



**CITY OF FILLMORE**  
CENTRAL PARK PLAZA  
250 Central Avenue  
Fillmore, California 93015-1907  
(805) 524-3701 • FAX (805) 524-5707

---

June 28, 2010

Honorable Mayor, City Council and Residents of Fillmore

Presenting this first budget to you is bittersweet. It is a honor to live and work in a beautiful town and with people who love their City. At the same time, FY 2011 budget has many challenges ahead. However, with this challenge comes opportunity. Great ideas and innovations come out of difficult circumstances.

The economy has been the central issue for all levels of government—Federal, State, county and cities. Revenues from Sales Tax and Property have fallen substantially and are expected to remain flat through 2011. Neighboring cities have made cuts and changed service levels. It should come as no surprise that the City of Fillmore faces the same challenges. The City's General Fund had a shortfall of approximately \$1 million; the utilities (Water, Sewer and Solid Waste) require rate increases and there are several funds/functions which are running in the red (Recreation, Pool, Theater, Dial-A-Ride and Streets).

We will be asking Council for policy direction, so that we may shape services to align with the available funding. Following is an overview of issues which we will need to address during the budget hearings in July.

### **Overall**

- **General Fund is balanced.** There was a \$1 million shortfall in the General Fund. Through cost-cutting measures and revenue-generating ideas, this number was whittled to \$374,251. To balance the budget, \$100,000 was taken from the \$1.5 million reserve and \$274,251 was removed proportionately from every department. However, these cuts need to be finalized. There is a timing problem—labor negotiations are not complete, a Classification and Compensation Study is not yet finished and the Sales Tax litigation is unresolved. Staff proposes to make the cuts in October/November by which time more information should be available. The Council direction has been to avoid cutting positions if at possible; however, if enough savings or revenue cannot be generated, positions will need to be cut. There is also no room for additional expenses—the General Fund budget is projected to have no carryover into FY 2012.
- **The budget is lean—most discretionary funds have been removed.** The budget was combed by the department heads and the Interim Finance Director to cut costs. Two vacant nonessential positions were eliminated and part-time temporary positions trimmed. Also, only mandatory training, essential travel and publications remain in the budget.
- **Budget constructed with several employee cost-saving ideas.** Once the shortfall was determined, we went to the employees for ideas on closing the gap. Suggestions, such as

closing City Hall every other Friday were proposed. Beginning in October/November, it is proposed to close City Hall every other Friday. Currently, eligible employees work every other Friday, so half of the staff is off every Friday. Putting all eligible employees on the same schedule would save on utilities and make coordination of services easier. The estimated savings is \$3,000 for utilities. This item is subject to labor negotiations. This idea and others, such as reducing the number of days the Theater is open, lowering the water temperature of the pool, having more opportunities for facility rental, etc. are contained in the budget.

- **Unrepresented employee contributions.** The budget does not contain merit or cost-of-living increases for the Unrepresented employees (estimated savings \$105,000). Also, in FY 2010, the Unrepresented employees did not receive a cost-of-living adjustment, while the represented employees received two, which totaled 3.25 percent (2 percent in July and 1.25 percent in January).
- **General Fund Reserves.** This budget was constructed with minimal use of reserves. The sum of \$100,000 for budget balancing was taken from the General Purpose Reserve, leaving a projected FY 2011 year-end balance of \$1,431,443. The sales tax dispute/overpayment reserve was not used for budget balancing. However, it has been drawn down on for undisputed sales tax revenue and now stands at approximately \$2.4 million.

## Public Safety

### Fire

- **Increase Paramedic stipend in-lieu of hiring three Paramedics.** The Paramedic stipend will be increased in-lieu of filling three (3) vacant positions. To accomplish this, \$200 was added to the current stipend amount of \$100, for a total of \$300. This change increased the stipend budget by \$78,000. However, the net savings from the trade was \$202,589.
- **Grant purchase of breathing-apparatus units.** In the upcoming year, a \$50,000 grant has been budgeted for the purchase of twenty-three breathing apparatus units. Changing these is required and the cost is fully covered by the grant.

### Police

- **School Resource Officer remains in the budget.** This position costs the City over \$178,000, but is offset by a contribution of \$35,000 by the County and \$75,000 from the Fillmore Unified School District. Leaving this position in the budget may need to be revisited if additional cuts are necessary.
- **One part-time position at the Storefront eliminated.** The second part-time position remains.

