savings associated with vacancies [\$90,500] and pre-paying PERS [\$24,469] have been budgeted in non-departmental whereas the budgeted salary savings in 2015/16 [\$120,000] have been assigned to the various departments.

This increase in expenditures is primarily due to:

- ❖ Salaries and benefits are projected to increase by approximately \$301,500 \$301,500 (excluding salary savings in aquatics) due to the following:
 - Increase in PERS contribution rates based on the new amortization periods, which include a 5-year ramp up in contribution rates [**\$96,000**]
 - Salary savings are estimated to be approximately \$212,000 in Fiscal Year 2015/16. Salary savings are estimated to be \$90,500 in Fiscal 2016/17, which increased salary and benefit costs by approximately **\$121,500**.
 - **\$69,250** increase in salaries related to 1.5% increase for POA employees, 2% increase for CEA employees and merit increases.

- Increase in estimated photo enforcement officer time related to red light camera enforcement [**\$6,000**]. In addition, the requested budget includes a recommendation to increase the hourly rate from \$30 per hour to \$35 for part-time non-benefited photo enforcement officers [**\$8,750**].
- ❖ Increase in retiree health insurance payments due to recent retirements in 2015/16 and anticipated retirements in 2016/17. 47,000
- ❖ Decrease in aquatics-related expenditures due to the expiration of the pool lease agreement with the JFTB: (179,000)
 - Decrease in costs for part-time aquatic employees [\$73,000]
 - Decrease in utilities, repairs and maintenance costs associated with the pool, which is partially offset with an increase in pool rent expense. The annual pool rent expense is estimated at \$16,320, which is based on 3-5 swimming lanes rented at \$5.44 per lane per hour for 730 hours over the fiscal year.
- ❖ Increases in workers' compensation and general liability insurance premiums to CalJPIA. 66,000
- ❖ Proposed salary increase of 1% for non-represented employees along with increases to the City's share of medical insurance premiums for non-represented employees. 23,560

Capital Needs

The Police Capital Expenditures Fund and the Facilities, Streets and Parks Capital Expenditures Fund are projected to have \$391,577 and \$687,387, respectively at June 30, 2016. These two funds were initially funded with \$1.1 million in Fiscal Year 2014/15, which largely remains unspent and therefore the proposed budget for 2016/17 does not include additional amounts set-aside by the General Fund for capital replacement purposes.

Based on the vehicle replacement schedule, 6 police vehicles have been recommended for replacement in Fiscal Year 2016/17. The estimated cost to buy the 6 vehicles and to equip the vehicles with any necessary lighting or communications equipment is approximately \$225,000. If the City financed these vehicles with a four-year capital lease, the annual debt service on the capital lease would be approximately \$58,000 at 1.75%. The Vehicles and Equipment Fund is projected to have approximately \$61,000 at June 30, 2016, which is sufficient to cover the debt service on the proposed vehicle replacements. Therefore, a capital replacement charge has not been included in the proposed General Fund budget for 2016/17. In May 2016 staff plans to review the vehicle and equipment replacement schedule with the City Council for further consideration.

PERS Costs

The 2016/17 preliminary General Fund budget includes \$1,444,955 for estimated payments to PERS. The contribution to PERS covers two components – the “normal cost” and the amount related to the unfunded liability. The “normal cost” equates to the new benefits earned by the current employees. The normal cost is expressed as a percentage of payroll. The normal cost rate is approximately 11.6% and 19.5% for classic miscellaneous and classic safety employees, respectively. While the normal cost rates are projected to remain flat, the required contributions towards the unfunded liability are projected to increase over the next several years as outlined below.

Projected Payments on Unfunded Pension Liabilities

	<u>Misc.</u>	<u>Safety</u>	<u>Total</u>	<u>Annual Increase</u>
2016/17	362,052	321,046	683,098	96,000
2017/18	427,325	397,592	824,917	141,819
2018/19	496,188	478,442	974,630	149,713
2019/20	568,799	563,785	1,132,584	157,954
2020/21	601,349	600,310	1,201,659	69,075
2021/22	639,540	641,653	1,281,193	79,534

**Amounts exclude the related normal cost which is 19.5% of payroll for classic safety employees and 11.6% of payroll for classic miscellaneous employees.*

***Projected increases in PERS contributions for fiscal years 2017/18 and beyond will be incorporated into future budgets.*

****The payment towards the unfunded liability in fiscal year 2022/23 and beyond is projected to remain at approximately the same level of funding through 2036, which is when the City's pension liability is projected to be fully funded.*

The ramp-up in PERS contributions will improve the City's funded status. As of the most recent actuarial valuation (6/30/14) the City's pensions were 81.21% funded. As reflected below, the combined funded status is 86.66% when combined with the City's PERS reserve of \$3.15 million. The average funded status for public agencies is 77.9%.

