

City of Salinas
Operating and CIP
Budgets
May 22, 2007

Introduction

The two budget documents before you are:

- **The Recommended 2007-08 and 2008-09 Operating Budget for the City of Salinas and Salinas Redevelopment Agency**
- **The Recommended Capital Improvement Program 2006-07 through 2011-12 for the City of Salinas and Salinas Redevelopment Agency**

The Capital Improvement Program (CIP) is updated annually with major revisions occurring every two-years.

Major revisions to the CIP occurred in 2006-07. The CIP has been updated for 2007-08 through 2011-12.

CIP budget appropriations for 2006-07 were approved by Council on July 11, 2006 and modified by Council on February 13, 2007 as part of the 2006-07 mid-year budget review.

Budget Adoption

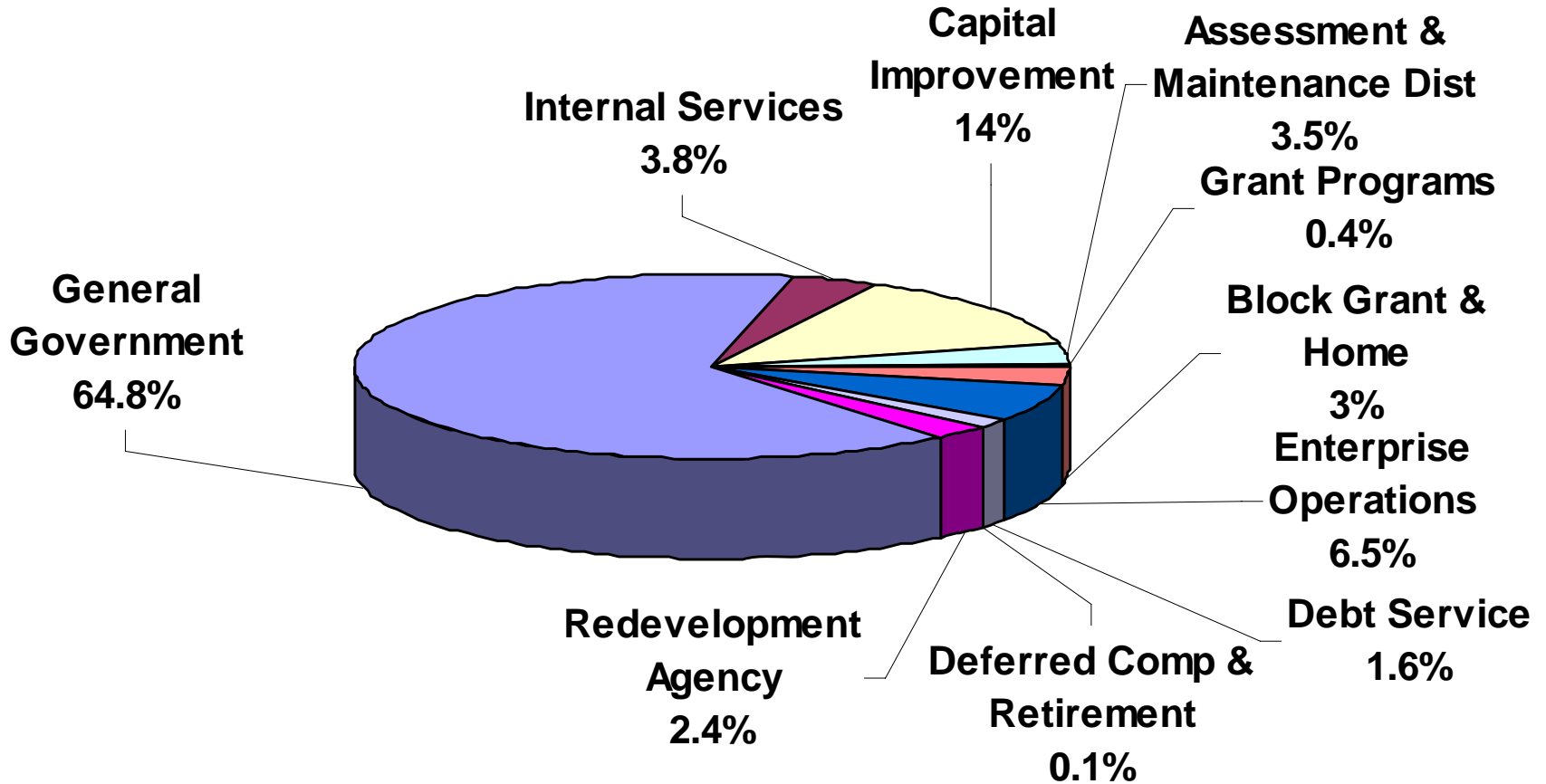
- **This afternoon Council is asked to approve one-year appropriations- the 2007-08 Operating and Capital Improvement Budgets for the City of Salinas and Redevelopment Agency.**
- **The 2008-09 Operating Budget is balanced to resources and is presented for planning purposes.**
- **The 2008-09 Capital Improvement Program is balance to resources and is presented for planning purposes.**
- **The 2009-10 through 2011-12 CIP represents a list of community needs without any guaranteed source of funding.**

FY 2007-08 Summary Budget Resolution-All Funds

Description	2007-08 Budget Appropriation
General Government	\$ 88,110,800
Internal Services	5,132,000
Enterprise Operations	8,871,500
Assessment and Maintenance Districts	4,815,500
Block Grants and Home Program	4,451,500
Grant Programs	580,800
Deferred Compensation and Retirement	97,800
Debt Service	2,164,600
Redevelopment Agency	3,253,000
Capital Improvement Projects	18,455,900
Total 2007-08 Budget Appropriation	\$ <u><u>135,933,400</u></u>

***This afternoon Council is asked to approve one-year appropriations:
the 2007-08 Recommended Operating and Capital Improvement Budgets
for the City of Salinas and Redevelopment Agency.***

