

CITY OF SAN LEANDRO
MEMORANDUM

DATE: November 4, 2011

TO: Finance Committee

FROM: Lianne Marshall, Interim City Manager

BY: Jim O'Leary, Interim Finance Director

SUBJECT: Discussion Regarding Budget Development for the 2012-13 City Budget

RECOMMENDATION

Staff recommends that the Finance Committee review and accept the attached report on budget development for the 2012-13 City budget.

OVERVIEW

The City Council-approved General Fund, Special Revenue Funds, and Enterprise Funds Budget is the annual plan and resource allocation that guides and ensures implementation of City Council policies and priorities. The budget implements the vision and direction for the broad range of services that meet the needs of the community in accordance with City Council policy.

The annual budget is adopted by the City Council no later than July 1 of each year in accordance with the City Charter and applicable sections of the California Government Code. As part of the budget process, all departments submit revenue projections and expenditure requests for the next budget year. These requests are reviewed at many administrative levels and a final City Manager Proposed Budget showing estimated revenues and expenditures is prepared. The proposed budget is reviewed by the City Council through a number of study sessions and a public hearing. Finally, the City Council adopts the budget resolution approving the new fiscal year's City Budget.

Staff has begun the process for developing the 2012-13 City Budget. The initial Budget Technical Advisory Committee for 2012-13 was held on October 27, 2011. The City Manager's Proposed Budget is scheduled to be delivered to the City Council no later than mid-May 2012.

The following schedules have been prepared for the Committee's discussion related the budget development for the 2012-13 City Budget:

- Five-Year General Fund Revenue and Expenditure Forecast – *Attachments 1 & 2*
- Draft 2012-13 Budget Calendar – *Attachment 3*
- Budget Development Issues and Policy Considerations – *Attachment 4*

