
FISCAL YEAR 2000-2001

BUDGET MEMORANDUM

CITY OF YREKA

To: City Council
From: City Manager
Re: I. Resolution Setting Forth the Appropriations Limit for the City of Yreka for Fiscal Year 2000-2001;
II. FY 2000-2001 Operating and Capital Budget;
III. Revenue Issues
Date: June 15, 2000

I. Resolution Setting Forth the Appropriations Limit for the City of Yreka for Fiscal Year 2000-2001.

The City is annually required to revisit and calculate the appropriations limit prior to adopting the annual budget. The purpose of revisiting the limits is to ensure that Council's action to adopt the budget does not exceed the appropriations limit for any given year. The enclosed Resolution establishes that the appropriations limit for FY 2000-2001 is \$10,182,022. The applicable portion of the budget ("proceeds of taxes," subventions, etc. as provided in Section 13B of the California Constitution and Section of the Government Code that amplifies Section 13B), \$6,444,620., is well within the limit. However, I want to point out that the aggregate of the City's department requests for FY 2000-2001 was \$9.828M. The aggregate department requests will be further discussed later in this report in connection with the recommended budget and fee proposals.

IT IS RECOMMENDED THAT THE CITY COUNCIL ADOPT THE RESOLUTION SETTING FORTH THE APPROPRIATIONS LIMIT FOR

**THE CITY OF YREKA FOR THE FISCAL YEAR 2000-2001 PRIOR TO
TAKING ACTION ON THE FY 2000-2001 BUDGET.**

II. FY-2000-2001 Operating and Capital Budget

Our budget experience for FY 99-2000 is summarized below:

FY 99-2000 EXPENDITURES/REVENUES

Total Appropriations\$7.197M.
 Total Anticipated Expenditures\$6.870M
 Total Revenues\$8.439M.

As further clarification of the recommended budget, the following additional details by fund is offered:

	FY 2000/2001 Anticipated Revenues	FY 2000/2001 Anticipated Expenditures
General Fund (101,107,108)	\$4,520,346.	\$4,537,588.
Water Fund (103,304,306,700)	\$1,410,340.	\$1,294,094.
Sewer Fund (302,725)	\$700,845.	\$601,465.
Gas Tax (250,251,252,253)	\$171,193.	\$200,635.
LTC (254)	\$142,112.	\$118,000.

Attached is the recommended operating and capital budget for FY 2000-2001. This recommended budget is summarized as follows:

**FY 2000-2001 DEPARTMENT REQUESTS,
CITY MANAGER RECOMMENDATIONS
AND REVENUE ESTIMATES**

Department Requests\$9.828M.
 City Manager Recommendations\$9.254M.
 Revenue Estimates\$9.769M.

Details of each of the figures noted above are contained in attachments to this report as:

FY 99-00 Expenditures by Fund/Proposed FY 2000-2001 Budget **Exhibit A**
 FY 99-00/2000-2001 Proposed Expenditures by Department **Exhibit B**

FY 99-00 Revenues Detail and FY 2000-2001 Projections	Exhibit C
FY 2000-2001 Department Requests for personnel/operating/ capital along with City Manager Recommendations	Exhibit D
FY 2000-2001 Capital Budget Detail List; Projects Recommended/ Not Recommended for Funding.	Exhibit E
FY 2000-01 Budget Revision Spreadsheet	Exhibit F

Capital Budget:

- **Wastewater Treatment Facilities.** The recommended budget includes significant expenditures to accomplish the Eastside Sewer Project and upgrades to the wastewater treatment facilities totaling \$1.659M. Funding for the Eastside Sewer Project (\$1.239M) will come from a combination of an EDA grant of \$451,000 and a USDA Rural Development loan of \$788,000. The wastewater treatment plant upgrades costs of \$420,000 will initially come from the City sewer fund and is expected to be 100% reimbursed when the State Revolving Fund Loan is approved. A \$100,000 grant cash match allocation has been included in the budget in connection with the City's CDBG grant application to complete the inflow and infiltration work. It is hoped that the City will be successful in competing for two \$500,000 grants under this program and combining these funds with additional State Revolving Loan Funds of about \$2M for a construction project to be completed in the summer of 2002. Also included from the sewer fund are purchases of a sludge turning unit (1st annual payment \$24,000) and a new sewer pipe camera (\$10,000).