FY 2007-08 BUDGET APPROPRIATION-\$135,933,400



Development of the FY 2007-08 and 2008-09

General Fund and Measure V Budgets

- **Essential services were restored in 2006-07 after a six-month process involving the community, the Measure V Committee, City Commissions, City Staff and the City Council. The 2006-07 operating budgets are carried forward to 2007-08 and 2008-09.**
- **The recommended budget includes a limited number of new initiatives approved by Council during the 2006-07 mid-year budget review as well as other small investments geared specifically to implementing Council goals.**
- **Other budget assumptions include:**
 - Monterey County Charges**
 - Retirement Program Costs**
 - Health Program Costs**
 - State Budget Impacts and Proposition 1A**
 - Labor Contracts**
 - Measure V Committee Recommendations**

Restoration to 100% of Essential Services FY 2006-07

- **During February 2006 the Measure V Committee held six (6) community meetings and one COPA sponsored meeting and received community input as to restoration of City Services.**

- **During March 2006 the City Council and Measure V Committee held joint study sessions and received presentations from City staff as to resources needed to provide basic services to Salinas residents.**

- **Staff presentations included:**
 - **reductions in services required in the last three years**
 - **a review of current staffing, programs and services**
 - **staffing comparisons with comparable jurisdictions**
 - **recommendations for minimum direct service and program restorations or "Essential Services"**
 - **comments on ideal levels of services and programs or "Preferred Services".**

Restorations to 100% of Essential Services FY 2006-07

On May 2, 2006, the Measure V Committee unanimously recommended and the City Council unanimously approved the following allocation of Measure V funds:

	<u>Measure V Allocation</u>	<u>Percent Essential Services Funded</u>
Administration	\$ 295,000	68.27%
Development & Engineering		
Code Enforcement/Eng/Planning	257,500	71.90%
Street & Sidewalk Maintenance	337,500	50.00%
Finance	185,600	64.23%
Fire	332,500	97.56%
Legal	181,900	95.69%
Library	3,600,000	104.22%
Maintenance	834,100	71.41%
Non-Departmental	-	0.00%
Parks/Recreation	1,145,900	100.00%
Police	2,830,000	100.00%
Total	<u><u>\$ 10,000,000</u></u>	

Restorations to 100% of Essential Services FY 2006-07

Recommended additions to the General Fund Operating Budget

	Measure V Allocation	Additions General Fund	Total Essential Services Funded	Percent Essential Services Funded
Administration	\$ 295,000	\$ 127,000	\$ 422,000	97.66%
Development & Engineering			0	
Code Enforcement/Eng/Planning	257,500	168,750	426,250	120.00%
Street & Sidewalk Maintenance	337,500		337,500	50.00%
Finance	185,600	88,500	274,100	94.86%
Fire	332,500		332,500	97.56%
Legal	181,900		181,900	95.69%
Library	3,600,000		3,600,000	104.22%
Maintenance	834,100	317,350	1,151,450	98.58%
Non-Departmental	0	243,000	243,000	NA
Parks/Recreation	1,145,900	54,000	1,199,900	104.71%
Police	2,830,000		2,830,000	100.00%
Total	\$ 10,000,000	\$ 998,600	\$ 10,998,600	

Recommended additions to the General Fund Budget brings all departments to nearly 100% of "Essential Services" with the exception of Street & Sidewalk Maintenance and Non Departmental.

Additions to General Fund Budget Approved at

FY 2006-07 Mid-year

<u>Number</u>	<u>Description</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>
1513	Community Safety Program	\$ (50,000)	\$ (250,000)	\$ (250,000)
1514 *	Economic Development	(250,000)	(250,000)	(250,000)
3590	Non Departmental			
	Operating Contingency	(50,000)	(50,000)	(50,000)
	Capital Contingency	(100,000)	(100,000)	(100,000)
	Monterey County Visitors and Convention Bureau	(44,300)	(48,500)	(50,500)
4050	Police Reserves	(106,300)	(113,600)	(118,900)
4580	Firefighter Reserves	(130,100)	(130,100)	(60,800)
	Subtotal	<u>\$ (730,700)</u>	<u>\$ (942,200)</u>	<u>\$ (880,200)</u>

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* ***Economic Development is a three-year initiative.***

Additions to General Fund Budget Approved at FY 2006-07 Mid-year

<u>Number</u>	<u>Description</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>
	Subtotal from previous page	\$ (730,700)	\$ (942,200)	\$ (880,200)
4520	Emergency Medical Services			
	Increase Paramedics from 21 to 27	(42,000)	(100,500)	(104,900)
	Reduce Westmed contract	(98,750)	(197,500)	(197,500)
	Monterey County CSA-74 Funding		(100,000)	(100,000)
5355	NPDES Compliance			
	Environmental Compliance Inspector	(40,000)	(86,900)	(86,900)
	Total General Fund Budget Additions	<u>\$ (911,450)</u>	<u>\$ (1,427,100)</u>	<u>\$ (1,369,500)</u>

New General Fund Budget Additions for FY 2007-08

<u>Number</u>	<u>Description</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>
5145	Fairways Golf Course			
	Savings Contract Maintenance	\$	\$ 180,000	\$ 200,000
9586	Fairways Capital Improvements		(30,000)	(30,000)
5330	Facilities Maintenance			
	Eliminated Vacant Community Facilities Worker		84,500	85,100
	Increased Contract Maintenance		(80,700)	(80,700)
5353	Street Lights & Traffic Signal Maintenance			
	Eliminated Vacant Traffic Signal Technician		71,500	71,500
	Increased Contract Maintenance		(180,000)	(180,000)
5380	Park Maintenance			
	Increased Contract Mowing		(100,000)	(100,000)
5385	Urban Forestry			
	Increased Contract Tree Trimming		(50,000)	(50,000)
3590	Non Departmental			
	GASB 45 Pre-fund Post Employment Health		(250,000)	(250,000)
	Total New General Fund Budget Additions	\$ 0	\$ (354,700)	\$ (334,100)

Monterey County Charges

	<u>2002-03 Actual</u>	<u>2006-07 Actual</u>	<u>2007-08 County Estimate</u>		<u>2008-09 Estimate</u>	
911 Communication System						
City Share of 911 Costs	\$ 1,616,267	\$ 2,266,414	\$ 2,610,100	15.2%	\$ 2,870,000	10.0%
* City Prop 172 Allocation	<u>(1,120,784)</u>	<u>(583,487)</u>	<u>(601,100)</u>		<u>(570,000)</u>	
City Net Cost	<u>\$ 495,483</u>	<u>\$ 1,682,927</u>	<u>\$ 2,009,000</u>		<u>\$ 2,300,000</u>	
Increase		<u>\$ 1,187,444</u>	<u>\$ 326,073</u>		<u>\$ 291,000</u>	

** Proposition 172-voter approved one-half cent sales tax for public safety purposes.*

The City's allocation of Prop 172 was reduced 50% in 2004-05.

