



REPORT to the MAYOR and MEMBERS of the CITY COUNCIL
From the CITY MANAGER

DATE: June 22, 2010

SUBJECT: 2009-2011 Mid-Biennium Budget Update

ISSUING DEPARTMENT: Finance

SUMMARY:

Issue:

Should the City Council adopt the attached Resolution approving an amended budget for fiscal year 2010-2011?

Should the City Council approve a contribution request for funding from the Lake Murray July 4th Music Fest and Fireworks Show?

Recommendation:

1) That the City Council adopt the attached Resolution approving the 2010-2011 Amended Final Budget, 2) not approve the contribution request for funding from the Lake Murray July 4th Music Fest and Fireworks Show.

Fiscal Impact:

The proposed budget presents a balance of revenues and expenditures for all funds. The total Amended Budget for 2010-2011 is \$122,400,250.

BACKGROUND:

On August 11, 2009, the City Council approved the City of La Mesa's 2009-2011 Budget. Subsequent to adoption of the spending plan for fiscal years 2009-2011, the City Council took various actions that had budget implications. These included acceptance of grants and other budget amendments. The consequences of these actions, along with the refinement of revenue and expenditure estimates and changes reviewed with the Council at the Strategic Planning Workshop on March 18, 2010 are reflected in the proposed Amended 2010-2011 Budget.

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DISCUSSION:

The following budget message summarizes the proposed Amended Final Budget for 2010-2011. Included with this Staff Report are a resolution with an attached Schedule 1, a comparison of the Adopted and Amended Budgets for all funds, an explanation of significant variances for all funds, a summary of the Targets for Action, and a Contribution Request Form from the Lake Murray July 4th Music Fest and Fireworks Show.

The proposed Amended Final Budget takes into account revised estimates of revenues and expenditures and fiscal decisions made in the current year but not reflected in the Adopted Final Budget. Specifically, personnel costs were updated with actual salary and benefit projections, including new PERS rates and no cost of living adjustment for employees. Other operating costs were updated with revised cost estimates and carryforwards of budgeted projects in fiscal year 2009-2010.

Included with this presentation of the Amended Final Budget are revenue, expenditure, and reserve fund balance benchmarks to assist with comparing historical baseline figures with the current budget. These benchmarks are intended to be additional tools for monitoring and evaluating the City's fiscal performance.

Although numerically the change between the Adopted and proposed Amended budgets is significant, it should be noted that most of the change is attributed to the carryforward of appropriation for Capital Improvement Program (CIP) projects and other specifically budgeted items not completed in fiscal year 2009-2010.

General Fund Revenues and Expenditure Summary

The proposed Amended General Fund Budget revenues have been reduced in the proposed Amended Budget by \$631,500 overall. Property tax revenues continue to decline due to reductions in property values. Other types of taxes and franchises have also been reduced from the Approved Budget to more accurately reflect declining revenues. Finally, service charges (fees for various City services) are also declining due to the slowdown of development.

The proposed Amended General Fund Budget expenditures include carryforward of unspent appropriations of \$204,500 for several projects that were delayed during Fiscal Year 2009-2010. General Fund Salaries and Benefits were reduced as a result of the elimination of the Fire Chief, Sr. Tree Trimmer, and Police Department Custodian positions, as well as savings achieved through vacancies. Changes in Materials, Supplies and Services include the addition of outside services for the tree trimmer position and Police custodial position, both of which achieve overall savings to the General Fund. Also included in the Amended General Fund Budget is an additional amount for PERS employer contributions of \$500,000. This additional contribution will help reduce future PERS contribution rate increases and reduce the City's unfunded actuarial liability.

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Changes to Interfund Transfers Out included in the Amended General Fund Budget are a result of \$300,000 addition to the Police Department Furniture, Fixture & Equipment budget. This \$300,000 is a result of expected savings in the Police Department's Fiscal Year 2009-2010 operating budget. Also included in the Interfund Transfers Out is an additional \$200,000 transfer to the City's Building Reserve Fund.

Rapid inflation has not been a significant factor for the City's budget in past years, for the most part due to the nature of our service function. Equipment purchases have seen some cost increases, but the upside of the poor economy has been reduced inflationary pressures and a very good climate for capital improvement project bids. In the past, energy costs have been the one inflationary factor that does have a direct impact on the City's budget.

What would need to be cut if costs rise much faster than revenues is the tough question facing cities, counties and states throughout America today. La Mesa has been through these tough cost-cutting efforts many times in the past. In future budgets, if faced with increased costs and falling revenues or continued State take-aways, the process would begin by looking at departments to make recommendations for cost-cutting measures at levels that can manage operations and minimize service impacts. When cuts at that level are no longer sufficient to meet budget shortfalls, much more significant cuts to programs, staffing levels, and facilities must be made. It will be the responsibility of staff to bring forward these tough options to the Council for action. As seen in communities everywhere, these changes are tough decisions and will generate public resistance to cuts as well. With the second year of the current budget cycle, decisions of this type are not required.

Future PERS Rates and Unfunded Liabilities

In March 2010, the Council was given a presentation at the Annual Strategic Planning Workshop by the City's actuarial regarding the consequences and potential alternatives to rising pension costs and unfunded actuarial liabilities. Historic investment losses in 2008 and newly adopted updated actuarial assumptions by the CalPERS' Board of Administration will have a significant negative impact on employer rates beginning fiscal year 2011-2012, although to what extent is not currently known. Compounding the increasing contribution rates are the City's unfunded actuarial liability levels. According to the most recent CalPERS Actuarial reports, the City's funded ratios are 84.4% for the Miscellaneous group and 87.7% for the Safety group, the balance representing the unfunded liability. Increasing the City's contributions this fiscal year to rates higher than the minimum required by CalPERS will soften future rate increases as well as reduce the City's unfunded actuarial liability in future years. An additional contribution amount is included in the proposed Amended budget.

Vital Services Benchmarks

The General Fund's major revenue sources are property taxes and sales taxes and are the primary funding sources for the City's vital services. Proposition L Sales Tax Measure was approved by voters in November 2008 to help maintain the vital City

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services. Fiscal Year 2008-2009 will serve as the benchmark year. The following table illustrates the importance of the Proposition L sales tax revenues in supplementing decreases in the General Fund’s major revenues.

