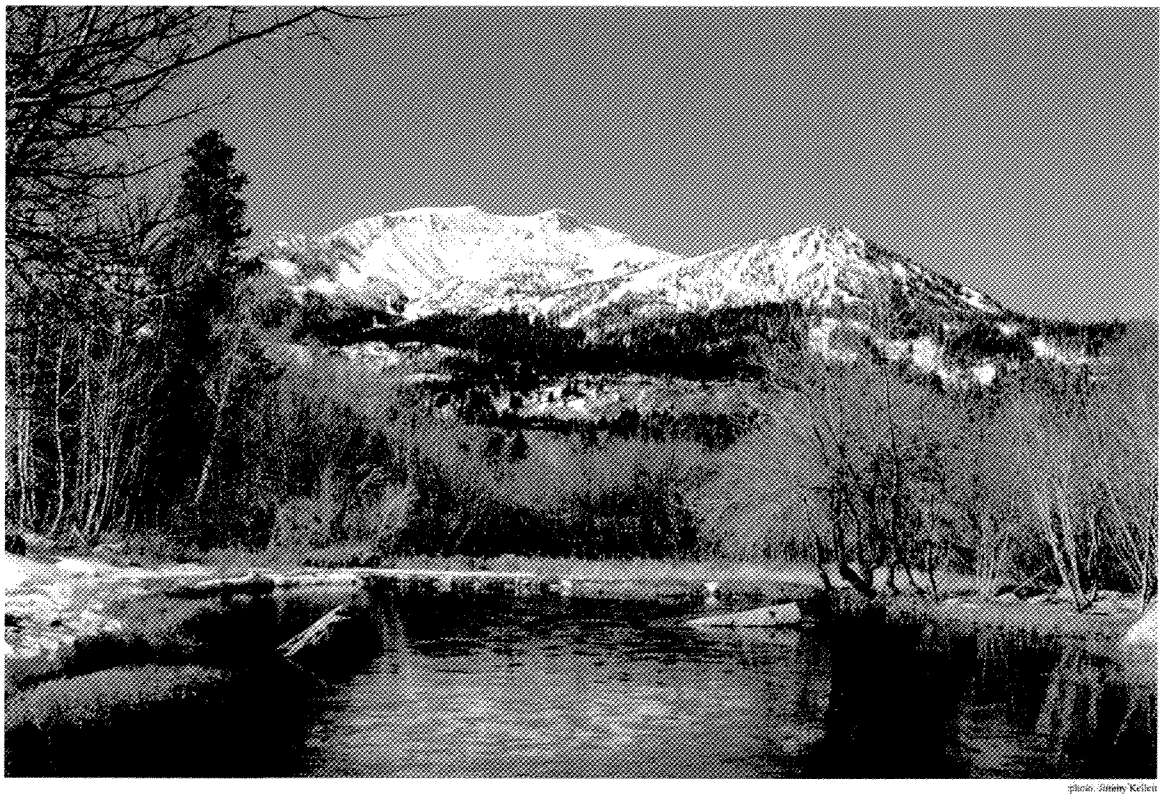

photo: Jimmy Kellett

TOWN OF MAMMOTH LAKES
BUDGET POLICY DECISIONS
FOR THE
PROPOSED BUDGET

FISCAL YEAR 2010-2011

Town of Mammoth Lakes
P.O. Box 1609Mammoth Lakes, CA 93546
Phone (760) 934-8989 ext 228, Fax 934-8608

MEMORANDUM

To:	Town Council
From:	Robert F. Clark, Town Manager
Date:	May 21, 2010
Subject:	Budget Policy Decisions

The 2010-11 Draft Budget for the Town of Mammoth Lakes has been distributed to you under separate cover. The Budget is balanced and maintains the service levels that the Council has emphasized in past years. However, many assumptions were made to address revenue forecasts and levels of service. And, unfortunately, many services were not able to be funded to the extent that might have been desired.

This document contains the Budget Policy Decisions that must be made by the Town Council to adopt and/or amend the 2010-11 Draft Budget. This year, there are 32 Budget Policy Decisions; sixteen address issues related to fiscal stability, seven address the levels of services already programmed in the Budget, and nine address services that were not able to be funded.

It is expected that other policy decisions will be identified by the Council and the community during the review process. As those become known, they will be analyzed and presented to Council for consideration.