Pension Liability	\$57,798,777
Assets Held by PERS	\$46,938,124
City-Held PERS Reserves	<u>3,150,000</u>
Total Assets	\$50,088,124
Funded Status	86.66%

Potential Gap Closure Measures

It is recommended that the following measures be considered to close the budget gap:

- ❖ The City joined CalJPIA in 2007. The annual premiums for general liability and workers' compensation were \$181,036 and \$235,217, respectively in the first year. The 2016/17 premiums for general liability and workers' compensation are \$387,293 and \$295,541, respectively, which excludes amounts owed on retrospective adjustments. Based on loss data provided by CalJPIA, the City's average severity and normalized claim costs on a per dollar of payroll basis has generally fared much better than the CalJPIA pool. Therefore, there may be approximately \$150,000 of savings if the City managed it's claims and losses through a different program. The Joint Powers Agreement with CalJPIA requires a twelve-month written notice of intent to withdraw. However, the Executive Committee and Board of Directors of CalJPIA have the right to cancel any member's participation in a program. \$150,000

- ❖ The City has an agreement with the City of Seal Beach and the Los Alamitos Unified School District which provides for reimbursement of costs for a School Resources Officer. Based on the current agreement, the City pays for 50% of the cost of the SRO with the balance split between Seal Beach and the School District. The current agreement terminates on June 30, 2016. The City is working on renewing the agreement with Seal Beach and the School District and is exploring the possibility of other agencies picking up additional contributions toward the cost of the SRO. 40,500

- ❖ Carry-forward of surplus from 2015-16 60,000

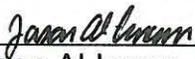
Potential Long-Term Revenue Sources

There are several projects that are currently in process which will provide long-term revenues to the City once those projects have been completed. For example, there is a potential hotel development that would yield sales tax, property tax and transient occupancy tax revenue. In addition, Lincoln Properties plans to develop the Supermedia site into a future retail shopping center, which would provide future sales tax and property tax revenue.

Fiscal Impact

The projections and related recommendations provide for a balanced General Fund budget for Fiscal Year 2016/17. The forecast is based on the most likely projected scenario, which is based on a number of assumptions. As the year unfolds staff will continue to monitor the General Fund revenues and expenditures and will provide the City Council with an update later in the fiscal year.

Submitted By:



Jason Al-Imam
Administrative Services Director

Approved By:



Bret M. Plumlee
City Manager

Attachment: 1. PowerPoint Presentation



CITY OF LOS ALAMITOS

**2015/16 Mid-Year
General Fund Budget Review**

&

**2016/17 Preliminary
General Fund Budget**

Overview

2

- Review projected 2015/16 General Fund revenues and expenditures
- Review the Preliminary Budget for 2016/17 General Fund revenues and expenditures

2015/16 General Fund Budget Overview

3

	2015/16 Amended Budget	2015/16 Projected	Budget Variance
Beginning Fund Balance	7,469,886	7,469,886	-
Add: Prior Year Carry-Forward	54,066	54,066	-
Add: Revenue and Transfers In	13,196,646	12,902,035	(294,611)
Less: Operating Expenditures/Transfers Out	(13,149,081)	(12,892,967)	256,114
Less: Capital Expenditures	(300,000)	(200,000)	100,000
Ending Fund Balance	7,271,517	7,333,020	61,503
Change in Fund Balance	\$ (198,369)	\$ (136,866)	\$ 61,503

