

*"Placerville, a Unique Historical Past Forging into a Golden Future"*



City Manager's Report  
March 10, 2015, City Council Meeting  
Prepared by: Dave Warren, Director of Finance  
Item #: 12.2

Subject: Acknowledge and file the Fiscal Year 2014/2015 Mid-Year Budget Report as presented.

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**Background:**

Staff has historically provided the City Council with a mid-year status report on the City's operating budget based on revenue and expenditure forecasts as of December 31<sup>st</sup> of each year. Attached is the Mid-Year Budget Report for Fiscal Year 2014/2015 that will be presented tonight for the Council and Community's information and discussion.

**Options:**

1. Acknowledge and file the report as presented.
2. Do nothing.

**Recommendation:**

Acknowledge and file the Fiscal Year 2014/2015 Mid-Year Budget Report as presented.

  
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M. Cleve Morris, City Manager

  
\_\_\_\_\_  
Dave Warren, Director Finance

# Mid-Year Budget Report

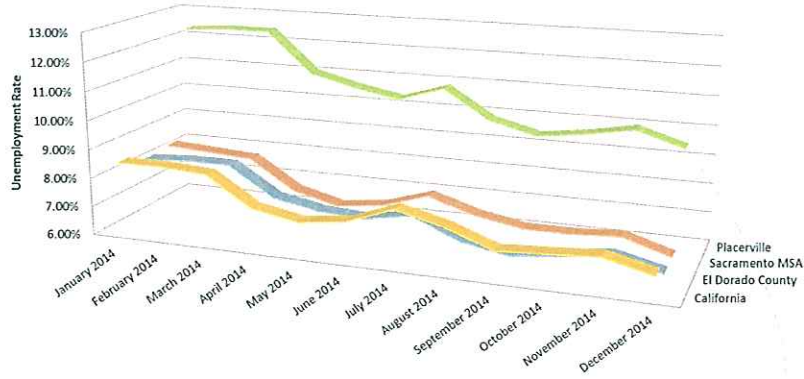
City of Placerville, California  
March 10, 2015

## Overview

- Review local economic climate
- Focus on the General Fund
- Update on all other operating funds

## Economic Climate

### Unemployment rates



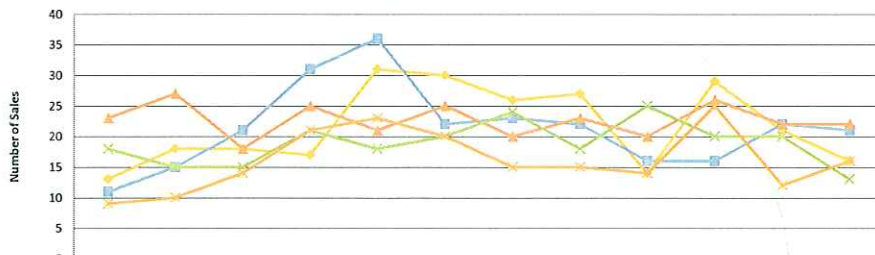
	January 2014	February 2014	March 2014	April 2014	May 2014	June 2014	July 2014	August 2014	September 2014	October 2014	November 2014	December 2014
California	8.5%	8.5%	8.4%	7.4%	7.1%	7.3%	7.9%	7.5%	6.9%	7.0%	7.1%	6.7%
El Dorado County	8.2%	8.3%	8.3%	7.3%	7.0%	6.9%	7.2%	6.5%	6.2%	6.4%	6.6%	6.2%
Sacramento MSA	8.3%	8.2%	8.1%	7.1%	6.7%	6.9%	7.4%	6.9%	6.6%	6.6%	6.7%	6.2%
Placerville	12.3%	12.4%	12.4%	11.0%	10.6%	10.3%	10.8%	9.8%	9.4%	9.6%	9.9%	9.4%

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## Economic Climate (Continued)

