

City of Ridgecrest Proposed Budget FY12



WHY SO EARLY?

- Problems won't get better on their own.
- Some decisions will require transition planning; enhanced ability for staff to adjust to changes.

FY 2011-2012 BUDGET GOALS

1. Protect core services for citizens
2. Acknowledge impact of Great Recession
3. Make painful but necessary decisions for future stability
4. Increase Transparency
5. Reduce reliance of one-time funds
6. Increase general fund reserves
7. Position the organization to capture future opportunities
8. Reduce or eliminate furloughs
9. Decrease liability

Theme

- Doing more with less
- Short-term sacrifice for long-term
- Investing in the workforce

BIG PICTURE

➤ National

➤ State

➤ Local

NATIONAL

- National Defense
- Federal Budget
 - ARRA
 - Continuing Resolutions
 - CDBG
 - Juvenile Justice
- Economic Indicators
 - Unemployment
 - Housing
 - GDP

NATIONAL (CONT'D)

- Indicate Eminent Rebound
- Politics - Represented by high ranking member of Congress
- Campaign Season

STATE

- Dysfunctional Structure
- Chronic Budget Crises
- Poor Understanding of Local Impacts
- RDA
- Continuous Political Reform

The State-Local Fiscal Relationship since 1978

Over the past 30 years, substantial restrictions have been placed on the ability of cities and counties to control their major fiscal resources. They relied on these revenues to fund police and other law enforcement services, fire protection, parks, libraries, schools, hospitals and public health. This timeline summarizes the milestones in the decline in local control over local finances and efforts to restore stability in local budgets.

1978 Proposition 13

- Sets the general-purpose property tax rate at 1 percent of assessed value, cutting local property taxes by more than half
- Transfers control over property tax allocation to the state
- Restricts the purposes for which government obligation bonds can be issued
- Requires two-thirds voter approval for special taxes
- Requires two-thirds legislative approval for new state taxes

1986 Proposition 62

- Requires majority voter approval for general taxes in most cities and counties
- Prohibits local transaction taxes or sales taxes on the sale of real property within a typical city, county, or district

1992 Education Revenue Augmentation Fund (ERAF)

- In response to a severe budget deficit, the state met its legal obligation to fund schools by diverting specified amounts of local property taxes into an “Education Revenue Augmentation Fund” or ERAF in each county. ERAF funds are then transferred to local school entities.
- Although intended as a temporary measure, the tax shift remains in effect.

1992 Education Revenue Augmentation Fund (ERAF), cont'd.

- In fiscal year 2007–08 the tax shift is estimated to cost cities, counties and special districts more than \$7 billion.

1996 Proposition 218

- Requires two-thirds voter approval for special taxes
- Requires majority voter approval for general taxes
- Requires parcel taxes to be enacted as special tax
- Imposes new procedural and substantive requirements for benefit assessments
- Imposes new procedural and substantive requirements for certain types of fees and charges including water and sewer rates
- Allows taxes, assessments, and fees to be reduced by voter initiative

2004 VEHICLE LICENSE FEE- PROPERTY TAX SWAP

As part of the negotiations surrounding a state budget deficit, cities and counties agreed to exchange state general fund revenues they received to offset vehicle license fee reductions for a like amount of property tax revenues from ERAF.

The exchange was part of a larger agreement to secure state support for a fiscal reform ballot measure, Proposition 1A (see below).

2004 PROPOSITION 1A

Proposition 1A was a ballot measure approved by voters in November 2004. The measure was sponsored by a coalition of local agencies and others to protect against future reduction or diversion of property tax and sales tax and strengthen the state's obligation to reimburse local governments for state mandated programs.

The measure protects local sales tax and vehicle license fees, and allows the state in future years to borrow, but not simply take, local property tax.

2010 PROPOSITION 22

Prohibits State, even during severe fiscal hardship, from delaying distribution of tax revenues for these purposes. Fiscal Impact: Decreased state General Fund spending and/or increased state revenues, probably in the range of \$1 billion to several billions of dollars annually. Comparable increases in funding for state and local transportation programs and local redevelopment.

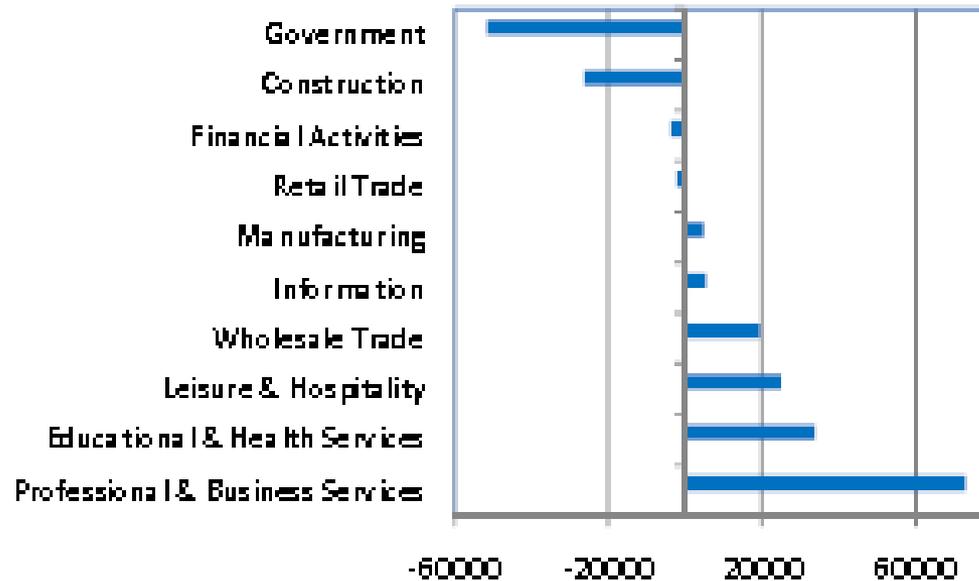
2010 PROPOSITION 26

REQUIRES THAT CERTAIN STATE AND LOCAL FEES BE APPROVED BY TWO-THIRDS VOTE. FEES INCLUDE THOSE THAT ADDRESS ADVERSE IMPACTS ON SOCIETY OR THE ENVIRONMENT CAUSED BY THE FEE-PAYER'S BUSINESS. INITIATIVE CONSTITUTIONAL AMENDMENT.

