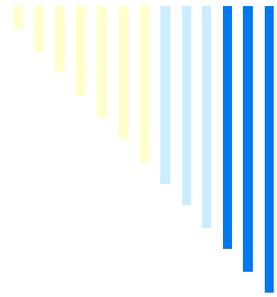




***FY 2013-14
Budget
Workshop #3***

April 6, 2013

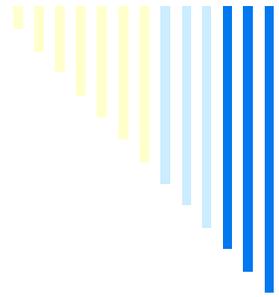
Town of Yucca Valley



Agenda

- Budget Trends – What's Changed?
- Community Services – Redefining the Role
- Aquatics Program – Defining A Solution
- Partnership Funding Requests
- Revenue Enhancement -- A Look Back in Time





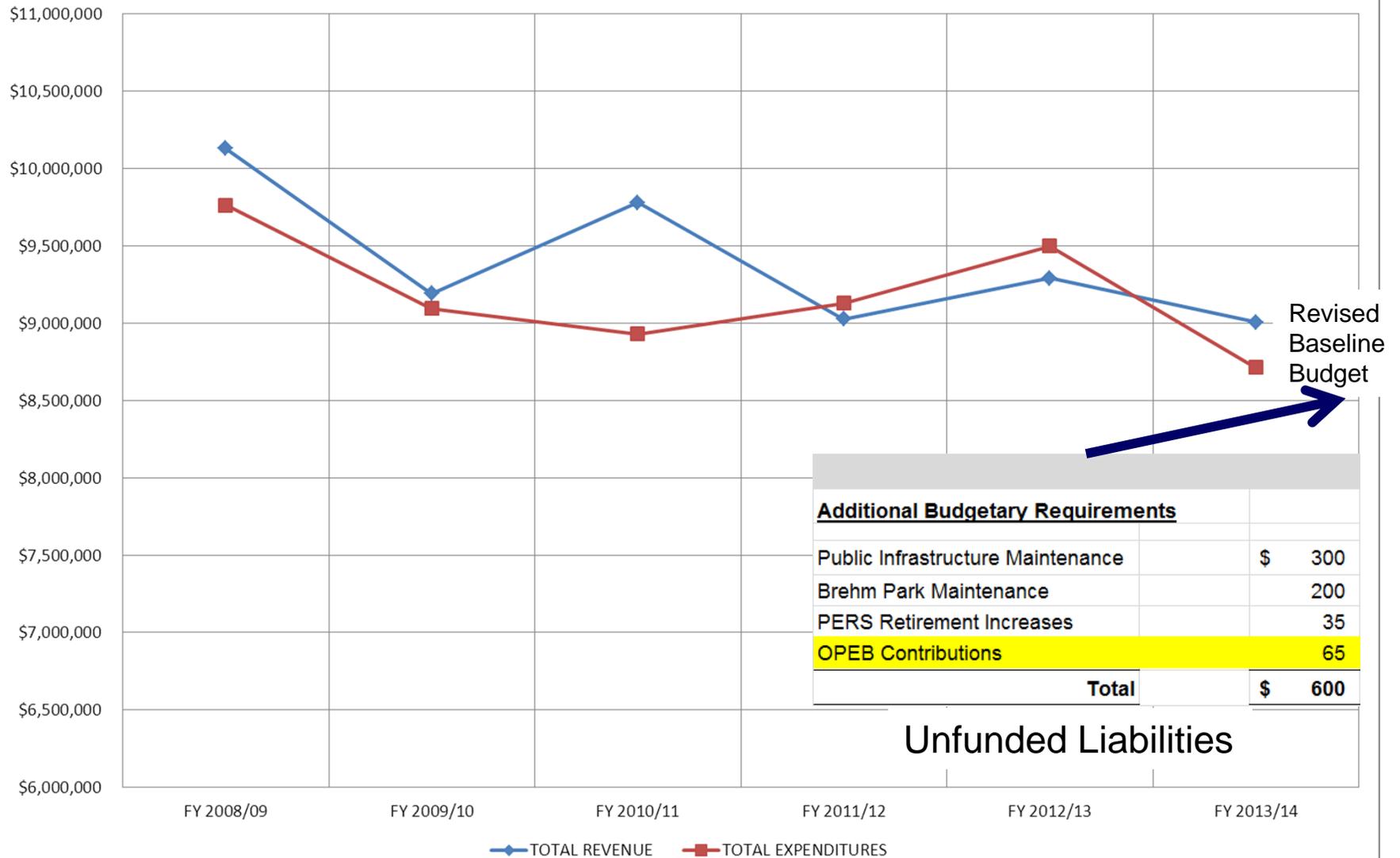
Budget Trends – Why Are We Seeing Cuts to Services?

- Focus on ***Long-term Fiscal Sustainability***
- Revenues Declining – Costs Increasing
- Contract Safety Costs Increased 18% since FY09/10
- Personnel Services Budget Reduced 28% since FY08/09
- Full Time Equiv. Staff Reduced 33% since FY08/09
(52 FTE to 35 FTE)

