

**REPORT TO MAYOR AND COUNCIL****TO THE HONORABLE MAYOR AND CITY COUNCIL:**

DATE: February 11, 2014

**SUBJECT: ACCEPT FISCAL YEAR 2013-14 MID-YEAR REVIEW AND ADOPT
RESOLUTION NO. 14-12 AMENDING THE FISCAL YEAR 2013-14 MUNICIPAL
BUDGET****Report in Brief**

This report contains an update on several of the City Council's Priority Areas of Focus for Fiscal Year (FY) 2013-14 and presents prior year actuals as well as the current status of the City's General Fund and other non-General Fund accounts at the mid-point of the current fiscal year (as of December 31, 2013). It is recommended that the City Council approve Resolution No. 14-12 amending the FY 2013-14 Municipal Budget. By taking the actions described in this report the City Council will:

- Authorize mid-year adjustments requested by staff; and
- Authorize new appropriations to the FY 2013-14 Municipal Budget.

The proposed adjustments to the FY 2013-14 General Fund Budget reflect a \$1.960 million increase in revenues and an increase in total expenditures of approximately \$3.634 million, which is further offset by an additional \$1.811 million in funds that rolled over to fund balance in the prior fiscal year.

Total Measure Q¹ revenue for FY 2013-14 is projected to increase by \$320,000 (from \$10,558,000 to \$10,878,000).

Background

Each year, the City Council receives a status report on the finances reflected in the General Fund for the first half of the year and how they compare with the projections that were made when the Municipal Budget was developed. This report provides that information and recommends adjustments, where appropriate.

¹ On November 2, 2010, the voters of Concord passed Measure Q, establishing a temporary half-cent use and transactions tax for five years, which sunsets on March 31, 2016. The infusion of this temporary revenue stream was intended to protect core services and to rebuild the City's reserves which were depleted from the recession which began in Fiscal Year 2008-09.

**ACCEPT FISCAL YEAR 2013-14 MID-YEAR REVIEW AND ADOPT RESOLUTION
NO. 14-12 AMENDING FISCAL YEAR 2013-14 MUNICIPAL BUDGET**

February 11, 2014

Page 2 of 17

Progress towards achieving the City Council's goals is also important to review at mid-year. As such, this report highlights key successes related to the City Council's Priority Focus Areas in the first half of the fiscal year.

Discussion

The Discussion section of this report is structured as follows:

- I. Update on Priority Focus Areas
- II. Mid-Year Budget Discussion
 - a) Prior Year (FY 2012-13) General Fund Revenues and Expenditures
 - b) Current Year (FY 2013-14) 6-Month Review of General Fund Revenues
 - c) Current Year (FY 2013-14) 6-Month Review of General Fund Expenditures
 - d) Other Fund Amendments

I. Update on Priority Focus Areas

The City Council's four Priority Focus Areas (not in priority order) for the 2013-14 fiscal year are:

- ❖ Long Term Financial Stability and Economic Vitality
- ❖ Public Safety
- ❖ Infrastructure Maintenance
- ❖ Organizational Health and Employee Success

In addition to providing funding for public services, programs and capital improvements, the financial resources that the Council authorized in the FY 2013-14 Budget allow staff to make progress on more than seventy strategic initiatives. Each initiative aligns to one or more of the Council's four Priority Focus Areas. Below are some of the accomplishments made during the first half of this fiscal year. A more detailed update on each of the 70+ initiatives is planned for the City Council's Budget Workshop on March 22, 2014.

Long Term Financial Stability and Economic Vitality

- **Develop a strategy to address the City's unfunded liabilities and other expenditure needs that are currently not captured in the 10-year plan:** Actuarial studies for the City's post-employment liabilities were updated and staff analyzed the infrastructure backlog related to City facilities, roads, and signs. A comprehensive overview of post-employment liabilities and the infrastructure backlog was presented at the January 28, 2014 City Council meeting. Staff continues to work toward incorporating the full cost for these items in the City's budget and 10-year plans. Several mid-year appropriation requests in this report relate to this initiative.
- **Expand business partnerships:** Formed in July, *Visit Concord* is a nonprofit organization to oversee the Concord Tourism Improvement District. Since its establishment, Visit Concord has engaged a marketing group to develop and implement a marketing plan to increase hotel stays in Concord which will lead to an increase in the Transient Occupancy Tax.

**ACCEPT FISCAL YEAR 2013-14 MID-YEAR REVIEW AND ADOPT RESOLUTION
NO. 14-12 AMENDING FISCAL YEAR 2013-14 MUNICIPAL BUDGET**

February 11, 2014

Page 3 of 17

- **Strengthen Concord retail centers and auto dealers:** Economic Development staff was successful in attracting a new Mazda Dealership to Concord. This is a new point of sale that will generate new sales tax and bolster Concord's reputation as the East Bay's car buying destination with consumers.
- **Select an operator of the Concord Pavilion:** With Council leadership, staff managed a Request for Proposals (RFP) process that resulted in the Council renewing the City's contract with Live Nation Entertainment Inc. as the operator of the Concord Pavilion. The new contract guarantees a minimum of \$800,000 in revenue annually over the next ten years, which covers the City's maintenance costs and debt payments associated with the facility. The new agreement also provides \$3.7 million in immediate capital improvements as well as reserved resident tickets and a formal re-launch of the facility (planned for the start of the 2014-15 Season).
- **Continue Copper Theft Task Force.** The Copper Theft Task Force used decoys and GPS tracking technology to track copper wire thefts, which led to multiple arrests during the first half of the fiscal year and no new copper wire thefts for the last seven months. In recent years, the City has spent more than \$1 million replacing wire and hardening electrical boxes as a result of copper thieves.

