



*San Rafael*

Agenda Item No: 12

Meeting Date: July 5, 2011

**SAN RAFAEL CITY COUNCIL AGENDA REPORT**

Department: FINANCE

Prepared by: Janet Pendoley, *[Signature]*  
Interim Finance Director

City Manager Approval: *[Signature]*

- SUBJECT:**
- 1) RESOLUTION ADOPTING AMENDMENTS TO THE CITY OF SAN RAFAEL BUDGET FOR FISCAL YEAR 2010-2011;
  - 2) RESOLUTION ADOPTING CITY OF SAN RAFAEL BUDGET FOR FISCAL YEAR 2011-2012;
  - 3) RESOLUTION ADOPTING CAPITAL IMPROVEMENT PROGRAM;
  - 4) RESOLUTION ADOPTING THE MEASURE S COMMITTEE REPORT

**RECOMMENDATION: ACCEPT REPORT AND ADOPT RESOLUTIONS AS PRESENTED.**

**BACKGROUND:**

As you are aware, the City must adopt a balanced budget for all funds for this coming fiscal year. The City Council has reviewed FY 2011-2012 budget information in several public sessions over the past few months and considered a variety of service reduction options in much detail in order to provide staff with direction for closing the \$4.4 million dollar budget gap identified in March 2011. This report will provide the City Council and community with the results of those efforts.

The past several years have been an extraordinary period of economic turmoil for our country, the region and the City. The subprime lending crisis that triggered this recession has seen credit frozen, home foreclosures and short sales, rising unemployment and bankruptcies, and closures of several large and small companies. The Council has had to make major budget balancing decisions since fiscal year 2008-2009. As the City headed into fiscal year 2009-2010, the mid-year review revealed another multimillion dollar deficit. During that fiscal year, the City held study sessions, budget workshops, public outreach meetings, and budget meetings outlining service reductions, cost saving, and staffing losses. The Council's budget balancing decisions from January 4, 2010 and January 26, 2010 were implemented in the City's 2009-2010 budget. Major reductions including layoffs, furloughs, deferring equipment replacements, deferring raises, and changing service hours were needed to balance fiscal year 2009-2010. These actions

**FOR CITY CLERK ONLY**

File No.: 8-5

Council Meeting: 7/5/2011

Disposition: RESOLUTIONS # 13191

13192  
13193  
13194

were continued into fiscal year 2010-2011 with the encouraging result that the General Fund ending balance as of June 30, 2011 is projected to remain stable. However, because a significant number of budget-balancing measures implemented in 2010-2011 were one-time solutions, the 2011-2012 budget development picture once again looked bleak and has required both one-time and ongoing cutbacks to achieve stability.. The 2011-2012 budget has been prepared based on the Council's Five-Year Areas of Emphasis and Priority, Two-Year Key Efforts, community input and direction provided to staff over these past few months.

Prior to fiscal year 2004-2005, the City faced some serious structural budget deficits. In November 2005, the citizens of San Rafael approved a .5 percent transaction and use tax. The transactions and use tax (Measure S funds) has provided much needed relief to the City's structural deficit. As part of the requirements of the ordinance, an independent citizen's oversight committee is required to review the collection and expenditure of tax revenues. The Measure "S" Oversight Committee established a baseline policy for their oversight role. Due to the City's depressed financial situation, the Committee met on February 10, 2011 to review the City's revised budget for fiscal year 2010-11. The Committee also met on June 30<sup>th</sup> to discuss the proposed fiscal year 2011-2012 budget. The Committee's report is attached as Exhibit I to resolution.

**ANALYSIS:**

**THE 2011-2012 BUDGET HIGHLIGHTS**

- ❖ **Overall 2011-2012 City Budget:** The total projected overall fiscal year 2011-2012 budget for the City is estimated to be \$82,431,710. This sum reflects all funds and operations for the City, inclusive of appropriations of new resources for one time and capital projects in the amount of \$4,642,990. These appropriations are supported by 2012-2012 revenue projected at \$82,421,790.
- ❖ **General Fund Ending Balance as of June 30, 2011:** Staff projects that the General Fund's 2010-2011 actual revenues will fully support 2010-2011 expenditures, resulting in a June 30, 2011 ending balance at the same level as the prior year, i.e. approximately \$6.8 million. Of this total amount \$1.4 million (2.6% of the budget) continues to be available for emergency reserves. This reflects the fact that the City was able to achieve financial stability and was able to maintain its net worth during this very difficult year.
- ❖ **General Fund Budget:** The General Fund portion of the City budget is balanced in that 2011-2012 appropriations, totaling \$54,963,780, are fully supported by 2011-2012 General Fund revenue, projected at \$55,475,740 (see Exhibit I to resolution). In addition, the General Fund budget has the potential to end the fiscal year with an increase to the emergency reserves in the amount of \$500,000. This will bring the reserves from 2.6% to 3.4% of budget, a positive step toward the Council's stated policy goal of 10% reserves.

