

BUDGET OVERVIEW

The B Section of the FY 2006-07 Annual Budget serves as an Executive Summary to the budget document with an emphasis on the General Fund and Redevelopment Agency. Beginning with the General Fund, areas addressed in the Budget Overview include:

- General Fund structural analysis.
- Revenues including ongoing and one-time resources.
- Expenditures including general salary/benefit increases and new departmental requests (i.e., new positions, equipment, studies and service enhancements).
- Reserves.

With respect to the Redevelopment Agency, the Budget Overview highlights:

- Tax increment revenue before and after Agency pass-throughs.
- Agency and Housing Set-Aside funds.
- New initiatives.

The Budget Overview concludes with a brief description of the information contained in each of the ten sections of the new budget format.

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GENERAL FUND

Areas addressed include the structural analysis of the General Fund, ongoing and one-time revenues & resources, adjustments to expenditures (general increases and new requests) and reserves.

Structural Analysis of the General Fund

After addressing Council's interests raised during the budget study session and critical pent-up Departmental needs, the FY 2006-07 Annual Budget enjoys an operating surplus of roughly \$172,000. This is after allocating about \$350,000 to meet anticipated contingency needs for uncertain energy costs, implementation of the class & pay study (which is underway), and current negotiations with POA and SEIU.

As reflected in the summary table below, this operating surplus of roughly \$172,000 is the result of:

- Ongoing FY 2006-07 revenues of \$8.74 million
- Less ongoing FY 2006-07 expenditures of \$8.57 million.

General Fund Structural Analysis			
	FY 2004-05	FY 2005-06	FY 2006-07
	Actual	Estimated	Recommended
Revenues & Transfers	\$7,992,732	\$8,223,167	\$10,234,430
LESS One-time	(474,790)	(334,110)	(1,490,150)
Total Ongoing Revenue	\$7,517,942	\$7,889,057	\$8,744,330
Expenditures	\$6,846,131	\$8,013,770	\$9,092,450
LESS One-time	(153,827)	(379,950)	(519,740)
Total Ongoing Costs	\$6,692,861	\$7,633,820	\$8,572,710
Structural Surplus/(Imbalance)	\$825,637	\$255,237	\$171,620

Other key indicators of the overall general health of the General Fund include:

- Net change in cash position (from beginning to ending balance) of \$1.14 million.
- Ending balance of \$4.8 million, which reflects 54% of General Fund operations.

A more detailed discussion of revenues, expenditures and reserves follows.

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Revenues

Total anticipated revenues for FY 2006-07 amount to \$10.1 million. With a beginning balance of \$3.7 million, this results in total anticipated resources for FY 2006-07 of \$13.9 million. The following table provides a summary of anticipated revenue for FY 2006-07 by revenue type, as well as historical data from FY 2004-05.

General Fund Revenues				
	FY 2004-05 Actual	FY 2005-06 Budget	FY 2005-06 Estimated	FY 2006-07 Recommended
Property Taxes	\$921,158	\$1,000,370	\$1,029,320	\$1,125,810
Local Taxes	1,823,318	1,822,810	1,888,690	1,895,920
Licenses & Permits	507,770	387,180	446,050	618,140
Fines & Forfeitures	180,576	176,500	198,670	185,000
Use of Money & Property	416,522	722,730	862,600	2,122,580
Intergovernmental Revenue	2,146,943	1,669,840	1,904,920	2,118,760
Intragovernmental Revenue	815,714	741,560	822,467	839,160
Charges for Services	1,168,883	1,167,890	1,065,290	1,328,110
Loan Proceeds & Contributions	11,849	1,500	5,160	1,000
Total Revenues & Transfers	\$7,992,732	\$7,690,380	\$8,223,167	\$10,234,480

As indicated:

- Property Taxes are anticipated to increase by nearly 10% over the FY 2005-06 Estimated, and nearly 13% over the FY 2005-06 Adopted budget.
- Local taxes, which include sales tax, property tax in-lieu of sales tax, franchise tax and transient occupancy tax, have been conservatively estimated with a 4% increase over the FY 2005-06 Adopted budget and virtually flat over the FY 2005-06 Estimated.

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- Licenses & Permits are anticipated to increase by nearly 50% over FY 2005-06 Estimated, with Charges for Services to follow suit at nearly 22%. These increases are based, primarily, on conservative forecasts of new residential and commercial development expected to hit in the new fiscal year.
- Intergovernmental Revenue, which includes the Vehicle License Fee (VLF) and Property Tax In-Lieu of VLF, is anticipated to grow by roughly 11% over the FY 2005-06 Estimated and nearly 27% over the FY 2005-06 Adopted.
- The most significant increase is from the Use of Money & Property, which reflects the recent sale of 333 Sunset for \$1.12 million and the annual payment of \$500,000 from the sales of the Twin Sisters property.
- Conservative forecasts of Fines & Forfeitures and Intragovernmental Revenues result in slight reductions (7% and 13% respectively) when compared to the FY 2005-06 Estimated.