- **Economic Development Program.** The proposed budget includes the following projects as initial steps in conducting a comprehensive economic development strategy:

General Plan Update	\$124,000.
Economic Development Opportunities Analysis	\$15,000.
General Plan EIR	\$30,000.
Redevelopment Feasibility Study	\$10,000.
Downtown Market Study	\$15,000.
Industrial Park Market Study	\$15,000.

The funding for these activities is proposed to be taken from Crandall Estate funds (fund 801) rather than the general fund.

➤ **Planning Department.** The Planning Department budget includes a City Sign Ordinance update (\$15,000) and a Zoning Ordinance update (\$15,000), both coming from the general fund.

➤ **Public Works.** The Public Works budget includes several capital projects as follows:

Landfill Scraper replacement (1 st annual payment)	\$48,000.
Landfill Compactor engine overhaul	\$30,000.
Fall Creek standby generators (1 st annual payment)	\$92,000.
Pavement Management System	\$16,000.
Campus Drive storm drain improvements	\$15,000.

Also included is a \$50,000 allocation to continuing pursuing alternative ground water sources in Yreka to be developed in case our Fall Creek system should be unavailable in an emergency.

➤ **Community Theater.** There are several capital projects recommended for the Community Theater:

Carpet replacement	\$5,000.
Interior painting	\$10,000.
ADA restroom retrofit	\$3,700.
Exterior repairs	\$16,000.
Main curtain replacement	\$9,000.

➤ **Community Center.** Kitchen Remodel - The budget includes a grant match in the amount of \$50,000. Additional funding for this project totaling \$80,000 is expected to come from grants.

➤ **Parks.** Capital projects recommended for the Parks department include the following:

Drinking fountain for Miner Street Park (replacement)	\$6,000.
Vehicle access maintenance gate for Miner Street Park tennis courts	\$700.
Ringe Pool Bldg. Painting (interior & exterior)	\$4,000.
Pool insulation tarp and tarp reel replacements	\$10,000.
Pool heater replacement (3)	\$24,000.

Operating Budget:

The operating budget is structured to provide a continuing high level of service in all of our operation areas. There are no new positions recommended. It is anticipated that all authorized positions will be filled at the beginning of FY 2000/2001 in contrast to last year when there were several positions open that remained opened for most of the year.

- **Community Promotion.** The Community Promotion (department 9) budget contains a level of funding amounting to \$219,500 as compared to \$205,800 last year. It reflects a continued funding level for the Chamber of Commerce (\$61,700) and the Enterprise Zone (\$20,000). In addition, the Community Service and promotion Committee recommends funding for the following:

Humbug Hurry-up	\$2,000.
Siskiyou Century Bike Tour	\$500.
Buffalo Artwork (Ralph Starritt)	\$10,000.
4 th of July Fireworks	\$5,000.
Siskiyou Golden Fair (Equestrian Facility)	\$15,000.

However, I have found that in order to balance the budget, it was necessary for me to recommend not funding the buffalo art work and to cut the \$15,000 Siskiyou Golden Fair request to \$5,000 to potentially assist in the marketing/ advertising for a proposed High School Rodeo Finals, should it be approved for Yreka.

- **Historic District.** The Historic District and Landmarks Commission has also requested funds for the following items:

Holiday decorations for downtown intersections	\$15,000.
Light-up-Yreka program	\$1,000
Historic Building Sign/brochure (Phase II)	\$13,000.
Internet Web page	\$500.

All of these requests have been recommended for funding in the draft budget.

- The City continues to experience significant increases in overhead costs for the various insurance programs and employee benefits (non-departmental 11). The recommended budget shows an increase from \$1.18M budgeted in

FY 99-2000 to almost \$1.564M in FY 2000/2001, which represents a 7.5% increase.

