

# City of Concord, California

Fiscal Year 2012 - 2013



## Adopted Operating Budget



### City Council

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

### Prepared By

Valerie Barone, Interim 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.

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**Mayor**

HONORABLE RONALD E. LEONE

**Vice Mayor**

WILLIAM D. SHINN

**City Council Members**

TIMOTHY S. GRAYSON

DANIEL C. HELIX

LAURA HOFFMEISTER

**City Clerk**

MARY RAE LEHMAN

**City Treasurer**

THOMAS J. WENTLING

**Interim City Manager**

Valerie Barone

Joan Carrico.....Director of Parks and Recreation  
Mark Coon ..... City Attorney  
Kathy Ito.....Director of Human Resources  
Margaret Lefebvre.....Director of Finance  
Michael Miller ..... Interim Director of Public Works  
Ron Puccinelli .....Director of Information Technology  
Guy Swanger .....Chief of Police  
Victoria Walker.....Director of Community and Economic Development  
Katherine Winer ..... Interim Assistant City Manager



## **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.*



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# Memorandum

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**DATE:** June 26, 2012

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

**FROM:** Valerie Barone, Interim City Manager

**SUBJECT:** **Budget Message for Fiscal Year 2012-13 and Ten-Year Financial Plan for Fiscal Year 2012-13 through Fiscal Year 2021-22**

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With this transmittal memo we present the adopted City of Concord Operating Budget for Fiscal Year (FY) 2012-13. Accompanying the budget are the Ten-Year Financial Plans for FY 2012-13 through FY 2021-22 for each of the City of Concord's major funds. Staff presented this budget to the City Council and the public at the Council's May 8 Budget Workshop and at two Public Hearings on June 5<sup>th</sup> and June 26<sup>th</sup>. The City Council approved Resolution No. 12-48, Adopting the Municipal Budget, Including a Ten-Year Financial Plan and the 2012-2013 Capital Improvement Program, Including a Ten-Year Capital Improvement Plan for Fiscal Year 2012-2013, after the closing of the second public hearing on June 26, 2012.

For more than three 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 the late 1990's, the City has reduced General Fund expenditures by almost 22% from what had been anticipated for FY 2012-13 in FY 2007-08, the last budget written before the severe impacts of the recession began to be felt. The City's full time workforce has been decreased by 119 positions during this same time period, equivalent to a 24% reduction. 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.

In November 2010, the citizens of the City of Concord approved Measure Q, a ½-cent temporary transactions and use tax. The Measure Q transactions and use tax 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 as the recession of the past few years deepened. For FY 2011-12, a "status quo" budget was developed in which no budget cuts were made in order to give staff time to strategically develop a plan to resolve the structural deficit. It was, and still is, the hope that the Measure Q revenue stream will be replaced in the future by revenue derived from an improved economy.

The FY 2012-13 Adopted Operating Budget and 10-Year Plan continue the City's efforts to attain structural balance and to mitigate the effect of the dissolution of the Redevelopment Agency (RDA) which removes a major resource for ongoing City operations. Although the passage of Measure Q has temporarily stabilized the City's financial situation, significant external and internal budget challenges remain. Notably:

1. Local economic recovery is slow. Concord is beginning to see some growth in sales tax revenues as reported through December, 2011. Residential foreclosure activity which affects property tax revenues continues, but at a declining rate. Office vacancy rates remain high, although Concord had the strongest leasing activities in the Central County office market this past quarter. While we are continuing to see job losses from the private sector, Concord's unemployment rate has declined by .5 percent from the previous year (current unemployment rate is 10.7 percent compared to last year's rate of 11.2 percent).
2. The State's budget deficit situation has not been resolved despite efforts to close the gap, including, most notably from the City's point of view, the dissolution of Redevelopment as a program throughout the state. The latest estimate of the State structural deficit is still over \$15 billion. The State also eliminated Vehicle License Fee payments to local jurisdictions, in what staff believes to be a direct violation of Proposition 22, which was passed by the state voters in November, 2010, to protect local revenue sources. The continuing lack of a political resolution to the State's budget situation passes through to local agencies either directly, through reductions to grants and reimbursements, or indirectly, through new costs passed on to Concord through the County, such as booking fees. At this point, the State is proposing temporary income and sales tax increases on the November, 2012 ballot. This measure's passage or failure will likely have an impact on cities and counties throughout the State.
3. As a part of the State's FY 2011-12 budget, Redevelopment was eliminated as an economic tool for local agencies. A lawsuit was brought by those who fully understand the value of this program and its contribution to the economic vitality of the state. The lawsuit was unsuccessful in reversing the dissolution of Redevelopment. The impact on the City's operating budget and 10-year plan is discussed in further detail as part of the Community and Economic Development Department program reductions and reorganization in the "Proposed Budget Stabilization Measures" section of this report.
4. Before the development of the FY 2012-2013 General Fund budget and 10-year financial plan, a structural deficit of approximately \$3.5 million still existed. Staff made a number of budget stabilization recommendations to the City Council to close this gap. The City Council has approved approximately \$2.9 million in revenue enhancements or expenditure reductions, leaving a remaining structural deficit of approximately \$610,000. The City Council has been very clear in its intention to resolve this remaining structural deficit with the FY 2013-2014 budget cycle.

The use of Measure Q revenues throughout the term of the 10-Year Plan has been instrumental in the balancing that has occurred so that a 15% operating reserve will be maintained as the City eliminates the remaining structural deficit by the end of the 10-Year planning cycle.

To aid your review of this transmittal memo, the information has been organized into the following topics:

1. BACKGROUND
  - a. General Fund Proposed Operating Budget and 10-Year Plan
  - b. Budget Reductions to Date
  
2. GENERAL FUND REVENUES
  - a. Sales Tax
  - b. Property Tax
  - c. Franchise Tax
  - d. Business License Tax
  - e. Transient Occupancy Tax
  - f. Fees and Charges for Current Services
  - g. Interfund Charges (Transfers from Other Funds)
  - h. Licenses, Permit, Fines & Forfeitures
  - i. Use of Money, Property and Other
  
3. EXPENDITURE ASSUMPTIONS
  - a. Salaries and Benefits
  - b. Operating Expenditures
  
4. ADOPTED BUDGET STABILIZATION MEASURES
  
5. OTHER FUNDS AND PROGRAMS
  - a. Base Reuse Project
  - b. Golf Course
  - c. Capital Improvement Project (CIP) Budget
  
6. MEASURE Q OVERSIGHT COMMITTEE FINDINGS
  
7. SUMMARY

**1. BACKGROUND**

**a. General Fund Adopted Operating Budget and 10-Year Plan**

The General Fund Adopted Operating Budget and 10-Year Plan presented to the City Council are always works in progress. They reflect staff’s best estimate of the resources necessary to continue city services for FY 2012-13 and future years and include revenue enhancements and expenditure reductions to provide relief to the General Fund in response to the remaining structural deficit and the dissolution of the Redevelopment Agency. Staff continues to refine the budget figures in the new year even after the budget is adopted. Any changes identified will be presented to the City Council at the mid-year budget review or earlier at a scheduled City Council meeting if necessary.

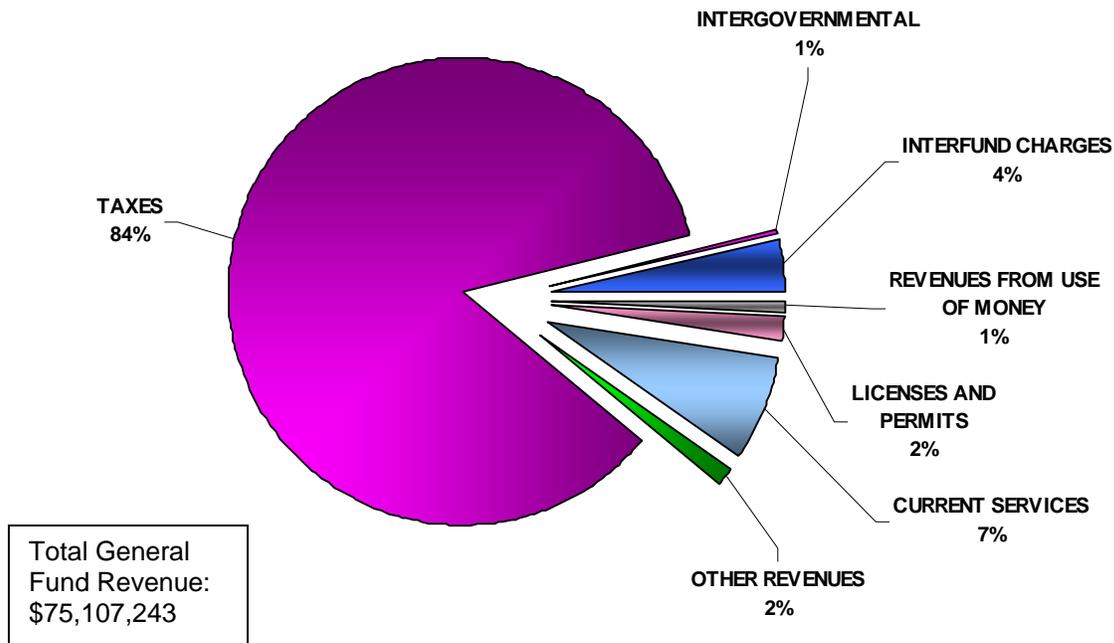
**b. Budget Reductions to Date**

As stated above, the City has made significant reductions to the budget over the past several years. The table below shows a comparison of operation costs and positions from FY 2007-08, the last year before the “Great Recession,” to the adopted FY 2012-13 budget. The table includes operations from various Internal Service Funds which are mostly funded by fees paid from the General Fund. The position changes reflect all allocated positions, including those funded by other funds. The table below also reflects the various reorganization efforts that have taken place as the City has downsized.

