

TO: James L. App, City Manager
 FROM: Mike Compton, Director of Administrative Services *(Signature)*
 SUBJECT: Preliminary General Fund Results - FY 1999
 DATE: November 2, 1999

NEEDS: For the City Council to consider preliminary unaudited General Fund financial results for the fiscal year ended June 30, 1999.

FACTS:

1. The annual audit for the fiscal year ended June 30, 1999 (FY 99) is not yet complete. Thus, the results reported herein are preliminary and subject to change.
2. General Fund revenues and transfers 'in' will likely exceed expenditures and transfers 'out' by \$726,000.
3. The adopted budget for fiscal year 2000 included a list of one time priority budget allocations which would be made from available year end FY 99 resources.
4. Budget Exhibit "E", the one time priority budget allocation list, totaled \$944,000 (copy attached herewith as Exhibit "A").
5. Since July 1st, the Council has made numerous allocations of General Fund resources which were not included in the adopted budget nor on the list of one time priority budget allocations.
6. The Ad Hoc Fiscal Policy Committee has met to consider this matter. Their recommendations relative to the allocation of year end results are attached herewith as Exhibit "B".

ANALYSIS & CONCLUSION:

As noted above, year end results in the General Fund were better than expected. In March, it was estimated that General Fund revenues would total \$11,101,300 and transfers 'in' would total an additional \$713,000. They were actually \$11,792,900 and \$821,600, respectively.

Expenditures were estimated in the *adopted budget* at \$10,192,300 and transfers 'out' were estimated at \$1,101,400. They were actually \$10,609,100 and \$1,279,200, respectively.

Actual results as compared to budget and mid-year projections is summarized as follows:

	<u>ACTUAL Results</u>	<u>Mid-Year Estimate</u>	<u>Revised Budget</u>	<u>Original Budget</u>
Revenues	\$11,792,900	\$11,101,300	\$10,997,500	\$10,551,100
Transfers IN	<u>821,600</u>	<u>713,000</u>	<u>602,000</u>	<u>602,000</u>
Total Resources	12,614,500	11,814,300	11,599,500	11,153,100

Expenditures	10,609,100	10,192,300	10,980,900	9,861,900
Contingency	-	150,000	-	-
Transfers OUT	<u>1,279,200</u>	<u>1,101,400</u>	<u>1,101,400</u>	<u>1,101,400</u>
Total Uses	11,888,300	11,443,700	12,082,300	10,963,300
NET	<u>\$ 726,200</u>	<u>\$ 370,600</u>	<u>\$ (482,800)</u>	<u>\$ 189,800</u>

Major resource variations (\$25,000+) are illustrated as follows:

	<u>Adopted Budget</u>	<u>Actual Results</u>	<u>Variance</u>
Property Taxes	\$1,996,900	\$2,120,300	\$123,400
Franchise Fees	310,000	356,900	46,900
Public Safety Sales Tax	130,000	167,600	37,600
Building Permit Fees	288,500	380,300	91,800
Fines & Forfeitures	36,000	129,900	93,900
Traffic School Fees	-0-	26,000	26,000
Interest Earnings	75,000	239,200	164,200
Sale of Surplus Property	295,000	172,400	<122,600>
Motor Vehicle License Fees	921,000	964,600	45,600
California Library Act	59,500	86,600	29,100
Engineering Inspection Fees	80,000	113,600	33,600
Plan Check Fees	88,200	145,800	57,600
Recreation Program Fees	436,000	465,400	29,400

Major expenditure variations (\$25,000+) are illustrated as follows:

	<u>Adopted Budget</u>	<u>Actual Results</u>	<u>Variance</u>
City Council	\$ 509,000	\$ 557,100	\$ <48,100>
City Attorney	153,000	202,800	<49,800>
City Manager	634,300	549,600	84,700
Administrative Services	723,000	669,700	53,300
Police Services	3,580,500	3,453,700	126,800
Public Works	2,130,500	2,056,500	74,000
Recreation Services	931,200	962,000	<30,800>
Community Development	605,400	548,700	56,700
Capital Improvements	234,000	98,100	135,900

FISCAL IMPACT:

Given the estimated results for FY 99, the increase to reserves is insufficient to fund all of the items on the list of one time priority budget allocations. As noted above, the expected increase to reserves is \$726,200 while the list of one time priority budget allocations totals \$944,000. Since the current operating budget contains an allocation of \$300,000 to the Economic Incentive Fund, the ad hoc fiscal policy committee has recommended that the Council defer the additional allocation of \$200,000 to the Economic Incentive Fund. However, even should the Council choose to defer this additional contribution, there are still insufficient resources to fund all of the items on the list of one time priority budget allocations.

Due consideration must also be given to applying a portion of fiscal year 1999 results to fiscal year 2000 operating budget needs. Since July 1st, the Council has authorized General Fund budget appropriations and other spending authorizations which exceed estimated fiscal year 2000 increase in reserves, \$85,400. This increase in reserves was earmarked for eliminating the projected operating deficit in fiscal year 2001. Spending allocations authorized by the Council since the current budget was adopted include:

1.	Salinas River Clearing Project	\$ 40,000
2.	Y2K Awareness	4,800
3.	Property Appraisals	12,000
4.	Police Salary & Benefits	103,000
5.	Sales Tax Adjustment	59,000
6.	Retro Pay for All Work Groups	Calculation Underway

The ad hoc fiscal policy committee, in addition to the deferral of the additional contribution to the Economic Incentive Fund, recommends Council consideration be given to increasing the contribution for alleyway maintenance from \$30,000 to \$55,000; decreasing the contribution for the fire apparatus vehicle from \$450,000 to \$300,000 with the \$300,000 being applied towards a lease purchase contract; including the \$40,000 for clearing the Salinas River to the list; and lastly, that \$65,000 for on-site improvements for the Berg project be added to the allocation. These recommendations by the ad hoc fiscal policy committee, if embraced by the Council, would total \$724,000.

