



**SPECIAL MEETING AGENDA
OF THE
ARVIN CITY COUNCIL / SUCCESSOR AGENCY TO THE
ARVIN COMMUNITY REDEVELOPMENT AGENCY / ARVIN HOUSING
AUTHORITY / ARVIN PUBLIC FINANCING AUTHORITY**

**WEDNESDAY NOVEMBER 01, 2017 6:00p.m.
CITY HALL COUNCIL CHAMBERS
200 CAMPUS DRIVE, ARVIN**

CALL TO ORDER

Mayor Jose Gurrola

PLEDGE OF ALLEGIANCE

INVOCATION

ROLL CALL

Jose Gurrola	Mayor
Jazmin Robles	Mayor Pro Tem
Erika Madrigal	Councilmember
Jess Ortiz	Councilmember
Gabriela Martinez	Councilmember

STAFF

Alfonso Noyola	City Manager
Shannon L. Chaffin	City Attorney – Aleshire & Wynder
Jeff Jones	Finance Director
Marti Brown	Community Development Director
Richard G. Breckinridge	Chief of Police
Adam Ojeda	City Engineer – DeWalt Corporation
Cecilia Vela	City Clerk

PUBLIC COMMENTS:

The meetings of the City Council and all municipal entities, commissions, and boards (“the City”) are open to the public. At regularly scheduled meetings, members of the public may address the City on any item listed on the agenda, or on any non-listed matter over which the City has jurisdiction. At special or emergency meetings, members of the public may only address the City on items listed on the agenda. The City may request speakers to designate a spokesperson to provide public input on behalf of a group, based on the number of people requesting to speak and the business of the City.

In accordance with the Brown Act, all matters to be acted on by the City must be posted at least 72 hours prior to the City meeting. In cases of an emergency, or when a subject matter needs immediate action or comes to the attention of the City subsequent to the agenda being posted, upon making certain findings, the City may act on an item that was not on the posted agenda.

AGENDA STAFF REPORTS AND HANDOUTS:

Staff reports and other disclosable public records related to open session agenda items are available at City Hall, 200 Campus Drive, Arvin, CA 93203 during regular business hours.

CONDUCT IN THE CITY COUNCIL CHAMBERS:

Rules of Decorum for the Public

Members of the audience shall not engage in disorderly or boisterous conduct, including the utterance of loud, threatening or abusive language, clapping, whistling, stamping of feet or other acts which disturb, disrupt, impede or otherwise render the orderly conduct of the City meeting infeasible. A member of the audience engaging in any such conduct shall, at the discretion of the presiding officer or a majority of the City, be subject to ejection from the meeting per Gov. Code Sect. 54954.3(c).

Removal from the Council Chambers

Any person who commits the following acts in respect to a meeting of the City shall be removed from the Council Chambers per Gov. Code Sect. 54954.3(c).

- (a) Disorderly, contemptuous or insolent behavior toward the City or any member thereof, tending to interrupt the due and orderly course of said meeting;
- (b) A breach of the peace, boisterous conduct or violent disturbance, tending to interrupt the due and orderly course of said meeting;
- (c) Disobedience of any lawful order of the Mayor, which shall include an order to be seated or to refrain from addressing the City; and
- (d) Any other unlawful interference with the due and orderly course of said meeting.

AMERICANS with DISABILITIES ACT:

In compliance with the ADA, if you need special assistance to participate in a City meeting or other services offered by the City, please contact the City Clerk’s office, (661) 854-3134. Notification of at least 48 hours prior to the meeting or time when services are needed will assist the City staff in assuring that reasonable arrangements can be made to provide accessibility to the meeting or service.

1. Approval of Agenda as To Form.

Motion _____ Second _____ Vote _____

Roll Call: CM Ortiz _____ CM Madrigal _____ CM Martinez _____ MPT Robles _____ Mayor Gurrola _____

2. PUBLIC COMMENTS

(This is the opportunity for the public to address the City Council on any matter on the agenda or any item of interest to the public that is within the subject matter jurisdiction of the City Council.)

3. BUDGET WORKSHOP

4. ADJOURNMENT

I hereby certify under penalty of perjury under the laws of the State of California that the foregoing agenda was posted on the Arvin City Council Chambers Bulletin Board not less than 24 hours prior to the meeting. Dated October 31, 2017.