Public Safety

- **Establish a Concord Community Court:** The Concord Community Court Hearing Program was established in June 2013 as a collaborative-justice process to provide alternative responses to nuisance crimes, community blight, and quality of life matters. Since June of 2013, 228 cases have been referred to Community Court and the participation rate in the first 6 months of operations was 46%. Initial results are positive, with just over 80% of the cases that were evaluated by the Hearing Officer resulting in suspects successfully completing their directives. Directive options included fines, community service, and diversion classes.
- **Enhance services for Victims of Domestic Violence:** Under the Mayor's and Council's leadership, the Central County Family Justice Center Project was initiated. The project aims to create partnerships among law enforcement, victim advocates and community groups to provide a comprehensive set of services to regional victims of family violence. The project is currently moving into the strategic planning phase with the assistance of The Family Justice Center Alliance.
- **Enhance registered sex offender tracking:** The Special Victims Unit (SVU) of the Police Department now has a centralized database consisting of all Concord sex offenders and their current status and criminal record information. The data is now real-time and used to populate Intra-net and mobile Sex Offender Registration maps for Police use. These maps show the residence location and custody status of every registered sex offender in Concord, creating an investigative tool for Officers and Detectives, as well as providing enhanced oversight of these individuals.
- **Expand mobile forensics:** A Mobile Forensic Vehicle is now fully operational, and has been repeatedly deployed in the field during search warrants and probation/parole searches to conduct preliminary forensic exams of computer/phone equipment used by sex offenders and

**ACCEPT FISCAL YEAR 2013-14 MID-YEAR REVIEW AND ADOPT RESOLUTION
NO. 14-12 AMENDING FISCAL YEAR 2013-14 MUNICIPAL BUDGET**

February 11, 2014

Page 4 of 17

other suspects. This has given Police investigators the ability to conduct compliance checks at suspects' residences, and in several cases revealed evidence resulting in arrests and prosecutions.

- **Develop strategic plan to address false alarm service requests:** Preliminary research was completed and presented to Police Department, Finance and Information Technology Management staff in September 2013. Staff continues to work with East Bay Alarm Association (EBAA), a group that facilitates communication among members engaged in the sale, installation, servicing and monitoring of alarm systems, industry suppliers and public safety officials by providing a forum for the discussion of ideas, problems and solutions. Council consideration of the recommended modifications to the City of Concord's municipal code will occur by October 1, 2014, with implementation of the program in January 2015.

Infrastructure Maintenance

- **Update Housing Element:** Initiated the Housing Element Update which will cover the timeframe from 2014 through 2022. Maintaining a certified Housing Element enables the City to be eligible to apply for grants to improve infrastructure.
- **Improve pedestrian and bikeways:** Phase I of the Monument Corridor Pedestrian and Bikeway Network Improvements (between Market Street and Mayette Avenue) was completed and a construction contract for Phase II (between Mayette Avenue and Monument Boulevard) was awarded.
- **Conduct a Road Sign inventory and implement a management system:** Completed an inventory of the City's road signs and developed a database that contains sign location (GPS coordinate), type, photo, condition, retro-reflectivity reading, and sign post type/condition. The database allows Public Works staff to forecast sign replacement needs and costs over a specific time period and ensures the ability to perform long term planning related to signage. This report includes a funding request to replace a large portion of signs that failed a recent retro-reflectivity test.

Organizational Health and Employee Success

- **Promote employee development through continuation of the Mentoring Program:** A staff committee surveyed mentors and participants to determine what went well and what could be improved in the Mentoring Program. Year 2 of the Program was launched in October 2013.
- **Continued Implementation of Affordable Care Act (ACA):** Staff has continued to monitor regulatory changes and implementation guidelines related to ACA. The City of Concord's ACA Interdepartmental Task Force Committee met with Alliant Employee Benefits to review our current business practice and identify any risks the City may face with the regulatory requirements of the ACA.
- **Support and recognize employee success:** An Employee Thank You Luncheon is planned during the month of February. The luncheon will recognize employees for their performance as well as provide an opportunity for employees to socialize across department lines.

**ACCEPT FISCAL YEAR 2013-14 MID-YEAR REVIEW AND ADOPT RESOLUTION
NO. 14-12 AMENDING FISCAL YEAR 2013-14 MUNICIPAL BUDGET**

February 11, 2014

Page 5 of 17

- **Oversee a citywide Job Analysis project:** Staff and a consultant lunched a citywide Job Analysis Project to ensure that job descriptions are compliant with the American with Disabilities Act and ensure that up-to-date information is used when a disabled or injured employee returns to work. Staff anticipates that draft revisions to existing job descriptions will be completed by the end of February 2014. Subsequently, the Human Resources Department will meet with the affected employee bargaining units to review the proposed job description changes.

II. Mid-Year Budget Discussion

The mid-year budget discussion begins with a brief overview of the actual General Fund performance for the prior 2012-13 fiscal year. A detailed discussion of activities in the prior fiscal year is planned for the February 25, 2014 City Council meeting, when the City formally receives the results of the independent year-end audit. The following relates only to the FY 2012-13 end of year balance in the General Fund.

(a) PRIOR YEAR (FY 2012-13) GENERAL FUND REVENUES AND EXPENDITURES

Total resources for the General Fund were \$74.9 million. This included the budgeted use of \$5.4 million in Measure Q revenue and \$69.5 million in regular (non-Measure Q) revenues. Total General Fund expenditures used to support operations and capital projects came to \$73.1 million, leaving an end of year balance of \$1.8 million in additional revenues that was rolled over and included in the ending Fund Balance. The following three major factors contributed to the additional revenue of \$1.8 million:

- A \$333,000 increase in the City's regular (non-measure Q) sales tax revenue over the budgeted amount. (*\$25.450 million budgeted, \$25.783 million received*)
- A \$432,000 increase in Transient Occupant Tax (taxes on hotel rooms) over the budgeted amount. (*\$1.400 million budgeted, \$1.832 million received*)
- A \$610,000 increase in Current Services fee revenue related primarily to increased plan review and building inspection fees. (*\$5.323 million budgeted, \$5.933 million received*).