- The Fire Department continues to be the only City department requesting significant increases in budgetary allocations. The City Council will recall that in recent years the Fire Department wages, Fire Advisory Board compensation and the voluntary fund call out rates have been substantially increased. In addition, the purchase of a new fire truck two years ago has had a significant impact on the annual budget allocation and will continue in that manner until the unit is paid off in approximately eight years. Considering these recent improvements to compensation rates for this volunteer department, I am not in a position to recommend a further increase for FY 2000/2001. Likewise, I am unable to recommend the expenditure of \$80,000 to purchase a replacement rescue truck and \$75,000 to fund two fulltime positions.

The City submitted two grant applications during FY 99/2000 requesting funding for construction of a Fire Museum to be attached to the Fire Department Building. We were not successful in securing the grants and it has been suggested that the City submit new grant applications making a commitment for a larger City cash contribution to the project. The suggestion is to offer a cash match in the amount of \$165,000 consisting of the existing museum funds of approximately \$65,000 plus a general fund contribution from the City of \$100,000. I am not able to recommend making this commitment and accomplish the goal of submitting a balanced budget to the City Council.

Revenues:

- On the whole, the City's general fund revenues consisting primarily of property taxes, sales taxes, TOT taxes, and motor vehicle in-lieu transfer payments are barely keeping up with the rate of inflation and City general fund expenditure demands. The general fund revenue estimate for FY 2000/2001 is about 5% above the projected year end revenues for FY 99/2000.
- Water and sewer projected revenues have been increased by 4.1% for FY 2000/2001 consistent with the adopted Ordinance tying the rate to the change in the construction cost index each year. However, it should be noted that the base water and sewer rates are significantly lower than they

should be in order to fund large capital projects and establish a capital replacement fund for these facilities.

- City staff is currently reviewing all other fees and charges by the various departments with the intent to recommend implementing them effective July 1, 2000. The City should annually review all of its fees and charges in order that they remain consistent with actual costs for providing specific services. Otherwise, the general fund would have to bear the costs in these areas which would deteriorate the City's ability to fund necessary service levels.

IT IS RECOMMENDED THAT THE CITY COUNCIL ADOPT THE PROPOSED FY 00-01 OPERATING AND CAPITAL BUDGET AS SUBMITTED.

I would like to take this opportunity to thank all of the City's Management Team Members for their work in developing this proposed FY 2000/2001 budget. I especially acknowledge the good work by Finance Director Michelle Dressler and Assistant to the City Manager Liz Casson in preparing the text.

M. Dale Shaddox,
City Manager

RESOLUTION NO. 2311

A RESOLUTION OF THE CITY COUNCIL
OF THE CITY OF YREKA ADOPTING
THE BUDGET FOR FISCAL YEAR 2000-2001

WHEREAS, the City Council has received and reviewed the proposed budget for the 2000-2001 fiscal year; and

WHEREAS, the City Council has made such modifications in the proposed budget to meet the City's needs; and

WHEREAS, it is the desire of the City Council to adopt the 2000-2001 budget,

NOW THEREFORE, BE IT RESOLVED that the proposed budget for the 2000-2001 fiscal year consisting of Estimated Revenues of \$9,769,569, and Personnel, Operating, and Capital Outlay of \$9,254,876; is hereby adopted and shall be the financial plan for the 2000-2001 fiscal year. Expenditures of City funds are hereby authorized under this budget plan, titled "City of Yreka Fiscal Year 2000-2001 Budget", and the City Manager is authorized to make such transfers within major categories of expenditure (Personnel, Capital and Maintenance & Operation) as may be necessitated by changing circumstances.

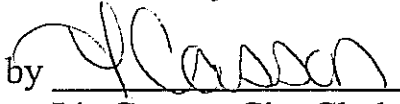
Passed and adopted this 15TH day of June, 2000 by the following vote:

AYES: BENNETT, GRIFFIN, HARMS, MCNEIL & VEALE

NOES: NONE

ABSENT: NONE

ATTEST: City Clerk

by 
Liz Casson, City Clerk


Mayor of the City of Yreka

APPROVED AS TO FORM


Larry Bacon, City Attorney