Cecilia Vela, City Clerk



Proposed Annual Operating Budget (Revised) Fiscal Year 2017-2018





Proposed Annual Operating Budget (Revised) Fiscal Year 2017-2018

Financial Circumstances Clarified

- **General Fund Operating Losses (Expenditures greater Revenues/Resources)**
 - **Losses: FYE 2015/16 Audited – (\$900,000)**
 - **FYE 2016/17 Estimated – (about \$1,000,000)**
 - **FYE 2017/18 Projected – (\$800,000 - \$1,200,000)**



Proposed Annual Operating Budget (Revised) Fiscal Year 2017-2018

General Ending Fund Spendable Balance:

- **Fiscal Year 2015/16 audit: – (deficit \$370,000 – unassigned portion)**
- **Fiscal Year 2016/17 (Unaudited): (deficit \$700,000 ESTIMATED!)**
- **Other funds cannot assist – no margin for error**
- **Corrective action cannot wait**



Proposed Annual Operating Budget (Revised) Fiscal Year 2017-2018

The Gap Between Projected Revenues/Expenditures

- FY 17 – 18 original budget shows revenues of \$7.7 million.
 - Revenues overstated by approximately \$1.9 million.
 - Likely reason for overstatement created by double counting TDA Revenues (\$1.2 M) , overstating developer fees revenue by approximately \$150k, and double counting Measure L revenues by \$550k.



Proposed Annual Operating Budget (Revised) Fiscal Year 2017-2018

General Fund Ending Fund Balance Deficit

- Estimated deficit \$700K for FY 16/17.
- This deficit could increase should budget strategies miss targets or if receivable loans (SA/RDA) are uncollectable.
- Current Council policy is to maintain a 25% ending fund balance. It would take a number of years of budgeting \$100,000 per year to erase the current deficit and create a positive General Fund Ending Fund balance.



Proposed Annual Operating Budget (Revised) Fiscal Year 2017-2018

Uncollectable RDA / Successor Agency Loans \$1.2 M

- General Fund Ending Fund balance reflects an a likely uncollectable loans to the Successor Agency of \$1.2 million.
 - Includes prior loans/transactions going back as far as 2011.
- Booking an uncollectable loan artificially inflates your assets on hand and provides a false sense of financial stability.
- If the City writes-off the loan it increases the General Fund deficit by an additional \$1.2 M



Proposed Annual Operating Budget (Revised) Fiscal Year 2017-2018

General Fund – Sanitation Fund Interactions

- **SANITATION FUND LOANED \$1M TO GENERAL FUND FY 16/17**
- **GENERAL FUND PREVIOUSLY PAID SANITATION FUND BILLS**
- **BUDGET ASSUMED \$641,000 REPAYMENT TO GENERAL FUND**
 - **Has not been posted and staff cannot find actual budget line item**
- **IF COUNCIL DECIDES TO REPAY FULL \$1M IN EXCHANGE FOR LOAN THEN STAFF WOULD MAKE APPROPRIATE ACCOUNTING ENTRIES REFLECTING SUCH PAYMENT.**



Proposed Annual Operating Budget (Revised) Fiscal Year 2017-2018

Address Recurring Budget Expenditures Going Forward – \$1.2 M Deficit

- One time transfer of \$1.0 M from Enterprise Fund does not resolve recurring deficit.
- Must start **NOW** to address FY 18/19 fiscal deficit which could be as high as \$1.2 M.



Proposed Annual Operating Budget (Revised) Fiscal Year 2017-2018

General Fund - Revised Revenues for FY 17/18	
TAXES:	
Property Taxes	\$ 386,166
Utility Tax	\$ -
Sales Tax - General	\$ 729,706
Sales Tax - Measure L	\$ 1,267,802
Motor Vehicle In-Lieu	\$ 1,602,604
Total Taxes	\$ 3,986,278
CHARGES FOR SERVICES:	
Business Licenses	\$ 41,561
Building Develop/Permits	\$ 459,179
Franchise Fees	\$ 385,625
Animal Control	\$ 7,250
Facility Rentals	\$ 44,202
Cell Tower	\$ 7,344
Police Direct Revenue	\$ 195,500
Total Charges for Services	\$ 1,140,661



Proposed Annual Operating Budget (Revised) Fiscal Year 2017-2018

OTHER REVENUE:			
	Grant Revenue	\$	326,810
	Administrative Charges	\$	235,862
	Donation-Economic Dev	\$	100,000
	Reimb from Kern County	\$	44,250
	Sale of Fixed Assets	\$	29,548
	Other/Miscellaneous	\$	4,194
	Total Other Revenue	\$	740,664
TOTAL PROPOSED REVISED REVENUE		\$	5,867,603