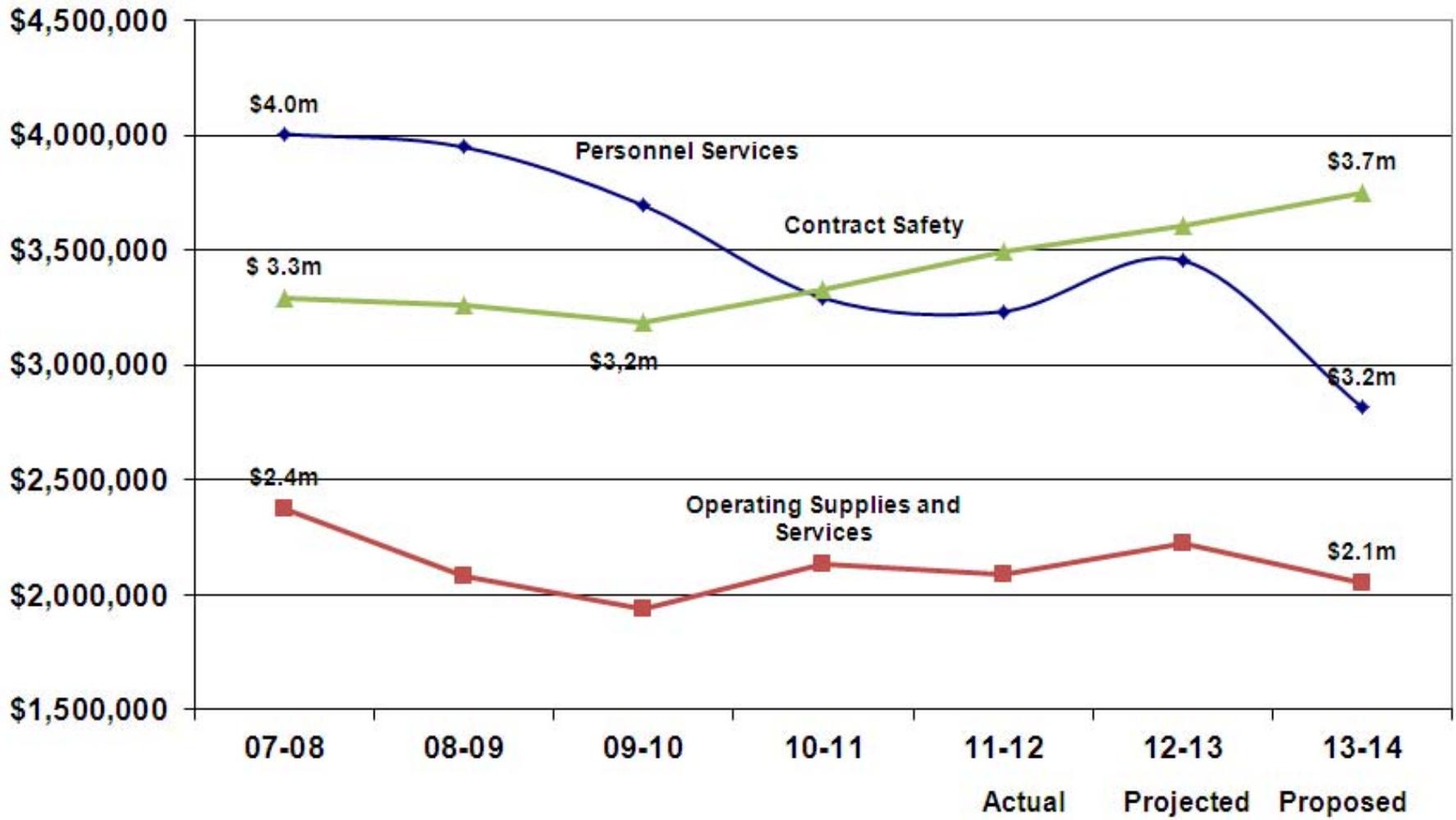


Budget Trends

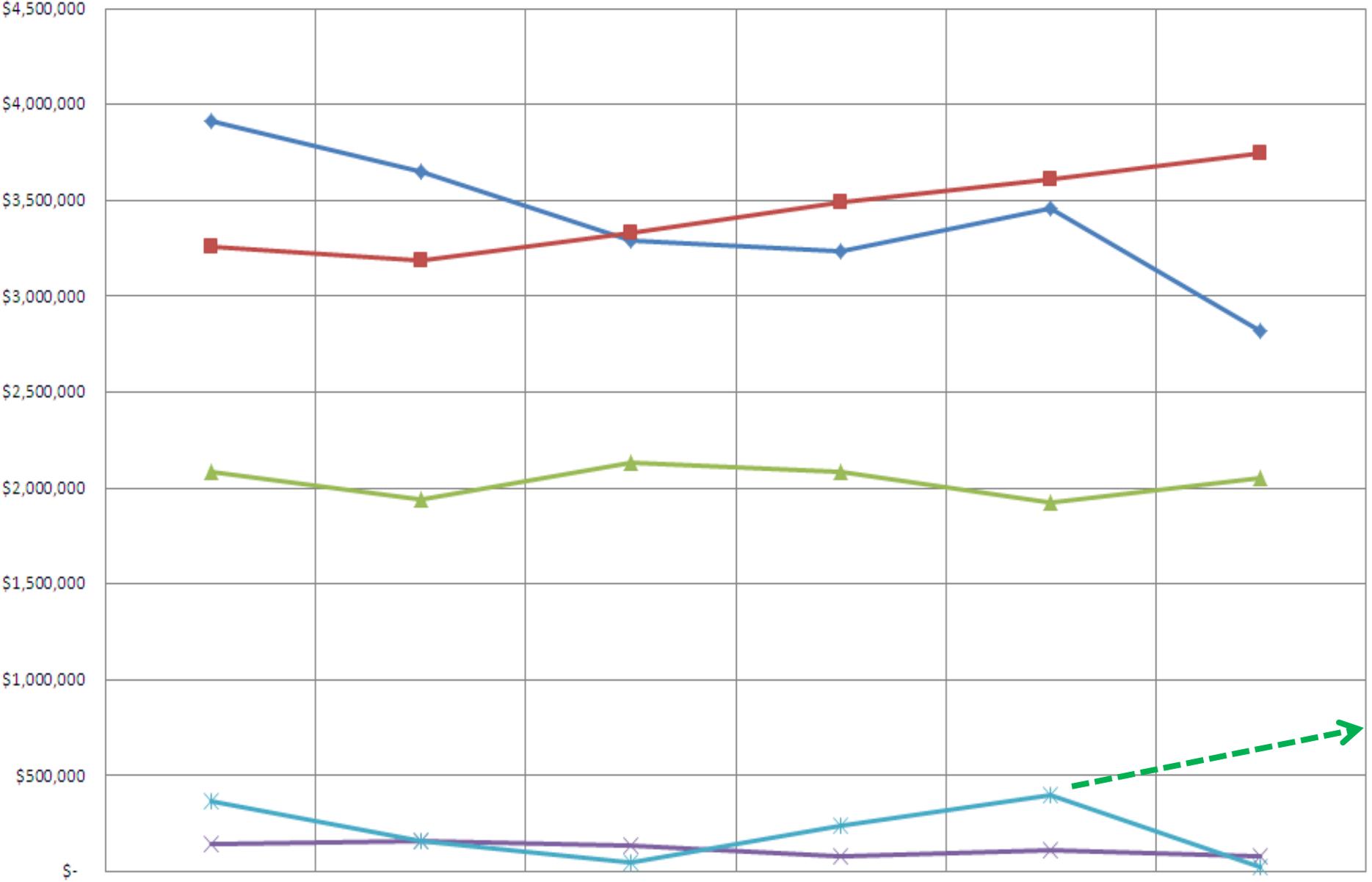
Revenue vs Expenditure Trends



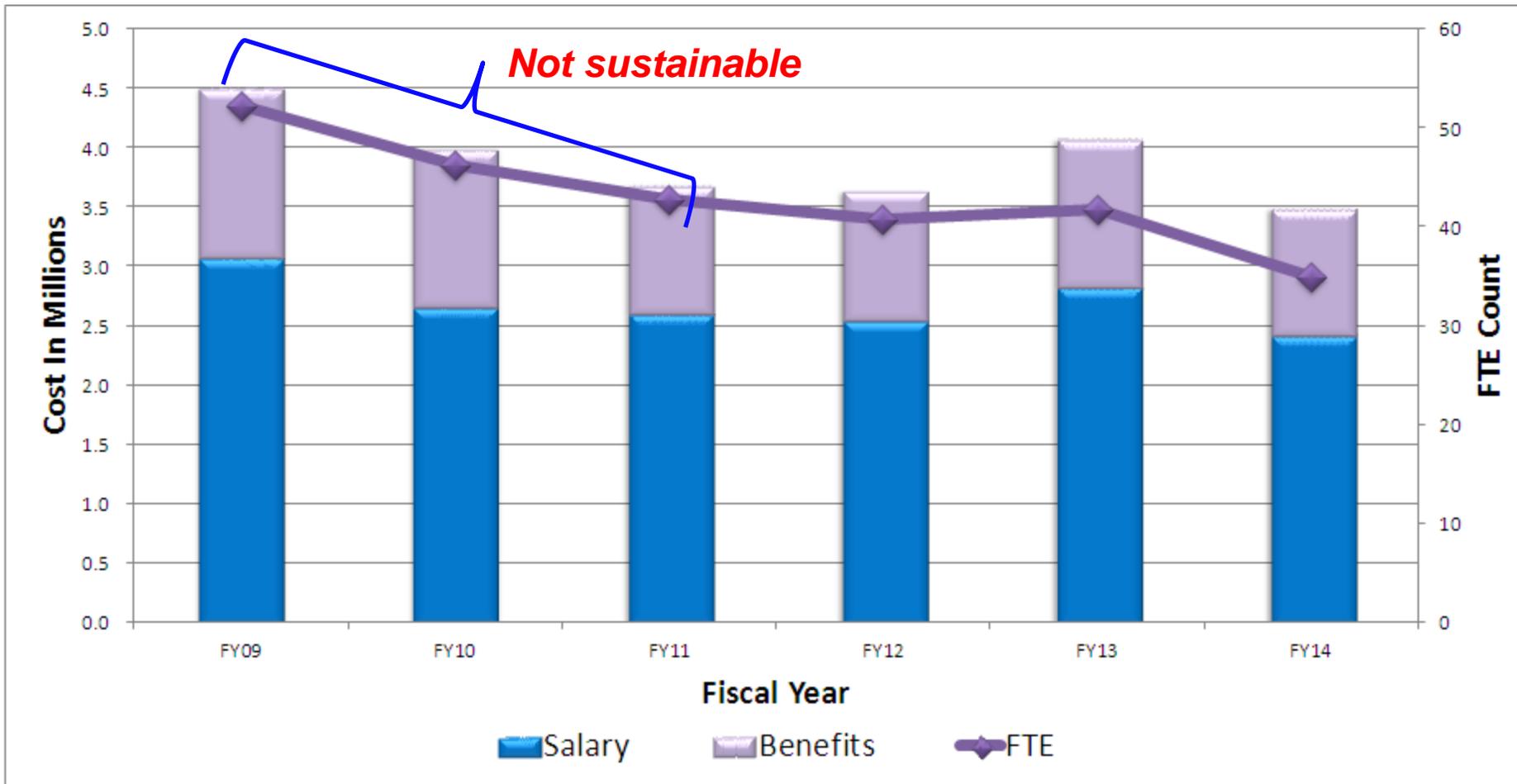
**Town of Yucca Valley
Operating Budget
Major Expenditure Trends**



Expenditure Trends



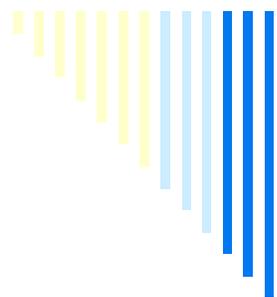
◆ Personnel Services ■ Contract Safety ▲ Operating Supplies & Services × Contracts/Partnerships * Capital Projects