Discussion within the Board of Supervisors Budget Committee have included a further reduction to the City's Prop 172 allocation for 2007-08.

Monterey County Charges

	<u>2005-06</u> <u>Actual</u>	<u>2006-07</u> <u>Estimate</u>	<u>2007-08</u> <u>Estimate</u>	<u>2008-09</u> <u>Estimate</u>
Booking Fees				
* State Booking Fee Reimbursement	\$	\$ 427,800	\$	\$
County Booking Fee Charge	<u>(427,788)</u>	<u>(525,000)</u>	<u>(100,000)</u>	<u>(100,000)</u>
City Net Cost	<u><u>\$ (427,788)</u></u>	<u><u>\$ (97,200)</u></u>	<u><u>\$ (100,000)</u></u>	<u><u>\$ (100,000)</u></u>

* *State eliminated booking fee reimbursement in 2005-06 and reinstated the reimbursement in 2006-07.*

In 2007-08 Counties will receive the booking fee reimbursement and are limited to charging booking fees for low level offenses in excess of the City's prior three year average.

Monterey County Charges

	<u>2005-06</u> <u>Actual</u>	<u>2006-07</u> <u>Actual</u>		<u>2007-08</u> <u>Estimate</u>	<u>2008-09</u> <u>Estimate</u>
Property Tax Collection Fees	\$ (114,250)	\$ (243,300)	113.0%	\$ (250,000)	\$ (260,000)

The County of Monterey charges the City a property tax administrative fee as allowed by State law. Because the City now receives property tax instead of a portion of the City's Sales tax and vehicle licenses fees, the County can assess the administration fee on these funds, and the County has chosen to do so effective 2006-07.

Summary of On-going Expenditures

Added to General Fund Budget

Added in 2006-07

To Bring Essential Services to 100%	\$	998,600
Programs added at mid-year		1,427,100

New for 2007-08

New Initiatives 354,700

Monterey County Increases

911 Communications \$ 326,073

Property Tax Administration 129,050 455,123

Increased On-going General Fund Expenditures \$ 3,235,523

Percent Increase 4.5%

CalPERS Retirement Program Rates

	<u>Actual 2006-07</u>	<u>PERS Estimate 2007-08</u>	<u>Estimate 2008-09</u>	<u>Employee Contribution</u>
• CalPERS				
Police	26.812%	26.700%	26.30%	9.0%
Fire	33.847%	34.579%	34.70%	9.0%
Non-Public Safety	10.694%	10.834%	10.70%	7.0%

In order to stabilize employer contribution rates, in April 2005, the CalPERS board adopted a new rate stabilization policy and will now spread investment gains and losses over 15 years rather than 3 years.

CalPERS Health Program Costs Increases

Calendar Year	2003	Actual	19%
Calendar Year	2004	Actual	18%
Calendar Year	2005	Actual	10%
Calendar Year	2006	Actual	9.5%
Calendar Year	2007	Actual	12.5%
Calendar Year	2008	Estimate	10%
Calendar Year	2009	Estimate	10%

State Budget Impacts and Proposition 1A

- **Proposition 1A was approved by California voters in November 2004 and protects local government revenue from State "takes".**
- **Proposition 1A protects the City's three largest revenue sources; (1)Sales Tax; (2)Property Tax including Property Tax In-lieu of Vehicle License Fees; and (3) Vehicle License Fees.**
- **State legislature, upon a two-thirds vote, can "borrow" from local government revenue twice during a 10-year period.**
- **Proposition 1A does not restore State "takes" that began in the early 1990s, which total \$3.7 million annually.**
- **The City's operation budget assumes no new State "takes" in the next two years.**

Labor Contracts

- **Police Management (PMA) and Police Officer (SPOA) employment agreements are negotiated through December 31, 2009.**

Negotiated salary adjustments for PMA and SPOA are included in the 2007-08 and 2008-09 budgets.

- **Fire Supervisors Association (FSA) and International Association of Firefighters (IAFF) employment agreements expire June 30, 2007.**
- **Employment agreements with all civilian bargaining units and associations expire December 31, 2007.**
- **Salary adjustments for FSA, IAFF and other civilian bargaining units and associations are NOT included in the 2007-08 and 2008-09 budgets.**

Measure V Committee Recommendation

At its April 16, 2007 meeting, the Measure V Committee approved the continuation of the original \$10.0 million budget allocation for 2007-08 with two exceptions:

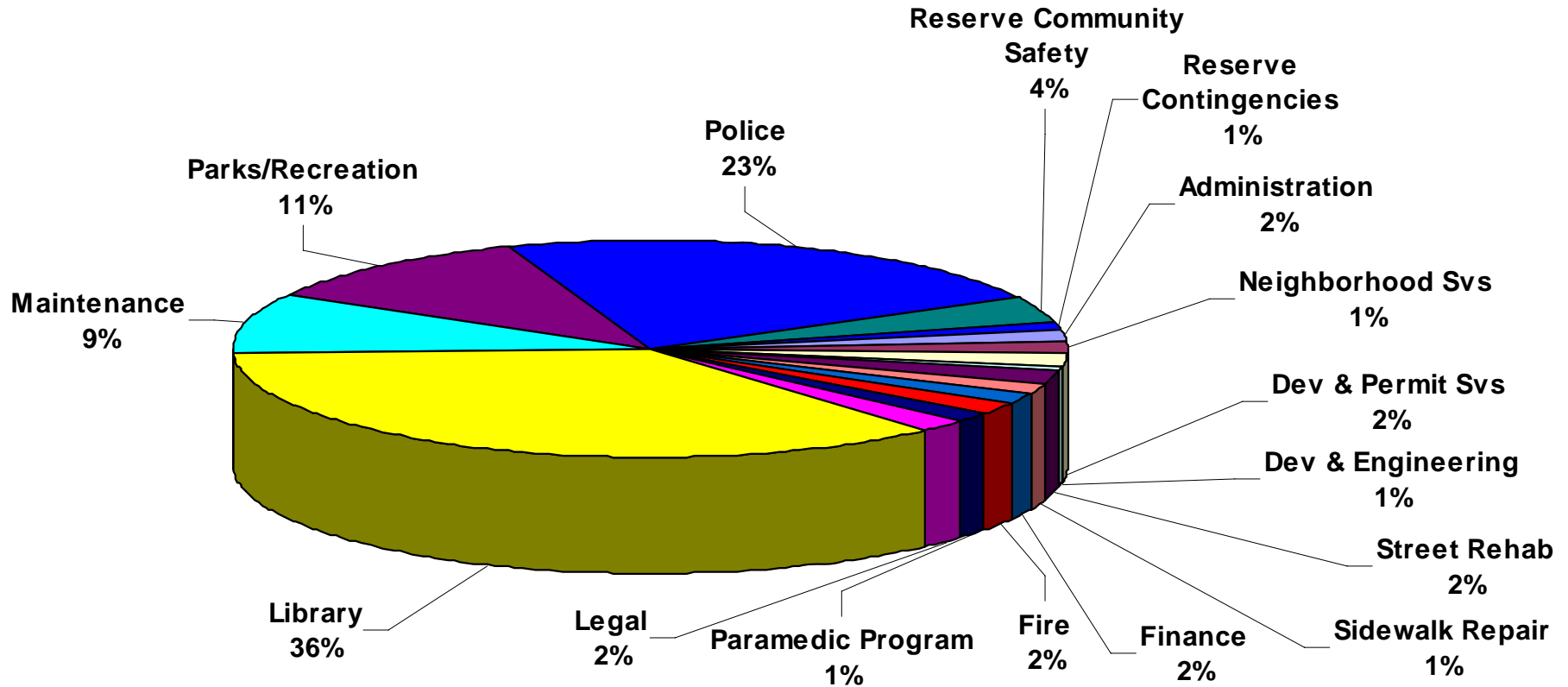
- **Recommending the elimination of five police officer positions and to set-aside \$400,000 for a Community Safety Initiative with an appropriation recommendation pending a presentation of the specifics of the new program,**
and
- **Recommending the addition of a Librarian II for Children's services.**

Measure V Operating Budget By Department

	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>
Administration	\$ 155,800	\$ 183,100	\$ 184,800
Neighborhood Services	139,200	151,300	151,800
Development & Permit Services	181,100	200,000	211,900
Development & Engineering	76,400	89,400	96,600
Finance	185,600	192,300	200,000
Fire	185,000	191,900	189,100
Paramedic Program	147,500	147,500	147,500
Legal	181,900	198,000	209,300
Library	3,600,000	3,693,200	3,814,300
Maintenance	834,100	920,800	922,300
Street Rehabilitation	212,500	212,500	212,500
Sidewalk Repair	125,000	125,000	125,000
Parks/Recreation	1,145,900	1,146,400	1,166,700
Police	<u>2,830,000</u>	<u>2,335,400</u>	<u>2,439,000</u>
Total Measure V Budget	10,000,000	9,786,800	10,070,800
Reserved for:			
Community Safety Initiative		400,000	400,000
Contingencies		113,200	129,200
Total	<u>\$ 10,000,000</u>	<u>\$ 10,300,000</u>	<u>\$ 10,600,000</u>
Percent Increase		3.0%	3.0%

FY 2007-08 MEASURE V BUDGET BY DEPARTMENT

\$10,300,000



General Fund and Measure V Operating Budget By Department

	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>
City Council	\$ 216,900	\$ 219,600	\$ 228,000
Block Grant Services	196,900	212,086	214,700
Administration	1,504,100	1,487,900	1,497,200
Community Safety	50,000	248,400	248,400
Measure V Set-aside		513,200	529,200
Neighborhood Services	231,200	243,300	243,900
Development & Permit Services	3,228,300	3,433,100	3,511,500
Development & Engineering	2,397,400	2,396,400	2,510,400
Finance	3,497,100	3,704,200	3,769,800
Fire	13,905,500	14,404,000	14,566,900
Legal	778,400	789,800	814,000
Library	3,600,000	3,693,200	3,814,300
Maintenance	9,005,500	10,239,010	10,286,300
Non-Departmental	4,212,800	5,109,200	5,277,200
Parks/Recreation	3,700,600	3,691,304	3,721,500
Police	35,030,400	36,942,200	39,688,200
Total	<u>\$ 81,555,100</u>	<u>\$ 87,326,900</u>	<u>\$ 90,921,500</u>
Percent Increase		7.1%	4.1%

FY 2006-07 operating budgets are carried forward to FY 2007-08 and FY 2008-09.

