

# City of Woodland

## REPORT TO MAYOR AND CITY COUNCIL

AGENDA ITEM

1.

TO: THE HONORABLE MAYOR  
AND CITY COUNCIL

DATE: May 25, 2010

SUBJECT: Fiscal Year 2011 Proposed Operating Budget Update and 10-Year  
Financial Plan

### **Report in Brief**

On March 30, 2010 staff presented strategies to reduce the General Fund budget in order to address a projected \$5.8 million deficit. The objective of the presentation was to discuss the strategies and receive direction from the City Council.

Staff presented the strategies and there was significant discussion from employees and citizens who expressed concerns regarding the reductions and the associated impact on jobs, programs and services. The City Council made several comments regarding specific reductions. However, there was no substantive direction provided by the City Council as a group. Therefore, staff has proceeded to list the reductions strategies discussed on March 30 as the most viable options for addressing the \$5.8 million General Fund deficit although other options may be considered depending on Council direction and priorities.

There have been other activities associated with the FY 2011 budget since the March 30 workshop. Management staff has held meetings with most of the City's bargaining units and some progress has been made to collaboratively reduce expenses. Revenue and expenditure estimates in all funds are being refined. The City Manager had had several meetings with a Task Force formed by the Chamber of Commerce who are looking at the City's fiscal issues from the perspective of the business community. Other options for resource allocation have been reviewed and will be presented herein as alternatives. Finally, staff has developed 10-year Financial Plans for all City funds which will facilitate the City Council's and community's review of the City's fiscal condition from a long range perspective. The significant issues associated with these activities will be reviewed during the May 25 budget workshop.

Staff recommends that the City Council review and comment on the proposed Fiscal Year 2011 operating budget and FY 2011 through FY 2020 10-year Financial Plan and provide direction for changes, if any. The Council's direction will be incorporated into the preliminary FY 2011 operating budget that will be presented for adoption at the June 15, 2010 City Council meeting or as soon as possible thereafter so that a budget is in place beginning July 1, 2010.

### **Background**

The March 30 budget workshop presented the worst case financial plan for the City's General Fund. In order to balance the FY 2011 projected deficit, reductions of approximately \$5.8 million are necessary with the loss of 35.25 positions and 28.25 layoffs. Please note that the change in the position loss and layoff numbers from the March 30 report are due to the loss of the Library's literacy program because the funding authority requires the activity to be associated with a public library and cannot be transferred to another location. The potential strategies included the complete closure of the Woodland Public Library; elimination of a fire engine company; loss of sworn police officer positions and resources dedicated to narcotics enforcement, traffic safety and records; further reductions in parks & recreation, including the loss of all staff support for the senior citizens program and off-season closure of the pool; and elimination of all City support for special events.

Unfortunately, the level of program/service level reductions was significant, far ranging and nearly intolerable to many members of the community and employees. It is important to note that the reductions discussed on March 30 follow two years of difficult City budgets. The FY 2009 budget was adopted in June 2008 with approximately \$3 million in expenditure reductions and \$3 million in one-time funds to offset a deficit of over \$6 million. In February 2009, mid-year adjustments required an additional \$2.4 million in expenditure reductions and use of one time money. Last year, the Council's adoption of the current FY 2010 budget required expenditure reductions of over \$5 million and concessions from bargaining units of over \$1 million to address a \$6.3 million deficit. On February 2, an additional mid-year shortfall of \$2 million required further expenditure reductions and utilization of one time revenues. The reductions that have been implemented over the last two years have caused the City to reduce its work force by 18% and reduce compensation to employees by approximately 5%.

While many of the program/service level reductions implemented over the last two years have been significant and noticeable, the City has found ways to maintain the highest priority activities at a tolerable level. As an example, the Library has continued to operate, albeit at approximately 30-40 hours per week down from 54 hours per week two years ago. Despite the loss of 33% of its resources, 22 positions and all management staff, Parks & Recreation continues to offer an acceptable and commendable level of service through the leadership of the remaining supervisory employees led by the Chief of Police who is currently serving as that Department's interim director. Both the Library and Parks & Recreation benefit from community support generated by volunteers who assist daily operations in a variety of ways.

Therefore, the General Fund reductions presented on March 30 had major impacts to the remaining programs and services. There are simply few options available given the level of previous reductions and the decline in General Fund revenue. To illustrate further, the City's estimated General Fund revenue *less Measure E* is \$30,346,583; this level of revenue is approximately equal to the City's General Fund revenue generated seven years ago in FY 2004.

Using FY 2004 as a baseline for comparison purposes, staff reviewed the allocation of General Fund resources between all departments. This allocation was based on the amount of the General Fund

*less charge backs to other funds and departmental revenues generated by fees and charges. This amount is primarily generated through taxes collected from property, sales and hotels and is commonly referred to the "discretionary" General Fund revenue.* In FY 2004, the discretionary General Fund revenue was \$21,828,255. The amount available for FY 2011 is \$22,861,644. The following table summarizes the percentage allocation:

<u>Department</u>	<u>2004 Budget</u>	<u>2011 Request</u>
Administration	0.4%	0.4%
Community Development	(-) 2.0%*	2.3%
Finance	1%	0.2%
Parks & Recreation	15.3%	11.6%
Police	43.3%	62.6%
Fire	22.6%	36.6%
Library	4.7%	4.7%
Public Works	10.8%	4.5%
Transfers**	0.9%	1.7%
Total	97%	125%

Notes: \* Community Development generated fees that offset its entire operation in FY 2004.

\*\* Transfers primarily include funds that are collected for expenses such as debt service and General Fund subsidies to the cemetery and storm drain operations.

The above table illustrates the challenge associated with balancing the FY 2011 General Fund budget with revenues that are approximately equal to FY 2004. Over the last several years, Public Works and Parks & Recreation have seen their share of the General Fund significantly reduced. Most of the remaining departments are flat with the exception of Police and Fire. In FY 2004, Police and Fire accounted for 65.9% of discretionary General Fund revenues. The requested expenditures for Police and Fire in FY 2011 are 99.2% of this same factor.

It is important to note that the above table and comments are not intended to be critical of the Police and Fire departments' budget requests or previous resource allocation decisions. The community and the City Council expect that these critical public safety functions be well funded and that the men and women who staff these departments have the resources available to serve and protect the public. The primary point that is illustrated in the above table is that it is virtually impossible to address the projected FY 2011 General Fund deficit without impacting service levels in all departments, including public safety. That is because the reductions that have been implemented the previous two years have primarily impacted other departments in order to reflect the high priority held by public safety. As a result, it was the City Manager's sad and unfortunate responsibility to present FY 2011 reduction strategies that included the elimination of all General Fund support for the Library, loss of a fire engine company, reduction of sworn police officers and civilian support positions and elimination of part time positions at the Senior Center.

Following the March 30 meeting, staff has focused on the following activities in association with preparing the FY 2011 budget:

- Met with Bargaining Units to determine their interest in further compensation reductions and support for another round of the retirement incentive “Golden Handshake” program;
- Continued to carefully review revenue and expenditure estimates;
- Reviewed options for reallocating resources for the highest priorities identified by the City Council;
- Developed 10-year Financial Plans for the General Fund, combined Transportation Funds, Water Enterprise Fund, Sewer Enterprise Fund and Redevelopment Funds.

The balance of this report will focus on the progress made on the above items.

## **Discussion**

### ***Meetings with Bargaining Units***

Following the March 30 Council Budget Workshop, the City’s Designated Representatives have communicated with or held meetings with all employee organizations regarding the Golden Handshake program. General negotiation meetings are in progress with those associations with agreements that expire on June 30, 2010 (general employees, mid-management, and fire mid-management). It is important to note that the firefighters, police officers and police mid-management all have three-year agreements which include a second year of furloughs in FY 2011.

Each employee association expressed their support for participating in the Golden Handshake program should it be offered. Following the supportive response from the associations, the City Manager authorized a citywide email advising all employees of the potential availability of the program and a follow up email sent to only those employees who are eligible to participate. To be eligible, an employee must be age 50 years or over and vested in CalPERS with five or more years of service.

As the Council will recall, the Golden Handshake program has been a very effective tool for reducing the City’s staffing during this severe economic downturn. Two previous rounds of Golden Handshakes have facilitated the early retirement of 19 employees. It is certain that without this program there would have been an equal or greater number of layoffs. One concern associated with the Golden Handshake is the cost of the program. The two rounds offered in 2009 and earlier this year increased the City’s future retirement burden by \$805,470. However, under the terms set by CalPERS, this amount is amortized over 20 years and the payments do not begin until two years after the program is implemented. Therefore, the City’s annual payment from these two rounds is \$72,791 annually beginning in 2012 in comparison to approximately \$1.8 million of total annual

compensation that would have been paid in lieu of early retirements. Staff believes that the Golden Handshake is an effective way to reduce the City's staffing and is certainly more acceptable to employees than layoffs.

If the City Council remains supportive of this program which could help offset the need to layoff up to 28.25 employees depending in the results of the June 8 election, two actions will need to occur. The first action is Council approval of the cost and program information which needs to be scheduled on June 29, 2010. The second action is final approval of the program scheduled for July 20, 2010. If the Council approves the actions described herein, the "window" for the Golden Handshake would open on July 22 and close on around mid-January 2011. The final date will be decided based on the employees who express interest. Since announcing the potential availability of the program, nearly 30 employees have expressed interest, some of which are on the proposed layoff list. Based on previous experience, about half of the employees who show interest will actually sign up for the program if approved and that number will depend on the Council's approval of layoffs.

The City's Designated Representatives have held productive and positive meetings with the Woodland Professional Firefighters Association and Fire Mid-Management Association.

Finally, City Representatives have also held meetings with employee organizations representing general employees and mid-management. Based on the discussions, it is possible that negotiations with the general employees and mid-management will not be completed before the start of the fiscal year as it appears that these units are waiting to engage in substantive dialog. The hesitancy seems to be associated with waiting for the result of the discussions with the firefighters, voter consideration of the sales tax measure and Council action on the FY 2011 budget. A major concern to City management is that a delay in concluding negotiations until after the start of FY 2011 could delay implementation of a second year of furloughs for the general employees and mid-management.

Given the pace and results of the negotiations, City management has no choice other than to continue to prepare for the layoffs presented in the March 30 report and additional layoffs if furloughs are not extended for the general employees and mid-management into FY 2011. If furloughs do not continue for the members of these associations, management will need to propose additional layoffs because the \$5.8 million in reductions discussed on March 30 assumed that furloughs would continue for all units.

### ***Review of Revenue and Expenditures***

The City Manager and the Budget Review Team have continued to look closely at revenues and expenditures in order to refine projections and examine all alternatives to offset the reductions discussed on March 30.

On May 12, staff met with the City's sales tax consultant who provided detailed information on the fourth quarter 2009 results and an updated forecast for the balance of FY 2010 and FY 2011. There are indications that the economy is beginning to emerge from the most significant downturn since the Great Depression. Staff is reviewing this information to evaluate whether or not estimates can be

favorably revised. Given the currently weak economy, any favorable revision needs to be carefully considered.

Staff remains confident that the cost reductions discussed on March 30 can be achieved if furloughs for all employees continue and the firefighter overtime issue is resolved. If either of these issues is not resolved than staff would need to look for additional reductions that would require layoffs.

One area of concern associated with the cost reductions is the Animal Services contract with the Sheriff's Department. As the Council will recall, the Police Department has proposed a nearly \$400,000 reduction based on a revised model of service. The revised model would shift from sheltering animals to returning strays to their owners. Use of the shelter facility would be minimized and the City would need to hire, train and equip an Animal Services officer. Fees and services associated with services to Woodland residents would be used to offset the City's share of the costs to the point that the net General Fund impact has been estimated to be \$105,000.

As the Council is aware, modification of the Animal Services agreement was attempted in 2008 in response to similar fiscal issues. At that time the Police Department attempted to negotiate the modification with Animal Services and while some progress was made to reduce operating costs, the effort fell short of the savings envisioned when proposed. In July 2008, the City Council approved the Animal Services agreement and the FY 2009 budget required an augmentation of \$446,000.

On May 12, city managers from three of the four Yolo cities and the County Administrative Officer (CAO) met to review Animal Services and discuss potential cost savings. During the meeting, the CAO stated that the FY 2011 Animal Service budget was reduced by \$410,000 in the patrol and shelter operation areas. The CAO will provide additional information very soon regarding the potential impact of these reductions on the cities. In addition, the CAO will discuss the need for the Animal Services to consider changes to the program that will reduce costs to the cities. However, the CAO noted that he holds little, if any, leverage on the Sheriff's Department to force a change. While staff certainly remains interested in achieving the level of reductions proposed by the Police Department, a contingency plan needs to be developed in case a result similar to July 2008 occurs this year.

### ***Reallocation of Resources to Meet Council and Community Priorities***

During the March 30 meeting, the Council and members of the community raised objections to certain reductions, especially the closure of the Library and loss of sworn public safety officers. At this point, staff believes the best alternative is the passage of the sales tax measure and the advisory measures that will provide enough additional resources offset the reductions in these areas.

One other alternative that the Council could consider is to reallocate Measure E funds currently allocated to local streets and roads for either the Library or public safety. This alternative would require 4/5 Council approval as stipulated by the Measure E resolution adopted in 2006.

Serious consideration of this action requires a review of the current use of these funds and the impact on Woodland's local streets and roads. In October 2007, the City Council approved the annual

allocation of \$750,000 to the Public Works Department's road crew. This is a priority use of the funding as it allows crews to perform preparatory work for road rehabilitation such as slurry seal and reconstruction projects at a cost significantly less than the cost of paying a contractor. In addition, the current allocation of Measure E for roads will fund the Kentucky Avenue Reconstruction Project in 2016 per the current capital budget. This project was identified as a high priority by the public when Measure E was approved.

If Council directed reallocation of the \$750,000 annual Measure E funding for the remaining life of the measure a reduction of \$3.3 million in road preparatory work and a reduction of \$2.3M of road reconstruction will occur over the life of the program. The impacts of these reductions will be significant increases in future road project costs as the infrastructure deteriorates. Simply stated, road preparatory work becomes a rehabilitation project and road rehabilitation becomes a road reconstruction project.

To illustrate further, given an average cost for preparatory work of \$0.40 per square foot, this correlates to approximately 65 miles (45%) of local and collector roadways that will not receive surface maintenance through the life of Measure E. The current local and collector roadway system has an overall Pavement Condition Index (PCI) rating of 66 (ranked out of 100). The PCI is a numerical index, ranging from 0 for failed pavement to 100 for pavement in perfect condition, used to indicate the condition of a roadway. The PCI method was developed by the U.S. Army Corp of Engineers and is based upon the results of a visual condition survey which identifies distress type, severity and quantity. Applying the roadway degradation that has historically been tracked on local and collector roadways and the funding remaining after the reallocation, it is estimated that the local and collector roadway system PCI would deteriorate to a range between 50 and 55.

Additionally, at an average cost of \$8.00 per square foot, the reduction of \$2.3M in road rehabilitation will leave only enough funding to rehabilitate 1.5 miles of arterial roadways (in addition to the Kentucky project) rather than the 3.2 miles currently programmed in the capital budget. The City has approximately 9 miles of arterial roadways in need of rehabilitation. The current capital budget accounts for rehabilitating over 30% of these roadways; if the Measure E funds were reallocated, less than 16% of this need would be addressed. The current arterial roadway system has an overall PCI of 68 (ranked out of 100). Applying the roadway degradation that has historically been tracked for arterial roadways and this funding level, it is estimated that the arterial roadway system PCI would deteriorate to a range between 48 and 54.

Allowing this level of degradation on the City's roadway system has long term financial impacts. Roadways that may have been maintained at an average cost of \$0.40 per square foot will escalate in their maintenance needs to upward of \$5.00 per square foot and some will fall into the rehabilitation category at \$8.00 per square foot. This means that the 65 miles of roadway that could be maintained for \$3.3M within the life of Measure E will cost nearly \$50M (assuming 10% falling into the rehabilitation category at a cost over \$6.5M) when completed after the expiration of Measure E.

For these reasons, staff believes the reallocation of Measure E from local streets and roads to an operational program such as the Library or public safety is an unfavorable business decision and cannot be recommended. In addition, the discussion of the 10-year Financial Plan for the combined

transportation funds later in this report includes acknowledgement that regional transportation funding will be significantly reduced in 2012 to the point that *additional* Measure E funds will be needed to maintain the current level of service.

The only remaining alternative for resource reallocation would be to reduce the remaining General Fund support for Parks & Recreation. Staff looked at several scenarios that would generate significant net savings. One of the challenges with Parks & Recreation is that many of the activities generate all or part of their operating expenses from fees or assessments. For example, the Sports Park has significant annual operating costs of over \$1,000,000; however, all of the costs to operate the Sports Park are offset by the Spring Lake Maintenance Communities Facilities District and user fees collected from sports organizations. Closing the Sports Park will not generate any General Fund savings.

One scenario identified by staff that could generate approximately \$550,000 in General Fund savings involves the complete closure of the Community & Senior Center and Brooks Pool and elimination of nearly all general recreation programs. Closing the Community & Senior Center would generate approximately \$340,000 and would require the senior program to relocate to another community facility, close the YMCA fitness center and cancel events and meetings such as high school proms and public policy meetings. On March 30, staff listed the off season closure of the Brooks Pool to save utility costs from November through February. Complete closure of the pool would eliminate all aquatics activities and save approximately \$100,000. Eliminating all general recreation programs would allow the City to layoff one Recreation Supervisor for about \$100,000 in savings. These reductions would limit all recreation programming to fees based activities such as adult sports leagues and operation of the Sports Park.