	FY09	FY10	FY11	FY12	FY13	FY14
FTE	52.25	46.25	42.75	40.75	41.75	35.0
Salary	3,084,515	2,670,363	2,619,941	2,553,943	2,838,026	2,440,874
Benefits	1,434,565	1,337,186	1,074,703	1,096,241	1,247,317	1,063,335
Ben/FTE	27,456	28,912	25,139	26,902	29,876	30,381
Ben/Salary	46.5%	50.1%	41.0%	42.9%	44.0%	43.6%

4/9/2013

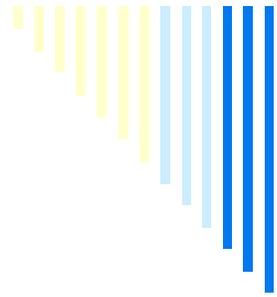




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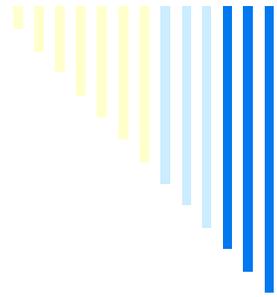




Community Services

- Available Financial and Personnel resources will require a redesign for how the Town delivers Community Services:
 - Aquatics Programs
 - Enrichment Classes
 - Museum
 - Neighborhood Programs
 - Senior Activities
 - Special Events
 - Youth and Adult Sports

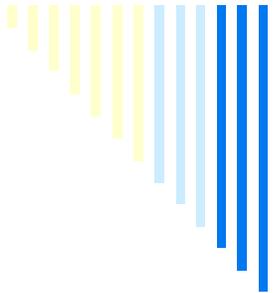




Community Services -- Building Blocks

- Full-Time Staffing
 - Recreation Supervisor (currently being recruited)
 - Administrative Assistant II
 - Museum Programs Coordinator
- “Scalable” Components
 - Part-Time staffing
 - Independent Contractors (Instructors, Referees)
 - Volunteers
- Facilities
- Collaborations with other agencies/groups



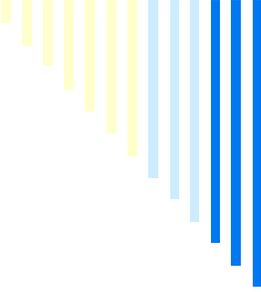


Museum – What's The Plan?

- Insufficient staffing resources to maintain Status Quo
- Working on Collaborations
 - Need resources to provide day-to-day staffing & expertise
 - If unsuccessful, will need to reduce hours of operation to match staffing (full- & part-time)
 - Seasonal vs Year Round
- Continue to Support Special Events / Programming
 - Likely need to charge for events / programs
 - Contract Instructor model

4/9/2013

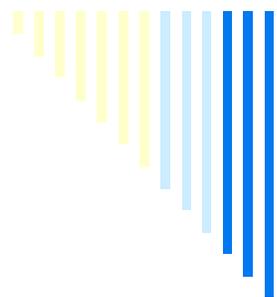




Concerts – Moving forward

- Community Input highlighted desire for program
- Council sub-committee successful in their efforts to obtain additional resources
- \$10,000 matching funds from Supervisor Ramos
- Town Recreational programming website is accepting donations from supporters to accommodate public desire to assist in funding the program
- 6-Concert Summer Schedule

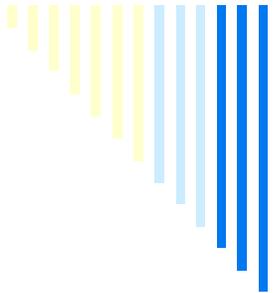




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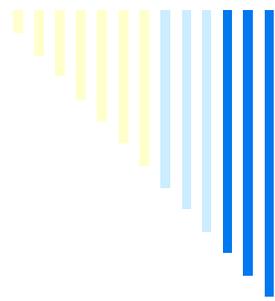




Aquatics – Community Input

- Community Input highlighted desire for program
- Community Input highlighted the many user groups impacted by the program, both *inside and outside* of the programming scope of the Town
- Multiple indications from Community to assist in partnering with the Town to deliver service
- Council indicated the desire to continue the delivery of the program in a long-term sustainable fashion



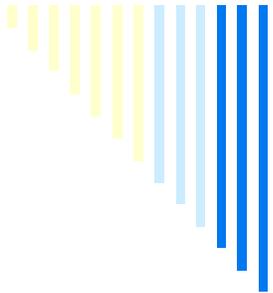


Aquatics Programming -- Defining the Need

User / Program	Town Staffing Resources Required
High School Swim Team	None
Lap Swimming / Therapy	(2) Lifeguards
Water Aerobics	(1-2) Lifeguards
Lessons (8 sessions)	(2) Lifeguards, Manager, Instructors
Open Swim (1.5 hours)	(3) Lifeguards
Family Swim	(4) Lifeguards
Special Olympics	
Off-Season Training / HS Athletics	
Club Swim	None
Rentals / Events	Varies

4/9/2013

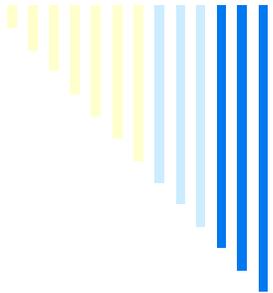




Aquatics Program

- Fixed Costs – Approximately \$52k
 - Preventative Maintenance staff (\$17,000)
 - Maintenance Equipment/Supplies (\$9,000 allocation)
 - Chemicals (\$5,000)
 - Utilities (\$21,000)
- Staff Recommendation for Program Goal
 - Deliver Break-Even program (historically required \$20,000 subsidy)
 - Reduce Hours of Operation
 - Increase Users Fees





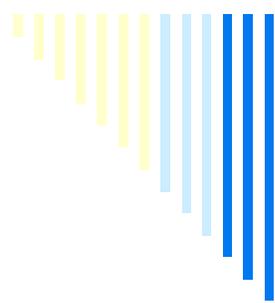
Aquatics Program (modified)

