

2

SECTION – 2

APPROVED BUDGET OVERVIEW

APPROVED BUDGET OVERVIEW UPDATE

On June 13, 2006, City Council adopted the FY2006/07 Budget. The FY2006/07 Adopted Budget totals \$991.9 million from all funding sources and 5,109 full time equivalent (FTE) staff. The General fund portion of the Budget is \$400.7 million and 3,811 FTE. The FY2006/07 budget development was based on a significant change to the traditional budget cycle. In February 2006, the Mayor and City Council formally adopted a new budget cycle that provides policy direction necessary for the development and implementation of the City’s budget based on the concept of Strategic Planning – Strategic Budgeting. The revised strategic budgeting process incorporates the Mayor and City Council’s priorities as identified in their strategic plan and facilitates coordination within operating departments to deliver specific Council initiatives. As a result, the budget hearings conducted during the months of May and June were centered on five focus areas developed as part of the new budget process: Public Safety, Economic Development, Culture and Entertainment, Sustainability and Livability, and Safe and Affordable Housing. As a result of these hearings Council approved funding allocations to achieve specific objectives related to these focus areas.

In addition, in March 2006, the City Council approved the issuance of bonds providing \$94 million for 24 projects as part of the 2006 Community Reinvestment Capital Improvement Program (CRCIP). The bonds were issued in June 2006, and many of the approved projects are underway. While the debt service for these bonds was included in the FY2006/07 Proposed Budget, the Approved Budget has been amended to reflect the bond issue and project funding. Projects funded by the 2006 CRCIP are included in the Approved Capital Improvement Program Document.

Through the leadership and fiscal prudence of the Mayor and City Council the FY2006/07 budget is consistent with the City Council’s sustainable budget philosophy reflecting a fiscally responsible spending plan and realistic revenue estimates. The FY2006/07 Approved Budget includes augmentations to the Proposed Budget totaling \$16.754 million and 72.91 FTE.

The following charts summarize the change to the FY2006/07 Proposed Budget released on May 1, 2006.

SUMMARY OF STRATEGIC PLANNING – STRATEGIC BUDGETING FOCUS AREA AUGMENTATIONS

Focus Area	Net Cost	FTE	Description
Sustainability and Livability	486,000	1.0	Sustainability Plan, Graffiti Abatement, Weed Abatement
Safe & Affordable Housing	259,500	2.0	Updated Zoning Codes, Homelessness Leadership Group
Culture & Entertainment	395,000	2.0	Facility Study, Archives and Museum Collections
Public Safety	700,000	1.0	Evacuation/Shelter Plan, Recovery and Continuity Plan, Disaster Preparedness Booklets, Data Center backup Generator
Total	1,840,500	6.0	

OPERATING BUDGET AUGMENTATIONS

High Priority General Fund – These augmentations are funded with a portion of the \$7.5 million set aside in the General Fund Reserve:

Department	Net Cost	FTE	Description
Information Technology	88,000	1.0	Citywide IT Support
Labor Relations	112,040	1.0	Investigator
Police	475,775	2.0	Deputy Chief, Captain and Equip.
Total	\$675,815	4.0	

General Fund, Enterprise Fund, Fee Supported or Cost Offset – These augmentations are funded with either the recognition of new revenues or the reallocation of funding within the current budget:

Department	Net Cost	FTE	Description
Code Enforcement	265,000	3.0	Rental Housing Inspection Program
Convention, Culture & Leisure	201,667	1.0	Various Programs Support
Development Services	246,000	2.0	Facility Permit Program
Fire	5,926,725	27.0	Various Programs Support
General Services	337,614	4.0	Various Programs Support
Parks and Recreation	296,805	4.91	Various Programs Support
Police	755,628	4.0	Technology Support
Transportation	412,409	5.0	Various Programs Support
Utilities	1,323,159	6.0	Maint. and Water Meter Retrofit
Total	\$9,765,007	56.91	

DEPARTMENT PRIORITIES \$3.0 MILLION

These augmentations are funded with the \$3.0 million set aside in the General Fund Reserve:

Department	Net Cost	FTE	Description
City Treasurer	350,000		E-Payments
IT/ City Clerk	1,800,000	5.0	Electronic Content Management
Fire	425,000		Fire Turnouts
Police	425,000		Police Vehicles
Total	\$3,000,000	5.0	

OPERATING BUDGET ADJUSTMENTS

These reflect technical adjustments necessary to implement the budget pursuant to Council direction:

Department	Net Cost	FTE	Description
Utilities	2,331,952		Corrections of debt service and fleet replacement vehicles
Fire			Reclass service/supplies to labor
Parks and Recreation		1.0	SAFCA position
Development Services		4.0	Reclass service/supplies to labor and add 4.0 FTE
Total	\$2,331,952	5.0	

CAPITAL IMPROVEMENT PROGRAM (CIP) BUDGET ADJUSTMENTS

This adjustment reduces funding of three projects to align the operating and capital budgets in the Sewer fund:

Department	Net Cost	FTE	Description
Utilities	(600,000)		Reduce funding in XI91-\$330,000, XN53-\$135,000, and XN57-\$135,000
Subtotal CIP Adjustments	(600,000)		

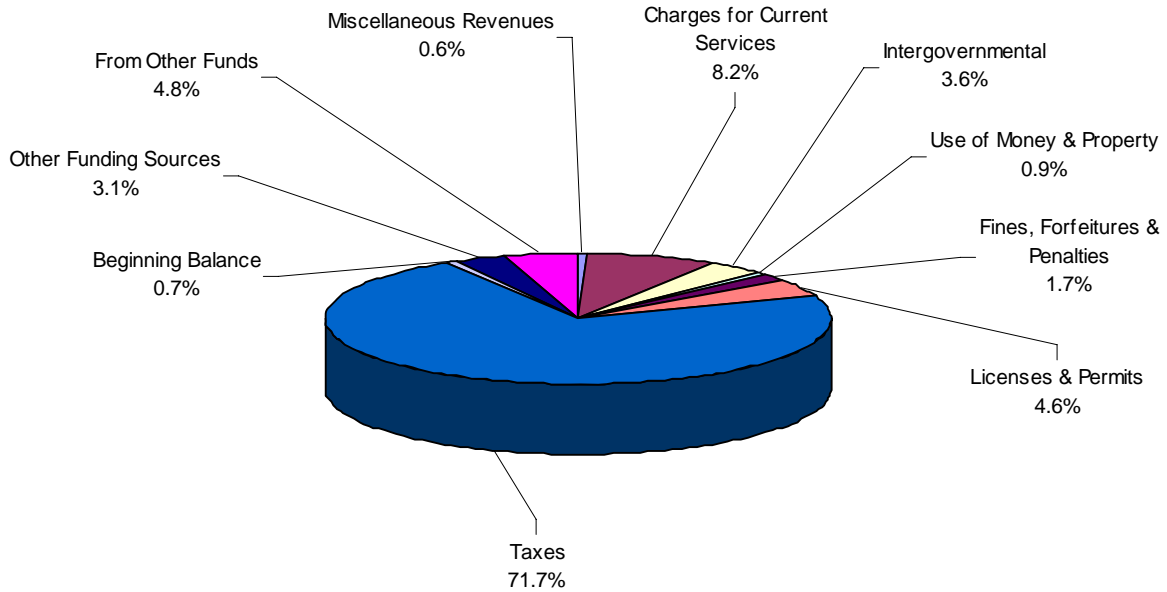
The following is the General Fund Five-Year Forecast which has been updated to reflect all Approved Budget changes.