2015/16 General Fund Revenues

4

	2015/16 Amended Budget	2015/16 Projected	Budget Variance
Revenues and Transfers In			
Property Taxes	\$ 3,303,617	\$ 3,372,412	\$ 68,795
Sales & Use Taxes	3,272,000	3,289,579	17,579
Utility Users Taxes	2,291,943	2,101,672	(190,271)
Transient Occupancy Tax	120,000	145,000	25,000
Franchise Fees	687,600	677,705	(9,895)
Licenses & Permits	746,915	775,203	28,288
Fines & Forfeitures	660,000	715,300	55,300
Investment Earnings	57,000	57,000	-
Revenue From Other Agencies	122,330	101,401	(20,929)
Charges for Services	1,494,074	1,178,972	(315,102)
Miscellaneous Revenues	75,500	122,124	46,624
Interfund Transfers	365,667	365,667	-
Total Revenues and Transfers In	\$ 13,196,646	\$ 12,902,035	\$ (294,611)

2015/16 Revenue Adjustments

5

	2015/16 Amended Budget	Budget Amendment Increase/ (Decrease)	2015/16 Revised Amended Budget
Property Taxes	\$ 3,303,617	\$ 68,795	\$ 3,372,412
Sales & Use Taxes	3,272,000	17,579	3,289,579
Utility Users Taxes	2,291,943	(190,271)	2,101,672
Transient Occupancy Tax	120,000	25,000	145,000
Franchise Fees	687,600	(9,895)	677,705
Licenses & Permits	746,915	28,288	775,203
Fines & Forfeitures	660,000	55,300	715,300
Investment Earnings	57,000	-	57,000
Revenue From Other Agencies	122,330	(20,929)	101,401
Charges for Services	1,494,074	(315,102)	1,178,972
Miscellaneous Revenues	75,500	46,624	122,124
Interfund Transfers	365,667	-	365,667
	\$ 13,196,646	\$ (294,611)	\$ 12,902,035

2015/16 General Fund Expenditures

Department	2015/16 Amended Budget	2015/16 Projected	Budget Variance
City Council	\$ 75,415	\$ 73,415	\$ 2,000
City Manager/City Clerk	556,473	544,532	11,941
City Attorney	156,000	100,000	56,000
Administrative Services	715,456	714,514	942
Police	5,927,947	5,785,781	142,166
Development Services	2,545,834	2,488,245	57,589
Recreation and Community Services	1,903,322	1,795,367	107,955
Non-Departmental	1,083,434	1,205,913	(122,479)
Interfund Operating Transfers	185,200	185,200	-
Total Operating Expenditures and Transfers	\$ 13,149,081	\$ 12,892,967	\$ 256,114
Capital Expenditures			
Los Alamitos Blvd. Project	\$ 200,000	\$ 200,000	\$ -
Parking Meters	100,000	-	100,000
Total Capital Expenditures	\$ 300,000	\$ 200,000	\$ 100,000

2015/16 Appropriation Adjustments

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Department	2015/16 Amended Budget	Budget Amendment Increase/ (Decrease)	2015/16 Revised Amended Budget
City Council	\$ 75,415	\$ -	\$ 75,415
City Manager/City Clerk	556,473	-	556,473
City Attorney	156,000	(50,000)	106,000
Administrative Services	715,456	-	715,456
Police	5,927,947	(120,000)	5,807,947
Development Services	2,545,834	(42,111)	2,503,723
Recreation and Community Services	1,903,322	(105,000)	1,798,322
Non-Departmental	1,083,434	122,500	1,205,934
Interfund Operating Transfers	185,200	-	185,200
Total Operating Expenditures and Transfers	\$ 13,149,081	\$ (194,611)	\$ 12,954,470
Capital Expenditures			
Los Alamitos Blvd. Project	\$ 200,000	\$ -	\$ 200,000
Parking Meters	100,000	(100,000)	-
Total Capital Expenditures	\$ 300,000	\$ (100,000)	\$ 200,000

2016/17 General Fund Budget Forecast

Fiscal Year 2016/17 General Fund Preliminary Budget

Beginning Fund Balance	7,333,020
Add: Revenue and Transfers In	12,908,552
Less: Operating Expenditures/Transfers Out	(13,158,741)
Ending Fund Balance	<u>7,082,831</u>
Change in Fund Balance	\$ (250,189)

