

City of Pacifica 2014-15 Draft Operating Budget

--DRAFT--
ANNUAL OPERATING BUDGET
2014-2015

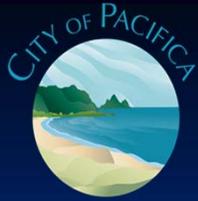


June 23, 2014

Lorie Tinfow
City Manager

June 23, 2014

City of Pacifica



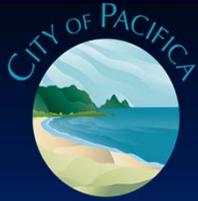
City of Pacifica 2014-15 Draft Operating Budget

--DRAFT--
ANNUAL OPERATING BUDGET
2014-2015



June 23, 2014

- **General Fund Budget - \$26,889,000**
- **All Funds Budget – \$71,545,444**



City Manager's Budget Message (pages 134 – 140)



CITY OF PACIFICA
170 Santa Maria Avenue • Pacifica, California 94044-2506
www.cityofpacifica.org

MAYOR
Mary Ann Nihart

MAYOR PRO TEM
Karen Ervin

COUNCIL
Sue Digre
Mike O'Neill
Len Stone

Scenic Pacifica
Incorporated Nov. 22, 1957

June 23, 2014

To the City Council and Community of Pacifica,

On behalf of the City staff, I am pleased to present a balanced operating budget for 2014-15. Like many in the past, this budget development process has not been an easy one and required many changes to continue to provide services and meet community needs.

In reviewing the 2014-15 Budget, readers will find a number of themes that staff relied upon to develop the recommendations that are included in the budget; examples follow:

- ❖ **Pursue cost recovery.** With the completion of the Cost Allocation Plan and Fee Study last year, the City began to have a better understanding of the true cost of delivering services and has moved toward recovering those costs in appropriate ways.
- ❖ **Budget annual expenses at or below annual revenues.** Reliance on reserves to balance a budget for more than the time needed to make structural changes is not good practice. We need to live within our means and the 2014-15 Budget does just that.
- ❖ **Align one-time money to cover one-time expenses rather than ongoing operations.** This is a direction that the City has been moving toward for some time and a "best practice."
- ❖ **Increase financial transparency.** In recent budget communications, staff has been focused on sharing financial information in such a way as to engender trust in how the City manages the public's money.

This balanced budget has taken several months to complete and includes preparing revenue and expense projections, understanding the result, and developing strategies for bringing them into balance. Staff has used new tools in the process this year including a new model for financial forecasting that includes transparent revenue and expense assumptions and a new format for the 2014-15 Operating Budget document designed to give a comprehensive summary view of the City's fiscal health. Key elements of the budget are highlighted below.

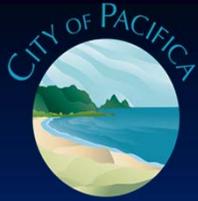
Budget Development for 2014-15

In the updated *Long Term Financial Plan 2014-19* presented to Council in March 2014, we projected a shortfall for next year of approximately \$1 million. A contributor to this preliminary budget status for next year was the recommendation to treat "Excess ERAF" funds, a significant source of discretionary revenue, differently than in

Path of Portola 1769 • San Francisco Bay Discovery Site

■ Summarizes the Council's direction

■ Documents decision-making



2014-15 General Fund Budget

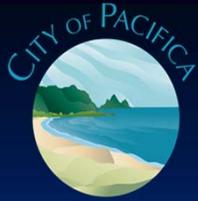
(page 141)

CITY OF PACIFICA
ADOPTED 2014-15 General Fund Budget Summary
By Consolidated Revenue Source and Department