General Fund Non-Departmental Budget

<u>Description</u>	<u>2007-08</u>
Annual Leave Buyback Program	\$ 1,300,000
Insurances	1,452,100
Operating Contingency	150,000
Capital Contingency	250,000
Telephone System	298,000
GASB 45 Pre-fund Post Employment Health	250,000
Legislative Advocacy	150,000
Retiree Health & Administration	136,500
LAFCO Dues	100,000
Community Programs	91,200
65 West Alisal Building	88,200
Training	75,000
Property Tax	63,500
National League of Cities	50,000
League of California Cities	50,000
Audit Services	50,000
Refunds & Reimbursements	50,000
Monterey County Visitors & Convention Bureau	49,500
City Newsletter	45,000
Monterey Unified Air District	36,000
Building Rent	35,000
AMBAG Dues	29,000
FORA Dues	17,000
Monterey County Cities Association	3,000
Other Legal & Professional Services	290,200
	<u>\$ 5,109,200</u>

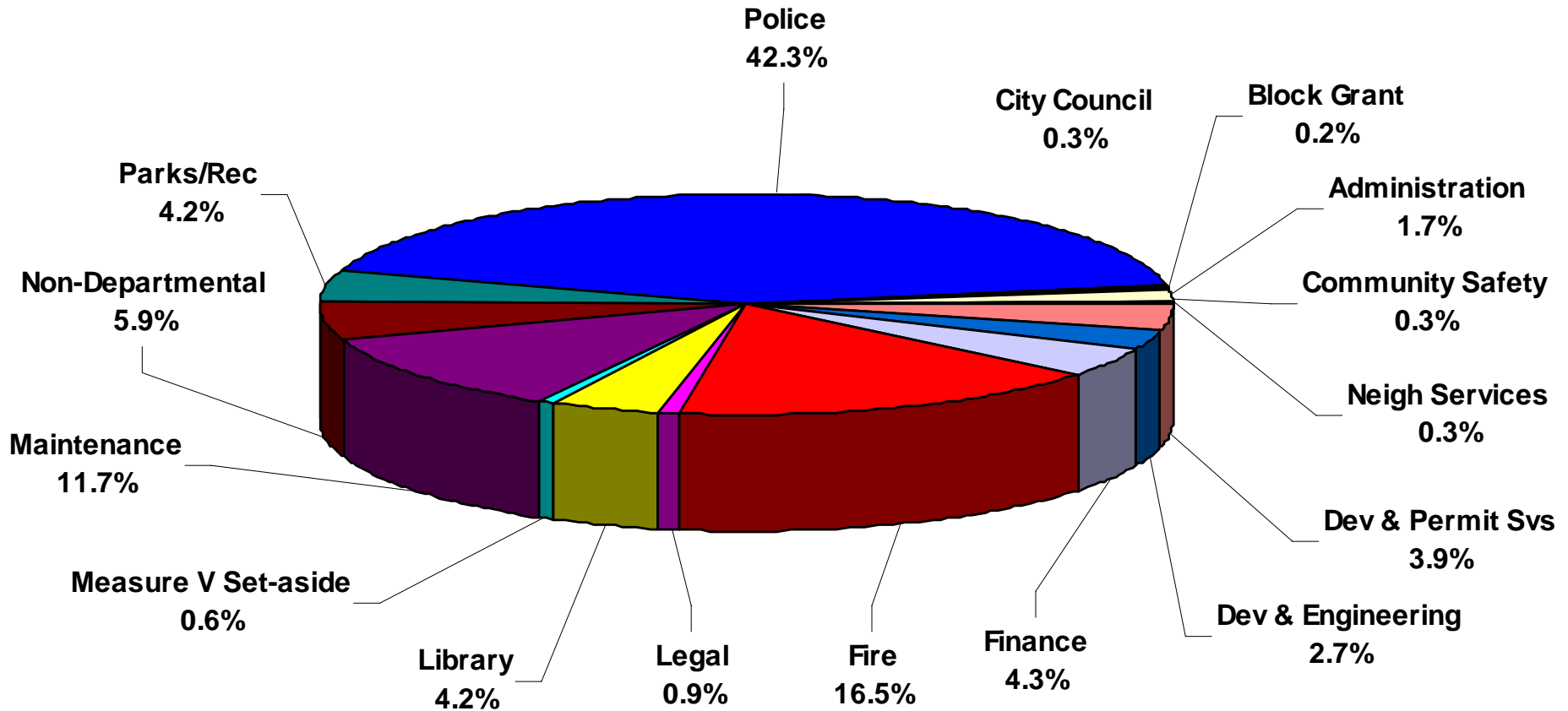
General Fund Community Programs

	<u>2007-08</u>
California Rodeo	\$ 42,500
Rodeo Carnival	42,500
Parade of Lights	6,200
	<u>\$ 91,200</u>

The recommended budget includes funding for three traditional community events that are supported by the City.