This balanced budget was only achieved through implementation of the City Council's actions of May 16<sup>th</sup>, June 6<sup>th</sup>, and June 20<sup>th</sup>, at which time the City Manager was directed to proceed with a series of one-time and ongoing cost savings and revenue increases (see attached listing of City Manager Recommendations, Attachment A). A Personnel Authorization schedule denotes reduced staffing levels across all Departments over the

## SAN RAFAEL CITY COUNCIL AGENDA REPORT / Page: 3

past several years (see Attachment B). The final cost saving measure, namely a 4% total compensation savings for all employee groups, has been included in this budget in an aggregate amount in each fund. Distribution of these reductions in each department's budget will occur following settlement of all bargaining unit contracts when specific contract provisions are known.

Both the balanced 2011-2012 General Fund Budget as well as the stable 2010-2011 ending balance discussed above represent significant accomplishments for the City. Not only is the City able to move forward on an even keel financially, but these measures will also serve the City well in its annual credit rating evaluation, a key factor in determining competitiveness in issuing debt. For example, the 2011-2012 Tax and Revenue Anticipation Note (TRAN) is being intentionally delayed in order to benefit from adoption of this balanced budget. The Point San Pedro Assessment bond, also scheduled to be issued during FY 2011-2012, will also benefit from these positive steps toward financial stability.

- ❖ **State Budget Impacts:** The State Budget bill was not signed into law in time to be included in this budget. While updates from Sacramento appear to indicate a loss of some safety funding and a possibility of funding for literacy and childcare programs, details were not yet available at the time of this report. Redevelopment Agency funding, which has secondary effects for the General Fund, remains controversial and impacts may not be known for some time. Consequently, it is probable that staff will bring back to Council a budget revision in early fall.

### *Revenue Trends:*

The major sources of funds required to pay for all of the services provided to the community continue to be taxes. Major tax trends for the upcoming year are highlighted as follows:

#### *Sales Tax:*

Sales tax trends are appearing slightly better than 2010-11. With the assistance of HdL Consultants, we are estimating a slight increase to \$15.9 million. As the years have gone by, sales tax, our largest tax revenue generator, became an increasing and necessary source of revenue for San Rafael.

#### *Property Tax:*

The City's second largest tax generator is property tax. While we are not experiencing the depth of property value declines as other areas of the state, we are not anticipating any major increases either. Accordingly, we are keeping property taxes relatively flat. We estimate \$15.3 million in property tax revenues for fiscal year 2011-2012.

#### *Transaction & Use Tax (Also known as Measure S):*

The voter-approved transaction and use tax took effect in April of 2006. This tax is used to maintain essential City services. Another tough budget season would be even worse without Measure S revenues. We are estimating the transaction and use tax to be approximately \$6.1 million for fiscal year 2011-2012. Another reminder, this figure is far below the peak of over \$7 million collected as recently as fiscal year 2007-2008.

## SAN RAFAEL CITY COUNCIL AGENDA REPORT / Page: 4

### *Local Fees:*

A cost study of the Master Fee Schedule is still in process and will be brought to the Council soon. The study will recommend fee levels that will allow the City to recover certain cost borne by the staff for development services and inspections. Modest fee increases have been included in this budget in anticipation of the results of this process.

Other notable revenues changes are presented below:

- ✓ Paramedic Tax: To cover the proposed \$6 million costs of Emergency Medical Services for fiscal year 2011-12, on May 16, 2011 Council approved raising the rates to \$89 per residential living unit and to \$.12 per square foot for non-residential buildings. This action results in a \$4 per year increase per household in the areas served by our Paramedics. Similar measures for CSA #13, CSA #19, and Marinwood did not pass in November 2010. Their rates have to remain at the tax rate cap of \$85 per residential living unit and \$0.11 per non-residential building square footage for fiscal year 2011-12 and beyond until a measure is passed to increase the tax rate caps. For fiscal year 2011-12, we have recognized a \$20,500 gap to be funded with paramedic tax reserves.
- ✓ Property Transfer Tax – Although this tax revenue is nowhere near the amount from several years ago, we do expect to maintain the 2010-2011 level of \$826,000 in fiscal year 2011-2012.
- ✓ Library Assessment Tax – In June 2010, the citizens of San Rafael passed Measure C. This assessment continues to provide approximately \$875,000 in revenues to support our beloved Library by allowing for expanded hours, improved facilities equipment, materials, and services for children, teens and adults. A report from the Measure C Committee will be presented to the Council in the fall.
- ✓ We have adjusted departmental revenues such as Fire Prevention fees-decrease (\$122,000); business license revenues-decrease (\$43,000) and garage revenue-increase \$65,000 for our Parking Fund.
- ✓ Office of Emergency Services: We have been notified that the services provided to the City of Larkspur by OES will not be continued for fiscal year 2011-12 due to Larkspur's budget constraints. We have reduced revenues by \$25,000.

### *State Budget Impacts:*

Our revenue estimates still do not include the possible "take-aways" from the State's budget as the specific City impacts are still unknown. As a consequence, staff will bring adjustments back to the Council as needed to recognize any State budget eliminations or reductions in safety funding, Literacy funds, Public Library funds, and Child Care funds. The elimination of Redevelopment Agencies would not only impact Redevelopment staffing but also City staffing covered by Redevelopment funds for project administration and Code Enforcement.

### *Expenditure Assumptions:*

Currently, the City has estimated total appropriations of \$82.4 million for fiscal year 2011-2012.

**SAN RAFAEL CITY COUNCIL AGENDA REPORT / Page: 5**

The key element in completing the budget appropriations was implementation of the City Council's actions of May 16<sup>th</sup>, June 6<sup>th</sup>, and June 20<sup>th</sup>, at which times the City Manager was directed to proceed with a series of one-time and ongoing cost savings and revenue increases (see attached listing of City Manager Recommendations, Attachment A).

*Capital Improvement Program:*

With input from all City departments, Public Works staff has formulated a comprehensive 5-year Capital Improvement Project (CIP) list. This document, as listed on Exhibit I to resolution, identifies projects that impact all segments of San Rafael's infrastructure, including but not limited to City maintained roads, pedestrian and bicyclist facilities, traffic control networks, drainage systems, buildings, parks, parking facilities, etc. It provides the recommended new capital projects for the 2011-2012 fiscal year. Consistent levels of spending are provided for ADA, street, drainage, and traffic improvements. The CIP was presented to the Council at the May 16, 2011 meeting.

*Fund Balances and Reserves:*

Final review of the funds for current fiscal year 2010-2011 revealed that the overall health of the funds is sound. The appropriations and estimated revenues established in the proposed budget project that each and every fund is in a positive fund balance status at the end of June 2012. Emergency reserves in the General Fund balance as of June 30, 2011 remain at \$1.4 million (2.6% of budget). It is anticipated that the emergency reserve may be increased as of June 30, 2012 to \$1.9 million (3.4% of budget), a positive step toward the Council's stated policy goal of 10% reserves

The City's General Fund accounts for most of the major services to our residents and businesses (such as police, fire suppression and prevention, planning, building, library, parks, streets, engineering, traffic enforcement and management, cultural programs). The General Fund appropriation for fiscal year 2011-2012 is approximately \$54.9 million. With all the modifications, the following table illustrates a breakdown the City's total budget of \$82.4 million between the capital and operating budget and further illustrating the General Fund appropriation.

CITY OF SAN RAFAEL  
FISCAL YEAR 2011-2012

PROJECTED BUDGET FIGURES	FY 2011-2012 Projected Budget
Total City Budget	\$82,431,710
Less: Capital and Special Project	(4,642,990)
Total Operating Budget	77,788,720
Less: Restricted Funds (Gas Tax, etc.)	(24,628,190)
General Fund Operating Budget	\$53,160,530
Add: General Fund Program Support	1,763,250
Add: General Fund Projects	40,000
<b>Total General Fund Appropriation</b>	<b>\$54,963,780</b>

**FISCAL YEAR 2010-2011 AMENDMENTS:**

Projecting the next budget requires the examination of current financing activity for both operating functions and capital projects. As part of adopting the 2011-2012 budget, and projecting ending balances, staff requests Council consideration of an amendment to the fiscal year 2010-2011 budget. Total appropriations, as listed on Exhibit I B to resolution, for fiscal year 2010-2011 are \$78,961,522.

