



TOWN OF APPLE VALLEY

TOWN COUNCIL STAFF REPORT

To: Honorable Mayor and Town Council **Date:** June 14, 2016
From: Marc Puckett, Assistant Town Manager **Item No:** 12
Subject: **ADOPT RESOLUTION NO. 2016-14 – A RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF APPLE VALLEY, CALIFORNIA, APPROVING BUDGET APPROPRIATIONS AND ADOPTING THE OPERATING AND CAPITAL IMPROVEMENT BUDGET FOR ALL FUNDS FOR FISCAL YEAR 2016-2017**

T.M. Approval: _____ **Budgeted Item:** Yes No N/A

RECOMMENDED ACTION:

Adopt Resolution No. 2016-14 of the Town Council of the Town of Apple Valley, California, approving a budget appropriation and adopting the budget, including the operating and capital improvement budget for all funds for Fiscal Year 2016-2017.

SUMMARY:

On May 31, 2016, the Town Council held a Budget Study Session and reviewed the Proposed Operating and Capital Improvement Budget for Fiscal Year 2016-2017. At this meeting, Council determined that their questions were sufficiently answered and determined that additional budget workshops were not necessary.

The attached budget adoption resolution includes all revenue estimates, fund and departmental appropriations included in the Fiscal Year 2016-2017 Proposed Budget discussed and presented to Council at the May 31, 2016 Budget Study Session. This resolution includes any changes proposed at the Budget Study Session or as presented and discussed herein.

Adoption of the attached Resolution No. 2016-14 will approve the Fiscal Year 2016-2017 Operating and Capital Improvement Budget for all funds with budgetary activity.

BACKGROUND:

The proposed Fiscal Year 2016-2017 Operating and Capital Improvement Budget was transmitted to Town Council for review on May 13, 2016. The Council held a Budget

Study Session on May 31, 2016, to review the proposed budget document. The proposed budget represents the Town Manager's recommended financial plan for Fiscal Year 2016-2017 to address Council's spending priorities within current fiscal constraints to fulfill the service expectations of the community. The gap between service expectations and fiscal reality has gradually widened over the last ten (10) years. New programs and services have been added over the last ten (10) years with no significant sources of new resources identified to provide for the new funding requirements. These conditions coupled with normal inflationary increases and the lingering impacts of the past recessionary cycle have placed increased pressure upon existing resources and eliminated budgetary flexibility that had existed previously. The focus in this year's budget process was on scaling expectations and services to a level that is supportable within existing fiscal constraints.

As submitted, the proposed budget, on an all funds basis, is summarized in the following table:

<u>PROPOSED BUDGET - ALL FUNDS</u>				
<u>Appropriations/ All Funds</u>	<u>Proposed FY 16-17</u>	<u>Adopted FY 15-16</u>	<u>Increase (Decrease)</u>	
			<u>Amount</u>	<u>Percent</u>
Operating Budget	\$ 54,280,442	\$ 52,801,209	\$ 1,479,233	2.80%
Transfers Out	15,472,548	20,623,779	(5,151,231)	-24.98%
Capital Budget	10,915,727	29,824,920	(18,909,193)	-63.40%
Total	<u>\$ 80,668,717</u>	<u>\$103,249,908</u>	<u>\$(22,581,191)</u>	<u>-21.87%</u>

The total Fiscal Year 2016-2017 proposed appropriations are \$80,668,717 on an all funds basis. The proposed Operating Budget on an all funds basis increased from \$52,801,209 in Fiscal Year 2015-2016 to \$54,280,442 in Fiscal Year 2016-2017, an increase of \$1,479,233 or 2.80%. Also, the proposed Capital Improvement Budget is proposed to decrease from \$29,824,920 in Fiscal Year 2015-2016 to \$10,915,817 in Fiscal Year 2016-2017, a decrease of \$18,909,193 or 63.40%. The decrease in the proposed budget for the Capital Improvement Program is primarily resultant from the completion of construction of the Yucca Loma Bridge. In total, when compared to the prior Fiscal Year 2015-2016 adopted budget, the total Operating and Capital Improvement Budget for Fiscal Year 2016-2017 represents a decrease of \$22.6 million or 21.87%. The proposed budget includes the operating and capital improvement

budgets for the following funds: General Fund, Special Revenue, Debt Service, Capital Projects and Enterprise Funds.

