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RESOLUTION NO. 2016-54

**A RESOLUTION OF THE ALBANY CITY COUNCIL ADOPTING THE
UPDATE TO THE CITY OF ALBANY OPERATING BUDGET
FOR FISCAL YEAR 2016-17 AND AUTHORIZING APPROPRIATIONS**

WHEREAS, the City Council previously adopted a Fiscal Year 2014-2015 Operating Budget on June 16, 2015 (Resolution No. 2015-35); and

WHEREAS, it is prudent to update projections and estimates contained in the spending plan to reflect the current trends and information available; and

WHEREAS, as part of the update process the format of the Operating Budget is being modified to reflect all funds including the General Fund; and

WHEREAS, it is also prudent for the City Council to adopt administrative parameters for changes to the Budget which may occur during the year; and

WHEREAS, the proposed budget was reviewed by the City Council at a public meeting held by the Albany City Council on June 20, 2014, at which time all interested persons were afforded an opportunity to be heard on matters pertaining to the proposed budget.

NOW, THEREFORE, BE IT RESOLVED by the Albany City Council that the Operating Budget for fiscal year 2016-17 shall be as presented to the City Council on June 20, 2016; and

BE IT FURTHER RESOLVED, that a summary of authorized Appropriations is attached hereto and made a part hereof; and

1 **BE IT FURTHER RESOLVED**, that the City Manager shall be authorized to
2 administratively do the following without further action by the City Council:

- 3
- 4 a. For the purpose of any General Fund “net assets” remaining at the close of
5 Fiscal Year 2015-2016 the City Manager may assign or transfer funds
6 generally as presented in the Budget Update and based on the final amounts
7 available.
- 8
- 9 b. During the Fiscal Year the City Manager shall be authorized to transfer
10 budgeted amounts between line items, provided that the transfer is within the
11 same department activity and fund, provided that an exception shall be
12 allowed under “c” below.
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- 14 c. The City Manager shall be authorized to transfer budgets for Utilities and
15 Building Maintenance without limiting such transfers to a single department.
16 This is necessary to update previously used expenditure allocations.
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PETER MAAS, MAYOR

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**CITY OF ALBANY RECOMMENDED OPERATING BUDGET APPROPRIATION
FISCAL YEAR 2015 - 2016 PROJECTED BUDGET (YEAR 1)**

	<u>Recommended General Fund 2015-2016</u>	<u>Recommended EMS 2015-2016</u>	<u>Recommended All Other Funds 2015-2016</u>	<u>TOTAL RECOMMENDED 2015-2016</u>
REVENUES				
Property taxes	\$ 6,129,220	\$ 769,500	\$ 3,255,570	10,154,290
Sales taxes	3,898,669			3,898,669
Franchise fees	680,060		130,900	810,960
Other taxes	3,748,400			3,748,400
Licenses and permits	271,100		800	271,900
Fines and forfeitures	340,400			340,400
Earnings on investments	14,470		39,830	54,300
Revenue from other agencies	186,708		1,435,210	1,621,918
Service charges	1,794,150	675,000	4,024,235	6,493,385
Other revenue	245,900		113,430	359,330
Total Revenue	<u>17,309,077</u>	<u>1,444,500</u>	<u>8,999,975</u>	<u>27,753,552</u>
EXPENDITURES				
General Government	3,599,411		81,070	3,680,481
Police	6,356,215		158,000	6,514,215
Fire & Emergency Services	2,660,689	2,189,722	5,000	4,855,411
Public Works	991,940		2,360,926	3,352,866
Community Dev & Env. Services	1,197,999		335,109	1,533,108
Rec & Community Svcs (Excl Library)	2,107,646		186,620	2,294,266
Library			779,730	779,730
Total Expenditures	<u>16,913,900</u>	<u>2,189,722</u>	<u>3,906,455</u>	<u>23,010,077</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>395,177</u>	<u>(745,222)</u>	<u>5,093,520</u>	<u>4,743,475</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in				
Make-Up Deficit in EMS per Budget		508,722		508,722
GF Share Pension Tax Contribution	863,500			863,500
EMS Fund Share Pension Tax		236,500		236,500
Street/Storm & Sewer Admin	21,000			21,000
Fire Equipment Reserves			24,000	24,000
Fire Operating Equipment			24,000	24,000
EMS Equipment			22,500	22,500
Police Equipment			45,600	45,600
	<u>884,500</u>	<u>745,222</u>	<u>116,100</u>	<u>1,745,822</u>
Operating transfers (out)				
GF Transfer To EMS Fund	(508,722)			(508,722)
GF Share Pension Tax Contribution			(863,500)	(863,500)
EMS Fund Share Pension Tax			(236,500)	(236,500)
Street/Storm & Sewer Admin			(21,000)	(21,000)
Reserve -Future One-Time Capital Projects*	(120,000) *			(120,000)
Fire Equipment Reserves	(24,000)			(24,000)
Fire Operating Equipment	(24,000)			(24,000)
EMS Equipment	(22,500)			(22,500)
Police Equipment Reserves	(45,600)			(45,600)
Total Operating transfers (out)	<u>(744,822)</u>	<u>-</u>	<u>(1,121,000)</u>	<u>(1,865,822)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>\$ 534,855</u>	<u>\$ -</u>	<u>\$ 4,088,620 *</u>	<u>\$ 4,623,475</u>

