

2006 Community Budget Workshop

May 22, 2006



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Overview

- Why are we here?
- City of Santa Paula budget basics
- Where does the City get its money?
- How does the City spend its money?
- FY 2006-07 budget issues
- Next steps
- Questions and comments at end of presentation

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City Budget Website

www.ci.santa-paula.ca.us/budget

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Why Are We Here?

- Staff began looking at budget issues in January
- Completed initial process; needs outweighed resources
- Greater public participation requested by City Council to assist in decision-making

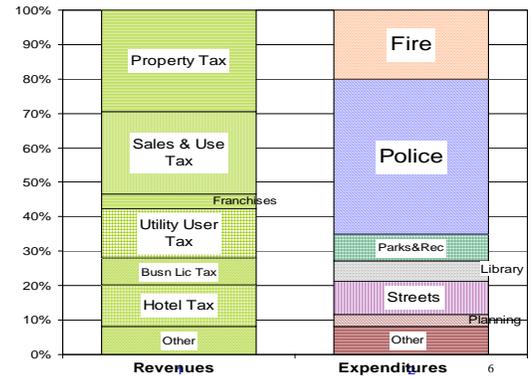
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Why Are We Here?

- Staff to present overview this evening
- Focus on operating budget and capital budget
- Public comments to be taken back to City Council
- Monday, June 19, 2006
 - City Council Budget Hearing

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Discretionary Revenues and Spending Typical Full Service City



Source: Coleman Advisory Services computations from State Controller reports

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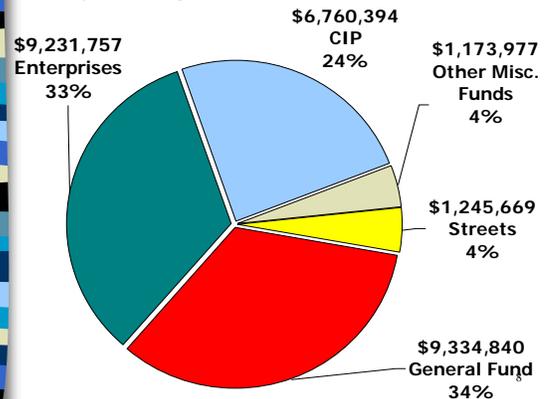
City of Santa Paula Budget Basics FY 2005/06



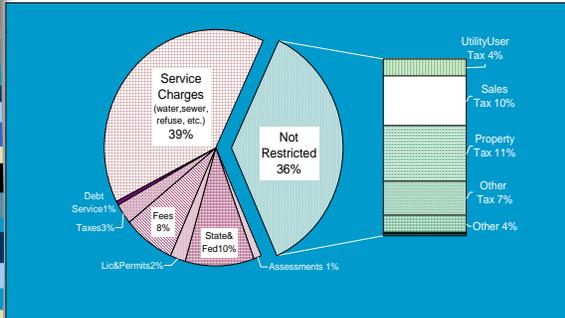
- Revenues
 - \$24,455,080
- Expenditures
 - \$27,746,637
- Total Employees
 - 148 Full-Time
 - 79 Part-Time

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City Budget At-A-Glance



California City Revenues



Source: Coleman Advisory Services, State Controller.
FY01-02 data adjusted for 2004 VLF - Prop Tax swap.

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The Value of City Services

■ The average city resident pays \$59.25/month for city services (not including fee-funded public utilities such as water, sewer, flood control and garbage collection provided by many cities)

◆ \$59.25 pays for one of these:

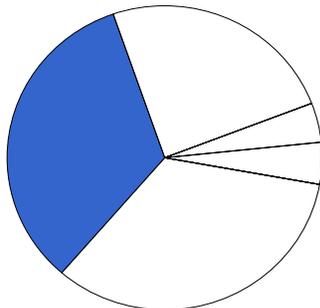
- One month of cable service
- One or two hardback books
- One month at the gym
- Three compact disks
- Dinner for two
- Movie and snacks for a family of four

◆ Or... \$59.25 pays for all of these:

- 24 hour police and fire protection
- Well-groomed parks and trees
- Safety lighting for streets
- Community events
- Community economic development
- Paved and maintained city streets
- A well-planned, zoned community
- Professional management of a citizen's tax investment in the community

City Budget At-A-Glance

\$9,231,757
Enterprises
33%



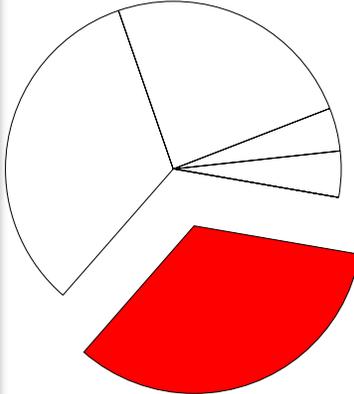
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Enterprises

- Solid Waste Service Charges
– \$1,968,073
- Wastewater Service Charges
– \$3,980,000
- Water Service Charges
– \$5,578,460

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City Budget At-A-Glance



\$9,334,840
General Fund
34%

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How Does the City Get Its Money?