<b>Department</b>	<b>Budget Increase/ (Decrease) (000’s)</b>	<b>Budget % Change</b>	<b>Full Time Position Increase/ (Decrease)</b>	<b>Position % Change</b>
City Attorney	(404)	(27.6%)	(2)	(33.3%)
CED (2,478)		(35.8%)	(28)	(47.5%)
Finance (669)		(22.3%)	(8)	(30.8%)
Human Resources	(378)	(22.4%)	(3)	(33.3%)
IT (1,056)		(21.1%)	(7)	(38.9%)
City Manager	(250)	(9.2%)	(5)	(23.8%)
Parks & Recreation	(684)	(13.6%)	(6)	(30.0%)
Police +1,884		+5.2%	(21)	(9.3%)
Public Works	(4,116)	(32.8%)	(33)	(30.0%)

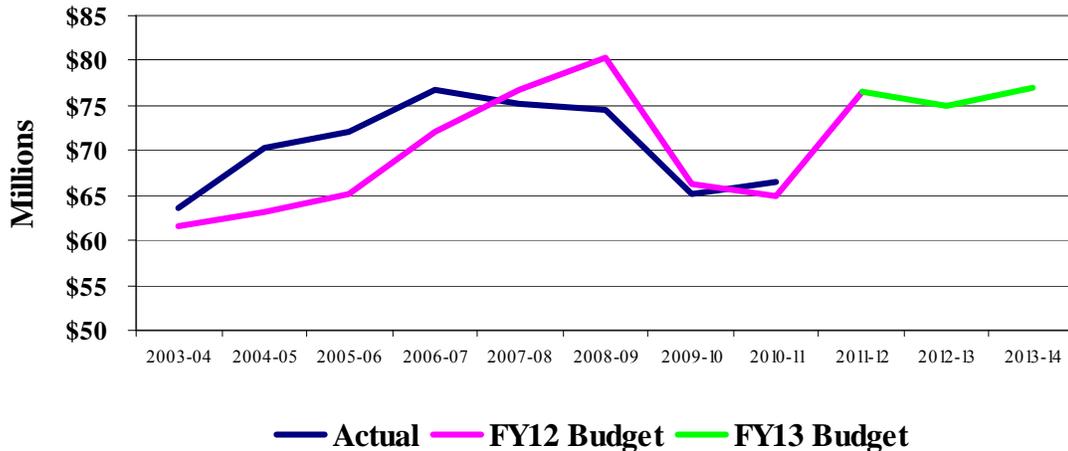
## 2. GENERAL FUND REVENUES

Taxes provide the majority of General Fund revenues. Property, sales, business license, Measure Q, franchise and transient occupancy taxes comprise 85%, or \$63.8 million of the \$75.1 million in resources provided to the General Fund. External and internal charges for service make up another 11%, or \$8.1 million of the total with the remaining 4%, or \$2.9 million, coming from permits, fines, interest, rent and other miscellaneous sources.



The City's revenue remains fairly constant with a small amount of growth. The exception is the revised estimate of the Measure Q transactions and use tax discussed in further detail below. Overall, the City's other main sources of revenue have not grown in any significant manner. Further, dissolution of the RDA has generated a \$1.7 million reduction in General Fund revenues. As a result, this budget and the 10-year plan reflect only a small amount of growth outside of Measure Q in the next few years. The graph below shows a general fund revenue increase beginning in FY 2011-12, this jump in revenue is a result of the passage of Measure Q, and consequently is temporary.

## General Fund Revenues



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

**a. Sales Tax**

Sales tax and the Measure Q transaction and use tax make up 45% of General Fund revenue. This is an increase of 4% when compared to FY 2011-12. The majority of the increase is due to the receipt of Measure Q transaction and use taxes.

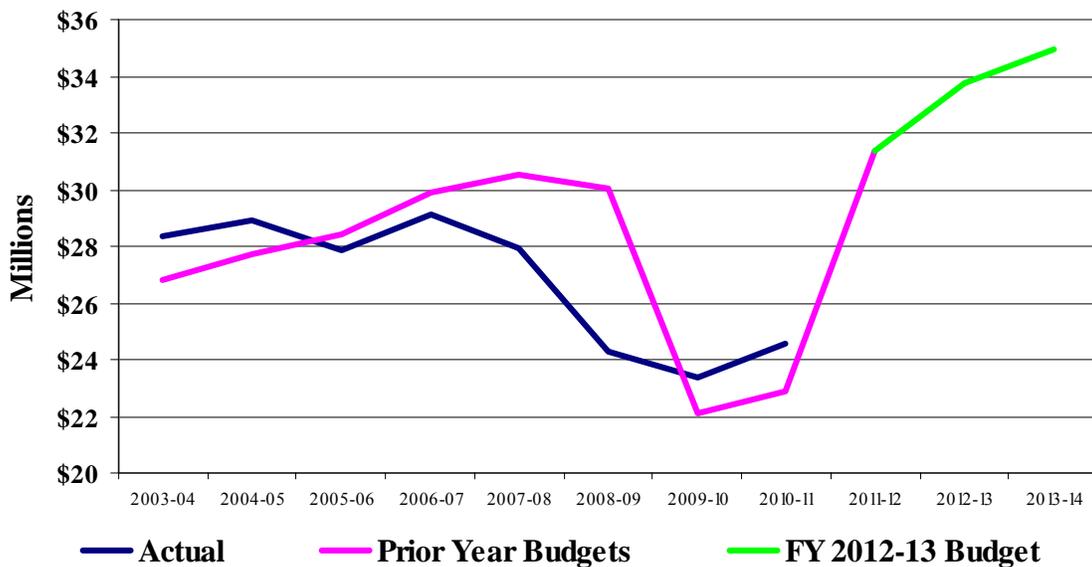
The original Bradley-Burns 1% sales tax is estimated at \$24.2 million for FY 2012-13. An increase of approximately 4% has been experienced in this tax when compared with the projected sales tax revenue for FY 2011-12. Future growth is conservatively estimated at approximately 3% per year.

Measure Q, the initiative approved by Concord voters in November, 2010, is bringing much needed revenue to the City. The tax collection began on April 1, 2011, with FY 2011-12 being the first full year of receiving the sales tax. The tax sunsets on March 31, 2016. The original estimates of Measure Q receipts were developed conservatively at \$8 million per year. The City's experience in FY 2011-12 indicates that the revenue is more robust with a projected receipt of \$9.2 million for the year. Given this improved level of the revenue, staff anticipates FY 2012-13 Measure Q revenue to be approximately \$9.4 million, with growth of 3.5% per year until the tax sunsets in 2016. When comparing this growth rate with that of the general Bradley-Burns sales tax, it is important to

keep in mind that the taxable base is slightly different for each tax, so the growth rates are slightly different.

The General Fund 10-Year Plan presented in the FY 2012-13 Adopted Operating Budget has been developed using the assumption that the Measure Q transaction and use tax will be used throughout the ten years of the plan and not just for the five years of collection in order to conclude with structural balance in FY 2021-22. The impact of Measure Q on sales tax revenues is the cause of the growth shown in the table below, beginning slowly in FY 2010-11 and more significantly in FY 2011-12 (the first full year of Measure Q revenue).

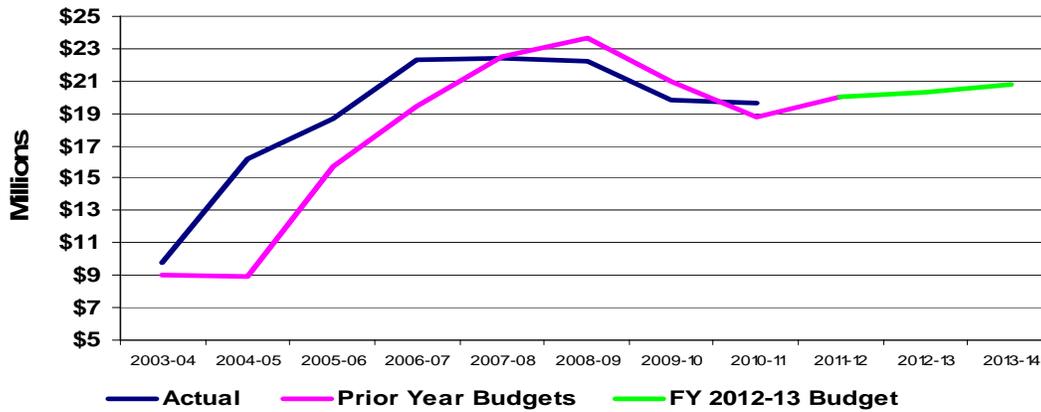
### Sales Taxes



**b. Property Tax**

Property tax revenues represent 27% of projected General Fund revenues and are estimated to be \$20.3 million for FY 2012-13. 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. Property tax revenues in FY 2011-12 reflected a decline based on an overall lowering of assessed value by the Contra Costa County Tax Assessor. This adjustment established a new base from which modest growth is projected. While dissolution of the RDA was devastating on programs that it supported, it does result in an increase to the general property tax received by the City. Consequently, a small \$200,000 increase is projected in overall property tax. The City does not expect property taxes as a revenue source to recover quickly; rather, recovery is anticipated at modest rates of about 3% in the out years of the 10-year plan.

