M E M O R A N D U M

DATE: June 6, 2011

TO: Mayor and City Council

FROM: Patty Haymond, Finance Manager
Approved by: Jack Dilles, Finance Director

SUBJECT: FISCAL YEAR 2012 PROPOSED BUDGET – CORRECTIONS AND UPDATES

In the Proposed Annual Budget for Fiscal Year 2012 that was distributed to Council in May, the primary General Fund (101) appropriations for expenditures exceed anticipated revenues, resulting in a deficit of approximately $2.6 million.

Described below are adjustments to the Proposed Budget, to be incorporated into the FY 2012 budget upon adoption by the City Council. They include corrections and updates to the Proposed Budget and changes resulting from actions taken by Council since the document was prepared.

1) Corrections/Updates to Proposed Budget (All Funds):

   a) Police – Downtown Security: Increase revenue and expenditures in Fund 101, activity 2103/Police Patrol to reflect a $35,000 contribution from the Downtown Management Corporation, and increased expenditures of $16,000. The Proposed Budget includes expenditures of $70,000 for downtown security services, and a contribution of $35,000 from the Redevelopment Agency. The Downtown Management Corporation has agreed to contribute the additional $35,000 to support the slightly increased level of service.

      Reduction in net General Fund cost of $19,000.

   b) Finance Department: Increase legal services by $10,000. Legal services to advise the City regarding two hotels with significant transient occupancy tax delinquencies that have filed for bankruptcy.

      Increase in net General Fund cost of $10,000.

   c) Correction to Internal Telecommunications Charges: Add $240 to Activity 3211 - Municipal Wharf.

      Increase in net General Fund cost of $240

d) Move Percentages of Housing Positions: Currently, specified percentages of the Associate Planner and Principal Planner positions in the housing programs are charged directly to the funds used to account for various funding sources (HOME and CDBG grants, Affordable Housing Trust Fund). The percentages are based on estimates of hours needed to total the amounts budgeted from the funding sources; however, because actual costs may change depending on a variety of factors, the actual costs for a percentage of a position's time will not equal the specific amount estimated & budgeted.

The following adjustments will move the positions to the Redevelopment Administration budget, and allow tracking staff hours up to the amount budgeted in each specific funding source, which will be then reimbursed through interfund labor accounts.

POSITIONS – MOVE TO REDEVELOPMENT ADMINISTRATION

	Associate Planner I/I	Principal Planner
HOME Investment Partnership Fund (253-5207)	0.30	0.03
Community Development Block Grant Fund (261-5204, 5205)	0.21	0.47
Affordable Housing Trust Fund (279-5201)	0.17	0.06
Total FTE	0.68	0.56

APPROPRIATIONS CHANGES

Housing & Neighborhoods Funds	Salaries & Benefits 511xx-512xx	Labor Credit 51911	Labor Charge 52149
HOME Investment Partnership Fund (253-5207)	(47,685)		47,685
Community Development Block Grant Fund (261-5204)	(102,449)		102,449
Community Development Block Grant Fund (261-5205)	(3,056)		3,056
Affordable Housing Trust Fund (279-5201)	(34,021)		34,021
Redevelopment Administration Fund			
Redevelopment Administration (385-5510)	187,211	(187,211)	
Total	0	(187,211)	187,211

No change to net budget.

e) Update Capital Improvement Program (CIP)

1. Marine Sanctuary Photovoltaic and Exhibitry Grants Received in FY 2011 – Add two projects:

   Project Title: MBNMSEC Photovoltaic System
   Project Number: c521101
   Amount: $30,000
   Funding Source: NOAA Grant

   Project Title: MBNMSEC Exhibitry
   Project Number: c521102
   Amount: $500,000
   Funding Source: State Coastal Conservancy Grant

2. Miscellaneous minor adjustments to projects within the same fund will also be included in the final CIP presented for adoption.

f) Delete Intrafund Labor Charges/Credits: In recent years, portions of Information Technology positions dedicated to Police and Fire functions have been charged to those departments through interfund labor accounts, with an interfund labor credit to the IT activity. In FY 2012, this is shifting to allocation through the internal cost allocation plan, consistent with how costs for similar positions are distributed. To accomplish this, the Proposed Budget will be adjusted as follows:

Police Records (2107) - Intrafund Labor Charge	85,000
Fire Administration (2201) - Intrafund Labor Charge	25,000
Total Charges	110,000
Information Technology (1234) - Intrafund Labor Credit	(110,000)
Total Credit	110,000)

No change to net General Fund costs.

2) Actions by Council

After the preparation of the Proposed Budget document, Council took a number of actions affecting the FY 2012 budget. The following are revisions to the Proposed Budget to incorporate those changes.

a) April 26: Update CIP to reflect changes in West Cliff Drive Paving Project

Project Title: City Arterial & Collector Street Reconstruction/Overlay
Project Number: c400809
Reduce project costs by $97,923
Reduce Federal capital grants – ARRA funding by $97,923

Project Title: Beach Area Roundabouts
Project Number: c401012
Reduce Federal capital grants – ARRA funding by $250,000
Increase From Traffic Impact Fee – Citywide Fund by $250,000

Project Title: City Arterial - Pacific Ave, 3rd St. & 2nd
Project Number: c401011
Reduce project costs by $50,000
Reduce Federal capital grants – ARRA funding by $50,000

Add new project:
Project Title: West Cliff Drive Paving
Project Number: c401114
Amount: $397,923

Funding:
Federal capital grants – ARRA funding $97,923 (from project c400809)
Federal capital grants – ARRA funding $250,000 (from project c401012)
Federal capital grants – ARRA funding $50,000 (from project c401011)

b) May 10

1. Amendment to Personnel Complement – Activity 7103/ Water Customer Services:
   Delete 1.0 FTE Utility Service Representative
   Add 1.0 FTE Utility Account Specialist

   Add $32,800 to Water Customer Services personnel accounts (7103-51xxx).

2. Add Appropriations to Fund City of Santa Cruz Annual Report in FY 2012. On May 10, Council approved appropriations of $14,000, allocated between the General Fund and enterprise funds, to produce an annual report in the current fiscal year. A comparable amount, with the same distribution, will be required to produce an annual report in FY 2012, as follows:

Council Special Projects and Services (101-1113)	7,588
RDA Adminisntration (385-5510)	308
Water Admininstration (711-7101)	2,366
Wastewater Admin Charges (721-7207)	1,442
Resource Recovery Collection - Container (731-7302)	1,918
Off-Street Parking (741-7401)	322
Storm Water Management (751-7501)	56
Total	$ 14,000

c) May 24

Amendment to Personnel Complement – Activity 2301/ Inspection Services:
Delete 1.0 FTE Sr. Building Inspector
Change 1.0 FTE Green Building/Environmental Specialist to 0.5 FTE
Add 1.0 FTE Senior Plans Examiner

Reduce General Fund/Inspection Services personnel accounts (101-2301-51xxx) by $31,764
Reduce Green Bldg Educational Resource Fund/Inspection Services personnel accounts (108-2301-51xxx) by $4,491