### ***10-Year Financial Plans***

As part of the budget process, staff has developed 10-year financial plans for major funds. Development of 10-year plans with appropriate assumptions provides a foundation for making decisions that have future impacts. Given the fiscal challenges described herein for the General Fund, the 10-year plan is an essential tool for outlining how the City should move forward under the current economic conditions. As will be noted in the following section, other major funds face significant challenges ranging for projected decreases in revenue to costly future capital projects.

**General Fund.** Exhibit #1 is the 10-year Plan for the General Fund. The plan includes all General Fund revenue sources. The General Fund projections are balanced for each year; however, the projections are based on resolution of the current and future structural fiscal imbalance and assumptions that reflect the current economic downturn. These assumptions include:

- Expenditure reductions of approximately \$5.8 million are included in the adopted FY 2011 budget to maintain the 13% minimum reserve fund balance;
- Additional reductions of nearly \$1.3 million in FY 2012 and varying amounts up \$827,000 for every year through 2020 to fully correct the structural imbalance and

maintain the reserve fund balance;

- Following the 7.5% drop in FY 2011, property tax is projected to increase by 2% in FY 2012, 5% in 2013, 6% in 2014 – 2016 and 3% in 2017 for the balance of the plan based on modest recovery and growth in the Spring Lake Specific Plan Area;
- Following the decline in FY 2011, sales tax is projected to increase by 2% in 2012 and 2013, 3% in 2014 – 2018 and 5% in 2019 and 2020;
- Fee increases proportionate to projected slower growth in development are forecasted through FY 2012 and 3% for the balance of the plan;
- Annual increases of 5.6% for overhead and cost recovery are forecasted;
- FY 2012 salaries will increase by over \$835,000 as furloughs end and a 4% cost of living adjustment is implemented with 5.6% annual increases assumed for the balance of the plan based on historical averages;
- Annual benefits increase of 5% ranging up to 6.5% are projected throughout the plan to reflect escalation of pension and health insurance costs;
- Modest annual escalation of approximately 2% for discretionary operating expenditures are projected beginning in FY 2012;
- Annual non-discretionary expenditures for items such as utilities were increased by 3% – 5% through the balance of the plan;
- The plan assumes that a storm drain increase is approved and becomes effective in FY 2012 which will relieve the General Fund of a \$242,000 annual subsidy;
- City share of Gateway development fees is deferred until FY 2013;
- The plan assumes that Other Post Employment Benefit (OPEB) costs beyond the annual premiums will be met through alternative strategies, such as the sale of surplus City property

The General Fund 10-year Plan assumes no growth in City services and the need to maintain the reduced work force and expenditures that will be achieved through the strategies described herein beginning in FY 2011. In addition, the plan assumes “full correction” of the structural imbalance primarily through expenditure reductions of approximately \$1.3 million in FY 2012 and annual savings up to \$827,000 each year through FY 2020 will be necessary.

Given the level of program and service reduction that have been implemented over the last two years and proposed in FY 2011, City management believes that further cost reduction needs to be focused

on structural changes to employee compensation and implementation of more efficient and effective means for conducting the City's business. The structural changes to employee compensation should focus on more equitable sharing of benefit costs such as annual pension payments and health insurance. The more efficient and effective means for conducting the City's business would begin with implementing Performance Based Budgeting and could include, if feasible, more regional collaboration in the delivery of services ranging from wastewater to fire protection.

It is very clear that the City of Woodland cannot be successful as a local government organization by conducting business as usual and believing that economic growth will provide the sales and property tax income to support expanded services and increases in employee compensation. The rampant consumerism and accelerated development experienced in 2004 - 2006 has been replaced by a "new normal" that reflects the reduced income of residents and businesses. Recovery from the "Great Recession" will be gradual and modest and this reality is reflected in the updated 10-year Plan. In plain and simple terms, the City organization has to change or face certain failure.

While the focus needs to be on reducing costs, the City must also dedicate itself to economic development and redevelopment. Use of redevelopment funds to generate private sector investment in the downtown core is critical. In addition to the Woodland Courthouse, staff and the Agency Board need to stay focused on other redevelopment projects, such as the downtown theatre, that will generate visitors to Historic Downtown Woodland who will support dining and specialty retail. The City needs to maintain the commitment to mitigate the flood threat so that the payments of residents and business owners on flood insurance can be reinvested in property improvements and business expansion.

Staff and the Council need to focus on the northeast area and actively facilitate the retention and expansion of existing businesses as well as future businesses within the planned Woodland Park area. These efforts will generate sales and property taxes and create employment opportunities. Finally, projects such as Gateway II need to be carefully evaluated and fully discussed with the community and decisions made with the full understanding of the potential fiscal and community impacts.

It is important for the Council to note that the 10-year Plan does not include the resources to recover the services that were lost in the FY 2009 and 2010 budgets. For example, there are no funds projected to return Hiddelson Pool as a summer swim facility. Crime Prevention and juvenile diversion programs that were eliminated last year from the Police Department budget are not projected to return at any time over the next ten years. If these programs are important to the community and the City Council, then management must work with the bargaining units to share compensation costs and the organization must dedicate itself to becoming more efficient and effective in order to identify the resources necessary to restore services that have been lost.

Previous Guiding Principles approved by the City Council included a commitment to address OPEB costs. In addition, staff presented options for meeting the future retiree costs during a Council Study Session on February 25, 2008. Staff believes that the best option is to establish an irrevocable trust fund with a qualified investment organization and contribute cash payments that, over time, would

generate the income necessary to meet the City's future obligation. This obligation is estimated at approximately \$56 million.

Unfortunately, the proposed General Fund 10-year Plan does not include the resources to fund the OPEB obligation in this manner. However, the City does have other assets that may help address the obligation. These assets include the 126 acre site in the Woodland Park Specific Plan area and the 157 acre Regional Park property east of County Road 102 near the Spring Lake Specific Plan area. Under favorable economic conditions, staff believes both sites would be valuable depending on the type of land use envisioned for each location. Therefore, staff believes it is appropriate to consider options for each site that could generate income for funding OPEB costs as soon as possible. As an example, the 126 acre parcel in the Woodland Park area could be a possible site for commercial development. Staff is currently engaged in negotiations for the sale of the 126 acre parcel with the proceeds dedicated to starting the irrevocable trust for the OPEB obligation.

Council members have asked for more detail on General Fund revenues and expenditures following the March 30 meeting. Exhibit #2 is additional detail provided at the revenue and expenditure level by department. In addition, staff has provided three other scenarios associated with the General Fund that clearly show any action that fails to reduce the budget by \$5.8 million will maintain an unacceptable structural deficit that will be nearly impossible to correct.

**Water Fund.** Exhibit #3 is the Water Enterprise Fund 10-year Plan. The plan has sufficient funding to meet Council approved operational and capital needs with healthy reserves consistent with the Budget and Fiscal policy. There are significant changes occurring in the Water Enterprise Fund over the course of the plan. The balance of the previously approved bond financing will be issued in FY 2011 and the plan assumes that further debt financing for necessary capital improvements, primarily for the Surface Water Project. Through 2013, nearly \$30 million in bond proceeds will have been issued for capital projects. The debt service payments and other assumptions associated with the capital projects were factored into the rate study completed in 2009 and the water rates approved by the City Council on November 3, 2009. As Council is aware, the action last November increased the fees by 20% effective January 1, 2010, 20% on July 1, 2010 and 20% annually on July 1 for the next two years. The plan assumes 6% annual increases for the remaining seven years; however, if the City remains committed to the Surface Water Project, more aggressive rate increases will be necessary.

It is important for the Council to note that Water Enterprise Fund 10-year Plan assumes three (3) years of both financing and expenditures related to the Surface Water Project; future costs associated with this project will need to be addressed through rate increases and additional financing and are therefore not included in this plan.

The 10-year Plan shows a line of "unfunded" capital projects that totals \$112,563,383. This line is intended to illustrate the challenge for the Water Enterprise Fund in meeting capital and operational needs while keeping rates as low as possible. Most of the unfunded capital project cost is the second phase of the Surface Water Project which is \$103,058,383. However, there is over \$9 million of water system infrastructure such as wells and pipes that need to be replaced and new tanks that need to be installed in various areas to increase storage capacity and improve water pressure. There is insufficient income to fund these projects at the current rates. A future water rate study will need to

account for the second phase of the Surface Water Project, its related operating impacts and the forecasted capital projects.

Finally, staff is working on alternatives to mitigate the rate increases such as seeking grants and using development impact fees to reduce the impact to existing rate payers. As an example, the water meter project received \$14.8 million in American Recovery and Reinvest Act funds, approximately half as a straight forward grant and half as a low interest loan. Staff will identify similar opportunities for the unfunded capital projects.

**Sewer Fund.** Exhibit #4 is the Sewer Enterprise Fund 10-year Plan. This forecast assumes rates currently adopted by Council, adjusted annually by a CPI factor, and stable operating expenses. The financial plan also assumes capital expenses that will replace main trunk lines, lateral lines and elements of the Wastewater Treatment Plant at various times. The forecast does not assume any debt financing to cover the cost of the approved capital projects. The unexpended portion of the \$11 million in bond funds issued in FY 2010 is included in beginning working capital for FY 2011. The Ending Working Capital is maintained at a prudent level throughout the entire 10-year Plan.

The 10-year Plan also shows \$13,475,000 in unfunded capital projects. These projects include Odor Abatement and Phase II of the Water Pollution Asset Replacement. All of the work required to estimate the cost for these projects has not been completed. As the work necessary to consider these projects is completed, inclusion in the 10-year Plan will be reconsidered.

There is another looming issue that staff is working on from a long term financial planning perspective that could have a significant impact on the Sewer Enterprise Fund and future rates. Staff believes that wastewater regulations and standards will require new conditions for the management and removal of sludge. Preliminary review of the options thus far suggests that the new conditions could require capital expenditures of \$20 - \$90 million and also require additional operating costs that will vary depending upon the option selected. The costs for sludge management are not contemplated in the currently adopted sewer rates.

One option for addressing these conditions and future state and federal clean water requirements that promise to become more stringent and costly is to regionalize wastewater treatment. City management, public works and finance staff from Woodland and Davis are currently engaged in wastewater consolidation discussions that could help identify part of the resources to address this issue and the future regulatory environment. The two staff groups have already established an excellent model with the Surface Water Project that can be duplicated for wastewater. If this is successful, it may be possible to meet the future capital needs without significant rate increases.

**Combined Transportation Funds.** Exhibit #5 is the 10-year Plan for the funds that support the maintenance of Woodland's local streets and roads. Staff developed this projection in order to address the diminishing level of Transportation Development Act (TDA) funds. The first priority for the use of TDA funds is transit activities. As Yolo County's population continues to grow, a larger share of these funds will be used for transit purposes, such as expanding bus routes. Based on projections reviewed with YCTD staff, Woodland's share of TDA funds is expected to diminish from the 2011 projected amount of \$724,022 to \$84,625 by 2020.

In order to maintain the present level of road maintenance funding, the City would need to backfill with another source. The 10-year Plan shows one of the sources of the backfill as Measure E funds which Council approved utilizing a maximum of \$750,000 annually through FY 2014 and then utilizing \$800,000 annually beginning in FY 2015. However, additional backfill funds will be needed beginning in FY 2012 and for the remainder of the 10-year Plan which is three years earlier than was projected last year.

The accelerated loss of transportation funding has required staff to provide a list of strategies to address the impacts. Therefore, the following reductions are listed in priority order and provided to give the Council and the community a sense of the potential impacts if TDA funding was reduced and there was no backfill available to offset the loss. The impacts are listed in the order which reductions could be made based upon their regulatory requirements and the potential liability to the City.

1. **General Budget** – Reduce training budgets to minimum required to maintain certifications, reduce contract services where possible, reduce small tools budgets and reduce traffic engineering support/response to public requests during the summer months. (Savings – \$45,000)
2. **Sign Maintenance** – Eliminate all maintenance and repair of green street name signs, brown and blue guide signs, no parking signs, red curb, bike lane lines, bike legends and fog lines. This includes graffiti cleaning and replacement of signs that are in disrepair or are missing. Knockdowns of signs in these categories will be removed and will not be repaired or replaced. All public requests for curb painting, sign installation and other non-regulatory requests will be denied. (Savings - \$175,000)

Potential Consequences – Faded, missing and damaged signage will not be repaired or replaced. There may be an increase in potential liability due to faded street name signs and Fire and Police responses. Additionally there are implications regarding parking enforcement revenues if parking restriction signs are not maintained.

3. **Local Road Street Lights** – Approximately 2,000 non L&L funded street lights located on collector and local streets (83% of the lights) will be turned off. Only emergency response to knockdowns or critical situations will be supported on these roadways. This reduction is proposed because street lighting is considered a convenience and not a requirement. (Savings – \$300,000)

Potential Consequences – Crime, vandalism, nighttime vehicle accidents and pedestrian injuries may increase.

4. **Signal Maintenance** – Reduced maintenance at traffic signals. Eliminate all non-essential maintenance, system upgrades, training and supplies, postpone the planned traffic signal maintenance management program (QuicNet) upgrade, denial of all special requests from the

public that are not deemed life/safety issues, eliminate crucial training, reduced stocking of essential supplies and eliminate the loop replacement program. (Savings – \$110,000)

Potential Consequences – Basic required maintenance will be performed; however, special projects/requests, upgrades and unplanned work would be unfunded. Some maintenance projects may be delayed due to the lack of staff and supplies. As essential supplies will no longer be stocked, signals may be placed in, and left on, all red flash for extended periods while materials are acquired. Engineering response to and support of public requests will be reduced.

It should be noted that this means all operational/non-safety requests would be unfunded. An example of this would be when a traffic detection loop is broken and the signal timing is set to fixed timing, staff would not be able to address the issue.

5. **Arterial Road Street Lights** – Approximately 400 non L&L funded street lights located on arterial streets (17% of the lights) will be turned off (except for street lights at signalized intersections). Only emergency response to knockdowns or critical situations will be supported on these roadways. This reduction is proposed because street lighting is considered a convenience and not a requirement. (Savings – \$64,000)

Potential Consequences – Crime and vandalism may increase. Residents may feel less comfortable out at night which may affect revenue to businesses. There is a potential increase in nighttime vehicle accidents and pedestrian injuries.

6. **Traffic Engineering Support for Enforcement**– Reduced support for Police Department traffic and enforcement. Eliminate speed zone surveying, engineering support for challenged tickets and special information requests. (Savings - \$5,000)

Potential Consequences – Streets with invalid/outdated speed zone surveys would be classified as speed traps and would become unenforceable. Engineering regularly supplies code information and completes research in support of officers defending tickets that are challenged; this service would be reduced or eliminated.

If Measure E funds are unavailable, staff will need to find an alternative funding source in order to maintain local streets and roads at the current level. Increasing Measure E to the allocation required to avoid all or some of the reductions described herein will have impacts to the capital program. Staff believes this issue should be considered when the City Council reviews the Measure E Implementation Plan or considers the reallocation of the current Measure E share to transportation discussed previously herein.

Finally, it is important to remember that the State of California briefly considered the seizure of Gas Tax last year and already has implemented delayed remittance of Gas Tax money due to the City. With the state budget deficit at over \$19 billion, the unpleasant options described herein could be under consideration as soon as this summer depending on the actions of the Legislature and Governor.

**Redevelopment Agency.** The Redevelopment Agency (RDA) is included as Exhibit #6. This plan is presented with a summary of projected Tax Increment that will add to the current base amount. The projected Tax Increment is based on various projects that staff expects will be completed over the next ten years. Redevelopment is planning on contributing a combination of tax increment and redevelopment bond proceeds to several City capital improvement projects which are included in the CIP. These projects include the Downtown Specific Plan, the East Street Specific Plan, Main Street Streetscape Improvements, and pre-engineering and planning for other redevelopment projects which total slightly more than \$1 million.

The priority project is the Woodland Courthouse Project. The Agency is assisting in acquiring land needed to support the facility. Based on the joint Agency Board and City Council action on May 18, the Agency will expend about \$3.1 million in bond funds to acquire the parcels bounded by Lincoln, Main, Fifth and Sixth. The State Administrative Office of the Courts through dedicated revenue generated by separate legislation will repay the Agency approximately \$2.7 million. This repayment will be credited as Agency revenue and may be used for any redevelopment related purpose although staff is focused on using most, if not all, for other projects that will re-energize and revitalize downtown. One example of such a project is the development of a downtown theatre which the Agency Board has encouraged by the recent authorization to solicit competitive proposals. Staff has not included the \$2.7 million repayment from the state in the RDA fund balance.

The state's seizure of RDA funds has been factored into the 10-year Plan. The current year seizure of \$676,000 reduced the fund balance significantly; the projected FY 2011 seizure of \$141,390 is included in the projected expenditures. While the state seizure has not seriously impacted Agency programs at the present time, the potential for more state seizures is generating caution among staff and Agency Board members when considering potential use of RDA funds. As an example, staff and the Agency Board will need to carefully evaluate how much RDA funds can be utilized to support development of a downtown theatre.