These recommendations do not take into account all of the spending authorizations approved by the Council to date. It is the ad hoc fiscal policy committee's hope that the economic growth of Paso Robles will result in sufficient revenue resources to offset the projected General Fund deficit. It is also their expectation that sufficient expenditure savings, within the Police Department, will occur to offset the increased cost associated with the recent salary adjustments approved by the Council. Historically, the Police Department has experienced salary savings ranging from \$100,000 to \$200,000 in spite of efforts to remain fully staffed.

It should be noted that the allocation of either the FY 99 increase in reserves and/or accumulated General Fund reserves may result in an operating deficit being reported for fiscal year 2000 results.

OPTIONS:

- a. That the City Council adopt the attached resolution allocating General Fund resources towards one time priority budget allocations; or
- b. Amend, modify, or reject the above option.

RESOLUTION NO. 99-

A RESOLUTION OF THE CITY COUNCIL OF THE
CITY OF EL PASO DE ROBLES
ALLOCATING GENERAL FUND RESOURCES

WHEREAS, the preliminary, unaudited General Fund results for the fiscal year ending June 30, 1999 indicate a budget surplus of \$726,000; and

WHEREAS, both the City Council ad hoc fiscal policy committee and executive management staff have discussed the disposition of said budget surplus; and

WHEREAS, the City Council ad hoc fiscal policy committee has prepared a recommendation regarding the deployment of said budget surplus attached herewith as Exhibit "A"; and

WHEREAS, the City Council desires to allocate this one time budget surplus.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of El Paso de Robles that the following allocation of General Fund resources are hereby approved:

Alleyway Maintenance Fund	\$ 55,000
100-000-5899-XXX	
City Clerk - Municipal Code Reformatting & Software	50,000
100-121-5224-111	
City Manager/Personnel - City Hall Shredder	3,000
100-130-5454-116	
Police Department - Paper Shredder	5,000
100-210-5454-XXX	
Police Department - Booking Imaging System	9,000
100-210-5454-XXX	
Emergency Services - Personal Alarms	7,000
100-220-5235-XXX	
Emergency Services - Fire Apparatus Vehicle	
100-220-534X-	300,000
100-000-4XXX-000	(500,000)
100-220-5454-XXX	500,000
Public Works - Dump Truck Conveyor System	10,000
100-310-5454-162	
Public Works - Robbins Field Light Improvements	65,000
100-910-5452-XXX	
Public Works - Berg On-Site Improvements	65,000
100-910-5452-XXX	
Library & Recreation Services - Reservation System	5,000
100-411-5454-XXX	
Library & Recreation Services - Library Book Return	5,000
100-610-5454-XXX	
Community Development - Sphere of Influence	5,000
100-710-5235-XXX	
Community Development - Circulation Plan Update	100,000
100-710-5235-XXX	

PASSED AND ADOPTED by the City Council of the City of El Paso de Robles this 2nd day of November, 1999 by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Duane J. Picanco, Mayor

ATTEST:

Dennis Fansler, City Clerk

Appendix "B"

REVISED Schedule of
Recommended One Time Allocations
Fiscal Year 1999 General Fund Reserves

	Approved Budget	Ad Hoc FPC Recommended Allocations
Economic Incentive Contribution	\$ 200,000	\$ -
Alleyway Maintenance	30,000	55,000
City Hall and Police Shredders	8,000	8,000
Booking Imaging System	9,000	9,000
Dump Truck Conveyor System	10,000	10,000
Personal Alarms	7,000	7,000
Fire Apparatus Vehicle	450,000	300,000
Robbins Field Lights	65,000	65,000
Recreation Reservation System	5,000	5,000
Library Book Return	5,000	5,000
Sphere of Influence Costs	5,000	5,000
Circulation Plan Update - Phase I	100,000	100,000
Municipal Code Reformatting & Software	50,000	50,000
Berg On-site Improvements	-	65,000
Salinas River Clearing Project	-	40,000
	<u>\$ 944,000</u>	<u>\$ 724,000</u>

Appendix "E"
City of El Paso de Robles
Recommended One Time Allocations
Fiscal Year 1999-00 Based Upon
Fiscal Year 1998-99 General Fund Results

Economic Incentive Contribution	\$ 200,000
Alleyway Maintenance	30,000
City Hall and Police Shredders	8,000
Booking Imaging System	9,000
Dump Truck Conveyor System	10,000
Personal Alarms	7,000
Fire Apparatus Vehicle	450,000
Robbins Field Lights	65,000
Recreation Reservation System	5,000
Library Book Return	5,000
Sphere of Influence Costs	5,000
Circulation Plan Update - Phase I	100,000
Municipal Code Reformatting & Software	50,000
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TOTAL ALL RECOMMENDATIONS	\$ 944,000
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EXHIBIT

"A"

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