* This balance includes funds that will be appropriated for Capital Improvement Projects to be presented separately.

**CITY OF ALBANY RECOMMENDED OPERATING BUDGET APPROPRIATION
FISCAL YEAR 2016 - 2017 PROPOSED BUDGET (YEAR 2)**

	Recommended General Fund 2016-2017	Recommended EMS 2016-2017	Recommended All Other Funds 2016-2017	TOTAL RECOMMENDED 2016-2017
REVENUES				
Property taxes	\$ 6,724,582	\$ 788,000	\$ 3,081,670	\$ 10,594,252
Sales taxes	3,584,176			3,584,176
Franchise fees	698,230		133,050	831,280
Other taxes	3,822,000			3,822,000
Licenses and permits	257,800		800	258,600
Fines and forfeitures	340,400			340,400
Earnings on investments	14,470		40,030	54,500
Revenue from other agencies	186,708		1,403,065	1,589,773
Service charges	1,923,210	700,000	3,527,830	6,151,040
Other revenue	246,200		113,430	359,630
Total Revenue	17,797,776	1,488,000	8,299,875	27,585,651
EXPENDITURES				
General Government	3,629,659		29,000	3,658,659
Police	7,179,337		308,000	7,487,337
Fire & Emergency Services	2,767,585	2,273,413	5,150	5,046,148
Public Works	1,036,355		2,511,938	3,548,293
Community Dev & Env. Services	1,531,132		148,090	1,679,222
Rec & Community Svcs (Excl Library)	2,261,281		208,210	2,469,491
Library			781,420	781,420
Total Expenditures	18,405,349	2,273,413	3,991,808	24,670,570
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(607,573)	(785,413)	4,308,067	2,915,081
OTHER FINANCING SOURCES (USES)				
Operating transfers in				
Make-Up Deficit in EMS per Budget		555,513		555,513
GF Share Pension Tax Contribution	870,100			870,100
EMS Fund Share Pension Tax		229,900		229,900
Street/Storm & Sewer Admin	21,000			21,000
Fire Equipment Reserves			24,000	24,000
Fire Operating Equipment			24,000	24,000
EMS Equipment			22,500	22,500
Police Equipment			45,600	45,600
	891,100	785,413	116,100	1,792,613
Operating transfers (out)				
GF Transfer To EMS Fund	(555,513)			(555,513)
GF Share Pension Tax Contribution			(870,100)	(870,100)
EMS Fund Share Pension Tax			(229,900)	(229,900)
Street/Storm & Sewer Admin			(21,000)	(21,000)
Fire Equipment Reserves	(24,000)			(24,000)
Fire Operating Equipment	(24,000)			(24,000)
EMS Equipment	(22,500)			(22,500)
Police Equipment Reserves	(45,600)			(45,600)
Total Operating transfers (out)	(671,613)	-	(1,121,000)	(1,792,613)
EXCESS (DEFICIENCY) OF REVENUES [Net of Transfers]	\$ (388,086)	\$ -	\$ 3,303,167	\$ 2,915,081
USE BUDGET STABILIZATION RESERVE*	\$ 388,086	\$ -	\$ -	\$ 388,086
FINAL BALANCE	\$ 0	\$ -	\$ 3,303,167	\$ 3,303,167

* The Fiscal Year 2014/2015 estimate projected the ability of the City Council to designate \$600,000 of ending fund balance to a Budget Stabilization Reserve Account. In Fiscal Year 2015/2016 Staff will undertake additional efforts to monitor fiscal performance and potential cost controls with a goal to reduce or eliminate the need to use reserves in Fiscal Year 2016/2017.

