



PRESS RELEASE

City of Camarillo

Office of the City Manager

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2014/15 Mid-Year Budget Spending Plan Review

A joint working session was held Wednesday, February 11 to present City Council with the Fiscal Year 2014/15 Mid-Year Budget Report. The budget is a dynamic document subject to a variety of adjustments and fine-tuning throughout the fiscal year. As changes occur in economic conditions, Council goals and objectives, and other areas affecting the budget, amendments are necessary to keep the document more reflective of the anticipated outcomes.

The 2014/15 Mid-Year Spending Plan totals \$141 million. Current year revenues total \$119 million and other sources and use of reserves total \$22 million. The following highlights outline the major Revenue adjustments:

- **General Fund increases \$1,675,827** – This figure primarily reflects:
 - Property Tax and In-lieu Property Tax is projected to increase \$140,494, primarily due to Prop 8 reduction recovery.
 - An increase of \$375,607 in Sales Tax and In-lieu Sales Tax.
 - Development related revenue, such as Engineering Inspection Fees, Subdivision Fees, Geotechnical Fees, and Zoning and Planning Fees reflect a recommended increase of \$192,555 due to the uptick in developer projects this fiscal year.
 - A \$742,000 one-time federal grant funding for the Camarillo Springs Debris Flow incident.
- **TDA Article 8 Roads Fund increases \$353,991** – Increase reflects additional apportionment from the State Local Transportation Fund supporting street and road projects.
- **Gas Tax Fund increases \$391,855** – Increase reflects additional Highway User Tax apportionment providing for improvement, maintenance and operation of public streets and highways.
- **Capital Improvement Projects Fund increases \$2,392,086** – Increase primarily reflects:
 - Grant funding of \$1,833,386 secured subsequent to the time of original budget preparation.
 - Traffic Mitigation and Bridge Policy Fees for two development projects increase revenue by \$520,000.
- **Transit Fund increases \$106,407** – The increase primarily reflects increased bus ridership and the new trolley service.
- **Water Utility Fund decreases \$1,054,778** – Decrease primarily reflects:
 - Capital Improvement Fees of \$611,590 reflecting the upturn in developer projects.
 - Water Sales decrease of \$2,106,390 is related to conservative. Water usage volume for July through December 2014 is 13.6% below the same six months last year.
 - An increase of \$432,000 in Base Rate Charge reflects the rate increase effective January 1, 2015.
- **Reclaimed Water Fund decreases \$140,000** – The decrease is due to the timing of reclaimed water sales. Initial distribution, projected to begin in January 2015, has been revised to March 2015.

- **Camarillo Sanitary District increases \$190,804** – This upward adjustment primarily reflects:
 - A decrease of \$300,000 in state grant revenue for the construction of the Effluent Diversion Pipeline project, which had been delayed due to unforeseen environmental concerns by State regulatory agencies. Construction has begun, and the revenue will be realized until FY 2015/16.
 - A downward adjustment to Sewer Regular Rate and Base Rate Charges of \$120,070, primarily reflecting water conservation of commercial sewer accounts, which are based on water consumption levels.
 - Capital Improvement Fees increase of \$577,443 reflect the uptick in developer projects.

Highlights of the major Expenditure adjustments are:

- **General Fund increases \$539,412** – This primarily reflects an increase of \$433,506 in developer related costs, such as Building & Safety Contract Services, Public Works consultant services, and Survey & Mapping. These additional costs are due to the upturn in developer projects, and are offset by the increase in related development services revenue highlighted in General Fund revenue above
- **Capital Improvement Projects Fund \$50,000** – This provides for project close-out costs.
- **Risk Management and Human Resources Funds net increase \$45,166** – This provides for additional funding for recruitment and legal costs, offset by a reduction in citywide liability insurance costs.
- **Water Utility Fund increases \$42,230** – This adjustment primarily provides for:
 - Increased credit card processing charges, and tree removal/drought tolerant plantings at Reservoir 5.
 - Additional conservation outreach printing and postage costs.

Overall, recommended Interfund Transfer adjustment reflect a net increase of \$3,506,315 (21.6%) over the December 31, 2014 adjusted budget. Highlights of the major Interfund Transfer adjustments are:

- **Capital Improvement Projects Fund increases \$3,295,315** – Additional transfers to provide the appropriate project funding:
 - From the TDA Article 8 Roads Fund of \$2,903,308, TDA Article 3 Fund of \$61,837, the Gas Tax Fund of \$282,205, and the Water Utility Fund of \$47,965.

Reserves Projected at Appropriate Levels. The City of Camarillo has a policy that during the budget process and again at mid-year, as well as when any substantial changes are made in the budget, a reserve analysis will be prepared and submitted to the City Council.

The Reserve Policy sets a goal of 50% for the General Fund reserve. With the various staff recommendations in the General Fund for this mid-year analysis totaling an increase of \$1,100,415 in the fund balance, the reserve level for 2014/15 is projected to be met. While the General Fund will continue to meet/exceed the established reserve level, it will be important to continually monitor its level given the ongoing internal/external forces that effect the City's budget. Several other select funds have reserve level goals and are in compliance.

Fiscal Management. Overall, the City and the Camarillo Sanitary District remain in a healthy fiscal condition. It is the goal of the City Council to maintain sound and conservative financial practices to ensure the fiscal sustainability of the City. The City of Camarillo is dedicated to providing effective and efficient municipal services that promote a high quality of life, economic vitality, and a safe environment.