Overall, ongoing and one-time revenues are anticipated to increase by nearly \$2.22 million when comparing the proposed FY 2006-07 budget to the FY 2005-06 Estimated. When comparing the proposed budget to the FY 2005-06 Adopted, the increase is more significant at \$2.75 million.

Expenditures

Proposed General Fund operating costs for the FY 2006-07 Annual Budget amount to \$9.09 million. As indicated in the summary table below, this includes:

- \$8.3 million for ongoing operating costs, which include personnel services, services & supplies and interdepartmental charges.
- \$408,500 for one-time, non-recurring costs.
- \$370,000 for operating contingencies.

General Fund Expenditures			
	FY 2004-05 Actual	FY 2005-06 Estimated	FY 2006-07 Recommended
Personnel Services	\$4,963,272	\$5,486,500	\$6,023,050
Services & Supplies	1,650,850	1,766,830	1,941,370
Interdepartmental Charges	78,183	380,490	350,070
Non-Recurring Costs	153,827	256,540	408,470
Contingency Costs			369,490
Total Operating Costs	\$6,846,131	\$7,890,360	\$9,092,450

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When comparing the FY 2006-07 budget to the FY 2005-06 Estimated, the overall increase in operating costs is approximately \$1.2 million. Significant adjustments that are reflected in this increase include:

- Minimal amounts for merit adjustments (\$52,000), PERS (\$69,000), medical (\$8,000) and the increase in the minimum wage (\$13,000).
- Nearly \$350,000 set aside for operating contingencies including such things as unanticipated increases in energy costs, implementation of the class & pay study, and negotiations with POA and SEIU.
- Roughly \$150,000 for one-time items including equipment purchases, temporary staffing tied to temporary workload spikes, special studies, and the like.
- Approximately \$130,000 for significant service enhancements at the departmental level.

Within the C Section of the FY 2006-07 Annual Budget, which presents the departmental operating budgets, major service refinements are identified by department/division. These include both ongoing and one-time requests that are new to the FY 2006-07 budget. The following table summarizes the most significant of these including requests for new positions, equipment, studies and monies to fund enhanced service levels. Most items reflect expenditures against the General Fund, although there are some exceptions (note "*" items).

MAJOR SERVICE REFINEMENTS			
	Description	Net Cost	Responsible Department
New Positions	Police Officers – Two	15,550	Police; elim. Sheriff's contract
	Community Center Coordinator	* 24,970	Parks & Community Services
	Management Analyst	10,240	Public Works (elim. 2 PT pos.)
	Administrative Assistant (PT to FT)	* 26,530	Corporation Yard
New Equipment	Gang Unit Vehicle	5,150	Police
	Anti-Graffiti Camera (2)	10,000	Police
	Command Vehicle	30,000	Fire
	Ballfield Maintenance Vehicle	* 7,500	Parks & Community Svcs.
	Inspection Vehicle	* 18,000	Housing
	Pick-Up Replacements (2)	* 36,000	Public Works
Studies	Housing Element Update	* 35,000	Planning
	General Plan Policy Update	* 15,000	Planning
	Development Impact Fee Update	* 36,000	Public Works

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MAJOR SERVICE REFINEMENTS			
	Description	Net Cost	Responsible Department
Enhanced Service	New Mayor/Council Institute	5,000	City Council
	Organizational Development	15,000	City Manager
	Increased Temp Staffing	5,400	City Manager/City Clerk
	Increased Volunteer Readiness	38,500	Fire
	Increased Temp Staffing (mgmt.)	35,000	Fire
	Emergency Preparedness Program	17,100	Fire
	Preventative Maintenance - Marina	* 27,800	Parks & Community Services
	Increased Plan Check contract	27,000	Building
	Increased Temp Staffing	46,200	Building
	Audio/Technology for Chambers	10,000	Building
	MAD Maintenance Supplement	10,000	Public Works
	Highway 12 Enhanced Pick-Up	20,500	Public Works

NOTE: Items identified with an asterisk (*) are funded fully or partially outside the General Fund.

Reserves

Three components provide the comprehensive picture of the General Fund: revenues & resources, expenditures and reserves. Total reserves of the FY 2006-07 budget consist of \$4.8 million, which is roughly \$1.1 million greater than the FY 2005-06 Estimated.

