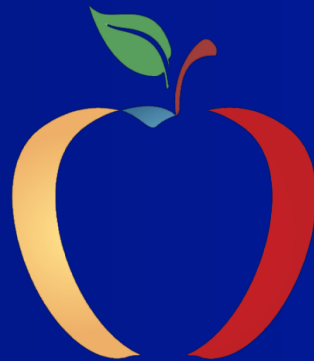


# Town of Apple Valley

## **FISCAL YEAR 2018-2019 PROPOSED BUDGET**

Budget Session  
June 26, 2018

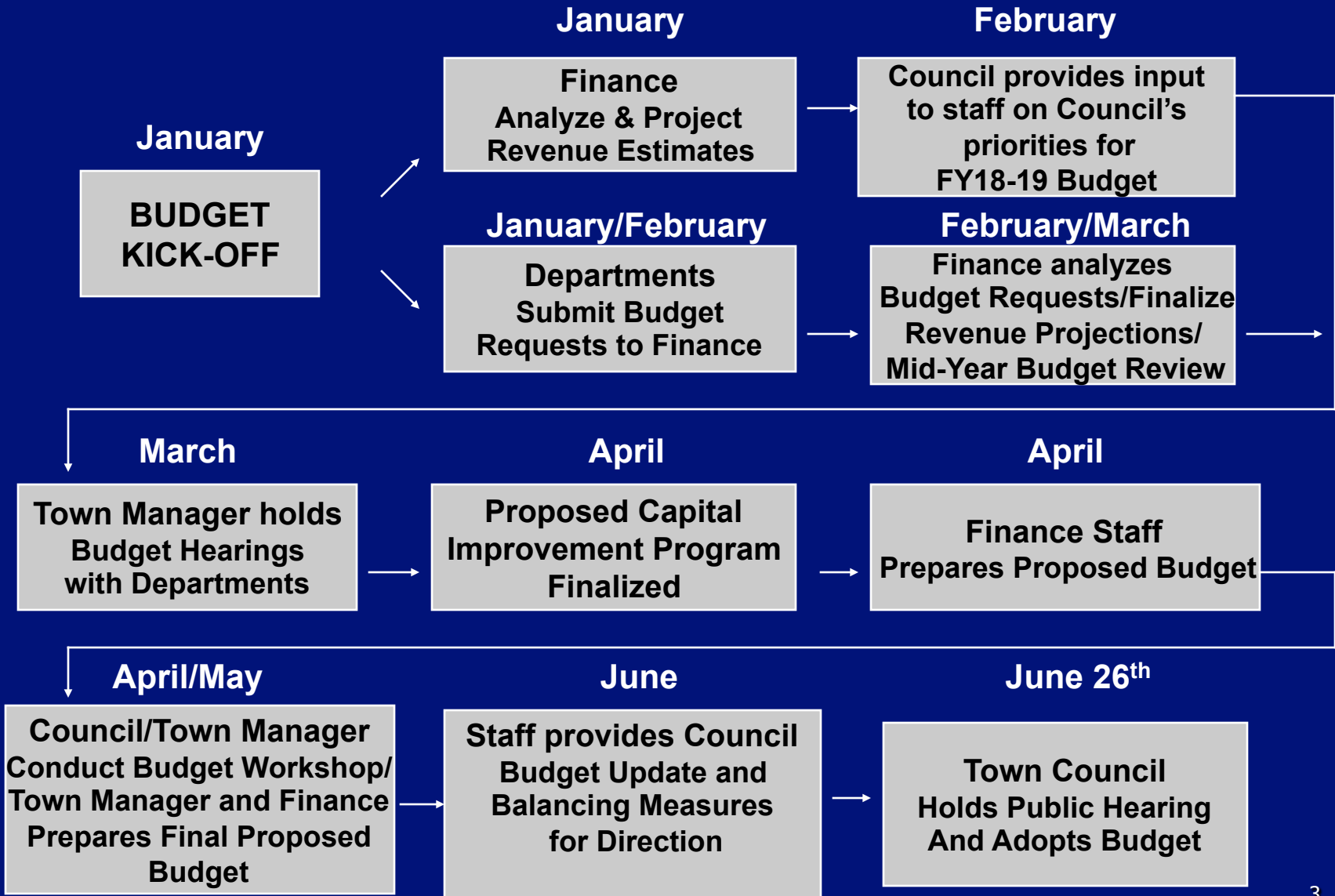




# ***BUDGET SESSION***

- Agenda:
  - Overview of Proposed FY18-19 Budget including Department/Program Highlights
  - Questions/comments from Town Council

# FY 18-19 BUDGET PROCESS





# Challenges Faced in Developing FY18-19 Proposed Budget

- Baseline service levels have increased dramatically over the last 10 years.
- Revenues are growing but still not keeping pace with expenditure increases.
  - No new revenues to fund growth in services
  - Coupled with annual inflationary increases in all other expenditures





# Challenges Faced in Developing FY18-19 Proposed Budget

- State and Federal Government Impacts.
- Implementation of austerity measures.
- No programs or services added without a source of funding to pay for the expansion in service delivery.



# FY18-19 Proposed Operating and Capital Improvement Budget

- Represents Management's Recommended Budget to;
  - Address Town Council's priorities within
  - Existing Financial Constraints to
  - Fulfill the Service Requirements of the Community.

