



AGENDA
SPECIAL CITY COUNCIL
TUESDAY, OCTOBER 27th, 2015, 5:30 P. M.
SAN DIMAS COUNCIL CHAMBER
CONFERENCE ROOM
245 E. BONITA AVE.

CITY COUNCIL:

Mayor Curtis W. Morris
Mayor Pro Tem Jeff Templeman
Councilmember Emmett Badar
Councilmember Denis Bertone
Councilmember John Ebiner

1. CALL TO ORDER

2. ORAL COMMUNICATIONS

(For anyone wishing to address the City Council on an item on this agenda. Under the provisions of the Brown Act, the legislative body is prohibited from taking or engaging in discussion on any item not appearing on the posted agenda.)

a. Members of the Audience

3. STUDY SESSION

a. Report on FY 2014-2015 Fiscal Year Audit Summary. Appropriation of fund balance.

4. ADJOURNMENT

The next meeting is on Tuesday, October 27th, 2015, 7:00 p.m.



Notice Regarding American with Disabilities Act: In compliance with the ADA, if you need assistance to participate in a city meeting, please contact the City Clerk's Office at (909) 394-6216. Early notification before the meeting you wish to attend will make it possible for the City to make reasonable arrangements to ensure accessibility to this meeting [28 CFR 35.102-35.104 ADA Title II].

Copies of documents distributed for the meeting are available in alternative formats upon request. Any writings or documents provided to the City Council regarding any item on this agenda will be made available for public inspection at the Administration Counter at City Hall and at the San Dimas Library during normal business hours. In addition most documents are posted on the City's website at cityofsandimas.com.

Posting Statement: On October 23rd, 2015, a true and correct copy of this agenda was posted on the bulletin board at 245 East Bonita Avenue (San Dimas City Hall), 145 North Walnut Avenue (Los Angeles County Library), 300 East Bonita Avenue (United States Post Office), Von's Shopping Center (Puente/Via Verde Avenue) and the City's website www.cityofsandimas.com/minutes.cfm



Agenda Item Staff Report

STUDY SESSION

TO: Honorable Mayor and Members of City Council
For the Meeting of October 27, 2015

FROM: Blaine Michaelis, City Manager *Bm*

INITIATED BY: Ken Duran, Assistant City Manager

SUBJECT: Report on 2014-15 Fiscal Year End; Appropriation of Fund Balance

REPORT ON 2014-15 FISCAL YEAR END

The City's auditors have finalized the year-end audit for FY 14-15, which will be accepted by the City Council at your October 27th meeting. The purpose of this study session is to review the fiscal year end revenues, expenditures and reserve balance based upon the audited numbers.

GENERAL FUND REVENUES

Overall General Fund revenues were \$21,055,672. This compares to the adopted budget of \$19,923,257. As you can see the actual revenue was, \$1,132,415, higher than the original adopted budget and \$821,629 more than the actual revenue in the prior year. The chart below shows the significant revenue sources and the deviations from budget.

CATEGORY	BUDGET	ACTUAL	NOTES
Property Tax	\$2,832,380	\$2,937,092	Includes \$354,661 in residual tax increment distribution from the former Redevelopment Agency dissolution.
Sales Tax	\$5,5803,000	\$6,113,369	This is a \$370,618, a 6.4% increase over last year.
Franchise Tax	\$2,226,505	\$2,228,823	All franchise fee categories were up slightly.
Transient Occupancy Tax	\$1,264,000	\$1,425,666	Overall TOT revenue was up \$147,255 or 11.5% over prior year.

Building Permits	\$392,550	\$648,246	The budget was very conservative. Last year's actual was \$904,904. This revenue is volital and should be considered one-time revenue because of the uncertainty of how long the increased building activity will continue. Next year's budget is \$400,700.
Interest Earnings	\$214,062	\$189,805	After some additional diversification of investments, interest rates still remain very low but improving.
Vehicle License Fees	\$3,088,423	\$3,191,036	This revenue source is now classified as a property tax in-lieu fee.
Business License	\$423,000	\$421,398	Efforts in collection of delinquent license fees are showing some success.
Parking Permits/Citations	\$423,800	\$461,338	Increases in both citations and permits.
Local Ord. Violation /Vehicle Violations	\$207,000	\$167,665	Vehicle violation revenue is well below historic levels. The primary reason is a greater percentage of the citation being diverted to court funding by the State.
Development Service Fees	\$43,500	\$40,522	Zoning and DPRB application activity can fluctuate.
Recreation Programs	\$529,525	\$522,115	Most notable class revenue is up and adult sports revenue down.
Swim & Racquet Club	\$260,390	\$239,292	Most notable recreation swim was up and lessons and some membership categories were down.
Building Rentals	\$115,000	\$117,672	Rentals of the community buildings.