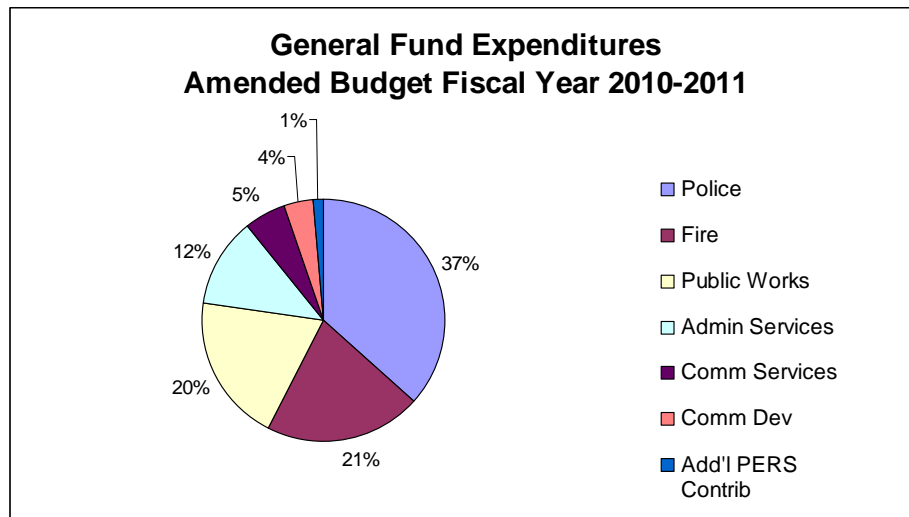
General Fund Revenues

	2008-2009 Actual	2009-2010 Budget	2009-2010 Estimated	2010-2011 Amended Budget
Property Taxes	10,363,427	8,955,000	9,918,200	9,772,300
Base Sales Tax	10,045,816	9,095,000	9,000,000	9,651,000
Prop L Sales Tax	1,304,970	5,900,000	6,014,100	6,059,000
Other Taxes	2,854,496	2,986,700	2,801,700	2,857,700
Service Charges	2,082,435	2,192,300	1,865,870	1,897,100
All Other Revenues (inc. land sale)	15,711,279	4,201,100	4,239,619	4,113,500
Total General Fund Revenues	42,362,424	33,330,100	33,839,489	34,350,600
Total General Fund Revenues w/o Prop L	41,057,454	27,430,100	27,825,389	28,291,600
Total Gen Fund Revenues w/o Prop L and Land sale	28,707,454	26,830,100	27,225,389	27,591,600

General Fund expenditures continue to increase despite cost savings measures implemented in previous fiscal years. Increases in expenditures are attributed to merit increases, increases in annual PERS employer contributions, carryforwards of budgeted projects, and additional PERS contributions to offset future increases and unfunded actuarial liabilities.

General Fund Expenditures

Description	2008-2009 Actual	2009-2010 Budget	2009-2010 Estimated	2010-2011 Amended Budget
Police	12,674,476	13,308,340	13,130,295	13,591,660
Fire	7,736,273	7,789,820	7,896,985	7,650,490
Public Works	6,536,947	7,119,460	6,874,850	7,295,940
Administrative Services	3,867,105	4,199,530	3,836,750	4,447,950
Community Services	1,734,801	2,382,150	2,391,890	2,024,480
Community Development	1,630,789	1,640,850	1,566,040	1,484,410
General Fund Operating Expenditures	34,180,391	36,440,150	35,696,810	36,494,930
Additional PERS Contribution	0	0	0	500,000
Total General Fund Expenditures	34,180,391	36,440,150	35,696,810	36,994,930



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The proposed Amended Final Budget provides for an estimated ending reserve of 14.55%, slightly below the Council's goal of 15% reserves. Without the additional PERS contribution, the estimated ending reserves would be 16.12%. At this time, General Fund revenues have not recovered enough to begin funding the Council's additional 25% contingency goal. The following table illustrates the General Fund actual, estimated, and projected reserves as presented in the proposed Amended Final Budget.

General Fund Reserves

Description	2007-2008 Actual	2008-2009 Actual	2009-2010 Budget	2009-2010 Estimated	2010-2011 Amended Budget
Estimated Ending Reserves	3,888,611	7,502,150	5,002,710	6,335,229	5,382,100
% Reserve	11.22%	21.76%	13.73%	17.75%	14.55%

State Budget

By far the most direct impact on the City's as well as other agencies' financial problems will come from the State. The ongoing inability of the State to address their structural deficits and constitutional commitments to fund education, without appropriate levels of cuts to programs and expenses will be a major concern to local governments. This has been an ongoing concern for local governments based on the State's past actions since the early 1990's where the State has continually looked to local agencies to solve their financial crisis. Not funding mandates to meet requirements or not reducing the mandates will continue to burden the City's finances and detract from La Mesa's ability to focus on local goals and objectives.

In May 2010, the Superior Court of California issued a ruling that denied the Counties and California Redevelopment (CRA)'s petitions regarding tax increment shifts to county Supplemental Educational Revenue Augmentation Funds (SERAF's). For La Mesa, the impact to the 2009-2011 Budget is \$1,081,000 in 2009-2010 and an estimated \$225,000 in 2010-2011. As two of La Mesa's three redevelopment project areas were planning on making debt service payments on debt owed to the City's General Fund, the takeaway will have a direct impact on General Fund reserves and likely necessitate additional cash flow borrowing. The California Redevelopment Association has filed an appeal of the decision; in the meantime, however, the payment was made as required in the decision, and the 2010-2011 budgeted SERAF shift remains in the proposed Amended Budget. Staff continues to closely monitor the actions of the State as it impacts the current and future budgets.

Capital Improvement Program (CIP)

The City adopted the 2009-2011 CIP as part of its overall 2009-2011 Budget. Subsequent to the budget adoption, the Council approved several changes to the CIP which are reflected in the proposed Amended Final Budget for 2010-2011 (e.g., CDBG and RTIP allocations, Downtown Parking funded projects, and borrowing ahead of TransNet funds through the commercial paper program). Additional proposed amendments include the carryforward of unspent appropriations from 2009-2010 budgets for projects still to be completed.

Targets for Action and Five-Year Goals

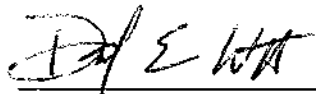
Attachment D provides a summary of the revised Targets for Action which reflect new or revised work plans based on Council direction since the March Strategic Planning Workshop. The modifications include increasing citizen emergency preparedness by collaborating with existing community groups (i.e. Neighborhood Watch and CERT), researching Multi-Family Improvement Districts, considering weed abatement contract services, increasing opportunities for residents to receive notification regarding City non-emergency and emergency events, instituting a shredding event for residents, establishing a mechanism to develop a facilities replacement fund, investigating the establishment of a community garden, and creating a Citywide Park Master Plan for future park development.