FY 07-08 General Fund and Measure V Budget By Department

\$87,326,900

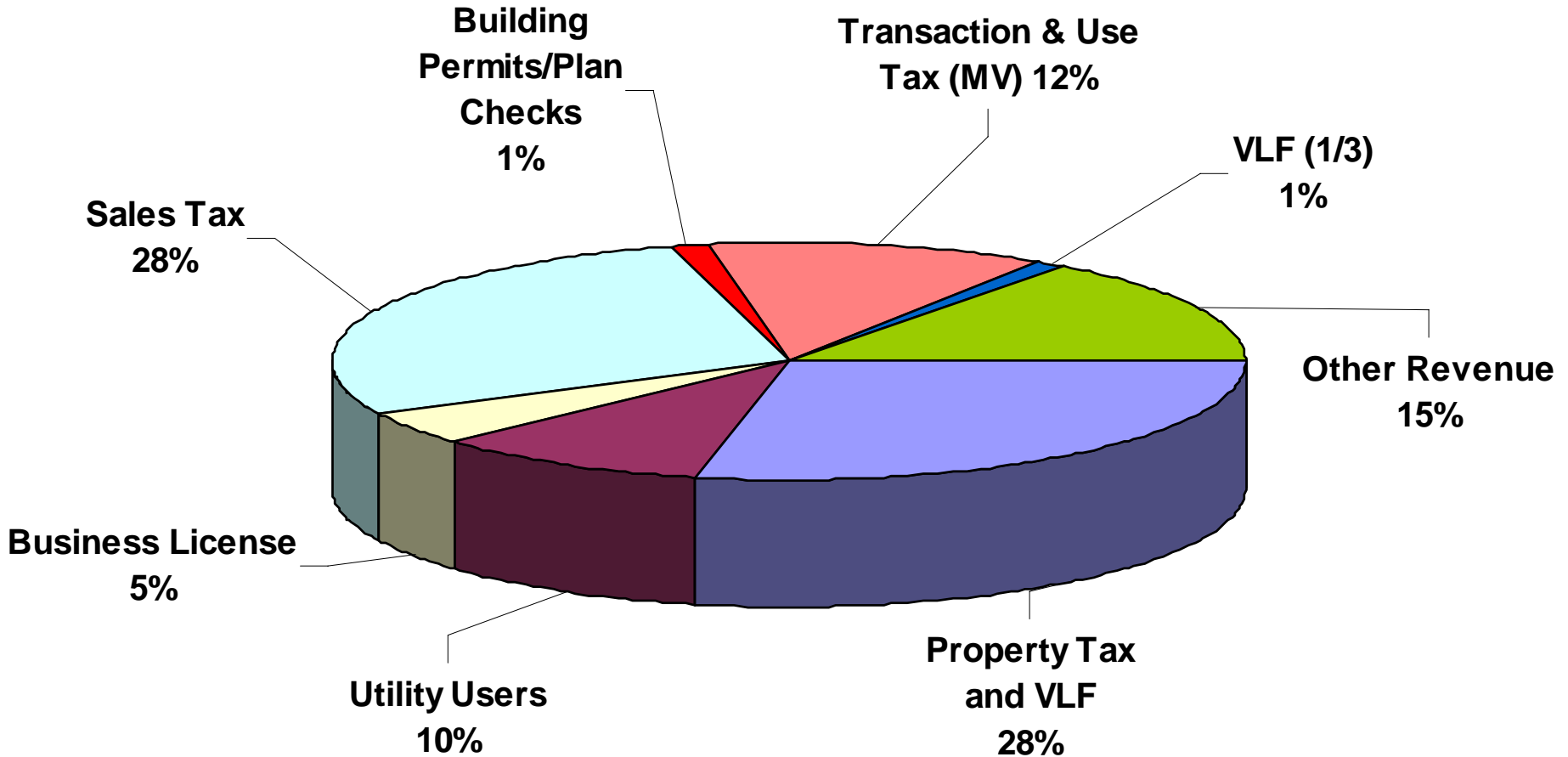


General Fund and Measure V Estimated Revenue

	<u>2007-08</u>	<u>Percent Increase</u>	<u>2008-09</u>	<u>Percent Increase</u>
Sales Tax	\$ 24,700,000	3.0%	\$ 25,400,000	3.0%
Property Tax and In-lieu VLF	24,900,000	6.0%	26,145,000	5.0%
Transactions & Use Tax (MV)	10,300,000	3.0%	10,600,000	3.0%
Utility Users Tax	8,550,000	2.0%	8,700,000	1.8%
Business License Tax	4,000,000	2.0%	4,100,000	2.5%
Building Permits/Plan Checks	1,350,000	0.0%	1,300,000	-3.8%
VLF (remaining one-third)	1,100,000	4.5%	1,150,000	4.5%
Total Seven Revenue Sources	<u>\$ 74,900,000</u>		<u>\$ 77,395,000</u>	
Percent of Total General Fund & Measure V Revenue Estimate	85.3%		85.5%	
Total General Fund & Measure V Revenue Estimates	<u>\$ 87,777,000</u>		<u>\$ 90,491,000</u>	
Percent Increase On-going Revenue	3.2%		3.1%	
Percent Increase On-going Expenditures	7.1%		4.1%	

FY 2007-08 General Fund & Measure V

Estimated Revenue-\$87,777,000



General Fund Operating Reserves

June 30, 2007	\$ 5,200,000	7.2%
June 30, 2008	\$ 5,000,000	6.5%
June 30, 2009	\$ 3,991,733	5.0%
June 30, 2010	\$ 1,000,000	Dependent on: Revenue growth next three years Carryovers in 2006-07 & 2007-08 Firefighter/Civilian MOUs Outside Budget Impacts Fiscal Control

City General Fund expenses will exceed revenues during the next two fiscal years. This trend will continue unless the City's revenue base is expanded.

General Fund Budget-Next Three Fiscal Years

Even with only very modest additions, the recommended budget draws on reserves in order to maintain current service levels.

These modest additions exhaust the City's ability to fund further services.

It is anticipated that reserves will be needed over the next three fiscal years recognizing the required investment by the City in sworn police officer compensation levels.

There will be very little discretion in the next couple of years to increase service levels.

The use of reserves is a necessity in the short term and provides further emphasis to the critical importance of the economic development initiative included in this budget.

Capital Improvement Program

Budget Assumptions

- **FY 2007-08 and FY 2008-09 Capital Project recommendations are balanced to available resources with the exception of some grant and/or developer funding.**
- **Grant or developer funded capital projects would begin only when the funding source is secured.**
- **FY 2009-10 through FY 2011-12 represents a list of community needs without any guaranteed source of funding.**

General Fund Reserves Available for Capital Projects

	2006-07	2007-08	2008-09
On-going Minimum Required Projects	\$ 1,530,100	\$ 2,062,900	\$ 1,934,000
One-time Projects	1,866,800	1,758,000	599,000
Total General Fund Reserves Available for Capital Projects	\$ 3,396,900	\$ 3,820,900	\$ 2,533,000

***Capital Project Reserves were approved by Council during the
February 2007 mid-year budget review.***

General Fund On-going

Minimum Required Capital Projects

<u>Number</u>	<u>Description</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>
9102	Desk Top Computer Replacements	\$ 100,000	\$ 100,000	\$ 100,000
9106	Parking Lot Resurfacing	25,000	25,000	25,000
9130	Weed Abatement	35,000	40,000	45,000
9135	Public Library Fund	85,600	90,000	95,000
9284	Underground Storage Tank Monitoring	9,000	9,000	9,000
9304	Police Storage Building	48,600	80,000	80,000
9356	Asbestos/Mold Remediation	80,000	50,000	50,000
9384	Fire Hose & Nozzle Replacement	67,000	10,000	10,000
9411	Fire Hydrant Repairs	25,000	15,000	15,000
9436	Storm Water Monitoring NPDES	200,000	300,000	300,000
9525	Maintenance Fleet Replacement		125,000	90,000
9527	Fire Safety Turnouts		60,000	60,000
9540	Fire Vehicle Replacement	439,900	318,900	255,000
9541	Fire Station Repairs		60,000	50,000
9579	Police Vehicle Replacement	345,000	530,000	500,000
9684	Copier Rental Program	70,000	75,000	80,000
9718	Reroof Public Buildings		85,000	85,000
9737	Ball Field Repairs		40,000	35,000
9875	City Facilities Painting		50,000	50,000
	Total On-going Minimum Required	\$ 1,530,100	\$ 2,062,900	\$ 1,934,000