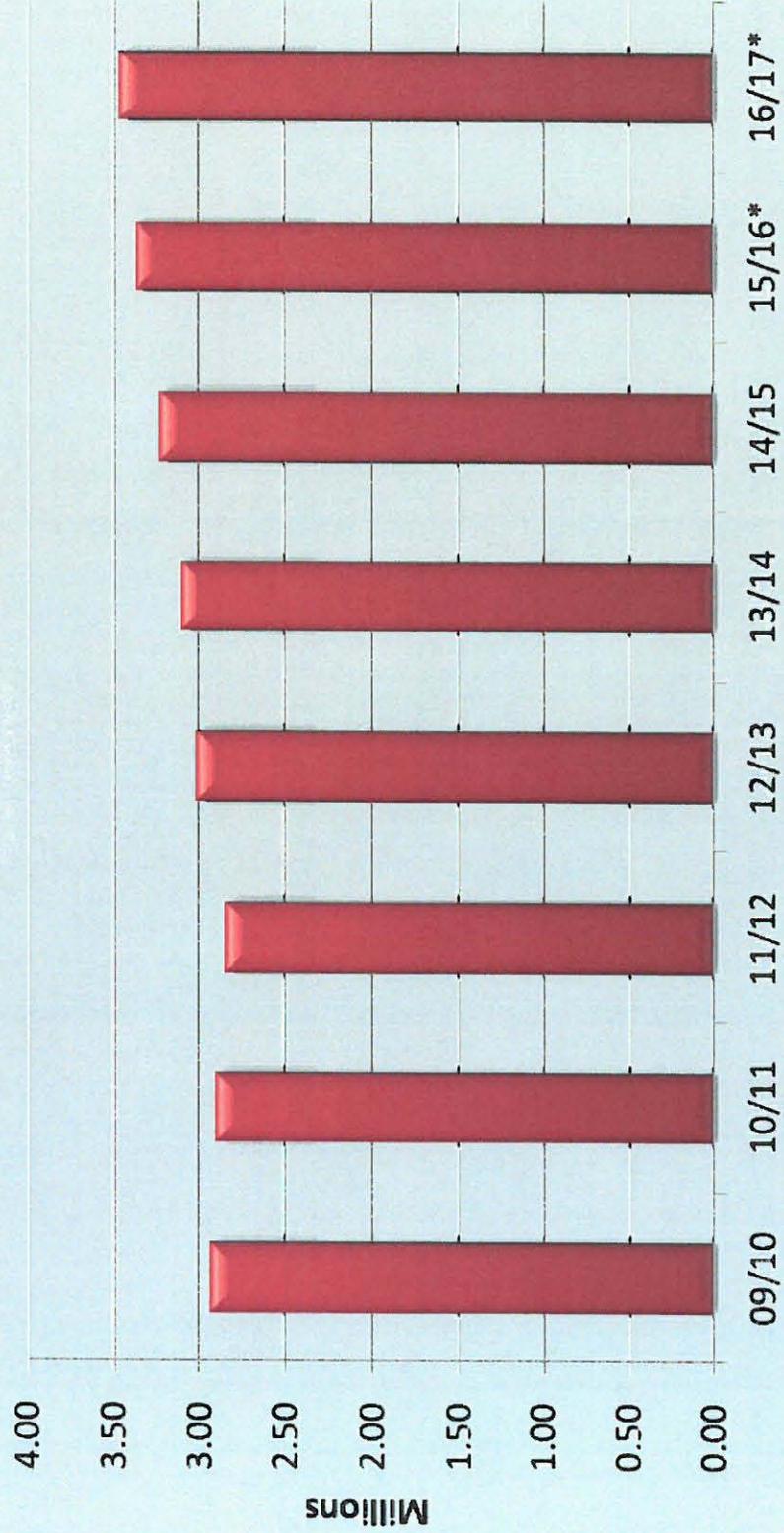
2016/17 General Fund Revenue Forecast

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	2015/16 Amended Budget	2016/17 Preliminary Estimate	Increase/ (Decrease)
Revenues and Transfers In			
Property Taxes	\$ 3,372,412	\$ 3,480,970	\$ 108,558
Sales & Use Taxes	3,289,579	3,233,579	(56,000)
Utility Users Taxes	2,101,672	2,129,441	27,769
Transient Occupancy Tax	145,000	150,000	5,000
Franchise Fees	677,705	677,705	-
Licenses & Permits	775,203	789,220	14,017
Fines & Forfeitures	715,300	720,000	4,700
Investment Earnings	57,000	57,570	570
Revenue From Other Agencies	101,401	96,870	(4,531)
Charges for Services	1,178,972	1,063,668	(115,304)
Miscellaneous Revenues	122,124	161,862	39,738
Interfund Transfers	365,667	347,667	(18,000)
Total Revenues and Transfers In	\$12,902,035	\$ 12,908,552	\$ 6,517

