

City of Albany
Operating Budget Analysis
Fiscal Years 2008-09 and 2009-10

GENERAL FUND

Excess and Deficit of Revenues to Expenditures

The proposed FY 2008-09 budget projects an excess of revenues and net transfers over expenditures of \$4,625. The proposed budget maintains the current level of all basic services and provides for limited enhancement of service capabilities. The budget maintains the City's previous commitments to fund equipment replacement reserves, fund self-insurance reserves and maintain existing level of governmental services.

Budget study sessions placed the highest staffing priority as the hiring of an additional police/fire dispatcher, so as to allow two person staffing of the dispatch center during time periods that have multiple emergency calls or critical events that require the dispatcher to maintain contact with police officers or fire fighters as the event progresses. The estimated first year cost of a new dispatcher is \$80,622, and this has been provided in the proposed budget.

Council and citizens' desire to launch an Integrated Pest Management Program have been addressed by providing \$7,000 in each of the fiscal years for staff training and consultant services to expand in-house knowledge of best practices and to obtain professional guidance as needed. The budget also provides for the temporary employment of a Block Captain Recruiter for the Emergency Preparedness Program, and funding to implement a contract for economic development services.

Expanded demands for ongoing and consistent technical services needed to support KALB and the City's programming have led to the modification of a staff position from part-time temporary hourly to a part-time permanent coordinator position.

The budget also includes funding to maintain current enrollment levels in the Senior Center's Meals on Wheels program for homebound residents in the face of funding cuts from other agencies. The policy of reducing the unfunded liabilities (Side Funds) of the CalPERS Police and Fire Pension Plans is continued with a proposed pay down of \$1.7 million. This and previous pay down of the side funds has allowed the City avoid escalation of CalPERS pension contribution rates that would significantly impact the General Fund.

The FY 2009-10 budget presents a deficit of revenues and transfers to expenditures of \$216,514. Prior to the beginning of FY 2009-10, management will review both revenues and expenditures and propose modifications that will balance the budget.

Revenues

Budgeted revenues for FY 2008-09 are \$13,444,645, which is a 2.9% increase over the mid-year revised budget for FY 2007-08. We have estimated increases of 5.7% in property taxes, 4.3% in other taxes and 3% in service charges. We have estimated a 2.5% decline in sales taxes.

Budgeted revenues for FY 2009-10 of \$14,047,181 are an increase of 4.5% over FY 2008-09 and are based upon the general assumption that the economic health of the nation will improve. There are no new revenue sources or increased tax rates reflected in the budget at this time.

Factors having a major impact of the revenue estimates are:

- Real estate activity and home prices.
- Growth or decline in sells of taxable products, which may be negatively affected by high gasoline prices.
- Measures taken by the State Legislature to cover the State budget deficit.

Expenditures

Budgeted expenditures for FY 2008-09 are \$16,389,187, which is a 7.4% increase over the mid-year revised budget for 2007-08. Salaries and benefits compose 79.5% of the FY 2008-09 budget and 80.3% of the FY 2009-10 budget. The FY 2008-09 salaries and benefits increased 7.2% over the FY 2007-08 budget amount, and the 2009-10 salaries and benefits increased 6.6% over FY 2008-09 budget amount.

A major non-recurring or periodic expenses occurring in this budget cycle is the preparation to the updated General Plan, as mandated by state law, which is estimated to cost \$500,000 in over three years, with \$175,000 budgeted for FY 2008-09 and \$250,000 budgeted for FY 2009-10. Election expense is budgeted for \$58,000 in FY 2008-09 and zero in FY 2009-10.

Included in the line item Other Charges for FY 2008-09 are \$18,000 for police tasers and \$15,000 for an EMS hydraulic gurney. The Police and Fire Chiefs will seek grant funding for these items. If grant funding is not available and General Fund monies are not available, the purchases will be made from equipment reserves or deferred.