The City Council directed staff to develop a policy for the use of one-time and surplus funds to provide guidelines for augmenting funding to the City's long-term liabilities and one-time needs. That work is on-going and staff, as directed by the Council, is bringing this item to the Council's Policy Development & Internal Operations Committee for discussion on February 10, 2014. Consistent with the intent of such a policy, later in this report, staff proposes to use the \$1.8 million of funds that were rolled over from FY 2012-13 to finance one-time expenditures and help with fully funding the annual required contribution for post-employment liabilities in the current FY 2013-14.

A total of \$10.6 million was received in Measure Q revenue. As noted above, \$5.4 million was used to support operations and maintain services. The remaining \$5.2 million was placed into the City's reserves to help rebuild the City's reserves that were depleted during the recent recession.

**ACCEPT FISCAL YEAR 2013-14 MID-YEAR REVIEW AND ADOPT RESOLUTION
NO. 14-12 AMENDING FISCAL YEAR 2013-14 MUNICIPAL BUDGET**

February 11, 2014

Page 6 of 17

(b) CURRENT YEAR (FY 2013-14) 6-MONTH REVIEW OF GENERAL FUND REVENUES

Based on the results of this year’s 6-month review, staff is proposing adjustments to the original FY 2013-14 budget (as described below).

As of December 31, 2013, the City had received 33.7% of its budgeted revenues for FY 2013-14. This figure is slightly better than the 32.5% that was received at the same time last year. Due to the normal timing of when cities receive General Fund revenues (namely property and sales tax payments), the receipt of anywhere between 25-35% of revenues at the mid-year mark is typical.

Staff is not proposing an adjustment to the City’s two largest revenue sources: property taxes and the regular (non-Measure Q) sales tax. Together, these sources represent approximately 70% of the total regular General Fund revenue. Below is an overview of the mid-year performance for these revenue sources and how they performed last fiscal year.

- **Property Taxes:** The City projected a 4% increase in property tax revenue in the adopted FY 2013-14 budget over the prior year. Based on the 6-month trend of receipts (which are up 4.5% over the same period last year--which is only 0.5% higher than projected) staff does not recommend an adjustment to the budgeted revenue figure of \$19.654 million. The following table shows revenue from property taxes in the current and prior year.

Table 1: Property Taxes - Current and Prior Fiscal Year

FY 2013-14		FY 2012-13		
Budget	Actual @ Mid-Year	Budget	Actual @ Mid-Year	Year-end Actual
19,653,985	6,093,533	18,875,903	5,828,666	18,861,202

- **Regular (non-Measure Q) Sales Tax:** When the FY 2013-14 budget was adopted, the City projected an increase of 8% in its regular sales tax revenue from the prior year’s budget. Actual receipts for the prior year came in approximately \$330,000 above the budgeted estimate. This additional revenue lowers the City’s budgeted increase to 6% over prior year actuals. Staff does not recommend an adjustment to the current FY 2013-14 budgeted for this revenue source. The City’s sales tax consultant confirms that a 5-7% increase is projected for Concord given recent industry and local trends. At mid-year, the City has received just over \$58,000 more than it did for the same period last year. Staff believes this relates to several payment abnormalities and delayed remittance that will be corrected in the City’s next payment from the State Board of Equalization.

**ACCEPT FISCAL YEAR 2013-14 MID-YEAR REVIEW AND ADOPT RESOLUTION
NO. 14-12 AMENDING FISCAL YEAR 2013-14 MUNICIPAL BUDGET**

February 11, 2014

Page 7 of 17

Table 2: Regular (non-Measure Q) Sales Tax - Current and Prior Fiscal Year

FY 2013-14		FY 2012-13		
Budget	Actual @ Mid-Year	Budget	Actual @ Mid-Year	Year-end Actual
27,427,706	6,829,935	25,450,219	6,771,152	25,783,081

- **Other Revenues:** Staff is proposing adjustments to total General Fund revenues by 2.5% (or \$1,960,000). Below is an explanation of the proposed revenue adjustments.

(a) **Transient Occupancy Tax (TOT): \$190,000 revenue augmentation**

Monthly receipts for the transient occupancy tax (also known as the hotel room tax) are up 10% on average for the first six months of the fiscal year. While approximately 49% of the budgeted revenue was received by mid-year, the majority of TOT revenue is typically received in the upcoming summer months. As of mid-year, the City has already received \$250,000 more than the same period last year. Because some of this revenue relates to the one-time payment of delinquent taxes from prior years, the staff is recommending raising the on-going revenue budget by \$190,000 for the current 2013-14 fiscal year.

(b) **Licenses and Permits: \$180,000 revenue augmentation**

Due to increased building activity, staff is projecting increased revenue from development related licenses and permits by \$180,000. At mid-year, approximately \$160,000 in additional revenue was received over the same period last year. In addition to a general increase in the level of development activity, staff believes that the lack of rain during the fall and winter months has resulted in increased permit activity.

(c) **Current Services: \$800,000 revenue augmentation**

Increased plan review and building inspection fee revenue of \$800,000 is projected. Similar to the increase in License and Permit revenue, this adjustment is tied to an increase in construction activity for both residential and commercial development. In addition, as noted above, the actuals for last fiscal year came in \$610,000 above budget, and the original adopted budget for this fiscal year is significantly lower by \$585,000 than last year's actuals.

(d) **Other Revenue: \$470,000 revenue augmentation**

- Plan Check Funds (\$450,000): Continued efforts to reconcile development deposits for permit applications from prior years have resulted in the \$450,000 of one-time revenue in the first six months of the fiscal year. Staff has been analyzing older developer deposits for activity that was not recognized and recorded in prior periods. The activities generally charged to such deposit accounts include staff time spent on a project or, in some cases, consultants that may be used for a project. The review is part of the implementation of a new permit tracking system, called Accela. These revenues were not accounted for in the adopted budget.