# ***BUDGET SUMMARY***

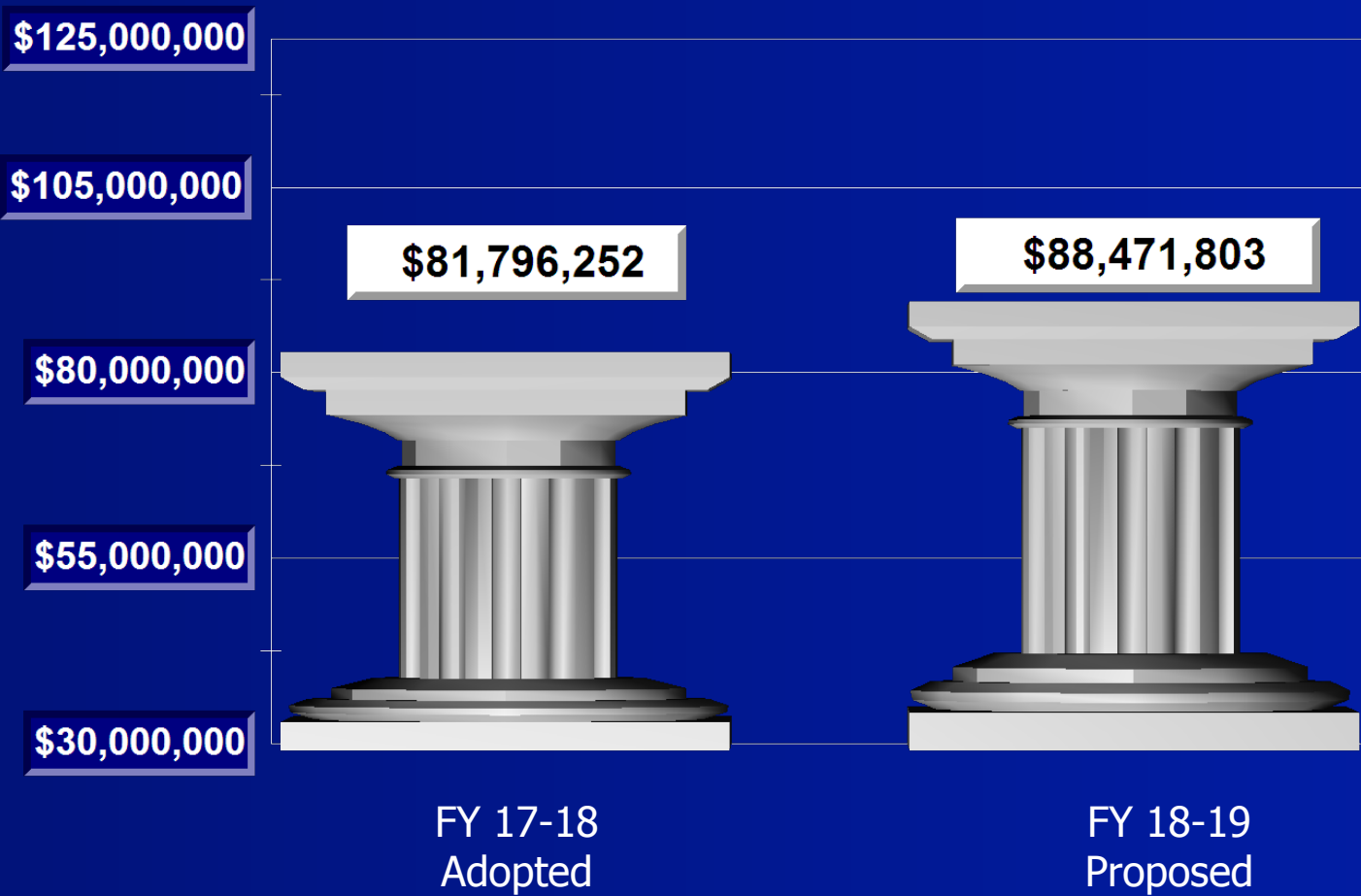
## ***All Funds***

FY 18-19 Estimated Revenues	\$ 87,345,382
Appropriations from Fund Balance	<u>1,126,421</u>
FY 18-19 Total Resources	<u><u>\$ 88,471,803</u></u>
FY 18-19 Appropriations	<u>\$ 88,471,803</u>
FY 18-19 Total Appropriations	<u><u>\$ 88,471,803</u></u>



# TOTAL APPROPRIATIONS

## All Funds – Current v. Proposed





# ***TOTAL OPERATING BUDGET***

## ***All Funds***

Proposed FY 18-19	\$ 68,416,321
Adopted FY 17-18	<u>67,384,197</u>
Amount of Increase	<u>\$ 1,032,124</u>
Percent Increase	<u>1.53 %</u>