The total proposed General Fund budget is \$29,607,689, an increase of \$1.5 million as compared to the adopted budget in Fiscal Year 2015-2016. As presented, the proposed General Fund budget for Fiscal Year 2016-2017 is balanced with utilization of fund balance. The following table is a summary of the total resources and requirements for the proposed Fiscal Year 2016-2017 General Fund budget:

TABLE 2

General Fund Summary*	
Estimated Revenues	\$ 21,643,686
Transfers In	7,489,857
Appropriation From Fund Balance	474,146
Total Resources	\$ 29,607,689
Proposed Budget	29,607,689
Balance	\$ -0-
<i>* Accounted for in the General Fund only</i>	

The Fiscal Year 2016-2017 proposed budget again represents improvements in the format from the prior budget submissions to the Town Council. Staff has continued what has been a multi-year process to improve the transparency and understandability of the budget document. This year is now the fifth year of these improvements and many of the changes to the budget format are now more subtle although improvements nonetheless. These improvements to the budget format are intended to increase the transparency of the budget process and provide a clear picture of the Town's spending plan for the next fiscal year. The proposed budget document is now in conformity with the award program requirements for the Government Finance Officers Association's (GFOA) Distinguished Budget Presentation Award.

This year, the Town received the Award for Distinguished Budget Presentation from the GFOA for the third time. Also, the Town received the California Society of Municipal

Finance Officer's (CSMFO) Operating Budget Excellence Award for the second time. The Town is the first High Desert community to receive these awards. Nationally, less than 1.5% of eligible public agencies receive the GFOA award. We believe that the Fiscal Year 2016-2017 proposed budget continues to exceed the award program requirements and we will again be submitting the budget to the GFOA and CSMFO for consideration for these awards.

Collectively, the changes made to the budget document this year and the changes made during the past four years have added over 100 pages of new data and information.

ALTERNATIVES CONSIDERED:

No alternatives were considered.

FISCAL REVIEW:

Adoption of the attached resolution will adopt the revenue estimates and appropriate sufficient funding in the amount of \$80,668,717 to fund anticipated expenditures in all budgetary funds for Fiscal Year 2016-2017.

LEGAL REVIEW:

The attached resolution has been reviewed and approved as to form.

CONCLUSION:

Adoption of the attached Resolution No. 2016-14 will approve the Operating and Capital Improvement budget for all budgetary funds for Fiscal Year 2016-2017.

ATTACHMENT:

Resolution No. 2016-14

RESOLUTION NO. 2016-14

**RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF
APPLE VALLEY, CALIFORNIA, APPROVING A BUDGET
APPROPRIATION AND ADOPTING THE BUDGET, INCLUDING
THE OPERATING AND CAPITAL IMPROVEMENT BUDGET
FOR FISCAL YEAR 2016-2017**

WHEREAS, the Town has been notified of funding for Capital Projects by the State and by San Bernardino Association of Governments, the following represents current funding levels and adjustments as necessary, and

WHEREAS, the Town Manager and Assistant Town Manager of Finance and Administration have heretofore submitted to the Town Council a proposed budget for the Town for Fiscal Year 2016-2017, as the same may have been revised by the Town Council, a copy of which is attached, and copies of which are in the possession of and in the office of the Town Clerk and the Assistant Town Manager of Finance and Administration; and

WHEREAS, the said proposed budget contains estimates of the services, activities and projects comprising the budget and contains expenditure requirements and the resources available to the Town; and

WHEREAS, the appropriations limit for the Town for Fiscal Year 2016-2017 is \$35,563,611 (Thirty Five Million Five Hundred Sixty Three Thousand Six Hundred Eleven Dollars), and the total annual tax revenues subject to such limitation for Fiscal Year 2016-2017 are estimated to be \$17,814,400; and

WHEREAS, the Town Council has made such revisions to the proposed budget as appears to be desirable; and

WHEREAS, the proposed budget, as herein approved, will enable the Town Council to make adequate financial plans and will ensure that Town officers can administer their respective functions in accordance with such plans,

**NOW THEREFORE, BE IT RESOLVED BY THE TOWN COUNCIL OF THE TOWN OF
APPLE VALLEY AS FOLLOWS:**

SECTION 1: That the appropriation-expenditure budgeting system is hereby adopted. The system consists of:

- A. Present Personnel Policies and Procedures, including salary schedules and benefits, except as hereinafter changed by resolution or ordinance of the Town Council.
- B. An appropriation-expenditure system which will show budgetary categories by department.
- C. The system mentioned above will apply to Operating and Capital Improvement Budget expenditures as intended for use in Fiscal Year 2016-2017.
- D. The Town Manager is authorized to transfer Operating Budget Appropriation Balances between functions and/or programs when he deems it necessary to do so.