## Utility Rate Increases

### Water

- **Proposition 218 hearing for a water rate increase is proposed.** Water rates have not been increased since 2006. A fifteen (15) percent increase was postponed in 2006 because of the sewer rate increases. To meet bond coverage requirements, the Water rates are proposed to increase by 6 percent October 1, 2010 and 6 percent January 1, 2011. If a stepped increase is not used, the rates will be higher because there is less of the year over which to spread the increase. For example, an increase January 1, 2011 would mean a 14 percent rate increase. For the user, this means that, when both increases are made, the average winter water bill will be approximately \$28.20 (an increase of \$3.02 from \$25.18) per month and the summer bill will be approximately \$50.80 (an increase of \$5.44 from \$45.36).
- **Proposed ordinance changes.** Other proposed changes are minimum standby charge when buildings are empty; a reduced rate for the water usage caused by a leak (as long as the owner can demonstrate the leak was fixed); and designating the property owner as the responsible party to pay the water bill. This language is already contained in the Sewer Ordinance. The City is also going to propose changes to the ordinance in how funds are applied if the person is late or misses a payment. The funds will be applied to missing payments, first and the sewer portion of the bill will be paid first. The purpose of the proposed changes is to clarify language, and to ensure equity for ratepayers.
- **Refinancing the bonds will save the City approximately \$56,600 per year or about \$1.1 million over the life of the bonds.**
- **Mailing turn-off notices.** The City hand-delivers the turn-off notices. Many cities mail the notices. Approximately four to eight hours are used to deliver the notices. This time could be spent on other priorities. In the upcoming year, staff proposes to study this option.

### Sewer

- **This budget proposes that the sewer rates be increased from \$80 per month to \$82 per month, effective September 1, 2010.** This represents an increase of 2.5 percent per month and does **not** require a Proposition 218 hearing. To smooth the increase, staff proposes to use \$1 million of the \$5 million rate stabilization fund. Without it, the rate increase would have been approximately 30 percent.
- **At some point this year, staff will propose a Proposition 218 hearing to deal with other aspects of the sewer budget and to update rates for the next several years.** This item will be brought forward at the same the proposed Water rate changes.
- **New sewer dump station.** One of the new services the City is able to provide through the new treatment plant is a sewer dump station for recreational vehicles. This is a convenience for Fillmore rate payers as the nearest dump station is miles away. The City proposes to provide the service without charge to City of Fillmore wastewater rate payers. Those individuals who do not pay into the City wastewater system would be asked to pay a \$15 fee for each use. A local business has graciously donated the materials and fabricated the lock box. Payment will be on the honor system. However, there are cameras installed at the site which can be used if necessary.

- **Stand-by charge.** This is a new minimum charge proposed with the Sewer Ordinance update. It will set a minimum water and sewer charge when the building is vacant. This will cover the debt service related to the property. Currently this cost is borne by all the rate payers.

### **Solid Waste**

- **E.J. Harrison notified the City late last week that it was proposing a pass-through rate increase effective September 1, 2010, of 1.6 percent for residential and 1.7 percent for commercial.** This equates to 40 cent increase per month for residential (\$24.12 to \$24.52) and \$2.57 per month increase for commercial (\$148.57 to \$151.14). The proposed increase is the result of higher tipping fees at the Ventura Regional Sanitation District Toland Landfill and the corresponding increase in the Unicycling tipping fee at Gold Coast. E.J. Harrison is not seeking an operating rate increase.
- **The City of Fillmore has an Ordinance which requires residents to use the City's contract solid waste hauler.** This requirement is primarily due to public health concerns—picking up trash regularly results in fewer problems with vermin. It is also lowers costs for all rate payers because there is a larger base over which to spread the costs. The Ordinance has not been enforced and this is proposed to change in FY 2011.
- **The agreement with E.J. Harrison expires in September, 2010.** It provides for an extension of not less than one-year and this will be discussed with E.J. Harrison.

### **Streets and Drains Fund**

- **Street Sweeping.** This activity costs \$73,000, and the fund is in the red by \$93,000. It is proposed to transfer the cost of street sweeping to E.J. Harrison which will be included on the refuse bill. This will add approximately \$1.00 to \$1.50 to every resident's bill and decrease the General Fund and local Transportation Fund subsidy. This item was not included in the \$215,000 set-aside for a General Fund subsidy to other operating funds.

### **Funds Operating at a Deficit**

#### **Recreation**

- **In the General Fund, the sum of \$215,000 has been put aside to offset the deficit for several City functions (Dial-A-Ride, Theater, Recreation Fund, Pool and Street Sweeping).** Recreation received a proportionate share of the funds to offset its deficit. The Dial-A-Ride was not included because it was too late, and it is proposed to include Street Sweeping on the E.J. Harrison bill. If the Council wishes, the \$215,000 can be redistributed.
- **Recreation fees are proposed to increase to help offset the operating deficit.** These proposed increases will be brought before the City Council as part of the Master Fee Schedule update. Fees for softball are proposed to increase from \$375 to \$400; Youth Basketball fees are proposed to increase from \$60 to \$75; and, Park Rental fees are proposed to increase from \$50 to \$75 for the rental of the shelters. The budget has been

built on the assumption that the fees are will be increased. If not, the corresponding revenue will need to be decreased and the size of the deficit will increase.

