



Pedro "Pete" M. Sanchez, Mayor
 Jane Day, Mayor Pro-Tem
 Sam Derting
 Michael J. Hudson
 Michael A. Segala

First and Third Tuesday
 Every Month

CITY OF SUISUN CITY

701 Civic Center Blvd.
 Suisun City, California 94585

Incorporated October 9, 1868

June 17, 2008

Honorable Mayor and Members of the City Council:

It is with great pleasure that we submit the Fiscal Year 2008-09 Annual Budget to you. The FY 2008-09 Budget is operationally a *status quo* budget. Given the current economic conditions facing both the private and public sectors, this is, relatively speaking, a good thing. The Council's conservative fiscal policies have positioned the City well to weather the current economic downturn. Unlike neighboring communities, we are not in a position--at this time--of having to cut positions and service levels, institute hiring freezes or, in the extreme, file for bankruptcy.

On the other hand, this is not to say that we are in a position to provide a full and complete level of service that one might find in another community or that may be desired. It may take longer to resolve a complaint about street lights or litter or graffiti or a pothole – but we are in a position to generally address such issues in a reasonable amount of time. We just have to work within our means.

The challenge that we, as a City, continue to face is this: How to generate an ongoing source of General Fund revenue to pay for core services to a community that has increasing demands and expectations - core services that include police, fire, streets, facility maintenance, graffiti removal, youth services, senior services, and recreation and community services. A challenge that is particularly significant and serious for any community that is a bedroom community like Suisun City.

New business attraction and retention is a critical element to meet this challenge and address both the short- and long-term fiscal health of our community. The budget before you continues the road map that Council has set over the past number of years to achieve just this. And progress is being made. Consider this:

- The Hampton Inn & Suites on the waterfront is under construction and scheduled for a spring 2009 opening. The hotel is projected to generate \$300,000 per year in hotel tax revenue – all of which goes to the General Fund.

DEPARTMENTS: AREA CODE (707)

ADMINISTRATION 421-7300 ■ PLANNING 421-7335 ■ BUILDING 421-7310 ■ FINANCE 421-7320
 FIRE 425-9133 ■ RECREATION & COMMUNITY SERVICES 421-7200 ■ POLICE 421-7373 ■ PUBLIC WORKS 421-7340
 REDEVELOPMENT AGENCY 421-7309 FAX 421-7366

- A major commercial project has been approved for Walters Road and State Route 12, with an expected opening in the winter of 2009-10. Annual sales tax revenues from the Wal-Mart component of the site alone are estimated to be \$500,000 per year. New jobs created are estimated to be 375 – as a minimum.
- Harbor Square, at the corner of Main and Solano, is under construction and scheduled for a November 2008 opening. The facility will provide 37,000 square feet of restaurant, retail and office uses.
- A number of new businesses have opened for business and more are being targeted as part of both Main Street West and other projects in various stages of development.

As these projects, among others, continue forward, we still face the realities of what's happening in the broader economy including a falling housing market and the residual impacts on other development activity. This brings us to the *status quo* nature of this budget cycle and three points that are important to make:

1. The General Fund budget before you is structurally balanced with a slight operating surplus of nearly \$50,000. This means that ongoing revenues are covering ongoing costs and that we are not relying on reserves to address ongoing operational needs (which, by the way, is not an unheard of approach during a limited-duration economic downturn). The structural operating surplus is calculated by subtracting ongoing expenditures from ongoing revenues.
2. The annual payment from the sale of the Twin Sisters property of \$400,000 is proposed to be allocated to the reserves – not ongoing operational expenses as was initially anticipated when this property was sold. Given the longer-term challenge facing the City because of our limited tax base, the sale of the Twin Sisters property was originally planned to be a bridge resource to cover ongoing operational expenditures until new revenue sources were realized from major commercial development in the works (i.e., the Wal-Mart project at Walters Road and Highway 12, the waterfront hotel, Main Street West and Trumark/Gentry, the latter which has been delayed due to the downturn of the housing market.) By placing this money in the reserves, it is available if the economic downturn becomes worse or prolonged or if the state government ends up turning to local governments to help bail it out of its budget crisis. (Note: There are two remaining Twin Sisters payments after FY 2008-09 that the City is due per the sales agreement.)
3. We are able to continue at an aggressive pace on a number of key projects and priorities despite the tight financial times, because of available non-General Fund monies including grants, development mitigations and strong redevelopment and housing set-aside funds.