Proposed Annual Operating Budget (Revised) Fiscal Year 2017-2018

City of Arvin		
Proposed FY 17/18 budget adjustments - General Fund		
\$ in thousands		
Mayor and Council		
Reduce Community Contributions		-7
Reduce Travel and Conferences by 50%		-4
Delete League of CA Cities membership		-7
Mayor and Council		-18
Administrative		
Reduce Overtime		-5
Reduce Office Supplies		-10
Reduce Training		-10
Reduce Travel and Conferences by 50%		-10
Reduce Special Legal		-70
Reduce Dues and Subscriptions		-10
Administrative		-115



Proposed Annual Operating Budget (Revised) Fiscal Year 2017-2018

GENERAL FUND	Revenues	Expenditures	Revenues	Expenditures
	2017-2018	2017-2018	2017-2018	2017-2018
Administration	4,473,443	1,695,760	3,527,927	1,630,760
Adobe Complex	34,257	36,962	34,257	36,962
Animal Control	7,250	190,709	7,250	190,709
Building and Grounds	-	60,754	-	60,754
Community Development	659,916	707,166	687,199	666,166
Community Center	700	53,271	700	53,271
Mayor and Council	-	55,760	-	37,760
Parks	148,894	180,903	88,702	115,364
Police	836,627	3,108,189	253,017	2,984,189
Maint & Infrastructure	749	38,266	749	38,266
Measure L - 1% Tax	1,267,802	1,175,055	1,267,802	531,253
Capital Projects (SB-1 match)	293,907	293,907	-	40,000
TOTAL GENERAL FUND	7,723,545	7,596,702	5,867,603	6,385,454
One Time Sanitation Reimb	-	-	1,000,000	-
REVISED REV AND EXP	7,723,545	7,596,702	6,867,603	6,385,454

Note - Revised Budget Expenditures includes \$628k in proposed cuts to adopted budget

Revised excess budgeted revenue over expenses of \$400k will go towards paying down current deficit fund balance in the General Fund.

\$82k for match to Franklin St.



Proposed Annual Operating Budget (Revised) Fiscal Year 2017-2018

Citywide Recommended Appropriations

General Fund	\$ 6,385,454
Special Revenue Funds (several funds)	2,474,896
Enterprise Funds (Transit Department and Sewer Department)	4,076,419
Capital Projects Fund (several funds – Sycamore Drainage is largest)	<u>5,442,563</u>
Total – Citywide Appropriations	<u>\$18,379,332</u>

Presented to: The Arvin City Council
October 24, 2017



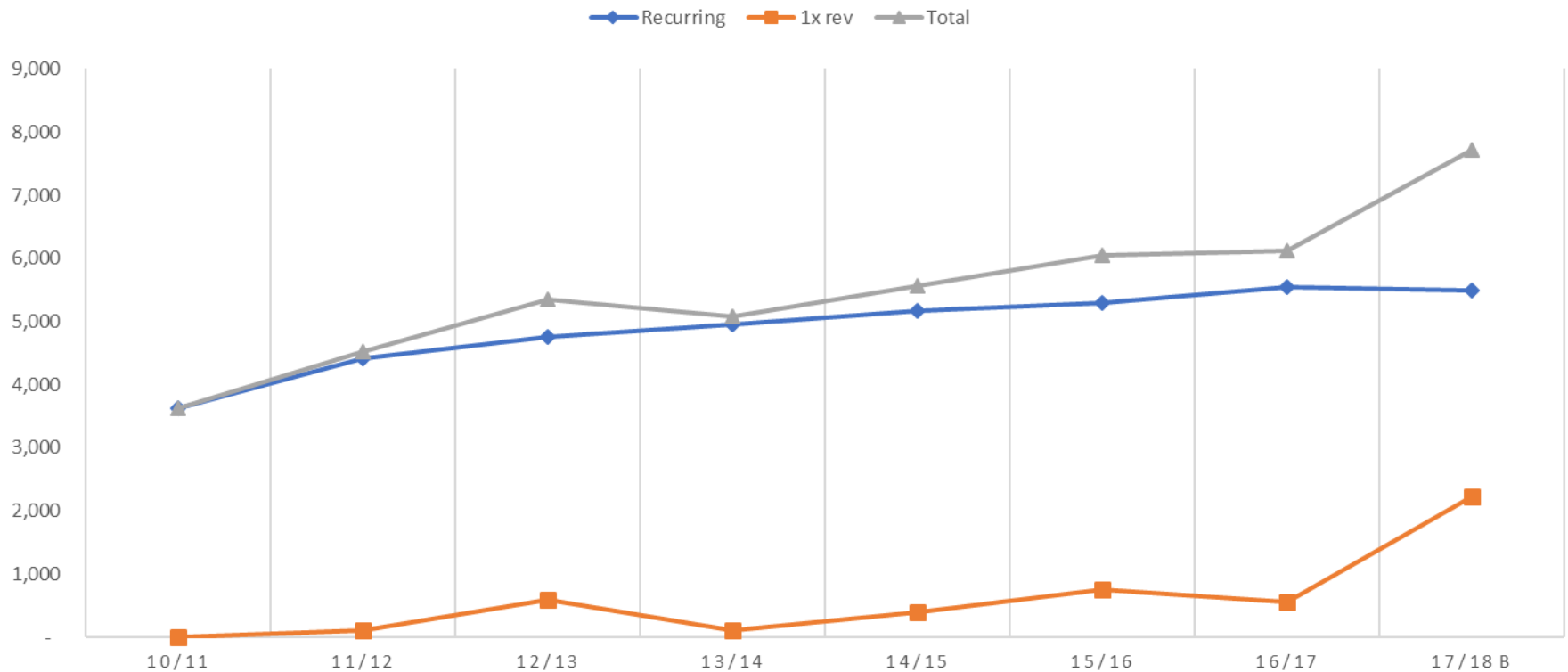
Proposed Annual Operating Budget (Revised) Fiscal Year 2017-2018