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Major Revenue Sources – General Fund

The City of Santa Paula receives 91% of its General Fund revenue from eight sources:



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#8 ½ Cent Public Safety Tax- Prop. 172



SANTA PAULA
POLICE DEPARTMENT

\$210,200 (2% of budget)

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#7 Franchise Tax



\$ 320,000 (3% of budget)

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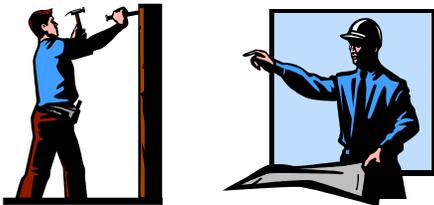
#6 Interest and Rent Income



\$335,308 (4% of budget)

18

#5 Licenses and Permits



\$384,042 (4% of budget)

19

#4 Charges for Current Services



\$830,058 (9% of budget)

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#3 Overhead to Enterprises



\$938,703 (10% of budget)

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#2 Sales Tax

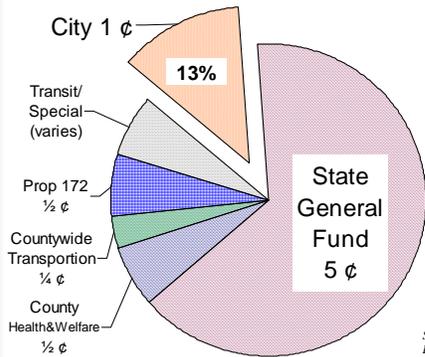


\$1,413,405 (15% of budget)

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Sales Tax:

For each taxable dollar you spend, you pay sales tax to



SOURCE: Calif State Board of Equalization

#1 Property Tax



\$4,005,167 (44% of budget)

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Property Tax

- ✓ An *ad valorem* tax imposed on real property and tangible personal property
- ✓ Maximum 1% rate (Article XIII A) of assessed value, plus voter approved rates to fund debt
- ✓ Assessed value capped at 1975-76 base year plus CPI or 2%/year
- ✓ Property that declines in value is reassessed to the lower market value.
- ✓ Reassessed to current full value upon change in ownership (with certain exemptions)
- ✓ Allocation: shared among cities, counties and school districts per AB8 (1980)

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For Every Dollar of Property Tax Paid in Santa Paula.....

- \$0.20 goes to City of Santa Paula
- \$0.19 goes to the County of Ventura
- \$0.17 goes to the Santa Paula Elementary School District
- \$0.17 goes to the State of California – ERAF
- \$0.13 goes to the Santa Paula Union High School District

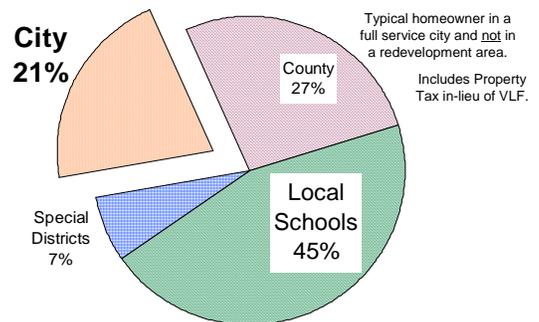
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Remaining 14 cents split among....