### Local real estate market

Number of Residential Sales in the Greater Placerville Area



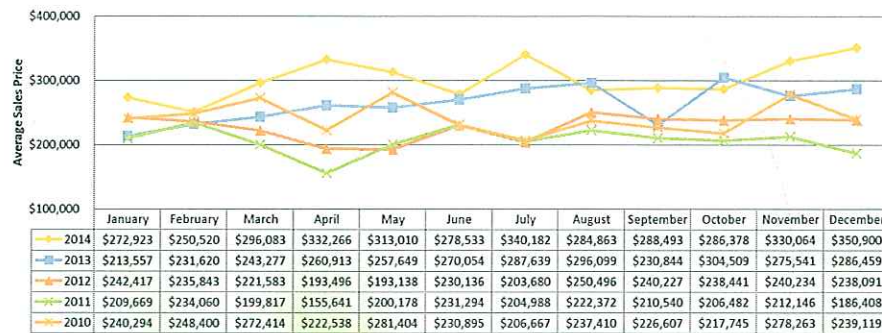
	January	February	March	April	May	June	July	August	September	October	November	December
2014	13	18	18	17	31	30	26	27	14	29	21	16
2013	11	15	21	31	36	22	23	22	16	16	22	21
2012	23	27	18	25	21	25	20	23	20	26	22	22
2011	18	15	15	21	18	20	24	18	25	20	20	13
2010	9	10	14	21	23	20	15	15	14	25	12	16

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## Economic Climate (Continued)

### Local real estate market (continued)

Average Price of Residential Sales in the Greater Placerville Area



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## Economic Climate (Continued)

### Recreation program attendance

Program	July to Dec. 2013	July to Dec. 2014	Increase/-Decrease	% Increase/-Decrease
<b>Gold Bug Park</b>				
Gold Bug Daily Tours	8,559	8,669	110	1.29%
Gold Bug Group Tours	914	733	-181	-19.80%
<b>Total</b>	<b>9,473</b>	<b>9,402</b>	<b>-71</b>	<b>-0.75%</b>
<b>Aquatics</b>				
Lap Swim	544	648	104	19.12%
Evening Public Swim	1,357	2,040	683	50.33%
Wading Pool	858	1,425	567	66.08%
Public Swim	5,513	6,669	1,156	20.97%
Water Exercise	802	708	-94	-11.72%
Swim Lessons	685	950	265	38.69%
Jr. Lifeguard Camp	12	25	13	108.33%
Pool Rentals	16	14	-2	-12.50%
<b>Total</b>	<b>9,787</b>	<b>12,479</b>	<b>2,692</b>	<b>27.51%</b>
<b>Special Interest Classes &amp; Camps</b>				
Youth Camps	240	184	-56	-23.33%
Adult Special Interest	433	234	-199	-45.96%
Youth Special Interest	157	101	-56	-35.67%
<b>Total</b>	<b>830</b>	<b>519</b>	<b>-311</b>	<b>-37.47%</b>
<b>Adult Sports</b>				
Basketball Teams (3 on 3)	14	22	8	57.14%
Basketball Teams (5 on 5)	10	5	-5	-50.00%
Softball Teams	148	162	14	9.46%
Volleyball Teams	13	19	6	46.15%
<b>Total</b>	<b>185</b>	<b>208</b>	<b>23</b>	<b>12.43%</b>
<b>Youth Basketball<sup>A</sup></b>				
Basketball Teams	76	75	-1	-1.32%
<b>Total</b>	<b>76</b>	<b>75</b>	<b>-1</b>	<b>-1.32%</b>
<b>Banner Over Main</b>				
Banner Reservations	29	24	-5	-17.24%
<b>Total</b>	<b>29</b>	<b>24</b>	<b>-5</b>	<b>-17.24%</b>

<sup>A</sup>Youth Basketball season runs from mid-January thru mid-March each year.