➤ Reduced Hours of Town Program (M-F)

5:30 - 6:00 am	Open, covers off, etc.
6:00 - 6:55 am	Lap Swim
7:00 - 7:55 am	Water Aerobics
8:15 - 9:00 am	Swim Lessons
9:15 - 10:00 am	Swim Lessons
10:15 - 10:45 am	Swim Lessons
11:15 - 11:45 am	Swim Lessons
12:00 - 1:30 pm	Open Fun Swim
1:30 - 2:00 pm	Deposit \$, covers on, Close

- Increased Fees for Users
- Potential for a “Break-Even” program
 - Does not cover the “Fixed Costs”

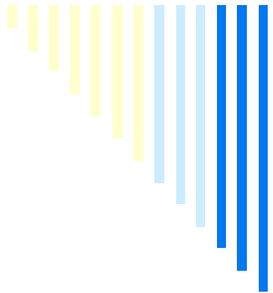




Modified Aquatics Programming - Meeting the Need

User / Program	Town Staffing Resources Required	Fees	
		Current	Proposed
High School Swim Team	None	\$40 hourly	
Lap Swimming / Therapy	(2) Lifeguards	\$ 2.00	\$ 4.00
Water Aerobics	(1-2) Lifeguards	\$ 2.00	\$ 4.00
Lessons (8 sessions)	(2) Lifeguards, Manager, Instructors	\$ 36.00	\$ 44.00
Open Swim (1.5 hours)	(3) Lifeguards	\$ 2.00	\$ 4.00
Family Swim	(4) Lifeguards	\$ 3.00	\$ 4.00
Special Olympics			
Off-Season Training / HS Athletics			
Club Swim	None	\$40 hourly	
Rentals / Events	Varies		

4/9/2013



Aquatics Program – Meeting the Entire Need

➤ Fixed Costs

- Preventative Maintenance staff (\$17,000)
- Maintenance Equipment/Supplies (\$9,000 allocation)
- Chemicals (\$5,000)
- Utilities (\$21,000)

➤ PROPOSAL

- Town to Provide Modified (“Break Even”) Program
- In order to support other Needs, MUSD would agree to partner with the Town by covering the costs of the Chemicals & Utilities
- MUSD would have unlimited pool use upon conclusion of the Town programming season
- Town staff would continue pool maintenance year-round

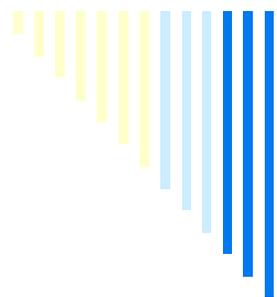
4/9/2013



Aquatics Program – Meeting the Entire Need

User / Program	Town Staffing Resources Required	Town Fees	
		Current	Proposed
High School Swim Team	None	\$40 hourly	None
Lap Swimming / Therapy	(2) Lifeguards	\$ 2.00	\$ 4.00
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Family Swim	(4) Lifeguards	\$ 3.00	\$ 4.00
Special Olympics			None
Off-Season Training / HS Athletics			None
Club Swim	None	\$40 hourly	None
Rentals / Events	Varies		

4/9/2013



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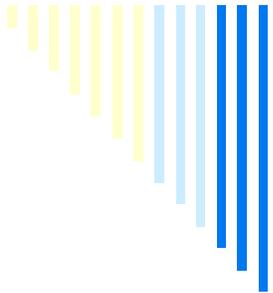


Public Partnerships/Contracts Update

Description	Full Pckg Rec'd	Date Received	2011-12 Awards	2012-13 Awards	Entity Budget and Request		
					2013-14 Budget	2013-14 Request	% of Prgm total Budget
Community Partnerships (7920)							
Rotary-Fireworks**	N	4/1/13	8,000	10,000	20,000	8,000	40.0%
Basin Wide Fdn-Youth Park Maint	Y	3/1/13	10,000	10,000	40,000	13,000	32.5%
Rotary/Old Town-Festival of Lights	Y	2/20/13	2,000	2,000	10,000	2,500	25.0%
MB Tennis Assn	Y	2/20/13	3,000	3,000	9,800	1,500	15.3%
YV Branch Library-Adult Literacy	N	2/26/13	3,000	3,000	14,000	10,000	71.4%
MB Unity Home	Y	2/19/13	3,000	3,000	950,079	3,000	0.3%
MB Adult Health Services**	Y	3/15/13	5,000	5,000	148,000	5,000	3.4%
			34,000	36,000	1,191,879	43,000	
Contracts (7925)							
Chamber Joint Marketing	Y	3/1/13	0	15,000	100,000	15,000	15.0%
Boys & Girls Club-Facility Rental	N	n/a	48,000	43,000	no partnership requested		
DRTA-CA Welcome Center	Y	3/1/13	0	15,000	100,000	18,000	18.0%
(Past due Utilities owed to Town-\$15,488)			48,000	73,000	200,000	33,000	

4/9/2013



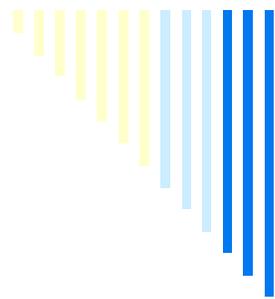


Partnership Request Questions/Considerations

- What other agencies have been asked for \$\$? HDWD??
County Fire District??
 - ❑ Fireworks show part of Fire Prevention activity
 - ❑ Basinwide Foundation Youth Sports Park -- \$10,000 of their costs are H₂O
- Both HDWD and County Fire received considerable one-time resources from the Dissolution of Yucca Valley RDA / sweeping of Low/Mod funding
- What other agencies benefited from RDA Dissolution??
- Basin needs a single Economic Development strategy coordinated / with funding from SB County EDC
 - ❑ Victor Valley Area Granted \$75,000 from County EDC