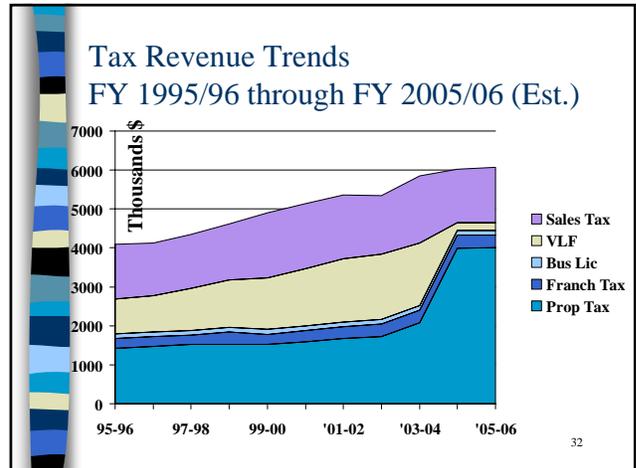
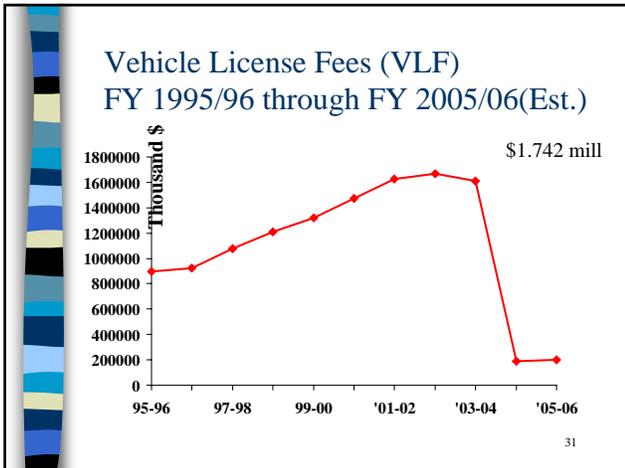
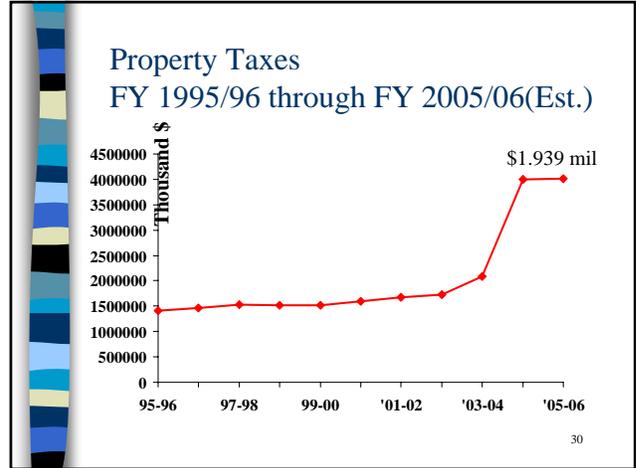
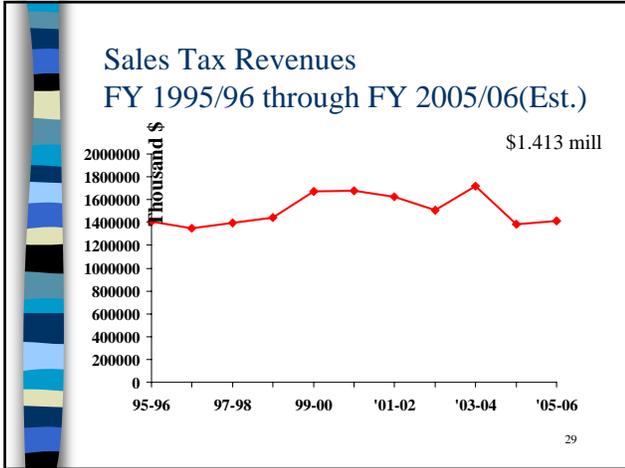
- | | |
|---|--|
| ■ Briggs Elementary School District | ■ Ventura County Flood Control District |
| ■ Mupu Elementary School District | ■ Blanchard/Santa Paula Library District |
| ■ Ventura County Community College District | ■ United Water Conservation District |
| ■ Ventura College Child Care Center | ■ Ventura County Supt. Of Schools |

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Where Your Property Tax Goes



Source: Coleman Advisory Services computations from Board of Equalization and State Controller data. 28



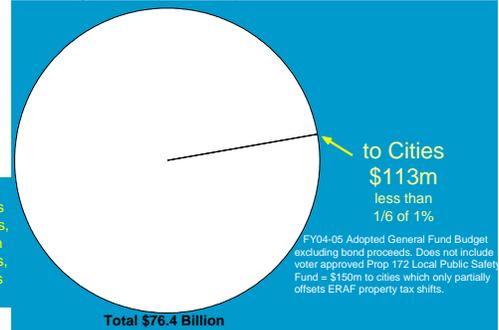
Leading Sources of California City Revenues

FY 1974-75 (pre Prop 13)	FY 1980-81 (after Prop 13)	FY 2001-02 (recent)	FY 2004-05 (VLF-PropTaxSwap)
1. SrvCharges 35%	1. SrvCharges 37%	1. SrvCharges 40%	1. SrvCharges 40%
2. State/Fed 21%	2. State/Fed 23%	2. State/Fed 11%	2. State/Fed 10%
3. Prop Tax 15%	3. SalesTax 12%	3. SalesTax 10%	3. Prop Tax 11%
4. SalesTax 11%	4. Prop Tax 6%	4. Prop Tax 8%	4. SalesTax 10%
5. Rents,etc. 4%	5. Rents,etc. 4%	5. Rents,etc. 5%	5. Rents,etc. 5%
6. Veh.Lic.Fee 4%	6. Veh.Lic.Fee 3%	6. Veh.Lic.Fee 4%	6. UtilityUserTax 4%
7. Other 10%	7. Other 15%	7. UtilityUserTax 4%	7. Veh.Lic.Fee 1%
		8. Other 18%	8. Other 19%