	2013-14 ADOPTED BUDGET	2013-14 REVISED BUDGET	2014-15 ADOPTED BUDGET
REVENUES			
PROPERTY TAXES	\$10,445,000	\$10,786,380	\$9,335,000
SALES TAX*	\$1,483,000	\$1,483,000	\$1,976,500
OTHER TAXES*	\$5,708,000	\$5,708,000	\$5,260,000
DEPARTMENT/PROGRAM REVENUES	\$9,355,000	\$9,765,000	\$9,405,314
OTHER REVENUES	\$144,000	\$144,000	\$160,500
TRANSFERS IN	\$0	\$0	\$751,686
TOTAL GENERAL FUND SOURCE OF FUNDS	\$27,135,000	\$27,886,380	\$26,889,000
EXPENDITURES**			
GENERAL GOVT**	\$2,780,271	\$3,137,271	\$3,264,463
POLICE DEPARTMENT	\$8,753,890	\$8,883,890	\$8,791,873
FIRE DEPARTMENT	\$5,451,486	\$5,451,486	\$5,662,626
PLANNING & BUILDING	\$1,297,479	\$1,297,479	\$1,163,807
PUBLIC WORKS	\$2,444,454	\$2,444,454	\$2,058,155
PARKS, BEACHES & RECREATION	\$3,829,375	\$3,870,575	\$3,966,605
NON-DEPARTMENTAL	\$998,317	\$998,317	\$707,471
TRANSFERS OUT	\$1,257,000	\$1,257,000	\$1,274,000
TOTAL GENERAL FUND USE OF FUNDS	\$26,812,272	\$27,340,472	\$26,889,000
NET SURPLUS (DEFICIT)	\$322,728	\$545,908	\$0

*reflects movement of one revenue source from "other taxes" into "sales tax" to align with industry standards
 **no rounding used
 ***includes City Council, City Manager/City Clerk, City Attorney, Finance, Human Resources, and Information Technology

- **FY 2014-15 = \$26,899,000**
- **Moves revenue and expense (\$557k) for beach parking into separate fund**



2014-15 Budget by Dept.

(pages 142-148)

City of Pacifica 2014 – 2015 Budget
GENERAL GOVERNMENT

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City of Pacifica 2014 – 2015 Budget
POLICE DEPARTMENT

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City of Pacifica 2014 – 2015 Budget
PARKS, BEACHES AND RECREATION

Our mission is to foster human development, promote health and wellness; strengthen safety and security by providing programs for children, youth and adults to play and learn through positive recreational experiences.

Department Divisions
The Department is made up of support/administrative services and three main program divisions that provide recreation and human services to the community. These divisions are Recreation, Child Care and Senior Services. The department also has very robust Senior and Youth volunteer programs.

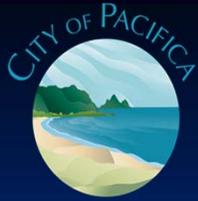
	2013-2014	2014-2015
General Fund Expenditures		
Department Support Services (800)	\$ 275,913	\$ 276,820
Community Center (805)	198,038	199,185
Cultural Arts (806)	11,256	11,200
Elementary Age Rec Services (810)	181,398	139,730
Teens & J-Teens Rec Services (820)	69,796	73,830
Adult Sports Services (830)	4,055	450
Senior Services (840)	197,350	195,400
Instructional Class Services (850)	122,368	123,150
Recreation Swimming Services (860)	330,036	332,650
Swim Team (869)	136,154	140,280
Special Community Rec Services (870)	66,090	62,250
Seniors In Action - Title III B (901)	38,750	42,500
Seniors In Action - C-1 Meals (903)	153,050	162,500
Seniors In Action - Meals on Wheels (904)	181,498	198,000
Child Care Preschool/School Age (910)	902,687	884,250
Child Care - Latchkey Program (911)	369,631	387,900
Child Care - State Preschool (912)	456,698	430,700
Child Care - Sub-contract Grants (914)	168,605	258,800
Recreation Preschool (937)	33,770	66,600
General Fund Expenditure Total	\$3,909,355	\$3,966,605
General Fund Cost Recovery		
General Fund Department Revenue Total	3,122,800	3,037,307
Child Care Reserve Funds Used	22,461	133,593
Cost Recovery	80%	80%
Total Staffing for Department		
Total FTEs	21	21
Total Part-Time Staff Members	108	108

City of Pacifica 2014 – 2015 Budget

■ One-page summaries of expected fiscal activities

■ Includes cost recovery ratios

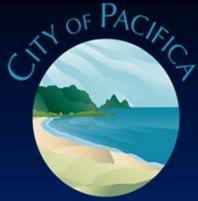
■ And staffing levels



2014-15 All Funds Budget (pages 149-150)

