

# City of Concord, California

Fiscal Year 2011 - 2012



## Adopted Operating Budget



### City Council

Laura M. Hoffmeister, Mayor  
Ron Leone, Vice Mayor  
Tim Grayson  
Daniel C. Helix  
William D. Shinn

### Prepared By

Daniel E. Keen, City Manager

### **On the Cover**

Clockwise from top left: City parking garage providing service to businesses near Salvio Pacheco Square and Todos Santos Plaza; new homes near the downtown area; Concord unfolds at the foot of Mt. Diablo; the stage in Todos Santos Plaza; Sleep Train Pavilion during one of many packed performances; Concord Senior Center hosts hundreds of visitors every day.

# TABLE OF CONTENTS

## **INTRODUCTION**

Principal Officers .....	iv
Mission Statement, Vision and Organizational Values .....	v
Corporate Goals .....	vii
City Manager Budget Message .....	x
Measure Q Oversight Committee, Evaluation and Report .....	xx
Adopted Budget Staff Report (6/28/2011) .....	xxii
Adopted Budget Resolutions .....	xxv

## **CITY ORGANIZATION AND PROGRAMS**

Organizational Charts .....	1
Comparative Summary of Authorized Full-Time Positions .....	13
City Maps .....	14
An Early History of Concord .....	16
Miscellaneous Statistics .....	18
Demographics .....	19
Annual Budget Preparation (Administrative Directive No. 91) .....	23
Budget Appropriation Transfer Controls (Policy & Procedure No. 31) .....	26
Budget and Fiscal Policy (Policy & Procedure No. 129) .....	30
Annual Appropriation Limit & Legal Debt Margin .....	35

## **GENERAL FUND TEN YEAR**

Revenue/Expenditure Summary – General Fund .....	37
Ten-Year Projection for the Year Ending June 30, 2012 .....	38
Summary of Program Expenditures FY2011-12 .....	39
General Fund Operating & Capital Expenditures by Department .....	42
Expenditures by Program FY2007-08 – FY2020-2021 .....	43
Major Tax Revenue by Type .....	45
Revenue by Source FY2007-08 – FY2020-21 .....	47
Assessed and Estimated Value of Property .....	50

## **SUMMARY BY FUND & DEPARTMENT**

Accounting Basis & Program Structure .....	52
Fund Structure Description .....	53
Revenue/Expenditure Summary – Total City of Concord .....	55
Fund Balance Summary by Fund for the Year Ending June 30, 2012 .....	56
Revenue Summary by Fund for the Year Ending June 30, 2012 .....	57
Expenditure Summary by Fund for the Year Ending June 30, 2012 .....	58
Operating Expenditures Summary by Organization for the Year Ending June 30, 2012 .....	59
Departmental Budget Summaries by Department (All Funding Sources) .....	60
General Fund & Enterprise Funds Operating Budgets .....	72

## **DETAIL OF FY 2011-12 DEPARTMENTAL BUDGETS**

City Attorney .....	74
Community Development .....	78
Parks and Recreation .....	99
Finance .....	115
Human Resources .....	130
Information Technology .....	145
Office of the City Manager .....	157
Police .....	170
Public Works & Engineering .....	179

# TABLE OF CONTENTS

(Continued)

<b>SPECIAL REVENUE FUNDS</b>	
Description and Funds Summary.....	230
Revenue/Expenditure Summary – Special Revenue Funds.....	231
State Gas Tax Ten Year Projection .....	234
Housing & Community Services .....	235
Redevelopment Agency (RDA) Housing Set-Aside Fund Ten Year Projection.....	236
Maintenance Districts	
Street Lighting Ten Year Projection.....	237
Downtown Landscape Ten Year Projection.....	238
Pine Hollow Landscape Ten Year Projection .....	239
Landscape & Lighting District No. 3 Ten Year Projection.....	240
Storm Water Management Ten Year Projection.....	241
<b>DEBT SERVICE FUNDS .....</b>	<b>243</b>
<b>CAPITAL PROJECTS</b>	
Description and Funds Summary.....	253
Revenue/Expenditure Summary - Capital Projects Funds .....	254
Ten Year Projections.....	257
Capital Projects Descriptions .....	263
General Fund Capital Projects.....	265
<b>ENTERPRISE FUNDS</b>	
Description.....	268
Revenue/Expenditure Summary – Enterprise Funds .....	269
Diablo Creek Golf Course Ten Year Projection .....	271
Sewer Twenty Year Projection.....	273
<b>INTERNAL SERVICE FUNDS</b>	
Description.....	276
Revenue/Expenditure Summary – Internal Service Funds.....	277
Workers’ Compensation Ten Year Projection.....	278
Liability Fund Ten Year Projection .....	279
Post Retirement Healthcare Benefits Thirty-Year Projection.....	280
Fleet Ten Year Projections .....	283
Information Technology Ten Year Projections.....	284
Building Maintenance Ten Year Projections .....	285
<b>FIDUCIARY FUND.....</b>	<b>287</b>
<b>REDEVELOPMENT AGENCY .....</b>	<b>291</b>
<b>AUTHORIZED POSITIONS BY DEPARTMENT AND CLASSIFICATION</b>	
Full-Time .....	296
Part-Time .....	301

# **TABLE OF CONTENTS**

(Continued)

## **CAPITAL IMPROVEMENT AND TRANSPORTATION IMPROVEMENT PROGRAM**

Fund Allocations Summary.....	303
Index – Projects by Number.....	304
Index – Projects by Name.....	307
CIP-Buildings & Grounds.....	310
CIP-CDBG.....	329
CIP-Drainage & Stormwater.....	332
CIP-Golf Course.....	334
CIP-Information Technology.....	337
CIP-Miscellaneous.....	340
CIP-Parks & Recreation.....	341
CIP-Redevelopment Agency.....	371
CIP-Sewer & Sanitation.....	380
TIP-Annual Programs.....	387
TIP-Local Streets & Roads.....	393
TIP-Traffic Signals.....	427
TIP-Undergrounding.....	436
<b>GLOSSARY OF TERMS .....</b>	<b>446</b>

This page intentionally left blank and unnumbered



**Mayor**

HONORABLE LAURA M. HOFFMEISTER

**Vice Mayor**

RONALD E. LEONE

**City Council Members**

TIMOTHY S. GRAYSON

DANIEL C. HELIX

WILLIAM D. SHINN

**City Clerk**

MARY RAE LEHMAN

**City Treasurer**

THOMAS J. WENTLING

**City Manager**

Daniel E. Keen

Valerie Barone ..... Assistant City Manager  
 Joan Carrico..... Director of Parks and Recreation  
 Kathy Ito ..... Director of Human Resources  
 Craig Labadie..... City Attorney  
 Margaret Lefebvre..... Director of Finance  
 Guy Swanger ..... Chief of Police  
 Michael Miller ..... Interim Director of Public Works & Engineering  
 Ron Puccinelli ..... Director of Information Technology



## **Mission Statement for the Organization**

**Adopted January 31, 1996**

Our mission is to join with our community to make Concord a city of the highest quality. We do this by providing responsive, cost-effective, and innovative local government services.

