BENICIA CITY COUNCIL
REGULAR MEETING AGENDA

City Council Chambers
January 22, 2013
6:00 PM

Times set forth for the agenda items are estimates.
Items may be heard before or after the times designated.

I. CALL TO ORDER (6:00 PM):

II. CONVENE OPEN SESSION:

A. ROLL CALL.

B. PLEDGE OF ALLEGIANCE.

C. REFERENCE TO THE FUNDAMENTAL RIGHTS OF THE PUBLIC.

A plaque stating the fundamental rights of each member of the public is posted at the entrance to this meeting room per section 4.04.030 of the City of Benicia's Open Government Ordinance.

III. ADOPTION OF AGENDA:

IV. OPPORTUNITY FOR PUBLIC COMMENT:

This portion of the meeting is reserved for persons wishing to address the Council on any matter not on the agenda that is within the subject matter jurisdiction of the City Council. State law prohibits the City Council from responding to or acting upon matters not listed on the agenda. Each speaker has a maximum of five minutes for public comment. If others have already expressed your position, you may simply indicate that you agree with a previous speaker. If appropriate, a spokesperson may present the views of your entire group. Speakers may not make personal attacks on council members, staff or members of the public, or make comments which are slanderous or which may invade an individual’s personal privacy.

A. WRITTEN COMMENT.

B. PUBLIC COMMENT.

V. <u>BUSINESS ITEMS (6:15 PM):</u>

A. GENERAL FUND BUDGET REVIEW. (City Manager, Finance Director)

In November 2012, a financial review was provided to City Council communicating an unexpected downward estimate of revenues of approximately $1.0 million for fiscal year 2012-2013, primarily a result of lower property tax revenues. Revenues continue to be volatile and may or may not increase in the next few years. At the same time, there are continued pressures on expenditures to maintain current service levels without increases, as well as implement new retirement and healthcare legislation. In order to attain a sustainable budget in these uncertain times, staff is recommending utilizing a combination of reserves and expenditure reductions for the current year shortfall allowing time to develop a long-term work-out plan.

Recommendation: Review the report on the General Fund Budget and provide direction to staff regarding next steps on addressing the revenue shortfall.

VI. <u>ADJOURNMENT (9:00 PM):</u>

Public Participation

The Benicia City Council welcomes public participation.

Pursuant to the Brown Act, each public agency must provide the public with an opportunity to speak on any matter within the subject matter jurisdiction of the agency and which is not on the agency's agenda for that meeting. The City Council allows speakers to speak on non-agendized matters under public comment, and on agendized items at the time the agenda item is addressed at the meeting. Comments are limited to no more than five minutes per speaker. By law, no action may be taken on any item raised during the public comment period although informational answers to questions may be given and matters may be referred to staff for placement on a future agenda of the City Council.

Should you have material you wish to enter into the record, please submit it to the City Manager.

Disabled Access or Special Needs

In compliance with the Americans with Disabilities Act (ADA) and to accommodate any special needs, if you need special assistance to participate in this meeting, please contact Anne Cardwell, the ADA Coordinator, at (707) 746-4211. Notification 48 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to the meeting.

Meeting Procedures

All items listed on this agenda are for Council discussion and/or action. In accordance with the Brown Act, each item is listed and includes, where appropriate, further description of the item and/or a recommended action. The posting of a recommended action does not limit, or necessarily indicate, what action may be taken by the City Council.

Pursuant to Government Code Section 65009, if you challenge a decision of the City Council in court, you may be limited to raising only those issues you or someone else raised at the public hearing described in this notice, or in written correspondence delivered to the City Council at, or prior to, the public hearing. You may also be limited by the ninety (90) day statute of limitations in which to challenge in court certain administrative decisions and orders (Code of Civil Procedure 1094.6) to file and serve a petition for administrative writ of mandate challenging any final City decisions regarding planning or zoning.

The decision of the City Council is final as of the date of its decision unless judicial review is initiated pursuant to California Code of Civil Procedures Section 1094.5. Any such petition for judicial review is subject to the provisions of California Code of Civil Procedure Section 1094.6.

Public Records

The agenda packet for this meeting is available at the City Manager's Office and the Benicia Public Library during regular working hours. To the extent feasible, the packet is also available on the City's web page at www.ci.benicia.ca.us under the heading "Agendas and Minutes." Public records related to an open session agenda item that are distributed after the agenda packet is prepared are available before the meeting at the City Manager's Office located at 250 East L Street, Benicia, or at the meeting held in the Council Chambers. If you wish to submit written information on an agenda item, please submit to the City Clerk as soon as possible so that it may be distributed to the City Council. A complete proceeding of each meeting is also recorded and available through the City Clerk's Office.

AGENDA ITEM
CITY COUNCIL MEETING DATE JANUARY 22, 2013
BUSINESS ITEMS

DATE : January 15, 2013

TO : City Council

FROM : City Manager
Finance Director

SUBJECT : **GENERAL FUND BUDGET REVIEW**

RECOMMENDATION:
Review the report on the General Fund Budget and provide direction to staff regarding next steps on addressing the revenue shortfall.

EXECUTIVE SUMMARY:
In November 2012, a financial review was provided to City Council communicating an unexpected downward estimate of revenues of approximately $1.0 million for fiscal year 2012-13, primarily a result of lower property tax revenues. Revenues continue to be volatile and may or may not increase in the next few years. At the same time, there are continued pressures on expenditures to maintain current service levels without increases, as well as implement new retirement and healthcare legislation. In order to attain a sustainable budget in these uncertain times, staff is recommending utilizing a combination of reserves and expenditure reductions for the current year shortfall, allowing time to develop a long-term work-out plan.

BUDGET INFORMATION:
No budget adjustment is requested at this time.

STRATEGIC PLAN:
Relevant Strategic Plan Goals and Strategies:
- Strategic Issue #3: Strengthening Economic and Fiscal Conditions
  - Strategy #4: Manage City finances prudently

BACKGROUND AND DISCUSSION:
The current budget, adopted on June 26, 2012, anticipated a balanced budget with a projected reserve of 20% at June 30, 2013. That budget was balanced after making approximately $3.0 million in General Fund reductions over the previous two years. This included an approximately 10% reduction in compensation to City employees. Based on the economic indicators available in June 2012, it appeared that revenues would be bottoming out and it was

anticipated that the City would experience a gradual increase in revenues over the next several years, largely dependent on the future performance of the economy.

