



City of La Quinta

CITY / SA / HA / FA MEETING DATE: June 2, 2015

AGENDA CATEGORY:

ITEM TITLE: 2015/16 OPERATING BUDGET OPTIONS

BUSINESS SESSION:

CONSENT CALENDAR:

STUDY SESSION:

PUBLIC HEARING:

RECOMMENDED ACTION:

Provide direction to staff regarding 2015/16 Budget options.

EXECUTIVE SUMMARY:

- The City Council received the Proposed 2015/16 Budget (Budget) on May 19; revenues exceeded expenditures by a projected \$87,200.
- At the same meeting, the Council received a Police Services and Crime Trends Report (Report) that identified recommendations to improve service delivery efficiencies; one recommendation is to reduce patrol hours by 6.7 percent, which would generate annual cost savings of \$460,000.
- The City Manager recommends that the City Council should consider the patrol hour reduction and the Executive Team recommends that the Council consider funding \$64,500 in supplemental requests.
- The Executive Team also recommends two additional personnel actions that have no financial impact: reclassifying a position in the Finance Department and moving a position from the Finance Department to the City Manager's Office.

FISCAL IMPACT:

Revenue will exceed expenditures by \$87,200, as projected in the Budget. Reducing police patrol hours would decrease police service costs by \$460,000, thus increasing this amount to \$547,200. The Budget transmittal identified \$117,600 of supplemental requests (that were not included in the Budget). However, the Executive Team recommends that the Council consider \$64,500 of supplemental requests, leaving a balance of \$482,700.

BACKGROUND/ANALYSIS:

The Budget was presented to the Council on May 19, 2015. The Budget was balanced with revenue exceeding expenditures by \$87,200. That same evening, the Council received the Report that presented a series of recommendations that would improve service delivery efficiencies. One recommendation entailed reducing patrol hours by 6.7 percent, from 150 daily to 140 hours daily. While the Report identified a potential annual savings of \$581,965, staff projects it would be a more conservative annual savings of \$460,000. If this recommendation were implemented, Budget revenue would exceed expenditures by \$547,200.

With this additional funding, the City could invest in measures that would improve service delivery, would facilitate succession planning and staff development, and reserve funds for unanticipated future expenditures. During the current fiscal year, the City allocated \$1,593,100 of unappropriated General Fund Reserves to fund unanticipated expenses. The 2015/16 Capital Improvement Program (CIP) proposes utilizing an additional \$3,484,000 of unappropriated General Fund Reserves for water conservation and flood control capital projects. Reserving some of \$547,200 would provide some cushion for unanticipated expenses during 2015/16.

Police Services

The City contracts with the Riverside County Sheriff's Department for 30.7 patrol officers, 24 special service sworn and non-sworn officers (community service officers), 6 detectives and other support personnel. The patrol officer force is adjusted daily to meet both local and regional service demands. After considerable discussion and debate with the Chief and Assistant Chief, the City Manager has concluded that the City can reduce patrol hours by 6.7 percent from 150 daily to 140 hours daily and not compromise public safety. This reduction would not impact daily patrols in the City's six beats; instead, the special service personnel would assume more support activities. Further, additional resource deployment efficiencies would also accommodate this reduction. Finally, if future conditions warranted additional hours, the City would have the flexibility to purchase additional hours.

Savings Allocation

The 6.7 percent reduction in service hours would increase the Budget revenue/expenditure spread by 527.5 percent, from a projected \$87,200 to \$547,200. The Budget transmittal identified \$117,600 of supplemental requests. The Executive Team recommends that the Council consider funding the following supplemental requests (\$64,500):

- Allocate \$30,000 to fund the net cost of adding three administrative support positions as follows:
 - Administrative Technician in Community Development – to support increased department planning and development permit processing activities in order to decrease processing times.

- Office Assistant assigned to both Public Works and Code Compliance - to support increased Public Works permit activity and to handle phone, counter and GoRequest code compliance inquiries and responses.
- Management Assistant in the City Manager's Office - to support the Business Unit, Police/Fire/Waste Management contract administration, Economic Development initiatives and the City's legislative advocacy efforts.

The total, fully burdened (salary and benefits) cost of these three positions is \$206,100. However, these costs would be offset by not funding the Information Services Analyst position (\$117,900) in the City Manager's Office (eliminating that position) and reducing contract services budgets in Community Development and Public Works by \$58,200. These costs are currently included in the Budget.

- Allocate \$27,000 to reclassify the following positions; these positions are filled with long-term career growth potential employees and will afford the opportunity to grow/develop internal staff to fill future vacancies:
 - Assistant Civil Engineer to Associate Engineer - Public Works
 - Associate Planner to Principal Planner - Community Development
 - Senior Account Clerk to Permit Technician - Customer Center
 - Senior Account Clerk to Account Technician - Finance.

- Allocate \$7,500 to fund a grant for Old Town Artisans to fund the following art-based programs in La Quinta:
 - An intergenerational summer pottery workshop at the Library
 - Scholarships to cover the \$100 cost for disadvantaged youth to participate in summer and on-going intensive drawing classes
 - In partnership with the Family YMCA, new ceramics courses at all four La Quinta after school centers every other week.

The Budget transmittal also identified a supplemental request of \$25,000 to fund an employee wellness program. The Executive Team has since identified other means to achieve this purpose and is withdrawing this request.

The Executive Team recommends reserving the remaining \$482,700 to fund the following expenses anticipated to occur in 2015/16:

- The Village Program Environmental Impact Report (EIR) - the City is in the process of conducting a planning study and comprehensive environmental review of the Village. The purpose, to complete the environmental and entitlement processes to limit future development entitlements to a Village Use Permit. The anticipated cost to prepare the EIR is \$150,000; this cost is not included in the Budget.

- Expand Code Compliance - the January 2015 community workshop participants identified the need to review the City's code compliance efforts and expand the

scope. A staff Project Action Team (comprised of Code, Community Development and City Manager Office staff) has been developing program parameters for Council and community consideration. These parameters will be presented to the Council in July/August 2015. One aspect that this effort has identified is the need to either add a position to accommodate animal control needs (60 percent of the Code/Animal Officers' time commitment) or consider contracting with the County for animal control services. The estimated cost to add staff or contract these services is \$113,000 (not including a one-time cost of \$65,000 to replace an animal control vehicle) to \$120,000, respectively.

- Reserve funds for unanticipated expenses – including capital projects to conserve water or upgrade flood control facilities, or to fund contract service costs associated with the SilverRock development.

Finally, the Executive Team recommends two other modifications that do not have any impact on the Budget as follows:

- Administrative Technician to Management Assistant – Finance Department. Reclassifying this position would allow this individual to cover finance and administrative activities, and also handle implementing and managing the purchasing module and function.
- Moving the Business Analyst - from Finance to the City Manager's Office. Finance no longer requires this position and there is a need for additional police, fire and waste contract management oversight.

Staff is seeking City Council input on these recommended actions. The City Council's directives would then be incorporated in to a Final Budget that the Council would consider on June 16, 2015.

Report prepared by: Frank J. Spevacek, City Manager