FIVE-YEAR GENERAL FUND FORECAST FY07 to FY11

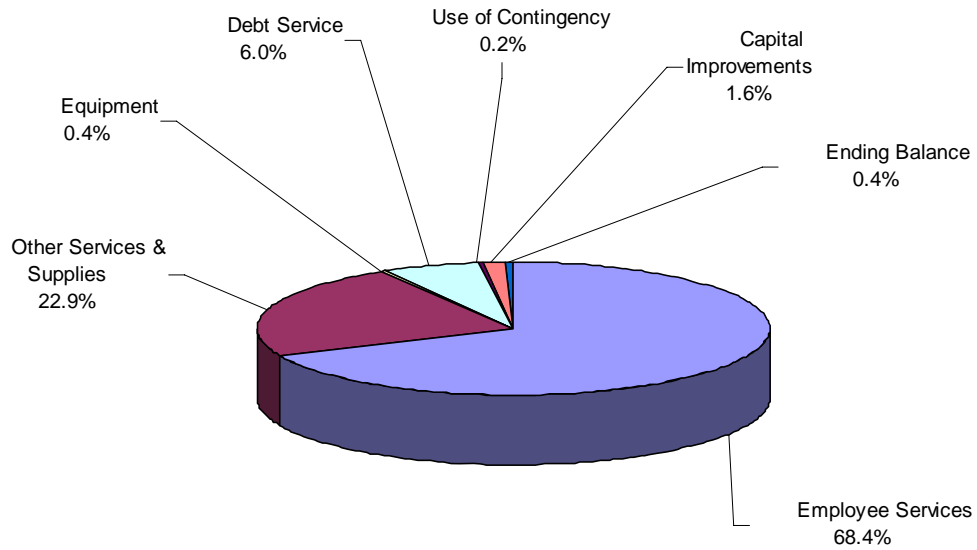
	FY2006/07 PROPOSED	FY2006/07 APPROVED	FY2007/08 ESTIMATED	FY2008/09 ESTIMATED	FY2009/10 ESTIMATED	FY2010/11 ESTIMATED
Beginning Fund Balance	2,900	2,900	1,774	1,579	1,241	2,363
Expenditures						
Department Operating	359,278	367,523	381,269	393,253	404,550	421,169
Capital Debt & Other	29,339	31,434	29,755	29,839	29,717	29,886
Base Expenditures	388,617	398,957	411,024	423,092	434,267	451,055
CRCIP	0	0	1,000	2,000	3,000	4,000
Total Expenditures	388,617	398,957	412,024	425,092	437,267	455,055
Revenues						
Taxes	287,372	287,372	301,471	315,631	329,605	343,157
Other Discretionary	34,017	34,017	35,332	36,706	38,142	39,643
Department Operating	59,202	63,824	65,739	67,711	69,742	71,834
Total Revenues	380,591	385,213	402,542	420,048	437,489	454,634
Revenues - Expenditures	(8,026)	(13,744)	(9,482)	(5,044)	222	(421)
Reserves & Other Sources/(Uses)	6,900	12,618	9,287	4,706	900	900
Ending Fund Balance	\$1,774	\$1,774	\$1,579	\$1,241	\$2,363	\$2,842

Total General Fund Budget: \$400.7 Million

Revenues

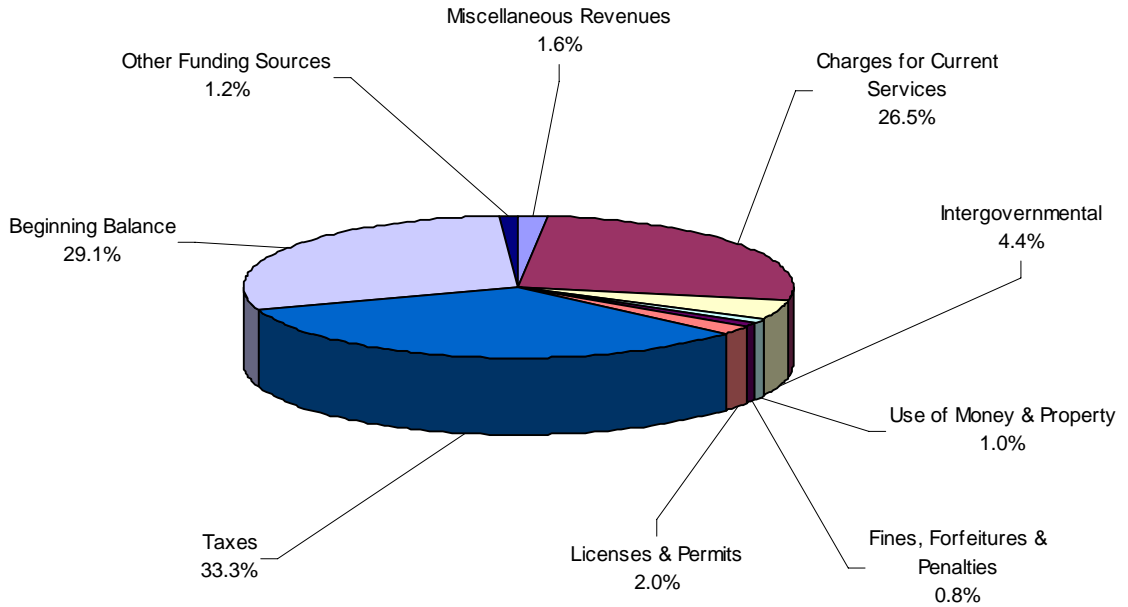


Expenditures



Total City Budget: \$991.9 Million

Revenues



Expenditures