# ***TOTAL CAPITAL IMPROVEMENT BUDGET - All Funds***

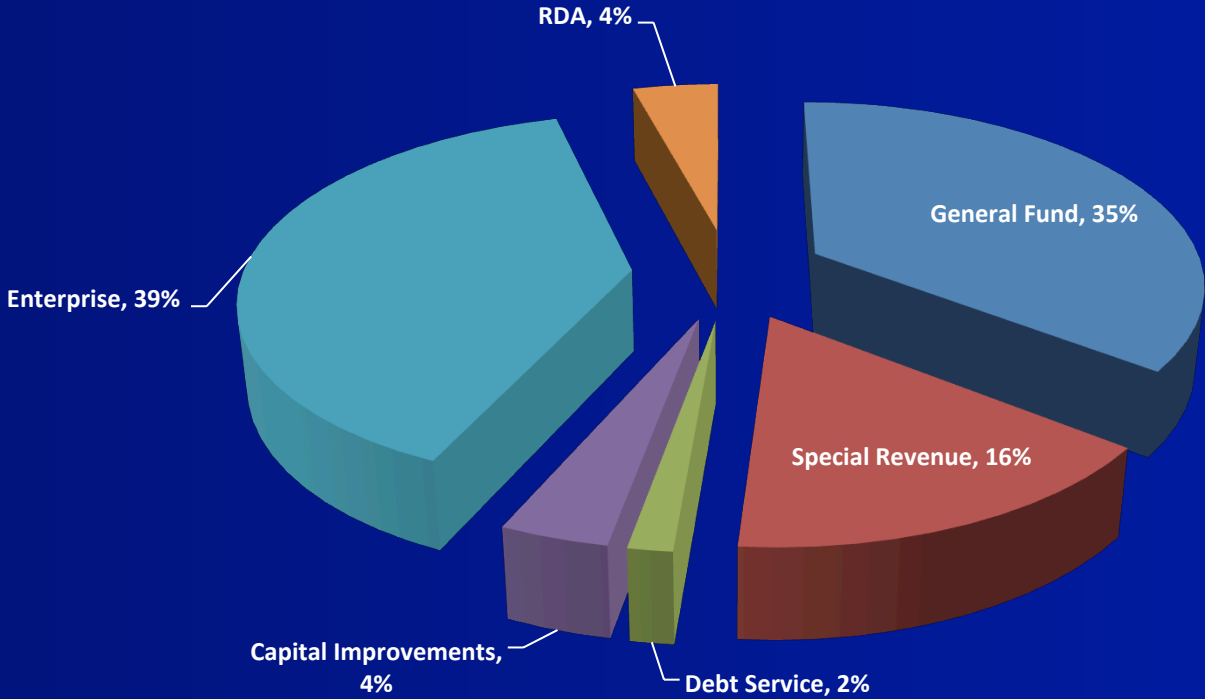
Proposed FY 18-19 \$ 12,104,682

Adopted FY 17-18 6,035,333

Amount of Increase \$ 6,069,349

Percent Increase 100.56 %

# TOTAL APPROPRIATIONS By Fund Type

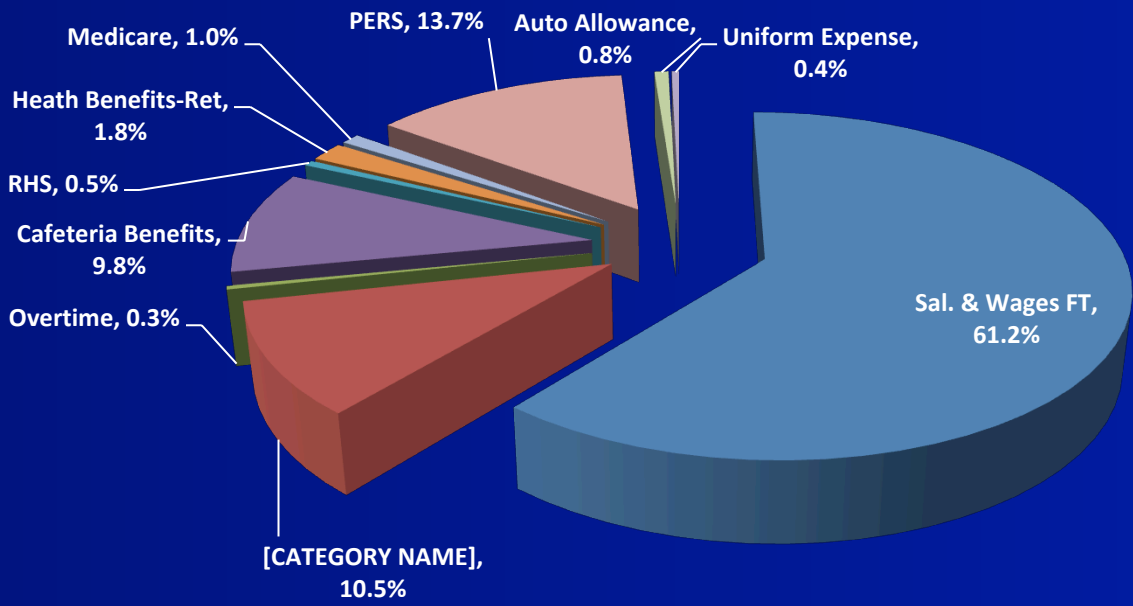


Total \$88,471,803



# **DISTRIBUTION OF SALARIES & BENEFITS**

## **- All Funds**



**Total \$ 9,275,732**

**County Sheriff - \$13,776,796**



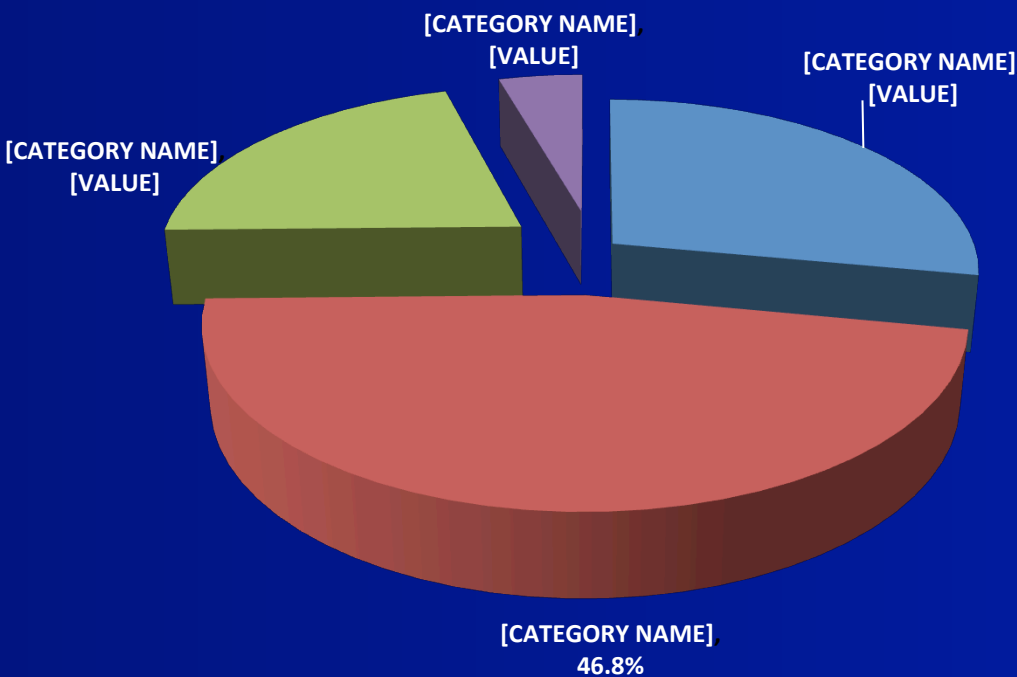


# ***GENERAL FUND SUMMARY***

<b>FY 18-19 Est. Revenues</b>	<b>\$ 28,271,491</b>
<b>Administrative Overhead</b>	<b><u>3,255,400</u></b>
<b>FY 18-19 Total Resources</b>	<b><u><u>\$ 31,526,891</u></u></b>
<b>FY 18-19 Proposed Budget</b>	<b><u><u>\$ 31,526,891</u></u></b>
<b>Balance</b>	<b><u><u>\$ -0-</u></u></b>