### Theater

- **The Theater is was operating at a \$59,000 deficit which was reduced to \$24,000 by implementing the following proposed operational changes:**
  - Open the Theater two evenings a week (Saturday and Sunday). Currently the Theater is open four nights a week (Friday through Monday).
  - Family night will be Sunday.
  - The total estimated savings will be \$35,000 from these two changes.
- **In order to increase revenue, possible options are leasing the Theater and perhaps reducing ticket prices slightly to see if the volume of people increases.** These are ideas which can be explored.
- **In the General Fund, the sum of \$215,000 has been put aside to offset the deficit for several City functions (Dial-A-Ride, Theater, Recreation Fund, Pool, Street Sweeping).** The theater received a proportionate share of the funds. The \$215,000 can be redistributed as the Council wishes.

### Pool

- **Swim Pool fees are proposed to increase to help offset the operating deficit.** These proposed increases will be brought before the City Council as part of the Master Fee Schedule update. Fees for recreation swim are proposed to increase from \$2 to \$3; Lap Swim fees are proposed to increase from \$4 to \$5; Swimming Lesson Fees are proposed to increase from \$50 per session to \$75 per session (there are ten, 30 minute lessons in one session) and, Friday Family Swim will increase from \$1 to \$2 per person. The budget has been built on the assumption that the fees are will be increased. If not, the corresponding revenue will need to be decreased and the size of the deficit will increase.
- **The Pool received a proportionate share of the \$215,000 to offset its deficit.** If the Council wishes, the \$215,000 can be redistributed.
- **Eliminated classes/activities with low attendance.** The lap pool swim at noon and on Saturday morning and the water aerobics classes were eliminated. Estimated savings \$25,000.
- **Pool water temperature lowered from 82 to 80 degrees.** This saves on utilities.
- **The City will be examining the possibility of switching the pool maintenance duties from Facilities to Public Works.** This is pending the completion of the Classification and Compensation Study and may be a negotiable item.
- **Eliminated vacant Pool Maintainer position (estimated savings \$85,000) and reduced Pool Manager position from two part-time to one part-time position.**
- **The budget proposes to close the pool between mid-October and February 27, 2011.** Other jurisdictions are doing this to save money and it is the time the pool is the least used. It will save approximately \$20,000 in utilities and supplies.

## City Departments

### City Council

- **There is a 3.7 percent or \$274,251 reduction pending in the General Fund.** Changes to the budget may result in an increase/decrease to this amount. As a result, the City will need to evaluate how it provides services.

### City Clerk

- **Proposed change in minute format.** As part of rethinking how we process the workload, staff proposes to reduce the level of detail contained in the minutes. Currently it consumes approximately four hours after the meeting to prepare the minutes. Changing to a less detailed action minute format would result in a time savings of approximately three hours each time. Tapes and audio recordings are kept indefinitely of the meetings.

### Administration

- **In FY 2011, the Administration Division will continue the Economic Development activities for the City; continue with labor negotiations; implement the cost-cutting measures in October/November; and, handle special projects.**

### Community Development

- **Budget for revising North Fillmore Specific Plan has been moved to the Redevelopment Agency (\$20,000).**
- **Software update.** The license with HDL expires and a new provider will have to be found. Staff is looking at other vendors who provide similar software.

### Risk Management

- **The City added new facilities which require insurance, for example, the Wastewater Treatment Plant, Pool and Two Rivers Park.** In addition, as part of budget balancing, the insurance coverage was fine-tuned to minimize costs.

### Public Works

- **Eliminate vacant Maintainer position (estimated savings \$ 76,966 spread throughout budget).**
- **Responsibility for fixed assets transferred to Finance Department.**

### Finance

- **Examine options for recovering unpaid citation and water bill collections.** In the upcoming year, the staff proposes to pursue options to better collect unpaid citations and utility bills. Currently the staff bills customers and sends one follow-up notice. If the bill is not paid, a door hanger is placed on the property. If the bill is still not paid, the

water is turned off. This is an effective method of collecting when an account is active. Once the account is inactive (closed), collection becomes more difficult. One of the options is to use a collection agency; another is to see whether it is possible to change the process so that a lien can be placed on the property. Currently the delinquency rate is 3 percent.