** This balance includes funds that will be appropriated for Capital Improvement Projects to be presented separately.

Attachment 3: Budget Increases Justification

Police Officer

The fundamental mission of any police department is to protect life and property. For several years now the police department has been intrepidly bearing the difficult burden of reduced staffing due to the City's projected general fund revenue shortfalls. Our overall service capacity becomes less effective with the diminished staffing that results from these staffing cuts.

In 2009, authorized police staffing in the APD included 16 patrol officers and a School Resource Officer (SRO) for a total of 27 sworn police officer positions.

For the FY ended June 30, 2009 that number was reduced from 27 to 26 with the elimination of the SRO position.

In FY 2010-2011 two sworn police officer positions were left vacant/unfilled in order to close a gap between revenues and expenses in the General Fund.

In the revised operating budget of the FY 2011-2012, hiring for one vacant police officer position was frozen/unfunded to allow for a balanced General Fund Operating Budget, thereby reducing the number of patrol officers to 15 and total sworn at 25 (our 1980 sworn staffing level).

The General Fund Operating Budget for FY 2013-14 leveraged restructuring of parking enforcement and Police/Public Safety dispatch services and assigned an administrative sergeant (sworn position) rather than dispatch supervisor (non-sworn) to oversee dispatch and strengthen support services operations in the APD. In doing so the total sworn positions were increased to 26 sworn, yet left the number of authorized patrolling officers funded at 15. Our current authorized staffing model consists of the same number of police officers (26 sworn) that we had in 1985.

In the personnel intensive 24/7/365 operation of a police department, the savings associated with this strategy may seem straightforward, but they represent simple cost reductions and always decrease efficiency and our ability to provide high quality services to our community. The collateral effects are too numerous to mention here, but a historical analysis of police overtime during the period spanning from FY 09-10 through FY 13-14 reflects the following:

- The average cost of an hour of overtime in the police department increased 14.8%
- Overtime compensation increased over 49%
- The amount of overtime worked as a percentage of total hours worked in the police department increased 100%

Calls for police services have been trending upward over the period 2011 – 2015, rising 21.4% with calls for service (CFS) averaging 11,339 per year.

Officer Initiated Activity (OIA) during the period 2011-2015 has risen 54%, with an average of 14,445 OIA incidents logged per year.

Our Public Safety Communications Center has experienced an unprecedented 105% increase of emergency 9-1-1 calls and the number continues to trend upward.

Albany's part I crime reports for 2015 indicate the following:

Attachment 3: Budget Increases Justification

- Property crimes (burglary, larceny/theft, motor vehicle theft, arson) are up 25.5% when compared to 2014.
- Violent crime (homicide, sexual assault, robbery & aggravated assault) is up 9.6% when compared to 2014.
- Part 1 crimes overall are up 25.5% for the year 2015 compared to the previous year.

Police staff have discussed the reauthorization to fully staff our patrol officer function at 16 with the City Manager. The request for an additional \$137,714 in the FY 16-17 Budget Update Worksheet; includes the estimated cost of funding our currently vacant/unfunded police officer position. This number represents the total compensation amount and assumes:

- Step 1 pay rate
- 4% educational incentive
- PEPRA PERS
- City Medical and Dental Single coverage levels for the employee

The current estimate is that the position will be filled no sooner than March 2017.

The falling crime rates of the last decade appear to have reversed and community service expectations continue to increase, as does officer productivity and workload. The police department is projecting an accelerated police officer attrition rate over the next 1-5 years due in large part to planned retirements. It will be vitally important to stay well ahead of this trend due to the length of the hiring and training processes for these positions (often taking up to 1 year or more). The need to “over hire” police officer positions will be addressed in crafting the next two-year budget proposal.

Administration Staff

Administrative Staff person, or office assistant, is greatly needed for the Public Works Department and the Community Development Department.

