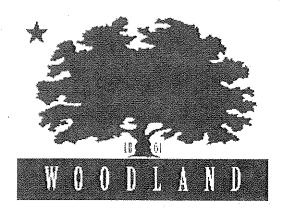
CITY OF WOODLAND

PRELIMINARY ANNUAL BUDGET 2007 - 2008



DAVID FLORY, MAYOR

MARLIN 'SKIP' DAVIES, VICE MAYOR

WILLIAM MARBLE, COUNCIL MEMBER

JEFF W. MONROE, COUNCIL MEMBER

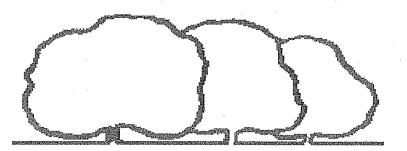
ART PIMENTEL, COUNCIL MEMBER

RICHARD KIRKWOOD, CITY MANAGER

PHILLIP MARLER, ASSISTANT CITY MANAGER

ANN SIPRELLE, CITY ATTORNEY

SUE VANNUCCI, CITY CLERK



CITY OF WOODLAND

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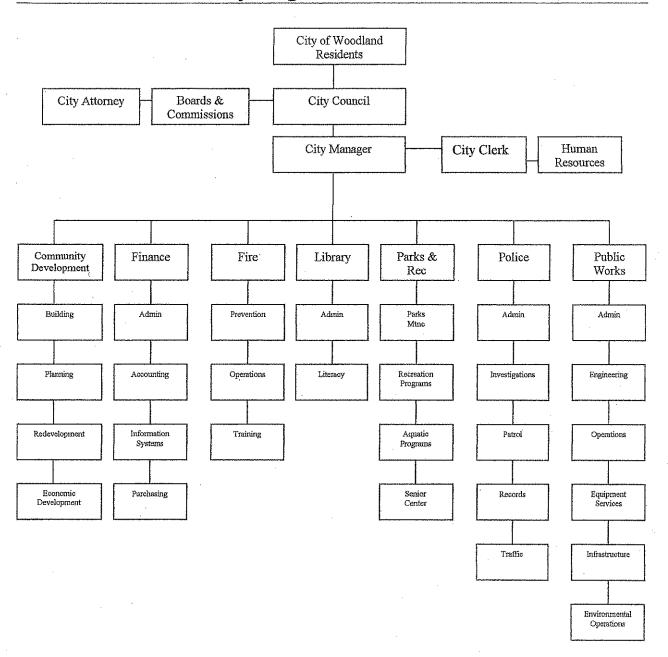
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SPECIAL ACKNOWLEDGEMENTS

The City of Woodland would like to extend a special thanks to all who devoted time and effort in the preparation of this budget document.

JULIE HENSON, Finance Sr. Management Analyst
KIMBERLY McKINNEY, Accountant
REX GREENBAUM, Accountant
BARBARA L. THOMPSON, Finance Administrative Secretary

City Organization Chart



Administrative Officials

COMMUNITY DEVELOPMENT

BARRY MUNOWITCH, DIRECTOR

FINANCE

JOAN DRAYTON, DIRECTOR

FIRE SERVICES

MICHAEL CAHILL, FIRE CHIEF

LIBRARY SERVICES

PAUL MILLER, LIBRARY DIRECTOR

PARKS, RECREATION & COMMUNITY SERVICES

DAN GENTRY, DIRECTOR

POLICE SERVICES

CAREY SULLIVAN, POLICE CHIEF

PUBLIC WORKS

GARY WEGENER, DIRECTOR & CITY

ENGINEER

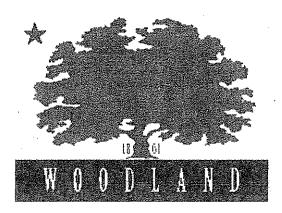
HUMAN RESOURCES

AMY BUCK, MANAGER

CITY ATTORNEY

ANN SIPRELLE, Best, Best & Krieger

City of Woodland Mission Statement



The Mission of Woodland is....

To anticipate and provide for the needs of the community through quality service, innovation and leadership for today and in the future.

Our Vision is.....

As an organization of dynamic, innovative, creative and dedicated people.....

We focus on continuously improving our ability to provide a variety of public services in a climate of increasing change. We have a diverse work force that actively engages in continuous learning, performance improvement and teamwork. By applying advanced technologies, improving our work processes and building partnerships, we excel in providing for the needs of our community. We take pride in working for the public, we actively participate in our community and we deliver exceptional value for Woodland's citizens and businesses.

Our Values are.....

Committed to delivery of quality service.

Provide a safe community with a high quality of life.

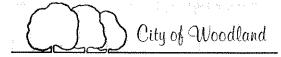
Strive to be proactive, innovative and plan for the future.

Committed to teamwork, empowerment and development of employees.

Encourage broad-based public dialogue and consensus concerning strategic issues.

Protect the financial health of the City and promote the economic viability of the region.