Self-insurance Reserves

The City is self-insured for workers compensation claims up to \$250,000 and general liability claims up to \$50,000 per claim. To provide for these potential liabilities, insurance reserves are maintained in special funds. Based on estimates of future liabilities, made by the administrator of these programs, our reserves were over-funded at June 30, 2007. This has allowed us to reduce the General Fund transfers to the reserve funds from \$600,000 to \$100,000 for both FY 2008-09 and FY 2009-10. Should our

claims experience rise in FY 2008-09, we will be obligated to increase the General Fund transfers to the reserve funds.

SPECIAL REVENUE FUNDS

Fund 230 Gas Tax

This fund is use to record gasoline tax revenue received from the State. These funds may only be used for street maintenance and repair. Because street maintenance and repair expenditures are recorded in the General Fund, the funds anticipated to be expended are transferred to the General Fund or to the Street Fund. The fund balance is available for additional appropriation and serves as a reserve for any street projects that might run over budget or to repay any claimed expenditures that might be disallowed in the future.

Fund 720 Street Fund

This fund is use to accumulate monies from miscellaneous sources, to be expended on street maintenance. The annual transfer of \$50,000 into this fund is from the Gas Tax Fund.

Fund 470 Library Operations

This fund is used to deposit, hold and disburse the tax proceed from the two special assessment on property owners for the sole purpose of supplementing the County's funding of the Albany branch of the County Library. The fund currently maintains a fund balance as a result of Library Board's decision to establish a reserve from the new 2007 assessment. The reserve is to be drawn down over a period of up to 10 years, to maintain specified service levels.

Fund 620 Storm Drain

This fund is used to deposit, hold and expend the tax proceeds from a Clean Water Special Assessment. Monies may be accumulated in this fund to finance larger projects.

Fund 221 Alameda County Transit Improvement

This fund is used to deposit, hold and expend the City's allocation of tax proceeds from the State Measure B ½% sales tax. These funds may only be used for transportation improvement and maintenance. Of the current year allocation, \$300,000 will be transferred to the General Fund as reimbursement of in-house transportation expenditures, and the balance will be utilized in major projects within the Capital Improvement Plan.

Funds 410 & 440 Waste Management

These combined funds are used to deposit, hold and expend revenues from the City's contract with Waste Management Corporation for garbage collection and recycling franchise, and funding from the Alameda County Waste Management Authority, which is funded by the State Measure D.

Fund 730 Capital Project Landscape & Lighting

This fund records the activity of the Special Assessment District No. 1988-1. A separate budget is prepared for the Landscape & Lighting District operating and capital project activities.

Funds 480, 481, 482 Measure R

These funds record the operating expenditures for open space, recreation play fields, and creek restoration that are funded by the Special Assessment District No. 1996-1.

Fund 485 Park Bond

This fund is use to record revenues and expenditures of Proposition 12 and Proposition 40 grants received from the State. The fund currently shows a negative balance because funding is on a reimbursement basis and reimbursement of expenditures made in FY 2006-07 and FY 2007-08 is pending.

Fund 103 Pension Override

This fund is used to deposit, hold and expend revenues from the City's pension override tax, which is dedicated to costs associated with Police and Fire/EMS pension expenses of both the current CalPERS plans and the closed Police and Fire Relief or Pension Fund.

CAPITAL PROJECT FUNDS

These funds include reserves that are established for replacement of equipment, funds that record funding and expenditures for major capital improvement projects, and funds that account for developer impact fees.

ENTERPRISE FUNDS

An enterprise fund is a governmental fund that operates similarly to a commercial enterprise, in that it is funded by revenue generated by fees charged for services provided. The City's only enterprise activity is the sanitary sewer system.

INTERNAL SERVICE FUNDS

The major activities recorded in these funds relate to the City's self-insurance for workers compensation claims and general liability insurance.

DEBT SERVICE FUNDS

These funds record the revenues and expenditures of funds to service the City's long-term debt.

AGENCY FUNDS

These funds are used to record monies held by the City in trust for an outside party.

REINVESTMENT FUNDS

These funds relate to the activities of the City's Redevelopment District. A separate budget is prepared for the Reinvestment Agency.