**Local Safety and Protection Account Funding for
Citizens Option for Public Safety (COPS) & Booking Fee Subventions
Current Proposals**

Bill (Author)	AB 66 and ABx19 (Chesbro)	AB 168 (Gorell)	AB 192 (Logue)	SCA1x 1 (Steinberg) <i>Governor's Budget Proposal</i>
Summary	Maintains the VLF extension established for the original Local Safety and Protection Account for 0.15% indefinitely	Provides a single appropriation of \$506.4 million to the Local Safety and Protection Account for FY 2011-12 from the state general fund	Provides annual state general fund appropriation of \$500 million to the Local Safety and Protection Account from for five years, beginning July 1, 2011	Maintains 0.15 VLF tax extension, along with other taxes, for five years to fund broadly defined public safety services. State matching funds would be provided after five year tax extension sunset. Governor's Budget indicated maintaining funding formula for COPS programs and booking fee subventions from Local Safety and Protection Account.
Two-thirds vote required?	Yes, to send to Governor	Yes, to send to Governor	Yes, to send to Governor	Yes, to place on ballot
Effective date	Upon Governor's signature	July 1, 2011; if signed by Governor	Upon Governor's signature	Day after election if earns majority vote approval
Status (as of March 31)	<ul style="list-style-type: none"> • Referred to Assembly Public Safety and Revenue & Taxation Committees • No hearing date set 	<ul style="list-style-type: none"> • Referred to Assembly Public Safety Committee • No hearing date set 	<ul style="list-style-type: none"> • Referred to Assembly Revenue and Taxation Committee • Hearing date set for May 2 	<ul style="list-style-type: none"> • Governor has stated negotiations with Republican members have ended, delaying the special June election indefinitely
League position	Support	Watch	Watch	Watch

JOB GROWTH DEC 2009—DEC 2010



LOCAL IMPACTS OF CURRENT ECONOMY

- Level of service to citizens
- Furloughs
- Overtime
- Hiring
- Delayed customer response times

FUNDING SOURCES

- Property Tax
 - 1% of assessed value
 - City receives about 5 cents per dollar taxed
 - Received in 2 installments in December and April
 - General Purpose

FUNDING SOURCES

- Sales Tax
 - 1% of Retail Sales
 - General Purpose
 - $\frac{3}{4}\%$ is received monthly
 - $\frac{1}{4}\%$ is received with Property Tax
- Transient Occupancy Tax
 - 10% Lodging Cost
 - General Purpose
 - Received Monthly

FUNDING SOURCES

- Highway User Tax
 - Allocation
 - Registered Vehicles
 - Assessed Property Valuation
 - Population
 - Restricted to use for Street Repairs & Maintenance
 - Received Monthly (State has Deferred Payments in the Past)

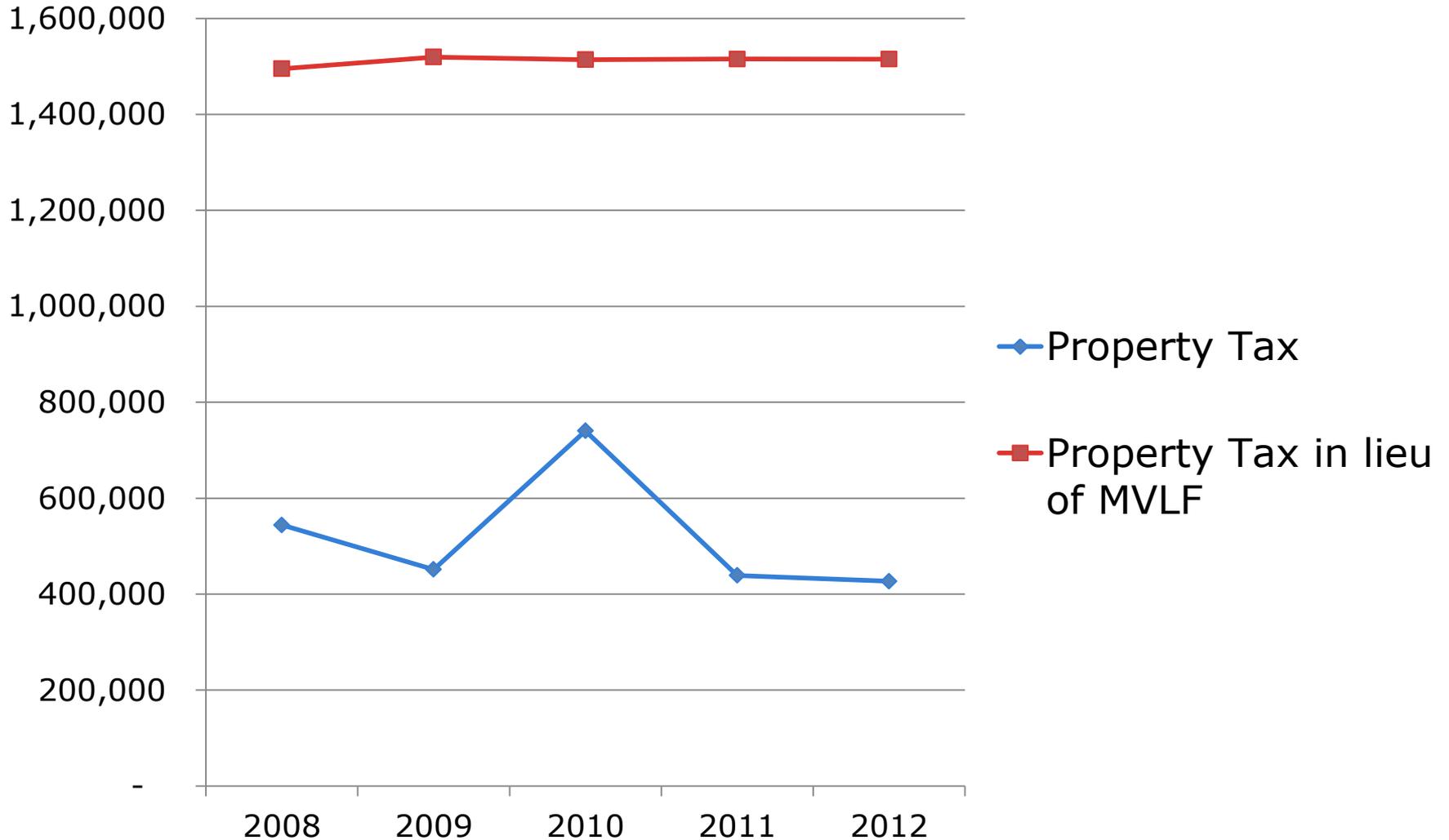
FUNDING SOURCES

- **Transportation Development Act**
 - Kern COG Apportionment Based on Population
 - Restricted to First Appropriate to Transit
 - Surplus Appropriation Restricted to Streets
 - Once a year (typically in April)
- **Wastewater Service Charges**
 - Charges based on Fee Schedule
 - Restricted to Wastewater Activities
 - Usage charges with Property tax
 - Hookup charges paid with permits