**ACCEPT FISCAL YEAR 2013-14 MID-YEAR REVIEW AND ADOPT RESOLUTION
NO. 14-12 AMENDING FISCAL YEAR 2013-14 MUNICIPAL BUDGET**

February 11, 2014

Page 8 of 17

- Community Court Fines and Fees (\$20,000): In the first six months of operation, the City of Concord has received approximate \$8,800 in fine revenue in the Community Court program. It is estimated that approximately \$20,000 in fine and fee revenue from the Community Court program will be received by the City for the 2013-14 fiscal year. Staff intends to deposit these revenues in a separate account and segregate the funds so that they can be used to support community policing and juvenile intervention initiatives.

(e) Measure Q Revenue: \$320,000 revenue augmentation

Measure Q is a temporary half-cent increase in the City's sales and use tax for 5 years. Revenue collection began in April 2011, and the tax is scheduled to expire in March 2016.

The current adopted budget projects a total of \$10.6 million in revenue, of which \$5.9 million would be used to support operations and \$4.6 million would be deposited into the City's reserve accounts to help fund the continuity of services for five additional years after the March 2016 "sunset" of the tax measure. Based upon information received from the City's sales tax consultant and actual revenue collected to-date, total Measure Q revenue for the current fiscal year is projected to be \$10,878,000 (an increase of \$320,000). The use of Measure Q revenues to support activities in the General Fund is projected to increase by \$320,000 (from \$5,938,857 to \$6,258,857).

General Fund Revenue Summary

In total, staff is proposing to increase FY 2013-14 budgetary revenue by \$1.960 Million. Of this amount, \$450,000 is related to the receipt of one-time revenue from reconciling developer deposits from prior years. Another \$320,000 is related to increased Measure Q sales tax revenue, and the remaining \$1.190 Million is related to increases in on-going revenue for the City's Transient Occupancy Tax, fees and fines from the newly established Concord Community Court as well as increased revenue from current services and licenses/permit activity.

Table 3 provides a summary of General Fund revenue for the FY 2013-14 Municipal Budget and the proposed amendments. Reference notes to the above explanations for individual revenue sources are provided in the last column of the table.

**ACCEPT FISCAL YEAR 2013-14 MID-YEAR REVIEW AND ADOPT RESOLUTION
NO. 14-12 AMENDING FISCAL YEAR 2013-14 MUNICIPAL BUDGET**

February 11, 2014

Page 9 of 17

Table 3: General Fund Revenue Summary

(The letter reference in parenthesis at the end of each line refers to the discussion paragraph of the same letter under “Current Year (FY 2013-14) General Fund Revenues” on pages 7 & 8 of this report.)

Regular Revenues	FY 2013-14 Adj. Budget	Actual @ Mid-Year	Percent Collected	FY 2013-14 Projected	Proposed Adjustment
Property Tax (includes VLF In-lieu)	19,653,985	6,093,533	31.0%	19,653,985	
Sales Tax (includes In-lieu)	27,427,706	6,829,935	24.9%	27,427,706	
Transient Occupancy Tax	1,818,000	882,666	48.6%	2,008,000	190,000 (a)
Business License	3,200,337	1,217,276	38.0%	3,200,337	
Franchises	5,223,000	1,269,994	24.3%	5,223,000	
Licenses and Permits	1,379,187	845,171	61.3%	1,559,187	180,000 (b)
Fines and Forfeitures	820,000	326,545	39.8%	820,000	
Use of Money and Property	397,749	136,971	34.4%	397,749	
Intergovernmental	230,000	227,686	99.0%	230,000	
Current Services	5,348,081	3,217,040	60.2%	6,148,081	800,000 (c)
Interfund Service Charges	2,872,799	1,436,400	50.0%	2,872,799	
Other Revenue	200,048	672,558	336.2%	670,048	470,000 (d)
Other Financing Sources	86,771	0	0.0%	86,771	
Regular Revenue Total	\$68,657,663	\$23,155,775	33.7%	\$70,297,663	\$ 1,640,000
Measure Q Revenue					
Measure Q Funds Used to Support Operations	5,938,857	3,584,697	60.4%	6,258,857	320,000 (e)
Measure Q Contribution to Reserves	4,619,143			4,619,143	
Total Measure Q Revenue	\$10,558,000	\$3,584,697	34.0%	\$10,878,000	\$320,000
Total Revenues	\$79,215,663	\$26,740,472	33.8%	\$81,175,663	\$1,960,000

(c) CURRENT YEAR (FY 2013-14) 6-MONTH REVIEW OF GENERAL FUND EXPENDITURES

As of December 31, 2013, the City had spent 46.2% of the FY 2013-14 General Fund budget, and overall the fund is on track to meet the adopted budget. However, during the course of this mid-year review, the need for new expenditures and budgetary transfers became evident. A description and rationale for the new expenditures and transfers recommended by staff is listed below.

Expenditure Adjustments

(a) Non-departmental: \$2,942,000 appropriation

The following obligations were not fully funded due to the underlying economic conditions facing city government and the need to cover ongoing operational costs when the budget was adopted. However, the availability of monies from the prior fiscal year and upward revenue adjustments in this fiscal year provide an opportunity to fully fund the annual required contribution towards these liabilities in FY 2013-14.