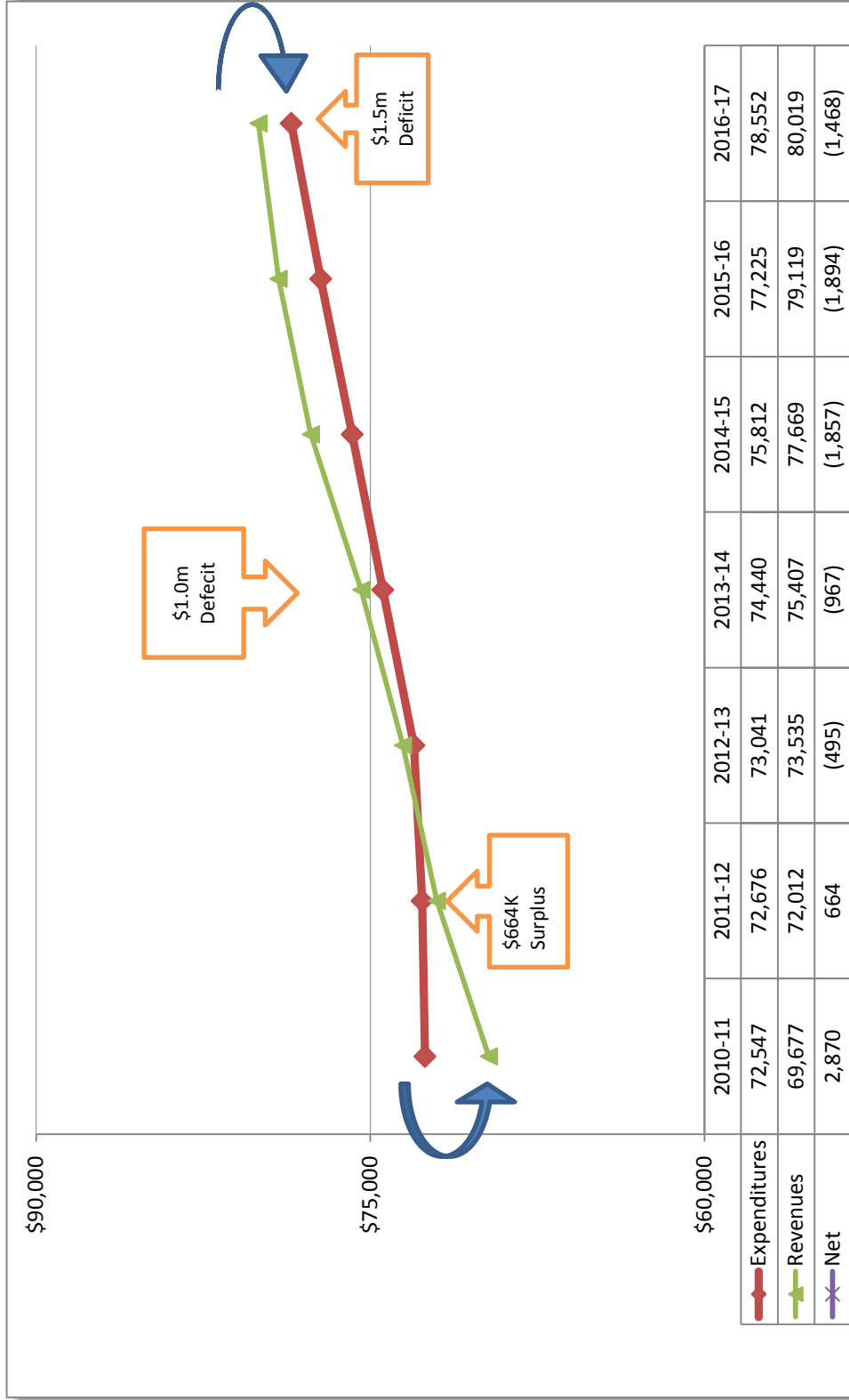
CONCLUSION

Staff recommends that the Finance Committee review and accept the attached report on budget development for the 2012-13 City budget.

**City of San Leandro
Five Year Forecast - General Fund
Fiscal Years 2010-11 through 2016-17**

	2010-11	2011-12		2011-12		YR 1		YR 2		YR 3		YR 4		YR 5	
	Actual	Adopted	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected
Revenues															
Property Tax	\$ 15,616	\$ 15,400	\$ 15,600	\$ 15,834	\$ 16,072	\$ 16,313	\$ 16,557	\$ 16,806							
Sales & Use Tax	15,962	14,610	14,610	14,866	15,319	15,794	16,276	16,683							
Sales & Use Tax Backfill	5,221	4,700	4,700	4,940	5,142	5,284	5,445	5,581							
Transaction & Use Tax	869	3,800	3,450	3,519	3,625	3,733	3,845	3,961							
Real Property Transfer Tax	2,529	2,444	2,519	2,519	2,519	2,519	2,519	2,519							
Utility Users Tax	9,933	9,848	9,900	9,999	10,099	10,200	10,302	10,405							
Franchise Fees	4,125	3,983	4,100	4,141	4,224	4,308	4,394	4,482							
Business License Tax	4,361	4,225	4,225	4,267	4,353	4,440	4,528	4,619							
Other Revenue	13,931	12,750	13,572	12,956	13,088	13,222	13,358	13,496							
Total Revenue	\$ 72,547	\$ 71,760	\$ 72,676	\$ 73,041	\$ 74,440	\$ 75,812	\$ 77,225	\$ 78,552							
Expenditures															
Salaries & Benefits	\$ 34,903	\$ 36,195	\$ 36,195	\$ 37,272	\$ 38,372	\$ 39,908	\$ 40,712	\$ 40,712							
Services, Supplies & Other	6,480	6,192	6,451	6,472	6,486	6,500	6,514	6,528							
Fire Contract Services	17,141	17,821	17,865	18,169	18,859	19,487	20,130	20,794							
Capital Outlay	229	78	82	82	82	82	82	82							
Debt Service	2,981	2,981	2,981	2,784	2,782	2,783	2,679	2,795							
Internal Service Fund Charges	7,757	8,310	8,310	8,629	8,698	8,781	8,874	8,979							
Other	186	116	128	128	128	128	128	128							
Total Expenditures	\$ 69,677	\$ 71,693	\$ 72,012	\$ 73,535	\$ 75,407	\$ 77,669	\$ 79,119	\$ 80,019							
Net Operating Revenue/(Expenditures)	\$ 2,870	\$ 67	\$ 664	\$ (495)	\$ (967)	\$ (1,857)	\$ (1,894)	\$ (1,468)							

