

February 24, 2009 Special Meeting

BENICIA CITY COUNCIL

SPECIAL MEETING AGENDA

City Council Chambers

February 24, 2009

6:00 P.M.

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 P.M.):

II. CONVENE OPEN SESSION:

A. ROLL CALL

B. PLEDGE OF ALLEGIANCE

C. REFERENCE TO THE FUNDAMENTAL RIGHTS OF PUBLIC

III. OPPORTUNITY FOR PUBLIC COMMENT:

A. WRITTEN

B. PUBLIC COMMENT

IV. CLOSED SESSION:

A. PUBLIC EMPLOYEE PERFORMANCE EVALUATION(Government Code Section 54957)

Titles: City Manager

City Attorney

V. RECONVENE OPEN SESSION:

VI. INFORMATIONAL ITEMS (7:00 P.M.) :

[A. Review of current economic conditions and the impact on the FY 2008-09 Municipal Budgets. \(Finance Director\)](#)

During the December 2, 2008 review of the Municipal Budgets, the City Council directed staff to return on the fourth Tuesday of each month with an update on the Economic Recession and the impact on the City of Benicia's FY 2008-09 Budget. This month's report provides an overview of State Budget Proposals and the expected impact on cities. The Senate approved the budget with minor changes on February 18, 2009 and the Assembly and Governor are expected to approve shortly. Due to the extensive budget adjustments implemented in August and December 2008, no additional adjustments are required at this time.

Recommendation: Receive Budget Report and direct staff as necessary.

VII. ADJOURNMENT (8:00 P.M.):

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 5 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

In compliance with the Americans with Disabilities Act (ADA), if you need special assistance to participate in this meeting, please contact Valerie Ruxton, 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 this 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.

 [budget update.pdf](#)

AGENDA ITEM
SPECIAL CITY COUNCIL MEETING: FEBRUARY 24, 2009
INFORMATIONAL ITEMS

DATE : February 18, 2009
TO : City Manager
FROM : Finance Director
SUBJECT : **REVIEW OF CURRENT ECONOMIC CONDITIONS AND THE IMPACT ON THE FY 2008-09 MUNICIPAL BUDGETS**

RECOMMENDATION:

Receive Budget Report and direct staff as necessary.

EXECUTIVE SUMMARY:

During the December 2, 2008 review of the Municipal Budgets, the City Council directed staff to return on the fourth Tuesday of each month with an update on the Economic Recession and the impact on the City of Benicia's FY 2008-09 Budget. This month's report provides an overview of State Budget Proposals and the expected impact on cities. The Senate approved the budget with minor changes on February 18, 2009 and the Assembly and Governor are expected to approve shortly. Due to the extensive budget adjustments implemented in August and December 2008, no additional adjustments are required at this time.

STRATEGIC PLAN:

Relevant Strategic Plan Goals and Strategies:

- Goal 8.00: Build Organizational Quality and Capacity
 - Strategy 8.20: Measure and track service (i.e. financial) performance

BUDGET INFORMATION:

There is no budget impact at this time.

BACKGROUND:

On January 27, 2009, staff presented an update of General Fund revenues and expenditures impacted by the faltering economy. Fortunately, due to prior budget adjustments in August and December 2008, no additional budget adjustments were required. While the economy continues to experience severe turbulence, there have been no recognizable impacts on the City's expected revenues and expenditures.

During the meeting, staff mentioned that State budget changes would likely have an impact on local city revenues and offered to evaluate the impacts as soon as they were known. The exact

contents of the Budget Package is not known but sources have communicated several vital elements to the League of California Cities (LOCC) staff. *Table 1.* below, lists some of the proposed items that will fill the State's \$42 billion budget deficit. Those items directly affecting the City of Benicia are in *italics*.

**Table 1.
California Budget Proposals**

\$15.8 Billion in Budget Cuts
<ol style="list-style-type: none"> 1. <i>Eliminates 50% of STAF funding for local public transit agencies in FY 2008-09 and will zero out funding in FY 2009-10. (See discussion below)</i> 2. Gives K-12 education \$5 billion less than it is otherwise entitled. (requires voter approval) 3. Eliminates two paid holidays for state workers, with the final number of furlough days per month through June 2010 still subject to negotiation (indications are this would remain at two per month). 4. Cuts UC and CSU by 10 percent. 5. Eliminates cost-of-living increases for recipients of CAL-Works and SSI-SSP. 6. Cuts the corrections department's medical budget by 10 percent. 7. Restores Williamson Act Funding
\$14.3 Billion in Tax Increases
<ol style="list-style-type: none"> 1. Increases sales tax by 1 cent on the dollar. 2. Vehicle license fees from current 0.65 percent of vehicle value to 1.15 percent, and gasoline-taxes by 12 cents a gallon 0.25 percent increase in the state income tax, federal stimulus dollars and more than \$600 million in line-item vetoes with proceeds to pay off transportation bonds. 3. Income taxpayers would pay a 2.5 percent surcharge on tax liability (-.5 percent if federal stimulus comes in under \$10 billion). 4. Reduces tax credit for dependents from \$309 to \$99. 5. Taxes would be increased for two years, and an additional one to three years if the spending restriction measure is approved on the ballot. 6. Other new "revenues" include taking from voter-approved taxes for mental health and early childhood programs.
\$10.9 Billion in Borrowing
<ol style="list-style-type: none"> 1. Borrowing from the lottery. (requires voter approval) 2. Other borrowing not identified.
<p>Note: If California gets \$10 billion in federal stimulus money, cuts drop by \$1.2 billion, borrowing by \$5.5 billion and tax increases by \$1.8 billion.</p>

