

STAFF REPORT

DATE: June 24, 2014
TO: City Council
FROM: Gene Rogers, Interim City Manager
Yvonne Quiring, Assistant City Manager
Kelly Fletcher, Budget Manager
SUBJECT: Adoption of Fiscal Year 2014-2015 Annual Budget

Recommendation

1. Adopt the proposed FY14/15 Budget by approving an urgency ordinance adopting the Budget, providing for the post-auditing paid demands certified or approved as conforming to such approved Budget, and determining the appropriations limit of the City of Davis pursuant to Article XIII-B of the State Constitution.
2. Confirm Council direction to staff to implement actions to restore up to \$750k to the general fund ending reserve over the course of the budget year.
3. Appoint an ad hoc Council subcommittee to work with staff on recommending a course of action to address deficiencies of the city hall building.
4. Approve changing the Administrative Services Department's Parks and Community Services "Division" to "Department" and modify the Budget to reflect that change. (No fiscal impact.)
5. Authorize four FY13/14 carryover requests that are identified in the report. (No fiscal impact.)

Fiscal Impact

The proposed FY14/15 Budget, if adopted as proposed, would provide spending authority of \$261,309,428, of which \$48,137,877 is budgeted general fund expenses.

Background and Discussion

The proposed FY14/15 budget was reviewed at the June 10 Council meeting and public comments were received. There are some issues which were raised by Council members at that meeting; these are addressed below.

City Hall

There was a request to consider modifications to city hall building primarily to address concerns about the adequacy of the public spaces in the building. The building underwent some interior modifications in 2012. Being an aged structure not originally designed for its current use, it has a number of shortcomings. As a historical building, modifications to its external structure are limited so operations are confined to its footprint and a trailer located adjacent to the building. The building is too small for the operations within it coupled with the public space needs of the city hall. In addition a number of employees are forced to be housed at satellite locations

throughout the city. Any changes to enlarge public areas—a desirable objective—would either result in more cramping of current operations or the need to find additional space elsewhere so staff could be moved out (which may not be operationally efficient). Finally, it would be costly to modernize the building for energy efficiency and other desirable changes that would involve a great deal of internal reconstruction. Staff recommends Council appoint an ad hoc Council subcommittee to work with staff to identify a program to address this issue.

Sustainability Program

There was a question about the Sustainability Program currently overseen by the Community Development and Sustainability Department. There is currently one staff member assigned to the program although numerous other staff spend some of their time working on different aspects of the City's sustainability efforts. The General Manager of Utilities Development and Operations is considering an internal reorganization of the program to increase its effectiveness. This will be a subject of a staff report that is tentatively scheduled for an August Council meeting soon after the summer recess.

Organization of Administrative Services Department

The Administrative Services Department includes Human Resources, Finance, Budget, Information Technology and the Parks and Community Services Division. The budget of the P&CS Division is nearly \$18 million, it has 117 FTE employees and it has complex operations. The Division had been considered a Department until 2012 when its Director retired and its park operations, facilities maintenance, and fleet services were transferred to the Public Works Department as a cost saving measure to reduce the administrative overhead. Most Parks operations were restored to the Division in 2013. It is appropriate to re-designate the Division as a Department. The Budget Document will be modified as such with Council's approval.

User fee Study

City staff will be pursuing a user fee study in the upcoming year. Typically cities review the fee basis every 5-7 years to determine what needs to be changed and whether any new fees need to be added. It has been approximately 10 years since the underlying calculations on which the fees are based were updated. This process involves all departments and takes 7 or more months, though efforts will be made to expedite it to the extent reasonable. Feedback from the various groups that may be affected by fee changes will be sought before the fees are presented to Council. Also, the City's impact fees will be updated.

Approval of Additional Carryovers

The following carry-over requests from budgeted but unspent funds from the FY13/14 Budget are not in the proposed Budget. With Council approval the final Budget would be modified to include them, none of which will affect the projected ending general fund reserve.

- \$4,036 for training for the new police K9.
- \$12,000 for repair work if discharge piping for Storm Drain Station #5;
- \$95,000 for the rebuild of two pump engines at the H Street Drainage Station.
- \$65,000,000 for Wastewater treatment plant construction costs.

Attachments (*these can be found in the Appendix section of this document)

- FY 2014/15 Annual Appropriation Ordinance

Exhibits:

- A. Total All Fund Appropriations – FY 2014/15
- B. Operating Budget – FY 2014/15
- C. Capital Improvement Budget – FY 2014/15
- D. Debt Service Budget – FY 2014/15
- E. Redevelopment Successor Agency Budget – FY 2014/15
- F. Citywide Adjustments and Fund Transfers – FY 2014/15
- G. Schedule of Changes and Additions – FY 2014/15
- H. Schedule of Authorized Positions – FY 2014/15
- I. Gann Appropriation Limits – FY 2014/15