CJPIA Retro Rebate		\$104,813	Last year's rebate was \$398,930. Rebates are considered one-time revenue.
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GENERAL FUND EXPENDITURES

Overall General Fund expenditures were \$20,291,349 which included the unbudgeted one time transfers of \$1,750,000 to Special Funds that was approved by Council in November 2014. This compares to the budgeted amount of \$19,320,327 which did not include the \$1,750,000 transfers. Factoring out that transfer, General Fund net expenses were \$18,541,349; \$778,978 below budget. However, of this amount \$231,000 was expenses for the Accela project that were carried over to next year. Overall expenses were \$90,337 less than last year.

GENERAL FUND ENDING FUND BALANCE

The July 1, 2014 beginning General Fund fund balance, or cash reserve, was \$16,807,351. The actual audited ending fund balance as of June 30, 2015 was \$17,571,674. This was after the transfer of \$1,750,000 to Special Funds authorized in November 2014. Which means that the General Fund fund balance increased by \$764,323.

SPECIAL FUNDS

The attached chart is a summary of the each of the City's Funds. The first column describes the fund. The column titled Actual Beginning is the beginning cash fund balance at the beginning of the fiscal year. The next two columns, Actual Revenues and Transfers In, represent the revenues, actual revenues generated or transfers in from another fund. The next two columns, Transfers Out and Actual Expenditures, represent the actual expenses spent, either in transfers out to other funds or expenses. The last column describes the ending fund balance as of June 30, 2015, the end of the fiscal year for the General Fund and each of the Special Funds. The overall, cash position of the Special Funds combined increased from \$10,355,527 to \$10,865,579.

ALLOCATION OF RESERVE FUNDS

It has been the practice the past several years to look at the reserves after the audited financial report to make decisions on allocations to other funds. Two years ago the City Council set a policy to maintain 78% of General Fund operating expenses in reserves. Last November the City Council allocated \$1,750,000 to Funds 20, 70 and 12 to build up reserves in those accounts for future capital projects. After the allocation the General Fund reserves were maintained at approximately the 78% level. The City Council also discussed and understood at that time that the plan to fund the downtown boardwalk project and

a portion of the Marchant Park project would come from additional reserve allocations that after which would still maintain reserves at approximately 71%.

As mentioned earlier, General Fund cash reserves at June 30, 2015 were \$17,571,674. FY 2015-16 General Fund operating expenses, net of major one-time projects is \$20,184,843. Based upon this, the beginning year's reserves are 87% of operating expenses. This allows the opportunity to look at allocating General Fund cash reserves to capital projects and equipment in other funds.

The FY 15-16 budget includes a number of major capital projects most of which are budgeted and funded from Special Funds; some of those Funds individual reserves are strained. Based upon revised cost estimates for some of the budgeted projects, and what appears to be a not so competitive construction market, we are concerned that bid prices for some projects may come in above current estimates. We believe that additional funding may be necessary for those projects in the range of \$1.65 million.

Our recommendations regarding the allocation of reserve funds is as follows:

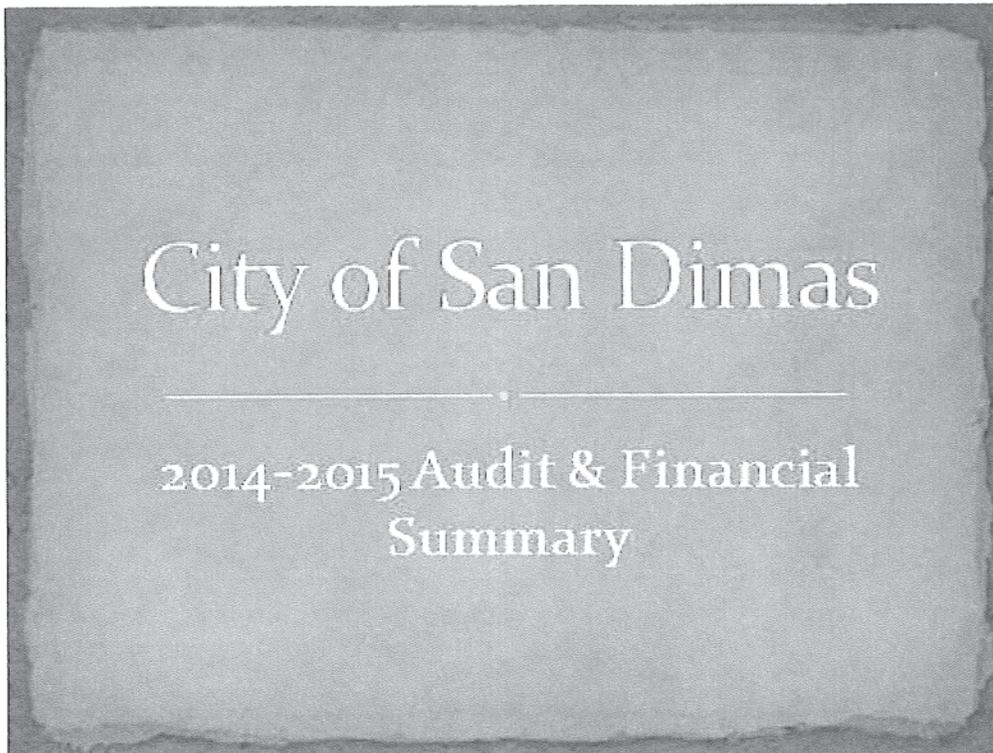
Using a 78% of operating costs reserve standard, we have \$1,825,000 available to allocate to other funds:

- Past practice had been to allocate the equivalent amount of 10% of annual sales tax to Fund 12, Infrastructure Fund. This is a practice that staff feels is a good starting point to provide an on-going source of revenue to the Fund. That amount would be \$612,000. Projects in Fund 12 this year include the downtown streetscape project and Golden Hill Road, both of which we anticipate may come in over the original budgeted amount.
- Fund 70 – Equipment Replacement Fund - \$300,000. It is prudent to continue to build reserves in this Fund for future equipment replacement, in particular vehicles and computer equipment.
- Pension Unfunded Liability - \$100,000. The City has an unfunded liability in its PERS Pension Program. PERS has set up a system for the City to pay down that liability over 30 years as a part of our annual contribution however, this includes an interest rate. The City can make additional payments, above and beyond the annual contribution to pay down the liability early and save on the interest. If the City pays an additional \$100,000 this year we can save approximately \$15,000 in interest.
- Given the uncertainty of the project cost amounts of already approved projects, it may be prudent to hold off on allocating the additional reserve funds to specific Special Funds at this time, and hold the reserve funds available to augment approved individual projects as may be necessary during the fiscal year as the project budgets are amended to address the costs above budget dollars required to complete these projects because of a competitive bidding and construction market.

Projects possibly requiring additional funds during the year to address higher than budgeted construction costs:

\$750,000	Wooden sidewalk replacement and façade assistance project.
\$320,000	Marchant Park renovation project
\$5,400	Foothill Frontage Median project
\$400,000	Via Verde Median drought tolerant conversion project
\$150,000	Golden Hills Road higher costs

We will visually present these recommendations in a power point presentation at the study session. Here is a copy of the slides for your reference:



General Fund Balance Summary

Audited results

- GF Balance June 30, 2014 \$16,807,351
- GF Balance June 30, 2015 \$17,571,674
- Difference \$764,323

The June 30, 2015 balance includes \$1,750,000 in transfers from November 2014

Allocating the Balance

We have used a policy to hold 78% of the city's operating expenses in reserve – and appropriating the balance to complete capital projects. Maintaining that policy for 2015-16 would result in ...