City of Pacifica
All Funds Budget Summary - Adopted 6/23/14
Fiscal Year 2014-15

Fund #	Fund Name	Estimated Ending Undesignated Fund Balance 6/30/2014	Adopted Revenues/ Transfers In 2014-15	Adopted Expenditures/ Transfers Out 2014-15	Estimated Ending Undesignated Fund Balance 6/30/2015
01	General Fund	\$1,359,949	\$26,889,000	\$26,889,000	\$1,359,949
	Reserve--General Fund (new policy for 2013-14)	\$0	\$0	\$0	\$0
	Reserve--Designated for Childcare	\$877,051	\$0	\$135,000	\$742,051
	Reserve--Narc Forfeiture	\$50,751	\$0	\$0	\$50,751
	Reserve--Senior Svcs-Giving Tree	\$11,438	\$0	\$0	\$11,438
	Reserve--Legal (new for 2014-15)	\$0	\$100,000	\$0	\$100,000
	Reserve for Advance-RDA*	\$2,516,375	\$0	\$0	\$2,516,375
38	Disaster Accounting Fund	(\$985,094)	\$438,750	\$457,000	(\$1,003,344)
Special Revenue Funds					
07	Supplemental Law Enforcement Svcs Fund	\$294,384	\$100,000	\$267,207	\$127,177
08	Fire Assessment Fund	\$7,404	\$0	\$7,404	\$0
10	Gas Tax Maintenance Fund	\$284,925	\$984,390	\$1,068,817	\$200,498
16	NPDES Stormwater Fund	\$211,740	\$242,600	\$414,875	\$39,465
24	Housing In-Lieu Fund	\$330,640	\$0	\$0	\$330,640
25	Parking In-Lieu Fund**	\$22,000	\$0	\$0	\$22,000
26	Park in-Lieu Fund	(\$116,899)	\$50,200	\$43,900	(\$110,599)
Capital Project Funds					
09	Street Construction Fund	\$244,391	\$1,435,300	\$1,421,912	\$257,779
	Outstanding receivable from loan to Fund 22***	\$2,218,700	\$0	\$0	\$2,218,700
12	Highway 1 Improvement Fund	\$71,024	\$11,880,000	\$11,868,450	\$82,574
14	Manor Drive Improvement Fund	\$949,861	\$1,000	\$530,050	\$420,811
15	Aircraft Noise Project	\$42	\$0	\$42	\$0
19	Planned Local Drainage Fund	\$638,061	\$1,000	\$3,000	\$636,061
22	General Capital Improvement Fund	(\$1,083,049)	\$452,500	\$461,000	(\$1,091,549)
	Outstanding Loan Repayment Obligation to Fund 09***	(\$2,218,700)	\$0	\$0	(\$2,218,700)
	Reserve--Frontierland Remediation	\$350,000	\$0	\$350,000	\$0



2014-15 All Funds Budget (pages 149-150)

City of Pacifica
All Funds Budget Summary - Adopted 6/23/14
Fiscal Year 2014-15

Fund #	Fund Name	Estimated Ending Undesignated Fund Balance 6/30/2014	Adopted Revenues/ Transfers In 2014-15	Adopted Expenditures/ Transfers Out 2014-15	Estimated Ending Undesignated Fund Balance 6/30/2015
Debt Service Funds					
40	Debt Service Fund	\$612,437	\$4,081,500	\$3,985,274	\$708,663
	Reserve--Bond Requirement	\$355,113	\$0	\$0	\$355,113
	Total Debt Service Funds	\$967,550	\$4,081,500	\$3,985,274	\$1,063,776
Trust Fund					
27	Roy Davies Trust Fund****	\$3,455,536	\$1,800	\$3,584	\$3,453,752
Enterprise Funds					
18	Sewer Charge Fund	\$10,700,304	\$13,658,700	\$13,543,843	\$10,815,161
34	Sewer Facility Construction Fund*****	\$7,433,547	\$2,922,600	\$6,415,786	\$3,940,361
	Total WWTP Funds	\$18,133,851	\$16,581,300	\$19,959,629	\$14,755,522
35	Beach Parking Fund	\$0	\$557,500	\$557,000	\$500
Internal Service Funds					
65	Self-Funded Dental Plan	\$173,717	\$152,400	\$159,500	\$166,617
66	Self-Insurance Fund (W/Comp)	\$616,947	\$750,500	\$953,000	\$414,447
67	Self-Insurance Fund (Liability)	(\$28,260)	\$380,000	\$250,000	\$101,740
	Total Insurance Funds	\$762,404	\$1,282,900	\$1,362,500	\$682,804
71	Motor Pool Operations Fund	(\$223,036)	\$946,503	\$920,800	(\$197,333)
72	Motor Pool Replacement Fund	\$2,920,253	\$122,500	\$839,000	\$2,203,753
	Total Motor Pool Funds	\$2,697,217	\$1,069,003	\$1,759,800	\$2,006,420
	TOTAL - ALL FUNDS	\$32,051,552	\$66,148,743	\$71,545,444	\$26,654,851

