

REPORT TO CITY COUNCIL

DATE: FEBRUARY 13, 2008

TO: HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL

FROM: GREG RAMIREZ, CITY MANAGER

**BY: NATHAN HAMBURGER, ASSISTANT CITY MANAGER
GEORGETTE HOLT, FINANCE DIRECTOR**

SUBJECT: FISCAL YEAR 2007-08 MID-YEAR BUDGET REVIEW

Following a detailed review of the current fiscal year budget, staff is proposing several adjustments be made as part of the City's mid-year review process. During the planning process for the City's 25th Anniversary celebration, it was determined that an outside caterer would be required to service the number of dignitaries and guests that would be in attendance. This necessary change, along with the need to secure and utilize tableware from an outside vendor, increased the overall event expenditures by \$77,500. These changes were reviewed by the Community Services Committee and brought to the City Council as an informational item. Staff was directed to insure that the event was successful and memorable and that the event could be closer to a "breakeven" event cost wise, rather than making a profit as originally planned. Staff is also requesting an additional General Fund adjustment of \$18,000 for the recruitment of a new Finance Director through the assistance of a professional recruitment firm. Our current Finance Director, of over 11 years, has announced her retirement at the end of April, 2008. These adjustments will not affect the City's goal of maintaining a balanced General Fund budget for fiscal year 2007-08.

It is also requested that several special fund adjustments be made at this time. As staff continues to implement the aggressive pavement management program per the City Council's direction, an adjustment to the annual Pavement Management Study (PMS) of \$25,000 from the Proposition C fund balance is required. The City has completed its RFP process for an engineering firm to assist in traffic, infrastructure, and general engineering services, which was awarded to Kimley-Horn and Associates Inc., in August 2007. The new PMS will require Kimley-Horn and Associates Inc., to create a new pavement maintenance and replacement plan in addition to the general study that is required. This cost is not expected to be incurred in the future as Kimley-Horn and Associates Inc., will have all of the City's streets in a database with current PMI's (pavement management index) and will have the repairs and repaving scheduled per the City Council's direction. The funds are available in the City's Proposition C fund balance and will not have any affect on the City's General Fund.

The City's recently established Business Taskforce has met officially and is establishing a prioritized list of potential projects that would be beneficial to the City's business outreach

efforts. Due to the fact that their first official meeting took place at the end of January and that they will need to obtain further information on several of the proposed projects, staff will need to bring back their project list and expenditure proposal at a future City Council meeting to be discussed and reviewed.

Within the past few months, staff has been informed that there are several potential properties within the City's Redevelopment Project Area that may be potential opportunities for future redevelopment. In order to fully evaluate these opportunities, staff will need to complete a due diligence process for the parcels to be able to provide the City Council with current and vital information. Staff is requesting that \$20,000 be utilized from the Redevelopment Agency's fund balance to complete the due diligence process. The funds are available in the Redevelopment Agency fund balance and do not affect the City's General Fund.

At this time, there are no revenue adjustments being requested by staff. As you will see, the City's accounts are on line with the FY 2007-08 budget projections. While some of the individual revenue accounts may appear low or high at the mid-year point, several accounts are received either quarterly or only once a year. The updated revenue and expenditure reports are attached for your review.

RECOMMENDATION

It is respectfully recommended the City Council review the information provided and authorize the requested appropriations.

Attachments: Revenue and Expenditure Reports