Revenues need to be modified, based upon changes in projections since last formally approved in February 2011. These changes are codified in Exhibit I A to resolution. Two categories are presented. Category One represents the items recommended from the City Council actions since February 2011. Additional General and Non-General Fund changes are presented as Category Two.

**FISCAL IMPACT:**

By approving the Resolutions as presented, the Council is authorizing the levels of expenses, within funds, for the 2011-2012 fiscal year. The total sum represents all assumptions outlined and directions received with the Council up through the June 20th meeting.

The 2011-2012 Resolution also asks Council to “roll over” unspent capital project funds from 2010-2011 for projects that are not completed when the books are closed. As a reminder, capital project spending occurs each year by appropriating accumulated funds (traffic mitigation, for example). Many projects carry over beyond the June 30<sup>th</sup> cutoff. By carrying over the unspent portion of a project’s budget into 2011-2012, staff is better able to match budgeted costs with actual expenses. This action has no impact on the 2011-2012 appropriations figures illustrated in Exhibit I to resolution.

**OPTIONS:**

The City Council can choose to either:

- 1) Accept the reports, recommendations and Resolutions as presented; or
- 2) Make modifications to the recommendations, which would result in a change in the total revenue forecasts or appropriations.

**ACTION REQUIRED:**

Staff recommends Council accept the reports and adopt the Resolutions as presented.

**ATTACHMENTS**

**RESOLUTION NO. 13191**

**RESOLUTION ADOPTING AMENDMENTS TO THE CITY OF SAN RAFAEL BUDGET FOR FISCAL YEAR 2010-2011 FOR THE PURPOSE OF REVISING THE FINAL FISCAL YEAR 2010-2011 BUDGET**

**WHEREAS**, the City Council approved Resolution 13007 adopting the fiscal year 2010-2011 budget; and

**WHEREAS**, the continued economic downturn requires updates to some City operations; and

**WHEREAS**, the City Council approved Resolution 13115 amending the fiscal year 2010-2011 budget; and

**WHEREAS**, it is the intention of this Council to review recommendations from staff regarding the City's financial condition, including revenue projections and available resources and provide funding for various ongoing, capital and other service needs; and

**WHEREAS**, the City Manager has submitted to the City Council a report outlining the additional budget items; and

**WHEREAS**, after examination, deliberation and due consideration, the City Council has approved the same report and recommendations.

**NOW, THEREFORE, BE IT RESOLVED**, by the San Rafael City Council that Resolution 13007 for fiscal year 2010-2011 is amended to adjust total revenues to \$81,063,147 per attached EXHIBIT I A and to adjust total expenditure to \$78,961,522 per attached EXHIBIT I B.

I, ESTHER C. BEIRNE, Clerk of the City of San Rafael, hereby certify that the foregoing resolution was duly and regularly introduced and adopted at a special meeting of the Council of said City on Tuesday, the 5<sup>th</sup> of July 2011, by the following vote, to wit:

AYES: COUNCILMEMBERS: Brockbank, Connolly, Heller, Levine & Mayor Boro

NOES: COUNCILMEMBERS: None

ABSENT: COUNCILMEMBERS: None

  
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ESTHER C. BEIRNE, City Clerk

CITY OF SAN RAFAEL  
 BUDGET CHANGES  
 FISCAL YEAR 2010-11

EXHIBIT I A

Category 1 - recom's Council actions  
 Category 2 - amendments to GF & non-GF programs and activities

REVENUE CHANGES

	Category	ALL FUNDS TOTAL	General Fund 001	All Other Funds
		\$ -	\$ -	\$ -
2002 State Resources Bonds Act-to pay for Freitas Park's Playground Equipment	1	\$ 103,077		\$ 103,077
Aquatic Program at Hamilton Pool	1	\$ (7,990)		\$ (7,990)
Grant from Community Coalition for the prevention of Alcohol, Tobacco, and other drug use and from DOJ for bulletproof vest	1	\$ 30,000		\$ 30,000
Grant from DOJ for bulletproof vest	2	\$ 1,816		\$ 1,816
TAM agreement for security cameras-Puerto Sueillo Multi-use path	2	\$ 92,000		\$ 92,000
Friends of San Rafael Donation - Point San Pedro Median Landscaping District	2	\$ 68,094		\$ 68,094
Other Revenue (SRS&D 10% Adm.Fee, Sales & Use Tax, Property Tax, Business License Tax, Property Transfer Tax, Transient Occupancy Tax)	2	\$ 252,837	\$ 135,000	\$ 117,837
		\$ 539,834	\$ 135,000	\$ 404,834