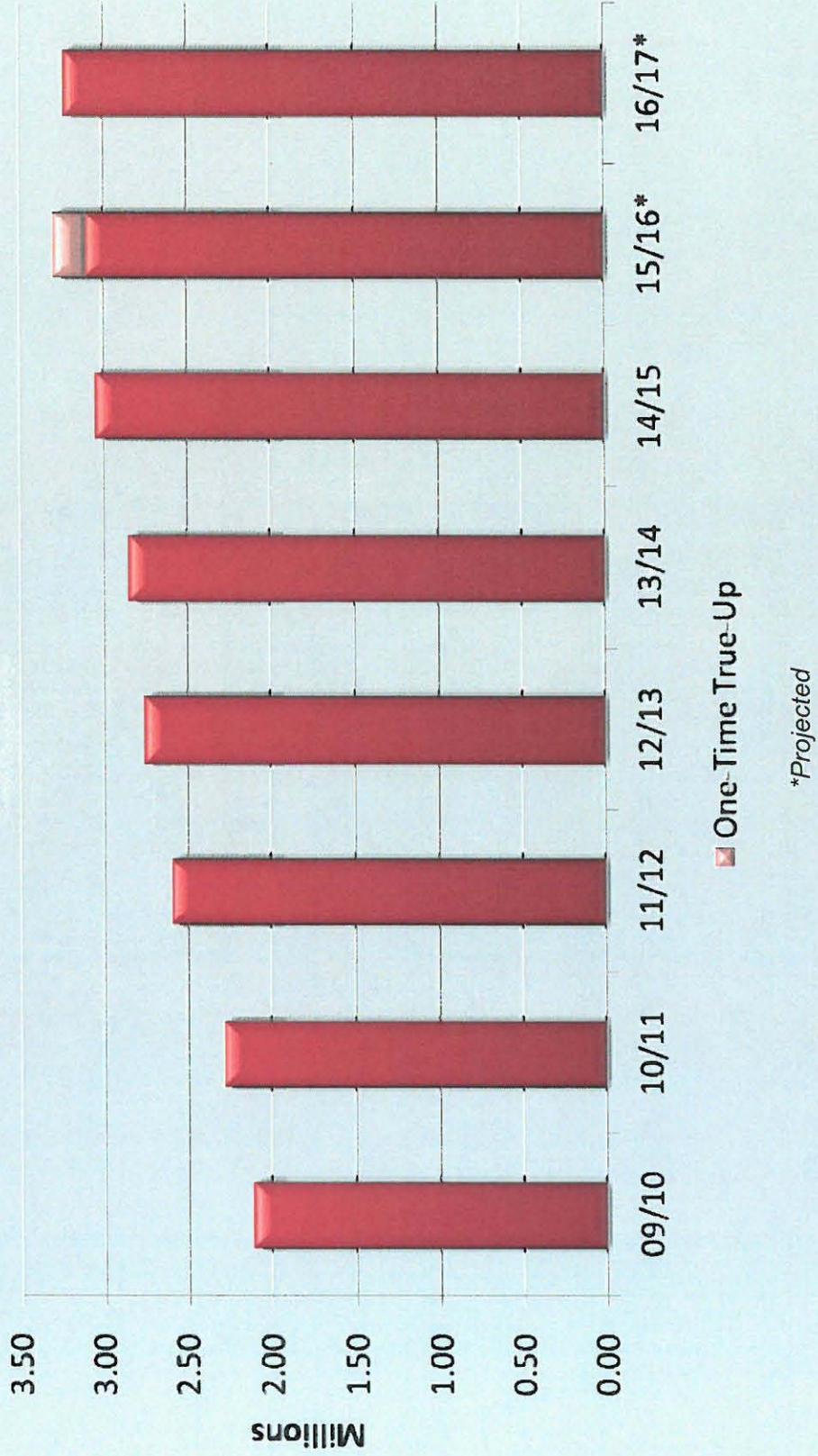
* 2015/16 Amended Budget includes aforementioned recommended budget amendments.

