

FINANCIAL RECOVERY PLAN



March 28, 2017

ACTIONS TAKEN SINCE JANUARY WORKSHOP

- **Transfer of Gas Tax Funded Positions to Maintenance Districts**
- **City Tow Yard**
- **Encourage new development – impact fee deferral**
- **Review unfilled positions - replace only as needed**
- **Detailed Budget for 2017-18 to identify expenses and uses of funds**
- **Initiate contract negotiations with labor groups**

OTHER ACTIONS

- **Continue to evaluate Cal PERS restructuring options – complicated by Discount Rate Updates – moving target**
- **Review of Sewer Bonds for refinance options for potential savings**
- **Review of former Redevelopment Bonds – direct benefit to General Fund through residual property tax payments**

ATWATER DEBT ISSUES & OPPORTUNITIES

Albert Peche – AM Peche & Associates

STUDY ITEMS SINCE WORKSHOP

- Evaluate options for cost recovery of services;
 - Building Permit Fees – cover costs of supplemental contract inspectors and permit assistance – close to \$100,000 annually has been lost
 - Recreation Program and Facility Rentals – costs and revenues should offset each other in 2016-17 budget revenue was \$177,000 and expenditures were \$331,750 – does not include mid year updates, also does not include facility maintenance or utilities
 - City Wide Maintenance Districts – in 2016-17 \$169,000 was budgeted out of Gas Tax for lighting and signals not in a District

STUDY ITEMS SINCE WORKSHOP

- Updated City – County Property Tax Sharing Agreement, reviewing Draft Ordinance with City Attorney
- Use of Successor Agency Low and Moderate Income Fund for housing programs and administrative costs – over \$500,000 to be received when Bell Dr. property closes
- Grants for Water Meters – working towards Smart-water Grant – November 2018
- Former WWTP – cleanup actions, environmental document to facilitate and speed up reuse

STUDY ITEMS SINCE WORKSHOP

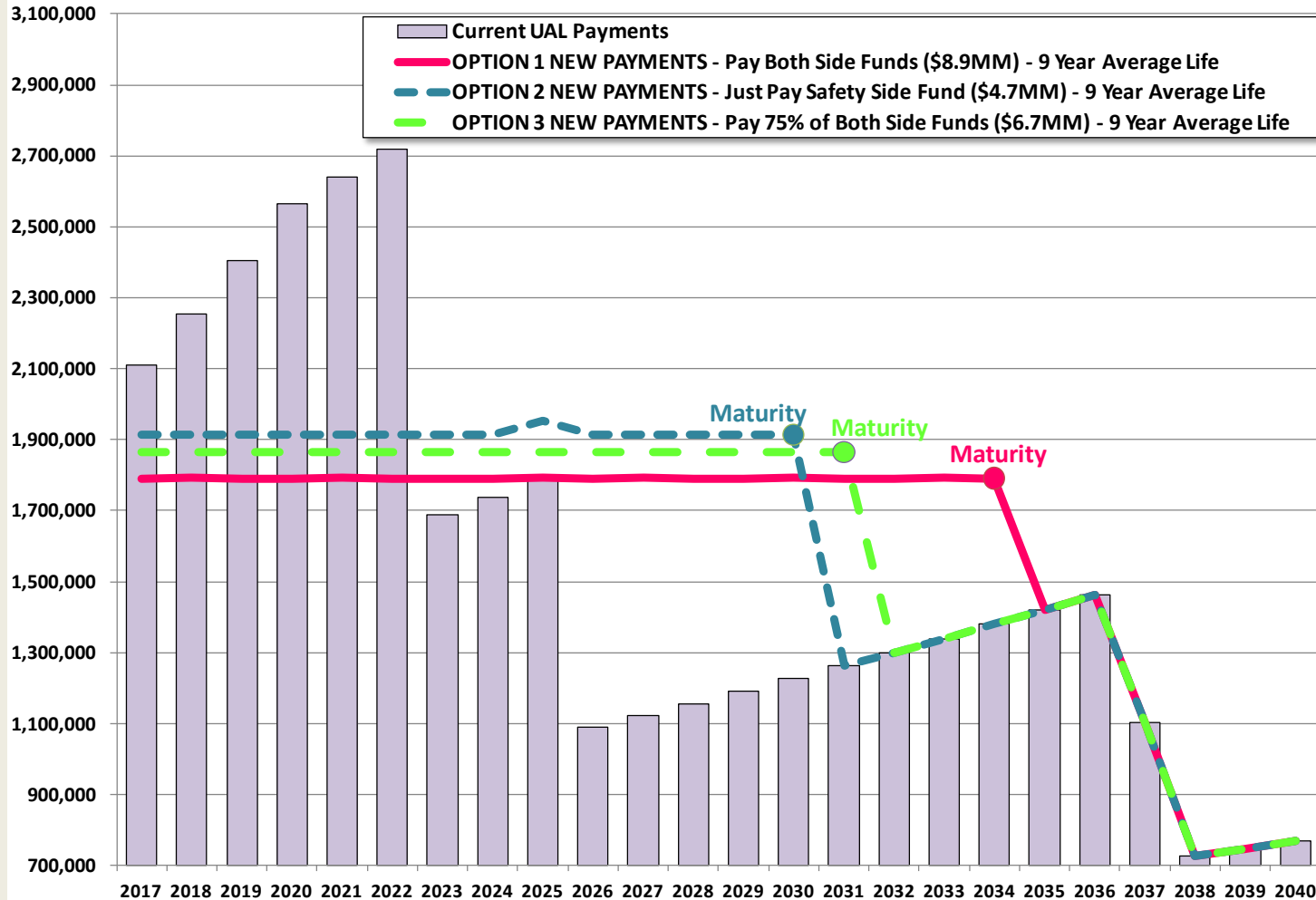
- Reviewed communication charges and contracts – potential savings (spread across all funds) of up to \$90,000 per year beginning in 2018-19
- Changes in IT services to improve services and potentially reduce costs
- Furloughs – continue to evaluate ways to eliminate
- Proposition 64 Ordinance to regulate commercial cannabis – potentially creating a new revenue source, balanced with new costs for services