General Fund One-Time Capital Projects

<u>Number</u>	<u>Description</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>
9102	Microsoft Windows License Renewals \$		\$ 300,000	\$
9103	GIS Mapping Aerial Update		125,000	
9132	Local Hazard Mitigation Plan	22,000		
9344	Public Safety Radio System (NGEN)	146,300		
9345	City Phone System Replacement		300,000	
9450	Economic Development	250,000	250,000	250,000
9531	Animal Shelter Repairs	62,000		
9533	City Hall Electric Locking System		20,000	
9536	Disaster Communication System		120,000	
9537	Police Equipment		104,000	75,000
9540	Fire Vehicle Replacement (Four Staff)	104,000		
9541	Fire Stations Repairs	137,500		
9586	Rotunda Audio Visual Equipment	19,000		
9597	Park Maintenance Equipment		55,000	
9598	Street Maintenance Equipment	301,000	324,000	179,000
9701	General Plan Implementation	125,000	135,000	70,000
9812	Police Mobile Computer Terminals	150,000	25,000	25,000
9904	New Police Facility (EIR)	550,000		
	Total One-time Capital Projects	\$ 1,866,800	\$ 1,758,000	\$ 599,000

Measure V Capital Projects

<u>Number</u>	<u>Description</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>
9105	Street Trees	\$ 50,000	\$	\$
9385	Police Equipment	50,000		
	Seven Police Vehicles	350,000		
	Crime Scene Investigation Vehicle	225,000		
	Two Animal Control Trucks	65,000		
9386	Library Planning & Improvements	300,000		
9584	Library Delivery Van	25,000		
9585	Library Computer System	138,000		
9588	Fire Mobile Command Vehicles	170,000		
	Fire Wild Land Engine	285,000		
9592	Median Landscape Repairs	203,000		
9597	Park Maintenance Power Turf Mower	80,000		
	Five Park Maintenance Pick-up Trucks	80,000		
9925	Street Rehabilitation	1,175,000	212,500	212,500
9926	Sidewalk and Street Tree Repair	1,495,000	425,000	425,000
	Total Approved Measure V Capital Projects	\$ 4,691,000	\$ 637,500	\$ 637,500

Measure V one-time funds available due to the time required to restore approved on-going basic services. The Measure V Committee will meet July 9, 2007 to decide on a recommended allocation of an additional \$1,025,000 of available one-time funds.

Sidewalks, Street Trees, and Medians

<u>Number</u>	<u>Description</u>	<u>Funding Source</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>
Sidewalk and Tree Repair Projects					
9720	Annual Sidewalk and Tree Repairs	Gas Tax	\$ 310,000	\$ 320,000	\$ 325,000
9926	Annual Sidewalk and Tree Repairs	Measure V	1,495,000	425,000	425,000
	Total Sidewalk and Tree Repairs		\$ 1,805,000	\$ 745,000	\$ 750,000
Street Median Landscape Repairs					
9775	Annual Median Landscape Repairs	Gas Tax	\$ 100,000	\$ 100,000	\$ 100,000
9592	Median Landscape Repairs	Measure V	203,000		
	Total Street Median Landscape Repairs		\$ 303,000	\$ 100,000	\$ 100,000

Street Maintenance/Rehabilitation

<u>Number</u>	<u>Description</u>	<u>Funding Source</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>
9438	Annual Street Rehab	Gas Tax	\$ 504,000	\$ 575,000	\$ 575,000
		State Prop 42	590,000		1,523,500
9925	Annual Street Rehab	Measure V	<u>1,175,000</u>	<u>212,500</u>	<u>212,500</u>
	Total Street Rehab		<u>\$ 2,269,000</u>	<u>\$ 787,500</u>	<u>\$ 2,311,000</u>

The street rehabilitation program is funded at \$5.4 million over the three-year period.

Other Street Improvements

<u>Number</u>	<u>Description</u>	<u>Funding Source</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>Total Project</u>
9128	Williams Road Median Islands	TFO		\$ 450,000	\$ 1,700,000	\$ 2,150,000
9171	E Bernal Drive Improvements	TFO	\$ 1,468,000			\$ 1,468,000
9502	Sherwood Drive Improvements	RSTP	\$ 900,000			\$ 900,000
9504	N. Sanborn Road Improvements Garner Ave. To Del Monte Ave.	RSTP	\$ 1,300,000			\$ 1,300,000
9506	Various Street Improvements San Joaquin Street Calle Cebu Street Griffen Street	RSTP	\$ 1,379,000			\$ 1,379,000

Street Sweeping

9365	New Street Sweeper	Gas Tax	\$ 45,000	\$ 45,000	\$ 45,000
5185	Street Sweeper Operator	Gas Tax	\$ 35,700	\$ 71,500	\$ 71,500

Salinas Redevelopment Agency Capital Projects

Number	Description	Carryover Funds	2006-07	2007-08	2008-09
Central City Projects					
9056	Soledad Street Affordable Housing	\$ 1,550,000	\$	\$ 200,000	\$
9069	Contamination Mitigation		16,500	16,500	16,500
9070	Soledad Street Planning		92,200	200,000	200,000
9071	Façade Improvements	80,000			
9134	Railroad Historic Display				440,000
Sunset Avenue Projects					
9055	Clean Sweep			22,000	22,000
9064	Division Street Property Acquisition		1,030,000	3,200,000	150,000
9065	E. Alisal Parking Improvements			125,000	600,000
9085	E. Market Street Utility Undergrounding	50,000	50,000	250,000	300,000
9091	E. Market Streetscape Improvements	1,000,000			
9092	Façade Improvements		50,000	50,000	50,000
9093	Breadbox Gym Note Payment		51,200	51,200	51,200
Total Agency Capital Projects		\$ 2,680,000	\$ 1,289,900	\$ 4,114,700	\$ 1,829,700

Future Growth Area Capital Projects

<u>Number</u>	<u>Description</u>	<u>2009-10</u>	<u>2010-11</u>
9462	Northeast Library		\$ 8,500,000
9626	Fire Station 7	\$ 3,575,000	
9628	Fire Station 8		\$ 3,600,000

Future growth area capital requirements are in the planning process and are assumed to be developer financed.