### **Fiscal Impact**

The information described herein summarizes the proposed operating expenditures for the City's General Fund, Water Enterprise Fund, Sewer Enterprise Fund, Transportation Program and Redevelopment Agency. The FY 2011 proposed expenditures for each of the financial plans described herein are summarized as follows:

General Fund - \$33,767,765

Water Enterprise Fund - \$15,931,925

Sewer Enterprise Fund - \$17,669,699

Transportation Program - \$2,817,711

Redevelopment Agency – \$1,322,377

**Public Contact**

Posting of the City Council Agenda. The information presented herein regarding the General Fund was extensively discussed through the “*Your City, Your Voice*” public engagement process, four City-wide employee meetings and meetings with Association Leaders.

There was also extensive discussion of the FY 2011 budget on March 30. A copy of the March 30 report is provided as Exhibit #7 for the Council and community’s reference.

**Recommendation for Action**

Staff recommends that the City Council review and comment on the proposed Fiscal Year 2011 operating budget and FY 2011 through FY 2020 10-year Financial Plan and provide direction for changes, if any. The Council’s direction will be incorporated into the preliminary FY 2011 operating budget that will be presented for adoption at the June 15, 2010 City Council meeting or as soon as possible thereafter so that a budget is in place beginning July 1, 2010.



Mark G. Deven  
City Manager

- Exhibit One: General Fund 10-Year Plan
- Exhibit Two: FY 2011 General Fund Revenue and Expenditure Detail
- Exhibit Three: Water Enterprise Fund 10-Year Plan
- Exhibit Four: Sewer Enterprise Fund 10-Year Plan
- Exhibit Five: Transportation Program 10-Year Plan
- Exhibit Six: Redevelopment Agency 10-Year Plan
- Exhibit Seven: March 30 Council Report





## FY11 General Fund Revenues

The following report presents the requested FY11 budget for General Fund revenues. The revenues are sorted by department and generally fall into two categories:

**Department Revenues:** Revenues generated by a specific department's activities are categorized as such. These revenues primarily consist of charges or fees for services, enrollment fees, grants or other miscellaneous charges. A department's net impact to the General Fund can be measured by its total revenues less related expenditures.

**Non-Departmental (General) Revenues:** Revenues received by the City that are not attributable to any one department are included in this category. The primary types of revenues are tax revenues, franchise fees, motor vehicle in lieu fees, and cost recovery of general citywide overhead. These revenues help pay for programs that either do not generate income or programs whose revenues are insufficient to cover their total cost.



## General Fund Revenues BY Department

Fund	Acct	Sub Acct	Titles	Department	FY10 Budget	FY11 Projections	\$ Change	% Change
101	4209	42	Plan Check Fee	CDD	70,000.00	71,400.00	1,400.00	2%
101	4211	42	Plan Reproduction Fee	CDD	6,180.00	500.00	(5,680.00)	-92%
101	4215	42	Business License Fee	CDD	285,828.00	349,355.00	63,527.00	22%
101	4217	42	Building Permits	CDD	289,621.00	365,424.00	75,803.00	26%
101	4218	42	Plumbing Permits	CDD	44,371.00	61,838.00	17,467.00	39%
101	4219	42	Electrical Permits	CDD	52,131.00	60,383.00	8,252.00	16%
101	4221	42	Mechanical Permits	CDD	39,274.00	47,736.00	8,462.00	22%
101	4222	42	PUD PERMITS	CDD	4,986.00		(4,986.00)	-100%
101	4225	42	Variance Fee and Use Permit	CDD	42,436.00	36,429.00	(6,007.00)	-14%
101	4226	42	Encroachment Permit	CDD	22,950.00	24,000.00	1,050.00	5%
101	4227	42	Transportation Permit	CDD	20,000.00	20,000.00	-	0%
101	4237	42	Habitat Education	CDD	8,742.00	10,167.00	1,425.00	16%
101	4271	42	Revenue for Development	CDD	54,464.00	42,247.00	(12,217.00)	-22%
101	4280	42	PW Planning Fee	CDD	155,000.00	165,000.00	10,000.00	6%
101	4282	42	Eng. Plan Check	CDD	152,500.00	192,000.00	39,500.00	26%
101	4283	42	Eng. Map Check	CDD	15,000.00	20,000.00	5,000.00	33%
101	4284	42	Eng Inspection Fees	CDD	40,000.00	40,000.00	-	0%
101	4285	42	Subdivision Inspetions	CDD	299,625.00	175,000.00	(124,625.00)	-42%
101	4292	42	Zone Change, Gen Plan Amend.	CDD	-	10,377.00	10,377.00	#DIV/0!
101	4293	42	Tentative Maps	CDD	3,183.00	6,395.00	3,212.00	101%
101	4360	43	Nuisance Abatement Fines	CDD	1,469.00	1,499.00	30.00	2%
101	4490	44	MHFPC Fee for Service	CDD	10,435.00	10,761.00	326.00	3%
101	4853	48	Environ. Impact Report Sales	CDD	1,442.00	2,101.00	659.00	46%
101	4854	48	Eng Specs - Photo Sales	CDD	500.00	400.00	(100.00)	-20%
			<b>CDD Total</b>		<b>1,620,137.00</b>	<b>1,713,012.00</b>	<b>92,875.00</b>	<b>6%</b>
101	4216	42	Business Licenses	Fire	1,200.00	1,200.00	-	0%
101	4261	42	Fire Permits	Fire	175,000.00	120,000.00	(55,000.00)	-31%
101	4262	42	Fire Inspections	Fire	22,000.00	10,000.00	(12,000.00)	-55%
101	4263	42	Fire Plan Review	Fire	155,000.00	90,000.00	(65,000.00)	-42%
101	4264	42	Fire County	Fire	12,000.00	5,000.00	(7,000.00)	-58%
101	4265	42	Fire Planning Fees	Fire	1,200.00	1,000.00	(200.00)	-17%
101	4267	42	Fire Alarm Fees	Fire	57,000.00	3,000.00	(54,000.00)	-95%
101	4268	42	Fire Recovery Fees	Fire	-	40,000.00	40,000.00	#DIV/0!
101	4461	44	Fire Service Charges	Fire	13,000.00	3,000.00	(10,000.00)	-77%
101	4465	44	Haz Mat Responses	Fire	1,000.00	1,000.00	-	0%
101	4468	44	Fire - Misc Services	Fire	600.00	500.00	(100.00)	-17%
101	4658	46	Metro PCS	Fire	24,000.00	25,800.00	1,800.00	8%
101	4761	47	SPRINGLAKE PERSNL REIMB.	Fire	172,000.00	180,000.00	8,000.00	5%
			<b>Fire Total</b>		<b>634,000.00</b>	<b>480,500.00</b>	<b>(153,500.00)</b>	<b>-24%</b>
101	4370	43	Library Fines	Library	22,660.00	17,000.00	(5,660.00)	-25%
			<b>Library Total</b>		<b>22,660.00</b>	<b>17,000.00</b>	<b>(5,660.00)</b>	<b>-25%</b>
101	4110	41	PROPERTY TAX CY SECURED	Non-Dept	8,910,000.00	8,088,339.00	(821,661.00)	-9%
101	4111	41	SUPPLEMENTAL TAX ROLL	Non-Dept	160,000.00	172,736.00	12,736.00	8%
101	4112	41	PROPERTY TAX CY UNSECURED	Non-Dept	486,000.00	458,998.00	(27,002.00)	-6%
101	4114	41	PROPERTY TAX PY UNSECURED	Non-Dept	6,500.00	4,259.00	(2,241.00)	-34%
101	4120	41	SALES & USE TAX	Non-Dept	8,252,000.00	7,604,184.00	(647,816.00)	-8%
101	4122	41	SPEC DISTRICT SALES TAX	Non-Dept	4,001,000.00	3,573,092.00	(427,908.00)	-11%
101	4130	41	HOTEL/MOTEL TAX	Non-Dept	676,404.00	676,404.00	-	0%
101	4131	41	TOT PASS THRU	Non-Dept	(135,281.00)	(135,281.00)	-	0%



101	4150	41	DOCUMENT STAMP TAX	Non-Dept	353,000.00	300,000.00	(53,000.00)	-15%
101	4231	42	FRANCHISE FEE	Non-Dept	1,769,224.00	1,676,000.00	(93,224.00)	-5%
101	4482	44	REFUSE DELINQ COLLECTIONS	Non-Dept	5,000.00	5,000.00	-	0%
101	4532	45	STATE M/V IN LIEU	Non-Dept	4,180,000.00	3,846,005.00	(333,995.00)	-8%
101	4539	45	STATE MANDATED COST REIMB	Non-Dept	35,000.00	40,000.00	5,000.00	14%
101	4546	45	STATE HOPTR	Non-Dept	110,000.00	110,000.00	-	0%
101	4610	46	INTEREST INCOME	Non-Dept	35,000.00	15,000.00	(20,000.00)	-57%
101	4737	47	CHARGES TO OTHER DEPTS	Non-Dept	4,584,778.00	3,884,778.00	(700,000.00)	-15%
101	4902	49	TRANSFER FROM ENTERPRISE	Non-Dept	138,378.00	138,378.00	-	0%
101	4952	49	GAIN/(LOSS) ON SALES	Non-Dept	1,107,000.00	-	(1,107,000.00)	-100%
			<b>Non-Dept Total</b>		<b>34,674,003.00</b>	<b>30,457,892.00</b>	<b>(4,216,111.00)</b>	<b>-12%</b>
101	4207	42	PARK INSPECTION FEE	Parks	-	10,000.00	10,000.00	#DIV/0!
101	4208	42	PRCS PLAN CHECK FEE	Parks	-	15,000.00	15,000.00	#DIV/0!
101	4242	42	RED CROSS COURSE FEE	Parks	4,400.00	4,400.00	-	0%
101	4442	44	PARK REVENUE	Parks	65,000.00	70,000.00	5,000.00	8%
101	4443	44	ADULT PARTICIPNT NON RESIDI	Parks	5,600.00	5,500.00	(100.00)	-2%
101	4444	44	HIDDLESON POOL REVENUES	Parks	-	-	-	#DIV/0!
101	4445	44	C BROOKS SWIM CTR REV	Parks	85,000.00	96,000.00	11,000.00	13%
101	4446	44	SENIOR PROGRAMS REVENUE	Parks	12,000.00	8,400.00	(3,600.00)	-30%
101	4447	44	COMMUNITY CENTER RENTALS	Parks	175,000.00	125,000.00	(50,000.00)	-29%
101	4491	44	YOLANO RECREATION PRG INC	Parks	3,500.00	-	(3,500.00)	-100%
101	4494	44	ADULT REC & LEAGUE PRGMS	Parks	40,000.00	-	(40,000.00)	-100%
101	4496	44	Community Center Fitness Center	Parks	45,600.00	38,400.00	(7,200.00)	-16%
101	4497	44	COMMUNITY SPORTS PARK	Parks	150,000.00	-	(150,000.00)	-100%
			<b>Parks Total</b>		<b>586,100.00</b>	<b>372,700.00</b>	<b>(213,400.00)</b>	<b>-36%</b>
101	4214	42	BUSINESS LICENSE - PD	Police	8,500.00	8,500.00	-	0%
101	4250	42	POLICE PLANNING FEE	Police	1,000.00	800.00	(200.00)	-20%
101	4252	42	BICYCLE LICENSE	Police	600.00	400.00	(200.00)	-33%
101	4254	42	MASSAGE PERMITS	Police	50.00	3,500.00	3,450.00	6900%
101	4255	42	TAXI CAB PERMITS	Police	500.00	700.00	200.00	40%
101	4310	43	BAIL FORFEITURE FINES	Police	20,000.00	20,000.00	-	0%
101	4351	43	VEHICLE CODE FINES	Police	210,000.00	210,000.00	-	0%
101	4352	43	BOOKING FINES	Police	92,700.00	92,700.00	-	0%
101	4353	43	VEHICLE STORAGE FEE	Police	25,000.00	15,000.00	(10,000.00)	-40%
101	4354	43	FINGERPRINT FEE	Police	500.00	500.00	-	0%
101	4355	43	PARKING VIOLATION FINES	Police	245,000.00	200,000.00	(45,000.00)	-18%
101	4356	43	DMV SURCHARGE (VEHICLE TH	Police	6,000.00	6,000.00	-	0%
101	4450	44	SPECIAL POLICE SERVICES*	Police	18,000.00	10,000.00	(8,000.00)	-44%
101	4451	44	ALARM PROGRAM	Police	130,000.00	130,000.00	-	0%
101	4452	44	EVIDENCE & PROPERTY REVEN	Police	50.00	1,000.00	950.00	1900%
101	4455	44	EXTRADITION REIMBURSEMENT	Police	15,000.00	15,000.00	-	0%
101	4521	45	TRUANCY~SCHOOL SRO REIMB.	Police	87,490.29	42,471.00	(45,019.29)	-51%
101	4531	45	OTS STEP GRANT	Police	18,925.12	-	(18,925.12)	-100%
101	4544	45	ALCOHOL BEV CONT CA GRANT	Police	25,000.00	-	(25,000.00)	-100%
101	4751	47	COMMISSION ON POST REIMBU	Police	40,000.00	40,000.00	-	0%
101	4804	48	CHAPLAIN PROGRAM DONATION	Police	100.00	-	(100.00)	-100%
101	4806	48	CRIME PREVENTION DONATION	Police	1,000.00	-	(1,000.00)	-100%
			<b>Police Total</b>		<b>945,415.41</b>	<b>796,571.00</b>	<b>(148,844.41)</b>	<b>-16%</b>
			<b>Grand Total</b>		<b>38,482,315.41</b>	<b>33,837,675.00</b>	<b>(4,644,640.41)</b>	<b>-12%</b>
			Actual Totals		38,482,315.41	33,837,675.00	(4,644,640.41)	
			Difference		-	-	-	



## FY11 General Fund Budget by Program

The following report illustrates the requested FY11 budget for each General Fund program. The programs are sorted by department and the budget is categorized into the following three cost types:

**Personnel Costs:** These costs represent total salaries, overtime, temporary hours and related City paid benefits for employees. The personnel costs calculated in the FY11 budget assume that furloughs will continue at the current level and that the cap for medical benefits will not change.

**Discretionary Costs:** The accounts in this category represent those over which departments have some level of control. These accounts consist primarily of costs related to supplies, maintenance contracts and consultant or contract services. Although these are titled discretionary, some consultant costs (i.e. YECA, audit) are required and the City has little influence over the associated costs.

**Non-Discretionary Costs:** The accounts in this category represent non-personnel costs that are calculated independent of and not within the control of the departments. Some examples of these costs include citywide overhead, information technology services, vehicle maintenance, utilities and transfers.

## FY11 General Fund Budget by Program

Fund	Department	Program	Budget Unit Title	Category	PY Budget Total	CY Request	Difference
101	Admin	7101	CITY COUNCIL	1 - Personnel	\$75,792	\$78,526	\$2,734
				2 - Discretionary	\$96,000	\$89,500	(\$6,500)
				3 - Non-Discretionary	\$113,074	\$109,177	(\$3,897)
					\$284,866	\$277,203	(\$7,664)
		7102	CITY CLERK	1 - Personnel	\$0.00	\$35,928	\$35,928
				2 - Discretionary	\$7,640	\$7,190	(\$450)
				3 - Non-Discretionary	\$1,923	\$3,306	\$1,384
					\$9,563	\$46,424	\$36,861
		7103	ELECTIONS	2 - Discretionary	\$35,500	\$35,000	(\$500)
					\$35,500	\$35,000	(\$500)
		7104	CITY ATTORNEY	2 - Discretionary	\$474,150	\$502,000	\$27,850
					\$474,150	\$502,000	\$27,850
		7105	CITY MANAGER-ADMIN	1 - Personnel	\$319,051	\$309,006	(\$10,046)
				2 - Discretionary	\$75,225	\$76,925	\$1,700
				3 - Non-Discretionary	\$13,460	\$10,580	(\$2,880)
					\$407,736	\$396,511	(\$11,226)
		7107	NEGOTIATIONS	2 - Discretionary	\$50,000	\$50,000	\$0.00
					\$50,000	\$50,000	\$0.00
		7108	HUMAN RESOURCES	1 - Personnel	\$436,634	\$453,381	\$16,747
				2 - Discretionary	\$87,350	\$74,100	(\$13,250)
				3 - Non-Discretionary	\$19,855	\$16,179	(\$3,677)
					\$543,840	\$543,660	(\$180)
		7170	MHFPC ADMINISTRATION	2 - Discretionary	\$12,000	\$0.00	(\$12,000)
					\$12,000	\$0.00	(\$12,000)
		7261	ECONOMIC DEV. ACTION PLAN	1 - Personnel	\$70,432	\$68,940	(\$1,492)