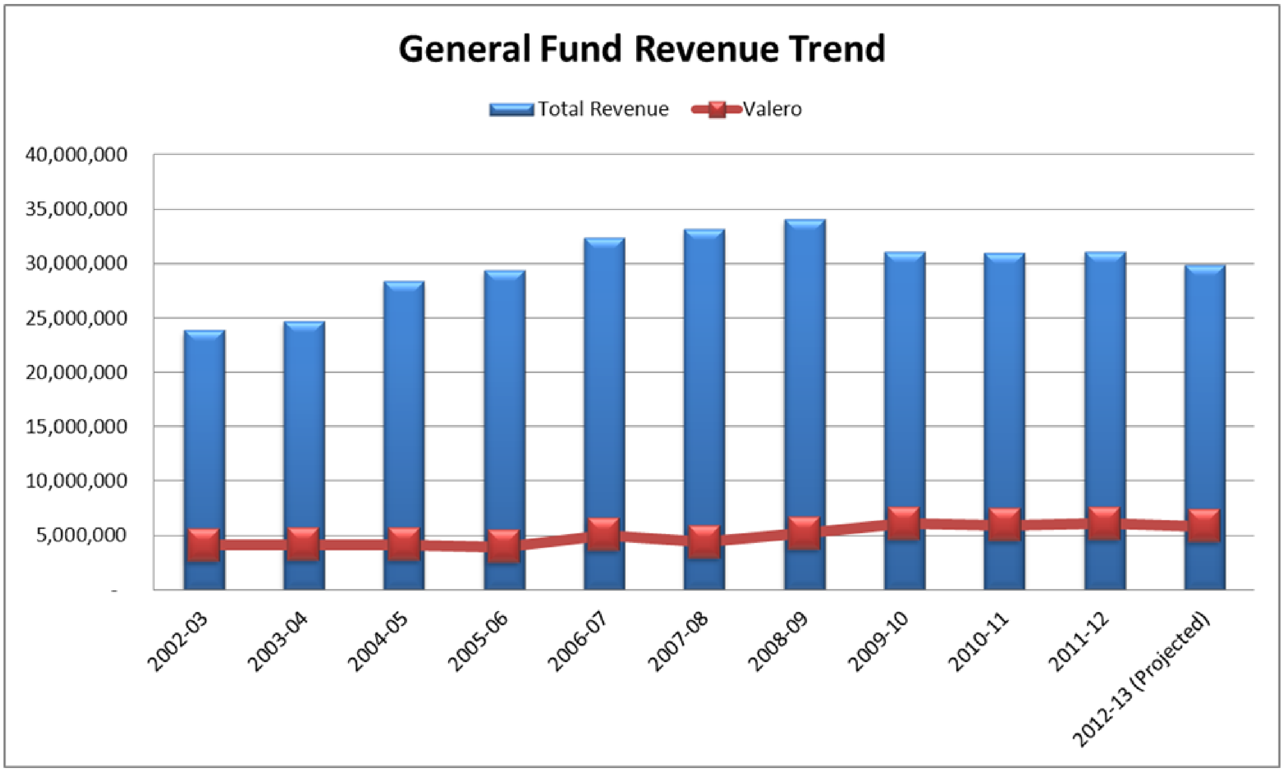
In mid-October, the City received revised property tax estimates for fiscal year 2012-13 from the County Auditor-Controller. These estimates were approximately $800,000 less than estimates provided by the County in June. After investigations, this appears to be due, in part to a significant amount of property value reassessments processed by the County in the last few months of fiscal year 2011-12 in response to an apparent continued decline in property values. The outcomes of these reassessments, in terms of the impacts to property tax revenues, were not communicated to cities by the County until October. This information was provided to the City Council on November 20, 2012 as part of the first quarter financial update. Based on this significant reduction in property tax revenues, as well as a potential softening of Utility User Tax revenues and the recent decision to move the Water Rate Senior Discount from the Water Enterprise Fund to the General Fund, a budget shortfall of approximately $1.0 million was projected for the current fiscal year and expected to continue for several years into the future. The City Manager immediately instituted a hiring freeze as an interim measure to provide staff time to study the current year budget for other areas of potential savings. The City ended fiscal year 2011-12 with a 20% reserve and with a plan to develop a thoughtful and strategic approach to addressing the structural budget. In November 2012, it was anticipated fiscal year 2012-13 would end with General Fund reserve of $5,075,000 or 17%.

Since the November budget update, estimates for both property taxes and sales taxes have changed. The County distributes property taxes in December and April of each year and the payments take into account any adjustments, including successful appeals, approved through the end of November. Based on the actual receipts received in December, property taxes are projected to fall an additional $40,000 for a total downward adjustment of $840,000. Sales tax, on the other hand, is projected to exceed budget for this fiscal year by about $100,000, primarily a result of one-time revenues.

In February, during the next quarterly financial update, staff will provide a more detailed discussion of the City's General Fund revenues and expenditures. The focus of this report is to begin the process of developing a strategy to address the budget shortfall. The following sections of this report are an effort to provide a complete picture of the City's financial history and a look ahead to future budget discussions.

A. Historical Financial Performance

Revenues



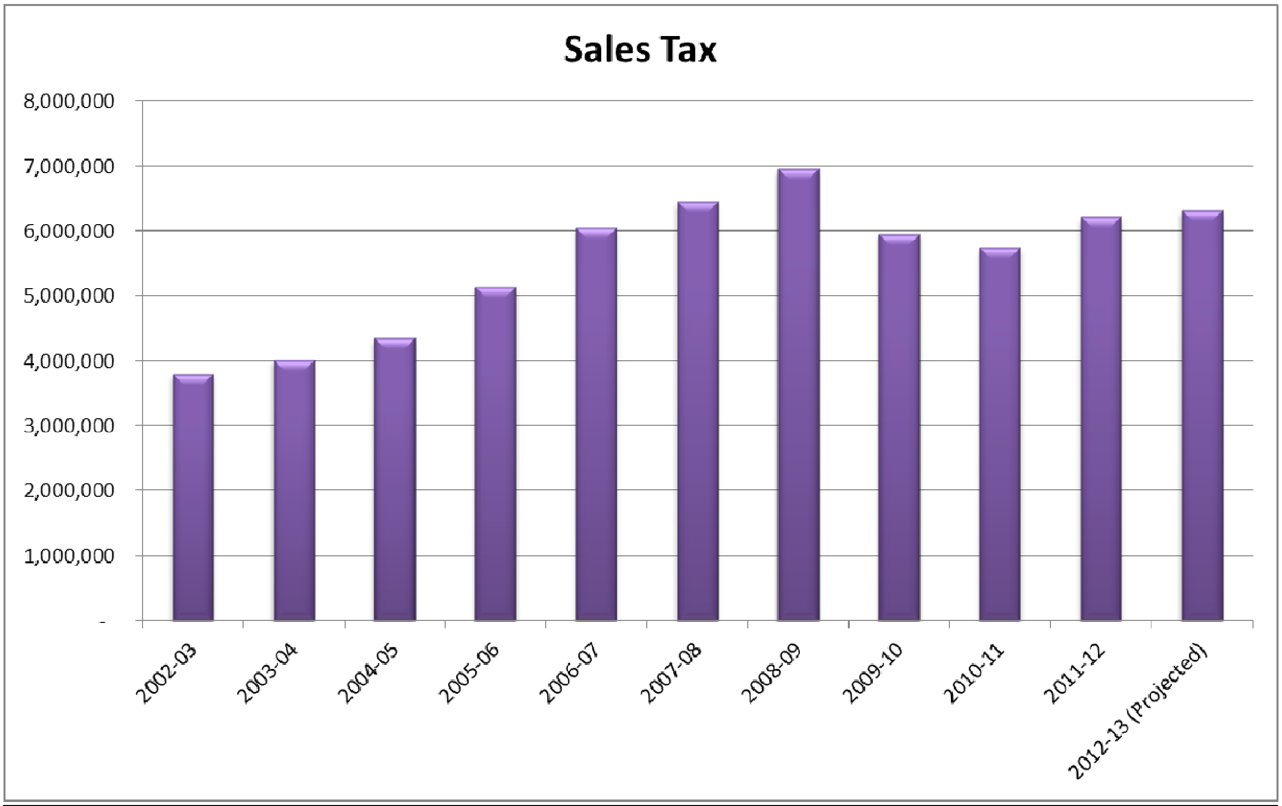
The marked global economic decline of the *Great Recession* began in December 2007 and technically ended in June 2009. However, impacts to Benicia's revenues were delayed; the City saw revenues increase from $32.4 million in fiscal year 2006-07 to a high of $34.1 million in fiscal year 2008-09 then decline to $31.0 million in fiscal year 2009-10. Revenue is projected at $29.9 million for the current fiscal year. Additionally, revenues from the City's largest taxpayer, Valero, represent approximately 20% of the City's General Fund and have ranged from a low in fiscal year 2002-03 of $4.1 million to a high in fiscal year 2011-12 at $6.1 million and are projected at $5.8 million for the current fiscal year. The property tax and utility users' tax attributable to Valero appear to be trending downward due to property depreciation as the plant ages and a more energy efficient business model utilized.

Property taxes, sales taxes and utility users taxes combined are approximately 75% of total General Fund revenues. These are discussed in further detail below.