NOTES

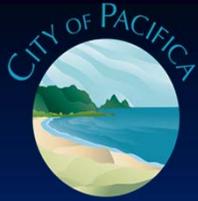
*Reflects loan from General Fund to Redevelopment Agency in past; not expected to be repaid in full but partial payment may be possible; resolution expected by June 2015

**During transition of Redevelopment Agency to Oversight Board with City as Successor Agency, staff mistakenly submitted \$308,000 of In-Lieu Parking Fees in November 2012 to State; return of funds to be requested

***Interfund loan from Fund 09 to Fund 22 approved by Council in November 2003

****Reflects expenditures from interest earnings only

*****Expenditures for 2014-15 include \$641,686 loan to General Fund for Pension Obligation Bond payments as described in 2014-15 General Fund Budget.



2014-15 All Funds – Descriptions

(pages 151-153)

DEBT SERVICE FUNDS

40. Debt Service Fund

TRUST FUNDS

27. Roy Davies Trust
Pacifica – a trust fund and Fairmont kept in a separate Department. It maintains, the beaches, and programs for operations; through a 4/3 County

ENTERPRISE FUNDS

18. Sewer Charge
all expenditure Water Recycle

34. Sewer Facility
Capital Improv

35. Beach Parking
started in August

INTERNAL SERVICE FUNDS

65, 66, 67 Self-fund
expenses and

71. Motor Pool
and equipment
other mechan

72. Motor Pool
Money is colle
fund.

25. Parking In-Lieu Fund accounts
provide for parking facilities im

26. Parks/Playfield Capital Improv
residential development projec
and open space to offset the in
development. These improve
land acquisitions, open space,
facilities and other related facil

CAPITAL PROJECT FUNDS

9. Street Construction Fund is sup
County since 1988. These funds
repair potholes and sidewalks,
shuttles, bicycling and pedestri
operations and safety projects
eliminate hazardous conditions

12. Highway 1 Improvement Fund
constructing traffic congestion
southern city limits. These impr
resulting from future building a
highway, construction of neces

14. Manor Drive Improvement Fur
Intersections Improvement Fee
Avenue, to pay for improveme
volumes based on future devel
signalization and widening of t
striping and signing.

15. Aircraft Noise Project Fund hel
next fiscal year.

19. Planned Local Drainage Fund: T
development projects to defray
facilities, required to adequatel
within the city. These include c
creeks, channels, reservoirs, str
stations, headwalls, etc.

22. Capital Improvement Fund: T
projects to defray the costs of
increased need for community
capital improvements projects
Library, Fire Stations, etc.



All Funds – Fund Descriptions

ALL FUNDS

01. General Fund holds general tax revenues such as property tax and sales tax as well as department revenues from fees and charges, and the majority of operational expenses for service delivery.

38. Disaster Accounting Fund shows both revenues (from grants and other reimbursements) and expenditures associated with catastrophic events occurring in the City. The current balances relate to an incident at 380 Esplanade that occurred in 2010. The City's activities expect to be concluded in 2014-15.

SPECIAL REVENUE FUNDS

07. Supplemental Law Enforcement Services Fund provides funding for front-line law enforcement operations. Funds are allocated by the State Controller to counties and distributed from the County Controller to the City of Pacifica on a monthly basis.

08. Fire Assessment Fund levies and collects assessments to generate revenue to pay for fire protection services, facilities and equipment. This fund sunset ted in 2008.

10. Gas Tax Maintenance Fund accounts for receipts and expenditures of money apportioned under Streets and Highway Code Sections 2105, 2106, 2107.3 of the State of California, which must be used for street and highway purposes. This fund is officially called the Highway Users Tax Fund and is distributed on a per capita basis based on the sale of fuel and the State tax that is assessed on fuel purchases. This money must be appropriated towards research, planning, construction, improvements, maintenance, and operation of public streets and highways (and their related public facilities for non-motorized traffic), including mitigation of their environmental effects, compliance with the American Disabilities Act (ADA), payment for property taken or damaged for such purpose, and the administrative costs necessarily incurred in the foregoing process.