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## Economic Climate (Continued)

### Building Division activity

Description	7/1/10 – 12/31/10	7/1/11 – 12/31/11	7/1/12 – 12/31/12	7/1/13 – 12/31/13	7/1/14 – 12/31/14	Difference	Percent Difference
Building Permits Issued	183	183	220	208	204	-4	-1.9%
Plan Checks	67	76	94	76	54	-22	-28.9%

Fee	Actual 2013/2014	Actual 2014/2015 as of 12/31/14	Forecasted 2014/2015
Construction Permits	\$100,252	\$60,472	\$110,472
Plan Check Fees	\$54,936	\$16,054	\$36,054

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## Economic Climate (Continued)

### Building Division activity (continued)

Year	January	February	March	April	May	June	July	August	September	October	November	December	AVERAGE	TOTAL
2015	21	32											27	53
2014	26	26	39	45	27	45	31	31	43	28	43	28	34	412
2013	42	27	31	39	59	28	45	35	25	32	33	38	36	434
2012	43	26	31	45	33	32	40	33	46	39	36	26	37	440

Year	January	February	March	April	May	June	July	August	September	October	November	December	AVERAGE	TOTAL
2015	\$91,538	\$254,301											\$172,920	\$345,839
2014	\$583,755	\$168,286	\$302,260	\$343,774	\$358,051	\$1,094,866	\$406,177	\$1,188,002	\$967,771	\$619,427	\$2,934,710	\$376,824	\$778,659	\$9,343,903
2013	\$549,903	\$570,993	\$387,048	\$710,111	\$1,278,712	\$301,012	\$639,353	\$1,120,803	\$713,313	\$752,591	\$765,428	\$2,319,990	\$843,271	\$10,119,257

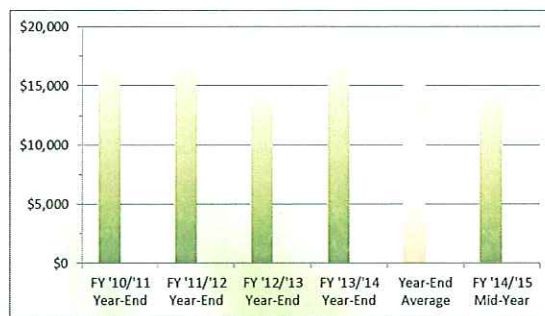
Year	January	February	March	April	May	June	July	August	September	October	November	December	AVERAGE	TOTAL
2015	0	0											0	0
2014	0	0	0	0	1	0	0	1	0	0	8	0	1	10
2013	1	0	0	1	1	1	2	0	0	1	0	0	1	7

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## Economic Climate (Continued)

### ● Planning & Zoning revenue activity

FY '10/'11 Year-End	FY '11/'12 Year-End	FY '12/'13 Year-End	FY '13/'14 Year-End	Year-End Average	FY '14/'15 Mid-Year	Forecasted FY '14/'15 Year-End
\$16,295	\$16,740	\$14,045	\$16,651	\$15,933	\$13,634	\$18,634



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## Economic Climate (Continued)

### ● Engineering Division activity

Fee Type	July 1 to December 31, 2013		July 1 to December 31, 2014	
	Count	Revenue	Count	Revenue
Development Plan Review	11	\$ 2,350	13	\$ 11,350
Development Permits	5	625	-	-
Tentative Parcel Maps	-	-	-	-
Tentative Subdivision Maps	1	1,000	-	-
Misc. Engineering Fees*	4	1,100	-	-
Encroachment Permits	27	1,925	25	3,325
Transportation Permits	34	1,284	13	890
Water CIC Fees	0	-	0	-
Sewer CIC Fees	1	6,280	10	62,800
TIM Fees	3	37,647	10	142,560
<b>TOTALS</b>		<b>\$52,211</b>		<b>\$220,925</b>

\*COC, BLA, PPR, SPR, PDO, Water & Sewer Apps & Meters

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## Economic Climate (Continued)

- Sales Tax-Bradley Burns (1.00 of 7.50%)
  - Most significant local economic indicator
  - 52.39% of total General Fund revenue
  - Strong per capita sales tax (\$359 in 2013)
  - Placerville ranked #43 out of 539 cities (2013)
  - Quarter ended September 2014-Receipts reported down by 3.06% or \$32,697 in Placerville
  - With adjustments, receipts were actually up by 4.78% or \$46,574 in Placerville
  - Statewide, 3<sup>rd</sup> quarter receipts up by 5.9%
  - Latest BOE forecasted Statewide sales tax growth:

4th Quarter 2014	1st Quarter 2015	2nd Quarter 2015
3.2%	2.8%	3.2%

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## Economic Climate (Continued)

- Sacramento Region Sales Tax Growth for the Quarter Ended September 30, 2014

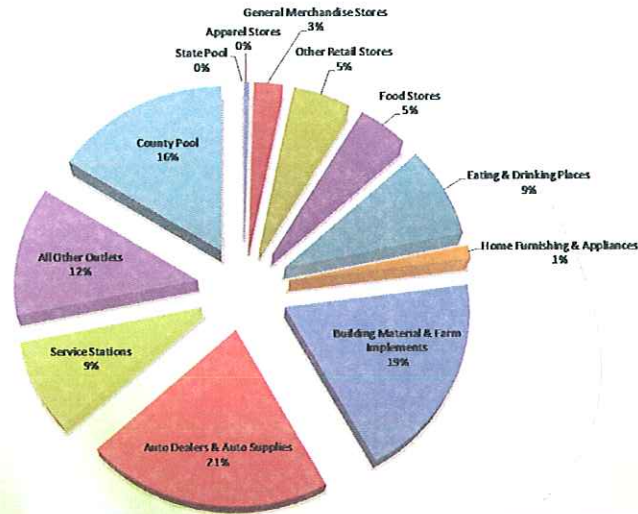
<b>Amador County</b>		<b>El Dorado County</b>	
Amador City	23.37%	Placerville <sup>^</sup>	-3.06%
Ione	0.43%	South Lake Tahoe	8.14%
Jackson	5.40%	El Dorado County-Unincorporated Area	2.63%
Plymouth	0.28%	El Dorado County-All Agencies	2.84%
Sutter Creek	4.25%		
Amador County-Unincorporated Area	14.98%		
Amador County-All Agencies	11.18%		
<b>Placer County</b>		<b>Sacramento County</b>	
Auburn	23.01%	Citrus Heights	11.20%
Colfax	-23.72%	Elk Grove	5.87%
Lincoln	6.17%	Folsom	4.12%
Loomis	6.42%	Galt	12.12%
Rocklin	9.49%	Isleton	6.86%
Roseville	4.93%	Rancho Cordova	0.83%
Placer County-Unincorporated Area	0.49%	Sacramento	2.32%
Placer County All agencies Area	5.31%	Sacramento County-Unincorporated Area	8.93%
		Sacramento County-All Agencies	5.55%

<sup>^</sup>Reported 3.06% decrease for Placerville without adjustments. With adjustments, Placerville experienced a 4.78% in growth.

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## Economic Climate (Continued)

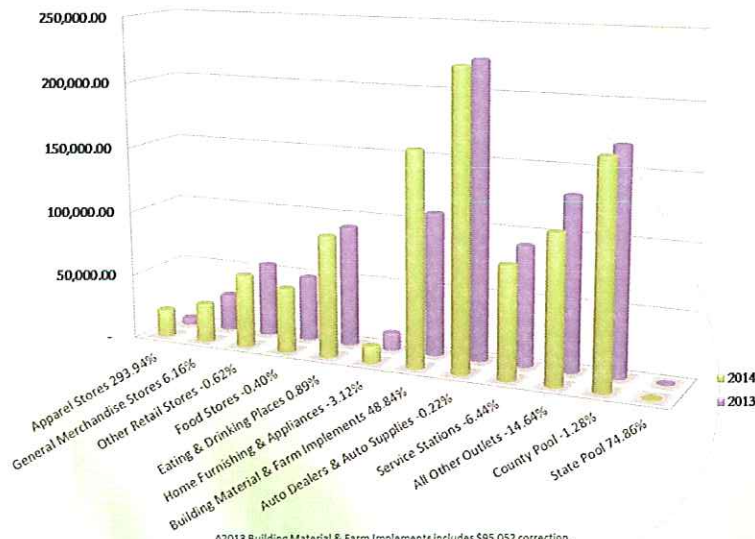
Bradley Burns Sales Tax Sources  
Quarter Ended September 30, 2014



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## Economic Climate (Continued)