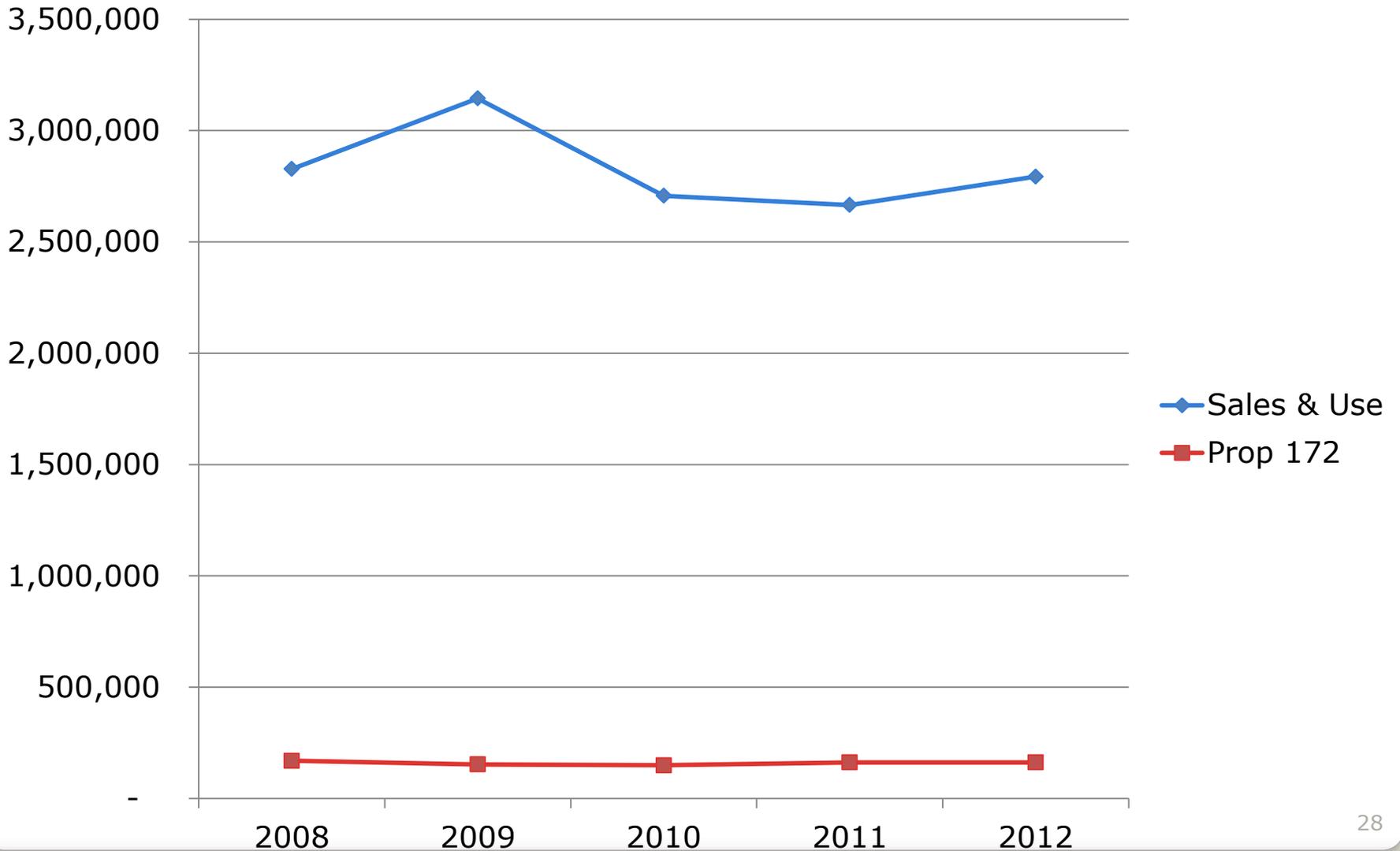
FUNDING SOURCES

- Property Tax Increment
 - Established base year
 - Increases due to Assessed Value above the Base is Increment
 - Dedicated to revitalize deteriorated and blighted areas of the Project Area
 - 20% restricted to low and moderate income housing.
 - Received with Property Taxes