Additional Requests for Funding

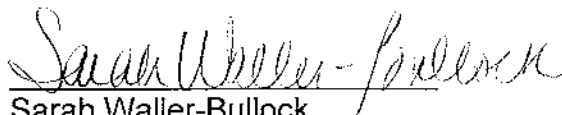
Staff received one completed request for funding for \$4,500 from the July 4th Lake Murray Music Fest and Fireworks Show. This request is not included in the proposed Amended Budget as staff does not recommend funding any additional requests from outside organizations at this time. Attachment E is the completed request form and supporting materials for your review.

Reviewed by

Respectfully submitted by



David E. Witt
City Manager



Sarah Waller-Bullock
Director of Finance

Attachments:

- A - Proposed Resolution with Schedule 1
- B - Comparison of Adopted and Amended Budgets – All Funds
- C - Explanation of Significant Variances – All Funds
- D - Summary of Targets for Action
- E - Contribution Request Form – Lake Murray July 4th Music Fest

RESOLUTION NO. 2010-

RESOLUTION ADOPTING AN AMENDED BUDGET FOR 2010-2011

BE IT AND IT IS HEREBY RESOLVED by the City Council of the City of La Mesa, California, that for the said fiscal year beginning July 1, 2010, there is hereby appropriated out of the Treasury of the City of La Mesa for municipal purposes and for allowances to be used by the various departments and activities of said City for said fiscal year the sum of \$122,400,250 in the amounts, allowances, and estimates more particularly set forth and described in said budget on file in the office of the City Clerk. The amounts of money so appropriated are hereby classified and summarized in control accounts as included on the attached Schedule 1.

NOW THEREFORE, BE IT FURTHER RESOLVED BY THE CITY COUNCIL OF THE CITY OF LA MESA AS FOLLOWS:

1. All previous appropriations are hereby canceled and the balances remaining therein are applied to finance the new appropriations set forth in this budget.
2. All moneys appropriated by this resolution under the heading "Reserves" shall be expended only as authorized by the City Council.
3. All transfers between funds, departments and/or activities shall be made by the City Council except that the City Manager may, on her own initiative and without prior approval of the City Council, transfer between budget accounts within a single department, activity, or capital improvement fund, or from any budget account or appropriation, to the reserve, amounts determined to be in excess of actual requirements.
4. The final budget of the City incorporating therein the approved figures is hereby approved, fixed, and adopted.

PASSED AND ADOPTED at a regular meeting of the City Council of the City of La Mesa, California, held the 22nd day of June, 2010, by the following vote, to wit:

AYES:

NOES:

ABSENT:

CERTIFICATE OF CITY CLERK

I, MARY J. KENNEDY, CMC, City Clerk of the City of La Mesa, California, do hereby certify the foregoing to be a true and exact copy of Resolution No. 2010-___, duly passed and adopted by the City Council of said City on the date and by the vote therein recited.

MARY J. KENNEDY, CMC, City Clerk

(SEAL OF CITY)

**SCHEDULE 1
BUDGET SUMMARY - ALL FUNDS
2010-2011 AMENDED FINAL BUDGET**

	GOVERNMENTAL FUND TYPES										PROPRIETARY FUND TYPES					BUDGET SUMMARY	
	GENERAL FUND		SPECIAL REVENUE FUNDS					CAPITAL PROJECTS			INTERNAL SERVICE FUNDS						
	General	Wastewater	Home Cons/ Hsg Rehab/ CDBG Admin	Gas Tax/ Transnet	Downtown Parking	Environmental Services	Prop 172/ COPS/ Transit Admin	Other Funds Operations	Debt Service	Capital Improvements	Employee Benefits	Equipment Replacement	Workers' Compensation	Liability Risk Financing	Fund Adjustment	Total All Funds	Prior Year All Funds (Memo Only)
RESOURCES																	
REVENUE																	
Property Taxes	9,772,300	0	0	0	0	0	530,200	4,102,100	0	0	0	0	0	0	14,404,600	13,519,900	
Sales Taxes	9,651,000	0	0	0	0	204,400	0	0	0	0	0	0	0	0	9,855,400	9,297,400	
Prop. L Sales Tax	6,059,000	0	0	0	0	0	0	0	0	0	0	0	0	0	6,059,000	5,900,000	
Other Taxes & Franchises	2,857,700	0	0	0	0	0	0	0	180,000	0	0	0	0	0	3,037,700	3,166,700	
Licenses & Permits	799,700	15,000	0	0	0	0	0	0	25,000	0	0	0	0	0	839,700	940,400	
Fines, Forfeits and Penalties	644,800	0	0	0	90,000	0	0	0	0	0	0	0	0	0	734,800	757,500	
Use of Money & Property	718,200	56,800	700	3,000	248,200	4,800	3,200	22,900	18,000	2,600	9,300	32,600	10,700	0	1,131,000	1,382,200	
From Other Agencies	1,139,600	40,000	644,270	6,912,700	0	146,480	150,000	0	6,784,000	0	0	0	0	0	15,817,050	19,982,100	
Service Charges	1,897,100	10,197,800	0	0	0	285,000	0	0	0	3,420,000	821,500	1,558,600	0	-5,800,100	12,379,900	12,703,700	
Other Revenue	811,200	0	64,000	0	0	0	0	0	33,668,600	40,100	20,000	50,000	0	0	34,653,900	28,493,000	
Subtotal Revenue	34,350,600	10,309,600	708,970	6,915,700	338,200	436,280	357,600	553,100	4,120,100	40,657,600	3,462,700	850,800	1,641,200	10,700	98,913,050	96,142,900	
Plus: Transfers In	3,860,900	0	0	0	0	0	0	558,400	1,159,800	8,862,700	0	334,800	0	1,350,400	16,127,000	15,951,300	
Less: Transfers Out	-2,166,100	-3,539,600	0	-6,912,700	-66,200	-50,000	-354,400	0	-1,856,700	-1,181,300	0	0	0	0	-16,127,000	-15,951,300	
TOTAL REVENUE INCLUDING INTERFUND TRANSFERS	36,045,400	6,770,000	708,970	3,000	272,000	386,280	3,200	1,111,500	3,423,200	48,339,000	3,462,700	1,185,600	1,641,200	1,361,100	-5,800,100	98,913,050	96,142,900
BEGINNING RESERVES 7-1-2010	6,335,230	5,278,390	297,480	132,130	853,040	532,660	5,140	622,890	1,639,460	1,368,830	105,280	1,182,250	3,662,770	1,481,650	-10,000	23,487,200	26,102,690
TOTAL RESOURCES	42,380,630	12,048,390	1,006,450	135,130	1,125,040	918,940	8,340	1,734,390	5,062,660	49,707,830	3,567,980	2,367,850	5,303,970	2,842,750	-5,810,100	122,400,250	122,245,590
APPROPRIATIONS																	
OPERATING EXPENSES																	
Salaries	18,322,900	1,180,270	39,400	0	95,780	94,560	0	201,500	0	0	0	0	57,240	57,240	0	20,048,890	20,206,790
Fringe Benefits	9,177,640	565,370	16,540	0	41,760	48,810	0	77,630	0	0	0	0	26,150	26,150	0	9,980,050	9,247,530
Personal Expenses	864,330	20,450	5,380	0	2,870	2,920	0	8,050	0	0	0	0	237,500	903,780	0	2,045,280	1,807,430
Materials/Supplies/Services	8,611,670	6,371,070	375,910	0	43,100	224,850	0	350,610	14,200	0	3,489,410	234,710	996,130	358,020	-5,800,100	15,269,580	18,221,210
Capital Outlay	18,390	0	0	0	0	0	0	700,000	0	0	0	914,240	0	0	1,632,630	1,996,410	
TOTAL OPERATING EXPENSES	36,994,930	8,137,160	437,230	0	183,510	371,140	0	1,337,790	14,200	0	3,489,410	1,148,950	1,317,020	1,345,190	-5,800,100	48,976,430	51,479,370
LESS: EST. UNDEREXPENDITURE	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
DEBT SERVICE	0	153,400	0	0	0	0	0	0	3,652,360	0	0	0	0	0	0	3,805,760	2,986,640
CAPITAL IMPROVEMENTS	0	0	0	0	0	0	0	0	0	48,692,200	0	0	0	0	0	48,692,200	47,322,960
EST. ENDING RESERVES 6-30-2011	5,385,700	3,757,830	569,220	135,130	941,530	547,800	8,340	396,600	1,396,100	1,015,630	78,570	1,218,900	3,986,950	1,497,560	-10,000	20,925,860	20,456,620
TOTAL APPROPRIATIONS	42,380,630	12,048,390	1,006,450	135,130	1,125,040	918,940	8,340	1,734,390	5,062,660	49,707,830	3,567,980	2,367,850	5,303,970	2,842,750	-5,810,100	122,400,250	122,245,590