### **Our Vision for the Future**

- We will be a customer based, performance driven, results oriented organization, focused on finding the answer, solving the problem, and achieving positive outcomes.
- We will partner with the Concord community to maximize resources, deliver high quality services, and be recognized as setting the standard for excellence.
- We will be trustworthy guardians of the public's resources.
- We will make Concord a premier business location.
- We will collaborate to provide "seamless" services that benefit both our external and internal customers, streamlining our work processes and removing barriers wherever they arise.
- We will accept the challenge of change and be committed to continually enhancing the safety, environment, quality of life, and economic vitality of our community.
- We will constantly look for new and better ways to deliver services. We will seek to be innovative, take reasonable risks, learn from our mistakes and always strive for excellence.
- We will welcome diversity in our community and our work place.
- We will conduct our work in an atmosphere of trust, respect and courtesy with open doors and open communication for our customers and each other.
- We will provide ethical, dynamic and effective leadership, establish clear direction and priorities, and model the mission and values in support of our common Vision.
- We will be accountable for our performance and our organization's success, and be recognized for our achievements.



## Organizational Values

**Integrity and Trust** - We say what we mean and mean what we say. We honor our word and keep our commitments. We are worthy of the public's and each other's trust.

**Commitment to Service** - We put our customers first. We respond to our internal customers and treat them with the same courtesy and respect as our external customers. We facilitate, enable, and problem-solve.

**Partnerships** - We place a high value on building partnerships with members of our community to assure we understand their needs and continue to deliver the services they desire in the most effective manner possible.

**Innovation and Continuous Improvement** - We strive for excellence in the quality and productivity of our work. We create a work environment in which we look for new solutions and experiment with innovative ways to do things - even if they don't always work the first time. We recognize the need to be dynamic in meeting the community's changing needs. Each and every employee is given the opportunity to develop and grow.

**Performance Accountability** - We set measurable performance goals which support the priorities of the City and our individual work groups. We are given the necessary authority, training and resources to enable us to achieve these goals. Performance reviews are conducted in a timely and effective manner. Employee advancement and other incentives are based on performance. We are proud of the professionalism, competency and dedication that exist throughout the organization.

**Long Range Planning** - We conduct long range strategic and financial planning to maximize service delivery and build the economic stability of the City. We practice sound fiscal management to protect the public's resources.

**Team Work** - We respect each other as individuals, and we take the time and effort to show it. Although certain positions have more decision-making authority, we treat all members of the organization with the same consideration for their ideas and concerns. We really listen to, and give each other honest feedback. We recognize partnerships among work groups and employees as essential to effectively maximizing resources and delivering high quality services.

**Individual Worth and Diversity** - We recognize and appreciate the uniqueness of each individual. We value the contribution made and the synergy created by different experiences and perspectives. We are committed to treating each and every person within the organization and the larger community with respect and dignity.



## **Corporate Goals**

**Adopted June 23, 1998**

- Goal 1      Continue to make Concord a desirable place to live, work, and raise a family.
- Goal 2      Be responsive to the needs of Concord citizens, maintain a high level of customer satisfaction, and provide quality public information and outreach.
- Goal 3      Promote and improve Concord as a premier location for existing, expanding, and new businesses.
- Goal 4      Ensure a balanced budget for a ten-year planning period with adequate replacement funds for buildings and equipment.
- Goal 5      Preserve and enhance the livability of Concord's residential neighborhoods with opportunities for a broad range of housing options.
- Goal 6      Offer an array of recreation, leisure, and cultural events and programs to meet the needs of citizens of all ages, with an emphasis on the well-being of youth.
- Goal 7      Maintain a safe and efficient traffic circulation system.
- Goal 8      Have Concord be among the safest cities of comparable size in California and have citizens feel safe in their homes, places of work, and throughout the City.
- Goal 9      Maintain City parks, recreation facilities, streets, buildings, and other infrastructure to meet high standards of condition and appearance.
- Goal 10     Guide Concord's development according to the General Plan and manage physical resources based on sound environmental principles.



*The Civic Center is a complex of three buildings where the majority of city services are provided. In the center is the Council Chamber.*



*This Budget is Dedicated  
to  
the Memory of*

*Ron Buck*

*Budget Officer  
November 2004 to January 2011*



---

---

## ***MEMORANDUM***

---

May 18, 2011

**TO:** Honorable Mayor Hoffmeister and Members of the City Council

**FROM:** Daniel E. Keen, City Manager

**SUBJECT:** **Budget Message for Fiscal Year 2011-12 and Ten-Year Financial Plan for Fiscal Year 2011-12 through Fiscal Year 2020-21**

---

With this transmittal memo we present the recommended City of Concord proposed budget for Fiscal Year (FY) 2011-12. Accompanying the recommended budget are the Ten-Year Financial Plans for FY 2011-12 through FY 2020-21 for each of the City of Concord's major funds. Staff will present this recommended budget to the City Council and the public at the Council's May 24 Budget Workshop. The Council will further consider and take action on the budget at its budget hearings on June 14 and June 28.

For more than two years now, the City has been coping with the impacts of a global slowdown in the economy, now dubbed by many as the "Great Recession." As General Fund revenues declined to levels not seen since in the late 1990's, the City has reduced General Fund expenditures by 17% from what had been anticipated for FY 2011-12 in FY 2008-09, the last budget written before the severe impacts of the recession were felt. The City's full- and part-time workforce has been decreased by the equivalent of 159 full-time positions during this same time period. As a result of negotiations with the City's employee bargaining units, all non-sworn staff continue to participate in a 5% furlough equal to 13 unpaid days each year, and all City staff are now contributing significantly from their paychecks towards their pension and health benefits. Altogether, the loss of the staff positions along with the furlough has reduced work hours devoted to City services by 356,000 hours annually.

When the City Council adopted its budget last June, it was poised to consider the placement of a ballot measure asking the voters to approve a ½-cent sales tax to assist the City in coping with the budget crisis. The Council moved forward with this action in July, and in November the voters approved Measure Q by an approval margin of 54%.

With the passage of Measure Q, revenues from the ½-cent sales tax will begin to flow to the City this summer, and will continue for 5 years. Although the passage of Measure Q has temporarily stabilized the City's financial situation, we continue to face severe budget challenges in the months ahead. Notably:

1. Local economic conditions remain weak—we continue to see very little growth in sales tax revenues (including the latest quarter's figures), we are continuing to see a large amount of residential and commercial foreclosure activity which is affecting property tax revenues, office and retail vacancy rates remain high, and we are continuing to see job losses from private businesses occurring in Concord. Although the national and state economies appear to be in recovery mode, and pockets of the Bay Area (San Francisco, San Mateo, and Santa Clara counties) are doing better, Concord and Contra Costa County appear to be lagging in the pace of new economic growth.
2. The State's budget situation remains at historic deficit levels. The lack of a political resolution to the State's revenue situation and a decision regarding extension of the Vehicle License Fee and temporary sales taxes has the potential to threaten local revenues—either directly, through reductions to grants and reimbursements, or indirectly, through new costs passed on to us through the County, such as booking fees. Further, the ongoing threat to abolish redevelopment agencies could have a significant detrimental impact on the General Fund.
3. Excluding Measure Q revenues, our City General Fund budget still reflects a structural deficit of approximately \$3 million. Because Measure Q will only be collected for five years, we will need to make additional progress in the coming years to correct this imbalance in order to achieve a fiscally sustainable budget within our 10-year time horizon.