Source: Calif. State Controller

State General Revenues

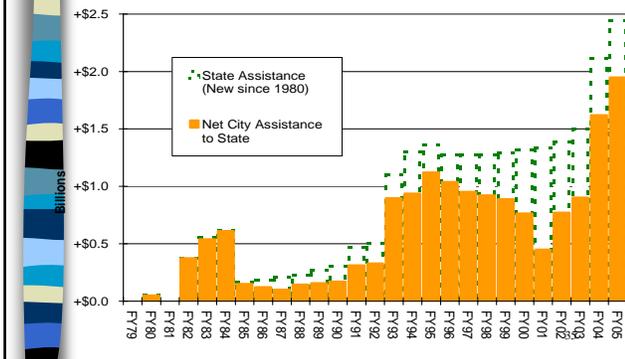
including State Income Tax, State Sales&Use Tax:
How much goes to your city?



Source: Coleman Advisory Services calculations from Calif State Budget.

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State Cuts of City Revenues Net of State Assistance

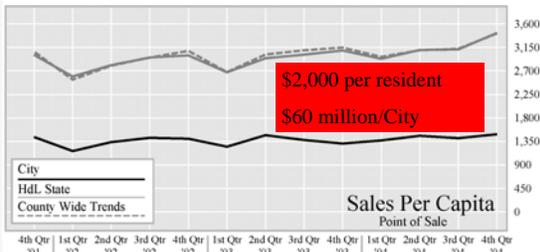


Sales Per Capita Ventura County Cities (2005-2006)



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Santa Paula Retail Sales Per Capita



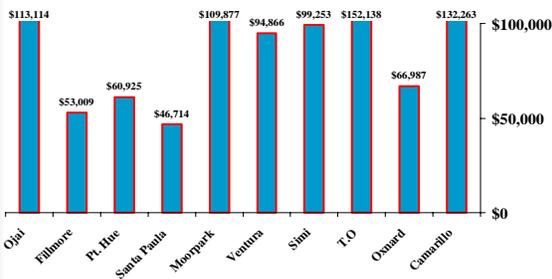
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Sales Tax

- Average Ventura County Per Capita – \$132.56 (Santa Paula - \$69.31)
- If Santa Paula had average sales tax revenue in County, would equal an additional \$1.84 million a year

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Property Assessed Valuation Per Capita Ventura County Cities (2005-2006)



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Assessed Valuation

- Average Ventura County Per Capita – \$96,915 (Santa Paula - \$46,714)
- If Santa Paula had average property tax revenue in County, would equal an additional \$1.46 billion a year

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If we were “average”

- Additional Sales Tax
 - \$1,842,662.00
- Additional Property Tax
 - \$1,462,505,733.00
- Additional General Fund Revenue:

\$1,464,348,355.00

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Sacramento is starting to help...



42

Governor Schwarzenegger’s Help

- Reduce VLF funding \$350 million in FY 04/05, FY 05/06. In FY 06/07 receive full amount taken in additional Property Tax revenue
- Helped pass Proposition 1A in 2004 which keeps State from stealing City money in the future

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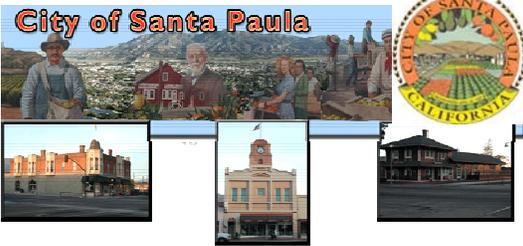
Three Elements of SB 1096

- ERAF
 - 2-Year shift of funds by City and RDA
 - Obligation ended 2005-2006
- Triple Flip
 - ¼ cent of City sales taxes shifted to State
 - Property tax revenues shifted to City from ERAF
 - State general fund will offset ERAF (schools)
 - In effect until bonds are retired.
- VLF Swap
 - State reduced VLF to original 0.65% of vehicle value, which reduced City VLF revenues
 - City to receive property tax \$ to replace VLF

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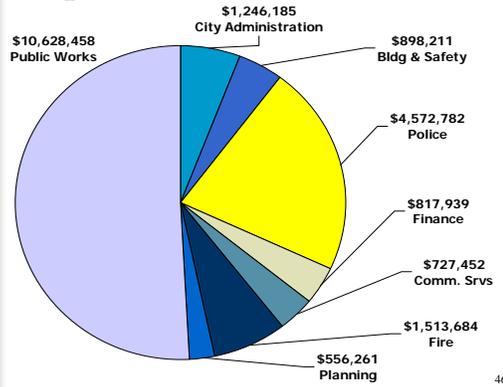
How does the City spend its money?