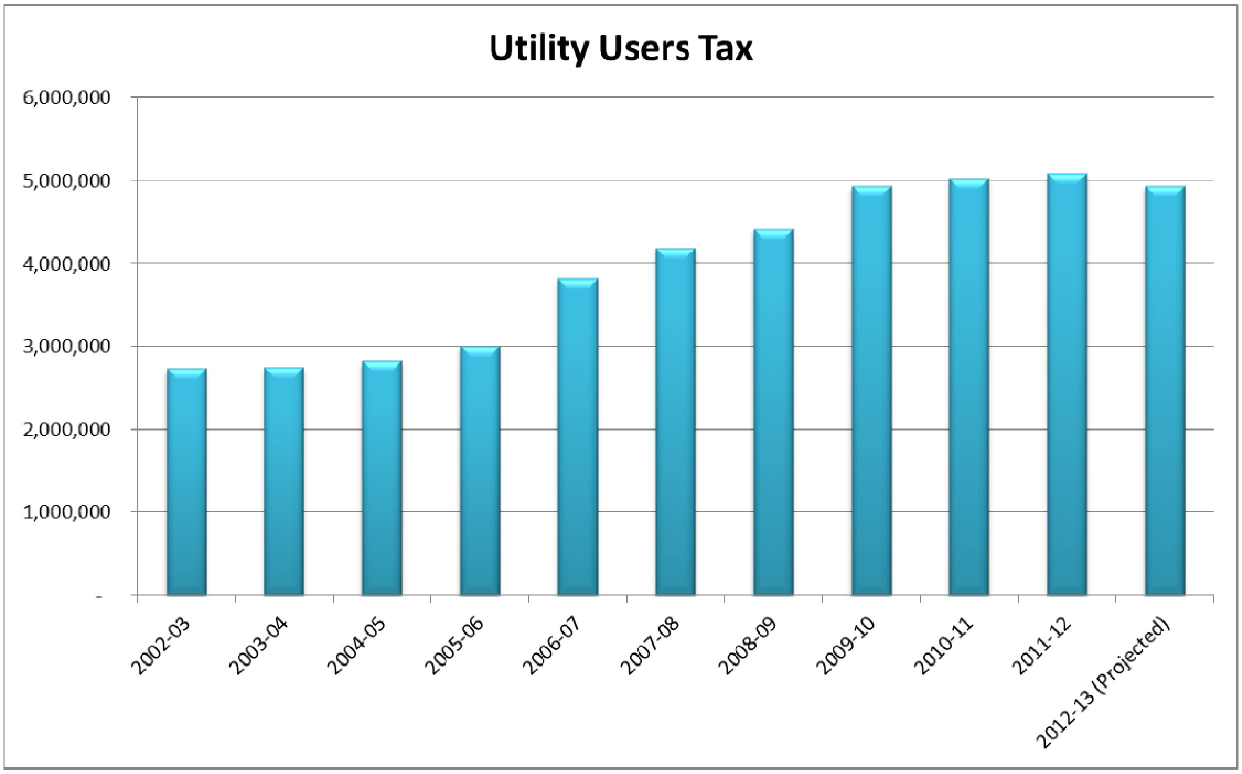
Property taxes are the General Fund's largest revenue stream, making up approximately 40% of revenues. Residential property values comprise over half of Benicia's tax base at 56%, followed with industrial properties at 34%. The top property taxpayer is Valero Refining Company with assessed value equal to approximately 22% of the City's total assessed valuation.

Projecting property taxes is difficult due to the complexity of the calculation, lack of timely information from Solano County, and lack of information regarding what data the Assessor is using to determine values. The Assessor publishes assessed value information once a year at the end of June. From that the Auditor-Controller prepares revenue projections and distributes the information to cities at the end of September. However, adjustments, including appeals, continue to be processed between July and November and impact the final revenue calculations. While the revenue estimates distributed by the Auditor-Controller in September provide a reasonable estimate, it is not finalized until the first payment is received in December.

The drop in property tax revenues in Benicia came later than that experienced in other communities. During the peak of the Great Recession, Benicia saw property tax revenues increase from $12.0 million in fiscal year 2006-07 to $13.1 million in fiscal year 2008-09 before beginning to decline in fiscal year 2009-10. Property taxes are projected to be $11.9 million in fiscal year 2012-13.



Sales tax comprises approximately 20% of General Fund revenues. This revenue peaked in fiscal year 2008-09 at just below $7.0 million and has dropped to an estimated $6.3 million for fiscal year 2012-13. The spike in fiscal year 2008-09 was a result of the Valero Improvement Project (VIP), which preceded their "turn-around". The VIP was a nearly billion dollar effort to update equipment and the "turn around" is an around the clock maintenance operation that refineries perform. When these occur, there are elevated business to business transactions resulting in high tax receipts for the City.



The City receives utility users' tax on communication services, electricity and gas at a rate of 3.5%. This revenue stream has grown from $2.7 million or 10% of the General Fund budget in fiscal year 2002-03 to a projected $4.9 million or 17% of the General Fund in fiscal year 2012-13. This growth is partially attributable to increased receipts from Valero under their UUT agreement and partially a result of increased energy costs. However, it appears this revenue stream has peaked and is trending downward in the future.

Expenditures

To address the drop in revenues, significant expenditure reductions have been incorporated into the City's budget over the last three years amounting to approximately $3.0 million in General Fund savings and a reduction of approximately 25 Full Time Equivalent (FTE) staff positions.

When the City took first steps in 2009 to respond to the structural deficit, initial steps included a hiring freeze and holding on expenditures when possible. Then, in 2010, the City reduced employee compensation by approximately 3.16% or $500,000 of ongoing General Fund dollars and also took the equivalent in departmental reductions in order to achieve $1 million in savings to the General Fund. In 2011, it was discovered that additional reductions were necessary due to further softening of revenues, and so employees took an additional reduction of 6.86% to achieve $1.3 million dollars in General Fund savings, and departments implemented further reductions to achieve approximately another $400,000 in General Fund savings.

While many of the above-noted departmental reductions were implemented without notable consequences initially, as time passes, extension of cuts which were intended to be temporary are now having a service impact. For example, the reduction in staffing in Public Works has resulted in the shifting of streets staff away from their core duties in order to address graffiti removal, work special events, and assist with water/sewer meter reading and emergencies that were previously handled by part-time staff. In Parks & Community Services, reductions in recreation staffing have begun to impact staff ratios for after-school and summer programs. The Library has implemented over $200,000 in reductions in computer services, books, program supplies and literacy programming over the past three years. While, initially, such reductions could be implemented with little, if any, noticeable impact on services, the ability of departments to sustain such reductions on an ongoing basis has become challenging.

While other departments, such as Police and Fire, have been able to avoid significant service impacts so far, via strategic reorganizations in staffing or by reductions in other budget areas, very few options remain for achieving significant ongoing savings that will not result in a noticeable impact to the current level of services. Additionally, if departments do not restore reductions that were initially anticipated to be temporary (i.e., keeping frozen positions vacant), again, service impacts will continue to become more apparent.

As noted above, in addition to a variety of departmental expenditure reductions over the last several years, City employees have taken a 10% reduction in compensation. Rather than utilizing temporary measures in this area, such as furloughs, to address the City's deficit, the City of Benicia recognized that structural reductions in compensation were necessary to begin our efforts to address our declining revenues and achieve a sustainable budget. To that end, the City's employee groups agreed to reductions that have equated to approximately $2 million in savings to the City's General Fund. While this savings has been critical to addressing the shortfall in revenues, such reductions do not come without a cost, as this has impacted the City's ability to retain and attract employees.

Further, while such changes to compensation have greatly assisted the City in limiting costs related to employee benefits, implementing numerous contract changes has resulted in an increased demand on the City's internal service departments (City Attorney, Finance, Human Resources and Information Technology). Additionally, while recent legislation (e.g., Affordable Health Care

Act and Public Employees' Pension Reform Act of 2013 or PEPRA) may result in some savings to the City in the long-term, the immediate future holds an increased demand on internal service departments to implement a myriad of complicated changes with minimal resources.