Attachment B

CITY OF LA MESA

**Comparison of Adopted and Amended Budgets—All Funds
Fiscal Year 2010-2011**

	<u>Proposed Amended Budget</u>	<u>Adopted Budget</u>	<u>Variance</u>	<u>Notes</u>
<u>RESOURCES</u>				
REVENUE				
Property Taxes	14,404,600	14,633,300	(228,700)	¹
Sales Taxes	9,855,400	9,855,400	0	
Prop L Sales Taxes	6,059,000	5,959,000	100,000	²
Other Taxes & Franchises	3,037,700	3,254,700	(217,000)	³
Licenses & Permits	839,700	929,700	(90,000)	⁴
Fines, Forfeits and Penalties	734,800	773,000	(38,200)	⁵
Use of Money & Property	1,131,000	1,687,700	(556,700)	⁶
From Other Agencies	15,817,050	5,088,000	10,729,050	⁷
Service Charges	12,379,900	12,743,400	(363,500)	⁸
Other Revenue	<u>34,653,900</u>	<u>1,544,600</u>	<u>33,109,300</u>	⁹
Subtotal Revenue	98,913,050	56,468,800	42,444,250	
Plus: Transfers In	16,127,000	10,702,900	5,424,100	¹⁰
Less: Transfers Out	<u>(16,127,000)</u>	<u>(10,702,900)</u>	<u>(5,424,100)</u>	¹⁰
TOTAL REVENUE INCLUDING INTERFUND TRANSFERS	98,913,050	56,468,800	42,444,250	
EST. BEGINNING RESERVES 7-1-2010	<u>23,487,200</u>	<u>20,456,620</u>	<u>3,030,580</u>	¹¹
TOTAL RESOURCES	<u>122,400,250</u>	<u>76,925,420</u>	<u>45,474,830</u>	
<u>APPROPRIATIONS</u>				
OPERATING EXPENSES				
Salaries	20,048,890	20,382,530	(333,640)	¹²
Fringe Benefits	9,980,050	9,395,390	584,660	¹²
Personal Expenses	2,045,280	1,990,010	55,270	¹³
Materials/Supplies/Services	15,269,580	14,512,920	756,660	¹⁴
Capital Outlay	<u>1,632,630</u>	<u>1,710,500</u>	<u>(77,870)</u>	¹⁵
TOTAL OPERATING EXPENSES	48,976,430	47,991,350	985,080	
DEBT SERVICE	3,805,760	3,779,860	25,900	¹⁶
CAPITAL IMPROVEMENTS	48,692,200	4,046,000	44,646,200	¹⁷
EST. ENDING RESERVES 6-30-2011	<u>20,925,860</u>	<u>21,108,210</u>	<u>(182,350)</u>	¹⁸
TOTAL APPROPRIATIONS	<u>122,400,250</u>	<u>76,925,420</u>	<u>45,474,830</u>	

Attachment C

CITY OF LA MESA

Explanation of Significant Variances - All Funds Fiscal Year 2010-2011

Resources

¹**Property Taxes:** Decrease based on lower assessed valuation growth projection.

Variance: Net decrease of \$228,700

²**Proposition L Sales Taxes:** Increase based on 2009-2010 collections and better sales projections.

Variance: Net increase of \$100,000

³**Other Taxes & Franchises:** Decrease based on current projections of property tax transfer and gas & electric franchise tax collections.

Variance: Net decrease of \$217,000

⁴**Licenses & Permits:** Decrease based on current projections of expected development activity.

Variance: Net decrease of \$90,000

⁵**Fines, Forfeitures & Penalties:** Decrease based on current projections of expected activity.

Variance: Net decrease of \$38,200

⁶**Use of Money & Property:** Decrease based on current projections of expected economic and investment activity.

Variance: Net decrease of \$556,700

⁷**From Other Agencies:** Increase attributable to carryforward of capital improvement project (CIP) revenues and the anticipated borrowing ahead of TransNet monies through their commercial paper program.

Variance: Net increase of \$10,729,050

⁸**Service Charges:** Decrease based on current projections of expected development and community services activities.

Variance: Net decrease of \$363,500

⁹**Other Revenue:** Increase based on carryforward of CIP revenues.