City of Santa Paula



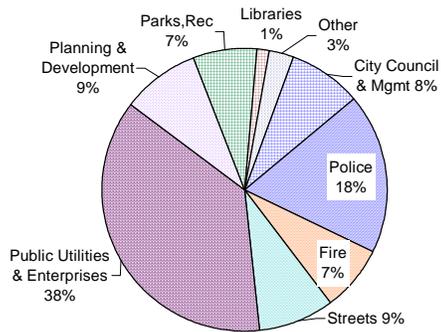
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Departments At-A-Glance



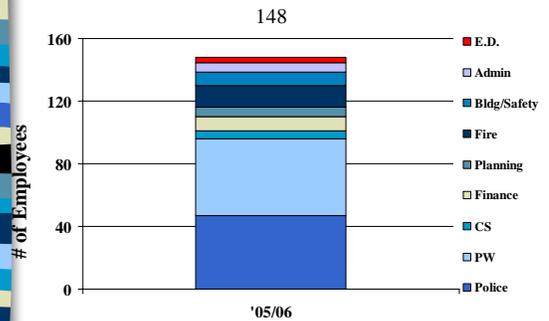
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California City Spending



Source: State Controller. Excludes San Francisco

City of Santa Paula Personnel

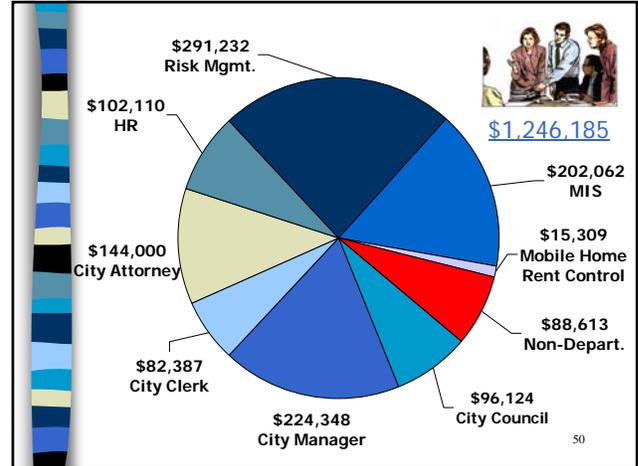


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City Administration



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\$1,246,185

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Redevelopment Agency



Administration	\$ 583,502
Debt and Transfers	\$ 1,385,264
Oil Museum	\$ 66,000
Project Expenditures	\$ 545,000

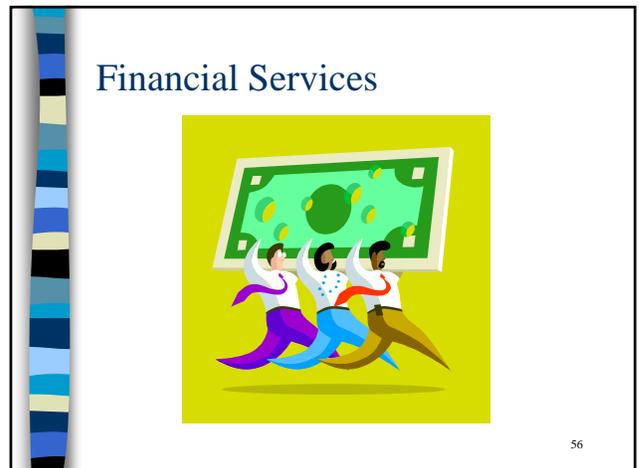
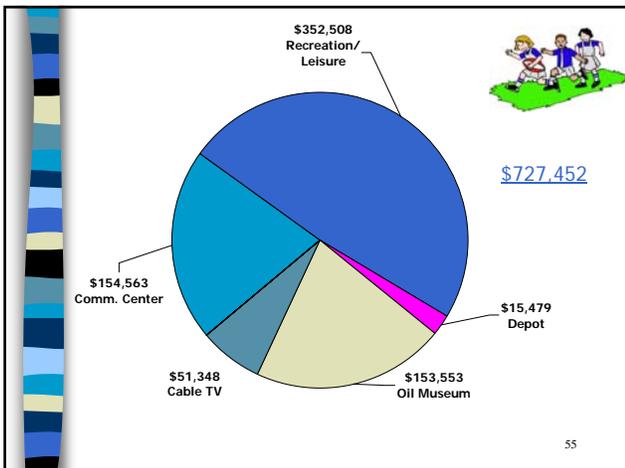
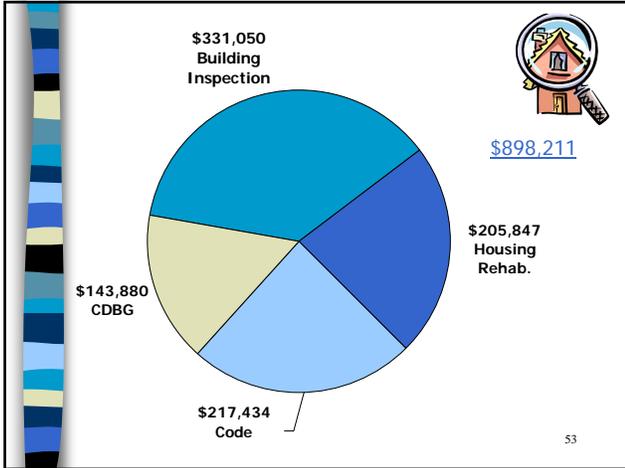
\$2,579,765