The economic view as of early 2012 was that the economy was beginning to show some signs of recovery and so the plan was that, as the City began to stabilize financially, staff would perform an organizational analysis of the organization so that the City could begin to strategically restore some of the reductions in order to maintain the current level of services to the community. Unfortunately, later in 2012, the City received the news regarding the further decline in property tax revenues, and it became clear that some combination of further reductions, revenue enhancements and stimulus of the local economy, in addition to analyzing the current structure of the organization, would be necessary to pull us out of this current situation.

B. Preliminary Five-Year Long-Range Financial Forecast

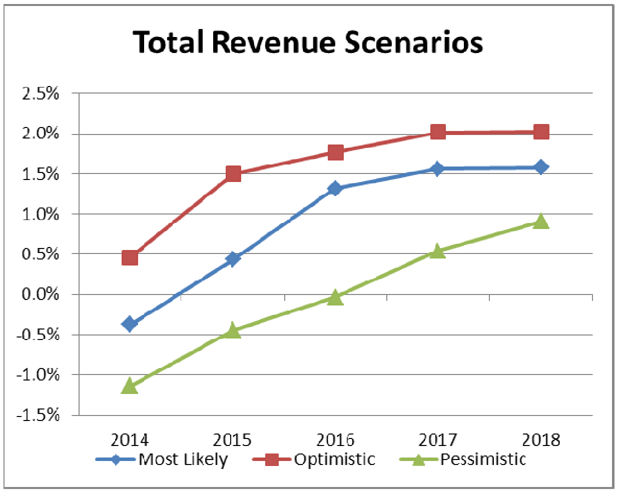
The following discussion summarizes the General Fund outlook for Fiscal Years 2013 through 2018. Rather than a prediction or commitment, a forecast is a financial snapshot based on a number of assumptions. This Long Range Financial Forecast (LRFF) is a tool to allow the public, staff and Council members to see the longer-term results of choices made to date, and identify issues that must be addressed in the near term in order to improve the City's long-term outlook.

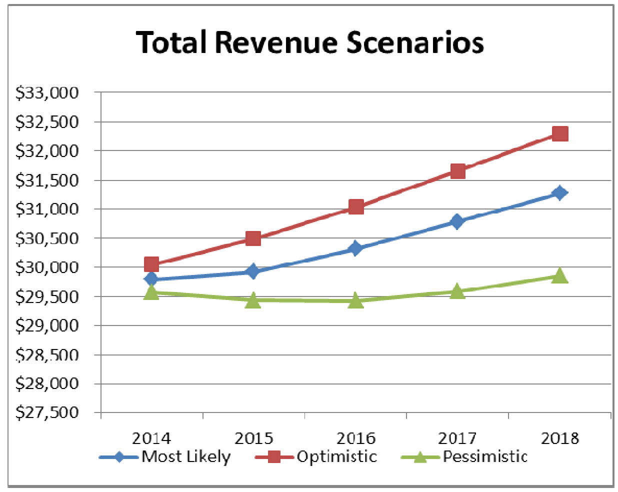
The LRFF presented here is a preliminary five-year model; staff is currently refining a 10-year model with the Finance Committee and plan to present the longer-term model as part of the upcoming two-year budget process.

Revenue Assumptions

The recently revised revenue estimates have exposed the uncertain revenue outlook. Prior forecasts assumed a flat or recovering economy. Recent experience with the drop in revenues demonstrates the volatility that has accrued through a combination of factors: 1) lack of diversification in revenue sources (40% of General Fund is concentrated in property taxes), 2) high revenue concentration in a single taxpayer (Valero represents approximately 20% of the General Fund), and 3) lack of stabilizing trends in City's top revenue streams.

Staff examined three scenarios for forecasting revenues: Optimistic, Most Likely and Pessimistic resulting in the following revenue ranges:





The ***Optimistic*** outlook represents a best case scenario assuming measurable economic improvement. Property tax revenues are projected to increase 2% per year for all five years presented. Sales tax improvements are anticipated to cover one-time revenues of about $100,000 received in fiscal year 2012-13 and increase 2% per year thereafter. Utility Users Taxes decrease in the first year of the model and assumes flat utility usage for the remaining four years to incorporate known information regarding a drop in energy usage in fiscal year 2013-14. Other revenues assume to increase at 1% per year.

The ***Pessimistic*** picture depicts continued economic downturn with total revenues decreasing over the first two years by (1.1%) and (0.4%), respectively. Then revenues slowly grow between 0.1% and 0.9% over the next three years. Property taxes are flat in the first year, then increasing between 1% and 2% for the remaining four years. Sales Tax assumes continued decline in revenues between 1% and 2% for the first three years and then flat for the final two. Utility Users Taxes are anticipated to decrease over the first four years stepping down from a drop of 4% in year 1 to 1% in year 4 and flat revenues for the final year.

The ***Most Likely*** scenario forecasts a period of ups and downs with a slight decrease (0.4%) in total revenues in fiscal year 2013-14, flat revenues for 2014-15 and then gradual increases to revenues between 1.3% and 1.6% over the next three years. Property tax projections are based on the five-year forecast from the City's property tax consultant, with increases between 1.2% and 2.5% over the next five years. Sales tax is reduced by $100,000 in the first year of the forecast to back out one-time revenues received in fiscal year 2012-13, flat for a year and then modest increases of 1% per year for the last three years of the forecast. Utility Users Tax decreases in the first two years of this scenario, consistent with information received from Valero on anticipate reduced energy usage, and then flat thereafter. Other revenues are assumed to remain flat for the five year forecast.

Staff recommends using the **Most Likely** outlook on revenues, showing flat or no growth in the next two years and then slow growth over the following three years.

Expenditure Assumptions

The three financial forecasts generally assume no growth in expenditures over the five year periods. However, it is known some expenses will increase in the future and every effort was made to identify and best approximate the increases in those expenditures. The most evident categories of the increases fall under salaries and benefits and increases in transfers to internal service funds. These are preliminary numbers and will continue to be refined as we move through the next budget process. We have received information from PERS that our retirement rates are expected to increase approximately 2% in the next two-years and continue to increase for several years thereafter. Savings associated from the new retirement tiers as well as the recently approved State pension reform will not be realized for 15-20 years or until the majority of the current employees retire or otherwise separate service.

These models also contemplate increases in the transfers to internal service funds over the five year period to begin to address the unfunded liabilities in the City's Workers' Compensation & General Liability claims; underfunded vehicle, equipment and facility replacement funds; and to begin setting aside monies to cover compensated absences liability.

In addition, it is projected that a one-time transfer of $609,000 will occur in the current fiscal year to address the deficit fund balance and close the Transit Fund. Resolving the deficit in the Marina fund of approximately $197,000 is not addressed in these financial forecast models due to the complexity of the issues and staff recommends the various issues associated with the Marina Fund be discussed as part of the upcoming budget process.

The following estimated changes to expenditures are summarized below:

- Wages increase at 1% per year to cover merit or step increases
- Benefits increase 2% per year, anticipating increased retirement costs
- Transfers to Internal Service Funds increase to 3% per year beginning fiscal year 2013-14 to address unfunded liabilities
- One-time transfer of $609,000 to close the Transit Fund occurs in fiscal year 2012-13
- Additional savings opportunities of $220,000 in fiscal year 2012-13 and $415,000 in each year thereafter, as described below:

Each department was tasked with reviewing their budget to determine potential savings opportunities available for the remainder of the current fiscal year, as well as, potential reductions for next fiscal year. Identified reduction opportunities include further cuts in supplies, professional services and training, and keeping vacant positions that are currently budgeted, such as the Public Works Inspector and a Police Officer position. The potential savings total $220,000 in the current fiscal year and $415,000 for future years. However, there is a cost to further reductions. These cuts will impact the capacity of the organization to stay current and decrease staff ability to respond to service requests. The following forecast models assume inclusion of these cost savings in the budget gap calculations, if they are approved by Council.

Forecast Scenarios

To begin to identify the magnitude of the budget gap we need to address, three alternatives were developed. For purposes of discussion, a five year time frame is assumed using a status quo budget with the reserve level as the varying factor.