MID-YEAR REVISED FOR FY10-11 @ 2-22-11 \$ 80,523,313 \$ 52,564,694 \$ 27,958,619

REVISED FOR FY10-11 @ 6-30-11 \$ 81,063,147 \$ 52,699,694 \$ 28,363,453



EXHIBIT B

CITY OF SAN RAFAEL  
BUDGET CHANGES  
FISCAL YEAR 2010-11

Category 1 - Previous Council actions  
Category 2 - amendments to GF & non-GF programs and activities

EXPENDITURE CHANGES		Category	TOTAL ALL FUNDS	General Fund 001	All Other Funds
2002 State Resources Bonds Act-to pay for Freitas Park's Playground Equipment	1	\$	103,077		\$ 103,077
Personnel Costs for City Manager's Office	1	\$	31,115	24,700	\$ 6,415
Aquatic Program at Hamilton Pool	1	\$	(48,826)		\$ (48,826)
Grant from Community Coalition for the prevention of Alcohol, Tobacco, and other drug use and from DOJ for bulletproof vest	1	\$	30,000		\$ 30,000
Grant from DOJ for bulletproof vest	2	\$	1,816		\$ 1,816
TAM agreement for security cameras-Puerto Suello Multi-use path	2	\$	92,000		\$ 92,000
Friends of San Rafael Donation - Point San Pedro Median Landscaping District	2	\$	68,094		\$ 68,094
Library Special Assessment Tax - Reserve for Capital Projects	2	\$	(390,000)		\$ (390,000)
		\$	(112,724)	24,700	(137,424)

MID YEAR REVISED FOR FY 10-11 @ 2-22-11 \$ 79,074,246 \$ 45,613,694 \$ 33,460,552

REVISED FOR FY 10-11 \$ 78,961,522 \$ 45,638,394 \$ 33,323,128

**RESOLUTION NO. 13193**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SAN  
RAFAEL APPROVING A FIVE-YEAR CAPITAL IMPROVEMENT  
PROJECT (CIP) PLAN FOR FISCAL YEARS 2011-2012  
THROUGH 2015- 2016.**

**WHEREAS**, the City Manager has submitted to the San Rafael City Council a document entitled "CITY OF SAN RAFAEL 5-YEAR CAPITAL IMPROVEMENT PROJECT LIST" ; and

**WHEREAS**, the document describes a wide range of capital projects, consistent with current Council priorities, required to maintain and/or upgrade the City's assets, including but not limited to City maintained roads, pedestrian and bicyclist facilities, traffic control networks, drainage systems, buildings, parks, and parking facilities; and

**WHEREAS**, the document further describes federal, state, regional and local funding sources that may be utilized for said projects, recognizing that such revenue projections are based on currently available information that is subject to change over the next five years; and


**WHEREAS**, the project list may be modified and amended by the Council as priorities and funding sources and amounts change over the five year life of the document; and

**WHEREAS**, it is the intention of this Council to adopt said "CITY OF SAN RAFAEL 5-YEAR CAPITAL IMPROVEMENT PROJECT LIST" as submitted by the City Manager.

**NOW, THEREFORE, BE IT RESOLVED** by the San Rafael City Council that the City Council approves the document entitled "CITY OF SAN RAFAEL 5-YEAR CAPITAL IMPROVEMENT PROJECT LIST", which is on file with the City Clerk.

I, ESTHER C. BEIRNE, Clerk of the City of San Rafael, hereby certify that the foregoing resolution was duly and regularly introduced and adopted at a regular meeting of the Council of said City on Tuesday, the 5th day of July 2011, by the following vote, to wit:

AYES:	COUNCILMEMBERS:	Brockbank, Connolly, Heller, Levine & Mayor Boro
NOES:	COUNCILMEMBERS:	None
ABSENT:	COUNCILMEMBERS:	None

  
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ESTHER C. BEIRNE, City Clerk

**RESOLUTION NO. 13194**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY  
OF SAN RAFAEL ADOPTING THE MEASURE 'S'  
COMMITTEE REPORT COVERING THE PROPOSED  
FISCAL YEAR 2011-2012 GENERAL FUND BUDGET**