With this recommended budget for Fiscal Year 2011-12, we are continuing the process of balancing our long term projected revenues with projected expenditures. As a result of Measure Q's passage, however, we will be able to proceed with these adjustments in a more strategic and focused manner than in the past two years. The most significant of these adjustments for the next Fiscal Year is a reorganization which will shift some organizational responsibilities between departments, eliminate 3 full-time positions (two of which are now vacant, and the third a scheduled retirement), and create a new department head position, while saving in excess of \$80,000 per year in expenditures. Specifically, this reorganization:

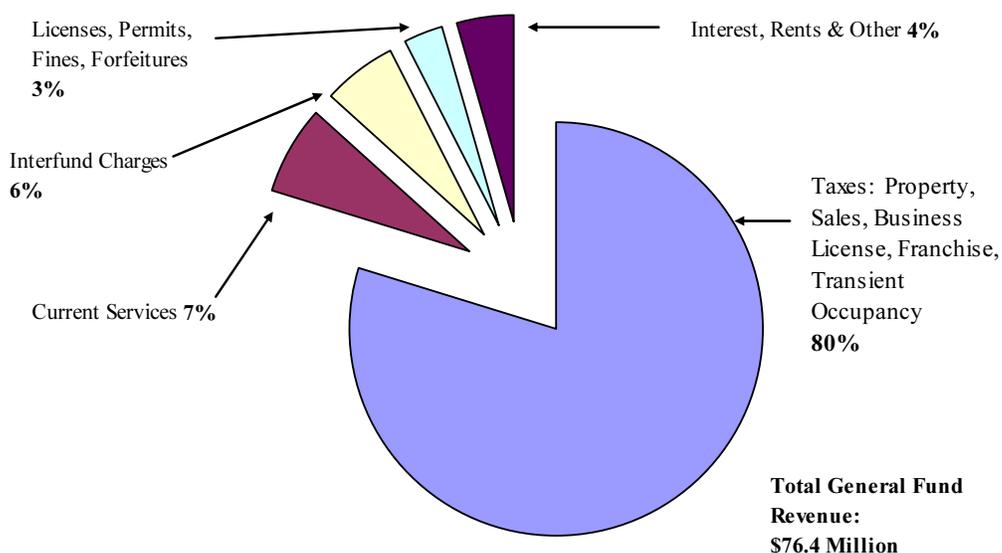
- Relocates the Neighborhood Services Division into the Police Department in order to improve efficiency and fully integrate this activity into the Department's community policing efforts.
- Assigns a Sergeant within the Police Department to supervise the Neighborhood Services Division, providing critical oversight of this function, and allowing it to fully integrate into the Department's community policing efforts. This change will result in the elimination of the Neighborhood Services Manager position, which is now vacant due to the retirement of the prior incumbent.
- Eliminates one of two Permit Center Technician I positions that support the Neighborhood Services Division. The position is currently vacant.

- Creates a new Department to replace the City’s current Community Development Department. The new Department will be titled **Community and Economic Development Services**. The goal of this new Department will be to bring all divisions that have responsibility for supporting or permitting private development proposals into one department. Currently, these functions are split between two departments. This Department will house the following functions: Economic Development, Planning, Building, Engineering, Housing, and Redevelopment. The department will be led by a new Department Head position, Director of Community and Economic Development. This Department will report to the City Manager.
- Renames the Community and Recreation Services Department to the “Recreation Services Department” in order to reduce possible public confusion due to similar department names. This Department will report to the Assistant City Manager.
- Eliminates an Assistant Engineer position from the Public Works Department.

The remainder of this transmittal memo will provide necessary background concerning the various revenues which make up the General Fund, as well as the assumptions which underlie this budget.

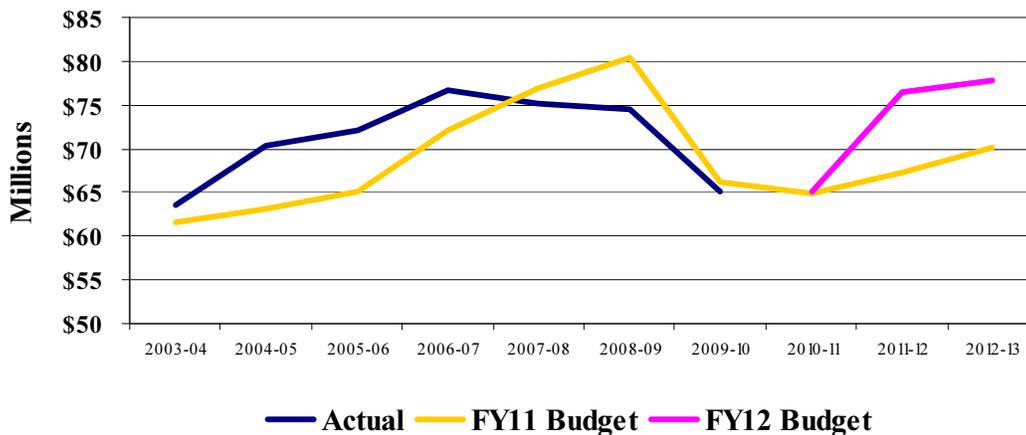
### GENERAL FUND REVENUES

Taxes provide the majority of General Fund revenues. Property, sales, business license, franchise and transient occupancy taxes comprise 80%, or \$60.9 million of the \$76.4 million in resources provided to the General Fund. External and internal charges for service make up another 13%, or \$9.8 million of the total with the remaining 7% (\$5.7 million) coming from permits, fines, interest, rent and other miscellaneous sources.



As discussed above, the City's revenue remains fairly constant with the exception of the sales tax generated by Measure Q. Overall, the City's other main sources of revenue have not grown in any significant manner. As a result, this budget and the 10-year plan reflect very conservative estimates with little growth outside of Measure Q in the next few years.

### General Fund Revenues



Further explanation and analysis of the City's General Fund revenues follow:

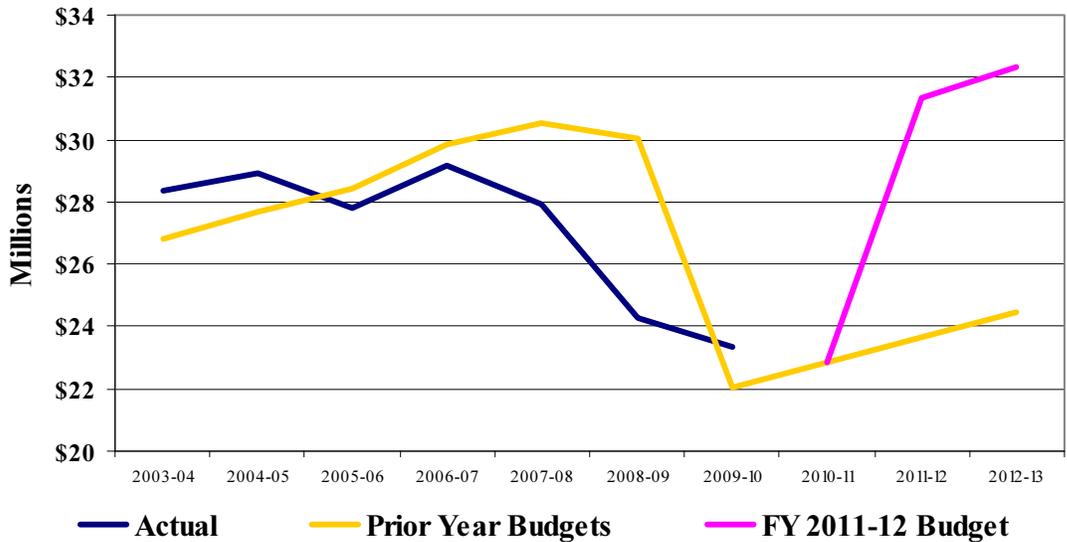
#### *Sales Tax*

Sales tax and Measure Q sales tax in total make up 41% of General Fund revenue. This is an increase, mostly because of Measure Q, from last year when sales tax made up 34% of General Fund revenue. For the remainder of this analysis, the two components of sales tax will be discussed separately.