### FY11 General Fund Budget by Program

Fund	Department	Program	Budget Unit Title	Category	PY Budget Total	CY Request	Difference
101...	Admin...	7261...	ECONOMIC DEV. ACTION PLAN...	2 - Discretionary	\$48,990	\$48,990	\$0.00
				3 - Non-Discretionary	\$10,996	\$10,996	\$0.00
					\$130,418	\$128,926	(\$1,492)
		7399	ADMINISTRATION EXP OFFSET	1 - Personnel	(\$38,307)	\$0.00	\$38,307
					(\$38,307)	\$0.00	\$38,307
				<b>Department Total</b>	\$1,909,766	\$1,979,723	\$69,957
	CDD	7170	MHFPC ADMINISTRATION	2 - Discretionary	\$10,550	\$10,761	\$211
					\$10,550	\$10,761	\$211
		7201	PLANNING	1 - Personnel	\$385,909	\$382,354	(\$3,554)
				2 - Discretionary	\$68,446	\$68,446	\$0.00
				3 - Non-Discretionary	\$213,117	\$190,216	(\$22,901)
					\$667,471	\$641,016	(\$26,455)
		7202	BUILDING INSPECTION	1 - Personnel	\$683,339	\$622,700	(\$60,639)
				2 - Discretionary	\$38,850	\$38,850	\$0.00
				3 - Non-Discretionary	\$266,607	\$277,068	\$10,460
					\$988,796	\$938,618	(\$50,178)
		7203	BUSINESS LICENSES	1 - Personnel	\$102,746	\$56,001	(\$46,744)
				2 - Discretionary	\$3,700	\$3,700	\$0.00
				3 - Non-Discretionary	\$20,745	\$14,107	(\$6,638)
					\$127,191	\$73,808	(\$53,382)
		7207	HABITATE MONITORING - SL	2 - Discretionary	\$16,000	\$16,000	\$0.00
					\$16,000	\$16,000	\$0.00
		7210	CDD ADMINISTRATION	1 - Personnel	\$135,021	\$105,945	(\$29,076)
				2 - Discretionary	\$47,100	\$46,889	(\$211)
				3 - Non-Discretionary	\$0.00	\$4,666	\$4,666

### FY11 General Fund Budget by Program

Fund	Department	Program	Budget Unit Title	Category	PY Budget Total	CY Request	Difference
					\$182,121	\$157,500	(\$24,621)
		7399	CDD EXPENDITURE OFFSET	1 - Personnel	(\$92,036)	\$0.00	\$92,036
					(\$92,036)	\$0.00	\$92,036
		7820	ENGINEERING ADMIN	1 - Personnel	\$243,879	\$375,950	\$132,071
				2 - Discretionary	\$20,150	\$20,150	\$0.00
				3 - Non-Discretionary	\$23,184	\$35,188	\$12,004
					\$287,213	\$431,288	\$144,075
		7821	CDD DEVELOPMENT SERVICES	1 - Personnel	\$290,295	\$311,500	\$21,205
				2 - Discretionary	\$21,350	\$21,350	\$0.00
				3 - Non-Discretionary	\$23,137	\$22,552	(\$585)
					\$334,782	\$355,402	\$20,620
		7822	TRAFFIC / TRANSPORTATION	1 - Personnel	\$138,832	\$235,023	\$96,192
				2 - Discretionary	\$22,625	\$22,625	\$0.00
				3 - Non-Discretionary	\$16,227	\$18,273	\$2,046
					\$177,684	\$275,922	\$98,238
				<b>Department Total</b>	<b>\$2,699,772</b>	<b>\$2,900,315</b>	<b>\$200,543</b>
	Finance	7310	CITY TREASURER	1 - Personnel	(\$0)	\$0.00	\$0
				2 - Discretionary	\$4,125	\$4,125	\$0.00
				3 - Non-Discretionary	\$2,091	\$0.00	(\$2,091)
					\$6,216	\$4,125	(\$2,091)
		7311	FINANCE-ADMINISTRATION	1 - Personnel	\$82,428	\$80,918	(\$1,509)
				2 - Discretionary	\$225,495	\$236,435	\$10,940
				3 - Non-Discretionary	\$15,684	\$9,042	(\$6,642)
					\$323,606	\$326,396	\$2,789
		7320	ACCOUNTING	1 - Personnel	\$157,311	\$120,416	(\$36,894)

### FY11 General Fund Budget by Program

Fund	Department	Program	Budget Unit Title	Category	PY Budget Total	CY Request	Difference
101...	Finance...	7320...	ACCOUNTING...	2 - Discretionary	\$24,665	\$24,665	\$0.00
				3 - Non-Discretionary	\$17,775	\$12,659	(\$5,116)
					\$199,751	\$157,741	(\$42,010)
		7325	PARKING COLLECTIONS	1 - Personnel	\$22,599	\$29,859	\$7,259
				2 - Discretionary	\$2,050	\$2,050	\$0.00
				3 - Non-Discretionary	\$1,046	\$3,617	\$2,571
					\$25,695	\$35,525	\$9,831
		7350	STOREKEEPING	1 - Personnel	\$48,905	\$23,263	(\$25,643)
				2 - Discretionary	\$3,501	\$3,501	\$0.00
				3 - Non-Discretionary	\$14,009	\$6,225	(\$7,784)
					\$66,415	\$32,988	(\$33,427)
		7353	BUYING	1 - Personnel	\$232,731	\$135,246	(\$97,485)
				2 - Discretionary	\$14,829	\$14,829	\$0.00
				3 - Non-Discretionary	\$0.00	\$23,066	\$23,066
					\$247,560	\$173,141	(\$74,419)
		7391	FINANCE-PLANNED NBRHOOD	1 - Personnel	\$3,825	\$3,769	(\$56)
				3 - Non-Discretionary	\$0.00	\$455	\$455
					\$3,825	\$4,224	\$399
		7399	FINANCE EXP OFFSET	1 - Personnel	(\$21,581)	\$0.00	\$21,581
					(\$21,581)	\$0.00	\$21,581
				<b>Department Total</b>	\$851,487	\$734,140	(\$117,346)
	Parks	7399	PARKS EXP OFFSET	1 - Personnel	(\$79,582)	\$0.00	\$79,582
					(\$79,582)	\$0.00	\$79,582
		7410	PARKS & RECREATION ADMIN	1 - Personnel	\$13,748	\$120,518	\$106,769
				2 - Discretionary	\$11,058	\$72,454	\$61,396

## FY11 General Fund Budget by Program

Fund	Department	Program	Budget Unit Title	Category	PY Budget Total	CY Request	Difference
101...	Parks...	7410...	PARKS & RECREATION ADMIN...	3 - Non-Discretionary	\$0.00	\$6,422	\$6,422
					\$24,806	\$199,394	\$174,587
		7411	COMMUNITY & SENIOR CENTER	1 - Personnel	\$619,914	\$443,457	(\$176,457)
				2 - Discretionary	\$190,479	\$204,554	\$14,075
				3 - Non-Discretionary	\$299,636	\$241,882	(\$57,755)
					\$1,110,029	\$889,892	(\$220,137)
		7418	GONZALES PK. YOLANO MAINT	1 - Personnel	\$9,874	\$0.00	(\$9,874)
					\$9,874	\$0.00	(\$9,874)
		7419	GENERAL LANDSCAPE MNTCE	1 - Personnel	(\$9,273)	\$0.00	\$9,273
				2 - Discretionary	\$120,750	\$0.00	(\$120,750)
				3 - Non-Discretionary	\$1,538	\$0.00	(\$1,538)
					\$113,014	\$0.00	(\$113,014)
		7421	PARKS MAINTENANCE	1 - Personnel	\$594,496	\$248,819	(\$345,677)
				2 - Discretionary	\$254,175	\$639,645	\$385,470
				3 - Non-Discretionary	\$349,856	\$278,491	(\$71,365)
					\$1,198,526	\$1,166,954	(\$31,572)
		7422	HIDDLESON POOL MAINT.	1 - Personnel	\$24,423	\$0.00	(\$24,423)
					\$24,423	\$0.00	(\$24,423)
		7423	C. BROOKS SWIM CTR MAINT	1 - Personnel	\$70,285	\$262,906	\$192,620
				2 - Discretionary	\$92,360	\$83,135	(\$9,225)
				3 - Non-Discretionary	\$72,052	\$90,170	\$18,118
					\$234,697	\$436,210	\$201,513
		7424	HIDDLESON POOL PROGRAMS	1 - Personnel	\$58,927	\$0.00	(\$58,927)
					\$58,927	\$0.00	(\$58,927)
		7431	SPECIAL EVENTS	2 - Discretionary	\$4,950	\$0.00	(\$4,950)

### FY11 General Fund Budget by Program

Fund	Department	Program	Budget Unit Title	Category	PY Budget Total	CY Request	Difference
					\$4,950	\$0.00	(\$4,950)
		7432	YOLANO RECREATION CENTER	1 - Personnel	\$37,634	\$0.00	(\$37,634)
				2 - Discretionary	\$17,000	\$0.00	(\$17,000)
					\$54,634	\$0.00	(\$54,634)
		7434	YOUTH RECREATION	1 - Personnel	\$124,769	\$0.00	(\$124,769)
				2 - Discretionary	\$676	\$0.00	(\$676)
				3 - Non-Discretionary	\$19,420	\$0.00	(\$19,420)
					\$144,865	\$0.00	(\$144,865)
		7435	GENERAL RECREATION PROG	1 - Personnel	\$0.00	\$244,042	\$244,042
				2 - Discretionary	\$0.00	\$45,183	\$45,183
				3 - Non-Discretionary	\$6,583	\$70,195	\$63,612
					\$6,583	\$359,420	\$352,837
		7436	ADULT REC & LEAGUES	1 - Personnel	\$23,811	\$0.00	(\$23,811)
				2 - Discretionary	\$37,931	\$0.00	(\$37,931)
				3 - Non-Discretionary	\$4,306	\$0.00	(\$4,306)
					\$66,048	\$0.00	(\$66,048)
		7437	TEEN RECREATION	1 - Personnel	\$46,725	\$0.00	(\$46,725)
				2 - Discretionary	\$656	\$0.00	(\$656)
				3 - Non-Discretionary	\$4,605	\$0.00	(\$4,605)
					\$51,986	\$0.00	(\$51,986)
		7441	SENIOR CITIZENS	1 - Personnel	(\$10,922)	\$0.00	\$10,922
				2 - Discretionary	\$13,213	\$0.00	(\$13,213)
				3 - Non-Discretionary	\$14,596	\$0.00	(\$14,596)
					\$16,887	\$0.00	(\$16,887)
		7444	C. BROOKS SWIM CNTR-PRGMS	1 - Personnel	\$192,066	\$51	(\$192,015)
				2 - Discretionary	\$20,138	\$0.00	(\$20,138)

### FY11 General Fund Budget by Program

Fund	Department	Program	Budget Unit Title	Category	PY Budget Total	CY Request	Difference
101 ...	Parks...	7444...	C. BROOKS SWIM CNTR-PRGMS...	3 - Non-Discretionary	\$11,489	\$0.00	(\$11,489)
					\$223,693	\$51	(\$223,642)
		7445	RED CROSS TRAINING	2 - Discretionary	\$3,425	\$0.00	(\$3,425)
					\$3,425	\$0.00	(\$3,425)
		7453	PRCS PLAN CHECK	2 - Discretionary	\$7,761	\$0.00	(\$7,761)
					\$7,761	\$0.00	(\$7,761)
		7454	PARK INSPECTIONS	2 - Discretionary	\$31,421	\$0.00	(\$31,421)
					\$31,421	\$0.00	(\$31,421)
		7459	HERITAGE PARK PLAZA	1 - Personnel	(\$9,119)	\$0.00	\$9,119
				2 - Discretionary	\$2,731	\$0.00	(\$2,731)
				3 - Non-Discretionary	\$379	\$0.00	(\$379)
					(\$6,009)	\$0.00	\$6,009
		7463	COMMUNITY FITNESS CENTER	1 - Personnel	\$14,894	\$0.00	(\$14,894)
				3 - Non-Discretionary	\$10,000	\$0.00	(\$10,000)
					\$24,894	\$0.00	(\$24,894)
		7464	COMM SPORTS PARK PROGRAMS	1 - Personnel	\$87,747	\$0.00	(\$87,747)
				2 - Discretionary	\$46,725	\$0.00	(\$46,725)
					\$134,472	\$0.00	(\$134,472)
		7465	COMM SPORTS PARK PROGRAMS	1 - Personnel	(\$4,156)	\$0.00	\$4,156
					(\$4,156)	\$0.00	\$4,156
					\$3,456,169	\$3,051,922	(\$404,248)
					<b>Department Total</b>		
	Police	7399	POLICE EXP OFFSET	1 - Personnel	(\$431,937)	\$0.00	\$431,937
					(\$431,937)	\$0.00	\$431,937

### FY11 General Fund Budget by Program

Fund	Department	Program	Budget Unit Title	Category	PY Budget Total	CY Request	Difference
101 ...	Police...	7509	PD PROFESSIONAL STANDARDS	1 - Personnel	\$371,058	\$211,197	(\$159,860)
				2 - Discretionary	\$74,175	\$68,675	(\$5,500)
				3 - Non-Discretionary	\$67,972	\$18,093	(\$49,879)
					\$613,204	\$297,965	(\$215,239)
		7510	POLICE ADMIN SERVICES	1 - Personnel	\$435,913	\$441,131	\$5,218
				2 - Discretionary	\$2,232,966	\$2,246,133	\$13,167
				3 - Non-Discretionary	\$92,903	\$27,334	(\$65,569)
					\$2,761,782	\$2,714,598	(\$47,184)
		7511	POLICE POST TRAINING PRG	2 - Discretionary	\$43,200	\$43,200	\$0.00
					\$43,200	\$43,200	\$0.00
		7512	POLICE DEPARTMENT RECORDS	1 - Personnel	\$896,980	\$904,023	\$7,043
				2 - Discretionary	\$54,135	\$45,635	(\$8,500)
				3 - Non-Discretionary	\$69,369	\$82,722	\$13,353
					\$1,020,484	\$1,032,379	\$11,895
		7513	POLICE DEPT FACILITIES	2 - Discretionary	\$96,074	\$94,074	(\$2,000)
				3 - Non-Discretionary	\$171,194	\$158,037	(\$13,157)
					\$267,268	\$252,111	(\$15,157)
		7516	INFORMATION SYSTEMS	1 - Personnel	\$52,605	\$95,840	\$43,235
				2 - Discretionary	\$100,175	\$110,351	\$10,176
				3 - Non-Discretionary	\$54,679	\$36,815	(\$17,864)
					\$207,459	\$243,007	\$35,547
		7518	DIVERSION	1 - Personnel	(\$21,080)	\$0.00	\$21,080
				2 - Discretionary	\$335	\$0.00	(\$335)
				3 - Non-Discretionary	\$7,316	\$0.00	(\$7,316)
					(\$13,430)	\$0.00	\$13,430
		7520	PATROL	1 - Personnel	\$5,271,379	\$5,818,107	\$546,728

## FY11 General Fund Budget by Program

Fund	Department	Program	Budget Unit Title	Category	PY Budget Total	CY Request	Difference
101...	Police...	7520...	PATROL...	2 - Discretionary	\$60,543	\$61,920	\$1,377
				3 - Non-Discretionary	\$572,557	\$668,843	\$96,286
					\$5,904,479	\$6,548,870	\$644,391
		7521	TRAFFIC	1 - Personnel	\$689,735	\$703,268	\$13,533
				2 - Discretionary	\$4,565	\$4,565	\$0.00
				3 - Non-Discretionary	\$50,064	\$75,179	\$25,115
					\$744,364	\$783,012	\$38,648
		7524	PARKING OPERATING EXPS	1 - Personnel	\$163,075	\$161,310	(\$1,765)
				2 - Discretionary	\$2,300	\$2,300	\$0.00
				3 - Non-Discretionary	\$84,908	\$28,626	(\$56,282)
					\$250,283	\$192,235	(\$58,047)
		7530	INVESTIGATIONS	1 - Personnel	\$2,173,928	\$2,152,745	(\$21,183)
				2 - Discretionary	\$110,519	\$110,519	\$0.00
				3 - Non-Discretionary	\$133,567	\$174,428	\$40,861
					\$2,418,014	\$2,437,692	\$19,678
		7531	POLICE EXTRADITIONS	2 - Discretionary	\$20,000	\$20,000	\$0.00
					\$20,000	\$20,000	\$0.00
		7532	CRIME ANALYSIS	1 - Personnel	\$170,230	\$180,116	\$9,887
				2 - Discretionary	\$200	\$200	\$0.00
				3 - Non-Discretionary	\$6,530	\$13,797	\$7,267
					\$176,960	\$194,114	\$17,154
		7541	STRATEGIC OPERATIONS	2 - Discretionary	\$39,475	\$39,475	\$0.00
				3 - Non-Discretionary	\$60,195	\$75,061	\$14,866
					\$99,670	\$114,536	\$14,866
		7552	CRIME PREVENTION	1 - Personnel	(\$5,001)	\$0.00	\$5,001
				2 - Discretionary	\$4,740	\$1,500	(\$3,240)

## FY11 General Fund Budget by Program

Fund	Department	Program	Budget Unit Title	Category	PY Budget Total	CY Request	Difference
101 ...	Police...	7552...	CRIME PREVENTION...	3 - Non-Discretionary	\$23,423	\$6,797	(\$16,625)
					\$23,162	\$8,297	(\$14,865)
		7553	CRIME PREVENTION DONATION	2 - Discretionary	\$12,000	\$12,000	\$0.00
					\$12,000	\$12,000	\$0.00
		7554	GRAFFITI CLEANUP PROGRAM	2 - Discretionary	\$43,777	\$43,777	\$0.00
					\$43,777	\$43,777	\$0.00
		7555	ALCOHOL BEV CONT CA GRANT	1 - Personnel	\$22,600	\$0.00	(\$22,600)
				2 - Discretionary	\$2,400	\$0.00	(\$2,400)
					\$25,000	\$0.00	(\$25,000)
		7562	VEHICLE THEFT DETERRENT	2 - Discretionary	\$18,000	\$0.00	(\$18,000)
				3 - Non-Discretionary	\$308	\$0.00	(\$308)
					\$18,308	\$0.00	(\$18,308)
		7588	OTS STEP GRANT	1 - Personnel	\$20,413	\$0.00	(\$20,413)
					\$20,413	\$0.00	(\$20,413)
		7590	PROJECT AWARE GRANT	1 - Personnel	\$127,696	\$129,894	\$2,198
				3 - Non-Discretionary	\$0.00	\$6,899	\$6,899
					\$127,696	\$136,793	\$9,097
				<b>Department Total</b>	\$14,252,157	\$15,074,586	\$822,430
	Fire	7399	POLICE EXP OFFSET	1 - Personnel	(\$252,338)	\$0.00	\$252,338
					(\$252,338)	\$0.00	\$252,338
		7601	FIRE ADMIN GEN EXPENSE	1 - Personnel	\$342,568	\$330,667	(\$11,901)
				2 - Discretionary	\$99,398	\$101,398	\$2,000
				3 - Non-Discretionary	\$128,428	\$123,907	(\$4,520)