Year Over Year Bradley Burns Sales Tax Comparison  
Quarter Ended September 30th

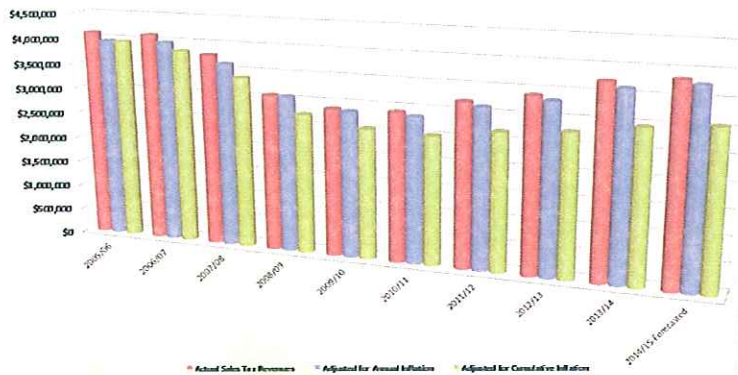


\*2013 Building Material & Farm Implements Includes \$95,052 correction.

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## Economic Climate (Continued)

### Bradley Burns Sales Tax Trend



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## Operating Budget

- Adopted in June 2014
- Totaled \$17,338,856
- Assumed anticipated economic impacts
- General Fund budget
  - \$7,492,456
  - \$75,000 Contingency for unforeseen expenditures
- Implemented lower cost retirement plans beginning in 2011
  - New employees pay entire employee contribution
  - Currently saving \$274,855 annually

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## Focus on the General Fund

	Revised Budget	Forecast	Under/(Over) Budget	
Revenues	\$7,492,456	\$7,345,775	\$ 146,681	1.96%
Expenditures	7,701,818	7,435,271	266,547	3.46%
Net Transfers In	153,022	153,022	-	0.00%
<b>Revenues over (under) Expenditures</b>	<b><u>\$ (56,340)</u></b>	<b><u>\$ 63,526</u></b>		

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## Focus on the General Fund (cont.)

Revenue Type	Revised Budget	Forecast	Over/(Under)	
Sales Tax	\$ 4,014,331	\$ 3,848,133	\$ (166,198)	-4.14%
All Other Taxes	785,533	845,142	59,609	7.59%
Construction Permits	140,000	110,472	(29,528)	-21.09%
Intergovernmental Revenues	789,164	834,120	44,956	5.70%
Charges for Service	770,739	767,723	(3,016)	-0.39%
Fines & Forfeitures	115,500	132,230	16,730	14.48%
Use of Money & Property	56,087	58,633	2,546	4.54%
Other Financing Sources	821,102	749,322	(71,780)	-8.74%
<b>Total revenues</b>	<b><u>\$ 7,492,456</u></b>	<b><u>\$ 7,345,775</u></b>	<b><u>\$ (146,681)</u></b>	<b>-1.96%</b>

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## Focus on the General Fund (cont.)

### Expenditures

Department	Revised Budget	Forecast	Over/(Under) Budget	
Police	\$2,613,230	\$ 2,436,823	\$ (176,407)	-6.75%
Development Services	959,273	896,889	(62,384)	-6.50%
Community Services	2,499,321	2,520,611	21,290	0.85%
Elected Officials	144,519	120,209	(24,310)	-16.82%
City Administration	652,381	650,941	(1,440)	-0.22%
Finance	318,307	313,859	(4,448)	-1.40%
Non-Departmental	361,765	342,917	(18,848)	-5.21%
<b>Total expenditures</b>	<b><u>\$7,548,796</u></b>	<b><u>\$ 7,282,249</u></b>	<b><u>\$ (266,547)</u></b>	<b>-3.53%</b>

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## Focus on the General Fund (cont.)

Fund Transfers	Revised Budget	Forecast	Over/(Under)	
Gas Tax Fund to General Fund	\$275,385	\$275,385	\$ -	0.00%
General Fund to General CIP Fund	(17,666)	(17,666)	-	0.00%
General Fund to General Liability Fund	(79,697)	(79,697)	-	0.00%
General Fund to Parking District Fund	(25,000)	(25,000)	-	0.00%
<b>Net transfers in</b>	<b><u>\$153,022</u></b>	<b><u>\$153,022</u></b>	<b><u>\$ -</u></b>	<b>0.00%</b>

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## Focus on the General Fund (cont.)