Budget Trends



Proposed Annual Operating Budget (Revised) Fiscal Year 2017-2018

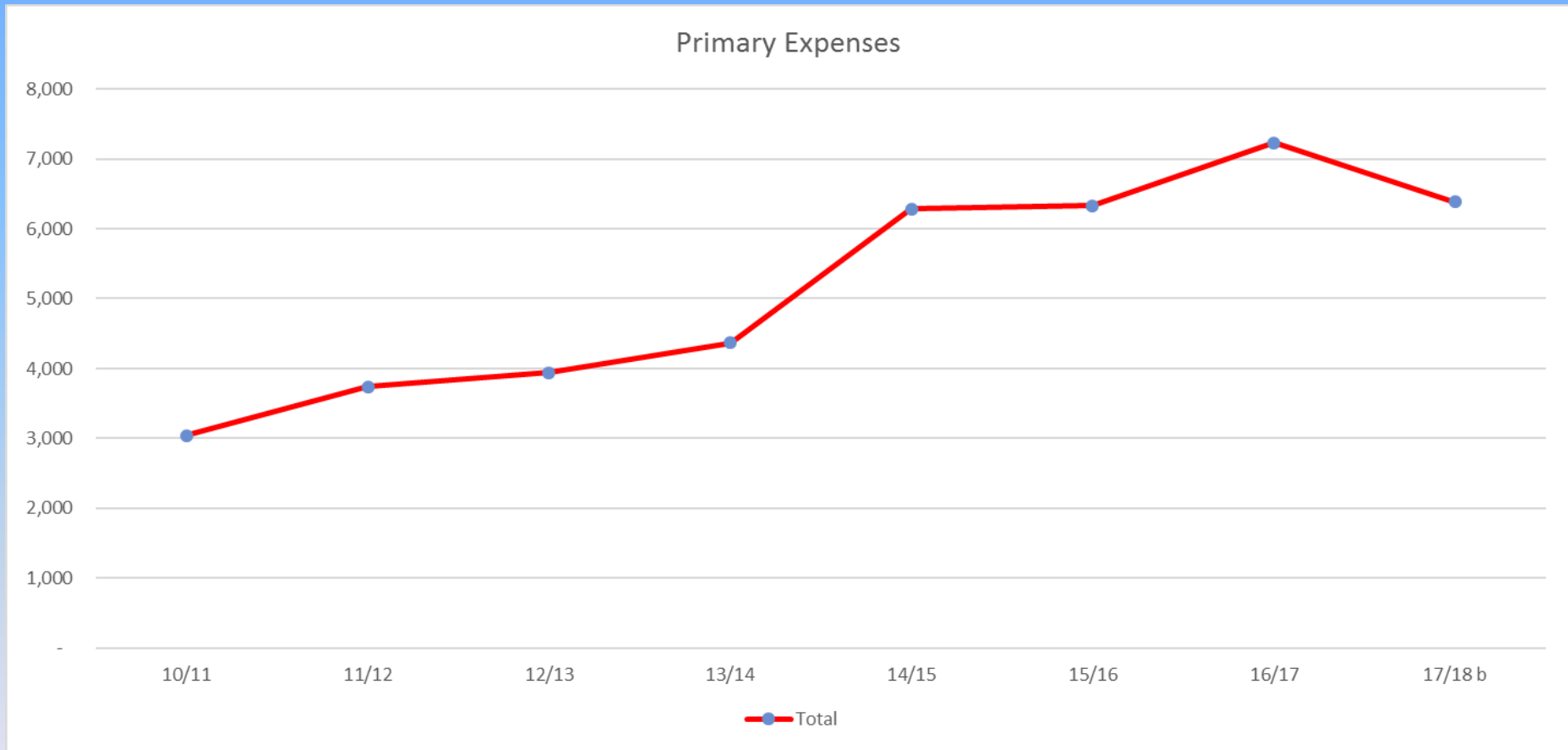
CITY OF ARVIN GF REVENUE



- These Projected Revenues were provided in late Spring 2017
- Staff alerted council during budget workshop of budgetary concerns
- Staff recommended adoption of budget as provisional pending complete review of proposed budget



Proposed Annual Operating Budget (Revised) Fiscal Year 2017-2018



- Graph represents the expenditure trends and recommended budget decreases of \$796,000 FY 17/18.
- Expenditure spike between FY 14/FY15 related to capital and Measure L expenditures.
- Expenditure spike FY 16/17 related to increase budgeted expenditures matching projected increased revenues.



Proposed Annual Operating Budget (Revised) Fiscal Year 2017-2018

Budget Forecast FY 18/19



Proposed Annual Operating Budget (Revised) Fiscal Year 2017-2018

Looking to the future - expense item analysis		
GENERAL FUND	Proposed	Proposed
using adjusted 2017-18 numbers:	Revenues 18/19	Expenditures 18/19
Administration	3,527,927	1,630,760
Adobe Complex	34,257	36,962
Animal Control	7,250	190,709
Building and Grounds	-	60,754
Community Development	459,199	438,166
Community Center	700	53,271
Mayor and Council	-	37,760
Parks	88,702	43,364
Police	253,017	2,494,189
Maint & Infrastructure	749	38,266
Measure L - 1% Tax	1,267,802	1,243,253
Capital Projects (SB-1 match)	-	40,000
General Fund Balance Stabilization	-	200,000
Additional Overtime	-	100,000
Additional Park Expense	-	100,000
Additional Health Ins. Cost	-	30,000
Additional PERS Cost	-	20,000
TOTAL GENERAL FUND	5,639,603	6,757,454
"deficit"		(1,117,851)