Property Tax Revenue

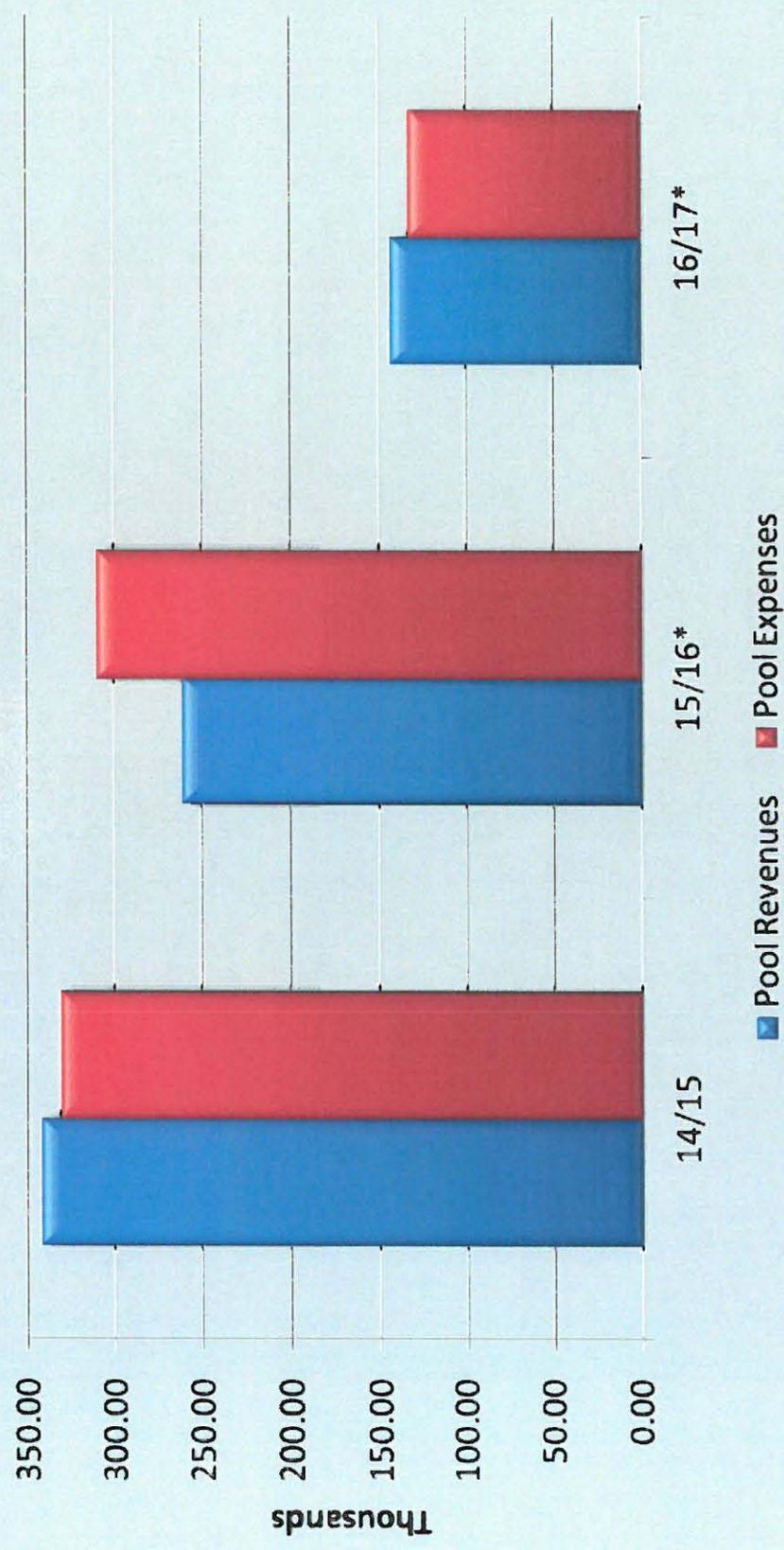


*Projected

Sales and Use Tax Revenue



Pool Revenues & Expenses



*Projected

2016/17 Expenditure Forecast

Department	2015/16 Amended Budget	2016/17 Preliminary Estimate	Increase/ (Decrease)
City Council	\$ 75,415	\$ 77,429	\$ 2,014
City Manager/City Clerk	556,473	605,533	49,060
City Attorney	106,000	106,000	-
Administrative Services	691,453	732,867	41,414
Police	5,807,947	6,017,408	209,461
Development Services	2,503,723	2,530,487	26,764
Recreation and Community Services	1,798,322	1,750,643	(47,679)
Non-Departmental	1,175,871	1,123,374	(52,497)
Interfund Operating Transfers	185,200	215,000	29,800
Total Operating Expenditures and Transfers	\$ 12,900,404	\$ 13,158,741	\$ 258,337

* 2015/16 Amended Budget includes aforementioned recommended budget amendments.

2016/17 Expenditures

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- \$258k increase in expenditures primarily due to:
 - Salaries and Benefits - \$302k increase
 - ✦ \$96k Increase in PERS Costs
 - ✦ Full-Staffing in 2016/17 (Loss of Vacancy Savings of \$122k)
 - ✦ COLAs & Merit Increases (\$69k)
 - ✦ Photo Enforcement (\$15k)
 - Retiree health costs- \$47k increase
 - Aquatics - **\$179k decrease**
 - Insurance premiums - \$66k increase
 - Proposed Increases for Non-Represented Employees (\$24k)

PERS Costs

15

- 2016/17 General Fund Budget includes \$1.4 million for estimated payments to PERS.