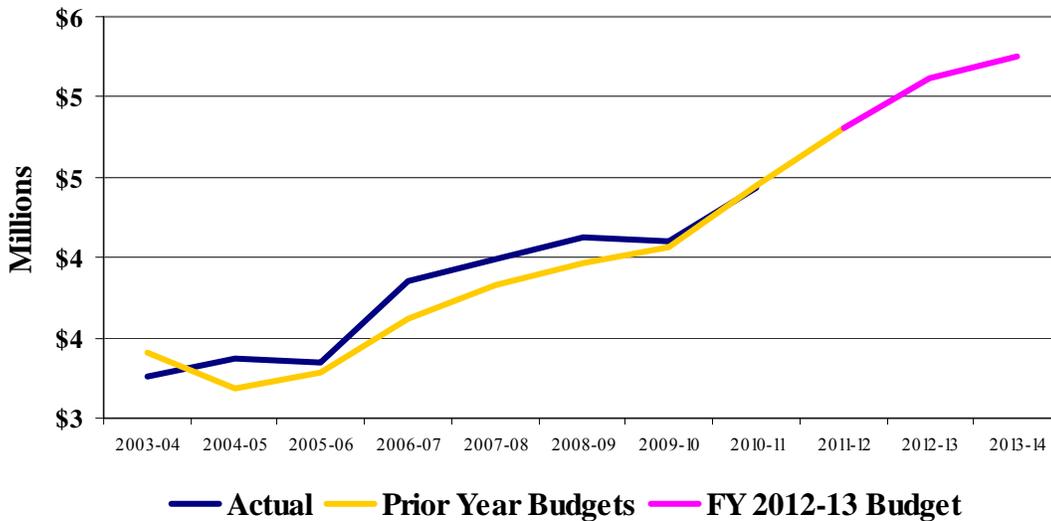
### Property Tax



**c. Franchise Tax**

Franchise taxes are estimated to be about \$5.1 million, or 7% of General Fund revenue in FY 2012-13. This projection reflects approximately \$300,000 of growth, which is consistent with growth levels sustained over the past few years. 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

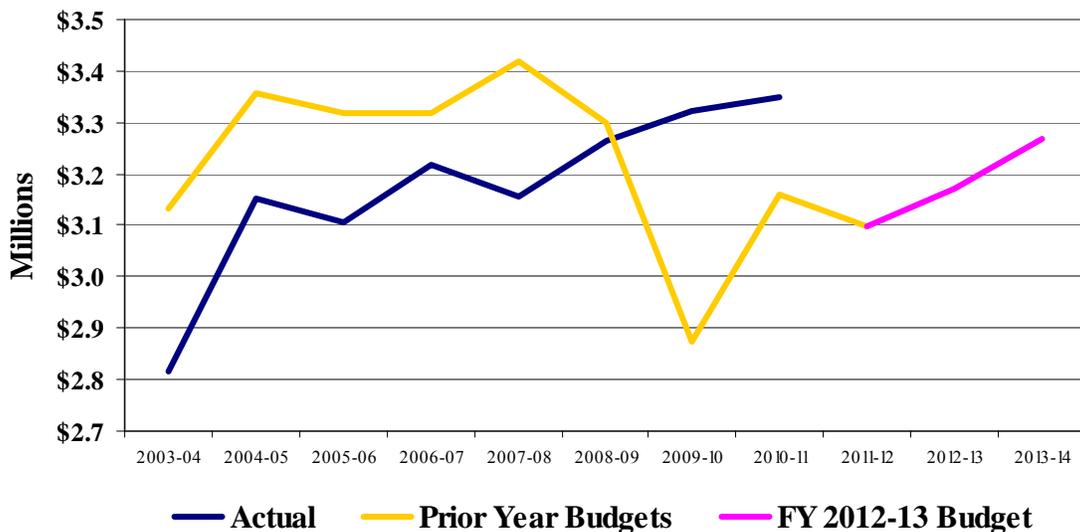


**d. Business License Tax**

Business License tax revenue is estimated to be approximately \$3.3 million, exclusive of penalties and interest, for FY 2012-13. This is an increase in ongoing revenue of approximately \$75,000 over the previous year. For the past several years, staff has focused on compliance efforts in order to increase collections. These efforts have been largely successful, with growth in this tax as businesses become and remain compliant with the Concord Municipal Code business license provisions.

Prior year actual receipts included one-time payments from business owners who were in arrears in payments and have become compliant with the business license requirements of the City. These payments have been considered “one-time” in nature and have not been projected in future year estimates.

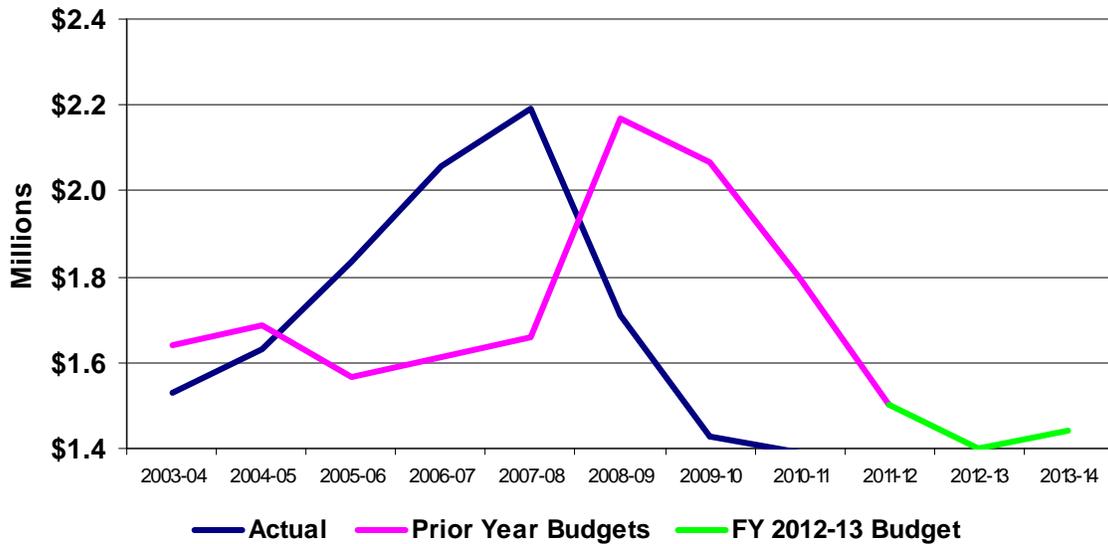
**Business License Tax**



**e. Transient Occupancy Tax**

The FY 2012-13 budget reflects anticipated collection of Transient Occupancy Tax (TOT) of \$1.4 million. This amount has been reduced by \$100,000 from the prior year due to continued weakness in the travel industry. Staff has conducted audits over the past few years to ensure that the City is remitted the proper amount of TOT, so the decrease is indicative that this sector of the economy is lagging others in recovery.

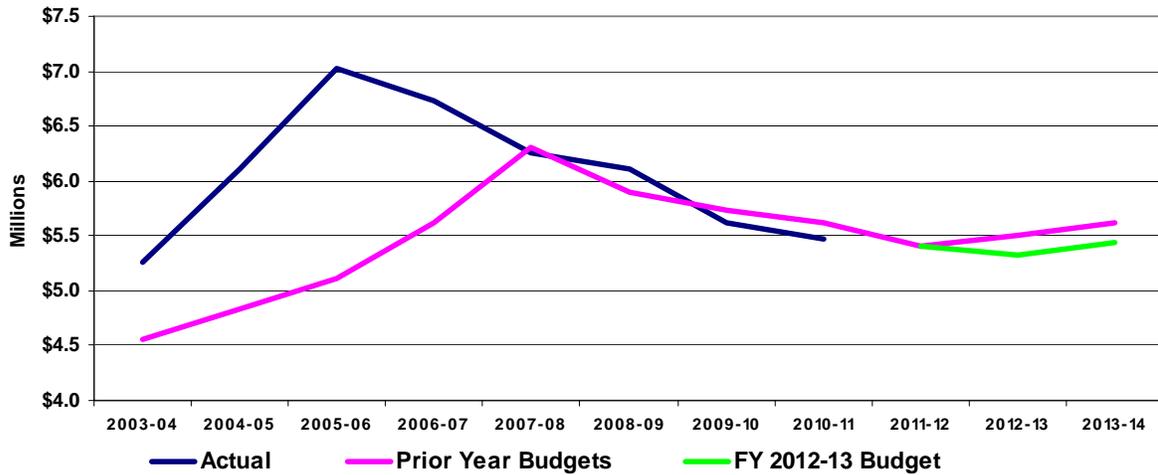
## Transient Occupancy Tax



### f. Fees and Charges for Current 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 service charges are estimated at \$5.3 million, or 7% of General Fund revenues. This is a reduction from FY 2011-12 estimates of approximately \$100,000 and reflects the reality of the economy at this time. The fees generated in the Permit Center are generally flat 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, balancing recovery of the cost of doing business (cost recovery), the market, and the state of the economy. The Finance Department continues to work with each department to ensure that fees are calculated appropriately, using cost factors, the Consumer Price Index (CPI) and marketability.