The original Bradley-Burns 1% sales tax is estimated at \$23.3 million for FY 2011-12. This is virtually flat when compared with our projections for FY 2010-11. While some businesses are experiencing growth, others are not. As a result of the disasters which afflicted Japan earlier this year, car sales may be limited, not due to lack of demand but rather because of a lack of sufficient inventory. We do expect, though that in future years as the economy improves further, the City will sustain sales tax growth at a rate of about 3.5%.

Measure Q, an initiative approved by Concord voters in November, 2010, will bring much needed revenue to the City for five years. The tax collection began on April 1, 2011. The state will begin to distribute these funds in June, 2011, with our first quarter results available for analysis in September, 2011. We estimate that, at the onset, approximately \$8 million will be collected annually. While the tax will be collected over five years, the funds will be used over ten years which will allow the City time to regroup and to plan more strategically to deal with the remaining structural deficit.

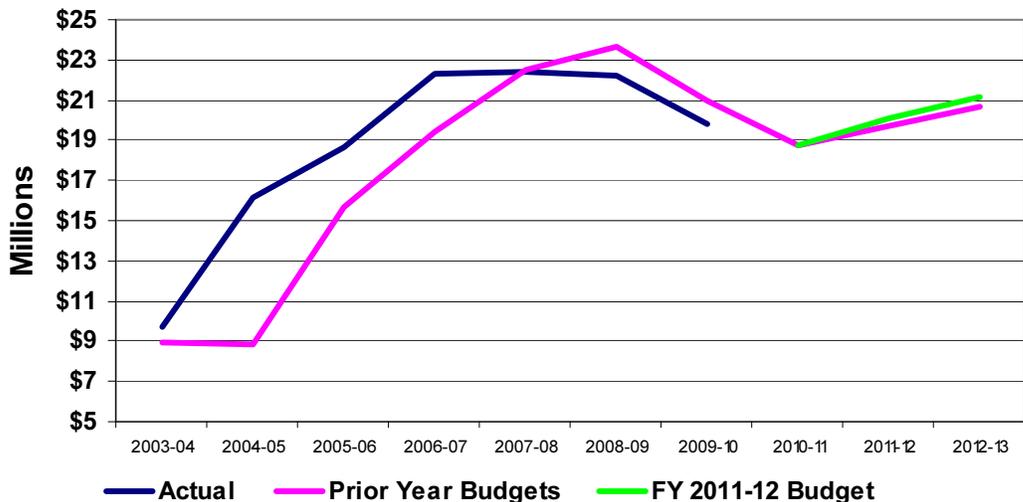
### Sales Taxes



### Property Tax

Property tax revenues represent 26% of projected General Fund revenues and are estimated to be \$20.1 million for FY 2011-12. This revenue is significantly less than it was pre-recession as property taxes were especially hard hit because of lowered assessed values, slumping real estate sales and foreclosures. The City does not expect this revenue source to recover quickly; rather, these new lowered levels of revenue activity are expected to recover at modest rates of about 5% in the out years of the 10-year plan.

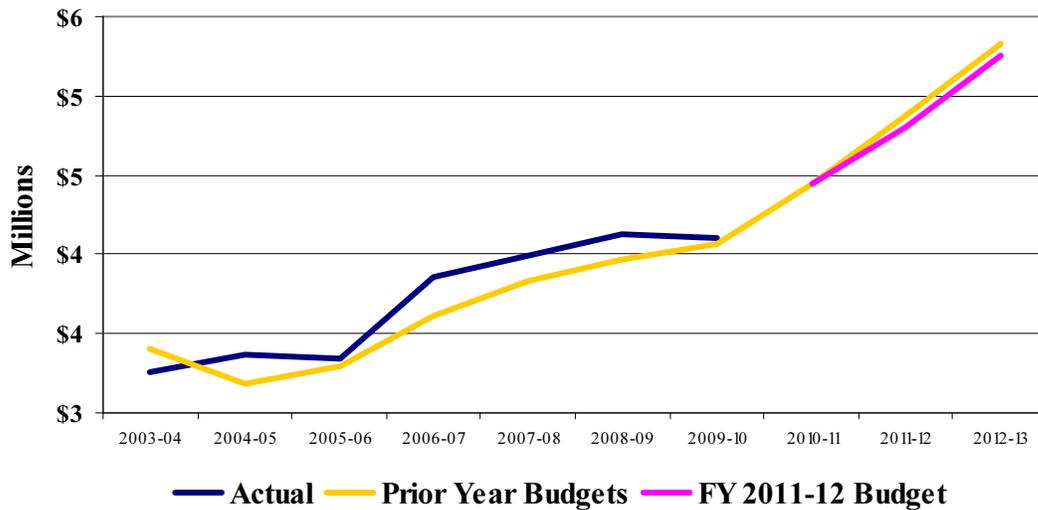
### Property Tax



**Franchise Tax**

Franchise taxes are estimated to be about \$4.8 million, or 6% of General Fund revenue in FY 2011-12. This projection reflects some growth of approximately \$100,000, which has been sustained over the past few years, and a new tow fee franchise tax. Ongoing franchise taxes are paid by waste management, cable franchise, electric and gas utility and oil pipeline companies under individual franchise tax agreements.

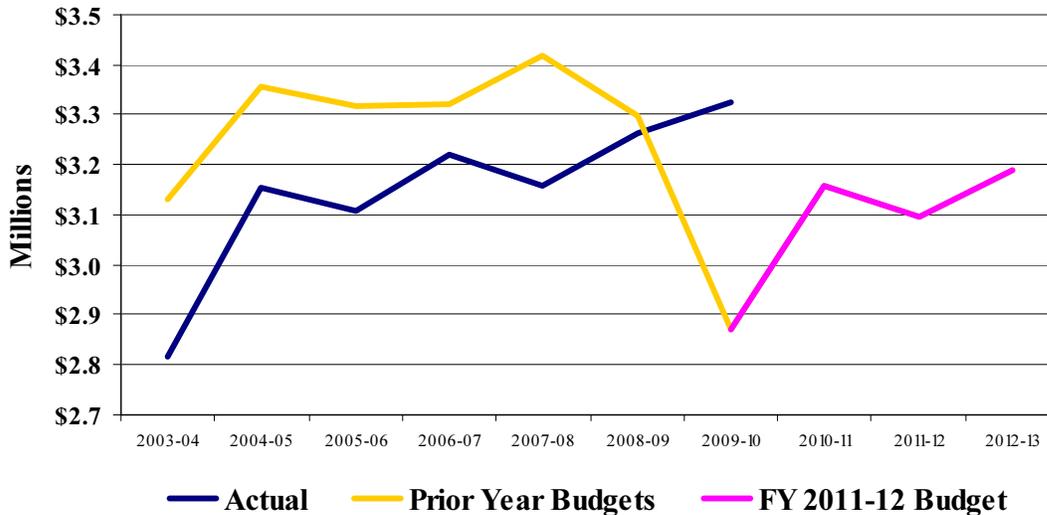
**Franchise Tax**



**Business Licenses**

Business License tax revenue is estimated to be approximately \$3.1 million, exclusive of penalties and interest, for FY 2011-12. This is an increase in ongoing revenue of approximately \$50,000 over the previous year. Included in the FY 2010-11 revenue projections were staff efforts to increase collections. These efforts have been largely successful, though the \$150,000 in arrears which have been collected in FY 2010-11 are not scheduled to be repeated in the new year. While collection efforts will continue, a conservative approach to revenue projection would indicate that one-time arrear collections are not guaranteed and should not be counted on for on-going operations.