## FY11 General Fund Budget by Program

Fund	Department	Program	Budget Unit Title	Category	PY Budget Total	CY Request	Difference
					\$570,394	\$555,972	(\$14,422)
		7606	FACILITIES MANAGEMENT	2 - Discretionary	\$41,800	\$42,700	\$900
				3 - Non-Discretionary	\$60,000	\$60,000	\$0.00
					\$101,800	\$102,700	\$900
		7610	OPERATIONS	1 - Personnel	\$5,707,485	\$5,828,422	\$120,936
				2 - Discretionary	\$555,262	\$567,520	\$12,257
				3 - Non-Discretionary	\$926,714	\$1,023,813	\$97,098
					\$7,189,462	\$7,419,754	\$230,292
		7613	SAFETY/PUBLIC EDUCATION	3 - Non-Discretionary	\$5,626	\$12,307	\$6,681
					\$5,626	\$12,307	\$6,681
		7614	SAFETY EQUIPMENT	1 - Personnel	\$79,899	\$75,213	(\$4,686)
				2 - Discretionary	\$49,281	\$71,801	\$22,520
				3 - Non-Discretionary	\$0.00	\$3,090	\$3,090
					\$129,180	\$150,104	\$20,924
		7622	HEAVY RESCUE TEAM	3 - Non-Discretionary	\$53,734	\$53,734	\$0.00
					\$53,734	\$53,734	\$0.00
		7630	FIRE PREVENTION GEN EXPEN	1 - Personnel	\$451,474	\$462,189	\$10,715
				2 - Discretionary	\$35,400	\$35,400	\$0.00
				3 - Non-Discretionary	\$37,709	\$47,480	\$9,771
					\$524,584	\$545,069	\$20,486
		7631	ARSON INVESTIGATION TEAM	2 - Discretionary	\$2,145	\$2,145	\$0.00
				3 - Non-Discretionary	\$2,535	\$2,066	(\$469)
					\$4,680	\$4,211	(\$469)
		7632	HAZ MAT TEAM	2 - Discretionary	\$6,000	\$6,000	\$0.00

### FY11 General Fund Budget by Program

Fund	Department	Program	Budget Unit Title	Category	PY Budget Total	CY Request	Difference
					\$6,000	\$6,000	\$0.00
				<b>Department Total</b>	\$8,333,121	\$8,849,851	\$516,730
	Library	7399	LIBRARY EXP OFFSET	1 - Personnel	(\$30,007)	\$0.00	\$30,007
					(\$30,007)	\$0.00	\$30,007
		7710	LIBRARY GENERAL EXPENSE	1 - Personnel	\$761,661	\$717,472	(\$44,189)
				2 - Discretionary	\$146,270	\$146,270	\$1,000
				3 - Non-Discretionary	\$221,839	\$221,670	(\$1,169)
					\$1,129,771	\$1,085,412	(\$44,358)
				<b>Department Total</b>	\$1,099,764	\$1,085,412	(\$14,351)
	PW	7351	HVAC - PW	2 - Discretionary	\$76,800	\$82,000	\$5,200
					\$76,800	\$82,000	\$5,200
		7399	PUBLIC WORKS EXP OFFSET	1 - Personnel	(\$17,338)	\$0.00	\$17,338
					(\$17,338)	\$0.00	\$17,338
		7811	CITY HALL MAINTENANCE	1 - Personnel	\$132,226	\$131,282	(\$945)
				2 - Discretionary	\$165,403	\$97,130	(\$68,273)
				3 - Non-Discretionary	\$109,920	\$77,203	(\$32,717)
					\$407,550	\$305,615	(\$101,935)
		7812	DOWNTOWN AREA SERVICES	1 - Personnel	\$15,337	\$15,248	(\$88)
				3 - Non-Discretionary	\$3,519	\$4,089	\$570
					\$18,856	\$19,337	\$481
		7813	MUNICIPAL SERVICE CENTER	2 - Discretionary	\$73,640	\$87,990	\$14,350
				3 - Non-Discretionary	\$38,573	\$37,515	(\$1,058)
					\$112,213	\$125,505	\$13,292

### FY11 General Fund Budget by Program

Fund	Department	Program	Budget Unit Title	Category	PY Budget Total	CY Request	Difference
101...	PW...	7821	DEVELOPMENT SERVICES	1 - Personnel	\$0.00	\$105	\$105
					\$0.00	\$105	\$105
		7831	CURB,GUTTER,SDWLK REPAIR	1 - Personnel	\$51,361	\$45,767	(\$5,594)
				2 - Discretionary	\$5,265	\$5,850	\$585
				3 - Non-Discretionary	\$9,144	\$11,280	\$2,136
					\$65,770	\$62,898	(\$2,872)
		7833	TREE MAINTENANCE	1 - Personnel	\$175,438	\$120,858	(\$54,580)
				2 - Discretionary	\$183,242	\$188,905	\$5,663
				3 - Non-Discretionary	\$130,994	\$118,420	(\$12,574)
					\$489,673	\$428,182	(\$61,491)
		7836	ELECTRICAL MAINTENANCE	1 - Personnel	\$29,084	\$34,624	\$5,540
				3 - Non-Discretionary	\$5,566	\$6,919	\$1,353
					\$34,650	\$41,543	\$6,893
		7838	PARKING LOT MAINTENANCE	1 - Personnel	\$36,646	\$37,146	\$500
				2 - Discretionary	\$10,755	\$11,950	\$1,195
				3 - Non-Discretionary	\$5,930	\$7,675	\$1,745
					\$53,331	\$56,770	\$3,440
		8190	CA CLIMATE ACTION REGIST.	2 - Discretionary	\$3,202	\$2,802	(\$400)
					\$3,202	\$2,802	(\$400)
			<b>Department Total</b>		\$1,244,707	\$1,124,758	(\$119,949)
	Non-Dept	7390	GENERAL FUND OPERATION TR	1 - Personnel	(\$24,161)	\$0.00	\$24,161
				3 - Non-Discretionary	\$4,505,657	\$4,374,092	(\$131,565)
					\$4,481,496	\$4,374,092	(\$107,404)
		7399	GENERAL EXP OFFSET	1 - Personnel	(\$29,616)	\$0.00	\$29,616

### FY11 General Fund Budget by Program

Fund	Department	Program	Budget Unit Title	Category	PY Budget Total	CY Request	Difference
					(\$29,616)	\$0.00	\$29,616
		7918	CEC LOAN - 6/7/06	3 - Non-Discretionary	\$210,140	\$210,140	\$0.00
					\$210,140	\$210,140	\$0.00
<b>Department Total</b>					\$4,662,019	\$4,584,232	(\$77,788)
<b>Fund Total</b>					\$38,508,961	\$39,384,939	\$875,978

# General Fund 10 Year Plans

The General Fund 10 Year Plans presented for Council review illustrate three different alternatives related to the FY11 deficit, and each alternative's effect on the General Fund fund balance. Several factors influence these 10 Year Plans, primarily revenue and expenditure growth assumptions, as well as the amount of type of cuts, if any, that will be approved to correct the FY11 deficit. The following is a summary of the major factors influencing these plans.

## Revenues

Revenue assumptions are consistent in all scenarios; annual growth factors are as follows:

- Property Taxes: 2% growth in FY12, 5% in FY13, 6% in FY14 through FY16, and 3% thereafter
- Sales Taxes: 2% growth in FY12 and FY14, 3% per year through FY18, 5% thereafter
- TOT: 4% growth in FY12, 5% growth in FY13, and 6% thereafter
- Fee Revenues: 2% growth in FY12, 3% thereafter
- Fines/Service Charges/Intergovernmental: 2% annual increase

## Expenditures

Expenditure assumptions vary by scenario, but the following are consistent throughout:

- Personnel costs:
  - Salaries: Furloughs cease after FY11, merit increases and MOU negotiated salary increases occur in each year
  - Benefits: ~5% increase in FY12 and FY13, ~6% thereafter
  - Overtime: 3% annual increase
- Discretionary expenditures:
  - Professional/Contract services: 2% annual increase
  - Supplies/Services: 2% annual increase
  - Meetings/Education: no increases
- Non-Discretionary expenditures:
  - YECA contract: 3% annual increase
  - Utilities: 5% annual increase
  - Technology charges: 5.6% annual increase
  - Vehicle maintenance: 3% annual increase
  - Storm drain operations subsidy: CEASES after FY11
  - Gateway subsidy: begins in FY13

## Reduction Scenarios:

1. Scenario 1: Assumes no cuts are made to the FY11 budget.
2. Scenario 2: Assumes all cuts (\$5.79 m) presented to Council on 3/30/10 are implemented.
3. Scenario 3: Assumes \$3m in cuts are made, including personnel reductions of ~\$2 million.

# 10 Year Plan - General Fund Only

Fiscal Year	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
<b>Scenario 1 - No Cuts</b>											
Annual Operating Surplus (Deficit)		(\$5,639,637)	(\$7,226,879)	(\$8,226,480)	(\$8,834,470)	(\$9,481,072)	(\$10,178,727)	(\$11,254,863)	(\$12,419,828)	(\$13,497,345)	(\$14,650,962)
Ending Fund Balance	4,896,589	(743,048)	(7,969,927)	(16,196,407)	(25,030,878)	(34,511,949)	(44,690,676)	(55,945,540)	(68,365,368)	(81,862,712)	(96,513,674)

<b>Scenario 2 - \$5,791,547 in Cuts</b>											
Personnel Cuts		3,949,712	4,170,896	4,404,466	4,651,116	4,911,579	5,186,627	5,477,078	5,783,795	6,107,687	6,449,717
Services & Supply Cuts		1,841,835	1,773,504	1,773,504	1,773,504	1,773,504	1,773,504	1,773,504	1,773,504	1,773,504	1,773,504
Total Savings		5,791,547	5,944,400	6,177,970	6,424,620	6,685,082	6,960,131	7,250,582	7,557,298	7,881,191	8,223,221
Annual Operating Surplus (Deficit)		151,910	(1,282,480)	(2,048,510)	(2,409,850)	(2,795,989)	(3,218,596)	(4,004,281)	(4,862,530)	(5,616,154)	(6,427,740)
Ending Fund Balance	4,896,589	5,048,499	3,766,019	1,717,509	(692,341)	(3,488,331)	(6,706,927)	(10,711,208)	(15,573,738)	(21,189,892)	(27,617,632)

<b>Scenario 3 - \$3,000,000 In Cuts</b>											
Personnel Cuts		2,045,936	2,160,509	2,281,497	2,409,261	2,544,180	2,686,654	2,837,106	2,995,984	3,163,759	3,340,930
Services & Supply Cuts		954,064	885,733	885,733	885,733	885,733	885,733	885,733	885,733	885,733	885,733
Total Savings		3,000,000	3,046,241	3,167,230	3,294,994	3,429,912	3,572,386	3,722,839	3,881,717	4,049,492	4,226,662
Annual Operating Surplus (Deficit)		(2,639,637.08)	(4,180,638.12)	(5,059,250.19)	(5,539,476.74)	(6,051,159.28)	(6,606,340.71)	(7,532,024.46)	(8,538,111.10)	(9,447,853.01)	(10,424,299.27)
Ending Fund Balance	4,896,589	2,256,952	(1,923,686)	(6,982,936)	(12,522,413)	(18,573,572)	(25,179,913)	(32,711,938)	(41,250,049)	(50,697,902)	(61,122,201)

### FY2011 General Fund Budgets By Department

Total Revenues	33,837,675
Less Departmental Revenues Noted Below	7,091,253
Less Chargebacks	3,884,778
Remaining Unallocated Revenues	22,861,644

Department	FY2011 Requested	FY2011 Departmental Revenues	FY2011 Chargeouts	Net Adjusted Costs	Remaining Unallocated Revenues	% of Unallocated GF Revenues
Administration	1,979,723	-	1,880,737	98,986	22,861,644	0.43%
Community Development	2,973,634	1,713,012	743,408	517,213	22,861,644	2.26%
Finance	734,140	-	697,433	36,707	22,861,644	0.16%
Parks	3,071,036	415,171		2,655,865	22,861,644	11.62%
Police	15,074,586	754,100		14,320,486	22,861,644	62.64%
Fire	8,849,851	480,500		8,369,351	22,861,644	36.61%
Library	1,085,412	17,000		1,068,412	22,861,644	4.67%
Public Works	1,124,758		89,981	1,034,777	22,861,644	4.53%
Transfers Division	4,584,232	3,711,470	473,219	399,543	22,861,644	1.75%
<b>Totals</b>	<b>39,477,372</b>	<b>7,091,253</b>	<b>3,884,778</b>	<b>28,501,341</b>		<b>124.67%</b>

### FY2004 General Fund Budgets By Department

Total Revenues	31,040,395
Less Departmental Revenues Noted Below	6,218,981
Less Chargebacks	2,993,159
Remaining Unallocated Revenues	21,828,255

Department	FY2004 Requested	FY2004 Departmental Revenues	FY2004 Chargeouts	Net Adjusted Costs	Remaining Unallocated Revenues	% of Unallocated GF Revenues
Administration	1,605,726.00	-	1,523,493	82,233	21,828,255	0.38%
Community Development	1,507,748.00	1,561,328.00	376,937	(430,517)	21,828,255	-1.97%
Finance	1,110,176.00	-	888,141	222,035	21,828,255	1.02%
Parks	3,566,827.00	226,851.00		3,339,976	21,828,255	15.30%
Police	10,065,301.00	605,211.00		9,460,090	21,828,255	43.34%
Fire	5,329,063.00	393,573.00		4,935,490	21,828,255	22.61%
Library	1,049,123.00	20,000.00		1,029,123	21,828,255	4.71%
Public Works	2,557,347.00		204,588	2,352,759	21,828,255	10.78%
Transfers Division	3,618,500.00	3,412,018.00		206,482	21,828,255	0.95%
<b>Totals</b>	<b>30,409,811</b>	<b>6,218,981</b>	<b>2,993,159</b>	<b>21,197,671</b>		<b>0.97</b>

Department	2004 Net Impact	2011 Net Impact	Change	2004 % of Unallocated GF Revenues	2011 % of Unallocated GF Revenues	Change
Administration	82,233	98,986	16,754	0.38%	0.43%	0.06%
Community Development	(430,517)	517,213	947,730	-1.97%	2.26%	4.23%
Finance	222,035	36,707	(185,328)	1.02%	0.16%	-0.86%
Parks	3,339,976	2,655,865	(684,111)	15.30%	11.62%	-3.68%
Police	9,460,090	14,320,486	4,860,396	43.34%	62.64%	19.30%
Fire	4,935,490	8,369,351	3,433,861	22.61%	36.61%	14.00%
Library	1,029,123	1,068,412	39,289	4.71%	4.67%	-0.04%
Public Works	2,352,759	1,034,777	(1,317,982)	10.78%	4.53%	-6.25%
Transfers Division	206,482	399,543	193,061	0.95%	1.75%	0.80%
<b>Totals</b>	<b>21,197,671</b>	<b>28,501,341</b>	<b>7,303,670</b>	<b>97.11%</b>	<b>124.67%</b>	<b>27.56%</b>

Water Enterprise Fund  
10 Year Plan - Adopted Rates Through FY2013  
Partial Funding of Surface Water