- Contributions to PERS covers two components – the “normal cost” and the amount related to the unfunded liability.
- Normal cost equates to new benefits earned by current employees.
- Normal cost rate is expressed as a percentage of payroll (11.6% and 19.5% for classic misc and classic safety employees, respectively).

Projected Payments on Unfunded Pension Liabilities

	<u>Misc.</u>	<u>Safety</u>	<u>Total</u>	<u>Annual Increase</u>
2016/17	362,052	321,046	683,098	96,000
2017/18	427,325	397,592	824,917	141,819
2018/19	496,188	478,442	974,630	149,713
2019/20	568,799	563,785	1,132,584	157,954
2020/21	601,349	600,310	1,201,659	69,075
2021/22	639,540	641,653	1,281,193	79,534

*Amounts exclude the related normal cost which is 19.5% of payroll for classic safety employees and 11.6% of payroll for classic miscellaneous employees. The normal cost for 2016/17 is estimated to be \$761,857.

**Projected increases in PERS contributions for fiscal years 2017/18 and beyond will be incorporated into future budgets.

***The payment towards the unfunded liability in fiscal year 2022/23 and beyond is projected to remain at approximately the same level of funding through 2036, which is when the City's pension liability is projected to be fully funded.

Normalized Claim Costs

General Liability	2015	2016	Increase/ (Decrease)
Los Alamitos	\$1.75	1.17	(0.58)
CalJPIA Pool Average	\$3.13	3.78	0.65

Workers' Comp	2015	2016	Increase/ (Decrease)
Los Alamitos	\$2.02	2.53	0.51
CalJPIA Pool Average	\$2.65	2.69	0.04