UPDATED GENERAL FUND STATUS

- Staff has continued to update future year projections - models
- Compounding the issues has been a drop in the Discount Rate by Cal PERS – resulting in an increase in contribution amounts
- Assumptions in the models;
 - Staffing to stay at current levels – includes two vacant Department Head Positions and same levels of Public Safety personnel
 - Planned transfer of one officer from Grant Fund to General Fund in FY 18-19
 - Planned transfer of one officer from General Fund to Measure H
 - City – County Tax Sharing Agreement is executed
 - City Tow Yard generating \$100,000 per year – no increased costs for operation
 - Increases in expenditures and revenues follow historic rates for City

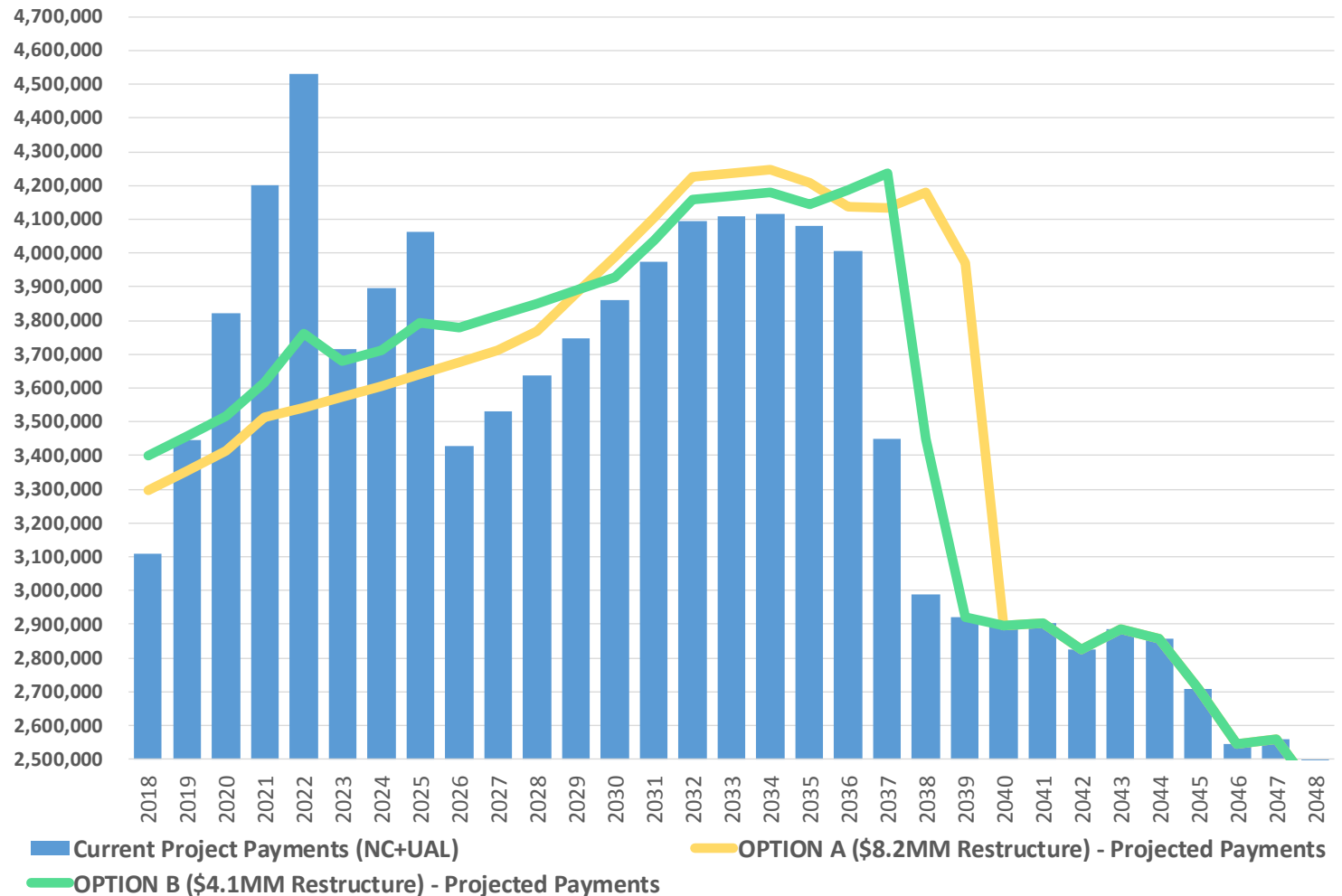
CAL PERS RESTRUCTURE PRIOR TO UPDATE OF DISCOUNT RATE

CITY OF ATWATER - SIDE FUND RESTRUCTURING OPTIONS



CURRENT CAL PERS SITUATION

UAL RESTRUCTURING OPTIONS



ACTION PLAN ITEMS

ACTION PLAN

- The following items were listed as potential options to assist in financial recovery
- Goal is to focus on items which the Council feels will have the most impact in our financial recovery
- Items in ***Bold, Italics, and Underlined Text*** are already in process – study or action has been taken

ACTION PLAN

- *Restructure CAL PERS Side Fund*
- *Amend Property Tax Sharing Agreement with Merced County*
- *Furloughs*
- *Tow Yard needs to be operational*
- *Encourage new businesses & consider incentives*
- *Provide Financial Updates – clear and accurate information*
- Freeze Vacant Unfilled Positions in problem fund areas

ACTION PLAN

- ***Sale of WWTP Property – excess property***
- Advertise – Marketing the City
- ***Network with other Cities – best practices***
- Legislative Analyst Assistance
- Reduce – Manage Overtime
