M E M O R A N D U M

DATE: June 5, 2012

TO: Mayor and City Council

FROM: Patty Haymond, Budget Manager
Approved by: Marc Pimentel, Finance Director

SUBJECT: FISCAL YEAR 2013 PROPOSED BUDGET

In the proposed annual budget for Fiscal Year (FY) 2013, the primary General Fund (101) appropriations for expenditures exceed anticipated revenues by approximately $1.3 million. The addition of the City's $1.6 million Measure H commitment to road improvements results in a deficit of approximately $2.9 million. The City Manager's budget message provides additional detail regarding the General Fund deficit.

Described below are adjustments to the Proposed Budget, to be incorporated into the FY 2013 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 proposed budget document was prepared.

Additional recommendations will be presented during presentations at budget hearings, including recommendations regarding the dissolution of the Redevelopment Agency and transition of its functions to the Economic Development Department and Successor Agency.

1) <u>Corrections/Updates/Additions to Proposed Budget (All Funds):</u>

   a) Decrease expenditures in the General Fund (101), Activity 2107/Police Records to reflect a reduction of $8,926 in the City's share of the Santa Cruz Regional 911 (SCR911) costs, based on the budget approved by the SCR911 board of directors.

   b) Delete $86,000 interfund labor credit in the General Fund (101), Activity 2103/Police Patrol that was from the dissolved Redevelopment Agency (RDA). The $86,000 was for a CSO position whose funding source is now the General Fund as it can no longer be charged to the RDA.

   c) Add $8,000 to the Street Tree Fund (125), inadvertently omitted from the budget request.

   d) Move 1.0 FTE Code Compliance Specialist position incorrectly budgeted in Activity 2301/ Inspection Services to Activity 1302/ Current Planning.

e) Adjust revenue in the Museum activity (General Fund/101, Activity 3210) from $22,000 to $19,950 ($2,050): This revenue reflects a donation from the Santa Cruz Surfing Club Preservation Society to offset personnel costs for the Surfing Museum; this adjustment is to make the anticipated revenue match the budgeted personnel costs.

f) Adjust expenditures in Fire Prevention (General Fund/101, Activity2203) and Marine Rescue Program (General Fund/101, Activity 2204): The numbers in the Expenditures by Character sections as displayed on pages 48 and 48 are reversed, and should be as follows:

ACTIVITY 2203 – FIRE PREVENTION

EXPENDITURES BY CHARACTER:	2011 Actual	2012 Amended Budget*	2012 Estimated Actual	2013 Proposed Budget
Personnel Services	$ 612,361	$ 619,044	$ 468,321	$ 196,506
Services, Supplies, and Other Charges	33,848	60,809	42,191	64,687
Total Expenditures	$ 646,209	$ 679,853	$ 510,512	$ 261,193
*FY 2012 Adopted Budget:		$ 679,853		

ACTIVITY 2204 – MARINE RESCUE PROGRAM

EXPENDITURES BY CHARACTER:	2011 Actual	2012 Amended Budget*	2012 Estimated Actual	2013 Proposed Budget
Personnel Services	$ 459,689	$ 456,138	$ 386,627	$ 448,214
Services, Supplies, and Other Charges	45,324	89,864	67,298	85,116
Capital Outlay	12	-	-	26,000
Total Expenditures	$ 505,026	$ 546,002	$ 453,925	$ 559,330
*FY 2012 Adopted Budget:		$ 535,302		

g) Recap of Funds – Correction to fund balance for Sidewalk Construction In-Lieu Fund (315) The proposed budget recap of funds shows a beginning fund balance in FY 2012 of zero, which should be $195,279:

FY 2012 Beginning Fund Balance	Estimated FY 12 Ending / FY 13 Beginning Fund Balance	FY 2013 Estimated Ending Fund Balance
195,279	88,339	70,338

h) Increase expenditures in the Community Promotion/Downtown Business Promotion activity (General Fund/101, Activity 1502) by $25,000 for additional funds received in FY 2012 and prior years.

Each year, Council approves a downtown business assessment and matching appropriations based on the annual plan presented by the Downtown Association. Revenues collected from the assessment are turned over to the Downtown Association to be spent for promotional activities in the Parking and Business Improvement Area. In

FY 2012, more revenue has been received than was budgeted to be spent. Combined with additional revenue received in prior years, there is approximately $25,000 expected to be collected that has not been appropriated.

The Downtown Association has requested that the appropriations for FY 2013 be increased by $25,000 for the following purposes:

- $12,000 for costs relating to the development and start-up of Downtown Information Kiosk.
- $4,000 toward the cost of Downtown banners to be used on Ocean Street
- $2,000 for increased Back-To-School marketing activity
- $4,000 toward web-site development.
- $3,000 toward increased Holiday decorations and tree lighting maintenance

i) Increase expenditures in the General Capital Improvement Program Fund (311) by approximately $171,000, the remaining fund balance in the IT Telecommunications Internal Service Fund (831), to be closed at the end of FY 2012. These funds will be added as a new project earmarked for telecommunications projects.

Project Title: IT Telecommunications Projects
Project Number: c601304
Amount: Approximately $171,000 -- balance of Telecommunications Internal Service Fund

2) <u>Actions by Council</u>

Following are revisions to incorporate changes approved by Council after the preparation of the proposed budget document.

a) <u>April 24</u>:

i. Update the Capital Improvement Program to include $150,000 for the information technology five year strategic plan:

Project Title: IT Five Year Strategic Plan
Project Number: c601303
Amount: $150,000

ii. Amendment to Personnel Complement – Activity 3213 / Civic Auditorium

Delete 0.75 FTE Building Maintenance Worker I
Delete 0.50 FTE Building Maintenance Worker II
Add 1.00 FTE Building Maintenance Worker II

b) <u>May 22</u>

i. Amendment to Personnel Complement – Activity 7302 / Resource Recovery Collection - Container

Add 0.5 FTE Solid Waste Worker