In April 2011, the City Council approved a policy that set a goal of maintaining a minimum reserve level of 20% of operating revenues and further defined 10% as a Contingency reserve to mitigate the effects of major economic uncertainties, local disasters, and other severe financial hardships resulting from unforeseen changes in revenues and/or expenditures and 10% earmarked as an Emergency reserve set aside for unforeseen events not covered in the Contingency reserve. A copy of the policy is attached as Attachment A.

Utilizing the revenue forecast from the **Most Likely** scenario, three budget gap scenarios were developed to analyze three reserve fund targets – 20%, 10% and 15%. The table below demonstrates the *average* annual budget gap that needs to be addressed to maintain the applicable level of reserves.

	RESERVE TARGET		
	20%	10%	15%
Average Budget Gap (in thousands)	**(1,550)**	**(950)**	**(1,300)**

Scenario A is presented in Attachment B and meets the Council policy goal of a 20% reserve in fiscal year 2017-18. This scenario requires budget solutions of $1,550,000 each fiscal year.

Scenario B is presented in Attachment C and hits a reserve target of 10% with a budget gap of $950,000 each year. This model meets the City Council goal of a

10% emergency reserve level and represents a less aggressive approach, allowing more time to formulate a long-term strategy.

Scenario C is presented in Attachment D. This is a compromised approach achieving a 15% reserve target with a budget gap of $1,300,000 each year.

These gaps could be closed by revenue enhancements, expenditure reductions, or a combination of the two. In addition, the models assume the gap will be addressed in a straight line manner, beginning in fiscal year 2013-14; the amount addressed in any particular year could vary. For instance a phased approach could be implemented that targets smaller budget solutions in the first two years and larger solutions in the out years. The benefit of this approach is to allows time to study various options as well as institute longer-term solutions, such as creating efficiencies in the organization and exploring new revenue opportunities.

An example of a phased approach targeting a 10% reserve level by fiscal year 2017-18 is as follows:

	2014	2015	2016	2017	2018
Budget Gap - Yr 1 Solutions	**(300)**	**(300)**	**(300)**	**(300)**	**(300)**
Addl Solutions Yr 2		**(500)**	**(500)**	**(500)**	**(500)**
Addl Solutions Yr 3			**(500)**	**(500)**	**(500)**
Subtotal - Budget Solutions	**(300)**	**(800)**	**(1,300)**	**(1,300)**	**(1,300)**
Reserve level	**11.6%**	**9.2%**	**8.7%**	**9.7%**	**11.1%**

In this example, budget solutions of $300,000 are targeted for 2014, then an additional $500,000 in 2015 and an additional $500,000 in 2016. Each phase of the budget solution is carried over to future years and by 2018 the reserve balance is projected to be 11.1%.

Once direction is received as to what reserve level should be targeted, staff will bring back a more detailed analysis of specific levels of expenditure reductions/revenue enhancements necessary to meet the target reserve requirement, and the potential service impacts as a result.

C. Long-Term Plan for a Sustainable Budget

Potential Revenue Enhancements

As previously directed by City Council, staff was asked to bring back options for potential revenue enhancements. Initially, though not General Fund revenue, staff will be presenting requests for increases to the City's Lighting and Landscape Assessment Districts. Additional options for revenue enhancements are discussed below.

As identified under Revenue Assumptions, the City is impacted by lack of diversification in revenue sources and a high revenue concentration in a single taxpayer. City Council's insight to evaluate revenues will not only help address the budget shortfall but also has the potential to provide greater diversification, and thus enhanced stability of revenues, leading to a more sustainable budget.

Potential new revenue sources are summarized below. In addition to those listed below, a variation of a tax could address funding the Senior Low-Income water discount. If the City Council is interested in pursuing this alternative, staff would bring the item back after additional research is performed to determine the revenue potential as well as the vehicle and process for such an increase.

- Sales Tax – a one-cent increase could generate $600,000 annually. This requires a simple majority vote when a member of the Council is standing for election. Fairfield recently approved a one-cent increase that sunsets in 5 years.
- Parcel Tax – increase in property base tax requires majority property owner approval, however, this does not address diversification of revenues.
- Utility Users Tax (UUT) Rate Increase – an increase of the current rate of 3.5% to 5.0% would generate approximately $900,000 and require a simple majority vote when a Council member is standing for election. Not all cities charge a UUT and the rates, as well as the utilities taxed, vary. Vallejo assesses 7.3% on telecommunications and cable and 7.5% on gas and electric. Fairfield charges 2% on telephone, gas, electric and cable. No other Solano County cities have UUT. In Contra Costa County, El Cerrito assesses 8% on telecommunications, gas, electric, cable and water; Richmond charges 9.5% on telecommunications and cable and 10% on gas and electricity; Hercules charges 6% on telephone, cable, gas electric and water; San Pablo also assesses a tax on telephone, cable, gas, electricity and water at 7%.
- Utility Users Tax, Broadened Definition – another option is to broaden the definition of UUT to include water and would generate $287,000. Benicia currently charges 3.5% on telecommunications, gas and electricity. This

would require a simple majority vote at a time when a member of the Council is running for election.

- Increase Permit Fees – current building and planning fees do not cover the costs of providing these services. An increase in the level of cost recovery could provide an additional $100,000 and be approved by the City Council.
- Increase User Fees such as Recreation, Facility Rentals, and Encroachment – these program fees are also not set to fully recover the costs of the program and increases could generate an additional $45,000. The City Council can approve these fees increases as with the permit fees.

Potential Expenditure Opportunities

Attachment E is a summary of General Fund expenditures by department as budgeted for fiscal year 2012-13. As previously noted departments have implemented approximately $3.0 million in expenditure reductions over the past three years and identified an additional $220,000 for the current fiscal year and $415,000 for future years. Overall, the City has made strategic reductions to address the structural deficit to this point. This most recent news relative to our property tax revenues, and the subsequent internal evaluation of options for addressing, has made it clear that the City is at the point that any additional reductions to current expenditures will impact services.

Additionally, included in the adopted budget is over $1.5 million of City support for programs and organizations outside of City departments and staffing of boards and commissions. For example, the City currently funds grants to arts and culture organizations and human service organizations in the community. The City also provides support to other outside organizations such as the school district, Benicia Historical Museum and Benicia Main Street. The City appreciates the importance of supporting the community via such cooperative efforts and recognizes the importance of these efforts to the quality of life in our community. However, given the current budget situation, staff wanted to provide Council with an opportunity to revisit these funding arrangements and possibly explore alternatives that could result in less impact on the City's General Fund, if so desired.

Other Considerations

As described in this report, the current context is that revenues are uncertain and while the economy appears to be recovering, Benicia will likely be slow to emerge from this challenging fiscal environment. Beyond increasing revenues and reducing expenditures, other considerations include growing the local economy through economic diversification and enhancing operational capacity and increasing organizational efficiencies. In doing so, it will require a willingness to be innovative, take the needed time and expend the necessary resources.

For example, one of the current fiscal deficiencies is an over reliance on one major business for over 20% of the General Fund revenue. Steps need to be taken to help grow and broaden the local economy. Therefore, even as the City has dwindling financial resources, we should be investing more, not less, into our economic development program. The same principles should be applied to the organizational structure, capacity and performance. To become more efficient and effective in delivering services, the City needs to conduct a comprehensive review of all City programs and services. There also needs to be a willingness to invest in key areas of the organization to achieve those goals, such as upgrading the information technology system. Finally in this new era of constraints, the City must quantify the costs of providing services and ascertain what level of services citizens are willing to support.

Next Steps

The proposed approach to address the current budget shortfall, as well as plan for a fiscally sound future, is a phased one, with an initial phase focusing on developing the 2013-15 budget that will begin to take steps to address the current shortfall, without making dramatic reductions that may impact programs and services beyond what is necessary given the likelihood of some recovery of revenues. The next phase will involve a methodical, thoughtful approach to developing a sound fiscal plan for the City's future.