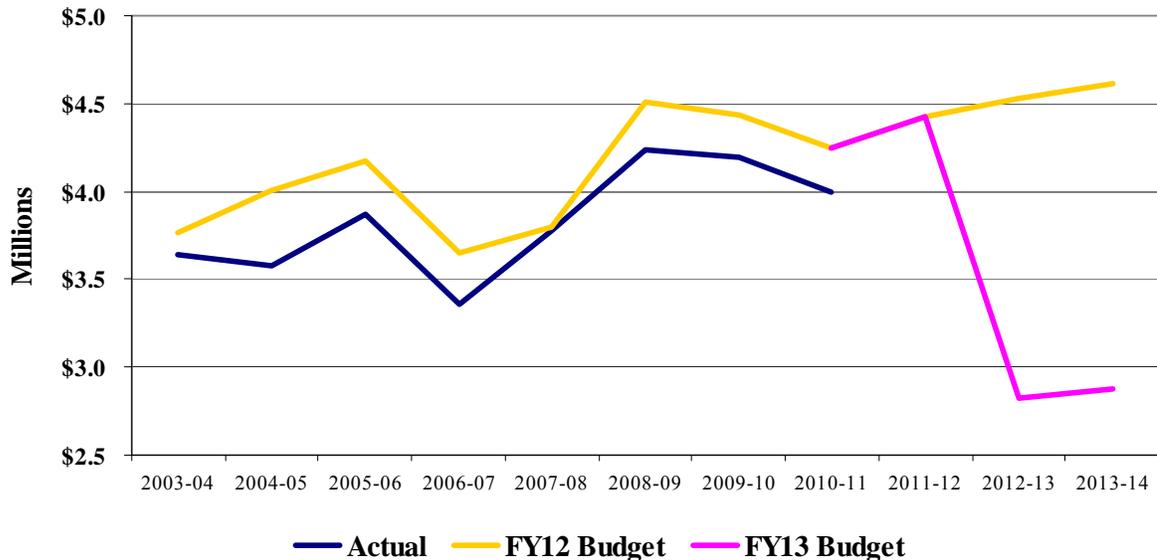
### Charges for Services



**g. Interfund Charges (Transfers from Other Funds)**

Transfers are made from other funds (e.g., Enterprise Funds, Storm Water, etc.) under a Cost Allocation Plan to pay for the support provided by General Fund departments to their operations. For FY 2012-13, approximately \$2.8 million is budgeted for transfer to repay the General Fund for services provided. This represents approximately 4% of General Fund revenue. The dissolution of the Redevelopment Agency results in a reduction of approximately \$1.7 million in interfund charges and accounts for the significant decrease in this funding source. The loss of this funding causes the revenue reduction shown on the chart below.

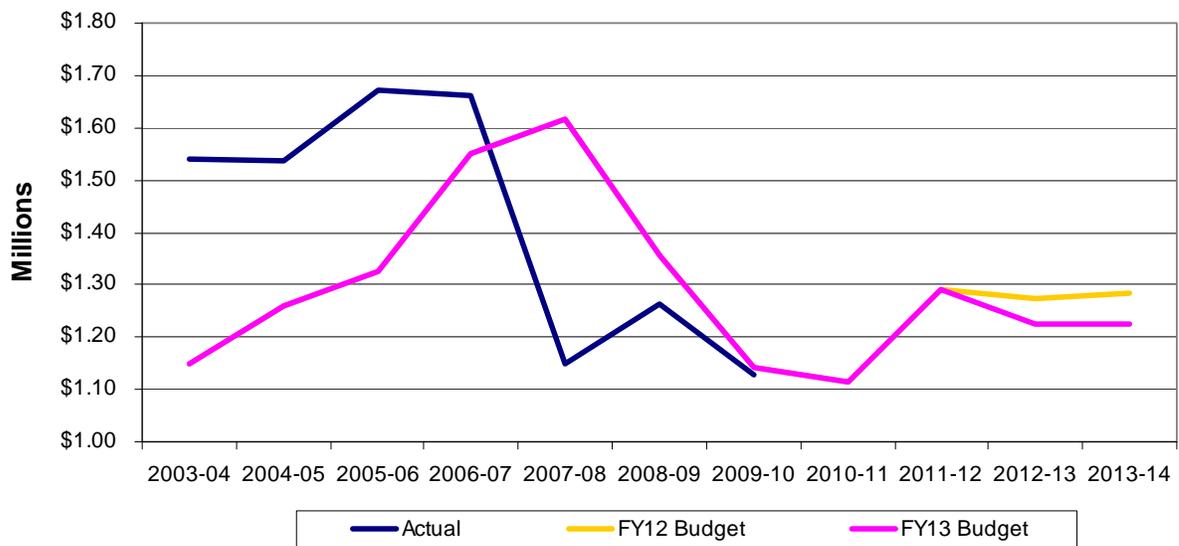
### Interfund Charges



#### h. Licenses, Permits, Fines & Forfeitures

This revenue category is estimated to be about \$2.1 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. In FY 2012-13 this revenue source is projected to decrease approximately \$200,000.

### Total Licenses & Permits



**i. 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 2012-13 estimate for this category is \$900,000. This is significantly lower than the amount received in FY 2011-12 because of one-time revenues in that year, e.g. one-time transfers from other funds. The singular nature of this revenue was anticipated in the 10-Year Plan and does not negatively impact the long-term balance of the General Fund.

**3. EXPENDITURE ASSUMPTIONS**

In order to address the structural deficit and the negative budget impact to the General Fund caused by the dissolution of the Redevelopment Agency, staff identified a number of economies and efficiencies to help stabilize the General Fund and 10-Year Plans. These include numerous economies and efficiency measures that enhance revenue and reduce expenditures in the General Fund that are administrative in nature, such as reductions in supply expenditures, overtime, part-time staff costs and the like. These types of changes result in General Fund relief of approximately \$1.2 million in the FY 2012-13 General Fund budget. These adjustments are significant in both resolving the structural deficit and in minimizing the increase in projected General Fund expenditure for the coming years. As a result of these efforts, the expenditures in the General Fund are actually projected to decrease \$300,000, or less than 1% over FY 2011-12.

**a. Salaries and Benefits**

The Ten Year Financial Plan is developed each year using the budget year as the base, i.e., FY 2012-13 is the basis for the remaining nine years. As of June 30, 2012, the City was in negotiations with three of its five represented bargaining groups. The proposed operating budget does not make any assumptions as to the results of these negotiations. They will be identified once approved and ratified and amendments to the Municipal Budget after the beginning of the new fiscal year, will be presented for adoption. Thereafter, a 3% inflator is assumed for all miscellaneous employees.

The Memoranda of Understanding with the safety unions (Concord Police Association and Police Management Association) have no pay increases in FY 2012-13 and FY 2013-14 and this is what is reflected in the 10-year plan; a 3% inflator is used thereafter.

**b. Operating Expenditures**

Operating expenditures were not inflated in FY 2012-13 over the amounts appropriated for FY 2011-12 unless there was a specific reason to increase the

amount budgeted. In future years in the 10-Year Plan, an inflator of 3% is generally used, assumptions are reviewed each year and revisions are made as appropriate.

#### **4. ADOPTED BUDGET STABILIZATION MEASURES**

As stated above, the FY 2012-13 Operating Budget and 10-Year Plan reflect a number of measures designed to resolve the structural deficit which still remains despite the receipt of the Measure Q transaction and use tax. As described above, Measure Q is a temporary revenue source which does not resolve the structural deficit, though it does provide the time necessary to implement a thoughtful and strategic plan for budget relief. In addition to the administrative economies and efficiencies discussed above, The City Council approved a number of proposals designed to provide long-term balance to the General Fund. The approved proposals have been included in the adopted budget and provide significant structural deficit relief. The remaining structural deficit of approximately \$610,000 will be addressed in the adoption of the FY 2013-2014 General Fund Operating Budget and 10-Year Plan.

The adopted budget stabilization measures included in the FY 2012-2013 Adopted Operating Budget and 10-Year Plan include the following programs changes:

##### **1. School Resource Officers**

The original budget stabilization measure proposed that the school district reimburse the City for the costs of the School Resource Officers (SROs) who are assigned to the district's five high schools and who provide ancillary support to School District staff at those sites. The general fund stabilization impact was estimated at approximately \$900,000.

Initially, the Clayton Valley Charter School expressed interest in fully funding one school resource officer and the Mt. Diablo School District indicated that, while they place a high value on the school resource officer program, they did not have any ability to identify funding at this time. The District Superintendent did state that he will attempt to identify possible grant funding sources to support the program. The Council, upon hearing this information at the May 8<sup>th</sup> study session, asked the Police Chief to explore alternatives. On June 5<sup>th</sup>, the Chief presented an alternative proposal to the Council that assumed that the City would receive payment for one school resource officer from the new Clayton Valley Charter High School (\$180,000) and proposed that the four remaining District high schools be staffed by two school resource officers dividing their time among the four schools. Two current school resource officers would be reassigned to other duties and two Police Officer vacant positions would be frozen.

More recently, the Clayton Valley Charter High School has taken formal board action and has determined that they do not have funding available to fund a school resource officer. They are requesting that the City provide a school resource officer in a similar manner as they provide to the other four public high schools within the City.

Consequently, the two school resource officers remaining in this budget will divide their time among all five high schools, based on the public safety needs at each school. The Chief will work with all five principals to decide on an assignment schedule. Policing needs of all five high schools will also be supported through the City's District Command program and through its patrol division.

Budget Stabilization Impact: \$540,000

Position Impact: Three of the officers currently serving as SROs will be reassigned to other currently vacant police patrol positions and the three SRO positions left vacant will be frozen vacant

## **2. Increased Fees for Athletic Field Use by Non-Profit Youth Sports Groups**

The fee charged to non-profit youth groups for use of the City's athletic fields is currently \$5.00 per hour. Beginning in FY 2013-14, the fee will be raised \$1.00 per hour each year until reaching \$10.00 per hour in FY 2017-18. The impact of this budget stabilization measure when fully implemented is \$50,000 per year, though there is no immediate impact for FY 2012-13.

Budget Stabilization Impact: \$50,000

## **3. Commercial and Residential Annual Alarm Permit Fee**

A new fee will be developed and charged to property owners who have alarms on their properties to replace the City's current system of charging just once when the system is first integrated with the Police Department. The purpose of the fee is to more accurately reflect the service costs from the police department for responding to alarms. This fee is charged by many cities in the Bay Area. The fee and its implementation are still in developmental stages and once fully defined will be presented to the City Council for review and approval prior to imposition. The fee is scheduled to start a phase-in period in FY 2014-15 and will generate approximately \$500,000 per year when fully implemented. There is no immediate impact for FY 2012-13.