**ACCEPT FISCAL YEAR 2013-14 MID-YEAR REVIEW AND ADOPT RESOLUTION
NO. 14-12 AMENDING FISCAL YEAR 2013-14 MUNICIPAL BUDGET**

February 11, 2014

Page 10 of 17

- City of Concord Retirement System (\$1,156,000): The City has an annual required contribution of \$1.956 million to fully fund its annual liability towards the closed City of Concord Retirement System, which was the pension system for City employees up until 1993. While the System is closed, the City maintains a liability for current retirees from the System and former employees who have vested with the System but have not yet retired. In FY 2013-14 the budget included approximately \$800,000, leaving \$1.156 million of the annual contribution unfunded.
(Line Item: 100-3700Z999-76750)
- Retiree Medical Benefits (\$1,786,000): The City has an annual required contribution of \$4.786 million to fully fund its liability for post-employment medical benefits. The FY 2013-14 budget included approximately \$3 million, leaving \$1.786 million of the annual contribution unfunded.
(Line Item: 100-3700Z999-76700)

(b) Public Works: \$662,000 appropriation

- Building Maintenance (\$200,000): An appropriation of \$200,000 is requested from the General Fund to offset costs due to various unplanned but necessary maintenance projects that occurred in the first half of the fiscal year, such as: vandalism to the Boatwright Sports Complex bathrooms; repairs to various city-owned fences throughout Concord; increasing security at the Corporation Yard; replacing the stairs at Willow Pass Ball fields scorekeeper box; linking the Police Department Warehouse to the fire system; replacing the floor in the D-wing women's restroom; repairing the Galindo Street exit gate at the Police Department; removing a failing glass block wall in the permit center; and installation of handrails at the Civic Center to resolve an Occupational Safety and Health Administration (OSHA) complaint.

As of December 31, 2013, there was just over 28% (or \$59,000) of the \$210,000 that was budgeted expenditures for maintenance projects remaining. The appropriation of an additional \$200,000 will bring the total appropriation for this line item to \$410,000 and will allow the Division to continue to perform necessary maintenance, repair and replacement of City-owned assets along with other repairs that are both planned and unplanned.

(Line Item: 630-57301Z01-79800)

- Roadway Signs (\$312,000): As discussed with Council on January 28, 2014, the City conducted a review of roadway signs and determined that 22% (3,207 of 14,800) signs are in need of replacement, at a total cost of \$480,000, because they do not meet minimum standards for nighttime visibility. Of the 3,207 signs that need to be replaced, 944 are regulatory in nature (e.g. stop, yield, speed limit) and 2,263 are warning and guide signs (e.g. directional arrows and street names). This budgetary appropriation will begin a Phase 1 project to replace the 944 regulatory signs and half of the warning and guide signs. Staff intends to prioritize replacement of regulatory and warning signs which pose the greatest risk to public safety. In the proposed budget for next fiscal year, staff will address funding for the replacement of the remaining signs (at a cost of approximately \$168,000).
(Line Item: 100-53201Z01-65000)

**ACCEPT FISCAL YEAR 2013-14 MID-YEAR REVIEW AND ADOPT RESOLUTION
NO. 14-12 AMENDING FISCAL YEAR 2013-14 MUNICIPAL BUDGET**

February 11, 2014

Page 11 of 17

- Parks System Infrastructure Condition Assessment (\$150,000): As discussed with Council on January 28, 2014, a professional study is needed to obtain an accurate assessment on the level of deferred maintenance in the Park System. This request is being made at this time to accelerate the documentation of the City's infrastructure needs for future financial and operational planning. The study would include a comprehensive inventory of park assets with condition assessments. Infrastructure such as playgrounds, irrigation systems, pathways/hardscapes, sports facilities (courts/ballfields/grass athletic fields), ornamental landscapes, natural areas, landscaped medians and other special amenities will be included in the assessment.

(Line Item: 100-57001Z01-63800-400)

Capital Projects

(c) Project No. 1854 Marsh Drive Bridge over Walnut Creek Channel \$30,000

An appropriation of \$30,000 is requested to revise the County encroachment permit application for the Marsh Drive Bridge seismic retrofit project. The County rejected the City's previous submittal because the proposed seismic retrofit of the Marsh Drive Bridge caused a potential increase in the creek's water surface elevation of approximately 2 ½ inches. Staff wishes to proceed with a design modification which will reduce and possibly eliminate the water surface increase caused by the retrofit. The \$30,000 appropriation will provide funding to update Environmental documents and the Plans, Specifications and Estimates (PS&E) package. If the County approves the revised application, staff intends to include a request for additional funding in the FY 2014-15 proposed CIP budget to finalize Environmental documents, the PS&E package, Caltrans Documentation & Coordination, and the processing of the Cities Joint Aquatic Resources Permit that provides coverage under the Regional Water Quality Control Board, California Department of Wildlife and Fish and Game, and the United States Army Corps of Engineers.

Planning for this project began in 1996 and in FY 2010-11 the City was awarded a \$2 million Federal Seismic Retrofit Grant, which is still available for construction costs. In the adopted FY 2013-14 CIP Budget, a total of \$2.9 million from various federal, state and regional funding sources has been identified for this project; however, restrictions prevent using these funds for the \$30,000 in work that is associated with this appropriation request.

(General Fund appropriation to Project No. 1854)

Staffing Adjustment

(d) Add Three (3) Full-time Police Dispatchers Positions: No budget adjustment requested (at this time)

During the economic downturn, the City reduced the size of its workforce as a means of addressing the significant and unexpected severe decrease in revenues it was experiencing; this included the elimination of three vacant dispatcher positions in FY 2008-09. These vacant positions were eliminated as a means of avoiding layoffs and because it was believed that the remaining staffing in the Dispatch Center would be adequate for maintaining basic service levels. However, since the positions were eliminated, the Dispatch Center has been in a staffing crisis. The City has relied on

**ACCEPT FISCAL YEAR 2013-14 MID-YEAR REVIEW AND ADOPT RESOLUTION
NO. 14-12 AMENDING FISCAL YEAR 2013-14 MUNICIPAL BUDGET**

February 11, 2014

Page 12 of 17

mandatory overtime by the remaining dispatchers, use of part-time staff, and when necessary, the use of sworn officers with dispatch training working on overtime to maintain minimum adequate staffing levels. The dispatch function operates 24-hours a day, 7-days a week, all year round. Adequate staffing of the dispatch function is a matter of both public and officer safety. In the prior fiscal year, the Chief took a vacant Community Service Officer position and created an additional dispatcher position. However, while it was hoped this would help resolve the staffing challenges in dispatch it has not had much of an impact. In this fiscal year (FY 2013-14), in order to provide adequate staffing, the dispatch center has \$273,000 budgeted for part-time and over-time costs.