300 First Street, Woodland, CA 95695



April 14, 2007

Honorable Mayor & Members of the City Council,

On behalf of the City's management team, I am pleased to submit the City of Woodland's adopted Preliminary Budget and Capital Improvement Program for the 2007-2008 fiscal year.

The decisions of today are shaping the "Woodland of Tomorrow". This simple notion truly has profound meaning in our current environment, an environment in which our community is experiencing significant growth. The recommended policy document that follows reflects a dedication to staying the course to build a truly premier community in this time of rapid change.

It is during these times of economic uncertainty that a community's ability to look beyond the current year becomes especially important. Woodland's prudent financial planning has enabled it to take the long view and plan for the future. We are known not only for providing exemplary service and leadership in our daily operations, but also for setting aside the necessary resources for the future needs of a fast-growing community. The recommended budget stays true to this principle.

The recommended financial plan is deeply rooted in the City's strategic vision for the future as set forth in our Strategic Plan. Citywide strategic goals provide the framework within which each department developed their respective strategic issues. Logically, recommended budget appropriations support and promote theses strategic issues. Toward that end, this document serves as an operations guide for City staff as well as a communications device to reach our citizens.

This message begins at the highest level by visiting the economic conditions in which we are currently planning, a financial overview follows, legislative issues of special concern are then addressed, and, finally, the key issues and priorities of the City are enumerated.

Economic Conditions

Local: Generally speaking, our local economy continues to perform quite well. Overall, housing continues to boom with a record 278 single-family dwelling units being built in 2006-2007 and housing prices that continue to grow as well. Affordable housing will need attention as land and housing prices climb taking more of our residents out of reach of home ownership.

Whether quickly or slowly, Woodland will continue to grow. At this juncture, revenues generated from local economic growth have provided the means to provide a desirable level of service. Ensuring that this growth brings balanced economic development while enhancing the quality of life of Woodland residents remains a top priority.

Financial Overview

The City's total net assets increased over the course of the FY 2006 by \$38.2 million to \$130.1 million. The net assets of governmental activities increased by \$36.0 million, or 67.5 percent, and the net assets of business-type activities increased by \$2.2 million, or 5 percent.

The General Fund, using the current financial resources basis, reported revenues in excess of expenditures and other financing sources and uses of \$1.45 million. The surplus was the result of continuing growth in sales tax and property tax revenues, as well as expenditure savings.

Revenues: The City's total revenue was \$91.3 million for the fiscal year ended June 30, 2006; an increase of \$35 million or 62 percent from 2005. Revenue from governmental activities totaled \$77.5 million and revenue from business-type activities totaled \$13.8 million. Charges for services and operating and capital grants provided 62 percent of the total revenue received during 2006, while taxes (property, sales and other) provided 28 percent of total revenue.

The increase in total revenue is due primarily to a \$22.2 million increase in changes for services and an \$8.0 million increase in capital grants and contributions. The increase in charges for services stems primarily from increase development and related fees in the Spring Lake Project Areas, as well as increased utility fees, capital grants and contributions increase is related to the timing and

phases of qualified capital projects and associated requests and receipts of funding. Additionally, the City continued to receive increases in property, sales and other tax revenues. Investment earnings increased \$1.48 million due to increased interest rates as well as the issuance of two new bonds which allowed additional cash to be invested.

Expenditures Expenses for the City for the year totaled \$53.1 million, an increase of \$5.2 million or 13 percent over 2005. This increase is due primarily to staff augmentations in Fire, Police and Community Development and increased activity due to Spring Lake. Governmental activity6 expenses totaled \$41.8 million, or 79 percent of total expenses. Business-type activities incurred \$11.3 million, or 21 percent of total expenses during the year.

Employee Benefit Costs Over 6% of the increase in the General Fund Budget is attributable to health plan and retirement benefit costs. Health care costs are seemingly beyond immediate control; long-term options for the City's employees have been and will continue to be explored. Worker's Compensation costs are another area that City staff will track closely in the year to come.

Service Level Changes Fulfillment of the City's commitment to provide police and fire services to newly annexed residents is programmed for this budget year. It is fully anticipated that this will result in the Police Department and Fire Department beginning to provide safety services in those areas. Toward that end, the recommended budget includes staffing and support for one (1) new fire station in the Spring Lake Area in this budget year.

In order to sufficiently maintain service for builders and developers, additional staff have been added in the Community Development Department, along with increases in Public Works to maintain capital projects deadlines.

Long-Range Outlook Prudent financial management has served Woodland well. Our ability to provide quality programs and services is predicated on this fact.

Reserves The effort to "hold the line" on operating expenditures also allowed the City to meets its 12 - 15 percent reserve goal. The following chart provides a summary of the 2007-2008 fiscal year projected revenues and adopted expenditures for the City's major funds.

		FY 07-08 Revenues	FY 07-08 Expenditures
General	Fund	\$45.3	\$46.0
Water	Operating	\$6.3	\$5.3
Wastewater	Operating	\$9.1	\$6.7

The above table reflects the inclusion of depreciation and other one-time transfers for capital items within the Water and Wastewater operating budgets. On an operating basis revenues do exceed expenditures for both funds.