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
<b>Beginning Working Capital</b>	<b>\$480,153</b>	<b>\$4,109,250</b>	<b>\$2,530,195</b>	<b>\$7,024,711</b>	<b>\$8,318,086</b>	<b>\$9,364,515</b>	<b>\$11,405,921</b>	<b>\$14,660,875</b>	<b>\$20,946,475</b>	<b>\$25,925,682</b>
<b>Revenues</b>										
Utility Service Charges	9,054,022	10,969,128	13,363,031	14,459,439	15,731,639	17,142,453	18,679,789	20,354,991	22,180,427	24,169,568
Miscellaneous Revenues	20,000	20,400	20,808	21,224	21,649	22,082	22,523	22,974	23,433	23,902
Bond Proceeds	9,000,000	-	7,000,000	-	-	-	-	-	-	-
Bonds - Surface Water	3,487,000	2,054,000	24,418,000	-	-	-	-	-	-	-
<b>Operating Expenditures</b>										
Salaries and Benefits	3,339,847	3,515,958	3,651,748	3,845,326	4,049,744	4,265,609	4,493,564	4,734,283	4,988,483	5,256,918
Requested new staff	159,280	242,867	468,722	545,667	576,225	638,088	673,821	711,555	751,402	793,481
Supplies & Services	1,956,742	2,015,444	2,075,908	2,138,185	2,202,330	2,268,400	2,336,452	2,406,546	2,478,742	2,553,104
Vehicles/Equipment	287,271	295,889	304,766	313,909	323,326	333,026	343,017	353,307	363,906	374,823
Education/Training	40,600	41,818	43,073	44,365	45,696	47,067	48,479	49,933	51,431	52,974
Indirects	364,693	385,116	406,682	429,457	453,506	478,902	505,721	534,041	563,948	595,529
Transfers	44,500	45,835	47,210	48,626	50,085	51,588	53,135	54,729	56,371	58,062
Debt Service	1,300,867	1,625,742	1,633,742	3,174,582	2,941,775	2,920,575	2,768,997	2,753,797	2,726,197	2,716,597
New Debt - Surface Water	267,024	424,314	2,294,173	2,294,173	2,294,173	2,294,173	2,294,173	2,294,173	2,294,173	2,294,173
Requested new equipment	50,100	81,600	93,300	3,000	-	10,700	-	-	-	-
Requested new other costs	-	-	250,000	-	10,000	35,000	-	-	-	-
<b>Total Operating Expenditures</b>	<b>7,810,925</b>	<b>8,674,583</b>	<b>11,269,323</b>	<b>12,837,289</b>	<b>12,946,859</b>	<b>13,343,128</b>	<b>13,517,358</b>	<b>13,892,364</b>	<b>14,274,653</b>	<b>14,695,661</b>
<b>Capital Budget</b>	<b>10,121,000</b>	<b>5,948,000</b>	<b>29,038,000</b>	<b>350,000</b>	<b>1,760,000</b>	<b>1,780,000</b>	<b>1,930,000</b>	<b>200,000</b>	<b>2,950,000</b>	<b>-</b>
<b>Net Income (Loss)</b>	<b>\$3,629,097</b>	<b>(\$1,579,055)</b>	<b>\$4,494,517</b>	<b>\$1,293,375</b>	<b>\$1,046,429</b>	<b>\$2,041,406</b>	<b>\$3,254,954</b>	<b>\$6,285,600</b>	<b>\$4,979,207</b>	<b>\$9,497,808</b>
<b>Ending Working Capital</b>	<b>\$4,109,250</b>	<b>\$2,530,195</b>	<b>\$7,024,711</b>	<b>\$8,318,086</b>	<b>\$9,364,515</b>	<b>\$11,405,921</b>	<b>\$14,660,875</b>	<b>\$20,946,475</b>	<b>\$25,925,682</b>	<b>\$35,423,490</b>
<b>Committed Op Reserve (10%)</b>	<b>\$ 781,092</b>	<b>\$ 867,458</b>	<b>\$ 1,126,932</b>	<b>\$ 1,283,729</b>	<b>\$ 1,294,686</b>	<b>\$ 1,334,313</b>	<b>\$ 1,351,736</b>	<b>\$ 1,389,236</b>	<b>\$ 1,427,465</b>	<b>\$ 1,469,566</b>
<b>Assigned Op Reserve (3%)</b>	<b>\$ 234,328</b>	<b>\$ 260,238</b>	<b>\$ 338,080</b>	<b>\$ 385,119</b>	<b>\$ 388,406</b>	<b>\$ 400,294</b>	<b>\$ 405,521</b>	<b>\$ 416,771</b>	<b>\$ 428,240</b>	<b>\$ 440,870</b>
<b>Unassigned Op Reserve</b>	<b>\$3,093,830</b>	<b>\$1,402,499</b>	<b>\$5,559,699</b>	<b>\$6,649,238</b>	<b>\$7,681,423</b>	<b>\$9,671,314</b>	<b>\$12,903,619</b>	<b>\$19,140,468</b>	<b>\$24,069,977</b>	<b>\$33,513,054</b>
<b>Unfunded Capital Projects</b>	<b>450,000</b>	<b>1,080,000</b>	<b>475,000</b>	<b>45,049,000</b>	<b>47,626,000</b>	<b>15,536,562</b>	<b>1,746,821</b>	<b>300,000</b>	<b>300,000</b>	<b>-</b>

**Assumptions**

- (1) Revenues based on rate increases adopted by Council through FY2013; 6% escalation factor thereafter
- (2) Salaries and benefits and indirect charges adjusted annually by 5.6% (historical average for City)
- (3) Utilities are adjusted annually by 4%
- (4) Other expenses adjusted by 3%
- (5) Debt service expenditures are based on current outstanding debt; additional debt issuance is assumed within the 10 years
- (6) Surface Water project is funded for only the first three years; the remaining years are in unfunded projects

**Sewer Enterprise Fund  
10 Year Plan**

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
<b>Beginning Working Capital</b>	<b>\$17,326,822</b>	<b>\$17,669,699</b>	<b>\$14,120,641</b>	<b>\$15,810,722</b>	<b>\$11,909,504</b>	<b>\$7,676,927</b>	<b>\$3,497,157</b>	<b>\$3,931,114</b>	<b>\$4,302,047</b>	<b>\$4,421,109</b>
Revenues										
Utility Service Charges	\$11,072,337	\$11,432,160	\$11,835,629	\$12,255,110	\$12,689,063	\$13,138,068	\$13,602,639	\$14,083,304	\$14,580,612	\$15,095,128
Operating Expenditures										
Salaries and Benefits	\$3,319,757	\$3,496,797	\$3,683,750	\$3,881,173	\$4,089,652	\$4,309,806	\$4,542,288	\$4,787,789	\$5,047,039	\$4,787,789
Requested new staff	\$0	\$0	\$36,152	\$173,957	\$184,395	\$225,053	\$446,665	\$615,987	\$652,947	\$692,123
Supplies & Services	\$3,209,091	\$3,349,500	\$3,459,486	\$3,573,152	\$3,690,624	\$3,812,030	\$3,937,506	\$4,067,191	\$4,201,230	\$4,067,191
Vehicles/Equipment	\$462,996	\$476,886	\$491,192	\$505,928	\$521,106	\$536,739	\$552,841	\$569,427	\$586,509	\$569,427
Education/Training	\$58,146	\$59,890	\$61,687	\$63,538	\$65,444	\$67,407	\$69,429	\$71,512	\$73,658	\$71,512
Indirects	\$404,850	\$427,522	\$451,463	\$476,745	\$503,442	\$531,635	\$561,407	\$592,846	\$626,045	\$592,846
Taxes	\$3,000	\$3,030	\$3,060	\$3,091	\$3,122	\$3,153	\$3,185	\$3,216	\$3,249	\$3,281
Debt Service	\$2,326,719	\$2,329,094	\$1,818,256	\$2,008,316	\$2,012,267	\$2,004,725	\$2,007,127	\$2,010,006	\$2,000,874	\$2,005,850
Requested new equipment	\$0	\$153,500	\$90,500	\$94,200	\$77,000	\$52,000	\$170,166	\$218,017	\$145,000	\$0
Requested new other costs	\$0	\$0	\$0	\$1,639	\$0	\$700	\$3,477	\$1,790	\$125,000	\$0
Total Operating Expenditures	\$9,784,559	\$10,296,219	\$10,095,547	\$10,781,740	\$11,147,051	\$11,543,249	\$12,294,092	\$12,937,782	\$13,461,550	\$12,790,020
Capital Budget	\$944,900	\$4,685,000	\$50,000	\$5,374,589	\$5,774,589	\$5,774,589	\$874,589	\$774,589	\$1,000,000	\$1,000,000
<b>Net Income (Loss)</b>	<b>\$342,877</b>	<b>(\$3,549,059)</b>	<b>\$1,690,082</b>	<b>(\$3,901,218)</b>	<b>(\$4,232,577)</b>	<b>(\$4,179,770)</b>	<b>\$433,957</b>	<b>\$370,933</b>	<b>\$119,062</b>	<b>\$1,305,108</b>
<b>Ending Working Capital</b>	<b>\$17,669,699</b>	<b>\$14,120,641</b>	<b>\$15,810,722</b>	<b>\$11,909,504</b>	<b>\$7,676,927</b>	<b>\$3,497,157</b>	<b>\$3,931,114</b>	<b>\$4,302,047</b>	<b>\$4,421,109</b>	<b>\$5,726,217</b>
Committed Op Reserve (10%)	\$978,456	\$1,029,622	\$1,009,555	\$1,078,174	\$1,114,705	\$1,154,325	\$1,229,409	\$1,293,778	\$1,346,155	\$1,279,002
Assigned Op Reserve (3%)	\$293,537	\$308,887	\$302,866	\$323,452	\$334,412	\$346,297	\$368,823	\$388,133	\$403,846	\$383,701
Unassigned Op Reserve	\$16,397,706	\$12,782,132	\$14,498,301	\$10,507,878	\$6,227,810	\$1,996,535	\$2,332,882	\$2,620,135	\$2,671,107	\$4,063,514
Unfunded Capital Projects	\$0	\$0	\$4,000,000	\$975,000	\$871,000	\$669,000	\$2,889,000	\$2,856,000	\$1,215,000	\$0

NOTE: Beginning working capital for FY10/11 includes unspent bond proceeds from the \$11m 2009 Sewer Bonds.

**Assumptions**

- (1) Revenues based on sewer rates in effect for FY11 increased by 3% inflation and conservative projections on future growth consistent with capital budget
- (2) Salaries and benefits and indirect charges adjusted annually by 5.6% (historical average for City)
- (3) Utilities are adjusted annually by 4%
- (4) Other expenses adjusted by 3%
- (5) Debt service expenditures are based on current outstanding debt; no new debt issuance is assumed

**Combined Transportation Tax Funds ( FUNDS 354, 355 & Prop. 42 )  
10-year Projections**

	Projected 2010	Projected 2011	Projected 2012	Projected 2013	Projected 2014	Projected 2015	Projected 2016	Projected 2017	Projected 2018	Projected 2019	Projected 2020
<b>Revenues (3% annual inc)</b>											
Net TDA Revenue (354-4537)	\$ 731,563	\$ 724,022	\$ 317,355	\$ 294,531	\$ 270,083	\$ 243,933	\$ 215,998	\$ 186,191	\$ 154,423	\$ 120,600	\$ 84,625
Fund 355 Gas Tax Revenues	\$ 908,092	\$ 904,064	\$ 922,145	\$ 940,588	\$ 959,400	\$ 978,588	\$ 998,160	\$ 1,018,123	\$ 1,038,485	\$ 1,059,255	\$ 1,080,440
Prop 42 (3% inc) (354-4580)	\$ 528,436	\$ 556,344	\$ 567,471	\$ 578,820	\$ 590,397	\$ 602,205	\$ 614,249	\$ 626,534	\$ 639,064	\$ 651,846	\$ 664,883
<b>Available Streets</b>	<b>\$ 2,168,091</b>	<b>\$ 2,184,430</b>	<b>\$ 1,806,971</b>	<b>\$ 1,813,939</b>	<b>\$ 1,819,880</b>	<b>\$ 1,824,725</b>	<b>\$ 1,828,406</b>	<b>\$ 1,830,848</b>	<b>\$ 1,831,973</b>	<b>\$ 1,831,701</b>	<b>\$ 1,829,948</b>
<b>Expenditures</b>											
Salaries/benefits	\$ 1,290,043	\$ 1,382,756	\$ 1,460,190	\$ 1,541,960	\$ 1,628,310	\$ 1,719,496	\$ 1,815,787	\$ 1,917,471	\$ 2,024,850	\$ 2,138,241	\$ 2,257,983
Prof / Contract Svs	\$ 117,222	\$ 120,623	\$ 124,242	\$ 127,969	\$ 131,808	\$ 135,762	\$ 139,835	\$ 144,030	\$ 148,351	\$ 152,802	\$ 157,386
Supplies & Services 52xx	\$ 369,756	\$ 361,179	\$ 372,015	\$ 383,175	\$ 394,670	\$ 406,510	\$ 418,706	\$ 431,267	\$ 444,205	\$ 457,531	\$ 471,257
Utilities	\$ 239,050	\$ 272,750	\$ 283,660	\$ 295,006	\$ 306,807	\$ 319,079	\$ 331,842	\$ 345,116	\$ 358,920	\$ 373,277	\$ 388,208
Vehicles											
Fixed	\$ 45,324	\$ 50,853	\$ 52,379	\$ 53,950	\$ 55,569	\$ 57,236	\$ 58,953	\$ 60,722	\$ 62,543	\$ 64,420	\$ 66,352
Variable	\$ 145,390	\$ 239,010	\$ 246,180	\$ 253,565	\$ 261,172	\$ 269,007	\$ 277,078	\$ 285,390	\$ 293,952	\$ 302,770	\$ 311,853
Lease Payments	\$ 97,745	\$ 97,745	\$ 100,677	\$ 103,698	\$ 106,809	\$ 110,013	\$ 113,313	\$ 116,713	\$ 120,214	\$ 123,820	\$ 127,535
DP Charges	\$ 73,181	\$ 41,365	\$ 42,606	\$ 43,884	\$ 45,200	\$ 46,556	\$ 47,953	\$ 49,391	\$ 50,873	\$ 52,399	\$ 53,971
Education & Training 53xx	\$ 19,858	\$ 20,313	\$ 20,922	\$ 21,550	\$ 22,197	\$ 22,862	\$ 23,548	\$ 24,255	\$ 24,982	\$ 25,732	\$ 26,504
Machinery & Equipment	\$ 13,333	\$ 43,124	\$ 44,418	\$ 45,750	\$ 47,123	\$ 48,536	\$ 49,993	\$ 51,492	\$ 53,037	\$ 54,628	\$ 56,267
Indirect Expenditures 56xx	\$ 187,994	\$ 187,994	\$ 198,522	\$ 209,639	\$ 221,379	\$ 233,776	\$ 246,867	\$ 260,692	\$ 275,291	\$ 290,707	\$ 306,986
<b>Total</b>	<b>\$ 2,598,897</b>	<b>\$ 2,817,711</b>	<b>\$ 2,945,810</b>	<b>\$ 3,080,147</b>	<b>\$ 3,221,043</b>	<b>\$ 3,368,834</b>	<b>\$ 3,523,875</b>	<b>\$ 3,686,539</b>	<b>\$ 3,857,218</b>	<b>\$ 4,036,328</b>	<b>\$ 4,224,303</b>
MSE Contributions	\$ 430,806	\$ 633,281	\$ 750,000	\$ 750,000	\$ 750,000	\$ 800,000	\$ 800,000	\$ 800,000	\$ 800,000	\$ 800,000	\$ 800,000
<b>Add'l MSE/Alternative Funds.</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 388,838</b>	<b>\$ 516,208</b>	<b>\$ 651,163</b>	<b>\$ 744,109</b>	<b>\$ 895,469</b>	<b>\$ 1,055,691</b>	<b>\$ 1,225,245</b>	<b>\$ 1,404,627</b>	<b>\$ 1,594,356</b>
<b>Net Surplus (Loss)</b>	<b>\$ -</b>										

**Assumptions**

- (1) Revenues based on historical averages; and conservative projections on future growth
- (2) Net TDA revenues represent that portion that is available to Cities after Transit use. Staff worked with YCTD on future projections and adjusted net City revenues to be consistent with their strategic long term plans
- (3) Salaries and benefits and indirect charges adjusted annually by 5.6% (historical average for City)
- (4) Utilities are adjusted annually by 4%
- (5) Other expenses adjusted by 3%
- (6) Council approved using up to \$750,000 of MSE to support the City's road program