Variance: Net increase of \$33,109,300

¹⁰**Transfers:** Transfers in and out are balanced. The increase is primarily attributable to larger than expected transfers of monies to the CIP (primarily from the TransNet Fund).

Variance: Net increase of \$5,424,100

¹¹Estimated Beginning Reserves—July 1, 2010: Beginning reserves estimate increased due to carryforward funds for capital improvement and equipment replacement projects.

Variance: Net increase of \$3,030,580

Appropriations

¹²Salaries and Benefits: Salaries have decreased due to the elimination of the Fire Chief and Sr. Tree Trimmer positions; benefits have increased primarily due to the additional PERS employer contribution of \$500,000.

Variance: Net increase of \$251,020

¹³Personal Expenses: Decrease in this category is primarily due to lower Liability Risk Financing Fund insurance premiums and lower PERMA joint powers authority deposit requirement.

Variance: Net decrease of \$55,270

¹⁴Materials, Supplies & Services: Increase in this category is mainly due to the carryforward of General Fund monies earmarked for specific projects that were not able to be completed in 2009-2010 and increases in Metro operations, maintenance and sewer treatment charges in the Wastewater fund.

Variance: Net increase of \$756,660

¹⁵Capital Outlay: Net decrease in this category is due the elimination of the Tree Trimmer Boom Truck, offset by carryforwards of Equipment Replacement Fund budget for purchases which have been delayed.

Variance: Net decrease of \$77,870

¹⁶Debt Service: Increase in this category is primarily due to debt service requirements associated with the issuance of Prop D Series B bonds.

Variance: Net increase of \$25,900

¹⁷Capital Improvements: Increase is mainly due to carryforward funds for projects previously budgeted but not yet completed and projects added to the CIP since the 2009-2011 Budget was adopted (e.g., TransNet commercial paper program, CDBG, and Downtown Parking funded projects).

Variance: Net increase of \$44,646,200

¹⁸Estimated Ending Reserves—June 30, 2011: Ending reserve adjustments are the end product of all previous adjustments to revenue, estimated beginning reserves, and expenditures.

Variance: Net decrease of \$182,350

Attachment D

Summary of Targets for Actions – June 2010 Update

A. Safe Community

1. Continue focused traffic enforcement programs to address specific safety issues and locations, and coordination with neighborhood traffic calming program. (Police Dept.)
2. Implement the traffic calming program through the Traffic Commission and the prioritized list of streets scheduled for evaluation and community input. (Public Works)
3. Improve maintenance of property through targeted code enforcement programs. *Add: Research Multi-Family Residential Improvement District.* (Comm. Dev.)
4. Complete design and construction plans for new Prop. D funded Police Station. (Police Dept./Public Works/Comm. Dev.)
5. Provide ongoing and targeted special enforcement operations to address emerging or continuing significant crime issues in the community and provide regular reports on these operations to the City Council and community. (Police Dept.)
6. Work with MTS and SANDAG to secure funding and implementation of video security cameras at all La Mesa trolley stations. (Police Dept./Comm. Dev.)
7. Participate in a cooperative fire services study between La Mesa, Lemon Grove and El Cajon for regional fire services and equipment. *Add: Conduct a weed abatement contract services analysis.* (Fire Dept. /City Mgr.)
8. Improve outreach and communications regarding crime information. *Add: Host bi-monthly community forums with the first session focusing on keeping kids safe from sexual predators. Arrange a “Shredding Day” for residents to dispose of sensitive paperwork.* (Police Dept. /CM)
9. Develop, plan and stage a community emergency preparedness drill. Combine community preparedness efforts between FD and PD. *Add: Identify ways to connect CERT with Neighborhood Watch and provide increased communications to help residents be prepared in an emergency.* (Fire Dept. /Police Dept.)

B. Maintain a Financially Sound and Affordable City Government

1. Actively participate with other organizations, including the League of California Cities, CSAC, and School Districts, to protect local funding from continued actions by the State that reduce the ability of the City to maintain services. (City Manager)
2. *Add: Create a Facility Replacement Fund for indoor and outdoor facilities and identify potential funding sources to ensure the ability to replace public facilities when needed.* (Finance/City Manager/Comm. Services)

City of La Mesa
2009-2010 Vital Services Targets for Action – June 2010 update

C. Continue to improve high quality municipal services

1. Continue to provide opportunities for community input into the City's strategic planning process through the use of community surveys and Town Hall Meetings. (City Mgr.'s Office)
2. Continue to pursue funding alternatives for a new library and development of a community support/funding group. (City Mgr.'s Office/Comm. Service Dept.)
3. Develop a Communications Plan to define strategies and programs for community outreach and to more effectively provide information to the community. *Add: Promote "notify me" button to encourage residents to sign up for updates. Develop a Social Network Policy to allow for more ways for residents to receive information from City. Utilize NIXLE, a free community notification system for residents to receive non-emergency and emergency information.* (City Mgrs. Off.)
4. Develop a comprehensive Property Asset Management Plan to effectively track existing City owned property agreements and to evaluate the potential for public/private partnerships for the appropriate use of City-owned parcels. (City Mgr's./Comm. Dev.)
5. Update the City's Technology Master Plan to identify ways for the City to more effectively use technology in the delivery of services and information to residents and businesses in La Mesa. (City Manager)
6. Develop methods within existing City projects and programs to implement the City's Sustainable Community Policies. (Public Works Dept.)
7. Develop a work plan for a comprehensive General Plan Update. (Comm. Dev. Dept.)