The first step would be to request concurrence from the City Council regarding addressing the 2012-13 shortfall due to the reduction in property taxes. Staff recommends a combination of use of reserves and expenditure reductions for the current year shortfall, which allows for time to develop a long-term work-out plan.

Immediate next steps will involve conducting one-day study session in February or March focusing on revisiting top priorities in context of reduced revenues/resources and making needed update to current Strategic Plan for the 2013-14 budget year.

At this study session, staff will also provide a preview of a comprehensive priority budgeting process that will occur over the next 18-24 months. This process will be initiated internally, with departments and employee work groups who will do the initial work to identify and compile the City's current menu of programs and services and collect the necessary information to allow for evaluation of these services. It will also be an opportunity to pursue revenue measures, if directed to do so. Following that undertaking, a public outreach and community engagement effort will be made to gather input as to priority of the City's programs and services. The information gathered through this process will be useful to the Council in terms of developing a meaningful and effective work-out plan to achieve a sustainable budget.

D. Draft Budget Preparation Calendar

Below is a tentative calendar for developing the next budget. Please hold these dates for the additional meetings tentatively proposed for June 11 and 17.

Strategic Planning Study Session	February or March 4th Tuesday
Departmental meetings with Finance and City Manager	March and April
Presentation to Finance Committee	May 24
Budget Study Sessions (3-4)	April, May, June 4th Tuesdays and June 11, 17 and 25, if needed
Budget Adoption	June 25, 2013

E. Council Direction

- Provide feedback on five year forecast assumptions
- Provide direction on potential revenue increases and expenditure reductions
- Approve a Work-Out Plan timeline to study options to attain a sustainable budget
- Approve budget calendar and tentatively schedule budget hearings for June 11, 17 and 25, with a target adoption for June 25, 2013

Attachments:

- Attachment A: Reserve Policy
- Attachment B: Financial Forecast – Scenario A – 20% Reserve
- Attachment C: Financial Forecast – Scenario B – 10% Reserve
- Attachment D: Financial Forecast – Scenario C – 15% Reserve
- Attachment E: Summary of General Fund Expenditures

ATTACHMENT A

CITY OF BENICIA
FUND BALANCE RESERVE POLICY

Established April 6, 2004; Revised June 28, 2005, August 7, 2007, April 19, 2011

1. The City shall maintain minimum fund or working capital balances in the General Fund and enterprise funds according to the following requirements:

   a. **Budget Stabilization Reserves.** These reserves shall be established with the goal of maintaining a total amount equal to 20% of each fund's annual operating budget for the purpose of stabilizing the delivery of City services during periods of operational budget deficits. At a minimum, the reserves shall include the following:

      i. **Contingency Reserve of 10%.** A Contingency Reserve will be maintained to mitigate the affects of major economic uncertainties, local disasters, and other severe financial hardships resulting from unforeseen changes in revenues and/or expenditures, including potential costs not covered by the City's insurance programs, such as claim costs within the City's deductibles, self-insured retentions and/or major costs associated with disasters and other events which will not be reimbursable from insurance or from the Federal or State government. The City Council may appropriate these reserves to fund operational costs and other non-emergency capital costs in order to facilitate the stable and efficient delivery of City services or facility maintenance. These funds shall be comprised of cash plus current year receivables less current year payables.

      ii. **Emergency Reserves of 10%.** An Emergency Reserve will be maintained to mitigate all unforeseen events not covered in the Contingency Reserves. The Emergency Reserves shall be appropriated by the City Council to provide for Natural Disaster expenditures of epic proportion, such as an 8.0 Earthquake or 200-Year Flood Event. These funds will only be used for the purposes stated. Cash and Investments shall represent the funds in this reserve.

      iii. The above reserves shall be based upon the current year's revenue. Any appropriation of these Budget Stabilization Reserves below the stated minimums shall be accompanied by findings articulating the need for the use of the reserves and a plan for the replenishment of the reserves within a reasonable time period.

   b. **Internal Service Fund Reserves.** The Council may designate that internal service funds be established for:

      i. The future maintenance or replacement of plant and equipment. The funds may include, but not be limited to:

1. Equipment replacement
2. Vehicle replacement
3. Facilities and infrastructure maintenance/replacement.

ii. The future stabilization of costs that might be subject to large cost fluctuations. The funds may include, but not be limited to:
   1. Workers' Compensation Cost Stabilization
   2. General Liability Cost Stabilization
   3. Employee Retirement Cost Stabilization

c. **Future Capital Project Reserves.** The Council may designate specific fund balance levels for future development of capital projects that it has determined to be in the best long-term interests of the City.

d. **Accounting Designations and Legal Reserves.** In addition to the designations noted above, fund balance levels shall be sufficient to meet funding requirements for projects approved in prior years, which are carried forward into the new year; debt service reserve requirements; reserves for encumbrances; and other reserves or designations required by contractual obligations, state law, or generally accepted accounting principles.

e. **Surplus Reserves.** These undesignated and unrestricted reserves shall be established and maintained as repository accounts for all funds not otherwise mandated above.

   i. The City Council may appropriate these reserves to fund operational revenue shortfalls, emergency expenditures, capital improvement projects, non-recurring expenditures or operational costs in conformance with the City's Balanced Operating Budget Policy.

f. **Funding of reserves.** The funding shall come generally from one-time revenues, excess fund balance and projected revenues in excess of projected expenditures. When available, each fund shall be replenished in the following priority order unless otherwise designated by the Council:

   i. Accounting Designations and Legal Reserves
   ii. Budget Stabilization Reserves
   iii. Internal Service Fund Reserves
   iv. Future Capital Project Reserves
   v. Surplus Reserves

2. **Council Action Required.** Appropriation or use of funds from any of these reserves or any variance from the stipulations established within this policy

shall require an action of the City Council with a minimum of 4 votes. The Council action shall be accompanied by the following:

i. A statement of findings supporting the appropriation of reserves or modification to the policy.
ii. A plan for replenishing the reserve within a reasonable time period when the appropriation causes a reserve to fall below minimum funding levels.

ATTACHMENT B

GENERAL FUND LONG RANGE FINANCIAL FORECAST: 20% RESERVE TARGET

FY 2013-2018

(in thousands)

	Adopted 2013	Projected 2013	2014	2015	2016	2017	2018
Revenues							
Property Tax	12,700	11,860	12,002	12,206	12,450	12,761	13,080
Sales Tax	6,216	6,316	6,216	6,216	6,278	6,341	6,404
Utility Users Tax	5,100	4,940	4,761	4,611	4,611	4,611	4,611
Business License Tax	450	450	450	455	459	464	468
Transient Occupancy Tax	290	290	290	293	296	299	302
From Other Agencies	2,083	2,012	2,036	2,071	2,112	2,165	2,219
Other Taxes	90	90	90	90	90	90	90
Subtotal Taxes	26,929	25,958	25,845	25,941	26,296	26,731	27,175
Franchise Fees	1,600	1,600	1,600	1,616	1,632	1,648	1,665
Charges for Current Services	1,341	1,341	1,342	1,355	1,368	1,382	1,396
Licenses & Permits	295	295	295	298	298	298	298
Fines, Forfeitures & Penalties	79	79	79	79	79	79	79
Use of Money/Property	450	450	450	450	459	468	478
Other Revenue	89	89	89	89	89	89	89
Interfund	94	94	94	94	94	94	94
Total Revenues	30,877	29,906	29,794	29,922	30,315	30,789	31,274
Expenditures							
Salaries	15,228	15,228	15,380	15,534	15,689	15,846	16,005
Benefits	6,648	6,648	6,781	6,917	7,055	7,196	7,340
Subtotal Salaries and Benefits	21,876	21,876	22,161	22,451	22,744	23,042	23,345
Services & Supplies	6,258	6,258	6,258	6,258	6,258	6,258	6,258
Capital Outlay	571	571	571	571	571	571	571
Internal Service Charges	1,499	1,499	1,544	1,590	1,638	1,687	1,738
Debt Service	627	627	627	627	627	390	390
Total Use of Funds	30,831	30,831	31,161	31,497	31,838	31,948	32,301
Non-recurring & CIP	340	340	70	70	70	70	70
Senior Water Discount Subsidy		187	286	261	222	164	132
Additional Savings Opportunities		(220)	(415)	(415)	(415)	(415)	(415)
Transfer to Transit Fund		609					
Budget Gap			**(1,550)**	**(1,550)**	**(1,550)**	**(1,550)**	**(1,550)**
Net Surplus/(Gap)	(294)	(1,841)	242	59	150	571	735
Beginning Fund Balance	6,586	6,292	4,451	4,693	4,752	4,902	5,473
Ending Fund Balance	6,292	4,451	4,693	4,752	4,902	5,473	6,209
	20.4%	14.9%	15.8%	15.9%	16.2%	17.8%	19.9%