## Redevelopment Agency (Fund 520) 10 Year Plan

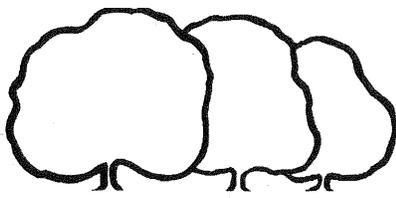
	Requested 2011	Projected 2012	Projected 2013	Projected 2014	Projected 2015	Projected 2016	Projected 2017	Projected 2018	Projected 2019	Projected 2020
<b>Beginning Fund Balance</b>	\$1,027,145	\$846,332	\$701,115	\$552,966	\$598,738	\$643,070	\$808,470	\$958,654	\$1,091,434	\$1,202,527
<b>Revenues</b>										
Projected Tax Increment	\$1,107,715	\$1,129,870	\$1,152,467	\$1,175,516	\$1,199,027	\$1,223,007	\$1,247,467	\$1,272,417	\$1,297,865	\$1,323,822
Working Capital Interest Earned	\$5,136	\$4,232	\$3,506	\$5,530	\$5,987	\$6,431	\$8,085	\$9,587	\$10,914	\$12,025
Additional Expected Revenue from Projects	\$28,714	\$29,288	\$91,474	\$150,904	\$169,922	\$314,920	\$321,219	\$327,643	\$334,196	\$340,880
<b>Total Available</b>	<b>\$2,168,710</b>	<b>\$2,009,722</b>	<b>\$1,948,562</b>	<b>\$1,884,915</b>	<b>\$1,973,674</b>	<b>\$2,187,428</b>	<b>\$2,385,241</b>	<b>\$2,568,300</b>	<b>\$2,734,409</b>	<b>\$2,879,254</b>
<b>Staff Salaries/Benefits</b>	\$305,189	\$326,552	\$349,411	\$373,870	\$400,040	\$428,043	\$458,006	\$490,067	\$524,371	\$561,077
<b>Supplies &amp; Services 52xx</b>	\$90,783	\$93,506	\$96,312	\$99,201	\$102,177	\$105,242	\$108,400	\$111,652	\$115,001	\$118,451
<b>Education &amp; Training 53xx</b>	\$9,750	\$9,750	\$9,750	\$9,750	\$9,750	\$9,750	\$9,750	\$9,750	\$9,750	\$9,750
<b>Indirect Expenditures 56xx</b>	\$97,644	\$103,112	\$108,886	\$114,984	\$121,423	\$128,223	\$135,403	\$142,986	\$150,993	\$159,449
<b>Debt Service 59xx (3)</b>	\$585,203	\$581,359	\$579,603	\$577,003	\$578,653	\$581,459	\$580,587	\$579,212	\$579,212	\$579,212
<b>Contingency (13% of Discretionary)</b>	\$92,418	\$98,327	\$104,635	\$111,370	\$118,561	\$126,240	\$134,441	\$143,200	\$152,554	\$162,546
<b>Estimated State Raid of Funds</b>	\$141,390	\$96,000	\$147,000							
<b>Capital Projects</b>										
<b>Total</b>	<b>\$1,322,377</b>	<b>\$1,308,606</b>	<b>\$1,395,596</b>	<b>\$1,286,177</b>	<b>\$1,330,604</b>	<b>\$1,378,957</b>	<b>\$1,426,587</b>	<b>\$1,476,866</b>	<b>\$1,531,882</b>	<b>\$1,590,485</b>
<b>Net Change during year</b>	<b>(\$180,812)</b>	<b>(\$145,217)</b>	<b>(\$148,150)</b>	<b>\$45,773</b>	<b>\$44,331</b>	<b>\$165,400</b>	<b>\$150,183</b>	<b>\$132,780</b>	<b>\$111,093</b>	<b>\$86,242</b>
<b>Ending Fund Balance</b>	<b>\$846,332</b>	<b>\$701,115</b>	<b>\$552,966</b>	<b>\$598,738</b>	<b>\$643,070</b>	<b>\$808,470</b>	<b>\$958,654</b>	<b>\$1,091,434</b>	<b>\$1,202,527</b>	<b>\$1,288,769</b>
<b>Operating Budget</b>	\$1,486,176	\$1,539,158	\$1,598,007	\$1,660,046	\$1,730,645	\$1,807,001	\$1,884,593	\$1,966,932	\$2,056,253	\$2,151,563
<b>Operating Reserve (50% of Op Budget)</b>	\$743,088	\$769,579	\$799,003	\$830,023	\$865,322	\$903,500	\$942,297	\$983,466	\$1,028,127	\$1,075,781
<b>Annual Projected Surplus (Deficit)</b>	\$103,244	\$ (68,464)	\$ (246,038)	\$ (231,285)	\$ (222,252)	\$ (95,030)	\$ 16,357	\$ 107,968	\$ 174,401	\$ 212,987

Operating Budget \$1,486,176 \$1,539,158 \$1,598,007 \$1,660,046 \$1,730,645 \$1,807,001 \$1,884,593 \$1,966,932 \$2,056,253 \$2,151,563  
 Operating Reserve (50% of Op Budget) \$743,088 \$769,579 \$799,003 \$830,023 \$865,322 \$903,500 \$942,297 \$983,466 \$1,028,127 \$1,075,781  
 Annual Projected Surplus (Deficit) \$103,244 \$ (68,464) \$ (246,038) \$ (231,285) \$ (222,252) \$ (95,030) \$ 16,357 \$ 107,968 \$ 174,401 \$ 212,987

**Assumptions**

- (1) Revenues based on current level of tax increment, increased by 2% annually and expected increment from completed projects
- (2) Salaries and benefits and indirect charges adjusted annually by 5.6% (historical average for City)
- (3) Supplies and services budget adjusted by 3%
- (4) Debt service expenditures are based on current outstanding debt; no new debt issuance is assumed
- (5) Estimated State raid of funds in FY11 is based on calculations prepared by the California Redevelopment Association





# City of Woodland

## REPORT TO MAYOR AND CITY COUNCIL

AGENDA ITEM

4.

TO: THE HONORABLE MAYOR  
AND CITY COUNCIL

DATE: March 30, 2010

SUBJECT: Discussion of Strategies to Balance the FY 2011 General Fund

### **Report in Brief**

Staff has completed the initial development of the FY 2011 General Fund budget. Unfortunately, the City's General Fund revenues will continue to decline over the next year while expenditures in certain areas will increase slightly. As a result of the decline in revenues, the City's General Fund deficit at this time is projected at \$5,639,637.

In response to this deficit, the City Manager's budget review team has met with all departments and developed strategies to address the deficit primarily through significant reductions in expenditures. These reductions need to correct the City's continuous fiscal imbalance by reducing employees, programs and service levels in a manner that will be sustainable over the next ten years. All departments have cooperated by providing detailed, reasoned and prioritized expenditure reduction options for the City Council and the community to consider. The information and alternatives presented on March 30 will begin the consideration process.

Staff recommends that the City Council receive the presentation on alternatives to balance the FY 2011 General Fund and provide direction that will reduce expenditures to balance the approximate \$5.7 million deficit as described herein.

### **Background**

On June 16, 2009, the City Council adopted the FY 2010 General Fund budget and updated 10-year Financial Plan that included strategies to address a \$6.8 million deficit. This action culminated three months of intense review that included workshops, presentations at community meetings and internal meetings between the City Manager's Office and City departments in order to balance the General Fund budget. In summary, the City Council approved actions that primarily focused on expenditure reductions generating approximately \$5.5 million in savings to address the loss of General Fund revenues due to the current recessionary economy. The Council also approved a contingency plan to further reduce the General Fund by approximately \$1.3 million if the City's

bargaining units were unable to reach agreement on compensation concessions equal to the contingency plan that were necessary to balance the General Fund.

On September 1, 2009, the City Council approved labor agreements that reduced compensation by nearly \$1 million based on the City Manager's recommendation that strategies could be developed to meet the remainder of the shortfall. The concessions agreed to by the bargaining units included furloughs that reduced salaries by approximately 4.6% and employee cost sharing for medical insurance that maintained the cost to the City at 2009 levels. The combined impact of these concessions was compensation reductions of approximately 5%.

The City Manager and a team of Finance and Human Resources staff began meeting following the approval of the labor agreements to review the City's financial situation and develop strategies to address the FY 2010 shortfall. Staff believed that a close review of mid-year expenditures and adjustments would resolve the outstanding balance.

In the course of reviewing the City's financial situation, staff looked closely at the final FY 2009 revenues and expenditures. Unfortunately, sales tax which had declined significantly in the last quarter of 2008 and first quarter of 2009 continued the rapid descent to a 20% year over year decrease in the second quarter (April-June) of 2009. As a result, the final FY 2009 sales tax was \$8,827,891, a reduction of nearly \$500,000 from the estimate that was revised when the FY 2009 mid-year adjustments were approved. This would have had a significant negative impact on the City's General Fund reserves if not for the fact that City departments further reduced spending that nearly offset most of the reduction.

The FY 2009 reduction in sales tax required staff to reevaluate the FY 2010 sales tax estimate and revise the projections downward by \$990,000. This revision is based on the sales tax consultant's analysis that the trend of declining sales tax will continue through the end of 2010. In addition, other City revenues staff is closely monitoring were falling short by \$350,000. Operating expenses were also trending higher in certain areas and, when added to the shortfall projected for FY 2010 after the labor agreements were approved, the current year General Fund budget required \$2,040,785 in adjustments. As a result of these revised estimates, staff presented a list of actions necessary to balance the FY 2010 budget which included the use of one time revenues and expenditure reductions totaling \$2,182,747. These actions included the reassignment of staff to enterprise and non-General Fund programs, maintaining vacant positions, using additional one time revenue and layoff of three positions. The City Council approved all of the recommended actions except for the layoff of the three staff yet directed the City Manager to achieve the nearly \$2.2 million in mid-year adjustments.

While the current year General Fund budget should remain balanced, it became very clear that revenue estimates for FY 2011 would be significantly lower than the estimates projected in May/June 2009 as part of the updated 10-year Plan. These estimates were updated by Finance staff in February based on all available information. In addition, the operating departments presented their FY 2011 expenditure requests. The following information provides a summary of the General Fund revenue and expenditure estimates for FY 2011.

### *Revenue Estimates*

Finance staff completed the first round of revenue projections for FY 2011 in February and early March. As stated previously, the projections are not favorable. Total General Fund revenues are estimated at \$33,837,675 which includes all property and sales tax projections as well as all fees generated by service charges, franchise agreements and operating revenues. With one exception, all revenue accounts are estimated to be down by an average of 12% from the FY 2011 estimates that staff developed in May/June 2009. The major losses were in sales tax which is estimated to be down by \$1,915,076 and property tax which is down by \$1,029,418 compared to the May/June 2009 projections. The combined impact of the revised sales and property tax estimates is a loss of just under \$3 million in anticipated revenue. When combined with the projected reduction target for FY 2011 of \$2,250,000 staff forecasted in May/June 2009 for FY 2011, it is easy to understand why the General Fund would face a significant deficit.

The reduction in sales and property taxes are directly related to the poor economy and require some additional explanation. As expressed in the December 15, 2009 and February 2, 2010 Council reports, the City's sales tax consultant continues to show trend information that Woodland's sales tax will decline from the final FY 2009 amount of \$8.8 million. Updated information provided in late January from the City's sales tax consultant indicates that the FY 2010 sales tax amount will be \$7.9 million and the amount for FY 2011 will be flat. However, the FY 2010 amount includes some one-time adjustments that will generate about \$300,000; as these are one-time adjustments, a flat sales tax projection needs to subtract the \$300,000 for FY 2011. Therefore, the estimate for FY 2011 is \$7,604,184. This estimate is over \$1.9 million below the \$9.5 million estimated for FY 2011 in the updated 10-year Financial Plan.

The FY 2011 property tax projection is affected by declining property values and reassessments that will reduce payments by 5%-10%. Current 2010 property tax income is estimated to be 5% lower than original estimates at \$9.4 million. Based on information provided by the County Assessor's Office, staff projects the FY 2011 property tax income at \$8.7 million which is over \$1 million lower than the original FY 2011 estimate. This is a 7.5% decline. It is interesting to note that 2011 will be the first year that Proposition 13 properties will actually decline despite the fact the value of the properties is below the market.

The estimated reductions in sales and property taxes are unprecedented in Woodland. Nearly all local governments are facing similar conditions and most will need to implement significant structural reductions in order to bring their organizations into fiscal balance.

Other revenues that are down include operating income which is derived from fees for City services and Vehicle In Lieu Fees (VLF). VLF estimates are also impacted by declining property taxes because the State allocates these fees based on the assessed valuation of properties in each jurisdiction. Overall, the General Fund revenues are currently estimated at \$33,837,675 which is \$4,733,838 lower than the amount estimated in May/June of 2009.

### *Expenditure Estimates*

Expenditure requests from departments were generally consistent with anticipated estimates and actually came in slightly lower than expected. Staff anticipated expenditure requests of approximately \$40.8 million which would have required \$2.25 million in reductions to balance the FY 2011 budget. Actual expenditure requests were \$39,477,372; approximately \$1.3 million less than anticipated. **Unfortunately, the expenditure requests still exceed the available revenue by \$5,639,697 which is therefore the current deficit reduction target.**

As stated above, departments made a good effort to reduce their costs. The FY 2010 mid-year reductions, especially the transfer of employees from the General Fund to the enterprise/non-General Fund programs certainly helped to contain costs. Departments tightened all discretionary expenses such as supplies and services and even found ways to offset increases in non-discretionary expenses such as utilities. Despite these efforts, personnel costs continued to increase because of employees who are eligible to receive step level increases. Personnel costs also show an increase as staff has included the estimated expense for the use of vacation buy outs. **It should be noted that the personnel cost estimates assume that the present level of employee compensation concessions remain in place for FY 2011.**

### *Immediate Actions*

The City Management Budget Review Team met with all departments to review revenue and expenditure estimates during the week of March 8-12. Departments were asked to review revenues and expenditures to make sure all projections were accurately stated. There was a special emphasis on revenues in order to make sure all opportunities to recover costs or maximize income are realized.

Departments were also asked to develop 15% and 20% expenditure reduction options. Development of these options is intended to help identify strategies to meet the reduction target. It is important to note that all departments did an excellent job of identifying options to reduce their expenditures despite the fact that there are few, if any, good options available. During the meetings, department heads, management analysts and key managers summarized the options and provided impact statements that will help the City Manager and City Council evaluate the options. It bears restating that there are no easy decisions at this time.

Following the departmental budget meetings, the City Manager and Department Heads met on March 17 to further discuss the options in order to prepare the report that will be presented on March 30 for the first of two Council budget workshops. On March 19, the City Manager met with all employee association representatives to brief these leaders on the fiscal challenges faced by the General Fund. During that meeting, the City Manager asked the Association leaders for their support and assistance in order to address the fiscal challenges. Finally, Citywide Employee Meetings were held on March 25. In all of these meetings, the message of all employees working together to meet the General Fund fiscal challenges was emphasized.

### *Your City, Your Voice Draft Report*

The draft Your City, Your Voice report is attached and provided for the City Council and the public to review. There are two sections that summarize information. These sections include the Public Opinion Research Findings Report and Summary of Ranked City Services. The following are comments regarding each section.

#### Public Opinion Research Findings Report

This section summarizes the results of the web based survey, stakeholder interviews and focus groups. The section begins with an overview that summarizes the number of responses and the characteristics of the people who participated in the survey. A list of stakeholders who were interviewed and the characteristics of the focus groups is also included. Finally, a statistical summary of the responses to each question on the web based survey is included.

The information provided in this report is very useful and worthy of study and consideration. In response to questions regarding their assessment of City services, the results are mixed as only a slight majority (52%) felt that the City provides "good services for my money" and 53% felt that the City does not manage growth responsibly. Another key response is the assessment of residents and business owners regarding the City's support of business and job development. A total of 52% of the respondents felt that the City does not support business and job development.

The survey also assessed strategies to address the City's fiscal issues including the generation of additional revenue and strategies to reduce costs. Increasing the sales tax received slightly over 50% percent support; in comparison, implementing new property taxes was opposed by over 70% of the respondents. Increasing fees for services received solid support as did combining City departments. It was also interesting to note that nearly 53% of the respondents opposed reducing benefits and salaries for City staff and over 57% disagreed with layoffs.

The menu of options for reducing City services provided some clear preferences although very few of the options actually rated a majority response. For example, approximately 48% of the respondents favored reducing Library hours; however, 41% opposed this idea. One option that generated majority support with 55% of respondents stating their agreement was a reduction in Community Center hours. Staff's review of the mixed results suggests that most respondents believe there are few excellent options available.

#### Summary of Ranked City Services

The web based survey asked respondents to review ten City services and assign a ranking of 1-10 to each. This information was reviewed by the consultant who worked with staff on this project, Kim Floyd. Kim ranked the services by using a weighting system that assigned a point value based on the selected priority. The point system assigned 10 points for a #1 priority response, 9 points for a #2 priority response, 8 points for a #3 priority response, 7 points for a #4 priority response, 6 points for a #5 priority response, 5 points for a #6 priority response, 4 points for a #7 priority response, 3 points for a #8 priority response, 2 points for a #9 priority response and 1 point for a #10 priority response.

The total number of priority responses was multiplied by the weighted factor for each service. As an example, 397 respondents rated public safety as their #1 priority; the weighting system multiplied 397 by 10 to generate 3,970 points of the total points generated by responses to public safety.

The attached excel spread sheet provides the detailed responses and weighting. Based on this system, the priorities identified in the survey are as follows.

1. Public Safety (police and fire)
2. Street Maintenance
3. Economic Development
4. Traffic Management
5. Planning, Zoning and Permitting
6. Communication with Residents
7. Code Enforcement
8. Library Services
9. Parks and Athletic Fields
10. Community Recreation Facilities and Programs

Staff believes this information is very valuable and should be considered as options are identified to balance the General Fund budget. While valuable, it is important to note that the ranking was not intended to be used as a public mandate for the allocation of the General Fund resources. The ranking, as well as all other information generated by the Your City, Your Voice process, is one of several tools available for the City Manager and City Council to consider throughout the budget process.

The work described herein led to the development of options that will be presented in the following section of this report. This discussion will begin by summarizing the level of reductions necessary to achieve 15% and 20% reductions in each department. The next discussion will present two options for the City Council to consider. These options recognize the high priority of services such as public safety and street maintenance yet also attempt to provide the best balance of other services that the reduced resources will allow. The final reductions will likely be developed through a combination of factors that will be influenced by the City Council's consideration and public discussion.

Finally, it is important for the City Council to note that staff is presenting options that do not assume the passage of the sales tax measure and will achieve the level of expenditure reductions necessary to address the nearly \$5.7 million imbalance. In fact, every effort should be made to achieve reductions over the identified imbalance since revenues are expected to increase at a much slower pace than expenditures during the next five years as the Sacramento region, California and United States recovers from the current recession. If this imbalance is not addressed, the City will continue with a structural imbalance that will require constant adjustment. **Staff believes that the programmed use of reserves and one time funds to maintain a fiscal imbalance is not an appropriate strategy.**

**Discussion**

As stated previously herein, the departments presented reduction options of 15% and 20% for discussion purposes. This exercise allowed the departments to generate a prioritized list of reductions which were discussed during the departmental budget meetings. Despite the fact that there are few, if any, acceptable reduction options available, the departments did a good job of providing well reasoned and objective information.