Budget Stabilization Impact: \$500,000

## **4. On-line Technology Fee**

In order to support on-line transactions for services such as recreation class registration and facility rentals, staff is proposing that Council implement a fee to support the

hardware, software and maintenance costs associated with supporting on-line interfaces with the public. The fee would be based on a percentage of transaction costs. This is a

common practice used in many cities which allows them to provide more efficient methods of payment. This fee has not yet been developed and will require Council review and approval before implementation. The fee is scheduled to start in FY 2015-16 and would be phased in over several years. The fee does not impact the FY 2012-13 operating budget.

Budget Stabilization Impact: \$200,000

**5. Shared Services Contract with City of Clayton**

Upon the expiration of the current shared services contract with the City of Clayton, staff is proposing to review the services provided by the City of Concord to ensure cost recovery. The proposed revenue increase would not commence until a new contract is executed and adopted, in FY 2014-15. There is no impact on the FY 2012-13 operating budget.

Budget Stabilization Impact: \$50,000

**6. Crossing Guard Contract**

The city has been contracting for crossing guard services since the mid-1990s. The purpose of the school crossing guard services contract is to staff key locations in the City of Concord with crossing guards, providing for the safety of school children as they walk to and from school and cross busy intersections. Since 2003, a private company has been managing the program. This company hires and trains part-time employees to provide crossing guard services to 12 strategic locations throughout the City of Concord. This recommendation eliminates the funding by the City of Concord for these services. Elimination of this contract for crossing guard services places the burden on the Mt. Diablo School District or parents to provide this service to the students.

To ease the transition from a City-provided service, the City Council has directed that the crossing guard contract be fully funded for one more year, i.e., FY 2012-2013 and to begin a phase-out in FY 2013-2014 with 50% funding of \$45,000. The program will be eliminated from the City's management and budget by FY 2014-2015, saving \$90,000 a year.

Budget Stabilization Impact: \$90,000

**7. Reorganize the Administration of the Code Enforcement Program**

The original proposal to reorganize the administrative functions in the Code Enforcement Program was withdrawn and replaced identification of other revenue totaling \$74,000.

The new funding consists of grant funds and savings through implementing a new shopping cart retrieval program (which is currently undergoing a 6-month evaluation period).

Budget Stabilization Impact: \$74,000

#### **8. Reduce Custodial Support in Staff Areas**

The proposal reflects a reduction in contract services provided to staff in offices and non-public areas of City buildings. The restrooms and the public areas will continue to be cleaned daily; the non-public area cleaning will be reduced to one day per week. The savings projected from this proposal total \$51,000.

Budget Stabilization Impact: \$51,000

#### **9. Fleet Reduction**

The proposal reflects a 10% reduction in vehicles which are underused. The projected savings is \$98,000. Fleet staff has been working with departments to identify underutilized vehicles that can be eliminated from the fleet through vehicle sale or through transfer to another department in lieu of purchase of a new vehicle.

Budget Stabilization Impact: \$98,000

#### **10. Reduction of Non-Safety Building Maintenance**

Non-essential work on city buildings will be deferred under this proposal which will save the City approximately \$328,000 annually. The types of maintenance that will not occur include floor coverings, interior painting, window coverings, etc. Maintenance will continue on items such as HVAC, roofing, exterior painting and safety-related items.

Budget Stabilization Impact: \$328,000

#### **11. Cease Operations of the Council Chamber Moat**

In an effort to save approximately \$42,000, the original proposal was to drain the moat surrounding the Council Chambers on a permanent basis. Upon subsequent discussions by the City Council an alternative has been proposed to drain the moat but keep the ability to reactivate it in the future.

Budget Stabilization Impact: \$42,000

**12. Eliminate the Water Feature around the Stage at Todos Santos Park**

This is a proposal to drain the water feature at the stage in Todos Santos Park. The current proposal includes maintaining the plumbing and electrical connections for the fountain so that the water feature could be re-activated in the future. Reactivation may occur when the City's financial condition improves or if a Property Business Improvement District (PBID) program is established downtown and a decision is made to fund this amenity.

Budget Stabilization Impact: \$31,000

**13. Activity Guide/City News**

At the June 5 Budget Hearing, the City Council asked for information about the feasibility of combining two publications slated for reduction: *City News* and the Parks & Recreation Department's *Activity Guide*, and the possible cost savings or benefits achieved by this approach. The original proposals (Budget Stabilization Strategies 13 and 16) were to reduce *City News* from four issues a year to two issues and to reduce the mailed circulation of the *Activity Guide* from 29,000 guides to 7,000 guides. These two changes combined would have saved the City \$72,000.

Based on Council's feedback, staff explored the idea of combining the two publications and producing a combined *City News/Activity Guide* publication. Staff is proposing that this new publication (still to be named) be produced three times a year, and distributed city-wide (52,000 addresses). Such an approach is estimated to save approximately \$56,000 a year. Additionally, there are other benefits: the *Activity Guide* will achieve greater circulation (from 29,000 addresses to 52,000 addresses), and *City News* would have three printings rather than the original proposal for only two printings a year. Community Relations staff would continue to produce *City News* in Spanish, as an independent document, and mail to the current 5,000 mailing list. Staff proposes making this change for the 2012-13 year as a pilot program to test the effectiveness of this approach.

Budget Stabilization Impact: \$56,000

**14. Reorganization of the Community and Economic Development Department, Including Dissolution of the Redevelopment Agency (RDA)**

Funding for the Community and Economic Development Department and its programs and services has been significantly impacted by the State's dissolution of Redevelopment Agencies. The need to address reduced funding levels and a desire to structure the Department to more effectively deliver services within the available resource levels led to a number of proposed changes in staffing within this Department. The proposed changes

that impact the City's General Fund budget are presented below by Division—first the Planning Division, then the Housing & Economic Development Division.

For the Planning Division, the proposal presented at the May 8<sup>th</sup> Budget Workshop reflected the downgrade of a Principal Planner position to a ½-time Senior Planner position and the replacement of an Assistant Planner position with a higher-level skilled Associate Planner position. The Associate Planner position will operate more independently than an Assistant Planner and take a stronger project management role for development applications. This change supports other changes being made in the Division, including cross training all of the Permit Technicians to provide “first contact” information for Planning, Building, and Engineering Divisions. Together, these changes support the effective delivery of development review services to the public. In the May 8<sup>th</sup> report staff identified the savings created by these changes as totaling \$65,000. However, as mentioned in the June 5<sup>th</sup> Council staff report, staff made a calculation error and the actual reduction was \$23,000 less. In other words, this proposal created a budget savings of \$42,000. Additionally, this proposal results in one lay-off.

For the Housing & Economic Development Division, the proposal presented to Council at the May 8<sup>th</sup> Budget Workshop reflected a reduction of four regular RDA funded positions, three of which are filled. Specifically, the Economic Development Specialist, Community Services Officer and the Administrative Secretary (vacant) positions were slated to be eliminated in FY 2012-13 and the Downtown Program Manager position was slated to be eliminated for FY 2013-14. As a result of City Council discussion supporting the need for continued commitment to business development and retention, the Economic Development Specialist position was removed from the reduction list. The net impact of this change was to add a \$125,000 cost to the General Fund

Additional Council conversation occurred around the Downtown Program Manager position which was originally, and remains, proposed for elimination as part of the FY 2013-14 budget. Council continues to desire to have an active and successful downtown program and wants to use this upcoming fiscal year to discuss how best to operate such a program and have left open the possibility that they may find it necessary to retain the Program Manager position. Staff will begin this conversation with Council shortly after the start of the new Fiscal Year.

Budget Stabilization Impact: Will add \$148,000 to General Fund costs

Position Impact: Elimination of five positions, three of which are filled. One of the three filled positions would be eliminated in FY 2013-14.

## **15. COPS Grant**

After the FY 2012-13 Proposed Operating Budget and 10-Year Plan was developed and printed, the City was notified that the COPS Grant remains in the State budget. As a result, an additional \$100,000 in revenue was added to the budget and 10-year plan. This

is a conservative approach, since preliminary indications are that the City will receive at least \$175,000 annually. By planning the use of the resources in this manner, ongoing eligible expenditures are covered and there are significant funds remaining for new programs and ideas.

Budget Stabilization Impact: \$100,000

#### **16. Golf Course Fund Subsidy**

Given the downturn in the economy and its effect on leisure activities, including golf, the City's golf course is not able to fully fund its operating expenses and debt service. While over the last six years, the City has treated all use of General Fund money to support the Golf Course Fund as a loan, the current Golf Course 10-year Plan treats the General Fund support as a subsidy with no expectation of repayment to the General Fund. As pointed out by Council at the June 5<sup>th</sup> meeting, this subsidy represents one of the lowest subsidies of all City recreation programs. The current General Fund 10-Year Plan incorporates a subsidy to the Golf Course Fund ranging from approximately \$70,000 to \$200,000 a year until the Course's debt is fully retired in FY 2018-19.

### **SUMMARY OF ALL BUDGET STABILIZATION MEASURES & OTHER CHANGES**

The table below summarizes the reductions and adjustments (at full implementation) discussed above. As indicated in the June 5<sup>th</sup> Public Hearing report, the changes Council has made to the originally proposed budget stabilization measures increased the structural deficit by approximately \$1 million, but because of timing issues and flexibility built into the original May 8<sup>th</sup> proposal, the remaining General Fund structural deficit is approximately \$610,000. In other words, the Council will have resolved 83% of the structural deficit of \$3.5 million that occurs within the 10-Year Financial Plan model. The proposed budget and 10-year plan have been developed with the intent that the remaining \$610,000 structural deficit will be addressed in the FY 2013-14 budget.