### Business License



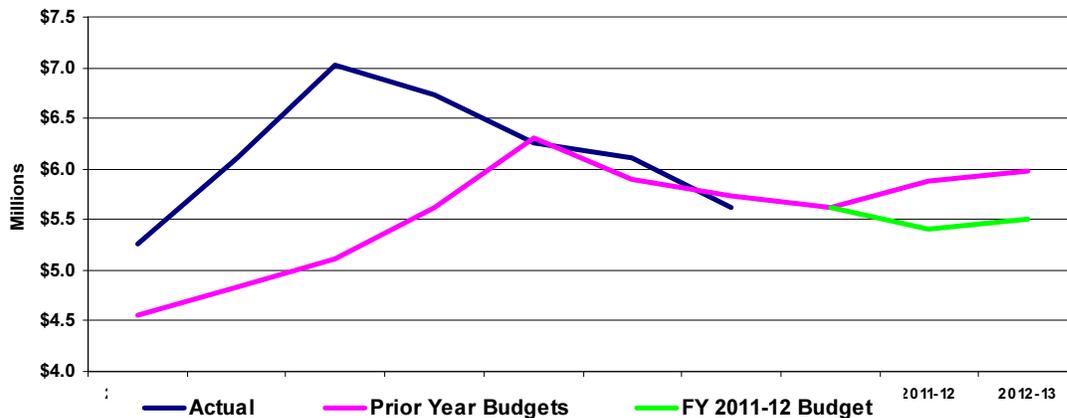
#### *Transient Occupancy Tax*

The FY 2011-12 budget reflects anticipated collection of Transient Occupancy Tax (TOT) of \$1.5 million. This amount has been reduced by \$300,000 from the prior year due to continued weakness in the travel industry. Additionally, one of the City’s larger hotel properties, the Red Lion Inn (formerly Holiday Inn) recently closed. Staff has conducted audits over the past few years to ensure that the City is remitted the proper amount of TOT, but this effort cannot change the fact that this sector of the economy is lagging others in recovery.

#### *Fees and Charges for Services*

This General Fund revenue category includes the revenues generated by all City departments for services provided. Examples include fees for the use of the community pool, building plan checking and other permit center activities, and special event fees. Current services charges are estimated at \$5.4 million, or 7% of General Fund revenues. This is a reduction from FY 2010-11 estimates of \$500,000 and reflects the reality of the economy at this time. Construction is still down which affects the fees in the Permit Center and there is reduced participation in recreation programs and classes. Fees and charges are reviewed each year to ensure that the City is charging appropriately for these services, trying to balance the recoupment of the cost of doing business (cost recovery) and the market and the state of the economy. The Finance Department continues to work with each department to ensure fees are calculated appropriately using cost factors, the Consumer Price Index (CPI) and marketability.

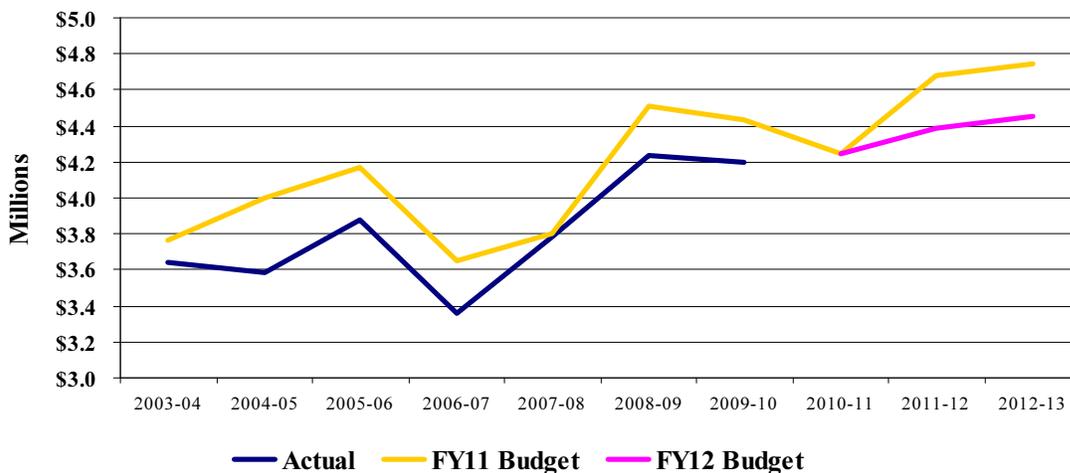
### Charges for Services



### Interfund Charges (Transfers from Other Funds)

Transfers are made from other funds (e.g., Enterprise Funds, Redevelopment, etc.) under a Cost Allocation Plan to pay for the support provided by General Fund departments to their operations. For FY 2011-12, approximately \$4.4 million is budgeted for transfer to repay the General Fund for services provided. This represents approximately 6% of General Fund revenue.

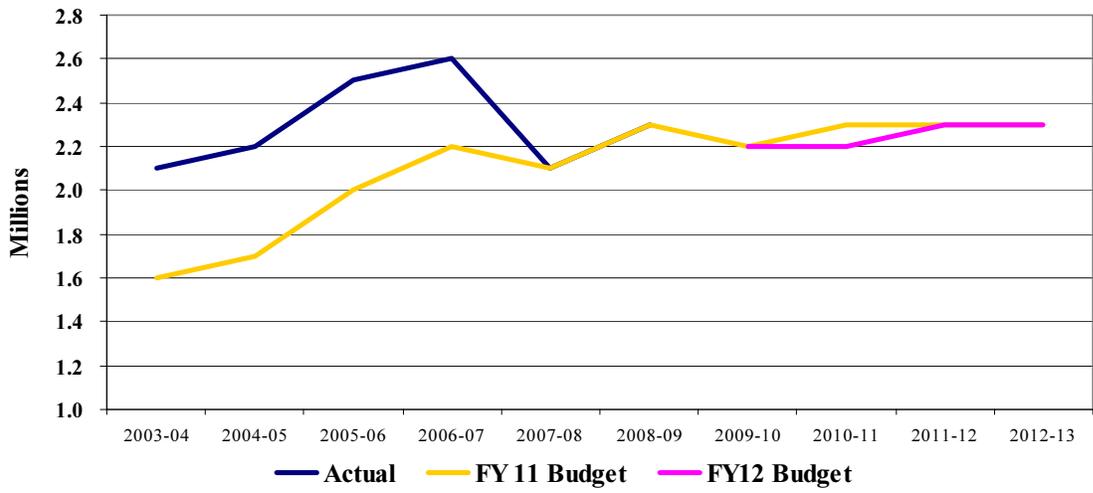
### Interfund Charges



***Licenses, Permits, Fines & Forfeitures***

This revenue category is estimated to be about \$2.3 million or about 3% of the total General Fund revenues. It consists of all types of permit fees (e.g., building, plumbing, electrical) and fines assessed in the Police Department and for code compliance by Neighborhood Services. This revenue source is expected to remain at the same level in FY 2011-12 as in FY 2010-11.