Unfunded Capital Projects

<u>Number</u>	<u>Description</u>	<u>Future Years</u>
9612	City Hall Improvements	\$ 2,000,000
9627	Natividad Creek Park Multi Complex	\$ 8,000,000
9643	Senior Center	\$ 760,000
9712	Community Center and Sherwood Hall Improvements	\$ 2,000,000
9759	Lincoln Street Recreation Center Improvements	\$ 1,150,000
9902	Carr Lake Development	\$ 90,500,000
9904	New Police Facility	\$ 28,234,200

Completion of these projects will require alternate financing supported by new dedicated revenue sources.

Budget Follow-up Items/Outstanding Issues

- **NPDES**

Staff continues to explore alternative funding for the implementation of the programs associated with the NPDES Program federal mandate. Without specific revenue associated with the NPDES program, the the implementation of this mandate will continue to impact City Gas Tax and General Fund resources.

- **Monterey County 911 Communications Funding Agreement**

The City's FY 2007-08 budget for County 911 system charges, assuming an SB 172 allocation of \$601,100, is \$2,009,000. The current Prop 172 funding agreement with the County ended in FY 2006-2007 and the the County has not committed to this funding in FY 2007-08. A new funding agreement is being negotiated and as history has proven, the County's commitment to continue the City's SB172 funding is not guaranteed.

Budget Follow-up Items/Outstanding Issues

- **Next Generation Radio System (NGEN)**

The Next Generation radio system is a federal mandate requiring that public safety, local governments and special districts throughout the County and the Nation use narrowband radio channels by the year 2011. A "Task Force" that includes County and City personnel is addressing this countywide project. The task force is seeking State and Federal funding for this project, although grant funding is uncertain at this time. The City's share of the total project cost of \$22 million is estimated at \$3.6 million.

- **Paramedic Services / County Ambulance Contract**

The revised County ambulance services contract will impact the City budget. The FY2006-2007 budget had assumed both CSA74 and ambulance contractor support for the City's paramedic program. This is in recognition of the fact that the City's program helps both the County and the ambulance contractor fulfill obligations for the provision of ALS (Advanced Life Support) services to County residents. Staff will continue to work with the County EMS Agency on these funding issues.

Budget Follow-up Items/Outstanding Issues

- **Downtown Area Initiatives**

The Salinas Redevelopment Agency continues to negotiate a Development and Disposition Agreement (DDA) for the hotel / condominium project on the 100 block of Main Street.

Work on a comprehensive parking plan for the Downtown continues with the involvement of the Oldtown Salinas Association and its member businesses in the Parking Advisory Committee. A Draft Plan will be brought forward for City Council approval this summer.

- **Future Growth Area**

Efforts continue to focus on annexation of the future growth area north of Boronda as well as the three (3) specific plans for the future growth area.

Budget Follow-up Items/Outstanding Issues

- **Labor Relations**

In April 2007, a new Memoranda of Understanding (MOU) with terms through December 31, 2009 were successfully negotiated with the Salinas Police Officers Association and the Salinas Police Management Association. Negotiations have begun with IAFF (International Association of Firefighters) and FSA (Fire Supervisors Association). The IAFF and FSA MOUs expire June 30, 2007. MOUs with all civilian bargaining units and associations expire December 31, 2007.

- **Library Operations**

The new fiscal year will see full Measure V staffing for the Library, including the hiring of a full-time Library Director. FY 2007-08 will include the development of a Library Services Strategic Plan as well as potential initial investments in the \$1,000,000 Measure V set-aside for implementation of the Strategic Plan.

Budget Follow-up Items/Outstanding Issues

- **Measure V Oversight Committee**

In July, the Oversight Committee will consider and finalize one-time capital improvement recommendations for FY 2007-2008. Available one-time funds (carried forward from FY2006-2007) are estimated at \$1,025,000.

The Committee will also consider the Community Safety Initiative strategy as a follow-up to the \$400,000 that has been reserved for use with that initiative.

- **Community Safety Initiative**

The Community Safety Director has been appointed with the first task of assembling a community-wide needs assessment and resource inventory that will be the basis of the overall strategy. Implementation of the eventual strategy is a budget item not addressed in the recommended budget.

It is anticipated that a variety of sources will be utilized for this investment including General Fund resources and Measure V resources.

Budget Follow-up Items/Outstanding Issues

- **Economic Development Initiative**

The economic development initiative includes the hiring of an Economic Development Director to lead a regional effort headquartered in an independently funded Economic Development Corporation (EDC). City support includes three-year funding at \$250,000 per year, including an Economic Development Strategy being developed under the sponsorship of the Salinas Chamber of Commerce and a City initiated effort to designate the local area an Economic Enterprise Zone.

Conclusion

The General Fund Budget is balanced to resources (revenue and reserves) over the next two fiscal years 2007-08 & 2008-09.

The General Fund Budget over the next three years:

Draws on reserves because expenses will exceed revenues

Provides little discretion to increase service levels

Requires that the City's revenue base be expanded

and

Requires that Monterey County charges be monitored.

Council/Agency Action

Staff recommends that the City Council/Agency approve the Resolution adopting the 2007-08 Annual Operating Budgets and Capital Improvement Program for the City of Salinas and Salinas Redevelopment Agency.