

**CITY OF ALBANY
CITY COUNCIL AGENDA
STAFF REPORT**

Agenda Date: 06/02/08
Reviewed by: *BP*

SUBJECT: Public Hearing for Fiscal Year 2008-09 and 2009-10 Operating Budgets, and scheduling of Public Hearing for June 16, 2008.

REPORT BY: Beth Pollard, City Administrator
Charlie Adams, Finance & Administrative Services Director

STAFF RECOMMENDATION

- 1) That Council conduct a public hearing on the proposed operating budgets for the City of Albany for fiscal years 2008-09 and 2009-10, and schedule adoption of the budgets for the Council meeting of June 16, 2008.
- 2) Schedule and provide notice of a public hearing on June 16, 2008 for the fiscal year 2009-10 Capital Improvement Plan, Master Fee Schedule, Water Storm Fee, Library Services Fee, and Sewer Services Fee.

BACKGROUND

It is the practice and policy of the City Council to hold public hearings prior to the adoption of budgets, adoption of a master fee schedule and setting of assessments on real property for special districts and other voter-approved fees. By policy and practice, the public hearing on the adoption of the two-year operating budget is conducted prior to the beginning of the fiscal year on July 1. In accordance with the City's policy of a two-year budget cycle for operating revenues and expenditures, the proposed budgets are for fiscal years ending June 30, 2009 and June 30, 2010.

The City's Capital Improvement Plan covers a period of 5 years, and the plan to be presented spans the period from July 1, 2008 to June 30, 2013. The 5-year plan is updated every two years, and more frequently as necessary.

The various fees and assessments adopted by the Council have provision that allow continuation at current rates or adjustments based on specified criteria such as the change in the Consumer Price Index; however, modifications not tied to a pre-approved formula require a public hearing before Council adoption.

Information regarding the budgets, fees and assessments, to be discussed at the public hearing, are being made available to the public 14 days prior to the hearing.

DISCUSSION

Proposed schedules of the Operating Budgets are attached to this report. The schedules of Fund Balances do not include capital expenditures that are part of the Capital Improvement Plan. The Capital Improvement Plan expenditures will be discussed at a public hearing, June 16, 2008. Projected revenues and expenditures for the current 2007-08 fiscal year can be found in the 3rd quarter financial report also on this agenda.

ANALYSIS

The proposed budget contains the staff's best estimate of revenues that will be received by the City in the next two years. The recommended expenditures are constrained by limited revenue, but are sufficient to maintain all basic governmental services at their current level. Proposed service enhancements include the addition of a full time police-fire dispatcher, increased funding for cable TV technician staffing, funding for commencing an integrated pest management program, part-time temporary block captain recruitment, and commencement of the updating of the City's General Plan. The budget also includes the continuation of funding for economic development consultant services, an organizational review for cost efficiencies, and a substantial pay down of the CalPERS side funds for Police and Fire pension plans.

The 2009-10 budget projects a deficit of revenue to expenditures. City policy requires balance budgets; therefore, the Council will be asked to amend the 2009-10 budget prior to the beginning of the 2009-10 fiscal year. An improved economic environment may result in greater revenues than are currently projected, and with potential new revenue sources currently under study, may be sufficient to eliminate the deficit. However, if revenues increases are not sufficient to balance the budget, staff will recommend reductions of planned operating expenditures.

FINANCIAL IMPACT

There is no financial impact from the holding of the public hearing, other than the costs of providing notice of the hearing and making pre-hearing documents available to the public.

Attachments:

1. Budget Analysis Memorandum
2. General Fund Operating Budget – Expenditures by Type
3. General Fund Operating Budget – Expenditures by Department
4. Statement of Changes in Fund Balances – All Funds
5. Departmental Budget Narratives