Key Issues & Priorities

The "Woodland of Tomorrow" is reflected in the key issues and priorities that follow. For a complete list of departmental strategic issues, I encourage you to refer to the *Strategic Plan & Fiscal Policies* section of this document. Further, the budget sections for each department provide additional detail with respect to implementation plans. Some of the strategic issues are proposed to be funded with bond proceeds. However, unless noted otherwise in each narrative, funding sources are from on-going revenues.

Organizational Structure Our ability to serve the needs of our growing city has been served well in recent years through continuously reviewing and modifying our organizational structure. In order to ensure that our organization will meet the needs of our growing population, the City's executive staff has developed plans of what will be needed to serve a population over 60,000. Expanding responsibilities, without expanding our staff, will increase the City's span of control over issues both within our organization and those issues of importance around us.

General Plan Update The community's vision of the future of Woodland is being established as we conclude the General Plan update process. As currently drafted, a key element of the proposed plan concepts is the idea of livability, creating major parks and pedestrian-oriented neighborhoods and commercial areas. As we grow, the implementation of the master plan for our community, including the necessary fees to support quality infrastructure is critical.

Parks The proposed General Plan calls for an increase in park space recognizing that exceptional cities create great parks for their residents. Accordingly, the City will need to begin exploring financing options for acquisition of parkland.

The "Heart" of Woodland Many important components contribute toward the continued revitalization of the greater downtown area. The greater downtown is the heart of the City, and our investment in this area will strengthen Woodland's sense of community and further improve the economic vitality of this area.

Economic Development We continue to make a concerted effort to encourage position economic development in Woodland while never losing sight of our existing business base.

Infrastructure Investment Ongoing implementation of the City's water and wastewater master plans continue to be a top priority. Water plant improvements include expansion of the existing system to provide increased water quality. In the coming years, the City will need to address new state and federal regulations regarding storm water.

Mid-Year FY07 Augmentations

- a) Equipment for (2) new Police Officer ~
 \$9,400; development funds
- b) Equipment for (1) new Office ~ \$4,700; development funds
- c) PGE increases for GL account 5235 ~ 18K in GF, and ~ \$65K in Utility funds.
- d) Facility Maintenance Worker II is approved for Parks. This represents the 3rd new authorized position authorized for new CSC.
- e) DUI Enforcement project continuation of dedicated DUI officer provided sufficient activity level continues to exist to sustain this position.
- f) Each department must stay within their current level of appropriations, and to the degree possible, continue to constrain expenditures.

g) Finance has provided six-month year-to-date financial reports to each department. (if you need another copy, please contact Finance)

FY07 Operating Budget

<u>Department Expectations on Management and</u> Administration of Respective Budgets

- h) Departments evaluated their 6-month reports, annualized expenditures and prepared necessary line-item adjustments to stay within existing level of appropriations. The City Manager's expectation was that each department will manage within their authorized budgets and provide savings to degree possible.
- i) Salary / Benefit savings (due to vacancy) will not/ cannot be used for other purposes without City Manager/ Finance approval.
- j) Overtime budgets are the expressed responsibility of the departments. Directors are asked to ensure management and control over these costs (i.e. do not exceed approved budget).

FY08 Budget Guidance

- k) Employee Salaries / Benefits consistent with MOU parameters
- Discretionary / controllable costs limited to 3% increase
- m) Internal service funds will be subject to the same budget guidance
- n) Utility funds subject to the same budget guidance
- o) Staff Augmentations: Will most likely not be approved unless accompanied with an identified additional / new funding sources, or an increase of existing funding that cannot be garnered through existing staff.
- p) Temporary funding for the City's 4th Fire Engine Company (FEC) lapses on June 30, 2007:

- Ongoing funding (Approx \$1.2 million/year) will be determined by Council during FY08 budget discussions.
- For FY08, The 4th Engine Company will be not longer be coded to Fund 359 – Special Revenue Fund.

q) Fire Department Training Budget

 To be evaluated by department for suggested cost saving measures.

r) Police Department Training Budget

- To be evaluated by department for suggested cost saving measures.
- s) Preliminary Nondiscretionary / Noncontrollable Costs

Respective Departments and Finance will work together on methodology for determining amounts for the following expenditures:

- Utility
- · Gas & Oil
- YCESSA Contract
- LAFCO
- Booking Fees
- Internal Service Overhead, Data Processing, Variable and Fixed Vehicle/Equipment Costs
- Lease / Debt Service Payments
- Contributions to Other Funds Property Taxes

Conclusion & Acknowledgements

Many individuals on staff contributed their knowledge and expertise to the development of this budget. I wish to specifically express my appreciation and thanks to the Finance Department Staff and other individuals who made specific contributions, for their many hours of dedication, long weekends and hard work in coordinating, developing and publishing this fiscal year 2007-2008 preliminary budget document.

As always, without Council's leadership and dedicated fiscal conservation, the needs of the community for today and in the future could not be addressed.

Respectfully submitted,

Richard Kirkwood, City Manager