### Other Operations/Funds

#### **Boy's and Girl's Club**

- **Capital Improvement to Community Center by Boys and Girls Club.** The Boy's and Girl's Club is working to obtain a grant to fund a variety of capital improvements. The Club would like to remodel the girl's locker room area so that it can be used; fix the mezzanine floor; repair the windows and ceiling; and, make the kitchen functional for cooking classes. It has requested that the City assist by waiving any fees or permits and consider providing a credit for the materials used in the construction.
- **Cost-sharing on utility bills.** The City requested the Club pay for half of the utility bills, up to \$6,000 per year. As an incentive, if the Club saves energy during the year, the lower costs will be split with the organization.
- **New lease agreement.** Staff is working with the Club to develop a new lease agreement. It is anticipated that this will be concluded by September.

#### **Senior Center**

- **The Senior Center Board requested various capital improvements and minor capital items at the joint meeting with the City Council.** Due to budget constraints, the City is not able to allocate additional money at this time. However, next year, the City will work with the Board to identify other funding sources such Community Development Block Grant (CDBG) for the capital improvements.
- **A revised draft operating agreement has been prepared and will be presented to the Board in late July or August.** The draft agreement clarifies personnel reporting relationships, insurance requirements, operating hours, etc.

#### **Veteran's Memorial District**

- **A \$100,000 Community Development Block Grant was received to repaint and refurbish the backstage rooms of the Memorial building.**

### **Landscape and Lighting Districts**

- **Some of the funds have revenue shortfalls because the maximum tax is not set high enough to recover the costs.** In FY2011, the Council directed staff to bring forward various options, such as cost cutting and Proposition 218 elections for consideration.
- **The City will also examine simplifying the number of accounts (approximately 22) in the Fund.**

### **Storm Drain Fund**

- **Some of the districts have revenue shortfalls because the maximum tax is not set high enough.** This program shares the same problems with the Landscape and Lighting District. Council directed staff to bring forward various options such as a citywide Storm District, cost cutting and a Proposition 218 hearing.

### **Public Transit Fund**

- **Dial-A-Ride shortfall.** There is a \$45,000 shortfall in the Dial-A-Ride program. Several other City operations are running deficits and the sum of \$215,000 has been set aside to partially offset the shortfalls. Dial-A-Ride may be one of the items on which the Council wishes to use the \$215,000 to address the shortfall.

### **Redevelopment Agency Housing Fund**

- **In FY 2010, the State took \$2.384 million from the Redevelopment Agency.** The City removed the funds from Housing Set-Aside to pay the State. This money will have to be repaid to the Housing Set-Aside Fund by the City (NOT the State) from its regular Redevelopment funds within five years, leaving less funds available for debt-service and projects. No funds are proposed to be repaid this year.
- **Housing Set-Aside Funds have been included for Housing Rehabilitation Loans (\$40,000); Housing Rehabilitation Grants (\$40,000); First-Time Homebuyer (\$250,000); and, \$30,000 for demolition and Rehabilitation.**

### **Redevelopment Agency**

- **The North Fillmore Specific Plan needs to be revised and it will take over a year to complete.** As a placeholder, the funds are budgeted here. Prior to starting the work, public input will be sought. It is estimated that the revisions will cost \$125,000, but not all in this Fiscal year. The cost estimate was based on previous Specific Plans.
- **No repayments planned for this year to the Redevelopment Housing Fund.** As noted above, the Agency has five years to repay itself.

As you can see, there are challenges ahead—and there are opportunities. Working together we can find solutions. I look forward to discussing and resolving these issues with you in July.

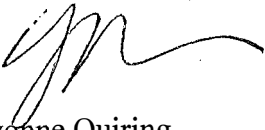
It takes a village to prepare a budget. This year has been particularly challenging and it would not have been possible without the professionalism, good humor and eagle eye of Anita Lawrence, Interim Finance Director. Over the past few months, she has spent many hours and

Honorable Mayor, City Council and Residents of Fillmore  
City of Fillmore FY 2011 Budget Message  
June 28, 2010

weekends wrestling with the budget. Special thanks to her husband, K.C., who graciously gave up time he planned to spend with his wife this summer. Many thanks to the department heads: Captain Tim Hagel, Rigo Landeros, Bert Rapp and Kevin McSweeney; along with the able assistance of Mike Ogden, Annette Cardona, and the Finance staff (Leo Young, Debbi Boschee, Norma Gutierrez, Rosa Felix, Patty Vitro, and Shannon Godfrey), without whom the budget would not be possible. Special thanks to Patrick Maynard who created the cover design.

I offer it now for your consideration.

Respectfully submitted,



Yvonne Quiring  
City Manager

Honorable Mayor, City Council and Residents of Fillmore  
City of Fillmore FY 2011 Budget Message  
June 28, 2010

**RESOLUTION TO FOLLOW**