- Assumes pay-as-you go costs for GASB 45 Other Post Employment Benefits (OPEB) Annual Required Contribution (ARC)
  - No contribution for future retiree medical insurance costs
- Assumes expending entire \$75,000 contingency
- Projected surplus based on current revenue and expenditure trends
- Surplus primarily due to \$266,547 in budget savings

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## Focus on the General Fund (cont.)

*As you can see, the City continues to operate well below the 2006/2007 level due to the demands of the "new economy."*

	2006/2007 Actual	2014/2015 Forecast	Increase (Decrease)	
Revenues	\$ 8,386,136	\$ 7,345,775	\$(1,040,361)	-12.41%
Expenditures	8,173,119	7,435,271	(737,848)	-9.03%
Net Transfers	(111,821)	153,022	(264,843)	236.85%
<b>Revenues over (under) Expenditures</b>	<b>\$ 101,196</b>	<b>\$ 63,526</b>		

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## Measure J Fund Update

	Revised Budget	Forecast	Under/(Over) Budget	
Revenues	\$ 1,009,476	\$ 971,368	\$ 38,108	3.78%
Expenditures	971,972	899,735	72,237	7.43%
Net Transfers Out	<u>(10,000)</u>	<u>(10,000)</u>	-	0.00%

Revenues over  
(under) Expenditures \$ 27,504 \$ 61,633

- Forecast \$33,646 or 3.59% in year over year sales tax growth
- Assumes \$10,000 payment towards \$129,318 inter-fund loan balance

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## Sewer Enterprise Fund Update

	Revised Budget	Forecast	Under/(Over) Budget	
Revenues	\$ 5,215,420	\$ 5,088,456	\$ 126,964	2.43%
Expenditures	6,183,432	6,063,775	119,657	1.94%
Net Transfers In	<u>402,401</u>	<u>404,114</u>	(1,713)	-0.43%

Revenues over  
(under) Expenditures \$ (565,611) \$ (571,205)

From Rate Stabilization  
Reserve \$ (565,611) \$ (571,205)

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## Water Enterprise Fund Update

	<u>Revised Budget</u>	<u>Forecast</u>	<u>Under/(Over) Budget</u>	
Revenues	\$ 1,904,732	\$ 1,866,134	\$ 38,598	2.03%
Expenditures	1,823,870	1,703,958	119,912	6.57%
Net Transfers Out	<u>(85,364)</u>	<u>(85,364)</u>	-	0.00%
<b>Revenues over (under) Expenditures</b>	<b><u>\$ (4,502)</u></b>	<b><u>\$ 76,812</u></b>		
<b>Set Aside for Capital Projects</b>	<b><u>\$ -</u></b>	<b><u>\$ 76,812</u></b>		

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## Measure H Fund Update

	<u>Revised Budget</u>	<u>Forecast</u>	<u>Under/(Over) Budget</u>	
Revenues	\$ 1,011,826	\$ 972,335	\$ 39,491	3.90%
Expenditures	-	-	-	0.00%
Net Transfers Out	<u>(487,765)</u>	<u>(489,478)</u>	1,713	-0.35%
<b>Revenues over (under) Expenditures</b>	<b><u>\$ 524,061</u></b>	<b><u>\$ 482,857</u></b>		
<b>Set Aside for Capital Projects</b>	<b><u>\$ 524,061</u></b>	<b><u>\$ 482,857</u></b>		

- Provides 10% sewer charge discount
- \$1,406,016 in funded sewer and water infrastructure projects