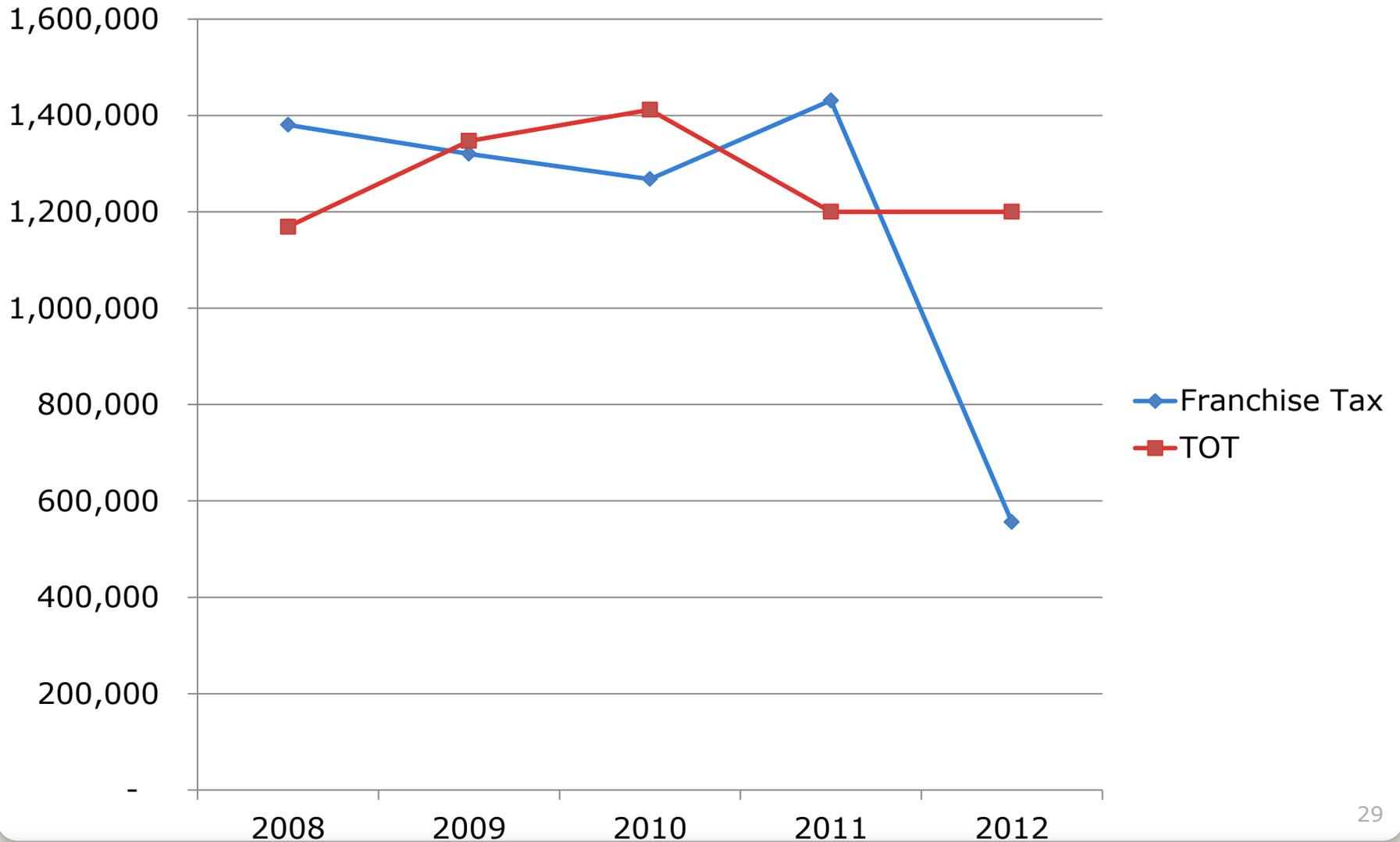
GENERAL FUND REVENUE



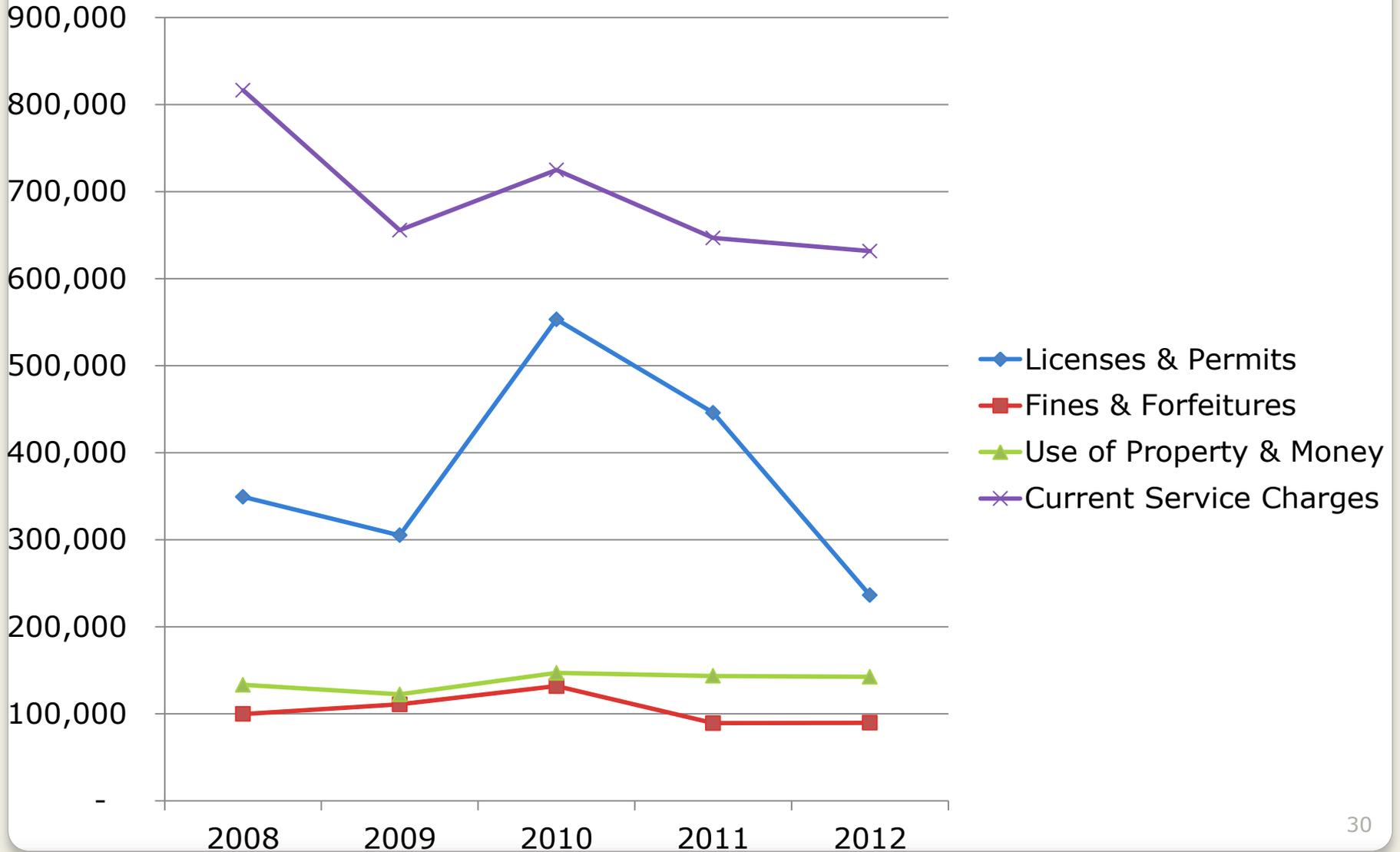
GENERAL FUND REVENUE



GENERAL FUND REVENUE

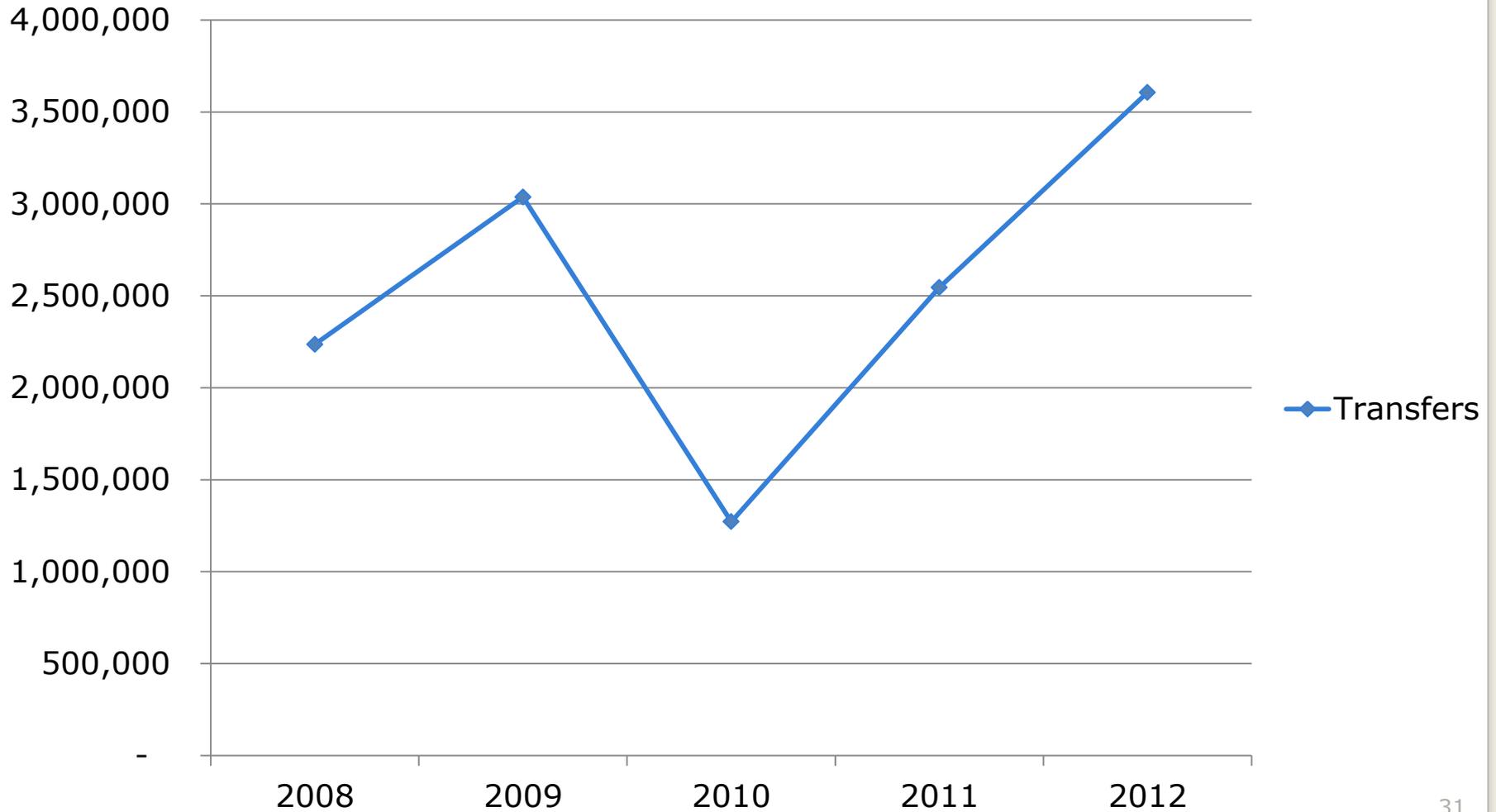


GENERAL FUND REVENUE

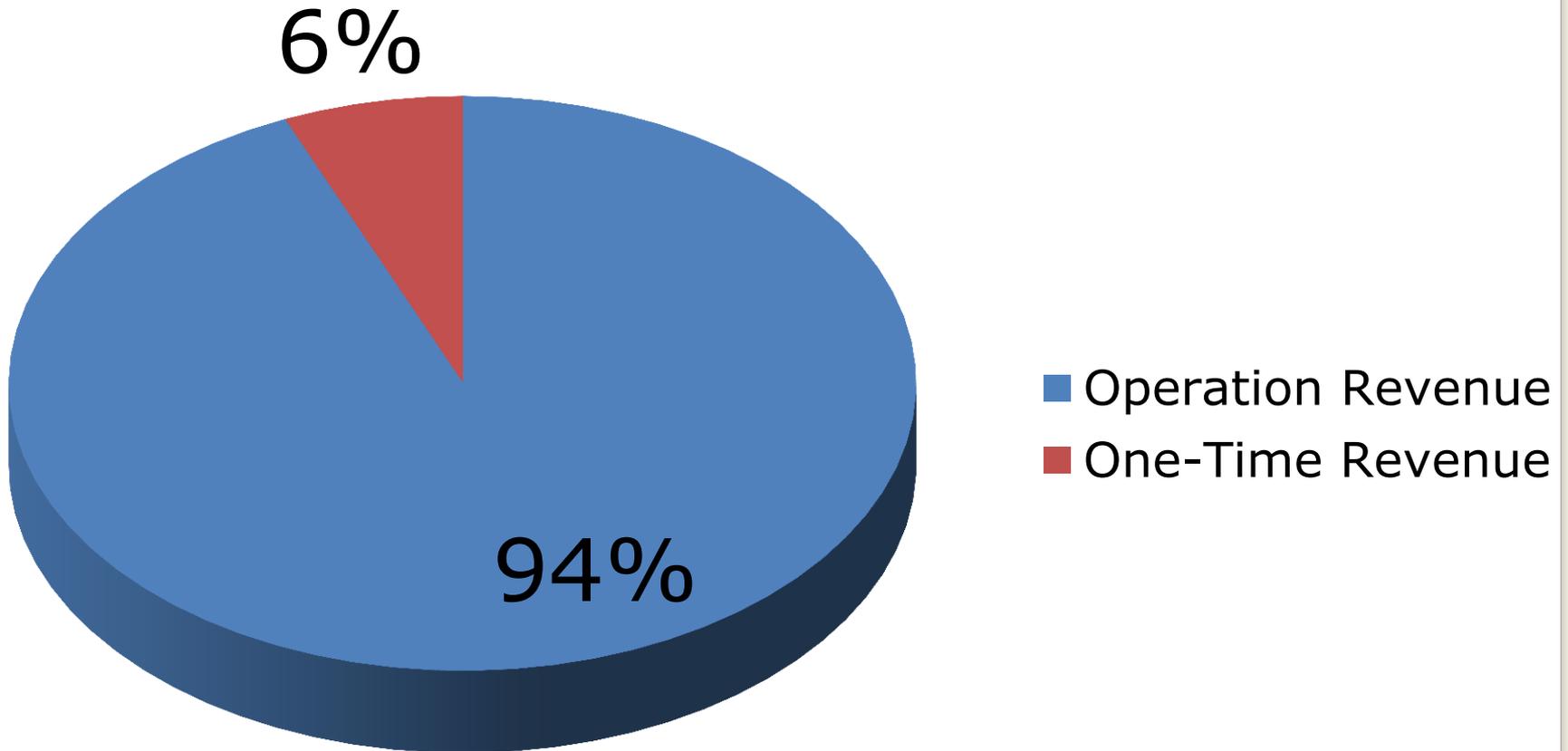


GENERAL FUND REVENUE

Transfers



GENERAL FUND REVENUE



KERR-MCGEE PROGRAMMING

	FY12 REVENUE EST.	FY12 EXP EST.	FY12 NET AMOUNT	GF
KERR MCGEE ROOM RENTALS				
Full Hall	\$23,870.00			
1/2 Hall	\$22,000.00			
Single	\$5,500.00			
Double	\$7,260.00			
Gymnasium	\$8,470.00			
Gazebo	\$1,320.00			
		\$228,959.00		
ROOM RENTALS - SUBTOTAL	\$68,420.00		(\$160,539.00)	30% 70%
RECREATION PROGRAMMING AT KMCC				
KMCC Administration		\$219,075.00		
Fitness/Racquetball	\$15,620.00			
Martial Arts/Aerobics	\$14,700.00	\$6,870.00		
Preschool	\$66,000.00	\$41,370.00		
Daycamp	\$40,920.00	\$76,342.00		
Summer Camps	\$61,710.00 (included w/ Daycamp)			
Yth Basketball	\$24,200.00	\$16,200.00		
Yth Volleyball	\$7,040.00 (included w/ Yth Bball)			
Concessions at KMCC	\$7,125.00	\$4,500.00		
Recreation Programming Subtotal	\$237,315.00	\$364,357.00	(\$127,042.00)	65% 35%
KERR MCGEE TOTALS	\$305,735.00	\$593,316.00	(\$287,581.00)	52% 48%