Building upon the discussions with Council during the budget goal setting session held back in March, and the budget workshop held on May 20, 2008, staff has worked hard to

prepare work programs that will address the Council’s objectives and interests while recognizing current economic conditions. This, we believe, has been done in a fiscally prudent and effective manner.

The Council’s established goals and priorities--which were reaffirmed at the March budget goal setting session--serve as the foundation for this budget, and include:

1. Economic Development – *New business attraction/long-term fiscal health.*
2. Neighborhood Reinvestment – *Streets, residential rehab, related infrastructure.*
3. Public Safety – *Equipment replacement, technology enhancement.*
4. Recreation & Leisure Services – *Youth and building a sense of community.*
5. Strong Dedicated Workforce – *Striving to be competitive.*

As such, the FY 2008-09 budget presented for your review and consideration:

- Anticipates an ongoing General Fund operating surplus of just under \$50,000 after addressing many organizational needs and demands.
- Assumes conservative revenue forecasts given the uncertain nature of the economy. Specifically, in comparison to the FY 2007-08 Estimated budget:
 - Sales taxes are projected to remain virtually flat despite the potential for increased revenue tied to increasing gas prices (a trend that is occurring) statewide and new businesses that have located and/or are planning on locating downtown (i.e., California Sports Marine, Merchant and Main’s new *Suisun City Grill and Bar*, Subway, etc.).
 - Development related fees and permits have been reduced by roughly 8% and Property taxes by 2% recognizing the state of the building industry.
 - Transient Occupancy Taxes (the hotel tax) has gone from zero to \$75,000 to reflect three months of operation of the new waterfront hotel, which is actually targeted to open for four months of this budget year.
 - Intergovernmental revenues, which include the Vehicle License Fee (VLF) and Property Tax In-Lieu of VLF, are anticipated to grow by roughly 2%.
- Anticipates a General Fund reserve of \$2.9 million *AFTER* allocating \$2.4 million from the same for the Harbor Center street expansion project. As indicated earlier, this figure likewise includes the annual \$400,000 payment for the sale of the Twin Sisters property.

- Incorporates an aggressive Capital Improvement Program designed to address a wide variety of needs. New significant projects, as opposed to carry-over activities, include, among others:
 - \$1.2 million street improvement project including initial repairs and prep work at Gadwall Drive (multiple non-GF funding sources).
 - Acquisition of a new fire ladder truck that will ultimately be funded through new development (\$1.3 million – development mitigations).
 - Preparation of Pierce Island for dredging (underway) and physical dredging of the Marina and Whispering Bay, which goes out to bid late summer (\$955,000 from assessments and sewer district contributions).
 - Improvements and upgrades to Geopp Park through grants and park development fees (\$798,000 budgeted with bids expected to come in around \$530,000).
 - Construction of two major bikeway projects (\$4.1 million in grants).
 - Widening of Petersen Road in conjunction with the County and coordinated through STA (City share \$530,000 from impact fees).
 - Installation of emergency generator (\$250,000 from facility impact fees).
 - Maintenance of storm channels (\$85,000) and, through Storm Drainage Master Plan (\$75,000), identification and construction, if possible, of short- and long-term solution to drainage issues along Railroad Avenue near Worley Road.
 - Renovation of the Lawler House, Phase I (\$75,000 from RDA).
 - Enhanced parking along Solano and Kellogg Streets through stripping of one-way streets and diagonal parking (\$15,000 from RDA).
 - Upgrades to Senior Center drainage infrastructure (\$45,000 park facility development funds).
 - Vandal-proof renovations of restrooms at the North Basin (\$50,000 from RDA).
- Anticipates a continued strong and viable Redevelopment Agency that, with all nine RDA Funds combined, includes:
 - Beginning balance of nearly \$10.1 million and another \$18.5 million in resources after distributing \$5.3 million to other agencies in the form of pass-throughs.
 - Annual tax increment after pass-throughs to other agencies (excluding Housing Set-Aside funds) amounts to \$11.5 million.
 - Operating budget of \$2.7 million, debt service of \$5.8 million, major capital of \$11.3 million and \$8.3 million ending balance.

