

Desert Hot Springs Budget Adjustments for 2017-2018

City Council Study Session
May 15, 2018



BUDGET ADJUSTMENTS

Adjustments to Budget Recommended to:

- Maintain service levels / daily operations
- Update revenues and expenditures based on activity to date
- Update salaries and benefits based on increased demand for services
- Increase contract services to meet service requirements (dispensaries / cultivation / other operations)
- Update general repairs and maintenance, tenant improvements and exterior improvements to various City buildings due to age
- Update Capital Improvement Projects approved by City Council
- Increased operational costs for added employees and demand of services



Increased Consolidated General Fund Revenue Budget Adjustments

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|------------------------------|----|---------|
| Property Tax Pass Thru | \$ | 40,000 |
| Triple Flip VLF | \$ | 175,000 |
| Special Revenue Dispensaries | \$ | 200,000 |
| Special Revenue Cultivation | \$ | 872,000 |
| Planning Fees | \$ | 350,000 |
| Building Fees | \$ | 415,000 |
| Grading Permits | \$ | 85,000 |
| Engineering Fees | \$ | 315,000 |
| Transient Occupancy Tax | \$ | 208,000 |
| Other Revenues | \$ | 165,404 |

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|---|-----------------------------------|
| <i>Total Revenue Adjustments</i> | <i><u>\$ 2,825,404</u></i> |
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Increase in Salary/Benefits

16 positions added in various departments

- Police Department (non-sworn) – 3 positions
- Police Department (sworn) – 4 positions
- Finance Department – 1 position
- Human Resources Department– 1 position
- City Manager's Office – 3 positions
- Community Development Dept. – 2 positions
- Citywide LLMD/Streets restricted funds - 2 positions

Job Classification changes updated in all departments with increased costs as required



Increased Contract Services

- Flexibility in economic downturns
- Necessary in response to increased demand for services
- Avoids incurring ongoing costs associated with hiring staff
- Special Projects Contract Services:
 - General Plan Update
 - Plan review of CUP's Marijuana Projects
 - Peer reviews, additional inspection services
 - CIP project management, traffic and pavement management studies
 - Branding and operational service contracts
 - Engineering, Building and Planning service contracts
 - Neo Gov Recruiting
 - Tax Measure Consultants
- Increase to Fire contract fees



City Facilities And Equipment Increases

- Replacement of aged equipment at City facilities
- Tenant improvements and exterior improvements to upgrade Animal Shelter Facility
- Animal Control Vehicle modifications
- Fire Station upgrades
- Police Department vehicle
- Phone, computers, alarm upgrades
- Various City facility signage



Day to Day Operational Increases

With the addition of 16 staffing positions comes increases in all operational expenses:

- New computers, hardware, software licensing, and specialized programs for various departments
- Additional staff needs: office supplies, fuel for vehicles, office supplies and furniture, vehicles, janitorial supplies, utility costs, uniforms, travel and training, and other organizational costs
- Advertising, dues and subscriptions
- CVEP dues, marijuana audits, fire stations supplies, holiday events, and other City sponsored annual events



Change in Management of H & W Facility

- Change in the management H & W Facility - Recreation portion
- Repairs and upgrades to the building (paint, signage, HVAC, flooring, restroom equipment, program supplies, replacement of furniture and general cleaning)
- Additional alarm and security equipment installed
- Final Payment to Coachella Valley Boys & Girls Club

Increased Consolidated General Fund Expenditure Adjustments

- Salary and Benefits \$ 1,351,803
- Contract Services \$ 424,500
- Vehicles/City Facility \$ 147,000
- Repairs/Maintenance \$ 64,451
- Operational Costs \$ 432,868
- H & W Facility \$ 124,907
- Transfers Restricted Funds \$ 229,937
- ***Total Expenditure Adjustment* \$2,775,466**



Consolidated General Fund Budgeted Increases for Revenues and Expenses

- Budgeted Revenue Increases \$2,825,404.
- Budgeted Expenditure Increases \$2,775,466.
- *Net Revenues over Expenditures* \$ 49,938.

Increases to Restricted Funds - Salary and Benefit Expenditures

- Gas Tax Fund (Fund 141) \$ 64,496
- Citywide LLMD Fund (Fund 501) \$ 71,498
- Successor Agency Fund (Fund 911) \$ 5,286

Total increases Restricted ***\$ 141,280***

General Fund Transfers (001) to City Hall Capital Improvement Project Fund (222)

- The City Council approved the new City Hall project in February 2017.
 - The City moved forward with property grading, underground utilities, engineering, site preparation and design costs for the new City Hall Facility.
- City will be bringing forward bids for the construction in next (90) days.
- Estimate for the entire project cost is approximately \$7.2 million.
- Estimated funding of \$4.0 million will come from bond proceeds and restricted funds.
- Estimated use of \$3.2 million in General Fund Balance will be dedicated to the project - much of which will be replenished via Development Impact Fees through agreements.
- Staff recommends transferring \$2.0 million dollars for the City Hall project at the end of this fiscal year (2017-2018) to CIP City Hall Fund (222).
- A total of \$1.2 million is budgeted to be transferred in the next budget cycle to CIP City Hall Fund (222).