INTENTIONALLY LEFT BLANK

2010 BUDGET POLICY DECISIONS

TABLE OF CONTENTS

	Pages
Budget Policy Decision Worksheet	1 - 8
Fiscal Stability Budget Policy Decisions	**Page**
1. TOT Revenue Projection	9
2. Property Tax Revenue Projection	11
3. Sales Tax Revenue Projection	13
4. Use of Released Trust Funds	15
5. Pre-fund Comprehensive Leave Expenses	17
6. Carry-over Unspent Litigation Expenses	19
7. UUT Funding for Parks and Recreation Services and Debt Service	21
8. Retiree Health Liability Funds in Trust Account	23
9. End Employee Furlough Program/Seek Employee Concessions for 2010-11	27
10. Continuation of Single Family Building Permit Fee Discounts	29
11. Measure "A" Tourism Allocation	31
12. Measure "R" Administration	33
13. Airport Terminal Financing	35
14. Line of Credit Provided to ESTA	39
15. Repayment of Funds Used for Capital Projects	43

Budget Policy Decisions Included in the Budget **Page**

16. Public Art Program Funded by General Fund 45

17. Strategic Partnership Funding Decisions to Mammoth Lakes Tourism 47

18. Dedicated School Resource Officer with Social Services Grant Assumed 51

19. Fund Housing Ordinance and Policy Development 53

20. Road Rehabilitation Funding Level 55

21. Urban Greening Plan Grant Assumed 57

22. Fuel Reduction Funding 59

Budget Policy Decisions Not Included in the Budget **Page**

23. EIR for Parks and Recreation Master Plan 61

24. October/November Air Service 63

25. Increased Costs to Relocate Police Department 65

26. Increased TOT Compliance Efforts 67

27. Enhance Sidewalk Snow Removal 69

28. Determine Ice Rink Operations Plan 71

29. Increased Funding for Recreation 73

30. Pre-Fund Tourism Administration Building Debt 77

31. Support for Mammoth Nordic 79

BUDGET POLICY DECISION WORKSHEET

Fiscal Stability Policy Decisions

BPD #	Policy	Cost	Manager's Recommendation	Alternative(s)	Council Consensus
1	TOT Revenue Projection	$10,167,318	Use the value of actual TOT receipts from the prior 12 months as the 2010-11 Budget Projection.	1.Increase TOT estimates based upon projected economic assumptions. 2. Decrease TOT estimates and reduce services.	
2	Property Tax Revenue Projection	$2,565,121	Estimate property tax receipts at 10% less than actual receipts for this year.	1. Estimate a higher amount of property tax. 2. Estimate a lower amount of property tax.	
3	Sales Tax Revenue Projection	$1,262,570 and $403,144	Set the local sales tax and triple-flip projections based upon the State's estimates.	1. Increase the projection. 2. Decrease the projection.	
4	Use of Released Trust Funds	$577,000	Contribute half to replenish the REU and half to provide one-time planning efforts that will prepare the Town for development and reinvestment.	Use Trust funds to provide higher priority needs and services.	
5	Pre-fund Comprehensive Leave Expenses	$307,000	Pre-fund employee leave liability with surplus funds from 2009-10 Budget.	1. Defer funding this year's liability and use the money to increase the REU or increase services elsewhere. 2. Use surplus for other priorities, reduce services and fund leave liabilities with 2010-11 General Fund.	

BPD #	Policy	Cost	Manager's Recommendation	Alternative(s)	Council Consensus
6	Carry-over Unspent Litigation Expenses	$400,000	Carry-over unspent litigation funds from 2009-10 Budget.	Use unspent legal funds for other priorities, reduce services and fund legal liabilities with 2010-11 General Fund.	
7	UUT Funding for Parks and Recreation Services and Debt Service	$327,747	Fund a portion of the operational costs of the Recreation, Parks and Trails Department with UUT excess revenue.	Use the excess UUT revenue for other priority services.	
8	Retiree Health Liability Funds in Trust Acct	Higher investment earnings	Invest retiree health contributions in a trust account.	Invest retiree health contributions in a short-term investment account.	
9	End Employee Furlough Program/Seek Employee Concessions for 2010-11	$500,000 savings	End furlough program and seek concessions for 2010-11fiscal year.	1. Continue furlough program instead of other concessions to save an additional $355,000. 2. Request to enter into labor negotiations with employee associations to consider alternate concessions. 3. Provide all binding contractual benefits but cut services by implementing employee layoffs.	
10	Continuation of Single Family Building Permit Fee Discounts	Loss of approximately $90,000	Continue discount for Single Family building permits.	Return fees to their adopted levels for Single Family building permits.	
11	Measure "A" Tourism Allocation	$2,226,242	Allocate all Measure "A" funds to Mammoth Lakes Tourism in the form of a contract for services.	1. Allocate a portion of "Measure A" funds and increase the contribution as the organization takes on more functions. 2. Retain some funds to	

				allow the Council to decide how to fund strategic partnerships or air revenue guarantees.	
12	Measure "R" Administration	$33,470	Retain 4% to allow admin time to be charged, based on actual time spent, to the Measure "R" process.	1. Retain a larger amount to charge time against for Measure "R" admin. 2. Reduce services and charge the General Fund for administering Measure "R".	
13	Airport Terminal Financing	$1.8 million note	Extend the term of the Note for two years at a 4% interest rate and use FAA proceeds to pay off the note over 3 years.	Do not renew the Note and decrease the REU by $1.8 million. Find another capital project for the FAA proceeds.	
14	Line of Credit Provided to ESTA		Approve the Line of Credit.	Do not approve a Line of Credit and potentially reduce transit services.	
15	Repayment of Funds Used for Capital Projects	$3.2 million from General Fund $1.275 million from the Vehicle Fund	Use DIF from the next 200 units to repay the General Fund loan. Forgive the Vehicle Fund loan.	1. Reduce services and repay the loans from the General Fund. 2. Write off both loans.	

