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**Office of the
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To: Lemoore City Council Item # 6
From: Nanci Lima, City Clerk
Date: January 31, 2012
Subject: 2011-2012 Mid Year Budget Adjustments

Discussion:

Staff has reviewed of the current status of 2011-2012 Operations and Maintenance Budget. Based on that review staff is forwarding the following budget adjustments for Council consideration:

Revenues

The Finance staff with City Manager Blitz has reviewed the past six month's revenue and recommends the following adjustments:

	Budget 2011-12	Proposed Budget Changes	+/- Difference
3010 Secured Property Taxes	900,000	962,000	62,000
3020 Franchises	500,000	550,000	50,000
3022 Sales and Use Tax	1,640,000	1,780,000	140,000
3026 Public Safety Tax (SB 172)	97,000	105,000	8,000
3029 Business License Tax	95,000	85,000	-10,000
3034 Transient Occupancy Tax	130,000	115,000	-15,000
3040 Building Permits	100,000	90,000	-10,000
3045 Plumbing Permits	7,000	12,000	5,000
3050 Electrical Permits	5,000	12,000	7,000
3055 Mechanical Permits	2,000	6,000	4,000
3850 Interest	55,000	50,000	-5,000
3755 Motor Vehicle In-Lieu Tax	1,960,000	2,000,000	40,000
3765 Homeowners Exemption	30,000	10,000	-20,000
3788A Incentives/Rebates	40,000	60,000	20,000
3200 Public Improvement Plan Check Fee	20,000	40,000	20,000
3681 Recreation Fees	145,000	165,000	20,000
3685 Park Reservation	10,000	15,000	5,000
	5,821,000	6,142,000	321,000

Non Salary/Benefit Expenditures

Staff is recommending an increase in the City Council Department (4211) Professional Contract Services (4310) of \$36,144.30 for fee reimbursement for the Garcia Project.

Staff is recommending the merging of the Redevelopment Division (4219) into the City Manager Department (4213) this is due to the dissolution of the Redevelopment Agency. In addition, we are proposing to reclassify the Redevelopment Project Manager to Project Manager.

Staff is recommending an increase in Building Inspection (4224) Professional Contract Services (4310) of \$9,000 for plan checks for the Wathen Castanos Fire Sprinklers, Cinnamon Villas, McDonalds, Gary Burrows Inc., and the CNG Station. These were complex projects that required technical review that in-house staff could not complete in a timely enough manner, and were not expected when the original budget was produced.

Staff is recommending an increase in Recreation (4242) Meetings and Dues (4230) of \$1,700 for the Parks and Recreation Commissioners to attend the California Parks and Recreation Conference. We have five Parks and Recreation Commissioners who wish to attend along with three staff members. The existing budget is \$8,500. Staff is also recommending an increase in Operating Supplies (4220) by 18,300. These two items are fully offset by increased Recreation fees.

Staff is recommending an increase in the Water Division (4250) Operating Supplies (4220) of \$6,500.00 due to the purchase of Arsenic Test Equipment and supply cost, meter box lids, and asphalt and backfill materials needed for emergency repairs on the canal and the three water lines. An increase in Professional Contract Services (4310) of \$9,000.00 due to the increase in the California Department of Public Health Water Permit Fees from \$8,500.00 per year to \$17,364.00. An increase in Repair/Maintenance Services (4350) of \$17,000.00 due to unexpected costs for well motor rebuild (\$4,500), the repair of hand held meter reading equipment (\$1,000), 800 Amp Main Breaker Switch at Well 7/W.H. site (\$8,000), and Well 11 booster pump motor and variable drive (\$3,500).

Staff is recommending an increase in Fleet (4265) Repair/Maintenance Supplies (4230) of \$28,894.25 due to the unexpected repairs needed to the Leaf Pick-up Machines and two Bucket Trucks.

Salary and Benefit Expenditures

There have been several events impacting ongoing salary and benefit budgets citywide. CalPERS health insurance premiums were slightly under-budgeted, which has been corrected based on actual premium costs. There were also minor changes to City-paid life insurance premiums, Social Security wage base, State unemployment insurance, and State disability insurance.

One-time savings were realized due to periods of vacancy in several positions throughout the City. Most notably, the Finance department has seen a significant amount of turnover, resulting in salary savings as temporary employees have been

hired to cover the workload. Additionally, there have been adjustments to recognize payoffs of leave for exiting employees, and previously unbudgeted increases to retirement benefits for part-time employees that qualify for CalPERS retirement.

With the dissolution of Redevelopment throughout the State, the Redevelopment Division has been merged into the City Manager's Office, essentially combining the budgets of both.

Altogether, staff recommends reducing salary and benefit budgets (per the attached detail) by approximately \$23,400 for General Fund departments, and \$52,000 for Enterprise Fund departments.

Staff will be available to answer questions that may arise on Tuesday night.

Budget Impact:

The General Fund revenue budget adjustment for fiscal year 2011-2012 increases by \$321,000.00, the General Fund non-salary expenditures increases by \$65,144.30, the Enterprise and Internal Fund expenditures increase by \$61,394.25. The General Fund salaries and benefits decrease by \$23,353.00, and Enterprise and Internal Fund salaries and benefits decrease by \$51,412.00. The net affect to the General Fund for all recommended adjustments is \$279,708.70 to the positive and a new revised subsidy of about \$91,000.00 as opposed to the adopted budget, which anticipated \$360,000.00 of subsidy.

Recommendation:

That the City Council, by motion, approve the above described budget adjustments and recommendations.