- Housing set-aside beginning balance of \$8.6 million and another \$3.7 million in new resources, of which \$3.4 million represents the annual 20% tax increment contribution and \$300,000 the use of money & property.
- Housing set-aside operating budget of \$9.1 million, which includes distribution of \$8.7 million to the housing capital projects fund and an ending balance of \$3.2 million.

Program initiatives to achieve the Council’s stated goals and priorities, which for the most part are continued from the current fiscal year, reflect primarily one-time monies from the General Fund, RDA or other special purpose funds and grants. Highlights of the more significant of these project and programs are organized by Department, with those funded outside the General Fund marked by a double asterisk (**).

<u>Department</u>	<u>Project/Program Activity</u>	<u>Amount</u>
City Manager	No proposed changes	\$0
Administrative Services	Property tax audit services	\$12,000
Police	Tactical Team – training and deployment	\$20,000
Fire	New Ladder truck **	\$1.1 M (CIP)
	Replace 1983 Command vehicle **	\$61,000 (CIP)
	Computer upgrades	\$10,000
	EOC laptops	\$9,000
Building	Replace servers	\$20,000
	Replace custodial vehicle **	\$17,100 (CIP)
	Continue Temp Clerical	\$37,500
	Continue Temp Custodial	\$30,000
Community Development	No proposed changes	\$0
Public Works	Motorized rollup doors **	\$10,000 (CIP)
Recreation & Community Svcs.	Continue weekend special events **	\$50,000
	Continue after school at Dan O. Root	\$40,000
	Continue Quality of Life grants	\$ 5,000
	Enhanced Christmas events **	\$15,000
Economic Development	Neighborhood Revitalization Program **	\$50,000
	Commercial Façade Imp. Program **	\$50,000
	Regional marketing campaign **	\$100,000
	Waterfront District destination signage **	\$50,000
	Bank participation loan program **	\$300,000
Housing	First-time homebuyer program **	\$4.4 M
	Continental Apt. rehabilitation **	\$3.6 M

For more detailed and expanded information on what's been presented in this budget message, key sections of the budget document to consider spending more time with include:

- **Section B – Budget Overview**, which provides an Executive Summary of the FY 2008-09 Annual Budget with an emphasis on the General Fund and Redevelopment Agency. A comprehensive summary of revenue and expenditure trends is presented, as well as a summary of major service refinements to the departmental operating budgets. This section ends with an outline of all ten sections of the budget document and what's contained in each.
- **Section C - Department Operating Budgets**, which includes program and staffing organization charts; departmental accomplishments, goals, work programs and service refinements; and supporting expenditure, staffing and funding data.
- **Section D – Major Capital Improvement Program**, which includes a listing of major capital improvement projects for both the City and Agency; the same listing of projects cross sorted by funding source and project category; and a more detailed description and timing schedule for each individual project.

With the focus on next year and so many programs and projects that are happening because of the effort made over the past several years, it would be remiss to overlook the significant accomplishments of the past year. Highlights include:

- Harbor Square (and the courtyard plaza) is under construction and on schedule for a November 2008 opening.
- The waterfront hotel is under construction with a spring 2009 targeted opening date.
- A major commercial project has been approved for Walters Road and State Route 12 (the EIR and supporting documents exceeded 1,600 pages!).
- 71 street segments were refurbished through the FY 2007-08 street maintenance program, and up to 34 more of our worst streets will be under construction and repair this summer with the \$1.2 million cobbled together in the FY 2008-09 budget.
- Overlay work was completed at Chipman Lane this past year, and similar efforts will be initiated to address Gadwall Drive issues in the upcoming street maintenance program.
- Safety improvements were initiated and work continues at Sunset and Railroad Avenues – a joint \$3.8 million project with the City of Fairfield.