# *SUMMARY OF APPROPRIATIONS By Major Service Program – General Fund*



**Total \$31,526,891**

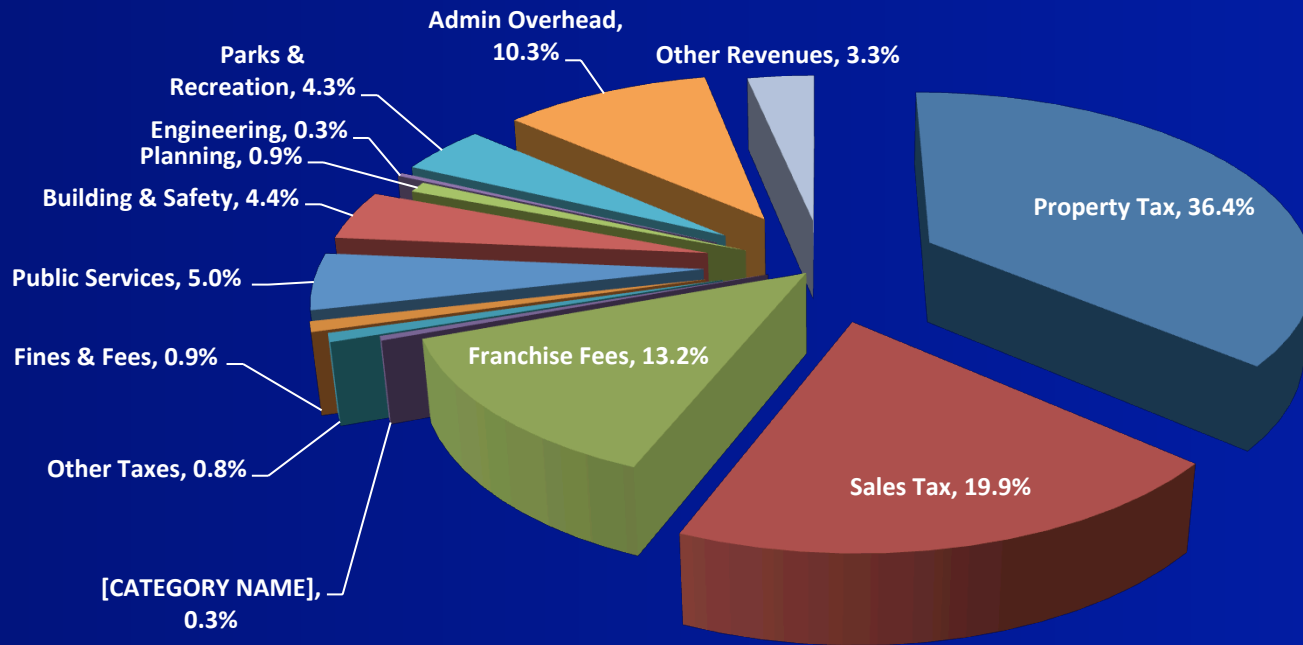


# ***GENERAL FUND APPROPRIATIONS***

<b>FY 18-19 Proposed</b>	<b>\$ 31,526,891*</b>
<b>FY 17-18 Adopted</b>	<b>28,735,371</b>
	<hr/>
<b>Amount of Increase</b>	<b>\$ 2,791,520</b>
	<hr/> <hr/>
<b>Percent Increase</b>	<b>9.70%</b>
	<hr/> <hr/>

**\*Includes \$3,010,481 for Parks & Recreation and \$958,335 in Debt Service payment**

# GENERAL FUND RESOURCES



Total \$31,526,891



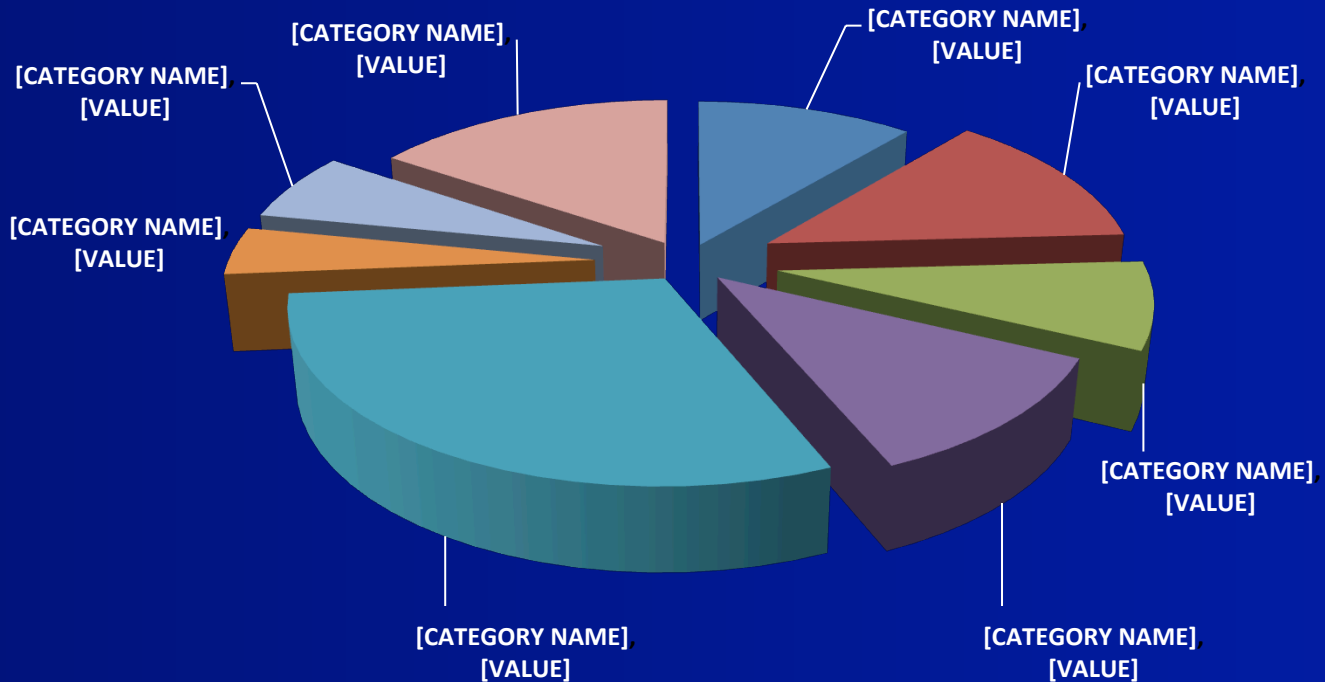
# ***SALES & USE TAX***

## ***General Fund***

<b>FY 18-19 Estimated Revenue</b>	<b>\$ 6,284,500</b>
<b>FY 17-18 Estimated Revenue</b>	<b>6,151,000</b>
<b>Amount of Increase</b>	<b>\$ 133,500</b>
<b>Percent Increase</b>	<b>2.20%</b>

