

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

Agenda date: June 20, 2011

Reviewed by: BP *by GA*

**SUBJECT:** Adoption of fiscal year 2011-12 Revised Operating Budget

**FROM:** Beth Pollard, Manager  
Charles Adams, Finance & Administrative Services Director

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**STAFF RECOMMENDATIONS**

That the Council adopt the Revised Operating Budget for the City of Albany for fiscal year 2011-12.

**BACKGROUND**

At its meeting of June 21, 2010, the Council adopted a budget for fiscal year 2011-12 that projected an operating deficit of \$302,296. At that time, the Council directed staff to prepare a revision of the budget that was balanced, prior to the beginning of fiscal year 2011-12.

On April 19, 2011, staff presented data and information on the City's fiscal position, and conducted round table discussions to elicit ideas for changes that would lead to reduced expenses or increased revenues. These suggestions, along with others offered by employees, contributed to recommended budget balancing strategies for a balanced budget for 2011-12.

On May 16, 2011 the City Council reviewed the 2011-12 budget balancing recommendations from staff, took public testimony, and provided staff with direction for final budget preparation. The major budget balancing elements are shown in the attached.

Also on May 16, 2011 the Council, community, and staff engaged in roundtable discussions on the potential changes that would result in reduced expenses and increased revenues. Participants were asked to provide written comments on the ideas, and indicate which ideas they thought were worth pursuing. This matrix of ideas is available in survey format on the City's website at [www.albanyca.org](http://www.albanyca.org).

**DISCUSSION**

The Council direction on final budget preparation included use of Council discretionary funds to maintain financial support for the Albany Police Activities League (APAL), and to maintain the Friday evening Senior Center meal. In order to continue the City's support of APAL and to continue serving senior meals five days a week, the Council discretionary

line item was reduced from \$50,000 to \$36,000. The APAL budget was set at \$9,500 and \$5,000 added to the Senior Meals Program. Up until 2010-11, when that the Council discretionary funds line item was tapped for unanticipated payments for the Associated Community Action Program, Council has not used all of these budgeted funds.

To accomplish the Council's objective of retaining five days of Senior dinners, staff has arranged for the following:

### **Modifications to Congregate Meals Program at Albany Senior Center**

The combination of financial support from the Council and the Friends of Albany Seniors and a reduction in kitchen staff hours has made it possible for the senior center to continue to provide a congregate meal program at 4pm, 5 days a week.

Dinners will be prepared and served daily, restaurant style, by 1 staff (kitchen aide), 2 committed and trained adult volunteers, and 1-2 school age volunteers when available. Two adult volunteers have been identified each day to provide support to the kitchen aide responsible for preparing the meal. Training of adult volunteers will start the week of June 20<sup>th</sup>.

Staff will continue to provide administrative support relevant to the Older Americans Act grant, oversee the dinner program, staff and volunteers on a daily basis, filling in when needed, oversee maintenance of the kitchen and equipment, and provide training. Friend of Albany Seniors will continue to sponsor birthday dinners the second Thursday of every month and a number of other special events throughout the year such as Chinese New Year, Valentine's Day, St. Patrick's Day, and Independence Day, Thanksgiving and December holidays. To further alleviate staff time, the purchase of supplies for the dinner program will now be done by Friends of Albany Seniors.

### **Community Media Access Committee**

Council has received a letter from the City's Community Media Access Committee recommending changes in the budget to provide current and future support for cable and other media services. Staff is recommending including \$8,000 in the budget for part-time temporary services to augment the work of the City's Youth Services/Project Manager, who will now focus more of his time to the media services.

Staff acknowledges the expanding interest for media support, and will work this next year to develop recommendations for meeting these needs. Expanded funding will need to be evaluated by the City Council for the 2012-13 fiscal year in the context of other funding goals.