As a matter of policy, these funds are allocated to three separate categories of contingency/reserve as follows:

- General Contingency: \$1,794,340
 - Stabilization Reserve: 1,255,908
 - Emergency Reserve: 1,794,340
- \$4,844,588

Definitions and related policy parameters of each are contained in the A Section of the FY 2006-07 Annual Budget under "Financial Policies". In summary:

General Contingency: Provides funding to meet operational needs in the event of minor or routine unanticipated increases in expenditures. Use of funds requires City Council approval through the amendment to the Annual Appropriations Resolution (AAR).

Stabilization Reserve: Provides funding to meet operational needs in the event that the City experiences shortfalls in the collection of General Fund revenues or major unanticipated increases in expenditures. Use of funds requires City Council approval through the amendment to the Annual Appropriations Resolution (AAR).

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Emergency Reserve: Provides emergency funding as a result of a declared emergency or to fund the City's response to an unanticipated but urgent event affecting or threatening the public health, safety, and welfare of the City of Suisun City. The goal is to have the Emergency Reserve approximately equal to one year's collection of the City's largest revenue source.

As further outlined in the Financial Policies (A Section), reserves shall be utilized for:

- One-time expenditures that generate ongoing cost savings or cost avoidance.
- One-time expenditures that generate ongoing revenue enhancements.
- One-time expenditures that leverage the expenditure of significant public or private investment in the City by other entities.
- Offsetting shortfalls in the collection of revenues.
- Offsetting unanticipated increases in expenditures for current programs or projects.

The overriding principle guiding the use of reserves is to recognize that these monies are one-time monies and should, for the most part and short of extenuating circumstances, be used for one-time needs.

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REDEVELOPMENT AGENCY

Areas to be addressed include revenues & resources, housing set-aside, expenditures (operating and capital) and reserves for FY 2006-07.

Revenues & Resources

Total anticipated revenues & resources for FY 2006-07 amount to approximately \$37.1 million. With a beginning balance of \$24.9 million, this results in total anticipated resources for the Agency of \$12.4 million *after* distributing \$3.7 million to other Agencies in the form of pass-throughs and \$1 million through interdepartmental transfers. Annual tax increment after pass-throughs to other agencies (excluding Housing Set-Aside funds) amounts to \$10.9 million.

The following table provides a summary of anticipated revenue for FY 2006-07 by revenue type, as well as historical data from FY 2004-05. In comparing the FY 2005-06 Estimated to the FY 2006-07 recommended, it is reflected that certain revenues (property taxes as the most significant) will actually decline, which is not anticipated. However, in the interest of conservatism, the figures presented are those provided to the Agency by the County. At the same time, Total Resources are expected to increase over FY 2005-06 Estimated by 6.1% or nearly \$2.1 million.

REDEVELOPMENT AGENCY REVENUES & RESOURCES			
	FY 2004-05 Actual	FY 2005-06 Estimated	FY 2006-07 Recommended
Beginning Fund Balance:	\$21,047,570	\$23,160,906	\$24,853,946
Property Taxes	\$12,119,564	\$14,721,750	\$14,559,100
Local Taxes	--	--	--
Licenses & Permits	--	--	--
Fines & Forfeitures	2,320	1,900	2,100
Use of Money & Property	1,585,931	1,309,620	2,088,960
Intergovernmental Revenue	(3,661,145)	(4,309,920)	(3,654,390)
Intragovernmental Revenue	(179,834)	(316,480)	(1,172,310)
Charges for Services	63,709	19,280	8,350
Loan Proceeds & Contributions	542,273	379,550	393,950
Subtotal:			
Revenues & Transfers	\$10,427,819	\$11,805,700	\$12,225,760
TOTAL RESOURCES	\$31,520,388	\$34,966,606	\$37,079,706

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Expenditures – Use of Resources

For the Agency, “Use of Resources” includes more than just operating expenditures. Major categories of expense include:

- Operating – Includes personnel services, services & supplies, interdepartmental charges and non-recurring costs.
- Non-Operating – Includes debt service and major capital.
- Reserves – Includes contingency reserve and debt service reserve, the latter of which is not available for use.
- Fund Balance – Includes unallocated Agency funds available for use.

The following table provides a summary of anticipated “Use of Resources” for FY 2006-07 by expense type, as well as historical data from FY 2004-05. These data include Housing Set-Aside funds.