Loss of State Transit Assistance Funding (STAF). Solano County receives approximately \$2.9 million in STAF Funding each year. Some of the funds go directly to the operator, while others are allocated by MTC and the Solano Transportation Authority (STA). The Benicia Breeze is scheduled to receive approximately \$15,000 in annual funding and two installments of \$90,000

over the next two years to assist in transitioning intercity services to Vallejo Transit. This funding would be cut to \$7,500 and \$45,000 in FY 2008-09 and \$0 in FY 2009-10.

Without this vital funding, the Benicia Breeze will not have enough to operate local routes this fiscal year and will need to reduce service levels accordingly. This could mean the elimination of service to Diablo Valley Community College and Route 22 service to the Industrial Park.

In order to minimize the impact on local service and spread the service level reductions to the intercity Route 78, staff has initiated discussions with STA. Unfortunately, due to complications with RM2 funding sources for Route 78 and multiple partners involved in the administration of the intercity agreement, Route 78 reductions may not be available until the end of the fiscal year, thus complicating the deficit funding condition further. Staff will continue to investigate this situation and report to the Council as soon as possible.

Other Possible Local Impacts. At this point in time, it appears the tentative budget agreement does not include the borrowing of property tax or Prop. 42 (local streets and roads) revenues from cities. It appears that COPS and booking fees are to be funded at the FY 08-09 levels, which had been anticipated previously.

Conflicting reports are circulating, however, on whether or not the budget again defers Highway User Tax Account (HUTA) payments; some insiders are suggesting that the agreement does not include a deferral and others are saying that HUTA payments will be deferred either 45 or 60 days. Should the funds be deferred, staff plans to develop optional interfund lending arrangements for the Council's review during the budget workshops in May and June 2009.

Pending State Budget. As of the writing of this report, the California Senate approved the Budget with minor changes that required it to be returned to the Assembly. The Assembly is expected to approve the Budget and forward it to the Governor for approval. If this occurs, staff will attempt to distribute supplementary information for review at the special meeting of February 24, 2009.

Current Financial Conditions. There have been no significant changes in staff's expectations for the current fiscal year. However, recent reports from other Solano County cities indicate continued declines in Sales Tax receipts that have forced them to take immediate actions to reduce their General Fund expenditures. Staff will continue to monitor cash receipts and revise forecasts whenever a trend develops.

A review of the General Fund Fiscal Condition as of December 31, 2009 is shown in *Table 2.* below and in *Exhibit I* attached to this report. *Table 1.* compares the cash receipts mid-way through this year for the last three years.. The mid-year cash revenue receipts are at 40% or about 7% below this same time last year and 5% below two years ago. While it is difficult to gauge a trend from this, the overall shortfall is about \$1.8 million. Expenses were closer to the prior years, showing a 1% drop from last year or a savings of around \$250,000.

Table 2.

General Fund Mid-Year Cash Receipts As of December 31, 2008						
Description	Actual FY 06-07	% of Budget	Actual FY 07-08	% of Budget	Actual FY 08-09	% of Budget
Revenue	13,757,670	45%	14,738,615	47%	12,962,185	40%
Expenses	13,223,175	45%	15,788,760	49%	15,532,510	48%
Surplus/(Deficit)	534,495		(1,050,145)		(2,570,325)	

Exhibit I displays the detailed list of revenues and expenditures as of December 31, 2008. As mentioned above, the revenues are behind the last two year's receipts and spread evenly through all departments. Those revenues related to building activity are behind schedule but should finish the year within adjusted budgets.

On the expenditure side, several departments were above the 50% target amount but have slowed spending considerably in the past months. The mid year amount of 48% is within the range of expectations and should finish the year within adjusted budget amounts. Expenditures for Capital Projects have also been reduced, based upon Council direction at the December and January Budget meetings.