**BUDGET STABILIZATION MEASURES AND ADJUSTMENTS**

<b>Proposal #</b>	<b>Dept</b>	<b>Short Description</b>	<b>Program Adjustment (at full implementation) \$ (000's)</b>
1	PD	School Resource Officers in High Schools	540
2	PW	Athletic Fields	50
3	IT	Alarm Permit Fee	500
4	IT	Technology Fee	200
5	IT	Clayton Contract	50
6	PD	Crossing Guard Contract	90
7	PD	Code Enforcement Realignment	74
8	PW	Custodial Contract	51
9	PW	Fleet Reduction	98
10	PW	Building Deferred Maintenance	328
11	PW	City Council Chamber Moat	42
12	PW	Todos Santos Fountain	31
13	P&R /CM	Activity Guide/ <i>City News</i>	56
14	CED	Reorganization	(148)
15	PD	COPS Grant	100
16	P&R	Golf Course Subsidy	(200)
Totals			<u>1,862</u>

**Summary of Positions Impacted**

The proposed budget stabilization measures and RDA dissolution measures have an impact on staffing. The FY 2012-13 budget and 10-year plan include the elimination of both vacant and filled positions over the course of the next two years. The following table summarizes the regular employee position changes reflected in the proposed budget stabilization measures:

<b>Proposal #</b>	<b>Short Description</b>	<b>Position</b>	<b>Filled/Vacant</b>	<b>Impact</b>
1	SRO	3 Police Officers	Vacant	Frozen
14	CED Reorganization	Community Services Officer	Filled	Eliminated
14	CED Reorganization	Administrative Secretary	Vacant	Eliminated
14	CED Reorganization	Program Manager	Filled	Eliminated FY 2013-14
14	CED Reorganization	Principal Planner	Vacant	Downgraded to Senior Planner
14	CED Reorganization	Assistant Planner	Filled	Eliminated and Replaced with an Associate Planner

**5. OTHER FUNDS AND PROGRAMS**

**a. Base Reuse Project**

The Concord Reuse Project Management Office (PMO) has grant funding from the Office of Economic Adjustment (OEA) (Department of Defense) through April 2013. The grant provides support for City staff, consultants, and legal counsel. It is likely but not guaranteed that funding can be extended to the completion of FY 2012-2013 (June 30, 2013). Starting in FY 2013-14 funding will be required from other sources if these activities are to continue. The LRA's Executive Director, City Manager, and Finance Director will be preparing an analysis of budgeting needs and will bring this information to the Council/LRA Board for review prior to adoption of an annual budget for FY 2013-14.

During FY 2012-13 there will be some limited funding required for specialized consultant and/or legal counsel not covered by the OEA grant scope of work. A budget item of \$250,000 is included in the FY 2012-13 budget packet. This funding is a loan and will be repaid to the General Fund, if possible, through as yet undefined mechanism such as development fees or inclusion in a Development and Disposition Agreement. Cost recovery is consistent with Council policy direction for development of the Base to be self sustaining.

**b. Golf Course**

The Golf Course Enterprise Fund pays for the operation and maintenance of the City-owned Diablo Creek Golf Course, which includes the Legends and Heroes

Restaurant, pro shop, driving range and the 160-acre, 18-hole golf course facility. A major capital improvement was completed in 1999, which included expansion of the parking lot, entryway landscaping, new irrigation system, golf cart paths, reconstruction of several greens, new bathrooms and other pertinent work. These improvements are being financed through bonds which will be paid in full in fiscal year 2018-19.

Concessionaires for the restaurant and pro shop pay for the operational costs associated with the clubhouse building and return a percentage of their gross income to the City as their monthly rent. The remaining operational costs for the golf course are funded through the collection of green fees (rounds of golf

played). In recognition of the “soft” market demand for golf within Northern California, revenue from green fees has been reduced annually throughout the Ten-Year Plan. This condition reflects a trend that has affected golf courses within the region and throughout the United States. Over the past ten to twelve years several new daily fee public courses have opened up within Diablo Creek’s market area. Couple this increased supply of golf facilities with a downturn in the economy, and the result is the demand for golf has fallen to the current level.

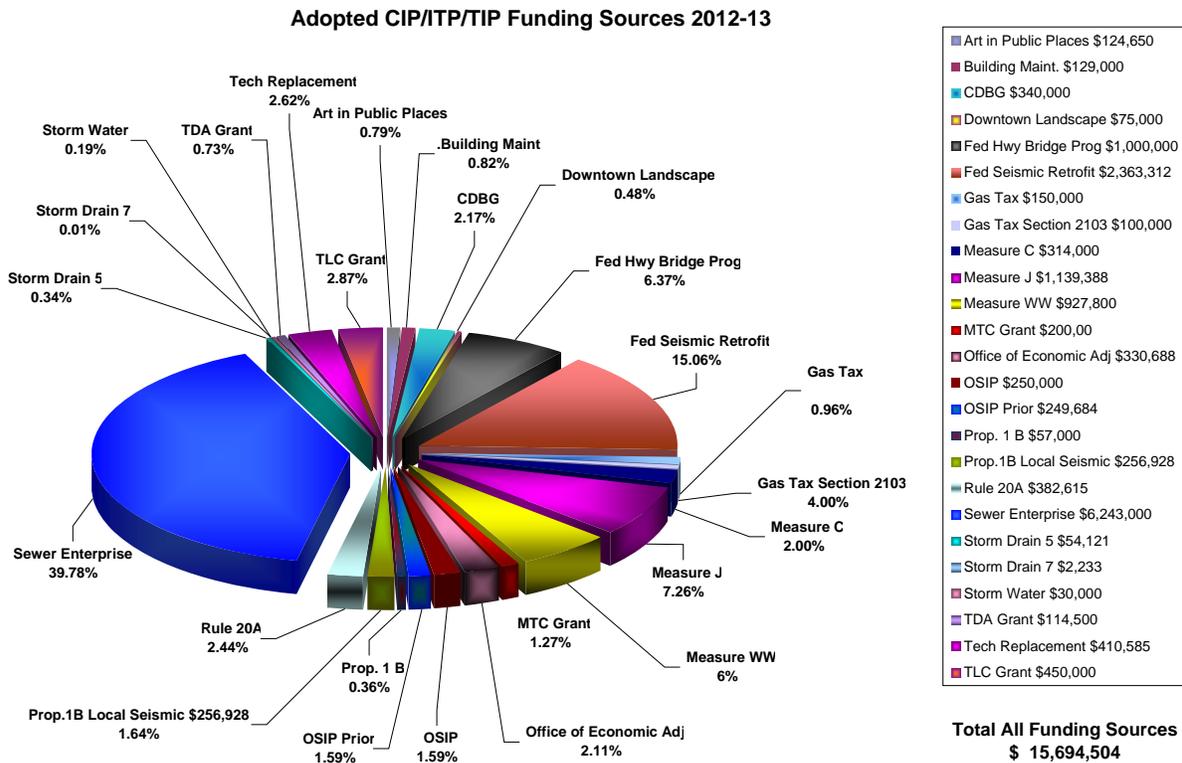
The downward trend in rounds of golf prompted the City Council to continue to find strategies to significantly reduce costs and in FY2005-06 the Council approved an agreement with Valley Crest Golf Course Maintenance to provide maintenance services to the course and grounds. The implementation of contract maintenance has improved the expenditure side of the Golf Course Enterprise Fund. However, the reduction in rounds described above continues to impact revenue projections. The Ten-Year Plan shows the negative fund balance currently reflected based on the reduction in number of rounds sold, resulting in a deficit of about \$67,000 in FY 2012-13 which would be advanced from the General Fund.

Staff has met with the contract service providers at the golf course to review the Ten-Year Plan and discuss ideas for reducing expenses and improving revenue to mitigate this shortfall. Some expenditure reduction measures will be considered to reduce the level of maintenance services without significantly impacting the condition of the course. Staff will be reviewing a more aggressive fee structure when fee increases are considered in fiscal year 2013-14. Also a review of the marketing plan implemented by our Golf Course Director from East Bay Golf Center will take place to look for opportunities to attract new customers and increase revenue potential.

**c. Capital Improvement Project (CIP) Budget**

Given the number and range of properties and public facilities the City is responsible to maintain, the recommended FY 2012-13 Capital Improvement Program (CIP) represents a varied program focused on supporting these facilities

and infrastructure and maintaining them in a high quality condition. The majority of the fifty-eight projects in the CIP are carry-over projects, approved through prior budgets. The total allocation from all funding sources for FY 2012-13 are \$15,694,504, with no General Fund used in the CIP.



There are eleven new projects for consideration in three general categories: Grants; Sewer Infrastructure; New Revenues. A brief description of the project and funding is provided below.

**Grants**

- **Project LSR-1301 (Chalomar Road Sidewalk Gap Closure):** Construct 250 feet of sidewalk and drainage improvements near Ygnacio Valley Elementary School. This project is primarily funded through an \$114,500 Transportation Development Authority (TDA) grant with a total appropriation of \$146,700.
- **Project LSR-1302 (Central Concord Pedestrian Improvements and Streetscape):** Construct pedestrian improvements in the Downtown area by upgrading the decorative crosswalks and providing streetscape upgrades, installing a new traffic signal and secure crossings on Clayton Road at Sutter Street to connect the Monument Corridor community to the business districts and rehabilitate the pavement and sidewalks along Willow Pass Road. The

purpose of this project is to enhance pedestrian and bicyclist safety in the immediate areas around the vital Downtown and extend the sense of the community to BART riders and the Willow Pass Road businesses which serve as a gateway into Concord. A \$2.55 million Transportation for Livable Communities grant combined with \$985,000 in Measure J and Measure C Local provide the \$3.540 million total project appropriation.