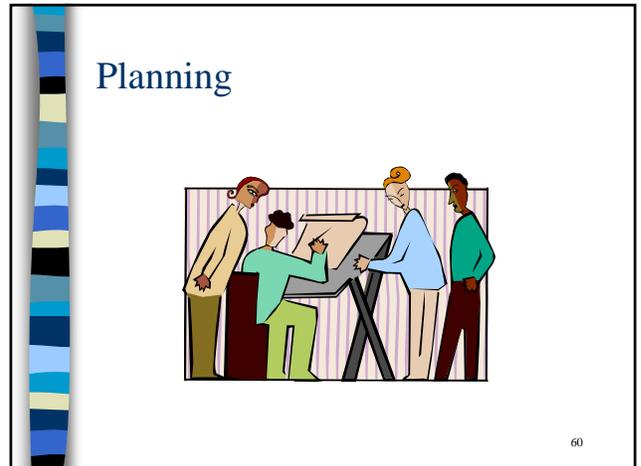
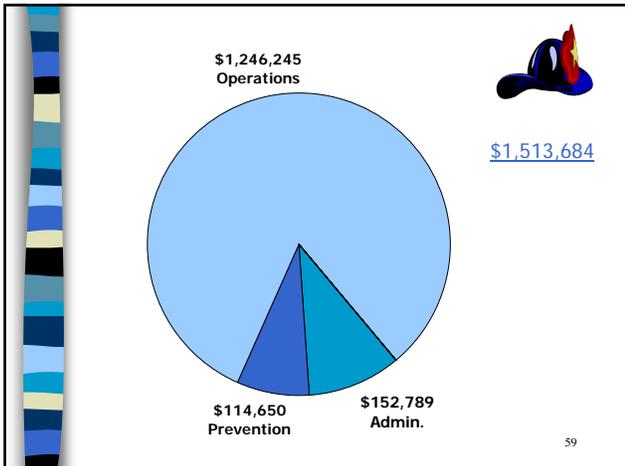
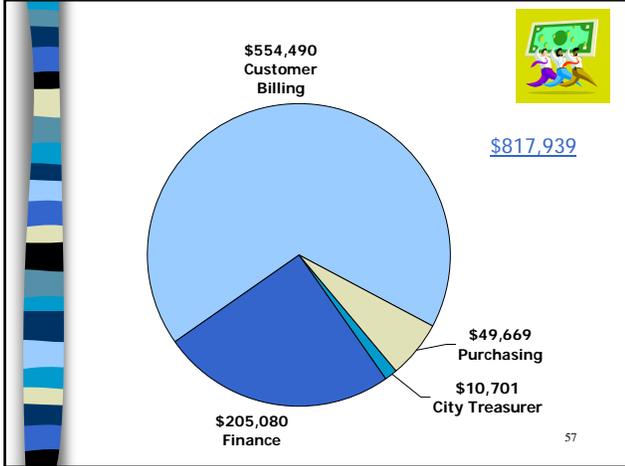
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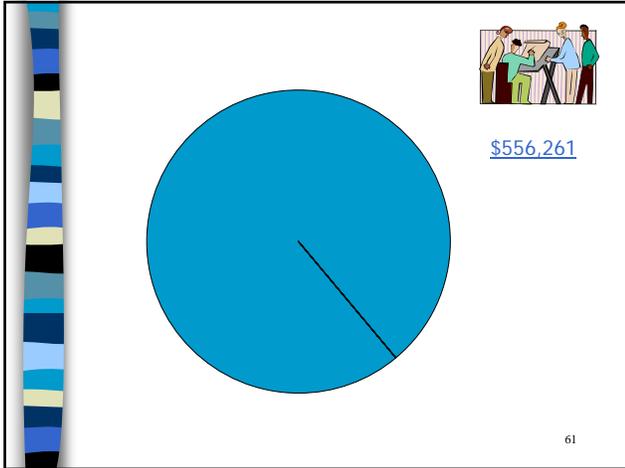
Building and Safety



