

**CITY COUNCIL STUDY SESSION AGENDA  
TUESDAY OCTOBER 25<sup>th</sup> 5:30 P. M.  
SAN DIMAS COUNCIL CHAMBERS  
CONFERENCE ROOM  
245 E. BONITA AVE.**

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**CITY COUNCIL:**

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

**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. Staff Summary of Metro's Double Track project and an invitation for the public to participate in a Community Meeting on the project sponsored by Metro November 29, 2016, 6:00 -8:00 p.m. in the Community Building
- b. Report on 2015-16 Fiscal Year End; Appropriation of Fund Balance.

**4. ADJOURNMENT**

The next meeting is on Tuesday, October 25th, 2016, 7:00 p.m.

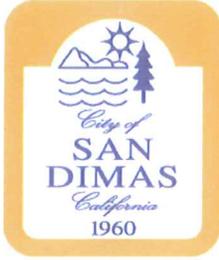
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Copies of documents distributed for the meeting are available in alternative formats upon request. Any writings or documents provided to the City Council regarding any item on this agenda will be made available for public inspection at the Administration 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](http://cityofsandimas.com).

**Posting Statement:** On October 21, 2016 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](http://www.cityofsandimas.com/minutes.cfm)



## Agenda Item Staff Report

**To:** Honorable Mayor and Members of City Council  
*For the Meeting of October 25, 2106*

**From:** Blaine Michaelis, City Manager

**Initiated by:** Ken Duran, Assistant City Manager

**Subject:** Report on 2015-16 Fiscal Year End

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### REPORT ON 2015-16 FISCAL YEAR END

The City's auditors have finalized the year-end audit for FY 15-16, which will be accepted by the City Council at your regular October 28<sup>th</sup> meeting. The purpose of the item this evening 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 \$22,238,105. This is compared to the adopted budgeted amount of \$21,074,859. As you can see the actual revenue was, \$1,163,246, higher than the original adopted budget and \$1,182,433 more than the actual revenue in the prior year, a 5.6% increase. The chart below shows the significant revenue sources and the deviations from budget.

CATEGORY	BUDGET	ACTUAL	NOTES
Property Tax	\$3,053,000	\$3,072,274	A 4.6% increase over last year. Also includes \$357,974 in residual tax increment distribution from the former Redevelopment Agency dissolution.
Sales Tax	\$6,590,000	\$6,534,672	Factoring out some one-time adjustments this year, sales tax increased less than 1% for the year.

Franchise Tax	\$2,259,000	\$2,230,072	Cable franchise fees were up by \$40,000 and water franchise fees were down by \$40,000 due to less water usage.
Transient Occupancy Tax	\$1,400,000	\$1,558,200	Overall TOT revenue was up \$132,534 or 9.3% over last year.
Building Permits	\$400,000	\$824,615	The budget was very conservative. Last year's actual was \$648,245. Due to the volatility of this revenue any significant increase should be considered one-time revenue because of uncertainty of how long the increased building activity will continue. Next year's budget is \$403,350.
Interest Earnings	\$171,964	\$365,231	Continued diversification of investments, higher amount of investable principal and a slightly better market resulted in a \$175,426 or a 112% increase over last year.
Vehicle License Fees	\$3,191,000	\$3,377,947	This revenue source is now classified as a property tax in-lieu fee.
Business License	\$422,000	\$450,041	Continued efforts in collection of delinquent license fees are showing some success.
Parking Permits/Citations	\$452,400	\$470,182	Increases in both citations and permits.
Local Ord. Violation /Vehicle Violations	\$178,000	\$144,380	Vehicle violation revenue is well below historic levels. Some is due to with a greater percentage of the citation being diverted to court funding. Staff also plans to further review the cause of the continued decline.

Development Service Fees	\$40,200	\$101,989	Zoning and DPRB application activity can fluctuate. This year saw a \$61,000 or 250% increase over last year.
Recreation Programs	\$530,550	\$576,074	Most notable class, excursion and Kids Fun Club revenues are up and sports programs revenue are down.
Swim & Racquet Club	\$265,668	\$264,385	Most notable swim lesson and facility rental revenue is up and membership revenues are down.
Building Rentals	\$135,000	\$112,000	Rentals of the community buildings.
CJPIA Retro Rebate		\$395,389	Last year's rebate was \$104,813. Rebates are considered one-time revenue.

**GENERAL FUND EXPENDITURES**

Overall General Fund expenditures were \$20,262,050 which included the unbudgeted one time transfers of \$1,389,500 to Special Funds that were approved by Council throughout the year. This compares to the budgeted amount of \$20,618,843 which did not include the \$1,089,500 transfers. Factoring out the transfers, General Fund expenses were \$19,172,550, \$1,446,293 below budget. Each Departments expenses came in below budget. Some of the significant deviations from budget include:

- Deferral of \$253,994 expense for the Accela project from last year to this year.
- \$567,988 in NPDES projects, some projects carried over to next year or deferred.
- Personnel cost savings due to a number of personnel vacancies last year while recruiting for positions.

**GENERAL FUND ENDING FUND BALANCE**

The July 1, 2015 beginning General Fund fund balance, or cash reserve, was \$17,571,672. The actual audited ending fund balance as of June 30, 2016 was \$17,502,489. This was after the transfer of \$2,440,000 from reserves to Special Funds authorized by Council last year, most of which for the downtown renovation project. The bottom line result, after a net increase in fund balance from increased revenues and decreased expenses and transfers out for projects is the ending fund balance of \$17,502,489 or 86% of 2017 general operating expenses.