Future Contingency Planning. The City Manager has directed staff to complete their 10% budget cutting recommendations prior to the end of the month. It is expected these recommendations will accompany the March 24, 2009 Budget Update Report. At that time, the full impact of the State Budget will be known and options for resolving any budget imbalance will be presented to the City Council. The next update for Sales Tax and Property Tax trends will be available at the April 28, 2009 Budget Meeting.

Attachment:

- Exhibit I: General Fund Summary

General Fund Summary
Cash Basis as of December 31, 2008

Division	Amended 2008-09	First Quarter	Second Quarter	YTD 12/31/2008	Target Percent
					50%
Revenues					
Non-Departmental	2405	29,467,960	1,690,035	10,188,270	11,878,305 40%
Interfund Transfer-In	2405	80,415	20,105	0	20,105 25%
Insurances	3132	0	23,895	0	23,895
City Treasurer	3205	55,285	11,535	4,920	16,455 30%
Library	3405	72,770	13,290	14,045	27,335 38%
Community Development	4105	131,200	6,420	8,400	14,820 11%
Building Inspection	4205	452,250	66,260	66,370	132,630 29%
Police	5205	551,000	109,600	102,585	212,185 39%
Police Traffic	5210	30,000	4,240	5,155	9,395 31%
Fire	6105	342,080	33,390	62,770	96,160 28%
PWD Streets	8705	2,500	1,740	7,265	9,005 360%
PWD Engineering	8805	49,500	1,370	56,605	57,975 117%
PCS Community Services	9305	935,000	286,665	168,830	455,495 49%
PCS Parks	9505	1,000	2,360	2,250	4,610 461%
Revenue Total	\$ 32,170,960	2,270,935	10,691,250	12,962,185	40%
Expenditures					
City Council	1105	101,575	24,855	25,280	50,135 49%
City Clerk	1205	81,230	17,900	18,515	36,415 45%
City Manager	2105	517,475	135,395	144,855	280,250 54%
Community Grants & Programs	2305	506,750	116,255	39,375	155,630 31%
Non-Departmental & Debt Service	2405	1,490,115	368,425	267,140	635,565 43%
Interfund Transfer-Out	2405	674,990	12,500	0	12,500 2%
City Attorney	2505	580,085	149,295	222,955	372,250 64%
Economic Development	2605	494,305	85,420	168,210	253,630 51%
Human Resources	2705	439,885	76,885	78,185	155,070 35%
Finance	3105	644,485	161,115	169,230	330,345 51%
Insurances	3132	516,625	455,965	67,790	523,755 101%
City Treasurer	3205	61,380	11,535	17,160	28,695 47%
Information Technology	3305	534,330	88,685	119,040	207,725 39%
Library	3405	1,276,140	310,790	337,340	648,130 51%
Community Development	4105	773,630	195,715	196,180	391,895 51%
Building Inspection	4205	731,335	121,440	153,295	274,735 38%
Police Admin	5205	1,669,190	514,220	431,190	945,410 57%
Police Patrol	5206	3,611,335	930,625	999,890	1,930,515 53%
Police Investigation	5207	1,181,895	219,740	221,735	441,475 37%
Police Dispatch	5208	955,590	212,145	245,170	457,315 48%
Police Services	5209	481,405	150,920	126,805	277,725 58%
Police Traffic	5210	217,165	15,925	49,115	65,040 30%
Fire	6105	7,213,400	1,782,530	1,741,835	3,524,365 49%
PWD Administration	8105	281,180	66,885	74,665	141,550 50%
PWD Streets	8705	1,031,005	190,705	184,925	375,630 36%
PWD Engineering	8805	795,795	198,790	197,385	396,175 50%
PCS Mills Community Center	9050	206,725	6,235	32,630	38,865 19%
PCS BUSD Field Maintenance	9054	458,380	80,360	64,655	145,015 32%
PCS Building Maintenance	9205	1,268,555	279,925	265,945	545,870 43%
PCS Community Services	9305	1,692,480	644,940	369,910	1,014,850 60%
PCS Administration	9405	537,175	124,795	131,735	256,530 48%
PCS Parks	9505	1,387,095	336,970	306,930	643,900 46%
Expenditure Total	\$ 32,412,705	8,087,885	7,469,070	15,556,955	48%
Operational Surplus/(Deficit)	(236,746)			(2,594,770)	
Capital Projects & Non-Recurring					
Non-Recurring Revenues		184,670	8,630	0	8,630 5%
Non-Recurring Expenditures		773,160	75,555	171,085	246,640 32%
Combined Surplus/(Deficit)	(825,236)	(66,925)	(171,085)	(238,010)	7%
Fund Balance	\$ 6,483,780			4,409,795	
Reserve Percentage	20.0%				
Over/(Short) of 20% Requirement	2,239				

Revised 2/19/2009 12:22 PM

Special Meeting – VI-A-5