REDEVELOPMENT AGENCY - USE OF RESOURCES			
	FY 2004-05 Actual	FY 2005-06 Estimated	FY 2006-07 Recommended
Personnel Services	\$761,088	\$1,012,900	\$1,161,700
Services & Supplies	709,151	807,280	947,710
Interdepartmental	537,478	506,270	554,340
Non-Recurring	91,285	217,340	205,380
SUBTOTAL OPERATING	\$2,099,003	\$2,543,790	\$2,869,130
Debt Service	\$5,511,461	\$5,913,480	\$5,865,921
Major Capital	749,019	1,655,390	9,512,100
SUBTOTAL NON-OPERATING	\$6,260,480	\$7,568,870	\$15,378,021
Contingency	\$2,227,520	\$2,226,277	\$2,230,320
Debt Service Reserve	5,794,711	\$5,674,325	5,626,488
SUBTOTAL RESERVES	\$8,022,231	\$7,900,603	\$7,856,808
Available Fund Balance	\$15,138,675	\$16,953,344	\$10,975,747
TOTAL USE OF RESOURCES	\$31,520,388	\$34,966,606	\$37,079,706

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Major operating programs and capital projects reflected in these figures include the following:

• Operating Programs:	
Economic Development Administration	\$1,231,470
Asset Management (i.e., library, rail station, etc.)	179,410
Code enforcement	116,600
Events (RDA contribution)	354,860
Marina operations (RDA contribution)	298,370
• Housing Programs:	
Housing Set-Aside	\$309,340
Cottonwood Creek (Bridge Housing)	6,030,000
• Capital Projects:	
ADA compliance	\$40,000
Fire – Portable classroom	3,000
Boardroom – Audio/Visual enhancements	10,000
Downtown blight removal	250,000
Main Street public improvements	26,100
Joint trench (400 block of Main)	270,000
Purchase – Old Crystal School site	2,500,000

Reserves

For FY 2006-07, the Agency's ending fund balance is expected to reach \$18.8 million. This reflects ALL Redevelopment Funds, which include the following Funds:

- Marine Operations
- CDBG Grant
- RDA Debt Service
- 1998 RDA Bond Fund
- 2003A RDA Bond Fund
- Harbor Theater
- RDA Housing Set-Aside (Housing)
- Almond Gardens (Housing).

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For the Agency (minus Housing Set-Aside) and Housing Set-Aside, the following table identifies the expected Ending Balance as of June 30, 2007, required reserves for bond coverage, etc., and available reserves as of June 30, 2007.

SUMMARY OF AVAILABLE CASH BALANCES			
	Ending Balance	Required Reserves	Available Reserves
Agency	\$13,343,674	\$5,837,410	\$7,506,264
Housing Set-Aside	5,488,881	2,019,398	3,469,483
ALL FUNDS	\$18,832,555	\$7,856,808	\$10,975,747

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SECTIONS OF THE BUDGET DOCUMENT

The previous provided an overview of major components of the General Fund and Redevelopment Agency. The detail data supporting these summaries are contained throughout the balance of the FY 2006-07 Annual Budget document, which is organized into ten major sections.

Highlights of what can be found where is presented in the following table:

OVERVIEW OF SECTIONS OF THE BUDGET DOCUMENT		
Section	Section Title	General Content
A	Budget Guidelines	<ul style="list-style-type: none"> • Changes to the budget document format • Strategic initiatives to guide budget development • Financial policies
B	Budget Overview	<ul style="list-style-type: none"> • Executive summary of the FY 2006-07 budget with an emphasis on the GF and RDA • Overview summary of the content of the budget sections
C	Department Operating Budgets	<ul style="list-style-type: none"> • Program and staffing organization chart • Departmental accomplishments • Departmental goals • Department/division work program • Department/division service refinements • Supporting expenditure, staffing and funding data
D	Major Capital Improvement Program	<ul style="list-style-type: none"> • City and RDA major capital projects • Funding summary • Projects by fund • Projects by category
E	Other Activities	<ul style="list-style-type: none"> • Internal Service funded activities • Debt Service activities • Reserves • Contingencies

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OVERVIEW OF SECTIONS OF THE BUDGET DOCUMENT		
Section	Section Title	General Content
F	Cash Position Summaries	<ul style="list-style-type: none"> Resources and Use of Resources summarized for all individual Funds
G	Revenue & Expenditure Detail	<ul style="list-style-type: none"> Revenue line item detail organized by Fund and revenue object Expenditure line item detail organized by Expenditure Object by Department & Division
H	Staffing Detail	<ul style="list-style-type: none"> Staffing history by Department/Division Staffing history by job classification
I	Chart of Accounts	<ul style="list-style-type: none"> Description of the City's accounting & budgeting structure Accounting classification structure Organization of funds Dept/Division/Program codes Revenue accounts Expenditure accounts
J	Budget Resolutions	<ul style="list-style-type: none"> City Annual Appropriation Resolution Agency Annual Appropriation Resolution Housing Authority Annual Appropriation Resolution Gann Limit Resolution Financial Policies Resolution Position Authorization Resolution

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NOTES