- **Project LSR-1303 (Franquette Pedestrian & Bicycle Trail Connection):** This project will continue the Monument Shared Use Trail from Market Street to Willow Pass Road by constructing a paved trail, curb gutter and sidewalk on Franquette with bike route signage along Waterworld Parkway. The \$470,000 CCTA-Pedestrian Bicycle & Trail Facility Grant is programmed for FY 2014-15.
- **Project PR-1114 (Replace Pump System Components at 4 Park Locations):** This Measure WW project was approved by East Bay Regional Parks in 2011, however \$756,000 is proposed to be allocated in FY 2012-13. The project will replace and improvement water systems in Ellis Lake, Newhall Park, Cambridge Park and Concord Community Park.
- **Project MSC-1301 (Citywide Infrastructure Grant):** This proposed project will provide funding beyond operational costs for staff, to seek out infrastructure grants and will be used to engage consultants to assist staff in preparing grant applications or initial studies to be more competitive. The project includes \$30,000 in Gas Tax and \$30,000 in Stormwater funds.

### *Sewer Infrastructure*

- **Project SWR-1302 (Cowell Road Bart Area Sanitary Sewer Upgrade):** Replace failing and undersized sewer mains in the neighborhood bordered by Cowell Road and Clayton Road near the BART station. This \$1.9 million project was studied as part of Project 2208 (Sewer Condition Assessment) in 2011 and is scheduled for FY 2013-14.
- **Project SWR-1303 (Monte Gardens/San Vicente Sanitary Sewer Upgrade):** Replace failing sewer mains and laterals to address inflow and infiltration. This \$900,000 appropriation from sewer enterprise is estimated at a nine year payback from savings by reducing treatment costs of wastewater for this area.
- **Project SWR-1304 (Sewer Lateral Replacement Program):** This new program would replace approximately 100-120 sewer laterals annually within the right of way and install property line clean outs to reduce infiltration and prevent future maintenance costs in the street. The program would start with a \$400,000 annual allocation.

- **Project SWR-1305 (Willow Pass Road Trunk Sewer Upgrade from Galindo Street to Market Street):** Replace the section of 10-inch pipe that serves as an existing flow restriction between 12-inch diameter pipe on either side of Willow Pass Road. This work is scheduled to occur before the Central Concord Pedestrian & Streetscape project to sequence the work ahead of the larger project. This project is funded by sewer enterprise with a \$500,000 appropriation.
- **Project SWR-1306 (Downtown Replacement – Priority 3):** Approximately \$2 million in Priority 3 sewer replacements will remain after Project No. 2185 (Sanitary Sewer Upgrade Downtown Area) is complete. Therefore this work is scheduled for FY 2014-15.

*Other Projects*

- **Project No. 1228 (Utility Underground):** The annual allocation was revised from \$773,000 to \$382,615 to reflect the updated Rule 20A funds based on a recent letter from PG&E. The input sheet also added the \$5.8 million accumulation that is currently available for Concord Rule 20A projects. Funds for these utility undergrounding projects are collected by PG&E from rate payers within the local jurisdiction as a percentage of the electric bill. The Rule 20A funding stays within PG&E's control and is programmed according to PG&E workload and as the City requests new project priorities. Typically, these undergrounding projects take between five and seven years to construct.
- **Project No. 2182 (Replace Wall Coverings at Centre Concord):** This project was approved in the FY 2010-11 CIP with an allocation of \$60,000 from Building Maintenance Funds. This addendum adds a \$50,000 allocation to fully fund this project, which includes \$20,000 from Building Maintenance fund balance and \$30,000 reallocated from a CIP project (PJ2183 - Moveable Walls @ Centre Concord) that had originally been included in the FY 2012-13 CIP 10-Year Plan, but that has now been deleted.
- **Project No. BG-1411 (Todos Santos Fence on Willow Pass Road):** This is a new project proposed to be added to the CIP. The City Council requested this project at the June 5<sup>th</sup> public meeting on the CIP. The project is to replace the current temporary Todos Santos Plaza fencing that is adjacent to Willow Pass Road. Council will have the option of replacing the temporary fencing with a basic "off-the shelf" fence design for approximately \$50,000 or to explore the opportunity of combining the City's fencing needs in this location with an opportunity to incorporate public art into the fence, which is estimated to cost an additional \$75,000, for a total of \$125,000. The City does have art in public places money available to it that can only be spent to provide physical displays of public art. Staff proposes to return to the Council after the new fiscal year begins and request the creation of an ad-hoc committee to

explore this option in more detail. Until that occurs, staff is recommending that Project No. BG-1411 be created with the basic fence cost incorporated at \$50,000. The City's Downtown Landscape Maintenance District Funds has sufficient fund balance to complete the project without impacting operations.

- **Project No. DSW-1482 (Mt. Diablo Creek Study):** This is a new project with a total allocation of \$54,121 from Storm Drain Zone 5 funds and \$2,233 from Storm Drain Zone 7 funds. This project will provide funding to engage the Reuse consultants to review the recent Federal Emergency Management Agency (FEMA) study of the Mt. Diablo Creek watershed including hydrological mapping, modeling analysis and identification of flood levels, limits, and hazards. The additional review will evaluate the proposed Reuse mitigation projects and determine if these project scopes can be expanded to accommodate water that normally floods the existing developed properties, south of Mt. Diablo Creek.

## 6. MEASURE Q OVERSIGHT COMMITTEE FINDINGS

The Measure Q Oversight Committee reviewed the FY 2012-13 Proposed Operating Budget and 10-Year Plan and finds that it is consistent with the principles adopted with the decision to place Measure Q on the ballot in 2010. The Committee has found that:

- The FY 2010-11 Annual Audit Report (CAFR) reflects that Measure Q revenue was appropriately added to the City's General Fund Reserves;
- The FY 2012-13 proposed General Fund Budget protects core services even though significant reductions and economies are necessary;
- The FY 2012-13 proposed General Fund Budget provides for the rebuilding of the General Fund Reserves; and
- The FY 2012-13 proposed General Fund budget provides a plan to resolve the structural deficit within the 10-Year planning period.

A copy of the Measure Q Oversight Committee report to the City Council is included in the Final Adopted Budget and the chair of the Committee addressed the Council at the Council's budget study session on May 8<sup>th</sup>.

Because of the nature of the Measure Q transactions and use tax and its special relationship to the General Fund, the proposed General Fund 10-Year Plan has been restated in a manner to clarify the use of the Measure Q funds. The proceeds from the transactions and use tax are General Fund revenues and are unrestricted as to their use in the General Fund. This presentation reflects the Measure Q revenues separately and reports their use as needed. The plan shows the increase in fund balance as the revenues are received and the declining use over the 10-year plan to achieve structural balance. Staff considers the minimal use of Measure Q in the final year of the 10-Year Plan (FY

2021-22) to reflect “structural balance,” because of the conservative method in which budgets are developed. Given the City’s history, even during the Great Recession, staff does not expend all appropriations and usually realizes additional revenue. A gap of less than 2% is not only structural balance, but it is also “sustainable” structural balance.

## 7. SUMMARY

The adopted budget for FY 2012-13 is balanced and reflects the City’s continuing efforts to bring the City’s budget back into structural balance and provide fiscal stability to the community, even in the face of additional state created obstacles such as the loss of Redevelopment funding. Indisputably, the approval of Measure Q by the voters of Concord has provided the City with additional time to adjust ongoing expenditures to ongoing revenues. Effective use of this additional time and the Measure Q revenues is a critical component of the City’s proposed budget. The 10-year plan shows the Measure Q reserves growing and then being depleted as they are gradually replaced with increased revenue stemming from economic growth within the community. The end result is a stable annual budget and 10-year plan in FY 2021-22.

Getting to this point, however, has not been easy. Concord’s employees, residents and businesses have all been partners in creating solutions. Employees have experienced decreases in pay and benefits, residents have chosen to approve an additional tax— Measure Q, and the whole community has experienced decreased service levels. Unfortunately, such sacrifices continue in the proposed budget, which reflects additional service reductions and position eliminations. These changes are necessary to maintain the financial integrity of the City over time and to position the City for economic recovery.

Concord’s Mission Statement states: *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.* This remains our mission and with the Council’s continued leadership; employee support, creativity and hard work; and the Concord community’s support and partnership, I have no doubt that we will continue to be successful in achieving our mission.

Respectfully submitted,



Valerie J. Barone  
Interim City Manager

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## City of Concord

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May 8, 2012

**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 Review of the FY 2010-11 Audit and Evaluation and Report on the City's Proposed Use of Measure Q Revenues in the Fiscal Year 2012-13 General Fund Budget**

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The Measure Q Oversight Committee (Committee) met on February 16 and on April 19, 2012. At the February 16 meeting the Committee reviewed the FY 2010-11 Comprehensive Annual Financial Report (CAFR) which includes the annual audit. On April 19 the Committee reviewed the City's proposed Fiscal Year 2012-13 General Fund Budget and its 10-Year Financial Planning Model.

On February 16, the Committee determined that the presentation of the Measure Q Use and Transaction Tax (tax) in the financial statements (pages 12 and 24 of the CAFR) reflect the collection of the tax appropriately. Because the tax had not been included in the FY 2010-11 Adopted Operating Budget and 10-Year Plan, expenditures were not attributed to this revenue and funds were added to General Fund Reserves.

On April 19, the Committee reviewed and evaluated the FY 2012-13 Proposed Operating General Fund Budget and 10-Year Plan to 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 has made the following findings with regard to its charge in oversight of the tax:

**1. Does the FY 2010-11 Annual Audit reflect that the Measure Q tax was collected and appropriately spent?**

The Committee finds that the Measure Q tax received was identified clearly in the annual audit (page 24 of the CAFR) and that because it had not been included in the FY 2010-11 Adopted Operating Budget and 10-Year Plan, funds were appropriately added to the General Fund Reserve.