### **ANALYSIS**

The proposed 2011-12 budget leaves vacant several important positions. It does not sufficiently fund the technology and training the City needs to continually evolve to meet the public's needs. It stretches City staff in meeting current expectations and emergency response. It does not provide sufficient capacity for new initiatives, projects, and policy development that are desirable for new directions, innovation and growth.

The City continues to face economic conditions that currently challenge cities throughout the state and the nation. While staff believes the budget presented is achievable and appropriate at this time, it does not provide solutions for future periods, and the challenging task of planning for fiscal year 2012-13 and beyond must remain in the forefront of tasks to be performed in fiscal year 2011-12.

The budget workshops held in April and May produced many suggestions that would require policy changes, negotiations with other agencies and employee bargaining groups; which dictate that they be considered medium to long range strategies. Staff will return to Council for review, discussion, and direction on pursuing new budget strategies for future fiscal years.

### **SUSTAINABILITY IMPACT**

The proposed 2011-12 revised budget seeks to maintain the City's mission of being environmentally and fiscally strong.

### **FINANCIAL IMPACT**

The proposed revised budget balances revenues and expenditures for fiscal year 2011-12, while maintaining all core city services at current levels.

#### **Attachment:**

- Summary of Major Budget Revisions
- Operating Budget – Expenditures by Type
- Operating Budget – Expenditures by Department.

**CITY OF ALBANY  
GENERAL FUND  
OPERATING BUDGET  
EXPENDITURES BY TYPE  
FISCAL YEAR 2011-12**

	<b>Adopted Budget Fiscal Year 2011-12</b>	<b>Revised Budget Fiscal Year 2011-12</b>
<b>REVENUES</b>		
Property taxes	\$ 5,214,234	\$ 4,916,186
Sales taxes	2,218,987	2,223,532
Franchise fees	471,700	471,700
Other taxes	3,596,300	3,290,000
Licenses and permits	169,400	185,000
Fines and forfeitures	290,000	169,000
Earnings on investments	100,000	75,000
Revenue from other agencies	123,440	138,440
Service charges	1,352,865	1,710,840
Other revenue	221,050	203,000
Total Revenue	<u>13,757,977</u>	<u>13,382,698</u>
<b>EXPENDITURES</b>		
Salaries	8,910,208	8,820,255
Fringe Benefits	4,063,742	3,591,148
Overtime	868,944	792,615
Material & Supplies	246,100	202,075
Communications	200,000	200,001
Utilities	250,000	250,000
Publishing & Advertising	82,550	54,150
Reimbursable Professional Services	378,500	389,000
Professional Services	748,747	750,897
Copies & Office Expenses	25,400	37,600
Equipment Rental & Maintenance	132,650	120,700
Land Rental & Bldg Maintenance	296,700	309,400
Insurance and Claims	125,025	625,188
Other Supplies/Services	380,254	289,700
Education & Training	119,700	107,700
Uniform & Safety Equipment	76,652	76,152
Other Charges	165,810	81,830
New Equipment/Land Acquisition	61,500	151,802
Discretionary	50,000	36,000
Total General Expenditures	<u>17,182,483</u>	<u>16,886,213</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(3,424,506)</u>	<u>(3,503,515)</u>
<b>OTHER FINANCING SOURCES (USES)</b>		
Operating transfers in	3,531,210	3,535,545
Operating transfers (out)	(409,000)	(24,000)
Total Other Financing Sources	<u>3,122,210</u>	<u>3,511,545</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(302,296)	8,030
Fund Balance, Beginning of Year	<u>5,182,572</u>	<u>5,182,572</u>
Fund Balance, End of Year	<u>\$ 4,880,276</u>	<u>\$ 5,190,602</u>