16. NPDES Stormwater Fund: The National Pollutant Discharge Elimination System (NPDES) Stormwater Fee is a parcel based tax that pays for stormwater pollution prevention infrastructure and activities necessary to comply with the requirements of the NPDES permit. These infrastructures include trash capture devices, trash separators, etc., while the activities include stormwater clean-up, regular street sweeping, erosion control, implementation of Best Management Practice (BMP) and public information programs.

24. Housing In-Lieu Fund accounts for receipts from fees imposed on developers to provide for improvements.

City

City of Pacifica 2014-15 Budget



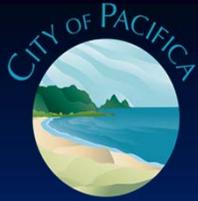
POB Loan and Repayment Plan (pages 154-155)

PENSION OBLIGATION BONDS
LOAN AND REPAYMENT PLAN
2014-2015



June 23, 2014

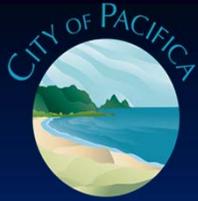
- Clarifies loan terms and repayment obligations
- Documents decision-making



POB Loan and Repayment Plan (page 155)

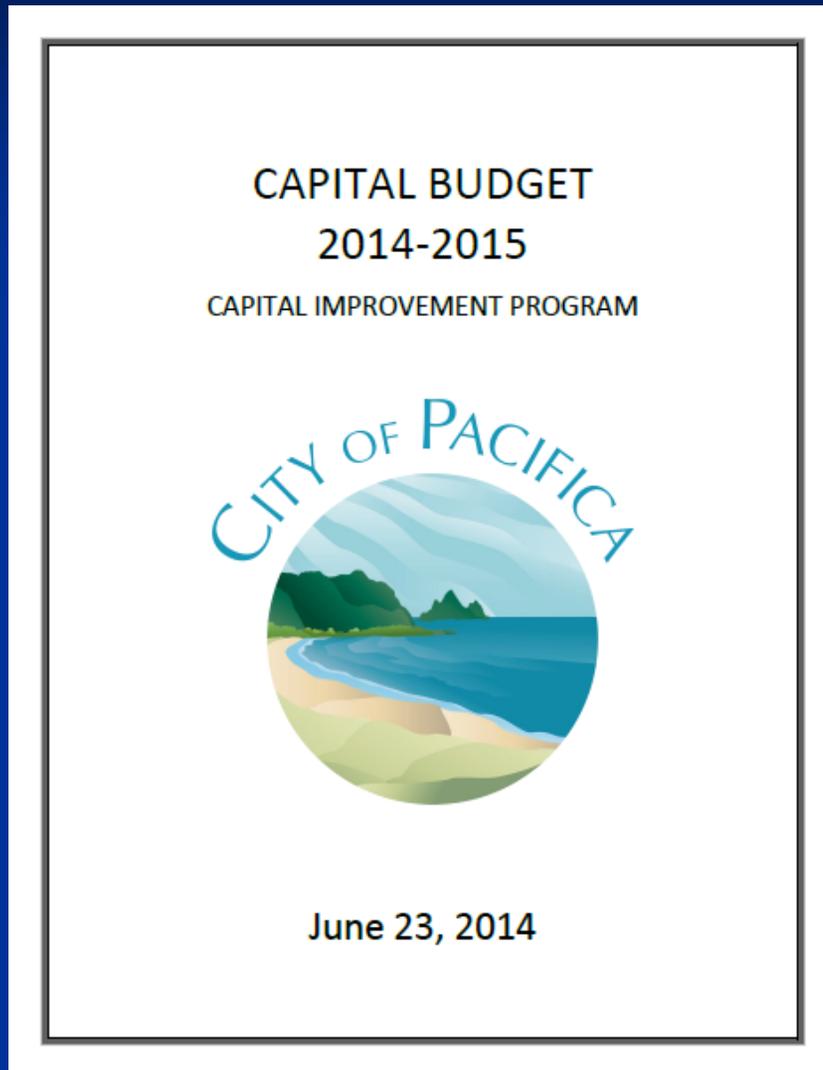
CITY OF PACIFICA - 2014-15 BUDGET
PENSION OBLIGATION BONDS LOAN AND REPAYMENT PLAN
LOAN FROM FUND 34 TO GENERAL FUND