KERR MCGEE PROGRAMMING

OTHER FACILITIES -----	FY12 REVENUE EST. -----	FY12 EXP EST. -----	FY12 NET AMOUNT -----	GF
LEROY JACKSON PARK		\$164,905.00		
SOFTBALL RENTAL	\$5,060.00			
SOCCER FIELD RENTAL	\$2,750.00			
TENNIS COURT RENTAL				
Park Total	\$7,810.00		(\$157,095.00)5%	95%
RECREATION PROGRAMMING AT LJSC				
Adult Softball	\$12,100.00	\$9,800.00		
Youth Soccer	\$48,620.00	\$24,300.00		
Flag Football	\$12,100.00	(included w/ Yth Soccer)		
Summer Camps	\$10,890.00	\$11,451.00		
Recreation Programming Totals	\$83,710.00	\$45,551.00		
LEROY JACKSON PARK TOTALS	\$91,520.00	\$210,456.00	(\$118,936.00)43%	57%

RECREATION PROGRAMMING

OTHER FACILITIES -----	FY12 REVENUE EST. -----	FY12 EXP EST. -----	FY12 NET AMOUNT -----	GF
MEDIANS	\$0.00	\$96,938.00	(\$96,938.00) 0%	100%
HELLMERS PARK	\$8,000.00	\$36,326.00	(\$28,326.00) 22%	78%
YOUTH BLDG	\$0.00	\$1,300.00	(\$1,300.00) 0%	100%
SENIOR CENTER	\$11,000.00	\$43,327.00	(\$32,327.00) 25%	75%
LITTLE LEAGUE FACILITY	\$25,000.00	\$83,773.00	(\$58,773.00) 30%	70%
PEARSON PARK	\$0.00	\$51,298.00	(\$51,298.00) 0%	100%
UPJOHN PARK	\$0.00	\$60,448.00	(\$60,448.00) 0%	100%
 PINNEY POOL		\$103,965.00		
SSUSD RENT	\$18,700.00			
LESSONS	\$39,600.00	\$59,381.00		
OPEN SWIM	\$14,300.00	(included w/ Lessons)		
Concessions at Pool	\$2,375.00	\$1,000.00		
POOL TOTAL	\$74,975.00	\$164,346.00	(\$89,371.00) 46%	54%