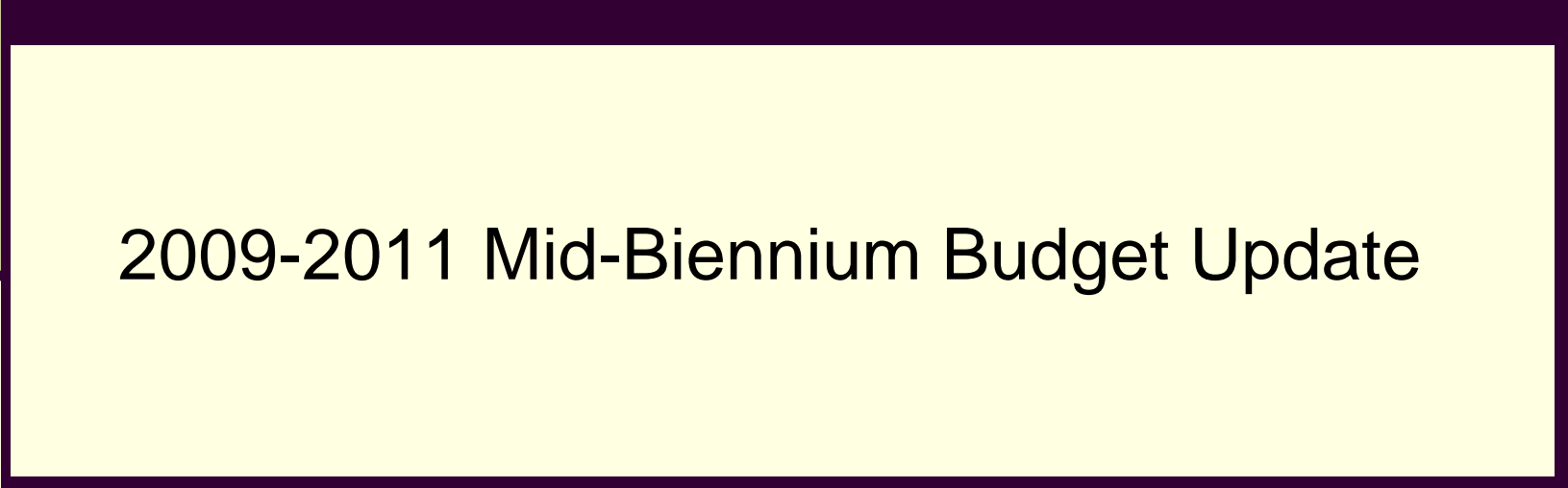

D. Revitalize neighborhoods and corridors

1. Plan and implement transit oriented development for the Grossmont/MTDB Station. (Community Development)
2. Complete construction plans and seek funding for public improvements on University Avenue. (Public Works Dept.)
3. Secure a lease agreement and proposed development for Briercrest project site. (Comm. Dev. Dept.)
4. Continue to investigate strategies for redevelopment of Grossmont Center. (City Mgr.'s Office/Comm. Dev. Dept.)
5. Develop plans for downtown streetscape improvements and strategies for funding both construction and ongoing maintenance and update the Downtown Village Specific Plan. (Comm. Dev. Dept./Public Wks. Dept./City Mgr.'s Office)





City of La Mesa



2009-2011 Mid-Biennium Budget Update

2009-2011 Mid-Biennium Budget Update

- Key Revenue Revisions – Citywide
 - Capital Improvement Program revenue carryforwards
 - Revenue from Other Agencies
 - Other Revenue
 - Interfund Transfers
 - General Fund revenues

2009-2011 Mid-Biennium Budget Update

- Key Expenditure Revisions – Citywide
 - Capital Improvement Project Carryforward expenditures

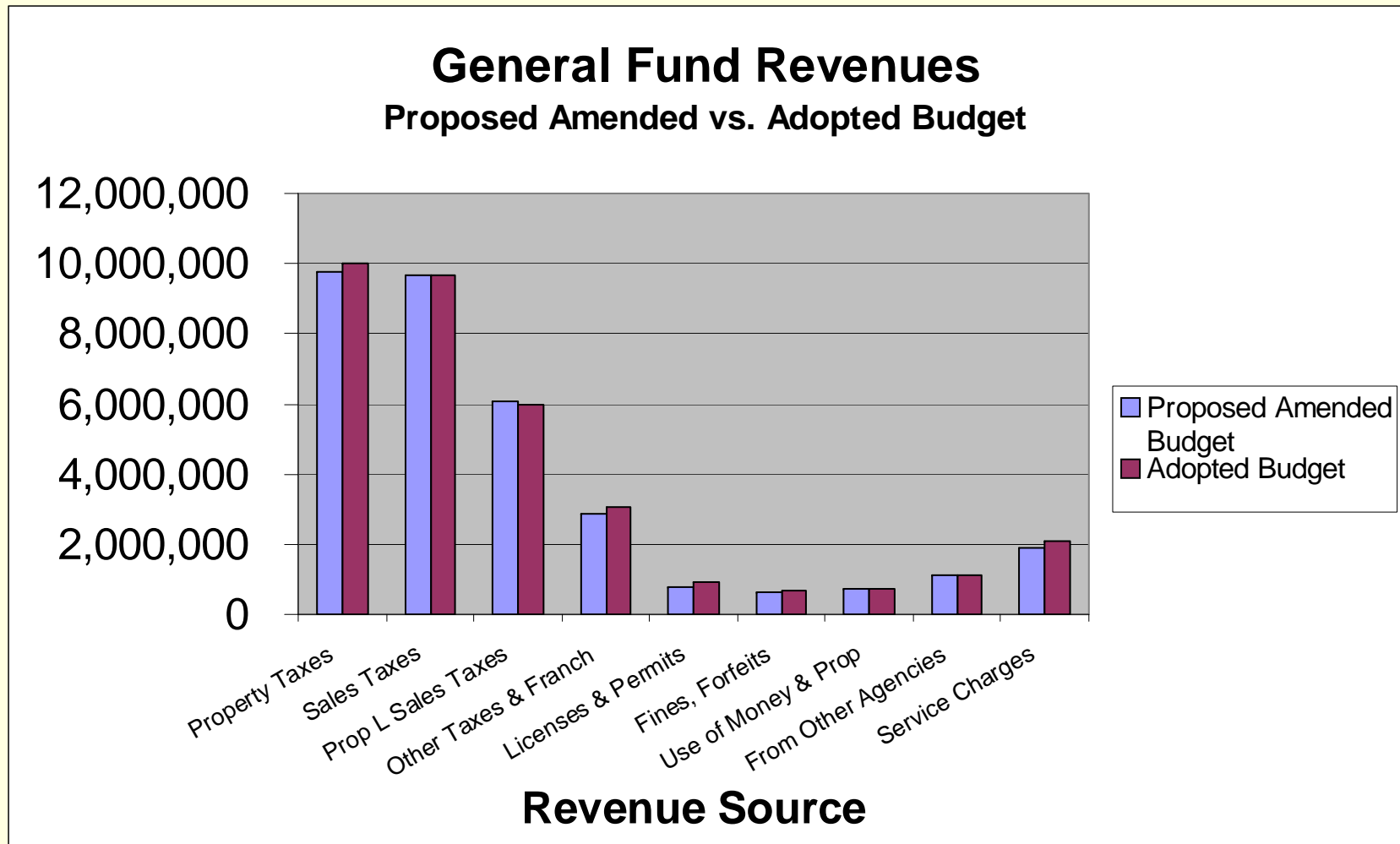
 - General Fund Expenditures
 - Salaries
 - Benefits
 - Materials, Services & Supplies

2009-2011 Mid-Biennium Budget Update

- General Fund revenue revisions
 - Slight increase in Budgeted Proposition L Sales Tax revenues