4/9/2013





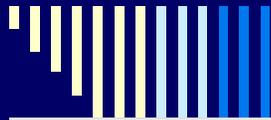
Partnership Request Questions/Considerations

LMIHF DDR
Sweep
1/14/2013

Agency Code	Description	Tax Share ³	\$	576,000
AB01 GA01	County General Fund	10.710%	\$	61,691
AB02 GA01	Education Revenue Augmentation Fund	16.218%	\$	93,415
BF06 GA01	Flood Control Zone 6	0.844%	\$	4,862
BF08 GA01	Flood Control Admin 3-6	0.065%	\$	373
BL01 GA01	County Free Library	1.037%	\$	5,974
BS01 GA01	Superintendent of Schools -- Countywide	0.368%	\$	2,117
BS01 GA02	Superintendent of Schools -- ROP	0.063%	\$	363
BS01 GA03	Superintendent of Schools -- PHYS Hand	0.145%	\$	833
BS01 GA04	Superintendent of Schools -- MENT Ret	0.116%	\$	669
BS01 GA05	Superintendent of Schools -- DEV Center	0.038%	\$	218
CC38 GA01	Town of Yucca Valley	16.530%	\$	95,211
SC18 GA01	Copper Mountain Comm. Coll. District	3.994%	\$	23,004
SU36 GA01	Morongo Unified School District	19.409%	\$	111,795
UF35 GA01	Yucca Valley Fire District	21.773%	\$	125,415
WH02 GA01	Hi-Desert Hospital District	1.344%	\$	7,744
WR03 GL01	Mojave Desert Resource Conservation District	0.040%	\$	231
WW15 GA01	Hi-Desert Co. Water District	6.924%	\$	39,884
WY20 GI01	Mojave Water Agency	0.382%	\$	2,199
		100.000%	\$	575,998



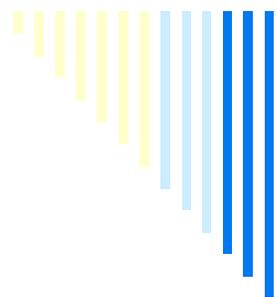
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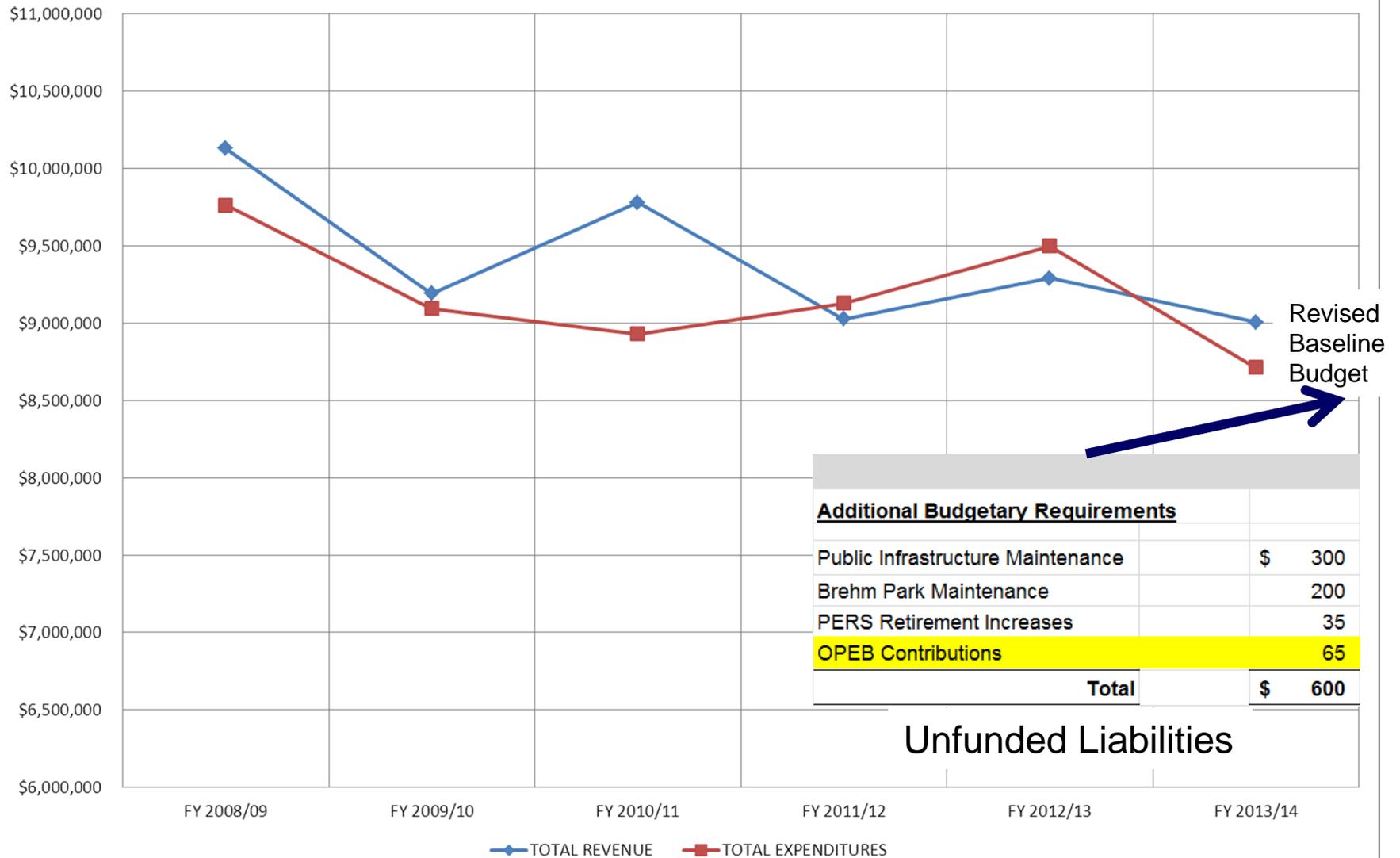
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Budget Trends

