



Mammoth Lakes™
CALIFORNIA

***Town Council Adoption of the
Fiscal Year 2012-13 Budget,
Including the Budget Reduction Plan and
a Plan to Address the State Court Writ of Mandate
Concerning a Judgment by Mammoth Lakes
Land Acquisition***

**June 20, 2012
Town Council meeting**

ITEMS IN THIS PRESENTATION

- A refresher on the Town's fiscal challenges.
- A budget reduction plan that addresses the baseline budget issue of \$2.8 million, but also creates an annual cash flow to address a writ of mandate recently issued by the State court in relation to the MLLA judgment.
- A long-term fiscal forecast prepared by the Town's financial consultant, FTI.
- Legislation to adopt the budget and implement employee pick-up of retirement costs.

Town's Fiscal Challenges, Current and Future

- FY 12/13 baseline budget shortfall of \$2.8 million in the General Fund budget of \$19 million – a 14% gap.
- The \$2.8 million does not take into account a payment to MLLA, and continues deferral of road rehabilitation and replacement of snow removal equipment.
- The reason for this baseline budget issue is simple: The Town's available revenues are not sufficient to pay all of the Town's current expenses.

Town's Fiscal Challenges, Current and Future

- The Town already has a high tax level and cannot impose taxes without voter approval. This essentially limits the Town's budget balancing options to reductions in expenditures and services.
- The Town has made significant cuts to its spending over the past few years.
- The result is an organization that is already "bare bones" from both a staffing and services standpoint, and which necessarily underfunds some of its essential obligations.

The Town's Budget Reduction Plan

- After an in-depth and diligent analysis of all of its expenses and operations, the Town has developed a Budget Reduction plan to:
 - adjust the Town's expenditures and revenues through specific measures to balance the 12/13 budget;
 - create surplus funds to satisfy debts and obligations currently owed, including MLLA; and
 - put the Town on a sustainable footing for future years, given what we know about the future.
- The Budget Reduction Plan is presented in Attachment A, and incorporated into the FY 2012-13 Budget Document.
- Reflects adjustments since May 16, 2012.

FTI's Fiscal Forecast

- After taking into account the Town's baseline budget for all funds, and the above balancing measures applied to the General Fund, the FTI model estimates that over the five-year forecast period, some \$3.6 million in net funds will be generated.
- After the five-year forecast period, some \$550,000 in annual funds are projected as available.

FTI's Tax Study

- FTI prepared an analysis of the Town's current tax burden and the impact of potential tax increases.
- The analysis was necessary to assess the feasibility of increasing taxes (with voter approval) to generate revenues to help satisfy the Town's debts and obligations, including the litigation judgment of Mammoth Lakes Land Acquisition (MLLA).
- The FTI Report concluded that the current level of taxation within the Town is already high, the Town's population is generally not wealthy, and the Town's economy is not likely to sustain additional tax burden.

Budget Documents

- Detailed **budget document** is available online, at www.ci-mammoth-lakes.ca.us and in Town offices. It is referenced in the budget adoption resolution, and amended by the Budget Reduction Plan.
- The **Budget Reduction Plan**, presented on May 8 and May 16, is re-printed in Attachment A.
- FTI's **Long-Term forecast** is available on the Town's website.
- The Town has produced, and posted online as well as distributed in hard copies, the "**Budget Facts**" budget summary.

Annual Budget Legislation

Attachment B:

- Budget adoption resolution.
- Legislation to establish the Town's appropriations limit, as mandated by the California Constitution.
- Legislation to approve the Town's Investment Policy, which changed slightly from the prior year.

Legislation to Implement Retirement Cost Pick-Up by Town Employees

Attachment C:

- The Budget Reduction Plan assumes concessions from Town employees, including employees fully paying for their portion of retirement (8% for civilian employees and 9% for sworn, currently paid for by the Town).
- The attached 4 resolutions implement this contemplated change.

Implementation of FY 2012-13 Budget

- Some reductions have already been implemented (e.g. layoffs).
- Some reductions require significant concessions from employee unions, AND changes to property leases and existing contractual agreements must be formalized.
- The Town anticipates that relevant agreements will be reached by July 1, 2012.
- **In any event, implementation of the Budget Reduction Plan to begin on July 1, 2012.**

Requested Town Council Actions

Approve the attached legislation:

- Three budget resolutions.
- **FOUR** retirement pick-up resolutions.