 - Slight decreases:
 - Property taxes
 - Other taxes & franchises
 - Use of money & property
 - Service charges

2009-2011 Mid-Biennium Budget Update



2009-2011 Mid-Biennium Budget Update

■ General Fund Expenditure Revisions

■ Salaries

- Reductions due to elimination of Fire Chief, Sr. Tree Trimmer & Police Custodian positions

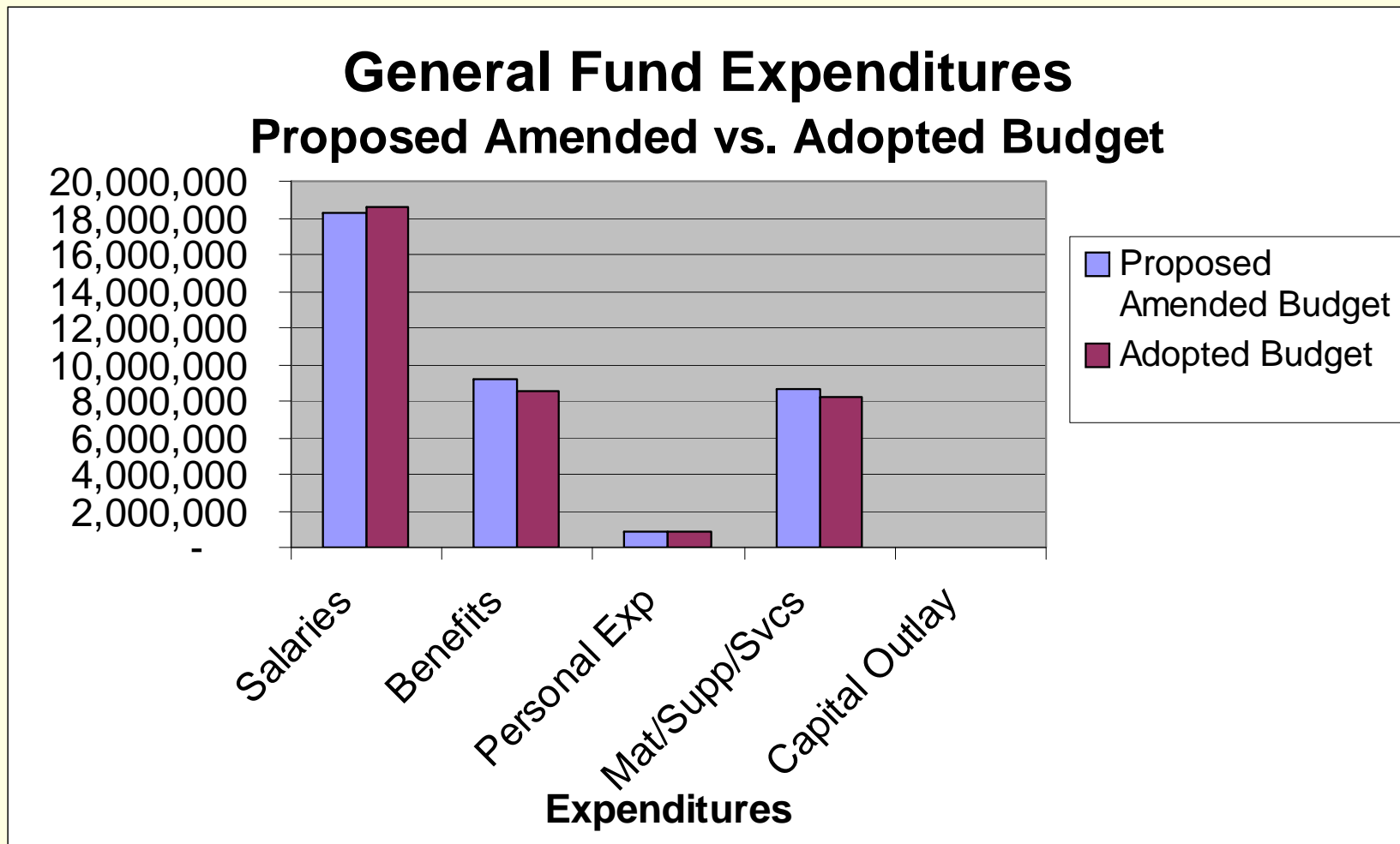
■ Benefits

- Additional PERS contribution to offset unfunded liability and future rate increases

2009-2011 Mid-Biennium Budget Update

- General Fund Expenditures, continued
 - Materials, Services & Supplies
 - Carryforward of funds for specific projects not completed during 2009-2010
 - Increases in Professional Services to perform tree trimming and custodial services at the Police Station (net expenditure reduction)

2009-2011 Mid-Biennium Budget Update



2009-2011 Mid-Biennium Budget Update

General Fund Reserves

Description	2010-2011 Proposed Amended Budget	2010-2011 Adopted Budget
Estimated Ending Reserves	5,385,700	5,927,430
% Reserve	14.56%	16.35%

2009-2011 Mid-Biennium Budget Update

- Vital Services Benchmarks and Update
 - Discussion and feedback

2009-2011 Mid-Biennium Budget Update

Questions/Comments

RESOLUTION NO. 2010-073

RESOLUTION ADOPTING AN AMENDED BUDGET FOR 2010-2011

BE IT AND IT IS HEREBY RESOLVED by the City Council of the City of La Mesa, California, that for the said fiscal year beginning July 1, 2010, there is hereby appropriated out of the Treasury of the City of La Mesa for municipal purposes and for allowances to be used by the various departments and activities of said City for said fiscal year the sum of \$122,400,250 in the amounts, allowances, and estimates more particularly set forth and described in said budget on file in the office of the City Clerk. The amounts of money so appropriated are hereby classified and summarized in control accounts as included on the attached Schedule 1.

NOW THEREFORE, BE IT FURTHER RESOLVED BY THE CITY COUNCIL OF THE CITY OF LA MESA AS FOLLOWS:

1. All previous appropriations are hereby canceled and the balances remaining therein are applied to finance the new appropriations set forth in this budget.
2. All moneys appropriated by this resolution under the heading "Reserves" shall be expended only as authorized by the City Council.
3. All transfers between funds, departments and/or activities shall be made by the City Council except that the City Manager may, on his own initiative and without prior approval of the City Council, transfer between budget accounts within a single department, activity, or capital improvement fund, or from any budget account or appropriation, to the reserve, amounts determined to be in excess of actual requirements.
4. The final budget of the City incorporating therein the approved figures is hereby approved, fixed, and adopted.