Public Works needs an administrative staff person to:

- Answers the phones, responds to emails for service requests immediately.
- Compile daily service requests and complaints for maintenance crew assignments
- Process invoices and budget adjustments for prompt vendor payment
- File maintenance, paper and electronic
- Prepare routine forms for other regulatory agencies
- Resident mail outs for project construction notification
- Undertake research of potential vendors for bidding maintenance projects
- Coordinate distribution of bid documents, receipt of bids, notifications to bidders

Currently, these tasks are being done by professional staff which reduces their efficiency and diverts them from professional work such as project design and construction oversight. To the extent that professional staff can focus on project design and oversight (instead of clerical work) the City reduce the use of consultants and the savings will help offset the cost of the office assistant.

Community Development needs an administrative staff person to:

- Be the initial customer service contact person at the front counter, phone, and email;

Attachment 3: Budget Increases Justification

- Upon implementation of electronic permitting, enter permit data into software system and scan or file associated documents;
- Prepare mailing labels for public notices;
- Schedule inspections
- General filing and office organizational tasks

For the Building Division of Community Development, building and encroachment permits are currently received and reviewed in paper form. The City's new MUNIS permitting and financial system will require all permits to be immediately entered into the software system before issuance. By comparison, currently, permit information is entered into a database after issuance, sometimes with weeks or months delay depending on work load. In addition, by serving as the initial point of contact at the counter, the City's permit technician will be free to focus on managing the processing of larger applications and processing of monthly reports required by Alameda County and annual reports required by state and federal agencies.

For the Planning Division, public noticing is expected to grow in importance. The office assistant will take primary responsibility for the preparation and mailing of public notices, including preparation of labels and posting the notices. The office assistant also could be available to assist other City departments that do not have the capacity for mailing of large public notices. As part of the implementation of new staff and MUNIS software, the existing administrative secretary position is proposed to be reclassified to Community Development Assistant position. This change reflects changes in responsibilities. By serving as the primary person for public notices, the Community Development Assistant will be freed up to focus more on office management responsibilities, maintenance of the department's web site, and processing of contracts and, invoices in MUNIS, and to assist in grant applications and management.

Economic Development

A one-time increase in the professional services category in the amount of \$40,000 has been included for preparation of an Economic Development Strategy. An economic development strategy generally includes technical analysis of economic conditions as well as identification of economic development objectives and resources needed to obtain the objectives. It is envisioned that a consultant would be retained who would work in coordination with the City's Economic Development Committee to ensure an inclusive and comprehensive process that results in the preparation of a strategy to further economic development within the City.

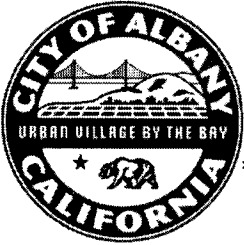
An increase in the community promotion category in the amount of \$20,000 is being requested to allow for the opportunity to expand the City's façade improvement program to include other minor improvement projects, including evaluation of the feasibility of including a mural project in a public area within the commercial area. In addition, funding has been included to allow for a contribution to support a collaborative effort between the Albany Chamber of Commerce and the Solano Avenue Association to enhance lighting along Solano and San Pablo Avenues during the holiday season.

Summary of Additional Staff/Initiatives

Department	Description	Estimated Cost	Funding Source
Public Works	Office Assistant	\$89,084	Sewer Fund, Clean Water Fund Gas Tax, General Fund (\$17K)

Attachment 3: Budget Increases Justification

Community Development	Office Assistant	\$89,084	General Fund - offset by increases in the Master Fee Schedule for Permitting
Community Development	Reclassify Admin Secretary to Community Development Assistant	\$9,120	General Fund - offset by increases in the Master Fee Schedule for Permitting
Community Development	ED Strategic Plan & ED Programs	\$60,000	General Fund
Police Department	Police Officer	\$137,714	General Fund - may be partially offset by reduced OT costs



City of Albany

1000 San Pablo Avenue • Albany, California 94706
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RESOLUTION NO. 2016-54

PASSED AND APPROVED BY THE COUNCIL OF THE CITY OF ALBANY,
the 20th day of June, 2016, by the following votes:

AYES: Council Members Barnes, McQuaid, Nason, Pilch and Mayor Maass

NOES: none

ABSENT: none

ABSTAINED: none

RECUSED: none

WITNESS MY HAND AND THE SEAL OF THE CITY OF ALBANY, this
21st day of June, 2016.

Eileen Harrington
DEPUTY CITY CLERK

The City of Albany is dedicated to maintaining its small town ambiance, responding to the needs of a diverse community, and providing a safe, healthy and sustainable community.