Revenue vs Expenditure Trends



Session 2: Covering the Costs

0900 Welcome & Agenda Review

Icebreaker – Using the Polling System

0915 Session 1: Community Issues / Opportunities

– Review of Prior Strategic Planning efforts

– Review of inputs from Council & EMT

0945 Session 2: Champagne Taste v. Light Beer budget

1015 Recap of Sessions 1-2 / Break

1030 Session 3: Development Objectives

– General Plan / Old Town Specific Plan update

– Development Code / Ordinance(s) updates

1100 Session 4: Redevelopment strategies

– Plan Amendment

– Phasing of Development / Infrastructure / Low-Mod

Expectations v. Resources

<u>Issue</u>	<u>Cost</u>
Deferred Road Maintenance	\$14m
Flood Control Improvements	\$20m
SR-62 Expansion	\$25m
SR-62 Realignment	\$30m
Park Development	\$10m
Park Maintenance (annually)	\$0.3m
Civic Center consolidation	\$2m
Sewer System	\$120m

Potential Revenue Sources

<u>Term (10 year) Sources</u>	<u>Total</u>
Sales Tax Measure	\$20m
Utility Users Tax	\$15m

<u>Recurring Source</u>	<u>Annually</u>
Transfer Tax	\$300k
Business License Fee	\$200k
TOT Increase	\$150k
Vehicle Impound Release Fee	\$20k

Sales Tax Measure

- 👍 Significant contribution from non-residents
- 👍 Modest impact to fixed-income residents
- 👍 Transportation measures highly successful
- 👎 Requires 2/3rds voter approval
- 👎 State looking to extend increased sales tax
- 👎 Limited to transportation and park projects

Sales Tax Measure (AB 1371 Grandlund)		Projected Sales Tax Generation			
		0.25%	0.50%	0.75%	1.00%
Current Sales Tax Base	\$ 270,000,000	\$ 675,000	\$ 1,350,000	\$ 2,025,000	\$ 2,700,000
Current Sales Tax (1%)	\$ 2,700,000				
Assumption and Notes					
1. Subject to 2/3 Voter Approval					
2. To be utilized for funding transportation and park repair, replacement, construction and reconstruction					
3. June General Election cycle requires ballot measure by March 7, 2011					
4. Special election could be held at the direction of the Council					
5. Provisions of the legislation allow for implementation to occur in 1/4 % increments, up to 1%.					

Utility Users tax

- 👍 Simple Majority passage
- 👍 Flexible funds
- 👍 Source increases with growth
- 👍 Exemptions permitted (seniors)
- 👎 No contribution from non-residents
- 👎 Unpopular with big utilities
- 👎 Exemptions erode revenue amount

Utility Users Tax (UTT)			Projected Utility Tax Generation				
Utility Type	Gross Billings	% of Total	1%	2%	3%	4%	5%
Electric (SCE)	\$ 16,500,000	59%	\$ 165,000	\$ 330,000	\$ 495,000	\$ 660,000	\$ 825,000
Gas (Sempra)	3,800,000	14%	38,000	76,000	114,000	152,000	190,000
Cable (TWC)	3,500,000	12%	35,000	70,000	105,000	140,000	175,000
Telephone/Cell (VZ)	2,100,000	7%	21,000	42,000	63,000	84,000	105,000
Solid Waste (Burrtec)	2,200,000	8%	22,000	44,000	66,000	88,000	110,000
Total	\$ 28,100,000	100%	\$ 281,000	\$ 562,000	\$ 843,000	\$ 1,124,000	\$ 1,405,000

Assumption and Notes

1. Based on FY 2009-10 Billings
2. Telecommunications estimated at 60% of Cable
3. Utility Users Tax generally subject to 50% voter threshold if non-specific

Transfer Tax

- 👍 Tied to property sales
- 👍 Shares burden of infrastructure on all
- 👎 Requires charter or state legislative changes
- 👎 Erratic revenue stream

Historical Data			Extrapolated Data						
FY	Transfer Tax Revenue	Sales Per Year	Avg Sales Price	Annual Revenue	Annual Revenue	Annual Revenue	Annual Revenue	Annual Revenue	Annual Revenue
2003-04	\$ 97,132	775	\$ 225,000	\$ 95,906	\$ 174,375	\$ 348,750	\$ 523,125	\$ 871,875	\$ 1,743,750
2004-05	130,059	910	258,000	129,129	234,780	469,560	704,340	1,173,900	2,347,800
2005-06	124,835	860	252,000	119,196	216,720	433,440	650,160	1,083,600	2,167,200
2006-07	101,275	775	223,000	95,054	172,825	345,650	518,475	864,125	1,728,250
2007-08	48,407	490	170,000	45,815	83,300	166,600	249,900	416,500	833,000
2008-09	43,474	545	140,000	41,965	76,300	152,600	228,900	381,500	763,000
2009-10	44,767	600	130,000	42,900	78,000	156,000	234,000	390,000	780,000
				Current Rate					
Rate per \$1000 Assessed Value				\$ 0.55	\$ 1.00	\$ 2.00	\$ 3.00	\$ 5.00	\$ 10.00

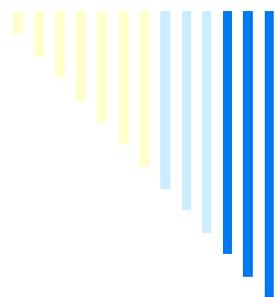
Considerations

Transfer tax is authorized by state law (Rev and Tax 11911-11913)
 General Law cities rate set at one half the county rate, or \$0.55 per \$1,000 AV
 Charter cities have the ability to charge a different rate, although only a few do.