PAYMENTS - ALL FUNDS									
	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21		
Payments from General Fund w/o loan									
Police	\$879,548	\$908,133	\$987,593	\$0	\$0	\$0	\$0		
Fire	\$667,108	\$688,789	\$711,175	\$734,288	\$758,153	\$0	\$0		
Misc	\$956,507	\$987,593	\$1,019,690	\$1,052,830	\$1,087,047	\$1,122,376	\$1,158,853		
Total Annual Payments	\$2,503,163	\$2,584,515	\$2,718,458	\$1,787,118	\$1,845,200	\$1,122,376	\$1,158,853		
Payments from General Fund with loan									
Police	\$396,468	\$396,468	\$396,468	\$396,468	\$396,468	\$396,468	\$396,468		
Fire	\$508,502	\$508,502	\$508,502	\$508,502	\$508,502	\$508,502	\$508,502		
Misc	\$956,507	\$987,593	\$1,019,690	\$1,052,830	\$1,087,047	\$1,122,376	\$1,158,853		
Total Annual Payments	\$1,861,477	\$1,892,563	\$1,924,660	\$1,957,800	\$1,992,017	\$2,027,346	\$2,063,823		
Annual Loan/Repayment - Fund 34	\$641,686	\$691,952	\$793,798	(\$170,682)	(\$146,817)	(\$904,970)	(\$904,970)		
Total loan/Repayment Principal			\$2,127,437				-\$2,127,437		
Total Loan	\$2,127,437	Loan Amount	\$641,686	\$1,333,639	\$2,127,437	\$1,956,756	\$1,809,939	\$904,970	\$0
Total Interest	\$43,872	.05% interest	\$3,208	\$6,668	\$10,637	\$9,784	\$9,050	\$4,525	0

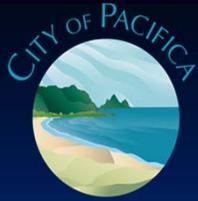


Capital Budget 2014-15

(pages 156-201)



- Presents projects underway or expected to start in 2014-15
- Total budget = \$18,193,500



Reserve Policy (page 216)

 CITY OF PACIFICA ADMINISTRATIVE POLICY	No. 76
RESERVE POLICY	DATE ISSUED: 6/10/13

It is the policy of the City of Pacifica to establish the procedures for reporting unrestricted fund balance in the General Fund financial statements. Certain commitments and assignments of fund balance will help ensure that there will be adequate financial resources to protect the City against unforeseen circumstances and events such as revenue shortfalls and unanticipated expenditures. The policy also authorizes and directs the City Manager or his designee to prepare financial reports which accurately categorize fund balance as per Governmental Accounting Standards Board (GASB) Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions.

The City has established certain financial reserves to protect the City against unexpected interruptions in revenues, vulnerability of State actions, adverse economic conditions, unpredictable one-time costs, and exposure to natural disasters and emergencies. The following reserves shall be maintained by the City:

General Fund Reserves

The City shall work to fully fund reserves at 10% of General Fund expenditures. As part of each budget cycle, the City Council will evaluate any additional revenue generated over the prior year and will allocate the increased revenue to reserves. The Council may consider allocating additional revenue to economic development projects that will generate additional revenue. At the time that 10% is attained, the City Council will review the goal of 10% and consider increasing the reserve goal.

Two-thirds of those reserves shall be unreserved and undesignated. The remaining one-third shall be for economic contingencies. Unreserved, undesignated reserves are General Fund balances that accumulate over time as a result of revenues in excess of expenditures. This type of reserve is not set aside for any particular purpose.

The economic contingency reserve provides for unexpected interruptions in cash inflows to the City. Economic contingencies may occur as a result of the State holding back on or altering tax disbursements, loss of sales tax receipts from major retailers moving out of the City, or a significant economic slowdown. This reserve will be utilized to cover the City's expenditures until a solution to the shortage is found.

Appropriation/Expenditure of Reserve Funds

A majority vote of the whole City Council is required for any appropriation and expenditure of funds from the reserves noted above.

This policy is in place to provide a measure of protection for the City against unforeseen circumstances and to comply with GASB Statement 54. No other policy or procedure supersedes the authority and provisions of this policy.

■ Adopted in
June 2013

■ Unfunded for
now



City of Pacifica 2014-15 Draft Operating Budget

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ANNUAL OPERATING BUDGET
2014-2015



June 23, 2014

Questions

City of Pacifica