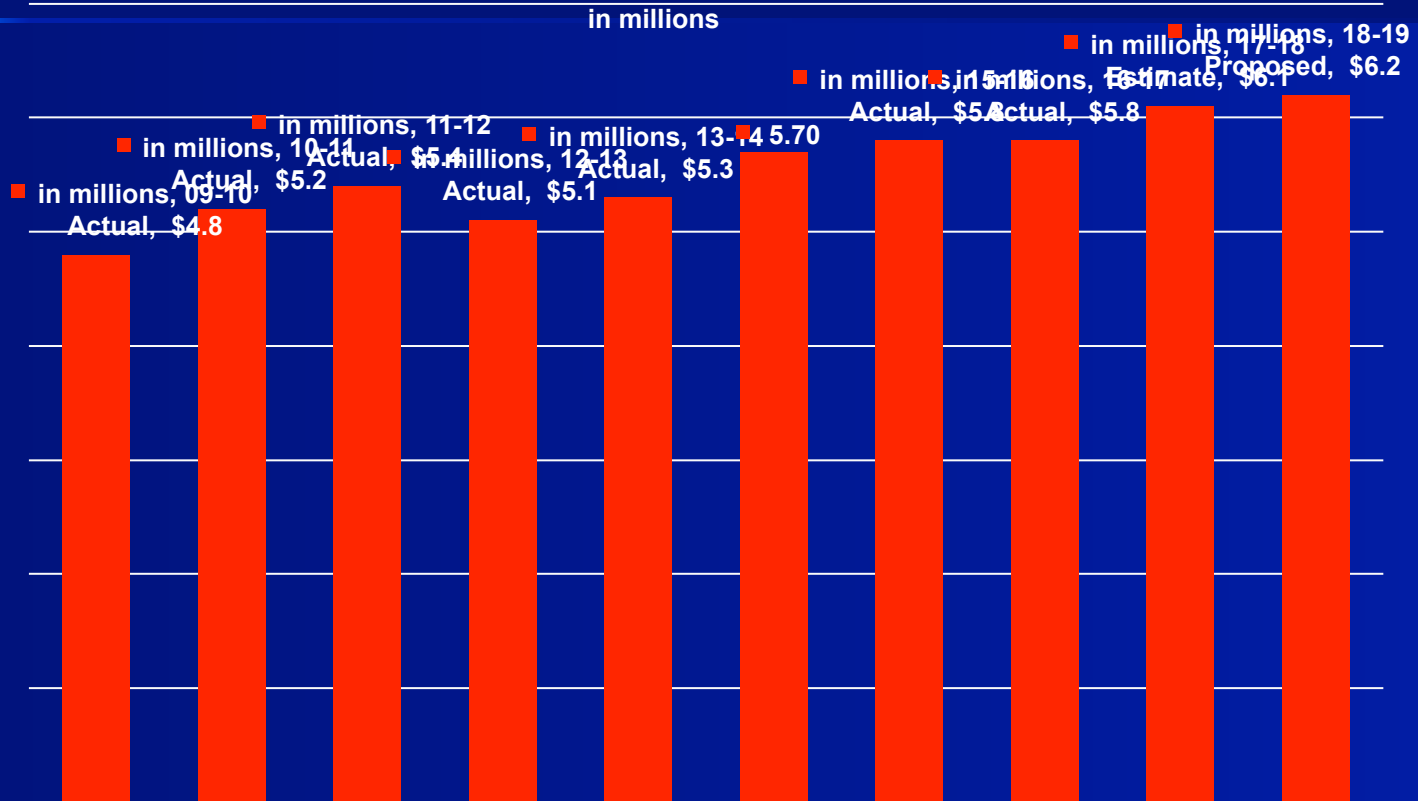
# ***SALES TAX COLLECTIONS***

## ***By Business Categories – CY 2017***



# SALES & USE TAX HISTORY

## General Fund



Includes Sales Tax Backfill through 2015-16



# ***PROPERTY TAX***

## ***General Fund***

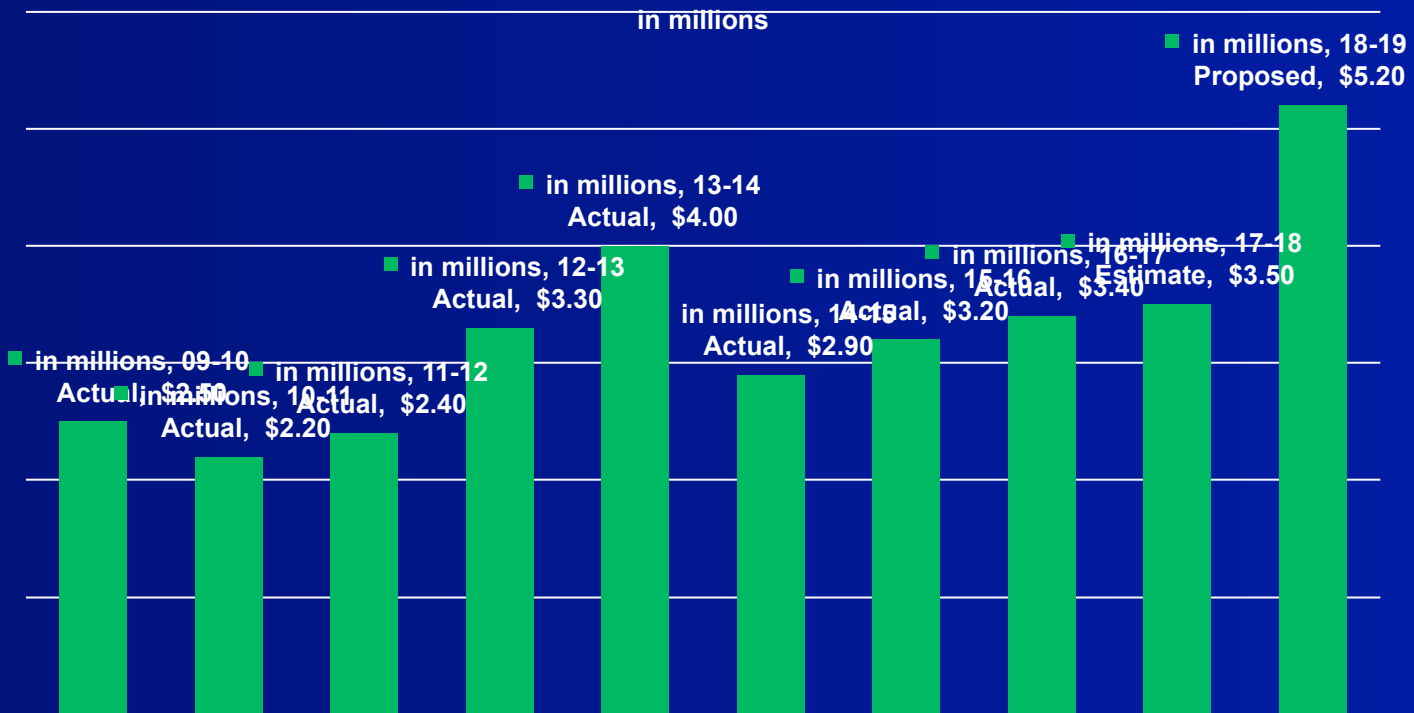
FY 18-19 Estimated Revenue	\$ 5,209,420*
FY 17-18 Estimated Revenue	<u>3,480,300</u>
Amount Increase	\$ <u><u>1,729,120</u></u>
Percent Increase	<u><u>49.70%</u></u>

\* Includes \$1,640,000 Parks and Recreation



# PROPERTY TAX HISTORY

## General Fund – (Exc. Sales Tax Backfill and VLF Backfill)





# ***PARKS AND RECREATION FUND SUMMARY***

<b>FY 18-19 Est. Revenues</b>	<b>\$ 2,706,516</b>
<b>Subsidy</b>	<b>303,965</b>
<b>FY 18-19 Total Resources</b>	<b><u>\$ 3,010,481</u></b>
<b>FY 18-19 Proposed Budget</b>	<b><u>\$ 3,010,481</u></b>