**2. Does the City's proposed General Fund Budget for Fiscal Year 2012-13 protect the City's core services?**

The Committee finds that within the constraints of resolving the remaining structural deficit and changes to operations caused by changes in State law, most notably the dissolution of the Redevelopment Agency, the proposed General Fund budget for Fiscal Year 2012-13 protects core City services. Staff has included revenue enhancements and cost savings efficiencies totaling approximately \$1.2 million in the General Fund operating budget and is proposing measures to the City Council for approval for an additional \$1.2 million which will balance the FY 2012-13 budget and continue the City's progress toward eliminating the structural budget deficit.

**3. Does the City's proposed General Fund Budget for Fiscal Year 2012-13 rebuild the City's reserves?**

The Committee finds that the proposed General Fund budget for Fiscal Year 2012-13 rebuilds the City's reserves. Of the \$9 million dollars projected as Measure Q revenue in Fiscal Year 2012-13, \$5 million will be used to balance the operating budget and the remainder of approximately \$4 million will be deposited into the City's General Fund reserves.

**4. Does the City's proposed General Fund Budget for Fiscal Year 2012-13 make progress toward resolving the City's structural budget deficit within the next 10-years?**

The Committee finds that the proposed General Fund Budget and 10-Year Plan for FY 2012-13 makes progress to resolve the structural deficit. The Committee recognizes that it is the City Council's responsibility to approve recommended budget stabilization measures and that the resolution of the structural deficit will be dependent on those decisions. The Committee continues to encourage City staff and the Council to think creatively to further enhance efficiencies, reduce spending and raise revenues.

### **Conclusion**

The Committee thanks the City Council for the opportunity to comment and make recommendations on the use of Measure Q revenue. The Committee also wishes to convey concern that some of the recommendations to balance the 2012-13 budget and move to close the structural deficit may result in being seen as reducing core services and the quality of life in Concord. The Committee asks that Council take great care in reviewing the budget reductions as they relate to protection of core services, aesthetics and quality of life.

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

A Resolution Adopting the Municipal Budget,  
Including a Ten-Year Financial Plan and the 2012-  
2013 Capital Improvement Program, Including a  
Ten-Year Capital Improvement Plan, for Fiscal Year  
2012-2013

Resolution No. 12-48

WHEREAS, the City Manager has recommended a Municipal Budget for Fiscal Year 2012-2013 and a Ten-Year Financial Plan; and

WHEREAS, the City Manager has recommended a Capital Improvement Program Budget for Fiscal Year 2012-2013 and a Ten-Year Capital Improvement Plan; and

WHEREAS, at the May 8, 2012 workshop, the City Manager received comment and direction from Council regarding the proposed budget deficit reduction recommendations and strategy; and

WHEREAS, at the June 26, 2012 hearing the Council conducted its final review of the budget; and

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

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

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

**Section 1.** The City Council approves the Municipal Budget as modified per Council direction for Fiscal Year 2012-2013 and a Ten-Year Financial Plan submitted by the City Manager as adjusted by adopted City Council budget reduction measures.

**Section 2.** The City Council accepts the Planning Commission’s determination that the Fiscal Year 2012-2013 Capital Improvement Program Budget complies with the goals and objectives of the General Plan.

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1           **Section 3.** The City Council approves the Capital Improvement Program Budget for Fiscal  
2 Year 2012-2013 and a Ten-Year Capital Improvement Plan as modified.

3           **Section 4.** A copy of the Municipal Budget and Ten-Year Financial Plan including Capital  
4 Improvement Program Budget and Ten-Year Capital Improvement Plan for Fiscal Year 2012-2013 as  
5 modified during the hearings are on file with the City Clerk.

6           **Section 5.** The City Council reaffirms *Policy & Procedure No. 129, Budget and Fiscal*  
7 *Policies.*

8           **Section 6.** This resolution shall become effective immediately upon its passage and adoption.

9           **PASSED AND ADOPTED** by the City Council of the City of Concord on June 26, 2012, by  
10 the following vote:

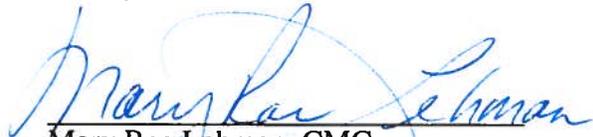
11 **AYES:**           Councilmembers - T. Grayson, D. Helix, L. Hoffmeister, W. Shinn, R. Leone

12 **NOES:**           Councilmembers - None

13 **ABSTAIN:**       Councilmembers - None

14 **ABSENT:**        Councilmembers - None

15           **I HEREBY CERTIFY** that the foregoing Resolution No. 12-48 was duly and regularly  
16 adopted at a regular meeting of the City Council of the City of Concord on June 26, 2012.

17  
18   
19 Mary Rae Lehman, CMC  
City Clerk

20 **APPROVED AS TO FORM:**

21   
22 Mark S. Coon  
City Attorney

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

A Resolution Establishing the Appropriation Limit  
for the City of Concord for Fiscal Year 2012-2013  
Pursuant to California Constitution Article XIII B

Resolution No. 12-47

WHEREAS, Article XIII B of the California Constitution (Proposition 4) established appropriation limits for cities; and

WHEREAS, Government Code Section 7910 (a portion of the Legislation implementing Proposition 4) requires cities to annually adopt a resolution establishing their appropriation limit; and

WHEREAS, the Director of Finance has made, or caused to be made, calculations in accordance with the provisions of Article XIII B and the implementing legislation to determine the appropriation limit for Fiscal Year 2012-2013; and

WHEREAS, Proposition 111 requires a recorded vote of the Council regarding the limit and the annual adjustment factors selected to calculate it; and

WHEREAS, said calculations were available for public review a minimum of fifteen (15) days prior to the consideration of said calculations by the City Council at its meeting of June 26, 2012.

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

**Section 1.** Approves and adopts by reference the calculations prepared by the Director of Finance regarding the appropriation limit for the City of Concord for Fiscal Year 2012-2013. Said calculations are available for public review in the Finance Department of the City of Concord.

**Section 2.** Finds and determines that the total appropriation limit of Article XIII B, Proposition 111, and implementing State Legislation amounts to \$137,791,256 for Fiscal Year 2012-2013. The Council further finds and determines that the annual adjustment factors to be applied to the limit calculation are California Per Capita Income and County of Contra Costa's annual population growth.

**Section 3.** This resolution shall become effective immediately upon its passage and adoption.

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1           **PASSED AND ADOPTED** by the City Council of the City of Concord on June 26, 2012, by  
2 the following vote:

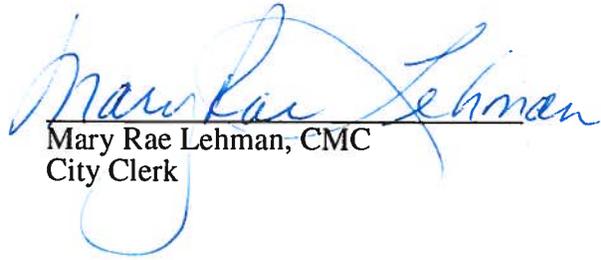
3 **AYES:**           Councilmembers - T. Grayson, D. Helix, L. Hoffmeister, W. Shinn, R. Leone

4 **NOES:**           Councilmembers - None

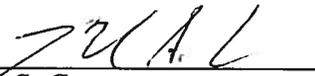
5 **ABSTAIN:**       Councilmembers - None

6 **ABSENT:**        Councilmembers - None

7           **I HEREBY CERTIFY** that the foregoing Resolution No. 12-47 was duly and regularly  
8 adopted at a regular meeting of the City Council of the City of Concord on June 26, 2012.

9  
10   
11 Mary Rae Lehman, CMC  
12 City Clerk

12 **APPROVED AS TO FORM:**

13   
14 Mark S. Coon  
15 Acting City Attorney

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

A Resolution Establishing the Minimum Threshold  
over which City Council Approval is Required in  
Accordance with Concord Municipal Code Article  
VIII, Section 2-644 (a) for Fiscal Year 2012-13

Resolution No. 12-49

WHEREAS, the City Council approves a number of purchasing agreements during the course of the Fiscal Year; and

WHEREAS, in accordance with Concord Municipal Code Section 2-644(a), the City Council is required to establish the threshold over which a purchase requires City Council approval prior to said purchase; and

WHEREAS, the City Council seeks to establish the minimum threshold over which City Council approval is required for FY 2012-13.

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

Section 1. That purchases and contracts in excess of \$50,000 are subject to City Council approval before the execution of said purchase or contract.

Section 2. The new purchasing threshold established by this resolution shall become effective on July 1, 2012.

Section 3. This resolution shall become effective immediately upon its passage and adoption.

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1           **PASSED AND ADOPTED** by the City Council of the City of Concord on June 26, 2012, by  
2 the following vote:

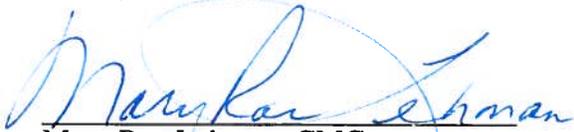
3 **AYES:**           Councilmembers - T. Grayson, D. Helix, L. Hoffmeister, W. Shinn, R. Leone

4 **NOES:**           Councilmembers - None

5 **ABSTAIN:**       Councilmembers - None

6 **ABSENT:**        Councilmembers - None

7           **I HEREBY CERTIFY** that the foregoing Resolution No. 12-49 was duly and regularly  
8 adopted at a regular meeting of the City Council of the City of Concord on June 26, 2012.

9  
10   
11 Mary Rae Lehman, CMC  
City Clerk

12 **APPROVED AS TO FORM:**

13   
14 Mark S. Coon  
Acting City Attorney