- GF Expenditures for 2015-16 \$20,184,843
- 78% of annual operating costs is \$15,744,277
- GF Audited Balance 2014-15 \$17,571,674
- Balance to be allocated (rounded) \$1,825,000

Allocate \$1,825,000 to other funds

- \$612,000 to the Infrastructure Fund 12
 - \$300,000 to the Equipment Fund 70
 - \$100,000 Pension obligation pay down
 - \$813,000 to funds as needed during 2015-16 – summarized below
- Potential for additional funding to come from the General Fund balance:
 - \$400,000 Via Verde Median drought tolerant conversion higher costs
 - \$5,400 Foothill Frontage Median higher costs
 - \$345,000 Marchant Park higher costs
 - \$750,000 Downtown Boardwalk Replacement higher costs
 - \$150,000 Golden Hills Road higher costs
 - \$1,650,400 Total

2015-16 is the year of projects and higher construction costs – if we proceed with all of these adjustments at these levels, we would spend into reserves \$837,400 which would result in a reserve of \$14,906,177 or 73.9% of our operating budget.

General Fund Balance Summary

• 2009-10 adjusted	\$12,505,892
• 2010-11 adjusted	\$14,052,559
• 2011-12 adjusted	\$13,888,649
• 2012-13 adjusted	\$14,959,598
• 2013-14 adjusted	\$15,057,351
• 2014-15 Actual	\$17,571,674
• 2014-15 adjusted	\$15,744,177*

*Includes \$1,825,000 (rounded) proposed transfers

**CITY OF SAN DIMAS
SCHEDULE 1: SUMMARY OF ACTUAL ENDING BALANCES
AND TRANSACTIONS FOR FISCAL YEAR 2014-15**

FUNDS	Actual BEGINNING 7/1/2014	ACTUAL REVENUES 2014-15	TRANSFER IN 2014-15	TRANSFER OUT 2014-15	ACTUAL EXPENDITURES 2014-15	USE OF RESERVES 2014-15	ACTUAL ENDING BAL 6/30/2015
01 General	16,807,351	20,703,589	352,083	1,059,168	17,482,181	1,750,000	17,571,674
02 Gas Tax	664,350	1,042,267	-	225,000	223,853	-	1,257,764
03 Walker House	222,332	139,159	-	-	131,241	-	230,250
04 City Hall/CB	-	-	742,830	-	742,830	-	-
06 Sewer	1,059,045	84,066	-	-	34,229	-	1,108,882
07 Lighting	2,062,576	1,174,286	-	125,000	988,039	-	2,123,823
08 L/S Parcel Tax	86,971	822,573	21,338	-	878,059	-	52,823
12 Infrastructure	1,673,408	1,001,156	1,265,000	7,701	2,726,052	-	1,205,811
20 Comm Park/Fac	339,129	39,675	50,000	-	154,334	-	274,470
21 Open Sp #1	114,471	-	-	-	96,545	-	17,926
22 Open Sp #2	384,175	722,686	430,000	-	323,738	-	1,213,123
23 Open Sp #3	-	-	-	-	-	-	-
27 CC Pkg Dist	(496)	15,832	8,528	-	23,864	-	-
28 CC Redemption	-	9,481	-	-	9,481	-	-
29 CC Reserve	2,435	-	-	827	-	-	1,608
40 CDBG	-	137,373	-	-	137,373	-	-
41 COPS	-	106,373	-	-	82,546	-	23,827
53 Golf Course	309,503	636,175	-	-	586,412	-	359,266
70 Equipment Replacement	431,449	8,008	300,000	-	248,833	-	490,624
71 AQMD	96,554	42,537	-	2,140	11,353	-	125,598
72 Prop A	520,684	598,474	-	-	655,306	-	463,852
73 Prop C	1,691,922	500,104	-	-	1,089,012	-	1,103,014
74 Measure R	675,944	372,843	-	-	258,118	-	790,669
75 Open Space Mnt	21,075	44,144	-	-	42,970	-	22,249
ALL CITY FUNDS TOTAL	27,162,878	28,200,801	3,169,779	1,419,836	26,926,369	1,750,000	28,437,253
34 HOUSING AUTHORITY SUCCESSOR TOTAL	1,612,921	412,186	-	-	192,715	-	1,832,392
38 /39 SUCCESSOR AGENCY TOTAL	328,876	1,924,458	-	-	1,877,438	-	375,896
GRAND TOTAL CITY AND ENTITIES	29,104,675	30,537,445	3,169,779	1,419,836	28,996,522	1,750,000	30,645,541