**CITY OF ALBANY  
GENERAL FUND  
OPERATING BUDGET  
EXPENDITURES BY DEPARTMENT  
FISCAL YEAR 2011-12**

	<b>Adopted Budget Fiscal Year 2011-12</b>	<b>Revised Budget Fiscal Year 2011-12</b>
<b>REVENUES</b>		
Property taxes	\$ 5,214,234	\$ 4,916,186
Sales taxes	2,218,987	2,223,532
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Earnings on investments	100,000	75,000
Revenue from other agencies	123,440	138,440
Service charges	1,352,865	1,710,840
Other revenue	221,050	203,000
Total Revenue	<u>13,757,977</u>	<u>13,382,698</u>
<b>EXPENDITURES</b>		
Council	104,340	90,534
City Manager	427,006	462,002
City Clerk	164,261	63,085
Finance & Administrative Services	896,557	876,480
City Treasurer	70,526	67,473
City Attorney	166,371	160,800
Insurance	157,435	480,438
Non-departmental	276,413	279,107
Police	5,648,646	5,740,694
Fire & Emergency Services	4,590,568	4,531,031
Community Development & Env. Services	2,524,825	2,091,258
Recreation & Community Services	1,943,804	1,846,003
Information Technology	211,731	197,308
Total General Expenditures	<u>17,182,483</u>	<u>16,886,213</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(3,424,506)</u>	<u>(3,503,515)</u>
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## 2011-12 OPERATING BUDGET SUMMARY OF MAJOR BUDGET REVISIONS

1. Managers, supervisors, and professional staff in the Albany Municipal Services Joint Powers Authority (JPIA), and the senior manager in the Police and Fire Departments will commence payment of 4% or 4.5% of salary to the Public Employees' Retirement System (Cal PERS) required contribution. Also, the City Manager volunteered a 5% reduction in base salary. These actions result in a cost saving to the City of over \$86,000. This is a direct reduction in compensation to these employees, who last receive a salary increase in July 2008.
2. Additional savings of CalPERS retirement contribution of \$36,000 have been factored into the budget, in anticipation of further agreement by employees to pay a portion of the Public Employees' Retirement System (Cal PERS) required employee contribution.
3. A public safety dispatcher position has been eliminated at a saving to the City of over \$100,000. This position will be eliminated by not replacing a retiring dispatcher.
4. A vacant police officer position will not be filled at a budget savings to the City of over \$135,000.
5. The position of the retired City Clerk will not be immediately filled, and her function will be distributed among existing employees. This will provide a net cost savings to the City of approximately \$30,000.
6. The position of Fire Chief is being shared with the City of Piedmont with a net savings to the City of Albany of approximately \$90,000.
7. A major reorganization of Teen Activities and cable/audio/visual operations in the Recreation & Community Services Department will enhance cable TV and City website activities, while provide cost savings to the City of approximately \$83,000.
8. Staffing of the Community Development and Environmental Services Department concurrent with the retirement of the Department Director will provide the City cost saving of approximately \$20,000.
9. An update of the projection of General Fund revenues resulted in a decline in projected revenues of \$375,000. The largest declines related to property taxes. There is less growth in assessed values of property, and property transfer taxes continue to decline as real estate activity slows.
10. In the budget schedule of expenditures, insurance expenditures increased from \$125,000 to \$625,000, but this is a function of a change in accounting procedures, and the \$500,000 increase in expenditures is largely offset by a decrease of \$385,000 in transfers from the General Fund to Self Insurance Reserve Funds.

**Community Media Access Committee**

City of Albany, California

**Re:** Budget-balancing strategies approved by the Council at its May 16, 2011 meeting

June 2, 2011

Mayor Farid Javandel

Vice Mayor Marge Atkinson

Council members Robert Lieber, Peggy Thomsen, Joanne Wile

City of Albany

1000 San Pablo Avenue

Albany, CA 94706

Dear Mayor Javandel and City Council Members,

Since 2002, when the Community Media Access Committee (then the Ad Hoc Cable Television committee) first met, we've seen our small but creative cable TV station become a critical source of government access, educational outreach, and community involvement. The video and electronic media we generate is now a relied-upon aspect of city record keeping—informing citizens, acting as historical record, and enriching the city's web content. We've begun a partnership with the high school to video record and broadcast sport and performing art events, along with an internship training program, for mutual benefit. Most recently, KALB initiated the first annual Albany FilmFest, a highly successful community event that earned a small profit and garnered praise and artistic recognition for Albany in the city and throughout the Bay Area.

