CITY OF MARTINEZ **CITY COUNCIL AGENDA**
February 6, 2013

TO: Mayor and City Council

FROM: Philip Vince, City Manager

SUBJECT: Amending the Fiscal Year 2012-13 Budget and Approving the Recommended Mid-Year Budget Adjustments

DATE: January 30, 2013

RECOMMENDATION:

Adopt a Resolution amending the Fiscal Year 2012-13 Budget and approving the recommended Mid-Year Budget Adjustments.

BACKGROUND:

The City's Operating Budget is developed on a biennial basis and adopted by the City Council. The City Council approves any additional appropriations from fund balance and any adjustments to the adopted biennial budget in excess of 1%. Per the budget document, these budget adjustments are presented to the City Council mid-year. All budgetary procedures conform to State regulations and Generally Accepted Accounting Principles (GAAP).

The City Council approved Resolution 070-11 adopting the 2011-13 Biennial Budget on June 15, 2011. The City Council subsequently approved Resolution 093-12 amending the 2012-13 Budget on June 27, 2012. Staff has completed a review of the first six months of the 2012-13 budget year, encompassing the General Fund, Special Revenue Funds, Internal Services Funds and Enterprise Funds. Staff presented and discussed the proposed mid-year budget adjustments with the Budget Subcommittee on January 29, 2012, who recommended forwarding to the full Council for approval.

General Fund
The City began Fiscal Year 2012-13 with a balanced operating budget, with revenues equal to expenditures. On November 14, 2012, Council approved allocating $85,000 of unassigned fund balance to establish a non-profit economic development corporation. In reviewing year-to-date General Fund activity and projections, staff recommends minor amendments to both revenue and expenditures totaling $135,000. These amendments include the following:

Revenue Adjustments

License, permits & fees: *Totaling $45,000*

- Increase building permits for the revenue received on the Berrellesa Palms/RCD project. $45,000

Charges for Services: *Totaling $125,000*

- Increase inspection fees for the Arnold Drive retail center with the following tenants: Dollar Tree, Verizon & Starbucks. $20,000
- Increase day care fees. $40,000
- Increase swimming pool fees. $65,000

Other Revenue: *Totaling ($35,000)*

- Increase for a larger than expected workers compensation rebate. $14,314
- Decrease for the Marina Fund's inability to make its loan repayment to the General Fund. ($49,311)

These adjustments total an increase of $135,000 to revenue, shown below in Table 1 under the proposed budget revisions column, along with year-to-date revenues for the first half of Fiscal Year 2012-13.

	Mid-year 12/31/12	2012-13 Adopted Budget	Proposed Budget Revisions	2012-13 Revised Budget
REVENUE				
Taxes	$ 5,916,256	$ 16,207,348		$ 16,207,348
Licenses, Permits & Fees	413,434	473,765	45,000	518,765
Fines & Forfeitures	96,627	315,729		315,729
Intergovernmental	203,634	475,036		475,036
Charges for Services	373,815	567,881	125,000	692,881
Use of Money & Property	29,769	124,736		124,736
Other Revenue	196,283	346,811	(35,000)	311,811
Transfers In		262,988		262,988
TOTAL	**$ 7,229,818**	**$ 18,774,294**	**$ 135,000**	**$ 18,909,294**

The General Fund's largest revenue source, property tax, was budgeted to remain essentially flat from the previous two year budget cycle. Unfortunately, continued assessed valuation reductions resulted in a decline in the City's assessed valuation since the budget was approved in June 2011. The City's property tax consultant recommended lowering the budget by $220,000; however, with the recent Supreme Court decision on the county's overcharging cities for administrative fees, the City received back payment of $215,783 for administrative charges which offset the loss of property tax revenue. Other tax revenue sources are performing as expected.

Expenditure Adjustments

Public Works: *Totaling $34,400*

- Increase in expenditures due to staff working on projects that are not eligible for job costing. $30,000
- Increase for the carpet repairs at City Hall. $4,400

Community Development: *Totaling $100,600*

- Increase swimming pool expenses to cover the additional costs associated with increased staffing and higher utilities. $45,000
- Increase day care expenses, to cover the costs of payment to the day care provider. The current agreement stipulates the provider is paid 70% of revenue received. $28,000
- Increase for the costs associated with the Pacheco annexation. $20,000
- Increase for additional rental costs and utility costs at 636 Ward (Campbell Theater) due to the departure of the Willows Theater Company. $7,600 This amount is in addition to the $48,000 the City pays annually per the lease agreement to rent 636 Ward.

These adjustments total an increase of $135,000 to expenditures, shown below in Table 2 under proposed budget revisions, along with actual expenditures for the first half of Fiscal Year 2012-13.

	Mid-year 12/31/12	2012-13 Adopted Budget	Proposed Budget Revisions	2012-13 Revised Budget
EXPENDITURES				
General Government	$ 575,660	$ 1,206,182		$ 1,206,182
Non-Departmental	456,935	1,106,703		1,106,703
Admin Services	376,222	757,176		757,176
Public Works	1,840,124	3,539,976	34,400	3,574,376
Police	4,970,365	9,920,930		9,920,930
Community Development	1,081,488	2,093,909	100,600	2,194,509
One-time Expenditures	0	262,988		262,988
TOTAL	**$ 9,300,794**	**$ 18,887,864**	**$ 135,000**	**$ 19,022,864**

As stated in the budget document, the City will exercise prudent fiscal management by maintaining an adequate fund balance to protect the City in times of economic uncertainty or unforeseen circumstances. The General Fund unassigned fund balance is estimated to be approximately $3,950,823 at June 30, 2013.

FISCAL IMPACT:

There is no fiscal impact to the General Fund.

ACTION:

Adopt resolution authorizing mid-year budget adjustments for Fiscal Year 2012-13.

Attachment: Resolution

APPROVED BY:

City Manager

RESOLUTION NO. -13

APPROVING THE GENERAL FUND MID-YEAR ADJUSTMENTS TO THE ADOPTED BIENNIAL BUDGET FOR THE 2012-2013 FISCAL YEAR

WHEREAS, in June 2011, the City Council adopted the Biennial Budget for the City of Martinez for Fiscal Years 2011-12 and 2012-13; and

WHEREAS, in June 2012, the City Council amended the Fiscal Year 2012-13 Budget to update certain general fund and gas tax fund revenue projections and expenditures; and

WHEREAS, at mid-year, it is necessary to amend the budget to update certain general fund revenue projections and expenditures; and

WHEREAS, those changes to the 2012-13 Fiscal Year Budget have been described, including their fiscal impact, in the attached staff report; and

WHEREAS, staff met with the Budget Subcommittee on January 29, 2013, who recommended forwarding the budget changes to the 2012-13 Fiscal Year to the full City Council; and

WHEREAS, as stated in the budget document, the City will exercise prudent fiscal management by maintaining an adequate fund balance to protect the City in times of economic uncertainty or unforeseen circumstances.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Martinez adopts the revisions to the 2012-13 Fiscal Year Budget as provided for in the attached staff report.

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I HEREBY CERTIFY that the foregoing is a true and correct copy of a resolution duly adopted by the City Council of the City of Martinez at a Regular Meeting of said Council held on the 6th day of February, 2013 by the following vote:

AYES:

NOES:

ABSENT:

RICHARD G. HERNANDEZ, CITY CLERK
CITY OF MARTINEZ