### SPECIAL FUNDS

The attached chart is a summary of 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, 2016, 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 \$11,027,285 to \$14,814,942, with a significant amount of the increase coming from the \$2,440,000 transfer from general fund reserves to Fund 12 for the downtown project.

### 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 additional funds. Three years ago the City Council set a policy for a goal of maintaining approximately 78% of General Fund operating expenses in reserves. The year-end Fund Balance was \$17.5 million or 86%. A 78% Fund Balance would be \$15.9 million. Therefore, \$1.6 million may be available to allocate from the General Fund balance and still maintain the 78% goal.

Last October staff's recommendation, and City Council's approval, was to allocate only a portion of the available funds to various Funds and maintain a higher reserve level due to the uncertain bids for a number of planned capital projects. That proved to be a prudent decision because both the median island and Bonita Ave project needed additional funding from reserves once bids were received.

This year's budget includes a number of carry-over and new capital projects that have yet to go out to bid. It would again be prudent to defer making all the decisions on allocating reserve funds at this time. Therefore staff's recommendation is as follows:

- 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 continues to feel is a good starting point to provide an on-going source of revenue to the Fund. The 10% amount would be approximately \$600,000. Some of the projects that are planned in Fund 12 this year include Golden Hills Road, Cienega Ave. and San Dimas Ave. all of which may come in over the original budgeted amount.
- Pension Unfunded Liability - \$185,865. 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 \$185,865 we can pay-off one portion of the unfunded liability, the so-called Side-Fund. This early payment will reduce future interest costs.

- As mentioned previously, given the uncertainty of the project cost amounts of already approved projects, it would 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.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Ken Duran".

Ken Duran, Assistant City Manager

Attachments: Summary of Actual Ending Balances

**CITY OF SAN DIMAS**  
**SCHEDULE 1: SUMMARY OF ACTUAL ENDING BALANCES**  
**AND TRANSACTIONS FOR FISCAL YEAR 2015-16**

<b>FUNDS</b>	<b>Actual BEGINNING 7/1/2015</b>	<b>Actual REVENUES 2015-16</b>	<b>TRANSFER IN 2015-16</b>	<b>TRANSFER OUT 2015-16</b>	<b>Actual EXPENDITURES 2015-16</b>	<b>USE OF RESERVES 2015-16</b>	<b>Actual ENDING BAL 6/30/2016</b>
01 General	17,571,672	22,238,105	394,762	2,128,960	18,133,090	2,440,000	17,502,489
02 Gas Tax	1,257,764	758,332	-	225,000	143,709	-	1,647,387
03 Walker House	230,248	165,909	-	-	123,794	-	272,363
04 City Hall/CB	-	-	739,460	-	739,460	-	-
06 Sewer	1,108,882	88,193	-	-	28,685	-	1,168,390
07 Lighting	2,123,824	1,230,154	-	125,000	817,751	-	2,411,227
08 L/S Parcel Tax	52,824	829,616	-	-	753,169	-	129,271
12 Infrastructure	1,367,515	2,310,211	3,529,500	5,698	3,726,112	-	3,475,416
20 Comm Park/Fac	274,470	107,354	-	42,584	111,193	-	228,047
21 Open Sp #1	17,926	20,425	-	-	30,900	-	7,451
22 Open Sp #2	1,213,123	-	-	-	47,925	-	1,165,198
23 Open Sp #3	-	-	-	-	-	-	-
27 CC Pkg Dist	-	16,269	6,525	-	22,794	-	-
28 CC Redemption	-	8,985	-	-	8,985	-	-
29 CC Reserve	1,608	-	-	827	-	-	781
40 CDBG	-	85,180	-	-	85,180	-	-
41 COPS	23,827	114,855	-	-	80,498	-	58,184
53 Golf Course	359,267	651,618	-	-	725,878	-	285,007
70 Equipment Replacement	490,625	15,477	300,000	-	66,586	-	739,516
71 AQMD	125,600	44,666	-	2,178	4,130	-	163,958
72 Prop A	463,851	619,730	-	-	648,168	-	435,413
73 Prop C	1,103,014	518,396	-	-	165,810	-	1,455,600
74 Measure R	790,669	387,131	-	-	36,339	-	1,141,461
75 Open Space Mnt	22,248	44,144	-	-	36,120	-	30,272
<b>ALL CITY FUNDS TOTAL</b>	<b>28,598,957</b>	<b>30,254,750</b>	<b>4,970,247</b>	<b>2,530,247</b>	<b>26,536,276</b>	<b>2,440,000</b>	<b>32,317,431</b>
<b>34 HOUSING AUTHORITY SUCCESSOR TOTAL</b>	<b>1,549,236</b>	<b>1,878,987</b>	<b>-</b>	<b>-</b>	<b>992,468</b>	<b>-</b>	<b>2,435,755</b>
<b>38 /39 SUCCESSOR AGENCY TOTAL</b>	<b>375,896</b>	<b>1,897,473</b>	<b>-</b>	<b>-</b>	<b>1,666,140</b>	<b>-</b>	<b>607,229</b>
<b>GRAND TOTAL CITY AND ENTITIES</b>	<b>30,524,089</b>	<b>34,031,210</b>	<b>4,970,247</b>	<b>2,530,247</b>	<b>29,194,884</b>	<b>2,440,000</b>	<b>35,360,415</b>