Transfer tax is sensitive to both average sales price and sales transactions, as well as to the rate.
 Transfer tax directly correlated to both sales price and transaction volume.
 Depending on the rate, the amount may equate to a significant percentage of the sales price.
 Transfer tax is traditionally paid by seller, but is negotiable.

Other Revenue Possibilities

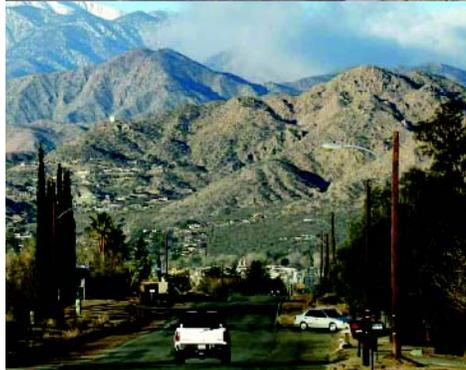
Other Measures/Concepts			
Measure/Concept	Current Revenue	Potential Revenue	Description
Business License	\$ 50,000	\$ 200,000	Currently the Town only operates a business Registration Program. Changing to a Business License Program would provide additional revenue with a corresponding increase in oversight.
Vehicle Impound Release	\$ -	\$ 20,000	Fee to recapture costs associated with Sherriff's time related to impound of vehicles. Currently scheduled for Council consideration in 2011.
General Obligation Bonds	\$ -	\$2 - \$4 million	Based on 3-5% of General Fund Debt; Currently, the General Fund supports no GO debt.
	\$2m = \$170,000 in debt service annually		Any potential debt service paid through the General Fund would require an offsetting reduction in expenses as the Town currently operates within a balanced budget framework.
	\$4m = \$325,00 in debt service annually		



TOT Increase (Hotel Bed Tax)

- 👍 Source for hotels/motels to connect to sewer
- 👍 Future funding for Marketing / Economic Development
- 👍 Primarily impacts visitors
- 👎 2/3rds Voter Approval
- 👎 Modest source of revenue for the pain of a tax election

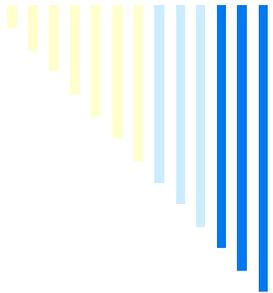




Issues Driving Revenue Measures

- General vs Special Tax(s)
 - General Tax scheduled at regular election unless fiscal emergency declared
 - Special Tax scheduled no sooner than 88 days from Council calling election
- Residents can circulate petitions asking the Council to consider a revenue measure
- Council cannot call a Special Election within 180 days of another Special Election
 - With March 5, 2013 Special Election, next available date would be after September 1, 2013

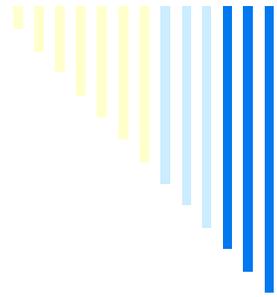
Option	Tax Rate	Term	Type	Election Timing	Sewer Funding Guaranteed	Town Funding Earmarked	Town funding duration reduced	Requires 2/3 voter approval	Town should live within its means	Separate Items to Sewer & Town	Qualified Initiative	More than just sewer	Notes
1	1%	30 years	General	November 2014					✓				Repeat Measure U during regular Town election; ✓ General measure can be called at Special Election with Council declaration of fiscal emergency
2	0.5%	30 years	Special -- sewer only	March 2013 +	✓			✓	✓	✓			Council would need to submit item to County by December 7th for March 2013 election; Next Special election is 180 days after March
3	1%	30 years	Special -- 0.5% sewer, 0.25% roads, 0.25% safety	March 2013 +	✓	✓		✓	✓			✓	
4	0.5%	30 years	Special -- sewer (signatures)	September 2013+	✓			✓	✓	✓	✓		
5	0.5%	10 years	General -- Town (signatures)	November 2014			✓		✓	✓	✓	✓	General Tax Measure scheduled during regular Town election; Can be called at Special Election with Council declaration of fiscal emergency
6	0.5% - 1%	30 years 10 years 10 years	Special -- 0.5% sewer, 0.25% roads, 0.25% safety	March 2013 +	✓	✓	✓	✓	✓				✓ Council would need to submit item to County by December 7th for March 2013 election; Next Special election is 180 days after March



Revenue Measure Summary

- Clearly there exists a need for additional revenues to the community – (sewer, roads, other services);
- There are many alternatives begin discussed and NO CONSENSUS on a clear path to gain 2/3rds approval;
- Council Appointed Ad-Hoc Committee does not have consensus or clear direction to move forward with HDWD;
- References made to consider TOT increase for Town Services;
- Decision to pursue November 2013 ballot would need to be finalized by August.

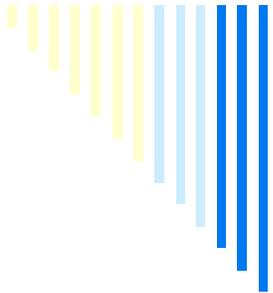




Discussion / Direction Public Comment

- Budget Trends – What's Changed?
- Community Services – Redefining the Role
- Aquatics Program – Defining A Solution
- Partnership Funding Requests
- Revenue Enhancement -- A Look Back in Time





Policy Direction from Council

- Does the Council Agree with the Aquatics Program proposal that offers a basic Town program and solicits MUSD partnership to expand availability to accommodate school needs?
- Input on Partnership Requests that impact:
 - 4th of July – County Fire Role??
 - Marketing / Economic Development / Welcome Center – County EDC Role??
 - BWF Youth Sports Park – HDWD Role??
- Revenue Measure –
 - Current Policy is for Town to work with HDWD to draft a revenue measure for Nov 2013
 - Lack of Agreement within Ad-Hoc Committee to move forward