Of particular note are sponsorship connections we made with Albany's business community, and the use of KABL resources to create commercials to promote business, as well as the potential this represents to help underwrite future programming efforts. Keeping Albany's cable and content creation strong and growing supports the city's branding, business development and community-building goals. We know that it is crucial to have sufficient staff and a strong creative and technical team in place to move forward with these efforts.

The City has proposed eliminating the ¾-time position in the "cable division" of the Recreation/Community Services Department, and offsetting this loss in staff by assigning the current Teen Center supervisor greater responsibilities in "cable operations." The committee notes that this individual is already heavily involved in the operation of KALB and as a result, we perceive the net effect will be the reduction in staffing by at least 0.5 FTE. Moreover, we believe the proposal by the City to assign a multitude of tasks to the teen center supervisor (i.e., cable operations, audio/visual and other IT services, and the staff liaison in charge of partnerships with the School District and the Albany YMCA) is unrealistic. The City's proposal does not provide sufficient staff resources to maintain even basic media services, let alone trying to expand Albany's media presence.

Currently the City is adequately reimbursed for its cable/media related services. Cable revenues include: \$140,000 in franchise fees, \$28,000 PEG capital support fees, and a \$12,000 payment for cable/internet services from the school district. CMAC is actively looking into the possibility of getting sponsors to underwrite some of the costs of KALB broadcasts.

The franchise fee is now split between the City Manager's office (45%) and the Recreation/Community Services Department (55%). This does not appear to be an equitable distribution. With the advent of state franchises in 2008, the City no longer negotiates or manages a local franchise and the City Manager has little or no involvement in cable activities. In any event, the current staffing level for cable-related activities (approximately 1.25 FTE) is not excessive.

The committee would like to note that the frequent reference in the budget proposal staff report to the "cable division" and "cable operations" is too narrowly focused and ignores the integration of the various media platforms (television, internet, podcasts). The City's current media capacity is poised to flourish and grow in this environment. A robust media can support a number of the City's active initiatives including sustainability, branding, and community building. Eliminating half of the staff of the City's team would undermine this media growth.

The proposed cutbacks will also affect the goal of CMAC to improve public access to the media. After significant work and planning, our efforts are just getting off the ground. Notably, our recent success hosting the Albany FilmFest can be viewed as an effective marketing effort for community media access. We have more community outreach plans. The creative skills of the current KALB staff are critical to the success of the committee's efforts

Community access is important to the City's image building efforts. KALB broadcasts to cable subscribers and on the Web provide important PR for the City. Having dedicated production staff shows the City's commitment to cable and web distribution of City information. Importantly, the current structure for media access keeps faith with the Albany residents who pay the cable bills and provide the revenue to the city for public access media, and whose response to televised and web access to these meetings has been overwhelmingly positive. Albany needs more public meetings televised and more content created for the Albany channel to maintain this compact with its citizens.

CMAC is certainly aware of the current difficult budget circumstances and agrees that short-term changes in the budget may be needed. We recommend the following revisions to the proposed budget-balancing strategies:

- 1) Retain the current ¾-time Recreation Coordinator position, while leaving it unfilled until such time as the budget picture improves;
- 2) Increase the Recreation/Community Services Department's allocation of the State cable franchise fees to 75%. This will increase the funding for the department's' cable/media operations by \$28,000. This provides a budget for contract staff as described under point 3, below.
- 3) Create a \$28,000 budget allocation for professional services to pay for contract staff to provide cable/media services to the City. Assigning duties to a contract employee will provide some cost savings the City.

Thank you for your consideration.

Signed,

Ellen Toomey, Chair

Naomi Lucks Sigal, Vice Chair

CMAC members Jack Kenny, Clay Larson, Jackie Hermes Fletcher, Nir Maoz