**Licenses, Permits, Fines and Forfeitures**



***Use of Money, Property and Other***

This final category of revenue includes interest, rent and other smaller revenues received annually on a regular basis. The FY 2011-12 estimation for this category is \$3.4 million. While most revenue sources in this category remain static – including interest, rent, and motor vehicle-in-lieu – a one-time transfer of funds from the internal services is included. The one time \$1.7 million transfer reflects the long term effects of the reductions in these funds as a savings to the General Fund. Further analysis, as discussed below, will be completed during FY 2011-12 to realign all internal service charges and costs among the City’s reconfigured departments.

**EXPENDITURE ASSUMPTIONS**

The Ten Year Fiscal Plan is developed each year using the budget year as the base, i.e., FY 2011-12 is the basis for the remaining nine years. All known labor agreement Memoranda of Understanding (MOU) adjustments are reflected to the extent they are known. Given the fact that no active negotiations are currently in process, the FY 2011-12 proposed budget reflects the appropriate year in each current MOU. A 3% CPI inflator is used for years beyond the MOU’s.

For the first time since FY 2007-08, non-labor operating expenditures are increased approximately 2-3% for inflation. Where appropriate, assumptions for medical benefits, insurance and retirement costs reflect the information received in a variety of actuarial studies.

For many programs, comparisons between the proposed budget and prior-year budgets will show significant differences due to major reductions that have occurred across the organization in staffing and programs. However, at the department level, overall spending remains very close to the prior year.

The way in which we are charging internal service charges to departments has also changed from prior years. In most cases, where an internal service charge is not under the direct control of a department – for example, the costs for a computer server which is maintained by the IT department and serves many departments – that charge will now be charged to “non-departmental” expense. By realigning these costs outside of operating budget, the Information Technology Director and the Public Works Director respectively, are more easily held responsible for these organization-wide costs, and other operating departments do not have to account for spending over which they have no control. We are continuing to refine our analysis of the internal service charges and costs, and this analysis was not complete at the time of the development of the FY 2011-12 budget. This is work that will continue into the new year and the results will be reflected in the FY 2012-13 budget.

## **SUMMARY**

The recommended budget for FY 2011-12 reflects the efforts of staff to bring the City’s budget back into balance and fiscal stability. Undoubtedly, the approval of Measure Q by the voters of Concord has provided the City with additional time to adjust ongoing expenditures to ongoing revenues before the measure sunsets. The City recognizes and continues its austere budgeting and service level changes and will continue to strive for structural balance.

In closing, I would like to acknowledge that this is the first budget in a number of years which was prepared without the assistance of our Budget Officer, Ron Buck, who tragically lost his battle with cancer in January of this year. The efforts of the Finance Department staff who stepped up to prepare this budget, while still coping with the grief of losing a talented, valuable employee and a wonderful friend, are to be commended. I want to personally acknowledge the efforts of Finance Director Peggy Lefebvre and her fine staff, as well as the loyalty of one of our recent retirees, Cecilia Skuza, who graciously agreed to return and help us to complete this budget on time.

---

---

**City of Concord**  
**MEMORANDUM**

---

May 17, 2011

**TO:** Honorable Mayor and Councilmembers

**FROM:** Measure Q Oversight Committee—Guy Bjerke, Chair;  
Richard Eber, Vice Chair; Norm Freitas, Bill Gram-Reefer; Beri Kasper;  
Dr. Harmesh Kumar; Rosanne Nieto

**SUBJECT: Measure Q Oversight Committee’s Evaluation and Report on the City’s  
Proposed Use of Measure Q Revenues in the Fiscal Year 2011-12 General  
Fund Budget**

---

The Committee met on April 19, May 9, and May 17. At their May 9<sup>th</sup> and May 17<sup>th</sup> meeting the Committee reviewed the City’s proposed Fiscal Year 2011-12 General Fund Budget and its 10-Year Financial Planning Model. The Committee did not review an audit statement this year because there isn’t one available for a fiscal year that includes Measure Q revenue.

Consequently, the Committee determined that their role this year is to evaluate and advise the Council as to whether Measure Q revenues are proposed to be spent in a manner consistent with what the voters were told during the election process: to protect core services, to re-build the City’s reserves, and to provide more time for the City to address its on-going structural budget deficit. The Committee decided on the three criteria listed below for evaluating the City’s proposed budget. Following each criterion is the Committee’s finding:

**1. Does the City’s proposed General Fund Budget for Fiscal Year 2011-12 protect the city’s core services?**

The Committee finds that the proposed General Fund budget for Fiscal Year 2011-12 protects core city services. In fact, there are no decreases in services proposed within the budget. Rather it is a status-quo budget in terms of services and programs when compared to the Fiscal Year 2010-11 General Fund Budget.

The Committee believes that at some point in the future, when there is a general fund budget proposed that incorporates either new investment or lessening of investment in programs and services, the Council will need to define what is meant by core services.

**2. Does the City's proposed General Fund Budget for Fiscal Year 2011-12 rebuild the City's reserves?**

The Committee finds that the proposed General Fund budget for Fiscal Year 2011-12 rebuilds the City's reserves. Of the \$8 million dollars projected as Measure Q revenue in Fiscal Year 2011-12, \$5 million dollars are being deposited into the City's reserves.

**3. Does the City's proposed General Fund Budget for Fiscal Year 2011-12 make progress towards resolving the City's structural budget deficit within the next 10-years?**

The Committee finds that it is too early for them to make a finding on this criterion. They believe it will be necessary to have information about actual revenues received from Measure Q, actual property and sales tax data for the year, and to see what steps the City Manager implements over the next year before they can determine if the appropriate steps are being taken to eliminate the City's remaining structural budget gap over the next 10-years.

Towards this end, the Committee encourages City staff and the Council to think outside the box to enhance efficiencies, reduce spending and raise revenues.

**Note:** Because there are structural changes between last year's budget and the proposed budget, the Committee found it challenging to compare apples-to-apples between the two budgets. They are requesting that to the extent possible Fiscal Year 2012-13's budget incorporate the format of Fiscal Year 2011-12, in order to aid the Committee's review.

**REPORT TO MAYOR/REDEVELOPMENT AGENCY CHAIR  
AND COUNCIL/AGENCY BOARD****TO THE HONORABLE MAYOR/REDEVELOPMENT AGENCY CHAIR  
AND CITY COUNCIL/AGENCY BOARD:**

DATE: June 28, 2011

**SUBJECT: ADOPTION OF THE FISCAL YEAR 2011-2012 BUDGETS AND TEN-YEAR  
FINANCIAL PLANS FOR THE CITY OF CONCORD AND FOR THE CONCORD  
REDEVELOPMENT AGENCY, AND RELATED ITEMS****Report in Brief**

State law requires that the City of Concord and the Concord Redevelopment Agency adopt a budget prior to the beginning of each fiscal year. On May 24, 2011, the City Council held a budget study session as its first public meeting on the Fiscal Year 2011-12 Municipal and Redevelopment Budgets. On June 14, 2011, the City Council opened a Public Hearing to receive additional information from staff regarding the Proposed Operating Budget and Capital Improvement Program. The public was also invited to provide testimony with regard to these documents and financial plans.

Tonight, the City Council is requested to receive staff's report, again receive public testimony, conclude the Public Hearing, and adopt the FY 2011-12 Municipal Budget, Redevelopment Budget, Ten-Year Financial Plans and related financial items.

**Discussion**

At the Public Hearing on June 14, 2011, the City Council received staff's prepared responses to questions raised at the Budget Workshop on May 24, 2011, and reviewed additional adjustments to the FY 2011-12 Municipal Budget as presented by staff. The City Council asked additional questions regarding the development and impact of various fees and charges as presented that evening. The requested information on fees will be presented to the Council on the night of the meeting as "benched" information.