**WHEREAS**, on November 8, 2005, the voters of San Rafael approved a Transactions and Use Tax ("Measure S"). This measure amended the San Rafael Municipal Code to establish a .5% retail transaction and use tax within the City of San Rafael; and

**WHEREAS**, the enabling ordinance required the appointment of an independent citizen's oversight committee that is required to review the collection and expenditure of tax revenues collected under the authority of this ordinance; and

**WHEREAS**, on February 10, 2011 the Committee met and reviewed the City's General Fund Revised Budget for fiscal year 2010-11 as it compares to the previous fiscal year; and

**WHEREAS**, the Committee noted that in 2010-2011 sales taxes were higher than the previous year; there were impacts on the City budget due to potential loss of redevelopment, library and police funding; and 2010-2011 expenditures were flat compared to 2009-2010 after years of decline; and

**WHEREAS**, the Committee also reviewed 2010-2011 budgeted expenditures for three departments (Fire, Police and Public Works) and noted staffing remained at the 2009-2010 levels with the exception of fire's paramedic program increase which is separately funded; and

**WHEREAS**, on May 12, 2011, the Committee met and reviewed the City's Proposed General Fund Budget for fiscal year 2011-2012; and

**WHEREAS**, the Finance Director reported to the Committee on the status of the 2011-2012 budget and outlined the steps the Council was considering to address the budget deficit; and

**WHEREAS**, the Committee finds that Measure S revenues are being spent consistent with the Transactions and Use Tax Ordinance; the Committee noted that even with Measure 'S' funding it was necessary to reduce some essential service levels due to decline in General Fund revenues.

**NOW, THEREFORE, BE IT RESOLVED**, that the San Rafael City Council adopts the report from the Measure 'S' Committee, which is attached as EXHIBIT I and on file with the City Clerk.

I, **ESTHER C. BEIRNE**, Clerk of the City of San Rafael, hereby certify that the foregoing resolution was duly and regularly introduced and adopted at a regular meeting of the City Council of said City held on Tuesday the 5th day of July, 2011, by the following vote, to wit:

AYES:            COUNCIL MEMBERS:        Brockbank, Connolly, Heller, Levine & Mayor Boro  
NOES:            COUNCIL MEMBERS:        None  
ABSENT:         COUNCIL MEMBERS:        None

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ESTHER C. BEIRNE, City Clerk

City of San Rafael  
Measure S Oversight Committee Report  
June 30, 2011

The City of San Rafael Measure S Oversight Committee (the Committee) reviewed the projected budget for the term July 1, 2011 to June 30, 2012 for the City of San Rafael at its meeting on June 30<sup>th</sup>, 2011 with particular attention to the budgeted expenditures for the Police Department, Fire Department and Public Works Department which are considered the core of the "essential services" contemplated under Measure S.

The Committee finds that, in the aggregate, the expenditures for two of the the three "essential services" departments, Police and Fire, is slightly larger (\$302,932) than the inflation adjusted 2005-2006 baseline year total expenditures for these departments. By this metric, Measure S funds are being properly allocated. Nonetheless, due to operating cost increases beyond inflation, and shortfalls in all sources of city general fund revenues, including the Measure S Transaction and Use Tax, it will not be possible to maintain the level of "essential services" that are provided by these departments, despite the use of increased overtime and the incorporation of additional efficiencies. Projected expenditures for the the third "essential service" department, Public Works, are projected to be \$1,041,795 below the inflation adjusted baseline expenditure for this department, also resulting in an inability to maintain the level of service as at the baseline year.

Despite the issuance of a pension obligation bond, Total General Fund revenue is projected to decrease in budget year 2011-12 by \$977,054 compared to revenue in the 2010-11 budget year.

Therefore, in the opinion of the Committee, these essential services are not being, and will not be, maintained as contemplated by Measure S. While the Committee finds that Measure S funds are being spent consistent with the Transaction and Use Tax ordinance, the revenue from Measure S, combined with the general fund revenue from all other sources, is insufficient to maintain "essential service" levels at the 05/06 base year level.

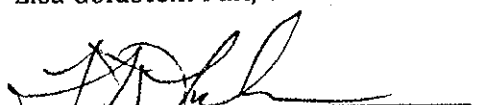
Respectfully submitted:

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Jackie Schmidt, Chair

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Lisa Goldstein Fait, Vice-Chair



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Larry Luckham, Committee Member

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Gladys Gilliland, Committee Member

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Cliff Detz, Committee Member

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Vickie Hatos, Committee Member