

City of Lafayette Staff Report

Date: December 10, 2008
For: City Council
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Subject: 2007/08 Final Municipal Budget and Workplan

Introduction

This Final Budget is a refinement of the Proposed Budget adopted by the Lafayette City Council in June. The City remains in very good financial health with a projected total cash position of \$12.3M at the end of the fiscal year, June 30, 2007. After accounting for the RDA debt owed to the General Fund (\$4.8M) cash equals 131% of the FY2007/08 General Fund operating budget, including ongoing transfers. For FY2005/06, expenditures were \$1.3M less than budgeted, while revenues were \$2.2M more than expected. The additional revenue was made up of:

- \$467K from Property Taxes and \$159K in Vehicle License Fees due primarily to the effects of the “triple flip”.
- \$151K in General Taxes such as Property Transient Occupancy Tax (\$78K) and Franchise Fees (\$144K).
- \$54K from reimbursements for emergency response expenses.
- \$988K in Investment Income primarily due to interest paid to the General Fund by the Redevelopment Agency as well as realizing gains on investments that reached maturity.
- \$221K in Fees for service, due primarily to increases in the amount of Planning Fees collected (\$144K).

25% of the total expenses saved came from the Police Services budget (\$319K) and another 30% was due to emergency repairs for which construction did not occur until this fiscal year (\$388K). The remainder of the savings was due to postponement of planned projects (e.g. Acalanes Tennis Court Lights, Parks Master Plan) combined with general cost savings in other departments.

General Fund expenses in this final budget are only slightly higher than the proposed budget due primarily to additions that are detailed below.

Goals

For the fiscal year 2006-2007, the Lafayette City Council has established the following priorities:

- Complete the Lafayette Parks Master Plan.
- Develop a funding strategy to address the City's neighborhood road funding deficiency.
- Launch the Downtown Strategic Plan process.
- Provide funding for and begin implementation of the City's environmental strategy.
- Evaluate Community Center maintenance issues and funding; consider sustainable development practices.
- Make steady progress on building the Lafayette Library and Learning Center, and develop a strategy for governing, operating, and funding the facility once it is completed.
- Pursue affordable housing programs. Work cooperatively with Eden Housing to develop affordable senior housing.
- Evaluate the City's emergency preparedness capabilities.

Previously Approved Changes to the Budget

At its meeting in June, the Council modified the budget as follows:

- Postpone the analysis of infrastructure upgrades for the Community Center (\$25,000)
- Allocate an additional \$200,000 for the Eden Senior Housing Project (Fund 92)
- Allocate \$1,800 to purchase City flags (Fund 11-110)
- Allocate an additional \$590,000 in General Fund monies to the Pavement Management Program.

Other Additions to the Budget

- Added \$87,000 to the City Council budget (Fund 11-110) to pay for the cost of the June 5th special election.
- Added \$8,000 to Bond Debt funds (Fund 91 and 78) to pay for arbitrage analysis that is required by law.
- Added \$26,000 to Parks, Trails & Recreation Commission (Fund 11-140) for a trails survey (\$4,000) and to fund an analysis of Park Impact Fees (\$22,000).

- Added \$42,000 to Parks & Trails Maintenance (Fund 11-340) to pay for reconstruction of the Walter Costa Trail, which was carried forward from the 2006-07 budget.
- Added \$35,000 to Stormwater Pollution (Fund 820) for a sidewalk sweeper.

Personnel Changes

- Increased administrative support for the Library project from .5 FTE to 1 FTE (\$35,265).
- Temporarily reassigned the Engineering Technician to the Library project as a Construction Inspector (\$85,758). The cost of this position had been previously included as a contract position as part of the total capital improvement budget for the library project. Although this contract position will no longer need to be filled, the total cost of the library project has not been adjusted at this time. In addition, the duties of the Engineering Technician position will be temporarily backfilled by the current Engineering staff, therefore, there are corresponding reductions in the various funds to which the Engineering Technician position had been charged (e.g. (11-11-310, 11-320, 11-420, and Fund 820).
- Promoted the part-time Parks & Recreation Accounting Clerk to the Accounting +Assistant classification (\$1,650).

Capital Improvement Programs

The 2008 construction year Capital Improvement Program projects adopted by the Council in June remain unchanged, except to include re-budgets of projects that were not completed in the last fiscal year such as:

- Pleasant Hill Multi-Purpose Path
- Pavement Management Program 2006
- Pavement Management Program 2007
- Moraga Road Traffic Calming
- Emergency Creek Stabilization

In addition, as mentioned above, \$590,000 of General Fund money was reserved in a sinking fund last June for use on future PMP projects.

Revenues

Revenues remain unchanged from the proposed budget.

Reserve Standard

For FY2007/08, staff projects that at year end, the City will maintain cash balances of \$12.3 million, which is \$1.8 million in excess of the Council target of 50% of General Fund

expenditures, including transfers, after accounting for the \$4.8 million outstanding in debt from the RDA. This includes \$600,000 previously reserved in a sinking fund to cover potential cost escalations for the 2006 PMP. These cost increases did not materialize and the money was, therefore, transferred back to the General Fund Reserve.

Recommendation

Receive the Final FY 2006-07 Municipal Budget and Workplan and adopt Resolutions 2007-050 and R2007-07.