# ***AV GOLF COURSE FUND SUMMARY***

<b>FY 18-19 Est. Revenues</b>	<b>\$ 615,500</b>
<b>Transfers In</b>	<b>450,000</b>
	<hr/>
<b>FY 18-19 Total Resources</b>	<b>\$ 1,065,500</b>
	<hr/> <hr/>
<b>FY 18-19 Proposed Budget</b>	<b>\$ 1,064,666</b>
<b>Appropriation to Net Assets</b>	<b>834</b>
	<hr/>
<b>Total Appropriations</b>	<b><u>1,065,500</u></b>

# ***BUDGET SUMMARY***

## ***All Funds***

FY 18-19 Estimated Revenues	\$ 87,345,382
Appropriations from Fund Balance	<u>1,126,421</u>
FY 18-19 Total Resources	<u><u>\$ 88,471,803</u></u>
FY 18-19 Appropriations	<u>\$ 88,471,803</u>
FY 18-19 Total Appropriations	<u><u>\$ 88,471,803</u></u>

# ***BUDGET SUMMARY***

***All Funds*** (including transfers)

FY 18-19 Appropriations                      \$ 88,471,803

FY 17-18 Appropriations                      \$ 81,796,252

Total Increase    \$ 6,675,551

8.16%

*Fiscal Year 2018-2019  
Proposed Budget*

*CAPITAL IMPROVEMENT PROGRAM  
HIGHLIGHTS*





# ***TOTAL CAPITAL IMPROVEMENT BUDGET - All Funds***

**Proposed FY 18-19** **\$ 12,104,382**

**Adopted FY 17-18** **6,035,333**

**Amount of Increase** **\$ 6,069,349**

**Percent Decrease** **100.56 %**



# Capital Improvement Projects

## ■ CIP Process

- CIP project reviews began in Fall 2017
- Identified existing projects in the current year that had remaining appropriations that could be returned to reserves
- Reviewed prioritization criteria and prioritized projects
- Reviewed current capacity - staff's ability to start and complete projects as budgeted
- Staff meets to get input on the CIP Plan and discuss during departmental budget hearings





# Capital Improvement Projects

- Highlights of Projects Proposed for Funding in FY 18/19:
  - 27 Projects planned for design and construction
  - Total CIP Budget for FY 18-19 - \$12.1m

# Capital Improvement Projects

- Bear Valley Bridge Rehabilitation
  - Full design work - \$600k
  - Will consist of six east/west travel lanes, center median, shoulders and class 1 bikeway.



# Capital Improvement Projects

- Apple Valley South Safe Routes to School Navajo Road from Bear Valley Road South to Tussing Ranch Road, etc. - \$2.81 million
  - Design and construction of 5,390' of new sidewalk and replace 9,500' of pavement to create a Class 1 bike path, add curb and gutter; signage and striping; ADA ramps; and high visibility crosswalks.



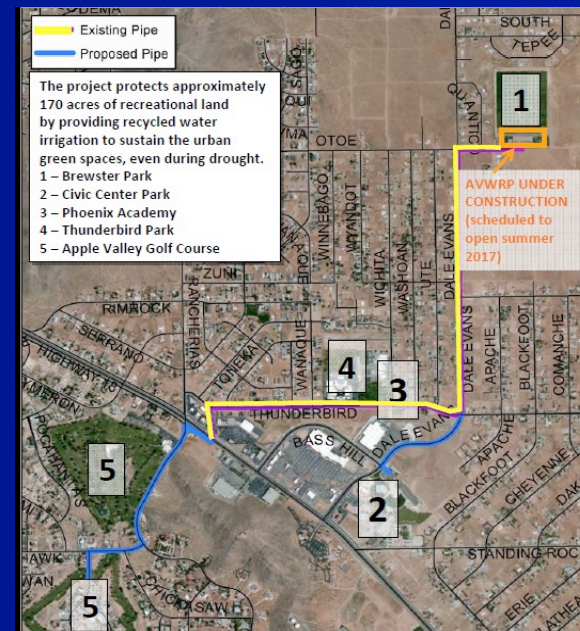
# Capital Improvement Projects

- Lafayette between Dale Evans and Navajo - \$1.23 million
  - Design and construction of regional street improvements.



# Capital Improvement Projects

- Apple Valley Desert Water Reuse Project - \$1.373 million
  - This project will provide one million gallons per day of clean, recycled water suitable for irrigation and groundwater recharge.