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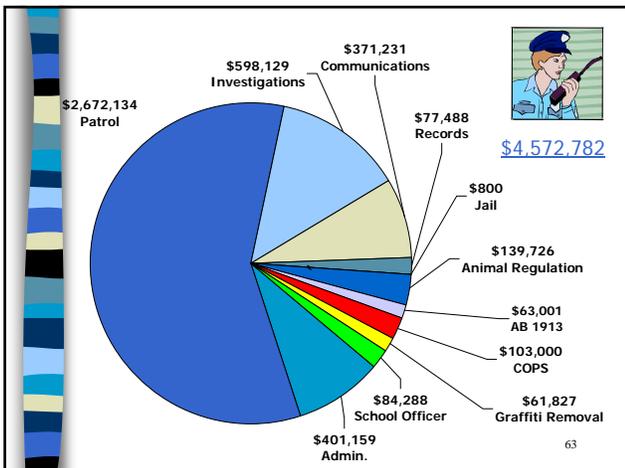




Police

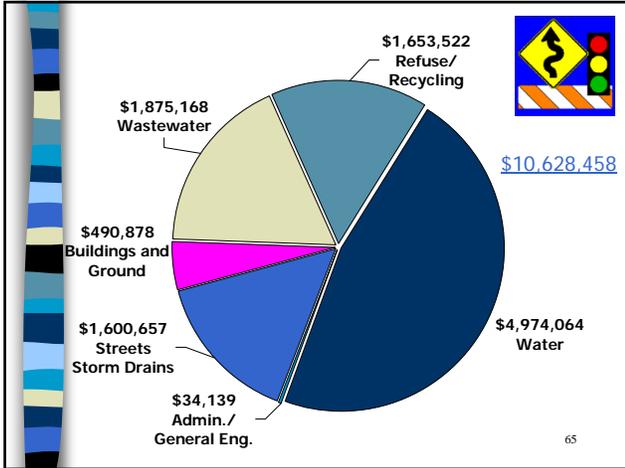
SANTA PAULA
POLICE DEPARTMENT

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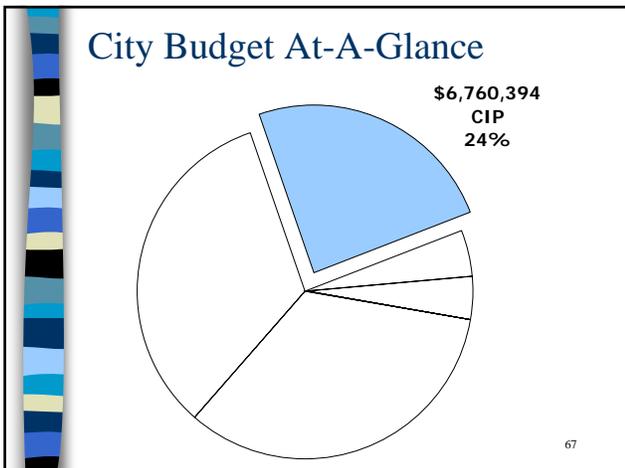


Public Works

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Capital Improvement Program



- ### Capital Budget - How Does the City Get Its Money?
- General Fund
 - Enterprise Funds
 - Gas Tax
 - State and Federal Transportation Funds
 - Grants



Capital Budget - How Does the City Spend Its Money?

- Parks, Recreation and Community Facilities
- Transportation, Utilities and Drainage
- Municipal Facilities

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Parks, Recreation and Community Facilities

- Teague Park Improvements
- Las Piedras Park Improvements
- Harding Park (Boys and Girls Club) Improvements
- Bike Trail

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Transportation, Utilities and Drainage

- Harvard Blvd. Project
- Arterial Street Repaving
- Water and Wastewater Infrastructure Projects

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Municipal Facilities

- Planning for new Public Works yards
- New Water Recycling Facility

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FY 2006/07 Budget Preparation



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Assumptions

- Economy Remains the Same
 - No Change in Retail Sales Mix
- FY 2005/06 Base Budget
- ERAF Contribution to State Satisfied
- 2-Year MOU's Almost Finalized

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General Fund Adjusted Revenues

■ Property Tax	\$666,000
– State Shift In Lieu of Sales Tax	\$71,025
■ Sales Tax	\$109,095
■ Community Development Fees	\$150,000
■ Franchise Tax Fees	\$ 60,500
■ Police Services Fees & Charges	\$ 57,850
■ <u>Other Revenues</u>	<u>\$ 81,132</u>