In order to better understand the staffing challenge faced in dispatch, staff from the Human Resources and the Police departments conducted an analysis of the Dispatch Center. The unified recommendation from this team was that staffing in the Dispatch Center needed to be increased by three full-time dispatchers in order to maintain services to the community, given minimum adequate staffing levels and staff time availability (average working availability given vacation leave, sick leave, holidays, job transfers, retirements, training absences, etc.). The fully loaded cost of an entry level Dispatcher I position is \$92,000 (\$276,000 for three positions).

Should Council approve hiring three new dispatchers, there will be no need for a budget adjustment to this year's budget. If the hiring process goes smoothly, the City would likely be on-boarding the new dispatchers just as the fiscal year comes to a close. Additionally, it is likely that overtime and part time budget savings will be delayed due to the need to continue to rely on overtime and part time staff while the new employees are being trained. Dispatchers go through an extensive post-hire training program. Staff is currently working on defining when both new costs and anticipated savings would occur; this information will be built in to next fiscal year's proposed budget and 10-year financial model.

General Fund Expenditure Summary

The aforementioned General Fund adjustments increase total expenditures approximately \$3.634 million, which is attributable to the allocation of additional funds for post-employment liabilities (pension obligations and retiree medical); increased spending in the Public Works Department for roadway sign replacement, building maintenance and a condition assessment for park infrastructure; and additional funding for a capital improvement project.

Table 4 provides a summary of General Fund expenditures for the FY 2013-14 Municipal Budget and the proposed amendments. Reference notes to the above explanations for individual revenue sources are provided in last column of the table.

**ACCEPT FISCAL YEAR 2013-14 MID-YEAR REVIEW AND ADOPT RESOLUTION
NO. 14-12 AMENDING FISCAL YEAR 2013-14 MUNICIPAL BUDGET**

February 11, 2014

Page 13 of 17

Table 4: General Fund Expenditure Summary

(The letter reference in parenthesis at the end of each line refers to the discussion paragraph of the same letter under “Current Year (FY 2013-14) General Fund Expenditures” on pages 9-11 of this report.)

Departmental Expenditures	FY 2012-13 Adj. Budget	Actual @ Mid-Year	Percent Collected	FY 2012-13 Projected	Proposed Adjustment
City Attorney	1,240,951	513,750	41.4%	1,240,951	
Community & Economic Development	5,661,756	2,582,365	45.6%	5,661,756	
Finance	2,834,173	1,229,646	43.4%	2,834,173	
Non-departmental	8,555,181	3,769,818	44.1%	11,497,181	2,942,000 (a)
Human Resources	1,364,854	573,729	42.0%	1,364,854	
Office of the City Manager	2,752,511	1,211,533	44.0%	2,752,511	
Parks and Recreation	4,310,268	1,993,664	46.3%	4,310,268	
Police	42,791,041	20,102,077	47.0%	42,791,041	
Public Works	5,875,837	2,843,220	48.4%	6,537,837	662,000 (b)
Departmental Expenditure Sub-total	\$75,386,572	\$34,819,801	46.2%	\$78,990,572	\$3,604,000
Capital Projects and Transfers					
Various Capital Projects	306,000			306,000	
Marsh Drive Bridge over Walnut Creek Channel				30,000	30,000 (c)
Capital Projects and Transfers Sub-total	\$306,000			\$336,000	\$30,000
Total Expenditures	\$75,692,572			\$79,326,572	\$3,634,000

Summary of General Fund Revenue and Expenditure Adjustments

Total revenues available for appropriation: \$3,771,313

- Prior year rollover to Fund Balance: \$1,811,313
- New FY 2013-14 Sources: \$1,960,000

Total requested expenditure appropriations: \$3,634,000

Net additional contribution to reserves: \$137,313

**ACCEPT FISCAL YEAR 2013-14 MID-YEAR REVIEW AND ADOPT RESOLUTION
NO. 14-12 AMENDING FISCAL YEAR 2013-14 MUNICIPAL BUDGET**

February 11, 2014

Page 14 of 17

(e) Other Fund Amendments

Staff is recommending changes to non-General fund accounts during this mid-year review. Each is outlined below:

- **Housing Fund & Community Services Fund (245): \$48,000 appropriation**

An appropriation of \$48,000 is requested to facilitate and award one additional First Time Home Loan. Staff budgeted for two loans to be placed during the fiscal year. These two loans have already been funded in this fiscal year. Funding for one additional loan would allow staff the opportunity to continue with the program in a modest way and assist one additional affordable home buyer, up to \$40,000. An additional \$8,000 is needed for services associated with processing and closing on the proposed one additional first time housing loan. Without the requested funding, the program will be placed on hold until next fiscal year. Funds will be drawn from monies in Fund 245 which are used for the City's revolving loan program.

(Line Items: 245-89001Z01-63800 for \$40,000 and 245-89001Z01-63800 for \$8,000)

- **Housing Fund & Community Services Fund (245): \$19,000 appropriation**

- Staff requests an appropriation in the amount of \$4,000 for housing monitoring services for the City's existing housing programs by US Communities. The City's Housing program retained US Communities to provide on-going monitoring of Concord's multi-family deed restricted units. Services include income verification, and compliance with related City agreements. US Community's agreement expires in May and the additional \$4,000 will retain US Communities through the end of the fiscal year.