Since June 14, 2011, additional preliminary information has become available from the State which impacts the Redevelopment Agency Proposed Budget and Ten-Year Plan. The State Senate and Assembly approved AB26X, which would eliminate redevelopment agencies throughout the State, including Concord's. A second bill, AB27X, would allow redevelopment agencies to continue to operate under new constraints, provided that the agencies make "voluntary" payments of tax increment revenues to the State. As of the preparation of this report, the Governor has not signed these bills. While the intent of the State Legislature is evident, the specific mechanism and impact of Redevelopment takeaways is not yet clear. Because of this confusion, staff is recommending that the City Council sitting as the Redevelopment Agency Board of

**ADOPTION OF THE FISCAL YEAR 2011-2012 BUDGETS AND TEN-YEAR  
FINANCIAL PLANS FOR THE CITY OF CONCORD FOR THE CONCORD  
REDEVELOPMENT AGENCY, AND RELATED ITEMS**

June 28, 2011

Page 2 of 3

Directors approve the Redevelopment Agency Budget and Ten-Year Plan as presented. Once the full impact of the State's decisions on Redevelopment is clear, staff will bring a budget amendment to the Board for consideration and approval.

Additionally, as is the case each fiscal year, the City Council is requested to adopt the FY 2011-12 Fees and Charges Resolution and to adopt the FY 2011-12 Appropriation Limit.

In summary, the recommended budget for FY 2011-12 reflects the efforts of staff to bring the City's budget back into balance and achieve fiscal stability. With the passage of Measure Q by the voters of Concord, this goal has been achieved in the short-term, and will be achieved over the long term by the City's continuing efforts to reduce expenditures and grow the City's economy and revenues.

**Fiscal Impact**

All of the City Funds, as well as the Redevelopment Agency's Plan, are balanced through the planning period. Structural deficits which are reflected in the later years of respective Ten-Year Plans will be the focus of continued fund balance reserve preservation efforts.

**Public Contact**

In total there will have been six public meetings on the draft budget. The first three public meetings were held by the Measure Q Oversight Committee, the fourth was the Budget Workshop held on May 24<sup>th</sup>, the fifth was the Public Hearing on June 14<sup>th</sup>, and the sixth is tonight's meeting.

**Alternative Courses of Action**

The City and the Agency must adopt budgets for FY 2011-12 prior to July 1, 2011. However, both the City Council and the Agency Board have the authority to modify the annual budgets, Ten-Year Financial Plans, Capital Improvement Program and other related actions throughout the coming year.

**Recommendation for Action**

The City Council is requested to receive additional public testimony and then close the public hearing. At the close of the Public Hearing, the City Council and Agency is requested to take the following actions:

1. Adopt Resolution No. 11-6042.1 (Attachment 3) Amending Exhibit A to Resolution No. 78-6042 Establishing Fees and Charges for Various Municipal Services in the City of Concord), as amended.
2. Adopt Resolution No. 11-48 (Attachment 4) Establishing the Appropriation Limit for the City of Concord for Fiscal Year 2011-2012 Pursuant to California Constitution Article XIII B.

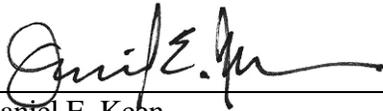
**ADOPTION OF THE FISCAL YEAR 2011-2012 BUDGETS AND TEN-YEAR  
FINANCIAL PLANS FOR THE CITY OF CONCORD FOR THE CONCORD  
REDEVELOPMENT AGENCY, AND RELATED ITEMS**

June 28, 2011

Page 3 of 3

3. Adopt Resolution No. 11-49 (Attachment 6) Adopting the Municipal budget, Including a Ten-Year Financial Plan and the 2011-2012 Capital Improvement Program, Including a Ten-Year Capital Improvement Plan for Fiscal Year 2011-2012 and Reconfirming Authorization to Use Redevelopment Agency Set-Aside Funds for Housing-Related Activities under the City's Neighborhood Improvement Program.
4. Adopt Redevelopment Agency Resolution No. 11-766 (Attachment 7) Adopting the Redevelopment Agency Budget for Fiscal Year 2011-2012 and Reconfirming the Use of Redevelopment Agency Housing Set-Aside Funds for Housing-related Activities under the City's Neighborhood Improvement Program.

Prepared by: Peggy Lefebvre  
Director of Finance  
[mlefevre@ci.concord.ca.us](mailto:mlefevre@ci.concord.ca.us)



---

Daniel E. Keen  
City Manager/Executive Director  
[Dan.Keen@ci.concord.ca.us](mailto:Dan.Keen@ci.concord.ca.us)

Reviewed by: Valerie Barone  
Assistant City Manager  
[Valerie.Barone@ci.concord.ca.us](mailto:Valerie.Barone@ci.concord.ca.us)

Attachments:

1. Budget Public Hearing Staff Report dated June 14, 2011
2. Budget Transmittal Memorandum for proposed FY 2011-2012 Budgets and Ten-Year Financial Plans dated May 18, 2011
3. Resolution No. 11-6042.1 Fees and Charges with Exhibit A Proposed Changes
4. Resolution No. 11-48 Appropriation Limit
5. Measure Q Committee Budget Memo to Council
6. Resolution No. 11-49 Municipal Budget and Ten-Year Financial Plan
7. Redevelopment Agency Budget Resolution No. 11-766

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

3 **A Resolution Adopting the Municipal Budget,**  
4 **Including a Ten-Year Financial Plan and the 2011-**  
5 **2012 Capital Improvement Program, Including a**  
6 **Ten-Year Capital Improvement Plan, for Fiscal Year**  
7 **2011-2012 and Reconfirming Authorization to Use**  
8 **Redevelopment Agency Set-Aside Funds for Housing-**  
9 **Related Activities Under the City's Neighborhood**  
10 **Improvement Program**

**Resolution No. 11-49**

11                   **WHEREAS**, the City Manager has recommended a Municipal Budget for Fiscal Year 2011-  
12 12 and a Ten-Year Financial Plan; and

13                   **WHEREAS**, the City Manager has recommended a Capital Improvement Program Budget for  
14 Fiscal Year 2011-12 and a Ten-Year Capital Improvement Plan; and

15                   **WHEREAS**, all of the operating budgets are balanced without using reserves; and

16                   **WHEREAS**, at the May 24, 2011 workshop, the City Manager received comment and  
17 direction from Council regarding the proposed budget deficit reduction recommendations and  
18 strategy; and

19                   **WHEREAS**, at the June 28, 2011 hearing the Council conducted its final review of the  
20 budget; and

21                   **WHEREAS**, the expenditures provided in said Budget, together with any revisions to it, are  
22 within the expenditure limitations imposed by Article XIII B of the California Constitution; and

23                   **WHEREAS**, the City Manager has recommended reaffirmation of *Policy & Procedure No.*  
24 *129, Budget and Fiscal Policies*, which provides the concepts and processes that help protect City  
25 resources and long-term fiscal health; and

26                   **WHEREAS**, the City Council, pursuant to Resolution No. 92-28, authorized the use of  
27 Redevelopment Agency Set-Aside Funds for housing-related activities under the City's Neighborhood  
28 Improvement Program.

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

//

1           **Section 1.** The City Council approves the Municipal Budget as modified per Council direction  
2 for Fiscal Year 2011-2012 and a Ten-Year Financial Plan submitted by the City Manager as adjusted  
3 by adopted City Council budget reduction measures.