- ***Recover Costs – building permit fees and CIP projects***
- ***Seek Grant Funding – Block Grants as an example***
- ***Concessions across the board from city employees***
- Reopen Employee Contract – Agreements
- ***Balance Gas Tax Fund by transferring positions to work in Maintenance Districts***

ACTION PLAN

- Measure H Extension
- **Enforce Fees – collect fees**
- Evaluate switching utility providers – make up for solar cost increase
- **Business and Developer Incentives**
- Utilize Interns
- Contract Services
- Volunteers to run recreation programs
- Consider city wide lighting district
- **Prop 64 Opportunities**
- **Reduce Animal Shelter Costs**

ACTION PLAN

- Seek donations from businesses
- In House Fire Plan Check – when trained and capable
- **Community Facilities Districts**
- Growth in the City Dole – County Area
- Park street sweeper during non essential times
- Increase temporary car sales – attract more auto sales
- **Seek additional investment returns – rate of return / Restructure or Refinance of Debt**
- **Internal Investigations by trained employees – reduces attorney costs**
- Use Technology to reduce costs – PD and other areas
- District Election Costs
- General Plan Update
- Review Internal Cost Allocations
- IT Services RFP
- Audit Services RFP

NEW IDEAS - NEW ACTIONS

- Cooperate with other Cities and the League of California Cities in addressing Cal PERS – will likely require a state level solution
- Meet with State Elected Officials to explain our situation regarding Cal PERS and ask them to assist at the state level
- Continue to look for options to lessen General Fund expenses and increase General Fund revenue
- Engage Municipal Resource Group (MRG) to update their Fiscal Sustainability Report and offer additional recommendations

QUESTIONS?