(Line Item: 245-89001Z01-63800)

- Staff requests an appropriation in the amount of \$15,000 for specialized legal and financial services to support the City's Affordable Housing Program. The City, as Housing Successor to the Concord Redevelopment Agency, has multiple loans and agreements that require legal and financial consultant services to assist staff in evaluating loan documents, contracts, financial statements and regulatory agreements. The \$15,000 that is requested will be used to facilitate upcoming reviews and negotiations to ensure appropriate repayment and protect the City's interests.

(Line Item: 245-89001Z01-63800)

- **Measure J Fund (475): \$83,000 appropriation**

- Staff recommends an appropriation of \$15,000 to fund consultant fees to collect traffic data and conduct special studies in response to traffic-related citizen requests. These funds will also be used to enhance the safety of the uncontrolled pedestrian crosswalk on Solano Way at Grant Street by installing solar-powered "pedestrian crossing LED warning blinker signs" to alert drivers to the presence of pedestrians at this crosswalk.

(Line Item: 475-5310-1Z01-63800-400)

- Staff requests an appropriation of \$68,000 to fund the replacement and installation of additional pavement legends and markings in this year's Pavement Maintenance Program (Project No. 2267). The original scope of work for this year's Pavement Maintenance Program included the replacement of pavement legends and markings at predetermined

**ACCEPT FISCAL YEAR 2013-14 MID-YEAR REVIEW AND ADOPT RESOLUTION
NO. 14-12 AMENDING FISCAL YEAR 2013-14 MUNICIPAL BUDGET**

February 11, 2014

Page 15 of 17

locations, however, the work that will be performed with the requested \$68,000 is needed to properly respond to citizens requests and ensure public safety at additional locations around the City. There are sufficient Measure J funds available for this request.

(Appropriation to Project No. 2267)

Capital Projects

- **Art in Public Places Fund (285): \$124,650 transfer**

Project No. 2294 (Todos Santos Plaza Archway)

The scope of this project began as part of Council-approved Project No. 2236 (Todos Santos Fence on Willow Pass Road). In order to move forward with the installation of the fence while design plans for the archway are still being developed, the project was split and a new project number assigned for the archway. The Art in Public Places funds that were approved for the archway portion of the project need to be transferred into the new project budget. Staff requests that Council approve Project No. 2294 (Todos Santos Plaza Archway) and approve a budget transfer in the amount of \$124,650. Money in the Art in Public Places Fund comes from fees that are applied to new construction their use is reserved for the purchase and installation of art objects in the City.

(Transfer from Project No. 2236 to Project No. 2294)

- **Off-site Street Improvement Program (OSIP) Fund (420): \$49,000 appropriation**

Project No. 2296 (Concord Blvd PG&E Power Pole Relocation & Pavement Rehab)

An appropriation of \$49,000 is requested to fund the completion of the pavement rehabilitation which will take place following the relocation of the utility poles by PG&E, expected to occur by summer 2014. This roadway area was left unpaved from previous CIP Project No. 2052 (Concord Blvd Gap Closure – Phase II) due to the encumbrance of the poles. Project No. 2052 included grant funding from the Regional Bicycle and Pedestrian Program (RBPP), administered by Caltrans to improve pedestrian connectivity to downtown businesses, provide access to the local transit system and enhance pedestrian safety. Additional grant funding for construction has been requested and is expected to be approved in May/June 2014. The grant requires a local match which will be used to cover costs associated with: producing specifications to meet current federal standards, City staff Project Management, Construction Inspection (by a consultant), cost recovery, and material testing, estimated to cost \$49,000. There are sufficient OSIP funds available for this transfer.

(Line Item: 420-BS-36000).

- **Sewer Enterprise Fund (710): \$1,700,000 transfer**

Project No. 2295 (Downtown Sanitary Sewer Upgrade – Phase 2)

The scope of this project began as part of Council approved Project No. 2185 for an upgrade to the Downtown Sanitary Sewer (Phase 1). Because of the vast scope of the Downtown Sanitary Sewer Upgrade project, it was phased to allow for priority locations to be scheduled first, as well as to address additive bid alternates. Construction was completed on Project No. 2185 and acceptance of this project by the Council is scheduled for the February 11, 2014 City Council meeting. Staff is ready to start work on Phase 2 and a new project number has been assigned. There are available Sewer funds remaining in Project No. 2185, which can be transferred into the new project budget. Staff requests

**ACCEPT FISCAL YEAR 2013-14 MID-YEAR REVIEW AND ADOPT RESOLUTION
NO. 14-12 AMENDING FISCAL YEAR 2013-14 MUNICIPAL BUDGET**

February 11, 2014

Page 16 of 17

that Council approve Project No. 2295 (Downtown Sanitary Sewer Upgrade – Phase 2) and approve a budget transfer in the amount of \$1,700,000.
(Transfer from Project No. 2185 to Project No. 2295)

• **Encumbrances for Enterprise² & Internal Service³ Funds**

In budgeting and financial reporting, encumbrances for contracts and purchase orders from the prior fiscal year (FY 2012-13) are not automatically rolled over in enterprise and internal service funds. As a result, an amendment is requested to reinstate \$1,250,569 for services and equipment that was encumbered from the prior fiscal year and will be expensed in the current 2013-14 fiscal year.