TOTAL **\$1,483,265**

75

General Fund Mandatory Expenditures Adjustments

■ Salary & Benefits-Negotiations	\$700,332
■ MIS Assistant	39,886
■ Accounting Technician	37,570
■ Convert C.S. to Rep Bldg. Inspector	12,000
■ Accounting Technician	23,480
■ Planning-Deputy Director	106,099
■ Fire ½ Disaster Prep. Coordinator	47,248
■ Ongoing Services & Supplies	30,335
■ <u>Supervising Building Inspector</u>	<u>91,795</u>

TOTAL **\$1,096,735**

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Adjusted General Fund Base Expenditure Budget

■ FY 2005/06 Budget	\$9,496,840
■ - FY 2005/06 One-Time Items	(\$ 499,352)
■ + FY 2006/07 Mandatory Increases	\$ 228,111
■ FY 2006/07 Base Budget	\$10,224,303

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So, How Much Money Do We Have to Spend???

■ FY 2005/06 Budgeted Revenues	\$9,175,383
■ + FY 2005/06 Fund Balance	\$ 300,000
■ + FY 2006/07 Adjusted Revenues	\$1,483,265
■ - FY 2006/07 Base Budget	(\$9,224,303)

\$734,345

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So, How Much Money Do We REALLY Have to Spend???

■ FY 2005/06 Budgeted Revenues	\$9,175,383
■ + FY 2006/07 Adjusted Revenues	\$1,483,265
■ - FY 2006/07 Base Budget	(\$9,224,303)

\$ 434,345

of which \$150,000 is one-time money

\$284,345

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Key Issues and Options



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Key Issues and Options



Economic Development / Redevelopment Implementation Plan

- ✓ Main Street
- ✓ Downtown Redevelopment
- ✓ Business Development
- ✓ Tourism

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Key Issues and Options

■ Insurance and Retirement Costs

- Insurance
 - Liability insurance and worker's compensation increases have stabilized.
- PERS Retirement Costs
 - Additional benefits increases from previous years have also stabilized.

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Key Issues and Options

- State of California
 - 2-Year ERAF shift has been satisfied.
- City Council Goals and Priority Projects
 - Staff and material resources need to be reallocated to address goals and priorities
 - Teen Center; Job Creation Plan
- Street Improvements

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ESTIMATED COST OF REHABILITATION FOR STREETS

ARTERIAL	\$11,100,000
COLLECTOR/RESIDENTIAL	\$24,400,000 (Rehab) \$ 9,300,000 (Slurry)
TOTAL	\$44,800,000
OVER 10 YEARS	\$ 4,480,000 PER YEAR

BASED ON \$175/LINEAR FT FOR REHABILITATION, \$10/LINEAR FT FOR SLURRY SEAL, ASSUMED 40% OF NON-ARTERIAL STREETS CAN BE SLURRY SEALED TO EXTEND LIFE

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HOW MUCH DO WE NEED TODAY?

ESTIMATED ANNUAL EXPENDITURES TO CATCH UP	\$4,480,000
CURRENT ANNUAL FUNDING AVAILABLE	\$ 846,000
	<hr/>
CURRENT DEFICIT FOR STREET REPAIR PROJECTS	\$3,634,000
** CURRENT GENERAL FUND CONTRIBUTIONS	\$22,770

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Key Issues and Options

- Water and Wastewater Infrastructure
 - Attention on needed capital projects; appropriate rates and resources.
 - Increasing costs of new Water Recycling Facility.
- Redevelopment
 - Continued focus on increasing Economic Development and Housing activities
 - Main Street

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Key Issues and Options

- Critical Personnel Needs
 - Police Department
 - Fire Station #82 continued staffing needs
 - Public Works field staff
- Resource Opportunities
 - Review of all materials and supplies expenditures
 - Review all vacancies
- Capital Spending
 - Equipment
 - Parks, Streets, Community Facilities

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Next Steps



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Next Steps

- Proposed FY 2006/07 budget to be presented and adopted by City Council on June 19, 2006

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Summary

- Santa Paula is turning a corner
- Passion about the City among residents
- Economic vitality of Santa Paula is key to our future; will expend all reasonable resources to assure our success

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Summary

- Lack of strong retail sales and increased costs really hurt us financially
- Will continue to invest in public works infrastructure to avoid any future problems down the road

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Summary

- Working hard, doing more with less is just now part of the organization culture.
- While we struggle with finances, refuse to let lack of resources stop us from providing best services possible to community (maybe just not all services)

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Summary

- Positive changes in organization over last four years created better work environment
- Santa Paula is an extraordinary community and we now have the opportunity to ensure its uniqueness for a long time
- We will balance needs with resources

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Summary

- Santa Paula will become the best city to live, work and play in California

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City Budget Website

www.ci.santa-paula.ca.us/budget
www.santapaulablog.com

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Questions and Comments



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2006
Community Budget Workshop

May 22, 2006



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