Service Level Policy Decisions – Included in Budget

BPD #	Policy	Cost	Manager's Recommendation	Alternative	Council Consensus
16	Public Art Program Funded by General Fund	$30,000	Fund the Public Art Program with General Fund revenue.	Fund the Public Art Program with Public Art Fees as authorized in the Municipal Code and use the General Fund revenue to fund other services.	
17	Strategic Partnership Funding Decisions to Mammoth Lakes Tourism	$107,000	Allocate the Measure "A" funds to Mammoth Lakes Tourism to distribute to create a more unified marketing campaign.	Retain the funds for the Town Council to distribute to local strategic partners.	
18	Dedicated School Resource Officer with Social Services Grant Assumed	$55,000	Use an existing officer to cover the SRO assignment when available and assume that Social Service Grant funds will be available.	1. Decline the $55,000 County Social Services Grant and reduce services to cover the loss of the $55,000 Grant. 2. Increase police staffing to dedicate an officer to the SRO function but reduce services elsewhere to cover the cost.	
19	Fund Housing Ordinance and Policy Development	$100,000	Appropriate $100,000 from the Housing Fund to cover contractual services to prepare an updated Housing Ordinance and a Comprehensive Housing Policy to prepare for reinvestment.	1. Do not appropriate $100,000 and delay the completion date to an unknown time. 2. Reprioritize other CDD projects and fund with the General Fund to allow completion of this task without using a consultant.	

BPD #	Policy	Cost	Manager's Recommendation	Alternative(s)	Council Consensus
20	Road Rehabilitation Funding Level	$750,000	Allocate $750,000 from the Gas Tax/General Fund to maintain the PCI within the "good" range.	1. Reduce services and allocate more General Fund revenue to create a higher level of service. 2. Reduce the General Fund allocation and accept a lower level of service but increase other municipal services with the General Fund revenue.	
21	Urban Greening Plan Grant Assumed	$75,000	Assume receipt of the Urban Greening Grant to pay for Community Development staff time and complete high priority work program tasks.	Do not assume receipt of the Grant and reduce services to cover the loss of $75,000.	
22	Fuel Reduction Funding	$20,000	Carry over unspent $15,000 from prior year and add $5,000 to equal a total of $20,000	1. Do not fund a fuel reduction program. 2. Reduce contribution.	

Service Level Policy Decisions – Not Included in Budget

BPD #	Policy	Cost	Manager's Recommendation	Alternative	Council Consensus
23	EIR for Parks and Recreation Master Plan	$40,000	Direct staff to apply for Measure "R" funds to complete preparation of the EIR.	1. Seek other grants to complete the EIR, recognizing the completion time may be delayed until a grant is received. 2. Reprioritize other tasks so that the EIR can be funded by the General Fund with other priorities being delayed.	
24	October/November Air Service	$45,000	Work with the DMO, MMSA and the County on a cost sharing agreement.	1. Use the General Fund to cover the DMO share. 2. Divide the costs differently.	
25	Increased Costs to Relocate Police Department	$20,000-$130,000	Continue to work toward relocation and evaluate costs when the opportunity reaches greater likelihood.	Remain in the current location and renegotiate the lease beyond the current termination date of December 31, 2010.	
26	Increase TOT Compliance Efforts	$68,000	Explore outsourcing options.	1. Fund a staff person from using the additional TOT derived from this new service. 2. Do not provide additional TOT compliance efforts.	
27	Enhance Sidewalk Snow Removal	$19,500	Do not fund.	Reduce services to fund ½ the cost with the expectation that Gas Tax Funds would	

				reimbursement 50% of the cost in the following year.	
28	Modify Ice Rink Operations Plan	Wait to consider the recommendations of the Tourism and Recreation Commission.	Wait to consider the recommendations of the Tourism and Recreation Commission.	Wait to consider the recommendations of the Tourism and Recreation Commission.	
29	Increase Funding for Recreation	$370,000	Develop a work plan for 2010-11 and defer decision pending completion of that effort.	1. Add $370,000 to the Recreation budget to hire a Director and Planner. 2. Deploy existing management and planning staff to support recreation. 3. Add funding to Recreation budget to increase programs. 4. Add funding to Recreation budget to support events and activities. 5. Add funding to Recreation budget to pay for facilities and equipment.	
30	Pre-fund Tourism Building Debt Service	$121,780	Use surplus Measure A revenue from this year to pay off entire debt for Tourism building.	Pay the traditional debt service this year and the balance next year.	
31	Support for Mammoth Nordic	$15,000	Direct Mammoth Nordic to apply for funding through the traditional application processes.	Allocate $15,000 to Mammoth Nordic and reduce services elsewhere.	

INTENTIONALLY LEFT BLANK