- E. Budget system assumes existing service levels; Council approval will be required for any significant changes involving increased or decreased service levels.
- F. The Assistant Town Manager of Finance and Administration shall be responsible for constant monitoring of the budget and shall establish and implement appropriate control mechanisms necessary for said purpose, after approval of the Town Manager.
- G. A monthly report shall be prepared by each department and/or project indicating any changes in service levels and the progress each entity has achieved or failed to achieve and the reasons for said status, if they have not obtained results. Each manager shall be accountable for achieving results of his/her organization unit based upon the objectives set for each unit by the Town Manager and Town Council and shall be evaluated as to their performance in an annual performance appraisal conducted by the Town Manager.
- H. A deflator procedure, to be administered by the Town Manager, is hereby established for reducing appropriations in the event that projected revenues are reduced due to a reduction in the State subventions or other revenues that may fluctuate downward due to changes in economic conditions. For Fiscal Year 2016-2017, the amount of Total Operating and Capital Budget Appropriation shall be reduced, as determined by the Town Manager based on his assessment of total Town needs.
- I. A monthly status report will be provided to the Town Council reflecting budget, year-to-date expenditures, and percentage used by each department and fund of the Town.

SECTION 2: The proposed budget for the Town of Apple Valley for the Fiscal Year 2016-2017 is hereby approved and adopted, and the amounts of proposed expenditures as specified are appropriated for the budget programs and units as herein specified.

- A. The 2016-2017 Operating and Capital Improvement Budget programs are hereby adopted, establishing the following expenditure levels:

<u>DEPARTMENT</u>	<u>2016-2017 PROPOSED BUDGET</u>
1. Town Council	\$ 245,396
2. Town Attorney	610,000
3. Town Manager	602,194
4. Finance	1,223,766
5. Town Clerk	499,843
6. Public Information	536,097
7. Human Resources	503,758
8. Information Systems	373,000
9. General Government	4,711,627
10. Public Facilities	2,007,658
11. Public Safety/Police	12,919,007
12. Emergency Preparedness	140,911
13. Animal Control Services	1,980,176
14. Public Services	261,555
15. Code Enforcement	1,045,454
16. Building & Safety	592,175
17. Engineering Service	360,600
18. Planning Services	867,932
19. Economic Development	126,540
20. Street Maintenance Fund (Gas Tax)	2,511,911
21. Pedestrian and Bicycle Fund	191,284

22. Local Transportation Fund	435,000
23. Measure I	6,654,568
24. Air Pollution Control	47,320
25. CDBG	1,079,564
26. Apple Valley Home	902,698
27. Victorville Home	1,463,753
28. Cal Home	40,000
29. NSP3	100,000
30. Parks & Recreation	3,625,245
31. Police Grants	62,538
32. Asset Seizure	12,000
33. Assessment District LL	470,000
34. Capital Improvement TIF Fund	6,480,333
35. Project Manager Grants	923,000
36. Wastewater Enterprise Fund	6,855,365
37. Waste Management Enterprise Fund	12,604,383
38. Apple Valley Golf Course	1,070,019
39. Debt Service Funds	1,293,506
40. Successor Agency - RDA	<u>4,238,541</u>

TOTAL OPERATING & CAPITAL EXPENDITURES \$ 80,668,717

B. Operating and Capital Budget Revenues are hereby adopted establishing a revenue base by which Town Expenditures will be measured:

1. General Fund	\$29,133,543
2. Street Maintenance Funds (Gas Tax)	3,122,999
3. Article 3 Pedestrian and Bicycle Fund	355,700
4. Article 8 Transportation Fund	650,000
5. Measure I	3,425,219
6. Air Pollution Control	47,320
7. CDBG	1,087,704
8. Apple Valley Home	911,623
9. Victorville Home	1,463,753
10. Cal Home	40,000
11. NSP3	100,000
12. Parks & Recreation	3,632,121
13. Quimby	115,000
14. Police Grants	29,177
15. Asset Seizure	8,000
16. Drug & Gang Prevention	7,500
17. Assessment District LL	322,000
18. Capital Improvement Projects Funds	8,071,633
19. Wastewater Enterprise Fund	6,940,000
20. Waste Management Enterprise Fund	11,519,700
21. Apple Valley Golf Course	1,070,119
22. Debt Service Fund	1,293,506
23. Successor Agency - RDA	<u>4,238,541</u>

TOTAL OPERATING AND CAPITAL REVENUES \$77,585,158

SECTION 3: Pursuant to Section 53901 of the California Government Code, within sixty (60) days after the adoption hereof, the Town Clerk shall file a copy of this resolution with the Auditor of the County of San Bernardino.

SECTION 4: Within fifteen (15) days after the adoption of this resolution, the Town Clerk shall certify to the adoption hereof and, as so certified, cause a copy to be posted in at least three public places within the boundaries of the Town.

APPROVED and **ADOPTED** by the Town Council of the Town of Apple Valley this 14th day of June, 2016.

Barb Stanton, Mayor

ATTEST:

La Vonda M. Pearson, Town Clerk