City of San Leandro
 Operation Revenues and Expenditures
 Five Year Forecast
 Fiscal Years 2010-11 thru 2016-17



	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Revenues	72,547	72,676	73,041	74,440	75,812	77,225	78,552
Expenditures	69,677	72,012	73,535	75,407	77,669	79,119	80,019
Net	2,870	664	(495)	(967)	(1,857)	(1,894)	(1,468)

CITY OF SAN LEANDRO - BUDGET CALENDAR HIGHLIGHTS 2012-13		
OCTOBER - DECEMBER		
Date	Group	Meeting Subject/Process Description
10/27/11	BTAC	Budget Planning Meeting
10/31/11	ISF Fund Managers	Budget Preparation and Allocation for Internal Service Funds - Kickoff
11/4/11	Finance Committee	Budget Process
11/11/11	CIP Committee	Capital Planning Meeting
11/28/11	All	Budget Kick-Off Meeting (South Offices)
12/1/11	Budget Preparers	Budget Question & Answer session
12/1/11	BTAC	Budget Planning Meeting
12/16/11	Finance Committee	Meeting - Fiscal Year 2012-13 Budget Process, Preliminary 6/30/12 Report
12/22/2011	All	Department Request Budgets/Eden Updated (all funds, expenditures and revenues)
JANUARY - MARCH		
1/4/2012	BTAC	Budget Planning Meeting
1/6/2012	Finance Committee	2012-13 budget process and assumptions, State Budget update
1/16/2012	City Council	Finance Committee Report (budget process/assumptions, State update)
1/28/2012	City Council	CITY COUNCIL RETREAT (Budget update)
2/17/2012	Finance Committee	2011-12 Mid-Year report, Budget Adjustments, CalPERS info
2/20/2012	City Council	Meeting - 2011-12 Mid-Year report
3/2/2012	Finance Committee	Meeting - 2012-13 Budget Development/General Fund Projections
3/16/2012	Finance Committee	Meeting - RDA, Quarterly Investment Report, budget follow-up, CIP
3/26/2012	City Council	WORK SESSION - 1st Budget session - General Fund Update, RDA, CIP
APRIL - JUNE		
4/6/2012	Finance Committee	Budget follow-up
4/16/2012	Engineering	CIP Information due to Finance
4/20/2012	Finance Committee	Fee Schedule
4/23/2012	City Council	WORK SESSION - Budget
5/4/2012	Finance Committee	Proposed 2012-13 Budget
5/7/2012	City Council	Meeting - Public Hearing fees and taxes
5/21/2012	City Council	Meeting - Proposed Budget presentation
6/4/2012	City Council	Meeting - Public Hearing 2012-13 Proposed Budget and Appropriation Limit
6/18/2012	City Council	Meeting - Budget Adoption (Alternate date if needed)
JULY - AUGUST		
8/31/2012	Finance	Distribution of bound Adopted Budget

**Budget Development Issues and Policy Considerations
2012-13 City Budget**

Balanced Budget, Continue Holding Line on Expenditure
Personnel Compensation Based on Negotiated MOUs, 1-1-13
Factor in Benefit Premium Increases
Review Administrative Cost Allocations
Determine Pension Obligation Bond and Water Pollution Control Plant Fund Debt Service and CalPERS Rate Savings
Review Internal Service Funds' Department Rates, Expenditure Levels, and Fund Balances
Determine General Fund Contributions to Capital Improvement Program, Economic Uncertainty Reserve, and Other Funds
Review Enterprise Funds
Factor in Debt Service for Fire Apparatus Lease/Purchase Agreement