ATTACHMENT B

GENERAL FUND LONG RANGE FINANCIAL FORECAST: 20% RESERVE TARGET

SCENARIO A ASSUMPTIONS

	2014	2015	2016	2017	2018
Revenues					
Property Tax	1.2%	1.7%	2.0%	2.5%	2.5%
Sales Tax	-1.6%	0.0%	1.0%	1.0%	1.0%
Utility Users Tax	-3.6%	-3.2%	0.0%	0.0%	0.0%
Business License Tax	0.0%	1.0%	1.0%	1.0%	1.0%
Transient Occupancy Tax	0.0%	1.0%	1.0%	1.0%	1.0%
From Other Agencies	1.2%	1.7%	2.0%	2.5%	2.5%
Other Taxes	0.0%	0.0%	0.0%	0.0%	0.0%
Subtotal Taxes	-0.4%	0.4%	1.4%	1.7%	1.7%
Franchise Fees	0.0%	1.0%	1.0%	1.0%	1.0%
Charges for Current Services	0.1%	1.0%	1.0%	1.0%	1.0%
Licenses & Permits	0.0%	1.0%	0.0%	0.0%	0.0%
Fines, Forfeitures & Penalties	0.0%	0.0%	0.0%	0.0%	0.0%
Use of Money/Property	0.0%	0.0%	2.0%	2.0%	2.1%
Other Revenue	0.0%	0.0%	0.0%	0.0%	0.0%
Interfund	0.0%	0.0%	0.0%	0.0%	0.0%
Total Revenues	-0.4%	0.4%	1.3%	1.6%	1.6%
Expenditures					
Salaries	1.0%	1.0%	1.0%	1.0%	1.0%
Benefits	2.0%	2.0%	2.0%	2.0%	2.0%
Subtotal Salaries and Benefits	1.3%	1.3%	1.3%	1.3%	1.3%
Services & Supplies	0.0%	0.0%	0.0%	0.0%	0.0%
Capital Outlay	0.0%	0.0%	0.0%	0.0%	0.0%
Internal Service Charges	3.0%	3.0%	3.0%	3.0%	3.0%
Debt Service	0.0%	0.0%	0.0%	-37.8%	0.0%
Total Use of Funds	1.1%	1.1%	1.1%	0.3%	1.1%
Non-recurring & CIP	-79.4%	0.0%	0.0%	0.0%	0.0%
Senior Water Discount Subsidy	52.9%	-8.7%	-14.9%	-26.1%	-19.5%
Net Surplus/(Gap)	-1.4%	-0.6%	0.2%	1.2%	0.5%

ATTACHMENT C

GENERAL FUND LONG RANGE FINANCIAL FORECAST: 10% RESERVE TARGET

FY 2013-2018

(in thousands)

	Adopted 2013	Projected 2013	2014	2015	2016	2017	2018
Revenues							
Property Tax	12,700	11,860	12,002	12,206	12,450	12,761	13,080
Sales Tax	6,216	6,316	6,216	6,216	6,278	6,341	6,404
Utility Users Tax	5,100	4,940	4,761	4,611	4,611	4,611	4,611
Business License Tax	450	450	450	455	459	464	468
Transient Occupancy Tax	290	290	290	293	296	299	302
From Other Agencies	2,083	2,012	2,036	2,071	2,112	2,165	2,219
Other Taxes	90	90	90	90	90	90	90
Subtotal Taxes	26,929	25,958	25,845	25,941	26,296	26,731	27,175
Franchise Fees	1,600	1,600	1,600	1,616	1,632	1,648	1,665
Charges for Current Services	1,341	1,341	1,342	1,355	1,368	1,382	1,396
Licenses & Permits	295	295	295	298	298	298	298
Fines, Forfeitures & Penalties	79	79	79	79	79	79	79
Use of Money/Property	450	450	450	450	459	468	478
Other Revenue	89	89	89	89	89	89	89
Interfund	94	94	94	94	94	94	94
Total Revenues	30,877	29,906	29,794	29,922	30,315	30,789	31,274
Expenditures							
Salaries	15,228	15,228	15,380	15,534	15,689	15,846	16,005
Benefits	6,648	6,648	6,781	6,917	7,055	7,196	7,340
Subtotal Salaries and Benefits	21,876	21,876	22,161	22,451	22,744	23,042	23,345
Services & Supplies	6,258	6,258	6,258	6,258	6,258	6,258	6,258
Capital Outlay	571	571	571	571	571	571	571
Internal Service Charges	1,499	1,499	1,544	1,590	1,638	1,687	1,738
Debt Service	627	627	627	627	627	390	390
Total Use of Funds	30,831	30,831	31,161	31,497	31,838	31,948	32,301
Non-recurring & CIP	340	340	70	70	70	70	70
Senior Water Discount Subsidy		187	286	261	222	164	132
Additional Savings Opportunities		(220)	(415)	(415)	(415)	(415)	(415)
Transfer to Transit Fund		609					
Budget Gap			**(950)**	**(950)**	**(950)**	**(950)**	**(950)**
Net Surplus/(Gap)	(294)	(1,841)	(358)	(541)	(450)	(29)	135
Beginning Fund Balance	6,586	6,292	4,451	4,093	3,552	3,102	3,073
Ending Fund Balance	6,292	4,451	4,093	3,552	3,102	3,073	3,209
	20.4%	14.9%	13.7%	11.9%	10.2%	10.0%	10.3%

ATTACHMENT C

GENERAL FUND LONG RANGE FINANCIAL FORECAST: 10% RESERVE TARGET

SCENARIO B ASSUMPTIONS

	2014	2015	2016	2017	2018
Revenues					
Property Tax	1.2%	1.7%	2.0%	2.5%	2.5%
Sales Tax	-1.6%	0.0%	1.0%	1.0%	1.0%
Utility Users Tax	-3.6%	-3.2%	0.0%	0.0%	0.0%
Business License Tax	0.0%	1.0%	1.0%	1.0%	1.0%
Transient Occupancy Tax	0.0%	1.0%	1.0%	1.0%	1.0%
From Other Agencies	1.2%	1.7%	2.0%	2.5%	2.5%
Other Taxes	0.0%	0.0%	0.0%	0.0%	0.0%
Subtotal Taxes	-0.4%	0.4%	1.4%	1.7%	1.7%
Franchise Fees	0.0%	1.0%	1.0%	1.0%	1.0%
Charges for Current Services	0.1%	1.0%	1.0%	1.0%	1.0%
Licenses & Permits	0.0%	1.0%	0.0%	0.0%	0.0%
Fines, Forfeitures & Penalties	0.0%	0.0%	0.0%	0.0%	0.0%
Use of Money/Property	0.0%	0.0%	2.0%	2.0%	2.1%
Other Revenue	0.0%	0.0%	0.0%	0.0%	0.0%
Interfund	0.0%	0.0%	0.0%	0.0%	0.0%
Total Revenues	-0.4%	0.4%	1.3%	1.6%	1.6%
Expenditures					
Salaries	1.0%	1.0%	1.0%	1.0%	1.0%
Benefits	2.0%	2.0%	2.0%	2.0%	2.0%
Subtotal Salaries and Benefits	1.3%	1.3%	1.3%	1.3%	1.3%
Services & Supplies	0.0%	0.0%	0.0%	0.0%	0.0%
Capital Outlay	0.0%	0.0%	0.0%	0.0%	0.0%
Internal Service Charges	3.0%	3.0%	3.0%	3.0%	3.0%
Debt Service	0.0%	0.0%	0.0%	-37.8%	0.0%
Total Use of Funds	1.1%	1.1%	1.1%	0.3%	1.1%
Non-recurring & CIP	-79.4%	0.0%	0.0%	0.0%	0.0%
Senior Water Discount Subsidy	52.9%	-8.7%	-14.9%	-26.1%	-19.5%
Net Surplus/(Gap)	-1.4%	-0.6%	0.2%	1.2%	0.5%