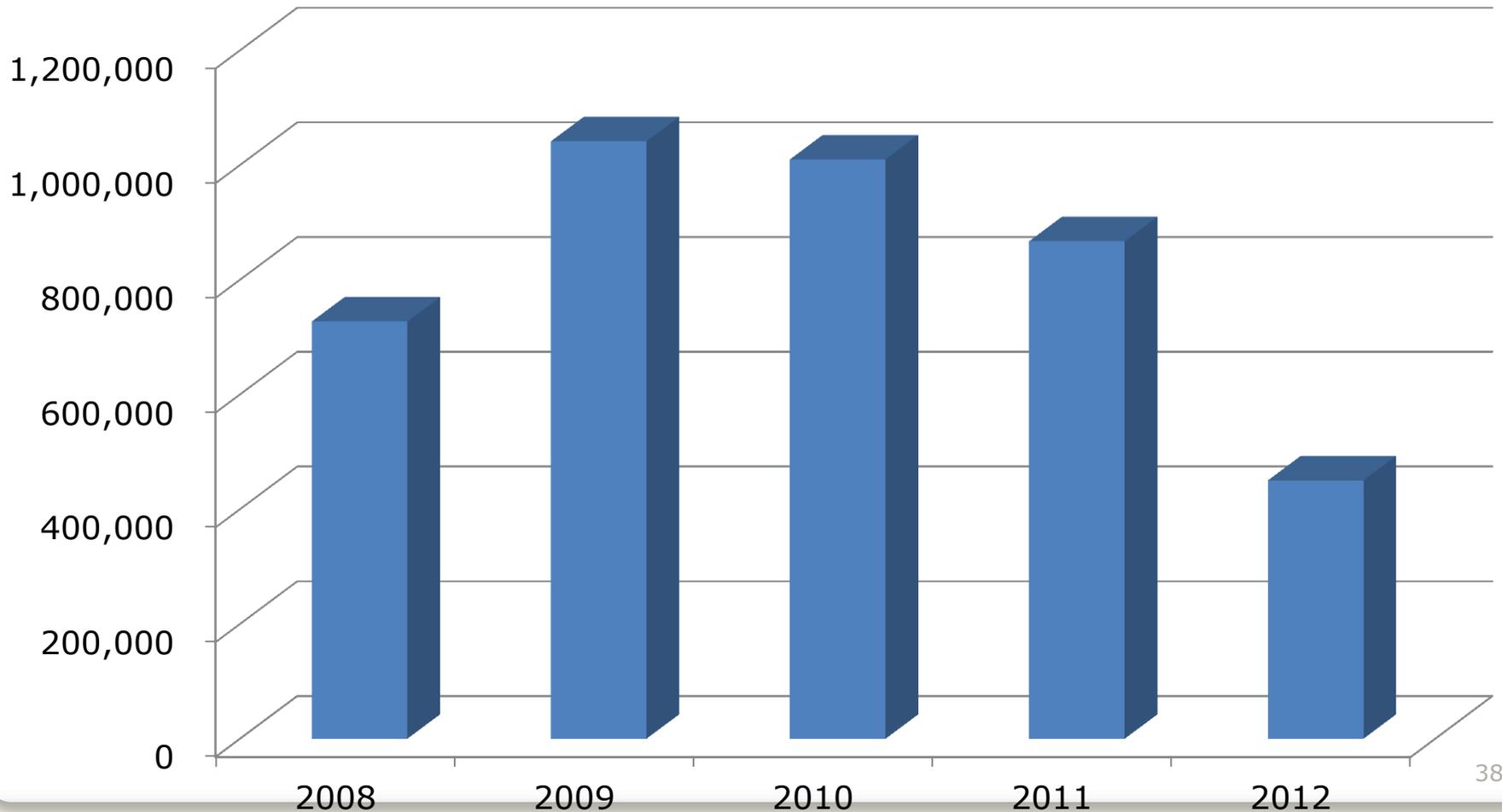
GENERAL GOVERNMENT



PUBLIC SAFETY

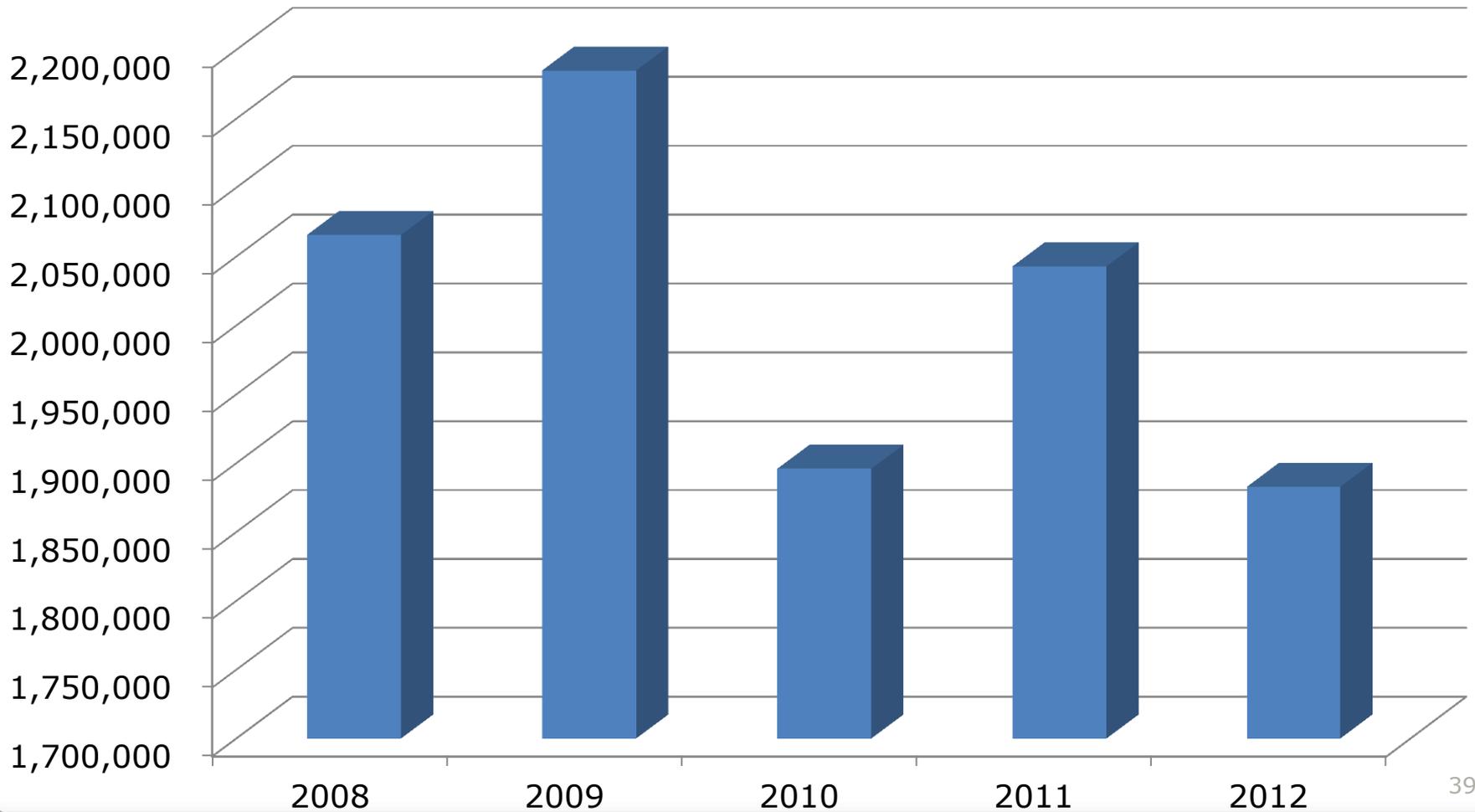
PUBLIC SERVICES

PUBLIC SERVICES

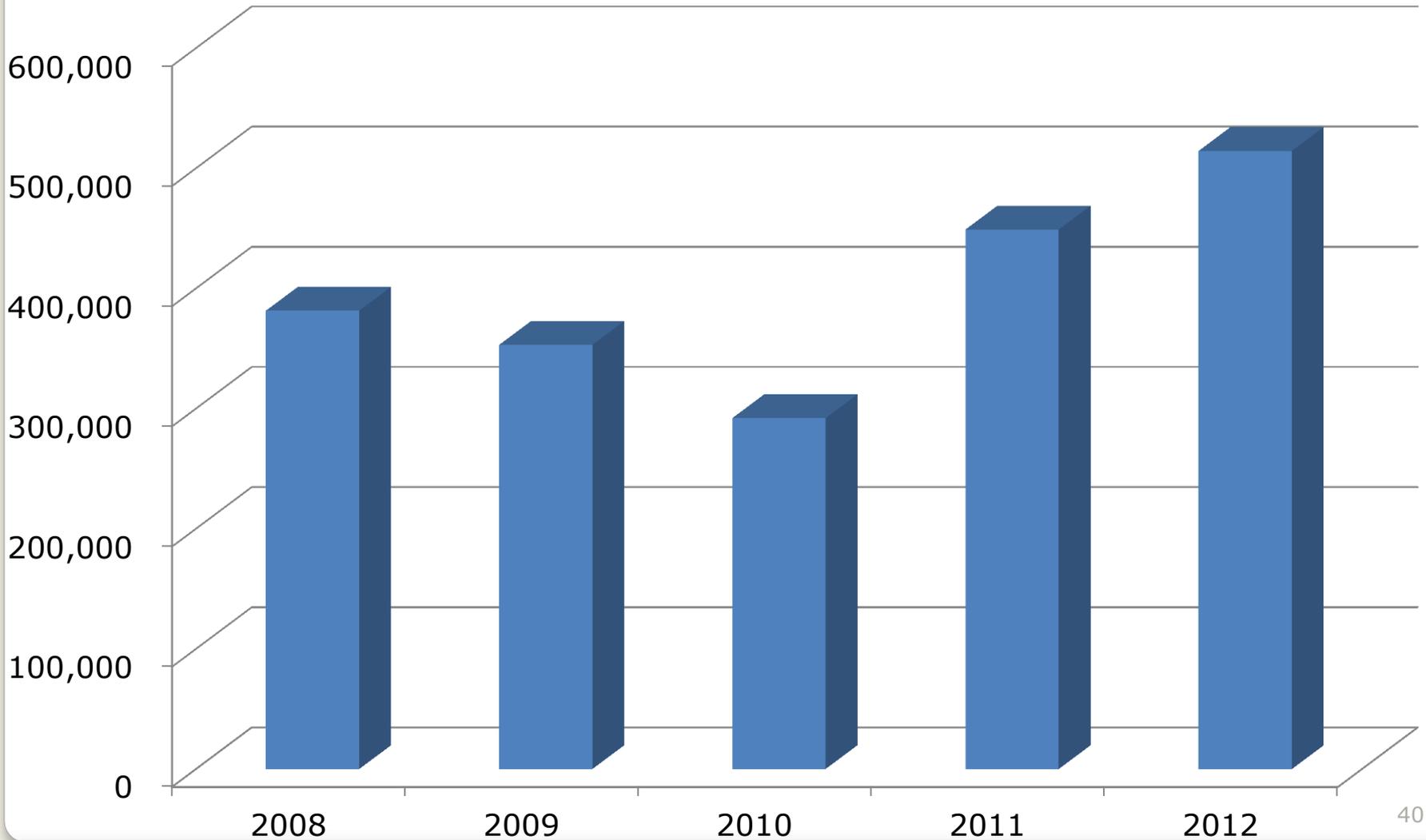


PARKS AND RECREATION

PARKS & RECREATION



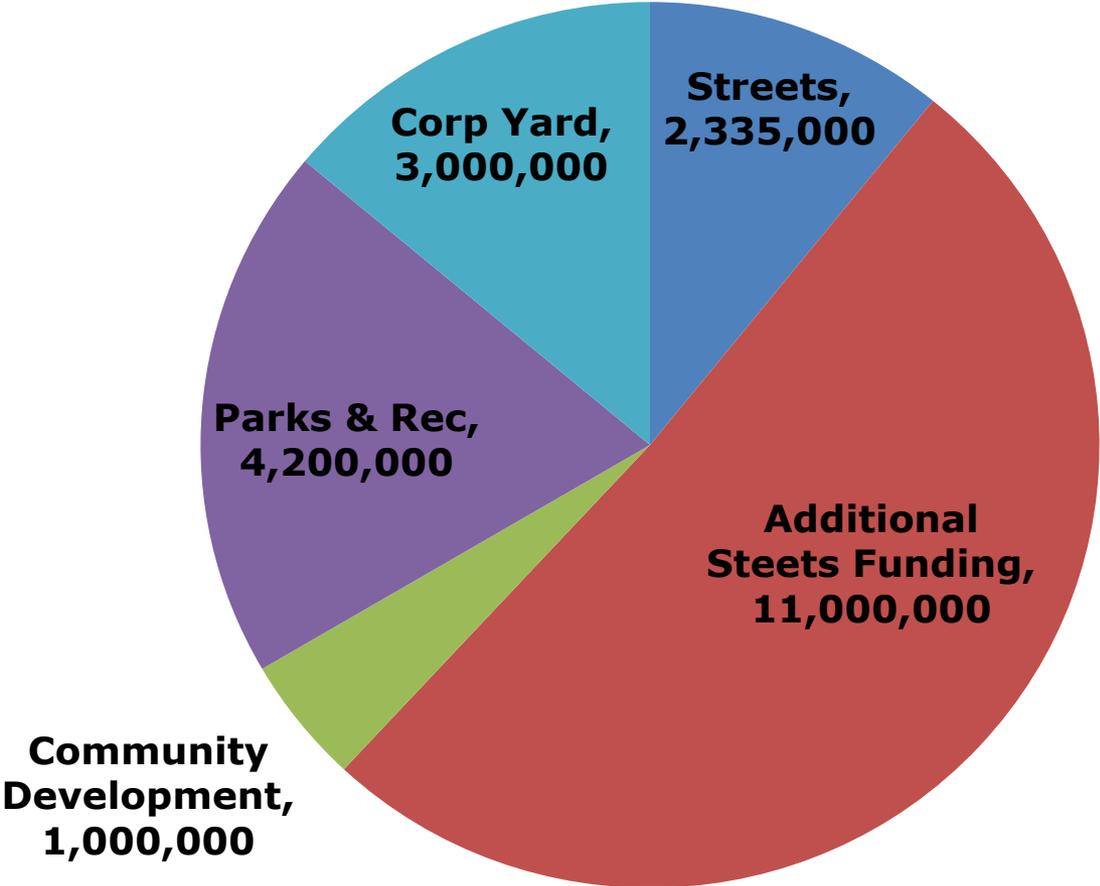
PUBLIC WORKS



UNFUNDED REQUESTS

- Planning Intern
- CSO
- MIS Modernization
- Financial System Replacement
- Code Codification
- Senior Center Repairs
- Various Facilities Updates
- General Plan Implementation Items
- Housing Element

TAB PROJECTS



EXPENDITURES— ORG CHART/SPEND CHART

- Strategic plan
- Current year restraint/year end balances
- HR contract
- Grants contract
- Vehicles
- Equipment (lawnmowers)
- Transit busses
- fully fund street lights
- PD CSO
- Training/travel budgets
- Animal Shelter

UNFUNDED

- PY X 2
- CSO
- PD
- Patrol cars
- MIS modernization
- Senior Center repairs
- Kerr McGee gym floor
- Financial software
- Code codification

ITEMS OF SPECIAL INTEREST

- Signature Event
- Sister City
- TAB
- Transparency
- Labor MOU's
- Inmate labor
- County – fire, RDA, rule 20a,

FUTURE CONSIDERATIONS

- Labor
- Chief Building Official
- RDA
- Fee structure
- Business license audit
- Solid Waste franchise fee
- Revenue Measure/dedicated infrastructure revenue source
- City Hall space rental
- Water District partnership
- School District partnership

SUMMARY (cont'd)

1. Protect core services for citizens
2. Acknowledge impact of Great Recession
3. Make painful but necessary decisions for future stability
4. Increase Transparency
5. Reduce reliance of one-time funds
6. Increase general fund reserves
7. Position the organization to capture future opportunities
8. Reduce or eliminate furloughs
9. Decrease liability

RECOMMENDED DISCUSSION POINTS

- Discretionary funds
- Council fee override Kerr-McGee
- City hall space rental
- Grants contract
- HR contract
- PD CSO
- Code Enforcement
- Sister City
- Signature Event

RECOMMENDED DISCUSSION POINTS (cont'd)

- Trash franchise fee/structure
- Ad hoc recommendations
- Training/travel increases
- Deferred maintenance
- Fee schedule adjustments
- Drop off center
- Roads
- Street lights
- Reserves

TAB PROJECTS