The following table summarizes the 15% and 20% expenditure reduction targets that were initially discussed during the department budget meetings:

	15% Reduction	20% Reduction
Administration	\$296,958	\$395,945
Community Development	\$285,931	\$381,242
Fire	\$1,327,478	\$1,769,970
Library	\$162,812	\$217,082
Parks & Recreation	\$457,788	\$610,384
Police	\$2,261,188	\$3,014,917
Public Works	\$168,714	\$224,952
Total	\$4,960,869	\$6,614,492

Consideration of the 15% and 20% reduction targets generated two conclusions. First, across the board reductions of 15% and 20% is not a sound strategy. While 20% may be an appropriate target for certain services, such a level for all services would not be appropriate, especially considering the priority ranking and other information generated by the Your City, Your Voice process. In addition, the level of reductions necessary to achieve fiscal balance will need to be greater than 15% although not as high as 20%.

Therefore, staff has developed two alternatives for the City Council to discuss and consider. These options attempt to keep reductions to public safety to less than 20% in recognition of the high priority these services hold for most citizens. In addition, the options still maintain a commitment to the medium priority services such as Planning, Zoning and Permitting and Code Enforcement. Finally, the options do force a choice between the lower priority services of Library services and Parks & Recreation. While very important to the quality of life in Woodland, the current level of resources within the General Fund will not permit both services to be offered. The following information provides a summary of the reduction options listed by each City department.

***Alternative #1***

**Administration**

The Administration office includes the City Manager's Office, City Council, City Clerk, Human Resources, Finance and Information Technology. A significant amount of the expenditures in this

area are contract services for activities such as the City Attorney, Risk Management, Local Agency Formation Commission, required annual audits and elections.

Review of Administration has identified **\$246,893** in expenditure reductions. The reductions include the elimination of the Council contingency account, part time work hours and miscellaneous operating accounts. The most significant reduction is the elimination of General Fund support for the Economic Development program which saves \$128,926. This reduction will require a reorganization of the Redevelopment program and the involuntary layoff of one position.

Staff will be reviewing Administration for additional reductions in personnel and operating expenses. There may also be some movement in Administration if Golden Handshakes are offered to eligible employees.

#### Community Development

Expenditure reductions in Community Development focus on the elimination of a vacant administrative support position, a building inspection position and an associate planner position. In addition, the full time code enforcement position will be funded between the General Fund and utility enterprise fund; the incumbent Code Enforcement Specialist will split time between his current responsibilities and environmental resources. These proposed actions will generate **\$330,719** in savings and result in the loss of one vacant position and layoff of two full time staff and one part time staff.

The impacts of the proposed actions include additional time necessary to process development applications, especially those applications that require discretionary approval by the Planning Commission and City Council. Planning Commission meetings will be reduced to once per month and staff support will no longer be available to support the Historical Preservation Commission. Without staff support, the HPC will either operate as an informal advisory group or need to be suspended until staffing levels can support the operation.

#### Fire

The proposed reduction for the Fire Department is the elimination of one Fire Engine Company, usually referred to as the Fourth Engine Company. This action would also include a reduction of one Battalion Chief, reduction of one Facility Maintenance Worker as well as nine professional firefighter positions. Due to the three vacant firefighter positions, the total layoffs would be eight employees, including seven sworn positions. A total of **\$1,590,504** would be generated through these actions.

There are several impacts associated with this proposed reduction. The current four minute response time adopted in the City's General Plan could no longer be met which would require the fire service element to be amended. National minimum staffing standards that have been recognized for urban fire departments serving Woodland's population base of 13 firefighters plus two chief officers would be reduced to nine firefighters. It will become more difficult for the Fire Department to handle the same or separate alarms and simultaneous calls which would likely generate more mutual aid

requests from Davis and other neighboring agencies. Conversely, the reduced staffing will make it more difficult for Woodland units to respond to mutual aid requests from the same agencies that respond to assist Woodland.

Other impacts will be felt, including reduced training, proactive company inspections and maintenance of equipment. It is possible that business and homeowner insurance rates may increase based on the evaluation of the ISO, a national organization that assesses liability and causality insurance risk. In 2008, the ISO rated Woodland favorably based, in part, on the level of fire resources maintained by the City. When the ISO returns to Woodland in the future, reduced fire staffing could have an unfavorable impact on the ISO's rating. An unfavorable rating could in turn generate higher insurance premiums for Woodland residents and business owners over time. This reduction could also serve to constrain further growth in Woodland as the fire resources necessary to support residential, commercial and industrial development would be limited.

### Library

Alternative #1 includes the proposed elimination of all General Fund support for the Library. This proposed action would eliminate the current 30-40 hours per week of services. The following well documented performance measures generated by the community's use of Library services would be no longer provided until funding is restored:

- Over 263,000 visits were documented at the Library last year, an average of 22,000 per month
- Circulation of the collection grew for the fifth consecutive year to 349,138
- 304 special programs attracted 11,573 participants
- Literacy program participation served 418 adult learners with 90 tutors
- Volunteer hours increased from 318 to 517

These measures are only a sample of the outstanding activities provided at the Library each year. It is important to note that despite the reduction in Library funding each year, participation continues to increase which appears to be directly associated with the downturn in the economy.

If all General Fund support for the Library was eliminated, a total of **\$946,766** of net savings would be generated. This potential action would result in the layoff of five full time positions.

### Parks & Recreation

Alternative #1 proposes to implement reductions to Parks & Recreation at the 20% level which would further reduce park maintenance by reducing supplies and services, eliminating seasonal part time park maintenance staff, eliminating a facility maintenance worker, aquatics supervisor and administrative support position. These proposed reductions would delay services provided at the Community & Senior Center counter, delay "turn around" of events at the Center, reduce the quality of maintenance for play areas, restrooms, picnic areas and the general appearance of parks,

especially due to trash/debris accumulation, equipment repairs and landscaped areas. In addition, there would be slower repairs to the Brooks Swim Center, cemetery maintenance and tree trimming.

Recreation program reductions would include no longer providing winter (approximately November – February) operation of the Brooks Swim Center which would have a significant impact on the Woodland Swim Team. This specific reduction is proposed due to the high cost to operate the pool in the winter months. The loss of administrative support will have an adverse impact on the Parks & Recreation Commission and require Recreation Supervisors to spend more time supporting office operations and less time overseeing programs. In addition, the potential reductions would eliminate operation of the Woodland Senior Center programs and services.

The total savings projected by the proposed Alternative #1 expenditure reductions to Parks & Recreation is **\$659,805**. A total of three full time staff members would be discharged through layoffs and part time work hours equivalent to 7.3 positions would be eliminated.

#### Police

The proposed expenditure reductions for the Police Department would eliminate certain administrative, support and special operations that would impact both civilian and sworn staff. The projected savings from these reductions is **\$1,695,768**. A total of six sworn and five non-sworn positions would be eliminated. Because of the three vacant sworn positions, actual layoffs would total eight, including three sworn officers.

The reductions include a 5% decrease in the Yolo Emergency Communications Agency (YECA) contract and elimination of graffiti removal, the K-9 unit, court liaison service and Woodland's participation in the Yolo Narcotics Enforcement Team (YONET). In addition, the Police Department is projecting a renegotiated agreement with the Yolo County Sheriff's Animal Services program that is projected to save approximately \$400,000. As the Council will recall, an effort to reach an agreement with Animal Services in 2008 that would have achieved similar savings was not successful.

Potential additional savings were identified with the reduction of civilian staff members in the crime analysis unit, records, and patrol. These positions support investigations, patrol and traffic operations which will also be impacted. Sworn officer positions were also identified for reductions, including DUI enforcement, a traffic sergeant, YONET officer, professional standards and the School Resource Officers. The total positions impacted by the reductions are six sworn and five non-sworn positions.

The 5% YECA contract reduction was generated by savings the Agency was able to identify and pass through to their members. However, there are significant impacts associated with the balance of the reductions. Eliminating graffiti removal will delay eradication as City crews and others adjust to develop another method to remove the unsightly vandalism. While loss of the K-9 unit will not affect the officer assigned to this detail, resources will no longer be available to support training and care of the dog. The court liaison service provides scheduling notification to prevent officers from reporting to court if their appearance has been delayed or the case is settled which saves overtime.

YONET is the regional narcotics unit which would no longer be available to the Woodland Police Department, thus leaving narcotics enforcement to local resources.

Support services such as records and crime analysis are very important to the Police Department. Records, as discussed on February 2, processes information necessary to keep police officers across the nation informed regarding arrest warrants and other critical information. This function went to a 24/7/365 operation in 2005 in order to meet law enforcement needs. In addition, the potential reduction will reduce the availability of staff to operate the front counter in the Police Department which will impact service to the public. Crime analysis supports detectives and other officers actively investigating incidents; this potential reduction will impact the efficiency and effectiveness of investigations. Finally, the loss of two field Community Service Officers will impact patrol activities because these CSO's often take reports for non-emergency calls. In 2009, the CSO's took 630 reports which freed up patrol officers for other activities.

The proposed reduction of sworn officers assigned to special enforcement programs will impact several areas. Elimination of the DUI enforcement officer will remove the special enforcement efforts in a very important area; last year, this program generated 55 DUI arrests and supported saturation patrols, sobriety checkpoints and other general enforcement activities. The professional standards sergeant conducts internal affairs investigations and supports training and recruitment; these duties would be reassigned to remaining command staff and would certainly take longer to complete. Elimination of a traffic sergeant will reduce supervision of the traffic unit, reduce proactive traffic enforcement and delay review of vehicle accident reports which help determine where traffic officers are assigned. Finally, the potential loss of two School Resource Officers will have a major impact on school campus safety. In 2009, the SRO's were responsible for 11,991 contacts and 112 arrests. These officers worked 36 special events and are a visible deterrent to inappropriate behavior and criminal activity on middle and high school campuses.

#### Public Works

The potential reductions within Public Works focus on General Fund maintenance operations which represents about \$1.1 million of the Department's \$25 million annual budget. In order to achieve a 20% expenditure reduction, services for street trees, curb/gutter/sidewalk and buildings would be affected. Specific area that members of the public would notice includes elimination of all downtown area maintenance and special event support; reduction of curb, gutter and sidewalk repair; reduced frequency of tree trimming. Potential impacts include accelerated deterioration of buildings, parking lots and other infrastructure assets. One potential impact that is worrisome to staff is the liability associated with the reduced street tree maintenance. The total cost reductions are \$222,692.

Staff has identified \$98,400 in additional revenue based on a 2% franchise fee rate augmentation from the City's solid waste franchise. The combined impact of the cost reductions and revenue augmentation is **\$321,092**.

**Total Impact of Alternative #1 - \$5,791,547, 27.5 potential layoffs and 7.3 FTE reductions in part time staff**

*Alternative #2*

Staff is currently working on an Alternative #2 that would increase reductions in Parks & Recreation as well as other areas in order to fund the Library at the 20% reduction level projected at 20 hours per week. The Library Services Director estimated that approximately \$868,000 would be needed to operate the Library at 20 hours per week. Staff has identified an additional \$500,000 in potential reductions in Parks & Recreation that will further impact maintenance and programs. These impacts will include the following:

- Youth or adult recreation leagues
- Cemetery maintenance
- Aquatics maintenance
- Elimination of all aquatics programs

In order to fund the Library at the 20% level, staff will need to identify an additional \$360,000 from other General Fund activities. Given the level of reductions discussed thus far that will certainly not be easy.

*Sales Tax Impact*

The City Council's decision to place a quarter-cent sales tax measure on the June 8 ballot does provide options for Woodland citizens to consider in lieu of the expenditure and service reductions discussed herein. This measure has a four-year term and is expected to generate \$1.5 million in the first year and \$1.75 to \$2 million in the three succeeding years. The lower first year estimate is based on the time required for the state to establish the procedures for collecting the higher amount. In addition to the sales tax measure, the June ballot includes three advisory measures. These measures were presented on the February 2 and are summarized below:

*Shall any voter approved sales tax in the City of Woodland provide 30% of the sales tax received to the Woodland Public Library to restore educational and literacy programs and maintain library operating hours at 54 hours per week?*

*Shall any voter approved sales tax in the City of Woodland provide 30% of the sales tax received to the Woodland Parks & Recreation Department to maintain current levels of park and public landscape maintenance and senior citizen programs?*

*Shall any voter approved sales tax in the City of Woodland provide 40% of the sales tax received to Public Safety services within the Woodland Police Department and Woodland Fire Department to maintain the current number of sworn police officers and firefighters?*

If the sales tax measure and advisory measures are approved, the 30% allocation of the \$1.5 million would be \$450,000 for the Library and Parks & Recreation. The 40% allocation for public safety would be \$600,000.

As stated herein, the proposed reductions listed in Alternative #1 for the Library, Parks & Recreation, Police and Fire Departments are nearly \$4.9 million. This level of reduction cannot be entirely offset by an additional \$1.5 million. However, staff believes that the additional sales tax proceeds can be used in a manner that accomplishes the following:

- Provides an allocation to the Library that will keep the facility open at the current level of service
- Provides an allocation to Parks & Recreation that will keep the Senior Center program in operation and allow acceptable levels of park and public landscape maintenance
- Reduce the public safety impacts to the point that there would be no layoff of sworn personnel although there would be reductions in non-sworn positions

It is important to note that the advisory measures were developed by staff in late January and presented to the City Council initially on February 2 and again on February 9. At that time not all of the General Fund revenue estimates were completed. The major "game-changer" was the final estimate developed for property tax. As the Council will recall, staff revised the property tax estimates for FY 2010 significantly downward in May/June 2009 in response to declining property values and reassessments. Estimates for FY 2011 were developed based on the revised projection which staff believed at the time was appropriately conservative. As the collections results from the County were reported to staff in late January/early February and fully evaluated for the FY 2011 revenue estimates, the revised property tax estimate of over \$1 million less than originally anticipated became clear. Unfortunately, the language for the sales tax and advisory measures was already finalized.

### *Meet and Confer Issues*

Despite this situation, staff believes there may be other opportunities for identifying resources that could be reallocated to meet the intent of the advisory measures. On Friday, March 19, the City Manager met with representatives of the City's employee associations to discuss the City's financial situation. It was made clear during that meeting that significant expenditure reductions for the General Fund would be necessary. The City Manager asked for the employee associations' *support* and *help* for the City and the community during this time of severe fiscal challenges. Further discussions will occur as the City conducts meet and confer sessions to discuss layoffs and negotiates with associations which had one year agreements that expire on June 30. Staff believes that the employee associations accepted the message and fully understand the potential impacts to the community and City organization if the reductions described herein are fully implemented.

### *Employee Cost Saving Committee*

In addition, the employee cost saving committee working on a study of cost saving strategies completed their work earlier this year. The committee reviewed 237 suggestions; 77 of the suggestions were evaluated as duplicates, 44 have already been implemented seven would have an impact on non-General Fund programs. A total of 115 suggestions were reviewed in greater detail for feasibility. It is important

to note that several of the recommended suggestions evaluated as potentially valuable from a cost saving standpoint are meet and confer items that have an impact on compensation.

### *Conclusion*

As was the case last year, there is much work to do in order to prepare the FY 2011 budget and updated 10-Year Financial Plan. The economy remains uncertain and resources will likely be scarce in the near future. Despite the uncertainty, the information generated by the Your City, Your Voice community engagement process provides some level of understanding regarding how citizens view City government. Staff believes that the potential actions summarized within this report address the highest priority needs of Woodland residents and business owners *within the available General Fund resources*.

Nevertheless, many citizens will find that the proposed actions such as the complete closure of the Library are unacceptable. The Council's decision to place the sales tax and advisory measures on the June ballot will provide further opportunity for citizens to express their priorities for resource allocation. Voter approval to increase the sales tax by a quarter-cent and diligent work with employee associations may yet identify additional resources to meet the intent of the advisory measures.

Given the situation, there is no other alternative than to grapple with the problem and work the issue until it is resolved to the best of our abilities. Success will be dependent on the entire community working together to avoid the most objectionable program and service reductions.

### **Fiscal Impact**

The potential actions described herein provide the City Council with options that will reduce the City's General Fund budget in order to offset the current shortfall identified as \$5,639,637. If the four-year sales tax measure is approved, an additional \$1.5 million in FY 2011 and \$1.75 - \$2 million will be generated that will allow certain library, parks & recreation and public safety services to be funded.

It is imperative that the City Council consider reductions and ultimately approve reductions that will address the current fiscal imbalance. **Staff believes that the programmed use of reserves and one time funds to maintain a fiscal imbalance is not an appropriate strategy.**

### **Public Contact**

Posting of the City Council agenda. The City Manager also met with the leadership of the City's employee associations on March 19 and conducted City wide employee meetings on March 25. In addition, the City Manager has also been meeting with a Chamber of Commerce task force that has been formed to review the City's General Fund budget.

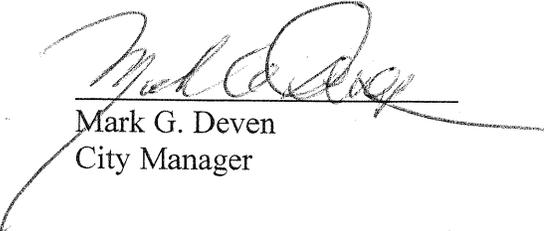
**SUBJECT:** Discussion of Strategies to Balance the FY 2011 General Fund Budget

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**ITEM:** 4.

**Recommendation for Action**

Staff recommends that the City Council receive the presentation on alternatives to balance the FY 2011 General Fund and provide direction that will reduce expenditures to balance the approximate \$5.7 million deficit as described herein.

  
Mark G. Deven  
City Manager

Attachments