# Capital Improvement Projects

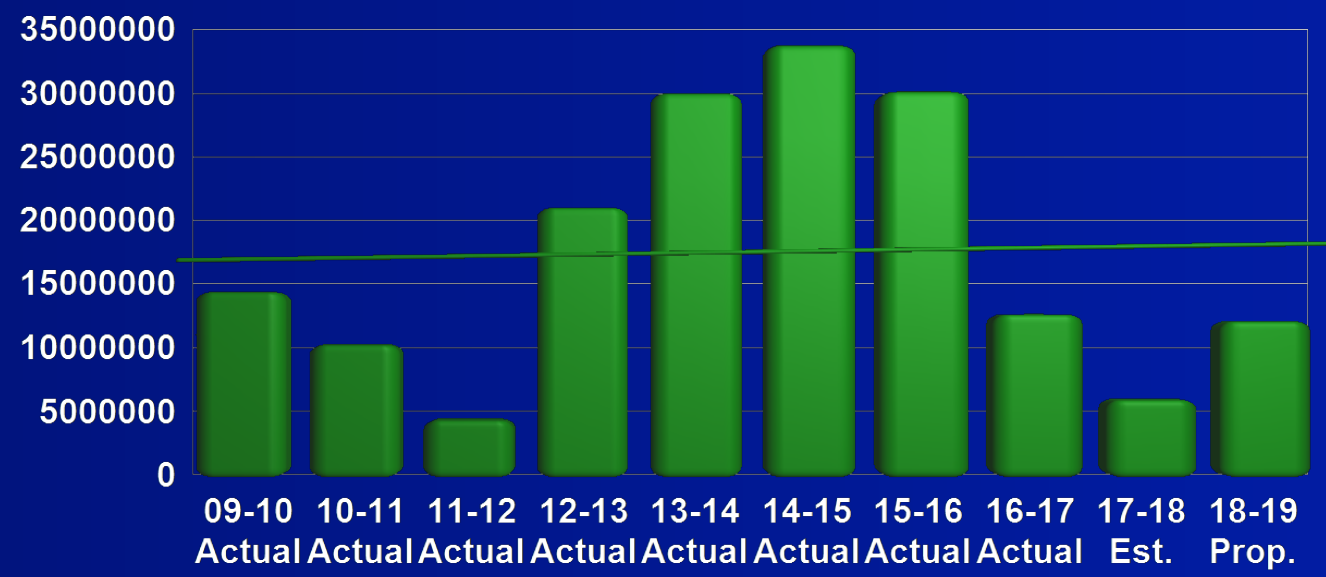


Town-wide Paving Priorities per PMS - \$2.3 million





# *CIP FUNDING: Ten-Year Historical Comparison*



Capital Outlay Fund

*Fiscal Year 2018-2019  
Proposed Budget*

*DEPARTMENT/PROGRAM  
HIGHLIGHTS*







# *Department/Program Appropriations*

## Town Council

FY 18-19 Prop. Approp. \$ 235,298

FY 17-18 Appropriations 232,127

Amount of Increase \$ 3,171

Percent Increase 1.36%

Key changes: None



# *Department/Program Appropriations*

## Town Manager

FY 18-19 Prop. Approp. \$ 540,488

FY 17-18 Appropriations 625,310

Amount of Decrease \$ (84,822)

Percent Decrease (13.56%)

Key changes: Decrease in employee benefit and contract service costs.



# *Department/Program Appropriations*

## Town Clerk

FY 18-19 Prop. Approp. \$ 413,859

FY 17-18 Appropriations 458,992

Amount of Decrease \$ (45,133)

Percent Decrease (9.83%)

Key changes: Election costs budgeted, reduction in force, decrease in employee benefit costs



# *Department/Program Appropriations*

## Finance

FY 18-19 Prop. Approp.	\$ 831,192
FY 17-18 Appropriations	<u>1,140,968</u>
Amount of Decrease	<u><u>\$ (309,776)</u></u>
Percent Decrease	<u><u>(27.15%)</u></u>

Key changes: Reduction in force, decrease in employee benefit costs



# *Department/Program Appropriations*

## Public Information

FY 18-19 Prop. Approp.	\$ 312,676
FY 17-18 Appropriations	<u>521,113</u>
Amount of Decrease	<u><u>\$ (208,437)</u></u>
Percent Decrease	<u><u>(40.0%)</u></u>

Key changes: Functional reorganization, decrease in employee benefit costs



# *Department/Program Appropriations*

## Human Resources

FY 18-19 Prop. Approp.	\$	211,501
FY 17-18 Appropriations		<u>433,841</u>
Amount of Decrease		<u><u>\$ (222,340)</u></u>
Percent Decrease		<u><u>(51.25%)</u></u>

Key changes: Reduction in force, decreased employee benefit costs



# *Department/Program Appropriations*

## Public Safety

FY 18-19 Prop. Approp. \$ 14,594,833

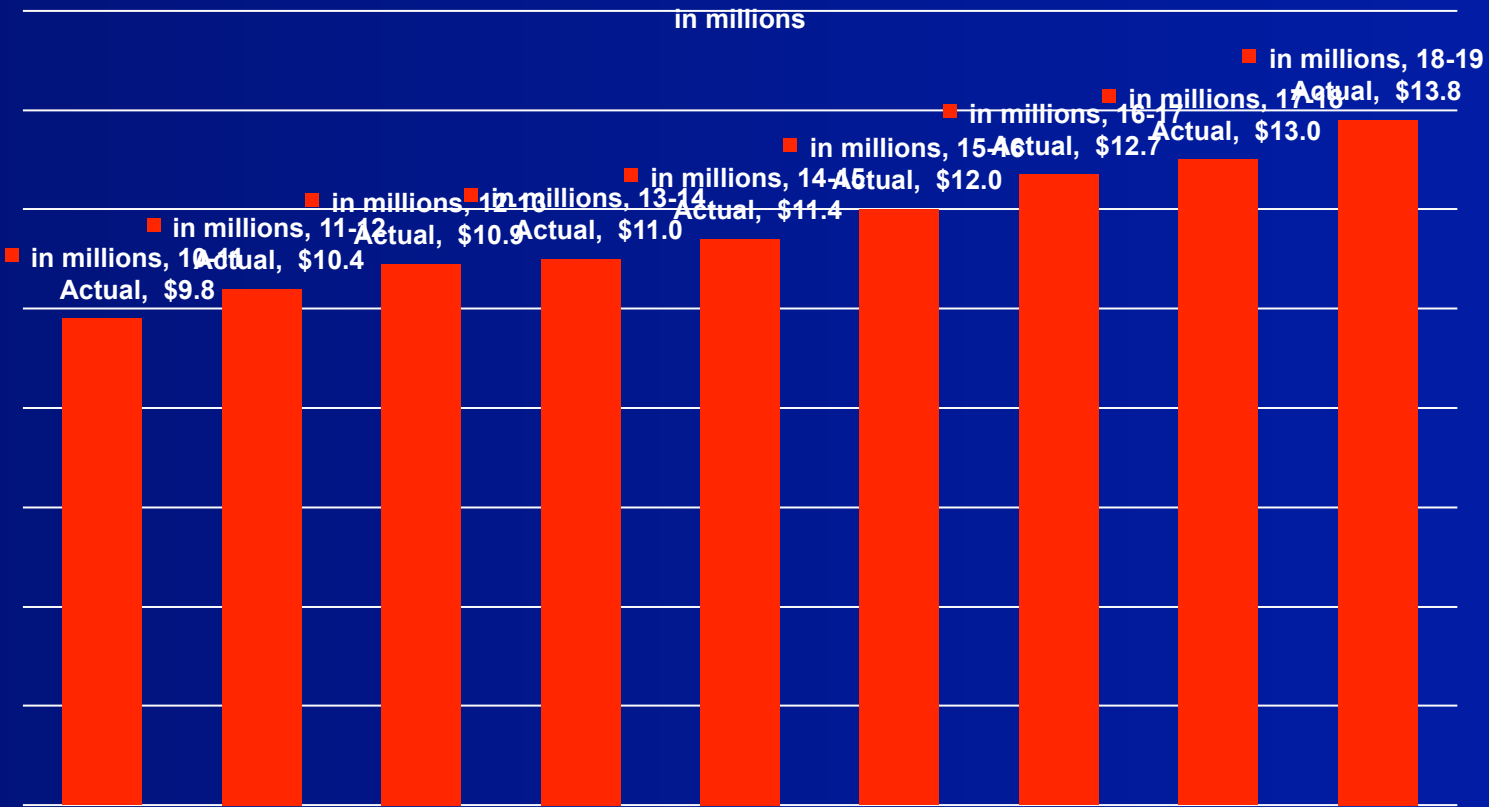
FY 17-18 Appropriations 13,753,922

Amount of Increase \$ 840,911

Percent Increase 6.11%

Key changes: Increased County Sheriff contract and other costs

# HISTORY – County Sheriff Contract: General Fund







# *County Sheriff Contract Costs: General Fund*

- **Public Safety**
  - 51 total sworn officers
  - \$4 million increase over 8 years with no change in staffing
  - Over \$500,000 average increase annually
  - COWcap increase not included in these numbers – currently \$500k
  