ATTACHMENT D

GENERAL FUND LONG RANGE FINANCIAL FORECAST: 15% RESERVE TARGET

FY 2013-2018

(in thousands)

	Adopted 2013	Projected 2013	2014	2015	2016	2017	2018
Revenues							
Property Tax	12,700	11,860	12,002	12,206	12,450	12,761	13,080
Sales Tax	6,216	6,316	6,216	6,216	6,278	6,341	6,404
Utility Users Tax	5,100	4,940	4,761	4,611	4,611	4,611	4,611
Business License Tax	450	450	450	455	459	464	468
Transient Occupancy Tax	290	290	290	293	296	299	302
From Other Agencies	2,083	2,012	2,036	2,071	2,112	2,165	2,219
Other Taxes	90	90	90	90	90	90	90
Subtotal Taxes	26,929	25,958	25,845	25,941	26,296	26,731	27,175
Franchise Fees	1,600	1,600	1,600	1,616	1,632	1,648	1,665
Charges for Current Services	1,341	1,341	1,342	1,355	1,368	1,382	1,396
Licenses & Permits	295	295	295	298	298	298	298
Fines, Forfeitures & Penalties	79	79	79	79	79	79	79
Use of Money/Property	450	450	450	450	459	468	477
Other Revenue	89	89	89	89	89	89	89
Interfund	94	94	94	94	94	94	94
Total Revenues	30,877	29,906	29,794	29,922	30,315	30,789	31,273
Expenditures							
Salaries	15,228	15,228	15,380	15,534	15,689	15,846	16,005
Benefits	6,648	6,648	6,781	6,917	7,055	7,196	7,340
Subtotal Salaries and Benefits	21,876	21,876	22,161	22,451	22,744	23,042	23,345
Services & Supplies	6,258	6,258	6,258	6,258	6,258	6,258	6,258
Capital Outlay	571	571	571	571	571	571	571
Internal Service Charges	1,499	1,499	1,544	1,590	1,638	1,687	1,738
Debt Service	627	627	627	627	627	390	390
Total Use of Funds	30,831	30,831	31,161	31,497	31,838	31,948	32,301
Non-recurring & CIP	340	340	70	70	70	70	70
Senior Water Discount Subsidy		187	286	261	222	164	132
Additional Savings Opportunities		(220)	(415)	(415)	(415)	(415)	(415)
Transfer to Transit Fund		609					
Budget Gap - Yr 1 Solutions			**(1,300)**	**(1,300)**	**(1,300)**	**(1,300)**	**(1,000)**
Net Surplus/(Gap)	(294)	(1,841)	(8)	(191)	(100)	321	185
Beginning Fund Balance	6,586	6,292	4,451	4,443	4,252	4,152	4,473
Ending Fund Balance	6,292	4,451	4,443	4,252	4,152	4,473	4,658
	20.4%	14.9%	14.9%	14.2%	13.7%	14.5%	14.9%

ATTACHMENT D

GENERAL FUND LONG RANGE FINANCIAL FORECAST: 15% RESERVE TARGET

SCENARIO C ASSUMPTIONS

	2014	2015	2016	2017	2018
Revenues					
Property Tax	1.20%	1.70%	2.00%	2.50%	2.50%
Sales Tax	-1.58%	0.00%	1.00%	1.00%	1.00%
Utility Users Tax	-3.62%	-3.15%	0.00%	0.00%	0.00%
Business License Tax	0.00%	1.00%	1.00%	1.00%	1.00%
Transient Occupancy Tax	0.00%	1.03%	1.02%	1.01%	1.00%
From Other Agencies	1.20%	1.70%	2.00%	2.50%	2.50%
Other Taxes	0.00%	0.00%	0.00%	0.00%	0.00%
Subtotal Taxes	-0.4%	0.4%	1.4%	1.7%	1.7%
Franchise Fees	0.0%	1.0%	1.0%	1.0%	1.0%
Charges for Current Services	0.1%	1.0%	1.0%	1.0%	1.0%
Licenses & Permits	0.0%	1.0%	0.0%	0.0%	0.0%
Fines, Forfeitures & Penalties	0.0%	0.0%	0.0%	0.0%	0.0%
Use of Money/Property	0.0%	0.0%	2.0%	2.0%	2.0%
Other Revenue	0.0%	0.0%	0.0%	0.0%	0.0%
Interfund	0.0%	0.0%	0.0%	0.0%	0.0%
Total Revenues	-0.4%	0.4%	1.3%	1.6%	1.6%
Expenditures					
Salaries	1.0%	1.0%	1.0%	1.0%	1.0%
Benefits	2.0%	2.0%	2.0%	2.0%	2.0%
Subtotal Salaries and Benefits	1.3%	1.3%	1.3%	1.3%	1.3%
Services & Supplies	0.0%	0.0%	0.0%	0.0%	0.0%
Capital Outlay	0.0%	0.0%	0.0%	0.0%	0.0%
Internal Service Charges	3.0%	3.0%	3.0%	3.0%	3.0%
Debt Service	0.0%	0.0%	0.0%	-37.8%	0.0%
Total Use of Funds	1.1%	1.1%	1.1%	0.3%	1.1%
Non-recurring & CIP	-79.4%	0.0%	0.0%	0.0%	0.0%
Senior Water Discount Subsidy	52.9%	-8.7%	-14.9%	-26.1%	-19.5%
Net Surplus/(Gap)	-1.4%	-0.6%	0.2%	1.2%	0.5%

ATTACHMENT E

General Fund Summary - By Department

		Actual 2009-10	Actual 2010-11	Actual 2011-12	Amended 2012-13
Expenditures					
City Council		103,975	114,710	100,310	88,555
City Clerk		74,785	77,220	73,230	68,665
City Treasurer		99,070	77,035	105,905	117,940
City Manager		584,985	633,370	681,435	719,990
Economic Development		370,570	329,930	438,915	495,620
Human Resources		303,970	302,490	243,645	299,160
Information Technology		478,550	493,775	377,045	405,040
City Attorney		588,110	552,190	464,950	624,840
Finance		675,280	673,310	647,550	683,860
Community Grants & Programs		420,460	348,530	417,120	434,195
Library		1,220,375	1,144,890	1,113,125	1,145,390
Police		8,626,105	8,273,910	7,904,980	8,471,140
Fire		6,846,795	6,620,740	6,262,450	6,879,050
Community Development		1,081,950	862,920	626,340	1,118,775
Public Works		1,713,460	1,640,180	1,418,300	1,213,175
Parks & Community Services		4,875,920	4,808,155	4,562,785	4,639,795
Insurances		653,190	680,250	801,835	831,965
Non-Departmental & Debt Service		1,543,465	1,685,920	2,009,205	1,613,875
Interfund Transfer-Out		585,505	879,575	1,185,865	742,485
Expenditure Total	**$**	**30,846,520**	**30,199,100**	**29,434,990**	**30,593,515**
Capital Projects & Non-Recurring					
Non-Recurring Expenditures		713,805	3,177,790	116,355	577,030
Total Expenditures	**$**	**31,560,325**	**33,376,890**	**29,551,345**	**31,170,545**