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## Non-Major Funds

	Gas Tax Fund				Parking District Fund				SRO Grant Fund			
	Revised Budget	Forecast	Under/(Over) Budget		Revised Budget	Forecast	Under/(Over) Budget		Revised Budget	Forecast	Under/(Over) Budget	
Revenues	\$ 275,735	\$ 305,494	\$(29,759)	-10.79%	\$ 124,685	\$ 122,360	\$ 2,325	1.86%	\$ 85,553	\$ 113,215	\$(27,662)	-32.33%
Expenditures	30,000	29,997	3	0.01%	149,678	149,996	(318)	-0.21%	85,553	113,216	(27,663)	0.00%
Net Transfers	(275,385)	(275,385)	-	0.00%	25,000	25,000	-	0.00%	-	-	-	0.00%
Revenues over (under)												
Expenditures	\$ (29,650)	\$ 112			\$ 7	\$ (2,636)			\$ -	\$ (1)		

	AB 3229 COPS Grant Fund				OJP BVP Grant Fund				2012 CHP Grant Fund			
	Revised Budget	Forecast	Under/(Over) Budget		Revised Budget	Forecast	Under/(Over) Budget		Revised Budget	Forecast	Under/(Over) Budget	
Revenues	\$ 100,000	\$ 99,986	\$ 14	0.01%	\$ 3,510	\$ 3,510	\$ -	0.00%	\$ 76,332	\$ 109,420	\$(33,088)	-43.35%
Expenditures	93,751	123,699	(29,948)	0.00%	3,510	3,510	-	0.00%	76,332	109,429	(33,097)	0.00%
Net Transfers	-	-	-	0.00%	-	-	-	0.00%	-	-	-	0.00%
Revenues over (under)												
Expenditures	\$ 6,249	\$ (23,713)			\$ -	\$ -			\$ -	\$ (9)		

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## Non-Major Funds (Continued)

	General Capital Improvement Program Fund				Orchard Hill LLMD Fund				Cottonwood LLMD Fund			
	Revised Budget	Forecast	Under/(Over) Budget		Revised Budget	Forecast	Under/(Over) Budget		Revised Budget	Forecast	Under/(Over) Budget	
Revenues	\$ -	\$ -	\$ -	0.00%	\$ 20,464	\$ 20,362	\$ 102	0.50%	\$ 14,435	\$ 14,330	\$ 105	0.73%
Expenditures	-	-	-	0.00%	20,593	21,504	(911)	-4.42%	14,563	14,976	(413)	-2.84%
Net Transfers	29,000	29,000	-	0.00%	-	-	-	0.00%	-	-	-	0.00%
Revenues over (under)												
Expenditures	\$ 29,000	\$ 29,000			\$ (129)	\$ (1,142)			\$ (128)	\$ (646)		

	Ridge at Orchard Hill BAD-Zones 1 & 1A Funds				General Liability Fund				Reserve for Economic Uncertainties			
	Revised Budget	Forecast	Under/(Over) Budget		Revised Budget	Forecast	Under/(Over) Budget		Revised Budget	Forecast	Under/(Over) Budget	
Revenues	\$ 34,635	\$ 34,415	\$ 220	0.64%	\$ -	\$ 10,958	\$(10,958)	0.00%	\$ 1,450	\$ 611	\$ 839	57.86%
Expenditures	34,635	15,710	18,925	54.64%	-	512	(512)	0.00%	-	-	-	0.00%
Net Transfers	-	-	-	0.00%	-	-	-	0.00%	10,000	10,000	-	0.00%
Revenues over (under)												
Expenditures	\$ -	\$ 18,705			\$ -	\$ 10,446			\$ 11,450	\$ 10,611		

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## Total Operating Budget

	Revised Budget	Forecast	Under/(Over) Budget	
Revenues	\$17,370,709	\$17,078,729	\$ 291,980	1.68%
Expenditures	17,428,798	16,924,379	504,419	2.89%
Net Transfers Out	-	-	-	0.00%
Revenues over (under) Expenditures	<u>\$ (58,089)</u>	<u>\$ 154,350</u>		

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## Closing Comments

- Local economy has continued to improve
- City Council and management continue to operate the City in a prudent and responsible manner
- Anticipate year-end operating expenditures to be within the existing operating budget for most funds
- Staff will provide another update to the City Council at its May 5<sup>th</sup> Budget Workshop

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## Conclusion

- Questions?
- Comments?
- Thank you!



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