PASSED AND ADOPTED at a Regular meeting of the City Council of the City of La Mesa, California, held the 22nd day of June 2010, by the following vote, to wit:

AYES: Councilmembers Allan, Arapostathis, Ewin, Sterling and Mayor Madrid

NOES: None

ABSENT: None

CERTIFICATE OF CITY CLERK

I, MARY J. KENNEDY, CMC, City Clerk of the City of La Mesa, California, do hereby certify the foregoing to be a true and exact copy of Resolution No. 2010-073, duly passed and adopted by the City Council of said City on the date and by the vote therein recited.

/s/ Mary J. Kennedy
MARY J. KENNEDY, CMC, City Clerk

(SEAL OF CITY)

**SCHEDULE 1
BUDGET SUMMARY - ALL FUNDS
2010-2011 AMENDED FINAL BUDGET**

GENERAL FUND	GOVERNMENTAL FUND TYPES										CAPITAL PROJECTS					PROPRIETARY FUND TYPES				BUDGET SUMMARY	
	SPECIAL REVENUE FUNDS										INTERNAL SERVICE FUNDS					Fund Adjustment	Total All Funds	Prior Year All Funds (Memo Only)			
	General	Wastewater	Home Cons/ Hsg Rehab/ CDBG Admin	Gas Tax/ Transnet	Downtown Parking	Environmental Services	Prop 172/ COPS/ Transit Admin	Other Funds Operations	Debt Service	Capital Improvements	Employee Benefits	Equipment Replacement	Workers' Compensation	Liability Risk Financing							
RESOURCES																					
REVENUE																					
Property Taxes	9,772,300	0	0	0	0	0	530,200	4,102,100	0	0	0	0	0	0	0	0	14,404,600	13,519,900			
Sales Taxes	9,651,000	0	0	0	0	204,400	0	0	0	0	0	0	0	0	0	0	9,855,400	9,237,400			
Prop. L Sales Tax	6,059,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	6,059,000	5,900,000			
Other Taxes & Franchises	2,857,700	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	3,037,700	3,166,700			
Licenses & Permits	739,700	15,000	0	0	0	0	0	0	180,000	0	0	0	0	0	0	0	3,037,700	3,166,700			
Fines, Forfeits and Penalties	644,800	0	0	0	0	0	0	0	25,000	0	0	0	0	0	0	0	839,700	940,400			
Use of Money & Property	718,200	56,800	700	3,000	248,200	4,800	3,200	22,900	0	0	0	0	0	0	0	0	734,800	757,500			
From Other Agencies	1,139,600	40,000	644,270	6,912,700	146,480	150,000	0	18,000	0	2,600	9,300	32,900	10,700	0	0	0	1,131,900	1,382,200			
Service Charges	1,897,100	10,197,800	0	0	285,000	0	0	0	6,784,000	3,420,000	821,500	1,558,600	0	0	0	0	15,817,650	19,982,100			
Other Revenue	811,200	0	64,000	0	0	0	0	0	33,688,600	40,100	20,000	50,000	0	0	0	-5,800,100	34,653,900	28,483,000			
Subtotal Revenue	34,350,600	10,309,600	708,970	6,915,700	338,200	436,280	357,600	553,100	4,120,100	3,462,700	850,800	1,641,200	10,700	-5,800,100	98,913,050	96,142,900					
Plus: Transfers In	3,860,900	0	0	0	0	0	558,400	1,159,800	8,852,700	0	334,800	0	1,350,400	0	16,127,000	0	15,951,300				
Less: Transfers Out	-2,166,100	-3,539,600	0	-6,912,700	-66,200	-50,000	-354,400	0	-1,855,700	-1,181,300	0	0	0	0	-16,127,000	0	-15,951,300				
TOTAL REVENUE INCLUDING INTERFUND TRANSFERS	36,045,400	6,770,000	708,970	3,000	272,000	386,280	3,200	1,111,500	3,423,200	48,339,000	3,462,700	1,185,600	1,641,200	1,361,100	-5,800,100	98,913,050	96,142,900				
BEGINNING RESERVES 7-1-2010	6,335,230	5,278,390	297,480	132,130	853,040	532,660	5,140	622,890	1,639,460	1,368,830	105,280	1,182,250	3,662,770	1,481,650	-10,000	23,487,200	26,102,690				
TOTAL RESOURCES	42,380,630	12,048,390	1,006,450	135,130	1,125,040	918,940	8,340	1,734,390	5,062,660	49,707,830	3,567,980	2,367,850	5,303,970	2,842,750	-5,810,100	122,400,250	122,245,590				
APPROPRIATIONS																					
OPERATING EXPENSES																					
Salaries	18,322,900	1,180,270	39,400	0	95,780	94,560	0	201,500	0	0	0	57,240	57,240	0	20,048,890	20,206,790					
Fringe Benefits	9,177,640	565,370	16,540	0	41,760	48,810	0	77,630	0	0	0	26,150	26,150	0	9,980,050	9,247,530					
Personal Expenses	864,330	20,450	5,380	0	2,870	2,920	0	8,050	0	0	0	237,500	903,780	0	2,045,280	1,807,430					
Materials/Supplies/Services	8,611,670	6,371,070	375,910	0	43,100	224,850	0	350,510	14,200	0	3,489,410	234,710	996,130	358,020	15,269,580	18,221,210					
Capital Outlay	16,380	0	0	0	0	0	0	700,000	0	0	0	914,240	0	0	1,632,630	1,896,410					
TOTAL OPERATING EXPENSES	36,994,930	8,137,160	437,230	0	183,510	371,140	0	1,337,790	14,200	0	3,489,410	1,148,950	1,317,020	1,345,190	-5,800,100	48,976,430	51,479,370				
LESS: EST. UNDEREXPENDITURE	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0				
DEBT SERVICE	0	153,400	0	0	0	0	0	3,652,360	0	0	0	0	0	0	0	3,805,760	2,986,640				
CAPITAL IMPROVEMENTS	0	0	0	0	0	0	0	0	48,692,200	0	0	0	0	0	0	48,692,200	47,322,960				
EST. ENDING RESERVES 6-30-2011	5,385,700	3,757,830	589,220	135,130	941,530	547,800	8,340	396,600	1,396,100	1,015,630	78,570	1,218,900	3,986,960	1,497,560	-10,000	20,925,860	20,456,620				
TOTAL APPROPRIATIONS	42,380,630	12,048,390	1,006,450	135,130	1,125,040	918,940	8,340	1,734,390	5,062,660	49,707,830	3,567,980	2,367,850	5,303,970	2,842,750	-5,810,100	122,400,250	122,245,590				