- Traffic circulation enhancements were initiated downtown by punching Harbor Center through as a public street between Lotz Way and Driftwood Drive, along with streetscape improvements on both sides of Lotz Way and Driftwood Drive.
- New street signs have been replaced throughout the City to enhance visibility for public safety response.
- The inaugural year of our neighborhood reinvestment program turned out to be a smashing success – nearly all of the \$100,000 in matching grant money allocated to this program has been used with close to the same amount of money invested from the private sector.
- First-time home buyer programs have been designed and approved by Council and the Agency Board to partner with the private sector in addressing the negative impacts of the high foreclosure rates California and our region is experiencing, while working to build velocity in the movement of new, smaller home designs in the downtown area – the former a direct result of our Foreclosure Task Force.
- Community events now fill virtually every weekend from Memorial Day through Labor Day.
- A highly successful after-school program was initiated at Dan O. Root II elementary school.
- The new Library has its grand opening scheduled for the last week in June – a project that has been in the works for well into a decade.
- A number of new businesses have opened for business and more are being targeted as part of both Main Street West and other developments in various stages of progress.
- BRIDGE is processing applications for new tenants at Cottonwood Creek – its newest project - which should have families moving in before the fiscal year is up.
- Through the implementation of three-year contracts with both the SCPOA and SCEA, we are moving closer to our policy objective of 90% of the market for nearly two-thirds of our workforce.

This brief summation of the accomplishments of the past year barely does justice to the efforts of our Team. I encourage you to all delve into the individual departmental budgets (**Section C**), where staff has identified departmental accomplishments and goals, as well as the specific departmental/division work programs for the coming year.

In closing, special thanks to Ron Anderson, Assistant City Manager/Administrative Services Director, and Mark Joseph, Financial Services Manager, for taking the lead on pulling this year's budget together. Other staff members that warrant special thanks and appreciation include Elizabeth Luna, Alysa Majer, Donna Pock, and Anita Alvarez.

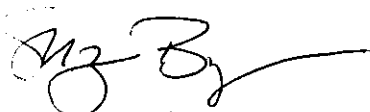
Alysa Majer especially stepped up to the plate this year, moving us closer and closer to a more formalized and longer-term capital improvement program. Not only has she provided us all with a more comprehensive listing of capital project all in one place, but she has cross referenced these projects by type of project and funding sources. She likewise served as a tremendous resource to both Ron and me as arcane questions arose as the budget document started to come together – as we all go through the exercise of trying to ask ourselves the questions we think you might ask as you review this document.

Although not obvious to the reader of this huge document, Mark Joseph is skillfully moving us closer and closer to a more fully automated budget system. A major step made this budget cycle is the automatic-manual link between MOMs (our accounting software program) and the budget data base. The fact that last minute adjustments were being made to the numbers just days before production, illustrates the value of automated and linked programs (something we have not had the luxury of in the past!) Mark has made tremendous progress this year. We likewise went through a lot of “clean-up” by refining and streamlining our Chart of Accounts (which are outlined and defined in **Section I** of the budget document.)

I also want to thank our Management Team Members and their staffs. I've said it for each of the last three budgets that I've been involved with since I came to the City in 2005 and I'll say it again: Given the financial constraints that we work under, we all understand that we still have a significant distance to travel before we are able to provide the highest level of service that we know we are capable of providing. But regardless, it is refreshing to work with a team that understands the big picture and is willing to be patient in addressing pent-up demands and needs until the City's financial position stabilizes and solidifies. Once again, “Staff gets it.” I continue to be personally honored to be a part of this organization.

We look forward to your review and consideration of this budget.

Respectfully submitted,



Suzanne Bragdon
City Manager

CITY OF SUISUN CITY FY 2008-09 ANNUAL BUDGET

CITY COUNCIL

Pedro “Pete” M. Sanchez, Mayor

Jane A. Day, Mayor Pro Tempore

Sam Derting, Councilmember

Mike Hudson, Councilmember

Michael A. Segala, Councilmember

CITY MANAGER

Suzanne Bragdon

ELECTED OFFICERS

Linda Hobson, City Clerk

Jeanie McMurry, Treasurer

MANAGEMENT TEAM

Ronald C. Anderson, Jr., Assistant City Manager

Ed Dadisho, Police Chief

Mike O’Brien, Fire Chief

Dan Kasperson, Chief Building Official

Heather McCollister, Community Development Director

Fernando Bravo, Public Works Director

Mick Jessop, Recreation & Community Services Director

Jason Garben, Economic Development Director

Mark Joseph, Financial Services Manager

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