Proposed Annual Operating Budget (Revised) Fiscal Year 2017-2018

Salaries and benefits = \$3,626k or 54% of expenses

Within salary and benefits:

Health Insurance	564,180	15.6%
Longevity (22 employees)	69,561	1.9%
Merit (24 employees)	29,198	0.8%
Other incentive pay	46,499	1.3%
Total benefits as % of salary	709,438	19.6%
Overtime	209,353	5.8%
PERS	306,261	8.4%



Proposed Annual Operating Budget (Revised) Fiscal Year 2017-2018

Item	department	cost	%
Kern County Fire Contract	measure L	583,610	8.6%
Professional Services - JAS	comm dev	228,666	3.4%
Legal Services	admin / CD	214,603	3.2%
Worker's Compensation Insurance	all depts	145,465	2.2%
Park department	parks/ ms L	215,364	3.2%
Additional Overtime	all depts	100,000	1.5%
Additional Park Expense	parks	100,000	1.5%
Kern County Animal Control	animal	85,000	1.3%
Information Tech Services	admin	75,000	1.1%
Office Supplies	all depts	66,548	1.0%
Loan Payment interest - Jewitt	admin	65,441	1.0%
Professional/Outside services	admin	60,472	0.9%
Total Expenses Items over \$60k		1,940,169	28.7%



Proposed Annual Operating Budget (Revised) Fiscal Year 2017-2018

Recommendations

- Approval of budget adjustments for FY 17/18.
 - Approve Budget Adjustments of \$796,000. (Includes revenue adjustments and expenditure reductions).
 - Approve the Sewer Fund repayment of costs associated with previous legal actions of \$1M and direct Staff to repost FY 2017-18 inter-fund load as debt owed from Sewer Fund.
- Approval to develop budget reduction strategies including concession talks with Unions addressing the anticipated estimated \$1.2M General Fund recurring deficit for FY 18/19.



Proposed Amended Operating Budget Fiscal Year 2017-2018