Table 5: Enterprise and Internal Service Fund Adjustments for Encumbrances

Fund Name	Fund Type	Fund No.	Amount
Workers' Compensation Fund	Internal Service	610	10,034
Building Maintenance / Replacement Fund	Internal Service	630	131,431
Fleet Maintenance / Replacement Fund	Internal Service	633	891,461*
Information Technology Replacement Fund	Internal Service	634	103,146
Golf Fund	Enterprise	700	15,501
Sewer Fund	Enterprise	710	98,996
TOTAL			\$1,250,569

*Includes two large equipment purchases: (1) \$409,000 for a Sewer Vactor truck approved by Council on 6/11/13, and (2) \$197,000 for a Street Sweeper vehicle approved by Council on 3/26/13.

Fiscal Impact

The proposed adjustments to the FY 2013-14 General Fund Budget reflect a \$1.960 million increase in revenues and an additional \$1.811 million of end-of year funds from FY 2012-13. This equates to a total of \$3.771 million in additional resources. The requested increase in total expenditures is \$3.634 million, resulting in a net additional contribution to the City's reserves of \$137,313.

Total Measure Q revenue for FY 2013-14 is projected to increase by \$320,000 (from \$10,558,000 to \$10,878,000).

The fiscal impact on non-general funds accounts is listed below.

- Housing & Community Services Fund (245): \$67,000 appropriation
- Measure J Fund (475): \$83,000 appropriation
- Art in Public Places Fund (285): \$124,650 project transfer
- Off-site Street Improvement Program Fund (420): 49,000 appropriation
- Sewer Enterprise Fund (710): \$1,700,000 project transfer
- Enterprise and Internal Service Funds: \$1,250,569 for encumbrances

² **Enterprise Funds** are used to account for City operations financed and operated in a manner similar to a private business. The intent is that the cost of providing goods and services be financed primarily through user charges, rather than by general revenues such as taxes.

³ **Internal Service Funds** are used to account for goods or services that are provided to one department by another on a cost reimbursement basis.

**ACCEPT FISCAL YEAR 2013-14 MID-YEAR REVIEW AND ADOPT RESOLUTION
NO. 14-12 AMENDING FISCAL YEAR 2013-14 MUNICIPAL BUDGET**

February 11, 2014

Page 17 of 17

Public Contact

Posting of Council Agenda.

Alternative Courses of Action

The City Council could choose not to approve the additional appropriations but that action would mean that the proposed activities would not occur.

Recommendation for Action

Staff recommends the adoption of City Council Resolution No. 14-12 to approve the budget amendments for FY 2013-14 and other adjustments as outlined in the body of the report.

Prepared by: Jovan Grogan
Budget Officer
Jovan.Grogan@cityofconcord.org



Valerie J. Barone
City Manager
Valerie.Barone@cityofconcord.org

Reviewed by: Karan Reid
Director of Finance
Karan.Reid@cityofconcord.org

Attachment #1 – Resolution No. 14-12 Amending the Municipal Budget for Fiscal Year 2013-14
Exhibit A: Fiscal Year 2013-14 Municipal Budget Amendment Detail

**BEFORE THE CITY COUNCIL OF THE CITY OF CONCORD
COUNTY OF CONTRA COSTA, STATE OF CALIFORNIA**

**A Resolution Amending the Municipal Budget for
Fiscal Year 2013-14**

Resolution No. 14-12

WHEREAS, the City Manager has recommended an amendment to the Municipal Budget for Fiscal Year 2013-14; and

WHEREAS, the amendment reflects the updated fund balances available as determined in the final accounting and audit of the City’s finances; and

WHEREAS, the City Council has directed staff as to any amendments thereto;

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF CONCORD DOES
RESOLVE AS FOLLOWS:**

Section 1. Approves the recommendations of the City Manager with regard to the amendment to the Municipal Budget for Fiscal Year 2013-14, as shown in Exhibit A;

Section 2. This resolution shall become effective immediately upon its passage and adoption.

PASSED AND ADOPTED by the City Council of the City of Concord on February 11, 2014, by the following vote:

AYES: Councilmembers

NOES: Councilmembers

ABSTAIN: Councilmembers

ABSENT: Councilmembers

I HEREBY CERTIFY that the foregoing Resolution No. 14-12 was duly and regularly adopted at a regular meeting of the City Council on February 11, 2014.

By _____
Mary Rae Lehman
City Clerk

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

APPROVED AS TO FORM:

Mark S. Coon
City Attorney

Attachments:
Exhibit A – Fiscal Year 2013-14 Municipal Budget Amendment Detail

RESOLUTION NO. 14-2
EXHIBIT A
Fiscal Year 2013-14 Municipal Budget Amendment Detail

GENERAL FUND AMENDMENTS

Regular Revenues

Transient Occupancy Tax: \$190,000

Licenses and Permits: \$180,000

Current Services: \$800,000

Other Revenue: \$470,000

Measure Q Revenues (limited duration, sunsets March 31, 2016)

Measure Q: \$320,000

Departmental Expenditures

Non-departmental: \$2,942,000

Public Works: \$662,000

Capital Projects and Transfers

Project No. 1854 Marsh Drive Bridge over Walnut Creek Channel: \$30,000

OTHER FUND AMENDMENTS

Housing & Community Services Fund (245): \$67,000 appropriation

Measure J Fund (475): \$83,000 appropriation

Art in Public Places Fund (285): \$124,650 project transfer

Off-site Street Improvement Program Fund (420): \$49,000 appropriation

Sewer Enterprise Fund (710): \$1,700,000 project transfer

Encumbrances for Enterprise and Internal Service Funds: \$1,250,569, as noted below:

- Workers' Compensation (610)
 - Carryover of Encumbrances: \$10,034
- Building Maintenance Fund (630)
 - Carryover of Encumbrances: \$131,431
- Fleet Maintenance Fund (633)
 - Carryover of Encumbrances: \$891,461
- Information Technology Replacement Fund (634)
 - Carryover of Encumbrances: \$103,146
- Sewer Operating Fund (710)
 - Carryover of Encumbrances: \$15,501
- Golf Course Fund (700)
 - Carryover of Encumbrances: \$98,996