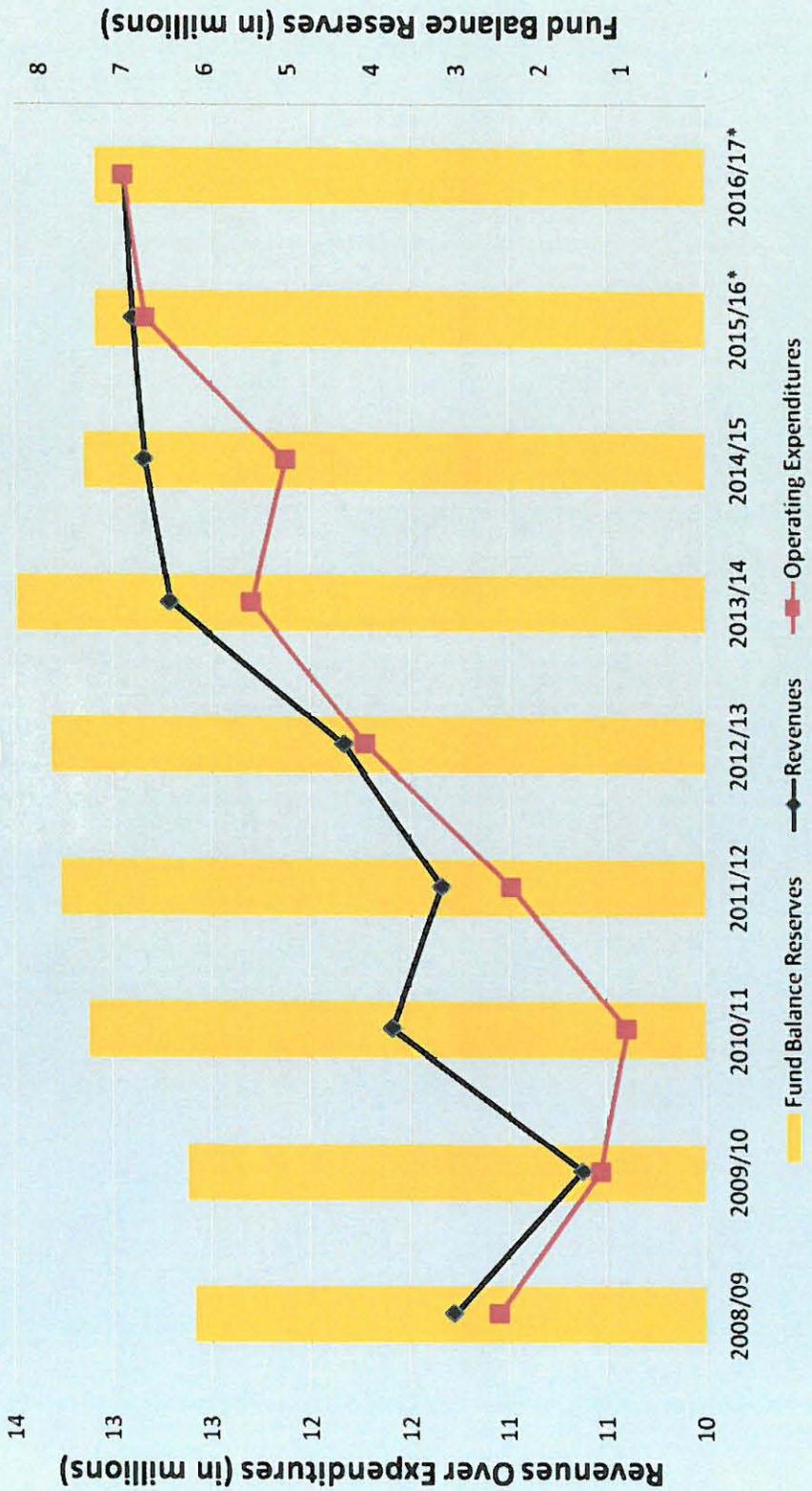
* Normalized Claim Costs Per \$100 of Payroll

2016/17 Budget Gap Closure Measures

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- Potential budget gap (\$250,500) closure measures include:
 - Insurance premium expense savings (\$150,000)
 - SRO Reimbursements (\$40,500)
 - 2015-16 Budget Surplus Carryover (\$60,000)

General Fund Reserves & Operating Results



* Projected
 (1) In Fiscal Year 2014/15 \$1.1 million was transferred to two new capital internal services funds.
 (2) In Fiscal Year 2015/16 \$200,000 is projected to be spent from reserves on Los Alamitos Blvd.

Budget Calendar

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April 11th	5 PM Special Meeting (no Regular Meeting)	Strategic Planning/Departmental Goal Setting
May 2nd	5 PM Special Meeting (no Regular Meeting)	2016-17 Budget Workshop
May 16th	5 PM Special Meeting (prior to Regular Meeting)	2016-17 Budget Workshop*
June 6th	5 PM Special Meeting (no Regular Meeting)	2016-17 Budget Workshop*
June 20th	6 PM Regular Meeting	Public Hearing – Budget Adoption

** If Needed*

Staff Recommendations

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1. Receive and file the mid-year budget report for Fiscal Year 2015/16 and approve the budget amendments to the Fiscal Year 2015/16 Operating Budget as discussed and recommended in this report; and,
2. Review the preliminary General Fund budget for Fiscal Year 2016/17 and direct staff regarding the potential use of reserves and gap closure items.