4           **Section 4.** The City Council accepts the Planning Commission’s determination that the Fiscal  
5 Year 2011-2012 Capital Improvement Program Budget complies with the goals and objectives of the  
6 General Plan.

7           **Section 5.** The City Council approves the Capital Improvement Program Budget for Fiscal  
8 Year 2011-12 and a Ten-Year Capital Improvement Plan as modified.

9           **Section 6.** A copy of the Municipal Budget and Ten-Year Financial Plan including Capital  
10 Improvement Program Budget and Ten-Year Capital Improvement Plan for Fiscal Year 2011-2012 as  
11 modified during the hearings are on file with the City Clerk.

12           **Section 7.** The City Council reaffirms *Policy & Procedure No. 129, Budget and Fiscal*  
13 *Policies.*

14           **Section 8.** The City Council reconfirms the authorization pursuant to Resolution 92-28 to use  
15 Redevelopment Agency Housing Set-Aside Funds for housing-related activities under the City’s  
16 Neighborhood Improvement Program.

17           **Section 9.** This resolution shall become effective immediately upon its passage and adoption.

18           **PASSED AND ADOPTED** by the City Council of the City of Concord on June 28, 2011, by  
19 the following vote:

20 **AYES:**           Councilmembers -

21 **NOES:**           Councilmembers -

22 **ABSTAIN:**       Councilmembers -

23 **ABSENT:**       Councilmembers -

24 //

25 //

26 //

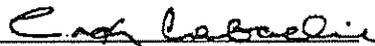
27 //

28 //

1           **I HEREBY CERTIFY** that the foregoing Resolution No. 11-49 was duly and regularly  
2 adopted at a regular joint meeting of the City Council and the Redevelopment Agency of the City of  
3 Concord on June 28, 2011.

4  
5   
6 Mary Rae Lehman, CMC  
7 City Clerk

8 **APPROVED AS TO FORM:**

9   
10 Craig Labadie  
11 City Attorney

1 **REDEVELOPMENT AGENCY OF THE CITY OF CONCORD**

2 **RESOLUTION NO. 11-766**

---

3 **A RESOLUTION ADOPTING THE REDEVELOP-**  
4 **MENT AGENCY BUDGET FOR FISCAL YEAR**  
5 **2011-2012 AND RECONFIRMING THE USE OF**  
6 **REDEVELOPMENT AGENCY HOUSING SET-**  
7 **ASIDE FUNDS FOR HOUSING-RELATED**  
8 **ACTIVITIES UNDER THE CITY'S**  
9 **NEIGHBORHOOD IMPROVEMENT PROGRAM**

10 **WHEREAS**, the Redevelopment Agency Executive Director has recommended an Agency  
11 Budget for Fiscal Year 2011-2012; and

12 **WHEREAS**, the appropriations of \$14,620,316 provided in the budget are necessary to  
13 forward the goals of the Redevelopment Agency; and

14 **WHEREAS**, the administrative expenditures of \$4,395,932 include the provision for services  
15 provided to the Agency by the City through a Services Agreement approved by the Agency on June  
16 28, 2011; and

17 **WHEREAS**, the value of the services provided to the Agency by the City is estimated to be  
18 \$1,059,095; and

19 **WHEREAS**, the Agency has debt and other payment obligations estimated to be \$7,749,384;  
20 and

21 **WHEREAS**, the Redevelopment Agency Budget recognizes the importance and need to  
22 support low to moderate-income housing citywide through a \$3,130,368 budget transfer to the Low  
23 and Moderate-Income Housing Fund which includes \$610,008 for services provided to the Agency by  
24 the City; and

25 **WHEREAS**, pursuant to Section 33334.3(d) of the California Community Redevelopment  
26 Law (Health and Safety Code Section 33000 et seq.) it is the intent of the California State Legislature  
27 that the amount of money spent for planning and general administration from the Low and Moderate-  
28 Income Housing Fund not be disproportionate to the amount actually spent for the cost of production:  
and

//

1           **WHEREAS**, the Project and Program recommendations reflect the current priorities for the  
2 Agency; and

3           **WHEREAS**, the Capital expenditures and other financing uses of \$2,475,000 reflect the  
4 current priorities for the Agency; and

5           **WHEREAS**, estimated existing unallocated reserves of \$7,823,902 and projected revenues of  
6 \$11,879,332 are sufficient to cover budget expenses for Fiscal Year 2011-2012, with an estimated  
7 balance of \$4,690,918 left in the unallocated reserve fund for the Agency at the end of the fiscal year;  
8 and

9           **WHEREAS**, the recommended Agency Budget is in compliance with the adopted  
10 Redevelopment Agency's Ten-Year Implementation Plan; and

11           **WHEREAS**, the Redevelopment Agency held public hearings on the budget on June 14,  
12 2011, and June 28, 2011, at which time any and all members of the public were afforded an  
13 opportunity to comment on the budget; and

14           **WHEREAS**, the Redevelopment Agency adopted Resolution 92-506 authorizing the use of  
15 Redevelopment Agency Housing Set-Aside Funds for the City's Neighborhood Improvement  
16 Program.

17           **NOW, THEREFORE, THE REDEVELOPMENT AGENCY OF THE CITY OF**  
18 **CONCORD DOES RESOLVE AS FOLLOWS:**

19           **Section 1.** Approves the Redevelopment Agency's Operating Budget, including debt  
20 allocation and low and moderate-income housing payments, Projects and Programs, the Capital  
21 expenditures for Fiscal Year 2011-2012, anticipated revenues, work program and comparison between  
22 the previous year's achievements and goals as submitted by the Executive Director.

23           **Section 2.** Determines that it is necessary to allocate \$610,008 of the estimated \$3,389,906  
24 2011-2012 Affordable Housing Budget for the planning and administrative expenses necessary for the  
25 citywide production, improvement, and/or preservation of low and moderate-income housing during  
26 Fiscal Year 2011-12.

27           **Section 3.** A copy of the Redevelopment Agency's Budget for Fiscal Year 2011-2012 is on  
28 file in the Office of the City Clerk.

1           **Section 4.** Reconfirms the authority pursuant to Resolution 92-506 to use Redevelopment  
2 Agency Housing Set-Aside Funds for housing-related activities under the City's Neighborhood  
3 Improvement Program.

4           **Section 5.** This Resolution shall become effective immediately upon its passage and adoption.

5           **PASSED AND ADOPTED** by the Redevelopment Agency of the City of Concord June 28,  
6 2011, by the following vote:

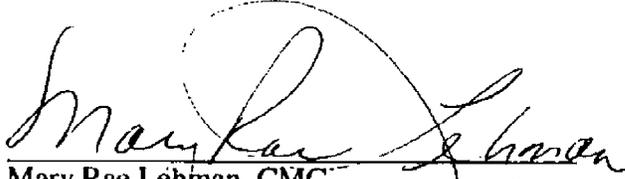
7 **AYES:**           Agencymembers - D. Helix, L. Hoffmeister, R. Leone, W. Shinn, T. Grayson

8 **NOES:**           Agencymembers - None

9 **ABSTAIN:**       Agencymembers - None

10 **ABSENT:**       Agencymembers - None

11           **I HEREBY CERTIFY** that the foregoing Resolution No. 11-766 was duly and regularly  
12 adopted at a regular joint meeting of the City Council and Redevelopment Agency of the City of  
13 Concord on June 28, 2011.

14  
15   
16 Mary Rae Lehman, CMC  
17 Agency Secretary

17 APPROVED AS TO FORM:

18  
19   
20 Craig Labadie  
21 Agency Counsel