- **Annual Increases of \$500k are Not Sustainable Without Significant Change in Service Delivery or New Funding Source for Public Safety**



# *DEPARTMENT/PROGRAM HIGHLIGHTS/GOALS*

- Public Safety
  - Installed security camera surveillance system at the station
  - Purchased a mobile Automated License Plate Reader
  - Employed regular traffic saturation even which resulted in substantial reduction in traffic accidents
  - 2017 Crime Statistics indicate a 14% drop in crime in TOAV



# *Department/Program Appropriations*

## Animal Shelter

FY 18-19 Prop. Approp. \$ 2,001,229

FY 17-18 Appropriations 2,058,334

Amount of Decrease \$ (57,105)

Percent Decrease (2.77%)

Key changes: Decrease in employee benefit costs and reorganization



# *Department/Program Appropriations*

## Code Enforcement

FY 18-19 Prop. Approp.	\$ 816,237
FY 17-18 Appropriations	<u>963,810</u>
Amount of Decrease	<u><u>\$ (147,573)</u></u>
Percent Decrease	<u><u>(15.31%)</u></u>

Key changes: Decreased employee benefit costs, change in staff allocations, direct labor grant funding

# Department/Program Appropriations

## Public Works

FY 18-19 Prop. Approp.	\$ 21,200,895
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FY 17-18 Appropriations	<u>20,661,711</u>
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Amount of Increase	\$ 539,184
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Percent Increase	<u>2.61%</u>
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Key changes: Includes appropriations for Street Maintenance Fund, Wastewater (Sewer) Fund, Waste Management (Solid Waste) Fund. Annual contract cost increases for tipping fees, sewage treatment, decrease in employee benefits, retirement of long-term employee. Includes Apple Valley Desert Water Reuse project.



# *Department/Program Appropriations*

## Parks and Recreation

FY 18-19 Prop. Approp. \$ 3,010,481

FY 17-18 Appropriations 3,331,496

Amount of Decrease \$ (321,015)

Percent Decrease (9.63%)

Key changes: Decreased employee benefit costs, closure of Virginia Park,  
reorganization

# *DEPARTMENT/PROGRAM HIGHLIGHTS*

## ■ Parks and Recreation:

- Implemented a new recreation management software program (Etrak) and began offering online registration for customers. More than 25% of registrations in the first year have been done online
- Celebrated the 20<sup>th</sup> Anniversary of the Freedom Festival at the Lenny Brewster Sports Center with over 10,000 people in attendance
- Replaced the lighting in the Michael H. Martin Gymnasium, the mini-gym, James Woody Community Center and James Woody Park exterior lights with efficient high output LED lights as part of Southern California Edison's OBF program.
- Completed a turf removal project at James Woody Park behind the Field # 3 outfield and installed a walking path, picnic tables and benches, providing a beautiful passive recreation area in the park.
- Partnered with the AVPAL program to offer the Town's first Trunk or Treat event and had well over 1,000 people attend.



# *Department/Program Appropriations*

## Community Development (Planning)

FY 18-19 Prop. Approp.	\$	685,833
FY 17-18 Appropriations		<u>801,996</u>
Amount of Decrease		<u><u>\$ (116,163)</u></u>
Percent Decrease		<u><u>(14.48%)</u></u>

Key changes: Decreased employee benefit costs, change in staff allocations, reduction in contract services cost





# *Department/Program Appropriations*

## Economic Development

FY 18-19 Prop. Approp.	\$	165,868
FY 17-18 Appropriations		<u>108,325</u>
Amount of Increase	\$	<u><u>57,543</u></u>
Percent Increase		<u><u>53.12%</u></u>

Key changes: Reorganization-increased staff allocation, decreased employee benefit costs



# *Department/Program Appropriations*

## Engineering Development

FY 18-19 Prop. Approp.	\$	535,600
FY 17-18 Appropriations		<u>360,600</u>
Amount of Increase		<u>\$ 175,000</u>
Percent Increase		<u>48.53%</u>

Key changes: Current year budget reflects actual cost average for past four years

*Fiscal Year 2018-2019  
Proposed Budget*

*OTHER ISSUES*





## *State Transportation Bill – Road Maintenance and Rehabilitation Account (RMRA)*

- Adds \$0.12 per gallon effective Nov. 1, 2017
- Adds vehicle registration tax called the “Transportation Improvement Fee” effective January 1, 2018
- Adds \$100 vehicle registration tax on zero emission vehicles effective on July 1, 2020
- Town received \$421,813 in FY2017-18 and projected to receive \$1,302,450 in FY 2018-19 under RMRA

# CalPERS ROR Assumption Changes

## Approved Discount Rate Phase-In

Valuation Date	FY Required Contribution	Discount Rate
June 30, 2016	2018-19	7.375%
June 30, 2017	2019-20	7.25%
June 30, 2018	2020-21	7.00%

18-19	\$113,704
19-20	\$119,355
20-21	\$123,595

# CalPERS ROR Assumption Changes

Public Agency - Employer Contribution  
Increases – Misc. Plan

FY Impact	Normal Cost	UAL Payments
2018-19	0.25% - 0.75%	2% - 3%
2022-23	1.0% - 3.0%	20% - 25%

FY Impact	Normal Cost	UAL Payments
2018-19	\$3.8 – 11.5k	\$30.6 – 46k
2020-23	\$15.3 – 46k	\$307 – 383k



# *Budget Balancing Measures*

- No COLA included in Proposed Budget for FY2018-19
- Suspend 401a employee benefit for FY 2018-19
- Closure of Virginia Park
- Explore Other Funding sources for fund General Fund operations
- Recommended for Adoption as part of Proposed Budget



# ***FISCAL YEAR 2018-2019 PROPOSED BUDGET***

Final bound copies – July 31, 2018

Copies available for Public Viewing at:

- Town Clerk's Office at 14955 Dale Evans Parkway (Town Hall)
- Town's Website: [www.applevalley.org](http://www.applevalley.org)

➤ Additional information contact 760-240-7000 x7704



# Town of Apple Valley

## **FISCAL YEAR 2018-2019 PROPOSED BUDGET**

June 26, 2018  
Questions?

